

From IT Cost Center to Value Center A Journey Within

IVI Winter Summit 2016

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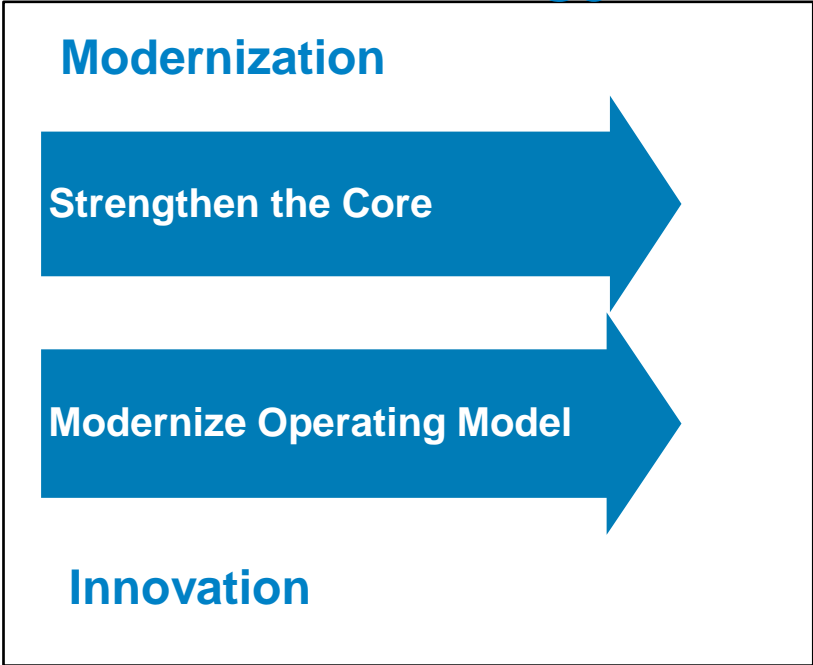
December 15th, 2016

IT Strategy

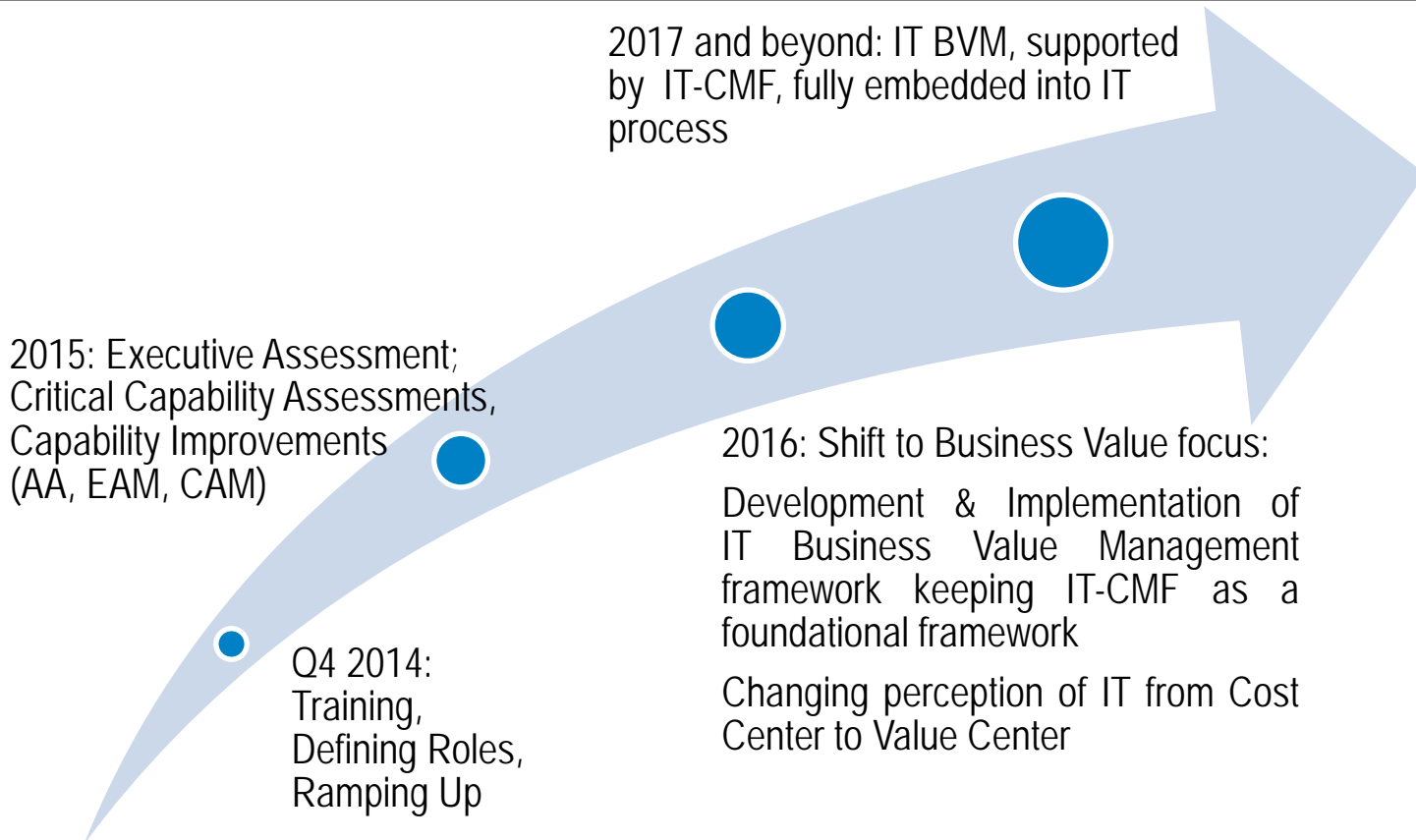


Robert Garrison
Chief Information Officer

**IVI Leader in
IT Value Award 2016**



Our Journey



Shift to Business Value Focus

- Improve our IT-CMF implementation and capability improvement efforts
- Expand focus to include more critical capabilities
- **Increased emphasis on demonstrating Business Value in the organization and across the industry**
 - Focus on business value was not consistent across IT
 - Value management discipline was not mature within the organization
 - No established framework to measure and communicate business value consistently
 - Limited governance applied across full life cycle of IT investment and benefits
 - Lack of mechanism to measure service improvement through programs
 - IT Service value is not measured consistently
 - Lack of regular cadence with business on IT value delivery
 - IT still perceived as a cost center rather than a value center
 - **There was a lot of value being created and capabilities being improved in our existing efforts that we were not capturing or reporting**

IT Business Value Management Framework

KEY PILLARS

Communication
Maintain consistent communication of the business value IT delivers

Governance
Monitor investments from inception to retirement with established roles & responsibilities

Benefits Harvesting
Showcase the thorough benefits realization process across full benefits cycle

Leadership & Value Culture
Implementation of value mgmt. processes & practices which share understanding or business value

4 PORTFOLIO SEGMENTS 6 VALUE DRIVERS

Business Portfolio

Corporate Functions

IT4IT Portfolio

IT Services

Revenue Generation

Cost Reduction

Cost Avoidance

Client Satisfaction

Risk Reduction

Mandated – Control Req/ Regulatory

RESULTS

Improved Margin Performance

Satisfied Customer

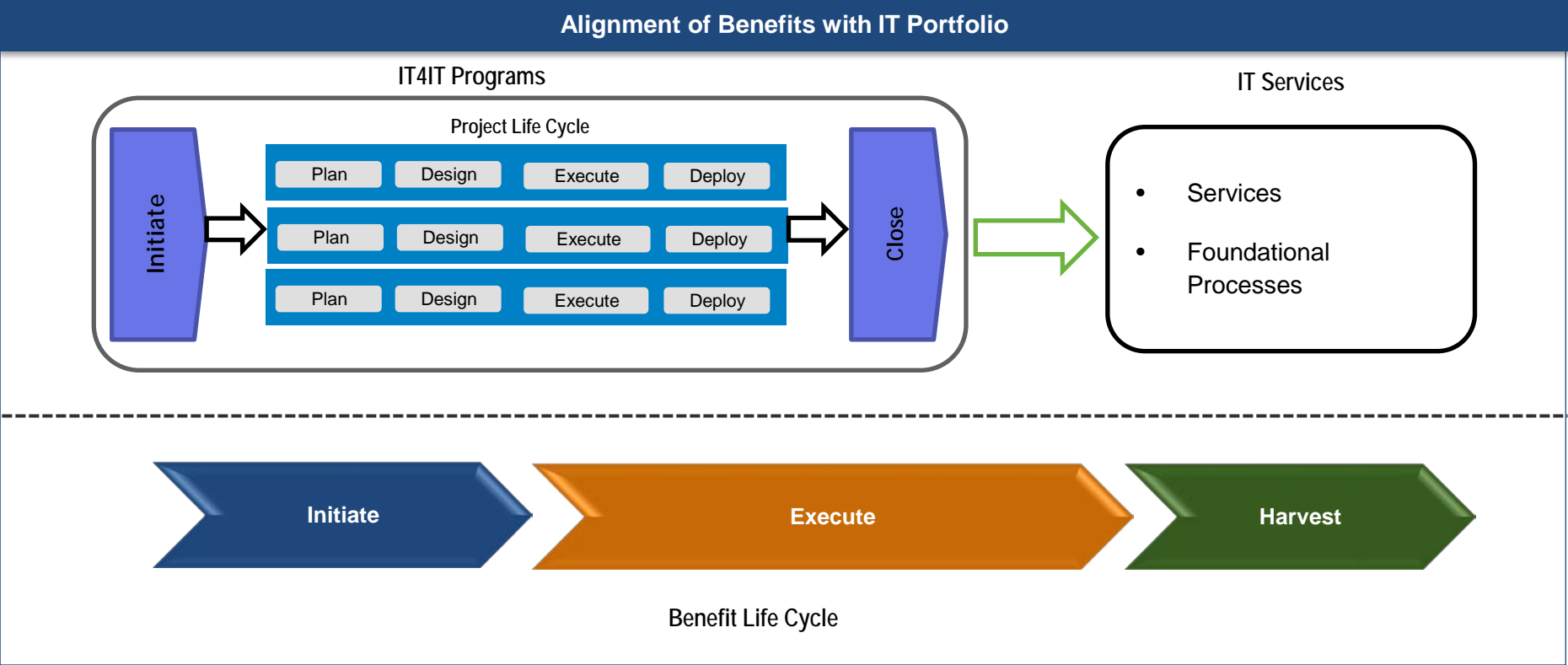
Improved Resiliency

Sample Benefits Value Statements [MODEL: X to Y by WHEN]

Good value statement: Easy to understand, communicates specific results & explains how results will enhance the future

Value Driver	Guidance on developing Benefits Value Statement	Examples
Revenue Generation	We expect that this investment will generate \$\$ in annual revenue as a result of (how the revenue will be generated, e.g., increase in volume, new business, expand product offering, faster time to market) and expect to recoup the investment cost in (payback period)	1) The commercialization of xxx provides revenue opportunity to capitalize on its xxx. Potential \$mmM of new revenue within next n years with an investment of just \$nnM
Cost Reduction	Making the investment will result in dollar savings of (\$\$ how much) (annually, on a one time basis beginning in year), which represents a % savings. The savings will come from the following cost reductions: Activity X reduced from \$\$ to \$\$	1) Program X will result in savings \$nnM over next n years 2) By retiring Software X, we will reduce Labor costs by approximately \$nnnK per year 3) Lower overall project cost incurred during software delivery and deployment life by at least \$nnnK by Q4 2017 and \$nnM by Q4 2018 and in perpetuity
Cost Avoidance	As a result of this investment, we will avoid incurring additional or incremental cost that would have resulted from the following: X would have cost \$\$, but as a result of list activity (process improvements, negotiated contract rate increase, alternate cheaper solution) will now cost	1) Avoid \$nnM additional support costs to run xxx by June 2017 2) Avoid \$nnnK extended support costs for Software Y by April 2017
Risk Reduction	Making this investment will reduce (Liquidity, Market, Operational, Technological, Information Security, Reputational, people) risk that would have resulted in (impact of risk occurring) by (How). As a result the probability of this risk has been (reduced, eliminated) by (How much) with the following impact to the business: Reduced Cost (\$\$ value), Increased Compliance (% increase), Shorten time to market (how much)	1) Increase coverage of control testing from xx% to yy% for xxx controls by end of 2017 2) Reduce key personnel risk by increasing number of SME's from one to ten. 3) Improve control environment rating for xxx IT Service from Average to Strong
Client Satisfaction	Based on previous surveys and customer feedback, we are implementing these measures to improve our customer satisfaction rating from (#, %, (H,M,L)) to (#, %, (H,M,L)), resulting in positive impact on DTCC's (Brand, Industry Reputation, Customer relationship)	1) Improve client satisfaction survey score for xxx service from xx% to yy% by end of 2017
Mandated – Control Req/ Regulatory	We are making this investment to fulfill (obligations) as mandated by (IA, Compliance, Regulatory body) and ensure compliance with (regulation). Non-compliance may result in the following (impact: fines of \$\$, reputational damage)	1) This initiative will enable us to be in full compliance with xxx regulation within the next 3 years

Benefits Life Cycle Alignment with IT Portfolio



Example of Program Level Template

Program Name	Benefit Driver	Proposed Benefit Statement	Benefit Owner	Measurement Approach	Impacted Service	Delivery Qtr./Yr.
Program Complexity	Revenue Generation	The commercialization of xxxx provides revenue opportunity for DTCC to capitalize on its xxxx. Potential \$nnM of new revenue within next year from		Payment received in general ledger		Q4 2017
Problem/Opportunity Statement <i>What problem/opportunity</i>	Cost Reduction					
Is there a dependency on	Cost Avoidance					
Dependency <i>State how the programs are</i>	Risk Reduction	Improve Control environment rating from Average to Strong		CVSS scores		
	Client Satisfaction					
Previous Years	Mandated/ Regulatory					
2017						
2018						
2019						
2020						
TOTAL						

Sample

Benefit Driver	Proposed Benefit Statement	Benefit Owner	Measurement Approach	Impacted Service	Delivery Qtr./Yr.
Revenue Generation	The commercialization of xxxx provides revenue opportunity for DTCC to capitalize on its xxxx. Potential \$nnM of new revenue within next year from		Payment received in general ledger		Q4 2017
Cost Reduction					
Cost Avoidance					
Risk Reduction	Improve Control environment rating from Average to Strong		CVSS scores		
Client Satisfaction					
Mandated/ Regulatory					

IT Strat

Mandat

FRBNY

NYSBD

CFTC

ESMA / MAS / JFSA / HKMA

Internal Audit

IT-CMF ALIGNMENT (For OCIO Use Only)

Ent. Architecture Management (EAM) Benefits Assessment & Realization (BAR)

Service Provisioning (SRP) Solutions Delivery (SD)

Capability Assessment Mgmt. (CAM) Accounting & Allocations (AA)

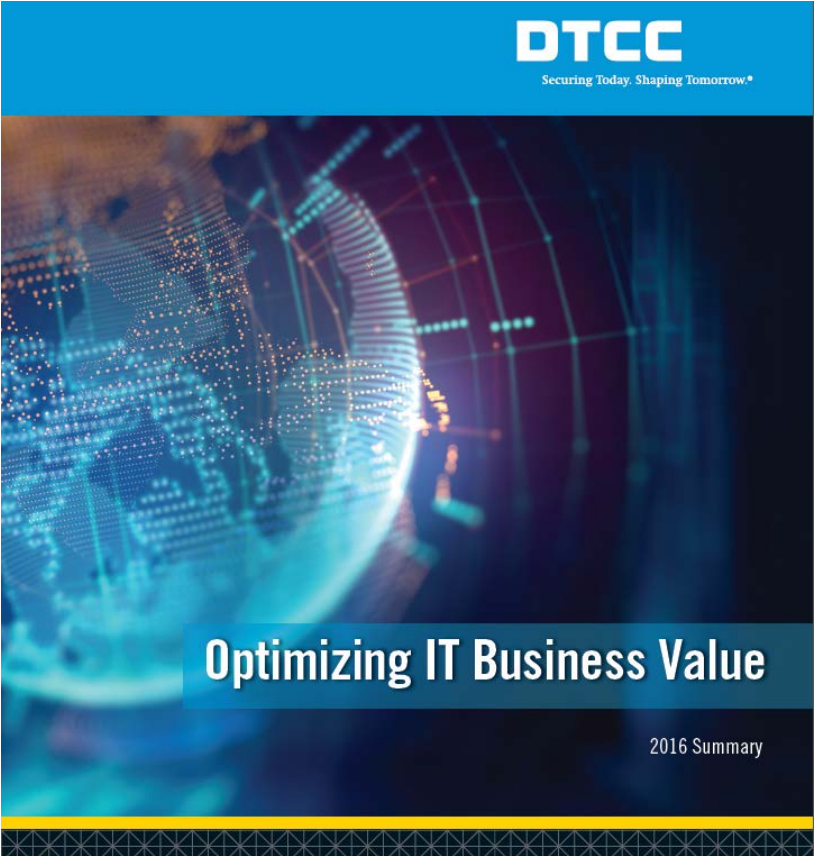
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IT Business Value Story



COST REDUCTION



COST AVOIDANCE



RISK REDUCTION



REVENUE GENERATION



CLIENT SATISFACTION



MANDATED-CONTROL REQUIREMENT/REGULATORY



Key Takeaways

- Continuous support from Senior management
- Keep Business Value at forefront and tie back to critical capability improvements as IT-CMF is the foundation of Business Value Management efforts
- Capability improvement becomes a combination of
 - Centralized effort driven by core Capability Improvement Team(s)
 - Self implementation effort driven as part of investments in various portfolio segments, facilitated and supported by the core IT BVM team
 - Tie appropriate IT-CMF critical capabilities to other initiatives being implemented in IT organization

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