

FORRESTER®

New Realities Require New Skills

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Today's financial services industry...

Silos

Theme

Financial services firms
must become more
responsive.

Agenda

- How is the financial services industry changing?
- What can we learn about change from other industries?
- What new skills will be needed?

The financial services industry is changing

Silos

Changing
consumer
needs

Responsive

Mass-affluent retirees are on the rise

Number of mass-affluent households
in retirement zone (55+ years old)



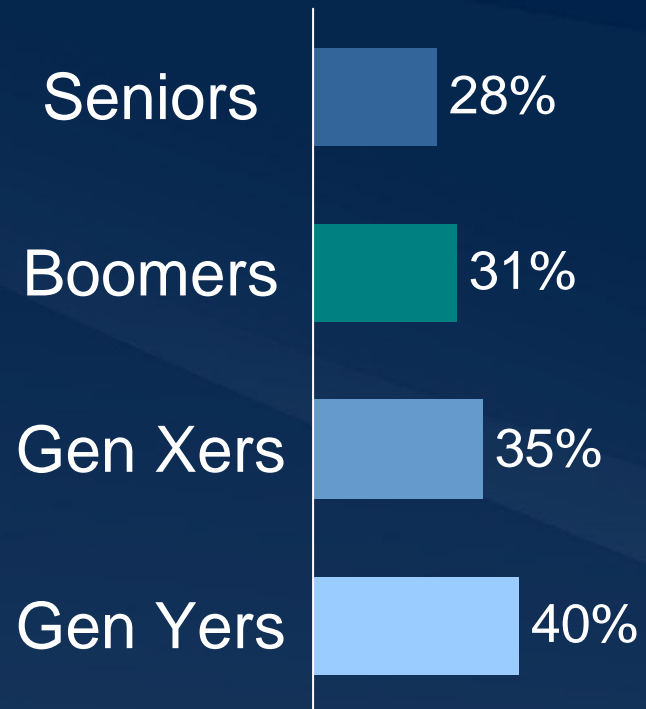
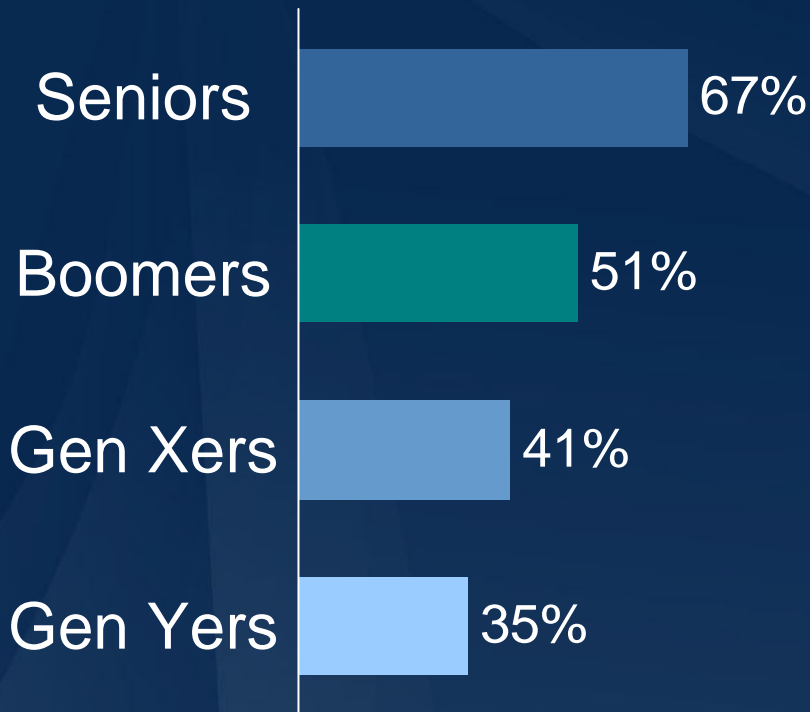
Base: North American households

Source: June 10, 2005, Trends "Why The Mass Affluent Matter"

Different generations have different attitudes

"I am more comfortable dealing with people when I shop or bank."

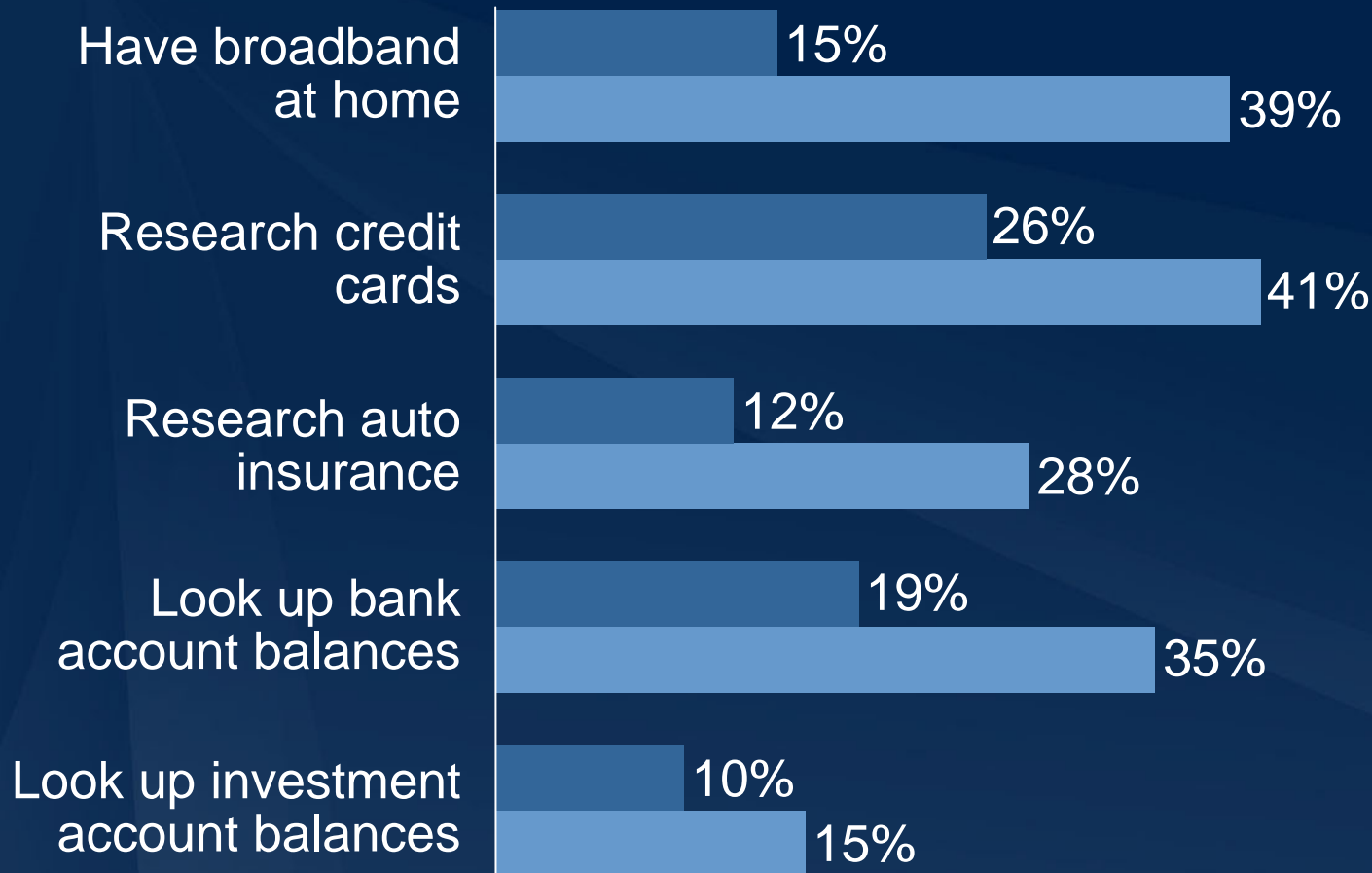
"I rely a lot on recommendations from friends or family when making purchases."



Source: Forrester's Consumer Technographics® 2005 North American Benchmark Study

The Web is a mainstream channel

Online activities:



Base: US households

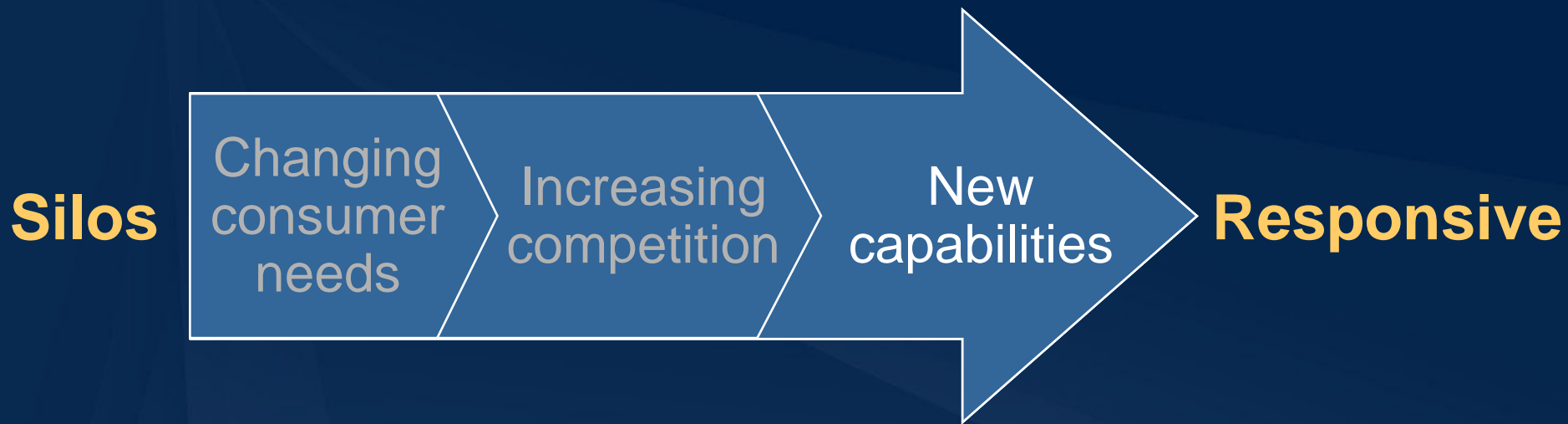
The financial services industry is changing

Silos



- Focus on organic growth
- International entrants
- Nontraditional players

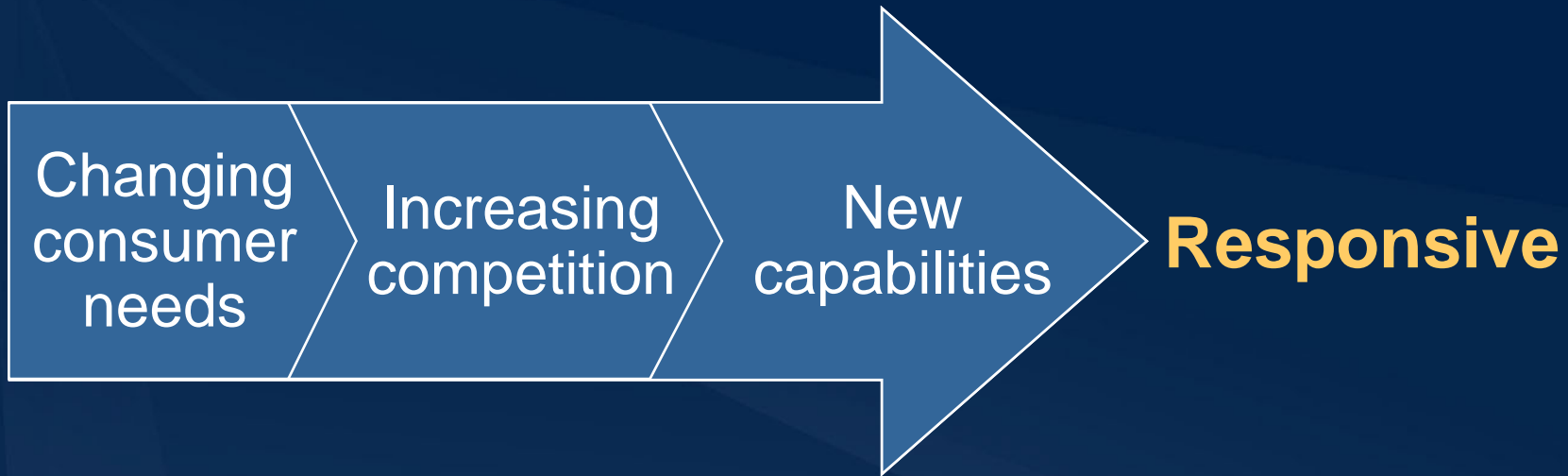
The financial services industry is changing



- Service-oriented architecture (SOA)
- Business process management (BPM)
- Analytics
- Rich Internet

The financial services industry is changing

Silos



Agenda

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- **What can we learn about change from other industries?**
- What new skills will be needed?

Lessons learned from Jet Blue Airways

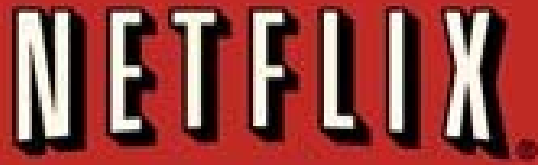


- \$1.7 billion in revenues
- Started flying in 2000
- 36 channels of satellite TV

What It Means for Financial Services

- Differentiate customer experiences at key moments.
- Simplify products and operations.
- Empower and engage frontline employees.

Lessons learned from Netflix

The Netflix logo, featuring the word "NETFLIX" in a bold, white, sans-serif font with a slight shadow effect, set against a solid red rectangular background.

- Launched in 1999
- 5.5 million subscribers
- 37 shipping centers

What It Means for Financial Services

- Online interactivity is a feature of a product, not just access to the product.
- Community is important.

Lessons learned from Whirlpool's Gladiator



- Part of corporatewide innovation effort
- Designers and anthropologists observed lead users in the field

What It Means for Financial Services

- Innovation needs to be cultivated.
- There's opportunity to discover unmet needs . . .
- . . . by focusing on specific customer segments.

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Skill No. 1: Customer-centric DNA

Silos

Customer relationship
management



Responsive

Customer-centric DNA

- Customer familiarity
- Organizational engagement

Skill No. 2: Solution management

Silos

Product management



Responsive

Solution management

- Focus on customer needs, not product features.
- Price based on customer value.
- More configurable and interactive features.

Skill No. 3: Cross-channel process agility

Silos

Retail delivery



Responsive

Cross-channel
process agility

- Document the current “as-is” and the desired “to-be” state of key process flows.
- Place a significant premium on flexibility.
- Offer customers a seamless experience across channels.

Skill No. 4: Integrated merchandising

Silos

Responsive

Cross-selling



Integrated merchandising

- Weave marketing into entire customer life cycle.
- Respond to customer activities and events.
- Develop financial stores, not branches.

Skill No. 5: Interactive education

Silos

Marketing
communications



Responsive

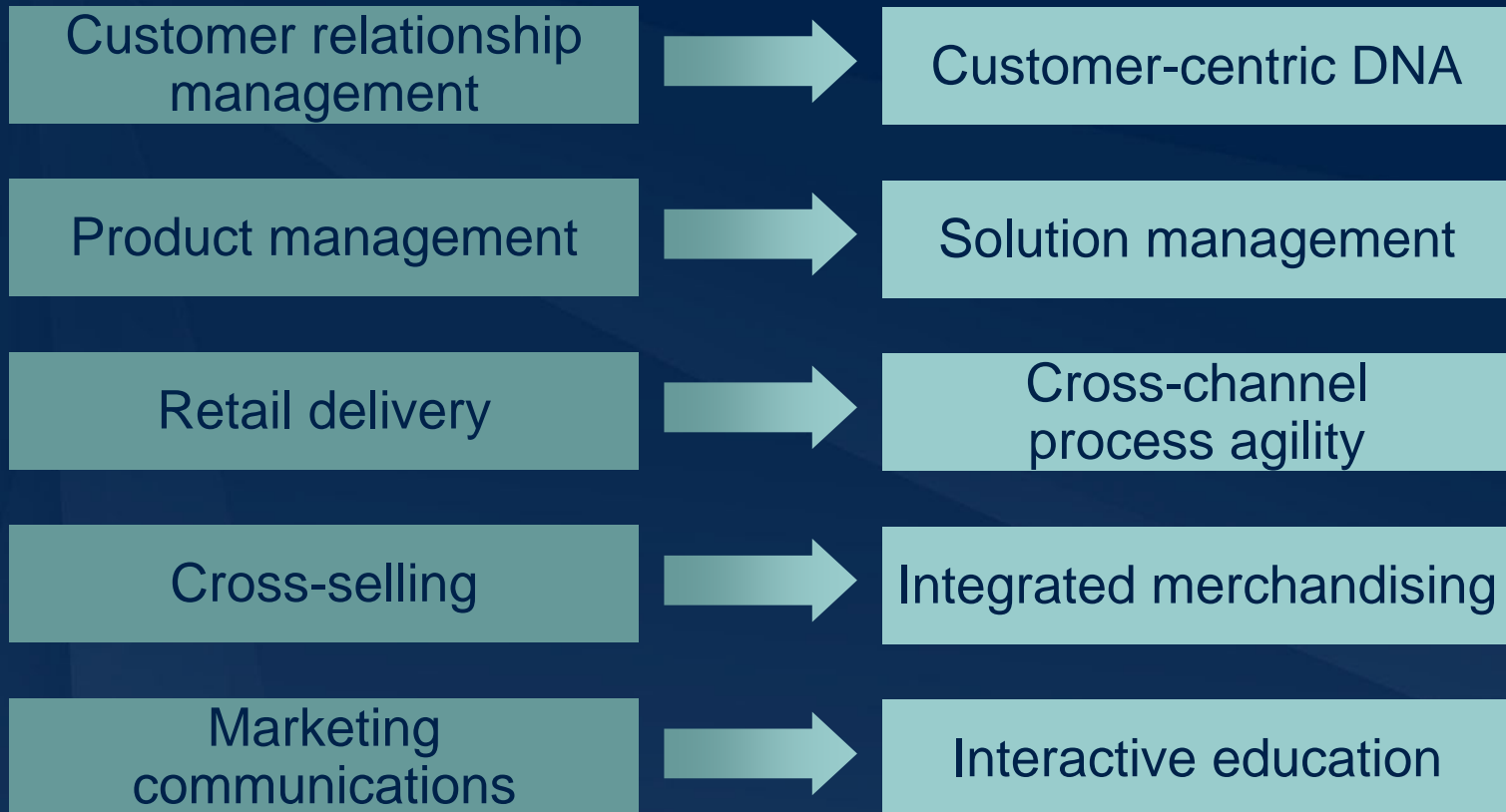
Interactive education

- Provide in context, in easily digestible chunks.
- Tailor to different levels of financial knowledge.
- Offer multiple content delivery mechanisms.

Financial services firms must become responsive

Silos

Responsive



Thank you

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