

SUBJECT MATTERS BREAKFAST BRIEFING – December 6th 2001

COLLABORATE TO ACCUMULATE

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All attendees received the following introduction to the event, which neatly summarised the topic for the briefing and outlined the benefits available through strategic use of real-time IT solutions.

In the ultra-competitive world of the trading environment, the right information at the right time can be worth millions. Minutes later, it can be virtually worthless. Despite the value of real-time information, many organisations are still using an unstable combination of voice, email and consumer chat solutions to communicate, with the result that critical information is often misunderstood. It is lost in a morass of information overload or simply missed altogether. Forward-thinking trading organisations are now finding, that investments in real-time collaboration and knowledge management solutions are paying off, with both bottom-line cost savings and top-line revenue growth. Collaboration software revolutionises communication across the extended enterprise. It maintains secure channels both internally and with customers and suppliers, integrates seamlessly with other applications and data systems and can significantly increase trade flows in a matter of weeks.

KEN GIBBS

Nicky Cornish, director of Subject Matters, organisers of the briefing, welcomed attendees and introduced Ken Gibbs, Head of Research for Butler Direct Ltd. Ken kicked off proceedings with a well observed presentation about the state of the market, the needs of the industry and the ability of IT and communications technology to deliver relevant services and benefits. He explained how communications have progressed during the last thirty years. From the telephone, through telex and faxed communications to Wide Area Networks (WANs) email and text messaging, to reach the latest secure, dynamic, collaborative community communication environment. The virtual environment made possible by the IT and communication solutions developed and supplied by briefing sponsors, **divine**.

By taking the audience through a typical scenario, from initial discussions, to final transactions, he explained the way collaboration differs from older, traditional methods. How, during a collaborative session, which may include any number of people, located anywhere around the world, previously held conversations can be retrieved, revisited and analysed at any time, even years later. How this new

entirely inclusive system, is also a fully secure environment in which to work. It can detect newcomers joining the community and utilise Authentication and Encryption facilities to ensure all involved are genuine authorised participants.

Further he told us, the systems can be primed by any user to recognise a whole range of personally designated triggers, which if they occur in the conversation, alert the user to take note or join in the proceedings. These may be the user's name, company name, customer, market sector or topic. This allows users to continue day to day working, whilst the system keeps track of all collaborative communications, recognising the trigger words and consequently alerting the user to join or monitor the conversation. Integration he continued is the key, these systems can integrate with applications and with all hardware platforms and communication channels. Conversations therefore, need not be confined to person to person, but may also access information residing in applications to supply real-time answers on relevant topics, without having to break off from the conversation at any time.

By 2004 he stated, research predicts there will be more than 200 million users, with two thirds of all companies utilising instant messaging. This dramatic increase demands the introduction of common standards to guarantee the consistency, which is critical to success. These have been defined and are known as **SIMPLE**, **S**ession Initiation Protocol (SIP) for **I**ntant **M**essaging and **P**resence **L**everaging. They will allow a degree of integration, expansion and functionality that make proprietary consumer chat services unsuitable or incapable of meeting the demands. The predicted user volumes may seem unlikely he said, but must be viewed from the following standpoint.

At present 74% of teenagers use instant text messaging

37% say they use this method of communicating to send blunt information, ie, to say those things they may not say face to face.

Within the next five to ten years these children will become the business users and they will take their behaviour patterns with them.

For these reasons, we must acknowledge that instant messaging and collaborative working will be the accepted norm.

As with all technological advances Ken told us, collaboration will not make bad managers good. What it will do however is produce results faster. So that the good will become better and the bad worse, sooner. Companies must embrace and invest in these systems to keep ahead of, abreast of, catch up with competitors. Business in the future will rely on a mixture of Wireless based instant messaging and email and whilst the systems are not yet mature, they are making rapid progress and are already of more than acceptable standards.

Ken gave these golden rules for selecting an Instant Messaging solution. It must be:

FASTER – information at hand offers dynamic decision support
EASIER TO USE – obvious to navigate requiring minimum training
CHEAPER – implementation, integration and maintenance
MORE INVITING – inspiring and enjoyable to use.
And SAFER- total security, privacy and authentication

Than any current solution.

Ken's presentation triggered some questions from attendees in particular, one gentleman who queried two seemingly contradictory statements. One that Ken had recommended using a single solutions provider, whilst later stating that common standards would mean that all systems would be able to communicate without problems. Ken replied that the importance of using a single supplier was to ensure a consistency throughout your own systems and that there would be no necessity to change suppliers as requirements changed. Selecting a supplier with a clear strategy and future road map was of prime importance he stated and also to take an active role in the user group ensuring the system is driven in the direction most beneficial to your company. The introduction of common standards would facilitate consistent external communications, for instance, enabling users in different countries to both speak and hear in their own language utilising in-built translation facilities.

NIGEL WOODWARD

The next speaker, introduced by Nicky Cornish, was Nigel Woodward, Worldwide Manger, Capital Markets & Securities, Sun Microsystems. Nigel began by informing attendees that his company is a longstanding business partner of **divine**, and as such is a supporter of their solution. Although, naturally, a respected IT organisation such as Sun would not have entered into such a business relationship unless it was completely convinced of the quality of both the solution and the integrity of the company.

Sun has long been a leading player in the IT industry and Nigel was able to state categorically that in a world where, commissions are plummeting and profit margins decreasing, communications capability would be the key differentiating factor for success. He also noted with total honesty that at present only a very few businesses are using Internet communications to the full and the vast majority are utilising it in a very small way. However, he added, it is driving business towards as new fundamental method of operating, in which communications is the key.

Most financial institutions, he told us, are working through channels and processes, when they should really be aiming at industry transformation by convergence. Globalisation, unprecedented growth, regulatory changes and technology are among the key drivers, changing the whole way financial and brokerage companies will work. Another is the unrelenting drive to achieve T&1

Actually, Nigel admitted it is unlikely that anyone is realistically targeting T&1 (one representing the number of processes required to complete the transaction) At present the goal in London is currently around T&4 he believes.

This is the crux of the matter however, he told us. Traditional working methods ran to around T&15 steps between initial contact and completed transaction. These steps must go, he said, adding, "We need to rewrite the rule book." For example taking advantage of the retail market, as companies like Scottish Widows have done. The link between retail products and financial service products will continue to expand and increase in significance.

By 2005, there will be \$25 trillion available for investment, everyone is chasing that money. The way to capture your share will be determined through the added value you give your products. A Service Driven, Web Enabled, Network, will deliver that added value.

In summary, Nigel left the audience with the following bullet points:

- **Think Innovation**, new methods, new technology, new ideas - The economic climate may not be right now, but that makes it the ideal time to take the steps that will ensure you are ready to take advantage when the upturn comes.
- **Navigate the technology market.** – It is over supplied. Be selective and ensure your supplier has the right skills to put your network and solutions together.
- **Seek advice** – don't just follow traditional routes, eg, expensive consultants. Try the untried and untested, because this is new territory there are no long standing experts and very few reference sites.
- **Underwrite your investments** – because this is new, you must have faith, but couple it with sensible precautions.
- **ACT NOW** – time to market and process efficiencies can be realised, but you Must make a start.

CLAIRE BARRETT

Most appropriately for a briefing that advocated speed of communicating information, for a business community for whom time is of the essence, the morning moved with a crackling speed. Nicky Cornish was quickly on her feet to introduce the third speaker of the morning, Claire Barrett, Associate Director eBusiness at UBS Warburg. Claire's session was a case study, entitled, "From Vision to Implementation" and charted the course her company has taken to reach their present position as the largest and probably most successful user of the **divine** chat solution, **Mindalign**. Rated in the post event critiques as the most relevant and interesting of the morning, by more than 50% of attendees Claire's presentation was short and to the point. She began by posing the question "Is immediate fast enough?" some thought.

First, she gave a short history of UBS Warburg's progress in using chat solutions. They had begun as long ago as 1995 with a combination of email, phone and fax and despite beginning with this less than perfect system, the growth in use had been exponential both internally and externally. The company realised very quickly that what they needed was a real-time collaboration system, rather than email based communications and developed their own system since there were none available on the market that time. However, in 1998 they had discovered divine and the Mindalign chat solution and since then there has been no looking back.

What began with just three of the companies major clients, now has in excess of 1500 clients using it and the 15.5K internal users have logged more than 1.5million messages, with around 1300 people using the Equities channel at any one time. UBS Warburg now uses Mindalign:

- **With Clients**
- **Globally**
- **In the front office**
- **In the back office**
- **For support – through on line cyberhelp**

The benefits of collaboration over Instant Messaging Claire explained as essentially, it is faster, more secure, every conversation is retained and available and the cost is dramatically less – **costs for maintaining one major client have fallen by 80% in five years**. A significant contribution to this has been that since using the chat system; use of Bloomberg's has decreased dramatically.

It delivers a whole range of benefits.

- Increased amount of quality communication within your own teams.
- It allows multi-tasking
- It facilitates immediate communication

- Information is received in real-time, you can respond when convenient.
- Take information from 1 to 1, to 1 to as many as you wish.
- People can keep up to date even when away.
- It compliments the company's web strategy.

Overall, Claire concluded the system gives Warburg's a huge competitive advantage. They are the first globally integrated "virtual" financial services group, with the largest global chat installation. And, she states, the system clearly demonstrates the truth of Metcalf's Law, which states that a network becomes more valuable as it reaches more users.

Finally but by no means the least important benefit has been the partnership with **divine**, which ensures they stay ahead of the competition, with spin off solutions which further enhance their activities and manage the whole communications network.

Questions for Claire centred mainly on the security aspects of the system, which she upheld as excellent, with totally reliable authentication and encryption. As a bank she stated, USB Warburg can afford nothing less than total security and Mindalign provides that.

CHARLES BARNICK

After Claire Barrett's stimulating case study presentation, the audience was full of attention when Charles Barnick, Country Manager for **divine**, followed her to the podium. Charles began with a summation of the previous sessions, detailing again the benefits of a corporate chat solution as:

- Auditable
- Secure
- Persistent
- Integrated
- Mineable
- Tailored to the Financial market
- Easy to use

He reiterated the point Claire had made that collaboration takes communications from a one to one environment to a one to many environment.

He gave a brief explanation of **divine**. The company has taken lots of exciting technology from small, clever, entrepreneurs and by bringing these solutions together under one umbrella, one quality supplier, has simplified implementation and reduced the risk. Divine listens and understands clients

needs and recommends the combination of solutions that will best help the company reach out to its clients, customers and suppliers.

Collaboration, Knowledge Management, a ability to provide a platform to standardise web-site content, a method of aggregating, news, current affairs, periodicals in common format enabling users to find information from a single search. All these could be stand alone facilities, but bring them together in a “portal” concept and the resulting synergy will deliver a far greater business benefit than just the sum of the component parts.

This is what **divine** delivers.

There followed a general Q&A session to all the panellists, the first targeted at Charles Barnick. Could he honestly claim, the questioner asked, that with an offering of around 21 individual solutions, they can all really integrate? “Well” Charles replied, he would be lying if he said yes, but all are being brought in line and utilising web standards enables all technologies to fit in.

*In support, Ken Gibbs added that **divine** brings integration expertise to the table and therefore clients do not need to worry about this aspect of their implementation. Users can safely leave this to **divine**, or any indeed to other reputable IT vendors.*

Another question touched on the vital area of cost. How much would a typical Mindalign solution cost? The answer came that it is a subscription based product and therefore the start cost, which would typically be \$150,000, would reduce in line with the increase in the number of users.

In response to another query about installation time, Charles was able to reveal that a chat system could be up and running in days, or even a single day in some cases. It is so simple and users become adept almost immediately it is so intuitive.

A lively and fast moving morning came to a close at 10.30am and was accurately summed up by two attendees. One had enjoyed, “value added presentations in a good working conference environment.”, whilst the other commented that the briefing had been, “On time, within context and very informative.”