Software Project Issues and Governance

April 5, 2022

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Project Management Life Cycle

Things can go wrong at any stage…

Top 5 reasons why software projects fail

1. Under-estimating what is required for a successful implementation

2. Having unrealistic expectation for what the software can do

3. Placing the project in the hands of an inexperienced project manager

4. Failing to communicate properly (or at all)

5. Not getting all the right people together from the beginning

2005

Countrywide – 2005 on top of the world…

"Everybody wins if we can increase minority homeownership, so together we're taking on the challenge of getting more people into homes."

ANGELO MOZILO
Chairman and CEO
COUNTRYWIDE FINANCIAL CORPORATION

- 2005 Countrywide is the largest subprime Mortgage lender in the world
- 15% of all US subprime mortgages were underwritten by CF but they were immediately "securitized" and sold to investors…
- Their computer systems were overwhelmed

Software Project Project – Fix Receivables System

- <u>The project objective:</u> Diagnose and fix a broken Receivables System

- <u>Key Challenge</u>: Small transactions were generating customer bills for as little as $1 and the call centre was overwhelmed, customers angry.

- <u>Technical Fix:</u> Adjust the program logic, write off the small charges and clear the workflow backlog.

- <u>The Real Problem:</u> No one was paying attention to the programmers and the company didn't care because they were too busy making money.

- **Key Learning – Have the right people from the beginning.**

All good things must come to an end…

BofA to Pay $8.5 Billion to Settle Countrywide Mortgages

CNBC.com
Wednesday, 29 Jun 2011 | 9:26 AM ET

Bank of America has reached a final settlement in which it will pay $8.5 billion in cash to a group of 530 private trusts who say the bank violated its obligations regarding mortgages issued from Countrywide Financial.

Bank of America branch, New York City.

- Countrywide was acquired Bank of America who paid a fine of $8.5 billion –Directly contributed to 2008 global meltdown that cost US taxpayers more than $1 Trillion in bailouts
- Mr. Mozilo's bonus of $30M+ became personal fine of $67 M
- He was forced to resign and almost went to jail

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Goldman Sachs: 2006 – 2007 Good times…

Goldman Chairman Gets $53.4 Million Bonus

By DEALBOOK DECEMBER 20, 2006 7:50 AM

Just a week after **Morgan Stanley** chief executive John J. Mack scored an unprecedented $41.1 million bonus, there is a new record on Wall Street. Securities firm **Goldman Sachs** disclosed that it paid Lloyd C. Blankfein, its chairman and chief executive since June, a bonus of $53.4 million in 2006, the highest ever for a Wall Street chief executive. The payout comes soon after Goldman reported a

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Good deal: Average Goldman Sachs employee makes $622,000   *The Boston Globe*

By Robert Gavin, Globe Staff | December 12, 2006

After making record profits, Wall Street giant Goldman Sachs Group Inc. reported that it will pay its workers an average of $622,000 this year.

That's more than three times the average salary of a Massachusetts surgeon; four times that of a Massachusetts chief executive; and nearly 12 times that of a Massachusetts high school teacher, according to the state's Department of Workforce Development.

"Wow," said Aaron Green, founder and chief executive of Professional Staffing Group, a job placement firm in Boston. "I've got to get a job there."

The big pay day at Goldman Sachs is the product of a big year on Wall Street and an even bigger year for Goldman, which yesterday reported the highest annual profits ever for a securities firm. Buoyed by rising stock and commodity prices, and record corporate takeovers, Goldman's profit jumped 70 percent from a year earlier, to around $9.5 billion -- more than the top five Wall Street firms earned in both 2001 and 2002.

As a result, Goldman set aside about $16.5 billion for salary, bonuses, and benefits for its 26,000 employees. That averages to more than $600,000 a person.

- Goldman made record profits, by bundling and selling junk mortgages as AAA rated "CDO" securities
- At the same time they quietly started selling exotic hedging products that would pay Goldman if their CDO's defaulted.

Goldman Project –Accounting System Replacement

- The Project: Replace 20 smaller Accounting Systems with one System for the entire company.   (I was based in Tokyo)

- Key Challenge: Get chief accountants from 20 countries to set aside differences and agree on a core design for whole world. (impossible?)

- Technical Fix: Establish common set of rules to handle all worldwide transactions, program the software, test and deploy

- The Real Problem: Accountants couldn't agree: Solution was to fly 20 country leads to New York with one way tickets, work until done.

- **Key learning – Money and Force of Personality can Solve any technical problem**

But it wasn't to last…

- Goldman was eventually caught and forced to pay $5 Billon Fine.
- Mr Blankfein's bonus dropped to just $10 Million and average
- Employee average bonus dropped from $600k to $350k / year.

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HSBC – 2007 – Record Profits – good times!

Record profits at HSBC

What the analysts say
Those bank results in full

Record profits at HSBC, Europe's biggest bank, were today overshadowed by a $10,6bn (£5,5bn) write-off to cover losses at its troubled US operations.

The mounting problems with its US mortgage lending forced HSBC to issue an unprecedented profit warning on February 7, the first in its 142-year history.

HSBC today reported profits before tax of $22,1bn for last year, up 5% from the previous year and the highest-ever profits by a British bank. City analysts had

Markets | Mon Mar 3, 2008 7:31am EST

HSBC top earner paid near $20 million

HSBC Holdings (HSBA.L) paid one of its bankers more than 9.9 million pounds ($19.7 million) in 2007, a touch below the previous year's high-end salary, the bank's annual report showed on Monday.

- HSBC acquired HFC financial in 2004 – the profitable subprime business contributed to record worldwide profits, especially in the US
- The chairman cautioned investors in early 2007 that profits in future years "*might be impacted by weakness in the subprime sector*".

HSBC Project – Global GL replacement project

- <u>The project:</u> Country lead for Canada on a Global GL replacement – 1 system for the whole world was original vision (it changed…)

- <u>Key Challenge:</u> Massive Complexity, Powerful Interests in each region didn't want to surrender their power.

- <u>Technical Solution:</u> Create standards that all countries must follow and build a system big enough to handle the volumes – But not every country works like the US does…

- <u>The Real Problem:</u> Vision impossible because regions were too powerful (HK, US, UK, Brazil, India)

- **Key learning – Governance Works, But don't underestimate the work required and sometimes change your vision**

HSBC – 2007 it wasn't to last…
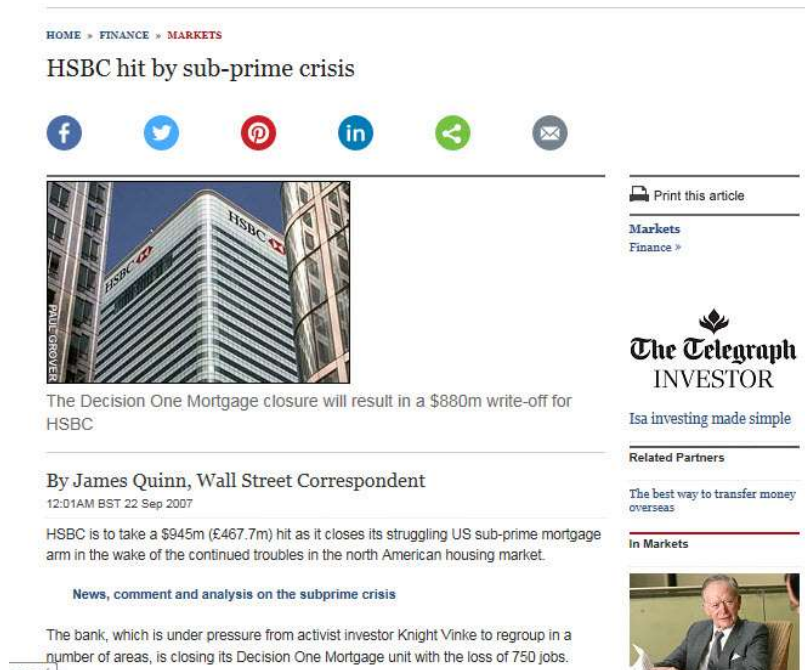
- HSBC paid billions in fines, almost banned from US system
- 60,000 employees were laid off, CEO and Chairman fired
- HFC was written off with a cumulative loss of $10 Billion +
- Mr Flint, the new Chairman's bonus was reduced to $1M

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5 Things I've learned in 25 years…

1. **Understand the end goal** and what success looks like

2. Staff the project with the **best people available**

3. Spend **50% of your time planning** and understanding requirements

4. Involve **the end users** as much as possible

5. **Governance, Governance, Governance**…
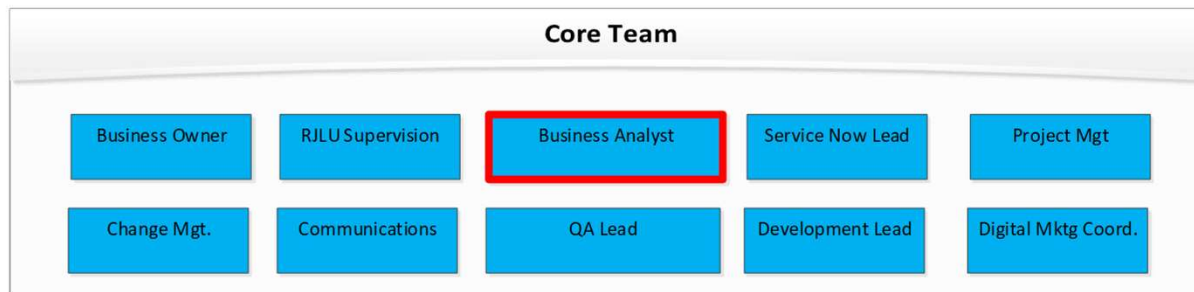
Project Management Life Cycle

1 Initiation
2 Planning
3 Execution
4 Monitoring & Controlling
5 Closure

Things can go wrong at any stage…

Example of Project Governance Structure

Steering Committee

| Compliance | Business Owner | Project Sponsor | Project Manager | IT Owner | Change Mgt |

Core Team

| Business Owner | RJLU Supervision | Business Analyst | Service Now Lead | Project Mgt |
| Change Mgt. | Communications | QA Lead | Development Lead | Digital Mktg Coord. |

IT Stakeholders / Team Members

IT Architecture	IT Owner
BA Oversight	Information Security
QA Oversight	Tech/Ops
Service Desk	CRM Lead
Service Desk SME	Business Analyst

Team Members

Asset Management	PCG Web Strat.	RJCF
Fin Planning/ Ins.	Supervision	Tax
French Translation	RJIC	Trust Group
Compliance	RJLU (TBC)	Change Mgt.
QA	Service Now Dev	Branch Mgr.

Risk & Issues

Category 1

Category 2

Category 3

Q&A