

Backbase

Intesa Backbase Business Case

Updated - October 2024



Executive Summary

Introducing Digital Wealth Management Transformation, powered by the Backbase.

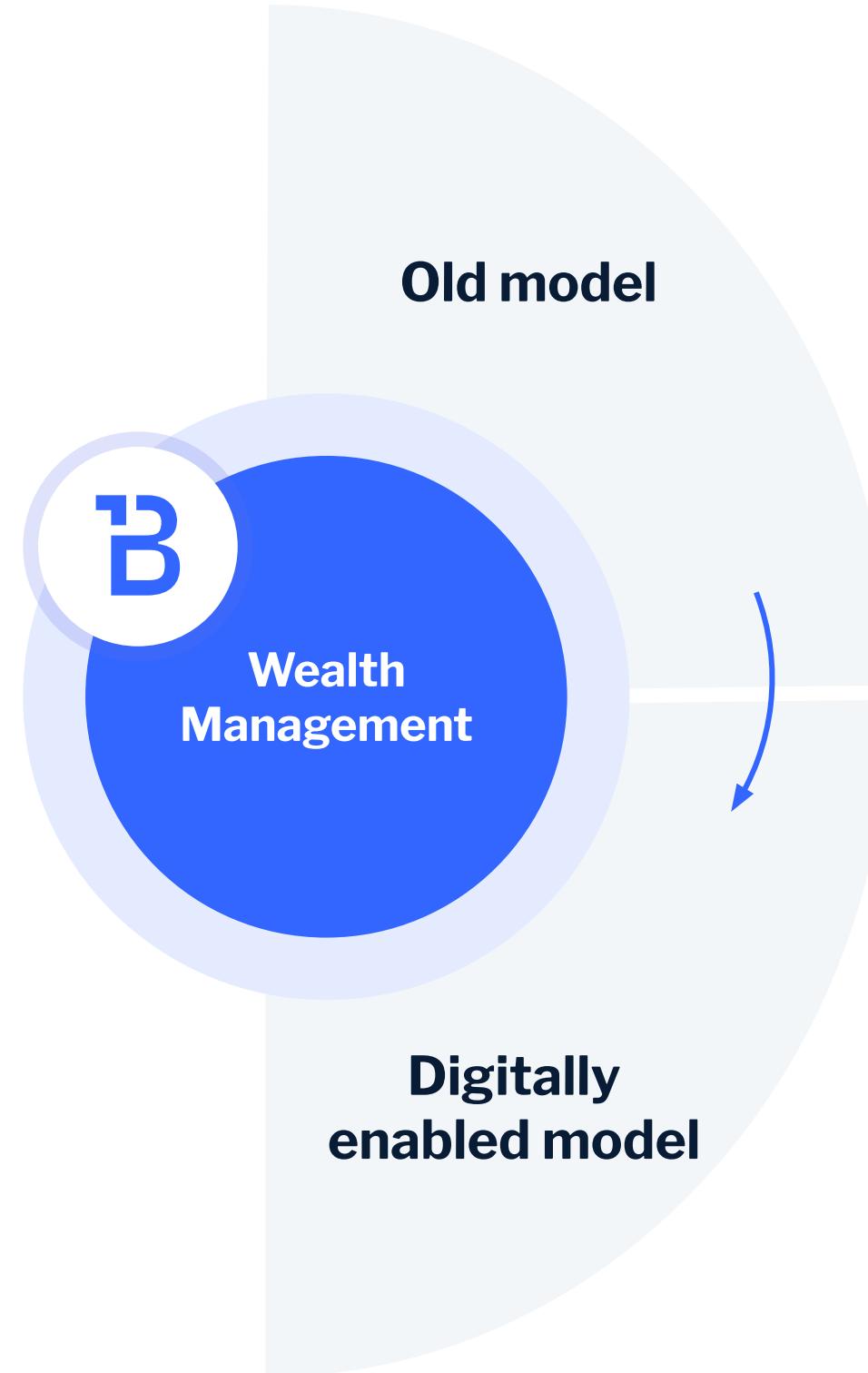
Setting up for success

Intesa San Paolo Wealth Management Luxembourg and Backbase have been engaged in strategic discussions this year, during which ISPWM outlined their vision for a future-oriented digital transformation. Key functional requirements have been highlighted through a detailed Proof of Value (POV) and RFP, resulting in the shortlist of Backbase as a potential partner.

As the next step, it was agreed to build a business case, for which a full-day, on-site workshop was conducted, focused on selected personas to collect insights and data points on the existing processes. This document summarizes the findings in terms of business benefits and ROI from a customer and employee perspective, a result of the digitization of ISPWM's core journeys.

Our approach empowers ISPWM with a best-in-class platform and experience in Wealth Management by deploying modular, and scalable components and establishes a solid foundation for scalable and incremental innovation in Luxembourg, all at a reduced cost of operations and ownership.

Transforming ISPWM I



Clients / CRM	Avg AUM/client	AUM/ CRM	Revenue	CIR
91	€1 mil.	€153 mil.	€93 mil.	70%
155	€11 mil.	€259 mil.	€101 mil.	68%

Improved client / advisor ratio

Higher AUM per advisor

Bigger fee pool

Significantly reduced costs and scalability

Transforming ISPWM |

Powered by Backbase, ISPWM can be future ready and unlock value across the customer and employee lifecycle

95%

Client conversion rate improvement

~3 - 4 days

Average estimated TAT for account opening

+15 pts

NPS improvement

65%

Reduction of time spent on non value added tasks

80%

Increase of transaction volume



Backbase

Provide a better customer experience in acquisition and servicing, while digitizing and optimizing processes and employee productivity regarding value-adding activities.

Transforming ISPWM |

Considered need

Unconsidered need

Customer



Seamless digital experience

"I want my banking to be highly efficient and hassle-free. Every time I am delayed or have to follow up, it disrupts my plans. I value speed and reliability, and **I expect things to work on my timeline, not the bank's.**"

Tailored exclusive experience

"I like to feel valued and special in every experience I have, my banking shouldn't be any different. **I'd appreciate proactive, exclusive advice and access to tools tailored to me and my finances,** helping me make informed decisions"

CRM/Advisor



Improved productivity

"Too much of my time is wasted on repetitive manual data entry and gathering documentation from various places. **I want to focus more on building relationships and addressing my clients needs in a more meaningful way"**

Empowered experience

"I want to feel more empowered in my role. Sometimes I feel I'm working in the dark— caught up in tedious, low-value tasks instead of making broader impact and proactively anticipating my clients needs in a more tailored way"

Client Admin



Streamlined digital process

"I need to reduce the time it takes to process documentation. The current manual process is prone to errors, and **it's frustrating for everyone to have to chase down missing information"**

Proactive efficiency

"Right now I feel like I'm firefighting small issues ... Automated data entry, e-signatures, and a streamlined workflow would make my work much faster, **allowing me to focus on more complex compliance tasks "**

MO/BO



Efficient processing

"We need to process payments and transaction orders more efficiently and faster. Right now, **there are too many errors and delays in getting these transactions completed"**

Fluid hybrid operations

"I want my team to have the tools to work effectively. What would really improve our operations is an automated system that could handle transaction processing and account reconciliation seamlessly"

**€22
million**

**€6
million**

Total additional revenue from new accounts, transactions, new AUM income and client retention benefits

Total cost reduction benefits from employee productivity improvements

**+€28.5
million**



Gross benefits to be generated for ISPWM over 5 years

For an initial total
investment (license
+ implementation)

€9.1
million

224%

**Return on
investment**



**Every €1 spent earns
€3.24 back**

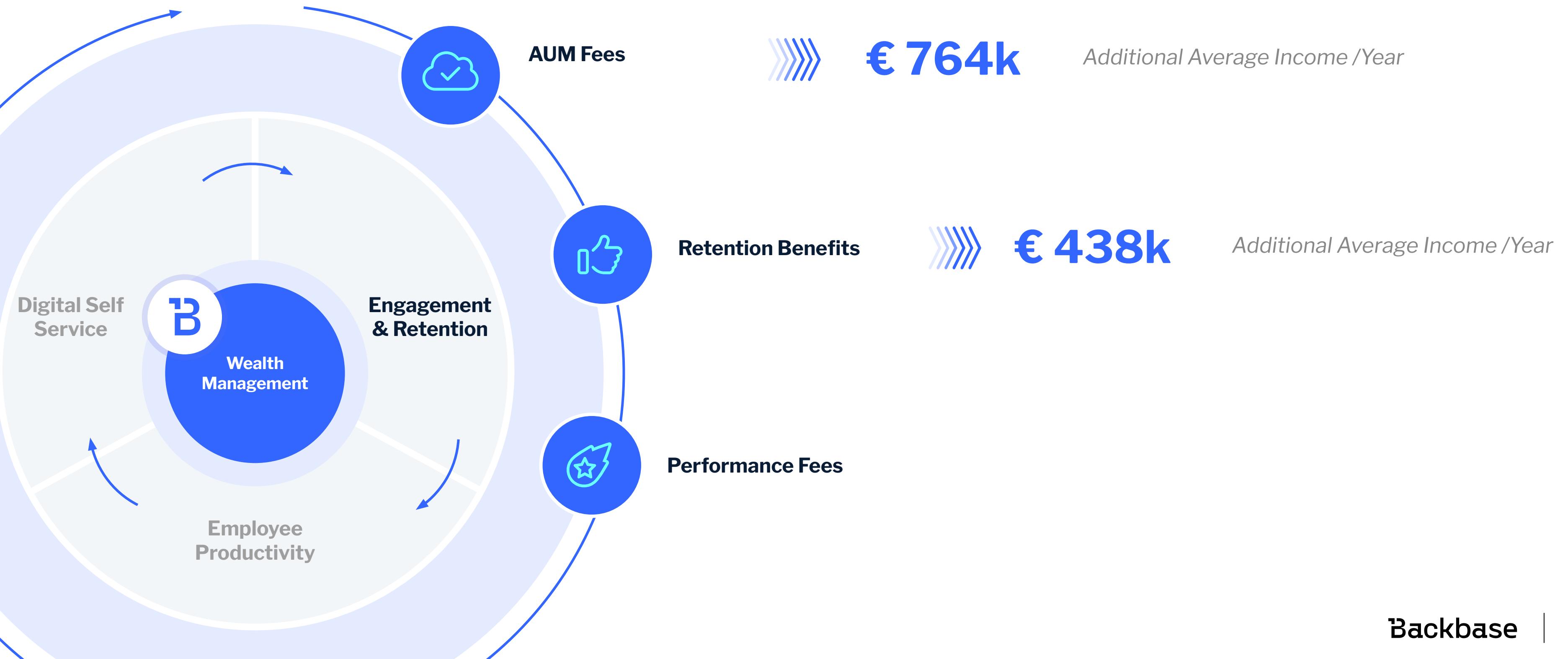
Transforming ISPWM |



Transforming ISPWM |



Transforming ISPWM |



Backbase

Intesa Business Case

Business Benefits to ISPWM

Our understanding of your strategic objectives



Our

understanding

of your

strategic

objectives

Source: Intessa Interviews



Your Challenges

Limited online banking view only
consultative capabilities

**5% of new customer growth due to
lack of digital onboarding**

Lack of fundamental banking
services results into low
engagement and share of wallet

Lack of wealth execution, advisory
& discretionary on digital impacting
AUM

Manual and expensive collaboration
between RM, EAMs, customers &
third parties



Your Objectives

Create **superior** omni-channel
customer experience

Increase AUM & market share with
personalized value propositions
and **segmentation**

Maintain operational efficiency
through **front-to-back digitization**

Sustainability and **innovation** in
product & service offerings

Accelerated **time to value** through
simple technology and
architecture



INTESA SANPAOLO
WEALTH MANAGEMENT
Luxembourg



Value Lever

Superior Digital Experience

Key Facts + Figures



Customers Acquired / Year
800



New Money/Year
500 Mn Euro



Customer Churn %
~10 %

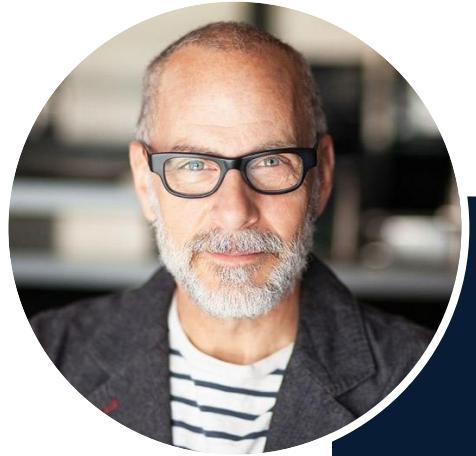


AUM
8.9 Bn Euro

Status Quo of Account Opening /Onboarding



Current Challenges | Customer



01 Onboarding

Client Challenges

- Manual paper based onboarding
- Lot of rework and high efforts

- Turnaround time for account opening is high
- No transparency on status of application

Root Cause

- Lack of digital collaboration space
- Paper based application
- Manual data entry into Olympic

- Lack of digital collaboration between CRM, client admin middle office and approval committee

Impact

Client Conversion < 75%

02 Servicing

- No capability to execute payments, trades or corporate actions
- Access to CRM is tough

- Turn around time for CRM driven operations is too high
- Latency in executed transactions

- Lack of relevant content, collateral
- Experience is not personalized to my needs

- Current App is view only without any self service operations, Depend on CRM

- Siloed channels(Olympic, Wize etc) , teams and systems

- Customer information residing across multiple applications

Digital Adoption <30%

Customer Churn >10%

Backbase Use Cases | Customer



01

Digital Onboarding

Use Cases

- Provide e2e digital onboarding
- Provide digital collaboration space to prospect

- Enable CRM & client admin & MO/BO to work on same platform to act on application

- Enable customer with **digital self service for banking and investing operations**

- Enable collaboration of MO/BO teams
- **Integrate with applications like Olympics, Nevis, Wize**

- Enable CRM & advisory to provide **personalised services and tailored proposal**

Backbase Capabilities

Digital Onboarding

Task Manager

Digital Banking

Integration APIs

Digital Engage

Prospect Lobby

Application Tracker

Trading

Digital Assist

Hyper Personalization

Application Center

Self Registration

Live Chat & Messages

Emulation

Proposal Management

Value Delivered

Client Conversion **75% to 95%**

Digital Adoption: **35% to 75%**

Customer Churn **<5 %**

Improve Client Conversion

Current Manual Onboarding

-  Customer leakage at prospecting stage due to lack of collaboration space and disengagement is ~ **23% (300 prospects)**
-  Customer leakage at onboarding due to lack of application transparency & long TAT ~ **25% (200 prospects)**
-  Manual approval collaboration and handovers. Turn around time for account opening is **21 to 90 days**
-  Rework rate due to error application and document quality within client administration team & CRM is **25%**
-  Manual data capture & data entry into Olympic consumes **4hrs/application**

Backbase Powered Digital Onboarding

-  Virtual lobby to engage customers with relevant content and uploads. Abandonment reduced by **50%**
-  Digital onboarding with application tracking , digital KYC and signatures will reduce abandonment rate by **80%**
-  Digital validations & task manager handovers. Turn around time for account opening is **3-4 days**
-  Backbase digital validation through OCR capabilities and integrated checks reduce rework to **< 5%**
-  API integration to Olympic leads to manual work of **0 hrs**

Business Impact: ISPWM Onboarding Metrics

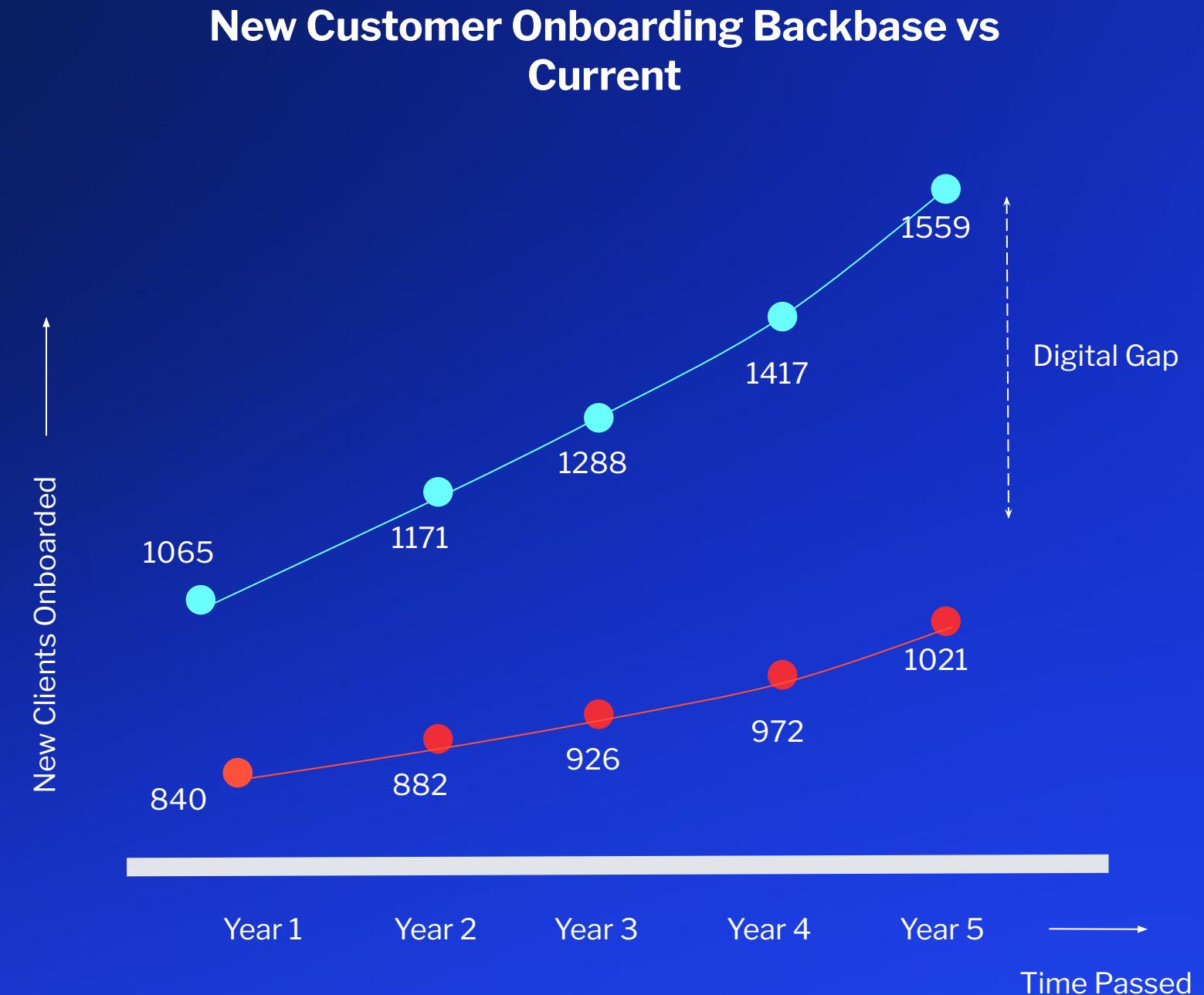
Customers Prospected
(last year)
1,300

Customer Onboarded
800



Backbase Impact
30%
(Attainment of abandoning
prospects in onboarding process)

Customer Abandoned
33%



Additional Average
Income /Year
\$ 2 Mn

Impact on Wealth Banking Transactions

Current Wealth Banking

-  Current wealth banking app is a read only app with an adoption of **35%** and digitally active customers **<10 %**
-  CRM based manual yearly **trade transactions** are averaged at **15 transaction/customer**
-  CRM based manual yearly **payment transactions** are averaged at **7 payments/customer**
-  **Corporate actions** and **user details updates** are manual today and often leads to 'no response' from customer
-  Turnaround time for transactions due to manual capture, validation and processing is **5-7 hrs /transaction**

Backbase Powered Wealth Banking

-  Engagement banking app to increase adoption **< 75%** and digital active **< 60%**
-  STP Trade execution in digital self service will increase transactions volume by **30%**
-  STP Payment execution in digital self service will increase transactions volume by **80%**
-  Provide automated corporate action as self service and use 'Backbase Digital Engage & Assist' to nudge customers with relevant notifications
-  Turnaround time with Backbase trading and payment engines automating entire process is **Instantly**

Business Impact: ISPWM Transaction Metrics

Total Trade Count -2023

82,100
(5% YoY Organic Growth)

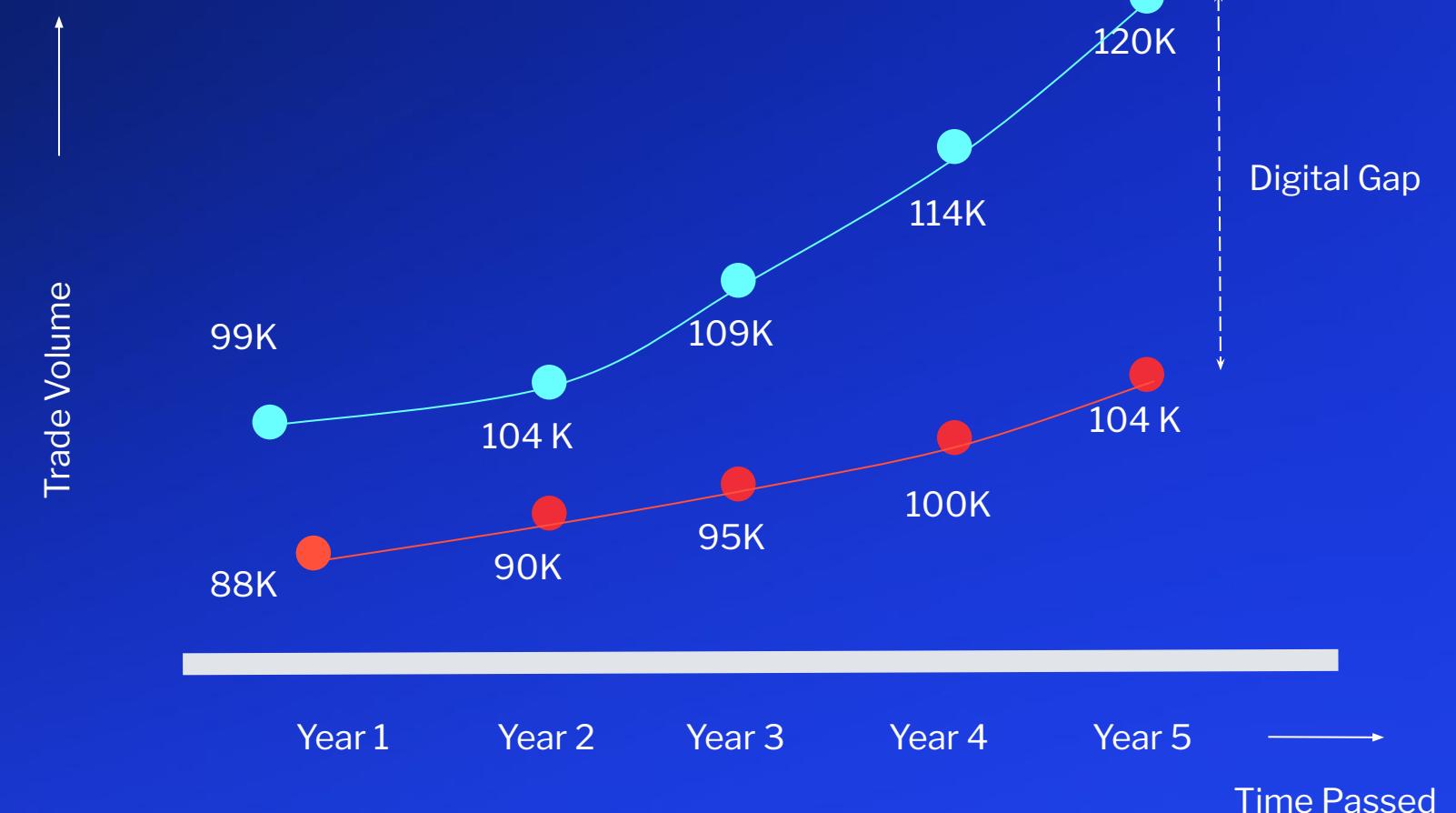
Average Value /Trade
\$ 73,081



Backbase Impact
15%
(YoY growth on top of existing due
to self-service RM Portal)

Income Through Trade
.2%
(Based on Market Standards)

Trade Executions Backbase vs Current



Additional Average
Income /Year
\$ 2 Mn

Value Lever

Enabling Employees

Key Facts + Figures



CRM + Advisory
58 FTE



Client Admin
8 FTE



**Middle + Back
Office**
34 FTE



**Blended Hourly
Rates**
\$150 CRM
\$60 MO/BO

ISPWM Customer Servicing Teams



Current Challenges | CRM & Advisory



01

Productivity loss

Execution Challenges

BAU Tasks:

Running customer banking operations on Wize, Olympic, etc

Raising support requests for client transaction:

- Trades, Payments
- Portfolio movements
- Client details

Root Cause

- Multiple applications for different tasks

Impact

CRM: Non value added time spent; 75%

02

Manage customer satisfaction

- Higher resolution times due to manual routing between CRM & MO/BO teams

- **Advisory Proposals: Lack of customer context** leads to higher proposal effort and lower engagement

No aggregated customer view available to proactively prescribe relevant products

- CRM & Advisory does not have capability to resolve requests
- Lack of streamlined collaboration between different units

- Siloed channels (Olympic, Wize etc), teams and systems

- Customer information residing across multiple applications

Advisory Proposal Dispatched: 30/Week

Proposal Acceptance; 70%

Backbase Use Cases | CRM & Advisory



01

Client BAU Operations

Use Cases

- **Aggregate** banking functions into one application
- Enable CRM with **customer 360°** info
- Enable CRM to provide **instant support through collaboration**

02

Portfolio & Performance Management

Backbase Capabilities

Aggregated Portfolio View	Digital Assist for RM & CSU	Appointment Booking (RM)	Integration APIs	Proposal Management
Payment, Trans, Cards	Act on Behalf	Live Chat	Document Vault	Live Chat
Customer 360°	Entitlements & Security	Message Center	Emulation & Act on Behalf	Integration with Wize

Value Delivered

Non value added time reduced; **70% to 25%**

Customer Satisfaction/NPS improved by **10-15 pts**

Proposal Acceptance; **75% to 90%**

Current Challenges | Client Administration & MO/BO



01 Client Administration

Execution Challenges

- KYC Documentation: Manual data entry and validation leads to higher TAT & 25% rework rate

Root Cause

- Manual paper based onboarding without any digital validation

Impact

FTE required ; **8**

02 Middle Office

- Manual checks and validations of payments and trades 30-40 mins

- Inputs order for EAMS and institutional clients which may take up 30 mins/order

- Lack of digital self service & employee portal to validate & input order on same digital platform

03 Back Office

- Corporate **Actions** handled manually from preparation of notification to distribution
- **Manual Reconciliation** of transactions

Non value added time in throughput time ; 40%

Transaction TAT: ??

Digital Assist Use Cases | Client Administration & MO/BO



01 Client Administration

Use Cases

- Digital onboarding -OCR & digital KYC
- Digital validations of documents & risk flagging

- Enable digital collaboration on Backbase platform & manage SLAs

02 Middle Office

Backbase Capabilities

- Enable digital self service for customer for trade, payment, profile updates, documents, etc.

- Enable MO to execute transactions from RM portal

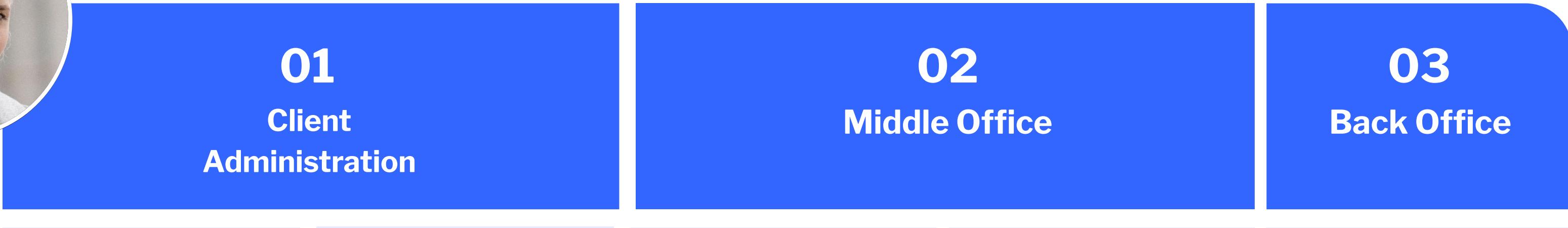
03 Back Office

Value Delivered

FTE required ; **3 not 8**

Non value added time reduced from ; **40% to 10 %**

Transaction TAT improvement **45%**



CRM & Advisory Efficiency & Effectiveness

Client Operation	Role, Task Count/Year & Time/Task	Backbase Impact Task Volume (due to self service)	Backbase Impact Efficiency (due to end to end digital)
Onboarding	CRM- 800 (3 hrs) Client Admin-800 (2 hr) Middle Office- 800 (1 hr)	Digital onboarding will reduce 40% of tasks	Collaboration & processing time will be reduced by 20%
Portfolio Management	CRM- 20,000 (1 hrs)	Self Service Portfolio view & rebalancing will remove 30% of tasks	RM Portal will reduce task time by 25%
Trade Transactions	CRM: 75,000 (15 mins) MO: 82,000 (20 mins) BO: 82,000 (10 mins)	Self Service trade execution will remove 40% of tasks	Digital assist driven validations & approvals will reduce task time by 40%
Payment Transactions	CRM: 20,000 (10 mins) MO: 20,000 (10 mins) BO: 20,000 (5 mins)	Self Service payment execution will remove 40% of tasks	Digital assist driven validations & approvals will reduce task time by 50%
Corporate Actions	CRM: 500 (20 mins)* BO: 500 (15 mins)*	Self Service corporate actions will remove 30% of tasks	Digital assist driven collaboration will reduce task time by 40%

CRM & Advisory Efficiency & Effectiveness

Client Operation	Role, Task Count/Year & Time/Task	Backbase Impact Task Volume (due to self service)	Backbase Impact Efficiency (due to end to end digital)
Document Updates	CRM- 1,000(10 mins) Client Admin- 1,000 (30 mins)	Self Service will remove 30% of tasks	Digital assist driven validations & approvals will reduce task time by 30%
Client Data Update	CRM- 2,500 (10 mins) Client Admin- 3,000 (20 mins)	Self Service will remove 30% of tasks	Digital assist driven validations & approvals will reduce task time by 50%
Proposal Management	CRM- 1,500 (40 mins) Advisory- 2,000 (2 hrs)	NA	Backbase proposal management will reduce creation & distribution time by 40%

Business Impact: ISPWM Productivity Metrics

	Blended Hourly Rate	Total Manual Tasks Created (Yearly)	Total Time Spent (Hrs)	Backbase Impact in Task/Process Time Reduction	Hours Saved	Financial Value
 CRM	\$ 150	106,300	44,150	40%	41,000	\$ 614,000
 Advisor	\$ 150	2,000	4,000	30%	1,200	\$150,000
 Client Admin	\$60	4,800	3,100	60%	1,900	\$95,000
 MO/BO	\$60	205,000	61,000	40%	34,000	\$450,000

Annual Cost Savings
\$ 1.3 Million

Value Lever

Engagement & Loyalty

Key Facts + Figures

 **AUM**
\$ 8.9 bn

 **AUM/Customer**
\$ 1.6 Mn

 **Customer Churn %**
~10 %

 **Churn Loss**
\$ 1.1 Mn

Key Impacted Metrics



Digital Wealth | Our customers see impact



Increase AUM based Commission

Enhanced client engagement through digital portfolio, personalised advice and real time performance tracking will lead to **higher trust & larger portfolios.**



Increase Retention and Engagement

By adding trading and banking services to your offering, you can **keep customers within your ecosystem**, and remain their preferred financial partner.



Diversify Revenue from Upselling

By introducing investment products through digital engage based targeted marketing, you can diversify your revenue streams, enhancing resilience and **stability of your bank's income.**



Performance / Consulting Based Fees

Real-time insights to CRM and advisory team will lead to **improved portfolio management and performance**

Business Impact: ISPWM Productivity Metrics

AUM Based Commission

Total AUM	Average AUM/Client	Backbase Impact (AUM)	Fees (Standard)	Annual Benefit
\$ 8.9 Bn	\$ 1.6 Mn	2%	.5%	\$ 890,000

Customer Retention Through Engagement

Customer Leaving (Yearly)	Churn Rate	Backbase Impact (AUM)	Average Income/Customer	Annual Benefit
600	10%	15%	\$ 17,000	\$ 510,000

Annual Benefits
\$ 1.4 Million

Backbase

Backbase ROI

Business Benefits to ISPWM

5 Years Incremental Benefits Case

Key Considerations

We assume a very practical approach in our business case formation.

The first year we assume only 30% of year due to quarter 2 rollout and 50% 1st year effectiveness due to the incremental adoption of the platform.

We assume the upsell benefits only kick in from Year 2 at 60% as year 2 will only be spent into enrolling & engaging non-digital customers to adopt digital.

From year 4 - We have considered 100% Backbase effectiveness

	Year 1	Year 2	Year 3	Year 4	Year 5
Income Benefits					
New Accounts Income	\$355,798.19	\$915,587.35	\$1,719,928.46	\$2,346,212.35	\$2,837,115.02
Transaction Based Income	€567,000.00	€1,190,700.00	€1,875,352.50	€2,187,911.25	€2,297,306.81
AUM Based Income	\$267,000.00	\$560,700.00	\$883,102.50	\$1,030,286.25	\$1,081,800.56
Client Retention Benefits	\$153,000.00	\$321,300.00	\$506,047.50	\$590,388.75	\$619,908.19
Cost Reduction					
Personal Costs	\$391,710.00	\$822,591.00	\$1,295,580.83	\$1,511,510.96	\$1,587,086.51
Administrative Costs	\$37,500.00	\$81,000.00	\$133,200.00	\$160,000.00	\$170,000.00
Total	\$1,772,008.19	\$3,891,878.35	\$6,413,211.79	\$7,826,309.56	\$8,593,217.10

**Gross 5 Year Benefits
\$ 28.5 Million**

Investments: 5 Years TCO

WIP

Backbase Costs

Intesa Costs

ROI Summary - Cash Flow Visualization; Private Banking

WIP



Total **Investment: €9.1 Mn**
(License + Implementation).



Total **Return: €28.5 Mn**
(Revenue Lift + Cost Avoidance)



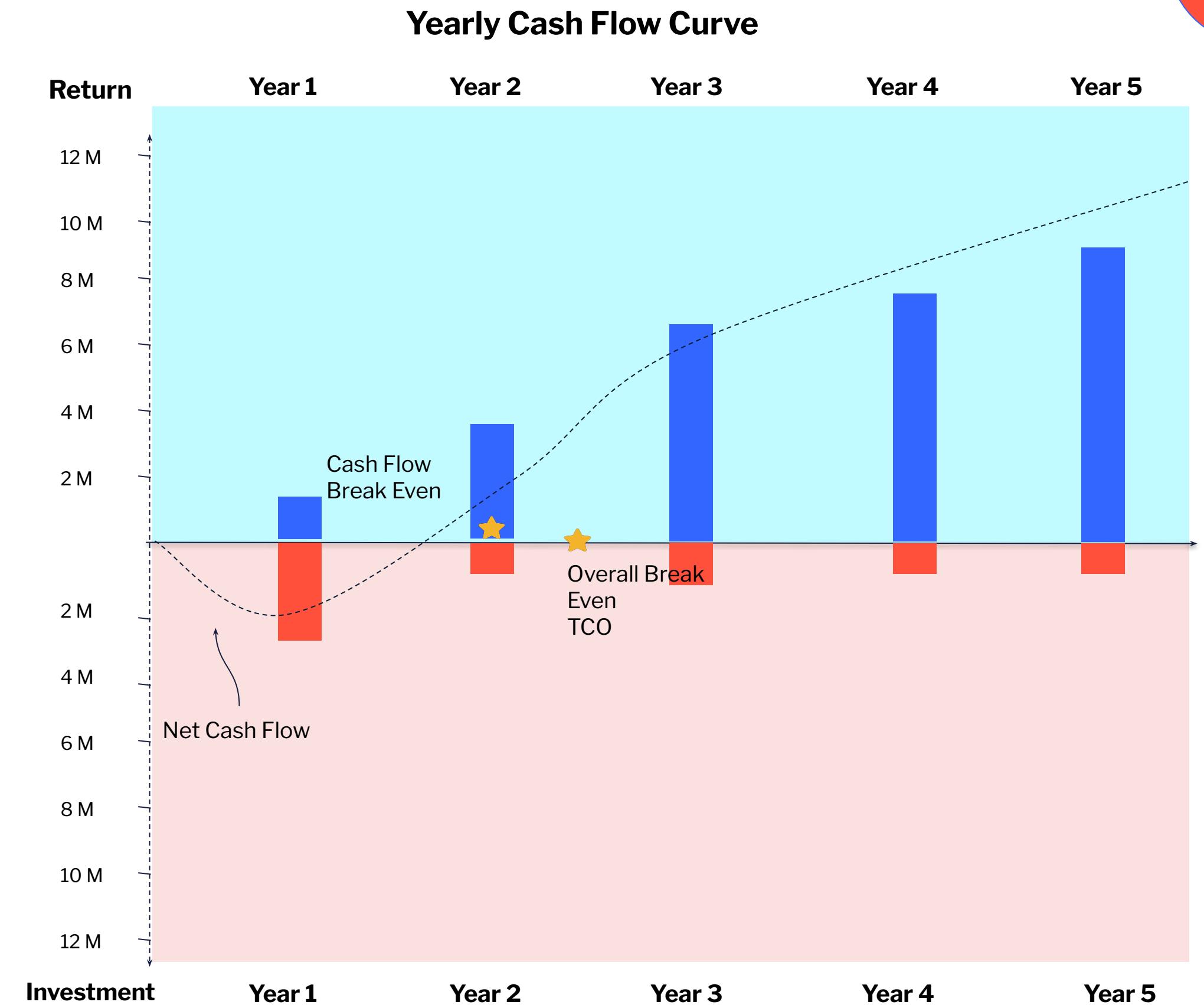
Return on Investment: **224%**
(every Euro spent earns €3.24 back)



Programme's **Discounted Payback**
Period: 4.4Yrs; WACC = 10%
Positive cash flow in **Year 2**.



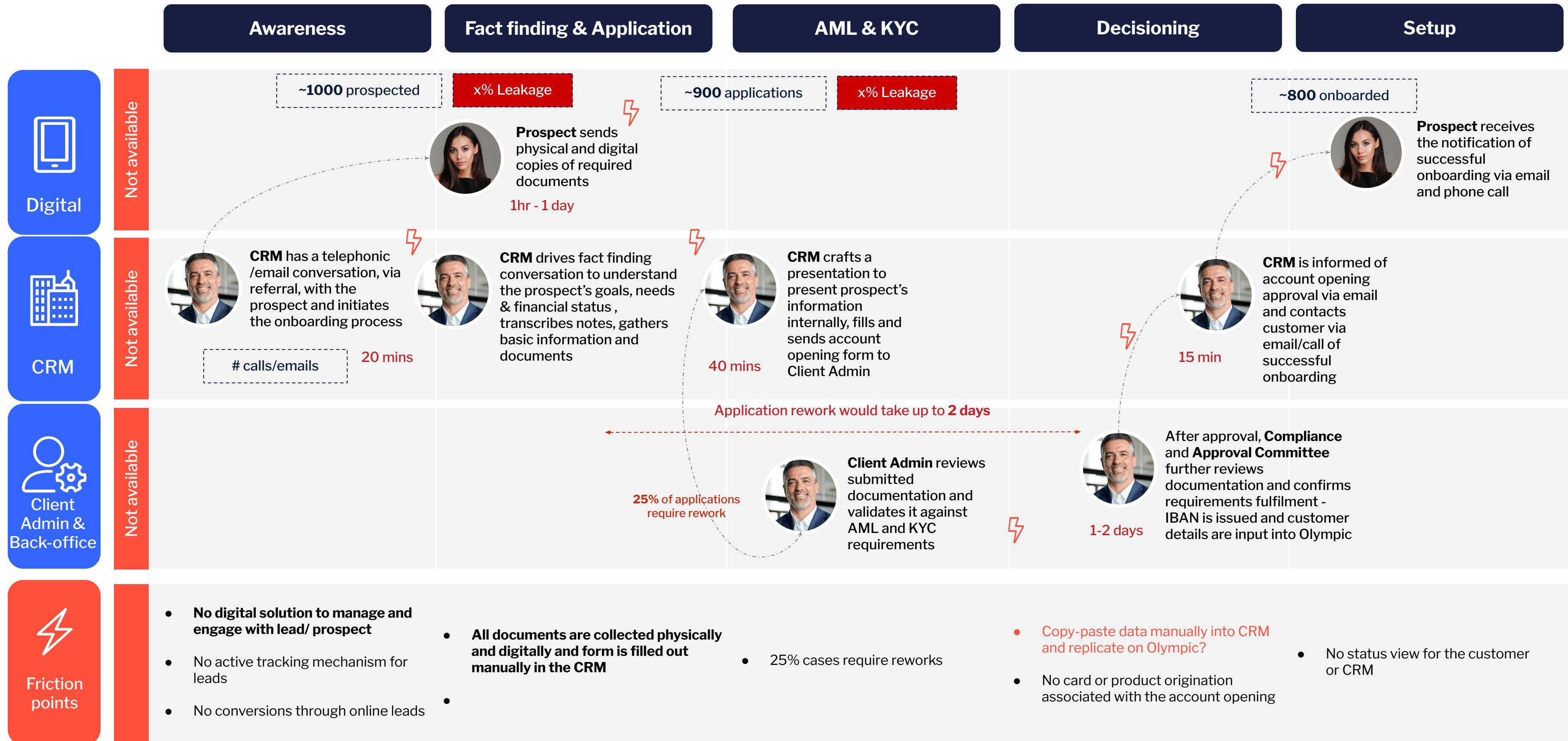
BIGGEST CONTRIBUTOR to ROI upside are
New Accounts Income, CRM
Productivity & Increased AUM based fees.



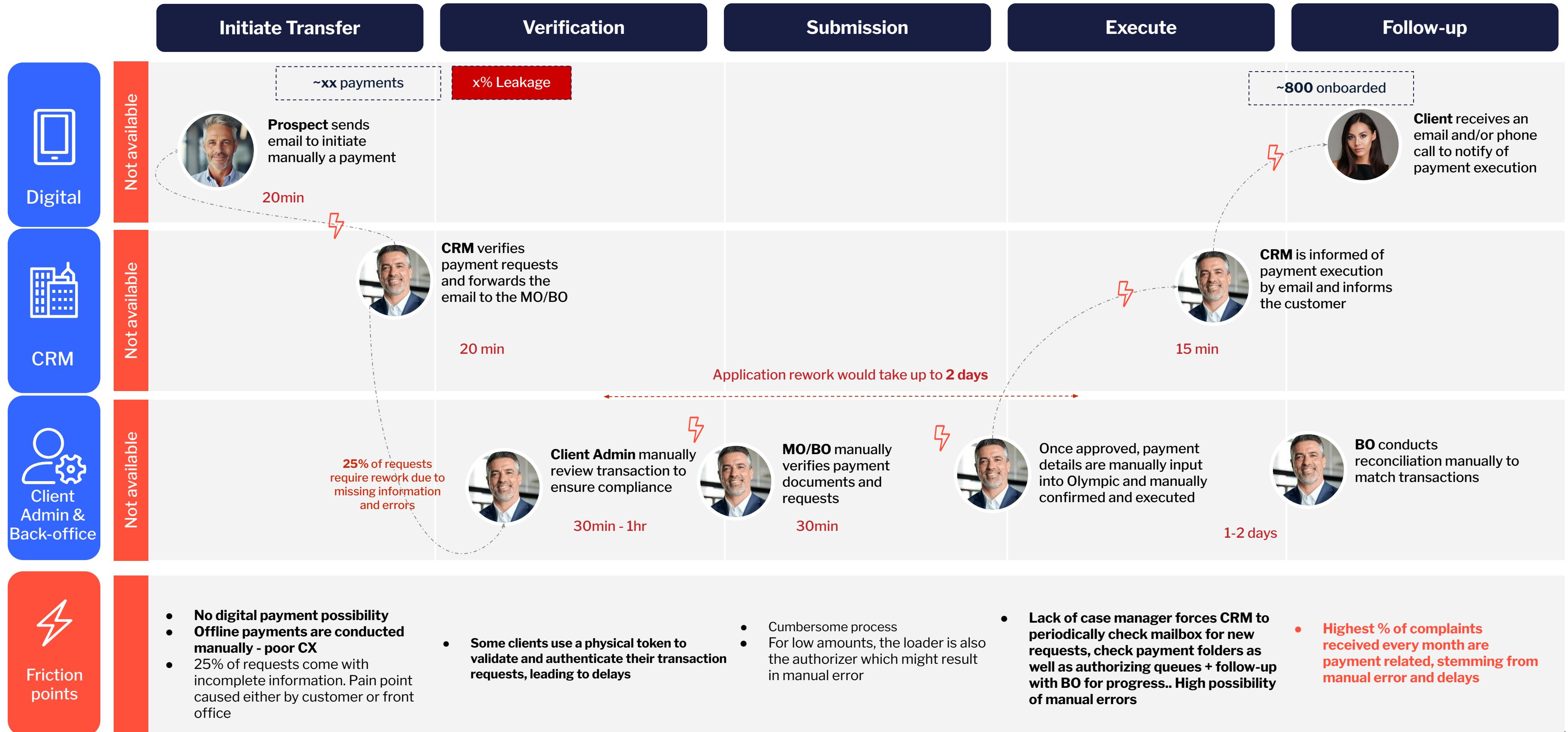
THANK YOU

Backbase

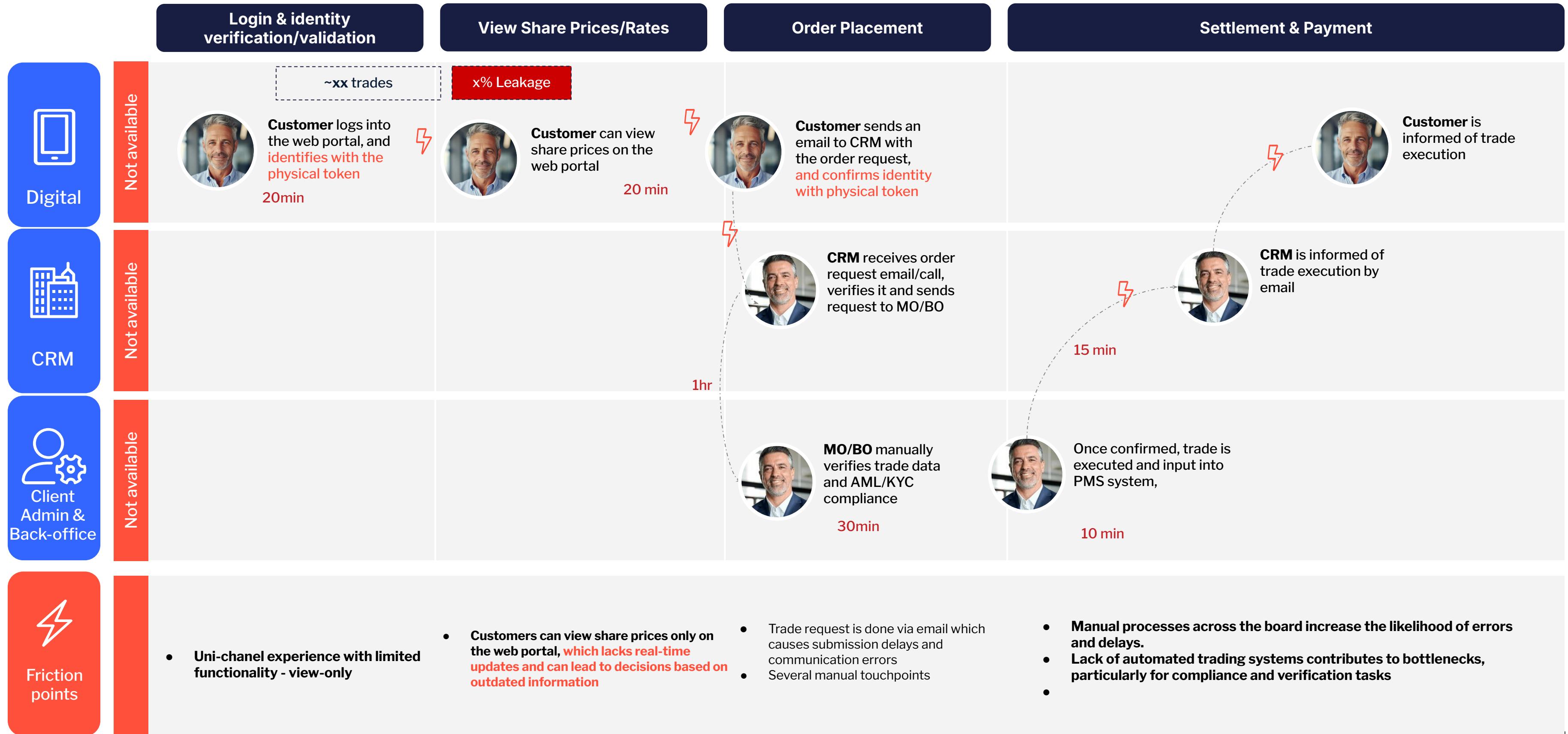
As-Is - Onboarding - Physical Person



As-Is - Payments - Physical Person



As-Is - Trading - Buy Operations

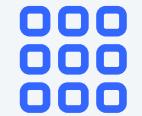


Digital Onboarding | Powering ISPWM Acquisition Strategy

WIP



Acquire More Customers



Acquire more EAMS



Expand RM Client Base in Intesa

-

Recurring Icons

Some icons are already associated with specific concepts/assets of the company.
Keep that in mind for consistency across presentations.



User



Customer



Employee



Team



Customer Service



Platform



Continuous innovation



Silos



Journeys



Fast innovation



Break free

Cost advantage
Loans
Savings

Balance



Decision making



Link



Growth



Beyond banking



Money movement



Code



Tools



Digital Engagement



World



Savings



Stress free & secure operation



Awards / Financial wellness



money



Delivery model



Strategic advantage



partner



Criticality to business



Lower implementation



solution



Chart



Financial Important income verification



Bank



Wallet



Calendar



Building



Secure



Vault



Alert



Calculator



Credit card



Wealth



Shop



Application Center



Guided implementation



Devices



Mobile



Cloud



Laptop



Bitcoin



House



Shopping cart



Car



percentage



business

ICONS



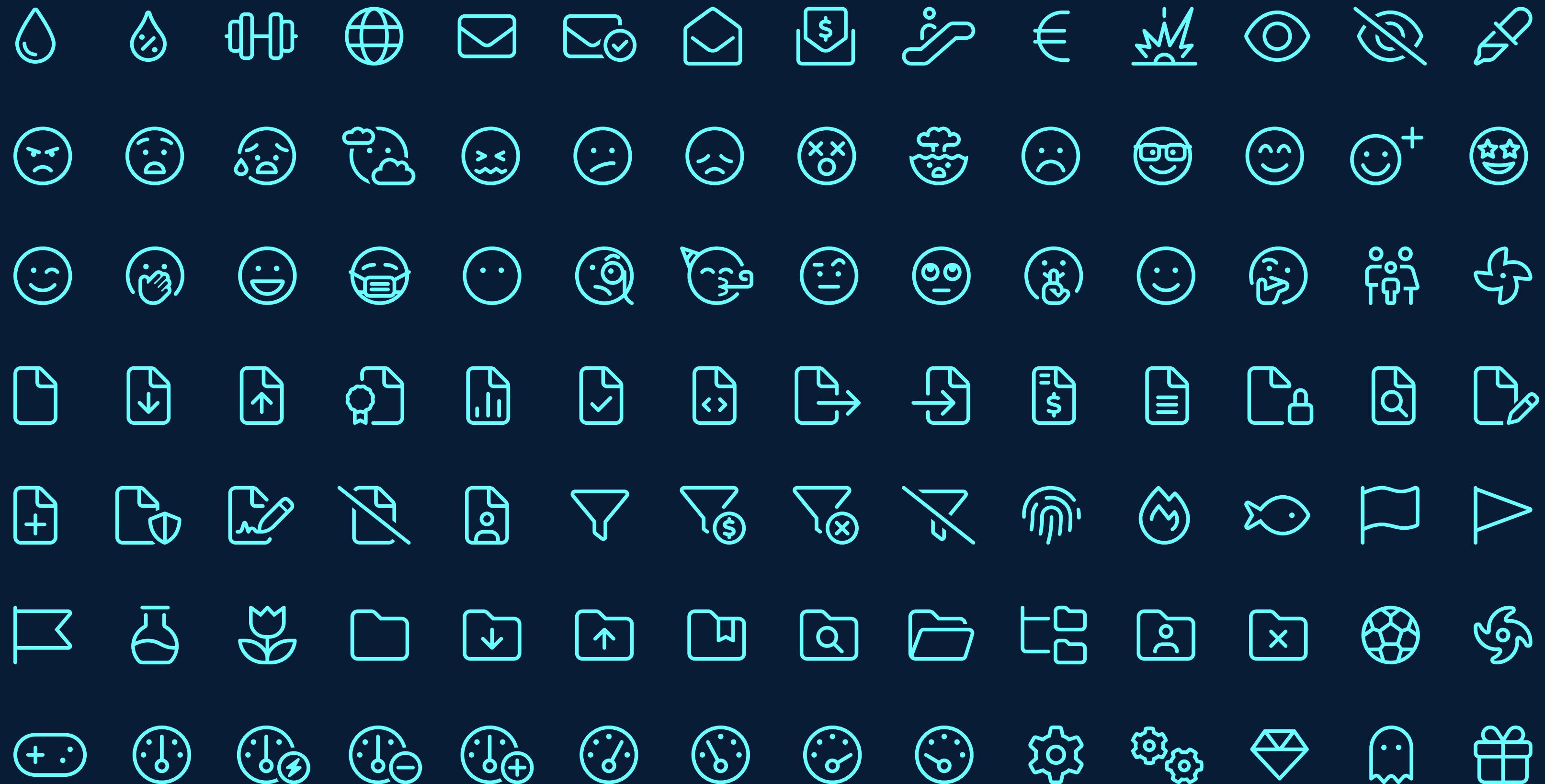
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