



Commonwealth Bank of Australia: Building Lasting, Real-Time Value for Customers

Commonwealth Bank of Australia (CBA), Australia's leading retail bank, embarked on a five-year core banking modernization program using SAP® solutions in 2008. Upon completion, this helped CBA achieve customer-centric, profitable growth through simple, flexible product offerings and 24x7 real-time banking services for its customers.

Executive overview

Company

Commonwealth Bank of Australia (CBA)

Headquarters

Sydney, Australia

Industry

Banking

Products and Services

Retail, business, and institutional banking; funds management; insurance

Employees

52,000 across 1,160 branches

Assets

A\$147 billion (US\$134 billion)

Web Site

www.commbank.com.au

Partners

SAP® Consulting,
Accenture

www.accenture.com



BUSINESS TRANSFORMATION

The company's top objectives

- Build a flexible, efficient, customer-centric architecture based on a 360-degree customer view, improving service and value
- Accelerate go to market for innovative, feature-rich products
- Streamline business processes and reduce operational failures and risks caused by legacy systems

The resolution

Implemented the SAP® Deposits Management and SAP Loans Management applications, along with SAP Finance and Controlling Accelerator software

The key benefits

- Real-time 24x7 banking with greater transaction visibility and direct account opening
- Fewer and simpler products with more feature choices
- Acceleration of campaigns, offers, and pricing launches from months to days

Read more ►

“The success of the core banking modernization program has given CBA a 2- to 3-year first-mover advantage over competitors that could significantly change the Australian banking landscape.”

Dave Curran, Former Core Banking Modernisation Program Director, Commonwealth Bank of Australia

TOP BENEFITS ACHIEVED

#1

In customer satisfaction among major Australian banks, from #4

75%

Reduction in time to market for new products

30%

Reduction in processing errors across the branch network, thanks to simpler, standardized processes and the elimination of 26 processes

See more metrics ►

Executive overview

Company objectives

Resolution

Business transformation

Future plans

Spearheading rapid, customer-centric growth

Since its inception in 1911, Commonwealth Bank of Australia (CBA) has evolved into Australia's largest financial services provider, offering a full range of services to help customers build and manage their finances.

Given the increasing market competition from domestic banks as well as the entry of specialist monoline players, CBA was forced to address the limitations of its current core processing systems. Transaction processing for its retail banking deposit products was performed by large-capacity mainframe applications, some of which had

remained unchanged since their implementation in the late 1960s. To compensate for the inflexibility of the legacy platform, clusters of aging satellite and supporting systems were created over the years, making the IT and operations environment incredibly complex. So the modernization of core systems was not a question of if but when. In order to meet its strategic priorities of customer centricity and profitable growth driven by simplicity in operations, products, and services, CBA needed to build a flexible, scalable, and efficient IT platform that would give it a first-mover advantage against the competition.

“This program is all about the customer – it’s about positioning ourselves to deliver what the customer wants anytime, anywhere.”

Michael Harte, Group Executive and Chief Information Officer, Commonwealth Bank of Australia



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Building a foundation for profitable growth based on agility and innovation

After an initial assessment of many vendors and a pilot undertaken with SAP, CBA selected core banking solutions from SAP. CBA was impressed with the modern enterprise services architecture of SAP, the proven ability to integrate with third-party front-office applications, and the ease of configuring new functionality, upgrades, and enhancements.

CBA took the leadership role for the program, deploying a team of bank staff supported by consulting specialist resources from the SAP® Consulting organization and Accenture. This large team worked seamlessly together on the implementation project. A well-defined and detailed management governance process was

established with the help of business leadership, the CEO, and the executive board. Together with Accenture, a combined implementation methodology was created using the best implementation methodologies from CBA, SAP, and Accenture. SAP MaxAttention™ services were leveraged right from the beginning to support the project in terms of scalability, performance, and reliability.

In the end, CBA successfully implemented the SAP Deposits Management and SAP Loans Management applications, along with SAP Finance and Controlling Accelerator software.



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Offering simpler, more flexible products tailored to meet customer needs

CBA has fundamentally changed the way it interacts with customers to provide better service across all channels. Customers can open accounts, transact immediately instead of overnight, and benefit from greater transparency as those transactions occur. Customers can switch accounts on the spot, rather than closing and reopening, and can apply for campaigns via self-service channels. Also, fewer queries and more online applications have freed up call center staff to focus on sales and referrals.

Product development and maintenance are now simpler, saving substantial costs. Changes to existing products can be made in days rather than months. Innovative products are now possible. With fewer pricing combinations and standardized terms and conditions, CBA can now offer more feature-rich products tailored to specific customer segments, using only 18 core products within the SAP transactional banking system. Also, flexible product configurations enable rigorous test launches based on customer feedback, followed by country-wide rollouts in just weeks.

KEY BENEFITS

75%

Reduction in time to market for new products

97%

Simplification in products (from 610 product variants to 18 core products)

15%

Reduction in customer balance queries

36%

Increase in product cross-sell rate (from 2.2 products per customer to 3.0)

10%

Increase in sales and converted referrals per FTE

30%

Fewer processing errors across the branch network.



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Resolution

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Taking innovation to the next level

CBA has successfully migrated over 12 million accounts onto the new platform and is now offering feature-rich products and 24x7 real-time banking. The bank is taking product innovation to the next level with customer-initiated bundling and pricing as well as sweeping and pooling facilities.

The core SAP software platform is also the cornerstone for CBA's industry-leading, front-office platforms such as NetBank and CommBiz, facilitating brand differentiation and innovation through programs like Kaching (a mobile app for payments via mobile device, e-mail, or Facebook) and Pi (a software platform for point-of-sale interactions between businesses and their customers on an interactive, multifunctional device).

Thanks to more detailed, rich, and timely core data, CBA is exploring the enhancement of customer analytics and focused marketing campaigns.



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