

# Sovereign Bank Gains Nearly \$4 Million in Benefits With Lucent VitalNet™ and VitalEvent® Network Performance Management Solution

## IN BRIEF

- **Goal:** Sovereign Bank needed to manage, analyze, and monitor a new voice/video/data network in response to purchasing nearly 300 new branch offices in the New England area. The bank was looking to optimize, troubleshoot, capacity-plan, and manage the new network without adding additional staff.
- **Solution:** Lucent's VitalNet™ network performance management software for monitoring, analyzing, managing and predicting network performance from a single, centralized location. VitalEvent® real-time event analysis software for measuring, analyzing, viewing real-time network-wide performance data; and investigating and identifying network resources that do not meet specific service parameters.
- **Results:** A cumulative five-year net benefit of nearly \$4 million in cost reductions, supplier rebates, and increased efficiency, driven by savings in network equipment and staffing levels, and improved network availability. An annual ROI of 524%, and a payback period of two months.

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In the banking business, the network may be the most important asset. Whether it is being used for teller transactions, the electronic movement of money, internal communications or communications with business partners, a high-capacity, high performance, trouble-free network is vital to the success of financial institutions. So when Sovereign Bank built a new voice/video/data network as a result of acquiring nearly 300 new branch offices in the New England area, it turned to Lucent's VitalNet™ network performance management software and VitalEvent® real-time event analysis software. The Lucent software helped Sovereign design an efficient network with fewer circuits than it otherwise would have required. Sovereign has also been able to monitor, analyze and manage its 1200-Cisco-node network, improve availability, and realize significant savings in staff time, money and resources.

NOTE: This case study was authored by the Case Study Forum. The Case Study Forum is dedicated to writing and publishing case studies for the IT community. The financial analysis that appears in this case study was performed by ITCentrix, the premiere software and services company for measuring and managing the business value of information technology investments. Results shown are not a guarantee of equivalent performance.

## Benefits

Objective	Benefits Achieved
Perform capacity management and planning	By using VitalNet™ to examine network utilization, Sovereign Bank was able to modify its network design and "right-size" the network by eliminating over 30 network circuits.
Increase network availability through real-time network monitoring	Using VitalEvent®'s event viewers, Sovereign Bank has increased availability and avoided major outages.
Manage a growing network without increasing staff	Using VitalNet™, six full-time employees can manage a growing, 1200-Cisco-node network. Without VitalNet™, twice this number of employees would have been required.
Better serve bank customers	VitalNet™ and VitalEvent® ensure a more responsive network with greater availability, so customer transactions are consistently processed in a timely manner.

## Customer Background

**“VitalNet™ allowed us to really see what was going on inside our network for the first time. We were able to modify our network design to emulate what we really needed. By looking at our utilization, we could guarantee that we had the right-size number of circuits.”**

JENNIFER SPRAUT  
SOVEREIGN BANK TECHNOLOGY  
ASSISTANT

Boasting over \$40 billion in assets, Sovereign Bank is one of the top 25 largest banking institutions in the United States. With approximately 530 community banking offices, over 1,000 ATMs, and about 8,000 employees in Pennsylvania, New Jersey, Connecticut, New Hampshire, Rhode Island and Massachusetts, it handles personal banking, business banking, and corporate and institutional banking.

Sovereign has successfully completed 24 acquisitions since 1989, a strategy that has dynamically helped fuel its growth. In 2001, Sovereign completed the largest branch purchase in banking history when it acquired approximately \$12 billion in deposits, \$8.1 billion in loans, 281 community banking offices, and 550 ATMs from FleetBoston Financial.

## The Business Challenge: Managing a New Network

When Sovereign acquired 281 branch offices in 2001 from the newly merged FleetBoston Financial, it faced a major problem: How to integrate the new branch offices with its existing network which served only the mid-Atlantic region.

At the same time, the bank also wanted to improve the performance of its existing network that was being serviced by multiple vendors. It had been outsourcing the management of the network, and in order to improve network performance, wanted to bring its management in-house.

## Driving the Need for a New Solution

Sovereign Bank decided to build a new network for the branch offices, and merge it with Sovereign’s existing network. It was looking for a network monitoring, management and reporting solution to help plan and manage the new, integrated network. Specifically, it needed a solution for several reasons:

- **To baseline the performance of its existing network for capacity planning and management.** Sovereign wanted to examine its existing network usage so that it could more effectively plan its new network, and re-architect its existing network, if needed.
- **To avoid network outages and increase network availability.** Because Sovereign had previously outsourced network management, the bank needed to find a set of tools that would allow it to see problems before they begin to affect the network, avoid outages and make sure the network is available at peak capacity.

- **To manage the new, larger network without having to add additional staff.** In sluggish economic times, Sovereign had to watch staff costs, manage a larger network with existing staff, and be able to continue to grow the network without adding staff.
- **To validate service provider management.** Sovereign needed a way to monitor its Service Level Agreements (SLAs) and ensure that service providers were complying with their agreements.

## **Sovereign Bank Chooses the Lucent Solution**

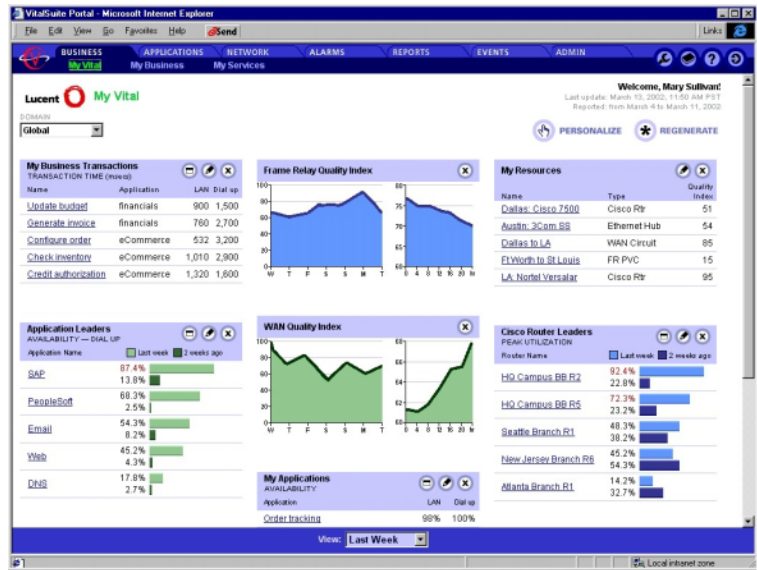
The Sovereign team chose Lucent's VitalNet™ software because of its ability to monitor, manage and analyze its converged, 1200-Cisco-node network. Sovereign was particularly impressed with the VitalNet™ software ease of installation, intuitive interface, and tools to proactively measure network performance and allow the company to react to potential problems before they arise.

The bank provisioned VitalNet™ in 2001, and based on its performance, expanded the application to include additional Vital software modules. Shortly after VitalNet™ was in place, Sovereign installed VitalEvent®, which provides real-time analysis and viewing of network performance data, helps recognize error thresholds more quickly, and has the capability for setting alarms that alert network technicians when potential network problems may arise.

## **An Inside Look at the Lucent Solution**

The VitalSuite® modules—VitalNet™, VitalEvent® and VitalApps™—provide real-time views into everything from complex e-commerce transactions to mission-critical network resources. It lets businesses such as Sovereign Bank continuously monitor, measure and optimize performance at every level of IT operations. The following screens show two important features of the VitalSuite® software.

**Sovereign Bank chose Lucent's VitalNet™ and VitalEvent® software for monitoring, analysis, and management, and for viewing real-time network-wide performance in its converged, 1200-Cisco-node network. Installation went smoothly and took less than a day.**



### VitalSuite® – “My Vital” Portal

The VitalSuite® “My Vital” portal offers a personalized, comprehensive view of network performance. From a single, centralized location, the Web-based portal lets businesses create and display virtually any aspect of network and application performance: LAN, WAN, ATM or Frame Relay quality indices; top applications and events; even specific e-business transactions such as order entry or credit authorization.

**“VitalEvent® gives us a real-time view of network performance so that we can be prepared for anything.”**

TODD DIERKSHEID  
 SOVEREIGN BANK SENIOR NETWORK  
 ENGINEER



### VitalSuite® – “My Business” Heat Chart

The VitalSuite® “My Business” heat chart shows the status of critical applications at a glance. The display provides a color-coded heat chart that shows how custom applications and transactions are performing. When a glowing “hot spot” flags a potential problem, businesses know immediately where to focus their troubleshooting efforts.

## The Bottom Line for Sovereign Bank

VitalNet™ and VitalEvent® have given Sovereign Bank significant benefits. Before VitalSuite®, the company used generic rules-of-thumb for provisioning bandwidth. Now it is able to measure bandwidth and remediate performance issues by putting bandwidth where it is needed, and paring back where it is not. By analyzing its true network needs, the bank has been able to reduce its number of circuits by over 30.

By using the solution to monitor its SLAs, Sovereign was able to ensure that suppliers met agreed-upon levels of performance, and was able to obtain rebates when those levels of performance were not met.

The network analysis and management tools have allowed Sovereign to keep the same number of engineers, while adding to and growing the network. Without the solution, it would have required twice as many network engineers, saving Sovereign \$2.4 million in staff costs.

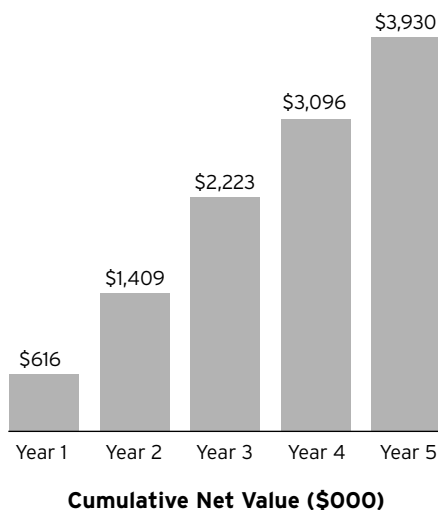
The solution has increased network availability and ensured that there have been no major network outages, allowing the bank to continue to offer its “red carpet” service to banking customers.

### Business Analysis of the Solution

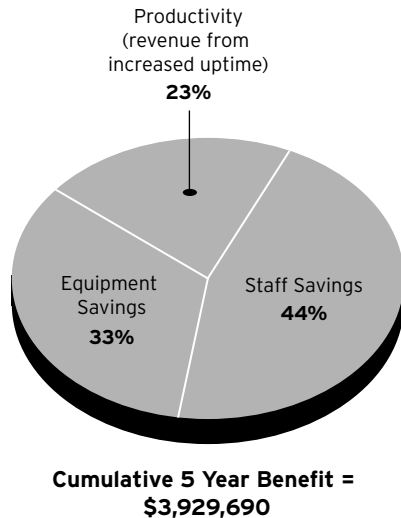
A detailed analysis of the implementation shows that Sovereign will reap a cumulative five-year net benefit of \$3,929,690 from the installation. It has yielded an annual ROI of 524% with a payback period of two months, and an average annual saving per network user of \$139.

The benefit is made up of equipment savings, service provider rebates, savings in staff costs and increased productivity. Sovereign will not have to buy a variety of additional network hardware because the solution was able to find over utilization in certain areas. It will save \$2.4 million in staff salaries because the Lucent solution allowed it to manage a growing network without hiring additional staff. And because of increased network availability, the bank will be able to better service customers, bringing in additional revenue.

**Sovereign Bank's bottom line for the project: A cumulative five-year net benefit of \$3,929,690, an annual ROI of 524%, and a payback period of two months, yielding an average annual saving per network user of \$139.**



The following chart provides a detailed, five-year analysis



**“With VitalNet™, we went from an environment where we waited for people to tell us that we had problems, to one where we now find problems before people have any idea that they’re there. The key for us is to manage a converged network proactively, and VitalNet™ and VitalEvent® does that for us.”**

TODD DIERKSHEIDE  
SOVEREIGN BANK SENIOR NETWORK ENGINEER

Project Summary						
Annual ROI	524%					
Cumulative Five Year Net Benefit	\$3,929,690					
Payback Period (months)	2					
Average Annual Saving/Network User	\$139					
Project Costs (\$000)						
Total Project Costs*	Startup	Year 1	Year 2	Year 3	Year 4	Year 5
	\$150	\$80	\$230	\$310	\$350	\$390
Benefits (\$000)						
	Year 1	Year 2	Year 3	Year 4	Year 5	
Equipment Savings	\$318	\$363	\$363	\$363	\$363	\$363
Staff Savings	\$300	\$400	\$500	\$600	\$600	\$600
Productivity (revenue from increased uptime)	\$228	\$261	\$261	\$261	\$261	\$261
Total Benefits	\$846	\$1,024	\$1,124	\$1,224	\$1,224	\$1,224
Financial Analysis (\$000)						
Net Value	Startup	Year 1	Year 2	Year 3	Year 4	Year 5
	(\$150)	\$766	\$794	\$814	\$874	\$834
Cumulative Value	(\$150)	\$616	\$1,409	\$2,223	\$3,096	\$3,930
Net Present Value	\$3,545					
Annual ROI	524%					
IRR**	888%					
Payback Period (months)	2					
Key Performance Indicators (KPIs)						
Average Annual Saving/Network User	\$139					

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\*Total Project Costs include Software, Maintenance, Services, and People costs to run and exploit the software.

\*\*Internal Rate of Return (IRR) is the interest rate that makes net present value of all cash flow equal zero. IRR, in this case, is more meaningful because the initial costs understates the actual costs over the life of the project. IRR more fully recognizes these costs because it considers costs over the life of the project (not just initial costs).

## Looking to the Future

Sovereign Bank hopes to keep growing at its current pace. In order to sustain that growth, and continue to offers its “red carpet” treatment to all its customers, it needs to make sure that its network keeps pace with that growth. To do that, Sovereign Bank has just purchased other components of Lucent’s Vital software solution, including VitalApps™ in order to monitor and manage application performance and VitalQIP™ for DNS, DHCP, and IP address management.

### Market Leading Enterprise Software – Backed by World-Class Service and Support

VitalSuite® Performance Management Software is a key component of the Lucent Network Operations Software portfolio. Only Lucent offers multi-vendor, multi-technology, multi-service software solutions developed on extensible, programmable platforms, open APIs and advanced system architectures. These carrier-grade solutions provide the reliability, scalability and flexibility to deliver advanced services across current and next generation networks – while improving efficiencies, significantly reducing operating expenses and delivering the Quality of Service that today’s enterprise users demand.

And with more than 10,000 network consultants, engineers, and service professionals around the globe, Lucent Worldwide Services can address all your performance management support requirements. Let our experts assess the readiness of your current network; plan, design, and build solutions that optimize your particular environment; integrate our market leading software solutions with your existing infrastructure; and provide ongoing maintenance support.

To learn more, contact your Lucent Technologies sales representative, authorized reseller or sales agent. You can also visit our web site at <http://www.lucent.com/vital> or call 1-888-426-2252.