

Digital Transformation in BFSI Through Technological Innovation

trescon C-Suite events

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NMIMS University School of Business Management
Goa, May 26, 2016 <http://www.innoventionians.com/>

Acknowledgement

The author acknowledges that freely available graphics through internet have been used for this presentation with the objective of propagating knowledge.


Flow of Thoughts

- ✿ **Project Digital Transformation**
- ✿ **Introspection and Self-search**
- ✿ **The Mission Critical Task – Information Security and Safety**
- ✿ **IT Juris Prudence**



Project Digital Transformation

Don't challenge your limits, limit your challenges

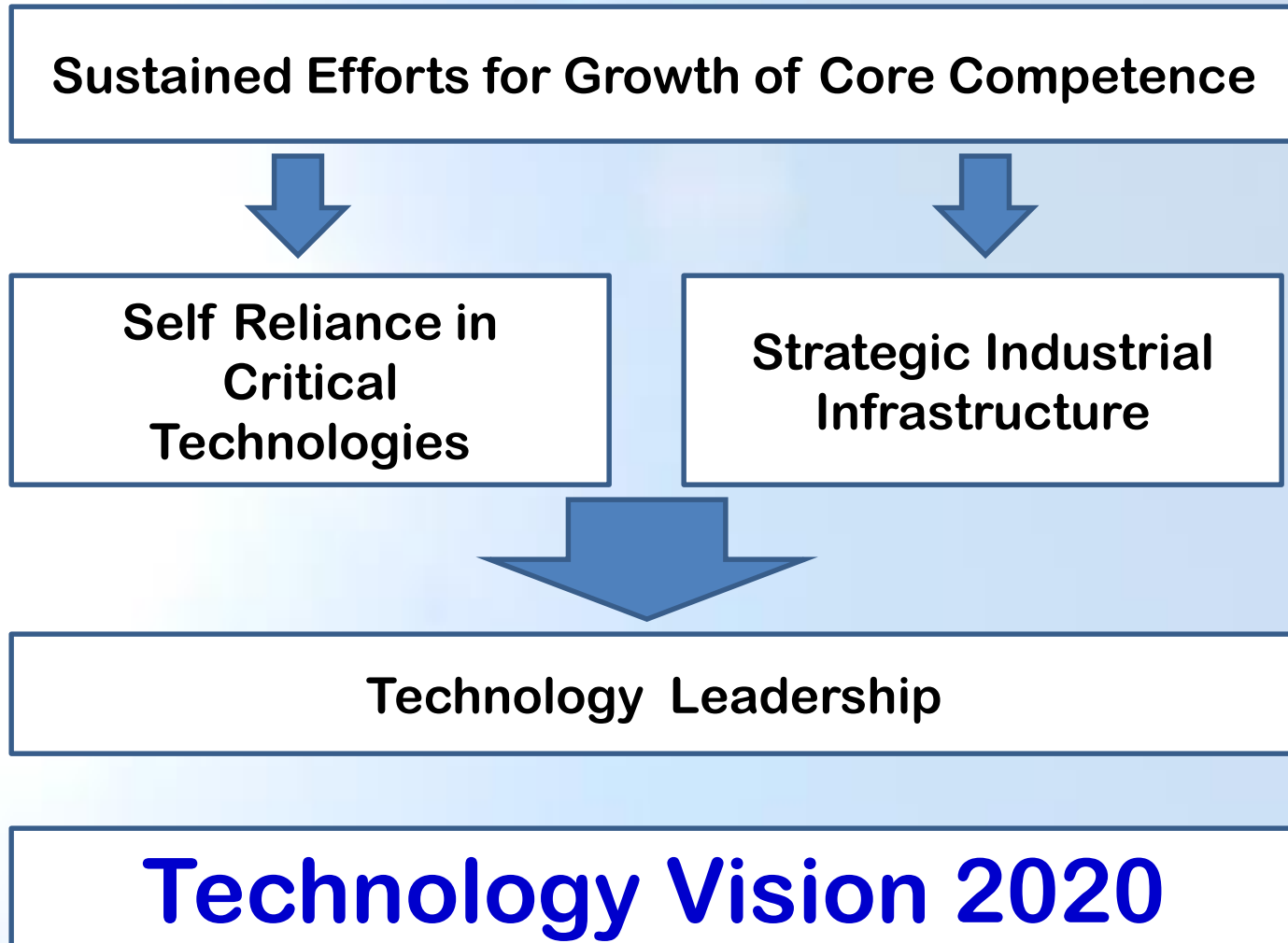
A bright sun in a blue sky with a rainbow streak.

“A vision is not a project report or a plan target. It is an articulation of a desired end result in broader terms”.

Towards a Technologically Strong India

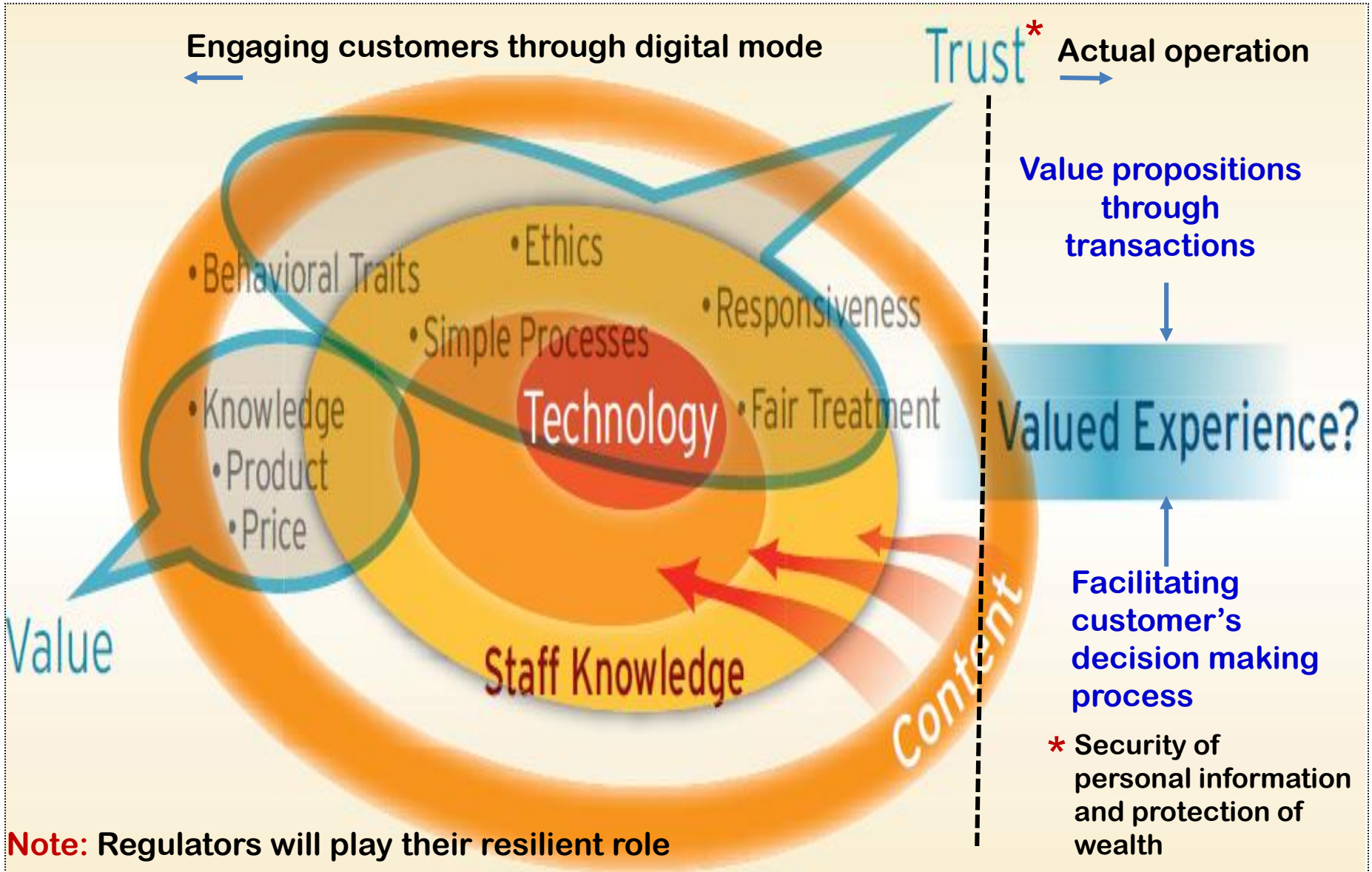
A. P. J. Abdul Kalam's Technology Vision for India

20th
Century
Developing
India



21st
Century
Developed
India

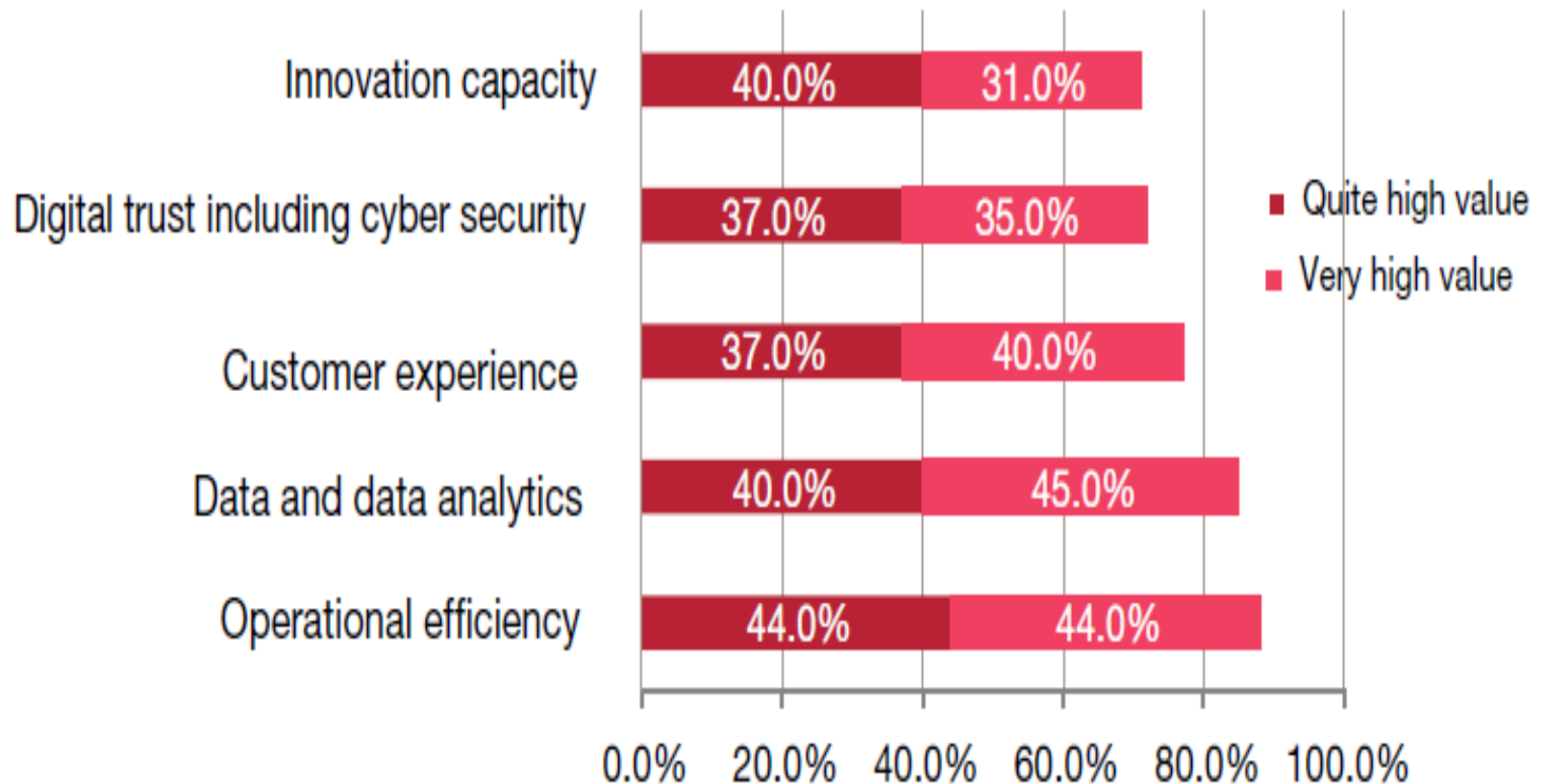
Generating Value from Digital Transformation



CEO's Thoughts for Directional Changes

To what extent digital technology creating value in your organisation

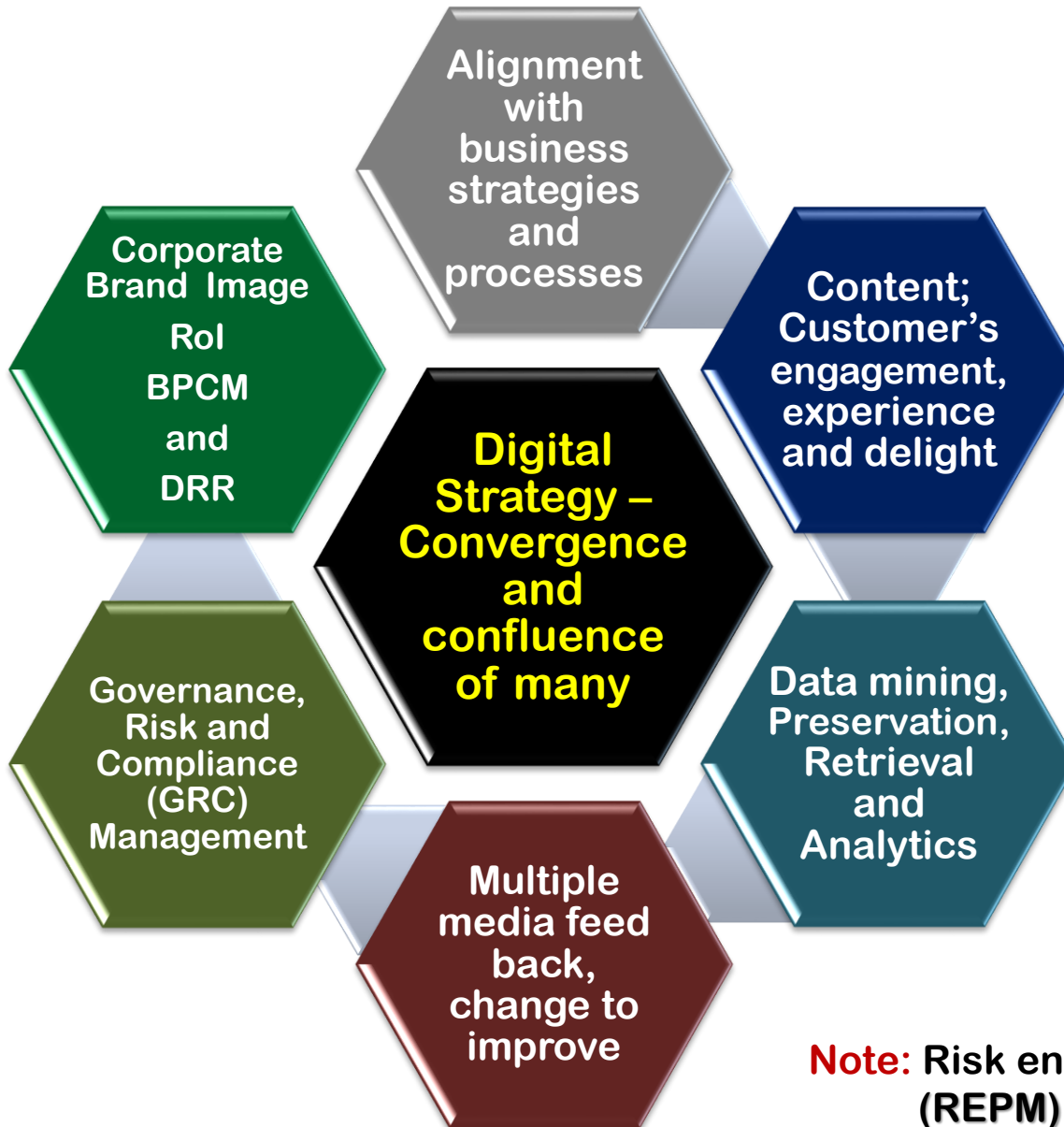
Majority of CEOs in india believe that digital innovations to enhance customer experience are helping build customer trust, while at the same time enabling organisations to increase roi by decreasing operational costs.



Source: 18th Annual Global CEO Survey: The view from India

<https://www.pwc.in/assets/pdfs/publications/2015/cii-banking-tech-summit-banks-taking-quantum-leap-through-digital.pdf>

Digital Strategy – Convergence and confluence of many

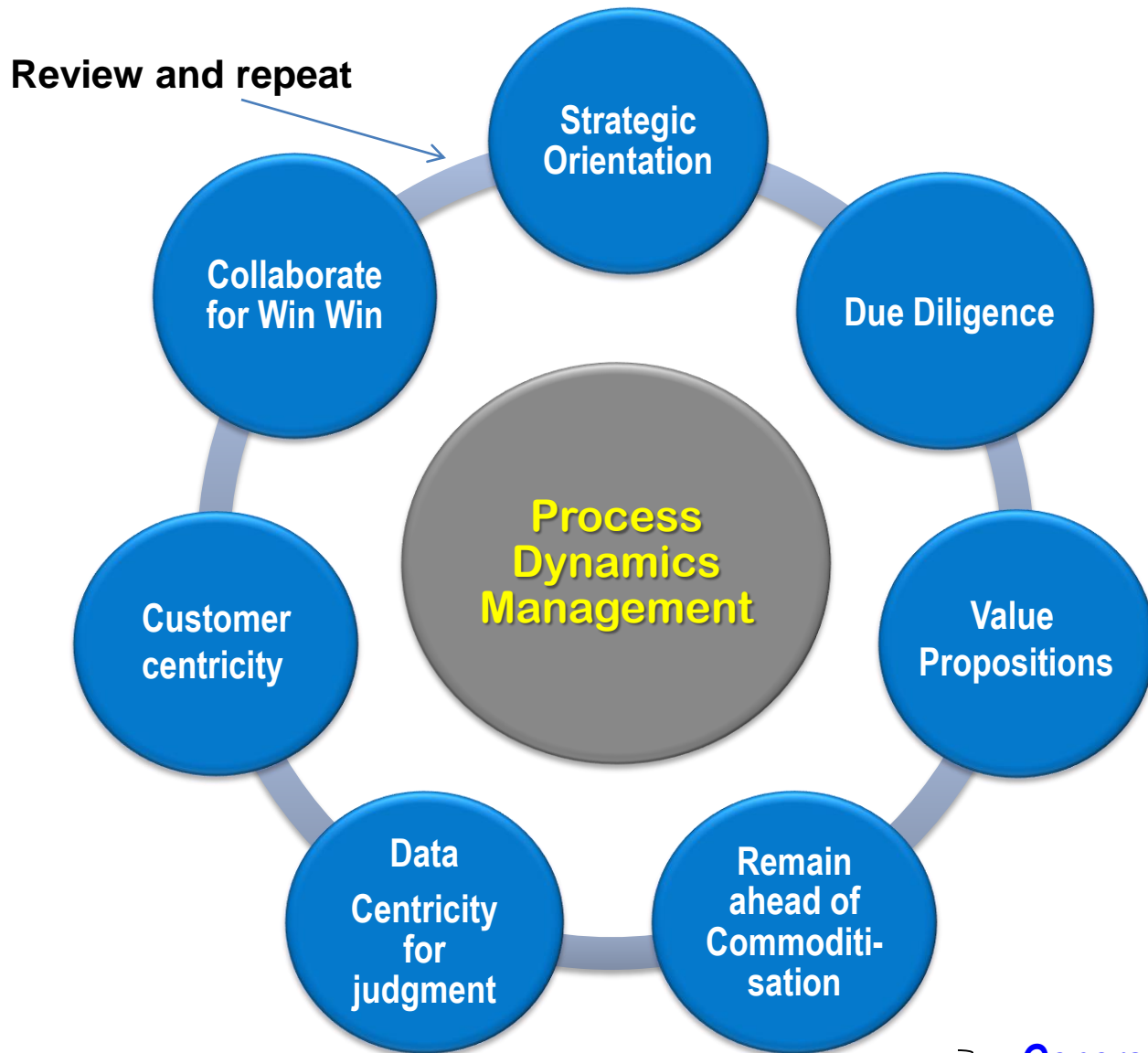


Keynote of success

- User friendly journey design
- Personalisation of data
- Speedier experimentation
- Flexibility in design and use
- Agility
- Ease of
 - Surveillance
 - Downloading and saving
 - Confronting digital dilemmas

Note: Risk enabled performance Management (REPM) should be the point of focus

Seven Seas Principles for Successful Digital Delivery

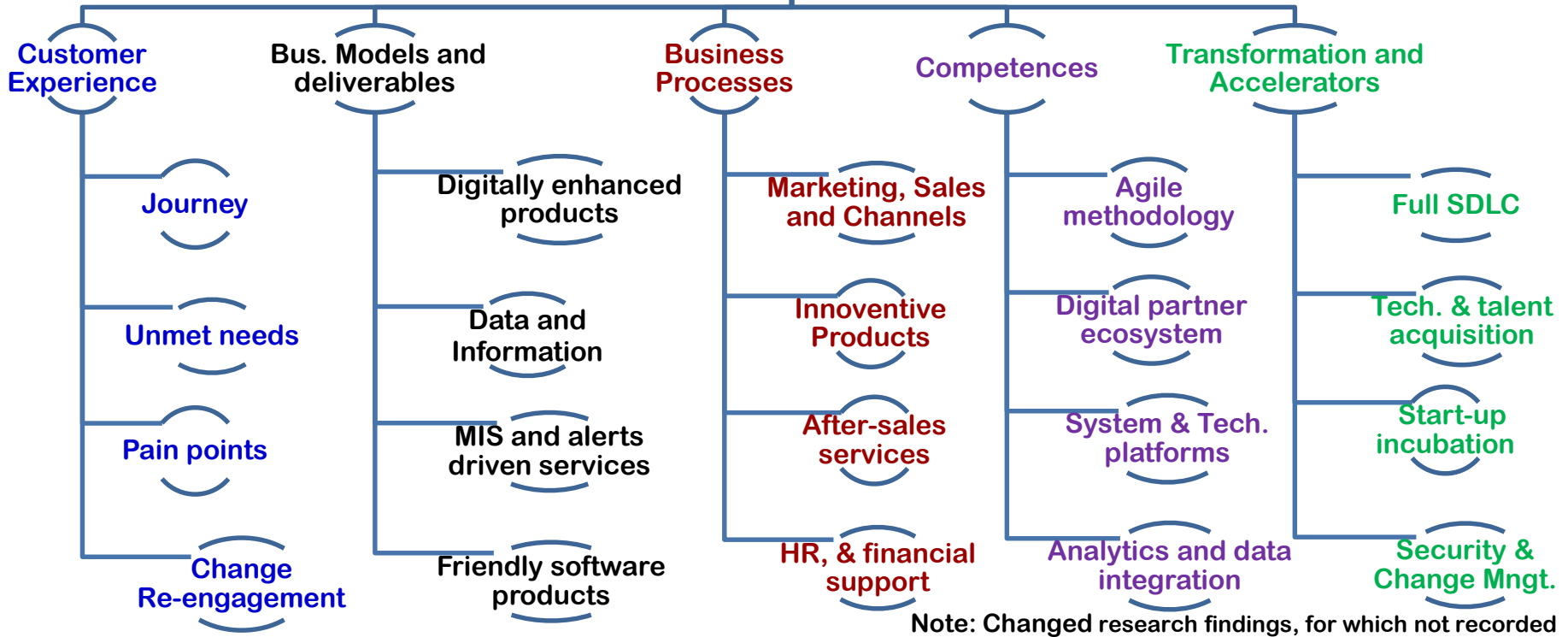


Value creation = Utility / Cost, or Result / Cost =>1
**** Max. Value = Max. Utility / Min. Cost**

Generation of value through minimisation of value destruction¹⁰

Organisational Transformation – Action Spaces

Transformation – Strategy and Action Space



Imperatives

Diagnostic analyses of gaps from next-in-class, prioritization, fulfilment and speedier delivery with first mover's advantage

"We always overestimate the change that will occur in next two years and underestimate the change that will occur in next ten. Don't let yourself lulled into inaction." Bill Gates

Six Mantras for Sustainable Digital Transformation



Digital age is fundamentally impacting culture, forcing shift from a product centric to client centric approach

Quick Look at a Few Reported Developments

THE ECONOMIC TIMES

India may become global software superpower by 2020: Gartner

PTI Mar 14, 2010

“India can well become the 'software superpower' of the world by 2020, **but** all depends on investments in workforce development and country-level infrastructure

THE HINDU
April 17, 2013

Generation Z

In about 7 years, median age in India will be 29 years, making it the youngest country.

India is set to experience a dynamic transformation as the population burden of the past turns into a demographic dividend –
The target customer



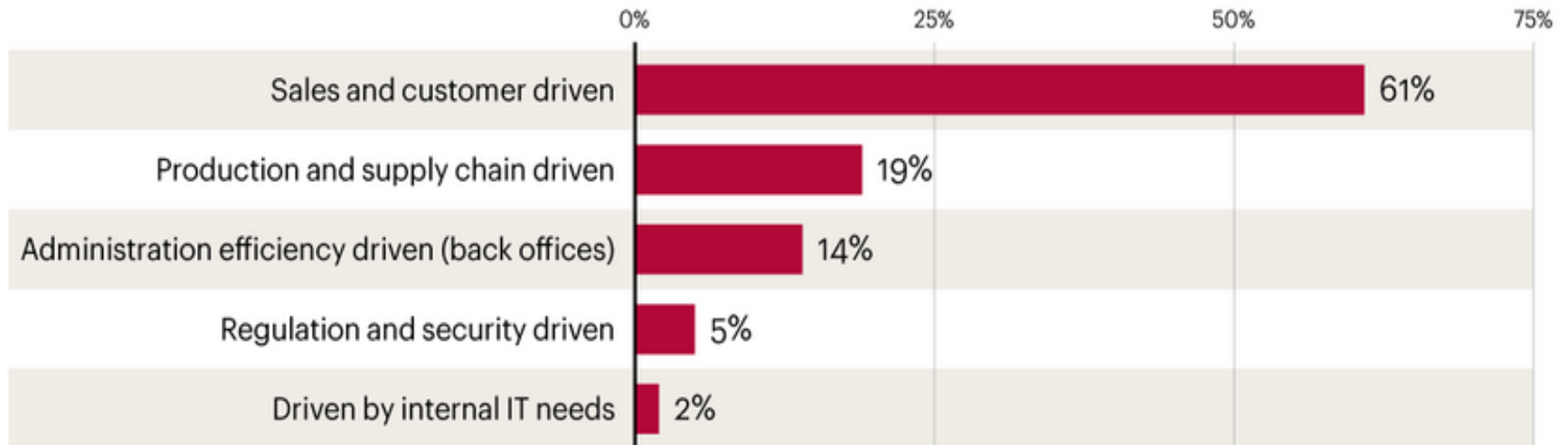
The biggest challenge before BFSI Sector here and now is
How to penetrate into *Bharat* and make digital delivery a reality?
Innovention™ is the call of the day and not only innovation

AT Kearny's Study Result - Projected Position IT in 2020

- IT requirements will grow rapidly until 2020
- Nearly 85% foresee a significant increase over the next few years
- Almost 75% say time pressure for implementing IT projects is also increasing

Sales and customers will be the focus of most IT investments by 2020

Expected % of investments in IT applications



Note: Percentages may not resolve due to rounding.

Source: A.T. Kearney study of more than 150 chief information officers

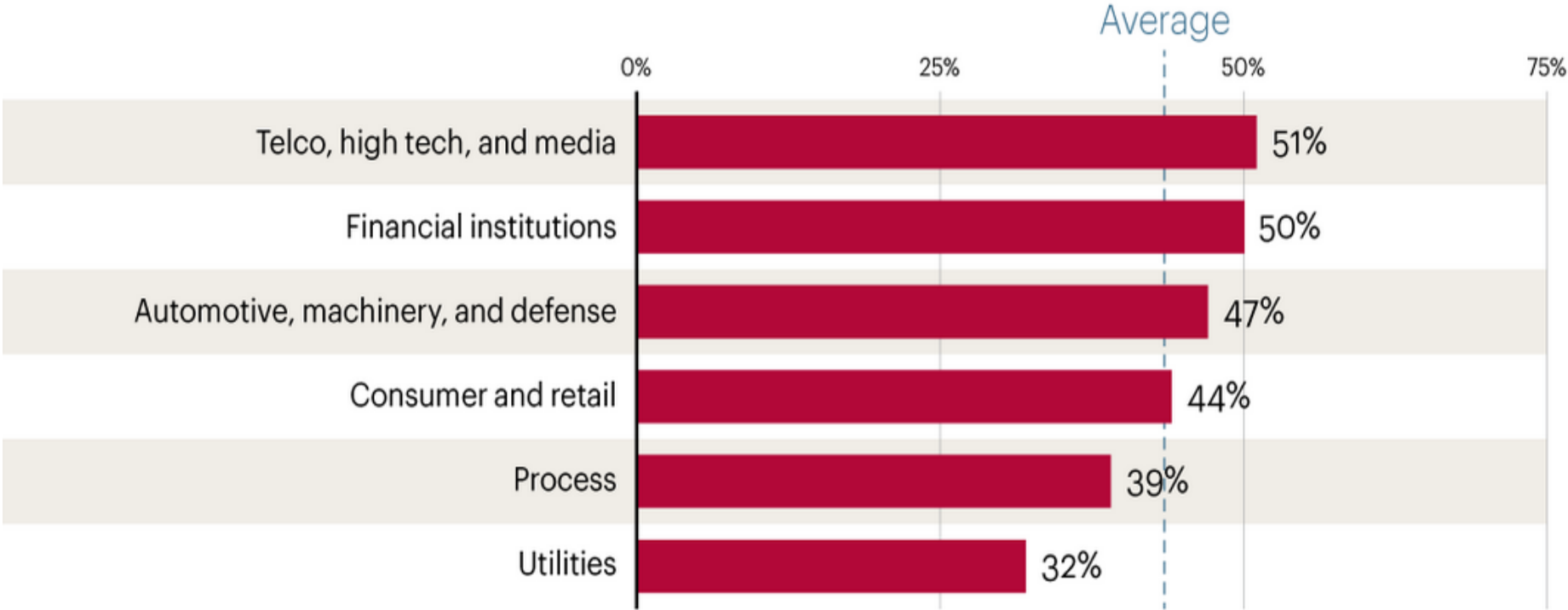
ATK surveyed > 150 CIOs of large global enterprises and leading mid-sized companies,

AT Kearny's Study Result ... 2

Figure 2

Almost half of companies expect to have a chief information officer on the board in 2020
“But a seat at the table doesn't make sense unless IT plays a central role in the business model”

Companies that expect to see CIO on the board



Source: A.T. Kearney study of more than 150 chief information officers

Point to Explore

Can IT (BIS) function be a self-sustained Profit Centre with an EVA of 5%? 15


Time for Introspection and self-search



Make honest attempts for truthful assessment of the gap in reality



If you don't know what you don't know then you don't know how to fix it



There are three types
of people in this world

those who make things happen,
those who watch things happen
Straight From The Heart
and those who wonder what happened.

[Facebook.com/StraightFromTheHeart](https://www.facebook.com/StraightFromTheHeart)

Choice is yours
Getting into the first group will need Innovative Leadership



The Mission Critical Task - Information Security and Safety

Key Finding from a Researched out Report of Capgemini

Information Security Benchmarking 2014

Information Security assessment of companies in Germany, Austria and Switzerland
February 2015

Despite a high top management attention and increasing budgets, Information Security must undergo a deep transformation to improve alignment and cooperation with business

 Capgemini Consulting

Transform to the power of digital

Acknowledgement: The presenter is using this information only for propagation of Knowledge

Source: <http://www.slideshare.net/capgemini/information-security-benchmarking-2014>

Certain Questions for Introspection

Ten Commandments for Information security and safety

- * Does the Audit Committee review Information Security (IS) Risks and management systems at periodical intervals
- * Is IS at the top of the agenda for the CEO and CFO
- * Is IS Risk an integrated item of the Risk Register and ERM Framework
- * Are business goals aligned with goals for IS process
- * Is there adequate financial commitment for introducing IS Systems commiserating with size and expanse of the organisation
- * Are security risks ignored by business decision makers
- * Is there a proper training, communication and change management system related to any BIS initiatives of any stature
- * Do IS Managers have predefined KRAs and KPIs for their deliverables
- * Is there structured IS awareness system throughout organisational hierarchy
- * Is IS Management a part of Sustainability Management

Information Security should be a part of the DNA of any Organisation

Information Security Measures Benchmark (ISM-Benchmark)

Ms. Yasuko Kanno, Chief Advisor,
IT Security Center, Information-technology Promotion Agency (IPA)
<http://www.ipa.go.jp/files/000011796.pdf> Japan

Table 2 ISM-Benchmark List of Evaluation Items

1. Information Security Policy
2. Security Organization
3. Categorization of Information Assets
4. Handling of Information Assets
5. Outsourcing Contracts
6. Employee Contracts
7. Security Training
8. Physical Security
9. The Third Party Access
10. Safe Installation
11. Documents and storage media
12. Security in operational environment
13. Security for IT system operation
14. Countermeasures against Malware
15. Measures for Vulnerability
16. Measures for Communication Networks
17. Prevent Theft or Loss of Media
18. Access Control - Data
19. Access Control - Applications
20. Network Access Control
21. Security in System Development
22. Security Management of Software
23. Measures for IT system failure
24. Incidents Handling
25. Business Continuity Management

Areas for Benchmarking Information Security

Learning Points form Capgemini's Research added with Present Author's Thought Lines

Strategy and Governance

- Business Strategy
- Aligning IT Strategy with Business Strategy.
- Governance Structure
- Compliance Management
- Enterprise Risk Management (ERM)
- Opnl. Vs. Mngt Planning and Control
- BCM & DRM
- Audits – Internal & Management
- Data Privacy
- Security Incident

Ogranisation and People

- **Ogranisation Structure**
- **Roles and Responsibilities**
- **Aligning both Goals of People and Orgn.**
- **Employee Training and Awareness**
- **Security Expert Training**
- **Security Service Improvement**
- **Co-operation with Corporate Security**
- **Relationship with Business Units**
- **Social Media**

Process

- Identity & Access Management
- Threat and Vulnerability Mgt.
- Patch Mngt.
- Information Classification
- Sourcing and Vendor Management
- Secure Application Development
- Backup
- Mobile Devices
- Retention and Investigation of Data
- Cloud Computing
- User Access Mngt.
- Change Management

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Technology

- Firewalls and Host to Host Connectivity
- Remote User Access
- Web-based Apps
- Malicious Content Protection
- Network Inclusion Protection
- Wireless Network
- Data base Security
- Server and System Security
- Last Mile Device Security
- Application Security
- Physical Content Security
- Data Corruption Sec.

A person wearing a grey hoodie is looking at a laptop screen. The background is a light blue color with a pattern of binary code (0s and 1s) in a darker blue. The person's face is partially obscured by the laptop screen.

Your Presenter Suggests

Ethical Hacking

Must be a compulsory task in IT security management framework

Note: Adequate measures must be taken to ensure that such inclusion in no way violates any prevailing legal or regulatory provision in vogue.

Disruptive Technology Trends – Combat and / or adapt

Learning Points from 12 Technology Trends by Brian Sollis

- ✿ **Social Media-1 is dead** – Lifespan of Whatsapp and Twitter not known
- ✿ **Future of Search Engine** – Lies outside Google > 88% of consumer is presently influenced by other consumers' online comments
- ✿ **Instruments Connected to Internet** – 80 Billion by 2020 number
- ✿ **Product Redundancy Galore** – Torch, Compass and many more
- ✿ **Death of eCommerce** - Mcommerce has almost taken over
- ✿ **Virtual Reality Experiments** – Killer Apps for Consumer Markets
- ✿ **Death of Generation Y (Millennials)** – Generation Z Kids to be the focus
- ✿ **New Hollywood** – YouTube and Vine
- ✿ **Greed to Impede Innovation** – Flocking towards Startups
- ✿ **Cryptocurrencies** - 163 in Number
- ✿ **Privacy** – Virtually lost
- ✿ **Digital Marketing** - Mass Personalisation and Full Funnel Marketing

Future is for Innoventians – Add Invention to Innovation and Value Creation



IT Jurisprudence for IS Audit

IT Jurisprudence – What and Why

What

- * Jurisprudence is the theory and philosophy of law. Helps to gain deep understanding about
 - ✦ Nature of Law
 - ✦ Legal reasoning, systems, institutions, applications and implications for non-obeyance
- * Contemporary philosophy of Law addresses two groups of questions
 - ✦ Internal to law and legal systems
 - ✦ Of law as a particular institution - Political and Social
- * Answers to such questions are found in
 - ✦ Natural Law – Accessible to human reasons
 - ✦ Legal Positivism – Force of law coming from basic social evidences
 - ✦ Legal Realism – The real world practice determines what law is
 - ✦ Critical Legal Studies –
 - ▲ Law is largely contradictory,
 - ▲ Can best be analysed as an expression of the dominant social group

English – Jurisprudence, Latin – Jurisprudentia = Knowledge of Law

IT and Jurisprudence – Why

Situation may come to work with reference or relation to any of the following legislations and hence **Ensuring Compliance** is a must

1. Information Technology Act, 2000
2. IT (Use of Electronic Records and Digital Signatures) Rules, 2004
3. IT (Other Standards) Rules, 2003
4. IT (Certifying Authorities) Rules, 2000
5. IT (Certifying Authority) Regulations, 2001
6. The Cyber Regulations Appellate Tribunal (Procedure ...) Rules, 2003
7. Blocking of Websites Order, 2003
8. IT (Security Procedure) Rules, 2004
9. The Indian Penal Code (as amended by the IT Act)
10. The Indian Evidence Act (as amended by the IT Act)
11. The Code of Criminal Procedure and the IT Act.
12. Information Technology (Amendment) Act, 2008
13. The Income Tax Act, 1961 and all Acts for Indirect Taxes (Proposed GST)
14. The Companies Act, 2013

Doctors receive structured knowledge on Medical Jurisprudence

IT and Jurisprudence – Why ...2

- Maintenance of books of accounts at the place of business
- Movements of data / information from one country to other
- Permanent establishment (Tax Jurisdiction) issues arising from
 - Hosting of data and software
 - Accessing working systems from other countries
 - Reviewing reports by users of other countries
- Legal evidences (Business User)
 - Customers' personal data being used
 - History of transactions and events
 - Reports and documents
 - Software configuration and maintenance
 - Control on access rights for defined roles and positions
 - Proceedings of video and audio conferences
 - White board print out for meeting records
 - Customer relying upon information content for investment decision

Is there any Substitute of applying 6WH Principle to IT operation?
(What, Why, When, Who, Whom, Which and How)

IT and Jurisprudence – Why ...3

- * Legal evidences (BIS Team)
 - ✦ Right for configuration and codification
 - ✦ QC clearance
 - ✦ Right for modification software or master data
 - ✦ **Purging-off and / or archival of records (Destruction of evidence)**
- * Mails Movements electronic records
 - ✦ Data and records and
 - ✦ Tele-caller / recipient as per HLR and VLR of a Telco

“Spend time with corporate counsel to understand thoroughly the requirements of any new or evolving regulations that affect your business” *

*The New CIO Leader
Setting the Agenda and Delivering Results
by Marianne Broadbent and Ellen S. Kitziis*

**** The Presenter’s view is to first make it a subject of study for IT curriculum***

In contemporary Digital World IT Jurisprudence is not Nice but **Must to Have**

It will be useful to watch a small video clip on Behavioural Psychology

Further Thoughts



**“The essence of management lies in dropping the last letter and make it ‘Manage Men’!
It is still better to drop the last two letters and make it ‘Manage Me’!”**



Thank You