

IBM Podcast: Packaged Application Implementation:
Managing and Reducing Complexity
Pod Cast



Introduction

Financial services organizations, such as banks and insurance companies, face specific operational challenges, which are rapidly evolving. Recent monumental changes in the industry will bring their own specific challenges as well; organizations are seeking ways to simplify their operations while containing costs. Packaged applications such as enterprise resource planning, customer relationship management or supply chain management software are an important solution for this industry, given its dynamics. Optimizing return on investment is crucial for these companies, and the successful implementation of the appropriate packaged application can manage and reduce complexity overall.

In today's podcast, we will focus on strategies and solutions for implementing and managing packaged applications, and reducing complexity as a result.

Challenges in the Financial Services Industry

According to a recent survey by a leading research firm, retaining and enhancing relationships with current customers is the number one business issue for banks, making customer relationship management a top priority. The use of a customer relationship management application is part of a business strategy. In fact it can help to drive customer processes to be redesigned, improving the customer experience and leading to increased revenue. In addition to customer relations, banks must contend with a litany of other challenges, internally and externally. These include the challenges stemming from distributed workforces and branches, such as managing complex projects, establishing collaboration of work items and packaged applications across projects, managing groups collectively across the enterprise, and synchronizing processes in mixed development environments. Packaged applications are designed to manage issues these such as these.

Benefits of Packaged Applications for Banks

As discussed, improved customer service is a significant benefit of packaged applications for banks. There are others which can address the many diverse challenges facing banks and other financial services companies today. One of these is flexible pricing. Packaged applications can deliver services at predictable costs and defined levels for a higher ROI. They also provide access to a broad range of world-class package expertise on demand. They allow cost reduction from economies of scale, and bring quicker enhancements and upgrades. Other tangible benefits include consistent customer experience and flexible approaches to addressing customers' needs. Simultaneously, enterprises develop capabilities to prioritize requests and orders according to customer value or profitability. On time delivery of orders can drive customer satisfaction.

Choosing the Right Solution and Reducing Complexity

There are many considerations when choosing the right solution for a business, and indeed there are many packaged applications options available as well. Some of the key considerations include: cost, the systems that an organization already has in place, and the end users of the applications. Specific cost considerations include the size and geographic diversity of an organization. Data integration and migration represent some of the biggest costs in implementations with high levels of customization. In addition, annual maintenance fees and training for end users are potential costs that should not be overlooked.

One specific example to illustrate the use of packaged applications as a customized solution for a financial company was with CAIXA Econômica Federal, the largest public bank in Latin America. In addition to its banking services, CAIXA manages the country's lottery system, which is a major source of revenue for the federal

government. CAIXA had been outsourcing Brazil's national lottery operations to a third-party provider. However, the outsourcing solution was expensive to maintain and offered little control and expandability. CAIXA decided to bring the lottery system in-house to gain technological independence, scalability and cost control. To reduce complexity, they teamed with a service provider, and implemented a scalable and efficient new lottery system. The solution supports lottery games, financial services and social services for the Brazilian population. The tangible benefits included a reduction in infrastructure acquisition costs by over 50%, or \$330 million U.S. dollars; a 7% increase in lottery participation nationwide; and facilitated delivery of enhanced convenience and efficiency to CAIXA's customers.

Conclusion

In summary, key takeaways from this podcast are: Packaged applications can be a good fit for the financial services industry, particularly banks and insurance companies. These organizations have distributed workforces, and packaged applications establish a centralized lifecycle management system that tracks changes and work items and associates the information with business gaps. In banks and insurance companies, customer service is crucial. Packaged applications can improve customer relations, increase customer satisfaction and, ultimately, sales. Packaged applications can also leverage systems that are already in place, and services can be delivered at predictable costs and defined levels, all leading to increased ROI. Implementation of packaged applications can reduce complexity for managers and end users. Management of the process is facilitated when the business needs are fully understood at the outset – an assessment must be complete before deciding on the right solution, and regular testing going forward will ensure continued success of the system and business.

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