Bringing Financial Services Innovation to Life

The Insights & Data Innovation Greenhouse

Driving co-innovation with disruptive technology for more certain outcomes
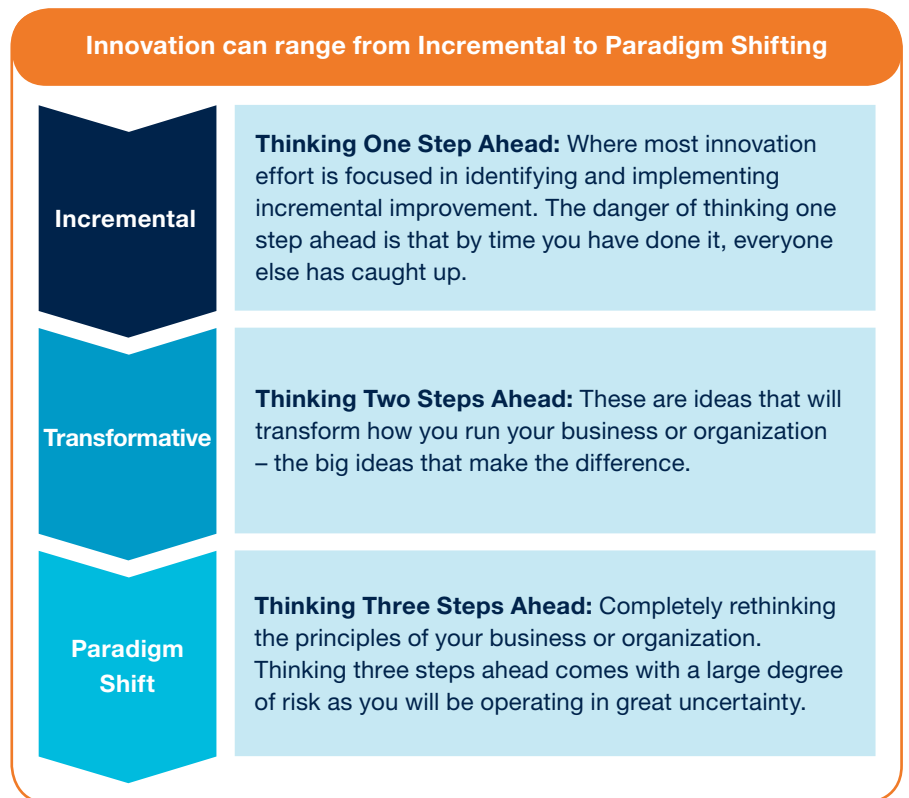
INSIGHTS & DATA

In the financial services sector, disruptive technologies are rapidly changing the way organizations operate, changing client and customer expectations and impacting traditional sources of revenue. Organizations are seeking the means to harness the disruptive potential of these new technologies to drive down operating costs, increase margin on existing books, identify new sources of revenue and reshape strategy related to the delivery of products and services.

Capgemini's Financial Services Insights and Data Innovation Greenhouse assists clients in moving beyond incremental thinking to look two or three steps ahead, harnessing disruptive technologies in order to bring about innovative and rapid change to the ways they do business.

People matter, results count.

The Innovation Challenge

Powered by the vast amounts of data now available to them, financial services organizations have the raw materials they need to drive innovation through the use of disruptive technologies.

But many financial services firms struggle to think outside the boundaries of normal day-to-day activities to move beyond incremental change. Operating procedures don't support cross-pollination of ideas. Business units may see opportunities from the analysis of newly available data but they are unable to create change without the involvement of IT, which traditionally can be time consuming and slow to execute. Just getting business and IT to share the vision of the problem or opportunity and how to solve it can be a monumental task.

Innovation can range from Incremental to Paradigm Shifting

Incremental

Thinking One Step Ahead: Where most innovation effort is focused in identifying and implementing incremental improvement. The danger of thinking one step ahead is that by time you have done it, everyone else has caught up.

Transformative

Thinking Two Steps Ahead: These are ideas that will transform how you run your business or organization – the big ideas that make the difference.

Paradigm Shift

Thinking Three Steps Ahead: Completely rethinking the principles of your business or organization. Thinking three steps ahead comes with a large degree of risk as you will be operating in great uncertainty.

Co-Innovation: A shared approach to a common problem

For these reasons and more, innovation can be hard. It is not uncommon for good ideas to be missed or abandoned because internal pressures make adopting innovative ideas impossible. Innovation is inherently risky and the process of developing ideas is often a painful process of exploration, experimentation and quite often failure. Innovation processes also run the risk of reinforcing existing thinking about a problem or encountering defensive reasoning.

Co-innovation, a collaborative approach for developing ideas, can overcome these barriers. It enables two groups to draw on subject matter expertise they may not have in their respective organizations, explore potential designs, get an external perspective that is hard to achieve and share some of the investment involved in developing concepts through to a working state.

This incubator model gives companies a greater degree of certainty of potential outcomes for ideas without needing a full-fledged pilot, and allows ideas to be refined or discarded before significant investment is made. The joint nature of the co-innovation model also means that costs and risks inherent in any innovation process can be shared.

Three questions to ask when considering a co-innovation approach

1 Do I have the skill and experience in my organization readily available?

2 Do I have an environment where I can innovate without significant investment in additional tools and technology?

3 Have internally-led innovation processes failed to deliver real outcomes for my organization?

Capgemini's Financial Services Insights & Data Innovation Greenhouse: Bringing Innovation to Life

The Financial Services Insights & Data Innovation Greenhouse provides a collaborative facility in which Capgemini and our clients, supported by our alliance partners, can plant, nurture, and grow data-centric solutions to real-world business problems across the spectrum of financial services. Through the greenhouse Capgemini offers our clients a model to collaboratively create ideas, mobilize expertise to explore potential designs and develop solutions that uniquely reflect the requirements of the client.

Our greenhouse approach consists of three components:

- **Planting:** Three days of intensive workshops with your organization to define the use case and preliminary business case

- **Nurturing:** Working with your team to finalize the business case and create a Proof of Concept

- **Growing:** Operationalizing the innovation by working with your organization to grow the capability

Planting the Seeds of Innovation through Rapid Ideation

Changes to regulations regarding pensions and annuities in the UK now allow the individual to take part or all of his/her pension and to spend it as he/she chooses. This is a major disruption for pensions and annuities organizations and all are looking to either defend their existing customer base or use the changes as an opportunity to capture new customers from other organizations.

For companies facing these new pensions and annuities regulations, Capgemini's co-innovation workshop focuses on:

1. How to determine which customers are at risk of taking substantial portions of their pension out of the company
2. What actions can be taken to retain customers at risk

After an initial ideation session, Capgemini works with client subject matter experts (SMEs) to determine the behavior exhibited by customers anticipating taking their pensions out of the company. A set of profiles is built based on the potential actions of customers in each category. Then, a list of behaviors is enumerated based on data already available internally to the company (e.g., age, education, home ownership) as well as data external to the company (e.g., social media and web click analysis). For each item in the list, SMEs are asked, based on their experience with historical data, what range of data for each criteria would place a customer into each profile.

Based on the decision criteria given, Capgemini then builds a small demonstration system to use as a validation tool with the client. Later, once the demonstration system gains support, a Proof of Concept is built which contains a much broader set of Intellectual property (IP) designed to support the client's internal business case.

Capgemini will work with key members of your organization to generate ideas, select suitable candidates, and develop them into a working prototype and an operational system. The co-innovation approach can be iterative, with successive rounds refining or eliminating ideas as the design and potential benefits are better understood. Each iteration follows a four-step process:

Four-steps to innovation

1 Rapid Ideation	2 Crowd Sourcing	3 Hackathon Sessions	4 Prototyping
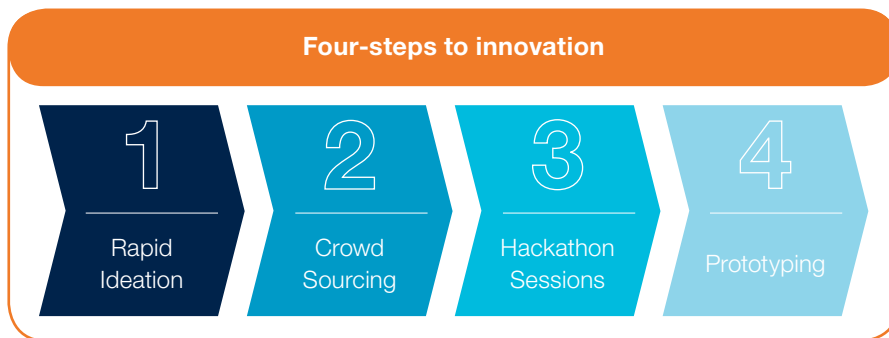
- **Rapid Ideation Sessions:** Conduct a rapid ideation session to scan, empathize, define, ideate, prototype and test to create a set of innovative ideas that meet the needs of consumers and business.

- **Crowd Sourcing:** Create a buzz of interest with leaderboards, rewards for the best ideas, senior level commitment to progress the winners and a gamified points system to drive internal buy in through recognition and transparency.

- **Hackathon Sessions:** A set of handpicked experts and innovators work to create "minimum viable products" and deliver functioning demos. Delivered in the Capgemini ASE environment, these co-creation sessions are about short-circuiting the creative process and get quickly to working prototypes.

- **Rapid Prototyping:** A 'Test and Learn' approach is used to take an idea into a real business environment and test it 'live' to assess its benefits and decide whether to roll it out. If the client has an appetite for the idea it can be moved directly to business prototyping, rather than embarking on long IT planning cycles.

The final step in the greenhouse process is to move the innovation from proof of concept to an operational system.

How Can the Insights & Data Innovation Greenhouse Benefit You?

Capgemini's co-innovation approach can offer a range of benefits to your organization:

- **Time to market:** By facilitating the rapid development and evaluation of innovative, data-centric solutions, your organization can improve your time to market, outpacing the competition.

- **Shared risk:** By directly participating in the innovation process as a partner, our clients are able to share some of the risks that are inherent in any innovation process. A guided process also means that the innovation process itself has a lower risk of failure.

- **Lower implementation costs:** Funding innovation programs can be a challenge. The co-innovation approach means that you get the benefit of a shared process that prototypes against your unique business challenges. Any longer term implementation processes are informed as to the likely challenges and considerations involved, reducing risk and costs.

- **Market/productivity impacts:** Our iterative, data driven process means that you can understand the potential benefits of proposed solutions quickly and make a decision to invest further based on actual performance.

Innovation transforms economies and markets through changes to relationships between organizations, suppliers and customers. Disruptive, but focused and controlled innovation can bring about transformative and paradigm-shifting change for financial services organizations. The Financial Services Insights and Data Innovation Greenhouse can help you realize innovation's full potential.
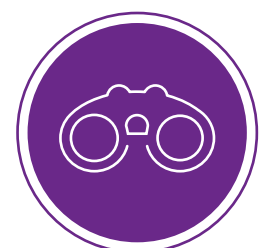
A deeply skilled team, ready to assist

Through a global network of 25,000 professionals, Capgemini delivers enhanced service offerings to some of the world's top financial services institutions. Serving more than 900 clients for nearly 40 years means Capgemini has domain experience that is unsurpassed. Our highly specialized staff bring a singular focus on financial services which includes industry best practices, 15 centers of excellence dedicated to financial services that provide deep technical knowledge, industry leading partnerships with technology companies and the latest in innovation. We have access to a wealth of best practices from hundreds of clients in more than 40 countries.

Our financial services industry specialists are complemented by more than 9,600 consultants focused on Insights and Data of which over 2,000 are dedicated to the financial services sector. Our business-driven approach, supported by leading edge technologies, provides truly differentiating performance for information excellence.

People matter, results count.

Get started today
by visiting us at www.capgemini.com/fsinsightsdata or
contacting us at businessinfo@capgemini.com.

About Capgemini

With almost 145,000 people in 40 countries, Capgemini is one of the
world's foremost providers of consulting, technology and outsourcing
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