



Working together for greater efficiency ...

How collaborative development
is minimising IT risk



BANKING INDUSTRY ARCHITECTURE NETWORK – THE STANDARD OF THE FUTURE

Formed in 2008, BIAN members are now using the first deliverables
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At a time of greater competitive and regulatory pressures, the sustainability of financial institutions depends more than ever on increasing agility and lowering costs. It is now widely accepted by these institutions and those who supply them with software and services that service-oriented architecture (SOA) can facilitate both goals. Implementing SOA programs cost effectively and aligning those programs with the next generation of flexible business strategies requires industry-wide SOA standards.

Formed in 2008, the Banking Industry Architecture Network (BIAN) is a global, not-for-profit organisation that seeks to accelerate adoption of service-oriented architecture (SOA) by developing semantic standards and a common services landscape. By asking leading institutions to share their requirements for core services and leading software and services vendors to implement these services based on formally defined semantics, BIAN hopes to support banking services produced in-house as well as those produced commercially.

Already, many BIAN members are applying the SOA methodologies, best practices, and jointly defined concepts resulting from this collaboration in their own organisations. These include financial institutions such as ING and Credit Suisse and providers of banking software and services such as Callataÿ & Wouters, Fernbach, SAP, SunGard, and Temenos.

Seeing the benefits derived from practical use of BIAN deliverables has increased the commitment of participants to the network's mission. Increasingly, it has become clear that synergies made possible through this collaboration have made BIAN a win-win situation for all involved.

Outlook

These organisations and others involved in setting industry standards that will enable rapid adoption of SOA principles are doing so because they share a common vision: a much closer alignment between the business and IT sides of financial institutions. They see agility in terms of recognising the needs of individual customers, partnering with others across the value chain, bringing new and personalised products to market quickly, and continuously fine-tuning processes for better operational efficiency and customer service.

As the financial services industry matures, the BIAN vision will rely increasingly on a collaborative dynamic that includes banks, insurers, and their solution and service providers. Under that dynamic, financial institutions will gradually shift away from building their own solutions to buying solutions that

BIAN Versus Other Financial Standards

BIAN is just one of many standards organisations that serve the financial services industry. The following points highlight how BIAN fits into the overall financial standards picture:

- **BIAN's service-orientation is distinctive** in the financial standards world, where most of the work is message-oriented. Because services use messages, however, there are opportunities for synergy.
- **BIAN focuses on application-to-application (A2A) interoperability**, versus most other groups that have a business-to-business (B2B) and/or A2A focus. BIAN decided that the first step toward improving agility in the banking industry should be to promote interoperability among banks' internal application components – both those supplied by various vendors and those developed in house.
- **BIAN focuses on semantic definitions**, helping to balance other industry efforts that have historically focused more on technical specifications. The greatest unmet challenge to interoperability is lack of agreement on semantics, with technical interoperability being a smaller (though vital) component of the overall interoperability equation.
- **BIAN plans to participate in the ISO 20022 project**. Many standards organisations in the finance sector are using the International Organisation for Standardisation (ISO) 20022 methodology for financial standards and are contributing content to the SWIFT-administered ISO 20022 Financial Repository.
- **BIAN is using UML**. The Object Management Group's Unified Modeling Language (UML) is a foundational technology that is heavily used in the financial services industry.

meet their requirements for integrating enterprise services. For their part, industry vendors will seek to introduce products that meet those requirements and reflect the new standards that help to simplify the implementation of those products.

As the promise of SOA is thus realised, the industry will enter a new era in which commercially available financial services can be seamlessly integrated with software that has been developed in-

house as well as with next-generation, industry-specific platforms that are provided by outside vendors. This evolution will help the industry differentiate itself through superior customer service, strong business partnerships, and ongoing innovation based on flexible and responsive supporting technologies that make it easier for financial institutions to identify new market trends, respond to these changes, and collaborate across organisational boundaries.

BIAN IN ACTION: FINANCIAL INSTITUTIONS



Credit Suisse – Sharing Ideas, Know How, and Resources

“Credit Suisse became a founding member of BIAN because we believe that the establishment of SOA standards for the banking industry will ultimately lead to an improved market for off-the-shelf software components for the financial sector,” says Claus Hagen, head of integration architecture at Credit Suisse. “The standardised semantics that BIAN delivers will significantly reduce the effort of integrating these banking components.”

But a global component market will not emerge automatically, Hagen notes. It will take strong IT and development expertise from leading industry players like Credit Suisse – whose own systems are already benefitting from incorporation of BIAN principles.

The Zurich-based international financial services group started its SOA journey in 1998. It has found BIAN helpful as a place to compare its approach against those of other members and exchange thoughts and ideas.

“Joining BIAN has given us access to a give and take of ideas, know how, and resources,” Hagen says. “This cooperative approach is based on collaboration across banks and beyond, with the goal of accelerating improvements in banking technology for all partners. It is a significant milestone for the industry as a whole – the creation of an open environment of members that takes an important idea to execution.”



ING – Better alignment with banking and software partners

In 2002 Netherlands-based ING Group deployed a common SOA platform to enable cross-border process integration of its many business lines. This platform was developed in house, as there were no commercial products available that could satisfy all of the financial giant’s needs. ING soon realised that technology is only one of the challenges in a successful enterprise SOA.

“We saw that governance, organisation, and component integration were also important,” says Steve Van Wyk, head of operations and IT at ING.

“The principal mechanism for improving integration is standardisation, which provides a solid foundation for service collaboration. As banks increasingly operate in an open banking ecosystem, we are convinced that industry standards are necessary to keep integration costs under control. To be successful in optimising the banking application portfolio and allowing easy and cheaper integration of market solutions, a widely accepted banking service landscape is needed with standard service definitions at a semantic level.”

By participating in BIAN, ING ensures that its service landscape stays well aligned with the emerging industry standard service landscape and is well prepared when commercially available services are developed according to BIAN specifications.

“In large organisations, integration costs can make or break a business case in building new applications,” says Van Wyk. Cost levels are strongly influenced by the degree of standardisation of interfaces, from a technical and a definition point of view. Standards will have to be agreed upon at the industry level as internal and external interfaces are benefitting from SOA more and more.”



BIAN IN ACTION: SOFTWARE AND SERVICE PARTNERS

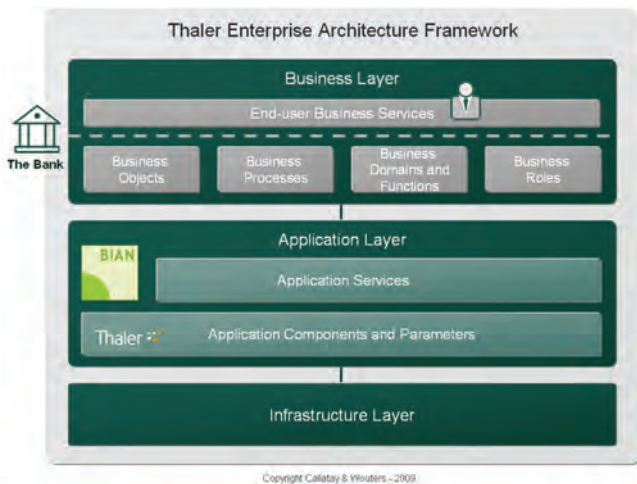


Callataÿ & Wouters – Help with R&D and Software Implementations

Callataÿ & Wouters has realised many benefits from its participation in BIAN.

In 2009, the Brussels-based vendor of banking software earned the Leader designation in the Gartner Magic Quadrant for International Retail Core Banking – due in part to its participation in BIAN. This participation has brought value to many strategic areas – from enterprise architecture and product design to sales process and implementation services,” says Renaud Winand, head of Research and Development at Callataÿ & Wouters.

To achieve a consistent business-oriented framework for both R&D and implementation projects, Callataÿ & Wouters is using BIAN methodologies and concepts in the enterprise architecture for Thaler, its flagship core-banking solution. The architecture uses a top-down approach to represent how business domains and processes are covered by Thaler application services as well as the underpinning application components and parameters (see below).



In implementation projects, the architecture helps banks analyze gaps between their business requirements and the functional coverage of Thaler. It can also help them identify deviations from standard processes, describe the future architecture for Thaler, and customise implementations based on modular components within Thaler’s SOA architecture. This use of enterprise architecture:

- Gives Callataÿ & Wouters, its clients, and its technology and business partners a consistent view of Thaler from both a high level and the level of specific components
- Increases the speed, consistency, and adoption rate of Thaler standards by clients while reducing risk
- Adds value to documentation across the full technology stack and within business views such as bank organisation and roles, working practices, training, and bank operating procedures
- Enables proper standardisation and augments re-use of modular Thaler components within the architecture
- Supports rationalisation and simplification for clients by providing reference and guidance on standards and best practices enabled through Thaler deployment and usage

“The shared knowledge of the BIAN community feeds into our mission to build future-proof solutions for the banking sector,” says Winand. “Working with BIAN has inspired us to achieve new standards of excellence in our R&D approach, which directly benefit the solutions we deliver to our banking customers.”



Fernbach – New Strategies for Developing and Managing Products

Fernbach, a leading provider of software solutions for IFRS accounting and enterprise-wide value and risk management, joined BIAN at the end of 2008 and became chair of the Working Group for Lending Operations in spring 2009. In addition to collaborating with leading banks and software vendors, the Luxembourg-based company was interested in developing a market standard that they would adhere to in future developments for their FlexFinance product suite.

“Just as BIAN and its members can profit from Fernbach’s expert knowledge from implementations involving the FlexFinance® Lending solution, Fernbach can benefit from increased standardisation and interoperability among vendors,” says Norbert Becker, head of product development platform and suite at Fernbach.

Fernbach’s participation in BIAN has had a direct effect on its strategies for product development and management. All future FlexFinance® suite components will be structured in accordance with the BIAN-defined service landscape, which is well suited to the suite component architecture. Existing components will be redesigned in planned release cycles. The lending sector, a strategic core strength for Fernbach is the ideal vertical for industry-wide standardisation.

“Fernbach’s support for BIAN standards will provide FlexFinance users security for their planning and investment strategies,” says Becker. “The components developed in the form of services can be considered semantically stable because the interdisciplinary core competences of several software providers and banks have been incorporated.

“BIAN’s key objective, which is interoperability, paves the way for easier re-use of functions in heterogeneous system environments,” Becker adds. “Describing the functionality in great detail helps to smooth implementation of SOA throughout a company.”



SAP – Reducing Integration Costs

SAP believes that through tight collaboration in defining and adopting semantic industry standards for SOA, banks around the world can respond more effectively to changing customer needs. They can also reduce the risk and cost involved in re-engineering legacy systems for a more flexible operational environment. Based on broad consensus from within the banking industry, the new standards will enable faster, more efficient strategic and operational changes in banks, while helping banks reduce costs through greater efficiency and organisational flexibility.

Based in Walldorf, Germany, SAP began the journey to develop a methodology for standardising banks’ enterprise services in 2005, through its industry value network (IVN) for banks. Seeing the need to collaborate in an open environment that would encourage broader membership, SAP created BIAN together with Microsoft and other founding members of the IVN.

As an active participant in BIAN, SAP seeks to give banks the enterprise services that best fit their needs. Pre-defined services will help SAP banking customers quickly build and deliver new products and services without large integration costs. Solutions that include pre-defined, banking-specific enterprise services will help financial institutions significantly reduce time spent on daily tasks, as well as gives banks the opportunity to reuse the services for other channels such as mobile, terminals, and direct banking.

“As a committed member of BIAN,” says Martin Schroter, vice president banking, SAP AG, “we are adapting the standards and methodologies developed by the association into our banking solutions to help our customers transition their business operations into a more flexible and agile IT environment.”

SUNGARD® SunGard – Making Solutions more Flexible and Cost Efficient

Based in Wayne, Pennsylvania, SunGard Financial Systems owns and markets a wide variety of solutions that help organisations maximise technology for their business goals. It shares some of the same challenges that banks have in making software products operate together as a holistic business solution. Unlike banks, however, SunGard must do this repeatedly and for different clients. This makes the benefits that may be derived from widespread adoption of standards even more critical for SunGard than for many banks.

In early 2008, SunGard launched the Ambit universal banking solution, which brings various banking packages and business lines together. Ambit has also created a business organisation within





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SunGard that could evaluate and offer cross-package solutions for addressing integrated business requirements in banks. This organisation has been involved in the functional working groups within BIAN.

“We firmly believe that the creation of standard service definitions within BIAN and the publication of these as accepted standards accelerate the rate at which its own software assets can be made more easily interoperable,” says Mats Lillienberg, Chief Technology Officer at SunGard. “It is also making these software assets work more easily with other vendor and proprietary solutions that banks deploy.”

The Infinity technology solutions group within SunGard – which has been part of the BIAN Main Board and Architecture committee from the beginning – focuses on SOA, business process management, and software as a service solutions. The group provides services and products to the rest of SunGard to produce functional solutions that are more flexible and cost efficient. SunGard can thus contribute results of its own extensive experiences in the banking technology to BIAN, while benefiting from the standards BIAN creates.

“We have derived great value both from new design and architectural artifacts as well as the pooling of experience and knowledge that is inherent in this process,” says Lillienberg. “We have engaged with BIAN in the development of architectural concepts and business service definition to help software from different providers work together more effectively and allow banks to deploy and use this software with greater agility.”

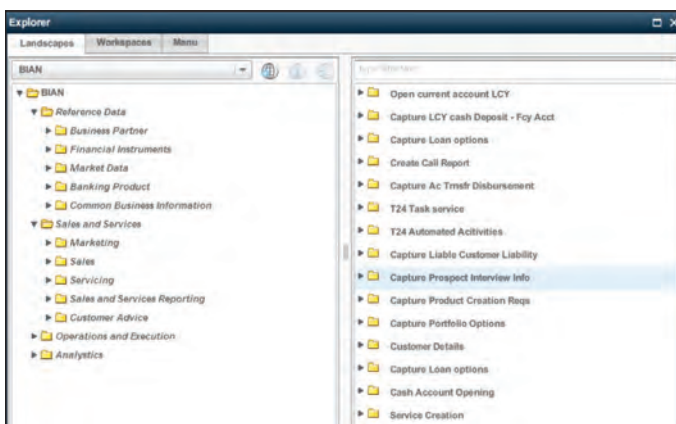


Temenos – Streamlining Access to Functionality

A leading packaged banking software provider, Geneva-based Temenos was one of the founding members of BIAN. The effort to standardise service definitions is very much in line with the implementation approach that the company has taken using best practices and SOA with its T24 Model Bank solution. With the R09 release of T24, Temenos published services aligned with early results produced by BIAN workgroups.

“For R10 and future releases, Temenos is publishing all of the T24 services aligned with the BIAN services landscape,” says Koen Van den Brande, director of group strategy and marketing at Temenos. “As more detailed specifications of services such as business partner and payment emerge, we continue to incorporate these into the way we provide access to the T24 business functionality.”

In the Temenos context, it is the team that looks after the Model Bank solution and the associated service definitions and reference processes that are responsible for aligning the T24 service definitions with BIAN. The BIAN service landscape is seen as a very helpful approach to organising the services provided by T24 in a way that makes it easier for customers to understand how the Model Bank addresses their requirements.



One specific initiative that provides visible evidence of this activity is the T24 Service Landscape Explorer. The Explorer provides a mechanism for finding specific T24 services by navigating the BIAN service landscape. At the highest level the Explorer provides a view of the BIAN service landscape domains and sub-domains. At the lowest level, it reflects how BIAN service definitions map at a detailed level onto T24 services.

“The Explorer has been designed, recognising the likelihood that the BIAN service landscape will evolve over time,” says Van den Brande. “It also provides the flexibility to adopt alternative service landscapes, should that prove necessary.”