



# Strategic Sourcing

Peter M. Bakker

Director Information & Technology Management

# Who are we? (I)



Since 1737

Private Bank for high net-worth individuals (from € 250,000)

Specialised services

- Private Wealth Management
- Business Professionals & Executives
- Director/owners

Corporate banking

- Entrepreneurs
- Corporate Finance
- Structured & Leveraged Finance



Established January 2007

Special team for private clients with considerable freely-investable assets

# Who are we? (II)



**KEMPEN & CO**  
*Merchant Bank*

Established 1903

Part of Van Lanschot Bankiers  
since January 2007

Core activities:

- Asset Management
- Multi Management
- Orange Funds
- Corporate Finance
- Securities

**CENÉ**  **BANKIERS**

Established 1922

Part of Van Lanschot  
Bankiers  
since October 2004

- Specialised services for:
- Medical practitioners
  - Pharmacists
  - Healthcare Institutions

# Who are our clients?

High net-worth individuals



Dutch clients in the Netherlands and abroad

The entrepreneur and his business



Owner/directors of medium-sized companies

Institutional investors



Pension funds, associations/foundations, insurance companies and religious institutions

Medical sector



Doctors, medical specialists, pharmacists and hospitals

# Private Banking according to Van Lanschot

Private Banking is our  
raison d'être

Committed

Ambitious

Professional

Independent

# Van Lanschot N.V.

Independent

Private bank

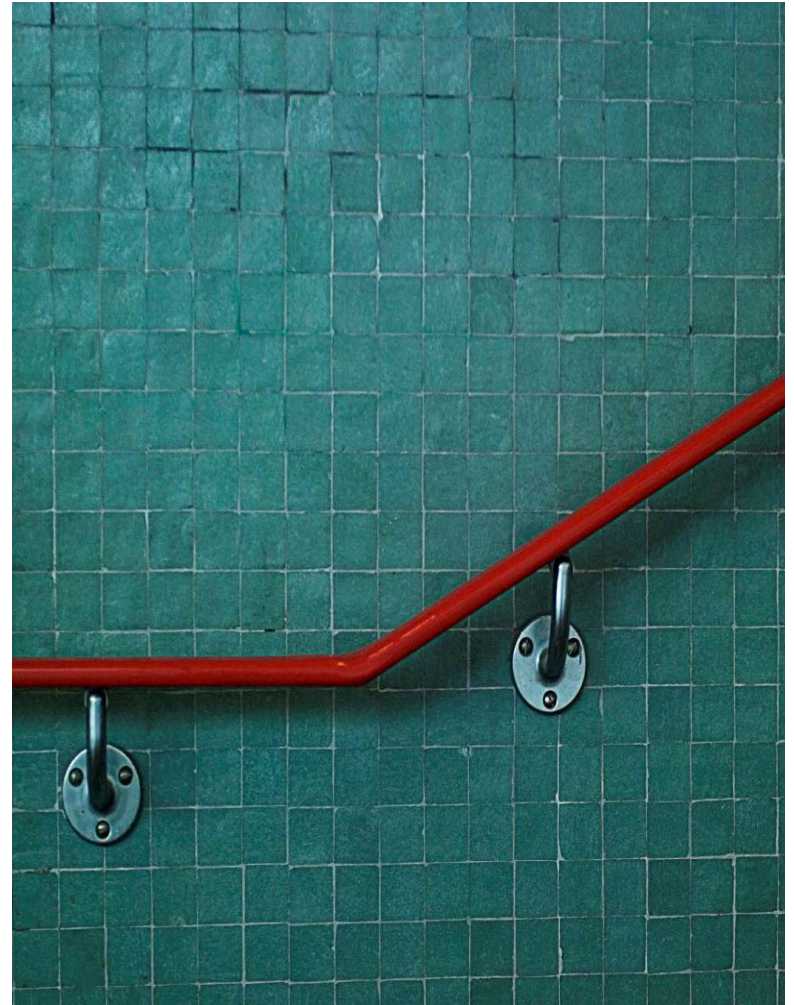
Fully independent

The only bank in the Netherlands with its own trust activities

More than 2,000 employees in the Netherlands and abroad

Main shareholders

- Delta Lloyd 31%
- Friesland Bank 25%
- LDDM Holding 11%
- ABP 12%



# Van Lanschot international

30 branches in the Netherlands

8 branches in Belgium

Branches in Luxembourg,  
Switzerland, Jersey and the  
Netherlands Antilles

Representative  
offices in southern France  
and southern Spain



Neth. Antilles ★

# In the Netherlands

The only *dedicated* private bank with a wide presence

Experienced private bankers and investment specialists working as a team



# Summary of performance in 2009

<b>Sound balance sheet</b>	<ul style="list-style-type: none"><li>▪ Low leverage 17</li><li>▪ Funding ratio 79.0%</li><li>▪ Solid capital ratios without state support</li><li>▪ Single A- credit rating, with stable outlook</li></ul>
<b>Recovery of profit in H2</b>	<ul style="list-style-type: none"><li>▪ Underlying operating profit in 2009 € 32.6 million</li><li>▪ Recovery in income since April 2009</li></ul>
<b>Cost and efficiency measures</b>	<ul style="list-style-type: none"><li>▪ Underlying operating expenses fall 2% in 2009</li><li>▪ Decline of 191 FTEs thanks to efficiency measures</li><li>▪ Outsourcing of IT activities</li></ul>
<b>Impact of recession</b>	<ul style="list-style-type: none"><li>▪ Addition to loan loss provisions at a high level for Van Lanschot (€ 113.2 million; 79 bp of average RWA)</li></ul>
<b>Remuneration</b>	<ul style="list-style-type: none"><li>▪ No variable remuneration granted to members of the Board of Managing Directors and general managers in 2009</li></ul>

# Priorities for 2010

## Focus on Private Banking

- Full-service offering
- Acquisition focused on high net-worth individuals and entrepreneurs and their businesses

## Enhance commercial effectiveness

- Growth of client satisfaction
- Growth in number of clients
- Growth in revenues

## Invest continually in service quality

- Customer care
- Transparent and good product and service offering
- Operational excellence

## Maintain a sound profile

- Risk management
- Cost control
- Stricter deployment of capital for clients with a view to expected higher capital requirements

# Disclaimer

---

## Forward looking statements

This presentation contains forward looking statements concerning future events. Those forward looking statements are based on the current information and assumptions of the Van Lanschot management concerning known and unknown risks and uncertainties.

Forward looking statements do not relate to definite facts and are subject to risks and uncertainty. The actual results may differ considerably as a result of risks and uncertainties relating to Van Lanschot's expectations regarding such matters as the assessment of market risk and revenue growth or, more generally, the economic climate and changes in the law and taxation.

Van Lanschot cautions that expectations are only valid on the specific dates, and accepts no responsibility for the revision or updating of any information following changes in policy, developments, expectations or the like.

The financial data regarding forward looking statements concerning future events included in this presentation have not been audited.

# Van Lanschot N.V.

The starting point of Strategic Sourcing: the existing IT culture

---

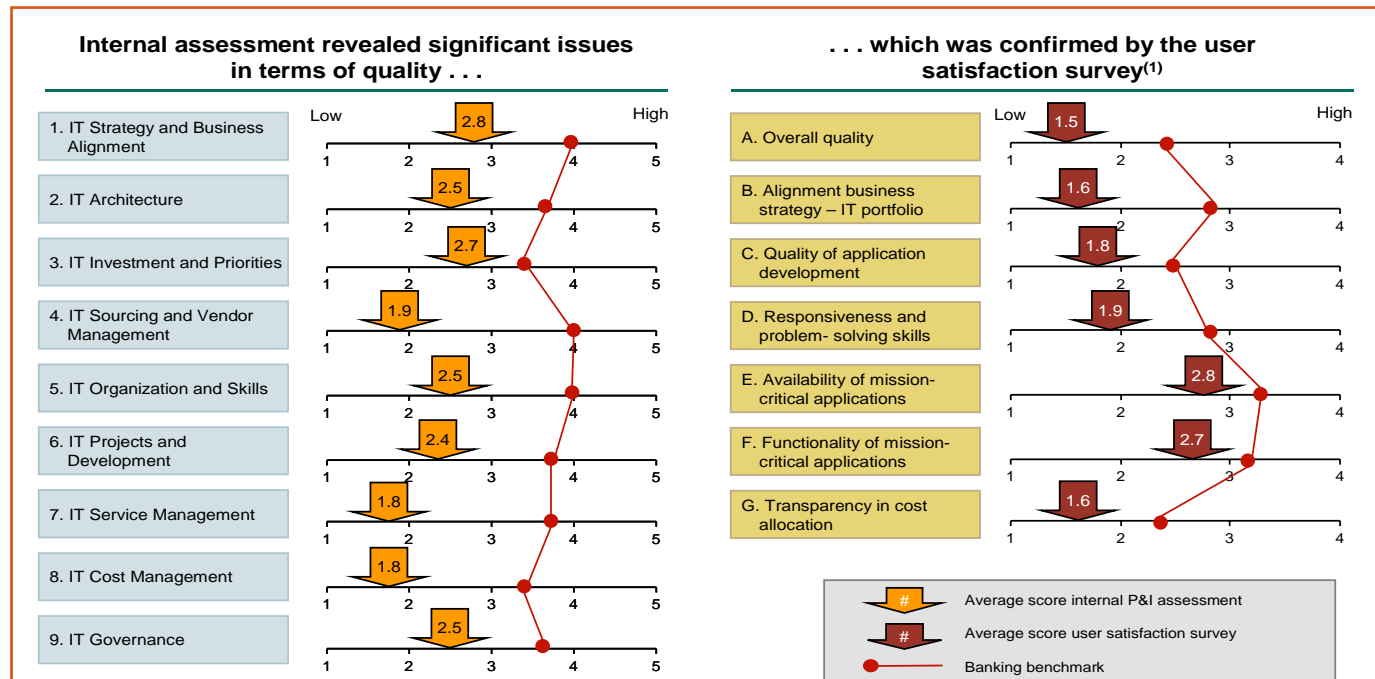
## Starting point in 2007

- End user community
  - *Used to work informally with IT demands*
- 150 employees, 50 externals (long term assignments) working within IT
  - *Dedicated, informal, ad hoc, service oriented*
- No high level IT leadership.
- Legacy with 'technical' maintenance back log
  - *Technically/managerial below standards*
- Long history of 'IT-improvements projects'.

# Strategic Sourcing

## High level analysis

*Professionalism, knowlegde, costs, time to market*



# Strategic sourcing

– Scope & outcome: from IT delivery to IT orchestration

---

## Total reshape of the IT delivery unit towards *retained organisation*

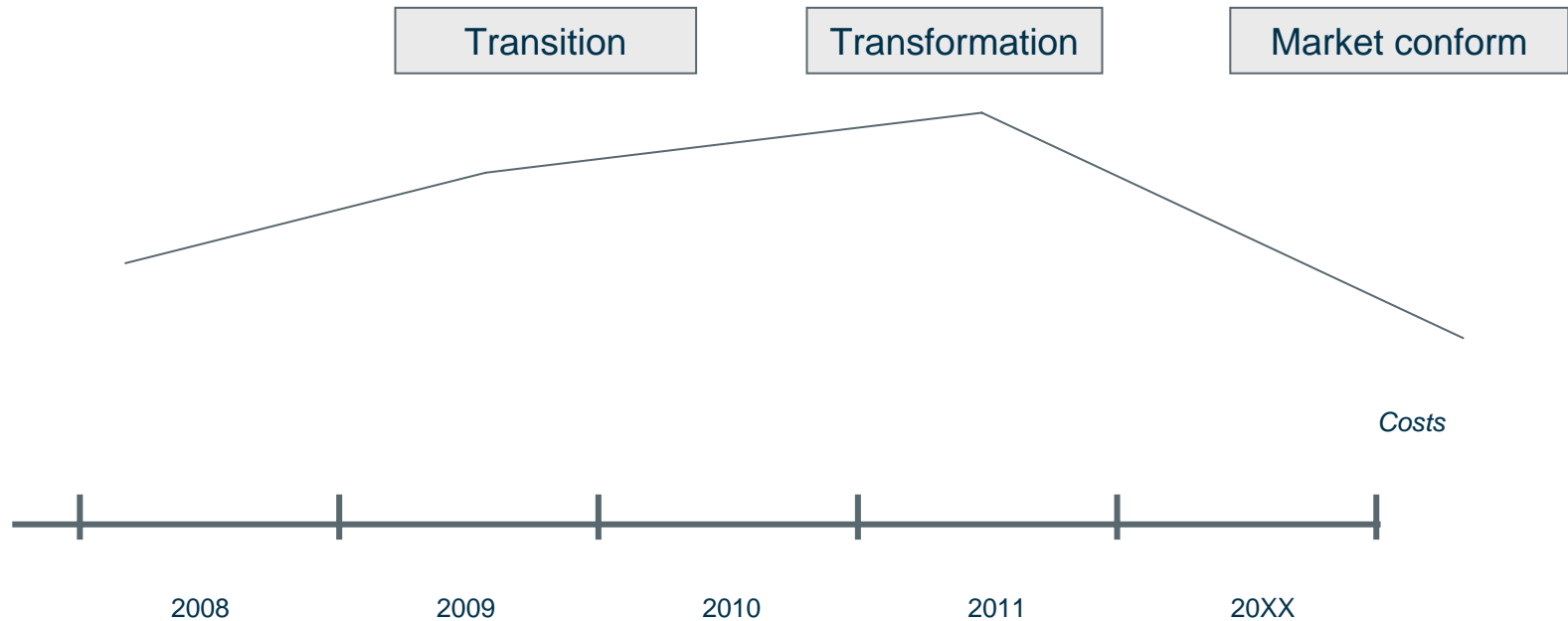
- IT activities outsourced towards Accenture & IBM
- Necessary improvements to be defined together with service providers
- Outcome of improvements reflected in the deal
- Manage on the basis of a well defined (minimal set) of aggregated indicators
- Agreement on governance structure

### Scope of outsourcing in detail:

- Service Desk
- Application development & maintenance
- Data Centre services
- EUC
- Network & Telecomm

# Strategic sourcing

'Rough' business model



Necessary investments in stabilisation will be paid back

# What are the benefits of this choice?

---

- Joint effort of improving technology and processes
- Gradually growing to IT management maturity
- Well defined relation between costs and improvements, resulting in lower tariffs
- Optimum usage of Van Lanschot know how, combined with expertise from service providers
- Quick set up of retained organization necessary

# Strategic sourcing – Timeframe

---

- 1H 2007: Analysis of practices of the IT department
- Summer 2007: Strategic decision on outsourcing IT
- 2H 2007 ~ 2H 2008: Preparation for strategic sourcing
- Dec 2008: 'Go live' of strategic sourcing
- 2Q-4Q 2009: Renew contract (architecture, price, service, stabilisation)
- 2010 ~ : Strategic sourcing in place, including governance

# Strategic sourcing

Supported by four tools



**Retained organization**



**Governance**



**Stabilisation**



**Continuous communication**

# Successful strategic sourcing

Supported by four tools



## Retained organization

### *Centralized*

*Architecture*

*Contract & service level management*

*Demand management incl. information management*

*Finance & project control*

*Security management*

*Quality management*

### *In the business*

*Demand management*

*Functional maintenance*

*Information management*

*Proces management*

# Successful strategic sourcing

Supported by four tools



## Governance

### ***Business ~ IT interface***

*Managed through 'strict' decision framework.*

*Owner: business*

*Major attention: Budget, projects*

### ***IT ~ Providers interface***

*Managed through 'strict' governance model,  
routed in the operation*

*Owner: Retained organisation*

*Major attention: Budget, continuity, projects.*

# Successful strategic sourcing

Supported by four tools



## Stabilisation

*Service & price improvement through:*

*'Quantum jump' improvement of base line technology and processes*

*Usage of off shore facilities*

# Successful strategic sourcing

Supported by four tools



## Continuous communication

*Honesty about achievements, timelines, problems, people, processes, set ups*

*Parties involved with sourcing: auditors, business, board, compliance, end users, financial authorities (AFM, DNB), purchasing, riskmanagers, staff, supervisory board etc.*

# Successful strategic sourcing

The future?



## Future retained organisation:

*Dealing with:*

*Business process outsourcing*

*'Cloud' sourcing/ utility sourcing*

*Co-sourcing*

*Increased complex contract management*

*Increased complexity from security demands*

*In sourcing*

*Multi sourcing*

*Providers which are (becoming) extremely mature*

....

# Successful strategic sourcing

## Future skills



### Future retained organisation:

*Architects: high level, technical, data*

*Business consultants: strong analytical skills, with business overview*

*Financial expertise: business cases, 'control& admin'*

*Legal expertise: understanding of 'large' contracts*

*Process consultants: strong analytical skills, with business process overview*

*Project managers: strong project management skills  
(counterweighting the providers)*

*Security Managers: growing need for security knowledge*

*Service managers: understanding 'realistic' wishes towards the service providers.*

*Quality managers: 'guardians' on quality*

*Need for a mixture of really highly mature staff with mediors and juniors, respected by the providers, with strong comm's skills*

# What has been achieved?

## ITSAT Overview

Reporting period April, 2009



- Continuity of operation improved
- Transition/stabilisation ongoing

- Project portfolio under control

- End user 'so far' satisfied

- Steep learning curve in dealing with providers  
- And vice versa!

	February	March	April	Direction	Target
IT Delivery	88%	81%	86%	▲	75%
Multiplatform Offices Applications	88%	76%	81%	▲	75%
Request for Change	94%	96%	100%	▲	75%
Electronic Applications	77%	70%	79%	▲	75%
IT Support	80%	80%	79%	▲	75%
Incidents	91%	91%	91%	▬	75%
Training and Information	69%	69%	67%	▬	75%



# Strategic sourcing

## Themes to discuss

### Customer perspective

- *No strategic sourcing without 'as-is' outsourcing*

### Providers perspective

- *Strategic sourcing needs flexibility, providers need to grow into that model*

### Consultancy perspective

- *The experience with retained organisations has not yet materialised in a valid model for that type of organisations*

