

Capgemini's Core Banking System Replacement Services

The Right Time to Strengthen the Core



People matter, results count.

For many reasons, core banking systems are becoming an increasingly important focus area for today's banks. One is cost reduction: Older platforms are expensive to maintain, which is increasingly unacceptable to today's margin-focused organizations. Regulatory compliance is important as well. From Basel III to laws governing capital adequacy and consumer protection, new rules demand greater data consistency, quality, and visibility across the bank than many core systems can provide. Furthermore, as banks work to differentiate themselves through new products and market

expansion, the demands for flexibility and scalability within operations and core banking systems are heightened.

In the meantime, as banks' IT systems have aged, differences between local platforms have persisted or even multiplied, as have high maintenance costs and performance issues, and the difficulty of making changes. Now that growth is once again on the horizon for many banks, the standardization of core banking platforms and replacement of core systems have returned to the spotlight.

Furthermore, while in the past many banks viewed core banking system renewal as a high-cost and high-risk undertaking, several technology trends are changing that perception. One is the emergence of "bank-in-a-box" solutions: low-cost, pre-configured core banking packages that can reduce

the capital and time outlay of a transformation. The service-oriented architecture (SOA) of these solutions simplifies connectivity to existing IT assets and supports highly flexible solutions that can be quickly tailored to banking requirements. Likewise, new data management capabilities implemented as part of core banking transformation can help banks overcome the poor quality and visibility of data they now endure to achieve a consistent and accurate view of the enterprise and address regulation, risk, and compliance issues more effectively.

In sum, the pressure to upgrade core banking systems has only intensified, while the barriers to doing so are eroding, making this the right time for all banks to strengthen their core systems.



Getting the Most from Core Banking System Replacement

As core banking replacement and transformation become more critical to banks, Capgemini stands ready with powerful capabilities. Whether banks seek to replace or upgrade their core banking systems, Capgemini can help them design and implement a solution that reduces cost of ownership, manages risk and regulatory compliance more effectively, enhances service quality and optimizes the customer experience. As a result, banks can reduce total cost of ownership, boost operational efficiency and flexibility, and ensure they have in place an IT platform that will be sustainable into the future.

Capgemini provides a comprehensive suite of core banking transformation services, encompassing strategy formulation, business scope and vision,

business case and benefits realization tracking, target operating model design, package implementation, integration, data migration, testing and multi-site roll out.

Together with you, our team **builds a business case** for core banking transformation, craft detailed implementation roadmaps and provide solutions. With our broad experience of global core banking transformation programs and knowledge of leading core banking packages, Capgemini can help its banking clients evaluate the feasibility of a transformation, build the transformation strategy and roadmap, define a target architecture and operating model, define and formulate business requirements and structure the transformation project.

Capgemini also transforms your **core platforms**, whether that involves implementing off-the-shelf packages, re-platforming legacy systems, or developing customized solutions. From gathering requirements to design, build and test, Capgemini offers a **full range of development and integration capabilities**, and can tap into a global network of delivery resources, as well as seasoned project managers on the ground at client locations. Our phased, component-based approach helps banks replace legacy systems in ways that derive the optimal benefits from technology while managing implementation risk and disruption.

Exhibit 1: Capgemini's Core Banking System Replacement Services

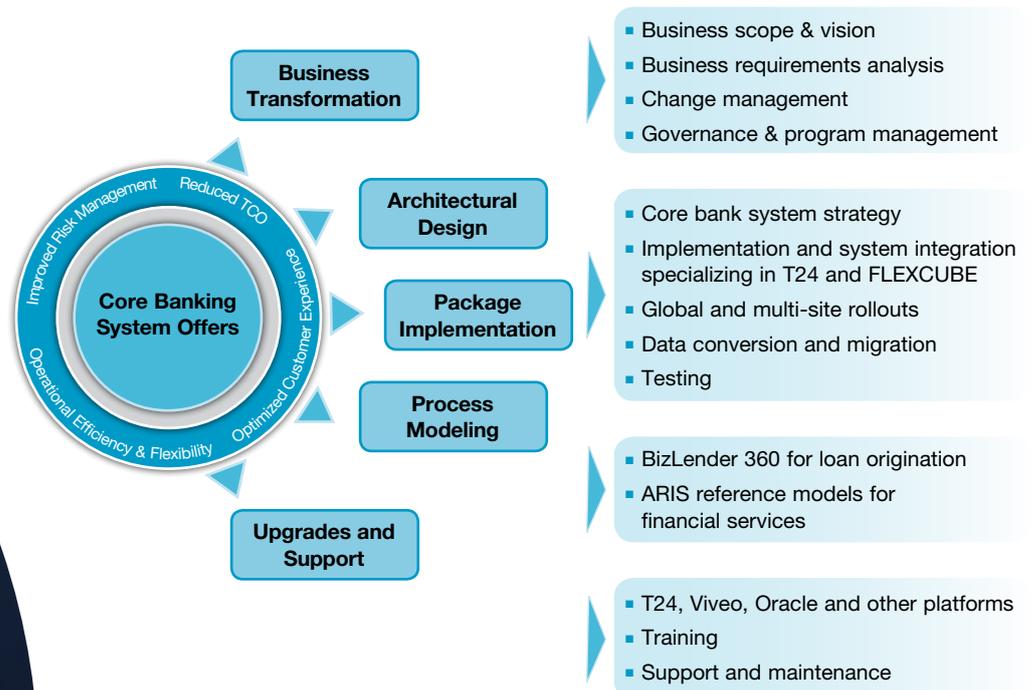
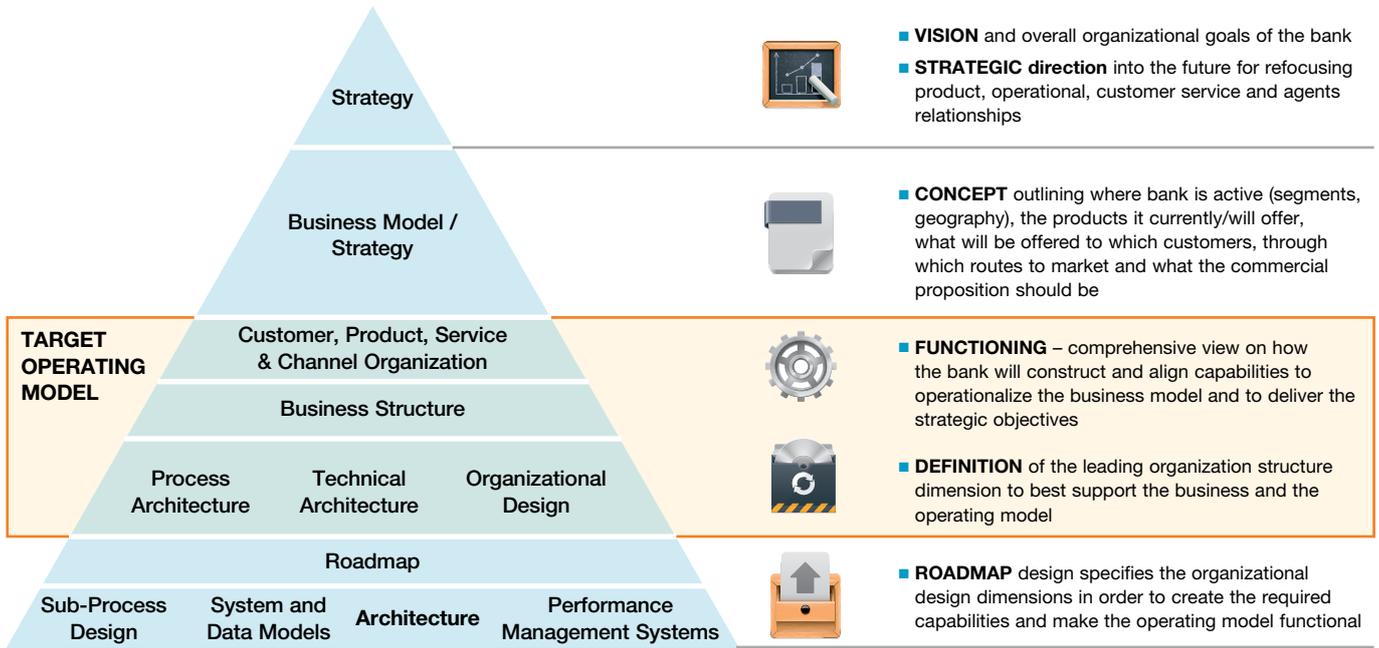


Exhibit 2: Target Operating Model Design



Capgemini's **target operating model** definition approach provides a comprehensive view that helps the bank plan the future configuration of assets and capabilities to realise its strategic objectives as shown in Exhibit 2. Target Operating Model development leverages our large repository of proprietary business reference processes for core banking. Our teams can utilize more than 300 robust business reference processes in areas such as customer relationship management (CRM), current accounts and savings accounts (CASA), term deposits, teller/cashier, branch operations, payments, loans, mortgages and trade finance.

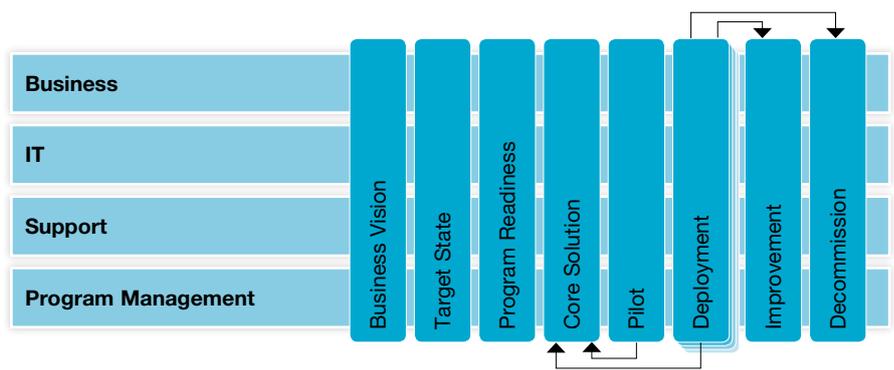
Capgemini core banking system implementations are also strengthened by our focus on **data migration**. Through unique tools and accelerators, proven methodologies, experienced resources and robust processes and procedures, Capgemini helps its banking clients manage migration-related challenges of core banking implementations, including risks to data quality and integrity.

Likewise, Capgemini's comprehensive, **model based testing** approach accelerates implementation, and ensures user acceptance and a smooth transition to the new core banking system. Our 1,750 testers in banking are able to draw upon more than 17,000 retail and corporate banking test cases to assure thorough but expeditious testing services.

Capgemini follows a well-defined, proven **multi-site rollout** approach supported by a strong implementation

methodology. The approach provides an industrialized way of working with built-in improvement cycles and has been proven in system implementations across multiple countries as well as multiple system implementations within a single country. It follows four work streams and eight phases to ensure that business, IT, support and program management are aligned throughout the rollout process.

Exhibit 3: Multi-site Implementation and Rollout



Lowering Risk and Accelerating Return on Investment

Capgemini's unique assets, technical tools and proven expertise make us a good choice for banks seeking accelerated, low-risk core banking implementations.

Business-led, Holistic Approach that Involves Subject Matter Experts Throughout

By combining business and technology expertise, Capgemini's core banking technology implementation approach enables financial institutions to design, integrate and adopt a core banking solution that works best for the business. Our teams include subject matter experts throughout the program lifecycle, from process design and requirements gathering through implementation and adoption. By bringing to bear this broad and deep banking and technology expertise Capgemini ensures the ultimate solution is effective, efficient, and well-adopted by the business.

Business Reference Models Speed Implementation and Enable Competitive Advantage

Capgemini's large repository of proprietary business reference models help financial institutions implement core banking solutions more quickly and provides a fast start for designing business processes that bring the bank competitive advantage. By using these proven models clients can build best-in-class core banking solutions more rapidly—in fact, using them accelerates future-state design by up to 20 percent.

Product and Technical Expertise Across Multiple Platforms

For instance, our teams possess deep knowledge and skills across two leading core banking platforms, Oracle® FLEXCUBE and TEMENOS T24® (T24). Indeed, Capgemini is an Oracle Diamond-level partner, the highest ranking available in the Oracle Partner Network (OPN) specialized program. Our professionals have significant expertise across the Oracle product suite, including knowledge of Oracle's most cutting-edge solutions. In addition, Capgemini's FLEXCUBE Competency Centre provides a single source for end-to-end services that support fast and smooth core banking transformations. Capgemini can readily configure FLEXCUBE to each client's business requirements, and has deep experience managing multi-country FLEXCUBE projects.

Capgemini is also a market leader in Temenos expertise, and became a certified Global Partner to Temenos in 2010. In fact, our 350+ strong Temenos team has completed 12 model bank implementations and more than 20 successful T24 upgrades, and our T24-specific testing accelerators can speed project completion by up to 20 percent.

“Capgemini goes one step further: It offers a TEMENOS T24-specific implementation methodology as well as a configuration and change management tool.”¹

¹“Service Providers For Banking Platform Transformation,” Forrester Research, Inc., 20 December 2011

Independent of the core banking platform chosen, Capgemini utilizes a host of technical tools and accelerators for core banking system replacement that speed implementation and reduce risk. Our professionals can call upon our proven **Structured Expert Method for Business Analysis (SEMBA)** approach when gathering requirements for such projects, as well as a proprietary data migration approach and more than 17,000 test cases for retail and corporate banking. In fact, overall, Capgemini's accelerators can reduce a transformation timeline by up to 20 percent.

**Global Core Banking Network:
Local Country Capability
Supported by Rightshore®**

Equally important is Capgemini's global core banking network, which offers local expertise and in-country capabilities supported by our Rightshore® network. This network gives Capgemini clients scalable access to more than 550 core banking consultants, 1,750 testers that specialize in banking, and more than 1,700 experienced business analysts, technical architects, and project managers. Capgemini has the experts you need where you need them, with more than 75 centers in 24 countries including the U.S., U.K., Netherlands, France, Austria, India, Taiwan, China, Poland, Brazil, Chile, Guatemala, and the Philippines.

In sum, Capgemini's strong methodologies, tools, and experience make the decision to start a core banking system implementation easier, and ensure that such a choice generates compelling business value. In fact, for one global bank Capgemini led the rollout of new core banking capabilities across 13 countries and took responsibility for management of more than 35 core applications. As a result, the bank generated a 38 percent reduction in maintenance costs, worth approximately US\$2 million per year. Plus, the bank is able to maintain this cost level while incorporating additional countries and business units, and can increase its productivity through economies of scale.

“Ovum ranks Capgemini Group number 1 for outsourced testing services.”²

²Ovum “Services Guide: Outsourced Testing” Alexander Simkin, 23 November 2011

In Practice

Client	The Project	The Results
A Trans-Continental Private Bank	<ul style="list-style-type: none"> ▪ Implemented TEMENOS T24 system for the bank's subsidiaries and branches across five booking centers ▪ Continuing to manage support, maintenance and customization of the system 	<ul style="list-style-type: none"> ▪ Reduced total cost of ownership ▪ Optimized system performance based on 'best-fit' design of customization ▪ Reduced the turnaround time for support by 20% ▪ Cut the end of day run by 20%
Subsidiaries of a Top 5 French Bank	<ul style="list-style-type: none"> ▪ Implemented Delta in Ghana and Croatia, and Finacle in China as part of a new core banking platform to boost standardization, efficiency and effectiveness in key geographies around the world ▪ Rolling out business application deployments in 32 additional countries 	<ul style="list-style-type: none"> ▪ Optimized the bank's cost base while strengthening the coherence of an IT platform serving more than 40,000 employees across the globe ▪ Increased net bank income, shared best practices, and improvements in products, risk management and service quality
One of the World's Top Global Financial Services Firms	<ul style="list-style-type: none"> ▪ Migrated legacy core banking system to FLEXCUBE ▪ Rolled out across 13 countries in Asia ▪ Performing application management for more than 35 core applications 	<ul style="list-style-type: none"> ▪ Migrated core functionality to FLEXCUBE across 13 countries ▪ Reduced the number of platforms, teams, and maintenance costs ▪ Realized a 38% reduction of maintenance costs, worth approximately US\$2 million annually through outsourced application management

Time to Act

For too long, banks have been kept from optimizing the performance of their core banking systems. The financial crisis shrank and re-focused IT budgets, while many banks perceived that core system implementations were simply too risky and expensive to take on.

Today, however, core banking system replacement and transformation is back on the table at the vast majority of institutions. These banks' legacy systems simply cannot keep up with their rapidly changing environments, while several technology advances have made core banking implementations less risky and challenging.

Capgemini is leading many banks' efforts to derive more business value from their core banking systems. Our business-led, technology-supported approach draws on deep and broad expertise in banking and in leading core banking platforms, allowing our clients to gain the advantages of more powerful platforms with less risk and investment. Indeed, there has never been a better time to build core strength with Capgemini.

Learn more about Capgemini's core banking services and solutions. Email us at banking@capgemini.com or visit www.capgemini.com/banking.



About Capgemini and the Collaborative Business Experience

Capgemini, one of the world's foremost providers of consulting, technology and outsourcing services, enables its clients to transform and perform through technologies.

Capgemini provides its clients with insights and capabilities that boost their freedom to achieve superior results through a unique way of working, the Collaborative Business Experience™.

The Group relies on its global delivery model called Rightshore®, which aims to get the right balance of the best talent from multiple locations, working as one team to create and deliver the optimum solution for clients.

Present in 40 countries, Capgemini reported 2011 global revenues of EUR 9.7 billion and employs around 120,000 people worldwide.

Capgemini's Global Financial Services Business Unit brings deep industry experience, innovative service offerings and next generation global delivery to serve the financial services industry.

With a network of 21,000 professionals serving over 900 clients worldwide, Capgemini collaborates with leading banks, insurers and capital market companies to deliver business and IT solutions and thought leadership which create tangible value.

For more information please visit www.capgemini.com/financialservices

Rightshore® is a trademark belonging to Capgemini