

LEADING ASEAN-REGION BANK DRIVES AWARD-WINNING INNOVATION WITH ZADARA

On-demand Zadara cloud services power rapid growth and internationally-recognized digital transformation at Union Bank of the Philippines.

The value of digital banking services was brought sharply into focus when pandemic response measures, such as social distancing, made it less convenient for customers to visit physical branches. At traditional banks, the ability to deliver effective digital services (e.g. online transactions and digital check deposits) is realized through digital transformation, which rebuilds the business not only at the application level but at the IT infrastructure level as well. Industry analysts frequently note that infrastructure needs to become more agile to effectively support digital transformation.

"Investor and consumer attention to 'digital' is increasing pressure on financial services firms to build a strategy for digital transformation."

Gartner²

Recognizing the importance of agile infrastructure, **Union Bank of the Philippines (UnionBank)** undertook a major transformation project that aimed at delivering on-demand IT resources to support the bank's goals of innovation, efficiency, and scale. Part of this transformation was a shift from traditional on-premises data storage to Zadara's zStorage, an award-winning storage-as-a-service solution.

HIGHLIGHTS

- Enabled rapid customer growth with on-demand infrastructure and capacity
- Reduced time and complexity of regulatory approval compared to public cloud
- Provisioning and upgrade times reduced from weeks to minutes
- Significant CapEx savings with Zadara pay-as-you-use model
- Reduced cost and risk of delivering customer proof of concepts

¹ Gartner. October, 2019. How Infrastructure and Operations Can Enable Digital Change.
<https://www.gartner.com/smarterwithgartner/infrastructure-operations-can-enable-digital-change/>

² Gartner. The State of Digital Transformation for Financial Services Business-Line Leaders.
<https://www.gartner.com/en/industries/financial-services/trends/digital-business-transformation>

The outcome? Rapid customer growth and significant international recognition, including three consecutive years as Asiamoney's Best Digital Bank of the Philippines, and eight awards at the 2020 Retail Banker International Awards. UnionBank also received a Gartner Eye on Innovation Award in 2020.

"We expect to double our acquisition of customers in 2021"

Henry R. Aguda
Senior Executive Vice President
and Chief Technology and
Operations Officer, UnionBank

"We expect to double our acquisition of customers in 2021, with more customers using digital services," explains Henry R. Aguda, Union Bank's Senior Executive VP, CTO and leader of digital transformation. "A few years ago, if we wanted to attract more customers, we might have put up new brick-and-mortar branches and ATMs. But we realized we needed to invest in digitizing the bank, because worldwide trends show physical banking infrastructure is going away. Now, our culture has evolved from a traditional bank to a fintech organization."

To change its culture, UnionBank needed to empower its people with the agility to create new products and move quickly in terms of market expense. Transforming IT infrastructure was key to achieving this.

"You can only be as fast as your infrastructure," says Henry. "We heavily utilized cloud, but not everything can be moved to public cloud. That's when we started exploring solutions such as Zadara and found we could have the best of both worlds."

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CHALLENGES

As well as its need for transformational storage as a service, UnionBank prioritized cost efficiency and faced challenges around banking regulations in selecting a solution.

As one of the largest and fastest-growing banks in the Philippines' emerging economy, UnionBank needed a highly scalable storage solution to support its growing customer needs. Although its core business is commercial and corporate banking, UnionBank's retail customer acquisition had been accelerating, leading to rapid data growth. However, the bank favored an efficient, just-in-time approach to adding capacity over acquiring storage up-front.

"We're a bank, we play the margins, we need to maximize our ROI," explains Henry. "If you pay too early for capacity, it's a waste of money. If you're late with capacity, then you can't meet the customer's needs. So, storage has to be on demand."

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UnionBank also needed a storage solution that would **minimize time and effort required to gain regulatory approval.**

"If you go to public cloud, it's tough to get approval and it takes time," says Henry. "Another option was to make an up-front investment in on-premises storage. That may be fast from a regulatory standpoint, but it would have been difficult in terms of the expense."

THE SOLUTION

The Zadara solution was to provide cloud-like, on-demand storage that is deployed on premises at UnionBank's data center. The solution was implemented by Sandz Solutions Philippines, a leading managed services provider specializing in IT infrastructure optimization.

"The idea Sandz Solutions brought to us was, why not storage on demand, on premises?" recalls Henry. "You pay for what you use. Regulators accepted that it was the right approach for banking. And we can spin up infrastructure for new projects in a day, then recycle it when the project ends. It was the perfect hybrid solution for the problem we had."

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Henry R. Aguda

UnionBank is at around 50% utilization of its installed Zadara storage capacity now, but Henry sees its capacity growing. "We now use Zadara for a lot of our storage requirements, because of its flexibility.

The storage-on-demand model has saved us a lot on capex, compared to if we'd invested in fully-owned equipment."

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Implementation of Zadara's zStorage was almost as fast as its on-demand capacity, recalls Henry. "The nice experience with Zadara was, I didn't have to wait for the implementation. I told the team we needed an on-demand infrastructure, they went through an evaluation process and came back with the Zadara solution, and then it surprised me that it was already up and running."

THE BENEFITS

CHANGING THE RULES

Following its move to Zadara, UnionBank has changed how it evaluates storage performance. The bank is able to meet data-intensive customer needs more quickly.

"Before and after is hard to measure, because on-demand storage is a transformative initiative," says Henry. "It changed the rules, so to speak. What government agencies and our other customers care about is how we provision their requirement. In the past it would take us a few weeks. Now we just spin up the resource and load the data, even for huge storage requirements. From a few weeks to real time—you can't beat that."

FASTER ENGAGEMENT AND INNOVATION

By making infrastructure more agile, with reduced time to stand infrastructure up and down, the Zadara solution has helped UnionBank's teams to become more productive and take new products to market faster.

"It's a value chain," explains Henry. "If your infrastructure is slow, everybody in the business is slowed down. But when your infrastructure enables you to always provide a service when it's needed, things speed up. I think that's the biggest advantage of an on-demand storage paradigm."

"We are able to engage more quickly, with more customers," Henry continues. "And we do so without fear of losing an investment, because infrastructure can be recycled the next day when projects don't work out."

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FROM 2 WEEKS TO ON DEMAND

The on-demand nature of Zadara storage also means that UnionBank is no longer held back by storage upgrades or the time it takes to deploy them.

"The nice thing is, we can have a huge box on premises and we don't have to worry about paying for all the capacity," says Henry. "We just pay for what we use."

"With our older storage, when you're adding 20 to 30 TB, it will take a week or two. Now we use Zadara as the benchmark for our other storage partners, asking them to meet the same SLAs Zadara provides."

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COVID RESILIENCE

When the COVID-19 pandemic led to a national lockdown in the Philippines, UnionBank was able to continue operating 100% of its digital services from the very first day. As part of the bank's wider digital transformation, Zadara storage was part of the infrastructure that enabled this continuity.

"When COVID struck, it affirmed everything we had undertaken with digital transformation," recalls Henry. "People needed digital banking more than ever, and we onboarded more retail customers in the first six months of the pandemic than we had expected in five years. Our customers can easily pay bills, do bank transfers, and open accounts, without leaving their homes. The support UnionBank provided wouldn't have been possible without the proper technology infrastructure."

INFRASTRUCTURE ADVANTAGE

As other banks have sought to emulate its success with digital banking services, UnionBank has retained a competitive edge thanks to its on-demand infrastructure foundations. The bank is continuing to evolve its customer experience to support further growth.

"If it takes weeks to increase your capacity, you'll sink"

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"They've been trying to evolve as fast as they can on the application layer, but their infrastructure layer gets them into trouble," explains Henry. "We started by reviewing our infrastructure, knowing that if it takes weeks to increase your capacity, you'll sink."

WHAT'S NEXT

In the new marketplace banking world, where personalized digital experiences are a strong driver of customer acquisition, UnionBank is expecting to continue its rapid growth by further evolving its services. The bank's digital transformation, including Zadara storage, is the foundation of that success.

"Infrastructure is the catalyst that's allowed us to move faster than the competition"

Henry R. Aguda

"Union Bank has had this long journey of innovation, cultural change, successes, and international recognition. But underneath that is the infrastructure that we've built. It's the catalyst that's allowed us to move faster than the competition."

Thank you to Henry R. Aguda, Senior Executive Vice President and Chief Technology and Operations Officer at Union Bank of the Philippines, for this interview.

To learn more about UnionBank, please visit www.unionbankph.com.

To learn more about Zadara Cloud Services, please visit www.zadara.com.