To Buy or To Build

Which is the Best Path for Digital Transformation?

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Executive Summary

Modern, cloud-based digital technology is necessary for financial institutions that are seeking to address the customer experience, improve internal operational effectiveness, streamline internal communications and allow access to data across the enterprise. For years, the only option was to develop such technology in-house, at great expense and expenditure of resources. But today, banks and credit unions have a better option: the ability to buy technology and implement it quickly, cost effectively and more efficiently than they could on their own.

In this white paper, we explore how the vendor landscape has evolved over the past 5-10 years, making the decision to buy more compelling than ever. We also share an actionable roadmap for approaching any major digital transformation journey, with learnings and leading practices gleaned from hundreds of engagements with financial institutions of many sizes and with a wide range of strategic objectives.

The Sands Have Shifted

Digital technology has evolved to become both the primary mode of differentiation, as well as the means of leveling the playing field for financial institutions (FIs) of all sizes. Financial services consumers have come to expect convenient access to their financial information, along with the ability to apply for loans and new deposit accounts and complete transactions remotely from anywhere, at any time. Large or small, those FIs that are not able to provide digital capabilities are rapidly losing market share and being left on the sidelines of the digital revolution.

This enabling technology is table stakes for FIs that are looking for options to enhance internal operational effectiveness, simplify procedures and expand internal communications and access to data across the institution. In addition, the availability of today's modern cloud-based technology solutions makes them easier to implement and maintain.

At one time, banks and credit unions had little choice but to design and build their own technology solutions in-house to meet these needs. The availability of standardized options that were configurable to an institution's unique specifications were limited. Confirmation that the vendors offering such solutions were financially stable, and that the software was secure and reliable was uncertain, as well. Although the question of whether to buy or to build has been around for a while, until recently the only rational choice for many institutions was to build. So, what has changed over the past 5 or 10 years?

One key factor has been the continued growth and maturation of cloud computing.

Although the concept of remote computing via a connected network of servers and storage units dates back to at least the 1960s, the story of the cloud truly began in 1999, when Marc Benioff left Oracle to start up Salesforce and launched its trailblazing customer relationship management (CRM) software as an Internet-based service. Salesforce established the cloud-based software model, which relies on remote servers to store and secure data, and led directly to the development of other popular cloud applications like Dropbox and iCloud[1].

A few years later, when Amazon launched its Amazon Web Services (AWS) business in 2006, few understood the seismic impact it would have on software development and enterprise computing. AWS was first to market with a modern cloud infrastructure service, enabling organizations and developers to build and run applications rapidly, securely and economically over the Internet[2].

Today, there are three main flavors of cloud computing. The first is Software as a Service (SaaS), a software distribution model whereby a third party hosts and distributes applications over the Internet, a concept originally innovated by and still led by Salesforce. Next is Platform as a Service (PaaS), a model featuring the third-party hosting of application development platforms and tools for access via the cloud. Lastly, Infrastructure as a Service (IaaS) is the model popularized by AWS, in which a third-party provider hosts remote servers, data storage and other virtual resources to support its customers' needs[3]. Microsoft Azure and Google Cloud are also top players in this space.

The cloud computing revolution continues and is in fact accelerating. In 2020, enterprise spending on IaaS grew by 35%, reaching $130 billion, while spending on hardware and software fell by 6%, to under $90 billion[4]. Gartner® predicts that by 2024, more than 45% of IT spending on system infrastructure, infrastructure software, application software and business process outsourcing will shift from traditional solutions to cloud.[5]

At the same time, financial services consumers are demanding a more personalized, convenient, "always-on" experience, and are seeking to conduct more of their banking via remote channels. While this tendency began with online banking, it has extended to all facets of a customer relationship. This trend also rapidly accelerated

during the pandemic, as branch closures and social distancing forced people to apply for credit, open new accounts, view balances and access funds without the benefit of in-person interaction.

As demand has grown for digital interactions and more efficient, streamlined back-office processes, the quality of solutions and third-party vendors has improved markedly. While numerous fintech firms have entered the market over the past decade, each offering their own spin on "disruptive" technologies designed to make the customer and employee experience easier and more enjoyable, some of these solutions and the firms that offer them have proven to be less durable than at first blush.

In response, market forces have helped to thin the herd, and today the industry is dominated by strong, well-capitalized companies with better organizational structures, financial stability and service cultures. The best offerings on the market now offer a depth of capabilities and features, backed by a commitment to reinvest in continuous improvement and agile development, along with sound architectural purity and platform stability.

One result of the maturation of the banking technology ecosystem has been better integration – which some technologists refer to as "composable architecture" or the "composable enterprise." Originally coined by Jonathan Murray, Chief Technology Officer of Warner Music Group, and embraced by leading technology consulting firms like Deloitte, the composable enterprise reimagines how business is run, by constructing it around interchangeable building blocks within various essential categories (including functions, processes, suppliers and technology)[6].

To the original question of Buy vs. Build, FIs can adopt the composable architecture approach thanks to the fact that their third-party partners are now able to work together more effectively. Whether through application programming interfaces (APIs), software development kits (SDKs) or other methods, the advent of such building blocks makes scaling and integration more economical and efficient.

Finally, cognitive technologies like machine learning and robotic process automation (RPA) are enabling FIs to compete with better-resourced organizations by enhancing their back-office efficiencies and empowering deep data insights. According to a 2018 survey of senior

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executives of large firms by NewVantage Partners, 72% of respondents saw cognitive technologies as the force most likely to disrupt their companies over the next decade, and 93% said they were already investing in such technologies[7].

With this evolving landscape as backdrop, the case for buying your digital future versus building in-house is more compelling than ever.

The Challenge of Digital Transformation

Financial institutions are struggling.

While large enterprise banks are endowed with the resources and capacity to build some (but not all – continue reading) of their technology in-house, and smaller FIs have been accustomed to outsourcing their technology stack for years, mid-sized institutions are seemingly stuck ... in the middle. Regional banks understand what they need to compete on a rapidly changing financial services playing field. The problem is, they are shackled to legacy architecture, a technology stack growing increasingly and rapidly obsolescent, and limited access to the financial, technical and human resources they require to get where they need to go fast enough.

In general, FIs also tend to be slow adopters. The financial services industry traditionally takes a conservative approach to embracing new technology, and culturally tends to rely on tradition when it comes to internal processes and procedures, and how they interact with their customers.

But today, wading in slowly is no longer an option. Customer expectations are changing rapidly, particularly in the wake of the pandemic which started in 2020, which has driven consumers of all types to embrace digital interactions and value the speed and convenience of anytime/anywhere banking.

Yet, digital transformation is a costly and complex initiative. Several exciting, new digital capabilities are available on the market today. However, sourcing and implementing them quickly and effectively, without being a software development shop, is near impossible without proper technology and implementation partners.

The Hidden Costs of Building In-House

One option for tackling the digital transformation challenge is to build your own technology stack and digital capabilities in-house. While this approach seems to offer certain benefits, such as greater control over the implementation of desired functionality and the ability to add new, fully customized capabilities over time, there are a host of hidden costs involved. Before you decide on a build-only strategy, consider the following:

- **The foundation of your house must be built first:** Before an FI can capitalize on the capabilities of improved digital technology, it must first build the infrastructure. Think of this like the foundation of your house. You cannot build the trusses and beams, let alone construct the roof or hang sheetrock, until a secure foundation is in place. Implementing a build strategy takes significant time, resources, and expense of a fully capable, redundant, and secure data center before you can even begin addressing your digital and operational needs.

- **Inevitable cost overruns:** One lurking danger of going your own way is cost uncertainty. According to a Harvard Business Review study of nearly 1,500 IT projects, the average cost overrun was 27%. More alarming, the study found that one out of six projects had a cost overrun of 200%, and a schedule overrun of 70%[8].

- **Developing and hiring talent:** The availability of specialized technical expertise is at a premium in today's market. It's likely that the best developers, whether recent graduates or industry veterans, prefer to work at a software company, not an FI.

Moreover, the gap between available tech talent and the demand for such skills is widening rapidly. According to data from Randstad NV, technology and science jobs in the United States outnumbered qualified workers by roughly 3 million as of 2016. And by 2030, the world will be short an estimated 85 million tech workers, representing $8.5 trillion in lost annual revenue[9].

If your institution is build-centric, you need to take into consideration the availability of the right skillsets within your geographic area. If you are headquartered in a major metropolitan area or tech hub like Silicon Valley or North Carolina's Research Triangle, you may be able to source the specialized talent you need, for a price. It's best to enter this process strategically, with your eyes open.

If, on the other hand, your institution is buy-centric, you will naturally have more flexibility in the talent you hire or develop. You'll be able to focus on a narrower set of needs, seeking out the right skills to manage and integrate with the solutions you buy, rather than hiring pricey coding and development skillsets that are hard to come by in any market.

- **Rapid obsolescence:** From the moment you go live: It's important to recognize that most build projects are not funded adequately to stay relevant and up to date for the long haul. Like buying a new car that loses value the moment you drive it off the lot, your software will begin moving toward obsolescence the moment you go live. In contrast to a cloud-based technology platform that is supported by a vendor's large team of specialized developers working within the agile development methodology, with new functionality being released continuously, your in-house software will become stagnant very quickly.

- **Cost of innovation:** Keeping up with the Joneses is very expensive. Especially when "the Joneses" are global bank holding companies and innovative, upstart fintechs and challenger banks. For many build-oriented institutions, the tendency is to scope what the business needs NOW, and price it out. But most analyses miss the truth that business needs will inevitably change. You are always shooting at a moving target.

Not even behemoths of innovation like Google and Amazon build 100% of their digital capabilities. Even the largest digitally-native companies choose to outsource those capabilities they either can't build, or deem to be outside their core competencies and competitive advantage.

The Benefits of Buy

Today, FIs have multiple options when it comes to implementing and adopting digital capabilities and leveraging cognitive technologies like AI and NLP. By taking a Buy approach, FIs can benefit from adopting new capabilities quickly – typically within 12 months – to address immediate needs and market demands.

Such deployments can happen even faster, sometimes in a matter of weeks, if staged as a series of "micro-transformations," an approach that is gaining traction as a way for financial institutions to address their most urgent needs while adopting digital capabilities over time (see sidebar: "Use Micro-transformations to Accelerate Your Digital Transformation").

Choosing to buy your key technology solutions will also help you achieve return on investment (ROI) more quickly, because implementation costs can be spread over time and a faster implementation cycle means a quicker realization of benefits like in-house efficiencies and cost savings, or a boost in sales growth and revenues. The inherent ability to achieve speed to market that working with a vendor partner provides means you will be able to stay ahead of the competition and effectively protect or grow your market share.

The benefits of the Buy approach don't stop there. By partnering with an experienced provider, your institution gains the partner's deep experience and knowledge of industry leading practices gleaned from dozens or hundreds of similar transformation projects. The best vendors listen to their customers and use those learnings to continually iterate and improve their offerings, while proactively transferring those lessons on to their customers.

In addition, institutions will often use an implementation partner who, with the software provider, creates a team-based approach to deployment. Top implementation consultants come equipped with deep domain knowledge and years of experience gathered over scores of technology projects with dozens of clients. Their whole mission is to help your firm implement the solution in the quickest, most effective and efficient way, while leveraging leading practices to achieve the best results and ROI.

In addition, by partnering with a best in breed cloud banking solution, firms can adjust and scale operations quickly to address market and industry changes as they happen. A powerful example of this was the U.S. Treasury Department's Paycheck Protection Program (PPP), which initially launched in early 2020 as the pandemic crisis took hold. Lenders had to prepare for an onslaught of new business loan applications under new and highly specific criteria in a matter of days. Those that partnered with a cloud lending solution were able to face the challenge with confidence.

"As an nCino veteran of five years, it was really easy to scale the solution to manage the workflow with all of our credit unions,"

says Mark Ritter, CEO of Member Business Financial Services, a credit union service organization (CUSO) that

serves the business lending needs of over 70 credit unions. "We didn't have the time to call every single person and handhold like we usually do. So, it really turned out to be a nice fit where we could leverage our existing platform and just do some minor modifications to get this moving."

The hallmarks of such well-established and vetted cloud banking solutions are efficient scalability, flexible configurations and the ability to enable compliance with the latest regulatory changes.

One less-heralded but long-term benefit of working with a cloud banking leader is in the area of employee engagement and retention. Human capital is the single largest cost driver in business, comprising roughly 70% of operating expense[10]. One way to reward and retain tech workers is by offering them new challenges and training in highly desired skillsets. For example, familiarity with customer relationship management software like Salesforce and cloud banking software such as nCino are highly sought-after skillsets, and the opportunity to work within such platforms are a big draw to ambitious, talented recruits.

SIDEBAR: "Use Micro-transformations to Accelerate Your Digital Transformation"

Micro-transformations represent an opportunity for FIs to get some "quick wins" under the belt, by implementing smaller, bite-size technology projects that can have a narrow but measurable impact on the institution.

It's also about fostering rapid user adoption by not overwhelming end users with massive, multi-faceted transformational projects all at once, which may cause them to revert to old habits. Micro-transformations allow the culture to catch up with the change, by establishing the building blocks – foundational knowledge at the user level – that can be slowly built upon over time.

Micro-transformations allow institutions to accelerate time to value, by tackling the highest ROI, least disruptive changes first, then layering on additional features over time. They steadily move the enterprise toward full-fledged digital transformation, in manageable, cost-effective chunks.

Prioritize Return on Investment

There are numerous examples of worthy micro-transformation projects you can tackle before going all in with your digital transformation. The key is to select those that will make the biggest impact most quickly. Here are five steps to take as you embark on your micro-transformation journey with a trusted cloud banking vendor:

1. Assess your pain points: Begin with an exploration of your institution's most pressing challenges. Are you struggling to manage rising delinquency in your commercial portfolio? A portfolio analytics solution that offers deep data insights may be the right solution. Is customer engagement in the digital channel falling short? Then implementing deposit account opening or a customer portal may provide the biggest return. Is back office inefficiency causing you headaches? A full electronic document management and filing system may be just the ticket.

2. Prioritize needs based on ROI: Once you've created your wish list based on the most urgent challenges, it's time to prioritize those projects that can provide the greatest and quickest return on investment. Apply metrics like increased revenue, account or loan growth, saved time and reduction in headcount when calculating which projects will have the greatest impact.

3. Determine your budget: Be realistic about the level of financial burden your institution can handle, and what your Board will approve. In the short term, don't bite off more than you can chew, and focus initially on those projects that will deliver clear wins.

4. Create a roadmap: Once you've narrowed your list down to those micro projects that can be successfully implemented and deployed over the next year, work with your chosen solution provider and (if appropriate) implementation partner to come up with a realistic project plan that will meet all your project goals, timeframes and budgets. Make sure to include some wiggle room for extra training time, integration with existing systems, cost overruns and other factors.

5. Begin your journey today: Don't delay! Digital transformation is a marathon, but it can be accomplished as a series of shorter races. FIs that focus on continuous evolution will be the most successful and resilient over time. The payoffs, even from small change projects, will rapidly accumulate and result in massive improvements.

Weigh the Options: Buy vs. Build

REQUIREMENTS	BUY	BUILD
Alignment with Core Competency	No distraction by software development	Distracts attention and resources from customers and core financial services
Implementation Time	3-9 months	48-60+ months
Upfront Investment	<1,000 hours evaluating the best software solution	800,000+ man hours, 8 figure investments, potentially more
Hidden Costs	Minimal: lower risk of delays, contracted pricing eliminates cost overruns	Disappointed customers, lower productivity, lower return on investment
Ongoing Costs	Minimal administrative support, updates and new features included	Fully staffed IT group for help desk and issue tracking, development team for upgrades, new features and innovations. Cost of server maintenance, data center(s)
Total Cost of Ownership	Low, driving higher return on investment	High, driving lower return on investment

Buy AND Build?

Although outsourcing your technology to a proven provider is usually the best path, there are some unique situations in which in-house development of your digital capabilities can make sense. One such scenario is when the specific capabilities you want or need are not presently available on the market.

"I think it makes a lot of sense to own your customer experience," says Scott Andrews, COO of the Commercial Division at BOK Financial (BOKF). "And it makes a lot of sense to own something that is your 'secret sauce.' We'll buy shell platforms and then configure or develop on top of that. We're doing this with our commercial client-facing digital platform. We bought the entitlements engine and the cash management platform, but we own the front-end design and experience. We develop the front end in-house with our team of developers and it sits in the cloud. We've effectively tried to thread the needle between buy and build—saving on the cost of expensive development of foundational capabilities but creating a unique, distinctly BOKF experience."

Also, if your institution's driving principle is to innovate or disrupt the market through technology, you may choose to build some of your capabilities. Even then, you will need to partner with best in breed solutions. It's important to have a clear-eyed vision of your company's goals, and what industry you operate within. If you identify as a technology company, where digital capabilities are your primary competitive advantage, consider building. Otherwise, buy.

Ron Shevlin, research director at Cornerstone Advisors, has talked about a "broken approach to build vs. buy decisions." He argues that the Buy vs. Build dichotomy is actually broader and more nuanced, stating that it should be viewed as "build, buy, integrate, enhance, and partner, and banks must do all five."[11] This is a wise approach to the process, no matter where your institution falls on the size or digital capability scales. The key is that even if you have the resources to build some of your capabilities in-house, it makes sense to partner with a leading solution provider in the market for at least some of your technology functionality, particularly those that fall outside of your core competencies and competitive differentiators.
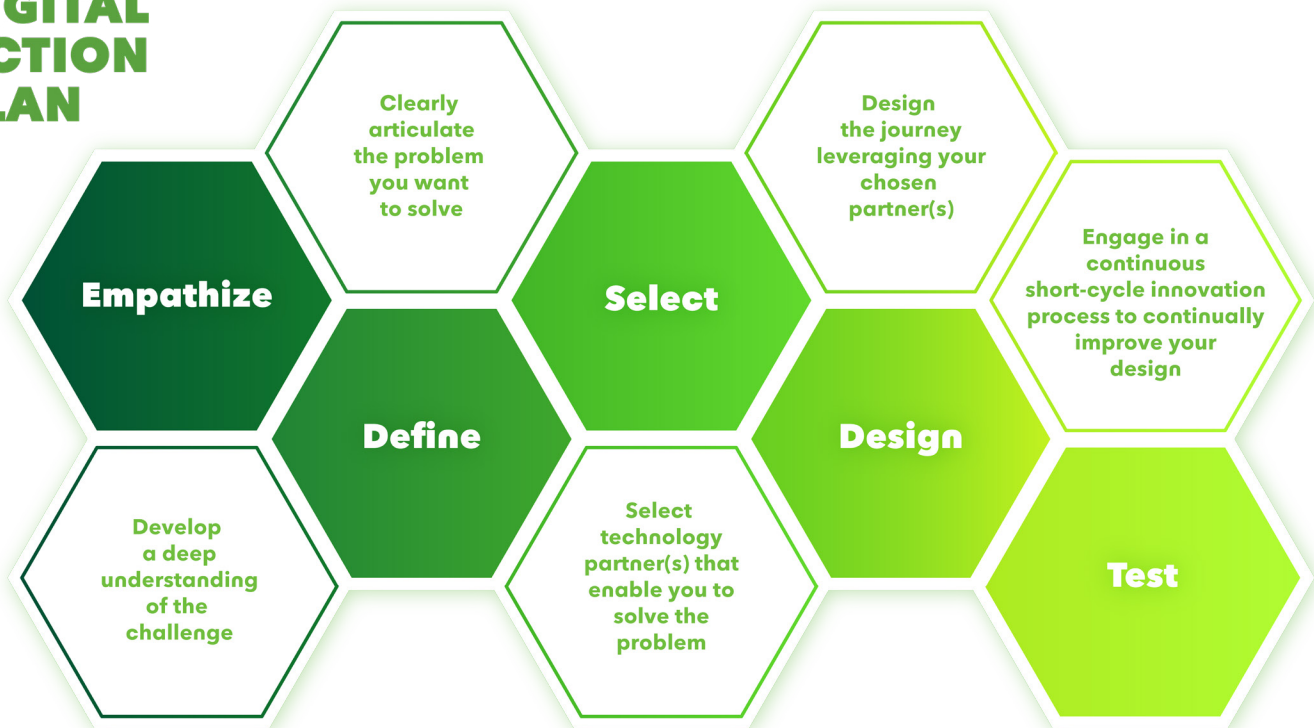
A Roadmap for an Effective Buy Strategy

Congratulations! You've made the decision to pursue digital transformation through a Buy strategy. But the job doesn't end there. How you implement your strategy is critical to ensuring you make the most of your investment and achieve your goals within the timeframes and budgets allotted to the project. Follow this seven-step roadmap to ensure the success of your mission:

1. Plan First, Act Second: Begin by establishing a strategic plan that clearly outlines exactly what you wish to achieve from your transformation project. This plan should include a clear set of goals, including a concrete vision of how your institution's internal operations and customer experience will change in relation to the current state.

Keep in mind this comprehensive, overarching strategic plan is not the same as the individual project plans you will develop for each separate stage of your transformation. Those project plans will generally run 3-9 months in duration, have a well-defined scope and include a continuous backlog management process.

The consideration for using an System Integrator (SI) partner should also be in the planning phase of the transformation program. SIs bring program management expertise, know-how from previous implementations as well as a point on view on best practices. It is nearly impossible to obtain this information and expertise when FIs choose to implement a solution on their own, even with previous experience, since technologies and regulations are ever-changing.

DIGITAL ACTION PLAN

Empathize

Clearly articulate the problem you want to solve

Develop a deep understanding of the challenge

Define

Select

Select technology partner(s) that enable you to solve the problem

Design the journey leveraging your chosen partner(s)

Design

Engage in a continuous short-cycle innovation process to continually improve your design

Test

2. Address Low-Hanging Fruit First: To create positive momentum and enthusiasm throughout the institution, begin your journey by first addressing smaller projects that are low complexity and relatively easy to implement, but offer significant, immediate value to the institution. Take time upfront in your strategic planning stage to identify such opportunities, as they vary greatly from institution to institution. If your plan includes the implementation of a new software platform that has the potential to dramatically impact internal operations across multiple units and customer touchpoints, it makes sense to start by installing a minimum viable product (MVP) to capture early wins and create enthusiasm and buy-in throughout the enterprise (see sidebar: "Use Micro-transformations to Accelerate Your Digital Transformation").

3. Don't Stop There: Once you address the low-hanging fruit, make a commitment to a roadmap based on implementing iterative functionality over time. This so-called "rolling thunder" approach toward continuous evolution is the best way to keep your team engaged and enthusiastic, address your customers' needs and stay competitive over the long term.

4. Analyze Your Existing Processes: This step is crucial, but often overlooked during the pre-implementation stage. The deployment of new technology offers a rare opportunity to review all your existing processes and procedures and decide whether they are the most efficient way to get the job done. Ask yourself whether your current processes were established in a mindful way, or cobbled together by different people over time, for expediency. Is "the way we've always done it" truly the best way to do it today? Will your current processes work well with the new technology, or should they be updated to maximize the benefits of the software and infrastructure?

It is important to address this step well before the Design and Build stages. Otherwise, trying to change your operational procedures while developing or implementing the new solution will inevitably slow down the process by causing bottlenecks, scope creep and a misalignment with your FI's overarching mission. Think of it as the proverbial "building the airplane while in the air" – never a recommended approach.

5. Select the Right Vendor: Next, it's time to address the market and consider which provider offers the best solution to meet your specific technology and operational needs. To begin, ask yourself which platform will achieve your institution's desired outcomes most effectively, efficiently and quickly. Here are a few specific things to consider when evaluating potential third party solutions:

> **a. Domain Expertise:** Those software providers that specialize in cloud banking, and only cloud banking, are the best choice for financial services institutions. Such firms understand the real-world needs of banks and credit unions, including the little things that drive meaningful efficiency, because that is all they do.
>
> **b. Real-time Reporting:** Leading cloud banking software providers offer real-time, anytime-access to reporting and dashboards that deliver 360-degree views of customer and portfolio data.
>
> **c. Deep Data Analysis:** Data is the fuel that drives the modern FI in each of the "3 Rs": regulatory compliance, risk management and relationships. However, it's no longer enough to simply have access to data, since most institutions have reams of customer information at their disposal. To be competitive today, you must be able to glean meaningful, actionable insights from that information. Look for a provider that offers deep portfolio analysis by aggregating siloed data and leveraging the latest cognitive technologies like machine learning and RPA.
>
> **d. Ability to Integrate:** Particularly when implementing a new, end-to-end bank operating system, look for a provider that is purpose-built to play well with others. This means having out-of-the-box, proven integrations with a variety of leading solutions, from core systems to e-signature, credit bureaus and imaging storage systems, and supports APIs, software development kits and other simplified coding schemes.

Which solution will achieve your desired outcomes most effectively and quickly?

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6. Design, Build, Implement: Once you've selected your chosen vendor based on the criteria above, they will work with you to design and configure the solution to best meet your unique needs. It's advisable to avoid over-customizing the system, and aim to stick with roughly 90% of the standard solution as offered out of the box. This is because well-designed systems are already pre-configured to meet the needs of most institutions in the most efficient way, based on experience gathered from hundreds of previous implementation projects. Also, the best solutions are constantly evolving through a regular cadence of releases offering new and improved functionality to address the market's needs. If you choose to customize the system too much, it may interfere with your ability to keep up with future releases, resulting in a system that could become a roadblock to continuous innovation.

7. Train and Communicate: Lastly, make sure your team is fully prepared to work with the system prior to go-live. Ensure you have a comprehensive communication and training plan that is developed and runs concurrently to the implementation. Many FIs make the mistake of waiting to the last minute to address training needs, and slap together a training and development plan for employees as an afterthought. If you want to ensure a smooth rollout, and full buy-in from your front-end users, make sure everyone is onboard and raring to go before the big day.

Learnings From the Trenches

Some FIs have attempted to go down the Build road, with mixed success. The typical path of a failed build route starts with an institution that recognizes a need to expand its technological capabilities, to improve the customer experience, enhance operational effectiveness, or to add new functionality to address specific needs. Often, the institution will have ambitious plans and make significant financial, resource and personnel commitments up front. Unfortunately, these institutions will often spend a year or two on the transformation project, without ever having a substantial part of the business go live on the product.

This is usually because the business has evolved and changed during that time. The project leader or champion loses the business unit's interest, doesn't get buy-in, and the expensive project ultimately dies on the vine.

Such projects are entered into with all the best of intentions, and by its conclusion, a lot of good work has been done. But the result is not what anyone expected, and the goalposts have been moved. Without a dynamic, flexible, and highly configurable solution, such massive investments often go to waste, without ever achieving positive ROI.

Ironically, if the implementation had taken only six months, it could have been a successful project that achieved the initial goals and objectives. But an in-house build takes time, which is why it often doesn't hit the (ever-changing) mark.

BOKF has historically specialized in larger corporate credits that demanded extensive underwriting and portfolio management. With high average profit margins on a per deal basis, these transactions were able to support the Bank's highly manual origination processes, which were supported through credit memos created in Microsoft Word and credit analysis largely housed in Excel. However, thanks to two recent acquisitions, BOKF dramatically increased the size of its lower-middle market commercial business. In order to achieve efficient scale in the lower-middle market and harness the power of data that was locked in Word and Excel, the Bank recognized the need to automate and digitize its origination processes.

In the past, BOKF had attempted a few credit origination "build" projects which, for the most part, didn't succeed in meeting the stated goals and objectives. According to Scott Andrews, COO of the Commercial Division at BOKF, the key reasons included a lack of a compelling strategic vision and committed resources.

"We didn't have full stakeholder alignment on the objective," Andrews says. "A loan origination platform implementation will always be disruptive, whether you're going from paper to system or system to system. Candidly, we just didn't have the firm vision of what we were trying to create and what the benefits would be. As a result, we didn't devote the required resources or obtain full stakeholder buy in."

"By buying a platform, you really get the opportunity to react to something versus starting something new from a blank sheet of paper," Andrews says. "It'd be very hard for us to [build something] from scratch that could be as good as something that's been tested by hundreds of other financial institutions across the country. I always joke that BOKF did not invent the credit origination process. Credit decisions are different—I do think we're better at that than many others. But there's no secret way to push the paper from A to B.

> "When we make technology decisions for the Commercial Division, we generally ask whether this is impacting something that is unique to us and the way we do business? Or is this something that we can buy and configure in a way that works for us?"

Based on this calculus, BOKF decided to buy nCino's market-leading loan origination system. BOKF will roll it out to its lower-middle-market Commercial business first, which it defines as borrowers with annual revenues under $50 million. Future releases will incorporate all lines of business, to include Corporate and Specialty Banking, onto the platform. BOKF partnered with Deloitte on a multi-year transformation journey and is implementing the

first phase of the solution in the second half of 2021. BOKF is anticipating numerous benefits and improvements over the existing process, including superior access to client data and deep analytical insights, as well as increased automation and efficiency over time.

Conclusions

Changes in financial services are accelerating, and institutions must pursue digital transformation to meet the evolving needs of the market while improving the efficiency of their internal processes.

The choice has long been between building technology solutions in-house or outsourcing the development to third party partners. Today, in most cases, it's no contest. When comparing critical factors like speed to market, ROI, the ability to hire specialized skillsets and ongoing software maintenance, the Buy side is overwhelmingly the correct choice for nearly all institutions.

By partnering with a best in breed strategic partner, you will benefit from their expertise and experience, allowing you to configure the solution to your unique needs and objectives, while leveraging leading practices developed over dozens of implementation projects.

The choice is clear, and the time is now to begin your digital transformation journey.

About Joseph Cody

Joseph Cody is a passionate technologist and client service principal at Deloitte Consulting. His consulting career spans 18 years with a focus on the banking sector and technology transformation. Joseph serves as a trusted advisor to the banking industry on the topic of digital banking with a focus on next generation onboarding and core renewal, specifically nCino. He also serves clients directly, leading implementation programs in this space. Joseph's background is rooted in technology with a prior experience as a software engineer and a degree in Computer Engineering. Outside of direct client service, Joseph leads Deloitte's Digital Banking Solutions market offering which targets the challenges in modernizing and digitizing banking platforms across the industry. This includes bringing to market assets that allow banks to leapfrog legacy challenges and to accelerate and de-risk program delivery. The Digital Banking Solutions offering is home to over 500 global practitioners who are trained and certified on the technologies that are disrupting the banking industry today.

About Fadl El-Laoune

Fadl El-Laoune has over 20 years of bank consulting and project execution in operations strategy, revenue growth and recovery, business process analysis and cost management. Fadl has assisted many of the top 50 banks design and implement solutions that drive fee income growth and operational efficiencies within the retail, commercial and wealth lines of businesses. Some of his recent project experiences encompassed loan origination systems implementations and target operating model design for top tier and regional commercial banks.

About Jim Baxley

Jim Baxley leads the fast-growing nCino global market strategy team with research and industry intelligence, building on his five years of sales leadership for the largest banks in the US. Prior to nCino, Jim was the CIO at Square 1 Bank for four years, after 14 years as a leader in the First Citizens Bank technology team.

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About nCino

nCino (NASDAQ: NCNO) is the worldwide leader in cloud banking. The nCino Bank Operating System® empowers financial institutions with scalable technology to help them achieve revenue growth, greater efficiency, cost savings and regulatory compliance. In a digital-first world, nCino's single digital platform enhances the employee and client experience to enable financial institutions to more effectively onboard new clients, make loans and manage the entire loan life cycle, and open deposit and other accounts across lines of business and channels. Transforming how financial institutions operate through innovation, reputation and speed, nCino works with more than 1,200 financial institutions globally, whose assets range in size from $30 million to more than $2 trillion. For more information, visit: www.ncino.com.

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Endnotes

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