

National Bank of Iceland (Landsbanki)

EXECUTIVE SUMMARY

PRODUCTIVITY IMPROVEMENTS

- Reduced travel time between offices
- Faster moves, adds, and changes
- Faster IT response time to telephony trouble tickets
- Improved communication between offices and with customers and vendors
- Increased customer satisfaction

DIRECT COST SAVINGS

- Elimination of US\$450,000 annually in domestic carrier charges
- Elimination of US\$400,000 previously spent annually for outsourcing circuit-switched PBX support and maintenance
- Elimination of US\$50,000 annually (US\$200 per MAC) in external expenses previously charged every time a move, add, or change occurred
- Reduction in monthly travel expenses by US\$10,000 due to improved virtual conferencing
- Significant reduction in mobile roaming charges due to virtual conferencing and less travel

Company Overview

The National Bank of Iceland (Landsbanki) is Iceland's primary source of a broad range of financial services for individuals and corporations, including personal and corporate internet banking, private and international banking, mutual funds, and more. Landsbanki has operations in 12 countries, covering all major financial centers of Europe, as well as representation in New York and Canada. It has an extensive domestic branch system as well as international correspondent banks.

Business Challenge

Landsbanki's previous voice communications system was a Nortel Meridian private branch exchange (PBX). The bank did not have any integrated video conferencing facilities, making it necessary for managers and executives from different countries to travel frequently for meetings.

In addition, the company was outsourcing support and maintenance of their Nortel Meridian solution, which cost the company US\$400,000 in annual fees and had limited flexibility. For example, a trained technician had to program any employee moves, adds, and changes (MACs), which was expensive (US\$200 per MAC on average) and could take more than a day to complete. This was a problem for a company where employees frequently move desks both within and across site locations, and where new branches are opening on a regular basis.

Additionally, the bank's previous phone system lacked certain features and reporting capabilities to manage inbound customer calls. For instance, there was no intelligent call routing to minimize missed calls from customers.

The Solution

In late 2003, The National Bank of Iceland deployed a Cisco® Unified Communications solution from Cisco Systems® that included Cisco Unified Communications Manager, Cisco Unity® and Cisco Unified Video Advantage. The Cisco Unified Communications solution includes 1200 Cisco Unified IP Phone 7940Gs installed throughout their network and 100 Cisco IP Communicator licenses.



Benefits

As of mid-2006, the National Bank of Iceland has been using its Cisco Unified Communications solution for nearly three years. The resulting return on investment (ROI) benefits have been significant, and have changed the way that the company communicates and does business. The company has realized improved efficiency of IT operations, improved employee productivity and flexibility, and decreased traveling, maintenance fees, and long-distance toll charges. Additionally, the Cisco Unified Communications deployment has helped the bank improve customer satisfaction through intelligent customer call routing and management.

Reduced Travel and Improved Virtual Conferencing

Landsbanki is using the video telephony capabilities of Cisco Unified Communications Manager to enable videoconferencing that is as simple as dialing a phone. This simplicity has resulted in a significant increase in the frequency of virtual meetings among staff and, consequently, reduced executive travel for meetings. This has increased efficiency and productivity, especially for executives who manage Landsbanki's operations in countries outside of Iceland. Furthermore, it has reduced employee mobile roaming charges associated with travel and saved the company at least US\$10,000 per month in direct travel costs. It has also allowed for much quicker response to customers because executives from different geographical locations like Reykjavik, London, and Amsterdam can have virtual meetings as needed anytime, from anywhere, and solve issues that demand immediate response.

The videoconferencing solution has also allowed for easier and more professional communication with external customers and vendors as well as intra-office coordination. The network architecture allows the bank to run virtual conferences over a VPN, which minimizes the international WAN bandwidth charges associated with this traffic. According to Gudmundur Gudmundsson, the CIO of Landsbanki, the virtual conferencing capabilities work well even when traveling. "You are always [connected] – just use Cisco IP Communicator or login on your phone, wherever you are located in the world. It is just a whole new way of doing things. It has definitely improved our productivity."

Elimination of Moves, Adds, and Changes Costs (Cisco Unified Communications Manager)

Due to its international reach and rapid growth, moves, adds, and changes (MACs) are common for Landsbanki's employees. The previous Nortel Meridian system required the company to pay trained technicians US\$200 per MAC, on average. With the Cisco Unified Communications Manager, employees simply pick up and move their phone to wherever their new desk is, then plug it into the network cabling at the new location. The bank no longer needs to pay external consultants or have their internal IT staff spend valuable time supporting MACs. This has resulted in a US\$50,000 savings in direct costs annually without any corresponding increase in responsibilities for the bank's internal IT staff. For non-IT employees, Cisco's Unified Communications solution has reduced the downtime that they used to experience when moving offices or desks because getting their phone set up is instantaneous.

Telephony and Networking Maintenance Expense Reduction

Landsbanki has been able to eliminate approximately US\$400,000 in annual maintenance/support fees (independent of the per-incident fees for MACs mentioned above) as a direct result of deploying Cisco's Unified Communications solution. The solution leverages the IP networking skills and experience that the bank's internal IT staff already had. According to Gudmundur, the bank has not had to hire any additional IT or networking staff as a result of converging their voice and video communications onto their existing IP data network.

Reduction in Carrier Expenses

Since deploying Cisco Unified Communications, domestic carrier expenses have been eliminated except for ISDN connections that they use for backup, resulting in US\$750,000 in annual savings compared to their previous arrangement. The company has been able to eliminate public switched telephone network (PSTN) lines to approximately 40 branches around Iceland, involving the cancellation of 1000 individual phone numbers. The company is currently rolling out the same features to its international sites and expects to realize similar benefits from that implementation.

Improved Help Desk Response Time

The easy and integrated management of the Cisco Unified Communications solution has allowed Landsbanki's IT department to reduce its response time to help desk calls related to telephony. Landsbanki was already standardized on Cisco for LAN and WAN infrastructure. Consequently, integrating the Cisco Unified Communications system allowed the company's IT staff to bring maintenance and support of voice and video communications in-house without increasing its staff size.

By bringing this function in-house and having a communications system integrated with the rest of its LAN/WAN infrastructure, the company has reduced the mean time to repair (MTTR) for communications-related help desk tickets from hours or days with the previous PBX system using external support to minutes or hours on the Cisco Unified Communications solution using internal staff. With the previous system, if a PBX in a remote branch office broke down, Landsbanki would need to fly a technician on site with equipment to fix the problem. With Cisco Unified Communications, "this event is still only theoretical as we have not experienced one, but only in very rare occasions would we not be able to fix the problem centrally, probably within minutes," according to Mr. Gudmundsson.

Another aspect of the new system that has helped improve help desk response times is the call-recording and storage features from a product provided by Witness Systems, a Cisco Technology Developer Partner. It now takes Landsbanki no more than 10 minutes to find recorded phone conversations, such as from the trading floor. With Landsbanki's old system, it would take hours to do this. Additionally, the quality of the phone recordings has improved dramatically.

Higher Levels of Customer Satisfaction

Another major area of return on investment from the Cisco Unified Communications deployment is improved customer satisfaction resulting in part from better incoming customer call management. With the previous phone infrastructure, Landsbanki had limited control over call routing, as well as difficult access to various call statistics that they needed. The only thing they were certain of is that their customers were not satisfied by the service Landsbanki was providing previously. Currently, they have much better access to statistics and other relevant information needed to formulate effective call center strategy. In addition, they have much better control over call forwarding rules and are able to adjust them much quicker to shifting customer demand.

The Cisco Unified Communications solution allowed the National Bank of Iceland to decrease the number of missed calls significantly through the intelligent call routing of the Cisco Unified Communications Manager. With Cisco Unified Communications, the intelligent call routing returns inbound customer calls to local branches to the central contact center, allowing an agent to help redirect their call and keeping customers satisfied.

Conclusion

The Cisco Unified Communications solution has quickly become an integral part of doing business for Landsbanki. The reduced travel, lower carrier expenses, improved customer satisfaction, lower maintenance expenses, and faster response times have proven substantial benefits. The greatest benefits from the Cisco Unified Communications system are the ease of maintenance and flexibility, which have increased productivity for all employees using the system. Moving forward, the bank will be rolling out additional Cisco Unified Video Advantage cameras to add video to their existing Cisco Unified IP Phone 7940Gs. As this rolls out to non-IT employees, setting up and managing virtual conferences will be as simple as making a basic phone call, which should further change the way that the bank conducts business. The direct cost savings (travel avoidance, lower maintenance fees, lower long distance bills, lower mobile bills, etc.) have already justified the up-front investment in the solution. The bank is now exploring additional Cisco Unified Communications functionality to extend the productivity-enhancing potential of the system.

For more information

www.cisco.com/go/ipc

www.cisco.com/go/voice

<http://www.cisco.com/en/US/products/sw/custcosw/ps1846/>

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