SunTrust Online Courier: A Case Study in Event-Based Delivery of Cash Management Information

TowerGroup Take-Aways

• The demand for multichannel delivery of cash management information to support an increasingly mobile and diverse clientele requires that banks examine cost-effective solutions via e-mail, fax, and (limited) mobile telephone.

• As banks attempt to retire older cash management solutions and force migration to the Internet, they struggle to address the needs of clients who relied on scripts or macros to automatically deliver time-critical information.

• The evolving business climate that clients face in all industries requires delivery and processing of information, including banking information, at an ever-increasing velocity.

• SunTrust Banks implemented an integrated solution that supports the evolving needs of clients for information delivery in the form those clients desire at the moment through the channel they desire.

• SunTrust Online Courier has become a strategic offering for the bank's treasury and payments solutions area to generate new revenues by offering a flexible solution for clients' emerging information needs.

Report Coverage

Delivery of banking information to wholesale clients has long been at the heart of cash management services offered by banks. Early-generation electronic banking solutions included simple methods for clients to automate the process of retrieving both data files and formatted reports. As the focus of developing cash management products moved to the Internet in the 1990s, the automated delivery of information took a back seat to human interaction employing a browser. This TowerGroup Research Note examines SunTrust Banks' response to meeting clients' traditional and emerging needs for automated delivery of information, describes the implementation of the bank's highly successful Online Courier solution, and reviews critical success factors and lessons learned.

Overview of Information Delivery in Cash Management

Unlike e-banking for consumers, which became feasible only with the broad use of the Internet in the late 1990s, today's solutions for delivering cash management information are the descendants of several generations of technology for electronic delivery. During the earliest days of cash management services, customers used dumb terminals each morning at the opening of business to retrieve and print their daily balance information. Eventually, the electronic delivery of services was expanded to include limited intraday information. Once desktop computing became available to corporate end users, these clients migrated to dial-up modems to connect into the banks' cash management solutions. A natural evolution of the practice was the use of macros or scripts to automate the process of retrieving information so that it would be immediately available for the treasury and accounting staff to make critical daily funding or investment decisions.
Later generations of electronic banking solutions (both DOS and Windows) leveraged client-server technology to allow users to schedule downloads of transaction data to treasury workstations, spreadsheets, or local databases to automate client processes even further. The advent of the Internet age in the late 1990s forced banks to rethink their strategy for electronic delivery of cash management services. Internet delivery provided banks with substantial benefits over DOS and Windows client applications in ease of implementation, training, customer support, and time to market for enhancements. However, these early Internet solutions did not address the need for automated delivery of information. As banks attempted to retire the older solutions and force migration to the Internet, they struggled with finding ways to meet the needs of clients who were unwilling to take a step backward in automation. Most banks severely underestimated the scale of the issue because they had little awareness of the extent to which their clients relied on scripts or macros to deliver information to the desktop without human intervention.

At the same time that banks began to understand and attempt to fill this gap, other factors were starting to drive changes to solutions for delivering client information. The demand for multichannel delivery of cash management information to support an increasingly mobile and diverse clientele required that banks examine cost-effective solutions for delivery by e-mail, fax, and (limited) mobile telephone. In addition, the evolving business climate that clients faced in all industries required delivery and processing of information, including banking information, at an ever-increasing velocity. Delivering banking information once a day was no longer sufficient. Clients wanted visibility into their financial activity as it happened, not late in the afternoon or the following morning. They began to demand the automated delivery of information based on the occurrence of an event rather than on a pre-established schedule that might not be relevant to their daily workflow. This immediate visibility was made increasingly available as banks enhanced their Internet cash management solutions, but these solutions addressed neither the emerging multichannel demands nor the need for event-based automated delivery.

Development of Online Courier at SunTrust

Overview of SunTrust Banks
SunTrust Banks, Inc. (SunTrust), headquartered in Atlanta, Georgia, is one of the largest financial institutions in the United States and had total assets of $179.6 billion (USD) as of December 31, 2007. SunTrust is a superregional bank with significant market share in a number of Southeastern and Mid-Atlantic states. Among the leading US providers of cash management, SunTrust offers a wide range of solutions to market segments, including small business (less than $5 million in annual revenue), commercial (between $5 million and $100 million), middle market ($100 million to $750 million), and large corporate (over $750 million in annual revenue). Its centralized product management organization provides strong solution sets for these markets, enabling SunTrust to look to its treasury and payment solutions area to contribute to growth from both deposits and fees across the segments.

Project Drivers
As the pressure to retire old generations of electronic delivery intensified in the early years of the 21st century, SunTrust faced the same issues as its peers in providing wholesale clients with information solutions in a changing business and technology environment. With the migration of its clients to a new online solution under way in 2003, SunTrust needed to find a way to support their demands for automated delivery and integration with treasury technology residing at the client. Thus, client satisfaction and convenience were overwhelming drivers for implementing a new delivery solution.

Other drivers that caused SunTrust to seek enhanced capabilities for information delivery included the perceived opportunity to grow revenue by meeting the needs of clients for flexible, secure, and differentiated information solutions and the desire to reduce expenses by eliminating older electronic banking solutions and related support costs. Finally, the bank recognized the value of
offering a solution that could contribute to SunTrust's reputation as an innovative provider of treasury and payment services. The result was the development of an integrated solution that would support the evolving needs of clients for information delivery in their preferred form and channel at the moment and that would enable clients to manage those preferences themselves.

Evaluating Solutions
In 2003, SunTrust's treasury and payments solutions product management group conducted market research to analyze current and future requirements for information delivery with a view to further defining the desired solution requirements of clients in the various market segments it serves. The product management group also examined the existing technology solutions and identified two possible approaches: to partner with the bank's online cash management provider to build out a customized solution or to partner with a provider that had an existing solution for automated delivery that the bank could easily integrate into its infrastructure for cash management information.

The first approach would have provided some advantages by offering a fully integrated solution for both the human interface and automated methods to deliver information; it would further have provided SunTrust with an opportunity to develop a fully customized and differentiated solution offering. However, the bank did not pursue this approach, primarily because it would have required both delayed time to market and significant additional cost of development.

The second approach involved selecting a provider whose core product met 85% of the bank's requirements. SunTrust determined that using an existing solution offered the benefits of shortened time to market, a much lower cost of ownership (30% savings annually), and the ability to complete the migration to the Internet solution sooner. This option had some drawbacks, including the introduction of a separate browser interface for clients to manage entitlements and preferences that would eventually require single sign-on integration, as well as curtailed ability to differentiate from other banks offering the same provider's solution. However, SunTrust determined that its benefits — speed and cost effectiveness — far outweighed the disadvantages.

In mid-2003, SunTrust selected Online Banking Solutions (OBS), a privately held technology firm also headquartered in Atlanta, as the provider for the next generation of automated delivery of cash management information. OBS was founded in 2002 by Dan Myers, a leading entrepreneur in the field of cash management reporting who had previously founded two companies that became market leaders in earlier generations of cash management technology. Although OBS was in its infancy when SunTrust selected it, the principals of the company were well-known and long-term trusted partners of the treasury services executives at the bank. OBS had 12 bank clients by early 2008.

The OBS solution, called Online Messenger, offered multichannel, event-based delivery allowing banks to address the needs described earlier in this Note. Online Messenger leverages both the Linux operating system and XML standards for maximum flexibility and rapid development of new capabilities in a hosted environment.

Implementation Strategy
SunTrust created a tightly integrated project team including representatives from product management, operations, information technology, client services, and implementation as well as the OBS team. The involvement of all of these key stakeholders was critical to the successful rollout. As one of the first banks to implement the Online Messenger solution, SunTrust benefitted from the focused attention that early adopters normally receive from their technology partners. Rapid development on the SunTrust-specific requirements and integration of the solution into the SunTrust environment occurred with the core set of capabilities rolled out to clients within six months under the SunTrust-branded solution name of Online Courier.

In the context of the overall migration to the new SunTrust online platform and retirement of older generations of technology, converting clients with automated dial-up requirements represented the
final and most challenging phase. A streamlined migration process was developed to ensure that clients were not negatively impacted. However, some clients had difficulty embracing changes to their existing processes. As an incentive, SunTrust offered a free month of information reporting service to encourage clients to move. The combination of a robust solution that exceeded the clients’ expectations with minimal conversion effort, a high-touch client outreach approach, and an incentive in the form of waived fees resulted in a rapid migration of clients. Seventy-five percent adopted the solution within 45 days and the remaining 25%, within 75 days.

**Online Courier Solution Components**

Even with its initial implementation in late 2003, Online Courier offered clients a wide variety of types of information and reports available for delivery, in a broad range of formats, and through a variety of channels. Exhibit 1 lists the options available to SunTrust Online Courier clients. Online Courier includes an administration module that allows clients to create custom templates for report and information delivery, defining preferences for format and delivery channel. The same information can be reported in multiple ways, depending on the needs of the client.

### Information Delivery Options Available to SunTrust Online Courier Clients (2008)

<table>
<thead>
<tr>
<th>Types of Information (with some examples)</th>
<th>Formats</th>
<th>Delivery Channels</th>
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<tbody>
<tr>
<td>Alerts</td>
<td>BAI2</td>
<td>E-mail</td>
</tr>
<tr>
<td>Advices</td>
<td>Text</td>
<td>Desktop download</td>
</tr>
<tr>
<td>* Incoming wires</td>
<td>CSV</td>
<td>Dial-up modem</td>
</tr>
<tr>
<td>Reports</td>
<td>XML</td>
<td></td>
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<tr>
<td>* Sunrise report</td>
<td>PDF (as secure, password-protected e-mail attachment)</td>
<td>FTP</td>
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<tr>
<td>* Cash position</td>
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<td>SMS</td>
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<tr>
<td>Statements</td>
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<td>Data Files</td>
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<td>* Prior-day balances</td>
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<td>* Lockbox</td>
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Exhibit 1: Information Delivery Options Available to SunTrust Online Courier Clients (2008)
Source: SunTrust Banks, Inc., TowerGroup

The mix of delivery channels used by SunTrust clients has evolved as clients have placed more emphasis on the urgent and secure delivery of information. As of 2007, e-mail represented the most important delivery channel, handling 54% of the traffic. The demand for straight-through processing from bank to client has also taken on increased importance. It is not surprising then that the next most utilized delivery channel was the desktop download and dial-up modem (24% combined), which represents the secure, unattended download of balance and transaction information from the bank to the client's desktop. This channel is followed closely by file transfer...
protocol (FTP), growing rapidly at 21%. Mobile delivery through short message service (SMS) represents only 1% of the traffic but is likely to grow in the future; fax represents less than 1%.

For a bank such as SunTrust that offers a full set of cash management offerings to multiple market segments, the technology infrastructure supporting the business is both complex and continually changing. Cash management clients in all segments benefit by having the option to interact with SunTrust through multiple channels. Most of those that receive information from Online Courier also use the bank’s Online Treasury Manager solution for on-demand information retrieval and transaction initiation. Exhibit 2 illustrates the original architecture into which Online Courier was implemented, involving integration with a hosted solution for Online Treasury Manager.

Exhibit 2
SunTrust Online Courier Architecture with Hosted Online Treasury Manager (2004)

Source: SunTrust Banks, Inc., TowerGroup

Having successfully converted its commercial, middle-market, and large corporate clients to a hosted online banking solution, SunTrust chose to implement an on-premise, second-generation online banking solution from a different technology provider. Seamless integration between the new on-premise solution and Online Courier was required as part of that project. Exhibit 3 illustrates the new architecture with Online Courier integrated into the updated environment, including the on-premise version of Online Treasury Manager.
**Results: Client Satisfaction, ROI, Revenue Growth, Continued Innovation**

By any measure, Online Courier represents a successful initiative for SunTrust. Implementing this robust solution helped the bank address several important challenges, including retiring outdated technology, retaining clients, and improving clients’ overall experience. Online Courier has become a strategic solution in the bank’s treasury and payments solutions area for generating new revenues by addressing the emerging information needs of clients.

Financial metrics reported by SunTrust for Online Courier include a return on investment for the solution of 350% over three years and annual revenues that increased 36% from 2006 to 2007. Client usage from 2004 through 2006 more than doubled each year, and demand continues to be strong. One major source of growth for Online Courier has been clients who have multiple uses for the same data (e.g., wire advices) in different formats for different purposes.

As clients’ needs continue to evolve, SunTrust enhances the capabilities offered through Online Courier in content, format, and delivery channel. It can quickly accommodate customized requests for information delivery at a relatively low cost. Enhancements rolled out since the initial implementation include the delivery of real-time wire advices in formats such as Bank Administration Institute Cash Management Reporting Standard Version 2 (BAI2), comma-separated value (CSV), and XML that allow clients automatically to update their treasury and accounting systems. Additional enhancements include multibank cash position reporting in CSV format and multilocation reporting to support clients with sophisticated subaccount processing. Future enhancements to Online Courier include additional format options to support the automated posting of transactions to clients’ accounting systems, additional reports, and data files.
Summary
In SunTrust's effort to fully implement a new online banking solution and retire several platforms of earlier-generation technology, the bank needed a new integrated platform to support a wide range of clients with differing preferences for information delivery. SunTrust chose to partner with Online Banking Solutions (OBS), a vendor that offered a comprehensive, automated, multichannel delivery solution. This choice promoted the retirement of outdated platforms and simultaneously offered a more flexible information delivery architecture, under the SunTrust-branded name of Online Courier, to address clients' needs for new reports, new formats, and new channels. Given the solution's positive financial metrics and continuing high rates of adoption, Online Courier has clearly contributed to SunTrust's reputation as a leading-edge provider for clients in a variety of markets.
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