

## Fubon Bank capitalizes on cross-selling with IBM WebSphere technology.

### Overview

#### ■ The Challenge

*Design and install new teller workstations integrated with innovative service delivery channels*

#### ■ The Solution

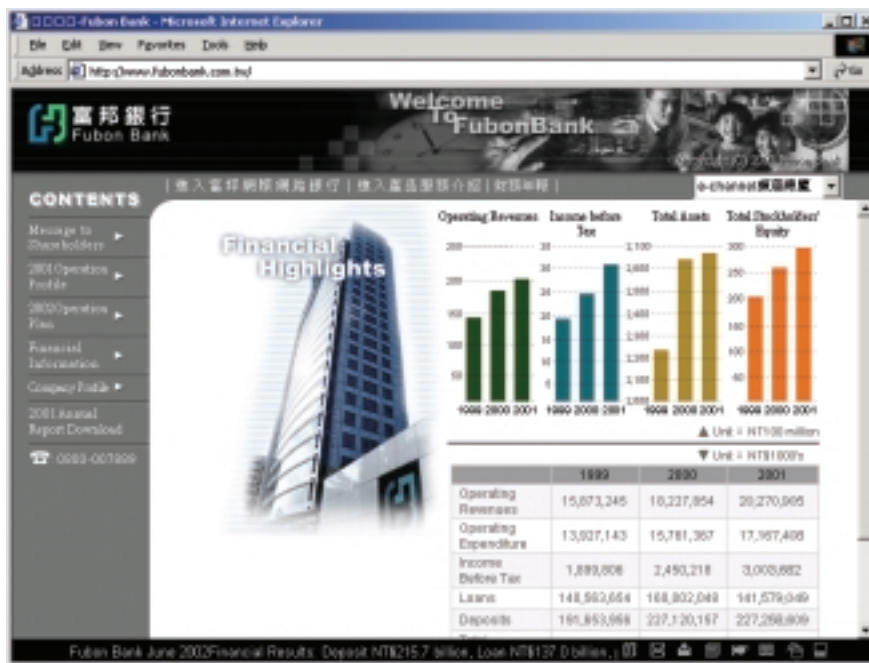
*A fully integrated infrastructure built with IBM WebSphere® Business Components Composer™ to extend enterprise systems, enable multichannel integration and improve customer responsiveness*

#### ■ Why IBM?

*Speed-to-market, open-standards-based software and exceptional industry-proven expertise*

#### ■ Key Business Benefits

*The power to leverage cross-selling opportunities, lower total cost of operations and boost customer satisfaction*



#### Does bigger mean better?

Nearly all major financial institutions currently offer their customers transactional Internet banking solutions, such as online bill payment and account aggregation. The question is whether it's profitable for banks to take the next step and implement technology designed to extend their products and services across new channels.

According to Esther Huang, IT Director for Fubon Bank, which manages over three million accounts and nearly US\$9 billion in total assets, profitability depends on how you proceed.

#### Grappling with expansion

Established in 1992, Fubon Bank (a member of the Fubon Group) was the first financial institution in Taiwan to deliver Web-based banking services to customers. Following industry deregulation, the Fubon Group integrated its subsidiaries to form the Fubon Financial Holding Company (Fubon Financial) in 2001—a conglomerate entity composed of not only banks, but also players in the insurance, securities and investment services sectors. FHC, with a multitude of diverse offerings under one umbrella, represents a prototype of the new competitive player in Taiwan's financial services arena.

*“The key challenges we face in the financial services industry are the customer-centricity of our business, increasing competition and the dynamic marketplace. That’s what brought us to IBM. WebSphere Business Components Composer lets us deliver high-quality services and adapt to constant market changes.”*

—Esther Huang, IT Director, Fubon Bank

To leverage the cross-selling potential from Fubon Financial’s subsidiaries, Fubon Bank decided to restructure its information technology (IT) infrastructure by using the @server™ iSeries™ platform to consolidate its distributed database system. With this sturdy foundation came new ways to deliver services to the bank’s customers, including through bank branches and securities offices, as well as over the Internet.

“Before 2000, it made sense to provide only a few key services to our customers. But after the merge into Fubon Financial, we were in a position to provide many related financial products,” explains Huang. “We wanted to give our customers one-stop-shopping for all their financial needs.”

#### **The issue of integration**

Historically, banks have developed new systems around legacy products or channels. While adequate for integrating old and new applications, this method can be time-consuming and inefficient from both the IT and business development perspectives. When new applications are built around old ones, a dependency forms, making it difficult to alter, upgrade or switch out applications without adjusting the entire infrastructure. At the same time, no one wants to squander existing investments by discontinuing business logic that works.

Ten years after its founding, Fubon Bank was still relying heavily on its original teller workstation solution. Tellers moved between separate machines and interfaces for different tasks. While one box was used to search the Internet, another ran transaction-processing applications. “After ten years, our teller system was outdated,” Huang admits. “We wanted to improve it by integrating all our delivery channels, to make our IT department more efficient and protect our investments. Ultimately, we wanted to deliver better services to our customers.” Because its teller workstation solution was the primary support system for customer-facing personnel, Fubon Bank needed a strategic overhaul of its teller system.

#### **Building the right balance**

Fubon Bank wanted to provide its tellers with user-friendly banking workstations supported by a powerful infrastructure and integrated with a wide range of service delivery channels (ATMs, Internet banking, customer call centers, etc.). Having already spent a lot of time and money on its recent platform upgrade, Fubon Bank insisted on leveraging its existing investments.

To increase their efficiency and customer-responsiveness, Fubon Bank tellers would need a single, familiar graphical user interface (GUI) that would provide access to the company’s data warehouse, the Internet and advanced transaction

processing applications. Essentially, the goal was to position the bank to leverage the Internet to reduce IT costs, support cross-selling efforts and improve customer satisfaction—with the lowest possible overhead investment.

#### **A long-term investment in IBM**

Fubon wanted to invest in more than just new software; it wanted a long-term IT partnership to help secure ongoing success. While considering multiple vendors, Fubon evaluated the competition based on forward-thinking criteria—industry expertise, open-standards adherence, speed-to-market and technology leadership. Fubon determined that IBM offered the best way to maintain the value of its legacy systems while adding new delivery channels quickly and cheaply, due to its extensive experience in the retail banking industry.

“We went with IBM since they had the right experience and extensive integration capabilities,” says Huang. “They provided a blueprint for high-quality, industry-standards-based e-business architecture.” IBM further impressed Huang by outlining an aggressive project schedule to deliver quick time-to-market.

#### **The WebSphere Business Components Composer solution**

IBM helped Fubon Bank implement a user-friendly, fully integrated teller workstation solution, built with IBM WebSphere Business Components Composer software—middleware that links applications without creating dependencies. The new workstations provide advanced Internet and intranet access, enabling quick transaction processing and connection to a targeted array of tools for responding to customer needs. The solution packages a coherent set of functions into ready-to-use software components. Based on open-standards technology, each component can be independently developed, delivered and installed, or combined to build larger infrastructure features and complete solutions.

Already up and running in 33 Fubon branches, the system is connected via a local area network (LAN) to the bank’s massive store of business knowledge assets. Compatible with IBM VisualAge® for Java, the teller solution uses Extensible Markup Language (XML) as the standard for its enterprise data exchange and format-definition policies. Since the solution was built entirely on Fubon’s existing IBM @server iSeries platform, the bank estimates savings of nearly US\$4 million in hardware costs from the WebSphere Business Components Composer solution. “If we had to provide a separate teller system for each local branch and delivery channel, we would have needed a lot of new equipment,” explains Huang.

By consolidating its hardware and leveraging the multichannel integration capabilities of WebSphere Business Components Composer, Fubon constructed a foundation for easy, cost-effective implementation of new delivery channels,

*“IBM WebSphere Business Components Composer lets us spend our time on improving our business logic instead of on managing our technology.”*

—Esther Huang, IT Director, Fubon Bank

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#### **Key Solution Components**

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##### *Software*

- IBM WebSphere Business Components Composer

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##### *Standards*

- Java®, Java servlets®, Java ServerPages®, Enterprise JavaBeans®, CORBA, JDBC and more
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including passbook printer and DB2 connectivity. Fubon's next step is to expand its channels to include customer call centers, ATMs and a full suite of Internet banking services. The bank expects to accomplish this by reusing previously developed components, which will help minimize investment in costly hardware and conserve footprint space—a key factor in Taipei, a city with extremely high commercial rental rates.

### **Flexibility results in ROI**

Fubon Bank has capitalized on its investment by reducing its operational costs and realizing improved, extended customer-facing business processes. The multichannel solution allows reuse of components, interfaces and code, so developers can integrate existing components into new processes and across multiple platforms, without changing the feel of the end-user GUI. "Once we establish one channel, we can save a lot of time and effort when deploying a new channel, since we can reuse design concepts enabled with WebSphere Business Components Composer," says Huang.

Fubon technicians can focus on improving business logic, instead of keeping the system running. "IBM WebSphere Business Components Composer lets us spend our time on improving our business logic instead of on managing our technology," Huang adds. Since maintaining the solution does not require high IT expertise and is inexpensive, Fubon spends less of its IT budget on staffing and can direct its investment towards new technology. Furthermore, the open, multiplatform solution gives Fubon the

flexibility to shop for best-of-breed solutions, without being limited by platform compatibility to protect its existing investments.

### **An unqualified success**

Fubon tellers report that the workstations are easy-to-use, reliable and provide the tools they need to respond to customers fast. As Huang describes, "They can reduce time spent on the same activities by an average of two hours per day for each teller. Also, they allow tellers to communicate seamlessly with the central branches." Tellers can use downtime to build expertise through access to intranet interfaces, Internet sites and e-learning modules. As Huang explains, "Fubon has reduced training costs, eliminating up to three days of training per teller due to the system's intuitiveness."

Efficient access to information has improved customer service and given Fubon the power to capitalize on cross-selling opportunities. Tellers can leverage extensive enterprise knowledge to offer new products and services to banking customers. This business knowledge includes realtime customer and product-related data, enabling informed decision-making and strategic up-selling applications. Fubon plans to build on the solution by adding additional delivery channels and full-service Internet banking.

### **For more information**

To learn more about IBM WebSphere Business Components Composer, please visit:

**[ibm.com/websphere/composer](http://ibm.com/websphere/composer)**



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