

Case Study: Communications, Media & Technology

Card Services Provider Scales New Performance Heights

By shifting to a high-powered virtualized environment capable of five million transactions per day, Alliance Data has cut costs, greatly increased its speed and agility, and improved customer satisfaction while positioning the company for more profitable growth.

When you're in the business of providing the back-end card services that help top retailers get closer to consumers, you've got to be a loyal partner yourself. That means always delivering the speed and reliability needed to handle potentially millions of transactions for customers every day.

With this as its guiding principle, Alliance Data, a leading U.S.-based provider of loyalty rewards programs and credit card services to merchants, recently embarked on an initiative designed to help the company better serve customers and speed new-product time to market. The company handles \$10 billion in sales annually for 150 big-name brand partners that serve a customer base of over 20 million across the U.S.

In 2015, Alliance Data had come to the end of the road with its on-premise data center, according to CIO Mike Rosello. Because the systems offered little visibility into the root cause of incidents, it was

At a glance

We helped Alliance Data, a major U.S. marketing and loyalty solution provider, migrate to a virtualized data center in under seven months, on-budget and without any downtime. The new system dramatically reduced costs while increasing the company's ability to roll out new products and respond to changing market conditions.

Outcomes

- Deployed industry best practices and frameworks such as ITIL v3, ISO 20000 and ISO 27000, ensuring compliance with regulations such as PCI.



AllianceData.

difficult to meet service-level agreements expected by customers. As a result, customer satisfaction was languishing at an unacceptable 60%.

From a technical perspective, data was hard-coded, and there was no way to access application programming interfaces (APIs) and web services to ease data integration. In addition, the company's contract with its legacy data center provider was inflexible.

Alliance Data's legacy infrastructure was outdated, complex and costly to maintain, according to Rosello. It was time to make a move.

The turning point for Alliance

The answer seemed simple enough: For starters, change the data center provider. But the migration needed to happen outside the holiday period between November and January – Alliance Data's busiest, accounting for 40% of annual revenues. Due to contractual constraints and the busy period, the timeline would, therefore, be a maximum of six months.

The technology services providers that had been asked to provide a request for proposal on this project were unable to meet the tight timeframe. Because we could not meet the timing, we partnered with Alliance Data to build a virtualized data center infrastructure for the company's card services business. The program helped drive significant improvements while providing smooth transitions, effective change management and minimal downtime.

As part of our end-to-end data center refresh program, we invested more than 12,000 project hours, reducing 13,000 obsolete rules, introducing more than 150 service enhancements and virtualizing 99% of the legacy infrastructure. Our team made many improvements to customer experience, including an artificial intelligence/machine learning (AI/ML)-based recommendation capability based on the IT automation platform HiveCenter™ and an AI/ML-powered chatbot.

We delivered the project on time and within budget. One year after the migration, Alliance Data

- Improved customer experience, with satisfaction jumping from approximately 70% to 98% in one year.
- Boosted availability from 98.5% to 99.9999%.
- Lowered downtime by 60% from 2016 to 2017 with proactive incident management.
- Reduced major incidents by 50%, year over year.
- Cut IT operating costs by 25% in one year, totaling \$10 million in savings.
- Standardized IT processes across all business units, increasing efficiency.

had reduced its operational expenditures by 25%, equaling \$10 million in productivity improvements and cost avoidance. The company gained full data transparency through the eMITE reporting dashboard, along with a state-of-the-art reporting toolset, including Zenoss and ServiceNow. Most telling: Customer satisfaction now sits at 98%, measured for every closed incident.

Meeting the needs of the busiest time of year

Rosello is satisfied that Alliance Data's new data center can scale the heights of seasonal customer demand. And he's confident our partnership can go the distance, too.

The team survived Black Friday and Cyber Monday, as well as the launch of its busiest period in terms of transaction volumes and new account volumes. The state-of-the-art platform performed well, and there was not a single incident reported, making it the most successful period of the year. "We were just monitoring all the events, and we did not have a lot of work to do," says Rosello.

The system will have its first major test next holiday season, when Rosello predicts new business and record transaction volumes could reach four million on certain days. Without the virtual environment and new contract, Alliance Data would struggle to meet the challenge.

With a robust infrastructure in place, Alliance Data is expanding its customer offerings, particularly in data and analytics. "We have to combine white-glove treatment and attractive cost with data and digital capabilities," Rosello says. "Our card services mantra for years has been very simple: 'Know more, sell more.'"

A foundation for growth

While it was good news that the data center migration drove major cost savings, Rosello is looking for an increase in business that could potentially drive higher costs while dramatically increasing profitability.

"I will pay for [use of] this environment to grow because I am growing it for the business. I will pay for that all day long. Growth is more important by far than cutting costs," says Rosello.

That growth, he hopes, will flow from happier customers, who now encounter fewer transactional obstacles. Incident management throughout 2018 improved dramatically. "Very simply, it comes down to this: When our partner can identify the root cause of an incident, it does not reoccur. If we had a dozen or 20 incidents this year, we had a root cause for every one of them, and they have not reoccurred," says Rosello.

As Alliance Data enters year two of an ambitious three-year IT plan, it has a strong digital backbone managed by a well-connected partner that can flex with its customers' ever-increasing demands. "Cognizant understands our business," he says, which is critical to Alliance Data's ability to lead in today's dynamic digital world.

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About Cognizant

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