



# HP Services Strategy in Financial Institutions

**John Evers**  
**Vice President, HP Services**  
July, 2005

© 2005 Hewlett-Packard Development Company, L.P.  
The information contained herein is subject to change without notice



# Agenda

- Hewlett-Packard's Services focus
- Comprehensive Services Capabilities and offerings
- Selective Client Credentials and Experience



# Key industry trends by geography

## NA

- Large players in banking, securities, and insurance
- **US-based global investment banks** drive spending in multiple geographies
- **Insurance** companies and their infrastructure are often fragmented due to state-level regulation
- Highly sophisticated **“early adopters”** require custom development and often unbundle solution offerings; 2nd tier **“fast followers”** more inclined to purchase packaged solutions
- High demand for **outsourcing and off shoring** due to high labor costs

## Europe

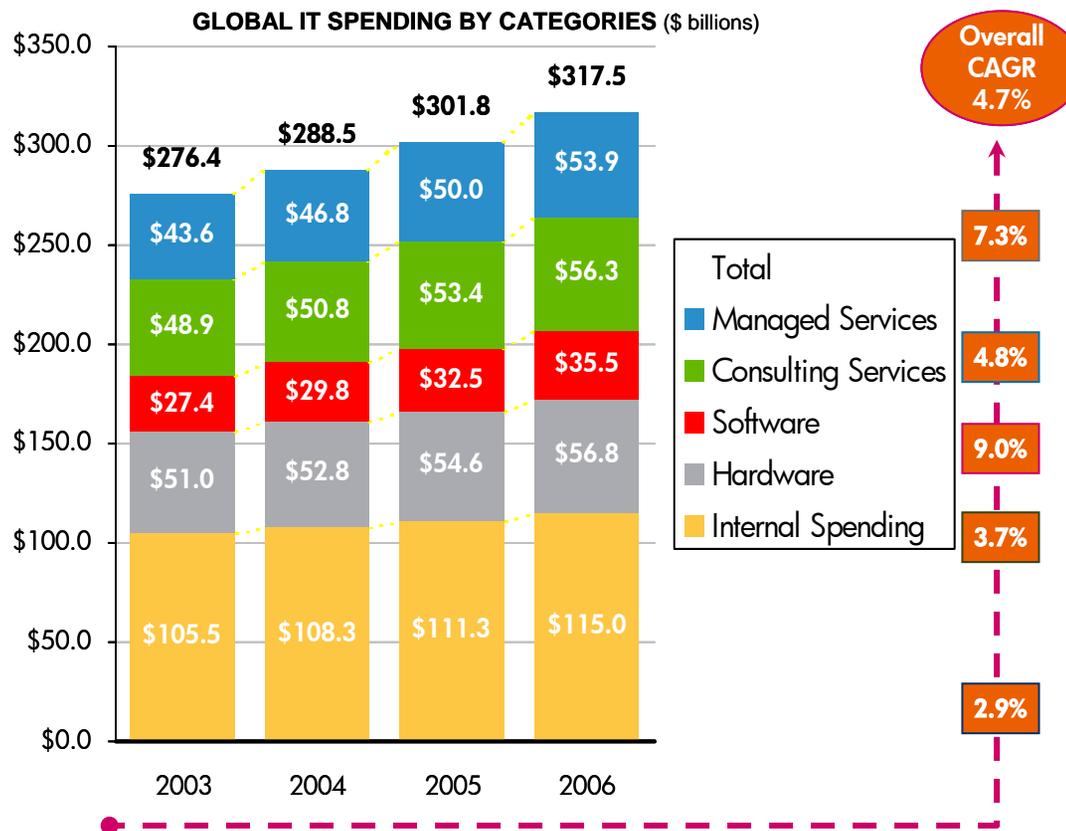
- Many large banking and insurance players
- **Consolidation** across borders and within specific markets will create opportunities for IT consolidation
- 10 additional countries joining the EU will need to upgrade their systems to EU standards/ requirements
- Adoption of International Accounting Standards and **Basel2** will drive new systems requirements
- Strong interest in **outsourcing & off shoring** in select countries

## Asia

- **Large banking sector**, but less well developed securities and insurance industries
- Asian financial institutions are transforming their organizational structures in response to **rapidly changing market dynamics**
- Many banks still run core banking applications on mainframes, but are increasingly look to **Open Systems migrations**
- Strong propensity to engage outside advisors and purchase **integrated solutions**
- In-bound Global FIs



# HP views opportunities across the entire IT spectrum ...



Source: HP composite analysis%

## Observations

- At 56.8 Billion, Hardware is projected to be the largest external spending category in 2006. It is, however, growing at the slowest rate, 3.7%.
- At 9.0%, the three year growth rate of Software spending is more than twice that of Hardware.
- At 7.3%, Managed Services has the next highest growth after Software.
- Consulting and Managed Services together comprise 54% of total external spending in 2006.

# The HP Financial Services Industries strategy

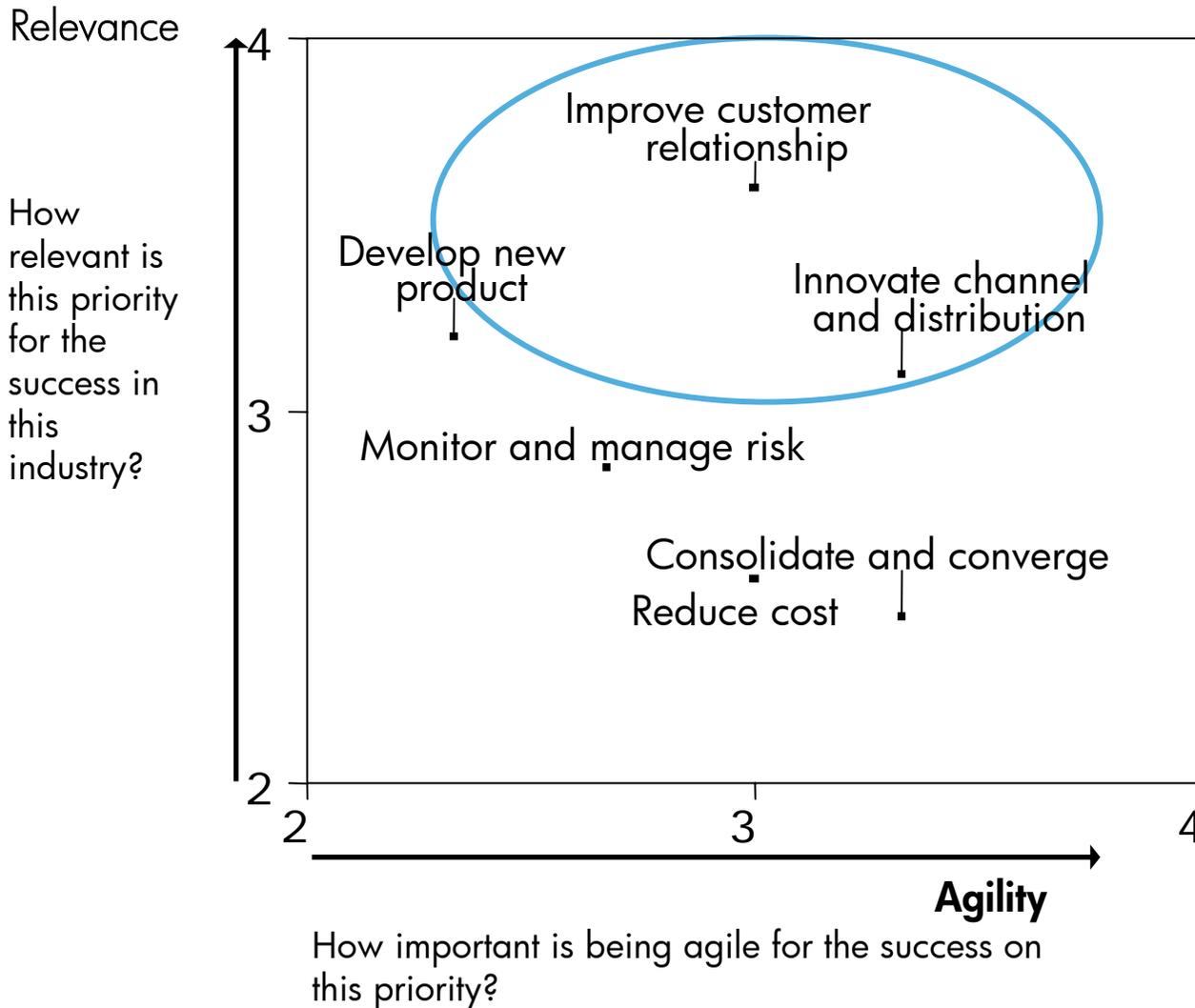
- Leverage HP's industry knowledge and experience to capture the opportunities of a more digital, mobile, virtual and personal world in the industry segments and customers we choose to serve
- Apply the design principles of the Adaptive Enterprise to architect, build and deliver industry frameworks that help our customers maximize innovation and the realize the benefits of open, industry standard technologies

# HP draws upon unique FSI Assets and Capabilities...



- Established presence in Information Technology
  - Powers 100+ stock/commodity exchanges, including 14 of the world's largest
  - Supports 95% of the world's securities transactions
  - Handles two of every three credit card transactions worldwide
  - Handles three of every four electronic funds transfers
- Proprietary architecture
  - Open Bank
  - Open Payments
- Relationship with Capco – FSI consulting firm
  - HP made substantial equity investment in 2002
  - Alliance to develop customized, large-scale solutions for FSI
  - Nearly 500 professionals in NA, Europe and Asia
- Experience serving HP Financial Services business unit
- Delivery capability with similar processes

# HP Services is focused on helping clients develop business agility as a priority...



Some customers will continue to focus on consolidation and cost reduction activities in order to achieve an efficient IT infrastructure before addressing agility

# HP Portfolio and Four-Pillared execution plan...



Capitalize on HP's core strengths

	1. Products and Support Services	2. Enterprise Infrastructure Solutions	3. Industry Vertical Solutions	4. Business Process Solutions
<b>Overview</b>	<ul style="list-style-type: none"> <li>• HP hardware, software</li> <li>• Integrated multi-vendor support services</li> <li>• Implementation Services</li> </ul>	<ul style="list-style-type: none"> <li>• Solutions focused on improving performance and effectiveness of underlying infrastructure</li> <li>• IT Outsourcing</li> </ul>	<ul style="list-style-type: none"> <li>• LOB solutions typically centered around ISV partner applications.</li> <li>• Requires industry and application expertise</li> </ul>	<ul style="list-style-type: none"> <li>• Specific transformation or BPO initiatives</li> <li>• Cross industry (e.g. F &amp; A)</li> <li>• Industry-specific (i.e. Payments)</li> </ul>
<b>"Charter Clients"</b>	<ul style="list-style-type: none"> <li>• JPMC</li> <li>• ABN AMRO</li> </ul>	<ul style="list-style-type: none"> <li>• CIBC, Bank of Ireland, West LB</li> <li>• Top 5 Inv. Bank</li> <li>• ING</li> <li>• Top 5 UK Bank</li> </ul>	<ul style="list-style-type: none"> <li>• Lloyds-Kinnect</li> <li>• Top 5 US Bank</li> <li>• Bank of Shanghai</li> <li>• HBOS</li> </ul>	<ul style="list-style-type: none"> <li>• Bank of India</li> <li>• TD Bank</li> <li>• Bank of Baroda</li> </ul>

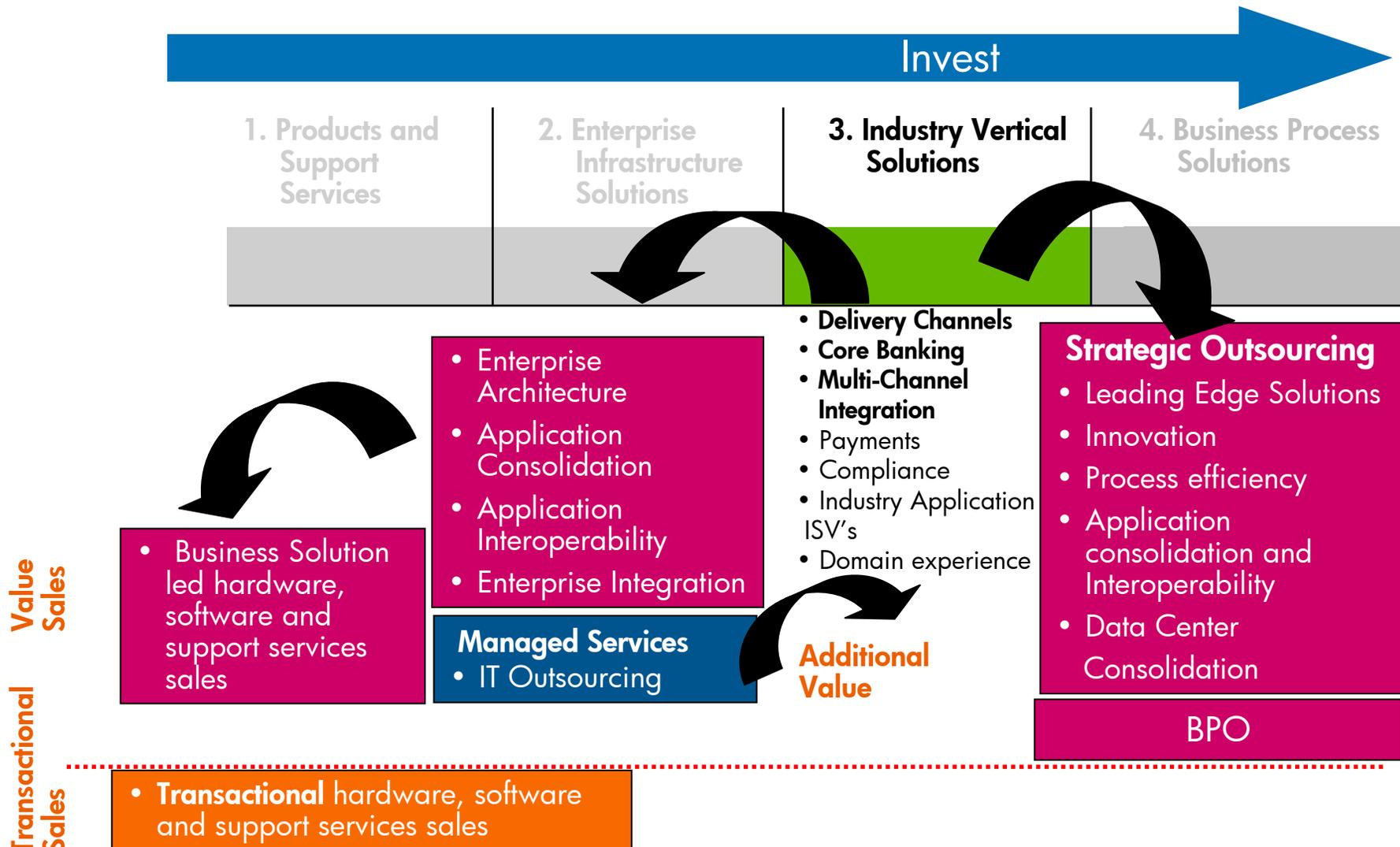
# HP Portfolio and Four-Pillared execution plan...



Invest and build for growth

	1. Products and Support Services	2. Enterprise Infrastructure Solutions	3. Industry Vertical Solutions	4. Business Process Solutions
<b>Opportunity</b>				
<b>Overview</b>	<ul style="list-style-type: none"> <li>• HP hardware, software</li> <li>• Integrated multi-vendor support services</li> </ul>	<ul style="list-style-type: none"> <li>• Solutions focused on improving performance and effectiveness of underlying infrastructure</li> <li>• IT Outsourcing</li> </ul>	<ul style="list-style-type: none"> <li>• LOB solutions typically centered around ISV partner applications.</li> <li>• Requires industry and application expertise</li> </ul>	<ul style="list-style-type: none"> <li>• Specific transformation or BPO initiatives</li> <li>• Cross industry (e.g. F &amp; A)</li> <li>• Industry-specific (i.e. Payments)</li> </ul>
<b>"Charter Clients"</b>	<ul style="list-style-type: none"> <li>• Implementation Services</li> <li>• Top 5 US Bank</li> <li>• JPMC</li> <li>• ABN AMRO</li> </ul>	<ul style="list-style-type: none"> <li>• CIBC, Bank of Ireland, West LB</li> <li>• Top 5 Inv. Bank</li> <li>• ING</li> <li>• Top 5 UK Bank</li> </ul>	<ul style="list-style-type: none"> <li>• Lloyds-Kinnect</li> <li>• Top 5 US Bank</li> <li>• Bank of Shanghai</li> <li>• HBOS</li> </ul>	<ul style="list-style-type: none"> <li>• Bank of India</li> <li>• TD Bank</li> <li>• Bank of Baroda</li> </ul>

# Our Industry focus is critical to leveraging core products, infrastructure solutions and helping clients in transformational opportunities...



# CIBC

One of North America's leading financial institutions



## Customer business challenge

- Focus on core banking business
- Standardization and consolidation to take advantage of economies-of-scale
- Drive out cost through reduction of technology and withdrawal from IT asset ownership

## HP solution

- Comprehensive IT management services
  - IBM mainframe, NonStop, AS/400, UNIX, Windows NT, Desktop, Exchange
  - Toronto prime delivery center
- Technology procurement
- Asset management
- IT vendor management
- Application support services

## Customer results/benefits

- High-quality, consistent service levels
- Market benchmarked pricing
- Effective service policies and standards
- Improved billing and reporting for predictable cost structures
- Strategic basis for innovation and growth

# Canadian Imperial Bank of Commerce

## Challenge:

- Create “bank of the future”
- Provide “smart, simple solutions”
- Supporting complex delivery channels and processes

## CIBC Outsourcing Strategy:

- Standardize and consolidate
- Drive out cost
- Focus on core banking business

## HP Solution:

- Ultra secure, ultra available infrastructure
- Crossed multiple platforms from several different vendors linking legacy and emerging technologies

## •Scope of Services:

### •Retail Banking

- Internet Banking
- ABM Processing
- Point of Sale
- Credit Card Processing
- Mortgage & Loans

### •Wealth & Investment Management

- Mutual Funds
- ISI (Investment Services Inc)
- IPS (Term Deposits and GIC's), RRSP
- IWS/Swift PEGA, IDT-GL, SSRecon, IBTSS
- Foreign Exchange, Equities

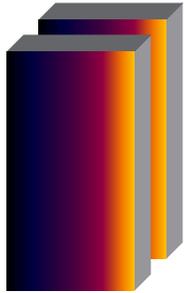
### •Managed Desktop Service

- Enterprise e-Mail
- Web Hosting

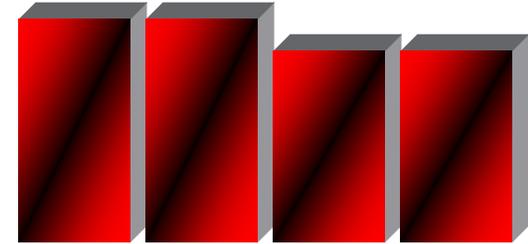
## • Results:

- **Ultra secure** e-commerce applications
- **Best online performance** of any major Canadian financial institution since 1996
- Significant **productivity improvements** and **unit cost reductions**

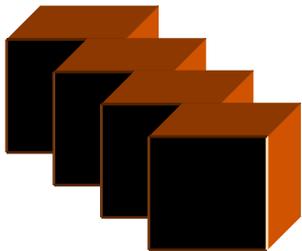
# Multi-Vendor Infrastructure at CIBC



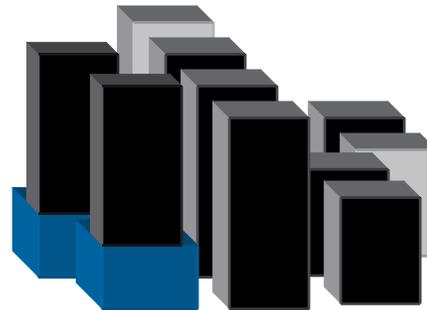
- 6 Mainframes & 29 LPAR's
- 5000 MIPS
- 34 TB Online Storage



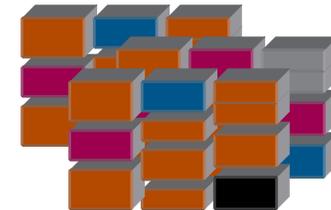
- 18 HP NonStop™ Systems
- 8000+ MIPS
- Largest environment in Canada
- Services 4,500 ATMs & 10,000 + retail POS terminals



- 5 AS/400
- 2470+ MIPS
- 5.5 TB Online Storage



- 742 UNIX Systems
- HP - 232
- IBM - 229
- Sun - 281



- 203 WINTEL Servers
- HP - 185
- Dell - 1
- IBM - 17

# Service offerings from HP

← Adaptive Enterprise →

## Strategic outsourcing

### Infrastructure Management

- Standard Server Management
- Storage Management
- Network Operations and Management
- Enterprise Applications Operations (ERP, CRM)
- Data Center Management
- Managed Web Services
- Security Management

### End User Workplace Management

- Exchange on Demand
- Standard Service Desk
- Standard Managed Desktop Services
- Global Service Desk (eSupport)
- Managed Desktop Services
- Access on Demand
- Managed Mobility
- Managed Messaging and Collaboration
- Tiered Messaging on Demand
- Managed Office Services for Imaging & Printing

### Application Services

- Management
- Maintenance
- Development
- Support

### Business Continuity

- Business Continuity Consulting
- Disaster Tolerant Management
- Business Recovery Services
- Backup & Recovery
- Managed Storage Solution

### Business Process Outsourcing

- Software Supply Chain
- Finance & Administration
- Human Resources
- Procurement
- Industry Specific Services

## Flexible service levels and pricing

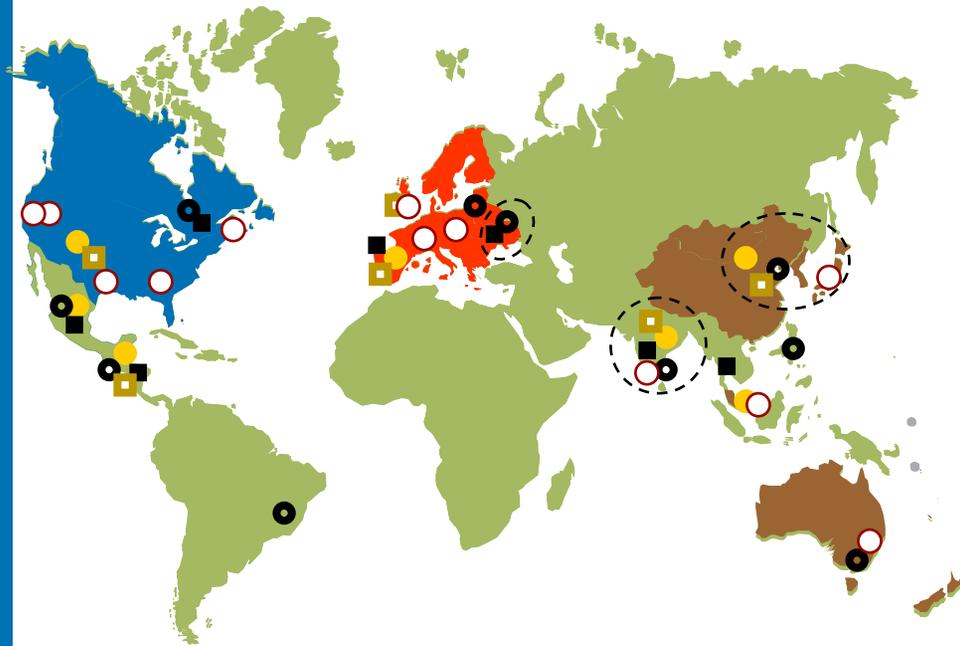
# Adaptive Enterprise Representative Efficiencies



## Increased savings (%)



# Our Global delivery model is built on the premise of offering the right services from the right place...



SEI CMMi  
LEVEL 5



## 65,000 HP Services Professionals

### Application Services

(India, China, Slovakia, Poland, Philippines, Canada, Brazil, Costa Rica, Mexico, Australia)

- ADM, AMS, AO, Package Implementation

### Infrastructure Services

(India, Slovakia, Malaysia, Canada, Spain, Costa Rica, Mexico)

- Network/ Device management, End user workplace management

### Contact Center Services

(India, China, Mexico, Spain, Ireland, USA)

- Enterprise Helpdesk activities
- Voice, email and chat based support

### BPO Services

(India, China, Singapore, Spain, USA, Mexico, Costa Rica)

- F/A, Billing, Order management, employee services

○ Proximity to HP Core sites

# CSFB Overview

Credit Suisse First Boston (CSFB) is a leading global investment bank with 19,000 employees located 80+ offices in 30+ countries.

Top ranked in virtually all major business segments

CSFB serves institutional clients, with expertise in:

- Fixed Income
- Equities
- Prime Services
- Research

CSFB meets corporate clients' needs in:

- Mergers & Acquisitions
- Equity Capital Markets
- Debt Capital Markets
- Private Placement
- Leveraged Finance
- Regional Presence
- Private Equity
- Industry Experience

CSFB serves institutional and individual clients:

- Private Client Services
- Asset Management
- Transaction Services & Solutions

# CSFB Global Presence



## Europe

Amsterdam  
Budapest  
Frankfurt  
Geneva  
Guernsey  
Istanbul  
Limassol  
London  
Madrid  
Milan  
Paris  
Prague  
Vienna  
Warsaw  
Zurich



## United States

Atlanta  
Boston  
Chicago  
Dallas  
Houston  
Los Angeles  
Miami  
New York  
Palo Alto  
Pasadena  
Philadelphia  
Portland  
San Francisco  
Washington, DC

19,000+ Employees

80+ Offices in 30+ Countries

- Improve the management of IT infrastructure through greater standardization.
- Services will be provided in the most cost-efficient manner with no disruption to users and continuous service improvement.
- Introduce and utilize technology and industry best practices to control and reduce costs.
- Maintain a strategic relationship that aligns business and IT objectives.

# HP Services Contract Overview

- **Five year global contract which has reduced overall support costs by 10-15% and improved customer satisfaction.**
  - Desktop management for 23,000 desktops
  - Global Service Desk to support 15,000 authorized users; Tier 1 in Toronto and Dublin
  - Desk side support for desktops and laptops
  - Worldwide Windows XP migration of 27,000 desktops and laptops
  - Automated Software Distribution Management
  - Automated Asset Management
  - Leveraged Engineering support
  - Hardware Procurement
  - File Server Maintenance
- **Transition of 210 CSFB IT employees and 100 contractors to HP**

# Top 5 US Financial Institution



Challenge	Solution	Results/Benefits
<ul style="list-style-type: none"><li>• Multiple Hardware Platforms and Service providers</li><li>• Simplify IT infrastructure</li><li>• Reduce Cost by 8-10 Percent</li><li>• Increase business/technology offerings but keep budgets the same</li></ul>	<ul style="list-style-type: none"><li>• HP Services manages the bank's IT desktop and life cycle support using a single-source solution.</li><li>• 150,000 Desktops</li><li>• 10,000 servers/workstations</li><li>• IMAC, de-installation and disposal</li><li>• Windows 2000 Support</li><li>• Server Build in Data Centers</li><li>• Desk side Software Support</li><li>• Refresh 60,000 desktops over 3 years</li></ul>	<ul style="list-style-type: none"><li>• Reduced overall cost per seat by 30%</li><li>• Hired over 130 employees from the bank.</li><li>• Improve the overall service levels utilizing ITSM/Six Sigma</li><li>• Guaranteed fix</li><li>• Supporting new business offerings at the same or close to the same costs.</li></ul>

# Application Services

HP blends its own world-class capabilities with those of leading partners to bring our customers end-to-end application services. We offer application services...

- Through HP Global service delivery application project teams
- Through top systems integrators including Accenture, BearingPoint, Capgemini, and Deloitte Consulting
- Through strategic outsourcing of large client application environments



# Bank of Baroda

## Challenge



- Need for a uniform, portal based IT infrastructure
- Compete and excel in the domestic and global banking environment
- Anytime, anywhere throughout the work access via multiple delivery channels – internet banking centers, ATMs, transaction kiosks

## Solution



- Enterprise wide service oriented architecture
- Design, build and management of data centers inclusive of compute, storage and connectivity infrastructure
- Disaster recovery and business continuity services
- Design, deploy and manage the network implementation

## Result

- Provide customers with a total customer experience through a single core banking solution
- Provide customers with new options and choices to enhance the anytime, anywhere across the globe experience
- Driving IT in a strategic manner to drive fundamental change within the organization

# HP Solution

Bank Of Baroda Business Solutions Requirements				
Support Applications	Regulatory	Core Processing	Employee Access	Customer Access
<ul style="list-style-type: none"> <li>• <b>Oracle</b> GL</li> <li>• <b>Oracle</b> Performance Management</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Logica</b> RTGS</li> <li>• Basell II through <b>Oracle</b> OFSA</li> <li>• Anti Money Laundering</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Finacle</b> Core Banking Solution for domestic and international</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Oracle</b> HR &amp; Self Service</li> <li>• <b>Fluous</b> Payroll</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Finacle</b> Internet Banking</li> <li>• <b>Servion</b> Phone Banking</li> <li>• <b>Oracle</b> CRM</li> </ul>

HP  
Superdome

XP 1024

Datacenter  
Build

RPC Build

Network

## Service Oriented Architecture

HP OpenBank Architecture

BizTalk EAI

Single Sign On

HP OV EMS

# Bank of India



## The HP difference

- Strategic partnership with right domain knowledge and experience in outsourcing, system integration, and technology solutions
- Strong consortium approach with best of class solution partners

### Business needs



- Paradigm shift from 'branch' to 'bank' automation
- Focus on core competencies
- Transformation of core banking system
- Customer centric and customer aware systems to increase customer service levels and attract new customers

### HP solution



- Implement and manage a core banking solution across BOI branches
- Implement and manage a data warehousing and document imaging solution
- Build and manage a data center, disaster recovery site, help desk and call center
- Provide integrated channel management of tele-banking, internet banking and ATM's

### Business benefits

#### Simplicity

- Increased efficiency to
- manage customer focus and
- transactions growth

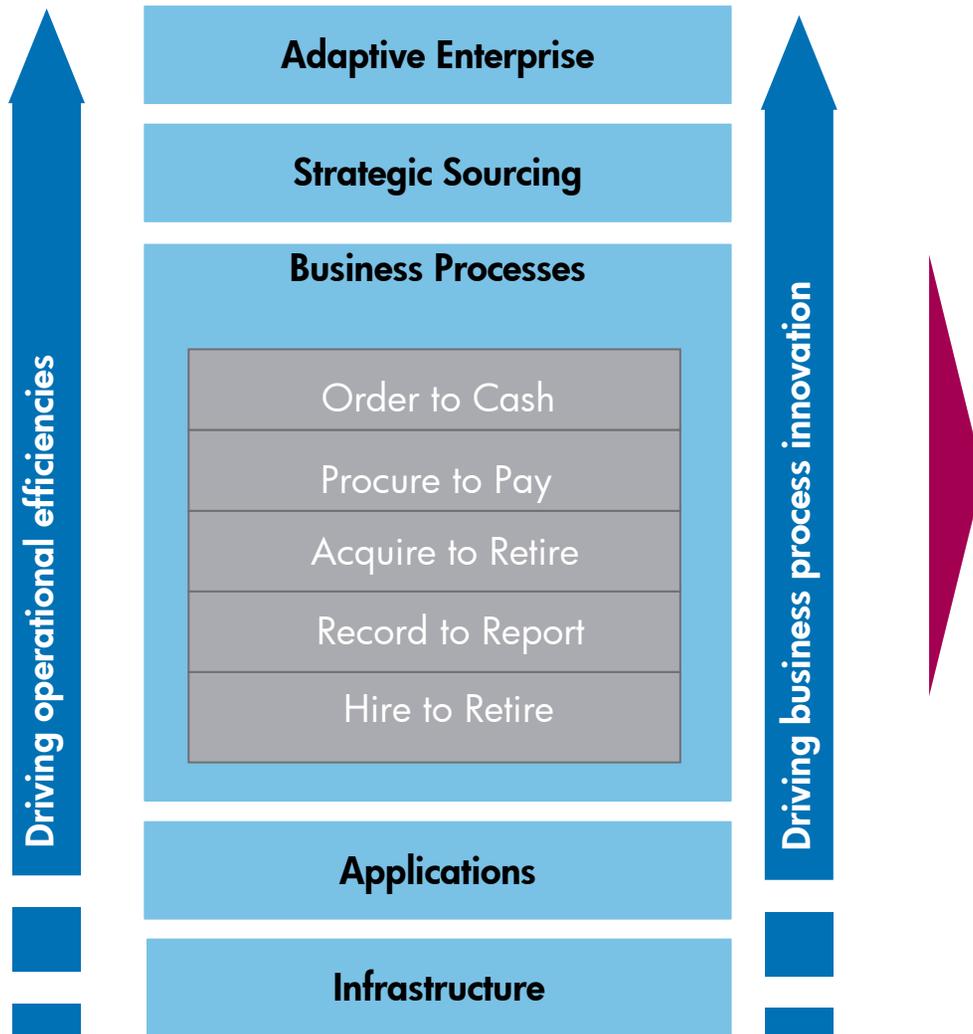
#### Agility

- Faster time to market
- Scalability and robustness
- Better alignment IT & Business

#### Value

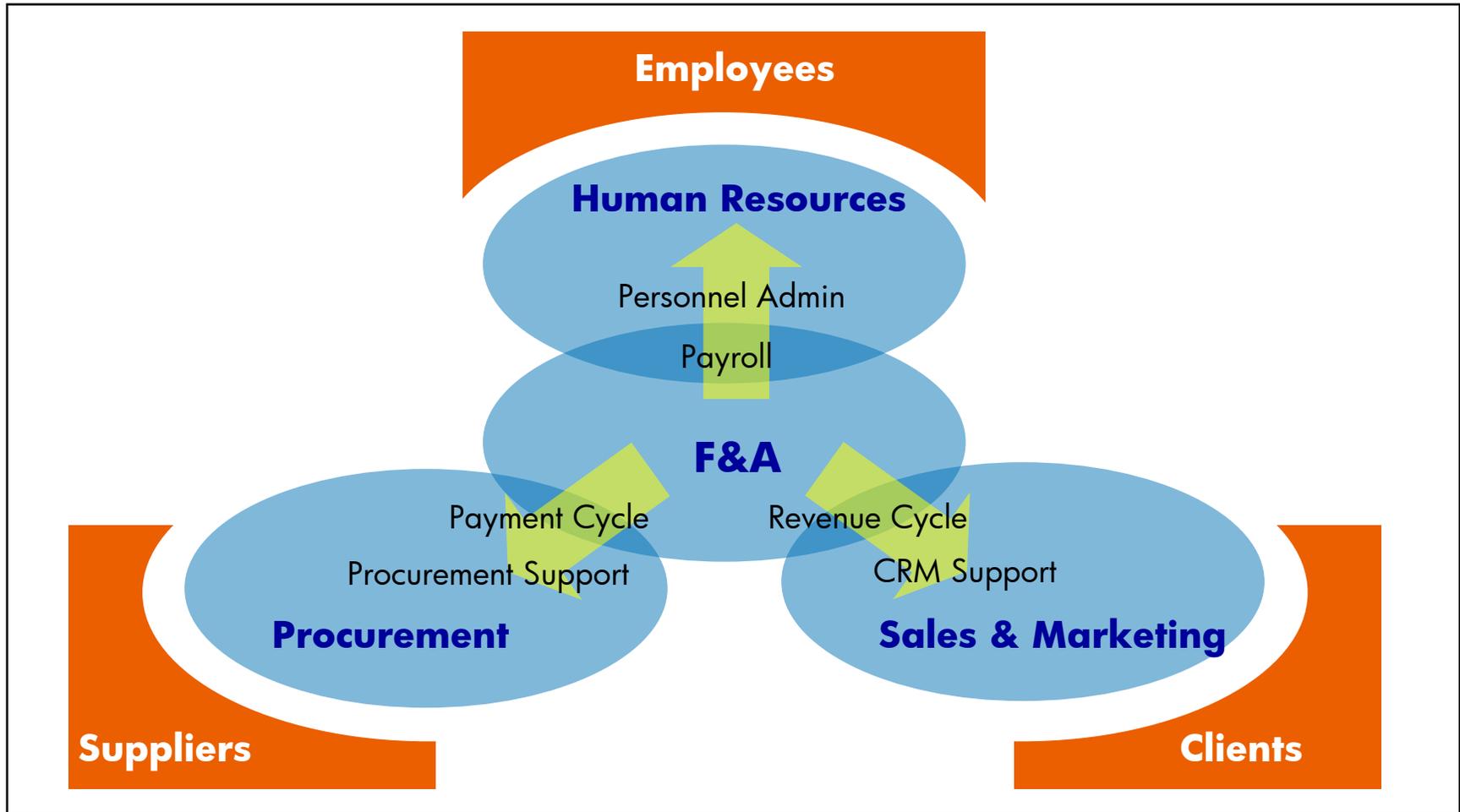
- Reduced TCO with
- predictable cash flows
- Optimal ROIT
- Improved TCE

# BPO Is A Strategic Imperative For HP services...

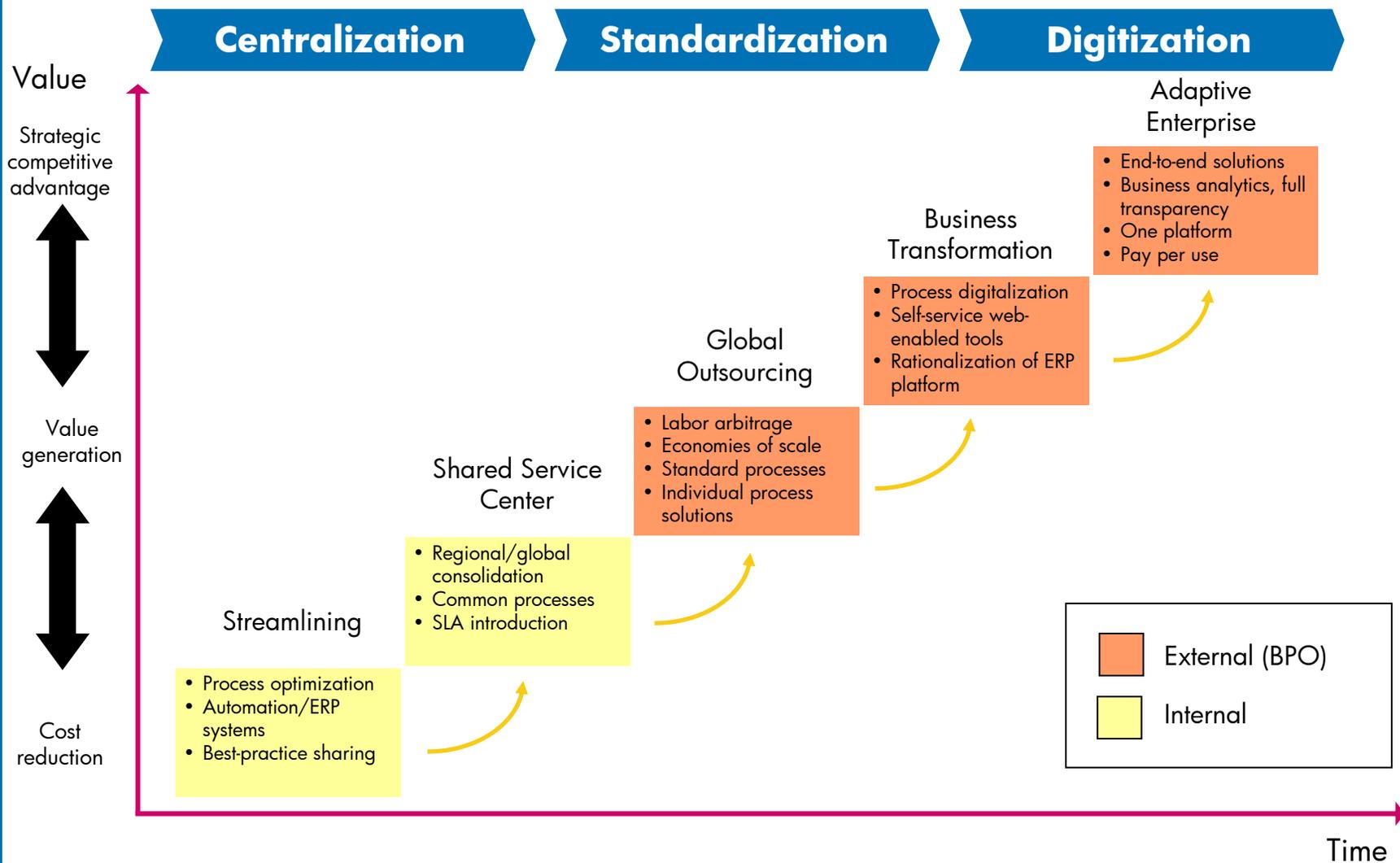


- Customers looking to optimize business processes require increasingly tight integration with applications & infrastructure
- Combine HP's internal F&A excellence with deep experience in IT services and grow strategic outsourcing business
- Occupy business process level as strategic control point for applications & infrastructure levels
- Grow HP's market perception beyond mere provider of infrastructure as a service-oriented business partner

# Finance & Administration Is At The Core Of HP's Expanding BPO Offering



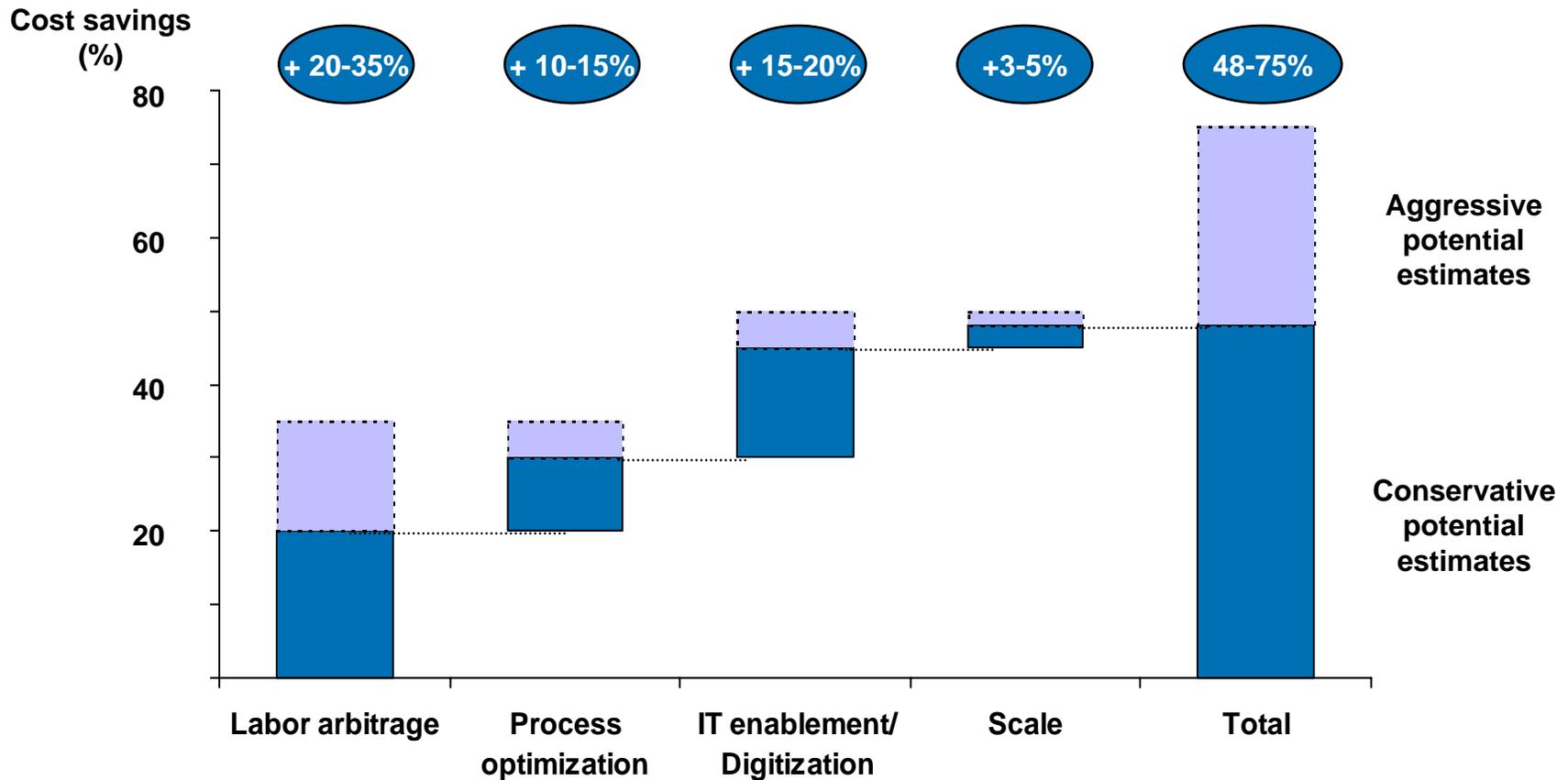
# Steps In HP's Commercialization Efforts



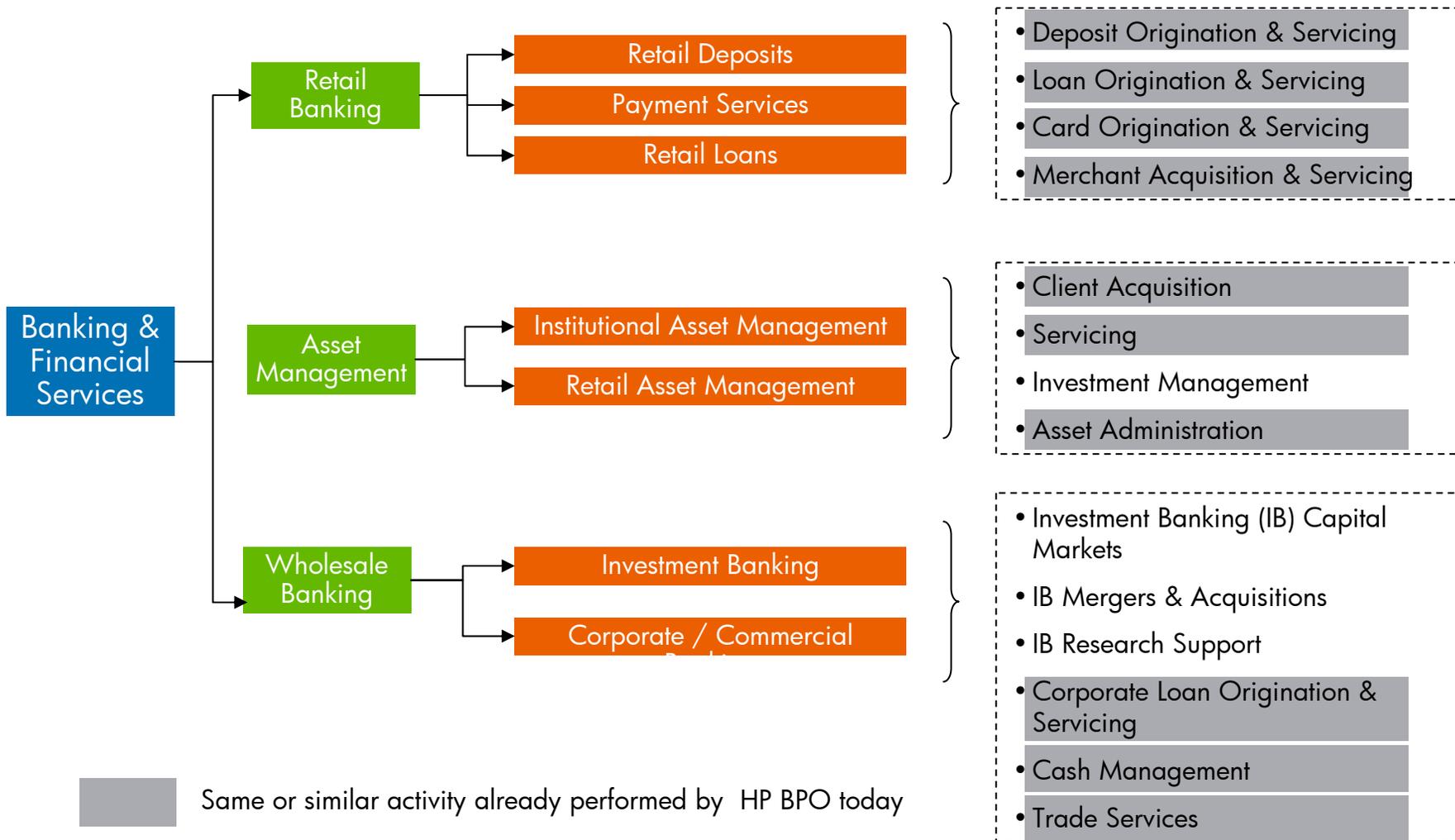
# The Savings From Centralization Are Multiple And Cumulative



## Achievable cost savings through global BPO transformation – Steady State



# Banking: Map To HP BPO Capabilities



# TD Bank Financial



## **Bank Financial Group**

<b>Challenge</b> →	<b>Solution</b> →	<b>Result</b>
<ul style="list-style-type: none"><li>• Improve Customer Satisfaction</li><li>• Technology Currency<ul style="list-style-type: none"><li>• Process and technical operations</li></ul></li><li>• Compliance</li><li>• Cost Reduction</li><li>• Upgrade and manage national ABM network and POS transaction infrastructure</li></ul>	<ul style="list-style-type: none"><li>• Upgrade and manage Automated Banking Network (ABN) and point-of-sale (POS) transaction infrastructure</li><li>• Business transformation initiative to enhance automated banking experience</li><li>• Upgrade approximately 2,400 ATMs across Canada and TD's automated banking and POS transaction processing system.</li></ul>	<ul style="list-style-type: none"><li>• Better accessibility, security, availability and performance of new automated banking and POS networks, and from emerging technologies such as smart cards</li><li>• Improve banking experience for hundreds of thousands of retail and commercial customers</li></ul>

# HP Partners



## Field Services

- ATM Upgrades
- First Line Maintenance
- Second Line Maintenance
- Janitorial
- Marketing Distribution
- Consumables Mgmt



- ATM Software



**i n v e n t**

## Service Management

- Program/Contract Management
- Service Desk
- ATM Network Monitoring
- Software Distribution
- NonStop Hardware and Operations
- Key Management
- Alarm Response
- Change Management
- Reporting

**INTRIA Items Inc.**

## Cash Management

- ATM Cash Forecasting
- ATM Treasury Management
- ATM Balancing
- Claims Processing
- Shared Cash Settlement

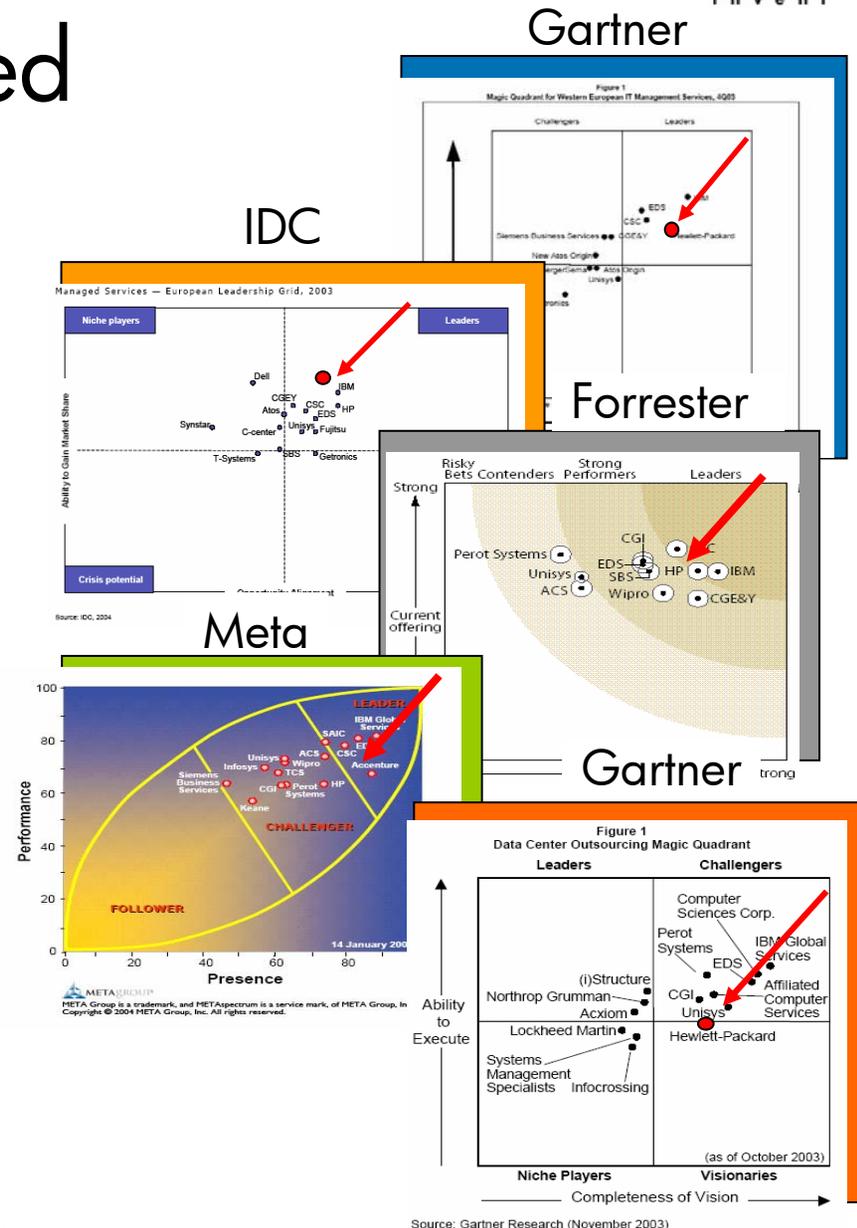


- Terminal Driving
- Switching

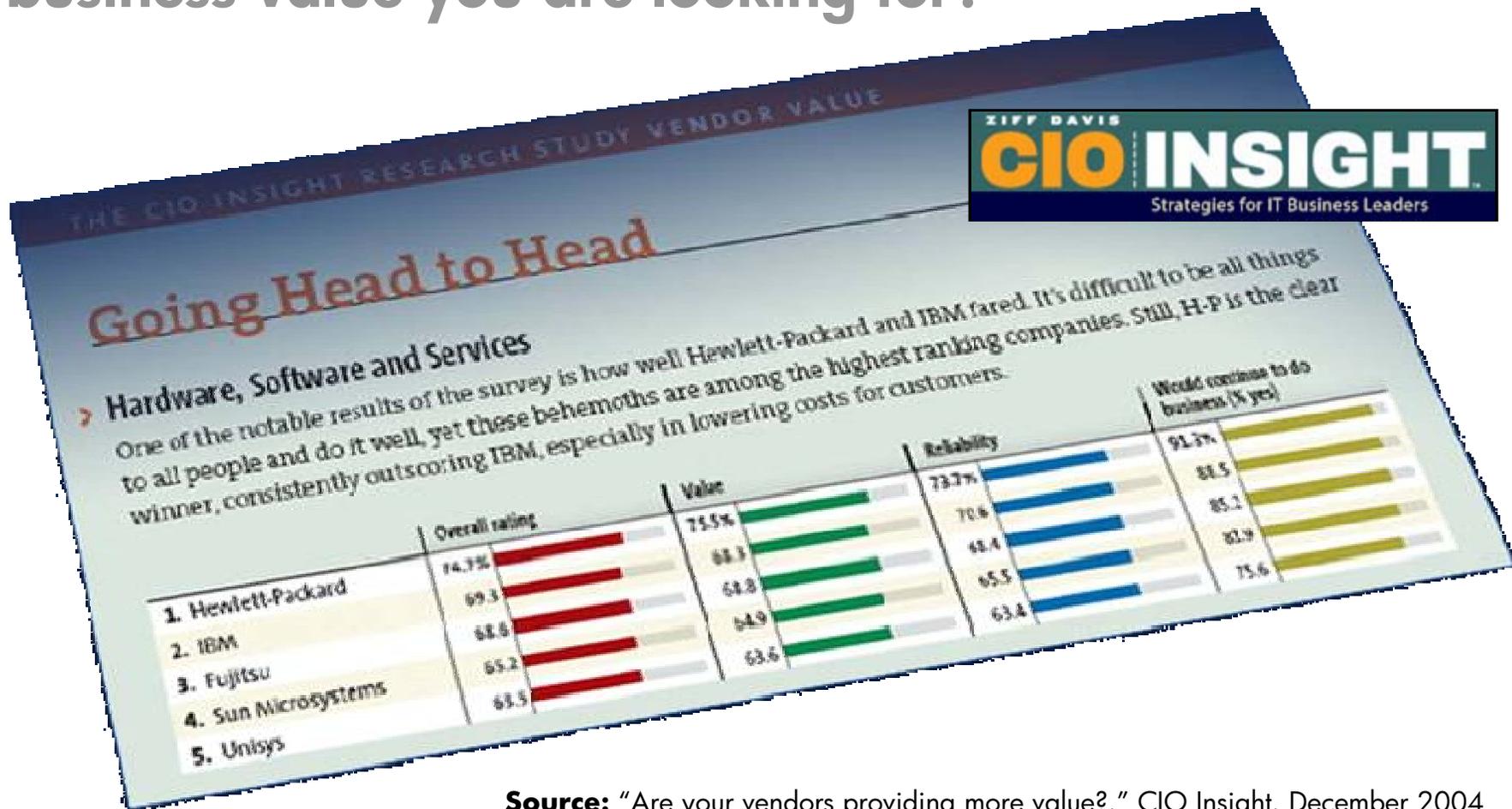
# HP's services capabilities continue to be validated



Leading Industry Analysts firms recognize HP's growing presence and capabilities in outsourcing.



# Does the vendor's offering provide the business value you are looking for?



Source: "Are your vendors providing more value?," CIO Insight, December 2004

# HP's Focused on the Financial Services Industry..



## Manufacturing

**DELPHI**



agere systems



SaraLee D-E

JOHNSON CONTROLS

P&G



Halliburton Company

EADS



## Financial Services



CREDIT SUISSE | FIRST BOSTON



Blue Cross Blue Shield of Michigan



Bank of India

The Guiding Star

Bank of Ireland

citi

TD Bank Financial Group

globalpayments™

WELLS FARGO

President's Choice FINANCIAL™

Amicus Financial

国家开发银行  
CHINA DEVELOPMENT BANK

WestLB

REUTERS NEWS

## Telecom/NSP



NOKIA  
CONNECTING PEOPLE

Qwest  
Spirit of Service™

ERICSSON

AT&T

TELECOM ITALIA

DIRECTV.

'yes' OPTUS

Q&A

