

Jens Hielscher, ifb group
Dr. Susanne Wickenhäuser, ifb group

Front, middle and back office integration

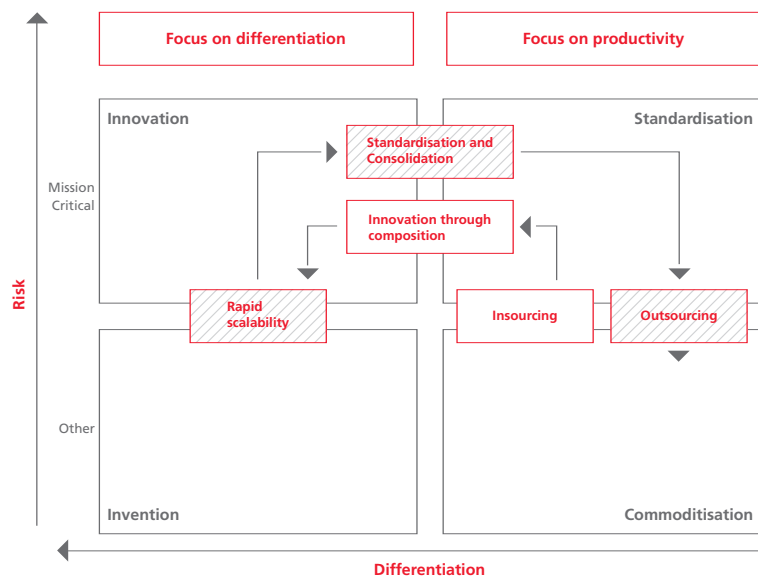
Process modelling with service-oriented architectures

An international comparative study in 2005 furnished proof that, on an international basis, heterogeneous, inflexible IT architectures pose problems for financial institutions. At great expense, banks react to the internationalisation of the financial markets, development of supervisory laws and changes in demand by using new applications on IT architectures that have often seen thirty years of development. Many banks operate highly complex, maintenance-intensive and expensive system architectures that conversely only offer limited possibilities and dampen innovation. What is required is a fundamental shift in thinking.

Internationally, over a third of financial institutes are considering IT realignment to improve the depiction of new business models, products and services. Legal guidelines should also be easier to implement and new components simpler to integrate. As a consequence, process modelling is based on service-oriented architecture (SOA). Its goal is to reduce the time required for strategic IT readjustment by two thirds. The elemental flexibility of IT allows optimal processes to be rapidly drawn from the business model and implemented without being restricted by data technology requirements.

Inclusion of services in processes

Initially, all processes relevant for the business model of the bank are recorded. As the process is regarded as a whole, system and organisational boundaries between front, middle and back office are irrelevant. This offers an opportunity to efficiently re-structure processes, avoid dual-tasking and organise lines of authority in such a way as to eliminate processing loops.





Technical implementation occurs once all the processes have been newly defined and documented in all branches: IT architecture components are then uncoupled and sorted into four tiers. The first tier comprises all the IT applications. In the second tier, fine-granulated services are extracted from these applications, while in the third processing tier, these services are coupled together to form processes. In the final presentation tier, the processes are subsequently tailored for use by end-users in the bank or for customers. On the basis of NetWeaver technology, SAP has developed a business process platform, the Enterprise Service Architecture (ESA), for the purpose of building service-oriented architectures. Using ESA, SAP systems and other platforms can be integrated. One service, for example, is the administration of a customer database that can be used, amongst other things, in loan provision or rating processes. SAP is already aligning its own software structure in the bank-specific SAP Financial Services Process Platform toward these new architectures, consequently setting a course for its further integration in respective bank IT architectures.

Banking

Change in strategic opportunities

The flexibility of IT using the SOA concept will have a far-reaching impact on bank controlling. Consistent data and methods facilitate the coordination of internal and external reporting. The performance comparison between business fields and a risk/return-oriented capital location is simplified, while, simultaneously, new products can be implemented more quickly and processed more efficiently. As a consequence, banks are able to strategically adapt their business models to far greater effect within the invention, innovation, standardisation and commoditisation cycle. In the first two phases, the bank is able to react quickly to changing market conditions and benefit from the advantages they bring. In the third and fourth phases, resources can be saved through process optimisation and outsourcing of permanently defined processes.

Consequently, the task involves much more than simply replacing IT architecture that has reached its limits: it concerns the future structure of the bank, its position on the market and its strategic orientation. As a proficient partner of SAP AG and a specialist in bank controlling, the ifb group provides its customers with all the required know-how, detailed knowledge of the banking industry and financial management, and offers process analysis and modelling by specialists with practical banking experience and comprehensive IT expertise. This is bolstered via our cooperation with IDS Scheer AG, the manufacturers of the process modelling tool ARIS. Overall, the uniform approach facilitates the definition of effective individual processes, streamlined total solutions through the multiple application of IT services, efficient employment of human resources and improved IT cost controlling.

