

Partner Portals – What's in it for Banks

An Overview

Definition

- ▶ A door, gate, or entrance, esp. one of imposing appearance, as to a palace.
- ▶ An iron or steel bent for bracing a framed structure, having curved braces between the vertical members and a horizontal member at the top.
- ▶ An entrance to a tunnel or mine.

Portals, as referred herein, are websites that aim to be entry points to the World Wide Web, typically offering search engines and/or links to useful pages, and possibly news or other services. These services are usually provided for free in the hope that users will make the site their default home page or at least visit it often. Popular examples are Yahoo and MSN. Most portals on the Internet exist to generate advertising income for their owners; others may be focused on a specific group of users and may be part of an intranet or extranet. Some may just concentrate on one particular subject, like technology or medicine, and are known as vertical portals.

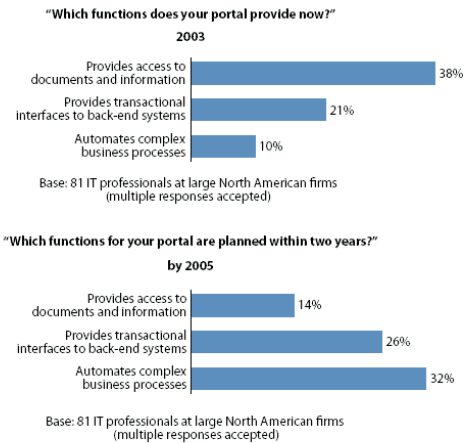
Portals can be largely classified into 2 sets.

- ▶ Information sharing or archiving portal: A repository hub used for data warehousing and other specialized services
- ▶ Transaction Portal: A business hub where multiple entities can setup a business/trading/transaction network offering varied services and products

Evolution of Portals

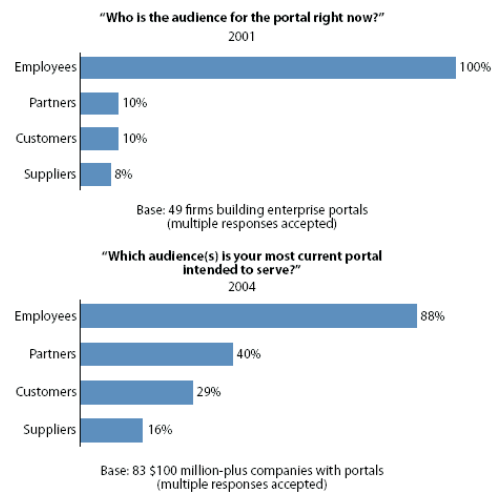
Portals became popular after the dot.com era. In the first stage institutions wanted a single page through which to share different types of content with stakeholders. Thus portals started as engines for content aggregation. The Yahoos and Microsofts made it popular with their websites becoming portal pages. Portals during that time (around 2002) were used to provide links to useful content through the portal infrastructure. As illustrated in figure 1, the initial group of applications that used portal infrastructure,

provided stakeholders access to documents and information, not to live applications. This can be defined as the stage 1 of portal evolution. Portals in stage 1 concentrated on sharing information with employees. It was more of a means to share content on various company happenings, and typically would be hosted within the Intranet of the company.



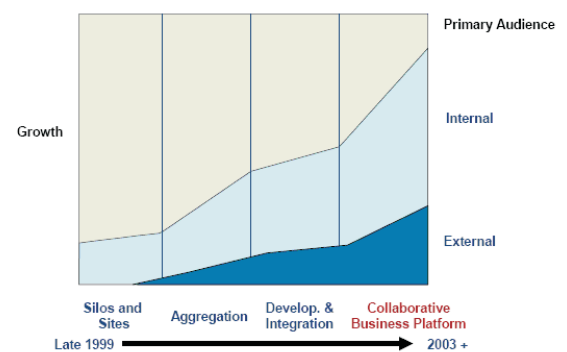
Source: Forrester Research, Inc.

Figure 1



Source: Forrester Research, Inc.

Figure 2



Source: Giga Information Group

Figure 3

As the Internet became more encompassing, the stage 2 of portal evolution emerged. This stage was triggered by the need to have more integrated application systems, as well as a common gateway for all stakeholders. Another business necessity was to reduce duplication of work for the partner as well as the institution, thus improving efficiency and productivity. Stage 2 portal evolution started seeing applications being deployed for partners and customers. Portals became common infrastructure to provide access to customer and partner applications, but there was no interaction between these applications. Figure 2 shows that there was a movement from documents only for employees to applications for customers and partners. There was a movement from applications which did content aggregation to applications which were more transactional in nature.

Currently organizations focus on business process, their efficacy, efficiency and need to cut down turn around time. They are exploring ways and means to leverage cross functional collaboration, between partners, customers and institutions to make processes more seamless and smooth.

Stage 3 of this evolution is the phase that we are in the process of moving into. This is primarily in the area of applications involving partners and customers. This consists of applications which automate complex business processes through portals. The focus is on interoperability of applications hosted on the portals, which focus on enabling business processes to flow across application boundaries seamlessly. Common applications are being used by both the internal and external partner ecosystem.

What is a Partner Portal

Partner portals, as they stand today, are in stage 2. They are portals that give access to various partners. Typical examples of partner portals are GM Dealer World (everything a dealer needs to operate) or Toshiba's Dealer Program, which allows dealers to use a single interface to work on multiple applications provided by Toshiba. Typically a partner is given access based on the function involved. The applications are transparent to the partner, and access is provided to all applications and tools relevant for the organization and role. Typically there is a single sign on mechanism used to sign on the user, and based on the organization and the role of the

partner, access to various tools and the required applications, is given.

Businesses trying to forge deeper relationships with trade partners are offering content within the context of online business transactions – such as product, sales, training and support materials.

Typical Partner Portal Offering:

Typically a partner portal gives access to the following type of functionality:

- ▶ Partner Set-up and Configuration
- ▶ Collateral Management
- ▶ Partner Program Management, which includes managing the contract process and the SLA management with partners
- ▶ Co-Marketing of Products and Promotions
- ▶ Sales and Opportunity Management
 - ▶ Lead/ Opportunity Distribution
 - ▶ Lead Tracking
 - ▶ Deal Registration
 - ▶ Electronic Catalogs
- ▶ Customer Service Functions being managed through partner organizations. This would also include closed loop feedback and audit mechanisms on customer complaints and issues
- ▶ Order Management
- ▶ Partner Training
- ▶ Tools for Partner Analysis

Today, partner portals are popular with businesses that rely heavily on indirect sales and support. In such cases, the partner portal is the gateway through which dealers connect with the originating organization. But currently most of these applications do not talk to each other, and provide the front end for dealers to operate with the originating organization. Indirect sales by certain types of organizations, makes partner collaboration very important, and in the financial services domain this can ascend to as high as 90%. Partner portals are being used predominantly across industries like automobiles,

telecom, financial services, software and hardware providers. The key for an organization to invest in a partner portal is the criticality of the partner in achieving enterprise success. Big organizations need active contribution from various partners to succeed. Not surprisingly, most big organizations have some form of a partner portal to collaborate with their partners. The maturity of these interactions varies from industry to industry.

When integrated tightly with portal technology, team collaboration components like instant messaging, presence awareness and discussion threads support a higher level of interactivity and context-based work.

Portal products' strength lies in its ability to render this converged information in an interface personalized for a particular user or group of users. Companies need portals for integrating and managing access to disparate applications and content sources. The next generation of portal offerings would be for automation of complex business processes that transcend different partner organizations.

Current Partner Portal Offerings in the Financial Industry

Banks and financial institutions have used portals since the Dot Com era. This started with banks presenting banner ads on industry relevant portals (e.g. FT.com) or generalist portals like Yahoo and Google. The initial direction was to market products, where portals (not necessarily their own) served as means to extend reach through an additional channel.

This further extended, when banks adopted Internet banking, as the primary channel through which customers could access their relationships/accounts. Banks started to use their Internet banking sites to channel marketing efforts. The latest product or service launches were featured on these portals. Later this was extended to include additional services which the customer could avail from partner companies like mortgage brokers. But the bank's internet portal typically exposed only that part of the application that they required customers to view.

In addition, bigger banks had portals dedicated to various types of partner relationships. This mapped to stage 2 of the partner portal evolution. Banks at this stage, typically had a portal, in which partners logged in to conduct transactions. For example, a

mortgage broker logged in to transfer information about prospects sourced from the market. A plastic manufacturer downloaded the list of new cards to be issued or replaced – and uploaded the list of cards dispatched with the relevant details. Similarly cheque book printers uploaded / downloaded relevant information about their transactions with the bank. Essentially a specific partner was allowed access only to the application (and screens) relevant for specific transaction with seamless interface to the rest of the business process. Thus such partner portals only opened a small part of the window, relevant for a specific partner. But if a mortgage partner required to view the status of the application uploaded, or why a particular application is pending, this information could not be accessed on the portal. For this, a call or email had to be initiated. Hence, true collaboration could not be facilitated through these portals. Business processes across such applications were siloed, and could not cut across different applications.

Apart from access to applications, banks also provided information access to their partners to help them conduct business. Typical information included interest rate discounts offered to various segments of customers and rate charts relevant for partners. In addition, the partner portal was also used to share specific training material relevant for partners. This was extended to automated training tools for partners, especially in those cases where partners acted as sales/service channels for the bank's product portfolio.

Retailers providing different services or selling FMCG products tied up with partner portal collaborators and sold product bundles where finance was provided by a particular bank. Retailers enjoyed larger business arenas, and customers a wider choice of bundled products with freebies.

A common example is of a retailer providing a product bundle at 0% EMI and the defined payment period offered by the financing bank. This selling strategy is called "White Labeling". For example: Sainsbury, IKEA tie up with Banker, with financing at the retailer's premises to provide packaged deals.

However, the way in which banks leverage their partner portals is fast changing. There is a need to tie up the business processes that run across various partner ecosystems and the bank's own ecosystem. For instance, consider the case of a

broker bringing in a mortgage applicant. The appraiser goes for a visit, and requires certain documents to be submitted by the applicant. This has to flow to the broker, who in turn must contact customers and get these documents, which again goes to the appraiser who does the needful. This typifies the need for a collaborative business process which moves across partners, tying the bank in the middle. Banks are now trying to integrate some of their disparate applications through the portal architecture. The focus is now moving from transactions to business processes that must be fine tuned to make transactions as efficient as possible. Portals provided by banks are envisaged to support the entire partner ecosystem, which includes dealers as well as suppliers of the bank.

Advantages for the Bank in a Partner Portal

The advantages that a partner portal can bring to the bank are several.

- ▶ The financial institution (bank) can cross-sell products as riders and through direct promotional or clubbed offers
- ▶ The retailer enjoys increased product sales and group sales due to the large customer base. Seamless transaction on package deals and online execution of paper work enhances the transaction experience
- ▶ Customers enjoy the option to choose the best offer from among several similar offers and variances under a single virtual business center
- ▶ Partner portal as an ASP can be provided as a service by a collaborator where infrastructure and application hosting can be provided by a third party. This facilitates cost saving for the bank and retailer, while on the other hand increasing revenues
- ▶ The portal can be used to introduce online collaboration between various partners and the bank's officials – increasing the efficiency of a cross functional business process, through systemic support, with business process streamlining as the key focus area

Partner Portal for Banks

As banks grow both organically and inorganically, partners have started to play a very important function in their growth strategy. Banks are increasingly using partners to expand business and enhance efficiency.

A Common Eco System

Partner portal play a very critical role as support systems that can make transactions with partners more seamless and efficient. A partner portal should be designed so that it is central to the bank's ecosystem, and includes all types of partners: suppliers, dealers, selling agents, service agents and partner organizations that sell the bank's products indirectly (like car financiers obtained finance through the bank). The entire ecosystem around the bank should be serviceable using the partner portal. This would enlarge the bank's reach, and at the same time make business processes more seamless across the organization. Through the partner portal the bank can also extend its services, like tying up with insurance companies and selling insurance products to its customers. Claims to the insurance companies can be lodged through the bank's portal, so multiple customer addresses and customer references need not be maintained.

Extend the Bank's Reach

Similarly, the bank's product reach could be extended to dealers or retailers selling other white goods. Through such white branding the bank would be able to spread product reach, and through the partner portal the retailer can service the customer, in terms of providing information about the prospective loan, initiating the loan account opening process, and performing all the functions typical of a mortgage broking house.

Banks are also extending their conventional lines of business. In future, products like mutual funds and insurance may be made available with retailers like Wal-Mart. As these products are thus made available, purchase can be initiated through partner portal applications.

Cross Partner Business Processes

Mortgage business the world over is achieved through selling agents and partners. The bank is involved in a couple of touch points, where as the bulk of the leg work is done by the various

agencies who feed off this business. The broking firms woo in customers to look at the various products offered by the banks, based on the customers' needs and specifications. The customer verification agent validates the credentials provided. The appraisers appraise the asset to be mortgaged. If everything goes well, the bank approves the loan, based on the appraisal provided by the appraiser. The loan disbursement in some cases is made to the broker, who passes on the fund to the customer. In many countries it is common practice that the collection of regular installments is made by the broker or a collection agency. If the loan goes bad the collection agency is involved. If there is further litigation when the collection agency is unable to recover the money, lawyers are involved to run with the litigation. Thus we see the high involvement of partners in a typical mortgage business cycle. This example brings out the strong case for a partner portal which would be able to bring together the various partners and the bank, across various points in the business process. At several instances in the business process, the process can be further accelerated through collaboration made possible through a partner portal. For example, an appraiser needs a document from the customer to proceed. With the broker being the single point of contact for the customer, the appraiser uses the portal's collaboration capability to link in with the broker to expedite the delivery of the document, to be sourced from the customer.

Simplification of Globalization and Outsourcing

Globalization is ushering in the need to outsource several functions of the bank to other agencies, operating out of different geographies. This can be call center processing, payments processing, PDF statement processing, salary processing for employees, payables processing for suppliers or reconciliation which needs manual intervention. All these functions can be facilitated by partner organizations, trained on the job. The training as well as the operation can be facilitated through a partner portal. Access can be provided to relevant online training resources for each of the partners performing a specific role. Thus tightly control can be established in terms of access and security. The same could be rolled out with ease to the multiple outsourcing organizations which the bank has relationships with.

Portal for Integrating Suppliers

Even the bank's suppliers who feed off the bank

for business can be tied in through the partner portal. Vendors like stationary suppliers, marketing collateral suppliers and systems suppliers can enroll through the bank's portal. Even the process of supplier or partner enrollment can be facilitated by the bank's portal. So suppliers trying to establish a relationship with the bank can use the partner portal as a gateway to connect with the bank. Once the relationship is established, business transactions also get routed through the portal, using the same principal applicable for other agents.

Tying up Supply with Demand

The partner portal can be extended to tie the supply chain to the demand aspect of the chain. This integration becomes quite critical, when banks are keen to optimize their business process to reduce their inventory costs. For example, a customer is able to order cheque books online using the e-banking or the mobile banking application. The system validates the requirement. Once the order from the customer is accepted, it is automatically routed to the supplier system, producing cheque books for customers. If there are multiple suppliers involved, based on certain business rules, it is routed to a particular supplier. The request could also contain possible details of personalization which the customer requires. If the customer reaches the call center to inquire about the status of the cheque book issuance, the call center personnel must be enabled to traverse across system boundaries to view the status of cheque book issuance in the supplier's system (based on access privileges and security). This is another case for cross collaboration within the portal architecture.

Partner portals are included in the category of Partner Relationship Management (PRM) applications. A typical partner portal borrows a large part of its functions from the current CRM architecture. In addition, it also interfaces with the core banking backend where functions like cheque book issue requests are validated. In a typical SOA scenario partner portals utilize services across different systems, and enable cross system interactions. In such scenarios, even possible in-house systems used to liaise with various suppliers or supply chain management systems must be tied into the portal architecture.

Security and access are key to the portal architecture. Access to a partner organization should be restricted based on the role the

organization plays, the geography in which it operates and the various functions it performs. A partner should have access to the data it creates, or the data created for the partner. The partner should also be barred access to data meant for other partners.

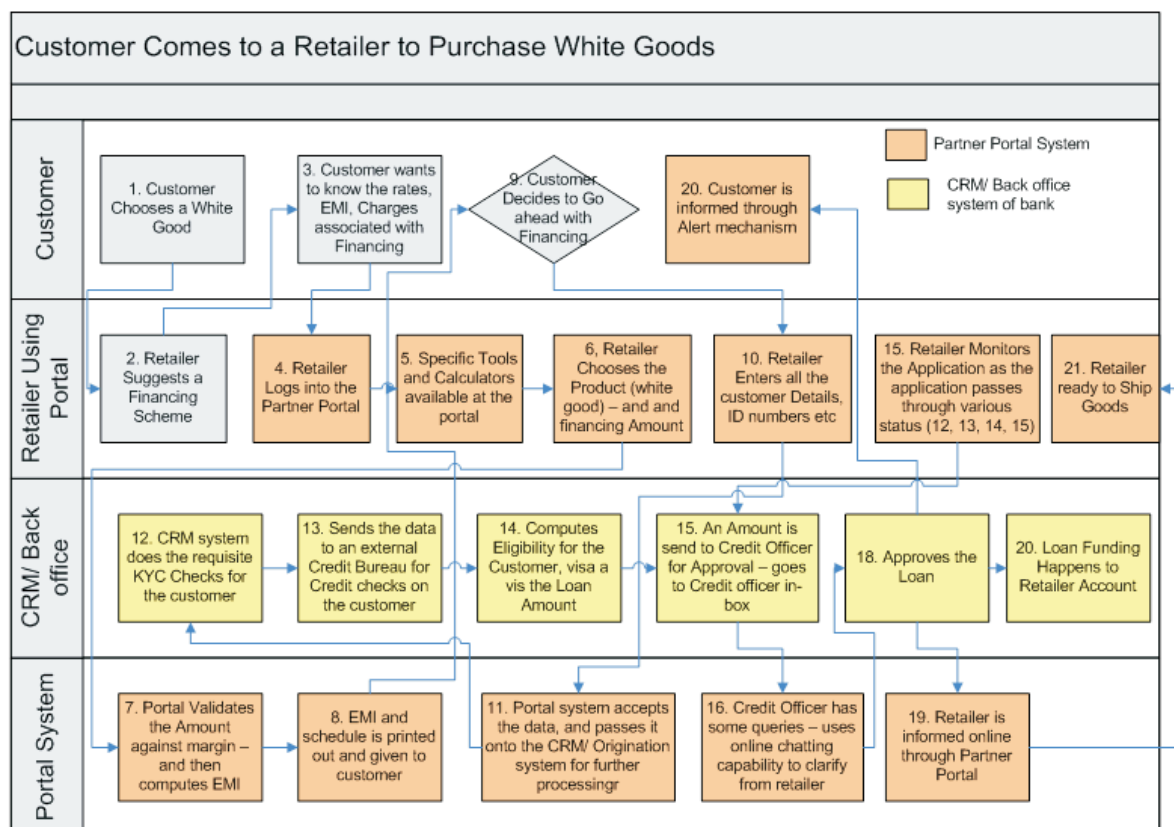
Scenarios Describing Use of Portals

The following section describes certain typical scenarios in which a partner portal can be leveraged by a bank to expand its business and differentiate its offering. These scenarios are indicative only, and several such scenarios could be put together based on the exact benefits the bank is looking for, and the readiness of its current set of applications.

Scenario 1: White Good Financing through Portal

This scenario depicts a bank expanding its reach to customers coming in to purchase white goods from a retail outlet. The retailer has a tie up with

the bank, and the bank extends its partner portal system to the retailer through a secured network or even through the Internet. The retailer arranges for a loan with the bank for the customer to finance purchase of a white good, approved by the bank. The entire flow of transactions through the various systems is depicted in the flow chart below. This kind of scenario is beneficial both to the bank as well as the partner (retailer). The retailer can increase sales, by being able to arrange for a very transparent financing option, almost over the counter, where as the bank benefits because it can increase its reach without really setting up a shop at the retailer's outlet.



Scenario 2: Creating and Maintaining Partner Relationships with the bank through the Portal

A partner portal can be an exhaustive tool through which the partner can maintain the entire relationship with the bank. It can be the end to end system which provides partners a platform for doing business with a specified bank. The key functions which such a portal should bring to the table are as follows:

- ▶ Allow the partner to register with the bank for a specified business
- ▶ During the registration process, take input about the type of business, and open specific applications to the partner
- ▶ Allow the partner to maintain users in the partner organization who would be accessing the portal to conduct business
- ▶ Allow the partner administrator to give various access rights to different users based on the functions they perform. For each type of the business, there would be predefined roles for the partner organizations to undertake For

example, sales agents, operational managers, sales managers, and so on. The administrator can define various roles and the organization hierarchy, determining the access rights for each user belonging to the partner organization

- ▶ Allow users, based on their roles, to download their own training materials
- ▶ Establish policies and guidelines for financing
- ▶ Establish policies and guidelines for partnership with the bank (the access for this may be limited to managers and made unavailable to general sales agents)
- ▶ Provide tools for partners to set targets and sales to be tracked against such targets
- ▶ Facilitate reporting mechanisms through which the partner would be able to monitor various dimensions of the business with the bank. These dimensions could be:

- ▶ Total sale of the financing product achieved
- ▶ Target achieved
- ▶ Commissions earned through successful sales
Number of applications processed, pending, and rejected. The status of pending application. Number of applications pending because of pending inputs from the partner organization
- ▶ Impacts of any promotional offers jointly promoted by the partner and the bank
- ▶ Various sale agents who are able to close deals faster and more effectively using the financing options available
- ▶ Analytics on sales
- ▶ Provide feedback on the partner services as well as services provided by the bank. Such surveys can be conducted at pre-determined frequencies
- ▶ Integrate tasks, alerts and mails with the desktop application the user typically uses

Scenario 3: Prospect Portal

A partner portal can be extended to a prospect – who is soliciting a relationship with the bank. The portal could be a tool to entice the prospect to look at a deeper relationship with the bank. The bank may offer various products and services – and allow the prospect access to various tools and calculators through which the prospect can model financial needs. The portal can be used to expose certain products and services, which prospects can utilize for a fee. A typical service can be bill payment, or the ability to subscribe to international publications or international seminars, after paying the requisite fee to the bank. If there is a need to reach such services more than once, the bank can provide for registration of the prospect. This would ensure that the customer information is entered and archived, and can be re-used when the customer makes a second transaction of similar nature. If the service would be performed offline – then the portal generates a service ID, which can be used by the customer across different channels. Such access and functionality for prospects, can facilitate deeper relationships, and may lead to more frequent conversion of prospects into customers.

Associated Usage of the Portal

Currently across industries, portals are used in various ways. Some associated usage could include:

- ▶ Software vendors or service providers leveraging the same portal for their specific activities with the institution – like patch application, report downloading and troubleshooting
- ▶ Sharing information about future plans and road maps, and also as a platform to share best practices across the customer community
- ▶ The bank's customers (both retail and corporate) using the portal for their transactions
- ▶ Investors (if the institution is a listed company) accessing their information on share holding, dividend distribution, company information, voting, complaints and requests
- ▶ Analyst communities accessing the institution's information on performance, future plans, growth and ratios
- ▶ Blogs in the portal leveraged by partners, customers and analysts to voice views on subjects relevant to the community

- ▶ Assists the bank in outsourcing their business process to several vendors, making the roll out simpler and less time consuming
- ▶ Simplifies partner management in terms of enrollment, service, training and activities monitoring
- ▶ Allows for tight security and access control, so the bank's data remains uncompromised

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Conclusion

In summary, for banks, the partner portal:

- ▶ Serves as the common entry point to conduct any kind of business with the bank
- ▶ Brings under one forum the entire eco system of various types of partners
- ▶ Allows for collaboration across business processes, across various partners and bank officials, bringing in true operational efficiency to the business
- ▶ Extends the bank's activity to retailers, dealers and others, enhancing the reach of the bank to every point where business for the bank originates



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