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# Strategic Management of Information Systems Case Study May 2021



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## Company Introduction

Finpay International, is an Irish company created in 1983 to exploit the growth in the marketplace for international money transfers. Since its original inception, Finpay has invested heavily in technology to develop and deliver the best solutions to meet customer needs. Finpay processes upwards of €13bn in transactions per annum across foreign exchange, treasury, digital tax and government-backed financing sectors. Finpay has developed deep expertise in governance and risk management, as well as lasting relationships with international financial institutions and banks.

Finpay has developed an unmatched capability in building, operating and supporting the delivery of complex mission critical technology platforms for their own products and those of their commercial partners. Finpay brings the same rigorous methodology and management focus to all of their projects leveraging our in-house architecture, design, software development and IT infrastructure.

Finpay hold a number of core values as being core to their success, these are: A) Innovative partnership, Finpay's success is based on fostering long term innovative partnerships with their stakeholders. Supporting and growing these relationships is regarded as being key to their future, B) Teamwork, they regard working together as the foundation of their success. In their opinion, commitment and trust underpin teamwork where everyone has an important contribution to make within the organisation, C) Integrity & trust, these are fundamental values in Finpay. It is a basic threshold requirement for all their employees to display high standards of ethical conduct and finally D) Diversity, diversity in Finpay is regarded as valuing everyone as an individual – valuing people as employees, customers and clients.

Finpay are a global organisation and have 29 offices based in countries outside of Ireland. Some of these offices are based in Sao Paula (Brazil), Sweden, London, Hong Kong, Dubai, Beijing, Shanghai, Tokyo, Manila, Sydney and Auckland to name but a few. Whilst their original purpose as a company was in the area of monetary transfer, they have expanded their portfolio of services and deliver associated services such as business process outsourcing, contact centre outsourcing, customer analysis and support management, dynamic currency conversion, international payments, retail foreign exchange, flexible asset finance solutions, including leasing and hire purchase business loans, enabling small to medium sized enterprises access to the finance necessary for growth. The company has also developed a consultancy wing specialising in innovation, fintech solutions and marketing in the financial sector.

Through a process of company acquisition and mergers Finpay have also diversified into associated areas such as Customs Declaration services (in Ireland - driven by the Brexit situation), Wealth Management and Stockbroking (driven by their knowledge in the funds transfer sector). In Australia, because of the relationships developed again through setting up financial transfer structures, they bought out the owners of a property and financial services organisation that manages a portfolio of over 10,500 property schemes that include residential, commercial, resorts, and mixed use. Based on this FinPay also started an equivalent business unit in Ireland to satisfy the demand for similar services here. Finpay also developed an Aviation Services business unit because of the growing Aviation Leasing Services in Ireland. Finally as a result of their exposure to the Australian / New Zealand market, FinPay also started a Financial Services business unit in Australia to service the south pacific marketplace.

## Management Background

Nigel Dobson is the Executive Chairman. Nigel founded Finpay in 1983, a company based in Tralee, Co. Kerry, Ireland. Nigel has been instrumental in the development and growth of the company since its foundation. Nigel worked with Bank of Ireland from 1963 to 1981. He is a member of the UCC Foundation Committee and a Director of Radio Kerry. Previously, he was Chairman of the Interim Prisons Board of the Irish Prisons Authority for a period of 12 years. He was honoured in October 2002 with receiving the Ernst & Young International Entrepreneur of the Year Award. He also received the Sean F. Lemass Award for Excellence in Marketing in 1987.

Eddie Farrell is the Company Secretary. Eddie joined the Finpay Finance Dept. in May 1989 having previously worked in private practice. He held the position of Group Finance Director from 1997 to 2001. From 2001, up to its sale in February 2009, Gerard has responsibility for the Western Union Money Transfer Division in the Group. Then following a 12 month secondment to the Western Union Corporation in February 2010 he was appointed Head of the Consumer Services Division. He also acts as Group Secretary and is a board member of a number of Group companies. Eddie is a Fellow of the Association of Chartered Certified Accountants. Eddie is the director with responsibility of new products into Finpay.

Denis May is the CEO, Denis was appointed CEO of Finpay in January 2015, having previously held the position of Non-Executive Director. Denis has a degree in Mathematics and founded Annadale Technologies, a software development company specialising in the design and development of web-based transaction processing applications. Denis also founded Aviso, a payments software company.

Roy Healy is one of the Executive Directors. Roy is also the Managing Director at Earnest & Coke Stockbrokers, Ireland's longest established stockbroking firm. Roy joined Earnest & Coke as Head of Equities in 1995 from the NCB Group where he was Head of Institutional Equities since 1990. Prior to that, he worked in the UK with both SG Warburg and Paribas. In 1996, he was appointed Managing Director, and has retained his primary focus of growing the firm by addressing opportunities to provide more services to Earnest & Coke's client base. Roy was educated at Blackrock College and qualified with a Bachelor of Civil Law from UCD in 1985. He continued his studies, attaining a Masters in Business Studies (Banking and Finance) in 1987. He is married with four children and lives in Dublin.

John Byrne is another Executive Director in Finpay. John holds the position of Executive Director on the Finpay Holdings Board and heads Finpay's Mobile Payment Acceptance Network. John previously held the positions of Head of New Revenue Streams and Innovation for Finpay Group and spent two years in Asia Pacific developing Finpay's Dynamic Currency Conversion and Multi-Currency Pricing products, solutions and services. John is the founder and CEO of Taxamo. Taxamo exists to provide an EU VAT compliance solution to e-service merchants. It is founded and headquartered in Tralee, County Kerry, Ireland. John graduated with first class honours from TU Dublin.

## Core Services Provided

### **Dynamic Currency Conversion**

DCC gives international customers the choice to pay in their home currency with full disclosure of exchange rate and margin, experiencing instant conversion to a familiar currency. Finpay's DCC can be seamlessly integrated with Point of Sale (POS) devices to provide a frictionless payment solution in the card present environment. Its' ecommerce software automatically recognises eligible cards

enabling the cardholder the choice to pay in their home currency. Their DCC solution for ATM's gives international cardholders the convenient choice to withdraw cash at the ATM in their home currency. This software is used extensively in the Airline, Retail, Transport, Gaming, Education and Hospitality sectors.

### **International Payments**

Finpay provides efficient and secure global bank to bank transfers and bespoke payment solutions for both business and personal clients. Finpay enables a direct integration with most accounting and ERP systems to provide a seamless and automated outgoing payments solution for high volume supplier payments requirements. It eliminates excessive bank fees and poor FX rates to stay in control of payments. Finpay takes a consultative approach to save businesses money when paying overseas suppliers and contractors. It also facilitates personal money transfer, for example if a private client is buying a property overseas or purchasing a high value item, then this product will allow them to get more for their money with very competitive foreign exchange rates and lower fees on international money transfers. This product is used in the Insurance, Education, NGO, Travel, Healthcare and Import/Export sectors.

### **OpenConnect**

OpenConnect is Finpays' omnichannel solution for card payments & alternative payment methods for merchant customers. It is designed for card payment acquirers wishing to offer merchants a superior omnichannel payment experience. OpenConnect represents the next generation payment services which offers card payment acquirers the means to differentiate their offering to the most complex key merchant verticals.

For merchants wishing to consolidate and simplify their global payments solutions. OpenConnect offers merchants the ability and means to keep pace with the evolving payments and data protection compliance obligations. Openconnect enables merchants to provide a frictionless digital payment experience to their customers. It offers increased security, global coverage and an enhanced consumer experience. This system can be used in any mercantile situation and has even been extended for use in the Cruise Line industry as it can be integrated with shipboard systems.

### **Outsourcing Services**

Based on their initial experience of funds transfer, FinPay now offer a range of Business Process Outsourcing services to prospective clients. These are bespoke services that are tailored to their clients requirements whereby FinPay will provide the revenue handling tasks for retail organisations looking to operate in the online or international environment. Clients are normally charged on a "*per transaction basis*".

### **Retail Foreign Exchange**

The Retail Foreign Exchange Division is the original business unit within the FinPay Group. FinPay pioneered the delivery of foreign currency services through third party networks in the 1980's, creating, at the time, a completely new market within the financial services sector. The Retail Foreign Exchange business unit continues to successfully develop third party/white label relationships internationally within the financial, postal, credit union, retail and leisure sectors.

### **Asset Finance**

This product offers flexible funding solutions to clients which offer a wide range of tailored and flexible asset finance solutions, including leasing and hire purchase business loans, enabling small to medium sized enterprises (SMEs) in Ireland access to the finance necessary to grow.

### **Strategic Business Development**

The goal of the Strategic Business Development business unit is to discover and execute new paths for growth for their clients. Leveraging their peoples experience, capabilities, relationships and insights – they provide consultancy to growing companies and help them foster ideas, develop new products and provide a roadmap to new experiences and offerings for their customers.

## Customer Base

FinPay have a wide and varied client base both here and abroad. They segregate their client base into two segments. The small individual private customer looking to manage personal funds transfers abroad represent 15% of their turnover but 65% of their customer base by number. Their corporate client base represent 80% of their turnover but 32% of their customer base. The remaining turnover and customer base comes from government contracts. Recent research into their customer base has identified that a very small proportion of their private clients represent a substantial volume of the turnover in this niche segment of the market however increased regulatory oversight may become a limiting factor in the growth of this sector. The research has also indicated that with the growth of the fintech sector, a considerable amount of turbulence has developed in this sector and future projections have become difficult. Their current corporate base is quite robust, this is facilitated by the development of strong relationships developed over time. However there is a worry that this may be impacted by the disintermediation effect of fintech. This is an issue that sometimes keeps both Dobson and Byrne awake at night.

## Growth

The company has grown substantially since 1983. Currently its net asset value is around €350,000,000. Last year is net profit was €20 million based on an income of €220 million. The company had process in the region of 150,000,000 transactions for its customers and in general the Directors were happy with the level of business growth. Directors of FinPay have stated that their view is that the company must grow over time in order to maintain its position in the marketplace. However industry analysts have pointed to the changing environment that they are operating in and questioned whither all is well. For example questions have been raised about their experience in managing cryptocurrencies and whither this will impact on their primary market.

## Competition in the marketplace

FinPay, recently have seen a growth in the number of companies that are providing services to rival their own. Companies such as CurrencyFair, Garton Global Payments, OFX and stalwarts such as Western Union have extended their services so as to compete in the same market space as FinPay. Their presence in the marketplace hasn't bothered FinPay but again with the dramatic awareness of the customer about fintech and the ease of access to the services available online, it is fast becoming an issue. To date, FinPay have not met with this issue head on, but are now contemplating the challenges that it is presenting.

## Strategic Relationships

FinPay has entered the asset finance business with the purchase of a Spanish specialist finance company **SandMal Finance** from its Spanish parent bank.

The acquisition marks the latest step in a determined expansion by FinPay, which has purchased three companies within a six-month period. The value of the SandMal deal was not disclosed but industry sources estimated that the firm changed hands for less than €20 million. Ms Helen Dwyer, general manager of FinPay International Payments, said the deal formed part of the firm's strategy of building a customer base for an expanded range of services. FinPay is expected to use the SandMal purchase to help it expand its services into new, foreign markets.

## The Future

FinPay has just recently opened a new building in Limerick, which will house its own Research Development and Innovation Centre, and RDI Hub - a world-class centre for digital innovation focused on commercialisation of innovation and research backed by FinPay, Limerick University and Limerick County Council. FinPay has invested over €21m in the project, which was opened today by Minister of State for Transport and Sport Brendan Griffin, and the CEO of Enterprise Ireland Julie Sinnamon.

Over 125 FinPay staff will work in 37,000 sq ft of the building that is to house the company's global R&D, Innovation and IT activities, and is aimed at driving FinPay's continuing development as a leading global fintech company. The west wing of the building has been donated by FinPay to become of the home of RDI Hub, and house 136 people on its programmes and in its co-location space. RDI Hub was established last year as a not for profit public-private partnership facilitating innovation and start-ups in the fintech and artificial intelligence (AI) sectors.

RDI Hub – which is a not-for-profit public private partnership- will create over 305 direct jobs by 2024, and in this initial period plans to support the establishment of over 35 high-tech funded start-ups. Its colocation with FinPay's Research Development and Innovation Centre will add value for both parties through increased availability of specialised labour and knowledge spill overs. RDI Hub will provide training to over 1,300 participants and support 140 apprentices on its programmes in its first 5 years.

## Questions

### Question 1

Finpay Inc have decided to review their IT systems and their impact on the strategic goals and objectives of their organisation. In light of the current economic climate, prepare a detailed briefing document for Nigel Dobson indicating the range of strategic IS/IT options available to Finpay in support of their Business Strategy. Your briefing document should indicate, amongst other things, the strategic framework adopted, its scope, focus of competitive advantage and all other issues that you deem as being important in Finpays context.

**(18 Marks)**

### Question 2

Write a briefing document for Dobson advising him how the proposed IS/IT strategy will be aligned with Finpay's general business strategy. Advise Dobson on how the alignment of the strategies can be managed effectively.

**(18 Marks)**

### Question 3

Finpay prides itself in bringing new products to the marketplace however when you review their history of new product implementation it displays a history mixed results. In your role as business consultant, advise Eddie Farrell (Company Secretary) how the company can more effectively manage the introduction of new product/services into the organisation. Can Finpay innovate through information? Advise.

**(18 Marks)**

### Question 4

It is clear from the information provided that the provision of online services is a key component of the services that Finpay provide. This can also act as a point of critical vulnerability for Finpay. Please provide detailed advice to the Chief Executive as to how this area of vulnerability may be managed.

**(18 Marks)**

### Question 5

Initial and brief research carried out by John Byrne into the area of cryptocurrencies seems to point to increasing importance of cryptocurrencies (especially Bitcoin) as a financial product/service. Create a detailed report for the company explaining the concept of cryptocurrencies and their potential impact on the company operations.

**(18 Marks)**

### Presentation

**(10 Marks)**

**Total 100 marks**

## Grading Rubric

1. Expected word count: 5,000 words (approx. 1,000 per question).
2. Adherence to the Departmental Guidelines for the submission of Written Material is mandatory.
3. References and Bibliography are required.
4. Submission must be made via Urkund (SMIS Moodle page) link on Moodle.

Question/Area	Grading Topic	Maximum Marks
	Compliance with Departmental Guidelines for the submission of written material	<b>10</b>
<b>Question 1</b>		
<b>1.1</b>	Description of the range options	<b>10</b>
<b>1.2</b>	Suitability of options in Finpay scenario	<b>2</b>
<b>1.3</b>	Evidence of linkage with business objectives	<b>2</b>
<b>1.4</b>	Evidence of additional research by student	<b>4</b>
<b>Question 2</b>		
<b>2.1</b>	Discussion of the mapping process /model	<b>4</b>
<b>2.2</b>	Discussion of the alignment process (Luftmann)	<b>4</b>
<b>2.4</b>	Application of the alignment criteria	<b>6</b>
<b>2.5</b>	Evidence of students understanding of the topic	<b>4</b>
<b>Question 3</b>		
<b>3.1</b>	Description of the innovation process	<b>6</b>
<b>3.2</b>	Identification of the push/pull factors	<b>4</b>
<b>3.3</b>	Discussion of the factors that influence innovation with IS/IT and their impact on Finpay	<b>4</b>
<b>3.4</b>	How Finpay can exploit innovation by leveraging information	<b>4</b>
<b>Question 4</b>		
<b>4.1</b>	Discussion on the areas of vulnerability	<b>6</b>
<b>4.2</b>	Risk Management process	<b>4</b>
<b>4.3</b>	Application of security management practices and policies to Finpay scenario	<b>4</b>
<b>4.4</b>	Proposed response by Finpay to occurrence of threat.	<b>4</b>

<b>Question 5</b>		
<b>5.1</b>	Explanation of the core concepts	<b>6</b>
<b>5.2</b>	Explanation of Blockchain Technology	<b>6</b>
<b>5.3</b>	Business Application to Finpay	<b>6</b>
	Total Marks	<b>100</b>