

ING BANK

finds flexibility, cost-efficiency with integrated ATM SYSTEM

6



As far back as the 16th and 17th centuries, the Dutch were pre-eminent among European banks. History books credit them with establishing the first widespread use of the check. Neighboring countries sought to emulate the Amsterdam Wisselbank, which funded city and state projects as well as trade by the Dutch East India Company. Today, ING Group, with ING Bank as a subsidiary, still claims a place among the world's top 20 financial institutions as measured by market capitalization.

With assets of EUR 1,037 billion, ING Group offers services in more than 50 countries. ING Bank Netherlands has been an ACI customer since 1985, when they selected BASE24 to drive ATMs and authorize and switch transactions. In 1991, insurance company Nationale-Nederlanden and banking company NMB Postbank Groep merged into ING Group. Postbank is

among the largest Dutch retail banks and also a longtime BASE24 user. Today the banks' ATM systems are being integrated around a common base of new ACI software.

The multi-year, multi-phase project is overseen by Frank Derks and Rieks Blanken. Derks is manager of the service center for electronic payment channels at ING. He guides the bank's ATM, point-of-sale and SMS text messaging systems in the Netherlands. Blanken is a senior buyer who supports Derks and other managers in not only negotiating contracts but also managing deliveries from IT suppliers.

MAINTAINING FIRST-CLASS SERVICE

ING embraces as a principle strategy the goal of being a first-class provider with exemplary customer service. Derks explained how that shapes the way they manage payment systems projects, including the BASE24 upgrade.

"We understand the service levels that our customers want, and we always fulfill those," he said. "At the same time, we continually look for ways to lower the cost of operations. Today we have two systems running, and we know we can improve their cost-efficiency. Our goal is to integrate them into one while still achieving high service levels."

That's no small task for an ATM system that incorporates 2,600 terminals and processes one billion transactions a year. The bank's project team invested 12 months to carefully map out a technical strategy at the same time they defined commercial terms for the integration. A key goal was to minimize risk.

As Blanken said, "Our philosophy is to reuse before we buy, and to buy before we build. That is, we reuse an existing product that is proven at one of our banks; only if that doesn't work do we look for another product; and if nothing else works, we build it ourselves."

A primary benefit of the upgrade, Blanken said, is the ability to achieve platform independence. "Should we ever need that flexibility, ACI's BASE24-es puts us in a good position. It also represents the future direction of ACI software, and since we've embraced the product as our ATM platform, we want to stay in step with their technical evolution."

PROJECT PHASES

The first phase of the project involved upgrading the ING system to the new 6.0 version of BASE24-atm and adding the scripted authorization capabilities of BASE24-es. "We started with the system that is least customized," Derks said. To control project scope, "We established a functional review board to validate which customizations were necessary. Some were required to support local Dutch regulations, but we were able to reduce the total number by half." The remaining customizations can be satisfied in part through scripting.

The first software delivery was completed in mid 2004. Testing confirmed that ACI met the bank's performance requirement to process

18 transactions per second. ING conducted an audit visit for two days at ACI's office in Watford, England, during testing. The audit is a standard step in the capability maturity model, or CMM, which defines commercial software development standards adopted by many European banks. Blanken said of the audit visit, "It was positive and very open, and allowed us to see everything we wanted to see." The 6.0 software went live at ING in April 2005, driving 500 ATMs. To accomplish the upgrade, the ING/ACI project team began taking terminals down at 9:30 p.m. one night and were formally live on the new system by 6 a.m. the following morning.

The new ING system will be heavily tested as the planned addition of 650 ATMs takes place, growing the upgraded system to 1,150 ATMs with the ability to process 30 transactions per second. In the following stage, Postbank ATMs will be integrated, eventually taking the total to 2,600 devices capable of handling 60 transactions per second. EMV support will then be implemented for ING Bank

cards. In the final stages of the multi-year project, Postbank ATM switch transactions will migrate to the new system as the bank's 8 million debit cards are reissued (EMV compliant) at expiration.

MANAGING FOR SUCCESS

Blanken said the bank has developed a well-defined strategy for working with ACI on projects over the years. "We start with clearly defined requirements so everyone knows what the customer wants," he said. "We make it clear what



we need and what ACI can rely on from us." Functional specifications are written, and prices are then estimated and refined to narrow the risk.

Derks said they focus their project team on major deliverables. "If something moves a few days in the schedule, we don't let it impact the date for an important step," he said. "In other words, we keep people focused on the right things."

Blanken said the disciplined approach they've developed with ACI is now used with other suppliers and even internal providers. "The relationship with ACI is based on trust and mutual commitment," he said, "both at the project team level as well as a senior management level."

Success for Derks is measured in multiple ways. "System availability, transaction volume, and response times are all metrics that we track," he said. "We also take into account the satisfaction levels of my internal customers as well as the bank's external customers; it's part of ING's value chain management."

Derks is challenged to balance high customer expectations with cost reduction targets, but describes that as the most interesting aspect of his job. Blanken is driven by the challenge of helping internal customers work with suppliers in a way that is both positive and effectively manages risk.

How does ING benefit from using ACI software? Derks said that in addition to platform independence, "Our new system will have fewer customizations so it will be more standardized and, as a result, easier for us to manage and maintain. We'll have access to mainstream skills within ACI when we're on a current release of software. Our ability to scale will be greater when we integrate two systems into one, and we think scale is becoming more important. We will also decrease our out-of-pocket software expenses and hope to realize the benefits of scripting to implement changes more quickly.

"One of the biggest advantages we get from using BASE24 is having a stable system," he added, "and we've been able to achieve that working with ACI. We're very satisfied."▲

flexibility KEY to BASE24-es

BASE24-es represents the next-generation version of ACI's flagship BASE24 product line. The new "enterprise services" architecture allows customers to choose from a range of industry-standard servers from HP, IBM and Sun to host their ACI software. Changes in authorization logic can be accomplished through relatively simple scripting rather than source code modifications, allowing customers to more quickly tailor their systems to meet changing business requirements. Like ING, more than a dozen ACI customers have licensed BASE24-es to enhance their authorization capabilities.

projectSTEPS

ING will migrate ATMs to the new system over time, increasing their processing capability with each step.

ATMs	Transactions Per Second
500	18 TPS
1150	30 TPS
2600	60 TPS

“one of our **BIGGEST ADVANTAGES** we get from using BASE24 is having a stable system”