

## **Practical Product Management**

Establishing and maintaining effective, end-to-end product management capabilities

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# Practical Product Management

From product innovation through retirement, the industry is substantially **strengthening the way products are managed**. **Product risk evolves** across the **end-to-end product lifecycle** and there are **three key factors** driving the industry to strive for an integrated, proactive, and holistic management of products across their organizations:

## 1 Improved Risk Management

**Mitigating risk** through a more effective framework is critical. Establishing **risk metrics** to identify high risk portfolios is necessary to **make informed decisions** and **manage regulatory pressures**. Customers, board of directors and regulators alike expect organizations know and carefully manage the products offered.

## 2 Faster to Market

There is a need for increased speed to market and overall **product agility** to realize revenue quickly and efficiently meet customer demands to compete within the market.

## 3 Lower Operating Costs

Businesses look to achieve effective and efficient product risk management through **streamlined, new product approval processes** and administration tasks to **achieve lower costs** and the ability to repeat processes (e.g., rationalization of products) with ease.

*Product Management elevates the **competitive edge** and improves **ability to serve customers and markets**. When done correctly, **the business, risk management and operations all benefit***

Meet client expectations, grow profits, and manage risk

- Bring **innovative products to market with speed**
- **Influence and grow client base**
- Know your **risks and maintain controls to mitigate and manage**
- Increase the **capital allocation** by product
- Manage **ROI at the products and portfolio levels**



BUSINESS LEADERS

Manage, mitigate, and monitor risk

- Assess and **mitigate product risk** effectively
- Establish and integrate **product governance framework**
- Develop standardized risk management accelerators where all communicate in a **consistent risk and product language**
- Include **product lens** in risk assessments
- Know the **risk sensitivities** in all products to target those that pose the highest risks
- Assess product delivery **against regulatory expectations**
- Evaluate and offer **new products**



RISK MANAGEMENT

Forecast and evaluate financial performance with precision

- **Access product performance data**
- Deliver product **reporting** with the ability to view legal entity, business, and jurisdiction
- **Evaluate product usage and exposure** in the marketplace and capital impacts
- Maintain **financial controls** to mitigate risks from products/services and **plan offerings in differing jurisdictions**



FINANCE

# Enhancing product management across organizations

Organizations are challenged with balancing regulatory expectations with speed to market when launching and managing products and are looking to enhance their processes in order to obtain a holistic view of their product profiles at a lower cost. New capabilities are needed achieve an optimal New Product Approval Process and/or ongoing monitoring routines, in order to realize the objectives outlined below

# 1

## Improved Risk Management

### Enhancing Product Risk Management

Implement capabilities throughout the product risk lifecycle to continuously measure and mitigate risk. This enables informed decisions about new products and alleviates regulatory pressures to 'know your products'

# 2

## Faster to Market

### Launching Products

Remain competitive and meet the demands of tech-savvy customers through a modernized New Product Approval process that collaborates with Agile teams, launching products more efficiently

# 3

## Lower Operating Costs

### Streamlining Product Risk Processes

Decrease product management costs through streamlined processes across the lifecycle to reduce the burden of repetitive processes such as product rationalization

## COMMON CHALLENGES

- **Special projects** are typically needed to **establish a product risk 'toolkit'**, including common product taxonomies, a product inventory, and consistent product language
- Without this type of 'toolkit', it is difficult to understand **current offerings and inform management decisions**
- **Required remediation** in **compressed timelines** due to **regulatory feedback**

- Traditional New Product Approval processes can become **laden with administrative burdens** and **layered governance** that hinders speed and agility to market
- Assembling the **right team** from the start can be difficult, creating unnecessary chaos as the product launch evolves
- Knowing whether formal New Product Approval is required is **not always easily discernable**

- Products can change over time, and product owners and risk partners are on the hook to identify and **manage changes to a product's risk profile** – long after the product has been introduced
- Traditionally, ongoing product monitoring has been **excluded from formal processes, such as New Product Approval**

# Enabling and managing products throughout lifecycle

The industry has evolved towards having an end-to-end Product Governance Framework/ Operating Model, in order to effectively manage risk and create efficiencies across their product portfolios while adhering to the evolving regulatory landscape. Below is a suggested framework that can improve operations to better manage product risk at a faster pace and at a lower cost while gaining the ability to make informed decisions about new and/or existing products

Product Risk Management Governance

## New Product Approval

## Ongoing Monitoring

New Products				All Products Offered	
A. Innovation	B. New or Material Product / Service Change	C. End-to-End Risk Assessment	D. Approval & Implementation	E. Ongoing Monitoring	F. Change Management
<p>➤ New activities, products &amp; services, are easily identified and asset migrations / material changes to existing products &amp; services are documented</p>	<p>➤ New activity is defined in terms of features/ offerings, capabilities, value proposition, target market, risk vs. reward.</p> <p>➤ Preliminary risks are identified with an appropriate risk rating and business case</p>	<p>➤ Preliminary risks / ratings are confirmed with NPA Committee</p> <p>➤ Specific requirements &amp; capabilities inclusive of regulatory requirements are documented and assessment is executed</p> <p>➤ Assessments are aggregated to form a composite risk rating</p>	<p>➤ Risks that may not be mitigated in full, or actions to be taken for product implementation are documented and followed up on for effective roll-out</p> <p>➤ Approval from NPA Committee and Board (if applicable), and advise regulators as needed is evidenced</p>	<p>➤ The overall performance of the product (e.g., revenue, cost, customer base, peer landscape, distribution channel) is continuously monitored and tracked in real time</p> <p>➤ Product risks and controls are monitored through periodic checks</p> <p>➤ Follow-ups on stipulations/actions resulting from approval process are efficiently tracked</p>	<p>➤ Changes (e.g., material changes to product features, regulatory, technology, change in legal entity) are identified on a periodic basis and monitored for potential operational impacts</p> <p>➤ Preliminary impact analysis is performed to be given to Product owner for confirmation or further analysis, which may trigger a full or targeted reassessment</p>
<p>• Enhanced Business Case for new products through low-cost repeatable rationalization processes</p> <p>• Streamlined New Product Approval Documentation through collaboration with Agile teams</p> <p>2 3</p>		<p>• Comprehensive product risk assessments with common taxonomies</p> <p>• Updated inventory of laws and regulations mapped to product, business, entity</p> <p>1 2</p>	<p>• Decreased time for product approvals through efficient process capabilities</p> <p>• Documented product risks as part of the broader GRC taxonomy, controls and process flows</p> <p>1 2</p>	<p>• Informed decisions through effective and real time product performance monitoring metrics (KPIs/KRIS) / reporting</p> <p>• Identification of high- risk products with increased precision</p> <p>1 2 3</p>	<p>• Fully standardized global product inventory (taxonomy)</p> <p>• Efficient monitoring of change in product / service when triggered by a significant event</p> <p>1 2</p>

Key Activities

Benefits

# We can help you get started

We can assist you with conducting a current state analysis of your end-to-end product governance framework including policy, processes, and controls and identify opportunities and technology enablers to support a strengthened and more flexible end-to-end product management program with long term cost reductions.



## NPA and Product Risk Framework

Having an established and well understood Product Risk Governance Framework promotes an enterprise-wide and holistic approach to managing product risk across the product life cycle

Guiding Principles



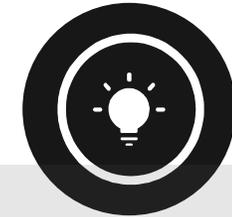
## "Know Your Product" Product Inventory

Knowing your products begins with a holistic inventory used for all downstream processing to ensure consistency across systems of record. Product categories align and aggregate products with similar risk profiles and attributes to measure and evaluate risks, economics, and capital usage



## Product Rationalization, Linkage & Taxonomy

Working directly with the Front Office is critical to rationalize booking model, product offerings, and risk management. Maintaining a Product Master / Inventory linked to a firm-wide Product Taxonomy delivers consistency across product data and activity processing



## Product Risk Assessment Method

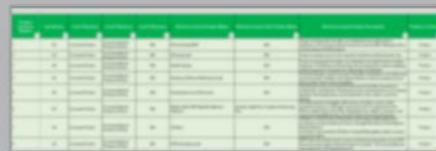
Product Risk Assessment promotes a common evaluation of inherent product risk and control mitigation resulting in views of residual product risk for management acceptance across various factors and risk types.

Deloitte Accelerators

- ✓ Our example Product Governance Frameworks and New Product Approval Leading Practices can help you enhance your program in the near term



- ✓ Our example Product Inventories provide a baseline for banking, securities and wealth/investment management businesses



- ✓ Our example Product Taxonomies can be used as accelerators for firms needing to inject structure to their product offerings, helping to achieve linkage to models



- ✓ Our example methodologies provide coverage across banking and securities products and services and business activities, include risk rating definitions, scales and calculation methods and related aggregations



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