3 signs you need a Hogan Health Check

by Duncan Alexander,
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Banks spend millions of dollars each year maintaining Hogan core banking systems that interface with a complex network of other systems. And even though these core banking systems manage a massive throughput of transactions each day, they're expected to plough on regardless.

The expense is often justified as money well spent given that serious downtime can lead to escalating business risk, stringent regulatory fines, loss of revenue and a higher total cost of ownership (TCO), not to mention customer dissatisfaction and significant damage to the bank's reputation. However, if supporting your inefficient platform is costing more than 5% of the annual IT budget, you're throwing good money after bad. But how do you improve operational performance without spending even more money replacing the whole lot and starting from scratch?

Run a Hogan Health Check
and improve core-system performance

Luxoft tailors the Hogan Health Check according to your unique environment and plans for growth or change. Following an in-depth assessment of the current state of your Hogan applications and infrastructure, our Health Check team analyzes your system architecture, providing clear guidance on how to accelerate performance while streamlining upgrades, overcoming bottlenecks and resolving other operational issues. Having reviewed the Health Check findings, we recommend ways to achieve a smooth and secure program go-live and suggest additional enhancements for implementation once you're up and running.

Here are just three of the tell-tale signs that you need to run a Hogan core banking system Health Check without delay:

1 Daily tasks running slower at both normal and peak times. CoB, EoM/Y and Black Friday issues (non-availability, latency, etc.)

2 Increasingly complex platform outgrowing planned scope

3 Rising platform maintenance costs

Maintain business continuity

Hogan has been safeguarding the banking sector for more than 4 decades. Over 40 banks and card processors use applications from the Hogan Banking Suite to execute the data processing for their core banking business. Today that means processing over $5 trillion in deposits, which makes it one of the most prominent core banking systems in the world. The flexibility and dynamic nature of the Hogan core banking applications allow you to select a cost-effective data-processing environment that best meets your needs for scalability, availability, data security and other prime qualities.

That said, many of the systems that integrate with your elite Hogan banking platform, together with the sheer volume of queries and transactions, can hinder and slow down its performance. Running a Health Check helps you pinpoint and investigate the complete catalog of potential issues, analyzing interfaces and standardizing integration capabilities.

Perhaps your banking platform has outgrown its predefined scaling parameters and the application architecture and infrastructure needs a tune-up. Or the slowdown on critical query response times requires data optimization and a database reconfiguration to help speed-up performance. Whatever the problem, a Hogan Health Check will find and suggest ways to fix it.
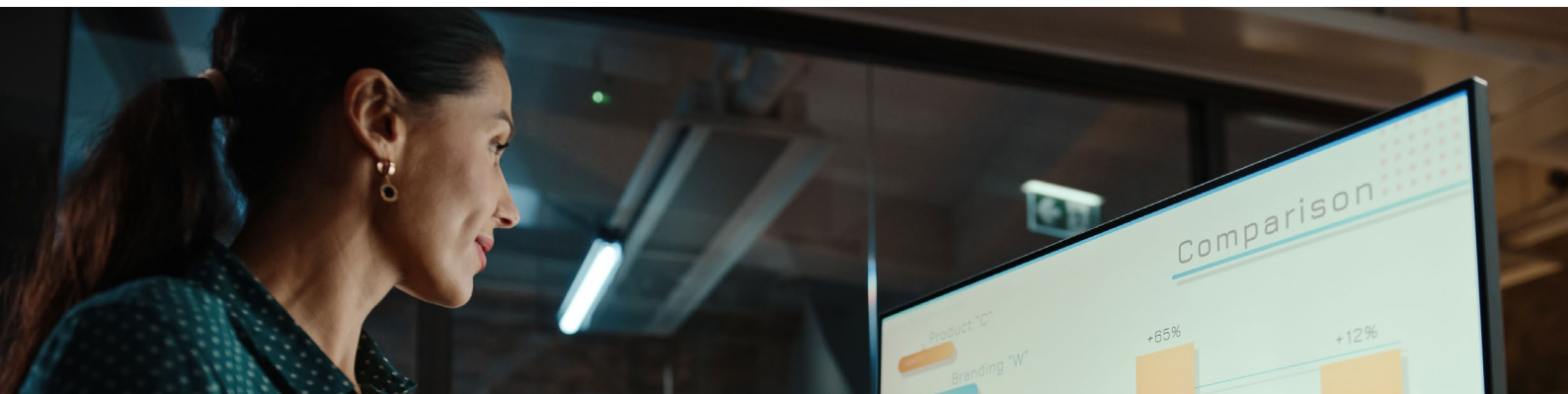
The Luxoft approach

We provide a 360-degree view of current environment and operational issues. The Luxoft Discovery Team works alongside your business and technical teams conducting interviews, workshops and review sessions. We analyze, verify and validate your architecture, integration framework, system integration and so on, to assess their state of completeness and readiness and locate faults within the existing Hogan environment.

Kick off

Analyze

Document

Sign-off
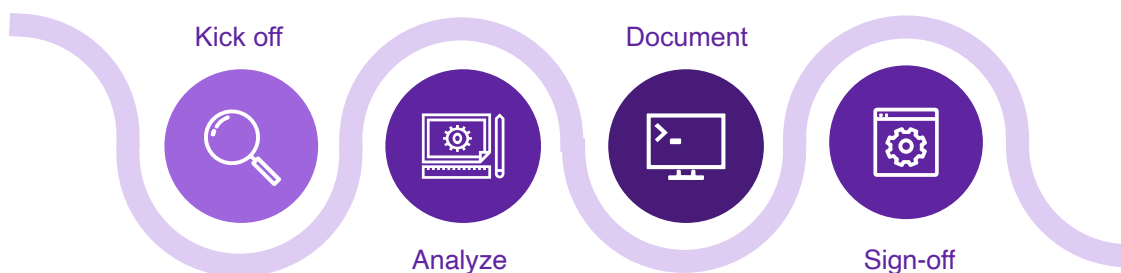
1. Kick off

- Collect technical and functional documentation to avoid delays
- Arrange meetings/workshops to revise outdated information
- Establish team communication framework, meetings, calendar, etc.

2. Analyze

- Conduct detailed analysis of Hogan implementation
- Identify gaps and local developments (L3 changes)
- Quantify interface and other integration framework changes
- Review infrastructure server workload

3. Document

- Document all findings
- Develop a recommendations report, listing possible solutions and next steps

4. Sign-off

- Present findings and assessment results for stakeholder review and feedback
- Discuss approval of Health Check deliverables and subsequent activity
- Arrange employee onboarding and system access
- Exit discovery phase

Luxoft ensure that the necessary expertise is in place to deliver the recommended changes as required in line with the strategic plan. Also, we're always ready to support any internal teams should the bank decide to implement recommendations themselves. In due course, our team reviews the impact of the recommendations and provides guidance for additional enhancements where needed.

To ensure continuity, we maintain the same core Health Check team unless unavoidable, in which case, similarly skilled experts replace missing members.

A basic Luxoft Discovery team comprises:

- Project manager
- Lead technical architects Hogan senior technical experts
- Infrastructure expert
- Solution architect

Health Check use cases

Modernization assessment 1

A Hogan Modernization Discovery and Assessment Health Check defined a development roadmap and supporting business case to ensure that Hogan was positioned to help a leading bank achieve its strategic vision.

Luxoft completed the work over 5 weeks, focusing on improving four key areas as defined by Hogan client:

1. Accessibility via APIs
2. Extraction of data from Hogan
3. System documentation
4. Development and testing productivity

Overall, 25 key findings were identified and documented.

Recommendation	Strategic objective served	Key actions	Benefits
Deploy modern digital core integration	Simplification Digital Customer UX Business Agility	• Implement core API development, integration and management strategy	• Faster time-to-value for new digital consumer products and services • Tap fintech innovation and develop ecosystems • Improved customer satisfaction
Institute development process improvement	Simplification Digital Customer UX Business Agility Time to value	• Fill functional and technical documentation gaps • Format education • Tool for application analysis • Streamline Hogan release schedule process and discipline	• Accelerated time to value for digital, omnichannel and business enhancements • Improved quality and customer satisfaction
Deliver a pure data source for analytics and decisioning	Simplification Digital Customer UX Business Agility	• Extract and transform Hogan proprietary data in near-real-time	• Improved management decision making • Accurate and up-to-date data for regulatory reporting

Use Case 1
Modernization assessment

25 key findings were identified and using a Tactical Scoring method ranked by assigning values for priority, implementation, benefit and risk.

Results

14 items (56%) were categorized as strategic to enabling the bank to achieve its objectives. In particular:

- Change underlying technology to make sure we stay nimble and competitive
- Omnichannel digital experience
- Simplification and progressive modernization of data and IT infrastructure
- Support data-driven and personalized customer propositions
- Improve development time
- Reduce backlog of change requests
- Resilient technology enabled productivity improvements across the business
- Develop high performance teams

	Focus area	Number	Finding	Score	Strategic
Strategic	**Hogan APIs**	HA1	Hogan client does not have a defined API integration pattern	**88.15**	Y
		HA2	No instant customer data synchronization	**94.4**	Y
		HA3	Hogan client has a tightly coupled architecture	**88.15**	Y
		HA4	Current integration techniques are highly manual process	**91.15**	Y
	Data access	DA1	Hogan client currently extracts data for data warehouse in the loans batch process	**87.9**	Y
		DA2	Current Hogan client transformation of data is not in a flexible format for loading into warehouse	**94.4**	Y
		DA3	Data warehouse uses derived data from the Hogan databases and reports	**87.9**	Y
	Documentation	DOC1	Hogan client's technical documentation is incomplete	**82.7**	Y
		DOC2	Hogan client's functional documentation is incomplete	**82.7**	Y
		DOC4	Product knowledge to deliver major core enhancements and to support digital omni-channel banking needs improvement	**87.25**	Y
	Dev/Test	D/T1	Hogan client does not have an impact analysis tool	**96.35**	Y
		D/T2	Project folders are used as repository for storing test cases	**90.5**	Y
		D/T4	Hogan development and testing teams does not follow a defined master calendar schedule	**89.85**	Y
		D/T8	Hogan client has a large backlog of the application reported problems and enhancements	**100.9**	Y
Proirity	**Hogan APIs**	HA5	Manual adhoc letter and statement generations	**81.15**	
		HA6	Customer service teams access multiple applications screens to fulfill a single customer request	**81.15**	
	Data access	DA4	A business product catalogue is not available	**81.15**	
		DA5	There is no Hogan data dictionary	**66.2**	
		DA6	The Hogan mortgage loans system is not ready / compliant to data lineage (BCBS 239) regulatory requirement	**72.7**	
	Documentation	DOC3	There is limited knowledge sharing repository for the development team	**77.25**	
	Dev/Test	D/T3	Hogan client does not have any automation in testing	**76.6**	
		D/T5	Hogan client uses multiple development and test environments	**83.1**	
		D/T6	Performance/capacity testing is not done for Hogan	**90.9**	
		D/T7	Unncessary letters are produced from the Hogan loans system	**90.9**	
		D/T9	Hogan client development and testing groups will benefit by adopting Agile processes	**79.45**	

Modernization **assessment 2**

Approach:
Five major scope items addressed: Hogan skill set, documentation, infrastructure, applications, regulatory requirements

Results:
From CFT analysis, 53 recommendations identified, and comprehensive report presented
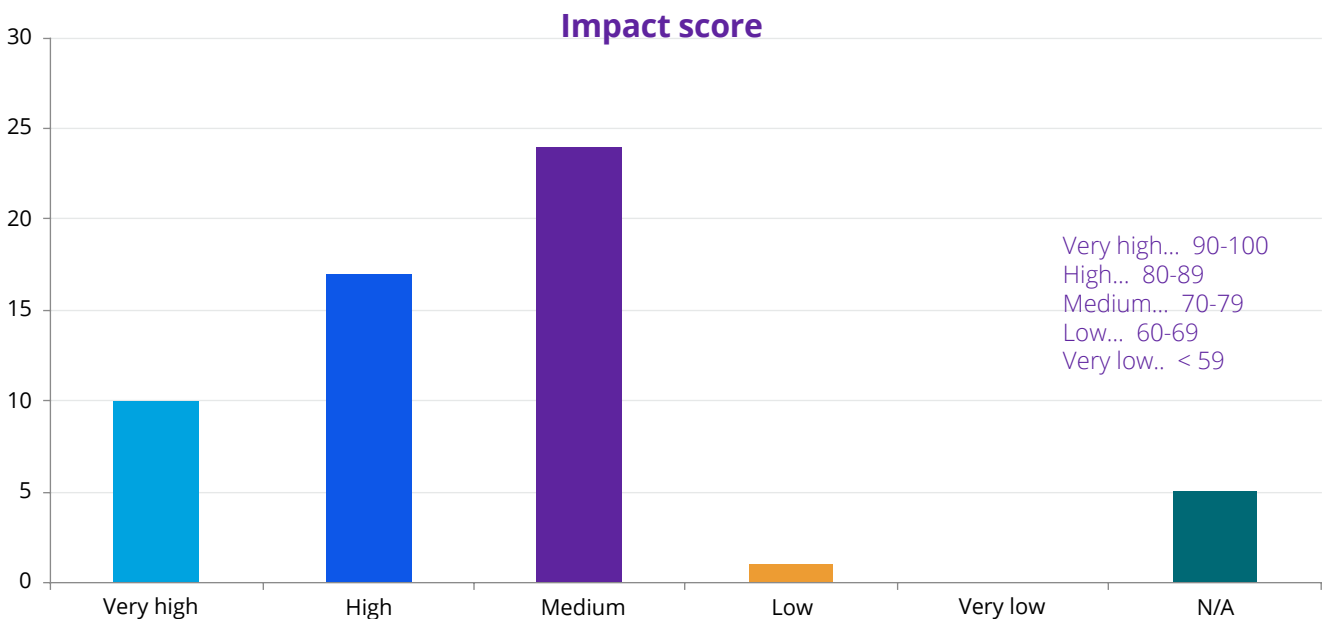
Findings:

- Core IDS, CIS and FSS applications performing as designed

- TANS identified that will address some pain points, enhancing or increasing efficiency

- Recommendations provided for pain points where TANS were not applicable

- Recommendations identified/detailed for improving overall performance

- UMBRELLA effective. Main pain point is staff skillsets (inc. lack of trained technicians)

- Batch and online interfaces performing effectively

- CIS-DB2 interfaces performing within acceptable parameters

- Enhanced testing recommendations/tools provided

- Poor or sparse utilization of banking support resources

We assigned values for 53 key findings according to priority, implementation, benefit and risk via a tactical scoring method:

- 100 point scoring system weighting each equally

- Possible values for parameters ranged between 50-100

- Items deemed strategic received 10 additional points

- The higher the score, the more value proposed

- Top ten recommendations listed in appendix A

Impact score

Very high... 90-100
High... 80-89
Medium... 70-79
Low... 60-69
Very low.. < 59

Category	Value
Very high	10
High	17
Medium	24
Low	1
Very low	0
N/A	5

Typical **Health Check** timeline

Project week					
01	**02**	**03**	**04**	**05**	**06**
① Phase two Scope and plan					
	② Current state and future vision assessment				
			③ Future state Road map and direction		
					④ Final report

Project tasks

① **Project kickoff, scoping and planning**

- Finalize objectives, scope, resources and roles
- Collect and review internal documentation
- Finalize schedule of assessment activities

② **Assess current state and future state vision**

- Review and assess current Hogan configuration
- Conduct internal interviews to ascertain current state and future state vision for Hogan client
- Review current Hogan client processing and procedures
- Review current Hogan client database configuration and capacity
- Review current Hogan client processing windows
- Review current Hogan application dependencies on performance, capacity and processing windows
- Document internal current state and future vision

③ **Define future state road map and direction**

- Analyze Hogan client data collection and validate our understanding of the input with Hogan client
- Perform a gap analysis between the internal current state and potential future state options
- Document gaps
- Identify future state needs and required process, procedure and configuration changes
- Develop high level road map and plan

④ **Final report**

- Draft report
- Present findings
- Finalize report

It's a question
of security

Recent unprecedented social and commercial events forced many financial organizations to bring forward and realize withheld plans for digital transformation. Evolving mobile apps and web-based retail services focused urgent attention on cloud working and data migration. Larger banks began to consider the hasty acquisition of fintechs and other digital natives to accelerate their development.

This knee-jerk reaction brought the question of data protection to the forefront. And having added fintechs with their varying levels of security to their stable, how could banks remain agile and respond rapidly to market events and inconsistencies while keeping sensitive data unconditionally safe?

Accordingly, with regulators looking to make sure banks were protecting cloud as they do the on-premise environment (the speed at which newly acquired pure-play entities got up and running left them with little time to put comprehensive regulatory processes in place), compliance shot to front-of-mind for decision-makers. In addition to the hike in regulatory compliance, banks also had to come to terms with data sovereignty.

Doing the **business**

Not only were banks obliged to comply with even more rules and regulations, they also had to find the resources to double down on analyzing and developing future business opportunities. Now, younger customers are courted, and erratic markets anticipated and monitored. So, the priority ball has bounced back to cloud migration and omnichannel servicing, inviting the question, can existing core banking systems deliver the flexibility and performance levels required to do the business?

Luxoft's Hogan Core Banking System Health Check reviews your platform, providing recommendations on how to fix the issues slowing down critical activities, hampering progress and shrinking profitability.
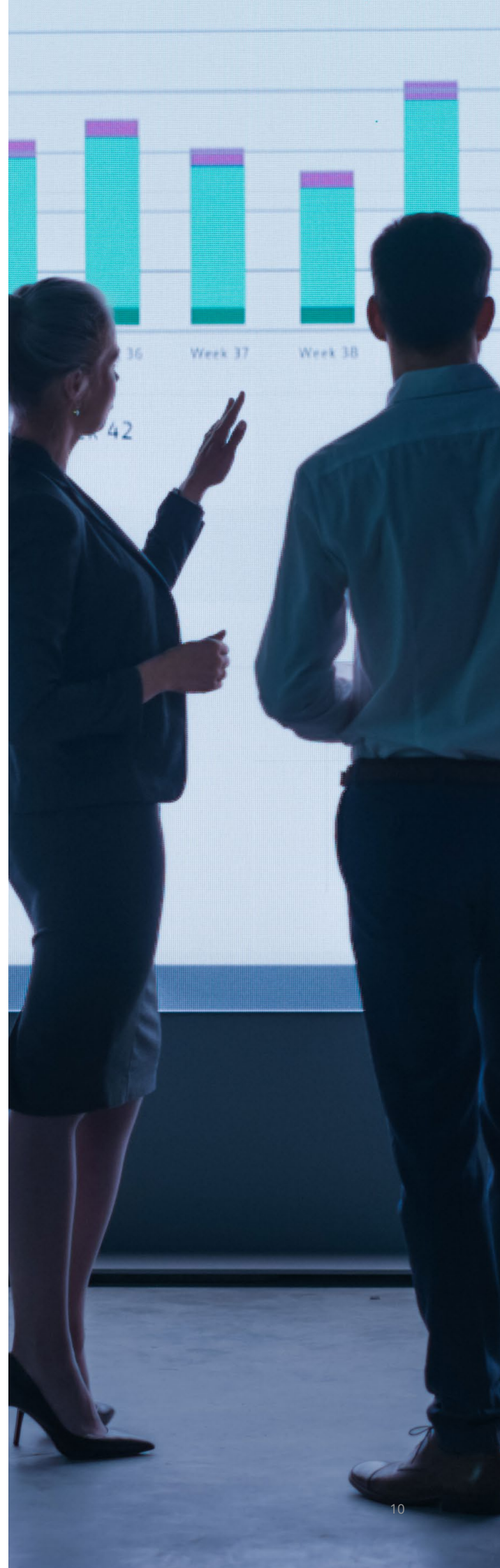
Hogan **grows with you**

Hogan is recognized as one of the most robust and scalable core banking solutions on the market. Its proven performance makes Hogan the fail-safe choice for banks looking to support growth without disrupting operations. Deploying a Hogan Health Check keeps your core banking system running at peak performance and maximizes your business potential. Look at the kind of benefits achieved through partnering with the team:

Comprehensive account access. Hogan core banking systems provide real-time access to all customer relationships. The platform provides customers with convenient access to all their accounts. Relationship packaging and pricing support cross-selling and retention strategies.

Business and technical acumen. As Hogan's creator and steward, Luxoft is uniquely positioned to modernize implementations, resolve complex bank-centric problems and augment your existing workforce.

Exceptional experience. Hundreds of years of collective domain-focused experience go into providing end-to-end Hogan-managed services. We help you meet regulatory requirements, manage enhancements and complete training programs.

Modernization road map. Our progressive Hogan modernization program provides a bespoke assessment and implementation road map to help transform your monolithic banking core.

Mainframe hybrid **cloud enablement**

With the emphasis on cloud migration growing, Hogan-powered, mainframe hybrid cloud enablement does a great job securing your most valuable business asset, your data. It's common knowledge that a data security breach brings heavy penalties, reputational damage and could even mean curtains for the unfortunate bank.

Not surprisingly, the Hogan-powered, mainframe hybrid cloud concept is a popular choice for financial institutions. It allows banks to secure sensitive data in a fully customizable private cloud infrastructure or remain with on-prem mainframes and move less-sensitive assets to one or more highly versatile, low-cost public cloud resources.

Essential cloud **guidelines**

To keep the enterprise actions in line with strategic goals, guidelines for cloud services are a must. Robust cloud governance enhances data security by ensuring that all implementations are aligned with agreed internal regulations and compliance directives, heading off risks before they can affect services. Added to which, an authorization management system guarantees only security-cleared users have access to sensitive data, mitigating internal risks entirely.

Furthermore, building a transparent partnership ecosystem with access to best-of-breed solutions accelerates profitable product innovation and development.

Drive your mainframe hybrid cloud organizational reach and schedule as hard as possible, rooting out any shortcomings or vulnerabilities and evaluating important soft issues such as recruitment and upskilling.

Hogan **checklist**

- **Health Check launch.** Start date subject to contract finalization
- **Comprehensive discovery framework.** Analyze, verify and validate the core banking system implementation to highlight bottlenecks and other pain points
- **Integration.** Analyze current solution design and integration with third-party systems
- **Local code** (L3 actions). Check if performance issues could be a result of L3 developments
- **Technical setup.** Compare current infrastructure to best practice for local development, dependencies, etc.
- **Report.** Base strategic recommendations report on analysis and workshop findings

About **the author**

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Duncan leads several existing and new core banking products and services within Luxoft's Global Banking Division. He has over 3 decades of experience applying business technology to achieve strategic goals across multiple industries, including banking, insurance, retail, travel and logistics. Duncan has provided strategic advisory services and delivered mission-critical systems as a strategic partner to clients, holding senior positions in several large enterprises. His primary focus is realizing the business benefits of digital transformation.

Interested in learning more?

If you'd like to find out more about how Luxoft's Hogan Core Banking System Health Check works in practice or to arrange a Hogan Health Check for your organization, contact **financialservices@luxoft.com**.

About Luxoft

Luxoft, 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.

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