



Travelex fuels business innovation by embracing open, flexible technology.

Overview

■ Challenge

Travelex's ability to innovate—the key to its success—was becoming threatened by an increasingly complex and inflexible technology environment.

■ Why Become an On Demand Business?

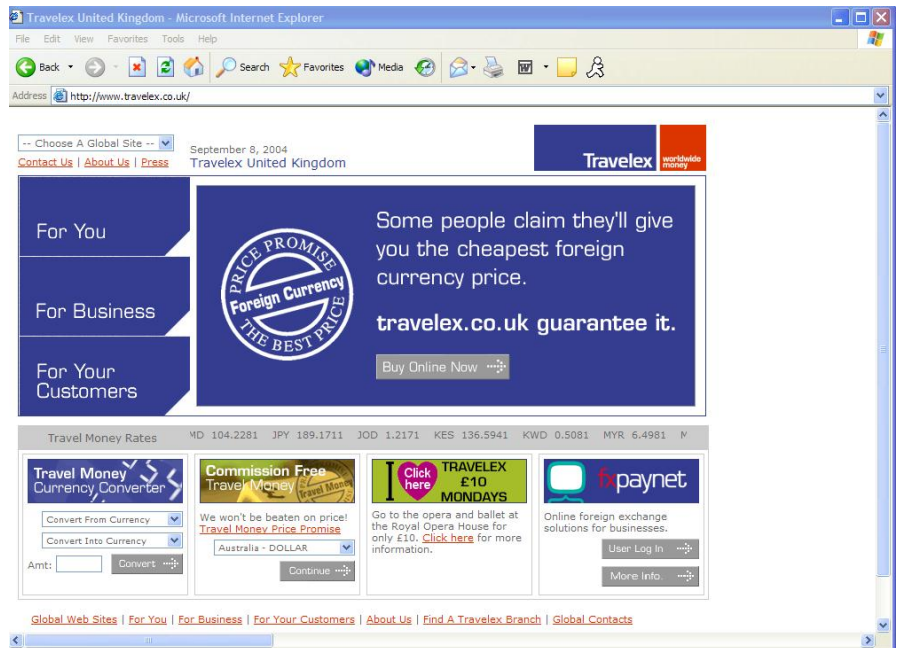
To maintain its competitive edge, Travelex needed to create a system that would both nurture business-level innovation and enable the company to respond more rapidly to new opportunities.

■ Solution

Travelex teamed with IBM and IBM Business Partner Osmosis Integration to create a new, highly open platform on which Travelex developed and integrated its foreign exchange applications.

■ Key Benefits

- *Employing reusable software components projected to decrease application development costs and reduce cycle time by 30%*
- *Consolidation of application infrastructure expected to reduce application support costs by 20%*
- *More efficient architecture expected to significantly reduce transaction processing cycle time*



Travelex operates the world's largest network of airport-based ATMs.

Since its founding in 1976, London-headquartered Travelex (www.travelex.com) has become one of the biggest names in the global foreign exchange market, with annual revenues of more than £11 billion (\$20 billion) and some 6,000 employees spread across 31 countries. While its earliest roots are in the retail side of the market—Travelex operates the world's largest network of airport branches—the company has expanded aggressively into business services like commercial foreign exchange. Traditionally the province of large banks, commercial foreign

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—Peter Beuken, Head of IT, Commercial Foreign Exchange, Travelex

On Demand Business Benefits

- Employing reusable software components projected to decrease application development costs and reduce cycle time by 30%
 - Consolidation of application infrastructure expected to reduce application support costs by 20%
 - More efficient architecture expected to significantly reduce Travelex's transaction processing cycle time
 - 85 percent reduction in time required for customer processing of foreign exchange transactions
 - Use of standardized application-to-application messaging technology improves delivery reliability and scalability for future growth
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exchange is the backbone of global commerce, providing companies with a dependable means of paying their international suppliers in their native currency. As well as competing with banks on price, Travelex nonetheless saw a strong opportunity to leverage its agility to offer innovative, yet easy-to-use services, especially to small and medium-sized businesses (SMB). Travelex's 16,000 commercial foreign exchange clients testify to the success of its service-oriented strategy.

Having evolved into a major player in the commercial market, the company faced the realization that for its business-level innovation and growth to proceed with the same vigor, the company's systems and processes could not be allowed to pose a barrier. While Travelex's systems had largely kept pace with business requirements, they had grown in a reactive, incremental manner. This, coupled with a large number of acquisitions, led to a disparate array of systems that were complex and expensive to maintain. Complexity also undermined Travelex's ability to develop new services rapidly and efficiently—a "must-have" to sustain its intense level of innovation. The lack of a flexible, standard means of integrating with commercial customers presented a two-pronged threat. First, as the sheer number of proprietary connections grew, performance went down and cycle times went up, which delayed the processing of customer transactions. Second, non-standard integration made it harder for new SMB customers—many of whom had few, if any, in-house IT staff—to establish the necessary connections.

Growing into a more flexible company

Poised for the next stage of its evolution as a business, Travelex's commercial financial exchange unit, known as CFX, needed to establish the flexibility to respond rapidly and cost-effectively to emerging strategic opportunities. The fact that banks were beginning to turn their attention to the SMB market—and had taken steps to improve their systems—only heightened the urgency to act, notes Peter Beuken, Head of IT, Commercial Foreign Exchange. "We were the classic model of the company that had grown very large, very quickly," says Beuken. "To keep our competitive edge, we needed underlying systems that would complement—not impede—our agility as a business." To address its problem, Travelex teamed with IBM and IBM Business Partner Osmosis Integration to create a new, open platform for developing and integrating foreign exchange applications. Employing an open development environment enabled Travelex to streamline its development process,

thus removing what had been an obstacle to the rapid deployment of new services. Process-wise, the key to its success was the newfound ability to reuse core service applications—such as an exchange rate conversion engine—across an array of more specialized applications, instead of each having its own underlying engine. This led to a shorter, lower cost development cycle on the front end, as well as lower application support burden going forward. The other big benefit of an open development environment was application integration. By enabling the development of “integration-ready” applications, Travelex simplified their integration—further shortening the development cycle.

Embracing open standards for growth

In addition to streamlining the deployment of new services, Travelex also needed to simplify the way it managed and integrated its *existing* services—lowering the cost of supporting them and improving services to customers—and do so without having to rewrite its legacy applications. This integration governed the core of its commercial foreign exchange business, specifically the means by which Travelex exchanged transaction data with its customers’ systems, as well as the way applications shared data with each other. In the former case, data transformation is critical because of the diverse data formats employed by Travelex’s customers. The company’s solution was to replace the proprietary scripts that had governed this integration with an open standards-based system to transport the messages, and a broker-based system to handle the transformation of customer information. Replacing what had become a cumbersome thicket of custom links with standardized connections immediately improved transaction performance. More importantly, the new system’s inherent robustness and scalability laid the groundwork for a stable future growth path. The importance of system stability is beyond measure for customers seeking to lock into the best exchange rate.

Travelex points to support for standards such as J2EE as its main reason for selecting IBM technology, while Osmosis’s deep experience with complex integration problems was the key reason for its selection. While IBM and Osmosis worked in parallel on the design and requirements definition for the technical solution, Travelex provided critical guidance on its business rules. On the technology side, the heart of the new application platform is comprised of IBM WebSphere Studio Application Developer (the development environment) and IBM WebSphere Application Server (the platform on which the new applications run). IBM WebSphere MQ was selected to provide the transactional messaging link due to its guaranteed message delivery capability and, says Travelex’s Beuken, its status as a “de facto industry standard.” To perform the critical role of message broker between customers and its backend systems, Travelex selected WebSphere Business Integration (WBI) due to its superior flexibility. When customer transactional data is received via WebSphere MQ—whatever the format—WBI automatically transforms the data to the appropriate format and feeds it into Travelex’s core financial systems. As with reusable application

Key Components

Software

- IBM WebSphere® Business Integration
- IBM WebSphere Application Server
- IBM WebSphere MQ
- IBM WebSphere Studio Application Developer

Business Partner

- Osmosis Integration
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–Peter Beuken

components, the use of WBI enables Travelex to streamline its deployment processes, lower costs and lessen complexity—all of which are critical to a company competing on agility, service and speed-to-market.

Given his company's expected growth rate, it's not surprising that Beuken views "future-proofing" as one of the solution's biggest benefits. "We see the new system as an enabler of future growth and continued innovation," says Beuken. "It's a robust, flexible platform that makes everyone—on both the business and the IT side—very excited." In addition to enabling growth and innovation, the solution's openness and efficiency help minimize application development and support costs, putting the company on a firmer footing against its deep-pocketed competitors.

For customers, the move to a streamlined, open solution has led to an 85 percent reduction in time required to process their foreign exchange transactions, further enhancing their experience with Travelex. As a company targeting SMBs—which are known to be less "sticky" than larger companies—Travelex recognizes the

importance of strengthening its customer relationships. To this end, the company is planning to roll out a suite of collaborative tools built around IBM Lotus® Domino® and IBM Lotus Instant Messaging that will enable Travelex to stay in closer contact with its customers. Beuken sees these initiatives as part of broader effort to make it easier for customers to do business with Travelex by employing open, flexible technology. "We need to stay ahead of the curve with our customers and have the systems to make it possible," says Beuken. "Osmosis and IBM have given us the building blocks to succeed."

For more information

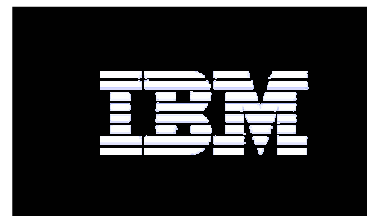
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