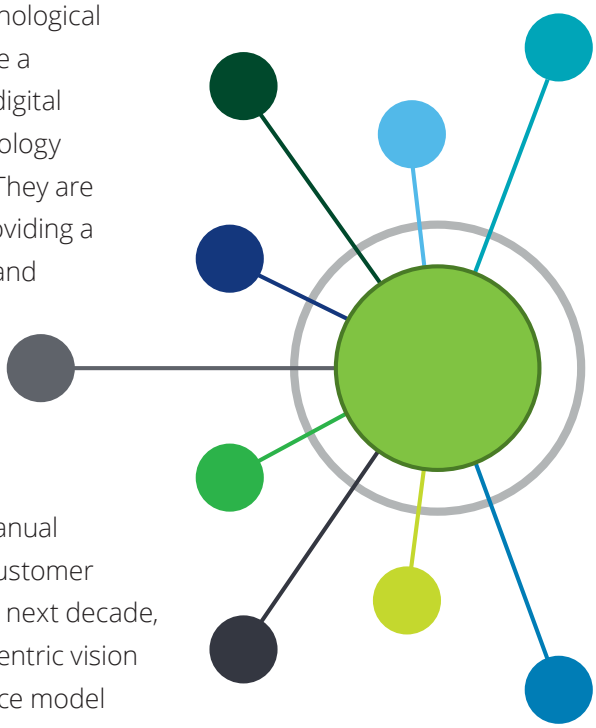
Deloitte.

Digital Ecosystem Service Delivery Model

May 2017

Digital Ecosystem Service Delivery Model

Enabled by a wave of increasingly rapid and disruptive technological innovation, digitally centric service delivery models can have a profound impact on the future of financial services. These digital service delivery models are not fundamentally about technology nor about simply digitizing existing products and services. They are about better enabling customers and banks to interact: providing a better business relationship and increased value. Defining and implementing a digital service delivery model provides an opportunity to redefine service delivery without being constrained by the processes developed 20 years ago that create the negative experiences customers encounter today. Defining digitally centric service delivery models can begin from scratch, and they can streamline manual processes to improve service, reduce costs, and increase customer value. Digital solutions will likely continue to evolve over the next decade, and financial institutions should begin to define a digitally centric vision that is focused on the customer and can evolve into a service model that will set future expectations.



Defining the Service Delivery Model

Introducing a new digital service model should begin with a broad and sweeping vision, something such as "our customers, greater than 1 billion in total, will be fully enabled through digital self-service while our reduced operating costs will generate profit as the lost cost provider". This model should be defined and championed by the business unit—not by IT—and it should meet customers' needs—not the bank's. The vision should be rooted in a larger business strategy and be flexible to enough to support the rapidly evolving needs and desires of customers. The digital service delivery model cannot merely digitize existing processes —it should reimagine the way that services are delivered with the goal of improving experience and driving down cost.

One inherent challenge can be breaking down existing barriers of compartmentalized products and services and siloed functions to reimagine service delivery in entirely new ways. Today, many banks have set up their service delivery models around product siloes and their support capabilities, not with the customer as the central point. To develop a digital service model, banks should consider adopting the customer's frame of mind to understand the pain points in the current delivery model and determine how to streamline delivery to better meet customer needs. For inspiration, banks can look to other sectors (e.g. Retail, High Tech, etc.) to emulate innovations. For instance, consider the way that payment capabilities are delivered to merchants. Banks provide merchants with specialized terminals to process transactions and payments. To reimagine this process, banks could look to the way that technology companies are offering application programming interfaces (APIs), providing a standardized method to enable application developers to access and embed functionality seamlessly into their app. Financial institutions could similarly enable payment processing through APIs to seamlessly offer payment functionality. This can support migrating away from expensive, proprietary hardware, enable quicker realization of value through partnerships, and provide access to valuable data that can be used to improve customer experience while delivering increased convenience for both consumers and merchants.

Setting Goals and Expectations

To realize the digital centric service delivery model, specific goals and expectations should be defined to quantify financial progress and measure customer satisfaction. Goals should be defined such that the bank can measure progress towards the transformation within reasonable timeframes, demonstrating value creation. No matter the specific goals, a roadmap and timeline to execution should be developed and used as the North Star for the program. The roadmap should focus on dynamic targets on a quarterly (or shorter) basis to track quantifiable value and allow for course correction in real time. Following these steps can allow banks to demystify the development of a digital service delivery model, helping to make the process transparent.

There is no one-size-fits-all strategy for a digital service delivery model. Each bank should define theirs based on the value they want to create and align it with their vision. Some banks may prioritize increasing operational efficiencies to lower cost through faster cycle times and greater productivity. Others may prioritize driving a differentiated customer experience and customer engagement model, which can drive increased revenue channels. In its most powerful form, however, a digital service model is able to deliver on multiple of these value levers at once: simultaneously lowering costs and increasing productivity while providing clients with an improved experience.

Authors

Kevin Laughridge

Principal, Chicago
klaughridge@deloitte.com
1 630 430 9294

Tom Smejkal

Senior Consultant, New York
tosmejkal@deloitte.com
1 347 327 2697

Deloitte.