

Bip.

Bip - Business Integration Partners

“MEETING THE PRACTITIONERS”

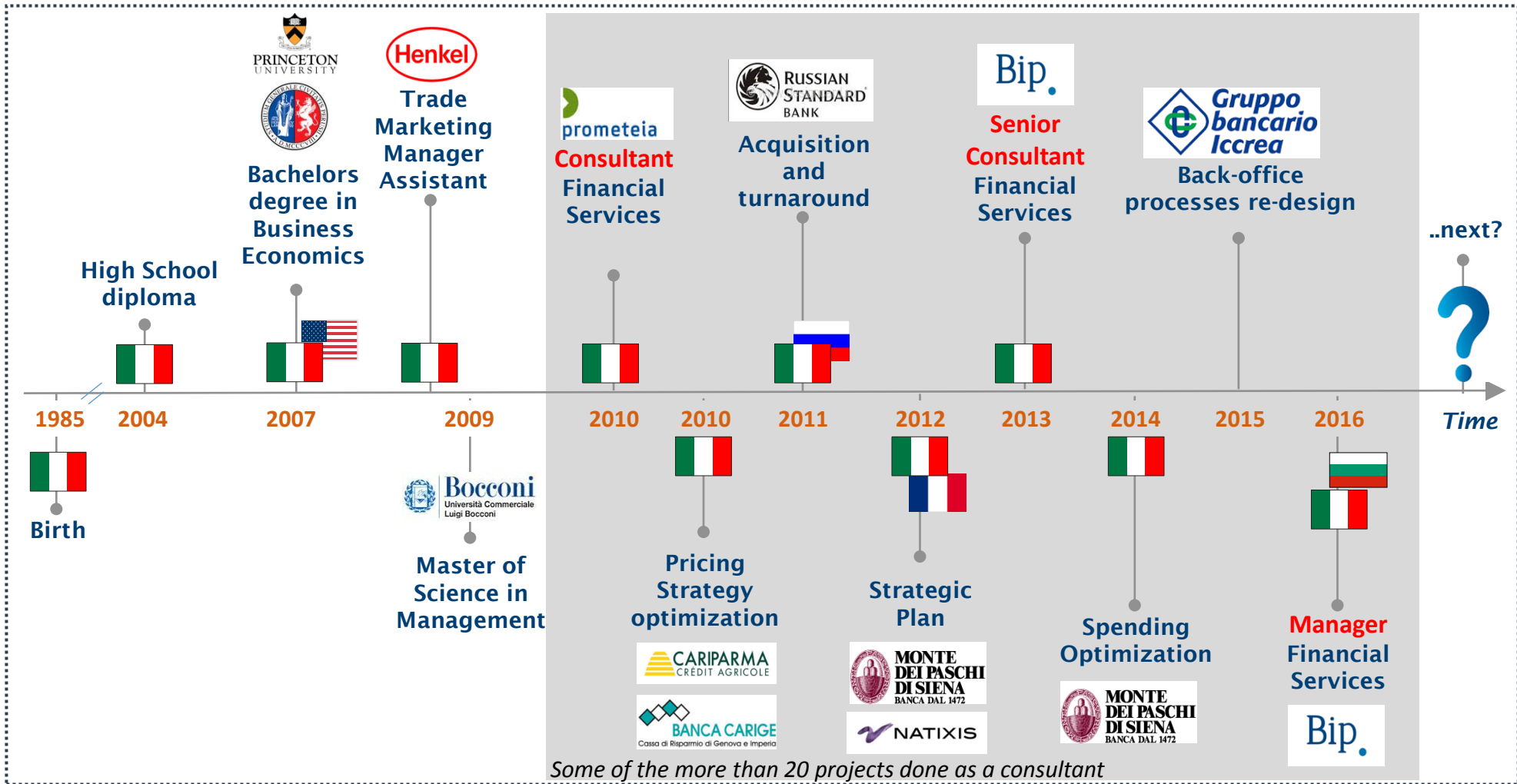
UNIVERSITÀ TOR VERGATA

Rome, 16/12/2016



Roberto Nappi “in pills”

During my professional life I have done interesting experiences in different contexts



Agenda



- ❑ **Overview Bip.**
- ❑ **Focus Financial Services**
- ❑ **Case study: Cost Optimization for MPS**

The path towards leadership



	2003	2005	2007	2009	2011	2013	2015
Clients	6	50	70	102	120	137	200+
Revenues [million €]		27	40	51	59,6	72	113,8
International presence							22%

Overview

OVERVIEW



12

Countries



+1400

Professionals



+3000

Projects

We consider ourselves our client's co-manager & co-entrepreneur
Managing business risk is an integral part of our professional DNA

Global locations



Industries



Energy & Utilities



Technology, Media,
Entertainment & Telco



Financial Services



Public Sector



E-commerce, Retail
& Consumer Goods



Manufacturing



Life Sciences

Agenda



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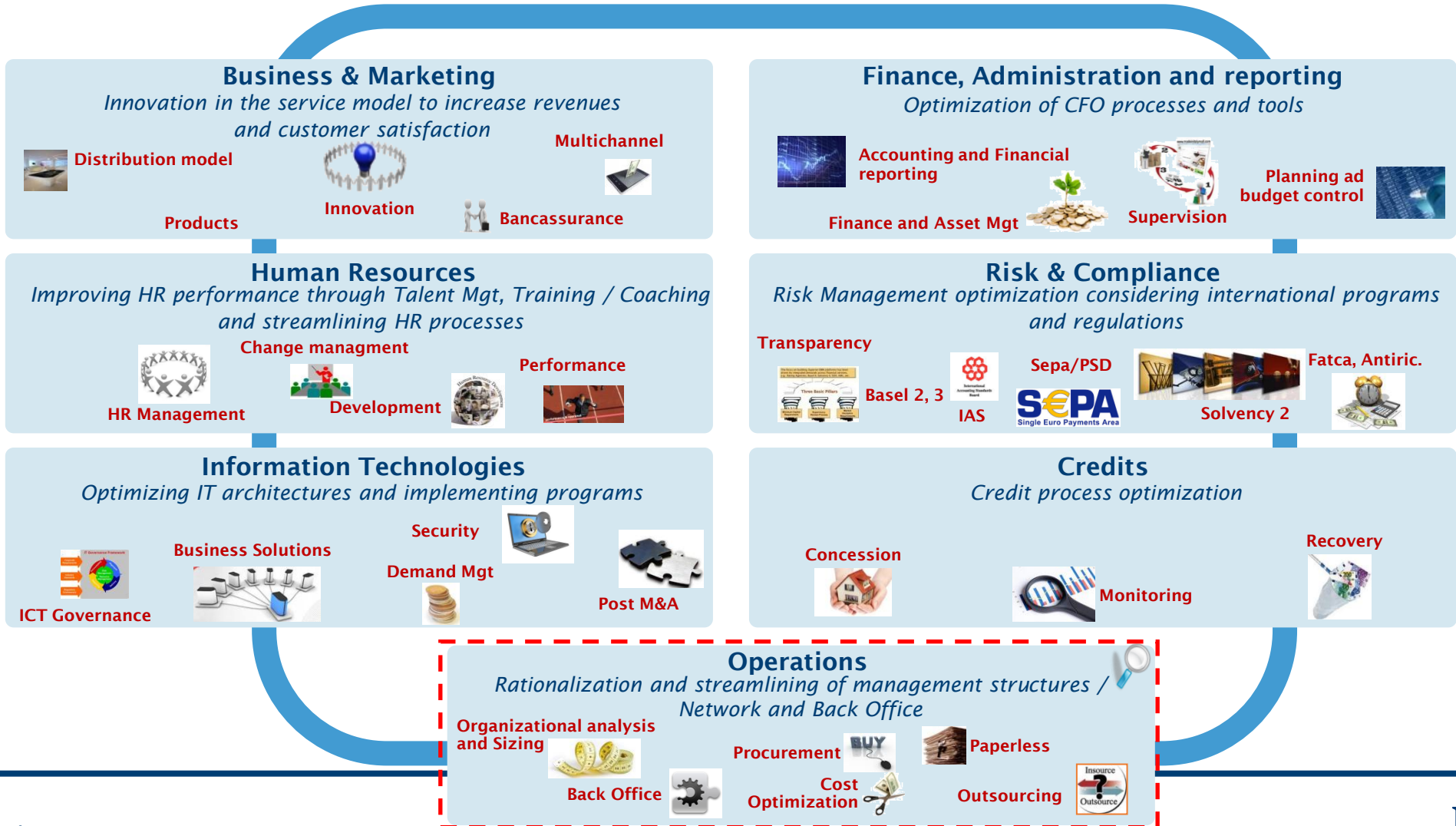
Financial Services | Clients




Active clients during the last 5 years

Financial Services | Business Areas

Bip. supports customers on key areas leveraging on the "core competencies" of banking and insurance processes



Financial Services | Main references in operations

Areas		PMO	Strategy	Organization and processes	ICT	Change Management
Middle/ Back Office processes review 	▪ Payment Institutions & Treasury systems	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	▪ Transport values and Contazione	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	▪ Commercial processes			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
	▪ Operations model (Middle e Back Office)	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
	▪ Contact Center processes	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
	▪ BPR			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	▪ Payments processes			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Sizing. Polarization and Benchmarking 	▪ Benchmarking and sizing Back Office		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
	▪ Centralization /polarization Back Office		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
	▪ Centralization of branch administrative activity	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Cost Optimization 	▪ Spending review/ Cost Optimization	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Dematerializ./ Outsourcing 	▪ Paperless	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	▪ Outsourcing/Insourcing Back office/ ICT		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
	▪ Benchmark service models and costs		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		



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MPS New 2016-2019 Business Plan | Main evidences

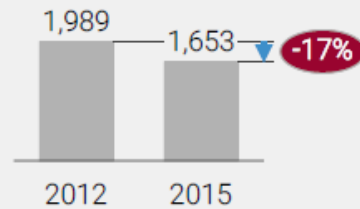
EXTRACT

STRONG TRACK RECORD IN COST REDUCTION AND FURTHER UPSIDE GOING FORWARD

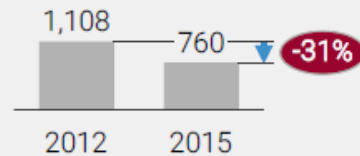
Solid track record in cost optimization with further potential ahead, especially on personnel costs

Historical evolution

Personnel costs
EUR mln

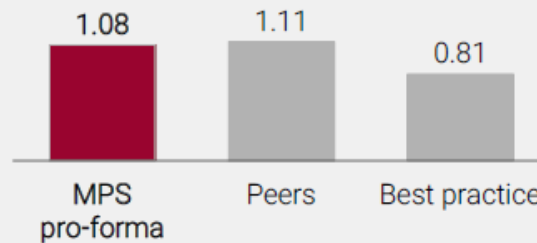


Other administrative expenses
EUR mln

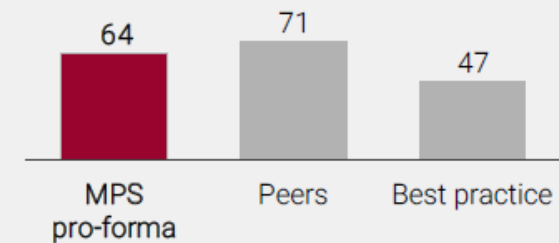


Benchmark on 1H16 results

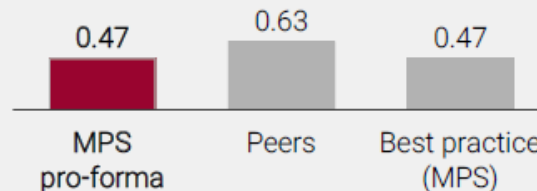
Personnel costs / assets
1H16, %, annualized



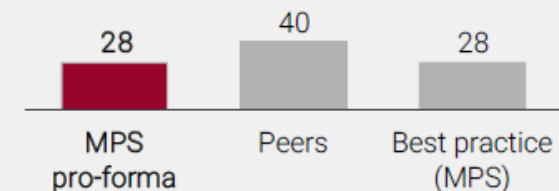
Personnel costs / FTE
1H16, EUR '000, annualized



Other administrative expenses / assets
1H16, %, annualized



Other administrative expenses / FTE
1H16, EUR '000, annualized



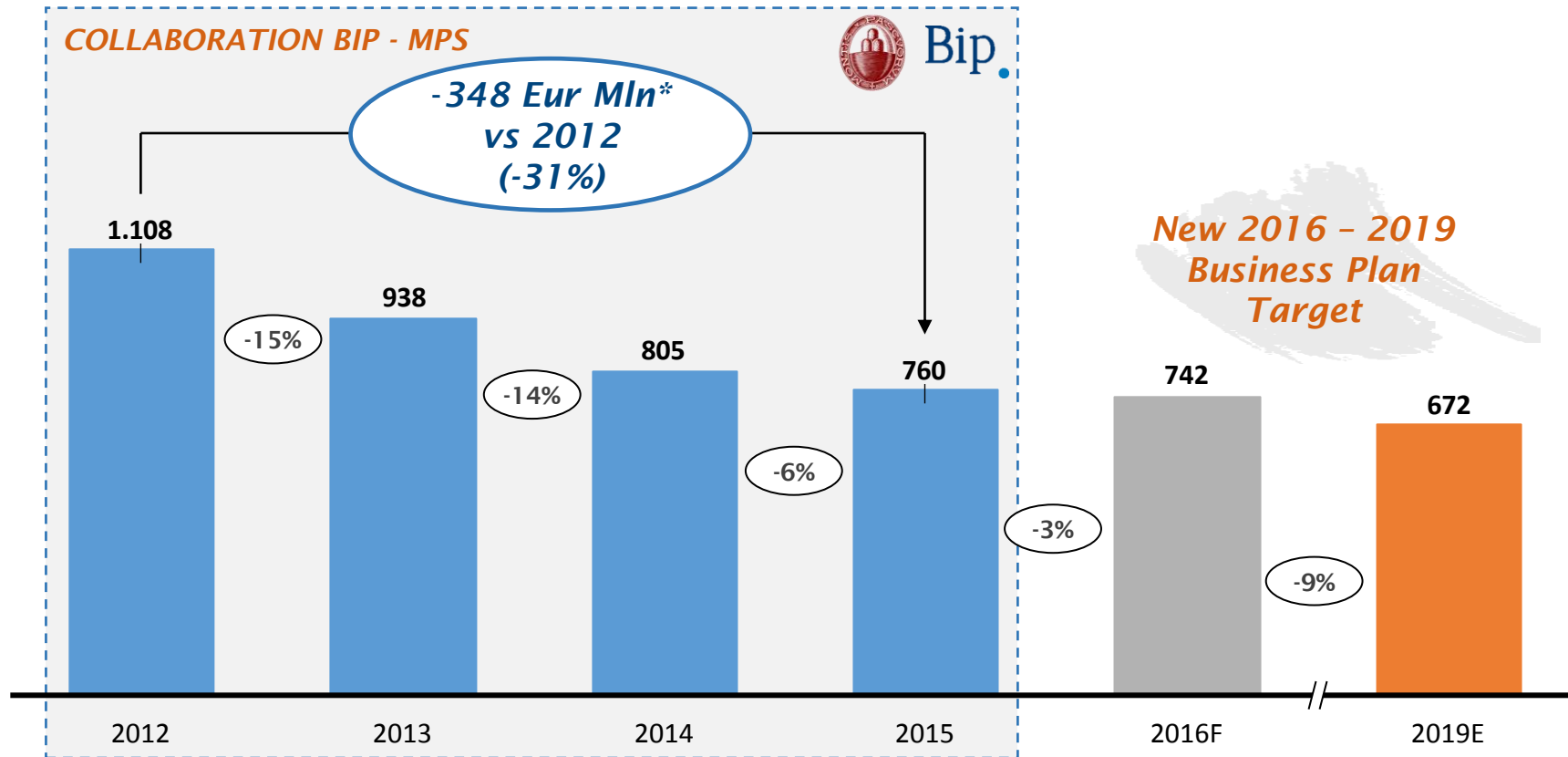
MONTE DEI PASCHI DI SIENA
BANCA DAL 1472

NOTE: Peer set includes Banco Popolare-BPM (pro-forma), BPER, Credem, Intesa SanPaolo (Banca dei Territori only - estimate), UBI and UniCredit (Commercial Banking Italy only - estimate)

MPS Cost Optimization | 2012 - 2015 results

MPS, thanks to the collaboration with Bip, has reached great results in the cost optimization between 2012 and 2015

Other administrative expenses trend
[Eur Mln]



Note: MPS Strategic Plan 2016-2019

MPS Cost Optimization



Was it easy?

MPS Cost Optimization | What the newspapers said

In 2012 the banking sector was characterized by a strong crisis, MPS was suffering the effects of the devaluation of Banca Antonveneta and the cost of government bonds in portfolio

Il Sole **24 ORE**

27/06/2012

A system, the one related to the Bank and the Foundation, which until now has direct injected in the economy of Siena resources close to a billion a year, including disbursements of the Foundation (on average 106 million a year paid to the Siena territory since 1995, when she was born, to 2011), salaries paid to employees, rents, sponsorships and management of properties. In addition the 16% of the provincial GDP is attributable to the system-MPS

Il Sole **24 ORE**

29/03/2011

MPS ends 2011 with losses of 4.69 billion euro. It reported a decline in total assets by 7.2% to 281 billion. Declining revenues (-1.2%) due to the reduction in net interest income (-2.4% y / y, recovering in the fourth quarter + 6.4%) and net commission income (-6% y / y)

CORRIERE DELLA SERA

11/12/2012

The European Commission is to approve the terms of the loan to 3.9 billion euros by the Italian Government to Banca Monte dei Paschi di Siena. The government of Rome, which has negotiated with Brussels for months about the validity of the loan has certified the latest changes in demand and now the Commission is ready to approve the loan scheme

The Group's economic situation required an unprecedented turnaround

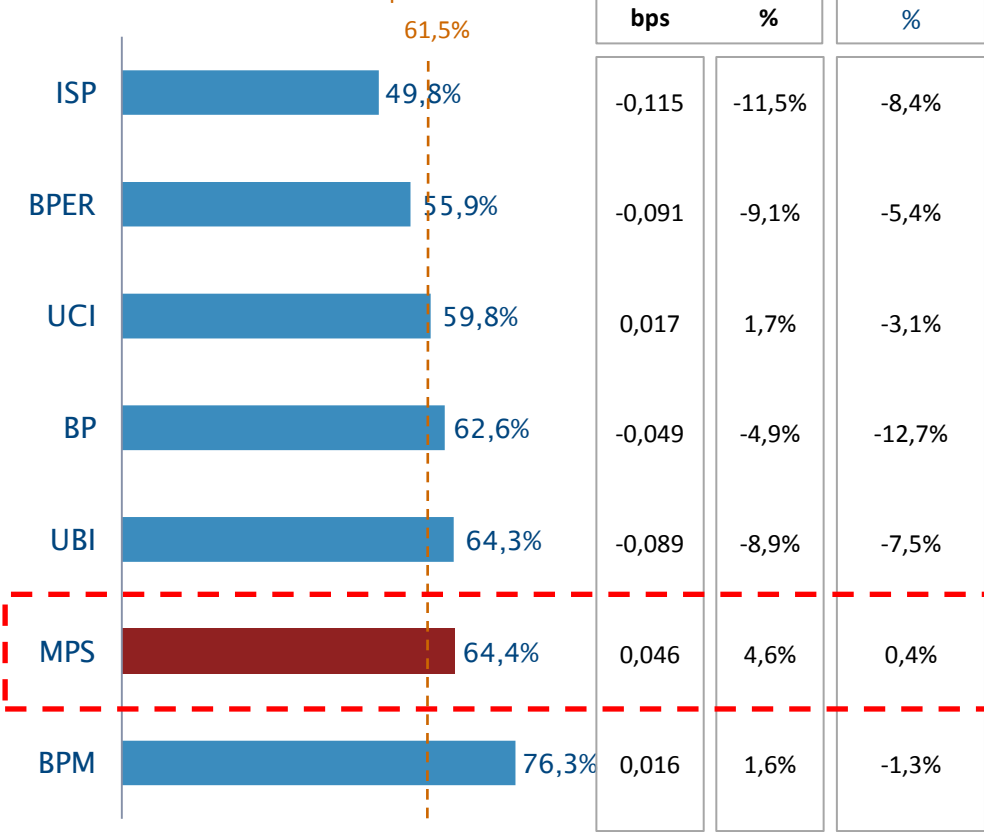
MPS Cost Optimization | Market conditions

Trend C/I

Strong cost pressure

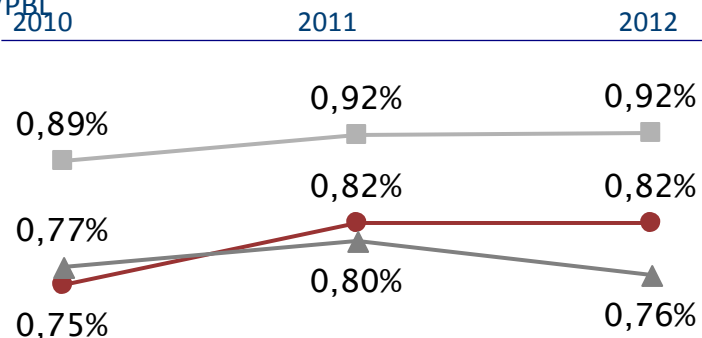
Cost/Income, 2012
[% e bps]

Competitors 2012
61,5%

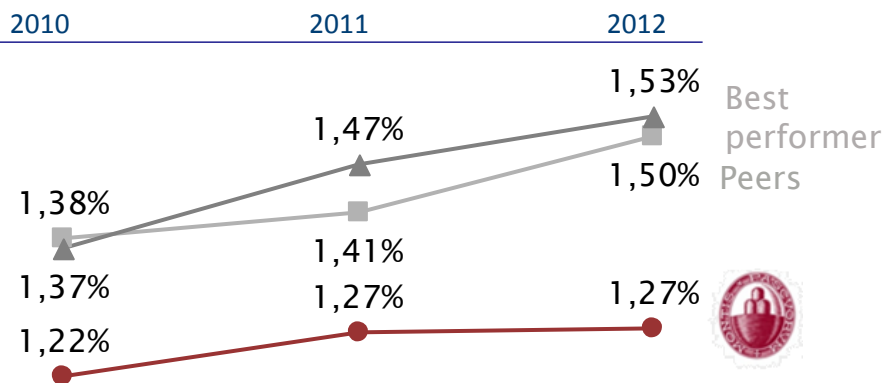


Trend Cost/PBL e Income/PBL

Cost/PBL
[%]



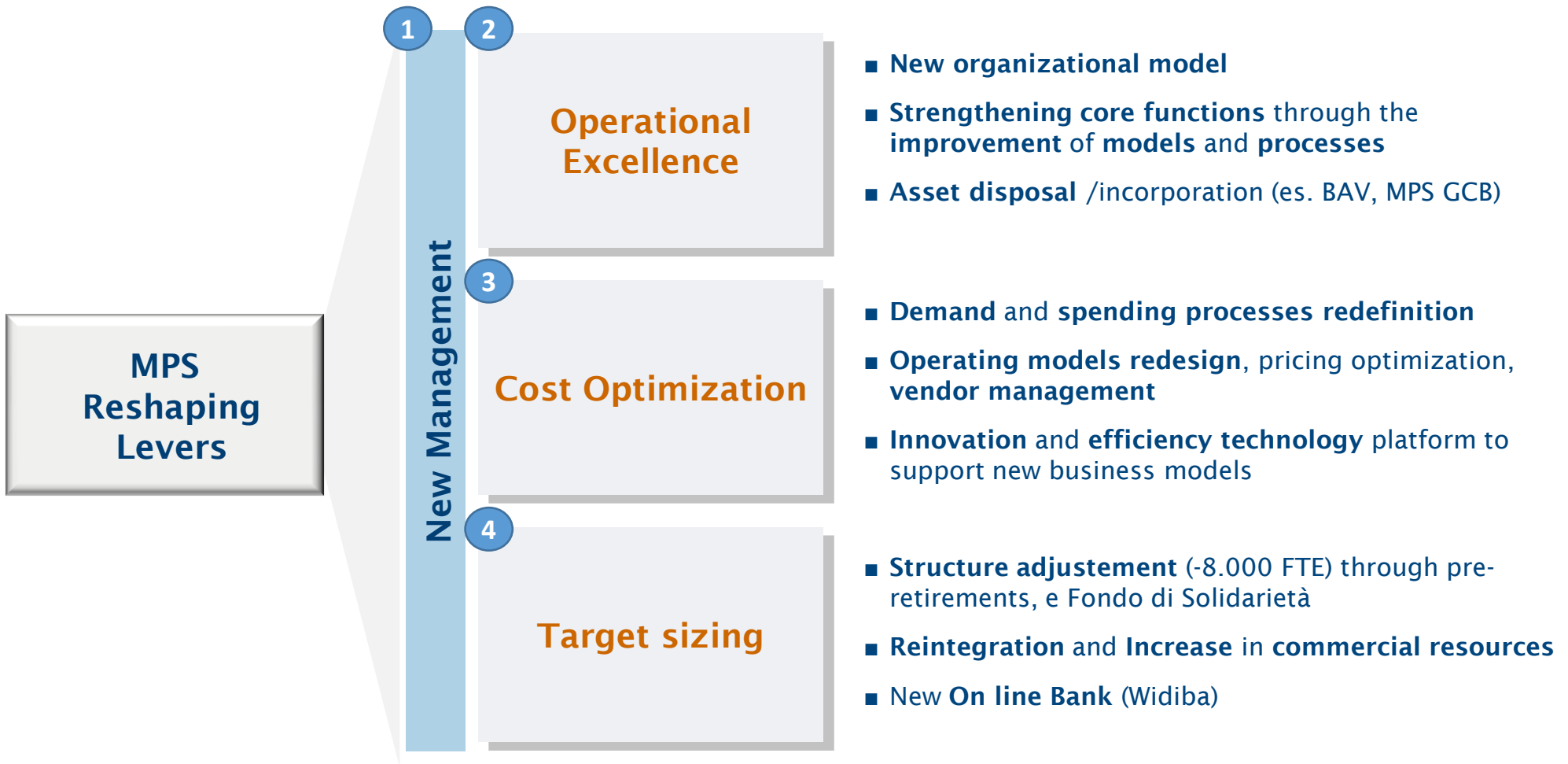
Income/PBL
[%]



Note: Balance sheets 2012

MPS Cost Optimization | The new strategy

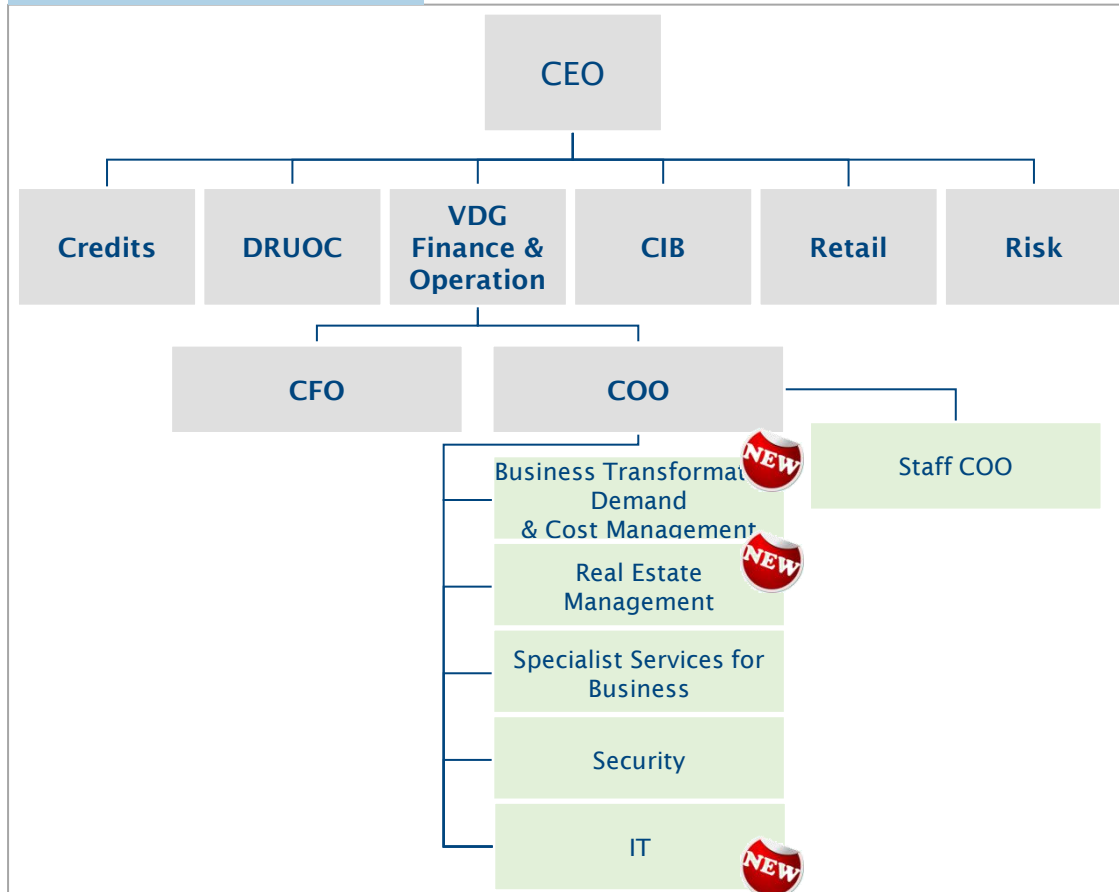
The Cost Optimization strategy for MPS was based on 4 main levers



MPS Cost Optimization | New Management organization

The first step of the Cost Optimization plan for MPS was a new re-organization and the valorization of the internal resources ...

New Organization



Guidelines

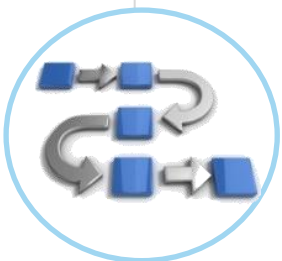
- 1 Radical transformation of the Top Management
- 2 Focused re-inforcements and contextual enhancement internal talent for II and III line

New guidelines and virtuous managerial/operational behavior

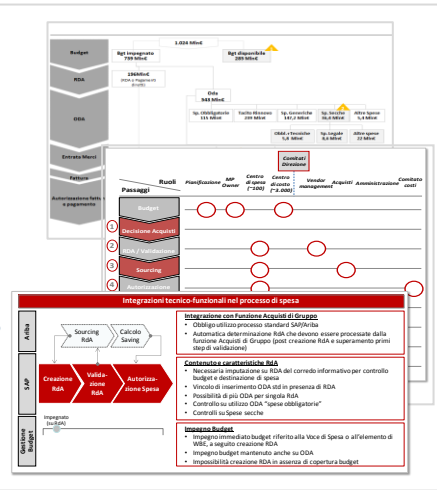
MPS Cost Optimization | Processes & tools introduced

...and then the set up of the entire new cost optimization machine

Processes



- Defined standard monitoring process, with Team site, monitoring framework, KPI and intermediate milestones for each initiative
- Contracts negotiating autonomy reduced from 10.000€ to 5,000€
- Set up of a new Demand process to prioritize investment choices



Tools



- DB with over 380 saving initiatives with impacts between 2012-15 (17 Master Plan, 40 owners involved)
- Weekly report to monitor saving initiatives and to provide a concise view of the interventions
- New rules and controls to lock passive cycle

Master Plan	# Azioni	2013	2014	2015	2016	2017	Saving target complessivo
ASA PERSONALE	11	17.501.872	-	-	-	-	17.501.872
BANCHE DATI	16	5.200.000	1.870.000	1.400.000	1.400.000	1.700.000	11.570.000
COMPARAZIONE	6	17.376.000	300.000	-	-	-	17.676.000
CONGLEDANCE	2	4.000.000	1.300.000	-	-	-	5.300.000
CDMA	11	3.500.000	-	-	-	-	3.500.000
ICT	10	44.831.160	35.300.000	25.200.000	23.200.000	17.900.000	146.431.160
MANUTENZIONE	75	55.176.000	33.842.400	13.653.900	722.000	222.200	103.626.500
LEGALI	19	11.700.000	4.300.000	-	-	-	16.000.000
LOGISTICO ECONOMALE E SICUREZZA	7	35.823.000	8.439.000	8.600.000	-	-	52.862.000
ORDINARIO AL TRE SPES	2	1.700.000	-	-	-	-	1.700.000
ORDINARIO INVESTI NON RECUPERABILI	2	232.000	-	-	-	-	232.000
SPORTALTA	3	1.637.304	-	-	-	-	1.637.304
							39.826.000
							40.000.000
							4.244.000
							2.000.000
							430.480.790

Vista Sintesi

Dettaglio Criticità/Azioni per Escalation

MONTE DEI PASCHI DI SIENA BANCA DAL 1472

Database INIZIATIVE

COMANDI

Inserisci Nuova Iniziativa / Modifica/Elimina Iniziativa

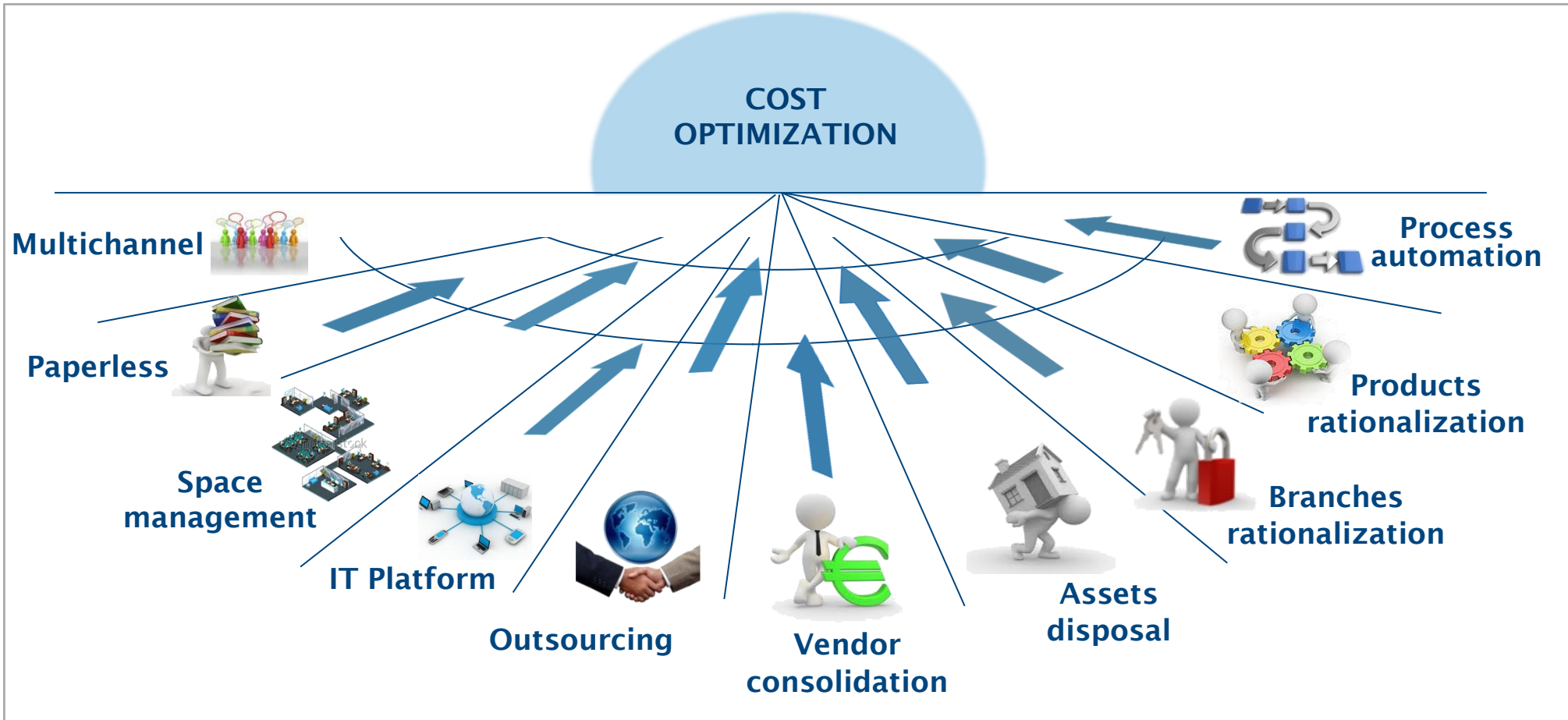
Visualizza Base dati

REPORT

Report Saving per MP / Report Saving per User Referente / Report Saving per MP (ESL) / Report Personalizzato

MPS Cost Optimization | Cost optimization levers

The results have been achieved using different levers of intervention in order to improve the efficiency of the operational machine



MPS Cost Optimization | Savings for master plan

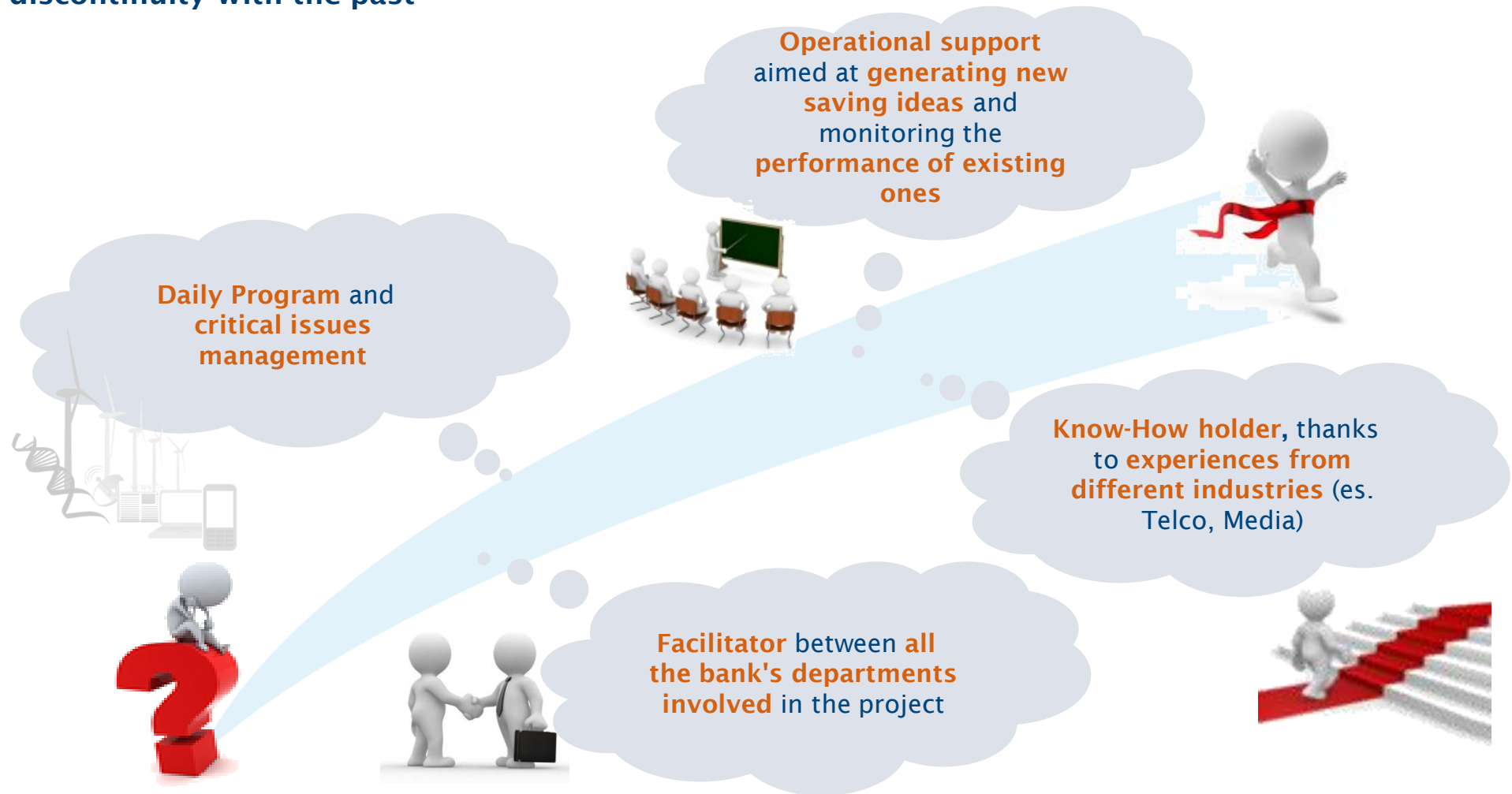
Approximately 400 cost saving initiatives have been implemented transversely on all bank's master plan

MPS COST SAVINGS 2012-2015

Master Plan	Savings (Eur Mln)	# initiatives	Levers of intervention		
			Price	Quantity	Model
Sponsorships	20,4	9		●	
Security	28,3	26	○	●	●
Hospitality, subscriptions and more	0,1	2		●	
Other administrative expenses - employee	16,8	11		●	○
Logistics	58,5	99	●	●	●
Data analysis	3,2	17	●	●	○
Real Estate	81,8	102	●	●	○
IT expenses	120,9	85	●	●	○
Credit	3,9	4	●	●	○
Outsourcing	12,7	16	●	●	●
Communication	1,6	4	○	●	
Legal expenses and Credit Recovery	20,9	18	○	○	●
Taxes	0,2	1			●
Professional services	9,0	15		●	
TOTALE	Ca. 380	409			

MPS Cost Optimization | The role of Bip.

Bip was chosen by MPS as a partner thanks to the unique features in the market and for the discontinuity with the past



MPS New 2016-2019 Business Plan



*What is going
to happen?*

MPS New 2016-2019 Business Plan

The new MPS Business Plan expects further optimization of other administrative expenses

Renew operating model with focus on efficiency

Redesign of the network architecture

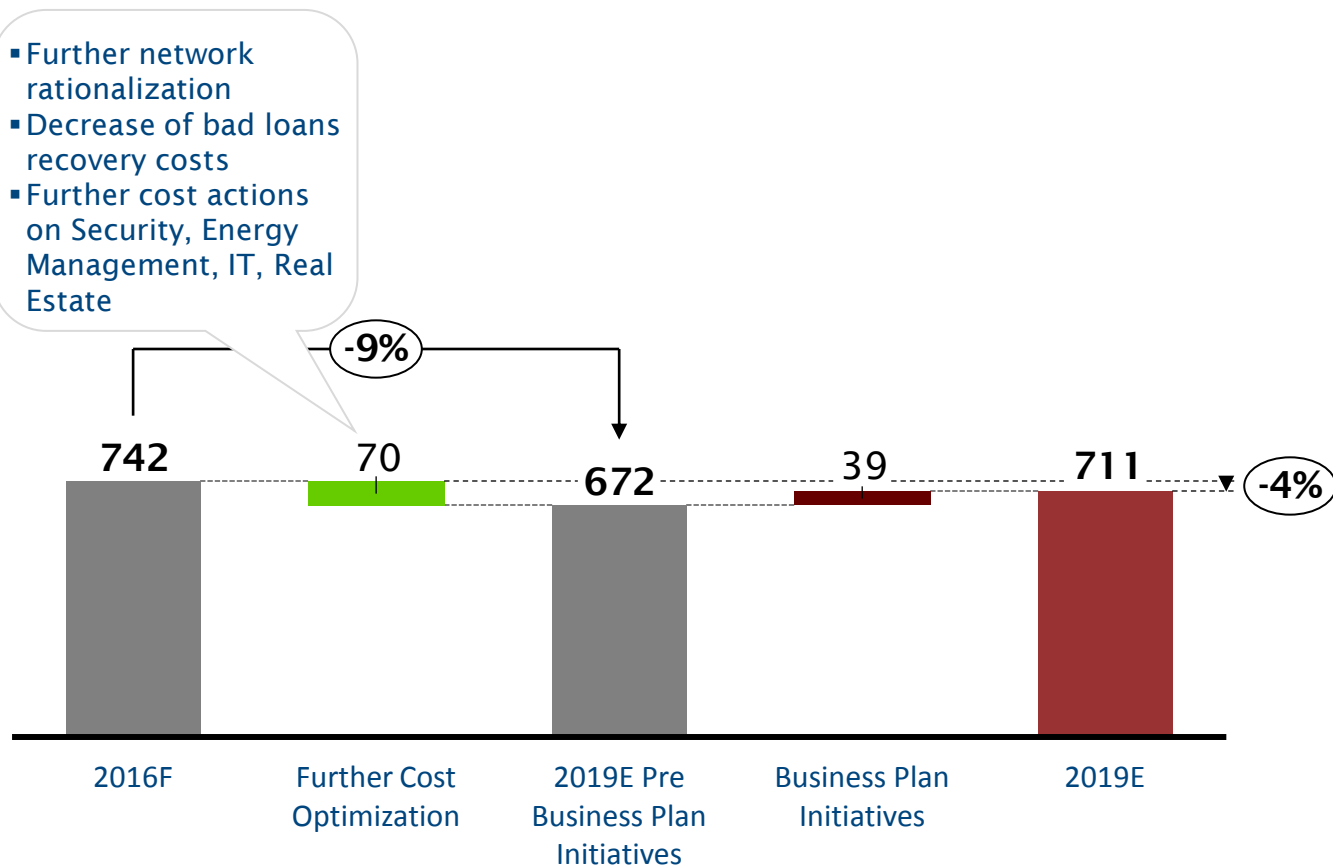
Launch of a Group Digital Program

Simplification of headquarters and legal entities, adoption of a new organizational model

Further optimization of other Administrative Expenses

New HR Program

Other administrative expenses target - 2019 (Eur Mln)



Note: MPS Strategic Plan 2016-2019



Q&A



Thanks for your attention

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