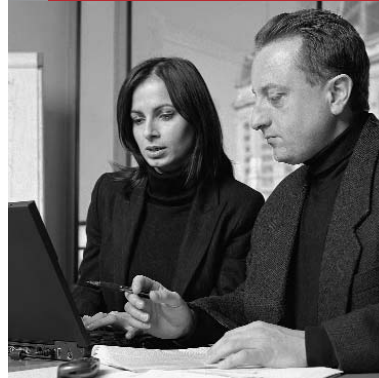


## Success Story



**The Ural Bank for Reconstruction and Development** is one of the leaders of the regional retail banking market. For 15 years since its foundation, the bank has managed to build customer and shareholder confidence and achieve financial success. According to RBC.Rating, UBRD holds the first place among the banks of Sverdlovsk region as of April 1, 2005 and was included in "TOP-300 of credit banks in Q1, 2005". The RBC experts estimate the value of the bank's credit portfolio at 5,612.4 million rubles. UBRD also holds the lead in the volume of credits given to legal entities in the region.

## **BUSINESS DEVELOPMENT REQUIRED A NEW APPROACH TO BANK MANAGEMENT**

The Ural Bank for Reconstruction and Development has more private deposits than any other credit institution in Sverdlovsk region. By the end of Q1, 2005, private customers deposited nearly 6 billion rubles in the bank, 14.7% up from 2004. And, according RBC, UBRD holds the 60th place among the 300 most profitable Russian banks (as of 01.04.2005).

UBRD has been the first in Ural region to implement SAP for Banking. The retail banking strategy developed by the bank is successfully applied along with SAP solution package.



THE URAL BANK  
FOR RECONSTRUCTION AND DEVELOPMENT



**S.V. Dymshakov, President,  
The Ural Bank for Reconstruction  
and Development**



**TIME FOR A NEW STRATEGY**

The Ural Bank for Reconstruction and Development steadily holds high position in the regional and national financial 'Table of Ranks'. The bank is one of the 100 largest Russian banks and has the second largest assets in Sverdlovsk region. No other bank in Sverdlovsk region can compete with UBRD, which by right enjoys customer and business partner confidence, in terms of the private deposit volume.

At the same time, focus on working with major corporate customers has helped the bank to project an image of reliable and stable institution, which, however, keeps away from the ordinary customer's needs. Such situation hampered the customer base diversification and, therefore, the bank's business development. The bank's executives and shareholders understood necessity for further growth, new market penetration, and quick scaling of successful products and services. This is the only way for an independent regional bank to achieve success in healthy competition with metropolitan and international financial institutions.

It was high time the bank had planned a clear development strategy absorbing the best world experience – the one to be

pursued by means of a powerful tool. And such a strategy was worked out in cooperation with Roland Berger, one of the world's leading consulting company.

The consultants thoroughly and fairly analyzed external and internal factors. The analysis results enabled the mapping out of several development strategies, and after further discussion of the alternatives the management and specialists chose the best one. It is no secret that the best strategy adaptation was accompanied with certain changes in the management understanding of the market role of their organization. Retargeting on retail business development, the bank has to become more mobile and friendlier to various customers, and to focus on management business processes standardization. The balanced scorecard, which related the strategic plan targets to the bank's management goals, helped to understand management principles under new circumstances.

**FIRST IN RUSSIA...**

To successfully apply the strategy the bank needed up-to-date solutions to streamline business processes and management system. After the integrated assessment of multiple factors – producer's ability to provide required project support, due adaptation of the solution to the specific Russian statutory requirements, functionality, openness, platform workability and potentiality – the preference was finally given to the SAP solution package.

The Ural Bank for Reconstruction and Development has been the first credit institution in Russia to use state-of-the-art SAP solutions for achieving its business goals. Until then, the Russian banking market did not see any SAP system implementation. At the same time, Russian customers of the company have been using SAP solutions for many years. Sverdlov-energo and Nizhny Tagil Integrated Iron-and-Steel Works are among of those Ural companies that run SAP.

**"SAP solutions implementation will allow us to focus on priority business objectives, to gain new competitive advantages. SAP for Banking will facilitate the transition of UBRD to a basically different level of management, which will ensure maximum business visibility and transparency for the bank's shareholders, partners and customers."**

Yu.P. Mironov, IT Adviser to the President, UBRD



**Yu.P. Mironov, Director of Department of Operations, Banking and Information Technologies, Adviser to the President, The Ural Bank for Reconstruction and Development**

Comprehensive SAP for Banking solution enabled the bank to improve the strategic enterprise management system based on the bank's key performance indicators and create a new economical vertical of management, planning, analysis and decision making. SAP for Banking helps to attain a number of tasks, including reduction of time, labor and financial costs in management decision making, budget planning, document flow and reporting. In addition, the implementation of SAP solution facilitates bank-customer relationship. The system helps to build and analyze a single customer base, continually monitor the customer requirements and preferences and create individual offers, thus implementing personalized approach to the customer.

**TOOLS OF SUCCESS**

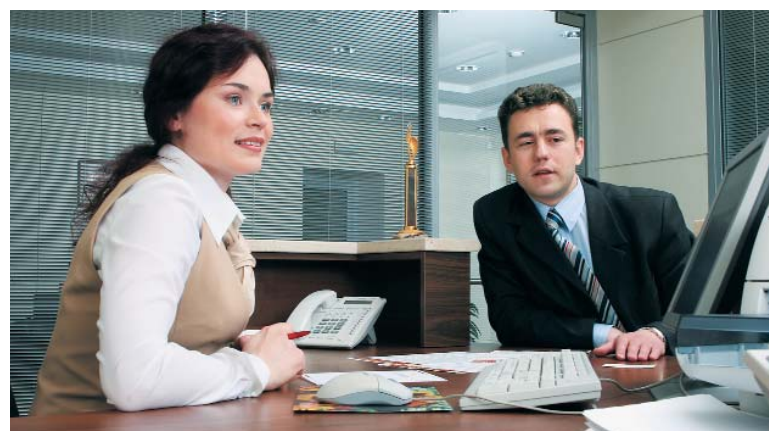
SAP solution package being implemented at UBRR covers all organizational aspects of the bank operations. The bank's enterprise resource planning system built on mySAP ERP solution, budgeting and bank controlling system as well as HR system are used to manage business activity of the bank. The customer relationship and customer service management system is based on the Customer Relationship Management (mySAP CRM) solution. It has been complemented with the two components of SAP NetWeaver platform – SAP Business Information Warehouse (SAP BW) and SAP Workflow, a system to organize the automated business processes. UBRR has already started using all these components.

mySAP CRM was the first solution that went live in January 2005. The system has enabled the use of a full range of operational CRM tools when working with bank customers and prospects (legal entities), as well as UBRR VIP customers (private persons). Now, the heads of the bank customer service departments can benefit from analytical capabilities of the Customer Relationship Management system to view reports on the events held by proactive sales specialists

and personal managers, and some other reports on customer service quality assurance. The implementation of marketing functions, including Call Center functionality, is scheduled for the future.

The first phase also covered putting into operation the following components of mySAP ERP Financials: Strategic Bank Management, Managerial Accounting, Financial Accounting, and SAP Business Information Warehouse component. These components constitute an integrated platform providing insight into the bank's financial operations. Comprehensive SAP solutions allow the bank to manage its expenses – from cost estimation to payment of expenses and compliance control.

Finally, on February 1, 2005, SAP WorkFlow was commissioned in the additional offices of UBRR. The system provides automatic workflow management. It identifies the operations to be done to achieve results, and notifies the responsible persons accordingly. Thus, for instance, the department heads and their subordinates can get up-to-date information about the current state and the history of a credit application processing, receive notices about forthcoming deadlines, etc.





We would be glad to answer any questions and show how SAP solutions can help your company to streamline all of your businesses and create long-term competitive advantages.

For more information about SAP and its solutions visit [www.sap.ru](http://www.sap.ru)

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Under SAP Human Capital Management (mySAP ERP HCM) project, the following functions have been fully implemented: organizational management (creating of the organizational structure, job index and staffing assignment), human resource record management (integration of human resource data in a single database) and time management (record of all work time events and deviations from normal working mode). The implementation of SAP Human Capital Management has considerably enhanced visibility of HR management processes, enabled segmentation and selective data analysis.

To streamline its business processes UBRD needed an integrated bank management system. SAP Balanced Scorecard application serves this purpose best of all. It has become a single integrated component of the entire management vertical at strategic, operational and transactional levels.

All the bank's key figures are bonded together within the system, which provides a clear and accurate overview of the entire business, each individual activity, as well as the bank's development prospects and problems.

The SAP solution implementation program is to be completed in 2.5 years. During the first year, the SAP for Banking main components were successfully put into productive operation. The bank strategy realization and implementation process are carried out according to the schedule. The bank experts note that the SAP solution has taken the business to a basically new level. By 2009, UBRD is going to become a leader among the banks of Sverdlovsk region by assets value and a major retail regional credit institution.

#### SOFTWARE AND HARDWARE

**Software** ■ SAP R/3 Enterprise 4.7, CRM 4.0, BW 3.1

Solutions and Components:

SAP Customer Relationship Management (mySAP CRM);  
mySAP ERP Financials components – Strategic Bank Management, Managerial Accounting, Financial Accounting;  
SAP Human Capital Management (mySAP ERP HCM);  
SAP NetWeaver components – SAP Business Information Warehouse (SAP BW) and SAP Workflow

**Hardware** ■ Intel 1300, 2300, 2400, 5400 servers  
Sun Fire v 1280 planned

**Operating system** ■ Microsoft Windows Server 2003  
Sun Solaris 8

**DBMS** ■ Oracle 9.2.0.4

**Number of users** ■ 200+