PARTNER. ADVISOR. CATALYST.

10 Best Practices for Achieving a Successful Client Conversion Experience

MAY 2021

Prepared for:

INTRODUCTION

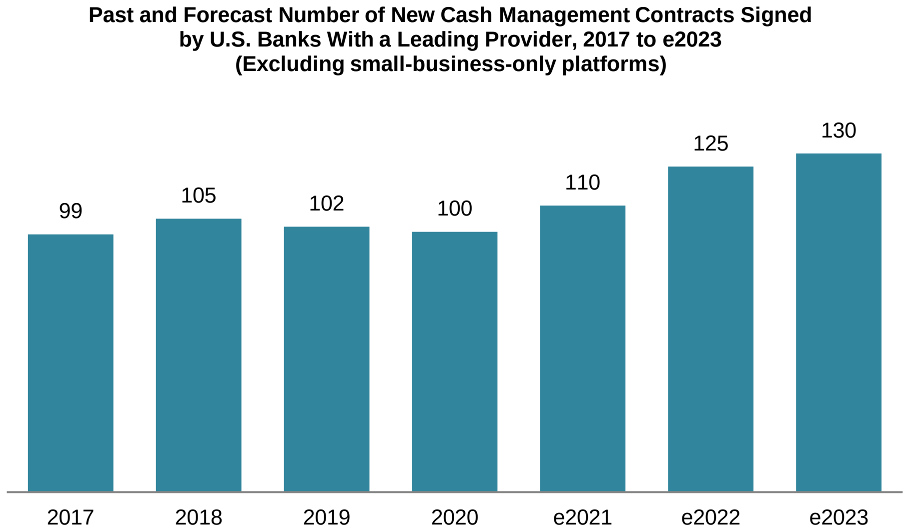
The financial services industry is in a state of transition. Banks are challenged to deliver more robust and personalized digital experiences to an increasingly tech-savvy client base, and to supply flexible offerings capable of quickly evolving with new market needs. The result is a rise in client-facing digital transformation initiatives and legacy platform replacements. While digital transformation started long before the onset of the COVID-19 pandemic, its occurrence has increased the urgency for change and placed a spotlight on the inefficiencies and shortcomings of older platforms. The corporate side of the bank, in particular, is seeing a rise in cash management platform replacements as banks strive to modernize offerings and take advantage of opportunities for differentiation. In doing so, banks are quickly finding that while rolling out the right technology is important, providing the right customer experience during conversion is equally critical. Gone are the days of risky big bang conversions, inordinately staffed-up call centers, and hoping for the best, which often lead to client frustration, attrition, unnecessary costs, and experiences that haunt banks and their customers for years to come. Such methods have been replaced with a new generation of client conversion best practices focused on the **client experience**. These properly planned and implemented technology conversions improve client retention, cross-sell opportunities, and relationships and, thus, deliver a more positive outcome for both the bank and its customers.

This white paper, which was commissioned by Go-Live Faster and independently authored by Aite Group, highlights the importance of a smooth and efficient client conversion. It analyzes what banks can expect as they prepare for a conversion and recommends best practices and lessons learned by banks and individuals that have been through this process. Interviews were conducted with three senior executive bankers and two fintech company senior executives with collective experience of hundreds of digital banking conversions. Finally, this paper also leverages the expertise of the author and feedback shared during ongoing conversations on this critical topic.

THE CASH MANAGEMENT LANDSCAPE AND THE IMPORTANCE OF A SMOOTH AND EFFICIENT CLIENT CONVERSION

One would be hard pressed to find a bank not currently going through some type of cash management digital transformation initiative. Legacy technologies no longer deliver the results most banks require. Thus, it is not surprising that the number of contracts signed for cash management system replacements, especially among the top 100 banks, has been high the last few years. This trend is forecast to continue as replacement activities move farther down-market and banks see growing opportunity and a more level playing field thanks to next-generation technology (Figure 1).

Figure 1: The U.S. Cash Management Replacement Market



Source: Aite Group

It is no longer a question of whether a bank should replace outdated cash management technology, but rather how to be most effective when doing so. As banks seek out the best technology platforms and partners to meet new market expectations, the **client experience** must be at the heart of every decision. Aite Group research has found that most businesses see few differences across banks from a core feature/functionality standpoint. What makes one bank stand out from another is the experience when performing those functionalities and how services are delivered. **Thus, it is client experience and not functionality that is most critical when businesses select their bank partners.**

Client experience during a platform conversion is equally important for retention. In this instance, any resulting disruption is driven by a bank decision to modernize its technology or consolidate after a merger, and not something the client has requested. It is, therefore, especially critical that banks ensure a smooth transition and enable customers to perform their daily banking activities with minimal disruption or negative impact. New cash management platforms are a big investment. Some banks are spending millions of dollars only to lose customers because of a bad conversion experience. Further, customers won't see the benefits of a new platform if they can't log in, don't know how to use it, or if their files don't transfer properly.

While some attrition is likely with any conversion, especially one resulting from a merger, banks must minimize conversion-related attrition due to a bad experience as much as possible. As one banker put it, "Even 1% attrition due to a bad experience is unacceptable. If a bank loses double-digit customers because of a merger conversion, it has completely failed and just lost all the benefit of that merger."

10 BEST PRACTICES FOR A SUCCESSFUL CONVERSION

While no conversion is perfect, there are steps banks can take to minimize their risk and ensure greater success. These steps can be applied to not only cash management system conversions, which have a high potential for disruption, but also include any client-facing digital banking platforms such as payments, loan origination, and cards. This section highlights some best practices and lessons shared by bankers and those who have witnessed both successful and unsuccessful platform conversions (Figure 2).

Figure 2: Best Practices

Source: Aite Group

START MIGRATION PLANNING RIGHT AWAY: Banks should be planning for, and thinking about, migration as they select a vendor partner, and especially once the new platform is selected. In fact, banks should include budget dollars for client conversion support during business case approval for the new platform, and migration planning should be embedded in every phase of the rollout from initial project kickoff to the final migration wave. During earlier phases, the bank may simply be creating a migration timeline or thinking about customer segments and potential waves, and later start conducting mock conversions and testing changes to identify data transfer issues and potential problems before the initial pilot. Customer experience objectives, such as a nine out of 10-client satisfaction rating or a 98% retention rate, should also be established at project kickoff to ensure goals are clear.

BE MINDFUL OF THE FULL IMPACT: Each change made during a conversion, regardless of size, has an impact on customers. The bank is responsible for testing and anticipating the full impact of every change. Even a minor one-digit change to code can break links that customers worked years to create or hinder a small business's ability to seamlessly get the right bank information into QuickBooks or other business and corporate accounting systems. A best practice is for banks to identify major changes between legacy and target platforms and map out and focus on how those differences will impact clients. Major issues can result from changes to file formats and new features such as tiered limits. Another best practice is to automate the migrated data validation process to include greater than 98% validation at the field level. This ensures accurate data is loaded into the new system, especially users, entitlements, and payment templates.

Every client uses banking systems differently, thus, financial institutions must identify and factor exception processes into the new platform to ensure a smooth transition. While it is impossible to catch everything prior to conversion, thorough testing and full impact consideration will significantly lessen the number of phone calls into the call center and avoid a negative customer experience. One banker described conversions as a "balancing act in which one must be precise while not getting overwhelmed by every issue and negatively impacting the customer." Banks should also consider the timing of their conversions and avoid year-end conversions when clients are especially busy. May and June are often selected as they fall after tax season.

BE PREPARED FOR HIGHER CALL VOLUME AND LONGER CALLS: Even the most thought out and planned for conversions will experience an increase in inbound call volume at the start of every migration. Of course, volume spikes can be minimized by effective planning and client outreach, but as a rule of thumb, banks can expect up to a five-time inbound call volume increase. That spike will often last the first two to three weeks until customers get to a greater comfort level with the new system. Average call handle times also typically double. One banker described average cash management calls prior to conversion averaging about four to five minutes in duration, doubling to about 10 minutes during a conversion. Call centers must be properly staffed with individuals familiar with the new platform and how it differs from the prior one. This will be explained in greater detail in the upcoming section on partnering with the right vendors.

CREATE CLIENT TIERS: While banks would love to provide white-glove treatment to all of their clients to walk them through a conversion, such an approach is not scalable. Client tiers should instead be created to determine the right client journey (level and type of outreach) for each tier. Analytics should be incorporated into the process to identify the most valuable clients and automate the tiering assignments. Not surprisingly, white-glove treatment should be reserved for the most valuable clients the bank cannot afford to lose. These companies typically have large daily transaction volume, user bases, numbers of accounts, and a wide range of complex services, such as lockbox and positive pay and, thus, will be more negatively impacted by a bad conversion experience than smaller or less-complex clients. Identifying these clients by determining the criteria for each tier brings those receiving extra care and attention to a more manageable number (many banks limit this service to about 200 clients, but it can be as large a number as 2,000 to 3,000 for larger banks) so they can be handled by the bank's top servicers. As an unwritten rule, tier 1 typically consists of the bank's top 10% of clients (based on size, profitability, and complexity), tier 2 consists of the next 40% of clients (typically middle-market), with the next tiers left for the remaining 50% of customers (typically small or micro businesses).

Lower tiers also receive outreach but in a more automated or self-service way. Many banks develop a transition website for these customers. Transition sites are central repositories for all conversion-related information, including frequently asked questions, quick reference guides, videos, etc. Webinars are also typically available before, during, and after the conversion event. Having a dedicated hub/transition website linked to all client outreach is far more effective than simply sending emails with limited information.

Somewhere in-between tier 1 and the lower tiers are the bank's midlevel clients that require a more hybrid approach. Their servicing will not be as hands-on as that of tier 1, but they will receive personalized outreach, receive tutorials on the new system, and be strongly encouraged to leverage the preview period. According to one banker, "How a bank handles their tier 1 and tier 2 clients will make or break their conversion."

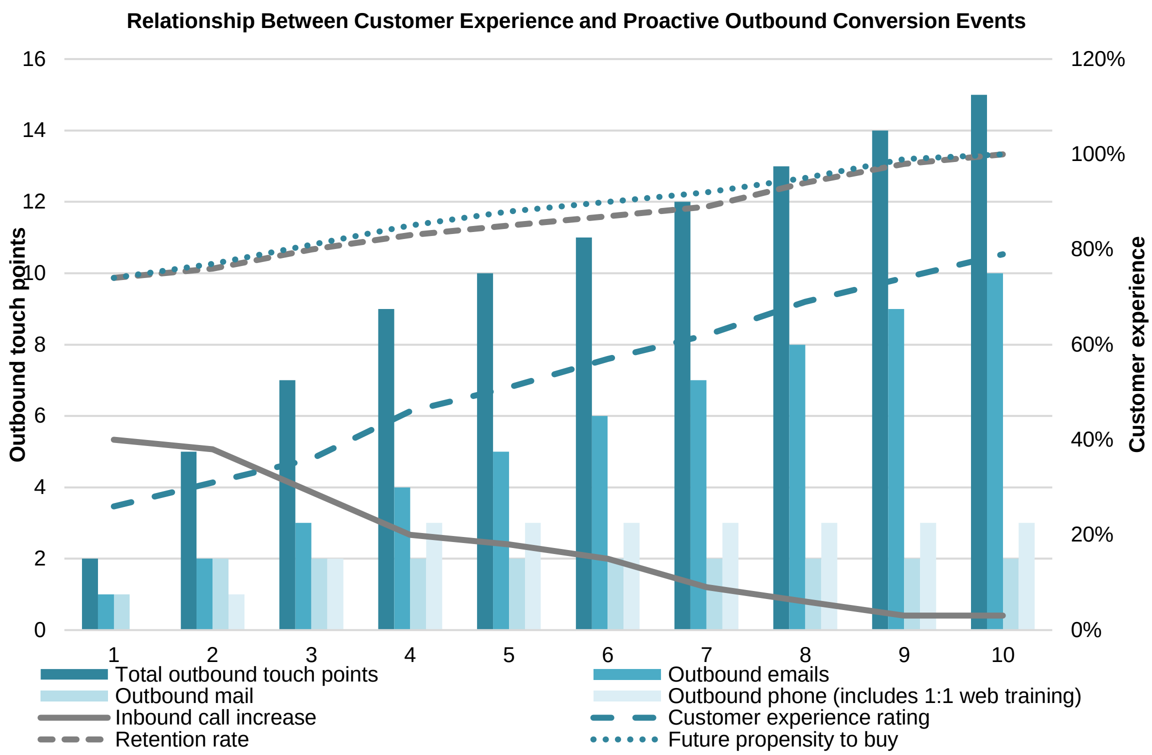
Below is the tiering methodology found to be effective by a top 100 bank with about US$50 billion in assets:

- The bank created three tiers for a conversion consisting of about 10,000 clients. Tiering was based on complexity of products used (numeric weightings assigned to each product), as well as client profitability and growth potential. The highest scoring clients were placed in tier 1 and received personalized, high-touch treatment. Tier 2 clients also received proactive outreach, and the bank made sure they participated in a preview session. Finally, tier 3, consisting of mostly micro businesses and one product user, received a more automated self-service approach.

PLAN FOR MULTIPLE TOUCH POINTS AND CHANNEL OUTREACH: Once the client tiers have been determined, banks must assign the optimal amount and type of touch points for each tier. Regardless of tier, banks should plan on multiple touch points per client to ensure effective communication. Banks must be proactive and call their clients, so the clients don't have to call the bank. *Every inbound call is a degradation of the client experience*. In addition to links to the transition website, posters in branches, emails, paper mailers, etc., should all be leveraged to maximize awareness. Banks must also ensure during this step that all client information is accurate. It is never too early to start scrubbing client contacts. Having accurate client contact information will be critical to ensuring effective communication, and it is not unusual for a high percentage of client information to be outdated.

According to one banker interviewed, "The goal should be to have about five points of contact with each client. Early outreach should include basic information about the conversion and their options as well as a written timeline. Later correspondence should strongly urge them to at least sign into the platform during the preview period as this step is critical." Bankers interviewed saw a definite correlation between the number of outbound calls and login activity, a decline in inbound calls, and customer satisfaction. This experience is depicted by Go-Live Faster estimates based on experiences with more than 1,000 conversions (Figure 3).

Figure 3: The Relationship Between Customer Experience and Proactive Outbound Conversion Events



Source: Go-Live Faster estimates verified with Aite Group bank interviews

Ensuring client awareness of the initiative is critical. Most inbound calls to a bank during a conversion are from customers unaware a conversion is taking place and are calling in to report that a system is down. Among bankers interviewed for this study, the belief is that outbound calling is the most effective for conversions as it engages customers and is less likely than emails to be missed. It is especially effective during major events, such as a platform change where there can be significant variances between the legacy and new platform. Additionally, one-on-one web training sessions (one bank client conversion specialist with one client) is especially effective for tiers 1 and 2, while banks often choose webinars for greater efficiency for lower tiers.

HAVE AN ONGOING COMMUNICATION PLAN: Outreach should take place before, during, and after a conversion. It should begin at least 60 to 90 days prior to migration to inform clients about the upcoming conversion with additional touch points leading up to their migration date. Providing a link to the transition website in all communications is a best practice. The transition website should have all current materials, training videos, recorded webinars, frequently asked questions, and quick reference guides. Some touch points for tier 1 and tier 2 clients may also share more critical and client-specific information, such as the fact that the format for the positive pay file they are using is going to change with the new solution, with an offer to help them correct it. Frequent communication creates the opportunity for banks to deepen client relationships. Prior to a conversion, most clients primarily communicate with their bank when they have a problem. Conversions provide bankers with the opportunity to connect with clients, share news about improvements being made, and to demonstrate a willingness to work with them to prevent a problem.

Support should continue beyond the conversion date, and short surveys should be leveraged to gather feedback. While conversion-related attrition can be difficult to measure, high satisfaction scores on surveys will confirm a conversion has been done well. Other key performance indicators bankers recommend include monitoring during a conversion, which consists of call center wait times, call volume, abandoned calls, transfers back to the bank (if this process is being outsourced to a partner), and average call duration. One banker found that monitoring wait times early on to be extremely helpful. She recalled, "Some of the call center representatives were over delivering. If someone had trouble logging into the system, they would help them and then give a tour of the solution. While it was a great customer experience for the person they were speaking with, it was causing extremely long wait times for others in line waiting. By keeping tabs on wait times, we were able to quickly flag this and correct it."

PROVIDE A PREVIEW PERIOD FOR THE NEW PLATFORM: While not all banks take advantage of a preview period and see it as extending the migration timeline, others view it as essential and a step that should not be skipped. This period, which often takes place up to two weeks prior to conversion, enables customers to log in to the new platform, get trained, update entitlements and payment (ACH, wire, etc.) templates, and get a feel for overall system navigation. Though payments cannot be initiated from the platform during this period, other account information has been transferred to provide as realistic an experience as possible. This will make the actual conversion less daunting and lessen the number of inbound calls during the early days of conversion. One bank interviewed leveraged the preview period as a "validation period." In addition to giving clients an opportunity to get comfortable with the new platform, they were also asked to validate the information and templates within it. Once the clients provided validation, the new solution was incorporated. This process encouraged clients to pay close attention during the preview period and significantly reduced reported errors after conversion. While banks should strive to have as many customers as possible log in during this time, webinars and prerecorded sessions that can be accessed on demand should also be available for lower-tier clients. Again, optimal client journeys vary by client tier to ensure the greatest effectiveness and scalability, with a primary goal of a smooth conversion with as little client disruption as possible.

CONVERT IN WAVES: Big bang conversions are not recommended given the higher risk associated with them. These conversions leave less room for error and require at least four to five months of planning and thorough evaluation to ensure the system is clean, the entitlements are right, and file transmission testing has been done. Wave conversions, on the other hand, are often preferred as they start small with a limited number of clients and typically reach a normal cadence by the third wave. Wave conversions are often completed in about five to six waves, but the number varies by bank size. The benefit of this conversion type is that if system glitches are found—which is quite normal—dealing with them is more manageable given a smaller number of clients impacted. It also enables the most critical clients to convert in later waves when most issues have already been corrected.

Many banks recommend waves of no less than five weeks each. The first two weeks are typically when the most aggressive outreach is done, followed by a week for data migration, and then a two-week preview period before going live. Additionally, waves should not overlap, and remediation periods should be built in-between the pilot and wave 1, and also between waves 1 and 2 to correct any issues identified. After that, all waves should line up in a serial timeline with no gaps to avoid unnecessary increases to cost.

The pilot or first wave is the longest and typically lasts about 45 days, with an additional two to three weeks allocated for review of pilot outcomes that can result in modification and improvement of conversion process for the remaining waves. It should include an average of about 10 to 15 clients (no more than 25) representing a good mix of the client base. As mentioned, waves typically start with smaller, less-complex clients, and are built up over time. One recommendation is as follows:

- Ten to 25 clients in a pilot
- First wave from 100 to 200 clients
- Second wave up to 500 to 1,000 clients
- Third wave up to 2,000 clients
- Then 2,500 to 3,000 per wave thereafter depending on the size of the bank

PARTNER WITH THE RIGHT VENDORS: As recently as four to five years ago, most technology providers saw their implementation role ending once a bank client went to pilot. Today, vendors see greater opportunity to provide guidance to banks and leverage their experience across a broad range of client conversions. Most banks go through a conversion once every several years and, thus, greatly benefit from the experience their technology providers bring. Banks should look for technology partners that have the expertise to provide guidance and are willing to have workshops to walk the bank through the process. Vendor partners should help them create the right client tiers, journeys, and waves, and should remain engaged until the last client is converted.

The right partners also have preferred conversion partners within their partner ecosystems to further assist with the process. Conversions are challenging, and banks often quickly realize the conversions cannot be completed with existing staff levels that are often already thinly stretched. Experts need to be brought in with conversion expertise, especially for tier 1 and tier 2 clients. These conversion partners are familiar with cash management platforms and have led several successful implementations on them. They often provide call center assistance staffed with representatives that are also very familiar with the new platforms and can help clients log in and perform critical tasks. While banks have the ability to select any conversion partner, those already a part of the vendor’s partner ecosystem offer the benefit of familiarity, proven success with the platform, and repeatable processes to lower risk for the bank.

Finally, the right technology partners have forward-looking roadmaps and continue to invest in their solutions. They are looking for new ways to further automate the process and reduce the burden on banks. Going forward, as mobile banking adoption continues to grow, smaller customers will likely be able to self-convert through a mobile app by leveraging wizards that walk them through the process.

BUDGET FOR CLIENT CONVERSION: As banks budget for projects, they often focus on software or platform cost and forget to also budget for client conversion. While conversion costs can be high, and in many cases are the same or greater than the cost of the platform itself, they are an essential component to ensuring high customer satisfaction, retention, and the overall success of the project. As one banker put it, "Leveraging the right conversion partner is critical. Our partner gave great advice and prevented us from making mistakes and moving too quickly through the waves by overlapping them to try to save time. That simple piece of advice prevented a lot of potential problems that could have cost us both money and time."

Fortunately, there is a strong business case and return on investment associated with investing in the conversion client experience. In addition to client retention, a good client experience during conversion will also lead to an increased relationship life cycle (and the revenue associated with that), as well as increased future propensity to use other bank products (and thus new streams of recurring revenue). As such, return on investment can pretty quickly reach 100% with a superior client transition experience.

CONCLUSION

As banks move forward with digital transformation initiatives, it is easy to get ahead of themselves and focus on the end result, rather than the journey to achieving it. Next-generation cash management platforms are exciting and better position banks to deliver the capabilities and experiences customers need, but those benefits won't be realized if the platform conversion does not go as planned. Cash management platforms are front-end solutions often visited multiple times a day by customers. Thus, poorly planned out conversions and system glitches can be extremely disruptive. A failure to focus on customer experience and the full impact of a technology conversion can leave a bank facing dissatisfied customers and higher than desired attrition. Banks could also be missing out on the opportunity to connect with customers, deepen relationships, and differentiate themselves in a competitive market. While conversions are never easy and can be quite expensive, they are a necessary evil and a required step toward better meeting client needs. Those banks following the best practices highlighted in this report will be better positioned for a successful conversion environment in which the benefits far outweigh the costs.

ABOUT GO-LIVE FASTER

Go-Live Faster is a predictive analytics firm that helps enterprises get to market faster and safer with their desired customer experience. We partner with enterprises in their product ideation to customer adoption journey by leveraging domain knowledge, tools, algorithms, and unique methodologies.

Go-Live Faster's solutions span across technology selection to implementation and business as usual with services, which include digital banking ideation, client transition experience, business analysis, training, quality assurance and testing, program management, data migration validation, enterprise automation, and user guide documentation and videos.

GO-LIVE FASTER(GLF) CONTACT

www.golivefaster.com

For more information on our services, please contact:

GLF Primary Contact
Hari Raghunathan
VP and Head of North America Operations
Go-Live Faster
Email: hari@golivefaster.com
Phone: +1 (347) 828-6641

For CX Services Group
cx@golivefaster.com

For all other inquiries, please contact:
reachout@golivefaster.com

ABOUT AITE GROUP

Aite Group is a global research and advisory firm delivering comprehensive, actionable advice on business, technology, and regulatory issues and their impact on the financial services industry. With expertise in banking, payments, insurance, wealth management, and the capital markets, we guide financial institutions, technology providers, and consulting firms worldwide. We partner with our clients, revealing their blind spots and delivering insights to make their businesses smarter and stronger. Visit us on the web and connect with us on Twitter and LinkedIn.

AUTHOR INFORMATION

Christine Barry
+1.617.398.5040
cbarry@aitegroup.com

CONTACT

For more information on research and consulting services, please contact:

Aite Group Sales
+1.617.338.6050
sales@aitegroup.com

For all press and conference inquiries, please contact:

Aite Group PR
+1.617.398.5048
pr@aitegroup.com

For all other inquiries, please contact:

info@aitegroup.com