



Zuger Kantonalbank: Swiss premiere for SAP Banking

Willingness to innovate is the key to success

With around 115,000 customers the Zuger Kantonalbank is the leading financial institution in the Canton of Zug. It employs 380 staff at its main office and in 15 branches, three service centres and an Internet call centre. Its core business is in credit transactions and retail banking. In a demanding commercial environment and times of weak exchange rates the Zuger Kantonalbank is showing very positive business results: its balance sheet total for 2001 was almost 9 billion Swiss francs of which around 32 million Swiss francs was profit. Flexibility, short decision lines and a reputation for innovation are among its greatest strengths. As prerequisites for its continuing positive business development the company prioritised lowering production costs, improving time-to-market and expanding customer orientation.

fit.com: a new IT structure for the future

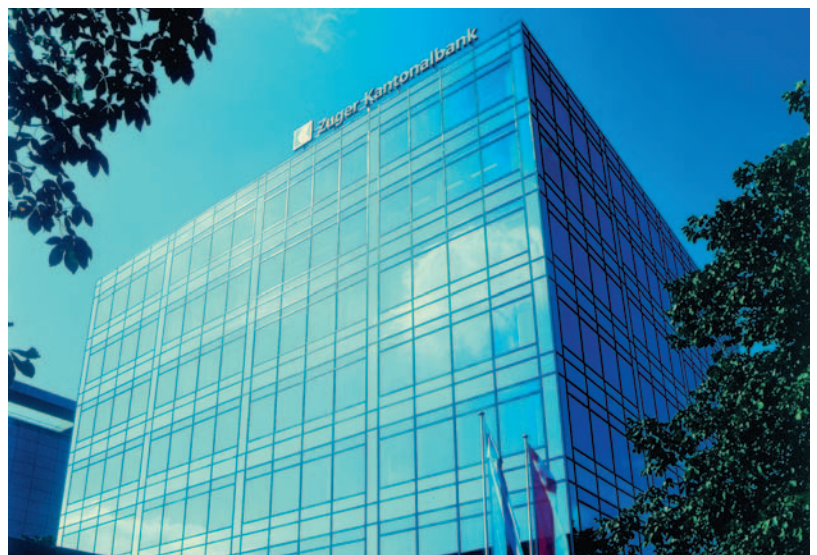
Within its fit.com project the Zuger Kantonalbank has been implementing a phased dismantling of its existing host system since 2000. Its 80s architecture no longer met the requirements of a modern, flexible IT infrastructure that the bank of today needs. For Gunar Klemm, IT Manager at the Zuger Kantonalbank, this was also a key cost factor: "The maintenance costs were too high because operation was very personnel-intensive." The whole system had become too complex over the years. And with these expensive host solutions it is very difficult to respond and react quickly to the market." A further essential requirement was to guarantee 24/7 real time operation of the IT structure. The fit.com project was started in 2000 and should be concluded in 2004. The new IT platform was to be flexible in operation and easy to expand.

Industry	Financials
Application	mySAP.com
Software	AIX® DB2® Tivoli®
Hardware	IBM @server® pSeries™ Enterprise Storage Server™ (ESS)



"The SAP solutions for the banking sector are really very good. Their functions cover our requirements effectively and they offer real added value for our customers."

Gunar Klemm,
Information Technology Manager,
Zuger Kantonalbank



A modular structure was required along with open interfaces and standard market-proven software. Zuger Kantonalbank was the first Swiss bank to decide in favour of the SAP software solutions, to secure competitiveness in the long term and to lower the IT costs.

The options: D.I.Y. or buy in?

All options available in 1999 were thoroughly investigated: to continue to use software developed in-house, to link up with one of the Swiss banks' IT corporations or to opt for standard software. "In-house development is expensive – too expensive for us", explained Gunar Klemm about the decision to use SAP. "We also deliberately avoided the co-operation solution."

Several banks in Germany are already using the SAP banking solutions successfully and they have been proven to work in practise. "With SAP our choice fell on a powerful partner. The SAP banking solution covers our functional requirements. Our sole condition was optimum support for ourselves as pilot customers", says Gunar Klemm in retrospect. SAP ensures that modules can be refined according to market trends. New functions can be implemented more easily. The system is based on a unified development environment.

Focussed 'Helvetia-isation'

As the Zuger Kantonalbank played the part of the pilot Swiss customer of the SAP banking solution, the software was adapted to Switzerland's infrastructure in close cooperation with SAP. This 'Helvetia-isation' related particularly to the Swiss laws and banking standards. Giro accounts, for instance, are uncommon here.

Outsourcing to IBM

The decision to outsource the entire basic SAP operation to IBM was taken even at the hardware evaluation phase. The Zuger Kantonalbank had only to make sure that the clients were installed on the individual staff PCs and that the network structure was in place. Gunar Klemm says, "The factor which tipped the balance in favour of outsourcing was the ability to calculate the costs. By 1999 we had already outsourced the development and operation of the old applications. There was never a question of attempting to regain the required

expertise in-house." Zuger Kantonalbank's SAP solution now runs in the most up-to-date IBM computer centre in Europe in Winterthur. The two-centre concept in operation here gives the maximum possible failure protection, even in the event of a catastrophe. The campus actually comprises two computer centres, which are linked via 1,600 km of fibre optic cable.

IBM had already won the contract for the necessary hardware platform. Gunar Klemm, "IBM developed the hardware architecture according to our single stipulation to provide an optimally functioning system." The installation consisted of: 16 IBM @server pSeries (RS/6000® models M80, S80 and SP2) with AIX and DB2 Universal Database; Storage Area Network (SAN) on an Enterprise Storage Server (ESS) with 1.2 TB memory; Tivoli Storage Manager (TSM) and two IBM 3490 with 3590 tape drives. High Availability Cluster Multiprocessing (HACMP) and the shadow database solution from Libelle Informatik GmbH guarantee optimum availability.

Perfect start

The business processes at the Zuger Kantonalbank are now efficiently managed by high performance software functions for all central areas in the banking environment. The following banking components are in use: Open Item Accounting, Treasury Management, Accounting, Strategic Enterprise Management, Controlling, Foreign Currency Exchange and Data Warehousing components. In July 2001 the first components, SAP FI/CO and SAP CO-PA, went live with in the first phase. In addition the existing SAP solution was migrated to the IBM computer centre in Winterthur. SAP banking went live in April 2002 and the SAP Business Information Warehouse has been in phased use since June 2002. The most important milestones of the fit.com project were achieved. It was possible to continue seamless management of the 60,000 postings per day and over 180,000 accounts during the transition phase and the customers never noticed. "We were surprised how smooth the introduction was. Our cooperation with IBM and SAP has been very good."



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