

# BANKS TURNING TO THE CLOUD FOR GROWTH AND IMPROVED CUSTOMER EXPERIENCE

We in the tech industry have a particular fondness for catchy buzz phrases. "Digital transformation" is one of the more ubiquitous ones to emerge in the last five years, and perhaps also one of the more difficult ones to define due to its broad nature. Any business likely can transform digitally, if they haven't already, and that can look very different across industries. On a high level, digital transformation is the upgrading of a business' traditional business processes and tools with new technology. The hope is that this will make businesses more efficient, more profitable, more agile, better at serving customers—even, in some cases, physically safer, for those who work in industrial or other high-risk settings. The tools employed to digitally transform businesses vary across industries but often include AI/ML, some automation elements, cloud migration, connected devices/IoT sensors, and more.

Those familiar with digital transformation tend to associate it with the biggest companies—those with big budgets, many resources and personnel to manage, large IT departments, and an obligation to its shareholders to deliver on the bottom line. However, big businesses are not the only ones investing in this transformation and reaping the benefits. Though it is at the vanguard and ahead of many of its peers, some small-to-medium businesses (SMBs) and other institutions have embarked on its own digital transformation journeys.

I talked to Dennis Gada, SVP and Head for Financial Services, North America at Infosys recently, who has an interesting perspective on the topic. "From my own experience," Gada says, "I've seen regional and medium-sized banks getting the most value from developing digital muscle. On the one hand, that lets them tackle nimble fintech firms looking to lure customers away with a better experience, lower fees, and greater convenience, and on the other, it gives them an advantage over big incumbent players who take longer to transform their vast legacy landscapes."

I later had the opportunity to uncover two examples of those who are pushing ahead with its digitization. Both are banks that are transforming its businesses via the cloud. I believe the more success stories businesses of all sizes hear about, and the more encouraged more business leaders will be to take their own plunge. In my opinion, that's

a good thing, so today, I wanted to share a bit about these banks' digital transformations.

## CITIZENS BANK

First off is Citizens Financial Group, or Citizens, headquartered in Providence, R.I. It's one of the oldest banks in America, initially established in 1828 as the High Street Bank in Providence. It's the 13<sup>th</sup> largest retail bank in the U.S., with roughly 1,000 branches across 11 states on the Eastern Seaboard and in the Midwest. The bank provides the full range of consumer services you would expect—banking, savings, lending, mortgage, wealth management, and such. It also offers commercial banking services such as lending and leasing, deposit and treasury management services, interest rate and commodity risk management, foreign exchange, and more.

In discussion with Michael Ruttledge, Citizens' CIO, I gleaned some detail on the bank's current digital transformation. He joined in January 2019 from American Express. He characterized the first six months as the development of a multi-year next-generation technology (NGT) strategy, based on five pillars:

1. Inducting high-caliber engineering talent for the bank
2. Moving to an agile operating model
3. Adopting APIs and modern microservices-based cloud-native architecture
4. Simplifying the IT landscape by rationalizing applications, modernizing toolsets, and taking a cloud-first approach
5. Developing core resilience

He focused first on setting up foundational building blocks to execute the NGT strategy while steering activity toward business-centric transformation and capability building to accelerate new product development. Significant progress was made in the very first year.

For example, the bank developed more than 100 APIs, set up its landing zone in the cloud, migrated existing applications, and also built new cloud-first applications while leveraging deep automation for both applications and infrastructure.



CIO and Head of Technology Services  
at Citizens Bank, Michael Ruttledge.

This early move to digitally transform proved to be an incredible advantage when the bank had to bring its customers the benefits of the SBA PPP (Paycheck Protection Program). Within just a few days, it developed applications on the cloud, submitted loan applications to the SBA, and managed processes efficiently. Citizens emerged among the top 15 lenders processing 48,000 loan applications and disbursing ~ 5B USD in timely loans.

While there is a big focus on modern technology and agile practices, there are also robust controls in place to make sure that all core systems are resilient, and the legacy infrastructure is upgraded and connected across ITSM processes to prevent lapses in governance. Given the current economic climate, the bank is also well-positioned to drive cost reduction along with new revenue generation opportunities.

Rutledge is also aggressively investing in in-house talent. Citizens are upskilling its colleagues through hands-on Engineering Academies, technology immersion sessions, badging and certification programs, and online web-based learning solutions. Coupled with an external talent hiring plan, these initiatives enhance the overall engineering caliber of the whole team.

## OLD NATIONAL BANK

The second example I wanted to cover is that of Old National Bank, the biggest financial services bank holding company in Indiana, headquartered in Evansville. ONB is also an institution with impressive longevity—it was founded in 1834, in the place that would eventually be Evansville, on the Ohio River's shore. The bank provided services to the community, local merchants, and those passing through—a real community bank. Over the years, it weathered multiple financial crises, including the crash of 1929 preceding the Great Depression. The bank has grown to serve over 100 communities across Indiana, Kentucky, Wisconsin, Michigan, and Minnesota, with currently over \$20B in assets.

Back in July, the bank announced a strategic partnership and Infosys to accelerate the bank's adoption of digital solutions, bring ONB's existing infrastructure up to the current cutting-edge technology, and, lastly, to improve both client and employee experiences. From a bird's eye view, Infosys committed to providing digital solutions to ONB that promise to drive digital transformation and innovation. Additionally, in the interest of hastening speed to market and providing a consistent customer experience, Infosys said it would provide automation capabilities to ONB.

I also had a chance to talk with Jim Ryan, CEO of Old National Bank. He had no shortage of good things to say about Infosys's involvement, noting the bank itself wouldn't have had the internal resources necessary to navigate the tricky decisions involved in digital transformation. Additionally, he stressed that Infosys helps ONB innovate and save money, all of which help ONB be "a better community bank." I appreciated this emphasis—despite ONB's growth over the years, the bank still focuses on supporting its communities. Ryan elaborated on this, saying that ONB has no ambitions to be the next trillion-dollar bank. Tellingly, ONB has been recognized nine consecutive years as a "World's Most Ethical Company" by the Ethisphere Institute. ONB's primary focus is to serve its communities, a mission that Ryan says is aided by the tools Infosys provides to its toolkit.

Infosys has quite an investment in the State of Indiana, making it even more of a no-brainer partnership with a community bank. The company has committed to hiring American workers in the state to serve its U.S. clients. Additionally, it has partnerships in place with Purdue University and other academic institutions to help train tomorrow's generation of digital talent. I've always admired the companies who make good faith efforts to serve and give back to the communities from which it operates. Not many companies are all committed to being good corporate citizens, short of getting a photo op and some good PR. I don't believe that's the case with Infosys.



Jim Ryan, CEO of Old National Bank

## WRAPPING UP

I think all businesses, big, small and medium, can benefit from the digital transformation of their operations. Advances like the [Infosys Cobalt cloud](#) is a good example of a service that can democratize the value that “digital” can bring to every kind of business. We've seen these transformations begin to trickle down to smaller institutions, and I wouldn't be surprised if that soon turns into a flood. I believe companies *must* digitally transform to compete in the modern economy, and I think this will only become truer as the years go on. Kudos to the companies like Citizens Financial Group and the Old National Bank for braving the digital transformation journey

and showing the world that it doesn't have to be scary. There are resources out there, such as Infosys, that can make it that much easier. If you're on the pool's edge, I advise you to take the plunge.

## IMPORTANT INFORMATION ABOUT THIS PAPER

### *CONTRIBUTOR*

[Patrick Moorhead](#), CEO, Founder and Chief Analyst at [Moor Insights & Strategy](#)

### *PUBLISHER*

[Patrick Moorhead](#), CEO, Founder and Chief Analyst at [Moor Insights & Strategy](#)

### *INQUIRIES*

[Contact us](#) if you would like to discuss this report, and Moor Insights & Strategy will respond promptly.

### *CITATIONS*

This paper can be cited by accredited press and analysts but must be cited in-context, displaying author's name, author's title, and "Moor Insights & Strategy". Non-press and non-analysts must receive prior written permission by Moor Insights & Strategy for any citations.

### *LICENSING*

This document, including any supporting materials, is owned by Moor Insights & Strategy. This publication may not be reproduced, distributed, or shared in any form without Moor Insights & Strategy's prior written permission.

### *DISCLOSURES*

Infosys acquired license to use this paper. Moor Insights & Strategy provides research, analysis, advising, and consulting to many high-tech companies mentioned in this paper. No employees at the firm hold any equity positions with any companies cited in this document.

### *DISCLAIMER*

The information presented in this document is for informational purposes only and may contain technical inaccuracies, omissions, and typographical errors. Moor Insights & Strategy disclaims all warranties as to the accuracy, completeness, or adequacy of such information and shall have no liability for errors, omissions, or inadequacies in such information. This document consists of the opinions of Moor Insights & Strategy and should not be construed as statements of fact. The opinions expressed herein are subject to change without notice.

Moor Insights & Strategy provides forecasts and forward-looking statements as directional indicators and not as precise predictions of future events. While our forecasts and forward-looking statements represent our current judgment on what the future holds, they are subject to risks and uncertainties that could cause actual results to differ materially. You are cautioned not to place undue reliance on these forecasts and forward-looking statements, which reflect our opinions only as of the date of publication for this document. Please keep in mind that we are not obligating ourselves to revise or publicly release the results of any revision to these forecasts and forward-looking statements in light of new information or future events.

©2021 Moor Insights & Strategy. Company and product names are used for informational purposes only and may be trademarks of their respective owners.