Development Bank of Southern Africa: Helping Finance Regional Infrastructure Development with SAP® Software

The Development Bank of Southern Africa (DBSA) funds infrastructure projects that help improve the lives of millions of people. When its legacy systems could no longer support this important mission, the bank turned to SAP® software. Today, the DBSA manages a growing portfolio of loan products and services with greater visibility and **more efficient, integrated processes**.

Partner

Executive overview

Organization
Development Bank of Southern Africa

Headquarters
Johannesburg, South Africa

Industry
Banking

Products and Services
Finance, advice, and implementation and integration for infrastructure development

Employees
1,000

Revenue
US$427 million

Web Site
www.dbsa.org

Partners
IZAZI Solutions (Pty) Ltd. and Swicon360

BUSINESS TRANSFORMATION

The top objectives

- Replace a legacy system unable to handle a growing range of loan and other products
- Provide greater integration among business systems
- Improve data integrity enterprise-wide

The resolution

- Used the SAP® ERP and SAP Loans Management applications
- Engaged IZAZI Solutions for its strong banking focus to implement financial, procurement, and loans management solutions
- Engaged Swicon360 to implement HR and payroll solutions

The key benefits

- Full support for the bank's mandate to accelerate socioeconomic development
- Greater efficiency and visibility throughout the loan lifecycle and other key processes
- Improved exchange of trusted information for contracting, legal, loan management, and financial operations

Read more

TOP BENEFITS ACHIEVED

100%
Loans managed within the SAP solution

75%
Reduction in core business systems (4 to 1)

20%
Reduction in settlement runtimes

See more metrics

"With the SAP software, the DBSA can manage its entire loan portfolio within the solution, and the bank has greater visibility throughout a loan's lifecycle."

James Thackrah, CIO, Development Bank of Southern Africa

Executive overview

Company objectives

Resolution

Business transformation

Future plans

Funding projects that promote better living

Look up the Development Bank of Southern Africa (DBSA) on the Internet, and you will learn that it accelerates sustainable socioeconomic development by funding social and economic infrastructure. Ask the DBSA's CIO James Thackrah about the bank, and you will get a far more personal perspective. "Our primary mission is to reduce poverty and improve the lives of people across the region of southern Africa," says Thackrah.

The human impact of this mission is enormous. The region – known as the Southern African Development Community – currently consists of 14 countries and has a population of around 277 million people. The DBSA funds large infrastructure projects that cover many basic needs, including water, sanitation, housing, energy, and transportation.

The DBSA acts under mandate from the South African government, and the bank's products and services have evolved considerably in recent years. Its loans management solution, however, had not kept pace. The DBSA was having to manage more and more of its business outside of its homegrown system. "We now manage grants and support investment banking too," says Dave Evans, manager of the DBSA's SAP Competence Center. "These activities weren't even on the radar when we started." Upgrading the existing solution was an option, but bank leaders decided that the wiser investment was an integrated suite of solutions that included the SAP Loans Management and SAP ERP applications.

> "The bank's mandate has expanded quite dramatically. The world changed, and our new initiatives weren't being addressed by our old systems."
>
> Dave Evans, SAP Competence Center Manager, Development Bank of Southern Africa

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Investing in solid project management and a strong partnership

"We thought our needs were unique," explains Thackrah, "and that's why we developed our own software in the first place." But now, with many new business initiatives to support, the DBSA decided to see what the market had to offer.

As bank officials examined solutions from several vendors, their vision for the project began to expand. "We looked at the bigger picture and recognized the advantages of integrating our loans management solution with our systems for financials and other key operations," recalls Evans. Ultimately, the DBSA decided that the SAP software offered the best fit. "There was about an 80% match between the bank's processes and the native functionality of SAP software," says Thackrah, "so we could avoid extensive customizations."

After choosing the solution set, the bank turned its attention to ensuring a successful implementation. The DBSA established a strong project management function and chose IZAZI Solutions (Pty) Ltd. as its implementation partner. IZAZI has a significant presence in the region and a strategic focus in the banking industry. Together, the team members used predefined implementation templates from IZAZI and paid particular attention to helping ensure data quality during the migration.

Sound project management paid real dividends. The phased implementation included solutions for loans management, financials, procurement, and human resources – and all of these rollouts were completed within budget.

"With the functionality to meet our requirements and the integration that the software offered, it became obvious that the SAP solution was the yardstick against which to compare everything else."

Dave Evans, SAP Competence Center Manager, Development Bank of Southern Africa

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Taking it to the bank

The DBSA now manages and tracks 100% of its loans with SAP solutions. "Our ability to react quickly to ad hoc requests for loan disbursements has improved dramatically," says Evans.

The bank replaced four core systems with a single integrated solution. In procurement, the DBSA can manage all spend centrally and avoid overexposure on contracts. Maverick spend is practically zero. Errors in payroll runs have dropped dramatically, as have closure times. The bank also improved reporting processes and rolled out self-services. "Previously, I had limited insight against my budget and had to wait for finance to provide reports," says Thackrah. "Now I can create those reports myself." Other benefits include improved access to client information and better call center responsiveness.

Reducing complexity enables the DBSA to focus on its core business of disbursing funds and helping to build better lives for millions of Africans.

KEY BENEFITS

30%
Reduction in closing times of financial books

20%
Reduction in month-end adjustment times

>50%
Reduction in payroll errors

>60%
Error reduction in three-way invoice matching

20%
Improvement in clearing general ledger items

100%
Procurement spend managed centrally

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Building a better future

The DBSA recognizes the value of solid and sustainable infrastructure – both in socioeconomic development and in its own business process improvement. "This is just the beginning of a journey," notes Thackrah as he sums up the project's success to date. "We have built up a good head of steam, but we can't lose the momentum."

That's not a concern, as the DBSA doesn't seem to be slowing down. The bank is currently finishing an implementation of SAP BusinessObjects™ business intelligence solutions, and the DBSA is considering other projects as well. These include possible rapid-deployment solutions for customer relationship management and governance, risk, and compliance.

The DBSA is literally helping to build a better future for the people of southern Africa. The bank's focus on continuous operational improvement should help it carry out its important work with even greater efficiency.

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