

# For Citigroup, new backup site could be employees' living rooms

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As Citigroup Inc.'s Asia chief started his January COVID-19 briefing for the bank's top executives, it quickly became apparent: The firm's normal backup plans weren't going to work.

Out went the idea of sending thousands of workers to alternate sites in New Jersey and elsewhere, replaced by a dash to secure more servers and routers to boost remote access. The scramble has changed not only how the bank is getting through this unprecedented crisis, but also how one of the world's biggest companies is thinking about post-pandemic life.

It all started with a simple question from Chief Executive Officer Mike Corbat as the extent of the virus's reach became clear. How many of Citigroup's 200,000 employees would be able to remotely access the firm's network at once? Mike Whitaker, the bank's operations and technology chief, told the CEO that 35,000 was the bank's previous record.

"We obviously realized that if it came to the shores of the West, we'd need a heck of a lot more than that," Whitaker said in an interview.

So he got the green light to boost that number—and fast. Whitaker's team bought up hardware and shipped more than 40,000 pieces of technology equipment to workers' homes. Within weeks, 95% of Citigroup's trading floor was working remotely, a feat bank officials had never thought possible. Now the company can handle as many as

148,000 people logging onto its network at once.

That's given the firm more flexibility as it decides who to bring back to the office first and what its real estate will look like in the future.

Citigroup doesn't plan to leave workers at home permanently, Corbat said Friday.

"All large organizations that have designated disaster-recovery sites are thinking, Do we need them, or can we have less?" Whitaker said. "We're going to look at those plans."

## Real Estate

Banks have long maintained cavernous redundancy sites in [office buildings](#) and warehouses in suburban areas outside their headquarter cities where they can send critical workers in the midst of disasters. Some, such as Citigroup and Bank of New York Mellon Corp., are now evaluating whether they really need to maintain those locations after proving they can utilize employees' home offices if a catastrophe arises.

"That level of redundancy has always been expensive—a space where you have a fully configured [work environment](#) for every person," said Steve Carroll, an associate at the bank-consulting firm Cornerstone Advisors. "And now with remote capabilities, that's not as necessary."

For some firms, such as Morgan Stanley, redundancy sites double as office space for other units, which could limit their ability to do away with the space longer term. Other lenders like the flexibility the sites offer in the event of a natural disaster such as flooding or fire.

Citigroup has long sought to reduce its office footprint. In 2015, the bank began renovating its headquarters in Manhattan's pricey Tribeca neighborhood, and has been moving workers from midtown Manhattan

and Long Island City into the building.

It's also shuttered data centers as it moves to cloud technology. At its peak, the firm operated 70 data centers. It's whittled that down to 10 in recent years. The moves have reduced what the bank spends annually on premises and equipment to \$2.3 billion, just 6% of its total operating expenses and a 27% decline from five years ago.

"We've been on what some people would describe as 'densification' in terms of reducing our square-foot footprint, not just in the U.S. but around the world," Corbat said in an interview with Bloomberg Television last week.

## Trading Floor

Most of Citigroup's traders didn't think they'd be working from home until the orders came in mid-March. Once word was sent out, executives began shipping the equipment traders would need.

"My biggest fear, if you'd asked me in February, was that the remote login would be slow and our ability to get quotes and respond to things would somehow see microsecond delays," said Deirdre Dunn, who co-leads the firm's rates business. "And that matters."

For Dunn's team of rates traders, working remotely meant quickly establishing connections to the government agencies that would let them bid in U.S. Treasury auctions from home.

"The [remote access](#) has been much stronger than anyone anticipated," Dunn said. "We haven't had any problems."

Heather Felts, a manager at Citigroup's sprawling call center in Florence, Kentucky, was similarly surprised in March. Holding her breath on a

video chat in March with 30 other managers and technology specialists, Felts listened silently as the bank prepared to send a test it hoped would show whether workers could field customer calls from home.

"We all had our handsets on, biting our fingernails down to the quick saying, 'Please let this work, please let this work,'" Felts said in an interview. "When that call came through and popped up on their screen, it was like the World Series. We were yelling and giving virtual high fives."

The success has given her confidence about future crises.

"We have a manual now," Felts said. "We know how to do it if this would ever happen again. We feel like that's a huge win."

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