**Recover Revenue Lost to Regulatory Reform by Increasing Cross-Sell Acceptance**
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Kirk Laughlin: Hello, everyone, and welcome to our discussion today on Recover Revenue Lost to Regulatory Reform by Increasing Cross-Sell Acceptance, brought to you by Bank Systems & Technology and IBM and broadcast by United Business Media. I'm Kirk Laughlin, with United Business Media and today's Moderator and I'm so glad you could join us.

I think you'll find this to be a very interesting program and as usual, you'll have a good chance to interact and provide questions and comments throughout the program. There are elements to this webcast that will appear as pop-ups and we want to make sure you can view them, so at this time we recommend you disable your pop-up blockers. We also obviously encourage everyone to participate in our interactive Q&A session, which will come toward the end of today's event. At any time, don't hesitate to send in questions or comments in the Q&A feature.

The slides will advance automatically throughout the event. If you'd like you can download a copy of the slides by clicking on the Download Slide button located below the presentation window. Also, if you're experiencing any technical problems at all please click on the Help link below the media player and it will take you to a webcast help guide. You can also contact our live technical support help line as well.

Okay, so, onto our content portion. We've got two great speakers joining us today. Brad Strothkamp is a Principal Analyst at Forrester. He serves the eBusiness and channel strategy professional. He's a leading expert on e-commerce and e-business strategies development within financial services firms, as well as on best practices financial firms for selling to and servicing online consumers. And we also have Joe Boissy, who is Director of BPM and ILOG Marketing at IBM. He is responsible for the overall go-to-market strategy, product marketing, and industry marketing, for the product suite.

So, again, we're very happy to have these two speakers with us and at this point, I'd like to turn it over to Brad.

Brad Strothkamp: Thank you, and welcome, everyone today. I am excited to talk about a topic that I get a lot of questions around, which is cross-selling. As the environment has changed out there, what was typically old is now new again and that is cross-selling. There are couple of quotes to start that really can sort of I think set the context for why cross-selling is so vitally important is the revenue opportunities from fee income are down. I mean that's really the gist of this discussion today.

And a lot of that is external factors. The government and the government saying how much financial institutions can earn around fees and that has really changed the environment. And one aspect of the financial services environment that has changed is it has made cross-selling more important than ever. I wrote a document last year around the cross-sell imperative, but it is even more greatly enhanced by the fact that a down economy and government regulations have made cross-selling as a strategy frankly more important than ever.

And one of the sort of the godfathers so-to-speak of cross-selling has been Wells Fargo and specifically their former CEO Dick Kovacevich. And he summed it up like this and from a revenue perspective that the cost of selling a product to an existing customer is only about 10% of what it costs to sell to the same [sic] customer. And so the whole idea and the whole idea around cross-selling, not only from an external environmental perspective makes sense, but also from a revenue and profitability, perspective makes sense.

And our discussion really today is going to center on three different aspects I want to talk about. I want to talk about currently the state of cross-selling in financial services, give you an idea of what's happening out there from our consumer data here at Forrester. I want to talk a little bit around what makes consumers consider a financial provider for additional products. What makes them want to have deep relationships. The goal of most organizations related to cross-sell is a deep relationship with their customers.

But let's see what the customer says around what would make them want to consider having that deep relationship with their existing provider. And then finally talk a little bit about the factors that determine cross-sell success. So, give you a sense of the elements of which -- I have found four that really differentiate firms that are not successful versus those that are successful related to cross-selling.

So, let's start by talking a little bit about the state of cross-selling within financial services. This first slide is based on our consumer data. We go out every year and we ask consumers, around 50,000 North American consumers of which around 35,000 are US consumers, product ownership questions. What we find on average is that across all US consumers, all US adults 18 and over, they have on average about 8.2 products per household. Now, if that customer uses the web in some way shape or form, we call that an online customer. They are more likely to have more products, 8.9.

If they're an online banker, if they access their accounts online, they're actually even more likely to have broader financial relationships. They on average have about 10.3 products. I mean this essentially has always been the business case for online banking. The fact that these customers are better customers. And that shows up in our data.

When we look at this from a generation perspective, we see that younger consumers are more likely to be adding additional products. This is why focusing in on that Gen Y segment for most financial services providers is extremely important because by the time that consumer gets to be in their 30s and into their 40s, their financial relationships are pretty well established and there the focus becomes more on switching providers versus adding new products.

That younger consumer is more likely in the process of adding and deepening relationships and so financial firms, from a cross-sell perspective, have the greatest opportunity to reach out, connect with these customers, and deepen their relationships early on in their financial lives.

When we look at a per firm basis, and I showed a second earlier that consumers on average have 8.9 financial products per household. We see that most firms don't have deep relationships though. On average consumers have 2.5 products with a specific provider. Firms like USAA and credit unions have the deepest relationships, 3.9 products and 3.4. But you can see that even at best, consumers have probably only about a third of their overall financial relationships with a single provider. So, there's a lot of opportunity in this cross-sell space to deepen relationships and have closer and have more profitable relationships with our customers.

As I was saying, credit unions in general and regional banks have some of the deepest relationships. Some of the firms that we think about as being very successful at cross-sell frankly aren't nearly as successful as some of the credit unions out there. And we're going to come back to this idea of credit unions and I want you to remember that this slide and the last one where we talked about credit unions and USAA, because we're going to come back and talk about a factor called customer advocacy that leads to cross-sell. But you get a sense of how deep those relationships are from this slide.

So, now that we've sort of talked about the state, what things look like in terms of products owned, products owned by firm, I want to talk a little bit about what makes consumers consider having multiple relationships with a single provider. Again we look at our consumer data. We asked consumers in 2009 just their level of interest of putting or keeping all of their financial products with a single provider, with a single firm.

We found that 41%, so about four in 10 consumers, fell into what we call the one-stop shopper. These were the consumers that were interested, are very interested, in having multiple relationships or all their relationships with a single provider. So, you can see that a good percentage of consumers fall into that one-stop shopping category. Around a third were indifferent but just over four in 10 would not consider it at all. So, at least three-fourths of consumers can be won over into cross-selling and having deep relationships with their financial providers.

But an element to this and it kind of goes back to the generations is you've got to get them early. Because as that consumer gets older, frankly, they get a little bit more jaded. When we look at those one-stop shoppers by generation we see that for Gen Yers, around 53% of them fall into that one-stop shopper category versus the 41% overall. But as they get older, Gen Xers into younger boomers, older boomers, then into seniors, you can see that they're far less likely to be one-stop shoppers. Just 26% of seniors fall into that one-stop shopper category. So, you need to get them early. And it fits well with how they're acquiring products at the same time.

So, why is this cross-selling so incredibly difficult? Well, I want to give you my thoughts from a couple of different perspectives. The first perspective is the consumer perspective. And one aspect you have to understand is it is a consumers' going-in assumption that no single provider has the best products in all situations. By that I mean, the consumer may say, you provide the best credit card but just because you provide the best credit card, they don't naturally assume that you provide the best checking account or the best brokerage account.

Secondly, each product purchase is a discrete transaction. The product being purchased drives what's important. By this I mean that let's say a consumer has a brokerage account with you and they're in the market for a new credit card. That decision on what credit card is best is completely discreet from their brokerage relationship. They're not again, naturally not going to assume that you have the best credit card because you have the best brokerage account. They're going to think about the fact that what they're looking for in a credit card is something that offers airline rewards. And they're not going to look at providers and see which providers offer the best airline rewards. So each purchase transaction is truly discrete.

Thirdly, there's just some hesitancy on the consumer's part to have all their eggs in one basket, especially in light of the economic crisis. Concerns of consumer of what if? What if that provider were not to be around. What would happen if I had all my money? Could I get access to it? So there is some -- even though this may be an obstacle that would never occur or never be a problem, there is some perception that it should be a concern from the consumer's perspective.

But I want to think about cross-selling from the other perspective. Let's think about it from a provider perspective. From a provider's perspective the benefits around cross-selling and retention are not nearly as well understood as the benefits of acquisition. I guarantee if I go into any marketing organization or financial services firm, they're going to know what their cost of acquisition is, an idea of how much it cost for them to get a product, what that product is worth when they get it, because a lot of the business models around marketing are built around that.

But you go ask that same firm, when you cross-sell a product what's the profitability of that product? How much does it cost you to acquire that cross-sell product and what's the benefit from a retention perspective and from a profitability perspective? And I think you're going to get a lot of blank stares. It really just shows why firms like Well Fargo are so much further advanced, mainly because they understand the benefit of that incremental product. They can put a number around what that means to the organization and most firms cannot.

Secondly, frankly buy-in is incredibly difficult. Cross-selling, unlike selling a single product, unlike selling a credit card if you're within a credit card group, cross-selling is a group effort. And silos abound in financial services. Everybody must share -- when it comes to cross-selling, everybody must share in the expense, the execution, and the reward of cross-selling. We have to work together in an organization and this is where silos really get in the way because they prevent that type of collaboration from happening.

Finally, cross-selling requires objectivity related to product offerings, customer interest, and operational readiness. You really have to step back and say, you know, I know I have the most competitive brokerage account, but do I have the most competitive credit card account? Maybe, maybe not. You have to have a really good sense of your product. You have to also gauge customer interest. I showed that 41% of consumers fall into that one-stop shop category but maybe only 20% of your consumers fall into that category. So, you have to understand and gauge the level of interest.

Then there's that operational readiness. Can we actually pull cross-selling off as an organization and all three factors have to be taken into consideration to determine whether or not you can even be effective at cross-selling. But cross-selling is absolutely going to happen and it's coming back into vogue. I pulled this quote out as a part of this webinar from the folks at Bank of America, where Brian Moynihan's plan is cross-selling. In fact I think his term was funny because he said, you know it's not sexy but the fact of the matter is that our plan revolves around cross-selling to customers, companies, and institutional investors. That is their strategy.

So, cross-selling as a strategy is absolutely coming back in vogue. So, now that we know that that's happening, let's talk about some of the factors that determine cross-sell success. Here's some of the factors that through my experience and through the data here at Forrester, I have determined.

One is a concept we call customer advocacy. Customer advocacy is defined as the perception on the customer's part that the firm does what's in the best interest of its customers, not just what's in the firm's best own bottom line. Every year Forrester comes out with our customer advocacy rankings. We rank firms on a -- from a customer perspective, it's done via our customer survey, on a five point scale around a question. The question is, my financial provider does what's best for me not just what's best for its own bottom line. And the customer answers this related to their primary financial provider.

Who tops the list? It's the same firms that top the list in terms of cross-sell success. We showed that earlier. Seventy two percent of USA insurance companies agree with the statement that their financial provider does what's in their best interest and not what's just in the best interest of the firm's own bottom line. Seventy percent are credit unions. Again, remember back earlier we showed that USAA and credit unions have the deepest relationship with their providers, and that's not by chance. That is because they show and demonstrate customer advocacy on a daily basis.

This brings it down even more granular. So here we're looking at 70% of those credit union customers consider their credit union to be an advocate and then we overlay that with the percentage of customers who would consider the organization for their next checking account, consumer loan, certificate of deposit. And you can see for credit unions versus say the 10 largest banks, that their members, their consumers, are far more likely to consider them for an additional product. This shows the strength and why customer advocacy and being a customer advocate is not only so important in general, it's so vitally important to cross-sell success.

The second factor is relationship pricing. Relationship pricing is literally the benefit of owing multiple products with a single firm from a customer's perspective. The reason why relationship pricing is so important is that when we ask consumers about thinking about a range of products offered by financial firms, getting a sense of what reasons or what features would encourage them to have a multiple relationship, what pops to the top of the list is lower fees and better rates.

They really want to be financially rewarded for having deeper relationships. Consumers are not dumb. They realize that there's actually a benefit to a financial provider for them having multiple products with them. All the consumer is asking is that some of that benefit be returned to them. Another aspect is customer intelligence. To be really effective at cross-selling you have to be very smart about consumers.

A colleague of mine recently published a document that talked about campaign management and talked about how it needs to be rethought and the fact that customer intelligence is really at the center of this, we need to pull in as much information about these consumers as you possibly can. And it needs to go beyond around just things like what relationships they have, what products they own with. We need to look at how they use our organization, how profitable they are, what they're doing on our website and what are they doing via our other contact methods.

Joe Boissy is going to talk in a second about how IBM can help in this fashion. But this is an extremely important element of execution is you have to have the intelligence to pull off cross-selling. The final thing is you just have to be good at execution and I can have everything in order, I can have the best customer intelligence, I can have good relationship pricing, I can have good advocacy, but if you don't execute on all those elements they may be all for naught.

Now today part of the success around cross-sell execution related to cross-selling is the web. If you haven't thought about cross-selling and execution through the website, you're missing one of the primary ways to reach cross-sell candidates. And the reason I bring that up is because we talk to customers about how they interact with organizations ongoing, whether it be banking or credit card or what have you, a lot of those touches typically happen through the website. In this example we look at when consumers talk about how they view balances and transactions, typically that's done through the web.

To bring it even down a level, and we look at channel usage, now this is specific to banking, consumers in general on average have around 3.6 touches on a monthly basis online with their banks. I differentiate that versus the 1.9 they have with ATMs, and the 1.3 they have with branches. So, if I'm sitting back and all my cross-selling efforts are focused in on cross-selling within the branch, you're going to miss out on the opportunity because ongoing after that initial relationship is established, you're three times more likely to see them online than to see them in the branch.

And again, going back to the generations we were talking about Gen Yers, that's going to be even more pronounced. So, online cross-selling has to be a significant part of your cross-sell strategy. So, I want to leave you some final thoughts before tossing it over to Joe, cross-selling as a strategy, it's not social media, it's not mobile, it's frankly probably one of the more boring strategies but the fact of the matter is firms like Wells Fargo and USAA that have been able to show the profitability component and the retention component of cross-selling show it to be one of the most profitable strategies that any financial service provider can undertake.

But when it comes to cross-selling, the strategy is easy. We've just said the strategy here. Sell more products to existing customers. There's your strategy. The fact of the matter is, the execution is difficult. We've talked about execution from three different aspects, the customer intelligence aspect, the relationship pricing aspect, and the actual execution of the cross-sell strategy itself.

So, from a strategy perspective it's really about execution and that's what differentiate those who are successful from those who are not. Customer advocacy does play a role here. So, if you are able to survey out or you look at Forrester's data, you can see that you are considered an advocate. You're already going to be a leg up on the competition. Because the consumers who consider their firms, or advocates of their firms, we showed that, the credit unions, USAA, they're more likely to be open to purchasing additional products and it actually shows up in their cross-sell success.

As we showed earlier, 3.6 products per household versus 2.5 on average for USAA. That's significant, but that comes from the level of advocacy that they have shown their customers. And finally, the last aspect is that cross-selling, effective cross-selling, requires product pricing, intelligence, and execution. So, you have to have all elements. If you don't have customer intelligence, you're probably not going to be able to do proper product pricing. You probably won't know how best to execute.

If you don't have good pricing, the best execution is going to fall on its face because there's nothing in it for the customer. If you have the other two but you don't execute well, well then they're never going to find out about it. You really have to have all three aspects to be effective at cross-selling.

Now with that, I thank you. Again, my name is Brad Strothkamp and I'm going to pass it over to Joe Boissy, who's going to talk a little bit about a case study that IBM has put together around one of their financial service providers that was successful in cross-selling. So, Joe, take it away. Thank you.

Joe Boissy: Thank you, Brad. Thank you for the very nice insights and good morning, good afternoon, everyone. What I'd like to do in the next 10 to 15 minutes is really walk you through a concrete example of how a bank or a financial institution can improve their cross-sell platform and improve their acceptance by 10 time and substantially increase their revenue.

So, as Brad described it, the key is in execution but in the execution of what in a cross-sell. In fact it's simply matching the right customer with the right offer. At the center of that would be a decisioning system that can help this execution. Again, it's 1% strategy, 99% execution. A typical question that comes to mind when a customer walks into an office or branches, is it a good customer? Or maybe better, is this one of your best customers? What offer can we give this customer? What type of discount? What kind of special offer? What would be the next best offer? Etc.

So, I'm going to illustrate this topic and I'm going to walk you through a customer of ours who successfully implemented a decisioning platform for cross-sell and up-sell and increased substantially their wallet share. As Brad mentioned, roughly 8.9% -- 8.9 products per individuals. How much of these products belong to a particular institution and that's the challenge that many banks have, how to increase their wallet share.

For the customers in fact one of our large banking customers, it's a Global 500 bank based here in North America. They have a broad range of products and provide financial, personal, commercial banking, wealth management, insurance, investment banking, and many other banking services. They have a very large customer base, millions in fact, private individuals to business institutions and government office. And they operate around the globe in dozens of countries.

So of course being a large bank, they book hundreds of thousands of mortgages and a slew of credit products per year. So, they have of course a rich and diversified catalog of products. But the issue they have is of course, are they reaching their potential, at its best? So, let's talk about a particular example. A typical scenario would be a customer would walk into a branch office and the bank employee, the staff, would go through the interaction with them, and then would need to manually assess what products are suitable for this customer for an up-sell based on a base recommendation and a bit of personal judgment.

And of course in addition as Brad mentioned, a typical situation we have is silos. So, for each of the new products recommended they would need to apply and fill in a new separate credit application, because it's a whole different department, which means potentially that the bank employee might discover after recommending a specific product to the customer that the customer is not eligible or does not qualify for this product. So you can imagine the frustration of the customer and the waste of time and energy.

So, the bank -- what we did, we sit down with them and we embarked on this project to better serve their customers and automate this cross-sell and up-sell system, reducing the guesswork that we just talked about and creating a recommendation that would best match the needs of the client and the likelihood of the customers accepting the offers.

So, what they did is, we worked with them on this project and what you can see on this slide is the conceptual diagram of the implemented solution. On the left you see the pool of information that was used to feed the central decisioning system. This information is of a different nature. You have the product catalog we just talked about with all its details. Then you have the customer data, the demographics, the history of purchase, etc. And of course the bank had their own legacy credit engine.

But the last thing they wanted to do is of course strip and replace. So, they kept their credit engine feeding into the decisioning system. What you see in the middle is their decisioning system. It will take, as I said, the necessary data on the left and determine the best offers that will be fed into all channels. The channels you see here are the branches, the customer advisors, the call centers, etc. Now the central decisioning system is based on IBM ILOG rules technology. More precisely for those of you not familiar with this technology, we call it BRMS, for Business Rule Management System.

In a nutshell, a BRMS is a set of tools allowing business users and IT to collaborate and create a set of rules defining the business logic and the operational decisions in a business language. In this case for example here, rules would be about eligibility for products, recommendations, offers, promotions, pricing, validation, etc. These rules are executed but they can also be monitored, tested, modified, edited, in a very business user-friendly environment allowing a very fast reaction to any business or market demand.

See, one of the biggest problems that banks are facing today is you have these newcomers, competition coming in with high yield Internet savings accounts and things like that. So, you need to be reactive to these markets very quickly and have a competitive offer. Bottom line in this example here, the results would be presented either directly to the customer for online users, or through the agents, the call centers, and the bank staff.

So, I'm going to now zoom in into the details of how this decisioning system works to help the cross-sell platform. So, as you can see on this slide it's a multistage process but it is completely automated going back to the execution. That's the key thing. You have to automate the system. It is powered by IBM WebSphere ILOG Rules software. The way it works is that the data from the information pool that we just talked about, is used first to determine, through specific rules, the customer profile or the customer model.

Typically this would be based on information such as demographics of the customer, credit ratings, how many products, what kind of accounts they have, how long have they been with the bank, their purchase history, etc. This determines what we call the customer model or a customer profile. The second stage is this data of the customer profile is added to the cross-sell products from what we call the bank's goal. The bank goal can be for example customer retention, customer acquisition, increased wallet share, revenue maximization, competitive tackle, things like that.

And out of that they decide what are the top products they would like to sell for that particular model for that particular goal. The next stage, the third stage that you see here, is simply to customize this list of selected products by filtering out the product that the customer, either the customer has already owned so no need to offer them again, or products that they offered them to their customer but the customer declined them. So we know they're going to decline them again.

So, this helped a lot because for each of the products now, and this is key to the story here, not only you are selecting the good products for the customer but you're also determining the eligibility of the custom product. You're trying to remove the silos, you're running the credit application in the system already because you have the credit decisioning within that sole solution, so what you're offering to the end is something that the customer can guarantee will have.

And the last stage before displaying the results is to calculate the capacity and the recommended limits. This will take into account the maximum exposure the bank is willing to grant to this customer based on the policy and the customer status, and then given the client's current credit limit they can derive what's available in the credit limit and check if that meets the product specific conditions.

So, that means with all that in place the system now guarantees that the product recommended at the outcome are not only the best match for that customer, but also they are within the customer purchasing credit power and that he or she, the customer, is 100% eligible for those products. And that's key to the success in a cross-sell platform.

Now given all that you can imagine the benefits that the bank was able to derive from such an implementation. Now because this system was built in a way to maximize the breadth of the bank's catalog and match it with the needs of their customers, they were able to more than double, in fact 2.5X, their number of cross-sell offers. But what's even more important here and more and more impressive is really the ROI. That they were able to increase their offer acceptance by 10 times resulting of course in a nice uplift in their revenue stream.

So while doing that, and increasing their wallet share, it's important to mention they were still managing a strong and adequate risk policy. Why that? Because all the requirements for managing their risk were embedded in their eligibility and pricing rules. So, we just talked about BRMS, I'd like now to give you a quick summary of what I just mentioned that through five ways where BRMS can help you increase your cross-sell platform.

First, as I described the rules give you a very powerful way of personalizing your offers and your pricing. So what you're recommending to your customers is really tailor made to their needs. And of course to their purchasing power and their risk appetite. But let me give you an example here. Typically if a customer walks into a bank and let's say they want to renovate their kitchen. The traditional way of thinking, or like the natural way of thinking would say, okay, let's think about the home equity line or a credit line like this.

Well, it may be a better option for that customer would be something more creative, something like maybe a personal loan attached with a credit card with a special introductory rate for extended period. So, these kind of things can be personalized to that point using the BRMS.

The second thing here I mentioned is the multi-channel consistency. As you saw in the charts there is only one central decisioning system for all channels. So, what that means is that unlike in the past where the customer would get different offers by mail, then by going to the branch or going online, regardless of the way they go to the bank, online, offline, through their cell phone, etc., they will guarantee because it's using a consistent system, the results will be the same. The recommendation will be the same regardless of the touch point. And that’s a key thing in the BRMS central system.

The third thing is what we call increased straight-through processing. The BRMS in fact eliminates all the guesswork and the manual work we talked about. The rules in fact cover the eligibility, the selection, the pricing and you are removing much of the hurdle that was put in the past on the bank advisor. You probably know that but on average it takes nine months to train a bank advisor and the most proficient ones would be hitting like, I don't know, 15%, 20% of their product portfolio.

Here what you're doing is giving the power to the bank advisor to have a tool that will give them all they need and the only manual intervention that would happen is for exception handling in specific conditions that you decide on the rules. For example you might decide for this specific profile, high profile customer, I'd like to do this particular thing and I would like to have someone calling him, etc.

So, all these things make that -- you have really an increased straight-through processing and you're not doing a lot manually except when -- and everything is automated, except when you're handling exceptions.

Number four here is faster time-to-market. Now, because we have implemented the system where the rules are written in a business language not in a programmatic language, this means that the business users in fact, not the IT, are creating or changing or modifying the rules. This also means that the cycle to introduce a new promotion or a new change in a way of certain offers are created, is shortened dramatically. And in fact the marketing department or the risk department -- manager in the department, are the guys who are creating these rules, changing these rules.

What we've seen in fact on average is that this whole cycle is shrinking from several weeks even months, to a matter of days. And this is a great advantage in a cross-sell environment where again, you have a lot of competition and a lot of market that is continuous -- the market is continuously moving in a dynamic way so you have to very aware of what the competition is doing.

And last but not least here, is the regulatory compliance. And you certainly agree with me that one of the challenges in the context is to create offers that are not conflicting or are compliant with local regulations. And as you know, every single country, every state in fact, they have their own regulations when it comes to what you can offer to whom, which step ratio can you offer this product with this product.

Now, with a rule system not only can you nicely have this implemented in the system, but you can also easily demonstrate to the regulators that you are compliant by simply generating a report that shows you again in plain English what are the regulations, what are the rules that you have in place.

So, I mentioned these five benefits, they're really I think important of course but there are many others. There are many others in fact that I can talk about in BRMS. Maybe a couple more. An example would be testing and simulation. Not only you can provide a battery of tests and set any rules before deploying them, but you can also simulate and do what if analysis. What if I create this new offer? What if I have this new product? What kind of thing can I create to see the thing? What you can do is create these new rules and then you take the set of historical data representing a sample of your customers and then run a simulation and see what offers these customers will get when you set these new rules.

So you can adjust, fine tune, etc. and then when you're happy you can deploy them. So, this is a really great way of making -- way of improving your cross-sell platform. And another interesting thing is course that IBM's BRMS has the possibility of connecting with build an analysis engines, such as SPSS. So this allows you to get the easily invoked models so you can have really a closed loop. So, you have your analysis telling you exactly what kind of profile, what kind of customers would buy these kind of products and you implement that directly into the rule system and you have this nice closed loop.

I'd like to finish by telling you now what my question typically is, and I'm sure that we have this question, where to start. Where to start if you want to build a cross-sell platform or any operational decisioning system. So, we have a great way to start, something we call the Discovery Workshop. It is simply a couple of days where we sit down with you, but both IT and business, and assess the product together. On one side we'll show you in detail how BRMS works, what customers are doing. By the way we have over a thousand BRMS customers deployed and we deploy around 400 professional services engagements on BRMS per year.

So, this Discovery Workshop will help you benefit from this experience and get it from this well of experience. And of course if you want to educate yourselves we have really a bunch of nice articles, nice white papers, and success stories that you can get from there. And to finish, on the Discovery Workshop, all you need to do is call your IBM rep and you can schedule a Discovery Workshop.

Well, with that, thank you for listening and back to you, Kirk.

Kirk Laughlin:  Okay, Joe. Excellent. Really appreciate that. Folks out on the line today, we are going to move into our Q&A section next but before we do that coming up here in front of you is a audience feedback Q&A form. If you could just take a moment to fill out that form and Submit Answer button at the bottom of the page. Again, thanks in advance for filling out the form. And this helps us improve our webcast programming.

Okay, now on to our Q&A. We've got a number of really good questions here so I think we'll just dive right in. To you, Brad, are the findings and conclusions similar for community businesses, say those with up to $15 million in annual sales?

Brad Strothkamp:  Yes. The conclusions from the standpoint of firms that'll probably be at an advantage when it comes to cross-selling. Absolutely. Because community banks, smaller community banks, smaller regional players, they look more like credit unions than they do larger banks and so from an advocacy perspective they're definitely going to be at an advantage.

When it comes to things like customer intelligence or relationship pricing, it's something they can absolutely do. It's hard for me to say whether they have done it but it's something that is probably easier to do just because they are in fact smaller and I think from a technology perspective all the technologies are available to whomever. But I think one area that these smaller community businesses are going to have a leg up is that advocacy component.

Kirk Laughlin: Okay. Excellent. And also, Brad, another question here, could it be because younger consumers require few products hence one-stop shopping is easier for them?

Brad Strothkamp: You know, it could be. I think actually it's a little bit more as we get older we get jaded. I think as we get older we also get smarter in our financial lives. We begin to realize that a single provider doesn't always have the best products. Or there isn't pricing incentives with a single provider such that it makes it worthwhile. And I think maybe when we're younger we're a little bit more naive. And so I think there's an opportunity to I don't want to say take advantage of that, but to move on that opportunity.

You know I think if a financial firm were able to really figure out and execute on a good relationship pricing structure, I think older individuals are going to -- can be won over. I think what the data is just showing is it's probably going to be a little bit more of a challenge. It's going to be a challenge from two different aspects. One is they're probably a little bit more ingrained that a single provider can't or doesn't always have the best products. But I think the other aspect is as you get older you have established providers.

So, I have somebody who provides my credit card, my brokerage account, my checking account, my mortgage. And it's more -- it’s less likely that I'm going to be willing to switch and it's going to be harder to get them to switch, than it would be to get somebody who may be acquiring that product for the first time.

Kirk Laughlin: Okay. Well said. Joe, let's check in with you for a second here, can a BRMS actually help uncover new cross-sell opportunities?

Joe Boissy: Yes, absolutely. And so, yes, can a BRMS help uncover opportunities in the cross-sell? Because we have done -- in the BRMS you can do not only the cross-sell platform as a recommendation, but also you can do the credit decisioning. What you're doing in the end is offering the customers something that you already know they are eligible for, which is one of the hurdles before. But when you get that, the next stage is to see how they're reacting to that. And this is something you can feed in back into the system.

So, you know if you're suggesting -- recommending to them product A, B, and C, and you know that product B as being the one that is always accepted or product C is the one that's always rejected, this is an analysis for you that you can give back to your system and decide whether you're going to change the product C or get something else that is more accepted. Or maybe get more of the product Bs into the system because this is the hot cake that has been selling so far.

So, this is the kind of thing in which you can have this continuous improvement by uncovering new ways of improving and that's what's happening at the bank I just mentioned. They are continuously improving that system because they have this opportunity of looking at the data and getting from that data the intelligence they need to feed back into the rule system and adjust and fine tune the rules as they see fit.

Kirk Laughlin: Okay. Excellent. And by the way for those out on the line, again, this is your chance to make any comments or ask any questions related to increasing cross-sell and cross-sell acceptance. Let's also check in with you again, Joe, what legacy core processors have you successfully interfaced?

Joe Boissy: Well, we have done a number of core processes. In general what you have in the system is the credit legacy system that the bank has for example, is something that is four years old. It's been built over a number of generations I would say but it contains all the intelligence they have. The last thing they wanted is to get rid of it -- replace, because it is connected to so many other systems. So, just talking to replace is something that is unimaginable from a pure economical perspective.

However, because our BRMS can be connected to any legacy systems -- we have ways of connecting with COBOL applications or any types of mainframe applications, either embedded directly or through extraction of the business logic and connecting through that through the rules mining,. This gives us the opportunity of having the banks continuing having their existing system and connecting through it and adding the intelligence or the new ways of their operations being for example in this case the operational decisions for cross-sell platform connected with their legacy system.

And that's really key to having projects that are really manageable. Something I didn't mention in fact is that in the way we do things some people ask how long would it take you to implement the BRMS? Well our BRMS, we have something we call the Quick Win Pilot, which is really nine weeks in fact. And in that nine weeks we guarantee that in nine weeks you have at least a slice of your business running using BRMS with an ROI already generated. And for the full blown project, we're talking roughly between three to six months.

Kirk Laughlin: Very interesting. Okay. Brad, what percent of online customers inquire about other services and products and are any of these tracked to determine if anything is sold?

Brad Strothkamp: It's interesting, I was listening to this question and I think what immediately came to my mind is that we shouldn't be tracking the number that are inquiring, because if you're tracking how many are inquiring you're sitting back too much on your heels. I think one thing I tried to point out and what I talked about is execution. And it also came through when Joe was talking, it's really about reaching out to these -- figuring out who is the right individual and what's the right product and what's its right situation and actually reaching out to them.

Consumers in general are pretty consistent in their buying habits and to how many buy given products in a given year. It fluctuates based on interest rates up or interest rates down. But for things like checking accounts and savings accounts it stays -- especially checking accounts, it stays relatively consistent. And what you really want to figure out is because you have all these interaction points, what are other opportunities that I can take this intelligence that I developed and target it effectively?

And I think that's really the key determinant. Are we using every opportunity we have to cross-sell? And today as I tried to get across in my presentation, if you haven't considered and made online a big component of your cross-sell strategy you're missing a huge piece of the pie.

Kirk Laughlin:  Okay. Excellent. Let's try to get one or two more questions in here. I think, Joe, we'd like to know a little bit more about who would be typically targeted to talk about BRMS?

Joe Boissy:  Well, it's a combination again of business and IT and when I talked earlier about our Discovery Workshop, in our Discovery Workshop we are -- to be successful and this by the way is a free of charge, it's a two day free of charge, the only thing that we require is to have both business and IT present in the room. It is at the end of the day a technology project but without the business buying in and seeing by themselves how the rules can change the way things are, it's very hard to make it take it to the next level.

And in fact we've seen a lot of -- in fact our advocates are business users. Because when you give the power to a marketer, or to a risk manager, to a banker on the business side to create themselves the rules, to create their own promotion, to create a new cross-sell initiative, campaign, etc., and only having the IT support the structure, support the platform and for them to be able to run that to simulate that, to see the what if, if I do this versus that, that's A and B and see which part of this would work better, these are the things that when business users start using them, then again you have a whole slew of imagination that drives through the whole thing.

Creativity pops in and a lot of the new ideas -- the bank was telling us there's a lot of new things that they did not think about in terms of cross-sell that now they have the opportunity, the have the possibility, they have the tools to make and execute on them, they were able to implement them and try them out and guess what? A lot of them were very successful and they're happy they were able to do that.

Kirk Laughlin:  And, Joe, just a final remark here. It's a question but I think you could use it as your final remarks too. What sort of preparations does a bank need to undertake before embarking on a BRMS project?

Joe Boissy:  As I just mentioned, that's a good question. In fact the preparation is to have -- again, we really strongly recommend doing a Discovery Workshop. It's an easy way for them -- for someone who's considering going into this world into of having building a cross-sell platform is really to have and in a nice way, a good presentation, a good exchange of information, and a good roadmap on what to do next in order to build and implement a cross-sell platform using BRMS. So, again, it's a commitment from on the business side and on the IT side, but the results are guaranteed.

Kirk Laughlin: Okay. And also to you, Brad, any final comments relative to the question of what's the best practice for continuous regulatory compliance and cross-selling both now and into the future?

Brad Strothkamp: You know, I'll be honest I don't think I have a really good feel for that. I think from a regulatory perspective there doesn't seem to be -- you're going to adhere to the same regulatory requirements that you would if you just sold the product in general. I don't think there's anything overlaying cross-selling other than maybe there may be some limits on what information can be shared in order to enable that cross-sell to happen.

But I don't see that there are any necessarily any regulatory hurdles related to the cross-sell that there wouldn't exist otherwise.

Kirk Laughlin: Okay, great. Well, I appreciate those comments and we're going to wrap it up now. So, I want to thank all the attendees for participating in our Recovery Revenue Lost to Regulatory Reform by Increasing Cross-Sell Acceptance program, brought to you by Bank Systems & Technology and also IBM.

For more information about today's webcast, please visit any of the resource links open before you. Also, within the next 24 hours you will receive a personalized follow-up e-mail with details and a link to today's presentation, which will be on-demand. Additionally you can view today's event directly by visiting banktech.com/onlineevents.

 On behalf of our guests, Brad Strothkamp, and Joe Boissy, I'm Kirk Laughlin, and thank you so much for joining us today.