Branch Banking Evolves in the On Demand Era
Agenda

• IBM and Cisco Alliance
• Building a smart branch in a multichannel distribution model
• IBM Branch Transformation Solutions
• IBM and Cisco Branch Transformation Networking
The IBM and Cisco Corporate Alliance creates and delivers scaleable, proven and secure e-enabled solutions that deliver increased productivity, revenue growth and improved business agility for our customers.
IBM and Cisco Alliance

Synergy

Network Solutions and Technology

Global Services, Hardware, Software, and Technology

e-business Infrastructure

Storage Networking

Optical Networking

Security

Wireless

IP Telephony

Content Delivery

Intelligent Networking
Towards Smart Branches

Effective, Efficient, Flexible, Responsive

• Delivers a Broad Product Set
  • Banking, Insurance, Investments

• Differentiates Customer Experience
  • Range of needs and problems to solve
  • Resource to inform, educate
  • “Retail” packaging of products/services enhance loyalty
  • Streamlined fulfillment
  • Improved service experience

• Provides Multiple Distribution Models and Channels
  • Range of branch models—full service, expanded self-service, customer segment specific
  • Integrated contact centers—telephony, email, web collaboration
  • Self-service—Web, ATM, kiosk
## Business Model for a Smart Branch

### Evolving to a Next-generation Branch Model

<table>
<thead>
<tr>
<th>From</th>
<th>To</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased cost of branch operation</td>
<td>Reduced cost, ease of operation</td>
</tr>
<tr>
<td>Need for increased existing and new customer revenue</td>
<td>New revenue sources through enhanced sales, service</td>
</tr>
<tr>
<td>Impersonal, unfocused customer experience</td>
<td>Valued customer interactions, serving broad financial needs</td>
</tr>
<tr>
<td>Narrow scope of employee skills, high turnover</td>
<td>Talented, productive and efficient customer-facing employee team</td>
</tr>
<tr>
<td>Branch IT systems outdated, inflexible</td>
<td>Flexible, scalable, affordable infrastructure, rapidly addresses business needs</td>
</tr>
</tbody>
</table>
Success Factors for a Smart Branch

- Flexible Infrastructure
- Streamline Processes
- Improve the Delivery Organization
- Design for the Customers’ Experience
Customer Experience for a Smart Branch

Effective, Efficient, Flexible, Responsive

- Tellers to be in front of the counter
- Space for private discussions
- Fast path lines serviced by automated channels or mobile employees
- Designated space for pre-sale “browsing” and product/channel demos
- Digital merchandising of products and services
- Auxiliary space (that is, play area, coffee) that enhances the branch experience
Workplace Evolution
In a Smart Branch

Streamline Customer Facing Processes, Improve Delivery Organization

- Flexible, responsive to customer needs
- Customer-facing processes optimized
- Role-based desktops
- Greater access to information, tools
- Rapid enablement of applications, added function
- Increased skills via e-Learning
- Digital content
  - Policy Distribution
  - Electronic Workflow
  - Product Merchandising
# Employee Effectiveness In a Smart Branch

<table>
<thead>
<tr>
<th>Role</th>
<th>Portal Tools/Functions</th>
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<tbody>
<tr>
<td><strong>Teller—Cashier</strong></td>
<td></td>
</tr>
<tr>
<td>• Retail</td>
<td>• Value transactions</td>
</tr>
<tr>
<td>• Commercial</td>
<td>• Service transactions</td>
</tr>
<tr>
<td></td>
<td>• Making</td>
</tr>
<tr>
<td><strong>Platform—Sidecounter</strong></td>
<td></td>
</tr>
<tr>
<td>• Relationship Mgr—Personal Banker</td>
<td>• Client information</td>
</tr>
<tr>
<td>• Retail accounts</td>
<td>• Sales tools</td>
</tr>
<tr>
<td>• Lending</td>
<td>• Service transactions</td>
</tr>
<tr>
<td>• Commercial Accts</td>
<td>• Compensation tools</td>
</tr>
<tr>
<td><strong>Branch Administrator—Office Manager</strong></td>
<td></td>
</tr>
<tr>
<td>• Supervisor</td>
<td>• Management tools</td>
</tr>
<tr>
<td></td>
<td>• Procurement</td>
</tr>
<tr>
<td></td>
<td>• Reports</td>
</tr>
<tr>
<td><strong>Product Specialists</strong></td>
<td></td>
</tr>
<tr>
<td>• Investment advisors</td>
<td>• Client information</td>
</tr>
<tr>
<td>• Financial planners</td>
<td>• Specialized sales</td>
</tr>
<tr>
<td>• Insurance specialists</td>
<td>• External research</td>
</tr>
<tr>
<td></td>
<td>• Compensation tools</td>
</tr>
<tr>
<td><strong>Branch Manager</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Management tools</td>
</tr>
<tr>
<td></td>
<td>• KPI</td>
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</table>
Infrastructure in a Smart Branch

Branch Banking Requirements

• Solution deployment costs
• Ongoing operating costs. Manageability of infrastructure is key
• Network convergence

Decrease Total Cost of Ownership

Improve Quality of Service

• Security
• Availability
• Reliability
• Performance
• Scalability

Increase Business Flexibility

• Flexibility—non-proprietary, open architecture
• Rapid deployment of new services
  • Pull business logic out of branch
  • Provide a more centralized, customer-centric, multichannel approach
  • Enable rapid delivery of required business functionality
Transforming Towards Smart Branches

What’s Required?

- An end-to-end solution across the entire business
- Flexible, scalable, secure branch infrastructure
- IP networking for seamless, secure, anyplace access
- Robust multiplatform viability including Linux
- Diversity of task-optimized scalable servers
- Services to support any stage of branch transformation
- Key business partner applications
# Networking Requirements for a Smart Branch

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Cisco Advantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Network must be as Dependable as Your Traditional Business Tools</td>
<td>Available</td>
</tr>
<tr>
<td>Advanced Security Features Protect Assets and Productivity</td>
<td>Secure</td>
</tr>
<tr>
<td>Network Performance Supports Positive User Experience</td>
<td>Performance</td>
</tr>
<tr>
<td>Simplified Device Use &amp; Management Integrated for Voice, Video and Data Decreases TCO</td>
<td>Easy to Use and Manage</td>
</tr>
<tr>
<td>Network Prioritization for Business Policies and Applications</td>
<td>Intelligent</td>
</tr>
<tr>
<td>Network Investment Protection Dynamically Reacts to Business Needs</td>
<td>Adaptive</td>
</tr>
<tr>
<td></td>
<td>Scalable</td>
</tr>
</tbody>
</table>
IBM and Cisco Multichannel Transformation Mission

- Help Banks customers evolve to a smart branch model that
  - Increases revenues across the system
  - Has low cost deployment and operations
  - Improves customer services
  - Creates multichannel benefits
  - Leverages existing investments
  - Improves employee productivity
  - Creates a flexible, affordable infrastructure

- Migrate successfully from current implementations
  - Migrate customers’ existing functions
  - Enable introduction of new capabilities
IBM’s Branch Transformation Solutions

- Strategy and Planning
- Software
  - Bank Branch Infrastructure
- Operating Environment
- Hardware
  - Optimized for Branch Deployment
Software for the Bank Branch Infrastructure

IBM’s End-to-End Branch Transformation Solutions

• End-to-end middleware for the branch
• Customer choice of platforms, including Linux
• Range of deployment architectures
• WebSphere for branch transformation offering
• Today’s middleware for the branch
• Planned branch-specific capabilities
• Portals and collaboration for productivity
• Best-of-breed application tooling
• Migration support for OS/2 branch customers
Hardware Optimized for Branch Deployment

Alliance End-to-End Branch Transformation Solutions

- Complete line of scalable servers, workstations and network devices
- Range of deployment architectures
- Capacity on demand
- Autonomic computing
- Improved security/reliability
- Low cost of management
IBM Global Services
Strategy and Planning

Alliance End-to-End Branch Transformation Solutions

- **Strategy**
  - Customer segmentation
  - Customer experience design
  - Channel assessment/design/roadmap
  - Branch
  - Contact center
  - Network

- **Branch business process optimization**
  - Service, sales, fulfillment based on IBM industry models

- **Solution design**
  - Architecture
    - Application
    - Technical
    - Operational

- **Organizational**

Cisco Systems
Corporate Alliance
Integration of Operating Environments

Alliance End-to-End Branch Transformation Solutions

- Solution development and integration
- Branch application transformation
- Application/package integration
- Single customer view
- On demand workplace/portal enablement
- E-Learning
- Advanced networking
  - Consolidation
  - Content
  - IP telephony
  - Wireless
  - Video

Operating Environment

Cisco Systems
Corporation
Alliance

Integration of Operating Environments

Alliance End-to-End Branch Transformation Solutions

- **Branch infrastructure**
  - Software, hardware
- **Networking services and solutions**
  - Network convergence, IP telephony
- **Linux services and support**
- **Infrastructure resource management**
  - Implementation
  - Ongoing maintenance and management
  - Remote monitoring
- **Performance and scalability testing**
IBM and Cisco Branch Transformation Networking

- Leading players partnered to enable branch transformation
- Designed component-based architecture for branch transformation
- Provides platform for advanced branch functionality
- Supports rich user experience for employee and customer
- Lowers TCO in measurable ways

Addresses:
- Enhanced Communications
- Advanced Collaboration
- Video
- Digital Merchandising
- Digital Security
Transformation: To a Converged Voice/Data/Video Network

Old Branch Architecture
- Multiple, single-service overlay networks—minimal resiliency
- Costly, slow new application deployment
- High maintenance costs
- Poor scalability

New Branch Architecture
- Integrated, multiservice networks—solid resiliency
- Rapid, simplified deployment
- Lower TCO (deployment, maintenance, provisioning…)
- Bandwidth scale

Yesterday’s Networks  Intelligent Network
How Cisco Enables An On Demand Branch

On Demand Characteristics Are Fundamental Cisco Capabilities
Cisco Networks
Support New Services

- Security for Workplace & Productivity Protection
  - Secure Branch Productivity (IDS, Firewall, Filtering, Identity, Anti-Virus)
  - Secure Teleworking
  - IP Video Surveillance
  - Video Enabled VPNs
  - Secure Wireless Access Points
  - Enabled VPNs

- Business-Critical Apps
  - Voice Enabled VPNs
  - Secure Teleworking
  - Video Surveillance
  - Secure Branch Productivity (IDS, Firewall, Filtering, Identity, Anti-Virus)
Cisco Networks Support New Services

Web Application Optimization for Workplace Efficiency

- HQ Applications (e.g. Siebel Argo, Eontec,)
- Branch Productivity Applications
- LAN Connectivity
- WAN Connectivity
- Wireless Connectivity

Business-Critical Apps
- Intranet Applications
- Branch Productivity Applications
- HQ Applications (e.g. Siebel Argo, Eontec,)

Tele-workers
- Small Office Employees
- Branch Office Employees
- Mobile Employees
Cisco Networks Support New Services

- Voice and Video for Workplace Collaboration
- Toll Bypass & SRST
- Branch Office IP Telephony & Voicemail
- Security Solutions
- Live Video Broadcasting
- PoS Video Merchandising
- On-demand Video Training
- Business-Critical Apps
  - Toll Bypass & SRST
  - Live Video Broadcasting
  - PoS Video Merchandising
  - On-demand Video Training
Cisco Converged IP Communications
For Branch Transformation

Content Collaboration
- Centralized Skills Access to Branch
- E-Learning/Training
- Integrated Voice/Data/Data Collaboration
- Video Conferencing

Content Delivery
- ATMs
- Portal Services
- Media on Demand (Training, Cross Sell)
- Self-Service Kiosk

IP Telephony
- Legacy Migration to IP
- Endless Productivity Applications
- Branch/Call Center/ATM Integration

Pervasive: Anytime, Anywhere
- PDA/Wireless Access
- Employee Mobility
- New Service Delivery

Converged IP Network
A Delivery Network Architecture…
• … enables an expanding suite of intelligent application-enabling network services
• … provides the functionality and ease-of-deployment to take advantage of mission-critical applications
• … fuels an empowered environment where time, location, and visibility are no longer barriers to productivity
Integrated Branch Environment

Common Component Architecture with Consistent Network Services
What If You Could…

- Change displays throughout the day as your customer demographics shift?
- Deliver multimedia training and customer materials before they were needed?
  - Cut bandwidth, costs, and latency; Ensure consistency
- Use a single media library to populate all channels?
  - Customers: Personalized offers, self-service, advertising…
  - Employees: Training, corporate communications…
- Extend call center (Customer Centricity) applications into the branch (cross sell and up sell)?
IP Telephony

What If You Could…

- Reduce voice costs by hundreds of dollars per branch?
- Use the phone as a thin client for simple applications?
- Send communications to branch personnel with review, simple Q&A, and confirmation capability?
  - Weekly product promotion training
  - Other corporate communications
- Enable customer to use IP Phone Kiosk as portal?
  - Account information and conduct non-cash transactions
  - Access latest product promotions
  - Make the right offer (offer mutual fund due to $10,000 CD maturing)
What If You Could…

- Bring your tellers out from behind bars?
- Provide wireless messaging/notification to customers
- Offer employee mobility?
  - Wireless laptop, PDA, cell phone
  - Email, calendar, contact lists, productivity apps
- Perform non-cash transactions and offer new services (through kiosk or concierge)?
  - Calendar checking with branch personnel, contact information
  - Scheduling of Video Learning Center
  - Check status of loans, financial services…
  - Up sell/cross sell
Content Collaboration

What If You Could…

• Put the best trained resource in touch with your customer all the time?
  • Video conference
  • Web collaboration—“push” web content, complete applications, text chat,…

• Make a specialist available to complete forms and applications with your clients?

• Provide Web e-Learning (with Media on Demand) and real-time video training to save travel and training expense?

• Enable the CEO to communicate real time to branch staff?
IP Video Services

What If You Could…

- Remotely view any branch at any time?
  - Provide on demand access to police and fire
- Hold a video conference as easily as making a phone call?
- Digitally search archives in seconds to retrieve video records?
- Save money and improve security at the same time?
Summary

- Your IT systems and networks are essential to each other
- Cisco and IBM have built a framework for retail banking
- Industry-specific applications and lifecycle service offerings mean fast implementation
- The solution is based on a commitment to standards for lower costs

_This alliance solution offers banks a head start in the race to determine the next generation of leaders in banking_