

## SAP Customer Success Story Banking



The **Bank of Ireland** faced the difficult challenge of maintaining profitability in an unpredictable global economy. It needed to increase profits through better management of resources and by cutting costs. To realize operational savings, it streamlined core business processes in finance, payroll, human resources, and procurement by choosing software from the SAP® for Banking portfolio of solutions and services. The result: reduced costs, integrated information, and standardized processes across the organization.

Bank of Ireland Group 



## BANK OF IRELAND

### SAP® FOR BANKING SOLUTIONS INCREASE PROFITABILITY AND DELIVER GREATER CONTROL

With assets of €87 billion and more than 18,000 employees, the Bank of Ireland is the number one banking institution in the country. Although the bank has been in business since 1783 and has a long history of success, times have changed and so have the challenges of maintaining profitability in a highly volatile global economy.

Like most banks today, the Bank of Ireland was being asked to show increased profits through better management of resources and by cutting costs. The bank realized it needed integrated solutions to help streamline core business processes in finance, payroll, human resources, and procurement. In response, the Bank of Ireland turned to industry-relevant SAP® solutions from the SAP for Banking portfolio of software and services.

### BETTER PROCESSES YIELD RESULTS

The Bank of Ireland needed improved control within key areas of the organization because it was hampered by fragmented, disparate business processes. Finance and human resources had multiple systems that were not integrated, and processes such as payroll were not standardized throughout the group. As for purchasing, there was no group procurement system in place to enable proper monitoring of expenses and supplier contracts. The bank took action by implementing a comprehensive banking portfolio from SAP, the first of its kind in Ireland.

SAP has worked with banking customers worldwide to understand their business challenges. The portfolio of solutions that the Bank of Ireland selected has a proven record of success, thanks to SAP's efforts to listen and react to customers' requirements. Each solution applies best-practice business processes to solve banking problems effectively. Moreover, SAP provides a cost-effective and adaptable approach to integrating multiple systems throughout an organization.

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Hugo Flinn, General Manager, Finance and Business Services,  
Bank of Ireland

“Before we decided to go with SAP, we had a wide range of systems in place,” says Hugo Flinn, former general manager for finance and business services at the Bank of Ireland. “One of the key elements of our vision was to provide information more quickly and to enable faster action. The main business driver behind the project was to improve productivity in both finance and HR through the implementation of shared services. From a procurement point of view, we wanted a better way of buying.” With SAP, the bank set its goal to reduce head count in finance and HR, along with cutting nonstaff costs.

Although other systems were considered, SAP was recommended as the best choice for a single, integrated system. “The key message is integration; that's what we bought,” says Flinn. “The bank decided to rigorously standardize processes across the group using a single system. We didn't want the cost of building interfaces between separate systems and the expense of maintaining them.”

## **GAINING CONTROL IN FINANCE**

Finance was especially in need of integration and better visibility. “We had perhaps 30 general ledgers, several payroll and HR systems, and no overall procurement system,” says John Crabtree, the bank's program manager.

“There was no integration with payroll, no agreement with HR, and data was always input twice,” adds Flinn. “Our objective was to achieve a significant increase in visibility groupwide, and understand what drives our costs.”

The Bank of Ireland applied the SAP finance solutions first before addressing other internal process challenges. “We implemented the entire suite of financial applications that exist within mySAP™ Financials- general ledger, fixed assets, accounts payable, and so on,” says Mary Rice, finance team lead at the Bank of Ireland.

Within a short time, the bank realized clear advantages from the deployment. “The implementation of SAP provided people with an integrated system for the first time ever,” says Rice, “which means that instead of going in and manually digging around to find pieces of information, it's now all available real time on the system. That is a huge advantage.”

“Now we have one accounts payable system, one payroll system, one general ledger, and one chart of accounts,” says Flinn. “SAP enables us to close the books faster and to provide accurate, consistent information more quickly.”

## **EMPOWERED HUMAN RESOURCES**

The Bank of Ireland next chose mySAP Human Resources (mySAP HR) to extend its SAP finance solution. “In HR, we had an opportunity to enable shared services,” says Flinn. “The issues we overcame were duplicated, diverse processes, multiple HR systems, a lack of integration with payroll, and MIS [management information system] unreliability – which presented a real challenge.”

With mySAP HR, the bank took advantage of software applications for organizational management, recruitment, personnel administration, payroll, and time management – all integrated into one system. The Bank of Ireland also rolled out employee self-service (ESS) capabilities to extend the functionality of SAP

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Aidan Long, Program Director, Bank of Ireland

to employees, enabling them to view, create, and maintain information related to their jobs. Expense reports are one area in which ESS has proven particularly successful. “One of the key benefits of the HR solution is that employees can answer an awful lot of questions themselves through ESS,” says Flinn. “If you take employee expenses as an example, we’ve got 96% compliance.”

#### **BOTTOM LINE FOR BUYING**

Without a central system and process for managing procurement, the Bank of Ireland lacked important controls. Orders could not be consolidated for better pricing and relationships with suppliers were more difficult to form.

“Prior to the implementation of SAP, we didn’t have a groupwide procurement system,” says Aidan Long, program director at the bank. “So we didn’t have visibility of costs, standard best-practice procurement procedures, and uniform purchase orders.”

The bank chose SAP Enterprise Buyer, an application from mySAP Supplier Relationship Management (mySAP SRM). With this new procurement solution, the bank can reduce costs, increase purchasing efficiencies, monitor buying behaviors, and better collaborate with business partners. An online catalog is also available from which employees can browse and purchase

items. Using a standard Web browser, bank employees can access electronic catalogs to quickly procure items within the bank’s established business rules and pricing policies. And with a global view of procurement activities, the Bank of Ireland can negotiate better contracts with suppliers.

“We’ve implemented [SAP] Enterprise Buyer as the front end of the procurement system,” says Olivia Sinnott, procurement team lead at the Bank of Ireland. “The catalog-based concept is excellent. It’s just like Internet shopping, which everybody’s familiar with, so that’s worked really well for the users.”

The SAP procurement solution has also enforced higher compliance, improved supplier selection, shortened cycle times, focused sourcing strategies, and lowered process costs. “We are seeing benefits from process efficiency and visibility,” says Flinn. “We have enabled management to challenge costs on a transaction-by-transaction basis. Plus, we are realizing benefits from better supplier management.”

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Michael Rabbitt, IT Project Manager, Bank of Ireland

#### **SMOOTH IMPLEMENTATION**

The Bank of Ireland’s management approached the SAP implementation with well-thought-out planning. A stable project team, with clear, visible backing from senior management, added to the success and speed of the rollout. “We implemented SAP out of the box,” explains Flinn. “Putting together uniform business processes to build the system reflected where we wanted to go with our processes.”

The implementation was divided into phases. “Phase one focused on four business units, about 1,500 users,” says Flinn. “We had a full-time team from the beginning that came from HR, finance, procurement, and IT.”

Anne Murray, HR team lead, adds, “In phase one, we launched with nearly all the functionality and scope. We actually went with a big-bang approach, so we would have personnel administration, work management, personal development, recruitment, training and events management, everything, on day one.”

“Phase two was a larger implementation, approximately 10 business units with 10,000 users in total and the same functionality,” says Aidan Long, program director. Adds Flinn, “Phase two went in on time and on budget. Phase three was essentially more of the same – taking on more business units.”

During the deployment, SAP acted as the bank’s implementation partner, developing a mutual relationship based on trust and professionalism. “The support from SAP Consulting was very good,” says Flinn. “We felt that SAP was on our side, and I think that’s key.” Michael Rabbitt, IT project manager, agrees: “The SAP team has been superb from the start. They’ve shown a lot of professionalism.”

SAP also empowered the bank’s staff to expand their skill sets to take more responsibility for maintaining SAP for Banking solutions. “For phase one and two, we had full support from SAP,” says Long. “In phase three, we needed only limited support. This phase is the first one that the Bank of Ireland group has done by itself.”

## **BANKING ON THE FUTURE**

The Bank of Ireland continues to expand its use of SAP for Banking solutions to gain maximum profitability by streamlining internal business processes. Says Flinn, “Given the focus on cost control in financial services these days – and the Bank of Ireland is no different in that respect – we see SAP and the application of SAP for Banking as the key enabler of improved cost-effectiveness going forward.”

“Return on investment is happening,” notes Long. “We’ve seen tangible benefits in procurement. Plus, we’re starting to see the same results in finance and HR.”

“I think the beauty of the system is that it is completely scalable,” says Rabbitt. “It is a highly integrated platform on which to do business, and the seamlessness makes it transparent to all users. It’s a robust and very stable platform.”

“One of the things we are particularly pleased about is being one of the largest SAP implementations in Ireland,” adds Flinn.