

# Co-locating SunTec Xelerate on IBM Z<sup>®</sup> Running Linux Lets Banks Have Their Cake and Eat It Too

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Many large, well-known global banks run their core banking applications on IBM Z and IBM LinuxONE systems because these workhorse platforms are *reliable*, deliver *high performance* and offer unparalleled *security*. Performance, reliability, and security are all critical attributes expected of banking technologies. Increasingly, however, banks are under pressure to ensure that their core banking applications are also *agile* so that their teams can quickly deliver the personalization that customers expect.

Agility has become a key item on the transformation agenda for banks because they are facing serious competition from neo banks and non-banking financial institutions. What makes these competitors especially formidable is their ability to digitally leverage their customer proximity to monetize relationships.

## **Acquiring Agile Personalization Capability Has Never Been a Higher Priority for Banks**

Banks are caught in a pincer grip like never before. On the one side, they are being squeezed by rising customer expectations, as more and more customers look for personalized solutions and experiences. The other threat vector for traditional banks is the disruption caused by neo- banks and Big Tech players who leverage technologies and multi-business ecosystems to offer customers innovative bundles of products and services.

Changing worldwide demographics constitute another important shift that banks are facing. The workforce is increasingly shifting towards younger demographic segments, such as Millennials and Gen Z. By and large, these customer segments have grown up with a much higher level of instant gratification, greater freedom of choice and more control over their lives. They are also more digitally savvy and have a higher propensity to be early movers.

Banks therefore need to pay urgent attention to addressing the expectations of the different customer segments they serve if they are to remain relevant. This will require banks to embrace much higher levels of customer-centricity. This includes the ability to dynamically offer personalized products to individual customers, adopt customer-centric pricing models and implement behaviour-driven loyalty programs – thereby treating each customer as a segment-of-one!! Only by doing all this consistently can banks expect to “own” customer relationships, enhance stickiness, minimize revenue leakage, and protect margin growth.

It is in this context that incorporating agile customer responsiveness becomes a critical pre- requisite for banks as they compete for customer loyalty and safeguard growth in revenue and profitability.

### **Why Is It Difficult to Acquire the Necessary Agile Personalization Capability?**

The challenge to become more agile and responsive to customer needs is particularly acute for banks that are yet to modernize their core banking applications to benefit from the agility, resiliency, elasticity and on-demand provisioning that cloud offers, typically a hybrid multi- cloud strategy, for their data, applications and services.

Swapping out existing traditional core banking applications can be very costly, risky and take significantly longer than initially anticipated. During this transition period, even small blips in the bank’s ability to service its customers can cause reputational damage, besides leading to customer churn and thus, a fall in revenues and margins. These risks become higher in the face of the clear and present threat from neo-banks and non-banking players described earlier. If your customers face service disruptions, rivals will not even need incentives to encourage your customers to shift.

A better approach is extending the existing systems of record core through integration with packaged solutions running on a cloud-native containerized platform like IBM Z and LinuxONE. This approach can help accelerate the journey to digital transformation.

### **Co-location Is an Out-of-the box Solution to Boost Agile Personalization Capabilities**

Acquiring third-party over-the-top customer engagement solutions is an efficient way for banks to acquire the necessary agile personalization capabilities. However, this may require investments in additional hardware, besides requiring integration with the bank’s disparate systems of record so that all relevant data can be captured and analyzed to deliver personalized offers and experiences.

That is why we believe that co-locating an intelligent over-the-top personalization solution on the banks' existing IBM Z and IBM LinuxONE systems represents an innovative approach that can deliver several benefits. This is like banks having their cake and eating it too. The customer engagement and orchestration engine, powered by Xelerate, will run on the IBM Z and IBM LinuxONE systems, thus benefitting from the superior processing power and scalability. Further, IBM Z and IBM LinuxONE offer unparalleled data security. Finally, because transactional core banking applications and data also run on the same IBM Z and IBM LinuxONE systems, it becomes easier for the bank's product design, product management and customer facing teams get single platform-based views of customer relationships spanning different lines of business and multiple geographies, following the adoption of SunTec's Xelerate.

Co-locating SunTec's Xelerate application with core banking applications and transactional data on IBM Z and LinuxONE allows a bank to leverage existing investments in the infrastructure without compromising on vital requirements such as security, performance, reliability, scalability, and maintainability.

This solution gives your bank an innovative, rules-driven "middle layer" that integrates easily and seamlessly with your core banking application platform. This provides much-needed agility to key functions/ capabilities such as product management, enterprise pricing, revenue management, personalization benefits management and partner ecosystem management.

The bottom line: higher RoI based on a combination of leveraging existing infrastructure investments, and enhanced ability to meet customer needs and expectations.

By adopting our co-location approach, your bank can acquire functional benefits and infrastructural synergies without having to perform "major surgery" on your existing core banking applications (e.g., resorting to the expensive, time-consuming, and risky rip and replace route). This also eliminates the need for status quo (i.e., relying on manual-intensive efforts), which is not a sensible option given that it will only widen the competitive gap with rivals by not being able to deliver dynamically personalized products/services and pricing to customers.

### **Co-location Delivers Best of Breed Resources Working for Your Bank and Its Customers**

Co-location of the Xelerate engine on your bank's IBM Z and LinuxONE systems gives you an eclectic combination of a category-leading revenue management and customer experience orchestration solution running on a powerful infrastructure. Our alliance gives your bank access to the best experts working together to optimize

your capabilities to face competitive threats- not just by playing defense but also through innovation-led offence.

For years, your customers, partners and employees have come to rely on your bank. Make the right decision now and demonstrate why staying with your bank is the right choice even in a rapidly evolving digital world characterized by even more demanding customers, omni- channel engagement, and fickle loyalties – but with non-negotiable expectations around security and privacy.

## Conclusion

The saying “A penny saved is a penny earned” is attributed to Benjamin Franklin. Similar wisdom exists in other cultures across the world as well.

Adopting SunTec Xelerate application co-located with core banking workloads on IBM Z and LinuxONE systems epitomizes the prescience in these timeless words of wisdom. With this solution, your bank gets the intelligent, software-enabled agility your product management and customer-facing teams need to use actionable insights gathered from various data sources for faster innovation and superior personalization delivered to customers. And they get this with the unmatched performance and security that IBM Z and LinuxONE are known for. The icing on the cake is that you can leverage your existing investment in infrastructure. Now that is what we call a win-win outcome.

In summary, our co-location approach gives your bank:

- State-of-the-art tools, available as part of the Xelerate suite, to enable better and more agile management of customer relationships, product lifecycles and revenue streams to respond quickly to competition.
- The peace of mind associated with the high standards of performance and security that the world associates with IBM Z and LinuxONE systems.
- A higher RoI on your investments in IBM Z and LinuxONE systems, while making financial resources available for investments in other areas of your business-IT landscape.

PS: Apparently, Benjamin Franklin did not say “A penny saved is a penny earned”, although in his book *Poor Richard's Almanack*, he did write that “A penny saved is two pence clear”.



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