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EXPERT VIEW

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Inside-out approach to innovation

In the banking, financial services and insurance (BFSI) space in India, the conventional approach to any technological or digital innovation has been to wait for an idea to reach the shores of the company. Once it reaches, there is a long funnel of evaluation, assessment and viability. By the time the idea passes muster, the technology train and not to forget customers have moved on. And one possibly is working on something that's obsolete or redundant.

So how does a company in the BFSI space keep pace with the fluidity of today's market place, where technology is evolving constantly? Add to that customers' insatiable appetite for the multitude of technology and digital platforms that cater to various needs and preferences.

The day of a one big bang idea which a company milks for years is slowly fading. Today, innovation is a sum of small but impactful ideas that help the company become more efficient. It could an external customer centric process or initiative, or it could be simplifying the back-end internally that allows one to improve processes, thus enhancing customer offerings. The 'Inside-Out' approach allows an organization to proactively scan the horizon for potential innovative ideas and create an internal process to assess, test and deploy them at a faster pace. Inside-out is an agile methodology which rides on 'test fast, fail fast' approach and creates the capability to evaluate and work on several ideas and concepts con-currently. This approach to innovation is based on three pivots or 3Cs: customer, calibration and collaboration.

Customer

The 'inside-out' approach to innovation works only if companies evaluate more closely how a customer is consuming technology. Customers expect technology and digital platforms to offer them access and convenience 24X7. Thus, the customer is at the centre of this approach, as he moves toward digital platforms for his banking needs. However, can the immense amount of data thrown up as customers transact across platforms be harnessed to understand customer psyche better and enhance the experience? Can innovations understand the customer pain points and address them?

Also, in rural markets, deployment of technology has to factor in issues such as infrastructure and bandwidth. Bank branches in rural areas will continue to play a pivotal role; however, platforms such as mobile can be effectively utilized to offer banking services riding on technology. Thus emphasis on innovative platforms that complements the physical branch network is needed, particularly in the hinterland, where a huge untapped potential for BFSI players exists.

Calibration

The 'inside-out' approach also means that BFSI companies have to internally calibrate their approach towards innovation and ideas coming from outside. Today, banks are harnessing various technology and digital platforms to offer either news products/services or improve existing offerings. This means that companies are faced with a plethora of ideas to choose from. For them to be able to do that, some re-skilling and infusion of new talent is essential. Talent acquisition could be employing people with technology skillsets who are able to assimilate the ideas faster and assess if an offering holds promise. While deploying such teams internally, companies have to ensure that it's not a function working in a silo. They need to work laterally with various business teams or strategic business unit to ensure that ideas percolate deep down and are not restricted to just one function or vertical.

Collaboration

Let's face it. Today, we live in an inter-connected world thanks to the advent of technology. And innovation is no longer the preserve of a few. As customers demand greater convenience, innovative ideas to fulfil their needs will only grow. Companies are slowly realizing the benefits of connecting with an ecosystem that exists outside their four walls. And it's a win-win for both. The 'inside-out' approach enables 'democratization' of innovation to allow companies to build a pipeline for them to tap into a pool of ideas that start-ups and fin-tech companies are working on. This is viable since it helps save BFSI companies millions of dollars in investments if they were to set up technology labs. For fintech firms, a tie-up with a BFSI player gives them access to a huge market with a large customer base. It also allows for a segmented approach to expansion. For example, there could be 10 different ways to make a payment, each from a different fintech. But each one appeals to a different customer segment.

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