



THE INSIGHTS

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- Strategy&



Message From FINSIA CEO,

Welcome to the latest edition of The Insights Review.

With the Age of the Customer Summit 2019 behind us, it's worth looking back at some of the predictions for the future from FINSIA speakers.

While Moven Bank founder Brett King kicked off the proceedings talking of a high-tech, AI driven, branchless business, Senator Jane Hume reminded us of the need for a "truly" professional financial services sector - especially when it comes to advice.

Her wrap-up speech reflected the need to restore customer trust by continuing to achieve the highest standards - a sentiment we are firmly behind here at FINSIA. The chair of the Senate Economics Committee insisted financial advisors would always be needed but that advisers had to get to grips with FASEA and adhere to Royal Commission requirements.

That customers also need to improve their understanding of their financial well-being chimes with FINSIA's findings from this year's financial literacy survey where we discovered a clear discord between confidence and ability.

"It is critical that the industry is held to high standards and that any misconduct is eliminated," she said.

"We share Commissioner Hayne's objectives of moving the financial advice industry to the standard of a true professional."

Looking forward, FINSIA's second big ticket event of the year - The Regulators - is just around the corner, in Sydney on 15th November.

Against a backdrop of unprecedented low interest rates, a slowing economy and the ongoing fallout from the Royal Commission, it's an opportunity that can't be missed.

Three of the most powerful policymakers in the financial services on stage together outlining their vision of 2020.

ASIC deputy chair Karen Chester will join RBA deputy governor Guy Debelle and APRA deputy chair John Lonsdale - who both spoke at last year's event in Melbourne - when it returns to New South Wales.

And the fifth annual event looks like being the most eye-opening to date as they have declared they are determined to tackle the criticism they received head on.

As I've said already, the Regulators are going through a period of radical change - largely driven by a series of inquiries into financial services, culminating in the Royal Commission.

The criticism they are facing for not acting on poor conduct has highlighted a real need to change to meet the expectations from government and the public. So it will be great to hear from them in person about the year ahead.



Chris Whitehead F FIN
CEO & Managing Director
FINSIA

About

Chris was appointed FINSIA CEO in September 2016. He has been associated with the Australasian financial services industry for nearly 30 years.

Previously, he was CEO of CUA, Australia's largest customer-owned financial institution, Regional Director, Bank of Scotland and CEO, BankWest Retail Bank.

He has extensive experience as a non-executive director including in the payments, wealth management and insurance sectors.

Commencing his career in IT, Chris maintains a keen interest in the ongoing impact of technology on financial services.

The Regulators
Friday 15 November 2019 | Sydney

[REGISTER NOW](#)



Message From the Editor,

This month my theme is pricing. It is my favorite strategy lever and one that is ever so underutilized. I think this is driven by several factors: firstly, very few senior executives have pricing experience, secondly, many are scared off by the boffins required to deal with it effectively, and, thirdly, in a small number of well publicized cases, it has resulted in regulatory scrutiny and large fines or even jail terms. Little wonder executives don't pay it the attention it deserves. As one of the fastest levers to growth, it is one of my favorites, and I am delighted to announce that this edition's **Article of the Month** is from BCG on the topic of pricing. It has been reviewed by our global pricing subject matter expert, Alain Meloche. He highlights that this is not about Trade Finance, but an excellent approach to any B2B pricing optimization project:

"Breaking the Commodity Trap in Trade Finance" - BCG

Well done to BCG, and thanks to Alain for bringing it to our attention. Reading the **TIR** and the articles we recommend could be the highest ROI minutes you spend this month!

Happy internal consulting,

David Moloney

Global Editor



David Moloney

Global Editor

About

David has enjoyed a stimulating career in the global financial services industry. Unusually for a consultant, he spent the first decade of his career working in banking from retail stores to helping the CEO with consulting firm led transformation projects. Transitioning to consulting via an MBA, he has spent more than two decades serving every segment of the industry in many countries. Importantly, as a global partner at two leading firms, he was well known for developing fresh firm and industry insights and in one firm, was directly responsible for leading the authorship of the most significant global reports for release at the World Economic Forum.



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Cross-Industry Functional Topics



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Cross-Industry Functional Topics Strategy & Transformation

Review by: David Moloney | ICG Global Practice Leader Financial Services | [Contact](#)

“Disruptions, Delusions, and Defenses in Digital Transformation” - BCG

[VIEW PDF \(4 PAGES\)](#)

Must-read short insight from BCG. Neatly summarizes all of the key insights from BCG’s literature and more, so provides a comprehensive laundry list of what to think and what to do on all things digital disruption. Essential reading for internal consulting teams. **DM**

“A Bad Time to be Average” - BCG

[VIEW PDF \(7 PAGES\)](#)

Another classic insight from BCG. This one takes us through a potted history of strategy development (with a natural bias toward BCG innovations) and makes a strong and varied case for why and how companies need to be exceptional and not average. This message of ‘you can be exceptional in an unexceptional industry’ was very popular in the literature in the late 90s, so good to see it making a comeback as many more industries face the doldrums. More essential reading for internal consultants and their internal customers. **DM**

Virtualization in Financial Services

KAR 015



75 pages

A peerless synthesis of available information (public sources, applied science journals, research databases, public company records).

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Cross-Industry Functional Topics

Strategy & Transformation

Review by: David Moloney | ICG Global Practice Leader Financial Services | [Contact](#)

“Fast, Simple, Streamlined” – Strategy&

VIEW PDF (16
PAGES)

An unorthodox look at strategy by one of PwC’s partners, in which we are advised to focus on just three things: portfolio optimization, innovation and stewardship. The first two make good sense in a constantly disrupting world; the last is a somewhat contradictory and muddled look at stewardship that unbundles into some familiar laundry list items such as platforms and partnerships. If you are tired of the same old same old, then this could be a refreshing change for you. **DM**





Cross-Industry Functional Topics

Ecosystems, M&A and Integration

Review by: Peter Dale | ICG Subject Matter Expert | [Contact](#)
Michael Roch | ICG Global Practice Leader | [Contact](#)

“How Bold CEOs Succeed at M&A Turnarounds” – BCG

[VIEW PDF \(5 PAGES\)](#)

Based on a study of 1,400 turn-around acquisitions, BCG outlines five lessons for what makes such deals successful.

The lessons may not come as a huge surprise, yet two items ring especially true with this reviewer: moving at pace, and dedicating sufficient resources to the turn-around. Too many CEOs either forget about these lessons or just cannot make them happen. Yet nothing is worse than death by a thousand cuts (read: lay-off after lay-off) through a series of political or tactical moves. To contribute their best, people need to have immediate clarity of their role in the journey, book early successes, and have the resources to deliver them. Ignore this advice at your own peril.

An enjoyable read containing good lessons. **MR**

“Repeat Performance: The Continuing Case for Programmatic M&A” – McKinsey

[VIEW PDF \(6 PAGES\)](#)

In this study, McKinsey advances its 2012 research showing that publicly-held companies putting small-scale, programmatic M&A at the center of their business model outperform those without such a program or relying on one-off transactions.

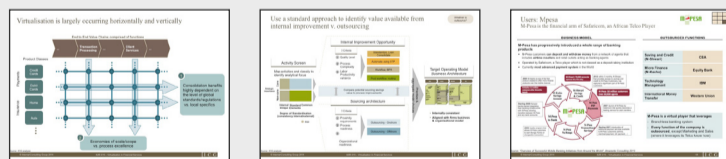
The article provides some insights on what to look for in a successful M&A program and shows how one company uses technology to manage its dealflow.

It’s an important read for those in charge of corporate development. It’s also a necessary read for many CEOs who – citing the article’s core message – continue treating M&A as a series of one-offs and not as an enduring organizational capability. **MR**



Virtualization in Financial Services

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A peerless synthesis of available information (public sources, applied science journals, research databases, public company records).

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CUSTOMER NEEDS SOLUTION (CNS)

A new approach & mindset that helps your business grow by ensuring that you are always meeting your customers' needs and wants

Customer Needs Solution (CNS)
A new approach & mindset that helps your business grow by ensuring that you are always meeting your customers' needs and wants

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Executive Summary

- Consistently meeting customers' basic needs is the proven way to outperform competition, and take the lead, in any marketplace.
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- CNS provides actionable information to focus your resources to ensure the maximum positive impact on your customers and your business. As a result, you will experience increased sales and profit, through happier & more loyal customers and more engaged staff.
- The CNS approach enables you to measure ongoing execution and to monitor and report results. To do so, we have developed an innovative new metric, NetCNS, created by Stephen Hewett, an ICG Global Thought Leader.

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Cross-Industry Functional Topics

Leadership & Executive Development

Review by: Wade Azmy | ICG Global Practice Leader | [Contact](#)

“Unleashing Motivation for Transformation” – Deloitte

VIEW PDF (12 PAGES)

As the intended strategy gets overtaken by emerging ones, a firm’s transformation capability becomes its only enduring advantage; in the heart of this capability resides motivation. This month’s article sheds new light on how an organization may approach the issue of motivation.

The authors introduce “**scaling the edge**” as a new approach for transformation initiatives aimed at bypassing the traditional immunity system within the business that works against transformation and lead to undesired outcomes. The strategy focuses on non-core business or what is called an “**edge**” of existing business, one that can scale rapidly and become a new core. At the same time, it acts as a safe home for launching all the transformation programs. The **scaling the edge** approach aims at attracting more people and resources instead of fighting the immune system. The writer asserts several fundamental economic principles that can accelerate the scaling process and reduce resistance from the core.

Scaling the edge relies on two dimensions: economics and emotions. It starts with modest funding and commits to short term positive outcomes that lead to accelerating growth, which require a decided focus from the leadership team. On the emotion front, it drives excitement and hope and becomes a source of positive emotions.

When Kegan and Lahey (2009) set out to unravel the mystery of “immunity to change”, they discovered that desire and motivation alone couldn’t be enough to change the status quo. Only when we find out what competing commitments (economics) we have and challenge the deep-seated beliefs and assumptions (generating emotions) behind them, only then we can pursue a real and lasting change. **WA**

lr



Cross-Industry Functional Topics

Risk & Compliance

Reviews by: Egbert Schaefer | ICG Practice Leader Risk & Compliance Management | [Contact](#)


“Why Financial Institutions Need to Focus on Transparency” - EY

[VIEW PDF \(4 PAGES\)](#)

In July 2018, EY published an article about the increasing requirements for customer tax transparency. Especially US-led regulations, such as the Qualified Intermediary Regime, FATCA and Common Reporting Standard (“CRS”), indicate rising regulatory expectations.

Based on its international experience, EY suggests evaluating and enhancing existing customer tax compliance frameworks, so that the following minimum criteria are met:

- Clearly defined and documented governance structure;
- Policies and underlying procedures create sufficient evidence;
- Staff are trained according to their individual roles;
- Internal as well as external audits reflect the compliance status; identified issues are remediated in a timely manner; and
- Used technology increases efficiency and consistency of outcomes.

The article is a recommended read for tax professionals operating in the financial service industry. However, considering the publication date, additional reading is recommended to understand the latest regulatory developments in applicable jurisdictions. **ES** 

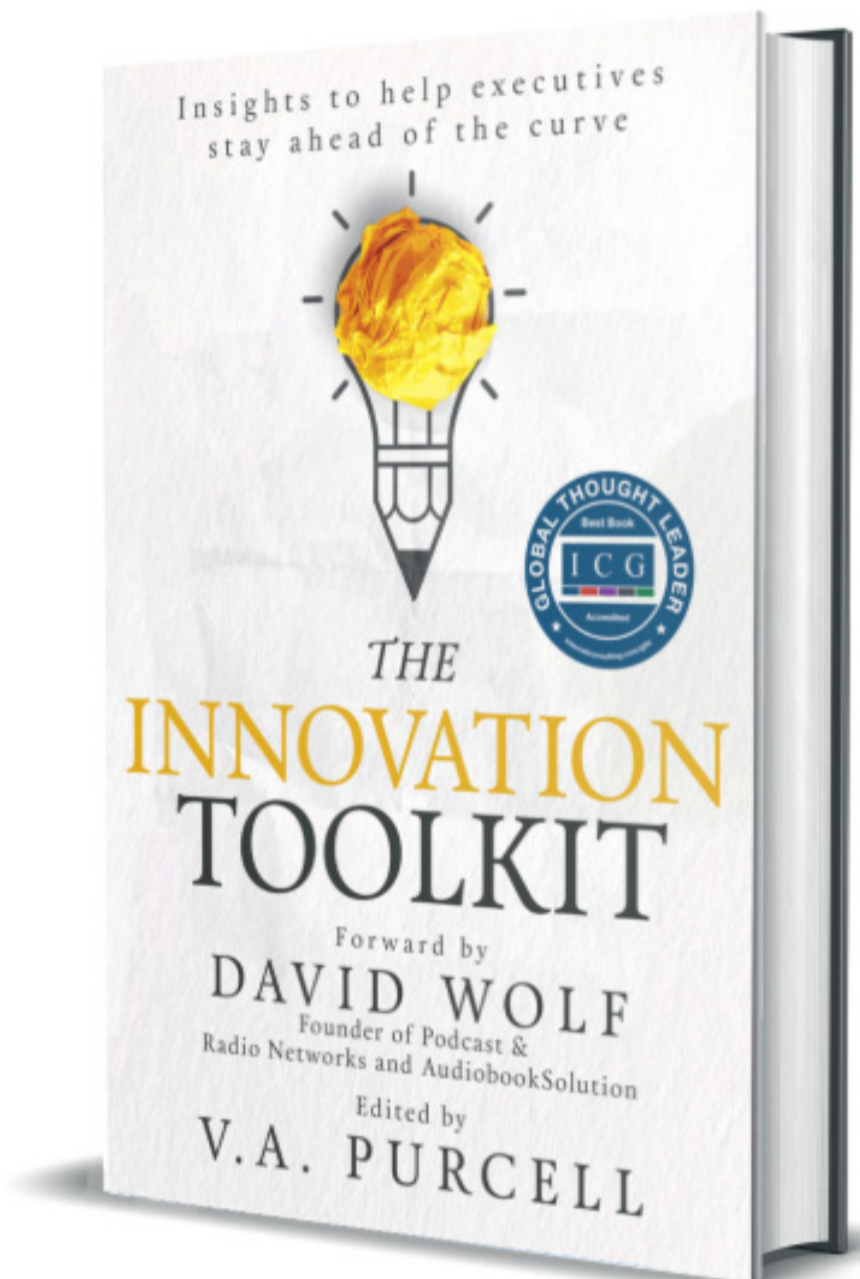
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Cross-Industry Functional Topics **Finance & Controlling**

Review by: Peter Dale | ICG Subject Matter Expert | [Contact](#)

“Digital Transformation of the Finance Function” – Oliver Wyman

VIEW PDF (9 PAGES)

This is a good article, albeit regular readers will note that we have reviewed the impact of digitization on financial functions efficacy in previous editions of **TIR**. However, the authors’ proposed implementation approach in this article is flawed. Based on your reviewer’s experience in the area, suggestions of decentralized pilots lead to downstream complications – much better for the firm and function to develop a clear understanding, strategy, and criteria for use cases, and from that an identification of optimal areas to launch. In addition, having clear ideas of applicability will minimize duplication, which deploying pilots tends to lead to, as well as fostering an integrationist approach to all the initiatives. Once this understanding has been developed, then, by all means, employ third party advisors. **PD** 

Innovation in the Business Banking Value Proposition

KAR 011



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Cross-Industry Functional Topics

Marketing & Customer Experience

Review by: Lisa Hickson | ICG Subject Matter Expert | [Contact](#)

Stephen Hewett | ICG Global Thought Leader - Customer Experience | [Contact](#)

“Automating the Prediction” - KPMG

[VIEW PDF \(4
PAGES\)](#)

According to KPMG, banks will increasingly use a combination of predictive analytics/machine learning and low levels of automation to equip human agents to have better conversations with customers. Through this digital support, agents will effectively be empowered to be more future-focused in discussing the ‘next best offer’ or ‘next critical need’, thus will be both more relevant and also more productive. This will of course take time, requiring increased organizational focus and capability in holistic customer data management, customer experience design, and employee adoption, and will also require an evolving technology and innovation ecosystem. **LH**





Cross-Industry Functional Topics

Technology

Review by: Christophe Amoussou | ICG Practice Leader IT & Transformation | [Contact](#)
Karen Ryan | ICG Practice Leader IT Strategy | [Contact](#)

“Cloud Computing: A Silver Lining for Banks?” – KPMG

[VIEW PDF \(3 PAGES\)](#)

This article is the preliminary result of a KPMG survey on how banks are set to implement the European Banking Authority (EBA) guidelines about outsourcing cloud computing to service providers. The main topics at stake here are going for “public vs. private vs. hybrid” cloud approaches, and behind it the battle of data ownership with the ability or not to audit it.

Firstly, the article reveals that banks are still hesitant regarding which path to take. They are in a ‘wait and see’ mode, with the majority of them waiting for the European Supervision reaction to the first movers. Banks are uncertain about EBA and National Competent Authorities (NCA) expectations.

Secondly, the article asks for the banks to proactively engage with their JST about EBA outsourcing guidelines and measure the gap to address them, as it will take time for the bank to then be compliant with their NCAs.

Overall, although this article provides some interesting preview on the survey results, we feel it is also a clever way to call for more banks to contribute to the survey. Indeed, KPMG does not reveal how many (let alone who) took part in the survey so far.

This article is best suited for banks’ IT and Transformation leaders. **CA**





Cross-Industry Functional Topics

Operations & Transformation

Review by: John LaVacca | ICG Global Practice Leader Operations & Transformation | [Contact](#)

“All Aboard the Distributed Economy” – KPMG

[VIEW PDF \(6 PAGES\)](#)

This short article encourages organizations to explore opportunities to improve supply chains and business operations through the use of distributed ledger technologies (DLT) such as blockchain.

The authors provide a high-level overview of the challenge organizations face as global supply chains are disrupted, requiring new tools to improve flexibility, efficiency, and transparency among trading partners. They note the leadership of Singapore and Hong Kong in establishing new DLT-based trading hubs, and the importance of understanding the direction being established. The article also lays out a set of principles to guide organizations considering moves toward DLT initiatives.

While the principles are helpful, there is nothing particularly specific to DLT. They centre on ensuring objectives are clear, defining a business case, building trust, transparency, and adapting to changing customer behaviors.

The article would be worth a quick read for individuals embarking on either a DLT or supply chain transformation, as it provides an overview of the topics and some points for consideration. **JL**

lr

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Cross-Industry Functional Topics Innovation & Disruption

Reviews by: Richard Dale | ICG Subject Matter Expert | [Contact](#)

“Grey Swans That Could Disrupt Banking” – McKinsey

[VIEW PDF \(4 PAGES\)](#)

McKinsey speculates on five extreme, but not extremely unlikely (and quite sudden) scenarios that would cause once-in-a-generation disruption to the banking industry. The article describes how the scenarios might come about, and their impacts on banks, but not on how banks could prepare or respond. So, here are the inputs for many interesting scenario planning workshops and wargames. Wheel in the consultants! **RD**

“6 Ways Financial Services Firms Can Industrialize Innovation” – EY

[VIEW PDF \(9 PAGES\)](#)

A report on EY’s 2018 North American survey of 240 C-level executives across financial services sectors on their organization’s digital transformation journey and approach to innovation. Download the PDF version of this report rather than skimming the web page – it highlights some interesting trends, such as the pendulum swinging back from new business models and platforms to focus more effort on customer experiences and efficiency in current business models. After all, creating new business models that actually work is very hard (just ask any fintech startup). It also shows there are some disconnects in the C-suite team that will need to be bridged by CIOs, who seem to be driving innovation more than CTOs or their other C-suite colleagues. The article, however, ends with a list of very orthodox recommendations. **RD**

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Innovation & Disruption

Reviews by: Richard Dale | ICG Subject Matter Expert | [Contact](#)

“The Benefits Outweigh the Risks: Get Off the Fence & Onto the Blockchain” – Capgemini

[VIEW PDF \(8 PAGES\)](#)

This high-level recap of what blockchain means for financial services is for any Rip Van Winkles who missed the hype boom and reality check of the last seven years. The rest of you will need to find other sources for analysis of where blockchain can be an enabler of something new and better, rather than merely an alternative technology for doing the same thing (often not as well, and at greater cost). The Capgemini web page where this recap was posted does suggest links to more of their publications on blockchain, some of which might have something new to say. **RD** 



Cross-Industry Functional Topics

Cyber Security & Privacy

Review by: Mike Trovato | ICG Global Cyber Security & Privacy Practice Leader | [Contact](#)

“Cybersecurity: Linchpin of the Digital Enterprise” – McKinsey “Cyber Trust: a Platform for Banks’ Growth” – KPMG

[VIEW PDF \(9 PAGES\)](#)

This article offers a way forward for enterprises determined to operate on cloud platforms and digitize their organizations and customer data. Well written, but wonky, boards may miss the central point: “If cybersecurity teams are to avoid becoming barriers to digitization and instead become its enablers, they must transform...” Well, your reviewer paused after that because the rest will largely not be understood by most board directors or executives and, further, they would not be able to ask questions beyond “is cyber security an enabler?” This is unfortunate, because it paints the cyber security function as the problem, rather than focusing on more fundamental business issues – like the overall development of digital capabilities across the organization, with cyber security just another integral part. Still, the details in the article are good, with the exception of a missed opportunity to consider privacy as a core capability. One must keep in mind “The Iron Triangle” when reviewing articles like this:

1. Develop something quickly and of high quality, but it will be very costly to do
2. Develop something quickly and cheaply, but it will not be of high quality
3. Develop something of high quality and low cost, but it will take a long time.

Board and executives need to understand the trade-offs and the catastrophic impacts of bad decisions. Unfortunately, too often they choose #2. **MT**

[VIEW PDF \(3 PAGES\)](#)

If you have the patience and time to click all the various links, you may find some surprises in “**Cyber Trust: a Platform for Banks’ Growth**” which then links to “**Me, my life, my wallet**” and the more interesting “**Consumer Loss Barometer**”. Whereas much of the information mostly confirms what cybersecurity executives know, it may be illuminating for boards and the broader business community as it highlights the gaps between consumer and organization response. Still, a finer cut of the consumer perceptions would be useful if we are to bridge the gap between the often internalized views of CISOs, driven by even more internally-focused board and executives, versus really dealing with concerns of people they serve. There are a number of other links, including the “**Me, my life, my wallet**” interactive which is hosted on “Not Secure” (no https) website <http://raconteur-2.instantmagazine.com/kpmg/mmlmwdigital/cover/>. Again, this demonstrates the trade-offs between security and speed, as it is probably just an oversight. **MT**





Cross-Industry Functional Topics

Pricing

Review by: Alain Meloche | ICG Subject Matter Expert | [Contact](#)

ARTICLE OF THE

“Breaking the Commodity Trap in Trade Finance” – BCG

[VIEW PDF \(6 PAGES\)](#)

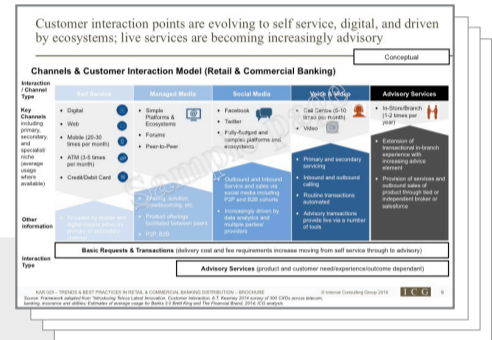
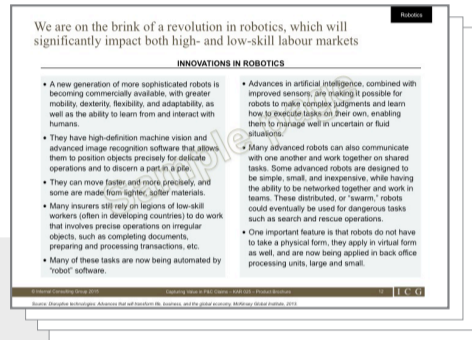
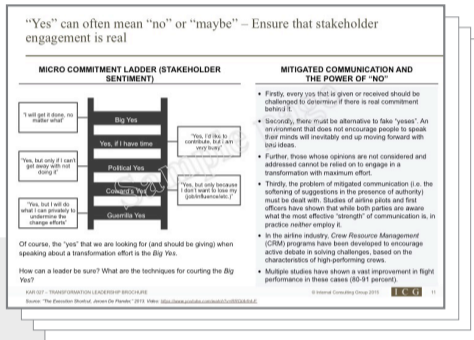
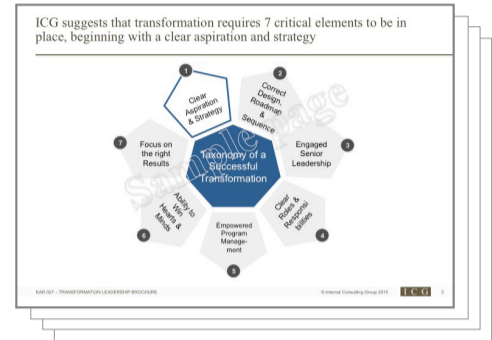
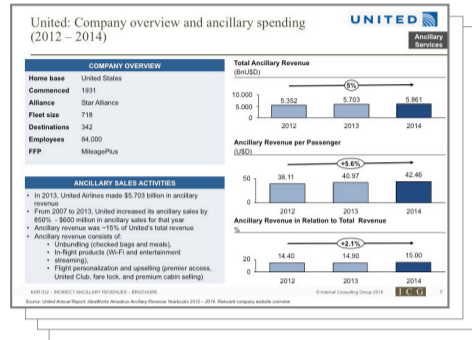
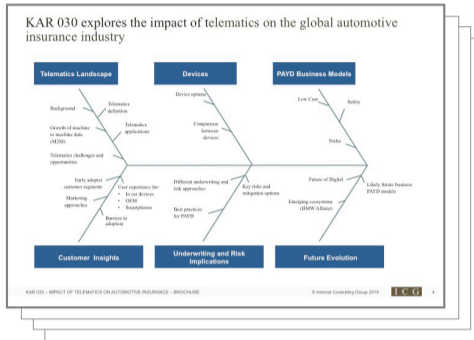
Though the title suggests that the article is limited to international finance, it actually provides an excellent example as to how B2B companies can apply a systematic pricing approach when prices are negotiated by regional sales managers (RSMs) with extensive discretionary pricing leeway.

It leads readers through a three-step approach:

1. A quantitative analysis of existing data to identify the extent to which “field discretion” can account for price dispersion;
2. The implementation of new pricing models and guidance that is more aligned to evolving market conditions; and
3. The provision of robust pricing tools as well as coaching and training for an effective change in pricing discipline.

This will be of interest to senior-level sales, pricing, and finance executives responsible for overall profit maximization on a corporate level, where products have been viewed as commodities. The article is relevant to a number of industries where rapid changes are occurring and latent profit potential opportunities need to be identified and exploited. **AM**

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Industry-Specific Topics



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Industry-Specific Topics

Macro Financial Services

Reviews by: David Moloney | ICG Global Practice Leader Financial Services | [Contact](#)

“Banks Brace for a New Wave of Digital Disruption” – BCG

VIEW PDF (10 PAGES)

This insight, written by a very senior BCG partner team, rehashes recent BCG digital transformation ideas but contains two new important exhibits:

1. A useful diagnostic tool for bank executives to assess their readiness to complete a digital transformation. Exhibit 4 is the starting point for this insight, as it provides a self-diagnostic tool for internal consultants which also serves as BCG’s laundry list of product hooks for client CEOs.
2. Exhibit 3 contains a new 2 x 2 which assesses a bank’s inherent advantages vis-a-vis the technology giant’s ability to disrupt. Apple Pay and Libra are just the start of this trend, and retail deposits are next.

A useful checklist of ideas for internal consultants and executives worried about digital disruption. **DM**





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Industry-Specific Topics

Retail & Business Banking

Reviews by: Julian Cappe | ICG Practice Leader Retail & Business Banking | [Contact](#)

“A Path for Australia’s Banks to Delight Customers” – Bain

[VIEW PDF \(12 PAGES\)](#)

There are compelling insights in this article that will resonate with all those who are focused on customer-centricity programs. While most Australian retail banks have sought to implement such programs in recent years, they have not led to sustained improvement in customer outcomes, while more recent events (notably the Banking Royal Commission) have eroded trust and loyalty.

There are several reasons why customer programs have stalled, notably including the banks’ overriding focus on short-term financial results, which has often not allowed for sustained investment in customer outcomes. The article argues that the industry has now reached an inflection point, where public sentiment and regulatory changes will support a re-balance in favor of customer needs and priorities.

It is acknowledged that this shift will be difficult to achieve, and several design principles with relevant case studies are presented. For example, metrics should identify and track the full range of customer and operational levels that will deliver a positive outcome, rather than focus only on high-level engagement metrics.

While project funding for customer-first programs remains challenging, banks should look to optimize their investments by identifying crossover opportunities with compliance and remediation programs. Finally, boards should hold executives accountable for customer outcomes, similar to how profit and risk outcomes are monitored. **JC**





Industry-Specific Topics

Wealth & Advice and Investments and Fund Management

Reviews by: Barry Johnston | ICG Practice Leader Wealth Management & Superannuation | [Contact](#)

“How Asset Managers Can Seize the Lead in Sustainable Investing” - BCG

[VIEW PDF \(6 PAGES\)](#)

A brief article that nicely articulates the four challenges facing asset managers as they build capabilities that can meet demand for sustainable investment solutions. The authors recommend a number of initiatives to address these challenges, many well within the capabilities of firms to adopt in-house.

Insightful reading for assets managers tasked with weaving ESG into the investment selection process, as well as internal consultants and C-suite executives who recognize the importance of this growing sector. **BJ**

“Why Your Digital Transformation Requires a Winning Data Strategy” - EY

[VIEW PDF \(4 PAGES\)](#)

A short article from EY reminding us why data and analytics capabilities are important to the ongoing success of asset managers. Reads like a laundry list of reasons to embrace the cause, but ultimately there is little new here. Of passing interest to executives and internal consultants tasked with digital transformation projects in the AM industry. **BJ**



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Industry-Specific Topics

General Insurance

Reviews by: Peter Dale | ICG Subject Matter Expert | [Contact](#)

“Insurers of the Future: Policyholders, Partners, Preventers, & Payers” - Capgemini

[VIEW PDF \(4 PAGES\)](#)

At best, a marketing pamphlet. The insurance industry has a long tradition of evolving and covering new risks. Your reviewer would suggest the author perhaps spend some time in the London and Lloyd’s market where whole ranges of innovation (including cyber crime) have recently been developed and taken hold in the rest of the global industry. This market always leads and promotes innovation, and all innovations – current and historic – tend to emanate from there. **PD**



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THE INSIGHTS

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ARTICLES OF THE MONTH

THE BEST INSIGHTS OF THE PAST 12 MONTHS



Articles of the Month

The Best Insights of the past 12 months

JULY 2019

“Optimize Social Business Value” – BCG

[VIEW PDF \(8 PAGES\)](#)

Wow – a tremendous insight from BCG. Not just a reminder that purpose led strategy is on-trend, this is a wonderfully thoughtful and comprehensive framework-based approach to merging business sustainability and sustainable competitive advantage. The highlight is seven sustainable business innovation ideas that would create a wonderful basis for any internal consulting team tasked with exploring this issue.

It is a worthy joint winner of our **Article of the Month**, and is highly recommended for all readers.

“Does Digital Leadership Matter?” – Accenture

[VIEW PDF \(23 PAGES\)](#)

A long but very valuable insight from the most senior team at Accenture. The first message is the sobering news about the proportion of revenue that is going to non-traditional players. While the message is obviously self-serving (technology-enabled strategy wins), the analysis and logic are compelling. The writing also has an unusual edginess to it – as if the non consultant trained editor was overruled – which allows for many more thoughts and left-of-centre insights to be packed in. This makes this insight differentiated from the rest of the pack. It is well worth a read, and a deserving co-winner of our **Article of the Month**.

JUNE 2019

“Pursuing Cybersecurity Maturity at Financial Institutions” – Deloitte

[VIEW PDF \(15 PAGES\)](#)

This must-read, high quality paper is based on a survey fielded by the Financial Services Information Sharing and Analysis Center (FS-ISAC), in conjunction with Deloitte’s Cyber Risk Services practice in the fall of 2018. It is clearly written and with excellent insights on resilience, cyber maturity, spending, and the “hidden game” that leaders with adaptive cybersecurity play. This one will interest business unit leaders, CISOs, CIOs, and CROs, as well as board members interested in a business perspective vs. a lot of jargon and discussion around cyber hygiene and cyber threats. Well done, Deloitte.



Articles of the Month

The Best Insights of the past 12 months

MAY 2019

“Why Organizations Should Be Concerned About Privileged Accounts” – EY

[VIEW PDF \(4 PAGES\)](#)

Although it is often passed over as a key security topic, privileged account management (PAM) is getting increased attention from regulators worldwide due to several high profile attacks. This quick read is ideal for board or executives interested in understanding key controls in this important area, and could be used by CISOs as an outline for a PAM improvement project in their organizations – provided that they also apply a risk lens on the business unit or process to be secured. Although this paper was developed within the Asia Pacific market, it would apply to any other; just replace the relevant country or state regulation for compliance purposes. Ultimately, compliance should be a by-product of good privacy and security controls, as described here for PAM.

APRIL 2019

“Large-Scale M&A: Capturing Value Demands Flawless Integration” – Bain

[VIEW PDF \(21 PAGES\)](#)

As part of its larger private equity study, Bain focuses on what makes large-scale M&A successful when executed by mega-PE houses.

This article is a rare instance where the title under-promises and over-delivers. It is exceptionally well-written, engaging and useful. It is a must-read for anyone involved in structuring, performing due diligence, or integrating M&A transactions, large and small.



Articles of the Month

The Best Insights of the past 12 months

MARCH 2019

“AI Risk: The Newest Non-Financial Risk Every CRO Should Be Preparing For” - Oliver Wyman

[VIEW PDF \(2 PAGES\)](#)

In order to create a competitive advantage while increasing efficiency and customer experience, financial institutions seek to augment their operations with Artificial Intelligence (AI) technology. Examples of AI usage include customer onboarding processes, real-time fraud detection, and support in underwriting as well as pricing decisions.

However, according to Oliver Wyman’s article, organizations are less prepared to manage risks incurred through the use of AI technology. Contrary to traditional risks which are well understood, risks associated with AI technology are composite and complex in nature, spanning multiple horizontal as well as vertical dimensions. Oliver Wyman suggests creating a separate risk category for AI technology which requires:

- clear definition of risk appetite, operating model, and surrounding governance
- an inventory with all current and future AI endeavors
- clear definition of 2nd line ownership including in descriptions of roles and responsibilities across all specialties, and
- collaboration along the entire governance structure resulting in a risk-based, tiered management approach.

While some may consider AI risks as a future problem, due to the increased use of AI technology in today’s environment associated risks need to be identified, assessed, and managed simultaneously. The article is therefore a recommended read for all risk executives across all three lines of defense and technology professionals.

JANUARY 2019

“The Five Trademarks of Agile Organizations” – McKinsey

[VIEW PDF \(22 PAGES\)](#)

This comprehensive McKinsey article will benefit anyone embarking on, or already on the road to, implementing agile ways of working. Its strength is in consolidating a number of insights into a framework for agile organizational success. The 22-page piece leverages the experience of fifty of the firm’s agile practitioners to identify five trademark elements for agile success.

The trademarks are supported by 23 specific practices that provide a useful level of detail for the reader. Exhibit 2 provides an excellent summary of the concept, trademarks, and practices covered in the article. Exhibit 3 adds a number of building blocks for agile organizations. There is also an attempt to provide a historical context for the move to agile, as well as four trends driving the need for change.

While much of this is existing knowledge, it provides a practical level of detail for the reader. The authors take a position that all five trademarks are required to achieve agile success, and that they must work together. This is a worthy read and part of McKinsey’s focus on agile transformation. It is also a good complement to their recent paper “How to Create an Agile Organisation.”



Articles of the Month

The Best Insights of the past 12 months

NOVEMBER 2018 / DECEMBER 2018

“Working Capital Report 2018/19: Navigating Uncertainty” – PwC

[VIEW PDF \(32 PAGES\)](#)

It is not common for this reviewer to be so effusive, but this is what would be called a CEO article. It captures and communicates the importance and advantages of good cash management and culture, and gives executives an ability to benchmark themselves. Cash management is normally a focus for restructurers, but this article shows the benefits of this approach for non-distressed operations. It is recommended as a must-read insight.

OCTOBER 2018

“Introverts, Not Loud Extroverts, Make the Best Leaders in Business” – Oliver Wyman

[VIEW PDF \(02 PAGES\)](#)

Introverts stand on many shoulders in the corporate world, especially the C-Suite and functional managers – they are succeeding to lead people and manage the workplace, contrary to the common beliefs that leaders must be extroverts and highly sociable with the ability to demonstrate charismatic attributes in their leadership style.

This paper argues why shouldn't “Introverts” be strong? And what else can introverts do that we don't give them credit for?

Being an introvert influences the choice of relationships, communicating with people, the way to address issues, resolve conflicts, make decisions, and formulate strategies and execute them.

Introverts are drawn to the inner world of thought and feeling, focusing on the meaning they make of the events swirling around them. Introverts feel “just right” with less stimulation. In the workplace, introverts often work more slowly and deliberately. They like to focus on one task at a time and can have mighty powers of concentration. They are relatively immune to the lures of fame, recognition, and self promotion. Once we realize the power of being an introvert, we can contemplate their strengths in building deep relationships, developing meaningful strategies, and executing with excellence.

Figures like Eleanor Roosevelt, Al Gore, Warren Buffett, Gandhi, and Steve Jobs achieved what they did not in spite of, but because of, their introversion.



Articles of the Month

The Best Insights of the past 12 months

SEPTEMBER 2018

“Hidden Costs of Data Breaches Increase Expenses for Businesses” – IBM

[VIEW PDF \(04 PAGES\)](#)

For the past 13 years, the Ponemon Institute has produced this outstanding annual review of costs associated with data breaches of less than 100,000 records. The costs have steadily risen to an average of \$3.86 million per breach in 2018. This report will help organizations looking for benchmarks for the costs of data breaches, including hidden costs, likelihood, how long it takes to identify and contain a breach, and the impacts of security automation and the use of Internet of Things. It also explores the factors of cost and offers a range of key findings. For the first time, it includes the cost of the “mega breach”. This report has become a respected industry standard and it will be useful for CISOs, CIOs, business executives, and boards interested in understanding this complex issue.

AUGUST 2018

“Innovative Start-ups are Shaping the Future of Procurement” – Oliver Wyman

[VIEW PDF \(05 PAGES\)](#)

Here is a quotation from the article that sums it all up:

‘In the course of our study, one CPO of a worldwide technology company summarized the change that needs to take place. “Buyers must understand that they cannot work in the same way as they have in the past,” he told us. “Leading corporations now focus their attention on digital leadership and prototyping as a way of instilling a start-up culture within their organization. Procurement leaders must therefore constantly try out new ideas over a very short space of time, then accept any failures and learn from them.’

This is an excellent scan of what is happening in the digitization of procurement. Anybody who has even a passing interest in procurement, strategic sourcing, or purchasing should at least scan this article to become aware of the changes underway in this often staid space.

While there are no earth-shattering strategic frameworks, just the scan of all the startups will open the eyes of the practitioners to new ideas, new ways of doing old things, and new possibilities.

While reading the article, do not worry too much about the investments and funding. Try and understand the underlying value proposition of each startup – and how you could apply, or replicate it, in your space. Something innovative is bound to emerge if you do this diligently. Highly recommended.



Articles of the Month

The Best Insights of the past 12 months

JULY 2018

“AI, Automation, & the Future of Work: Ten Things to Solve For” - McKinsey

[VIEW PDF \(16 PAGES\)](#)

This 16-page article summarizes research conducted by the McKinsey Global Institute. It offers an optimistic outlook on the ability of artificial intelligence and automation to transform businesses and make a positive contribution to economic growth.

The executive briefing will be of interest to anyone following the development of AI, and in particular those looking for ways to leverage the technology for productivity gains in their organizations. The potential to increase productivity is considerable, as are the collateral benefits of improved quality and consistency. The research explores the potential challenges to employment, examining the likely implications of displacing workers under a continuum of adoption possibilities. While this is less rosy reading, it is an important consideration given the scale of impact from AI.

The report chronicles challenges inherent in the migration to an AI enabled world, and concludes by calling out a number of problems to be solved. The recommendations require significant policy change well beyond business practices. This is well worth the read for those interested in the topic from either a business or social perspective.

JUNE 2018

“Fair Dues: Harnessing Fairness to Win Back Trust” – PwC

[VIEW PDF \(24 PAGES\)](#)

Excellent work from PwC here.

With help from two academics at the London School of Economics and 1,123 executive surveys, this ground breaking insight contributes heavily to new thinking on how to deal with incentive structures.

The insight includes a summary of relevant global regulation, an introduction to the principles of distributive justice, which includes concepts such as Sufficiency (a minimum standard of living for all) and Maximin (Income distribution should make the worst-off in society as well-off as possible).

PwC provide the usual line of survey findings but also include some segments known as fairness tribes and a five-step process that any internal consulting team would find very helpful.


Very well worth a read.



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Candidate insights are compiled by an expert team of researchers. Reviews are written by partner-level subject matter experts from our industry and functional practices.

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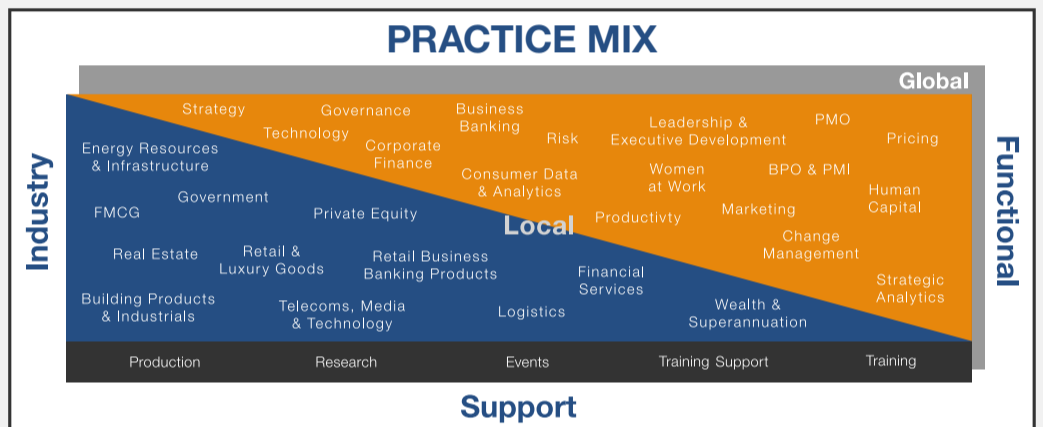
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Source: <http://techcrunch.com/2015/03/03/in-the-age-of-disintermediation-the-battle-is-all-for-the-customer-interface/#.lq0izjZzBr>; Adapted by ICG

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