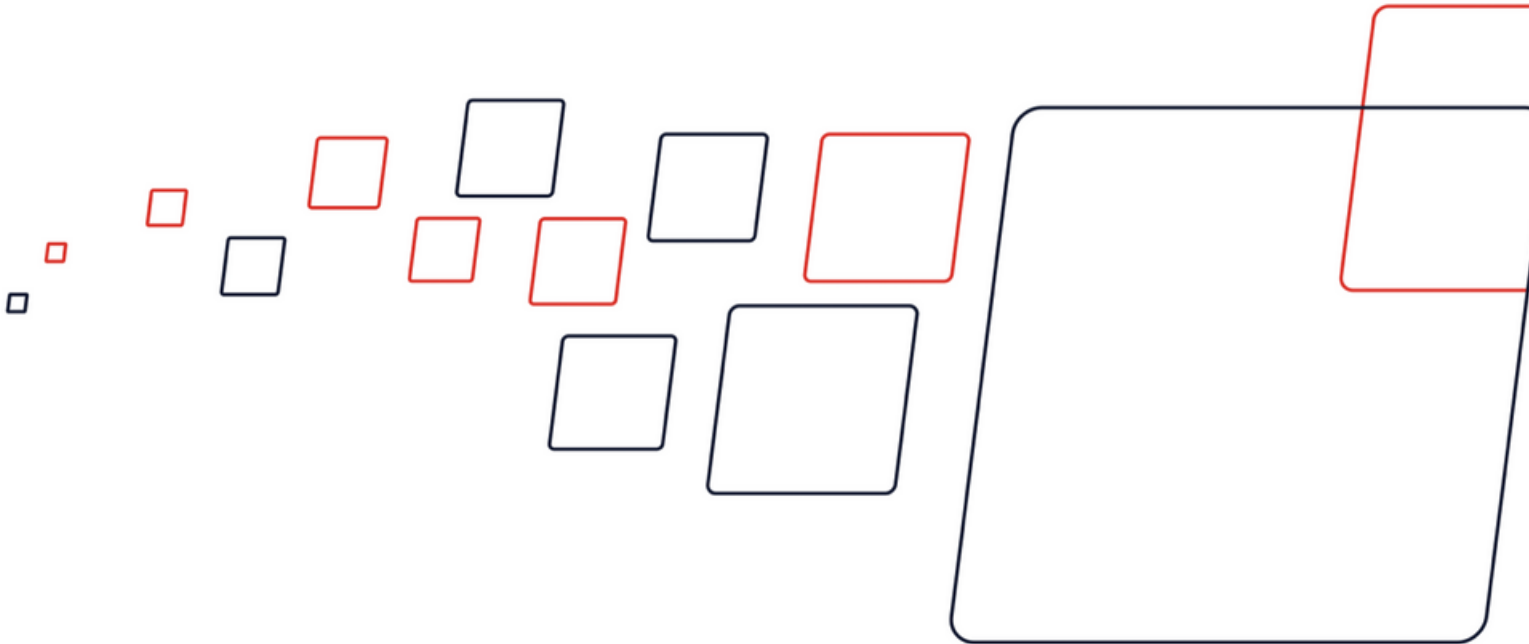


Technology and Operations in the Age of Remote Working

Key findings from a survey conducted by Digiterre of senior technology and operations leaders in the banking, investment management, and energy and commodities sectors.



Introduction

As some businesses begin to plan for green shoots, we conducted detailed interviews with senior technology and operations executives across the banking, investment management, and energy and commodities trading sectors, to understand their experiences and priorities in the “new normal” of distributed teams, remote working and the staged re-opening of some offices. The majority of our respondents are technologists working in trading environments located in London, New York and continental Europe – mainly Germany and Switzerland.

As a group, these executives control or influence combined annual technology budgets of over half a billion dollars. We asked how their organisations had responded to remote working due to lock down, what the short-term effects had been on their businesses, and what aspects of the changes are likely to remain in place after the lock down is lifted. So, what did we find?

Remote working is here to stay

Most executives said their organisations recognised the longevity of distributed teams and remote working practices. This is partly due to the continued public health concerns in the countries where our respondents operate but also because business leaders are seeing short term, and possibly longer term, productivity improvements.

EXECUTIVE SUMMARY

We assigned a rating to each finding that describes its “friction” effect on operations, with F+ denoting increased friction on operations and F- reduced friction on operations

- Remote working in some form is here to stay and future business operational planning will reflect this
- Productivity of software development on existing projects up, some by +30%
 - Absence of interruptions and reduce context-switching (F-)
 - No common KPIs around production/ quality measures (F+)
- Some common constraints experienced
 - Limited test-automation legacy platforms creating bottlenecks (F+)
 - SDLC slowed due to lack of developer access to traders/business (F+)
- Traders WFH unable to interact with colleagues in full (F+)
 - Missing out some market trends and sentiment (F+)
- Tech teams accelerating journey-to-cloud for critical trading technologies
 - All-round productivity, resilience and cost benefits envisaged (F-)
- Data-driven team collaboration tooling and automation more vital than ever
 - Need to further accelerate organisations up the data maturity curve (F-)

Every business we surveyed had adopted working from home as standard practice. Only a small minority of people are attending the office on a regular basis, for example infrastructure staff who cannot operate solely from home. Some of the larger organisations experienced initial teething issues – which were quickly overcome – associated with large numbers of staff connecting via remote desktop or virtual machines at the same time.

Staying equipped for remote working

Businesses reported a broad range of remote working tools in their operations. Most enterprises said they use various development tools, with the Atlassian suite being particularly popular, and Zoom or MS Teams most commonly cited for video calls. Symphony continues to be used for messaging in trading businesses, as well as WhatsApp, and the trading turrets used at home have, in general, grown in sophistication in the few short weeks since lock down began.

Enterprises are accelerating their transition to hybrid and multi-cloud strategies and already accruing the benefits of this. There are major advantages in terms of resilience and cost reductions but also productivity, which is improving with better collaboration on cloud platforms compared to corporate networks – this is particularly beneficial for the development cycle.

Productivity in software development is up

Productivity in software development teams has gone up, according to almost all respondents – with one organisation reporting a rise of 30%. This is extraordinary given the logistical challenges posed by such a major and rapid change. The main reasons cited for the productivity increases were the absence of interruptions, the ability to time-box tasks and the reduction of context switching – usually a huge productivity killer in technical work. Interestingly, the productivity increases had not come at the expense of reductions in quality – in fact most executives reported that quality was at least the same, if not better than before.

Measuring productivity gains

How are organisations measuring productivity and quality? The answers revealed a lack of consistency in measurement between organisations, and sometimes even within them. Many businesses use dashboards of daily KPIs for “hard” project deliverables and end of day output. There is a great plethora of metrics in use relating to P&L / credit risk, market data delivery, model risk delivery, problem diagnosis, lead time, and code commits, to name a few. Some enterprises are also using applications that measure percentage of time allocated to each task or application, rather than monitoring total time working, but many respondents thought these were easy to “game” and not always meaningful.

In addition, “soft” factors were an important part of measurement. Technology leaders are very focused on developing and nurturing close relationships with their business clients and ensuring all stakeholders are satisfied in qualitative and anecdotal terms. A common view was that the business just wants to make P&L whilst technology is the engine for this aspiration. “Things are going well in IT because no one is complaining,” said one IT leader.

Constraints and opportunities in the software development lifecycle...

Despite the largely positive experiences related to productivity of software development teams, we observed many common constraints imposed by remote working, both on the technical and business front.

Limited test automation of some platforms, especially legacy platforms, was a key issue. In the past, once development is completed, UAT can be conducted and pushed through to live relatively easily by working iteratively with business and trading counterparts. This process is now compromised as informal, real-time cooperation and collaboration is harder in a remote environment compared to a physical environment, leading to development bottlenecks. So, development gets done but not deployed –because testing can’t get done.

The software development lifecycle has slowed down due to a lack of direct access to traders and the business. Previously, traders and developers would be on the same desk, or in close proximity, which is no longer the case. There are some mitigations, for example Symphony helping the communication between traders and middle office, but on the whole messaging systems, email and phone can alleviate only some, but not all, of the disconnect.

New project streams abound but cross-functional initiatives are harder to get right. In the majority of cases, we found that new projects had been kicked off but only in the case of new phases of existing project streams, or smaller new projects, rather than major new, cross-functional initiatives. In kicking off projects, technology teams were choosing the path of least risk, and innovation remained largely at the discovery stage only. Several executives also spoke about starting new projects around some aspect of workflow or automation.

and for the business...

Technology leaders are keenly aware of some of the drawbacks of remote working for business teams. Traders working from home are constrained by missing out on some market trends and sentiment, though this is partially mitigated by installing more sophisticated trading turrets at home. In a similar vein, sales and relationship managers in some organisations are missing sales targets, especially with regard to new relationships.

There are also inefficiencies with data-driven team collaboration. Again, it's not currently possible to just lean over and speak to your colleagues.

Managing the “Coronacoaster” effect

What did they miss the most from the office? For most IT leaders the improvements in productivity had to be offset against cultural and people challenges. Many were concerned about employee wellbeing and morale as they rode the “Coronacoaster” as one executive put it. Some staff were reporting stress and mental health challenges due to uncertainty or childcare issues, whilst others were comfortable, and even positive, about remote work citing lifestyle improvements such as eliminated commutes and increased flexibility and autonomy.

Many executives said they had to find ways of replacing informal communication and information sharing, whether that be people who used to walk over and speak to colleagues in co-located environments or the serendipitous interactions at the water-cooler or coffee shop.



The effects of changing communication and information sharing were often viewed through the lens of the personality types of staff. One IT leader described his staff as “not natural extroverts” who are hard to “socialise remotely”. In reality, accommodating for introversion and extroversion is more nuanced, with each group experiencing a different set of opportunities and challenges when it comes to remote work. Some respondents mentioned that not being able to spot and quickly handle people problems on the floor was also a concern, though, on the other hand, one respondent reported less personal issues overall.

Levelling up of access and opportunity

Executives also reported a levelling up of access and opportunity for teams based in remote locations in eastern Europe or India, for example, compared to those in financial centres like London or New York. Most said that as long as quality remained good, they could see these remote teams forming a steady, or even growing, part of their operations. In fact, some companies reported that some London-based staff were now working from home in other European countries if they were nationals of that country. This offers a tantalising peek into the future of distributed teams. Amongst other benefits of this trend, executives pointed to greater diversity and inclusion in talent recruitment and retention as hirers become more location agnostic.

Changing times, changing attitudes

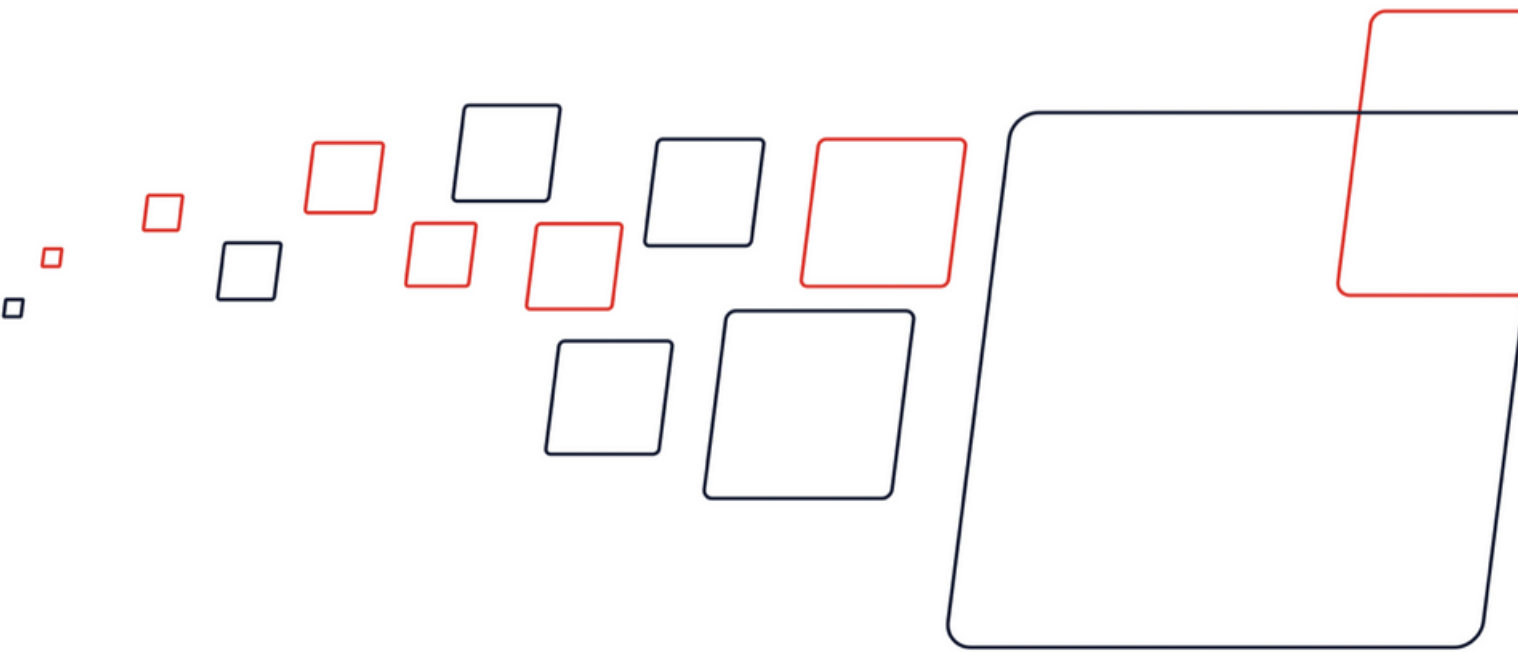
There has been a sea change in attitudes to working from home which had previously been frowned upon and in some cases completely banned by policy. This massive change of mindset was triggered by the requirements imposed on businesses to implement remote working in the wake of Coronavirus. However, it has been made possible by the investment in technology that financial services organisations have delivered in recent years – be it to save cost, improve productivity or meet increasingly stringent compliance standards. The recent efforts of technology teams to help organisations stay operational during remote working is not just in the service of a short-term business change – it’s an enabler of a new way of working which may have tremendous longevity.

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