

OPERATIONAL MANAGEMENT IN THE PAYMENTS INDUSTRY

FROM FIGHTING FIRES TO OPTIMISING SERVICE DELIVERY

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EXECUTIVE SUMMARY

Under pressure from new regulations, growing customer demands, and imperatives to reduce costs, payment companies face the challenge of streamlining operational management.

It's no longer enough for their IT and operations teams to respond quickly to problems and issues - they also need to drive continuous improvement of operational environments.

To get this right, operational management solutions must enable teams to efficiently coordinate their efforts. By introducing a structured framework, the IT and operations team can bring increased discipline to the management of complex service level agreements.

An effective operational management platform helps companies proactively manage the many inter-dependencies within the payments environment that contribute to the delivery of service level agreements. These dependencies range from business objectives and customer contracts to hardware, software and business processes.

Gyrus Ops, a new operational management platform from **Stanchion**, enables payments companies to create a blueprint of their environment by mapping and linking dependencies and relationships across the many dimensions of the payments environment from business agreements and work force processes to IT estate.

Gyrus Ops builds a bridge between operations and the business, introducing structure to processes and services while bringing transparency to the tracking of service level agreements. It enables operational teams to shift from reactively managing crises to proactively measuring and continuously improving processes and service levels.

PAYMENTS: AN INDUSTRY IN FLUX

The payments industry is rapidly evolving as the regulatory burden on payments providers grows; digital technologies and devices enable new services and solutions; and customer expectations for stability, performance, and innovation continue to increase.

As a result, operations teams are under pressure to improve their business performance. This, in turn, demands they enhance service delivery from their IT departments and focus on business process excellence throughout their operations.

Operations and IT departments at many payments companies are ill-prepared for this sea-change as they have traditionally focused on ensuring availability rather than on driving continuous improvement. Performance and process issues, even those that are potentially damaging to the business, are dealt with in a reactive manner.

But this no longer meets the needs of this changing market. As new entrants eye payments opportunities and consumers, merchants, and other parts of the payments value chain demand more from the payments industry than ever before, it's critical that IT and operations teams move towards the proactive management of their environments.

The focus of operations teams in payments companies must shift from mere availability and performance towards optimising business services. This is easier said than done in a complex sector that gets more complicated by the day.

GROWING OPERATIONAL RISK AND COMPLEXITY IN THE PAYMENTS INDUSTRY

Although the payments industry is under more pressure than ever to improve transparency and structure in operational management, it continues to struggle to do so for the following reasons:

The gap between IT and the business

There's a disconnect between business strategy and IT operations for reasons ranging from poor communication between stakeholders to a lack of strategic planning. Operational environments have often evolved in response to technology pressures (such as the limitations of legacy systems) rather than strategic business drivers. In many instances, technology and operations have diverged from the ways in which the business would prefer to get things done. IT service level agreements are, as a result, not always aligned with business objectives.

Siloes of stakeholders, technology and processes

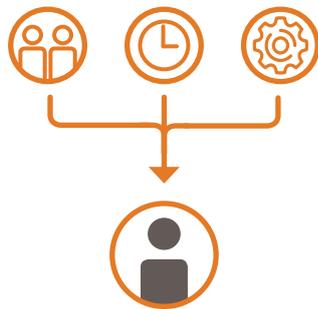
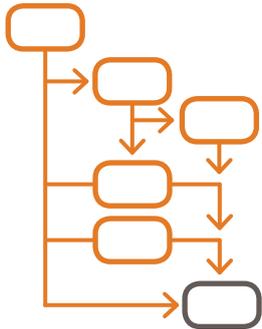
There are numerous interdependencies and tiers to be managed in the payments industries, meaning that IT and operations need to coordinate across multiple contracts, teams, processes, applications, and regulatory regimes. The operations environment depends on, and reports to, multiple departments and stakeholders, each of which currently operates in a silo.

The business manager wants to know that contracts are being adhered to and that business objectives are being met. The financial manager wants to ensure operating costs are optimised. And the operations manager is most concerned with operational outputs and service delivery. Managing these competing priorities adds complexity to the environment.

Rising regulatory pressure

Payments processes are complicated by a slew of new regulations, ranging from data privacy laws to Know Your Customer rules. Financial services companies must comply with these regulations without allowing them to undermine the end-customer's experience.

COMMON EFFICIENCY CHALLENGES



INDUSTRY COMPLEXITY

- Rising regulatory pressure
- More demanding customers
- Silos of stakeholders, technology, and processes

RESOURCE CONSTRAINTS

- Scarcity of specialist skills
- Absence of relevant tools
- Complexity of the technology stack

BUSINESS CHALLENGES

- Gap between IT and business
- Imperative to reduce costs
- Reactive posture rather than a proactive stance

More demanding customers

A shift towards an always-on digital world means there's less tolerance for downtime or poor service quality than ever before.

Imperative to reduce costs

Most organisations are under relentless pressure to reduce their operating costs while simultaneously improving quality and performance. They must do more with less.

A scarcity of specialist skills

The payments industry relies on specialist IT and operational skills, many of which are in short supply. The result is that operations teams in payments environments are understaffed and/or lack the depth and experience in their skills pools to adequately meet both mundane and strategic challenges.

An absence of relevant tools

There are many tools available for general IT operational and service management, but until now, CIOs and operations managers in the payments sector have not had access to specialised domain-specific solutions for their industry.

Growing complexity of the technology stack

Over the past 20 years, the technology stack has grown more complex with more applications and hardware devices to be managed than ever before.

A reactive posture rather than a proactive stance

Most operational teams focus on ensuring the stability and availability of their systems and infrastructure. Because they're so busy fighting fires, they don't pay much attention to the opportunities of optimising the environment to reduce costs and continuously improve service levels.

QUALITIES OF AN OPERATIONAL MANAGEMENT SOLUTION BUILT FOR TODAY'S CHALLENGES

Against this backdrop, payments companies need to take a fresh look at operational management and search for solutions that enable them to coordinate resources and teams to quickly identify and correct problems across their complex environments.

It's no longer enough to fix problems as they arise - operational teams must identify challenges before they manifest and find ways to optimise costs and performance.

Operations managers need to ask themselves:

- How can we prevent business risks?
- How can we bring transparency into our service level agreements with the business?
- How can we support internal and external customers more efficiently?
- How can we align operations to the business objectives?
- How can we provide the right information to the relevant business teams?

To answer these questions, they need an operational management solution that efficiently and effectively coordinates the efforts of their operations teams. Such software will use a structured framework to introduce discipline to the management of complex service level agreements.

A full operational management solution for the payments industry will encompass the following dimensions:

Define

Operations management starts with defining the business's goals and how it will meet them. A solution for this environment will allow the operational team to map the business processes and systems on which the business's objectives depend. It will create a complete blueprint of the environment, linking dependencies across multiple dimensions in the environment such as business agreements, workforce, processes, and IT estate.

Measure

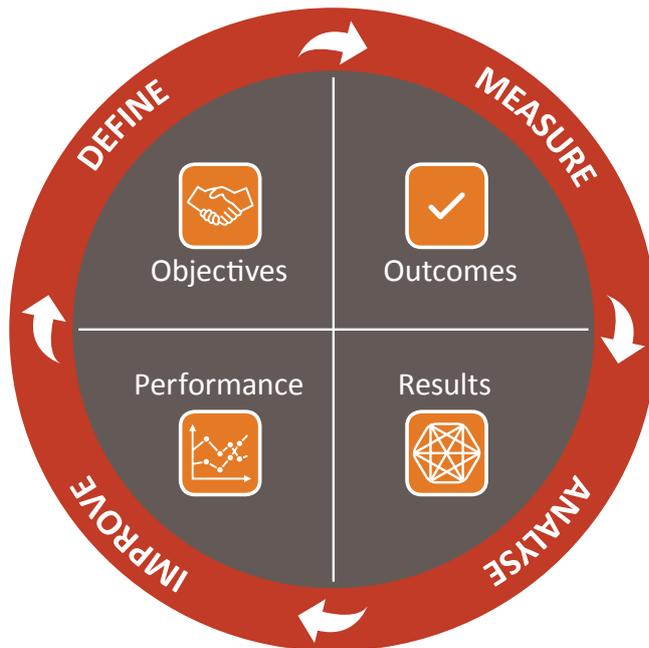
Without measurement, business stakeholders and the operations team cannot be sure that service delivery agreements are being met. Thus, they need a solution that enables them to measure and evaluate operational performance against specific objectives and goals.

Analyse

A platform for operational management in today's payments industry will enable managers to target areas in their environment where they should focus to improve service delivery.

Improve

The solution should be adopted as part of a commitment to continuous improvement. Then, it will support an ongoing effort to improve stability and reduce total cost of ownership in the payments environment.



Key features and benefits for a robust operational management solution for payments companies

Service level agreement management

Reliable service level management depends on operations teams having the right information, knowledge and authority to be effective. As such, they need tools that give them a framework and structure for measuring performance, detecting issues, and identifying systems and processes that are causing problems.

Team coordination

In many operational environments, key skills and knowledge are dispersed across people in different parts of the business. An operations platform will help the operations manager to structure the environment and enable team members to coordinate, focus and prioritise their efforts. This creates a disciplined team approach to operational issues.

Geolocation features

Payments environments often include widely distributed hardware estate such as ATM solutions or POS systems, so an operational management solution should enable status and service level agreement management to the most granular part of the estate that provides the solution.

Let's consider how our new solution, Gyrus Ops, addressed the needs outlined above.

INTRODUCING GYRUS OPS

A SOLUTION THAT BRIDGES THE DIVIDE BETWEEN IT OPERATIONS AND BUSINESS

Gyrus Ops is an operational management platform that helps payments companies improve efficiencies and effectiveness so they can meet the demanding service level agreements of today's complex and demanding payment environments.

Gyrus Ops builds a bridge between operations and the business, enforcing structure and discipline with the management of processes and services in payments environments as well as bringing transparency to the tracking of service level agreements. It enables operational teams to shift from reactively managing crises towards proactively measuring and continuously improving processes and service levels while reducing the impact of failed processes on service delivery.

Gyrus Ops empowers operations teams to:

- Define the operational environment and associate it with business information such as service level agreements, contracts, processes and their owners, and link it all to the underlying technology infrastructure.
- Increase visibility of operational processes and service level management.
- Measure progress against specific objectives and goals. These measurements can be either automated or manual and evaluate performance of business critical operational processes.
- Manage deliverables across a vast, distributed estate using powerful geolocation features.
- Receive rich reporting information about how to improve operational management, reduce risk, and where operational risk elements may impact the business objectives.
- Gain end-to-end insight into the entire technology estate - devices, software and infrastructure.
- Coordinate the efforts of multiple teams.

CONCLUSION

Gyrus Ops is built on Stanchion's decade and a half of experience in the payments environment. We have designed it to answer the challenges that we see every day in our clients' operational environments. The solution is purpose-built to empower IT and operations teams to bring continuous improvement and cost-savings to their payments environments.

ABOUT THE AUTHOR

Carol Simpson is the Gyrus Product Manager at Stanchion. She has been working in the industry since 2005 and believes in the value of structure and discipline when managing complex payments systems and environments.

ABOUT STANCHION

Stanchion Payment Solutions develops products that solve and manage complex payment problems. Established in 2001, we have since helped to implement and manage payment environments and card applications for retailers, banks, credit unions, card schemes, payment processors and payment systems around the world. Stanchion has a team of more than 70 specialists, who support clients in six continents from offices in the UK, Middle East and Africa.

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