CASE STUDY

Leasing Asset Database Business Process and System Review

Bank

The Situation

The middle-ticket leasing arm of a London-based bank were using a contract level leasing system to administer their portfolio. The middle office team also maintained a Leased Asset Database ('LAD') Excel file which held more detailed asset-level data relating to the lease contracts in the system. Reconcilation issues with the asset data in the LAD and in the system led to inaccuracy of the depreciated asset values for the Risk LTV/FTV report. The lack of data entry consistency and the production process for the Risk report required time-consuming manual processes and checks to update existing LAD data to ensure accuracy of depreciated asset values. Plus the operational inconsistency and the LAD being maintained in Excel brought technical issues such as the ability to make concurrent changes and file growth in size over time. The bank's management team made a strategic decision to run an assessment to address these issues identified internally by the Executive Risk Committee.

Based on VIP Apps Consulting's experience with business processes and system assessment, its strong relationship with client and its deep knowledge of the client's business, the bank asked VIP Apps Consulting to support it in achieving these goals.

Objectives

- Review and map existing business and systems processes

- Analyse data integrity and reconciliation issues

- Review system capabilities against current utilisation

- Increase efficiency and reduce reporting issues by reducing manual tasks & processing

- Deliver a set of recommendations and solutions options

The Solution

VIP Apps Consulting carried out the assessment using our proprietary methodology AMOBI which enables process effieciecy and platform optimisation.

AMOBI Methodology
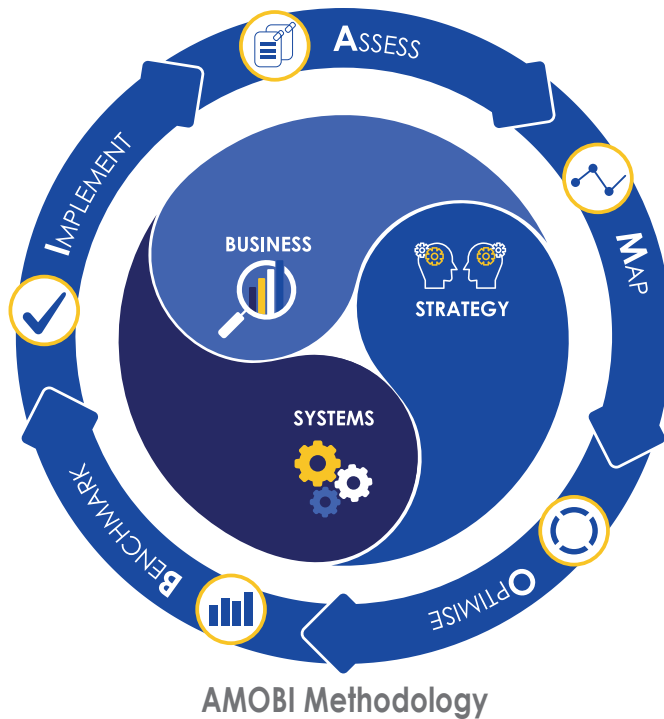
The assessment reviewed the existing 'as is' business and IT processes for maintenance of their Leased Asset Database file (LAD) and all dependencies for the data, identifying risks and understanding issues to provide the recommendations for more optimal solutions. At the end of the project, the client would have a clear picture of the potential solutions that included estimated costs, risk, complexity, scalability, maintenance and deployment timescales.

The scope of work of the business process and technology assessment included:

▪ Run an assessment of

  o the existing processes to update the LAD data file, including new business, settlements, rebooks and extensions

  o technical inputs/outputs for the dependent LTV/FTV Risk analysis report

  o reporting dependencies or users of the LAD file data.

Solution

- Assessment using our proprietary methodology AMOBI

- Map business and systems process flows and document to BPMN standards. Identify pain points and bottlenecks

- Identify operational inconsistencies

- o the existing issues with the dependent Risk analysis report and any other dependent systems and analyse options for deriving a more optimal solution

- Map the current 'as is' business and IT processes

- Evaluate data integrity and reconciliation issues

- Identify potential business process and system improvements

- Prioritised recommendation list

Through discussion sessions with the client, current business processes from LAD file updates for new business/settlements/rebooks/extensions and subsequent
SQL depreciation report production was mapped using BPMN (Business Process Management Notation) Process model standards. The **process mapping** involved producing detailed artefacts:

- High-level process covering Middle Office and IT functions, between LAD file and system

- System flow during new business entry

- System flow during deal amendments such as settlements, extensions, release, ebooks etc.

- BPMN process model highlights the system tasks and manual tasks and roles executing the tasks

- Issues for each of the roles (Middle Office and IT) in performing their daily/month end tasks for the LAD were discussed

- Analyse the capability of current technology & license impacts

- Assess, map, optimise & enhance the technical solution for asset level data recording, processing and reporting

- Leverage best practise business & systems process to achieve more accurate, secure and automated depreciation reporting data for risk

The evaluations of the the business process currently used by Middle Office staff to maintain the LAD and the system processes used by IT staff to compute the depreciation report for Risk at each month, lead to a a set of recommendations to help steer the bank's management decisions. VIP Apps Consulting's innovative AMOBI methodology and a forward-looking consultancy apprach, resulted in the creation of an actionable a set of recommendations prioritised by cost, complexity of the proposed solutions, scalabitlity, maintenance and adaptability and an estimated implemenation timescale.

The Benefit to the Client

VIP Apps Consulting delivered a presentation that highlighted the current As-Is LAD and Risk reporting processes, underlining issues and risks. The list of recommendations and solution options intended to provide clarity on more optimal ways of managing the integrity of leased asset data and an emphasis on the asset LTV report for Risk that is dependent on the asset data quality. The bank would then internally analyse and evaluate all five options. This project has assisted our client to define and understand their operational risk, aligned with its business strategy and provided the grounds to help drive efficiencies and more effective governance of the bank's asset-level portfolio data. Striving for continuous improvement in line with ongoing compliance with regulatory principles.

'Rescued from spinning our wheels, a year into the Banks leasing platform implementation VIP Apps Consulting came on board, their practical project management and vast experience highlighted and addressed the issues, working with the product vendor, internal sponsors and business SME's they delivered conversion and go-live in 4 months. A team to be proud of and a partnership to be continued.'

Fred Yue, Director, Head of Leasing

Results

- Understanding of the current As-Is LAD and Risk reporting

- Map the current 'as is' business and IT processes

- Identification of the issues in the current processes and systems

- Set of five recommendations ranked by weighted score and Implementation timescale, to help steer business decisions