



Interview with Roman Berninger,
Member of the Board of Management

Berlin Hyp's digitalisation strategy is decisively changing classic banking processes. Possibilities of process optimisation and effects on the existing business model are equally significant. In this interview CFO Roman Berninger explains how the company relies on a uniform IT architecture based on SAP-HANA, for example.

As a pioneer in the industry, Berlin Hyp has been dedicated to digital change for three years now. How would you describe the Bank's digitisation strategy?

Fundamentally, it is a question of how Berlin Hyp will intelligently meet the challenges of tomorrow and thus consistently pursue its goal of becoming Germany's most modern real estate financier. It is clear to see that digital change has long since become part of our lives. Classic banking processes are changing. This is something we recognised at an early stage and began to work pre-emptively. Our aim here is to deal responsibly with new tasks and opportunities. A good example of this is the design of a sustainable company with the help of artificial data intelligence. But that is just an idea. We understand digital transformation as a far-reaching change, which in principle deals with three essential topics:

- The IT system environment;
- The process optimisation through digitisation and;
- The expansion of the existing business model.

What does that mean exactly? What are the cornerstones of Berlin Hyp's digitisation strategy?

First of all, we are creating a homogeneous system landscape based on SAP-HANA. In addition, we are a "first mover" in the German banking industry, having fulfilled regulatory reporting requirements with the Abacus 360 system from BearingPoint as a pilot bank on the market. So, with a sense of pride in what we have already achieved, we can say that we are successfully working on a uniform IT architecture that also serves standardised and automated interfaces for the highly complex supervisory regime.

A further point is the creation of modern and agile forms of work for our employees, with the help of state-of-the-art technology. Examples of this are the highly networked cooperation in our raum21, and the agile project management taking place in connection with our Kreditoptimierungsprozess (KPO) 4.0 lending process optimisation project.



In this way, we promote the creativity of our employees, who also have the opportunity to undergo a wide range of further training and development. This, together with the optimisation of our internal processes through automation and digitisation, allows us to be a service provider on equal terms from a professional, technical and entrepreneurial point of view and, in a sense, also a role model for our business partners.

You've actually already mentioned it, but Berlin Hyp is one of the first banks to convert its entire IT landscape to SAP-HANA. Why SAP-HANA? What were the decisive criteria?

With SAP-HANA, we are pursuing the goal of storing data from the core banking system in a central data warehouse as the sole legal data source and supplying central reporting from there. With this IT architecture, we are not only capable of real-time and big data, but we also serve all of the Bank's reporting requirements, from our digital KPO 4.0 lending process through to reporting, with end-to-end data logic.

We have had good experience using the system so far and we are sure that SAP-HANA is the solution for the future. The industry is watching what we do and I am sure in the future we will not be the only ones using it.

The company will invest 25 million euros in implementing its digitisation strategy by 2019. Another goal is to revolutionise the entire lending process with digital technologies. To what extent will you be able to use the optimisations for your customers in the future?

Of course, we want to first and foremost be there for our customers and business partners. Through the automation and digitisation of our processes, we create a clearly noticeable added value for them. This means that all existing processes in the Bank, from digital mail to invoicing, or electronic files in the lending process – the keyword here being KPO 4.0 – will be digitally combined in our system, thereby increasing transparency for our customers via online queries. The resulting freed-up resources can – thanks to digital workstations which make working from anywhere possible – then be used for more intensive customer contact and exchange with business partners. In addition, digital processing speeds up the lending process noticeably.

Furthermore, our customers will benefit from the expansion of the existing business model mentioned above. This is a very important part of our digitisation strategy and a focus of our newly established Corporate Strategy division. Moreover, our employees develop good ideas and establish valuable contacts with our customers and business partners through the creation of ecosystems.



Let me pick up on that thought. In addition to internal digitisation, Berlin Hyp also focuses on external digitisation: “New markets – new products”. Here, too, the Bank is doing important pioneering work. But which new markets? Which new products?

The expansion of our business model as part of our external digitisation strategy addresses new products and business ideas.

To begin with, we gave three employees in a digital unit complete freedom to look around the market. The inspiring and creative environment in a co-working space in the capital brought relatively quick results. One of them was our own start-up, the OnSite/ImmoAgent. This is a crowd-based inspection service for the real estate industry. The basic idea was, “... do you really have to do everything by yourself?” Why not use a network of locally-based and mobile agents that collect real-time information on all asset classes for interested users based on a standardised viewing service? Meanwhile, Berlin Hyp’s subsidiary has made a successful start on the market. We are also involved in the BrickVest online platform for commercial real estate investments. In addition to providing comprehensive advice to real estate clients via a platform that now provides access to equity and mezzanine capital, and will be expanded in 2019 to include access to external capital, the company’s aim is to make the loan syndication process more efficient in the future. The interim entry of another established bank shows that BrickVest’s vision is also trend-setting for other financial service providers in the real estate industry.

We are also involved in the PropTech 21st Real Estate and have entered into cooperation with Carbon Delta. At the beginning of our conversation I mentioned artificial data intelligence as an example. 21st Real Estate – a Berlin-based PropTech start-up – focuses on the digitisation of real estate valuations. Data models and calculation methods based on artificial intelligence have a major influence here. Our goal is to develop a common valuation tool for real estate.

Carbon Delta also deals with the valuation of real estate, but from a completely different

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and exciting perspective. This is about the effects of climate risks on the performance of buildings.

Berlin Hyp was invited by this award-winning Swiss Fintech to participate in the “Real Estate Portfolio Assessment” project.

In conclusion, I can say that the consistent application of our vision of the future as “agile – networked – creative” is not just words for us, but the basis for how we actually do things; especially in this up-and-coming digital founding era of Berlin. For us, #sharinginspiration is not just the motto but the guiding principle of our actions.

What can you say about the next steps for Berlin Hyp? What do you have planned?

In 2016, we adopted the digitisation strategy; one year later, we already had automated the electronic file system, invoice workflow and e-procurement processes. SAP-Hana and the KPO 4.0 lending optimisation programme have now been added.

The continuation of the “berlinhyp21” future-oriented process will ensure that Berlin Hyp remains well-equipped for the challenges ahead. We will continue to focus the Bank’s attention on Berlin Hyp being a pioneer in the market for digitisation topics and innovations. To this end, we are pressing ahead with the SAP-HANA digitisation project to create a largely uniform SAP landscape throughout the entire Bank. We are continuing with the lending process optimisation project, particularly focussing on the customer portal, data management and process optimisation – combined with change management activities. A future-oriented management of the existing strategic cooperations and investments,



generating and further developing innovative product ideas, will advance our external digitisation strategy and generate further sustainable business models.

By the end of 2020 we want to have finally implemented this strategy. With this pioneering work, we are setting a prominent example in the banking sector.