

Ex-bankers plan OLAP-based solutions for back office use

A relatively new UK-based company, Granville Associates, is preparing two online analytical processing (OLAP) solutions to interface to the back office. A prototype version is in use at ING-BHF Bank in London, interfaced to Misy's Midas. There is a general data consolidation and analysis offering, called the Information Management System (IMS), and a specific iteration of this, the Hedge Management System (HMS), for IAS 39-derived hedge accounting requirements.

The founders of Granville are ex-Misy and comprise Richard Peddar as CEO (ex-Opics international support), Matthew Cohen (ex-head of sales support for wholesale banking) and Alex Jablonowski, non-executive chairman. Perhaps more pertinently, Peddar was 20 years at JP Morgan, Cohen is ex-PwC, and Jablonowski was 30 years at Barclays. Other influential people are Brandon Davies and Bernard Manson, both also ex-Barclays.

The initial intention, says Peddar, was to offer services but as Granville spoke to banks and understood where the problems were, it came to the conclusion that there was a need for applications. Development commenced in around May, with a small UK software developer, Original Business Systems, working on the coding, using C# and thin clients. The starting point was a common architecture which underpins the applications. This uses an OLAP tool, TM1, from Westborough, Massachusetts-based Applix. Such a tool allows multi-dimensional calculations, so beyond XML and Excel. It can provide drill-down capabilities to the underlying transaction data. 'We are blending transaction processing and information management,' says Peddar. Applix had the benefit that it was focused purely on its OLAP engine, with most sales via partners. The offering is very fast and efficient, with a strong Excel interface, he says; this view is backed up by a report earlier this year from the Butler Group. Combined with this, Granville is building a banking data model across all instruments, which Peddar estimates is likely to span 3-4000 fields.

There is surprisingly little use of OLAP tools

in the banking sector, says Peddar. The main users are in the accounts departments. However, such tools bring benefits over Excel. 'There is a huge push for compliance, creating fundamental change in the industry. Banks have to join up things a lot more than in the past.' This is key to IAS 39, traversing finance, treasury and operations. In most banks, says Jablonowski, these three areas do not work well together.

Granville is looking for a beta site for HMS. 'We have built the guts of it - enough to engage banks and talk to them about it,' says Peddar. HMS is intended for identifying and managing existing and potential hedge relationships, generating hedge accounting entries and feeding these to the general ledger. There is intended to be direct import of financial products from multiple operational systems, modelling capabilities and the ability to test hedges, both prospectively and retrospectively. A hedge can become a form of transaction and operations can be responsible for it, with the ability to show the internal controls and apply IAS 39 tests.

Peddar believes that a lot of banks and building societies have adopted a tactical model to get past 1st January. As users look at a more strategic approach, Granville is hopeful of signing a beta partner by the end of January, with the expectation that cut-over would then be in the Spring.

IMS uses the same architecture but is broader in nature, with the ability to bring together transaction, customer, product, risk, performance and accounting data from diverse sources into a single database for analysis and modelling. In the 1990s, BHF in London built a component called the Raw Data Feed (RDF) for taking data out of Midas and sending the extract overnight to head office. Granville is using RDF linked to TM1, so this solution does not use a separate database. The project has been running for three months, building 'cubes' for areas such as extracting daily interest earnings and comparing these with previous earnings, with the ability to do queries, down to the transaction level. ING-BHF's chief operating officer, Achim Vogt, was not available to comment.