

Risky business



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With no CEO, outdated core banking systems and just seven IT staff, Commercial Bank International knew its operations were close to breaking point. Imthishan Giado reports on how fresh thinking turned the bank around.

It's not often that an organisation decides to revamp its entire IT infrastructure - and even rarer in the case of a major financial institution which usually tend to fall in the more conservative end of the technology spectrum.

Yet this is precisely what the UAE's Commercial Bank International (CBI) has done with the installation of its new SilverLake core banking system.

As the bank's CIO Faris Saddi says, the installation was part of a larger effort to drag CBI's ancient systems into the modern era.

"When I came to the bank in April 2006, there was only seven IT staff working here. CBI had an archaic core banking system dating back to 1991 which had very little functionality, in addition to a trade finance system that was purchased in 1992. Our hardware had no backup whatsoever. We had no treasury systems, the call centre could only handle eight calls, we had no trade innovation systems, no Internet banking and no CRM," he outlines.

As CBI was clearly in a far-from-ideal state of affairs, Saddi quickly set to work to redress the balance.

"I decided that what we needed was to install the largest possible integrated banking system available. I was really in a lucky position; since we didn't have a lot of third party systems, I could just start fresh," he says.

"We decided not to do an RFP because the bank employees were not qualified to do one and if we were to hire external consultants, they would have to get information from the staff. What we decided to do instead is look at the largest possible banking systems on offer and then do the selection based on workshops, presentations, evaluations, and customer visits. There was no proof of concept done because well - we can't do a proof of concept for a whole bank," he admits.

The final shortlist came down to two core banking vendors: Finacle and Silverlake. The latter eventually won the contract on the basis of the fact that it had what Saddi describes as a fully functional Islamic banking module, in addition to ATM and card management systems. EMW was employed to perform the integration.

With the choice of system selection complete, CBI moved onto the implementation phase. Here again, Saddi went against orthodox thinking with his decision to go for a "big bang" approach instead of a phased one.

"Since it's a very big system - and the bank wanted to upgrade quickly - the decision was made to implement almost all the modules concurrently rather than module by module. It was a calculated risk but we could not avoid it, as the bank was progressively entering into the market, we had to implement everything at once," he says.

The completed system came to a total of US\$4 million including the cost of implementation which took one year and two months from October 2006 to January 2008. The project was actually ready to go live in November 2007, but Saddi explains that CBI's auditors Ernst and Young were not comfortable with converting to a new unproven system so close to the end of the year.

He adds that such a major task naturally demanded a surfeit a lot of manpower: "While all the systems were going and the infrastructure was being changed

concurrently, we had to foster and strengthen the infrastructure team so we hired a lot of operational staff. Silverlake were very committed to this project; they put 45 consultants on the ground to implement the system along with us.

"Instead of going into the market and stealing employees from other banks, I went to Malaysia and Indonesia and hired about 30 Silverlake-experienced people that could come in and be productive right from the start. The IT team will also grow as well - it's about 40 now, going to 70 in the future. We had to hire people within a very short period of time to make all this happen," he states.

CBI faced a number of challenges during the project, but none more so than the resignation of the CEO in May 2007. Saddi admits that it was a testing time for him.

"The bank had no CEO for a period of one year - so I had to drive the project very strongly. The board of directors also didn't have a very visible presence in the bank so I had to drive the project along with the users," he explains.

Another problem arose when Silverlake faced difficulty finding affordable accommodation for its staff. Saddi devised a novel solution.

"The vendor had 45 staff on the ground as part of the contract. Its biggest cost turned out to be accommodation. I looked after that, renting three villas in Mirdiff that have four bedrooms each. Therefore we had no problem in any staff going in and out of hotels. This saved the bank about \$700,000 in just rental alone," he says.

Post-implementation, Saddi notes that the results have been impressive: "We actually realised a saving of \$4.3 million per month as a result of changing the system - because the old one could not book car loans properly as being flexible interest rate systems. When we used one of the other systems linking the interest to the base rate, we had to update about 6000 accounts every time the rate changed. So there was a lot of process saving as a result of the system."

In closing, he provides a special note of thanks to the partners who helped him with this at-times ambitious project: "Since it was the first SilverLake installation in the Middle East, they had to take a lot of time in customising it. They willingly accepted all the customisation cost to localise the system for the Middle East

market.

From the integrator side EMW provided the call centre which was being built in parallel to the core banking project. As a CIO, I was completely occupied with the latter - so we needed a very strong vendor to help. EMW were very accommodating - they took the driving seat, working with our staff."