

InformationWeek

BANK Systems & Technology

December 2014 ■ Business Innovation Powered By Technology



These top bank tech executives aren't daunted by the megatrends reshaping the industry. In fact, they embrace the challenges. >>

[Next](#)

[DOWNLOAD PDF](#)

PLUS

[Leadership and innovation >>](#)

[Catch up with last year's honorees >>](#)

[Table of contents >>](#)



CONTENTS

InformationWeek BANK Systems & Technology

December 2014

COVER STORY



5 Rising To The Challenge

BS&T's 2014 Elite 8 executives are leading their banks to success, whether it involves leveraging the cloud, modernizing core systems, or transforming into digital enterprises.

5 **Gabriel Sánchez Iniesta**, *BBVA Compass*

8 **Butch Leonardson**, *BECU*

11 **Leif Christianson**, *Peoples State Bank*

14 **DK Sharma**, *Citigroup*

16 **Lisa Welander**, *Heritage Financial Corp.*

18 **Chris Perretta**, *State Street Corp.*

21 **Sharon Murphy**, *Wells Fargo & Co.*

24 **Iswaraan Suppiah**, *CIMB Group*

FROM THE EDITOR

4 Innovation With A Payoff

Banking industry CIOs are playing a critical role in creating and optimizing cultures of innovation at their institutions.

FEATURE

27 Where Are They Now?

Bank Systems & Technology caught up with some of last year's Elite 8 to learn more about their recent activities and accomplishments.

31 Editorial & Business Contacts



COMMUNICATIONS TRANSFORMING BUSINESS

Conference: March 16 - 19 | Expo: March 16 - 18
Gaylord Palms, Orlando, FL

UNIFIED COMMUNICATIONS | COLLABORATION | LYNC
MOBILITY | SIP TRUNKING | VIDEO | WEBRTC | MORE

Learn how to transform your enterprise communication and collaboration systems and services and overcome migration challenges. Now in its 25th year, Enterprise Connect is the leading source for cutting edge insight and strategies essential for next-gen migration.

- ▶ **Stay Up-to-Date:** Keep your finger on the pulse of the industry in Keynote and General Sessions delivering the latest insight on hot topics surrounding UC, mobility, collaboration and cloud.
- ▶ **Advance Your Career:** Get the knowledge you need to excel with over 60 sessions designed by and for enterprise communication and collaboration professionals.
- ▶ **Grow Your Network:** Connect with the largest gathering of enterprise IT leaders and influencers.
- ▶ **Learn From Industry Leaders:** Attend a full range of Free Programs and Special Events throughout the week.
- ▶ **Evaluate All Your Options:** Engage with 175+ of the leading equipment, software and service providers.
- ▶ **Have Fun!** Mix and mingle with sponsors, exhibitors, attendees, guest speakers and other industry players during evening receptions.

SAVE \$100* OR GET A FREE EXPO PLUS PASS
Register with Discount Code: **DIGITAL**

www.enterpriseconnect.com/orlando



"On their own ... data, dashboards, and analyses won't increase profitability — banks must act on the insight they provide to gain efficiencies, boost customer experience, improve decision making, and reduce costs."

Jason Young,
Product Manager,
CSI Business Intelligence

Big-Data Analytics: The Key to Competitiveness, Compliance & Profitability

Q What are the top challenges facing community banks today?

A While banks today have individual goals and strategies for success, they all have three objectives in common: to become more competitive, maintain regulatory compliance, and remain profitable. Community banks in particular are finding it very difficult to differentiate themselves and retain a competitive edge in a crowded market. Smaller banks compete not only with larger regional and national banks that typically have more resources, but also with non-traditional players that have entered the marketplace, including Apple Pay. Remaining compliant with changing regulatory mandates is a perpetual challenge. And staying profitable has never been more important than it is today. But that objective is made more challenging by financial firms' duty to balance tighter budgets and a stronger regulatory environment with the need to boost both customer experience and operational efficiencies.

Q What role does data analytics play in community banks' business?

A Big data holds the key for banks to meet today's major challenges. Leveraging the wealth of structured and unstructured customer data with advanced analytics and predictive marketing tools can provide a bank with the

means to make better and more informed decisions across its enterprise.

Automated business intelligence solutions with robust features like customized dashboards and reporting functions, cross-application research capabilities, trend analyses, and historical views can help community banks gain a 360-degree view of their landscape. This view can help banks more accurately identify the products, services, and decisions that are most likely to positively affect their bottom lines and help them achieve regulatory compliance. On their own, however, data, dashboards, and analyses won't increase profitability — banks must act upon the insight they provide to gain efficiencies, boost customer experience, improve decision making, and reduce costs.

Q How can community banks use big-data management technologies to produce the best results?

A While business intelligence and analytics technology can provide actionable insight, banks in general — and community banks in

particular — must be able to dig deeper into their data, and they require the ability to effectively access the data. When all data is housed in a single database, banks can more easily create ad hoc reports, cross-reference information, and scrutinize and evaluate data in new ways. Community banks also need to be able to customize their reports to produce meaningful insight that will help them meet their own unique goals and objectives — and compete with the larger players in the marketplace.

It's essential for banks to employ business intelligence tools that are housed within their core systems so they can quickly, effectively, and reliably access information right from their cores. A bank's top executives must be able to understand the data relative to the bank's goals. The tool should also customize how users see the information and present it in a context that fosters decisions consistent with those goals. The most advanced business intelligence solutions provide customer information in a format that's well organized and accessible, enabling users to analyze information across functions, transactions, products, and services — and any other way they choose.

**Keep
Connected**

Learn more about CSI business intelligence solutions
at www.csiweb.com/vantagepoint.

CSI
www.csiweb.com

FROM THE EDITOR

Innovation With A Payoff

In banking today, innovation is considered a good thing, something that banks want to achieve as they face new competitors, demanding customers, and expanding channels. But innovation hasn't always been so highly valued, according to Frank Petersmark, a former insurance CIO who is now CIO advocate with technology consultancy [Xby2](#). The word's Latin derivation means "renewed

or altered," he notes, and until the Enlightenment it generally had "negative connotations ... because it was something you did not want to do" — replace an established system or practice with something new and unknown. Innovation "implies change, which people don't like," he adds.

And even though today it is viewed much more positively, innovation poorly pursued still causes disruption without improvement. "Cultures of innovation aren't created, they evolve," Petersmark says. "You can't

just announce [an innovation initiative] and have the magic happen."

Rather than trying to impose processes intended to spur innovation, management must "create an environment that allows innovation to occur and ferment," he says. "It's about helping people adjust their mindsets and attitudes to be more open to change. That means recognizing when change is needed and beneficial, and accepting the change when it occurs."

Banking industry CIOs, whose roles have undergone comparably dramatic changes — from back-room techies focused on development and maintenance to strategists who must juggle core technology expertise with budget mastery, talent development skills, analytics know-how, and R&D insights — are playing a critical role in creating and optimizing such [cultures of innovation](#) at their institutions. Successful innovation isn't specifically about technology. But because innovation inevitably changes the ways people work, interact, learn, and transact business, it's unlikely

to occur without the very smart application of digital systems and tools.

This is a reality recognized and embraced by Bank Systems & Technology's 2014 Elite 8 honorees, who are profiled in this digital issue. They have navigated the sometimes murky waters swirling around innovation, disregarded the hype, and zeroed in on the opportunities for their IT organizations to improve performance and drive growth. Whether it involves a core systems replacement project, post-merger systems integration, expanding mobile and digital capabilities, or pursuing the operational opportunities around cloud and virtual infrastructure, this year's Elite 8 executives not only do not fear change, they are able to marshal their considerable leadership abilities to get their teams to embrace it (or at least work with it), as well.

Just as the best bank CIOs never have viewed technology as an end in and of itself, the 2014 Elite 8 understand that effective innovation must be about changing business for the better. Congratulations to the Class of 2014! ■



Katherine Burger,
Editorial Director
[@kathyburger](#)



A Digital Transformation

Gabriel Sánchez Iniesta helps usher BBVA Compass into the future of banking.

By Bryan Yurcan  [@BryanYurcan](#)

The banking industry is facing upheaval. Digital channels and the rise of mobile technology are changing the way consumers interact with their financial institutions, as well as the service they expect to receive. And technology also has made it easier for non-bank competitors to enter the financial services arena — particularly in the area of payments — and take potential revenue away from banks.

But all of this doesn't worry Gabriel Sánchez Iniesta, CIO of [BBVA Compass](#) (Birmingham, Ala.), the US subsidiary of Spanish banking giant BBVA Group. In fact, he sees this as the perfect time to begin transforming the bank, which has \$65 billion in assets, into an agile, digitally focused entity that delivers an omnichannel experience to its customers.

"The challenges we are facing here at Compass are the same we are going to face in the banking arena wherever you go," says Iniesta. "There is an increasing number of customers demanding to bank any way they want to; they don't want to be exclusively tied to the branch. They want a new way to interact with the bank and technology-based solutions. We are also seeing new, nontraditional players appearing on the scene, and we see them as competitors. They have an opportunity to reach a large amount of

Gabriel Sánchez Iniesta

CIO, BBVA Compass

Professional history: Gabriel Sánchez Iniesta was appointed CIO for BBVA Compass in August 2013. He began working with BBVA Group in 1997 and has held various positions in the IT division, including chief architecture officer and head of multichannel technologies. Before joining BBVA Group, he worked for Accenture Consulting for seven years, participating in several banking systems installations.



IT staff/budget: In total, BBVA Compass has 1,350 full-time IT staff and 500 contractors.

Education: Iniesta earned a degree in business and administration from Universidad Autónoma de Madrid and completed the executive education program at IESE in Madrid.

Off the job: Iniesta enjoys playing Spanish-style flamenco guitar. He is a fan of Andres Segovia, the Spanish guitarist who is considered the father of modern classical guitar.

"The challenges we are facing here at Compass are the same we are going to face in the banking arena wherever you go."



people. We as a bank need to look to the future.”

To succeed as a bank of the future, Iniesta says he is focused on three primary goals. The first is customer experience and “making customer convenience a top priority.” This involves the much talked-about “360-degree view of the customer” — a frequent topic at conferences, but something rarely realized in the banking world today. But for Iniesta, this is not some abstract concept, but a tangible goal

“[Customers] want a new way to interact with the bank and tech-based solutions.”

for BBVA Compass to achieve. As an example, he has charged his team to help deliver through the online channel everything a customer can do by phone or in a banking center, including the sale of more of the bank’s products via digital channels.

“We need to bring the bank to the customers, not the other way around,” he adds.

That directly leads into Iniesta’s second goal, which is digital transformation. “Omnichannel is a word everyone is using, maybe with different meanings, but for us it means we have to be able to deliver the same experience to our customers no matter the channel they are interacting with us in,” he says. “It has to have that BBVA Compass DNA across all the channels.” If a customer starts an action in one channel and can’t finish it in another, particularly if that channel is online or mobile, that is a problem, Iniesta says. “Our customers should be able to bank with us at their convenience,” he adds.

Iniesta’s third main priority is improving speed to market for new products. In order to accomplish this, “Everything must be processed in real-time, not batch,” he says. Further, it’s not just about delivering

the products quickly, but at a low production cost, as well, Iniesta adds.

In order to achieve these lofty goals, BBVA Compass undertook a project that many North American banks are reluctant to take on because of the cost and potential pitfalls involved: a core systems conversion, which was completed in 2013. When Iniesta landed on US shores that same year after 15 years with BBVA Group in Spain, he was tasked with leading BBVA Compass on its next phase of technology growth: multichannel development.

In fact, the reason BBVA Compass undertook the core conversion was at least partly due to Iniesta: He initially sold the BBVA organization on the merits of core transformation and led a similar effort for the bank in Spain starting in 2007. The platform he helped implement in Europe laid the foundation for the process Compass underwent here. Compass implemented the Alnova core banking infrastructure, from [Accenture](#), across its 716 systems.

“We realized with the [former] platform we had in Spain, we had reached the maximum level of capabilities we had to offer,” he says. “We wanted to do transactions in an updated way and have the customer be the center of every decision we make.” Having gone through the process in Spain, Iniesta already knew the new capabilities that would be at the bank’s disposal when he came on board as CIO of Compass last year.

Drive-Through Banking

One big project related to Iniesta’s focus on customer experience that the new core system has facilitated is a new branch concept BBVA Compass calls “drive-through banking,” where customers can summon remote tellers via devices with high-def screens that dou-



Gabriel Sánchez Iniesta

ble as full-service ATMs that are located in the branches. Customers at these locations can opt for full-service assistance from a teller, operate the units in self-service mode like an ATM, or select an assisted mode, where tellers can guide them through their transactions. The remote tellers, based in the bank's call center in San Antonio, are available during business hours and can be summoned at the touch of a button. The tellers also can identify customers as account holders without the use of ATM or debit cards by verifying the customer's information.

BBVA Compass is testing the concept at three of its Houston-area locations. But Iniesta says it could be expanded if it proves to catch on with customers, which BBVA research indicates is already the case. According to the bank, during the pilot customers are being asked to rate their transactions, and 96% have reported that they would use the service again.

"Branches are still relevant, but they're not the only channel anymore," Iniesta notes. "Nowadays the banks that don't get it right won't be around in the coming years."

Another focus for Iniesta is pursuing Agile development methodologies. "Typically, we had been working in traditional methodologies like Waterfall," a sequential design software development process, Iniesta says. "But the way you manage IT is always changing. We have to reach the maximum level of efficiency and quality control; at the end of the day, we have to be run like a software company and we have to transform to adopt the most productive ways of working."

At daily morning meetings, he asks his team "to evaluate what they did yesterday and what percentage of the job was managing something that is not essential to running the business. We're changing the way we work to a more agile method."

Before joining BBVA in 1997, Iniesta worked at Accenture, and he says it's that consultant's mentality that drives him to pursue a lean, efficient operation with his own team.

Says Iniesta: "I'm focused on doing away with waste and putting the focus on the value of our final product, which is software." ■

TODAY I SEE THE WORLD FROM ALL NEW ANGLES.

It's time your
data streams
became revenue
opportunities.

csiweb.com/vantagepoint





'Outside-In' Model Fuels Growth At BECU

By focusing on integration over development, Butch Leonardson's IT team at BECU has helped the organization quadruple in asset size over the past 10 years.

By Jonathan Camhi [@joncamhi](#)

When Butch Leonardson joined BECU (formerly Boeing Employees' Credit Union) as CIO in 1999, he brought no experience in managing a bank IT organization. What he did bring was a philosophy, developed during years spent working in consulting and healthcare IT, that placed the customer at the center of IT strategy.

"[In healthcare], I started developing my outside-in model, where you start with a desired customer experience and work your way back from that, rather than start with technology and work your way out. ... I think that philosophy keeps IT focused on the business rather than technology," Leonardson says.

With that guiding principle, Leonardson led BECU's technology organization through the largest IT conversion project in the history of the credit union industry — it went live in 2002. Since then, BECU has outgrown its traditional Boeing-focused roots to become a true community credit union in Washington state and quadrupled its asset size. Leonardson will be leaving BECU at the end of this year to take on a new role serving the credit union

Butch Leonardson

CIO and senior VP of IT, BECU

Professional history: Fifteen years at BECU as CIO. Before that, he served as CIO of Harvard Medical International, CIO of Children's Hospital & Regional Medical Center (Seattle), practice director for financial services, Pacific Northwest, at Andersen Consulting.

IT organization: 100 full-time employees; \$40 million annual operations budget

Education: He has a BA in business administration and an MBA from Seattle University.



Off the job: Leonardson likes to play golf, and he participates on boards (Franciscan Highline Medical Center, Seattle University, State of Washington Governor's Technology Services Board).

"We went from seven Boeing-flavored branches to being a real mass-market alternative, ... and IT never had to be part of the conversation."



Butch Leonardson

industry, but his work there has BECU ready to expand further.

Leonardson and his team started planning the IT conversion within a couple of months after his arrival at the organization. BECU was running on a [MUMPS-based](#) core product from Fiserv that didn't suit Leonardson's approach to IT. "I'm really committed to buying software — not making it — and being very good at integration," Leonardson shares. "And when you're in an integration strategy, you want

**"I've always
been a student
of the CIO role.
I've always
found it fun."**

your operating systems and your data centers to be the systems that your vendors are building to. And nobody builds to MUMPS."

Leonardson told BECU's board that the credit union wouldn't be able to compete if it stayed with a MUMPS-based product. It needed to switch to an open environment running Unix and an Oracle or SQL database. Using those criteria, Leonardson and his team settled on the [DNA platform](#) from Open Solutions (since acquired by Fiserv), even though only a couple of other credit unions were using it at the time.

"I knew I could integrate it with anything. [The Open Solutions team] embraced being able to integrate with it. I said, 'That's the one.' The fact that they had three credit unions with it, that didn't bother me that much," he recalls.

In addition to replacing its core, BECU also switched over a number of other systems, deploying [APPRO](#) for consumer loan originations and a collections offering from [Ontario Systems](#). "We had about five or six projects going on at the same time," Leonardson says. "It was the largest IT conversion in credit union history in terms of the

number of systems that went live, and we had way over a million accounts to move over."

Leonardson credits much of the conversion's success to three ingredients: "You need a great project management team, you need a really good integration testing team, and you also need great subject matter experts that are available to make fast decisions. ... That three-legged stool is non-negotiable. You have to have the functional talent, the technical team, and the project leadership."

But the business results are more important to Leonardson than the technology successes. "The cool story, though, is — at that time, we were at \$3 billion [in assets] and now we're at \$12 billion."

A Different Business Model

The IT conversion, completed in 2002, proved to be very timely for the credit union's business. BECU was soon offered the chance to completely change its business model, as Washington state regulators made it easier to become a community-chartered credit union. "Basically, all you had to do was send them a letter. So we sent it in, without really having a plan behind it," Leonardson recalls.

The community charter meant that anyone in Washington state could become a BECU member. Soon after that, supermarket chain Safeway contacted BECU to put branches in 75 of its store locations. Leonardson's integration-centric strategy and BECU's post-conversion open infrastructure made that expansion far easier for the credit union.

"So we went from seven Boeing-flavored branches to being a real mass-market alternative, ... and IT never had to be part of the conversation. Before [the conversion] it would have been very prob-



Butch Leonardson

lematic,” Leonardson says.

Leonardson’s focus on integration over proprietary systems also has helped keep IT costs down even as BECU has quadrupled its asset size. BECU’s IT department has kept its head count flat over the past 15 years, even as its grown to one of the four largest credit unions in the US. “We’ve been able to avoid large development projects. ... So, we’re a \$12 billion credit union, and to this day, the number of people that we have in development is 10. If you ask them what they build, they build integration apps, they build web services,” Leonardson says.

With an integration-focused organization and open architecture implemented during the conversion, Leonardson says the credit union is well positioned to grow even more. “I think we can scale to \$20 billion or \$30 billion,” he adds.

Although Leonardson has helped build the foundation for BECU’s growth since the IT conversion, he won’t be around to see the next stage of that growth. He is leaving BECU at the end of 2014 to pursue a new opportunity with [Cornerstone Advisors](#), a consulting firm. He will be starting a CIO

institute for the credit union industry at Cornerstone, in partnership with the Credit Union Executives Society.

Leonardson credits much of his understanding of the CIO role to his years spent consulting at Andersen Consulting (now Accenture). “I’ve always been a student of the CIO role. I’ve always found it fun,” he says. “But for CIOs that came up through IT, they think it’s what you know that’s important. And it isn’t. It’s how you think that’s important. They might know a lot of stuff, but they couldn’t lead a scout troop to a Dairy Queen.”

While he’s excited to take on a new challenge in the industry, Leonardson says he’s loved the work he’s done at BECU. “I’m most proud that we had a vision of being market-focused, customer experience-focused, minimizing the focus on technology, and we did that. And by doing that, we became credited with being innovative. So by not focusing on tech, we were credited with being innovative with technology. It’s a beautiful, counterintuitive topic. I just love it. That’s the most fun thing we did.” ■

Digital Marketing *for* Financial Services Summit

New York Hilton, Midtown Dec. 9th - 10th, 2014



20% DISCOUNT -
QUOTE VIP CODE - BST20
Bank Systems & Technology
subscribers receive 20% discount to attend



Community Bank Thinks Big

Under VP/COO Leif Christianson's leadership, Peoples State Bank has outsourced its core banking systems — and boosted revenues and growth as a result.

By Katherine Burger  [@KathyBurger](#)

Leif Christianson loves being a community banker. "I get to live, work, and grow in the communities we serve," says the VP and chief operations officer of Wausau, Wisc.-based [Peoples State Bank](#). "It's something I'm really proud about, being involved in the community."

Christianson has been able to put this enthusiasm to work to help grow Peoples State Bank from \$500 million in assets when he joined the institution in 2007 to more than \$720 million today. And thanks to his focus on improvements in operations, revenue generation, and customer service, the bank is on target to reach its goal of becoming a \$1 billion-asset bank.

Christianson spearheaded a complete technology overhaul, highlighted by an outsourcing partnership with [Jack Henry & Associates](#). The technology transformation was needed to support Peoples' mission of striving "to provide the greatest experience to our customers, and to provide our employees with the best tools and resources as possible, and, ultimately trying to return shareholder value by doing that," Christianson says. "The role of technology is really to enhance the overall experience, trying to be available and consistent in how we provide that information, providing an easy way for customers [to interact with us] or an easy way for em-

Leif Christianson

VP and chief operations officer, Peoples State Bank

IT organization: Six dedicated employees. The bank has a \$1.5 million IT budget (which includes the outsourcing data service contract with Jack Henry Associates).

Professional history:

Joined Peoples State Bank in 2007 as VP-chief information and operations. He was promoted to current role in 2013.

Education: Christianson has a bachelor's degree in management information systems from the University of Wisconsin-LaCrosse, an MBA from Lakeland College, and a Six Sigma Yellow Belt from the University of Wisconsin.

Off the job: "Financial literacy is a passion of mine," says Christianson, who is actively involved in efforts to improve the financial literacy of individuals and families. He's a classroom volunteer for Junior Achievement and was part of Project Step Up, a United Way committee to help struggling families achieve financial stability.



"We always are looking at how we can do process improvement, and where we can add value for employees, customers, and shareholders in the way we present data and information to them."



Leif Christianson

ployees to conduct their day-to-day business, and make sure we're meeting their expectations. We always are looking at how we can do process improvement, and where we can add value for employees, customers, and shareholders in the way we present data and information to them."

Best-Of-Suite Approach

When he joined the bank, however, its legacy systems were impeding its ability to act on that mission, says Christianson. A gap assessment revealed too many different systems that didn't work together effectively, plus a core platform that wasn't providing what Peoples needed to grow its business. The research process also involved interviewing Peoples' staff about the legacy systems' limitations and getting feedback from other peer banks about systems they were using. "One of the things we wanted to do was adapt a best-of-suite approach, going to one of the big vendors who could deliver," Christianson says.

At the same time, he was attracted to the benefits of a service bureau model. "We knew to meet our organic growth expectations and M&A we needed a platform we weren't going to grow out of," he explains. "We wanted a service provider that could allow us to continue grow without having to worry about capacity as far as hardware or software. We wanted to switch from that typical [capex](#) [capital expenditure] model to an [opex](#) [operating expense] model, where we could just pay as we go, pay for what we're using" — rather than make a huge up-front investment and trust that future growth would produce the ROI.

An additional consideration was the ability to leverage a tech partner's expertise — especially around treasury management services, which Peoples Bank had identified as a key growth opportunity. These

priorities led Peoples to Jack Henry. The "big bang" conversion took place in June 2010, with all core processing and software switched to the vendor's service bureau offering. The only exception at the time was the bank's loan origination software, which at a later date was converted to [D+H's Laserpro product](#).

In preparation for the conversion, "we shared a lot of information with our employees and our customers regarding the change, so they had an understanding of where we were going," Christianson reports. "We even took it to our shareholders to let them know the reasons why we're doing this and why we see it as a benefit to them." The conversion also provided an opportunity for the bank to pursue another priority: cross-training its employees to handle a variety of functions, products, and services. Not only does this minimize potential "gaps in service," Christianson says, it ensures "there are not silos of knowledge or harboring of knowledge among one or two people."

Despite the inevitable anxieties about such a massive change, for the most part Peoples' employees at all levels quickly recognized the benefits of the outsourcing approach. "We've really changed our model and empowered our employees to do the things they want to do, and to be able to deliver on things they want, when they want," Christianson emphasizes. "The biggest benefit we've seen is that for an institution of our size, we have the same abilities as the large players" in terms of the ability to scale resources to respond to business opportunities and market needs.

Acquisition Proficiency

And it's not just rhetoric. In the past two years, Peoples, which now operates nine branches, accomplished two bank acquisitions. "They go off



Leif Christianson

very smoothly and without a hitch because of the level of the technical resources we have and the engagement we have of our staff, because they know what to do and feel empowered to do it," Christianson says.

The partnership also has helped Peoples in its efforts to build its commercial banking and treasury services business — not a typical strategy for a community bank. "We saw this as an opportunity," with a focus on local small businesses, Christianson explains. As a result of the Jack Henry partnership, "we've gained a lot of traction," he adds. For example, the bank is offering its business clients the vendor's **Gladiator** information security services to help in fraud detection and prevention.

From an infrastructure standpoint, Peoples works with Cisco and Microsoft (Windows 365 was deployed in 2013), and is "100% VMware for our servers that remain in-house," Christianson reports. The bank actually is in a "heavy due diligence" stage of investigating a move to a private cloud offering, "where we still maintain the administration and day-to-day management of the servers," which would move into a hosted

environment. He expects the move to happen sometime in the first quarter of 2015.

Private Cloud Plans

The benefits would be similar to those the bank already enjoys from its banking software outsourcing arrangement. "It allows us to pay as we go," Christianson says. "We're not overbuying technology or trying to grow into it. It provides us a lot on disaster recovery and high availability — we don't have to have all the backups, UPSes, or generators. We can partner with someone that has that specific VM or Microsoft knowledge for upgrades. This provides us the flexibility as we grow organically or through acquisition."

It all comes back to living by Peoples State Bank's **core values**, which Christianson says guide his approach as a leader. "I live by the core values — listening to the customer, understanding that one-size-fits-all doesn't always meet the customer demands or solve the problem they have," he says. "For me, the 'moment of truth' is being responsive to the internal and external customers, and making things as convenient as possible." ■



COMMUNICATIONS TRANSFORMING BUSINESS

Conference: March 16 - 19 | Expo: March 16 - 18
Gaylord Palms, Orlando, FL

UNIFIED COMMUNICATIONS | COLLABORATION | LYNC
MOBILITY | SIP TRUNKING | VIDEO | WEBRTC | MORE

Learn how to transform your enterprise communication and collaboration systems and services and overcome migration challenges. Now in its 25th year, Enterprise Connect is the leading source for cutting edge insight and strategies essential for next-gen migration.

- ▶ **Stay Up-to-Date:** Keep your finger on the pulse of the industry in Keynote and General Sessions delivering the latest insight on hot topics surrounding UC, mobility, collaboration and cloud.
- ▶ **Advance Your Career:** Get the knowledge you need to excel with over 60 sessions designed by and for enterprise communication and collaboration professionals.
- ▶ **Grow Your Network:** Connect with the largest gathering of enterprise IT leaders and influencers.
- ▶ **Learn From Industry Leaders:** Attend a full range of Free Programs and Special Events throughout the week.
- ▶ **Evaluate All Your Options:** Engage with 175+ of the leading equipment, software and service providers.
- ▶ **Have Fun!** Mix and mingle with sponsors, exhibitors, attendees, guest speakers and other industry players during evening receptions.

SAVE \$100* OR GET A FREE EXPO PLUS PASS
Register with Discount Code: **DIGITAL**

www.enterpriseconnect.com/orlando

* \$100 off discount applies to Entire Event and Tue-Thu Conference Passes only. Discount calculated based on the current price and not combinable with other offers. Offer good on new registrations only.





Automation Breeds Efficiency At Citi

DK Sharma helped usher Citi's Asia-Pacific banks to a standard platform, a model that's now being assessed globally by the bank.

By Bryan Yurcan  [@BryanYurcan](#)

For DK Sharma, the key to completing a large project successfully is to make sure all stakeholders are fully involved, and to prioritize quality over quantity.

"You have to manage large projects closely; if one team slips, the whole project slips," says Sharma, the international CIO, global consumer technology, for Citigroup, which has \$1.8 trillion in assets. "Key users of the new system you are implementing must be involved through the whole life cycle of the project. And it's also very critical to have a good architecture team; as far as business analysts and developers are concerned, you need to focus on quality, not quantity."

Sharma should know what it takes to successfully shepherd a project from inception to completion. He has helped lead Citi on several transformations that have allowed the global bank to run more efficiently and follow common processes across divisions.

As part of his role, Sharma has responsibility for consumer technology services provided to the international regions (including Europe, the Middle East, and the Asia-Pacific region) in which Citi operates. These services include business relationship management, project management, software delivery, testing, and data systems management. He was

DK Sharma

International CIO, Global Consumer Technology, Citigroup

Professional history: After getting his MBA, Sharma was accepted into Citi's prestigious Management Associate program in Mumbai in 1989. He then spent 15 years in Singapore, where he held a number of roles, including head of the international technology organization and head of operations and technology for Citi's Consumer Banking in the Asia-Pacific region.



Education: Graduated from the Indian Institute of Technology in Delhi, where he received his bachelor's degree in electrical engineering. MBA from the Indian Institute of Management in Calcutta.

Staying connected:

As someone who often is traveling around the globe, Sharma relies heavily on technology to stay connected with friends and family. Specifically, he finds WhatsApp to be a great aid in helping him stay in touch. "I don't think I could live without it."

"You have to manage large projects closely; if one team slips, the whole project slips."



appointed to this position in September 2009 after holding a number of roles in his now 25-year career with Citi, including head of the international technology organization.

Five years ago, Sharma helped conceive and initiate a project that has grown into a major initiative across Citi's global consumer banking organization. In partnership with Citi's Asia Consumer Business heads, Sharma led a platform convergence for seven major markets in Southeast Asia in an effort to standardize and streamline operations. This project provided benefits in the form of infrastructure consolidation as well as convergence of business processes and products. That initial program in Southeast Asia has since become a global initiative to deliver advanced capabilities and drive common process and technology across Citi's consumer banking businesses globally.

"We had seven markets in Asia that were being supported on a set of legacy technology platforms that were built and customized for these businesses in a bespoke manner. It was becoming expensive to maintain these platforms on a go-forward basis," Sharma notes.

Most of the available banking software in these markets was product-focused and didn't allow for a single customer view across products and channels, according to Sharma.

"Also, we did not have much automation — a lot of paper was involved," he adds. "Asia is a growing market with Citi, and as we responded to growing business needs, we had to repeat the same steps in seven different markets. We were not getting scale."

The convergence project took two years to complete. While there are always challenges in a project this big, Sharma says the biggest one was perhaps changing the mindset of people in different coun-

tries who were used to doing things their own way. However, once the benefits were apparent, everyone came on board.

The new platform now allows Citi to "build something once" and deploy it several times in these markets, whereas before systems had to be built specifically for each individual market, Sharma says.

"We added capabilities in Asia such as real-time contextual offers, retail treasury products, and the ability to move money between accounts internationally in real time. That's a very powerful feature that Citi can offer using its 'globality,'" he notes.

A Global, Digital Bank

Sharma says Citi also strives to be a "top global, digital bank." With the mobile channel growing exponentially, he says the customers should be able to "have the bank in their hands."

He believes the mobile channel is moving from just providing transactional capabilities, such as payments or remote deposit capture, to becoming a complete delivery channel. Further, Sharma says there are opportunities to use data and analytics to provide customers with a highly targeted and personalized experience on digital channels.

"We want to be able to offer contextual capabilities, and not just a one-size-fits-all experience," he says.

Whether it's for his job or just on a personal level, Sharma has a passion for learning and acquiring new skills. He says his daughter recently had to learn the Python programming language for a college course, so he decided to take an online course in Python and helped her learn it.

"I'm always trying to learn new things and sharpen my mind," he says. ■



Core Conversion With An Added Twist

Lisa Welander led Heritage Financial through a successful core replacement while also going through a heavy M&A period.

By Bryan Yurcan  [@BryanYurcan](#)

For banks going through a merger or acquisition period, IT staffs can be overwhelmed with the preparation and work that needs to be done in integrating different systems. If you throw in a core conversion during that same time, things can get really tricky.

But [Heritage Financial Corp.](#) of Olympia, Wash., successfully did just that last year, merging two acquired financial institutions while also changing its core systems. However, it was not exactly a straightforward, simple process, says Heritage's senior VP and director of operations, Lisa Welander. "The acquisitions definitely added a lot of complexity to the whole process," she says.

In March 2013, Heritage Financial (\$3.3 billion in assets) decided it would replace its 18-year-old account processing system with the DNA core platform from Fiserv. As the bank grew over the past several years, both organically and from acquisitions, it was clear it would need a new core to help standardize operations, reach aggressive growth targets, and improve customer experience, says Welander, a 30-year banking veteran. However, shortly after signing the contract with Fiserv, Heritage entered into deals to acquire Central Valley Bank and Valley Bank, adding considerable complication and moving parts to the whole process.

"An acquisition and a total core conversion are two completely different projects," says Welander, who is responsible for item processing, deposit and loan operations, informa-

Lisa Welander

Senior VP and director of operations, Heritage Financial

Professional history: Joined Heritage Bank in 1999 as senior VP of operations administration; in 2001, she was promoted to her current role. Before Heritage, she served 16 years with West Coast Bank and its predecessor, Centennial Bank.

IT staff: 20 full-time employees

Education: Welander is a graduate of the South Puget Sound Community College with an ATA in accounting and a 2013 graduate of Pacific Coast Banking School.



Favorite personal technology: The iPhone, which she uses heavily — naturally — for banking. "I'm a banker and I hardly ever go into my branch."

"I think one of the big successes was that the business units took so much ownership of the project."



Lisa Welander

tion technology, business services, and project management. "I think already having done some acquisitions in recent years was helpful, and we have a good solid IT team and a good management team."

Welander says the bank initially had conversations with consulting firms to advise them through this hectic period, but management ultimately decided, "We had the ability to do this on our own." More than 350 Heritage staff members across 15 business units were trained during the ramp-up before beginning the whole core replacement project.

Usually a project manager would be designated with the task of creating a project road map for large initiatives such as this one, Welander notes. But since the core conversion coupled with the M&A integrations was so important, Welander and her team had each business unit write its own project plan.

"We wanted to know how each business unit touched any piece of our core processing unit and how the conversion might affect them," she adds. "Then we made a master plan, set milestones, and monitored it from a high level. We met on a monthly basis with the business units, and they met on their own once a week. I think one of the big successes was that the business units took so much ownership of the project."

By November 2013, just eight months after the project began, Heritage Bank, Central Valley Bank, and Valley Bank all had been brought onto the DNA platform. Heritage simultaneously implemented 11 additional solutions with the DNA platform, including tMagic, a digital document electronic content management system; a teller capture system; and Voice Response, for telephone banking. Throughout the project, the bank placed an overarching emphasis on staff training, and it was completed within budget and with minimal disruption to customers, Welander says.

"Marketing did a great job of getting information out to the masses and keeping customers informed," she adds. "Thirty days before the conversion, we did a mock conversion over a weekend, so we were able to determine where we still had some work to do or where we were right on track." When the conversion was ready to happen for real, the bank cut over on a Friday evening, and was ready for business that following Monday, she says.

"It was a hectic period," she says. "We signed the contract for the new core on Feb. 28 [2013], had our kickoff meeting the first week in March, and converted by the end of October."

Since the core conversion, Heritage has been able to have a real-time, relational data model that lets staff enhance the retail and commercial customer experience and standardize operations between its acquired institutions. It is also looking at adding a virtual teller capability at branches using the new core platform.

While spending so much time undertaking a daunting project leaves little thought for new products, Welander is hoping to change that in 2015. She says Heritage is looking at adding a mobile app for business customers as well as more tablet banking functionality. The bank also may add mobile RDC for business customers.

But after successfully completing a core conversion while integrating two new banks into the fold, Welander has a pretty good grasp of what it will take to complete any future project, no matter how big or small.

"My biggest takeaway is that it's important to surround yourself with the right team and a team that works well together," she says. "There's a right time to use a consultant, but when you can use the team you have on staff, you really take on the ownership of a project." ■



Chris Perretta, State Street Corp.

CIO Builds Change Into State Street's DNA

Chris Perretta has led State Street through a major IT transformation. But that just laid the foundation for further (and faster) change in the organization.

By Jonathan Camhi  [@joncamhi](#)

At the end of 2010, [State Street Corp.](#) announced it was embarking on a four-year transformation of its IT and operations. The project would create new centers of excellence, a private cloud to increase computing capacity, and new tools and processes for enterprise innovation. Management of the bank said the transformation would save \$575 million to \$625 million in IT and operating costs by the end of 2014. With the end of the year approaching, State Street is wrapping up the initial phase of the transformation, achieved the planned savings, and is starting to see the business, IT, and operations benefits it expected.

Chris Perretta, executive VP and CIO at State Street, has led the bank's IT organization through the high-profile transformation over the past four years. With much of the overhaul in infrastructure and processes completed, Perretta and his team are looking forward to leveraging the fruits of that labor for further innovation.

"Some of the work that we've done has really laid the groundwork for what we call the digital enterprise. We've done some of the plumbing work, we changed the way that we

Chris Perretta

Executive VP and CIO, State Street Corp.

Professional history: Before joining State Street in 2007, Perretta was the CIO for General Electric Commercial Finance. Before that, he served as CIO for the North American Consumer Financial Services unit and CTO for GE Capital. Before joining General Electric, he was an associate partner at Andersen Consulting (now Accenture).

IT organization: 5,000 employees and contractors

Education: Perretta has a bachelor's degree in electrical engineering from Johns Hopkins University and a master's degree from Syracuse University.

Hobbies: Perretta is helping his wife restore a Civil War-era building and helping her start a new business.



"We're trying to convince the organization that change has to be built into our DNA. It's not one of these one-and-done things."



think about building systems, we changed our idea about what has to happen with how we handle data, and how we communicate our work to our sales and clients,” he says. “Now we have these core capabilities, and it’s about how are we going to use them to do something new. That’s exciting when you get to that point.”

Building A Digital Enterprise

Although State Street trumpeted the financial benefits of the transformation for its shareholders, the organization always viewed building that groundwork for a digital enterprise as an equally significant

A platform-as-a-service has sped up the organization’s ability to share data with clients.

benefit of the transformation, Perretta says. And when it comes to transformational change, that groundwork is a means, not an end. What Perretta and his team have really built is a foundation for faster change in the future.

“I think that, if anything, we’re trying to convince the organization that change has to be built into our DNA. It’s not one of these one-and-done things,” he explains. “Every time we build one of these core capabilities, it is an opportunity to do even more stuff, and that means doing it even faster.”

The private cloud that State Street built during the transformation is one key piece of this foundation for faster change. “What we call a cloud — but it’s really a platform-as-a-service geared toward our business — it’s allowed us to leverage components more. And it’s got a real focus on architecture, frameworks, and re-use. We’re getting 40% to 50% re-use out of it. So in essence, we’re building a lot more

features and functions with a lot less code. We call it ‘industrial Agile,’” Perretta says.

That platform-as-a-service, combined with a new data governance framework that State Street has implemented, has sped up the organization’s ability to share data with clients.

“That was one of the first priorities that came back when we first started talking to clients [about the transformation],” Perretta recalls. “There’s the old model of sending thousands and thousands of files down to our clients — and we still send them a lot of files — but we said there has to be a way to give our [investment] clients data on demand that is pertinent, that is where they want it, when they want it.”

What State Street’s clients really needed was the ability to access the data that State Street stored for them, combine it with data from other sources, and analyze it for their own forecasting purposes. State Street’s private cloud provided a platform for clients to do all of that quicker and more cheaply, so Perretta and his team built tools on that platform to provide those data analysis capabilities.

“People can augment the data that we have on their behalf with data from other vendors and suppliers, and then manipulate it. We provide the data lineage, and we’ve built an abstraction layer for it, so we know that they can’t do any harm to that data,” Perretta notes. “We’ve found that to be incredibly powerful for our clients, and internally as well. And we find it more and more becoming part of our new [Global Exchange](#) business.”

State Street’s Global Exchange offers asset managers and owners the data and analytics capabilities that Perretta describes to help them



gain better trading insights. Leveraging the cloud infrastructure that Perretta and his team have built, the exchange brings together data from multiple parts of the enterprise including risk and multiple trading platforms to give investment clients tools to analyze trade life cycles and portfolios.

In addition to these technology and client benefits, State Street is well on its way to achieving the cost-savings benefits it targeted in 2010. The bank had pretax run-rate expense savings from the initiative of \$86 million in 2011, \$112 million in 2012, and \$220 million in 2013.

Long-Term Focus

Perretta touts the ability of State Street's organization to stay focused on the long-term strategy as one of the keys to the transformation initiative's success so far. One of the reasons the organization has been able to stay focused on that long-term vision is State Street's architecture team, which reports to Perretta.

State Street is well on its way to achieving the cost-savings benefits it targeted in 2010.

"Usually the head architect [at a bank] is part of the development or operations team. Our architecture team is separate, and they look out at two- to three-year time frames and figure out what capabilities we'll need, prove that the concept works, and can I operationalize it, so it can be part of our business-as-usual operations," Perretta says.

State Street's cloud platform-as-a-service implementation, which was a year in the making, and the data manipulation tools it provides clients came out of the architecture group's work.

"They created a proof of concept with an eye toward: Here are the capabilities that our entire organization is going to need, here are the technologies that we can deploy, and here's how to make them operational. So we try to build that kind of pipeline into the way that we operate," Perretta explains. "And I really do feel like the guys there have put together a process by which we are constantly evaluating new things and rolling them out."

The architecture group can help provide the vision and focus for State Street's ongoing transformation thanks to a leadership team — led by head architect and executive VP Kevin Sullivan — that can tie together the business and technology goals. "They are just as comfortable talking about technology strategy as they are talking about technology. They're scary people," Perretta jokes.

And the architecture team stays plugged into the rest of the technology organization through communities of interest that the team has built in different parts of the organization.

The architecture team has helped Perretta and State Street build an innovation pipeline, but the ongoing change that the bank is hoping to execute still is a difficult journey, Perretta says. His next challenge will be figuring out ways to leverage the new infrastructure and resources from the transformation to make that journey easier going forward. "It's not just State Street [that is trying to transform its technology]. Look at Microsoft — everybody wants to go to Office 365 ... but the journey is so hard. Is there something I can do to make the journey faster? Is there something that I can do to ease the change on the business? I think that's a neat problem to try to solve," Perretta declares. "And it takes your very best and experienced people." ■



Choice, Simplicity, Speed

Sharon Murphy, who runs Team Member Infrastructure Services at Wells Fargo, is leveraging consumerization to make employees more productive.

By Katherine Burger [@kathyburger](#)

Not only has the rise of [consumerization](#) transformed the ways banks deal with their customers, it also is transforming the ways banks interact with their own employees. At [Wells Fargo](#), the consumerization concept provides the framework for how the bank, which has \$1.6 trillion in assets, supports some 260,000 employees — or “team members” — and helps make them more productive, according to Sharon Murphy, executive VP, Team Member Infrastructure Services.

Murphy’s organization supports end-user computing; runs Technology Connections, the bank’s 24/7 support call center; and supports enterprise market data services. “It’s really about, how do we keep our constituents in the highest state of productivity?” she explains. “If your technology asset isn’t working, we can’t help our bankers realize [Wells Fargo’s] vision, which is to help our customers succeed financially, because they can’t access the tools they need to help them do that.” If someone’s desktop, laptop, or mobile device isn’t working, or if market data is not getting to the trading floor in a timely manner, “our team members can’t be productive.”

In many organizations, the IT help desk and field support are not always popular entities,

Sharon Murphy

Executive VP, Team Member Infrastructure Services,
Wells Fargo & Co.

Professional history: Assumed current role in 2011; previously served as senior VP within the Team Member Enablement organization; before joining Wachovia in 2006, Murphy was global chief business technologist at JPMorgan in the Corporate & Investment Banking Technology organization.

Education: Murphy has a BBA in management information systems from Hofstra University.

Unexpected activity:

Murphy is writing a novel about “women coming into their own.” She hopes it will be “one of those things that anyone can read it, whether they are 12 or 80, and feel good about it.”



“I like this job because it allows me to affect how people get work done.”



Sharon Murphy

and when Murphy assumed her role in 2011 she wanted to change perceptions at Wells Fargo that Team Member Infrastructure Services was basically a utility function. To do so, she implemented “a consumerization-of-IT-support type of framework. We want to bring inside of the enterprise the type of support tools and products that we enjoy as consumers.”

A starting point was redefining the unit’s brand. “At the end of the day, we provide customer service to our team members, so we decided that’s what we want our brand to say about us, and we didn’t want to be treated like a commodity or utility,” says Murphy, who reports to Wells Fargo CTO Scott Dillon. “We wanted our team members, as well as the customers we service, to know we are part of a value-added chain that actually leads to servicing our external customers through our bankers. We wanted people to understand we were innovative, we wanted them to believe we were listening and that we were customer-service focused, and are here to satisfy their need to be productive.”

At the same time, the organization analyzed data about its functions, such as what types of activities generated the most calls to Technology Connections or the status of operating system upgrades. “We looked at what the data was telling us about our organization and made some clear decisions about where we were going to be transformative,” Murphy says. “Some things we needed to change and some things we needed to transform — meaning we never go back to the old way of doing it.”

This is where consumerization came into play, she says. The thinking was, “let’s look at the types of things team members are used to in

their home lives — can we bring those into the enterprise and further enhance their user experience? We wanted to enhance our team member experience.” While acknowledging that she must always factor in Wells Fargo’s massive size and scale, along with cost containment considerations, Murphy states that “we wanted to give our customers a choice of how they wanted to be supported.”

Multichannel Support

Among the changes were adoption of a multichannel support model for Technology Connection that expanded beyond “predominantly phone based to more consumer-like types such as internal chat, internal social media, improved IVR, and more natural language,” Murphy says. For end-user computing, there has been a shift “from heavy resource-intensive provisioning” that typically involved deploying technicians to actual desktops, to “automated on-demand services,” where team members can acquire what they need from an online shopping cart or obtain services through their phones. For example, instead of relying on the dedicated teams that used to manage market data subscriptions, these are now managed through a portal, an “on-demand, self-service kind of model that team members are used to at home.”

And an enterprise-wide rollout of Windows 7 was accomplished in a way to be “zero touch” — no user intervention. “It was hugely successful, with no user interruption at all,” Murphy reports.

Still, even actions intended to improve team member experience can be disruptive, and Murphy, who started her career in application development, acknowledges that communications and timing play



Sharon Murphy

big roles in getting employees to accept new ways of working. For example, when a chat solution as a means of working with Technology Connection was first introduced several years ago, “it didn’t get as much traction,” she says. But with chat now a common aspect of e-commerce and online support, “the success factor and the attraction have gone through the roof.”

Part of overcoming what Murphy calls “the fear factor” also involves making “the barrier to entry really low.” Relying on voice-of-the-customer research and analytics around systems usage, she strives to improve ease of use, recognizing, “it all goes into the stickiness of our solutions.”

Murphy acknowledges that “what we do every day could be very disruptive to our team members,” and says that one of her criteria for success “is when I don’t hear anything about what I’m doing. If we’re doing something transformational and I don’t hear any uproar, that is success. We’re doing it seamlessly, not to them but with them, and they are not disrupted as a team member.”

Quick Time To Market

Another aspect of this seamlessness is quick time to market as these capabilities are introduced, Murphy notes. “If you can allow me to have my choice, get it to me quickly, [minimize the] barrier of entry, and if I can start to use it, without a whole lot of effort, then I’m good,” is how she describes her constituents’ expectations.

The flip side of satisfying team member expectations has to do with managing the risks inherent in consumerization. “While we do want to move the needle and be innovative, we’re in a time where risk man-

agement is top of mind,” Murphy says. “[Sometimes] that new thing that everybody wants is great for the home but not appropriate in the enterprise. That is probably one of the biggest challenges around the technology. We want to make sure team members know we want them to be productive, but we want to make sure we do it in a way that mitigates risk.”

Collaboration Focus

Looking ahead, Murphy says the next big area of focus for Team Member Infrastructure Services will be leveraging the capabilities now empowering Wells Fargo employees to “maximize how team members work together, [and] create an environment where they can feel connected into the larger organization. We will start to see some focus on collaborative connectivity and productivity ... [and how to] provide adequate support regardless of where you are in the organization and however you travel.”

Murphy credits her professional success to “having access to really good, authentic leadership ... who really enforced on me that what we do every day is a privilege.” She describes herself as a consultative and accessible executive who aims “to get opinions from across the organization, because I find them all useful.” In particular, she cites as a big advantage her ability to empathize with the needs and expectations of Wells Fargo’s team members — because she’s been in their shoes, depending on company-provided technology to fulfill her responsibilities. “The best thing about my job is that I’m able to pull on all of my other experience to make this happen,” she says. “I like this job because it allows me to affect how people get work done.” ■



Building The First Pan-ASEAN Bank

As CIO and COO, Iswaraan Suppiah has laid the foundation for CIMB to become the first pan-ASEAN bank.

By Jonathan Camhi  [joncamhi](#)

Iswaraan Suppiah became CIO and COO of CIMB Malaysia (now [CIMB Group](#); \$115.75 billion in assets) in 2004 at a pivotal point in the institution's history. The organization's investment and retail consumer banks merged in 2006, and CIMB was planning an aggressive expansion beyond its traditional footprint. CIMB Malaysia aspired to become the first pan-ASEAN ([Association of Southeast Asian Nations](#)) bank, and it was up to Suppiah to build the IT and operations to support that future state.

The bank began growing throughout Southeast Asia via acquisitions in the major ASEAN markets. But those acquisitions left the organization with a complex IT infrastructure, with duplicate systems across many markets and divisions, not to mention some old legacy infrastructure that needed to be modernized. Rather than being deterred, Suppiah jumped at the task of building the first pan-ASEAN bank out of this aging, jumbled infrastructure amalgamation.

"What interested me in the role was that we were basically a localized Malaysian player looking to grow into an ASEAN bank. If you join a mature, global bank, you will more or less be an order-taker, where your job is to execute. Whereas in becoming an ASEAN bank across 10 different countries, you have the opportunity to mold a bank in a way that you think will

Iswaraan Suppiah

CIO and COO, CIMB Group

Professional history: Joined CIMB Securities in 1994. Served as CIO and chief operations officer of CIMB Group since 2004. Previously served as CIMB's head of strategic risk and compliance (2001-2004), executive director of operations (1999-2001), and head of equities risk management (1994-1999).



IT organization:

Budget around 1.2 billion Malaysian ringgits (or approximately \$360 million US), and 8,000 staff.

Credentials: Suppiah is a member of the Malaysian Institute of Certified Public Accountants, the Malaysian Institute of Accountants, and the Financial Planning Association of Malaysia.

Hobbies: Interests include Vedanta philosophy and football. He is an ardent supporter of Manchester United. Also likes to keep up with the latest trends in technology beyond banking.

"I am replacing something that at the end of the day will reduce my IT spend over time and make our organization more efficient."



be most beneficial to the region,” Suppiah says. “That’s an opportunity that probably comes once in a lifetime.”

Reaching Across ASEAN

To achieve the pan-ASEAN vision, Suppiah would lead CIMB’s technology and operations organization through a multiyear initiative, dubbed the Optimus program, to standardize and optimize the infrastructure and processes across the bank’s various markets.

“The vision for us is very clear. The vision is that if you have an account with us in Kuala Lumpur, you will be treated the same if you walked into a branch in Bangkok or Bali as you would in Kuala Lumpur,” Suppiah explains. “The vision is to become a seamless bank across ASEAN.”

In total, CIMB acquired nine different institutions across the ASEAN countries. Faced with building a seamless experience across these disparate organizations and infrastructures, Suppiah and his team began the Optimus project in 2008. At the time, the core systems supporting CIMB’s Thailand and Singapore acquisitions were a major impediment to business growth in those markets. Faced with the need to upgrade core systems in two out of its four major markets, CIMB had an opportunity to put all of its markets on a common platform to facilitate that seamless experience. Additionally, a common platform would lower IT costs and make the organization more efficient across its markets.

“It really becomes a no-brainer because I am replacing something that at the end of the day will reduce my IT spend over time and make our organization more efficient,” Suppiah reasons.

Transforming onto a common infrastructure has allowed the bank to cut its outsourcing costs by an average of 40% across its markets. When it was operating on diverse core systems across its markets,

CIMB had outsourced application development and systems maintenance to different partners. That outsourcing was not economically beneficial to the bank because of the exchange value of the Malaysian ringgit versus the Indian rupee, according to Suppiah. Standardizing those core systems onto a single platform allowed CIMB to gradually move those functions to a shared-service, insourced center of excellence supporting a common platform across its markets.

CIMB is now getting toward the tail end of the Optimus project’s initial phase. Suppiah and his team have standardized CIMB’s ERP layer across the organization and are close to completing the standardization of core platforms. On the treasury side, all of CIMB’s major markets are operating on a common system. On the retail side, three out of the bank’s four major markets are on a common system with one implementation remaining in the Indonesian market. CIMB declined to comment on whether the core platform was developed in-house or with a vendor partner.

The organization is also starting to realize the benefits of standardization across its markets. “If you look at our wholesale treasury end, they are starting to take products from one market, and now they realize that they can seamlessly market them in other markets with minor changes. So time to market is quite quick,” Suppiah notes.

For instance, after implementing the Optimus project’s architecture, CIMB was able to launch a new partial withdrawal fixed-deposit account in three weeks (including testing) and at a cost of 50,000 Malaysian ringgits (less than \$15,000 US).

CIMB has also been able to centralize development of retail banking products, cutting the costs of developing new solutions. Some of the products that have been built centrally and deployed across different markets at nominal cost include CIMB’s [Plug N Play](#) mobile point-of-



sale card reader and its AirAsia Savings Account.

That ability to cut development costs and improve speed to market helps CIMB as it tries to respond to disparate needs and trends in its various markets. For example, the bank has seen different adoption rates of digital channels in some of its markets.

“The mobile penetration in Indonesia is much higher than the PC desktop penetration, and in Malaysia it’s vice versa. So we play different moves in different markets,” Suppiah explains.

So while the bank has focused on the growth of its online channel in Malaysia, it introduced a new mobile product in Indonesia, called Ponsel. The product allows its customers to make cardless ATM cash withdrawals, make mobile payments at the point of sale and send mobile P2P payments to non-CIMB customers.

Regulatory Hold-Up

Despite these gains, CIMB is still waiting for regulatory changes to see the full benefits of the Optimus project. Expanding throughout the ASEAN region allows the bank to

serve 10 different countries, with a combined population of more than 600 million. But right now regulators in some of those countries, such as Indonesia, [have instituted hurdles](#) to prevent foreign banks from competing with their domestic institutions.

The ASEAN countries have agreed to liberalize and integrate their financial sectors by 2020, and plan to institute an ASEAN Economic Community by next year. Some ASEAN countries are further along that path of opening up their borders to economic integration than others. CIMB will have to wait for further integration among its markets to realize the full benefits of the Optimus project.

“Unlike the EU, ASEAN has not come up with a common economic council understanding. We see this shifting, though. So by next year at least [when the economic community is instituted], there has to be more understanding and opening of borders,” Suppiah explains. “The whole idea is that we want to have the platform in place so that the moment the regulators open things up, we are ready to operate as one ASEAN bank.” ■

Content Licensing for Every Marketing Strategy



Marketing solutions fit for:

- Outdoor
- Direct Mail
- Print Advertising
- Tradeshow/POP Displays
- Social Media
- Radio and Television

Logo Licensing | Reprints Eprints | Plaques

Leverage branded content from *Bank Systems & Technology* to create a more powerful and sophisticated statement about your product, service, or company in your next marketing campaign. Contact Wright's Media to find out more about how we can customize your acknowledgements and recognitions to enhance your marketing strategies.

For more information, call Wright's Media at 877.652.5295 or visit our website at www.wrightsmedia.com



Pursuing Digital Transformation

As they help lead their organizations into the brave new world of digital banking, the 2013 Elite 8 executives are looking for ways to expand mobile capabilities, modernize infrastructure, and develop data-focused cultures. BS&T caught up with some of last year's honorees to learn more about their recent activities.

By Peggy Bresnick Kendler

Transform The Mobile Experience

Jeff Casey

Senior VP of Alternative Delivery Channels, First Financial Bankshares

Jeff Casey, senior VP of alternative delivery channels at [First Financial Bankshares](#), says that although there hasn't been a change in his organization or title in the year since he was awarded the Elite 8 honor, the rapid pace at which innovation drives customer interactions has shifted his role.

"As self-service adoption increases and more transactions are generated through nontraditional channels, maintaining a personal relationship and providing a 'customer service first' experience has allowed me to focus increasingly on aligning our brand and marketing activities across alternative channels," Casey says. "Over the past year, I've found myself more engaged with marketing-related projects that span across products, services, and delivery channels designed to promote self-service while high-



lighting our commitment to personal relationships."

Over the past year, Casey and his team of 30 in the alternative delivery channels area concentrated on providing tools, training, and resources to let all staff support nontraditional banking channels. "If a customer comes into a branch for help downloading our mobile app, it's important our staff is empowered and knows how to help," Casey says. "In addition, we've placed an emphasis on extending our self-service capabilities to meet customer needs, including new mobile options such as debit card on/off, the ability to increase POS and ATM limits, and expanding the platforms we support."

Casey reports that his department also has recently rolled out a major mobile payments system that he says has the potential to redefine one of the most frequent customer touch points, the point of sale, and is now working to integrate payment solutions within the bank's own mobile applications.

"Although the idea of generating a new revenue stream through targeted customer rewards has lost steam over the past year, I still believe once integrated within a mobile payment-capable wallet and



Where Are They Now?

with sophisticated targeted offers based on our customer relationship, an opportunity exists to transform a mobile experience based solely on convenience to a mobile experience that is convenient but also adds value," Casey says.

Expanded Digital Focus

Chandra Dhandapani
Senior VP, Capital One

Chandra Dhandapani was awarded the BS&T Elite 8 honor in 2013 for her leadership of the technology team at Capital One's financial services division, one of the bank's four divisions. In the year since winning the Elite 8 award, Dhandapani's role has expanded. Not only does she provide technology leadership and capabilities for the division, but now her responsibilities also include digital transformation for the entire division. "This goes beyond the technology role and focuses on ways to implement our digital agenda across the division," she explains.



In July, Dhandapani's division created The Garage, an innovation center in Plano, Texas, where the auto finance and home lending businesses come together. "We've brought together cross-functional, colocated teams from the software engineering side, but also product managers and designers," she says. "It's been amazing to see the acceleration and pace of change, going from ideas to software. We're really becoming more agile in the way we work across the division."

A year ago, Dhandapani explained that throughout 2014 her depart-

ment would continue to focus on infrastructure simplification and platform consolidation. "Today, we're going through our last milestone in terms of getting to our target infrastructure in our core platform for our home loans business, completing the consolidation of many different systems," she says. "In the course of the year, building on the strength of our core platforms, we have started shifting our focus to strengthening our middleware capabilities and focusing on customer-facing online and mobile capabilities."

Customer-Focused Approach

Jim Gifas
Senior VP, Capital One

When Jim Gifas was recognized as a BS&T Elite 8 honoree in 2013, he was head of treasury solutions for RBS Citizens Bank, where he worked to develop the bank's mobile banking application for corporate payments and banking. But in April 2014, Gifas moved to Capital One, where he was named senior VP and head of the firm's Treasury Management Product Management & Innovation Group, leading all aspects of product management and development functions, including both industry and segment strategies.



In this new capacity, Gifas uses his background as a customer-focused business manager to drive investment in innovation and technology and enhance products that differentiate the bank and add value to Capital One's customers. "In other words, I'm focused on customers and their needs, and I leverage tech-



Where Are They Now?

nology and innovation to deliver the bang for them,” he says.

Capital One is nearing the end of its treasury management strategic investment road map. “Right now, I’m focused on the ongoing migration of our treasury management online services to our new portal, Intellix,” Gifas explains. “I’m involved in this new portal, in the midst of the migration and moving customers over. It will ultimately give clients a single point of access to all of their commercial banking services, including treasury management.”

While Intellix is Capital One’s commercial banking portal, the bank’s treasury management area is driving it since the majority of customers connect to the bank through treasury management services, Gifas notes. “A typical Capital One customer is a small business or middle-market customer. I believe our business customers are looking for the same efficiencies, ease of use, and transparency that we’ve all become accustomed to and demand in our personal lives,” he points out.

Shifting From Tactical To Strategic

Suresh Kumar

Executive VP and CIO, Bank of New York Mellon

Since Suresh Kumar, executive VP and CIO of New York-based Bank of New York Mellon, earned the Bank Systems & Technology Elite 8 honor, his department has been increasing the return on the bank’s technology investment by getting more done with less. This is happening by simplifying infrastructure, leveraging the bank’s global delivery centers, and shifting more of its investment to strategic initiatives. “In addition to decreasing infrastructure cost and increas-

ing technology talent, we are shifting our resources from tactical to strategic initiatives,” Kumar says. “In fact, over the past two years, we have shifted almost 20% of our development resources from tactical to strategic initiatives.”

Among other initiatives over the past year, Bank of New York Mellon continued to install an evidence-based management culture to enable better and faster decision-making. This means employees are expected to leverage analytics to make decisions and performance measurement to continuously improve performance and optimize processes. “Our digitized platforms operate under a disciplined process culture where concepts like Lean Six Sigma and business process reengineering are used, resulting in better straight-through processing and consistent service levels,” he says.



“To make this culture a reality, we developed Digital Pulse, our analytics platform, which leverages cloud, big data, and the Internet of Things to make analytics available and actionable to our clients and employees. These insights enable us to improve client experience and service levels, reduce structural costs, increase client and product profitability, improve operational efficiency, and reduce risk,” Kumar explains.

Bank of New York Mellon’s technology area also is leveraging commodity hardware and its private cloud to get more out of its infrastructure investment. “As we digitize BNY Mellon, the demand for storage and computing continues to increase,” Kumar notes. “However, as a result of our cloud strategy, our costs for these infrastructure components have gone down.”

Kumar’s department also is deploying BXP (BNY Mellon Extreme Platform), its platform-as-a-service offering. This platform ties together



Where Are They Now?

infrastructure, applications, and front-end portals and lets BNY Mellon capture the benefits of the bank's architecture. "BXP improves developer productivity, thereby lowering costs. It enables us to respond to client needs and evolving market trends faster; consolidate our applications at a managed pace, and improve time to market," Kumar says.

Whenever, Wherever Banking

Bridget O'Connor

CIO, Consumer Banking Technology and Operations, Legacy Asset Servicing Technology, Bank of America

Since earning the Elite 8 honor in 2013, Bridget O'Connor, who has led the [Bank of America](#) Consumer Banking Technology & Operations team since 2011, continued to inspire her team to drive multiple technology initiatives across the consumer banking organization that give customers the ability to bank whenever, wherever, and however they want. In October 2014, O'Connor's team introduced EMV chip technology on all new and reissued consumer and small-business debit cards. The new chip-enabled cards are issued automatically to all new customers, while existing customers will receive the new cards upon renewal.



In partnership with Bank of America's Global Wholesale Banking Team, O'Connor's team recently introduced Digital Disbursements. "Digital Disbursements leverages technology behind person-to-person payments, enabling companies to make payments directly to

their customers, thus eliminating the process of issuing a check. The payments are directly routed to the bank account of the individual payee's choosing using either a mobile phone number or email address as the identifier."

Bigger And Better

John Schulte

CIO, Mercantile Bank of Michigan

According to John Schulte, CIO of Grand Rapids-based [Mercantile Bank of Michigan](#) and a 2013 Elite 8 honoree, this summer's merger with First Bank of Michigan dramatically expanded his bank's size, market presence, and opportunity to grow. "Much of my role continues to focus on identifying ways to leverage our strengths in electronic banking solutions to what is now an even wider customer base, and anticipate new ways to better serve them," Schulte explains.



Schulte's team is working on a variety of initiatives, including rolling out virtual teller solutions, certifying compatibility and support for multiple mobile wallet platforms, and upgrading enhancements to the bank's mobile and online banking offerings. In addition, Schulte's area is expanding opportunities to leverage personal financial management capabilities in the bank's in-branch sales, marketing, and customer advisory roles, launching EMV-based cards, and building operational efficiencies/risk management solutions for the newly combined organization. ■

READER SERVICES

Electronic Newsletters

banktech.com/newsletter/subscribe

Issues Archive

banktech.com/backissue-archives.asp

Contact Us

banktech.com/contact

Reprints

Wright’s Media
Brian Kolb 1-877-652-5295
Email: UBMreprints@wrightsmedia.com
Web: wrightsmedia.com/reprints/?magid=2198

List Rental

Merit Direct
Stacey Vigliotti 914-368-1088
svigliotti@meritdirect.com

Back Issues

Phone (U.S.): 888-664-3332
(Outside U.S.): 847-763-9588



InformationWeek
BANK Systems & Technology

EDITORIAL

Editorial Director **Katherine Burger**
katherine.burger@ubm.com
212-600-3062
Associate Editor **Bryan Yurcan**
bryan.yurcan@ubm.com
212-600-3140
Associate Editor **Jonathan Camhi**
jonathan.camhi@ubm.com
212-600-3320

ART
Sr. Art Director **Debee Rommel**
debee.rommel@ubm.com
Jr. Designer **Patrick Campbell**
patrick.campbell@ubm.com

INFORMATIONWEEK
FINANCIAL SERVICES

Editorial Director
Greg MacSweeney
gregory.macsweeney@ubm.com
Managing Editor
James Donahue
james.donahue@ubm.com
Webmaster
Vitali Zhulkovsky
vitali.zhulkovsky@ubm.com
VP of Finance, Create
Marian Dujmovits
marian.dujmovits@ubm.com

READER ADVISORY BOARD

Fred Cook CIO, BlueShore Financial	John Itokazu COO, CIO, Union Bank	Michael Lindsey SVP, BancorpSouth
Vince Hruska SVP, Director, Product Solutions and Strategies, City National Bank	Paul Johnson CIO, BB&T	Bruce Livesay CIO, First Horizon

SALES CONTACTS
INFORMATIONWEEK
FINANCIAL SERVICES

VP & National Co-Chair, Business Technology Media Sales **Mary Hyland**
mary.hyland@ubm.com 516-352-2021

SALES CONTACTS—EVENTS

VP, Content Marketing & Custom Events
Stephanie Stahl
stephanie.stahl@ubm.com 703-266-6030
Senior Director, Custom Events & Operations **Joseph Marks**
joseph.marks@ubm.com 212-600-3058

ACCOUNT SERVICES
AND PRODUCTION

Account Coordinator **Amanda Waller**
amanda.waller@ubm.com 516-562-5583

AUDIENCE DEVELOPMENT

Audience Marketing Manager **John Slesinski**
john.slesinski@ubm.com

UBM TECH

Sally Shankland, CEO, UBM Americas
Brian Field, COO, UBM Americas
Stacey Lisowski, Senior VP, People & Culture, UBM Americas
Marco Pardi, President, Events
Kelley Damore, Chief Community Officer
Tom Spaeth, Chief Financial Officer
Simon Carless, Exec. VP, Game & App Development and Black Hat