Redefining your technologies to drive strategy for your organisation

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Agenda

- ANZ Strategy
- ANZ Technology Focus
- Next Phase - Directions and Trends
  - Customer and Business Trends
  - Technology Trends
- Outcomes
ANZ’s strategic direction

有机表现
- 扩展专业化
- 增长客户数量
- 增加市场份额
- 促进生产力

版图重塑
- 投资于高增长领域
- 建立专业能力
- 退出弱势位置
- 风险降低

转型性行动
- 转变定位的重大变化
- 创造新的增长机会
- 主动塑造行业

我们的目标
- 收入增长显著高于费用增长
- 带领业务单位到可持续领导地位
- 建立一系列战略选择

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Delivered high performance

### Net Profit After Tax (NPAT)

- **1997**: $1000
- **1998**: $1500
- **1999**: $2000
- **2000**: $2500
- **2001**: $3000
- **2002**: $3500
- **1H 2003**: $4000

### Return On Equity (ROE)

- **1997**: 42%
- **1998**: 47%
- **1999**: 52%
- **2000**: 57%
- **2001**: 62%
- **2002**: 67%
- **1H 2003**: 72%

### Cost Income Ratio

- **1997**: 67%
- **1998**: 62%
- **1999**: 57%
- **2000**: 52%
- **2001**: 47%
- **2002**: 42%
- **1H 2003**: 37%

### Earnings Per Share (EPS)

- **1997**: $0.12
- **1998**: $0.14
- **1999**: $0.16
- **2000**: $0.18
- **2001**: $0.20
- **2002**: $0.22
- **1H 2003**: $0.24

### Dividends (DPS)

- **1997**: 20 Cents
- **1998**: 30 Cents
- **1999**: 40 Cents
- **2000**: 50 Cents
- **2001**: 60 Cents
- **2002**: 70 Cents
- **1H 2003**: 80 Cents

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

<table>
<thead>
<tr>
<th>Customers (BU)</th>
<th>People</th>
<th>Process</th>
<th>Infrastructure</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1998:</strong> Inward focused, low satisfaction, weak process, complex infrastructure</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| • 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
- Management tertiary qualifications policy
- Online training courses
- pcs@home: heavily subsidised packages for staff to acquire PC’s
- eVouchers provided free to staff to choose reading materials
- Half yearly staff survey with action teams to address issues raised
Customers - commitment to focus technology on business unit objectives

Service level agreements in place for each Business Unit

Clear alignment between Technology and Business Units

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

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

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

**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
- Simpler systems and platforms reduce cycle times

IP network
1998
Multiple data networks
- Single IP network provides universal connectivity

1998
CBS
Hogan

Servers and desktops
1998
8+ major platforms
- Provide all staff with best tools possible
- Low cost of ownership through standard solution

Platforms
1998
8+ major platforms
- Greater ability to leverage new technologies
- Lower hardware, software licence fees & support costs

2003
- Platform focus Eg, W2K, UNIX, MVS

2003
- Single IP network provides universal connectivity

2000
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

<table>
<thead>
<tr>
<th>Sales &amp; Distribution Capabilities</th>
<th>Product &amp; Process Capabilities</th>
<th>Credit Risk Capabilities</th>
<th>Corporate Core Capabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Customer intelligence</td>
<td>• Enhance customer experience</td>
<td>• Customer level scoring</td>
<td>• Low cost, scalable operations</td>
</tr>
<tr>
<td>• Multi-channel integration</td>
<td>• Efficient processing</td>
<td>• Predictive modelling</td>
<td>• Standardised information reports</td>
</tr>
<tr>
<td>• Effective sales force</td>
<td>• Flexible product factories</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Consistent view of customers across channels</td>
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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”
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.

<table>
<thead>
<tr>
<th>Mobility</th>
<th>Security &amp; Privacy Management</th>
<th>Standard Integration Technology</th>
<th>Business Process Orchestration</th>
<th>Real time systems</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services accessible “anywhere, any time, any device”, occasionally connected</td>
<td>Minimisation of risks and maximisation of customer data value</td>
<td>Standards enabling company to company information exchange via systems directly ‘talking’ to each other irrespective of platform</td>
<td>Automation and enablement of straight-through processing</td>
<td>Approach to delivering next generation real time, batchless core systems</td>
</tr>
</tbody>
</table>
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 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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