



Degussa Bank: Embracing Business Process Management to Industrialize Banking Production Processes

Company

With nearly 180 locations throughout Germany, Degussa Bank supports more than 165,000 customers and has more than 550 employees. The market-leading bank is growing at a rate of 12 percent to 20 percent each year.*

Challenge

To sustain its growth, Degussa Bank needed to improve its customer service. This included reducing the amount of time involved in opening new accounts and improving the quality of communication with its clients.

Solution

The bank implemented SunGard's Infinity Process Platform, a business process management solution that helps structure, streamline and automate business operations.

Result

Degussa Bank achieved its goal of completely industrializing its back-office operations and reduced its processing times to 24 hours. Furthermore, the bank was able to maintain its leadership position for cost and quality in the German banking market.*

* Bank size and performance statistics provided by Degussa Bank

Tremendous Growth

With nearly 180 bank branches throughout Germany, Degussa Bank serves more than 165,000 customers, manages over 550 employees and has a total retail balance of \$9 billion. These numbers are increasing every month. In fact, according to Degussa Bank, it has achieved growth rates between 12 and 20 percent each year over the last five years. And although the bank offers specially tailored solutions to global customers, its primary focus is on private banking customers who visit the individual branches.

The global retail banking industry is changing rapidly—and Germany is no exception. More customers are handling their money online. As a result, there is greater demand for high-quality individual services—and more firms competing to offer them.

Degussa Bank recognized early on that sustaining its rapid growth in such a competitive environment required that it offers high-quality services and products to both new and existing customers. And this meant its offerings would have to go to market quickly with few errors—and be competitive on price.



The Need for Standardized Flexibility

The Internet has changed the way banks interact with their customers. Opening new accounts takes hours, not weeks. People initiate transactions from any location with a computer. Consumers demand services that are individually tailored to meet their needs. At the same time, banks cannot afford to be inefficient. To respond quickly to customer requests, processes must be standardized, transparent and well orchestrated. In the world of financial services, a single mistake can drive a customer to a competitor.

For a Degussa Bank customer, the process of opening a new account or taking out a new credit card had been very tedious. It required visiting a branch location and filling out information on a paper form, which was manually handed off to various employees in the back office. The process could take more than a week. And if the customer had a question about status, bank officials often could not answer definitively if and why there was a hold up. Was the document just sitting on an employee's desk? Or was there a problem with the data?

In mid-2006, Degussa Bank recognized that its manual, disjointed processes could no longer keep pace with very automated and virtualized competitors. The lack of alignment between its business processes, human resources and technology infrastructure was contributing to longer lag times and sub-optimal service standards. As a result, the bank lacked the ability to effectively communicate status updates and plan resources to support periods of increased transactions. By not changing its processes, the bank risked losing competitive ground.

Yet, relying solely on economies of scale to drive down the cost of addressing these challenges was not an option because Degussa Bank competes with firms that have more than 10 million customers. Instead, the bank decided to closely analyze and strategically optimize its end-to-end production processes—from the first interaction with the customer to the point of a final business confirmation posting.

Starting Smart

Degussa Bank provides a wide range of services to both private and business customers. Before 2007, the process to set up any of these offerings was the same: the customer initiated paper-based activities that ended up being processed by several disparate systems including siloed departments of both people and technology. Because fulfillment was paper-based, the original paperwork had to be transferred between locations in the office and several groups often had to work on the completion of a single request. As a result, bank officials, employees and customers were unable to track time, workloads, open items, customer records and requests. There was a definitive mismatch between the bank's organizational structure and its processes.

The bank's leadership team recognized that efficient retail banking business requires flexible communication processes *and* highly standardized production processes. The bank needed to balance meeting the individualized needs of its customers and optimizing its production activities. The execution of both these tasks demanded that Degussa Bank introduce business process management (BPM) and link it to existing systems using a service-oriented architecture (SOA).

Using a SOA approach allows business departments to facilitate the orchestration of their disparate processes by packaging them as individual services. It defines and provisions the IT infrastructure to allow different applications to exchange data and participate in business processes. Moreover, BPM is a management model for designing, executing and optimizing the cross-functional business activities that incorporate people, application systems and business partners. It promotes effectiveness and efficiency while at the same time improving flexibility and integration with technology. As a result, it allows organizations to bring together their once isolated business and technology processes to accomplish mutual goals—evolving and optimizing them over time.

By embracing BPM's top-down, model-initiated approach, Degussa Bank would be better able to accelerate its SOA rollout. The bank would be able to better align its IT and business groups—and set concrete success metrics across the organization. Through the adoption of both principles, the bank set out to:

- Manage processes electronically—with minimal use of paper
- Speed up customer processing times
- Become more agile to handle requirement changes
- Increase transparency
- Improve adaptive resource planning
- Avoid redundant work

Efficient retail banking business requires flexible customer communication processes and highly standardized production processes.

Order Management Processes

In financial services, banking processes are often compared to a manufacturing line at a factory. On one end, there are entry points—or the ways in which customers communicate with the bank. In Degussa Bank's case, these are paper, phone, fax and e-mail. On the other end, there are order categories such as basic transactions, account management, payments and complaints. Each of these categories involves a detailed process that is comprised of individual steps and tasks. The communication between the two ends is what Degussa Bank leaders call order management. And it is the area in which they thought the bank's BPM rollout would have the greatest impact.

Industrializing Retail Banking Production Processes

Degussa Bank selected SunGard's Infinity Process Platform to help standardize and monitor new and existing business processes in its front and back offices. Process execution is managed through the platform engine, while selected users are provided with detailed overviews of current activities through the Business Control Center, an application specifically designed for the management of process queues. With this information, Degussa Bank reports that it has realized significant improvements in productivity and anticipates that it will continue to improve its operations—helping to give the bank a considerable competitive advantage.





Degussa Bank's new system removes the need for most manual, paper-based processes. Now, when a customer signs an application at a branch location, a bank employee clicks a button on the GUI signifying that the process can start. Meanwhile, a back-office system orchestrates strictly defined execution steps.

The tasks that can be completed automatically are executed immediately. On the next business day, the document is scanned in the main office in Frankfurt, Germany (except for Internet transactions). It automatically alerts the ordering system and employees carry out the steps of the process through completion. In some cases processes are completely automated. In these instances, when the original signed form is scanned, the system "finds" the corresponding process, adds the information from the form and finishes the process through data archival. Ultimately, the entire process takes 24-36 hours—instead of days.

Previously, bank employees had to retype most of the data when applications arrived at the back-office. With the implementation of the BPM system, the bank has effectively connected the front-office to the back-end system, eliminating the duplication of efforts—and saving important time and resources.

Degussa Bank users employ Infinity's Process Platform to determine the steps and tasks they need to perform to complete a process, such as an account opening. In "automatic mode," which the bank is using for several of its processes, employees are assigned work by the BPM engine according to priority and age. In the past, employees could choose what task to do and in what order which led to processing delays and redundant work ("cherry-picking"). Also, Degussa Bank team leaders/administrators use the Control Center to determine if a process is working, and if it is not, they can abort it or resume it after a technical problem had been solved. According to Martin Reichenbach, head of Degussa Bank's Customer Service, the combination of these functions contributes to the bank running more like a well-managed industrial plant.

The Order Management Process at Degussa Bank

1. The front-office system captures basic customer account information
2. The contract is printed with a barcode which matches the order data and the archive document—and the paper is signed and sent to headquarters
3. In the back office, users follow a pre-determined set of processing guidelines to fulfill the request
4. Using a dashboard, a team leader is able to see every activity and reallocate resources to support unique situations and/or production lines with high volumes
5. The process is complete within 36 hours of initiation (For existing customers, the account is open when the data is captured in the branch)

“Implementing Infinity Process Platform has allowed us to benefit from increased transparency, optimized resource management and accelerated processing—such as account opening.”

– Martin Reichenbach, head of Degussa Bank’s Customer Service

To help ensure that management has visibility into all processes within the system, Degussa Bank, along with SunGard, developed the Business Control Center which allows business leaders to easily determine how many account opening requests have been initiated—and where they are in the process. Because processes are fully transparent, the bank can make sure that documents are being properly handled and moved along through the queue. As a result, the bank can determine metrics such as number of transactions within an hour, day or month.

The Control Center also escalates a process if, for example, it does not take place within the pre-determined 36-hour window. Moreover, the system helps the bank effectively manage resources. This is especially the case at the end of each year when compliance with German tax regulations drives additional financial activity. Degussa Bank can reallocate employees from other areas in the organization to support the immediate needs of its customers.

SunGard’s Infinity: A platform for business process management

SunGard’s Infinity Process Platform helps organizations structure, streamline and automate business operations, transforming them into consistently managed enterprise processes. SunGard’s Infinity BPM solution helps drive efficiency and effectiveness—regardless of where the organization is in its BPM implementation.

The Infinity Process Platform has been designed with preconfigured functionality for process modeling, execution, analysis and integration. As a recognized visionary leader in scalable, standards-based BPM, the platform’s automation, monitoring and real-time reporting capabilities can help reduce implementation costs *and* help increase return on investment. With optimal, up-to-the-minute process data, business leaders can more rapidly make informed decisions. Meanwhile, the IT group has the tools to deploy and change processes as the demands of the business change.





By critically analyzing its processes and embracing a BPM approach, Degussa Bank was able to:

- ✓ Reduce processing time and improve performance
- ✓ Increase system transparency
- ✓ Automate routing to the appropriate workgroups
- ✓ Standardize processing in specialized workgroups
- ✓ Develop reports for continuous improvement
- ✓ Adjust processes according to business demands
- ✓ Achieve back-office industrialization
- ✓ Optimize the majority of its processes

The Need for Integration with New and Existing Systems

For the BPM implementation to be effective, the new system had to fully integrate with the bank's existing infrastructure including the enterprise resource and content management applications. Like many German financial institutions, Degussa Bank uses KORDOBA as its core-banking system, a banking software solution that can be accessed through Web services to allow firms to electronically manage customer account information and process money transactions.

Degussa Bank had already developed a modular application that allowed a bank employee to electronically enter data for all kinds of customer-related banking processes (forms for account opening, standing orders, access to Internet banking, etc.). And there were preparations to develop additional applications and products such as a customer complaint system that automatically escalates issues to business leaders so corrective actions may be taken. SunGard's Infinity Process Platform allows Degussa Bank's IT developers to work with these third-party products and develop their own applications. As a result, the bank is flexible enough to adapt to the dynamic needs of its customers.

This was especially important when the bank launched BestInvest, an interest-bearing account that was marketed over a short period of time. For example, if a customer elected to place money into this account, he or she would receive a higher fixed interest rate than the bank's standard savings account. The BestInvest program required that the bank's processes and programs be up and running at full speed. Employee resources needed to be reallocated to support the increase in demand. And because the campaign was executed over a short period, the product, which required entirely new processes, had to be developed and launched in under four weeks. Using the power of the Infinity Process Platform, Degussa developers rolled the new procedure out in fewer than 10 working days.

Degussa Bank BPM Project Specifics

Project Start Date: Spring 2007

Timeframe: 8 months for the first project phase

Development Teams: 2 (Degussa and SunGard)

Phase One: Developed 20 core processes (customer on-boarding, account creation)

Phase Two: Plan to add 10 additional processes

Technical Specifics: Web-based application using Spring, Java Server Faces and Hibernate; supports 250 parallel user sessions

SunGard's Infinity

SunGard's Infinity can help your organization get to the next level of efficiency and effectiveness. SunGard's lifecycle approach to BPM helps organizations improve efficiencies across multiple operations and systems, and unlock business logic and intellectual property. SunGard's Infinity provides capabilities for modeling, simulation, collaboration, and execution.

SunGard's approach to BPM consolidates some of its most valuable assets—financial services expertise, technology solutions and collaborative services. Our seamless integration of BPM, SOA and SaaS offerings helps customers reuse content from multiple sources into one integrated application.

- *SunGard's Infinity Process Platform* is a BPM platform for modeling, executing, analyzing and managing business processes. Infinity BPM is based entirely on Java-J2EE/XML which provides scalability and integration into existing IT environments.
- *SunGard's Common Services Architecture* is a service-oriented architecture upon which applications and common services are built. SunGard's CSA was specifically designed to work with the wide variety of legacy and proprietary technologies commonly found in financial services organizations.
- *SunGard's Infinity Registry* logs all components, solutions, Web services and business process templates within its registry. The registry provides SunGard's Infinity BPM components that can be discovered, modeled and tested.
- *SunGard's Infinity Infrastructure*. SunGard has been delivering hosting and availability solutions for more than 25 years. Our capabilities and expertise with application hosting have evolved to provide greater flexibility through the integration of our SaaS model with our Common Services Architecture.



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“By combining Infinity Process Platform with our existing enterprise content management solution and our service oriented architecture (SOA) methodology, we have set the stage to completely industrialize our banking processes—allowing us to dynamically adapt our processes as industry requirements change.”

– Martin Reichenbach, head of Degussa Bank’s Customer Service

For more information or to view updates on the BPM roadmap and additional thought leadership materials, please visit www.sungard.com/infinity.

About SunGard

With annual revenue of \$5 billion, SunGard is a global leader in software and processing solutions for financial services, higher education and the public sector. SunGard also helps information-dependent enterprises of all types to ensure the continuity of their business. SunGard serves more than 25,000 customers in more than 50 countries, including the world's 50 largest financial services companies. Visit SunGard at www.sungard.com.

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