

8th Annual Offshoring Strategy Conference

Accelerating front-office growth through innovation and efficiency

Key Highlights

October 4, 2018

8th Annual Offshoring Strategy Conference

Accelerating front-office growth through innovation and efficiency

- » An unique and unparalleled knowledge sharing platform for global financial services; the 2018 edition of the conference was held in New York City.
- » The event was attended by over **150 business leaders**, decision makers, and industry experts from across the financial services sector representing **over 100 firms** across the North Americas
- » The event showcased **35 speakers and panelists** across **6 industry segments**
- » The event focused on key topics impacting the financial services market, such as structural, economic, and regulatory change, technology and innovation.
- » It addressed how business leaders and decision makers can create better growth opportunities, amidst changing market dynamics to smoothly run sustainable business and process transformation, accelerate front office growth, drive business efficiency through innovation, and embrace new technologies to deliver sustained results.
- » The event offered senior executives and decision makers a platform to discuss and present their views on current industry trends and best practices

Attendee firms



Attendee firms



HELLMAN & FRIEDMAN



INVESTCORP



Janus Henderson
INVESTORS

J.P.Morgan

J.P.Morgan
Asset Management

KeyBanc
Capital Markets


KeyBank
Real Estate Capital




LAZARD
ASSET MANAGEMENT

LEGG MASON
GLOBAL ASSET MANAGEMENT



M&T Bank


MACKAYSHIELDS



Maitland



 Manulife Financial



McCAFFERTY
& COMPANY

McKinsey & Company









Morgan Stanley

Attendee firms



Theme and Agenda

Accelerating front-office growth through innovation and efficiency

8:30 – 9:00am	Registration	
9:00 – 9:10am		Welcome note Damian Burleigh Moody's Analytics Knowledge Services
9:10 – 9:30am		Keynote address Robert King Moody's Analytics Knowledge Services
9:30 – 10:15am		Macro threats and opportunities Mark Zandi Moody's Analytics
10:15 – 11:00am		A bank's journey to innovate through KPO Douglas Preiser KeyBank Capital Markets
11:00 – 11:30am	Tea break ☕	
11:30 – 12:15pm		Transform the financial marketplace with innovative technology Nektarios Liolios Rainmaking Innovation
12:15 – 01:00pm		Measuring the intangible: How to demonstrate value in KPO Cornelia Anderson Blackstone
1:00 – 2:00pm	Lunch 🍽️	
2:00 – 4:30pm	6 Industry Focused Breakout Tracks	
5:00 – 7:00pm	Cocktails and canapés 🍸	



Breakout Sessions for focused and interactive discussion

ASSET MANAGEMENT

2:00-2:45pm

Active vs Passive: Moving beyond the debate

Amit Sinha

Head of Multi-Asset Design Voya Investment Management

2:45-3:30pm

Panel: The new era of Asset Management: Headwinds, tailwinds and new perspectives

3:30-3:45pm

Tea break 

3:45-4:30pm

Going beyond traditional: Leveraging KPOs to transform traditional RFP and consultant database processes

COMMERCIAL LENDING

2:00-2:45pm

Transformation of the lending function: How can you adapt?

David Harnisch EVP, Head of Commercial Banking Underwriting, Portfolio Management & Strategy, Santander Bank

2:45-3:30pm

The Credit Process (R)evolution

3:30-3:45pm

Tea break 

3:45-4:30pm

Building a scalable managed service model with third-party partners

COMPLIANCE

2:00-2:45pm


Transforming know your customer and client exits using automation

Solomon Avinaash Paul
Strategy & Change - KYC Operations Americas | HSBC

2:45-3:30pm

Panel: Techno-compliance: How technology is shaping the compliance landscape (AI/ML)

3:30-3:45pm

Tea break 

3:45-4:30pm

Due diligence in the digital age

Breakout sessions for focused and interactive discussion

INVESTMENT BANKING

2:00-2:45pm Building blocks for a sustainable partnership
Ross Williams
Chief Operating Officer
Baird Investment Bank

2:45-3:30pm **Panel:** Investment Banking & Capital Markets 2020: Key trends

3:30-3:45pm Tea break ☕

3:45-4:30pm Moody's offshore platform advantages and opportunities for advisory firms

INVESTMENT RESEARCH

2:00-2:45pm Scaling Investment Research: Adoption of nearshore teams to drive front-office efficiency
Amy Pompliano
Business Manager,
Americas Research, Barclays

2:45-3:30pm Costa Rica's growing position as a nearshore research center for North American banks and asset managers

3:30-3:45pm Tea break ☕

3:45-4:30pm **Panel:** Active vs Passive: Will active managers be able to outperform in an increasingly volatile environment?

PRIVATE EQUITY & VENTURE CAPITAL

2:00-2:45pm Independent sponsors in private markets: The rise, dynamics and way forward
Rena Clark
Managing Partner
Laurel Oak Capital Partners

2:45-3:30pm **Panel:** Rise of alternative investment strategies: Future growth drivers, disruptive technologies and best practices

3:30-3:45pm Tea break ☕

3:45-4:30pm Key lessons in building and monetizing early stage companies



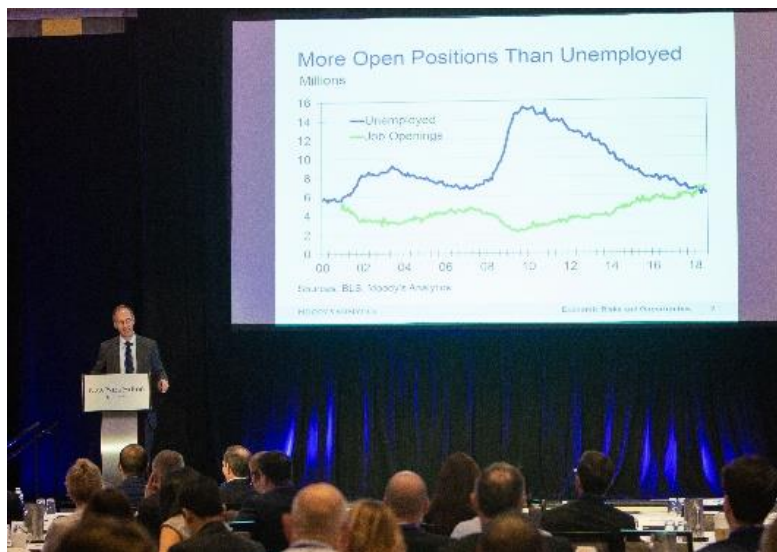
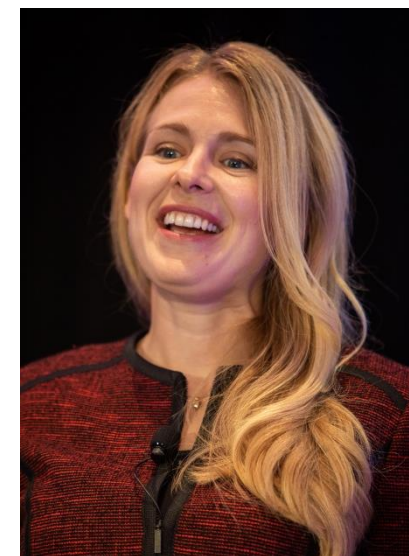
Conference Photo Book

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General Speaker Sessions



General Speaker Sessions



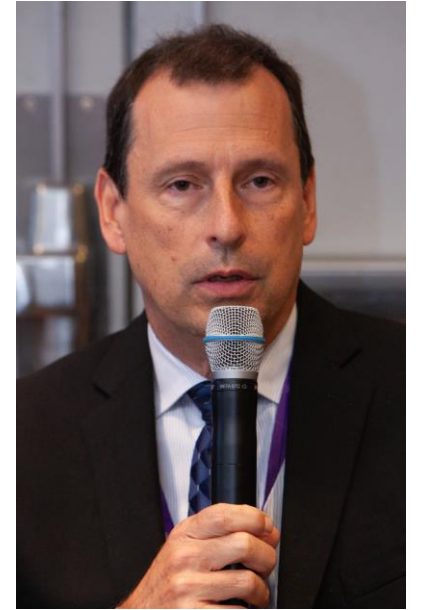
Breakout Sessions



Breakout Sessions



Breakout Sessions



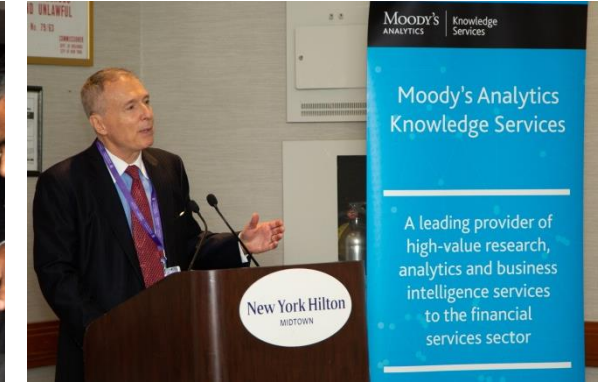
Photobook



Photobook



Photobook



A man in a dark suit stands on the left, facing a large audience seated at round tables in a conference room. The room has wood-paneled walls and large windows in the background. A semi-transparent white box with blue text is overlaid on the right side of the image.

Session Summaries

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General Segment

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Accelerating front-office growth through innovation and efficiency

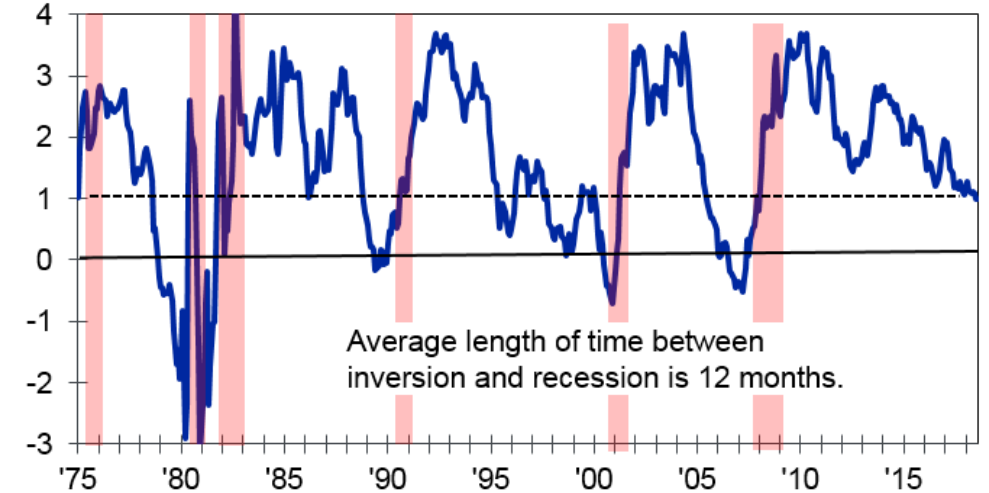
October 4, 2018

Macro threats and opportunities



Mark Zandi
Chief Economist
Moody's Analytics

- » Assessment of current economic conditions and near-term outlook
 - Creation of jobs
 - Mortgage market and re-financing
 - Unemployment rate at 3.9%
 - More job positions than unemployed market
 - Wage growth at 3% (continues to accelerate)
- » What could go wrong in the near term
 - Political situation
 - Brexit
 - Iranian oil sanction
 - Trade war (impact of China)
 - Interest rates
- » When is the next recession?
 - Leveraged loans at \$1.4 trillion (50% goes to CLOs)
 - \$1.3 trillion in junk corporate debt outstanding
 - June 20, 2020



Sources: Federal Reserve, Moody's Analytics

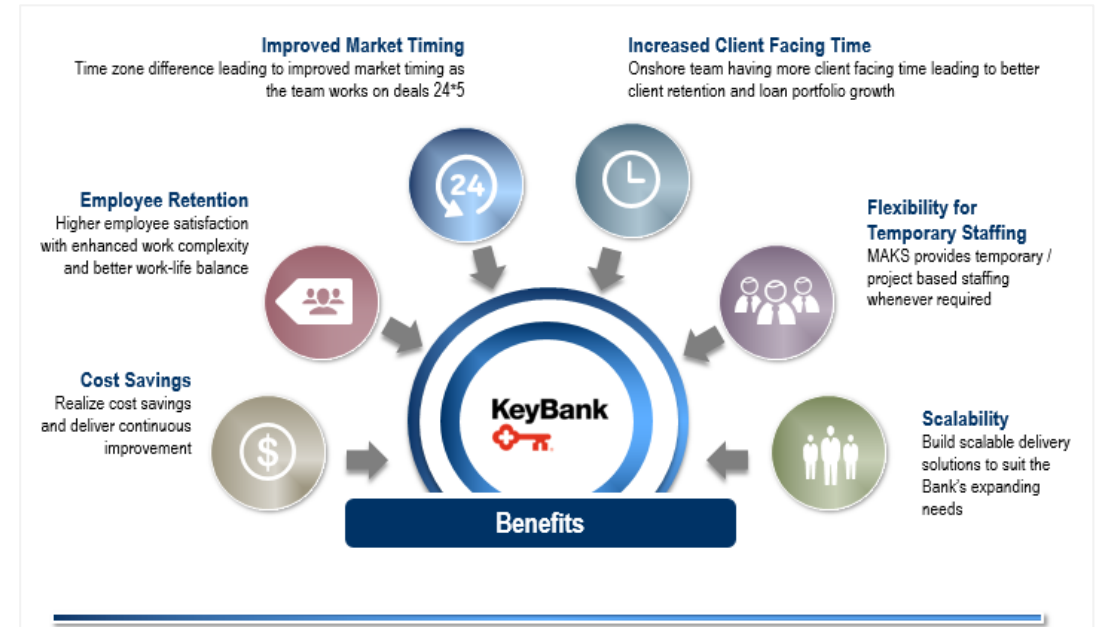
A Bank's Journey to Innovate Through KPO



Douglas Preiser
Co-Chief Operating Officer
KeyBanc Capital Markets

- » KeyBank and MAKS relationship milestones
 - 13 analysts in 2012 to 180+ analysts in 2018
- » Engagement growth
 - Loan Portfolio monitoring
 - Lending portfolio monitoring consolidation
 - Projects supported across LOBs
- » Partnership approach
 - Senior management focus
 - White boarding
 - Successful similar engagements
 - Performance objectives
 - Training & transition
 - Talent
 - Governance Structure, Creating an Offshore Captive
 - Benefits to KeyBank and Lessons Learnt

“Value Achieved is a Function of Commitment”



Transform the financial marketplace with innovative technology

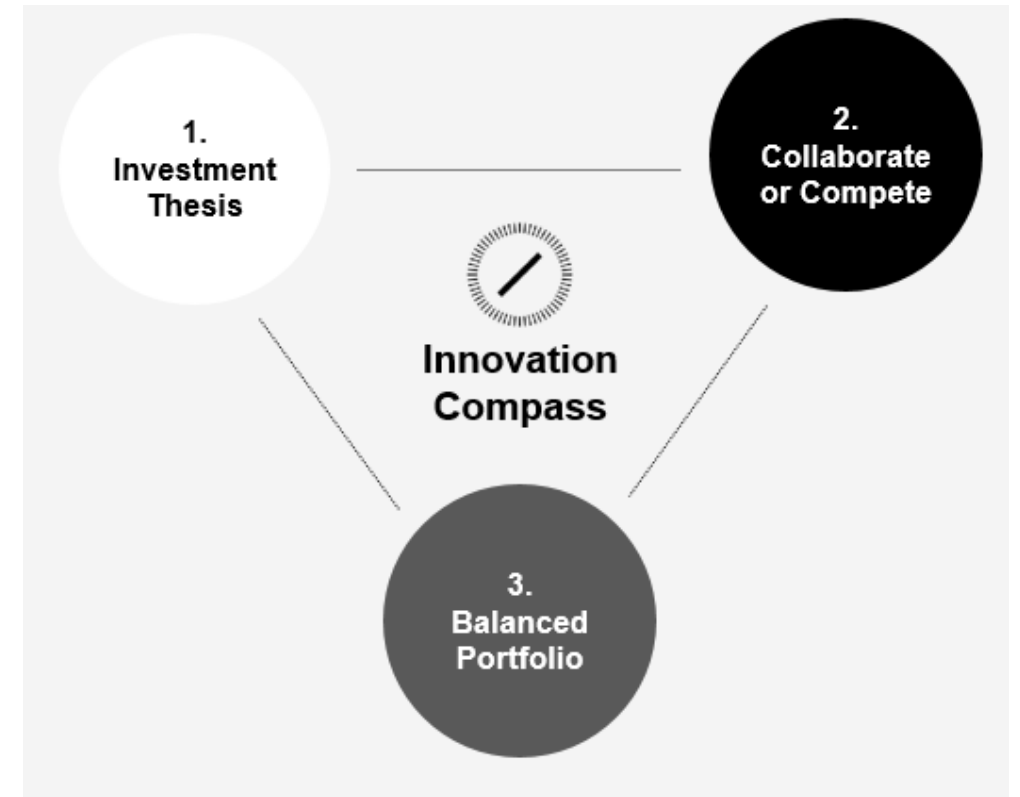


Nektarios Liolios

CEO and Co-Founder

Startupbootcamp FinTech and Colab FinTech

- » Reasons for low success rate
- » How can we improve?
 - Strategic alignment
 - Dedicated budget
 - Portfolio approach
 - Collaborate and play to win
- » Disruptive innovation themes
- » Suggestions
- » Engines of growth – Innovation compass, Internal innovation, Commercial Pilots, Venture development
- » Simplify the innovation compass and balance multiple bets across short, medium and long term innovation horizons



Measuring the Intangible

How to Demonstrate Value in KPO



Cornelia Andersson

Vice President, Global Head of Research and Market Data
Blackstone Group

- » Relevance and value of the global research team at BlackStone
- » Value alignment – support investment processes
- » Demonstrating expertise & skill
 - Moving from data to insights
- » Strategies deployed to move the team up the value chain
- » Ways to show value
 - Measure the right metrics (capture insights)
 - Its not about data
 - Tell a story – Value is multi-dimensional





1

Asset Management

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Active vs Passive: *Moving beyond the debate*



Amit Sinha

Head of Multi-Asset Design
Voya Investment Management

- » Revisited the definitions of active and passive investment strategies – should it be based on the traditional definition of stock picking, human / rules based methods, outperformance with respect to index OR should it be based on the sources of return?
- » Investors should identify the true source of investment returns – alpha, leverage, beta and factors
- » For active management, managers should structure their compensation based on alpha and factor allocation rather than for beta or leverage employed.
- » Asset managers should look at playing a greater role of meeting the investors' goals than mere outperforming indices

Going beyond traditional: *Leveraging KPOs to transform traditional RFP and consultant database processes*



Ellen Voda

Senior Vice President and
Managing Director of Global RFP and Databases
AllianceBernstein

- » Overview of AllianceBernstein (AB), and how the needs of an asset manager of this magnitude have evolved over the years.
- » With seismic shifts happening within the Asset management sector, the challenge for firms to stay ahead of the curve is not an easy one. With changing regulatory landscapes, cost pressures and a more global distributed clientele, the need to partner with a capable, credible and proven onshore partner like Moody's helps ease the burden on asset managers especially in RFPs, DDQs and CDBs.
- » DDQ breakdown: process, people and workflow – Understanding the nuances present within various sections, sub sections, and their respective stakeholders of any DDQ is critical. Along with this, a glimpse into how content, process, workflow and reporting are ensured for best output form the crux of any good partnership
- » Synergy: AB with Moody's – An insight into how Moody's emerged as a partner that was able to set best practices for AB's requirements in RFPs and DDQs.



2

Investment Banking & Investment Research

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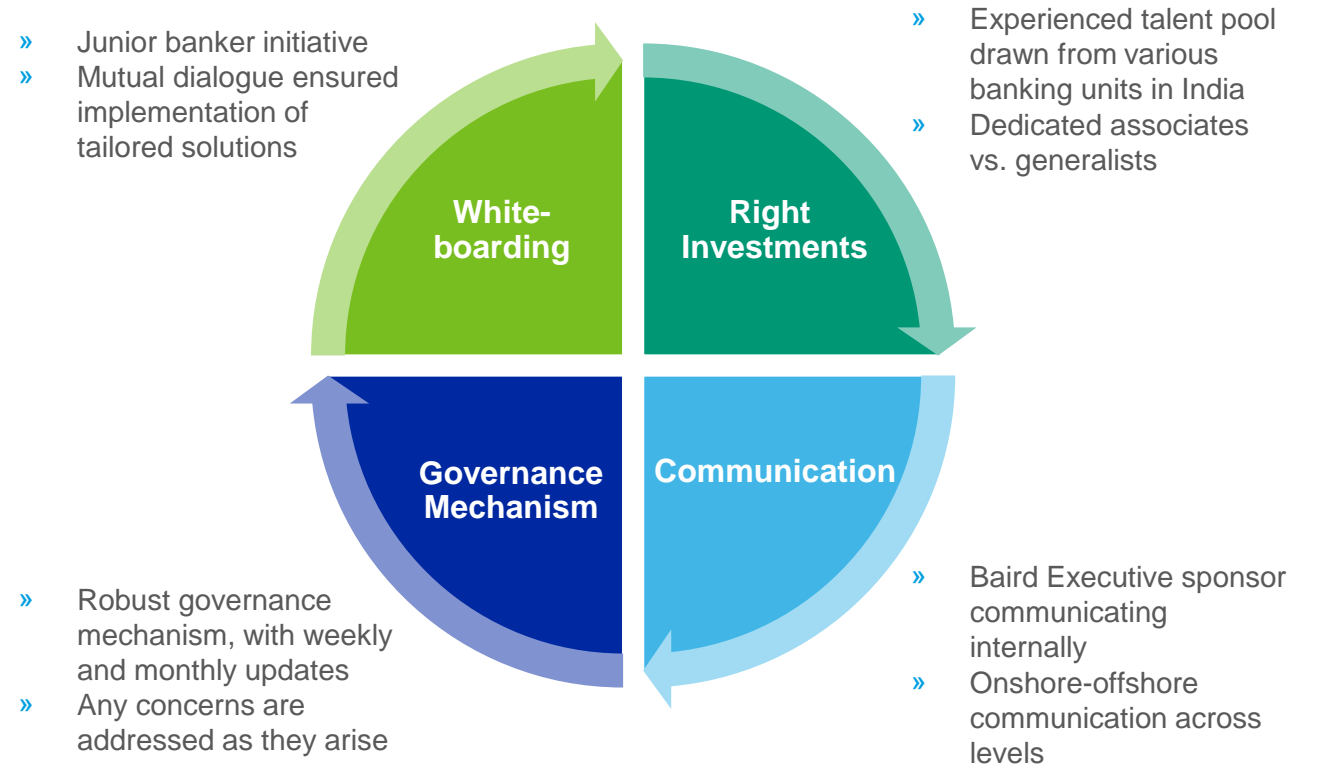
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Building blocks for a sustainable partnership



Ross Williams
Chief Operating Officer
Baird Investment Bank

- » Why did we decide to partner with Moody's Analytics Knowledge Services
 - Tasks which can be offshored
 - Increase junior banker morale and reduce analyst staffing levels.
- » Evolution of the relationship
 - Team expansion from 6 FTEs' to 24 FTEs'
 - Team has moved to higher complexity tasks, with a higher proportion of ad-hoc tasks
- » Steps taken to ensure a smooth take off
 - White boarding
 - Right investments
 - Communication
 - Governance mechanism
- » What worked for Baird and words of guidance



Moody's offshore platform advantages and opportunities for advisory firms



Colin McCafferty
Founder and Managing Partner
McCafferty & Company

- » Introduction to McCafferty & Company
- » Recent Trends in Media and Technology
 - Digital Media and Tech Landscape Looks Like Game of Thrones
 - Lessons in Leadership Learned from Game of Thrones
 - Key Trends in the Media and Technology Industry
- » Timeline of Relationship with Moody's Analytics
- » How McCafferty & Co. Has Benefited From Our Relationship With Moody's Analytics
 - **18,500+ hours** of IB research
 - **1,200+ hours** of presentation & graphics work
 - Developed research primers for **~20 sub-sectors of Media & Technology industries**
 - **~740 projects** delivered to date
 - **~6 Projects** developed concurrently at any time

Treat Moody's Team Members as Part of Broader Team



- » Concurrent work model enables both the teams to work in a more integrated manner
- » Access to McCafferty VPN ensures sharing of materials and dissemination of workflow smoothly, as well as enhances the trust built between the two sides over the years

Ensure Constant Communication with Team Members



- » Exchange of emails on a daily basis to keep a tab on the ongoing projects
- » Weekly calls to discuss workflow, priorities and project pipeline
- » Communication even at late hours soliciting any discussion or specific task requirements

Contextualize Projects & Allow for Independence



- » Better understanding between the two teams allows handling the tasks in an independent manner
- » Guidance and regular feedback enables the execution team to deliver a better output
- » Iterative nature of projects allows constant development

- » How Moody's Can Help Boutique Advisory Firms
 - 'Customized' and 'Lean' Engagement models for Boutique advisors to meet client-specific requirements
 - Enhanced coverage, Revenue growth, job satisfaction, cost savings, increased efficiency, and operational flexibility



3

Private Equity & Venture Capital

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Independent Sponsors in private markets – the rise, dynamics and way forward



Rena Clark
Managing Partner
Laurel Oak Capital Partners

- » Private equity market and current landscape
 - Increasing dry powder, increasing multiples – need to find quality deals
- » Independent Deal Sponsors
 - Who are Independent Sponsors (IS)?
 - Independent Sponsors: New deal flow channel for middle market
 - Unique Propositions
 - › Costless deal optionality: Direct access to Sourced + Diligenced deals
 - › Access to less efficient lower middle market: Low multiples, operational improvements
 - › Flexible deal terms and transaction structure
 - › Deep experience and specialized knowledge of IS in niche segments
 - Additional source of attractive investment opportunities to enhance IRR
 - Value creation by independent sponsors
 - In pursuit of deals – successes
- » Way forward

Value creation by independent sponsors

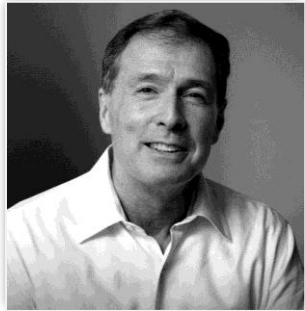
Operational and tech turnarounds: IS firms bring more to the table than sourcing deals

Global talent leverage: For example, research, analytics and tech talent pool in India

Best practices: C-suite connects, cost rationalization, right-sourcing talent, optimizing supply chain

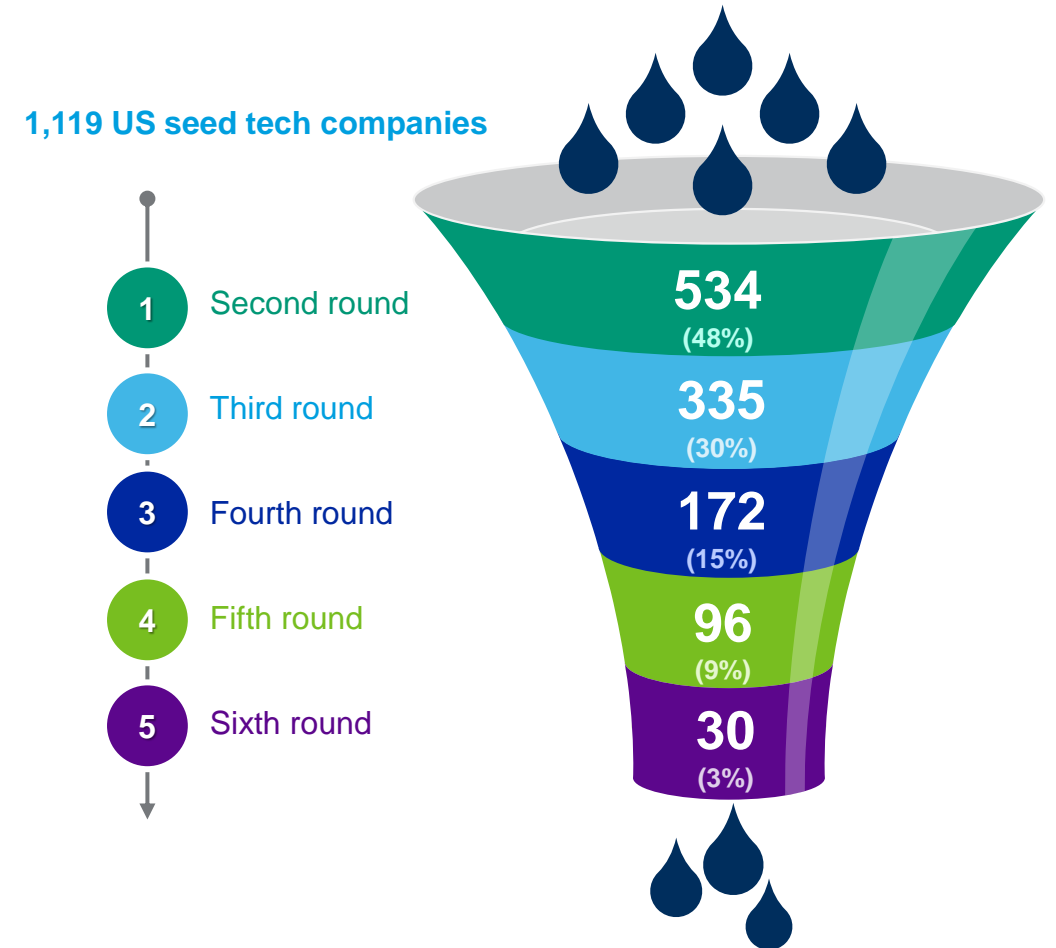
How do these moves result in improving IRR?

Key Lessons in Building and Monetizing Early stage Companies



Richard A. Conn Jr., Managing Partner
Innovate Partners, and
Eurasia Advisors

- » Startups – Uphill battle towards being successful
- » Building a successful startup is not a function of “luck”
- » Challenges in startup culture that must be overcome
- » Business strategy – Struggle, learning, and success
 - Getting Ready
 - Start Building
 - Product Evolution
 - Business Indicators
- » Easier to succeed if only one thing is revolutionized at a time
 - Team Building
 - Business Learnings
- » Monetizing later stage VC - Liquidity options continue to proliferate for venture-backed companies
- » Liquidity is all about timing - It's all about the premiums given to patient investors
- » Patience is a virtue - Staying private longer allows more time to establish profitability. However, waiting too long only increases pressure to maintain nearly impossible levels of growth



Startups – Uphill battle towards being successful



4

Commercial Lending

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Transformation of the lending function:

How can you adapt?



David Harnisch
EVP, Head of Commercial
Banking Underwriting,
Portfolio Management & Strategy
Santander Bank

- » Transformation vs Enhancement
 - Inspiration from other industries
- » What will revolutionize lending
 - Changing dynamics brings opportunity
 - FinTech and collaborative approach
 - Talent acquisition & retention
- » Transforming the lending function
 - Across the credit continuum
 - Factors driving the change
 - Move from “Enhance” to “Revolutionize”
- » Best practices for transformation
- » Importance of partnerships and key takeaways

**Take Ownership –
Top to Bottom
Commitment**

**Ask Your Customer /
Know Your Customer**

**Train and Dedicate
Resources**

Maintain Flexibility

**Cultural Driver and
Enabler**

**Partnerships are
Critical – Build a
Winning Team!**

**Test, Pilot, & Find
Space to Innovate**

Think Big!

The Credit Process (R)evolution



Jessica Rascionato

Head of Underwriting and Portfolio Management
Citizens Bank

- » Credit process is transforming – need to evolve
 - Process, Tech, Talent & Culture
- » Understand the credit process
 - Define, Diagnose, Improve before deploying technology
- » Technology – key questions to consider
 - Analytics & EWIs
 - Analytics penetration within processes
 - System integration
 - Automation / RPA – what can be automated?
- » Talent & Culture
 - Scorecard, cycle time, communication, stakeholder alignment, address gaps, celebrate wins
- » Final thoughts



“It’s a common challenge but not a zero sum game... Good luck!”

Building a scalable managed service model with third-party partners



Ken Schroeder
Senior Vice President and
Commercial Mortgage Group
KeyBank Real Estate Capital

- » KeyBank's relationship with Moodys and engagement with REC (Real Estate Capital)
- » Why a shared services model
 - Challenges to solve with offshoring
 - Growth necessitated an alternative to additional headcount
 - Well defined framework for implementation
 - Evolution of relationship
- » Debunking common myths
- » Specific challenges and Critical Success Factors





5

Compliance

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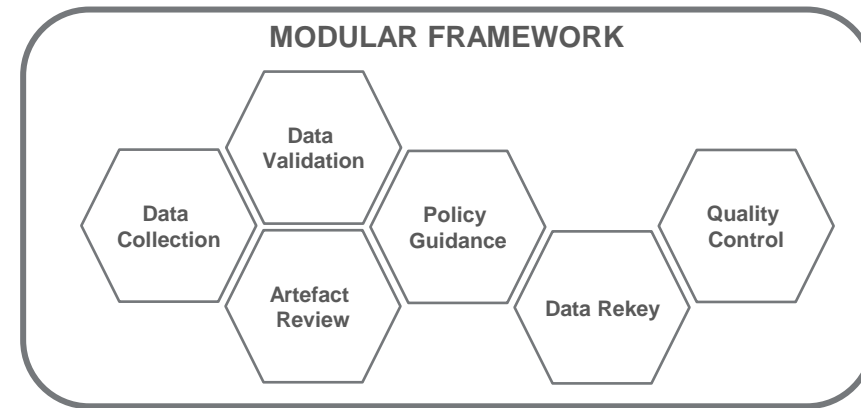
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Transforming Client Lifecycle Management Using Automation



Solomon Avinaash Paul
Consultant
Client Life cycle Change Management

- » Client Lifecycle Management - Key tasks - Onboarding, Maintenance and Exits. These require a number of functions such as KYC, Credit Services and Account Maintenance to work in cohesion and achieve specific goals
 - Challenges: Highly manual, Multiple systems Complex procedures/policies, Multiple handoffs
 - Impacts: Slow Processes, Higher Costs Reduced Customer Experience
 - Focus area
 - › Know Your Customer
 - › Alert Management
 - › Client Exits
- » Options
 - Enhance existing teams
 - Automation
- » Approach and Application



 Automated Ingestion

 Advanced Analytics

 RPA

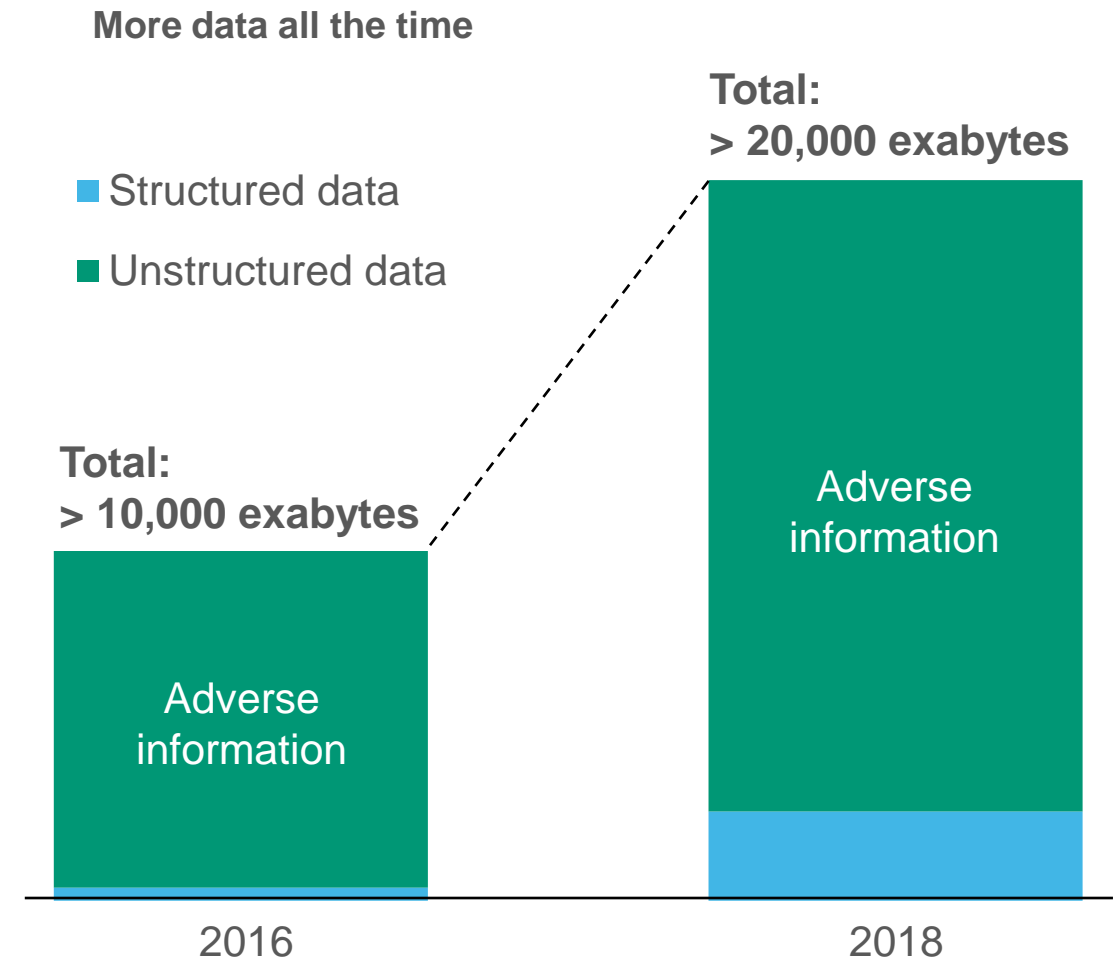
- » Outcomes
 - 70% to 90% reduction in manual tasks
 - 100% Quality
 - Reduced costs (6M annualized)
 - Rapid deployment (20+ markets)
 - Staff up-skilling
 - Higher throughput
- » Enablers
 - Vendor: Strong domain knowledge, Solutions oriented, Delivery focused
 - Client: Investment commitment, SME participation, Transformation culture
 - Solution: Transform, Automate, Offshore, Orchestration of solutions, Simple and nimble

Due diligence in the digital age



Bill Hauserman
Senior Director
Compliance Solutions, Americas

- » The impact of ever increasing volumes of data on KYC and CDD
 - More data all the time
 - Implications on KYC and CDD
- » How firms can use RegTech and outsourcing to solve problems related to KYC and CDD
 - The evolution of RegTech
 - KYC and CDD resources dilemma
 - The role of RegTech in KYC and CDD
 - Outsourcing of due diligence activities
- » Key takeaway - Due diligence is risky and costly without better data and technology



Source: Patrick Cheesman, www.eetimes.com

A nighttime photograph of a city skyline, likely New York City, with numerous skyscrapers illuminated by city lights. The sky is a deep purple and blue. A semi-transparent blue horizontal band is overlaid across the middle of the image, containing white text.

**To request speaker presentations, please email
contact_maks@moodys.com**

maknowledgeservices.com | contact_maks@moodys.com



Thank You

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