Addressing Technology Debt

Managing the Unintended Consequences of Regulatory Change

Starting in 2010, buyside and sellside firms began engaging in a change agenda that was driven by regulatory triggers. Only the most agile firms were able to implement these changes without accruing worrying levels of technology debt.

A GreySpark Partners Survey on the State of Technology Debt Found:

€600m The initial compliance costs associated with the EU's with MiFID II regulations

33% of survey participants observed significant increase in IT architectural complexity as a result of new regulations

83% of survey participants that increased their IT costs due to new regulations

42% of survey participants that, since 2010, now carry out periodic reviews of their organisation's technology debt

Technology Debt

Technology debt is an idea created in 1992 for defining a set of financial losses directly or indirectly incurred because of sub-standard programming development, inadequate architecture and the implementation of low-quality technology solutions. In 2015, industry researchers are investigating technology debt as a risk for technology-driven organisations and also as a factor in making change decisions.

Escaping Technology Debt

1. Step 1 – Acknowledge the Problem
2. Step 2 – Define an Acceptable Level of Technology Debt
3. Step 3 – Evaluate the Organisation's Current Levels of Technology Debt
4. Step 4 – Prioritise Work Designed to Reduce Technology Debt
5. Step 5 – Repay Technology Debt
6. Step 6 – Create a Framework to Manage Future Levels of Technology Debt

GreySpark's report ***Addressing Technology Debt*** outlines principles on how financial markets organisations can work pro-actively to manage and reduce technology debt. The GreySpark survey of technology debt in 2015 observed that it is created when a series of tactical bolt-ons, or hacks, to existing software platforms are applied. Technology debt is often exacerbated by regulators that fail to articulate or complete the implementation of new rules using a set of unambiguous, quantitative and verifiable requirements.

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