



When did you last upgrade your Temenos system?

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As the mysterious Heraclitus might have said,
“In banking, change is the only constant.”

Developing products and services to match the changing preferences of cost-conscious customers is hard and getting harder. Meanwhile, a proliferation of digital banking channels is making the technical infrastructure increasingly complex and difficult to grasp. And keeping up with evolving technologies is no easier.

To maintain or increase market share, banks using Temenos software must ensure they're getting the most out of their banking systems and overcome constraints caused by the product-centric architecture of existing implementations. Temenos continually invests in the Transact core banking solution to address client needs through new modules, features and functions. More advanced capabilities help banks adopt rather than adapt, modernizing the core functionality and achieving as much “back to core” as possible.

Taking advantage of such developments requires a wholehearted IT and business commitment to regularly upgrading your bank's core system.

It pays to upgrade

Temenos upgrades tighten security, improve operational efficiency and optimize costs. While strengthening functional weaknesses, they also introduce the latest features, significantly accelerating time to market for new products and services.

Streamlining operations and ensuring timely compliance with regulatory requirements sharpens your bank's competitive edge, reinforcing market appeal and empowering you to take a leading position in the sector.

There's more than one way to upgrade Temenos

Typically, upgrades for Temenos clients involve a broader range of activities beyond the release-upgrade process. Temenos upgrades can include one or more of the following sets of actions:

Technical upgrade

The minimum scope is a like-for-like upgrade, maintaining the functionality while updating the underlying technology infrastructure of the system. This normally involves application software changes related to the latest release. Also, there are hardware or database changes to address technology obsolescence or Transact performance, security and reliability issues. This process could involve migrating to one of the latest stacks supported by Temenos.

Functional upgrade

New features or capabilities added to the Transact system to enhance its functionality. This might include new financial products, services or channels, enhancing existing features or introducing new functionalities to improve the user experience. These changes could be delivered by implementing new modules introduced in recent Transact releases, replacing legacy/sunset modules with newer ones, or utilizing enhancements from existing modules. A functional upgrade also handles any "back to core" initiatives to minimize local customizations.

Reengineering

Embraces new enterprise frameworks, moving from a monolithic to a layered architecture using API, data and event frameworks. Keeping Transact only as the system of record and moving customer enablement

functions to the API-ready engagement layer reduces the bank's dependency on its core system for customer interactions.

Extending the integration capabilities of Transact through the event framework helps to perform event-based, near-real-time and asynchronous integration with Temenos Transact in a rapid and cost-efficient manner. Enabling an expansive set of API libraries helps with extensibility, integration with other systems and the use of best-of-breed software. Implementing a data platform using Transact's event-streaming capability helps move legacy reporting beyond Transact while opening up external data access outside the core via APIs.

Re-platforming

Lift and shift existing applications, code, integrations and dependencies to a cloud-native stack supported by Temenos or to Temenos SaaS. As this operation needs no changes to the underlying application or code, the activity is easier and faster to execute since the product functionality and capabilities remain unchanged. Innovations like infrastructure-as-code help modernize and streamline technical operations, providing new opportunities to accelerate development and manage scalability. Note, any architectural changes or reengineering of the existing system should be done before the re-platforming exercise to avoid carrying over existing limitations to the new platform.

Progressive transformation, or the big bang

Depending on its scope, an upgrade can take anywhere between 6 months and a couple of years. Banks must plan carefully and manage changes to minimize operational disruption and ensure the upgraded system is stable, secure and fully meets their business needs. Complex upgrades can significantly impact the system and infrastructure, leading to a complete overhaul. Progressive transformation is a viable alternative to the big-bang approach.

Progressive transformation involves incremental system changes over time, avoiding disruption and minimizing risk. With lower project risks, this approach allows the bank to reassess its priorities and make course corrections throughout the transformation. It also helps banks become more agile and adapt rapidly to new business requirements and customer needs.

Fintego works with each client to build an upgrade strategy and road map that provides incremental business capability aligned with the priorities. In the process, they address any technology obsolescence and functional deficiencies, rearchitecting to future-fit the landscape. The three main steps for implementing a perfect Temenos Transact upgrade strategy are as follows:

1. Assessment and review of current build and architecture

- Review current business requirements through surveys and workshops to identify the strengths and deficiencies of the current Transact implementation. Analysis of existing business pain points and identification of unused modules/business logic
- Review local developments and customizations to enable “back to core” and reduce TCO. Identify unwanted customizations, including any related to unused modules or business logic. Also, identify issues with the code structure, complexity and quality
- Analyze the performance and scalability of the Transact system. This includes reviewing the hardware and infrastructure, database server and configuration, identifying bottlenecks and performance issues

- Review integrations between Transact and third-party systems or applications. Analyze integration frameworks, protocols and data formats as well as potential issues or areas for improvement

2. Evaluate deficiencies and define the target Transact platform architecture

- Assess the strengths and deficiencies of the existing implementation and identify new customer propositions and priorities. Understand the effects that business strategies and project directives could have on the IT infrastructure
- Develop an IT strategy that outlines the desired IT services and capabilities, essential platform components, approach to IT architecture and your preferred operating model
- Review the benefits and impacts of new modules. List new modules and products to be implemented
- Review the potential/impact of new enterprise frameworks to disintegrate and decompose the core. Any complex file-based and point-to-point integrations could be replaced with an event framework and decouple all user interactions from the core using the API framework. Evaluate the use of microservices, separating the banking distribution from channel and manufacturing functions
- Evaluate using new stacks to address performance and scalability issues, including slow response times, high server load and database bottlenecks. Based on existing issues and future requirements, gauge how well the new stacks will fit the existing system architecture, landscape and other dependencies. Taking into account various factors, including TCO, potential benefits and impact on existing workflows and processes, collaborate with stakeholders to decide which stack to adopt
- Describe the target platform setup and architecture based on the reviews

3. Define an upgrade strategy and road map

- Understand the key drivers for this transformation and identify specific upgrade goals and objectives. This will help align deliverables with the overarching business strategy and ensure the project addresses the most critical problems and has stakeholder support
- Identify gaps between the current architecture and the target architecture of the Transact platform (e.g., differences in technology, modules, frameworks and platform). Determine the transition states needed to achieve the target architecture
- Prioritize the transition states and define the optimal sequence of function rollout. Identify dependencies between each transition state, evaluate their

impact and feasibility, rank them and define the implementation sequence. For example, clients might want to address technology obsolescence, critical functional deficiencies and open-up integration capabilities in the first phase. However, the functional upgrades, reengineering, digital enablement and extension of business services could be planned for subsequent phases

- List the project activities needed to implement each transition state and identify critical dependencies. Define project phases and milestones and estimate effort, timelines and costs
- Define a detailed transformation strategy plan/road map according to your portfolio of business and IT projects. Teams must have a clear plan for delivering the agreed business and IT platform capabilities with approval from key stakeholders



Assess current build

- Review to identify strengths and deficiencies
- Analyze business pain points
- Review local developments and customizations and identify potential for decommissioning or back-to-core
- Analyze performance and scalability of the Transact system
- Review integration landscape

Define target state

- Evaluate strengths and deficiencies and identify new customer propositions and priorities
- Determine an IT strategy
- List new modules and products for implementation
- Review use of enterprise frameworks to enhance integration capabilities
- Evaluate use of new stacks to address performance and scalability issues
- Describe the target platform setup and architecture

Define strategy and road map

- Understand key drivers/ identify goals and objectives
- Determine transition states for achieving target state
- Prioritize transition states and define the optimal sequence for rolling out new functions
- List project activities and dependencies
- Define project phases/ milestones and estimate effort, timelines and costs
- Define detailed transformation strategy plan/road map as defined by a portfolio of business and IT projects

Deliver successful transformation

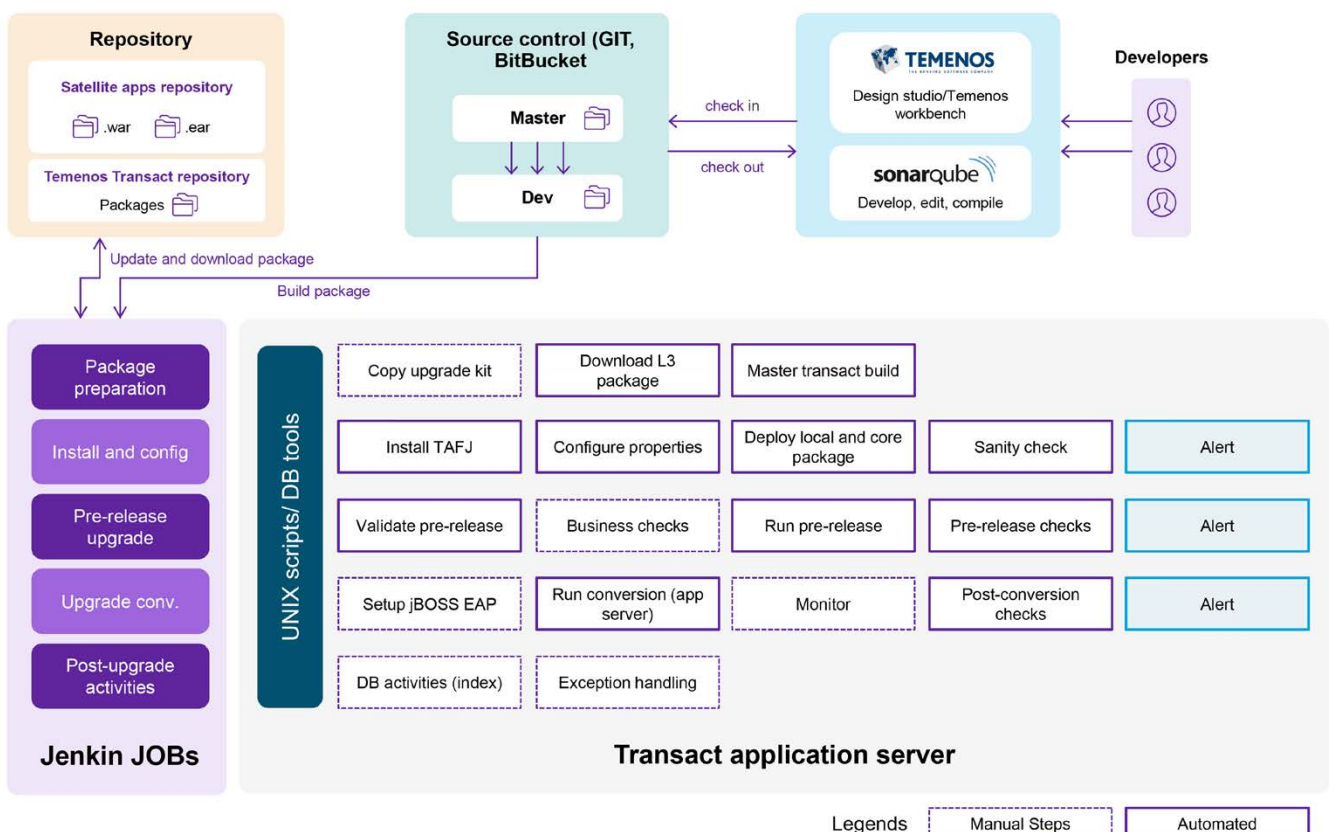
through waves of transition that center on business data — build the secure target environment and architecture.

Scale, manage steady state, **continuously improve**, monitor key performance indicators and iterate on transformation through modernization programs, and maintain regulatory alignment.



Beyond transformation

Once the desired target state is achieved, Fintego can help banks to adopt continuous deployment methods to implement a single deploy platform with minimal outages. Also, Luxoft's automation framework enables future upgrades, minimizing the effort and time spent on the upgrade process and will set a platform to add incremental capabilities to the system with minimal disruption.



Fintego has been delivering digital banking solutions across the world's banking and capital markets for many years, building an enviable track record acknowledged by client feedback. Fintego works with business leaders to understand and represent their strategic vision, goals and objectives. We consult internal technologists to develop an in-depth understanding of each bank's technical challenges and constraints. This collaboration enables us to formulate a viable core banking transformation journey tailored to the bank's needs and expected timeline.

Fintego's dedicated and dynamic upgrade team has extensive experience in complex transformations and has guided multiple global banks through their transformation journey and upgrades.

Here's a quick overview of our team's expertise:



Fintego has also built accelerators to complement the transformation exercise.



Upgrade analyzer

The scoping tool helps extract and create a detailed overview of the Transact setup/configuration, local developments, impact on release upgrade, etc. Helps deliver accurate scoping and estimates.



Data comparison

Transact-specific comparison tool which compares data between source and target systems. Helps validate data integrity post-upgrade.



GL comparison

Exclusively developed to provide insight into financial reporting lines in Transact and identify transactional-level differences between pre- and post-upgrade.



Object explorer

Provides a detailed catalog of the components implemented in a Transact environment, including parameterization with dependency information. Helps identify used/unused components for cleanup/decommissioning or decomposing the core.

About **the authors**



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Ram leads Luxoft's Temenos Center of Excellence team in India. He has over 23 years of Temenos experience and has performed multiple roles in various Temenos engagements, ranging from implementation, upgrades, enhancement, product development and system audits across numerous geographies. Ram has led Temenos CoEs for many years, setting up knowledgeable teams to deliver projects and accelerators to complement Temenos offerings.



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Ian leads the Temenos Practice within Fintego. He brings over 30 years of experience in many roles within banking and capital markets, having worked at several large financial institutions before moving into consulting. Ian has operated in all aspects of the technology business, from infrastructure, application support and development, plus project and program management, to leading a Temenos capability of over 240 people. He is looking to grow our capabilities and bring exceptional value to all Fintego clients.

Like to take it further?

To learn more about how Fintego can help you deliver the perfect Transact upgrade, visit our **website**, or **contact us**.

About Fintego, a DXC Technology Company delivers digital advantage for software-driven organizations, leveraging domain knowledge and software engineering capabilities. We use our industry-specific expertise and extensive partnership network to engineer innovative products and services that generate value and shape the future of industries. For more information, please visit fintego.co.uk

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