MAKING THE CASE: IT INVESTMENTS IN A $1.4BN TRANSFORMATION

Abstract

This teaching case provides a practical illustration of the challenges in setting up an IT-based business transformation. The central focus is on the business case development for a new corporate IT platform and the portfolios of business unit initiatives. The Commonwealth Bank of Australia sought to improve its customer service and reduce its costs with a new business platform.

The case discusses two persistent issues in IT management. First, how do organizations justify strategic investments in IT? Second, how do they allocate IT decision rights between the corporate centre and the business units? The teaching case shows the dynamic nature of this process.

The case also allows students to explore key IT management issues including business and IT alignment and the roles of the CIO and business managers in IT-based change.

There is a substantial teaching note available to faculty by contacting the lead author.

Keywords: Business Case, Business Unit, IT Infrastructure, IT Architecture, Financial Services

The authors prepared this case with the Commonwealth Bank of Australia's support. They conducted interviews over a period of 3 years. The case is for teaching purposes rather than to illustrate effective or ineffective handling of an administrative situation.
1 INTRODUCTION

It was late in the 2004 Australian summer that the CommSee team at CBA had to ask for a major investment. They had been working hard for four months to start up a large-scale IT-based business transformation, including building a proof of concept in Tasmania. Now CommSee needed to invest in a complex technology, which the bank’s business units would depend on to execute their strategies. The new business platform would integrate customer information across products, customer-interface channels and business units. Without this investment, the corporate strategy of improving customer service was at risk. However, the investment did not clear traditional financial hurdles such as cost-benefit or net present value analyses. The board and executive committee had earlier approved seed funding for a pilot and initial planning but required detail for the implementation stage.

The key debate was how the team should link this infrastructure style investment with the cash flow positive business unit strategies. Bundling these initiatives together would allow the investment to clear NPV hurdles and hold the team accountable for delivering the coherent corporate strategy. It would achieve returns to scale and scope. There would be fewer business cases to prepare and report on, which would reduce the administrative burden. Further, a large and integrated project would allow more use of specialist skills and therefore be faster or less expensive than running a portfolio of semi-independent projects. On the other hand, if the board would approve an NPV-negative investment in the infrastructure then the business units could own and be accountable for their subsequent strategic initiatives. Being closer to their markets, the business units would be able to make quick decisions about investment timing and targeting. The risks would be lower with a portfolio of projects than with one large project.

The structure of this case is as follows. First, it presents the business background for CBA in terms of the bank’s structure, history and supporting information systems. Second, we explore the bank’s strategy to reduce costs and improve customer service. Third, the case introduces the IT-savvy team responsible for building and implementing new processes and technology. Following the introduction is a report of how they invested the seed capital in the first four months. Fifth, the case explores the business unit strategies and their relationship to the corporate strategy as the team prepares its business cases. The case concludes with a discussion of the challenges facing the team.

2 BUSINESS CONTEXT

CBA is Australia’s largest bank. It provides a full range of banking services (see Table 1). Globally, CBA’s market capitalization places it in the top fifty banks (Keeler 2010) and it is twelfth for pre-tax profit (Lambe 2009). It has emerged well from the global financial crisis and is now the twelfth safest bank (Keeler 2009).

Four large Australian banks compete fiercely with each other for customer service ratings. Analysts use the customer service ratings as a leading indicator of a sustainable competitive advantage. At the time of this case study, CBA had determined to improve its customer service performance.

CBA has three customer-facing business units. Each of the business units are large organisations in their own right. Retail Banking Services (RBS) is the most visible part of the bank and has Australia’s largest distribution network. It provides services to millions of individuals and thousands of small customers.

<table>
<thead>
<tr>
<th></th>
<th>Number</th>
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<tr>
<td>Retail, business, corporate and institutional customers</td>
<td>&gt;9m</td>
</tr>
<tr>
<td>Members of staff</td>
<td>33,000</td>
</tr>
<tr>
<td>Branches</td>
<td>&gt;1,000</td>
</tr>
<tr>
<td>ATM’s</td>
<td>3,200</td>
</tr>
<tr>
<td>EFTPOS terminals</td>
<td>&gt;155,000</td>
</tr>
<tr>
<td>Active online customers using internet banking services</td>
<td>&gt;2.5m</td>
</tr>
</tbody>
</table>

Table 1: CBA by Numbers
businesses. There are multiple ways for customers to interact with RBS. The traditional branch network is substantial. In addition, there are call centres, ATMs, EFTPOS, internet banking and mortgage brokers. RBS offers many retail deposit and lending products.

Premium Business Services (PBS) offers institutional, corporate and business banking. In addition to leveraging the RBS channels, PBS adds relationship managers, business centres and a discrete internet-banking site. PBS products include tailored products, share trading, structured finance and complex lending. It includes Australia’s largest stockbroker – CommSec.

Insurance and Investment Services (IIS) includes Australia’s largest wealth manager – Colonial First State. Although it uses the branch network for cross-selling products, it also has a large agent and broker network that provide financial advice to the public. Effectively, these agents are IIS’s customer base and they are the main channel to the consumer. In addition to investment products such as superannuation and managed funds, IIS sells a large range of insurance products including home and personal insurance.

Supporting the three customer-facing business units are the corporate functions that they share. There is a small Group Strategy team, and larger Finance, Risk, Procurement, Human Resources and Group Technology. The latter is quite substantial with annual IT spending exceeding $1bn per year.

As with most financial services organisations, CBA’s IT systems and business processes evolved separately for each product and channel. The original view was product-centric in that the branch was really the only channel for customer interaction until the late 1980s. There were separate systems for each product with rudimentary or no connections between the systems. These core product systems run on mainframes and have some code that is so old the programmers wrote it in assembler because the COBOL language was not a viable alternative. The systems were efficient and reliable but not flexible and not providing high quality customer service. Instead, CBA had optimised the business processes for cost and stability.

This almost complete alignment with products extended to the people. Banks tend to have quite different cultures in different product businesses. Insurance businesses are understandably risk averse whereas credit cards tend to have an aggressive marketing-driven culture. Wealth management people often embrace risk but also have a very long-term view, which is understandable in an industry with products that last for fifty years or more.

In the late 1980s, CBA began to adopt a product- and channel-centric approach to reflect an increase in the ways that customers could interact. Banks had begun to move away from expensive branch real estate and offer alternatives such as automated teller machines (ATMs), call centres, mobile bankers and electronic funds transfer at point of sale (EFTPOS). The focus was on these customer channels. Each channel adopted their own optimal technology and processes with little re-use across the channels except

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1 A group of academics and practitioners created COBOL in 1958. It became a standard in 1968 and has widespread adoption on mainframe computers.
2 For the sake of clarity, the case study refers consistently to PBS even though PBS was the merger of Premium Financial
ATMs and EFTPOS, which leveraged the credit card processing systems. So, the call centres had their own software for managing workflow and interfacing with the core product systems. In addition to recording operators’ performance these systems directed calls to particular teams, recalled work items for follow up and hid just a bit of the complexity in the core systems.

The branches went through a similar automation process with the separation of sales from cash handling. At CBA, the branch systems ran on Windows NT and proprietary security hardware. The sales system, ASSIST, automated some sales processes such as opening up a new account or recording a customer’s name and address. The cash handling system, BTS, was a rock-solid keyboard-driven system completely focused on serving the customer quickly and accurately.

For future banking systems, CBA had standardised on EonTec, which was already the underlying technology for internet banking. Internet banking was the most modern of the channel systems.

The challenge for CBA was how to improve customer service and returns to shareholders with product- and channel-centric systems and processes. The need was to simplify and become customer-centric.

### 3 THE “WHICH NEW BANK” STRATEGY

In September 2003, CBA’s Chief Executive Officer (CEO), David Murray, announced a major $1.4bn IT-based business transformation whose goal was ‘to excel in customer service’ via ‘engaged people’ and ‘simple processes’. Underpinning this would be a ‘single view of client’ (see Figure 3).

![Figure 3. CBA’s Which new Bank Vision](image)

The strategy was clear on how to measure the outcome. Which new Bank’s goal was to produce a three-year positive return on investment. Market research firms would provide customer satisfaction surveys and efficiency benefits would appear as a reduction in the cost-to-income ratio, which banks use to compare their efficiency. Many industry commentators saw these two goals as incompatible, “How can you satisfy customers by cutting costs?”
The strategy was clear about the customer service improvements. Which new Bank would contribute to meeting customers’ expectations to, ‘know me’, ‘give me what I want’ and ‘do it reliably’. CBA needed a new IT platform that would ‘know me’ in both products and interactions across any channel. It would present a customer's complete set of product holdings and services across all of the business units. It would record customer interactions so that in later interactions, across any channel, the members of staff would know the history of previous interactions.

The new platform was to ‘give me what I want’ with faster service, more convenience and greater access to products. Cycle times would reduce through online access to scanned signatures and home loan documents. Online automation would allow service delivery at the time and place of interaction. Automation would also improve customer convenience by removing the need for paper deposit and withdrawal slips in branches. Customers would fill in fewer forms and receive less paperwork. Product access was to improve by automatically anticipating a customer's needs according to their financial situation. Finally, a new platform would help to ‘do it reliably’ by allocating and scheduling requests and referrals across channels and business units.

A “single view of client” would overcome customer service and inefficiencies that the current environment presented. The critical problem was that members of staff had to use systems contingent on the product or channel and were frequently unaware of products or service requests that a customer had with other parts of CBA. A single view of the customer would consolidate this information and help to deliver Service Excellence Every (SEE) day. Following CBA's naming conventions, the project delivering the single view of customer would be CommSee. CommSee, with a budget of approximately $200m was the largest of Which new Bank’s one hundred projects.

CommSee would build an integrating platform connecting products and channels (see Figure 4). To do that it would have to tackle data, software, hardware, business processes and change management. CommSee would have to remove millions of duplicate customer records and produce a customer identifier. New software would need to replace the legacy branch teller and service assistance systems, integrate with product and channel systems, identify a single source of truth, and present a consistent user interface across workflows. Hardware upgrades would need to replace 70,000 pieces of equipment in all business units and across 1,400 locations. Core business processes such as sales origination would require re-engineering. To make the changes easier for the staff, the software would have to be easy to use with role-based functionality hiding some of the complexity. CommSee would have to train 21,000 people.
The CommSee team had been working together for years before “Which new Bank”. They were not from Group IT but from the PBS business unit IT. It is quite common in large integrated banks for the corporate and institutional banking group to have its own IT function. At CBA, this IT function had a record of delivering business outcomes.

Mike Katz who had joined CBA in 1994 set up the CommSec stockbroking subsidiary within PBS. In building CommSec, Katz had worked with John Beggs and an IT-savvy team. The team worked in a dynamic fashion with rapid and frequent delivery through building a flexible IT platform and incrementally adding business applications. When Katz became head of the whole PBS business unit in 2001, he told the team to develop a small customer relationship management (CRM) system for premium customers. By 2003, Republic was on its third release and supporting quarter of a million PBS customers with CRM and mortgage origination functionality.

When Murray announced the Which new Bank strategy, Beggs was keen for his IT-savvy team to do the IT-based part of the transformation. However, he had to convince Murray that he could replicate Republic’s success on this much larger scale. An opportunity arose when sitting next to Murray on a flight to an executive off-site in Townsville, Queensland. He convinced Murray that Republic was preferable to commercial packages because it already integrated with necessary back-end systems, the staff approved of the user interface and there would be no lengthy procurement process.

So, yes I think the decision was made very quickly. My recollection is that the executive committee went away for an off-site weekend, and when they came back the decision had been made. What then became a bit fuzzy was – what happened to the strategy of transaction over here on EonTec and CRM capability there on Republic? RBS IT Executive

Murray agreed with Beggs and appointed Katz as CommSee’s sponsor and Beggs as the project director. This was unusual in that it would normally have been the CIO’s responsibility to deliver such shared IT. Instead, the head of PBS would sponsor and execute an IT investment that would support all of the business units.

The announcement that Republic would be the base for CommSee did not receive universal support. There were concerns that Republic could provide only a small part of the solution, was incompatible with the bank’s EonTec standard, and that the technology could scale to service CBA’s needs. It was also unclear whether the approach would work for such a large program.

Republic is only a very small part of the solution. It’s the CRM piece of the solution. On our original plans, we thought about Republic, PeopleSoft or to-a-lesser-extent Siebel. There were a number of ways that you could get that piece. But Republic doesn’t do banking – it just does the relationships. The CRM is the bit that pulls the front end together. – Group Executive

More specifically, there was concern over the team’s experience in developing ‘bank-grade’ systems.

They are a bunch of bright techos working on CommSee, not a lot of them with grey hair, who love building things that are cool. But until you see these implemented on a scale basis, you only know what you know. It would be nice to see two or three of them who have seen it before, and seen it done wrong. Group Technology Executive

They are now, basically, the internal development shop of CBA. They were developing one solution, for one channel, where now, the scope has suddenly just grown 3000%. RBS IT Executive

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2 For the sake of clarity, the case study refers consistently to PBS even though PBS was the merger of Premium Financial Services and Institutional Business Services in mid-2004.

3 Origination includes the sales processes of customer identification, application and verification, but excludes fulfilment and ongoing servicing.
Beggs set up two teams to execute CommSee. One was a cross-divisional planning team (Team C) and the other was a delivery team (Team D). Team C’s task was to manage CBA’s decision-making. It would manage the processes, coordination and communication with the rest of the organization. Team D’s task was to develop the technology quickly.

Team D included managers, architects, project managers, business analysts and developers from PBS. The team grew rapidly and continued to mature:

The team has expanded significantly in a few months. So, we effectively have four people running four streams and a lot more focus on the disciplines of project management to try and get there. – CommSee Project Manager, John O’Donnell

CommSee’s oversight was to be via an Executive Steering Group (ESG) comprising five senior executives. Three of them were the leaders of RBS, PBS and IIS. Another was the head of the Group Strategy function who was also responsible for the entire business transformation. The fifth was the CIO who was responsible for IT governance and the existing IT infrastructure. The ESG would be a conduit to the Executive Committee (EXCO), the CEO and the board of directors who made the strategic business and IT decisions. The specific forum depended on strategic, financial and regulatory impact. Figure 5 shows the accountability and information flows.

Katz decided to hold the ESG every week to create strong visible sponsorship and the project’s cadence.

I think the momentum, the decision to run it on a weekly cycle even when there wasn’t a huge amount to say, has been one of the really critical things. I really do think it has helped enormously to keep the project on track. It is the right cycle. CommSee Sponsor, Mike Katz

5 THE PREVIOUS FOUR MONTHS

EXCO had approved CommSee’s initial scope at its spring meeting on 19 October. The scope included customer service and sales processes, along with supporting information technology and associated customer information. Work started on the required future customer experience, business processes, assessment of the existing bank systems and the supporting infrastructure.

CommSee did not try to define all of the requirements immediately. Rather, it defined the long-term aspirations for customer experience and set an overall framework for delivering individual initiatives as the business requirements resolved.

CommSee did define the customer experience and value for each customer segment with Team C coordinating activities with initiatives such as a separate customer segmentation project in RBS. These definitions roughly outlined the future customer service and sales processes and interactions across all channels. There were so many complex service and sales business processes that it was necessary to prioritise them for attention. Figure 6 shows the three criteria that CommSee used for the prioritisation analysis were productivity improvement potential across the X-axis, customer experience potential along the Y-axis and operating costs shown by each circle’s size.
The three highest priority service processes were Origination, Voucher Transactions, and Leads and Referrals. Origination processes, such as selling mortgages, offered the largest opportunities for improving both productivity and the customer experience. Voucher Transactions could make substantial cost and service improvements by removing paper deposit and withdrawal slips. Leads and Referrals would help sales activities by managing enquiry workflows and tracking sales performance.

Improvements to customer identification underpinned any improvements in these three processes. It was clear that the Republic CRM would have to evolve significantly to support the range of functions and bank-wide scale.

In parallel with the customer experience and business process work, Beggs’ Team D led a series of off-site workshops with business units. The architecture would support incremental delivery of CommSee’s emergent functionality. The key software component was the Harness, which would present a consistent graphical user interface, role-based access security, and plug-and-play interfaces for business applications. The Harness would allow applications to develop independently over time (see Figure 7).

The Harness’s design provided three integration approaches for business functionality. First, new functionality could use the native CommSee development environment. An example would be the automated origination of banking product sales. Second, existing applications could integrate inside the Harness for context sensitive navigation. For example, the branch telling system could share identifiers automatically. Third, stand-alone applications could launch from the Harness.
EXCO continued to review ESG recommendations and agreed a set of design principles on 12 December:

- Service and sales processes should be standard across comparable products where product marketing did not require a differentiating experience
- Shared processes should integrate across customer segments and channels with electronic interactions supporting this
- Capturing and maintaining relevant information should happen in an electronic medium at the first point of receiving the information and be available for reuse
- Paper documents entering the organization should be imaged and indexed at the point of entry and then processed electronically
- Subject to verification, decision-making should be automatic and at the first point of customer contact to facilitate closing the sale and taking the customer out of the market
- All interactions with customers should be traceable
- Process productivity should be measurable to enable ongoing assessment of opportunities for improvement.

The EXCO briefing paper also outlined the key future decision points:

<table>
<thead>
<tr>
<th>Category</th>
<th>EXCO Decisions</th>
<th>Decision Due By</th>
</tr>
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<tbody>
<tr>
<td>Future service and sales processes</td>
<td>Agree approach for transforming paper-based voucher processes into an electronic solution</td>
<td>30 April</td>
</tr>
<tr>
<td></td>
<td>Determine the future shared home loan decisioning and origination process</td>
<td>30 June</td>
</tr>
<tr>
<td></td>
<td>Determine the long-term group wide approach for intra- and inter-divisional leads and referrals</td>
<td>30 September</td>
</tr>
<tr>
<td>Migrate and integrate the branch telling and customer service applications</td>
<td>Agreement to a BTS and ASSIST migration and integration plan and costing</td>
<td>31 March</td>
</tr>
<tr>
<td>Evoke Republic to the new CommSee application and replace and upgrade the technical infrastructure</td>
<td>Confirmation of a new architecture and design of the SSV application</td>
<td>31 March</td>
</tr>
<tr>
<td></td>
<td>Confirmation and agreement of component level decisions</td>
<td>15 April</td>
</tr>
<tr>
<td></td>
<td>Resolution of the technical solution for common business functions and core-system integration</td>
<td>30 June</td>
</tr>
<tr>
<td></td>
<td>Definition and confirmation of the proposed new technical infrastructure configuration</td>
<td>30 April</td>
</tr>
<tr>
<td></td>
<td>Confirmation and agreement of the technology infrastructure rollout plan and costs</td>
<td>30 June</td>
</tr>
</tbody>
</table>

*Table 2: Key Future Decisions*

**5.1 The Apple Isle Pilot**

Katz was concerned that it is during the first few months that projects tend to lose momentum and budget. He recognised that the high level of sponsorship would sustain CommSee for six or twelve months but he needed Team D to demonstrate early results. This motivated Katz to recommend to Murray that they pilot CommSee in Tasmania, the smallest of Australia’s six states. Tasmania is an island south of the continent and across the Bass Strait.
The Tasmanian pilot would include twenty branches, a call centre and quarter of a million RBS and PBS customers. It contained a mixture of city, suburban and rural branches. Tasmania had the attributes of being small and self-contained, but still serviced the range of customer segments. It also had the advantage that CBA could claim a rollout within a complete state.

There is a bit of everything there. There are call centres, branches; it is a good representative of the organisation. There are 20 odd branches. It is a pretty healthy laboratory but we need to give it a bit of thought to how we are going to manage it. Group Executive

In comparison with other pilots within CBA, which were generally deployments of an already complete solution, the Tasmanian pilot was a true development program. It trialled options to gain early visibility of issues, expedite CommSee’s full deployment, test the market reaction and mitigate risk.

What is set up in Tasmania is an environment where we can keep going back and testing. Did this work? Did that work? Doing that in a real-world environment is much more useful than doing it in some sort of laboratory. RBS IT Executive

The pilot in Tasmania supplemented existing Republic functionality in a marginal way and provided a thin wrapper over the legacy telling and service platforms (see Figure 8). CommSee developed a “Break Glass” technology to mitigate the risk of the wrapper failing. It allowed user’s direct access to these legacy applications should the CommSee Harness be unavailable.

CommSee Functionality in October

<table>
<thead>
<tr>
<th>Customer Details and Relationships</th>
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</thead>
<tbody>
<tr>
<td>Home loan capture</td>
</tr>
<tr>
<td>Document, store and index of control</td>
</tr>
<tr>
<td>Consolidated view of customers accounts</td>
</tr>
</tbody>
</table>

Pilot Deployment By Feb (Late Summer)

- Interdivisional referrals
- Home loan file imaging
- Electronic images of signatures
- Some pre-populated standard forms with pre-filled customer data

Functionality will be developed for pilot deployment to include:

It will not include credit card enquiries, statements or transaction and account maintenance

Figure 8. Scope of the Tasmanian Pilot

CommSee did not learn much from a technical point of view. However, the Tasmanian pilot provided a focus and an opportunity for learning about management complexity and change management.

I think Tasmania is in some way a partly symbolic step to deploy in the branch network. We are going to learn how the current scope of Republic functionality influences behaviour of the people in the branch and call centre – does it change their behaviour – does it improve – does it make life harder? We are also going to learn something about what’s involved deploying a new platform in those environments. What’s going in Tasmania doesn’t necessarily have to have the final, or even much of the final functionality. CommSee Team Member

The pilot was an exciting opportunity for the Tasmanian staff who often felt isolated from CBA’s central decision-making. As part of the overall communications program, Katz announced the launch of the CommSee pilot at a press conference together with the Deputy Premier of Tasmania, Paul Lennon, at Parliament House, Hobart. Coverage included articles in the local press and video footage on two Tasmanian evening news broadcasts.
6 BUSINESS UNIT STRATEGIES

By late summer, the roles had become clearer. CommSee’s main role was delivering the IT infrastructure and standardising lending business processes so that the business units could share the results. The business units each had a set of initiatives. Some of these initiatives were dependent on CommSee’s infrastructure whilst others were not. Some initiatives had been running for years and others had not yet begun.

6.1 Retail Banking Services (RBS)

The main RBS initiative was a project to streamline mortgage origination and fulfilment processes. The objectives were “to drive increased efficiencies and substantial cost savings in the home loan process, as well as significantly enhance the customer experience and deliver increased profitability from the home loan portfolio”. In this way, the initiative aligned with the Which new Bank strategy and duplicated some of the CommSee initiatives.

RBS had already committed to the business benefits of this two-year old project. It was busy reengineering processes, standardising products and introducing new streamlined products. However, it was building processes on a legacy system that CommSee would largely replace. The critical issue was RBS’s continuation of the mortgage origination initiative on this platform. The risk was of duplication, incomplete channel integration and inconsistent data architecture.

CommSee’s leaders pointed out that this initiative would need to coordinate with CommSee. This would require rethinking decisions already made, especially around the delivery of RBS initiatives with short to medium term financial rewards.

Even though (CommSee) was launched as ‘here it comes’, I don’t think anybody knew what ‘here it comes’ means and our priority in Retail Bank is those things we are measured on and the things we commit to. Therefore the engagement from our point of view is: we want to get this through because we’ve got all these benefits stacked against it, and yet the [corporate level] has decided it’s going to go down another route. RBS Technology Executive

In the meantime we’ve told the market, and in our own plans there were embedded benefits from systems that we were developing that aren’t going to be there… so how does the organisation deal with that? RBS Business Executive

RBS felt that to deliver the benefits in the period they had agreed with Murray that they would have to use the existing platform. RBS could not wait for CommSee. However, this would not leverage CommSee’s cross-product origination process and technology. If mortgages did not use the CommSee platform, there would not be a single view of the customer.

CommSee undertook a major piece of analysis across all lending products. It covered mortgages, personal loans and credit cards for both retail and business customers. It examined the end-to-end processes from customer capture through application and verification to fulfilment. It also examined process control.

6.2 Premium Business Services (PBS)

PBS had set up a complex commercial lending origination initiative to address the cumbersome and predominantly manual processes supporting business lending. The manual hand offs led to issues concerning turnaround, efficiency and effectiveness. In comparison with major competitors and international benchmarks, the performance could improve. As many as twenty separate IT systems supported PBS business lending origination, leading to data re-keying errors.

The PBS strategy recognised that CommSee would provide many features addressing the issues because of its intended support for RBS lending requirements. These included re-use of customer details such as current facilities, balances and security information across the origination value chain,
CommSee would have validation of data entry against business rules to minimise errors, automation of manual steps such as document generation, and integration with other systems. The PBS strategy was a close fit with CommSee.

This major PBS initiative had many dependencies on the RBS lending origination initiative.

### 6.3 Investment & Insurance Services (IIS)

One IIS strategy was to bundle and cross-sell insurance with mortgages. The CommInsure insurance business was particularly keen to bundle home, contents and loan protection insurance into the mortgage origination process. The IIS IT strategy was to leverage CommSee and existing insurance applications to cross-sell and bundle these products.

Another IIS strategy was to improve advice consistency across sales processes. This would also improve regulatory compliance. The strategy covered 3,000 advisors within CBA branches and tied third-party companies. This presented a challenge because CommSee’s IT platform design supported only CBA’s staff. So, IIS proposed a separate commercially available planning solution that could deploy to both internal and third party advisors. This conflict with CommSee would be difficult to resolve.

### 6.4 Summary of the initiatives

The IT platform was a substantial component of the CommSee-related projects. Table 3 contains the five business cases for the underpinning IT infrastructure. Atop these cases are the business unit investments. This framing of IT supporting the business initiatives is consistent with the view of IT infrastructure as the shared underpinnings of business applications (Brown et al. 1996; Keen 1991; Weill et al. 2002).

<table>
<thead>
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<th>Name</th>
<th>Description</th>
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<th>Date</th>
</tr>
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<td>Dec 04</td>
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<td>Credit cards</td>
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<td>Cross-sell mortgages and home insurance</td>
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<td>Dec 04</td>
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<td>Group-wide advice</td>
<td>Provide consistent advice through CBA and 3rd parties</td>
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<td>PBS</td>
<td>Complex lending</td>
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<td>Imaging</td>
<td>Access electronic signatures &amp; loan files</td>
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<td>Apr 04</td>
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<td>Telling</td>
<td>Conduct telling on a single system</td>
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<td>Apr 04</td>
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<tr>
<td>Single View of Client</td>
<td>Consolidation of data, interactions and workflow (Harness)</td>
<td>72-81</td>
<td>Jul 04</td>
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<tr>
<td>Infrastructure</td>
<td>Desktop and network infrastructure</td>
<td>45-53</td>
<td>Jul 04</td>
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<tr>
<td>Vouchers</td>
<td>Perform electronic transactions without paper vouchers</td>
<td>11-16</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total Capital Investment</td>
<td>~200</td>
<td></td>
</tr>
</tbody>
</table>

Table 3. Summary of CommSee’s Portfolio of Business and IT Platform Projects

4. In an exclusive arrangement, a tied advisor can recommend the financial products of only one company.

5. The authors have used ranges to protect confidentiality. They have applied a random function such that the actual investment bears no relationship to the range mean.
THE WAY FORWARD

For Katz and Beggs it was clear that there were many business benefits from implementing the integrating technology but there would be significant management repercussions. The pilot in Tasmania had shown the complexity of the business changes that it would require. Other initiatives back in Sydney had confirmed the scale of the technical, process and change management requirements.

The challenge was that the business units were busy with their own initiatives. RBS was already streamlining lending processes and had been doing so for two years. CommSee could delay RBS in capturing those benefits. The dependencies between the RBS, PBS, IIS initiatives and CommSee indicated some tight linkages and yet also some fragmentation.

CommSee Team D had to begin executing in earnest and at scale. It had some clarity around its scope but there were still some open questions. Development and implementation was going to require hundreds of programmers, business analysts, trainers and engineers. Katz and Beggs had to resolve the final aspects of the scope and secure approval for funding.

References


