KOREA EXCHANGE BANK

LEADING THE WAY WITH INTEGRATED BUSINESS PROCESSES

QUICK FACTS

Industry
Banking

Revenue
16.4 trillion won (US$15 billion)

Employees
Around 7,700

Headquarters
Seoul, South Korea

Web Site
www.keb.co.kr

SAP® Solutions and Services
SAP® ERP application including financial, controlling, and materials management functionality; SAP Supplier Relationship Management application

Implementation Partners
SAP Consulting (Korea), IBM (Korea), Frontier Solution

Korea Exchange Bank (KEB) is one of the largest banks in South Korea. While most commercial banks in that country develop their own in-house computing systems, KEB decided to standardize on software that included the SAP® ERP application and SAP Supplier Relationship Management application. As a result, KEB improved operational efficiency and helped ensure the availability of trusted and consistent business information across the enterprise.

Key Challenges

- Improve budget management
- Eliminate manual processes and standardize operations across the bank
- Support integrated lifecycle management of key financial and procurement processes
- Improve data consistency and reliability

Why SAP Was Selected

- Broad, industry-proven accounting and purchasing functionality
- Support for integrated enterprise-wide processes
- Solutions based on global experience

Implementation Best Practices

- Use of ASAP methodology
- Business-driven project aligned with strategic company objectives
- Strong executive support

Low Total Cost of Ownership

- Completed implementations on schedule and within budget
- Avoided costs of building and frequently updating homegrown legacy systems
- Eliminated investments in overlapping solutions
- Reduced maintenance effort – able to support SAP® software systems with only 2 IT resources

Financial and Strategic Benefits

- Access to comprehensive, consistent, and accurate business information across bank
- Improved lifecycle management of financial and supply operations
- Improved budget planning and control
- Greater transparency with support for end-to-end processes
- Increased efficiency and productivity with greater automation
- Reduced time to complete tasks such as closing monthly accounting

Operational Benefits

Key Performance Indicator	Impact
Accuracy and traceability in cost accounting	100%
Credit card transaction approval processing times	-90%
1st-year reduction in total purchasing spend	-7%
1st-year purchasing savings	11.5 billion won (US$10 million)
Percentage of purchasing staff available for strategic redeployment	30%

KEB

SAP®

"It would be a nightmare trying to manage bank operations with inaccurate data. Implementing a globally proven ERP solution assured us of trusted and consistent data across our enterprise."

Song Jong-Hwa, Manager, Information Development Team, Korea Exchange Bank

www.sap.com/contactsap

Setting the Standard in Banking and Business Processes

Founded in 1967, Korea Exchange Bank (KEB) has pioneered financial services from credit cards to ATMs. Today, KEB is the largest foreign exchange bank in Korea, and the bank's wide network includes more than 350 domestic branches and 25 international locations.

KEB once managed this extensive enterprise with multiple systems that it developed in-house – a typical practice among commercial banks in Korea. As a result, however, administrators had to manually gather information from different systems to perform standard business operations such as budgeting and expense allocation. The bank's IT staff had to respond to evolving business needs with frequent and costly functional updates.

Ensuring data consistency and reliability in this home-grown environment was a critical concern. KEB decided that standardized and integrated solutions from SAP offered a better way to do business.

Choosing Proven Solutions

When looking for new software, KEB wanted industry-proven functionality and the ability to support integrated processes across the enterprise. It chose solutions that included the SAP® ERP application and the SAP Supplier Relationship Management (SAP SRM) application.

KEB implemented SAP ERP for operations such as enterprise-wide budgeting, asset management, taxation, and logistics. Then the bank rolled out SAP SRM to manage the entire purchasing lifecycle from purchase requests to asset termination. With help from SAP Consulting, KEB followed the ASAP methodology and completed the projects on time and within budget. In doing so, KEB was the first major bank in Korea to implement an integrated ERP-based management system.

Banking on Synergies

The SAP solutions enabled KEB to reorganize work processes and reassign resources for greater productivity. In particular, budget planning and execution became highly efficient, as the bank no longer manually consolidates data from different systems. Information is saved in real time, greatly improving process reliability and transparency. KEB reports 100% accuracy in cost accounting and improved cost traceability. And historical data is available with just a few mouse clicks.

Automated operations are eliminating paper, increasing efficiency, and reducing costs. For example, employee expenses once submitted using paper receipts are now handled electronically via an interface between the corporate credit card system and SAP ERP. As a result, approval times have been cut 90%. Other improvements, such as a new electronic bidding process, have helped KEB save about 7% in total purchasing spend in the first year alone. This represents more than US$10 million, and these savings occurred in spite of a significant increase in purchase volume due to changes in corporate branding. In fact, greater efficiency has enabled KEB to redeploy more than 30% of its purchasing personnel to more strategic sales positions.

KEB officials also note that integrated functionality is paying real dividends. An order initiated through SAP SRM, for example, flows automatically through the SAP software for order processing, inventory check, tax invoicing, approval, and payment. "Information entered only once in the system is used for everything from transaction processing to strategic decision making," says Song Jong-Hwa, manager of the information development team at KEB.

Saying Goodbye to Home-Grown Systems

Other than core banking processes, KEB estimates that it manages up to 90% of its operations on SAP solutions. Song sums up the impact of the new software this way: "Standardized software makes it easier for our bank officers to manage end-to-end processes, while providing all our employees with more accurate and consistent data."

50 104 890 (11/04)
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