



AMH delivers agility, simplicity & substantial cost savings

KBC Bank experience major business benefits as a result of their new infrastructure with Alliance Messaging Hub at its core

By 2016, we estimated to have halved our total cost of ownership for SWIFT infrastructure.

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CIO Merchant Banking, SSO & Group Functions at KBC Group

KBC Messaging Financial Project

An outline of our operations is a good place to start. At KBC, Financial message traffic is centralised. There is one central infrastructure and 95% of all SWIFT traffic goes through that hub. The hub also manages internal routing, so, if we don't have to go out to SWIFT, we route the messages internally. About 60% of traffic we manage in the hub is internal routing between KBC entities. However, KBC has seen a strong increase in volumes of SWIFT traffic over the last few last years which was one of the key drivers for this project.

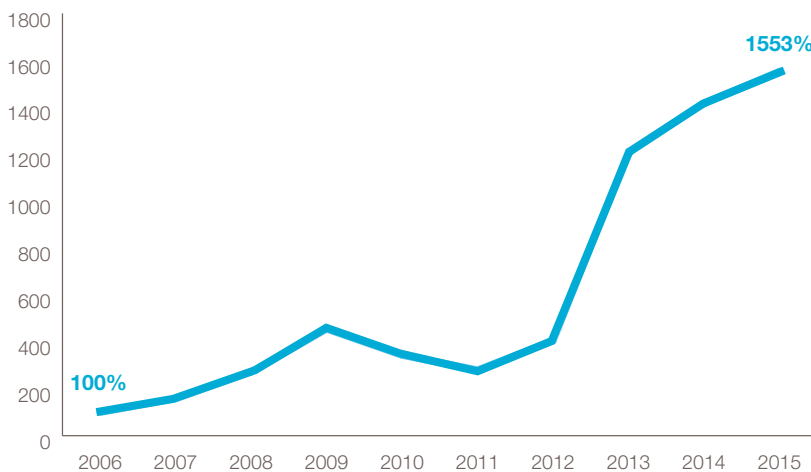
Compelling change

If you looked at the architecture before the project started you would see a very complex situation. It had grown organically over the years. We had multiple solutions in place with different types of servers and applications. As a result, complex monitoring and quality management was a feature of our day to day operations. Also, our costs were increasing and every time we needed to add extra volumes of traffic, cost increased in parallel.

Another important driver for change was that the existing solution didn't offer enough flexibility to add the new services our business needed. We knew we were facing a huge increase in volumes and we had to address this situation and reduce complexity in our hub overall.

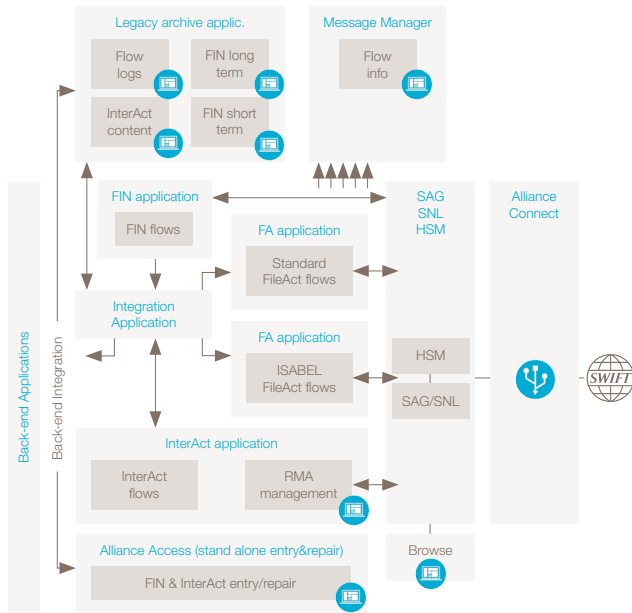
Additional resilience built in

To summarise our changes, from an architecture perspective we switched from multiple separate systems to one STP engine to do all the high volume SWIFT Messaging. We installed one instance of Alliance Messaging Hub (AMH) and one archiving solution. We also integrated Alliance Access for manual entries and as a result we increased our overall resilience. We already had Alliance Access in our infrastructure but in the new setup with AMH we implemented a dual active implementation with automated failover. When one system goes down the other automatically does the failover. This was very important for our new solution.



▲ KBC SWIFT traffic evolution (Kchar)

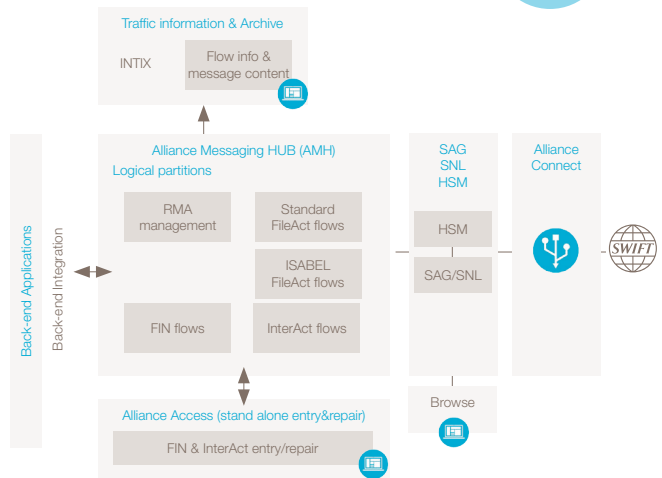
22 servers, 10 applications



▲ KBC architecture before the AMH implementation

11 servers, 4 applications

-50%



▲ KBC architecture after the AMH implementation

Expertise delivers a solution that's a "big success"

After some consideration we chose to manage the project in-house. KBC managed the project, the project team was internally resourced and we added consulting expertise from SWIFT. We found that this set up would cost less than an outsourcing scenario.

Having SWIFT consulting on the project meant that we could build up the knowledge in the in-house team as the project progressed. We could also keep control of the architecture and build it with future robustness in mind. At the peak there were 5 FTE internally with one SWIFT consultant. It wasn't a big project for the bank but it was a very important one. Another key feature of our approach was our mixed team; it was managed jointly between the business and IT with SWIFT.

We started the project in 2012 and delivered in the first quarter of 2015. In the first year we focused on doing a proof of concept to validate the solution. So we really only worked on the project implementation for two years.

We had a phased delivery of the programme. We didn't implement all the different types of flows at the same time. We approached it in an agile way, setting up the

infrastructure and then adding new flows in every release. We started with Interact in 2013 and then added FileAct & RMA in 2014. Finally, we migrated all the FIN flows which are the most important to us, and the most delicate ones to migrate. In the second quarter of 2015 we ran down the old infrastructure, now all of those servers have disappeared.

By doing this project in an agile way and with the very good knowledge input from SWIFT, we managed to do all of these migrations without any service interruption or quality loss. That's considered a "big success" for this type of project.

Great outcomes

By 2016, we estimated to have halved our total cost of ownership for SWIFT infrastructure. This was achieved through the AMH implementation and a simultaneous migration to a Linux server environment. Indeed, if we'd done nothing to our architecture in this time, we would have increased our costs by 20%. In all, this was a very successful project. It enabled us to reduce the complexity in our architecture. With growing traffic volumes we were able to significantly reduce our total cost of ownership. We have a much more stable messaging solution than the old one. And, we now have the flexibility to introduce

new services due to the adoption of Alliance Messaging Hub in our architecture. As a business manager, I have to make sure there's good business continuity. Thanks to the agile approach and the good co-operation between the business, IT and SWIFT we could implement the new architecture without any service disruptions whatsoever.

SWIFT & KBC developed a good partnership around AMH over the period of the project. For us it was important that we could input into the product development roadmap. Today, we are still working closely together for KBC's future requirements.

About AMH

Alliance Messaging Hub (AMH) was designed to meet the needs of multi-entity, multinational, global financial institutions who have high availability and operational requirements and in many cases need to process substantial volumes of messages daily. AMH is a flexible and open SOA platform that is designed to support the flow of financial message traffic for SWIFT and local clearing gateways. It is easily extendable to more services and protocols. AMH has significant differentiating features including:

Features

Full support for SWIFT and local clearing networks

Off-the-shelf adapters for flexible back-office integration

User-friendly web interface for business and IT users

Easy to configure business flows, define formats and make changes

Open and componentised architecture

Non-disruptive solution enabling seamless integration in the customer environment

Flexible and scalable setup for low-cost entry

Resilience and performance supporting volume growth as well as the peak volumes

Multi-networking

Powerful search capabilities

About KBC

The KBC Group is an integrated bank-insurance group, catering mainly for retail, SME and mid-sized customers. Its core business is in Belgium and some central & eastern European countries. It also has a presence in other regions and countries across the globe.

10m customers, 38m employees, Market Capitalisation 25bn Euros. It is ranked number 38 on SWIFT with 18 BICs.

About SWIFT

SWIFT messaging platform, products and services connect more than 11,000 banking and securities organisations, market infrastructures and corporate customers in more than 200 countries and territories. Whilst SWIFT does not hold funds or manage accounts on behalf of customers, we enable our global community of users to communicate securely, exchanging standardised financial messages in a reliable way, thereby facilitating global and local financial flows, and supporting trade and commerce all around the world. As their trusted provider, we relentlessly pursue operational excellence and continually seek ways to lower costs, reduce risks and eliminate operational inefficiencies. Our products and services support our community's access and integration, business intelligence, reference data and financial crime compliance needs.

SWIFT also brings the financial community together – at global, regional and local levels – to shape market practice, define standards and debate issues of mutual interest or concern.

Headquartered in Belgium, SWIFT's international governance and oversight reinforces the neutral, global character of its cooperative structure. SWIFT's global office network ensures an active presence in all the major financial centres.

SWIFT does not hold funds or manage accounts on behalf of customers.

For more information please contact your SWIFT account manager or email directly to cloud@swift.com