

Requirements Assurance Benchmarking in the Banking Sector

Market Analysis
Abstract

January 2015





Who Is This Report For?

NelsonHall's "Requirements Assurance Benchmarking in the Banking Sector" study is a comprehensive market assessment report designed for:

- Sourcing managers in the banking sector benchmarking their organizations' capabilities in requirements assurance
- IT decision makers in the retail & commercial banking and capital markets sectors exploring the impact of enhancing their requirements assurance capability
- Vendor marketing, sales and business managers developing strategies to target requirements assurance services in the banking sector
- Financial analysts and investors specializing in the IT services sector.

Scope of the Report

The purpose of the Requirements Assurance Benchmarking project is to establish current practices in requirements assurance within the banking and financial services/capital markets sector and to benchmark the efficiency and effectiveness of requirements assurance within the same. In particular, this report addresses:

- Current levels of satisfaction with the ability of IT projects to meet business requirements from the perspectives of IT managers and business executives
- The current levels of go-live delay and cost-overrun being experienced within business-as-usual (BAU), development and transformational IT projects
- The proportion of go-live delay and cost-overrun being experienced that results from insufficient requirements assurance during the project and the time-to-market improvements and cost avoidance that could be achieved by improved requirements assurance
- The impact on business effectiveness of insufficient business requirement validation and sign-off
- The importance attached to requirements assurance by IT managers and business executives
- The current levels of effort and cost expended on requirements assurance
- Identification of current practices in requirements assurance.

The research is based on primary research phone interviews, 50 with IT executives and 50 with business executives. Fifty-four interviews were carried out with retail and commercial banks and 46 interviews with capital markets firms.

The scope of the project by size of bank and geography is Tier 1 and Tier2 banks and regional leaders in the U.K., Benelux, Nordics, Middle East & Africa, and Asia Pacific.

The scope by type of IT development project is run-the-bank “business-as-usual (BAU)” projects, and transformational projects, more commonly referred to as “change-the-bank (CTB)” projects.



Key Findings & Highlights

NelsonHall's Requirements Assurance Benchmarking in the Banking Sector study consists of 88 pages.

IT executives and business executives are in broad agreement that:

- Late discovery of defects has a very significant impact on projects. Similar levels of delay occur across both transformation programs and business-as-usual engagements
- On average a significant proportion of defects originate in the initial requirements definition and similarly a significant proportion of programs/projects are deferred or not implemented due to UAT/Production defects originating from the requirements definition.

A double-digit increase in the IT budget is needed to fix these defects originating in the requirements definition.

In addition to their impact on IT costs, defects originating in the requirements definition had a significant impact on business costs, time-to-market, and internal customer satisfaction in banks. In addition, a significant proportion of banks experienced significant lost business in 2013 as a result of these defects.

The financial impact on the business can be quantified further in terms of both a reduction in operational efficiency across the business and in the form of a revenue reduction due to lost business.

The quantified figures for the above metrics are published in the full report.

Contents

1.	Introduction
2.	Executive Summary
3.	Key Findings
	3.1 IT and Business Executives Agree on Extent of Defects Arising in Requirements Definition
	3.2 Defects Arising in Requirements Definition Add 10% to Cost Base
	3.3 Business Executives Find Business Consequences of Defects Unacceptable
	3.4 Banks Require Enhancements to Requirements Assurance Processes
4.	Banking IT Executive Perspective
	4.1 Change-the-Bank
	4.2 Run-the-Bank
	4.3 Overall IT Development
	4.4 Current Practices in Requirements Definition
5.	Banking Business Stakeholder Perspective
	5.1 Change-the-Bank
	5.2 Run-the-Bank
	5.3 Overall IT Development
	5.4 Current Practices in Requirements Definition
6.	Appendix

Report Length

88 pages, consisting of 5 chapters and 109 exhibits

Report Author

John Willmott

john.willmott@nelson-hall.com