

Increasing value through professional services

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04 A new strategic alliance will help TEMENOS to develop a 'super customer system' for the US retail market.

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Microsoft: implementing h transformation at ACL Bank

ACL Bank provides financial solutions for small to medium enterprises (SMEs) and large corporates in Thailand. It began to operate as a commercial bank in December 2005. Formerly the fourth largest finance company in Thailand, ACL realised that, as a new entrant to the banking sector, it would be competing against banks which were much larger and better established and so it needed to differentiate its products and services to compete effectively. This differentiation would come from pursuing a customer-focused strategy, backed up by a capability to deliver those services when and where the customers wanted.

Says ACL Bank president, Thongchai Ananthothai: 'Differentiation is not a single product or channel or event; it is a strategic commitment to a continuous way of working that truly provides customer care.' As far as customer care is concerned, the bank sees its size as a strength. 'As a small bank, we are more flexible and this enables us to be more attentive to our customers' needs,' he adds.

The bank's vision to differentiate itself in the market by providing superior customer care at low investment and operating cost has been made possible by the aggressive use of technology and by working closely with a number of partner organisations: TEMENOS, which implemented T24 as the core banking system; Microsoft, which provided the technology environment; and Technology Connexion, a services company with extensive banking experience, which has been involved throughout the entire project, from creating the initial business model and design, to architecting and implementing the system to support that design.

Says Choo Soo Ching, managing director of Technology Connexion: 'It was a big task to create in 18 months a full scale bank operating 24x7 in a country where most banking technology projects take much longer. For example, we helped to design all of the banking processes – some 174 – at a detailed level. It took us three or four months to get the processes embedded, while we were helping the bank to select the core banking system and find a technology outsourcing partner to manage the IT data centre and networks.'

The core banking system selected was T24. ACL was an existing GLOBUS user and a key part of the project was to upgrade to T24, which would provide a much better platform for the strategies which the bank was looking to implement. As a new bank, scalability was important and T24 is a flexible, highly scalable system. T24 provides ACL with all of its core information and

acts as the transaction engine, in addition to providing other application services.

The bank made an early decision to operate in a Microsoft environment. Technology Connexion's challenge was to work out how to do this. David Brearley, the company's founder, rose to the challenge. 'Microsoft has some very big implementations in the US – in call centres, for example. So the perception of Microsoft as not being "up to the task" in financial services is probably two or three years behind reality. Microsoft's value proposition is much better understood now among the international banking community.'

As a new bank, ACL lacked the physical channels of distribution of its more established competitors. Adding just 'bricks and mortar' branches would be expensive, would take time to set up and would not differentiate the ACL proposition. ACL had to think of innovative ways to present its products and services to its customers. This included the idea of the 'virtual' branch, whereby ACL customers could manage their accounts and initiate all their transactions without travelling to a physical branch. In addition, every

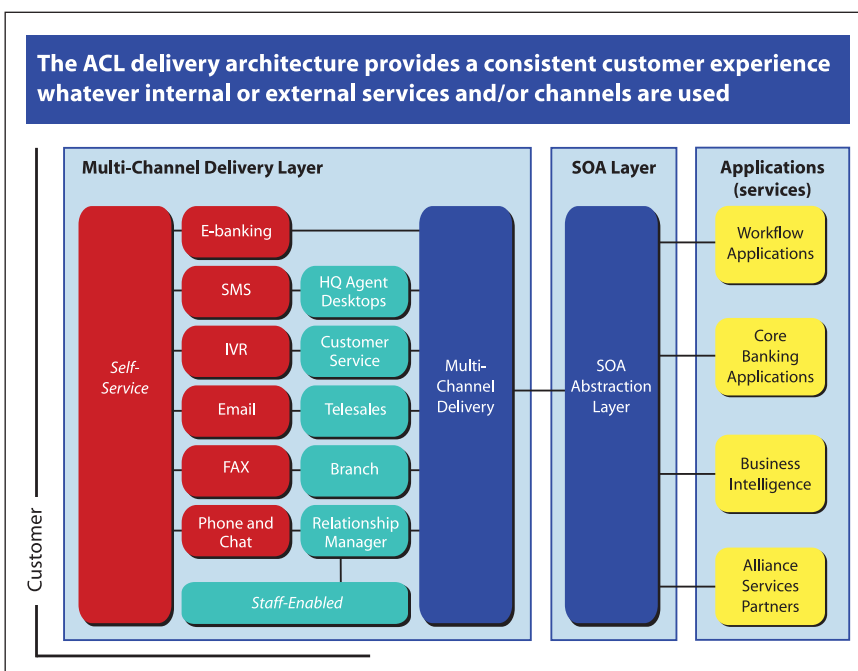
ACL customer would have a relationship manager (RM). ACL's objective was that each time the RM went out to visit a client, he/she would have at his/her fingertips all of the information needed. It would be as if an ACL branch was located at the client's office.

A further objective was that everyone within the bank would have access to real-time account and transaction status information: everyone would have a consistent view of the customer and the customer would experience consistent service levels from the bank, irrespective of the internal or external services and channels used.

Have these objectives been achieved in the period since the bank was launched?

From a technology perspective, the platform needed to be well-architected to enable agility, a continuing differentiating capability and low cost of acquisition. The platform comprises a CISCO-based digital network using VOIP technology, a Microsoft-based delivery layer, Microsoft's MS-CRM as the customer contact database and T24 as the core banking engine.

The delivery layer is particularly important to the bank's vision of customer care. The initial focus has been on providing electronic banking services to support the customers' needs and the call centre capability, as well as a new branch network, with ACL Bank being represented in every major city in Thailand. An integrated multi-channel capability was essential to the



High value, low cost bank

delivery layer, so that the business functionality could be developed once and re-used on all the channels.

ACL Bank uses Microsoft's technology as the basis for this multi-channel delivery solution. Based on Microsoft .NET technology and Web Services architecture, this works in conjunction with a suite of products which provide the call centre capability (including CTI/IVR integration, Sharepoint 2007 and Microsoft BizTalk® Server). Web Services are used to access the T24 application services (taking information from T24 and providing transactions to T24). 'T24 offers particularly good Web Services integration capabilities,' says Mr Brearley.

With the multi-channel environment in place, supported by Web Services and XML delivery to the end-devices, the bank is well positioned for the future. 'We are seeing more of the common services needed by banks in Thailand – such as credit bureau information and credit ratings – being increasingly made available on Web Services,' says Mr Brearley. With the multi-channel solution in place, this information can be made available not just to the RMs' tablets but to any future devices that are used by customers or front office staff.

What has been achieved is impressive and results fully support the bank's ambitions to have its new business platform up and running within 18 months and so support the rapid growth of its business at low cost. The bank has already achieved its first billion Baht branch as it moves out across the country and its next phase of the customer care capability is ready to launch in the middle of this year. This will offer a wide range of information and transaction services through a secure internet banking service and sophisticated call centre capabilities for both inbound and outbound calls.

This has all been achieved at a much faster pace than has traditionally been achieved with major banking projects in Thailand. For example, the



Floating market in Bangkok

bank had its current accounts and clearing systems ready within 60 days of the start of the T24 implementation. The bank's processes to handle a branch network (completely new to the organisation) followed only 60 days later. And over the next 180 days, the bank added all its other T24 modules (particularly AZ Loans and Deposits). As Choo Soo Ching says: 'A small bank needs almost as much by way of functionality as its bigger peers, so the implementation effort is nearly as substantial as for a big bank. It is to the credit of the bank's staff that they were able to adapt to change so quickly.'

For Mr Brearley, the ACL Bank

story is a ground-breaking study in the economics of building a new bank. 'The ACL Bank project has demonstrated that high value can be achieved at a much lower investment cost than was conceivable five years ago. ACL Bank is benefiting from the new internet-based, multi-channel technologies for service delivery, the rapid implementation of core banking and a flexible and scalable platform for its future expansion, based on a Microsoft implementation of SOA and Web Services. This is all to the credit of the various technology partners in the project.'

For Mr Ananthothai, the platform has been created for the successful development of one of Thailand's newest banks. 'We have a vision of how to compete with the established banks by delivering a more flexible service and better customer care. We are creating a platform that will enable customers to reach us wherever they are and will enable us to reach out to them to provide a level of convenience that no other bank can offer.'

ACL Bank's achievements

- The business growth rate supported by the technology architecture is many times the current workload
- The technology platform is designed for the easy integration of partner services and for continuous change
- The technology base is one of the early banking implementations based around SOA and multi-channel design
- The investment in the whole IT strategy is a small fraction of what some local banks have spent on core banking alone
- The speed of implementation is much faster than the average for the Thai banking sector

Technology Connexion was founded by David Brearley when he retired as CIO of Standard Chartered Bank. Choo Soo Ching, managing director, joined after a long career at Standard Chartered, including spells as systems development head and global IT services head.

The company is based in Singapore and has worked with clients throughout south east Asia, China and Taiwan. Technology Connexion provides senior banking technology and operations practitioner skills to banks and the technology industry, focusing on banking operations and technology strategy, IT architectures, process re-engineering, and the programme management of large, complex changes.