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CORE BANKING

Webster's Marathon Becomes a Sprint

How the acquisitive bank did a multi-year, enterprisewide core systems upgrade in just over a year—more than two years less than the average time for such a project

BY JOHN ADAMS

Zeynep Fredrick had seen her bank undergo a major business transition, and, as evp and CIO, she knew the bank's moves would necessitate a massive core systems and channel overhaul.

"Basically, Webster had always been a thrift, but it was growing with a lot of mergers and acquisitions as well as organic growth," says Fredrick, who's been CIO since 2003. "We were starting to look more like a commercial bank than a thrift. And our systems weren't designed for commercial banking. We didn't have the functionality or flexibility that one would expect from a commercial bank."

What made Webster's dramatic, soup to nuts project unusual was its speed—the entire overhaul was done in about 15 months, with completion by the end of 2005. Fredrick says the project's pace has resulted in a number of benefits for the $12 billion institution, including the redeployment of the IT team to endeavors related more to banking than systems upgrades, and a scalable system that can continue to add capacity as the bank grows.

Fredrick was taking a big chance in not only doing such a large project, but doing it in such a relatively short time frame. Analysts at Financial Insights say that many banks in the U.S. are becoming aware of the importance of doing something to make their core systems more agile—with total replacement a necessity to remain competitive in many cases. But the researchers add these aggressive projects are not the norm, in part because of the heavy toll on the reputation of both the bank and the project's top executive in charge if things don't go well.

But for Fredrick, the risk of inaction was much greater. "We knew it was a risk to do it quickly, but by doing it over three or four years, which would be the average time for a project this size, we would have drained the company by placing it in a constant state of conversion mode," she says.

As part of the project, the bank converted more than two-dozen systems across the entire institution. The result is a dashboard that gives users an entry to Webster's world of products, business divisions and customer relationships. "It doesn't matter if you're the CEO or if you're in the back office. You can go to any touchpoint and see a full picture of customers and their activity, assuming you're the right person to be doing that. That kind of function didn't exist before."

What did exist before was a bank that grew dramatically through a series of acquisitions between the fall of 2003 and the summer of 2005. These buys not only increased the bank's size, they also changed the institution's business lines, adding a heavy exposure to investment management and health savings accounts.

Bringing all of these institutions together required the bank to graduate from the MISER core banking suite, a commonly deployed thrift banking application. One of the most important goals of the core systems upgrade would be to add processing capability for its commercial banking systems in absorbing the growth though acquisition and position the institution for further growth.

The bank selected an integrated Fidelity National Information Services ASP-hosted core banking system, ACBS commercial loan system, TouchPoint channel delivery and Xpress Enterprise Services middleware integration.

"What we chose had to be feature rich," Fredrick says, adding that the overall system—in this case Fidelity—had to be able to work in concert with a variety of vendors. "So even though our accounting system is from Fidelity, as is the integration layer, we do have customer-facing systems that aren't from Fidelity. ATMs, for example, are run in-house. Our teller system is from Fidelity but IVR is not. The key is that we should be able to put anything on the front end."

For Fidelity, the timing was equally advantageous, since the tech firm was in the midst of an upgrade of its own, adding and acquiring much of the same technology and integration capabilities being sought by Webster. These applications included a retooling of the firm's mortgage division, and the introduction of service-oriented architecture to the mortgage and servicing platforms. On the banking side, Fidelity was developing what its executives refer to as a "middleware glue" allowing for easier integration of systems.

John Gordon, president of leveraged product development for Fidelity, says this combination of moves at the tech firm not only made it a good fit for the Webster, but allowed the bank project to be done in the faster timetable. "It was a unique fit between what we were doing in terms of magnitude and scope," he says, adding that since many of Fidelity's business line products were already "pre-integrated," it was possible to meet Webster's deadline. "There wasn't a lot of work left to do because we had gotten a jump start on things." ■