



Measuring success



Gruppo BPER

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MTA: BPER

Chairman

Guido Leoni

CEO

Fabrizio Viola

Organizational Services Mgr.

Marco Bertazzoni

Fiscal Year 2008

Assets—€52.8 Billion (~\$78B)
Profit—€209 Million (~\$309M)
Employees—11,922

ROI Study Highlights*

- 253% ROI in one year
- 405% ROI over five years*
- 122% IRR over five years
- Investment €1 Million (\$1.5M)
- Payback within 3 months
- €10 Million Net Savings over five years (\$15M)

Business Benefits

- Reduction of over 150 million printed pages annually
- Faster, more actionable reports and analysis
- Faster, more efficient monitoring of client accounts
- Ability to differentiate customers on value
- Ability to improve customer communicate

Study Scope

- RSD EOS Software
- RSD EOS Thin Client
- RSD Folders

Gruppo BPER makes information actionable for better banking with RSD software—realises a 253% ROI in one year

Executive Summary

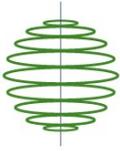
Founded in 1867 as Banca Popolare di Modena, the bank started out as a mutual society to finance the craftsmen and local business activities growing through a series of mergers and acquisitions to become the 6th largest bank in Italy. Banca Popolare dell'Emilia Romagna (BPER) has grown to become a “federal” banking group with 10 regional banks, consisting of 1,272 branches spread across 17 regions and 76 provinces with over 2 million clients in Italy. Gruppo BPER has investments in 8 product companies ranging from Private and Investment Banking to Wealth Management and Consumer Banking—all with conservative roots in sustainable profitability, sales productivity and operational efficiency while constantly balancing growth with sound capital ratios.

In 2003, Gruppo BPER wanted to replace its multiple existing tools sets with a single, more robust solution that would do more than just reduce the volume of centralised printing. As BPER looked for solutions, it discovered a comprehensive and efficient solution in use by its recent acquisition, Banca di Sardegna, where RSD had been successfully used for years. The RSD EOS (Enterprise Output Solution) software allowed BPER to not only reduce the number of paper reports, but transform the static report data into dynamic, actionable analysis that would change the way BPER uses information in processing and decision making. In RSD folders, BPER found multiple solutions ranging from personalised report delivery and analysis to acting as the back-end to Internet Banking, whereby customers can view on-line historical statements in a fast, efficient and cost-effective way.

Today, BPER has been able reduce costs and complications associated with paper. More importantly, BPER is able to free up significant resources and streamline operations and improve decision making by transforming data into real intelligence that allows the user to quickly tailor the information to solving problems. With RSD, information is now presented in a highly searchable, customised format that allows the users to quickly focus and prioritise accounts—what use to take days is now accomplished in minutes allowing BPER to focus on improving its customer service while improving its financial performance.

Using RSD, BPER can now securely control, monitor and report on how information is used across the bank's federal model. With RSD, BPER can focus on new capabilities and strategic benefits like customer statement history delivered via Internet Banking made possible with RSD Folders.

Using RSD, BPER has a single, robust information delivery and reporting solution which has significantly improved how BPER uses information to streamline processes and reduce costs resulting in a 253% ROI in one year.



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“RSD EoS has made report distribution across all our group companies quite easy”

—Bruno Ferrari,
Organization Gruppo BPER

Gruppo BPER Business Challenge—Share, transform, and collaborate with consistency for better decision making

Founded 1867, the bank has a long history in Italy, having grown significantly through a series of mergers and acquisitions of smaller local banks. While this has allowed Gruppo BPER to differentiate itself as part of the local community, sharing information in a timely and consistent manner is a challenge.

In 2003, Gruppo BPER looked for a comprehensive solution that would allow it to optimise printed reports management. Gruppo BPER’s goals were focused on two core principles:

- 1) Reduce overall printing, shipping and storage cost
- 2) Increase usability of information

Gruppo BPER faced the challenges of finding a single, proven solution that would not only meet its goals, but provide the flexibility, scalability and adaptability as the bank continues to grow. Like many organizations, Gruppo BPER had a “print everything” culture so the new solution would have to deliver a set of new capabilities that would attract the users in an easy to use solution making adoption a success. The bank knew it could reduce the logical costs of paper, shipping and storage through the new solution.

In exploring new solutions, Gruppo BPER had a desire to make search more effective and consistent. Users expressed a keen desire to move beyond rudimentary search capabilities so they could reduce the amount of time searching for answers, crucial among the Gruppo BPER staff and customers alike.

Secondly, Gruppo BPER looked for a way to increase the use of information. Gruppo BPER recognised that users all have different needs in using information, and that it was critical for the new solution be flexible to meet these needs. User control over sorting, presentation and ad-hoc analysis were not possible in the previous solution and thus limited how Gruppo BPER could harness the value of its information.

As BPER looked for solutions in 2003, it discovered a comprehensive and efficient solution in use by its recent acquisition, Banca di Sardegna, where RSD had been successfully used for years. The Banca di Sardegna IT team was able to demonstrate how it had successfully leveraged the power of RSD, but more importantly how the solution could quickly scale to accommodate Gruppo BPER’s needs without any additional IT staff. Witnessing the benefits of RSD’s simple and elegant solution could bring in terms of improved information delivery, resource savings, and use of information provided the conviction in Gruppo BPER’s decision to select RSD.

Challenges

- Replace paper reports centrally printed and distributed
- Make data in reports more usable
- Improve format, use and timeliness of information
- Streamline processes and customer interactions
- Reduce costs—paper, staff, computing, etc.
- Increase user adoption and simplify training



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“With RSD, we were able to quickly leverage our success at Banco di Sardegna to benefit the entire Gruppo BPER organisation with no additional staff.”

—Salvatore Piras,
IT Manager,
Gruppo BPER

The straight-forward and intuitive design of the RSD solution has aided Gruppo BPER’s successful adoption. After completing a short on-line tutorial, users are up and running with proficiency in effectively using the RSD system. The flexibility in how information is now delivered and easily formatted via RSD is transforming the whole information use, analysis and governance across Gruppo BPER.

On all fronts, the low-cost solution has proved a very wise investment indeed, reaching its payback-point in only three months after its roll-out. Over time, Gruppo BPER has reaped substantial and sustained operational savings through reduced and avoided costs, as well as strategic benefits through information security, tracking, and archiving. Due to RSD’s extreme scalability and minimal CPU footprint, these benefits will only continue to grow right along with Gruppo BPER’s own growth.

Business Benefits—Savings through operational value

High-impact cost reductions and resource savings

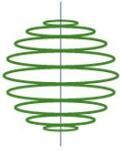
Reductions in resource demand of all kinds—paper, printing and storage—contribute to the operational gains enabled by the RSD solution.

- By adopting the RSD solution, Gruppo BPER has avoided printing approximately 160 million pages per year resulting in RSD attributable savings of €800,000 per year—this alone pays for RSD solution without any additional benefits. The RSD solution provides Gruppo BPER with use and printing statistics so it can track information consumption and how the solution is helping it reduce over 12 million pages per month of physical print outs
- RSD has allowed Gruppo BPER to free up over 60 square metres of expensive IT space, previously used to house the centralised bull printers, staff and rolls of paper. With RSD, Gruppo BPER is also seeing space savings at both the branch and central repository level providing with Gruppo BPER additional flexibility and cost savings
- The reduction in printing documents has enabled Gruppo BPER to re-purpose 5.5 FTE (2 X 3 shifts) formerly dedicated to running the Bull printing facility
- RSD electronic delivery of reporting and analysis has allowed Gruppo BPER to retire the costly bull printers and the annual maintenance associated with them
- Using RSD, Gruppo BPER can now redeploy staff from back-office, manual paper-based functions to new customer-facing activities that payoff in improved customer experience while providing new opportunities to sell additional Gruppo BPER products and services. Gruppo BPER has witnessed redeployment of over 60 staff across its more than 1,200 branches which translates into sizeable savings of more than €2 million per year
- Leveraging the competencies of the Bank of Sardegna IT Staff, Gruppo BPER was able to leverage this team to manage and support the entire Gruppo BPER organization without adding any additional IT staff

Selection Criteria

Gruppo BPER chose the RSD solution based on proven ability to offer:

- Low cost solution requiring low overhead to operate
- Intuitive, easy to learn system
- A robust, scalable and reliable solution that conserves computing resources
- Huge cost reductions through paper savings, reduced IT costs, and ability to redeploy and more effectively scale staff
- Improved access and management of information while reducing burden on off-site storage facilities
- Increased productivity through process efficiency
- Reduction in carbon footprint



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“Before RSD information from reports was not searchable and could not be exported easily for ad-hoc analysis.”

—Stefano Corradini,
Area Carpi,
Gruppo BPER

Strategic Benefits

- **Reduced printed pages of over 150 million annually**
- **Faster and more actionable reports and analysis for receipts, overdrafts, payments, etc.**
- **New capabilities — customer statement history for Internet Banking, emailing account statements to customers**
- **Faster, more efficient monitoring of client accounts**
- **Greater functionality with XLS macro intelligence to improve use and transformation of data into actionable insights**
- **Highly searchable content — speeds access to data for improved decision making**

Process efficiencies gained, shorter cycle times:

RSD helps to lessen the inherent error rate by delivering up-to-date information in more usable forms and on a more dynamic level.

- Errors caused by re-keying data can be avoided, because it is now possible to cut and paste or export directly to excel
- Reports can now be quickly sorted and formatted so intelligence rises to the top for immediate action

Conserved computing resources:

As Gruppo BPER grows geographically along with new services and products, RSD's ability to scale in a secure and efficient way is critical to bank's growth plans and operations.

- RSD obviates the need to run multiple mainframe jobs in order to produce individualised sub-reports. After the comprehensive, detailed report has run once, it can be either parsed using an attributor or further sorted and formatted with the Excel report macros feature. Gruppo BPER, in particular, has made extensive use of these intelligent macros to tailor its information reporting into true actionable analysis
- Historical reports previously could take up to five days to produce from centralised printing to distributing out to the branches. With RSD this can now be done immediately or, in a worst-case scenario, overnight
- As compared with other solution platforms, RSD requires a relatively small team to manage—in the case of the Gruppo BPER, the entire IT team working RSD is less than 5 FTEs



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“With RSD, we are able to put more information in the users hands that helps them make better decisions.”

—Roberto Fantuzzi,
IT Programmer,
Gruppo BPER

Strategic Benefits—Faster, more efficient monitoring and analysis of client accounts

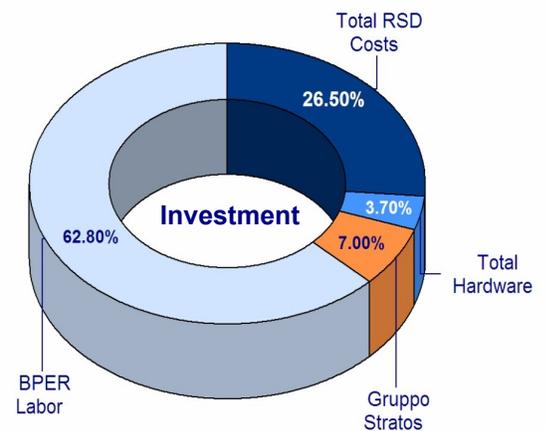
RSD has helped Gruppo BPER improve its customer interactions by transforming static data reports into dynamic intelligence that helps them improve their business decisions and customer interactions.

- Eliminated paper security concerns by moving to RSD’s more secure delivery method which includes an audit trail and tracking report that records who is accessing and using information
- Reduced burden on Gruppo BPER’s offsite storage facility, reducing Gruppo BPER’s risk of needing additional warehouse space
- Reduced carbon footprint—by eliminating over 150 million pages annually, Gruppo BPER is not only reducing its use of natural resources (paper, power to print, ink, and vehicles to distribute) but it also extending these benefits to customers by making statements available online vs. having to go to the branch for a ‘green screen’ printout

Quantifying the RSD Investment

A breakdown of the Gruppo BPER’s investment is depicted in the following figure:

- The purchase of the RSD software and maintenance accounts for 26.5% of the total investment, with annual costs averaging less than €150K
- RSD’s low overhead and demands on computing resources accounts for the 3.7% cost for hardware and mainframe allocation cost
- Gruppo Stratos (RSD’s Italian partner) implementation and consulting fees are a nominal 7% of the total cost, illustrating the straight-forward, bullet-proof reliability of the RSD solution
- BPER Labour consisting of the Sardegna IT team plus part-time HQ resources accounts for 62% of the total costs. Putting this amount in context, (less than 5 FTEs) illustrates the overall low cost to operate the RSD environment



Economic Benefits

- **Reduced paper costs by 90% (over €1.5M annually)**
- **Eliminate the need to re-run reports to provide additional copies**
- **Reduce bull printers to 1**
- **Minimize centralised printing**
- **Reduce real estate needed in data center**
- **Reduce dedicated printing staff by 90% to less than 1 full time person (FTE)**

Built-in Value of the RSD investment—Greater efficiency, fewer resources

RSD has brought operational benefits to Gruppo BPER by helping to improve process efficiency, resource utilisation and customer interactions.



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“With RSD Folders, we now have statement history for our Internet Banking customers.”

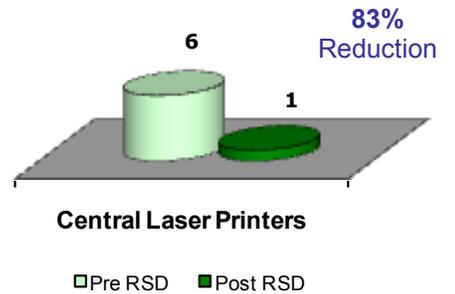
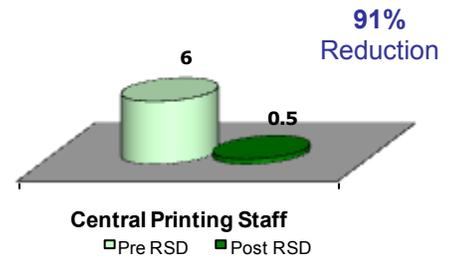
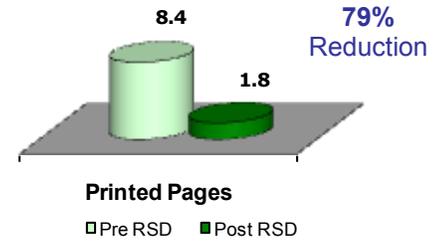
—Bruno Ferrari,
Organizational Services
Manager,
Gruppo BPER

Operational Benefits

- Eliminated over 12 millions pages printed monthly
- Reduce storage and retrieval from costs associated with offsite warehouse
- Redeploy more staff to customer-facing activities by reducing manual reconciliation and processing activities
- Improved branch performance with faster, more actionable data

Efficiency Gains

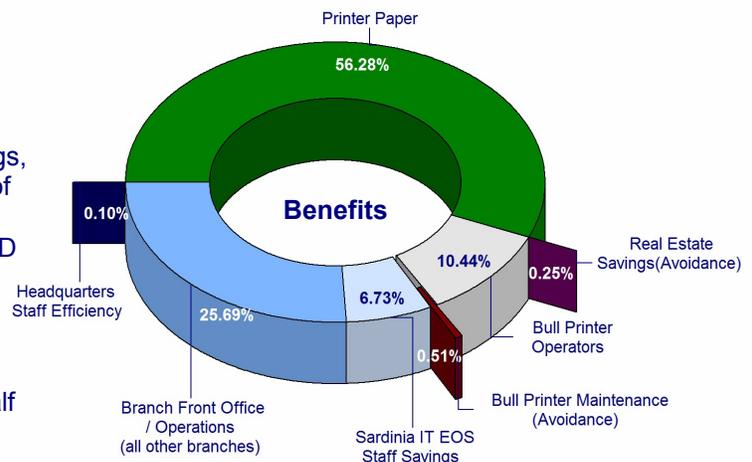
- Reduced printing—millions of pages are no longer getting printed (locally or centrally) resulting in both printing savings, but also helping Gruppo BPER to reduce its carbon footprint
- Reduced staff required—previously Gruppo BPER ran 3 shifts in the central print depot consisting of 2 staff to manage and print the reports for the entire bank that were then distributed to the regions and branches. This has been all but eliminated with only a partial FTE left to manage the central print group
- Reduced centralised printers—by moving reports to electronic delivery, Gruppo BPER has been able to reduce its physical print group in both printers and space



Quantifying the Benefits Realised from the RSD Investment

Thoughtware Worldwide’s analysis showed that Gruppo BPER’s investment in RSD has delivered significant cost savings. The following illustration shows some key economic benefits which contribute to the one year 253% realised ROI.

- **Paper savings**
By moving to electronic report delivery, Gruppo BPER’s paper savings, approximately 13% of total benefits, alone have paid for the RSD investment
- **Printer Savings**
Over 5% of the total benefits or almost half the cost of the RSD investment has been saved by retiring the centralised Bull printer and the staff and space required to operate them



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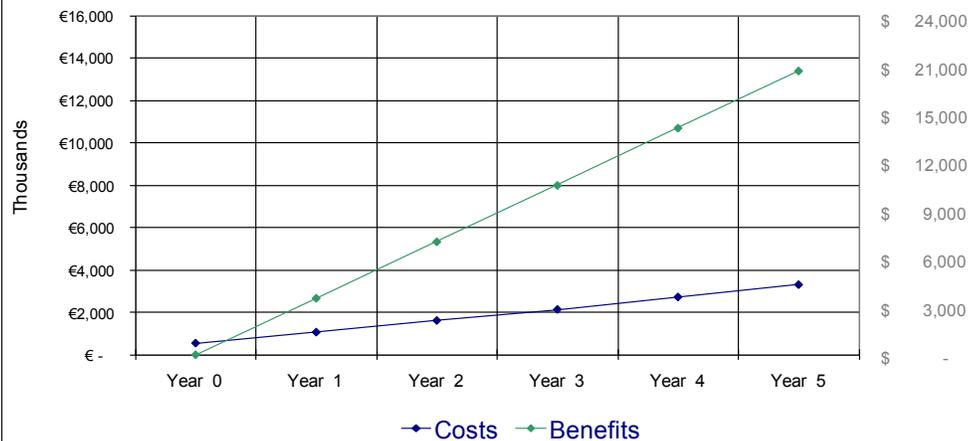


Summary of Gruppo BPER on Investment (ROI)

Gruppo BPER's vision is to improve customer service and financial performance through greater use of information. With the RSD solution, Gruppo BPER has been able to reduce paper costs, printing and storage costs, all while putting true actionable information into the hands of its staff to improve its customer interactions and decision making.

The RSD solution has delivered an ROI of 253% in year alone and an ROI of 405% over five years and an internal rate of return (IRR) of 122%, confirming the superb quality and value of the investment. As illustrated in the chart below, the benefits of the RSD solution have exponentially exceeded expenditures, reaching breakeven in just three months.

Break Even Analysis



FINANCIAL MEASUREMENT EXPLAINED

ROI (Return on Investment)

- Quantifies how much profit or cost savings will be achieved as a result of the investment
- Discount any future costs/benefits by the Weighted Average Cost of Capital (WACC)
- WACC is an average cost of capital using a combination of equity and debt borrowing
- Demonstrates the overall value of an investment; e.g., is breakeven achieved (100%) or is positive value achieved (101%+; investment plus value)

WACC (Weighted Average Cost of Capital)

$$WACC = E/V \times Re + D/V \times Rd \times (1-Tc)$$

- Re = Cost of Equity
- Rd = Cost of Debt
- E = The market value of the firm's equity
- D = The market value of the firm's debt
- V = E + D
- E/V = Percentage of financing: equity
- D/V = Percentage of financing: debt
- Tc = The corporate tax rate

IRR (Internal Rate of Return)

- Discounted cash flow measure of valuation and investing. IRR is the true interest yield of an investment
- Net benefits restated as an interest rate
- IRR demonstrates how quickly an investment generates positive net benefits



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About the Value Measurement Series

This study is one of a series of investigations into the business value companies have derived from their investment in RSD's solutions. It is intended to serve business executives and managers who are evaluating RSD solutions to improve the way they operate their business leveraging technology.

This case study was commissioned by RSD SA and is based on original research and analysis conducted by Thoughtware Worldwide, LLC., an independent research and information services firm. Thoughtware Worldwide's research included on-site interviews with members of the Gruppo BPER's management team and reviews of company financial and planning documents.

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For more information about this study, please visit www.ThoughtwareWorldwide.com or contact your local RSD office.

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Gruppo BPER Has the Opportunity for Additional Value

During the study, the Gruppo BPER team identified a number of additional areas where it could maximize the benefits realised from its RSD investment. Leveraging its RSD solution, Gruppo BPER has the opportunity to harvest additional value by:

- Increasing analysis—leverage RSD for additional customer analysis using the proven XLS macros for export and formatting requested data
- Increase pre-defined reports and analysis to arm Gruppo BPER with profitability and customer value analysis

Summary

The RSD solution is helping Gruppo BPER to realize its vision of improving customer interactions by reducing processing inefficiencies, better staff utilisation, and putting knowledge at everyone's finger tips for better decisions. The RSD solution represents how data hidden in operational systems can be transformed into actionable intelligence and that solutions like RSD folders in conjunction with Internet Banking, can help Gruppo BPER extend the benefits to its customers.

