



WHITE PAPER

Five Guiding Principles for a Successful Implementation



Executive Summary

As digital transformation becomes a necessity for financial institutions (FIs), it is important to understand this is the re-imagining of the business, processes and technology. The implementation of new technology is a critical first step to a digital transformation, but digitizing processes alone is not enough.

Over the last decade, nCino has assisted thousands of FIs in implementation projects that support their digital transformation journeys.

With this experience, nCino has identified five guiding principles for a successful implementation to mitigate common mistakes.

FIs that strategically implement new technology are set up for success with future projects and receive several benefits to keep pace with changing customer expectations, new technology innovations and a changing competitive landscape.



Introduction

DIGITAL TRANSFORMATION

In 2022, digital transformation is the most important growth driver for 60% of businesses.⁹ This holds true for the financial services industry as well, where 75% of banks and credit unions launched a digital transformation initiative and an additional 15% developed a digital transformation strategy in 2022.¹⁰

Accelerated by the COVID-19 pandemic, digital transformation became the focus for many FIs as customer-employee engagement and expectations shifted towards digital channels and remote work. Beyond meeting changing expectations, digital transformation is necessary for FIs to compete, improve speed and agility, optimize operations, grow and provide personalized services.



While digital transformation has been a top trend in financial services for over a decade, many FIs find themselves stuck along their journey. In fact, 60% of financial institutions do not achieve their digital transformation goals.³ A common challenge is believing the implementation of new technology is the entirety of the digital transformation journey. Digital transformations often begin with technology, but they are more than digitizing processes.

The implementation of technology sets the stage for transformation, but it's not the transformation itself. A structured and clear implementation plan puts the right people, processes and technology in place for organizations to effectively implement new systems faster and more successfully. Digital transformations look different at each FI. However, organizations who are confident in their transformation progress have one thing in common- their digital transformation strategy isn't solely focused on technology but aligns with and is ingrained in the organization's overall strategy.

Salesforce defines digital transformation as “the process of using digital technologies to create new- or modify existing-business processes, culture, and customer experiences to meet changing business and market requirements.”¹² Since digital transformation is a holistic reimagining of the business, processes and technology, there are many points in the journey where an FI can get lost, run into obstacles or fall short of its goals. Taking a holistic approach doubles the success of a digital transformation, the biggest differentiator being the amount of effort put into the transformation.²

Digital transformation, specifically the implementation of technology, requires a large amount of effort across the organization, from robust project planning and constant monitoring during the project to on-going evaluation and continuous improvement efforts. In particular, the executive leadership team is highly involved in each step, making critical decisions, setting the strategic direction and leading at the forefront of the transformation.



For the last 10 years, nCino has been a partner in assisting FIs with their implementation projects and digital transformation efforts, driving their on-going transformation journeys and delivering continued growth.

Through numerous projects, nCino has learned what success looks like, the common challenges and pitfalls along the way and how to mitigate them.

From this experience, nCino has identified five guiding principles for a successful implementation: **preparation, leadership, target state, execution and change adoption.**



GUIDING PRINCIPLE

1. Preparation

It is necessary to develop and communicate the transformation vision before starting an implementation to define a clear path to success and execute the plan effectively.

One of the common pitfalls is a lack of long-term planning and monitoring, which stems from unclear goals and limited project scope. Improper planning makes it extremely difficult to properly allocate and monitor resources, such as time, people and of course money.

“The power of a digital transformation strategy lies in its scope and objectives.”

Deloitte

When the business strategy and digital strategy are not aligned, there is no accountability, no unified vision and poor execution towards the goals across the organization. This contributes significantly to delays in the project timeline, makes it more difficult to complete and ultimately raises costs.



- Understand current state (people, process, technology, data) to define target state
- Organize the program team (e.g., project manager, business process subject matter expert (SME), legacy system SME, Salesforce SME)
- Plan for business-as-usual requirements

Once a transformation partner has been selected, the first step is conducting an internal evaluation to understand the current state with regards to people, processes and technology. This helps shape the FI's target state, goals, strategy and project scope before the implementation process begins. Once the project scope is determined, FIs should break the implementation into smaller increments and assign ownership at each step. This improves accountability and allows progress to be tracked more easily.

It is also critical at this point for FIs to determine overall resource capacity and needs. This involves forming the program team early on, which should include project managers, business process subject matter experts (SMEs), legacy system knowledge experts and Salesforce experts. It is advised to identify the future nCino administrators and Center of Excellence teams early on and have them involved from the onset of the project through completion to build skill sets and historical knowledge.

This prepares the FI for future implementation and transformation projects as well. Mo Fadaei, Director of Banking Platforms and Partnerships at Recognise Bank, recommends, “each team has an nCino champion: they represent the team and are able to suggest improvements to the configuration in a bi-weekly committee.”

Equally important is establishing risk management and controls so an institution does not fall out of compliance and take on an increased amount of risk. For a complete and comprehensive assessment, risk management should be evaluated across the organization. FIs should define a clear risk management framework to monitor risk and compliance across the solution. Then, FIs must communicate the risk framework needed directly to the nCino implementation team.

Overall, proper planning of goals, strategy, project scope and risk management allow FIs to segment an implementation project into defined and manageable pieces. This also makes it easier to track the implementation’s progress and measure against key performance indicators (KPIs). Communicating the FI’s vision to nCino from the start sets the foundation for a strong partnership and clearly defines a path for a successful implementation.



GUIDING PRINCIPLE

2. Leadership



Technology alone isn't a successful transformation, "people are still at the core of a successful digital banking transformation."⁷ People need strong leadership to follow as an example, provide strategic direction and demonstrate a digital first mindset. The participation of the leadership team at an FI is a critical factor in determining whether an implementation and transformation will be successful. The leadership team is essential in the decision-making process, driving the organization's strategy and overseeing the project's execution.

When the leaders at an FI are not on-board or actively involved, the organization lacks direction, the project does not have any oversight and the buy-in across the FI is lower. As a result, the FI becomes at risk of having a failed implementation, not meeting strategic goals and having an un-successful transformation.

- Executive leadership:
 - Set the tone & change the mindset of the organization
 - Ensure strategic vision & goals support a digital-first strategy
- Program leadership:
 - Identify key day-to-day decision makers; ensure they can be active participants throughout the process



Institutional leadership sets the tone and mindset for the organization by aligning around the importance of the implementation and adoption of new technology.

As an FI evolves on the digital transformation journey, "the ability to digitally reimagine the business is determined in large part by a clear digital strategy supported by leaders who foster a culture able to change and invent the new."¹¹

According to McKinsey, "to make a digital transformation happen, you need complete alignment-from the board through the executive team through the whole organization."¹

The participation and commitment of leadership is crucial for a successful implementation and on-going transformation.

An institution's leadership should establish key day-to-day decision makers that will have the authority to determine priorities and make decisions across the business and about technology. Still, leaders must be available and active participants throughout the transformation process, not just handing off responsibilities to other members of the organization, as they play a pivotal role in consensus building and driving fast resolutions when obstacles arise.

Strong leadership participation contributes to the resiliency of an organization. True resiliency comes from leadership's support and strategy to implement new technology correctly. As a result, FIs benefit from the speed and scalability of technology as well as leadership's digital nimbleness and ability to implement changes successfully.⁷

Throughout their implementation, leadership teams can rely on nCino for support and guidance. We believe that partnerships bring the best results to achieve transformation goals.



“Our entire senior management team was very involved in the nCino implementation from day one. The expertise that the team from nCino brought to the table was incredible. They understood lending, and in fact a lot of them were previously lenders themselves. They helped us challenge things we were doing and offered different ideas for mapping out our processes and deciding how to best configure the nCino platform to fit our needs. It was a really good time to look at our business and let go of some of the legacy processes as well as systems.”

Jolene Curtis, Chief Operating Officer at Texas Farm Credit

Overall, nCino provides industry expertise and guidance to support an FI's leadership team in making key decisions around changes to existing business processes, digital transformations and continuous innovation for the future. With nCino, leaders at FIs will be guided and supported by experts throughout the implementation and digital transformation journey. nCino builds strong and supportive relationships with FIs for long-lasting change and continued innovation.

GUIDING PRINCIPLE

3. Target State

A common mistake amongst institutions is only changing the technology. When old processes remain and technology is configured around those processes, the inefficiencies are now built into the system. The goal is not to automate inefficiencies but to leverage the new technology's capabilities and reimagine the way the FI operates.

By automating inefficiencies, the FI misses the opportunity to reimagine its processes, strategy and value. While digitalization of processes is critical, it does not generate the holistic change that encompasses a true digital transformation.



- Focus on addressing customer pain points & process inefficiencies
- Create an agile mindset for continuous improvement

nCino's approach to helping customers achieve the target state solution is to focus on process simplification. Knowing everything cannot be solved at once, it is important to set realistic expectations when determining the target state solution. Whenever possible, standardize key requirements across lines of business and focus on eliminating disparate systems and processes, only making exceptions if simplified alternatives are not feasible.

During this process it is also important to perform value stream mapping to address and consider the customer and employee pain points to design the ideal experience, improve the customer interface and augment back-end processes.³ Once the desired target state is designed, it is helpful to determine which initiatives are priorities and create an actionable and measurable plan to achieve them.³

Once the key initiatives are defined, prioritized and mapped, focus efforts on implementing the solutions that immediately address those needs rather than chasing perfection right away. FIs should get a working product in the hands of early adopters as soon as possible. By establishing a foundation to build upon, FIs will see ROI faster and can continue to make improvements overtime. After all, a digital transformation is an evolution and a journey. Mo Fadaei at Recognise Bank said, “with this implementation we only scratched the surface of the true potential of nCino. We want to stay competitive and having the foundation that we have with nCino and knowing the flexibility of the platform creates endless possibilities for us.”



In today's highly competitive market, keeping pace during this time of rapid evolution requires frequent process improvements and strategy assessments to continuously add value to your FI and most importantly your customers. FIs who embrace a digital mindset will be more agile to meet customer needs and become resilient, which includes improved speed and scalability. “FIs need scalability that supports increased complexity of processes, potential integration with new technologies, and new workflows.”⁷ As FIs shift their mindset and re-design processes to their target state, they gain speed and resiliency that will benefit them in the future as market and customer preferences continue to evolve. Institutions that embrace a holistic digital transformation gain a competitive advantage in the market, are better fit to serve customers and will be more profitable in the future.

At nCino, we help FIs through this digital transformation process and continue to innovate our platform and solutions to keep pace with the changing market, customer needs and technology innovations. nCino assists FIs to the “go-live,” provides continued support to achieve the target state solution and develops on-going partnerships with FIs. nCino's mission is to transform the financial services industry through innovation, reputation and speed.

GUIDING PRINCIPLE

4. Execution

nCino recommends using an agile project management approach, which involves continuous improvement and iteration. FIs should embrace the journey and continue to re-prioritize any requirements that are not critical and jeopardize the timeline. With project execution, there also needs to be a balance between incremental transformation and speed, which allows FIs to benefit from the power of being nimble.

A major benefit of using an agile implementation method is that it establishes a repeatable process for the future. FIs create the building blocks for re-designing and deploying new processes, which can be used for future projects making them faster, easier and cheaper to implement. In today's fast-paced market, it is inevitable FIs will need to undergo additional implementation and transformation projects.



- Establish & adhere to a timeline
- Prioritize requirements that support the timeline
- Set up repeatable processes to stay current on platform
- Plan ahead for a seamless knowledge transfer

Technological change is a continuous process. As such it should be grounded in a philosophy of incremental transformation. It includes getting maximum value from existing technology investments and then identifying and quickly acting on innovation gaps when they emerge.⁸



Another important step is to communicate the project's timeline and set expectations, signaling to the entire FI the project is a priority. The transformation project should be broken down into smaller increments with cadences and oversight put in place.

It is vital to stick to the timeline and maintain velocity by driving decisions that support the FI's goals.

A program cannot succeed until it crosses the finish line.

For example, John Parker, Chief Information Officer at Texas Farm Credit, said, "We established a pretty aggressive schedule for implementation. But nCino was successful in getting us through the implementation and to the go-live on time and on budget. Everything worked out exactly like it was supposed to."

The Gold Standard

If an FI wants to reduce implementation time and optimize the usage of nCino's Bank Operating System, it is recommended to follow nCino's Gold Standards. These are the documented best practices that help define use cases, replace inefficient workflows, reduce implementation time, increase scalability, limit the need for customization, and configure automation and security practices. FIs should evaluate the Gold Standards to structure the project scope, target state and implementation timeline to meet the FI's business needs and goals.

Following nCino's Gold Standards reduces the need for custom solutions and as a result implementation time and ROI is faster. However, FIs can continue to work with nCino to customize solutions and add integrations in future projects to continue adding value to the FI.



Receiving all the benefits of nCino involves continuous improvements, which requires establishing repeatable processes. "To be future ready, FIs need to be resilient. This includes having the ability to make decisions quickly, rapidly pivot during times of change, and be able to scale capacity to accommodate increases in demand with minimal impacts to operations."⁷

The execution of the implementation lays the groundwork, so an FI is nimble and agile for future projects. nCino works closely with FIs to establish the project delivery method and can move as fast as an FI would like to go.

For example, with nCino's accelerated delivery method, Platinum Bank was able to reduce the overall implementation timeline and resource commitment and go live on the nCino platform in less than six months, amid the COVID-19 pandemic.

GUIDING PRINCIPLE

5. Change Adoption



Change adoption is one of the most difficult and critical parts of an implementation. In general, change is not easy and people are resistant to change; therefore, leadership teams need to be supportive and patient throughout the implementation process. It is essential for the leaders at an FI to set the example, tone and pace for adopting new technology. Leaders should own the change management, but not become rigid with the execution. There will likely be several iterations of the process and leaders will need to pivot seamlessly to keep the implementation running smoothly.

A major mistake is not preparing employees for change. 83% of employees fear job security due to changes, such as new technology and automation.⁵

- Support teams through focused change management activities
- Promote program interest & awareness
- Create collaboration & feedback loop
- Identify SMEs to be program champions

“If a company spends all its effort getting technology ready to transform the business, but does not spend the appropriate amount of effort to prepare people for changes to how their work gets done, there is significant risk that the workforce may experience dysfunction when the transformation happens. This dysfunction frequently leads to stagnated processes, low employee engagement, customer dissatisfaction and a lower-than-expected ROI in digital technologies. Developing a change adoption strategy helps ensure people are ready to accept change.”

Greg Thompson, Executive Director of Adoption Service at nCino

To prepare for future projects, it is advised customers document the training process and identify SMEs and internal champions early on. This will help employees adopt any changes or new technology in the future with more ease. It is also important to prepare customers for change by promoting program interest and awareness through informational campaigns, such as newsletters and emails.

Employees should feel empowered by new technology and understand how their role is transforming to increase value to the FI. Employees can be prepared for change through establishing a common technical language and proper training, which allows them time to become comfortable with the technology and hone their skillsets for success. Everyone learns differently and has different comfort levels with technology, so it is important to customize training, get influencers on board, make a training routine, highlight quick wins and make it fun.⁶

Training on new technology and changing large-scale business processes can be a daunting task, but FIs will not be going through this alone. During the implementation project at Recognise, the bank worked closely with the nCino project team. "It was a collaboration between nCino, our internal IT team, and internal subject matter experts," said Mo Fadaei at Recognise Bank.

Effective communication and collaboration are also key for change adoption. Leaders must clearly communicate the goals, strategy and vision of the digital transformation to the entire organization. Creating a collaborative environment and feedback loop between leaders, management, employees and nCino helps mitigate problems faster and starts to create a cultural shift to a more nimble and innovative institution. Collaboration involves all stakeholders, including the compliance team who must be part of these conversations.



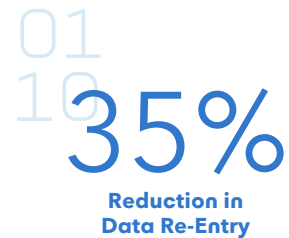
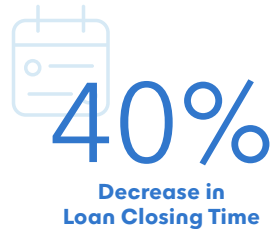
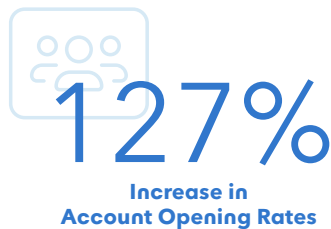
Finally, FIs need to change their mindset to increase the adoption of new technology and processes. For successful on-going digital transformations, organizations "need to install a culture of continuous change and evolution in how things work."¹

The shift to become more agile is discussed in several of the guiding principles because it is imperative for the success of an implementation project and a digital transformation journey. Overall, FIs that communicate effectively, promote collaboration, establish effective training programs and create change support networks will not only have greater change adoption but will be more resilient and competitive since the mindset, culture and resources are in place for future implementation projects.

Conclusion

As FIs face new challenges, digital transformation is essential to remain competitive and resilient in a fast-paced market. Technology is an essential part of a digital transformation but “buying modern technology is not enough.”⁷ A holistic digital transformation is the complete re-imagining of a business, its processes and the technology. By doing so, FIs will see the “impact that digital banking transformation can have on customers, employees, and the future of the business.”⁷

A successful implementation of technology lays the groundwork for FIs to enter a digital transformation journey and receive several benefits, such as cost reductions, improved efficiency and increased market share.⁴ FIs receive cost reductions through the optimization and increased efficiency of business processes through the automation, machine learning and artificial intelligence in the nCino platform. Market share increases through brand growth, additional cross selling opportunities and an increase in customer satisfaction.³ FIs who work with nCino have seen amazing results, such as:



Nevertheless, “what separates digital leaders from the rest is a clear digital strategy combined with a culture and leadership poised to drive the transformation.”¹¹

As market and customer expectations continue to rapidly evolve, FIs that embark on a digital transformation journey and undergo a successful implementation will gain speed, scalability and resiliency for continued innovation and value creation.

“While transformations are hard, over the last 10 years, we’ve seen how a complete change in mindset and re-imagining of the business, processes and culture establishes a true competitive advantage and differentiation for our customers. I couldn’t be prouder of the digital transformation partner we’ve become and our team, who has charged into the field each week to implement, train and support our customers.”

Sean Desmond, Chief Customer Success Officer at nCino

Endnotes

1. Bilefield, J., & Seitz, B. (2016, April 21). Digital transformation: the three steps to success. McKinsey & Company. Retrieved September 26, 2022, from <https://www.mckinsey.com/business-functions/mckinsey-digital/our-insights/digital-transformation-the-three-steps-to-success>
2. Bucy, M., Schaninger, B., Van Akin, K., & Weddle, B. (2022, June 6). The science behind transformations: maximizing value during implementation. McKinsey. Retrieved September 26, 2022, from <https://www.mckinsey.com/business-functions/people-and-organizational-performance/our-insights/the-organization-blog/the-science-behind-transformations-maximizing-value-during-implementation>
3. Choi, J., Dynes, M., Erande, Y., & Rosioru, D. (2022, July 5). Taking digital banking beyond customer journeys. BCG Global. Retrieved September 26, 2022, from <https://www.bcg.com/publications/2022/customer-value-and-banking-in-the-digital-age>
4. Furr, N., Shipilov, A., Rouillard, D., & Hemon-Laurens, A. (2022, January 28). The 4 pillars of successful digital transformations. Harvard Business Review. Retrieved September 26, 2022, from <https://hbr.org/2022/01/the-4-pillars-of-successful-digital-transformations?registration=success>
5. Hopgood, M., Onorato, A., & Sorrentino, F. (2020, November 24). The first step to changing company culture? understand your people. Publicis Sapient. Retrieved September 26, 2022, from https://www.publicissapient.com/insights/organizational_change_management_focus_on_the_people
6. Knight, R. (2015, March 19). Convincing skeptical employees to adopt new technology. Harvard Business Review. Retrieved September 26, 2022, from <https://hbr.org/2015/03/convincing-skeptical-employees-to-adopt-new-technology>
7. Marous, J. (2022, April 4). Digital banking transformation requires speed and scalability. The Financial Brand. Retrieved September 26, 2022, from <https://thefinancialbrand.com/news/digital-transformation-banking/speed-scalability-digital-banking-transformation-superpower-trends-for-the-future-134936/?edigest2>
8. Misra, S. (2021, May 27). Council post: How companies can implement digital transformation quickly and incrementally. Forbes. Retrieved October 25, 2022, from <https://www.forbes.com/sites/forbestechcouncil/2021/05/27/how-companies-can-implement-digital-transformation-quickly-and-incrementally/?sh=6bec262b7f00>
9. PricewaterhouseCoopers. (2022). PWC pulse survey: executive views on business in 2022. PwC. Retrieved September 26, 2022, from <https://www.pwc.com/us/en/library/pulsesurvey/executive-views-2022.html>
10. Shevlin, R. (2022, April 14). The end of digital transformation in banking. Forbes. Retrieved September 26, 2022, from <https://www.forbes.com/sites/ronshevlin/2022/01/10/the-end-of-digital-transformation-in-banking/?sh=a1b70507b69c>
11. Strategy, not technology, drives digital transformation. Deloitte Insights. (2015, July 15). Retrieved September 26, 2022, from <https://www2.deloitte.com/us/en/insights/topics/digital-transformation/digitaltransformation-strategy-digitally-mature.html>
12. What is digital transformation?. Salesforce. (n.d.). Retrieved September 26, 2022, from <https://www.salesforce.com/products/platform/what-is-digital-transformation>