Logistics

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Today’s Speakers

Michael Araneta
Associate VP

Marc DeCastro
Research Director

Bill Fearnley
Research Director

Jerry Silva
Research Director
Behavioral analytics across compliance, fraud and cyber detection/prevention will be in place in 15% of banks in 2017 to help avoid regulatory fines and sanctions.

By 2020, blockchain/distributed ledger technology will be adopted by 20% of trade finance globally.

By 2019, cloud adoption will reduce infrastructure spend by 25% among top-tier banks.

By 2018, there will be a 35% increase in worldwide mobile payments using NFC, reflecting continued uncertainty in who will “own” the device.

Disruptive technologies including cognitive, robotic process automation, and blockchain will be in use at 50% of banks worldwide by 2020, accelerating digital transformation by 30%.

Investment in 3rd platform and innovation accelerators will grow at twice the rate of overall FSI IT spend through 2020 as global IT spending surpasses half a trillion.

In an effort to boost live chat customer interactions, 20% of banks will begin proof-of-concept projects to integrate conversational interfaces in their omni-channel strategy in 2017.

By 2018 virtually every wealth management and capital markets firm will have built or licensed a robo-advisor platform or leverage artificial intelligence to manage funds.

By 2019, Usage Based Insurance (UBI) enabled by Internet of Things (IoT) will account for at least 15% of the global vehicle insurance market and 10% of the global home insurance market.

While widespread adoption will be slow, in 2017 cognitive technologies will be deployed in 15% of banks, providing consumers with “voice banking” on numerous devices.
Drivers for Financial Services

✓ Staying Relevant: New Entrants and Products Disrupting Financial Industry
✓ DX: Technology-centric Transformation Altering Business and Society
✓ Everything, Everywhere - The Rise of Computer-Based Intelligence
✓ Enterprise Architectures: Integrating Innovation into the Institution’s Existing Infrastructure
✓ Global Volatility - Competition, Power and Risk
✓ New Funding Models - Accelerating Disruption and Innovation / New Nature of Risk: Innovation Spawns New Thinking In Risk Management
✓ Platform Economy - The Ecosystem Battle for Scale

For additional details on the above Drivers, please refer to report
IDC FutureScape: Worldwide Financial Services 2017 Predictions
IDC FutureScape: Financial Services Predictions Highlights

1. Behavioral analytics across compliance, fraud and cyber detection and prevention will be in place in 15% of banks in 2017 and will help to avoid regulatory fines and sanctions.

3. By 2019, cloud adoption will reduce infrastructure spend by 25% among top-tier banks.

5. Disruptive technologies including cognitive, robotic process automation, and blockchain will be in use at 50% of banks worldwide by 2020, accelerating digital transformation by 30%.

10. 15% of banks in 2017 will provide their consumers cognitive technologies allowing for "voice banking" on numerous devices, yet adoption will be slow.

For additional details on all 10 Predictions, please refer to report

IDC FutureScape: Worldwide Financial Services 2017 Predictions
**Prediction #1:** Behavioral analytics across compliance, fraud and cyber detection and prevention will be in place in 15% of banks in 2017 to help avoid regulatory fines and sanctions.

<table>
<thead>
<tr>
<th>IT Impact</th>
<th>Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Sophisticated models to detect anomalies in customer behavior</td>
<td>✓ Reduce false positives and improve productivity</td>
</tr>
<tr>
<td>✓ Regulators need more details about models</td>
<td>✓ Aggregate multiple data sources</td>
</tr>
<tr>
<td>✓ Internal and external data being aggregated</td>
<td>✓ Reuse data for cross sell and up sell</td>
</tr>
</tbody>
</table>

**Note:** The size of the bubble indicates complexity/cost to address. Source: IDC, 2016
Prediction #3: By 2019, cloud adoption will reduce infrastructure spend by 25% among top-tier banks.

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<tr>
<td>✓ Beware of cloud siloes</td>
<td>✓ Measure business value</td>
</tr>
<tr>
<td>✓ Investment in automated IT service management</td>
<td>✓ Cloud drives innovation</td>
</tr>
<tr>
<td>✓ Security investments need to scale up even further</td>
<td>✓ IT becomes an orchestrator of the delivery of IT services.</td>
</tr>
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</table>

Note: The size of the bubble indicates complexity/cost to address. Source: IDC, 2016
**Prediction #5:** Disruptive technologies including cognitive, robotic process automation, and blockchain will be in use at 50% of banks worldwide by 2020, accelerating digital transformation by 30%.

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<td>✓ Reevaluation of IT architecture and enterprise IT strategy</td>
<td>✓ Tools for competitive differentiation</td>
</tr>
<tr>
<td>✓ Complementary technologies for legacy</td>
<td>✓ New skill sets needed for IT staff</td>
</tr>
<tr>
<td>✓ Increase reliance on 3rd platform providers</td>
<td>✓ Leverage 3rd party expertise</td>
</tr>
</tbody>
</table>

**Organizational Impact**

- Behavioral analytics
- Cloud adoption reduces cost
- IT spend milestone
- Live chat projects
- Voice becomes next channel
- Usage-based insurance
- Blockchain and DLT
- Consumer mobile payments
- Robo-advisors commonplace

**TIME (MONTHS) TO MAINSTREAM**

- Disruptive technologies
- 0-12
- 12-24
- 24+

Note: The size of the bubble indicates complexity/cost to address. Source: IDC, 2016
**Prediction #10:** While widespread adoption will be slow, in 2017 cognitive technologies will be deployed in 15% of banks, providing consumers with “voice banking” on numerous devices.

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**Behaviors and Standards**

- Devices and standards will be formed
- Natural language will be key to successful launches
- Slow adoption gives IT time to plan

**Guidance**

- Voice improves security and authentication
- Develop strategy now
- Regulators ramp up guidance

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**Prediction #10:** While widespread adoption will be slow, in 2017 cognitive technologies will be deployed in 15% of banks, providing consumers with “voice banking” on numerous devices.

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- Prioritizing Government Investments

- Leveraging the Healthcare Digital Convergence
- Improving Health Delivery Models
- Transforming Public Health

- Innovating Product Development
- Innovating Services
- Optimizing the Supply Chain
- Transforming Manufacturing

- Creating the Omni-Channel Experience
- Maximizing Retail Investment
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