The Digital Transformation Continues

Sumeet Sanghani
SVP head of Strategy
Financial Services, Xerox
Discussion Topics

What makes for a delighted, loyal and profitable customer in this digital age?

Design principles for service providers to win in the digital age

The Digital Transformation Continues

Customer skills everywhere and being mobile and online

What are you doing now?

Take 5
Take 5
The Digital Transformation Continues

Sumeet Sanghani
14th October 2014
London
Discussion Topics

What makes for a delighted, loyal and profitable customer in this digital age?

Design principles for service providers to win in the digital age
What makes for a delighted, loyal and profitable customer in this digital age?
A series of life events
Rule #1: Know your customer

Customer data is everywhere and is being created and destroyed constantly

...but are you listening?
Always on marketing!

Image Source: www.kaienzeo.com.br/marketing-digital/
Rule #2: Marketing means nothing....

...until and unless it means something to me.

Knowledge of your customer is a strategic asset.....deploy it!
Multi channel....and then some!
Rule #3: The digital experience is here...

The Connected Consumer
- 80-85% of the UK population are internet users
- 72% of the UK population own a smartphone
- Access to the internet using a mobile phone more than doubled between 2015 and 2019, from 21% to 58%
- People spend more time with their phones than with their partners
- On average, US customer interacts with their smartphones 150 times a day
- Over 25% of 18-34 year olds manage their money online
- 60% of people rank on-lime 7.2% who are branch

The Power of Digital
- How many times per MONTH do you visit a website?
- How many times per MONTH do you use mobile banking?
- How many times per DAY do you interact with your mobile device?

and we’re right in the middle of it...
Rule #3: The digital experience

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>Nationwide unveil first internet banking service</td>
</tr>
<tr>
<td>2003</td>
<td>Chip and Pin card security introduced</td>
</tr>
<tr>
<td>2007</td>
<td>The first contactless card transactions take place</td>
</tr>
<tr>
<td>2010</td>
<td>Mobile banking apps are launched in the UK</td>
</tr>
<tr>
<td>2014</td>
<td>Paym, near industry-wide payment by text technology, goes live</td>
</tr>
</tbody>
</table>

The Power of Digital

How many times per MONTH do you visit a branch?

How many times per MONTH do you use mobile banking?
The Connected Consumer

- 89.8% of the UK population are Internet users
- 72% of the UK population owns a smart phone
- Access to the Internet using a mobile phone more than doubled between 2010 and 2013, from 24% to 53%.
- People spend more time with their phones than with their partners
- On average, US customer interacts with their smartphones 150 times a day
- Over 75% of 25-34 year old manage their money online
- 80% of people bank on-line vs 72% who use branch
The Power of Digital

How many times per MONTH do you visit a branch?

How many times per MONTH do you use mobile banking?

How many times per DAY do you interact with your mobile device?
- Over 75% of 25-34 year old manage their money online
- 80% of people bank on-line vs 72% who use branch

**Figure 12a. Channel use (% who use channel at specified frequency)**

<table>
<thead>
<tr>
<th>Channel</th>
<th>Daily</th>
<th>Weekly</th>
<th>Monthly</th>
</tr>
</thead>
<tbody>
<tr>
<td>Online/internet</td>
<td>20%</td>
<td>37%</td>
<td>21%</td>
</tr>
<tr>
<td>Mobile</td>
<td>10%</td>
<td>20%</td>
<td>18%</td>
</tr>
<tr>
<td>ATMs</td>
<td>9%</td>
<td>49%</td>
<td>29%</td>
</tr>
<tr>
<td>Branch or office</td>
<td>20%</td>
<td>37%</td>
<td>29%</td>
</tr>
<tr>
<td>Call center</td>
<td>9%</td>
<td>18%</td>
<td>33%</td>
</tr>
</tbody>
</table>

Every 7.5 seconds a bank customer signed up for payment by text services in the first month of Paym

- 7 million — daily log-ins to internet banking services
- £6.4 billion — amount customers transfer per week using internet banking — up from £5.8 billion last year
- 750,000 — Santander customers typically log-on each day
- 5.6 million — RBS and NatWest customers now bank online — equivalent to the population of Denmark
- 2,274 — bank branches have been refurbished in the past two years
- 14.7 million — banking apps downloaded so far
The Power of Digital

How many times per MONTH do you visit a branch?

How many times per MONTH do you use mobile banking?

How many times per DAY do you interact with your mobile device?

and we’re right in the middle of it...

...whether we like it or not!

Source: Capco
Rule #3: The digital experience is here...

and we’re right in the middle of it... ...whether we like it or not!

Source: Capco
Design principles for service providers to win in the digital age
Reimagine the customer lifecycle
Conventional view of the customer lifecycle
Prospect

- Analytics enabled targeted marketing
- Multi-media (online, print, radio/TV, mail)
- Selling messages with little differentiation
Acquire

- Multi channel onboarding
- Vestiges of analog remain, sometimes with good reason
Service

- Focus on not breaking anything...or fixing it fast
- Fill it and forget it ethos (hope they don't call or complain!)
Retain

- Typical focus on reactive retention
- Limited cross selling
- Growing use of online monitoring, usually to quell dissatisfaction
Reimagine the Customer Lifecycle
Reimagine the Customer Lifecycle

Conventional view of the customer lifecycle

Customers' view of the customer lifecycle
**Prospect**
- Analytics enabled targeted marketing
- Multi-media (online, print, radio/TV, mail)
- Selling messages with little differentiation

**Inform and educate**
- Targeted communications, intended to educate, heighten awareness and refine needs
- Delivered through multi-channel and multi-media, per customers’ preferences
Inform and educate

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Acquire

- Multi-channel onboarding
- Vestiges of analog remain, sometimes with good reason

Select & Customize

- Multi-channel options for onboarding clients, per their preference
- Ability to customize features, functionality and price
Select & Customize

- Multi-channel options for onboarding clients, per their preference
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Service

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Value Realization

- Proactive monitoring and self remediating services, often before problem is found
- Focus on value realization
- Ability to customize features, functionality and price based to optimize value and usage
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Loyalty Appreciation

- Additional value creation and sharing for loyalty
- Involvement in new product and service definition
Optimize the customer touch points...
...but don't forget the plumbing
Think (and act) like a start up

Rapid iterations
If successful, reinforce
If not, move on
Generate ideas for digital enhancements
Build and deploy to customers
Measure and learn how customers choose and use your products
Rapid iterations

If successful, reinforce

If not, move on
Rapid iterations

If successful, reinforce

If not, move on
Which customer would you rather be (or have?)

"Traditional" Customer
- Delivers a product, not a solution
- One-size-fits-all
- Poor length of service
- Concerned with initial cost
- Loyalist

Digitally Enabled Customer
- Proactively educates and informs
- Clarifies expectations and value from solution
- Customized solutions, consistent
- Meeting's features, functionality, and value
- Analytical and irresponsible
- Sustainable and proactive
"Traditional" Customer

- Unclear needs, uninformed product choices
- Frustrated by channel proliferation and fragmented experience
- Questions value proposition
- Limited loyalty
Digitally Enabled Customer

- Proactively educated and informed
- Clear about expectations and value from provider
- Customized solutions, constantly evolving in features, functionality and value
- Flexible and interoperable channel choices
- Sustaining loyalty and profitability