Business challenge

With several economic, demographic, regulatory and technological factors in play, the cards and payments industry is witnessing rapid innovation across the value chain. Additionally, today's tech-savvy consumers are using various payment options like simple payment service. LOTTECARD aspired to meet the need for innovation with speed, as well as deliver applications and services with minimal cost and risk.

Transformation

By applying cloud native technology from IBM and Red Hat Openshift, LOTTECARD aims to achieve greater visibility, scalability, security and speed while reducing costs.

Results

4X

increase in customer workload success-fully managed by the core system

Secure interoperability

of the core financial system across diverse channels

Build once and deploy anywhere

with cloud native to increase efficiency, productivity and accelerate app development

LOTTECARD

LOTTECARD adopted a cloud native technology to transform its core financial system

LOTTECARD is a Korean credit card company. Headquartered in Seoul, LOTTECARD has a partnership with Lotte Capital, and both companies are part of the Lotte Corporation. LOTTECARD was established in December 2002 as a technical and business company licensed by American Express and Lotte Department Store. In the second half of 2019 LOTTECARD was acquired by a consortium including Woori Bank and MBK Partners, and has since emerged as a viable challenger set to change the landscape of the card industry.

"Through cloud containerization, we can continuously add new services and operate efficiently and reliably even at peak time as we keep pace with digital transformation."

—Jeong Han Kim, CIO, LOTTECARD

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Respond with greater agility to rapidly changing market conditions

LOTTECARD, which specializes in the distribution and service sector, is paving the path to change the terrain of the card industry. It was acquired by the consortium of MBK and Woori Bank. The domestic card industry continues to raise concerns about growth due to domestic regulations,

"We look forward to bringing the power of IBM's hybrid cloud capabilities and financial services industry experience to LOTTECARD's mission-critical infrastructure"

—Archana Vemulapalli, GM IS Offering Strategy, Management and Development, IBM Infrastructure Services

competitive markets and saturation of users. According to the Credit Finance Association, the commission rate of merchants, one of the major sources of income for credit card companies, has been continuously decreasing since 2012. In addition, as the ICT companies armed with digital technology are expanding the

payment platform business based on convenience such as large-scale customer base and simple payment, the position of the card industry is narrowing. In a more uncertain management environment than ever, LOTTECARD declared its transition as a "digital platform company" and began to speed up innovation.

Transformation into a digital platform company with cloud native strategy

In 2018, LOTTECARD introduced a platform cloud as a service to mobile integrated applications, and increased customer satisfaction and total cost of ownership due to the improvement of mobile app performance. LOTTECARD experienced very positive impact. Based on the competitiveness of the customer channel system, LOTTECARD decided to expand the service-type platform cloud to the core financial system.

LOTTECARD decided to work with IBM to adopt a container-based cloud strategy to migrate and manage its financial systems. LOTTECARD adopted cloud containerization architecture based on Red Hat OpenShift, which is synonymous with "open" to implement a scalable application environment and break vendor

dependencies. With its hybrid cloud strategy, LOTTECARD plans to deliver new technologies to support customer service, such as the synergy with the LOTTECARD LIFE application that offers a super-personalized service and gives its mobile users a 360-degree purview of all the company's best benefits and services in one platform. The flexibility of using cloud technologies over a traditional IT infrastructure can allow LOTTECARD to respond with greater agility to rapidly changing market conditions and competition, to help serve their customers better in near real time.

IBM is closely working with LOTTECARD to help it innovate rapidly while meeting different security guidelines optimized for the cloud. A compliance response system for the cloud using OCP security specialist personnel who are highly experienced in financial services security management is also planned for LOTTECARD.

Enabling industry innovation with open-source technology

LOTTECARD worked with IBM to minimize the modification of the core financial system and move it to the container. Through this, they minimized the migration risk, while implementing the enterprise cloud environment.

IBM was able to accelerate customer workload processing by 4X. Since the opening of the Life platform in July 2018, the channel has been experiencing a notable increase in traffic. The reality is that the workload that the core system can withstand has been increasing 2 times, and at times up to 4 times, higher traffic from non-face-to-face customer workloads and also adding the inflow from FinTech channels. As the speed of digitalization increases, the growth in the number of non-face-to-face transactions is inevitable.

In the current account system, tasks are handled by workloads such as customers, operations, tasks, sales, bonds, accounting, and products. In the future, the workload will be further subdivided and adjusted, and container technology will be applied. For example, in the case of product business, it will be divided into detailed workloads such as product partnerships, marketing, and rewards to perform its functions. The flexibility of using cloud technologies over a traditional IT infrastructure can allow LOTTECARD to respond with greater agility to rapidly changing market conditions and competition, to help serve their customers better in near real time.

Take the next step

Learn more about a unified approach to managing a hybrid multicloud environment.

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