



**Success Story:** Comprehensive IT Evaluation

**Client Classification:** Middle East Commercial Bank

**Service Category:** Operational Strategy, Technology Enablement

**Situation:**

The bank was experiencing increasing difficulties in providing quality service for clients. They were not able to grow business by enhancing their current product set or provide customers with effective remote banking channels.

It was not clear whether or not the current technology that supported operations was adequate. The cost to run technology was extremely high and they were experiencing a great deal of instability and general maintenance problems on existing systems. The Core Banking System and Branch Automation System utilized 9-year-old technology and the bank felt that there were more advanced banking systems out in the marketplace that they could utilize.

LoBue was asked to assist the bank by reviewing the technology platforms, systems, architecture and infrastructure; recommend specific solutions; and provide a project plan for implementation.

**Recommendations:**

**Current Environment Assessment**

**Core Banking System:** At a minimum upgrade operating systems version and production server, and replace development server. Consider option of replacing entire system, a 2-3 year effort with costs in excess of \$20,000,000.

**Branch Automation System:** Study the enhancement/replacement of the Branch Automation in line with the examination of the Core Banking System enhancements/replacement as that decision should drive this front-end system decision.

**Infrastructure/Connectivity:** The current infrastructure is very sound. There are multiple points of redundancy and back up that are effective.

**I.T. Strategy:** Determine realistic implementation capabilities and cull list to manageable, highest impact, initiatives. Accountability for each of these initiatives must be very clear and full plans must be drawn up. Ensure Request for Change process is efficient and effective going forward.

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**User Requirements** Most users feel they are adequately served. However, LoBue recommended the following:

- Resolve business process issues.
- Provide for enhanced business information.

**Technical Architecture Schematic** Given the bank's size, sophistication and talented IT staff, LoBue found that replacing the core and branch systems with commercially available systems would be more risky, more costly, and have more significant customer service disruptions, while at the same time marginal to no increase in capabilities.

**Request for Proposal Document** LoBue developed an RFP for the express purpose of replacing the Core Banking Application/Front-end Branch Teller Systems. It can be modified for any type of technology procurement going forward.

**Information Technology Strategy** LoBue reviewed the bank's strategic plan and then determined whether the individual departmental plans, including Information Technology, were sufficient to support the bank in achieving its objectives and goals. Half of the technology initiatives were deemed either off-strategy or providing insufficient benefit.

## **Results:**

Bank has an unbiased and objective assessment of their banking systems and solid recommendations and an RFP and project plan for moving forward. After one year of not making any decisions on what to do with their current banking systems, the Bank finally agreed on a direction of modification/enhancement based on the LoBue recommendations. A prioritization methodology was developed, based on rigorous cost/benefit analysis and objective scoring, which assures the limited Bank capital will go to the highest return projects, thereby increasing the bottom line directly. Over 50% of existing IT initiatives were cancelled as low return and off-strategy efforts.