

# Full of eastern promise

## Banking software firm CR2 has its sights set on China



Conor Brophy

**M**ANY IRISH technology start-ups find themselves pressured to expand overseas, but banking software company CR2 was forced to think global from day one.

Venture capitalists are wont to push fledgling tech firms to spread their wings early, on the principle that the earlier the company starts to fly the earlier they can get their return. In CR2's case, says chief executive Martin Dolan, it had to look abroad for business because there simply wasn't a market at home.

The company has just closed a €10m funding round, with Trinity Venture Capital, ACT and CR2's management team injecting fresh capital. The push into the Far East follows the roll-out of its banking and card payments software in the Middle East, Latin America and India over the last seven years.

CR2 specialises in software that helps banks run their ATM, internet, telephone banking and other non-branch channels. Dolan says the early game plan was to target countries where the banking infrastructure is still relatively underdeveloped.

As a small Irish software company, it was much easier to get in on the ground floor overseas in developing markets. One of the first ports of call for CR2 was Dubai, where it now has a permanent office. "We were there in the early days when they were setting up ATMs. We offer services

now in the Middle East market that you couldn't get in Dublin," Dolan says.

"The Irish market just didn't offer the same opportunities. A small country dominated by just two banks didn't offer too much for CR2 in its early days. "When AIB and Bank of Ireland were making their ATM decisions, they would have looked at a company like CR2 and said, I wonder can they handle our volumes?" according to Dolan.

As recently as two years ago, the banks might have had good grounds for that kind of scepticism. In 2006, founder and then chief executive Cian Kinsella was in the process of some painful cost-cutting as CR2 struggled to keep mounting losses in check. The company laid off 40% of its staff during that period, down from a peak of over 260 employees to 160, off the back of operating losses of €12.2m for the previous year.

Dolan says that Kinsella and the founding management team, who have since stepped back from executive roles but remain on the board, have seen CR2 through "to the stage of profitability".

Dolan is forecasting a profit of €1m on turnover of €14m this year as the company looks to build on recent contract wins in the Middle East, South Africa and India. "We've got some pretty resilient revenue streams at present," he says.

With the company apparently on a more solid platform, the fresh funding will go towards expanding into new markets - with China the number one priority - and into product development. "We want to take the product set on to the next stage," says Dolan.

CR2's key products, Bankworld and Checkworld, run a range of processes to allow banks effect and monitor cash and credit transfers



CR2 chief executive Martin Dolan: card payment software helps banks run ATM, internet and phone banking services

through different banking channels. In developing markets that often entails handling ATM transactions, but Dolan says the CR2 solution, once installed, can manage transactions across a range of different channels - such as internet or mobile devices - in real time.

"It has a central database which stores all of the updated information on you as a client and each transaction is reflected immediately in the database." Once a deposit is made or a transfer performed, the change is reflected on the database and the

updated information is available to the bank customer immediately through whichever channel they use to access their account details.

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The software also allows add-ons, such as text message alerts, which can notify customers when transactions have occurred on their account. The SMS alert system has, for example, been used when their credit card number has been used to help guard against fraud.

Although the credit system is primarily marketed with multi-currency, CR2 has recently deployed its software in one of the largest international banks including Standard Bank, HSBC and Barclays. "Every com-

pany needs the opportunity to prove it can handle large scale," says Dolan.

Having blue-chip names on the CV is vital at a time when concern over the security of online banking is heightened. A series of hacks or attacks at banks across the US, South America and Europe has rattled customers and banks alike.

It's difficult to secure a new business in a new environment without being able to demonstrate the security of the system and provide concrete examples, Dolan says. "We have a client using

[Bankworld] to process \$2bn per year with an average transaction size of \$20,000... we're fortunate that we have a bank that's processing those kind of numbers," he says.

With some healthy numbers of its own to process, including the €10m cash injection, Dolan says CR2 is back on the expansion trail and has recently recruited 25 software developers at its Dublin base.

Meanwhile, the company continues to pursue business in the banking sector far from home. "It's an exciting time to join CR2," Dolan says.