Redefining your technologies to drive strategy for your organisation

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grow with ANZ

Agenda

- ANZ Strategy
- ANZ Technology Focus
- Next Phase - Directions and Trends
  - Customer and Business Trends
  - Technology Trends
- Outcomes

ANZ's strategic direction

Organic out-performance

- Extend specialisation
- Grow customer numbers
- Increase share of wallet
- Drive productivity

Portfolio reshaping

- Invest in high growth areas
- Build specialist capabilities
- Exit weak positions
- Risk reduction

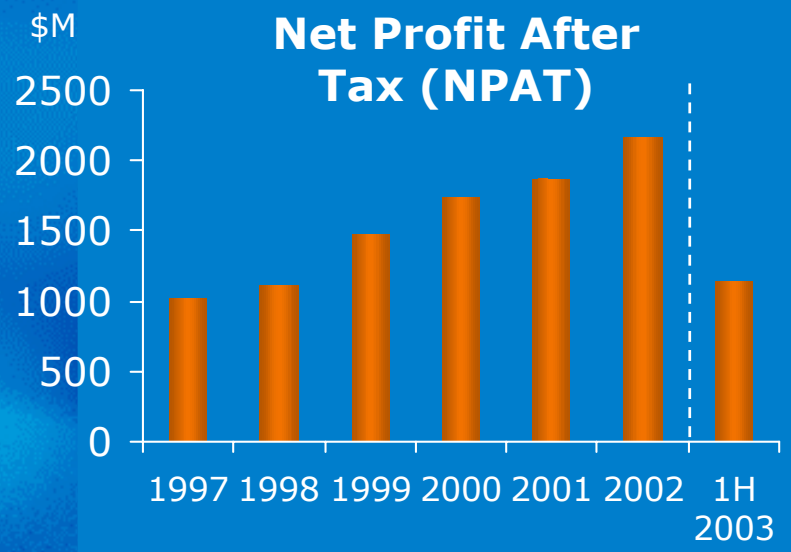
Transformational moves

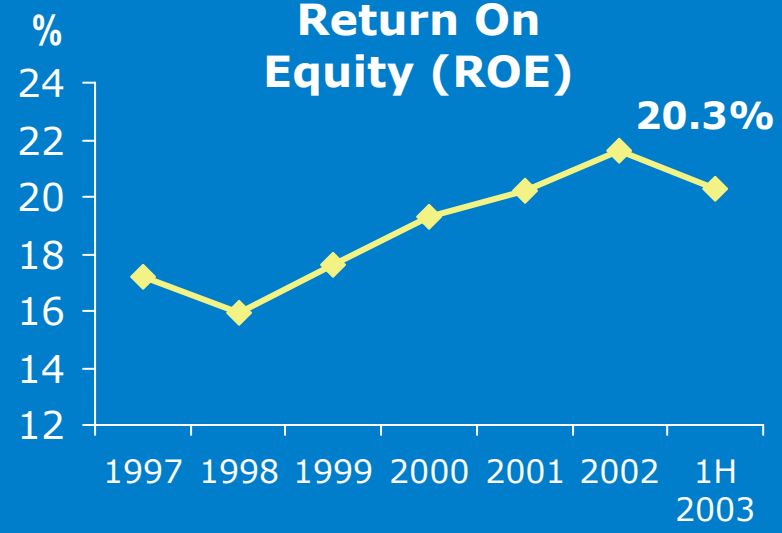
- Step changes in positioning
- Creating new growth options
- Proactively shaping industry

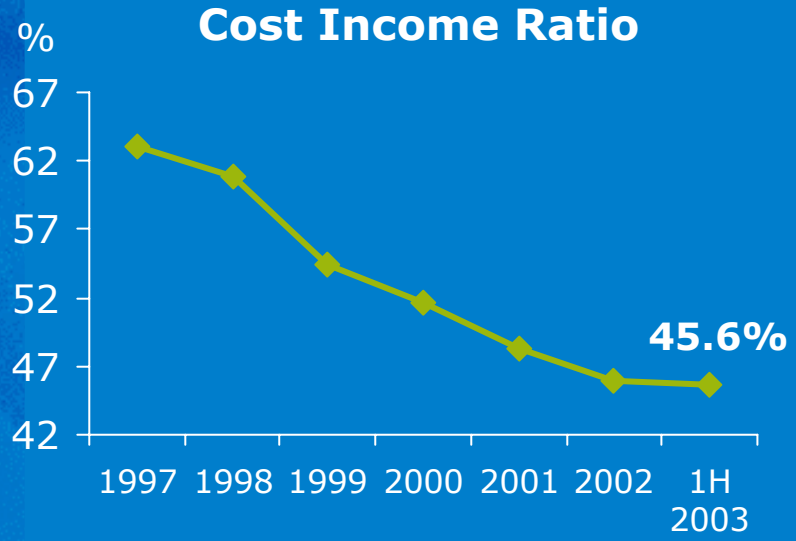
Our targets

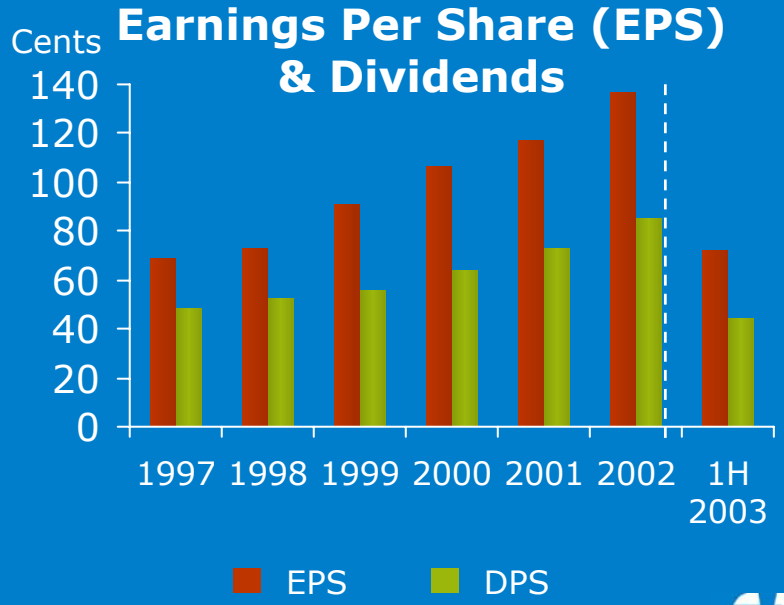
- Revenue growth materially higher than expense growth
- Take business units to sustainable leadership positions
- Build a range of strategic options

Delivered high performance









Note: 2002 figures exclude significant transactions

ANZ's technology focus – enable the business

- Provide our customers with a personalised, consistent experience
- Empower our customers and our people with real time information access and online applications via web-based technology, anywhere and anytime
- Ensure our technology is robust, flexible and cost effective
- Aggressively reduce costs, improve productivity, benchmark, increase 'straight-through' processing, simplify and automate administrative functions
- Provide low-risk, high-efficiency & state-of-the-art payment capabilities

Getting the right technology foundations in place

Customers (BU)	People	Process	Infrastructure
1998: Inward focused, low satisfaction, weak process, complex infrastructure			
• Little BU focus • Poor understanding of business drivers • Service levels poorly understood	• Leadership weaknesses • High staff turnover: 18% • Many cultures	• Poor disaster recovery • Inconsistent architectures • Poor project management and methodology • Billing of services incomplete and inaccurate	• Inflexible, high cost technology • 15 data networks • 6 core systems • Many different platforms
2003: Customer focused, positive culture, improving process, simpler infrastructure			
• Explicit business partnership • High internal customer satisfaction • Service Level Agreements • Customer Survey/ feedback process	• Significant benefits from our continuous improvement program • Improved staff satisfaction • Low IT staff turnover • Training on-line • Leadership Development program • Performance culture	• Full DRP in all critical processes • Project Mgt training program • New processes - PiaB, One Team, CMM, Niku, RAD, Phased funding, Outcome management • Technology costs defined and regularly reported • Technology governance, standards and policies • Detailed billing	• Tandem, Unix & AS400 rationalisation • 2 core systems • Single IP Network • Standard Win2000 desktop across Australia • Established strategy for standardisation and re-use

People - skilled and committed

Breakout cultural transformation workshop

pcs@home: heavily subsidised packages for staff to acquire PC's

Management tertiary qualifications policy

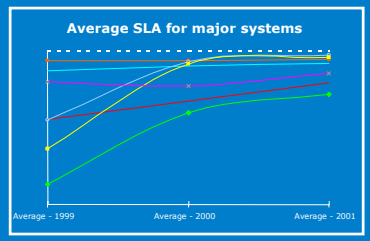
eVouchers provided free to staff to choose reading materials

Online training courses

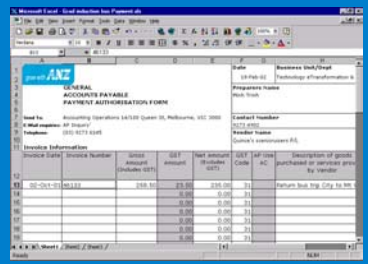
Half yearly staff survey with action teams to address issues raised

Customers - commitment to focus technology on business unit objectives

Clear alignment between Technology and Business Units



Service level agreements in place for each Business Unit



Detailed billing to Business Units for IT services

Customer survey/ feedback process on 6 monthly basis. Linked to individuals' performance measures.

Electronic timesheet capture for IT project tracking, reporting and billing

Process - commitment to improve execution capability

Project in a Box

- 'Best of breed' project management tools
- Central repository for all project reporting
- Open access to all users

Project management training

- Generic training courses tailored with ANZ specific content and latest Project in a Box tools

Continuous improvement programme

- Driving real cultural change
- Series of workshops for all staff
- Resulted in significant benefits to date

Capability Maturity Model

- Significant productivity and quality improvements
- CMM level 2 certification – 1st Australian Bank
- Bangalore, India - level 5 certification

Reengineering in a Box

- Standard tools, templates and process for re-design of business processes

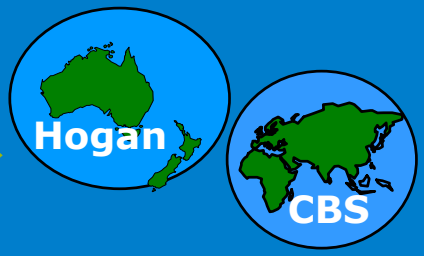
Infrastructure - commitment to rationalisation and standardisation

Core systems

1998:

6 major systems

2001

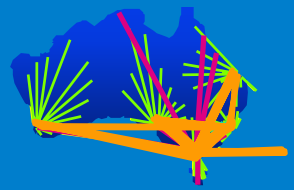


- Simpler systems and platforms reduce cycle times

IP network

1998

Multiple data networks



2000

- Single IP network provides universal connectivity

Servers and desktops

1998

2003

- Provide all staff with best tools possible
- Low cost of ownership through standard solution

Platforms

1998

8+ major platforms

2003

Platform focus Eg,W2K, UNIX, MVS

- Greater ability to leverage new technologies
- Lower hardware, software licence fees & support costs

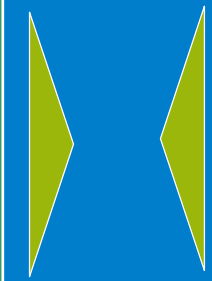
Next phase presents key challenges: What are the critical future business capabilities enabled by technology?

- Technology must be visionary and flexible, allowing for changes in customer needs, business strategy and competitive conditions. Flexibility of the infrastructure and development environments is particularly important given the multi-year nature of large scale IT change.

Business Directions

Need to understand key business drivers that will shape and guide the IT demand.

- Customer behaviour
- Sales and distribution capabilities
- Product and process capabilities
- Credit risk capabilities
- Corporate core capabilities



Technology Trends

Identify critical long term technology trends with high business impact.

- Mobility
- Standard Integration Technology
- Security & Privacy Management
- Business Process Orchestration
- Movement to Real time systems

Customer and Business Trends: High performing financial services companies possess a relentless focus on customer and processes

Global Best Practice FSIs - Key Features

Sales & Distribution Capabilities

- Customer intelligence
- Multi-channel integration
- Effective sales force
- Consistent view of customers across channels

Product & Process Capabilities

- Enhance customer experience
- Efficient processing
- Flexible product factories

Credit Risk Capabilities

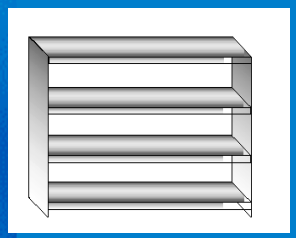
- Customer level scoring
- Predictive modelling

Corporate Core Capabilities

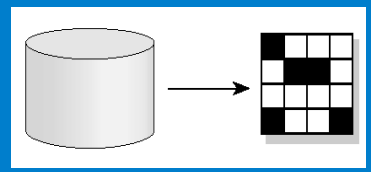
- Low cost, scalable operations
- Standardised information reports

Customer and Business Trends: Companies are replacing the pursuit of sales volume with the pursuit of meeting needs

Current Cross-Sale Strategy - "how many products can we sell our customers?"



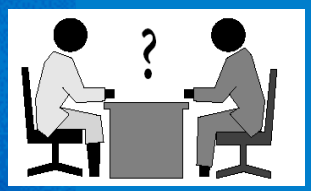
1."What products do we want to sell?"



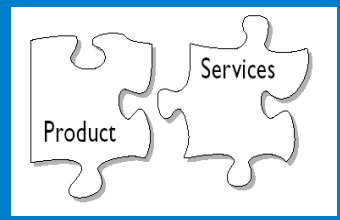
2."Which customers do not have them with us?"

3."What channels are the most efficient to sell them through?"

Emerging Best Practice – "what does our chosen customer want or need?"



1."What does our chosen customer want or need?"



2."What combination of products and services offer the best solution"

$2 + 2 = 5$

3."How do we ensure our offers deliver explicit returns to customers?"

Source: Corporate Executive Board - Council on Financial Competition 2002

Technology Trends: Technology will continue to play a vital role in enabling the business

- Technology is entering the utility phase. The IT industry will continue its move to commoditisation and consolidation, whilst delivering ever increasing levels of interconnectivity and interoperability.

Mobility	• Services accessible "anywhere, any time, any device", occasionally connected
Standard Integration Technology	• Standards enabling company to company information exchange via systems directly 'talking' to each other irrespective of platform
Security & Privacy Management	• Minimisation of risks and maximisation of customer data value
Business Process Orchestration	• Automation and enablement of straight-through processing
Real time systems	• Approach to delivering next generation real time, batchless core systems

Technology Trends: Mobility provides unconstrained access to information and services

Description

Services accessible "anywhere, any time, by any device"

Example Technologies

A broad range of innovations are driving this trend, including; 2.5/3G mobile networks, Wi-FI wireless LAN, cable/DSL Broadband networks, RFID Sensors, hand-held devices

Potential Uses & Business Implications

- *Customers*: Access information and execute transactions whenever and wherever they want
- *Sales Force*: Allow field staff to more effectively prioritise & service customers remotely, cross-sell additional product, maximize productivity
- *Staff working arrangements*: Not bound to the physical desk or work place

Technology Trends: Standard Integration Technology allows standardised electronic company to company exchanges

Description

Company to company information exchange via systems directly 'talking' to each other irrespective of platform

Example Technologies

Industry standards for interfaces, protocols, interoperability, security and transactions, Service orientated architectures and modularity

Potential Uses & Business Implications

- *Customer*: Achieve 'one' view to customers by delivering an aggregated customer view to customer contact staff
- *Business:* Flexibility and agility to enable new applications to be assembled quickly in response to opportunities
- *Cost reduction:* Reduce technology costs significantly by eliminating complexity

Technology Trends: Business Process Orchestration provides an integrated approach to create straight through processes

Description

An integrated approach to achieve automated and 'Straight Through' end to end processes

Example Technologies

Workflow, Imaging, Optical reading of documents, Business process Orchestration systems , Inference Business rules engines

Potential Uses & Business Implications

- *Customer*: Significant reduction in turnaround times for simple loan applications and eliminate variability in turnaround times
- *Cost Reduction*: Streamline and eliminate many manual processes
- *Revenue Growth*: Enable much faster approval and a reduction in leakage of sales opportunities

Technology Trends: Heightened threat environment drives need for on-going investment in Security and Privacy

Description

The ongoing risk of external threats is increasing, new security technologies are being developed to embed end to end security into applications and transactions.

Example Technologies

End to end authentication technology – PKI, directories, digital certificates, smart cards, biometrics. New stronger encryption algorithms.

Potential Uses & Business Implications

- *Customer*: 'Ensuring people are who they they say they are'
- *Business*: Security capabilities for new devices used by customers; Enable cost-effective management of privacy regulations considerations
- *Cost*: Risk/reward assessment will drive investment
- *Fraud prevention*: Stronger customer identification and authentication at branch, ATM, Internet & phone banking

Technology Trends: Move to real-time business requires a focus on modular, service oriented designs and de-emphasis of core systems

Description

Move from Monolithic to Modular - cautious move to Real time, in selected areas, based on real business need

Example Technologies

Increased processing power, memory and storage. Modern architectures and sophisticated software that now allow us to move towards real-time processing

Potential Uses & Business Implications

- *Real time trading and settlement*: Facilitate smooth transition to real-time processing
- *MIS & Reporting*: Faster decision making from real-time understanding of financial position and performance information
- *Core Systems*: Easier to do functional enhancements due to simpler environment

Business Strategy frames and guides your target technologies – requires a unified program of activity

- Requires a business driven technology plan and roadmap. Focus on;
  - Leverage current IT assets
  - Build new business capabilities
- Execution is the Key! Aligned management processes are critical to success
  - Governance and funding processes
  - Clarity on roles/ requirements of technology and business, systems ownership

Outcomes

Tightly business aligned, flexible Technology Infrastructure

- Increased Technology platform flexibility
- Increased speed – quicker time to market for new developments
- Lower costs and risk

Questions?

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