

eBook

BANKING ON CLOUD TECHNOLOGY. WHY BANKS & CREDIT UNIONS MUST INVEST IN THE CLOUD.

Legacy vs. Cloud.
The differences and opportunities.

infovity

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BANKS AND CREDIT UNIONS ARE FACING MOUNTING CHALLENGES

The sun may be beginning to set on Credit Unions and Community Banks. On the surface, it's hard to understand why. The economy is booming, interest rate spreads have widened, credit losses are minimal, and compliance costs are coming down.

Despite all the good news, smaller local players using legacy technology and manual processes, are spiraling downward, while Banks with a compelling digital customer experience are gaining ground. The big three, Bank of America, J.P. Morgan Chase, and Wells Fargo, have only 24% of U.S. branches but opened 50% of new deposit-accounts last year.

In contrast, Community Banks have 50% of branches but attracted only 20% of deposit growth over the last three years. Outside of the top 25 banks, the credit-loan assets of U.S. Banks fell by more than \$30 billion in 2017, while digital-only competitors like Kabbage and On Deck, and direct credit investors like Apollo and Blackstone, have flourished. According to Brookline Branch, 90% of Community Banks have unsustainable efficiency ratios.



The numbers tell it all. In the 1980s, there were over 15,000 FDIC-insured Banks in the U.S. Today, there are about 5,586. Nearly two-thirds of the industry in the U.S. has either failed or been merged out of existence through market dynamics and regulatory changes. An 'awareness gap' exists today—specifically, about how fast change is happening and how exposed Banks and Credit Unions are becoming new, more nimble competitors.

In short, burdened by legacy systems and operating models, Banks and Credit Unions run the risk of being left behind by faster, more agile, and innovative competitors. And, although most Banks have started to explore the Cloud's potential, in general, they aren't leveraging the Cloud's capabilities, which are needed to succeed in a budding digital marketplace.

WHY BANKS AND CREDIT UNIONS NEED TO EMBRACE THE CLOUD

Banks and Credit Unions have been slower than other verticals to adopt Cloud technologies. A recent survey found that **43%** have no Cloud strategy or have just started implementing basic Cloud practices, while **63%** don't have key performance indicators in place to measure progress. Security fears are another reason these organizations have not upped their game.

With a comprehensive, enterprise-wide approach to Cloud strategy, organizations can take advantage of opportunities to create new services, meet customers' expectations and respond to change. Adopting an agile Cloud can reduce the infrastructure footprint and introduce automation to deliver improved efficiency and cost savings.

As a business asset, the Cloud can increase agility to protect current revenue streams, respond to a changing business environment, adapt quickly and rapidly scale. By providing hardware and software resources on a subscription basis, Cloud computing can lower costs, foster innovation, and offer the flexibility to keep competitors at bay.



"Lloyds Bank, serving British communities for 250 years, switched from SAP to Oracle ERP Cloud citing the need for business agility, cost reduction, and innovation consumption as key factors in moving to the cloud." [Watch the video.](#)

Agile finance leaders are:



More likely to report positive revenue growth



More likely to report increasing profitability

WHY BANKS AND CREDIT UNIONS NEED TO EMBRACE THE CLOUD



BUILT-IN SECURITY AND COMPLIANCE

Cloud applications, platforms, and infrastructure improve security with end-to-end encryption, authentication, and redundancy so that systems stay up and running 24/7/365.



RESTRUCTURE OPERATING MODELS

Moving to the Cloud allows financial organizations to adopt an operating expenditures model, where monthly expenses can be better managed without sacrificing scalability, uptime, and reliability.



BETTER MANAGE BRANCHES

Some Banks have branches in distant locations or even overseas. The Cloud allows branches to access shared hardware, software, and related services, all on demand, from remote locations.

3 AREAS TO ADDRESS BEFORE MOVING TO THE CLOUD

Cloud can strengthen or improve legacy system capabilities and accelerate the company's digital transformation. To leverage the Cloud's full potential, these organizations need to:

- Transform their delivery models, clarify requirements, mitigate governance issues, and establish a comprehensive process.
- Address regulatory and security needs related to full Cloud adoption.
- Develop an architecture and approach to Cloud that meets all requirements, sets appropriate policies, and formalizes governance structures and processes.



Studies also indicate that about one-third of SMB leaders, a demographic increasingly comprised of high-wealth GenXers and Millennials, are actively seeking to change banking relationships in order to better digital/mobile services.

SIX CLOUD BUSINESS BENEFITS THAT BANKS AND CREDIT UNIONS CAN'T AFFORD TO IGNORE

The momentum of Cloud adoption is building. Meanwhile, competition is growing, and the need to serve clients better is becoming more critical. Here are six reasons many Banks and Credit Unions should be going all-in on Cloud technology:

1. Cut costs: Cloud computing means Banks and Credit Unions can move from a Capex to an Opex model since there will be no need to invest heavily in dedicated hardware, software, and related IT resources. With the Cloud's modular, pay-on-demand model, organizations only pay for the hardware and software they need.

2. Improve flexibility and scalability: a Cloud solution gives Banks and Credit Unions the ability to respond quickly to changing markets. Organizations can scale up and down as circumstances change.

3. Increase efficiency: Banks and Credit Unions will improve efficiency ratios and operating leverage. The standardization inherent in the Cloud makes it easier to integrate new technologies and applications. Also, IT and business operations can be more closely aligned, resulting in better business outcomes.



4. Serve clients faster: Cloud computing makes new and bundled products and services easier to develop and launch. Since technology updates are automated, Banks and Credit Unions can boost computing power to meet demand peaks and provide the latest treasury solutions.

5. Strengthen client relationships: the combination of big data and potentially unlimited computing power will allow Banks and Credit Unions to develop systems to customize client services, gain deeper insights, and make more knowledgeable decisions.

6. Enable better payment processes: transaction banking eases payments between buyers and sellers. Legacy systems lack the capabilities needed to process these payments. Cloud enables buyers and sellers to come together using shared applications.

ORACLE EPM CLOUD MODERNIZES INFRASTRUCTURE AND BANKING PROCESSES

Oracle Enterprise Performance Management (EPM) Cloud with Planning and Budgeting gives you the ability to better manage planned, and unplanned, changes in your business environment. The system links strategies to plans and execution. It monitors financial and operational results against goals. And, it applies analytics to help decision-makers understand key trends and drive higher performance across the enterprise.

An Association of International Certified Professional Accountants surveyed senior finance executives and found that **89%** of businesses embracing an agile finance approach were more likely to report positive revenue growth, and **95%** are more likely to report increased profitability.

Growth and profitability are directly tied to Cloud-enabled agility due to:

- **Higher efficiency:** automation of reporting risk and compliance, robotics process automation, and artificial intelligence.
- **Better information:** big data analytics and artificial intelligence generate the insights organizations need to develop innovative strategies.
- **Improved outcomes:** new skill sets in statistics, data analysis, and data visualization support rapid decision making and performance management.



[Gartner](#) has named Oracle a leader for Cloud Financial Planning and Analysis Solutions and Cloud Financial Close Solutions. [Read the report.](#)

"Infovity brings Financials Services expertise and experience, along with their existing banking models. We are now able to track, report and analyze Net Interest Margin, Yield and Return on Assets in a very automated fashion"

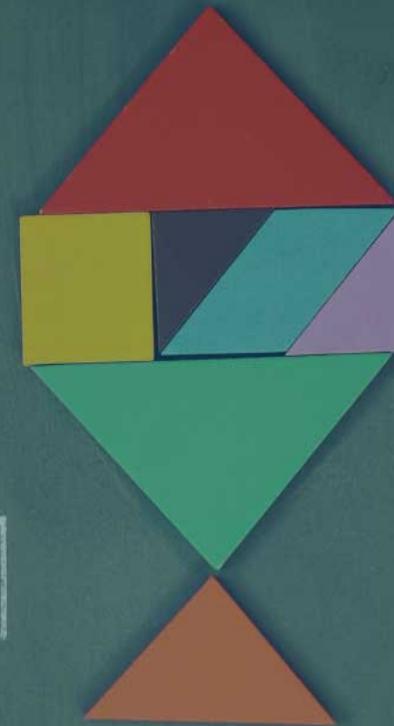
— Aaron Lawson,
Vice President, Financial Planning & Analysis, Mechanics Bank

HOW ORGANIZATIONS PROFIT FROM THE POWER OF ORACLE EPM CLOUD

If you're a CFO at a Bank or Credit Union, you expect data to be reliable, available, and relevant. Performance and managerial views need to be in sync with accounting. And, in a highly regulated industry, these capabilities also need to align with regulatory requirements. The Oracle EPM Cloud solution delivers.

High-level capabilities include:

- **Infrastructure scalability:** built on a robust, speed-of-thought, multi-dimensional infrastructure that scales across the enterprise with built-in workflow and data integration for both Oracle and non-Oracle source systems.
- **Advanced modeling:** out-of-the-box scenario modeling and version control. Built-in predictive analytics enables customers to leverage historical data to create accurate forecasts.
- **Full Microsoft® Office integration:** interface with budgets securely through Excel with Smartview. Create the monthly close deck just once and refresh it with live data from EPM anytime.
- **Lower TCO:** Cloud ROI that is **3.2x** of on-premises; Cloud TCO that is **52%** lower (Nucleus).
- **Power and security of Oracle Cloud:** Planning and Budgeting is part of Oracle's unified Cloud that includes ERP, HCM, CX, and PaaS; Oracle Cloud protects every layer.



“After the Infovity Oracle EPM Planning and Budgeting Cloud implementation, updating formulas and data was 95% faster, input and calculator errors were significantly reduced, and our budgeting cycle decreased from 4 to 2 weeks.”

Many research firms, including Deloitte, Gartner, and McKinsey, say that cloud technologies can drive down IT costs by at least 25 to 35 percent.

INFOVITY SOLVES TODAY'S BUSINESS CHALLENGES WITH THE BEST OF ORACLE CLOUD SOLUTIONS

Infovity has the experience to get Oracle Cloud implementations right the first time. We've been an Oracle platinum partner for 11+ years. We are 100% focused on Oracle across ERP, EPM, HCM, and SCM, including many elaborate multi-pillar enterprise deployments.

Our Senior Functional Consultants have 10 to 30 years of Oracle and industry experience and unique areas of expertise.

Infovity's Senior Functional Consultants have 10 to 30 years of Oracle experience and are supported by a large team of seasoned offshore consultants.

Our proven methodology uses standard best practices like pre-built EPM industry models and dashboards for Financial Services, Technology, Manufacturing, Supply Chain Management, Life Sciences, Customer Experience, and Insurance.

Functional and technical expertise across all lines of business offers you the holistic approach needed to optimize your Oracle Cloud. We also provide user training that results in adoption from day one.

The proof? We have an 86% customer return rate and more than 100 Cloud implementations under our belt. For companies requiring managed services, our team is well-established and run by U.S.-based project leads.

INDUSTRY SOLUTIONS MANAGED SERVICES CERTIFIED CONSULTANTS



Industry Solutions
Dedicated industry-subject matter experts create solutions across verticals to streamline your project.



Managed Services
Innovative Cloud Managed Services Teams support 87+ customers and 30,000+ employees.



Certified Consultants
Certified consultants average 20 years of Oracle expertise and 10+ years solving our customers biggest challenges.

"After an engagement with another vendor didn't work out, we called Infovity. Infovity managed services helped us reduce open and recurring SRs by 65% within the first month. Guidance on process improvements and gap mitigation increased our overall ROI. We should have partnered with Infovity the 1st time around and made a move to Oracle Cloud sooner."

For financial organizations to excel, they need world-class planning, as well as financial close and reporting capabilities, guided by proven best practices and accessible through the innovation and simplicity of a unified Cloud experience.

Modern, Cloud-based Oracle EPM Cloud and its vast features help you do it all with data and insights that are accurate, up-to-date, complete, and accessible.

GET IT RIGHT THE FIRST TIME WITH INFOVITY

When your Bank or Credit Union is ready to embrace a modern financial infrastructure based on Oracle EPM to move planning and budgeting to the Cloud, we'd be honored to be your implementation partner of choice.

Get In Touch

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"Today companies can replace their old Excel-based, monolithic systems with modern Oracle EPM Cloud to be more strategic and agile. My goal is not just to execute the project per scope but to ensure your business predictability is drastically improved."

*Kannappan Singaram,
Infovity EPM Practice Leader*