

The biggest threat to the financial services industry is **Big Tech**

5 Ways to get ahead in the omnichannel
CX arms race

→ nuxeo.com

NUXEO

The biggest threat to the financial services industry is Big Tech

Summary

This guide, intended for forward-thinking leaders in the financial services industry, answers these major questions:

01

How has the rise of digital giants led to customers who demand more from bankers, lenders, and insurers?

02

How can financial services organizations learn from the biggest players in the tech industry about satisfying customers in 2020 and beyond?

03

What approach can financial services organizations take now to stay competitive in the future?

Introduction

Over the next decade, will the biggest threats to your financial services company come from other financial giants — or from the biggest tech companies in the world?

Google and Amazon don't underwrite policies. They don't have agents driving new business. They aren't considered part of the financial services industry. But in one key area, insurers and banks are going head-to-head with the biggest players in the tech game.

Customer experience counts. A generation of consumers is growing to expect instant gratification, and financial services organizations aren't meeting their needs. Omnichannel, always-connected consumers aren't grading on a curve just because the financial services industry is slow to modernize.

When today's consumer experiences long underwriting cycle times, poor agent communication, policy administration hassles, or drawn-out claims processes, they notice: According to CapGemini/Efma, only 25.7% of Gen Y and 28.6% of tech-savvy customers said their insurance experience was positive.

It's time to face the elephant in the room:

What will you do when Big Tech starts selling financial services?

Insurers and banks can no longer rely on strategies that worked in an era of face-to-face communication and high-touch sales. Disruption from Big Tech now presents a clear and present danger to financial services organizations with last-generation customer experience and systems architecture.

Can the longest-running industry veterans compete with agile, idea-led newcomers? The answer is yes — but effective competition will mean rethinking the fundamentals.

With preparation and a forward-looking strategy, the most trusted financial services firms in the world can create an experience that looks like what customers have come to expect from their favorite online channels: self-service to the greatest degree possible, with information-rich touch points along the entire path of the customer journey.

Nuxeo recently surveyed 100 financial services institutions to determine the biggest challenges facing their current information systems. In this guide, you'll discover which modernization struggles are most common across the financial services industry as you discover how to navigate technology challenges while avoiding common, costly pitfalls.

Strategy #1: Stop throwing good money after bad

Challenge

“Legacy burden” — the cost of maintaining older systems — is a reality financial services organizations have lived with for decades. Whether it’s due to point solutions, M&A activity, or simple longevity, the price of the past can be hazardous to your future.

Strategy

Choose digital, modern solutions with enough flexibility to work with the technologies of yesterday, today, and tomorrow.

Financial services executives know that legacy systems are impeding the flow of information. [75% of organizations surveyed](#) believe that getting access to information locked in legacy systems is vital, but most are unable to do so cost-effectively.

Cost of ownership is only the tip of the legacy burden iceberg. The biggest cost of older systems comes in the form of negative impacts to customer experience:

- Slow underwriting and claims
- Uneven experiences across multiple channels
- Postponed payments to agents
- Limited customer-centered product creation
- Incorrect/missing updates to customer information

Compliance requirements and high migration costs mean that legacy systems are unlikely to be completely replaced any time soon. That’s why it’s vital to choose an information management solution that offers a flexible, adaptable framework, giving you a common window into both legacy systems and leading-edge technologies.

Continuing to “feed the beast” of a legacy system and solve problems with point solutions is expensive, and unlikely to yield the kind of next-generation customer experience that will keep you competitive. With a strategy that creates an ecosystem of services, changing components as technology evolves is easier and less disruptive to the organization.

Strategy #2: Bring information into the light

Challenge

Fragmented information exists across multiple business units, systems of record, and navigation trees, making searches time-consuming and challenging. Traditional rip-and-replace solutions can be expensive and risky, requiring major workflow and UI changes that jeopardize adoption.

Strategy

Manage information with a solution that connects all your information, regardless of file size, type, or location, enabling visibility into your entire information structure without disruption to your productive teams.

Different teams create and use information in different ways. This simple fact leads to extreme results in the financial services industry: our survey of financial institutions indicates that **the #1 business challenge identified today is the inability to quickly search for and find information**, followed by information existing in too many systems across the organization.

Without visibility into information silos, teams find it impossible to build a unified customer view — the kind of view that can enable BigTech companies to create best-in-breed buying experiences that delight and engage consumers.

Some software vendors attempted to solve the silo problem by collecting all information in a single central repository — the equivalent of taking a wrecking ball to information silos.

These rip-and-replace projects historically had high implementation costs. Making matters worse, when information management systems require teams to change the way they generate and store information, adoption rates remain low.

When this roadblock pops up, team members start doing end-runs around the new system so they can keep working the way they're used to, and "shadow silos" emerge wherever there is resistance to change. The result? Promised gains from the central repository never materialize.

Strategy #3: Use ants to take down the elephant

Challenge

In a customer-centric digital age, financial services organizations find themselves subjected to rapidly-rising consumer demand for faster, easier interactions — while using slow-to-change, clunky monolithic platform systems that can't keep up.

Strategy

Get competitive with digital-first models that leave single-vendor solutions behind in favor of adaptable component architectures to deliver services individually.

Big Tech players like Google and Amazon haven't yet made many big waves in the financial services market, but the pressure is already on for banks and insurers to match the customer experience standards of new industries.

Why? Because these newer brands and industries put customer experience first, and it shows. Today's customer doesn't limit their comparison of the buying experience to other purchases of financial services products. Ecommerce vendors like Amazon, on-demand services like Uber, and price aggregator sites like Priceline have led to new expectations for convenience, speed, and transparency that transcend industry boundaries.

For financial services organizations, part of the problem of “keeping up with the Bezoses” is structural: larger, older technology platforms are slow to change in response to changing market demands. One of the biggest business challenges identified by our survey participants: it takes too long for IT to respond to system modifications requested by the business.

Becoming more agile and responsive is the only way to compete with companies that rapidly test and iterate improvements to customer experience. It's a goal that can be achieved by thinking about services differently: using a core platform to connect a range of small solutions for individual services instead of a heavyweight, sluggish, single application.

Strategy #4: Pave the way for repeatable, actionable insights

Challenge

Analytics are key to unlocking the business value of data — but because financial services companies have information in many systems that rarely communicate, they face long wait times for business intelligence requests, which quickly become too costly to allow for comprehensive analytics.

Strategy

Use an information platform that does double duty, allowing you to go beyond managing information with fully-tracked data ready to be visualized and analyzed to provide maximum insight with minimum hassle.

Today's banks and insurance companies have begun the process of incrementally shifting to a more cloud-based, micro-services oriented model for doing more with data. But chunky, on-premises legacy information systems and solutions were never designed to deliver automated insights or to be subjected to rigorous analytics and requests for business intelligence.

As a result, business information today is in chaos: [In our survey, 79% of organizations reported that](#) they have an inability to connect information from different systems.

Information chaos keeps your teams in the dark about what's being done elsewhere, leading to wasted effort and lost revenue. Assets exist in multiple versions in different repositories, often accessible only by people with specific institutional knowledge — and those workers aren't getting any younger. Pieces of information that help to contextualize other data isn't stored anywhere that it can be used for that purpose. Other data ends up in "information graveyards" where it is unlikely to be accessed or altered ever again.

It's a common challenge — so common, in fact, that overcoming it could be crucial to beating out the competition. With nearly 4 out of 5 companies indicating that their data can't be connected, there's incredible value in being an early adopter of strategies for structuring and contextualizing data organization-wide.

To go the distance, insurers and financial services organizations must demand an architecture that works quickly and efficiently to sift insights from the information chaos. Imagine using data gathered during the claims or enrollment processes to feed marketing analytics, to better target customers who have experienced major life changes with pinpoint efficiency. Find which of your customers are at higher risk of churn due to “orphan policies,” with agents who are no longer with the company. Create streamlined processes for moving data that lower unit costs for underwriting and enrollment, and new products can become possible — and profitable.

Fortunately, future-ready information management alternatives have begun to replace the outdated central repository model.

Information platforms can connect information from decentralized information systems, enabling your teams to keep using the workflows and processes that work for them — while keeping their information visible to anyone else with valid permissions. Instead of destroying the silos, next-generation information management focuses on making them transparent and accessible to everyone in your organization.

Strategy #5: Prepare for the information avalanche

Challenge

Information (including content and data) is related in increasingly complex ways, combining to create exponentially more information — and many systems can't scale to accommodate the rate of growth.

Strategy

When you use scalability as a primary vendor selection criterion, your information platform can become your secret weapon when competitors hit the limits of their ability to perform.

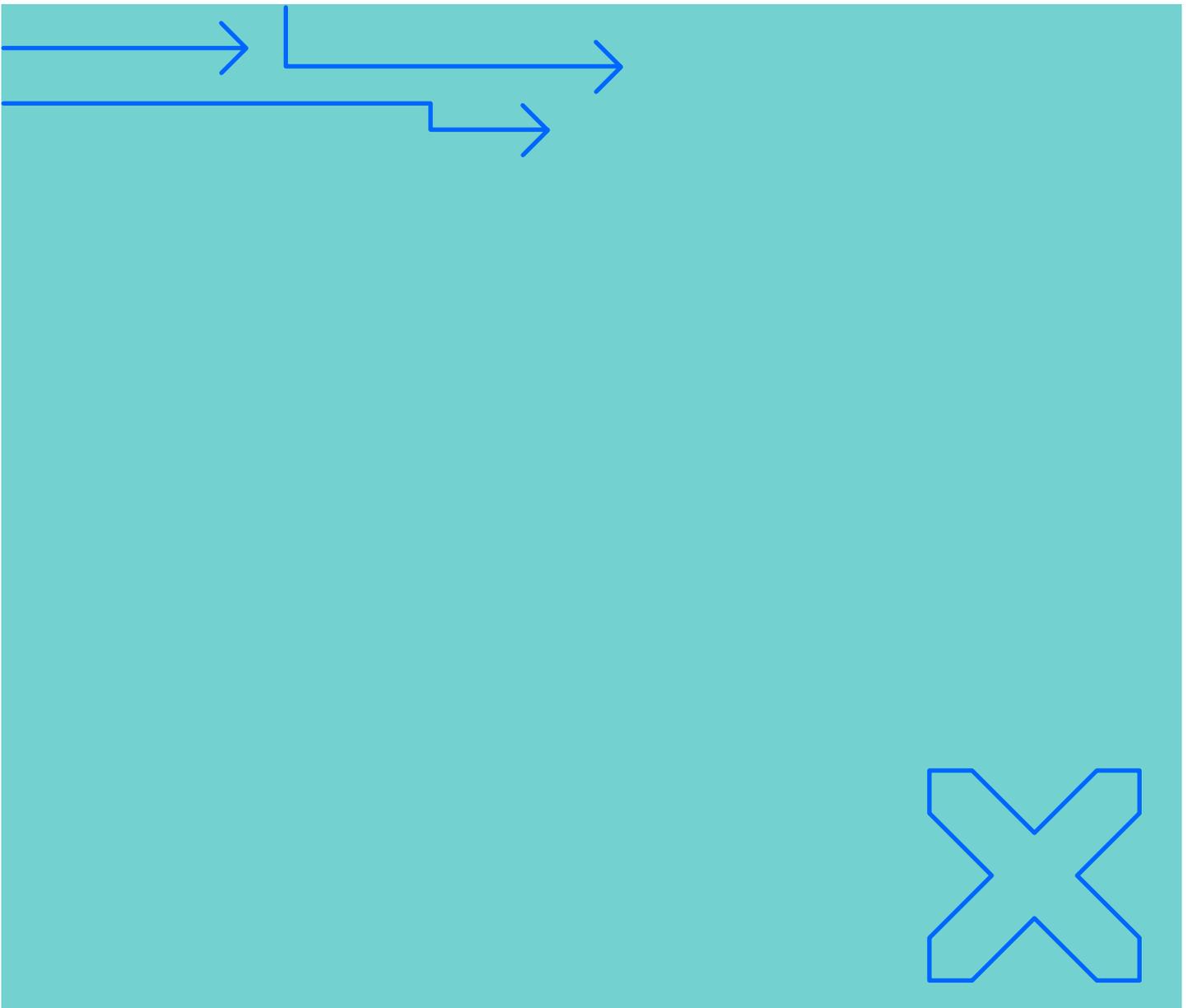
An explosion in technologies for recording and analyzing information has resulted in exponentially higher content and data creation volumes. The interrelation between knowledge types means that data and content can proliferate as they connect with one another in several ways:

- Data generates content: Customer address (data) results in a map image (content)
- Content generates data: License plate scan (content) identifies a vehicle owner (data)
- Data generates more data: Customer name (data) generates a FICO score (data)
- Content generates more content: Signed contract (content) generates personalized documentation request (content)

These interactions expand your data stores at an accelerating pace — imagine a snowball of information rolling downhill, picking up speed and more snow until it becomes a full-scale avalanche. The companies who engage actively and creatively with information, rather than being overwhelmed by it, will become the competitors who emerge triumphant in the information arms race. Generating knowledge effectively in the digital age means welcoming rapid content expansion with open arms.

No one knows what kind of information will become critical to future financial services success: will 3D imaging information help make sense of claims? Will the Internet of Things (IoT) create vast stores of behavioral data that makes underwriting easier? Will the expanded use of third party data dynamically change business models? Will information viewed as unimportant today become crucial tomorrow?

Whatever data becomes the Next Big Thing, it's unlikely to come with small file sizes. That's why it's critical for your content platform of choice to scale to support ever-larger stores of content, data, and the multiple types of information created when they combine.



Nuxeo is the answer to the threat posed by Big Tech

Creating next-gen customer experiences and thriving in the new financial services economy requires a flexible way of thinking about solving information problems — one that can adapt to whatever technology comes next.

Nuxeo is not a monolithic system, but instead a flexible, low-code intelligent platform. This modern architecture allows financial services organizations to deliver or modify functionality within smaller units of work. The result: increased digital agility and speed of delivery that today's legacy information systems just can't achieve.

Nuxeo also provides banks and insurers with a modern, uncomplicated two-step approach to application modernization. First, Nuxeo connects information across the enterprise, regardless of where it resides. This allows financial firms to expose the value of information hidden across the organization in disparate repositories. This reduces risk, allows existing infrastructure to remain in place, and speeds the delivery of information-centric business applications while delivering a positive ROI.

Once information is connected, financial services organizations can begin to consolidate and sunset redundant systems that deliver limited business value, doing so at their own pace. By sunsetting redundant legacy systems, financial services organizations can experience a significantly reduced TCO.



Why Nuxeo?

Nuxeo helps financial services organizations modernize legacy enterprise content management (ECM) systems by transforming content and data into strategic business value. The Nuxeo content services platform leverages modern technologies and an API-first architecture to accelerate time to deployment and reduce costs by as much as 40%.

For more information on how Nuxeo is helping the world's biggest insurers and banks digitally transform their organizations, contact us at www.nuxeo.com.