

# The Information Agenda Guide for Financial Markets

*Accelerate your journey to Information On Demand*



As data capture technology became more agile, facilitating the capture of “born digital” information on the fly, or converting paper documentation to digital and capturing them in real-time, combined with the reduction in storage costs, businesses evolved to capture everything that was possible to capture and to store it – seemingly for ever. It appeared to be a good strategy to adopt at the time, its information, so it must be good – right? There began the problem we have today. We have so much of the stuff, information that is; it’s everywhere, siloed throughout the enterprise. Different or no standards for metadata, encryption, indexing, security, the list goes on. But its information about your customers, so it must be good, the more the better – right?

Many are beginning to argue that we have too much information on our customers, mostly duplicate information that has not been assimilated into customer knowledge. Actionable knowledge, with compliance to an enterprise standard that ensures the highest level of compliance and security, enterprise-wide metadata and indexing taxonomies that facilitate search eDiscovery and analytics. You see, just having information, lots of information on your customer, will, at some point become a negative if it’s not well managed and constantly refreshed. This is why you need an information agenda.

Leaders from around the world are focused more than ever on the economic, social and environmental implications of global integration, where free trade agreements, the Internet and globalization are making the world simultaneously smaller, flatter and smarter. The systems and processes that enable goods to be developed, manufactured, bought and sold, and services that deliver everything

from electricity, financial transactions and efficient healthcare systems to name a few, are driving us towards becoming a smarter planet.

What all of this means is that for the first time in history, almost anything can become digitally aware and interconnected; bringing major implications for the value that can be derived from such systems. With so much technology and networking abundantly available at such low cost, what wouldn’t you put smart technology into? What service wouldn’t you provide a customer, citizen, student or patient? What wouldn’t you connect? What information wouldn’t you mine for insight?

The foremost issues facing enterprises today are the waste, inaccuracy and volume of missed opportunities that stem from the single root cause of information raging out of control. Enterprises are handling more information than ever before, yet know at the same that they are not keeping pace.. In effect, more information is available, but proportionally less – and radically less of the information being created in real time – is being effectively captured, managed, analyzed and made available to people who need it. They are seeking new intelligence, bringing together the power of human cognition and computational excellence. They are focused on shifting the agenda to situational awareness and prediction, thus driving the focus towards optimization.

And this thought is not lost with financial institutions. Money has been reduced to zeros and ones. It is intangible, invisible; it’s information, which is central both to the problem we face and to its solution. Unprecedented computing power and advanced analytics can turn oceans of ones and zeros into insights, in real time. Which means we could have a safer, more transparent and intelligent financial system for a smarter planet.

### **Information is the key**

There is unprecedented change taking place in financial markets today, and how it is addressed may affect the industry for the next century. Banks are not lending to each other for fear of insolvency. Information breaches and bailouts have led to a complete lack of trust at all levels.

Banks must regain the trust of their customers, rebuilding relationships, upsell and cross-sell opportunities, with less personnel and zero tolerance for errors and breaches. Banks are struggling to deliver a consistently high consumer experience across all touch points while at the same time reducing attrition, producing new products faster, ensuring compliance, managing risk across multiple lines of business and increasing wallet share.

As a result, financial organizations are launching new information-centric initiatives designed to drive new intelligence, informed decision making, business innovation and ongoing competitive advantage through initiatives involving data consolidation, integration and optimization of customer information. Successful banks will be those that find a way to make their information work as a strategic resource. Those that do not have a plan will be frustrated and overwhelmed with increasing volumes of information.

Historically, the line of business (LOB) infrastructure of a bank together with executive performance measurement and funding of these business units resulted in the LOB's investing in point solutions focused solely on the improvement of the unit's business processes. However, in today's world

of interconnectivity, selling more products per customers and improving the overall customer experience, together with greater transparency and regulatory compliance considerations, all new technology implementations must be part of an enterprise information plan

In a recent survey of CEOs from banks, it was recognized that significant change is inevitable, even desirable. CEOs were concerned, however, about their ability to manage that change. Having an Information Agenda™ creates an enterprise-wide vision, strategy and plan that will allow them to execute and manage that change with the desired result in mind.

### **Information is at the core of the financial industry**

Consolidation and globalization are forcing banks to find new ways to generate value. Strict regulations are compelling banks to examine their risk management and compliance processes. At the same time, product commoditization across the industry is making competitive differentiation increasingly difficult.

Meanwhile, customers are more empowered than ever before. Financial institutions must offer an exceptional customer experience and deliver the right mix of products and services to assuage their financial consumers' demands.

To thrive in this landscape, banks are turning to information management strategies, leveraging their existing resources to become more competitive.

- **Improve customer care and insight:** Customer-centric organizations provide effective customer care and develop actionable customer insight. To accomplish this goal, financial institutions must develop a single view of the customer relationship and deliver targeted, relevant offerings based on that information.
- **Increase operational efficiency:** Financial institutions must efficiently respond to new business models and opportunities, differentiate their offerings in the marketplace, achieve optimal cost/income ratios and simplify the operational environment.
- **Manage governance, risk and compliance:** Financial institutions must manage risk effectively and maintain high levels of compliance in the face of increasingly stringent regulations. Several processes can help boost efficiency, including improving loss/risk mitigation policies, developing proactive fraud prevention procedures and establishing comprehensive data governance initiatives to enhance compliance visibility.

Implementing these three initiatives depends on one vital ingredient: information. Yet accessing and verifying that information is not a simple task; for example, data is often locked up in multiple departmental silos—putting it at risk of duplication, among other errors—and a bank’s different business units may use different terminology to describe the same information.

In an attempt to overcome these hurdles, banks have invested heavily in business process automation with the goal of driving faster processing and reduced costs. However, automation alone is insufficient to support today’s demanding

requirements. As a result, banks are launching new initiatives designed to drive business optimization and ongoing competitive advantage—and these initiatives all depend on information.

### Information On Demand

Information On Demand is a comprehensive vision for unlocking the business value of information for competitive advantage, enabling organizations to establish and leverage trusted information. Financial institutions can optimize business performance through Information On Demand, helping them to increase flexibility, reduce management costs, reduce risk and introduce new products quickly, among other benefits.

It is critical to be able to access, analyze and control information, within timeframes that are required for a bank to manage and operate a real-time enterprise. Financial companies use information for:

- Customer sales and service processes
- Information and event-driven processes
- Personalized customer communications
- New product development
- Business performance insight
- Customer analytics, risk and compliance

This level of challenge and coordination can only be achieved through a common information management strategy.

## **Information On Demand in action: Opportunities for Financial Market Optimization**

### **Improve Customer Care and Insight**

- Derive customer insight to improve drive organic growth
- Create a single view of the customer to provide a seamless and relevant cross-channel banking experience
- Put trusted information in the hands of frontline employees to improve productivity and keep service levels high
- Employ information to enhance the banking experience across all channels

### **Manage Governance, Risk and Compliance**

- Deliver accurate enterprise information to risk processes for risk management optimization
- Use information to accurately prevent, identify and mitigate fraud and operational risk
- Safely leverage the business value of information with information governance programs that improve the management of people, process and information technology

### **Increase Operational Efficiency**

- Deliver trusted information to improve productivity, implement new processes and offerings and enhance existing processes via automation
- Create trusted enterprise insight and analytics to drive business optimization and improve revenue, productivity, operations and financial results
- Optimize and truncate content-centric process to reduce costs and improve customer experience

## **An Information Agenda**

For organizations that want to get started on the path to Information On Demand and establish a foundation for new intelligence but do not know where to begin, an Information Agenda is needed. An Information Agenda is a comprehensive, enterprise-wide plan that explains how to take the information being generated across, and even outside of, the organization and put it to use to run the business better. In establishing an information agenda for the organization, the CIO, working with line of business colleagues, puts information to work to achieve both short-term and long-term strategic changes.

An effective Information Agenda helps organizations achieve several key objectives:

- Identify data and content that are vital to the organization
- Identify how, when and where information should be made available
- Determine data management processes and governance practices
- Identify and prioritize the information projects that deliver the most return
- Align the use of information to match the organization's business strategy
- Create and deploy an information infrastructure that meets both immediate and future needs

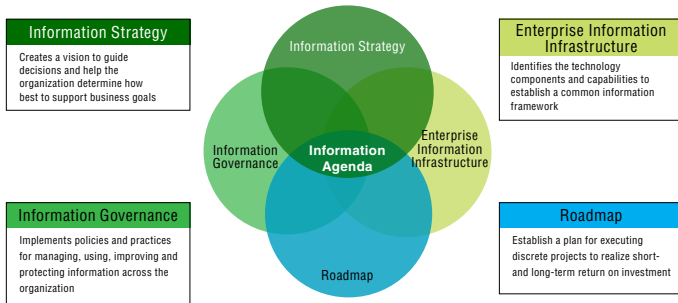


Figure 1. An effective information agenda provides a strategic vision and a phased plan that enables banks to align the use of information with their business strategy.

### The Information Agenda Guide for Financial Markets

IBM accelerates the process and minimizes the risk of creating an information agenda through industry-specific Information Agenda Guides. The IBM Information Agenda Guide for Financial Markets is a practical, proven approach for turning a client's Information On Demand vision and strategy into reality. CIOs, working with their line of business colleagues, can build a best-in-class information management vision for their organization and create a detailed roadmap to realize it. The goal is to transform the organization and unlock the business value of information for competitive advantage, enabling the delivery of trusted, accurate information to optimize business performance.

The Information Agenda Guide for Financial Markets can help direct organizations as they develop their own information agenda in a matter of weeks through IBM Information Agenda workshops. It addresses the four key components of an

Information Agenda and ensures that they work in conjunction to deliver Information On Demand (see Figure 1).

- Information strategy: The vision that guides decisions and helps the organization determine how best to support business goals
- Information infrastructure: The technology components and capabilities needed to establish a common information framework
- Information governance: The policies and practices that facilitate the management, usage, improvement and protection of information across lines of business
- Roadmap: A phased execution plan for transforming the organization

As figure 1 indicates, the Information Agenda for Financial Markets identifies crucial IT projects that establish the necessary information infrastructure and then leverage that infrastructure to help produce measurable business results identified by the business objective. Depending on an organization's existing information architecture, and the objectives that are of most importance to the business, an organization's final information agenda roadmap can contain some or all of these projects.



Figure 2: The Information Agenda Guide for Financial Markets is a proven approach for turning Information On Demand vision and strategy into reality.

### Information strategy: Recognizing the big picture

At its highest level, the IBM Information Agenda Guide for Financial Markets incorporates best industry practices to help identify the primary information-centric business imperatives that drive virtually every business decision. The outer ring of Figure 2 reflects the industry imperatives that banks must undertake to optimize their business. The next ring details the specific business optimization objectives associated with individual business imperatives, such as improving customer retention, information governance and improving lending processes.

The business imperatives and business optimization objectives are the foundational components used to help set the vision and strategy for an organization's information agenda. This approach ensures that you have a well-established bridge between IT objectives and overall corporate objectives. It also provides line of business and IT colleagues with a common language to communicate about all projects and plans.

At the center of the Information Agenda Guide are a set of performance management activities and application areas that are common across all industries. These capabilities are required to run your business, but alone are not sufficient to drive competitive advantage in today's business environment.

The business imperatives and business optimization objectives are the foundational components used to help set the vision and strategy for an organization's information agenda. This foundational component ensures that you have a well-established bridge between IT objectives and overall corporate objectives. It provides both line of business colleagues and IT colleagues with a common language to communicate about all projects and plans moving forward.

### Information governance: Enhancing information quality, availability and integrity

As a crucial component of the IBM Information Agenda Guide, information governance assists a bank in establishing standards for data quality, management processes and accountability. These standards help to improve business performance via standard definitions and processes that establish a more disciplined approach to managing data and information across the enterprise.



Figure 3: The IBM Information Agenda Guide for Financial Markets addresses common information requirements.

**Information infrastructure: Creating, managing and delivering trusted information**

All imperatives and business optimization objectives depend upon a common information infrastructure that enables a bank to more effectively create, capture, manage and utilize information associated with customers, services, products and market strategy. As shown in Figure 3, an effective information infrastructure allows a bank to:

**1. Manage information over its lifetime** — Reducing the costs associated with managing information while controlling access, expanding retention and increasing compliance.

- 2. Optimize content, process, and compliance management** — Better tuning system performance and improving decision-making by injecting timely, trusted information into business operations.
- 3. Establish an accurate, trusted view of information over time** — A flexible architecture can leverage existing IT investments to produce accurate and trusted information that is consistent across sources, facilitating better analytics and sound business decisions.
- 4. Plan, understand and optimize business performance** — Leveraging trusted information to build plans, understand how business is performing and focus on optimizing performance across the enterprise.
- 5. Provide solutions that drive operational efficiency** — Information infrastructure solutions focus on information compliance, security, availability, and retention, providing an infrastructure environment that is highly scalable, standards-based, flexible and essential to handling today's most information intensive business challenges.

As the journey towards Information On Demand evolves, guiding principles will be applied to leverage existing assets and IT purchase decisions with these key common information requirements in mind. The journey will include looking for opportunities to use existing IT assets as common components to be utilized for other projects, and will provide guidelines that help ensure new technology and software investments can accommodate both short- and long-term objectives.



## Roadmap – bringing it all together with a step-by-step execution plan for creating an information agenda

The roadmap gives information management and integration efforts direction and cohesion. It spells out the priority, order and timeframe of IT projects necessary to realize the organization’s crucial information-enabled business objectives. The first step of creating the roadmap is identifying the underlying IT projects—usually combinations of software and services—that can help achieve each business imperative.

### IT projects for improving customer care and insight

Banks must improve the customer experience through effective customer care and insight. Providing customized service to a bank’s most valuable customers increases cross-sell and up-sell opportunities. However, information is often stored across the bank in various silos, making it difficult for branch officers to know whether customer records are complete and accurate.

Several IT initiatives contribute to unlocking these content silos. Data and content management projects help ensure that information is not duplicated across enterprise systems, and integrated enterprise data warehousing supports a single view of the customer. Using this trusted information, Business Intelligence (BI) and Performance Management (PM) software can provide sophisticated analysis to help optimize sales and tailor product offerings (see Figure 4).



Figure 4: To deliver effective customer care and insight, banks must use an enterprise-wide approach that unifies information to create a single view of the customer.

By developing a single view of the financial customer and using that view to unify all customer touch points, financial organizations can give branch personnel the information they need to deliver effective customer care in real time, while they are interacting with the customer. Open data flows across product silos also help the bank create demographic profiles and deliver product bundles that are tailored to the specific needs of its customers.



Figure 5: Managing, streamlining and automating business processes can help banks increase operational efficiency and customer satisfaction.

### IT projects for increasing operational efficiency

Trusted information plays a vital role in helping banks unify their divided business processes. With a dependable, accurate source of data, automated processes can perform their tasks more efficiently, enhancing the customer experience.

A variety of IT projects can help banks improve operational efficiency and cut costs. Self-service client reporting access can help reduce customer service requirements, while online and “green” banking initiatives help cut paper waste. Accurate data can help lower mailing costs as well; for example, a company may have been sending multiple direct mail pieces to duplicate addresses of the same customer. BI software can help marketers quickly identify opportunities and design highly targeted campaigns by enabling real-time measurements and analysis (see Figure 5).

### IT projects for managing governance, risk and compliance

Effective performance and risk management requires that banks develop a deep understanding of their individual customers. A single view of the customer allows them to proactively uncover potential risks while creating processes that rigorously track the location and availability of data.

Other information-based IT initiatives can also help financial institutions proactively address management pitfalls. For example, risk data warehousing mines the single view of banking customers for early warning signs of risk and fraud—before trouble develops. In addition, automated reporting mechanisms can help banks achieve compliance visibility that meets or exceeds regulatory guidelines, and records management helps improve the efficiency of search and legal discovery requests (see Figure 6).



Figure 6: Committing to data governance and data stewardship at the enterprise level helps ensure that banks can meet compliance and regulatory demands.

The Information Agenda Guide for Financial Markets identifies crucial IT projects that establish the necessary information infrastructure and then leverage that infrastructure to help produce measurable business results identified by the business objective. Depending on an organization's existing information architecture and its most important business objectives, a final information agenda roadmap can contain some or all of these projects.

The Information Agenda Guide for Financial Markets accelerates roadmap creation with best practice templates for specific IT projects. They are pre-configured to accommodate industry specific business optimization objectives and initiatives, allowing organizations to quickly organize and prioritize IT projects within the framework of their Information Agenda.

**The Power of An Information Agenda Approach**

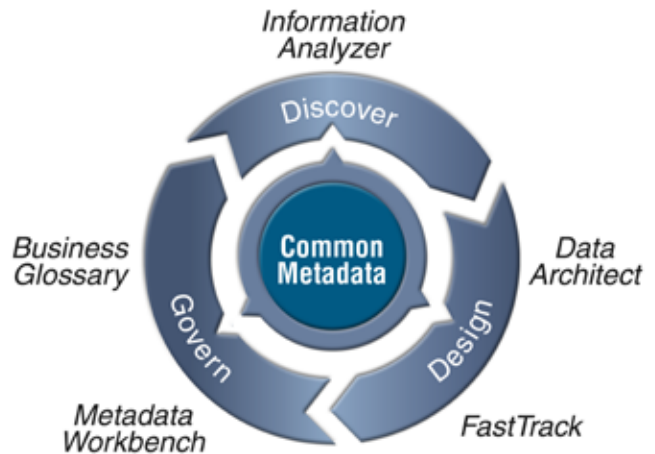
With an Information Agenda for Financial Markets in place, CIOs have many of the tools needed to make the essential transition from simply supporting the business to making a measurable, sustainable contribution to the business' bottom line. The Information Agenda Guide for Financial Markets supplies the integrated vision needed to help achieve the business goals and objectives of a converged business model — and deliver better business outcomes. These outcomes can range from improving the availability of revenue producing assets, reducing maintenance costs, demonstrating compliance and improving customer satisfaction, to demonstrating leadership in corporate social responsibility programs.

**The benefits: Competitive advantage through business optimization**

An IBM Information Agenda Guide can help financial institutions address a wide variety of business tasks, including:

- Identifying the most valuable customers to provide differentiated service
- Reducing costs and enhancing operational efficiency
- Increasing flexibility to respond to market changes more quickly
- Boosting compliance visibility

Most important, consistently delivering trusted information to the right people at the right time gives financial institutions the ability to use information in entirely new ways and realize competitive advantage.



### **Why IBM is the Right Transformation Partner**

IBM's unparalleled combination of pure science, deep industry knowledge and technology expertise makes it uniquely qualified to help business discover a new kind of intelligence. Only IBM offers the industry accelerators, enabling technologies and deep expertise with a proven approach necessary to do so.

The Information Agenda Guide for Financial Markets is a practical, accelerated approach developed by IBM after years of working with leading global organizations. It is a cross-IBM program composed of a proven, prescriptive methodology and mature banking assets, delivered by IBM practitioners with deep industry expertise.

IBM Information On Demand and Information Infrastructure solutions offer end-to-end information infrastructure capabilities for executing your Information Agenda. Information On Demand and Information Infrastructure offerings are specifically designed to address virtually every aspect of an organization's trusted information needs. Based on open standards and reflecting an investment of more than US\$10 billion in the last three years, Information On Demand and Information Infrastructure offerings are among the industry's most comprehensive.

IBM's Business Analytics and Optimization leverages the unique capabilities of IBM Research, which, when combined with our world-class software solutions, foundational business intelligence, performance management and advanced analytics, accelerate client time-to-value. Business Analytics and Optimization helps businesses make better decisions faster while optimizing operations, either by eliminating costs or transforming business processes. Ultimately, Business Analytics and Optimization helps predict outcomes with greater certainty and uncover opportunities that were once unknown and unattainable.

CIOs and senior IT managers ready to jump-start their organization's Information Agenda efforts should consider a hosted IBM Information Agenda workshop. This workshop leverages IBM's expertise to guide CIOs, senior IT managers and line of business stakeholders quickly through the process of building a cohesive information agenda with an actionable set of projects. A hosted workshop can result in faster execution and quicker realization of return on investment.



### For more information

To learn more about the IBM Information Agenda Guide for Financial Markets, Information On Demand and Infrastructure solutions, contact your IBM sales representative or visit:

- [ibm.com/think](http://ibm.com/think)
- [ibm.com/ibm/ideasfromibm/us/smartplanet/topics/intelligence](http://ibm.com/ibm/ideasfromibm/us/smartplanet/topics/intelligence)
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Somers, NY 10589  
U.S.A.

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