

TBM DELIVERS A COMMON LANGUAGE FOR IT, FINANCE, AND THE BUSINESS

Provides a direct line between IT investment and revenue impacts

A SunTrust Banks case study

Executive summary

SunTrust is a purpose-driven organization focused on financial well-being. The financial services organization uses TBM as a foundational element to align IT to products and services and to help penetrate the digital ecosystems where clients interact with financial services. The IT team has leveraged cost transparency to shift run-the-bank spend to change-the-business investment, at the same time changing the dialogue with the business and securing executive level sponsorship and buy-in. Today, executives use TBM data to make strategic business decisions, fund next generation technology strategy (including cloud), and partner with the business to optimize spend.

SunTrust Banks corporate overview

SunTrust Banks is a diversified financial-services holding company whose businesses provide a range of financial services to consumer and corporate clients. The company operates in two business segments: Consumer and Wholesale, and provides deposit, credit, trust, investment, mortgage, asset management, securities brokerage, and capital market services.



Industry // **Banking**

Total assets // **\$208B**

Total deposits // **\$163B**

Employees // **24,907**

TBM solutions

- Apptio® Cost Transparency
- Apptio® Business Insights
- Apptio® IT Benchmarking

Benefits

- Yielded 16% OpEx reduction through application retirement and over 500 server decommissions and migrations
- Shifted the ratio of run-the-business to change-the-business costs from 80/20 to 50/50
- Restructured 3rd party service contracts together, changing the units of measure to incentivize all parties to reduce cost and usage
- TBM drives technology strategy, including digital transformation and cloud adoption

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"Today, we can tune areas of consumption as needed to really shrink the operating costs, which makes our digital transformation possible. If I were to identify the heart of where TBM helped? That's the heart of where TBM helped."

Anil Cheriyan,
CIO

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Digital transformation has dramatically changed the way consumers engage with financial-services providers. According to PwC's 2017 Financial Services Trends report*, "Banks offer financial planning and trading applications through smartphones and social media; cloud technologies are widely accepted, and in many cases robotics are already reducing cost and increasing quality. Since 2011, the number of startups in fintech (technology-based companies that often compete against traditional financial-services firms) has risen more than 50 percent."

This represents a significant opportunity for SunTrust Banks, as the business transforms itself to meet clients where they're at in today's digital ecosystem. Anil Cheriyan, SunTrust CIO, quantified this shift. "About 80% of the interactions that we have now with our clients are through some kind of self-service digital, mobile, call center, or other channel."

That transformation isn't just about systems, storage, or software. Reaching clients in the right place, at the right time, and with the right product or service requires a new level of partnership with the business. It's about changing the way IT thinks and talks about value—both internally and with the business owners and other stakeholders that consume IT services—in order to align investments with customer needs.

John Curcio, EVP and CTO Production Services, described it this way. "A lot of our cost reduction and services innovations are the result of how we have we restructured the conversation both with our IT teammates and with our business owners and stakeholders. We've changed the dialogue and the information we put in front of people."

Technology business management (TBM) plays a central role in those conversations, and in funding that transformation.

Delivering efficiency to achieve corporate goals

At SunTrust, key IT objectives revolve around top corporate goals: balancing costs and investments, deeply understanding client needs in order to improve services, and improving efficiency.

"TBM addresses efficiency by giving transparency to our overall IT expenses," said Cheriyan. "That transparency drives a deeper understanding of our clients and the services we need to provide them. That makes TBM a strategic part of revenue by aligning services to customer instead of infrastructure. There's no doubt that there's a direct line between clarity of investing and a positive impact on revenue generation."

TBM has delivered efficiencies for both IT and for SunTrust's clients. Curcio explained that "when we think about opportunities and how to drive efficiencies, IT is the supply side. We need to package services that meet business needs, and the value of the IT spend has to be transparent. With TBM, we've been able to identify efficiency opportunities on the supply side, and clearly show the options and choices our clients have to optimize their consumption on the business side."

*Carl Hugener, Kelley Mavros, and Julien Courbe, "2017 Financial Services Trends," PwC, www.strategyand.pwc.com/trend/2017-financial-services-trends

Better alignment means better services

This alignment with the business lets IT and business owners talk about improving mortgage, deposit, wealth management, and other functions, instead of bandwidth and memory and storage types. And that lets SunTrust reach its clients within the context of their own individual needs and interests at any moment in time.

Cheriyen offered an example. “Think about being in the market for buying a home. We need to become very relevant to you when you’re in that market space. More than likely you’re coming in through one of many digital realty platforms. We have to interact and become relevant to you on all those digital platforms. And from an internal standpoint, that interaction changes how we process those transactions. That demands a lot of analytics, and those analytics demand rich data, and we only get that with TBM.”

Common language drives shared transformations

The result of those TBM-driven analytics is a critical connection between IT and the business owners. Finding the right lexicon and focus helps IT make more meaningful connections. In fact, according to Cheriyen, “that’s really the core reason TBM is enabling our switch. When we started with our transformation, we knew we needed to change that dialogue. When you make such a big transformation, your language must be focused on the business.”

Évery Ware, TBM Analyst, shared the evolution of that alignment between business and IT. “We started generating new reporting for the businesses based on everything that we’ve learned over the last three years, to determine the information they’re trying to understand. That information led to a culture of continuous improvement from the TBM office. Today, we have a dialogue with the business, where we’re able to quickly understand what they need and then turn that around and deliver it quickly.”

“Today, rather than dealing with the IT cost to run a loan system, we can talk about the business cost of originating and fulfilling the loan.”

Anil Cheriyen, CIO, SunTrust Bank

Dialogue is foundational to IT optimization

Changing the conversation drove SunTrust’s transformation into a highly optimized IT organization—one that has found new opportunities to retire applications and decommission or migrate servers (to the tune of 600+ servers).

Perhaps the best account of the full financial impact of that rationalization process comes from Lee Hawley, TBM Office Lead. “As a result of reviewing our top applications representing 80% of our application cost, we identified opportunities of around 16%, stemming from both reduced consumption of IT services as well as opportunities from the supply side of IT. And when you consider the iterative, multiyear effect of these savings, the impact on our ability to be innovative is significant. TBM allows us to redirect money that we spend on operating our business into our strategic investment portfolio.”

Optimization drives cloud strategy

Curcio explains how that shift in approach is being applied throughout SunTrust. “When we look at the total cost of an application, our view includes not just the underlying infrastructure that an application consumes, whether it be storage or network or data center capacity, but the cost to maintain that application, the cost for development of any new capabilities of that application, as well as all the amortization and depreciation associated with that.

“So, we’ve got this full TCO view. We’ve shared that information with our key stakeholders, my peers, the CTOs who represent lines of business, and our executive sponsorship, and we’ve delivered on a number of optimization opportunities associated with that. It’s actually helped drive our strategy in key areas for us.”

Sid Desai, Strategy and Business Manager zeroed in on cloud. “For delivering more business capability, cloud is one of IT’s top focus areas. Cloud represents a big milestone in our TBM program, in terms of feeling confident in the data. Because we are using Apptio TBM information to make real business decisions, and because of the incredible partnership we’ve been able to develop with our finance team, we’ve reached a new level of maturity. Today, we’ve got tons of confidence in our business case for cloud.”

TBM supports innovation investment

TBM isn’t in place simply to optimize the status quo and run the business. It’s also there to transform and innovate—to grow the business.

With TBM, Cheriyan said, “The first piece was to acknowledge that if we dealt with these optimization issues, we would have more money to spend on innovation. For us, it’s huge. We’re in the middle of a massive transformation of the way we build systems, fuel digital business, and move to cloud. TBM provides the underpinnings for a lot of that.”

Curcio highlighted one of the core competitive advantages SunTrust receives from this clarity and transparency. “The spend reduction gave us an enviable leadership decision. Is that money better spent to change the bank? Or do we want to flow that to the actual bottom line? The response from our CFO and our business heads, armed with information that allows them to make much more informed choices, gives our C-leaders different ways to leverage that investment.”

“When I first got here,” said Cheriyan, “our run-the-bank costs in comparison to changing or innovating the bank were about 80-20. It was 80% operate (run) and about 20% change. What we’ve been able to do now, is to make that shift more in the range of 50-50. That’s where the heart of TBM lies, in really helping us shrink our operation costs and giving us more available funds to spend on transformation. Getting from 20% to 50% and keeping our overall budget flat, that’s been the real benefit.”

Actionable data gets C-suite attention

The impact of the TBM model on decision-making at SunTrust is significant and extensive, reaching across the enterprise and all the way up to the C-suite.

Tim Cooke, Corporate Finance for IT, recalled that “before TBM, from an organizational perspective, we were able to identify exactly where costs fell out, but there were really no levers created: nothing to act upon.” From an I&O perspective, Curcio remembered things the same way. “While the information in and of itself was fine and accurate, it didn’t quickly lend itself to more informed decisions or

show business leaders the levers they can pull to continually improve their IT cost and consumption.”

Curcio added that executives “look to TBM information now to help make strategic business decisions, because it is, in fact, actionable information. That’s been a big, big point in our evolution.

“We are truly using this as an enterprise-level capability. The fact that we have the stakeholder sponsorship and engagement that we have with our C-suite is unique in my experience.”

TBM sustains efficacy and innovation

Curcio highlighted the core value of TBM. “It fundamentally came down to the difference between looking at spreadsheets and GL accounts—which didn’t allow people to manage or even understand the value associated with their costs—and real information that provides levers the business can pull to make a real impact.

“Now that we’ve realized this initial wave of optimization opportunities, we’re looking at offering a higher level of consultancy around helping consumers of IT services take it to the next level. Helping people understand, via our TBM platform, where we consume data, how we create it, how we acquire it, and how’s it being used to drive analytical services—that will drive business outcomes and decisions. Helping people understand how we compete has already allowed us to get the investment funding we need to operate in a new market.”

“It’s the best of both worlds,” concluded Cooke. “With TBM, we have the ability to be surgical in the way that we remove expense, and at the same time support innovation and enable the business to generate more revenue. We’re reacting on both sides of that equation.”



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