Financial markets strategy consulting

Strategy consulting helps companies transform the way they do business. We help our clients achieve competitive advantage through a fusion of business, customer and technology strategies and an explicit linkage of critical issues to actions and results. We bring our clients the resources of IBM Global Services, the largest services company in the world, and the first-hand operational experience the IBM Corporation has gained over the course of its ten-year transformation.

Below is an example of our insights and work in the financial markets industry.

USING YOUR STRENGTHS TO CAPTURE THE MASS AFFLUENT MARKET

The Issue:

Many financial institutions have espoused wealth management for the mass affluent, but these terms are often so loosely defined that they become nearly meaningless. Strategies are developed at senior levels without sufficient emphasis on defining target segments or understanding the institution's capabilities and execution challenges. As a result, many wealth management efforts have yet to deliver on their initial promises.

Our Perspective:

While mass affluent opportunities exist, wealth management strategies and their implementation approaches must be tailored to the different types of financial institutions and the specific assets and liabilities each firm brings to the table. In addition, the strategies must be focused on the appropriate set of customers, offerings and channels.

Case in Point:
A leading high-end life insurer and investment manager faced internal indecision over such basic issues as the customers it was serving and its role in the industry value chain. While sales through third-party brokers and advisors were growing for the company and industry-wide, investments in processes and enabling technology remained focused on the affiliated sales force. The firm needed to re-evaluate its capabilities and determine where to focus its efforts.

A joint IBM-insurance company team developed and assisted with the execution of a focused e-business capability to serve the client's wealth management strategy. The team identified strategic market issues and customer needs, while technology consultants assessed the enterprise e-business architecture, IT portfolio and investment plans. The team used the analysis to drive executive consensus on the company's primary role as a wealth manager, a value-added marketer of products targeted at affluent individuals and sold through independent channels. Affiliated advisors were organized into a separately branded and managed subsidiary, while the parent focused on re-orienting activities and investments towards the needs of distributors and their advisors.

The work clarified the company's long-debated strategic direction, communications plan and role as a wealth manager. It resulted in a dynamic e-business platform supporting multiple business lines and providing anytime, anywhere self-service for thousands of advisors and their clients. Distributors, their advisors and end clients gained streamlined interaction and efficiencies obtaining information and completing transactions.

This new wealth management strategy became a selling point for closing the largest new distribution relationship in the company's history, helping to drive double-digit growth from third-party channels while gaining market share from competitors.
**Our Perspective:**

Significant opportunities exist for securities firms to create value in this challenging environment. These include: 1) rationalizing infrastructure to reduce costs and stay flexible; 2) optimizing operational risk; 3) strengthening core customer relationships by delivering an optimal mix of products to each segment; and 4) refining business structure by rationalizing customer product and geographic needs against business needs.

Flexibility and flawless execution will be the keys to a firm's success in this volatile business environment.

**Case in Point:**

For the international division of one of the world's largest financial services firms, the introduction of the Euro and other market changes showed that the aging infrastructure of the firm would not be able to support business growth projections. The division needed to ensure its ability to support product requirements and volume projections over a 5-year horizon. The firm wished to create a flexible platform to meet increasing customer demands for multi-currency transactions, electronic settlement, and flexible payments and pricing. The firm needed a way to optimize and rationalize its global application portfolio including readying the infrastructure for e-business.

To achieve these goals, a joint IBM-financial services firm team articulated the firm's business strategies and objectives; identified required IT capabilities; prioritized business processes and applications by business imperative; and designed roadmaps and investment calendars for five discrete international business units. This enabled the client to evolve its business toward a portfolio of applications and initiatives across the enterprise while investing in highest-impact projects.

The work resulted in $7.5M in annual savings, freeing up more investment dollars for strategic opportunities such as electronic commerce and market expansion. The firm is now well positioned for growth through partnering and acquisition to continue to meet customer demands for more product features.

**Additional links**

Multiplying business value: The fusion of business and technology

Consultants have long proclaimed the need for strategic alignment between business and IT: Set your business strategy, and then determine how technology can help. Unfortunately, traditional alignment approaches invite risk and leave opportunities untapped. Higher returns can be achieved through a higher degree of strategic alignment - the fusion of business and IT.
Closing the performance gap: Back to basics for the U.S. banking industry

Banking institutions across America show a striking dichotomy in terms of stock performance. Those that remain at the top of the charts display strategies and attributes that consistently garner shareholder value. A recent study by the IBM Institute for Business Value suggests that while their methods may vary, these leaders share three distinct strategies.

Weathering the economic downturn… while moving ahead

While the economic downturn has hit some sectors and geographies harder than others, almost every business has felt its impact. At the same time, economic uncertainty elicits different reactions from different firms. Some organizations simply tread water, while others move ahead of competitors. As executives rethink their business strategies, they should consider a variety of approaches -- including some that are not immediately obvious given today's uncertain economic climate.