

Customer success in banking



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Cognos, an IBM company, is the world leader in business intelligence (BI) and performance management solutions. We provide world-class enterprise BI, planning and consolidation software, and services to help companies plan, understand, and manage financial and operational performance. Over 1,000 retail, corporate, and investment banking institutions trust Cognos to increase customer, product, and channel profitability, manage and reduce risk, address compliance issues, and improve the predictability of financial performance.

With integrated performance management software and services from Cognos the world's largest financial institutions:

- Leverage their existing data investment to identify, report on, and analyze costs of trade, staff performance, risk management, branch profitability, loan performance, and customer profitability.
- Aggregate risk (credit, operational, market, country) data from multiple silos, diverse business lines, all regions, and across the organization to deliver enterprise risk reporting.
- Augment or replace cumbersome spreadsheet-based systems with flexible, connected planning software that reduces forecasting, consolidation, close, and reporting cycles by days or weeks.
- Manage multiple reporting and consolidation standards such as IAS, Basel II, and U.S.-based GAAP; inter-company elimination and reconciliation; multicurrency translation; complex ownership calculations, and financial consolidation rules.

Many of the leading players in banking already choose Cognos, including **nine of the top 10 banks in Europe**, **all the top 10 banks in the USA**, and **all of the top 10 commercial banks in the world**. Read about how:

- **ELM Resources** leveraged IBM Cognos 8 BI to manage \$22 billion in student loans and to share information with 30,000 users.
- **Raiffeisen International Bank** used Cognos Planning, Cognos BI, and Cognos Controller to provide rapid access to profitability and customer information.
- **The Capital Services Group** loan and real-estate management company achieved a significant decrease in IT time and reduced their reporting process from days to hours.
- **The Laurentian Bank of Canada** used IBM Cognos 8 BI to enhance visibility and provide reports in days that used to take months.
- **HSBC Hong Kong** used Cognos to reduce reporting time from seven weeks to seven seconds.

Cognos was acquired by IBM in January 2008. Customer success stories written prior to that date may not reflect the new product naming conventions stemming from the acquisition.

ELM Resources



“Customers like it. They constantly tell me ‘It’s a great application, we really enjoy using it.’ At the end of the day, this is what makes me smile.”

Marshall Edgison, Director of Application Development, ELM Resource

ELM Resources was established in 1994 as the only not-for-profit, open, non-proprietary, lender-neutral student loan delivery system in the industry. Through its members—lenders, guarantors, and loan servicers—ELM administers a common, universal student loan delivery system through the Internet that seamlessly links the diverse computing platforms involved in processing and disbursing a student loan. ELM offers students and schools the convenience of using a single data channel for both alternative and government guaranteed loans.

ELM handles 4.5 to 5 million e-loans each year and represents one third of the marketplace with more than 40 million unique borrowers. Financial aid officers use ELM’s transaction system daily to study reports on student loans. They examine loans that need to be processed or statused in a certain way, or are awaiting work, as well as files with errors that need to be corrected and re-processed.

In addition, lenders use the ELM extranet to extract raw data on loans and load it in their own systems. These users had become frustrated with ELM’s inability to offer on-demand custom reports, and started turning to ELM competitors to meet their reporting needs.

Challenges faced

“Our competitors were taking business away from us because we didn’t have a great reporting solution,” explains Marshall Edgison, Director of Application Development and Support, ELM Resources. “They were driving a wedge between us and our customers with reporting.”

Industry:

- Banking, higher education

Geography:

- North America

Information Needs

- Easy-to-use reporting tool.
- Self service custom reporting for end-users.
- Data accessed via data warehouse.
- Reporting flexibility.

Platforms:

- Windows
- Oracle 10 G
- Siebel CRM On Demand
- IBM Websphere Portal 6.0

Users:

- Up to 30, 000

Solutions:

- Cognos 8 BI

Benefits:

- Tremendous improvement in customer satisfaction.
- Customers able to access information when and where they want it.
- Reduced IT costs while increasing productivity.
- Scalability.
- Tight integration with IBM and Siebel solutions.

ELM customers also wanted the ability to modify ELM’s standard reports to meet the unique needs of their business. “Our old reporting solution really made custom reporting a manual process. We had one to two resources completely devoted to building, running, and distributing custom reports to our customers,” stresses Edgison. “That frustrated our customers who just wanted access to the information and didn’t want to wait for us to provide it.”



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The reporting solution from Actuate also reported directly against ELM's transactional database, making it vulnerable to outages due to bad queries written from internal and external users. In such situations, the system would be unavailable for up to an hour in the middle of the day. As a result, ELM's customer satisfaction scores were rapidly declining.

"The real danger was that we were exposing ourselves to a world of hurt from a customer or internal user when they would write a bad query and lock it down," says Edgison. "Although it didn't happen every day, it occurred with enough regularity to cause concern."

For ELM, these outages had financial consequences in terms of its reputation with customers. Since customers run most of their business through ELM, it was important for them to have a reliable solution.

Strategy followed

In an effort to keep from losing its customer base, ELM evaluated reporting solutions from Cognos, Hyperion, and Business Objects. ELM chose Cognos based on its friendly user interface, ease of use, and scalability.

ELM leveraged Cognos partner Merador to help implement the solution. Merador also helped ELM build 100 standard reports, 1,600 varied reports, and deploy the ad hoc reporting solution to its customer base. "Merador has been a very good business partner throughout our implementation of Cognos," states Edgison. Moving forward, ELM is planning to work with Merador to provide customers with the ability to schedule and focus reports on particular users.

ELM has been so successful with its customer solution that its executive management is now interested in leveraging Cognos to gain a greater understanding of its businesses through scorecarding and executive dashboards. This will be accomplished by leveraging the tight integration between Cognos and IBM Websphere Portal.

"The dashboard will be the place our CEO, CFO, operational staff, and CIO go every day to understand how the company is performing, how the customers feel about the company, and how the system itself is performing," says Edgison. "Cognos is the critical tool to provide that in partnership with IBM Websphere Portal."

ELM is also looking to leverage enterprise tools in the future to fill in some of its internal solution gaps. "Our next phase is integration with Siebel On Demand," notes Edgison.

Benefits realized

"We exceeded expectations with our customers and member community," says Edgison. "We used Cognos to solve what was a significant business problem for us."

With the improvements Cognos made to the reporting framework, ELM customers have the ability to get data how they want it, when they want it. "Customers like it. They constantly tell me 'It's a great tool, we really enjoy using it'. At the end of the day, this is what makes me smile," notes Edgison.

ELM's reporting solution can now easily scale and process the 35 - 40 million transactions, which represented nearly \$22 billion in student loans in 2006. In the first month using Cognos, 1,700 individual reports were run—almost exclusively by external users. In addition, during peak season, roughly 30,000 users accessed data from its Oracle warehouse, which houses nearly a terabyte of data. As the solution now runs against a data warehouse, outages have been eliminated.

The most tangible return on investment for ELM was the significant reduction in the cost of user support. Because of Cognos's ease-of-use and Web-based solution, ELM was able to re-assign one full-time person and one part-time person who were previously responsible for customizing as many as 1,600 reports.

"One and a half people may not seem like a lot, but we are only a company of 100 people—so whenever we can free a resource, it's a big win for us," notes Edgison.

Cognos has also enabled ELM's staff to do analysis on customer transaction data to answer customer questions and point out new opportunities for customers. "Our internal staff sees Cognos as providing a really powerful customer support tool," says Edgison.

Raiffeisen International Bank-Holding AG



“The Cognos team’s prototype convinced us from the very start. The test data produced clear results after just a few days. Cognos provided us with a solution that required minimum user training and no bulky manuals: precisely what we were looking for.”

Michael-Hagen Weese, Controller and Project Manager, Raiffeisen International Bank-Holding AG

Vienna-based Raiffeisen International Bank-Holding AG is a listed holding company for the subsidiaries of Raiffeisen Zentralbank Österreich AG (RZB) in Central and Eastern Europe (CEE). RZB is the central institute of the Raiffeisen Banking Group, Austria’s biggest banking group. Its domestic market encompasses Austria and CEE, with a network of subsidiary banks and leasing companies operating throughout the region via Raiffeisen International.

Challenges faced

The holding company relies on ongoing detailed analyses of the performance and development of the banks in its network to ensure the effective financial and strategic management of this continuously growing international banking organisation. Raiffeisen International’s financial experts and Managing Director needed an effective controlling and reporting solution for this task.

Strategy followed

A clear list of requirements was formulated for the new solution. It included requirements in terms of the users’ need for an optimal controlling and reporting system, balanced with a list of technical requirements. It specified three key criteria that the new solution had to meet:

- 1) The ability to rapidly generate automated analyses based on the latest data (OLAP reporting).
- 2) Comprehensible user management.
- 3) The ability to allow users to access the system via a Web browser.

Industry:

- Financial services

Geography:

- Austria, with a network of subsidiary banks and leasing companies, in a total of 16 markets throughout CEE.

Information Needs:

- Automatic and rapid analyses based on the latest data (OLAP reporting), comprehensible user management, the ability to allow users to access the system via a Web browser.

Platforms:

- Microsoft Windows XP-Server, Microsoft SQL-Server, Oracle-Server, and various core bank systems.

Solution:

- Cognos Planning
- Cognos Controller
- Cognos BI

Benefits:

- Management access to all the key individual reports, information provided to over 30 network units in CEE.
- Drastic reduction in data processing time, leaving more time for strategic analysis.
- Rapid access to information on productivity, margins, profit contribution, customer segmentation, and more.

As a result of these requirements, just a handful of suppliers were in the running at the start of the evaluation process. These suppliers were then invited to create a test solution and as Michael-Hagen Weese, Controller and Project Manager explains, the final decision was easy: “The Cognos team’s prototype convinced us from the very start. The test data produced clear results after just a few days.” Its intuitive user



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management met expectations, too. “Cognos provided us with a solution that required minimal user training and no bulky manuals. Precisely what we were looking for.”

Benefits realized

Raiffeisen International now uses Cognos Planning, Cognos Controller, and Cognos BI to handle all aspects of its controlling and reporting activities. Controllers use the latest data to produce analyses, with much of the process handled automatically. Their working time is no longer taken up by the time-consuming manual task of gathering and compiling data.

Controllers used to spend around 80 percent of their working time on data processing. The remaining 20 percent was devoted to analysis. This ratio has now been reversed, leaving more time for key tasks such as guaranteeing data quality via plausibility and consistency checks, and for analytical activities.

Controlling and reporting revolve around the same two basic questions: “Where are we making money and where are we incurring losses?” and “Where are our growth areas and where is development declining?” Rapid access to key figures (productivity, margins, profit contribution, and so on) and timeline monitoring provide the foundation for the strategic management of the entire company. A range of differentiated and up-to-date analyses ensure that any problem areas are rapidly identified and the appropriate action taken.

The 200 financial products in the standard product catalogue are structured by product group. These can be analysed in terms of development and profitability. The same applies to strategic examinations by customer segment. This allows management to analyse the holding company’s profitability indicators for product groups and customer segments separately, or to link them together and obtain management information. The flexibility of the Cognos solution ensures easy integration of ongoing future developments to the product and customer matrix for controlling and reporting. Changes in the matrix can be incorporated in the system with minimum effort.

The Cognos solution allows Raiffeisen International’s managers to access specific individual analyses. Comparative values for different network banks are of particular interest here—the relationship between manpower and costs, for example. Conclusions can be drawn in relation to productivity, as well as regional differences in the recruiting market and salaries—important information when it comes to expanding the network or deciding on a new location.

In addition to Raiffeisen International’s controllers and managing director in Vienna, this information can be accessed by each individual bank in the network. Around 40 controlling experts throughout the organisation receive reports by e-mail, providing the managers of the Network Banks with key figures and comparative data (benchmarks).

“With Cognos 8 BI, we are now managing our environment more proficiently by building on our existing applications intelligently to analyze and utilize our data. Cognos Consulting and Training was extremely helpful in content, server, and portal administration, and enabled our system administrators to manage the Cognos implementation effectively on their own. Cognos has enabled us to further increase efficiency at Capital.”

Sushil Jadhav, Global Application Manager, Capital Services Group

The Capital Services Group provides loan and real estate asset management services to clients across Asia with offices in Japan, Thailand, Philippines, Malaysia, Singapore, Taiwan, and China.

The Group has grown significantly since its inception in 1998, with billions of US dollars of assets under management, and more than 300 employees. The Capital Services Group’s strong track record is built on cutting-edge systems and strongly-defined policies and procedures. This focus on fundamentals has enabled the organization to develop an asset management and servicing platform specifically tailored for the rapidly developing multinational asset management environment.

The Group’s model can be rapidly localized to new countries or markets with relatively short notice, and releases resources to focus on country and investment specific details. Using state-of-the-art technology, Capital Services Group provides real-time information to stakeholders. Of strategic importance to the Group’s operations is their Servicing Company Operating and Reporting Engine (SCORE), a Web-based proprietary asset management and performing loan system, which features multi-lingual and multi-currency capabilities. This system maintains a central warehouse for all asset information across countries and business products, providing accurate, timely, and consistent reporting. For their business intelligence (BI) engine, the Capital Services Group chose Cognos 8 BI to provide the analytical reporting capabilities for SCORE.

Industry:

- Financial Services

Geography:

- Asia
- Europe

Information Needs:

- Harness various data for reporting and company-wide visibility.
- Make informed business decisions from the data.
- Develop more accurate and timely reporting.
- Maximize IT resources.

Platforms:

- Sun Solaris operating system
- Oracle database

Users:

- 114

Solutions:

- Cognos 8 BI
- Cognos API
- Cognos Professional Services
- Cognos Education

Benefits:

- Improved monitoring of key metrics.
- Increased efficiency through standardized reporting.
- Better and quicker decision-making with a single version of the truth.
- Easy access to information that is more accurate and timely.
- Significant decrease in IT time.
- Reduced number of reports.
- Powerful analytics.
- Flexible reporting.
- Quality control.
- Enhanced data management.



Challenges faced

With various offices located across Asia, the Capital Services Group was faced with a massive volume of siloed information, as well as data requests coming in, not only from the company, but from its investors and major stakeholders. The organization's industry reporting requirements were very stringent and diverse, applied on a case-by-case basis, and altered frequently. The Group found that it needed more resources for the company to gain accurate and timely reporting.

"Apart from the need to increase our timely reporting, we had also identified a need to increase the amount of information available to management and business units for the analysis they needed to make informed business decisions," states Sushil Jadhav, Global Application Manager, Capital Services Group. "All of these factors combined caused us to start looking for a platform that would help us meet our current and future requirements."

Strategy followed

The Group started the evaluation process in 2005 by assessing seven vendors. After the initial evaluation, the search was narrowed down to Cognos, along with two other vendors. The Group compared each product based on the following criteria: role-based agility, ease of use, GUI capabilities, support, and total cost of ownership (TCO). After reviewing all products against these parameters, the company chose Cognos 8 BI, which best fulfilled the criteria.

The decision was made to integrate Cognos 8 BI tightly into the company's home-grown Loan Servicing and Asset Management system, SCORE, which runs on a Sun Solaris operating system. Assigning the Cognos 8 BI project a name—Servicing, Operating, and Reporting Analytics, or SORA—emphasized that the program was designed to maximize rapid data extraction and reporting flexibility in the Capital Services Group.

The Cognos 8 BI deployment started in 2006, when the company engaged with Cognos Consulting for a design review of the project.

"The engagement called for us to review the BI database design, capacity planning, and overall solution architecture. We worked with Cognos Consulting to do the initial design and implementation of Cognos 8 BI, which then provided the BI and warehousing platform," states Jadhav. "With Cognos Consulting, we were able to review all of our documents and identify any causes related to poor architecture, minimizing the risk in the earliest stages of the design."

The key drivers for the project were to reduce IT development cycle times and simplify data access.

At the time, management was unable to consolidate data for risk management and analytics.

During the design review project, the organization used the Cognos training services at the Cognos training facility in Hong Kong to train Capital's administrator users. Now, the Capital Services Group has 114 Cognos 8 BI users, and plans to expand that number to 150 over the next 12 months.

"The goal with Cognos Training was to empower our administrators to manage the environment efficiently, deploy the changes, and tune the activities on a regular basis," recalls Jadhav. "But with internal users, the training goal was to enable them to use Cognos efficiently in their day-to-day operations. Since it was a major deployment and we completely changed the reporting engine, it was vital to ensure the users were properly trained to achieve the maximum efficiencies."

The long-term goal of the company is to increase its focus on BI and provide business reporting and analytics, not only internally, but also to the company's external key stakeholders.

Benefits realized

With Cognos 8 BI, users can now generate reports on their own, without calling on resources from the IT department.

"Before, if a user had a simple request, they had to go through a procedure and approvals with IT that normally took about five working days," notes Jadhav. "Now with Cognos 8 BI, it's a matter of one or two hours, and one of our quality control analysts can have the data nearly instantaneously."

The Group has also benefited from improved response times and customized data reports, empowering users with self-service capabilities that enable them to characterize their report individually. Additionally, Cognos 8 BI has allowed the company to reduce the number of reports, while employing powerful analytics, flexible reporting, quality control, and enhanced data management.

Jadhav sums up his Cognos experience by stating, "With Cognos 8 BI, we are now managing our environment more proficiently by building on our existing applications intelligently to analyze and utilize our data. Cognos Consulting and Training was extremely helpful in content, server, and portal administration, and enabled our system administrators to manage the Cognos implementation effectively on their own. Cognos has increased efficiency in our organization."

Laurentian Bank of Canada



“We have a lot of confidence in Cognos to help us meet our BI objectives. Our users believe in the solution and understand the added value of the tool. Now it’s just a matter of our BICC team continuing to expand the functionality of our Cognos solution and delivering it to new users.”

Serge Couture, Senior Manager, Business Intelligence Competency Center, Laurentian Bank of Canada

Founded in 1846, Laurentian Bank of Canada is a Quebec banking institution operating across Canada, dedicated to meeting the financial needs of its clients through the excellence of service, simplicity, and proximity. With more than \$17 billion in balance sheet assets and close to \$15 billion in assets under administration, the bank has 158 retail branches and employs more than 3,300 people.

A key component of Laurentian’s success has been its dedication to capitalizing on its greatest asset: human capital. Integral to this strategy was to make every process, including reporting, more efficient. To support this mission, the bank deployed an Oracle data warehouse to consolidate the data from over 20 different legacy systems. The bank also chose to implement a Cognos BI solution to provide employees with the information needed to do their jobs quickly, easily and effectively.

Challenges faced

Each Laurentian branch must contribute to the company’s bottom line through yearly objectives.

“Our main goal was to provide branch employees with the information needed so they could successfully run their businesses,” explains Serge Couture, Senior Manager, Business Intelligence Competency Center, Laurentian Bank of Canada.

The bank’s IT department ran into technical challenges fulfilling branch and corporate requests for reports due to its diversity of legacy systems. “It was very challenging for us to consolidate all of the information at a customer level, since there was no customer unique identifier across the different platforms” says Couture.

Industry:

- Banking

Geography:

- North America

Information Needs:

- Flexibility.
- Scalability.
- Self-service.
- Seamless integration across multiple data sources.

Platforms:

- Unix
- Oracle 9i database

Users:

- 300+

Solutions:

- Technology
 - Cognos PowerPlay
 - Cognos ReportNet
 - Cognos Metrics Manager
 - Cognos Data Manager
 - Cognos 8 BI
- Delivery Enablement
 - Business Intelligence Competency Center

Benefits:

- Enhanced visibility and better decision-making due to single view of data.
- Cost savings due to gained efficiencies and standardized reporting.
- Increased data accuracy and timeliness.
- Competitive advantage resulting from improved sales and marketing.
- Reporting in days rather than months.



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This cumbersome process affected each branch's ability to obtain their information in a timely manner, with requests often taking many months to fulfill. "With no timely reporting, and minimal information, the branches had to be very creative in order to meet their business goals," notes Couture.

To overcome this challenge, Laurentian designed an infrastructure and technology platform supported by operational designs (a Business Intelligence Competency Center or BICC) to centralize reporting and deliver valuable information.

Strategy followed

Laurentian considered BI reporting solutions mainly from Cognos and Business Objects. The bank was attracted to the flexibility, scalability, seamless integration across multiple data sources, and self-service capabilities of Cognos products.

After getting up and running with its new Oracle data warehouse, Laurentian developed its BICC. This small, but highly effective team reports to the VP of Marketing. Its goals are to drive efficiency, increase delivery consistency, ensure deployment success, broaden the scope of the BI lifecycle, and manage personnel levels. The new team's objective is to roll out the complete BI solution through the corporation including the 158 branches.

Although the bank took the lead on its BI development, it worked with Cognos partner Globalsult Inc. to help implement the solution. For the past two years, this successful partnership has been helping with a variety of initiatives including ETL development, creating cubes and reports, and mentoring the team.

Most recently, Globalsult helped the bank to centralize all ETL processes, using Data Manager, in order to obtain a better control over the different transformation jobs. Globalsult also participated in developing a pilot of its Cognos scorecarding solution for the executive management team and the marketing department.

Additionally, Laurentian leveraged Cognos Consulting, Training, and Support to ensure a successful deployment. Faced with a challenging security issue, Laurentian partnered with Cognos Consulting to develop a solution to secure all PDF reports distributed via the Web. It ensures that all PDFs could only be opened on the bank network and could not be saved locally or emailed outside the bank.

Cognos Consulting managed this whole project, from finding a solution, closely communicating with the vendor, and developing a proof-of-concept. "The project's success is attributed to Cognos Consulting's technical expertise and understanding of our business," emphasizes Couture.

Taking advantage of Cognos Training, BICC team members were able to quickly get up-to-speed by participating in classes on Cognos ReportNet, Metrics, and Data Manager. The bank has also relied on the Cognos phone support to quickly answer questions. "Cognos Support has been very helpful. We always get the answers we need," notes Couture.

Since going live, Laurentian has standardized on Cognos for all its informational reporting and business intelligence needs. Moving forward, the bank will complete the deployment of its Cognos scorecarding solution and online reporting using the Cognos 8 BI platform.

Laurentian then plans to continue the expansion of its Cognos BI solution to its product management teams and to other corporate business lines. One of the bank's next challenges will be to develop an executive dashboard. The bank anticipates ending the year with 50 percent more users because of the interest the online solution will create.

Equally important, the BICC team will continue working towards their goal of reducing the number of ad-hoc report requests by 80 percent, by deploying the Cognos 8 solution through the corporation.

Benefits realized

"We have a lot of confidence in Cognos to help us meet our BI objectives. Our users believe in the solution and understand the added value of the tool," explains Couture. "Now it's just a matter of our BICC team continuing to expand the functionality of our Cognos solution and delivering it to new users."

With its Cognos solution, Laurentian's BICC is able to standardize its reporting process and provide the corporate office and branches with a single and complete view of their business. Bank employees are now able to access data that is more accurate and timely — data that was previously unavailable. As a result, they are able to make better decisions, manage closer to objectives, and support the growth of the company.

Reporting has also become more efficient and frequent with Cognos. In addition to distributing nearly 40 standard weekly and monthly reports, Laurentian's BICC is now able to respond to requests for new reports in a few days whereas before it could take months. Further, the BICC can also answer ad-hoc questions in less than a day.

Leveraging the analytical capabilities in Cognos with the data warehouse, Laurentian's credit and marketing departments have learned more about their customer base. Previously, this demographic information was not easily available. Department members can also create their own reports, saving the BICC from fulfilling three ad-hoc requests per week on average. "With Cognos and our data warehouse, we now have just in-time access to customer statistics and information, which has helped us provide more personalized customer service," states Couture.

With Cognos, Laurentian has gained a competitive advantage in the banking industry, where it is a challenge to expand client base and retain clients against some of the bigger banks. The bank's marketing team has leveraged Cognos to provide weekly feedback on its marketing campaigns, enabling it to easily change its strategy. Branch sales team members can also now easily monitor their progress against campaign goals with weekly performance reports. "With Cognos, sales representatives are more proactive and can refine their strategy at any point during a campaign, which they were not able to do as quickly before," explains Couture.

HSBC Hong Kong

“Cognos has been with us every step of the way and has become a real trusted advisor to HSBC. Cognos has always exceeded our expectations, the software has always been implemented on time and on budget, and the performance and ROI have been outstanding. What’s most important, however, has been the level of support. We were looking for the right software and the right people, and with Cognos we found both.”

David Campbell, head of business intelligence for Personal Financial Services in Asia Pacific



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Multiple delivery channels. Market specialization. High-profile mergers and acquisitions. Growing compliance requirements. Rising operational costs. For banking institutions worldwide, today’s business climate is increasingly high stakes and complex. Better customer service without compromising profitability is critical. And when it came time to align technology with these mission-critical requirements, HSBC Hong Kong chose Cognos to power its performance.

The Hongkong and Shanghai Banking Corporation Limited is a wholly owned subsidiary of HSBC Holdings plc, the holding company of the HSBC Group. One of the world’s largest banking and financial services organizations, the HSBC Group has around 10,000 offices in 76 countries and territories serving over 125 million customers, with a total e-customer base of over 35 million. Established in Hong Kong and Shanghai in 1865, The Hongkong and Shanghai Banking Corporation is the founding member of the HSBC Group. It is the group’s flagship in the Asia-Pacific region and the largest bank incorporated in Hong Kong.

HSBC defines itself through managing its business responsibly and sensitively for long-term success, by working with customers, shareholders, colleagues, communities, and other stakeholders. As part of this commitment, HSBC has always been consistently forward-thinking in its use of technology. The HSBC Group is a major user of advanced information technology, with an annual spending of US\$5 billion. Its e-business channels include the Internet, PC banking, and telephone banking via both fixed and mobile phones. HSBC websites attracted 1.8 billion visits during the first half of 2006.

This case study will focus on how HSBC Hong Kong leveraged Cognos to help:

- Increase the timeliness of information.
- Unite systems and processes for a full view of sales activity and results.
- Link users together in a closed-loop system of decision-making that highlights issues and opportunities, helps determine action, and measures the results.
- Create more effective incentive plans.
- Streamline compliance and risk management.

The result: HSBC Hong Kong reduced reporting time from up to seven weeks to only seven seconds and saved the time equivalent of 90 full-time employees that were previously dedicated to manual data input and aggregation. The company can now view sales activity and results more effectively, manage compensation and employee reward programs more accurately, and manage related compliance and risk issues automatically.

Challenges faced

HSBC Hong Kong started seriously looking at business intelligence about seven years ago, but primarily from a customer relationship management (CRM) perspective. At the time, HSBC recognized that it needed to understand customers better and respond to an increasingly competitive marketplace in Hong Kong. At the same time, HSBC wanted to improve credit data to enable better scoring, pre-scoring, and more. IT built up substantial data stores and focused its attention on becoming CRM and risk experts.

With these systems in place, the bank's marketing and credit risk was strong, but the data the systems were collecting provided little insight into product management, channel management, and sales management throughout HSBC branches. It also wasn't uniting data to create a holistic view across other channels such as the Internet and phone banking systems.

"If we were going to develop or build competitive advantage on the sales side or the incentive side of things, the timeliness of the data needed to change dramatically," explains David Campbell, head of business intelligence for Personal Financial Services in Asia Pacific. "We had the data sitting there, but it was really a question of getting it out and getting it out in the right way. With the existing systems in place, we were able to provide reports about three weeks after month end. This meant that if someone wanted information about what happened at the beginning of January, they would have to wait until the third week of February for results."

For longer term in-depth analytics in marketing and credit risk, this data latency was acceptable because they take a longer term view. However, if HSBC was going to empower sales and branch management, it would need to provide the necessary tools for fast, accurate reporting and analysis. "We needed to give them the capabilities to see information, not seven weeks in the past, but at least daily," says Campbell. "That's when we began looking at business intelligence from Cognos."

Strategy followed

HSBC researched the leading vendors in the business intelligence space and contacted Cognos and another leading BI vendor. HSBC already had a small deployment of the other vendor's software, but did not want that to be a deciding factor for BI standardization across the organization.

"In terms of a technical evaluation, the two products came out almost equal," explains Campbell. "At the same time, we put the solutions out to our users. At the end of their evaluation, they almost universally chose Cognos for its ease of use. That, however, was not the main reason we chose Cognos."

"At HSBC we are all about partnerships—with our people, our customers, and our vendors. Our number one reason for choosing Cognos was the support we were given during the selection process. It was orders of magnitudes better than what we were seeing from the other BI vendor. I met with the Cognos team on a Friday, and on Monday they came back in with a mock-up demo of what they could do. In contrast, the support and responsiveness we were getting from the other vendor was virtually non-existent, leaving us pretty concerned about how they would treat us after the deal was done."

Like most financial services organizations, HSBC had also become quite diverse in its systems. This occurred due to acquisitions and through organic growth. HSBC needed a solution that would effectively scale to its large operation in Hong Kong, but would also plug in easily with the systems of acquired companies and smaller banks in places like Vietnam or Thailand. Initial testing and benchmarking proved Cognos would integrate seamlessly with existing IBM investments, legacy systems, CRM platform, and other systems throughout the organization.

In September 2006 HSBC went live with Cognos BI for the first time. It was an aggressive project that included every single person in the Hong Kong branch network—4,500 in total. "We were a little concerned about the impact of 4,500 people hitting the server at once, but Cognos consultants were by our side the whole time," says Campbell. "Throughout the whole development process, Cognos experts were there identifying opportunities and supporting the whole development and deployment process. On launch day we had a minor slow down at 10:00 AM, but within a few minutes everything was fixed and running at top speed."

"Since that time we have launched a major improvement every quarter," continues Campbell. "We just had our fourth release, and it's the fourth time everything's gone out on time and on budget, while exceeding the requirements and objectives of the release. Cognos people and best practices have played a big part in that."

Benefits realized

“Users love the new system,” says Campbell. “One day, everyone was getting data that was seven weeks old. They had no idea what their bonus was going to be. As soon as we switched on Cognos, we were getting yesterday’s sales results and information about bonuses instantly.”

The branch management teams also experienced significant gains in productivity. Prior to Cognos, HSBC had roughly 30 people that dedicated anywhere from 60 to 90 percent of their time to compiling data. That labor has now been eliminated, freeing up time for back office staff to do what they should be doing—supporting the front office’s teams to deliver high-quality customer service and sales results.

“All in all we’ve estimated that we are now saving the time of 90 full-time employees per year,” shares Campbell. “In fact, the whole business intelligence project will pay for itself within a year. ROI figures like that have been stunning, and that doesn’t even begin to explain the impact Cognos has had in less easily defined areas such as better decision-making across HSBC Hong Kong.”

Managing channels, customers, and profitability

Prior to Cognos, daily, weekly, and monthly reporting at the branch level was Microsoft Excel-based. Employees across the branches would spend considerable time collecting information and logging it into Excel. They were incredibly efficient, but the real problem occurred when HSBC would try to aggregate the information up to an area management or executive level. Getting an aggregate total was cumbersome due to the fact that each branch was not following common definitions and processes. Accuracy was suffering, and the workload associated with reporting was immense.

In addition, with activities documented primarily in Excel, HSBC had no ability to look at results in a holistic manner. With considerable time spent, it was possible to see how a branch was performing, but there was no integration among the various channels customers use. HSBC wanted a platform that would bring in the branch information, but also bring in information from Internet banking, self-service banking, telephone banking, and more. Doing so would create a true picture of how each channel was performing, which customers were truly the most active, and how revenue branches were really generating—not seven weeks after the fact, but in real-

time.

With Cognos in place there is no need to compile management information manually. Branch managers can simply log into the system to see the information they need to answer fundamental questions including:

- Are we selling effectively?
- How are we doing with referrals?
- Are we referring the right customers to the right people and products?
- How are we performing as a team?
- What products and services were most popular with customers yesterday, last week, and last month?

Equally important is the impact Cognos has had at the senior management level. Senior managers now get daily reports on their desks that reflect what happened yesterday in the branches. It means they can spot new trends, identify areas for improvement, and take action to resolve issues. These daily reports are augmented by timely weekly reports and month-end reports that are available the day after month-end close.

A prime example of this new insight was HSBC’s decision to open a bank in Hong Kong on Sundays, which was a change in the market in Hong Kong. HSBC wanted to measure the impact of this decision immediately, and not wait seven weeks for results.

“Sunday opening started a couple of weeks before we launched our new system,” explains Campbell. “At first we didn’t have any hard data on the results. Then we switched on our new system. Immediately we were able to see Sunday’s results. Problem solved. Furthermore, we could drill down and see the level of demand, what type of customers had come in, and what they were interested in—be it investment opportunities, insurance, mortgages, and more. With this capability we could immediately decide on staffing levels, the viability of opening other branches on Sunday, and what products and services we needed to make more available or market more effectively to customers.”

“Like all retail organizations HSBC places great emphasis on the way that the sales process is managed; from the initial generation of leads through the various stages of the sales process to closing a deal. Cognos is now providing great insight into this process both for individual sales teams to monitor and improve their own

performance, and also to senior management as they look to longer term strategic improvements in sales management. An unexpected side benefit from Cognos has been the way that it has helped to identify, and solve data quality issues. For example, from time to time staff may make an error when updating our activity management system—errors that in the past would never be found. With the speed and efficiency of Cognos, data anomalies—a few too many zero's or perhaps too few—can be spotted and fixed within 30 seconds. We can also check that our sales teams are updating their records on a timely basis, and, if not, we can soon give them a gentle reminder to do so.”

Better compensation and reward processes

Prior to Cognos, HSBC had multiple different compensation schemes running at the same time. Since people were using their own local systems, Excel, and paper to track sales, obtaining real-time insight into sales performance was an arduous process. In order for managers and users to figure out their incentives, they would have to log on to different online and legacy systems to gather information. Reporting on incentives was confusing to users, time-consuming, and imprecise.

“Before we put the program in place, there were about 20 different schemes that ran across the bank,” explains Campbell. “Some of them were based on manual measurement and some were based on data that was extracted three weeks after month end. Unfortunately, the results were incredibly contradictory. One week we would be congratulating someone for a fantastic sales achievement, only to discover weeks later during the processing of the sale that the quality of the sale was poor or that the deal wasn't going to close at all.”

Prior to implementing Cognos, HSBC Hong Kong management employed an industry best practice of rigorously reviewing the various roles in the branch to nail down the metrics that really matter. They knew the best rewards were tightly aligned with what people could actually control. They looked at what the job requirements were for tellers, for the sales people, and for the branch managers and focused on the core mandate of those roles.

As an example, in some of the existing compensation schemes, tellers were rewarded for sales. This was contrary to what the tellers are mandated to do: to provide fast, effective service to customers, and not force them to wait in line behind someone buying mutual funds. Not only are the tellers not supposed to do this, but they are not trained to match the right product with the right person. Compensation plans need to be matched with their core skills: speed and referrals to sales people.

With new insight into the roles in the organization, HSBC Hong Kong used Cognos to implement a new compensation scheme that reflects the important metrics for each branch role. Compensation would now be paid out quarterly, and since data input and aggregation is fast, rewards are based on reliable numbers on closed sales.

With Cognos and a revitalized compensations structure, users can now quickly and easily log into the system and see what their incentives are and have the numbers updated on a daily basis. With Cognos, everyone is on the same page and rewards are clear.

Effective compliance

Cognos usage to tackle compliance issues has continued to grow at HSBC. One area of real focus has been Sarbanes-Oxley (SOX), which puts requirements on how it manages changes in financial impact. “Using manual processes for our incentive schemes was not SOX-compliant,” explains Campbell. “Now that we have Cognos, we are compliant. In addition, we can plug in to vendors who are SOX-compliant and use them as calculation engines for incentive payments.”

“With Cognos we don't need to spend a lot of time defining our own processes around the incentive system to make sure that we are SOX-compliant,” continues Campbell. “So as long as we're using that process and system, then we can tick compliance requirements off our to-do list.”

Looking forward

HSBC has aggressive plans for the next phase of its BI implementation. “We have 18 other countries in Asia Pacific with aggressive growth plans,” says Campbell. “They need the same data and insight we are providing here. We are also looking to extend our Cognos use further across sales and marketing and link our products

and channel teams into the system.” An additional top priority is exploring how Cognos Go! Mobile can provide more robust reports to HSBC executives and salespeople via their Blackberries.

Summary

Every day, financial institutions face the considerable challenges of regulatory compliance, decreasing customer loyalty, shrinking profit margins, and ever more intense competition. Interest rate movements drive fluctuations in revenue, requiring financial organizations to manage costs more closely in order to maintain profit margins. With Cognos, HSBC Hong Kong has tackled these challenges by creating a platform that has enabled the organization to:

- Leverage existing data investments to identify, report on, and analyze staff performance, risk management, branch results, customer value, incentive plans, and more
- Replace cumbersome spreadsheet-based systems with flexible, connected software that provides answers in seconds rather than weeks
- Be more efficient—see the big picture fast by bringing together the relationships, connections, direction, and details needed to make informed decisions and improve operating performance
- Reduce risk by linking data in disparate systems for a clear, holistic view of results tied to a consolidated view of risk
- Address a broad range of compliance requirements from a central, consistent source.

As a result, HSBC is truly a profile in performance management. “When I look back on what we accomplished over the past year, I’m really quite amazed,” says Campbell. “We’ve gone from seven weeks to seven seconds for reporting. We’ve eliminated a data entry requirement of 90 full-time people. We’ve aligned finance, HR, sales, and more around a single version of the truth, so we can continue to make good decisions for our customers.”

“Cognos has been with us every step of the way and has become a real trusted advisor to HSBC,” continues Campbell. “Cognos has always exceeded our expectations, the software has always been implemented on time

and on budget, and the performance and ROI have been outstanding. What’s most important, however, has been the level of support. We were looking for the right software and the right people, and with Cognos we found both.”

About Cognos, an IBM company

Cognos, an IBM company, is the world leader in [business intelligence](#) and [performance management](#) solutions. It provides world-class enterprise planning and BI software and services to help companies plan, understand and manage financial and operational performance. Cognos was acquired by IBM in January 2008. For more information, visit <http://www.ibm.com/software/data/> and <http://www.cognos.com>.

More than 3,500 financial services firms have selected Cognos software to increase customer, product, and channel profitability; manage and reduce risk; address compliance issues; and improve the predictability of financial performance. Among them:

- Nine of the top 10 banks in Europe..
- All the top 10 banks in the U.S.
- Six of the top 10 Asian banks.
- Ten of the top 10 Chinese banks.
- All of the top four Japanese banks.
- All of the top four South African banks.
- All of the world’s top 10 investment banks.

For more Information

For more information on Cognos solutions for financial services companies, please visit www.cognos.com/banking.

Request a Call

To request a call or ask a question, go to www.cognos.com/contactme A Cognos representative will respond to your enquiry within two business days.