USAA's Supplier Governance Transformation that Optimizes Value and Addresses Risk

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SIG Global Executive Summit

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About USAA

• The mission of the association is to facilitate the financial security of its members, associates, and their families through provision of a full range of highly competitive financial products and services; in so doing, USAA seeks to be the provider of choice for the military community.

• USAA was founded in San Antonio, Texas, in 1922 when 25 Army officers came together and decided to insure each other’s automobiles.

• The USAA family of companies provides insurance, banking, investments, retirement products and advice to 11.1 million current and former members of the U.S. military and their families.
Session Overview and Objectives

- The case for change at USAA and an enterprise supplier governance framework that applies across the sourcing lifecycle
- The transformation approach used for enterprise supplier governance and the role of specialized Governance and risk management tools and processes
- What to look for and why in selecting tools for supplier governance and risk management
- Lessons learned and benefits realized
Audience Polling Question

• How familiar are you with holistic solutions for governing contracts and managing overall supplier value and risk across the sourcing lifecycle?
  – Oops, I’m in the wrong session.
  – I’m interested in what this is all about.
  – I’ve been asked to do this and am looking at options.
  – I’m currently responsible for this in my organization.
  – I’m a consultant or systems provider for this, and will evaluate your presentation as such.
About Enlighta

Enlighta provides a comprehensive, scalable, and adaptable SaaS & on-premise platform for supplier governance and third-party risk management.

Actionable Insight to User Roles
- Vendor Management
- Senior Executives
- Relationship Managers
- Line Managers
- Supplier Users

✓ Lower your cost of contract governance
✓ Ensure regulatory and contract compliance
✓ Improve business alignment with suppliers
✓ Increase value from supplier relationship

Rapid Adaptability
Analyst Configurable
Multi-level Administration

Any Device Web Accessible

Big-Data Analytics Scorecards Dashboards

HfS Blueprint Governance Solutions

"Enlighta has proven to be a powerful solution for enabling efficient outsourcing governance. The support provided both during and since implementation has been outstanding."

- Project Manager, F100 Credit Card & Financial Services

Sample Deployments
- Regulated Financial Services
  - F100 Financial Services
  - F500 Insurance Services
- F100 Entertainment & Media
- F500 Manufacturer
- F100 Retail
- F100 Hotel Chain
- F500 Bio-Pharma

Enlighta Govern and Enlighta Risk deployed at dozens of Global 2000 enterprises and Enlighta Relationship Health Assessment used for 100s of Buyer-Suppliers Relationships.
Best in Class Third Party Governance Framework
Case for Change – Key Drivers and Pain Points

- USAA Growth
- Utilization of Third Parties
- Increasing Regulatory Obligations (Company-Wide)

Role Ambiguity - Value Leakage - Operational Risk – Regulatory Compliance
• What would be the primary drivers in your organization for tools for contract governance and supplier risk management? (multiple choices allowed)
  – Increased efficiency and consistency of governance and risk functions via automation of manual processes.
  – Compliance to regulations and policies.
  – Improved supplier collaboration, relationship and service integration.
  – Improved decision support for senior management across strategic supplier engagements.
  – I and my team need to get some sleep
USAA Supplier Governance is the best-in-class lifecycle management of third parties and their services, optimizing value and risk while ensuring regulatory compliance.
Service Delivery Evaluation Core Processes (Small “G”)

- **Performance Management**
  - Service Level Management
  - Issue Management
  - Change Management
  - Balanced Scorecards
  - Demand Management
  - Deliverables and Obligations

- **Relationship Management**
  - Strategic/Mission Alignment
  - Satisfaction Survey Mgt.
  - Innovation Mgt.
  - Meeting Administration
  - Communications Management
  - Exit Strategy & Planning

- **Financial Management**
  - Forecasting and Analysis
  - Invoice Management
  - Performance Credits
  - Value Assurance
  - Spend Management
  - Tax Management

- **Ops Risk Management**
  - USAA Data Management
  - BC/DR Management
  - Personnel Qualification Mgt.
  - Standards Mgt. (SSAE 16)
  - Regulatory & Compliance Mgt.
  - Security Management
Transformation Approach – Supplier Governance

Focus on building the Foundation...

• Framework
• Job Families
• Tools
• Managed Svcs
• Training

...and on building “Wave 1” Core Processes.

• Member Data Mgt
• Invoice Mgt
• Supplier Sustainability
• Service Level Mgt
• Issue Mgt

Blue Teams for Foundation

Silver Teams for Wave 1 Core Processes

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Enlighta’s Role in USAA Supplier Management

Enlighta provides a comprehensive, scalable, and adaptable platform for supplier governance and third-party risk management processes.

**Contract**
- Contract Repository
- Pricing: Transactional, Fixed, Rate Card, ARC/RRC Dead-bands
- Contract Requests
- Contract Issues
- Interpretations
- Spend Pool Mgmt.
- Service Requests

**Performance**
- Service Levels definition
- Internal SLA computation
- External SLA import
- Mgmt. Dashboards
- Metric Reports
- Deliverables & Obligations
- Balanced Scorecard

**Financials**
- Invoice Validation for consumption, timing, pricing and credits
- Disputed Charges
- Service Credits and Earn-backs tracking
- Resource Consumption, Overtime and Forecast
- Spend Actuals, Budget and Forecast & Variance

**Relationship**
- Governance Issues
- Engagement Level (Meetings, Action Items)
- Communications
- Supplier Assessment
- Ideation
- Survey Management

Supplier Management Data Analytics
- Role-based Workflow, Secure Access, Configurable Processes
Enlighta Performance Management

- Multi-Tower, Region, Supplier, LOB
- Supplier Balanced Scorecards
- Automated Feeds
- Exception Handling
- Requests to Suppliers
- Supplier Input
- Resource Units
- Volume Management
- Service Levels
- Service & Resource Credits
- Deliverables & Obligations
- Issue Management
- Events & Automated Actions
Deliverables & Obligations

Periodic (Annual, Quarterly, Monthly, Weekly) D&Os with Automated Reminders, Action Items

Shared Calendar of Governance & Risk Activities
Risk Assessments & Risk Scoring, Checklists & Health Assessments

Easy to model supplier survey health assessments

Supplier and Contract On-boarding and On-going Risk Assessments and Risk Scoring

Quality of Engagement

Q 12 KEY PERFORMANCE INDICATOR Service Delivery

Please rate the overall quality of supplier service delivery.

Please provide rationale for your rating in the 'additional comments' field.

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<th>5 - Consistently Exceeds Expectations</th>
<th>4 - Sometimes Meets Expectations</th>
<th>3 - Meets Expectations</th>
<th>2 - Sometimes Meets Expectations</th>
<th>1 - Rarely/Never Meets Expectations</th>
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<td>Compliance with agreed deliverables and SLAs</td>
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<td>Cost Savings (does vendor deliver consistent ideas on improving efficiency and reducing costs)</td>
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Report and Analyze Assessment Results
Manage Supplier & Sub-Contractor Location Risk

On-boarding Assessments & Capture Site and Subcontractor Details and Location

Manage Geo-Risk based on Real-Time Events (such as Natural Disasters) with Automated Communication with Suppliers

Data Elements Accessed by Supplier & Sub-Contractors

Real-time Weather Feeds
Audience Polling Questions

• Where is your organization currently with a capability to govern contracts and manage overall supplier value and risk holistically across the sourcing lifecycle?
  – Oops, now I’m sure I’m in the wrong session.
  – We’re thinking about it and have bits and pieces of capabilities.
  – We’re making plans, building a business case and/or searching for solutions.
  – We’re slogging/flying through an implementation now.
  – We’ve survived an implementation and will now take over the presentation from here.
Implementation and Deployments

- “Implementation” built enterprise capabilities and deployment packages (Enterprise-led, Business Unit-Supported)
  - Design
  - Develop
  - Validate
  - Implement
  - Govern

- “Deployments” installed the capabilities within business units (Business unit-led, Enterprise-supported)
  - People (Training, Support, FAQ, Job Aids)
  - Process (Swim Lanes, RASCI, CTQs)
  - Technology (Configurations, Testing, Troubleshooting, Tuning)
Key Considerations

- Strength of the Case for Change – People, Process, Technology
- Scope and Objectives for v1.0 / “Wave 1”
- Program Structure
- Understanding Maturity Levels – Current and Desired
- Standardized Lexicon – including “Governance”!
- Change Management: “Pre-Adopters” vs. Early Adopters (Stakeholder Analysis)
- Tool First? Process First? Tool and Process First? Managed Services?
- Proofs of Concept
- Communications – Stakeholders, Status
Key Learnings

- Think Big – Act Small and Fast
- Communicate, Communicate, Communicate
- Organization Culture – Consensus Oriented?
- Time Spent Getting to the Signature on the Dotted Line
- Plan and Budget upfront on Wave 1.1
- Adaptability for each BU versus Standardization at Enterprise Level
- Internal User Group – Feedback and Planning
Enlighta, a leading provider of supplier governance and risk management solutions is pleased to provide the following SIG special offers:

$20,000 discount for Enlighta Govern or Enlighta Risk (buy-side only) pilot or $20,000 applied to solution licensing
  • Pilot includes up to three contacts, three contracts and 30 users for three months of pilot usage

Five Relationship Assessment Surveys for $2,500 each (unlimited participants)

20% discount on assessment or implementation services


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www.enlighta.com
Enlighta Govern & Enlighta Risk Suite

Enlighta Govern
- VMO/Sourcing
- Tier-1/Tier-2 Suppliers

Enlighta Risk
- Risk Officer / Third-Party Risk
- Typically all Third-Parties
Biographies

Glenn Ellis  
Director, Supplier Management  
USAA  
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Glenn leads an enterprise team of USAA Enterprise Supplier Management professionals responsible for establishing and delivering enterprise standards, tools, processes and training for USAA's Supplier Governance framework. This framework enables the optimization of third party provider value and risk while addressing regulatory compliance considerations.

Glenn has held various sourcing roles throughout the sourcing lifecycle within USAA's Global Service Delivery/Procurement organization. Prior to USAA, Glenn was with EDS in leadership, consulting and technical positions focused on ensuring maximum value for clients and employees.

Nipun Sehgal  
CEO and Founder  
Enlighta  
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Nipun is the Founder & CEO of Enlighta; Enlighta’s solutions have been deployed by global 2000 enterprises to simplify and streamline performance management, risk management, contracts compliance, relationship and financials management across strategic supplier relationships.

Over the last 20+ years (including 10+ years at Enlighta), Nipun has been involved with architecture, implementation and deployment of enterprise grade web solutions and middleware for Global 2000 clients.

His interests and focus areas are enterprise-class solutions and platforms for complex, challenging and “big” problem areas that remain unaddressed in enterprises.
GOING ABOVE FOR THOSE WHO HAVE GONE BEYOND
Evaluation How-to:

Why?
- Your feedback **drives** SIG Event content
- By signing and submitting your evaluation, you are automatically entered into a prize drawing

How?

Option 1: App
1. Select **Schedule**
2. Select **Schedule by Day**
3. Select **Day**
4. Select **Session**
5. Scroll to **Description**
6. Click on the **Evaluation link**

Option 2: Browser
1. Go to [www.sig.org/eval](http://www.sig.org/eval)
2. Select **Session (#21)**

COMPLETE & SUBMIT EVAL
Session #21

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Are You a Winner?

Engage with SIG on Twitter during the Summit!
Follow @SIGinsights
Mention #SIGfall2015 in your tweets!

All Tweeters will be entered to win a $50 Gift Card.
The winner will be announced Thursday, Oct. 29, 2015