With satellite technology, Banco do Brasil gains communications capabilities that slash operating costs and drive superior service

Banco do Brasil of today is a modern, multi-national banking powerhouse with more than 13 million customers served by nearly 7600 branches throughout Brazil and other countries in South and Central America, as well as in the U.S., Europe and Asia. Winning customers through fast and convenient services and a steady offering of innovative financial products, Banco do Brasil appears to be the epitome of high-tech banking. As recently as the early 1990s, however, the bank found that lack of technology was literally thwarting its growth.

“We were in a growth mode but were finding that because of our reliance on a terrestrial network, adding new branches was an expensive operation,” explains Heliomar Medeiros de Lima, Executive Manager of Banco do Brasil’s Technical Department.

The bank had been utilizing a standard dial-up telecommunication network to transfer information and update customer accounts. Line reliability was insufficient for volume data transfer and had long been a vexing issue in many locations, but as Banco do Brasil moved to expand to remote areas throughout Brazil, dramatically rising network costs brought the situation to a head.

Installation costs to supply dedicated lines across difficult terrain were high, but more often, timely installation was not available at any price, even for a federal bank considered a trendsetter in Brazil’s emerging economy. “Often getting dedicated lines installed wasn’t even a matter of months; timetables for installation could be up to four years,” de Lima recalls.

To keep in step with its growth strategy, Banco de Brazil relied upon a decidedly low-tech communications solution at many branches.

“At the close of business, employees would take papers and checks and drive in cars to the nearest regional center,” says de Lima. “Printed reports would be generated and also be hand delivered to many locations.”

Obviously, the bottom-line labor costs of all these activities were very high, but perhaps even more expensive was the hidden cost of lost opportunity.

“With so many people busy with these things, our ability to quickly launch new products in demand by our customers was very limited,” says de Lima.

A better solution for Banco do Brasil

With a growing regional economy bringing greater banking competition, top executives at Banco do Brasil realized that a new communications network was needed and the decision was made to invest significantly in the best IT solution available.

“Our need was to connect branches and get all of them online, no matter where their location, so they could communicate in real time with high reliability and at a fair cost,” says de Lima.

Already saving millions and connecting the “unconnectable” through a HUGHES VSAT (very small aperture terminal) satellite system, Banco do Brasil upgrades to a HUGHES DIRECWAY™ broadband solution, securing powerful new services and setting the stage to save millions more.
Banco do Brasil investigated several different technologies but, says de Lima, “it soon became clear that VSATs were the best solution and that they were able to deliver what we needed while meeting our cost requirements.”

Banco do Brasil looked at a number of satellite networking providers and chose Hughes Network Systems.

“HUGHES impressed us with their technical features as well as their pricing,” says de Lima. “We compared them to other suppliers and they were superior in both aspects. Another thing was that HUGHES had the proven international experience to successfully implement a network like this. That gave us confidence.”

Within two years, almost 2,000 remote Banco do Brasil branches were connected to the corporate WAN — many for the first time — using a VSAT solution from HUGHES, providing each location with fast and reliable data. The results were dramatic.

“Savings related to network charges and internal network management costs soon added up to millions of dollars every month. In addition, with all our investment in technology, we are now able to serve nearly three times the number of customers with 40% fewer employees, which substantially adds to our profitability. Furthermore, we are now also able to launch a new product across all of our branches almost overnight,” says de Lima.

The implementation of the new VSAT network also gave Banco do Brasil the power to redeploy employees to customer-related tasks, rather than losing them in such tasks such as re-keying, delivering papers and generating reports. For example, more focus on the customer — and the ability to communicate effectively with all of their branches — allowed them to roll out a hugely successful product which enables customers to obtain an “instant loan” at their ATMs, months before their nearest competitor could offer this service.

Staying cutting edge with DIRECWAY™ broadband services
As broadband technologies were emerging, Banco do Brasil saw an opportunity to once again reinvent their network, and
once again, chose to work with HUGHES to help them migrate to a high performance broadband system.

“HUGHES had an extensively proven technology—not merely an experimental product,” says de Lima. “Moreover, their DIRECWAY system had great flexibility; they showed us how they could overlay the broadband solution right over our existing VSAT network and even integrate the existing terrestrial lines in use at urban locations. That saved us time and money.”

Over the next 12 months, HUGHES and Banco do Brasil will complete the network upgrade, installing terminals that will deliver broadband services at more than 4600 branches, and incorporating existing terrestrial inbound systems where it makes sense. The net benefit to Banco do Brasil includes high-speed file transfer capability in addition to high-speed Internet and web-based intranet access.

“It is important that all branches have the most recent file upgrades,” explains de Lima. “Until recently, to meet that need meant making several thousand CD-ROMs and shipping them to each site, where somebody had to manually put each one in the local system CD reader. Now, with our own broadband network, we can cost effectively broadcast the new information once to every location simultaneously, ensuring that every branch, everywhere is up-to-the-minute.”

According to de Lima, Banco do Brazil will enjoy even greater savings from another broadband application they plan to implement in the near future.

“Training our employees well plays a key role in helping us reach our customer retention goals,” he explained. “Currently, we have fifteen information centers where employees go to take courses. Travel expenses alone can reach $3 million per month. Utilizing the broadband network for distance learning programs promises to reduce those costs significantly, as well
as allowing us to provide more timely training to employees at all branches.”

Further, de Lima notes, because of the proven quality, high reliability and cost-effectiveness of the DIRECWAY broadband network, utilization is much greater than anticipated, and has led Banco do Brasil to increase their throughput requirements to 24 Mbps after just a few months.

“The HUGHES system is helping us improve the quality of the services we provide to employees and customers,” says de Lima. “HUGHES provides outstanding performance and adds value to our business. We recommend HUGHES DIRECWAY broadband services to other organizations looking for a better communications solution. HUGHES is a very good partner for us.”

Hughes Network Systems

Hughes Network Systems, a unit of Hughes Electronics Corporation, is the world’s leading provider of broadband satellite network solutions for businesses and consumers, with over 400,000 systems installed in more than 85 countries. HNS pioneered the development of high-speed satellite Internet access services, which it markets globally under the DirecPC® and DIRECWAY™ brands. For terrestrial access, it offers the comprehensive AiReach® family of broadband wireless point-to-multipoint products. In addition, HNS is a leading manufacturer of DIRECTV® satellite television receivers. Headquartered in Germantown, Maryland, USA, HNS maintains sales and support offices worldwide. The earnings of HUGHES, a unit of General Motors Corporation, are used to calculate the earnings per share attributable to the General Motors Class H common stock (NYSE:GMH).