

Financial Services

Case study:

Danske Bank Group

Convergence drives improved efficiency, enhanced customer service and business growth



BT networked IT services help Danske Bank transform the operating model of its Irish subsidiaries to support its 'One Group – One System' vision



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Tom Söderholm

First Vice President and Head of Technology Management
Danske Bank Group

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Executive Summary

When the Danske Bank Group acquired Northern Bank and National Irish Bank from the National Australia Group in 2005 it immediately started planning for the migration of IT services. Rather than attempting to integrate an organisations' existing systems, Danske Bank has a policy of migration to a common platform of systems and processes to support its “One Group – One System” model. BT was selected to provide a range of networked IT services to enable the transformation.

BT's managed global multi-protocol label switching (MPLS) network delivered the wide area bandwidth necessary to support Danske Bank's centralised applications as well as providing a platform for voice and data convergence. Branch LANs were upgraded to support IP Telephony. Resilient PSTN gateway services, mobile services, and BT MeetMe for audio conferencing were other elements of the BT solution. BT also provided laptop PCs and broadband connectivity to employees' homes together with IT helpdesk services to support an IT literacy programme.

The new BT infrastructure initially ran in parallel with the legacy network until migration was complete. The BT solution has helped Danske Bank transform its IT infrastructure, break down cultural differences, and upskill its people to support the company's centrally hosted application model. Service to customers is improving and productivity gains – from the increased efficiency of Danske Bank's IT systems and applications – have enabled staff to be freed up from administrative tasks to pursue new business growth opportunities.

Marketplace

The Danske Bank Group focuses on using state-of-the-art technology to conduct conventional banking business in the northern European markets. It is the largest

bank in Denmark and a leading player in the Scandinavian financial markets. The Group – which includes Danske Bank, BG Bank, Realkredit Danmark, and Danica Pension – offers a wide range of financial services including insurance, mortgage finance, asset management, brokerage, real estate and leasing services.

Danske Bank has an extensive branch network in Denmark, Norway, and Sweden together with branches in London, Hamburg, Helsinki, and Warsaw. Its 2005 acquisition of Northern Bank in Northern Ireland and National Irish Bank in the Republic of Ireland from the National Australia Group extended that reach. Collectively the Group serves a significant share of the corporate, public, and institutional sectors and 3.5 million retail customers. Some 1.2 million of those customers use the bank's online services.

Business opportunity

The Danske Bank Group focuses on using state-of-the-art technology to conduct The Danske Bank Group has a strong focus on IT and operates a uniform business model, incorporating centrally hosted applications serving all parts of the group. When the bank acquired Northern Bank and National Irish Bank it immediately started planning for the migration of IT services. Tom Söderholm, First Vice President and Head of Technology Management at Danske Bank Group, explains: “Danske Bank regularly makes acquisitions but, rather than attempting to integrate a new organisation's existing systems, we have a policy of migration to a common platform of systems and processes that serves the whole company.”

Under this so called “One Group – One System” model, the Bank set a schedule of Easter 2006 for the change and needed to build the networked IT services infrastructure to support the migration plan. A high



bandwidth infrastructure was required to interconnect Danske Bank's 95 branches in Northern Ireland and 59 branches in the Republic of Ireland and link them with the Group's headquarters and dual data centres in Copenhagen.

Tom Söderholm continues: “We concluded that BT offered the best solution. Failure to deliver was not an option and BT gave us the confidence we needed. It has a stable organisation, an ability to provide competitively priced services where we need them, and a strong association with Irish banks. Furthermore, it understood existing infrastructures and could advise us on potential issues.”

BT solution

Danske Bank placed the contract with BT in October 2005, with the majority of services required by the end of the year. For the wide area network (WAN) BT's global multi-protocol label switching (MPLS) network was chosen.

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Consilium Technologies

This supports any-to-any connectivity between Danske Bank sites and, as well as delivering the bandwidth necessary to support centralised applications, it provides the platform to enable wide area convergence of voice and data.

Danske Bank selected a Nortel CS1000-based IP Telephony solution, which would route calls over the BT MPLS network, to a large extent bypassing expensive public switched telephone network (PSTN) services. To enable that, end-to-end Quality of Service (QoS) functionality was required, and BT was also engaged to upgrade the local area network (LAN) infrastructures in each of the Irish branches.

BT created the Bank's gateway to the PSTN through a centralised numbering plan, focused on Dublin and Belfast and supported by a range of non-geographic numbers to deliver selected local services. To enable flexible working BT provided around 800 mobile phones for Danske Bank people in Ireland as well as 200 BT MeetMe audio conferencing accounts.

Service delivery commenced almost immediately. Tom Söderholm comments: "In Northern Ireland just about every service was delivered on time but in some parts of the Republic, where BT had to rely on another service provider for local access, we experienced some delays. Our bandwidth demands were greater than the service provider was equipped to support and BT worked very hard during January and February 2006 to make sure we had service to support the migration." In parallel with the creation of the converged network BT was also selected by Danske Bank to support an innovative upskill programme for the

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Bank's staff in Ireland. Tom Söderholm explains: "We recognised early on that the IT skills of many people in our Irish subsidiaries needed improvement to support our IT-model. We decided to offer each of our employees a laptop PC with internet access in their homes, free for a year. All we asked in return was for people to undertake an e-learning training programme in their own time."

More than 95 per cent of company employees took up the offer and BT supported this landmark IT literacy programme with the build and fully managed delivery of 3,100 laptop computers and printers, together with installation of broadband (or exceptionally dial-up internet) services in employees homes, enabled through a wireless router. After delivery Danske Bank employees could turn to a central BT helpdesk for assistance with hardware or software application problems or broadband services.

Results

The new BT infrastructure initially ran in parallel with the legacy network until migration was successfully completed, as scheduled, over the 2006 Easter period. The BT solution has helped Danske Bank transform its IT infrastructure, break down cultural differences, and upskill its people to support the company's centrally hosted operating model.

The convergence of voice and data in the WAN and the implementation of IP Telephony means that the incremental costs of internal telephone calls has been all but eliminated – voice services now being carried over the MPLS network at no additional charge. National and international call charges have also reduced with the opportunity for least cost routing over the WAN with local break out to the PSTN.

Service to customers is improving and productivity gains as a result of the increased efficiency of Danske Bank's IT systems and applications have enabled staff to be freed up from administrative tasks to pursue new business growth opportunities.

This is already paying dividends. The launch of new banking packages – supported by the migration to the Danske Bank IT platform – is attracting new customers and helping to grow market share. During calendar year 2006, this has contributed to 32 per cent revenue growth in the Republic of Ireland, and 20 per cent in Northern Ireland.

Tom Söderholm sums up: "We have found BT to be very professional and customer-focused. Our relationship has developed with a strong spirit of partnership and we have regular dialogues to share ideas, opportunities and possibilities with each other."

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Why BT?

- BT has a stable established organisation
- BT understood the legacy network infrastructure and was willing to offer advice and guidance to assist the migration
- BT could provide the appropriate services in the locations Danske Bank needed at competitive prices
- Danske Bank had confidence in BT's ability to execute



Offices worldwide

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