

# CREATING A SINGLE VERSION OF TRUTH

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# Creating a single version of truth

Standard Chartered Bank aims to revolutionise its management reporting and analytics insights by integrating general ledger data across countries

## Introduction

Analytics is at the top of the agenda for many banks as they advance technology for data reconciliation across sources to leverage it for deeper insights. Standard Chartered Bank aims to go a step ahead of its competitors by embarking on a journey towards transformation and analytics across its entire global footprint.

The bank has implemented an infrastructure for integrated data to support business performance and strengthen financial controls. It has aggregated its General Ledger (GL) information from 54 countries onto a new platform. This ground-breaking strategic initiative will be the foundation for the development of a new management information system within the bank over the next few years.

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## Problems to be addressed

The bank operates over 1,700 offices in 70 markets. The geographical reach of the bank is spread across continents, with Asia, Africa and the Middle East contributing 90% of its income. With its vast footprint, the bank sought to solve three key issues in the management of timely financial information across the organisation.

First, the granularity of the information from the bank's retail and commercial segments did not allow timely insights or the ability to drill down to transaction-level information in its existing GL. Second, the aggregated cost details were available only on a post month-end basis. Third, there was a lack of a business intelligence tools to enable financial analytics through meaningful dashboards.

To provide a long-term solution and to generate effective business insights, the bank embarked on a difficult implementation of Financial Analytics (FA) project as part of its finance transformation endeavour.

The core objective of the "Financial Transformation-Financial Analytics" project was to lay the foundation for integrating, securing and standardising GL data across countries, providing an analytical platform for timely and informed decision-making.

The project aims at revolutionising the Management Information System (MIS) within the bank by bringing together GL data onto a single and scalable platform, which is housed in 10 different instances across 54 countries and 200 legal entities. With this consolidated daily global GL view, the bank can acquire the ability to drill down to regional and country-level data. Once achieved, this will form the strategic platform to support the management reporting needs of the bank.

The bank seeks a deeper integration of FA with Enterprise Data Management (EDM) for wider application across the organisation. Project objectives include establishing excellence in cost management and analytics and providing an improved control and compliance environment. The bank sought to move away from having to publish monthly figures towards an integrated system with direct access to information.

With the first release of the foundation platform across the enterprise, the bank targeted to achieve a 60% reduction in MIS and analytics-related interfaces to source systems and a reduction in GL-related downloads by 80%.

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## **Technology partner and product**

The bank evaluated various options including a full custom-built system, but decided against it as it would have meant longer development time, significantly higher costs, delayed benefits realisation and a difficult and resource consuming project.

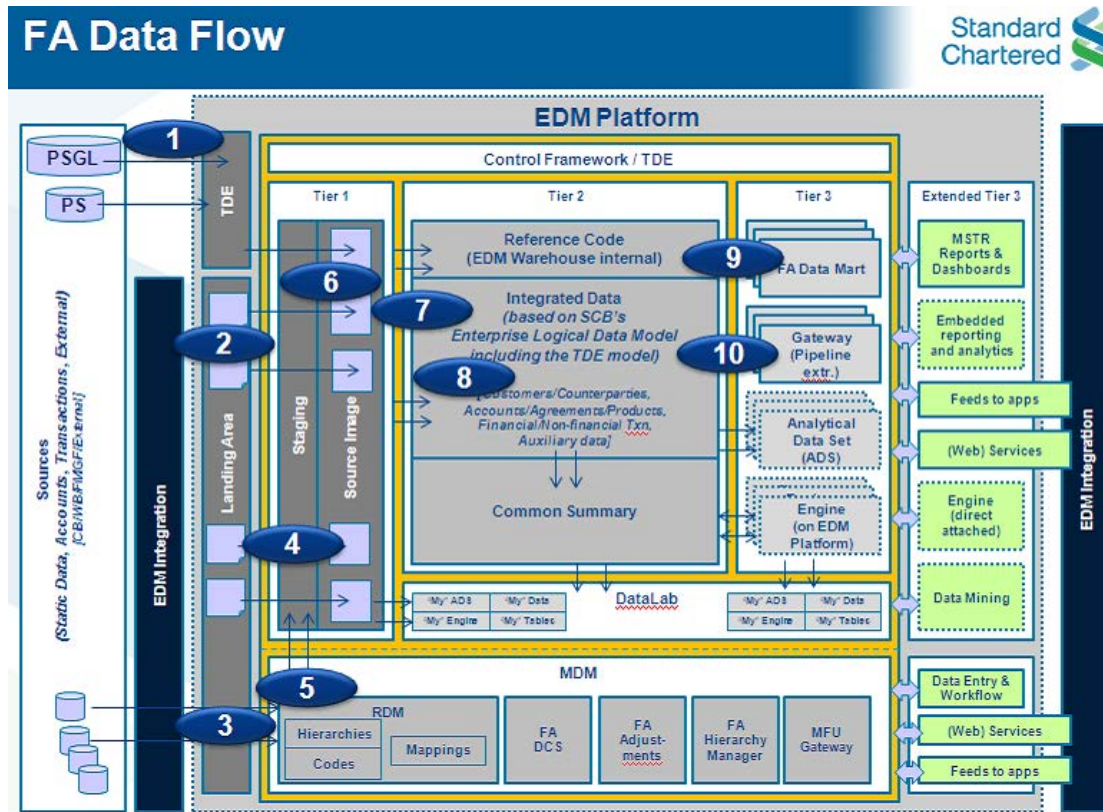
It chose to go ahead with Teradata decision Expert (TDE) on EDM Platform. This would bring synergistic and integration benefits to the bank.

The FA project sources data on a daily basis from all ten PeopleSoft General Ledger (PSGL) instances and other finance systems. In addition, the project provides manual upload capabilities for hierarchies and mapping tables created between existing financial reporting systems and PeopleSoft hierarchies.

The project leveraged on the Teradata infrastructure that comprised various servers, Master Data Management Application, Teradata Decision Expert for daily PeopleSoft data extracts and Micro Strategy as the reporting tool. All these systems and platforms were hosted out of the bank's data centre.

The bank's integrated architecture has resulted in timely and consistent GL information on a daily basis.

Figure 1.FA data flow architecture



Source: Standard Chartered Bank

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## Features and functionalities

This project provides the architecture for more efficient and accurate management reporting needs of the bank. It effectively:

- Replaces the 19-year-old legacy management reporting platform, paving the way for improved analytics.
- Provides access to global aggregated information with the ability to drill down to regional and country-level data on a daily basis in place of the former once-in-a month frequency.
- Provides a single version of truth for all management reporting requirements.
- Enables standardised and rationalised reports across the organisation.
- Automates report production and distribution.
- Provides dynamic alerts and prompts for effective cost management

This project is essentially the first step in a long journey towards integrating analytics with the bank's data management platform.

In the first release of the project, the bank lay the foundation by integrating GL data, MIS consolidation of up to 50 medium to large country/functional warehouses and operational data stores, as well as datamart interface rationalisation. As the transaction level data from various sub-systems such as accounts payable, receivables, asset management and procurement were aggregated on this platform, this allowed drill-down to expense and cost analysis of each cost centre and vendor. The budgets and forecasted management reported numbers were added to allow a budget vs. actual expense analysis. In addition Peoplesoft HR data was also brought in, with granular details like headcount, cost-centric and static level information. This further deepened the insights to include cost base and expenses.

Earlier this year, the bank added reporting dimensions across different business segments. As the bank has recently reorganised its business structure by merging its wholesale banking and consumer banking businesses into "one bank", the different hierarchies and mapping dimensions of the two business lines have now been aligned in the system. With this, the bank now has an integrated management reporting view across different countries, hierarchies, pipeline structures and business lines on a single platform. Future plans include having a single dashboard for management reports on revenue, with cost analysis down to each person and transaction. When achieved, this will be a powerful source of information which would allow strong analytical insights. The bank also plans to decommission some of the data cubes and datamart silos built over the years and integrate them into the platform.



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## **Business impact**

The foremost business impact of this project has been the availability of timely and consistent GL information on a daily basis. The bank has moved away from a system where countries had to publish their numbers on a monthly basis to group teams having access to the information directly from FA. The process has been automated with an estimated 95% reduction in manual processes.

Another key advantage has been the ability to link a financial reporting platform to the bank's internal reporting platform (pipeline). It was a challenge for the bank as there were "two" versions of truth (GL vs. pipe) which required a lot of manual investigation to resolve. The ability to link these two and provide a seamless drill through has been a significant achievement. The project has eliminated 90% of existing reconciliation processes by providing a single version of truth.

The platform will enable effective management of the bank's \$11 billion cost base, moving from reactive analysis to proactive analysis with deeper analytical ability to drill down from GL to journal and to sub-systems like procurement and expenses. This also provides an improved compliance and control environment and allows functions to rapidly respond to the demands of the business.

In terms of quantitative savings, the true impact of the project would be visible only after two years as the bank completes integration of various other systems with this platform. The associated management reporting streamlining is believed to be already yielding savings to the bank. This project will be the enabler of further financial transformation, leading to standard management reports for both group and country and more hubbing opportunities. The bank expects this to translate into saving of \$3.75 million per annum in the coming years.

## **Project implementation**

The first release of the project was approved in June 2012 and delivered on time in June 2013, within the proposed budget of \$8.5 million.

The second release of the project was completed in May 2014. The two releases needed a total investment of about \$11 million. The bank kept a tight leash over project risk management, ensuring strong monitoring of progress. Three committees were established to resolve issues during implementation—the architecture committee, working committee and steering committee. The intensity and pace of change has been one key challenge for the bank in this transformation process. The bank used a custom-built governance framework to enable the delivery of an EDM-FA platform in a phased manner, allowing businesses to conduct data quality assurance processes and address any data quality issues well ahead of end-state delivery.

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## SWOT Analysis

### Strengths

- Creates a strategic platform to support smarter decision-making and shape management reporting requirements and to provide reference data for the bank's reporting and analytics needs.
- Brings key MIS data into a single, scalable platform. Manual processes have been automated to provide standardisation and granularity of data and reporting at country, regional and global levels. Decision-making will become stronger and more informed as data from other sub-systems is included.
- Besides time savings, the platform also enables stronger performance management and yield manpower and cost savings.

### Weaknesses

- The quantitative impact of the project is yet to be fully realised as the foundation has just been laid. The aggregated data is still being integrated for detailed analytics.

### Opportunities

- Reduced dependence on multiple information datamarts and silos. More timely information for smarter decisions.
- Transformation from reactive to proactive analysis of cost management and the ability to respond rapidly to business demands.

### Threats

- Strong management and financial commitment must be provided over the next 2–3 years for the project to yield its potential benefits. Organisational or strategic change could derail the process.
- The organisation is spread across 70 countries with various silos of data and different mapping hierarchies and dimensions. It is likely to face integration challenges as it tries to widen the scale of the project.

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## Critical success factors

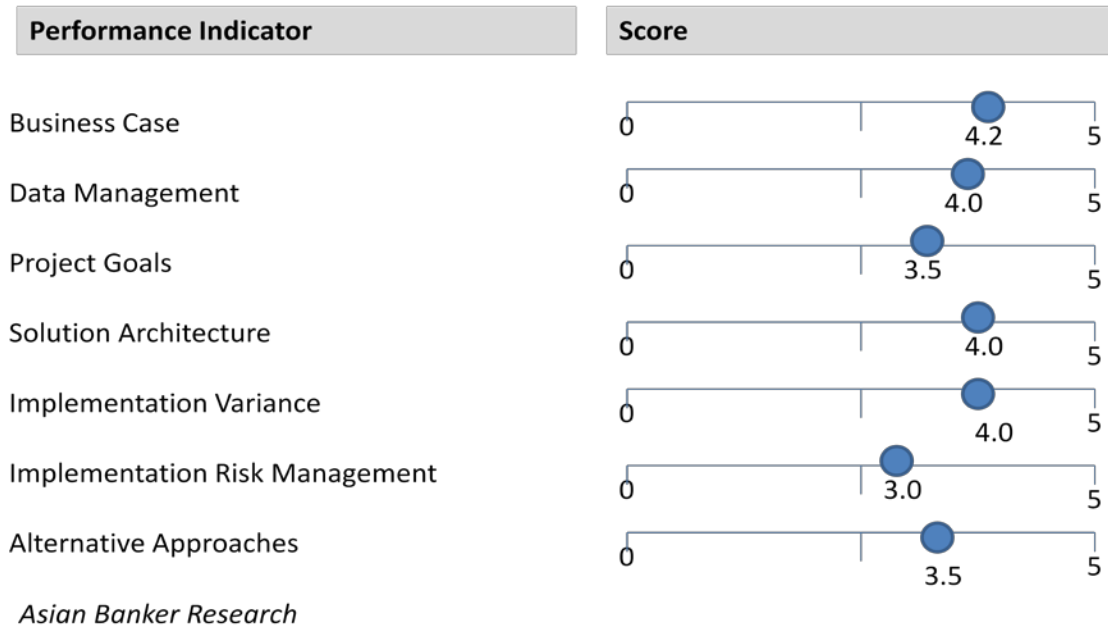
We evaluate the project based on various qualitative and quantitative parameters. These include:

- The business case for implementation, alignment of the project with strategic goals of the organisation, importance of successful implementation of the project and the scope and complexity of the project, including the number of countries, branches and offices covered.
- Integration of data sources across the organisation, the range of predictive and analytics capabilities added through the project for better insights, timely information flow and implementation and adherence to data governance standards.
- Project goals and features including compliance and internal control, regulatory compliance and reporting features incorporated, types of analytical insights, tangible and intangible objectives, returns and the business impact expected.
- The ability to integrate a high number of data warehouses, support systems, analytics and reporting systems so as to allow a higher number of business units and user access at one time and to provide real-time information.
- Implementation variance measured in terms of budget overruns and delivery over and under-runs.
- Management of implementation risk which identifies and mitigates risks.
- Vendor selection and alternative approaches considered to solve key business problems.

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## The Asian Banker rating

These are our ratings based on our parameters, both qualitative and quantitative, in evaluating the project implementation.



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