SAP Industry Value Stories

Banking and ERP in the Experience Economy
Key Business Drivers in Banking

97% of banks in the Forbes 2000 innovating with SAP® solutions

68% of customers are willing to pay more for better customer service*

>50% of organizations will rely on AI to drive supply chain transformation


Seamless Connectivity
- Provide new products and services with frictionless experiences
- Use AI technology to provide real-time products and services

Data-Driven Intelligence
- Understand customer desires and outcomes
- Make accurate decisions to provide customer-of-one offerings

Operational Effectiveness
- Deliver customer-centric products and services with complete customer view
- Optimize processes by embedding machine learning and other innovative technologies

Financial Insight and Risk Control
- Implement innovative business and finance operating models
- Meet regulatory requirements and accounting changes cost-effectively without sacrificing efficiencies

“Quickly adapting to change – foreseen and otherwise – is the critical, central capability for every organization.

Systems and technology must be an enabler to this change, not an impediment.”

Simon Ellis, Program Vice President, IDC
New Business Models and Routes to Banking Profits

Banks that stand apart have emerged as leaders through adoption of new business models. They drive sustained, value-added relationships with consumers seeking “outcomes” rather than just “loans”. This builds long-term relationships with investors and consumers and is based on a deep, real-time understanding of their evolving wants and needs.

From ...
- Managing loans and risk
- Static, one-size-fits-all experience
- Reactive, push-based marketing
- Limited analytical capabilities

To ...
- Managing assets and managed services
- Dynamic, highly personalized experience
- Value-added recommendations
- Real- and full-time analytics
Traditional Processes Are No Longer Good Enough
Example: Risk Analysis and Mitigation
Batch-oriented approach
to risk management
activities, product-
level application of risk
processes, significant
burden of human review
and evaluation required
throughout

Ineffective and
slow-to-respond
processes with
heavy resource
burden

Take action to
mitigate risk

Manual, disconnected
processes, limited or non-
existent aggregate views of
customer interaction across
channels and products

Lack of integration, dispa-
rate legacy applications
and data silos, independ-
ent system that accounts
for customer data uniquely,
aligned customer data

Challenge:
Analyze and profile

Extreme difficulty
in predicting
customer intent
and therefore
capital needs

Risk profile without
corresponding
returns

Outcomes:
Gather data

Resource-intensive
manual processes
without holistic
view of the
customer

Increased risk
profile without
corresponding
returns

Report

Difficulty responding
to market conditions
effectively or in time, best-
guess approach to capital/
reserve requirements
planning

Analyze and profile

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Ineffective and
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Financial Insight and Risk Control
Example: Intelligent Risk Analysis and Mitigation
Key capabilities delivered

Gather data

• Unified data for single source of risk management
• Harmonized view of customer across products/services
• Streaming, real-time transactional data combined with historical values
• Intelligent alerts

Analyze, profile, and take action

• Always-on risk profiling and analysis
• Abnormalities flagged for human review and action
• Intelligent trend, pattern, and customer behavior analysis
• Real-time intent monitoring including 3rd-party data sources
• Natural language queries
• Automated counterparty risk assessment

Predict

• Forward-looking scenario calculations
• Real-time risk modelling
• Positional risk analysis including asset valuation, exposures, and reserves
• Intelligent detection of unusual business situations such as liquidity items or expenses

Intelligent technology outcomes

A unified financial system improves accuracy and the customer experience

Real-time, intelligently-automated processes reduce fraud and risk

A more accurate, real-time understanding of banks position/risk exposure increases revenue

SAP S/4HANA® customers achieve

66% increase in willingness to pay for better customer experience

30% fewer processing errors

45% increase in revenue growth with information as a key strategic asset

Gather data

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What Industry Leaders Are Doing Today
Examples
Erste Group Bank serves the needs of 16.2 million customers both online and through more than 2,600 branches in seven countries. To modernize its solution landscape, Erste Group IT implemented SAP S/4HANA and now runs on a single digital core, allowing it to unite international banking operations and use data to deliver better consumer experiences.

**Challenges**
- Existing system landscape that became increasingly complex, making upgrades challenging and costly
- Business processes that had deviated from best practices and required great effort and time to adapt to customer needs and market opportunities.

**Benefits**
- Increase in transparency, which leads to faster and better reporting and empowers quick, reliable decisions
- Optimization of back-end processes in finance, controlling, planning, and procurement
- Improvement in internal efficiencies
- Better system stability and security
- Stronger adherence to best practices and international accounting standards
- 100% readiness to run live and deliver better user experiences
- 1 digital core to unite the enterprise and drive innovation
- 3 countries with IT operations consolidated into SAP S/4HANA
- 0 issues during implementation that required support from the development team

"With SAP S/4HANA, we are prepared for the future of banking and positioned to deliver on our promise of making life easier through intelligent and adaptable technologies."

Peter Grebeci, Head of Finance and the ERP Competence Center, Erste Group Bank AG
Challenges
Iceland’s financial crisis of 2008 had devastating consequences for many of the country’s businesses. Lykill fjármögnun hf, a financer of business equipment, machinery, and private cars, was able to survive the economic collapse by restructuring its enterprise. Having finally brought the number of contracts under management back to pre-crash levels, the company decided to expand into the full-service lease and fleet-lease corporate market. To support this diversification and the expected growth it would bring, Lykill fjármögnun hf sought an IT platform that was quick to respond and user friendly.

By migrating to SAP S/4HANA and SAP Fiori® apps, Lykill fjármögnun hf has achieved:
• Better customer service, with daily status updates issued in 10 minutes rather than 4 hours
• A reduction in financial closing time, cut from 4.5 hours to 1.5 hours
• A 1,000-fold reduction in customer debt-to-income analysis, down to 3 seconds
• Approximately 3 times faster payment runs, accruals posting, and loan valuations, down to 30 minutes
• An 80% reduction in database size
• More efficient billing and debt-to-income ratio reporting, freeing up resources for value-added activities such as introducing a new self-service site for customers
• Lower training costs for new employees, thanks to an improved user experience with SAP Fiori

Knowledge and experience are an integral part of what makes our company special. SAP S/4HANA helps us pool these resources to respond quickly to customer needs and adapt to change.”

Curd Abstoss, Head of IT, Lykill hf
Compartamos embarked on a digital transformation journey to revamp its core banking system to offer digital solutions to its customers. They implemented SAP S/4HANA, which provides Compartamos flexibility in defining new products, with a shorter time to market.

**Benefits**
- Simplification of back-office processes
- Decreased operation costs
- Reduced time to market for new products and offerings

**Challenges**
- Compartamos had outgrown legacy systems and needed systems to serve its 3 million customers
- Needed new core banking solutions
- Needed to bring new business models to market faster
- System needed to decrease operating costs and simplify back-office processes

**SAP S/4HANA Innovations**
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