

Ops and Technology Strategic Optimization

The US business of a global financial services firm was exploring options to optimize its operational platform and associated vendor relationships with an eye towards reducing cost profile. The client was a full service, global firm providing investment banking, wealth management, and prime brokerage services and suffered from an extremely high per-trade cost profile that was driven by two, disparate, operating platforms. The client did not fully understand how they were leveraging vendors vs. internal systems and had no gauge for where they compared in the market. There was a lack of a formal vendor management framework and contracts were outdated.

A high-level strategic assessment was conducted by IM2 to identify opportunities to optimize the clients operating model. The project team leveraged subject matter experts, market knowledge, a strategic peer group comparison, and conducted over 30 interview work sessions.

Activities Performed

- Developed a detailed view of the client's operating and technology platform, processes, and how its vendors were leveraged
- Identified operational functions performed by the client vs. those performed externally by vendors or service providers
- Performed a contract, SLA, and pricing review
- Compared and evaluated vendor platform functions leveraged by the client vs. invoiced amounts
- Provided strategic direction to support decisions around moving to a service bureau model
- Identified key pain-points and best practices recommendations (contracts, pricing, SLAs, operating model)
- Provided recommendations on how to optimize transaction submission processes to reduce billable transaction counts
- Provided information to support the client of future vendor negotiations

Results

- IM2 provided an operational and functional view that illustrated how the client was leveraging its vendors and how those processes connected to internal back office activities
- Processes that required manual intervention or high staff counts were identified and recommendations were made to optimize workflow and cost profile
- A framework was provided to help the client reset their vendor relationship and provide a unified management strategy. Tools were provided to reconcile actual trade counts vs. invoiced volumes. Best practices were provided on vendor contracts, pricing structure, performance measures.
- Created a comparative pricing model vs. a peer group
- A market pricing comparison was conducted of equities, fixed income and MBS processing to identify opportunities for savings.
- Identified vendor save opportunities and efficiencies in excess of \$12mm annually
- Identified a solution to optimize the client's trade flow approach that achieved ~\$5mm in annual saves
- Identified strategy to eliminate duplicative processes; achieving ~\$1.5mm in saves annually
- Identified misc. optimization opportunities that would yield up to \$1.5mm in additional annual saves

Over \$15 Million in annual savings identified. Provided menu of improvement opportunities for the client's operating platform, configuration enhancements, vendor relationships, contract structure, pricing, service levels, and operations/technology optimization.

