Assessing a Financial Provider’s Enterprise Architecture Transformation Strategy

QUICK FACTS

Objectives
- Validate whether the client’s proposed IT risk transformation strategy would be effective
- Act as a sounding board and identify potential challenges and risks that may occur with the proposed strategy
- Help the client achieve buy-in and funding support from over a hundred board members

Challenges
- Conduct a comprehensive assessment in a short time frame
- Deliver a broad scope of knowledge across differing practice areas, functions and subject domains
- Coordinate and perform interviews with client stakeholders who had limited availability

Implementation Highlights
- Assembled a team of resources who offered different domain experience, allowing us to provide practice- and industry-specific expertise
- Kicked off the project with a team-building activity to develop trust and partnership between the client and TEKsystems’ team
- Evaluated the proposed architecture
- Performed diligent, continuous project oversight to ensure the project stayed on schedule

Technologies Supported
- Event-driven architecture
- Greenplum
- Information quality engine

Results
- Conducted an independent third-party assessment on time for the client’s board meeting
- Produced a 175-page document, identifying any points of failure and outlining our recommendations for consideration prior to implementation
- Supported the client’s presentation to the board through development of accompanying posters that depicted the client’s priority global IT initiatives and entire network

Client Profile
Industry: Financial Services/Clearing
Revenue: Estimated at over $1 billion
Employees: Approximately 6,500
Geographic Presence: Headquartered in New York, delivering services to over 130 nations worldwide
EXECUTIVE SUMMARY

A financial services provider was planning to modernize its application architecture and selected TEKsystems to conduct an independent analysis of the proposed architecture road map and strategy. As the sounding board for client stakeholders and decision makers, our assessment was leveraged to gain buy-in and funding for future implementation.

Client Profile

Based in New York, the client is a financial organization that delivers post-trade clearing and settlement services to financial capital markets. The client plays a critical role in the global marketplace through a range of solutions including trade processing, valuation, asset and risk management, and information services for bonds, mutual funds, securities, derivatives and money markets. With several subsidiary organizations, the client collectively offers services to buyers and sellers across over 130 countries. TEKsystems has been a trusted partner of this financial services provider since 2008.

Project Overview

The clearing industry is responsible for validating pricing and providing margin and clearing expectations to both buying and selling sides of the trading market. Based on certain provisions within the Dodd–Frank Wall Street Reform and Consumer Protection Act (Dodd–Frank), required organizations within the clearing industry community have been held accountable to more stringent regulatory standards, such as greater transparency around over-the-counter derivatives. These organizations are in the spotlight, feeling pressure to adapt their approach to collecting and handling data on a global scale.

As a result of risk management standards enforced via Dodd–Frank, relevant organizations are required to rework their approach to aggregating and reporting on risk. They need to transition to a centralized and consolidated data collection model so that global capital market participants (i.e., buyers and sellers) are better able to interpret data and manage risk. By building out global trade repositories, organizations can ensure they are positioned to deliver near real-time risk assessments as well as immediate margining and collateral insight to their customers.

Implementing a real-time risk model is a significant investment that can cost hundreds of millions of dollars in hardware and software, not to mention the time required to plan for and execute the transformation as well as potential loss of time from interruptions to business. Prior to performing a major IT infrastructure transformation, financial services providers affected by the regulation need to do their due diligence, and carefully assess and validate their implementation plan to achieve real-time risk reporting.

Situation

The client, a financial services provider that delivers post-trade clearing and settlement services, was undergoing a global expansion to support its business priorities. In response to industry regulations under Dodd–Frank, the client was building out a global trade repository and enabling real-time risk assessments to provide clients with greater transparency into margining and collateral. Previously, an overnight batch model was the risk platform used, but to keep up with the global trade repository project, the client needed to transition from overnight to real time. This would enable the client to price their portfolio at any time of the day and provide data to customers within 15 minutes or less. Having access to real-time data was critical in order to allow the client to keep pace with industry and customer expectations.

With critical technology hubs spread across Europe, Asia and North America, extending
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the client’s physical global footprint meant greater operational risk to the business. Further complicating the transformation initiative, the client was also required to take increased risk mitigation measures for several umbrella companies, subsequently creating additional operational risk to the business. Any deficiencies in information systems or internal processes—such as human error, management failures/disruptions from external events—would leave room for reduced or deteriorated services and consequently, system risks across the global markets. Preventing operational failure would be critical; developing an IT strategy and road map would allow the client to mitigate potential failures including errors or delays in processing, system outages, insufficient capacity, fraud and data loss or leakage.

Facilitating this IT risk transformation would prove to be a massive undertaking that would be costly. To gear up for the transition and eliminate potential failures, the client designed a transformation plan and strategy for preparing their IT architecture and environment. As the next step, the client needed to determine whether the plan would give them the real-time risk reporting they needed.

Given the significant investment that would be required to update the existing risk system, the client sought support from an independent third party that could validate whether the proposed IT risk transformation strategy would be a sound and effective solution. The client wanted a partner that could assess the strategy and identify challenges that their architecture road map would encounter as they transitioned from static to real-time risk data availability.

A third-party’s perspective was the optimal way to gain buy-in as well as financial backing from the client’s leadership board—which included over a hundred stakeholders. Additionally, collaborating with a third party would provide assurance that, based on the technology chosen, the client would achieve the desired outcome: the ability to generate real-time risk reporting for customers.

Solution
Leveraging a range of TEKsystems Global Services® practice areas, including application development, data services as well as enterprise architecture expertise, TEKsystems recommended a custom solution for evaluating the client’s proposed strategy. Tapping various facets of our organization would enable us to perform the assessment with the right experts on hand while ensuring critical business, regulatory and environmental factors would be taken into consideration.

Notably, the assessment would pose several challenges for TEKsystems. With just four weeks before the client’s board meeting in August, we would feel pressure to fully document our assessment right up until the time of the meeting. Not only was it a short time frame, but the client needed our work to be performed between July and August when employees frequently use vacation time. In order to ensure we stay on track, TEKsystems would need to work around the limited availability of client stakeholders, as our assessment would not be complete without the input and perspective of key internal subject matter experts. We would also have to secure time to meet with those people and incorporate their insights into our assessment before our four-week deadline.
Based on the one-of-a-kind solution we proposed, TEKsystems was selected as the optimal independent third party for this engagement. Not only did we have demonstrable practice expertise covering a wide range of technical and functional areas (e.g., pricing, data, applications, security), but we also offered particularly relevant experience, as we were in the process of completing a similar engagement for another customer in the financial services space. And through our dedicated Financial Services vertical, we offered niche investment banking and capital markets expertise which would allow us to engage in more meaningful dialogue with the client. As opposed to completely overhauling the proposed transformation strategy and plan, the client saw TEKsystems as an advisory partner; we would conduct the validation exercise by advising on how to enhance the execution to help make it the best it can be. This collaboration was what they wanted, and TEKsystems proved to be a perfect fit.

**Results**

TEKsystems successfully delivered our independent third-party assessment on time for the client’s board meeting.

Given the tight turnaround for this comprehensive assessment, TEKsystems hit the ground running with this project. We assembled a team including data architects, infrastructure architects, data warehouse architects, business and process flow architects, as well as a subject matter expert with capital markets domain experience, specifically around pricing and risk. Members of this team offered different experiences (e.g., application development, data services, risk-based experience), and as such, traditionally do not work together. By establishing a collaborative workflow, we were able to deliver practice- and industry-specific expertise, ensuring we could carefully and effectively evaluate all aspects of the proposed transformation strategy.

To start, TEKsystems met with the client to explore and understand their perspective on what success looked like, critical objectives and scope of the engagement. We walked through the proposed architecture in terms of function, physical logic and specified deployment views as well as desired outcomes. Then, throughout the course of the four-week period, we facilitated interviews with various critical client stakeholders, taking internal insights into account when evaluating the client’s IT transformation strategy. Managing the logistics of scheduling all required interviews proved to be difficult as this engagement took place during the summertime; however, we were persistent to ensure all interviews were conducted, and the client appreciated our efforts to keep the assessment on track.

Ultimately, we were able to deliver a formal 175-page report containing our analysis, minor points of failure and recommendations, including our assessment of risks and best practices. We also developed posters depicting the client’s priority global IT initiatives as well as a complete view of the entire network. These materials supported the client’s presentation to the board and will be taken into consideration when the client begins implementing the transformation.
Key Success Factors

TEKsystems made several key contributions that enabled us to be successful throughout this engagement:

- **Industry-specific expertise.** Having a vertical dedicated to the financial industry, TEKsystems realized the significance of assessing and validating the client’s existing enterprise architecture. TEKsystems Financial Services understood that the creation of a sound roadmap would be the foundation needed in order for the client to successfully achieve critical business, regulatory and global initiatives. Moreover, having a concentration on investment banking and capital markets, TEKsystems provided industry experience that was critical to conducting a proper assessment of the environment and proposed architecture.

- **Commitment.** Previously, our work for the client was primarily focused on staff augmentation. TEKsystems was committed to building out this relationship and was viewed as a “hungry” partner. We gradually evolved the partnership and spent years building client trust and mutual respect. We were nimble and aimed to provide a truly independent, advisory assessment. For example, we were not attached to a specific technology, which helped the client realize they were getting credible and unbiased recommendations from us.

- **People.** TEKsystems provided a unique team that offered a broad range of skills, expertise and experience. The group we assembled—including infrastructure architects, data warehouse architects and even an expert in capital markets—does not traditionally work together but proved to be the optimal fit for the client’s needs. Collectively, the breadth of our knowledge ensured we were well prepared to make a proper assessment of the massive IT transformation strategy. And everyone on the team went above and beyond to make sure we exceeded client expectations.

ABOUT TEKSYSTEMS®

People are at the heart of every successful business initiative. At TEKsystems, we understand people. Every year we deploy over 80,000 IT professionals at 6,000 client sites across North America, Europe and Asia. Our deep insights into IT human capital management enable us to help our clients achieve their business goals—while optimizing their IT workforce strategies. We provide IT staffing solutions, IT talent management expertise and IT services to help our clients plan, build and run their critical business initiatives. Through our range of quality-focused delivery models, we meet our clients where they are, and take them where they want to go, the way they want to get there.

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