



Specialized Financial Institution

Vendor Management for Compliance and IT Efficiency

Geography

North America

Industry

Financial Services

Business Need

Optimizing vendor spending and simplifying regulatory compliance processes.

Solution

The company's IT leadership team created a Vendor Management Office (VMO) and chose the BMC Vendor Relationship Management solution, part of the BMC IT Business Management Suite to support the VMO's activities. To further streamline compliance management, they also deployed the BMC Governance and Compliance solution.

Results

- > Significant cost savings from vendor rationalization
- > Greater visibility into vendor performance
- > Faster and more cost-effective compliance reporting

For more than 20 years, this regional, specialized bank has provided customized financial services to some of the most innovative and entrepreneurial companies in the technology, life sciences, private equity, and premium wine industries. As a result, the company has developed a deep understanding of its clients' business models and a level of comfort and respect for the inherent volatility that comes with serving its clients' dynamic markets. Offering global commercial, investment, and private banking and asset management services to companies of all sizes, the organization employs a progressive approach to financial services and a deep commitment to ensuring success for entrepreneurial companies of all sizes.

THE CHALLENGE

Vendor spending is often more than 50 percent of a company's overall IT budget, as is the case for this organization. A newly hired CIO realized that his team had limited visibility into how many of the bank's 500-plus IT vendors were meeting their commitments and providing real business value. He recognized the need to better manage these vendors and ensure that the bank was getting the biggest return on its IT investment.

In addition, the current regulatory environment in the banking industry requires a high degree of governance over vendor and procurement processes. The institution manages compliance around more than 400 controls – from Sarbanes-Oxley to regulations governing money laundering – and all controls must be regularly tested. The CIO needed a way to respond more quickly and effectively to federal requirements as the compliance programs were being handled manually in various silos that were labor intensive and costly to manage.

THE ITM SOLUTION

In 2006, the CIO began to consider new initiatives that would improve overall IT business effectiveness. The bank's lack of visibility into its IT vendor activities, coupled with the high degree of governance of vendor and procurement processes, led the IT leadership team to create the concept of a Vendor Management Office (VMO).

The VMO is a fairly new concept in the industry, and is not guided by an established body of industry best practices. The VMO was chartered with measuring vendor performance, governing management practices, and optimizing spending. The bank hired a specialist to run the VMO and selected the BMC Vendor Relationship Management application from BMC Software to support the IT aspects of the VMO. Through its IT Business Management Suite, BMC Software delivers an integrated approach to IT business management that enables organizations to have one solution and one system of record for comprehensive visibility, coordination, and control across IT functions.

BMC Vendor Relationship Management focuses on managing the single largest cost in sustaining operations in IT – vendor expenditures. Effectively managing vendor spend allows the

company to direct more investments into projects and initiatives that move the business forward. Now BMC Vendor Relationship Management provides the bank with a comprehensive, single-vendor management system that drives vendor costs down by reducing redundancy, proactively managing vendor obligations, and establishing ongoing vendor performance metrics. In addition, it provides visibility into IT functions, thereby allowing more effective compliance with federal requirements. To further drive compliance management efficiencies, the bank deployed BMC Governance and Compliance, another application in the BMC IT Business Management Suite.

THE BENEFITS

In the first three months after initiating its Vendor Management Office powered by BMC Vendor Relationship Management, the organization significantly improved its overall IT business effectiveness through:

- > Greater visibility into vendor activities and processes
- > More informed and empowered business and IT managers
- > Faster and more effective response to federal compliance requirements

This bank also realized a \$350K cost savings, in the same three-month period, as a result of rationalizing its vendors, creating transparency regarding IT vendors and how those vendors support the business, and empowering people in the organization with the information they need to make smart investment decisions. By leveraging the BMC Governance and Compliance, the CIO and his team are eliminating silo-based compliance management and automating manual processes. More importantly, they now have complete visibility into compliance status and can shift resources to the areas that need the most attention. While it is still in the early stages of implementation, the CIO believes he can eventually cut in half the labor required to manage compliance.

The creation of the Vendor Management Office and the implementation of the BMC Vendor Relationship Management application have enabled the bank to more effectively and efficiently manage its IT business operations. While these programs are still in their infancy, their impact will play a vital role in the overarching objective to manage IT as a business.

"As a company focused on driving innovation, we needed to ensure we were making the most of our IT resources," said the bank's CIO. "The BMC IT Business Management Suite provided us with the visibility and confidence to make more informed decisions that will significantly impact our bottom line."

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Chief Information Officer

Key Products Used

- > BMC IT Business Management Suite:
 - BMC Vendor Relationship Management
 - BMC Governance and Compliance Management
 - BMC Product and Portfolio Management

About BMC Software

BMC Software delivers the solutions IT needs to increase business value through better management of technology and IT processes. Our industry-leading Business Service Management solutions help you reduce cost, lower risk of business disruption, and benefit from an IT infrastructure built to support business growth and flexibility. Only BMC provides best-practice IT processes, automated technology management, and award-winning BMC Atrium technologies that offer a shared view into how IT services support business priorities. Known for enterprise solutions that span mainframe, distributed systems, and end-user devices, BMC also delivers solutions that address the unique challenges of the mid-sized business. Founded in 1980, BMC has offices worldwide and fiscal 2008 revenues of \$1.73 billion. Activate your business with the power of IT. www.bmc.com.



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