

New kid in the bloc carves a niche in banking software

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Success through unique solutions prompts Interblocks to go regional; roadshow in 2003/4 to raise \$ 15 m

By Nisthar Cassim

Interblocks Ltd., which has carved a niche in offering unique software for the banking industry in just two years of its existence, is planning to go regional while a roadshow to raise fresh funding is also on the cards.

The company's flagship solution is Interblocks iSuite Finance (see chart) which is an open integrated secure platform that enables global financial institutions with the ability to deliver products and services via existing and future delivery channels. The suit is a next generation platform, converting basic transactions into interactions across all customer touch-points. The suite comprises a range of next generation web enabled software solutions that facilitate Internet Payment Processing, Internet Banking, Wireless Banking, Channel (ATM, Point of Sale, Kiosk, Voice) Switching and management, Cards issuing, credit and debit acquiring and commerce and electronic bill presentment and payment.

It clinched the first major deal in January 2001 when it won the award to build the Internet payment gateway for Sampath Bank and this was live by June that year. The uniqueness and the reliability of the solutions encouraged Sampath to hire Interblocks to develop its loyalty program in September 2001.

Since then Interblocks has won a string of contracts as many banks began harnessing Information Technology to enhance efficiency and customer convenience. Last year in March NDB Bank opted for Interblocks iSuiteFinance, which led the Bank to introduce Sri Lanka's first browser based touch screen, ATMs in June as well as Internet banking in December.

Pan Asia Bank in October last year selected Interblocks another solution iSwitch which is a transaction management software capable of driving browser based ATMs, Kiosks and Point of Service devices. It also provides rich management tools capable of driving personalized content to its users and a range of selected online services that are just catching on in developed countries.

Other contracts won by the company in the banking sector included Seylan Bank's Internet Payment Gateway while Golden Key has awarded a contract to develop a credit acquiring system. The company also develops company portals on the web as an ancillary offering and some of the customers include Union Assurance and Asia Siyaka.

The company also got a breakthrough in to telecom market when in August 2001 it tied up with Dialog GSM to set up a e-business application and the launch of imktSPACE ebusiness in October last year. Interblocks is also the technology partner for the Lanka Knowledge Development Gateway a World Bank funded initiative of the Ceylon Chamber of Commerce. Other partners include EDL, PricewaterhouseCoopers.

A key achievement of the company is the global giant SchlumbergerSema signing up marketing rights agreement for Interblocks iPay in October 2001. This was an endorsement of the quality technology, stability, robustness and flexibility of Interblocks applications.

In December last year the Company obtained certification of Interblocks iPay into IBM's iSeries in Bangalore, which is a key breakthrough. iPAY the company's internet payment solution provides the acquiring bank and merchants conducting electronic commerce transactions with a cost effective and robust way to process payment card transactions received from their customers through the Internet or mobile devices in real time, using the encryption and authentication capabilities available with Secure Socket Layer (SSLv3) technology. Interblocks has also integrated its applications to several core banking systems such as Infosys-Finnacle, iFlex-Flexcube, Teminos-Globus, Genesys, Euronet-Arksys, Kapiti and SchlumbergerSema-PAS etc.

Its applications have also received clearances from Visa and Master for conforming to all security standards to perform online financial transactions.

Interblocks Managing Director Dinesh Rodrigo said that key to the company's success thus far has been the priority given for the implementation of quality assurance. This was ensured by setting up Research and Development teams and processes from the very inception of the company, whose employee base has increased to 45 comprising a host of young but skilled and qualified professionals.

" An experienced team of professionals with a very strong technology base and marketing strategy has been one of our strengths. The highly skilled software development team is also ably backed by a team of business consultants and systems engineers. The banking product focus with Interblocks iSuite Finance has also helped the company build up its IP and company valuation," Mr. Rodrigo said.

Specialisation and aiming for excellence in its niche - development of software applications to the banking sector is another reason for Interblocks success.

" We are also grateful for Sampath Bank and NDB who believed in Interblocks capability even though we didn't have a proven prior track record," acknowledges a modest Rodrigo.

The company is also busy developing upgrades or new releases to its existing solutions as part of continuous improvement and excellence while a key strategy in 2003 is to win projects overseas, hence the entry into the region.

He said that whilst looking for more opportunities within Sri Lanka the company has decided to tap the banking industry in the South Asian region. It would use the business partner model in entering these markets and necessary work has been completed to appoint partners in Bangladesh and Nepal initially. Interblocks already a representative office in Singapore, as one of its promoters and investors are based there.

Mr. Rodrigo said that the company has also come to a stage where fresh and strategic funding would be required especially with several key initiatives being in the offing. So far around US \$ 1 million has been invested in the company. The start up was made possible by a Singapore based venture capital while Next Venture Capital, formerly People's Bank Venture Capital Ltd., took up 20% stake in March 2001. Next VC also saw growing potential in Interblocks and reinvested in the company in a preference share issue in October last year. The company broke even in the financial year March 31, 2002 and is expected to post a profit in 2002/3 as turnover has improved by 50% over the previous year.

"With the help of NextVC and a few others we are working on the roadshow which should be in the early or middle part of the 2003/4 financial year," he said adding that likely investors to be tapped would include venture capital companies, banks and technology companies.

In an industry where IT solutions are sourced from abroad, Interblocks has reversed the equation by locally developing solutions and winning deals midst competition from foreign firms or local firms who have alliances, technical or otherwise with foreign software firms.
