

Core Processing: Prosperity Bank enables Texas-sized growth on IBM

System migration reduces nightly processing time by 33% and accommodates future growth.

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- • Challenge To better manage the company's demanding transaction load and processing requirements, as well as enabling the company to continue keeping pace with rapid growth
- • Solution Migrating the company's core bank processing solution to a new IBM System p570 server running the IBM AIX® 5.3 operating system
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• Key Benefits Improved system performance and throughput, reducing nightly processing times by 33 percent and easily accommodating the company's growing database. Established in 1983, Prosperity Bank has made its mark on the Texas banking industry. With US \$6.3 billion in assets, this Houston-based company was recently named to the Keefe Bruyette & Woods, Inc. 2007 Honor Roll for achieving exceptional earnings per share growth for the past 10 years. Prosperity Bank offers a complete range of financial products and services for personal and business banking, from traditional loan and deposit products to 24-hour Internet and telephone banking. By embracing a community banking philosophy, Prosperity Bank combines personal service, modern convenience and local decision making to distinguish itself from local and national banks. Publicly traded since 1998, Prosperity Bank has enjoyed a phenomenal rate of growth. Having recently acquired The Bank of Navasota, the company currently has 124 full-service branch offices, including locations in Houston, Austin, Bryan/College Station, Corpus Christi and the Dallas/Fort Worth metroplex. Says Dan Rollins, president of Prosperity Bank, "In the last few years we've gone from 500 employees to more than 1,300. We're a very fast-growing organization, which means it's a challenge making sure that technology keeps up with us." A history of success on IBM System p Already on a fast growth trajectory, Prosperity Bank took steps in 2002 to help ensure that the company would be positioned to handle the IT demands that come with rapid expansion. The company implemented Vision™, a core banking application from IBM Premier Business Partner Precision Computer Systems (PCS), deploying it at that time on an IBM System p650 server. Rollins says the company had outgrown their previous core banking system: "The software was made for smaller banks with fewer locations. It didn't have the bells and whistles we needed." Prosperity Bank considered a number of solutions from different vendors but selected the PCS and IBM System p™ solution because it was all-inclusive—what Rollins describes as a fully integrated A-to-Z bank processing system. "The service level from PCS was very high," he says. "We've been very pleased with what they've done for us. We said back in 2002 that we wanted to build an infrastructure that was fully scalable to allow us to double or triple our size over the next five years, and that's exactly what we've been able to do." The bank grew exponentially on the System p650 server. In 2002, Prosperity Bank was a billion-dollar organization, with 30 locations and approximately 100,000 accounts. Now they have locations spread across the state, and they process millions of transactions through their core banking system each month, including paper transactions, checks, electronic items, direct deposits, direct debits, debit card transactions and ATM transactions. Meeting critical business needs When the bank's increasing transaction volumes eventually began to put a strain on their system, Prosperity Bank decided it was time to upgrade the hardware. One of the company's main goals for the new solution was to improve system performance—reducing processing times and increasing transaction throughput. But Rollins says they also wanted a solution that would support the company's rapid expansion. "We've got a compound growth rate in assets of about 25 percent—and we've been growing at that pace for probably 15 years. It doesn't do us any good to buy a piece of equipment that we're going to outgrow in a month. We've got to have enough capacity to continue to grow." To meet these critical business needs, PCS helped Prosperity Bank migrate the Vision system to a new System p570 server running the IBM AIX 5.3 operating system. A transparent transition

System p was a natural choice for Prosperity Bank for several reasons, including the excellent performance and growth the company achieved on the previous System p implementation. "We've been an IBM shop for a long time," says Rollins. "Our core processing server has always been IBM." Enabling a smooth transition to the new system was another important consideration. "We were looking for compatibility," he explains. "We did not want to disrupt our system or go through a complete conversion or anything that would be cumbersome or problematic. We wanted a seamless, transparent transition." To help ensure a seamless migration process, PCS brought the System p hardware to their facility in Sioux Falls, South Dakota, for staging and testing. Then they shipped it to the Prosperity Bank data center in Houston. Technicians from IBM and PCS came onsite to install the equipment and run a complete battery of tests before going live. By working to minimize disruption of routine operations, the cut-over was transparent to customers as well as bank personnel in the field. Having successfully migrated to the new hardware, Prosperity Bank continues to see a return on their investment in the original System p server, which has been deployed for business recovery and testing purposes at their backup site in Dallas. Performance gains—and room to grow

Rollins says the performance improvements with the new p570 server were apparent immediately. "We certainly picked up speed," he reports. "We run about five million paper transactions a month through our item processing shop. That team saw a huge improvement in processing time." In fact, nightly processing times were

reduced by 33 percent, including batch and accrual, reporting, statements and backups. And as Rollins explains, these performance gains impact daily activities as well: "Picking up speed overnight processing allows us to do more of the things we need to do overnight, so we're not slowing things down in the field during the day." The p570 server easily accommodates the bank's growing database, which has already expanded from 20 GB to 30 GB since the server was implemented. But perhaps more importantly, the System p server has given Prosperity Bank the headroom to handle future growth. "Our expectation is that the System p server is going to carry us three, four or five years," says Rollins, "just like the previous one did." For more information contact your IBM sales representative or IBM Business Partner. Visit us at: ibm.com/systems/p For more information about Prosperity Bank, visit: www.prosperitybanktx.com For more information about PCS, visit: www.pcsbanking.com