

Changing Channels

How Moving to an Omni-Channel Strategy Will Revolutionize Banking

by Christian Hoffmann and Tony Dmitrich, SAP

The banking industry has seen its share of customer-centric innovations that have revolutionized the industry's value proposition. ATMs make it possible for customers to conduct transactions without waiting in line and online banking allows customers to conduct transactions without leaving their homes. And mobile banking has the potential to deliver even more dramatic value improvements to this industry than perhaps all other previous advancements.

Customers today have multiple "channels" through which they can conduct their banking and complete transactions. But delivering multiple, unconnected channels to customers isn't what will create the banking industry leaders of tomorrow. The banks that will propel themselves to the top of the industry are those that deliver not only a multi-channel environment, but a true omni-channel platform, giving consumers a seamless, consistent experience across all channels. Delivering that omni-channel experience to customers requires equal doses of strategy and technology.

Multi-Channel vs. Omni-Channel

There is a subtle, yet important, difference between multi-channel and omni-channel banking. Multi-channel banking involves multiple siloed or separate systems for customers to use. A bank may have one platform for its mobile banking and another for its online banking, but the two channels are not integrated. They have their own business rules, login credentials, and authentication processes for customers.

Omni-channel banking by definition involves supporting three or more channels (mobile, online, and ATM, for example) using the same business rules and customer management systems. As a result, the customer experience is

much more streamlined and seamless, as users can move easily between these channels.

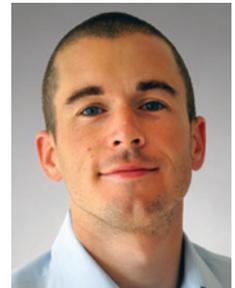
While the concept seems clear, the execution is challenging in many cases. Most banks do not have an integrated omni-channel offering for their customers due to one or more of the following reasons:

- Budgetary and resource constraints
- Multiple back ends and siloed systems (due in some cases to growth by acquisition)
- Decentralized decision making with no coordinated channel strategy
- Difficulty in measuring the customer profitability benefits of the omni-channel strategy
- A fragmented view of customers' relationships and products

The banks that will rise to the top of their industry in the next decade are those that understand that all of the channels are an extension of the bank's brand and must be thought of holistically, not in silos. When a customer has a bank's mobile app on his or her device, he or she is actually carrying a piece of that bank everywhere. An omni-channel strategy recognizes that the customer wants a single, seamless experience and uninterrupted processes across all channels.

The benefits realized from this strategy are well worth the effort to address these challenges. An effective execution of the omni-channel strategy allows banks to differentiate and meet customer expectations by presenting:

- A rich set of available products and services across all channels
- A consistent, channel-optimized experience that gives customers a full view of their relationship
- The ability to let customers shift seamlessly between channels



Christian Hoffmann (c.hoffmann@sap.com) is a Global Solution Architect for Mobility within SAP Custom Development. He joined SAP in 2000 after studying business economics and computer science. He has worked in various development and solution architecture roles at SAP in both development and consulting departments.



Tony Dmitrich (tony.dmitrich@sap.com) works in the SAP Mobile Services group and is passionate about delivering omni-channel banking solutions to customers. He has more than 16 years of experience delivering mobile and online banking solutions to financial institutions globally. Tony holds an MBA from BYU.

SAP's goal is to help banks and other companies not only build their omni-channel strategy, but embrace the commercial opportunities that come with deeper customer engagement.

Additional Omni-Channel Advantages

The benefits of an omni-channel strategy don't apply solely to banking customers, however. Having all of its channels integrated allows the bank to gain a single 360-degree view of the customer's usage across products and channels. The bank can then extract more value from the existing customer base with cross-sell and up-sell opportunities by knowing what services are of most value.

A well-executed omni-channel strategy increases revenues by enabling customers to start an application in one channel and complete it in another, which in turn results in more effective up-sell and cross-sell opportunities. In a multi-channel environment, a marketing system may collect customer data in each individual channel, but it's typically not integrated with other channels. That's the "silo" effect. Banks don't get a full view of their customers' activity and preferences across channels.

Taking it one step further, a bank could get an even deeper picture of its customers by knowing not only what its customer has done within its various channels, but with other banks' channels as well. Delivering customers the exact service they're seeking would be a real possibility in this scenario.

An omni-channel strategy can also be a vehicle for cost reduction. The cost of servicing customers is reduced by moving customer engagement onto a self-service channel where possible. Costs are also reduced in this model due to less maintenance and support associated with the various infrastructure components behind the siloed delivery channels.

Making Omni-Channel Happen

SAP has recognized the value omni-channel represents to customers and has made it a key focus within its banking strategy. SAP's goal is to help banks and other companies leveraging mobile commerce not only establish and build their omni-channel strategy, but drive broader business transformation efficiently to better embrace the commercial opportunities that come with deeper customer engagement.

SAP Custom Development is on the front lines of this trend, providing customers the expertise and technology they need to develop their mobile banking and broader omni-channel strategy. By working collaboratively with customers and their end users, SAP Custom Development, through its SAP Mobility Design Center, streamlines customers' mobile application development

processes from concept, to design, to the delivery of the app, minimizing the time and cost to develop custom mobile applications. SAP leverages the "Scrum" development approach to create a highly agile, iterative process for conceiving and delivering mobile applications, while following a governance model that ensures adherence to stringent SAP design, development, and test methodologies as well as code deployment and storage. And SAP Custom Development offers support for the developed solutions.

In addition to working with banks on their mobile strategies, SAP Custom Development provides access to the latest SAP development platforms, allowing banks to build solutions and offerings for each channel and tie them together seamlessly in their omni-channel strategy. The SAP for Banking solutions, which integrate with SAP Customer Relationship Management (SAP CRM) and SAP Real-Time Offer Management, create a foundation for this strategy. The processes and business rules are effectively harmonized across all channels on the back end, with SAP Mobile Platform sitting on top to provide both business-to-employee and business-to-consumer services for mobile banking.

Leveraging the integrated architecture of the SAP for Banking solutions supports the development of more advanced mobile services, such as cash-to-mobile, loyalty programs, location-based marketing, and real-time offer management. Because these are all SAP platforms, the applications developed by SAP Custom Development for customers are seamlessly integrated on the front end for users and the back end for administrators.

One example of how this integration provides a seamless customer experience is a new banking service called remote deposit capture. Bank customers can take a picture of a check and then deposit it into their accounts using only the mobile app. While simple for customers, to ensure this process is complete, the mobile and the e-banking applications have to work hand in hand to process the transaction on the back end.

With clear business benefits to end users and banks, the omni-channel strategy will propel today's banks to be tomorrow's leaders. For more, visit:

- www.sap.com/mdc
- www.sap.com/solution/industry/banking.html
- <http://blogs.sap.com/banking> ■