

FINANCIAL SECTOR

Customer Success Story:



GAD eG Uses Versata® Software to Develop Credit Processing for more than 500 German Banks

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Interview with Dr. Hans-Wolfgang Neumann, CTO of GAD

German-based GAD is a provider of IT solutions for banking institutions and the creator of BB3 — an application that creates significant advantages for banking institutions through processes and data integration. Looking ahead to the demands of the banking business, BB3 is currently being modernized and redeveloped into a new product, bank21. During January 2005, Dr. Hans-Wolfgang Neumann, CTO of GAD, shared his thoughts with Geldinstitute, a leading German financial magazine, about the evolution of BB3 to bank21.

The changes in the banking market are making a growing number of demands on credit institutions. How are the IT solutions of bank21 supporting banks on this difficult journey?

Dr. Neumann: In the future, the banking market will be affected less by mergers than by regional cooperation, both in terms of in sourcing and outsourcing. With this in mind, new communication options and comprehensive business processes are required.

There is still a lot of opportunity for generating new customers in bank marketing. In order to capture this potential it is crucial to intensify the marketing focus through improving customer relationship management, exhausting cross-selling opportunities, and applying target-group specific consulting concepts, among other things.

To offer customized support a bank has to provide individual, precisely tailored packages of a bank's own products and affiliated products. Technological advancement continually demands flexibility. Consequently it is imperative to build up and use a system that allows flexible data processing support that can be modified to keep up with the constant changes.

Please give us a brief explanation of the most significant benefits of bank21.

Dr. Neumann: bank21 is a solution offering that covers all areas of the banking business. With bank21, banks can focus on their business activity and individually design and use internal and cross-company processes for the in sourcing and outsourcing of business segments. Cooperation between banks and other partners will in this way gain a different significance.

With bank21, GAD offers an effective tool for improving sales and earning power. All new developments focus intently on the demands of customers and the market as well as on the banks' business-process requirements. The platform is modular, so that new individual software components can be integrated into or used by the existing system at any time.

The system's banking focus lies in its sales support, customer-relationship management, product management, and overall bank management. bank21 was developed based on close collaboration with GAD's member banks. Working with the member banks ensures that the processes meet the banks' specifications exactly. As an evolutionary enhancement of BB3, bank21 allows continued full use of the functions of its predecessor solution.

Is bank21 already in use? If so, could you tell us who is using it and if they have given you any feedback yet?

Dr. Neumann: In fall 2004, GAD introduced bank21 on the new basis21 technology platform at eleven pilot banks: The first to implement bank21 was Volksbank Baumberge in Billerbeck in October. Version 1.3, an online self-service application, and modifications to the credit process to comply with the new credit regulations were also released. In a field test, the Volksbank Baumberge has also begun operation of the bank21 portal and the innovative IT solution basis21 Mobil, a way of gaining mobile access to bank21.

From the end of October through November, the application was introduced gradually: Spar — and Darlehenskasse Bockum-Hövel (the first bank to field test basis21) and nine additional pilot banks are now using bank21. The implementation of the new solution has gone well at the pilot banks; GAD was successful in its quest to begin the first phase of practical introductions of bank21.

GAD began successive implementations at all banks starting in March 2005 and will convert a further 28 banks by the middle of 2005. All other banks will be converted to bank21 and basis21 by the end of 2006. GAD is supporting these banks with samples, standard workflows, training and support services.

How does the future with this banking solution look for the financial institutions?

Dr. Neumann: With bank21, the banks are well-positioned for the future. It gives them a tool they can use to increase their sales and earning power, while limiting their risk, among other things. As a forward-looking system, our solution offers long-lasting opportunities for integrating new components and applications that further increase the banks' profitability and competitive power. Because the structures of bank21 and basis21 are geared toward long-term implementation, investments are protected, cutting costs considerably in the long term. At the same time, banks can develop new business models and conquer future market challenges successfully with bank21.

Do you see bank21 as having an innovative advantage in comparison to other IT service providers? If so, what is it exactly?

Dr. Neumann: Our particular advantage over other IT service providers lies in the fact that we are starting with a process that all the banks affiliated with us are already using. For years, BB3 has provided us with a consolidated banking process. This serves as a base process for about 490 banks. Until now, there has been no other specific core banking process that has such a large number of users. Therefore, in our comprehensive modernization of the BB3 process, we were able to start with a single system. This means continuity and lower development costs that offer the banks considerable protection for their investments.

bank21 is an innovative application for all banks that expect their IT solution to offer configurability and modular structure with flexible customization of business processes, based on the individual bank's requirements. bank21's most crucial asset is its support of multi-client capability and modern business models, including in sourcing and outsourcing of partial processes, multi-channel management, sales cycles, product components and risk management on the basis of a common IT solution.

GAD developed this banking solution with the help of Versata, Inc. ("Versata") technology. Did you also test other possible IT partners in the preliminary stages? How did your selection process go?

Dr. Neumann: bank21 not only provides modern functionalities, but it also offers a procedural system with which business processes can be automated and dealt with efficiently. To do this, GAD looked for a suitable workflow engine. Via a selection process, all systems available on the market were evaluated, and a total of four bids were given a closer look. In a proof-of-concept test, the workflow engine and process designer from IBM's partner, Versata, made the final cut after successfully modeling some initial sample processes.

What were the deciding factors that made you choose Versata as a partner in the development of bank21?

Dr. Neumann: The J2EE architecture of Versata's workflow engine tipped the scales for GAD. With it, Versata fully supports the component- and service-oriented J2EE architecture from bank21. The workflow engine can be fully integrated with bank21 via the component properties. Our solution provides all the user interfaces needed for processing.

Versata's process designer enables the development of standardized and individual workflows that allow simultaneous usage of BB3 and bank21 functions in a single workflow. In the first release of bank21, four credit processes have thus far been implemented and optimized during the pilot phase at the banks.

What does Versata technology add to your solution?

Dr. Neumann: The Versata workflow engine is addressed by bank21's specialized components as an additional component via a J2EE service. The implementation occurs as a separate, technical component and is available for each Websphere 5.1/zOS cluster.

The workflow engine assigns bank21's specialized component for task managing the tasks that need to be handled for each employee's role. Then each employee works on the tasks assigned to each role that he or she fills. Once a task is completed, the workflow engine automatically supplies the next one. This way, the workflow engine is in a position to have direct access to all organizational data within BB3/bank21. It is not necessary to maintain redundant data.

In future bank21 releases, the workflows will be made more flexible and there will be an option to distribute a workflow to outsourcers and in sourcers thanks to multi-client-capable sub-processes.

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