



Video Collaboration in Financial Services

Embrace the Agility of the Cloud to Innovate and Grow

A White Paper Sponsored by Zoom

Information and Communications Technology

INTRODUCTION

Changes in the financial services industry have gone into overdrive and show no signs of letting up. Driven by a confluence of factors such as shifting economics and customer needs, heightened privacy and regulatory requirements, and the Fintech revolution—the very structure of the financial services market is in flux. Increasing cost containment and digitization is forcing many banks, wealth management firms, mortgage and real estate advisory firms, and other financial services organizations to become commoditized. In order to continue growing, there is an imperative to radically improve products and services and create additional value for customers. As a result, they must adapt—and adapt now.

Implementing advanced video communications and real-time content sharing for employees, customers, and partners is becoming a hot topic in all industries, none more so than financial services. Given the rapid move to e-banking and increasing cost containment pressures, video conferencing is receiving renewed attention as a means to reduce costs, develop trusted client relationships and deliver differentiated services.

The old hardware-centric approach to video conferencing has become anachronistic. Businesses are using cloud video conferencing for routine internal and external communications with little or no CapEx investment and no expensive hardware to manage. In the past, video conferencing was expensive and complex and as a result mostly limited to boardrooms and important executive meetings.

Cloud video conferencing is the great equalizer and has democratized video for users across desktops, mobile devices, and all conference rooms. In addition, cloud video is offering true interoperability by allowing users to connect virtually with all legacy systems, facilitating greater adoption and a better return on investment for customers. Until a few years ago, cloud was seen as an impossible solution for financial services. Now, it is transforming the industry. This paper highlights key trends that are shaping the future of financial services and explores how cloud video collaboration enables organizations to forge a culture of collaboration to tackle the transformational shifts.

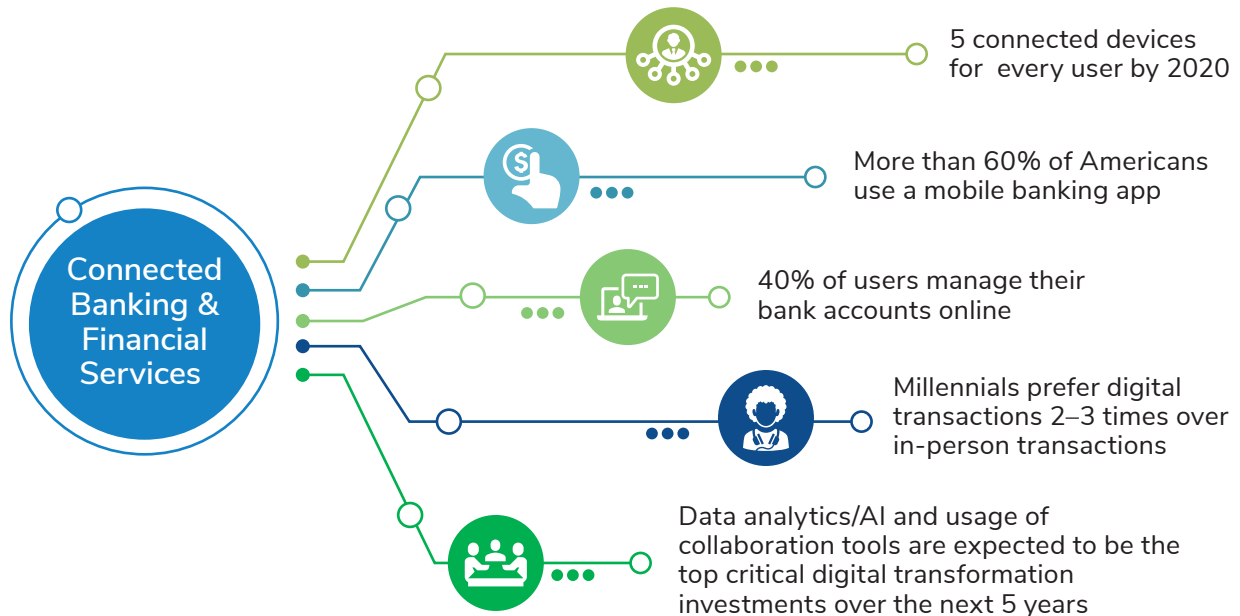
As the pressures of digital disruption and the race to innovate squeeze traditional business models, financial services organizations are realizing the potential upside of implementing game-changing video collaboration technologies that improve customer service, reduce costs, and accelerate decision making.

In an industry where building and maintaining trust is pivotal, the personal communications experience offered by video strengthens relationships with clients and helps to maintain loyalty.

TOP TRENDS SHAPING FINANCIAL SERVICES

Sweeping changes in financial services are mandating more efficient processes and free flowing communications. **Audio, video, web conferencing, combined with messaging is becoming the communication tool of choice for modern businesses.**


Exhibit 1: The Changing Face of Financial Services





Source: Frost & Sullivan End User Survey, Mobile Ecosystem Forum Report, Simmons National Consumer Study

Exhibit 2 below depicts the key trends that are reshaping financial services and creating a growing imperative to adopt next-gen communications and collaboration technologies.

Exhibit 2: Transformational Shifts in Financial Services and Their Impact

KEY TRENDS	IMPACT
<p>Customer Experience is Gold</p> 	<p>With the migration from brick-and-mortar branch locations to transactions over desktop and mobile devices, financial services organizations have fewer touchpoints with customers, which translates into fewer opportunities to make an impact. When companies do get customers' attention, they must leave a lasting impression. Investing in next-gen customer experiences is critical—experiences that align not just with how people want to conduct business, but also how they communicate in their daily lives.</p> <p>As customers become more tech-savvy, legacy communications infrastructure needs updates, including investments in cloud video and web collaboration. Today's video conferencing offers HD quality video and audio with high-resolution content sharing for true collaboration between teams that impacts the bottom line as well as the top line.</p>

KEY TRENDS	IMPACT
<p>Open Banking Requires Collaboration</p> 	<p>Open banking, via APIs, is a collaborative model in which banking data is shared with third parties to deliver enhanced capabilities and services in the marketplace. Driven in recent years by the Fintech revolution, open banking is ushering in immense growth opportunities from the creation of new services and delivery models.</p> <p>Collaboration with the supply chain is bigger and bolder today. Research shows that 44% of banks work with more than twice the number of partners than they did two years ago.¹ In this changing landscape, the incumbents must fully leverage their status as “trusted partners” to stop the loss of business to new entrants by creating sticky collaboration experiences with customers.</p>
<p>An Omni-Channel Landscape</p> 	<p>Despite the momentous impact of digital transactions, brick and mortar is still relevant. Omni-channel experiences offer access to services and expertise across a variety of channels and is based on offering consistent customer experiences regardless of the touch point. In an increasingly Omni-channel world, financial services businesses need an integrated, organization-wide approach which requires efficient and timely internal coordination.</p> <p>The human touch, through technologies like video conferencing, across all channels whether it is online or mobile, delivers a rich customer experience.</p>
<p>RegTech is the Call of the Day</p> 	<p>Regulation is driving tectonic changes causing financial services organizations to reevaluate how data is leveraged. RegTech, the use of new technologies to facilitate the compliance and delivery of regulatory requirements, is compelling organizations to implement a tech-first approach in an increasingly complex regulatory environment. Collaboration and an open dialog, both internally as well as externally play a vital role.</p> <p>GDPR and PSD2 have redefined the rules on access and use of customer data. MiFID II requires all communications concerning financial transactions to be recorded and stored across all channels including voice, video, messaging, and social media. Comprehensive recording solutions that fully comply with MiFID II criteria are critical.</p> <p>Since regulations are constantly in a flux, it is imperative to keep employees up to date. Conducting training across a globally dispersed workforce can result in high costs, extensive resource planning, and significant time loss. With the use of technologies like video conferencing and real-time content sharing, trainers can extend the reach of their events to a wider audience, at lower costs. Live sessions can be leveraged later as on-demand resources.</p>
<p>The Millennial and Gen Z Impact</p> 	<p>Millennials and Gen Z, whose behaviors are driven by a deep affinity for digitization, are shaping the future of financial services. According to the American Bankers Association, 68% of millennials manage their banking wholly online.</p> <p>Millennials are joining the workforce in droves, leading to changing employee expectations. They are the FaceTime and Snapchat generation, who expect consumer-like ease-of-use and more engaging tools at work, which has put the spotlight on video.</p>

1 Banking Technology Vision 2018: Building the Future-Ready Bank; Accenture

VIDEO CONFERENCING—HUMANIZING DIGITAL COMMUNICATIONS

Modern workers are demanding more engaging collaboration experiences. Businesses are increasingly realizing that digital transformation is not about the technology - it is about the people. It hinges on using technology as an enabler to allow people to make deep connections with each other in order to maximize employee and customer engagement. Video conferencing is becoming a norm for businesses to offer rich and agile collaboration across multiple functional teams within and outside the organization. In a recent Frost & Sullivan survey (Exhibit 3), C-level decision makers responded that video conferencing transforms the way they do business.

Exhibit 3: Video Conferencing's Impact on Key Facets of Business



Source: Frost & Sullivan—An End User Perspective on Workplace Communications and Collaboration, Global, 2017

According to Frost & Sullivan's most recent research, the overall audio, video and web conferencing services market is on a high growth trajectory and is forecast to grow from \$8.5 billion in 2017 to \$11.0 billion by 2023. Technology advancements, improved cost-benefit ratio, combined with next-generation user-friendly devices, software and cloud services are propelling adoption.

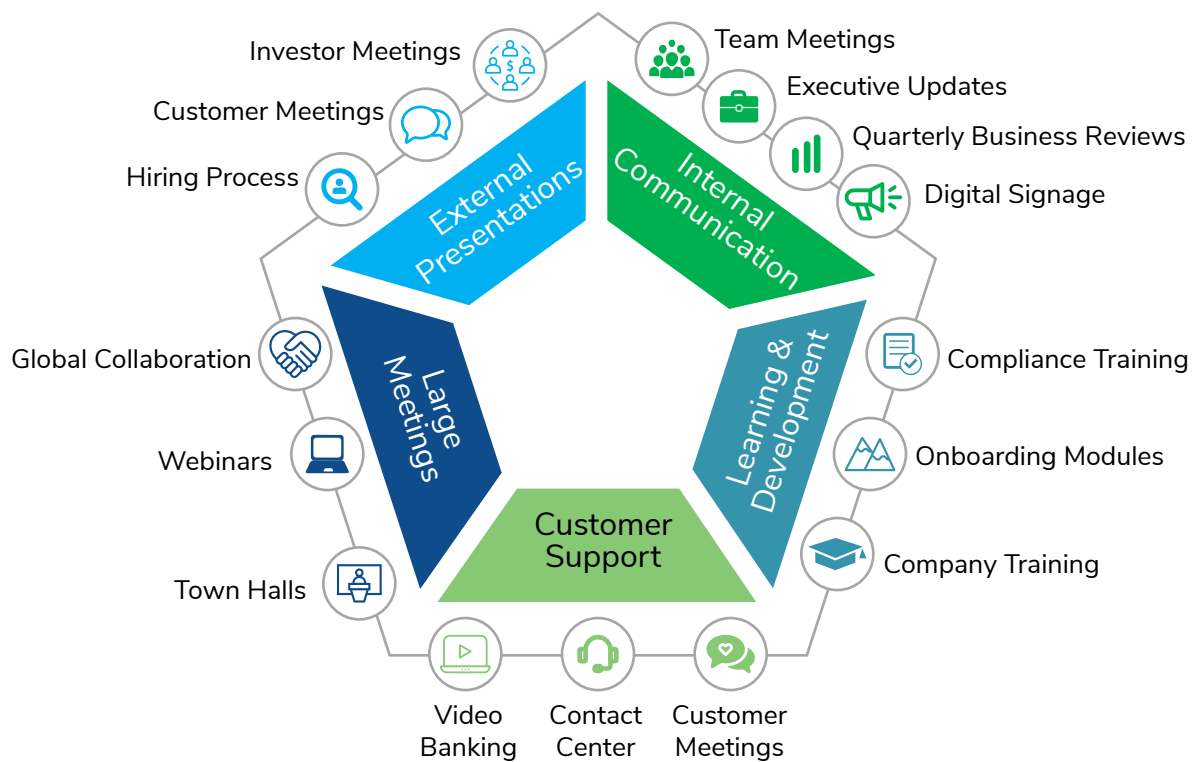
In the past, complex solutions, high costs, extensive network requirements, and lack of interoperability kept video conferencing largely confined to intra-company use. Cloud-based video conferencing is changing all of that. The emergence of easy-to-use, reliable, affordable and robust cloud services that offer OPEX-based agile and scalable services are delivering a compelling value. Businesses now want to extend the benefits of video conferencing to B2B and B2C use cases that offer their customers and partners more engaging experiences. Moreover, previously siloed conferencing technologies are converging into single-source easy-to-use audio, video and web collaboration solutions to connect anyone inside or outside the organization.

A recent Frost & Sullivan survey found that 54% of the businesses are already deploying video conferencing in the cloud, up from 43% 3 years ago.

GROWING USE CASES AND APPLICATIONS

Cloud video conferencing has become a vital communications tool today for financial services organizations that seek a sustained competitive advantage at reduced operating costs. In the past, the primary business case for video conferencing was focused on replacing business travel for time and cost savings. Today video conferencing has truly become pervasive with use cases that extend to a broad range of internal communications as well as B2B and B2C use cases.

Exhibit 4: Growing Use Cases of Video Conferencing for Business Transformation



Internal Communications

Today's workforce is increasingly distributed, virtual, and global. In order to accommodate shifting user requirements, businesses are implementing cloud video conferencing services that offer rich collaboration experiences. Whether it's team meetings for collaboration with local and remote workers, town halls, internal training sessions, or expediting the hiring process, video conferencing and content sharing have become game-changers to increase the speed of doing business and to better engage employees.

B2B Use Cases

As a result of the ever-increasing demand for integrated and innovative financial products in the B2B market, there is a growing trend to make collaboration with partners and external advisors more effective. As businesses become more and more global, they are building their network of partners. Investment banks, private equity firms and venture capital funds are finding that video communications adds value, improves understanding, builds trust through face to face discussions, and helps move business along more quickly with better relationships.

B2C Use Cases

In addition to enhancing employee communications and offering more engaging B2B conversations, video conferencing is disrupting financial services with innovative applications such as video banking, video kiosks, loan servicing with remote experts, and wealth management for high net worth clients. Financial services firms realize the need to build trust with their customers. Video offers the human touch and face-to-face communications that helps customers make their decisions with confidence. According to data from a survey conducted by Zoom on Qualtrics, 82% of the respondents said there is greater sense of trust with video conferencing.²

Banking



Video banking is taking off. As more and more retail and commercial banks reduce brick and mortar branch locations and move to online and mobile banking, video conferencing is delivering innovative use cases. Video banking re-creates the traditional in-person branch experience for remote digital users. Multiple branch locations can share remote experts increasing efficiency and cutting costs while improving customer satisfaction and loyalty.

Similarly, remote experts who speak multiple languages are being utilized to provide personalized services across many locations. Using SDKs from video conferencing developer platforms, banks can video-enable their own apps and websites for a seamless and fully branded experience.

Retail banking is moving from traditional transactional services, such as deposits and wire transfers, to high-touch services such as financial planning and portfolio management. This requires serving high-value clients more effectively than competition. By deploying self-service video kiosks, banks can provide access to “video agents on-demand”. In many branches video conferencing displays are also being leveraged for digital signage transforming passive banking branches into active sales channels, which is resulting in a higher cross-sell. Additionally, banks are conducting other transactions, such as loan interviews over video for saving costs and making faster decisions.

² Zoom survey conducted over Qualtrics Feb 21-Mar 21, 2018 with 722 completed responses from Zoom users including IT professionals and C- level respondents

Wealth Management



Financial planning is a relationship business. However, more and more customers are opting for online transactions, from accessing information online to using self-directed investment tools. In addition, clients that move to distant locations resort to phone communications with their advisors. Video puts the face-to-face back in these relationships, becoming an anchor for strengthening the conversations and building long lasting relationships. For affluent clients looking for services, such as tax and retirement planning, and estate planning, video meetings help build and

nurture long-term relationships which are the cornerstone to growth.

Many wealth management and advisory firms are leveraging Omni-channel experiences. Mass affluent customers with modest investment portfolios use self-service online portals to gain online guidance and benefit from a lower touch, lower-fee model. At the same time, opportunities are created to move them into higher-margin products over high-touch experiences using video communications. In addition, advisors can share content such as interactive investment proposals or portfolios on the spot, eliminating the back and forth over email and reducing sales cycles.

CLOUD VIDEO CONFERENCING AND THE SECURITY CHALLENGE

Despite momentous benefits, cloud computing has its own set of challenges that must be addressed. Many financial services businesses and end users have concerns related to security, especially data protection and loss of control. In a recent Frost & Sullivan survey on cloud computing, 64% of the users indicated that when selecting a cloud provider, security is the second most important factor after cloud reliability. A holistic security framework is therefore becoming a table stake.

Although the challenges with video conferencing security are multifold, several next-generation cloud services are taking the right steps to tighten the security to alleviate customer concerns.

- **Information Protection**—A multi-tenant video conferencing cloud shares applications and resources. Leading cloud video conferencing services are taking the required steps to protect the integrity of the data and information being exchanged before, during, and after the sessions. Moreover, users' digital identities and credentials are protected, along with any data the provider collects about customer activity in the cloud.
- **Encryption**—All communications must offer full encryption with enterprise-class 256-bit AES (Advanced Encryption Standard) encryption for media (audio, video and content) and TLS (Transport Layer Security) encryption for signaling.
- **Data Center Security**—An important security consideration for cloud service customers is the assurance of physical security of the data centers and IT hardware against unauthorized access and theft. Cloud providers are ensuring this through regular audits of data centers and network locations (penetration testing and code review).
- **Identity and Access Management**—Users have multiple access points. Providers are ensuring that local, remote, and mobile users have easy access to video conferencing services with strong authentication controls and SSO that do not compromise their identities.

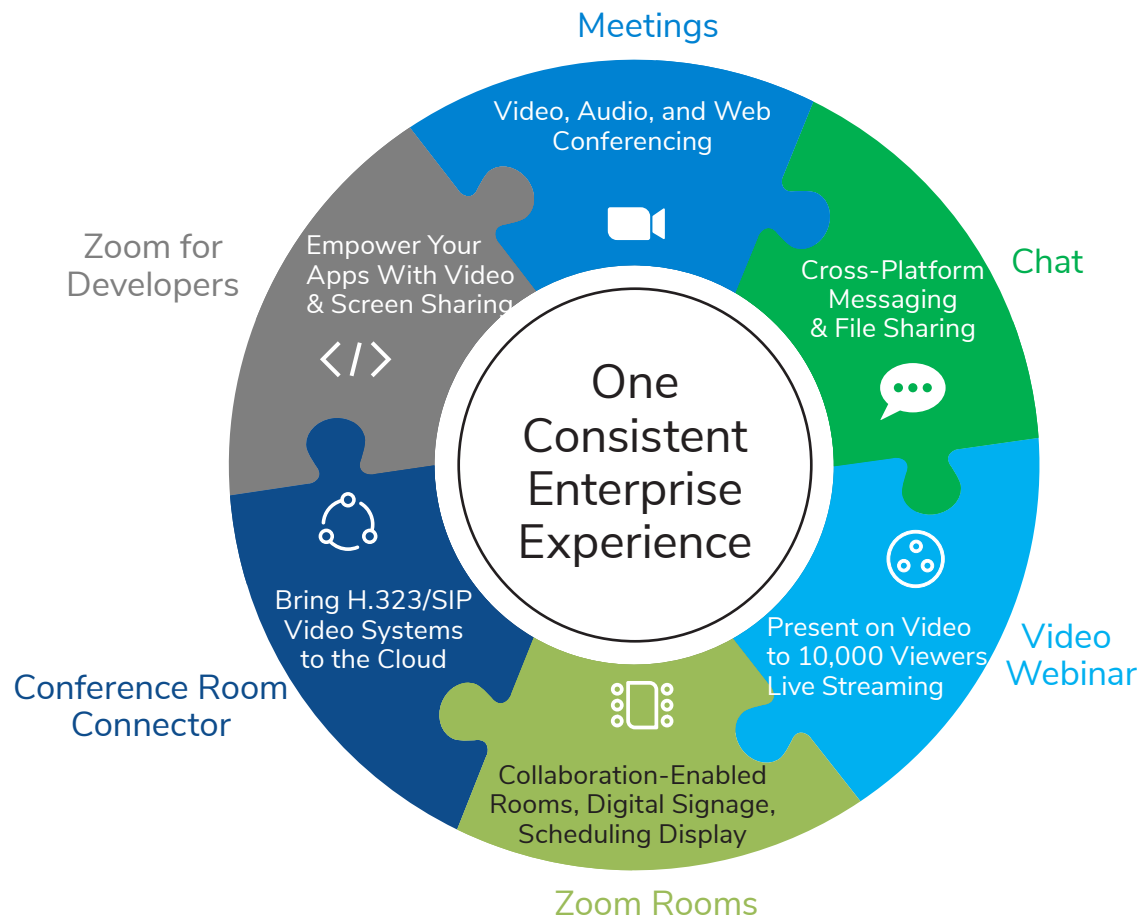
SOLUTION SPOTLIGHT: ZOOM VIDEO COMMUNICATIONS

In recent years, newer approaches to video conferencing have removed the traditional barriers related to complexity and costs, while offering affordable, high-value services with flexible deployment models. Zoom has been at the forefront leading the transition from hardware-based, expensive, network-dependent solutions to cloud solutions that enable high-quality video communications experiences. Zoom offers an easy-to-use and reliable cloud platform for HD video and audio conferencing, content sharing, chat, and webinars across mobile devices, desktops, telephones, and room systems.

As shown in Exhibit 5, Zoom supports the needs of financial services organizations by taking a cohesive approach to collaboration.

- **All-in-One Collaboration**—A single platform supporting multimedia video and online meetings, marketing and training webinars, business chat/instant messaging and presence, file sharing, and easy integration with third-party platforms.
- **Simple and Scalable**—Zoom is easy to deploy and works across desktops, mobile devices, and conference rooms. With its one touch to join, Zoom keeps its interface and controls intuitive for users and reduces the burden on IT for support. In addition, businesses can video-enable every conference and huddle room with Zoom Rooms that offer an affordable software kit and flexibility to select any hardware.
- **Consistent Experience**—Zoom offers a consistent user experience across all meeting spaces—whether its desktops, executive offices, open spaces, huddle rooms or large conference rooms. Administrators benefit as well from a familiar look and feel across applications and from single provider support for a multi-functional platform.
- **Flexible Deployment Options**—Zoom works with customers' existing investments such as Skype for Business, and all traditional video and audio conferencing systems including Cisco and Polycom. For many financial services customers, that are not yet ready to move all their services to the cloud; Zoom offers a hybrid cloud option. Zoom's Hybrid cloud services connect on-premises servers with those in the cloud to provide a single integrated experience, with the peace-of-mind of keeping your solutions on premise. In addition, Zoom partners with many managed service providers to bring to market versatile cloud video conferencing with white glove managed services that many financial services customers need.
- **Value**—Zoom simplifies your stack with an all-in-one solution for video and audio conferencing, collaboration, chat, and webinars across mobile devices, desktops, telephones, and room systems. Additionally, Zoom users experience significant audio cost savings. Zoom's usage data indicates that 86% of all audio minutes on its platform are over VoIP (VoIP is used 6x more than telephony).
- **Agility and Innovation**—As an agile cloud provider, Zoom offers the latest innovations. In the past 2 years, Zoom has released over 200 features annually including innovations in Artificial Intelligence, workflow integrations and end to end collaboration. Some of the Zoom unique features include Digital Signage and Scheduling Displays at no additional cost, first-to-market AI-powered Recording Transcripts, ability to play a video with audio, desktop and iPhone virtual backgrounds, waiting rooms, and security features (such as only join if from a certain domain, password meetings, watermarked screenshots, the ability to control which features users can enable, lock a meeting, and dismiss an attendee).

Exhibit 5: Zoom Communications Platform



CUSTOMER CASE STUDY

The Company

The customer is a large global growth equity firm providing capital and strategic support for growth companies. With approximately \$24B in assets under management, the company partners with leading entrepreneurs and companies across several global sectors.

The Challenge

The company's global team across five regions needs to be in touch with counterparts around the world for strategic and business review purposes. With existing investments in legacy videoconferencing systems including

"Our global firm values video conferencing as one of its most mission critical technologies. It's essential to how we maintain our collaborative culture as we grow. With Zoom, we get the benefits of all the great technology innovations without maintaining a heavy infrastructure."

CIO, Financial Services Company

room systems and bridges, the company runs a bi-weekly global meeting across all offices to discuss pending matters. It has a cloud-first, mobile-first culture and has moved 85% of all its communications applications into the cloud. The company was looking for an easy to use, high quality, and reliable cloud service which allows their team to use the same conferencing platform, irrespective of geographic location.

The Solution

The company chose Zoom for its simplicity, ease-of-use, and affordability. Originally chosen to replace a competitive web conferencing service, Zoom has been extended to all desktop and mobile users and is currently being installed in conference rooms and huddle rooms. Currently, in the middle of a technology refresh, the company's IT team plans to shut down all hardware-based video conferencing systems and bridges and replace them with Zoom Rooms.

CONCLUSION

In an age of increasing commoditization, customer experience is becoming the foremost competitive differentiator. To prevent being marginalized and pushed to the ends of the value chain, financial services organizations must adapt and go beyond current products and services to create highly relevant and differentiated services. Video conferencing puts the human face back into financial services transactions where personal touch is the cornerstone of success. Cloud conferencing in particular changes the cost of ownership and offers unprecedented business agility, simplicity, reliability and scale. Forward-thinking businesses are embracing the next generation of video and web collaboration services in the cloud to stay ahead in a market that never stands still.

A trusted cloud video conferencing provider can put financial services organizations on the path to:

- ✓ Reduce costs
- ✓ Improve productivity
- ✓ Streamline operations
- ✓ Improve customer satisfaction
- ✓ Drive employee engagement
- ✓ Increase business agility
- ✓ Insure compliance
- ✓ Enhance security

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