

CFO INSIGHTS

DIGITAL INNOVATION COMPETITIVE ADVANTAGE OR DISRUPTION?

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Is Sustainable Business Growth possible through **DIGITAL DISRUPTION?**

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DICE:

The Key to Creating Competitive Advantage through Digitization



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Collaborative Design Principle

Arun Jain, Chairman and Managing Director, Intellect Design Arena Limited, is of the opinion that design and technological differentiation is the way to stay ahead of the curve

■ **As a leading BFSI products company looking to achieve a long term growth target of 22-26%, how is Intellect Design Arena collaborating with clients to create value for their business?**

Collaboration is at the core of Intellect's relationship with all its clients. The organization's DNA is based on a collaborative 'Design Principle' which is centered on a four-stage process that begins with defining the problem by asking the right questions. The purpose here is to understand stated and unstated needs, and overcome the problems faced by the customers. Stage 2 involves observing patterns with an emphasis on accidents and exceptions. Stage 3 is all about the rigour of knowing and connecting the dots between customer experience and operations design. Stage 4 focuses on diagnostics to unearth blind spots.

Intellect provides the complete suite of technologies that enable holistic Digital 360 adoption. At 8012 FinTech Digital Design Centers, customers can experience their digital vision in real time and work with specialists on the customer experience and operational excellence drivers, sharing pain points, getting under the hood to better appreciate gaps in current systems, identify change opportunities and establish priorities for progressive modernisation.

Intellect also believes that value is provided when products are delivered on time and in full. Intellect ensures this through its delivery excellence programme called D-3 OTIF, which is built on the pillars of Design and Diagnostics, and contains distilled progressive thinking on Agile Engineering, Theory of Constraints, and Six Sigma. Consistent performance requires a high performance engine around domain efficiency, technology efficiency, process efficiency, customer knowledge, re-usability, IP innovation, and people energy. Deep diagnostics unearth blind spots. Design principles engineer for predictability.

The elements of this framework are:

D1 Customer Requirements: Understand requirements to deliver beyond expectations

D2 Technology Solutions: Provide superior solutions through optimum technology.

D3 Engineering: Lean operations design; first-time right development; zero-defect products; easy adoption

D4 Product Support & Service Delivery: Full technology lifecycle support.

D5 Planning: Optimisation of work scope, resources and activities for best results

D6 Monitoring & Control: Relentless focus on accident prevention and management to enable higher speeds and greater safety on the interaction highways

D7 Stakeholder Management: Map all experience touchpoints to ensure meaningful dialogue through the engagement process

D8 Higher Throughput: Create and nurture a collaborative culture around design thinking, leveraging engineering centres and 6 people-teams working as unit cell structures

■ **With digital interventions, businesses are seeing improvement in customer experience, productivity and turnaround time. In your opinion, what should be the strategic focus – disrupting with new technology or improving existing technology for competitive advantage?**

Intellect has always considered design and technological differentiation as the way to stay ahead of the curve. It spotted the green shoots of this trend 7 years ago and started investing diligently to build two radical technologies.

Technology companies must necessarily reinvent themselves every ten years

Canvas Technology, a transformative distribution technology for channel solution design, development and deployment, is an 'ahead of trends' product that enables the financial institutions to offer a unique omni-channel platform for end customers as well as internal users, thereby creating an integrated and

continuous experience. Banks are beginning to refer to this as "Digital Outside".

Corporate Business eXchange is an example of this technology in action. CBX is a next generation, comprehensive unified portal offering self services across domain catering to all corporate segments, enabling them to make informed decisions. CBX provides bank's customers the view across multiple entities, banks, geographies, and currencies, to accurately determine their cash positions and borrowing needs, or to facilitate intelligent investment decisions. The drill-down feature provides contextual relevance on the cash flow events along with ability to act on the information.

Drawing inspiration from the Airline hub, Intellect's Hub Technology addresses the needs of a dynamic business environment facilitating seamless interactions among the various stakeholders along with end to end process orchestration and centralized risk management. This is grabbing the attention in banking circles as an enabler for their agile operations, also known as "Digital Inside" strategy.

Both Canvas technology and Hub technology are serious external validations of not just the strength of Intellect's R&D capabilities, but also its ability to spot futuristic trends well ahead of time.

Another example of Intellect's focus on technological differentiation as the way to stay ahead is 'Risk Analyst'. This product is the most advanced risk discovery tool in the insurance industry that leverages big data and known sources to uncover hidden risk in minutes. The solution analyzes data from 1800+ sources using big data, artificial intelligence, underwriting rules and risk predictors.

■ **Intellect Design Arena has been providing customized and innovative digital solutions across its business segments. How are these solutions impacting your customers?**

Financial institutions are grappling with the challenges of increasing revenue on one hand, and cost reduction on the other, and 'digital' provides new and previously unimaginable solutions through technology. For this, Intellect is positioned at the forefront of the digital transformation banks and insurance companies seek, as they moved from disjointed digital activities to holistic digital outcomes. Intellect believes digital is about delivering the same experience at all touch points. Its solutions ensure superior customer experience, higher order operational efficiency and better governance in accordance with evolving regulatory frameworks.

Consider the case of the Reserve Bank of India, one of the largest central banks. Our solution manages public debt, collections and payments of the Central Government, 29 State Governments and Union Territories, and 7 very large customers including the Ministries of Finance, Railways, Post & Telegraph, Telecom, Defence, CBTT, and other Ministries. From the infallible perception of balance sheets, Intellect has provided the Central Bank real-time enterprise GL, allowing it to drill down to the last transaction. This ensures nil recon between multiple systems.

Even for overseas corporate banks, Intellect enables banks to meet their aspirations. Hong Leong Bank, Berhad, a leading financial services organization in Malaysia is powered by Intellect to transform and digitalize its wholesale banking offerings with the Intellect Global Transaction banking (iGTB) suite. This consists of a digital omni-channel delivery platform and rich applications across Digital Cash Management, Liquidity Management, Domestic and Foreign Payments, Trade Finance and Supply Chain Finance which will enable the bank to facilitate mass adoption of real-time digital payments amongst its corporate clients.

Six years ago a regional bank embarked on a mission to become a leader in Asia-Pacific with the aim of strengthening its presence as a cash and liquidity management provider across the region. As an 'AA' rated bank, it had the strength and capability to support potential clients in the region. Nevertheless, building a presence in Asia-Pacific was not easy – especially given the number of competitors already established in the region, combined with customer expectations for sophisticated technology solutions. The bank's business objectives for the overall strategy to be implemented included increasing the regional customer base, increasing transaction volumes while reducing costs, improving visibility and control of funds, automating cross-border liquidity structures and minimizing operational risk of the bank's customers. Accomplishing these goals required not only an aggressive growth strategy, but also a significant commitment to technology upgrades.

The bank now achieves 140% increase in transaction volumes and 85% uplift in intra-day transfers. With Intellect's solution, the bank offers sophisticated automated solutions for cross-border sweeps or notional pooling to their customers. With a front-end portal and client visualization capabilities, clients now have complete visibility across their accounts and overall balances. Currently, the bank has around 320 liquidity structures live, from Australia through Asia, that are supporting customers with regional treasury centres in Singapore and Hong Kong.

Money should not be the first priority of a start up; it should be problem-solving

Other success factors include:

- Intellect Treasury powers RBI - 90% automatic reconciliation of entries with Exception Manager
- Intellect Core accelerates NBAD's business growth to 33%
- The regional bank achieves 140% increase in transaction volume using Intellect Liquidity

■ **R&D investments have long gestation period and uncertainty of returns. Being at the helm of affairs, are you looking to acquire technologies or invest long term to build internal capabilities?**

Technology companies must necessarily reinvent themselves every ten years, and this was Intellect's first reinvention that propelled it to leadership position in the specialist financial technology industry.

Intellect has a pole position in the FinTech product segment in the IT industry ensuring its technology advantage. Since 2004, a team of over 600 passionate and creative R&D engineers were deployed in building and extending the Intellect product suite which now drives total Digital 360.

Intellect has invested nearly US\$ 150mn in R&D in the past 10 years to build pure digital products on a three-tier service-oriented architecture (SOA), which has won accolades from industry analysts. Other products are generally old legacy system overlaid with some digital flavours.

Our R&D team continuously works on latest technologies like Digital 360, Natural Language Processing, Artificial Intelligence, Big Data and smart search technologies to integrate and build solutions leveraging the strength around these with our Products.

■ **As per NASSCOM estimates, India - the fastest growing base for technology startups globally, will expand at the rate of 75% every year until 2020. Presently, Indian startup ecosystem is going through a transition phase. In your opinion, as an active angel investor, how can the startups build competitive advantage to better cope with this phase?**

I became an angel investor to help develop good ideas that will have an impact on society. I tell young entrepreneurs never to say they don't have the money to explore a great idea. Money should not be the first priority of a start up; it should be problem-solving. Unless you solve somebody else's problem, you will not make money. They should have the solution to a unique problem. Then I will help them scale up their business. Being an angel investor, I believe, is not an investment business, but a problem-solving business.

I have often said that the next \$100 BN will come from product companies in India, that this country would see the next Silicon Valley-like phenomenon. Product firms will form the fulcrum of a fresh momentum in India's growth story in the IT (information technology) space. A variety of political, economic and cultural factors prompted me to make this observation. I believe that it is the responsibility of established entrepreneurs to do more to create an environment that nurtures upcoming entrepreneurs.