

Barclaycard

Digital Innovation Enables Market Leadership.

Barclaycard's digital strategy helps it maintain a leading position within the US credit card market.

The Challenge

Rising above the competition

Barclaycard needed to boost its digital capability for a number of reasons:

- ◆ Barclaycard has no retail presence and limited brand awareness in the United States, so it needed a digital capability that would allow it to attract and retain customers in a very competitive market
- ◆ Strong competition and heavy emphasis by other banks meant Barclaycard needed to increase investment in the online, email, and mobile channels; year over year, Barclaycard US was seeing 4% growth of digital customers compared to 10% for its competitors
- ◆ Given the relative immaturity of digital across the business, Barclaycard was unable to effectively leverage digital to increase revenue, reduce costs, or improve loyalty
- ◆ Examples of gaps include an outdated website, lack of a mobile application/website, sub-optimal email capability, and limited web analytics/insights

Barclaycard needed to build a flexible and scalable digital capability to enable its diversification strategy into areas like mobile payments.

BY THE NUMBERS...

10-15%

REDUCTION IN OPERATIONAL EXPENDITURE

15%

INCREASE IN CUSTOMERS

10-15%

INCREASE IN OPENS AND CLICKS
(for email marketing campaigns)

THE BOTTOM LINE

THIS MULTI-YEAR, CROSS-FUNCTIONAL DIGITAL STRATEGY AND ROADMAP ENGAGEMENT ENABLED BARCLAYCARD TO **SPEED THEIR GO-TO-MARKET CAPABILITY**

Barclaycard is a leading global cards and payments provider serving more than 28 million customers and 89,000 merchants. It is a subsidiary of Barclays PLC, one of the world's largest and most respected financial services companies.

pure digital players (PayPal, Google, and Amazon).

Addressing these challenges required Barclaycard to redefine its approach to digital channels with a new vision of becoming “Digital by Default.”

The Solution

Detailed planning to result in major profit

Barclaycard asked BearingPoint, working with West Monroe Partners, to develop a digital strategy with a five- year business case horizon. Investment for the first three years was US\$15-20 million, with an expected cumulative profit before tax of US\$80-100 million over five years. It had three phases:

Phase One. A three-year roadmap that balances customer needs & expectations with Barclaycard’s commercial priorities, including:

- ◆ Ideal customer experience
- ◆ Required digital capabilities and organization
- ◆ Impact on marketing, operations and IT
- ◆ A business case with operating expense reduction and revenue drivers
- ◆ Prioritized three-year roadmap case for change and shared vision for the executive leadership team

Phase Two. Detailed planning and definition of 10 high-impact projects for year one of the roadmap, including:

- ◆ Comprehensive business requirements
- ◆ Delivery and dependency planning
- ◆ Immediate support for quick-win opportunities identified during phase one
- ◆ Key vendor selections and internal staffing processes in order to enable a quick start

Phase Three. Interim program planning and implementation support by BearingPoint and West Monroe Partners while building up internal digital team, including:

- ◆ Setting up digital program planning & management function
- ◆ Managing interdependencies of the digital program with other bank- wide initiatives
- ◆ Selecting digital partners required for long term support
- ◆ Supporting the build up and knowledge transfer to Barclaycard’s digital team

The Impact

Reducing cost and increasing customers

Following the implementation of the strategy, Barclaycard has seen a marked improvement in several key business areas:

Operating expense reduction: Barclaycard has seen significant savings on operating expenses primarily through increasing self service and offloading customer requests from the contact center to digital channels. For instance, a 15% increase in online customers signing up for paperless statements and 11% of customers using mobile for self service.

Revenue enhancement: The bank has significantly increased its opportunities for cross-sell and up-sell through digital channels. For instance, using smart ad servicing strategies to increase speed of penetration of customers eligible for offers, and a 15% increase in opens and clicks on email marketing campaigns.

Increased brand awareness and customer retention: The new online experience has improved the application conversion rate by 6% and increased digital customers by 5%.

The project has helped the bank establish a cross-functional team that is powering digital forward within the business. This has dramatically increased Barclaycard US's capacity to deliver change and innovation swiftly to its customers and partners.

One great example of this faster-to-market capability is the bank's mobile service app for the iPhone, which went live within just six months because of the new overarching digital strategy and expertise of the multi-skilled, dedicated team.

In fact, BearingPoint and West Monroe's work with Barclaycard, both in the US and the UK, identified several digital opportunities and improvements across the business. Barclays is now replicating the digital business model which worked so successfully for Barclaycard US in other business units worldwide.



“We now have a digital roadmap vision, which is being delivered at a rapid pace. The approach worked for us because West Monroe focused on both strategy and execution and did so with a team of knowledgeable and dedicated people”

Dave Goodman
Barclaycard US