

# ICG

Internal Consulting Group



Financial Services  
July 2012

## ICG Industry Insights Review

© Internal Consulting Group Pty Ltd 2012  
[www.internalconsulting.com.au](http://www.internalconsulting.com.au)

## About this Report

The ICG Industry Insights Review presents timely abstract reviews of the most relevant 'open published' perspectives and research reports from the world's leading branded management consulting firms.

ICG's Review ensures that executives and consultants are exposed to the widest range of high quality ideas, techniques and methodologies developed across the management consulting industry globally.

Relevant insights are identified and classified once only, either in a general category or by topic alignment to an industry segment or a functional area using our proprietary taxonomy.

## Access to Full Reports

If you find an insight of interest and wish to access the full report, simply click the link beneath the title. Where possible, this will take you to the full report. Occasionally, the publisher may require the user to complete a registration or payment process prior to accessing the report.

## Insight Sources

ICG sources candidate insights for review from the best and most relevant material published openly by (at least) the following branded consulting firms:

- Accenture
- AT Kearney
- Bain
- BCG
- Booz and Co
- Capgemini
- Deloitte, Touche & Tohmatsu
- Ernst and Young
- FMCG
- IBM
- KPMG
- McKinsey and Company
- Oliver Wyman
- Promontory
- PWC
- Roland Berger

*Contents*

**Financial Services: Industry Economic Context**

**General ..... 3**

**Financial Services: Industry Categories**

**Retail Banking ..... 5**

**Corporate and Institutional Banking ..... 7**

**Insurance ..... 8**

**Financial Services: Functional Categories**

**Strategy and Transformation ..... 9**

**Corporate Finance/M&A ..... 11**

**Regulation, Compliance and Governance ..... 12**

**Human Capital ..... 14**

**Finance and Risk ..... 15**

**Marketing ..... 18**

**Technology ..... 19**

**Operations ..... 20**

**Contributors**

**ICG Insights Review Team ..... 21**

## *Financial Services: Industry Economic Context*

### **General**

#### **“Bruised not Broken: The Global Banking Growth Agenda” – KPMG**

[>> VIEW PDF \(44 PAGES\)](#)

A broad brush review of global banking with a particular focus on the questions of developed versus emerging economies and domestic models versus regional or global models.

The regional banks are performing best at present though interviewees see global banks ultimately dominating. The report is well written, and contains enough interesting snippets to be worth a scan: for example in 2010, 1.8% of Chinese banking assets were controlled by foreign entities compared to 7.2% in India and 46.2% in the UK.

The interview based methodology lacks sample scale so our advice is to focus on quantitative fact-based analysis.

#### **“The Future of the Euro: An Economic Perspective on the Eurozone Crisis” – McKinsey**

[>> VIEW PDF \(28 PAGES\)](#)

Accessible and rich in insight, this report adds value on multiple levels. These include: an analysis of Eurozone design flaws (e.g. non-pricing of differential sovereign default risk); assessment of the benefits that have accrued (levers such as lower transaction costs and interest rates); and identification and evaluation of four scenarios which extend on the stock standard scenarios usually considered. When compared with other types of analyses, McKinsey’s scenarios include a strong focus on an N-Euro for the Northern European Union, as well as consideration of deeper structural reform and much greater fiscal integration (including a series of interventions for underperformance).

Quantification of the benefits of integration has been undertaken all too infrequently elsewhere and is therefore the highlight of the report. The benefits were valued at EURO 310B as at 2010 (equivalent to 3.5% of Eurozone GDP). Half of the benefit accrued to Germany – mostly in the form of heightened competitiveness.

**I C G**

## **Unbundled Production Services**

ICG now offers high quality, fast turnaround, Australasian-based:

**POLISHED PRESENTATIONS • DOCUMENT FORMATTING • COMPLEX GRAPHICS**

AUD125/hr **Contact:** [production@internalconsulting.com.au](mailto:production@internalconsulting.com.au)

**“Breaking up is Hard to do: The Eurozone Crisis: Possible Implications and Contingency Planning for US Companies” – PwC**

[>> VIEW PDF \(36 PAGES\)](#)

A solid methodology for any internal consulting group needing to complete an analysis of the Eurozone, postulate some relevant scenarios and systematically consider their implications across their business models. The scenarios selected by PwC include a Greek only exit and a new Eurozone containing only the stronger economies.

**“Examining the Euro: Why Does it Matter?” – Accenture**

[>> VIEW PDF \(12 PAGES\)](#)

In this special issue of Eurozone considerations, Accenture reveals its four scenarios. The key difference to other analyses is the reliance on executive surveys and the inclusion of an “anaemic recovery” that actually works – through a combination of debt restructuring, wage flexibility and industrial restructuring.

Two highlights stand out for internal consultants: a scary analysis of sovereign and bank refinancing schedules and a nice example of how to summarise a survey in a chart using a likert scale in which the highest percentile response is highlighted.

**“Simultaneous Recovery and Risk: Forecast for the Global Economy, 2012” – AT Kearney**

[>> VIEW PDF \(11 PAGES\)](#)

A very nicely written business and political summary forecast for the global economy. For the optimists, this piece contains a higher than usual number of upbeat assessments that are above IMF/World Bank forecasts.

**“Corporate View: 2012 Edition” – Booz**

[>> VIEW PDF \(16 PAGES\)](#)

A shortish annual combined effort from Booz, INSEAD and the European Executive Council which summarises the “corporate view” from a survey of 2,000 executives inside (75%) and outside the Eurozone.

Perhaps this endeavour usefully creates a voice for senior executives (who also happen to be incredibly well paid if the respondents are to be believed). However, pages of motherhood around integration, coordination, innovation and technology add little in the way of insight.

**“State of the Banking Industry 2012” – Accenture**

[>> VIEW PDF \(10 PAGES\)](#)

Many of us look up to the British Financial Services Industry which makes up 8.9% of UK GDP and is the UK’s largest tax payer and exporter. However, very few will gain much from this report which is based solely on a discussion across bankers, politicians and academics.

## *Financial Services: Industry Categories*

### **Retail Banking**

#### **“The Future of Face-to-Face: How to Make the Transformation a Reality” – McKinsey**

[>> VIEW PDF \(15 PAGES\)](#)

More often than not, the results from “crank the handle” surveys require substantial livening up. Not so with the results from this McKinsey survey: the main finding is so striking – a 46% further reduction in Northern European retail branch numbers in the next five years – that you can forgive McKinsey’s uncharacteristically unpolished analysis and prose.

#### **“Tracking Consumers Through Europe’s Debt Crisis” – BCG**

[>> VIEW PDF \(17 PAGES\)](#)

Another general management consulting firm diversifying into the consumer research business. This article shines a light on how consumers in your country might behave should things take a turn for the worse economically.

Conveniently graduated across the gamut of fates besetting European countries, we learn that values around health, family and stability increasingly drive behaviour and purchasing of related products and services. One counterintuitive insight is that spending on luxury goods as a category has continued to rise by 4% per annum across Europe, a rise attributed to greater purchasing of items on sale and items that are still in the luxury category but a brand peg or two lower than at the time of the previous count.

## **“Retail Banking in CEE: Exploiting the Potential of the Micro Business Segment” – Roland Berger**

[>> VIEW PDF \(52 PAGES\)](#)

A typically thorough and well-researched article on this rare growth segment in post GFC banking.

The document is rich in insights, despite its CEE market focus. Its quaint grammar and European holiday images only add to its appeal.

Highlights include:

- Nearly a third of CEE banks have a dedicated SBU between retail and commercial;
- The segmentation structure in Figure 9 and the cost to serve/service model work in Figure 16;
- The insights on dual relationships and rare lifecycle analysis starting on page 33.

## **“World Retail Banking Report 2012” – Capgemini**

[>> VIEW PDF \(44 PAGES\)](#)

This article is two reports stitched together. The first report is an empirical application of some earlier customer experience index work by Capgemini across a staggering number of countries. While the resulting sample size of 600 or so will have some researchers worried, the approach and directional findings are useful benchmarks for regional and global banks trying to reconcile their own footprint differences.

The first report’s other utility comes in the form of some helpful analysis of the impact of the mobile channel on customer experience, especially in geographies like the US where smart phone application functionality is already high and customers reported a negative impact from using the channel.

The second report is well-polished advertorial based on the classic product focus, service focus, or cost focused business model framework applied to retail banking. It follows some general comments on the industry. One highlight is some empirical analysis on the retail bank of the future (Figure 19).

## Corporate and Institutional Banking

### **“Reshaping Your Cost Base for Today’s Market Realities” – PwC**

[>> VIEW PDF \(28 PAGES\)](#)

The need for large corporate and investment banks to radically reshape (a more pleasant word than slash) their cost bases in the wake of the 2008 GFC is well publicised and much discussed. This article from PwC considers this topic again, highlighting how many banking business models failed as capital costs rose and customers’ appetites for high margin products waned. Collapsing revenues exposed bloated and unmanaged cost bases and change was required.

PwC shares its views on how to think about cost restructuring in a banking context, ensuring this exercise is placed within a strategic framework and is more than a short-term “scorched-earth” exercise. Useful reading for senior executives charged with implementing corporate change focussed around cost reduction.

### **“The Evolution of an Industry: 2012 Hedge Fund Survey” – KPMG**

[>> VIEW PDF \(28 PAGES\)](#)

This KPMG piece is essential background reading for those associated with any aspect of the global hedge fund business. The article is a data-rich summary compiled from interviews and engagement with 150 respondents responsible for \$550 billion of assets.

The paper reveals the continuing “institutionalisation” of an industry that was distinctly “cottage” only 15 years ago. This trend has seen a steady increase since 2009 in AUM from absolute-return-seeking institutional investors, coupled with a significant ramp up in the operational and compliance standards of hedge funds, themselves, to accommodate these clients.

### **“Wealth and Asset Management Global Wealth 2012: The Battle to Regain Strength” – BCG**

[>> VIEW PDF \(30 PAGES\)](#)

BCG’s 12th annual review follows a familiar formula.

The report will be of interest to those with an appetite for slicing and dicing of three major aspects of wealth management: global wealth pools, directional business model benchmarks, and offshore wealth flow analysis. The other sections are unfortunately dragged down by the need to be “generally relevant” so are of less use to executives in advanced markets.



## Insurance

### “Trends in Insurance Channels” – Capgemini

[>> VIEW PDF \(16 PAGES\)](#)

Another formula insight from Capgemini. This one starts poorly with dated information on the size of the life and non-life industry globally. It isn't improved by the calling out of “key trends” such as the rise of the Internet for purchasing and the use of new technology along the value chain. The article is rescued by Trend 2: Increased use of Social Media as a Distribution Channel – as previous Insights Reviews have highlighted, referrals are critical for sales of this product class.

### “The Analytics Advantage: Driving Claims Transformation, Customer Satisfaction and Regulatory Compliance” – E&Y

[>> VIEW PDF \(8 PAGES\)](#)

Mostly motherhood and advertorial. This text only article has a lot to say about the general advantages of more spending on business intelligence (though only 36% of insurers increased spending by more than 5% on this capability) and claims transformation, through IT and process investment.

## *Financial Services: Functional Categories*

### **Strategy and Transformation**

#### **“The Social Side of Strategy” – McKinsey**

[>> VIEW PDF \(15 PAGES\)](#)

An interesting article documenting observations on some experiments in collaborative development and testing of corporate strategy. The article presents seven case studies ranging from the non-profit operating foundation of Wikipedia to the venerable industrial 3M. Interesting techniques described include prediction markets, crowd-sourcing of ideas and testing of strategies. A key benefit identified is that of alignment of middle management and the broader employee team.

The article sets out the how the broader societal impact of web-based social technologies also challenges the status quo of strategic planning.

#### **“Ending the Endless Reorganization: Building an Adaptable Operating Model” – PwC**

[>> VIEW PDF \(40 PAGES\)](#)

This detailed article argues that organisations must adapt their operating models more rapidly as their business strategies change. The article provides a framework for an operating model, and case study examples of practices of selected financial institutions.

While the framework provided is fairly basic, it could be used to structure a more comprehensive, bespoke design exercise.

#### **“Scenario-Based Strategic Planning in Times of Tumultuous Change” – AT Kearney**

[>> VIEW PDF \(8 PAGES\)](#)

A short and well written primer on the use of scenario analysis in a strategic planning process. The article provides a brief summary of the components and major choices to make in applying scenario planning techniques.

**I C G**

## **Knowledge Area Review (KAR)**

Provide in-depth synthesis of globally published material on any topic.

PROJECT KICK OFFS • DEEP DIVES • BEST PRACTICE UPDATES

AUD20,000 **Contact:** [enquiries@internalconsulting.com.au](mailto:enquiries@internalconsulting.com.au)

### **“2012: The Revenue is Not Coming Back: It’s Time to Manage Costs Differently” – PwC**

[>> VIEW PDF \(40 PAGES\)](#)

A second opus this month from PwC, in this case an extended framework for cost reduction in financial institutions. Consistent with other papers in the series, the contents include a short trends update, a framework for action and case examples from PwC’s client work.

While unlikely to be a source of new thinking on this well-worn topic, the article is a comprehensive forcing framework and potential starting point to guide a cost diagnostic.

### **“Five Percent Efficiency Through External Spend Management” – Booz**

[>> VIEW PDF \(20 PAGES\)](#)

This calling card from Booz recaps approaches to discretionary external cost management and proposes five levers for analysis. The prescriptions include managing discretionary spend as an investment pool, building a demand management culture, restructuring the supply base, managing suppliers for efficiencies, and creating an operating model to sustain results.

The article is probably best suited to stimulating a discussion about cost management rather than as a source of organising frameworks or case examples.

### **“Overhead Study 2011: Cost Optimization in the Post-Crisis Economy” – Booz**

[>> VIEW PDF \(10 PAGES\)](#)

This 2011 empirical study updates a 2008 survey into overhead cost optimisation programs. The study concluded that most companies have implemented such programs over the past three years; programs deliver on average between 10 and 15% reduction in costs. Key reported sources were the HR, IT and Finance functions.

## Corporate Finance/M&A

### **“Sharing Deal Insight: European Financial Services M&A News and Views” – PwC**

[>> VIEW PDF \(20 PAGES\)](#)

This survey continues PwC’s review of the European financial services M&A market and notes what we all know already - “Europe is depressed”. Activity in Q1 2012 was down on 2011 and would have been the lowest in almost 10 years had it not been for one transaction.

In terms of forecasted activity, concerns over the Eurozone crisis, the outlook for the European economy and the impact of incoming regulation are making some buyers reluctant to engage in deal activity. This is despite the fact that these very challenges also make the impetus and rationale for M&A all the more pressing.

As we have reported in previous Insights Reviews, as growth slows and tougher capital requirements come into play, financial services businesses are facing increasing pressure to shore up their balance sheets, seek out new sources of growth and divest non-core operations. Yet, there is no confidence in the market.

Hope for increased activity lies with the PE firms sitting on large sources of capital. However, faced with their own issues around capital structure and regulatory concern, this market remains uncertain, like everywhere else.

## Regulation, Compliance and Governance

### “Dodd-Frank for Foreign Financial Institutions: Geared up for Change?” – KPMG

[>> VIEW PDF \(8 PAGES\)](#)

Published in May this article from KPMG escaped our net last issue, but is worthy of inclusion given is succinct representation of Dodd Frank developments. There is loads of reading material on Dodd Frank in the market. This article does a very good job of pulling together all the different streams of activity into a very tidy six pages of text and diagrams, and groups regulatory changes by organisation type – although that in itself is sometimes a challenge such is the nature of the legislation. There is nothing new in this article but it is worth keeping close at hand if you are on the periphery of Dodd Frank developments and require a primer every so often.

### “E&Y Board Matters Quarterly: June 2012” – E&Y

[>> VIEW PDF \(8 PAGES\)](#)

In this release of Board Matters, E&Y US presents a series of articles related to the responsibilities, charters, challenges and changing roles of audit committees. The first article in the series claims to offer “Unique approaches to today’s audit committee challenges”. With such a promising title, disappointment was inevitable; at best the article provides a checklist for audit committee corporate governance 101. Nonetheless refresher courses and checklists are not all bad and the article is worth a read if you currently serve on (or are considering serving on) an audit committee.

The subsequent articles in the series follow a similar path to the first. There is an article on audit committee charters, another on how to engage advisory boards and a fourth on what current regulatory changes mean for audit committee members. While none of the articles will “wow” the reader with their insights, they all provide useful checklists and are worth a skim read.

**I C G**

**Unbundled Research Services**

ICG now offers high quality, fast turnaround, Australasian-based:

DESKTOP RESEARCH • LITERATURE REVIEWS • DATABASE SEARCHES

AUD155/hr **Contact:** [research@internalconsulting.com.au](mailto:research@internalconsulting.com.au)

## “APRA’s Capital Standards: Milestone” – KPMG

[>> VIEW PDF \(8 PAGES\)](#)

This KPMG article is not especially well written and had seemingly very limited partner-level input. Notwithstanding, it provides a reasonable summary of APRA’s revised capital standards for life and general insurers. It may be useful reading for those that have only a cursory interest in developments in the insurance sector. For those directly affected by APRA’s changes, go to APRA’s paper “Response to Submissions Review of capital standards for general insurers and life insurers” which provides some very good tables in the Appendices setting out which of APRA’s standards have been released as draft and final – an important dimension missing from KPMG’s summary.

## “Regulator” – Mallesons

[>> VIEW ARTICLE \(WEBSITE LINK\)](#)

Last month we looked at Ashurst’s periodic global regulatory update – Regulatory Radar. This month we consider King and Wood Malleson’s version of the same – Regulator – which is now produced quarterly as a web-based point and click update. Unlike Ashurst, which takes a country by country approach to updates, Regulator tends to sweep around the world looking for the big release items that will likely be relevant to Australian firms.

In the June edition the focus is very much on FATCA – that much talked about piece of US legislation aimed at minimizing tax evasion by U.S. citizens holding offshore assets and accounts. While the bankers have been concerned about the introduction of FATCA for some time (it takes effect in January 2013), King and Wood Mallesons asserts in its main FATCA article (Forget FOFA – compliance costs will soar under FATCA!) that “many fund managers and service providers remain unaware of the scope and breadth of the legislation and incorrectly assume that they will not be affected.” This is a well written piece and recommended reading for fund managers. Also worthy of a thorough read if you are in the compliance function is the article on anti-money laundering changes.

Other interesting articles of more general interest include a discussion of APRA’s changes to superannuation regulation, the implications for Australia of China’s reform program and a summary of Australia’s April 2012 OTC derivative market regulatory proposals.

## Human Capital

### ARTICLE OF THE MONTH

#### **“CEO Succession Study 2011: Extended Study Report” – Booz**

[>> VIEW PDF \(26 PAGES\)](#) & [>> VIDEO](#)

Hats off to Booz on this report. A brilliant piece of consultant marketing that grabs the attention of new and current CEOs.

Now in its 12th year, it has been revamped with crystal clear insights and graphics and a handy checklist for new CEOs (and SBU heads). Of most use to our readers will be the insight that inside-recruits deliver the greatest value, some 4.4% above regional market indices compared to just 0.5 for external hires. Perhaps because of this outperformance, they also last longer (7.6 years rather than 5.6 years).

Well worth a read (and a deserving winner of our article of the month).

#### **“Reward Regulations in Financial Services” – PwC**

[>> VIEW PDF \(16 PAGE\)](#)

A high quality article from PwC. The article nicely structures and summarises current and impending regulations at the Global, Euro and UK levels across banking and capital markets, asset management, retail wealth distribution and insurance. For each section PwC then tease with some initial implications and questions to be answered.

A complementary video interview is also one of the higher quality interviews we have seen.

#### **“Global Business-Driven HR Transformation: The Journey Continues for Financial Services” – Deloitte**

[>> VIEW PDF \(12 PAGES\)](#)

At its core is a solid benchmarking survey of the costs of managing HR functions across 35 banks and insurers around the world.

For HR and productivity professionals there are some useful insights into how some have achieved lower costs of HR support per employee, however; an inflated title and some of the introductory messages will either annoy stakeholders or scare them off the underlying content.

## Finance and Risk

### “Managing Market Risk: Today and Tomorrow” – McKinsey

[>> VIEW PDF \(24 PAGES\)](#)

The latest in McKinsey’s so-far excellent Working Papers on Risk series, this continues the trend with an excellent and detailed critique of market risk issues, along with significant detail on market practice. Most of the airtime is absorbed by a review of current market risk VaR methodologies, including their performance over the crisis period, and the level of market risk integration into economic capital. Significantly less airtime is given to newer techniques such as stress-VaR. As always the perspective sounds like it emanates from actual practitioners in the field, and as such will hold the reader’s attention.

Some coverage of the key issues of risk frameworks and governance is too short and skirts fundamental issues. For example, the authors make the valid point that if pricing models are owned by the front office these will be better and timelier in production and it will therefore be easier to implement more advanced VaR methodologies. However, governance of the pricing framework then arguably requires much greater levels of oversight and control by the risk function. This tantalising and complex topic is sadly dismissed in a sentence or two.

These inherent contradictions emerge from the authors being altogether too respectful of current practice, almost regardless of the logical fallacies this produces. There is a small nod to advanced VaR approaches such as regime-switching (though not mentioned by name) but this follows a presentation

of the differences between various current VaR approaches which are more likely to be categorised as ‘quick fix’ than of lasting value. (For better coverage see *The Financial Crisis and the Systemic Failure of Academic Economics* by David Colander).

The authors posit some detailed model performance criteria (accuracy, stability and outliers). In view of the detail it would have been nice to see at least an a priori view on how given modelling approaches would perform under various market scenarios.

Finally, it is interesting to see that over half the respondent banks estimate economic capital at a 99.97% confidence level or above. This confidence level is of course artificial – or at least heavily contradicted by empirical data on global banking solvency! This begs the \$64 question of how economic capital in its current guise will ever cope with a move towards models that properly represent the fat tails of volatility, not to mention tail co-dependency of market, credit and liquidity risk. Perhaps a future instalment of this thought-provoking series will address this.



## **“Student Lending Default Management: A Guide to Improved Portfolio Performance” – PwC**

[>> VIEW PDF \(22 PAGES\)](#)

An excellent piece from PwC’s highly-regarded US Consumer Finance team on managing the oh-so-predictable rise in student loan defaults.

US-centric obviously, and of limited interest to Australia, where the Government takes the risk (currently estimated to exceed \$20bn and rising).

But there are still insights in terms of the development of segmentation to develop and drive forbearance, and repayment strategies suited to the quirks of the asset base.

## **“Protecting the Customer: Fighting Bank Fraud in a New Environment” – Accenture**

[>> VIEW PDF \(12 PAGES\)](#)

A short and useful update on an old chestnut by Accenture’s Analytics Innovation Center, this report gets merit points for not just concentrating on the threats and opportunities from new technology, social media and the like. Perhaps as big a threat is changing customer demographics, such as increasing prevalence of dementia in an ageing population – 30% of fraud happens to the oldest 15% of the population according to an external survey quoted.

The solutions proposed are technology-centric, to be expected perhaps, and rightly stress the importance of more dynamic analytics. In terms of addressing authentication, the problems of customer resistance, especially to facial recognition and similar invasive approaches, deserve greater recognition and more detailed treatment than they receive here.

## **“Risks and Rewards: How Integrated and Holistic Management Capabilities can Mitigate the Threats of Rogue Traders” – Accenture**

[>> VIEW PDF \(16 PAGES\)](#)

The current edition of The Economist (helpfully titled “Banksters”) quotes a source in the City as saying “With traders, if you don’t actually nail it down, they’ll steal it”. So this report’s consideration of the major causes of rogue trading – pressure to meet revenue targets, IT failure and the all-encompassing “risk culture”, or lack of it – may be not just worthy but timely.

It is timely in the sense that another impending regulatory tilt at the governance and culture windmill may well be on the cards. It is worthy in that its perspectives are presented as being from the “risk masters”, though we are never told which organisations these are specifically.

The article covers headings of governance, culture, process and technology, from a traded markets business perspective. It is, sadly, at its weakest on the first two of these.

So ultimately, no surprises for anyone who understands the fundamental dichotomy of the risk function (integrating with the business while remaining independent of it) and its ‘3 lines of defence’ governance solution. As always, implementation remains king.

## Marketing

### “Measuring Marketing’s Worth” – McKinsey

[>> VIEW PDF \(7 PAGES\)](#)

A short and well written article that enumerates five key questions that all CMOs/ Marketing Departments should ask themselves (rephrased as recommendations for those that don’t get to the article):

1. Periodically commission research that understands a consumer’s decision journey (and change spend accordingly);
2. As legacy marketing judgement is diluted by new channels, determine the right questions and supporting analysis to help you align spend with impact;
3. Guide managed evolution across communications channels to ensure the right trade-offs are evaluated and you don’t move too fast or too slow;
4. Evolve the business model of marketing, adding specialists, revising the role of brand managers and rerouting linkages and decision rights across business units and the centre;
5. Find measures to manage impact both across channels and across timeframes using simple c-suite friendly measures and validated models.

### “Next Generation Loyalty Management Systems: Trends, Challenges, and Recommendations” – Capgemini

[>> VIEW PDF \(24 PAGES\)](#)

A long and “lite” look at loyalty programs and systems. Helpful only to those looking for a very general overview and initial taxonomies of program design and structuring options.

## Technology

### **“Minding Your Digital Business: McKinsey Global Survey Results” – McKinsey**

[>> VIEW PDF \(9 PAGES\)](#)

A decidedly pedestrian article, reflecting what we already knew - that digital strategy is being driven by the three key trends of big data, social media and cloud computing. Business cases target growth, improved customer experiences and lower operating costs. No surprises there either. The key survey insight: that businesses are being held back by a lack of investment in such areas as restructuring, executive development and deployment of new systems - the kinds of services which consulting firms like McKinsey supply.

We expect a lot from McKinsey and they usually deliver - just not this time.

## Operations

### “Global Business Process Management Report” – Capgemini

[>> VIEW PDF \(55 PAGES\)](#)

Another survey-based consulting article, overly long and image-laden, which seems content to forgo the pursuit of new or deeper insight in favour of garnering broad responses to some quite generic questions.

This is unfortunate, because the premise of the article is sound - that business process management (BPM) and the sophisticated methodologies which it has at its disposal provide a natural and worthwhile progression of executive thought following the widespread adoption of data science in the enterprise (not that the article puts it that way).

More value could have been obtained by measuring the adoption patterns and success rates of specific methodologies - an approach the article seems determined to avoid - although generic ROI results are published broken down by industry group.

### “Aligning Business Process Management and Business Intelligence to Achieve Business Process Excellence” – Capgemini

[>> VIEW PDF \(8 PAGES\)](#)

Capgemini have clearly targeted the BPM space, and are doing much to spread the word that investment in BPM is yielding strong results across many industries.

So it is surprising to discover - in an article presumably designed to demonstrate expertise - only a shallow grasp of best practice BPM methodologies and a rudimentary understanding of how these may be assisted through the integrated use of Business Intelligence technologies. No mention is made, for example, of some of the more sophisticated enterprise optimisation methodologies (such as theory of constraints (TOC)), which neatly overcome each of the supposed “limits of BPM” tabled in the article.

Better expositions of the applications of BPM are available, so readers are advised to read more broadly.

# I C G

## KAR Shared Services Best Practices

Latest Case Studies • Structured Insights • 128 pages.

AUD2,000 LOCAL LICENSE, AUD6,000 GLOBAL LICENCE

Contact: [enquiries@internalconsulting.com.au](mailto:enquiries@internalconsulting.com.au)

## **ICG Insights Review Team**

Candidate insights are compiled by an expert team of researchers. Reviews are written by Partner-level subject matter experts from our industry and functional practices.

### **CHIEF REVIEWER**

David Moloney  
**Practice Leader Financial Services**  
[david.moloney@internalconsulting.com.au](mailto:david.moloney@internalconsulting.com.au)

### **EDITOR AND INSIGHT REVIEWER**

Colleen Cassidy  
**Practice Leader Regulatory, Compliance and Governance**  
[colleen.cassidy@internalconsulting.com.au](mailto:colleen.cassidy@internalconsulting.com.au)

## **INSIGHT REVIEWERS**

Peter Beaumont  
**Practice Leader Corporate and Institutional Banking**  
[peter.beaumont@internalconsulting.com.au](mailto:peter.beaumont@internalconsulting.com.au)

Robert Bustos-McNeil  
**Practice Leader Strategy**  
[robert.bustos-mcneil@internalconsulting.com.au](mailto:robert.bustos-mcneil@internalconsulting.com.au)

John Morgan  
**Practice Leader Corporate Finance**  
[john.morgan@internalconsulting.com.au](mailto:john.morgan@internalconsulting.com.au)

Conor O'Dowd  
**Practice Leader Risk**  
[conor.odowd@internalconsulting.com.au](mailto:conor.odowd@internalconsulting.com.au)

James Ward  
**Practice Leader Strategic Analytics**  
[james.ward@internalconsulting.com.au](mailto:james.ward@internalconsulting.com.au)

Scott Graham  
**Practice Leader Marketing**  
[scott.graham@internalconsulting.com.au](mailto:scott.graham@internalconsulting.com.au)

### **ICG Service Promise**

We hope you have found the ICG Industry Insights Review valuable. If any aspect of this review could be improved, please contact: [feedback@internalconsulting.com.au](mailto:feedback@internalconsulting.com.au)

### **For Further Information**

This review is one of many value-added services to help executives, internal project teams and internal consultants improve their effectiveness. For a full range of services, visit: [www.internalconsulting.com.au](http://www.internalconsulting.com.au)

### **To Access your Personal Subscription:**

To subscribe to future monthly editions of this ICG Industry Insights Review contact: [subscriptions@internalconsulting.com.au](mailto:subscriptions@internalconsulting.com.au)

Team licences are AUD60 per email address for an annual subscription for ten team members or more.

Volume discounts are available via our **ICG Enterprise license** for those who require a cost effective means of broader distribution.

We look forward to ensuring that you continue to stay fully across the best insights from the consulting industry.

### **Disclaimer**

ICG has made and will make good faith efforts to ensure that the ICG Insights Review is a high quality publication, and a reasonable interpretation of the material it purports to review. However ICG does not warrant completeness or accuracy, and does not warrant that the Subscriber's use of the Report through ICG's provisioning service will be uninterrupted or error-free, or that the results obtained will be useful or will satisfy the user's requirements. ICG does not endorse the reputations or opinions of any third party source represented in the Report.

### **Copyright Notice**

While third party materials have been referenced and analysed in this report, the content of this report represents the original work of ICG's personnel. The ICG Insights Review is subject to copyright. ICG is the legal copyright holder. No person may reproduce the review without the explicit written permission of ICG. Use of the copyright material in any other form, and in any medium whatsoever, requires the prior agreement in writing of the copyright holder. The Subscriber is allowed "fair use" of the copyright material for non-commercial, educational, instructional, and scientific purposes by authorised users.