Wachovia's SOA Journey – A Retail Bank View

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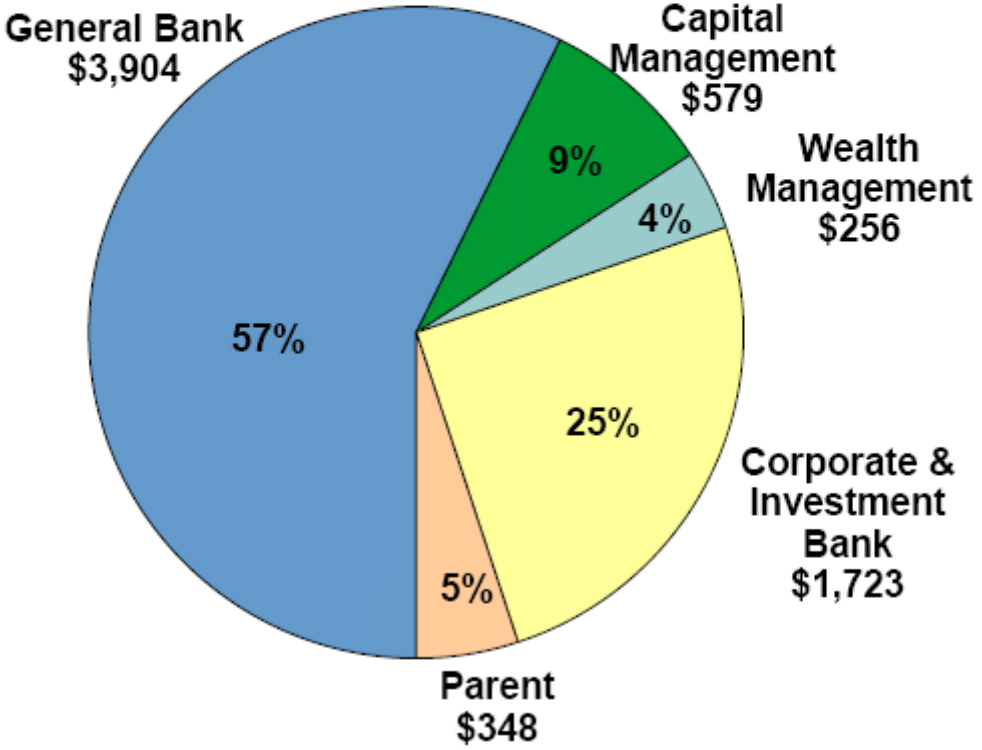
Topics

- Perspective of Wachovia and its Retail Bank
- Business strategies that drive our need for services orientation
- Where we have been and where we are with SOA
- Lessons learned in the journey so far
- Challenges we see ahead

Wachovia in perspective
Diversified scale businesses

2005 Segment Earnings* – $6.8 billion



- General Bank has grown earnings at a 17% CAGR since 1Q02
- Retail and Small Business accounts for 63% of General Bank's earnings

Segment earnings excludes merger and restructuring charges.

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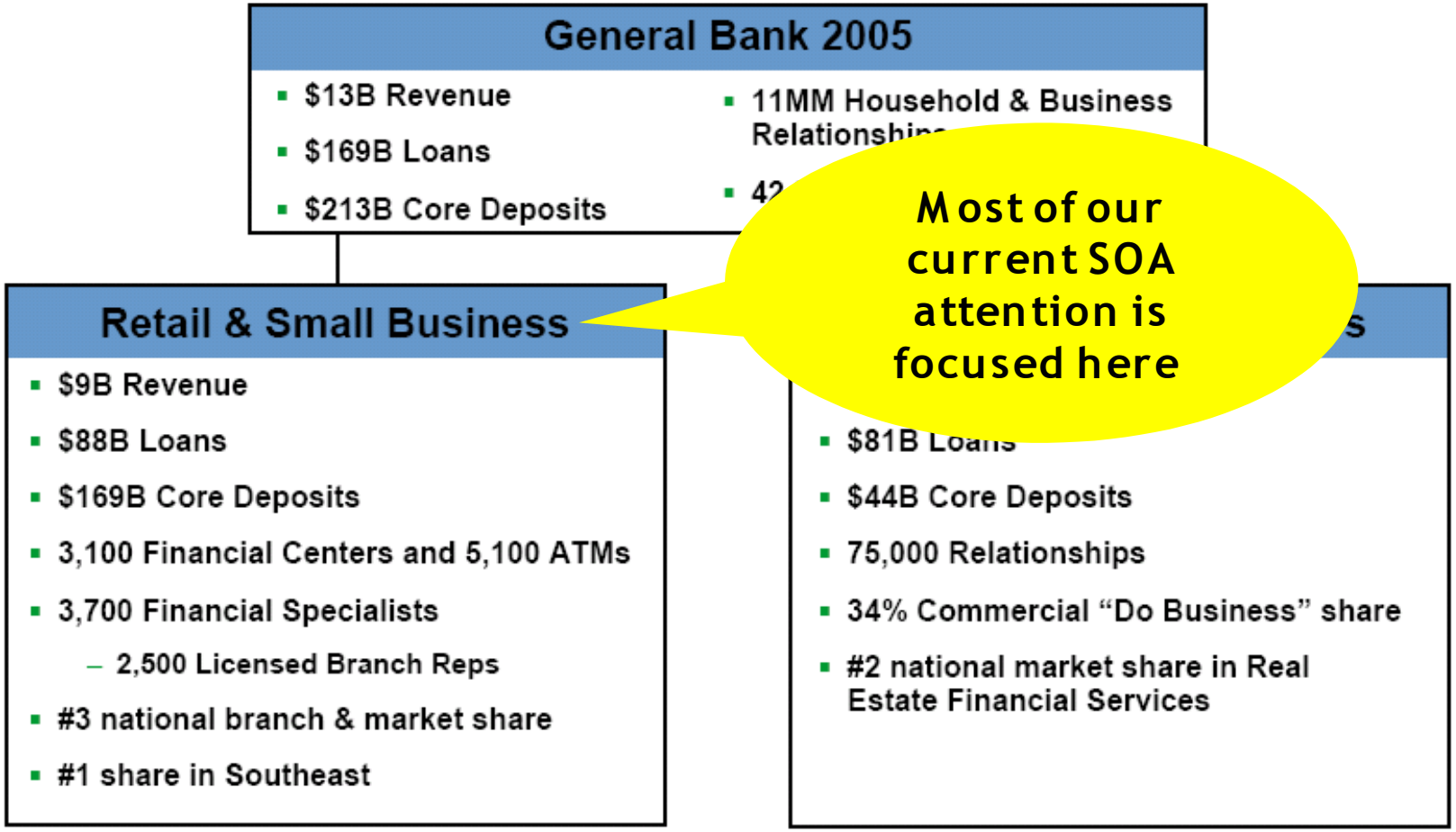
General Bank size and scope



As of December 31, 2005.

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GOOD TO GREAT = OUR ENHANCED STRATEGY FOR THE RETAIL BANK

"BECOME A DISTRIBUTION EXPERT WITH A SEGMENT OVERLAY"

(1) Invest more in our distribution channels

(2) Focus on higher-profit customer opportunities

Ensure the **best** and **most consistent customer experience** in terms of sales and service, across all channels

Have **new, better branches**

Improve deployment of resources against local opportunities

Better **integrate / coordinate channels** for increased cost effectiveness

Provide more tailored **segment-specific solutions** to customers

Provide **dedicated resources** for specialized needs (e.g., SBBs)

Improve processes and tools to help employees better understand and deliver against customer needs and expectations

Expected impact: Superior results on all key drivers of profits and incentives

Core deposit growth	Loan growth	Net new checking	Revenue growth	Pre-tax profit (PBIE)	Customer loyalty

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When we say "SOA", what do we mean?

- From a business perspective, Service Oriented Architecture (SOA) is a construct and discipline whereby new business requirements are evaluated holistically against a backdrop of processes and functions that are currently in use by other business solutions. A common process or Service that has been previously created, and paid for, is then augmented or reused, in whole or in part, to create a new or improved process.

- From a technical perspective, SOA is a software architecture model where loosely coupled software components, representing granular but complete technical or business functionality, are accessible through known platform independent interfaces and transports over a network.

SOA is **not**	SOA **is**
✗ just an IT thing	✓ Important for implementing our business strategy
✗ the first time we've considered these concepts	✓ a critical reason for IT and business to leave their silos and play as partners
✗ a total revamp of core systems	

Why do we believe SOA is important to our business strategy?

Ben Jenkins (Nov 04): "Effectively and efficiently use sales and service channels to capture new opportunities, enhance service and reduce cost through *multi-channel capacity and capability planning, optimal asset and sales/service deployment, improved efficiency of systems, processes and support.*"

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Consistency assured by shared business services

SOA enables agility and flexibility

Business architecture and SOA help improve process design and execution

Shared business services result in better channel integration and reduced costs

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Our SOA Strategy

Wachovia Retail and Channel Technology will design, construct or acquire solutions with reusable assets within a Service Oriented Architecture.

A Business Reference Model will be used to drive requirements and identify services.

Services will be managed, discoverable, shared, reused, and available to Wachovia applications in all our execution environments.

Services will be identified and prescribed for use during the project feasibility and planning phase.

What's the status of implementing this strategy?

Enabled an Integration Hub as part of the business change to re-platform online banking and bill pay

Current round of implementation, we are riding on the business program called Multi Channel Services

With our business partners, building and using first iterations of business reference model (business architecture)

Driving common services which are more supportive of business activities and less constrained to "technical interfaces"

8 Lessons Learned On The Journey So Far

SOA is not a fully descriptive label, but we use it anyway.

Get comfortable with “learning while doing”. Iteration is required.

Challenge your reuse thinking to move up the hierarchy past infrastructure and shared technical components to shared business services and shared business processes.

Tying to business needs and opportunities is key. Timing is critical and luck is always a good companion!

Business advocacy is key. Getting useful business perspective requires time from individuals who know and manage the business.

The business architecture portion of SOA should be an asset owned by the business. Disciplines other than IT should leverage that asset.

Don't rely on only one source of perspective -- blend and think for yourself.

Persistence is required. This journey is not for those needing immediate gratification nor for the faint of heart.

Challenges we see ahead

Managing internal demand; successfully delivering before we commit to more

Keeping the dots connected within Wachovia

Staying in tune with vendors

Methodical, deliberate, and affordable modernization or replacement of critical systems

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