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Case Study //

Securing IT Governance Using Real-Time Reporting with IBM Cognos – Financial Services Provider Reduces Risks and Optimizes Infrastructure

Management summary

Key terms

✓ BCBS 239 ✓ IT governance ✓ Real-time reporting ✓ Federated data warehousing ✓ IBM Cognos

Goals

- ✓ Comprehensive evaluation of all information about IT processes
- ✓ Reliable and rapid risk assessment of IT processes
- ✓ Reduction of risks and optimization of the IT infrastructure

Approach

- ✓ Development of a metadata model in IBM Cognos Framework Manager
- ✓ Implementation with IBM Cognos BI
- ✓ No central physical data storage (federated data warehouse)

Results

- ✓ Comprehensive reporting on IT governance meets all requirements of the German banking authoritiy (BAFin) in accordance with the minimum requirements for risk management in Germany (MaRisk)
- ✓ Detailed analyses bring together information from different repositories
- ✓ More efficient IT management thanks to targeted analysis options

Initial situation

Clearly documented and consistent IT processes make an essential contribution to risk assessment in credit and financial services institutes. Furthermore, a well-conceived IT governance concept simplifies the management of the individual IT systems and systematically prevents downtimes. In the first step, the financial services company implemented different applications that covered the existing computer systems, the standard infrastructure products, and the associated service management within individual business departments. The next stage involved working with mayato to prepare the data – which was previously available in isolated systems only – for cross-company evaluations in such a way that it could be compared and correlated.

Clear rules – strict control

The 2007 banking crisis made it clear that transparency plays a central role in the financial sector. Credit and financial services companies must be aware of the risks they face at all times. The German banking authority (BAFin) checks this and thus guarantees a functional, stable, and trustworthy financial system. The legal requirements are set out predominantly in the minimum requirements for risk management in Germany (MaRisk), the German Banking Act (KWG), and BCBS 239 of the Basel Committee on Banking Supervision. A decisive parameter for the implementation of these requirements within the governance processes (that is, processes for administration, management, and control) is the information technology used. Within the framework of IT governance, banks must have a detailed overview and full control of all their processes and applications. The authorities regularly check this transparency, and the written findings are anticipated with dread in the industry.

"Only if you are intimately familiar with your IT processes can you gauge and minimize the risks contained in them."

André Bukowski
Governance Team Lead
mayato GmbH

Transparent IT – gathering information

Based on the BaFin requirements, a leading German financial services provider recorded and documented all its IT processes, all its hardware components, and all its software solutions for infrastructure and business applications. In addition, the company developed and implemented risk classification for the business applications and a sophisticated service management system. The individual business departments took on these initial documentation tasks. Based on the departments' individual business and technical views, autonomous repositories were created that existed parallel to one another. The big challenge was then to bring together this diverse data from different systems to achieve higher-level reporting. This would enable IT governance questions to be answered fast and reliably, for example:

- Which business processes are affected if a computer system or an application fails?
- Are approved IT infrastructure products installed on all production systems?
- Which applications are installed and where exactly are they installed?
- Are the risk classes correctly defined? Each process and application is assigned a risk class. Applications that are essential for a process must have at least the risk class of the process.

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Systematic metadata modeling – highly diagnostic reporting

The company commissioned mayato GmbH to connect the individual repositories and develop the basis for detailed reporting. Two fundamental conditions had to be met here: The reports should be created on the basis of the existing IBM Cognos BI platform and the data should not be stored separately – that is, redundantly – in another database, but should be retrieved from each of the sources at report runtime. First of all, the mayato consultants analyzed the structure of the individual repositories, in order to define common attributes. Using these attributes, the mayato consultants were then able to establish connections between the individual sources and map them in a metadata model in IBM Cognos Framework Manager. To keep the effects of future changes to the data sources or to the modeling to a minimum, the metadata model was developed as what is known as a "durable model."

All the data sources and their relations were imported into the model. Furthermore, various indicators for quantifying the existing assets were added in the modeling view (number of processes, number of computer systems, and so on).

The data that the metadata model needs was retrieved from several different SQL servers and Oracle databases. The benefits are obvious: There's no need for redundant data storage and reporting accesses current data in real time. However, collecting all the queried data in real time can represent a great performance challenge for the Cognos server.

"Despite the fact that the implementation was tricky in some places because data was not stored separately in a data warehouse or an integrated database, the concept works flawlessly and delivers all the data in real time."

Hans van der Merwe
Business Consultant
mayato GmbH

Reliable risk assessment – efficient IT processes

The financial services provider profits from IT governance and the metadata model in two ways: First, the IT risk management department can keep an eye on potential risk situations and take preventive action in good time. Second, reporting enables other departments to identify and tap potential for IT optimization faster. And, what's more, the company fully complies with the BaFin requirements for transparent IT governance.

About mayato

mayato GmbH empowers companies to capitalize on their information. Together with our customers, we develop and implement solutions in the areas of financial analytics, customer analytics, industry analytics, and IT security analytics.

A team of experienced process and technology consultants operates out of our offices in Berlin, Bielefeld, Mannheim, and Vienna. They analyze and optimize your business processes and work with you to determine the requirements for technical implementation. They assist you in selecting the right tools, develop successful strategies, and conceptualize tried-and-true modern architectures. And of course, mayato consultants also help with the practical side of implementing your chosen solutions. Technical standards and governance enable economical, effective projects and efficient operations in the long term.

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Analysts and data scientists from mayato use these solutions on your behalf to establish connections between data from many different sources and to forecast trends and events. They devise convincing business cases and produce tangible monetary benefit from your processes and applications. Your employees learn how to use state-of-the-art data analysis methods, how to tackle data quality issues, and how to interpret and visualize results. Working with mayato future-proofs your company for the age of big data.

mayato GmbH was founded in 2007. Among mayato's customers are renowned large and midsize companies from a range of industries.. As a partner of several software providers, mayato is committed to remaining neutral and – first and foremost – to delivering its own high-quality services. For more information, please visit www.mayato.com.

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