

Target Operating Model & Sourcing

Background

The financial industry is facing various disruptive changes in the area of regulatory, technology, society and economy. Higher costs, lower profits and growing competition force players in the financial industry to search for business differentiators. However, cyber security requirements, client protection regulations, and client demands for transparency and lower costs force the industry into more non-value adding investments, cutting the room for business development. Investing into operational efficiency and adopting an industrialized business model can help players in the financial industry to reduce operating costs and operational risks. At the same time digital revolution allows them to stay competitive. This leads to changes in the customer interaction and own operational processes.

Method

Whether you want to streamline your processes, systems and organization or venture into new markets a target operating model (TOM) helps you to bring your vision to the ground. The development of a strategy tells you what and why you want to

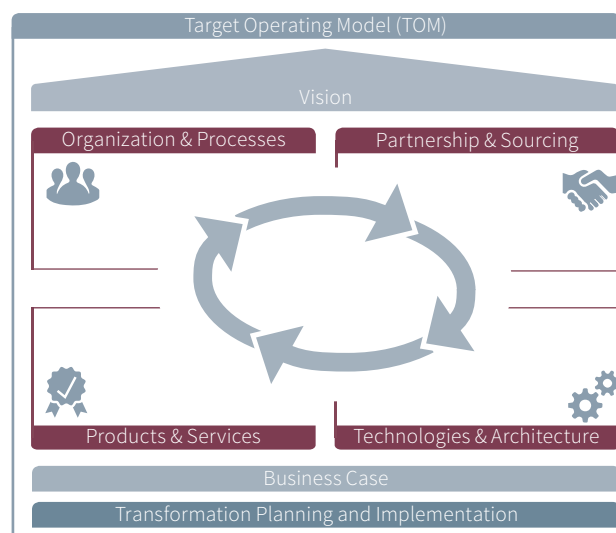
take action. While the Synpulse TOM method helps you to make it a living reality. The method can be utilized for following compelling events:

- Redefining or adapting the operating model, e.g. in connection with a post-merger integration (M&A), or with opening of a new business entity (market entry).
- (Re-)defining IT platform strategy or evaluating standard software.
- Cost-income ratio optimization through business process improvement and leveraging scale effects.
- Performing compliance checks and process audits (i.e. cross-border regulations).

Approach

The TOM defines the future optimal business architecture to enable the business model. Synpulse follows a clear activity flow and delivers a first TOM assessment within a few weeks with clearly defined deliverables.

- The **Organization & Process** stream reviews the current processes and measures them against quantitative and qualitative targets to identify bottlenecks and redundant activities. It suggests optimization options, and highlights necessary organizational changes.
- The Business review focuses on **Products & Services** and explores opportunities to extend product and service offerings and to improve time-to-market (T2M). It exposes functional gaps of the current IT system landscape and advises on high-level business requirements to support new products and services.
- The **Technologies & Architecture** stream focuses on the analysis of the current application landscape and IT infrastructure. New technology may be introduced to realize the TOM.



Target Operating Model

Source: Synpulse

☪ The proven vendor evaluation model helps finding the right vendor / tool and to perform the vendor due diligence as part of **Partnership & Sourcing**.

☪ The **Business case** framework demonstrates which option is of most value to the organization using a cost-benefit analysis.

☪ Together with all the relevant stakeholders from the front office, compliance and operations, a **Transformation Planning & Implementation** roadmap is created.

applied the TOM & Sourcing framework at various banks and insurance companies. The overall benefits using the Synpulse approach are:

☪ The implementation of your strategy is visualized after a 6-8 week assessment.

☪ You can realize your strategy in a structured and fast way.

☪ The approach will establish a shared understanding on strategy enabler.

☪ You keep a holistic view over all dimensions of your strategy.

Expertise

Synpulse lays the foundation of a successful review with long-standing expertise, implementation oriented methods and excellent business know-how. Synpulse has successfully

	Information Gathering & Analysis	Deliverables Design & Definition	Key Benefits
1. Management (Strategy > Vision > BC > Planning)	<ul style="list-style-type: none"> ☪ Banks Business & Market strategy ☪ Banks Digital Banking strategy ☪ Current operational costs (RTB/CTB) ☪ Market radar 	<ul style="list-style-type: none"> ☪ Digital Banking roadmap ☪ Key guiding principles (Vision) ☪ Business case (BC) ☪ Implementation plan (roadmap) 	<ul style="list-style-type: none"> ☪ Business & Market strategy enabler ☪ Digital strategy enabler ☪ Business case benefits ☪ Clear implementation plan
2. Partnership & Sourcing	<ul style="list-style-type: none"> ☪ Banks Commercial & Legal structure ☪ Banks Sourcing strategy ☪ Legal environment of new markets ☪ Sourcing provider (Vendor) list 	<ul style="list-style-type: none"> ☪ Commercial & Legal framework ☪ Vendor selection and due diligence ☪ Cooperation / partnering model ☪ Sourcing potential & model 	<ul style="list-style-type: none"> ☪ Headcount optimisation (BO/ITO) ☪ Increase economies of scale ☪ Strengthen core competencies (FO) ☪ Improved internal controls
3. Organization & Processes	<ul style="list-style-type: none"> ☪ Current organizational structure ☪ Business & IT process landscape ☪ Business & IT operations ☪ People & skills 	<ul style="list-style-type: none"> ☪ Target organizational structure ☪ Target business process landscape ☪ BO & ITO carve-out potential ☪ Knowledge and skill evaluation 	<ul style="list-style-type: none"> ☪ Industrialization potential (i.e. STP) ☪ F2B process harmonization & globalization ☪ FO/MO efficiency/productivity gains ☪ Efficient, error-free processes
4. Products & Services	<ul style="list-style-type: none"> ☪ Banks products & services ☪ Markets & geographies ☪ Current system capabilities ☪ Pending functionality requests 	<ul style="list-style-type: none"> ☪ Future products & services ☪ New market requirements ☪ System needs/requirements ☪ Functionality gap analysis 	<ul style="list-style-type: none"> ☪ Wider product offerings and faster T2M ☪ Efficiently managed product complexity ☪ Improved system capabilities for FO ☪ Augmented customer experience
5. Technologies & Architecture	<ul style="list-style-type: none"> ☪ Existing application landscape ☪ Existing interface list ☪ Infrastructure (data centre) ☪ Development & engineering 	<ul style="list-style-type: none"> ☪ Target application landscape ☪ Future interface list ☪ Target IT architecture design ☪ Sunset systems & infrastructure 	<ul style="list-style-type: none"> ☪ Legacy systems decommissioning ☪ Leading standard software provider ☪ RTB change & CTB spend reduction ☪ More predictable IT cost structure