In the financial services market, midsize banks and credit unions occupy a special place. One of their strongest advantages is their personalized “hometown” service. Yet they also compete to provide the latest in cutting-edge services, such as online bill payment and mobile banking, while meeting the same security and regulatory requirements as the largest national banks. After all, that hometown customer loyalty can fade fast if the bank has a system failure and customers can’t access their accounts.

And yet IT-related risks can lurk under the radar of midsize financial services even though they are more susceptible to them. Unlike large enterprises, midsize businesses usually have small IT staffs, often with limited expertise. And, as any growing firm can attest, IT systems are often built ad hoc as needed, based on business pressures, rather than along the lines of a grand plan through strategic intent. This can result in an accumulation of equipment and technologies that is hard to manage, prone to failures, riddled with security problems and expensive to operate.

When your IT system or your local area network is down, your employees, customers or suppliers lose access to their data and applications, essentially stopping your business in its tracks. That can cost you revenue, customers and business reputation. Revenue slows or stops when orders can’t be received or products shipped. Customers may lose confidence in your reliability and move their business to a competitor. Even worse is a security breach: if you lose employee or customer data, the damage to your reputation can be disastrous.

The Cost of Downtime
IDC has studied just how expensive “unplanned” downtime can be. The firm found that the average midsize company (defined as one with 100 to 1,000 employees) experiences 16 to 20 hours per year of downtime due to network, system, application and operational issues. That works out to about 1.5 hours a month. IDC found that revenue losses per hour for one group of midsize companies averaged $70,000 (or on average more than $100,000 in total).

This business risk strategy guide is designed to help midsize businesses identify and mitigate those risks, thus reducing those costs.

Although you can’t eliminate all business risks, the use of the right technology and the application of IT best practices can significantly reduce the risks...
and their consequent costs. In fact, technology upgrades along with a program to standardize and improve IT practices can reduce total annual outage risk by as much as 85 percent for midmarket firms, cutting downtime to less than 15 minutes per month and thus saving tens of thousands of dollars, according to IDC’s research. IDC lists a variety of initiatives that can reduce downtime. All of these initiatives can be grouped into three major steps: Manage, Protect and Grow.

Manage
Midsize businesses often have an incomplete view and inconsistent maintenance of their systems, storage and networking infrastructure. The lack of a centralized view means that trends and small problems can go undetected, which can lead to big problems. Adopting industry-standard best practices, such as ITIL and CobiT, can go a long way toward improving overall management, operational efficiency and effectiveness. Standardizing your hardware and software also helps. IDC estimates, for example, that adopting one single desktop operating system reduces downtime by 30 percent. Most important, however, are end-to-end infrastructure management tools, such as Hewlett-Packard’s Insight Control software, which works with HP ProLiant servers to enable you to deploy and proactively manage physical or virtual systems from any location.

Critical Issues in Financial Services
Although credit unions and regional banks don’t have deep IT resources, they still need to meet the same security, compliance and regulatory standards as the largest financial institutions. What’s more, competition drives these organizations to constantly improve service and offer innovative new services such as mobile banking.

Among the most critical issues in financial services IT:

- Compliance with shifting audit, compliance and regulatory standards.
- Integration of new equipment and applications with legacy systems due to organic growth as well as mergers and acquisitions, which can slow network performance, create security issues and complicate system management. This integration also challenges backup, business continuity and disaster recovery procedures.
- Pressure to offer new online services and mobile banking, all while maintaining the highest levels of availability and security.
- Constant challenge to maintain data and network security across different systems, applications and remote branches.

To learn more about Insight Control, watch this video:
These tools give you a single, coherent picture of your total IT infrastructure’s operation, enabling you to see early signs of trouble and to avoid outages and data/network security issues before they occur across your enterprise systems and networks—centrally and remotely. Consistent use of management tools can reduce network and system downtime by 65 percent, according to IDC’s research.

Specifically, infrastructure management tools not only reduce downtime but they also increase productivity of your employees in general—because the systems are up and running more often and more efficiently—and your IT staff—because the tools automate so many routine tasks. Overall, these management tools help you reduce the costs of operating and maintaining your infrastructure.

HP has several programs that make investing in these products easy on your balance sheet. These include the HP Smart Buy program; HP’s Economic Recovery Lease program with a fixed-price purchase option; and a 0 percent, 36-month Fair Market Value lease program.

What this means to you:
Insight Control delivers powerful capabilities that enable you to reduce system admin expenses and travel costs with complete remote control anytime, from anywhere. To learn more, click here.

Protect
Because of the mix of equipment, various versions of software and inconsistent oversight of systems, most midsize businesses are more vulnerable to security breaches and data loss than they realize. Old software might not be patched; data backups aren’t performed routinely.

Risk can exist systemwide or in just one piece of equipment or software. HP has the breadth to provide a differentiated approach to business risk mitigation that protects all your systems. HP ProtectTools products, for instance, provide a low-maintenance way to implement PC security policies. They work in the background, managing access to systems and controlling access to data and data storage devices. And HP’s print security solutions prohibit unauthorized users from accessing information and documents.

Underperforming technology for data protection and backup, in particular, can put your business at risk. Can it cope with your growing volume of data? Can data be recovered quickly in the event of a disaster? Are your remote offices backing up to the same location on a consistent schedule?

The first step in protecting yourself is identifying your weaknesses. Conduct a careful audit of your IT systems. What fails most frequently and why? Where are your greatest risks for data loss? Given the tight budgets of most midsize businesses, it’s important to prioritize where to spend money and time to upgrade your technol-
ogy and improve your operational practices. HP’s Technology Services group and the company’s authorized services resellers have a multitude of packaged services to help midsize business customers assess their current level of business risk. This includes services such as HP System Healthcheck Service, ITSM Quick Assessment Service, and Proactive Select Service.

Fortunately, solutions for data backup, disaster recover and security are available and more affordable than you might think. Recent advances in the technology and reductions in costs have brought many enterprise-level technologies—such as data deduplication—within the reach of midsize businesses.

HP has packaged many such technologies with its servers, storage and network systems specifically for midsize businesses. The next generation HP ProLiant servers, for example, work with high-availability software, including failover-restart software and replication software, which enables quick restarts of applications based on their priority to your business. HP StorageWorks Data Protector Express automates data backups and includes capabilities for encrypting the data. And the HP StorageWorks D2D Backup product provides low-bandwidth data replication via disk-

Solution Snapshot

City & County Credit Union is a full-service not-for-profit institution providing financial services to individuals and businesses in southeastern Minnesota. The credit union has recently standardized its entire infrastructure on HP servers and storage.

OBJECTIVE:
Make the most of available data center power and space, improve application performance, gain more room to grow

APPROACH:
Move to a cooler, more efficient server infrastructure using the HP BladeSystem with ProLiant blade servers, StorageWorks blade storage and VMware virtualization software

BUSINESS BENEFITS:
- **$2,000 reduction** in monthly energy costs
- **62 percent faster** indexing of member statements (4 hours reduced to 1.5 hours)
- **90 percent faster** employee access to PDF reports (30 seconds reduced to 3 seconds)
- **Reduced need** for staff onsite during off-hours
- **Greater scalability** for continued growth
- **Projected additional $60,000 to $100,000 savings** in replacement costs and $5,000 per month in support costs by moving core banking applications

IT IMPROVEMENTS:
- **50 physical servers** consolidated into 10 physical servers hosting 65 virtual machines
- **67 percent footprint reduction** (three racks reduced to one)
- **90 percent reduction in cabling**, using HP Virtual Connect
- **Zero downtime** (down from 8–15 hours a month)
- **Centralized** remote management

In addition to reducing costs, the HP BladeSystem solution has boosted application performance. What’s more, the ability to add, replace and recover resources on the fly, without rewiring, and the integrated redundancy already built into the BladeSystem will help provide the high availability required for those applications. Management tools such as HP Systems Insight Manager and VMware VMotion make it easier to proactively identify and address issues and manage systems remotely.

“As a CEO today in a financial institution, the challenges of growing our business in the face of regulatory and legal pressures can be daunting. But when you have the right team and the right technology in place, you can be successful in anything you do.”

—Miles Beacom, President and CEO, PREMIER Bankcard

Click here to learn more details on the solutions PREMIER implemented.

For further information, view video here.

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“With the combination of flexibility, ease of use and affordability, HP LeftHand P4000 SANs are tough to beat. This solution has definitely lived up to my expectations.”

—Shane Nicely, Vice President, Information Services, Network Services Manager, Heartland Financial USA, Inc.

Click here to learn more about the challenges Heartland faced.

Upgrading your infrastructure not only goes a long way toward mitigating your risk today—IDC estimates that upgrading servers, storage and network equipment cuts downtime in half—but also sets a strong foundation for the future. There’s no way around the fact that old equipment is less reliable and more prone to downtime. Plus, new systems typically include monitoring and management software, so investing in an infrastructure upgrade will improve your security and management posture going forward.

Consider going with one supplier that can provide an end-to-end integrated infrastructure solution. HP offers three best practices-based, highly customizable reference configurations that provide midsize businesses with a range of options for different workload environments to help accelerate deployment. The configurations integrate flexible, scalable blade systems consisting of ProLiant G6/G7 Servers, storage and network components, coupled with software, services and backup solutions such as tape libraries and SAN software for expansion. Such configurations ease administrative burdens and enable comprehensive management. Moreover, HP’s ProLiant G6/G7 Servers with Intel Xeon 5500/5600 series processors are bringing a new form of business value to customers. (For details on the available configurations, go to the “Business Risk Mitigation Solution Demo Tool.”)

WHAT THIS MEANS TO YOU:
Insight Control delivers powerful capabilities that enable you to increase ProLiant server deployment speed twelvefold: 20 minutes versus 4 hours. To learn more, click here.

Business Technology Improvements Include:

Consolidation of data into a storage area network (SAN), enhancing high availability and data protection to-disk backup and supports dynamic deduplication, which results in more efficient data storage. For more information, check out Data Protection Solutions with Deduplication.

Data traveling across your network also needs to be protected. Through a combination of best practices and effective technology, organizations need to control access to the network as well as prevent and/or detect unwanted network traffic, including viruses and worms. Today’s increasingly frequent and potentially more destructive assaults on networks require companies to adopt not only a more holistic but also a more proactive, approach to security. HP ProCurve’s ProActive Defense solution combines security offense techniques with traditional security defense techniques. Network security should also help IT staff monitor network activity, track trends and take preventive action and collect data to demonstrate regulatory compliance to auditors, regulatory agencies, business partners and customers. Download the white paper, “Comprehensive LAN Security: A Business Requirement.”

WHAT THIS MEANS TO YOU:
Insight Control delivers powerful capabilities that enable you to reduce unplanned downtime by 77 percent. To learn more, click here.

Grow

Finally, make sure that the risk mitigation strategy you adopt today will continue to serve you well in the future. It should be capable of growing as your company grows, or your IT systems could quickly become unmanageable and unsecure.

The payoff from investing in products and technology to improve your systems’ reliability and uptime can be substantial. It will help ensure excellent “hometown” service that will retain your current customers. And by reducing downtime and management costs, it will free up resources that can be invested in new services that will further strengthen customer relationships and attract new customers as well.
Suggested Reading

These additional resources include business white papers and previously published articles from IDG Enterprise.

**FINANCIAL FOCUS:**
Using Predictive Analytics to Tap More-Profitable Customers
Auto loan provider Dealer Services used predictive analytics to find its most profitable customers and avoid the riskiest.

**CREDIT UNION BANKS ON PROCURVE NETWORKING**
North Shore Credit Union provides expert advice on banking, loans, investments and insurance at its 12 branches and call centers throughout British Columbia.

**IN FINANCIAL SERVICES INDUSTRY, IT’S ALL ABOUT THE TRANSACTION**
In the financial services industry, visibility into the status of individual transactions—at every step of the way—is crucial for success.

**TOTAL FINANCING FOR SMALL AND MIDSIZED BUSINESSES**
HP Financial Services makes technology solutions easy, enabling you to focus your financial and other resources on managing and growing your business.

**REDUCING DOWNTIME AND BUSINESS LOSS:**
Addressing business risk with effective technology
IDC customer-based studies show that using appropriate technology in consistent ways helps midsize organizations, even as they address changing requirements.

**WHITE PAPER:**
HP Total Care Business Risk Mitigation Solutions

**DATA BREACH COSTS TOP $200 PER CUSTOMER RECORD**
Ponemon Institute’s annual study says overall organization cost per incident rises to $6.75 million.

**WHITE PAPER:**
Bringing the Edge to the Data Center: A Data Protection Strategy for Small and Midsize Businesses with Remote Offices

**GOVERNMENT FOCUS:**
State, local governments expected to boost cloud IT spending
An Input research report says state and local governments will increase their spending on cloud-based IT services.