

IDC PERSPECTIVE

Buyer Case Study: Customer Experience Transformation — A Top Business Priority for Federal Bank

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EXECUTIVE SNAPSHOT

FIGURE 1

Executive Snapshot: Customer Experience Transformation — A Top Business Priority for Federal Bank

IDC research has found that among the different business priorities, improving customer experience (CX) and customer satisfaction ranked at the top for banking and financial institutions. As volatility becomes the new normal, enterprise leaders are leaning on technology to meet the rising demands of customers and minimize the impact on operational efficiency.

Key Takeaways

- Federal Bank is one of the leading private sector banks in India. To overcome the growing gap in its ability to provide holistic sales, service, and marketing experiences to customers, Federal Bank embarked on a CX transformation journey with Infosys and leveraged Oracle's CX solution suite to reinvent its CX functions.
- Federal Bank understood early that investments in application modernization, especially superior customer relationship management (CRM) applications, are instrumental to compete and pivotal for enhanced experiences.
- Federal Bank's CX transformation had strong business leadership engagement and did not identify it as just an IT transformation project.

Recommended Actions

- The road to CX modernization is challenging. It is necessary that enterprises create a strong business-led modernization road map before embarking on an implementation and vendor selection journey.
- Once the senior leadership signs off on the modernization, commit to it and do not overthink the design.
- Establish a holistic governance and feedback loop to communicate and measure the business impact early in the implementation cycle.
- Consider several key attributes of the CRM implementation partner before finalizing the selection.

Source: IDC, 2023

SITUATION OVERVIEW

As volatility becomes the new normal, enterprises are struggling to meet the rising demands of customers and minimize the impact on operational efficiency. The banking and financial services industry, like many other industries, continues to navigate through multitudes of challenges from different vectors, the impact of which seems to be intensifying with increasing digitalization and volatile economic conditions. As enterprises transition into the era of digital businesses, siloed digital transformation (DX) is no longer the primary focus; the goal now is to run a viable digital business for the long term in which technology is a dominant driver enabling value and fueling growth (see Figure 2).

It may be an understatement to say investments in digital technologies have helped banking and financial service institutions stay resilient and innovate in these tough times. The next few years will be decisive for financial institutions (FIs), as those that fail to modernize and transform into digital businesses will fall behind peers that are investing in technology today.

Customer Experience Transformation Is a Top Business Priority for Banking and Financial Services Institutions

Among the different business priorities for banking and financial services institutions, improving customer experience (CX) and customer satisfaction ranked at the top, according to IDC's *Asia/Pacific Software Survey* in 2022. This makes sense as the acceleration of digital has expanded the competitive landscape and raised the bar in providing holistic experiences, driven by seamless and omni-channel interactions for banking customers. As enterprises lean into technology to transform CXs, the transformation exercise is also seen as a vehicle to improve internal operational efficiency. According to IDC *Future of Customer Experience Survey 2022*, improving business innovation was a top CX priority for banking and financial services organizations in Asia/Pacific (excluding Japan) (APEJ). It is also interesting to note that only 20% of enterprises surveyed as part of the future of customers and consumers survey have met their organizations' CX goals.

FIGURE 2

Digital Business Strategy and Transformation

Definition: A business in which value creation is based on the use of digital technologies, including:

- Internal and external processes
- How an organization engages with customers, citizens, suppliers, and partners
- How it attracts, manages, and retains employees, and
- what products, services, and experiences it provides

Processes
Internal and external capabilities



Characteristics:

- Digital-first strategy in place
- Sponsored and driven by C-suite and CEO directly involved
- Use tech to compete
- Digital innovation programs delivering tangible outcomes at scale
- Quantifiable business value creation directly from or enabled by digital

Source: IDC, 2023

The CX Transformation Story of Federal Bank — A Leading Private Sector Bank in India

IDC analysts got the opportunity to examine how Federal Bank, one of the leading private sector banks in India, embarked on a CX transformation journey and how Infosys, a global IT and outsourcing service provider, helped the bank reinvent its CX functions.

With a growing customer base of 13 million customers and 1,200 branches spread across India, Federal Bank aimed to reinforce its position as the "most admired bank" among the retail and enterprises segments in India. Although Federal Bank championed a digital-first approach to banking, the lack of an enterprise-grade CRM system strained the bank's ability to provide a holistic marketing, sales, and service experience to customers, making it hard to compete against digital natives and nonbanking participants. A few of the internal business and IT challenges that Federal Bank mentioned were:

- **Lack of 360 view of customer data.** Because of the lack of a unified CRM platform, Federal Bank had a siloed view of customer information that was spread across core banking and other product systems, which severely hampered productivity, innovation, and streamlined customer engagement.
- **Increased cost of customer acquisition.** The lack of a 360-degree view of the customer and connected processes was increasing sales cycle time and impacting buying experience, consequently increasing the overall cost of customer acquisition.
- **Productivity impact.** Federal Bank struggled to improve the efficiency of in-house sales reps to cross-sell/upsell because of the lack of data insights into all customer interactions and its partners (direct sales agents) could not close opportunities because of the manual tracking of leads.
- **Inconsistent CX.** The lack of an omni-channel experience across banking channels due to the absence of a comprehensive CRM application created an inconsistent experience for current and new customers.
- **ROI on digital marketing.** Although spending on marketing was increasing, Federal Bank lacked a robust digital marketing system capable of reaching customers across all channels, traditional and digital, to capture responses, nurture leads, and seamlessly transition to sales.

With the goal of reinventing its CX approaches, Federal Bank embarked on an IT-led business transformation journey that would not only consolidate its CRM systems supporting front-office operations but also help achieve business key performance indicators (KPIs) critical to maintaining a competitive position among next-generation banking providers.

Partnering for Success

After a detailed evaluation process, Federal Bank zeroed in on Oracle CX Cloud suite as the CRM platform and Infosys as its implementation partner. Oracle's CX cloud suite provided Federal Bank with a comprehensive set of digital marketing, sales, and service transformation solution that helped create personalized customer journeys, run multistage campaign management, and handle comprehensive service requests and complaints across channels. Additionally, Infosys played a pivotal role in enabling domain knowledge to maximize the value of Oracle's CX solution and helped integrate it with the bank's digital strategy. According to Federal Bank, the key capabilities that stood out for Infosys were:

- **Strong Oracle alliance.** Infosys has decades of experience in driving Oracle-led IT transformation in Asia/Pacific and globally. The strong alliance also helped ensure commitment from both Oracle and Infosys to provide joint solutions and support for CX initiatives.
- **Oracle product expertise.** Infosys showcased strong expertise in Oracle's CX portfolio of solutions. Some of the key Oracle tech stacks used by Federal Bank include Oracle

Responsys and Audience Segmentation, Oracle DMP, Oracle Infinity IQ, Oracle Sales and B2B Service Cloud, Oracle Partner Relationship Management, Oracle Intelligent Advisor, Oracle Integration Cloud, Oracle Visual Builder Cloud Service, Oracle Sales Planning Cloud, Oracle Content Management, Oracle Analytics Cloud, Oracle Digital Assistant, and Oracle Data Science Cloud.

- **Industry capabilities.** Infosys' industry solution for banking and financial services was a major differentiator for the client. The comprehensive portfolio of predefined user journeys, process packs, KPI library, and solution differentiators, such as Sales Cockpit solution, Banker's Portal, Customer 360 portal, Sales Milestone Monitor, digital application management, Centralized Policy Portal, and so forth, helped accelerate time to value for the customer.
- **Quality of Oracle resources.** The consultants and technical resources Infosys put in the implementation team were also appreciated by the client, especially the cultural fit with the organization. Additionally, Infosys focused on a collaborative relationship with Federal Bank's business, operations, and IT teams, which helped create a closed-loop mechanism for early feedback during the implementation.
- **Focus on driving cloud-led outcomes.** To accelerate the cloud-led transformations of enterprise clients, Infosys recently aggregated its cloud services under Infosys Cobalt, which also houses its Oracle Cloud offerings. The sharpened focus has helped Infosys channel its enterprisewide cloud migration assets/IPs and industry cloud solutions to support complex Oracle cloud transformation projects.

Reinventing CX Meant Exposing the Bank to New Challenges

At a time when the banking industry was facing considerable macroeconomic challenges from rising inflation and compliance requirements, Federal Bank decided to focus its energy on building a CX foundation to weather the storms of disruptions. Some of the key challenges Federal Bank had to tackle include:

- **Strict regulatory guidelines.** India had one of the strongest banking regulatory environments among developing nations, which necessitated a detailed assessment of the bank's ability to use a cloud-based solution.
- **Internal legacy systems.** Federal Bank had years' worth of legacy systems that had to be consolidated and data migrated to the new cloud environment without disrupting daily business operations. This meant working against the clock to find application dependencies and figuring out the best approaches to migrate sensitive customer data securely.
- **Front-office and back-office integrations.** Federal Bank had many downstream applications that had to be integrated with the bank's IT landscape to create a connected solution for superior sales motions and superior customer 360-view/data insights across back office and front office. The highly interconnected systems, with the need for highly secure, encrypted integration across multiple CRM applications and banking applications, were a key challenge.
- **Stakeholder management.** One of the critical roadblocks to CRM modernization was managing the changes associated with implementing the new system, especially considering the two failed attempts to modernize the CRM applications in the past. Direct involvement from Federal Bank's COO and Infosys' implementation team helped manage the change by focusing on business user engagement and adoption to help the project from stalling.

Fruits of the Team's Labor

In terms of benefits, the following are some of the key business outcomes already standing out:

- **Omni-channel engagement.** The multichannel visibility from the new CRM system helped Federal Bank to significantly improve its customer engagement across its digital channels, such as mobile app social media, email, chatbot, and so forth, and across physical channels,

such as call centers, branch offices, field agents, ATM, and email. Furthermore, it helped the business understand with greater ability what customers want, when they want it and why.

- **Data-driven insights.** Federal Bank improved the flow of customer data across its business lines through data-driven insights enabled by AI and analytics integration, consequently improving customer engagement across marketing, sales, and service.
- **Robust marketing strategy.** A digital marketing analytics platform helped the internal marketing team to gain a 360-degree customer view across the banking product portfolio to improve targeted outreach driving superior lead generation.
- **Sales productivity.** A sales 360 portal from Infosys provided a one-stop shop for sales representatives, managers, and regional heads for all their sales data, including targets, attainments, hot leads, loan/card applications, top customers, team data, and key data insights from the CRM, lowering the total cost of customer acquisition.
- **Social listening and engagement.** This helped the bank improve its ability to listen and respond to the online buzz created by the brand and assess the effectiveness of a given marketing campaign.
- **Better integration with back-office applications, leading to workflow automation.** There is now a robust and secure integration solution across the bank's on-premises applications and CX solution suite. Straight-through processing and end-to-end workflow automation have helped automate customer requests and improve the experience.
- **Faster know your customer (KYC).** An integrated optical character reading (OCR) capability has allowed the bank to read customer document details in real time into CRM for completing KYC.

"Our CX implementation has transformed the way we interact with our customers. We are able to provide bespoke experiences to customers, given the extensive capabilities delivered by CX. This has played a key role in our journey to becoming the most admired bank and enhance our net promoter score (NPS). The insights we gain from our CX data allow us to make more informed business decisions, driving growth and profitability," says Shalini Warriar, executive director, Business Head - Retail, Federal Bank.

Elements of Success: What Worked for Federal Bank?

IDC observed several elements in this CX modernization story that contributed to Federal Bank's success:

- **Senior business leadership engagement.** Federal Bank had strong business leadership engagement in its CX modernization efforts and did not identify it as just an IT transformation project. This was instrumental in fostering a culture of innovation and ensuring the implementation partner and the project team worked toward a common goal of transforming the business. Additionally, the leadership took a hands-on approach to set and measure business KPIs regularly at each project milestone with the help of a CX center of excellence (COE), supported by its IT organization. This approach helped the scale and consistency of the transformation, ensuring that the project did not stall from budget constraints or churn in key personnel.
- **Big bets on building talent internally.** Federal Bank made concerted efforts with its technology ecosystem partners to build an IT talent base to drive its modernization and DX ambitions. In this regard, Federal Bank placed guidelines to hire niche IT talent externally and to fill critical training gaps within the business teams to scale digital initiatives.
- **Closed loop communication from the implementation team.** Infosys, Oracle, and Federal Bank's project team had regular engagements with business leaders and IT decision makers to review the proposed solution architecture, integration, and data migration solution. The team also took these engagement workshops to address perceived risks around core banking platform integration and data migration, which further accelerated the rollout and adoption. Additionally, the team had detailed engagement with the security and compliance team to

showcase the proposed cloud security architecture, which adhered to all regulatory requirements.

- **Continuous focus on extending innovation.** Federal Bank emphasized on its efforts to extend innovations and maximize the value around its Oracle CRM landscape with the continuous integration of automation, analytics, and transformation in business processes to enable agility. Federal Bank has also established a dedicated CX COE to manage its technology ecosystem and drive its future experience enhancement initiatives.

ADVICE FOR THE TECHNOLOGY BUYER

There is no one-size-fits-all solution for enterprises embarking on a CX modernization journey. From the successful modernization story showcased by Federal Bank, IDC recommends the following to enterprises contemplating modernizing their core CRM systems:

Approach to Modernization

- **Start with a comprehensive road map.** The road to CX modernization is challenging. Several factors, such as security concerns, cost, skills, time to market, customizations, and so forth, will be key areas of concern. Hence, it is necessary that enterprises create a strong business-led modernization road map before embarking on an implementation and vendor selection journey.
- **Commit to modernization.** Once the senior leadership signs off on the modernization, commit to it and do not overthink the design. Identify key sponsors who would champion the project and provide necessary support in engaging with the implementation team.
- **Manage key stakeholder expectations.** When running an enterprisewide transformation project, it is critical that stakeholder expectations at various levels of seniority are managed. This should cover multiple vectors, such as customizations, design, business outcomes, and budget. It is also imperative that this is done in collaboration with the implementation partner to avoid building unrealistic expectations from the implementation partner.
- **Do not rely on just product demos.** Run simulations in the current business environment and do not rely on just product demos to visualize the end state and key business outcomes from implementing the selected CRM solutions.
- **Governance and feedback loop.** Establish a holistic governance and feedback loop to communicate and measure the business impact early in the implementation cycle. Ensure the governance team has representation from key business lines to provide oversight and direction. Simplify the steering committee with a lean structure and establish a feedback mechanism.
- **IT-led and business-driven framework.** Although CRM modernization is an IT-driven project, key stakeholders from business lines are owning the project planning, solution design, and rollout. This will help modernization receive the visibility it needs in the organization. Identify business KPIs and insert into project milestones to have a structured approach to delivering business outcomes.

Partner for Success

IDC recommends that buyers consider the following while selecting a CX implementation partner:

- **Industry and domain expertise.** It is important to consider the industry expertise of the implementation partner to contextualize CX solutions and provide key industry insights at various stages of implementation, which is critical to reinvent CX approaches.
- **Repeatable solutions to accelerate value.** Consider the implementation partners' ability to introduce out-of-the-box solutions to transform customer journeys and adopt best practices that can provide superior time to value and upfront cost savings.

- **Expertise outside of the CRM practice.** A successful CX transformation requires the CRM to have a strong back-office integration. Consider the partner's ability to provide services around integration with business systems outside of the CX organization and create an integrated data strategy, with analytics, AI, and automation to elevate the value proposition of the CRM.
- **Strong change management and consulting focus.** To maximize the value from CRM investments, enterprises need to provide ample weightage to people, and process changes along with the technology integration changes required for transformation. Consider the partner's ability to manage change and cultural fit with the organization to manage stakeholder concerns when they arise.
- **In-country/regional presence.** Many implementation service providers with a significant customer base in the west had a limited presence in Asia/Pacific. Considering the partner's local presence, the ability to deliver support with local consultants, and plans to scale in the region will be good measures to assess the vendor's long-term commitment to the relationship and ability to provide scalable talent.
- **Global expertise.** Ideally, a partner with experience in CX transformation across multiple industries and geography can provide best practices to maximize value from the firm's CX investments. Additionally, the global experience can identify potential gaps outside of the CX organization, which can ultimately improve internal operational efficiency.
- **Strong partnership with the CRM solution provider.** Partners with strong alliances with the CRM solution providers can address the business feedback faster during and post the implementation. Additionally, the collaborative relationship can help scale solutions and provide the firm with access to new innovations early.

LEARN MORE

Related Research

- *IDC FutureScape: Worldwide Services 2023 Predictions – APEJ Implications* (IDC #AP49984722, January 2023)
- *Asia/Pacific Perspectives and Preferences: Modernization of Mission-Critical Systems* (IDC #AP48504022, November 2022)
- *IDC FutureScape: Worldwide Services 2023 Predictions* (IDC #US48534822, October 2022)
- *IDC Survey Spotlight: How Does Relevant Training Benefit a Project's Success Rate?* (IDC #AP49658722, September 2022)

Synopsis

This IDC Perspective examines how Federal Bank, one of the leading private sector banks in India, embarked on a customer experience (CX) transformation journey and how Infosys, a global IT and outsourcing service provider, helped the bank reinvent its CX functions. This document contains the key highlights of the bank's CX efforts and guidance for organizations embarking on a similar journey.

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