



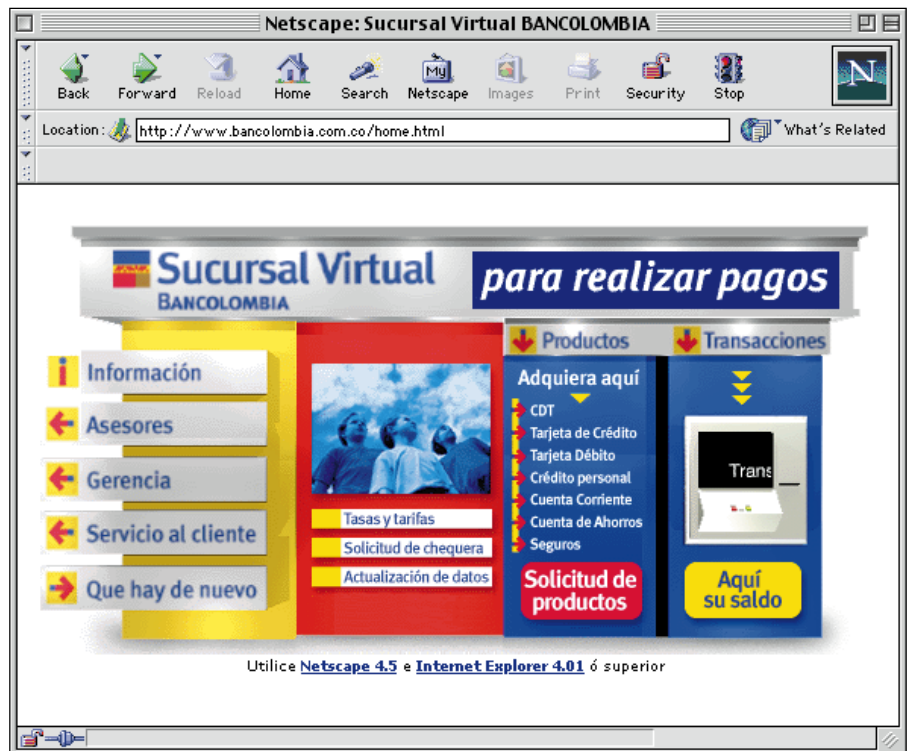
Bancolombia credits IBM with virtual banking mall success.

Application	Web-based bank branch
Business Benefits	95% lower transaction costs; 100% payback estimated in one to two years; first-year customer acquisition target doubled in five months; up to 98% shorter application approval time; significant increase in revenue from 100 new customers per month
Software	IBM Net.Commerce IBM DB2® Universal Database™ for Windows NT® Lotus® Domino™ Lotus Notes® Lotus NotesPump™
Services	IBM Global Services Lotus Consulting

It was late June, a temperate season in Medellín, Colombia. But, for Natalia Ballesteros, the climate was anything but calm. The bank for which she had managed online services for several years, Banco Industrial Colombiano (BIC), had merged with Banco de Colombia. The new bank, Bancolombia, had become the largest private bank in the country, with 1.3 million customers, 344 branches and more than 800 ATM machines.

“The cost of an average transaction through a physical branch is \$2, but, through the virtual branch it’s 10¢—a 95 percent saving.”

—Natalia Ballesteros, Virtual Branch Manager, Bancolombia



Bancolombia's virtual branch is a "banking mall" powered by Net.Commerce, where customers shop for accounts and credit cards.

It's about business, not just technology.



Bancolombia's convenient new service—virtual branch banking—is catching on in Colombia.

“We also looked at Microsoft's e-commerce offerings, but we preferred IBM because we needed not only the products but also the know-how and help to complete this project on time.”

—Natalia Ballesteros

According to the merger plan, Ballesteros had only until January 25th to establish a new online banking service for Bancolombia. This “virtual branch” would serve a new Web-only customer base and also function as an information site for the rest of Bancolombia's customers. Ballesteros had to integrate all of the former banks' services into the new virtual branch. And, she only had one staff member to help her.

Enter IBM Global Services. Leveraging BIC's existing Lotus Notes and Domino infrastructure, IBM created a “banking mall” using IBM Net.Commerce PRO with IBM DB2 Universal Database for Windows NT. At the mall, virtual-branch customers can open accounts, order checks, apply for credit and debit cards or perform any other transaction that would normally be conducted at a bank branch. Together with Lotus Consulting, IBM integrated the Web site with the bank's back-end workflow systems. This has enabled the virtual branch to deliver on its promise of two-hour application approval—a 98 percent faster process than traditional mail approval, which took as long as ten days.

Launched precisely on the appointed date, the virtual branch is attracting many busy professionals who prefer the convenience of the online-only service. In its first five months, the virtual branch signed on twice as many customers as it had planned for in the entire year. Additionally, 30,000 traditional Bancolombia branch customers use the site to access their account information, and that number is expected to reach 50,000 by the end of the year.

Despite the growing user base, Ballesteros and her colleague haven't required any additional staff to manage the virtual branch. With existing Lotus Notes clients providing an intuitive interface to the virtual branch, the bank's product managers are handling the Web site administration with little training. Likewise, the call center representatives are using their existing skills and applications to handle online customer support for the virtual branch.

With such an efficient use of resources, the cost of operating the virtual branch is negligible compared with a brick-and-mortar branch. “The cost of an average transaction through a physical branch is \$2,” Ballesteros explains, “but, through the virtual branch it's 10¢—a 95 percent saving.”

Based on revenue from 100 new virtual-branch customers per month, and the cost savings associated with serving those customers, the bank expects to recoup its initial investment in the virtual branch in one to two years.

Online banking fits retail shopping model

The banking mall scheme was a result of the collaboration between Bancolombia and IBM. “When we started working with IBM, we were thinking mostly about performing transactions,” Ballesteros recalls, “but IBM pointed out that a more consultative approach would be important to customers who never visit a physical branch. They suggested that Net.Commerce could help fulfill this role.”

According to the shopping metaphor, the virtual branch functions as an online store that sells banking products. Net.Commerce acts as the merchant server, presenting a catalog of product descriptions stored in DB2 Universal Database on a Microsoft® Windows NT server.

IBM populated the catalog database and migrated BIC’s legacy HTML pages from a Netscape Web server to Lotus Domino. According to Ivan Daniel Rincon, associate principal of e-business services with IBM Global Services, “This was one of the first applications of Net.Commerce on top of a Domino server infrastructure. We found it to be an excellent way to leverage the bank’s existing software assets and application skills.”

IBM, Lotus integrate Web site with workflow

Online customers can search the Bancolombia virtual branch like any online catalog. When they aren’t sure which bank account, credit card or other product will best meet their needs, they can consult with the bank’s “financial simulators.” Developed by IBM Global Services, the simulators start with an online questionnaire, which defines the customer’s financial position and needs. JavaScript routines are used to compare the customer’s answers with product specifications stored in a Lotus Notes database. The results of the comparison—suggested accounts, credit cards or services—are returned to the customer a few seconds later.

When customers decide to “purchase” a banking product—that is, apply for a credit card, open an account or order checks—they fill out an online form. Here’s where Bancolombia’s workflow comes into the picture. Lotus NotesPump extracts the information from the HTML form and loads it into the Domino server to start the workflow process. For example, a credit card application would be routed to the bank’s credit department, which would perform the credit check and respond within two hours with an approval or a denial.

“Call center staff can serve virtual-branch customers using the same Lotus Notes databases they reference when taking calls, so there’s no additional outlay for customer support software.”

—Natalia Ballesteros



Bancolombia’s product managers maintain their own areas of the virtual branch Web site using the Net.Commerce Product Advisor.

According to Ballesteros, IBM's complete solution and project management were key factors in meeting the bank's deadline. "We also looked at Microsoft's e-commerce offerings," she says, "but we preferred IBM because we needed not only the products but also the know-how and help to complete this project on time."

Product managers update the site

The virtual branch offers some 20 different banking products. Product managers are responsible for keeping their respective Web pages up to date, saving Ballesteros countless hours of routine administration. Managers use the Product Advisor feature in Net.Commerce PRO to update interest rates, terms of payment and other product specifications. "At BIC, my colleague and I spent all day updating the site with [Microsoft] Front Page," she recalls. "Now, with inflation on the rise in Colombia, exchange rates and interest rates change almost every day. I don't have time to handle this."

Typically, the Net.Commerce Product Advisor makes updates to DB2 tables. With some custom code written by IBM Global Services, product managers can perform these updates from within the Notes environment with which they are already familiar.

Call center staff go online

Even with the most comprehensive information and efficient service, customers will always have questions. So, Bancolombia's virtual branch provides an e-mail link for customer support, both for its online-only customers and for traditional customers using the online service. But Ballesteros and her partner couldn't possibly manage the influx of e-mail from the Bancolombia customer base. "We get more than a hundred messages per day," Ballesteros says. "So, we decided to integrate the virtual branch with our call center."

During off-peak calling hours, between 7:00 P.M. and 7:00 A.M., call center staff members respond to e-mails from the virtual branch. "We are leveraging their existing customer support skills, so we don't need to invest in training," Ballesteros explains. "In addition, call center staff can serve virtual-branch customers using the same Lotus Notes databases they reference when taking calls, so there's no additional outlay for customer support software."

Corporate banking: the bigger market

The virtual branch was initially designed to provide consumer-banking services, but 70 percent of Bancolombia's customers are businesses. Consequently, the next three phases of its virtual branch project with IBM Global Services will include business-to-business banking, payment services and bill presentment. "This is just the beginning," Ballesteros says, "With IBM and Lotus, all of our plans for the virtual branch are quickly becoming a reality."

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