



EMBRACING TECHNOLOGY IN FINANCIAL SERVICES

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SEASON 2, EPISODE 5 TRANSCRIPT

Ingredients for a differentiated customer relationship – what's key for financial services?

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Tim: In a world driven by customer experiences and fuelled by innovation, the role of the chief marketing officer has never been more important. For successful organisations, it's about putting the customer first, but doing this at scale. Join me with my guests, John Moran and Stacy Pence as we discuss marketing in the digital age.

Presenter: Welcome to Embracing Technology in Financial Services, a podcast brought to you by Accenture where leading experts share insights on business issues facing Australia's financial services industry and beyond. Now here's your host, Tim Broome.

Tim: I have the utmost pleasure of being joined this week by John Moran, who leads the financial services Australia and New Zealand division for Salesforce. John, how are you?

John: Very well. Thanks Tim. Nice to be here.

Tim: Excellent. And Stacy Pence, who is our Salesforce lead for Accenture across APAC. How are you doing?

Stacy: Very well, thank you.

Tim: Okay, so I believe you've both just come back from the U.S. recently?

Stacy: We did indeed.

Tim: Okay. How was that trip, John?



John: Oh, amazing. I mean, Dreamforce was the reason we were both there, which is Salesforce's annual customer conference, which is held in San Francisco every year. We had 170,000 registrations for the event. It's capped at that number. It was rising steadily until we hit that number and we've decided that's pretty much max capacity. It's a remarkable event of, you know, bringing like-minded people together around us as a company and as a technology platform, including our wonderful partners like Accenture who play a big role in the event every year. Stacy was over there playing her part and engaging with the customers as well. So, it was a fantastic week.

Tim: How'd you find San Francisco, Stacy?

Stacy: Yes. It's lovely as always, and we held off the rain. As John said, it's always a really unique time that not only do we get to spend time with customers, but it's outside of the office. So, you get a different mindset with them and a different set of discussions. It also is a neat time where we actually can bring customers together and that's another piece of that event that's different than a lot of the other events that happen. So, the energy that goes into that, the innovation, the thoughts that come out of it has just, is always astounding. And every year it seems to get even better. And I don't know how that keeps happening.

Tim: No, and I'm sure the planning that goes into it, it's probably 12 months of planning.

John: Oh yeah, I mean I think they start 18 months out actually. They begin planning the following Dreamforce six months before the current cycle. So, it is a very big event for the company, and it shows, I mean it's remarkable. I'm sure it's a case study as these types of events go, at universities around, around the place because of its scale and how well it's run.

Tim: All right, fantastic. Well we're here today to talk about, I guess marketing more broadly and what that means within the financial services industry. So, for me, I'm a technologist more than, you know, marketing is something I'm conscious of, but it's certainly not my area. Can we just start off with maybe John, what is marketing today?

John: Well that's a really interesting question Tim, because I think it's, marketing is probably going through its biggest shift if you like in focus at the moment really driven by your domain of knowledge, which is technology. Traditionally, particularly in financial services, marketing was taking predefined set of products and pushing them into market and creating awareness and demand in the market for customers to buy those products. And it had a mass orientation in the sense that you were trying to make as many people as possible, you know, slightly targeted maybe by demographic or customer segment, but as many people as possible aware of the product so that if they had a need they could connect with that brand and you'd get a sale.

Obviously, in this world of digital and the rise of digital marketing and advertising platforms is kind of accelerated this. The role of the marketer really is changing enormously to one of being the custodian of data and knowledge about the customer. And increasingly, it's sort of enabling a shift from companies being a pusher of a product to one where the company actually sits with the customer understanding the customer's need and then identifies opportunities to fulfil needs the customer has. Either through servicing the customer well or in some cases by providing, you know, products, additional products to offer that customer, and that's a huge, a huge shift for the discipline of marketing.

Tim: Stacy, with that in mind, we're almost to the point of giving advice at the right point for a customer rather than pushing a product because you think it's what you want them to buy. It's almost moving to actually what is the right thing for this, or sorry, the right product for this customer at this point in time? Is that what we're trying to get to?

Stacy: Absolutely. And I think as John said, it's more about how do we orchestrate the data and organise it in a manner that we can build predictive models to help us start to better understand the customer? And what that gives us the opportunity to do is push the right product, but also at the right channel and at the right time. And we talk a lot about it as the nirvana that people have wanted for a very long time. But the challenge is that there's so many technologies out there to do this that often our marketers get overwhelmed in trying to think about how they integrate those tools together to achieve that right channel, right message, right time. And it's not just the pushing of a product anymore, it's around understanding what your customer's relationship with you is as a whole.

So more around if that customer is frustrated and has a case open with you for a very simple example, why would we be pushing products to them on our website and some other channels such as a text message or an email. So, it's really thinking about how do we take all of this data that they've now collected and actually use it to change our relationship with the customer versus just advertise, advertise, advertise.

Tim: Because I'm looking at that from a remediation perspective. I'm also looking at there will be a number of customers going through some level of remediation at this point, especially in Australia and under those circumstances, or when should you be talking to a customer about a different product versus, well, actually the first thing we need to do with this customer is get the trust back, deal with some historical challenges that need to be addressed. Sort that out first before you actually start thinking about what's interesting for this customer at this point in time.

John: You've hit the nail on the head. That kind of captures the challenge for big established firms in the financial services really well because on one hand you've got this process of remediating errors made in the past, happening in parallel to normal operations. And if you imagine a scenario with those two processes aren't based on the same set of data, the same customer information, you don't have a view. The chances of what you just described occurring are actually quite high. And you know, that goes to the heart of, I think this transformation of moving customer side in the way you drive your business forward.

I like to tell people that if you look at all of the errors and problems that were exposed during the Royal Commission last year (2018), you can describe every one of them as a failure of the institution to act in the customer's interest. Acting in their own interests, or their shareholders' interests, but not the customer's interest. So, if you take that as the basic underlying problem that drove so many of these bad outcomes, then moving to the customer, becoming enriched by everything you know about the customer and can know about the customer before deciding which products to sell, which service to offer, which help to provide, then you immediately solve this massive compliance issue just by getting customer centric in how you behave.

Stacy: So, we've got the challenge of helping customers get to this because that's what they want to do. And there's two big things we've recently been working with them on is one, organisationally, how do I work together to make sure my communications department is talking to the data? Who's talking to the orchestrator? So, we've spent a lot of time helping customers just think about how do they come together to drive that as a governance mechanism. And secondly, what are the technologies you need to actually collect this data, predict on the data, and then actually give yourself the information that you can actually then say, well, I need to actually rebuild trust before I need to start talking about a product. So, one of the unique things that we've found with some of the Salesforce products recently is that ability to leverage [Einstein Analytics](#), [Interaction Studio](#) coupled with marketing cloud capabilities to actually do all those things at once.

And I think that's one of the things that we find very unique is you call it a marketing, it's called marketing, but it really isn't. It's actually really about how do I know my customer and how do I build trust with that customer and then at the right time talk to them about other things that are right for them. So again, it's what are their needs, what are their interests? So, I might be someone who is more interested in being economically savvy and I don't want the big home that you're sending me the home loan for. So, how do we tailor those messages to really be a custodian to our customer, like to them, helping them live, I like to say, their best life, right? How do we not just have them banking with us or buying insurance products for us? How do we actually help them achieve what they want their day-to-day life to be?

Tim: Okay. So that all sounds straightforward.

Stacy: Yeah, it's really easy. Ask Salesforce.

Tim: So, if it's that straightforward, we'd all have done it. So why is this hard, Stacy?

Stacy: So, I go back to the first one. So, the first thing is organisationally. So organisationally, oftentimes we've got every different part of the business trying to solve for it. And they're using their own set of processes, their own set of technologies to try to drive that. And what's happening is we're sending mixed messages and we're sending out different communications to different people, and oftentimes we're sending different messages on different channels. So, the first thing that's the hardest about it is actually to get your organisation set up in an operating model that works cohesively to actually drive those interactions. So, that's number one. The second is I think there's something around 17 percent of our marketers actually feel like they have the tools to meet their CEO's objectives. So that means 83 percent don't¹. So, I think the second challenge we have...

Tim: That's a lot.

Stacy: Yeah, it's a lot.

Stacy: The second challenge we have is that helping them get focused on, okay, based on what you're trying to accomplish in this strategy you've set out, what tools do I put together to make that happen? And how do I not turn that into a massive multi-year, multi-million-dollar program because I don't have time to actually get there. Right? So if I can stay very targeted and focused and not get caught up in all of the advertisements for all the marketing tools that will solve every problem and I get very focused on it, I can actually start to achieve some of those small wins really quickly.

Tim: Okay. John? Thoughts?

¹ Way Beyond Marketing: The Rise of the Hyper-Relevant CMO, Accenture (2019)
https://www.accenture.com/_acnmedia/pdf-97/accenture-cmo-long-report.pdf

John: Yeah, I mean look, it is an incredibly hard challenge and Stacy touches on two really important pieces of that, the organisation and the tools. I think culturally the other thing we need to think about is are we empowering our people? Quite often this rush to digitise has been a focus on what's the digital touch point with the customer, the pure digital touch point with the customer. That's a really important touch point today, more important than anything. But equally important is what is the experience your employee has that he's interacting with the customer. How easy are we making it for the employee to do their best work on the customer's behalf? Because I think you often find, you know, there are many institutions in this country where the customer facing technology is something approaching world-class, but the employee facing technology could not be described that way.

It's lagging decades behind the experience that we have when we use our iPhones in our everyday lives. And yet we expect these employees to be customer centric, to be incredibly responsive and incredibly productive at solving for the customer with this huge kind of legacy problem of the technology that they've got at their disposal and the experience they have in solving those problems. So, that's another piece of it, and I think that goes to the idea that we've got to think of this transformation towards being more digital and more customer centric as holistic. It's got to incorporate the whole organisation, not just, you know, the digital channels that touch the customer.

Tim: Well, John, that's an interesting point and I think you've actually hit one of, probably, the core issues that organisations have in that if we're trying to use the whole organisation's data, we then hit the organisational challenges of the data being isolated within parts of an organisation, and then the need to try and gather that data together. But then when we hit that point, we're then in a position where there's almost too much data and organisations are trying to figure out actually, which is the valuable data in here.

And in fact, so there's an Accenture wide paper, [CMO Insights](#)². "64 percent of financial services, CMOs have more data but struggled to make better decisions and apply insights to their business." And I think that's highlights, we've moved from a position of people not having data on or making assumptions on fairly small volumes of data to now having more data than we know what to do with. Therefore, which data do I use, and which data is redundant. And I honestly don't think we've really got to the bottom of that answer.

John: No, I agree. It's a challenge, and I think the answer is going to lie in, what is broadly termed, AI. It's going to lie in machine learning, being able to provide insights into that data that aren't obvious to a manual analyst. And the shift that I think AI needs, so you know, I was reading [a paper](#)³ actually just yesterday that describes the AI, the power of AI as rising, but the application of AI at scale inside businesses as actually lagging the capability by quite a margin.

² CMO Insights What's working in marketing today
https://www.accenture.com/_acnmedia/109/Accenture-CMO-Insights.pdf#zoom=50

³ McKinsey Global Institute, October 2018 Executive Briefing
The promise and challenge of the age of artificial intelligence by James Manyika and Jacques Burghin
<https://www.mckinsey.com/featured-insights/artificial-intelligence/the-promise-and-challenge-of-the-age-of-artificial-intelligence>

John: So, the problem is not that AI can't do the job, it's that we haven't yet found ways to scale AI and actually apply it in a real business context. And I do think that's where the answer lies and, you know, with Salesforce that's really what we are trying to do. We're not trying to be a broad-based AI player. Our [Einstein](#) product set is oriented around how do we make it really easy for our company to operationalise AI? So, once we actually push the data into the Salesforce world, just provide insights, provide visibility into what the data says and support for decisions natively in the application, without a whole lot of data scientists having to work through the data in the first place. That's really, I think where the answer lies, making more use of artificial intelligence.

Tim: I certainly think we need to make that simpler and we are starting to see, with the likes of Einstein, an almost an abstraction away from the underlying creation of specific models to, well actually here's some generic models which we'll cover off the bulk of what you need and move it away from the need to have data scientists all over the data to try and make it move towards the level of the business.

John: Right. And if those models can learn, and improve themselves, and effectively the data ends up fuelling the model, producing predictions and then those predictions improve over time as the model refines. I think that's definitely the path that's going to provide the right outcome.

Tim: Okay. Look, I also think in this area, and we probably don't want to dive too deep into AI specifically on this area because we could probably talk for another couple of hours just on this. But I still think we've got a fair way to go on... especially if you're going to allow a whole range of individuals who might not be conscious of the impact of the models and the decisions they make, what actual data fields are they using to make those decisions? Because what the data might tell us isn't necessarily what we, as a society, would say is the direction we want to take.

John: Huge issue.

Tim: We've got to work through that.

John: Yeah, no, it's very, very important and you know, the unconscious biases that exists, you know, have existed historically for decades, are built into the data sets that we're now using to drive these decision making processes. So, it's a huge issue, and unwinding that is going to be a challenge that we need to be pretty vigilant about.

Tim: Absolutely, yeah. I want to take a little leap. Stacy, we were chatting earlier on the role of the CMO and it strikes me that that role has grown somewhat. I wasn't even really conscious of the CMO being really senior in an organisation until probably the last four or five years. But right now, it seems as though they are really central to the operations of an organisation. Is that really what's happened?

Stacy: Yes, absolutely. Because they're actually, and some of them are even modifying their name to the chief client officer, right? Because technically that marketing person is looked at as the individual who's owning the engagement with the customer, and there's really nothing more important than that activity, because if the customer is frustrated, if the customer is upset and you're not addressing it, the means to change providers nowadays is not like it was before. It's not like back in the day, and you used to go down to your insurance provider and you saw them once a month or every other month and he told you what to do with your money and you need this and you need that and you just trusted him. You can now get online and you can go to any provider to buy those types of things.

Stacy: So, this marketer with their ability to be responsible for that engagement is by far a different lens. Now, the interesting thing though is they need all of the other C-suite individuals in support of what they're trying to do because, as we just said, they need the data, they need the analytics, they need the tools to be able to actually execute on that.

Tim: Okay. Is it relevant that, you said the chief customer officer rather than chief marketing officer, is that actually saying that we've seen even the concept of marketing have now moved on?

Stacy: That's, and I think John, you and I have been talking about that, is the marketing word almost is bigger than that now because it's not about just pushing a message or pushing a product. And it's not only pushing a message or product, but also pushing a message that they actually get. Because there's tons of emails you can send, there's tons of communications you can send, both from the customer side and the employee side, but if they're not taking in the message, then the message you sent didn't work either. Right? So, there's a mechanism for how do we actually send communications out that people pick up, how are they entertained? Is it through videos now versus emails? Is it, how long is the email? Is it a text message instead?

So there's so much more to it around how do you engage with these clients, and how do you make that message land, that again, just continues to elevate the importance of that role in an organisation and how it's a lot less around what's the best ad that we might've seen eight years ago, five years ago even.

Tim: So, are we moving from a position where almost, I think you alluded to it, but the concept of marketing, we've just moved away from what we historically thought it was and it is now about how can I create a relationship with each of my customers, and treat them as individuals? Almost as if you were a very small start-up company, you would have individual customers, you would know them because it was a sheer volume, and now how can we recreate that at scale?

Stacy: Yes, absolutely.

Tim: What do you think the CMO needs now to be successful?

John: The CMO needs to find a way to move from the product side, pushing product out, to the customer side, understanding customer and pulling the solutions that customer needs towards the customer. And for that they need data and they need tool sets that effectively empower that trend, that new way of operating. That's really the key thing that CMO needs.

Tim: Okay. Stacey, your thoughts?

Stacy: Yeah, similar. Data, technology, people, creativity. If you can get those things all together, I think it gives you the opportunity to have a really differentiated customer relationship.

Tim: That's great, Stacy. I really appreciate your time, so thanks for the time you've given me today.

Stacy: And thank you very much for having me.

Tim: And John to you too. Thank you very much. Really appreciate your time that you've given us today.

John: Thanks Tim. Really enjoyed it.



Tim: If you want to hear any more about the role of the chief marketing officer and the future of marketing, please reach out to me, Tim Broome, John Moran or Stacy Pence on LinkedIn. Thank you very much.

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