

FINANCIAL PROCESS IMPROVEMENT STRATEGY ROADMAP & IMPLEMENTATION

Super Regional US Bank

Solution at a Glance

Industry: Financial Services

Challenge: Improve profitability and financial reporting in order to raise enterprise visibility and transparency around sales and operational performance.

Solution: Rolta TUSC designed reengineered business processes and systems, developed a roadmap for the implementation, and implemented the process and system changes.

Results: This Super Regional US Bank successfully launched the transformation of their Finance organization from a centralized department servicing the office of the CFO to an enterprise support organization enabling transparency into business performance and leading the business toward industry best practices.



The Challenge

The company, a Super Regional bank with successful commercial & retail banking, brokerage, insurance and trust services found itself facing the challenges of a dynamic and changing marketplace. While the banks processes and systems created vast processes of data, there was a lack of information and “insight.” The Finance organization, as well as the lines of business, employed a small army of “analysts” to find and manipulate the data necessary to run the business. The delivery of finance information had become too complex and far too dependent on manual processes.

The bank realized that in order to remain competitive in today’s marketplace they needed to improve their financial reporting systems. They recognized that the focus of this effort must be not only on the data they needed to effectively operate the business, but the processes utilized to create that data.

The company engaged Rolta TUSC to:

- 1) Determine how the Finance group’s processes and systems should be **reengineered** to achieve greater efficiency and effectiveness
- 2) Develop a **roadmap** for management to act on
- 3) **Implement** the agreed upon process and system changes

The Approach

Rolta TUSC’s EPM management consulting was engaged to examine information needs related to finance processes and systems, and to review related information technology systems, processes and standards. Rolta TUSC performed an assessment of current practices and compared them to future state goals that were derived from a blending of industry benchmarks and internal bank objectives. Rolta TUSC partnered with the client to identify candidate implementation initiatives to realize future state goals and developed an implementation approach roadmap.

As a result of this initial effort the key critical success factors for the project were determined. These operated as the core “drivers” of the effort as the project moved into design and ultimately implementation. These key drivers included:

- **Improve visibility and decision making** – With insight into the key business drivers across the enterprise, leaders can easily determine each department’s contribution to the bank’s overall profitability and can evaluate the immediate impact of changes to the business environment.
- **Mitigate Risk** – The bank must be prepared to react to changing business conditions in order to improve its ability to respond quickly with revisions to pricing models.
- **Improve Efficiency** – Processes must be streamlined. Analysts must be able to focus on analyzing key data, not generating it.
- **Improve Regulatory Compliance** – Seek to create one “version of the truth” for key data, reduce reliance on spreadsheets, and create consistent and standard processes.

A relationship based on trust and confidence was developed through the strategic planning engagement, and Rolta TUSC has been retained to guide the bank through their multi-year roadmap implementation. So far, solutions have been developed that marry business processes improvements with technology applications to:

- Establish consistent **master data management** practices, ensuring common definitions and use of shared data dimensions, such as products, organization, financial measures, charts of accounts, etc.
- Introduce basic **driver-based budgeting and forecasting**, automating the processes and shifting their focus from estimating expected general ledger balances to planning for new business volumes and changes to existing portfolios.
- Develop **profitability analysis** capabilities through a finance data warehouse designed to integrate detail revenue, balances & statistics for every individual banking instrument with funds transfer pricing, activity based costing, risk adjustments and capital allocations.
- Automate the month-end close and **financial consolidation** processes to provide a single platform for financial reporting across entities.
- Create multiple **financial and management reporting** applications providing robust analysis capabilities on a common infrastructure and business intelligence toolset.

Planned next steps include:

- Formalizing a performance management center of excellence within the Finance organization.
- Enhancing driver-based planning models to base forecasts & budgets on operational measures within the control of business managers.
- Working with the lines of business to adopt dashboard reporting for monitoring and analyzing day-to-day performance.
- Integration of BASEL II allocations into the finance data warehouse.
- Extending profitability analysis to include risk-adjusted return on capital (RAROC), enabling the bank to make decisions on how and where to deploy capital to maximize shareholder return.

The Results

The bank has successfully launched the transformation of their Finance organization from a centralized department servicing the office of the CFO to an enterprise support organization enabling transparency into business performance and leading the business toward industry best practices. They have achieved this through integrating their organization strategy, business processes, information architecture, software applications and technology infrastructure. As a result, they are prepared for future growth – whether through organic expansion or acquisition – and are well-positioned to handle the challenges of today's financial services environment.

ABOUT US

With 20 years of experience delivering analytic applications that extend visibility into the enterprise and beyond, Rolta TUSC's Enterprise Performance Management Group ensures you articulate and seamlessly implement an end-to-end EPM strategy for your business. Leveraging a combination of EPM solutions as well as proprietary financial templates, driver-based planning models, BI scorecards, and acceleration tools, we help you drive value from a financial, customer and shareholder value perspective.