Transformation at U.S. Bank – Laying Groundwork, Crucibles, and Toxic Waste

Virtual

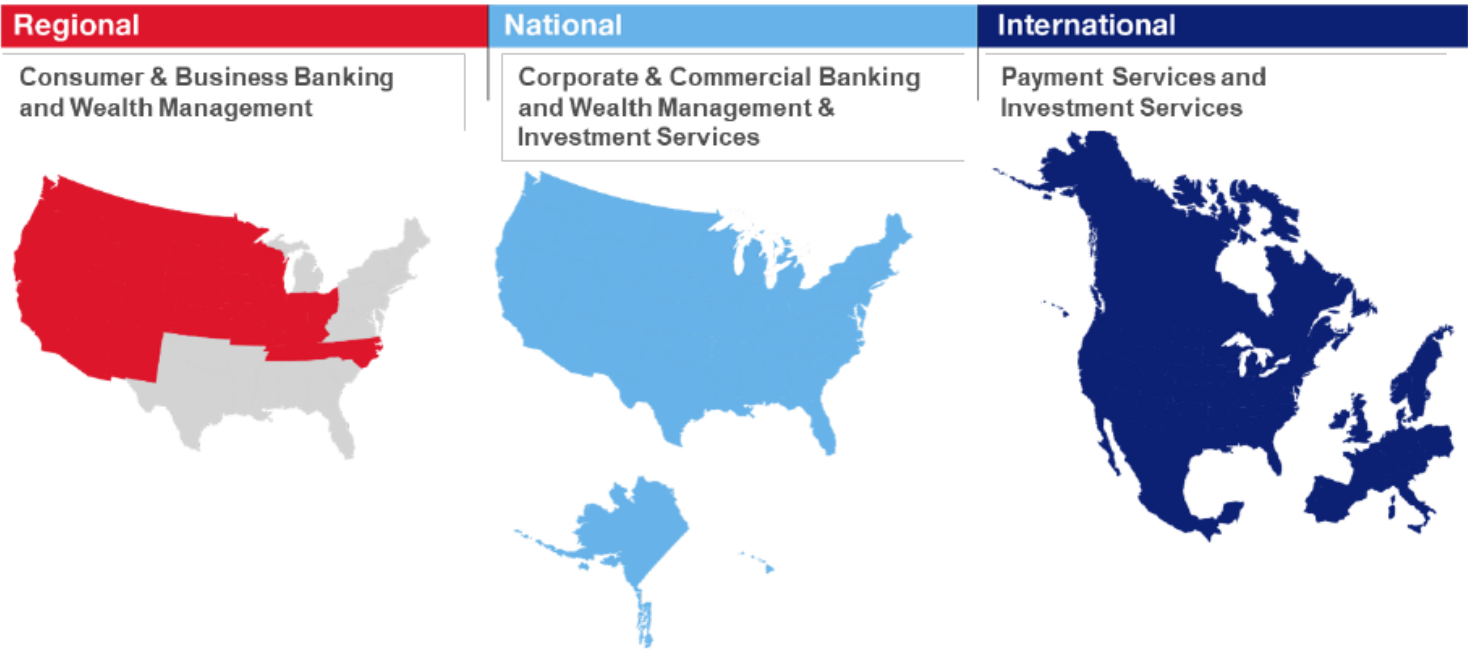Ian Eslick and Werner Loots

October 2020

U.S. Bank is an international company of 70,000 employees dedicated to serving our customers, shareholders and communities.

U.S. Bancorp Overview

NYSE Traded	USB	Branches	2,764	Assets	$543B
Founded	1863	ATMs	4,445	Deposits	$395B
Market Value	$50B			Loans	$318B

Regional	National	International
Consumer & Business Banking and Wealth Management	Corporate & Commercial Banking and Wealth Management & Investment Services	Payment Services and Investment Services

We are consistently ranked one of the best banks in the world:

- Fortune "**Most Admired Superregional Bank**"
- Ethisphere "**2020 World's Most Ethical Company**"
- Forbes "**2020 Best Bank in America**"
- #113 on the **Fortune 500** List
- Two women on the American Banker "**Most Powerful Women**" List

Transformation background

2018	2019	2020

Getting started
- Initial teams
- Consumer bank

Scaling
- Rapid growth
- Enterprise

DEVOPS ENTERPRISE SUMMIT
Las Vegas October 28–30, 2019
THE COSMOPOLITAN OF LAS VEGAS

Second wind
- New energy
- Tech modernization

Catalyst events

| 2018 | 2019 | 2020 |

HOME OF **SUPER BOWL LII**
MINNESOTA FEBRUARY 2018
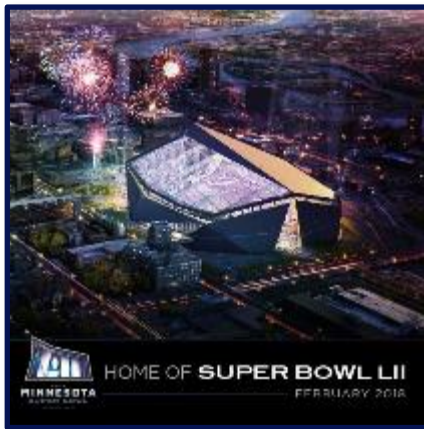
The rate of change has
never been faster …

… and it will never be
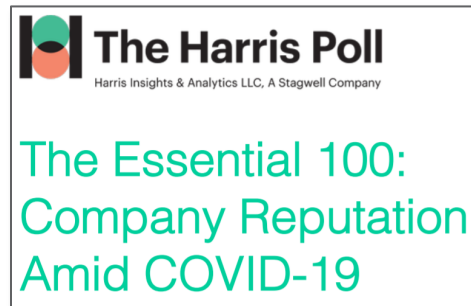this slow again.

CLOSED
COVID-19

COVID-19 Impact

Digital interactions increased 2x YoY, with a **1/3rd increase in digital** transactions and a **40% decline in branch** transactions (YoY April).

More than three quarters of our customers are now **digitally active (77%)**

Notable recognition

- Forrester names U.S. Bank Mobile App **as 'best in class' for COVID-19 messaging**

FORRESTER®

We Evaluated Banks' In-App Messaging On COVID-19:

- The Harris Poll names U.S. Bank as **'the most essential bank amid COVID-19'**

The Harris Poll
Harris Insights & Analytics LLC, A Stagwell Company

The Essential 100: Company Reputation Amid COVID-19

Covid was a crucible for the technology org

- Mainframe Engr. "What we just did in a week would normally take 3 months!"
- Senior Leader. "We had no idea we could move so fast!"
- Everyone: **"How will modernization fix the challenges we encountered?"**

2021 Modernization

"What would we get if we doubled the technology budget next year?"

Project funding models

$$NPV = \sum_{t=1}^{N} \frac{C_t}{(1+r)^t} - C_0$$

This equation looks better when we minimize C_0 – but minimizing project costs is like a manufacturer dumping **toxic waste** into a river – it may be great for profits but someone has to pay the bill!

Fix it at the source

Carrots

Align on a corporate strategy

Make the right thing more attractive

Rigorous internal sales and PR

Sticks

Project Scorecard

Capture tech debt*

Scorecard v7	8 / 10
Public Cloud / Arch	10 / 10
Shared Tech	8 / 10
Data Platform	3 / 10
Resiliency	10 / 10
Digital CX	10 / 10

The help we're looking for

- How do you capture and track your "toxic waste"?

- How do you earn trust with your senior management that modernization / technology investments actually drive the direct and indirect improvements you are advocating for?

Thank you

usbank.