



Bank Accelerates Growth with Improved Communication

Erste Bank Serbia increases market share with new Financial Services Intelligent Network

EXECUTIVE SUMMARY

Customer Name

Erste Bank a.d. Novi Sad

Industry: Financial Services

Location: Serbia

Number of Employees: 900

Business Challenge

- Increase market share to at least five percent by the end of 2010
- Increase speed to market within multichannel banking strategy
- Improve internal communication
- Better align IT to business requirements
- Transform from a paper-based to a virtualized operation

Network Solution

- Financial Services Intelligent Network-based on Cisco's Unified Communications solution, which is built on Cisco's Service-Oriented Network Architecture (SONA)—to optimize the branch network and data center environment
- New IT model to improve return on investment and cost efficiencies

Business Results

- Expected savings of 20-25 percent over four years
- Accelerated plans to significantly expand branch presence from current network of 60 branches and put in place 25 new ATM locations by the end of 2007
- More efficient and effective sharing of information across the organization
- Better alignment of IT to business requirements
- Streamlined and improved internal communications

Business Challenge

Erste Bank is Central Europe's foremost financial services group, providing banking, investment, loans, and insurance services for consumers and small to medium-sized companies. Its success is built on a core retail banking strategy and a multichannel distribution model that can be replicated to exploit new opportunities.

The company entered the Serbian market in 2005 with the acquisition of Novosadska Banka. Today the bank has over 900 employees, more than 60 branches, and 160,000 customers. The target is to achieve five percent market share with 85 branches in Serbia by the end of 2010. Other business priorities for the bank include revenue enhancement, cost reduction, and efficiency improvement. Technology is playing a crucial role in supporting these objectives—both in terms of contributing towards Group savings of €40 million (through improved IT standardization and consolidation) and enabling changes at the local branches, country, and group levels.

Miroslav Nićin, Head of Organization and IT for the bank, says: "Our vision was to develop a more centralized model to lower the cost of voice, data, and videoconferencing communications between the branches. This vision takes full advantage of the network as a platform to accelerate business expansion and the opening of new branches. It also maximizes network capacity to enable new banking applications to be launched to market faster."

Network Solution

To help realize this vision, it was natural that Erste Bank should turn to its trusted partner, Cisco®. As part of a long-standing relationship, these two companies have worked together to build the local branch infrastructure in Serbia. This partnership extends across Europe, where Cisco is helping Erste Bank to upgrade and connect country networks in Croatia, Hungary, the Czech Republic, and Slovakia to create a common pan-European network platform. The foundation for this is an architectural approach to IT that removes the challenges created by legacy voice services and isolated communications.

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—Miroslav Nićin, Head of Organization and IT, Erste Bank

Miroslav Nićin says: “Separate voice and data networks had evolved over time, resulting in high maintenance costs, capacity and quality of service issues, and, at the end of the day, a poor return on investment to the business. Cisco Unified Communications is built on a network architecture that will enable us to deploy new technologies and turn IT into an important strategic asset.”

Having developed a shared vision for the network as a platform, the first step of this roadmap in Serbia was to replace disparate legacy voice services and traditional private branch exchanges (PBXs) with a centrally managed Unified Communications solution. This represents a first of its kind flagship deployment for the bank. Consisting of a Cisco Unified Communications Manager core platform, the solution enables the consolidation of the infrastructure by allowing the bank to deliver IP telephony across its existing data network to more than 500 users at 70 local branches. Designed to take advantage of embedded network services such as security—a top concern for organizations, especially financial services—the network includes virtualized firewall services, leading levels of encryption, and intruder protection that ensures secure lines and safety of customer information.

Quality of service is ensured by Cisco Integrated Services Routers that enable the bank to prioritize telephony traffic without compromising other critical banking application traffic, such as domestic payments and ATM transactions. Furthermore, embedded network services such as Survivable Remote Site Telephony protect against line failure and disruption by providing support for local call processing.

Integration between the Cisco Unified Communications Manager and Microsoft's Active Directory has created an easy-to-use corporate directory service. This enables employees to use their IP phones to look up user details and contact colleagues more efficiently. In addition, this Unified Communications platform has improved the availability of videoconferencing services by enabling connectivity with a broad range of room and desktop video systems. All of these Unified Communications applications leverage shared services that are embedded within the network platform, and provide reusability of services like security, quality of service, and identity.

Business Results

Using an architectural approach, Erste Bank has created a Financial Services Intelligent Network that reduces complexity and management costs, enhances system resiliency and flexibility, and improves usage and efficiency of their entire IT investment. The first stage of this Unified Communications strategy is expected to provide 20-25 percent savings over four years from:

- Integration of fixed, mobile, and video communication technologies, enabling employees to collaborate with colleagues with reduced call charges over the branch network (including mobile to mobile)
- Simplified management of the network, significantly reducing the need for costly site visits through centralized administration, diagnostics, and fault fixing capabilities
- Centralized capture of usage level metrics, which help ensure that IT is providing to the business the right levels of capabilities, at the right time, and in the right location.

The move to Unified Communications will bring together the bank's various channels—local branch, ATM, contact center, telephone, and Internet banking operations—onto one network platform. This is integral to enabling the bank to optimize its multichannel banking strategy by providing a single view of the customer, making it easier to capture interactions and transactions, and profile customer behavior. In turn, this will provide better information for sales and marketing, which can be used for smarter bundling of products and services.

Miroslav Nićin says: "We are now able to accelerate growth without incurring the need and expense of buying additional Customer Premises Equipment. We plan to add another six new branches and to increase our ATM footprint from 70 to 95 locations by the end of the year. This puts us ahead of schedule to achieve our end goal of 85 branches by 2010."

Next Steps

Having established a unified network platform that is based on an architectural approach, the bank can now focus on leveraging its investment by deploying additional IP services and applications. These applications will benefit from the existing network-embedded services to help ensure reusability and investment protection.

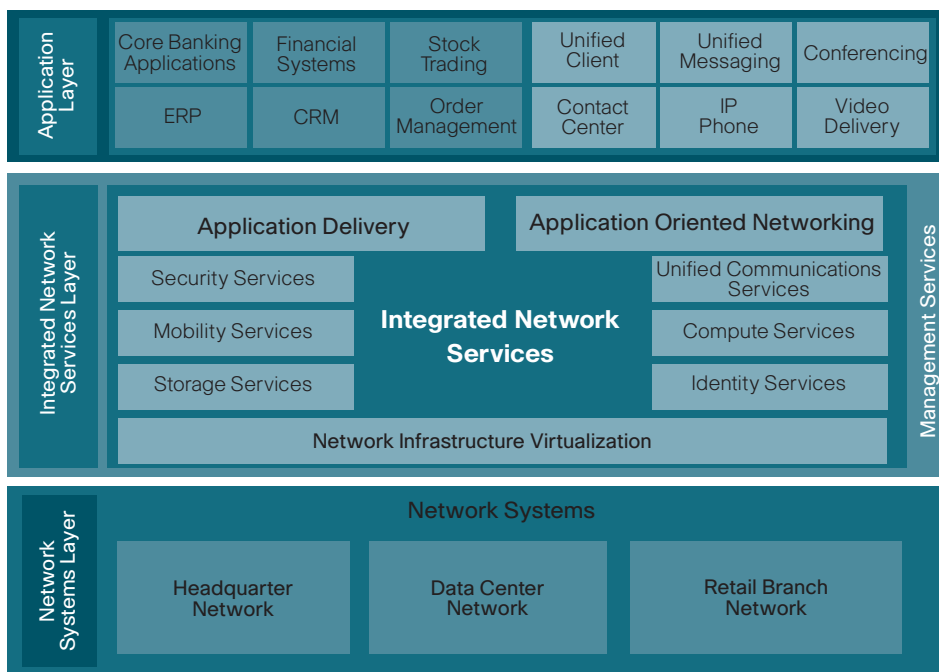
Miroslav Nićin says: "We now have a simple migration path to Cisco Unified Contact Center, which will allow us to bring together operations at our five call center operations within a highly virtualized environment. This next stage of transformation will see the replacement of paper-based processes with IP-rich features and functionality, such as Interactive Voice Response and skills-based routing, for improved customer satisfaction and call center performance."

Technical Implementation

Erste Bank's vision of the network as a platform uses an architectural framework that Cisco calls its Service-Oriented Network Architecture (SONA). SONA delivers a framework for enabling network-based services such as security, mobility, and identity to be connected with applications to enable business solutions. With SONA, Erste Bank has transformed the power of its network to:

- Increase business agility by reusing existing services
- Reduce costs by utilizing services across multiple business applications
- Minimize infrastructure disruption while simplifying service flexibility
- Increase productivity and efficiency while providing corporate differentiation

Figure 1 (below) illustrates the SONA framework for a Financial Services Intelligent Network—providing any-to-any connectivity to enable information, guided by business rules, to move immediately to where it is needed.



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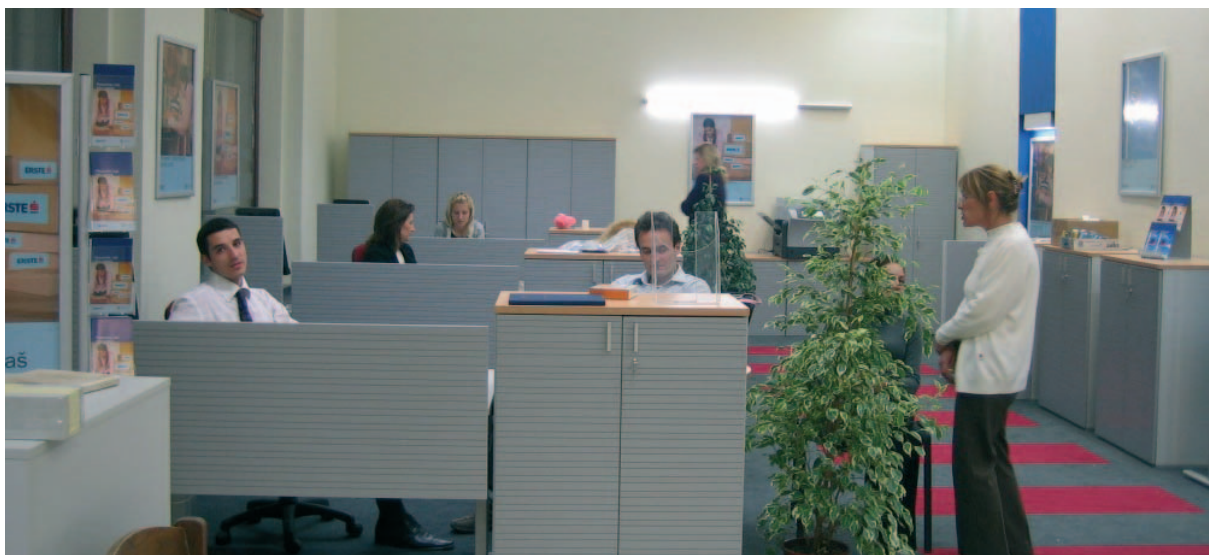
—Miroslav Nićin, Head of Organization and IT, Erste Bank

Cisco's Unified Communication solution increases business agility by helping to integrate a wide variety of communications more closely with business processes, helping ensure that information reaches recipients efficiently, through the most appropriate medium.

The solution for Erste Bank includes Cisco Unified Communications Manager in the core, which provides centralized call processing for 1000 Cisco Unified IP phones (a mixture of 7911, 7941, and 7961 models). Local branches connect to the network via Frame Relay (primary) or ISDN (backup) leased lines and enjoy wire-speed performance provided by Cisco 2811, 2821, and 3845 Integrated Services Routers. This family of routers has been designed specifically to maximize return on investment and accelerate business growth by supporting a range of facilities—from firewalls to voice; LAN switching to wireless networking—within the same device. In this way, services can be added to meet changing business needs transparently.

Cisco ASA 5500 Series Adaptive Security Appliances provide best-in-class firewall, application security, and intrusion prevention capabilities in a single, easy-to-deploy platform. Enforcing robust and stable policy management protects the VPN and safeguards the bank's servers and infrastructure from sophisticated attacks without compromising its ability to use the network as a business tool.

Cisco Discovery Protocol (CDP) further assists remote and central management of the network. Cisco Unified Communications Manager routinely sends out CDP messages to obtain protocol addresses of neighboring devices, discover the platform of those devices, and enable systems that support different network-layer protocols to learn about each other.



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—Miroslav Nićin, Head of Organization and IT, Erste Bank

For More Information

Cisco Unified Communications

http://www.cisco.com/en/US/netsol/ns151/networking_solutions_unified_communications_home.html

Cisco Service-Oriented Network Architecture

http://www.cisco.com/en/US/netsol/ns629/networking_solutions_market_segment_solutions_home.html

Product List

Cisco Unified Communications

- Cisco Unified Communications Manager
- Cisco Unified IP Phones (7900 Series)

Routing and Switching

- Cisco 2811, 2821, and 3845 Integrated Services Routers

Security

- Cisco ASA 5500 Series Adaptive Security Appliances

The Cisco Service Orientated Network Architecture (SONA) services include:

- Security
- Unified Communications
- Mobility
- Identity



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