

BANKING SMART

French bank Societe Generale is working with e-Hosing DataFort (EHDF) in the region to ensure effective back-up and disaster recovery.

THE MIDDLE EAST AVATAR OF THE

international bank Societe Generale, is not exactly what one would envision of a bank – that is if the thought of a bank brings to mind ATM kiosks, teller counters and cash transactions.

The French-corporate, which has been in the Middle East for quite a few years, does not boast a retail operation in the region.

“We have had a business in the region for the past few years but we started off as a purely marketing office only. And that continued until 2007. We got our active banking licence only in early 2008. Basically we became a branch only in early 2008. Our main activity in this region is corporate investment banking and private banking. Corporate banking mainly deals with corporate financing and structuring, and private banking looks at high net worth individuals,” says Abdul-Mannan Contractor, CTO for the Middle East at Societe Generale (SocGen).

According to him, SocGen operated as a small office with around 15 people for many years before becoming an official branch. Now, the group has over 100 people in the region, spread across multiple office locations, including Abu Dhabi, Bahrain and the Kingdom of Saudi Arabia.

“Between the two divisions that operate here, it is almost like two different banks. Both teams sit here at Dubai International Financial Centre (DIFC). The only thing common between the two is IT. Globally, our IT team operates under the banner of Global Technology Services (GTS), and that team is around 4000. We work for the SocGen group. Private banking or corporate banking, they are our clients

and we provide them with relevant services,” says Contractor.

According to Contractor, IT operates in a fashion similar to a cost recovery model. It has a services-catalogue, clients select the services they require, and all services are charged to the relevant client.

Almost all of the critical applications used by the bank is hosted out of its main HQ in Paris.

“We have got three huge data centres in Paris. We have Citrix farms in these places and our users connect via that and they use any app that they want. For



private banking the apps are hosted in Luxembourg, Singapore and Zurich,” says Contractor.

There are more than 1800 applications that are accessed by users depending on their needs.

“As for bandwidth costs we mainly work on a global level with Orange Business Services. We have got global contracts with them, so what we mainly pay for is the last leg, when the line comes into the UAE. Other than that we are quite controlled on costs. We have a good tracking system. We have an iTracs system in place; every request, every change –



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everything has to go through that. We also have in place a global asset management system and we use this to trace user requests and charge appropriately for application usage,” says Contractor.

Infrastructure concerns

Rid of the need to host or support applications the 5-member IT team in the Middle East has had to handle elements connected to infrastructure alone.

“Before becoming a branch we had a very small computer with a couple of servers. Nothing was standardised. When we started this office, we had to set up the entire data centre. We built this from scratch. We were given just four concrete walls and we built up the entire data centre. We had the standards and procedures trickling down from the headquarters; we used that and we readied our model based on that. Everything was standardised with the establishment of the data centre, including data storage and transfer elements. Standardisation was very important and because we are represented on 86 countries we had to standardise our infrastructure. And that is what we did. We had to set up in such a manner that we matched the standards of all the other branches,” says Contractor.

By early 2008, all the necessary elements were in place. The primary data centre is hosted in Dubai, and other sites

in the region are served via the same. According to Contractor, the other sites also have small data centres and these are connected to Dubai via high-speed lines and MPLS circuits. Services provided to the smaller sites include all the basic ones such as mail infrastructure and storage, among others.

“The primary data centre hosts around 20 servers. We have got internal IPTV telephony infrastructure, high speed links that originates from here, and of course voice recorded systems which are necessary on the banking side, in terms of compliance. For data storage we use our own servers. Data is usually archived twice over – once in Paris and also locally,” says Contractor.

In 2009, SocGen felt the need for a proper DR site in the region.

“We initially wanted to build our own DR site. We were looking at locations in and around – then we spoke to DIFC. They had their own data centre here. We evaluated that in terms of costs – but it was not meeting the distance criteria. Minimum distance was key for standards. Then we came across EHDF, which was previously managed by IBM – that was an advantage that we saw. We had a couple of meetings with them and then decided to go with them,” says SocGen's Contractor.

SocGen had wanted the DR site and the backup hot seats to be located at the same site. But since this was not possible in EHDF facilities at that point in time, these seats were located in another office in Dubai, and all three offices – the production site, the DR site and the hot seats – were connected.

In 2010 after a review of the DR site, the user seats were shifted to the same premises as the DR site in order to increase availability and to rationalise on the cost.

“Initially when we had done an assessment for backup and DR among our business units, we felt the need for 24 hot seats. However, with the move, we were able to rationalise this to eight core seats, plus laptops for remote access. This made the entire project a much more cost effective one,” says Contractor.

“All production servers are backed-up online to the DR site. So at any time if we have a failure of our production servers, the users can automatically switch to the servers in DR. So we have full real time mirroring for all our services. Only the main link from Paris is replicated – if the main link fails, we switch over, thus ensuring that application access is always there. With the replication model we save a lot on the maintenance costs,” says Contractor.

According to him, the company has certainly achieved ROI in its investment with EHDF and continues to do so. In fact, SocGen is in discussions with its partner to move its DR site to EHDF's new premises once that comes online since, as Contractor puts it ‘we are growing and the users are increasing.’

Going forward

As SocGen grows across the region, it is finding the need to change some of its processes and the workflow patterns that is has been used to so long.

“We are finding the need for local apps in KSA. They are very strict. Especially data sharing outside the country. Our licence will be activated this month. We will then start trading activities, for which we require direct connections to the stock markets and to trading ports. That is where local apps come into the picture,” says Contractor.

He continues, “We have a data centre in KSA. We plan ahead. I always plan for optimum. I know that operations will start slow but grow at this pace, we are going to

SOCIETE GENERALE – STRATEGY

Société Générale's portfolio of activities is unique in that it offers, compared to a large number of peers, significant potential for sustainable and profitable growth. In addition to holding significant competitive advantages, the Group operates in geographies with significant potential going forward. The Group's renewed management team intends to accelerate this growth through more than 50 initiatives involving all its business lines and reflecting the “Ambition SG 2015” plan. In a nutshell, Société Générale aspires to the following accomplishments:

- Be the benchmark for customer satisfaction in French retail banking,
- Top 3 in Central and Eastern Europe and Russia,
- Top 5 position in Europe in Corporate & investment banking,
- For the Group as a whole, return to profitable and mainly organic growth over the 2009-2015 period.

By 2012, Société Générale will roll out its ‘Ambition 2015’ initiatives and fully unlock the potential of its franchises. The Group

will continue with the arbitrages in its business portfolios that were initiated with the creation of Amundi, the restructuring of peripheral activities, the consolidation of the Russian activities, the purchase of 20% in Crédit du Nord and, as announced by the Groupe on 14 June 2010, the start of exclusive negotiations regarding the potential acquisition of Société Marseillaise de Crédit by Crédit du Nord.

Deliver around EUR 6bn in earnings target by 2012

In a scenario of modest GDP growth worldwide, Société Générale is targeting:

- Net earnings group share around EUR 6 bn in 2012
- An annual 4% revenue growth between 2009 and 2012
- C/I ratio below 60% in 2012
- After tax RoE of around 14-15% in 2012

The Group will maintain a solid capital position over the period with a minimum Core Tier 1 ratio of 8% by 2012 (under Basel II and post CRD3)

have for four five years, so we plan for IT in that perspective. So we have a very good DC in KSA. Data is backed up in KSA, not in UAE. That is one of the things we wanted to do but could not because of legislation – no data can be moved out of KSA.”

The company is also planning on a DR site in KSA as part of its next step. It is also surveying other offices in the region, including Qatar. All of this is on IT's plate for 2011.

“With the management unstintingly supporting us, and with our own high standards that we constantly try to achieve, there is no way to go but up,” concludes Contractor. ■

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