White Paper

CAPITALIZING ON WEB CONFERENCING IN THE FINANCIAL SERVICES INDUSTRY:

How to Build Talent, Engage Customers, and Strengthen Corporate Alignment

Capitalizing on Web Conferencing in the Financial Services Industry: How to Build Talent, Engage Customers, and Strengthen Corporate Alignment

Financial services firms are feeling the heat. As the industry consolidates and competition intensifies, the race is on to determine which players will reliably drive profi table growth, deepen customer relationships, and increase customer lifetime value.

Companies in the industry are struggling to effectively train and develop their people, strengthen sales and customer management capabilities, and collaborate across conventional boundaries that now undermine performance.

Whether they compete in banking, investment, insurance or all of these arenas, financial services firms are under severe pressure to differentiate themselves in compelling new ways.

How do companies achieve a competitive advantage and drive profi table new growth in this field? Some of the most impressive firms are capitalizing on information technology that enables operational excellence and enhances customer value. One technology that is helping them leverage their core strengths is Web conferencing.

The power of Web conferencing lies in its ability to improve communication, facilitate collaboration, accelerate learning, radically cut costs, and enhance valuable relationships. The financial services business, after all, is a relationship business. Companies that can drive up the value of employee, partner, agent, broker, and customer relationships are in a position to excel and win in today's increasingly unforgiving markets.

But it's also a business about talent. Firms that build human and intellectual capital through powerful approaches to training, development, and learning management can stand apart in an otherwise commoditized industry. It's time to consider the competitive differentiators and impressive growth drivers inherent in a tightly aligned, integrated, and connected financial firm. Companies that capitalize on the power of Web conferencing are among the first to realize these payoffs.

Market Drivers: Mega-trends

What are the key market factors now driving change – or the demand for change – within the financial services industry? Consider these:

+ Industry Consolidation.
There is far more consolidation than ever – allowing companies to penetrate the market and geographical boundaries that once offered some measure of protection.[1] Now, there is nowhere to hide. Once diverse firms such as Bank of America, Morgan Stanley, State Farm, and Coldwell Banker are now going head-to-head in many ways. Banks, investment firms, and insurance companies now overlap – fighting for the same opportunities to be the one-stop provider that earns the client's enduring loyalty.

+ Product Proliferation.
Financial service providers are rolling out an increasing number of products and services in order to meet clients' growing expectations and remain competitive. Investment options have grown tremendously as wirehouses and financial planners help clients build their portfolios. Insurance options – universal, term, annuity – are also proliferating. Banks, meanwhile, offer not only savings and checking accounts, but mutual funds, home equity loans, lines of credit, and credit cards.

+ Regulatory Compliance.
The regulatory demands on financial advisors, insurance agents, and other specialists continue to climb. General securities reps/financial planners are required to have a Series 7 license. One needs a Series 6 license to sell mutual funds and variable annuities. Continuing education requirements apply to everyone from real estate brokers to chartered life underwriters. Under the circumstances, companies are starting to realize that enabling people to meet such educational and licensing requirements is critical to attracting and retaining top talent.

+ Talent Wars.
Turnover has never been higher and it's having a crushing impact on profi tability. Many firms have an exceptionally difficult time holding onto their best people and developing their most promising ones. It's not surprising. Companies offer huge bonuses to new employees who bring their book of business with them. Smarter companies are realizing that they can reap huge payoffs if they take the steps necessary to retain their people – and lift them to higher levels of performance.

+ Customer Expectations.
Financial services markets have become more competitive because information is much more readily available to customers. Leveraging the resources and capabilities of the Internet, they can play one provider off another (as Lending Tree vividly makes clear in its commercials). To excel in such an environment, brokers, agents, and financial planners must be exceptional performers.They must be highly skilled and extremely responsive. Exceptional performance, however, depends on exceptional support.

[1]Bruce D. Temkin, Forrester Research, "The Financial Services Survival Guide," July 7, 2006

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Confronting Today's Business Problems

Given the transitions and transformations occurring in the financial services world, several critical business problems have emerged – or have been exacerbated. The consequences of not addressing them could prove extremely severe in today's hypercompetitive markets.

Among them: Inadequate Training and Development Methods. Many financial players have widely distributed employees, agents, and associates. Some may even work from their homes. In fact, the financial services and insurance worlds are marked by the rise of the independent professional. Such patterns make it increasingly difficult to develop them, ensure they are able to perform at their best, and build their loyalty.

In most cases, there are more people to train and more to train them on. Traditional training methods – classroom-based events – are deeply expensive, require travel, and represent relatively low reach. One simply cannot train and develop financial professionals on all the new products and services, selling and customer management skills, regulations and certifications through traditional methods. Inevitably, necessary training either doesn't occur at all or occurs at an overwhelming price.

One of the most debilitating factors is high rates of turnover. Considering that employee loyalty correlates with customer loyalty, the constant churning of talent tends to result in a churning of clients – and threats to the bottom line. The absence of effective training often encourages this turnover. Rivals that poach talent may even offer superior training and support as an inducement to leave. Companies that don't address this "leaky bucket" will ultimately run dry.

Human resources organizations need a way to train and develop more people, more often with fewer resources. They need technology that enables them to cost effectively meet the growing demands they now face. This is the only way to develop the talent and earn the loyalty necessary to thrive in the financial services arena.

Ineffective Sales and Marketing Communications. In the Internet era, prospective customers are more informed than ever. They expect more from their financial advisors and service providers. To meet these demands, customer-facing professionals must be more informed themselves, more helpful, and more responsive. They must be able to guide clients through complex and difficult decisions. [3] Given the accelerating pace of the business, many professionals in the financial field are discovering the inadequacy of the traditional home or offi ce visit with a prospect. Meanwhile, conventional marketing events, which might direct a pool of prospects to a hotel event space, have seen attendance rates steadily decline. Time and patience are truly at a premium. Prospective clients want valuable guidance in real-time. They want the high-touch experience of sitting in the room with their financial advisor, poring over charts, projections, and scenarios as they explore how to rebalance a portfolio or invest in the future. They still want to play with assumptions and explore options with a trusted advisor – activities

[2] Matt Schott, Tower Group, "Learning Content Management Systems: Delivering E-Learning at the Right Time and the Right Place," Jan. 1, 2004.

[3] Bruce D. Temkin, Forrester Research, "The Changing Financial Consumer," July 24, 2006.

that require visual models and cannot easily be managed over the phone. Indeed, customers still want a compelling and comforting experience; they just don't want to get in the car to obtain it.

Similarly, financial professionals are starting to realize that they can communicate with a greater number of prospects and customers, far more effectively within a given day if they (or their customers) don't need to drive across the city for a meeting.

The face-to-face sales model is in decline in the financial services industry. Yet many companies remain steadfastly committed to it. They are vulnerable to competitors who realize that it is possible to leverage the dynamic, real-time capabilities of the Web to enhance customer communications and generate more profi table business.

Misaligned Corporate and Partner Relationships.

Considering the increasingly dispersed and distributed nature of the financial business, there's a clear competitive advantage to be gained through strategic alignment. Companies and their allies must fly in formation – executing on mutually agreed strategies – if they are to lead today's financial services markets. The absence of this quality – misalignment – tends to be refl ected in terms of poor internal management and poor customer service. To be agile and responsive in a field that demands these qualities, companies must overcome traditional silos and boundaries. They must diligently act to keep team members connected and unifi ed. When agents, associates, and other financial professionals are widely dispersed, there is a clear danger of losing touch with corporate strategies.

How is alignment strengthened? It's strengthened through effective meetings, relevant communications, and team building. For managers, it's about actively engaging people in discussions about plans and objectives, operational performance, sales forecasts – even brainstorming sessions that can reveal new ways of improving.

By strengthening alignment and communications, companies can accomplish more in less time. The question is how companies might accomplish this objective. Again, some companies have begun to recognize powerful communication and collaboration technologies that support such efforts. They can cut down on travel and cost, while enhancing personal morale, team cohesion, and organizational performance.

The Smart Solution: Web Conferencing

High performing companies in the financial services industry recognize that it's critical to defy conventional methods of organization and operation. One clear way financial firms are changing the way they train, communicate, and collaborate is through Web conferencing. Web conferencing solutions leverage the immediate, interactive, and engaging aspects of the Web to deliver new levels of operational performance.[5]

Web conferencing addresses the dilemma of high touch/high cost that continues to undermine success in the field. Due to the high

[4] Robert S. Kaplan and David P. Norton, Alignment: Using the Balanced Scorecard to Create Corporate Synergies, HBS Publishing, 2006.

[5] Jeffrey Mann, Gartner, "Choose the Right Model When Deploying Web Conferencing," Dec. 2, 2005.

costs associated with conventional forms of communication and collaboration, firms tend to under train their people, under serve clients, and generally under perform as organizations.

By contrast, Web conferencing enables rich and effective interaction. It draws on interactive multi-media capabilities to provide a visually engaging experience, while overcoming the traditional costs and barriers associated with meeting in person.

Full and Expansive Web Conferencing Solutions Encompass Three Main Components:

+ **Training and Development:**
  If you have a dispersed workforce, it's very difficult from a time, effi ciency, and cost perspective to bring people to a central location for training. You can't do that continuously without massive cost and disruption. Addressing this challenge, Web conferencing enables you to create virtual classroom training environments – drawing on a rich array of tools that facilitate interaction and enhance each participant's experience.

+ **Sales and Small Group Communications:**
  If you are seeking ways to improve group meetings and enhance the financial professional's interactions with prospects and clients, you need dynamic, real-time capabilities that allow one to share insights, models and play with different assumptions. This brings back much of the value of a face-to-face meeting while eliminating the associated costs and inconveniences.

+ **Marketing and Event Communications:**
  If you are looking for ways to reach many associates at once or engage prospective clients through marketing events, you need the capability to hold events – even large-scale events – on the Web. Such events enable companies to attract customers and generate leads – or hold internal meetings on a virtual basis to strengthen alignment among large groups.

Not all Web conferencing solutions encompass today's most valuable capabilities. It's important to keep this in mind when exploring a solution that will meet the growing and changing needs of your enterprise.

Solutions should include centralized management of content, bandwidth, and security settings. In terms of security, they should enable you to create permission levels that correspond with existing levels of authorization.6 Indeed, one key source of value is relevant access to a library of presentations, events, and recordings that allows content to be reused and further leveraged. You should also expect the solution to be available on a hosted and an on-premise (i.e. installed) basis, enabling you to choose the deployment most appropriate to your objectives.

[6] Jeffrey Mann, Gartner, "Information Exchange is the Top Security Issue for Web Conferencing," Sept. 9, 2005

The benefits of such as a solution are clear and compelling:

+ Improved Productivity.
Through Web conferencing, companies can accomplish more with less. Rather than forcing people to face traffic or fly to meet, train, or communicate, you give them a way to efficiently meet their objectives.

+ Reduced Costs.
Companies can reduce the hard costs associated with travel, meeting, and training by leveraging virtual communication capabilities.

+ Increased Revenue.
By moving beyond the face-to-face marketing and selling model, companies can generate more leads and increase the number of interactions with prospective clients.

+ Enhanced Communication.
By communicating more widely and rapidly, companies enhance internal and partner alignment. They also gain a greater consistency of message by communicating to larger groups in a unified way. This helps build a sense of connectedness among dispersed employees, agents, and associates – and ensures that they are well supported in the field.

+ Strengthened Talent and Staff Loyalty.
Addressing the problem of employee and associate turnover head on, Web conferencing enables you to provide the rich training and educational experiences that develop people and teamwork, strengthen loyalty, and enhance personal performance.

Success Criteria: What to Look for in a Web Conferencing Solution

Financial services organizations that are considering an investment in Web conferencing solutions should consider the criteria now guiding many of their leading peers.

+ Deployment options.
Financial services firms should have the security and technology option of keeping sensitive information on their own networks and servers – an element of on-premise deployment. In other cases, firms prefer the limited obligations on IT resources associated with hosted solutions. Insist on a flexible sales model that allows you to choose one or the other.

+ Common enterprise platform.
Look for solutions based on a common platform that covers various types of applications – whether training, corporate communication, marketing, or sales. The modalities of the solution should be tightly integrated instead of bolted together. Ask yourself: Are users and content centralized on one platform? Is everyone logging onto a single system?

+ Compliance with key standards.
One should seek solutions that are compliant with or enable compliance with key standards, legislation, and regulatory statutes in the financial services industry. In many cases, it is critical to be able to block any part of the system that exposes restricted information. Your Web conferencing solution should enable administrators to set various user permissions and authorization levels.

+ High quality support.
Solution providers should be expected to provide highly qualified,domestic support to employees and IT managers. Customers need articulate, friendly support as opposed to off-shored support technicians who have little familiarity with the particular application.

+ Pricing options.
While some solution providers only allow customers to rent their software through subscriptions, many organizations can realize the highest return on investment and lowest total cost of ownership by purchasing their software licenses. Web conferencing vendors should provide this option.

These are some of the core issues that decision-makers must consider as they look to maximize value of their investments in Web Conferencing. By ensuring these criteria are met and making smart investments, financial services firms can take the key steps necessary to improve communication, enhance collaboration, accelerate learning, cut costs, and enhance valuable relationships.

About BroadSoft iLinc

Phoenix-based BroadSoft iLinc Communications, Inc., a subsidiary of BroadSoft, Inc. (NASDAQ: BSFT), provides advanced web conferencing services for businesses, governments, and educational institutions around the world. For more than a decade, the company has specialized in helping organizations leverage virtual events and conferencing to reduce travel time, expenses and environmental impact. iLinc and its respective logo are the registered trademarks of BroadSoft, Inc.

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