



**Improve productivity with a proven
portal solution.**



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“U.S. banks will upgrade and renovate 30,000, or 26 percent, of their branches by 2006 and spend US\$1.4 billion on branch technology in 2006. Most of this spending will go toward enabling branch personnel to view all of a customer’s relationships with a bank.”

—Datamonitor, *Information Week*, April 2004

Executive summary

Customer retention and acquisition are two key challenges facing banks in the increasingly competitive financial services market. Having once believed that online banking would emerge as the preferred channel, banks have changed course and are again investing in their local branches to improve customer satisfaction and drive revenue. The primary focus of these investments is on improving people productivity; that is, creating integrated and dynamic user environments that enable key bank employees to be more productive, service customers better and deliver more value to the organization.

This executive brief shares how IBM’s portal solution, IBM WebSphere® Portal software, when built on a service-oriented architecture (SOA), provides the integrated user environment that banks need to address the unique challenges facing their industry. With an integrated environment customized by user role, banks can help to improve employee productivity—thereby helping to enhance customer satisfaction, increase business responsiveness and drive new revenue opportunities.

Banking trends

Banks compete and excel across six common competencies:

- *Risk and financial management: managing aggregated risk and portfolio-based activities*
- *Distribution: turning customer-facing interactions into revenue creating opportunities*
- *Manufacturing: developing new products and services*
- *Processing: managing a multitude of transactions and transaction support processes*
- *Insight: creating new programs that leverage existing customer information*
- *Infrastructure: building a single foundation that manages multiple technologies, people and processes*

To maintain a competitive edge and meet the growing demands of customers, the banking industry, like so many others, has gradually expanded from the traditional bricks-and-mortar facility to one with multiple business channels: ATMs, call centers, connectivity with pervasive devices, like cell phones and PDAs, and the Internet. The Internet, in particular, enables banks to provide value-added services, such as bill pay, to existing customers. It also paves the way to obtaining and servicing relationships. By leveraging the Web effectively, banks can expand their scope of reachable customers and, ideally, improve productivity by enabling more customers to be serviced by fewer personnel.

But the advent of these new channels has not lessened the importance of the local bank branch when it comes to improving customer service, driving revenue and increasing business responsiveness. In fact, banks are seeking ways to transform their local branches and meet these goals by improving the productivity and effectiveness of tellers, platform officers, branch managers and other bank personnel. A common goal is to establish three or more relationships with customers, which not only helps to reduce churn rates, but directly impacts profitability and keeps the competition at bay. The branch creates the personal environment necessary to deliver customized service, while also providing employees with opportunities to up-sell banking products and services, such as IRAs and insurance plans, depending on a customer's needs.

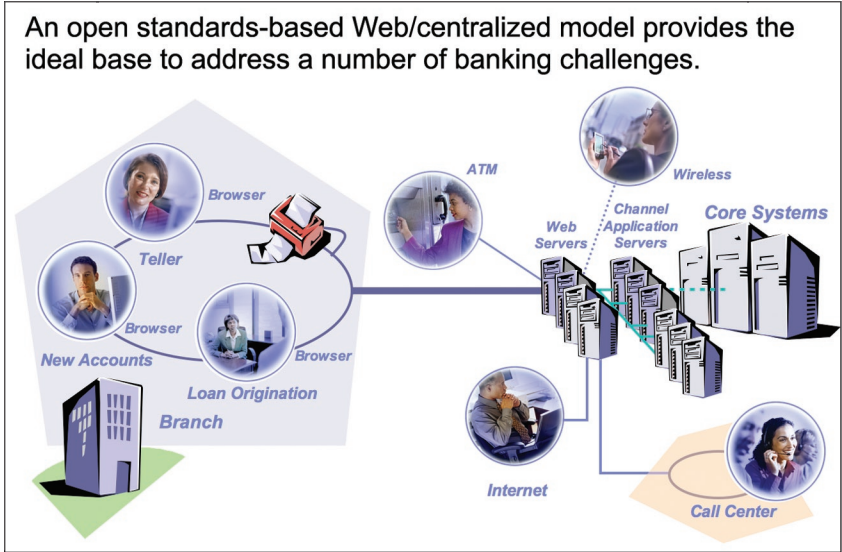
Banks invested little in their branches over the past 10 years, primarily due to the belief that online banking would become the channel of choice. Having recently realized that this is not the case, banks are now preparing to make significant investments in their branch offices. The key focus of this spending is on people productivity. The goal is for each key role in the branch to have a unified view of the customer, the key element in an integrated selling environment that is made possible by significantly enhancing collaboration between key parties and is driven by independent software vendor (ISV) enabled automation. Each branch role—the teller, platform officer and branch manager—contributes to the team effort to attain sales and customer

satisfaction goals. So what are some examples of how these goals can be achieved? What are the mechanisms that can realistically be put into place to drive branches to greater success?

A teller can be the sales opportunity identifier as each customer's transactions are being performed. Through automatic alerts triggered by an individual customer's transactions, a teller can quickly refer a customer to a sales agent via a preformatted instant message—without losing speed of service. A sales agent, such as a platform officer, can then take the lead from the teller and spend the time necessary with the customer to up-sell him or her to a better banking product—one that generates higher customer satisfaction as well as further drives the bank's revenue and profitability.

Instead of inefficiently plowing through reports and spreadsheets, branch managers can now find instant branch performance metrics at electronic work environments custom fit to their specific roles. They can instantly see problem areas that need special and/or immediate attention. For instance, a branch manager can see how a branch is performing against its targets, identify low performers, put incentives in place to drive product sales and attend to the training needs of the employees. Together, these integrated and customer-focused activities help transform the bank into a high-performance channel with better trained, motivated and productive employees with improved employee retention.

Many banking organizations today already are striving to achieve these results by implementing business processes and reducing the complexity of their silo-based infrastructures. Silo-based IT systems—the consequence of adding applications and hardware in an ad hoc fashion as the business grows and changes—can often result in a lack of interoperability between critical applications, thereby disrupting the flow of business processes and hindering productivity. As “rip and replace” is not a viable solution, banks are instead focusing on taking advantage of their current IT assets, enabling dynamic and consistent access to core systems, and making their business processes more efficient, more accessible and easier to follow.



Portals help address the challenges of banking

To meet their productivity needs, many organizations are turning to the flexibility and capabilities of portals. A portal is a single, personalized interface that integrates people, processes, applications and information. With personalized portals, banks can help their employees gain easy access to information and other employees crucial to performing their particular jobs, thereby helping to improve overall productivity, increase customer satisfaction, enhance business responsiveness and maintain a competitive edge.

As part of this solution, IBM has developed IBM WebSphere Portal software, a member of the IBM® Workplace™ family.* IBM WebSphere Portal software provides the framework that banks can use to build and deploy personalized portals depending on a user's role, preferences, profile and the bank's security needs. With IBM WebSphere Portal software, organizations can integrate business applications, workflow, content and presence awareness in a single, role-based environment, enabling employees to gain easy access to information and resources, collaborate with other portal users inside and outside the bank, and respond more quickly to customer needs.

“Employees have maintained the high level of responsiveness to customers that originally secured our leadership position. Our intuitive Web-based applications—created using WebSphere application development tools—have saved us tens of thousands of dollars in costs normally associated with client software deployment and training.”

—Massimo Paglietti, IT manager,
Nextra Bank

Drive productivity and revenue with a personalized user environment

Portals improve employee productivity by providing simplified access to the critical applications and information employees need to effectively perform their daily tasks. Portals also facilitate collaboration between workers and subject matter experts. This capability is especially important when organizations hire new employees. New hires must master a number of application and information systems as quickly as possible to contribute to the overall productivity of the organization. A portal solution helps to shorten the learning curve by providing a single point of access to all of the necessary systems, thereby enabling new hires to become productive faster.

Improved employee productivity can also be measured by how effectively customers are serviced, the number of relationship points between bank and customer, and the employee’s ability to leverage up-selling and cross-selling opportunities. Many banks are expanding their portfolio of products and services to include financial planning, brokerage services and insurance products. To effectively sell new services, the customer accounts officer needs to interact with those applications when servicing a customer. With the simplified and immediate access provided through a personalized portal, the accounts officer can not only service the customer quickly, but can initiate new relationships and complete the customer service process with maximum value.

Enhance customer satisfaction and retention through self-service

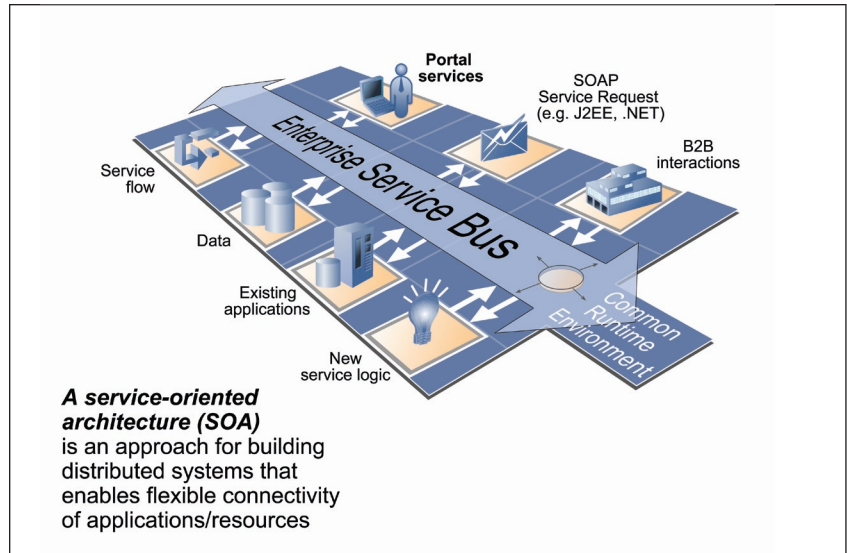
Portals can enhance the online banking experience by not only enabling customers to conduct their own banking transactions, but also by streamlining their ability to interact directly with bank employees. Customers can conduct a variety of routine transactions, apply for new accounts, transfer money, learn about other bank products and research new services, 24x7. These self-service capabilities can play a large role in ensuring customer satisfaction is maximized. Satisfied customers are more likely to buy additional products, and customers with three or more relationships with their bank are more likely to remain loyal to that bank and not transfer their accounts to a competitor. Reduced customer turnover can translate directly into improved profitability.

Customer satisfaction also plays a large role in forecasting revenue. The banking industry often correlates revenue and cross-selling opportunities to a customer satisfaction index. As customer satisfaction measurements improve, bank marketing managers can more easily project increased revenue generated through, for example, new account openings, and banks can more easily sell new relationships to existing customers at a lower expense than required to obtain new customers.

Drive channel sales with portlets

Portals enable banks to support their business partners' initiatives more effectively by embedding business partner portlets into the bank's own portal infrastructure. For instance, insurance companies can sell their policies through a bank when facilitated by a portlet found on an account officer's portal page. Without having to open new applications and reenter data, the account officer can capture customer data within the portal and transmit it directly to an insurance agent, who can then underwrite a policy.

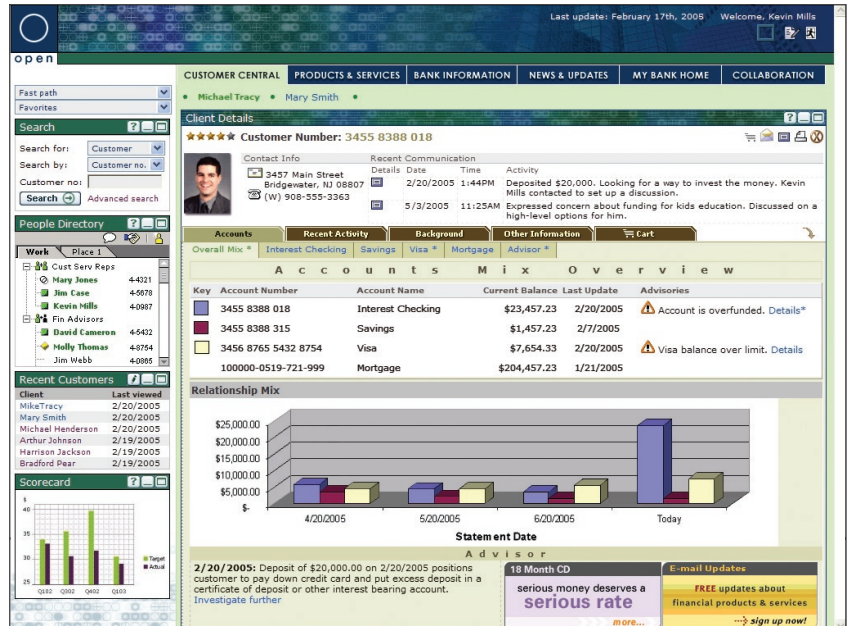
Portlets can also be extended into retail channels. Through a retail store portal, for example, retailers can easily open new accounts in order to finance customer purchases. In both cases, the ease of capturing information, combined with easier access to the necessary applications, helps banks create new cross-selling opportunities, improve channel sales and increase revenue opportunities.



Creating the ideal infrastructure for portals

To employ a portal solution effectively, banks must have the proper infrastructure. A service-oriented architecture is the ideal foundation for a banking portal. An SOA is a technical architecture that takes everyday business applications, such as customer relationship management (CRM) systems or general ledger systems, and breaks them down into individual business functions and processes, called *services*.

Once a bank defines its competencies, each one can be executed as a service and then combined and recombined to support the different activities and changing needs of the bank. A service could be a business function such as *check customer credit* or a system capability such as *log in user*. The role of the portal is to act as the delivery mechanism for services, aggregating them and exposing them to each unique audience in a secure and personalized way.



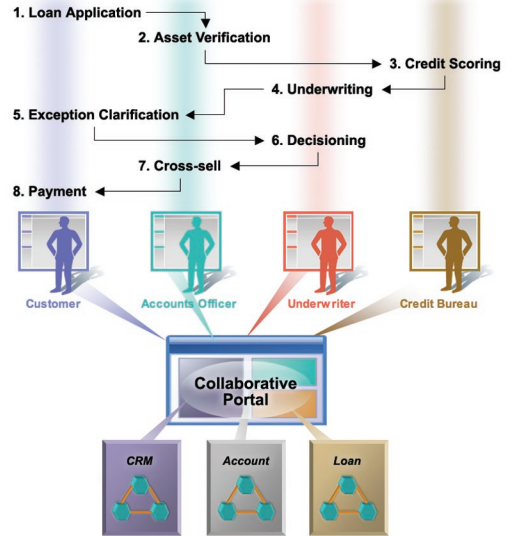
An example of a loan officer's portal: a consolidated view of pertinent information including the customer's accounts, ratios, recent or significant transactions, and a summary scorecard.

A banking portal can be personalized depending on the user's role. For instance, a loan officer's portal page can provide a consolidated view of all of a customer's accounts, key ratios (such as debt/income), credit scores, recent or significant transactions, and a summary scorecard—all in a single glance. With all the information in one place, a platform officer can make more-informed decisions, determine the best loan for the customer and respond to customer inquiries more quickly.

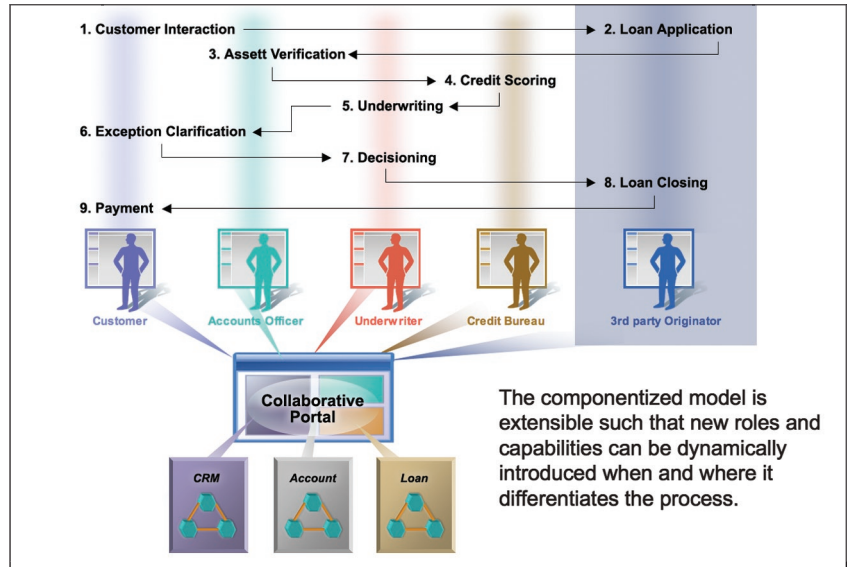
Banking Example: Loan Origination

Common bank processes can be understood as a sequence of coordinated activities wherein different users interact to execute specific tasks.

Each user has a portal that surfaces a collection of people, applications, and process to facilitate the execution of the process.



To further improve productivity and streamline business processes, multiple portal applications, or portlets, can be choreographed to facilitate the execution of an end-to-end process. In the case of loan origination, for example, different portlets and personalized portal pages can be created for the individual users involved: the customer, account officer, underwriter and credit bureau. Each audience can then use the portal for a variety of purposes, yet the portal would capture and deliver the information relevant for each user throughout the loan process while providing a unified view.



The componentization of business processes also allows banks to extend those processes (in the form of services) to new customers, partners and suppliers as warranted, or recombine them as new market opportunities arise.

The business value of portals

Portals can deliver significant business benefits that go beyond improved productivity. The productive and collaborative environment enabled by portals can help a banking organization become an On Demand Business. As defined by IBM, an On Demand Business is an enterprise whose business processes—integrated end to end across the company and with key partners, suppliers and customers—can respond with flexibility and speed to any customer demand, market opportunity or external threat. IBM WebSphere Portal software provides dynamic access to information and applications, thereby enhancing collaboration between users and enabling banks to respond in real time to changing market conditions.

An integrated portal solution can help banks realize these business benefits:

- *Cost savings: build and deploy applications and services faster; consolidate the procurement of hardware and software; reduce back-office staff and administration costs*
- *Operational efficiency: enable internal employees and external partners to communicate through one channel; link event-based, cross-functional business processes; increase data accuracy and speed decision making*
- *Revenue generation: provide more cross-selling opportunities to employees; leverage the expertise of knowledge experts through enhanced collaboration and learning; expand market share and move into new markets*
- *User satisfaction: increase customer retention through enhanced service capabilities; improve productivity with easier access to information; gain a competitive distinction by enabling superior customer service*

A trusted partner in banking solutions

In today's highly dynamic market, banks need to improve their productivity as a means to enhance customer satisfaction, increase business responsiveness and optimally leverage their human and IT assets to gain and maintain a competitive edge. With IBM WebSphere Portal software, banks can integrate their electronic user environment into a single, cohesive interface and provide employees with easier access to the information and resources they need to be more productive. Banks can feel confident that IBM can help them achieve their business initiatives with integrated and proven portal solutions.

For more information

To find out more about IBM WebSphere Portal software, please visit:

ibm.com/websphere/portal



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* IBM WebSphere Portal software is a single component of the IBM Workplace solution.