

Redwood Business Solutions

Making complex processes easy to manage.

At A Glance

Industry

- Finance

Environment

- Complex bespoke finance information system
- Very high transaction rates (10 million postings per hour, 1 billion transactions per month)

Key Challenges

- Lack of synchronized finance data across 170 systems
- High cost of ownership and administration
- Lack of timely delivery of period end close reports

The Solution

- Cronacle integrated as central process management component of GEAR accounting and reporting solution
- Centralized management of all finance reporting

Key Benefits

- 16 applications replaced by one single integrated system.
- Cost and time savings for accounting and reporting
- Financial report production process time reduced from 9 to 5 days
- Reduced total cost of IT ownership
- Positioning for compliance with Basel II



Pioneering achievement in bank accounting & reporting

The “GEAR” (Global Environment for Accounting & Reporting) system was created at UBS Wealth Management & Business Banking (UBS WM&BB) in Switzerland in order to replace the previously disparate financial and managerial accounting systems, Redwood’s Cronacle integrates the different software components used in the overall system and ensures smooth processing.



Since the late 1980’s, the Swiss banking sector has had to refocus its efforts on profitability and therefore its business processes. In order to drive this rethink, the sector as a whole had to know exactly which product and service packages were profitable, as well as those business centers and market segments that would see sustained future growth.

synchronization, unnecessary and redundant processing occurred whilst subsequent processing to align data across systems at times involved nearly 100 employees in “unproductive” work.

The accounting process was correspondingly complicated, protracted and time-consuming. The number of IT

Unfortunately, the existing highly specialized banking systems could not provide this information. Separate systems had to be developed to deliver the particular data required for this new era of management reporting. Major investments in new IT systems increased reporting flexibility, yet decreased efficiency due to the heterogeneous nature of the disparate application landscape. Financial data lacked

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Thierry Schafflützel
GEAR Project Manager, UBS



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systems involved in the process caused the Total Cost of Ownership to spiral upwards.

A Proprietary System for the Future

Simultaneously, internal audit, management information and regulatory requirements (as required by US GAAP, IAS etc.) were making greater demands of the reporting system. "At this point, the addition of more systems to the existing ones would have been highly questionable as it would have reduced efficiency even more", says GEAR project manager Thierry Schafflützel. Against this background the GEAR project was started at the beginning of 2001 with the goal of developing a completely new accounting and reporting system for the UBS Wealth Management & Business Banking group that would meet current and future requirements and facilitate increased flexibility and efficiency. The project was part of a wider program to upgrade the UBS IT infrastructure in Switzerland. The central focus of the new architecture was replacing existing monolithic host systems with a combination of relatively independent business systems loosely coupled via standard interfaces.

Centralizing control of accounting data created the conditions required for uniform management of all financial information in a single general ledger for all business areas. This enabled huge improvements in flexibility, as changes to account assignment or posting logic no longer had to be implemented in all affected front-end systems (a total of over 170 applications). Integration of future regulatory and internal reporting requirements is simplified, rendering previous data alignment processes superfluous.

Major Technical Challenges

Implementation of this vision placed great demands on the technology. UBS Switzerland generates over one billion transactions per month, of which approximately 200 million accrue at the end of each month. In order to deal with

this transaction volume the system must be capable of handling a throughput of 10 million postings per hour, managing 500 million account balances and extracting them quickly for reporting.

This soon proved to be a major challenge, as there was no standard system on the market that was capable of handling the load. "If we were faced with the same situation today and a standard solution was available, we would consider using that system - as this would allow us to reduce the implementation time, project risks and costs considerably," comments Thierry Schafflützel. "But the route we chose was worthwhile for us in every respect, as there are still no comparable systems, which means that UBS WM&BB with GEAR is a step ahead of the industry."

External Partners on Board

The GEAR concept was internally agreed in the spring of 2001. UBS decided to tackle the development of the system together with external partners. In addition to Accenture, Oracle, Elca, DataLizard and Business Objects, the Dutch company Redwood Software also played a vital part. Redwood's Cronacle is the crucial process automation component that acts as the glue holding the entire GEAR solution together. Only Cronacle made it possible to control the many complex UBS processes that run via the centralized control center in the GEAR system, guaranteeing seamless integration of all components and increasing the efficiency of the whole system. One decisive factor for UBS was Redwood's willingness to provide expertise especially in the final stages; "We were able to count on Redwood's expertise, especially in the final weeks of the project. Thanks to the tireless cooperation of all internal and external staff involved, we were able to meet the timeframe and budget."

Industry Leading Solution

The new GEAR system has been in production since the beginning of 2004, processing over 15 billion transactions in the first 3 quarters. Over 170 applications

deliver their data daily from 6pm. The data is processed overnight and made available the following morning in the form of complete, up-to-date reports. "The system is getting faster day by day, thanks in part to the control by Cronacle," according to Thierry Schafflützel. "In addition, we were able to optimize our process chain significantly thanks to GEAR." The total costs of ownership for the accounting and reporting systems were reduced by approximately 30% overall. Industry experts have looked at the solution and rated the approach as unique. They attest that GEAR gives UBS a 5 year head start over their competition.

Thanks to the performance of GEAR, management receives up-to-date and market-relevant data providing the early identification and analysis of trends. The bank is now capable of extracting all reports relevant to management from a central database within 5 to 16 hours in a format suitable for business users. Furthermore, external reporting is now available five days after the period end close, an exercise that previously took nine days.

Conclusion

The high-performance GEAR system provides the bank with a considerable degree of business intelligence which can be used to optimize the services of UBS based on market demand. Financial information is more quickly available to management and controlled from one source. In addition, the business units of UBS in Wealth Management and Business Banking gain an up-to-date, sophisticated and comprehensive overview of the market, allowing them to react faster, reduce risks and exploit opportunities. Thanks to GEAR, UBS in Switzerland has created a future-proofed system that provides it with tools to effectively manage their customer- and product-focused organization and support the corporate strategy. GEAR is a unique solution in the financial sector that sets new standards.