Digital Strategies in the Financial market deposits and infrastructures

ACSDA - LA PAZ, BOLIVIA
April -2017

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César Heredia - General Manager

Content

First remember

What is going on

It is producing a profound disruption
in the way of creating value

Why is this change happening?

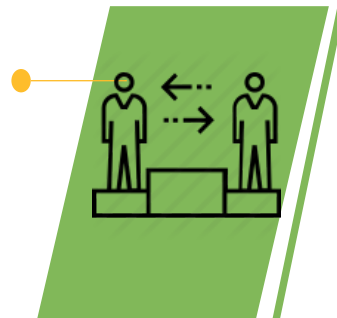## New Business Models

There are new business models that challenge our traditional way of doing things

More digital customers

With more power and less faithful, looking for new ways of doing business or receiving services
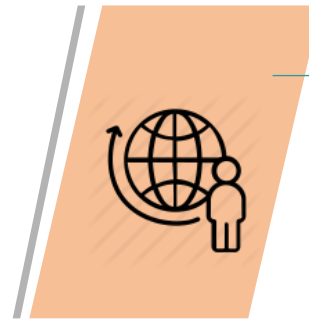
New technologies

Technology increasingly cheap and democratized

New Competitors

more unpredictable competition, virtual

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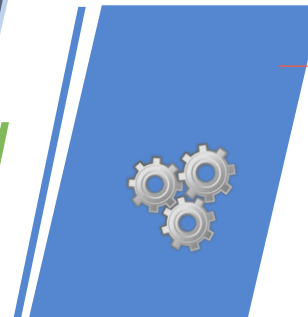
The Digital transformation

It is not a Fad

It is not Marketing

It is not just technology

The Digital transformation

Is a change in the way of doing things

It is a necessity

It is a revolution that is happening now and occurs at an amazing rate

What do we need?

A Digital Transformation Strategy
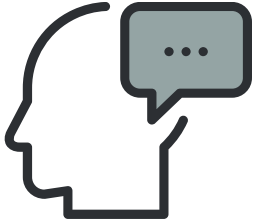
That provides us with a direction and measurable steps on how use digital media to achieve the vision and respective business objectives

That gives us the ability to reimagine the business digitally and make it possible, supported by leaders who foster a culture capable of change and innovation

That brings an evolutionary process through which business models are redefined through new technological bets and through changes that people and the organization's culture promote

Why is a Digital strategy important in the Business?

Having a Digital strategy is important because it provides a guidance and measurable steps on how to use digital media to reach the vision and business objectives of the company.

Cost effectiveness

immediacy

Accessibility

Amplification

Rich Content

Loyalty / Relationship

Transactions

Analytics

Invitation to Action

Performance

Omnipresence

Scope

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What implies a Digital Strategy Transformation?

The Digital transformation is the present and differs from existing strategies in that makes it imperative that we focus on Clients rather than Products.

To plan for a Digital Transformation Strategy it is useful to view the company from four aspects: **the business, technology, user experience (customers and employees) and innovation.**

Processes

Technology

**Human capital And Customers**

Innovation

A transformation process to digital services must have into account their influence on the business and experience of customers and employees.

4 Fronts Digital transformation

PROCESSES

Adopt changes in operational strategy, align its corporate strategies with technological strategies, organizational changes and improvement of the business processes
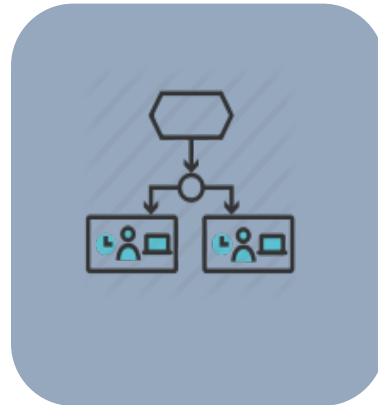
TECHNOLOGY

Proper use of technologies based on new important trends (Cloud Computing, Virtualization, Business Intelligence, Analytics, Mobile Solutions, Collaboration Tools, Social Networks, Agile Development, among others)

HUMAN CAPITAL

Means focusing on human capital, knowledge management, identify innovative leaders that can manage and lead change

INNOVATION

Create new products, services, processes and new sources of supply as well as continous changes in the organization oriented to the customer or user

Technology should enhance the experience for customer and workers

Digital Strategy phases

1.
Preparation

3.
Goal Definition

5.
Plan of Action

2.
Analysis of the Environment and Current Situation

Four.
Strategy Definition

6.
Analysis, Measurement and adjustment

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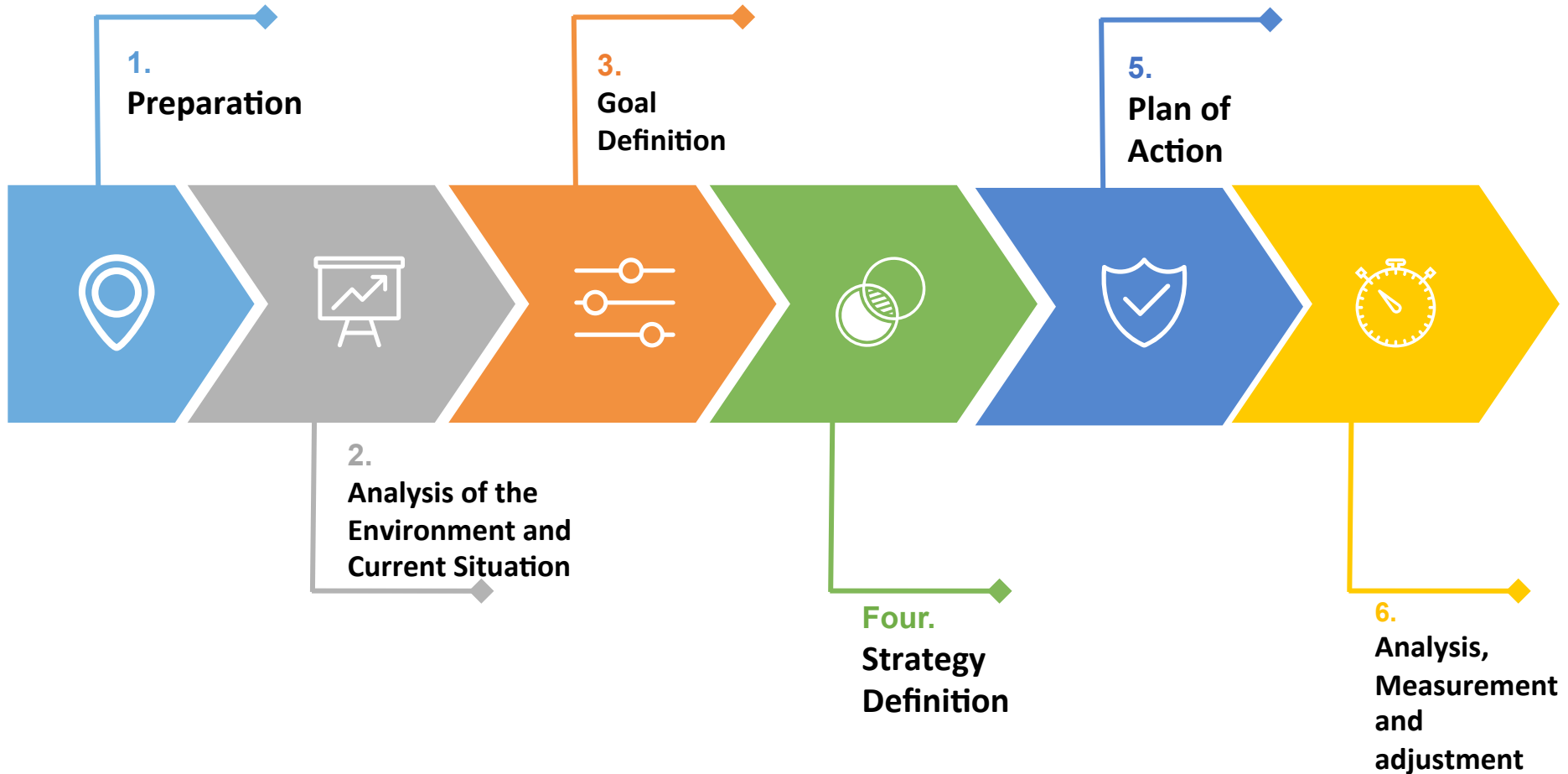
Critical Factors in Implementing a Digital Strategy

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IT Agility

Need to quickly and easily integrate new **technologies** and methods that allow to respond early to changing business conditions (AgileMethodologies, DevOps, fast implementations)

Knowledge from the leaders

Key leaders are required with necessary knowledge in the processes and capacity to develop a strategy and distribute it the organization.
If we don't have leaders, the process will be stopped before we start

Planning road to success

Visiualize the future to follow the path consistently.
Companies must recognize the risks and avoid existing difficulties along the way, always keeping in mind the success factors and key milestones.

Internal Collaboration

Internal teams **ready and available.** Need to drive change among all employees and essential factors to bring Transformation to a good result

Openness and Adaptation to change

✓ Accompanying the employee so that the change is supported and not seen as a threat or unnecessary activity for work
✓ When there are multiple digital projects, approximately 40% of them show internal resistance
✓ The change can be risky, but meeting customer expectations and keeping the pace with trends is **not only worthwhile but necessary.**

Barriers to Digital Transformation

Main Barriers according to the level of Maturity

Early

- ✓ Absence of a strategy
- ✓ Too many priorities
- ✓ Technological obsolescence
- ✓ Lack of understanding by management
- ✓ scarce skills in technology

Development

- ✓ Too many priorities
- ✓ Lack of Strategy
- ✓ Focusing on CORE of the business
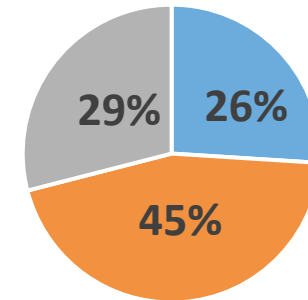- ✓ scarce skills in technology

Mature

- ✓ Too many priorities
- ✓ Safety aspects
- ✓ scarce skills in technology

Report based on responses from 4,800 executives from 27 industries and 129 countries

Level of Digital Maturity

- ■ Early (1-3)
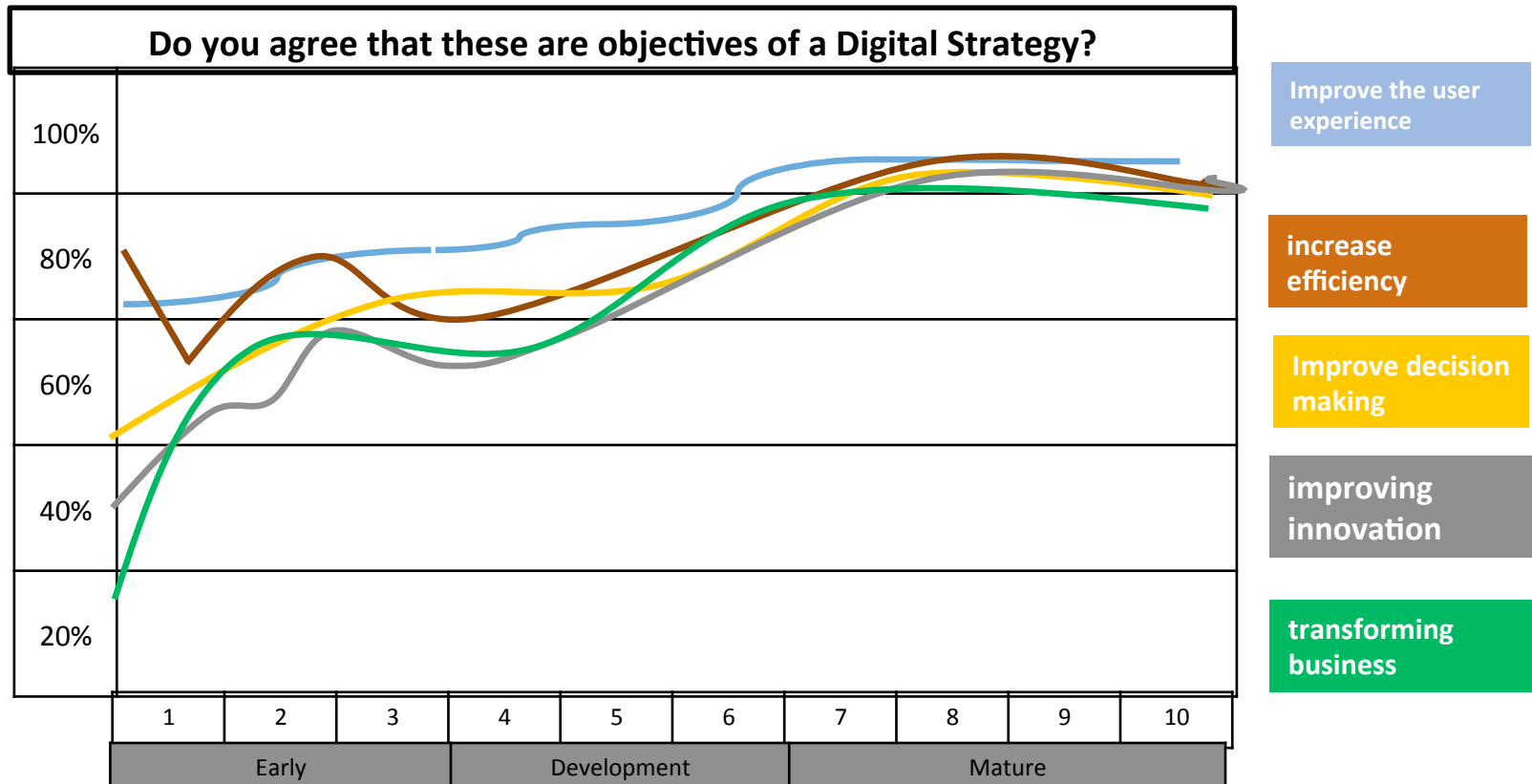- ■ Development (3-6)
- ■ Mature (7-10)

29% 26% 45%

This graphic is a survey of managers about the level of maturity they believe is their company on a scale of 1 to 10. It is considered Early a qualification of 1-3, Development 4-6 and Mature 7-10

Source: *MIT Sloan Management* / Deloitte Digital

Objectives of the strategy by maturity phase

Do you agree that these are objectives of a Digital Strategy?

Legend:
- Improve the user experience
- increase efficiency
- Improve decision making
- improving innovation
- transforming business
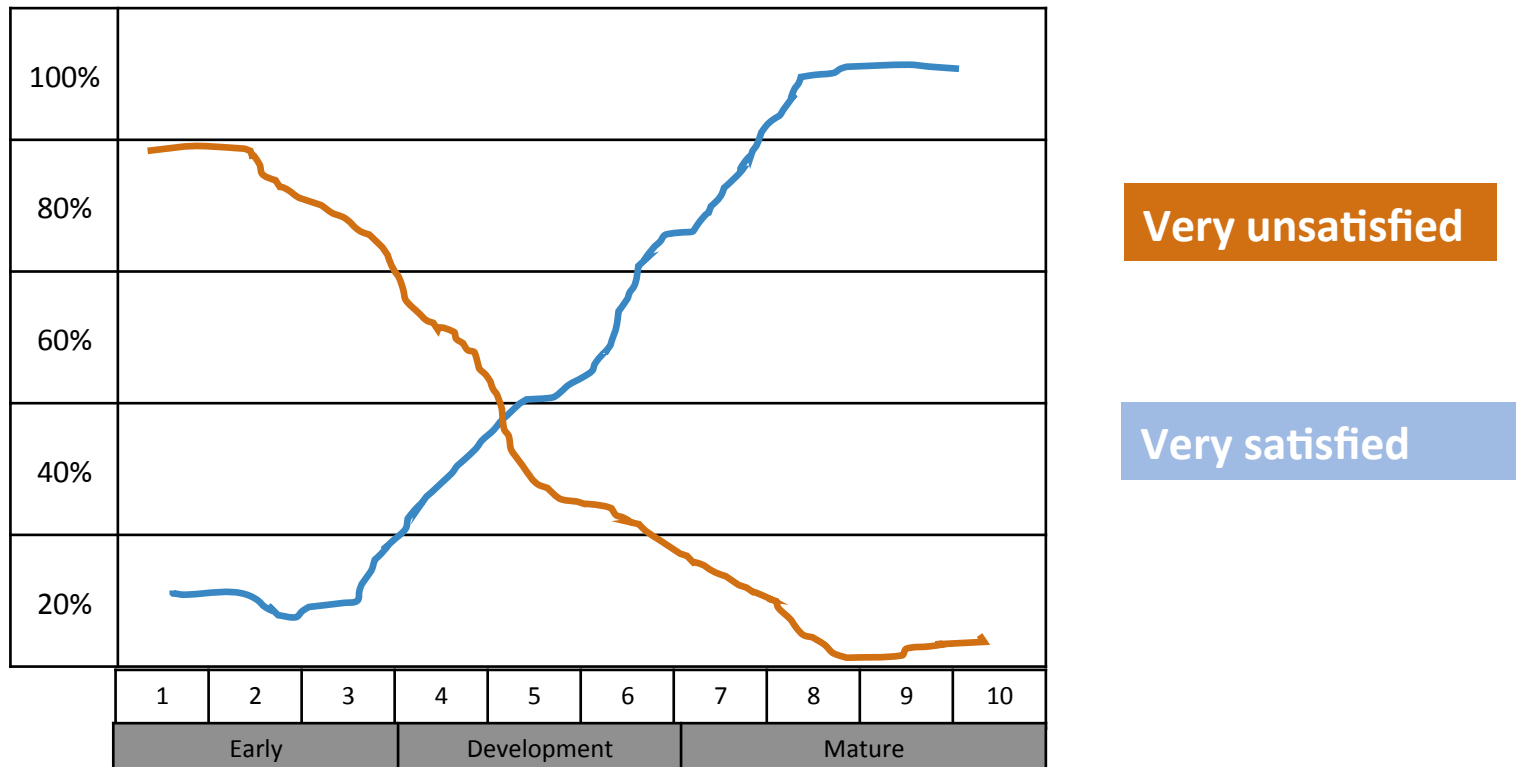
Phases: Early (1–3), Development (4–6), Mature (7–10)

PS: Interviewees agree or strongly agree

Source: *MIT Sloan Management* / Deloitte Digital
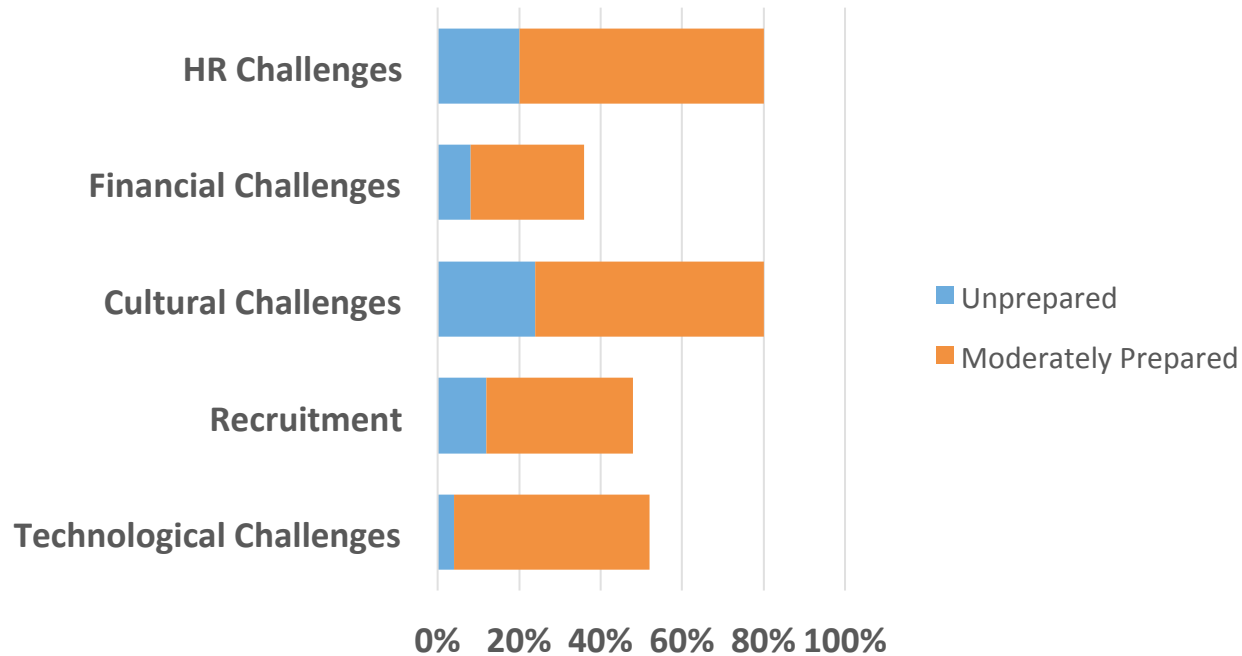
Satisfaction of the strategy by digital maturity phase

Companies in the early stages of digital maturity should seek the commitment of its employees to implement the strategy Digital

Very unsatisfied

Very satisfied

Level of preparedness to adopt a Digital strategy

How prepared are the organizations to face Digital Innovation?

Source: *Diario El País*

Importance of Digital Transformation according to age range

Perception of importance of Digital Transformation by age range

	Less than 21	22 - 27 years	28 - 35 years	36 - 44 years	45 - 52 years	53 - 59 years	more than 60
Percentage	83%	85%	80%	81%	79%	76%	72%
Quantity interviewed	24	234	536	1024	1144	893	743
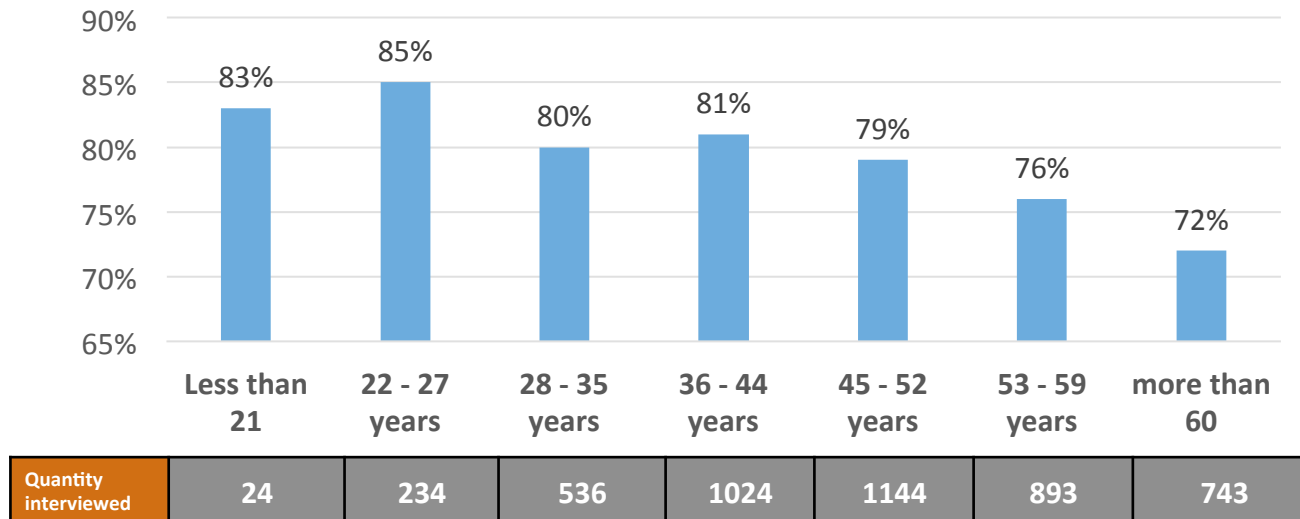
Source: *MIT Sloan Managemen*/ Deloitte Digital

Importance of Digital Transformation

60% of Organizational Digital transformation projects fail because they seek the solution outside the organization, ignoring those characteristics that make it unique, as its Processes knowledge, culture, identity and people (Partners, Clients and Employees)

2 out of **3** CEOS, have placed Digital Transformation as the absolute center of the Corporate Strategy

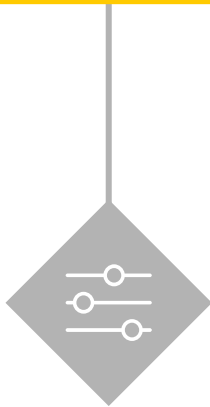**47%** of the companies have not started a Digital Transformation

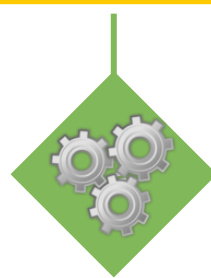**55%** Expect their digital transformation process to take 12 months

Global list 2000 - Forbes
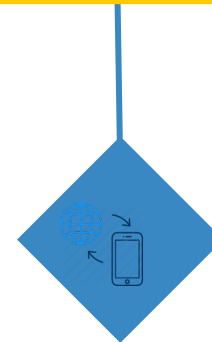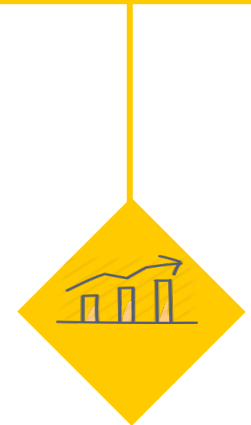
How to start a Digital Transformation process in a CSD?

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Segmenting Our Clients and Business Partners

Analyze our current situation

Create strategies by segment

Transform your customers' experiences
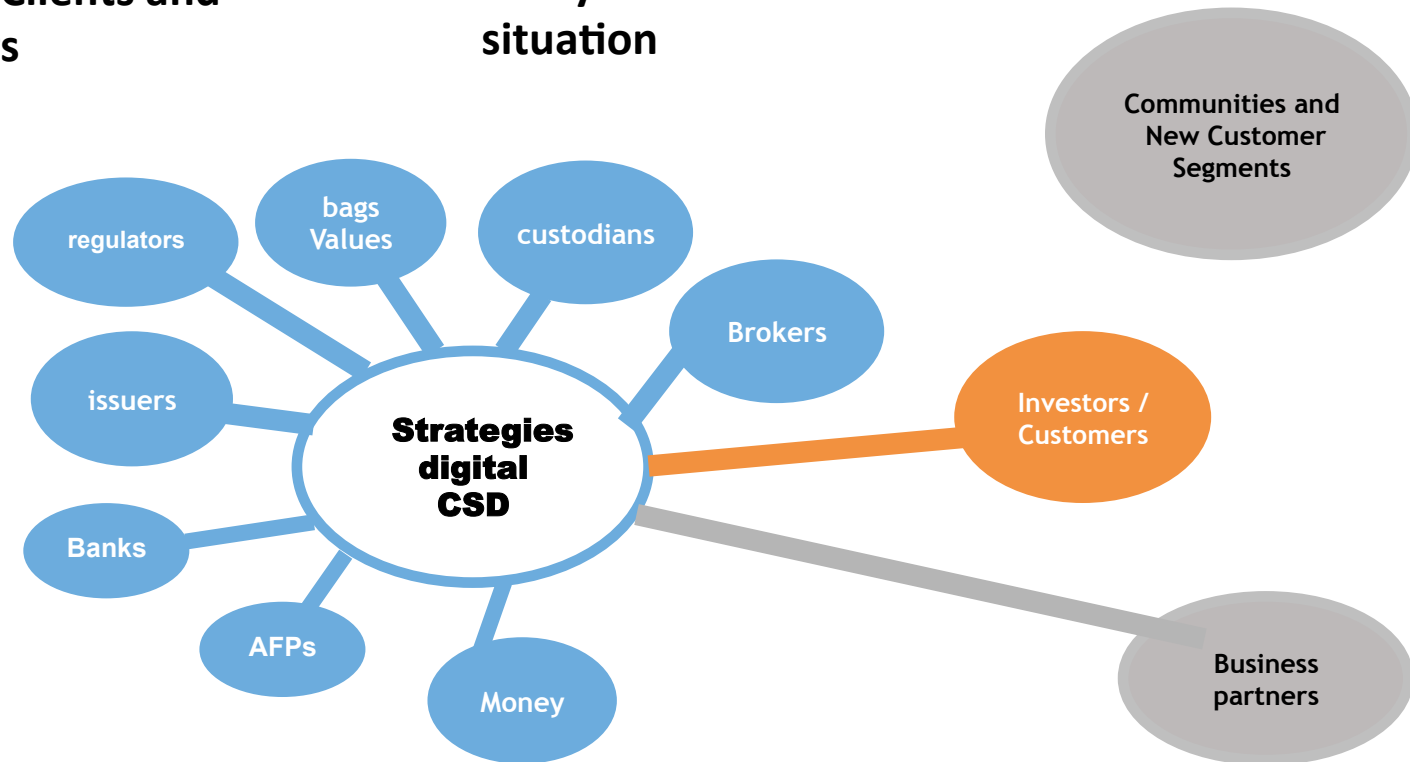
Define a client-focused thinking and not in Products

- regulators
- bags Values
- custodians
- Brokers
- issuers
- Strategies digital CSD
- Banks
- AFPs
- Money
- Investors / Customers
- Communities and New Customer Segments
- Business partners

What changes are required in the entities to implement digital strategies?

The implementation of digital strategies is the present. Entities are showing changes in their attitudes and structure; it all depends on the state of "Digital" transformation they are now

❑ **New ways of relating to the client and changes in consumer experience**	✓ Customer Focused Business Model ✓ Opportunities for contact between the customer and the company expand through: web applications and mobile ✓ Ability to offer services in "self-service" ✓ Customer experience is maintained as a differentiator between entities ✓ The service is what makes the difference
❑ **New office formats** ❑ **New ways to work for employees**	✓ virtual offices for providing customer services. These offices will be centers of product marketing and value generation for the customer. ✓ New forms of work will exceed the more traditional forms of work. ✓ The employees will change time currently invested in administrative work to focus on customer relationship ✓ The company will invest more time in the design and marketing of high-value products, which ultimately impact on increasing customer acquisition, bonding and loyalty

What changes are required in the entities to implement digital strategies?

❑ **New Metrics**	✓ New metrics aligned to these new ways of working, new processes and services where the basis for assessment will be the client. ✓ Reception, data capture and analysis of products and services will be more relevant. ✓ The evaluation of the average cost effectiveness of a client will have high precision and will be determined by the products, services and bonding time that the customer experiences with the entity
❑ **We will be new competitors in other markets and new competitors will show in the current market**	✓ We will become competitors for other businesses or traditional entities ✓ They will be new competitors that demonstrate that can work differently and have more efficient business processes, faster in changing the less wise decisions and with lower costs for services ✓ These new competitors will force to think of the value chain of the various products and services as an element that can be divided and improved for each of our clients

The rate of change will depend in many cases on the flexibility that regulatory entities show for traditional companies and requirements for new players in the industry.

Also, Digital transformation goes through an assessment from the risk and legal departments, which verify the risks that will be assumes by the entity and the applicable regulations, in order not to create problems in the process "If that's clear, it will be much faster to achieve"

Value creation in companies with Digital Transformation processes

❑ Improved connectivity company with customers, partners, employees and suppliers.

❑ New opportunities to boost brand awareness.

❑ Process Automation, new applications to simplify tasks, increased productivity

❑ Fosters innovation in products and business models.

❑ Compliance with regulations

❑ Improved integration and communication services.

❑ Key value chain components are created and improved

❑ Data Management and analysis to expand and improve decision-making, product design, pricing, subscription, among others.

Income and benefits will move towards entities who successfully use the advantages of Digital transformation.

Conclusions

❑ For a strong and successful Digital transformation strategy, you must have a leader that drives the organization

❑ The Digital transformation is restructuring relations with customers in a very unusual way and creating business models that change the established order in traditional companies

❑ The impact of Digital transformation in companies will determine their growth

❑ The pace of Digital transformation in entities will depend on the ambition, investment ability and capacity for management

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