

Service Orientation: A Financial Services Industry Perspective*

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*connectedthinking

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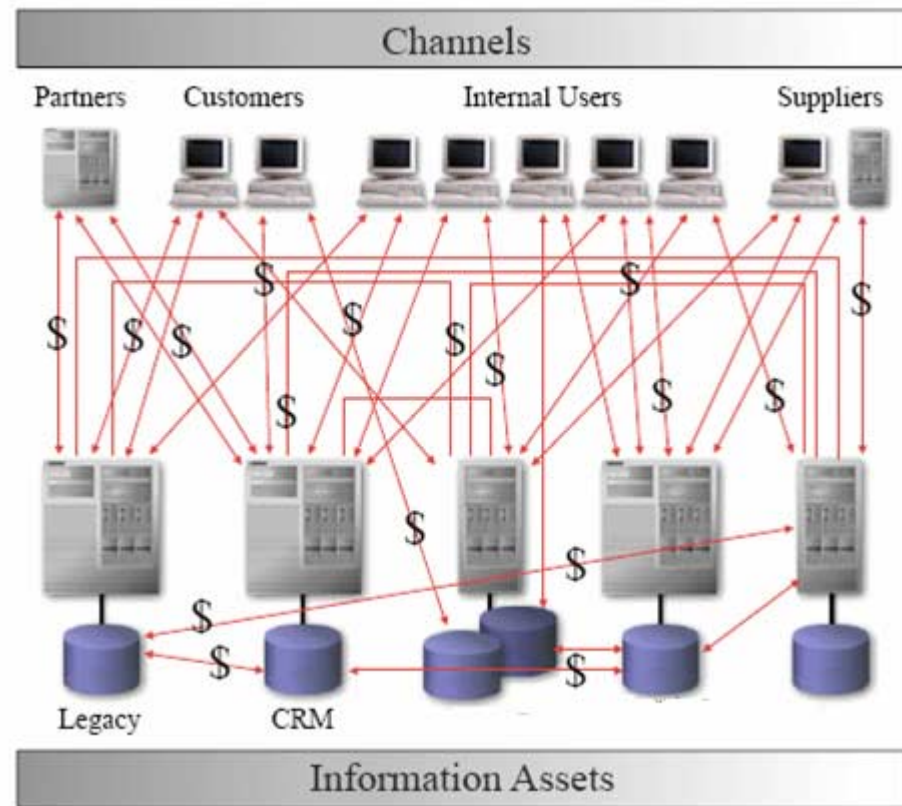
The Business Context – a common set of problems

The 6 key initiatives for FS organizations

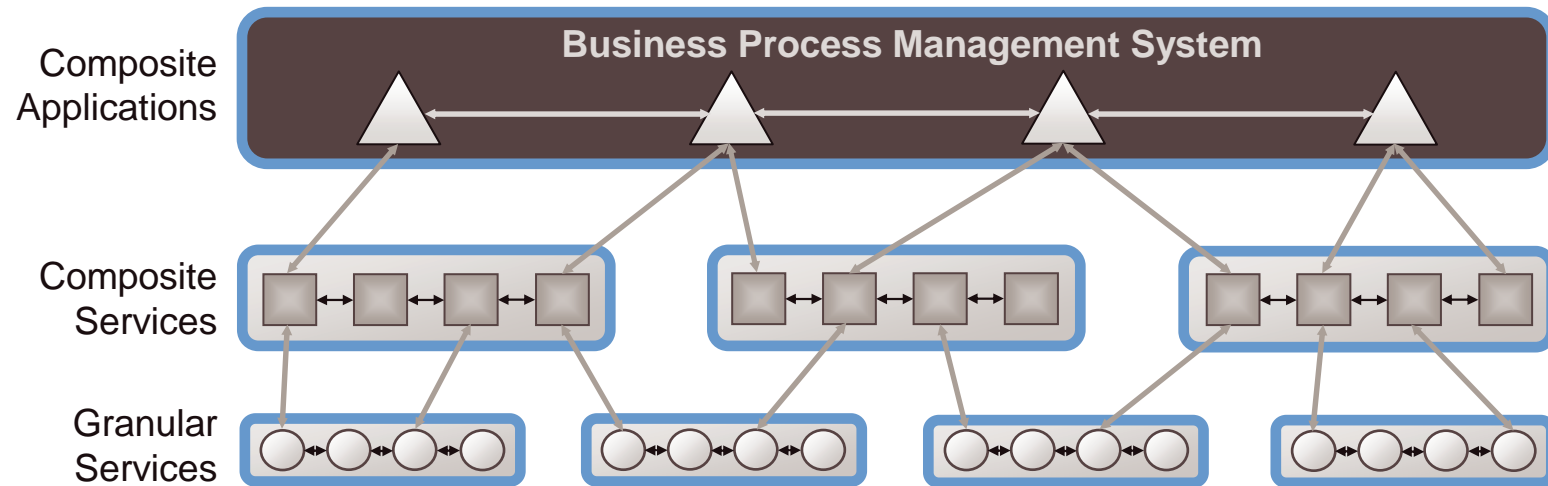
1. Navigating risk and regulatory complexity
2. Delivering cost effective technology and operations to the business
3. Generating reliable and actionable financial information
4. Maximizing value through all merger and acquisition activities
5. Breaking through the information silos to deliver a single view of the customer
6. Minimizing the impact of a crisis, preparing ahead and managing the response

Taking a step back - the Accidental Architecture

1. Compliance & Reporting
2. Business Integration
3. Information Volumes and Lifecycle Management
4. Securing & Supporting Current Architecture
5. Time to Market
6. Architecture as a Competitive Weapon



Composition and Process Management to the rescue!



- BPM provides excellent process integration capabilities.
- Service composition provides shared use of IT assets

BPM & SOA Definitions

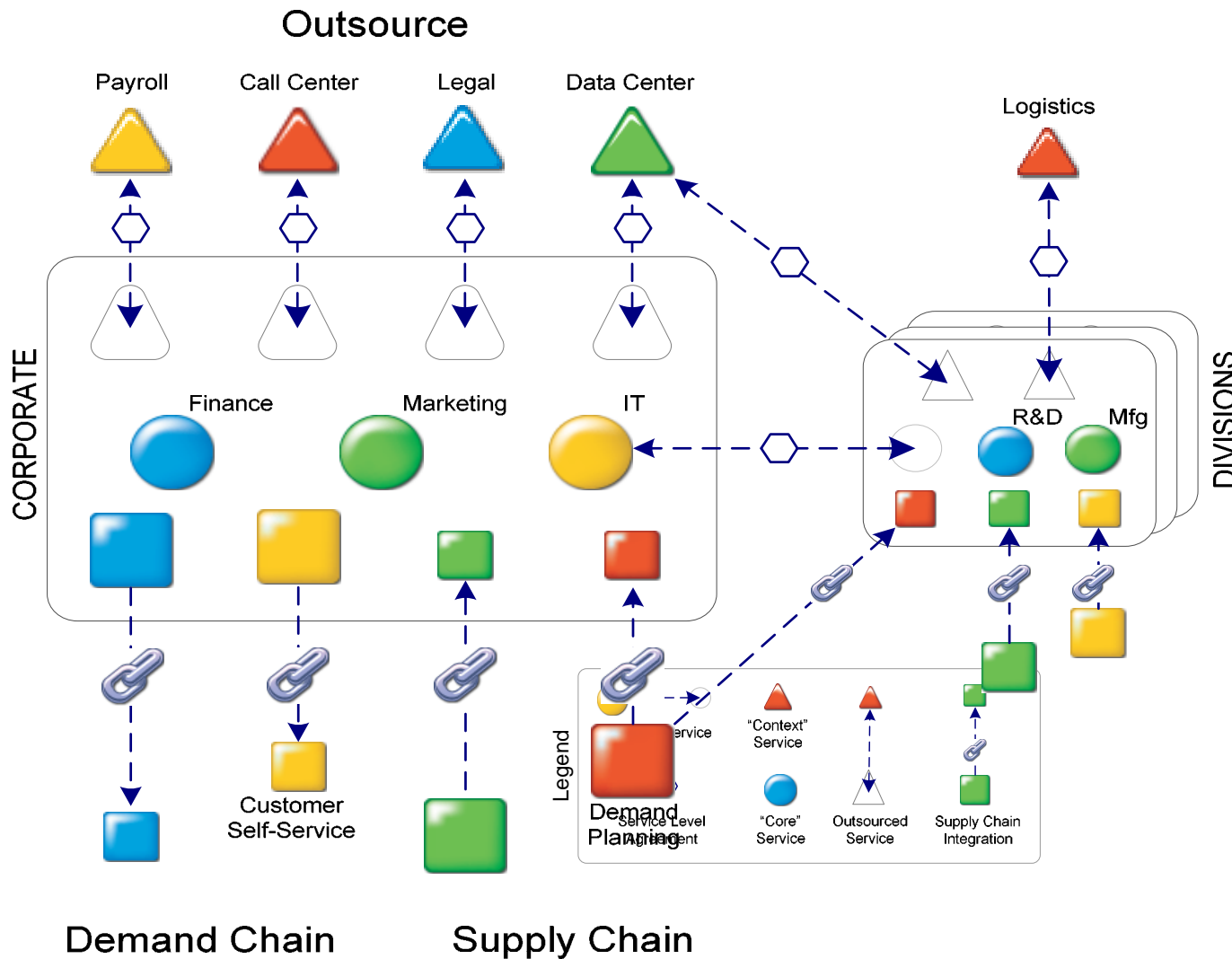
Business Process Management

Business Process Management refers to the designing, executing and optimizing of cross-functional business activities that incorporate people, application systems, business rules, business processes and content.

Service Oriented Architecture

Service-oriented architecture is an architectural discipline that centers on the notion that IT and/or business assets are described and exposed as Services. These Services can then be composed in a loosely-coupled fashion into higher-level business processes.

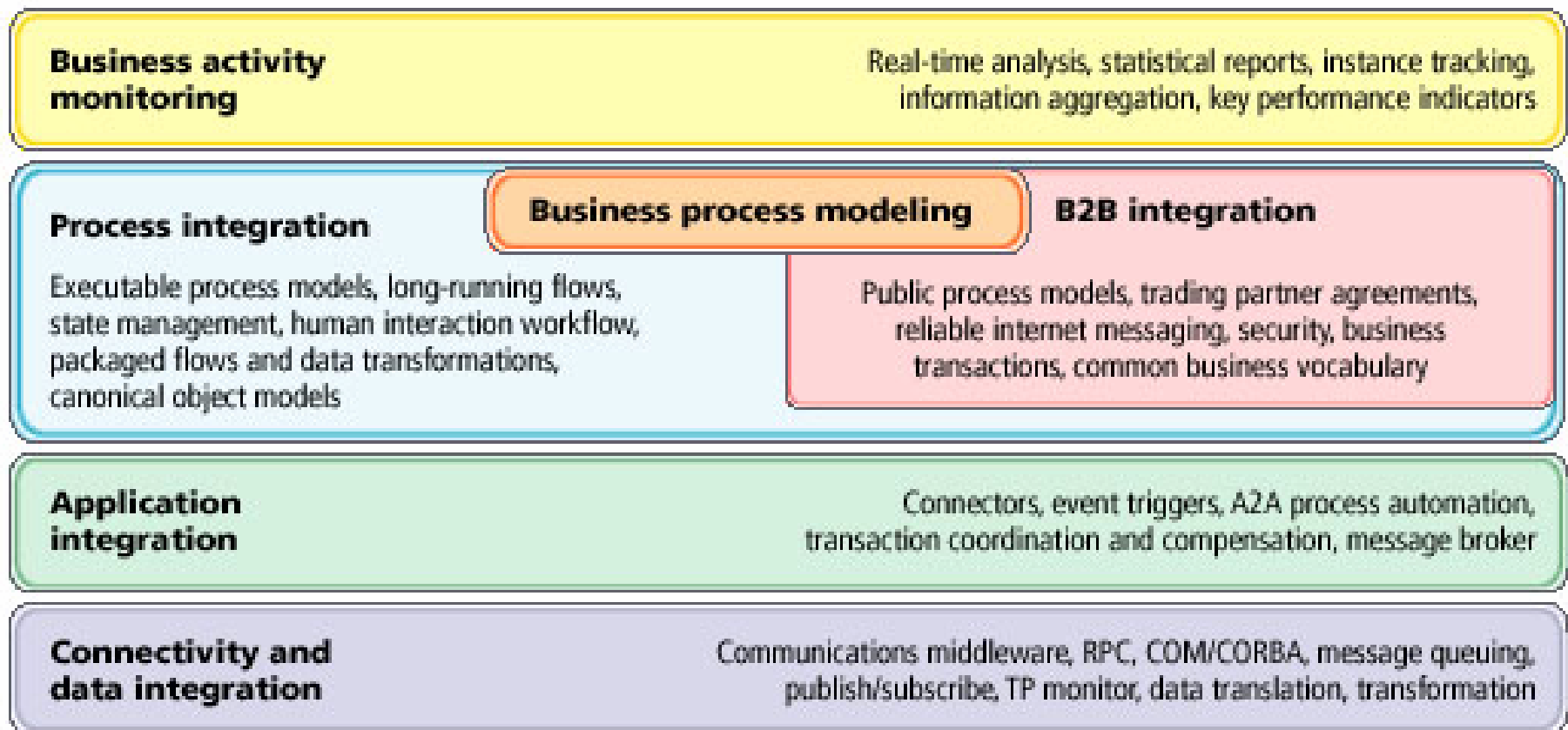
Service Oriented Business Architecture (SOBA)



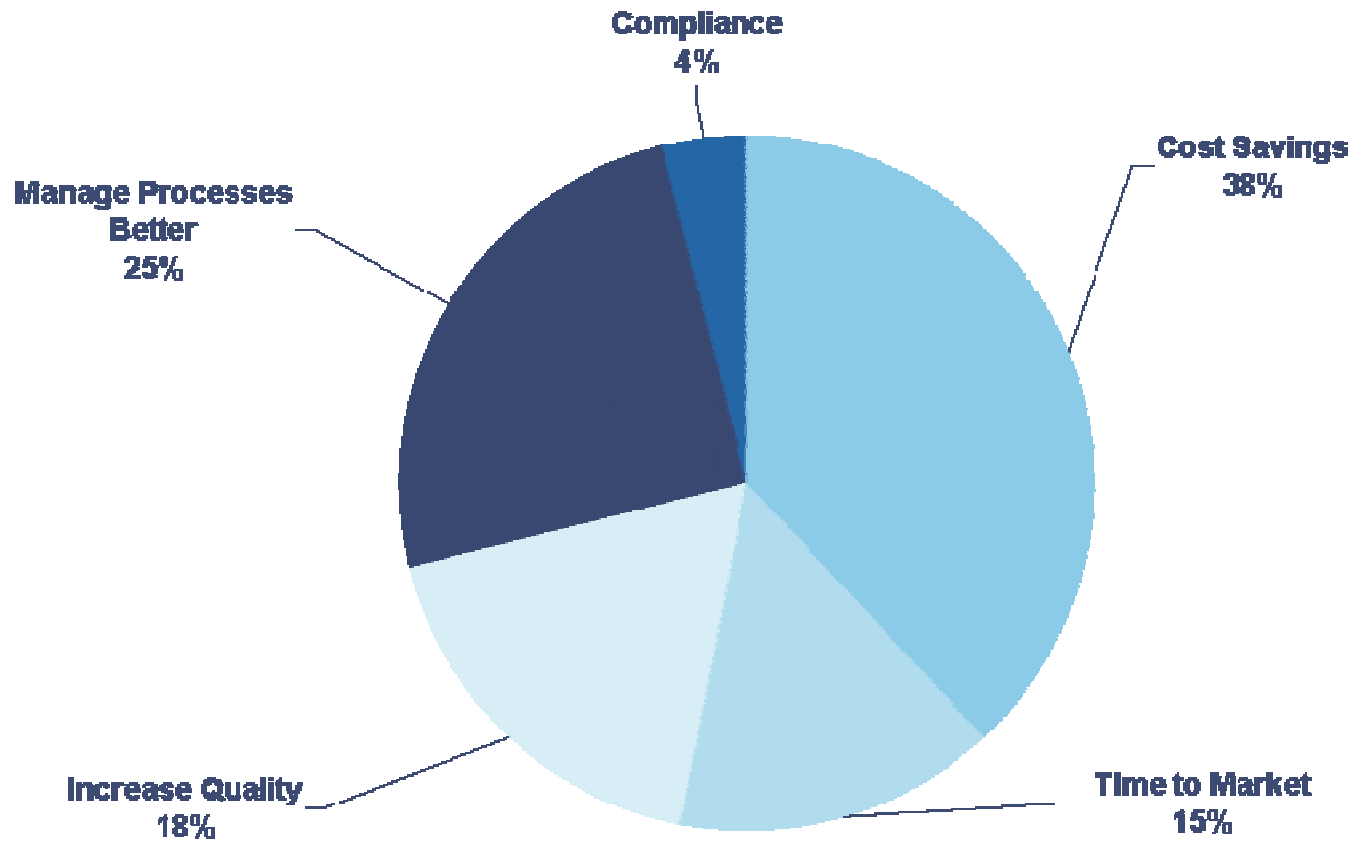
Features

- ❖ Distinguish between 'core' and 'context' services
- ❖ Easily move 'context' service to best provider
- ❖ Clearly defined inputs, outputs, and SLA's
- ❖ Tight integration with demand / supply chain
- ❖ Greater supplier partnering

The Business Architecture Stack



Reasons for Attempting SOA/BPM Projects



Source: Gartner Research, December 2003

Keys to Driving Value from SOA / BPM Initiatives

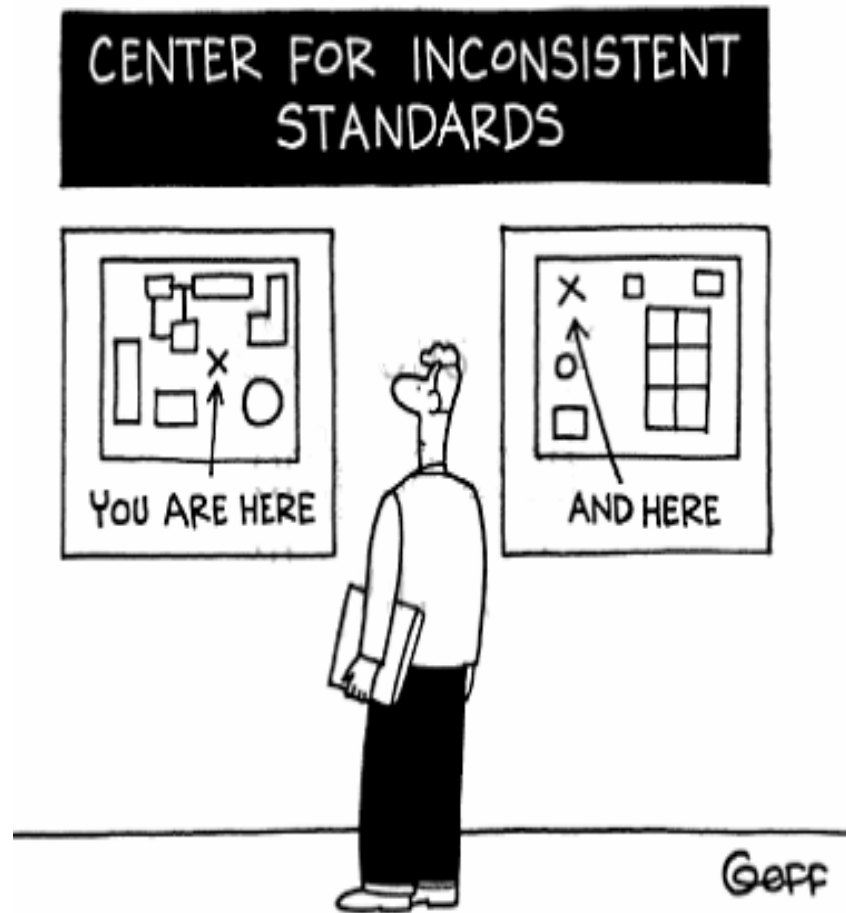
Doing the 'right thing'

- Selecting the right projects
- Looking at high Impact processes first
- Linking project requirements to key business drivers

Doing things 'right'

- The right Approach
- The right "Enabling Technology Platform"
- The right methodology & process
- The right governance & controls
- The right metrics to measure value delivered
- The right organization & managing organizational change

The “Need” for Standards



**Guiding
principles that
are context
sensitive and
non-ambiguous**

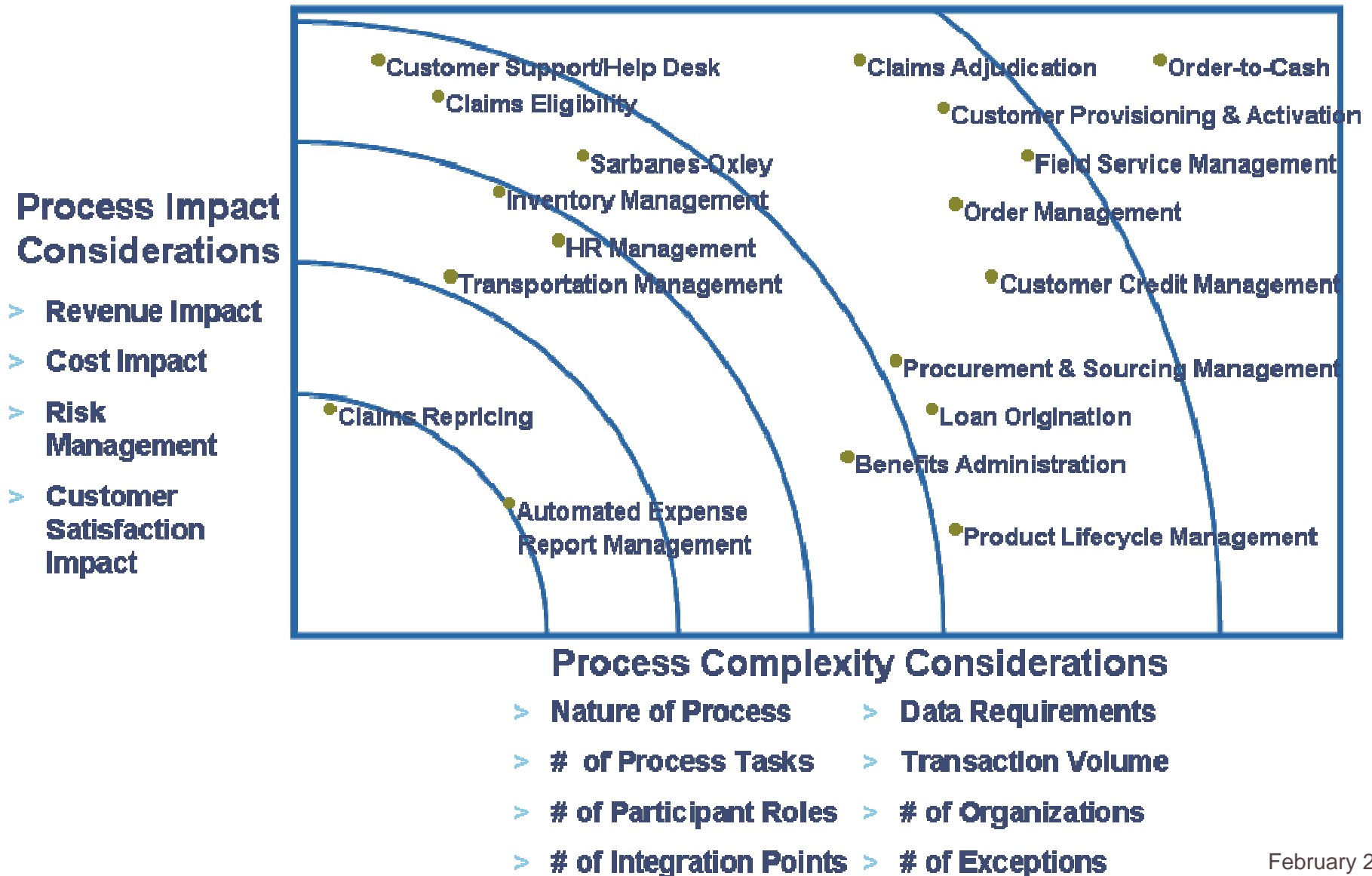
Establish an Architecture Center of Excellence (CoE)

1. Best Practices CoE
2. Standards CoE
3. Shared Services CoE
4. Centralized CoE

Focus on Governance

- Architecture Governance - evolve by design and not by accident
- Service Lifecycle Governance – standards and practices
- Design Time Governance – use of established patterns
- Runtime Governance – trust, QoS & compliance

Focus on the High Impact Processes



The Four Principle Process Types

Integration intensive	People intensive	Decision intensive	Document intensive
<ul style="list-style-type: none"> • Strong focus on automating processes that integrate systems and applications • Typically involving few exceptions and limited human participation • Can handle high transaction rates • Often used for externally focused processes linking two or more enterprises 	<ul style="list-style-type: none"> • Strong focus on automating people-intensive activities like servicing customers, operating call centers, managing sales operations, supporting field-based agents, routing internal requests by employee 	<ul style="list-style-type: none"> • Strong focus on processes that require employees to make mission-critical decisions using information and business rules • Processes in which the decision criteria and process rules change frequently 	<ul style="list-style-type: none"> • Strong focus on processes that involve extensive use of scanned images for back-office processes • Focus on processes that require people to use documents extensively (not just author documents)



Source: Forrester Wave™: Human-Centric BPMS, Q1'06

Process Candidates

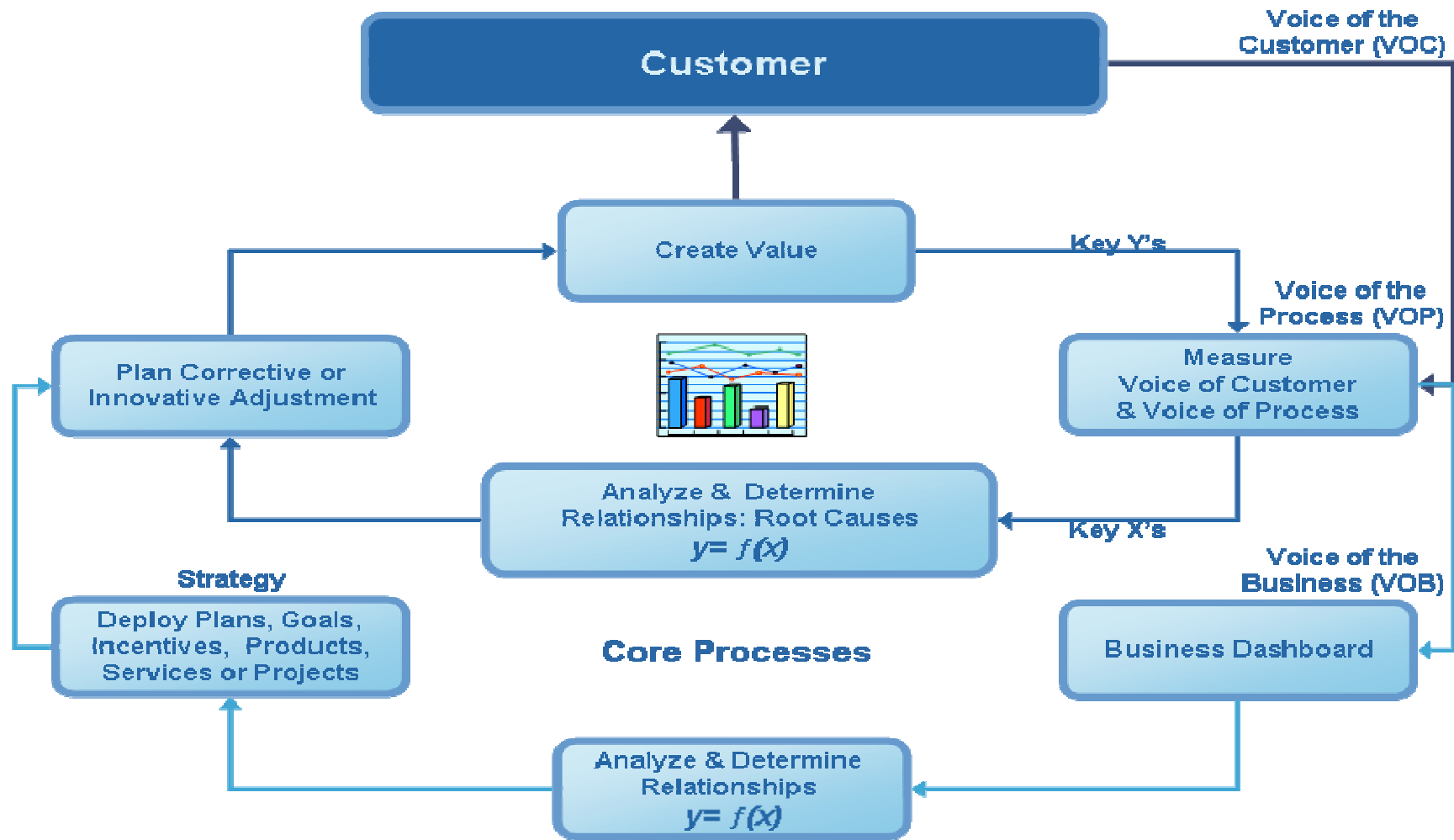
Look for

- manual work steps, paper, people, errors/rework
- areas targeted for standardization (merger/acquisition synergies)
- areas needing controls & visibility
- areas involving frequent changes such as new products, new entities, regulatory management
- exception management processes
- case management processes
- complex customer service delivery management (multi products over multi sites)

Architecture Imperatives

- Real-time (will support Sarbanes Oxley 409 and other real-time requirements – compliance or otherwise)
- Scalable (can start small, but grow big)
- Distributed (multiple org units, multiple locations)
- Incremental deployment (Risk Mitigation, Rapid Success Experiences)
- Event driven (can react to exceptions, generate alerts/escalations)
- Agile (adapt rapidly to changing needs – rules based)
- Supports transparency and data sharing (Internal & External)
- Enable automated controls and improve data-security

Metrics & Measurements



Prioritized Action Plan

Theme	0-3 Months	3-6 Months	6-12 Months +
Governance	<p>Mandate</p> <p>SOA Competency Center</p>	<p>IT CFO</p> <p>Ongoing Maturation of SCC, relationship with TMO, PMO, Etc.</p> <p>Develop cost models and algorithms, assess & improve</p>	
People & Organization	<p>Key Staff</p> <p>Appoint key roles to SCC</p> <p>IT Program Man Office (PMO)</p>	<p>Migrate some roles over time to Shared Services or Testing Competency Center</p>	
Processes	<p>Complete Processes</p> <p>Update SOA SDLC & Publish</p>	<p>Ongoing refinement & updating of processes</p> <p>Leverage ITIL and define Service & Support Processes</p>	<p>Ongoing refinement</p>
Technology	<p>Acquire</p> <p>Implement Sandbox</p>	<p>Leverage Sandbox for First Adopter Projects, Training, Testing, Vetting, Showcasing</p> <p>Implement Enabling Infrastructure within Data Center & Operationalize</p>	
Metrics & Measurements	<p>Initial Metrics</p> <p>Finalize 'factory' metrics, equip PMO</p>	<p>Define SLA's based on VOC/MOB, Define Metrics, Implement Scorecards</p>	

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Summary - BPM & SOA benefits the FS Industry

FS Industry Key Issues

- Business agility
 - Reduce time and labor costs
 - Increase quality
 - Improve management and controls
 - React quickly
 - Enforce process controls
 - Reduce the friction
 - Reduce time and labor
 - Optimize results faster
 - Provide a quick ROI
- ✓ Risk and regulatory complexity
 - ✓ Cost effective technology and operations to the business
 - ✓ Reliable and actionable financial information
 - ✓ Maximizing value through M&A
 - ✓ Deliver a single view of the customer
 - ✓ Minimizing the impact of a crisis, preparing ahead and managing the response

Service Orientation – keeping IT rooted in Business Reality



Questions?