



ENTERPRISE FINANCIALS SOA APPLICATION FOR AREF INVESTMENT GROUP

THE CLIENT

Aref Investment Group (AIG) is a wholly owned subsidiary of the Kuwait Finance House (KFH), the largest bank in Kuwait and one of the foremost Islamic financial institutions in the world. KFH and all of its subsidiaries have been pioneers in complying with the Islamic Banking & Finance practice under the Sharia law.

Aref Investment Group was established in 1975 and is one of the leading investment institutions with a share capital of over 400 Million USD. They, along with their associates and subsidiaries, deal with various projects in several sectors including investment, banking & finance, energy, logistics (including aviation, sea and river transportation), real estate investment, food services (including livestock and agriculture) as well as public services sectors.

THE NEED

Considering the varied nature of their business as well as the volume of transactions, AIG decided to put in place a comprehensive financials system that would help them in managing their business more efficiently. The mandate was to put a system in place that would help them in their entire investment banking business cutting across the various sectors while at the same time be fully compliant with the Sharia banking laws.

AIG identified several business areas that needed Information Technology (IT) automation. These were, Local Investments, International Investments, Asset Management and Treasury, Portfolio Management financial accounting, HR document management and task management.

VENDOR SELECTION PROCESS

Aref Investment Group appointed Price Waterhouse Coopers as the agency for helping them identify the vendor through a system of tendering. A public RFQ was announced in which several vendors participated including ArguSoft. The tendering and evaluation process initially qualified the vendors on their technical capabilities. The financial bids of vendors so qualified were opened for finalisation.

At the end of the first round of evaluations, the advisors recommended two organizations that could possibly be used by AIG for implementing the system. One was SAP AG and the other was ArguSoft.

Officials from Aref visited both SAP AG as well as ArguSoft's development center in India to evaluate the technical competence as well as the suitability to their situation. At the end of the evaluation, Aref selected ArguSoft as their preferred vendor for implementing their system.

In addition to the high comfort level with the technical competency of ArguSoft's resources, the additional reasons stated for selecting ArguSoft were the flexibility that custom development offered and the participation of domain experts from Asia's premier business school – IIM, Ahmedabad which is in the same town as Argusoft's offices in India. This was considered important since the entire system had to be built in accordance with the Sharia banking laws, support for arabic script etc.

IMPLEMENTATION APPROACH

After the contract was awarded, ArguSoft conducted a requirements gathering and analysis exercise. Since argusoft did not possess the required domain knowledge expertise, in-house, in the Sharia system of finance, an expert from one of the leading management schools (IIMA) was appointed to provide the required domain expertise and recommend best practices. A Requirements document as well as a policies and procedures document was prepared and published to the clients for review and approval. Post the acceptance and sign off on the requirements the system was built, tested and deployed on AIG's servers.



The completed application had the following modules – Local investments, International investments, Asset management and treasury, Portfolio management and Financial accounting. In addition to this, the system also had basic HR functions, Document management and Task management. The entire system was tied together with a strong and highly customizable work flow module to ensure the smooth transition of information and control flow across the various departments of the organization.

The entire exercise from concept to implementation took over 400 man months and was completed in a period of 36 months. During this period, several visits to the client was effected for better client engagement, validation of processes, trial runs, training and implementation purposes.

CURRENT STATUS

The application has been successfully deployed and is presently being used at Aref Investment Group. Subsequent to this, two other subsidiaries, Rubban Logistics and Aref Energy are also using the system for the past 2 years. Our collaboration with IIM Ahmedabad faculty has been a big factor in the success of this project.