transformer

Why Lego-Like Technology is the future

Why the trend of Lego-Like Technology is going to change how you build architecture

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Introduction

Previously the major trend for FI's was to choose a single provider to supply a key part of their architecture. Products such as core-banking and payment systems were sold as a complete package.

The technology behind these products would include

- Connectivity
- Orchestration
- Cloud-Hosting
- Transformation Layer
- Auditing
- Storage

A provider would be chosen who has the best overall solution. For example, the proposed software/solution may have the best-of-breed when it comes to Connectivity and Hosting whereas their Transformation layer may be lacking.

The recent trend however is for FI's to instead break down these aspects into individual components from different vendors rather than a single overall solution.

https://www.finextra.com/newsarticle/36962/monument-picks-tech-vendors-to-build-bank-for-mass-affluent

What is Lego-Like Technology?

"Lego-Like" technology where FI's bring in dedicated vendors and resources to build a "best-in-class components" to solve key technology and messaging challengers will be a growth trend in 2021.

Rather than being reliant on a single provider/solution offering to solve each issue the FI can then pick and choose the best fit for each part of their tech solution (cloud, transformation layer, orchestration layer etc..) to build their own solution bespoke solution that is best for their needs.

Why is this a growing trend?

The obvious answer is that by viewing these components individually the FI can then choose the best of breed element for their requirements. Cost is also an important factor with this trend as single solutions are, in general, more expensive then taking these components singularly.

How do you plug these components in?

Historically, connecting these different technologies was the main blocker as to why this trend isn't used. Connecting different vendors solutions was cumbersome and error-prone as different connection methods and practices were used by different solutions, however,

with the rise of API's available within solutions that provide these "Lego-blocks" now mean this potential blocker is now removed and the ability to plug these components into the ecosystem is now much easier to implement.

Why this trend makes sense for a CTO

This trend is mainly being used by new players in the market where the ecosystem is a blank page. However, moving forward established players in the market are also leaning more to this methodology. These institutions usually already have both the overall solution as well as the single components throughout the environment and are now looking to consolidate what technology they use as in many cases the same components are duplicated for different parts and the need to streamline the products need would result in a cost-cutting exercise

Simply put, the idea is to choose the best product for each component at a reduced cost, what's not to like?