

Deutsche Bank 11th Annual Global Financial Services Conference

Company Participants

- Bernd Leukert, Bernd Leukert^
- Jennifer Courant, Analyst
- Robert Enslin, President of Cloud Sales

Presentation

Jennifer Courant

Welcome everyone, to a conversation between Bernd Leukert, the Chief Technology, Data and Innovation Officer at Deutsche Bank; and Rob Enslin, President of Global Customer Operations for Google Cloud. I'm Jennifer Courant. I'm the Chief Data Officer at Deutsche Bank. I welcome you to this conversation.

Some of the statements that Mr. Enslin may make today could be considered forward-looking. These statements involve a number of risks and uncertainties that could cause actual results to differ materially. Any forward statements that Mr. Enslin makes are based on assumptions as of today. Alphabet undertakes no obligation to update them. Please refer to Alphabet's most recent Form 10-K for a discussion of the risk factors that may affect its results. Bernd, let's get started. Can you tell us what you expect out of the partnership with Google and why you chose them?

Questions And Answers

A - Bernd Leukert {BIO 18057642 <GO>}

Sure. I think we have huge expectations and high ambitions in that strategic partnership. And let me start that it's simply, we want to create significant value for our customers, for our clients by becoming a cloud-based company in the financial industry. And Google will help Deutsche Bank to modernize the technology infrastructure but as well to modernize the way we work.

And with that, I think harnessing and leveraging the Google Cloud technology will allow us to create new digital offerings in the engagements with our customers and let's say a better opportunity to win permanently market share. The partnership will not only drive cost savings, what some might assume, but also and this is probably the most important thing, increase revenue and with that, value through customer engagement that is fundamentally new for the financial service industry.

So it will enable a cultural transformation for Deutsche Bank, which goes significantly beyond technology. This is an entire mindset for our employees and we want to

learn and engage a lot from the Google engineers. We want to jointly innovate and leverage leading-edge technologies which exist today but which Google will have in the pipeline going forward and then provide exciting opportunities for our talent. We want to be the most attractive financial service industry company on this planet. I can share with you that since we announced the partnership, we see already a significant change on that.

And now, Jen, you ask, why Google? I think I have to admit, this was not clear from the beginning. We started with a due diligence phase. We had a contest with several technology companies. Then at the end, it was the delivery capability, the partnership that Google has demonstrated across the entire proof-of-concept life cycle. We started with a few showcases and Google has permanently outperformed the others in terms of delivery, in terms of engagement and this in record time.

Then the second important element was in terms of the leadership commitment from Rob, but I would say the entire Google leadership that was fundamental on how the leadership between the 2 companies have worked together, how we build a partnership and how each member of the leadership was essential in framing such a strategic partnership, which Deutsche Bank has never done before.

And that was confirmed in many dialogues. I would say the partnership was already present while we had the proof of concept. So we leveraged the skill, the capabilities and the competencies in our daily business while we were still in the evaluation phase, which was creating, I would say a lot of trust and confidence that it's a perfect fit.

A - Jennifer Courant

Thank you, so much, Bernd. Rob, coming to you. We know that Google has a number of relationships with financial services companies. What do you see that are common requirements or needs in our industry with regard to cloud?

A - Robert Enslin {BIO 16346176 <GO>}

Yes. First, look, we're exceptionally grateful and proud of the partnership we have with Deutsche Bank and what we're going to do together in financial services and the innovation that we will bring to this industry, utilizing much of the technology that Google has. So really exceptionally proud to work with Bernd and Christian and the whole Deutsche Bank team.

But when you look at 2 primary needs we see across financial services, it's the need to modernize the foundational technologies to drive efficiencies, scale, and move more quickly, faster, have speed, have access to new capabilities, unlock the value of data assets that most of these financial service institutions have locked up, leveraging cloud to drive business transformation.

We are seeing many different forms of this, but generally, the needs are focused in 3 key areas: growing with existing customers, reach new ones as traditional distribution models are changing, being able to bring FSI products and capabilities

to wherever customers are and provide richer and more personalized interactions; drive cost and operational efficiency to address the industry's expertise and expense pressures, eliminate paper, automate routine operations, drive more do-it-yourself capabilities and manage the risk and regulatory requirements. These are increasing for financial institutions, so we have to automate controls, leverage data to make better risk management decisions and speed up the risk and reporting process.

A - Jennifer Courant

Thanks, Rob. Bernd, the contract for the partnership was signed in December last year. What has been achieved in these last five months?

A - Bernd Leukert {BIO 18057642 <GO>}

Yes, only five months but it felt that the partnership is much longer. So we have built a lot of momentum. We are building the cloud foundations with 20-plus application landing zones now live already. The teams are developing design blueprints that we will reuse for other applications, migrating to GCP in the upcoming months and years. So we are not making the mistake some companies did on everybody just getting started and then there has to be a reset button pressed in order to have an efficient and scalable way of moving to the cloud.

In addition, we have a full secure network connectivity between Deutsche Bank and GCP and the networks in Europe established. We have, as we speak, approximately 50 GCP services that we have hardened, that we have made available on the landing zones for secure consumption in the native environment on GCP. We have also been testing Google's AI and machine learning capabilities. Of course there is huge excitement to explore these capabilities in various areas.

So in general, this reflects my core belief that the future of financial services will not be based on, let's say integrated offerings only. Therefore, we will move away from a classic vendor model, which we have done for the last decades and move more into where we need, we want to buy ready-made solutions or ready-made services and rather move in that collaboration towards a strategic partnership. With Google as a leading technology company, we are convinced that we can conquer and we can co-innovate in the future in the financial service industries.

And if we stay Jen, on use cases, a large part of our audience are clients of the investment bank and the corporate bank, and there are really a couple of interesting use cases, a tremendous amount of opportunities. But we said we want to start with dedicated use cases. And an example here is asset-as-a-service, where in the past, I think we have sold our financial service capabilities to the CFO, to the treasurer of corporations. But now with the service enablement and the transformation of the business model of our customers, we want to embed our financial services into the business model.

And what is the new thing when customers are transitioning from selling products towards offering outcome, which is the service the product gives, we want to be the financial ingredient in that capability. Another example is contextual banking, so an understanding of our customers very deeply through the understanding of the data.

So the ability to create a platform that enables our corporate clients to manage their order-to-cash process much more efficiently, and again of course leveraging capabilities like machine learning.

And through an application, they can gain access to their invoices, to their credit notes, to their debit notes, to their promotional efforts, to their available financing and then further enable them to make payments through one of various electronic payment options, and this is all available on an app at fingertip. The platform will also enable our clients to manage their counterparty risk, which is getting more and more important, of course through a built-in risk solution, where we feel we have a very strong advantage against many competitors.

And finally, not to forget that it will allow us to bring together fintech companies with Deutsche Bank capabilities and offer a solution that is integrated, that is embedded, that is frictionless, again to the advantage of our clients. So a tremendous amount of opportunities.

A - Jennifer Courant

No, absolutely, absolutely. I know it's very exciting not just internally but for all of our clients. Rob, that really brings us quite nicely into fintechs, and this year's conference has an additional focus on fintech companies. In your experience, how do you think the partnership can benefit from the expertise and innovation coming from the start-up community?

A - Robert Enslin {BIO 16346176 <GO>}

Yes, good question, and it's really good to see that the fintechs are part of this year's conference. Look, fintechs are keen to partner with financial institutions, banks and are rapidly developing strong focus areas of expertise around ML and AI. They've been able to use it via the cloud and through open APIs, which will accelerate the bank's ability to innovate faster and work with best-in-class technology companies. I mean this is really important.

Many fintech start-ups offer machine learning platforms both already on Google Cloud, enabling banks to evolve relationships with their clients. If you take an example like a fintech ML-powered platform that can learn from de-identified customer data to accurately predict additional products and services, deepening the relationship between a bank and its clients or machine learning that allows this approach to achieve a high success rate in much less time than the required traditional manually supervised approaches, this is really key.

The benefits of this approach, though, are bidirectional. So what I mean? Large banking institutions have a rich understanding of transactional data that is typically beyond the reach of fintech start-ups. Banks can provision synthetic data sets resembling actual customer data, providing fintech start-ups with better data on which to train these models. This creates a flywheel effect, enabling both the bank, the fintech start-up to rapidly progress with each other's help. This, I believe, adds tremendous value to your customers.

A - Jennifer Courant

Absolutely, absolutely. You touched on probably the topic that is nearest and dearest to my heart, which is data as the data officer for DB. I wouldn't let the opportunity to be able to ask both of your questions to go by without getting more in detail on this. I'm so excited about the opportunities we have around AI, around machine learning, around really creating innovative products for our client. How are you both ensuring that the bank can maximize the insights that we get from our data in the most compliant way possible to ensure the safety and security of our clients' data but for the benefit of our client? Bernd, maybe you could go first?

A - Bernd Leukert {BIO 18057642 <GO>}

Sure. I think first of all, our role is that we have to ensure that the data is of high quality, is complete and is able to be applied in machine learning, in artificial intelligence in order to get the benefits out of the data. And how do we want to do that? We want to get rid of the siloed business information warehouses, which we have today one for finance, one for treasury, one for risk and rather move and create a secure data lake in the cloud, which we call the data factory.

Then we can converge analytics, we can converge all kinds of usage, all kinds of reporting, reporting on this shared data across the various domains, across the various businesses and establish kind of a single source of truth for the data which we manage. Then we can build on that and provide tools for easier access of data so that the business teams can increase their data literacy and we can empower citizen data scientists to leverage this.

And I just had last week a session with our colleagues from the private bank. One guy was saying, oh, this allows us with that insight that we can introduce new products, new capabilities within days or weeks, while today it takes months, sometimes up to a year, is a tremendous benefit of reacting to a fast-changing environment in the business. And finally, to provide data in a more, I would say real-time fashion so that we can use data and the analytics to drive but as well to measure a wide variety of processes which we have in the company and including key operational processes where we have a tremendous need to automate but as well not just to automate the process as it is today to re-engineer a process and make it leaner. So this is what we expect from data. With that, Rob, any comments from your side?

A - Robert Enslin {BIO 16346176 <GO>}

Yes, Bernd. Let me make a couple. Let me just step back, right? Our company mission at Google is to organize the world's information and make it universally accessible and useful. In Google Cloud, our technology and expertise in real-time data and analytics enables customers to extract unique insights to make real-time decisions. So by partnering with us, you can ensure that you'll remain on the cutting edge of world-class tooling and Google-built models.

We are constantly innovating. Just last week, we launched Vertex AI, a managed machine learning platform that empowers companies to more quickly, easily manage

models, allowing them to keep pace with dynamic business needs. Vertex AI requires nearly 80% fewer lines of code versus competitive platforms, enabling data scientists and machine learning engineers to work more efficiently and build and manage these models much faster, improving their entire development life cycle.

And Google Cloud provides financial institutions with underlying technology tools to keep pace with this. Apigee open banking API is an example, which simplifies and accelerates secure delivery of open banking compliant APIs, allowing banks to connect and build entirely new consumer-facing services. Contact Center AI enables virtual agents to converse naturally with customers and expert human agents on complex cases. Lending DocAI really transforms the home loan experience by crushing paper. It reduces processing time and streamlines data capture.

And we're doing it in a safe, secure and compliant way. Our trusted infrastructure does not rely on a single technology to make it secure, and we build security through progressive layers. Our security products leverage the power of Google's infrastructure and intelligence to help you power your security teams, reducing the complexity of managing security at scale and lowering the cost of protecting your users' applications and data in the cloud.

And when it comes to compliance, Google Cloud provides you with a globally consistent regulated cloud environment with support for industry security and privacy compliance requirements around the world, working closely with organizations across Europe to stay ahead of regulatory concerns for our customers and your customers. Our ecosystem of security technology partners constantly brings new existing security innovations to our cloud services. So you look at that, that's how we actually are partnering and that's how we secure your data and make certain that you are benefiting with Google Cloud.

A - Jennifer Courant

Thanks so much, Rob. Bernd, I think we're almost at the end of our time together today. Can I ask you one last question? What do you expect from the partnership in the next few months, in the short term and over the coming years as we continue to build our partnership with Google?

A - Bernd Leukert {BIO 18057642 <GO>}

So in the short term, we are really focused on the core objective of the partnership, which is migration and modernization and rearchitecting our entire application portfolio into the cloud, with the benefit of having elasticity, of having reliability, of having mission-critical applications that simply run. And finally as well, when we talk about our apps to be cloud-first, it's about speed. It's about providing ideas into concepts, into value, into service offerings to our customers, which we have not been able to do it at the speed we desired in the past.

Then second, of course to reiterate that, we want to onboard fintechs. We want to partner. That is new for Deutsche Bank. That was a closed shop. And now we want to integrate them into our offering.

We have a tremendous opportunity on giving them access to our huge customer base, and while on the other side, enabling them to consume our services because when we moved to the cloud, it was quite cumbersome for them to be complementary in the past. Why not teaming up and offering the services which we offer to the customers as well to them?

Finally, I think the co-creation of products and services, but this has a longer time horizon. But we want to solve the evolving challenges of our clients and support entirely new business model. Eventually I think we want this partnership to set in motion a cultural reset and I would say an essential driver of our entire transformation that has engineering, that has software, that has technology at its core.

A - Jennifer Courant

Thank you, so much. I want to thank both of you for spending time with me today. I was really excited and proud to be part of this, and thank you really for sharing your insights.

A - Robert Enslin {BIO 16346176 <GO>}

Thank you. Thank you, Bernd.

A - Bernd Leukert {BIO 18057642 <GO>}

Thanks a lot, was fun. Thanks a lot. Thanks, Jen.

A - Robert Enslin {BIO 16346176 <GO>}

Yes. It was great. Thank you.

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