



### Business challenge

With online and mobile banking surging in popularity in Brazil, how could Bradesco capitalize on the growth opportunities without incurring high costs—and ensuring ongoing security and reliability?

### Transformation

By modernizing core systems on its tried-and-tested IBM® z Systems® platform, the bank is successfully supporting fast growth in online and mobile transactions, while preserving exceptional reliability.

## Business benefits

### Grows

revenues by supporting growth in new mobile services

### Delights

customers with fast, secure and reliable banking services

### Plays

a key role in helping Bradesco break into new areas of the market

# Banco Bradesco

## Supporting growth in mobile transactions with efficient, high-availability core banking systems

Bradesco is one of the largest banking and financial services companies in Brazil, serving 77 million customers. Headquartered in Osasco, the firm employs around 120,000 people and generates annual revenues of approximately USD37 billion.

*“IBM z Systems delivers the extreme power and availability we need to make sure that our millions of customers can access our services anywhere, anytime, using any device.”*

—Waldemar Ruggiero, Executive General Manager, Bradesco

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## Growing challenges

In recent years, Bradesco has seen extremely rapid growth in demand for online—and, in particular, mobile—banking services. Customers expect to be able to manage their accounts anywhere, at any time and from any device, and this creates both challenges and opportunities for the bank.

Naturally, Bradesco must ensure continued high availability and performance as demands grow, and it must also support better and faster product innovation to stay ahead of competitors. In addition to growing market share, the potential payback includes greater customer loyalty thanks to faster and more convenient services, and lower costs for the bank by moving services to automated channels.

Waldemar Ruggiero Jr., Bradesco IT Infrastructure Director, comments: “Our three core operational challenges center on availability, cost and innovation. We are seeing relevant year-on-year growth in demand on our core banking systems, with around 45,000 transactions per second at the back-end. We need to maintain a highly responsive service for online and mobile customers as the number of transactions grows, and without introducing excessive internal costs. And to keep those customers happy with new services, we must keep reducing the time it takes to bring high-quality new offerings to the market.”

The rising demand for online and mobile services has gone hand in hand with rapid economic development in Brazil. The emergence of a much larger middle class has also sparked a surge in demand for more sophisticated financial instruments, including insurance products of all kinds. As a result, companies that can design and market the most attractive policies and service offerings stand to gain considerable first-mover advantage.

## New building on trusted foundations

The challenges of maintaining service levels during fast growth and bringing innovative targeted products to market more rapidly are driving a significant IT modernization program at Bradesco. The ongoing objective is to rearchitect the infrastructure and application framework in favor of online, real-time services rather than batch processes.

Waldemar Ruggiero Jr. explains: “Our existing core banking systems have always been extremely reliable, and there was no question of moving away from IBM z Systems, which remains at the heart of our IT strategy. It is the home of all of our customer data, and it underpins our entire core business. By introducing new approaches and technologies such as IBM WebSphere®, we are now building on these firm foundations to drive the next phase of our growth in online and mobile business.”

He adds: “We choose to launch new initiatives on the IBM z Systems platform, because it has provided us with leading-edge reliability, performance and scalability since we began using it in 1961. Equally, our partner IBM offers outstanding support, and helps us constantly innovate to overcome emerging challenges.”

The bank’s current z Systems landscape, split between an active and a backup data center, comprises three of the latest IBM z13™ servers and 12 servers from the previous generation of z Systems. The company also operates more than 700 distributed servers, and has a further 5,000 servers in its bank branches all over Brazil. The core banking transactions and customer information are all managed on the z Systems landscape, while many front-end systems run in the distributed environment and connect back to z Systems as their back-end.

To modernize its core banking and insurance applications, the bank has adopted a new approach based on service-oriented architecture (SOA) principles and using IBM Integration Bus Advanced (formerly WebSphere Message Broker). This solution provides a flexible integration foundation based on enterprise service bus technology, enabling the bank to hook new applications into existing functionality rapidly and easily. The SOA approach promotes shared services and the re-use of existing components, saving time and effort

and enabling Bradesco to cut the time required to bring new solutions to market.

“As we modernize our architecture and adopt SOA principles, we can react faster to new requirements from the business and also reduce our maintenance and development costs,” comments Waldemar Ruggiero Jr.

The insurance side is also using IBM WebSphere Portal running on distributed systems to build external web portals that can be connected seamlessly to back-end services running on z Systems. This further reduces development time and costs, and makes it easier to bring tried-and-trusted functionality into the online world.

Within the insurance side of the business, Bradesco is continuing to introduce new analytics capabilities to help it gain a unified view of clients, with the ability to understand their changing needs. Says Ricardo Águia: “IBM is helping us to understand our customer lifecycle through the data, so that we can identify the best time to approach prospective insurance clients, and the best products to offer them at each stage. All of the key customer data resides on and is managed by z Systems, so the platform is therefore also central to our analytics project.”

He adds: “When it comes to serving both insurance applicants and existing customers, quality of service is a key competitive differentiator.

The extremely high availability and performance of z Systems represent important advantages here.”

## Attracting new business

The modernization of core systems and the introduction of analytics have given Bradesco’s insurance division new opportunities to sell targeted insurance products to banking customers. After analyzing customer and transactional data residing on the z Systems platform, the bank recommends different sets of insurance products for each individual customer. When a customer visits a branch, the member of staff serving them can see the list of recommended products together with an explanation of their likely benefits to that customer—making it easier to sell these additional products.

When Bradesco introduced the solution in 200 branches, customers appreciated the highly personalized service, and sales of insurance products rose. The company is now planning to expand the solution to cover its entire branch network. In addition, Bradesco is planning to use new insights into customer preferences to launch targeted marketing for its insurance products through its ATMs, call centers and mobile apps.

“We have achieved greater synergy between our different business divisions, enabling us to capitalize on our size more effectively and increase

our share-of-wallet,” remarks Ricardo Águia. “Furthermore, we can use insights into customers’ needs and desires to develop more appealing products in future. The modernization work we are doing on z Systems also enables us to bring these new products to market faster. Capabilities like these should help us to stay ahead of the competition.”

Bradesco is using the z Systems platform to develop innovative, value-add services for banking customers. Using IBM Integration Bus Advanced enables the bank to call existing CICS® and IMS functionality more easily from new applications running on distributed systems, promoting short time-to-market and increased efficiency through the re-use of components.

“Online and mobile offerings enable our customers to save time by avoiding visits to bricks-and-mortar branches,” comments Waldemar Ruggiero Jr. “As a result, demand for these offerings is skyrocketing. In our modernized z Systems landscape, we can create new solutions faster and without needing to make disruptive changes to our tried-and-trusted core systems.”

He adds: “Every day, 15 million transactions are completed using our mobile apps—that’s five million more than are made using ATMs. In addition, six million people use our online banking platform each month, while four million people use our mobile apps. IBM z Systems delivers the extreme power and availability we

need to make sure that our millions of customers can access our services anywhere, anytime, using any device. The platform also provides the robust security that we need to protect our online and mobile customers.”

Moving to online and mobile channels is enabling Bradesco to save money by reducing its dependence on standard branches, which cost more to operate and which can only serve customers during normal working hours. To help control the cost impact of the continuous growth in mobile banking, Bradesco takes advantage of IBM Mobile Workload Pricing for z/OS®. As part of bringing more choice to customers, the bank has also launched a new channel to market—Bradesco Express—which serves customers in mini branches located inside other retail stores. The front-office software for this new channel runs on IBM WebSphere for z/OS.

“z Systems remains at the heart of our information technology strategy,” comments Waldemar Ruggiero. “It provides the maturity, reliability, scalability and support that we need to run major banking operations for millions of customers. And with the new WebSphere technologies and SOA approaches we have introduced, z Systems also offers us high speed in bringing new products and services to the market.”

Looking to the future, Bradesco is piloting the deployment of ultra-advanced IBM Watson™ cognitive computing technology, which is able

to understand natural language and learn from experience. The bank will use Watson to provide faster, more accurate answers to customers who contact its call centers, enabling them to access the services they need more rapidly and easily.

Waldemar Ruggiero concludes: “For more than 50 years, IBM has given us cutting-edge technologies that help us to meet emerging challenges. The IBM consultants use their in-depth knowledge of the insurance and banking industries to provide us with expert advice, helping us to stay at the forefront of our sector. This is backed by the qualities of the IBM z Systems platform, which continues to be the focal point for our core business activities.”

## Solution components

IBM® CICS®

IBM Information Management System

IBM Integration Bus Advanced

IBM MQ

IBM Watson™

IBM WebSphere®

IBM z Systems®

IBM z/OS®

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### Connect with us



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### Take the next step

To learn more about IBM z Systems, please contact your IBM representative or IBM Business Partner, or visit the following website:

[ibm.com/systems/z/software](http://ibm.com/systems/z/software)

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