Technology Leaders Take Center Stage

**IT's role at banks increasingly puts senior technology executives in the limelight.**

By Maria Bruno-Britz
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Banking and technology -- in today's world, you simply cannot have one without the other. And, like it or not, business line managers and technology executives better get used to this idea. IT leaders at successful financial institutions are starting to understand that they are essential to achieving organizational goals and, therefore, must be highly attuned to the needs of the business.

It is with this in mind that Bank Systems & Technology presents its 2005 special feature on innovative banking technology executives. These are men and women from banks of all sizes who have demonstrated their abilities to meld technology and business into a winning formula for their respective financial institutions. They know technology is in the thick of things at banks, and they savor every minute of it.

Yet, even as CIOs find they are being invited to sit at the board tables, there still are underlying control and ownership issues surrounding technology projects in some banks. According to a study of financial services firms by Stamford, Conn.-based Gartner, bank CEOs -- not CIOs -- have the primary budgetary responsibility for funding new IT projects and investments (48 percent of respondents identified the CEO while just 17 percent pointed to the CIO). Clearly, there still is a way to go before technology executives are given looser rein to steer the IT side of company initiatives.

Still, banking CIOs are crossing the threshold into a new realm of possibilities and responsibilities to shape the strategy of the world's financial institutions more directly. The technology leaders profiled on the following pages are leading the way.

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**Case1: Stranger in a Strange Land No More**

Wachovia's Jean Davis proves that having a computer science degree to run a bank's IT department is optional.

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When Jean Davis arrived at Wachovia 20 years ago, working in IT was the farthest thing from her mind. As she tells it, her niche was on the sales side. "I was a corporate relationship manager. I started out on the line side at the bank," she explains.

But that changed in the mid-1990s. Wachovia's CEO at the time, Bud Baker, had a vision in which his next CIO would be from a nontechnology-related area of the bank. "[Bud] wanted to take someone on the customer strategy side and put them in IT," Davis recalls. "He believed I wouldn't be as enamored of the 'big machines' but would have a better understanding of what [the business segments] really wanted from IT and deliver what they needed, not just the nice-to-have things."

Still, it took a little while for Davis to become acclimated to her new responsibilities when she became CIO in 2001. "It was like learning a new language and culture," she remarks. But she got the hang of things and has been running IT for Charlotte, N.C.-based Wachovia ($512 billion in assets) ever since.

As head of the bank's operations, technology and e-commerce department, Davis essentially is responsible for making sure everything throughout the financial institution runs - from phones and PCs to transaction processing and customer data accuracy. "It's an interesting job because IT is the one department in the bank that touches all our customers in some respect," she comments.

One Company

Davis' department is divided into two areas - the technology services group, which maintains the data centers, networks and the general production environment; and the CIO organization, which interfaces with the bank's lines of business to ensure that technology is being developed to mirror Wachovia's overall customer strategy. "Our approach [in IT] mirrors the company's approach to its customer base - one company in the marketplace," Davis explains. "We have a retail bank, retail brokerage, card business and all, but we're one Wachovia brand. We're very integrated as a company -- right down to the technology."

Integration has been the buzzword at the bank in recent years given the large number of acquisitions that it has undertaken to build the Wachovia of today. "We have a project-planning approach at Wachovia to make us thorough in the planning stages of an integration. We have a number of IT professionals here who know how to do it the right way," Davis says. "It's a lot about people to ensure proper execution. It's also about staying focused on the customer. In all our integrations, Job 1 was not to lose a single customer -- that's a litmus test for how well we do an integration," she continues. "Our track record is excellent."

Increasingly, banks are realizing the need to bring together IT with their general business strategies in order to achieve their goals on the customer end, according to Davis. There is a new attitude at financial institutions, she relates, that the technology people and business people understand one another better.

"When I first came to the bank, there was no broad knowledge of technology outside IT," Davis explains. "They didn't understand where IT and business came together." Eventually, business people became more astute about the technology side and vice versa, she relates.
"Now, we've moved into another dimension. Companies want less bells and whistles, less proprietary stuff -- 'Give me a price I can live with and meet my date.' There's more financial accountability," Davis asserts. "There's less romance around IT today and more practicality."

Going forward, Davis envisions an even more critical role for technology in banking. "IT will continue to be the single greatest source of how we serve clients in a more superior fashion," she says. This will be especially true online, Davis notes. "Whether you're a large corporation, a small business or an individual, you will come to us online - the online channel will be critical in our long-term customer strategy," she adds.

"This is becoming a more complex role," Davis muses on the responsibilities of the CIO. "The job demands more-sophisticated skills because as technology evolves, the environments we handle become more complicated and the risks are greater," she says. We're in a consolidating industry where cost efficiency is critical. We'll look for a greater ability to do more at less cost." Therefore, "IT professionals have to be very astute about finances in the company. They have to make business decisions about what the company should invest in," Davis adds.

And this ability will become ever-more vital as technology executives increasingly are invited to sit on boards at banks. "IT contributes to decision making [at Wachovia] at the top of the company," Davis says. "I report directly to the CEO. This is the one division that touches every aspect of the company and its customers."

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**Case2: Don't Sweat the Small Stuff**

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How does one juggle the IT responsibilities of a financial institution with $435 billion in assets? Very carefully. And Wells Fargo's Webb Edwards takes his responsibilities in stride. As president of the bank's services company and a bank EVP, Edwards oversees a department that combines Wells Fargo's technology operations, communications systems and payments strategies - the technology elements that keep the bank running.

Wells Fargo's technology organization consists of four components, Edwards explains -- computing infrastructure, such as data centers, systems software and hardware; development, for applications both built in-house and outsourced; connectivity services, including network and field operations to support Wells Fargo's 6,160 "stores"; and shared services, an area that brings together the project management office, government activity and other bank functions. As a result, IT interacts with the business side on many levels, Edwards notes.
**Common Discipline**

Although this setup may not be out of the ordinary for an institution of Wells Fargo's size, Edwards says what makes the bank's approach to IT stand out is its operating philosophy. "We take a very disciplined approach to doing things," he explains. "We keep a common set of systems and infrastructure. Even if we acquire another bank, we still come out with the same system."

This IT discipline, Edwards asserts, provides the bank with flexibility and dependability. "Execution is key," he says. "If we say we'll deliver something, people know we will. This builds credibility with all our business partners."

Credibility is something Edwards values on a personal level, too. "You must have integrity above all else," he says. And Edward's approach has remained constant, even as he has seen a definite change in the nature of how technologists at banks operate. "If you go back a few years, the CIO was basically a technology specialist," he relates. "That's a death knell today - you have to have a business orientation. It's more about collaboration and relationship building than being a technologist," Edwards adds. "Our business is conducted using technology, so the CIO should have an equal seat at the table. You can't have an equal seat if you just know coding."

Edwards has embraced this big-picture philosophy. He explains that he looks beyond implementing the latest and greatest technology for its own sake and truly examines its ability to forward the organization's goals. "We view technology as an enabler," he says. "We're a means to attaining bigger objectives. I see IT driving the bank's reach and richness of services as we move forward. Technology ... allows us to hook up with third parties to do things we couldn't do otherwise."

In this vein, Edwards envisions more collaborative work with outside service providers to enrich the bank's offerings. "We're in a global economy that is borderless, so we can use other firms as an extension of Wells Fargo," he says.

One way Edwards manages to remain focused on such long-term thinking is by heeding his own advice: "Don't sweat the insignificant things," he says. "There are thousands of things in technology that can drive you crazy -- just focus on the things that are significant to your success."

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**Case3: Building Teams to Build Revenue**

By Maria Bruno-Britz

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Timothy Theriault has been with Northern Trust for more than two decades, and in his time with the Chicago-based bank, he has seen the financial institution lauded for its technology innovations. But, like any good leader, Theriault is quick to point out that it is the people, not the processes, that make things work.
"Technology doesn't get the blame or credit -- it's just one part of enabling what we do," Theriault says. "We have a lot of progressive thinkers throughout the company."

Theriault runs a 3,800-strong IT department that encompasses operations and technology for the bank's global and personal business for both foreign and domestic clients. This includes banking, trust and investment products. The department is split into two operating units - technology services and applications support. The former runs the IT plumbing, such as the data center and networks, while the latter oversees Northern Trust's ($44 billion in assets) banking, trust and investment capability.

Theriault's people are not simply relegated to programming or troubleshooting; they actually sit down with clients to see how well their systems will work together to provide maximum value. "Our technology people get to develop leading-edge products, but they also understand business - they're not just coders," he emphasizes. "They sit down with prospects to develop solutions to help us win business."

**Crossing the Communications Divide**

To do their jobs well, Northern Trust's IT staffers must be good communicators, says Theriault, who notes that bank CIOs must be able to speak to the business functions above and beyond the supporting technology. "You need to plan and strategize, but you also have to execute and manage successfully at the same time," he explains. "It's a multidimensional role - you're working at an executive level and you're responsible for making sure you deliver. Execution is so important, especially when dealing with clients."

Theriault says the leadership at Northern Trust understands this and supports IT from the top down. "It started with our chair, who committed to spending heavily on technology," he says of the bank's strong IT tradition. "And the business units we interact with embrace technology, too."

And IT also embraces business goals, Theriault notes. He says he savors the challenge of working with his staff to understand how technology can increase business opportunities for the bank. "Our technology people make [working at Northern Trust] special," Theriault reflects.

As someone who rose through the ranks from the programmer level, Theriault was able to make the transition from techie to hybrid IT executive, melding his technology knowledge with business know-how. Although not all technology roles call for such a blend of skills, it is an idea he says he hopes to instill in his own staffers as he helps train and mentor them. In the end, however, it is the morale among the people in the trenches that can make or break a project, Theriault notes. Therefore, he lets them pursue their ideas -- to a point.

"If the team wants to win, let them," Theriault explains. "Empower your staff and let them go, but make sure you direct them. Be tough on issues, but soft on people."
Case 4: Small Staff, Big Returns

By Maria Bruno-Britz
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Some jobs just keep pulling you back in. Such was the case for Republic Bancorp's Greg Bixby.

When Bixby started at Lansing, Mich.-based Republic Bancorp, the financial institution was run as five separate bank and mortgage subsidiaries. He worked on the mortgage side and ran technology for that business for three years before deciding to move on.

"I had left the Republic Mortgage subsidiary briefly," he recalls. "[Republic] came back to me and said the holding company was looking for a CIO and they wanted me. They laid out a vision of bringing together all five entities and making it one company."

Knowing that the bank ran eight mortgage origination/servicing systems, three core banking systems and even individual HR systems, Bixby saw the potential of uniting the disparate infrastructures. It was an offer he couldn't refuse. "We're now a holding company with one subsidiary -- Republic Bank -- which has divisions for mortgage, commercial and retail, but they are all on one consistent technology," he says. "They all share a common infrastructure."

Today, Bixby oversees a modest IT department of just 35 people. A CIO for banking and a CTO for mortgage run the day-to-day operations for their units and report to Bixby. This frees up Bixby for a more strategic role at the bank. "I hear the issues the business units have and what projects they're doing, and facilitate how IT can help these things," he relates.

Lean and Mean

Bixby admits that his IT department is a bit lean for a bank of Republic's ($6 billion in assets) size. However, he relates, the lean IT staff is a product of his operating philosophy -- keep things simple. When Bixby took the helm of Republic's IT department, the tech bubble was just emerging, as were "canned applications where you didn't have to hire 20 programmers to build them," he explains. "[My team] showed the board the advantage of using these new applications versus outsourcing or building," Bixby says. "We use low-bandwidth, centralized applications, and we don't have servers in every branch."

Bixby says there is very little customization to the bank's systems. When business units want a new technology, they must truly justify the need. "That philosophy of centralized technology selection has allowed us to keep our staff low," he says. "And this fits with the culture of [a lean] bank."
According to Bixby, the combination of scaled-down IT staffing and low-bandwidth technology saves the bank approximately $4 million annually. "We had to fight for it at first," Bixby relates. "But now it's so ingrained and adds a tremendous amount to the bottom line."

And Bixby has no doubt that technology will continue to contribute to the bottom line. "My vision is to keep very close to what the organization needs and support their technology requirements," he says. "When they roll out a new product, we'll be able to support it. We'll also continue to minimize the time we spend on managing and upgrading technology."

It all comes down to the needs of the business, Bixby stresses. "We work with the business units to see what they're doing, and bring forward ideas and technology solutions that can help them," he says. "That's the role the CIO has to provide."

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**Case 5: Bringing Banking to the People**

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India is a land of extremes when it comes to technology. On one hand are the modern centers of business; on the other hand is a countryside that largely remains saddled with outdated infrastructures.

With much of its customer base located in rural India, ICICI Bank's (Mumbai; $38.5 billion in assets) Pravir Vohra, who heads the bank's technology management group, is challenged with improving ICICI's technology in a country where access to the pipes is a luxury for some. "Access to rural areas in India poses a challenge even in the physical world," he says. Yet, Vohra is optimistic. "The good news is that the infrastructure in these areas is improving rapidly," he says. "We see rural India more as an opportunity than as a challenge."

According to Vohra, ICICI is helping to fund large-scale infrastructure projects in rural areas. And, "Improving macro indicators like education, income levels and comfort with technology clearly indicate that rural India is in the throes of a massive economic upsurge," he relates. "We are excited to be amongst the front-runners in riding this wave."

**Hang 10**

At the wave's crest is Vohra. He manages the technology for the retail bank, international bank and the general IT infrastructure across the ICICI bank group. He also is at the helm of a department that architects the bank's enterprisewide technology strategy. According to Vohra, the Technology Management Group (TMG) constantly looks for ways to leverage new technology in each of the bank's business groups.
"TMG plays a pivotal role in defining and scoping projects and selecting appropriate technology for business groups, and is a veritable bridge between the technology function in business groups and the technology service providers," Vohra explains. The group also is responsible for "stewarding enterprisewide technology initiatives" as well as laying down standards and policies in the area of technology, Vohra adds.

But, Vohra notes, technology is not the finish line. "Our belief at ICICI Bank is that technology should be an integral part of business decision making," he says. "In line with this belief, our technology teams -- as well as budgets -- are embedded within the various business groups."

Small IT teams are dedicated to specific business groups -- such as Internet banking, treasury and cards -- attending strategy and review meetings, implementing process improvements and technology innovations, and providing overall tech support. "This approach has helped us create an IT enterprise that is extremely responsive to business needs both in terms of functionality and scale," Vohra says.

With such tight working relationships among IT and lines of business, it is important for today's technology executives to have good business acumen, Vohra stresses. "The IT executive has to match the entrepreneurial mind-sets existing within the business groups by foreseeing business trends and proactively designing solutions -- sometimes before the business groups have expressed the need for them," he explains.

"To play an active role in recasting business processes at speeds that match business decisions, developing optimum ... solutions at every juncture while not losing sight of the need to leverage existing infrastructures is the real challenge for our teams today," Vohra adds.

Case 6: Conquering IT Growing Pains

By Maria Bruno-Britz
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Heading technology for a bank that is bent on branch expansion is no laughing matter -- even if you are a distant relative of a certain comedian. Yet, Commerce Bank ($36 billion in assets) CIO Kent Seinfeld says he lives for the challenge.

"There is never, never a dull moment," Seinfeld says of his job. "The growth is on many different axes - I have to try to anticipate all the barriers so they don't stop us. Having to think about this all the time is what people like me live for."

The former mainframe techie has held CIO roles at other banks, and Seinfeld says the job is more or less the same from institution to institution. "The only difference is the growth rate [at Commerce]," he explains. "We don't really grow through acquisitions -- it's mostly organic."
Seinfeld oversees a staff of about 400 people in what he describes as a fairly classically organized IT department. The bank does not do much systems development in-house, preferring to buy solutions from vendors. However, the infrastructure and its servicing are kept inside the bank.

**Young at Heart**

What makes running IT at Commerce Bank a bit different, relates Seinfeld, is that the bank is not as mired in legacy infrastructures as some older institutions. "Because we're a fairly young institution, we don't have many programmers on staff," Seinfeld explains. "We're a purchaser of bank applications from vendors. Outsourcing of development and insourcing of execution isn't actually unique, but it's weighted more heavily here than at more mainframe, legacy institutions."

Still, IT growing pains are to be expected within an expanding bank. In fact, the IT organization sometimes finds itself playing catch-up, concedes Seinfeld. "Commerce Bank is light on process and procedure and intense on customer service," he relates. "The process side is building from a just-in-time point of view where we have one foot in the first generation and one foot in the fifth generation of how we do things."

The key to painless expansion, Seinfeld asserts, is using the minimal amount of technology to its optimal level. "We're trying to grow up without too much bureaucratizing."

Commerce Bank's customer model is simple, but it is difficult to execute from a technology standpoint, Seinfeld explains. The idea is to give customers whatever channels they want. At Commerce Bank, the branch is just as important as the online offering, he says.

"We want sharp technologists, but we also want technologists who can understand -- or learn to understand -- the culture of outstanding customer service," Seinfeld notes. "You have to know what you're ultimately serving. Being able to look at the customer with a servicing eye and being able to go back and execute properly is a challenge for the CIO and everyone else. I've never worked harder in my career."

According to Seinfeld, technologists at banks are part of the business at the most basic level. "We're an information-based business, so you're integrated into the fundamentals, the core of the business," he says. "As IT relationship managers get more ingrained in the lines of business, that fabric will be woven tighter to where it will be hard to separate IT from that. If you have a problem, IT is involved."