

Strategic E-Banking Refresh Prepares Barclays Bank for Next-Generation Web Technologies and Explosive Growth

Executive Summary

CUSTOMER NAME

Barclays Bank, United Kingdom

INDUSTRY

Financial Services

BUSINESS CHALLENGE

Identify the best way to build the opportunities arising from next-generation Web technologies into the bank's emerging multichannel strategy, while making sure that the need to drive short-term value is not jeopardized

SOLUTIONS

- Independent best-practice approach
- Develop a new model to size the market and identify the impact to revenue streams of future investment decisions

BUSINESS RESULTS

- Increased year-to-year Internet sales by 40 percent
- Identified four "best-bet" opportunities
- Improved Website functionality and investments made in new applications to increase "path-to-purchase" rates
- Increased customer satisfaction to above peer ratings

Barclays Bank has advanced its plans to become a top five global bank with a strategic refresh of its Internet business, taking the best that emerging technology has to offer to deliver improvement to cross-channel collaboration, customer satisfaction, and sales volumes. The bank has optimized decision making and mitigated risk for IT investment with a new, comprehensive ROI model and a better-informed commercial view of the market.

Business Challenge

The seventh-largest bank in Europe by capital assets, [Barclays Bank](#) has its sights firmly set on becoming one of the world's top five banks through the execution of its aptly named T5 program. From a solid base that includes 2,100 U.K. branches, the company is building a global brand through its investment banking arm, Barclays Capital, and operations involving some 118,000 employees and presence in over 60 countries.

With a proven track record of bringing innovative services to market—the bank was the first in Europe to develop ATMs and pioneering credit cards with its leading brand Barclaycard—Barclays was also quick to develop Internet banking in the 1990s, largely as a convenient channel for existing customers.

To help ensure continued leadership in e-banking and improve its competitive position, Barclays wanted to identify the best way to build the opportunities arising from next-generation Web technologies into its emerging multichannel strategy, incorporating local branches, call centers, and online banking services. Next-generation Web technologies include Web 2.0 and other mediums, such as blogs, wikis, podcasts, social software, folksonomies, RSS feeds (a family of [Web feed](#) formats used to publish frequently updated digital content, such as [blogs](#), news feeds, or [podcasts](#)), and rich-Internet applications that imply a significant change in Web usage.



Any investment decision, however, had to be integrated within a wider set of business challenges and evaluated in terms of its overall contribution to the T5 program. Barclays is committed to transforming branch and other sales channels while keeping cost increases to 2 percent less than revenue growth. Other major programs in operation that were undergoing change included optimizing frontline staff and improving service levels for its customers.

Solutions

To help address these issues, Barclays worked with the [Internet Business Solutions Group \(IBSG\)](#), the global strategic consulting arm of [Cisco®](#) dedicated to helping customers turn their technology investments into strategic assets that increase productivity, reduce costs, and create new revenue sources.

Barnaby Davis, electronic banking director of Barclays, explains: “Organizations developing strategy still need to drive short-term value. The flip side is that this can actually confine the achievement of longer-term goals. IBSG was able to share industry expertise and knowledge of emerging technologies from an impartial standpoint that was free of these restrictions. That was very attractive to us.”

An initial series of “information exchange” workshops was set up with teams from Barclays U.K. Retail Banking and other lines of business, such as Barclaycard. These sessions focused on comprehensive analysis and ranking of consumers, technology, and other factors driving next-generation Web technologies and the implications for the retail banking industry. This was supported with examples that showed the impact of these technologies across other sectors and how they are being deployed for a competitive advantage.

“We wanted to ensure everyone was starting from the same page,” recalls Davis. “What we actually got was an e-commerce master class that provided a whole new level of understanding. We covered everything from Ajax applications and Mashups to analyzing the different models and approaches adopted by best-in-class Internet organizations.”

Ajax, short for Asynchronous JavaScript and XML, is a Web development technique for creating interactive Web applications. The intent is to make Webpages feel more responsive by exchanging small amounts of data with the server behind the scenes, so that the entire Webpage does not have to be reloaded each time the user requests a change. This is meant to increase the Webpage’s interactivity, speed, and usability. A Mashup is a Website or application that combines content from more than one source into an integrated experience.

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electronic banking
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Taking the outputs from the workshops and subsequent executive interviews, Barclays has developed a model to estimate the potential incremental revenue available from four identified opportunities arising from next-generation Web technologies. A summary of early actions has been produced to help take these initiatives forward. The project also identified 20 recommendations to better support the bank's multichannel strategy, including:

- Acceleration in IP investments to improve cross-channel collaboration and a consistent customer experience
- Creation of a mobile banking offering
- Upgrade of infrastructure and applications to handle higher volumes and greater interactivity and customization

Business Results

The project has raised the level of understanding around e-commerce, new Web technologies, and the potential size of the business opportunity. Now informed with a more analytical view of where the market is going, Barclays has confirmed the likely proportion of revenue that would be derived from the Internet and major times of when it would be delivered. The model also articulates the impact of Internet growth on other channels and lines of business.

More important, the real value will come from the way Barclays is now able to orientate itself to seize opportunities arising from next-generation Web technologies. "The temptation is to simply create new Web experiences to be seen to be innovative or because it is assumed to be the right thing to do—when actually the reverse could be true," explains Davis. "For example, a bank taking a disintermediation peer-to-peer approach is not necessarily going to be successful. It's more about making value-based decisions that are best for your customers. We are now in a far stronger position to do this."

All early signs indicate that the project is having a positive effect. In addition to leading the charge for banks considering deployment of next-generation Web technologies, Barclays can now use this marketplace view to revalidate its IT strategy, such as programs for application development or infrastructure investment plans.

Benefits delivered to date include an impressive 40 percent year-to-year increase in financial products sold via the Internet. This has been assisted by improved functionality of the bank's Website and investments made in new applications, especially those aimed at improving "path-to-purchase" rates. Customer satisfaction rates in the Internet channel have also improved to better than the peer average.

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Next Steps

Building on these achievements, Barclays is currently considering multichannel queue management systems and other network investments to support its delivery channel transformation program.

“Future success for financial institutions will depend more and more on taking the best of these emerging technologies,” says Davis. “Social networking, for example, will define how tomorrow’s customers want to do business—whether that is through the use of instant messaging and Webcams or sites [Websites] that provide intuitive profiling and better buying sensations. Taking an informed commercial view increases the chances of getting this right.”

More Information

The Cisco Internet Business Solutions Group (IBSG), the global strategic consulting arm of Cisco, helps Global Fortune 500 companies and public organizations transform the way they do business—first by designing innovative business processes, and then by integrating advanced technologies into visionary roadmaps that improve customer experience and revenue growth.

For further information about IBSG, visit <http://www.cisco.com/go/ibsg>



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