

# BSA Officer Best Practices for Managing Outsourcing

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# Agenda

## ▶ Best Practices

- ▶ Selecting a service or technology provider (What problem are you trying to solve?)
- ▶ Perform research
- ▶ Speak to references
- ▶ Service Providers
- ▶ Technology Providers
- ▶ Understand the costs
- ▶ Outsourcing resources

# Selecting a Service or Technology Provider

- ▶ How and Where to Start?
  - ▶ Ask for referrals from employees
  - ▶ Ask peers
  - ▶ Review industry experts endorsements
  - ▶ Attend service or technology provider events

# Perform Research

- ▶ Conduct due diligence
  - ▶ Length of time in business?
  - ▶ Who are the executives and what is their experience?
  - ▶ What products or services are offered?
  - ▶ Who are their customers?
  - ▶ Where are they headquartered, the support services, their development, etc.?
  - ▶ What is their reputation in the industry?
  - ▶ How is the firm viewed by the regulators?

# Speak to References

- ▶ Ask the provider for references
- ▶ Network within the industry to seek out references not provided by the provider
- ▶ Set up the conference call with the internal stakeholders
- ▶ Ask if the references can also include employees a list of standard questions for comparison
  - ▶ What were the lessons learned?
  - ▶ What do you wish you knew before the project started?
  - ▶ What were the challenges?
  - ▶ What worked well?

# Service Providers

- ▶ Be prepared to discuss the project
  - ▶ Requirements
  - ▶ People involved (e.g. Ops, Compliance, Senior Managers)
  - ▶ Timelines
  - ▶ Resources on both sides
  - ▶ Questions
  - ▶ Ask for references
  - ▶ Statement of Work

# Understand the Costs of a Service Provider before you sign the contract

- ▶ Cost of the services
  - ▶ Includes different levels of expertise on the engagement such as partner, manager, senior associate, associate
  - ▶ Scope of work
  - ▶ Roles and Responsibilities
  - ▶ Timelines and Deliverables
  - ▶ Additional personnel internal or external to assist with project

# Technology Providers

- ▶ Requirement Gathering
- ▶ Template format – Vendor Questions
  - ▶ Include IT, Compliance, BSA, Project Management, Operations, Wire Transfer, Product
  - ▶ Out-of-the-Box, configurable, configurable with professional services, customized with professional services
  - ▶ The length of time to implement
  - ▶ What resources will be used by the vendor?
  - ▶ What resources will your firm need?
- ▶ Ask to view demos
  - ▶ Onsite or WebEx
  - ▶ Include stakeholders
  - ▶ Ensure vendor includes appropriate team
  - ▶ Be prepared to ask questions



# Understand the Costs of Technology Provider before you sign the contract

- ▶ Cost of the baseline system
  - ▶ Professional services
  - ▶ Customization
  - ▶ Maintenance Agreement
  - ▶ Service Level Costs
  - ▶ Changes to the Requirements
  - ▶ Unforeseen Challenges
  - ▶ Consulting Firm for pre-implementation
  - ▶ Contractors to assist with implement and post-implementation

# Outsourcing Resources

- ▶ Approach is similar to hiring employees
  - ▶ Interview the agency
  - ▶ Review resumes
  - ▶ Conduct telephone or onsite interviews
  - ▶ Seek references
  - ▶ How easily can the agency send a replacement
  - ▶ Recourse for work that is not acceptable (e.g. refund, new employee for a specific time period without costs)

# Key Takeaways – Best Practices

- ▶ Compare multiple service or technology providers
- ▶ Establish an open dialogue to form a partnership
- ▶ Begin daily debriefs
- ▶ Schedule ongoing meetings
- ▶ Engage providers' senior managers on weekly call
- ▶ Provide feedback
- ▶ Start regular communication with internal stakeholders to keep them updated (daily/weekly updates)
- ▶ Be flexible, find humor and celebrate small victories

Thank You

Questions