

Deconstructing 'Inception', using a house-building analogy

| A digital advisory service for banks

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In a digital-first world where consumer expectations are growing and **69% want to access their entire financial lifecycle through online channels**, creating a customer-focused digital brand is essential for the success of traditional banks. Those that aren't digital-ready and don't offer a **best-in-class user experience** are losing customers to tech-savvy fintechs, challenger banks and neobanks.

Traditional banks also face disruption due to changing regulations and limitations of internal legacy technology stacks. According to Forrester, **33% of decision-makers at financial institutions say their technology strategy is one of the greatest challenges when it comes to executing digital transformation**. Moreover, **71% see accelerating digitalization as a high priority over the next year**, while **69% view strengthening regulatory compliance as a primary objective**.

To move forward successfully, **banks urgently need to deliver modern and innovative products and services while cost-effectively expanding market reach**. However, many don't know where to start.

For many banks, an "Inception", or **digital advisory service**, is the best way forward. Inceptions offer a valuable solution, guiding legacy banks on their digitalization journey.

But Inception isn't just for incumbents. Digital entrants also experience challenges navigating the ever-changing and unpredictable landscape. Despite having high-level plans and aspirations, some lack the expertise and experience to build an online bank from scratch; others struggle to build the consumer trust that incumbents have sustained for a long time.

It's also worth noting that **Inception isn't just for banks and financial players: Non-financial institutions can also leverage the consultancy program for their digital transformation journeys**.

IN A NUTSHELL

Inception helps established financial institutions, neobanks and challenger banks **discover, define, and design a winning digital-first value proposition** that focuses on **profitability** and **customer-centricity**.

How does Inception work?

It is an **intense three- to six-week* collaborative consultancy project**, including workshops that involve most banking departments, where **multi-dimensional feasibility assessments** are conducted across **technical, operational and compliance streams**. At the end of Inception, the bank has a **digital banking blueprint**.

**Excluding the Mobilization phase*

But what is a digital banking blueprint?

Similar to building a house, where the first steps include deciding on a plot of land and drawing up plans, **banks need to choose what products to offer, how to onboard customers, and the user experience (UX) they want to provide – a digital banking blueprint**.

Inception: *Step by step*

Let's delve into the nuances of an Inception advisory service through the discerning lens of a house-building analogy.



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01 Inception: Mobilization phase

The mobilization stage is akin to embarking on a house-building project and finding and purchasing the ideal parcel of land in an optimal location.

It starts with the Inception team – a group of experts that helped build Europe’s first challenger bank – and the client’s stakeholders conducting a **feasibility assessment, including preliminary market research, competitor analysis and logistics**. This step generally takes between seven days and a few weeks.



02 Inception: Exploring the bank's requirements



When building a house, people research different types and layouts, from spec and tract to fully customized.

Similarly, the Inception team hosts **multiple onsite workshops to identify a client's wants and needs.**

On day one, intense brainstorming sessions take place, shaping the financial institution's vision. During this phase, the Inception team helps them:

- Understand **market standards** and their **target audience**;
- Develop a **unique selling proposition**;
- Identify **market- and segment-specific differentiators**;
- Map **potential pain points, processes and infrastructure.**

The client's objectives are also established. Options include **building a digital bank from scratch (greenfield), on top of an existing core solution, or developing a singular use case like an online wallet.**

03 Inception: Defining and designing a digital banking proposition

In house-building terms, step three spans researching and hiring a construction team.

With Inception, the involved parties collaborate to define and design a winning digital banking proposition.

How? By understanding and setting **key objectives and innovative differentiators, defining a winning minimum viable product (MVP), and prototyping the new customer experience.**

The digital banking blueprint comprises several deliverables:

- **Roadmap** – starts with an MVP, enabling quick go-to-market.
- **UX prototype** – allows the client to visualize the user experience, helping them embed customer-centricity.

- **Process flows** – outlines more details around the UX, showcasing flows between the front- and the back-end components.
- **Go-to-market strategy** – drives engagement and customer acquisition.

Now the bank is clear on what they want to build, the Inception team starts **designing the technical architecture** and **defining the interfaces between third parties.**

Additionally, a **technical RACI (Responsible, Accountable, Consulted, Informed) matrix** is created, describing who's responsible for each roadmap feature.

Finally, the digital blueprint provides **financial deliverables**, highlighting how long the **roadmap** will take to go live and whether it will be profitable.

All the deliverables come together, helping the bank decide whether to press go on the roadmap.

But how are the deliverables created?

Inception's primary differentiator is the way the deliverables are built. After several workshops around



objectives, vision, unique selling points and target segments, additional sessions are organized to further develop those aspects.

As part of that, the Inception team and the client collaborate to create an initial deliverables draft and share feedback, enabling regular refinements within an agile environment. **At the end of the first week, the client receives a final draft of the deliverables.**

Before rushing into design decisions, **UX prototypes are built, defining how the**

bank's customers interact with them. When the user experience is confirmed, it's turned into a reality, **without being held back by the bank's existing technology or processes.**

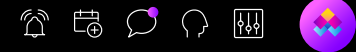
From there, **process flows** are built and the **technical architecture** is designed, including the positioning of modules and **partners.**

By this point, the client has UX and technical deliverables in place. But they need to understand if the roadmap will be profitable. That's where a **business case**

comes into play – a detailed document that presents profit and loss.

Business cases vary by client, depending on their requirements and the type of bank they are – established, new, etc. Finally, **a presentation is created, summarizing the results of the deliverables.** It's designed for the C-suite, giving the **why, how, who, what and when behind the proposed roadmap and blueprint.**

Digital Bank Project Board



TASK TO DO

IMPORTANT

Assign new tasks

WARNING

Check new MVP

IMPORTANT

Call David about UX

NEXT PHASE

UI improvement

MVP Future releases Backlog

UX Prototype Customer Journey

MVP Process Flow

Go to Market Strategy

Conceptual Solution Document

Technical Architectural Document

Interface definition

Technical Responsibility Matrix

Business Model

Project Delivery Estimates

Project Delivery Outline

Business Case

BUSINESS DELIVERABLES

TECHNICAL DELIVERABLES

PROJECT & FINANCIAL DELIVERABLES

04 Inception: Support and guidance

When building a house, this stage is about obtaining the required planning and construction permits.

With Inception, it involves assisting the client with any licensing requirements they may need. For example, a brand-new bank may require a banking license to jumpstart its digital banking journey.

The digital banking team offers expertise, so the client successfully meets prerequisites and regulatory requirements. Indeed, Inception's deliverables helped a client obtain regulatory approval for pre-licensing requirements in just 10 days.

10
days

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05 Beyond Inception: Building a digital bank



*Phase five of a property project involves **clearing the site, laying the foundations, building, decorating and adding finishing touches.***

In terms of banking, this stage takes place after Inception completes, and revolves around implementing and delivering the digital banking solution, its day-to-day running, and delighting customers with a first-rate, simple and streamlined experience.

06 Beyond Inception: Maintaining a digital bank and fostering innovation

So, the house is built, and a few months or years pass.

**What next?
Maintenance and renovation – repeating step three onward.**

So, the house is built, and a few months or years pass. What next? Maintenance and renovation – repeating step three onward.

The same applies to the digital advisory service. **Inception is just the first stage of the journey: Client relationships continue through innovation workshops that influence the next roadmap.**

That way, banks can forge ahead with new and exciting ideas. As a result, they become digital transformation leaders and provide superior user experiences that attract, delight and retain customers for life.



07

Why financial institutions choose us

Sopra Banking Software has hands-on experience building one of the first challenger banks in Europe, and we have helped transform many traditional banks as well.

Our multi-lingual team of digital banking experts has a vast array of industry knowledge – global and local.

As a result, Sopra Banking Software is the partner of choice for over 1,500 financial institutions worldwide.

The partner of choice for

1,500+

Financial institutions



Sopra Banking Software is the partner of choice for more than 1,500 financial institutions worldwide. The rich variety of our solutions, the strength of our conviction and our passion for innovation enable us to support our clients on a daily basis and in their future projects, as well as in their goals regarding financial inclusion. Our customers, based in over 80 countries around the world, benefit every day from our technologies and software, as well as the expertise of our 5,000 employees. Sopra Banking Software is a subsidiary of the Sopra Steria Group, a European leader in consulting, digital services and software development. With more than 50,000 employees, the Sopra Steria Group generated a turnover of €5.1 billion in 2022.

To find out how we can help your bank to create market-beating digital transformation strategies, visit www.soprabanking.com or contact us at hello@soprabanking.com

CODING COLORFUL BANKING