



DANSKE BANK:

Financial Services Case Study

OVERVIEW



Delivering against EBA outsourcing governance and Danish FSA regulatory compliance



Establish and maintain a 'fit for audit' stage



Overseeing outsourcing of services



Overseeing outsourcing of business-critical services and processes



Driving governance and relationship management through a single tool



Gaining a holistic view of vendors

The Challenge

This all derived from the Banks continuous improvement activities, along with an inspection from the Danish FSA. As part of a larger inspection, the Danish FSA investigated Danske Bank's methods of outsourcing, how they were running RFIs and RFPs and if their management of vendors complied with the European Union regulations set out by the European Banking Authorities.

Questions were asked whether Danske Bank could demonstrate to be in full control of outsourced activities, in terms of running sufficient governance, monitoring their vendors performance as well as having mitigation and business continuity plans for the eventuality of a vendor relationship breakdown.

The Danish FSA were largely satisfied with the Contract and Performance Management's implemented methodology for managing supplier agreements, having the processes and the 'state of the art' contract management framework in place. Despite having those key elements in place, DFSA came up with four concerns:

1. Evidence of managing a vendor correctly was difficult, requiring manual and resource intensive activities to demonstrate compliance. Legacy systems, data siloes and the use of both mail and SharePoint stifled Danske's ability to assemble historical governance evidence.
2. There was no active audit trail supporting evidence logging related to governance reviews with their suppliers, nor were there any insights providing data for reviews and audits. There was

no holistic view of their vendors, showing actual vendor health (achieved performance and compliance score, finance, governance execution etc.)

3. The scope of vendors managed was too narrow and should include all Danske Bank's Outsourcing Arrangements. Up until this point, the focus of the Contract and Performance Management team was on targeting the IT arrangements critical to delivering valuable and 24/7 services to their banking customers.

Based on the raised concerns, Contract and Performance Management decided to start up two development tracks:

First, was to place all governance activities into a single tool. Outlining meetings, fixed agendas, documenting all participants and action logs from meeting to meeting – in a uniformed and consistent manner across the whole business. The platform solution should include a searchable Audit Log.

Second, was to oversee and manage all outsourcing arrangements more intensively, in order to comply with the Outsourcing Regulations, set out by the European Banking Authorities. Parts of this activity were later embedded into a Danske Bank wide EBA programme.

At this stage, Danske Bank carefully considered market leading procurement and service management platforms – ideally, selecting a tool which was easy to deploy with an out of the box fit and low total cost of ownership.

Based on the investigation, Danske Bank decided to run a POC on the Brooklyn tool, expecting the tool to deliver the 'one stop' platform needed.

The Solution

Working collaboratively with Brooklyn Solutions, Danske Bank were able to fully integrate audit tracking against the EBA Guidelines framework. Meaning, they are always digitally 'fit for audit'.

Using the Brooklyn tool, Danske have now divided all their agreements into three tiers: Basic, Intermediate and Complex. This enables them to better manage resource dependent on contract level. Basic are self-paced, with the additional automation they benefit from the Brooklyn Solutions tool. For Intermediate, they can now manage 6 contracts per FTE, which before Brooklyn was very difficult. And for Complex Agreements, one contract manager can now manage three agreements.

"We have effectively doubled the number of contracts we can now manage with the help of the Brooklyn tool".

2x

This has been achieved by minimising the manual efforts of running all those disciplines within governance and using the AI automation for assessing performance data. Next step is to activate the SOE (Smart Onboarding Engine) tool to validate different agreements against different sets of requirements (GDPR, EBA etc.).

Through building dashboards on different vendors, Brooklyn has empowered Danske Bank's Contract Owners by delivering complete visibility of how a vendor is running in real-time.

Before the Brooklyn solution was introduced, meeting action lists were

"Here you have everything in a box. This dashboard really delivers what you need to know about how a vendor is running—whether you are getting benefit for your money or if this vendor is a problematic relationship. It (Brooklyn) gives you all the information needed to arm yourself for the next governance meeting to address problems correctly".

maintained in Excel – with no connected documentation to track. Danske now benefit from full contract obligation management and tracking, with fully documented minute meetings and preparation notes of their review meetings.

"If we take decisions on meeting, we now have visibility of who is present for decision making. Which is part of the FSA regulatory requirements".

Danske Bank can now benefit from fully automated capture and easily accessible audit history, documented evidence and reasonable steps recommended by the Brooklyn platform.

The Results

With 200 agreements in place, Danske Bank started with a Contract & Performance Management team. Through the adoption of the smart Brooklyn tool, and the direction they are trying to evolve their team, they have now established a Vendor Management office. They still run the basic contract and performance management discipline, but are now more Vendor Management focused. They hold responsibility for outsourcing arrangements related to the EBA regulations, but also have 50- 60

agreements of critical nature to the IT Operations that are not classified as outsourcing.

"Because of the Brooklyn tool, we were able to accelerate this change and bring forward the introduction of our new Vendor Management office".

Particularly against EBA outsourcing governance, Brooklyn provides the evidence needed to appease the EBA and Danish FSA that Danske Bank are in full control.

"We can now demonstrate to EBA and the Danish FSA that we are in full control of our agreements, we know everything about how they are built, we have information on sub outsourcing, we have information on GDPR. Brooklyn is a very important brick in building this regulatory compliance house"

What the future holds

Collaboration has been a cornerstone of this project:

"I think it's important to stress here that we think we have had a fantastic collaborative work together with the Brooklyn team. They were very positive to our suggestions and the dialogue between the development team, and everybody involved has been a fantastic journey - Brooklyn is one of the most forthcoming teams I have ever met."

Audit log search functionality was a key requirement in early discussions. This previously required manual process to look across various disjointed documents. However, this functionality was not in place at the point the organisation engaged with Brooklyn.

Through collaboration, Danske Bank were able to drive this functionality by working alongside the Brooklyn Product team with great success.

"We wouldn't be where we are now if we didn't have that fantastic collaboration and those open discussions".

Danske Bank are excited to open up to their contract owners and said:

"This is what you now have, this is your agreements, you can see everything here, you can drill down to performance reports, you can drill down to minutes of meetings, and you can search using the audit log. Everything you need, in one easy to use tool"

Danske Bank are keen on putting as much as they can related to vendors and agreements into Brooklyn Solutions. The long term goal is to move their current compliance tool across into Brooklyn, and to establish a 'one stop shop' for the stakeholders. Giving the Contract Owners, the Subsidiaries, key stakeholders and the Vendor Management office staff easy access to data, showing vendor and contract health is key to the future operation. With over 150 years' heritage, Danske have many legacy systems to consider but are confident, with the collaborative approach they have experienced with Brooklyn Solutions, of delivering by year end or early next year.

Want to be always digitally fit for audit?

**Talk to our Digital transformation experts today:
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