Small fish, big splash

It's not that Libyan banks lack money. They just don't have the confidence to lend it. A Munich firm's software could change that. The service provider data2impact solves complex problems using simple programs.

Text: Jakob Vicari   Photo: Julian Baumann

The sign on the door is practically blank. Just the name "data2impact" squeezed in the corner. No information – no mention of what the company actually does. "I wouldn't know what to write," says Edwin Ederle, proprietor and managing director. "There isn't a phrase that exactly expresses what we do." He knows exactly what he can do … but every term sounds like a template. And one thing he doesn't do is deliver prefabricated molds. He and his team solve problems. A service, certainly, but one that is tailored rather than off the shelf. And because he is pragmatic to the core, he decided not to write anything on the sign at the entrance to their Munich office.

Word of this pragmatism has got out … all the way to Libya. The country's central bank was looking for someone to solve a complex data problem. The task was to convert their credit administration from manual bookkeeping to a format fit for the digital era – overnight, ideally. The dramatic expansion of Libya's economy now that international sanctions have been lifted – 9 percent last year alone – is what made the mission so urgent.

Companies need loans for growth. Libya's banking sector was liberalized three years ago. When the country's economy was centrally planned, bankers were considered invidious capitalists. Today they are viewed as beacons of hope for the country's modernization. To perform this U-turn, Libya doesn't need the most sophisticated solution: it needs the fastest. And one that works.
"Libya is small – everyone knows everyone else. Up to now, credit checks have always been informal social queries, simply requesting information about the individual," explains the businessman Sami Zaptia. He describes day-to-day problems encountered in banking. Outside Tripoli, it takes twenty to thirty days to clear a cheque, and at least two weeks for a transfer abroad. Small companies find it almost impossible to obtain a loan. "For a long time, there was no effective process for banks to force debtors to meet their liabilities," Zaptia elaborates. He has high hopes for the new credit bureau that opened in April. "Libyan banks are sitting on vast piles of money. But they are either unwilling or unable to lend it." The Libyans searched for a solution everywhere. "Administering the loans for over 300 bank branches was a major challenge in itself. Software firms capitulated

at the task of installing a system for this in Arabic – and in just a few months at that. But data2impact's Bavarian experts were only too eager. That's how this small software firm from Munich created the program for a system to monitor loans for Libya's National Credit Bureau. "What appealed to me was the idea of finding a solution where others had shrunk from the challenge," Edwin Ederle explained. At first glance, you would not imagine that the 50-year-old with oval spectacles and three days of white stubble used to be a McKinsey consultant. He appears so relaxed – a stark contrast to the traditional image of a sleek management consultant. But that is how he accomplished the Libyan project – with his characteristic laid-back attitude. His warm Bavarian dialect adds to the air of confidence he exudes.

"Yes, we may be a small fish," Ederle says. "I don't make any secret of that to my clients." That could have a negative connotation, but data2impact has certainly made a big splash in the global, high-end niche it has carved out for itself. In Germany, the company employs just seven full-time staff, two students, and – whenever required – two to three freelancers. "The customer orientation that is our hallmark wouldn't function if we had 300 staff," Ederle continues. He has perfected the art of capturing mega-benefits from a bite-sized firm, offering data problem-solving that is highly flexible, reliable, fast – and pricey. The company demonstrates that service needn't be associated with poor remuneration. Ederle's per diem is EUR 1,800 – fairly high for a small operation. And a good rate even for a consultant. For the fee, however, Ederle offers an exclusive service: a small team working closely with the client that can solve any problem. They don't work within a "one-size-fits-all" straitjacket. On site, the consultants search for the *right* solution – not just a conventional technical solution.

It was a project in three stages. The first was to set up the software in Arabic. The second: developing the simplest conceivable system. And the third was to test and optimize it with the locals themselves.

Edwin Ederle doesn't speak Arabic. But he's a passionate problem-solver. So he decided to tackle the language problem with a small piece of software that translates his program into Arabic at the touch of a key. It takes just seconds to translate a modification. And the menus, buttons and windows are all in Arabic rather than English.

The second step was harder. Libya's financial system is extremely labyrinthine – a huge bureaucracy with no concept of service. A study conducted by the German Institute for International and Security Affairs described it as "institutional and institutionalized chaos." The free-market economy was introduced just three years ago, after almost four decades of a state-controlled economy under Muammar al-Gaddafi. The banks had also been nationalized since 1970: their prime function was to distribute the salaries of civil servants. There was no demand for service to SME clients in a country whose income mainly came from the sale of petroleum

and gas. Now foreign banks have entered the market and want to strengthen the sector's lending operations.

Ederle focused on the data problem. The data requirements of a newly established free-market economy differ from those of a state-run economy. It wasn't that the banks had no money. They simply didn't have the confidence to lend it. The data on debtors are spread across 300 bank branches throughout the country, buried in thick ledgers, safes, on forms … sometimes the only record is in the heads of staff. Ederle's software now channels this data to the credit bureau in Tripoli, where banks can obtain credit information centrally.

He has written a program for this that fits in an email. All you have to do is double-click on it. He didn't go to any of the branches to introduce it. It gathers the credit data of the Gumhouria Bank, National Commercial Bank, the Sahara Bank and Wahda Bank, and makes this centrally available. Where there is no network, the data is driven to the headquarters on storage devices. For Ederle, the solution is comparable to crossing a river. "Normally, you'd commission a large ferry. We've developed a rowing boat to cross where the river is narrowest."

Solving problems with disposable software

Ederle benefits from the reputation that German entrepreneurs have earned in North Africa: they'll solve your problem, whatever it is. It isn't cheap or instant – but a German solution will be functional and durable.

data2impact is, in the words of its customers, a problem-solver, an outsourced analysis unit, creator of deluxe software, coach and consultant all rolled into one. "I don't promise solutions that others have to unscramble", says Edwin Ederle. "Every employee bears responsibility for their project". That's why the company cannot grow any faster. He aims to recruit analysts rather than experts, hiring a maximum of two new staff a year, and training them to solve problems using his specific technique. data2impact works in a tiny niche: recommendations are its lifeblood.

Ederle used to provide the same service as a consultant for McKinsey. He worked there for 11 years as head of the Analytic Services department, calculating and analyzing information that clients were unable to interpret from their own data. Ederle delivered results where they were needed. He internalized the "can do" attitude so typical of McKinsey. "I have no time, but we'll have it to you by this evening – and it'll be finished" is how a former consultant characterizes the approach.

That his programs fit into an email has a further advantage. This allows Ederle to constantly refine them and constantly send email updates of every new version. Ongoing adaptation is what makes his service so valuable. The software for Libya has already reached version 127. "We'd have incorporated it all from the outset if we had known everything in advance that we now know at V127," Ederle explains. "The IT industry suffers from developers who don't see their code as a means to an end, and have little interest in the problems of their users." He wants to change that. Elaborate systems can be realized based on the experience his clients gather. "The software sector is the only industry that thinks it can get away without prototypes," he says. At data2impact, the clients themselves help to develop the software – and the prototypes. His programs are frequently very short-lived: often highly tailored to one case, for a limited period of time. "I write disposable software," he says with self-confidence.

Ederle has something his customers don't have: he can think in the language of databases, and talk about them as if it were everyone's second nature. "People view our solutions as either dilettante or very useful, depending on their perspective," he explains. At one Dutch company, the solution wasn't accepted because the internal IT department considered a result based on the Microsoft Access program unprofessional, and rejected it. Many software developers would turn up their noses at Ederle's solutions – he is aware of that. "They would first of all draw up their systems specifications and decide on the size of the input fields," he says. While others are still polishing their specifications, he has already delivered the first version. data2impact develops software in days, not months.

The solution of the Libyan data problem is – at first glance – disappointing. The initial screen of the "Data Acquisition Tool" is a small form in Windows, with four large grey buttons, and a small one to end the program. It looks a bit like an Arabic version of club management or amateur invoicing software. But the impression is deceptive. Below the non-descript surface, complex tests and checks are running on the data captured. data2impact develops highly complex systems using simple programming languages. The programs are so efficient that they can manage an important function in an up-and-coming market economy using ordinary computers and standard software.

Two partners of Ederle's run data2impact subsidiaries according to the same principle in London and Atlanta. Their programs craft management information in the form of standardized reports, drawing from the data that a client already holds, but is scattered in files, card indexes, one-off databases – if it has even been written down at all. It doesn't matter whether it's a new direct banking operation, the central bank of Libya, or hospital planning in northern Germany. There's no such thing as a standard project: just special cases, each of them customized. As a result, Ederle's data2impact and its niche solutions have practically no

competition. He has just received a call from another country in the Arab world. His name had been passed on in recommendation. Evidently the satisfied client found a term in Arabic for the service he offers.