



Net gain: NC treasury builds system to bank on

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By Caron Golden,
Special to GCN

To say that the state of North Carolina's banking system was outmoded is an understatement. At age 25, it was more than overdue for an overhaul.

The "system" was actually a proliferation of manual processes and small PC subsystems. Statements and other financial inquiries had to be produced in hard copy. Double-keying data into spreadsheets and legacy systems was a requirement.

On top of that, while the Department of State Treasurer had some Internet capability, it had hardly taken advantage of the Web. And with the increase in transactions over the last decade, the systems—and the people operating them—were being pushed to the limit.

Not a healthy situation for a government organization that essentially functions like a commercial bank for all state government enterprises.

"It was old; it was archaic. It needed to be replaced," said Don Waugh, North Carolina's assistant state controller.

After a joint effort by the Department of State Treasurer's Financial Operations and Information Technology divisions, a new Core Banking System went live in July, implementing the best practices of commercial banks, using a commercial product from Iflex Solutions Inc. of India.

"When Richard Moore was elected treasurer in 2000, one of the highlights of his platform was to completely automate and modernize the technology infrastructure," said Bill Golden, deputy state treasurer and CIO, who spearheaded the two-year project. "We got an appropriation from the Legislature of just under \$5 million and split the project into three phases: planning, selection and implementation."

One of the initial issues was simply determining what was needed, Golden said. "We're equivalent in assets to the third largest bank in the state, with \$65 billion, but we have only about 500 customers and only at one branch. So, we're big, but we're small.

"That made finding the right solution challenging," he said. "Some of our customers in one account will write 5 million checks in a year. So, we couldn't get a system for a small

community bank that couldn't handle that volume of money on a small number of accounts.”

The department hired Gartner Consulting Group, a division of Gartner Inc. of Stamford, Conn., to help document its requirements and make sure that commercial banking software would meet its needs. The company helped develop a request for proposals for both the business and technical requirements, and assisted in the selection process.

Four vendors made bids and, according to Golden, the two leading candidates underwent thorough internal evaluations, site visits and scripted scenario demonstrations.

“We gave them data from our system, and they had to run through two full days of product demonstrations and benchmarking,” Golden said. The department awarded the contract to Iflex and its business partner, Keane Inc. of Boston, to implement Iflex's Flexcube.

“We were thrilled with their scripted demonstration. What they couldn't do the first day, they did the second. We literally pulled the plug on the processor and watched them recover,” Golden said.

Buneet Ranjan, Iflex Solutions' project manager, said Flexcube is a central banking application that, for North Carolina, runs on Compaq DL580 Servers under Microsoft Windows 2000 and uses an Oracle Corp. database.

The implementation and conversion phase presented plenty of challenges, but project leaders settled on a 10-month schedule.

Ranjan said that while Iflex Solutions understood the core requirements, a detailed study of small line-item functions, such as data mapping, had to be done, which complicated the project.

Nevertheless, the system went fully live on July 7, three days earlier than planned and under budget. “It's been just humming along ever since,” Golden said.

Costs savings are difficult to assess, he said, but he estimated that savings will be between \$1 million and \$1.5 million, although some of this could fall under the category of risk avoidance.

Waugh pointed out at least one measurable benefit: Because North Carolina now has a timely and accurate banking system, the state's been able to keep its AAA bond rating.

Most important, the system has transformed North Carolina's banking process into a streamlined, integrated, online operation, capable of real-time access to information, positive pay for all agencies and direct online inquiries.

The state's CIO, George Bakolia, praised the project team and its results: “The Core Banking System is a great example of improving security in a critical business system and operating more efficiently in state government.”

Caron Golden is a free-lance writer in San Diego.



North Carolina Treasurer Richard Moore, right, gave the marching orders to the department's IT and financial divisions to create the technology infrastructure for the state's Core Banking System.

(Image By: Dough Von de Zande)

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NCDST Note:

Individuals in the photo above are members of the Core Banking Team.

Seated: Bill Golden, Larna Griffin, David Reavis, Mike Barham, Treasurer Richard Moore.

Standing: Joe Kellogg, David Krakowski, Bob Sickler, Ellen Boone.

Not Pictured: April Barrow, Susan Ellis, Jody Joyner, Carol Newman.

NCDST Note:

On October 29, 2004, at GCN's Annual Gala held in Washington, DC, the North Carolina Department of State Treasurer was awarded a Government Computer News (GCN) Award by the Post-Newsweek Tech Media.