

BTOES Nomination Category	Best Achievement in Operational Excellence to deliver Business Transformation
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Business Transformation - Investment Banking Finance division of a global bank

1. Context Setting

Cognizant delivers IB Finance Controllershship services for a large global Investment Bank. IB Finance controllership function is the in-house guardian of data and information in an investment bank. The function shoulders a crucial role by ensuring the integrity, completeness and accuracy of all trading profit and loss (P&L) positions and related finance data. The growing complexity of the products traded, rogue trading incidents and prudential valuation recommendations of the Financial Service Authority (FSA) and other regulatory bodies have made the financial controller's role critical than ever.

Key Challenges being faced by the Investment Bank's CFO who wanted CTS to solve for the below:-

- Increasing Cost of Capital leading to focus on optimizing cost of delivery
- Enhanced regulatory requirements leading to increased reporting requirements
- Need to have a pristine control environment from a manual control environment

2. Scope and Objective of Business Transformation

It is in this context that CTS delivered a business transformation of the IB Finance controllership functions – Valuations, Costs and Product Control

- Reduced Cost of Delivery with an overall save of 206 FTE (33%) translating to save of USD 9mn on a cost base of \$ 30mn (This is in addition to the \$10mn delivered in previous years)
 - o Process Reimagined using Value Stream Mapping, Six Sigma and Lean Techniques – Process Excellence Solutions which include Standardization, Optimization, Elimination and Point Automation
 - o Addition of Senior Talent added for delivering the Transformation Program as well as strict governance for tracking Red / Amber Projects and follow ups with identified owners
 - o Platform solution which automated the performance of the Daily P&L function
 - o Robotics solutions to automate repetitive activities performed by the team
- Improved controls environment due to automation of manual controls resulting in significant error reduction and improved FPY (First Passed Yield)
- Training initiatives for all the associates in the process to re-skill them for the digital work environment
- Sustained Change Management initiatives like Ideation exercises, Floor Townhalls and other connect sessions to understand feedback and to implement key changes

3. IB Finance Functions covered in IB Finance by CTS for the Client

Key Business Metrics as given in the below table were identified and initiatives were listed with the aim of improvement of business metrics. Key Stakeholders were asked to sign off the target state of business operations.

	What we do	Key Stats	Key Initiatives
Financial Controlling Services	<ul style="list-style-type: none"> T+1 Daily P&L's DBS Substantiation Commentary analysis Break validation & resolution 	<ul style="list-style-type: none"> 500+ Daily P&L's 32 Daily Supervisory DB 70+ Regulatory Reports 13K+ Manual Adj./month ~4500 Commentaries/month CHF ~5Bn validations managed 	<ul style="list-style-type: none"> System Implementations from the bank Workflow solution rollout P&L Tool Automation
Valuations	<ul style="list-style-type: none"> Independent Price Testing Bid offer & Model reserves FVH levelling & Pru Val 	<ul style="list-style-type: none"> 200k securities price tested 30+ products across asset ~25 Regulatory & management reporting 	<ul style="list-style-type: none"> System migrations Auto posting of reserves & IPV Ledger cloud migration Location consolidation
Accounting & Controlling Services	<ul style="list-style-type: none"> Fixed Assets Accounting MDS Accounting Accrual & Prepayment Allocations ME Closing Accounts Payable 	<ul style="list-style-type: none"> 175+ Entities Supported 6000+ Journals / Month CHF 7B+ Fixed Assets Managed 	<ul style="list-style-type: none"> SAP Ledger implementation New entity support IDCS Implementation (ICR/OCR solution)
Reporting & Analytics	<ul style="list-style-type: none"> Performance Reporting Treasury Reporting Metrics Reporting 	<ul style="list-style-type: none"> 300+ Reports 117 Daily Reports 	<ul style="list-style-type: none"> Dashboards - Cognos insight Design & Development Analytics & Insightful commentaries Inventory Optimization Drive CFO Reporting

4. Our approach to Digital Transformation

- We performed the Art of Possible Workshops – which was a brainstorming exercise which listed down how the business metrics could be improved
- The next step was to examine each process from end-to-end, conduct time and motion study, goal was to harmonize procedures and controls for standardized outcomes.
- 2018 Transformation Book of Work finalized and signed off based on three levers PEX, Platform Solution and Robotics
- Projects were Identified with identified owners and support team and key milestones were laid down and a transformation tracker was published
- Weekly governance sessions were conducted to monitor progress

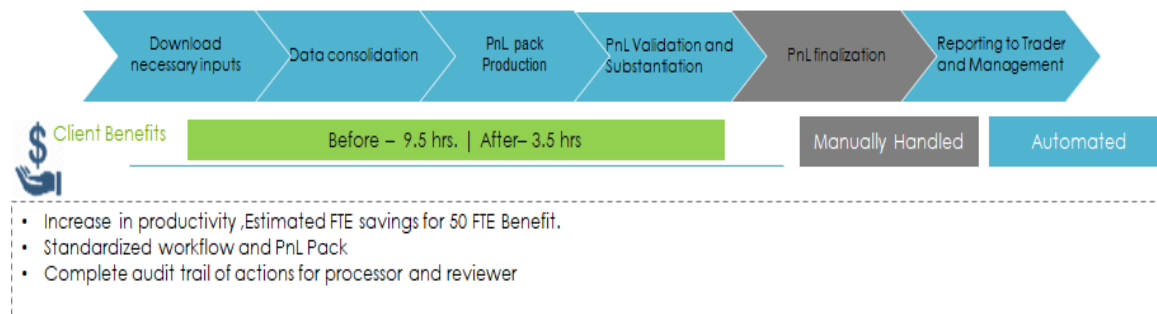
We structured the program based on the approach which could be adopted – Process Excellence, Robotics or Platform Solution based on the correct fit to the process

- For PEX, we followed Lean, Six Sigma Methodologies based on extensive Time and Motion Study and Point Automations – 106 FTE saves worth \$ 4.5 mn

Transformation Driven by PEX – Digital Transformation - PEX		
Process Excellence Pre Automation	Digital Transformation through Platform / Robotics Solutions	Process Excellence Post Automation
Point Automations	P&L Tool and related Control documentation	Supervisor Rationalization
Harmonization and Standardization	Journal posting	Capacity Optimization
Target Operating Model re-design	Utility Bots Data downloader Utility Bots Feed Checks	Waste elimination & Duplication
Enhanced process controls	Risk pack submission	Point automation
Digital Transformation 33% FTE reduction		

- For PL Tool Automation (54 FTE saves worth \$2.3 mn) , we had a 2 phase solution:

- **Consolidate, & Optimize** - We integrated the financial control processes, consolidating them under one vendor and standardizing procedures and controls
- **Automate Manual Controls** - Next, we automated manual tasks in the process using robotic process automation (RPA) as well as Cognizant's point solution, PLATO
- Product controller prepares daily PnL for the trader/trading desk. Controller has to consolidate data, create P&L summary, investigate variances and pass necessary adjustment to report P&L. P&L no. are reported at various system for trader and financial controller

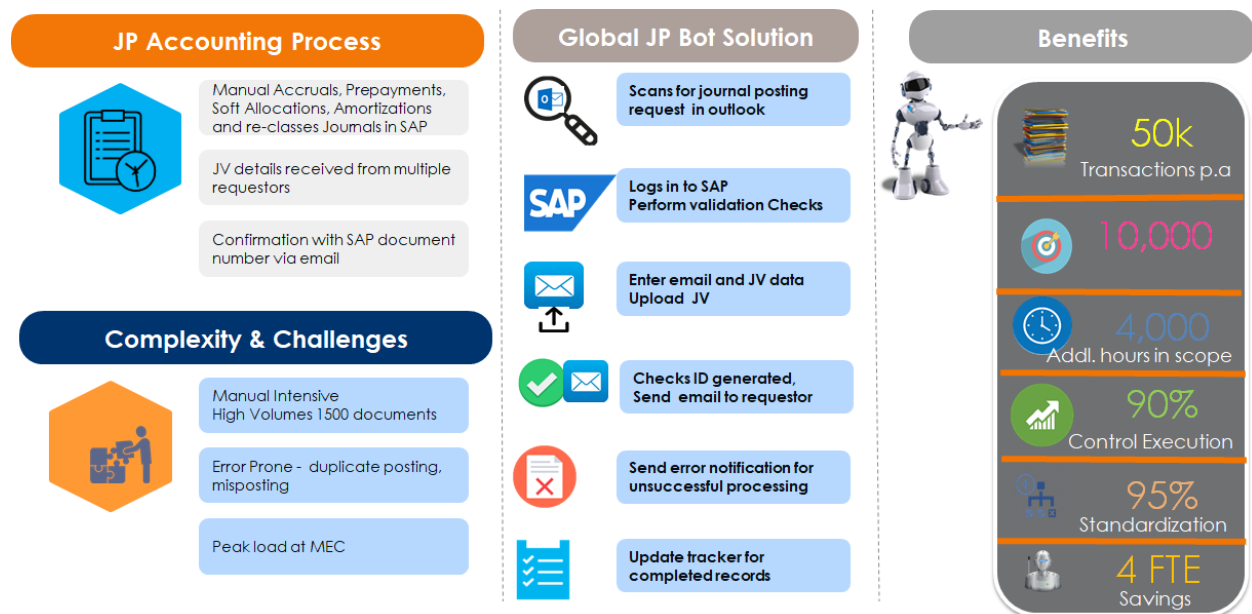


3. For RPA, we followed an agile framework for Bot Development (46 FTE saves worth \$ 1.9 mn)

There are around 80+ bots which were implemented in the four major categories

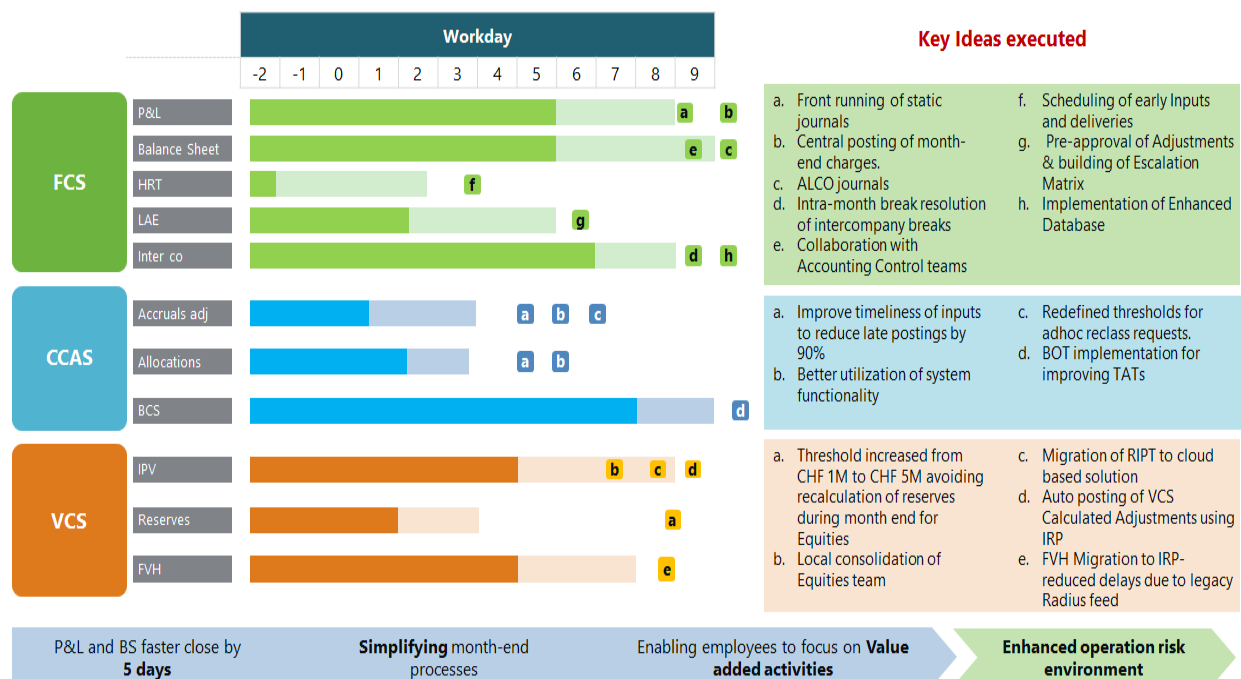
- Data Downloader Bots which ensure that reports are saved before the team shift commences
- Reconciliation Bots performing between multiple systems ensuring that data gaps are reconciled
- Journal Posting Bots which perform one of the key activities of F&A
- Control attestation Bots ensuring that multiple control checks are automated

Sample Illustration of the Global Journal Posting Bot is provided below: -



5. Key Business Metrics Outcomes

- Operating costs are 30%-40% lower with 206 FTE saved with a better control environment with automation of several manual controls
- Process Reimagined by Design Thinking Workshops and 90+ FTE saves through Process Re-design, Capacity Optimization and 100+ Point Automations
- Risk Reduction through 80+ bots to strengthen process controls by automating manual controls / activities in areas like Supervisory Dashboards in Product Control, Data Downloaders, Reconciliations and Journal Posting bots in Costs
- In Product Control - Daily P&L delivery time reduced from T+1 to same day with refined User Interfaces and reduction of latency time by 80%
- 80% improvement in accuracy through automation and reduction in errors facilitating reduction of Supervisory Layers by 25% in the overall team
- Period-end close accelerated by 4 days and late postings reduced by 95% (from + 80/mn to < 3 mn). This has a great reputational advantage for the bank amongst the investors



6. Client Testimonials

Global CFO of the Investment Bank performed a PnL preparation live on P&L Tool during his India visit. Multiple appreciations and accolades for the transformation efforts have been received in a relatively short window on a complex heterogeneous process.