

# Executive Brief

## Managed File Transfer for Banking, Insurance and Financial Institutions

How does your business connect to third parties, like corporate customers, government agencies and other financial institutions? These transactions may span funds management, insurance trade services, ACH transactions, payroll, payments and foreign exchange orders. Tower Group calls these processes “B2Bank”, and they can easily number in the tens or hundreds of thousands per month. Maintaining control can rapidly consume resources needed for survival and growth. Furthermore, most executives have become frustrated with the excessive cost of ineffective enterprise software and disconnected legacy tools. License, maintenance and transaction fees are just the beginning. Adding to the tremendous burden is a large and expensive infrastructure team to support disparate systems. The business, however, must forge ahead.

The infrastructure necessary to support the business community offers an opportunity to significantly reduce operating costs, while improving compliance, security and reliability. Managed [or secure] file transfer eliminates the complexity created by point-to-point connections coupled with layered architectures and systems. Leading banks, insurance companies and other financial groups are also looking to managed file transfer to meet governance and reporting requirements, to streamline communications, and quickly provision services (on-board). With these many lofty requirements, is it possible to quantify the value of managed file transfer?

One leading financial services company streamlined file transfer across corporate customers with managed file transfer and eliminated \$150,000 per month in point-to-point (frame relay) connection fees, achieved a 40% savings in support labor, and reduced software maintenance fees by 50%. These achievements were in addition to satisfying the firm’s original goals: more rapid on-boarding of new trading clients, now two weeks instead of three months, and improve availability and compliance. Their success was a direct result of the desire to ease business community complexity and improve business service levels.

Another way to look at it is to consider what is lost without managed file transfer. Sensitive data is at the core of every financial and insurance organization’s ability to conduct business. Secure, reliable exchange of data is not just nice to have. It is a contributing factor in brand equity, corporate differentiation, cost structure, compliance and corporate governance. On the other hand, most firms have what’s called an “accidental architecture” – sometimes decades-old systems – with file transfer tools layered on top of existing systems. Mergers and acquisitions, and the rapid shift to internet transactions exacerbated the problem. Today’s financial institutions endure very complicated, often unreliable, and typically non-compliant point-to-point connections.

In order to solve the complexity, banking and other financial institutions along with insurance companies can look to managed file transfer to reliably enforce policies and enable effective file exchange processes. More importantly, managed file transfer ensures governance across the management, execution and security of the file exchange process. While a number of features and functions make up the typical managed file transfer system, four very specific services working in harmony are quickly becoming the hallmark of a “complete” solution, whether it be private (e.g. software), or SAAS (software as a service). Select a managed file transfer without best-in-class across these key services, and you might as well return to point-to-point connections.

### Global Financial Services Firm

#### Original Goal

- 100% compliance
- Improve service levels

#### Strategic Value

- Eliminated \$150,000 in monthly point-to-point connection fees
- 40% savings in support labor
- Reduced software maintenance fees 50%
- Reduced new trading client onboarding time to 2 weeks
- 100% compliance

#### Critical Services



**Visibility**  
for governance and compliance



**Exception Management**  
fast response and resolution, avoid risk



**Global Communications**  
transparent remediation, robust reporting/auditing



**Provisioning**  
fast time-to-value

**Visibility** across the entire business, regardless of disparate systems, enables corporate, business units, partners and those responsible for corporate governance to take appropriate steps to ensure conduct within approved processes. When the solution provides for roles-based views and infinite drill-down, it provides actionable intelligence regardless of sender or recipient type – from person or machine, to person or machine. In this context, the solution not only masks the complexity across customers and external trading partners, but also the complexity of IT components.

Fully automated **exception management** provides the ability to monitor the health of the network and data movement to uncover errors in the file transfer process. Alerts, triggered notifications and drill-down views to root causes speeds up response and resolution, and significantly reduces the cost associated with resolving errors and exceptions.

**Global communications** within a “complete” managed file transfer solution enables seamless, transparent remediation to resolve chronic errors across internal teams, customers and third parties. It also provides a central console to reduce the number of environments and specialized scripting. Global communications is also the framework for robust reporting and auditing of service level agreements, and compliance and performance across messages. Finally, it should provide shared access to report cards and metrics, for improved customer service and competitive differentiation.

A fully integrated, automated, self-service **provisioning** (on-board) process within the managed file transfer platform resolves the complexities associated with heterogeneous systems. It vastly improves time-to-value as new divisions and trading partners on-board within days rather than weeks or months, and they quickly begin to contribute financially.

While complexity and service levels may drive a need for managed file transfer, scalability and security are usually the two most common attributes business community managers demand. The range of integrated services and the delivery method can offer tremendous value as well. “Scalability” and “security” though, are relative terms, and many providers’ systems are as disconnected as the business community they’re trying to support. Banks, insurance companies, or any financial institution should look for fully integrated services, especially those identified as the four most critical value drivers. With the right managed file transfer solution, financial institutions should achieve reliable connectivity, the ability to deliver new services, eliminate the backlog of new demand, and wipe out the even larger backlog of unresolved transaction “exceptions.” The infrastructure intended to enhance and manage connections to third parties like corporate customers, government agencies and other banks can be cost efficient, highly available, and heighten customer service.