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Building Successful Digital Transformation Roadmaps

Intermediate | Industry

Lisa Nicholas
Wipfli

My Journey

NetSolve
- Tech start-up went through an IPO
- Marketing focus
- Worked with analyst / PR

Schools First CU
- Started CRM and data analytics program
- Led data / integrations for marketing
- Developed retention and relationship pricing

Amplify Credit Union
- Built digital transformation for the organization focusing on real estate and indirect lending programs
- Nucleus ROI Technology Award

DBS / 1 Up Digital
- Developed digital online loan application in FSC
- Virtual Branch
- ROI
- W3 Gold Award Winner
- Recognized as a thought leader

1997 — 2000 — 2002 — 2018 — 2020 WIPFLi

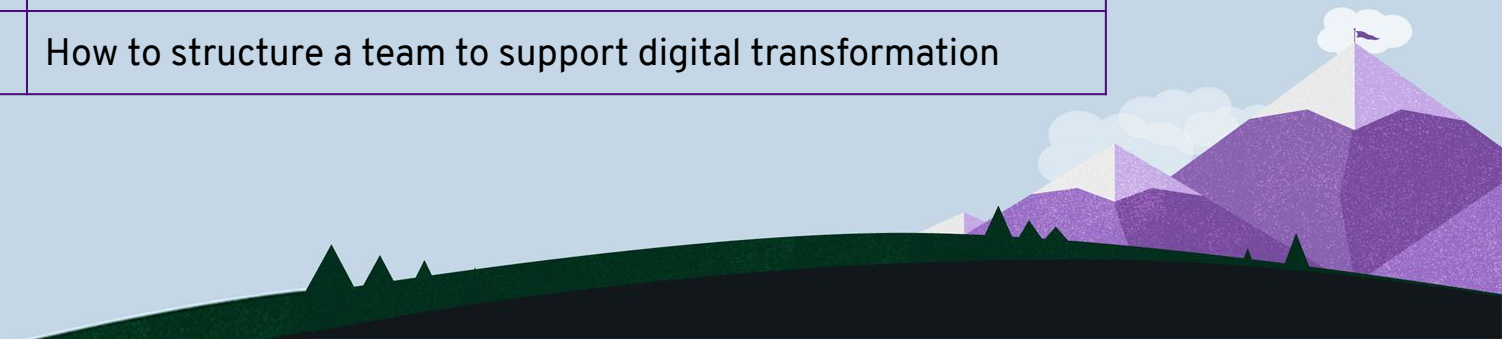
Moved from Michigan then Cali back to Austin
- Raced sled dogs professionally until I was 18
- NetSolve went public and I decided to move to Newport Beach, CA

Got Married
- Active in National Charity League & Humane Heroes
- Two girls one is a barrel racer & elite cheerleader
- Husband has worked at IBM for 25+ years as a master inventor

Agenda

Building Successful Digital Roadmaps

Time	Agenda
10:50-11:00	Industry trends around digital transformation
11:00-11:15	Digital transformation best practices
11:15-11:25	What a digital roadmap should include and why
11:25-11:30	How to structure a team to support digital transformation



Industry trends around digital transformation

Polling Question

Our organization has a digital roadmap and I know my/departments role in that plan?

a) Yes
b) No

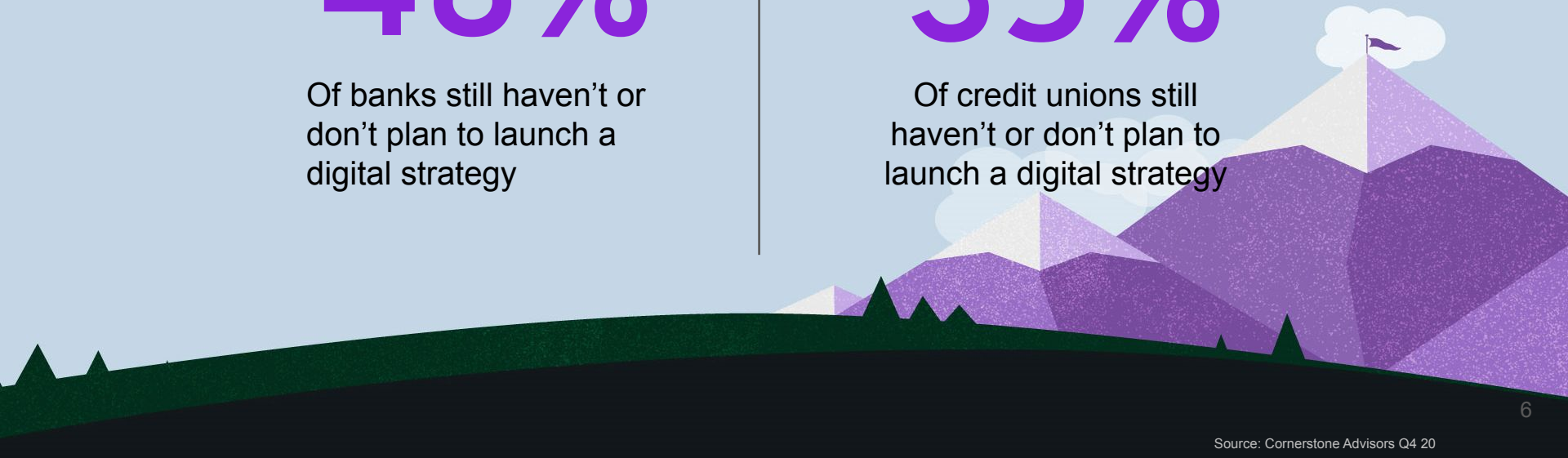
Percentage of Institutions that have Launched a Digital Strategy

48%

Of banks still haven't or don't plan to launch a digital strategy

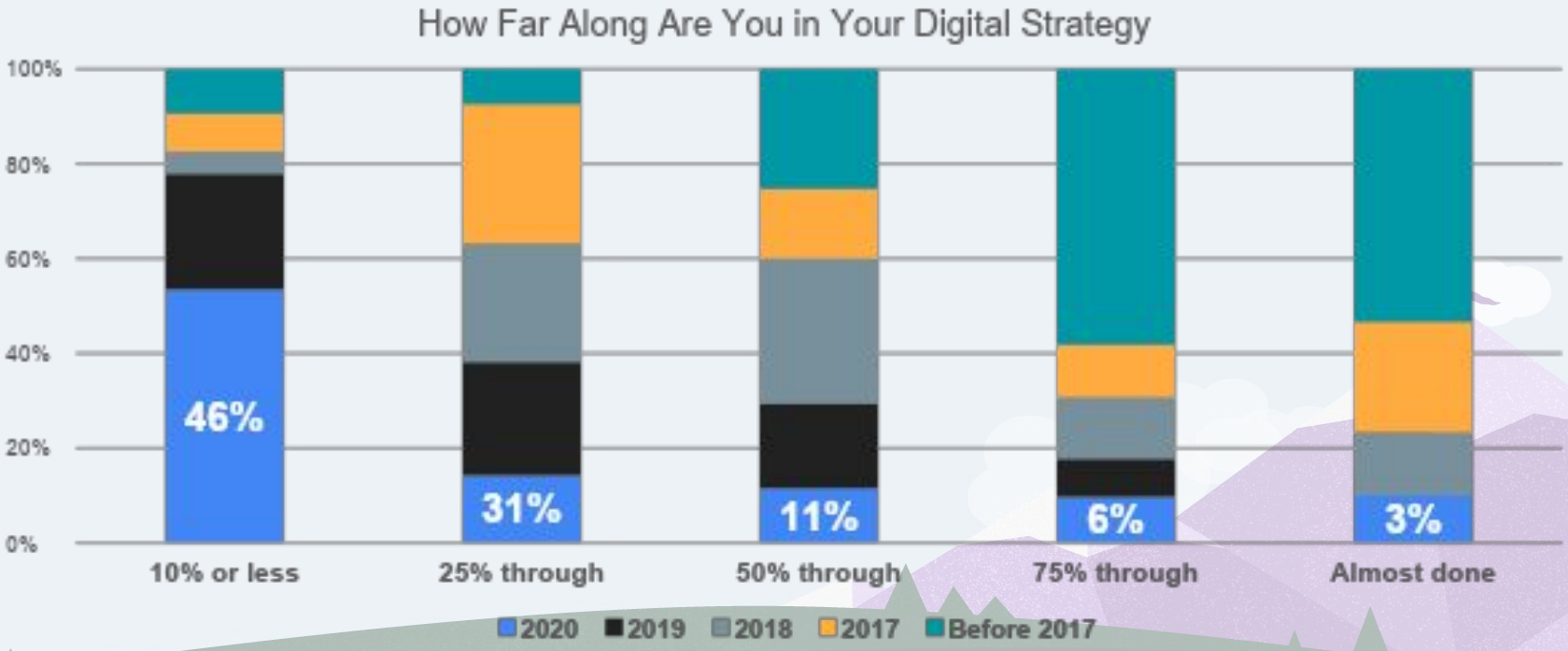
35%

Of credit unions still haven't or don't plan to launch a digital strategy



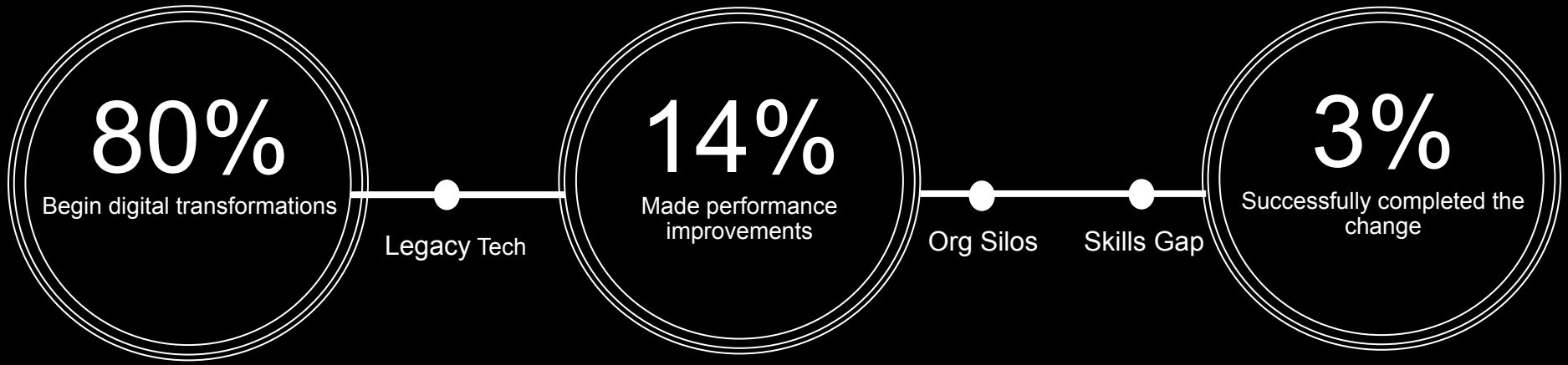
Source: Cornerstone Advisors Q4 20

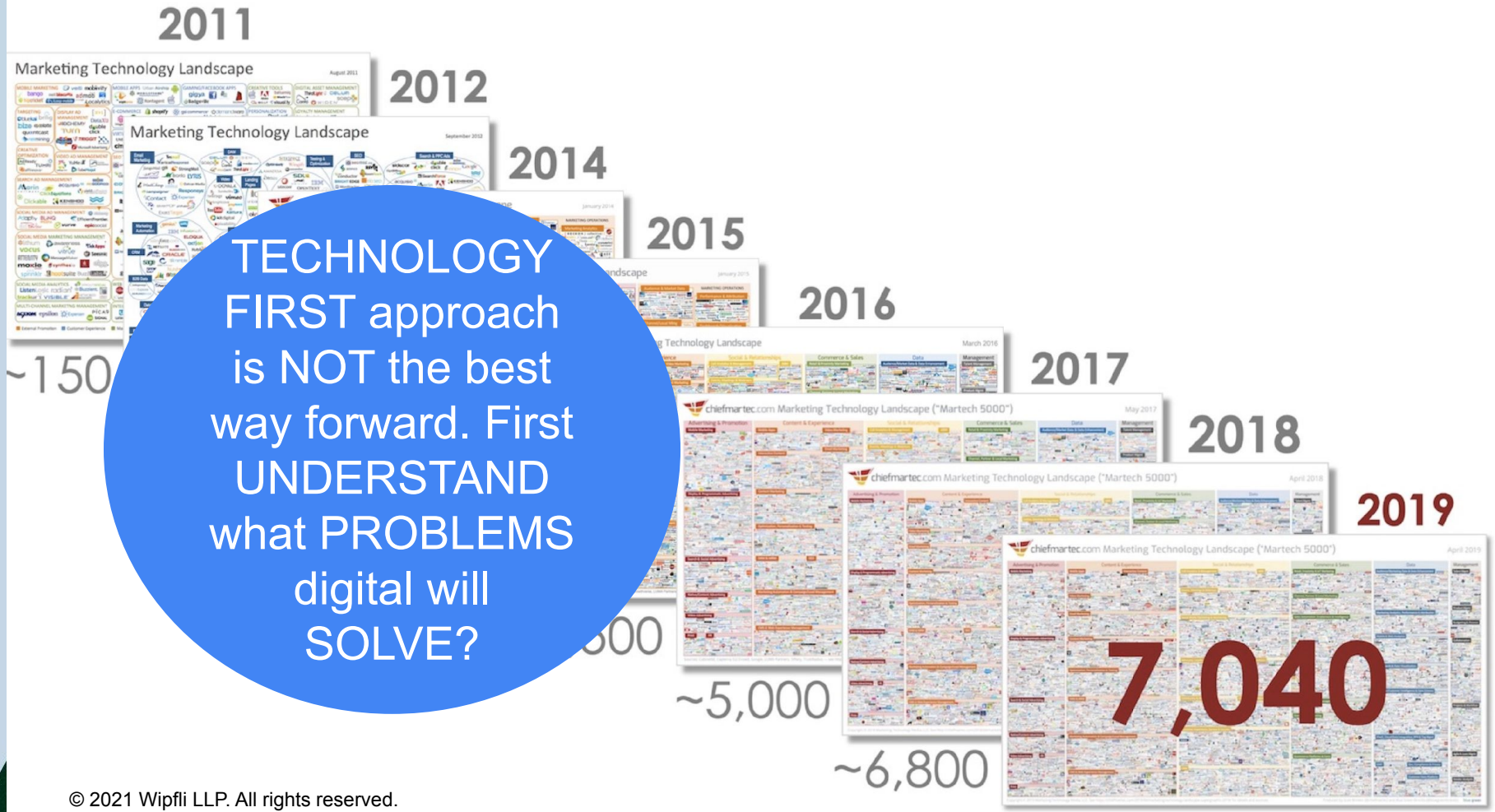
77% of financial institutions that have a digital strategy are *less than 25%* complete



Source: Cornerstone Advisors Q4 20

Digital Transformation Facts





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Digital Evolution Success

50%

Right Mindset

30%

Right Roadmap and Focus

20%

Right Tech Stack

Polling Question

What is the ***most*** important element in the success of a digital strategy?

A. Technology
B. Mindset
C. Roadmap
D. None of the above

Industry trends around digital transformation

- Resist the tech-first mentality and focus on organizational mindset
- Your core is not going to transform you
- 77% of FI's are less than 25% of the way through digital strategies
- Lead with a data strategy that supports strategic initiatives

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Growth strategies for digital initiatives

Key Digital Areas

Acquisition

Connecting leads and acquisition strategies across the organization

Data Unification

Modernizing legacy data to drive future growth

Website Personalization

Digital means connecting your website at more moments in the consumer journey

M&A

Digital helps onboard through automation

Digital Capabilities

Drive digital capabilities like design, personalization and digital marketing

Retention / Cross Sell

Leveraging automation and data to help identify retention and cross-sell opportunities

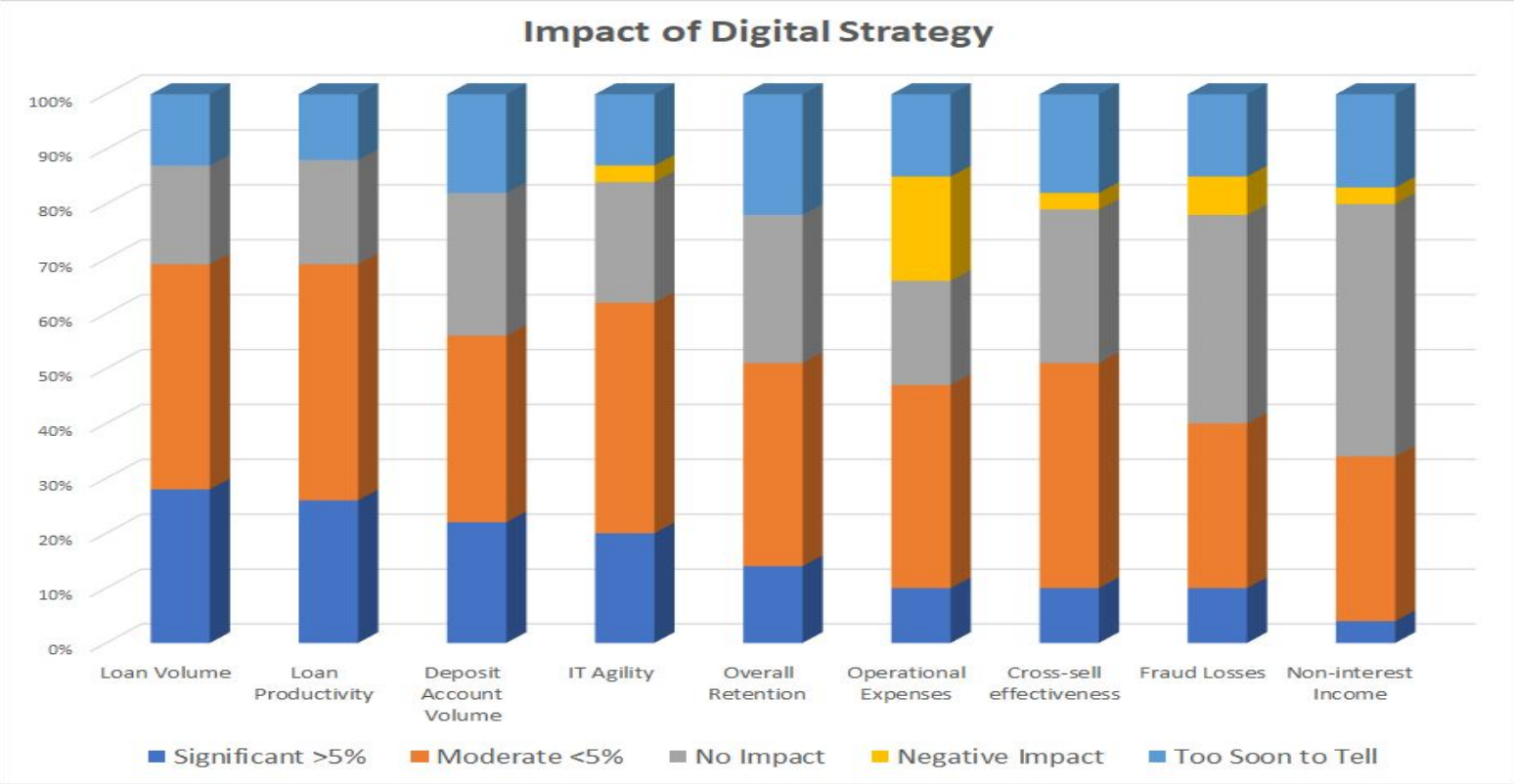
Deposit & Lending Growth

Digital transformation can help grow deposit and lending portfolios through integration and transparency

Operational Efficiency / Employee Productivity

Creating easy and frictionless process and unification of data so that employees can resolve issues and help customers faster

How is Digital Impacting Key Metrics



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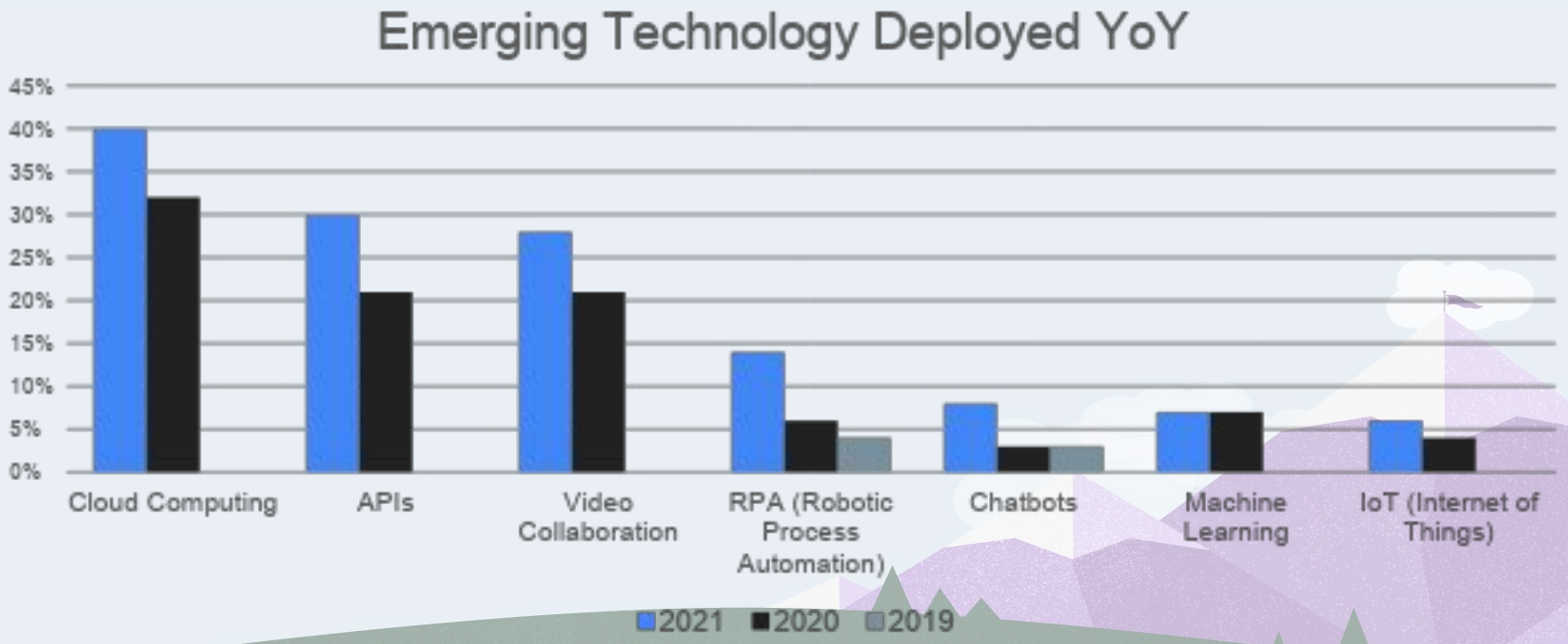
Emerging Tech Cloud Computing and APIs Top the List



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Digital Project Examples by Key Business Metric

Loan Volume

- Short Application
- Reduce Swivel Chair
- Lead/Referral Unification
- Aggregator Centralization
- White Space Analysis
- Personalized Dashboards

Loan Productivity

- Workflow Automation
- Personalized Dashboards
- Intelligent Round Robin

IT Agility

- Cloud Native
- API-led

Retention

- Digital Branch
- Journey Automation w/ Follow-up
- Automated Follow-up Programs
- Queue Management

Cross-sell

- Offer Engine
- AI for Next Best Product
- Leverage Application Data

Fraud

- Act Fast Streams
- Real-time Collaboration
- Analytics

Operational Expenses

- Action Plans
- Automation
- AI
- Digital Assistants
- Indirect/OEM Management
- Incentive Management

Non-interest Income

- Debit Card/Credit Card Acquisition and Usage Programs
- Digital Checking Acquisition
- Digital to Increase Wealth, Insurance, TPO, Treasury Management

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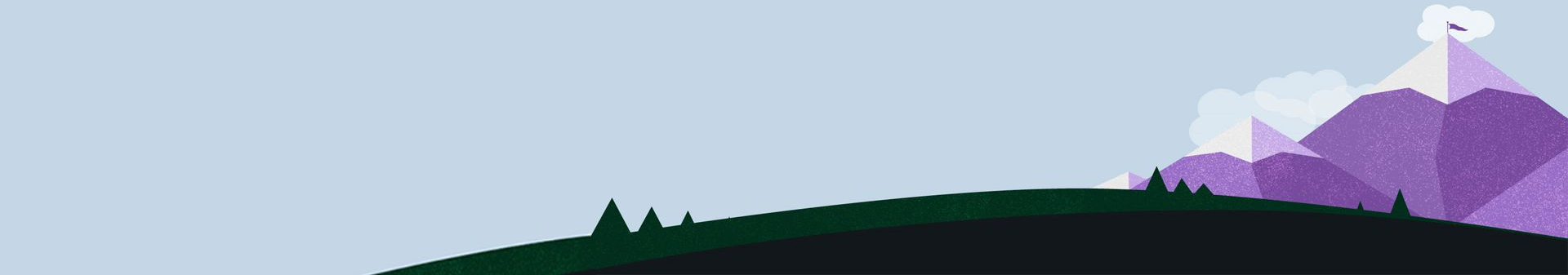
Polling Question

If digital could transform one part of the business which would it be?

a) Lending
b) Acquisition
c) Process improvements to automate & streamline
d) Other (RPA, IoT, AI)

Can You Deliver

Can visitors in the branch/call center and on the website open a **deposit account** in one (1) minute or less?

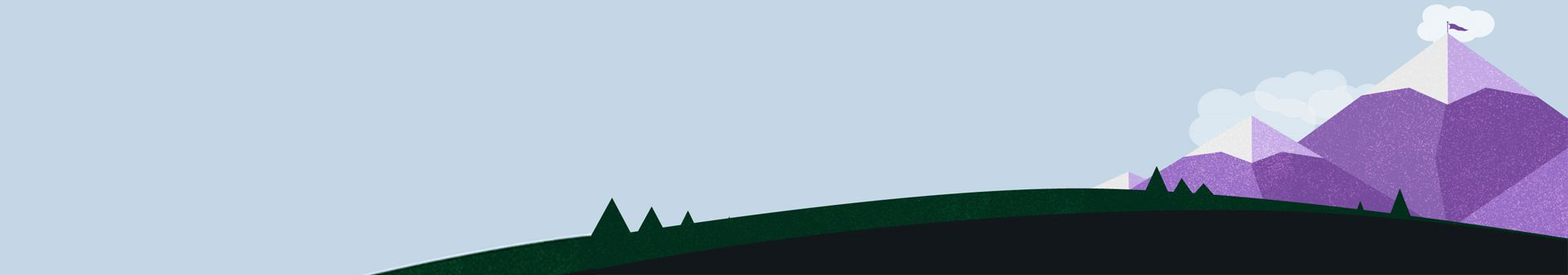


Deposit Account Opening

40% of FIs that offer digital account opening still take more than 10 minutes *Source: Forbes*

Can You Deliver

Can visitors and employees apply and get a decision for a **consumer loan** in one (1) minute or less?



Consumer Loan Applications

54% of FIs take more than 10 minutes to complete an unsecured loan application online/mobile *Source: Forbes*

Can You Deliver

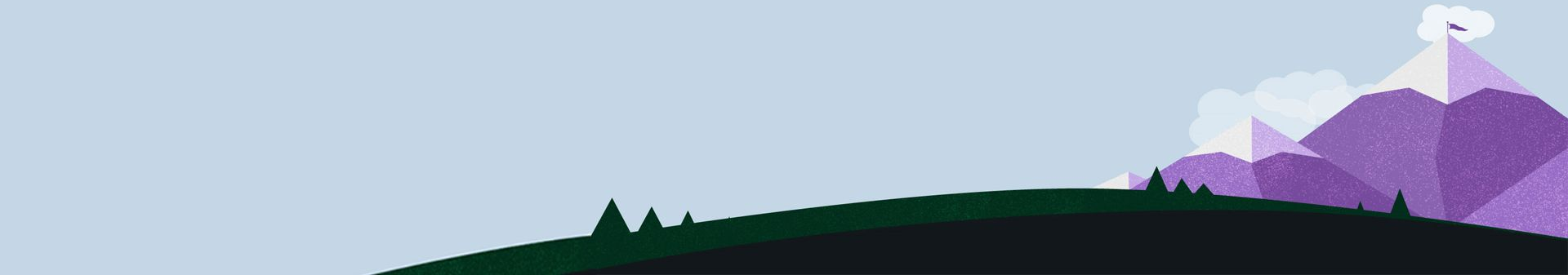
Customer facing employees can see all accounts and communication in one system without logging into multiple systems?

Employees have a real-time 360 view for all accounts and interactions

Less than 5% of banks and credit unions that we deal with can deliver on a unified view from one system with a true 360 degree view of the customer.

Can You Deliver

Can business units innovate and move quickly on new ideas and integrations?



Productized Data to Drive Speed and Innovation

If your business unit still puts in a request and must wait months behind IT projects- then your organization is not cloud native and API-led

Can You Deliver

Is the organization using 1st party data like application data to switch content and imagery when visitors come to the website?

Hitting the full-lifecycle of the consumer buying journey

Is your website leveraging 1st & 2nd party data to drive personalized content and images both pre and post authentication? Do you have integrated forms, product recommenders and basic calculators tied to CRM and MA?

USE CASE Personalization

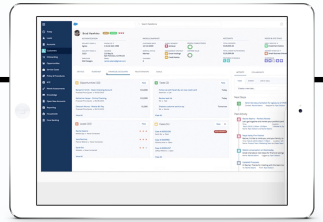
Default

Auto Intender

Home Equity

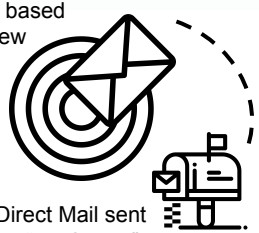
USE CASE COMMERCIAL LENDING

Brad
Commercial Lender



Brad has a clear view of his day and the campaigns that are working on his behalf

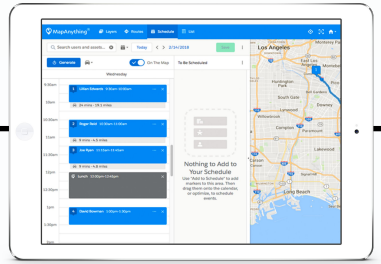
Targeted Email Kicks Off Campaign based on Brad's review



Direct Mail sent to "No Opens"

Marketing Cloud Journey Kicks Off

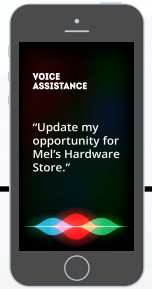
Mapping Tool



Brad knows how to efficiently get to his appointments to save time and money

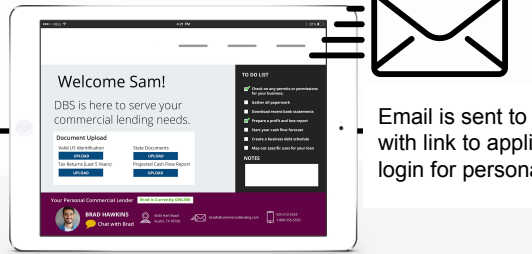
Success! One of Brad's appointments is ready to apply

As Brad is on location, he updates his opportunities with details via Siri



Brad H. changed Mel's Hardware status to opportunity. Application link sent 9/16/19 12:45pm

Text updates sent to Brad's manager

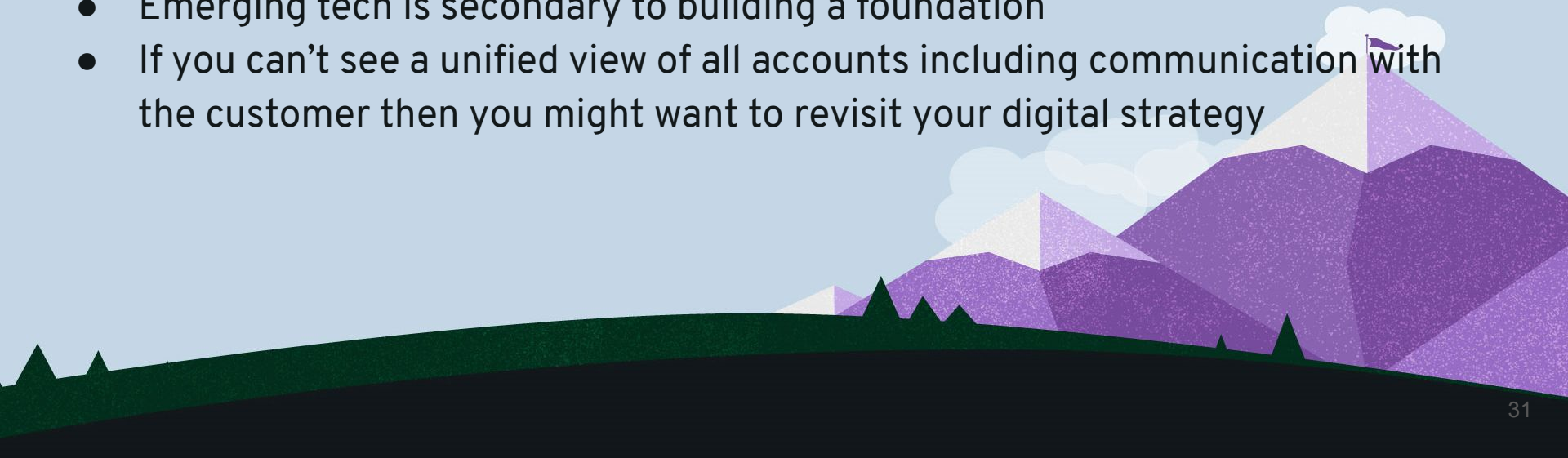


Email is sent to prospect with link to application and login for personal portal

Key Points

Growth strategies for digital initiatives

- Mindset and change management are critical to digital success
- Initial digital projects should deliver on your strategic initiatives
- Growth initiatives top the list for transformational digital initiatives
- Emerging tech is secondary to building a foundation
- If you can't see a unified view of all accounts including communication with the customer then you might want to revisit your digital strategy



What a digital roadmap should include and why

What Should Your Digital Strategy Support

1

Strategic Initiatives

2

Growth

3

Operational Efficiency

Source: Cornerstone Advisors Q4 20

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PEOPLE

are critical to the success or failure of digital initiatives

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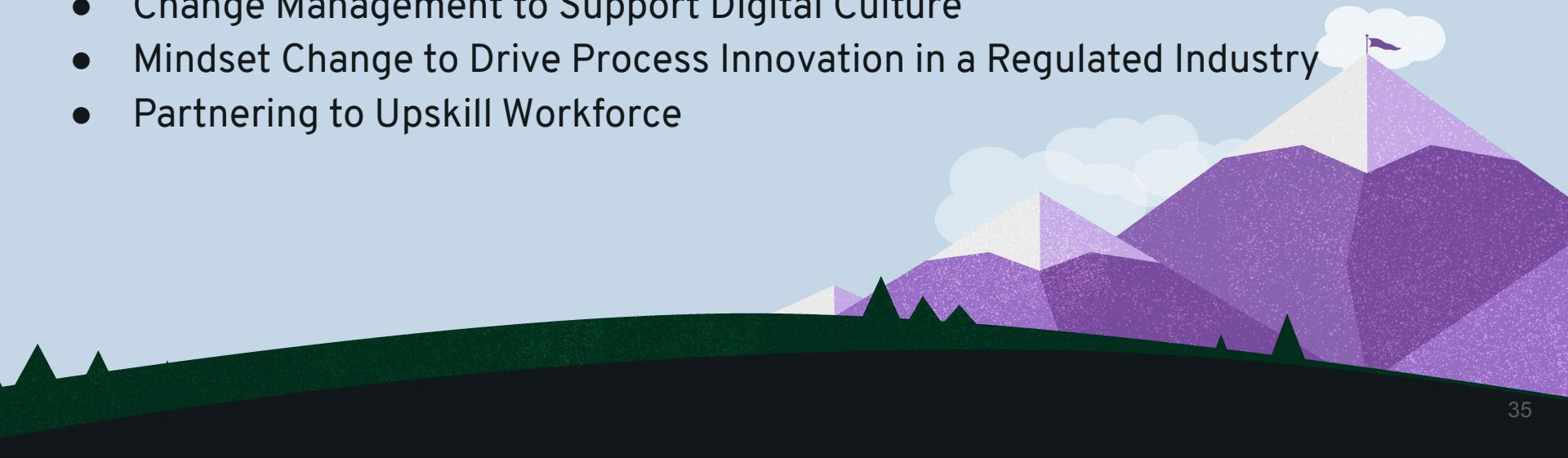
What Foundation Does a Digital Strategy Need to Succeed

- CEO and Executive Team Lead Digital Strategy
- Proper Data Architecture that Drives Strategic Initiatives
- Change Management to Support Digital Culture
- Mindset Change to Drive Process Innovation in a Regulated Industry
- Partnering to Upskill Workforce



Digital Journey Continual Evolution

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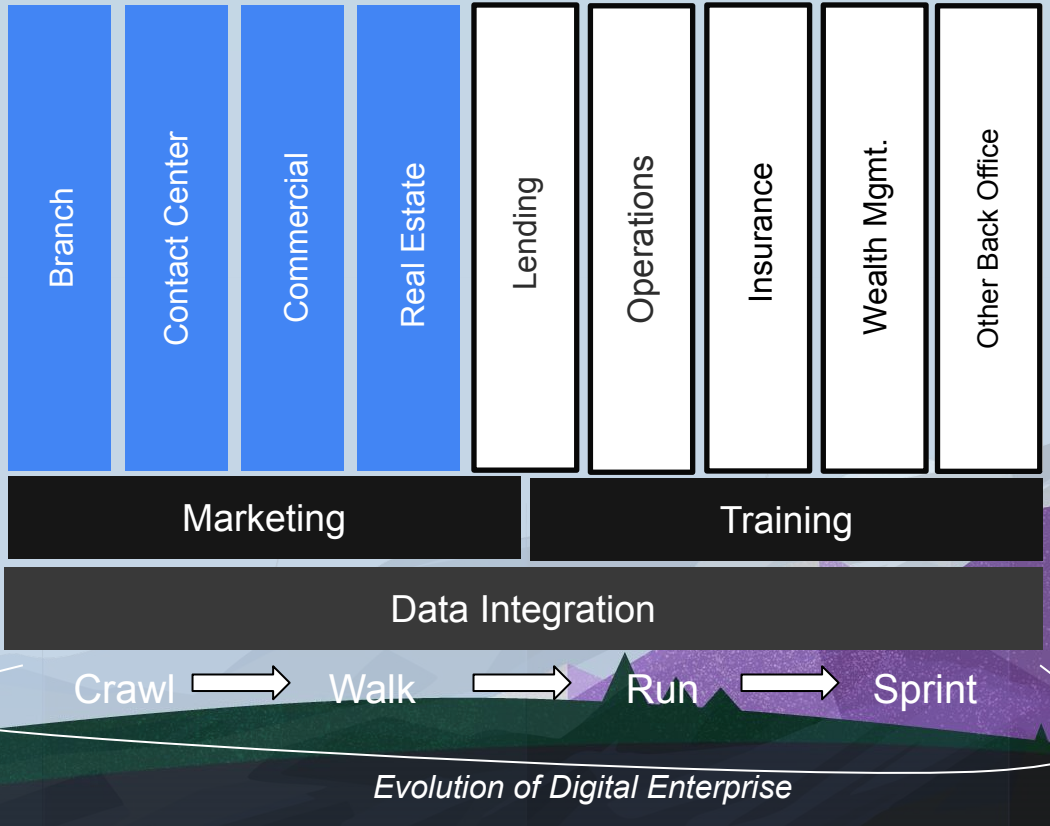
Should You Go All-in or Phased Approach



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Roadmap Contents

- Planning Session
- Surveys
  - Readiness
  - Process
  - Systems
- Discovery Meetings
- Day-in-the-life Exercise
- Prioritization of Business Requirements
- Data Architecture
- The Plan & Presentation

Focus Areas

Strategic Planning and Management
Organizational Structure, Skills, Outsourcing
Collaboration Services and Infrastructure
Website
Retail Services
Marketing
Customer Relationship Management
Business Intelligence
Organizational Performance
Project/Portfolio Management
Customer Service
IT Operations and Infrastructure
Human Capital Services
Cybersecurity & BCP
IoT / Emerging Tech

DIGITAL READINESS SURVEY

Example Questions

- What are the organizations and/or department top three initiatives or pain points they would like digital transformation to solve for the organization?
- Where does your organization as it relates to new endeavors?
- Which answer best describes digital transformation at your organization?

Key Points

- ✔ How much training will be necessary to get the proper user adoption
- ✔ Identifies employees that might be roadblocks
- ✔ Series of questions to assess the readiness and opinions around digital transformation
- ✔ Determines how fast or slow to take the initial projects

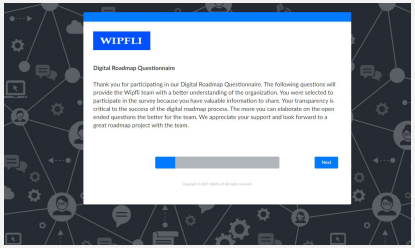
PROCESS SURVEY

Example Questions

- How do employees know what happened to their lead or referral?
- Which channels are used to communicate with customers? Check all that apply by business unit.
- How do employees know if the SLA has not been met within the stated SLA and needs to be escalated?

Key Points

- ✔ Identifies any gaps in where you are going strategically
- ✔ Outlines key processes like who uses which channels
- ✔ Lead and referral maturity
- ✔ Business unit process documentation readiness



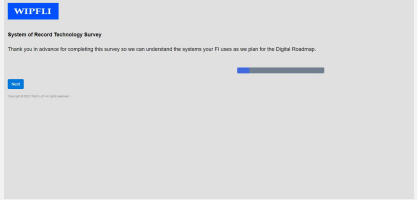
SYSTEM OF RECORD SURVEY

Example Questions

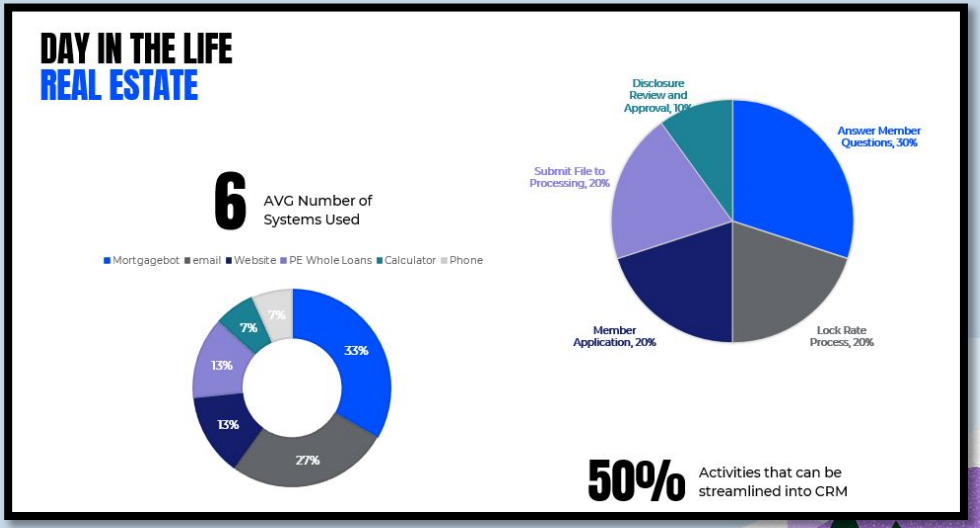
- Is there a data warehouse within the organization?
- Is the application hosted or cloud?
- Which systems have a full-use API

Key Points

- ✔ Lists the systems that are critical to digital initiatives
- ✔ SME is required to complete vendor, product name and various other pieces of information like APIs available by system



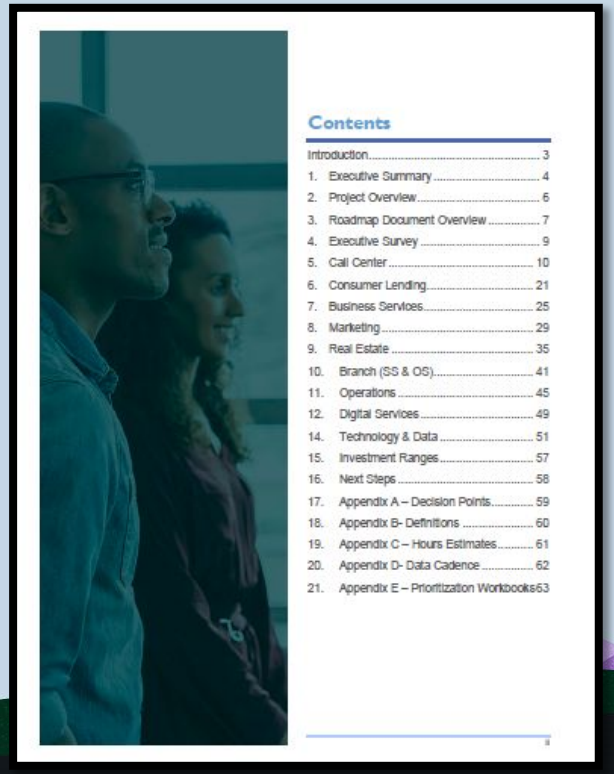
DAY IN THE LIFE



Key Points

- ✔ SME identifies the appropriate employees to complete a day-in-the-life for each business unit
- ✔ Helps identify areas to start
- ✔ Provides c-level executives and peers insight into other areas of the business
- ✔ Provides a baseline

ROADMAP DOCUMENT



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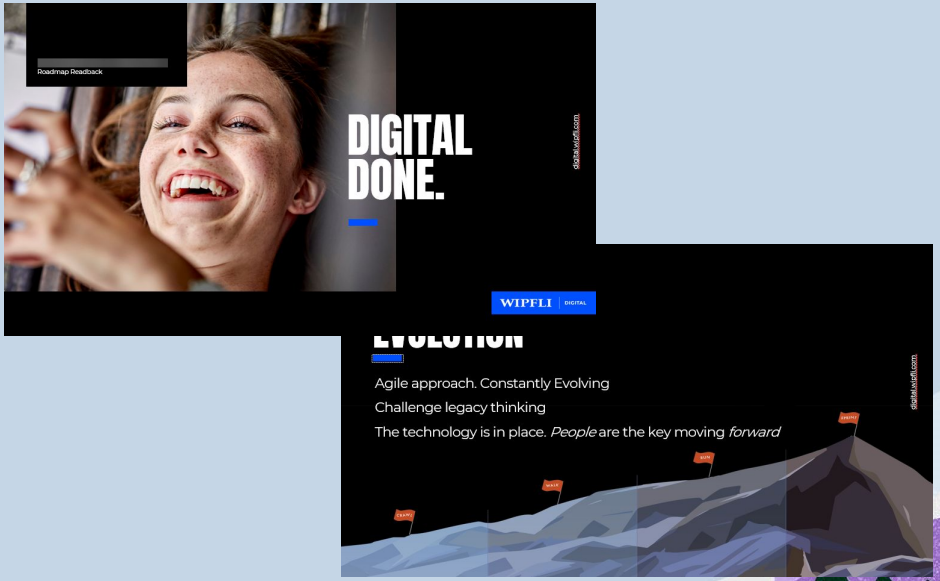
Key Points

- ✔ Provides organization initial hours and investment
- ✔ Written document outlining digital approach by business unit
- ✔ Depending on roadmap option success metrics

READ BACK PRESENTATION



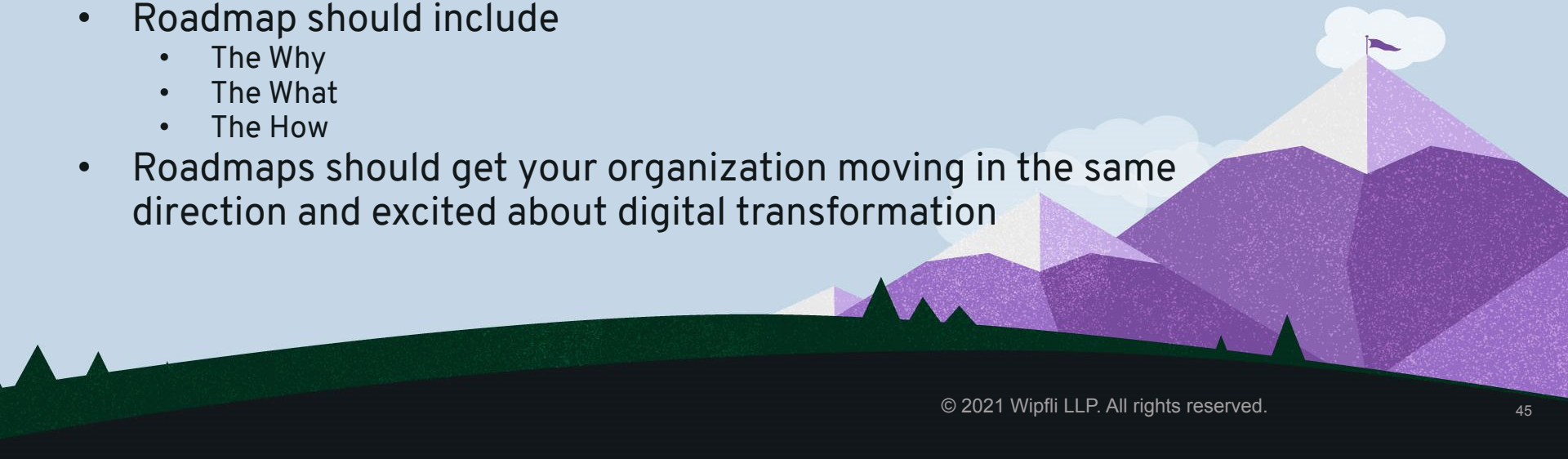
Key Points

- ✔ Important for executive and key stakeholder alignment
- ✔ Reviews proposed initial phases
- ✔ Discussion around investment in digital
- ✔ Business units are given personalized videos to watch post enterprise read-back session

Key Points

What a digital roadmap should include and why?

- People are key to success or failure
- Phase your strategy in alignment with the most important strategic initiatives
- Roadmap should include
  - The Why
  - The What
  - The How
- Roadmaps should get your organization moving in the same direction and excited about digital transformation



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How to structure digital resources

Digital Resource Strategy

In-house

- Organization has all the employees that are skilled to execute digital transformation
- Generally hard lessons learned and wasted spend and failure to launch on-time or at all

Outsourced

- Resources are tight with other projects
- Do not have the right skill set internally
- Strategy of leave it to the experts which can be high cost for expertise long-term

Blended

- Partner with experts and bring internal team along with outsourced team
- Leverage outsourced model for larger more complex projects on an as needed basis

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Digital Steering Committee

- Executive Sponsor
- Digital Project Manager
- Digital SMEs
- Advocates

No more than eight (8) people on the team

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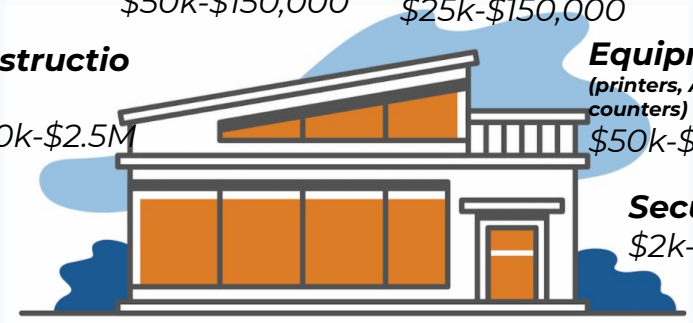
Pricing Ranges

Physical vs. Digital Branch

Technology
$50k-$150,000

Interior Design
$25k-$150,000

Construction
$500k-$2.5M



Equipment
(printers, ATMs, counters)
$50k-$200,000

Security
$2k-$10,000

Land
$250k-$1M

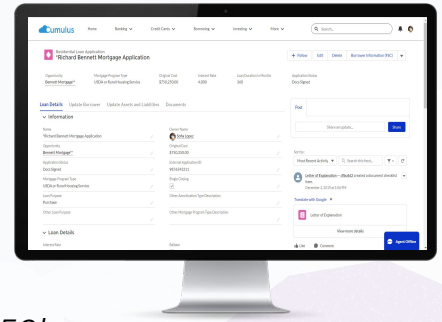
Landscaping
$6k-$30,000

Bring up
$75k-$125k

Phase I Build
$75k-$650k

Integrations
$150k-$1M

Design / Roadmap
$50k-$75k



Security
$10k-$50K

Licenses
$200k-$950k

Training
$5k-$20K

AVERAGE COST TO BUILD A PHYSICAL BRANCH $800K-$4M

AVERAGE COST TO BUILD A DIGITAL BRANCH $500K-$3M

(Approx. cost per sq. foot $250-$800) Source: HTG

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Key Points

How to structure digital resources

- Build a roadmap that includes all areas of the business
- Your digital investment is like building branches or taking on large systems- it's not one and done
- Digital investments should have an investment strategy
- Develop a plan for human capital / upskilling

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Where Do You Start?

Build a Roadmap

*On average our engagement surveys show that **75% employees** feel the organization has a digital strategy but are **failing to execute it.***

Thanks for listening!

Lisa-digital

You can find me on the social media links above
or hit me up at lisa.nicholas@wipfli.com

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