

Driving Business Value in Financial Services with Unified Communications



The competitive financial services marketplace means that growth requires more than just handling financial transactions efficiently. For growth, financial institutions need to retain and nurture existing customers, and acquire new ones – all of which require interaction with the customer. Success will be attained by financial institutions who can best sense customer needs and respond the fastest to them.

Key Challenges in the Financial Services Industry

Financial institutions today are facing difficult times as they have experienced several years of credit abundance driven by low interest rates, real estate appreciation and somewhat loose credit policies. The sub-prime mortgage market had collapsed, driving several lighthouse companies into bankruptcy and others into multi-billion losses in non-performing loans. The fear in the market has dried up credit and further increased interest rates.

With much lower earnings from large losses and lower sales, financial institutions are now pressed to revise the old strategies and restructure operations severely. This market transition means that CXOs are faced with the tough challenges of a market downturn.

CXO Priority: To Accelerate Recovery

In the immediate term, the voice of order is to stop the losses and accelerate recovery. Some strategies include ensuring that investors and clients of the company have a solid base of strong credit quality or clear approaches to improve. In addition, reducing losses, cutting cost and accelerating processes through streamlining and productivity are fundamental to improving the denominator of the efficiency ratio, which is a key performance metric for financial institutions.

To accelerate recovery, companies need to increase revenues by driving product cross-selling, stopping revenue leakage, focus on higher profitability products, and capturing selected target segments like Small Business Banking.

After cleaning up the house, setting a solid base for growth is key. Differentiation and efficiency in pursuing growth will ensure client retention and attraction.

For financial services CXOs, growing profitable revenue is a key focus. This is achieved by introducing differentiated products and services that drive growth, margins and differentiating the whole customer experience to maximize cross-sell, up-sell, and loyalty.

In addition, financial institutions need to provide superior, differentiated service and increase choices to customers while reducing cost by driving self service.

How can Financial Services Institutions resolve this? From Cisco's point of view, a variety of Unified Communications capabilities can be applied across the points of interaction to achieve these business objectives.

A Communications Solution that Improves the Customer Experience

Cisco Unified Financial Communication Solution equips financial institutions with tools to improve real-time customer service capabilities, develop knowledgeable staff, assure speedy product development, and deliver product and service information to employees and customers.

The Unified Financial Communication Solution combines the following features to form the business communications foundation for financial institutions:

- Presence management
- Audio conferencing
- IP telephony
- Instant messaging with e-mail
- Voicemail
- Calendar scheduling
- Digital media system

Unified Financial Communication Solution offers retail banks many benefits, including:

- Simplified unified communications
- User-controlled productivity
- Business services delivered securely and ubiquitously
- Improved efficiency and productivity
- Creates a collaborative customer experience environment

Unified Communications Opportunities for Key Roles

Now we look the value of customer specific Unified Communications business transformation opportunities from a role perspective. As processes get transformed, the specific people and roles touched change, and this is where value is captured. Here are four different roles to illustrate the manner in which the sources of value change.

Relationship agent: Measured on sales, the role is to deepen relationships with customers on service and cross-sell. Rich media conferencing capabilities built into Outlook, mean time saved that would otherwise be spent on low-value activities like checking multiple voice mails, transcribing customer voicemails instead of just forwarding, or coordinating bridge number availability for scheduling conference calls, to more prospecting and sales. Unified Communications can free up 30-45 minutes per week per agent.

Customer service representative: Being able to see the actual web pages that the client is on can help ease the navigation through a transaction and shorten the length of the call. This can help to reduce the service cycle from three days to 25 minutes, using click-to-talk and co-browsing.

Product prospecting agent: Instead of dropping a visit for a small ticket sale because of the travel time involved, an alternative is to use a web-enabled rich media collaboration tool like web conferencing to remotely introduce a product to a prospective customer, and get the sale. This also offers double exposure of products, and studies show it can lead to a 40 percent sales increase.

Back office agent: In a typical back office loan documentation sequence, Unified Communication can enable the agent to use presence, IM, or video collaboration to catch his counterpart as opposed to playing phone tag, or showing on camera the look of the document that is required and where the validation date is on the page. This helps to cut down on the back and forth mailing of incomplete mismatched documents. This ensures that the proper paperwork is obtained and complete for a loan, reducing the documentation lead-time by half and improving customer satisfaction. Previously, it would have involved 4 to 8 iterations between back office, relationship agent and the customer to complete paperwork for a loan.

Transforming Financial Services with Unified Communications

Unified Communications can help address the major goals of the financial services institutions by:

- Substantially reducing IT total cost of ownership for communications and having a solid, open and extensible platform/architecture to build upon.
- Improving employee productivity through simplified services, integrating voice, video, data and applications.
- Enabling business transformational opportunities by role that:
 - Create competitive differentiation
 - Capture revenue opportunities
 - Enhance customer service

Cisco's experience with customers who deploy Unified Communications are seeing business value from three key elements:

- Cost savings: This is a critically important driver of "how to pay for" Unified Communications deployment from an IT point of view.
- Employee efficiency and productivity: This is a soft benefit but a very important one to the business.
- Driving Business Transformation: Potentially the biggest driver of benefits with a concrete impact on business operating metrics like revenue, customer satisfaction, etc.

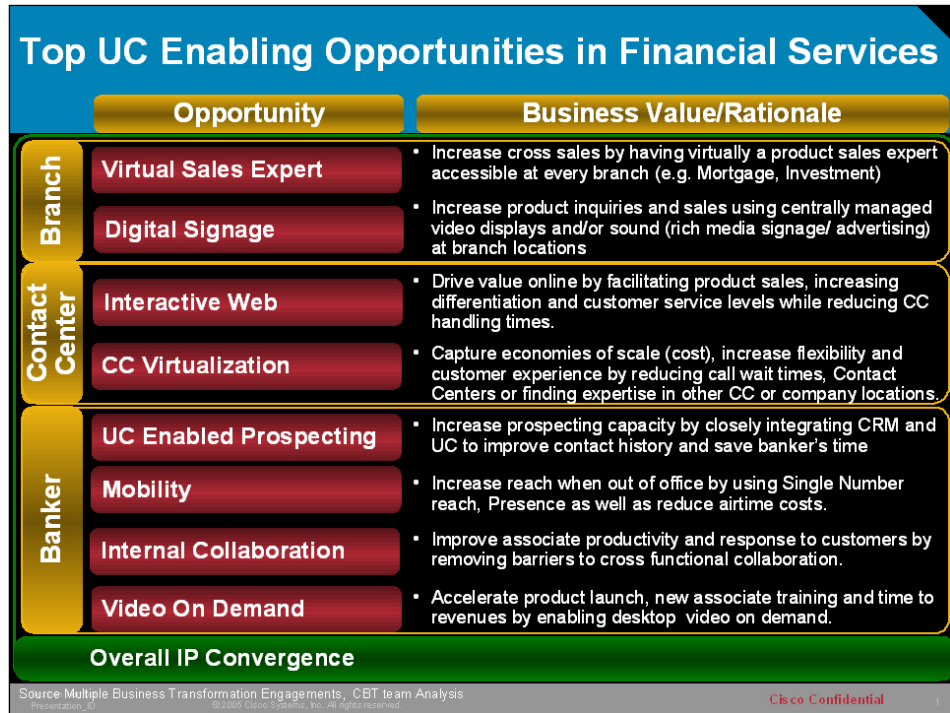


Diagram 1

Based on Cisco's experience with financial services firms, there are nine Unified Communications-enabled solutions of most impact for financial institutions. (see Diagram 1)

Virtual Sales Expert seems to be the one that ranks top across the sectors (insurance, retail, wholesale, credit cards, etc). It can help to increase cross sales by having virtually a product sales expert accessible at every branch.

In terms of additional revenue impact, Interactive Web with click-to-call and co-browsing can have a positive impact on the customer web experience and dramatically improve call handling and issue resolution times.

Another valuable solution is the use of telephony, Unified Messaging integrated to CRM, which helps to significantly increase the sales agent and business developer productivity.

Previously, when a customer visited the branch with a service or product need that the Relationship Manager is not familiar with, the banker would need to take the client contact information and either schedule a visit with the right product specialist for a different date, or tell the customer to come back on the day when the specialist would be visiting the branch. In about 10 percent of the cases, the opportunity was lost, otherwise known as "revenue leakage".

With Virtual Sales Expert, the Relationship Managers retains the connection with the customer and handholds the customer throughout the process.

For instance, when a discussion with a customer ventures into the area of Cash Flow loans, an area the personal banker is not familiar with, he can use the presence list on screen to look for help on the spot. He scrolls the expert list and selects an available Business Banking specialist. The call gets immediately connected to the available expert.

If the personal banker phone is attached to a PC with a camera or a video-capable endpoint phone, a video conference is instantly established. The virtual expert can push documents, web pages and work collaboratively (e.g. document/presentation sharing) with the customer and banker to walk through rates or collateral materials on screen, and eventually fill online forms together.

By addressing customer queries at the time of need, a sale is made. Paperwork can be remotely scanned and agreements printed and signed by the customer right away.

Example: Virtual Expert at a Small and Medium Business Bank

For example, one of the largest banks in India is growing at an overall rate of 30 percent. The bank's small and medium business (SMB) business is growing at a rate of 70 percent with the potential of 100 percent growth.

This rapid growth rate is tied to India's impressive economic growth, and it has been difficult for the Bank to hire and train people at the appropriate rate. Furthermore, even delays of a few days in providing credit to rapid growing SMB clientele means lost business.

The growth bottleneck was identified as the staff's lack of product understanding, business acumen and loan requirements knowledge.

The bank decided to use Unified Communications to allow the product expertise to be available to the Branch Manager and Relationship manager at the point of need, and to pre-qualify customers via desktop conferencing. In doing so, the bank addressed three main challenges.

For one, it helped to stop revenue leakage, as clients got handled on the spot. This meant there was no more lead loss, and bank employees got a clear perspective with regards product fit, qualifications and even the likely approval and rates. By getting the client to commit to the process right away meant there was no opportunity for the customer to shop around.

The bank benefited from capturing a premium on interest by responding rapidly. Customers who are in urgent need of working capital to buy raw materials or hire labor to fulfill growing orders are willing to pay a premium to shave weeks off the loan funding lead-time.

In addition, the bank was able to accelerate the new hire ramp up and increase product share of mind, as the product specialist discussion with the customer happens in front of the relationship manager that learns on the job about the product, sales process and how to handle the unique requirements for underwriting SMB cash loans.

Furthermore, this same solution can be leveraged to virtualize the Credit discussion between Product Specialist and underwriters, that took place in-person and required between 1.5 and 2.5 hours of daily travel time back to the headquarters. Now it can all happen from the nearest branch, resulting in a 20 percent increase in Product Specialist capacity, with a key growth bottleneck removed.

Digital Media Management: Reinforce Brand and Cross-Selling Efforts

Bank advertising can be added to the in-branch music channel, with a bank promotional video displayed on an in-branch monitor.

This allows content creation at multiple locations but managed centrally for brand consistency and quality control.

This enables decentralized decision-making to local P&L holders as to what content to schedule, or inject opportunistically in branches - whether it is a mortgage promotion at the end of the afternoon or a retirement promotion in the morning.

The usage of the promotional material can be tracked and monitored from the headquarters for immediate feedback. The distribution of content is enabled either through streaming or cached off-hours as video on demand for judicious use of bandwidth to the branches.

Interactive Web Resolves Issues Faster

Having an interactive financial services web site can help to improve customer service and reduce call handling and issue resolution times dramatically.

An actual example from a wholesale bank is that most customers initiate a call to check their balances or recent transactions online.

In a particular case, the customer noticed that a wire transfer had not happened as he scheduled. He calls the contact center. After following the IVR prompts and being properly authenticated, he explains he had scheduled a wire transfer using the web site but it did not post. He tries to verbally explain the navigation he went through. After 10 to 45 minutes, and faxing the web pages to the Contact Center representative, both give up and decide that research is required. Three days later, research comes back indicated that the customer did not click on the final confirmation button for the transaction.

With Unified Communications, the client notices the transaction did not post and clicks to call on the very web page. His phone rings back and the Contact Center representative answers. There is no need for IVR routing or authentication, as the customer had already been authenticated through the website. The Contact Center representative sees on screen the same page that the customer is at, and they can co-browse together. Simultaneously, a CTI screen opens up a service case with the customer information from CRM, and the most likely cause for that call. Very quickly the customer navigates the pages for a wire send and the representative alerts for the last confirmation step that had passed unnoticed. The case is resolved in the same call in 25 minutes or less, making for a happier customer.

Contact Center Virtualization Improves Capacity, Reduces Queues and Trunking Costs

Contact Center Virtualization enables the dynamic routing of calls across two or more groups of agents, to bring larger pools of resource to bear against the inbound call volume when needed and reducing overall Average Speed of Answer (ASA).

For instance, the bank may originally have three separate contact centers with a total of 30 agents working separately. Collectively, the contact centers can handle 300 calls per hour, with an average queue time of 13 seconds, requiring 36 incoming trunks.

In contrast, if the three contact centers were virtualized into one, the 30 agents would then be able to handle 370 calls per hour and reduce average queue to 10 seconds, and require just 30 incoming trunks.

Unified Communications Enabled Prospecting

With Unified Communications-enabled prospecting, the agent no longer has to punch in the client number when he needs to make a call. He does not need to tell the CRM system that he is making the call, type in the time and navigate through menus to find or insert call notes. With one click on the client name, the phone dials out and connects to the customer. The call notes filed gets open automatically and the call data gets automatically populated on the CRM database.

When a client calls in, similar functionality alerts the Advisor or associate of the name of the incoming caller. With one click of the mouse, the call is answered on speakerphone mode. The notes field pops up for the advisor to read past notes or insert new comments about the current call. All call information gets automatically logged on the CRM system.

Besides saving time and increasing productivity, this powerful integration allows for a better quality of interaction with the customer. The agent knows more about the customer when the call comes in and the ease of use from pop-up notes allows for a higher completeness of the call notes, one of the biggest challenges for getting value out of CRM.

Internal Collaboration Improves Banker Productivity and Customer Service Responsiveness

Unified Communications can help Personal Bankers to improve productivity. Instead of managing multiples devices and phone numbers that include cell phone, home and office telephone numbers and checking multiple voice mail boxes, Unified Communications can enable the receiving of calls from multiple devices to a single extension and forwarding calls to multiple devices.

Instead of separate emails and voice-mails which makes it impossible to forward voice-mail to internal/external recipients, Unified Communications allows the scenario where the Personal Banker can listen to voice mail from Outlook; forward voice-mail through email; listen to email on the phone (e.g., in transit); and reply to email with a voice attachment (e.g., in transit).

Cisco Unified Communications for Financial Solutions

Cisco Unified Financial Communication (UFC) is an integrated portfolio of communications products and services that can help financial services institution achieve more effective business operations.

Built on a converged network for voice, video, and data and supported by Cisco Services Oriented Network Architecture (SONA), UFC integrates presence management, audio conferencing, IP telephony, and instant messaging with e-mail, voicemail, calendaring, and scheduling to form a business communications backbone that supports collaboration within your company and with your customers. Users will be able to:

- Speed decision making: Because the solution shares information in rich and varied ways and integrates communications more closely with business processes, decisions can be finalized more quickly.

- Eliminate communications complexity: UFC makes it possible for customers, colleagues, vendors, and partners to reach the right resource on the first try leads to high-quality results.
- Enable user-controlled productivity: The solution focuses on connecting people to people, anywhere, anytime, with any device.
- Deliver business-enabling services securely and ubiquitously: The intelligent, modular nature of the Cisco SONA infrastructure helps ensure that you can deliver critical communication services in support of all business functions, edge to edge.
- Evolve the network on your terms: The solution is designed, built, tested, managed, and offered as a unified system, but it can be purchased and deployed in phases, making it easy to add value to your existing network while you implement a solution to your communications needs.
- Improve efficiency and productivity: Reducing communications bottlenecks and improving customer service will decrease costs and increase growth and profitability.
- Because the Cisco SONA infrastructure is flexible and scalable, Cisco Unified Financial
- Communication solutions are equally viable for large enterprises or small and medium businesses.

The purpose-built Cisco UFC solutions will:

- Unify all communications products and services into a common platform on a single network.
- Preserve the unique attributes and benefits of voice and provide full connectivity to financial services legacy systems.
- Deliver a solution that is truly part of a highly secure, converged network, not just sitting on it.
- Take advantage of open and evolving standards, so that you can easily incorporate new and innovative business processes, applications, and devices.