

CEO Perspective: Enabling Innovation to Drive Business Goals

The Digital Transformation Story at the Minnesota Housing Finance Agency

Mary Tingerthal, CEO

Tony Peleska, CIO

Introduction to the CEO-CIO Relationship

- **Market Conditions – Housing Finance**
- **Our Initial Meeting – What Happened**



- **Strategic Alignment – Roles, Responsibilities, Goals**
- **2 Critical Components –**
 - Role of the CIO
 - Tools for People to Support Their Work

The Role of the CEO

- **STRATEGY** – Value Proposition and Mission
- **RESOURCES TO IMPLEMENT STRATEGY**
 - Capital
 - People
 - Corporate Assets
 - Manufacturing Facilities
 - Intellectual Property
 - Tools to Support the Work
 - Processes
 - Technology

MN Housing at a Glance

- **Our Mission and Programs**

- Our Mission: Housing is the foundation for success, so we collaborate with individuals, communities and partners to create, preserve and finance affordable housing.
- \$800 Million annual Single Family
- \$250 million annual Multifamily
- PBCA for 35,000 Units
- State Funded Rental Assistance Programs

- **\$3 Billion in Assets**

- \$750 million in Net Worth
- \$1 Billion in Programmatic Spending Annually

- **256 Employees**

- **Strong and Successful for More than 40 Years**

- **Market Conditions**

- Single Family Mortgage Foreclosure Crisis
 - Hundreds of Real Estate Owned Properties (REO)
 - High Borrower Delinquencies
- Financial Losses, but Well-Positioned for Recovery
 - Financially Conservative
 - Nimble and Well-respected among Investors
- Took Advantage of Major Business Opportunity in 2009
 - Specific Federal “Bail-out” Tool for Housing Finance Agencies
 - Required Shift from Whole Loans to Mortgage Backed Securities
 - Agency Financial and Business Leaders worked with CIO, Tony Peleska, to Successfully Implement Business and Technology Changes

- **What was Under the IT Hood?**

- Highly Inflexible Legacy Systems with Unfavorable Service Contracts
- Difficult to Extract Data
 - Data in Multiple Places and Not Connected
 - No Clarity on “Sources of Truth”
- Dozens of Access Points for Different Systems
- Multi-million Dollar Loans being Serviced on Spreadsheets
- Processes to Meet High Standards for Investor Reporting Required Intense Commitment of Personnel
- Recent Compliance Findings that were Costly
- Website Difficult to Update

Business Technology Roadmap 2012

- Brought on Key Consultant for Strategic Guidance
- Entire Senior Leadership Team Committed to Developing a New Technology Roadmap
- Established Principles to Guide the Journey
- Here's What We Heard . . .

What We Heard ...

- Strong desire to connect future investments to strategic goals
- Consensus that resources should be reserved for operation projects
- Opportunities exist for cross team operational synergies
- Leadership embraces the idea of a more formal investment approval process

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Goal Setting Status - 149 Requested Projects

Realistic Goal Setting

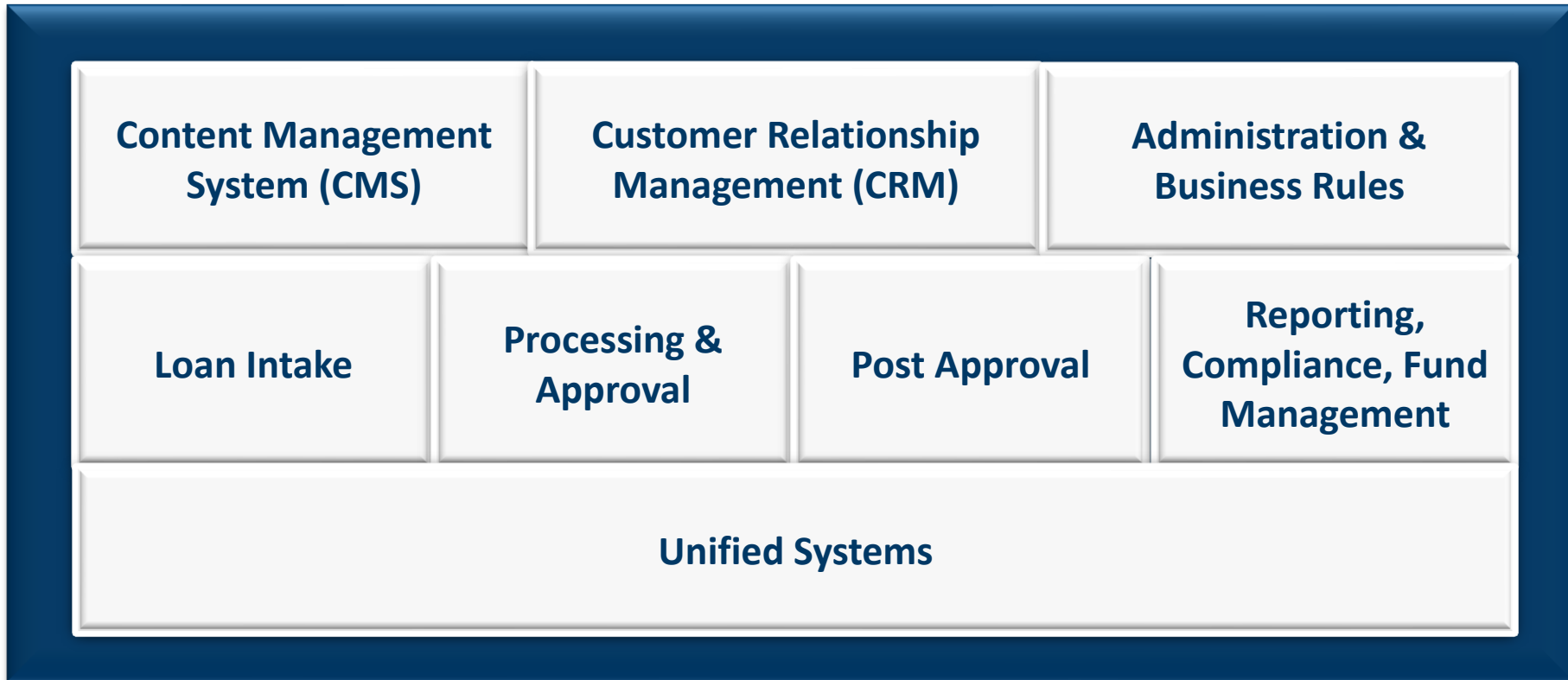
Requested - Not Active	
Administration	18
Communications	15
Finance	15
Multifamily	31
Research	15
Single Family	25
Grand Total	119

Active Projects	
Communications	3
Finance	2
Multifamily	5
Research	4
Single Family	7
Grand Total	21

Completed Projects	
Communications	5
Finance	1
Multifamily	1
Single Family	2
Grand Total	9

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Strategic Business Technology Framework



1. Provide Strategic Leadership & Investment Alignment

- Provide strategic leadership for business technology investments by aligning new investment opportunities with enterprise strategic objectives and processes

2. Prioritize New & Existing Investments

- Prioritize business technology investment initiatives and deliver final approvals and recommendations on proceeding with proposed IT projects

3. Track Existing Business Technology Investments

- Provide management oversight and guidance on active business technology investments to ensure accountability and results

4. Communicate Investment Decisions

- Ensure investment decision transparency and promote collaboration & understanding across all functional units

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Success Factors

- 1. Make Good Investment Decisions:** The SLT consistently balances short-term needs vs. long term goals
- 2. Fully Committed Leadership Team:** The SLT fully supports the process and BTIC decisions
- 3. Decision Transparency:** Agency staff has full visibility and accountability to investment decisions
- 4. Project Portfolio Visibility:** Agency staff have full visibility to active project
(created in 2012)

Established Structure to Manage Business and Technology Priorities

- **Renamed IT Department to Business Technology Support Department**
- **Three-tiered Structure**
 - Business Technology Investment Committee (BTIC) - meets monthly
 - CEO, COO, CFO and CIO
 - Operations Committee – meets weekly
 - COO, CIO, Agency Operations Manager
 - Operations Managers in Each Business Division
- **Operations Committee**
 - Transparency
 - Real-time Decisions – 80% of Projects on time, on budget
 - Elevate Major Themes and Needs to BTIC

Established Business Technology Priorities

- **Five Top Priorities**
 - Loan Servicing System
 - Loan Processing Systems
 - Single Family (secondary market)
 - Multifamily (direct lending)
 - Customer Compliance Reporting Portal
 - New Website and ECM (Enterprise Content Management) Platform
- **Senior Level Commitment to Fund and Staff All Top Priorities**
- **Assigned Decisions for On-going Maintenance and Development for Existing Systems to Operations Committee**

Established IT Business Partners to Guide Major Projects

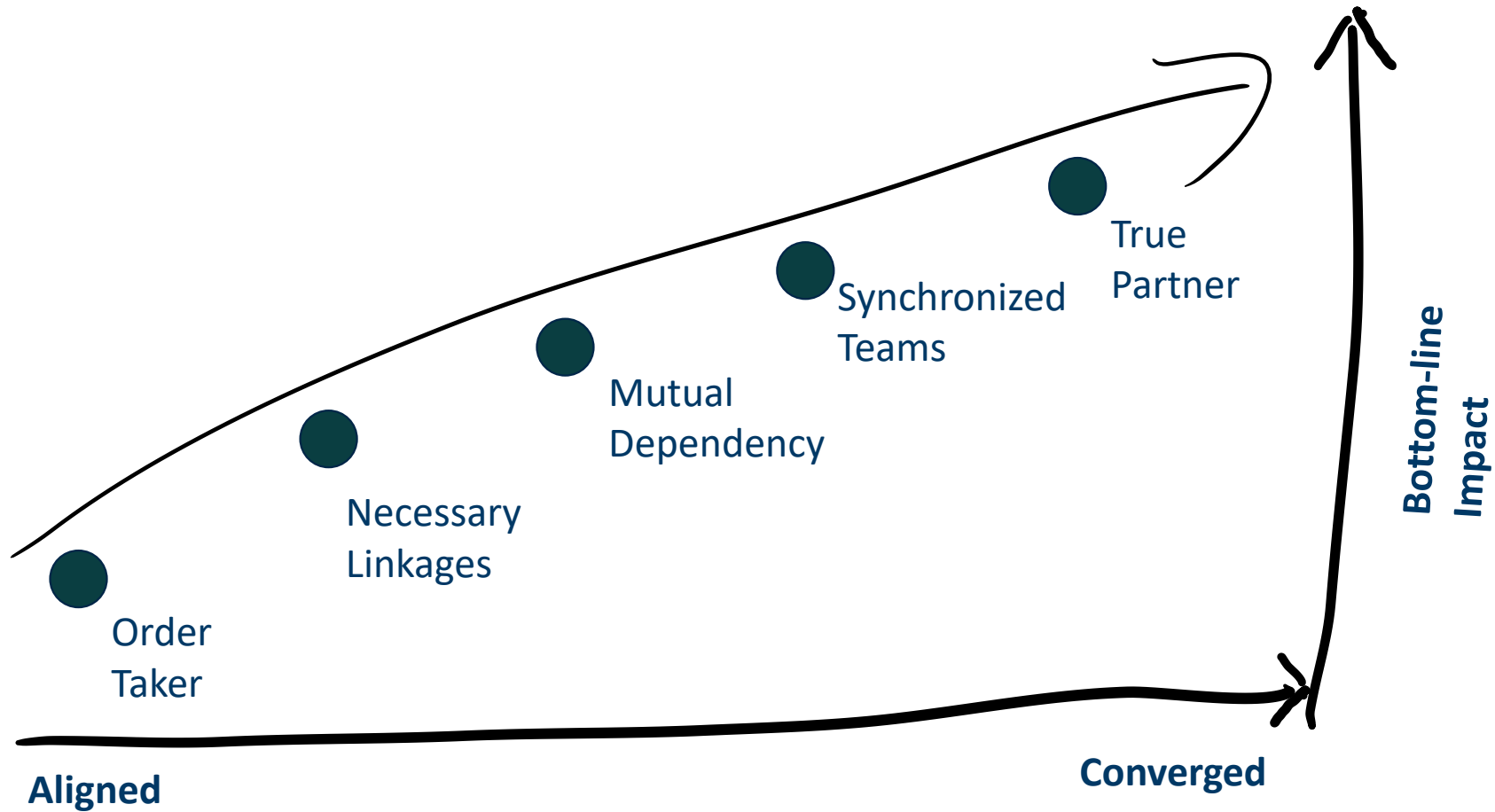
- **IT Business Partners**

- Liaison Between Business Units and BTS
- Trusted Advisors to Develop Integrated Business and Technology Investment Roadmaps that Achieve Business Goals
- Understand Business Objectives and Connected to Customers

- **Developed Pairs for Each Major Project**

- Business Analyst Housed in BTS
- IT Business Partner Housed in the Business
- Created a Common Language

The IT Business Partnership Power Curve



Source: IT Business Partnerships: A Field Guide

So How Are We Doing . . .

- **Customer Compliance Portal launched in 2013**
- **ECM Platform selected and new Website launched in 2013**
- **Loan Servicing Platform in place for high risk loans in 2014**
- **Agency-wide Data Strategy in place/CRM Platform selected 2014**
- **Major Multifamily Loan Processing initial changes implemented in 2016 and Customer Portal in 2017**
- **Single Family interest rate hedging strategy support in 2012**
- **Shared “How Technology will Support Your Work” Vision in 2015**
- **Single Family Loan Processing system (SaaS) implementation on track for February 2019**

How Technology will support your work

Vision: How Technology

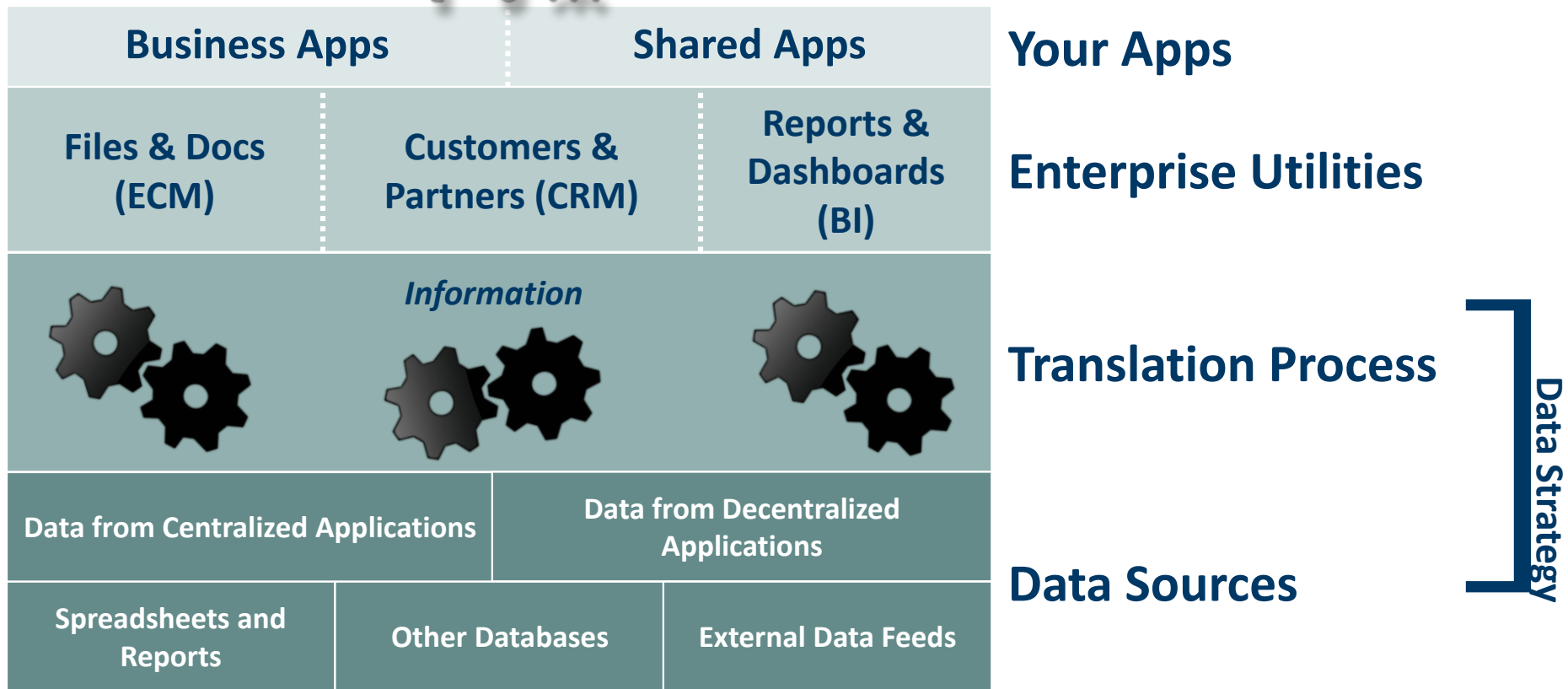
Will Support Your Work

Employees and customers will have a single sign-on to access the most current and reliable information they need to do their work.

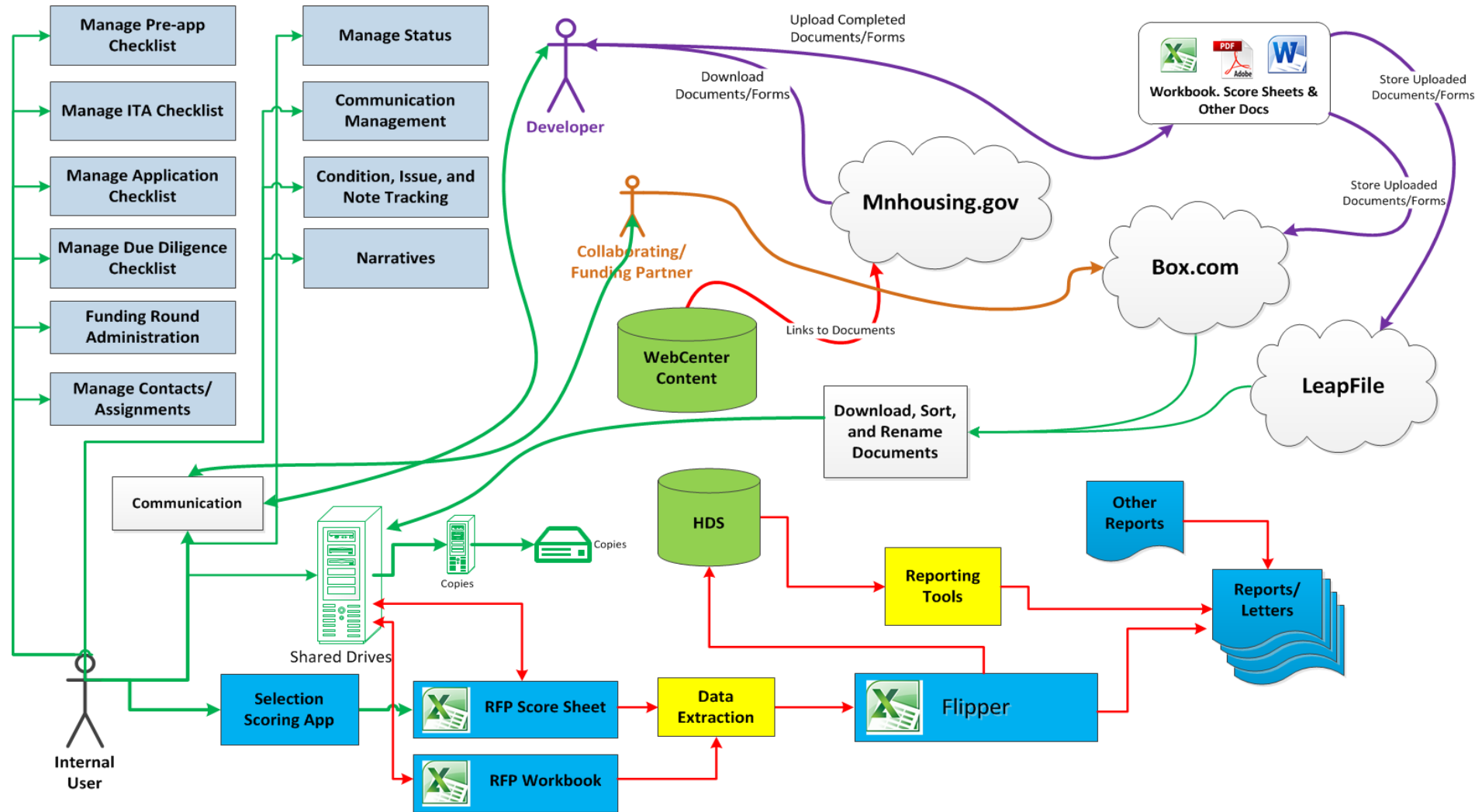
How Technology will support your work



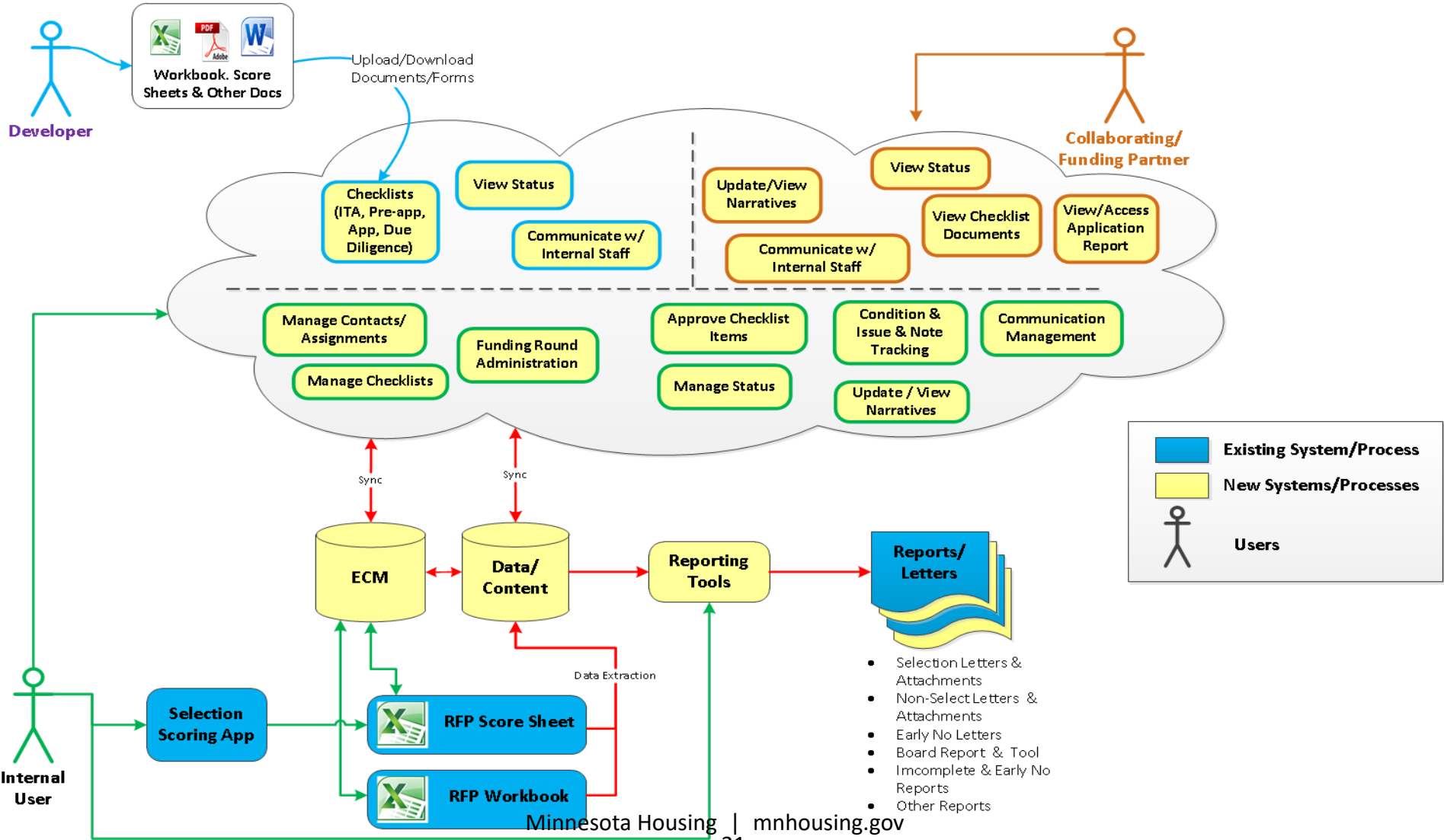
Your Single Access Point



Original MultiFamily RFP Business Process



Current Multifamily RFP Business Process



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Success Factors – Revisited

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- 4. Project Portfolio Visibility:** Agency staff have full visibility to active projects



Thank you for listening to our Innovation Story!

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