SunTec Xelerate and IBM z16: Co-creating a Powerful Customer-Centric Solution for Banks

Banks Around the World Are Under Competitive Siege

Banks worldwide face several critical challenges that need to be addressed urgently. In fact, it may not be an exaggeration to describe these challenges as "existential", because banks that do not quickly overcome them may fall by the wayside before long. On the one hand, these priorities relate to ensuring demand and sustaining customer loyalty in the face of competition from traditional rivals as well as new competitors such as neo-banks, fintech and "big tech" players. On the other, banks are also looking for ways to enhance operational excellence, and thereby reduce costs, boost employee productivity, speed up decision-making, and enable faster, more robust responses to customers. Further, in the post-pandemic world, regulators and policy makers are becoming more vocal about sustainability. Pressure is mounting on businesses, banks included, for greater adoption of environmental, sustainability and governance (ESG) related business strategies and practices. An array of new technologies is driving and enabling most of these shifts in the banking industry, just as it is doing in other domains. In this environment, both retail and corporate customers of banks are getting access to a larger pool of innovative functional solutions offered by players outside the banking domain. These non-banking players are not subject to the same regulatory restrictions as banks, which makes it easier for them to go-to-market quickly and compete on price and convenience. Banks therefore, need the right technology solutions and partners to step up and create value for customers.

Software-hardware Synergies Will Play a Critical Role in Shaping the Future Competitiveness of Banks

Software suites such as SunTec Xelerate deliver advanced capabilities around contextual products and offers and relationship-based and pricing and billing for banks and other business enterprises. To win in the race ahead, such cutting-edge software is necessary. However, software performance depends on the underlying hardware. For example, to leverage AI/ML, banks will need hardware that is designed to efficiently and speedily handle the massive volumes of data that will be generated, while also providing unprecedented levels of security, availability, and

resilience.

To minimize investment and risks of business disruption, many banks prefer modernizing their core banking applications by incorporating a "middle layer" of intelligent functional applications. In this approach, customer data and business rules remain untouched, while applications in the middle layer incorporate AI/ML algorithms. As more and more customers consume banking services through digital channels, the synergy between hardware and software will become even more critical because of the tangible differentials it can create in terms of customer experience. Banks that do not pay attention to optimizing the hardware-software combination will face increased risks of under-achieving business outcomes and lower-than-expected RoI. Those banks that get this aspect of their technology landscape right will gain significant competitive edge.

Robust technology ecosystems will be needed to efficiently co-create and support innovative hardware and software stacks that complement each other to deliver tangible synergies that are relevant to banks' operational priorities and strategic imperatives. SunTec and IBM are co-creating just such a powerful ecosystem.

How Banks Can Benefit from Running SunTec Xelerate on IBM z16

SunTec Xelerate can consume data through multiple access methods, depending on the type and frequency of data available in client environments:

- Files (Fixed format ASCII or EBCDIC, delimited, binary, XML, etc.)
- Database views (databases, warehouses)
- Via REST APIs or Web Services (for real time integration)
- Messaging (queues)
- Via Streams (Kafka)

Combined with the above data ingestion flexibility, SunTec Xelerate offers powerful capabilities around conversion, transformation, aggregation and enrichment of data. The new IBM z16, designed to extract data-driven insights at speed and scale, efficiently complements SunTec Xelerate's data, analytics and automation capabilities. When SunTec Xelerate runs on the IBM z16, the latter's Integrated Accelerator for AI not only augments existing core capabilities but also supports better use of data to enable real-time, contextual offers and pricing by SunTec Xelerate. Revenue management operations are streamlined by simplified synchronization of the core system with downstream pricing and billing systems. This powerful combination of software and hardware also enables banks to achieve better automation of real-time workflows, including multi-level, sequential and parallel approvals. All this is achieved with the reassurance of the unmatched security, scalability, and resiliency of the IBM z16 platform.

The use cases below illustrate how running SunTec Xelerate on IBM z16 can help

banks achieve superior revenue and margin management through more effective use of levers such as real-time relationship-based pricing and dynamic offer management.

1. **Strengthens relationship-based pricing management capability:**Banks seek to increase customer wallet share and reduce costs by leveraging AI for delivery of comprehensive, personalized, and competitive pricing to their customers in near real-time. The IBM z16's Integrated Accelerator for AI helps augment existing core banking capabilities, while allowing SunTec Xelerate to make more efficient use of transactional gravity and data. For example, when customers are making international transfers or need to carry out FX transactions, banks need to present the best transaction fees based on various parameters such as relationship status, volume, contracts, exceptions and of course, the exchange rates involved. Some of these data (e.g., exchange rates) need to be inspected in real-time to ensure that the right price is offered and thereafter, used for billing. Infusing AI and automation into the banking product pricing process provides higher accuracy and agility, improved maintainability, and superior end-to-end auditability and traceability.

2. **Enhances dynamic offer management capability:** Banks are looking to rapidly design and launch highly personalized banking product bundles and offers for every customer based on customer insights. SunTec's Offer Management together with AI on IBM z16 can help leverage AI-powered insights to efficiently determine, in real time, the "propensity of offer acceptance" and "next best offer." Such insights help the bank identify, structure, and make the right offers to customers at the right time. This in turn, helps in enhancing customer engagement, eliminating revenue leakage, and increasing customer lifetime value.

Offers cannot remain static; they need to be consciously managed for them to deliver targeted business outcomes. Once offers are made, SunTec Xelerate running on the z16 can more efficiently measure their performance, thus enabling banks to make tweaks as needed. Profitability of products and clients can be projected and monitored in near real-time, thus making it easier for the bank to adjust pricing on future offers. AI enables algorithms to be self-learning; this means that future offers can be individually finessed to improve the odds of acceptance.

We're excited to welcome the newly launched IBM z16. If you'd like to know more about how you can benefit from the synergies unleashed by the powerful SunTec Xelerate-IBM z16 combination, write to us at partners@suntecgroup.com.