Appian

Omni-Channel Strategies
That Transform

by Michael Heffner

SUMMARY

The convergence of rich data and digital platform technology is enabling new omni-channel strategies for financial service providers. Omni-channel approaches provide opportunities to understand and interact with customers continuously, consistently, and conveniently using context to create more relevant, mutually satisfying experiences. This shift represents a new focus that requires new technologies and capabilities that range from technical skills to empathy. Done right, the positive impacts will be significant and long term for organizational and system architectures.

But, challenges exist. And, navigating them won't be easy.

This perspective considers the omni-channel challenges facing Financial Services and describes how a digital overlay can help institutions transition from multi-channel to omni-channel, while providing operating flexibility, improved profitability, and sustainable competitive advantage.

OMNI-CHANNEL VISION

Omni-channel is no passing fad. It is the evolution of the anywhere, anytime vision.

The increasing availability of contextual data enables capable providers to smooth over disconnected experiences, decrease frustrations, and turn customers from value shoppers into ever-loyal customers with deep multi-product relationships.

Many large, long-established companies are in the midst of digital transformation efforts initially aimed at internal process improvement. Their digital journeys are only beginning to uncover just how much more complete digital capabilities can impact growth. Feeling FinTech's pinch on their balance sheets, global financial executives are looking to omni-channel strategies to help support long-term digital transformation investments.

First, let's be more clear about omni-channel. The term is not merely a rebranding of multi-channel, which refers to a firm's ability to offer products and services through a several communication channels.

Omni, Greek for all, represents two things:
1. A sea of operational changes fueling the sector's overall growth
2. A strategy that impacts the consumption of financial products and services.

Multi-channel investments focused on optimizing transaction costs across distribution networks, but these efforts missed the mark. Executives assumed that opening non-branch distribution channels (e.g. ATM, internet, etc.) would attract new customers, however, they misunderstood the complex relationships between convenience, cost, and consumer service demands.

In contrast, omni-channel invests in full digitization. It orients around experience and customer-centered interactions.

In contrast, omni-channel invests in full digitization. It orients around experience and customer-centered interactions. These strategies are designed to enhance relationship value at a scale that necessitates both innovation and transformation.

The providers who get it right don't just keep up...they thrive. They rely on platforms and new capabilities to derive insights and then make them actionable by managing the online and offline interplay smartly. These combined efforts aim to strengthen and deepen customer relationships that fuel top-line growth.

A digital overlay can deliver additional value and make it possible for real information to flow end-to-end, seamlessly. When cloud based, these systems can also deliver omni-channel capabilities with minimal disruption to the mission-critical processes that legacy systems enable.

Let's take a closer look.

CUSTOMER INSIGHT

Ready or not, immediate, proactive insight into consumer needs and expectations separates future leaders from the laggards...and even from the dead and buried.

Those companies—both inside and outside the finance sector—with the capabilities to gain actionable insight into customer financial needs anytime, from anywhere have a significant competitive advantage. Catching up with these organizations could be tough.

It's one reason that digitally native businesses—Amazon, Google, and even Apple have all entered the financial space. Their advanced technical capabilities enable financial and operating performance results few global finance providers enjoy. More specifically, their obsession with optimizing the ability of a customer to achieve specific goals aligns with their continuous learning and development capabilities. These qualities allow them to dominate the digital sector. They are the leaders in omni-channel insights for a reason.

The World Economic Forum noticed:

 "...innovations with the greatest impact employ business models that are platform-based, data intensive, and capital light." [i]

Omni-channel approaches share similar innovation objectives. Providers seeking to unify internal and external perceptions tend to form a holistic enterprise view. This marks a clear departure from product-focused lines of business and transaction-focused efficiency. At the heart, a provider converts data from different internal and external systems to information that delivers added value to the business.

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Omni-channel's multiple touch points more effectively grow the customer base. Its sensibilities assure customers have continuous and consistent experiences. This in turn opens broader opportunities.

Consider how this works in retail. PwC explains:

"[This strategy] encourages customer participation in different channels sequentially, and simultaneously along the path to a single purchase." [ii]

In Financial Services, Omni-channel approaches enable customers to achieve financial freedom and manage simultaneous goals continuously. And, this does not have to happen in a linear manner.

"Instant access, in context, and at the moment of need, which implies any time and through any channel — Internet, mobile, call center etc.—full-service or self-service." [iii]

As Clara Shih, CEO of Hearsay and author of The Social Business Imperative advises, "You have to be where your customer is. If your customer begins their buyer's journey online or if they want to complete their buyer's journey on social, mobile, and digital, of course, you have to be there too." [iv]
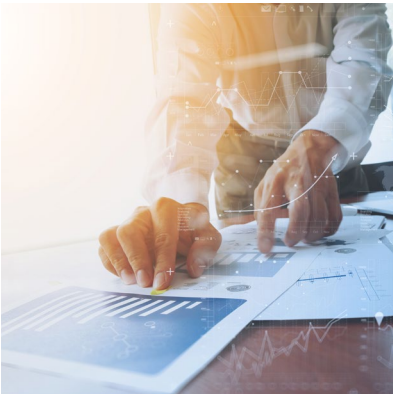
To be with your customer 24/7, represents a sea change for any business. The capabilities needed to understand and define omni-channel experiences continually evolve and expand the flexibility to optimize interactions on a more personal level.

But, Omni is a permanent transformation to a more dynamic and demanding set of conditions and controls. It requires different processes and decision-making capabilities.

A SHARED INTERACTION PLATFORM

The Omni transformation may be IT dependent but as the EVP of Wells Fargo's Digital Channel group explains, omni-channel can't be one function's responsibility; it must be *"...an enterprise-level exercise. This cannot be managed by technology alone."* [v]

Transformation at this scale is clearly complex and costly. And, it can be risky as well. Experts who study business failures recommend *"...when it comes to igniting a range of ambitious innovations, you reduce the risk by taking a stepwise, learn-as-you-go approach."* [vi]

Continuous interactions resemble ongoing conversations and depart from linear processes, which complicate the transition from discrete task handling to more holistic, sensitive responses. The evolution resembles the progression of economic value describe in The Experience Economy.

"Navigating the evolution in consumer behavior from Need to Value to Experience requires a migration from (vertically integrated) products that serve basic consumer needs to creating best-in-class consumer experiences or providing platforms that enable best-in-class consumer experiences." **vii**

Tactically, an omni-channel approach contextualizes what multi-channel identified as a single transaction. Omni creates a deeper understanding of the objectives and goals, and in turn, can deliver greater value. For example, Google found that 46% of people managing their finances online switch between devices before completing the activity. Often, customers will start research on a smartphone before migrating to a PC or tablet to dig deeper into the information they need. **viii**

Those that seek to optimize interactions offer superior value, enabling customer experiences to be:

- **Convenient**
  24/7…always on and available instant access, as needed. That means at any channel—internet, mobile, call center, and more, full-service or self-service as preferred by the customer. **ix** "Consumers now have multiple touch points with brands (online, mobile, and in-store) and use all of them to inform their purchases. They don't care to draw the dividing line — and neither should retailers."

- **Continuous**
  Experiences converge across customers' devices, even within the apps on their device. Improving access and ease of use for customer facing applications extends beyond digital channels (mobile, tablet and online), to include changes in call centers, full-service (branch) and self-service (ATM) channels.

- **Consistent**
  Experiences coordinate easily when cross-channel and product integration are made seamless. A US Bank CIO defined consistency, observing, "…the appropriate information across customer channels is the same, [and] its presentation consistent no matter what channel a customer uses.**x**

- **Contextual**
  Using analytics to mitigate risk can just as readily create customer experiences that best fit the present setting and circumstance (e.g., *location, interaction goals*). Hyper-relevance delivers value—such as greater savings, efficiency, or engagement—in real time throughout the shopping lifecycle. **xi**

These expectations aren't exactly new, but converging these insights is a journey unto itself.

Using analytics to mitigate risk can just as readily create customer experiences that best fit the present setting and circumstance (e.g., *location, interaction goals)*. Hyper-relevance delivers value

Deloitte's 2012 analysis looked at a customer in four dimensions: product ownership, demographics, perceptions and channel usage. The results demonstrate how a more refined, multi-dimensional understanding of customers makes cross-sell more effective to deliver growth.

For example, 39% of multi product holders maintain only one account with their primary bank and find greater value products elsewhere. Perhaps complexity stops consumers, but more likely a disconnect in service, that vertically integrated lines of business perpetuate, also limits the value of customer relationship. [xv]

"Inter-connected digital financial services within a secure and regulated ecosystem" seems to find few detractors, though few financial service providers possess the confidence or expertise necessary for execution. Only 12.9% of Global financial executives surveyed by Capgemini and EFMA, say their core systems are up to the task. [xvi]

CONVERGENCE: VALUE FROM THE RIGHT DIGITAL PLATFORM

The right platform offers organizations a leg up on the digital transformation journey by converging process and data from across the organization, resulting in far greater flexibility for building the digital experience. Cloud-based platforms equipped with flexible development tools improve opportunities for data integration, discovery, and agile development. Knowledge-sharing features leave the separate lines of business systems intact, but simplify cross-organizational communications.

The right platform offers operating flexibility far beyond joining data or enabling functions in a new channel. It connects everything—linking layers of process, data from across all systems anywhere in the business, and even applications—all securely, seamlessly, and automatically so information is delivered right when it's needed...and with the business context your customers expect.

The right digital platform helps avoid multi-channel pitfalls, enabling LOBs and functions to collaborate, as well as deliver integration, analysis, and agility. The benefits further opportunities to develop alternative business models without compromising the current production efficiency and effectiveness of legacy systems. Primary features should include:

- **A unified data and process hub** adds ever-elusive business context while empowering immediate action on that context. . It allows information to flow in multiple directions, serving and consuming data to/from external systems. The digital hub orients work around people and information, not merely workflow. Its flexibility and information flow controls build a "case record" by pulling all customer-related data automatically from across all systems and databases, regardless of location.This single version of truth is critical to achieve the consistency and continuity customers expect.

- **It minimizes disruption AND cost**. "Outdated platforms often survive because of the risk and cost of replacing them", according to financial services analyst TowerGroup. These legacy systems can be overlaid with a new digital platform to extend the investment value and ensure processes and data are integrated with minimum cost and disruption.[xx]

- **Data integration and wider usage.** A boon to omni-channel strategies, the right platform provides the ability to: immediately access data from any system internally or externally; establish consistent processes; generate ad hoc reports; automate analysis; target distribution of messages; and free IT resources from the shackles of maintenance so they can focus on strategic programs and projects.

TAKE THE NEXT STEP

Omni-channel's implied convergence threatens to create enormous internal upheaval across the Financial Services sector. However, the promise of omni-channel is increasingly shown to generate higher customer satisfaction rating gains for those that get it right.[xxii] These improved results demonstrate how expanded functionality, new availability through mobile channels, and an embrace of the right technologies can help win over new customers, especially in the Millennial segment.

As more institutions embrace the new digital reality — an experience-centric approach— their strategies move them further from the channel-centric service models that dominate the back office. This shift in awareness also transforms the customer experience across all channels.

A successful omni-channel strategy is marked by the following clear objectives:

- Unify digital and physical journeys seamlessly using a mix of integrated cross-channel, cross-product, and cross-service data, augmented by external data.

- Create the capability to respond continually—not discretely—to meet customers' temporal needs and make their longer financial goals a reality.

- Build systems and apps to enable the perpetual trust of customers with a shared vision of a better future…on their terms.

Now who wouldn't want that?

Take the next step to delivering omni-channel interactions that help capture new business and drive customer loyalty. Contact Appian to learn more about the Appian Platform: technology that enables omni-channel business innovation at the speed of digital.

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ABOUT THE AUTHOR

Michael Heffner is Appian's Financial Services Practice Leader. Mr. Heffner is responsible for aligning Appian's vision to the challenges faced by today's financial services sector. This includes using IT to drive business value, increasing operational excellence and driving new levels of customer engagement. Mr. Heffner is a seasoned veteran who has helped organizations across the financial services industry achieve success through innovative approaches to problem solving. Prior to Appian, Mr. Heffner was Managing Director, Business Transformation at State Street Global Markets. He has also held management positions at Accenture and Charles Schwab & Co. Mr. Heffner earned a BSBA in Economics from the University of South Carolina and an MBA with concentration in Finance from Babson College.

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