

Three Indicators It's Time to Upgrade Your Servers

How long is too long to stretch your server use? It's understandable to want to eke out every ounce – every penny – of your server investment before incurring replacement costs. How long to depreciate servers is a decision for each financial institution, and there are several factors to consider.

In today's financial institutions, technology is more than a tool. It's the backbone. Without it, institutions can't provide the need-it-now services that consumers have come to expect.

But underneath the mobile apps and the person-to-person payment systems and the biometric recognition devices lies something much less splashy but absolutely crucial – servers. If technology is the backbone of an institution, servers are the heart.

Making the most of your server investment requires balancing cost with value. How can you get the best return on investment without pushing it too far?

Age Really Is a Number

In general, most technology providers suggest replacing hardware every five years. The older your hardware is, the higher likelihood for parts failure. Even if your hardware is still under maintenance, repairs could equal downtime and lost productivity. Also, if you wait too long, you're likely to encounter compatibility issues with the various software programs that run on your hardware. In order to make sure your hardware is always compatible, it's in your best interest to keep it current.

The overall age of your servers is only one factor you need to consider. Are your older servers creating a security risk? Is your configuration giving you the

performance you need? Can your servers support the various applications your financial institution uses – including the newest ones? Can your servers support your anticipated growth?

Exploring these questions can help you determine the right rate of depreciation to give your institution the most value for your investment.

Secure Your Security

Hardware vendors are predisposed to make sure their latest and greatest servers get the most attention with security updates and maintenance. But that doesn't mean older hardware is completely ignored. As long as your older servers are being patched and maintained, they're still viable. However, if your servers are slated for end-of-life – meaning your provider will no longer provide maintenance, parts or updates – it's time to budget for a replacement.

Another consideration is whether your servers provide the encryption capabilities that regulators look for. At-rest encryption is becoming increasingly popular and is available as an added feature on many storage area network (SAN) systems. If your critical systems don't currently have at-rest encryption, it may be time to look into a new storage solution.

The Need for Speed

One critical view of overall system performance is server response time. When considering a core financial system database server's performance, how fast is the ATM experience? How about the mobile banking experience? How quickly can a teller access information from a branch workstation? The database server's main job is to respond to multiple application connections that are constantly demanding record inquiries and updates. How fast it can handle all of them simultaneously is critical.

Of course, slower-than-desired transaction response times may not be the fault of the database server at all. There are myriad other factors at play – network bandwidth, speed of a local workstation, third-party provider hosted servers and networks, and even inefficient software or database configurations.

When it's time to upgrade to new servers, take all these factors into consideration to ensure you get the most from your investment. Most technology providers have experts to help you find the right setup for your institution. Take advantage of that expertise.

Make the Most of Your Investment

One way to continually have newer servers while stretching the budget is to do a three-year replacement program with production and test servers. First, buy a new server and use it for three years as the production server. After three years, repurpose that server to a test server and buy a new production system. Eventually, you'll be able to get six years of life out of each server while ensuring the production server is never more than three years old.

Equipment replacement is a fact of life in business today. But making smart decisions can help ensure your financial institution gets the most out of each server.

About the Author

Drew Foley has more than 30 years of experience in the credit union industry, including roles in IT management, product development, product management and product marketing. He earned a Master of Business Administration from Pepperdine University with an emphasis in entrepreneurship, as well as a Master of Arts in human development and a doctorate of philosophy in human and organizational systems from Fielding Graduate University. He lives in Moorpark, CA.

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