

## Software - going it alone

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*Athanasios Daflos, Chief Information Officer at Eurobank EFG Factors, talks to Factorscan about Eurobank EFG Factors decision to introduce its own in-house software, the major benefits that the software has brought the factor and how it has helped Eurobank increase its volume of transactions four-fold over the last three years.*



### **What was behind Eurobank EFG Factors' decision to introduce its own software?**

The company was established in 1999. Up until 2004 it used a commercial factoring solution and a number of other software applications for supporting the other functions of the company (finance, sales, etc). In 2004 the Board of Directors decided to make a decisive turn - to unite all departments under a single real-time platform allowing us to design and offer new factoring products in the market, using IT systems as a strategic companion and turning IT into a competitive advantage.

With these two priorities in mind, Eurobank EFG Factors established its own IT department and invested in Navision ERP as its new software platform.

### **Why did software already on the market not fulfil the banks requirements?**

Essentially Eurobank EFG decided to follow a different approach. The software covered most of the market's needs. However, it was difficult to provide innovative products to our clients. It was even more difficult for the management and business development department to have 'just in time' information about all the functions of the company.

By choosing an ERP (enterprise resource planning tool) instead of a software application tool, the company made clear that it was ready to transform its business model and its internal processes. And this is exactly what Eurobank EFG Factors wanted to achieve in order to become the leader in its factoring market.

### **Can you tell us a little more about the software? Does it have electronic invoice capture and risk assessment systems?**

N-Factor is a vertical solution based on the Navision ERP. Basically it is not just a factoring application, it is more an ERP solution that supports factoring transactions. It is multilingual and supports multi-currency transactions.

All departments of the company have the ability to connect and exchange information in real-time, with the ERP supporting:

- Business Development (CRM)
- Operations & Client Relations
- Risk Management
- Financial Management & Planning
- Management (Business Intelligence)



*Software: a potential cutting edge*

**How long has the setting up and road testing of the software taken from start to launch?**

Eurobank EFG Factors acquired one of the most well known ERP platforms and at the same time recruited business analysts from the Greek factoring software market. The expertise of the company in factoring operations in co-operation with the IT department, transformed business knowledge of the Greek market and years of factoring experience into a flexible and modern IT platform.

The development of factoring modules started in July 2005. On January 2006 financial management went live along with the CRM.

From June 2006 factoring management was run in parallel with the old application for testing purposes and data validation. Finally, in January 2007 the whole solution went live in Athens and Salonica and in March 2007 the solution was localised for the Bulgarian market and was rolled out to our branch in Sofia.

**Does Eurobank intend to roll out the software across all its factoring markets?**

The solution is multilingual and supports multi-currency transactions. Our aim is to roll out the software in every country that Eurobank EFG intends to support factoring operations. So far the solution is being used in Athens, Salonica and Sofia, Bulgaria. In 2010, N-Factor will be established in Bucharest, Romania and Istanbul, Turkey. As long as there are no major gaps between local market conditions and those products supported by the N-Factor Solution, Eurobank EFG will roll out the software.

In order to achieve this, Eurobank EFG Factors established an international IT division in 2008. Its main purpose is to facilitate the establishment of the N-Factor system to all factoring locations in the Group.

**Will the systems be extended to both domestic and international clients?**

Our software solution supports international and domestic factoring transactions and is also used to support two-factor transactions.

**What have been the major savings and benefits of the software to Eurobank?**

Research carried out in 2007 showed that the performance optimization from our new systems would save around €0,6 million a year due to the increased productivity of our staff. We did this by calculating the amount of additional productive hours that staff gained per day.

Furthermore, since 2007 we have managed to multiply the volume of transactions four-fold, whilst continuing to operate with the same number of staff. Such figures are a testament to the success of the software and its potential moving forward.

Another benefit is that our new ERP can be operated over the Internet, saving telecommunications and line costs for our branches in 'New Europe'.

**What benefits can clients expect with the introduction of the new software?**

Eurobank EFG Factors is known for the quality of service it offers its clients. So in terms of client support, there was no major difference brought about by the introduction of the new ERP Platform.

The basic pros for the clients are:

1. The company offers new innovative products empowering the cashflow and supply chain management operations of its clients, giving them the opportunity to use additional financial tools and to focus upon their main business areas.
2. Eurobank EFG Factors provides clients with accurate risk information in real time.
3. In 2010 clients will be able to access their account information via the web in real time.
4. The software has significantly increased daily flows of information from clients to the bank and vice versa, raising the number of flows from three to twelve a day. This means that we have significantly more up-to-the-minute information on our clients and can respond to their needs all the quicker and more effectively.

**Do partner institutions presently have access to Eurobank's software?**

At the moment we are not extending access to our software to partnering institutions, but in 2010 we intend to extend the capabilities of our software systems to correspondent factors to assist with the rapid issuing of limits.

**How has Eurobank's market share and offering developed in recent years?**

Since 1999 the total volume of transactions has increased, as has the size of the Greek factoring market and Eurobank has been able to exploit the potential of Greece's growing receivables market. Within this growing market, our software has enabled us to offer our customers an increasing range of factoring products – some of which are only available through Eurobank in Greece – including recourse and non-recourse factoring, reverse factoring and invoice discounting.



*Greece's blue skies have however gotten cloudier of late*

**Are you expecting to be able to offer a more robust offering moving forward?**

The plan for the future of the N-Factor is integration. Eurobank EFG aims to integrate N-Factor with the bank's Transaction Banking Platform in order to provide clients with an alternative transaction-banking offering.

In 2009 a separate Web Service Module was developed for N-Factor, giving us the ability to connect to counterparties in real time using XML messages.

Also, we plan to integrate N-Factor with other major ERPs (eg. SAP – business management software) in order to avoid double entries and provide our clients with real time electronic factoring operations.

**Would you repeat the process of developing in-house software if you were to return to the decision again?**

There are no golden solutions in such cases. When an organization needs to implement a new IT Solution, there are a number of choices and for each one there are pros and cons. In my opinion a very important success factor for an IT System is the level of integration into the company's work-flow. In theory, in-house IT solutions perform better at this, but the organisational culture plays a very important role and extra effort is required by the business units for system adaptation.

I believe that for Eurobank EFG Factors it was the right decision to take, but the decision really depends upon the type and make-up of the organisation. We are a company eager to develop our in-house capacity, our business units have very strong IT culture, and it has been proven to be the correct step.