



Remote Collaboration Solutions In the Financial Services Industry

Using Audio/Web Conferencing to Drive Profitable
Growth

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Executive Summary

Financial service institutions (FSIs) are currently coping with recovery from the global financial crisis, increasing regulatory compliance, and skyrocketing oil prices. Banks, insurance companies, and investment firms that offer innovative services, deepen customer relationships, and reduce their cost structures will be more likely to emerge as winners post-recession.

Remote collaboration services (audio and web conferencing) are technologies that allow people to communicate across geographically dispersed locations in real time. They are technologically mature solutions and offer an effective means for FSIs to drive profitable growth. Business decision makers are asking IT managers to evaluate remote collaboration solutions to achieve:

- improved collaboration and productivity
- better customer service
- enhanced employee mobility
- lower costs
- accelerated decision making

This white paper is intended to communicate how financial service institutions can use remote collaboration services to drive profitable growth by addressing four key IT themes to transform business processes and by identifying what to look for in best of class services.

“Financial services institutions can use remote collaboration services to drive profitable growth”

Introduction

IT spending in the financial services industry is rebounding: for 2011 it is estimated to be \$86 billion in North America, the highest of any vertical segment.¹ Worldwide IT spending in financial services is estimated at \$243 billion and is expected to grow by 3.5% to 5%.² According to the IntelliQuest Spring 2010 Business Influencer Survey, there was a 5.6% increase in the number of business technology influencers in the financial services industry between 2009 and 2010. These survey respondents are involved in purchasing software products for their organization, including collaboration software.

¹ 2011 IDC Financial Insights

² 2011 IDC Financial Insights

Table 1: IT Spending by Vertical in North America

Vertical	2011 IT Spend Excluding Internal - \$M
Financial Services	86,335.4
Government	80,905.1
Home Business and Consumer	69,165.8
Communications and Media	66,971.3
Discrete Manufacturing	59,661.6
Services	50,023.9
Process Manufacturing	39,958.4
Healthcare	27,816.5
Retail	27,650.0
Utilities	21,919.8
Transportation	17,854.8
Education	17,540.3
Wholesale	17,435.5
Resource Industries	7,265.5
Construction	4,682.1

Source: 2011 IDC Financial Insights

IDC has identified four key IT themes that will impact the financial service industry in 2011:

- effectively managing the increasing regulatory and compliance burden
- providing a seamless cross-channel experience for customer retention
- enhancing revenue through new product development/innovation
- focusing on technologies and process that will help reduce costs³

Growth of Remote Collaboration Services

According to the Gartner Group, the market for web conferencing, learning, and social software will grow at a compound annual growth rate of more than 20% through 2011.⁴ Based on a study conducted by Wainhouse Research, the North American collaboration and conferencing services market is forecast to be approximately \$4.6 billion by 2015 with a CAGR of 4%.⁵

Total audio conferencing revenue in North America is projected to be \$2.5 billion in 2011 and growth is forecast to be 2% over the next 5 years. The North American web conferencing market

“The market for web conferencing, learning and social software will grow at a compound annual growth rate of more than 20% through 2011”

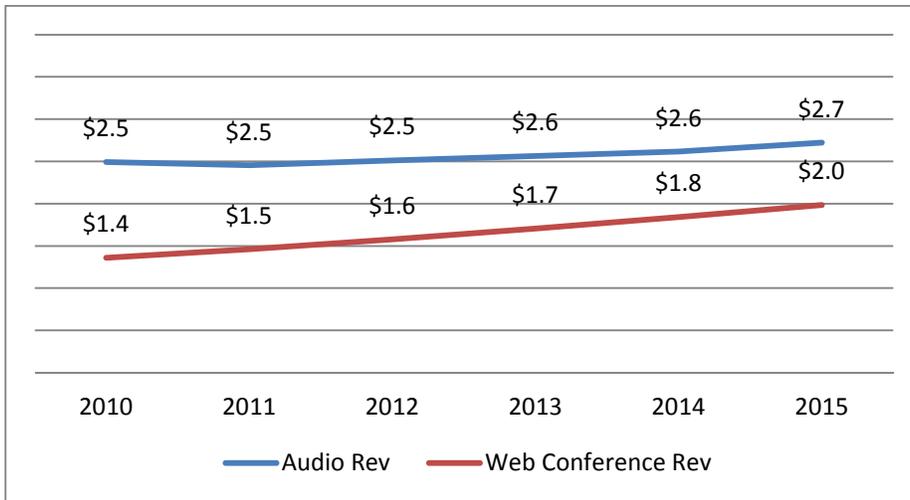
³ Worldwide Financial Services 2011 Top 10 Predictions: Beginning to Rebuild

⁴ Gartner Magic Quadrant for Web Conferencing, November 2010

⁵ Wainhouse Research, April 2011

revenue is projected to be \$1.4 billion, but will grow at 8% a year for the next five years.⁶

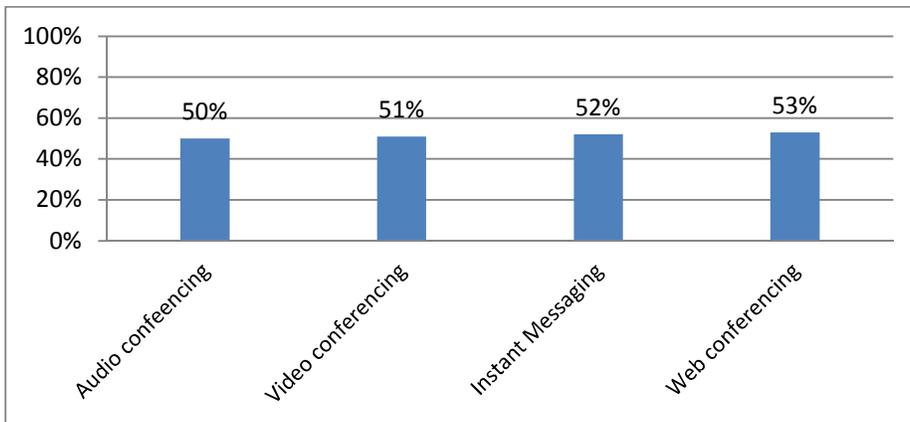
Graph 1: North American Market 5 Year Forecast



Source: Wainhouse Research 2011

In a recent survey of C-level executives in North America conducted by Frost & Sullivan, 50% or more of the respondents indicated that audio and web conferencing are top collaboration tools used within their organizations.⁷

Graph 2: Top Tools with Highest Usage within Organizations



Source: Frost & Sullivan 2011

The popularity of these tools is going to continue to grow within organizations: 50% of C-level executives indicated that they plan to increase their budgets for communication and collaboration in

“In a recent survey of C-level executives in America 50% or more indicated that audio and web conferencing are top collaboration tools used within their organization”

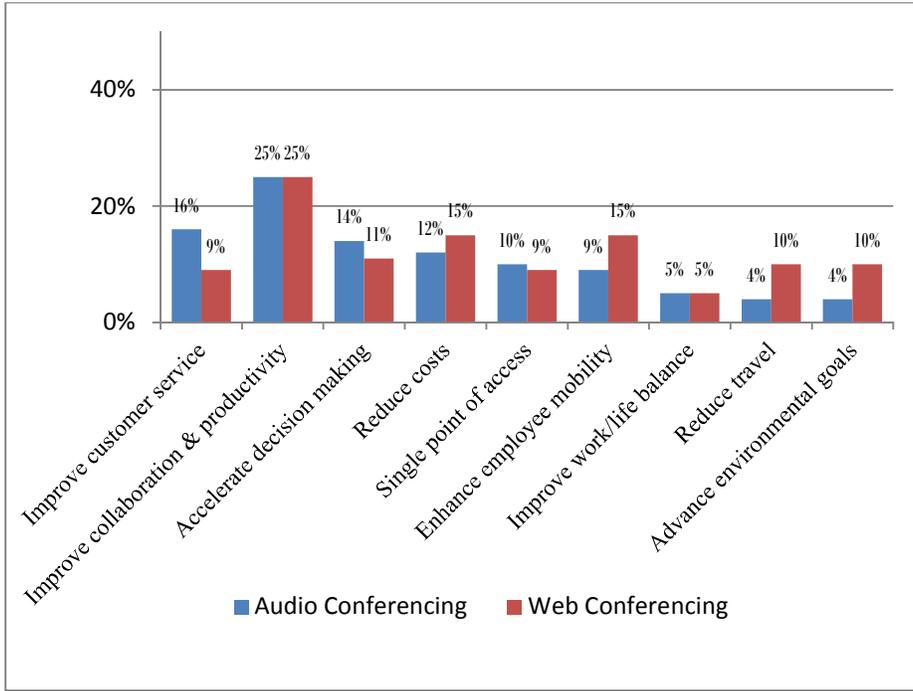
“50% of C-Level executives plan to increase their budgets for communication and collaboration in the next 12 months”

⁶ Ibid

⁷ 20110 North America Investment Decisions in Communications and Collaboration Products and Services, Frost & Sullivan, April 2011

the next 12 months.⁸ Although the most important driver for using remote collaboration services is currently an increase in collaboration and productivity, improving employees' work-life balance and reducing costs are the main reasons why these services will be used more extensively in the future.⁹

Graph 3: Most Important Benefit of Audio & Web Conferencing

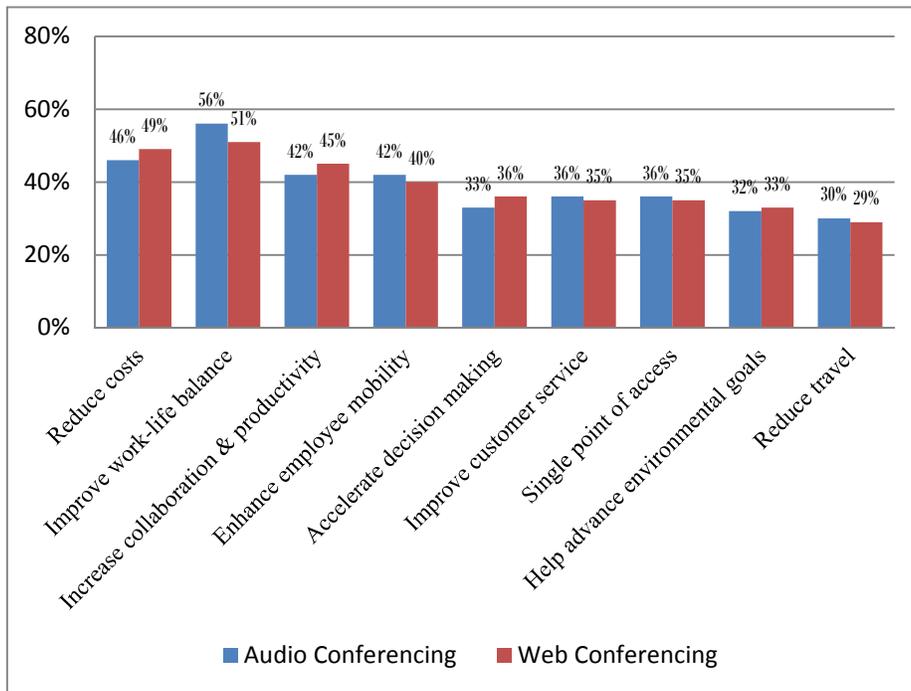


Source: Frost & Sullivan 2011

⁸ Ibid

⁹ Ibid

Graph 4: Expansion Drivers of Audio & Web Conferencing



Source: Frost & Sullivan 2011

Leveraging Remote Collaboration to Transform Financial Services

As reported by IDC, 2011 will be a balancing act for the financial services industry. Although technology investments are necessary to enable companies to meet their business goals, expenses must be held flat (or even decrease) and most FSIs will not be able to increase staff or make capital investments.¹⁰

Remote collaboration services can support the key themes identified by IDC that financial service companies will need to follow in order to transform business processes and achieve competitive advantage:

1. Proactively Reach Out to Clients and Prospects through Enhanced Channels

Banks, brokerages, and insurance companies are continuously looking to grow existing business and penetrate new market segments. How can this be done when advisory turnover is high and pressure is on to reduce headcount and expenses? Using remote collaboration services, finance industry professionals can

“Remote collaboration services can support the key themes that financial services will need to transform business processes and achieve competitive advantage”

¹⁰ Journey to the Future-State CIO and Cloud Computing Summit, IDC Financial Insights February 2011

supplement in-person interactions with virtual ones, providing timely access to relevant experts, shortening sales and service cycles, and reducing costs while increasing productivity.

Retail banks can more efficiently target non-traditional clients such as SMBs, who are growing faster than enterprises but are considered more risky, less profitable and less sophisticated. They typically want face-to-face contact, but by using web conferencing to create a community of interest among prospective clients vs. holding expensive and time consuming in-person meetings, sales associates can cover more ground without having to leave their home or work offices.

With remote collaboration services, financial service institutions can easily deliver presentations, share documents, transfer files, and leverage white board and annotation tools to effectively communicate with existing clients and new prospects while saving on travel time and costs.

2. Continue the March towards Efficiency by Focusing on Technologies and Processes Which Help Reduce Costs

Audio and web conferencing solutions are increasingly being used by enterprises to replace and augment on-site meetings held with employees, business partners, clients, and investors. The technology is convenient, flexible, and accessible as it is available to anyone with a mobile or landline phone, computer, and an Internet connection. Besides the travel savings, deploying a remote collaboration solution through the cloud (e.g. via the internet and accessed from a [Web browser](#)) doesn't require any capital expense or in-house IT support. In fact, collaboration software is now one of the fastest shifting applications to the cloud.¹¹

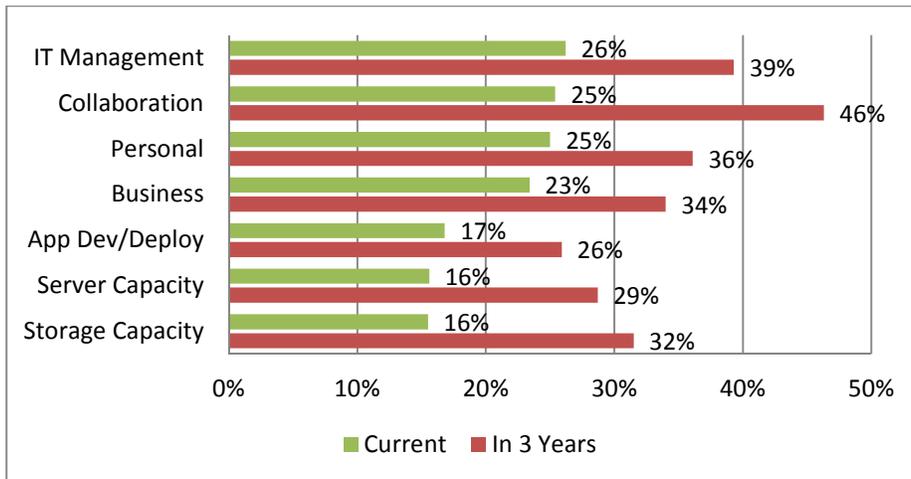
“Retail banks can more efficiently target non-traditional clients”

“Communicate with existing clients and new prospects while saving on travel time and costs”

Collaboration software is one of the fastest shifting applications to the cloud”

¹¹ Journey to the Future-State CIO and Cloud Computing Summit, IDC Financial Insights February 2011

Graph 5: Organizations Shifting Apps to Cloud Use



Source: IDC Enterprise Panel 2011

When evaluating remote collaboration solutions, it is important to determine if a service provider has an option for delivering web conferencing services via the cloud and offers integration with productivity tools such as Outlook, Blackberry, and Lotus Notes to minimize IT staff time and enhance employee productivity.

“Integration with productivity tools such as Outlook, Blackberry, and Lotus Notes”

3. Identify Opportunities to Increase Revenue

Financial service providers are continually rolling out new products and services in order to meet clients' growing expectations and remain competitive. Leveraging remote collaboration services for product development enables users to share documents, presentations and applications while using white board and annotation tools combined with the chat window for online conversations in a secure environment. Accelerated decision making and increased collaboration from using web and audio conferencing technology can help drive increased revenue from new products while reducing time, costs, and effort to market.

4. Effectively Manage the Increasing Regulatory and Compliance Burden

The regulatory demands on insurance agents, financial advisors, and other specialists continue to accelerate. It is critical to keep clients and employees informed in a rapidly changing market, and audio/web conferencing can be a timely and cost effective tool for this purpose. By using remote collaboration services, FSIs can cost effectively and efficiently conduct large-scale meetings for hundreds or thousands of participants ensuring interactivity through features such as polls, surveys, and Q&A sessions.

“Cost effectively and efficiently conduct large-scale meetings for hundreds or thousands of participants”

Conclusion

The power of remote collaboration services lies in its ability to help financial service institutions improve communications with internal and external stakeholders, facilitate collaboration with partners and employees, cut travel costs, improve productivity, and support revenue generating product development and events. FSIs that are considering an investment in audio and web conferencing should consider the following criteria when evaluating a solution provider:

- **Cloud computing browser based access** - collaboration services that are accessible using cloud computing can help avoid many of the OS compatibility issues, field deployment challenges and unauthorized downloads associated with traditional software packages. Web conferencing and online audio conferencing management tools should be available using most major web browsers.
- **Global conferencing support** - multi-national financial service institutions require excellent QoS for audio conferencing calls. In addition to 24/7 local language support, remote collaboration service providers should have operators available that are familiar with cultural differences and offer translation services.
- **Secure collaboration environment** - financial services organizations have special needs for secure collaboration services due to the confidential nature of information discussed during new product development sessions and client calls. Solution providers should have multiple pass code protection options, SSL 128 bit encryption, secure data center housing, and detailed usage reporting.
- **Integration with in-house productivity tools** – MS Outlook, Lotus Notes, Blackberry, iPhone can easily integrate with remote collaboration service to send conference invitations, manage account features, and further simplify conference access.
- **Roll-out support** – remote collaboration service providers should assist with the internal solution launch by provisioning employee accounts. Live support and on-line tools should be available to assist with any future provisioning requirements.
- **Employee Adoption Support** – free training should be provided to support internal adoption and help FSI companies maximize the ROI related to collaboration services

“Improve communications with internal and external stakeholders”

About Arkadin

Arkadin is one of the world's leading providers of cloud-based remote collaboration solutions including: audio conferencing, web conferencing , video conferencing and webcasting. Arkadin understands that real-time communication between geographically dispersed co-workers, clients and partners is essential to succeeding in today's global business climate. Arkadin provides customizable, cost-effective, user-friendly remote collaboration solutions that boost productivity and reduce operating costs. Founded in 2001, Arkadin has more than 10,000 customers worldwide and operates locally in 27 countries with +750 people throughout Asia, Europe and North America. For more information, please visit www.arkadin.com.

About Palmer Research

Palmer Research designs and executes custom market research studies focused on helping IT decision makers and high tech companies meet their business objectives. Founded in 2001, Palmer Research delivers the data and intelligence clients need to better understand market dynamics, customers, prospects, and partners. The company is located in Los Altos, CA. For more information, call (650) 224-7439 or go to www.palmerresearchgroup.com.

About Debra Chin

Debra joined Palmer Research in 2006 as Senior Vice President. Her background includes executive level marketing and research positions for companies in the high tech, telecommunications, and consumer packaged goods industries. She holds an MBA from Columbia Business School and a BSE in Economics from the Wharton School of Business.