Case study

Industry sector: financial services

BT helps Britannia Building Society’s business transformation

An ADSL-based broadband WAN is enabling Britannia to design innovative financial products and services while saving cost

Executive summary

Customers expect better service than ever before from their financial service providers. Many are prepared to shop around for the best deal, creating intense competition. At the same time, companies in the sector face the added pressure of complying with a host of new rules from industry regulators.

To remain competitive in this tough environment, Britannia, the UK’s second largest building society, called on BT to improve its network infrastructure – a core resource for the company’s 188 branches. In just over two months, a team of engineers from BT and Britannia were able to roll out a future-proof solution, working outside business hours to avoid disruption.

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Tom Salt
Network Manager
Britannia Building Society

An ADSL-based broadband wide area network was implemented and the branch local area network environments were upgraded. Vastly improved connection speeds mean that Britannia can deploy bandwidth-hungry applications such as Voice over IP and videoconferencing, as well as delivering innovative financial products and services. In addition, savings of some £1.5 million will be made over the next three years.
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Marketplace
Britannia is the second-largest building society in the UK with nearly £5 billion of gross lending per annum and £20 billion of group assets. It has more than two million members, and its core business activities are savings provision, mortgage lending, insurance and investments.

Mortgage lending – a core activity for Britannia – is becoming increasingly more competitive with the arrival of new entrants with ‘light’ business models, and low interest rates are squeezing profit margins. At the same time the Financial Services Authority requires financial services companies to improve services to customers. In particular, it has demanded that lenders provide homebuyers with clearer information on mortgages, making applications more detailed and time-consuming.

Those pressures place new burdens upon IT and telecommunications infrastructures. Fast communications between central applications and staff at the customer interface is increasingly important. Britannia decided that it needed a new network, flexible and robust enough for applications that could deliver innovative financial products and improved service to branch customers. Tom Salt, Network Manager at Britannia, explains: “Our branches are the most critical touch point with our customers.

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Business opportunity
Britannia’s network supports banking applications that enable transactions – such as deposits and withdrawals – at 188 branches throughout the UK as well as business applications including CRM and email. Those legacy systems were not putting unacceptable pressures on the wide area network (WAN) but Britannia was starting to implement new banking applications and its network engineers recognised that these would begin to stress the existing 64kbps branch links. It was clear that business would ultimately suffer if the old inflexible infrastructure were not replaced.

Britannia executives recognised that IP was rapidly becoming the business communications mode of choice, providing a lower cost and speedier way of carrying both voice and data traffic. However, the cost of a new network was a major issue and it was clear that there would have to be savings, while at the same time ensuring the greatest benefits to its members.

BT solution
It was decided that a new broadband WAN was needed to connect Britannia’s Staffordshire Customer Services Centre (CSC) with all the Society’s branches, replacing the old 64kbps KiloStream infrastructure. Converged LAN environments were also required so that Britannia could deploy IP telephony and videoconferencing applications in the future.

Britannia already enjoyed a solid relationship with BT, which supplied the existing network infrastructure to each branch. ADSL was believed to be the most cost effective technology for Britannia’s developing needs and, in order that the service and associated equipment could be put through its paces, BT arranged a two month trial of an ADSL-based broadband solution starting in September 2003.

As part of that trial, ADSL broadband was installed at the company’s 12 training branches. Cisco 1760 routers were fitted at each of the training
branches, and a 155Mbps ATM connection concentrated the ADSL links at the CSC using a Cisco 7206 router. The technology came on a ‘trial and buy’ basis: if Britannia was unhappy with the equipment it could be returned.

Following a successful pilot, Britannia managers gave the go-ahead to install ADSL technology across the whole branch infrastructure, and an invitation to tender was issued. Tom Salt explains: “Price was high on the list of selection criteria, and also the capability to do the work within our timescales. The sooner we completed the project, the more money we saved. Another important element of the tender was that all work had to be undertaken and supported out of business hours.”

Five major service providers tendered for the account and BT was declared the eventual winner. The contract was signed between BT and Britannia on 31st December 2003 and, by the end of March 2004, an impressive 95 per cent of the implementation work had been completed. Tom Salt says: “My remit was to provide the business with a future-proof network that would enable us to do more and better things, but the end result also had to save hard cash. That’s what BT delivered for us: in effect, a higher class of network for less money.”

A solution was needed to avoid disruption at branches – there could be no business downtime during the installation. Work was therefore done in the evenings. BT engineers first fitted and tested new PSTN lines to local exchanges, and established the ADSL connection, compressing an operation that would have taken days into a few hours. In a second visit a Cisco router and a Cisco switch for the upgraded LAN were added, with Britannia’s own engineers on hand to ensure successful implementation.

From the outset, it was clear that not every branch would have access to ADSL service immediately, because five branches were in locations with no broadband coverage. However, Britannia was confident in BT’s commitment, at chief executive level, that coverage would be accelerated. This confidence was well founded because engineers were able to integrate the remaining five branches by November 2004.

The project was a close collaborative effort between Britannia and BT. “The project was co-ordinated through a virtual project team consisting of BT engineers and Britannia IT staff. Everybody delivered on time and we created a network that will enable us to put more applications out there, which is future-proof for at least the next five years,” says Tom Salt.

**Results**

Britannia has already made savings of close to half a million pounds, and expects these savings to reach around £1.5 million in the next three years. The savings have come from the low cost of running the ADSL broadband network, compared to the previous network. “It’s a faster network,” says Tom Salt. “As a result, computing-intensive applications such as mortgage lending are performing much better. This is a lengthy process, which is more heavily regulated now, and there’s heavy data traffic involved because branch client software has to make multiple calls upon central databases at the CSC.”

The new infrastructure means Britannia can face the future with confidence – and without concerns over adequate bandwidth. Tom Salt says: “On the old network, when we thought about a new application, we often concluded it could not be done. Now we can implement innovative financial products and services with confidence because we have the network to support them. It will allow the business to do many more things and help us to maintain our competitive edge.”

In fact, with the new WAN and LAN infrastructures, the company is considering introducing IP-based services. “We will look at new internal applications such as Voice over IP from branch to head office,” says Tom Salt. There are no firm plans for implementation at present, but the technology will be evaluated in the coming months.

Technologies previously considered and rejected will also be looked at again because of the new infrastructure. “One technology will be videoconferencing,” says Tom Salt. It could be used, for example, for multicasting announcements by the company’s chief executive to employees, or for linking customers to members of staff. A customer could receive advice from a remote advisor at any of Britannia’s offices, even if a trained member of staff was not available at his or her local branch.

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**Why BT?**

- BT is a trusted longstanding partner to Britannia and was able to promise a quality service at the best price
- BT implemented a pilot scheme to prove the quality of its ADSL-enabling DataStream Office 500 product
- BT finely managed the roll-out process, completing all installation work outside office hours so that zero business disruption occurred
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Technology blueprint

The new ADSL broadband service is based upon BT’s DataStream Office 500 solution. The core of Britannia’s WAN is its Customer Service Centre (CSC) based at the company’s headquarters in Staffordshire. A 155Mbps ATM connection at this central site concentrates the ADSL traffic, to transmit data across the WAN and LAN environments. Cisco CallManager servers support IP telephony. Encryption and tunnelling technologies secure VPN, remote access, intranet and extranet applications.

A Cisco 7206 router at the CSC supports the WAN platform. In the event of broadband disruption, dual Cisco 3745 routers at the central site provide 128kbps ISDN back up. At each branch, a Cisco 1760 router and Cisco 2950 LAN switch is fitted, providing a single Fast Ethernet LAN connection and VoIP functionality. The Cisco switches also enable multilayer switching, Quality of Service (QoS) functionality, multicast and security access control lists.

All the equipment at the CSC and branch level is covered by BT’s TotalCare package. Operating 24 hours a day, seven days a week, a response is assured within four hours of a fault being reported.

Main BT products & services

- Main BT products and services
- BT ADSL-based DataStream Office 500
- BT 155Mbps ATM connection
- BT-provided and supported Cisco routing and switching products
- BT TotalCare 24*7 maintenance package

Offices worldwide

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