

**SAP White Paper
Banking**



mySAP™ CRM FOR THE BANKING SECTOR

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CONTENTS

Executive Summary	4
Introduction	5
Industry Evolution and CRM Market Requirements	6
– Understanding Customer Portfolios Using Analytical CRM	7
– Optimizing Sales Processes Using Operational CRM Solutions	7
– Achieving Sales Organization Flexibility Through Collaborative CRM	8
– Improving Customer Satisfaction	9
– Enhancing Profitability	9
The Ideal CRM Solution	10
– Operational Excellence Through Multiple Channels, Centralized Service	10
– Analytical Insights Through Business Intelligence	11
– Process Optimization	11
The CRM Capabilities of mySAP Banking	12
Solution Overview	15
– Understanding Customers and Their Underlying Needs	15
– Operational Excellence Through Multiple Channels, Centralized Service	16
– Process Optimization: Helping Relationship Managers Sell More Effectively	17
– Customer Service and Retention	18
– Best in Class	18
Conclusion	19

EXECUTIVE SUMMARY

Meeting the rapidly changing needs of customers is at the heart of a successful banking enterprise. How well a bank knows its customers – and how effectively it leverages that knowledge in the face of intense competition, shrinking margins, new technologies, and increasing customers demands – can make the difference between thriving and barely holding on.

Customer relationship management (CRM) systems have provided partial solutions to complex heterogeneous banking issues. At times, technology – rather than business needs – has been the driver for CRM development. But CRM solutions hold great promise for banking when there is a focus on providing support for key business processes. This white paper examines the evolution of CRM solutions in the financial services industries and proposes an ideal CRM solution for today's complex landscape.

The financial industry has always been extremely dynamic, and banks have been among the early adopters of technology to solve business needs. New issues have emerged to join existing business challenges. For example, business intelligence is becoming a key factor in driving intelligent decision making across the enterprise. It is now more important than ever for

banks to properly identify the customers and products that can most improve their bottom line profitability. At the same time, banks must find new ways to target customers with the products that are most appropriate to their needs and to serve customers with greater cost-efficiency. Given the current economic environment, banks have to justify any investment, and a CRM solution must achieve a quantifiable return on investment.

The e-business capabilities of mySAP™ Banking addresses the key CRM challenges that face the banking industry today, including how to:

- Identify customers that have the most assets and would be the most profitable
- Identify the most profitable products
- Cross-sell and up-sell products that are most relevant to a customer's life stage and financial needs
- Improve customer service while reducing service costs in basic areas, such as account inquiry, transfers, the trading of financial instruments, and cash management
- Find strategies to eliminate current operational inefficiencies
- Implement technology that leads to enhanced productivity of customers, partners, and employees

INTRODUCTION

As economic globalization intensifies competition and creates a climate of constant change, winning and keeping customers has never been more important. Now that newer channels of doing business like the Internet have leveled the playing field, customers have a greater choice of products and services than ever before. Consequently, they are more demanding, and financial institutions need state-of-the-art CRM systems to succeed in this environment. Financial products have become commodities so banks need to differentiate themselves by adding value-added service offerings.

A well-conceived CRM solution is crucial to the success of banks. Industry consolidation and cross-industry competition has expanded the product lines that banks must offer. As they develop products and services to cover a lifetime of financial needs, banks must focus on building long-term relationships with their customers if they are to continue adding market share. Given the keen competition for these relationships among a broad range of financial service providers, banks must distinguish themselves by offering more customized products, enhanced value, a more personalized array of services, and better accessibility than ever before.

Fee-based products that meet customer needs remain critical components of a successful bank, but customers also weigh many other factors when deciding whether to do business with a particular financial institution. Today, customers want banks that are easy to work with and convey helpful information and service through all points of customer contact.

To provide relevant information, financial institutions need a CRM solution that can effectively capture real-time information from customers, store it in a central repository, and then use that information to develop a clear picture of customers' current and future needs. With quality data, banks can create effective marketing campaigns, leverage the most profitable customer relationships, and weed out or reshape the unprofitable ones.

An analysis of customer data can also help identify ways to serve customers most cost-efficiently. The banks that succeed in today's marketplace must be able to identify and exploit new business opportunities rapidly by developing the specific products and services their target markets demand. For many banks, this means a fundamental change in business outlook and a reengineering of their operations.

To meet these challenges, banks require Web-based technology that can centralize data collection and dissemination, make the most of cross-selling and up-selling opportunities, and help decision makers with strategic planning. In addition to covering the complete CRM life cycle, this technology must be flexible enough to meet both the fast-paced changes of today's dynamic banking market and the specific needs of retail banking, brokerage, institutional brokerage, commercial banking, and investment banking enterprises.

INDUSTRY EVOLUTION AND CRM MARKET REQUIREMENTS

As the industry has evolved, banks, brokerages, other financial institutions, and nontraditional financial outlets have tried to capture maximum wallet share and fee-based income from their clients. Banks manage assets and finance investments, deal in risks, and provide the market with liquidity. Banking services have been affected by new market trends, which are reflected in their business policies. Bank charges are based on commission or interest. In Europe, there is a clear movement away from traditional, interest-based operations toward commission or fee-based brokerage operations. Sale activities are changing with a strong focus on the business fundamentals of deriving monetary gain from transactions, investment income, income from investment-banking-related services in mergers and acquisitions, capital markets, and derivatives.

In the United States, the Glass-Steagal Deregulation Act has opened up the markets and invited consolidation. The Europe-Middle East-Africa (EMEA) region has been characterized by similar trends, with a number of consolidations in the financial services arena. However, financial institutions are carefully examining the implications of becoming bigger. Size has some advantages, but the jury is still out on the advantages gained through economies of scale and size.

In addition, the New Basel Capital Accord, also known as Basel II, is one of the banking industry's top priorities. This international banking accord is the basis for the minimum capital requirements for banks and was created in response to the tremendous growth in international financial markets that has occurred over the past few years. The new Basel II regulations are intended to encourage banks to manage their capital appropriately and, in particular, to improve their risk control processes. Although the new requirements are not yet finalized, the main implications of the Basel II are clear today. The regulations not only ensure that banks maintain levels of capital that are in line with their risk exposure, but they also require banks to control risk properly.

The original core functions of payment transaction processing, securities management, and capital mediation are becoming part of new business models in which the keyword is sales rather than processing. This transition has progressed significantly in the North American market. As a result, banks are experiencing increased revenue volatility. Banks are trying to achieve their annual revenue targets by using a combination of several key thrusts, including:

- Increasing market desirability by offering new products and services
- Exploiting the existing customer base to meet specific goals
- Acquiring new customer groups
- Optimizing sales and service
- Reducing administrative tasks
- Collaborating with sales and distribution partners

Three areas that can benefit from an infusion of CRM solutions are rapidly rising to the forefront:

- Understanding customer portfolios using analytical CRM solutions
- Optimizing sales processes using operational CRM solutions
- Achieving sales organization flexibility and process integration using collaborative CRM solutions

UNDERSTANDING CUSTOMER PORTFOLIOS USING ANALYTICAL CRM

Managing the customer portfolio is key to successful banking. The composition of the customer portfolio depends on constant inflows and outflows that cannot be predicted. For this reason, a bank has to actively control its portfolio to adapt to these flows. This is not simply a matter of winning new customers; it is also a matter of taking steps to retain and form relationships with the most profitable customers and explore ways of making currently unprofitable clients into profitable ones for example by directing them to low cost channels of service. Additionally, the concept of householding – or examining the total value that a household brings to a financial institution – is being closely examined to ensure the right decisions are made. For example, when a primary client’s spouse gets in touch with a bank to find out the status of a transaction, the call center agent can recognize the value of the household and also provide an update on other important pending transactions that may be outstanding.

Customer analyses are time-dependent and time-frame-dependent so they require both historical and future simulated data. Customer relationships usually develop through several phases, as illustrated in Figure 1.

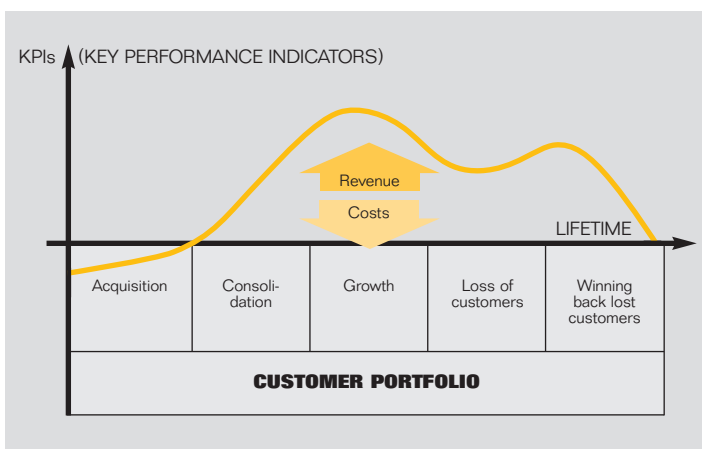


Figure 1: Phases of a Customer Relationship

The basic task of customer portfolio management is to segment and profile existing and prospective customers. Customer portfolio management can only be successful if aggregated key figures can be broken down into figures for individual customers. The sales organization requires up-to-date customer key figures and segments. Important key figures include risk costs, risk-adjusted yields, average business volume, and annual income from commission.

A qualitative analysis requires a comprehensive, uniform information base. Soft facts – invaluable, personal information about customers gained through customer interactions – are required in addition to transaction data and contract data.

OPTIMIZING SALES PROCESSES USING OPERATIONAL CRM SOLUTIONS

Sales processes must be optimized to generate larger profits. This optimization can consist of improving the efficiency of lead and opportunity management and ensuring that workflow can trigger appropriate activities so that deals do not fall through the cracks.

Optimization of the sales process increases the effectiveness of relationship managers and other employees in closing more business and promoting cross-selling, for example, by reducing the number of administrative tasks that bank employees have to perform. This involves eliminating redundant data maintenance and integrating activity or business activity management combined with deadline monitoring and alert and event management.

ACHIEVING SALES ORGANIZATION FLEXIBILITY THROUGH COLLABORATIVE CRM

A group's multipurpose banking business in the international market typically comprises a portfolio of divisions, including global corporate and investment banking, private banking, and retail banking. It adequately manages risk exposure in the form of currency variations through hedging, derivatives, and so on. A sales organization must be able to react to flexible models. New business can be generated internally within the bank or from partners. The banking market will increasingly adopt sales models from the insurance market that rely on dedicated, but independent value-added channels that sell their products and services.

Banks can also improve customer satisfaction by using the Internet to improve collaboration with their customers, suppliers, and business partners. Using this extended value chain, they can market products and services to ever-larger communities, respond more quickly to customer needs, cut costs, and move products to market much more quickly. With real-time Internet collaboration, they can even seamlessly merge purchasing and sales processes.

Using electronic marketplaces, outsourced service providers can handle many of a bank's peripheral business processes. As financial institutions work with customers to identify their needs, they can collaborate with business partners and suppliers to meet these needs. In addition to improving customer satisfaction, this kind of one-stop customization can create deeper levels of customer intimacy. Customers who have invested the time in forging a relationship are less likely to switch to a competitor.

Today's saturated and demand-driven markets present the financial industry with an array of new challenges. As new financial service providers expand sales channels in local markets, the

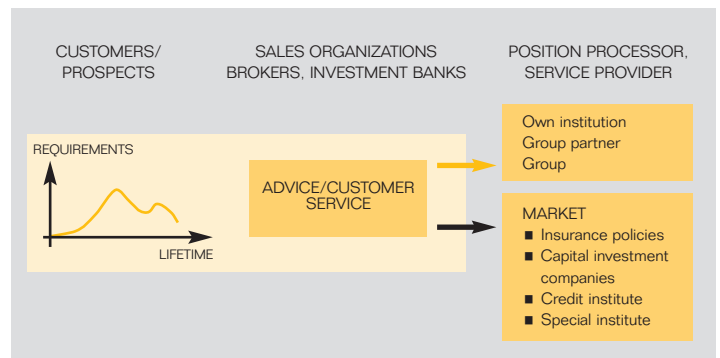


Figure 2: Flexible Business Models

effective disappearance of national boundaries (particularly in Europe) has expanded cross-border sales and increased the global portfolio of financial products and services. With this new openness, the banking industry is rapidly changing from a seller's market to a buyer's market. Competition has intensified, and market cycles have been compressed.

Under greater pressure to grow their assets under management and to increase their fee-based income, banks have had to become more effective in acquiring and retaining customers. To demonstrate sustainable growth and higher profitability, banks must also sell more products and services to their installed base of clients.

Meanwhile, the Internet has opened up a constant flow of information that makes it easier for customers to shop the competition. The attention span of customers has decreased, and customer loyalty is subject to new rules. Differences in prices and products are becoming negligible, so banks can no longer attract customers by offering standard products or services. Your products must offer the variety and customization that today's better-informed customers demand – without premium prices.

IMPROVING CUSTOMER SATISFACTION

Customers are also looking beyond a bank's products to see whether the operation as a whole addresses their needs. They are willing to abandon established allegiances if their needs are not being met or if the services they require are available elsewhere at a lower cost. In addition to juggling a broader range of business lines, financial institutions must manage a longer customer-relationship life cycle. They must turn every customer transaction into a highly personalized, meaningful interaction and then forge these interactions into a firm relationship that prompts the customer to make additional purchases.

This means continually reinforcing the value of their operations to both their customers and their business partners. At the same time, they must ensure that their customer-facing processes make it as easy, convenient, and inexpensive as possible to do business with them. The period of time between a new customer request and its fulfillment is decreasing so a financial institution must react quickly or risk losing customers to someone who can.

With customer-oriented strategies now a pillar of competitive business models, what a bank knows about its customers is one of its most important assets. It must compile a complete, personalized picture of each customer using information collected from wherever and whenever customer interactions occur and then use that information to create marketing and sales strategies that will meet the challenges of increased globalization, consolidation, and cross-industry competition.

Through targeted marketing, financial institutions can increase brand value and recognition. Today, banks must leverage the power of their brand while increasing its value in the face of new competition from traditional and nontraditional players. With proper branding a bank can enjoy:

- Increased market share as the positive value associated with your products and services and attracts more customers

- The ability to charge more for products and services because customers associate trust, reliability, and other positive attributes with companies that have brand-name recognition
- The ability to test and launch new products because of the positive effect of brand awareness on customer acceptance

ENHANCING PROFITABILITY

Of course, improving customer satisfaction is not enough. To stay competitive, financial institutions must also improve profitability. They must identify the areas of business that are most profitable and find the means to cross-sell and up-sell those business lines more effectively. With higher product penetration per customer, it becomes easier to draw a bigger share of the market. As more products are sold, profitability rises. As customers develop a deeper relationship with the company, customer retention increases – further expanding market share. Frequently, however, banks lack the business intelligence to make key decisions in sales, marketing, or service.

Banks must also overcome a range of technological hurdles, including systems for data collection that are highly fragmented and redundant. Operational information on an individual customer may be stored in several places – by distribution channel, product, or company division – and accessible only through those paths. Data may also be decentralized due to changes in company structure, a merger, or an acquisition. Besides having an incomplete picture of individual customers, marketing strategists and sales representatives may find it difficult to collect all data for the household in which a customer lives. In either case, the bank faces significant barriers for cross-selling, up-selling, and otherwise extending the customer life cycle.

A well-integrated CRM solution that is truly synchronized with the Internet and enterprise applications, external customers, business partners, and suppliers can facilitate the compilation and analysis of data that empowers a financial institutions sales force, customer support team, and supply chain partners.

THE IDEAL CRM SOLUTION

In recent years, the technology that supports customer relationship management has evolved from disconnected sales force automation (SFA) software into strategic e-business solutions that deliver and improve the integration, timeliness, and consistency of customer service. Successful solutions encompass all customer-facing and back-office applications and processes – from the contact center that handles customer inquiries to the functions that track product availability and fulfill customer requests.

With a strategic CRM solution, financial institutions can capture customer data across the enterprise, consolidate this and externally acquired data into an integrated data repository, analyze that data, distribute the results of the analyses to various constituents of their extended enterprise, and use the information to communicate more effectively with customers.

The corporate landscape is littered, however, with CRM strategies that have gone awry because businesses couldn't determine whom their customers were and what they wanted. Ironically, many CRM projects fail because companies have not organized their operations around their customers' needs.

Although the financial services industry has been a heavy investor in CRM solutions, customer loyalty has become increasingly elusive. Only by delivering what customers want – when they want it – can banks gain a competitive edge. The goal is to deliver the same personalized and intimate experience that customers enjoy when they visit retail shops in their own neighborhoods. The CRM solutions that succeed today provide:

- Operational excellence

The solution must ensure responsive and accurate delivery on customer requests, as well as seamless interactions across all interaction channels at the lowest cost.

- Analytical insight

While consistently enhancing the customer experience across all traditional and virtual channels, the analysis of customer data must improve sales planning and forecasting; analyze, predict, and drive customer behavior; and identify the right

time to make the right offer to the right market. Analytical insights should shorten sales cycles by delivering high-quality leads to the corresponding sales agents in a timely manner.

- Process optimization

Successful CRM solutions in the financial industry take into account the entire business process from inception to conclusion, which may involve different roles, such as those of a customer, relationship manager, credit or risk analyst, or a fulfillment office.

OPERATIONAL EXCELLENCE THROUGH MULTIPLE CHANNELS, CENTRALIZED SERVICE

To achieve operational excellence, a bank must integrate its sales and service functions across multiple channels that provide personalized portals for the bank's customers and employees. From face-to-face contact to self-service Web sites, they must capitalize on every communication opportunity. An effective CRM solution must, therefore, support all channels of customer interaction – including telephone, fax, e-mail, the online portals, wireless devices, ATMs, and contacts with bank personnel. It must then link these customer touch points to an operations center and connect the operations center with the relevant internal and external business partners.

With this capability, a bank's employees can be alerted to significant customer events (such as a large deposit or a diminishing credit line) and be prompted to take the appropriate action. Every employee is armed with the appropriate knowledge and tools to focus on the key business goals of their business lines and grow assets under management.

The ideal CRM solution should also be able to track all aspects of the bank's relationship with a customer and give the customer consistency in that relationship. Ideally, a customer should be able to initiate a transaction through one channel, such as the operations center, and complete it through another, such as the bank's Web site.

Having a centralized method for servicing customers across the enterprise can help banks:

- Reduce costs by streamlining asset management and service operations – especially in key areas like account inquiry, asset transfer, securities trading, and cash management
- Promote customer loyalty by ensuring that customer commitments and expectations are met
- Generate additional revenue by taking advantage of each cross-selling and up-selling opportunity created through customer contact
- Leverage the operational efficiency of the bank's existing infrastructure, lowering costs and improving margins

ANALYTICAL INSIGHTS THROUGH BUSINESS INTELLIGENCE

As it services customer relationships, the CRM solution should also give relationship managers effective marketing and analytic tools. It should be able to collect, combine, and analyze the customer information they need for key operational and strategic decisions. It should be able to identify profitable products, services, and demographic segments; help individual business lines appropriately focus their resources in these areas; and provide cross-selling and up-selling leads that effectively anticipate customer needs.

Efficient and automated management of customer interactions is only part of the story. Banks must also analyze the performance of those relationships, uncover trends in customer behavior, and understand the true business value of their customers. With such knowledge, banks can efficiently allocate resources to the most desirable customers and reengineer the unprofitable ones. Decisions about how to develop relationships with particular customers can be reflected in interactions with those customers.

By gathering all relevant information and by delivering a holistic view of customers, a successful CRM solution applies a comprehensive set of analytical methods that can measure and maximize customer relationships and answer all relevant busi-

ness questions. The solution then deploys the analysis to improve the bank's interaction with its customers and enhance business planning.

But even the best customer data doesn't ensure success. Good data combined with poor analyses can lead to generic profitability models and shotgun marketing campaigns that target customers with irrelevant offers – over and over again. In the ideal CRM solution, the analytical functions connect seamlessly with all front- and back-office applications, all of the bank's business functions, and the functions of the bank's business partners and external suppliers.

PROCESS OPTIMIZATION

When implementing a CRM solution, financial institutions have two primary options. The first is to deploy CRM point solutions (including SFA marketplaces, user portals, e-sales, field service, call centers, analytics, and mobile devices) from a cornucopia of vendors and link them to existing CRM tools and enterprise systems. After creating and distributing relevant business content and aligning business processes and workflows, they will need to replace specific tools as their CRM needs evolve – making sure that the solution as a whole remains functional and stable.

The challenge is enormous: Link the CRM, enterprise, Web, legacy, and third-party systems of the organization with those of their business partners and suppliers. Even if such an integration is successful, customers and operations center agents may find they must access each system in a different way. Given the complexity, time, and cost involved with such a process, it's no wonder that less than half of Web ventures today combine three or more customer touch points or have a real-time link between the Web and their operations centers. Only a quarter are integrated with back-end fulfillment systems.

The second option is to implement an integrated solution that provides continuous CRM innovation and stability – no matter what back-end systems are being run.

THE CRM CAPABILITIES OF mySAP BANKING

Only mySAP™ Customer Relationship Management (mySAP™ CRM) brings together four powerful concepts: people-centric CRM, integrated CRM, collaborative CRM, and industry-specific CRM. People-centric CRM ensures that users interact with information based on their roles. Only information relevant to their roles is provided to ensure they can carry out their task in the best manner. Integrated CRM ensures applications support end-to-end business process integration across the enterprise. Collaborative CRM ensures financial institutions, their employees, relationship managers, and customers can work closely with each other. Industry-specific CRM provides capabilities to support specific financial and banking industry business processes.

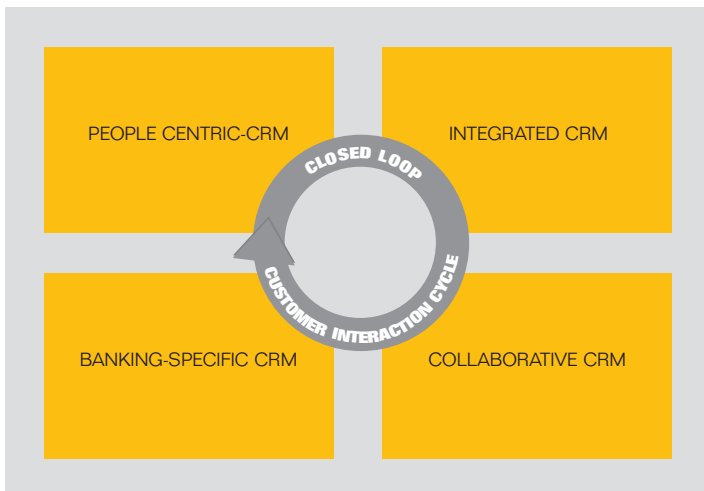


Figure 3: The Four Pillars of mySAP CRM

mySAP CRM provides access, relevance, and adaptability. With people-centric CRM, users can easily access all information and systems that are needed to perform customer-related tasks. All content sources and business processes can easily be accessed across application boundaries, independent of where the data resides – in a SAP system, a legacy system, or a third-party system.

Access is useless without relevant data. The role-based work environment of mySAP CRM presents the right information in the right context. It provides all users with exactly what is important for their individual tasks according to each user's role. And each user can personalize the mySAP CRM environment, increasing relevance still more.

Whether a user is a relationship manager, credit analyst, investment banker, or client, the information presented to that user is always role specific. That means users see information based on their positions and responsibility in the enterprise.

In addition to different role-specific requirements, each individual has specific needs that require personalization. With people-centric CRM, content can be adapted according to role-specific requirements. All employee, partner, and customer roles involved in relationships can be adapted and further personalized.

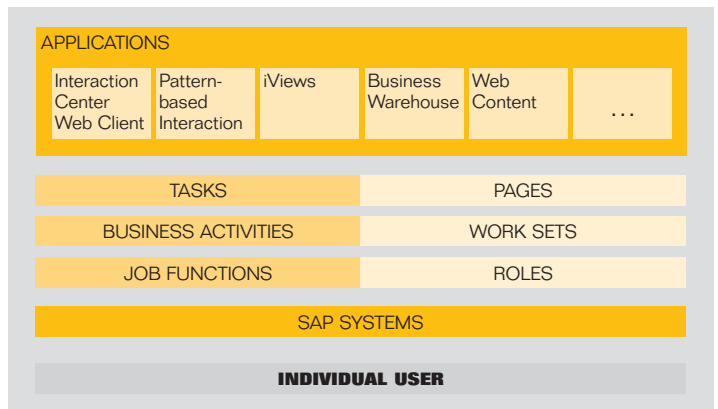


Figure 4: The Role-Centric Concept of People-Centric CRM

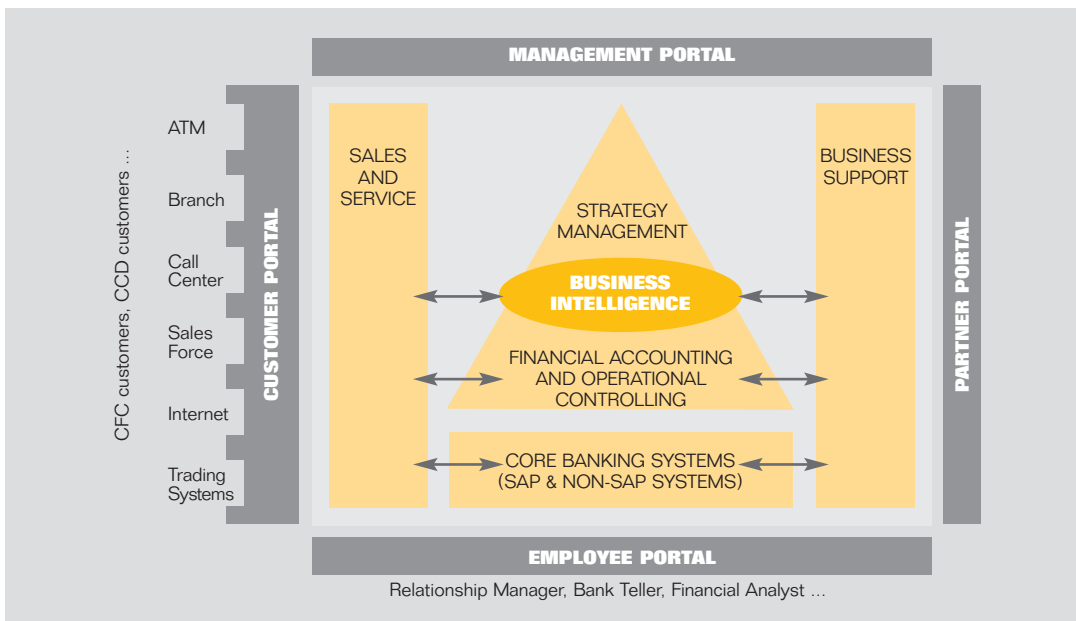


Figure 5: CRM and the mySAP Banking Application Landscape

The browser-based framework of mySAP CRM facilitates the linking of standard interfaces and various instructive guides, depending on the roles and activities. Customers can access information about their accounts through customer portals, and relationship managers can carry out activities to generate more revenues while meeting customer needs through employee portals.

mySAP CRM enables users to take maximum benefit from all the content they can access and what is relevant to them. To do this, mySAP CRM adapts to different user requirements by offering an interaction design that supports both occasional and power users. For example, interface needs vary depending on the length of time a user works on a system in a customer process. A relationship manager might spend most of the day

with customer visits and only accesses the system in between the visits, so that user needs a very intuitive interaction design. Others, such as interaction center agents, work on the system all the time and focus more on efficiency and throughput. People-centric CRM meets both requirements and adapts to the specific needs of each type of user.

SAP offers a CRM solution to fulfill banking-specific requirements and to provide complete coverage of the process chain. mySAP CRM works integrally with the mySAP Banking solution and is a part of the mySAP Banking application landscape, as shown in Figure 5. At the same time, mySAP CRM integrates with existing banking systems, enabling financial institutions to leverage and protect their investments in their existing IT infrastructure.

Another key advantage of the mySAP CRM solution for banks is the integration of processes between sales and marketing and across into the back office. In the past, a single application often handled sales and position management especially for banks, creating unsolvable conflicts of interest between the optimization of processing costs and the maintenance of

market-integrated data. The mySAP Banking application landscape has defined its borders in such a way that these diverging interests can be reconciled. Figure 6 illustrates a typical banking process flow.

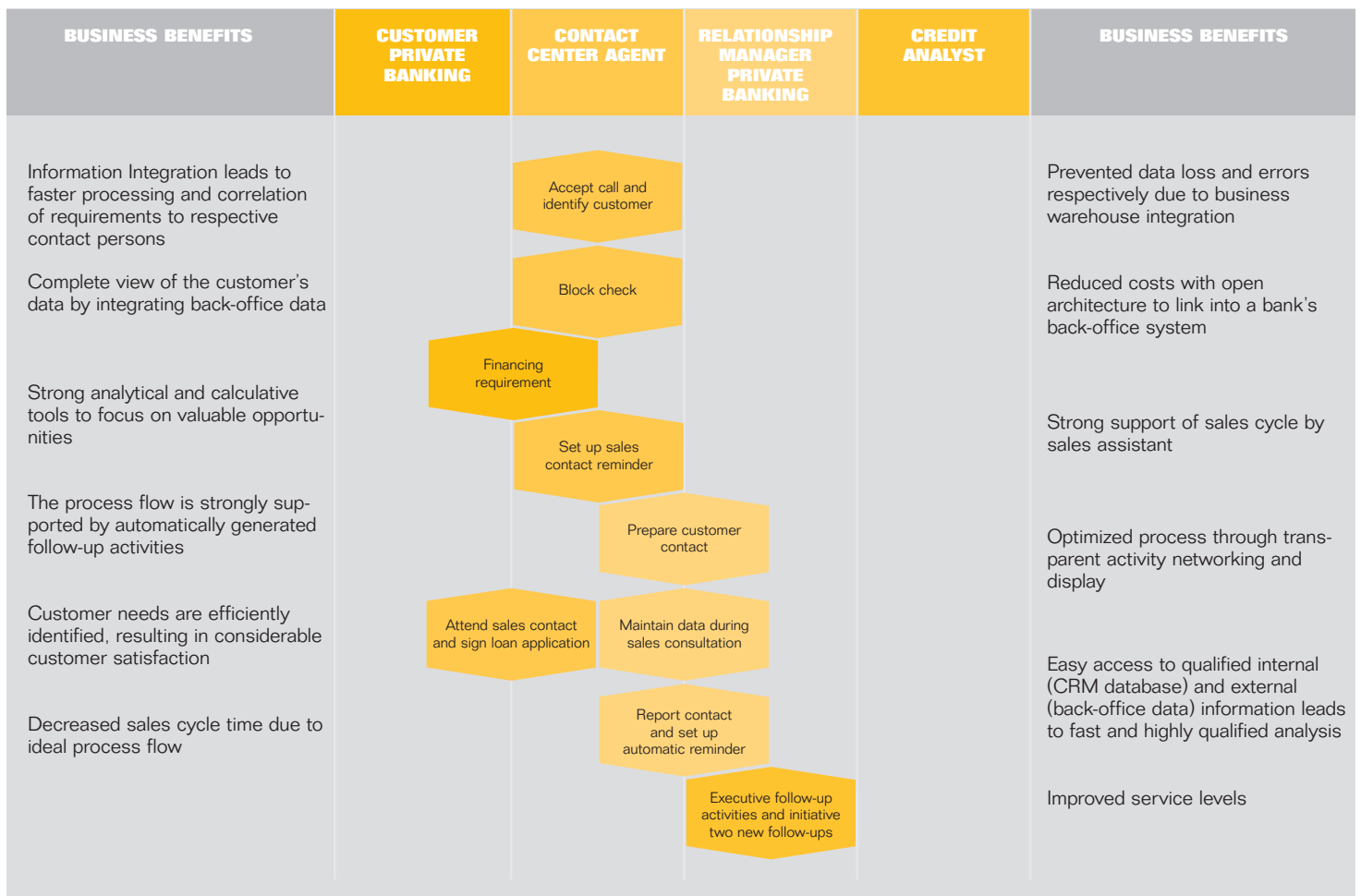


Figure 6: Collaboration and Process Integration with CRM and mySAP Banking

SOLUTION OVERVIEW

Financial institutions can implement mySAP CRM for the multiple business areas, including retail banking, wholesale banking, and investment banking. The solution provides:

- Operational excellence through multiple channels, centralized service
- Analytical insights through business intelligence
- Process optimization across the enterprise

The mySAP CRM solution offered for banks encompasses all of these aspects. It covers the planning, execution, and control of customer-oriented processes in sales, service, and marketing, with the help of operational, analytical, and cooperative procedures.

UNDERSTANDING CUSTOMERS AND THEIR UNDERLYING NEEDS

Within mySAP CRM, analytical CRM capabilities provide banks with procedures and methods to analyze and control the customer portfolio. And because risk assessment is becoming a crucial factor in determining loan rates, amounts, and liquidity factors, mySAP CRM also integrates with SAP® Strategic Enterprise Management (SAP® SEM) for banking, which supports key capabilities like the profit analyzer and risk assessment. This enables financial institutions to meet key provisions mandated by agreements like Basel II that are driving how financial institutions carry out and implement risk assessment.

Traditional banking systems maintain information about risk, profitability, and other key information about their clients in centralized control systems, which are separated from their customer relationship management systems. In reality, they would be delighted with the ability to consolidate this information. But until recently, technological barriers have prevented financial institutions from benefiting from such systems.

Only mySAP CRM for the banking sector when utilized with SAP SEM for banking integrates key performance indicators like profitability and rating for individual customers, as well as for groups of customers to derive a competitive advantage over their competition.

Relationship managers and the sales force can make better business decisions based on a complete risk analysis which ensure not only higher business growth, but also a healthy loan portfolio.

This information, which is composed of business figures, secondary customer information, and key figures, is analyzed using data mining techniques. The customer is transparent and can be classified in the system. Banks can extract new potential customers. This also enables cluster analysis, reveals cross-selling connections, and allows them to recognize new segments.

Another crucial factor for the acquisition of new business is the option of working with temporary data within mySAP CRM. In other words, customer data can be bought for the analysis without overloading the customer base. Figure 7 illustrates this process.

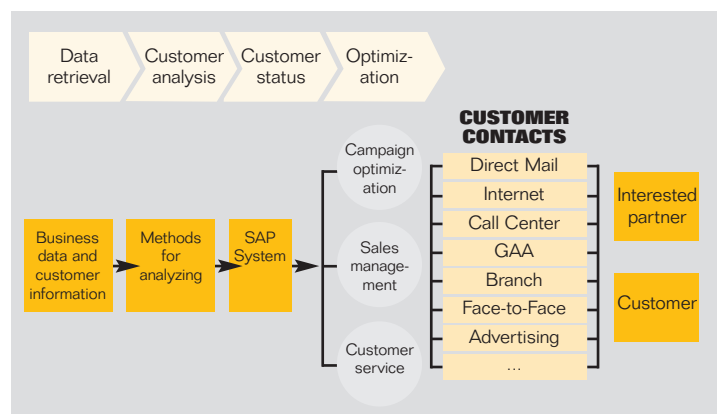


Figure 7: Customer Portfolio Analysis

The methods available are divided between data mining and key performance indicator (KPI) calculations. Data mining allows banks to recognize new connections within the portfolio; KPIs allow them to assess segments. In this way, they can calculate the net present value (NPV) of a customer segment over a given period to derive customer lifetime value. Customers can be evaluated within a scoring framework. Combining the behavior key figure and recency, frequency and monetary acquisition analysis with a marketing revenue quota can optimize acquisition costs and cut the number of inefficient activities – which means banks get an immediate return on investment with mySAP CRM.

CRM analytics capabilities of mySAP Banking support market analysis, segmentation, and prediction. It also provides a rich set of reporting queries against predefined relational and multi-dimensional data sources that contain key customer, marketing, sales, and service information, as well as the results of analytic processing. By using these functions, a bank gains analytical insights driving the key decisions in sales, marketing, or service that will optimize customer satisfaction, decrease service costs, and increase profitability.

Using the business intelligence components of mySAP CRM, financial institutions can mine data on their customers and products (as well as data from other sources) for the market segments that will be most profitable for the enterprise. The CRM analytics capabilities within mySAP Banking include:

- Data warehousing
- Reporting and analysis
- Information deployment
- Knowledge management
- Planning and simulation
- Web content management
- Web-based information cockpits
- Business performance management
- Analytic applications

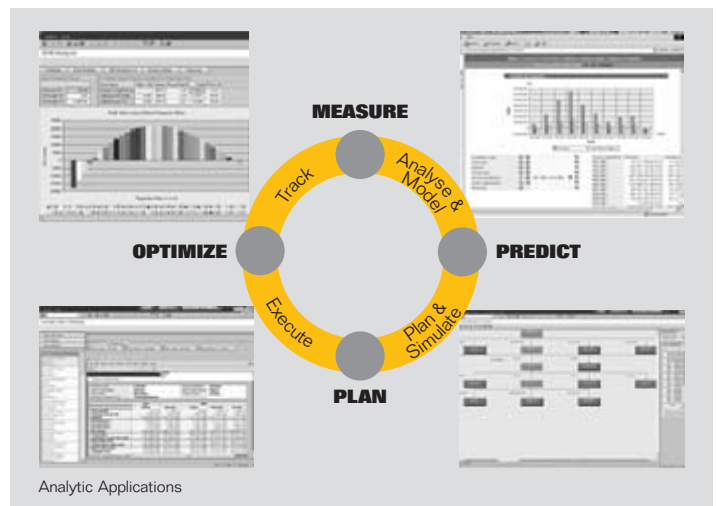


Figure 8: Available Methods

OPERATIONAL EXCELLENCE THROUGH MULTIPLE CHANNELS, CENTRALIZED SERVICE

The marketing planner tool in mySAP Banking lets banks design an approval workflow process that can help campaigns meet the bank’s marketing standards. The solution helps organize and distribute all critical information for collaborative marketing for a more streamlined process. There is also support for preparing and reporting expected ROI measurements. In addition, the solution helps define and organize all activities associated with executing a highly targeted campaign, including:

- Campaign management
- E-marketing
- Lead management
- Customer and marketing analytics

mySAP CRM for the banking sector also helps marketers focus on growing and managing the bank’s brand. The solution includes tools for launching marketing campaigns and promotions, analytical support for comparing brand value, and capabilities for managing and coordinating all marketing-related activities within the budget and time allowed.

The CRM capabilities of mySAP Banking can empower employees and customers to communicate more effectively across multiple touch points. The solution also provides up-to-the-minute customer data from all business areas, supports targeted marketing programs, and measures the effectiveness of these programs. These features help banks increase profitability across multiple business lines by providing a clearer understanding of customer needs and help banks achieve a quantifiable return on their IT investments.

Integrated workflow, activity management, and calendaring capabilities ensure all employees and partners have a consistent view of their clients. mySAP CRM for the banking sector helps banks reduce the costs of servicing customers by providing a single view of customer accounts and customer lifetime value, while maximizing operational efficiencies. It connects the back office with the front office, leveraging open standards and technologies, such as Java 2 Platform, Enterprise Edition (J2EE) and Microsoft .NET, and existing investments in mainframe systems and other legacy infrastructure.

Through a multichannel approach, mySAP Banking lets a bank's customers and employees communicate through call centers, Web portals, and other routes that suit their needs. Fully integrated with mySAP™ Enterprise Portal, mySAP Banking gives a bank's relationship managers, tellers, call center agents, and other sales and service providers a personalized portal that puts relevant information at their fingertips.

From information on current customers to new leads and from cross-selling opportunities to information on compensation, certification, and ways to improve sales effectiveness, these portals provide valuable resources that can help key personnel deliver on a bank's sales, marketing, and service goals. By providing a consolidated view of key business initiatives and activities across the enterprise, mySAP Banking also puts important resources in the hands of a bank's decision makers.

mySAP CRM for the banking sector gives end users a personalized, consolidated, and consistent view of multiple applications – which can dramatically decrease the training time, maintenance, and expense of the overall solution. In addition, mySAP CRM for the banking sector offers tremendous scalability and performance, ensuring continuous uptime.

PROCESS OPTIMIZATION: HELPING RELATIONSHIP MANAGERS SELL MORE EFFECTIVELY

mySAP Banking gives relationship managers, financial advisors, asset managers, and brokers the support they need to cross-sell and up-sell a bank's products and services more efficiently. Key sales features include:

- Personalized capabilities for pushing leads, customer information, and appropriate cross-selling and up-selling opportunities
- Customer insight capabilities based on embedded analytics that can help relationship managers better understand product affinity
- Needs analysis capabilities that can help customers choose suitable products and services
- An encyclopedia of the bank's current products and services
- Details on the products and services of competitors

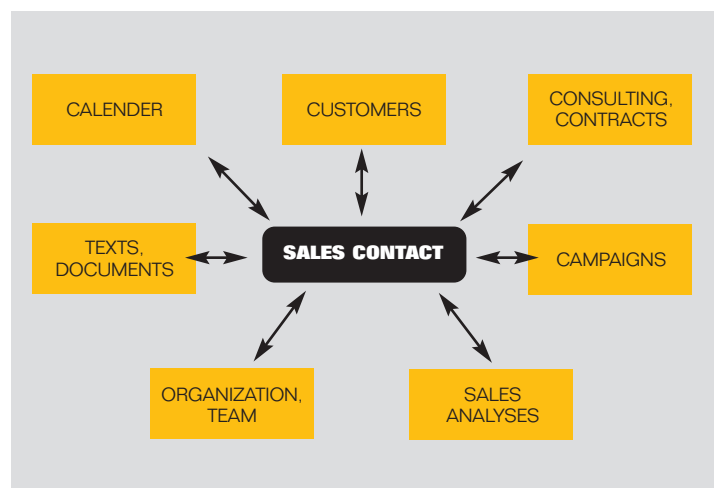


Figure 9: Optimization of the Sales Process

CUSTOMER SERVICE AND RETENTION

mySAP Banking provides multiple tools to provide customer service and ensure retention. For example, an interaction center in mySAP Banking facilitates the quick and easy resolution of customer needs by giving service agents the tools to handle any sales, service, or marketing request across any communication channel.

E-service support within the solution reduces the number of contacts that require service center intervention by giving customers, executives, sales reps, and field service personnel the tools to find help on their own. With reduced service center volume, a bank needs fewer agents to staff the center. This can lower the overall cost of customer service and let service personnel focus on more complex transactions. By offering the convenience of personalized help that is available 24x7 through online self-service applications and voice solutions, the e-service capability of mySAP Banking can also increase customer loyalty.

The field service features of mySAP Banking help call center agents, relationship managers, and others service customers anytime, anywhere while maintaining a link to the system of record. This can dramatically improve communication between resource scheduling and field personnel.

BEST IN CLASS

mySAP CRM for the banking sector is the only solution that lets banks present a single face to the customer while maximizing their legacy systems across all lines of business. Only with mySAP CRM for the banking sector do banks gain end-to-end integration with other mission-critical systems – including both proprietary loan, deposit, treasury, and cash management applications and related SAP components. The solution gives a bank's employees and business partners customized portals that can increase their effectiveness, while optimizing every customer channel – whether the touch point be the telephone, e-mail, or the relationship manager's office.

CONCLUSION

The key competitive edge for banks in today's hyper-competitive and demand-driven markets is the ability to address their customers' preferences and priorities effectively. This means more than understanding customers better than the competitors do. Banks must strategically use this understanding in every area of the company to establish and strengthen long-term customer relationships. Banks must also be able to work with their business partners across traditional enterprise boundaries and virtual global networks.

To accomplish these goals, they must achieve a fully integrated, yet personalized view of each customer – wherever interaction with that customer takes place – across all lines of business, 24 hours a day, seven days a week, 365 days a year. Whether they are a retail operation or an investment bank, they must find ways to react to changing market requirements and get new products to market faster and more efficiently than ever before. Banks need to maintain customer satisfaction while controlling costs and managing a global operation. At the same time, they need to adapt to new technologies and extend their business to the Internet.

Challenges like these require a complete, customer-focused banking solution that:

- Improves customer service and responsiveness
- Provides an open, cross-bank platform for collecting all customer information from a myriad of systems and delivering a unified view of each customer
- Boosts the ability to target marketing programs based on comprehensive analytical tools
- Enhances flexibility to adapt to processes and working methods to meet rising customer expectations

With mySAP Banking and mySAP CRM, SAP integrates its extensive business and industry expertise into a comprehensive platform of e-business solutions, services, and technology. By using mySAP.com solutions to implement their business strategies, financial institutions can gain a lasting competitive advantage, add significant value, and maximize ROI.

To learn more about improving customer relationship management in your organization, visit the SAP Web site at www.sap.com/banking

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