ING REAL ESTATE FINANCE

REAL IMPROVEMENT THROUGH ONE TEAM, ONE PROCESS, ONE SYSTEM

QUICK FACTS

Industry
Banking

Revenue
€0.5 billion (2009)

Employees
300

Headquarters
The Hague, The Netherlands

Web Site
www.ingrealestatefinance.com

SAP® Solutions and Services
SAP® Loans Management for Banking package, SAP Collateral Management for Banking package, SAP ERP Financials solution, and SAP NetWeaver® Business Warehouse component

Implementation Partners
Gibba Consulting, IBM Business Consulting, and SAP Consulting

Responding rapidly to evolving client needs while minimizing risk is essential in real estate markets. That's why ING Real Estate Finance (REF) turned to SAP® for Banking solutions to help streamline its global business. With strong executive sponsorship and engagement from internal process experts, REF achieved globally consistent processes. ING now has much greater real-time insight and control – key advantages in today's volatile climate.

Key Challenges

- Diverging and overly "manual" processes after a period of rapid growth
- Use of Microsoft Excel to manage products
- Lengthy time-to-market for new products
- Lack of global portfolio overview
- Difficult to ensure end-to-end control
- Lengthy financial processing
- Difficulty adapting systems to external changes and bank regulations

Why SAP Was Selected

- Strong real estate finance references
- Integrated real estate finance solution
- Strong collateral management functionality
- Integrated solution for front and back office
- Availability of expertise in the market
- Automated correspondence and forms
- SAP's global commitment to banking
- SAP's financial stability

Implementation Best Practices

- Procured strong executive sponsorship
- Ensured sufficient ING experts on project
- Backfilled to ensure active participation
- Authorized ING experts to make decisions
- Experienced project manager
- Focused governance on overriding goal
- Created clear global process and control framework at outset
- Set up system to follow process

Low Total Cost of Ownership

- Leveraged SAP best practices
- Focused on critical requirements and avoided "nice-to-have" features
- Covered 98% of requirements with standard functionality
- Eliminated 3 legacy applications
- Established 1 center of excellence for support

Financial and Strategic Benefits

- Ability to serve all clients and administer all products in 1 integrated system for loans, collaterals, finance, and reporting
- Real-time insight in portfolio to better control and steer the business
- Single source of truth for financial, management, and regulatory reporting
- Clear end-to-end-process and control framework adopted across all countries
- Reduced time and effort to audit and improved audit quality scores

Operational Benefits

Key Performance Indicator	Impact
% of loans needing Microsoft Excel administration	Down from 15% to 0%
% of loans with complete collateral information	Up from 85% to over 99%
Time to market (new products)	Down 80%
Frequency of global business status reporting	From weekly to daily
Effort to deliver global reports	Down 25%
Number of IT platforms	From 3 to 1

ING

SAP®

"To exceed client expectations, ING Real Estate Finance needs to excel in execution. Implementing globally consistent, end-to-end processes supported by an up-to-date SAP platform is of strategic importance."

Guus Schnitzler, COO, ING Real Estate Finance

www.sap.com/contactsap

Growth Pains

Formed in the 1960s, ING Real Estate Finance (REF) is the international commercial real estate lending subsidiary of the ING Group. Clients range from international institutional investors to local developers. Through its global offices as part of the ING Commercial Banking division, REF is one of the top five lenders in this sector with a loans portfolio of over €36 billion.

During a period of rapid growth starting around 2003, different processes emerged in different countries. Differences in local portfolios and practices contributed to the problem, but REF also relied on three separate legacy applications for lending. REF was unable to adapt these applications easily for more complex products or to comply with new reporting requirements. REF was using Microsoft Excel to capture product variants and execute important process steps. Fragmented information, delays in reporting, and lack of control were inevitable consequences.

To maintain its market position, REF set about increasing its responsiveness to clients and further improving its cost-income ratio.

Global Framework

At the outset, REF had a clear goal: full consistency of processes, information, and controls across all operating countries. It was clear to REF that it must replace its legacy systems with a single platform that didn't require expensive and risky development.

ING chose the SAP® for Banking solution portfolio from among several alternatives. Besides functional coverage, stable technology, and SAP's solid references in real estate, the key factor was integration: collateral management that is fully embedded in the core lending process. For implementation, REF staffed key project positions and collaborated with experts from IBM and SAP in a team guided by strong project governance.

The team created a detailed global process and control framework – mapped to SAP transactions – that provided a solid basis for blueprinting, testing, and user training. Both internal and external auditors embraced it. A change advisory board with a limited budget ensured that the project focused on the primary goal rather than "nice-to-have" features. Proposals to deviate from the standard needed a solid business case. In practice, few deviations were needed.

Speed with Control

All seven countries have now migrated to the SAP platform, and global end-to-end processes are a reality.

The project has delivered major business benefits – cutting the number of loans processed using Excel to zero, cutting the time to get new products to market by 80%, and increasing the number of loans with complete collateral information to almost 100%. Integrating collateral management and finance plus linking to risk systems has ensured a consistent and timely view of the global portfolio. This is crucial in a world where risks are critically assessed and information on exposures must be reliable. The company can now produce global reports daily rather than weekly, and the effort to produce those reports has dropped 25%.

Hans Boudewijn de Vin, global controller at REF, is pleased: "Our SAP applications facilitate reconciliation and analysis, and the integrated financial, management, and regulatory reporting has improved the planning and control cycle." ING Internal Audit staff agreed, noting that the process and control framework provides transparency for internal control and simplifies the audit process.

Hendrik Pothof, global information manager at REF, is confident that the SAP platform will help REF adapt in a volatile business climate. As he notes, "The simplification of our application landscape along with the functional enhancements will significantly reduce the time and the cost to comply with inevitable business and regulatory changes."

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