

## Case study

# BlueShore Financial: nimble, innovative—thanks to IT



**With adaptive HP technology and services, the credit union is able to create, and then dominate, a new financial services market niche**

### Industry

Banking

### Objective

Pioneer and dominate a new financial market segment

### Approach

Leverage technology and technology services to drive business transformation and enable more nimble and adaptive business processes

### IT matters

- Core banking system has maintained 100% uptime since implementation
- Flexible, adaptive, automated IT solutions eliminate hardware constraints to architecture decisions, allowing IT to align more closely with business needs
- WAN capital costs around 27% lower, due to low bandwidth requirements of backup technology
- IT management and security software solutions support effective management without burdening IT staff with low-value tasks

### Business matters

- Agile business services enabled aggressive business transformation and tailored financial products, resulting in five-fold increase in on- and off-the-books assets from \$600 million to \$3 billion
- Innovative DR architecture, with fully automated replication, reduces risk of business disruption in the event of issues affecting either DR or production systems
- Improved ability to respond to audit requests successfully and with minimal business disruption



**“You can’t separate business from technology. So once we had our business strategy in place, we made sure we had the right technology—HP Converged Infrastructure technology—to enable that strategy.”**

—Peter Chau, Director of IT, BlueShore Financial

Faced with a crowded, highly competitive financial services market, BlueShore Financial pioneered a new financial services market category, positioning itself as the world’s first premium credit union and transforming its business to attract and serve affluent clients. The transformation was extremely successful, allowing BlueShore Financial to increase its on- and off-the-books assets from \$600 million to \$3 billion—and it wouldn’t have been possible without BlueShore’s partnership with HP.



Credit unions typically succeed by offering a friendlier, low-key alternative to large, commercial banks.

But for BlueShore Financial, a credit union based in Vancouver, British Columbia, that isn't enough. There's simply too much competition. True, some of the financial institutions that call Vancouver home—such as the city's many commercial banks and check-cashing companies—occupy market niches that BlueShore Financial doesn't serve. But Vancouver residents can also choose from around a half dozen other credit unions, and, needless to say, every one bills itself as friendly and low-key.

It makes for a crowded market.

So around a dozen years ago, BlueShore decided that maintaining the status quo wasn't a viable long-term business strategy. Instead, the credit union embarked on a journey of business transformation, leveraging HP's Converged Infrastructure solutions and managed hosting services to realize a corporate vision as unique as it is successful.

## HP partnership extends technology capabilities

"Financial products, today, are commodity products," notes Fred Cook, CIO, BlueShore Financial, distilling BlueShore Financial's business challenge down to its central issue. "For our credit union to succeed, we have to bundle financial services in ways that deliver new value."

So BlueShore Financial pioneered a new financial services market category, positioning itself as the world's first premium credit union and implementing a number of changes in how it presents itself to the public. Instead of calling its customers "members," BlueShore Financial considers them "clients." The credit union also refurbished its branch offices, turning them into "Financial Spas™" that evoke a genteel, high-end atmosphere with elegant decorative elements, soothing lighting, and inviting furniture. And the credit union began focusing on attracting affluent clients, creating financial products tailored to the needs of that demographic. "We moved up the value chain and started offering financial advisory and wealth management services," Cook says.

The results are impressive, to say the least. A dozen years ago, BlueShore Financial had

40,000 members and managed around \$600 million in on- and off-the-books assets. Today, the credit union still serves 40,000 clients—but it has over \$3 billion in assets.

And while the changes BlueShore Financial made in its operations and marketing were critical to its transformation, the credit union views technology innovation as equally important. In fact, Cook refers to its technology vendors as "The Twelfth Man," the metaphor used by sports franchises to highlight the role avid fans play in a team's success.

"Partnering with HP extends our technology capabilities," Cook notes. "We're able to better understand how innovation and technology go hand-in-hand. We're less likely to hit bumps in the technology roadmap."

HP's role in BlueShore Financial's transformation is multi-faceted. One component is a managed services partnership, which allows BlueShore Financial to adopt a granular approach in how it allocates its IT resources and budget. The company owns its hardware, for example, but it outsources its infrastructure management to HP. And within that managed services framework, HP is responsible for the credit union's IT up to its operating system, while BlueShore Financial manages its applications, which comprise its banking systems, TEMENOS T24/SQL Model Bank for Canada, and business software like Microsoft® Exchange.

"HP handles the tactical aspects of our technology operations," Cook explains. "That frees us to leverage people who are analytical and strategic to create new solutions for our business."

## Innovative disaster recovery architecture

The managed services partnership also enables BlueShore Financial to drive technology innovation in ways that better serve the business. Take its Disaster Recovery (DR) and Business Continuity strategy, for example. Instead of locating its DR systems remotely and its production hardware locally—the most common way to architect DR systems—as part of a recent technology refresh, BlueShore Financial decided to move its main production systems to an HP data center in Calgary (in Canada's Midwest) and locate its DR systems in-house in Vancouver.



It's a framework that makes sense for BlueShore Financial—and not only because Vancouver is located in a seismically active region. “Because we manage and test our DR systems ourselves, we’re confident that we can run the business from Vancouver, on our DR platform, if we have to,” explains Ryan Burgess, Infrastructure Architect, BlueShore Financial. “And if there’s a disruption here in Vancouver, our production systems will continue to run normally—even if our IT staff is unable to get to work.”

This innovative DR architecture wouldn't be possible if weren't for two factors. First, BlueShore Financial trusts HP implicitly. “We are comfortable allowing HP to manage our production environment without having to visit them periodically to check on them,” Burgess notes.

**“HP understands our business. And they share our spirit of exploration and entrepreneurship.”**

—Fred Cook, CIO, BlueShore Financial

The other factor is the technology itself. “The HP Converged Infrastructure that we've selected supports a highly virtualized environment,” says Burgess. “It is our private cloud, which means we have the flexibility to tailor it in ways that best serve our business.”

## **Flexibility, automation, and systems that are smart**

BlueShore Financial first embraced HP Converged Infrastructure (CI) a number of years ago, when it adopted VMware virtualization technology running on HP CI hardware such as HP BladeSystem c7000 Enclosures and HP Virtual Connect Flex-10 technology. “Virtual Connect provides a layer of abstraction between our physical hardware and our high-level configuration,” Burgess notes. “Along with our HP server blades, it eliminates constraints that might otherwise restrict our ability to be flexible and adaptive.” BlueShore Financial also uses HP ProLiant DL380p Gen8 Servers. HP Networking routers and switches complement the servers with fully integrated network components.

For storage, BlueShore Financial recently upgraded to HP 3PAR StoreServ systems, further enhancing the value of the HP CI framework. “HP 3PAR is very easy to manage,” Burgess says. “The hardware just runs, and it lets us be automated in ways that other systems don't, like automatically reclaiming space if applications don't need it anymore.”

BlueShore Financial also leverages HP backup solutions, including HP Data Protector 8 and HP StoreOnce Backup with StoreOnce Catalyst. “HP StoreOnce gives us fully automated replication between our production and DR sites,” says Burgess. “And the replication is

## Nimble. Creative. IT for innovation.

real-time, which is critical to banking systems.” Equally important, Burgess adds, “HP StoreOnce operates with very low bandwidth, so we didn’t have to invest as much in our wide area network.” Burgess estimates that, without the HP StoreOnce solution, BlueShore Financial would have had to spend around 27% more on WAN connectivity.

The hardware component of the backup architecture is an HP StoreEver MSL4048 tape backup system.

“Partnering with HP extends our technology capabilities. We’re able to better harness technology to drive innovation, and less likely to hit bumps in our technology roadmap.”

—Fred Cook, CIO, BlueShore Financial

HP Software solutions further enhance the credit union’s infrastructure by adding management capabilities: BlueShore Financial uses HP Insight Control to manage and monitor its servers, and HP Intelligent Infrastructure Analyzer Software to monitor its network devices.

And for security, BlueShore Financial leverages HP ArcSight Security Event Management to monitor its network activity and perform tasks like event correlation and compliance reporting. It uses HP TippingPoint Intrusion Prevention System to detect and address anomalous behavior that might represent attacks by malware or hackers. “Technology like these HP Software solutions allow us to leverage business rules to solve critical issues like system security,” explains Peter Chau, Director of IT, BlueShore Financial. “We don’t want our people to sit in front of screens scanning reams of logs. Our HP Software tools make our systems smart.”

The credit union’s infrastructure is backed by HP support. BlueShore Financial uses HP Factory Express to perform tasks like pre-configuring and pre-integrating its CI hardware components, which streamlines system deployment. And through HP Proactive Select, a dedicated team of HP technicians responds

to BlueShore Financial support requests under a 6-hour call-to-repair service level agreement.

## Transcending digital and print

Another HP technology BlueShore Financial uses extensively is the HP Exstream customer communication management (CCM) solution. “HP Exstream software lets us extract data from our banking system and render it for our clients in ways that are more attractive and useful,” Chau says. By allowing BlueShore Financial to add material like financial advisory information to its statements, HP Exstream gives BlueShore Financial another way to add value to its banking services—and catch clients’ attention.

BlueShore Financial also appreciates HP Exstream because it transcends the divide between the print and digital worlds: the credit union can use HP Exstream to generate both print and electronic publications. This allows the credit union to satisfy regulatory requirements that mandate certain materials be distributed via print, as well as support digital services such as its online banking portal.

## Converged Infrastructure enables stability, around-the-clock uptime

As a flexible, scalable, and well-integrated architecture, BlueShore Financial’s HP CI infrastructure delivers a broad array of benefits.

At the IT level, HP CI solutions enable an Information Technology Infrastructure Library (ITIL)-compliant data center that achieves impressive availability metrics: the HP systems have delivered 100 percent up-time since BlueShore Financial implemented first its TEMENOS banking system several years ago. The performance of the production environment is also highly stable, which allows BlueShore Financial to move workloads around without having to over-provision its hardware.

The CI infrastructure is efficient to manage, which allows BlueShore Financial to maintain a lean IT organization, which in turn lowers operational costs.

## Customer at a glance

### Hardware

- HP ProLiant BL460c Gen8 Servers
- HP Virtual Connect Flex-10
- HP BladeSystem c7000 Enclosure
- HP ProLiant DL380p Gen8 Servers
- HP 3PAR StoreServ 10400 and 7400 Storage
- HP Networking 5830 Switch Series
- HP MSR3000 Router Series
- HP MSM Access Point Series
- HP MSM Controller Series
- HP StoreOnce Backup (B6200 and 4500) with StoreOnce Catalyst
- HP StoreEver MSL4048 Tape Library – Utilizing LTO-6

### Software

- Windows Server® 2008 R2 and 2012 R2 Operating Systems
- HP Data Protector 8
- HP Intelligent Series Infrastructure
- HP Insight Control
- HP ArcSight Security Event Management
- HP Exstream

### HP services

- HP Factory Express
- HP Proactive Select
- Continuity Services
- Enterprise Applications Hosting Services
- Server Management Services
- Storage Management Services

## Enabling nimble, responsive business services

HP Converged Infrastructure solutions also deliver a number of business benefits. The credit union's DR architecture is one example: because BlueShore Financial's technology is so flexible, the credit union can choose where to locate its hardware based solely on its business needs. There are no IT constraints.

The credit union is able to accommodate audit requests more easily, with less disruption to the business or IT team.

And then there are the strategic benefits. To succeed as a boutique, high-touch financial services institution, BlueShore Financial must keep a close eye on its clients' needs. Partnering with HP, and leveraging HP Converged Infrastructure technology, helps ensure the credit union is poised, at all times, to tailor new products that meet those needs.

"We have to be nimble, we have to be creative," Chau notes. "And HP technology allows us to be both."

"There are three dimensions to building business agility into a technology infrastructure," adds Cook. "The first is time: how long change takes. The second is how easy it is to make a change. And the third is

range: how much change the architecture can accommodate. HP lets us maximize its agility along all three of those dimensions."

If BlueShore Financial business units or analysts need IT resources, for example, the IT team can respond within hours. "Nobody has to wait weeks, any more, while we purchase and provision physical servers," Burgess says. "Instead, we generally pre-provision systems so that we're ready in advance when our developers need IT systems."

Compressed provisioning cycles lead to what the IT team calls a "snowball effect:" because they have faster access to IT systems, BlueShore Financial's programmers and QA teams can develop and test products more quickly, which allows the credit union to respond more quickly to market opportunities.

On a macro scale, BlueShore Financial can also quickly scale its entire production environment if the business needs it.

In fact, no matter what its needs, BlueShore Financial knows it can rely on HP. "HP's technology and services offerings have proven themselves many times over, helping us drive business innovation and adapt dynamically to business opportunities," Cook concludes. "And that's the reason BlueShore Financial's IT shop is nothing but HP."

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