Bank of Queensland
Expands Branch Network without Expanding Costs

Founded in 1874 as a building society, the Bank of Queensland is now the second-largest Queensland-based financial institution and the state’s fifth-largest company listed on the Australian Stock Exchange. While many banks are closing branches to reduce costs, Bank of Queensland is expanding its market presence through its Owner-Managed Branches, a franchise approach to the provision of face-to-face banking services.

The Challenge: Create a Scalable Infrastructure While Overhauling Applications
In 2001, the newly-appointed Managing Director, David Liddy, embarked on a plan to rapidly increase Bank of Queensland’s market presence from 90 to 250 branches in five years. Improving service levels without increasing costs and capitalising on the bank’s unique franchise-style Owner-Managed Branches were key considerations.

Operating as franchises, the Owner-Managed Branches turn bank managers into small business operators, charged with ensuring the profitability and success of their own branch. Bank of Queensland provides investment and loan products, sales and marketing support and the technological backbone for these branches.

At the time, the bank was operating on an internally developed core banking system written in Cobol.

“Our in-house core banking application ran on a Fujitsu mainframe and had worked well for us in the past but it was clear to us that it was not going to meet our need for rapid growth,” explained Nick Young, Head of Technology at the Bank of Queensland. “We had to replace it as soon as we could. We couldn’t have got the speed we achieved in rapidly deploying it without Citrix.

“There are a lot of companies that have hit the wall because they haven’t been able to scale their infrastructure in times of rapid market expansion. We needed something that would be scalable without disruption to the existing services,” he said.
Citrix Access Infrastructure for Speedy Deployment

The bank, which was already using Citrix technology to deliver applications to its branches, opted to upgrade to Citrix Presentation Server® on top of Microsoft® Windows® 2000 Server.

Working with outsourcing partner EDS, the bank overhauled its network infrastructure to deliver 100 percent of branch applications over a 128-bit Frame Relay WAN connection to Wyse thin-client terminals via 52 Citrix Presentation Servers. More than 170 branches connect to the corporate network, providing 1,600 users, including tellers, branch managers and internal administration staff, with access to client and browser-based applications, such as the Customer Relationship System, Fiserv’s core banking system and the Branch Teller application. Citrix Presentation Server provides efficient, centralised application management and deployment from the bank’s two data centres located in Brisbane.

Expanding Owner-Managed Branches and Enhancing Services while Controlling Costs

From the word “go” it was clear that the expansion plan would only work if the bank was able to minimise the associated infrastructure costs. As a result of the Citrix implementation the IT team was able to rapidly deploy application upgrades and quickly provide secure access to the core banking system. Consequently, 23 new branches and two interstate business banking centres were opened in the 12 months following August 2004, while costs grew by just three percent.

According to Young, the infrastructure has radically simplified the roll out of technology to new branches. “Citrix lowers costs, but it’s not just about costs; it’s about agility. Now all we need to do is have connectivity, plug in the terminals and a new bank branch is up and running. It will enable us to expand from 177 to 250 branches with limited IT investment.”

Moreover the IT team is able to better respond to the bank’s needs by quickly deploying new tools and applications. “Over the last nine months we have delivered about 50 product enhancements, new saving account types and loan arrangements. We can now deploy new products and services faster and cheaper than we could ever deliver before — thanks to our overhauled applications and infrastructure running on Citrix Presentation Server.”

Thanks to Citrix Presentation Server the Bank of Queensland is well on the way to reaching its stated goal of opening 160 new Owner-Managed branches over five years. By actively opening branches and quickly delivering new products, the bank has been able to expand its customer base, increase its goodwill and substantially improve its share price from around $A6 in 2001 to around $A14 in 2005. “We’ve been able to deliver product enhancements and get new services up and running very quickly. Without Citrix we would have had to bundle those changes into big releases and put them out once or twice a year,” Young said. “Citrix lets us respond to the market, and quickly improve the services we offer to our client base.”

Each new branch runs a minimum of five Wyse terminals and two printers, plus swipe card readers and pin pads. The Citrix solution enables the bank to use existing hardware by providing a standardised access environment.

“It has allowed us to deliver our unique business model faster and cheaper. The advantage we have over our competitors is that we can expand very rapidly with little expansion in our fixed costs,” Young concluded.

About Citrix Presentation Server: Citrix Presentation Server® has become the industry standard for providing secure on-demand access to client/server and desktop-based applications using virtualization, considered the best delivery method for these types of business applications. The applications actually run centrally on Presentation Server itself, which is located in a secure data center, while appearing to run on a user’s local, remote, or mobile computer. Presentation Server runs on virtually any platform, from Microsoft® Windows Server™ 2003 x64 Edition to Windows Server 2003, Windows® 2000 Server, and UNIX®.

Networking Environment

- Citrix Presentation Server™ running on 52 HP DL360 G3 and Dell 1850 servers
- Microsoft® Windows® 2000 Server
- Frame Relay WAN
- Cisco networking equipment
- 1,000+ Wyse Winterm Windows-based terminals, 500 keypads, 500 card-swipe machines, 100 Dell laptops

Applications Deployed

- Fiserv’s International Comprehensive Banking System (ICBS) running on IBM’s iSeries platform
- Customer Relationship System (CRS) and Branch Teller (BT) on branch clients
- Lotus Notes Personal Information Management (PIM) Mail/Calendar/To Do
- Web-based training
- Microsoft® Office
- Other Web-based applications, including online policies, procedures and product library

Future Plans

The Bank of Queensland is currently looking to upgrade to the latest version of Citrix Presentation Server.