

# Forrester Consulting

MAKING LEADERS SUCCESSFUL EVERY DAY

May 2007

## **Financial Firms Are Listening Customer Demands Are Driving Cross- Channel Enablement**

*A commissioned study conducted by Forrester Consulting on  
behalf of Adobe*

FORRESTER®



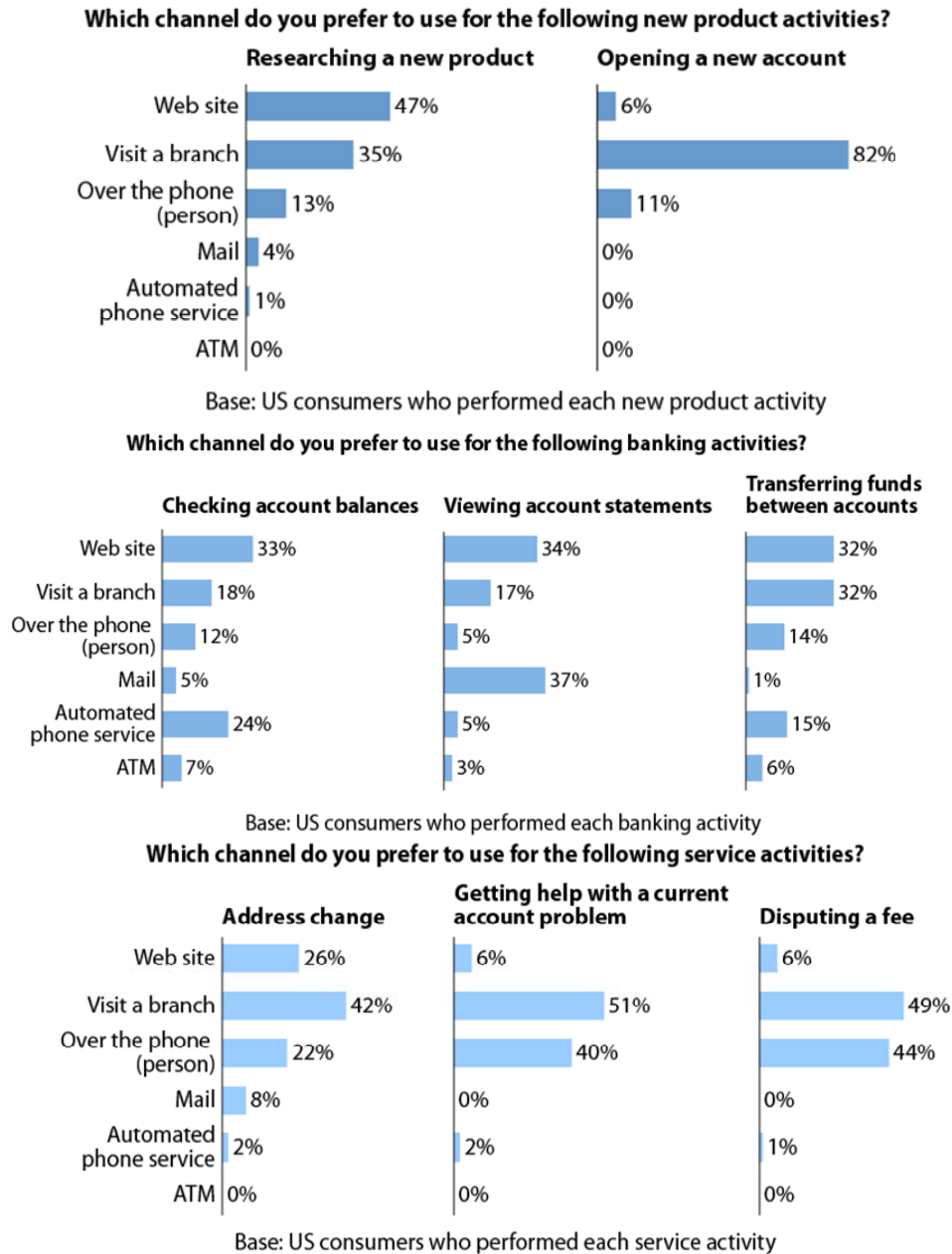
### **Headquarters**

Forrester Research, Inc., 400 Technology Square, Cambridge, MA 02139 USA  
Tel: +1 617/613-6000 • Fax: +1 617/613-5000 • [www.forrester.com](http://www.forrester.com)

## Introduction

Financial services firms have been trying to become more customer-centric in light of the increasing competition among banks and investment firms. With increased access to alternative channels such as the Internet, consumers are using multiple delivery endpoints for their many financial needs. Forrester data indicates that although consumers have channel preferences, they don't necessarily vary by individual, but rather by the type of transaction being performed (see figure 1). Consumers now expect a common experience across the channels — not the same capabilities, but easy transitions between them.

**Figure 1: Consumer Preferences For Banking Channels**



Source: Consumer Technographics® Q4 2005 North American Survey

From the August 2006, Trends “Consumer Preferences For Banking Channels”

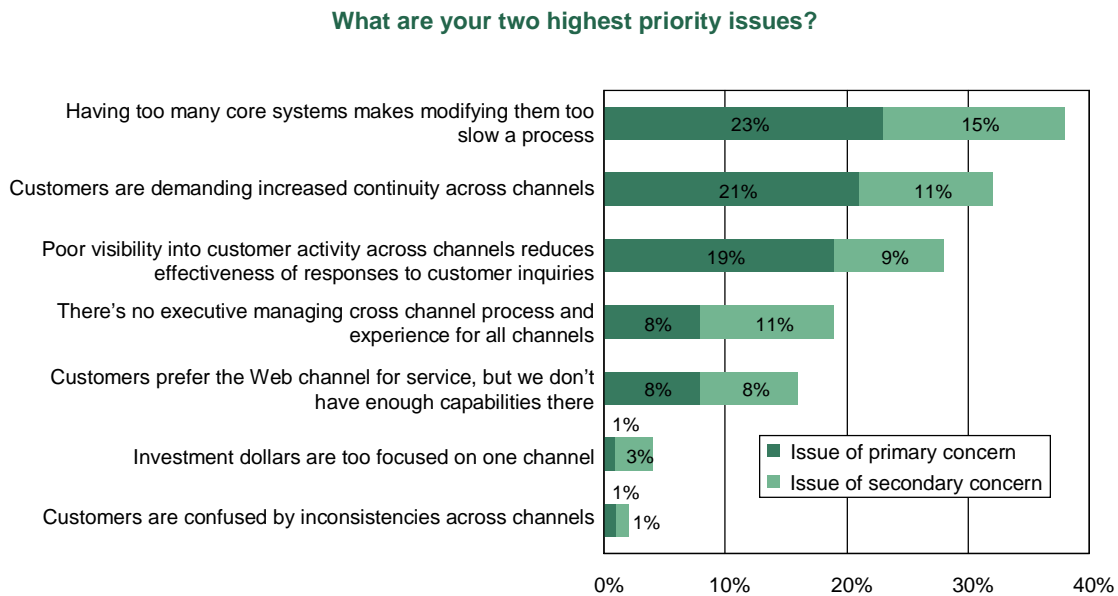
## Customer Experience Reigns – Finally

The good news is that financial services firms are listening to their customers. This is clear in the results of a global survey of banks and investment firms conducted by Forrester under Adobe's sponsorship. Respondents were asked to rank a list of seven cross-channel enablement issues on a five-point scale and to indicate whether or not they agreed with the statement.<sup>1</sup> By a wide margin, respondents identified the following three key issues as their top concerns (see figure 2):

- Our channels have different core systems that extend the time it takes to make technology modifications required to respond to market changes.
- Our customers are demanding more continuity among the channels — like being able to start a product application on the internet and finishing it with a branch rep.
- Our branch and phone reps, agents, and brokers don't have a good record of what interactions the customer has had in all the channels, and therefore cannot respond as effectively as we'd like to customer inquiries.

The high priority rankings of the direct customer issues — continuity across channels and service effectiveness indicate that financial services institutions are truly moving towards better customer centricity.

**Figure 2: Too many core systems increases difficulty of creating cross channel continuity**



Base: Respondents reporting facing issues around cross channel enablement. n=62

Source: Phone survey of 75 decision-makers with responsibility for customer-centric applications across multiple channels in large banks and investment firms. Survey commissioned by Adobe and conducted by Forrester Consulting, February and March 2007

## The Root Cause Is Technology Based

According to the survey results, the primary issue is the difficulty in managing multiple core systems for the channels. When a process is improved, changes often need to be made to each affected technology application — a very time consuming project. When survey respondents were asked to identify what proportion of this issue was technology based, people or culture based, and process

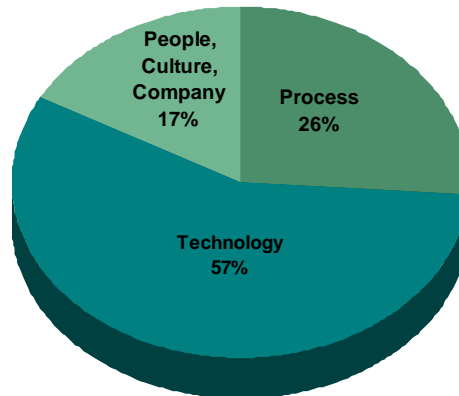
based, those that identified it as a first or second priority apportioned 57% to technology (see figure 3)

Despite this skew towards technology as the source of respondents' top concern, the elements of process and culture can't be ignored for cross-channel enablement issues. The proportions attributed to the other two key concerns were more balanced. While technology was still the highest portion, it only had a slight edge over people issues and process issues (see figure 4). The role of culture in driving the issue is intuitive, given the issues and how they surround the customer. However, it is important to note that the process portions are also important, as the key to cross-channel enablement is not just technology, but also process simplification.

**Figure 3: Technology issues lead challenges in the top cross channel issue**

**Thinking about your highest priority challenges, what proportion of the challenges would you attribute to Process, Technology, or People/Company Culture?**

**Having too many core systems makes modifying them too slow a process**



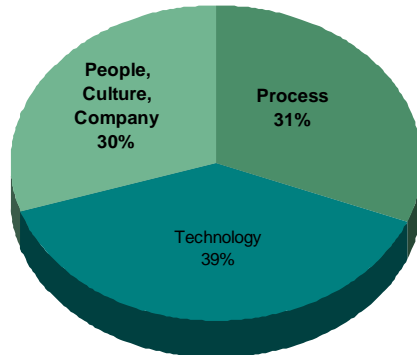
Base: Respondents reporting "Having too many core systems makes modifying them too slow a process" as their first or second greatest challenge. n=28

Source: Phone survey of 76 decision-makers with responsibility for customer centric applications across multiple channels in large banks and investment firms. Survey commissioned by Adobe and conducted by Forrester Consulting, February and March 2007

**Figure 4: Changes are more balanced with customer experience issues**

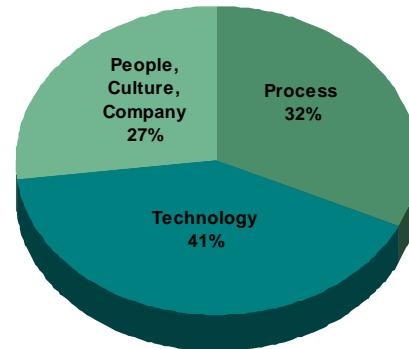
Thinking about your highest priority challenges, what proportion of the challenges would you attribute to Process, Technology, or People/Company Culture?

Customers demanding increased continuity across channels



Base: Respondents reporting "Customers demanding increased continuity across channels" as their first or second greatest challenge. n=25

Poor visibility into customer activity across channels reduces effectiveness of responses to customer inquiries



Base: Respondents reporting "Poor visibility into customer activity across channels reduces effectiveness of responses to customer inquiries" as their first or second greatest challenge. n=21

Source: Phone survey of 76 decision-makers with responsibility for customer centric applications across multiple channels in large banks and investment firms. Survey commissioned by Adobe and conducted by Forrester Consulting, February and March 2007

## Common Processes Drive Solutions for Cross-Channel Enablement

By working from a process-centric viewpoint, it's fundamentally possible to achieve cross-channel enablement without replacing most of the channel legacy systems. This is done by creating a set of processes that are common across the enterprise, and configuring them for the individual issues that arise due to specific channel or line of business needs. For example, the process of identifying and verifying a customer is essentially the same no matter how or where it is done:

- A: Information is collected from the customer.
- B: The information is recorded and verified.
- C: The customer is granted access.

However, the type of information that is collected varies by channel (e.g. a driver's license is appropriate for a face to face transaction, while a piece of personal information such as mother's maiden name may be collected by phone.) Instead of creating a different process for each channel, the basic process is outlined, and configured (rather than customized) for individual channel differences.

Building these common processes is the challenge, as the culture and people issues become major deterrents. Many lines of business believe that their process is the best one, and that they have unique needs. There may be some areas where one universal process doesn't work (e.g. it's possible that account opening for an investment account is different enough from a checking account to require a separate process), but in general the required modifications are fairly simple configurations.

## Financial Firms Are Listening

---

There are five key steps towards cross-channel enablement, and four of them revolve around the process development:

1. **Establish process governance:** It is essential to have a standard method for managing processes in order to support modifications across lines of business and channels. Elements of a good governance model include:
  - Assigning a business executive to own each major process to ensure that every process has a champion and a manager who can make tie-breaking decisions in process design.
  - A cross-functional team (across product line groups, channel groups, and IT functions) assigned to each major process.
  - Key process metrics that factor into individual performance goals.
  - A BPM center of excellence to share lessons learned across process teams.
  - Visible support from senior executives for process improvement.
  
2. **Map out key processes:** Understand the current processes from start to finish for each channel and line of business. Then determine which ones could be universal (e.g. account opening, address change, statement request, etc.). Using this understanding, define how the business processes *should* look from the customer's viewpoint. Ask these questions:
  - Who are the target users?
  - What are their goals?
  - How are you going to help them achieve those goals?
  
3. **Design for flexibility:** Change is inevitable — the consumer's preferences are changing, the competition is becoming broader, and new regulatory and compliance rules are regularly written into law. Processes need to be built with the ability to be easily modified. To do this, consider the following points:
  - Define a set of potential future business scenarios, such as having to match a competitor that offers a new service feature or a significant price cut.
  - Look at what it would take to respond in terms of time and expense.
  - Determine the most efficient, but effective design.
  
4. **Automate whatever possible:** Stop treating every process flow as if it's an exception requiring human attention. Even if an entire process can't be automated, there is a high potential that a portion or sub-process of it can be. Ask the following questions when determining whether a process can be automated:
  - Don't ask why a process should be automated — ask why it can't.
  - Are there forms that can be digitized?

- How can manual data entry be minimized?
- Can handoffs be minimized or eliminated through automated decisioning?
- Can service level agreements and alerts replace manual process audits?

**5. Define and execute on technology needs:** Once the core processes are defined, the technology team can determine what application tools are required to support them. Today's financial services firms are fortunate, as there are many vendors competing in the process automation and improvement space. Look for these types of tools:

- Common processes across channels and lines of business require business process management type tools.
- Automation of processes requires contemporary tools for efficiencies (e.g. document management, bar coding, product catalogs, rich Internet applications, etc.).
- Central location of processes enables changes made once and distributed out to the line of business and channel applications.

## Conclusion

Cross-channel enablement is a win-win for the financial services institution, because if done properly, the customer gets an improved and consistent experience, and the financial institution gains efficiencies through simplification and automation. Sixty-one percent of financial services institutions that identified the core systems issue as a high priority are already working on it, and 76% of those identifying consumer demands for continuity are already addressing it, so progress is being made.

The financial services institutions that clear the paths across channels first will gain a significant market edge. With new tools in the market that enable switching banks, customers dissatisfied with their cross-channel experience will be able to switch providers quickly and fairly simply. Offering clear continuity across channels is becoming a competitive necessity.

---

<sup>1</sup> The survey was conducted in North America, the UK, and Western Europe during the period of late January through mid-March, 2007 by phone, with 76 respondents at the executive level in the businesses and IT. Eight-four percent of the respondents were from banks, and 16% from investment firms.