



## CHAPTER 1

# Financial Services Business Challenges

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## Scaling Expertise Across Delivery Channels: Increasing Sales Revenue While Reducing Operational Cost

In every financial market segment the evolving demands of today's customer requires a portfolio of complex financial products and services that can be delivered anytime, anywhere. These offerings include investments, loans and credit, wealth management, annuities, risk management, retirement planning, and many others. When making critical decisions, today's customer requires that a financial institution provide personalized expertise to handle their inquiries and provide advice. Industry research indicates that addressing this need is essential to both the customer and the financial institution, as a high percentage of customers will turn elsewhere when their needs are not met at the time of their request, independent of delivery channel. Whether the customer interaction takes place in a branch, online, via mobile device, or through a call to the contact center, customers seek personalized interaction with an expert, preferably in a face-to-face format for more complex, financial products and services.

To meet market demands and gain a greater customer "wallet share", today's retail banks, insurance agencies, and brokerage firms have expanded their product and service portfolios. Additionally, financial institutions are expanding their capabilities across delivery channels in an effort to address different market segments and the ever-changing demands of a mobile customer base. Many institutions recognize that providing personalized expert-based service is the best business model for establishing competitive differentiation and organic growth that leads to increased shareholder value.

The operational cost to provide personalized expert-based service across delivery channels presents a significant challenge to financial institutions that have an additional need to focus on efficiency ratios and profitability. It is expensive to staff specialists at every branch, let alone each delivery channel, and as a result, current multi-product specialist coverage does not effectively address the multi-channel requirements of today's customer. A typical regional bank with hundreds of branches has specialized product line specialists (i.e., loans and credit, wealth management, annuities, risk management, retirement planning, etc.) in less than 5 to 10 percent of these locations, instead opting to concentrate experts in relatively few centers to maintain reasonable levels of utilization and acceptable operational expense. The inability to respond to customer sales opportunities across delivery channels anytime, anywhere can result in revenue leakage, lost opportunities, and customer dissatisfaction.

# Enabling Personalized Multi-Channel Interaction: Cisco Virtual Expert Management

The Cisco® Virtual Expert Management (VEM) solution connects customers with experts in an immersive, virtual face-to-face interaction regardless of their physical location. A customer service agent in the branch can now easily locate a suitable expert using skills-based routing and availability monitoring, then seamlessly connect the expert and customer using TelePresence, desktop video, voice, and content sharing technology. The result is a superior consultative and advisory customer experience in the branch that improves customer acquisition and retention without the cost of physically distributing expensive subject matter experts.

Specialized experts may now cover larger territories, meet with more prospects, generate more business and forge better relationships by meeting customers more often and based on customer lifestyle.

## Solution Benefits

The deployment of the Cisco Virtual Expert Management solution enables financial institutions to evolve their customer interaction business model, which results in the following:

- *New Sales and Cross-Sales Revenue*—Remote expert capabilities help reduce revenue leakage by enhancing conversion rates. Forrester estimates that, if an expert is not present in the delivery channel when and where a customer/prospect makes an initial inquiry regarding a product or service, 70 percent of the customers/prospects will choose alternative providers. Furthermore, relating to enhancement to contact center interaction, the conversion rate of an interaction between a subject matter expert and a potential customer using audio only is 50 percent. The conversion rate with audio and video is greater than 90 percent (Forrester). Finally, this research shows that cross sales increased from 1.4 products per customer to 2.5 products per customer when video capabilities are added to audio-only capabilities.
- *Cost Efficiency*—Financial institutions are able to leverage pools of specialists to provide coverage throughout the enterprise. Virtualizing specialists not only improves their utilization by expanding the coverage area but also reduces travel expenses specialists would otherwise incur physically covering a territory. Telecommunications costs continue to fall over time while travel costs rise, so net efficiencies improve year over year.
- *Customer Acquisition*—Financial institutions are aggressively developing and marketing products to a wider set of prospective customers. VEM creates a differentiated experience that impresses and attracts new customers.
- *Customer Retention*—The ability to offer customers instant access to knowledgeable sales specialists, even in remote areas, introduces a personal service resulting in improved customer confidence in the relationship and greater loyalty.
- *Green Initiative/Carbon Footprint Reduction*—Environmental concerns, corporate imperatives to become "carbon neutral", and rising energy costs all call for a reduction in environmentally damaging business practices. Video communication plays a significant role in reducing travel, saving time, and improving operational efficiency, thereby effectively addressing banks green initiatives. Expenses related to specialist travel and individual branch training are significantly reduced. This reduced carbon footprint contributes to green-initiatives.

The Cisco Virtual Expert Management solution also provides a powerful collaboration foundation that financial institutions can leverage to enhance other customer service channels such as contact centers and customer and advisor web portals. The collaborative enterprise fabric can also aid middle and back-office operations, streamlining business processes and improving resolution of exception issues.

# Target Audience

This document is intended for technical professionals within the financial services industry who are interested in deploying the Cisco Virtual Expert Management solution to enhance their customer interaction.

