

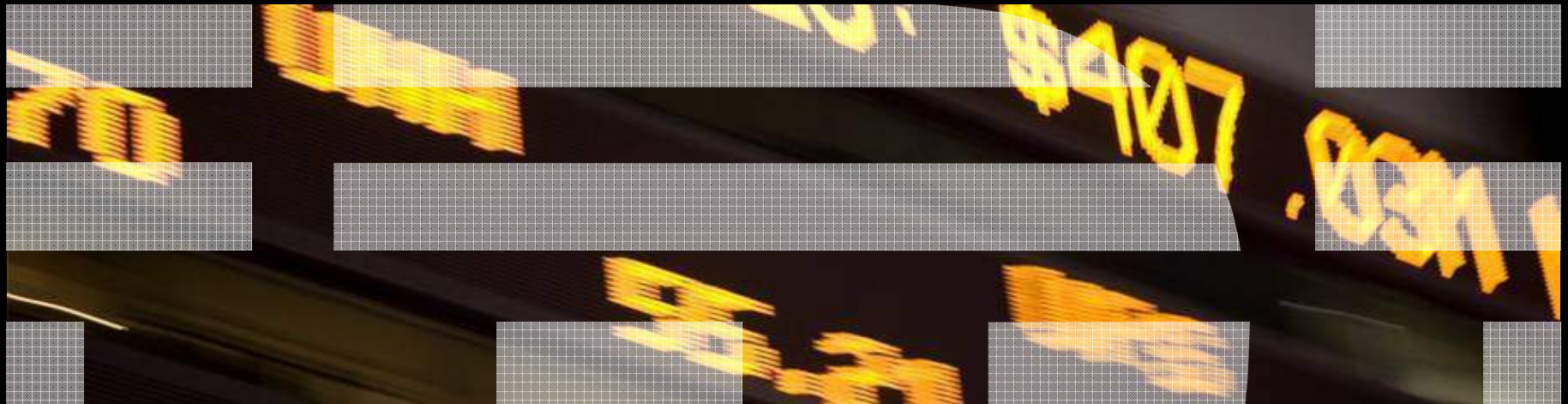
Chris O'Connor
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FST Banking Conference

Business Agility for Smarter Banking

Achieving Faster and More Profitable Results in Banking Operations





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The Cost of Status Quo...

2.5 billion

Population of the world that does not use formal financial services to save or borrow

70%

Percentage of retail banking customers who have had at least one negative experience during the past year

80%

Of financial services firms who say their governance, risk and compliance processes are still not integrated across their enterprise

Banks Must Work Smarter





Example: The Cost of Running Inefficient & High-touch Loan Origination Processes?

Bank Customers Experience

- Waiting time of **two weeks** for loan results
- **Numerous** errors and re-submissions of customer data
- **Frequent** call backs from bank for more information
- No **visibility** in status of loan

The Impact on Business Results

- **15 days** for loan approval process
- **100's of man-days** lost to inefficient and manual processes
- **Numerous** loan origination systems increase IT support costs





How Responsive Are You to Your Customers?

- How long does it take to **approve loan applications**?
- How many hours are you wasting asking for **duplicate information**?
- **How many times** does a customer call you for an application status?



GE Commercial Bank

Automated online status of internal and external loan inquiries reducing call backs. Saved **8000 man-hours** during initial project phase



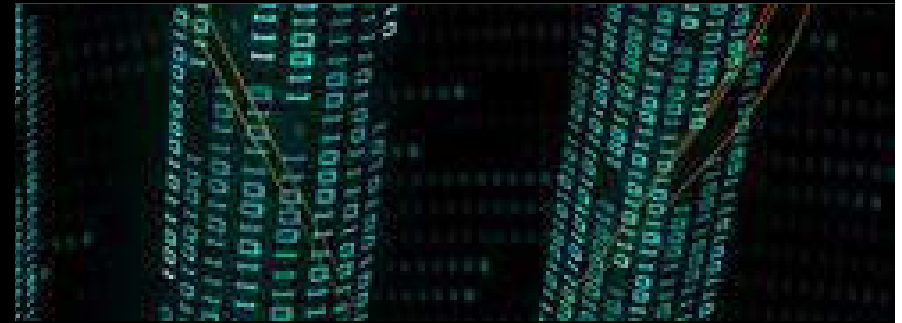
Regional European Bank

Automates all consumer loan origination processes and decisions through three pillars of process improvement: BRMS, BPM and ECM



3 technology initiatives to start improving your loan processes

in **3** months or less...





Streamline Loan Origination by Improving Process Agility

1

Business Process Management

Automated, dynamic, optimized



Process Management

- Defines and orchestrates the end-to-end process
- Combines automation with user interaction
- Is fundamentally concerned with operational efficiency of the organization



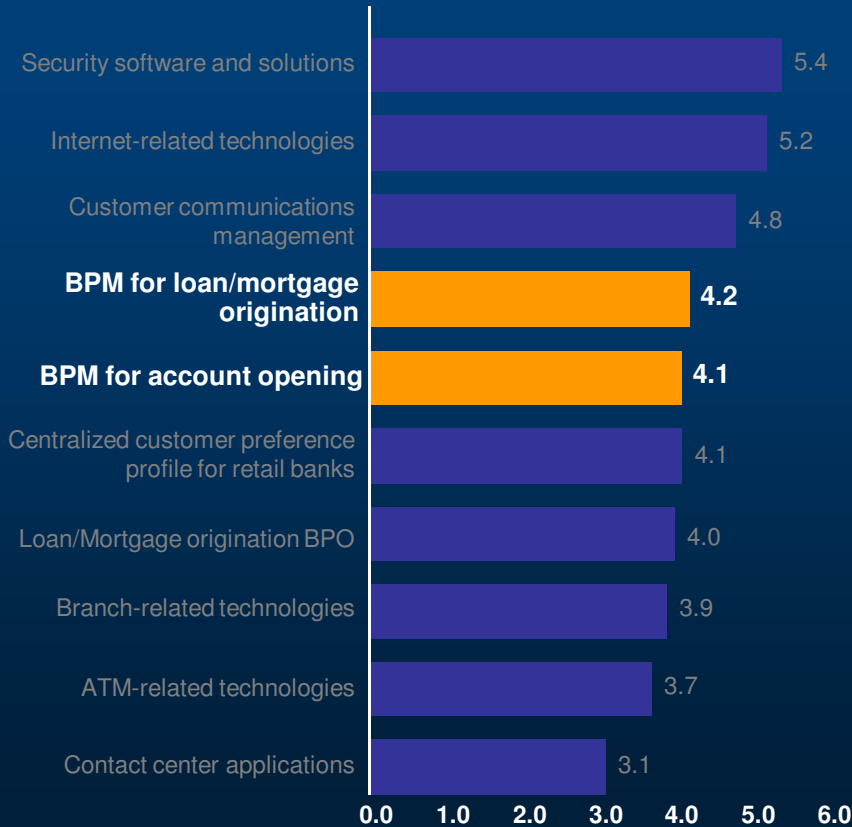


Improve Process Agility – Why BPM?

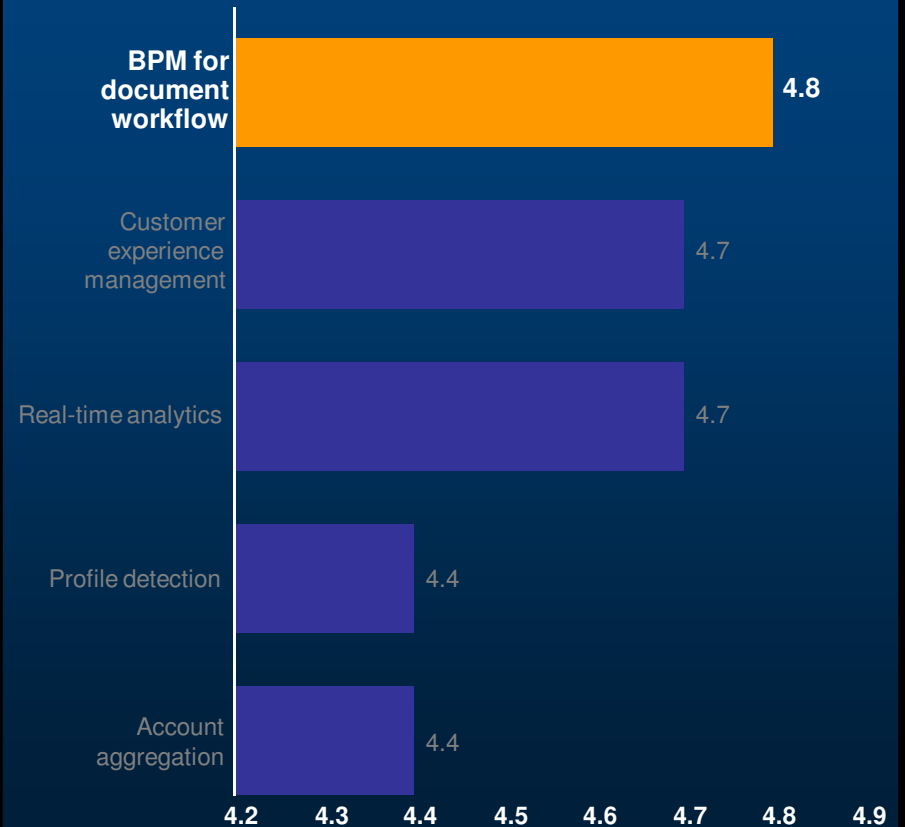
BPM is a priority capability for banking institutions to better serve customers



Front Office / Retail Delivery Channels Solution Ranking



Front Office / Retail Delivery Channels Solution Ranking



Note: Ranking is between 1 and 7 providing the priority of each technology for the banks of that region (1 being the least important and 7 the most)

Source: Market Insight: A Banking Industry Primer, 2010: Gartner, March 2010



GE Money Bank *Gains 8000 Hrs. of Productivity in Loan Processing*



Situation

- Multi-channel communications required numerous follow-ups & manual interventions because there was no line of sight into the process
- Needed to streamline its processes to in order to operate more efficiently
- Needed effective way to move and track work, between loan origination and loan processing

Business Agility

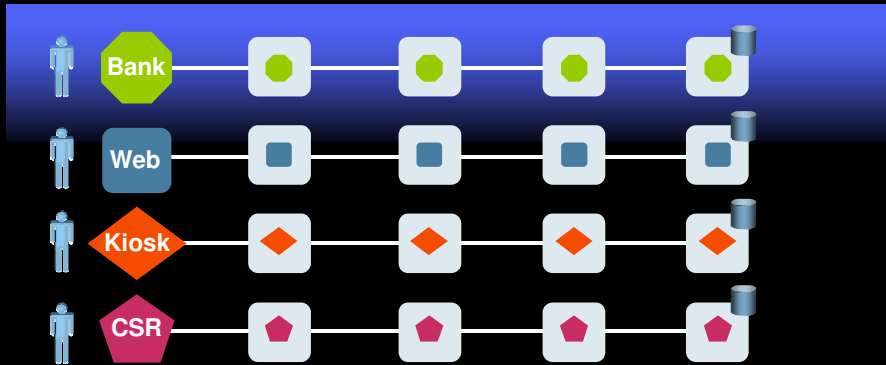
Key Business Outcomes

- **Gained 8000 hrs** of lost productivity due to inefficient and manual processes
- **Reduced** number of customer call backs
- **Enhanced** loan & processing applications due to better communication and collaboration
- **Increased** visibility of loan inquiries with automated online status



Loan Origination: Improving Customer Initiated Contact

“As Is” Process



Different processes used to identify existing customers using different channels

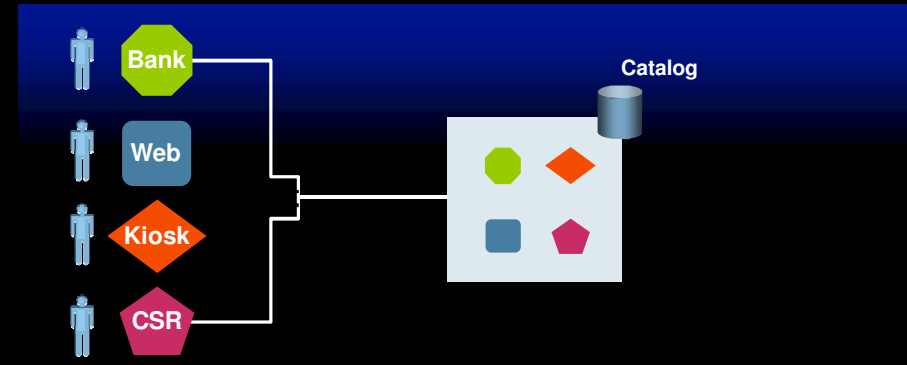
Offers not tailored to customer profile. Unsuitable products are offered

Difficult to initiate a transaction in one channel and continue in another

No global product catalog available

Unable to add channels easily to existing products & services

“To Be” Process



Single centralized view of customer, product, and account info

Insight into customer choices & preferences. Customization of products now available

Use channel of choice with consistent info. Start in one channel continue in another

Global, company-wide, product catalog available

Channels can be added quickly & easily



BPM to Improve Process Agility



Automate processes while integrating decisioning capabilities



Smart Processes

Flexibly price bundles in real time, streamlining account opening

Reduce manual interactions that decrease efficiency



Smart Customer Care

Quickly send new customers acceptance notices.

Simplify and scale the organization



Smart Operations

Reduce costs and complexity by automating commercial loan origination



Accelerate adoption of process implementation, improvement

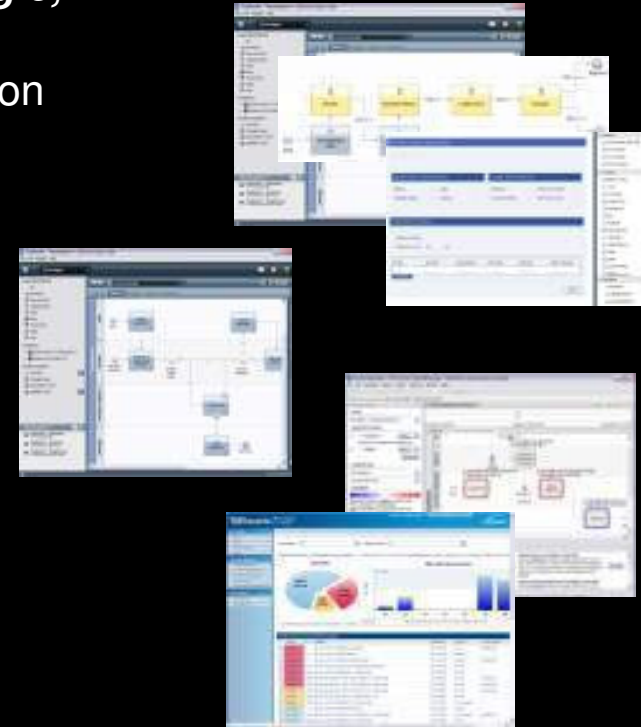
- **Rapid delivery, improvement** of process applications
- Build, deploy, measure, optimize processes using a **single, unified platform**
- **Shared model-driven architecture** ensures collaboration between Business and IT stakeholders

- **Built-in integrations with complementary IBM products**

- WebSphere Process Server, ILOG JRules, content management with FileNet or CM8

- **Optional add-ons extend access to processes from Microsoft desktops**

- Outlook, SharePoint add-ons



**WebSphere Lombardi
Edition V7.2**

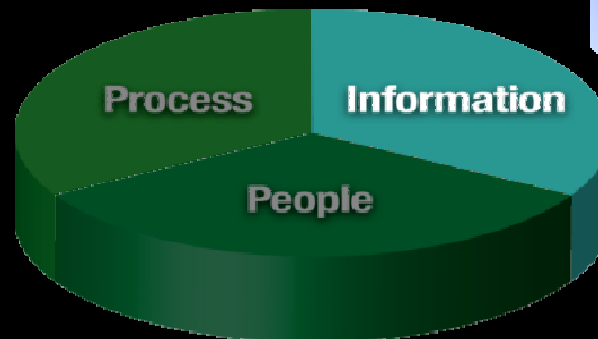


Streamline Loan Origination by *Enabling Automated Decisioning & Improving Agility*

2

Rules Management

- Defines and executes specific decision points in processes and applications
- Is focused on automating and improving decisions
- Is fundamentally concerned with the operational intelligence of the organization



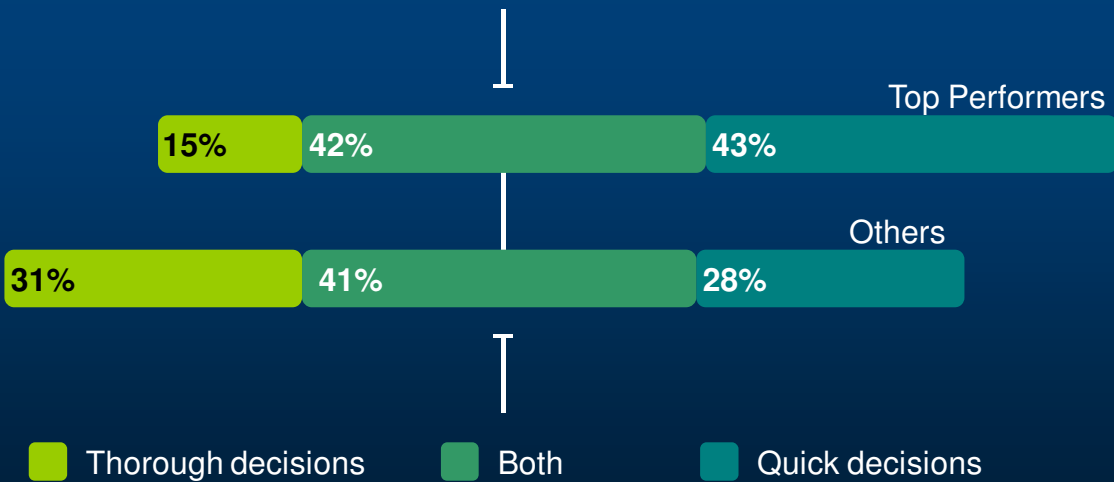
Business Rule Management Systems
Easy, safe, predictable change



Top Performers Focus on Quick Decisions Despite Uncertainty *Speed and the Ability to Pursue Opportunities Quickly was Top of Mind for Many CEOs*



Ways in which to achieve rapid change over next five years: **Decision Making**



54% more takes quick decisions

"... We have left competitors behind by making quick decisions – it is a differentiating factor for us."

CEO,
Life Sciences, Belgium



BRMS to Automate Decision & Improve Agility



Better credit decisions
faster



Smart Decisioning

Attract and retain more
customers with real-time
decisions

Increased straight-through
processing (STP)



Smart Application

Improve cost efficiency
through automation and
increased STP

Multichannel
consistency

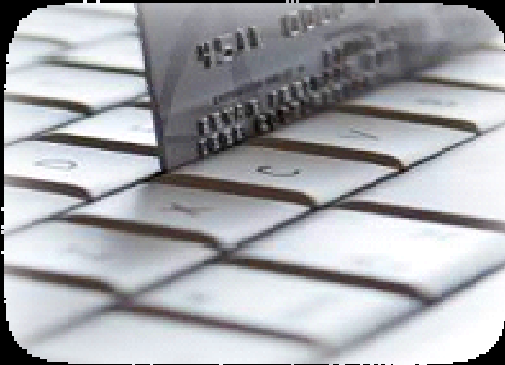


Smart Compliance

Enforce consistent,
accurate and transparent
compliance requirements



US Regional Bank: *Core Process Improvement with Rule-based Decision Services*



Situation

- Manual intensive processes reliant on individual skills of operators, agents etc
- Inconsistency in credit processing - from simple data validation to complex risk assessment
- Integration of different architectures and data was difficult

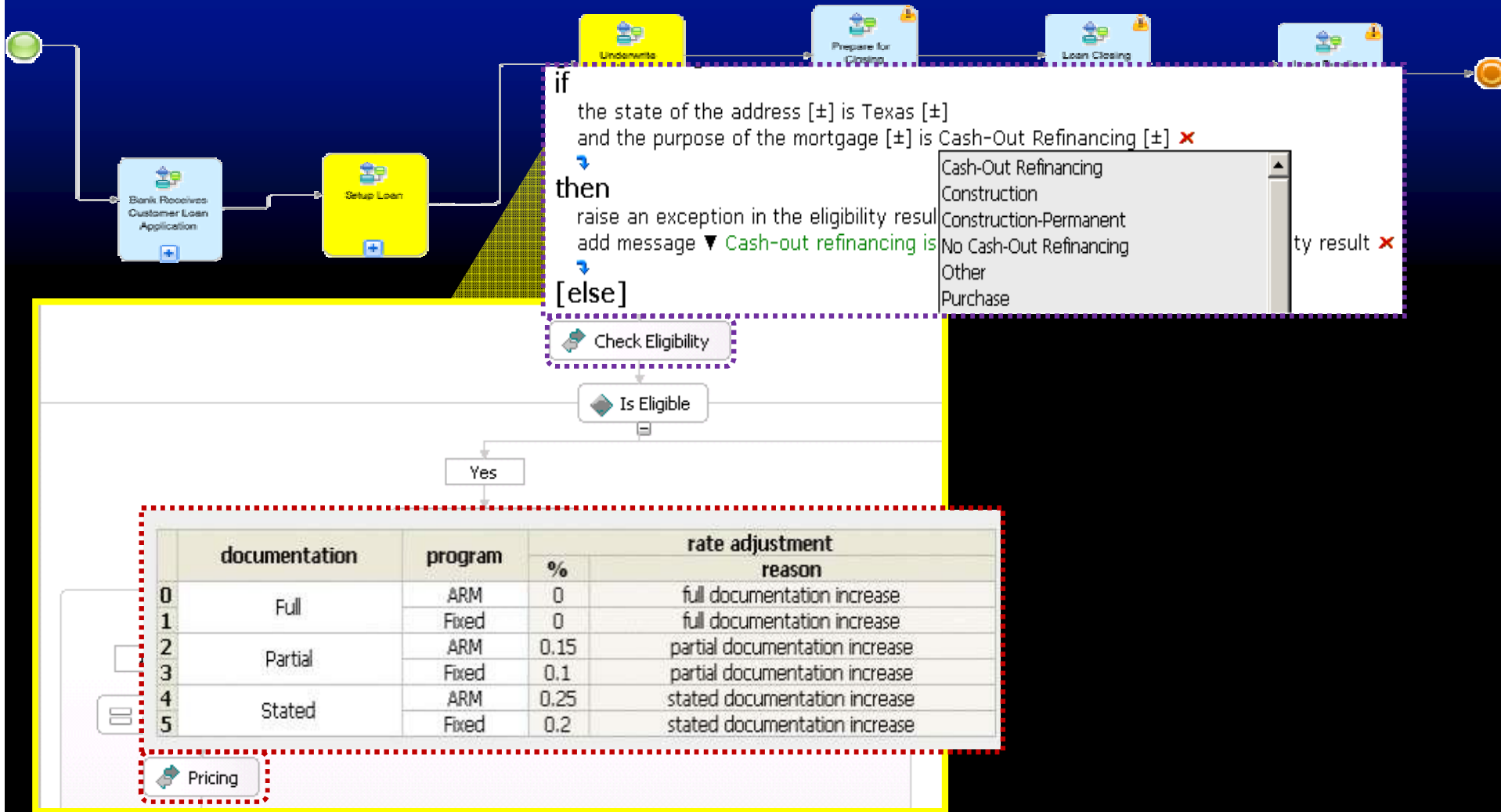
Business Agility

Key Business Outcomes

- **4x increase** in monthly loan volume
- **15% increase** in average loan size
- Reduced “time to fund” from **21 to 8 days**
- Reduced underwriting costs by **78%**



Loan Origination: Core Process Improvement with Rule-based Decision Services





Automate and improve high-volume operational decisions

- **Enable responsive, intelligent decision management solutions** that span processes and applications
- **Combine with BPM to achieve better business outcomes** from process improvement initiatives

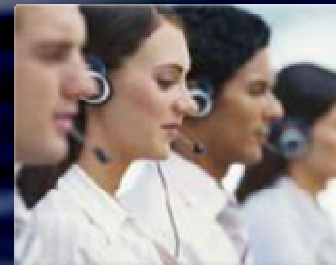
- **WebSphere Decision Server** combines WebSphere Business Events and WebSphere ILOG JRules

- Detect critical events across the business network and automate precise, context-specific decisions

- **WebSphere ILOG Business Rule Management System (BRMS) Support Pacs** provide integration points to other IBM technologies for improving decision automation:

- **WebSphere Business Monitor integration** brings solution-based insight
- **Predictive analytics integration** allows rule-based decision services to leverage SPSS analytic models in determining fraud/risk, best offer, etc

Can be used for fully automated interactions, or ...



... to provide decision guidance for personal interactions with customers

New!

WebSphere Decision Server and BRMS Integration Support Pacs

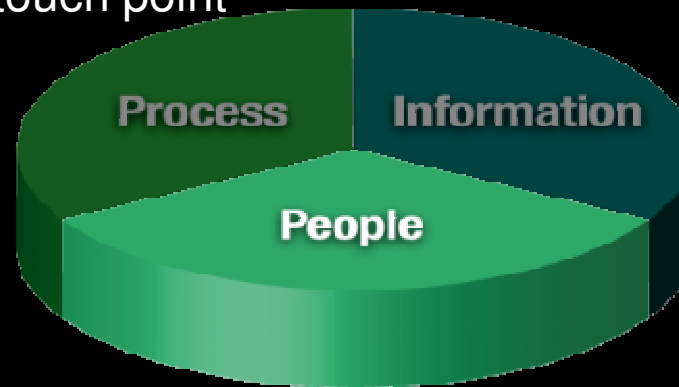


Streamline Loan Origination with **Collaboration**

3

Portal: Putting it all together

- Seamlessly Combine Internal & External Applications/Services
- Dashboards to unify transactional services, getting the right data to the right people at the right time
- Banks want a 360° view of their customers
- Banks want their customers to have an unified experience at every touch point



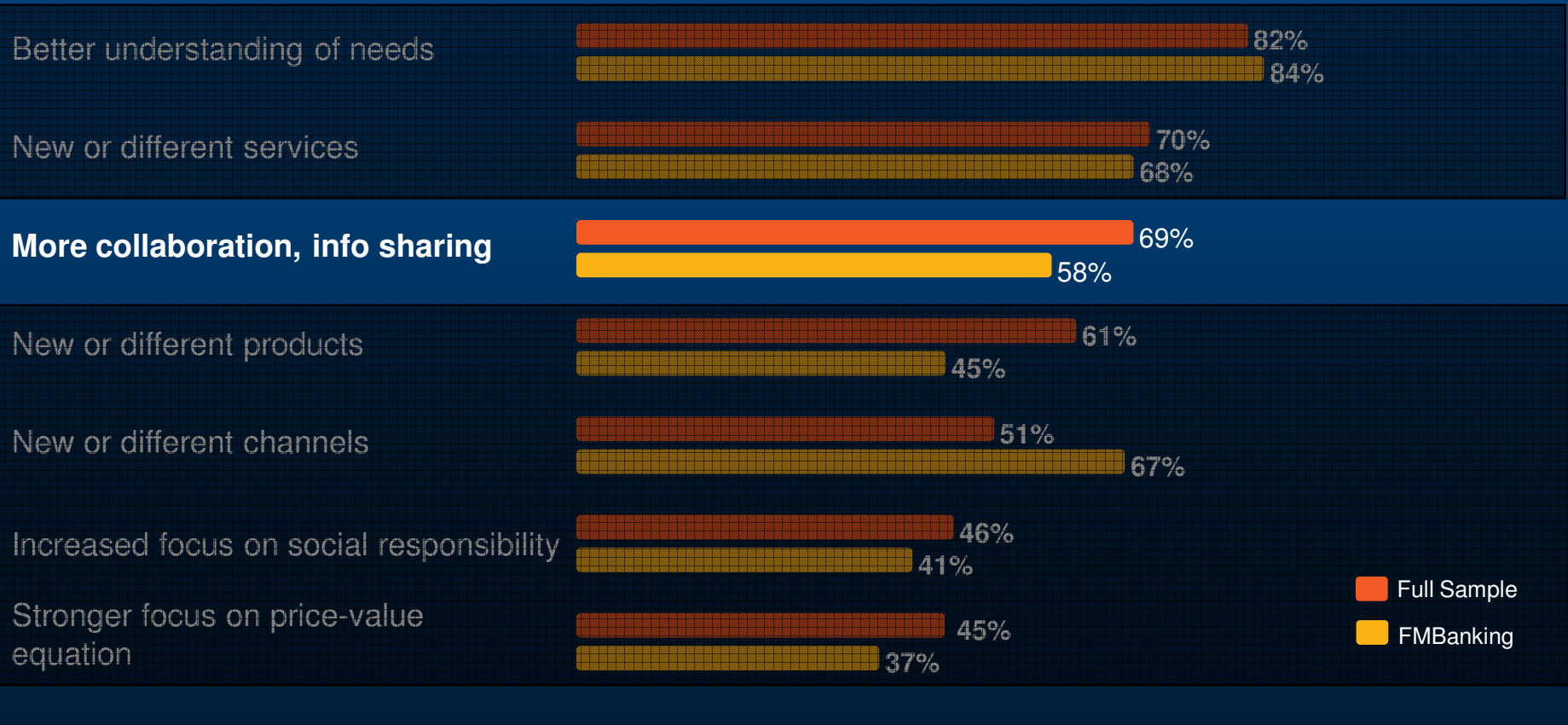
WebSphere Portal
Exceptional Web Experience



Streamlined Collaboration – Why Now?

CEOs Want to Better Understand Customer Needs and Actively Work with Them

CEOs' view of where customer expectations will change to a large extent



Source: Q15 To what extent will your customers' expectations of you change over the next five years? n=1518; FMBanking n=211



WebSphere Portal for More Streamlined Collaboration



Improve customer care and insight through rich customer experience



Smart Customer Care

Deliver account information, better customer service, and conduct target marketing

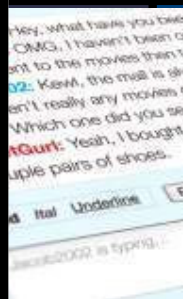
Manage governance, risk and compliance through transparency and standardization



Smart Governance

Integration at the glass streamlines cross departmental productivity

Increase operational efficiency by maximizing existing assets



Smart Employee Efficiency

Empower employees & customers with content they need in the format they understand



SOCRAM Banque: *Consumer Loan Origination & Mortgage*



Situation

- Needed an agile information system that would speed product development & delivery timelines
- Required optimization of multi-channel loan approval
 - Across Internet, company extranet & back-office systems
- Needed ability to integrate components and implement an enterprise service bus (ESB) & workflow manager - that would ultimately support more strategic business objectives

Business Agility

Key Business Outcomes

- **Increased** responsiveness to market and parent company demands
- **Increased** speed to market for new products and services
- **Transformed** the company from a retail credit company into a fully operational bank
- **Decreased** cost of developing new packaged offerings



Key Takeaways

Improve lending processes with instant pre-qualification and straight thru underwriting

1

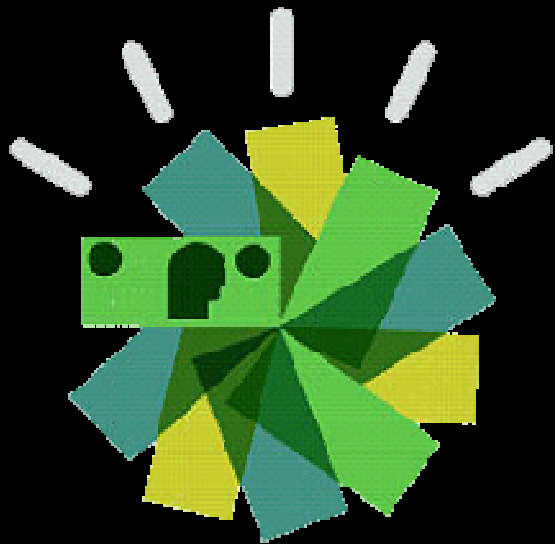
- with **proven** technology initiatives
Dynamic BPM, BRMS & Portal

2

- **incrementally** with several entry-point solutions

3

- in **months** with quantifiable results



What makes IBM different?



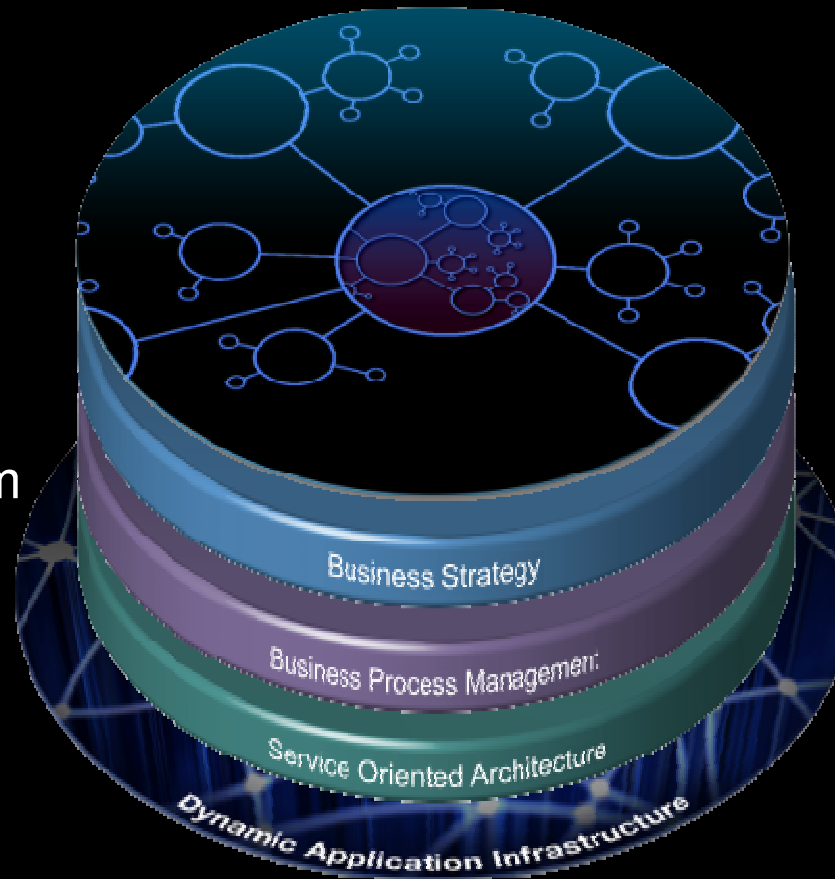
A Unique Approach to **Business Agility**

#1
Market Share

Proven
Industry Assets

Largest
Partner Ecosystem

Over 5000
customers in over
30 countries



Unrivaled
Expertise

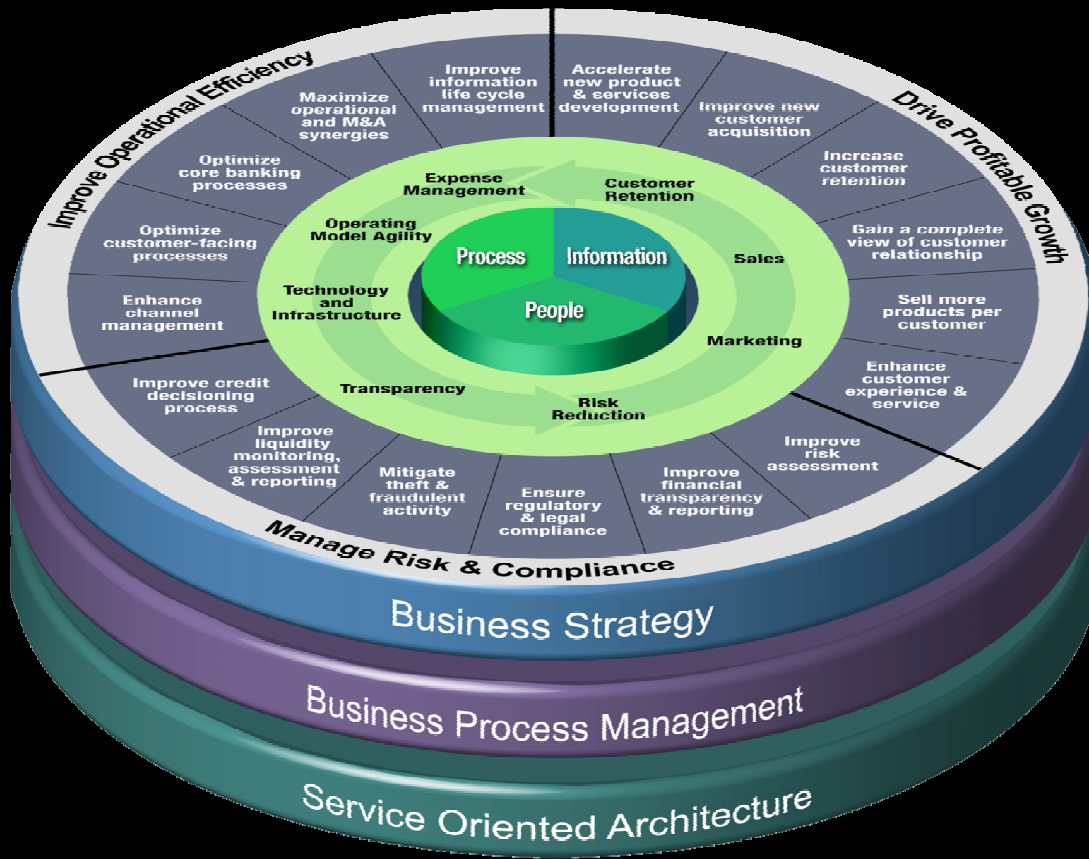
Innovation
Leader

Strongest
Solution
Portfolio

Trusted
thought leadership
and guidance



Business Agility Leads Banking Transformation



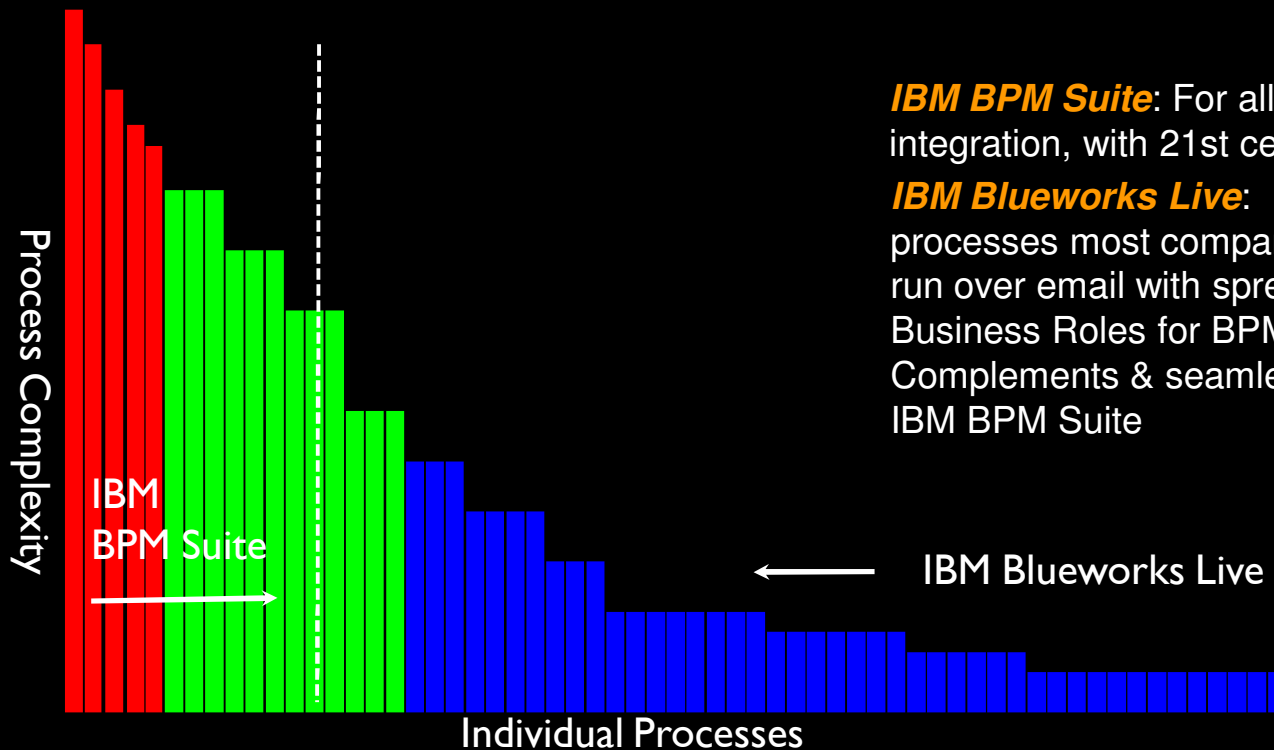
- Discover and continuously improve dynamic business activities
- Optimize decision-making and speed business change
- Connect and manage interactions across the business network

Only IBM has the **Business Expertise** and **Technology Platform** to get you started in **3 months or less**



Expand IBM BPM's Reach Across Processes

Self Service Business Process Improvement



IBM BPM Suite: For all processes requiring integration, with 21st century agility.

IBM Blueworks Live: Built for individual processes most companies (large and small) run over email with spreadsheets. Targeted to Business Roles for BPM authoring. Complements & seamlessly integrates with IBM BPM Suite

5-10%

Highly complex processes

20-30%

Somewhat complex processes common to some businesses

60-70%

Simple processes common to all sizes of businesses



Accelerate change by improving the way you work *Streamline, document, and run processes*



Anyone can improve a process

- Automate work run through email
- Easily document processes

Gain control and insight

- Instant dashboards for visibility
- Reporting for improved governance

Collaborate for better results

- Team up in secure private workspace
- Leverage public expert community



Simple. Social. SaaS. New Offering for Improving Processes



How Do You Get Started?

Schedule a Process Improvement Discovery Workshop



What is the Process Improvement Discovery Workshop?

- A complimentary workshop conducted onsite with IBM solution and domain experts
- Helps define the business need, solution architecture and recommended implementation approach for process improvement initiatives

Value to your business

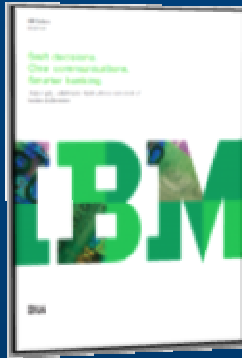
- Accelerate your time to value with a thorough understanding of your initial business and technical feasibility of deploying a BPM and BRMS solution

To gain more detail about eligibility for the Process Improvement Discovery Workshop, please contact a WebSphere services sales specialist:

<http://www-01.ibm.com/software/websphere/products/business-rule-management/lombardi/workshop/>



Learn More...



- [IBM BPM Whitepaper: Banking PoV](#)

- [Working Smarter in Banking: Smarter Banking Processes in 2010](#)

- [CityOne Game](#)

Speak to us at the stand or email us

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