

## Integrated teams: Delivering ninety-day user experience evolution

## *Transforming from traditional software development lifecycles to iterative user experience development*



*Financial services organizations undertaking enterprise-wide front office digitization transformation initiatives all too often have long release cycles that still result in customer experiences of suboptimal quality. This is due to a lack of integration across the organization. Enterprise-wide yet disconnected transformation results in a fragmented, suboptimal user experience.*

Superior cross-channel user experience (UX) requires superior cross-channel integration across the organization and throughout the development process. By creating integrated, cross-disciplinary teams with analytics and customer insight built into the design workflow, the development cycle becomes a continuous, data-driven evolution, which delivers high quality UX impact in rapid iterations.

To understand the pressures on organizations to restructure and realign process to become more customer-centric, we start with the users:

Forrester calls today “the age of the customer” and predicts that we’re in “a 20-year business cycle in which the most successful enterprises will reinvent themselves to systematically understand and serve increasingly powerful customers.”<sup>1</sup>

This era is the logical progression from the age of information as customers are better informed and empowered through more access to information and to purchasing alternatives than ever before.

IBM’s global C-Suite study found that the influence of digitally active customers has moved to the top of the C-Suite agenda. 54 percent of CXOs report that their customers now influence them to a large extent. CEOs say that customers come second only to the C-Suite in terms of the strategic influence they wield. Outperforming organizations collaborated 54 percent more with their customers and nine out of ten CEOs plan to collaborate much more extensively with customers in the future.<sup>2</sup>

## Consider these facts:



Top five mobile payment markets by volume in 2015<sup>4</sup>

- 1 **82 billion** bill payments
- 2 **55 billion** bank card acceptance
- 3 **27 billion** e-commerce over mobile phones
- 4 **23 billion** point-of-sale payments
- 5 **14 billion** person-to-person transactions

# 400+

million users **rely on** mobile banking worldwide<sup>5</sup>

32%



Mobile banking is the **most important deciding factor** when switching banks<sup>6</sup>

21%



Fees

21%



Location

# 50%



Mobile banking **adoption** is expected to approach 50% by 2016 (15% 1Q 2012, 12% 2Q 2011)<sup>7</sup>

# 80%



of banks do **offer some form** of mobile banking<sup>8</sup>

# 138%

increase

\$9.4 billion in **transaction value** through mobile banking in 2012, up 138% from \$.3 billion in 2008<sup>9</sup>



Nearly half of smartphone users who switched banks said that mobile banking was an **important factor in their decision**, up from 7% in 2010<sup>10</sup>

## Customer habits are radically changing

Mobile is now the primary means of interaction and communication between employers, customers, family and friends; 91 percent of mobile users keep their device within reach 100 percent of the time.<sup>3</sup>

Mobile devices have also changed the way consumers interact with businesses. Innovative enterprises are discovering the need to make their products, strategies and services available at all times to an increasingly mobile and increasingly cross-channel consumer. Consumers want to access services and data whenever and wherever they are.

The proliferation of mobile access is significantly changing customer habits and expectations and you need to align the digital with the physical experience. In many industries, the integration between digital and physical is becoming the leading edge of innovation. Thinking mobile first is important in purely digital transformations, but to transform as an organization, you must think outside of channels and think customer first.

Whether your financial services firm seeks to transform customer acquisition strategies, optimize cross-channel interactions, drive product and service innovation across digital initiatives, or streamline internal business processes, you can accomplish more by thinking about the customer first.

Thinking customer first has to be the first order of business when launching new functionality and services. As joint business teams (for example, marketing, product development, customer relationship management (CRM)) and mobile application development groups race to get their cross-channel experiences in the hands of users, complex design considerations from strategy to technology must still be addressed with thoughtfulness, caution, knowledge and experience.

## Cross-channel expectations have changed how we do business

Without a doubt, these new demands on multi-channel user experiences with an explosion of customer touch points have changed the way business is done in many industries, including financial services. CxOs in outperforming enterprises are focusing 29 percent more heavily on improving the customer experience.<sup>11</sup>

The financial services industry is unique from other industries. Banks in particular may feel that regulatory constraints and requirements hinder innovation in user experience and on the frequency with which new experiences can be released. On the other hand, banks have a leg up on other industries in the amount of customer data they have available to hyper-personalize experiences. Furthermore, regulatory requirements—such as the necessity to produce operating costs per transaction—have allowed many banks to leverage data to create advanced analytics and actionable insight. Unfortunately, much of this data is used for isolated purposes and is not shared across the organization and able to be leveraged to enhance user experience. Omni-channel persistent interactions are expected by customers, and banks are struggling to keep pace and deliver a cost-effective method for driving consistent omni-channel user experience. Data needs to be better leveraged to drive both channel attention and enhanced user experience. The firms that get this right are the firms that keep pace with the changes of demographics to come, from the baby boomers, to the digital natives. Financial services firms need to transform to a more nimble, flexible and extensible enterprise in effort to create a premiere user experience that continuously learns and evolves.

## Disruption in financial services

Significant user experience innovation in financial services is happening outside of banks. Mint, Venmo, Square, LevelUp, Google Wallet, and other services are heavily shaping customers' expectations of the user experience surrounding their finances. It largely doesn't matter where the users of these services bank; banks are quickly being relegated to mere infrastructure to support these more innovative user experiences—developed by businesses free of the complex and rigid regulatory requirements to which banks are subject. None of these entities are banks and it is unlikely that Google will become a bank in the near future. However, as even consumer-to-consumer transactions are becoming cashless and more digital, these companies are playing a much larger role in the financial user experience landscape. In order to compete, banks need to better position themselves through nimble, interdisciplinary teams in order to deliver in rapid release cycles.

Most banking products haven't changed much in recent history. Accounts, mortgages, and other banking products have become commodities where little innovation is happening in the product itself. We've learned from other industries that once products or services reach this commodity state where they sufficiently fulfill user needs, it is the user experience that differentiates and dominates.

## Layers of a financial services application

The closer a layer of the solution is to the customer, the shorter the release cycle needs to be and the more agile the product team or development team should be. In order to achieve a shorter time to market, it is critical to decouple the UX layer from back-end core banking systems and services that require elements of a solution to be subject to regulatory requirements, complex integration, and the requirements of legacy systems. Speed and agility have to become priorities in order to compete with smaller, more nimble businesses looking to take part of the financial services business.

## An omni-channel strategy requires your focus and attention

Mobility poses a variety of new challenges to an enterprise—and to both business and IT leadership teams. It's more than just a new technology or channel. Mobile's uniqueness lies in the fact that decisions around mobile and the entire omni-channel experience needs to be addressed first and then needs to be harmonized and integrated in consideration of interactions across all other channels.

One common starting point is setting out to answer the big question: What is your vision? Keep in mind, as stated previously, before the journey can truly begin, an enterprise must better understand all the decisions that will have to be made. In order to start to tackle this enormous task, teams should fundamentally assess the following areas of challenge.

### Business challenges

- How do we ensure consistent user experience across customer touch points?
- How do we stay in front of customer demands?
- How can we better leverage analytics to become more customer-centric and deliver a premiere user experience?
- What management, governance and business processes are impacted by a more significant shift to mobile and all other channels?
- How do we assess the success of our mobility and omni-channel initiatives?

### Technical challenges

- Are we adopting the correct approach to application development?
- How can we accelerate delivery, improve quality and leverage global efficiencies?
- How do we most effectively design and develop to meet multiple device and platform needs?
- What does an enterprise architecture look like for mobile? What are the common integration challenges?
- What are current industry design and development standards?

## The IBM approach

Whether your financial services firm seeks to transform customer acquisition strategies, optimize cross-channel interactions, drive product and service innovation across digital initiatives, or streamline internal business processes, you can accomplish more by thinking about the customer first.

### **Analytics to drive development**

Many enterprises narrowly consider UX design as a creative team coming up with ideas in an ivory tower. In reality, complex UX design must be a data-driven process that uses analytics and customer insight paired with marketing strategy and technical capacity. User research is used to capture the specific wants, needs and constraints of the target users. This data is leveraged to define user personas and usability requirements. Findings of the user research define user models (“personas”) that keep the user in focus during the UX design process.

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*The field of analytics has developed from a post factum to a real-time reporting tool into a system for predictive recommendations of next-best actions. Analytics must now also play a larger role during the UX design and build process. Insight gained from analytics must contribute to modern application design early and often to drive improved business results across channels.*

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Mobile interactions generate a large volume of data. Big data analysis now gives us insight into user behaviors and preferences that has previously been unavailable. Individuals use handheld devices to perform countless confidential transactions with banks, insurers, stores, airlines and other economic and social actors.

### **Establish transformation as a continuous evolution**

We do not consider a user experience—whether a mobile application, a website, or a multichannel solution—a completed product, but rather a constant cycle of capturing information, gaining insight, and optimizing user interactions. Through the accelerating proliferation of a variety of devices and customer touch points, any detailed multi-year transformation strategy is completely out of touch with reality without continuous adaptation to external forces. Consider that Apple’s iPhone did not exist merely six years ago. For financial services firms, the not-so-long-ago battle cry was “We need to get an app out to market.” Then it was: “We need remote deposit capture” and “We need to connect to Twitter, don’t we?” and “We need to actively listen to our customers across all our channels” “We need to incorporate social media.”

Many enterprises have committed to and invested in large digital transformations; they now need to understand that these transformations are merely the first iteration of a continuous cycle. The most successful enterprises recognize that digital initiatives are never complete—they evolve.

The dictionary defines evolution as “the gradual development of something, especially from a simple to a more complex form.” The key to digital evolution is a constant adaptation and innovative approach to delivering value to customers in releases with incremental features, not through the monolithic approaches that lead to scarce big-bang releases.

Establishing a foundation for continuous UX improvement with an end-to-end governance process and structure across an entire enterprise is critical. A key step in the process is to start with the right team and the right mix of skills that help establish a program to drive the success of an enterprise's digital transformation. Our recommended approach to drive this model and the resulting evolutionary development typically involve visioning workshops across the business and IT communities where an overall vision can be determined and articulated, often depicted in the form of a journey map based on prioritized user profiles.

### Lead with a strategic vision

The race to deliver outstanding experiences is on. Our approach starts with the definition of an aspirational vision—the concept for the customer experience. The next step is to assess the current state, including organizational maturity and existing applications. We then identify gaps and priorities that lead to a roadmap, the definition of metrics and an iterative release schedule that targets an agile “design, build, test and learn” approach of ninety-day delivery cycles of service as the “product.” This vision and the roadmap continuously evolve to align new insights driven from customer needs to core business objectives.

Project planning and execution for the roadmap are broken down into logical segments of work that are aligned and unified under a holistic view of the overall vision and targeted UX design. For example, each segment leverages common collaborative design and development libraries allowing each team to flesh out detailed user needs and functions for all touch-points and devices while remaining aligned to the over-arching vision and user experience.

### Teams

Superior cross-channel user experiences require superior cross-channel integration in the organization and in the development process. It can be difficult to assemble teams that bring together cross disciplinary and cross-organizational skills. Our approach is to apply any number of techniques to help address these challenges effectively. Examples include:

- Digital labs: a physical space that integrates disciplines across UX, business and tech to prevent “designing something that can’t be implemented”
- Estimating center of competency: better estimation and predictability are keys to better quality
- Quality architecture: quality designed in from the start, including automated testing and a focus on “testability”
- Pattern libraries: reusable code and widgets provide more consistency and quicker design and development
- End-to-end (E2E) vision and visual prototypes: a tangible customer experience prototype to depict the end-state vision
- Collaborative cross-team development: iterative and agile coaching

Critical to success is assembling a cross-functional team that integrates cutting-edge creative thinking, customer insight and research, business expertise, a broad technology perspective and thorough planning. No single discipline can successfully achieve project objectives in isolation. A cross-functional team allows for every decision (design, business, or technical) to be made in a fully collaborative environment that assures your design doesn't just look good “on paper,” but is user-tested, facilitates the business process, is fully implementable, and optimizes the experience for the user.



## Governance

As financial services firms pointedly increase their focus on becoming more customer-centric, multiple groups of stakeholders are concentrated on how to improve their engagement with customers through front office digitization initiatives. Most financial services institutions are heavily investing in large, multi-year, multi-platform front office digitization transformation. In most instances though, these transformations are a complicated and often convoluted collection of fragmented projects. One isolated team within the enterprise may be thinking about web while another thinks about mobile. One disconnected team is building a social media strategy and yet another is tackling real-time, actionable analytics.

The problem is that while each of these individual initiatives is important, most enterprises are addressing them in silos without connecting the work streams across the enterprise or to each other. Enterprises must take a unified approach driven by user centered design patterns that are infused company-wide, driven top-down from the C-Suite and continuously aimed at improving customer insight and user experience.

Initiatives such as IBM's Design Lab show how CIO—CMO partnerships, in which the marketing and technology budgets are shared to jointly achieve business results, are immensely successful in aligning business around customer experience strategy. Partnerships such as this one help businesses to organize around the customer experience, to share data and budget. And collaboration drives success, as documented in IBM's 2013 C-Suite Study, in which the data reveals that C-Suites in outperforming enterprises collaborate 28 percent more than underperformers.<sup>12</sup>

## Measuring success

An obvious question is how we measure the success of a multi-channel customer experience. Traditional, channel-based approaches to measuring success no longer suffice. We see many banks moving to segment-based value propositions and metrics. This problem of attributing marketing in one channel to the success of other channels is no new problem; TV and other channels have used various methods to determine marketing ROI for years. At the end of the day it's about the customer, not about the channel. Metrics such as the Net Promoter Score can be extremely useful in this regard.

In order to achieve true transformation, organizations themselves need to function in a way that enables them to look at the customer experience holistically. Having a single view of the customer is just the start. The insight gained from that single view needs to permeate organizations from solution design to development to measurement, analysis and re-design. It needs to be incorporated into the evolution cycle and used to continually deliver improvements by adapting to user needs and preferences.



## Conclusion

At IBM, our approach is to design user experience with technology, not for technology. We assemble inter-disciplinary teams to bring together relevant parts of IBM to create truly integrated teams and solutions at a pace that can keep up with today's changing environments. IBM design thinking is infused across teams and disciplines. And we do the same when working with clients on their digital transformation initiatives.

For financial services firms, this requires a fresh approach to organizational structure and to integrating design and delivery. Establishing a holistic customer experience foundation for continuous evolutionary improvement with an end-to-end governance process and structure across the entire enterprise is critical. A key step in the process is to start with the right team and mix of skills that help you establish a program to drive the success of an enterprise's digital transformation.

To be successful, financial services firms need to change their approach in this era of the customer to align the budget, the organization and success criteria with the needs of the customer. In this rapidly changing environment, this means building more nimble, more empowered teams that can adapt and iterate in rapid release cycles.

## About the authors

Rich Berkman is an Associate Partner and Delivery Executive with IBM Interactive Boston. Rich has over seventeen years experience working with start-up to mature enterprise software, technology, consulting and Internet related businesses. Rich specializes in managing front office digital and omni-channel design and application development projects using IBM's User Centered Design methodology. He can be reached at [reberkman@us.ibm.com](mailto:reberkman@us.ibm.com) or [@RichBerk](https://twitter.com/RichBerk)

Marvin Klein is a User Experience Director with IBM Interactive in New York. Mr. Klein has supported financial services clients in the US for the past five years and is now focused on growing IBM's digital capabilities in Latin America. He can be reached at [marvinklein@us.ibm.com](mailto:marvinklein@us.ibm.com) or [@thoughts](https://twitter.com/thoughts)

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Somers, NY 10589  
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