Case Studies

ARVEST BANK CENTRALIZES AND AUTOMATES BACK-END FILE PROCESSING

Managing the growing file communications traffic between a financial institution and its corporate clients, branches, service providers and the Federal Reserve has always been a challenging task. At Arvest Bank Group, it was particularly daunting due to a nearly fivefold increase in assets from 1989 to 1997. The task at hand: Revamp inadequate and inefficient data transmission processes in order to deliver and maintain a high level of customer service.

Local Focus, Central Administrative Operations

Comprised of nine individual banks in Arkansas, Oklahoma and Missouri, Arvest Bank was built on a foundation of local leadership and decision-making authority. But while each individual bank operated autonomously, Arvest recognized the benefit in centralizing certain back room functions. This included check processing, data processing, rendering customer statements and notices, and the transfer of data between Arvest, its customers and its partners.

Challenges in a Growing Bank Group

Like many other banks, Arvest processed automated clearinghouse (ACH) transfers to and from the Federal Reserve. ACH origination (or outgoing volumes) accounted for over 300,000 transactions per month, while incoming transactions from the Federal Reserve numbered around 700,000 monthly. With the company's ACH and other file transfer needs increasing exponentially, Arvest needed to develop a file communications solution that could transmit large amounts of data securely, automatically and cost effectively, as well as be scalable to accommodate future growth.

Moving Towards Momentum

Arvest had been using proprietary software for communicating with the Federal Reserve, and had developed in-house binary synchronous (BSC) communications for other file transfer tasks, utilizing either stand-alone PCs or the AS/400 to transfer and process data.

In late 1994 the bank surveyed a number of service bureaus with similar operational requirements. "I asked them what they used for ACH origination," recalled Ross Hawkins, Arvest's manager of AS/400

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>
> **— Ross Hawkins**
> **IT Manager**
> **Arvest Bank**

systems and services. One service bureau pointed at a box — a Pentium-based server running Intelligent Network Gateway. "It was that automated," Hawkins said. "Intelligent Network Gateway offered us a highly flexible solution with a significantly lower total cost of ownership than competitive offerings."

Intelligent Network Gateway at Work

Before Arvest even placed the order, Momentum Systems gave the company a scaled-down version of the product so that they could begin to learn the system. Once installed, Intelligent Network Gateway was accessed primarily by authorized Information Services personnel for software setup and maintenance. Residing on a Pentium multiprocessor server, Intelligent Network Gateway was connected to Arvest's Wide Area Network (WAN) and was also assigned an Internet Protocol (IP) address which allowed access from other nodes on the network. In this configuration, Intelligent Network Gateway could be secured to prevent unauthorized access. Files received by Intelligent Network Gateway were automatically verified and passed to Arvest's host or other back-end systems for processing.

"With Intelligent Network Gateway's multiple incoming phone lines, our customers — ACH originators — were able to dial directly into Intelligent Network Gateway and download their files for processing," said Hawkins. Equally important, Arvest could send information files that originators and other customers could use, for example, to identify forgeries, prepare early day cash positions, or report to credit bureaus.

Automated Processing Reduces Workload

"Since installing Intelligent Network Gateway, it's doing everything Momentum Systems said it would," said Hawkins. All in-house file communications systems were eliminated and replaced by the software. And since Intelligent Network Gateway handled virtually any file transfer protocol automatically, Arvest's daily manual verification process was reduced from about six hours to one hour, freeing up personnel for other tasks.

"Many of our ACH originations are now received through Intelligent Network Gateway prior to being processed and passed on to the Federal Reserve," explained Hawkins. "Intelligent Network Gateway provides seamless communications to and from our host computer — making it vital to our daily processing requirements."

Migrating to NT

In April 1998, Arvest upgraded to Momentum Systems' newly introduced Windows NT version of Intelligent Network Gateway, enabling the company to move its file communications server onto the open, scalable Windows NT platform. "With the NT version, we can load the software and not be tied to a single vendor for either technical support or hardware," said Hawkins.

"Any way you look at it, Intelligent Network Gateway has increased our flexibility, cut costs and simplified our operations. In this business, there's no better solution than that."

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Momentum Systems Customer Profile

Huntington National Bank-Columbus, Ohio

www.Huntington.com

Ten year-old technology, a rapidly growing client base, increasing service levels, demand for new services and a mission to expand nationally are significant challenges that Huntington National Bank faced in 1998.

Huntington, a Momentum Systems customer since 1999, provided a summary of their procurement, deployment and usage experience with Momentum's Secure Network Gateway product suite. Ric Storts, Vice President, Application Support Manager for Transmissions and Lockbox, who was the driving force in selecting and implementing the Momentum solution, has first hand experience with the decision process, application and results. Today Huntington services approximately 3,000 transmission customers with, according to Mr. Storts, a service objective of providing "timely and reliable high speed file transfer for time critical applications." With Huntington's corporate mission of expanding their services nationally this level of quality service is a key to their success.

To get a better understanding of how and why Huntington selected Momentum Systems' solution, as well as the results they have experienced, we asked Mr. Storts a few specific questions.

- **What was the business or technical issue that drove you to seek a new file transfer solution?**

  "The existing 10 year old system was out of date and no longer supported by the vendor. The vendor had no commitment to build and distribute a new system. We needed an easy to use product that would be highly reliable and flexible and that would support anything we wanted to do easily and quickly."

- **How did Momentum's products compare to the competition you evaluated?**

  "At the time there was no real competition for Momentum. There were competitors but no competition in terms of price, features or functionality. Each one had some component that Momentum offered, but not everything. "

- **How exactly has Momentum's products and services helped your organization? Specifically, what can you do now that you could not do before Momentum was installed?**

  "We can do literally everything we could never do on the old system and everything we thought we needed to be able to do with a new system. One system can support everything including dial up, Internet and lease line communications. There is no limit to what we can do using the Momentum system alone or using other tools in conjunction with the Momentum system. Limitations of the old system restricted what we could do to the point where we could only process files for fewer than 12 applications averaging 4,500 sessions per month. On the Momentum system there is no limit to the number of applications we can process, currently averaging over 60 applications and 65,000 sessions per month. Upgrades and expansion are easy. We just recently added a second pair of servers with no impact to the staff or the existing system."

- **What impact has this project had on your clients?**

  "Setup time is very short and very easy to do. This is particularly important for customers inside and outside the bank with limited technical background. The system encounters very few processing errors but when it does they are easy to identify and resolve.

- **What impact has Momentum's product had on your business?**

  "We have new business relationships that we would never have been able to develop using the old system. The number is in the hundreds."

- **Were there any mission-related projects you were able to implement because of the technology improvements?**

  "Prior to implementing Momentum we were very limited in what we could and could not provide for secure Internet communications solutions. The Momentum software has completely eliminated those issues. Issues we encounter now relate to storage and file transfer speed because the files are so large."

- **What specific bank applications or business processes does the Momentum solution support?**

”Currently we are processing just over 60 applications through two Momentum servers. Those include retail and commercial applications as well as internal initiatives. Transmissions include both data and image information. Lockbox, ACH, ARP, Loans, ATM, Mortgage, Commercial Loans and Trust are examples of the applications processed daily and monthly through Momentum. Momentum is primarily used for external file transmissions.”

- **What is your opinion of Momentum’s products and services?**

  “The Momentum product does exactly what it was advertised to do and easily exceeded our expectations both in implementation and expansion.”

- **How, if at all, has the technology changed your attitude toward your work?**

  “Momentum has made all of our jobs easier and more enjoyable, both in terms of the functionality delivered and support. It is one thing to say you have something that works. It is another to actually have something that works right all the time.”

About Huntington

Huntington Bancshares Incorporated is a $36 billion regional bank holding company headquartered in Columbus, Ohio. Through its affiliated companies, Huntington has more than 140 years of serving the financial needs of its customers. Huntington provides innovative retail and commercial financial products and services through more than 380 regional banking offices in Indiana, Kentucky, Michigan, Ohio, and West Virginia. Huntington also offers retail and commercial financial services online at huntington.com; through its technologically advanced, 24-hour telephone bank; and through its network of almost 1,000 ATMs. Selected financial service activities are also conducted in other states including: Dealer Sales offices in Arizona, Florida, Georgia, North Carolina, Pennsylvania, South Carolina, and Tennessee; Private Financial and Capital Markets Group offices in Florida; and Mortgage Banking offices in Maryland and New Jersey. International banking services are made available through the headquarters office in Columbus and an office located in the Cayman Islands and an office located in Hong Kong.

About Momentum Systems

Momentum Systems, headquartered in Moorestown, New Jersey, provides high-performance business-to-business software that simplifies secure file communications. Momentum Systems’ Secure Network Gateway automatically exchanges files between an organization and its corporate clients with support for a variety of integrated communications protocols. Commercial Banks and Financial Service providers use Momentum Systems’ products to facilitate Cash Management information exchanges that are common and critical to these organizations, while Healthcare and Insurance organizations use the solution to exchange payment and provider information.

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Case Studies

NEW YORK LIFE INSURANCE CO. STREAMLINES FILE COMMUNICATIONS WITH MOMENTUM SYSTEMS' INTELLIGENT NETWORK GATEWAY

Managing the business-critical information flow between an insurance company, its distribution channels and trading partners has always been challenging. But the climate of today's insurance marketplace — including increased globalization, managed care, cost containment measures, and consolidation — has made it more complicated than ever. As a result, many large insurance companies have recently exited the health care business in favor of providing investment products and services that support lifetime financial security.

New York Life Insurance Co., a Fortune 100 company and the fourth largest life insurance company in America, is a prime example. In 1998, the company divested itself of several divisions, including its healthcare operations, in order to increase its emphasis on the sale of investment products and services. Already, New York Life Insurance Co.'s annuity business was in the top 15 in sales nationally. Its asset management business, with over $50 billion in assets under management, had a blue-chip corporate clientele in such growing areas as institutional asset management and trust services. Serving the retail and retirement plan markets, the MainStay® Funds and MainStay® Institutional Funds totalled more than $15 billion, placing the fund family in the top 50 among 461 firms for assets under management (as ranked by Dalbar).

The IT demands involved in integrating new business units and divesting old ones, coupled with aggressive growth plans, posed a formidable task for Phil Fosco, Director of Transmissions Services and a 30-year veteran of the company's data center in Cokesbury, New Jersey. At the time, the data center was processing more than 280 transmissions a day between 58 trading partners, including banks, securities clearing houses and trust companies. To keep up with the dynamic changes underway, Fosco needed to re-evaluate the way New York Life Insurance Co. was conducting file communications between its internal business units and trading partners.

The Old Way

New York Life Insurance Co.'s transmission environment was dependent on an IBM VM mainframe system with an attached IBM front end (3720). Inherent in this configuration were a series of restrictions which inhibited expansion of New York Life Insurance Co.'s trading partner network and forced the company to turn down trading partner requests.

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> **We were searching for a software product that would give us an automated solution that supports virtually all communications protocols and a variety of data formats. And we needed quick, direct connections with any trading partner or VAN.**
>
> **— Phil Fosco**
> **Director of**
> **Transmissions Services**
> **New York Life Insurance Co.**

These restrictions varied from record type, logical record length and line speed to limited byte size, software restrictions, and lack of reporting facilities. Such limitations increased the administrative burden on Fosco's team and hindered seamless communications. "Because of these issues," said Fosco, "we were feeling the pressure to pursue a more direct and reliable connection with better technology."

New York Life Insurance Co. had been evaluating file communications software from several vendors, including Momentum Systems, since late 1996. "We were searching for a software product that would give us an automated solution that supported virtually all communications protocols and a variety of data formats," Fosco explained. "And we needed quick, direct connections with any trading partner or Value Added Network. Another goal was to connect directly to an IBM MVS platform and make mainframe-to-Web migration easy and painless."

Gaining Momentum

After a lengthy review and analysis of E-Commerce solutions, including an in-depth look at technical and compatibility issues, New York Life Insurance Co. selected Momentum Systems' Intelligent Network Gateway. According to Fosco, Intelligent Network Gateway offered a highly flexible solution with a significantly lower total cost of ownership than competitive products.

Intelligent Network Gateway automated the entire file communications process for the data center and centralized the management, control and administration of all file transfer activity. Once files were received by Intelligent Network Gateway, they were automatically verified and passed to the IBM VMS host or other back-end systems for processing. Residing on a Compaq NT server, Intelligent Network Gateway was accessed primarily by department personnel authorized for setup and maintenance of the software.

Significant Operational Benefits

From the outset, Fosco and his team appreciated Intelligent Network Gateway's ease of use. Scheduling, verification and notification were all streamlined. Scheduling was easily set-up or changed through the Windows GUI application. And since Intelligent Network Gateway handled virtually any file transfer protocol automatically, the daily manual verification process was significantly reduced. These capabilities substantially freed up Fosco's department to focus on other tasks.

Additionally, New York Life Insurance Co. was able to greatly expand its network of trading partners. Intelligent Network Gateway allowed the company to accept ASYNC, BSC and FTP file transmissions. The ability to support FTP was especially important since New York Life Insurance Co. hoped to migrate to a Web-based solution.

Fosco concluded, "We're pleased with Intelligent Network Gateway's performance. Its speed and simplicity of use enables New York Life Insurance Co. to be more responsive to trading partner requirements. In the end, this translates into better service and enhanced value to our customers."

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Momentum Systems Customer Profile

HMS Holdings Corp

Health Management Systems

www.hmsholdings.com

Founded in 1974, HMS Holdings Corp. is the parent company of both Health Management Systems and Reimbursement Services Group. A publicly traded company (NASDAQ: HMSY) since December 1992, HMS Holdings Corp. has been devoted to helping healthcare concerns throughout the U.S. Together, the Company's service offerings benefit their clients by enhancing revenue and reducing costs.

Health Management Systems is the strategic source for innovative revenue recovery and cost containment solutions that benefit public healthcare. Their clients include state and county programs, as well as Medicaid managed care plans. Using state-of-the-art information management and processing technology, HMS offers scalable services—from supplemental to full outsourcing—to help clients make efficient, appropriate use of public healthcare funds.

In 2004 Health Management Systems wanted to improve their operational efficiency by automating business processes related to their electronic file transfers and improve their secure file transfers.

To get a better understanding of how and why HMS selected Momentum Systems' solution, as well as the results they have experienced, we asked Alex Stepanov, Director, DSS, Marni Smoloff, Corporate EDI Manager and Johnny Lee, Telecom Manager a few specific questions about their selection and implementation of Momentum System's Secure Network Gateway.

- **What is you organization's mission?**

  " Our mission is revenue enhancement and recovery service to public healthcare programs and payors, and ensuring healthcare providers receive the correct reimbursement from Medicare."

- **What was the business or technical issue that drove you to seek a new file transfer solution?**

  “We needed to eliminate the manual process of transferring electronic data and automate the process.”

- **How did you discover Momentum System’s offering?**

  “Research through the Internet. “

- **How many clients do you serve?**

  ”Approximately 200-300 clients.”

- **How exactly has Momentum’s products and services helped your organization? Specifically, what can you do now that you could not do before Momentum was installed?**

  “Automation of electronic transfer inbound and outbound and with the ability to incorporate automated compression and encryption.”

- **What impact has this project had on your clients?**

  “Momentum has had a positive impact on our clients. It has automated our processes which has resulted in reduced errors and turnaround time as well as enabled transfers to go out any time of the day. Momentum has also provided us one central location for tracking and error resolution which helps us identify and resolve any transfer issues more quickly. Momentum has also allowed us to integrate any client required software into our automation process without limitation which is a necessity in our environment.”

- **Can you quantify the impact Momentum’s product has had?**

  “HMS has been able to add a significant number of additional EDI transmissions without increasing staff.”

- **Were there any mission-related projects you were able to implement because of the technology improvements?**

  "There were no new projects as all of our transfers can be done manually, however, Momentum has eased our current workload and increased efficiency of existing projects and will on future projects as well."

- **What is your opinion of Momentum's products and services?**

  "Momentum has helped HMS Holding Corp automate file transfers which has helped reduce turnaround time, decrease errors and the staff necessary to manually transfer files. In addition Momentum's flexibility has helped us integrate other software necessary to support our client's changing technical demands. It has also given the production control area one central location to check on transfer progress."

- **How, if at all, has the technology changed your attitude toward your work?**

  "Momentum has eased the workload of the production control area allowing the group to function under less stressful conditions as it provides one central location for tracking and error resolution and has significantly decreased the amount of manual work required."

About Health Management Systems

HMS is the strategic source for innovative revenue enhancement and recovery services to government healthcare programs and payors. Since our establishment in 1974, HMS has consistently applied information management techniques to reduce clients' program and administrative costs by enhancing their recoveries and providing valuable information services. HMS is a wholly-owned subsidiary of HMS Holdings Corp., a publicly traded corporation (NASDAQ: HMSY).

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About Momentum Systems

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