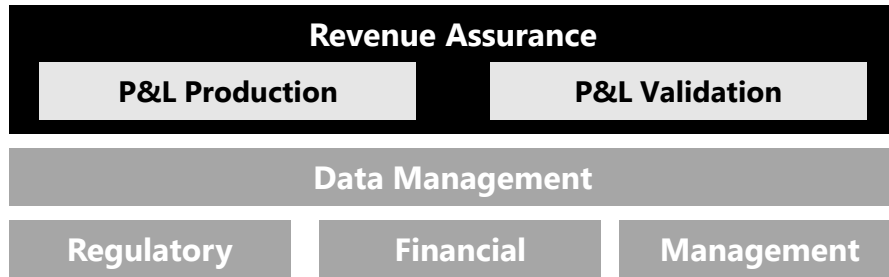




Challenges, analyses, and decisions



Objectives:

- Strengthen operational effectiveness
- Enhance advisory capabilities
- Drive organizational efficiency
- Develop skill base



Strategic View

- Service levels and volumes
- Impact of business
- Product and segment alignment



Process Synergy

- Service level and cost leakages
- Service delivery and handoffs
- Sourcing or technology impact



Effort Analysis

- Optimal staffing level
- Load balance (hub & spokes)
- Leverage location & shared service



Infra Cost Assessment

- Infrastructure capacity
- EA alignment with process
- Impact of interim solutions on IT



Risks and Controls Evaluation

- Cost of implementing control
- Compensating controls
- Residual Risk



Developing staffing and skills

- Right skilling the team
- Organizational structures
- Competency clusters for costs

Revenue Assurance – Considerations and Methodology

Background

- Global investment bank with presence across Europe and US and Asia
- Revenue assurance for the global P&L, across products, geographies
- Moving from periodic to daily P&L reporting

Management Considerations

- Ensuring delivery standards of global report generation being completed by 18:00 GMT
- Identifying opportunities for cost reduction through global team synergies; no additional off-shoring though
- No change in the current control environment; rationalization of controls a subsequent phase

INSORCE Methodology

1. Client created process model for all teams and geographies involved
2. Brought together team utilization, delay analyses and team structures to identify synergy
3. Identified deviation to create a streamlined hub and spoke industrialization model
4. Analyzed enterprise architecture and data flow to reduce process fragmentation
5. Vetted controls against each objective to ensure existence of compensating and new controls

Significant savings were achieved without compromising delivery standards or control coverage



Achieved:

- Potential **savings of ~\$1.9 million**; 31% reduction in FTE requirements.
- Surpassed the delivery standard requirements for both US and EU (16:00 GMT hrs against 18:00 GMT)







Using:

- Proof of factory model through **deskilling, work allocation and hand-off management**
- Identification of solutions in HR, technology module using **Insorce™**
- Identification of capacity drivers for managed services for inter-region synergies





Without resorting to:

- Reduction in control coverage at the cost of increasing risks
- Labor cost arbitrage/ sourcing strategy
- Disruptive/ enterprise wide changes in technology

	#1. Rationalized	#2. Standardized	#3. Optimized	Change
 Costs (HR + Infra) (P.A)	\$2.8 ^{MIO}	\$2.75 ^{MIO}	\$1.9 ^{MIO}	▼ \$0.94 ^{mo}
 Control Coverage	100%	100%	100%	—
 Delivery Deadline	18 ^{HRS}	19 ^{HRS}	16 ^{HRS}	▼ 2 ^{HRS}
 Team Size	88 ^{FTE}	76 ^{FTE}	60 ^{FTE}	▼ 31.0%

Summary findings of each stage leading to optimality

Scenarios	Levers and Benefits	Results
Rationalize	<ul style="list-style-type: none"> • Proof of factory model through deskilling, work allocation and handoff management • Immediate visualization of impact across process, teams, technology and risk • Analysis at micro level – enabling practical implementation • Flow, rather than discrete analysis for handoffs => efficiency and delay management 	<p>-14%</p> <p>19 hours (+1)</p>
		
Standardize	<ul style="list-style-type: none"> • Optimization of the factory model towards a managed services model • Functional teams to maximize utilization while balancing process delays • Insource™ develops team structure for the maximum impact • Solutions for quick automation and training within technology. HR modules 	<p>-4%</p> <p>16 hours (-3)</p>
		
Optimize	<ul style="list-style-type: none"> • Process system handoffs addressing enterprise architecture and data flow • Moving from point automation to application view and prioritization of strategic systems with impact on process, risk, cost and people instantly • Identification of capacity drivers for managed services • Computation of cost of bespoke requirements, including controls 	<p>-18%</p> <p>16 hours (0)</p>

ANNEXURE I

Insource™ analytics

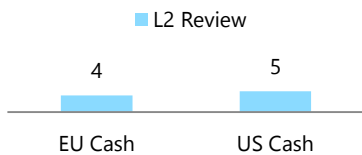
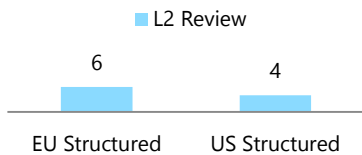
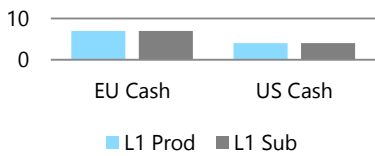
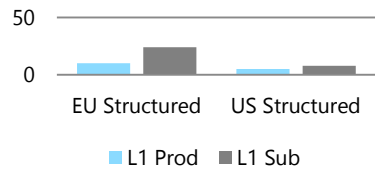
Rationalize

Bringing together team utilization, process delays and HR to identify synergies

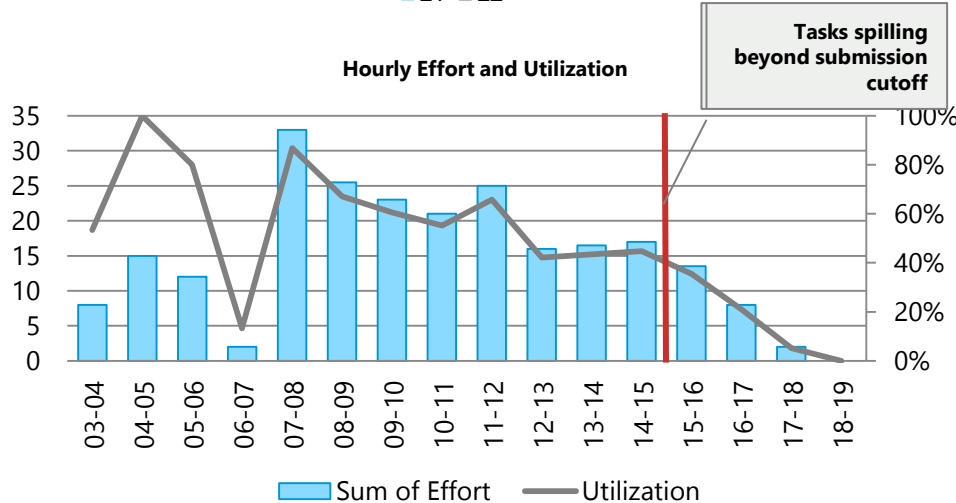
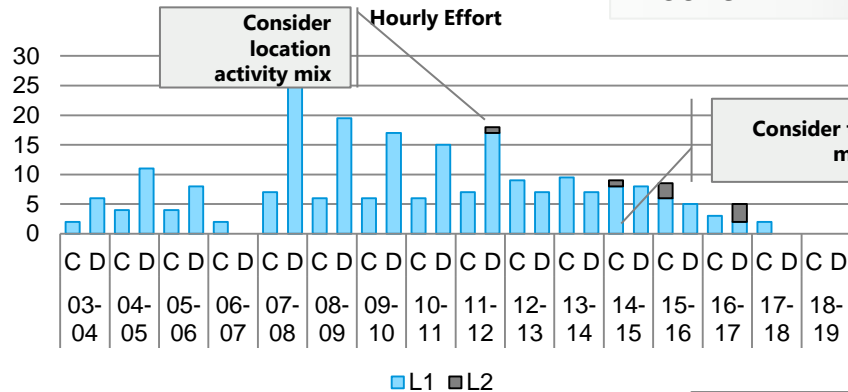
Resource estimation for acceptable completion

- Optimization for minimum resource requirement
- Adjustment of resource for service deadlines
- Resource utilization, and completion
- Review of hand-offs, working hours

Identifying team synergies and consolidation candidates



INSORCE™ ANALYTICS

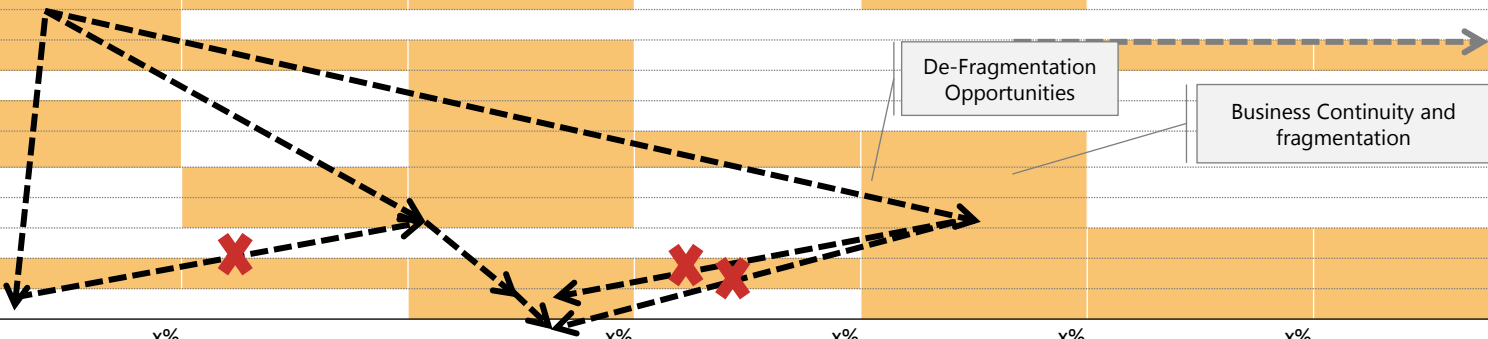


Standardize

Mitigation plan for risks in existing Enterprise Architecture can be visibly demonstrated

INSORCE™ ANALYTICS

Controls ≥		Data Capture	Business Controls	P&L Reporting and Commentary	Structured Products	Manual Adjustments	Suspense Accounts	GL Controls
Teams	Front Office Controls				Access control requirements		Inter team handoff (risk points)	
	Production Substantiation Review							
Data Objects	Feeds	█		█		█	█	
	Exceptions		█	█		█	█	
	Cash Products				█			
	Structured Products				█			
	P&L Production	█	█	█		█	█	█
	P&L Exception			█				
	MTM Exceptions			█			█	█
FO Estimates	█							
Applications	Risk System	█	█	█		█		
	Trade Capture Ledgers	█	█	█		█		
	Database Mainframe	█	█	█		█		
	P&L RDBMS Tool	█	█	█		█		
	Bloomberg Business Objects	█	█	█		█		
	Reconciliation Spreadsheet	█	█	█		█		
	Report Viewer	█	█	█		█		
	Digital Files/Excel		x%			x%		x%
	Email		x%			x%		x%
	Fax							
Workflow			≠	≠	x%		≠	

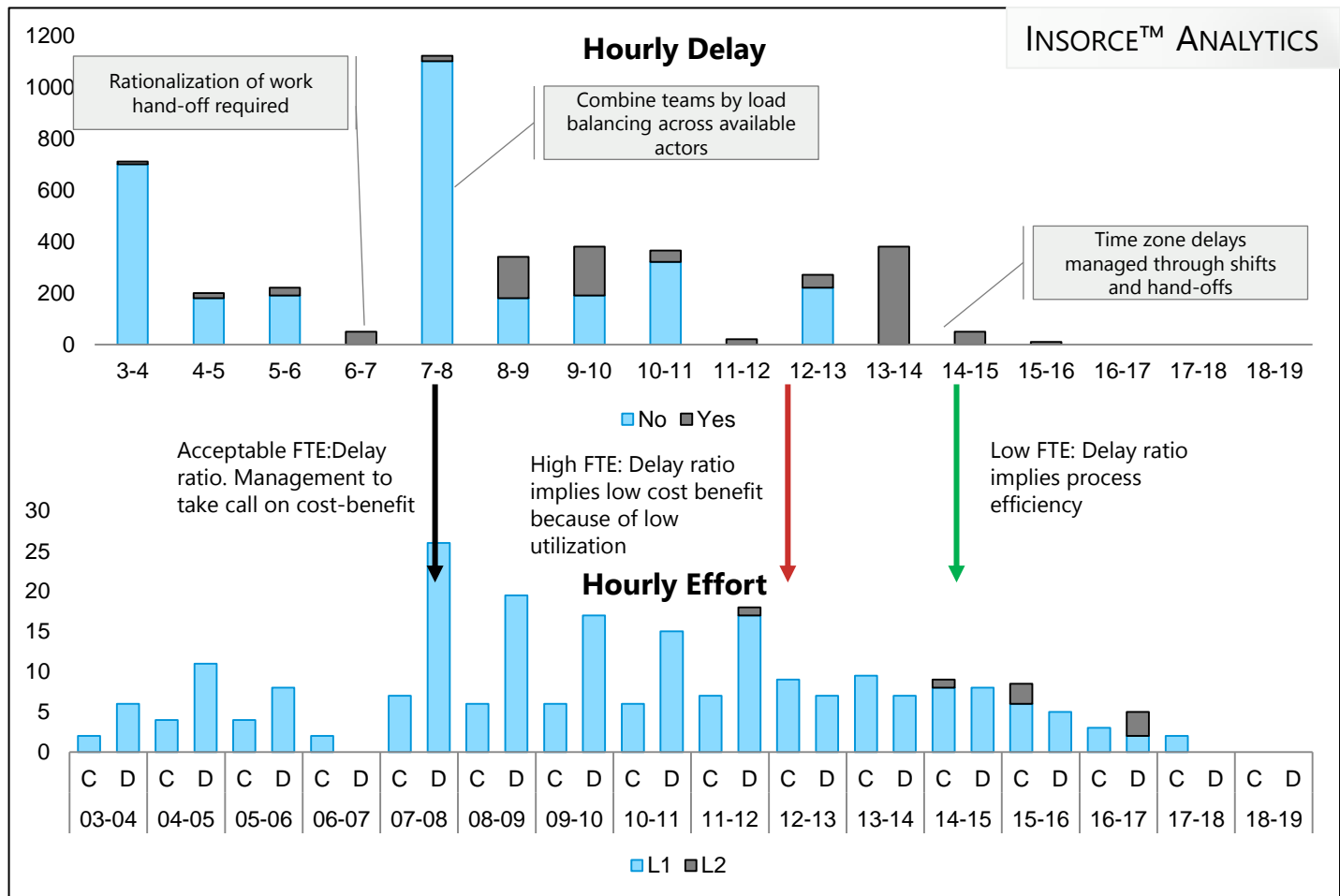


Optimize

Operational inefficiencies immediately identified from digital model

Resource estimation for acceptable completion

- Optimization for minimum resource requirement
- Adjustment of resource for service deadlines
- Resource utilization, and completion
- Review of hand-offs, working hours



Review and Validate

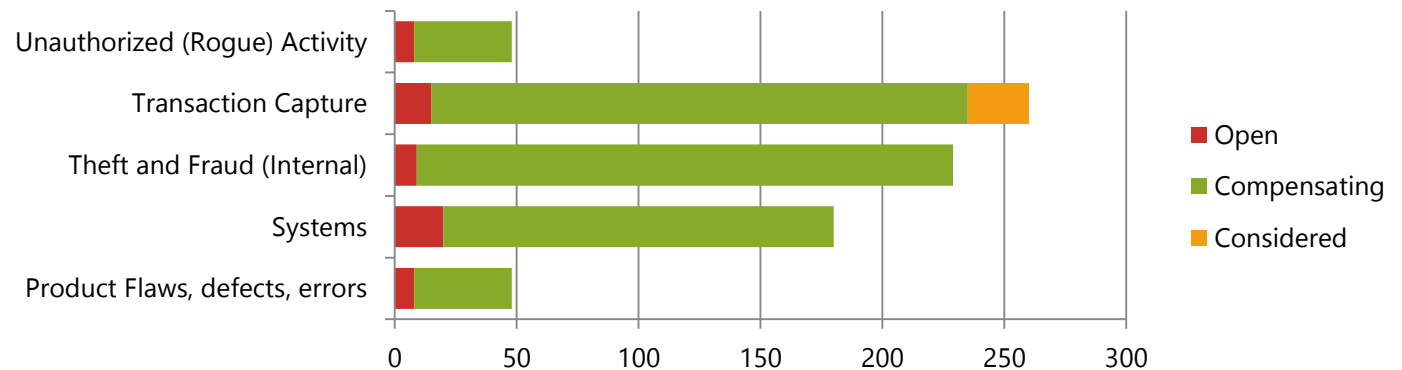
Management of exposure easily managed through a comprehensive view of risks

Control Review

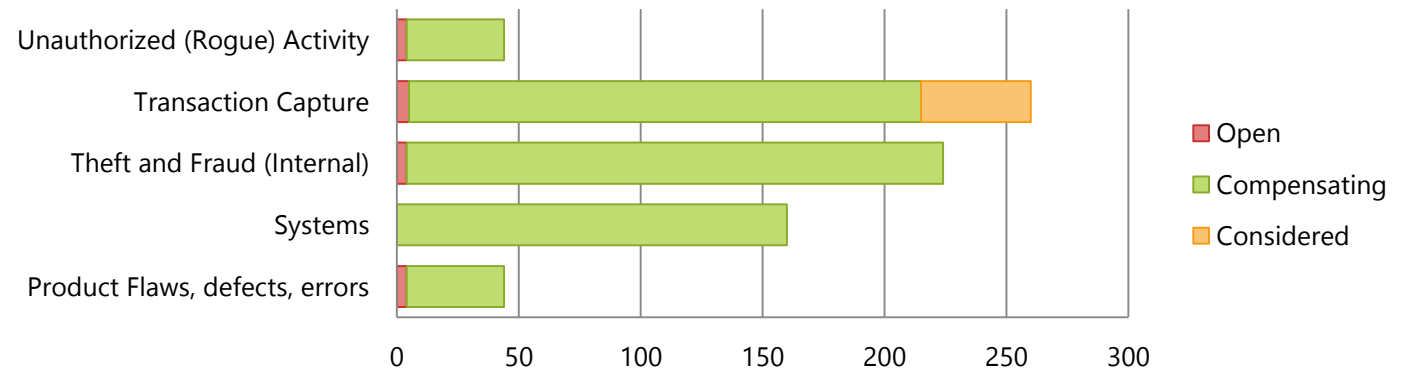
- Control objectives and resultant Basel Risks
- Mapping vulnerable activities to Basel Risk
- Selection of existing (compensating) controls
- Residual risk and control KRIs

INSORCE™ ANALYTICS

Risk and Control - As is



Risk and Control - Proposed Scenario



We look forward to hearing from, and working with, you.

Please contact us for questions, queries or comments.



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