Enterprise Solution Modernization
Program Update

Office of the Executive Director
Office of the Chief Information Officer

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Briefing Agenda

• Enterprise Solution Modernization (ESM) Background
• Introduction to ESM Program
• Accomplishments
• Data Analytics
ESM is the most complex program ever undertaken at NCUA

- NCUA Board provided necessary funding and dedicated resources to support the ESM Program in 2016
- Many NCUA legacy IT systems will be replaced with “next generation” tools that establish a new foundation for the examination program
- “Next generation” out-of-the-box tools are significantly more powerful and highly process driven as compared to NCUA’s legacy systems
- Modified processes and new technology will touch all NCUA Central and Regional office staff, state examiners, and credit unions
ESM Key Objectives

- Replacement of antiquated IT applications and infrastructure
- Provide for more offsite examination and supervision work
- Provide a single entry point for credit unions to transact business with NCUA and for staff to access the information they need on each credit union
- More robust data analytics that leverages currently available information to better direct field resources
Introduction to ESM

Purpose: Modernize NCUA’s technology solutions to create an integrated examination and data environment and facilitate a safe and sound credit union system.

The Enterprise Solution Modernization (ESM) Program is a multi-year effort established to manage the modernization effort and includes three key projects.

- **Examination & Supervision Solution (ESS)**
  - Replace the existing legacy examination system and related supporting systems such as AIRES, TMS, MARS, and NSPM tools

- **Data Collection & Sharing (DCS)**
  - Define capabilities required for a common platform to securely collect and share financial and non-financial data

- **Enterprise Data Reporting Solution (DRS)**
  - Implement business intelligence tools and establish a data framework to enhance analytics and provide more robust data reporting
How will we get this done?

The ESM Program has implemented effective tactics to manage this long-term effort.

- **Buy vs. Build**: A commercially available technology will be selected where possible.
- **Engage**: Representatives from across the agency, and other vested stakeholders, are providing input to shape future tools.
- **Collaborate**: Other NCUA initiatives will be engaged (e.g., Examination Flexibility Initiative, Call Report Modernization).
- **Deploy Incrementally**: Changes will be implemented in a disciplined and phased approach.
What are the benefits?

The modernized solution is expected to provide value and create a positive impact across the Agency.

1. Emerging Technology
2. Secure Data Exchange
3. Reliable Data
4. Central User Interface
5. Centralized and 360° View
6. Enhanced Analytics
7. Earlier Risk Identification
Accomplishments

• Established ESM Program governance
• Set up Program Management Office
• Engaged NCUA subject matter experts
• Developed organizational change management strategy
• Conducted extensive market research
• Solicited innovative strategies from industry software providers and system integrators
Examination and Supervision Solution & Infrastructure Hosting

- Request for Proposal
  - AIRES Replacement Solution
  - Technical Foundation for ESM
  - Central User Interface and Secure File Transfer Portal

- Phased due diligence
  - Technical capabilities, past performance and price
  - Operational capabilities demonstration
Credit and Deposit Analytics

- Portfolio segmentation, composition, and performance
- Collateral valuation
- Trending
- Integration with third parties, e.g. credit bureaus
Enhanced Data Collection

• Quality of analytics depends on the data fields collected

• Should NCUA pursue collecting additional data fields?
  – Request for Information
  – Stakeholder Calls
QUESTIONS?