



“Not too big and not too small”

In his interview with COMPUTERWOCHE, Torsten Eistert, Head of International Business Consulting at GFT Technologies AG, speaks about how the IT service provider with headquarters in St. Georgen in the Black Forest is helping international banks to become more efficient.

11.12.2007

COMPUTERWOCHE: What do you offer the banks?

Torsten Eistert: We are a consulting service provider, and help banks to structure themes and to prepare themselves for the challenges of the future, for instance through the formation of more flexible IT architecture. System selection, and selecting from packages that are on the market, is also a part of preparation. We can however also take over the implementation of solutions ourselves; we service, develop and fit. Those are the areas of IT Development and IT Application Management. Our competence however extends beyond technical software product knowledge and takes into account the industries and each industry section.

You speak to lots of customers. What are the main problems at the moment?

On the one hand the last twelve months have been characterised by the sphere of regulations. The key words are: MiFD (Markets in Financial Instruments Directive) for investment business, transparency between markets and better investor protection. The second large aspect was the standardisation of area payment traffic through SEPA (Single Euro Payments Area). That means that international transfers and international debit entries are equal to transfers and debit entries within a country. We are now preparing for the theme of capital deduction tax. Those are all demands that are established by law, and which have an effect on the processes and IT of banks. Strategically it is a matter of international consolidation. It does of course make a difference whether the HypoVereinsbank works alone or as part of the UniCredit group.

If there are fewer banks, then does that mean that less IT services are needed?

In the medium term the theme of consolidation in the banking industry means a shrinking market for us. In the short term there is however unbelievably high demand: in

conception, in the selection of better solutions, the transportation of existing architecture into the target architecture, the migration to a target system and the creation of new systems.

Movement in the market isn't bad for you then?

For us as an internationally active service provider it is important that there is movement. And the more international this is, the more we can accompany these processes, because we already have many rollout and integration processes behind us in several countries. Thus we don't find the current trend for consolidation negative. The path to intelligent IT management is still long, and the market to accompany the banks to it is enormous.

How do banks profit from intelligent IT?

The projects driven by banking strategies look towards customer growth, or volume and yield growth per customer. This is a question of stronger sales integration that must be supported by IT. There are still too few initiatives building on centralised databases where, for instance, a call centre call for referral to a direct broker leads to customer service activity. The banks have however recognised that they must sell, and that they cannot wait until a customer enquires about a product or a service. The intensification of sales over all sales channels leads to complex requirements, but also to being able to sell customers more.

Why does it take so long?

A change in culture is linked to this, and this requires a long time in Germany. Banks that are coming to this freshly have it easier on the technical side. Foreign banks like Fortis or the Citigroup with their sales oriented credit business can begin at nought and with new infrastructure. Large German banks possess IT structures that have developed over decades and that are built up using a completely different philosophy. Even if they have ideas for other products or sales, they need several years and several millions to introduce them properly. In the Spanish market retail banks are clearly more successful because their IT structure originates from the 90s and not the 70s.

Which countries are further behind Germany?

A good question, there are probably few.

Do the inflexible three pillars hinder competition in Germany?

They are of course a hindrance to competition. In this way the German banking community does not manage to concentrate on big players who can be internationally active as well. GFT itself is above all occupied with the private banking sector, and not in the splintered structure of the Sparkasse on the one hand and the Volksbank and Raffeisenbank on the other hand.

Banks are outsourcing more and more things that used to be part of their core business. How do you see this trend for outsourcing and offshoring?

We have established ourselves as a nearshore service provider. Whenever a bank no longer wants to produce its IT services itself, but wants to pass them on to external centres of competence, we profit. Because we can do that well and the advantages offer flexibility and lower costs. In Germany it is once again a question of culture in order to be able to manage risks in such a way that outsourcing is implemented as a strategy to avoid risks, but then so many checkpoints are built around that the real advantages no longer show through. It thus takes longer in Germany than in England and America and is not as successful. Outsourcing also means that internal departments are taken away and employees are transferred to the service sector. If they are not needed within a bank's individual structure any longer, they should work for other customers. But that can only happen if the market grows as a whole, otherwise they have a problem.

Don't you take on employees?

We are active on the level of applications. We have no computer centres and do not employ people who perform pure infrastructure or network services. As a result of our size we don't have the scope to re-train employees or re-designate them for other service providers. We thus keep out of the huge deals.

You are nevertheless directed at growth?

We are extending our production centres in Frankfurt, Barcelona and Sao Paulo. Our strategy is to be close to the customer with interfaces that are relevant to them. But high performance takes place where it can be produced as well as possible, highly efficiently and at the lowest costs. That is not with customers in Frankfurt or London, but in Europe, in Spain and, increasingly, in our offshore service centres outside Europe. Our motto is: Not too big but not too small. That means on the one hand still knowing our customers, but being big enough to be able to make use of all the advantages in efficiency that factories offer.

What are you looking for from customers?

A little more readiness for change. This will definitely lead to failures but also to big successes, and overall to a larger competitive ability for banks.

Have banks woken up now? Where is it heading?

Anyone who wakes up too late is dead quicker than might be imagined. Foreign banks have taken away business from the dominant German banks in flexible credit financing. And direct banks have only one fixed cost block: IT infrastructure. They can act flexibly. With banks the trend is leading to standard software and away from the data molochs that have existed up to now. Instead of developing something anew, people tell themselves that they are doing what they cannot do differently like everyone else. And people invest in the areas in which they believe they can make themselves different. The technology trend is leading to relatively open interfaces and functionality modules that stretch beyond more than one bank and can be interchanged using the keyword SOA.

