

IMPACT BRIEF

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Partnership for Digital Transformation: Old National Bank and Infosys

Digitalization involves redesigning customers' interactions with the bank, changing product design, and simplifying back-end processes. The strategic partnership between Old National Bank (ONB) and Infosys will enable faster adoption of digital solutions for ONB, modernize ONB's existing technology infrastructure, and enhance both the client and the employee experience. The digital transformation will enable ONB to achieve technical resiliency via cloud technology and innovate banking products for its customers.

PAVING THE WAY FOR DIGITAL TRANSFORMATION

The increase in demand for digital banking is transforming the banking industry. Digital banking involves redesigning customers' interactions with the bank, changing product design, and simplifying back-end processes. Digital advancement in banking technology is changing customers' interactions with banks and is influencing the delivery of financial services products to customers.

This Impact Brief focuses on the partnership for digital transformation between ONB and Infosys. ONB provides retail banking, commercial banking, wealth management, and capital markets services. Infosys is a leading provider of consulting services and digital transformation.

This strategic partnership is designed to leverage Infosys' expertise to accelerate ONB's growth and streamline operating models. In the process, the partnership will modernize ONB's existing technology infrastructure, leading to faster adoption of digital solutions, and will enhance both the client and the employee experience.

ONB'S CHALLENGES ADDRESSED VIA TRANSFORMATION

The digital transformation requires improvement in ONB's technology infrastructure by automating the processes with stronger governance and a greater focus on standardization. Additionally, ONB wanted to attract fresh local talent and reskill the existing workforce with ideas to modernize the technology infrastructure landscape and build new applications to meet customers' demands.

ONB aims to address the key challenges below leveraging digital transformation:

- **Address the need for technology resiliency:** ONB's data center resides in a historic building that was not designed for usage as a data center. The bank was facing large capital expenditures to upgrade its facility to address both cooling and power needs. Given all these factors, ONB felt it was much more prudent to invest in state-of-the-art data centers that offered high availability and resiliency.
- **Improve resource allocation to spend more time on changing bank initiatives:** ONB identified that technology staff spends 78% of their time on daily production and maintenance activities, and only 22% of their time on initiatives that change and transform the bank. The existing time allocated for change and transform activities was not enough to allow the bank to deliver on its digital strategy.
- **Streamline and improve issue resolution processes within the bank:** ONB identified that various workflows related to issue resolution involved a substantial amount of manual intervention, many phone calls, multiple approvals, etc. The processes and installed tools lacked any features for self-service and seemed to be inefficient.

APPROACH: SELECTING THE PARTNER

ONB management recognized that sometimes large transformation deals managed by the in-house technology team can run over multiple years and could delay its digital strategy timeline. Thus, ONB decided to evaluate various technology partners that could help it speed up the digital transformation journey and time to market.

After competitive bidding and evaluation, which was spread across five months starting in December 2019, ONB selected Infosys as a technology partner out of 11 technology vendors that submitted a proposal to engage with ONB. Infosys was able to demonstrate a clear understanding of ONB's requirements and roadmap. The partnership agreement between ONB and Infosys was signed on June 30, 2020. The two major factors that differentiated Infosys from other finalists were the following:

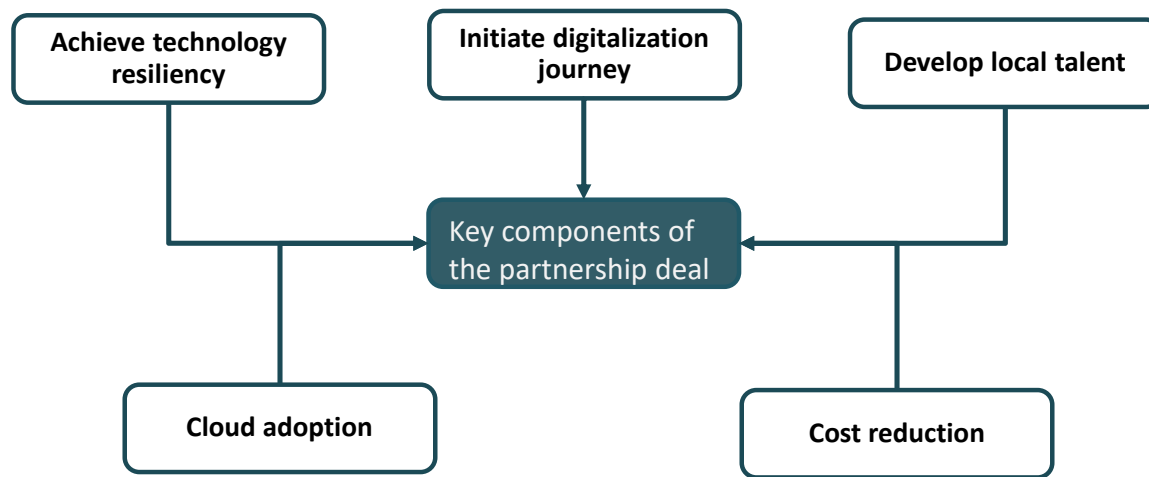
- **Alignment of corporate culture between Infosys and ONB:** An employee-centric culture within Infosys along with special attention and care for rebadged employees clearly differentiated the company from its competitors. Infosys assured that, as part of the employee transition from ONB to Infosys, no ONB employees would be displaced or have to interview with Infosys. Additionally, many ONB employees will get opportunities to apply and work on new challenging assignments within Infosys after the first year. Infosys also assured the same compensation to ONB's staff who were transitioning to Infosys. In return, Infosys offered ONB an opportunity to attract talent from Infosys to enhance its technology capability.
- **Local talent development that gains state attention:** Infosys also committed to local talent development, and this brought support from state government. To meet the program requirements, Infosys would be leveraging the local innovation hub and training center in Indiana. Infosys committed to hiring local talent from Indiana to deliver digital futures for Infosys' clients across the United States. Additionally, Infosys continues to help nurture the next generation of talent through partnerships with Purdue University and other academic partners in Indiana. This mutual proposition differentiated Infosys' offering to ONB. The ONB partnership will further cement Infosys' local presence in Indiana with access to training and learning opportunities.

WHAT'S IN THE DEAL FOR ONB AND INFOSYS

The partnership is mutually beneficial for ONB and Infosys. Infosys will provide best-in-class digital solutions to help transform ONB's technology infrastructure. The technology enhancement will drive digital transformation and innovation, and will provide advanced automation capabilities. This will increase the speed to market of ONB's digital products and offer a distinct value proposition to its customers. The partnership will streamline ONB's operating model and simplify client-facing and internal processes.

The key components of the partnership deals are in Figure 1.

Figure 1: Key Components of the Partnership Deal



Source: Aite Group

- Achieve technology resiliency:** ONB will migrate from its owned data center and disaster recovery location, along with complete technology infrastructure maintenance, to two new high-availability data center locations operated and supported by Infosys. The two data centers will provide ONB with the flexibility to fail over every six months and will have strong and continuous technical resiliency to support the business. This will be a mega shift for ONB from its current scenario, in which, due to inadequate disaster recovery capabilities, there was no foolproof fallback mechanism to test technical resiliency if a key component or system was not functioning. It is anticipated that both data centers will be operational by the end of Q1 2021.
- Initiate digitalization journey:** The deal enabled ONB to initiate and launch many new programs to embark on a digitalization journey. As part of this partnership, an innovation fund, which will be jointly utilized by both parties to create and test many new ideas through proof-of-concept engagements, has been created. Infosys' digital and innovation lab will be leveraged to execute these proofs of concept.
- Develop local talent:** ONB transitioned 56 of its employees to Infosys as part of this partnership agreement. These employees were tasked to develop and support infrastructure and security. They will have an opportunity to learn and develop new skills to meet the changing digital landscape at ONB. Further, Infosys is also implementing its industry-leading learning platform, Wingspan, within ONB's environment; it can be accessed by ONB employees for their learning needs.
- Cloud adoption:** With ONB's infrastructure being migrated to a private cloud, Infosys is implementing ServiceNow's cloud platform to manage digital workflows for ONB's enterprise operations. The current change management system lacks cloud

capability for continuous technology resiliency and lacks a robust workflow to support the incident tracking system. This migration to ServiceNow has created the opportunity for ONB to provide a robotics-based offering and support its business strategy of digital transformation. It lays the foundation of agile methodology adoption for future technology developments.

- **Cost reduction:** The transformation deal will substantially optimize ONB's technology spend, which was predominantly focused around "run the bank" initiatives. These savings will fund the various digitalization initiatives across lines of business at ONB.

INFOSYS DELIVERY MODEL

Infosys has strong capabilities and experience in successful execution of large transformation programs. Infosys has created a customized delivery model for ONB. The key components of the delivery model leveraged for this partnership are highlighted below:

- **Prepare the right strategy for partnership:** In 2019, a core Infosys team met with ONB executive management to understand ONB's business priorities, goals, and objectives. An offer of due diligence was made to ONB management to gain a deeper understanding of its challenges. Through this due diligence, Infosys was able to present a highly customized and compelling value proposition to the bank. This team was aptly supported in every step by various specialized groups and centers of excellence within Infosys. Infosys' team worked on due diligence, identified various new trends and transformation initiatives within the regional banking sector, and collaborated with the innovation team to introduce unique and relevant ideas, which became core components of Infosys' proposal.
- **Pitch the right strategy for partnership:** Before embarking on such a large journey for a transformation partnership with a client, the Infosys team followed an internal methodology known as PCR, for which P refers to picking the right client, C refers to creating a customized value proposition for the client, and R refers to reaching to the senior leadership for garnering upfront support and showcasing the benefits. PCR methodology also involves identifying an anchor team within Infosys that is most relevant to ONB's domain—in this case, it was the regional banking team with support from domain, application development and maintenance, and infrastructure teams. The anchor team worked internally with other team members and business lines to create a value proposition for the client.
- **Use strong delivery governance:** A strong governance model brings transparency, clear ownership, and control to ensure the program is on track. To effectively manage this strategic program, ONB and Infosys have set up multiple levels of governance. Some of the key teams established are described below:
 - **Leadership team:** At the top level, the chief executive officer, chief financial officer, and chief information officer (CIO) of ONB, along with the executive

leadership team from Infosys, meet quarterly for a joint business review. This group sets the overall direction of the partnership.

- **Account governance team:** The account governance team appointed a client partner and an account manager to work closely with ONB's CIO and IT leadership team. The governance team identifies the programs, milestones, and key business decisions based on the overall direction from top management.
- **Delivery leadership team:** The delivery leadership team is composed of an overall delivery lead for ONB, team leads from various application support and infrastructure groups, specialists in cloud and infrastructure services working as account chief technology officers, ONB's CIO, line-of-business CIOs, a chief information security officer, and other IT management personnel. This team meets on a weekly basis to monitor the progress and identify the appropriate risk, issues, dependencies, and assumptions to set the delivery directions.
- **Delivery team:** Multiple center-of-excellence teams are set up to manage the support and service delivery. Some of the key members involved in this are existing ONB data center, application management, support, and innovation team members.

CONCLUSION

ONB and Infosys have embarked on this digital transformation with a clear rationale for business decisions and expected deliverables. The partnership is based on mutual trust, and both parties have shown commitment, especially in setting up the innovation fund and local talent development. As transformation deals are evolving across technology development, maintenance, and operations outsourcing, such large transformation needs adequate governance controls and representation from both parties to make it effective.

ONB customers are expected to benefit from ONB's innovative banking product offerings via digital platforms. The digital strategy will help the bank's competitiveness by automating the processes with stronger governance and a greater focus on standardization.

AITE GROUP'S TAKE

Digitalization involves redesigning customers' interaction with the bank, changing product design, and simplifying back-end processes. Institutions need to address all the impacted areas to be successful in their digital strategy. ONB has selected Infosys as the right partner to address its challenges via digital transformation, has identified a clear roadmap of deliverables, has aligned its digital strategy with key business value propositions, and has considered the impact of transformation on its employees. ONB has addressed all of the impacted areas to be successful in its digital transformation strategy.

As ONB continues its journey to digital transformation, regular communication updates should be made to all relevant members on the progress of digital strategy. This becomes more critical as many more programs and innovations are planned in the near future. Digital transformation also brings various changes in daily operations activities. A strong change management process will help ONB adopt its new operating model. The team members should be sufficiently trained about the new product, its functionality, and the roadmap of upcoming changes. ONB should continually evaluate viable and nonviable enhancements and should accommodate changes in its digital strategy.

CASE STUDY PARTICIPANTS

The case study participants are ONB and Infosys Ltd.

ABOUT ONB

Old National Bancorp (Nasdaq: ONB), the holding company of ONB, is the largest bank holding company headquartered in Indiana. With US\$20.7 billion in assets, it ranks among the top 100 banking companies in the U.S. and has been recognized as a World's Most Ethical Company by the Ethisphere Institute for nine consecutive years. Since its founding in Evansville, Indiana, in 1834, ONB has focused on community banking by building long-term and highly valued partnerships providing services in retail and commercial banking, wealth management, investment, and capital markets services. ONB's footprint includes Indiana, Kentucky, Michigan, Wisconsin, and Minnesota.

ABOUT INFOSYS LTD.

Infosys is a global leader in next-generation digital services and consulting. Infosys' clients are present in 46 countries to navigate digital transformation. Infosys has revenue of more than US\$12.8 billion and has more than 240,000 employees. Infosys enables enterprise with an AI-powered core that prioritizes the execution of change. Infosys empowers clients with agile digital at scale to deliver unprecedented levels of performance and customer delight. Its continual improvements transform expertise and ideas from its innovation ecosystem.

ABOUT AITE GROUP

Aite Group is a global research and advisory firm delivering comprehensive, actionable advice on business, technology, and regulatory issues and their impact on the financial services industry. With expertise in banking, payments, insurance, wealth management, and the capital markets, we guide financial institutions, technology providers, and consulting firms worldwide. We partner with our clients, revealing their blind spots, and delivering insights to make their businesses smarter and stronger. Visit us on the [web](#) and connect with us on [Twitter](#) and [LinkedIn](#).

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