Next-gen New Product Approval Platforms

Point of View by
Sameer Pendse
Vice President & Global Solutions
Lead – GRC, Mphasis

The significance of a governance process, such as new product approval cannot be ignored as it provides a risk-based, rigorous, time-bound and recorded means for evaluating the launch of a product or initiative. New product approval (NPA) is a three-stage process through which a financial institution's line of business appeals for consent to launch a new product or service. The overall governance process also entails analysis of the initiative after it has been implemented for a stipulated period (for instance, one year).

Capturing pertinent information related to return on investment (ROI) and expenses/costs at various stages of an NPA process helps gather analytics on the performance before and afterthe launch. The analytics also take into account the performances of the approval process, the risk–reward measurements and performance of various approvers, etc. While it is highly recommended to automate the workflow and entitlement-intensive NPA processes, traditional platforms are built around word documents, excel spreadsheets, piece-meal or fragmented processes, hard-coded processes and user experiences. Although these platforms do not always get the budgets and technology commitments they deserve, there are several merits in shaping an NPA platform with modern techniques and technologies.

The objective of this paper is to articulate these next generation features and how they are essential for an effective, timely and ROI-enhancing new product approval process.

> One of the best practices in launching a new product should be the NPA (New Product Approval).

The NPA Process

To understand the key features in a NPA platform, it is essential to be familiar with the different roles and stages of the process. Most initiatives are specific to a line of business such as launching a new product, a new campaign, a new customer touch activity or opening a new branch; there are also cross-line of business initiatives with bundled products or services in the offering (e.g., a package of a deposit account, a card and a revolving loan).

The four important roles in the NPA process

1. The NPA lead creates the initiative, performs an initial risk assessment, and takes the initiative through all the key stages.
2. The NPA partner is a link between the lead and the functional reviewers and committee members. The final risk assessment of the initiative is completed by the partner following discussions with the functional reviewers.
3. Functional reviewers are legal, compliance, IT, and operations professionals. They assess the initiative and provide final approvals with pre-conditions and post-conditions.
4. Committee members with executive management roles are responsible for offline discussions with the NPA partner, who is responsible for actual updates, and functional reviewers. The committee members typically have read-only access to the platform.

> NPA monitors anything new with regards to a business development.

The three key stages

1. Opportunity Assessment (OA) – The NPA lead generates the initiative with a comprehensive description, initial risk assessment and financial forecasts and then uploads all auxiliary documents. A preliminary test is executed to authenticate whether the initiative needs to go through the further stages. The next assessment determines whether anti-money laundering checks need to be performed. Once the NPA partner reviews the opportunity and evaluates the time-sensitivity and need for additional reviewers, the opportunity proceeds to the next stage.

2. New product approval Approval – This stage consists of a very detailed risk assessment, functional reviews and a final review by committee members. The assessment in this stage determines the progress of the initiative to an approval process for implementation. Each approved initiative is annotated with pre and post-launch conditions, which are obligatory to go live. The pre-launch conditions have to be addressed by the NPA lead prior to receiving final approval. Post-launch conditions are put in place to review in the final stage.

3. Post Implementation Review (PIR) – After a stipulated period, the implemented initiative is reviewed by the NPA lead and NPA partner. They assess the compatibility of the live performance and the pre-launch forecasts of the initiative, and evaluate post-launch conditions. Appropriate actions are taken if the projected results are not met.

The key features of a next-gen NPA platform

1. **Customizable workflows & user interface** – A master process template is ideal to bring in tremendous flexibility. However, customizable drag and drop workflows, driven by business rules for alternate flows, form decisions and routing to users, make the platform easy. Customizable workflows also give the advantage of limiting access to menus and form fields based on conditions (e.g. if anti-money laundering checks are needed, it can be enabled). Since NPA flows are routed to users depending upon certain conditions (e.g. time-sensitivity, additional reviewers), routing to user groups becomes important. Some of this flexibility can be built into traditional software, but the level of flexibility that customization brings reduces total cost of ownership and ismore effective

2. **Collaboration** – Since a large part of the approval process happens between the NPA partner and committees, away from the system, a state-of-the-art solution supports easy offline collaboration. Along with this, the solution allows the results or conclusions to be posted into the overall process. Also important is synchronization of the approvals provided by multiple functional reviewers on the system.

3. **Case management** – The OA, NPA and PIR processes use a large amount of common initiative - related data. Bringing in a good case management paradigm allows for an object-oriented method of sharing data, and makes up for lower programming, modeling and error rectification costs.

4. **Service level initiative** – It is important that the creation and approval of new product approvals happen in a timely fashion, as NPA is all about the support required for creating and implementing new business initiatives. The solution defines and monitors any breaches, and addresses opportunities related to first mover advantage, competitive position and customer behavior in a timely manner. This ensures the optimal performance of the NPA platform.

5. **Dashboarding, document management and mobility** – Dashboarding provides better management information systems, which make for better and judicious decision making. Document management is an essential feature that creates a truly well-rounded workflow solution. Mobility, the ability to operate from tablets, notepads and mobile phones (providing approvals, review comments etc.), is a key requirement for modern day users.
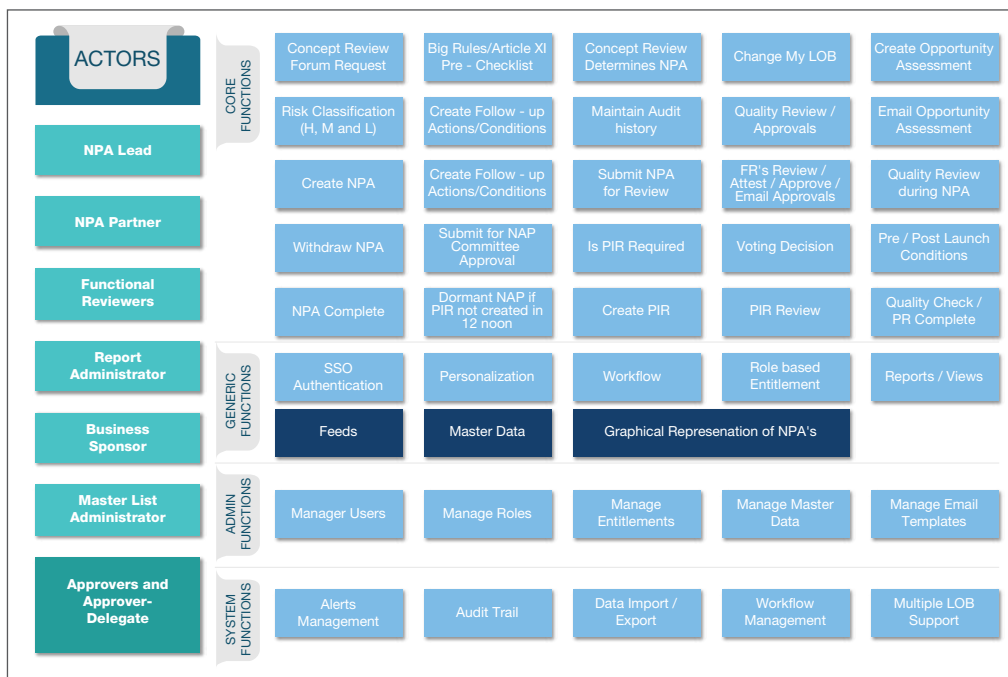
Next gen business needs next-gen approach. A next-gen NPA platform has superior features for quality products.

How Mphasis can help

Mphasis provides broad-ranging consulting, technology & process outsourcing services for new product approval platforms and processes. We help you:

- Define or re-engineer business processes
- Define the request for proposal (RFP) processes and documents, and support the RFP process
- Write business requirements, functional requirements and build proof of concept
- Evaluate vendors (workflow tools, NPA tools)
- Implement or upgrade an NPA platform with chosen toolsets (full waterfall software life-cycle or parts of it)
- Provide operations support for NPA creation and review

Appendix 1 – NPA platform functional architecture

ACTORS	CORE FUNCTIONS				
	Concept Review Forum Request	Big Rules/Article XI Pre - Checklist	Concept Review Determines NPA	Change My LOB	Create Opportunity Assessment
NPA Lead	Risk Classification (H, M and L)	Create Follow - up Actions/Conditions	Maintain Audit history	Quality Review / Approvals	Email Opportunity Assessment
NPA Partner	Create NPA	Create Follow - up Actions/Conditions	Submit NPA for Review	FR's Review / Attest / Approve / Email Approvals	Quality Review during NPA
Functional Reviewers	Withdraw NPA	Submit for NAP Committee Approval	Is PIR Required	Voting Decision	Pre / Post Launch Conditions
Report Administrator	NPA Complete	Dormant NAP if PIR not created in 12 noon	Create PIR	PIR Review	Quality Check / PR Complete
	GENERIC FUNCTIONS				
Business Sponsor	SSO Authentication	Personalization	Workflow	Role based Entitlement	Reports / Views
	Feeds	Master Data	Graphical Represenation of NPA's		
Master List Administrator	**ADMIN FUNCTIONS**				
	Manager Users	Manage Roles	Manage Entitlements	Manage Master Data	Manage Email Templates
Approvers and Approver-Delegate	**SYSTEM FUNCTIONS**				
	Alerts Management	Audit Trail	Data Import / Export	Workflow Management	Multiple LOB Support

Sameer Pendse

Vice President & Global Solutions Lead – GRC, Mphasis

Sameer Pendse has over 24 years industry experience across the UK, US, Far East and India. With extensive experience in collaborating with banking and capital market prospects and customers in building out transformation programs, Sameer was presales head for a leading core banking product. He has led various consulting engagements and has been the principal architect around pursuit oriented prototypes. He played a crucial part in building teams for NPA, Audit and Regulatory engagement domains.

Sameer, a GARP certified Financial Risk Manager, holds an executive MBA in strategy and international business and a computer engineering degree with AI and parallel processing.

About Mphasis

Mphasis (BSE: 526299; NSE: MPHASIS) applies next-generation technology to help enterprises transform businesses globally. Customer centricity is foundational to Mphasis and is reflected in the Mphasis' Front2Back™ Transformation approach. Front2Back™ uses the exponential power of cloud and cognitive to provide hyper-personalized (C = X2C2™ = 1) digital experience to clients and their end customers. Mphasis' Service Transformation approach helps 'shrink the core' through the application of digital technologies across legacy environments within an enterprise, enabling businesses to stay ahead in a changing world. Mphasis' core reference architectures and tools, speed and innovation with domain expertise and specialization are key to building strong relationships with marquee clients. To know more, please visit www.mphasis.com

For more information, contact: marketinginfo@mphasis.com

USA
460 Park Avenue South
Suite #1101
New York, NY 10016, USA
Tel.: +1 212 686 6655
Fax: +1 212 683 1690

UK
88 Wood Street
London EC2V 7RS, UK
Tel.: +44 20 8528 1000
Fax: +44 20 8528 1001

INDIA
Bagmane World Technology Center
Marathahalli Ring Road
Doddanakundhi Village, Mahadevapura
Bangalore 560 048, India
Tel.: +91 80 3352 5000
Fax: +91 80 6695 9942

www.mphasis.com

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