

Major U.S. Bank Improves Global Operating Model Through Innovative Collaboration Solution

Executive Summary

CUSTOMER

Large global financial services institution

INDUSTRY

Financial Services

CHALLENGES

- Manage geographically diverse company at lower cost
- Improve global connectivity, productivity, and effectiveness

SOLUTIONS

- Collaboration and virtual meeting solutions based on Cisco® TelePresence™
- Business applications that transform operational models

RESULTS

- Projected annual operating expense reductions between \$50 million–\$60 million
- Identified opportunities for increased productivity and process improvements
- Estimated five-year ROI of 60 percent to 65 percent
- Estimated monthly benefits of \$220,000–\$260,000

Background

The customer is one of the world's leading wealth management companies and a global leader in corporate / investment banking and trading across a broad range of asset classes. The bank serves enterprises, small and medium-sized businesses (SMBs), governments, institutions, and individuals around the world. The company offers a full range of banking, investing, asset management, and other financial and risk management products and services. The bank serves more than 40 million consumers and SMBs in the United States, clients in more than 125 countries, and 5,000-plus retail banking offices.

Challenges

This leading financial institution significantly increased its global operating presence through recent acquisitions of large financial services firms. This expanded presence led the bank to reassess its organizational needs and supporting technologies to improve global connectivity and enhance associate and team effectiveness. The bank was looking for solutions to more effectively manage its extensive, geographically diverse company at a lower cost and to enhance alignment with the “new normal” that characterizes the business landscape as a result of the global financial crisis.

The new normal was created by several significant factors: the global financial crisis; pressure on reducing operating expenses; focus on driving increased revenue productivity per employee; efforts in merger integration, requiring increased internal travel spending; and commitment to working in environmentally sustainable ways.

The question for the bank (and for other banks in similar situations) was: “How do we imbue transformative technology into business operations to effectively—and cost-efficiently—operate in the new global economy?” As business decision makers evaluate how technology investments can create value despite the turbulence caused by one of the worst financial crises in history, measurable cost savings must accompany productivity and business transformation benefits.¹

¹ “Unified Communications Investments Deliver Positive Financial Returns,” Economics & Research Insights, Cisco Internet Business Solutions Group, June 10, 2009.

Solutions

Surviving and, more important, thriving in a business environment where the fundamentals have been significantly reshaped (reduced budgets, teams, and business travel are now the norm) requires innovative operating models and strategies. Adopting emerging collaboration technologies, for example, would enable a leaner, more adaptable operating model better suited to weathering economic turbulence, while driving innovation, maximizing productivity, and achieving business objectives.

The Cisco Internet Business Solutions Group (IBSG) worked with bank executives to identify opportunities to increase communication and productivity across the bank's geographically dispersed organization, reduce travel, and meet the bank's environmental commitments.

Together, Cisco IBSG and the bank assembled a team comprised of representatives from Cisco IBSG's Financial Services Practice as well as from multiple stakeholder groups across the bank, such as Real Estate, Finance, Human Resources (HR), Enterprise Learning, and Business Continuity and Sustainability. The team was charged with recommending a collaboration solution, determining high-priority business applicability, and estimating financial and other benefits.

The engagement team identified multiple opportunities with high potential for driving productivity, process improvement, associate satisfaction, and cost optimization through deployment of emerging collaboration technologies. Cisco IBSG also determined potential business benefits that would transform the bank's collaboration advantage.

The team's final recommendation included global deployment of virtual meeting and collaboration capabilities, powered by Cisco TelePresence, an advanced communications technology that enables highly interactive, video-based meetings that simulate a "face-to-face" experience. A limited Cisco TelePresence deployment (11 units) demonstrated the applicability of this solution. The bank and engagement team then assessed additional opportunities to address stakeholder priorities, compared the usage of Cisco TelePresence with traditional videoconferencing, and reviewed Cisco TelePresence case studies from other large companies, such as Procter & Gamble and Cisco itself. In addition, the team used Cisco IBSG's proven models and economics experts to project financial benefits and ROI, and to estimate potential carbon emission reductions.

Finally, Cisco IBSG identified the following potential business applications that would transform the bank's operating model.

Establish Priority and Collaborative Focus of Projects / Processes with "In-Person" Appearance of Key Executives: Cisco TelePresence enables the increased presence of key executives during business-process execution, regular meetings, and other forums without requiring mutual availability for travel. Increased meeting frequency facilitates faster elevation of key issues and also fosters greater trust and deeper collaboration throughout the organization and among partners.

"This is an example of our commitment to use innovative technology to address real business opportunities.

"This global Cisco TelePresence deployment will help our associates collaborate and integrate even more effectively as we deliver all of our capabilities to customers and clients worldwide."

Senior Executive

Large Global Financial Services Institution

Improve Client Management for Corporate Banking: Connecting the bank's Cisco TelePresence rooms directly with TelePresence rooms at key clients improves client communications and reduces costs associated with certain meetings, such as account reviews, problem resolution, and joint ideation sessions.

Increase Collaboration and Project Management: Assembling key executives, subject-matter experts, vendors, and contractors across the globe in real time via Cisco TelePresence serves as a critical, strategic advantage for a large, geographically dispersed institution. Facilitating meetings and communications among dispersed parties fosters faster decision making, promotes best-practice sharing, improves time to market, and reduces cost.

Accelerate Product and Service Development and Innovation: Cisco TelePresence allows the bank to involve more stakeholders (from various business units and functions) in the process—from ideation to launch. By combining a greater diversity of opinions and experience, the bank can improve creativity and decision making. In addition, Cisco TelePresence Business-to-Business Exchange capabilities will allow the bank to co-innovate with external parties in ways that are not possible today.

Streamline Merger Integration: Cisco TelePresence has the potential to enhance communications and decision making during merger integration. Given the substantial increase in the bank's operating presence after two significant acquisitions, Cisco TelePresence enables the bank to communicate efficiently and effectively throughout the entire organization.

Transform Education, Training, and Policy Communication to Associates: Use of Cisco TelePresence can, for example, help scale internal training on new financial products or customer service and increase course availability by offering alternative participation and collaboration models. Improved use of Cisco TelePresence for e-training reduces the "opportunity cost" of taking or teaching internal classes, and enhances trainees' productivity. This is particularly important in the banking industry, considering the rate at which products, regulations, fee schedules, and other elements change, mandating ongoing training of industry employees.

Enhance Human Resources Hiring and Retention Processes: High-quality and immersive in-person Cisco TelePresence experiences can bolster screening, interviewing, and retention, and increase effectiveness and scale. Candidates can be screened more easily and interviewed more thoroughly with the participation of multiple HR professionals. Additionally, key staff can maintain deeper ties to senior executives, regardless of location.

Strengthen Business Continuity, Crisis Management, and Enterprise Resiliency: Cisco TelePresence provides an immediate executive presence to help plan, communicate, manage, and direct critical phases of crisis situations. Banks, more than other organizations, are vulnerable to security breaches. It is imperative that crisis contingency plans can be approved for execution

immediately by key leaders, regardless of physical location. Furthermore, the subtleties of nonverbal communication are particularly important in crisis situations, making face-to-face interactions critical.

By working with the bank to explore the impact of emerging collaboration technologies on business operations, Cisco IBSG demonstrated it is essential to take a transformational approach to these types of opportunities rather than focusing solely on the ROI calculations of “hard savings.” The financial institution recognized the transformational potential of emerging video collaboration technologies. Such technologies would enable the bank to improve the way it manages and executes on its global scale and diversified business objectives, turning challenges into competitive advantages.

Results

Based on a five-year cost / benefit model, the bank expects to achieve 60 percent to 65 percent ROI from reduced travel costs of 25 percent to 30 percent, attaining meaningful productivity and green benefits. Through process improvements and travel avoidance, the recommended Cisco TelePresence-based program increases overall productivity to the approximate equivalent of the output of 350 full-time employees (FTEs) per year. Additionally, travel reduction is expected to decrease annual gross CO₂ emissions by at least 72,600 metric tons, which is equivalent to:

- Annual greenhouse gas emissions from 12,000 passenger vehicles
- CO₂ emissions from 7,475,000 gallons of gasoline consumed
- CO₂ emissions from electricity use of 8,723 homes for one year
- Amount of carbon sequestered annually by 15,000 acres of pine forest

Cisco IBSG worked closely with the bank to define a model that aligns costs with benefit realization, which will allow the bank to deploy up to 25 Cisco TelePresence rooms per month while achieving positive ROI within the first year. As the program reaches full scale, net benefits are expected to range between \$50 million and \$60 million per year due to decreased global operating costs through travel avoidance. Furthermore, since these benefits account only for direct attributable and measurable metrics, the upside could be significant.

At this early stage of deployment, the bank is already realizing some of its anticipated benefits by employing identified use cases with net benefits estimated at \$220,000 to \$260,000 per month due to travel avoidance and increased productivity. Ultimately, this solution will help transform the bank by enabling new ways in which people communicate, collaborate, and—most important—innovate.

Next Steps

As Cisco works with the bank to deploy this extensive network of Cisco TelePresence rooms over the coming years, Cisco IBSG is working closely with the bank to track performance against estimated benefits and continue to drive use cases that will redefine the collaboration patterns and create new business opportunities.

The team is currently engaged with the bank not only to effect the realization of use cases identified, but to identify new and innovative use cases that further transcend enterprise boundaries and take advantage of emerging technologies. In the end, Cisco plans to help the bank transform its operations so that over the coming years, it can “do more with less” by taking advantage of new collaboration capabilities.

More Information

Cisco Internet Business Solutions Group (IBSG), the company's global consultancy, helps CXOs from the world's largest public and private organizations solve critical business challenges. By connecting strategy, process, and technology, Cisco IBSG industry experts enable customers to turn visionary ideas into value.

For further information about IBSG, visit <http://www.cisco.com/go/ibsg>



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