

Position Paper 'Finance Special'

Executive summary

The Finance Track holds an important position in WCIT 2010 in many respects and was specially added to the program fairly recently.

The Finance Special will show how new client needs and the dynamics of business and technology are eminent in this sector. It will demonstrate how technology can really be a differentiator when implementing business innovations. In the coming years, globalization, regulatory changes and social networks will lead to new market entrants, new business models and new methods of customer interaction.

The most important challenge for the financial sector in 2010 is to regain the trust of its customers. For clients, it should be obvious that they can rely on to-the-point, transparent products/services, that they will be offered professional and concerned advice and that complaints will be handled adequately. Customers should be confident that their money is safely placed and that capital growth is assured. These targets should be central in customer management and product development. The governance, ethics and reward mechanisms of financial institutions should be re-evaluated in that context.

All these developments have consequences for the agenda of the CIO. Change seems to be the only constant factor for the CIO, especially in the finance sector. In the spring of 2010, KPMG conducted worldwide research into the agenda of CIOs. The results show that for the next few years, CIOs will give particular attention to the subject of IT value creation. Today, IT is given a more central position in management and contributes directly to realizing the business strategy. According to CIOs, this requires the right people to be in agreement to keep the distance between the organization and IT as small as possible. During the Finance Special, the main conclusions of this new CIO survey will be presented.

The Finance Special will take place on 26 May 2010 only! During that day, a broad selection of executives in the financial services industry will present and share their insights. Best practices for successful implementation of innovations will be shared. A panel of industry leaders will share their views with the audience in a genuine debate. All participants will have an active role in this debate. Insights regarding financial service aspects of other tracks of WCIT2010 will also be shared.

The program is highly interactive, and aims to truly inspire and give all delegates attending this conference special a practical insight.

Introduction to 'The Challenge of Change' in Finance

Financial services companies face unprecedented challenges, and the imperatives for the industry at large make it even more important for individual players to make sound operating decisions. IT has long suffered from difficult questions about where to invest, and how to make sure those investments support strategic goals. Those questions will be even more crucial for the financial services industry as it struggles to regain its balance after the crisis of late 2008.

However, despite clear evidence that the scope and speed of technology breakthroughs are increasing every day, and while financial service companies are clearly pursuing new business fields, they may not be trying hard enough to leverage technology to develop their business, to mitigate their risks and to improve their profitability.

In this Finance Special, we will depict the key trends in the financial services sector and illustrate how a wide range of technology solutions satisfies new customer needs and provides new business opportunities.

The following questions are good examples of the range of topics that will be covered during the Finance Special:

- What will customers require from financial service providers in terms of products, services and behavior in the era after the financial crisis?
- How long will new generations of young customers stay happy with traditional banking and insurance services?
- When was the last really innovative offering from my company and from financial services in general?
- What would my son / daughter think of my company's user interface?
- Are new players (e.g. non-banks and banks from emerging countries) a real threat to current providers?

- Is my firm well equipped to face the changes in the business landscape articulated by emerging markets, new entrants and non-financial institutions offering peer-to-peer loans or payments?
- What if the Apples, Googles, Amazons, Virgins or eBays of this world decided to offer financial services on a large scale?
- Do I have a clear vision of the full implications for financial services of the increasingly widespread use of smart phones and social networks?
- Are my teams well prepared to compete with players who claim to keep all project schedules under 3 months or to deliver systems with zero default from Day One?

New customer needs as a key driver for innovations

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Excellent products/services, enhanced risk management, balanced remunerations and recognition of the social function of financial institutions will be the basis for continuous recovery of trust.

Studies researching the recent financial crisis recommend that the clients' position and (real) needs should be the future basis for the provision of products and services. Questionable products and complex service formats should be eradicated.

In this context, customer needs should be given priority, with financial service organizations providing highly standardized products, geared to the life cycles, incomes and capital positions of their clients and prospects. Clients want more control over their financial positions, want to explore alternatives and look for 'added value' in the financial service provider. Quality of service combined with competitive cost levels will be the basis for long-lasting client relations.

Industrialized expert consultation and products, tuned to the client's stage of life, will be crucial for success. The accessibility of information, consultation and products via a variety of channels will be of decisive importance for market leadership.

Key technology clusters to boost innovations in finance

To respond to client's demands and expectations, Capgemini has developed TechnoVision. This framework pursues two objectives.

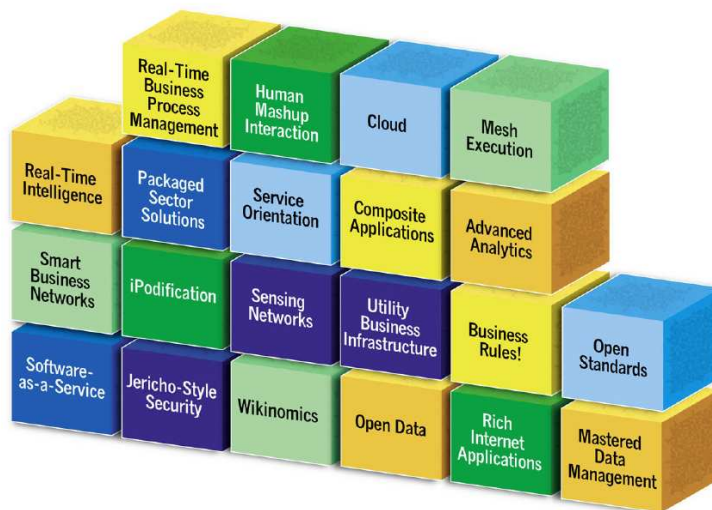
The first objective is to provide a clear picture of the information technologies that are the most relevant to users—individuals or organizations. TechnoVision proposes a taxonomy and depicts the impact of the evolution of these information technologies.

The second objective is to shed light on how these technologies and their evolution will impact business.

TechnoVision proposes its matrix as the tool to explore the increasingly close relationships between business and technology.

Capgemini's analysis of technological developments led us to identify 21 important technology trend areas that are likely to have a profound effect on business, now and in the forthcoming years. The 21 building blocks are structured into seven technology clusters. These clusters are designed to have the right granularity to be used in the communication between technology and business executives, mapping the business drivers of an organization in a simple way to the technology solutions that may address them.

In TechnoVision, business drivers are significant efforts aimed at exploiting an opportunity or an innovation, correcting an issue, or coping with a disruption or a compliance need. The clusters can easily be expanded into the original building blocks and further, to map actual products and solutions.



Source: Capgemini

21 Key Technology Building Blocks

As already mentioned, the seven technology clusters have been identified as drivers of the evolution of technology and its applications. This evolution has enormous implications for companies everywhere.

1. **The You Experience:** A new generation of user-interface technologies and Internet-based desktop tools for a compelling, highly individualized experience
Trends: Rich Internet applications, role-based user portals, IPodifications and mash-up applications
2. **We collaborate:** This shift is very recognizable in financial services. 'Changing the game' and creating new value and growth through business innovation is the challenge here, with markets, players and consumers in constantly shifting positions.
Trends: Social collaboration tools (mobilizing the potential of so many connected and collaborating resources, leading to new economic models), smart business networks and free agents.
3. **Process on-the-Fly:** The need for almost real-time business process execution to respond to changes in the business ecosystem. This involves orchestrating the building blocks of these processes.
Trends: Real-time business control, composite applications.
4. **Thriving on Data:** In this constantly changing, information-rich environment, expert retrieval and analysis capabilities are needed to turn data into strategic intelligence.
Trends: Real-time integrated business intelligence, searching the semantic web / Google-fication, mastered data management.
5. **Sector-as-a-Service:** Enabling organizations to run the non-differentiating part of both business and IT as a utility-style service. This involves lightly customized implementations of standard software and generating systems from reusable industry reference models and adapted legacy systems.
Trends: Rationalizing packaged sector/segment solutions, Software-as-a-service, new sourcing models.
6. **Invisible infostructure:** A commoditized, preferably invisible, utility as the end-state of infrastructure, using virtualization, grid and automated management technologies to deliver infrastructural services.
Trends: Utility-based infrastructure, Jericho-style security and sensing networks.
7. **Liberarchitecture:** The overall architecture and seamless integration framework underpinning all the other technology clusters and incorporating the impact of new technology on software engineering.



The Seven Clusters of TechnoVision

Source: Capgemini

In his keynote speech on 26 May 2010, Pierre Hessler will comment further on TechnoVision and will explain how the concept can be beneficial in the context of successfully bringing innovations to life.

From cost to value

All these developments have consequences for the agenda of the CIO. Change seems to be the only constant factor for CIOs, especially in the finance sector. In spring of 2010, KPMG conducted worldwide research into the agenda of CIOs. The results show that for the next few years they will give particular attention to the subject of IT value creation. Today, IT is assigned a more central position in management and contributes directly to realizing the business strategy. According to CIOs, this requires the right people to be in agreement to keep the distance between the organization and IT as small as possible. During the Finance Special, the main conclusions of this CIO survey will be presented.

In their keynote speeches on 26 May 2010, Kumar Parakala and Bryan Cruickshank will present the main points of the insights gained. The results will support decision-making by CIOs in the finance sector.

Solutions: Today's examples of compelling innovations

During the Finance Special, six case studies will be presented, covering key financial service areas (banking, insurance, pensions, and investment or capital markets) and representing the global nature of this sector. All examples provided will illustrate the corporate context, the business drivers involved in technological innovations, the benefits and last but not least, the lessons learned.

The six solutions presented are:

- Advanced payment solutions
- Cost-effective insurance administration
- Micro-finance solutions
- Maximized synergies from M&A
- Future technological solutions in capital markets
- New banking models

Several case studies will be illustrated in the Finance Special pavilion.

The agenda of the Finance Special

The kick-off of this special will take place during the WCIT 2010 plenary morning session on 26 May, in which Pierre Hessler will illustrate how TechnoVision can provide adequate support for planning and implementing innovations. He will give special attention to the use of TechnoVision in the financial service sector.

After the plenary session, the program will continue with the dedicated Finance Special, which will have its own conference area (Room 11) and a very well-equipped Finance Special pavilion. All sessions will be highly interactive and the track leaders have included a compelling selection of speakers and participants in panel discussions.

Before lunch, in the 1st block of the Finance Special, the focus will lie on the 'Challenge of Change' in Finance. The chairman of this first Block, Peter Hinssen, will share an overview of the relevant developments and trends in the sector, directly followed by a short presentation of the most relevant conclusions of KPMG's CIO survey. These introductory presentations will be followed by a round table discussion with 8 captains of industry. How to deal with (new) customer needs will be the central topic of discussion.

From a regulatory perspective, the Dutch Minister of Finance, Jan Kees de Jager, will share his views on recent developments of the financial sector and the insights gained for new policies.

After lunch, six selected solution case studies will be presented and discussed, facilitated by chairman Hans Vijlbrief. Leading companies will present concrete examples of how business and technological innovations are becoming a reality in banking, insurance, pensions and capital markets.

In the last block of the Finance Special, entitled 'Finance 2020', the focus will lie on the future of finance. In his keynote address, Bryan Cruickshank of KPMG will share the results of the CIO survey in the context of the future agenda for CIOs in the finance sector.

Fueled by these new insights, a debate with the full audience will take place, led by Hans van Grieken of Capgemini. The objective of this debate is to identify the business and IT challenges of the financial service sector in the next decade.

In the formal closing session, the main conclusions of the 3 agenda blocks of the Finance Special will be summarized. The sponsors of this special are convinced that at the end of the day, every participant in the Finance Special will be inspired by at least two new ideas that will be valuable for their agendas in the coming years.

Conclusions

The Finance Special will show how new client needs and the dynamics of business and technology are eminent in this sector. It will demonstrate how technology can really be a differentiator when implementing business innovations. In the coming years, globalization, regulatory changes and social networks will lead to new market entrants, new business models and new methods of customer interaction.

The financial sector will introduce innovations that will impact on many other sectors, not only with compelling examples but also because financial processes are so closely integrated with their business or nature.

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