



Business challenge

SunTrust recognized that strict regulatory reporting requirements also represented an opportunity to drive profitability—if it could harness the commercial benefit of the report data.

Transformation

Today, SunTrust can deploy reporting solutions faster than ever—helping to satisfy new regulatory requirements cost-effectively, make better-informed commercial decisions and boost profitability.



Dean Harrelson
Senior Vice President Manager of
Operations—Corporate Functions
Business Information Office
SunTrust

Business benefits:

33%
reduction in time required for
actuals close cycle

Up to 90%
faster loading of reporting
cubes enables timely
intraday forecasting

Informed
decision-making helps
boost profitability

SunTrust

Using insights from essential management reports to deliver commercial benefits

Founded in 1891 and headquartered in Atlanta, GA, SunTrust is a leading provider of retail and commercial banking services. Employing more than 10,000 people, the bank generates annual revenues of approximately USD8.2 billion.

*“SunTrust is making
business decisions that
reduce risk, cut costs and
drive profitability.”*

Dean Harrelson
Senior Vice President Manager of
Operations—Corporate Functions Business
Information Office
SunTrust

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New risks, new regulations

In the wake of the global economic recession, new regulatory requirements for the banking industry are becoming more frequent and more stringent. Banks must move quickly to meet a range of data-driven reporting requirements, including liquidity capital, risk-adjusted return on capital (RAROC), comprehensive capital analysis and review (CCAR), Basel III and more.

Regulatory requirements have a growing impact on the costs of delivering financial products and services. To ensure profitability, banks face the challenge of uniting traditionally separate organizational views of risk and finance to shape portfolios that continue to deliver value for customers and shareholders.

“We decided to unite our risk data warehouses and finance reporting in a single platform, replacing multiple tactical solutions with a centralized, strategic approach.”

Dean Harrelson, Senior Vice President
Manager of Operations—Corporate
Functions Business Information Office,
SunTrust

Recognizing an opportunity

SunTrust, a leading retail bank based in Atlanta, GA, recognized that the changing regulatory environment presented both a challenge and an opportunity.

Dean Harrelson, Senior Vice President Manager of Operations—Corporate Functions Business Information Office at SunTrust, explains: “Regulatory approaches are becoming more sophisticated and data-driven. Today, many of our regulators perform their own statistical modeling with the data that we provide, which increases the emphasis on the veracity, volume and variety of our reporting data.

“In the past, we relied on standalone platforms designed to meet individual reporting requirements as they arose. As reporting requirements grew, these tactical approaches began to create issues when we attempted to roll up our positions to analyze exposure across the organization—an essential capability if we are to satisfy stringent regulations.”

“The assistance that we have received from the IBM team so far has been invaluable.”

Dean Harrelson, Senior Vice President
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Multiple processes create confusion

“One of the challenges we identified was the separation of finance and risk communities in the organization. Because each community had traditionally used its own systems and processes for reporting, there were often different definitions for similar metrics, even if the underlying data for the calculations was derived from identical source systems.

“The result was a different version of the truth in each business area—leading to a reporting process that was complex, time-consuming and error-prone. For example, it could take weeks to deliver financial reports to our senior line-of-business teams, which increased the risk of important decisions being made on the basis of incomplete or erroneous data.

“We wanted to rapidly and reliably answer questions such as: what is the quantity and volume of net new loans in the current year? How many new loans have we originated in our mortgage, wholesale and consumer businesses? And what is the profitability of each of our business areas, products and customer accounts? We realized that these insights would not only help to satisfy our regulators, but also enable us to make better-informed decisions to drive commercial success.”

Beginning the transformation

As a first step toward a single version of the truth for regulatory and management reporting, SunTrust aggregated its data-sourcing methodologies for originated loans, loan losses and projected loan losses. The resulting solutions, named risk data warehouses, enabled the bank to measure, report and act on its credit position.

“Our risk data warehouses sparked the beginning of a far-reaching transformation process, but they did not address the challenge of using multiple tactical solutions for regulatory reporting,” recalls Dean Harrelson. “To solve the challenge, we decided to unite our risk data warehouses and finance reporting in a single platform, replacing multiple tactical solutions with a centralized, strategic approach.

“The centralized approach would help us to obtain accurate insight into multiple views of profitability, including actuals, forecasts and plans. The aim was to use these insights to understand the financial impact of factors such as new regulations, make better-informed commercial decisions and drive our profitability.”

Selecting best-of-breed Oracle solutions

To create the new reporting platform, SunTrust looked for a best-of-breed solution. The bank needed a solution that would support high volumes of debit and credit transactions, as well as instrument-level profitability analyses. To meet the forecasting and planning requirements, the new solution needed the ability to incorporate Basel, CCAR and RAROC views of financial data.

“SunTrust sees Oracle software as the de facto standard for analytics-based management reporting in the US financial services industry, and we have chosen Oracle solutions as the core of our transformation program,” says Dean Harrelson. “When the time came to implement a central platform for finance and risk reporting, we determined that Oracle offered the comprehensive solution portfolio we needed to satisfy our reporting requirements.

“Additionally, Oracle solutions provide a common set of best-practice approaches to manage all of our reporting requirements. Rather than constantly hunting for specialists in the niche technologies that drove our tactical solutions, we saw the chance to invest in training on the Oracle solutions and enable cross-skilled personnel to work flexibly across multiple business areas.”

Finding the right partner

Initially, SunTrust worked with a third party integrator to deploy the Oracle Hyperion Planning solutions for its forecasting processes, but faced a number of significant challenges.

“The way that the Oracle Hyperion Planning solution was first configured required our personnel to use complicated manual import processes, which meant that it was extremely difficult to get information into the forecasting system,” says Dean Harrelson. “When information was in the forecasting system, even reasonable user inputs could result in erroneous forecasting data. Worse still, the configuration was so complex that we could not reliably estimate when a forecast would be ready for delivery to our business users.”

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Getting back on track with IBM

To continue its deployment of the Oracle solutions, SunTrust engaged expert consultants from IBM® Global Business Services®.

“We needed a partner with the experience, resources and skills to get our Oracle deployment back on track,” says Dean Harrelson. “The IBM Global Business Services team rose to the challenge, and delivered all of the on-site resources we needed to get our planning and forecasting solutions live within an incredibly tight time-frame. Not only did the IBM team help to deploy our new planning solution from scratch, they helped us to redeploy the Oracle forecasting solution, and remedy all of the previous issues.

“Better still, IBM offered a flexible three-tier pricing mode for on, off-shore and near-shore consulting resources, ensuring that we could bring the project in cost-effectively. Without question, IBM Global Business Services helped us to win back credibility for our transformation project. We consider IBM to be one of our most trusted advisors, and we are continuing to work closely with the IBM Global Business Services team to develop the capabilities of our Oracle reporting platform.”

SunTrust is now working with IBM Global Business Services to augment its Oracle Essbase analytics solutions with Oracle Hyperion Planning, Oracle Data Relationship Management and Oracle Financial Services Analytical Applications. The new solution is replacing tactical solutions with a unified platform for actuals, forecasting and planning.

The Oracle platform preserves underlying source data, and tolerates multiple data definitions in a way that is transparent to end users. This enables different departments in SunTrust to view financial reports based on their own individual data definitions, and provides an organization-wide view of profitability that factors in data from the finance and risk communities.

Dean Harrelson comments: “The assistance that we have received from the IBM team so far has been invaluable. The IBM team combines a deep understanding of the specific requirements of the financial services industry with the ability to execute on a truly global scale—reach and resources that we feel few other vendors can match. What’s more, IBM’s leadership in the analytics space gives us access to the top talent we need to help refine our approach to delivering financial intelligence through the Oracle platform.”

Accurate reporting shrinks risk

Today, SunTrust is using the Oracle solutions implemented by IBM Global Business Services to drive a more responsive, accurate and efficient reporting process.

“Thanks to our Oracle solutions, we can load the reporting cubes for our intraday financial forecasts more than 90 percent faster than was possible before,” says Dean Harrelson. “Because our reporting process is now so much faster, we can now perform ‘soft closes,’ with iterative simulations that enable us to fold reactions and feedback from line-of-business teams and senior executives into our forecasts, and check that our assumptions are correct.”

He adds: “When we started our transformation, it took us nine business days to close our books for actuals, and those reports were based on indirect-costs data that was one month out of date. Today, we can close our books for actuals in just six days based on up-to-date information on indirect costs, some 33 percent faster than previously possible.”

Harnessing the commercial advantage

With faster access to accurate financial insights, SunTrust is making better-informed decisions about its products and pricing, helping to ensure continued commercial success.

“Regulatory requirements are now becoming factors that influence pricing,” says Dean Harrelson. “As we continue our deployment with the IBM team, we will gain the ability to calculate return on regulatory capital for actuals, enabling better-informed decision-making.”

SunTrust is currently working on a project to model its indirect costs, which is important because it will enable buyers and sellers of services within the organization to gain a deeper understanding of operational costs, and see the real-time impact of potential changes.

“If we want to see the effect of offshoring a contact center, we will be able to adjust key drivers in the Oracle Hyperion Planning solution and see the predicted changes to fully loaded net income instantly,” says Dean Harrelson. “When this capability goes live in a few months, we expect positive changes to our cost culture, which we estimate will lift our price-earnings ratio and boost the value of the business.”

Dean Harrelson concludes: “Thanks to our Oracle financial reporting solutions and IBM Global Business Services, SunTrust can make business decisions that reduce risk, cut costs and drive profitability, transforming a shifting regulatory environment into a significant source of competitive advantage.”

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Solution components

- Oracle Data Relationship Management
- Oracle Essbase
- Oracle Financial Services Analytical Applications
- Oracle Hyperion Planning
- IBM® Global Business Services®

Take the next step

To learn more about IBM and Oracle solutions, contact your IBM representative or IBM Business Partner, or visit the following website: ibm.com/solutions/oracle

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