

## SAP Customer Success Story Banking – Property Investment Banks



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FGH Bank N.V.

### AT A GLANCE

#### Summary

When FGH Bank N.V. – a property investment bank based in Utrecht, Netherlands – decided to replace its legacy system and eliminate redundant data-entry work and inefficiencies in its loan processing, it turned to its long-time IT partner SAP for a solution. As a result, the bank now enjoys an integrated system, centralized information, and fewer errors.

#### Web Site

[www.fghbank.nl](http://www.fghbank.nl)

#### Key Challenge

Eliminating costly, redundant work and the inefficiencies associated with a legacy system that no longer met the bank’s requirements

#### Project Objectives

- Replace legacy banking software with an integrated solution from SAP
- Simplify IT infrastructure
- Reduce data redundancy
- Build platform for future growth

#### Solution and Services

SAP® Deposits application

#### Why SAP Solution

- Quality and reliability of SAP software
- Broad functionality for – and expertise in – the financial industry

#### Implementation Highlights

- Implemented the first installation of SAP Deposits in the Netherlands
- Replaced bank’s Orca legacy system
- Followed successful installations of SAP software for financials, loans, and treasury
- Completed project within budget
- Carried out extensive testing to ensure project success

#### Key Benefits

- Faster, more efficient loan processing because of integration with other SAP applications
- Simplified management of user operations and authorizations
- Centralized information and reduction of errors
- Integrated platform with which to support future growth

#### Implementation Partner

SAP Consulting

#### Existing Environment

SAP software for financials, controlling, consumer and mortgage loans management, and corporate finance management

#### Third-Party Integration

- Database: Oracle
- Hardware: Bull
- Operating system: IBM AIX

## FGH BANK

### Dutch Property Investment Bank Improves Efficiency by Moving from a Legacy System to an Integrated SAP® Solution

Dual systems for data entry – a process prone to inefficiencies, redundancy, and errors – prompted FGH Bank N.V. to replace a legacy system that no longer met its requirements. A user of SAP® software since 1994, the bank decided to enlist help from SAP Consulting and implemented – for the first time in the Netherlands – the SAP Deposits application. Moreover, the project enabled FGH Bank to create an integrated IT landscape that would form the basis for the company’s future growth.

### No Stranger to SAP Software

FGH Bank – a property investment bank based in Utrecht in the Netherlands and a subsidiary of Rabobank since October 2003 – has 200 employees working at its headquarters in Utrecht and also spread across six regional branch offices in the Netherlands. SAP has been a key IT partner of the bank for a while. In fact, over a 10-year period, FGH Bank has replaced all its legacy business applications with SAP software.

In the early days of the partnership, the bank implemented SAP financials and controlling software for its financial administration. Later, during the period when FGH Bank was owned by the German Hypovereinsbank, the company deployed SAP applications for its primary processes. For example, the bank expanded its landscape to include applications for processing consumer and mortgage loans – as well as for corporate finance management. The bank now uses SAP software as its core system and for processing all of its financial transactions.

### **SAP Quality and Continuity: An Easy Choice**

By deciding to implement SAP Deposits to replace the last of its legacy systems (Orca) and its inefficiencies, FGH Bank continued a long-time policy of considering SAP software as its first choice. “We decided early on that we’d no longer develop software in-house and instead buy complete software packages,” comments Ton Ritterbecks, the head of IT, process management, and organization at FGH Bank. “We chose SAP [software] for its integration qualities.” The bank’s rule of thumb for choosing extensions to its IT infrastructure is an 80/20 ratio. “In other words,” adds Ritterbecks, “if an SAP application covers more than 80% percent of our needs, we’re happy.”

When it came to considering the implementation of SAP Deposits, it was an easy choice. “We adhered to the same principle with SAP Deposits,” says Ritterbecks. After the FGH Bank had studied the SAP application, compared its functionality to the old

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system, and taken into account the company’s own requirements, the bank did not hesitate. “In this case,” Ritterbecks points out, “coverage of our needs was 90%.”

The SAP application offered attractive benefits. Aside from the strong points of quality and continuity, there was the cost. “Add the reasonable price we got, thanks to the framework agreement with our parent company,” says Ritterbecks, “and you can understand that any arguments against SAP [software] would need to be very convincing.” In fact, the bank was so confident in its choice, it didn’t even consider other solutions.

### **Making It Happen: A Practical Approach**

After the implementation project began, some initial start-up problems prompted SAP and FGH Bank to again put their heads together. Ritterbecks explains that FGH Bank was the first SAP Deposits implementation in the Netherlands, and, because of this, it was extremely important to SAP that it help the project succeed. And, of course, the SAP Consulting experts wanted to minimize risk. However, FGH Bank felt it could safely modify SAP’s traditional tried-and-true implementation method, and the partners sat down to work out a compromise.

“We’re only a small organization and have been an SAP customer for many years,” says Ritterbecks. “We knew exactly what we wanted.” The partners developed a new strategy. “We agreed with SAP Consulting that one of its experts would work with us full-time for a week to help us set up the system,” adds Ritterbecks. “That provided the basis we were looking for. After that, the cooperation [with SAP] worked beautifully, right up to the actual conversion – it all went absolutely perfectly.”

In spite of a slight delay in finding the right timing for the implementation, the project went smoothly. “It all went without a hitch,” says Ritterbecks. “We were able to keep to the planning schedule to the hour.” The project team appreciated the fact that the actual go-live is the most trying part of any project, and FGH Bank wanted to be absolutely sure that things would work as intended. The team recognized that, even though all the data was entered faultlessly, they could still encounter surprises further into the process. As a result, the team carried out extensive testing – with as many as eight separate test runs. “The bottleneck, of course, was that even though we knew the old system and its applications inside out, we were a blank page when it came to the new system,” adds Ritterbecks. “We had to rely on external knowledge to fill in all the gaps. Fortunately, this was amply available from the SAP experts.”

### **Centralized Data, Faster Work**

Now that all users have changed over to working with the SAP Deposits application, Ritterbecks doesn't hesitate to sum up the advantages. "The first thing you notice, from the user's viewpoint, is that it is no longer possible to enter the same data twice."

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A central customer database stores all the basic loan information, as well as the information about the collateral linked to the loans. In the past, Ritterbecks points out, the data always had to be retrieved from two systems: Orca and the SAP software.

Now, all the information is centralized, and this reduces not only redundant work but also the chance of error. According to Ritterbecks, it also enables staff to work much faster because they can now refer to data that is already present in the system. And, of course, it makes the user's life easier to be able to work with a single interface. Moreover, FGH Bank is able to better structure user profiles and authorizations. "The integration of financials and controlling is an important advantage as well. Our accountant used to comment every year [about the lack of integration]," says Ritterbecks. FGH Bank now has an automatic link between the two applications.

Ritterbecks points out that another success factor was the extra functionality the bank gained in the area of payment traffic. "The complete processing of payment orders and all incoming items via Interpay and SWIFT cross-border transactions – as well as Internet banking – now runs on SAP software," he adds.

The project was a financial success too. "I can tell you," says Ritterbecks, "that we managed to stay neatly within the budget for both purchase and project costs."

### **Already Looking Ahead**

With its legacy systems no longer operational and all of its primary processes now running on SAP software, FGH Bank is already making plans for incorporating new SAP applications. "We've started a preliminary inventory for [the] SAP Collateral Management [application]," says Ritterbecks. "This application will enable the bank to record information on secured loans such as mortgaged collateral, bank guarantees, homeowner's insurance, life insurance, and surety."

"With SAP Collateral Management," says Ritterbecks, "which has been developed by SAP in conjunction with three German banks, we can record collateral for secured loans in the proper structure and comply with the Dutch system." According to Ritterbecks, the consumer mortgage and loans functionality in the SAP software has the kind of international structure that resonates with the bank's philosophy. Ritterbecks adds: "From that perspective, we see SAP Collateral Management as a valuable asset."

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