

Fifth Third banks on automated processes and flexible systems to deliver world-class reliability.

Overview

■ Challenge

Fifth Third Processing Solutions—one of the largest electronic payments processors—needs to ensure that its systems will always be there for its customers.

■ Why Become an

On Demand Business?

Fifth Third wanted a more flexible IT infrastructure to meet today's peaks and tomorrow's growth—all with maximum efficiency.

■ Solution

Fifth Third is transforming its infrastructure by adding autonomic and virtualization capabilities, which deliver both resiliency and consistently high performance.

■ Key Benefits

- *Increased system resiliency via autonomic and proactive infrastructure management*
- *"Tens of millions" in overall cost savings associated with IBM related transformation initiatives*

» **On Demand Business defined**

An enterprise whose business processes—integrated end-to-end across the company and with key partners, suppliers and customers—can respond with speed to any customer demand, market opportunity or external threat.



Fifth Third Bancorp is a diversified financial services company headquartered in Cincinnati, Ohio. The bank's electronic payment transaction unit—Fifth Third Processing Solutions—is the nation's fourth largest, with an annual transaction volume in excess of 17 billion. Its customers include banks and retailers. Pictured: The Command Center of Fifth Third's new state-of-the-art data center in Florence, Kentucky.

It's no secret that the U.S. is undergoing a major shift in the way people pay for their purchases. Seeking convenience and efficiency, consumers and businesses are increasingly turning to electronic payment vehicles like credit and debit cards to pay for a wider range of purchases, making them the fastest growing type of transaction by far. Indeed, a recent Federal Reserve study found that while check-based transactions have declined by five percent since 2000, the number of debit card transactions has grown by nearly 25 percent.

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— Jim Scott, CTO, Fifth Third Bank

On Demand Business Benefits

- Increased system resiliency via autonomic and proactive infrastructure management
- Increased business flexibility and speed-to-market through a more standardized and integrated infrastructure
- “Tens of millions” in overall cost savings associated with IBM related transformation initiatives
- US\$2 million in software costs avoided through IBM’s enterprise licensing agreement
- US\$1.2 million reduction in systems management costs by moving to a standardized job scheduling platform
- Estimated US\$10 million IT cost savings by moving to a leasing model

“The retailers and banks that outsource their processing to Fifth Third Processing Solutions expect us to deliver no matter what. As an On Demand Business, just about everything we do is directed toward becoming more flexible and resilient so that we’re ready for whatever comes our way.”

– Jim Scott

The forces behind this trend are seen in the common venues of everyday life—in the grocery checkout line, at the gas pump, even in the cable TV bill. They’re seen in the steady rise of online retailing, where credit card payments predominate, and in the increasing use of credit cards for business-to-business purchases.

Needed: Instantaneous processing and “dial-tone” reliability

As electronic transactions have become more ingrained in economic life, so too has the expectation among cardholders that their point-of-sale swipe will lead to a rapid and successful conclusion of their transaction. What matters most for buyers and retailers is that the time between the swipe and “Approval” is as instantaneous as possible. Customers don’t want to wait and retailers don’t want sluggish point-of-sale approval to slow the flow of business. For retailers, it’s hard to overestimate the strategic importance of these “merchant” services and their direct impact on the bottom line and their customer relationships. To get an idea, imagine what would happen if a retailer’s checkout staff just walked away from their registers when their lines got too long. Commerce grinds to a halt; each passing second increases the tally of lost revenue and damaged reputation.

This scene could just as well illustrate the importance of the industrial-strength IT infrastructure that underpins processing services. Retailers and financial institutions—determined to focus on their core business—have entrusted banks like Fifth Third Bancorp (www.53.com) with the delivery of these services. The bank’s robust networks, systems and processes are the foundation of this trust. Through its Fifth Third Processing Solutions division, the bank provides merchant services for retailers as well as ATM Processing Services for financial institutions to the tune of 17 billion transactions worth more than US\$138.6 billion annually. During peak periods, its systems process roughly US\$1.2 billion per day, representing millions of dollars per minute in retail revenue that would be at risk if the Fifth Third systems became unavailable. For Fifth Third, the need to minimize this risk is a central focus of its strategy and a big reason it chose to work with IBM.

For providers like Fifth Third Processing Solutions, system resiliency has always been important. What’s different now is the scope and complexity of these systems, and the challenges they present. As its customer base and transaction volume have steadily grown, Fifth Third long met the challenge by adding more processing capacity to address its needs. But with its business growing more

dynamic and competitive, Fifth Third knew it needed a strategy that not only met its technology requirements, but did so in the context of its ever-shifting business environment. Making it succeed, says CTO Jim Scott, required a provider willing to work shoulder to shoulder with the bank in its ongoing transformation—one with the depth and flexibility to meet an evolving set of business challenges. IBM fit the bill. “IBM’s role is to help us find new solutions every day that enable us to reach our objectives more efficiently and cost-effectively,” says Scott. “We don’t view IBM as a vendor, but as an extension of our organization.”

Toward a more flexible IT strategy

In the first phase of its transformation, IBM helped the bank simplify and optimize its transactions processing infrastructure by migrating it to a series of IBM @server® zSeries® servers employing IBM Parallel Sysplex® technology, which enables customers to segment their processing capacity. This not only improved the system’s performance, but made it easier to grow, simpler and less costly to manage and above all more resilient. In the bigger picture, though, the bank’s optimization effort represented a watershed in the evolution of its technology strategy. Going forward, the new focus is on having the flexibility to balance IT resources according to Fifth Third’s needs, thus making it better able to adapt to a constantly changing business environment. Scott believes that by adopting this strategy, the bank is embracing the On Demand Business attributes it has long provided to its own customers. “The retailers and banks that outsource their processing to Fifth Third Processing Solutions expect us to deliver no matter what,” explains Scott. “As an On Demand Business, just about everything we do is directed toward becoming more flexible and resilient so that we’re ready for whatever comes our way.”

Examples of this abound. To improve its resiliency, for instance, Fifth Third recently added a new state-of-the-art data center in Florence, Kentucky, to its primary site in Cincinnati and its Disaster Recovery Data Center located in Grand Rapids, Michigan. Each of the three sites is equipped with two IBM @server zSeries z9™ servers running Parallel Sysplex and Capacity BackUp (which enables a server to automatically assume the processing of a disabled server). With this multi-site configuration established, the bank is moving ahead with the next phase of its vision—the addition of autonomic capabilities coupled with more virtualized systems. Ultimately, Fifth Third will be able to automatically, seamlessly and dynamically route transactions to any of its computing resources based on its current utilization, anticipated

Key Components

Software

- IBM DB2® Universal Database™
- IBM WebSphere® Application Server
- IBM WebSphere Portal
- IBM WebSphere MQ
- IBM Tivoli® Storage Manager
- IBM Tivoli Configuration Manager
- IBM Tivoli Scheduling Manager

Hardware

- IBM @server pSeries®
- IBM @server zSeries

Services

- IBM Global Services—Integrated Technology Services
- IBM Global Finance

Business Partner

- Cincinnati Bell Technology Solutions

Time frame

- Data center rollout: 12 months
- Transformation: Ongoing

“With IBM’s help, Fifth Third is working toward having an ‘on demand’ infrastructure that gives us the flexibility to move resources – on-the-fly – to where we need them.”

– Jim Scott

workload and other factors. On even the busiest shopping days, this sense-and-respond capability ensures maximum transaction throughput and availability. To complement its automated management capabilities, IBM Global Services—Integrated Technology Services deployed an advanced Command Center at the new Florence facility capable of monitoring and controlling system activity. IBM Tivoli products such as Workload Scheduler and Storage Manager now represent the bank's front-line systems management tools.

Leveraging through SOA

While resiliency is the bedrock of its Fifth Third Processing Solutions business, Fifth Third's On Demand Business efforts have also focused on attaining the flexibility needed to respond rapidly and effectively to a different set of market dynamics. Chief among these are changing customer requirements, cost control and new service opportunities. To gain this operational flexibility, Fifth Third and IBM have embraced a service-oriented architecture (SOA) approach, relying to a growing degree on standard technology and integration frameworks—the key benefit being the ability to more efficiently and cost-effectively leverage its existing systems and data. Take servicing, for example. To meet its customers' increasing demand for transparent, self-service capabilities, Fifth Third is migrating its merchant support system to a solution using IBM WebSphere and DB2 to allow customers to be dynamically supported from many platforms. In the same way, the bank expects its SOA strategy to enable it to bring a richer array of services to market faster and more cost-effectively, improving responsiveness and the bottom line.

By working with IBM to become an On Demand Business, Fifth Third is now in a stronger position to meet the growth of its customers' transaction volume and is more flexible in its ability to adapt to the evolving needs of the market. As the bank continues to grow, this strength and flexibility will prove a critical foundation. So too will its relationship with IBM, believes Scott. "As we continue to invest in the future, IBM is helping us optimize these investments by proposing innovative approaches like leasing," which he expects to save the bank as much as US\$10 million by 2007, on top of the tens of millions in savings he attributes to the bank's relationship with IBM. "We place an unbelievable amount of trust in our relationship with IBM because we know they are committed to our success—however we define it."

For more information

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Armonk, NY 10504
U.S.A.

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