CENTRALIZATION STRATEGY

Joint-Stock Commercial Bank ALMAZERGIENBANK PLC, a dynamically evolving regional universal bank, has chosen the policy of information systems centralization as the basis of its IT strategy formulated three years ago. Anatoly Tabunanov, head of the Bank's IT department, tells how the Bank managed to fulfill its plans in spite of rather difficult conditions.

- A bank cannot evolve without developing its IT. Did you have a plan for such development, i.e. an IT strategy?

Anatoly Tabunanov: In order to implement our Bank's IT strategy and acting on the instructions of the Bank management a team of IT specialists reviewed the state and capabilities of the Bank's available information facilities, the regional data transmission network infrastructure and the prospect of the Bank's IT systems evolution. Based on their findings certain suggestions regarding the IT development were elaborated that formed the basis of the Bank's IT strategy.

- What did the review show?

Anatoly Tabunanov: In general the situation was rather complicated. The Bank had 5 branches in various areas of the republic. Communication channels that would allow their on-line operation using a centralized BAS (bank automation system) simply did not exist. The Head Office and the branches used different BASes; the branches were equipped with an obsolete DOS system, and a lot of operations had to be recorded and processed outside it. The BAS installed at the Head Office did not meet the requirements of the Bank either; it did not allow for advanced user access control policies, besides, it could only support one branch, there was no inter-branch payment mechanism in place. The growth of the Bank's clientele and opening of a new branch lead to a considerable slowdown of the system performance and to its instability. Therefore the Bank faced an urgent need to transfer the whole branch network to a single uniform BAS.

- What other tasks did your IT strategy set?

Anatoly Tabunanov: The IT strategy was generally aimed at centralization of the Bank's information facilities. It included setting up a Bank's corporate satellite network linking the Head Office with all branches. Such network was built within one year. At the same time we had a task of switching the whole bank to a united multi-branch BAS allowing the branches to work with the database located at the Head Office through the satellite communication channels. Implementation of this strategy permitted to establish a centralized support and administration of all software and hardware and databases at the Head office by IT department as well as full control of all operations and data of all remote Bank branches.

- How was the IT strategy implemented?

Anatoly Tabunanov: The key stage of the Bank's strategy of information facilities centralization was the choice and implementation of a new bank automation system. We defined our basic requirements with respect to the BAS: it had to support multi-branch operation giving the Head Office and the branches the opportunity to work on a single unified database using satellite communication channel, to represent a comprehensive solution based on an industrial DBMS, to have means of interfacing with various external systems, to be protected against unauthorized access, to have tools for flexible setup of access control and for monitoring of all user actions, to be open and scalable as much as possible. We also looked at the possibility of data conversion from the BASes used by the Bank to the new one in a most automated way. The amount quoted by the manufacturer was of course one of important factors, too. In order to make a decision regarding the choice of BAS a work group was formed at the Bank consisting of line managers and leading experts representing principal Bank departments. We got commercial proposals virtually from all leading domestic suppliers of bank software. Some companies sent their representatives to Yakutsk to present their products at our premises. We also tested the systems' performance using the existing satellite channels in terminal mode and carried out operations flyback timing. The bids lasted a little longer than a year. Based on the findings of the workgroup the Bank's Supervisory Board chose *XXI CENTURY BANK* BAS by Inversia. In December, 2005 we concluded appropriate contracts with Inversia and started the pre-project bank survey. Within the 1st quarter of 2006 Technical Specifications for implementation were produced that were then adjusted, if necessary, during the project implementation.

- Who formed the BAS implementation team?

Anatoly Tabunanov: At the same time with the elaboration and implementation of IT strategy certain structural changes took place at the Bank's IT Department that allowed to reinforce its staff both quantitatively and qualitatively. We managed to build a strong and solid implementation team that consisted of the Bank's leading experts in various fields as well as of IT specialists. Inversia had regarded our project as one of top priority ones from the very beginning. The supplier had assigned its best specialists to participate in the project, so we could solve many questions on-line and on-site. Besides, Inversia managers including its President, Vladimir Akimov, quite often made advances to us, which also contributed a lot to the success of the project.

- What helped you reduce the project risks?

Anatoly Tabunanov: In order to minimize the risks we carefully developed a detailed implementation plan at each project stage, indicating specific timeframes and people in charge both on the Bank's and on Inersia's part. The plan was coordinated with the supplier and approved by the Bank management. The fact that the project was backed at the highest possible level, by the Chairman of the Bank's Board, Alexander Mironov, also made for its success.

- Were there any problems during the project implementation, what were they caused by and how were they solved?

Anatoly Tabunanov: Most difficulties in the project were connected with data conversion from our old systems to the new BAS. Because of the lack of some information in our old systems we had to prepare some data manually, although that part was not large as compared to the amount of data converted to the new BAS automatically.

In the context of the Bank IT strategy fulfillment another major IT project was implemented along with BAS implementation, i.e. establishment of our own processing center and international plastic cards personalization center with a back office retail operation system. Under that project the deposits and plastic card operations of individuals that were accounted at the Head Office, branches and outlets were uploaded to the new software run on a single unified database at the Head Office. The interface between the retail system with *XXI CENTURY BANK* BAS was also successfully developed and implemented by Inversia.

- Did you manage to fit in the timeframes set for the project implementation? What did the bank achieve as a result of its fulfillment?

Anatoly Tabunanov: We did, though the timing was very stringent; the first stage of BAS implementation at the Head Office, one branch and four remote outlets located in different districts of the republic was completed as yearly as six months after the contract conclusion. And the switchover of all remaining five branches and one outlet to *XXI CENTURY BANK* was completed in another 8 months. Thus, the project implementation at the Head Office, all six branches and 5 outlets took all in all 14 months after the contract subscription. So swift implementation of such a large project became possible due to careful planning of every stage and to well-coordinated effort of the Bank's implementation team and Inversia specialists as well as to ongoing support from the Bank's management. As a result of the project implementation we can consider the objective of our IT facilities centralization set by the IT strategy to be achieved. This clears the way to a new stage of the business evolution, in particular to network development, as we now can open a branch or an outlet with little financial and time expenses in any inhabited area of Russia were we can establish communication with our Head Office. Today our remote branches need only workstations with terminal access or internet browser to work with the BAS.

- What are the Bank's plans regarding further development of its IT infrastructure?

Anatoly Tabunanov: *XXI CENTURY BANK* implementation means a new stage of evolution for ALMAZERGIENBANK. Today we are able to offer our customers a uniformly wide range of service at all our branches and outlets irrespective of their location. The system's scalability and openness allow to expand BAS capabilities in accordance with the requirements of the Bank's business units. Therefore the Bank intends to implement new products by Inversia such as its *BUSINESS DOSSIER* CRM system.