



**MINDSPIRE**  
CONSULTING

# How to initiate core banking implemetation programs

2019.04.09



**MINDSPIRE**  
CONSULTING



# Company introduction

# Scope of Services



Consulting services (near-shore, on-site)



End-to-end support and post go-live support



Data and process migration supported by migration methodology and engine



Online on-boarding and internet bank implementation



Core Banking System implementation and upgrade projects



Process and product simplifications



PMO services and Project managers preceded for large-scale projects



Business focus front-end implementation and upgrade projects



Consultants and teams with real experiences in an international environment



Professional management control and support



Minimizing risks with bringing in clear concept, realisation strategy, project plan and work distribution approach for internal participants, third party vendors and other players as well



Ready-to-travel, well-trained experts, and local consultants with native language knowledge.



Speeding up projects with real implementation experience



Using proprietary frameworks, which help reduce the length of a complex IT project

**ORACLE**  
PARTNER

Since 2018

**2016**  
Company  
foundation

**130**  
Headcount



**1 mln+**  
EUR revenue  
budgeted for 2019

**11**  
Clients

# Mindspire Market Strategy

## Hungary



- Full-scale service at strategic accounts (Tier 1 Banks)
- Core and new services at opportunity accounts



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- Legend for Europe:
- Headquarter (Black circle)
  - Current countries (Teal circle)
  - Target countries (Yellow circle)
  - Opportunity countries (Light teal circle)
- Bank locations in Europe:
- VUB BANKA (Current)
  - splitskabanka (Current)
  - vojvodanskabanka (Current)
  - dskbank (Current)

## Europe



- Direct with core and new services (OTP, ERSTE, KBC, INTESA)
- Indirect through partners (Oracle, BIG4s)





# Core Banking Services Overview

# CORE BANKING DELIVERY CYCLE IS BASED ON EXTENSIVE EXPERIENCE AND KNOWLEDGE

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## 1. Preparation

PM SC BA

- Vision and strategy definition
- Create implementation roadmap
- Project planning
- Create system implementation concept
- BPR, simplification

## 2. GAP analysis

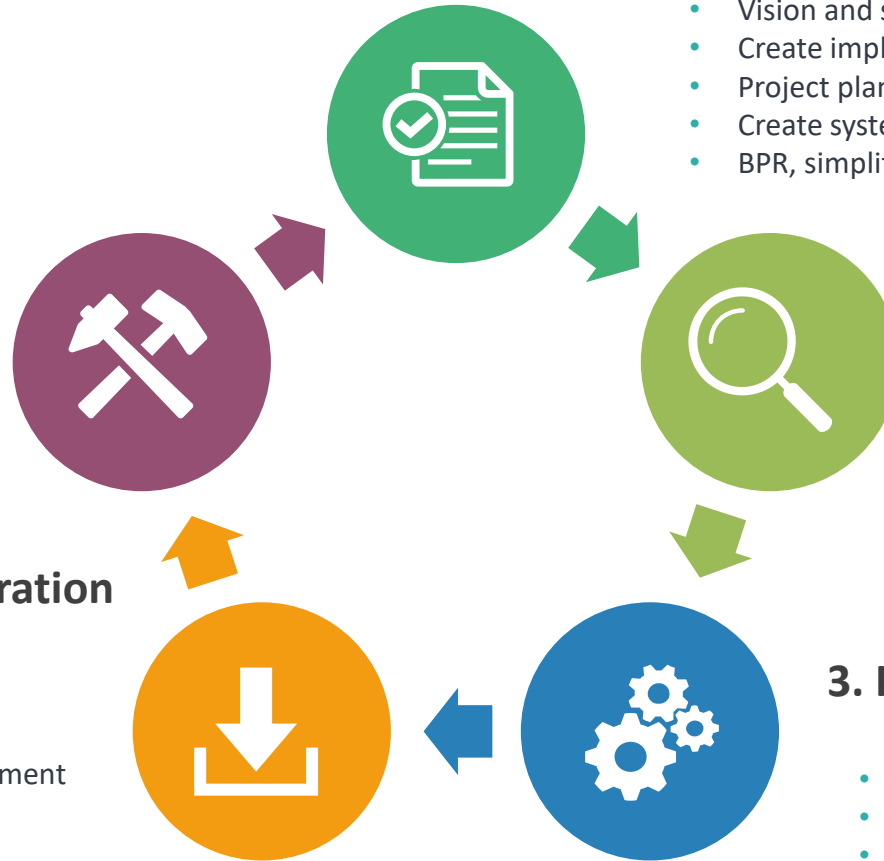
PM SC BA Arch

- Business requirement definition
- Detailed GAP analysis
- Create tender documentation, vendor selection
- Create feasibility study

## 3. Implementation

PM QA BA Arch SA DEV  
INT TM

- System localization, unit testing
- Parameter set up
- Functional testing
- Acceptance testing
- Performance testing
- Roll out
- Training



## 5. Maintenance, support

PM BA DEV Arch

- Project quality assurance
- SCRUM, LEAN, AGILE methodology support
- Body shopping from business expert pool
- Body shopping from technology expert pool

## 4. Data migration

PM QA BA ME

- Migration strategy preparation
- Specifying source files
- Mapping preparation
- Migration tool parameterization/development
- Migration tests
- Roll out
- Reconciliation strategy and tool

### Available skill set:

<b>PM</b> Project Manager	<b>SC</b> Strategy Consultant	<b>SA</b> System Analyst	<b>INT</b> Integrations Expert	<b>TM</b> Test Manager /Tester
<b>QA</b> Quality Assurance	<b>BA</b> Business Analyst	<b>DEV</b> IT/Developer	<b>ME</b> Migration Expert	<b>Arch</b> Architect

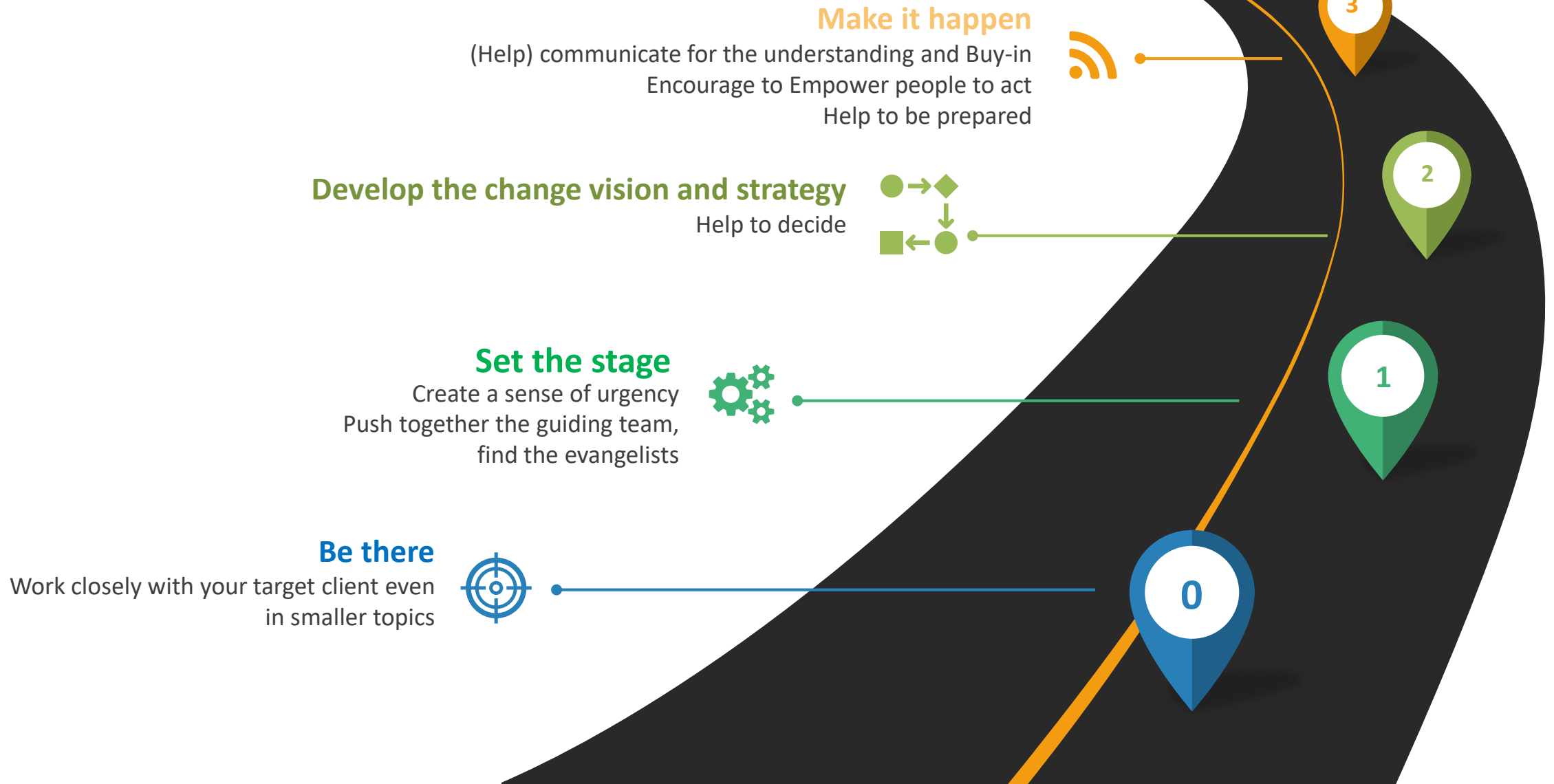
A top-down view of a desk with various office supplies including a laptop, calculator, notebook, and documents. The desk is covered with a dark wood-grain pattern. In the top left, there is a 'Tax Refund Form' and a 'Financial plan' document. In the top right, a laptop is open. In the center, there is a coffee cup. In the bottom left, there is a spiral notebook with a bar chart and a calculator. In the bottom right, there is a smartphone displaying '08:15' and a calendar page. The text 'Project preparation' and 'Lessons learned' is overlaid in the center in a large, white, sans-serif font.

# Project preparation

## Lessons learned



# EVERY CBS IMPLEMENTATION IS A MAJOR CHANGE PROGRAM - FOLLOW ITS PATH





# CREATE A SENSE OF URGENCY



„The right digital strategy can boost profitability by 40 % or erode it as rapidly as 35% in the next 5 years...”

## TOP 10 2018 focus in banking – how far we are?

1. Removing Friction from the Customer Journey with mobile-centric view and new channels
2. Improving Multichannel Delivery
3. Expanding Use of Data and Advanced Analytics
4. Embracing PSD2 and Open API Banking
5. Building Fintech Partnerships - not just payments! (insurance, wealth management)
6. Expansion of Digital Payments
7. Navigating Compliance and Regulatory Changes
8. Exploring Advanced Technologies
9. Competing with New Challengers
10. Testing Blockchain /Distributed Ledger Technologies



„...The international and Hungarian examples show that many companies already agree that they **require a large-scale IT change to get ready for Digital...**”

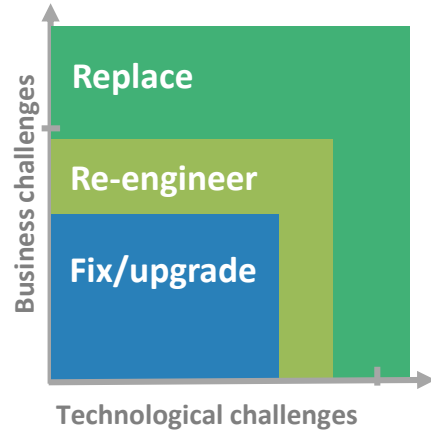
*Is our existing banking architecture an enabler or inhibitor to growth?*

# DEVELOPE THE VISION AND THE STRATEGY



## Renewal options for core architecture

- Business Challenges
- Technological challenges



Create proper business case



Digital challenges in the past 3-5 years



Architectural challenges nowadays



# MAKE IT HAPPEN – PREPARATION ON CLIENT SIDE

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Transformation cannot be done purely in IT. Changes across the organization are required.

Successful CBS renewal is a part of a multi-level simplification program.



Be prepared for the typical design phase project pitfalls.

- Over-customization
- Old legacy system rebuild
- Governance process is not tailored

# MAKE IT HAPPEN – PREPARATION ON INTEGRATOR’S SIDE

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## Methodology



Common language  
Cookbooks, templates  
Detailed approach for project execution based on best practices

## 3rd Party product knowledge



Skilled modul experts  
Comprehensive system knowledge

## IT tools, accelerator



Own developed scripts, systems, tools to speed up process or mitigate risk

## Expert profiles and trainings



Available training materials  
Identified resource needs

## Partner Network



Continuous professional relationship with vendors or professional subcontractors

## Professional Team



Critical mass of trained and experienced consultants





THANKS FOR WATCHING

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Backup slides

# FLEXCUBE Services Overview

# READY TO USE MINDSPIRE IMPLEMENTATION METHODOLOGIES AND TOOLSET



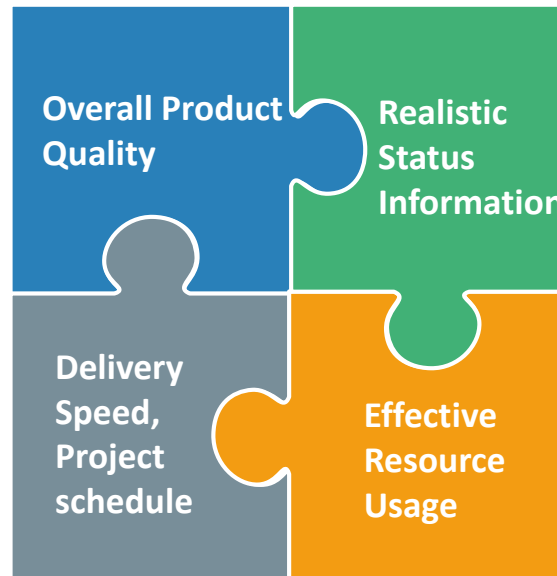
## Project and program governance

- **Program management (PMO) methodology** - ensures the multilevel status reporting for all prerequisite (enabling) projects and follow up activities (necessary legacy changes, interface development, HR or legal tasks, client related activities i.e. reconstructing). Enables accurate project tracking.
- **Project management methodology** tailored for CBS implementations.
- **Effective CBS implementation project organization and governance structure model** – defines the roles and responsibilities and reporting lines and cooperation for all involved parties (vendor, SI, bank). Proven team structure for efficient E2E delivery of business requirements which ensures the flexibility in implementation and rollout approaches. Team (and task) breakdown supports the continuous and realistic status information.

## Requirement definition

- **Business Requirements specification** methodologies: questionnaires, document templates tailored for future gap analysis in a holistic manner (overall product characteristics, accounting, reporting and other operational requirements).
- **General banking process and product catalogue utilizing our proprietary simplification methodology:** Covers the universal banking operations (all business lines) both value generating and supporting processes (L3 level).
- **Gap analysis methodology** - tailored for CBS: it is a holistic, real business driven approach resulting in not only the FC parametrization / implementation tasks but integration and other (add-ons) development task.

MINDSPIRE methodologies and tools are developed to mitigate classic project implementation risks



## Data migration methodologies and tools

- **Data Migration methodology** –special focus on auditability, separation of roles and responsibilities, pre-migration data cleansing and multi-level (analytical and accounting) reconciliation.
- **DELTA - Data migration tool** with ready to use loader to CBS, easy-to-use user interface to manage product and field level data mapping and transformation.
- **Data migration validating methodology** – checking the result of the process, creating analysis and statistics

## Testing methodologies and tools

- **Test methodology** – clearly defines scope, documentation, and roles and responsibilities the whole testing cycle from elementary development to User Acceptance Tests.
- **Complete specific test catalogue and test cases** – including detailed input parameters and expected values, results.



# KEY LESSONS LEARNED FROM SUCCESSFUL CBS IMPLEMENTATIONS

## KEEP CONSTANT FOCUS ON KEY SUCCESS FACTORS

### DESIGN

#### Typical project pitfalls

- Business requirement definitions rely on capabilities of existing legacy systems
- Existing product portfolio attributes are more important than 3-5 year strategy and the emerging trends
- Key Issues:
  - Typically over-customized solution
  - Business tries to rebuild the old legacy system
  - Governance process is not tailored to new value creation

### TEST / IMPLEMENTATION

- Testing phase starts only at the end of the project, when all developments are ready
- Customer accepts tests executed by the Vendor as a substitute for the real user acceptance test
- User acceptance test is started only in a later phase, and in case of a schedule problem, this phase is shortened first
- Key Issues:
  - Late discovery of bugs and additional requirements
  - There is no time for bugfixing
  - Incomplete / too short UAT testing phase
  - Go live without completely accepted UAT

## Successful CBS implementations

### Follow package-led approach, cut complexity and set up strong governance to support simplification

- ▶ Simplification of products, data and processes in early preparatory phases
- ▶ Strict compliance rules on parallel legacy projects focusing on future target architecture
- ▶ Bank understands and utilizes out of the box features of the solution when planning future operations and processes
- ▶ Both IT and business team are „package” trained, business requirements follows the system's approach and inherent business logic
- ▶ Developments are shared with the customer regularly, ensuring continuous testing possibility
- ▶ Stakeholders are familiar with the progress of the development, and the completed tasks which leads to customer satisfaction
- ▶ Continuous quality assurance and control during the whole project
- ▶ Business takes the lead in the user acceptance test process
- ▶ Proper Data Migration approach is selected ensuring the least burden on the organization and the project team
- ▶ Vendor is available during the whole roll out process

# SPECIFIC ORACLE FLEXCUBE UNIVERSAL BANKING 12.X (AND ABOVE) KNOWLEDGE



Regarding Infrastructure Architecture, we provide coordination, PMO services and expert support.

HW and Middleware infrastructure management falls within the responsibilities of the Bank, however Mindspire provides professional support on demand.

Installation of FLEXCUBE instances are carried out by ORACLE and subsequently by the Bank IT to build operational background.

Out of the box interfaces of FLEXCUBE are SOA compatible, yet require significant effort to fine tune and customize to specific needs.

Mindspire provides support on demand to establish initial connectivity.

We coordinate base product installation activities and offer expert support if the Bank requires so.

**Takeaways** from past implementations:

- The initial installation of FCUBS was difficult, therefore the involvement of OFSS proved to be very important – required support should be part of contract.
- The stable initial install was then cloned to a separate environment and tested – in fact **the first install proved to be the only one instance** of the product that was installed. Every subsequent environment was copied from this environment.
- Following the initial testing a reference "**Golden Copy**" environment was created to hold the latest stable parameterization without customer data in the system. This environment was used as the basis of creating any additional environments (Migration, Integration, UAT environments or production).
- Golden Copy was patched and updated in parallel with other environments with a slight delay due to QA reasons. Updates included the latest tested parameter set.
- Multiple test environments need to co-exist, strict release control (on SW and data) is key.

# SPECIFIC ORACLE FLEXCUBE UNIVERSAL BANKING 12.X+ KNOWLEDGE



During a recently completed **GAP analysis** with **FCUB v12** the Bank's business requirements were collected in standard templates during 3-party workshops/interviews together with the Bank's subject matter experts and the vendor.

GAPs were identified throughout the course of the 3 party workshops.

We facilitate the process by offering alternative solutions based on our expertise with FLEXCUBE.

We encourage reuse of already developed FLEXCUBE modules and solutions (deployed at other sites) based on our previous experiences.

**Full ownership of parameterization.** We carry out the initial parameter design, ORACLE validation workshops and subsequent parameterization of the system until go-live using the built-in parameter export-import tools and strict version control.

Primarily, we provide **coordination and PMO** services with regards to the **customizations**.

We support the standard ORACLE process of creation of business Requirement – Approach Document – Functional Specification.

We participate in the negotiations providing second opinions and alternative workarounds and simplifications to customizations suggested by the vendor.

Our colleagues have designed, documented and developed **FCUB 12 I/O online and batch interfaces for**

- Card, Frontend, Netbank, Payments / Clearing SAP BP, SL, Loans, DWH/reporting, IDM, Treasury domains

Our colleagues extensive experience with **FlexML**

- Besides fine-tuning and bug-fixing we designed and developed composite services to reduce the complexity of service calls and improve integration

Our colleagues also have extensive experience with **FlexCube's data structure** – this knowledge has been used for writing **custom reports** as well as other **outgoing interfaces**, views to support integration.

# SPECIFIC ORACLE FLEXCUBE UNIVERSAL BANKING 12.X+ KNOWLEDGE



Regarding performance tuning and optimization – we provide coordination, PMO services and offer expert support on behalf of the Bank.

- We found that the vendor will take responsibility for the system’s performance only if they do the sizing, db and app server configuration with the Bank themselves.
- In our projects we have found that **the vendor does not support any changes to FLEXCUBE’s code or data structures by third party vendors**. We were successful at **documenting the exact circumstances** of any issues (performance or otherwise), **reproducing or refuting** them – proving their existence – and thus **speeding up many problems’ acknowledgement and resolution**. We had some success with suggesting to the vendor which exact parts of the code need to be changed for the issues to go away.
- We have **limited experience regarding performance tuning specifically with FCUBS version 12.x+**, as our role was to integrate FCUBS into the bank's architecture, creating additional functionalities, providing new interfaces, parameterization, project management and PMO services.
- The bank itself had capacities to solve performance issues, especially related to the DB, and also experience with older version of FC (7.x), and the OFSS core team and OFSS consulting were responsible for FCUBS.

We provide support for **maintenance and operations** with:

- **methodology**
- **ALM / deployment tooling**
- parameter releases that contain the required changes to parameters
- Parameter reconciliation between environments
- **expert support**
- **training for IT operations**

**Takeaways** from our past implementations:

- We recommend that the **End of Cycle** operations are controlled by **API calls** instead of using frontend.
- Initial parameter design has a significant impact on EOC performance, to be considered.
- Daily backups and data extracts to be planned with care, considering the time required and the exact state of data during the EOC process.