

Sterling Bank: Building Systems to Bank On

Hurricane Prompts Texas Bank to Change Disaster Recovery Strategy

Highlights

Customer: Sterling Bank
www.banksterling.com

Industry: Banking

Solution: Server Refresh, Disaster Recovery Implementation

Products: IBM® eServer™ i5 550, i5 570, Lakeview Technology™ MIMIX®, Sirius Technical Services, IBM Global Financing



Sterling Bank, a wholly owned subsidiary of Sterling Bancshares, Inc., Houston, Texas (NASDAQ: SBIB) was founded in 1974 and has become one of the largest, locally-managed banks in Texas with financial assets of \$3.7 billion.

“The hallmark of Sterling Bank is personal customer service, the kind of service not available from the large, out-of-state banks,” says J. Downey Bridgwater, chairman, president and chief executive officer of Sterling Bank. “We deliver personal service at more than 40 banking offices in the Houston, Dallas and San Antonio markets. Each customer is guaranteed access to a decision-maker at the customer’s local office.”

Customer-focused and dedicated to the success of owner-operated businesses in the Lone Star State, Sterling Bank specifically markets to small to mid-sized businesses by offering services such as checking and savings accounts, financial planning, trust services, equipment leasing, and treasury management.

Success Fuels Change

After experiencing significant growth, the technical team at Sterling Bank set out to improve both performance and scalability of the existing server environment to match new business requirements. Sterling Bank turned to local IBM Business Partner, Sirius Computer Solutions, and IBM to better understand its options.

“We planned for the system to support Sterling Bank until we reached \$3 billion in assets,” said Dave Throgmorton, vice president and senior technology officer at Sterling Bank. “We are now at \$3.7 and the transaction workload surpassed what our system could handle effectively.”

While addressing the growth requirements, hurricane activity in Texas added a new dimension to their search - a high availability solution they could live with. Sterling Bank’s main data center is located in Houston, Texas. With Houston in the direct path of a significant hurricane, Sterling Bank used its IBM Disaster



“We configured this system to last, and the Capacity Upgrade on Demand feature assures me that performance is just a phone call away.”

*- Dave Throgmorton
STO, Sterling Bank*



Recovery contract and declared a state of emergency. But in doing so, Sterling Bank discovered that while the data and systems would be fully recovered at the remote disaster recovery facility, the cutover was not instantaneous.

After determining that Sterling Forest was their target site, a team of technical professionals from Sterling Bank went to New York in preparation for the cutover. The hurricane took a turn, the devastating threat to Sterling Bank’s data center in Houston was averted, and the switch to the failover site did not occur.

“The exercise revealed some facts we couldn’t live with,” said Throgmorton. “If we had initiated the failover to Sterling Forest, it would have taken us approximately one week to return all operations to our Houston location. That prompted us to consider alternate disaster recovery solutions.”

The Reality of Recovery

The process of moving data, communications, and the entire operating environment to a disaster recovery site would have provided

Sterling Bank with the ability to keep all users (employees and customers) on the system during the disaster. The initial down time could have lasted anywhere from twelve to twenty-four hours depending on the time the disaster was declared, travel schedules to get personnel and data to the site, and the logistics of the failover.

“Because there is not enough time during the week to perform an entire backup, get that backup to Houston, and recover the system in Houston as our primary server, we would have had to run from the site in New York for an entire week,” said Throgmorton. “The reality of that kind of situation prompted us to take an alternative route to disaster recovery.”

Solving Both Challenges: Performance and Disaster Recovery

Sterling Bank now had two requirements to meet: increased performance for mission critical applications, and a disaster recovery solution that allowed for a significantly faster switchover and recovery.

“Sirius sponsored an Executive Briefing in Rochester, Minnesota,” said Throgmorton. “And the ability to meet with IBM and Sirius experts resulted in a strategy to utilize some of the new features and performance benefits of the i5 systems as well as understand how high availability and disaster recovery can be accomplished with MIMIX.”

Performance:

Sterling Bank needed to decrease the overnight processing of its BOSS application. It was taking ten to eleven hours to run daily, and fourteen hours at month end. During this extended processing time, the system was in a restricted state and customers were not getting the latest information with current transactions being visible (for example ATM transactions would not be showing). Benchmark tests in Rochester showed results of those times being decreased to four hours daily, and four and one-half hours at month end - with the core processing being done in less than two hours.



“When these jobs are running, two of our key applications, ATM and IVR, are put into standby - and no transactions are posted,” said Throgmorton. “With some benchmark tests, we were able to determine the right processor power, disk drives, memory, and tape library to solve that problem. The results are impressive.”

Sterling Bank used the benchmark results to configure a new i5 Model 570 system with three logical partitions (LPARS). The 570 is an 8-way, POWER5 system, but Sterling Bank has only activated four of the eight processors. The other four processors are Capacity Upgrade on Demand, and can be activated when the performance is required. A complete system backup, which took six hours previously, now completes in just two hours, and 400GB fits on one LTO tape cartridge.

Disaster/Recovery:

Sterling Bank has brought the disaster/recovery strategy in house with a second IBM i5 Model 550 system located in San Antonio, Texas. Using MIMIX from Lakeview Technology, and high availability implementation services from Sirius Computer Solutions, Sterling Bank now has the ability to move all processing from the 570 to the 550 instantaneously and with zero

downtime. No need to send personnel to a remote location, no downtime for employees or customers, and significant savings (US\$60,000) on the yearly Disaster Recovery contract.

IBM Global Financing

It’s not every day that a bank uses IBM Global Financing as the means to purchase IT solutions, but it was the finishing touch on the total solution for Sterling Bank. “IBM Global Financing made us an offer we could not refuse. We don't normally use financing but in this case, we could not pass it up,” said Throgmorton.

Banking on IT

Sterling Bank is now strategically positioned to offer customers reliable, highly available systems, faster response times, and data protection even in the face of disasters.

“Investments like this are key to our focus on our banking customers,” said Throgmorton. “Our ability to provide accurate, timely information to branch office customers, ATM customers, and online customers is a key component of our IT strategy. Protecting customer data and providing uninterrupted service is now something all Sterling Bank customers can bank on.”

“Sirius provided a great deal of value to our IT strategy by hosting a trip to Rochester, providing hardware and software configuration and design, and providing certified high availability resources to perform the implementation services.”

- Throgmorton





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