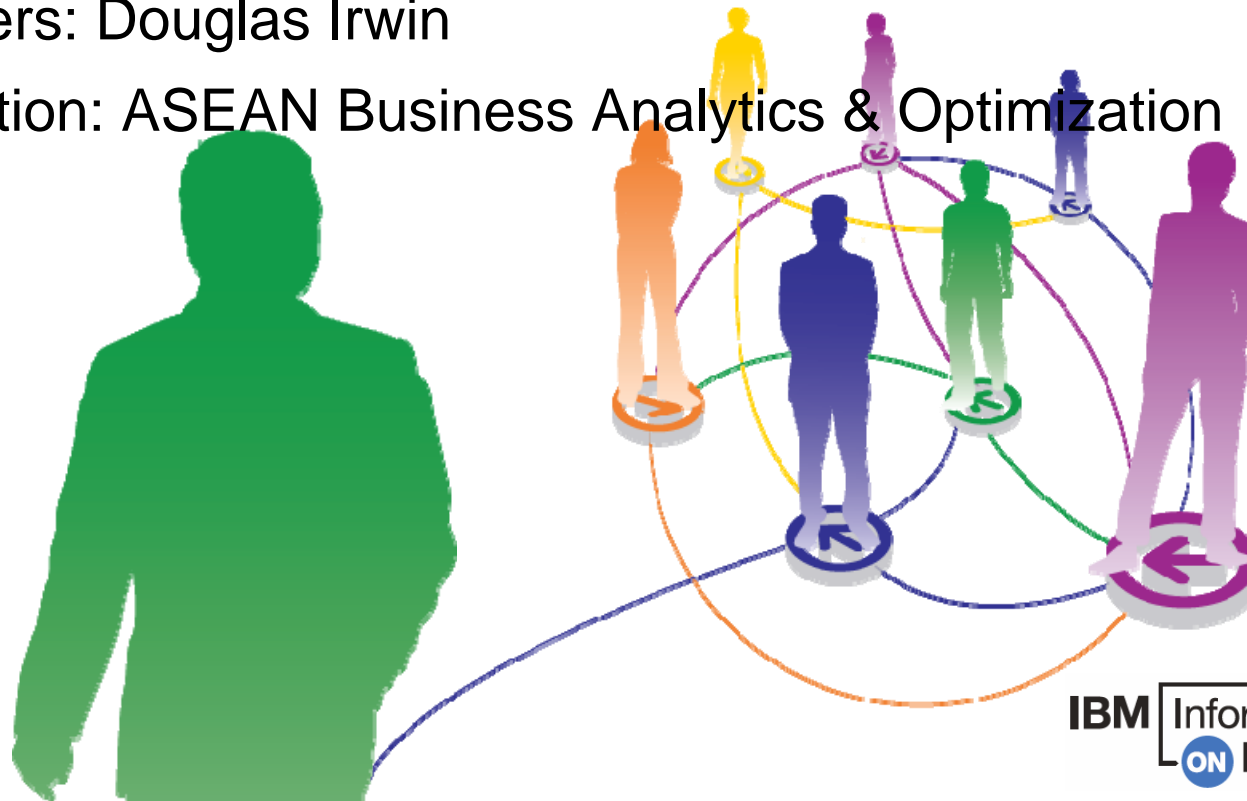


# ASEAN IOD Executive Forum

## *Capturing New Growth Opportunities with Information-Led Transformation*

Presenters: Douglas Irwin

Designation: ASEAN Business Analytics & Optimization



IBM Information  
ON Demand 2010



INFORMATION-LED  
TRANSFORMATION



LEAD  
THE WAY



IBM

January 21 - SINGAPORE • January 26 – MALAYSIA • January 28 - THAILAND

# The way the world works is changing—and financial services organizations must deliver on brand promises



## Brand Promise

Client-centricity

Agility

Stability



## Interaction Reality

Firm-centricity

Complexity

Volatility

**21%**

Percent of providers that understand what clients value

**67%**

Organizations that rank themselves as 'moderate' to 'poor' in business and technology agility

**90%**

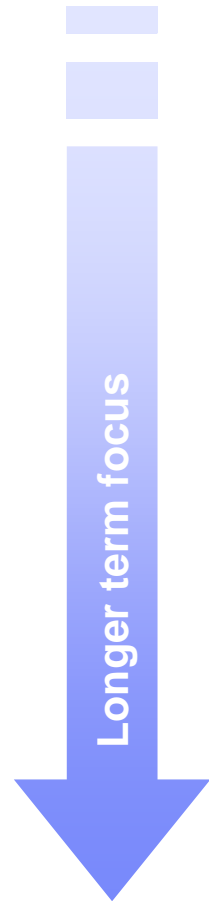
Of executives believe the returns of the past are over, and that returns will be more sustainable



## Financial Services firms tell us that they are focusing on five key areas

While we understand the immediate problems, let's take a bit a higher level view for the moment

- Capital and liquidity
- Cost (and Complexity)
- Risk (and Transparency)
- M&A – and D(ivestiture)
- Customers



*In this environment, survival is top priority*

# The returns of the past are gone and business models are changing. Capital constraints demand three imperatives for financial services:

## 1

### CLIENT

#### Confidence

- Demonstrate health
- Eliminate trust gap
- Align interests with clients

#### Insight

- Develop client analytics and new segmentation schemes
- Improve client channel interactions
- Attract and retain specialized skills

## 2

### COST

#### Cost & Complexity

- Evaluate headcount and compensation
- Rationalize recent mergers and acquisitions
- Streamline operating model
- IT modernisation

#### Partnerships

- Reduce the IT/business disconnect
- Standardize vendors
- Outsource non-core components
- Connect to new utilities

## 3

### RISK

#### Risk Management

- Create a risk-based culture
- Improve governance models
- Ensure comprehensive, accurate and timely data
- Address risk models, scenarios, stress testing and model input weaknesses

#### Transparency

- Analyze and report enterprise-wide risk positions
- Proactively create transparency for regulators, shareholders and clients

In April 2009, IBM studied 472 CRM Executives in 66 countries around the globe to define the state of Marketing, Sales and Service



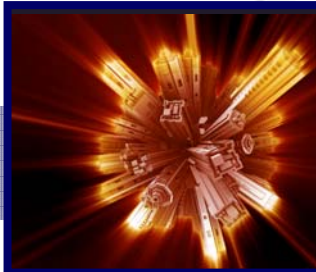
The Economy

The Future

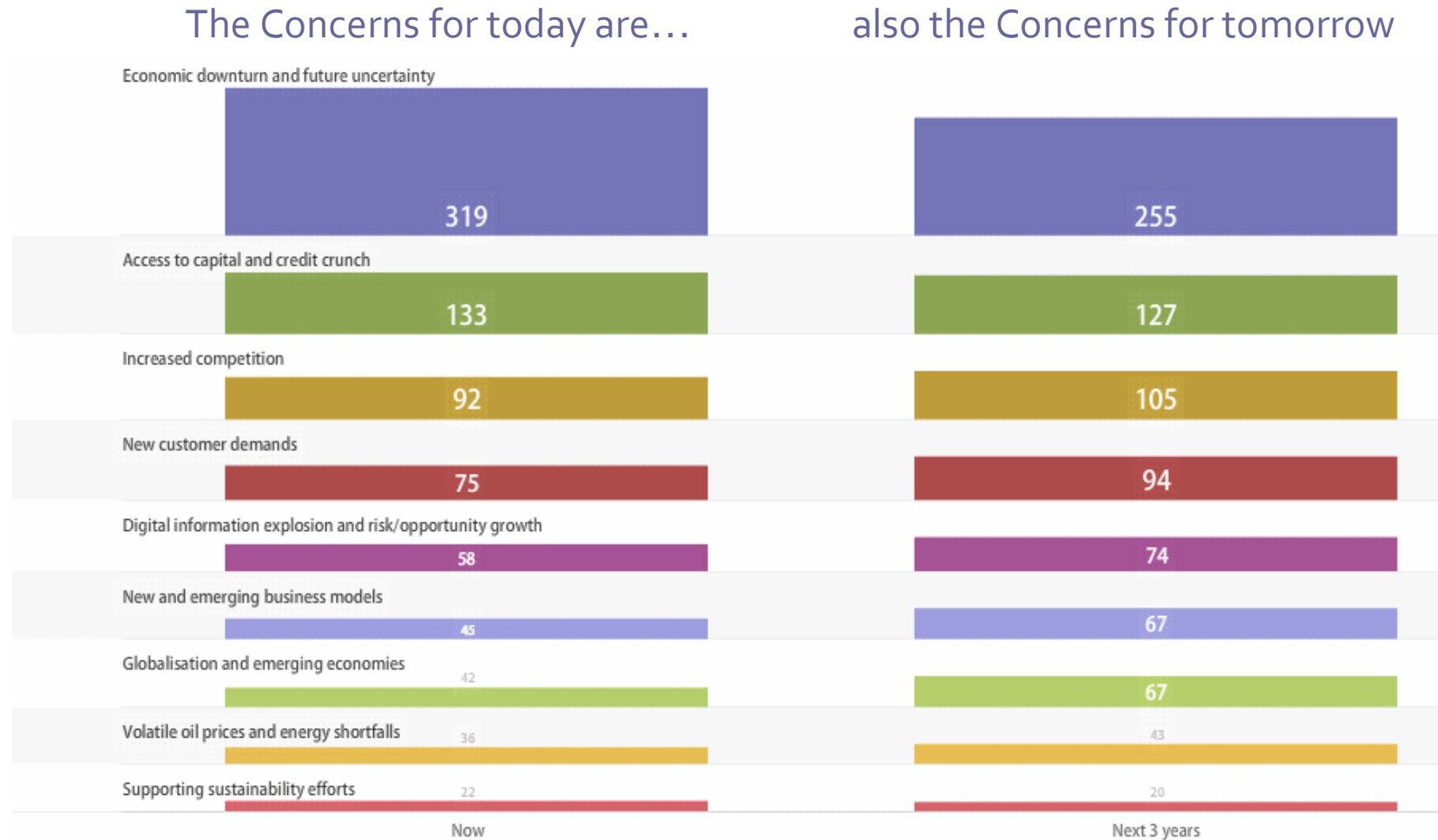
Analytics

Customer Experience

Digital Channels



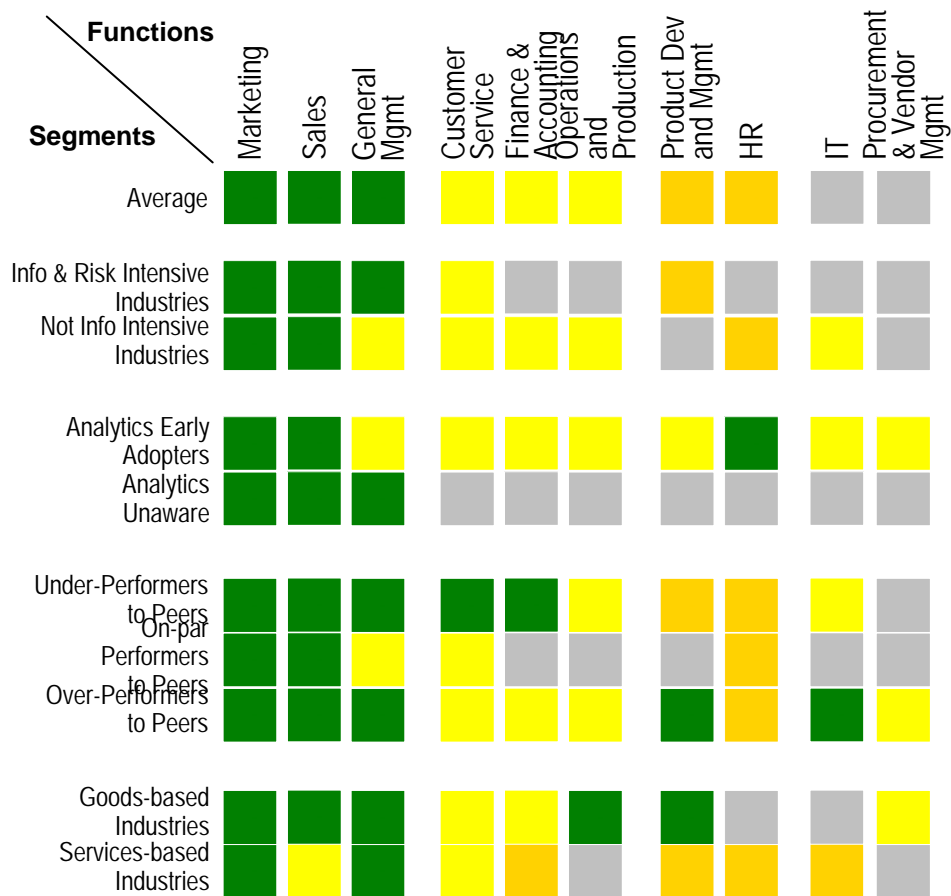
# We asked them what their concerns were for now and the next three years



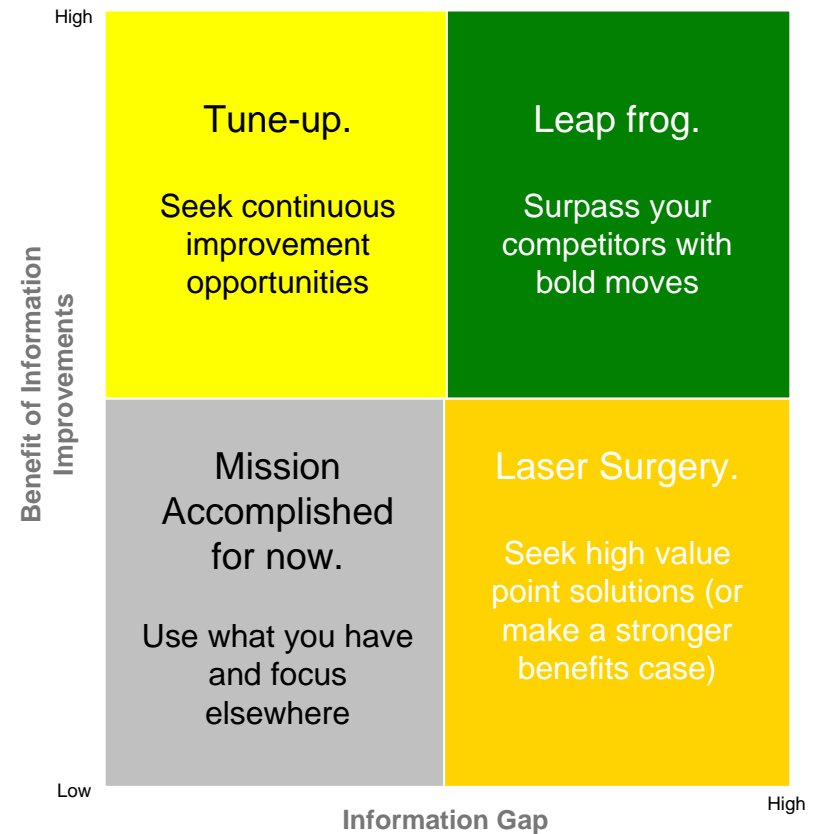
EIU/IBM 2009 IBV CRM Executive Study, n= 472 QA: Q2. Which of the following global market forces are having the greatest impact on your business right now? Please select the top two. N=472

# Functional BAO priorities vary by industry, analytics capabilities, performance relative to peers and value proposition

Survey of Business Leaders



BAO Benefit-Gap Investment Matrix

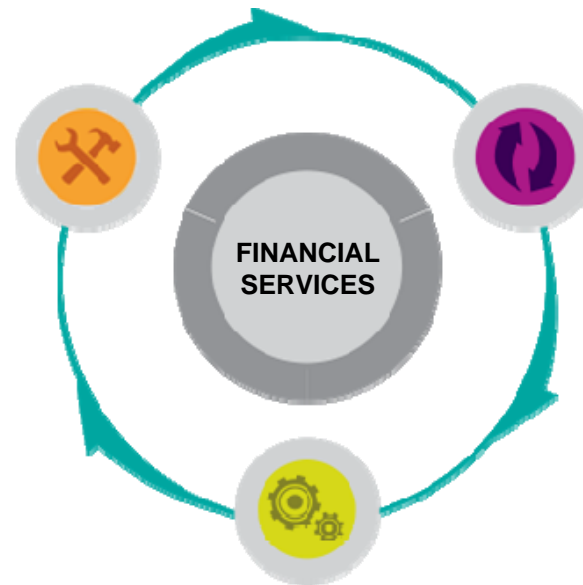




## To ensure their own survival as well as the economic well-being of clients, stakeholders and the public at large, smart banks and financial services firms are working to...

### **INCREASE CLIENT CENTRICITY.**

Eradicate information silos and create an enterprise view that supports new models for intelligent business decisions and a smarter client experience. Create a single customer view to drive advocacy and profitability.



### **OPTIMIZE COST, INCREASE AGILITY.**

Rethink business models and radically simplify architectures to yield business agility while taking out cost and eliminating inefficiencies across the enterprise. Enable rapid assembly of services to drive timely and innovative products.

### **INTEGRATE RISK MANAGEMENT.**

Align to an information agenda. Understand the interdependencies of your financial exposure. Continuously adjust to your business and prudential objectives. Mitigate financial crime, operational and IT risks. Turn regulatory compliance into competitive excellence.





## The need for progress is clear.

### 50%

Percentage of customers who would give their bank only two chances to fail before considering a change in banks.

### 93%

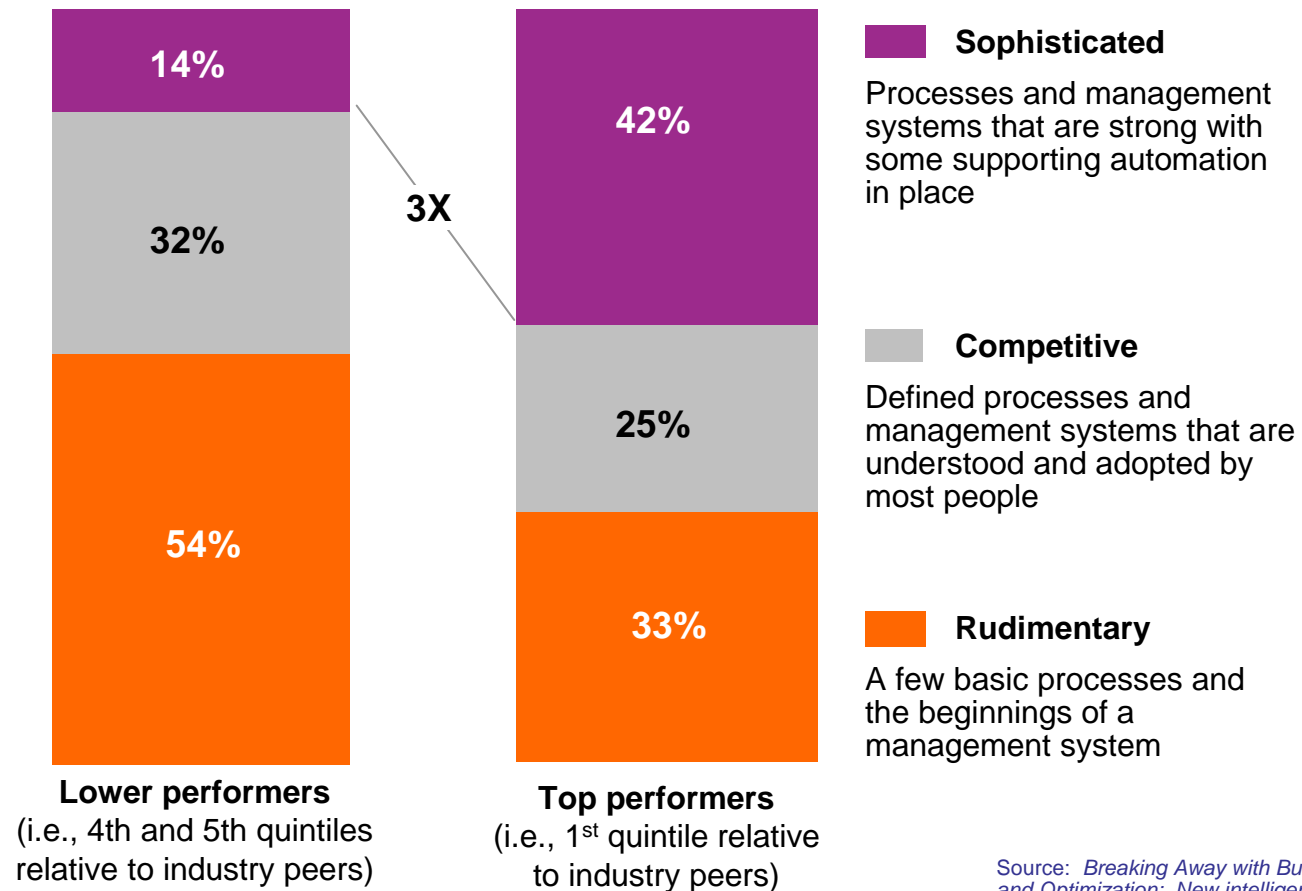
of the 285 million electronic attacks in 2008 were focused on the finance sector, well over half detected by third parties.

### 25 billion

Global trading systems are under extreme stress, handling billions of market data messages each day.

# Strong data governance discipline helps top performers move faster and collaborate more easily

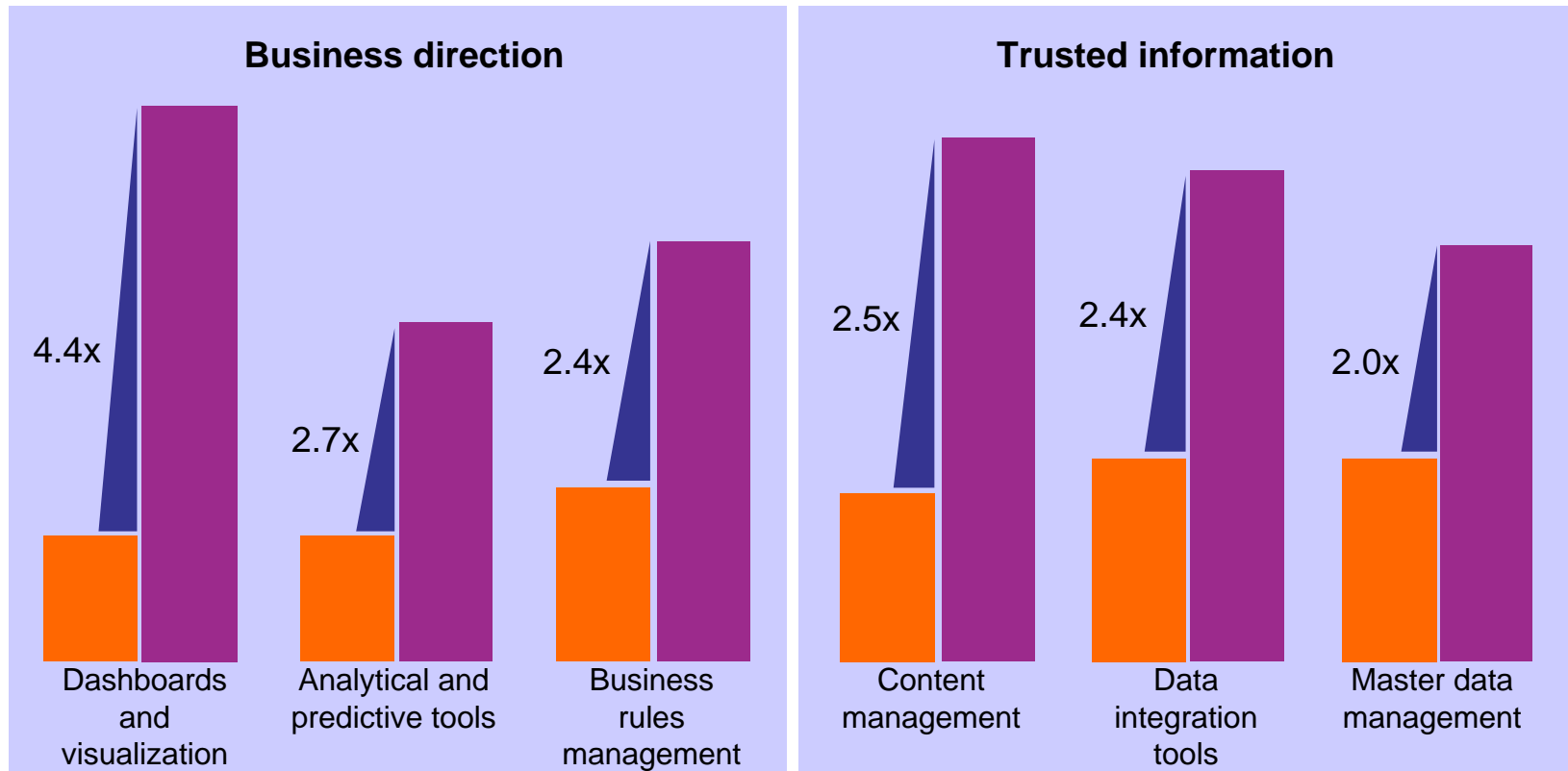
## Data Governance Levels



Source: *Breaking Away with Business Analytics and Optimization: New intelligence meets enterprise operations* at [www.ibm.com/gbs/intelligent-enterprise](http://www.ibm.com/gbs/intelligent-enterprise).

# Top performers are armed with state-of-the-art tools to support decisions

## Above average BAO platforms and toolsets



Source: *Breaking Away with Business Analytics and Optimization: New intelligence meets enterprise operations* at [www.ibm.com/gbs/intelligent-enterprise](http://www.ibm.com/gbs/intelligent-enterprise).

- Key:
- Top performers (i.e., 1st quintile relative to industry peers)
  - Lower performers (i.e., 4th and 5th quintile relative to industry peers)
  - Relative difference of top performers to lower performers



## Focus on making the operational changes necessary to create value from new insights pays off for top performers in business results

# 2.5X

Top performers nearly triple their odds of success through their keen focus driving change

# 2X

Focusing on driving change is more than twice as important to success as having a well run project

### Beating the odds for success

## Best

Driving change

- Culture and people change
- Data governance
- Business process change
- Organizational alignment

## Better

Well run project

- Program governance
- Project objectives
- Multi-phased roadmap

## Good

Sound justifications

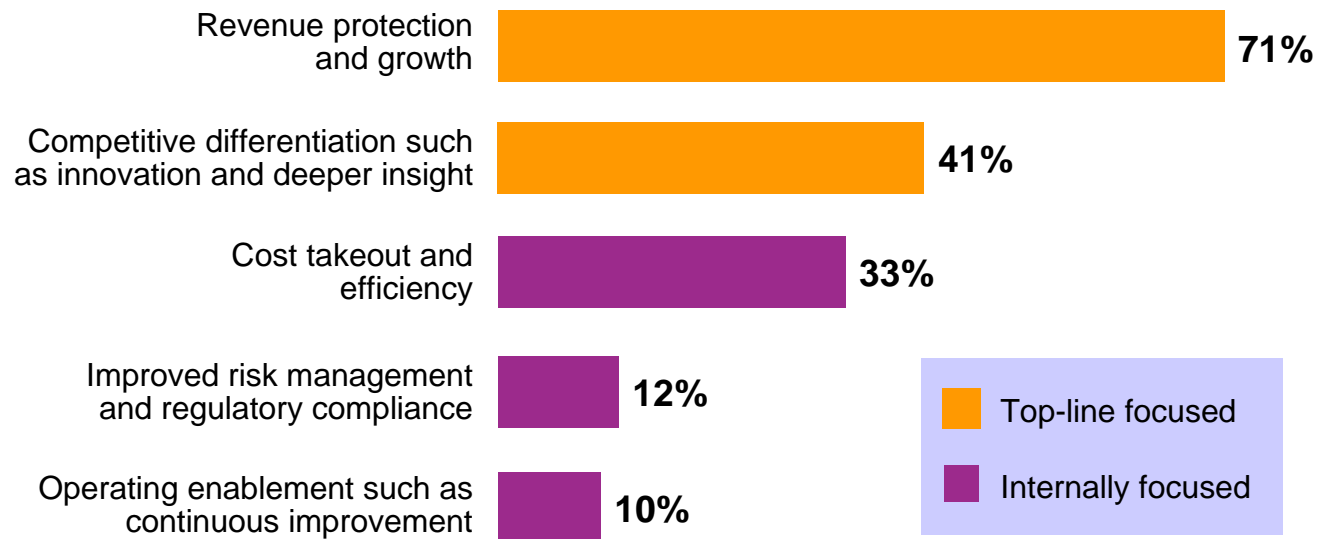
- Sponsorship
- Capability assessments
- Funding process management

Source: *Breaking Away with Business Analytics and Optimization: New intelligence meets enterprise operations* at [www.ibm.com/gbs/intelligent-enterprise](http://www.ibm.com/gbs/intelligent-enterprise).



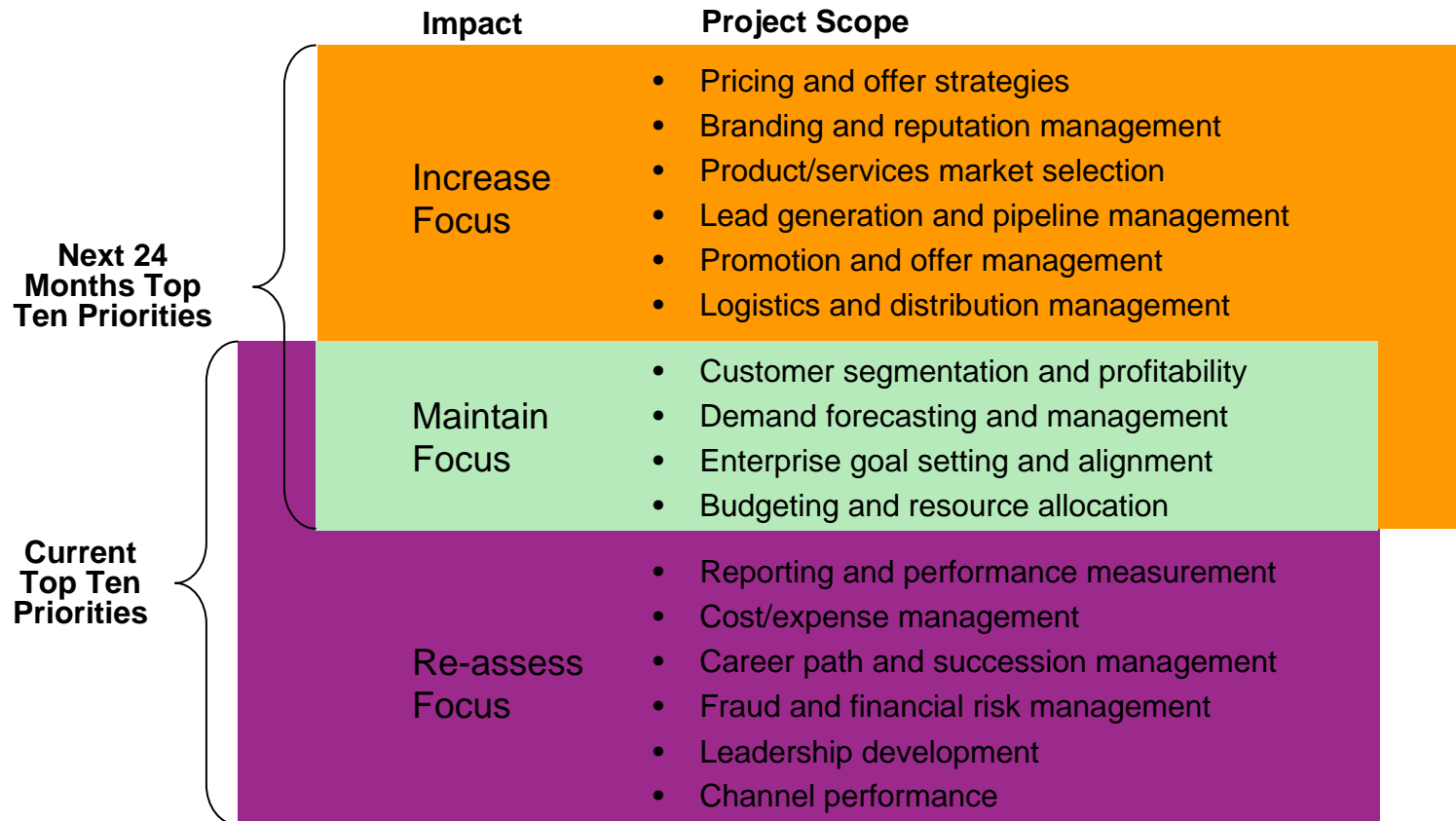
## IBM's 2009 survey of 398 executives worldwide found top-line focus is back and it's a global phenomenon

### Business Objectives for 2010-2011



Source: *Breaking Away with Business Analytics and Optimization: Enterprise operations meets new intelligence* available in late 2009 at [www.ibm.com/obs/intelligent-enterprise](http://www.ibm.com/obs/intelligent-enterprise)

# We predict a shift in projects to better reflect top line priorities



Business Objectives: ■ Top-line ■ Top-line and internal improvement ■ Internal improvement

Source: *Breaking Away with Business Analytics and Optimization: Enterprise operations meets new intelligence* available at [www.ibm.com/gbs/intelligent-enterprise](http://www.ibm.com/gbs/intelligent-enterprise).

In examining the perceived value of enterprise intelligence as applied to the variety of activities listed previously, leaders – both functional and line of business (LOB) – often disagreed among themselves about which activities reaped the greatest benefits to the organization overall.

In our previous study, we found that most organizations had analytic projects underway, but they were working on them in silos.

Business leaders, we conclude, are best able to help their organizations operationalize BAO when they:

- Communicate the value of analytic activities led by their function or LOB and understand the value of activities led by other domains
- Design information and analytic activities to support common enterprise objectives.