Managed services for financial institutions
Containing costs, reducing headcount, securing data

For reasons of data security, risk management, operational efficiency, bottom line and the need to do more for less, financial institutions are choosing to partner with a managed services provider (MSP). But moving in-house IT out of house, invariably means ceding a degree of 'control' to a third party. Although perceived by some to be a problem, in reality, outsourcing can be a blessing in disguise. JHC's chief executive officer, John Blackman, talks over the issues with Mark Vargo, chief technical Officer of the CSI Group.

For many financial institutions, the prospect of moving to an MSP presents obvious financial and operational advantages. Not having to design, procure, provision, implement and manage their own IT reduces operational and staff training costs and spending on IT infrastructure. Or additional capacity is needed, or a firm wants to switch from a capex to an opex model—or deploy resources on activities which are of more value to the business—an MSP can satisfy those requirements and more.

As new technologies and/or operational requirements emerge, internal IT departments with limited resources will sometimes struggle to keep up. Whereas an MSP will have specialist teams which are usually larger and have a broader range of experience than most internal teams and as such, can meet the most challenging requirements and situations.

The relationship between JHC and CSI goes back a long way; between us, we have helped many financial institutions grow, protect and transform their businesses. Combining JHC Figaro's powerful technologies with our knowledge of how digital assets behave in mission-critical environments, enables us to provide firms with the data, applications and the additional capacity they need, on-demand.

Given that most prospective managed service users have maintained their IT infrastructure in-house since the business began, they will want assurances that moving to an MSP will provide a higher standard of service than they currently experience. This document addresses the key issues.

John: It's imperative that data is absolutely secure—can an MSP deliver on that front?
Mark: Online services and data are exposed to greater risks than ever before. So of course firms need to be confident that an MSP can deliver on cyber security. In fact, because of the lack of skills in this area, many organisations are looking to MSPs to provide a higher level of data security than the firms themselves could provide.

A comprehensive cyber security framework—which takes account of strategy and policy, detecting and responding to events, as well as implementing compliance programs—does much to protect a firm from security threats; it can also help meet business imperatives and the firm's regulatory requirements.

Evolve Security Solutions (a CSI group company) is a Certified Cyber Security Consultancy of the National Cyber Security Centre (NCSC). That accreditation confirms that we meet the NCSC's standards with regard to the provision of high quality and tailored cyber security advice and that our experts are qualified to assess risk, detect breaches and protect clients against threats—both on-premise and in the cloud.

CSI's 24-hour Security Operation Centre (SOC) combines current security intelligence with high levels of industry experience. The service—which is managed, maintained and monitored around the clock by the CSI SOC—employs Artificial Intelligence (AI) technology. AI has been shown to be 30% more effective than traditional signature-based solutions. CSI is committed to industry standards. Our comprehensive quality management system is ISO9001 accredited and our Information Security Management System is ISO27001 accredited.

Our Service Delivery Management function maintains a thorough understanding of the needs and requirements of each client's business and has the knowledge and expertise to protect systems and services. Working with the client, we define where specific responsibilities lay with the aim of delivering end-to-end security and compliance while avoiding unnecessary overlaps or gaps.

In collaboration with our data centre partners, we are able to provide clients with state-of-the-art security facilities across the UK and around the world. The quality of service, security standards and the accreditations our partners possess, ensure that clients have the environments they need for mission-critical applications.

John: We adhere to strict compliance regulations; how does this work in the managed service environment?
Mark: Obviously, any MSP must be able to show that their approach to compliance is robust, scalable and once established, remains fit for purpose.

To mitigate risk and protect the firm's brand, we provide compliance as a service—an approach that reduces costs, time to delivery and improves accuracy. By eliminating the need for manual checks during the system build, systems are operationally ready at the point of delivery, so reducing reworks and unnecessary hand-offs. With the need for manual input elimi- nated, resources can focus on enhancing and developing compliance controls, rather than wasting time working on the consequences of missed issues.

> **"...many organisations are looking to MSPs to provide a higher level of security than the firms themselves can provide."**

The combination of 'detect and correct' enables CSI to deliver zero-defect systems against a list of known issues. Retrospective deployments of automation tooling also allow remediation actions to be deployed across the remaining legacy estate. Our automated approach not only enables us to manage design changes through complete environment rebuilds, it also allows us to adopt new technology quickly and efficiently and prevents delivery overruns.

Whether a client is taking on major, new compliance requirements such as the recent General Data Protection Regulation (GDPR) or managing relatively small and frequent changes to existing regulations, CSI can help any firm manage compliance programmes across the business.

John: What accreditations or standards do you hold from an audit perspective?
Mark: We are ISO9001 and ISO27001 accredited and a PCI:DSS certified service provider. Furthermore, our compliance managers have many years of experience navigating compliance

mandates and of the FCA's require- ments in relation to security and risk. Incidentally, CSI also provides managed services to numerous PCI:DSS, FCA and SOX compliant clients.

Working closely with the client's compliance officer ensures that controls are fit for purpose before they are sent for independent certification. Through our monthly management and progress reports, milestones are high- lighted and the client's auditors and certification bodies are kept fully in the picture.

John: Why shouldn't firms use Amazon or Microsoft as a MSP?
Mark: As most firms will utilise a combination of on-premise, private and public cloud environments, they must have a partner which understands all three. CSI is unique in its ability to tie native private cloud workloads to public cloud infrastructure. A firm may have record-management systems that hold sensitive CRM data, or research information which they may not want to move onto a public cloud. Whereas systems of engagement such as online ordering or loyalty programs may be best stored on public cloud services. Fortunately, we can host in our own private PowerCloud and connect directly to Microsoft Azure, Salesforce, SAP, Google Enterprise or IBM Cloud, if required. As well as deploying greenfield public cloud environments quickly and safely, CSI has experience in traditional enterprise hosting. Not only do we know legacy applications, we're also able to communicate with those who may be new to cloud environments in terms they will understand.

A 'born in the cloud' MSP will lack experience with legacy infrastructures

and may migrate applications to a public cloud without understanding all the implications. There are also some workloads which are not immediately suitable for the public cloud. Many legacy systems have no substitute in a cloud platform like AWS.

Thanks to our experience, we under- stand traditional IT and cloud infra- structures so we're able to audit and advise companies on the best choice for their workloads. Clients get all the benefits of outsourced management while maintaining private and public cloud environments—the cost savings of such a configuration can be signif- icant. With a range of fully managed services and extensive expertise in the financial sector, CSI has the experience, know-how and knowledge to help firms move safely to the cloud.

John: Can firms move to a managed service on a step-by-step basis, rather than all at once?
Mark: Although switching to a managed service hosted on a cloud platform may feel daunting, the task can be accomplished smoothly with the right planning. Using a process of discovery, a programme can be established where some processes and applications are migrated and others remain on-premise, unchanged. Our 'pre-flight', 'on-boarding' and 'in-flight' services help firms to i) prepare and plan their move to the cloud, ii) make the move and iii) optimise their resources once established in the cloud.

In the 'pre-flight' planning phase—and taking account of the firm's business plan—our teams will build an inventory of applications, identify inter-de- pendencies and establish the most appropriate action for each workload. We will determine which applications should be kept as they are, which are redundant, which can be replaced by a cloud-native alternative and those applications which can be hosted on

the cloud. Legacy applications will be refactored to allow for a future move to a more cost-effective platform.

To provide the right level of support during the migration process, a partner must have a clear understanding of the client's existing operation, infrastructure and future intentions. CSI's 'on-boarding' service manages the automated migration process and confirms that the new environment is capable of accommodating the goals of the business.

Once the migration process is complete, our 'in-flight service' checks that clients are benefiting fully from the move. From monitoring, alerting and incident management—to performance tuning and ensuring the software is licensed most efficiently— CSI understands that migration is the end of one journey and the beginning of another.

John: Who uses your managed service?
Mark: Our business works with building societies, wealth managers and retail banks as well as companies providing electronic payments and mortgage services. Clients include: Virgin Money, the Key Retirement Group, Ditto Bank (part of Travelex), Redwood Bank, Mi-Pay, Fleet Mortgages, Masthaven Bank and many others.

John: Should clients be concerned about losing control of their IT infrastructure? For example, when it goes wrong, who patches it, backs it up, etc. And do you have DR?
Mark: Partnering with an MSP is less to do with losing control and more about gaining efficiencies. It is about defining and delegating tasks which can be more efficiently delivered by an external

specialist than an internal resource. But outsourcing merits a thorough and detailed approach. To ensure that the relationship with the MSP is fully effective requires expectations to be declared at the outset, the scope of the service to be specified in detail and a comprehensive Service Level Agreement (SLA) to be drawn up in consultation with all parties.

Right at the start of the relationship, we understand the level of control the firm wishes to retain and we identify as many requirements as possible. That approach also gives clients the opportunity to engage with teams and individuals who are specialists in their fields. As an enterprise performance partner, we are duty-bound to stay up to date with all relevant emerging technology on behalf of our clients.

"To mitigate the risk and protect the firm's brand, we provide compliance as a service..."

Our firm's managed services offering incorporates all the functions commonly required to implement and manage IT infrastructure and applications effectively. The Network Operating Centre (NOC) monitors the platform round the clock; standard patches or upgrades are implemented on an agreed schedule, although the NOC will manage security patches based on criticality and risk. We provide backup management, offsite backup storage and we test restore procedures regularly. In addition, CSI offers disaster recovery (DR) and high availability (HA) options which can be designed to meet the most stringent Return Point Objectives and Return Time Objectives. DR and HA solutions are tested regularly.

Several industry-standard IT management processes govern our managed services. Those processes are detailed in the CSI Client Services Handbook— that document forms the basis of the agreement between ourselves and the client. Service Delivery Management is the overarching management concept and one which synchronises every key function which, when combined, provide great client service.

A Service Delivery Manager will act as the primary liaison between the client and CSI's operational, technical and commercial functions.

From the foregoing, you can see that our considered and managed approach helps ensure that clients get the application delivery—in a secure wrapper—they need. Confirmation of our approach and abilities can be sought from clients already using the service and of course we are always open to further questions and discussion.

When the majority of a firm's IT resources are doing nothing more than 'keeping the lights on', those resources are being wasted. One of the main benefits of working with an MSP such as ourselves is that we take over those mundane but essential and time-consuming tasks, which gives your IT teams the time and space they must have to help grow the business.

About JHC

JHC's technologies equip financial institutions to meet the challenges of the future. Operational frameworks and processes that were limiting, fragile and inconsistent become scalable, robust and sustainable. Free of the confines imposed by legacy IT, managers are able to make rational and compliant decisions, confident of their facts. Using JHC's platforms and tools, firms can take change in their stride, see beyond the boundaries of the past and increase assets under management—without constraint.

John Blackman: JHC's chief executive officer

About CSI

CSI specialises in the transformation of large, complex and highly-regulated applications to an appropriate cloud infrastructure whether public, private or hybrid including the cyber security elements that are often forgotten. By migrating their operational IT infrastructure to CSI's cloud-based managed services, financial institutions are relieved of the burden of managing in-house software and hardware; firms have more time to spend on other core areas of their business. The cloud-based managed service is a tried, tested and fully audited arrangement: under CSI's guidance for example, a European bank was the first to operate on the IBM Cloud and a UK-regulated bank transitioned to the Microsoft Azure platform.

Mark Vargo: chief technical officer, CSI Group

About JHC Figaro (Figaro)

Figaro is a front, middle and back office solution for private client wealth managers, brokers and platform providers. Using Figaro's tools, firms can run their businesses, manage change more easily and respond to shifts in client, market and regulatory requirements quickly and efficiently. Designed to meet the specific needs of today's investment managers, Figaro's single data source feeds the entire system. Costly integrations and time-consuming reconciliations are eliminated and client and portfolio management tasks—including full settlement and custody activities—are fully automated. Secure, robust and future-proofed architecture gives firms the scope and freedom to develop new products and services and respond to opportunities as they emerge. In use by more than 60 wealth management firms, Figaro supports £150bn in AUM and is used by over 5,600 front, middle and back office personnel and hundreds of thousands of private investors every day.

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