

Conversbank roll-out underpins consolidation

Russia-based Conversbank Financial Group (ConversGroup) has started to roll out the Forpost core banking solution from Forbis, with this to ultimately be deployed across its network in Russia. Forbis, a Lithuanian banking systems supplier, has bagged a lucrative deal to implement its flagship system in four of the Group's banks, Moscow-based Conversbank and regional Grancombank, Investbank and Voronezhcombank. The project is set to last for about two years, according to Nikolai Moseev, director of marketing and sales at Forbis, although he points out that the timescale is flexible. 'Some things are going to be speeded up, some things will be pushed back to the second or third stages – it all depends on the requirements of the bank.' In fact, while both the vendor and bank are positive, the early stages are proving problematic, particularly centred on the need for customisation for the bank.

Without doubt this is a large-scale implementation, and a complicated one too – the Group is to merge the aforementioned banks in the course of 2008 to create one serious player in Russia's rapidly developing banking market. The new entity, based on Investbank (and bearing a similar name), will have a branch network of over 30 branches in the main cities of the European part of Russia, the Urals and Siberia, servicing around 200,000 customers. ING Bank has been recruited as an exclusive financial consultant.

As the bank's headquarters are to be in Moscow (Conversbank's head office), Forbis is starting the implementation here. The contract was signed in September last year, with the first site going live in late March 2008. At present, Forbis is implementing additional modules at the bank.

Forbis will now move to Investbank in Kaliningrad (the most western part of Russia). Forpost will then be implemented in Yekaterinburg-based Grancombank (the Urals region) and Voronezh-based Voronezhcombank (south-western Russia, not far from the Ukraine). ConversGroup's Siberian subsidiary, Bank Yenisei, is also likely to be merged into the new 'heavy-weight' and therefore will run Forpost, Moseev believes, although he adds that there are not talks about it yet.

The new system will be centralised, with the main processing centre based in Moscow. According to Moseev, Forbis' software 'will cover all of the bank's functionality – retail and corporate activity, front, middle and back office operations'. UK-based offshoot of the bank, Conversbank (UK) Limited, might also acquire Forpost, he notes.

ConversGroup and Forbis are not new to each other, but have a history dating back to 1996, when Forpost was first implemented in the Group's Lithuanian subsidiary, Bankas Snoras. The bank

account previous mistakes,' he adds. This has the added advantage that Conversbank can consult with already trained and knowledgeable personnel from Snoras.

Meanwhile, in the Group's Latvian entity, Latvijas Krajbanka, Forbis had to beat off competition from other suppliers in a tender. Although the vendor landed a deal, the implementation project there has been temporarily put on hold. 'It was decided to complete the one in Russia first,' explains Moseev. The Russian project will be carried out '90 per cent by the specialists from the bank and the company', according to

Moseev. Users will be also trained by Forbis.

'The team working directly on the implementation project is well co-ordinated and the staff is fully dedicated to it,' notes Petrov. However, not everything is running smoothly and, he says, it does not currently reflect the quality of the bank staff's work. Indeed, he describes himself as being 'extremely dissatisfied' at present. Despite the combined efforts of the bank's and



Nikolai Moseev,
Forbis

remains Forbis' customer today. Furthermore, it is also considering expanding the Forpost core solution to its foreign branches in Estonia and Cyprus as well as the UK.

'One of the most important advantages of Forpost is that it is product-oriented,' says Vladimir Petrov, vice president at Conversbank. 'Primary importance is being assigned to prompt configuration of products according to the market requirements, and their launch.' He also says that 'until recently, most of the Russian offerings have been oriented on transaction management and reporting, and it is a painful and time-consuming process to adjust them to the product mode'.

Another fact in Forpost's favour was that the system is well-known to ConversGroup. 'We weren't buying "a cat in the bag",' states Petrov. 'We realised the strong and the weak sides of the system, and took into

the vendor's specialists; changes to the software (to meet the specifics of various business activities) seem indispensable in the course of every implementation at Conversbank. This aspect brings 'constant problems'. 'The deadlines are systematically deranged, the analysis is dragged out, nobody can provide data on the timescales,' he complains. 'And every postponed task means either manual labour for the bank's staff or development of a temporary patch by the bank's IT specialists.' Delays in launching various components and additional burden on the bank's personnel creates more errors and problems, emphasises Petrov. Nevertheless, he regards Forpost as 'quite stable' and Forbis specialists to be sufficiently experienced to pull it off. Without these factors, he notes, the joint endeavour of the bank and the vendor would not have been enough for the system to go live.