

DEVELOPING COMMUNICATION AND COLLABORATION IN BANKING AND FINANCIAL SERVICES FOR INCREASED BUSINESS VALUE



A Frost & Sullivan White Paper

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INTRODUCTION

Software and systems are a vital part of any business today. The banking and financial services industries have been pioneers in adopting new software and systems to benefit customers by providing multiple channels, as well as equipping staff for fast, informed responses. The landscape of banking and financial services industries is changing radically right now, both domestically and globally. As acquisitions progress, government regulations change, and the daily news is digested, banks must continue operating and innovating. Employees must be able to collaborate and respond to customers' needs, which are paramount in banking.

Banks and other financial services firms face greater communication challenges than in the past because they are performing on an increasingly competitive and dynamic platform to offer a wide array of products. In this competitive environment, to drive brand and product awareness, it is crucial for firms to communicate their brand and products and to effectively leverage internal resources through convenient, accessible technology mediums. Integrating communications and collaboration in a rich, multimedia experience — one that can include unified telephony, voice, video, instant messaging (IM), web conferencing, email, voice mail — enables a whole new way for people, teams and communities to find experts and make faster, better decisions. This approach to communication and collaboration can facilitate more effective, secure, and personal communications.

OVERVIEW OF COMMUNICATION AND COLLABORATION IN BANKING

In the past, traditional banking was often done in branches and corporate offices, using disparate voice and data systems. The challenge for adopting new solutions is overcoming the limitations of traditional, stand-alone data, telephony and video. In addition, banks have evolved, and many functions now include other players such as analysts, product managers, technology specialists, and other experts who support the complex and high-value activities. Given this, many organizations are seeking communications approaches to help deliver a user experience that unites people across and beyond traditional business boundaries. The key is for banks and other financial institutions to focus not only on the operational problems, such as the very tailored processes and ineffective transfers that can impede turnaround, but also on the organizational limitations that inhibit collaboration, accountability, and working towards a common goal among teams. By adopting this integrated approach, managers in a variety of financial settings can realize significant benefits. The results will likely include improved productivity, happier employees and, ultimately, more satisfied customers.

The financial services industry is changing daily. It has consolidated significantly, and the next steps have to be taken with a focus on successful integration. Simultaneously, information technology (IT) is evolving and being adjusted to meet the new needs of banks. Firms must take valuable information regarding a product or market and rapidly move that information to the distribution channel. Many people may need access to the same information whether they are in the office in downtown or midtown New York, or across

the world in Singapore. Additionally, employees and customers are increasingly expecting levels of communication across all channels – in person, via phone or web.

CURRENT MARKET AND INDUSTRY CONDITIONS IN BANKING

Obviously the current market conditions have increased the pressure within banks and on managers in particular. Three U.S. banks acquired major institutions in the last few months as part of the continued economic and credit crisis. The integration process has begun and will likely be ongoing for several months. These managers have a responsibility to enable their employees to serve often demanding customers. Better communications tools for increased collaboration to achieve better individual and team or workgroup productivity are imperative.

Other challenges firms face include differentiating their products and services from competitors; communicating more effectively to a wider audience; meeting expectations of partners in the supply chain; educating the distribution channel on complex product offerings; remaining innovative and providing new methods in presenting information on company, products, and services; measuring potential sales leads that are derived from company's current communication technology; and finally, an unwillingness to use new technology by both employees and customers.

CONSIDERATIONS IN CHOOSING A COMMUNICATION AND COLLABORATION SOLUTION

When a firm decides to go with a communication and collaboration solution, the next step is deciding on the provider. As part of this, the firm must decide what its biggest challenge individually, such as accelerating revenue growth, or increasing efficiencies and cost savings. It should then analyze what it needs to meet that challenge. The provider will need experience and the ability to execute and support the firm in that area, wherever it is located around the globe.

The benefits should also be considered. Return on investment for many small or medium-sized banks will be realized within 18 months. This is done with improved productivity and customer satisfaction and an improved ability to identify new growth opportunities.

Using a platform that incorporates email, IM, telephony, video conferencing, and others increases employee flexibility. For example, it provides the opportunity to see whether colleagues are available. Simply knowing whether the colleague is available can provide efficiency because the call does not have to be placed, saving time. Also, customers can contact specialists right away via videoconferencing, which saves time and money, and leads to a better customer experience.

A communications and collaboration solution should have flexibility to integrate multi-vendor environments. Companies must find ways to leverage and better manage the various multi-vendor infra-structures they have today. Moreover, when mergers or

acquisitions occur, the faster the companies can marry disparate communications and collaboration infrastructures, the faster they can optimize combined strengths, productivity and costs. Leveraging what you have can save money, but it can also ease the transition for managers and employees. It is not about completely replacing systems, but utilizing and uniting existing infrastructure and investments, even if they are from more than one vendor.

The provider should have design and integration services for rapid deployment. Speed to market for innovative products, such as those in banking, is necessary. In addition, expertise in business communications should be considered. The provider should also be acquainted with the complexities of the banking and financial services industries.

Flexible systems are key – add only what you need, when you need it. This is especially important in acquisitions and in small banks. Beyond increased flexibility and productivity, a unified communications and collaboration strategy can help reduce IT operating and support costs. Some research estimates that advanced audio conferencing in a converged network environment can save as much as 35 percent over the cost of traditional approaches. Significant annual savings in phone and travel costs from the use of IM and web conferencing can also be realized.

Unified communication and collaboration solutions can also make banking applications more effective. Examples include the lending process, developing new business, and taking care of the customer in real time. The software solutions do not have a prohibitive cost for small businesses and allows disparate branches to share and transfer business without disrupting the customer experience.

Access to a complete solution from a single provider is attractive to IT managers. By providing users with a single, simple integrated experience across the applications as well as the communications and collaboration tools they use every day, organizations can develop more dynamic and flexible business systems. This can make users' lives less complicated, even when using solutions from multiple vendors. As a result, more flexible, real-time business models can be built that allow them to respond more quickly to emerging marketplace opportunities and competitive threats.

While the benefits are abundant, there are also costs associated with a unified communication and collaboration solution. There are the upfront costs, but generally there is a low total cost of ownership over a few years. The ease of use generally shortens the learning curve for employees. In addition, IT managers who embrace the idea of unified communications and collaboration are positioned to reap the greatest benefits for their firms. They are putting themselves in place to change the way employees interact with one another. At the same time, these adopters are consolidating and standardizing business and communications processes, which can lead to faster time to market and satisfied customers.

FUTURE TRENDS AFFECTING COMMUNICATIONS AND COLLABORATION IN BANKING

There are several trends in the overall banking and information technology sectors which will drive the adoption of unified communications solutions in banks.

- The financial market volatility has provided a challenge in better communicating with advisors, investors, employees and customers, on product, market, and economic performance, and investment strategies.
- Budget constraints are omnipresent in business. However, the current state of the economy overall and the banking and financial services industries in particular, make this issue even more pronounced.
- Proliferation of competing products has generated the need to communicate effectively and frequently on a company's product and brand. Brand awareness and value-added services differentiates companies from each other. This is key in this area where reliability and value is necessary – it is non-negotiable for banks and can ultimately drive growth.

In addition, there are overarching trends which are facilitating the move to a communications solution across industries. Many of the following are interrelated.

- The globalization of business continues, leading to even more dispersion in the workforce and cultural divides.
- The transition to the virtual workplace has been accelerating. The dispersed workforces include an increasing number of employees working from home. The virtual workplace will also become the rule as the number of desk phones and computers gradually decreases, replaced by mobile devices. Social networking tools and virtual world meeting experiences will simulate the feeling of being there in-person.
- Instant Messaging and other real-time collaboration tools will become the norm. Just as email became a business necessity, a new generation of workers has a new expectation for IM as the preferred method of business interaction. This will fuel more rapid adoption of unified communications as traditional IM becomes the core extension point for multi-modal communications.
- A move to collaborative business processes will obviously benefit a company that can provide such a solution. Companies will go beyond the initial capabilities of IM, like click-to-call and online presence, to deep integration with business processes and applications, where they can realize the greatest benefit.

- Interoperability and open standards will remove proprietary walls across business and public domains. The corporate demand for interoperability will move unified communications providers to embrace interoperability. Converged, aggregated, and rich presence will allow businesses and individuals to better find and reach the appropriate resources, removing inefficiencies from business processes and personal communications.
- Green IT is a driver for firms to adopt communication technologies that are web-based, such as web conferencing and webcasting, which would leave a smaller carbon footprint.

CONCLUSION AND KEY TAKEAWAYS

The financial sector has changed, and customers' attitudes have as well. While it will continue to be a challenge, banks must foster innovation and business agility, while simultaneously satisfying ever higher standards of accountability and compliance. To achieve this, they need to make it easier for people to find, reach and collaborate securely with one another through a unified communications experience — right from their familiar devices, applications, and processes. Embracing this solution can be viewed as an opportunity for an organization to focus on creating business processes that also increase their efficiency to maintain a competitive advantage.

The firm's service provider should be able to deliver complete software, services and hardware solutions for unified communications and collaboration — in partnership with the leading telephony, audio, and video vendors. These software and services solutions offer a simple, unified user experience that seamlessly integrates with multi-vendor environments. And the open ecosystem and open standards-based software allows firms to leverage and extend IT and telephony investments to help make users more productive, speed business processes and time to market, and reduce overall costs.

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