



# Turning Lemons Into Lemonade

How Technology Turns Cost Centers In To Profit

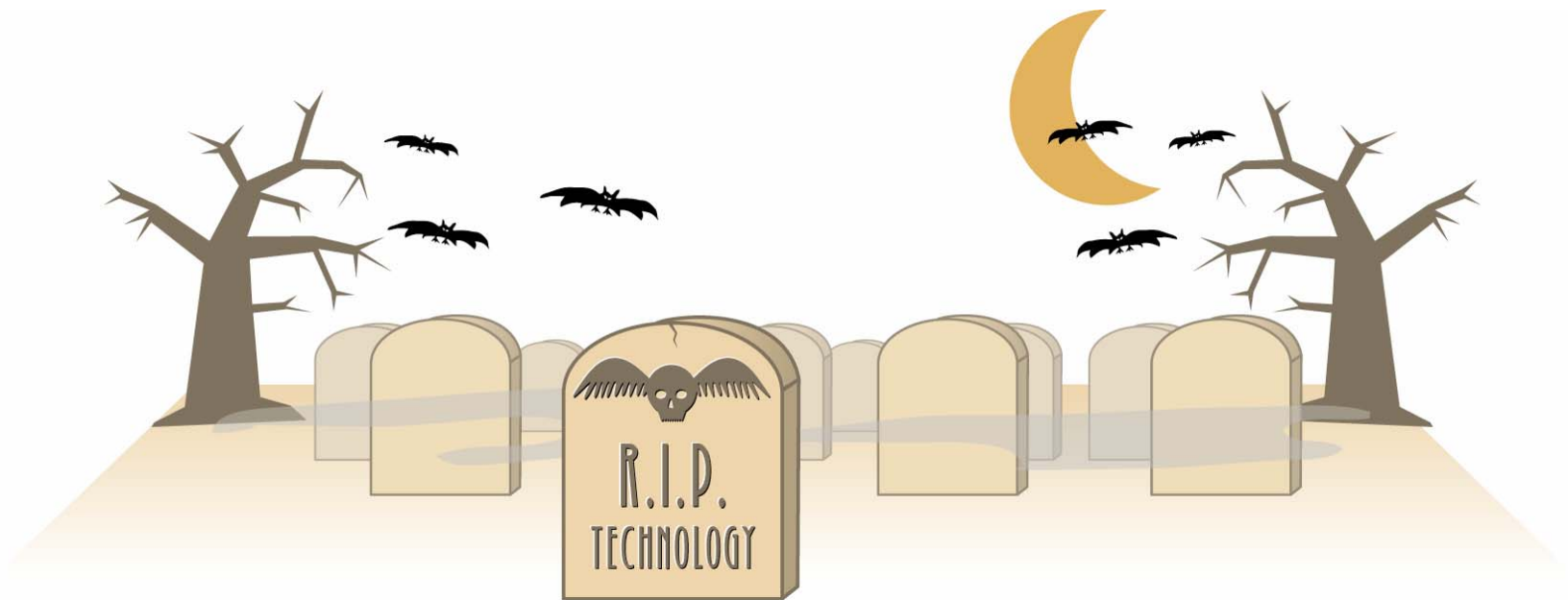
November 1-3  
JW Marriott  
Resort & Spa  
Las Vegas, NV

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# Is Technology Dead?





# They Might Be Right

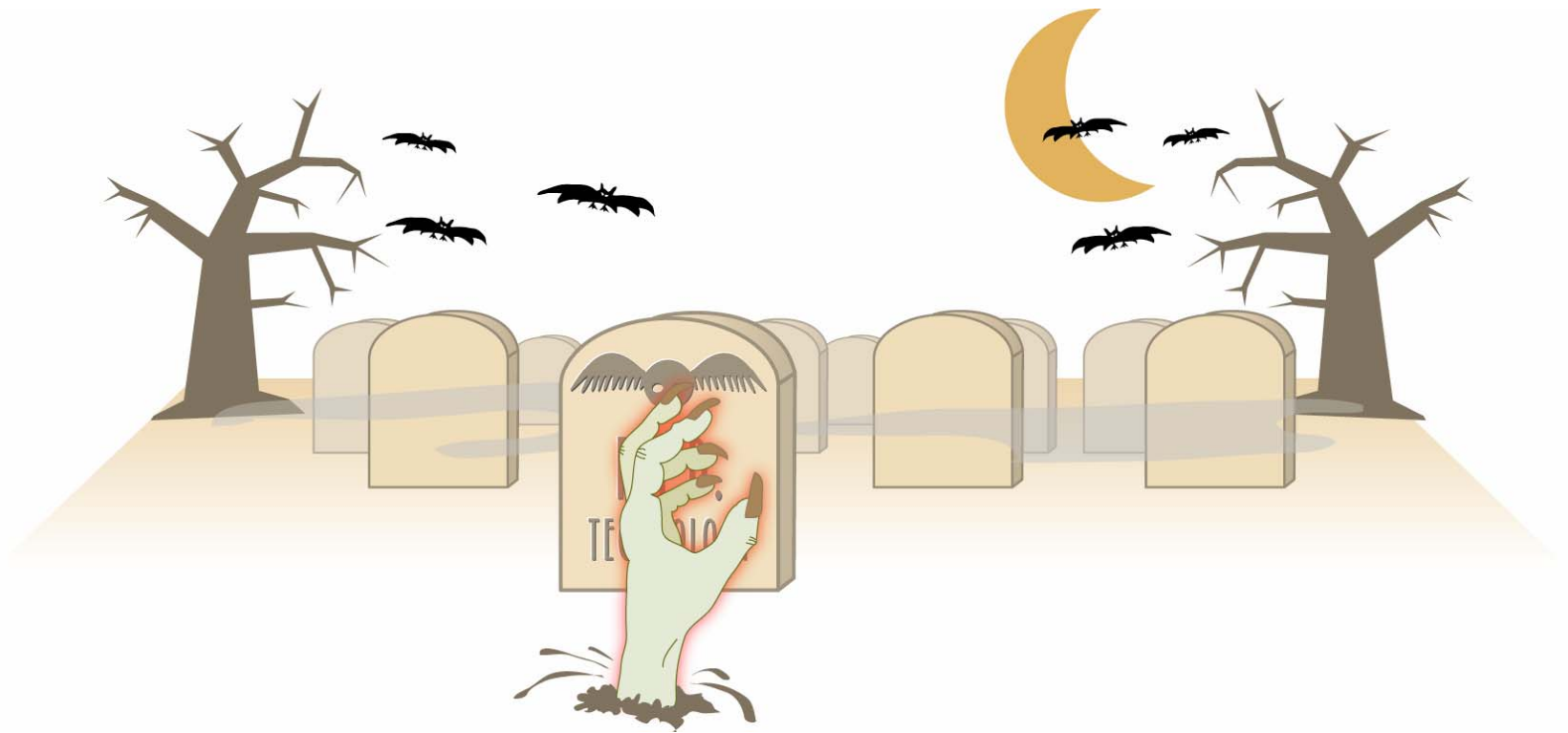
- **Technology budgets have remained +/- 10%**
- **e-Business Compensation trails traditional marketing by ~15%**
- **Most important advisor touchpoint?**

Wholesaler	92%
TA Customer Service Rep	70%
Web	5%
Informational e-Mail	0%

*Sources: Trends in e-Business Compensation, AllianceBernsten Advisor Study*



# Can Technology Be Reborn?



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# Today's Panelists

- **Neal Zamore**  
Vice President, E-commerce  
OppenheimerFunds, Inc.
- **Sean Kellenberger**  
Director, Mutual Fund Services  
The Hartford Mutual Funds
- **Vince Pellegrini**  
Managing Director, Marketing & Customer Technology  
Nuveen Investments
- **Mike Ma, Moderator**  
Principal  
kasina



# Neal Zamore

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**Vice President, E-commerce  
OppenheimerFunds, Inc.**

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# Agenda

- **Creation**
- **Evolution**
  - Past
  - Present
  - Future

# Creation: In the Beginning . . .

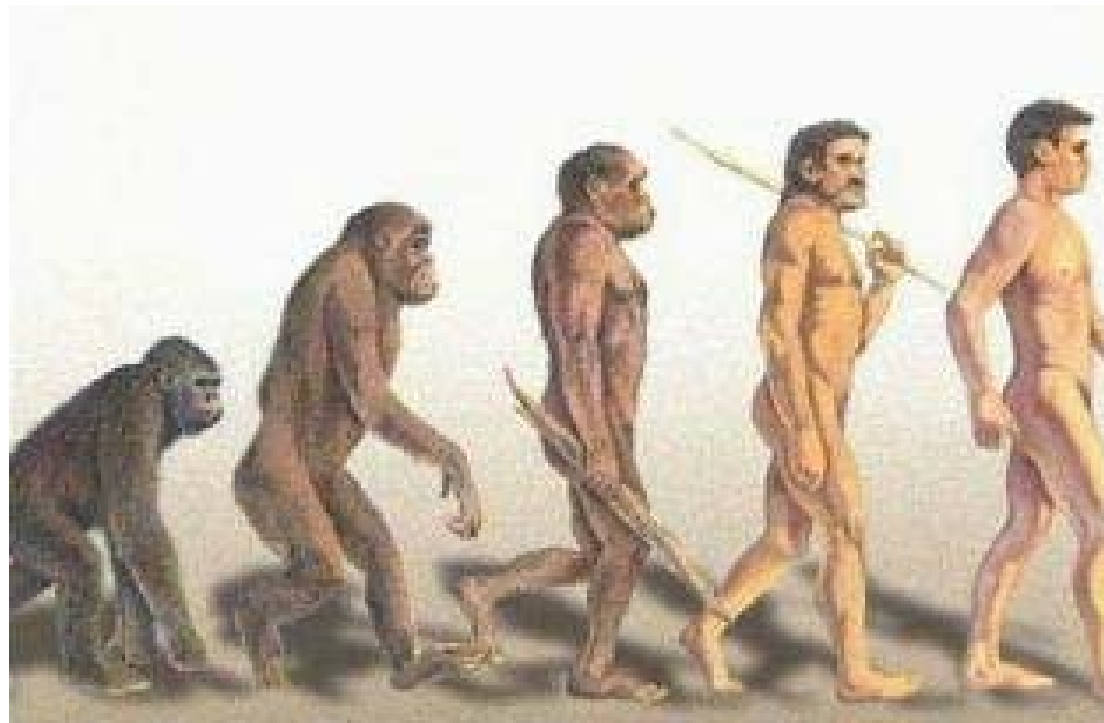
*And the CEO said, "Let there be a site, and there was a site. And the CEO saw the site and asked . . .*

***"IS IT GOOD?"***





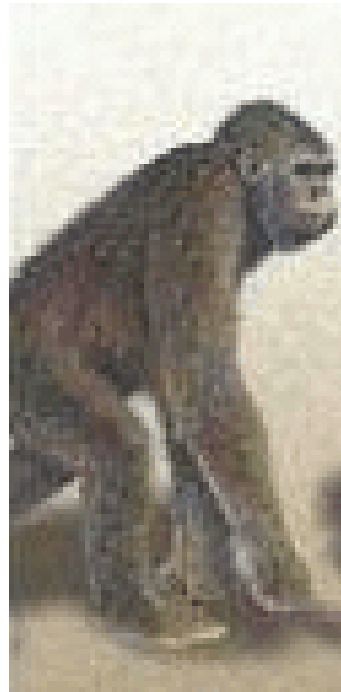
# Evolution



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# Launch: Publishing Model

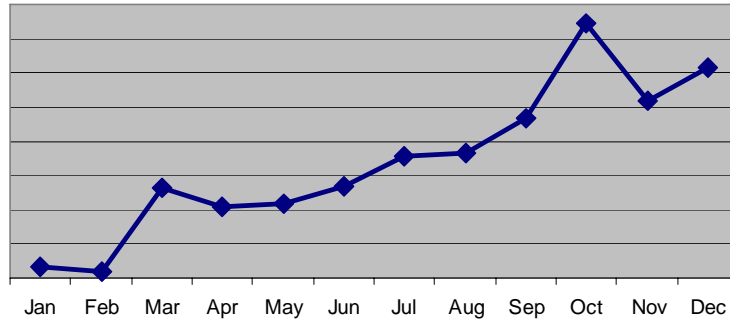
- **More is more**



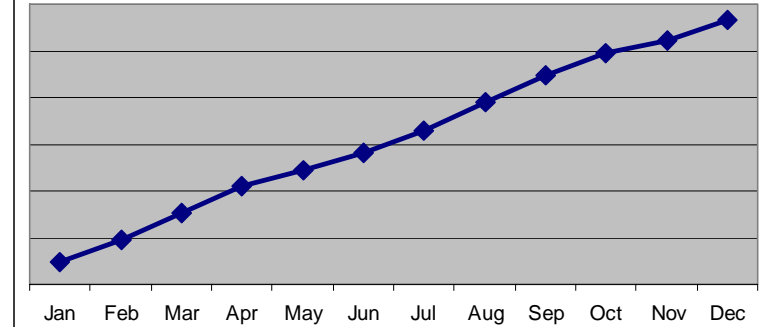


# Publishing Model: *More is more*

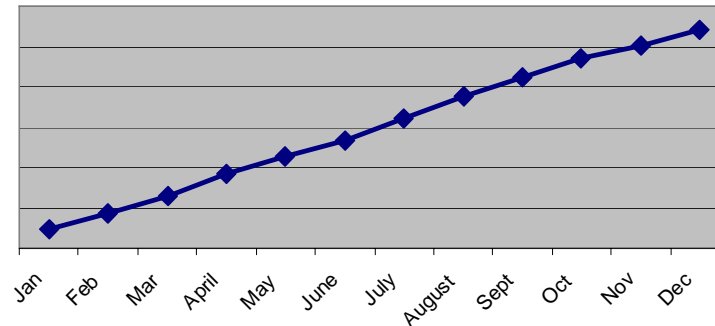
# Monthly Advisor Visitors



# Registered Shareholders



# of Transactions



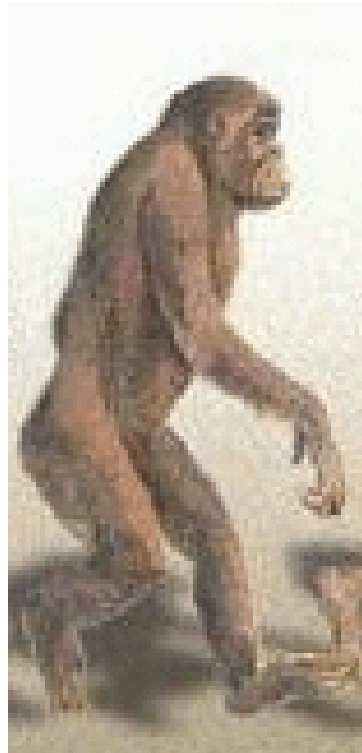


# Publishing Model

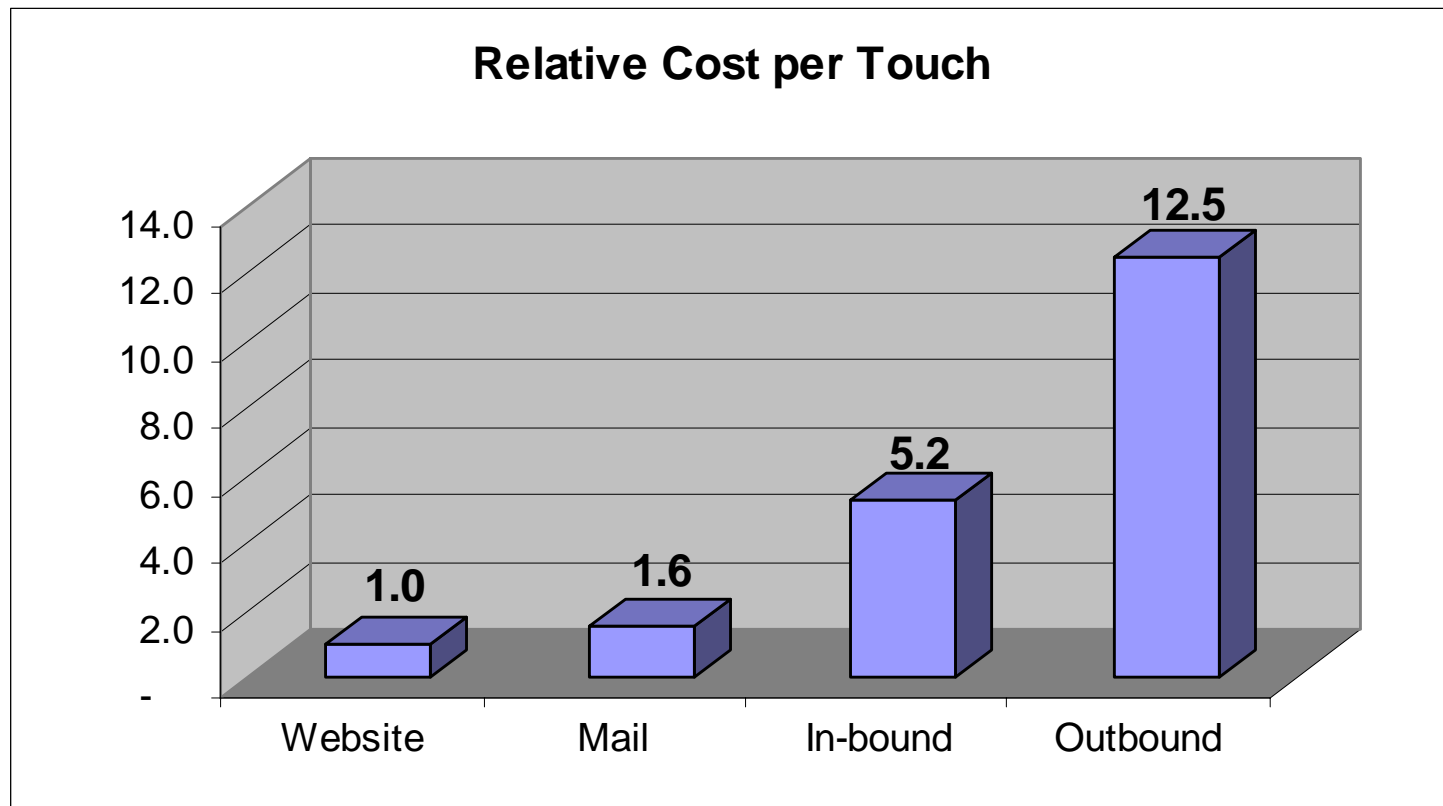
- **What we sought to answer:**
  - “We built it, how many came?”
- **What we gained:**
  - Temporary justification for cost of launching site
  - Bragging rights

## T+ 3 Years : Efficiency Model

- *We're way cheaper than print or the phones*



# Efficiency Model





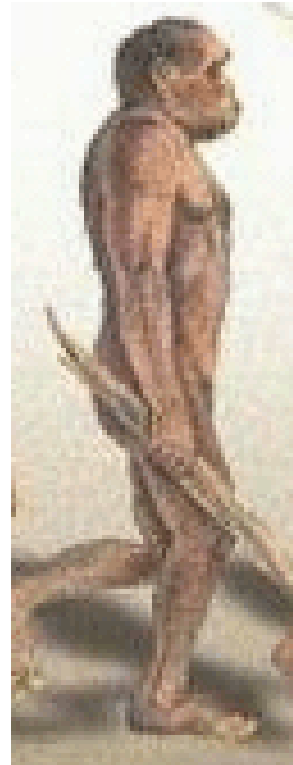
# Efficiency Model

- **What we sought to answer:**
  - “Are we the most cost effective means to communicate with our customers?”
- **What we gained:**
  - Kept budget whole while others were being reduced
  - Buy-in from telephone reps to drive customers to our site



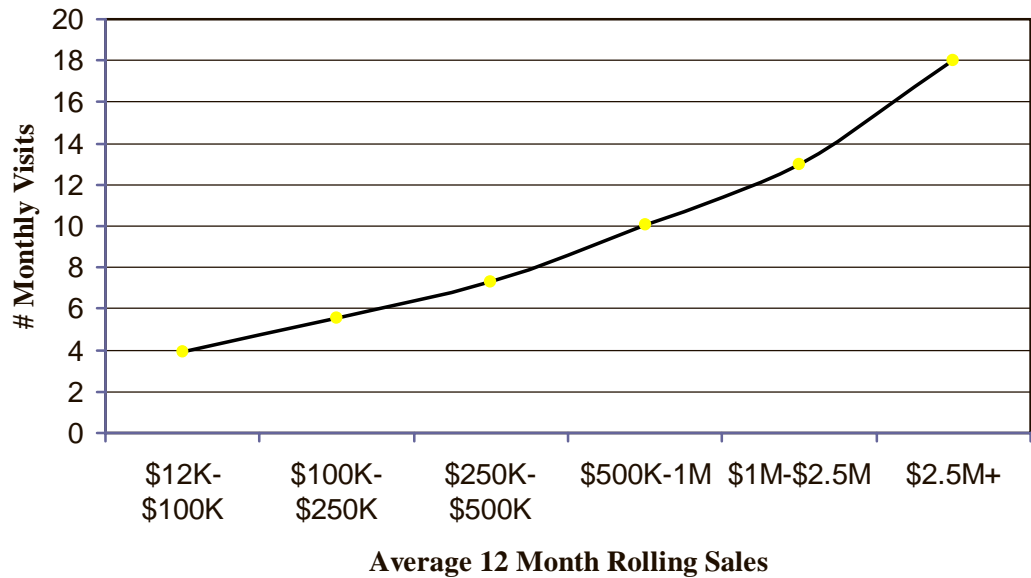
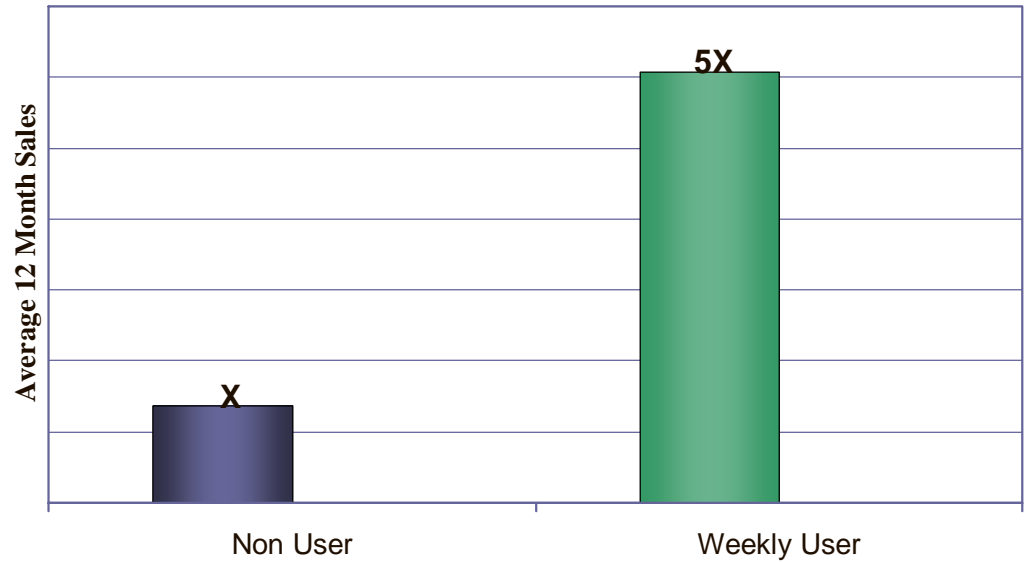
## T+ 4 Years : Sales Model

- **Our website impacts sales**





# Sales Model



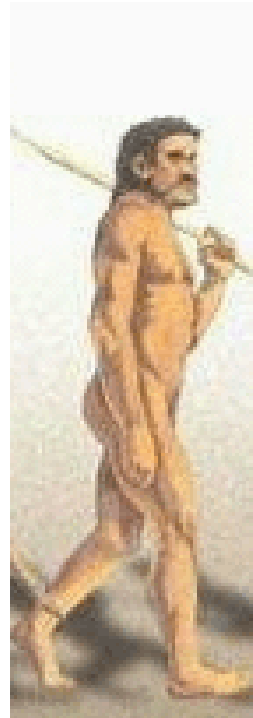


## Sales Model

- **What we sought to answer:**
  - “Does website usage lead to sales?”
- **What we gained:**
  - Pronounced evidence of correlation between usage and sales
  - A seat at the grown-up table

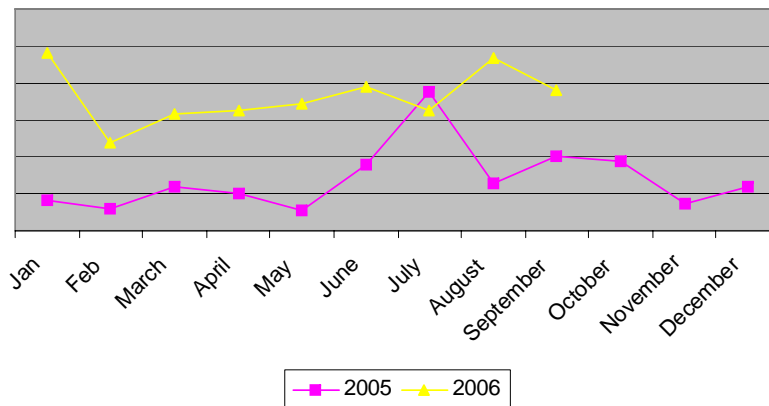
# The Present: Wholesaler Model

- **Act like a wholesaler**
  - Focus on current sellers
  - Not all advisors are the same

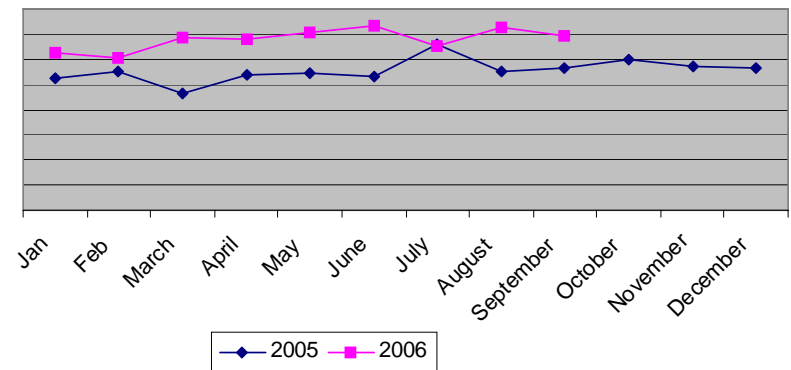


# Wholesaler Model

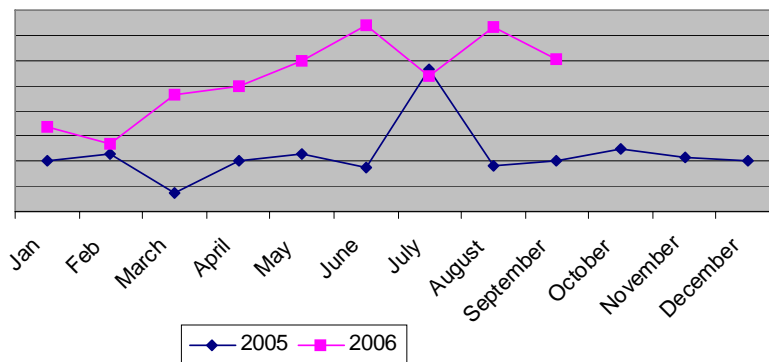
% of Current Month Sellers Visiting Site



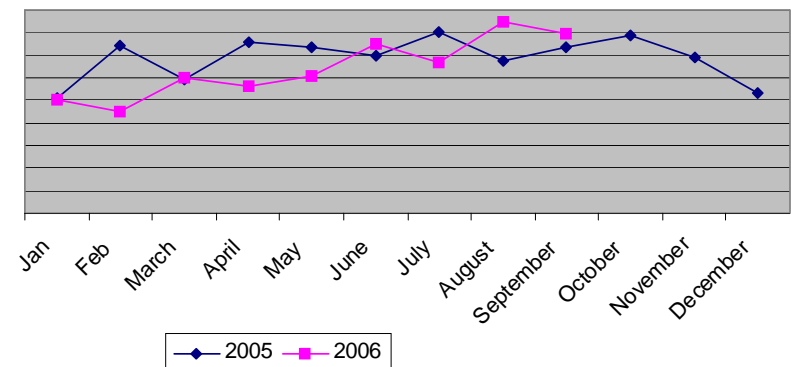
% of Current FOCUS REP Sellers Visiting



% of Current GROWER Sellers



% of Current PROSPECT





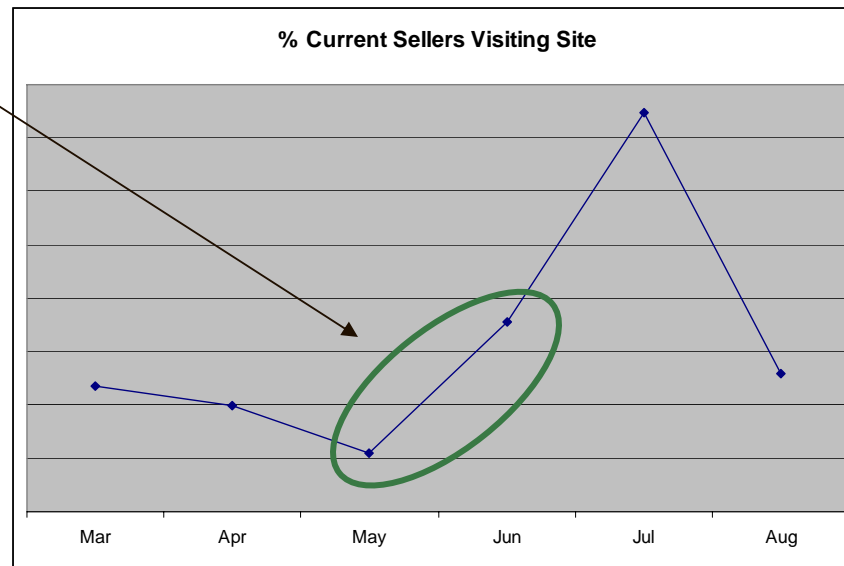
# Wholesaler Model

- **What we seek to answer:**
  - “Are we a valuable tool to current sellers?”
- **What we gained:**
  - Actionable metrics



# Wholesaler Model

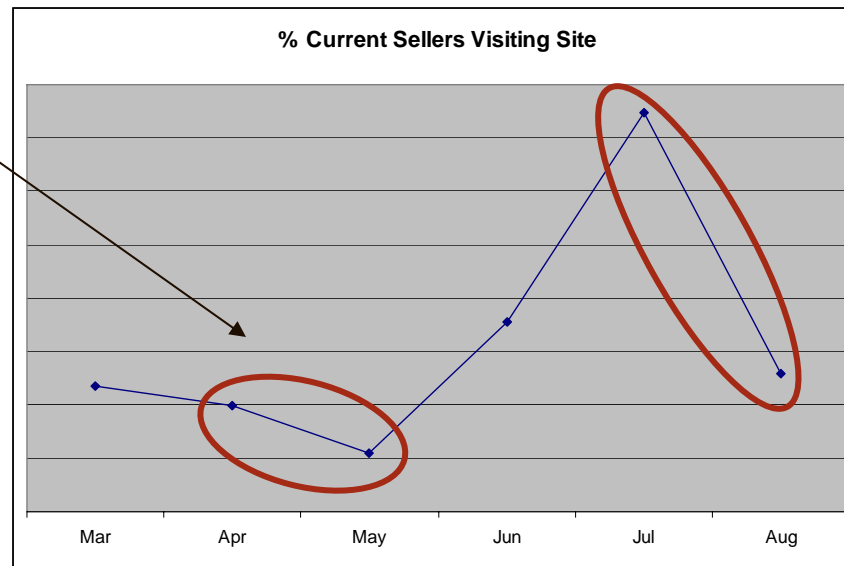
False Alarm





# Wholesaler Model

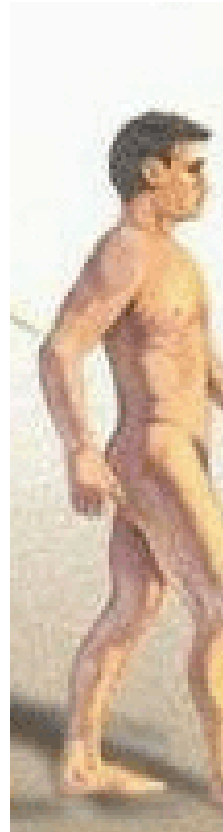
False  
Celebration





# The Future: Task Model

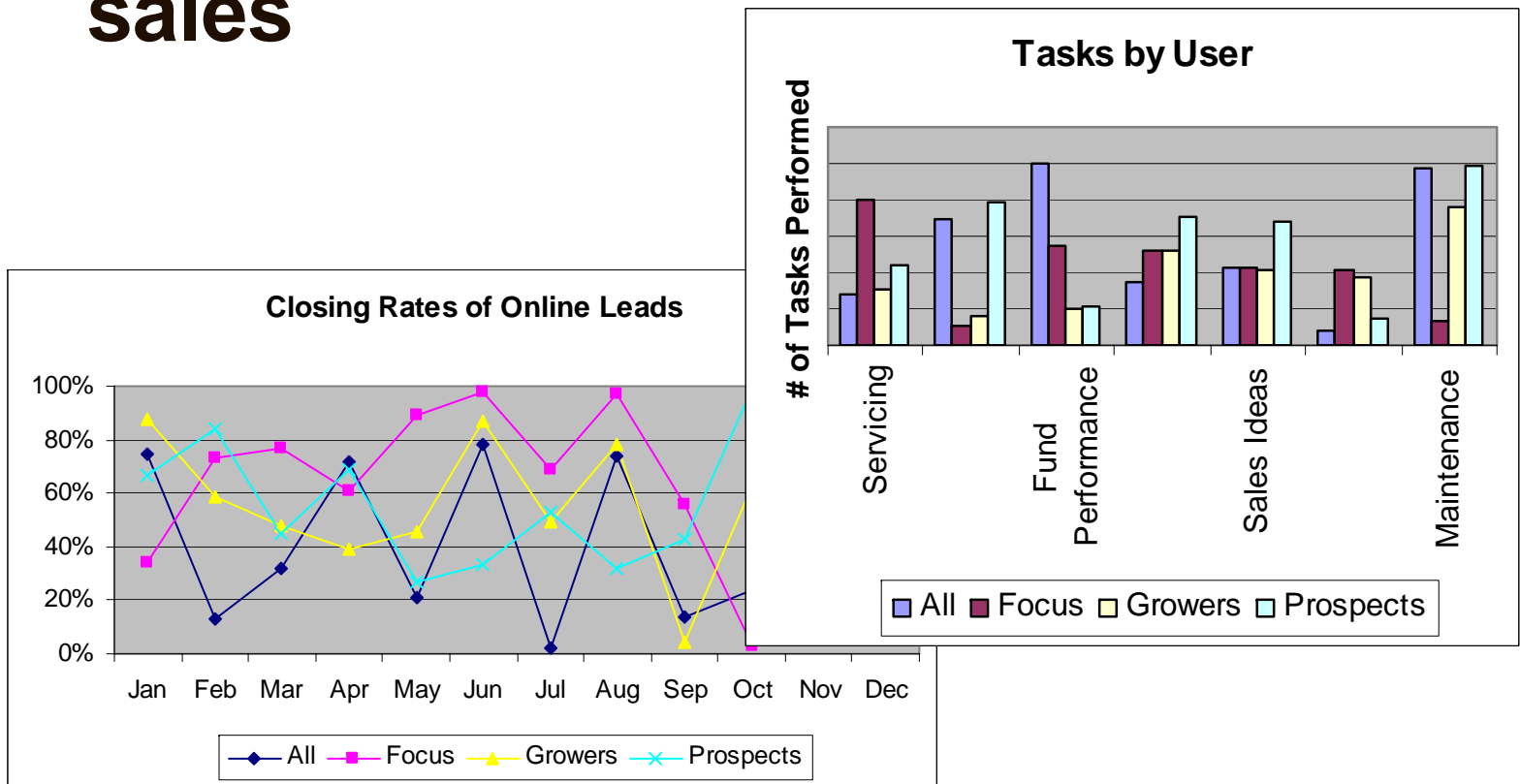
- **Forget about pages and focus on tasks**





# Task Model

- Track how tasks by segment lead to sales



\* All data presented in charts are for illustration only, not actual



# Task Model

- **What we'll seek to answer:**
  - What tasks are important to whom?
- **What we'll gain:**
  - “Content currency”
  - Identifying predictive behavior



# Sean Kellenberger

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**Director, Mutual Fund Services  
The Hartford Mutual Funds**

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# The Past

- **Results**

- Low web usage, high call volume
- Assets Retained: ??
- Limited data



# The Past

- **Approach**

- Tactical vs. strategic
- Lack of dedicated resources
- Expense management focus
- Technology as secondary channel
- No asset retention efforts

# The Past

- **Dysfunctionality**

- What was available
- What was easy to implement
- What will save *us* money vs. what will make *clients'* lives easier

Timeframe	Functionality
Inception through 2004	The Basics – Purchase, Exchange, Redeem
2004-2005	Bridging the gap: All transactions, inquiries, maintenance, asset retention efforts, eDelivery
2006+	When, where, how clients want to do business with us: Consent, customization, sophisticated retention tools



# The Past

- **Design**

- Firm-centric
- No usability studies
- Rate My Site survey

**1. Did you find the information you needed on our Web site?**  
 Very easily  Easily  With difficulty  Never found what I needed  
*If not, what information were you unable to find?*

**2. What is your overall opinion of our Web site?**

Excellent  Good  Fair  Poor

**3. Do you plan to visit our Web site in the future?**

Definitely  Probably  Doubtful  Definitely not

**4. Would you recommend this site to colleagues and friends?**

Definitely  Probably  Doubtful  Definitely not

**5. What aspects of the site are most valuable?**

**6. What aspects of the site can we improve?**



# The Past

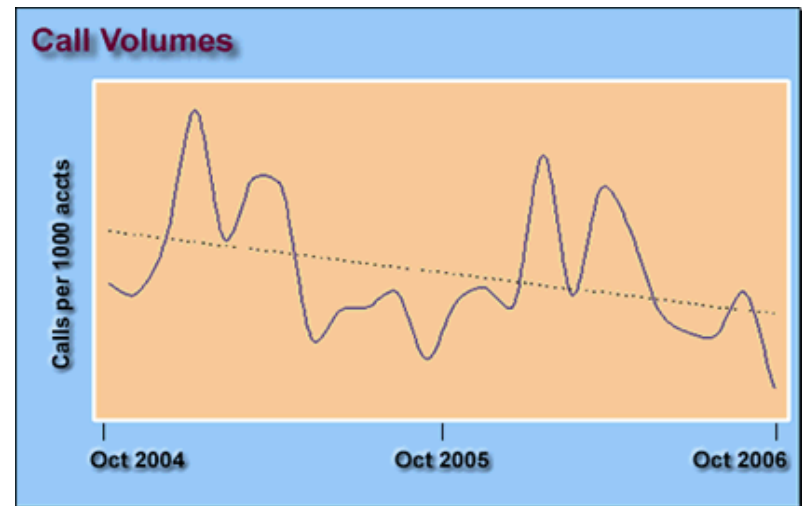
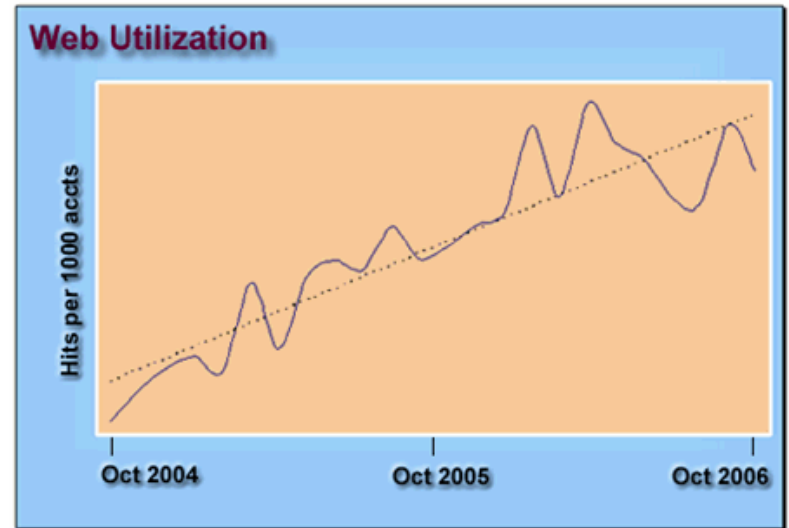
- **Usage**

- “Build It And They Will Come” approach
- Analytics: Limited, basic data  $\neq$  information

# The Present

- **Results**

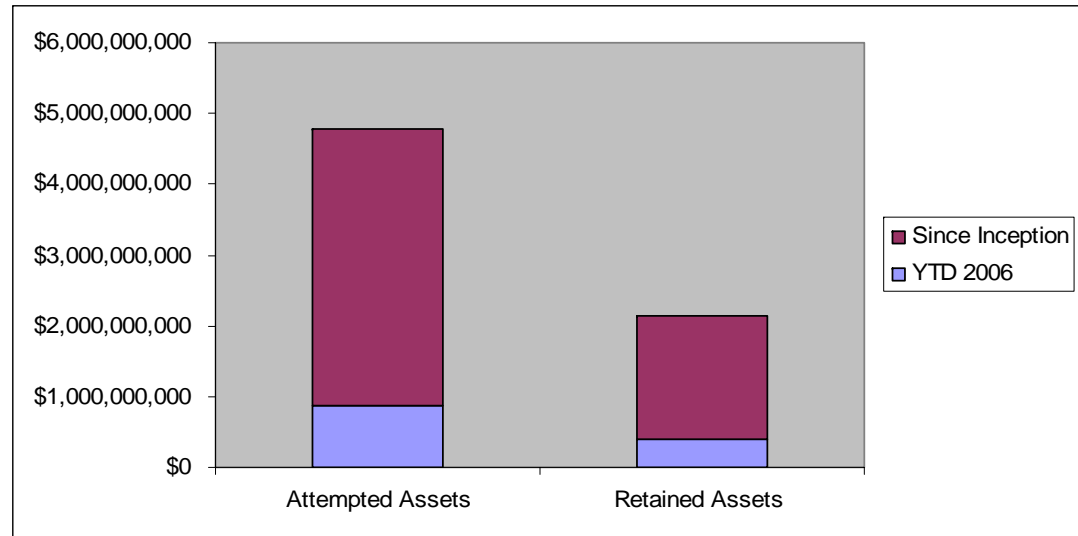
- Web utilization up 125%
- Call volume down 17%
- Handle time up 5%
- Cost per call up 5%
- Net savings: 9%



# The Present

- **Results (cont.)**

- Asset retention
  - 8% success rate
  - Over \$1.7B\*



\* Hartford Life Asset Retention Program



# The Present

- **Approach**
  - Strategic
    - Core business strategy with dedicated resources
    - Communicate with every interaction
  - Client-centric focus
    - Improve service across channels
    - Continue to manage expenses
  - Technology as enabler across channels
  - Asset retention efforts
    - Using web for predictive modeling



# The Present

- **Utilities**

- Client-centric
  - How clients interact with us today across channels
- Thoughtful approach to rollout
- Asset retention: Predictive modeling

Timeframe	Functionality
Inception through 2004	The Basics – Purchase, Exchange, Redeem
2004-2005	<b>Bridging the gap: All transactions, inquiries, maintenance, asset retention efforts, eDelivery</b>
2006+	When, where, how clients want to do business with us: Consent, customization, sophisticated retention tools

# The Present

- **Usability**

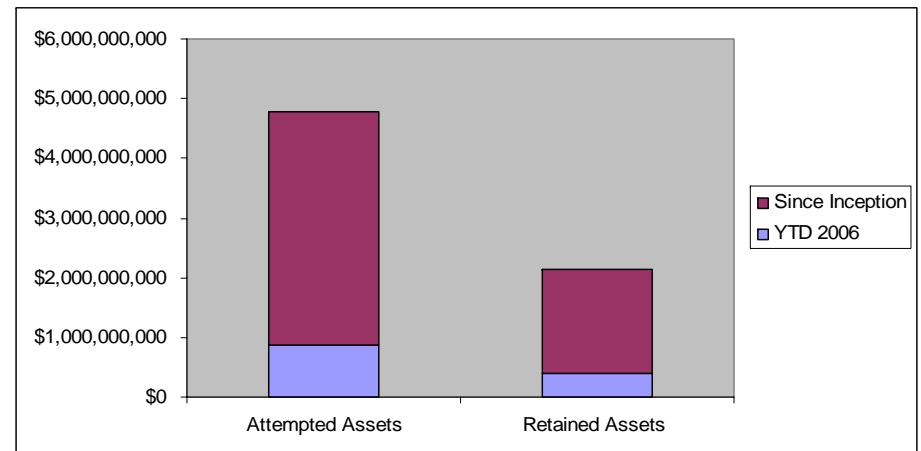
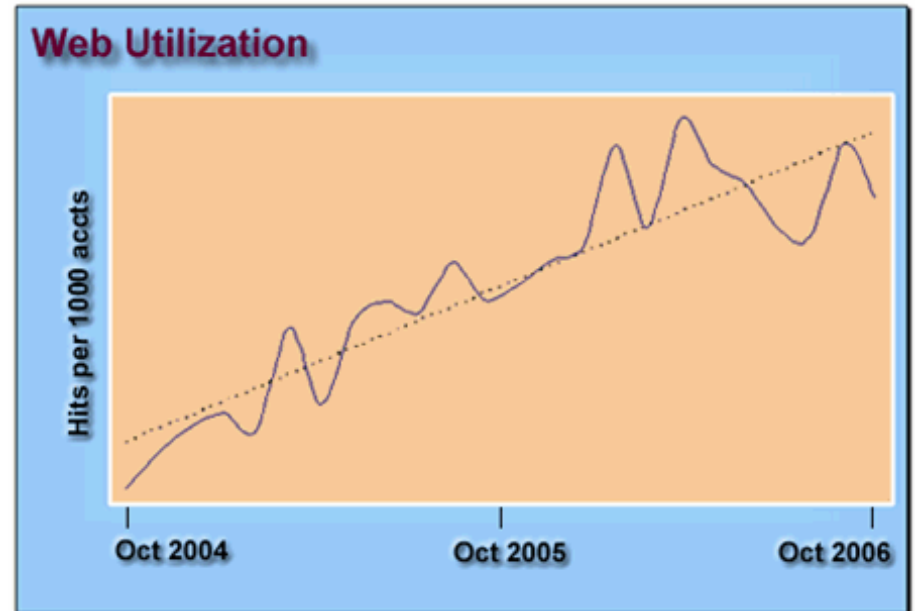
- Consistency
  - Across LOB sites
  - Supports branding
- Usability studies incorporated into design
- Mass customization

The screenshot shows the homepage of The Hartford Mutual Funds website. At the top, there is a navigation bar with links for Home, Site Map, About Us, Contact Us, and Help. Below this is a search bar and a main navigation menu with categories like Mutual Funds, Annuities, Life Insurance, College Savings, Retirement Plans, Investment Rates, and At Your Service. The main content area is divided into several sections: a 'For Clients' login section with fields for User ID and Password; a 'Points of Interest' section with links to various reports and surveys; a 'Services' section with links to Forms, Self-Servicer How To's, View Our Online Demo, Tax Center, and Rate this Site; a 'Mutual Funds' section with a dropdown menu to 'Select a fund'; and several promotional banners, including one for the 10th Anniversary (1996-2006) and another for 'CHECKS & BALANCED STRATEGY'. The footer contains links to the Hartford website, About Us, Investor Relations, Newsroom, Careers, and a disclaimer.

The screenshot shows the 'Edit My Funds' interface on the Hartford Investor website. At the top, there is a navigation bar with links for Home, My Preferences, Appointment Status, Site Map, Contact Us, and Logout. Below this is a search bar and a main navigation menu with categories like Retirement Solutions, Mutual Funds, Annuities, Life Insurance, College Savings, and Qualified Plans. The main content area is titled 'Edit My Funds' and features a 'Help' link. The interface is divided into two main sections: 'The Hartford Mutual Funds' and 'My Selected Funds'. The 'The Hartford Mutual Funds' section has an 'Add >' button and a '< Remove' button. The 'My Selected Funds' section has a list of funds with 'Up ^' and 'Down v' buttons. The list of funds includes: Capital Appreciation Fund, Capital Appreciation II Fund, Dividend and Growth Fund, Floating Rate Fund, Global Health Fund, Focus Fund, Target Retirement 2030 Fund, Value Fund, Conservative Allocation Fund, and Advisers Fund. There are 'Cancel' and 'Save' buttons at the bottom of the interface. A disclaimer at the bottom states: '\* Certain funds may not be available in every firm.' The footer contains links to the Hartford website, About Us, Investor Relations, Newsroom, Careers, and a disclaimer.

# The Present

- **Utilization**
  - 125% increase
  - Lost 10% of savings due to increased call complexity = handle time
- **Asset retention**
  - 28k accounts
  - 8% retention rate





# The Future

- **Mass customization**
  - Preferences and permissioning
    - Clients, brokers, wholesalers, etc.
- **eFulfillment**
- **Subscription**
- **Advanced retention efforts**
  - Data triggers and advanced predictive modeling to identify at risk customers



# The Future

- **Challenges**

- Elimination of simple interactions = increased complexity
- Channel conflict
  - Web, IVR, voice
- Role of financial advisor
- Web saturation



# The Future

- **Possible solutions**

- Consultant vs. order taker
  - Result: shifting economics due to hiring, training, retaining CSRs
- Customer advocacy – serve where, when and how people want to be served
- Broker as relationship manager



# Vince Pellegrini

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**Managing Director  
Marketing & Customer Technology**

**Nuveen Investments**

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TECHNOLOGY  
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## The Past: Hits & Page Views

- **It was all about the web site...**
  - Webmasters crank out brochureware for us to enjoy at 28.8
  - ‘The Web will disintermediate our business...’
  - Plenty of buzzwords (portal, personalization ...)
  - Let’s send an e-mail!
  - Web technology starts to move inward
    - Intranets & Marketing Dashboards
    - Contact Management matures into in CRM v1
    - eWholesaling



## The Past: Hits & Page Views

- **What we learned:**

- Though powerful, the web won't dramatically alter the financial advice ecosystem
- Getting FAs to your site isn't easy
- Award-winning' web sites don't always equal success
  - Ask Kemper, Janus, MFS and Putnam
- E-mail is cheap and easy to send
  - Which is why you and your customers ignore it
- Just like old-fashioned offline marketing, online works best when it's targeted and integrated



## The Present: The 360° View

- **Customer-facing technology evolves...**
  - A suite of apps that facilitate the collection, delivery and measurement of customer touches
    - Externally: online touches become more targeted and integrated (web site, opt-in e-mail, syndication)
    - Internally: CRM v2, territory management and web-based sales support take center stage



## The Present: The 360° View

- **Customer-facing technology evolves...**
  - Segmentation takes hold
  - Business metrics (and process) start to matter
    - CMO and ROI? In the same sentence??!!
  - Plenty of new buzzwords (but do they generate AUM?)
    - Blogs, Podcasts, RSS, Peer Networks

# The Present: The 360° View

Applying business rules to filter 3 centralized buckets of data to drive tailored & coordinated online/offline customer support.

## INTERNAL BEHAVIORS

### Sales

- External wholesalers
- Internal Wholesalers
- Call Center
- PCG & Institutional

### Marketing

- Product Marketing
- Non-Product Marketing

### National Accounts

- Wires/Regional/RIA

### Executive Teams

FILTERS



FILTERS

## CUSTOMER VIEWS

### Retail Advisors & Teams

- Wires/Regional/RIA

### Branch Managers

### Other key B/D functions

- Syndicate Desks
- Separate Acct & Fund Coords.
- Regional & District Managers
- Due Diligence Teams
- Other Home Office

### PCG & Institutional entities

### Existing Shareholders

### Investor Prospects

# The Present: The 360° View

The screenshot displays the Onyx Employee Portal interface. At the top, the browser title is "Onyx Employee Portal - Web Client - Windows Internet Explorer" and the address bar shows "http://np266web/ocp\_onyx/powerpage/main\_frame.asp". The portal header includes the NUVEEN logo and navigation tabs: Home, Customer, Task Manager, List Manager, Messenger, Search, and Dashboard. The main content area is titled "(ID: 238917) Individual Advisor" and "Customer Details". It features a "Details" tab and a "Financial Summary as of 09/08/2006" section. A red box highlights a "Details" table with the following data:

Details	Gold	Est. Revenue	\$33,234
Segment	High   Production	Est. Expense	\$0
Service Level	1   2	Advisor Profile	<a href="#">View/Edit</a>
YTD In-Person (Actual   Plan)		Cross Sell Flag	~TNGI
Last Proactive Call	08/29/2006	Flags	
Last Proactive Meeting	05/18/2006		
Last Nuveen Contact	08/29/2006		

Below this table, the "Marketing" tab is highlighted with a red box. The "Activities" section shows a table of customer interactions:

Activity Date	Type	Description	Assigned	Status	Primary Program	Primary Product	Details	Priority	Update	
08/29/2006 09:38 AM	Call - Outbound	Opportunity-Gold FA w/no personal contact in last 3 months Don't think we'll get much biz out of him. He's a big Mgd money guy and not too hot on funds. Keep pushing NWq funds.	cibult	Closed	Service Issue	Gold	No Contact		Medium	onyx_
07/23/2006 10:55 PM	E-mail	CE Training Sessions in CO	cibult	Closed	WM	Investment Consulting Service	Investment	<a href="#">View Email</a>	Medium	onyx_

At the bottom, the Windows taskbar shows the "start" button and various application icons. The system tray displays "Local intranet" and "100%" zoom. A red box highlights the "Marketing" tab in the "Activities" section, with three red arrows pointing from it to a text box on the right.

Capturing all touches



## The Present: The 360° View

- **What we learned:**

- The web site is important, but...
  - If you have \$1 to invest in ‘the web’, will ROI look better if 50¢ is spent away from the site?
- You can’t build deep customer relationships with a subset of interactions
  - Absolutely worth the investment in people, processes and infrastructure to ensure all customer touches are recorded
- Segmentation must move beyond historical looks at proprietary transaction data



# The Future: Customer Profitability

- **Opportunity Engines facilitate and/or automate every phase of Distribution**
  - Collect → Filter → Act → Measure (Repeat)
    - All customer touches are instantly stored and analyzed on the fly
    - Analysis drives synchronized action – online and off – across Distribution functions (Inside Sales, Outside Sales, Marketing, Nat'l Accts)
    - At pre-determined times after the actions take place, business metrics are reported in real-time
    - Metrics ultimately translate into customer-level profitability



# The Future: Customer Profitability

1

## Heads of Distribution determine priorities

Entire inventory of opps is quantified and prioritized regularly

*XYZ IPO*

*Growth Fund retention*

*Value Fund cross-sell*

2

## Priorities & tactics fed into Opportunity Engine

Each opportunity is entered, along with recommended action steps

*The wholesaler should...*

*The internal should...*

*The web site should...*

*Marketing should...*



3

## Engine facilitates and/or automates Actions

As conditions are met, the engine begins executing the tactics

*- Show A on the ACs PDA*

*- E-mail B to the internal*

*- Feature content C on the web site*

*- Trigger Lit Order D to the FA*

4

## Actions are measured and rewarded

Were the rules and actions effective at seizing the Opp?

*If YES, reward Acts & apply to other opportunities; If NO, reward Acts & rewrite rules to find more effective combination*

# The Future: Customer Profitability

**OPPORTUNITY** ^ # OPEN

Silver Advisor Multi-Cap Value Fund Initiative	49
LPL - SAM Calling Campaign	26
SMA: Large new NWQ account (\$500k+)	1
MF: \$250k+ in YTD negative net flows	1

**Filter & Act**

**Branch Opportunities**

Branch	Street	City	State	Zip	Sales	AUM	# of Opps
Wells Fargo Investments LLC					\$3,509,919	\$11,994,373	5
<b>OPPORTUNITY</b> # OPEN							
SMA: Large new NWQ account (\$500k+)							
Silver Advisor Multi-Cap Value Fund Initiative							
<b>Opportunity</b> <b>ADVISOR</b> <b>DAYS OPEN</b> <b>Other Opps</b>							
Silver Advisor Multi-Cap							
Silver Advisor Multi-Cap							
Silver Advisor Multi-Cap							
Silver Advisor Multi-Cap							
LPL Financial Services - P							
LPL Financial Services - P							

# The Future: Customer Profitability

Reports - Windows Internet Explorer  
 http://np266web/open/Reports.aspx

**NUVEEN Investments** **OPEN**  
 OPPORTUNITY PRIORITIZATION engine

Home

**Reports**

Name: Opportunity Activity Summary Reset Filters

User Role:  IACs  ACs  
 All

Filters:

Opportunity: MF: NWQ Int'l SMA producer w/no Int'l MF sales

Opportunity Status: None

Program: None

[Generate Report](#)

Opportunity Activity Summary - All

ID	NAME	TOTAL	OPEN	CLOSED	CALLS	EMAIL	CALL_EMAIL	IGNORE	REMOVED
14	MF: NWQ Int'l SMA producer w/no Int'l MF sales	1573	148	1425	795	9	41	285	295
	Totals	1573	148	1425	795	9	41	285	295

Measure



# The Future: Customer Profitability

- **What we'll learn:**
  - Business metrics are the only ones that matter
  - When all Distribution functions are aligned – and action is synchronized – amazing things can happen
    - Anyone up for 25% conversion rates?
  - Customers won't mind 'being sold to'
    - As long as it's timely, thoughtful and relevant
  - In the end, amazing technology (and/or heroic Sales & Marketing) won't overcome Product sins



# Three Things for Monday

*(with apologies to WIRED magazine)*

<b>Wired</b>	<b>Tired</b>	<b>Expired</b>
<b>Incremental Sales, Net New Flows, AUM</b>	<b>Touches, Open rates, Click-thrus</b>	<b>Hits, Page views, Users, Impressions</b>
<b>Web-enabled BPM</b>	<b>Our Web site with Podcasts, RSS, etc...</b>	<b>Our Web site</b>
<b>Decentralized IT</b>	<b>Centralized IT</b>	<b>Webmaster</b>
<b>Customer profitability</b>	<b>Segment profitability</b>	<b>Firm profitability</b>
<b>100% Process</b>	<b>50% Art/50% Process</b>	<b>100% Art</b>
<b>Understand the business</b>	<b>Understand the user</b>	<b>Understand the technology</b>



# Question and Answer

- **Neal Zamore**  
Vice President, E-commerce  
OppenheimerFunds, Inc.
- **Sean Kellenberger**  
Director, Mutual Fund Services  
The Hartford Mutual Funds
- **Vince Pellegrini**  
Managing Director, Marketing & Customer Technology  
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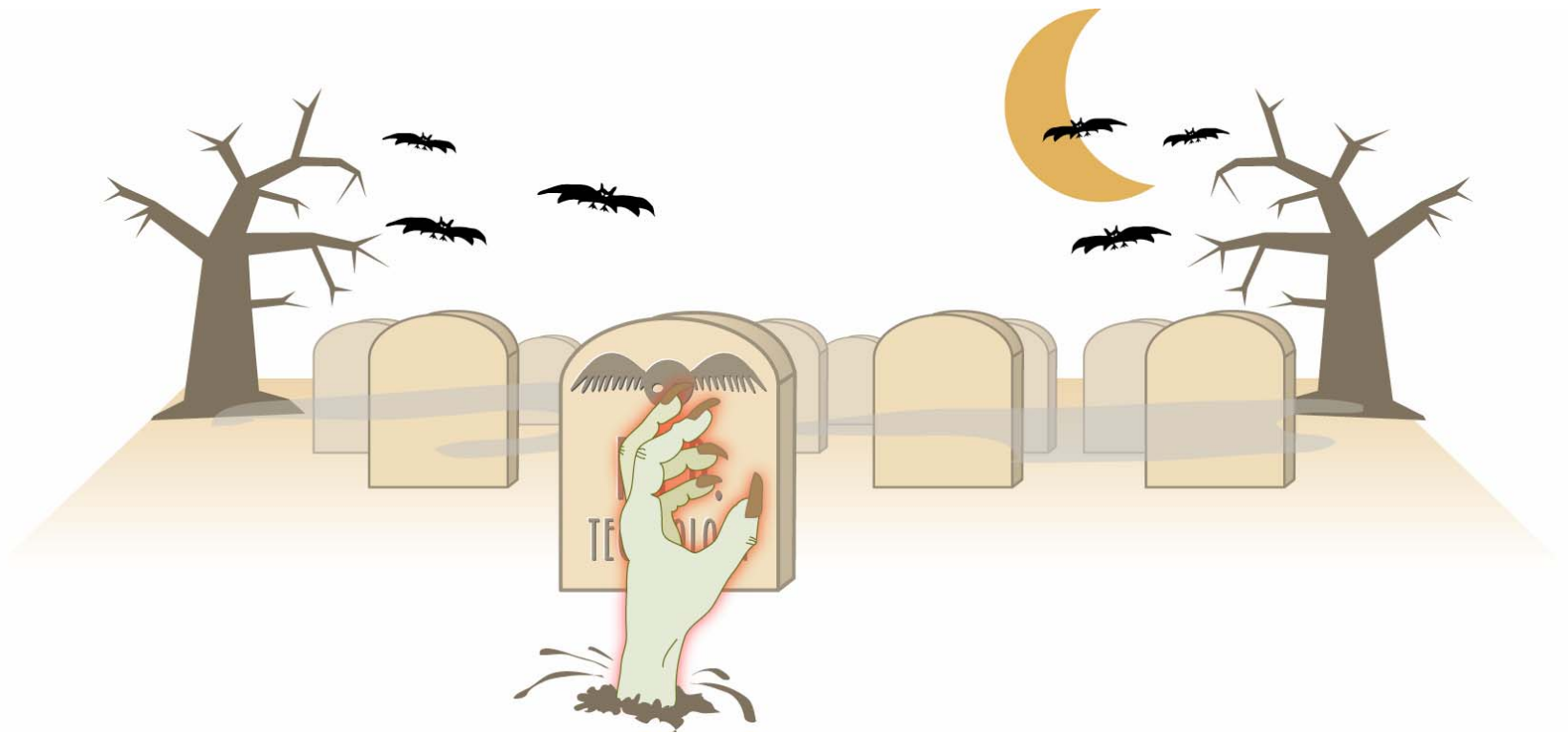


# Conclusions / Takeaways

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# Can Technology Be Reborn?





# Common Themes & Takeaways

- **Act first: Bring something to the business**
  - Don't wait for them to tell you what they want
  - Partnership comes later
- **Pick the right measurements**
  - Start with what matters to the business
  - Data ≠ Information
- **Continually refine the process**
  - You never have it all figured out
  - Hypothesis-driven metrics – set a target

# Technology Can Be Revived with Metrics



# Thank You

- This presentation is available for download at

<http://www.kasina.com/research/TechLemons.pdf>

Or contact

Mike Ma

[mwma@kasina.com](mailto:mwma@kasina.com)