

From the CEO

Welcome to the first edition of **Maveric Times**. I intend to use this medium to keep you informed of Maveric's significant plans, decisions and actions.

"Small but highly competent team. Need to see how they will maintain quality as they grow," was the feedback from our first client. Since then we have grown from a 30-member team to a 180-member firm.

In the last three years, we have learnt that strong customer alignment, moving management and decision-making close to customer and continually accelerating competency development are the means to maintaining quality as we grow.

Our 'Customer Alignment Programme' for anchor clients focuses on developing

- A functional framework definition for their products
- Product knowledge among the Maveric staff
- Familiarisation with development, testing and release management processes of the client

The insights gained help us to quickly come up to speed and deliver value as an extended testing facility of the client.

Moving closer to customer, in our experience, has always enhanced the quality of our delivery. Thus we have scaled up our management bandwidth in Bangalore and London with proposal development, delivery management, operations review and account management competence. We have also set up a project office in Mumbai, to be opened in the coming year.

To accelerate competence development, we have

- Partnered for base skills development with Loyola Institute
- Opted for British Computer Society certification of staff and testing product partnerships as a means for mid-range skill development
- Invested in functional framework development and product familiarity as a means to advanced skill development

Nonetheless, our first client feedback still keeps us awake in bed.

Thanks.

Ranga

What's On

- Software Testing Diploma: Maveric launches a two-year Post Graduate Diploma Programme in software testing in partnership with LIBA. Read more about this on Page 4.
- ISO Certification for the company: Hectic preparations are on for getting Maveric ISO certified by November 2004. As usual, we plan to be ready well ahead of time!
- External certification: Maveric is seeking ISEB accredited training provider status. Ten percent of the employees have been nominated for CSTE foundation certification.
- Expansion of London and Bangalore offices: Account and delivery management competency is being added to enhance responsiveness.
- 18-month agenda finalised: All Mavericks met on the 13th and 14th August to review the last 12 months and prioritise business focus for the next 18 months. Read more of this on Page 4.

Powering a Change

Banking, technology for banking and software testing are going through a whirlwind change and the pace is being set by the customer. Tracking developments in banking across borders is a fascinating exercise for **P. Venkatesh, Director, Maveric Systems**, who works at aligning Maveric resources with customer requirements. Here are his observations on retail banking...

The financial services industry has become one of the most fiercely competitive industries in recent times. Competition takes many forms – for local banks, it is the multinational and global banks; for global banks, it is the bank-holding companies that are into every corner of financial services.

Challenges

Heightened competition in financial services has revealed some traditional players to be excellent and thrown up more new players. It might be useful to review the challenges from the perspectives of Operations and Technology.

Retaining customers

The first and foremost challenge is to retain the customer and enhance the value proposition to him. However, despite focused programs on customer relationship management at considerable investments, the returns have not been proportionate. Some impediments are:

- Systems that can scan, review and filter the quality of the customer are still weak.
- Pricing is a challenge in itself.
- Banks' operations are often influenced by powerful lobbies that they are unable to resist.



- A past relationship cannot be severed since there are no takers for the product or the account in part or full.

Product rationalisation

Few institutions review their product offerings periodically to eliminate unprofitable products and to tune up the performers. It is yet unclear whether the future would see one giant financial services provider, or silo players with a network of collaborations among themselves to provide a complete basket of financial services.



Moving to Automation

The technology adoption and deployment levels among banks in India vary distinctly between segments such as multinational banks, private sector banks, public sector banks and cooperative banks.

Origination: Especially in retail banking, the systems are mostly still manual. Large investments are required for channel integration with partners using the web, and scoring and appraisal systems to improve delivery, credit review and quality.

Liability: Diversification would be the key as competition intensifies. This would mean offering value-added services to preferred customers for a fee.

Corporate: Offering treasury services would be the next logical step for some as the surpluses of some large players in commodities such as steel, oils and metals, automotives and information technology are nearer the asset size of some of the old private sector banks.

Retail: Cash management services are in demand now due to the large base of channels such as ATMs.

Primary data marts addressing internal and regulatory reporting as also offering performance assessment and management services would be the focus of institutions that already have core processing and channel integration in place. ■

Some possibilities in the interim are:

- Delinking manufacturing, distribution and servicing functions and identifying strengths
- Mapping the strengths of the products
- Collaborating with partners with complementary strengths



Cost rationalisation

Financial institutions need to review cost from two points of view: one, in terms of the cost build-up for pricing, and second, in terms of the nature of functions.

The components of the cost build-up for pricing would be:

- Cost of funds

New Context, Old Challenges

With takeovers – friendly and hostile, across borders, the banking map has changed. Also, independent, specialised retail financial institutions, handling mortgage and consumer lending, seem to have moved into the fold of larger holding companies.

The chief challenges for the sector are:

Retaining customers: As customers have fragmented relationships with multiple institutions for their various requirements, institutions that have primary customer relationship should explore distribution opportunities and earn a fee or interest income depending on the services offered.

Improving margins: Rationalisation across customer, product, market and cost requires enterprise performance management tools and strong pricing engines.

Reducing leakages: Frauds on the origination side of payments and credit on the one hand, and opportunity loss on the other require comprehensive tracking systems.

Better integration: A better management of cost, risk and returns mandates that channels be well-networked within and with that of merchants, store fronts, agents and affiliates. ■

- Interest rate risk

- Credit risk

They need to review how these components can be managed better. In terms of functions, the costs can be grouped as:

- Core operations
- Support operations
- Other operations

Derive the cost per unit of the product and see how to productively utilise them and reduce cost.

Targeted focus

Competition challenges traditional models and new and improved approaches are needed to surge ahead. Some significant points are:

- A one-size-fits-all approach is not relevant in the new order.
- Free access to markets and removal of trade barriers in most economies have resulted in quality enterprises accessing different markets seeking capital at the lowest cost. Financial institutions have to choose between providing funds at competitive cost or facilitating access to such funds for a fee.

Technology

The last decade of the previous millennium saw institutions spending extravagantly on technology without reckoning its benefits and the return on those investments. The current decade has seen a more scrupulous review of all technology decisions with regard to their relevance, benefits and return.

Some of the more efficient developments have been:

- The emergence of application service providers who plug in with the required software and network.
- Investment on channels such as the web and ATM/PoS, which reduce the cost of transactions substantially.
- Introduction of standard engines that handle credit scoring and fitment to products.
- Third party service providers today handle most external interfaces for payment settlements and reconciliation for both retail and corporate banking functions. ■



Working Ahead



Bohemia is an annual event where all Mavericks come together to review the last 12-month performance and set directions for the next 18 months.

The key inputs for Bohemia 2004 held on 13th and 14th August were the findings of the employee satisfaction study, customer satisfaction study, market and competitor analysis and progress report on Bohemia 2003 agenda.

Key business directions that emerged out of Bohemia 2004 deliberations include end-user focused business development, expanding performance and test automation teams, greater focus on offshore project delivery, expanding London and Bangalore offices and entering one new testing domain.

Turning our test associates into international test consultants over a period of 36 months emerged as the career management objective. We are in the process of implementing a 36-month career map for each employee, which includes nature of assignments, nature of role, internal and external certification targets and career progression.

We expect the new career management system to positively impact employee career prospects, quality of delivery and employee retention. ■

Catching 'em Young!

In addition to having the grasp on programming and test processes, testing professionals need a thorough understanding of end-to-end business processes, products and applications in the domain they test. They need to have the ability to play the devil's advocate without getting caught in the crossfire!

In our experience, most of the graduate and postgraduate programmes in IT are focused on software development and have little or no focus on testing or specific domains. As our contribution towards bridging this gap, we have launched a two-year Post Graduate Diploma in Financial Services and Software Testing in partnership with Loyola Institute of Business Administration (LIBA), a leading business school based in Chennai, India.

The curriculum covers the financial services domain, technology, testing methodology and practical usage of automated testing tools. The six-trimester course provides three terms of full-time classroom training followed by three terms of work cum study at Maveric's offices.

The first batch of 22 engineers is currently undergoing their first trimester. The selection process for the next batch is scheduled to commence in January 2005. ■

