



Are Banks Ready For Real-Time?

By Michael Sisk

Real-time marketing sounds good in theory-and it's certainly gotten the attention of many banks. Amazon's ability to recommend books in real-time is often cited as the kind of marketing speed and intelligence banks should aspire to, but analysts warn that this analogy glosses over how much more complex it is to offer banking products to customers.

"There's a lot of interest on the part of banks to build out their competencies in this area," says Ron Shevlin, a senior analyst at Aite. But there are serious technology challenges and business challenges to making real-time marketing a reality. On the technology side, there are obvious integration issues with tying a real-time marketing solution to front and back office systems. But there are also business challenges. What sales triggers are you going to build into the system? What behavior cues warrant offering a home equity line of credit?

Given banks' interest in real-time marketing, many vendors are trying to solve these technology and business issues. Technology providers such as S1, Fidelity, Fiserv and ORCC are all building real-time marketing capabilities into their platforms. More niche vendors are looking to bring targeted real-time marketing capabilities to banks-such as mobile alerts from MShift and ClairMail.

Now, into the fray, steps a company called Toovio, which is looking to offer another approach to real-time marketing: software as a service. The Toovio Interaction Manager, which launched in January, provides a fully-hosted real-time customer marketing service to orchestrate acquisition, cross-sell, and retention offers. It does this by coupling cloud technology with proprietary templates for offers, segments, eligibilities, investments, and Q&A scenarios. The bank client sets the hierarchy and priority of all these factors, can simulate different interaction scenarios and selects the one that best meets project requirements. Toovio has several telecommunication clients but no financial services clients.

Joshua Smith, Toovio co-founder and CEO, says that the Toovio product solves several problems for banks. First, he says, the Toovio Interaction Manager is far cheaper than investing in a whole platform. As a SaaS, there are no hardware costs, no upfront licensing fees and no additional support staff necessary. This makes the solution very affordable and within the reach of smaller banks that want to compete with larger institutions. "We're targeting banks that can't afford to spend \$2 million on a platform."

Also, the Toovio solution can be up and running very quickly, in just a week versus a year or more for some platform solutions. What's more, Smith says, the company's sophisticated analytics can extract the necessary information and make real-time marketing decisions via a Web-based interface without tapping sensitive customer information-such as account or social security numbers.

While the SaaS model is an excellent way for smaller banks to get a real-time marketing effort up and running quickly and cheaply, Smith says the solution is also suited to larger banks that want to experiment with real-time marketing. "Toovio is cost effective," says Marianne Hewitt, managing director of Integrated Growth Solutions. "It's perfect for mid-sized institutions and it's a good alternative for larger institutions that want to test real-time marketing out."

Analysts note that Toovio is not specializing in financial services and is instead hoping to apply its solution across industries. Hewitt says that shouldn't be a problem, but Shevlin is not so sure given the complexities of the financial services industry. "I'm less optimistic a cross-industry vendor can be successful." He also argues that banks are tackling real-time marketing in a more piecemeal, application-by-application fashion than what Toovio is proposing. "Banks are building up capabilities and integrating them into existing applications and tools. They are investing in applications and then fine tuning the offering. Big banks in particular are taking a very slow path to mobile marketing. "

Bart Narter, an svp at Celent, offers another reason that banks are-or at least should-take a slow approach to real-time marketing. "You need a single view of the customer and understanding of the customer to do real-time marketing and they don't have that," says Narter. "They need to get batch marketing down before moving toward real-time marketing. Why make mistakes in real-time as well as batch?"