

[Bawag P.S.K.]



Major Austrian bank employs FrontCollect Payment for high-volume receipt processing

Industrialized payment transaction workflow

About the company

BAWAG P.S.K., Austria's largest retail bank, was formed on 1 October 2005 by the fusion of BAWAG P.S.K. Bank für Arbeit und Wirtschaft and Österreichische Postsparkasse AG. The major bank serves 1.2 million private and more than 60,000 business customers, has the country's largest centrally controlled sales center and manages a savings volume of 18.5 billion Euros – more than any other bank in Austria.

Sector

Financial services

Facts & Figures

Year of founding:	2005
Head office:	Vienna
Balance sheet total:	51 billion Euros
Managing director:	Univ. Prof. Dr. Ewald Nowotny

Challenge

Creation of a uniform software platform for the industrialized processing of domestic and international payment transactions

Products employed

Beta Systems Front Collect Payment, Beta Systems ProSort, Kleindienst large-size scanners SC 1660 and SC 80 h

Benefits arising from the solution

Bawag P.S.K. is able to manage their payment flows more economically and can also generate additional revenue by offering services to other banks.

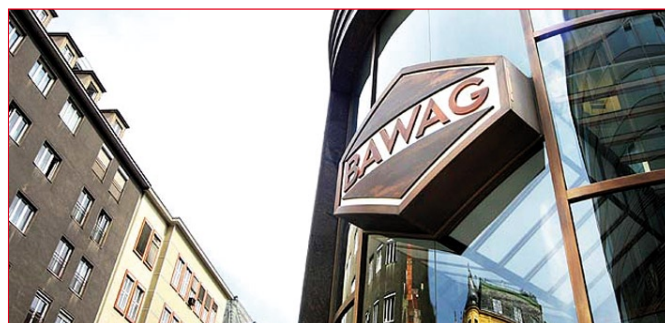
Competitive advantage

Thanks to accelerated capture and analysis of incoming data, Bawag P.S.K.'s staff can engage in more qualified tasks, greatly improving productivity.

With its approximately 1,500 offices, BAWAG P.S.K. has the most comprehensive branch network in all of Austria and also handles the largest number of payment transaction documents in the republic. Up to 400,000 documents are scanned centrally or locally, and the digitized data is then transferred to the bank's core database at company headquarters in Vienna. To handle this formidable challenge, BAWAG P.S.K. trusts in hard- and software as well as the expertise of Beta Systems Software AG. Owing to its scalability, the system can even map all of Austria's payment transactions within a data processing factory. Thus the idea of creating a payment transaction alliance for all of Austria – which arose at the turn of the millennium – is made real with the help of Beta Systems.

In 2003, BAWAG P.S.K. outsourced the processing of their entire payment transactions by creating a separate company, BAWAG P.S.K. Zahlungsverkehrsabwicklungs GmbH. The idea was also to cooperate with other credit institutions to further increase the economies of scale in processing Austria's payment transaction streams. A key prerequisite for this was to set up a modern IT infrastructure, a task that was accomplished with products from Beta Systems Software AG.

The newly implemented payment transaction system of BAWAG P.S.K. is the largest application of its kind in the financial services sector of the Alpine republic. In the past few months, 1,500 branch offices were equipped with scanner hard- and software, and three Kleindienst series SC 1660 and SC 80 h large-size scanners with ProSort controlling software were installed at the central data center of BAWAG P.S.K. Also, Beta Systems' payment transfer processing system FrontCollect Payment was installed on 150 workstations on site in Vienna.



Beta Systems products now process a third of Austria's payment transactions

Any paper-based documents delivered to the bank are now forwarded to FrontCollect Payment. This amounts to about 80 to 100 million documents each year – 30 percent of the entire payment transaction volume of Austria. Checks are slowly but surely becoming obsolete, so the bulk of the documents consists of bank transfer, cash deposit and donation notes, such as traditionally used at the post office.

Roughly 40% of the documents are scanned at headquarters using Kleindienst hardware, the remainder is decentrally converted at the branch offices and then sent to the head office as an image file. Here FrontCollect Payment takes care of reliably closing the media gap between paper and the digital world. The solution interprets, extracts, corrects and verifies data from the ledgers and then transfers them to the respective applications for booking and archiving. In the fall of 2007, the company will start to take the Beta Systems solution into operation, initially by processing their entire payment transaction input stream with the new system.

Fully prepared for SEPA

BAWAG P.S.K. now is also all set for SEPA (Single Euro Payment Area), the unified European payment zone, because Beta Systems enhanced its software with new functions that allow companies and banks to optimally take advantage of this new standard. When SEPA goes into effect on 1 January 2008, this will greatly improve the efficiency of cross-border electronic payments among the 25 member states of the EU plus Liechtenstein, Iceland, Norway and Switzerland and will also allow the participating countries to process Euro payments faster, more securely and at a lower price. At present, data capture for payment processing is not performed fully automatically at the Austrian major bank; instead, information on the ledgers can be entered manually into the processing systems.

SEPA will change the framework conditions regarding this process as well. While the documents will only be scanned at the branches as before, the images sent to the data center will no longer need to be keyed in manually. FrontCollect Payment will take care of data capture and distribution of relevant data. According to Rudolf Pendl, Managing Director of BAWAG P.S.K. Zahlungsverkehrsabwicklungs GmbH, "The software allows us to have the documents interpreted automatically, which is a very convenient and cost-effective process. This also enables us to pass on coded information to clients for further processing."

Thanks to accelerated capture and analysis of incoming data based on the Beta Systems infrastructure, Bawag P.S.K.'s staff can engage in more qualified tasks and has become much more efficient. For the customers this translates into shorter processing times, meaning their money is credited to their account faster than before, while, the employees of BAWAG P.S.K. benefit from a reduced task load. Thanks to the high recognition rates of the software, the need for post processing and manual entry is minimal.

Based on profitability calculations performed by the bank's planners, the return on investment was estimated at 18 to 24 months tops. The workflows, speed and capacity of the existing processing system was compared with the possibilities arising from the Beta Systems solution with its strong scalability and client-capability features.

A single national processing system

"What makes this installation truly outstanding is the fact that we can cover all of Austria with our payment processing center, supporting any kind of client and workflow," says Rudolf Pendl. Due to the client capability of FrontCollect Payment, BAWAG P.S.K. Zahlungsverkehrsabwicklungs GmbH can represent any number of clients in the system while fully and reliably separating the data. What is still a vision is soon to become reality, thus realizing the expected economies of scale. Already



"Beta Systems is helping make the idea of creating a payment transaction alliance for all of Austria – which arose at the turn of the millennium – become real. Our system is not limited to serving Bawag; instead, it is designed to handle all payment transactions of Austria – and beyond."

Rudolf Pendl,
Managing Director of BAWAG P.S.K.
Zahlungsverkehrsabwicklungs GmbH

serious negotiations are underway with two Austrian banks and there are also others interested in handling their payment transactions using the solution. The Viennese hand is all trumps. "Thanks to this new solution we have the most modern payment transaction system in Austria for both paper-based and electronic payment transactions," rejoices Mag. Herbert Legradi, Chairman of the Board at BAWAG P.S.K.

Paper-based payment transactions have been on the wane in Austria for a long time, currently at an annual rate of about 5 and 7%. This affects BAWAG P.S.K. and several other institutions. It is therefore becoming less and less lucrative to introduce an own IT infrastructure for the capture and intelligent further processing of paper-based payment receipts – because dropping numbers go hand in hand with missing out on economies of scale. But if a common solution is used to process the given volumes, all participating parties can profit from the resulting economies of scale. It's a clear win-win situation: BAWAG P.S.K. has made the investment and can generate additional revenue with the new solution, while the other credit institutions save costs by using an external system.

Additional economies of scale thanks to unlimited global scalability

The solution is not limited to an existence within national borders. Like many other Austrian banks, BAWAG P.S.K. also has a strong presence in Central Eastern Europe. This includes subsidiaries in the Czech Republic, Hungary or Slovakia as well as affiliated institutions, whose payment transaction notes can from now on be processed using FrontCollect Payment. What allows the solution to process international payment transactions of any magnitude are its client capability combined with the flexibility in accounting for any country-specific requirements. This includes multi-lingual capabilities and the ability to recognize and classify any character set or paper size. User languages and formats can be easily changed, and it's very easy

to custom-define documents and grids without the need for a Beta Systems technician to help out each time a modification or addition is made. No other of the systems evaluated offered this kind of flexibility.

This is why the economies of scale extend beyond the national border. The main focus rests on the Eastern European countries, "but we do not rule out taking our service to Germany as well," states Rudolf Pendl. "Due to the excellent technology and our economic production process, outsourcing the internal payment transactions to us could prove an attractive alternative for many German banks."

In order to make this universal application possible, the solution was not integrated into the infrastructure of BAWAG P.S.K. but rather introduced as a white label. It is operated separately from the BAWAG P.S.K. servers by Beta Systems, allowing other institutions to easily connect to it with their existing periphery. And in terms of transparency, other banks using the BAWAG P.S.K. system can access it as if it were their own application.

Beta Systems best met the special demands of Bawag P.S.K.

"We spent quite a long time searching for a suitable system. Our decision in favor of Beta Systems was based on the feeling that they best understood our requirements. Also, we were very impressed with the multi-recognition features of their soft- and hardware. They allow us to put our workforce to more useful tasks and work more efficiently," explains Rudolf Pendl. As part of sounding out the market, BAWAG P.S.K. checked with cooperating banks in Germany and Austria to find out what systems they are using. The successful systems in operation at Bank Austria and HVP PAS in Germany made an especially strong impression with the Viennese.

"Our Beta Systems infrastructure provides us with the most modern payment transaction system in Austria, including both paper-based and electronic transactions. We are expecting this investment to result in major economies of scale for document processing."

Mag. Herbert Legradi,
Chairman of the Board of BAWAG P.S.K.



For Annette Gleisner, member of the project implementation group of BAWAG P.S.K. Zahlungsverkehrsabwicklungs GmbH, the key highlights of the solution are its hard- and software independence and the scalability. The system can flexibly connect to any number of banks of virtually any size. This is one of the key factors for deciding on a product and manufacturer.

The entire hard- and software installation project was carried out by Beta Systems Software AG as part of a general contractor agreement. The project started in mid-May 2006 with the initial evaluation. In the fall of the same year the contract was signed, followed by the implementation phase. After acceptance in June 2007, the physical soft- and hardware infrastructure was set up at BAWAG P.S.K. headquarters. After a final test phase, the system will go productive in the fall.

What made the software adaptation very easy for the bank is the fact that FrontCollect Payment is configured rather than programmed. This enabled the exact mapping of the specific Austrian and post bank payment transactions, which greatly differ from the standard procedure used in traditional banks. "The cooperation with the Beta Systems experts was very successful – they always understood our specific requirements and promptly implemented them," explains Annette Gleisner.



"Client and multi-lingual capability as well as recognition of a wide variety of different document formats made the Beta Systems solution clearly stand out."

Annette Gleisner,
Project Manager for the Beta Systems project

Main server mirroring between two Vienna sites

In order to guarantee high data availability and continuous operations of the system, the Beta Systems team implemented a cluster based on the failover method. The main server situated at headquarters in Quellenstrasse is backed up by a second server in Vienna's first district – 6 miles away – which constantly mirrors the stored data. This ensures that not even a single of the 100 million documents amassed over the course of a year will ever get lost.

Key figures

- Payment transaction documents processed each year: 80 to 100 million
- Incoming documents each day: 250,000 to 400,000
- 30% of Austria's payment transfer volume is processed
- Return on investment: 18 to max. 24 months

Beta Systems Software AG

Beta Systems Software AG develops high-profile software products and solutions for the automated processing of large volumes of data and documents. These products and solutions serve to enhance security and the agility of IT. They guarantee compliance with business requirements relating to governance, risk management and compliance (GRC) and raise the performance of a company's IT in respect of availability, scalability and flexibility.

Beta Systems was founded in 1983 and has been a listed company since 1997. It has a workforce of more than 600 employees. More than 1,400 customers throughout the world use the products and solutions of Beta Systems in more than 3,300 running installations. Beta Systems generates 50 percent of its sales from its international business. Around 200 of its customers are based in the USA and Canada.

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