



HP thin client computing

A financial services industry solution brief from HP



Financial services institutions have a clear focus on the key challenges of customer retention, operational excellence, productivity, and compliance. Thin client computing offers great opportunities to meet these challenges.

Paradoxically, the global financial services landscape has been profoundly shaped by both deregulation and regulation—deregulation because markets have been opened up and competition encouraged for all types of service, and regulation because good governance and transparency are no longer optional. Reaction to this situation has come in many forms, with the common thread being an increasing reliance on IT to sustain business performance and market position.

In their efforts to grow market share and profitability, many institutions are investing in major branch-renewal projects. They want to ensure that customers can conveniently and comfortably access consistent, high-quality services in a familiar branch environment that reinforces brand equity. Many have begun to integrate their various sales channels to offer a seamless connection for customers and, behind the scenes, process re-engineering is underway to enhance the ways in which they do business. The pace of mergers and acquisitions has increased. It is becoming routine to cross international borders to access emerging economies, as well as those that are more established. And the distinction between banking and insurance has become blurred as the pace of service and product development accelerates.

Clearly IT has a major role to play in supporting and enabling these fundamental changes in behavior. Nowhere is this more apparent than in the efficient delivery of core business services to the desktop environment of the staff that use them. By deploying thin client computing, major advantages in operational excellence will be achieved—along with improved customer experience, increased staff productivity, and reduced risk of compliance violations.

Benefits at a glance

The primary benefits of HP thin client computing include:

- Improved return on investment (ROI) and reduced total cost of ownership (TCO)
- Higher availability and faster recovery
- Better security and compliance
- Easier maintenance and configuration control
- Faster rollout of new features
- Enhanced staff flexibility
- Improved ergonomics

Aligning business drivers with investment

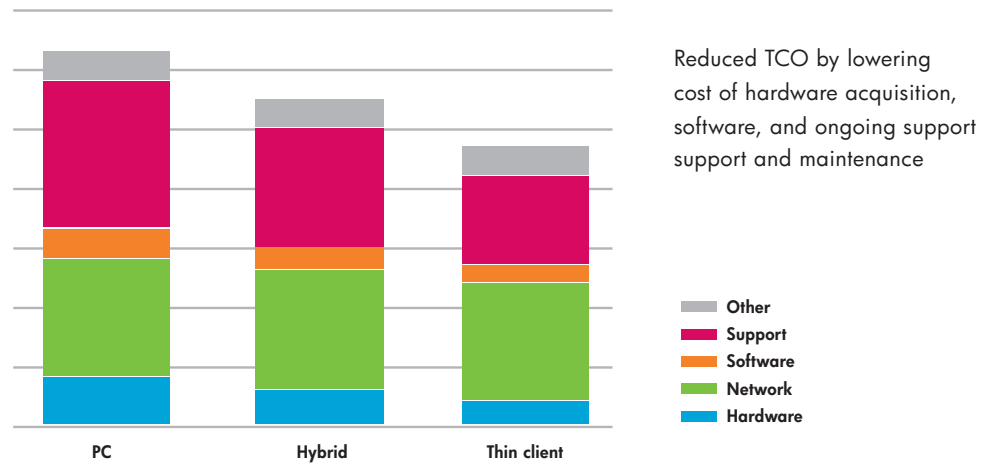
Research conducted by Datamonitor¹ confirms a trend amongst financial services institutions that they no longer assess IT investment purely in terms of cost. Instead, there is a shift towards achieving better alignment between the key business goals and the capabilities of the underpinning IT to enable future agility. While thin client computing can be demonstrably justified by return on investment (ROI) and total cost of ownership (TCO) analysis alone, the case for deployment becomes even more compelling when its contribution to the primary business drivers is measured:

- **Customer retention**—Competition has led to the introduction of many new financial providers offering a wide range of products and services. Loyalty to traditional providers is declining, yet customer retention remains the most highly valued prize. The point at which customer and supplier meet, and therefore a major source of competitive differentiation, is the delivery of the core customer applications that set the scene for the relationship. Innovative, rapid, and consistent customer experience has been identified as key to improving retention levels.
- **Operational excellence**—This is not measured by cost alone. Institutions also have to balance their need for future agility, ensuring they are positioned to take rapid and effective steps to grow revenue, launch new products and services, and introduce new processes—either proactively or in response to trends and competition. With many institutions having large, distributed branch networks, optimizing the way in which highly available core services are delivered, configured, and managed will play a big part in meeting this challenge.

- **Productivity**—Working practices in financial services are changing to reflect staff levels, the need for desking flexibility, the growth of home working, outsourcing, and the drive for better utilization of people and space. To some extent, institutions have been limited in addressing this issue by the lack of agility in their traditional IT environment and architectures. Flexibility in the delivery of applications is essential to take advantage of the changes that—when properly addressed—will yield significant benefits in productivity and utilization.
- **Compliance and security**—Intense scrutiny of governance from national and international regulators requires process compliance along with traceable and retrievable audit trails. Expansion into new geographic markets and cross selling of services highlight the need for rapid rollout of consistent, high-quality applications to branches that can also reflect local conditions. And the persistent issue of security requires that delivery of the applications and services, along with enforcement of processes, is a key means to reduce risk exposure.

¹ Datamonitor Q1 2006, Survey of 100 European Banks

Figure 1: Overall cost of ownership comparison



Thin client computing

Thin client computing has become a strong candidate to meet the needs of financial services institutions, particularly those operating extensive branch networks. The essence of thin client computing is that all applications, along with data storage and processing, are run on dedicated servers. The solution promises much improved ROI and reduced TCO, while at the same time enabling a highly automated, flexible means of delivering and maintaining core applications.

The premise is that most users in a traditional network rarely, if ever, fully utilize the processing power of a traditional desktop PC on which core applications are run. Yet each of these PCs places extensive demands on IT staff for maintenance and configuration, and because they are personalized to fit the profiles of individual users, they rarely support full flexibility in deskings. Every time an application is updated, there is a need to visit the PC. The latent processing power can be counterproductive because it enables processes to be bypassed, often compromising security and compliance, and potentially risking software-licensing violations.

In a thin client computing environment, each user connects to the network via a simple terminal (or client) with limited functionality. This is, in effect, a display with input devices, such as keyboard and mouse, connected directly to a server where the intelligence resides. Whoever sits at the client can log in and automatically receive the applications appropriate to their task. Thin clients are cheaper to buy, maintain, and operate, and offer practical benefits such as a reduced footprint, and low heat and noise levels. Because the applications are run on the server, maintenance becomes much simpler, requiring less staff and facilities, and—crucially—the network becomes more resilient to failure.

The HP approach

As a pioneer in all aspects of thin client computing, HP has recognized that the solution is more than just the choice of user terminal. With a unique offering of the only single-vendor end-to-end solution, HP has wide experience across enterprise-level systems for the financial services industry. This includes many thin client deployments that have been customized to suit specific requirements using a proven, structured methodology that considers the total project lifecycle.

Although thin client computing has become a generic description, each customer solution will need customizing to suit preferences, capabilities, and features. This is facilitated by expert consultants who assess the requirements and extent of customization necessary to achieve the potential benefits in customer focus, business efficiency, productivity, and compliance. Factors that are considered include:

- Optimizing the client-to-server mix for peak performance
- Selecting the client features to suit the range of user requirements
- Customization to suit specific legacy aspects or operational needs
- Manageability and control for cost and performance balance
- Working within or across operating systems
- Maintaining the integrity of security and firewalls

The correct desktop environment is crucial to achieving both operational performance and cost savings. This, ultimately, defines all aspects of thin client computing—from the user perspective all the way through to delivery and automated management of the applications. HP segments users into four groups:

- **Standard**—Users who carry out routine, often repetitive applications. This segment includes front-office branch staff, data-entry workers, and call-center operators.
- **Knowledge**—Users who work with more demanding applications. This segment includes HQ system managers, software developers, and executives.
- **Power**—Users who work with intensive, time-critical applications. This segment includes exchange and transaction traders.
- **Mobile**—Users who, typically, work away from a branch or HQ. For these, notebooks can be configured as thin clients accessing applications and storage remotely.

Once user requirements have been established and categorized, decisions can be made on the provision of servers and the management environment.

The HP advantage

HP's strong market presence and experience in the finance sector, with solutions ranging from desktop clients to management software, is built on a fundamental understanding of the specific business issues. We are proactive and supportive, with a clear vision of how thin client computing environments can revolutionize the ways in which services are delivered—and the way in which this drives the business to better performance.

Thin client computing environments will almost certainly need customization to fully meet objectives. There is a wealth of expertise amongst our team, which is fully supported by regional centers of excellence. Risk-free, rapid, and successful implementations can be planned to achieve expected performance and flexibility. With relationships extending across the industry and a focus on open standards, HP is well placed to ensure integration with many third-party vendors' products.

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