

Case study for Chapter 5

Fibernet and Nationwide

Nationwide is one of the UK's largest financial services providers: it has a long history of financing home buying, and is a mutual society (it belongs to its members). It therefore does not have to pay out profits to shareholders, so its interest rates are highly-competitive. With 10 million members and over £85 billion in assets, the building society has a major need for rapid communications and data transfer.

In recent years, Nationwide has experienced between 50% and 100% growth in data. Partly this has been due to expansion of the business, partly it has been due to increased financial reporting requirements, and partly it has been due to a need for greater information within the business for operational reasons: the rapid growth has, however, created a problem in terms of data transfer. Nationwide operates a back-up information centre in Northamptonshire, some 100 miles from its main headquarters in Wiltshire, and was considering relocating the back-up centre in order to make data transfer easier.

However, by 2002 fibre-optic technology had reached a level of sophistication which allowed the two centres to be connected. Nationwide chose Fibernet, a cable network supplier, because Fibernet was already a partner of both Cisco and Hewlett-Packard, Nationwide's existing IT suppliers. Fibernet's system gave Nationwide flexible control over the system, and also was able to meet Nationwide's very stringent service level requirements.

Fibernet had the task of installing 174 km of fibre-optic cable: this in itself presented difficulties, since the cable was laid alongside railway tracks and Network Rail was, at the time, introducing much tougher health and safety regulations in the wake of a series of serious rail crashes.

Overcoming these difficulties meant establishing a project team, consisting of Fibernet and Nationwide staff: talks with Cisco and HP also needed to take place, as well as negotiations with Network Rail. The technical complexity of the product meant that Fibernet needed input from many people, and the same was true of Nationwide: the relationship is likely to continue for several years as the project rolls out, and new features and benefits are added. Currently Fibernet are working on LAN-speed connections between Wiltshire and Northamptonshire.

Overall, Fibernet's solution has saved Nationwide from implementing an expensive and potentially very risky move from Northampton to Wiltshire: it has also saved many staff from having to relocate, always disruptive and often damaging to staff morale. Furthermore, Fibernet has enabled Nationwide to establish a more secure, more efficient, and more effective data transfer and storage system.

Case Study Questions

1. What objectives might the Fibernet key-account managers have had in place for their first meeting with Nationwide? *The first meeting would have been about establishing the situation of Nationwide, and possibly outlining the problem. The objective would be to obtain a further meeting with more senior people, or possibly with Nationwide's IT people to explore the implications of the problem.*
2. Which type of interaction would you expect Nationwide and Fibernet to be engaged in at present? *The companies will be engaged in complex episodes in a well-developed relationship. The interactions will almost always be complex, due to the nature of the product involved, but the relationship is well-developed after this length of time.*

3. Referring to the KAM/PPF model, where do the two companies sit at present? *The companies are probably operating at the Partnership-KAM stage, wherein they are integrating their processes and extending joint problem-solving. They will be focusing on process questions.*
4. What would be the issues for Fibernet in demonstrating capability? *Fibernet, as a relatively small company, would need to demonstrate its ability to meet Nationwide's need for a secure and reliable link, provided within the appropriate timescale. The rate of data transfer, and the complex negotiations with third parties such as Network Rail, would also be a feature of demonstrating capability.*