



Customer Testimonial

Kaupthing Bank

ERP STRESS TEST: 5 BANK MERGERS, 8 COUNTRIES IN 8 YEARS;
AGRESSO HELPS ICELANDIC CHAIN MANAGE CHANGE IN A “BLINC”

Overview

The financial services industry is renowned for its inclination to merge and acquire assets. This scenario is then followed in theory, by an ever wider array of services at a reduced cost per client. The trick, as in any serial acquisition and consolidation strategy, is how to quickly eliminate redundancies, manage the risks and keep the combined business running smoothly.

Professional IT services organizations for the large enterprise resource planning (ERP) giants – SAP, Oracle and Microsoft – have made millions on installing, uninstalling and reinstalling the technology solutions underpinning these types of business. This is a market that Agresso calls BLINC (TM)—that is Businesses Living IN Change.

However, combining the data, business processes and reporting of two companies on disparate technology platforms is the nightmare of C-level executives. Unless, either one of the companies is using the Agresso BusinessWorld ERP solution.

Over the past eight years, Kaupthing Bank, has put Agresso to the test. Kaupthing, headquartered in Iceland, is a Northern European financial

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services firm offering integrated services to companies, institutional investors and high net worth individuals. The company first installed Agresso in 1999 and has since managed five mergers in eight countries. By the end of 2007, Kaupthing will have operations in 16 countries: Denmark, Faroe Islands, Finland, Iceland, Norway, Sweden, Luxembourg, Switzerland, the U.K, the U.S., Dubai, Qatar, Belgium, Netherlands, Germany and Singapore.

The Business Need

Guðmundur Halldorsson, IT Application Administrator for Kaupthing, has been an employee of Kaupthing since 2001, but familiar with Agresso applications as an IT industry consultant since 1996. He admits that his 10+ year experience in supporting Agresso through various cycles of change – without undue organizational stress and investment – has impacted his opinion of how businesses should be able to deal with change.

“When I read all of the articles or hear from other IT professionals about the amount of pain involved with supporting business change, I am always surprised,” Halldorsson said. “With Agresso, mergers and acquisitions may be a very big deal at the strategic level and certainly in decision making on offices, people/role redundancies, etc...but from a technology perspective this is a simple, logical activity that can be accomplished via Agresso. Data is data; financials are financials; and once the decision is made by management on which business processes to support, it’s fairly easy to incorporate merged companies into the Agresso solution.”

Halldorsson explains that each acquired bank has had its own prior ERP solution in place. “In each case we take a hard look at what would be

involved to either leave them on their systems or move them to Agresso, so the Agresso solution is challenged," he said. "I can tell you that it never happens with us that ongoing change will be easier with the 'other' solution. Once these other firms see how much better the Agresso architecture is in handling change – they wonder why they stayed on their old systems so long."

The Benefit

As each successive bank is brought into the Agresso customer base, Halldorsson says he hears the same comments about the Agresso platform from the technology professionals that have been "acquired" in the process:

- Superior scalability;
- Unlimited change management;
- The tightest analytics integration (to data sources/applications) they've ever seen;
- Great integration with Microsoft technologies.

"You read a lot of literature from the big ERP companies about their OLAP (on-line analytical processing) capabilities tied to accounting and other solutions, but there is absolutely no comparison to what you get with Agresso," Halldorsson said. "The level of analytic integration you get with the big ERP companies is far behind the native built-in capabilities of Agresso. And Agresso costs a lot less too."

"It may take months or even years until we complete our business analysis, but once that occurs, the Agresso change capabilities make the process relatively quick and painless."

At the end of 2006, Kaupthing reported some \$60 billion in assets and had grown to 2,719 employees, including 200 IT professionals that support rudimentary hardware/wiring/desktop needs. During this same period, the Agresso support staff only grew from one to three employees (two of which are heavily involved in other, non-Agresso IT activities). To get a sense of how well Agresso supports change from a cost basis, even if the three employees are erroneously calculated as "pure Agresso support" – that would mean Kaupthing's employee population grew more than 2,500% – but its Agresso support staff only needed to grow 150% to support the Agresso installation.

In peak periods with multiple mergers that require assimilating new employees' IT needs, Halldorsson confesses he "knows his personal limits" and adds a few external consultants from a local firm, but says, "that amounts to just 10-20% of additional IT work."

Kaupthing is on track to complete an acquisition of a Dutch Bank

that will add operations in five additional countries by year end 2007. According to Halldorsson, Kaupthing fits the definition of what Agresso calls a BLINC™ organization – a "Business Living IN Change. "We are very thoughtful in our approach to incorporating the IT structures – the hardware, networking, servers and finally the business software," Halldorsson said. "It may take months or even years until we complete our business analysis, but once that occurs, the Agresso change capabilities make the process relatively quick and painless."

About Kaupthing Bank

Kaupthing Bank offers commercial and investment banking services to individuals, companies and institutional investors. The Bank is a leading player in all the main areas of the Icelandic financial market, and in addition to Iceland, the Bank's key markets are Denmark and the U.K. The Bank focuses on the growth and development of its international activities and aims to be one of the leading investment banks in northern Europe.

Kaupthing Bank currently operates in twelve countries with its headquarters located in Reykjavik. The Bank's main subsidiaries are FIH Erhvervsbank in Denmark, Kaupthing Singer & Friedlander in the United Kingdom, Kaupthing Bank Sverige, Kaupthing Bank Luxembourg, Kaupthing Bank Oyj in Finland, Norvestia Oyj in Finland, Kaupthing New York, Kaupthing Asset Management in Switzerland and Kaupthing Norge in Norway. The Bank also has activities in the United Arab Emirates (Dubai) and Qatar and operates a branch in the Faroe Islands. As of 30 September 2007 the number of full-time equivalent positions was 3,190 at Kaupthing Bank and its subsidiaries.



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