

DIEBOLD PERSPECTIVE

The reason your organisation doesn't act like a start-up



By Kristof Thys, Director, Business Innovation, EMEA, Diebold

Think like a start-up. Be nimble. Fail fast. We hear aspirational instructions like these virtually every day, and they're usually directed at enterprise organisations with global infrastructure, thousands of employees and complex legacy systems. As our physical and digital worlds collide and more consumers make the shift to becoming tech natives, the ability to pivot, flex and react quickly becomes vital to success.

In theory and on a small scale, those kinds of aspirational *bons mots* can work, even at the enterprise level. Certainly there are pockets within large organisations that act more like fintech firms – innovation labs, perhaps, or maybe the digital and mobile teams.

But the million-dollar question remains: how can companies scale that approach? How can they trickle it down into every layer of the organisation?

It requires a shift in priorities, underpinned and enabled by a strategic managed services partnership.

Why managed services?

The challenge of a non-managed relationship is typically the staff, the full-time-equivalent individuals. With a staff augmentation model, you're really just paying for manpower. Often, there's not a clean line of delineation between responsibilities. On the other hand, if you go with a managed service model in which you actually have a defined scope of work (SOW) that an outsourcer or vendor is providing for you, then you're not buying a number of FTE or person hours; you're buying some sort of result.

Think about that: you're buying results – results your teams may have originally been goaled on in-house. Once those results are outsourced, are

there more strategic or ambitious initiatives those employees can focus on? Organisations no longer need to focus on 'how' services are delivered, but rather 'what' services they need to deliver; the 'how' is a technical question that they no longer need to worry about.

And when more workstreams in your organisation are able to focus less on technical, day-in day-out deliverables, and more on the 'what', they can begin to migrate toward a leaner, more aggressive model that favours those key fintech attributes: flexibility, speed and innovation.

How to drive success

Enterprise organisations are no strangers to transformation – it's a core capability that ensures longevity. According to *Forrester's 2015 Global Business Technographics Business and Technology Services Survey*, 67% of the global services decision-makers polled "rated undertaking major business/digital transformation a high or critical priority."¹

Yet there are dramatic risks associated with transformation, notably illuminated in a McKinsey & Co. study that found companies with the most severe change management deficits realised just 35% of the value they expected to get out of a major change.²

Fear of a vastly reduced ROI can stymie even the most well-intentioned projects. That's why Diebold's Advisory Services team advocates two major components for successful large-scale initiatives:

- Early change management: This is clearly a challenge for organisations, which may recognise the need for change management, but are loathe to accept that it's part of the cost of doing business. Of course, when businesses are outsourcing, they're trying to save money. They don't want to be billing to

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a change management consultant. Yet as we saw above, lack of change management can be devastating to your business transformation. It's never too early to start even a grass-roots campaign of communication, employee training and, crucially, the process of empowering key staffers to champion and socially norm the changes before, during and after the project. As part of a strategic engagement, Diebold advisors can also be on hand to facilitate the specific types of change management required in retail banking industry transformations.

- Incremental change: Transformation is a journey, not a destination, and therefore it's a constantly evolving exercise. In that context, small, incremental changes may be a bit more palatable for enterprise companies faced with reconciling and updating infrastructure cobbled together over the course of many decades. One analyst we spoke with described a large credit card company that transitioned from offshore providers to a managed service model. The key to their success was approaching the enormous job in pieces, moving forward on a SOW by SOW basis, slowly but surely staying the course until the work was done.

Bold splashes of work often look good on paper, but pale under the harsh lights of cost-to-benefit analysis and free-cash availability. Small dashes of colour, painted thoughtfully and with respect to the processes and structures already in place, can eventually reveal a beautiful new picture of success.

Benefits of successful implementation

A successful managed service engagement is an investment in functionality – and a chance for a fresh perspective. Often, businesses discover that engaging with a managed service provider actually

does make things different. It's not necessarily a cure-all, but it certainly has the potential to open up a new way of looking at things.

In one of Diebold's largest managed service wins with a global financial institution, the tipping point of the deal came when our team outlined the security infrastructure and expertise Diebold could offer. That organisation believed its security capabilities to be best-in-class among their peers, yet discovered that Diebold, as a long-standing leader in the field, had them outstripped.

The fact of the matter is, enterprise financial companies started out as financial institutions. Over time, their staff grows and evolves, departments are added, and now those massive organisations often resemble a small global village with a kaleidoscope of individual job requirements. But at its core, the most important function of a financial institution – of any size – is its ability to provide financial services.

Maybe it's time to ask yourself these questions:

- What percentage of my workforce is dedicated to innovating on our core capabilities?
- Would I like that percentage to be higher?
- What could my employees do if they focused on the 'what' instead of the 'how'?
- Is my enterprise organisation well-positioned to compete in a world of fintech start-ups, non-traditional competitors and emerging threats?

Let's talk about how to get closer to the right answers to those questions. Contact us today at Diebold.com to start the conversation. ■

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¹ www.forrester.com/Global+Business+Technographics+Business+And+Technology+Services+Survey+2015/-/E-sus2974

² www.mckinsey.com/business-functions/organization/our-insights/helping-employees-embrace-change

