



## QUICK FACTS

**Industry**  
Banking

**Revenue**  
US\$1.5 billion

**Employees**  
11,700

**Headquarters**  
Salt Lake City, Utah

**Web Site**  
[www.zionsbancorporation.com](http://www.zionsbancorporation.com)

**SAP® Solutions and Services**  
SAP® BusinessObjects™ Xcelsius Enterprise software to identify the profitability potential of new offerings

During the past 135 years, Zions Bancorporation has grown into 8 affiliates with over 500 banking offices. Zions is also a longtime user of SAP® software. To leverage its use of SAP BusinessObjects™ applications for planning and consolidation as well as profitability and cost management, Zions used SAP BusinessObjects Xcelsius Enterprise software to create a bankwide tool that pinpoints the most profitable offerings for its customers.

### Key Challenges

- Build a new modeling and analytical tool to identify the profitability of potential offerings against a holistic view of customer data
- Determine profitability of existing and prospective customers
- Centralize profitability determination across affiliates with a standardized risk-mitigation method for pricing loans and deposits

### Implementation Best Practices

- Communicated directly with users at affiliates and leveraged software to meet their customer-profitability reporting needs
- Incentivized relationship managers by transferring responsibility of relationship profitability from the finance department to them
- Helped to support centralized management of profitability and standardized pricing methodology for more reliable risk analysis

### Financial and Strategic Benefits

- Broadened the leveraging of data-warehouse information to all affiliate users
- Improved pricing competitiveness and enabled faster response to customer inquiries
- Enhanced ability to transform unprofitable relationships into profitable ones
- Provided efficient tool to model existing and new business relationships quickly and inexpensively
- Dramatically improved process by transferring responsibility for relationship profitability from finance to relationship managers

### Why SAP Was Selected

- Ease of building complex yet elegant solutions and modeling tools, even for novice users
- Ability to provide a powerful front end to many Web-based services
- Access to a database that can process up to 2.5 million records in subseconds
- Opportunity to visualize profitability results calculated by SAP® BusinessObjects™ Profitability and Cost Management application

### Low Total Cost of Ownership

- Developed a modeling and analytical profitability tool in just 5 months at no incremental cost to the company
- Eliminated expense and need for advanced modeling expertise
- Avoided interface costs with integration of Web-based applications

### Operational Benefits

- Greater ability to visualize customer profitability at the account level
- Gain of almost an hour per day for the finance department by not performing customer profitability determinations
- Support for customer-account benchmarking with measurement of two key performance metrics: return on equity (ROE) and shareholder value added (SVA)
- Fast importing of relationships by tax ID or relationship ID and determination of “what-if” scenario results

“We’ve been innovating with SAP BusinessObjects software for six years. For example, SAP BusinessObjects Xcelsius Enterprise is robust software; yet two people with no experience built a highly effective modeling tool in five months – in our spare time.”

Matthew Despain, Business Analyst, Corporate Finance, Zions Bancorporation

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## Visualizing Customer Profitability Across the Organization

Wherever you find one of more than 500 Zions Bancorporation’s banking offices and over 600 of Zions’ ATMs across 10 western states, you’ll find SAP® BusinessObjects™ solutions at work. For example, Zions uses SAP BusinessObjects Data Integrator software for data integration and SAP Crystal Reports® software for data warehouse reporting. “To enable closed-loop performance management,” says Matthew Despain, business analyst for Corporate Finance at Zions, “we use the SAP BusinessObjects Planning and Consolidation application for budgeting. And for profitability reporting, we use the SAP BusinessObjects Profitability and Cost Management application.” In addition, to measure its performance, Zions relies on SAP BusinessObjects enterprise performance management solutions.

## Enabling Risk-Adjusted Pricing at Zions

“Despite all this software,” says Despain, “each affiliate had different, nonstandard methods of pricing loans and deposits. They used spreadsheets, but the factors that drove profitability calculations could not be managed centrally with spreadsheets alone.”

Zions needed a standardized, risk-adjusted method for pricing loans and deposits across all affiliates. “I was

tasked with finding a tool to model potential offerings against existing customer profitability data,” says Dennis Wright, a Zions financial analyst. Knowing that Despain had used SAP BusinessObjects Xcelsius Enterprise software, Wright teamed up with his colleague, and together they developed the profitability modeling and analytical tool Zions needed. They used SAP BusinessObjects Xcelsius Enterprise to create dashboards and data visualizations that enable consolidated views of a host of key metrics drawn from Zions’ closed-loop performance management solutions for planning and consolidation and profitability reporting.

## Developing a Tool to Model Profitable Offerings

Zions selected SAP BusinessObjects Xcelsius Enterprise because it supported fast tool development and high processing speeds. Providing a powerful front end to Web-based services, SAP BusinessObjects Xcelsius Enterprise can access a database that processes up to 2.5 million records in subseconds and merge complex “what-if” scenario data with actual customer data to model potential profitability.

“Determining profitability can be complex and requires these scenarios,” says Wright. Together with Despain, the two analysts used SAP BusinessObjects Xcelsius Enterprise to develop a tool to drive the identification of potentially profitable offerings using what-if scenarios and a holistic view of customer profitability. “To do this,

we leveraged SAP BusinessObjects Xcelsius Enterprise functionality to meet the needs of users at each affiliate,” says Despain.

## Improving Processes and Profitable Relationships

With its new tool for visualizing profitability, Zions was able to transfer the responsibility of identifying profitable relationships from the finance department to relationship managers and loan officers who can use it directly at the account level. “The process has been improved dramatically by this tool,” says Despain. “Finance has gained almost an hour a day by not performing customer profitability determinations.”

By leveraging its investment in SAP BusinessObjects software, Zions has been able to centralize profitability management and standardize pricing methodology for more reliable risk analysis of offerings. In addition, it has improved pricing competitiveness of existing and new product offerings and enabled faster response to customer inquiries. Although Despain says it will take time to acquaint all the affiliates with the new tool, two affiliates are already using it successfully. “With SAP BusinessObjects Xcelsius Enterprise and our other established technologies, we were able to come together, as a team and as a company, with an elegant solution in just five months,” concludes Despain.

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