





# Who is the Digital Customer?

A large, bold, teal-colored number '1' is positioned on the right side of the slide. It is enclosed within a yellow, semi-circular arc that is part of a larger graphic element consisting of two horizontal yellow lines and a curved yellow line on the right.



# Who is the Customer of the Future: Is the future about “customers” or an “audience”?



## CULTURAL THEMES change value propositions

- No “normal” household of customers
- Location services, meet-ups, value in **the app**
- **Social** media usage is no longer age-related

## TECHNOLOGIES change Interactions

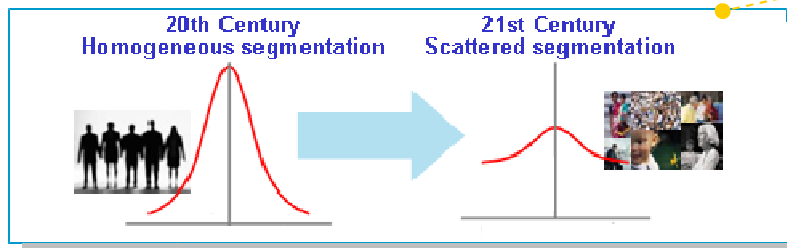
- Semi-automatic personalization via **analytics**
- Slick **integration** between platforms, channels, computers, phones, devices ... or not
- Single client **context** analytics is feasible
- **Biometrics** for authentication

## CONTROL changes hands

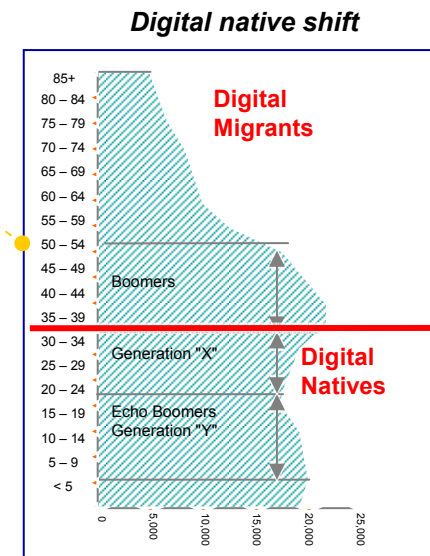
- The front office is now **customer-owned-devices**
- **Cloud** as a business model, not just technology
- **Payments** multiply: “50 ways to give you money”

## CUSTOMERS change segments

- New value **aggregators** steal customers
- **Digital natives** customers become the majority
- **New core values** of customer
- Customer segmentations **scattered**
- Customer is influenced by a new **cross industry approach** by companies (games, HighTech, fashion, etc.)



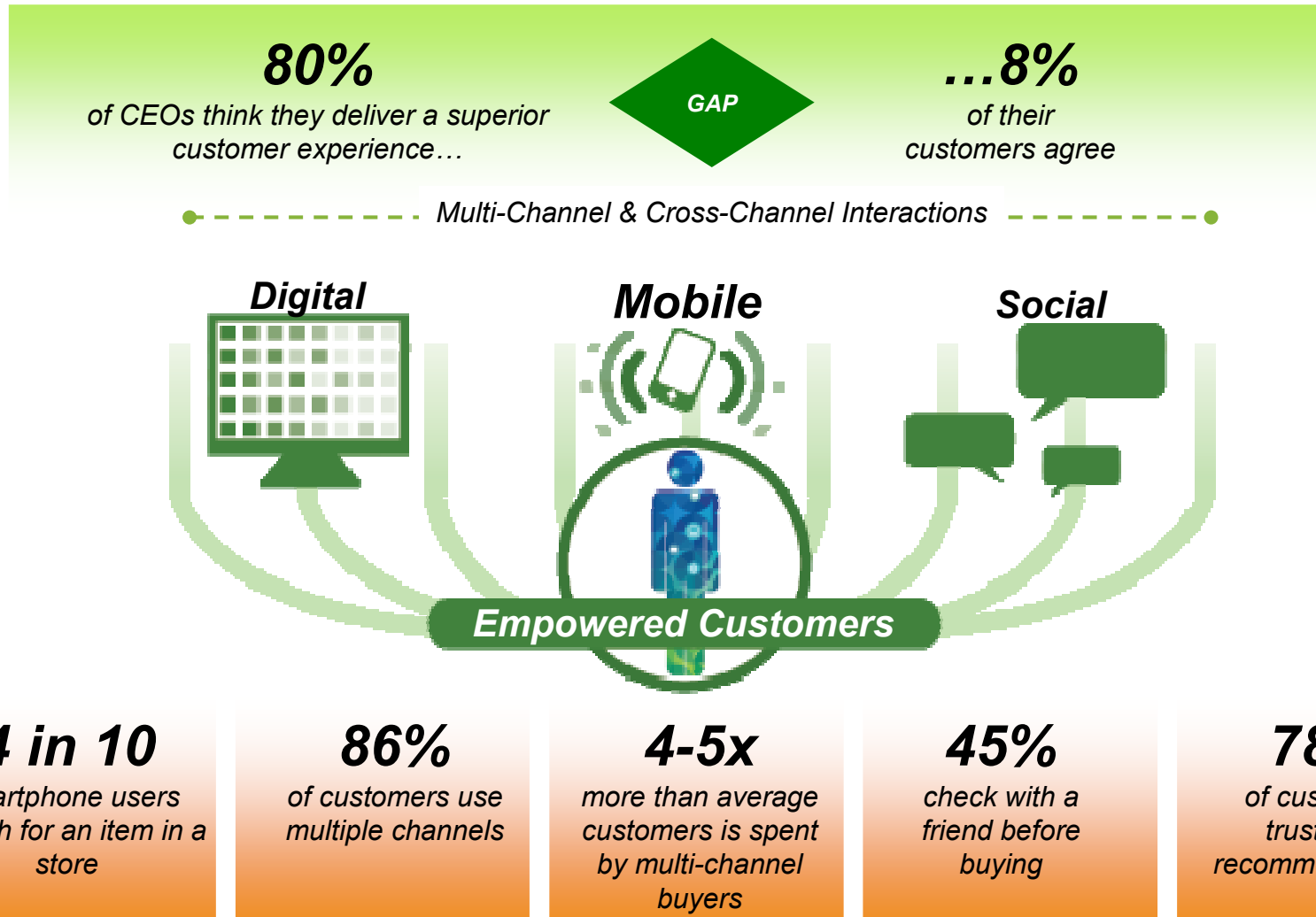
Source: IBM Institute for Business Value



Source: Beck and Wade, Got Game, Prensky, Digital Game Based Learning



# Sophisticated, Enabled, Empowered, Digital





# Monetizing the Digital shift



2



## Drivers of Digital Transformation for a Customer Focused Enterprise

We have identified **four levers**, to managing this Digital Transformation and “monetize” the customer and business model shift in the most efficient way.





# Customer focused channel integration



Multi-channel

## Expected Value Benefits

Reduce operation costs

4

Reduce IT maintenance

1

Increase customer acquisition & retention

3

Increase revenue per customer

4

## Description

- Drive channels use to fit the customers effective need, autonomy & economic potential

*e.g. Foster self serviced transactions on direct channels through improved experience & adjusted fees while focusing branches activity on high added-value, complex & advice – based services*

## Major expected benefits

- **Reduced cost** of transaction processing through an increased ratio of online basic transactions
- Effective **multi-channel experience** leading to an increase in transformation rate
- Increased customer appreciation of the bank added value by online features leading to a loyalty improvement, a **decrease in churn** and an enhanced image for potential customers
- Reinforced advisory role of the bank leading to the ability to seize more **wallet share**

## Key success factor

- Align customers with their channel preferences and business potential
- Foster customer adoption with easy but secure enrollment, super convenience, some wow features
- Sustain rapid revision of channel strategy and solution delivery capacities to answer consumers changing expectations and market shifts in time
- **Enhance branch** effectiveness with technology & workforce education

## Challenges

- Provide a true Multi-channel seamless experience
- Enable collaboration between channels through effective **cross silo governance**



Multi-channel

# It's not about simply providing targeted digital functionality....

## The Problem

5M Apps

### Social Media



Digital records



Security



"50 ways to make a payment"







Multi-channel



# The key is to integrate digital channels into serving a monetized customer need





# Moving from "social media" to "social business"



Social Business

## Expected Value Benefits

Reduce operation costs

2

Reduce IT maintenance

1

Increase customer acquisition & retention

4

Increase revenue per customer

3

## Description

- Internally: support social business with better employee collaboration and the development of new products and services
- Externally: leverage social business to build bank's brand and gain insights into customers

## Major expected benefits

- **Revenue growth** by providing customers with product & service innovation
- Strengthening the **loyalty** loop – by generating more advocates, customers are influential and talk well about the bank products and offerings
- Restoring **trust** and improving the customer experience
- Ensuring **workforce effectiveness** by capitalizing on collective intelligence
- Identification of opportunities leading to increase in wallet share
- Development of potential prospects number and better understanding of their needs and expectations leading to an **increased conversion rate**

## Key success factor

- Embrace an open dialogue with customers to involve them in product development, promotion and customer service
- Provide consistent and custom fitted experiences based on user preferences, devices, locations, and behavior patterns
- Leverage analytics to understand customer insights from across internal and external data sources (Facebook, Twitter, and so on.)

## Challenges

- Privacy Concerns
- Stand-alone ROI
- Manage influence of customer commentary on brand perception and take into account customer conversations and feedback
- Restoring Trust: Transparency and Customer Focus



Social Business



## Social media is different from advertising ...

Social media offers independent credibility because **consumers tend to trust the opinions** of other consumers more than they trust messages from advertisements

*Deepen client relationships*

*Drive operational effectiveness*

*Optimize your workforce*

Forward thinking companies are **transforming into Social Businesses** to create value



**RBC**  
Royal Bank

**300% INCREASE**  
in Online Sales

# BBVA

Over one percent **increase in positive feedback** while showing a **1.5 percent reduction in negative feedback**



**BBVA Compass introduced SmartyPig,**

a site where savers can publicly save  
Contributing real money to an account which is visible to others.



Millions of visitors went from Facebook to vote on the bank's giving site, which resulted in **gifts to more than 300 charities**

**celina**  
INSURANCE GROUP

**25% INCREASE**  
in Revenue



**124,000 CONNECTED**  
Employees



# To be Successful, Social Business must be both internal and external

Customer Experience and Insight

Product & Service Innovation



Workforce Effectiveness



# To monetize Social, it must translate into a set of value added services that BNPP can put in the customer's hands





Big Data

## Leverage available data with unstructured data analytics capabilities



Big Data

### Expected Value Benefits

Reduce operation costs

2

Reduce IT maintenance

1

Increase customer acquisition & retention

4

Increase revenue per customer

5

### Description

- Drive profitable growth by empowering innovative sales approaches

### Major expected benefits

- Increase in **sales efficiency**:
  - Increase in wallet share, product sales and product acceptance rate
  - Increased customer revenues (up to 40% expected in emerging markets)
  - Enhanced call center efficiency (more relevant outbound calls)
  - 10 to 15% increase in cross-sells expected
  - Reduced account and products opening time
- Improvement of loyalty scores and **customer retention**
- **Decrease of marketing costs** (up to 30%) along with an improvement of results (through Improved customer understandings, shortened and parallelized targeted marketing campaigns)

### Key success factor

- Front-, Middle- and Back-offices alignment
- Cross lines of business approach
- Foster innovation through a mix of IT capabilities and business insights
- Identify and collect all in-house client data sources as well as partner and subsidiary data

### Challenges

- Retrieve clean & accurate information from complex and evolving systems
- Analyze and make decisions from unstructured social data
- Develop a 360° view leveraging structured and unstructured data via enterprise search engine



Big Data

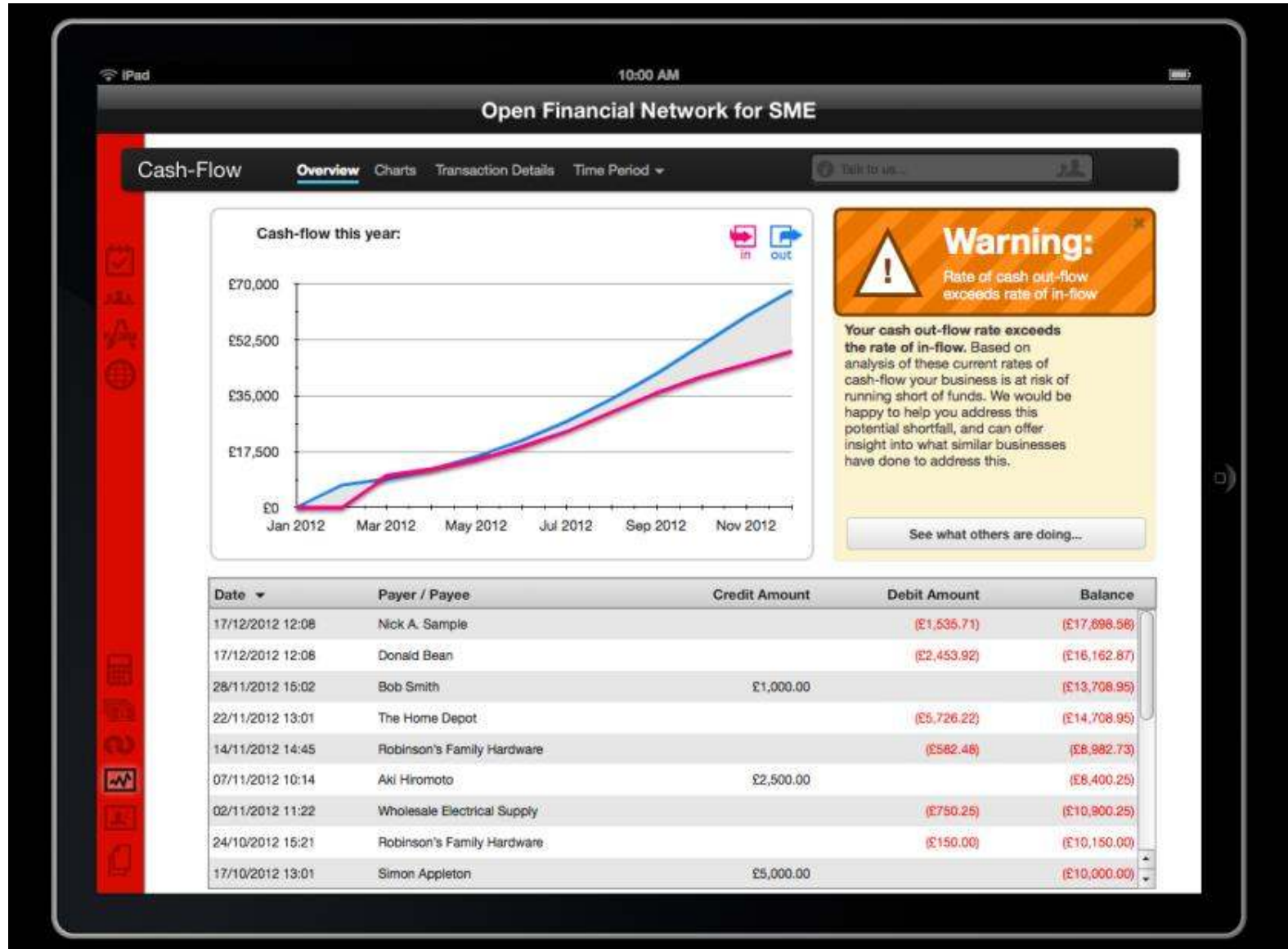


## Analytics that both the customer and BNPP can use: PFM





# Leveraging Analytics for Small Business Enterprises







# Exposing cross-sell opportunities

**Open Financial Network for SME**

Cash-Flow Overview Charts Transaction Details Time Period

Cash-flow this year:

Warning: cash out-flow rate of in-flow

How similar businesses are addressing shortfalls in cash-flow

- 82% Smart Receivables**  
Obtain a credit line linked to your accounts receivable.
- 29% Second Mortgage**  
Take out a second mortgage on your home.
- 5% Sell Receivables**  
Sell accounts receivable to the bank.

Date			Balance
17/12/2012 12:08			(£17,000.00)
17/12/2012 12:06	Donald Bean		(£2,453.92)
28/11/2012 15:02	Bob Smith	£1,000.00	(£13,708.95)
22/11/2012 13:01	The Home Depot		(£5,726.22)
14/11/2012 14:45	Robinson's Family Hardware		(£582.46)
07/11/2012 10:14	Aki Hiromoto	£2,500.00	(£6,400.25)
02/11/2012 11:22	Wholesale Electrical Supply		(£750.25)
24/10/2012 15:21	Robinson's Family Hardware		(£150.00)
17/10/2012 13:01	Simon Appleton	£5,000.00	(£10,000.00)



Anticipate

## Transforming to anticipate future needs



Anticipate

### Expected Value Benefits

Reduce operation costs

3

Reduce IT maintenance

4

Increase customer acquisition & retention

2

Increase revenue per customer

2

### Description

- Set up a flexible and reactive infrastructure organization to rapidly answer shifts in digital strategy and consumer expectations  
e.g.: develop R&D capacities of marketing function, foster explorative culture set up flexible, device independent infrastructure

### Major expected benefits

- **Shorten time-to-market** with reusable services and respond to speed to market/innovation challenges (too slow to innovate, loss of first mover advantage)
- Provide insights into **channel intelligence** and channel transitioning
- Increase the effectiveness of cross-selling and **campaign delivery**
- Answer customer changing expectations to enhance brand image and customer satisfaction
- Reduce **cost of customer operations**
- Improve revenue performance

### Key success factor

- Implement a single Multi-channel digital platform compliant with multi-devices, multi-OS, for B2C and/or B2E, etc.
- Set up an industrial solution to handle the entire lifecycle of mobile apps
- Accelerate delivery to respond to fast changing business needs of the several Retail Banking markets and Operational entities expectations
- Support a model of flexible service center to cover the needs of all entities, all countries and compatible with an near shore and offshore approaches

### Challenges

- Establish the right Cross CxO governance
- Address and meeting ever-changing customer needs and demands while maintaining acceptable or improved (ROE) and efficiency ratios

# Customers — connected, complex, in control



New to banking  
Family wealth



Complex life  
Global, private



Second career  
Small business



Mobile, digital  
Needs advice



Small businesses on three continents; need connections



Timeline

Customers

Needs



[ibm.com/banking](http://ibm.com/banking)