

## Michel Mathys, Head Marketing & Sales - Director, ERI Bancaire

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By Helmut Fuchs

**Moneycab : During the ultimate months of 2009 an increasing number of messages regarding new clients or successful project starts such ABN Amro, Trésorerie Générale Morocco, Centrale Bank van Suriname and SCS Alliance were reported. How did ERI experience the “Crisis Year” 2009?**

2009 was, in fact, a weak year for the financial markets with a corresponding impact on the IT budgets of banks. ERI, with 20 new OLYMPIC licences signed during the period, got away rather lightly. With these new licences ERI now has a client base of over 300 financial institutions in 51 countries. We owe this success to adapting our product and our services to the varied needs of the market. OLYMPIC Banking System can be brought to production faster than most other systems. It has a very competitive financial argument in its favour with regard to TCO and ROI and the platform meets the client's requirements for Services, Risk Management, Compliance and Cost Optimization. Thanks to the constant contact with our clients, we remain close to the market's requirements and will meet them with an efficient and competitive OLYMPIC Banking System.

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**The „American Banker“ lists ERI with a turnover of 109 million US dollars for 2008, after Temenos (407 millions) and Avalog (155 millions). What turnover is expected for 2010?**

Our financial figures show stability despite the difficult conditions of the last two years. ERI's income structure proves to be an advantage in such a difficult period, as we are less dependent on new business deals than some of our competitors in the start up phase. Of course there are new projects, but their character has changed: the new markets, aiming to modernize their infrastructure, and the globalization of the financial markets generate an enormous volume of orders, but decisions are made more slowly and more and more large projects are split up into staggered phases. As an example, ERI also has experienced success with new clients in Africa, Asia and South America. Of course the traditional markets also continue to keep investing in their IT infrastructure, but aspects such as costs, efficiency, risk management and regimentation have become very important. We meet these demands by adapting our product accordingly and by taking part in these investments together with our clients both of which result in new licence contracts.

**How is ERI structured and, considering the broad international client base, could the financing of the growth by an IPO be an option?**

The company is privately owned and benefits from the ensuing advantages such as fast decisions, continuity and commitment of the management etc. From the start, ERI has followed an entrepreneurial growth model, focusing on the continuity of the company. When our clients decide in favour of OLYMPIC Banking System, it's meant to be a long term decision. Therefore a reliable partner is an important element in the decision making.

**Even though the pressure from abroad on the banking market in Switzerland is growing, Swiss Banking is still considered a seal of quality. What does "Swissness" mean for an internationally active supplier of banking software?**

The label "Swiss" still counts for a lot in our field of business activity, especially where Private Banking is concerned. This is due to the high level of know-how, which is evident in our software, and the resulting aspects such as confidentiality and safety as well as the global approach to markets and financial tools. More than 60 banks in Switzerland, often with subsidiaries, provide credibility.

*Compatibility of OLYMPIC Banking System with local needs has always been part of our product's concept. The global models are borne in mind by each and every change that is made. It must be done in a way that it is reusable and must be equipped with parameters which adapt to local needs, thus allowing a global strategy with one single product.*

**In the middle of the year you announced the successful introduction of OLYMPIC Banking System at the private bank Hottinger & Cie. That's remarkable because this is the first client who moved from Avaloq to you. What were the reasons for this move and what was to be considered for the implementation?**

In our market financial institutes do review from time to time their decision regarding their software platform. In this case, the bank was seeking a solution optimally adapted to the private banking business and with a better cost-benefit ratio. OLYMPIC Banking System was chosen because it meets these two important requirements. The financial crisis over the last few months has led to a change of paradigms in a way that our advantages are now exactly congruent with the banks' priorities. That's maybe one of the reasons for our lasting success.

**From the four most important suppliers of banking systems in Switzerland (Avaloq, ERI, Finnova, RTC), you show the biggest number of international clients and the largest international presence. Was the internationalisation part of your strategy right from the start and how do you plan to design your further growth?**

ERI's business model was aiming right from the start for a global coverage of the markets. The product was developed from the beginning in a way that global elements such as "multi" (-centre, -foreign exchange, -calendars, -languages, -laws, -tax systems etc.) can be integrated allowing the creation of international hubs, so that a single competence centre can offer IT- or banking services to numerous units. In this way, the product meets exactly the banks' strive to work cost-effectively by using in- and outsourcing as well as the current tendency to establish in domestic markets to the detriment of offshore sites.

**While Avaloq successfully grew with its product from the private banking segment into the domain of large retail banks, you are still focussing on small to middle size private banks as clients. Are you planning a change in your strategy towards new segments or will you carry on aiming for growth in the private banking sector?**

ERI started its activity in the private banking sector with (U)HNWI clients and developed in a natural way towards funds- and wealth management which is oriented to a larger client base. This strategy was substantiated by a large market share in offshore subsidiaries as well as in the private banking- and wealth management segments of the biggest banking groups and we see this as continuing to be important. We also pursue a parallel strategy aiming at medium-sized universal financial organisations, generally regional banks, offering retail banking, partly combined with wealth management. In this market niche we observe an obvious need for improvement and replacement of information systems. The clients are very interested in the real time-processing tailored to meet their requirements.

**For many of the software suppliers, independence from hardware and openness are a major concern. Your solution is deliberately closely connected to the IBM iSeries platform with DB2/UDB as data base system. Aren't you giving away further growth perspectives together with other hardware- and data base suppliers?**

There's no doubt about the qualities of IBM's platform iSeries in terms of costs, reliability and user friendliness. These qualities are appreciated by the many banks working with it. But one also has to acknowledge that UNIX platforms are representing an important market, principally in certain geographical regions or at big groups which have standardized their IT architecture. These preconditions and our strategy for growth triggered the development of an open platform version of OLYMPIC Banking System which runs on either iSeries as before or on UNIX/LINUX. The client can now choose between DB2 and Oracle.

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**Only a part of your 300 clients are located in Switzerland. In which geographical regions do you expect the biggest growth within the next two years? What will its influence be on the evolution in Switzerland where you are holding, according to the consulting firm Active Sourcing, a market share of ten percent of banks with less than 500 employees?**

Our market share in Switzerland, based on FINMA's list of banks, amounts to 14%. This share represents close to 20% of our total client base. The Swiss banking market is unlikely to grow significantly in the coming years, on the contrary - a decline is to be expected. In such a market, systems which are no longer up-to-date in terms of technology, costs and flexibility will tend to disappear so that banks remain competitive. OLYMPIC Banking System has some trump cards with which these banks can be convinced to join the group of OLYMPIC users. An expansion will probably be more noticeable in other regions, for example in Asia and in the Maghreb, where we can use our presence to our advantage.

**The development of your banking software OLYMPIC Banking System is done mostly in Switzerland. Switzerland is known to train only a handful of information specialists and is considered to be very expensive in global comparison. Will you hold on to Switzerland as development site and what general conditions do you need to do so?**

Approximately 200 specialists in our development department are engaged to further develop and maintain OLYMPIC Banking System. These computer specialists are skilled in IT as well as banking know-how. This makes the dialogue between the users and our development team very efficient and has a positive effect on the time to deliver as well as on the quality of the results. That said, you will understand that we are not very comfortable with an outsourcing solution. We consider this method as a reaction to cost pressure, but we don't believe that it serve the interests of banks and IT companies in the long run.

**Your developers are currently busy with OLYMPIC Banking System's new generation, named "Version A". What are the new features and enhancements of this system?**

ERI invest a lot into the project "version A" of OLYMPIC Banking System which comes to the market with a SOA architecture. With it, the client has an open platform, equipped with web services and front office J2EE. Thanks to these features the web browser-based user interface offers extensive possibilities for changes (using a portal approach). When combined with Business Process Management (BPM) and the management of smooth work flows, efficiency increases and risks are lessened. With e-banking on a Web2 architecture the picture is completed. Technological and other advancements are provided with each new release. With add-ons such as CRM and PMS, which are now integrated in the core system, OLYMPIC Banking System offers a complete front-to-back solution on the highest level. OLYMPIC Banking System's roadmap includes, amongst other things several projects originating from the close co-operation with our clients.

**ERI employs approximately 500 people (230 of those in Switzerland) and has about 300 clients in 50 countries. How do you cope with the challenge to attend to such a large client base and at the same time adapt the software to new, partly very local market needs? Which role do the partners play in the implementation projects?**

Compatibility of OLYMPIC Banking System with local needs has always been part of our product's concept. The global models are borne in mind by each and every change that is made. It must be done in a way that it is reusable and must be equipped with parameters which adapt to local needs, thus allowing a global strategy with one single product. Partnerships have always been part of our strategy, especially for third party solutions which meet certain specific or local needs and have been designed to work with APIs such as those which exist for the OLYMPIC Banking System.

**Concluding this interview we grant you two wishes. What are they?**

Spontaneously, there's one wish which we certainly share with all players in the finance- and banking world whether involved directly or indirectly: a stabilization of the markets and return of a normal growth path. The second wish would be to have a look into the future to see how far our perception of tomorrow's banks is congruent with reality: the client takes on a growing importance in the decision making process, maybe even in operational terms, transparency will evolve at all levels, income will be increased and more services and mobile technologies will be integrated into the internal systems of the banks.

## **Michel Mathys**

Michel Mathys, born in Switzerland, studied as an engineer. He participated in several Banking Software projects in Switzerland and abroad, has been active as a consultant for IT strategy and evaluation processes, and has been a project leader for implementing software as well as leading user groups. For several years now he has had roles as the Marketing and Sales Manager for leading suppliers of application software while also being actively involved in the product strategy area. He is now Marketing and Sales Manager at senior management level for ERI Bancaire, supplier of the software OLYMPIC Banking System.

## **About D'ERI**

ERI is an international company specialising in the design, development, distribution and support of the integrated, real time banking and wealth management software package: OLYMPIC Banking System. Operating in many of the major financial centres, ERI is present in Geneva, Zurich, Lugano, London, Luxembourg, Singapore, Paris and Monaco.

ERI employs in excess of 530 highly qualified staff members with a strong focus on providing comprehensive, quality software, successful system implementations and on-going maintenance and support for clients.

Approximately 300 banks and financial institutions across almost 50 countries in Europe, Middle East, Africa, the Americas and Asia have already chosen the OLYMPIC Banking System.