

Projects Without Borders: It's All About the Execution



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Section 1

Point of view

Point of view

The financial services industry is facing an unprecedented degree of change in the global business environment.

Taking many different forms, these changes include shifting global growth and wealth allocation trends, increased global trade levels, changing corporate and consumer demands, and rapidly evolving regulatory changes.

- **Growth opportunities in emerging markets significantly exceed those in developed economies as global wealth allocation shifts.** Many projections anticipate that over half of the world's 30 largest economies in 2050 will be what today are deemed emerging markets. PwC projects average annual real growth rates of domestic banking assets over the next 40 years to be in the 6% to 8% range for major emerging markets, compared to only about 2% in major developed markets. As a result, the seven largest emerging markets (E7) will have banking assets and profits that are 50% greater than those of the seven most industrialized nations (G7) by 2050.¹ A similar trend exists in the insurance market, where emerging market insurance premiums increased from 10.5% of global market share to 16.7% in the past three years.²
- **The growth rate of global trade is accelerating, and the concentration of trade volumes between countries is shifting.** Although highly variable in the past three years, global merchandise trade volumes are now expanding at a 30% annualized pace, breaking a decade-old record. Further, developing countries now account for approximately 50% of the increase in global import demand, and the annualized pace of export growth in South Asia recently reached a record 80%, with East Asia currently at more than 40%.³
- **Corporate and consumer demands are changing, emphasizing the need for more seamless, globally accessible services.** A large, new group of customers is emerging from the changing global economic trends, presenting opportunity to the financial institutions that are able to serve them. According to recent research conducted by HSBC, 40% of small and medium size enterprises (SMEs) expect to be operating globally in the next two years.⁴ China's IPO market in 2010, worth 286 billion yuan, was the biggest in the world. Hong Kong's IPO market raised 220.7 billion yuan during the same period. Many Chinese companies are preparing for IPOs and waiting for the right time to go public. China remained the world's biggest IPO market in 2011, even as total funds raised slumped from the previous year due to global economic uncertainty.⁵
- **The 2008 global financial crisis has left in its wake an increasingly challenging regulatory environment that has serious implications on financial institutions' strategies and operations.** FATCA, UK Bank Tax, Basel III, Dodd-Frank, IFRS accounting rule changes, and other regulatory demands all require action in response.

¹ PwC, "Banking in 2050: How the financial crisis has affected the long term outlook for the global banking industry," May 2011.

² TheCityUK Research, "Economic Trends Series: Financial services in emerging economies," June 2011.

³ "Prospects for trade," The World Bank, June 2011, www.worldbankgroup.org, accessed January 18, 2012.

⁴ HSBC Small Business Confidence Monitor, January 2011.

⁵ "China's IPO market the world's biggest despite slump," *The Economic Times*, January 4, 2012, <http://articles.economictimes.indiatimes.com>, accessed January 18, 2012.

Point of view

In response to these changes, many financial institutions are accelerating their plans to globalize, driving an increase in the number, size, and complexity of global initiatives.

These global initiatives have objectives such as standardizing operating models for greater cross-border efficiency and control, creating globally managed businesses, and expanding to new markets via M&A activity.

- **Operating models are becoming more global in nature.** The size and complexity of operating model initiatives is increasing as institutions become more confident in the potential benefits. Large US banks are planning to outsource nearly \$5 billion of IT and back-office projects to India this year to lower costs and standardize operations. European institutions have similar scale in Eastern Europe and Asia destinations. What's more, the financial services outsourcing market is projected to grow at 25%-30%, with 80% of that growth focused on IT and back-office areas (central support functions, such as finance, and human resources and operations areas, including loan processing and cards).¹
- **Success in certain customer segments and certain products requires global market coverage, scale, and consistency, resulting in major business investments. To cite two examples:**
 - A major global bank spent several billion dollars over the past few years building its global commodities business and is spending more than US\$100 million to expand its global branch network.²
 - A major institution has announced a strategy to grow the international revenues of its corporate and investment bank from 25% to 50% of total.³
- **As a result of the increasing deal volume in the industry, the need for major cross-border post-merger integration is growing.** The expected growth of financial services (FS) industry M&A deal volume, which is poised to rise above the 840 US-based deals worth \$51 billion in 2010, is driven by growing market confidence, deep-pocketed investors, favorable market valuations, and pent-up demand.⁴ European FS deal volume is also trending upwards, with 12 of the top 20 FS deals in 2010 made across borders.⁵ Most of these deals require large integration initiatives to align and rationalize technology, people, and operations.

¹ Margaret Pitt-Jones, "Overview of Finance Services Offshoring," <http://www.articlesnatch.com>, accessed January 18, 2012.

² "US bank ponders China expansion," *People's Daily Online*, September 9, 2010, <http://english.peopledaily.com.cn>, accessed January 18, 2012.

³ "Moynihan Outlines Bank of America," *Dealbook*, September 14, 2010, <http://dealbook.nytimes.com>, accessed January 18, 2012.

⁴ PwC, "Financial Services M&A activity to accelerate in 2011 as economic conditions improve and earnings and asset quality issues stabilize," May 3, 2011, www.pwc.com, accessed January 18, 2012.

⁵ PwC, "Sharing Deal Insight: European Financial Services M&A News and Views," February 2011.

Point of view

The problem is that most financial institutions struggle with the effective execution of these large, complex global initiatives.

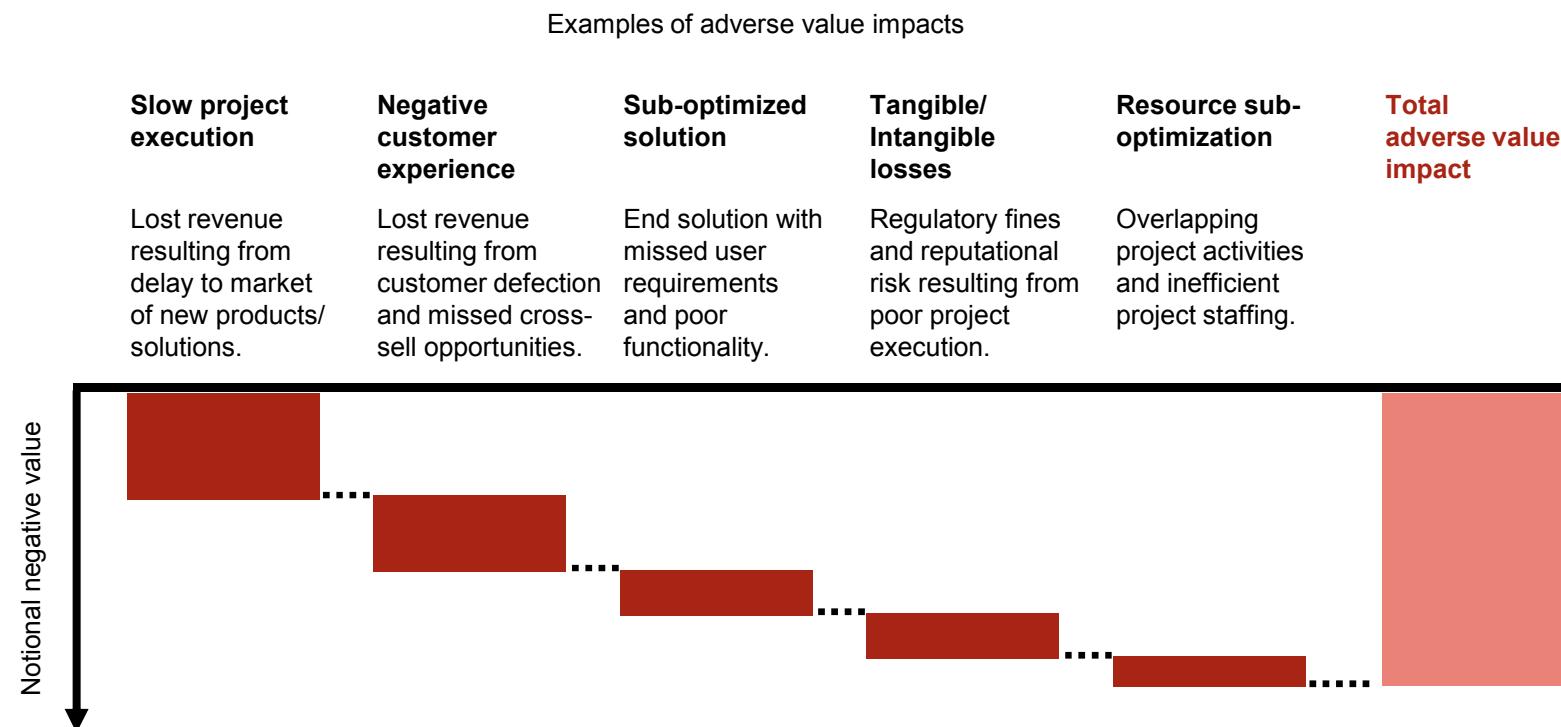
Based on our review of global projects undertaken by financial institutions, PwC concluded that the majority of institutions have encountered major issues with global projects, such as significant time or cost overruns or delivering only a fraction of the anticipated benefits. Common challenges include:

- **Execution:** Global project execution is not simply following a project plan to completion. Rather it is an intricate commingling of management across all project parameters. Ongoing assessments of benefits realization, global & local regulations, project scope, global & local governance, project funding and cross border resource management are core to project implementation success.
- **Sponsorship:** Obtaining proper project sponsorship is the first hurdle that many projects fail to clear—particularly large projects that span multiple geographies or business units. The second hurdle is maintaining that sponsorship throughout the project lifecycle.
- **Organization structure:** Large institutions are typically not structured for effective global project management. Functional, business unit, and geographic silos; misaligned incentive structures, and inadequate governance mechanisms are all common characteristics that inhibit effective execution of complex global projects.
- **Resourcing:** Most institutions are resource-constrained, both in the availability of resources and their skills, leading to under-staffing or improper staffing of critical projects. Rather than a “proceed-at-half-speed” or “use-whoever-is-available” approach, increasing up-front expenditures to obtain enough of the right people can improve efficiency.
- **Soft issues:** Project managers and teams have a tendency to focus on tangible aspects of a project, such as the technology, project plans, and issue logs, at the expense of the softer issues of culture, communications, and governance. This oversight has significant ramifications in terms of stakeholder buy-in, team productivity, and other factors.
- **Big picture:** Projects are usually launched with an adequate view of the big picture, such as value proposition and link to the broader business strategy. But over a multimonth or multiyear project lifecycle, that connection is often lost as the business and project evolve and diverge in different ways.

Point of view

Value lost due to poor project execution can be substantial, providing organizations with significant incentive to make improvements.

The value lost through sub-optimal project execution is rarely tracked or quantified, but often can be remedied at a low cost relative to the cost of inaction.



Point of view

Effective delivery of global projects requires a focus on four critical success factors, along with an institutionalized capability in world-class execution.

In our view, world-class execution refers to the experience and ability of the team and various stakeholders to link all of these critical success factors together simultaneously throughout the entire project lifecycle.



Critical success factor	Description
1. Planning and governance	Includes linkage to the corporate strategy, establishment of a target operating model, sponsorship, stakeholder management, and other governance-related topics.
2. Standards and controls	Includes establishment and operation of a global program management office (GPMO), the creation and rigorous application of associated tools, and an effective performance management mechanism.
3. Resource management	Includes establishment of an effective global program culture and various aspects of people management such as hiring, training, capacity planning, and mobility.
4. Project funding	Includes decisions around funding approach (such as central vs. decentral), business case development, cost allocations, tax and accounting implications.

“Strategy is actually very straightforward. You pick a general direction and implement like hell.”¹
–Jack Welch, former CEO of General Electric

¹ “Pick a direction, implement like hell”, *The Straits Times*, April 21, 2005.

Point of view

Understanding both good and bad examples of the critical success factors provides context for assessing your own organization's capabilities.

Success factors	Observed failures	Leading practices
World-class execution	<ul style="list-style-type: none">▪ While a governance model may be in place, a local country head deviates from a globally standard project solution, creating global inefficiencies.▪ A major global initiative loses executive sponsorship, followed by a loss of funding.	<ul style="list-style-type: none">▪ Sufficiently strong functional reporting lines across geographies override country management.▪ Close project alignment to overall corporate strategy helps to secure strong executive sponsorship.
	<ul style="list-style-type: none">▪ The functional area (such as finance or a line of business) is using one project methodology while IT is using another.▪ Proper methodologies, tools and GPMO functions exist, but are not adopted across the project.	<ul style="list-style-type: none">▪ A single, standard project methodology, promotes traceability throughout—from requirements to testing to delivery.▪ Strong advocacy and promotion of the standards are hand-in-hand with the standards themselves.
	<ul style="list-style-type: none">▪ Individual global team members understand only their own geography and miss cross-silo nuances.▪ Inadequate mobility policies either are slow or prevent rapid deployment of project resources where needed.	<ul style="list-style-type: none">▪ Personnel rotation programs institutionalize global knowledge and relationships at an individual level.▪ Formal and consistent relocation policies facilitate employee movement for project resourcing.
	<ul style="list-style-type: none">▪ Local business heads veto local funding for global projects.▪ Global project cost allocations are viewed as inequitable and act as a disincentive.	<ul style="list-style-type: none">▪ Clear understanding is established up-front on local vs. global financial responsibilities and associated timeliness.▪ Collaboration with local program and finance leadership to develop an allocation model is reflective of local impact.

Section 2

Competitive intelligence

Competitive intelligence

As we see it, the majority of global projects fail due to the institution's inability to adequately address the intricacies of critical success factors. Following are industry-observed practices for each critical success factor.

Critical success factor	Major international bank	Major international bank	Major international bank
Planning and governance	<p>The bank established a Global Change team to oversee all major global finance projects and programs.</p> <p>The team collectively defined the global book of work, highlighting core distinctions between global and local scope. Projects were built using global requirements and then customized to fit local needs.</p> <p>The team established formal planning and governance structures across key project-deployment areas to ensure timely management of project scope, resources, and funding. ●</p>	<p>The bank devised an approach to set up regional hubs dedicated to aligning local needs with global requirements.</p> <p>Four major hubs were set up: Asia, Latin America, North America and the Middle East.</p> <p>This “hubbing” process enabled control over global project deployment, as hub leaders were able to better adapt to local customs and requirements while seeing that global requirements and standards were maintained. ▲</p>	<p>The bank established a Global Project Management team to oversee enterprise-wide adoption of new accounting standards.</p> <p>The central team at head office (HO) defined the governance and planning master schedule of activities and the framework for execution by level 1 to 3 entities.</p> <p>The bank has a very formal planning and governance structure with multi-levels of local and HO project management interaction. All key change management efforts have to be funded centrally with a robust business case development and approval process. Standard change management and project management office (PMO) structures are defined centrally with robust reporting and monitoring mechanisms. ●</p>

● Leading ▲ On par ■ Lagging

Competitive intelligence

As we see it, the majority of global projects fail due to the institution's inability to adequately address the intricacies of critical success factors. Following are industry-observed practices for each critical success factor. (continued)

Critical success factor	A major capital markets institution	A major international bank	A multinational institution
Standards and controls	<p>The institution developed a global project and process methodology. The methodology became the official repository of global program standards and helped to define the construct of global project documentation and processes. The methodology, which was developed to serve the needs of the global project team, was ultimately adopted by local teams to drive local project management.</p> <ul style="list-style-type: none">●	<p>The bank developed a risk-based management approach to ensure timely deployment of global projects. This approach facilitated the definition and decision making of core deliverables to meet the bank's regulatory and value-propositions needs.</p> <p>This approach enabled the bank to deliver high-quality, high-impact end products (projects and processes) to its end customers.</p> <p>The same methodology was consistently used globally throughout the IT function, as well as many other major functional areas of the bank. ▲</p>	<p>The institution formalized the development of global finance processes and procedures in a structured work flow called Gold Standard.</p> <p>GS made it possible for global teams to align project delivery to GS processes and procedures, thus creating a seamless and cohesive operational model.</p> <p>GS led to a cross-border understanding of core finance functions, enabling ease of global tracking and monitoring. ▲</p>

● Leading ▲ On par ■ Lagging

Competitive intelligence

As we see it, the majority of global projects fail due to the institution's inability to adequately address the intricacies of critical success factors. Following are industry-observed practices for each critical success factor. (continued)

Critical success factor	A major international bank	A European-based bank	A premier global investment bank
Resource management	<p>The bank established a formal secondment process, thereby enabling it to share resources across various global project teams.</p> <p>The staff was provided with standard training and was deployed to local sites where assistance was needed.</p> <p>The global resources worked directly with local resources to ensure timely and accurate delivery of core project milestones.</p> <p>●</p>	<p>The bank developed a cross-program rotational network that enabled highly talented staff to work on the most important global projects at the bank.</p> <p>The staff was put through intense reviews and subsequent training to ensure success in the program.</p> <p>The staff was ultimately offered senior positions on selected global efforts to manage those efforts from start to finish. ●</p>	<p>The bank had adopted an outsourced global mobility service mode. This included complex relocation processes that required coordination across multiple vendors, global locations, and internal stakeholders.</p> <p>In response, executive management decided to insource the function and supporting technology platform.</p> <p>PMO led the planning and execution for several tracks of system testing. Additionally, training programs were established at the new location by coordinating with subject-matter experts globally. ▲</p>

● Leading ▲ On par ■ Lagging

Competitive intelligence

As we see it, the majority of global projects fail due to the institution's inability to adequately address the intricacies of critical success factors. Following are industry-observed practices for each critical success factor. (concluded)

Critical success factor	A major international bank	A leading financial services institution	A global financial services institution
Project funding	<p>The bank had multiple call centers serving different lines of business (such as retail banking, credit cards, mortgages) with each center operating independently.</p> <p>The bank created a roadmap to a target state in which all call centers would be unified to run as a single, organized unit.</p> <p>The objective was to develop a business case for consolidation of the call center. The business case would be used to gain funding to consolidate all of the business-services call centers.</p> <p>A consolidation funding model was developed in conjunction with the business case. ▲</p>	<p>While directly overseeing a portfolio of highly strategic global programs, the CIO of the institution observed major variations in project funding and business-case management processes.</p> <p>This resulted in a lack of standardization and governance overheads. The CIO, in consultation with local business heads, instituted a core team of experts to develop global funding and business-case management guidelines.</p> <p>Run-rate savings of 10%-15% were expected upon implementation of standard guidelines—including major productivity gains. ●</p>	<p>The institution launched a series of “one-version-of-the-truth” initiatives to enhance customer service; cut costs; and, ultimately, boost shareholder value.</p> <p>While there was an in-principle agreement on benefits accrued, specific benefits-management and cost-management tools and tracking were not established up-front.</p> <p>During implementation, program managers were unable to differentiate gains—such as cost savings or funding allocation—that could be directly attributed to the program from those that could be achieved either with or without the program. ■</p>

● Leading ▲ On par ■ Lagging

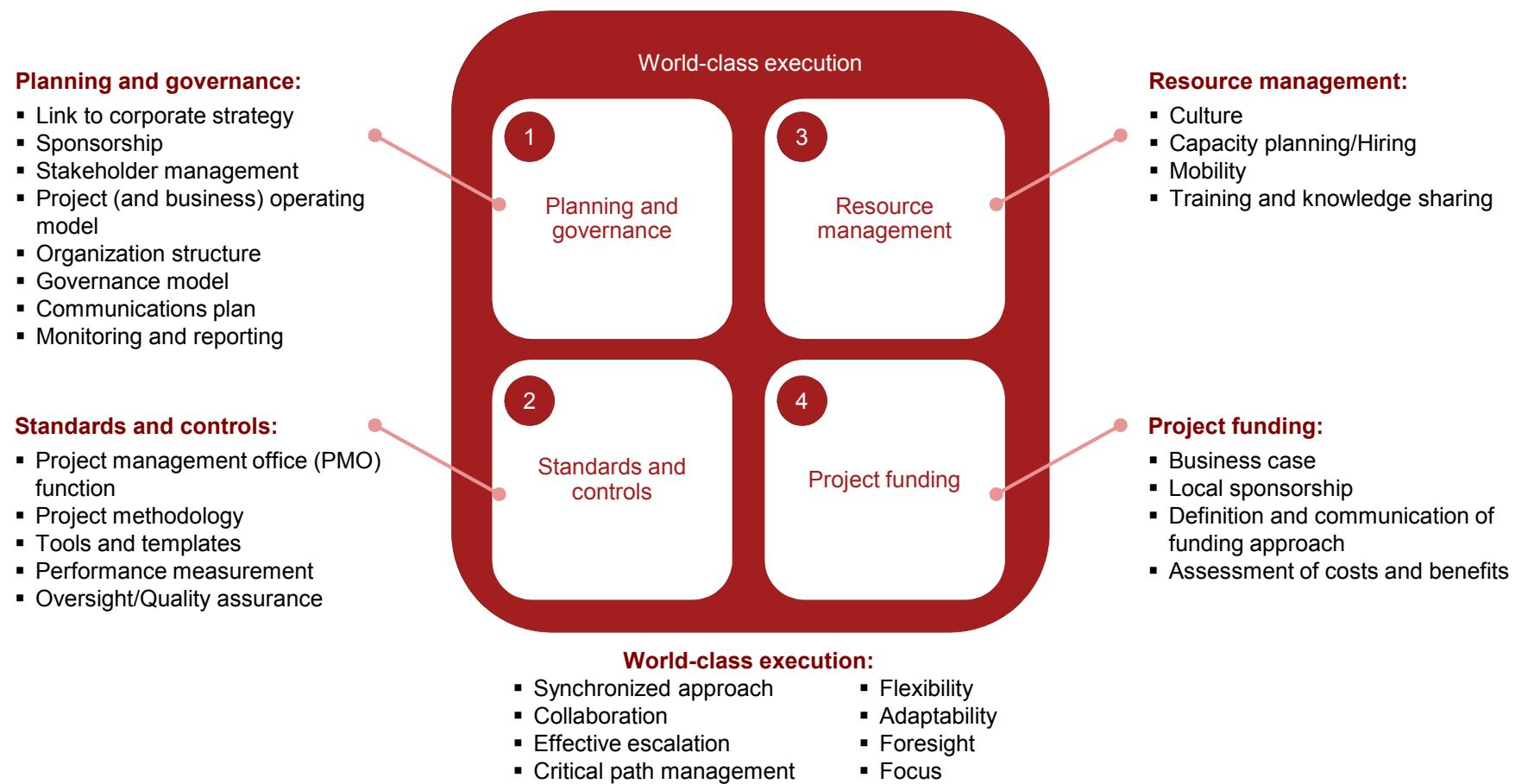
Section 3

A framework for response

A framework for response

The four critical success factors, together with an institutionalized execution capability, provide a framework for effectively managing large global initiatives.

Throughout the lifecycle of the project, the project team and related stakeholders should link together the critical success factors to position the organization for world-class execution.





A framework for response

Build a solid foundation for global project success with proper planning and a robust governance model.

By defining a project governance model early on, financial institutions can clearly articulate project roles and responsibilities and help ensure that the right stakeholders are engaged in decisions and communications throughout the project lifecycle. The support of senior management is critical to the successful deployment of global projects.

Major success factor components

Corporate strategy

Linking the initiative directly to the corporate/business unit strategy at the outset, with a periodic update process.

Sponsorship

Securing and retaining the appropriate level of executive sponsorship that transcends major stakeholder groups.

Stakeholder management

Maximizing stakeholder input by understanding major requirements of—and influences on—the initiative.

Operating model

Establishing an appropriate model, such as roles, location model, and functional model, for both the initiative and business.

Organization structure

Optimizing the formal and informal reporting lines across functions, geographies, and business lines.

Governance model

Clarifying accountability, committee representation, decision-making authority, and escalation paths, among others.

Communications plan

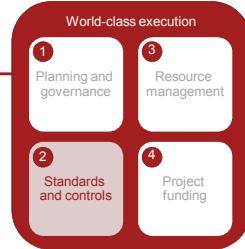
Synchronizing the approach to ensure timely, uniform, and appropriate sharing of information, decisions and areas of risks and concerns.

Monitoring and reporting

Deploying effective tools to develop the right metrics that are managed in near real time.

A framework for response

Establish a standard set of project-management processes and controls worldwide to ensure consistent execution and quality assurance.



Examples of common project management areas



Project management office function and scope

The scope and responsibilities of the global project management office (GPMO) may vary from project to project. Generally the larger, more complex, and geographically distributed a project, the larger the GPMO's role.

Creating the project methodology, tools, and templates

The GPMO should define and communicate common standards, processes, tools, and templates for key project management areas. The GPMO often serves as a knowledge base for project information (such as project plans, resources, lessons learned) that can be reused in other phases of a project or in other similar projects at the institution.

Providing oversight and measuring performance

Perhaps the most critical function of the GPMO is to integrate the activities and deliverables of the various business units, geographies, and suppliers/stakeholders carrying out project work. In addition to coordinating the planning of project areas, the GPMO should:

- Provide oversight to ensure that project team members are adhering to project plans, standards, and processes.
- Facilitate communication and reporting in accordance with the communication plan.
- Detect and prevent risks and issues.
- Actively seek feedback and continuously improve processes.
- Provide guidance and coaching to project team members and leadership.

A framework for response

Adopt flexible talent-management programs and foster a culture of collaboration.



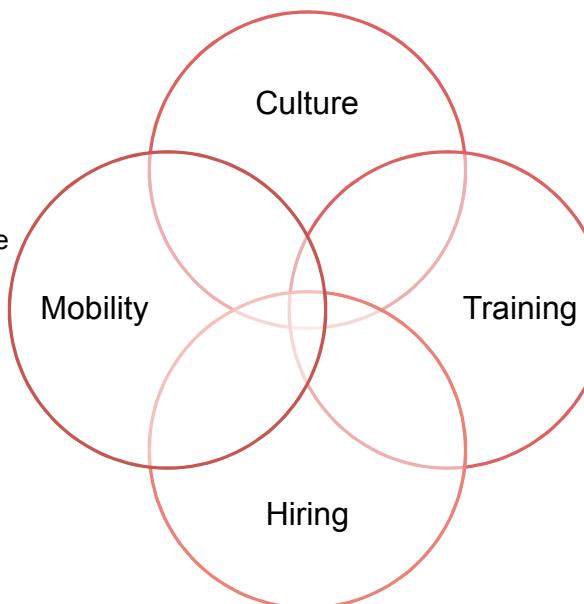
The most frequently reported cause of failure for large, complex initiatives is *people*—not technology. Financial institutions that manage their human resources well have effective programs for recruiting and grooming individual talent, as well as creating a culture and environment that encourages collaboration and enables cohesion across organizational and geographic boundaries.

Establish global mobility programs to support talent exchange across borders.

- Develop a global staffing and training model, and prevent geographical limitations.
- Break down geographical silos through global rotation programs.
- Embed global mobility and program experiences in staff career-development plans.
- Develop a capacity-planning model to ensure appropriate alignment to future global and local needs. Inadequate capacity planning can result in substantial cost overruns.

Align hiring practices with employee skill-set gaps.

- Identify skill-set gaps in terms of fulfilling project needs.
- Recruit individuals with necessary skills, considering the location where the work is expected to occur.



Create a global corporate culture that encourages knowledge sharing, attention to quality, and proper risk management.

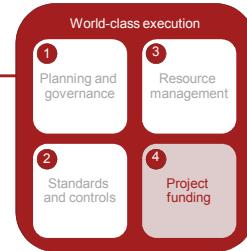
- Understand differences between local corporate cultures; if appropriate, create processes to standardize the cultures.
- Align leadership actions and communications with expected employee behaviors.
- Provide supportive channels for communicating and responding to issues.
- Shape employee incentives and consequences around desired employee conduct.

Design, create, and deliver the training needed to close skill-set gaps.

- Assess training needs, and determine training scope and approach.
- Develop training course materials and conduct pilot training sessions.
- Conduct training and evaluate training effectiveness.
- Ensure that resources are effectively trained on global tools to facilitate global project deployment.

A framework for response

Build local and global support around how project costs will be measured, funded, and tracked.



Maintain strong business case and sponsorship at the highest levels of the organization.

Senior leadership should be engaged to help ensure the long-term stability of project funding and continued alignment with corporate objectives. In addition, leadership should ensure that the project business case addresses the financial impact across all business units and geographies in a fair and equitable manner.

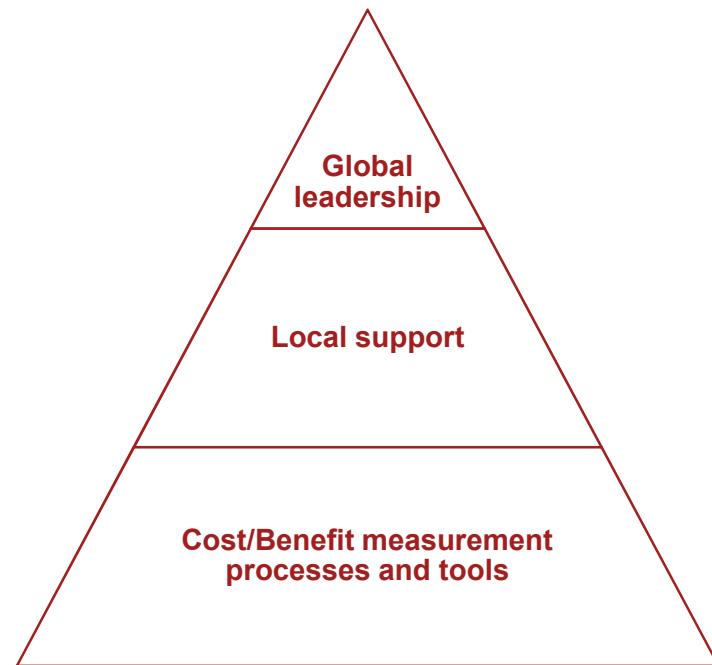
Incorporate local feedback in the funding model. Keep local leadership engaged by addressing their unique circumstances and needs in the funding model. For example, local regulations may require additional enhanced measures in certain geographies, which will result in higher local project costs.

Establish common procedures for funding approval and for ongoing measurement of expenses and benefits.

A consistent, agreed-upon process for measuring project costs and benefits will support transparency in funding and cost-allocation decisions. Institutions should consider using technology to automate the capture of project financial information. In addition, financial goals should be correlated with project performance milestones to improve the accuracy of financial forecasts.

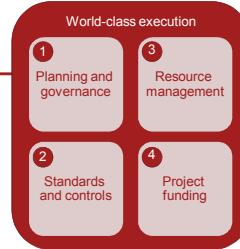
Consider costs and benefits over time. The cost/benefit model should include:

- Direct, indirect, tangible, and intangible benefits.
- Project setup, development, transition, and management costs.
- Long-term future-state operating costs.
- Costs of capital, labor, material, services, and potential inflation over time.
- Understanding of accounting treatment and international tax implications.



A framework for response

Design a collectively agreed-upon execution approach that is manageable, measurable, and, most importantly, attainable.

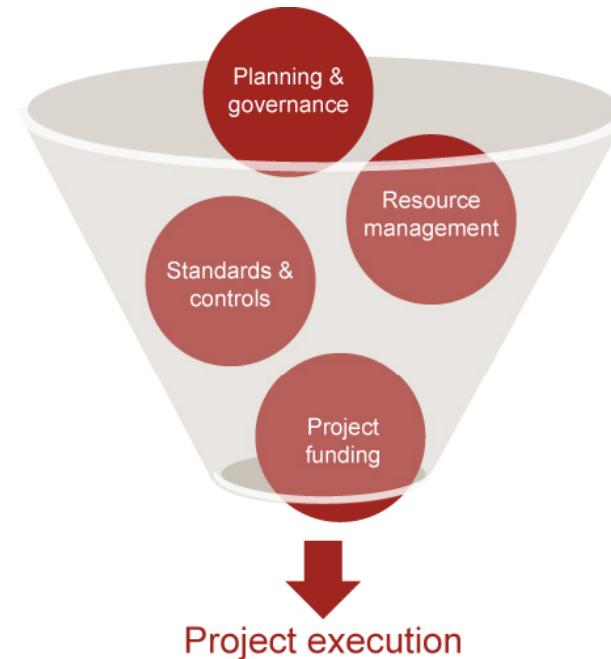


Drive discussions on developing a synchronized execution approach.

Project team members and related project sponsors need to collaborate on execution approach. The majority of the issues and risks are encountered during project execution. As such, an outline of escalation procedures, critical path management, and scope review are essential to execution success.

Formalize Go/No-Go checkpoints early on. Most projects fail to deliver on the original scope and requirements. This may be okay if the team is prepared to deliver the majority of the core functionality with a followup on the missing functions. Of course, the goal should be to deliver as planned, but at times it makes sense to deliver the most value-added pieces rather than everything. A formalized approach to assessing requirements/scope gaps enables the team to effectively manage projects to budget and within specified delivery times.

Be prepared to re-plan. Large-scale implementations at a global level are bound to require some re-planning. No project team can account for each and every risk at the onset. The challenge is to be prepared and flexible to re-plan as and when needed. This ability enables the project team and organization to gain the foresight and focus to adapt the project delivery for optimal value in light of project delays.



A framework for response

Use a maturity model to rate the institution on the four critical success factors and its ability to link together these factors through world-class execution. This assessment provides an indication of current capabilities and guidance for focused improvements.

Planning and governance	Resource management	Standards and controls	Project funding	World-class execution
<input type="checkbox"/> Strong executive sponsorship	<input type="checkbox"/> Single, global corporate culture	<input type="checkbox"/> Centralized GPMO function	<input type="checkbox"/> Standardized, robust business-case process	<input type="checkbox"/> Effective critical path development
<input type="checkbox"/> Strong cross-functional coordination/ collaboration	<input type="checkbox"/> Deep resource pool with global project experience	<input type="checkbox"/> Standardized project methodology	<input type="checkbox"/> Transparent and fair cost allocation mechanism	<input type="checkbox"/> Ongoing and robust communication across local and global teams
<input type="checkbox"/> Robust incentive scheme aligned to goals	<input type="checkbox"/> Global mobility programs to support transfers/secondments	<input type="checkbox"/> Corporate-wide knowledge-management function and tools	<input type="checkbox"/> Appropriate balance between local and central funding	<input type="checkbox"/> Delivery-focused corporate mindset
<input type="checkbox"/> Clear and effectively utilized escalation paths	<input type="checkbox"/> Culture of collaboration	<input type="checkbox"/> Standardized project tools and templates	<input type="checkbox"/> Rigorous cost/benefits tracking and reporting	<input type="checkbox"/> Risk management framework in place
<input type="checkbox"/> Clearly defined and communicated operating model	<input type="checkbox"/> Organizational capacity for change	<input type="checkbox"/> Rigorous project management standards	<input type="checkbox"/> International tax-implication analysis	<input type="checkbox"/> Flexibility to change course midstream
<input type="checkbox"/> Relevant and effective key performance indicators (KPIs)	<input type="checkbox"/> Effective training and professional development function	<input type="checkbox"/> Effective internal communications function	<input type="checkbox"/> Long-term funding horizon to enable project stability	<input type="checkbox"/> Measurable and manageable approach
<input type="checkbox"/> Clear accountability, roles, and responsibility	<input type="checkbox"/> Flexible organizational model	<input type="checkbox"/> Project audit and review function	<input type="checkbox"/> Flexible contingency funding process	<input type="checkbox"/> Change management process in place
Total category score	Total category score	Total category score	Total category score	Total category score
				Total overall score

Score individual items 1-10, with 1 = essentially non-existent; 5 = moderate; and 10 = very robust.

A total category score of 50+ indicates solid current capabilities.

A framework for response

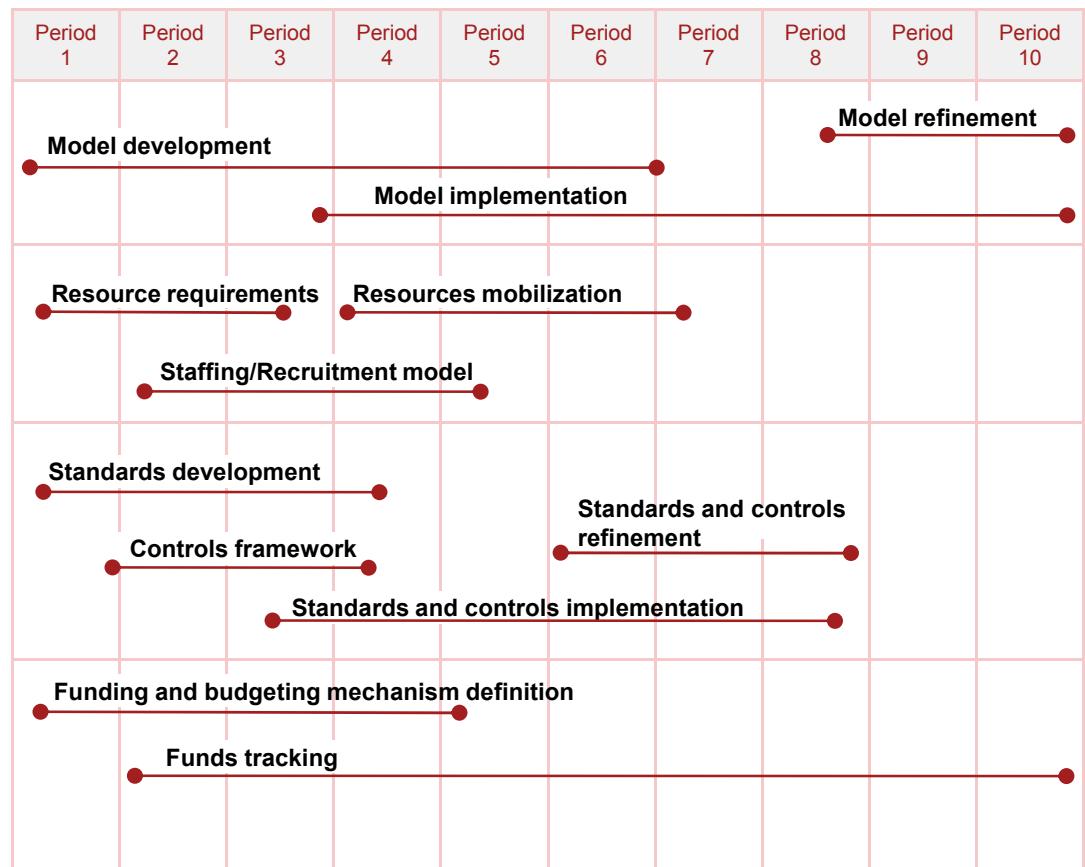
Representative views of potential outcome of the maturity model are as follows.

It is possible to be high in one factor and medium or low in others; striking a balance across all four factors is important.

Typical aggregate scores	Maturity level	Planning and governance	Resource management	Standards and controls	Project funding	World-class execution
250+	High	Solid project governance capabilities are in place to select, monitor and realize the benefits of deploying global projects.	Structured human resource management is evidenced through appropriate deployment of staff and efficient use of staff skill-sets.	Enhanced standards and controls are in place to effectively manage risks, communications, stakeholders, and project integrity.	Solid backing is available on funding across global and local layers to ensure ongoing support of core global projects.	Effective project execution skills , learned from previous project successes and failures, are in place.
150- 249	Medium	Many project governance principles are in place. However, selected aspects likely require more focus or refinement .	Human resources management is likely in place, but further analysis is required to assess potential gaps in capacity/skill-set planning .	Typical standards and controls are in place (likely derived from normal project management practices), but require more rigor to line up with global deployment requirements .	Funding is available for selected window of time, but there is likely only limited contingency in place for project overruns .	Project execution likely to be bumpy , due to inadequate or incorrect capabilities, or processes that are in place. However, the underlying foundation is likely able to absorb some related gaps.
<150	Low	Limited project governance concepts are in place, apart from the bare minimum (such as use of project planning tools).	Human resource management is likely to be very decentralized from actual needs of the global projects (such as trying to fit whoever is available into the role).	Standards and Controls are likely limited . No formal metrics are in place. It is likely a major task to monitor project costs, hours, or scope.	Funding is likely to be sporadic or ill-defined . Excess budgets may be used for a project in parts, but there is no formal means of keeping the project going beyond a short period of time.	Project execution is likely be extended beyond the scheduled time frame. Project executions are likely to be expensive and not able to deliver expected value.

A framework for response

It is important to recognize the overarching series of parallel events that must occur throughout the course of a global project-deployment effort to ensure ongoing transparency, support, and alignment to objectives.



“Period” can be defined in months, quarters, or even years, depending on the complexity of the organization and its related global project-deployment requirements.

Planning and governance

- Model should be scalable, flexible, and portable.
- Localization of governance models may be necessary to manage local needs.

Resource management

- The human resources pool should be sourced from across the organization to ensure the best fit for purpose across various disciplines.

Standards and controls

- Standards and controls need to be established as soon as possible to manage cross-border deliverables, resources, and deployments.

Project funding

- Funds must be appropriately applied across both global and local efforts to ensure successful deployment of global locally.
- Funding needs to consider initial deployment plus ongoing operational costs.

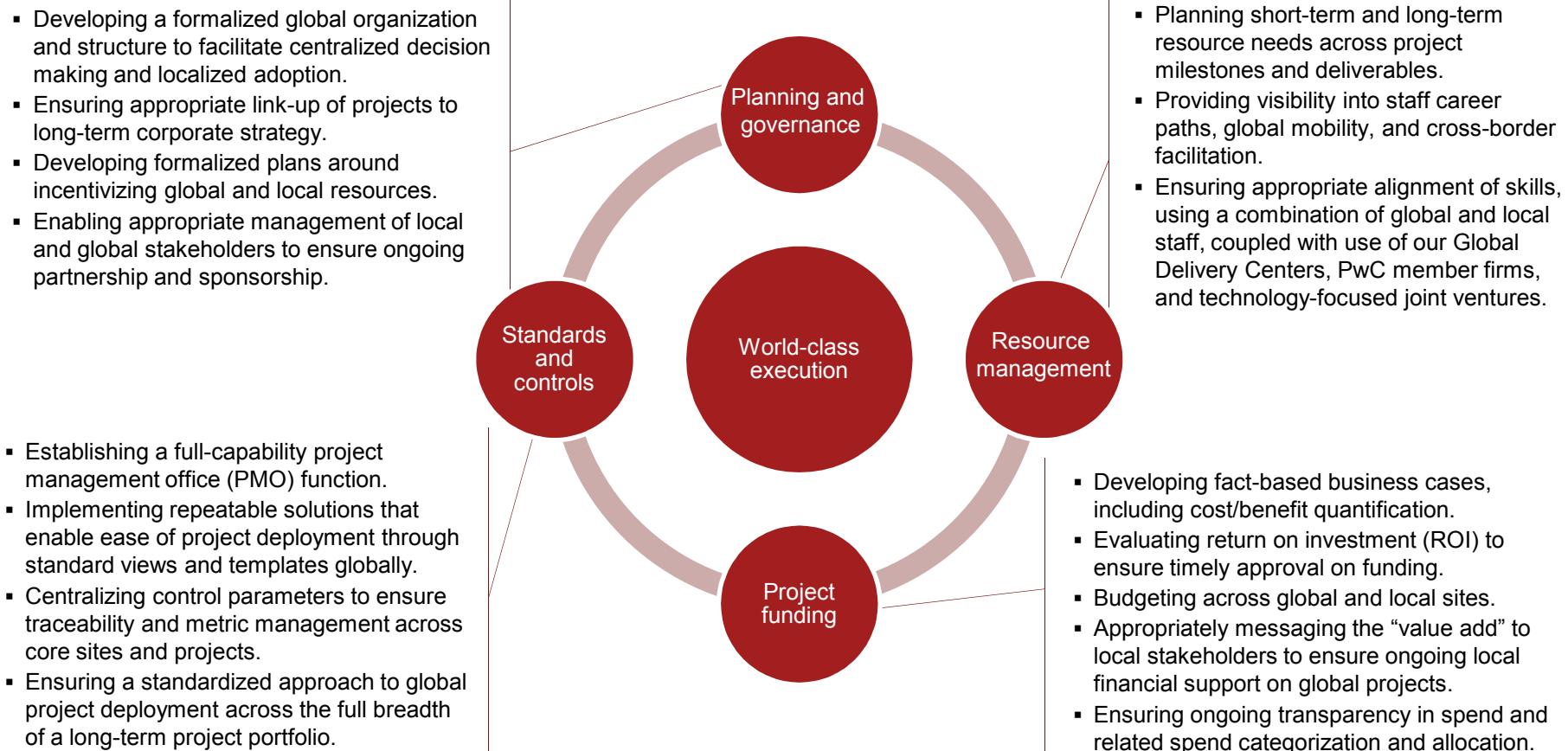
Section 4

How PwC can help

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Core competencies related to global project deployment.

PwC delivers world-class execution by assisting our clients in driving the development of an optimal critical path to deliver core solutions, synchronizing efforts across other project aspects to unify implementation approach, and re-enforcing projects' goals and impact through managed, repeatable communications.



PwC's tailored approach focuses on building and integrating all aspects of the global project deployment process from inception to implementation.

How PwC can help

What makes PwC's Financial Services practice distinctive

Integrated global network

PwC's Financial Services practice consists of more than 34,000 industry-dedicated professionals worldwide, including more than 4,500 in the United States. They serve large and multinational banks, insurance companies, investment managers, broker-dealers, hedge funds, and payments organizations. PwC US helps organizations and individuals create the value they're looking for. We're a member of the PwC network of firms with 169,000 people in more than 158 countries. We're committed to delivering quality in assurance, tax and advisory services. Tell us what matters to you and find out more by visiting us at www.pwc.com/us.

Extensive industry experience and resources

PwC serves more of the biggest and most complex financial services companies than any other firm. We understand from personal experience the wide variety of business issues that affect the industry, and we apply our knowledge to our clients' individual circumstances. Moreover, our large, integrated global network of industry-dedicated resources enables us to apply this knowledge on our clients' behalf whenever and wherever they need it.

Multidisciplinary problem solving

The critical issues that financial services companies face today affect their entire business. Addressing these complexities requires both breadth and depth, and PwC service teams include specialists in risk management, compliance, technology, business operations, finance, change and program management, data and business analytics, economics and analysis, internal audit, tax, forensics, and investigations.

Practical insight into critical issues

In addition to working directly with clients, our practice professionals and Financial Services Institute (FSI) regularly produce client surveys, white papers, and points of view on the critical issues that face the industry. These publications—as well as the events we stage—provide clients with new intelligence, perspective, and analysis on the trends that affect them.

Focus on relationships

PwC's size, financial stability, and 150-year history all contribute to our long-term view of client relationships. We help clients translate strategy into action by helping them address their challenges in finance, tax, human resources, operations, technology, and risk and compliance.

How PwC can help

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Appendix

Select qualifications

Select qualifications

Global cost-reduction program—Large global bank

Issues	A large global bank had a significantly higher cost/income ratio than its peer group and was under intense shareholder pressure to reduce costs.
Approach	<p>A global task force identified several major themes that would collectively remove more than \$1 billion from the cost structure—including IT, operations, and global resourcing. The execution challenges for the bank were many, including setting up a large-scale global program management structure, administering global bids for external project support, and measuring the extent of change impacting the business and its employees.</p> <p>Individual, globally run workstreams were quickly established for each of the three major cost-reduction themes; very senior executives were put in charge of these workstreams, and a centralized project management office (PMO) was put in place to manage functions common to all, such as issue and status reporting. A broad-based key stakeholder relationship map was developed with the project team, creating a tailored strategy for effectively managing each workstream. Regional line-of-business benefit targets were set by central head office (HO).</p> <p>Detailed solution analysis and planning were performed for each workstream, with a detailed business case refined for each stream. Following those steps, a more extensive, globally distributed team was on-boarded for execution work on each stream, with people/change management serving as a significant part of the team effort. Progress reporting was strictly standardized, and results were aggressively monitored and reported to executive management.</p>
Benefits	<p>Ultimately, much of IT was outsourced to third-party providers, more than 1,000 operations roles were migrated to offshore centers, and the financial cost-reduction targets were met.</p> <p>These benefits were supported in large part through executive management, which provided strong, ongoing sponsorship of the program.</p>

Select qualifications

Global ledger design program—Large global bank

Issues	A large global bank had multiple ledgers across regions, including different charts of accounts/code blocks, and varying degrees of data granularity and report functionality. This caused inconsistencies and lack of transparency among different areas of reporting, and led to potential conflicting information presented to management, statutory, and regulatory reporting. The existing architecture and processes entailed costly resource-intensive manual reconciliations to effectively satisfy business demands and respond to changing regulatory environments in line with peer organizations (such as Dodd-Frank and FATCA in the US; and Basel III, IFRS 9, Capital Requirements Directive, and Banking Commission in the EU). The result was poorly controlled processes, a costly control environment, and a lack of streamlined integrated systems.
Approach	PwC assisted the client in developing a business case that highlighted a number of issues with the current architecture, systems, processes, and operating model. We made a strong case for change, including alternative solution options with cost/benefit analysis. The business case was successful. Project and business resources were identified from each region to cover region-specific issues, processes, and business requirements to develop global processes. High-level decisions from subject-matter specialist (SMS) workshops were reviewed with executive management for their input and to demonstrate the progress. A global project management office (GPMO) was set up to meet weekly with the SMS workshops to discuss project updates, issues, and progress made.
Benefits	A functional architecture was developed, which aligned with key principles. SMSs finalized high-level design decisions that will facilitate the development of detailed requirements.

Select qualifications

Global securities processing platform redesign—Leading global electronic exchange

Issues	<p>One of the leading global electronic exchanges needed to re-architect its global trading, clearing, and settlement platform to handle planned increases in volumes.</p>
Approach	<p>PwC, working with the client, built several predictive models regarding estimated volume by market and the impact on existing architecture and processing windows required to operate a “follow the sun” model of the more than 15 major equities markets globally. As a result of using these models, the team moved to re-architect and rebuild the infrastructure to deal with five times current peak capacity.</p> <p>The team also assisted the client in developing and implementing a 30-day plan to increase capacity through a series of hardware and tactical program and architectural changes. Market intelligence and trend advice enable a seamless integration of efforts.</p> <p>A conjoined team of client and contractor staff was brought together to develop the long-term solution. Overall PMO was set up to monitor progress along the way. A core model office was set up to support the needs of the project from an IT and business perspective to offer architecture design and implementation advice and assistance.</p>
Benefits	<p>The 30-day plan paved the way for the full global redesign and implementation effort over the next six months, delivering the following benefits:</p> <ul style="list-style-type: none">▪ A capacity increase to 10 times peak capacity and the ability to further adjust capacity by two times within 30-day increments to a maximum of 10 times revised capacity.▪ Improved ability to isolate a particular region/time zone and implement changes/modifications in a staged basis without negatively impacting the other regions in the chain.▪ Significant improvements in resiliency, including rapid recovery times, further automation of restart/recovery procedures, and real-time mirroring.▪ Modernization of significant portions of the core code base in terms of programming languages, data base structures, and software versions.

Select qualifications

New accounting standards adoption program—Global bank

Issues

A large global bank is adopting IFRS standards of reporting for its Japanese and global operations. The transition to IFRS involves a multiyear initiative for the bank to make changes to its business model.

The bank's current systems and processes were not prepared to handle changes brought about by IFRS and required systematic embedding. This would entail significant investments in replacing core banking (front-office booking systems) and back-office systems and changes to business process and financial and regulatory reporting. Although the need to address IFRS was imminent, the bank was also in the middle of a multiyear core banking replacement effort that would have complicated investment decisions. The IFRS efforts and core banking replacement, together, would impact the need to address other regulatory requirements such as Dodd-Frank and Basel III.

Approach

A PwC cross line-of-service team worked with the controllership, technology organization, and front office to determine the business requirements that were being used to develop an interim solution to embed IFRS business rules and requirements into business operations. Project and business resources were identified locally.

PwC assisted the client in developing a business case highlighting a number of issues with the current architecture, systems, processes, and operating model. The client requested a significant budget from the HO to fund this technology initiative. Project funding for the technology initiatives was provided by the HO. Funding for local change management to process and reporting needs was provided by the Chief Financial Officer (CFO).

A GPMO was set up to manage the project centrally with weekly and monthly reporting to discuss project updates, issues, and progress made. The local PMO office was set up to address the multidisciplinary workstreams, with alignment to HO counterparts.

Benefits

To manage the transition to IFRS, a multidisciplinary team of SMS, project management, and change management specialists was established to work locally in collaboration with the HO. A rolling master schedule of activities was developed for the next three-year period to manage, monitor, and execute changes across various workstreams.

Select qualifications
Business and finance transformation—Global bank

Issues	A large global bank needed a trusted advisor who could act as a catalyst and help drive the implementation of a global general ledger system, along with the associated process and organizational changes for its UK operations. The bank needed someone to help organize the Business and Finance transformation teams, to work with local and global leadership to define the roadmap for change, and to start delivering measurable results.
Approach	<p>PwC drew on its prior experience in delivering global projects in Asia, Latin America, and North America to quickly assemble a team of consultants who understood the technology, who were familiar with the client culture, and who had deep expertise in the financial services domain.</p> <p>A governance structure was created with multiple workstreams, each responsible for defining its objectives, target dates, and sets of deliverables. Once the structure was in place, and resources aligned, the team was able to execute on the defined strategy.</p>
Benefits	The client valued a) the quick response and timely fashion in which the business and Finance transformation teams' structures were created and b) how the teams were assembled using resources from the businesses and the project team. PwC's prior experience in Finance transformation helped avoid common mistakes, enabled the client to bridge the gap between planning and execution, and hit key project milestones.

Select qualifications

Consolidation of data into single model—Investment bank

Issues

The client had several existing legacy costing systems, each with distinct cost methodology.

The client faced inconsistencies in traditional activity-based costing (ABC) and allocations across business units.

Approach

PwC collected revenue, expenses, and funding data for a comprehensive analysis of profitability.

The three legacy packages were combined into a single model that allocated resource costs to activities and drove them down to cost objects.

Benefits

The project enabled the client to create a unified month-end process across business units from a global perspective. Further, the client established a view into cost transparency through web-based and cube reporting.

The client also significantly reduced IT management costs and improved system performance by decommissioning its three legacy packages.

Select qualifications

Introduction of a global general ledger solution—Global bank

Issues The client was experiencing redundancies across its core general ledger technologies; as a result, too many band aid solutions were leading to excessive maintenance costs.

Approach PwC integrated its methodology with its knowledge of the client's business to introduce a global general ledger solution designed to meet both global and local needs that the client was facing.

PwC spearheaded the process to re-design the existing general ledger functions to ensure standardization across global regions and sites.

The redesign efforts were segregated into multiple workstreams—from requirements development to architecture solutioning to testing to final cut-over. The launch of these various workstreams enabled a structured approach to project deployment by holding the team accountable for core deliverables and management to agreed-upon timelines.

Benefits The project enabled the client to reduce its total cost of ownership by approximately 50%.

Further, the streamlined technology and processes enhanced the performance realized. The client also expanded its capabilities to include new global and local products and services.

Select qualifications

Development of a core banking system—Global bank

Issues The bank had unaligned product management procedures and processes, which resulted in excessive costs from operating many disparate product systems and solutions.

Approach PwC worked with the client to build business processes and functions as reusable components, independent of the channel used to access those components.

A formal, centralized team of experts was earmarked to review all aspects of the core banking functions and to assess how best to “globalize” the model for portability. This team of experts interfaced with the central PMO to provide insight on project scope and delivery timing, based on the complexity of functions to be reviewed and documented.

PwC helped developed a group core banking solution to replace, intermittently, the existing core banking systems deployed globally.

Benefits The client was able to deliver a “bank in the box” solution for selected regions and sites. The project also enabled the local businesses to launch their propositions more frequently and rapidly.

Further, the bank was better able to adapt its business model to support changes resulting from market conditions, regulation, and customer demand.

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"Projects Without Borders: It's All About the Execution," PwC FS Viewpoint, January 2012.
www.pwc.com/fsi

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