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Focus on outcomes leads to transformation in securities processing

Wells Fargo recently transformed its Asset Servicing operations with TCS BaNCS.

Following the highly successful TCS BaNCS implementation, Wells Fargo achieved significant automation of its workflow for corporate actions announcements, elections, and payments. Using no-touch processes for most day-to-day activities, the bank has achieved over 99 percent STP on payments and announcements, with reduced errors leading to a significantly improved customer experience.
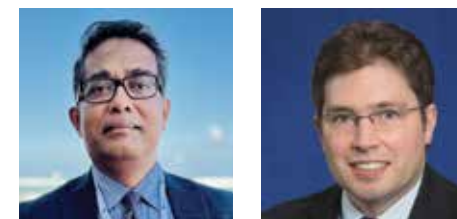
In this exclusive interview for the TCS BaNCS Customer Newsletter, **Sanjay Prasad**, Principal Consultant, TCS Financial Solutions, spoke with **Paul Lacey**, Head of Investment Operations, Wealth & Investment Management (WIM), Wells Fargo, who shared his insights on how to run a successful transformation program.

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What were the key success factors in your transformation program?

First: Get the culture right.

Sometimes in big transformation programs, we focus so much on what we're trying to do that we forget to focus on who is going to help us do it.

Critically examine the resources you have available, and make sure before you start that you have the best. If that means you have to pay for the best people because they've done it before, then start that way.

Make sure that the resources are dedicated. No distractions. And whoever's dedicated, ensure that they know the current production state and that they have invested in learning.

Before we started, we spent over six months identifying the right people for the journey.

Second: Provide support to the board members and the steering committee.

Managing expectations at the most senior level was very important, and to help manage that, we ensured that we had the right people to share the responsibility for making decisions.

We brought in business owners and risk managers from the start. When you have the involvement of first- and second-line independent control, they can effectively challenge the content of the project execution. During a big transformation, that alleviates the pressure on leadership.

Third: Maintain excellence in project planning.

For a complex initiative such as ours, we needed everyone involved to be realistic about the complexity of the journey. To understand the challenge, we brought together the operations leaders, risk partners, legal, and all the lines of defense together with executive leadership.

Successful projects of this scope call for reliable stakeholder management, constant communications, and steady engagement from leadership. We ensured that we could maintain those qualities throughout the project.

Fourth: Focus on outcome, not output.

When you focus on an output, you're always going to be disappointed. You're going to forget about the people, the risk controls, and the measurements you need to determine if the project was successful.

For example, if we had focused on output, our aim would have been to deploy an asset servicing system.

Instead, we focused on the outcomes we wanted: High STP on payments and allocations of income. An integrated solution for customers making voluntary elections. A fully automated announcement scrubbing process.

We wanted those outcomes, and that's exactly what we achieved – plus we got the asset servicing system.

Going live with a new system is a milestone, but by itself, it's nothing to celebrate.

Outcomes are how people measure success. When we achieved 99 percent STP on payments and announcement scrubbing, that was something to celebrate.

How does your organization approach change management?

At Wells Fargo, our approach is to focus on the underlying data.

In the last 10 to 15 years, our industry has advanced at an accelerated rate. At the same time, the technology has advanced, and we haven't yet revised the foundations of our data architecture, be it in how we share customer details or how we process issuer documentation. We're trying to automate without a standardized foundation. Modernizing on top of a legacy foundation – that's an oxymoron.

Once you grasp the difficulties of the situation, you can find the right mentors and add the right level of talent to get the outcomes you need, without attempting to modernize technology that's already in place.

Our industry has legacy mainframe systems, big fortresses that sit within my shop and my competitors' shops. We could spend 10 years trying to rewrite the code base, and 10 years from now, technology would advance at a faster rate. We'd still have legacy fortresses, and we'd never catch up. We've accepted that.

What we focus on is getting those fortresses to be really good at the one thing they were designed to be good at. The mistake some make is to try making fortresses that are great at many things. If you take a major fortress designed to be a settlement system and try to make it a margin system or a collateral servicing system, you're creating complexity in an ecosystem that wasn't designed for it.

Our approach was to deploy new technology giving us real-time access to legacy data. We now have a cloud-based environment with a full set of controls and interoperable APIs, and we build business services based on that.

Alongside our deployment of TCS BaNCS, we created an integration layer that insulates it from the rest of the legacy infrastructure. Using this approach, we have advanced to new technology while making sure our fortress systems remain successful.

For a project of this scope, how do you ensure readiness for data migration?

Again, the idea is to look for outcomes, not outputs. Data migration is an output.

We focused on the outcomes of STP and automated integration, which helped us make decisions on which data to migrate and in what form.

We have a four-phase process for data migration:

First, identify the data sources.

Second, figure out how to control the data. Everyone misses this step, and it's an important one. For each data source, you need to understand why it changes, all its contents and features, how and from where it gets updated, and the timings involved.

Third, interpret the data. Once you have data identified and controlled, you can then analyze how data furthers project outcomes.

Fourth, convert the data. Based on your results from the earlier phases, you can be surgical about the conversion. For example, you don't have to convert all positions and balances, or all historical stock records and event types. We found a way with the integration layer to let old and new data coexist.

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TCS BaNCS team
(left to right):
Abhishek Verma,
Puneet Miglani
and **Ajay Goyal**

What benefits have you achieved from the transformation?

We have achieved:
- Over 99 percent STP on payments and announcements
- Enhanced customer experience
- Reduced errors by over 80 percent
- Reduced human touch, with no emails whatsoever on day-to-day interactions
- Complete supervisory checks on all tasks in our environment

That seamless experience has given a big jump in terms of competitive advantage. We have differentiated ourselves with workflow, and we can offer a more competitive timeline on expirations for time-sensitive customers.

Even as my team size has stayed at the same level, our volume has grown substantially, with balances up.

"In the amazing success of this core modernization program, what stood out was the synergy and trusted collaboration between the Wells Fargo and TCS teams."

Puneet Miglani, Project Manager

How would you describe the quality of Wells Fargo's interactions with the team at TCS BaNCS?

It was very positive and an extremely good partnership.

I have had a good escalation channel, and I felt I had the right access to the right technical experts. The people that we had on the ground had the right level of experience, and TCS went above and beyond to get the right people put on the program.

What would you consider the most remarkable aspect of this program?

This was a conversion project. When people in the industry hear the word conversion, they think "multiyear fallout and cleanup." We didn't have that.

Once we went live, we had what I would describe as business-as-usual changes, or slight enhancements, maybe once a month or once every quarter.

It was a conversion, but it did not come with all the emotional heartache that typically follows conversion.

We achieved the outcomes we wanted, hitting our target STP rates. Before the project, we had people manually processing payments and scrubbing the announcements. We have none of that now. Over 99 percent of our payments are processed automatically.

For me, transformation is not about achieving either the output or the outcome. It's about a point in time where everyone, including our vendors and our technology partners, arrives at the same place together. I consciously communicate that through the journey.

If we don't get to the end, nobody shares in the joy. That's what transformation is.

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