

## Banking & Capital Markets



### Infosys realizes “business value”

for a Global Investment Bank by streamlining its reconciliation processes resulting in savings of USD 8 million annually

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A leading investment bank was looking for consolidation of its reconciliation functions and moving to a platform. Infosys has partnered with the bank to move from a silo-based model to a utility-based model and then eventually move to a technology platform. This was done to get a unified view of risk across its control function and also build an efficient and scalable utility model.

## Client Profile

The client is one of the world's leading global investment bank. The firm also services an international client base across Asset Management and Wealth Management.

## Business Challenge

The lack of collaboration between the analogous reconciliation processes was not only impacting the operational costs of the client but also resulted in reduced efficiencies on account of duplication of work and non-standardized processes. There was no unified view of risk metrics across control functions. Despite in-built synergies in tasks, systems, skill-sets and application usage, the various units ran these activities as independent structures.

In 2007, the client partnered with Infosys BPO and took the strategic decision to consolidate all reconciliations carried out by individual business lines into a horizontal utility which would span across multiple Lines of Business (LOBs).

## Infosys solution

Infosys began by defining a two level process to streamline all reconciliation activities. At level one, the Reconciliation Utility umbrella was set up to deliver bundled tasks involving identification, investigation and notification of breaks\*. Level two was created for actual resolution of breaks requiring communication with clients, traders & the stock exchange.

## How Infosys supported the Utility

Infosys supported the utility by leveraging a cross functional team which had domain knowledge, complete understanding of front-to-back of the processes and six-sigma consultants. Infosys also created a Center of Excellence (CoE) and built a robust and scalable operating model with control and risk framework.

### 1. Operating Model

The Reconciliations Utility was set up at the Infosys location to facilitate the migration of existing offshore processes. Infosys supported a seamless transition to the new structure and put in place standardized Service Level Agreements (SLAs) and reporting while ensuring coverage across relevant compliance requirements.

### 2. Alignment of Objectives

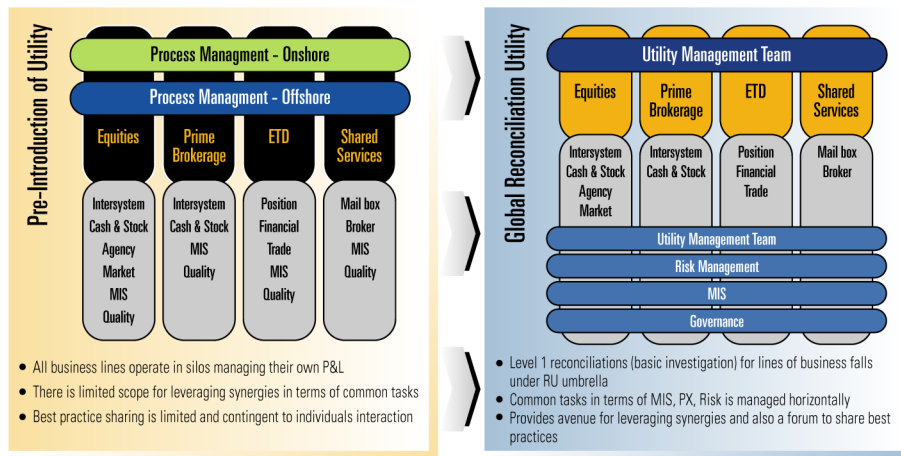
The operational and strategic objectives of the Infosys reconciliation team were aligned to those of the client. The set-up of such a structure required the following:

- Standardization of MIS reported to business lines
- Standardization of SLAs across all processes within the utility
- Mirroring of client organization structure at Infosys to ensure optimal control and oversight of operations

### 3. Process Excellence

A dedicated team comprising of 5 six-sigma trained resources was set up to support the Reconciliation Utility to implement and achieve targeted process improvements. The primary objective of the process excellence team is to work in parallel within the utility to deliver productivity and efficiency benefits in line with the laid out Reconciliations Utility vision. Currently, a team of Infosys process excellence experts are located onsite, at the client location to support an augmented scope of process excellence initiatives.

\* Breaks - transactions not processed



#### 4. Implementation of Dynamic Resource Allocation Model (DRAM)

Infosys developed and implemented the DRAM for its Reconciliations Utility processes. This model validates whether a process is capacitized to handle the volume of transactions. The required FTE number for the process is calculated through a work driver based effort estimation exercise carried out offshore through a Global Delivery Model (GDM). The FTE number is matched with required volume on a daily basis and the FTE number is amended on a 12 week rolling average basis. Post the success of DRAM for the reconciliation utility, the scope of implementation has been extended to other LOBs with Infosys.

#### 5. Delivering Early Reconciliations

Reduced time to delivery on reconciliations provides reduced risk exposure for the client by allowing increased time for resolution to teams downstream in the trade lifecycle. Currently, work is in progress to ensure a region wise early reconciliation delivery.

#### 6. Creation of Center of Excellence

A CoE was created at Infosys focusing on the following objectives:

- Quality assurance:** Focusing on quality monitoring for each process, documentation audits and front-to-back review of each process map to eliminate non-value-add tasks
- Standardized best practices:** This was achieved through co-locating all processes within the Reconciliations Utility in the same location offshore and driving common themes across all processes
- Early reconciliation delivery:** Achieved through alignment of shift patterns and change in arrival time of feed

### Client Benefits

Infosys has exhibited superior performance amongst processes within the utility and has showcased its ability to deliver value to the client. Infosys has now added Finance and Accounting (F&A) functions and Over The Counter (OTC) products to its portfolio. Our future roadmap includes addition of level-two tasks encompassing the entire exception management value chain is also being added into the scope of the Reconciliation Utility.

Business challenge	How the Reconciliations Utility addressed them
Knowledge retention	Prior to the utility being set up, the client was faced with the risk of knowledge loss/ knowledge transfer resulting from staff turnover. With level one investigation being conducted by the reconciliation team at Infosys BPO, knowledge loss through key person dependency was eliminated through creation of knowledge banks for each process, back up planning and resource pool development
Increased focus on core tasks	With routine transactional activities pertaining to identification, investigation and notification of breaks being carried out by the Infosys team, the client's business has been able to increase focus on transformational projects and productivity issues
Process and productivity improvement	The Infosys team has provided immediate process and productivity improvements/ benefits to the business by consolidating level one tasks across businesses and enhancing efficiency. Through automation of processes, the Infosys team has been able to ensure increased auto-matching and allocation rules resulting in significant reduction in work volumes. Infosys has also been able to consistently deliver a 15% year-on-year process and productivity improvement
System management	The Reconciliations Utility also undertakes, maintains and manages key reconciliation transactions through several reconciliation platform applications. Level one support for maintaining these systems is provided by the Infosys team thus leveraging process and technology synergies
Metrics and reporting	The client business units have had limited or no reporting; Internal reporting was largely focused around age and risk profile. Infosys developed a standardized reporting procedure for management across business lines with business critical information. This included age & risk profiles, value of breaks, escalation and issues. These reports have enabled increased business visibility and control leading to improved decision making
Sharing and leveraging best practices	Enhanced communication between business lines, and the CoE has provided a platform for best practice and knowledge sharing ensuring cross pollination of best practices across LOBs

## 1. Cost savings and productivity gains

Infosys delivers over USD 8 Million in savings year-on-year through the global delivery model. Additionally, Infosys delivers a 15% year-on-year productivity benefit.

## 2. Operational efficiency

Infosys has been able to deliver a high degree of operational efficiency. Some of the key factors are below:

- *Reduced Turn-Around Time (TAT)*: TAT has been reduced by leveraging time zone differences, aligning shift patterns and focused process wide initiatives like early reconciliations delivery. This has been achieved by resolving issues before start of the client's customers' day
- *SLA Adherence*: Infosys meets all direct SLAs despite periodic breach across key reverse SLAs. This has been achieved through robust knowledge management, systematic investment in buffers and cross training of resources to enhance delivery capabilities. Cross training has helped create a fungible pool of resources to help maximize processed volumes. SLAs for all processes within the Reconciliation Utility have been standardized to promote standard control and standardized reporting
- *Accelerated migrations*: One of the key objectives of an integrated IT-BPO delivery model is to enable an accelerated migration of processes to offshore locations. This has led to early realization of savings through the Global Delivery Model (GDM) for the client at minimum cost of transition



## 3. Risk management

Infosys has developed a customized risk and control framework to manage operational risk for the offshore processes of the client. This risk & control framework quantifies the operational risk exposure of each sub-process by breaking it down into variable and fixed factors. It aims to bring down the variable risk factors, thereby reducing operational loss.

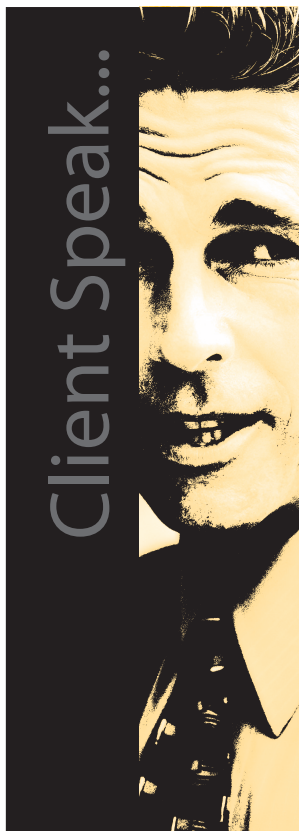
Besides the above, risk control parameters (e.g. age of breaks, value of breaks) have been included into the SLAs for each sub-process. This enables the business to monitor the risk exposure on a daily basis.

## 4. Process improvements and technology transformation

Infosys has made systemic investments from time to time with an aim to enhance operational efficiency.

- Investment in an offshore process excellence team to increase focus towards process and productivity improvement headed by a six-sigma master black belt
- Infosys has invested in tools like iEMS (Infosys Exception Management Systems). The Investment includes a feasibility assessment, implementation and product license fee. This tool has been tested across various sub-processes. And its implementation will result in an additional savings of approx USD 0.2 million
- Infosys has placed senior consultants and managers onshore in the client's offices to participate in the overall Reconciliations Utility strategy, planning and implementation

This strategic relation between Infosys and the client is designed around a jointly crafted and managed outsourcing strategy that has realized significant business value for the client. This alliance today, continues to spur greater growth and profitability for the client by adopting a dynamic and innovative approach designed to support value creation.



Client Speak...

Head of Operations, Global reconciliations utility

*"The capacity model developed by the offshore team has provided us with a workable benchmark for capacity planning across our offshore processes. The model is current and most important simple to interpret enabling both GRU and Infosys to use it for effective decision making."*

Head of Process Excellence for Operations

*"The capacity graphs have been instrumental in creating trust and transparency between both Infosys and us. Headcount decisions are now made based on fact, improvements are base-lined and impact validated. Feedback has been very positive since now both parties feel they are working to the same single set of data."*

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**Disclaimer:** "Due to client sensitivity, we refrain from using the client logo and name overtly in this case-study. In case you wish to know more about the client and the business value delivered on BPO, we will be happy to arrange for a one to one meeting with our client representative". Please send your request to [bpo\\_marketing@infosys.com](mailto:bpo_marketing@infosys.com)

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#### About Infosys BPO

Global organizations depend on Infosys BPO Ltd, the business process outsourcing subsidiary of Infosys Ltd (NASDAQ: INFY) to deliver measurable business value. Infosys BPO's strong focus on industry solutions, technology and a consulting based approach has created new engagement models to help clients build tomorrow's enterprise.

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