

CELENT

SUNTEC: XELERATE

Helping Banks Adopt Customer-Centric Product Strategies

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This is an authorized reprint of a Celent report with the same title. The reprint was prepared for SunTec, but the analysis has not been changed. For more information, please contact Celent at info@celent.com

WHY IT MATTERS

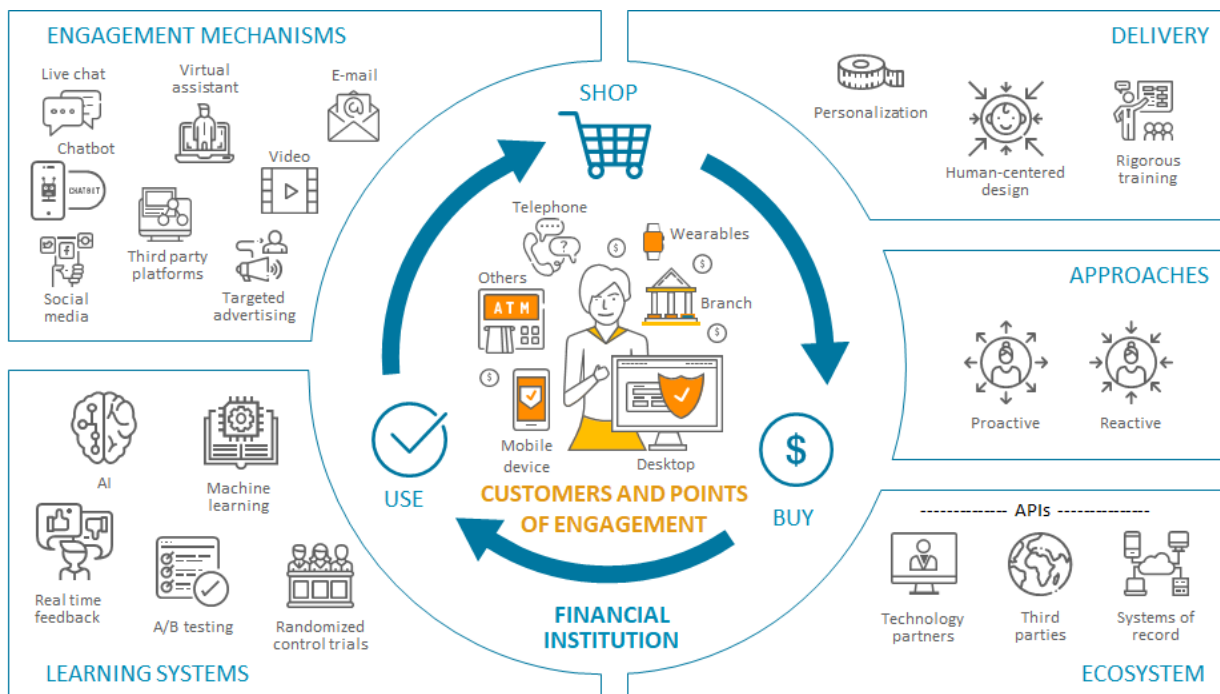
Creating hyper-personalized experiences involves redefining how banking products/services are consumed, moving from static components to dynamically priced bundles that maximize personalization and self-service.



Consumers are looking for more personalization embedded in the experience, more customer-centric proactivity from large financial institutions, and relevant offers to meet ever-changing needs. Traditional products largely remain stagnant, with few changes to how they've been managed, priced, or sold. Banking is moving toward more holistic product management and control over consumption and delivery: subscription models that offer transparency, dynamic bundles that allow for hyper-personalized pricing, and new ecosystem partners that expand bundled offers.

As shown below in Figure 1, as the customer engagement paradigm shifts, banks will have to think more about delivering the right products, at the right time, to the right customers.

Figure 1: Optimizing Customer Engagement Includes the Right Products/Offers



Source: Celent

Consumers often view banks as undifferentiated due to overreliance on traditional legacy products and offers. The ability to offer something truly different is hampered by barriers like legacy technology, legacy processes, data siloes, and lack of agility. Even within traditional products, operational inefficiencies and organizational structures may inhibit them from being fully utilized. Still, large-scale migration remains a long-term aspiration for most, and banks are beginning to think about how they can work around the constraints of existing technology to deliver exceptional customer experiences. To meet the demands of customers and compete with new emerging entrants reimagining traditional products, banks will need to evolve how they think about customer engagement and products.

SunTec Xelerate is a notable part of this ecosystem and seeks to provide capabilities which allow banks to create highly personalized offers and more dynamic product sets. Its notable for the compelling use cases it powers and the shift it attempts to bring to traditional products/pricing.

Context

On February 2, 2022, SunTec briefed Celent on its Xelerate offering. Celent spoke to Madhur Jain, SVP & Head of Solution Consulting.

Company Overview

SunTec is a relationship-based pricing and billing company. Its products seek to help organizations adopt a customer-first strategy, increase revenue and customer base, improve customer experience, prevent revenue leakage, and ensure compliance. More than 130 clients in 45+ countries across the Banking, Financial Services, Insurance, Telecom, and Travel industries use SunTec to design and launch hyper-personalized products, offers, pricing, loyalty programs, tax compliance, and billing for over 400 million end-customers. SunTec has global operations including the USA, UK, Germany, UAE, Singapore, Canada, Australia, and India.

This Solution Brief discusses SunTec Xelerate and the evolution of its product offering.

SUNTEC XELERATE



Banks face significant challenges at the core of their business. Our platform has moved from its pricing and billing roots to value management of the customer lifecycle.

—Madhur Jain, SVP Solution Consulting, SunTec

- SunTec has traditionally provided pricing and billing solutions to large institutions across the globe.

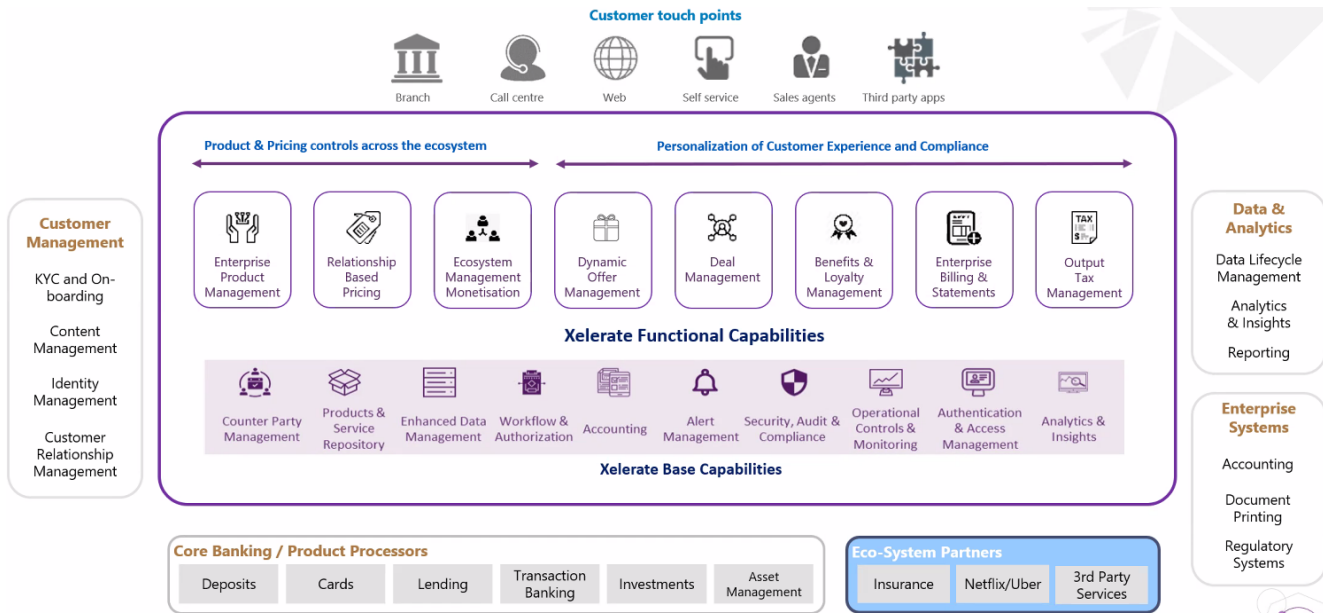


SunTec Xelerate

- Xelerate is a platform that is layered on top of existing bank technology to allow for more enhanced product management, enterprise pricing, product revenue management, and ecosystem management.
- SunTec calls it a “digital innovation layer” to augment core capabilities to better manage how products/offers are brought to market.
- It does this through bringing four enterprise capabilities:
 - **Product management** to design the product, bundle, segments, etc.
 - **Integration with customer data** to achieve a holistic view of the customer relationship.
 - **Management of partners** to create bundles and bring additional experiences to customers.
 - **Management** of pricing and revenue generated by product portfolios or campaigns and subsequent settlement.
- From a technical standpoint, Xelerate sits between the back-office and channel platforms to act as the intelligence to power better product management and offers as well as optimize revenue management.
- Shown below in Figure 2, the platform itself is a collection of eight components that can be mixed and matched as needed:
 - Enterprise Product Management
 - Dynamic Offering Management

- Deal Management
- Relationship-based Pricing
- Enterprise Billing and Statements
- Ecosystem Management and Monetization
- Benefits and Loyalty Management
- Enterprise Indirect Taxation Management

Figure 2: Xelerate platform

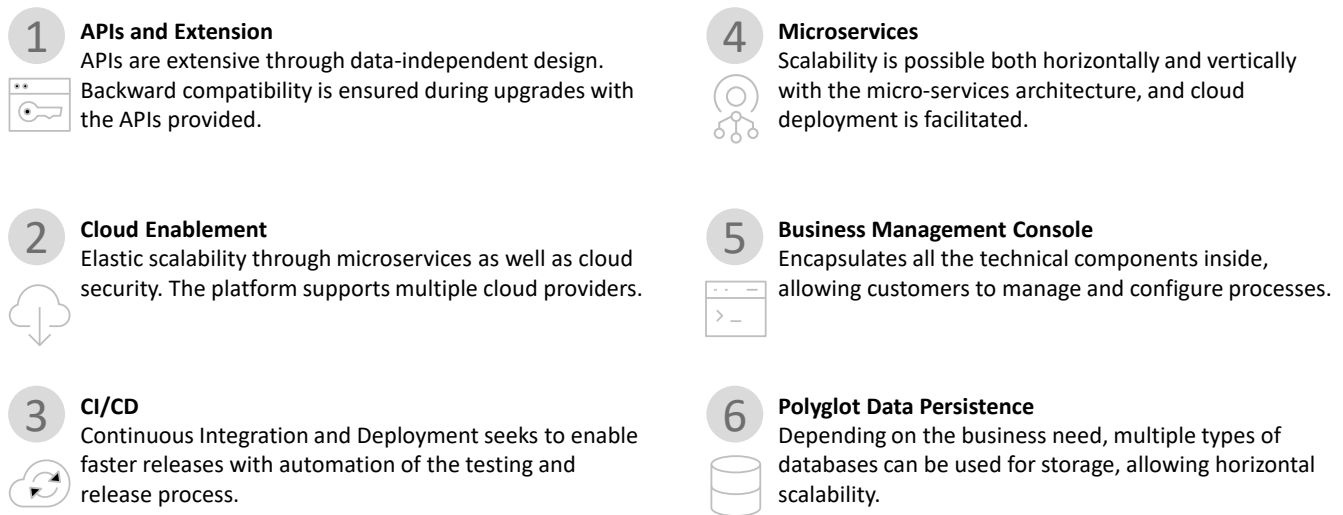


Source: SunTec

- SunTec positions the value of Xelerate across the following dimensions:
 - **Manage products and offers:** The goal is configurability of pricing where a bank does not have to create multiple products to service any specific segment, but instead can configure its products to be dynamic based on the customer or customer group.
 - **Drive personalized experiences:** This allows the bank to achieve hyper-personalization and contextual product offers at the right price point, e.g., rates, fees, rewards. It also enables pricing transparency with consumers.
 - **Prevent revenue leakage:** Xelerate looks to plug gaps or holes in pricing which may lead not be evident to the org. For example, did a discount lead to a profitable customer? Is the billing/fee structure for a product being realized? Managing what happens *after* the product is sold is a major factor in the product lifecycle.
 - **Simplify and automate:** Visibility into the customer lifecycle and automation capabilities around the customer engagement process, increasing operational efficiencies, reducing risk and cost Manage price variations or implement controls. Leverage low/no code.

- **Become an open organization:** Xelerate seeks to bring in ecosystem partners to offer more complex bundles and products. This gives the bank more choice and the consumer self-service capability.
- SunTec usually finds two main customer types for Xelerate:
 - FIs looking for point solutions layered on top of existing applications to provide a specific product/service.
 - Banks undergoing long-term progressive transformation projects to renovate the core platform.
- Many institutions are leveraging the capabilities of the Xelerate platform. Here are a few examples organized by value proposition:
 - **Bundle products:** An FI in APAC wanted to give its customers total self-service at checkout using Xelerate. The platform allowed customers to choose whichever products they liked (loans, credit cards, deposits, savings, etc.), with discounts provided dynamically depending on the bundle.
 - **Use relationship-based pricing:** A bank in the APAC implemented Xelerate to offer a product aimed at kids that provided interest rate multipliers as certain criteria were met—for example, a certain dollar amount saved or spending kept within a certain budget.
 - **Plug revenue leakage:** A global Tier 1 bank was able to plug \$15.5 million per year within their global transaction banking business through better visibility into products/pricing across geos.
 - **Configure hyper-personalized deals:** A bank in Singapore leveraged Xelerate to hyper-personalize interest rates to individual customers. Rates were based on factors like cashflow on deposits, credit card usage, and loan installments.
 - **Introduce a subscription-based banking model:** A bank in Nordics chose Xelerate to design a subscription model for corporate client banking services. It wanted to move away from more complex pricing by the individual service and toward a simple and transparent tiered approach to delivering business banking services.
- SunTec is also investing in the ecosystem, which is becoming increasingly important for what they're able to deliver.
- This includes housing partner products within the bank's product portfolio but managed by SunTec.
- Within the ecosystem proposition, SunTec manages the financial contracts of the partner, including revenue sharing, monetization, exposing APIs, etc.
- Some bank customers are using the platform to provide subscription packages from third parties. For example, a bank may offer its customers a discounted subscription to Netflix bundled with banking products. The customer pays a single fee to the bank, and SunTec settles directly with the partners.

Figure 3: Platform Architecture



Source: SunTec

- SunTec is built to fit within a layered architecture that sits on top of existing back-office applications.
- Integration with existing data sources is paramount.
- Most of the platform deployments are on-premises; however, SunTec supports the cloud (public/private). It also offers a SaaS version of the platform.
- SunTec finds that Xelerate hits a sweet spot with financial institutions struggling with existing back-office platforms.
- Xelerate assists with modular replacement by hollowing out the customer engagement functions from the core itself in an incremental and progressive manner.



Celent Perspective

- SunTec brings to market a solution that offers hyper-personalization at a level often talked about within the industry but not often delivered. However, the platform goes beyond bank-driven personalization by incorporating customer self-service into how offers are priced or products bundles. Many of the use cases above involve giving the customer more choice.
- The platform also acts as an integration layer, allowing organizations to achieve a single source of truth for product pricing and value creation. Often there is a disconnect between sales and operations, where sales drives campaigns that may or may not be operationally efficient. The Xelerate platform aspires to control the entire value chain, allowing organizations to reduce revenue leakage which might occur otherwise due to poor visibility across business units.

- SunTec is also providing a very specific functional service for banks looking to transform. The trend with back-office platforms for years has been to remove portions of functionality from large monolithic platforms and run them from more modern integration layers. Many cores already come with product and pricing engines, but generally they're commoditized and functionally limited. SunTec is serving the needs of banks looking to move these capabilities out of the core and transform in a modular fashion.
- In this respect, large banks dealing with legacy constraints are the target buyers for the platform. Institutions that are either leveraging next-gen platforms or have migrated away from legacy technology may not be the right demographic. Smaller institutions with less-complex tech footprints and fewer resources may prefer an approach which includes broader transformation.
- Large banks should be aware of the potential for adding complexity to existing product management. While these capabilities seek to carve out functionality from existing back-office platforms, it may create complexity in instances where processes and functionality are not completely migrated (e.g. across lines of business).

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