

e-SAMBA: A bank's case study

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Strategic thinking

- Electronic SAMBA Business Solutions is one of the co-strategic business / product development arms of SAMBA
- Assist our internal organization in thinking about “e” via training and research.

Facilitation

- Is dedicated towards collaborating with government entities and local banks to push e-agenda's.
- Actively pursue new partnerships & alliances locally and globally.

Implementation

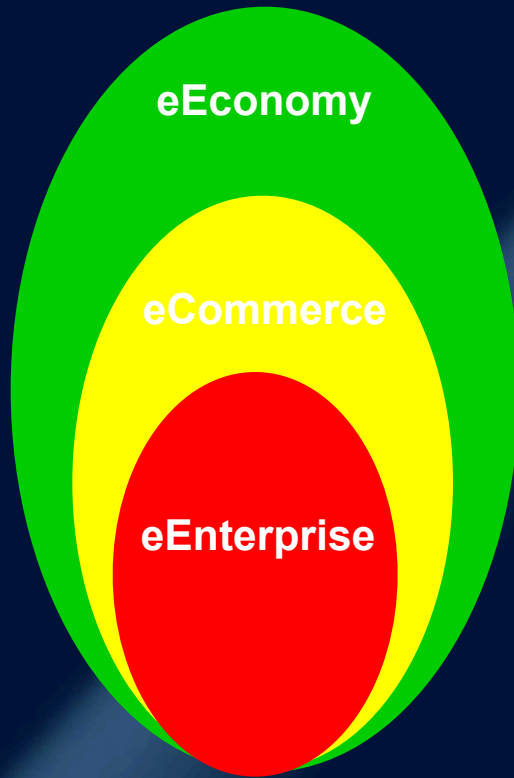
- Funds and develops key e-business initiatives
- Create new financial products and services within the regional e-arena.

- Global trends in e-commerce are shifting and changing in scope and activates. (it's not about stock valuations anymore)
- Local GCC countries are growing and adaptation rates are high.
- The Saudi market has amazing potential and companies need to start work today (start thinking about process change NOT technology!)
- SAMBA is just one company, to start a transition, it will require efforts from all of us.
- There are challenges (not just the STC) related to organizations attitude and culture.

The Basics (revisited)

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The eEconomy creates the context for a dramatic change in the way business is conducted.



eEconomy ... the broad business environment in which global commerce is conducted.

eCommerce ... the conduct of business among eEnterprises and consumers with an alignment of people, processes and technology with eCommerce enlightened strategic intent.

eEnterprise ... a business enterprise with the capability to exchange value (money, goods, services and information) electronically.

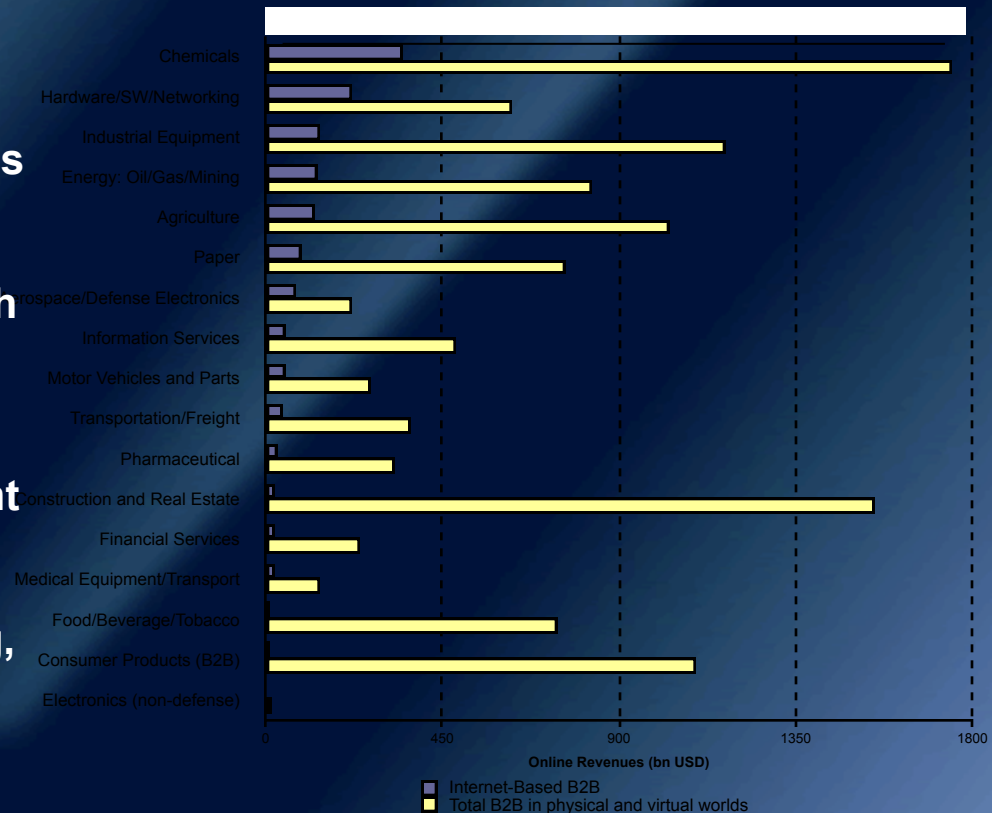
Source: Accenture

On Global Scale: By 2003, B2B marketplaces will handle \$551 billion in key categories and \$1.1 trillion in total trade.

Projected Total US Revenues in 2004

No mystery about what the Net can do for businesses

- Reduces costs by providing companies better information on their customers and suppliers
- Shortens the supply chain cycle, which will reduce cost
- Improves inventory management and visibility throughout the supply chain
- Automates fax-and-phone procurement processes
- Enables greater distribution & reach
- Provides inexpensive sales, marketing, and customer support channels



Source: Goldman Sachs, 1999



On a micro level

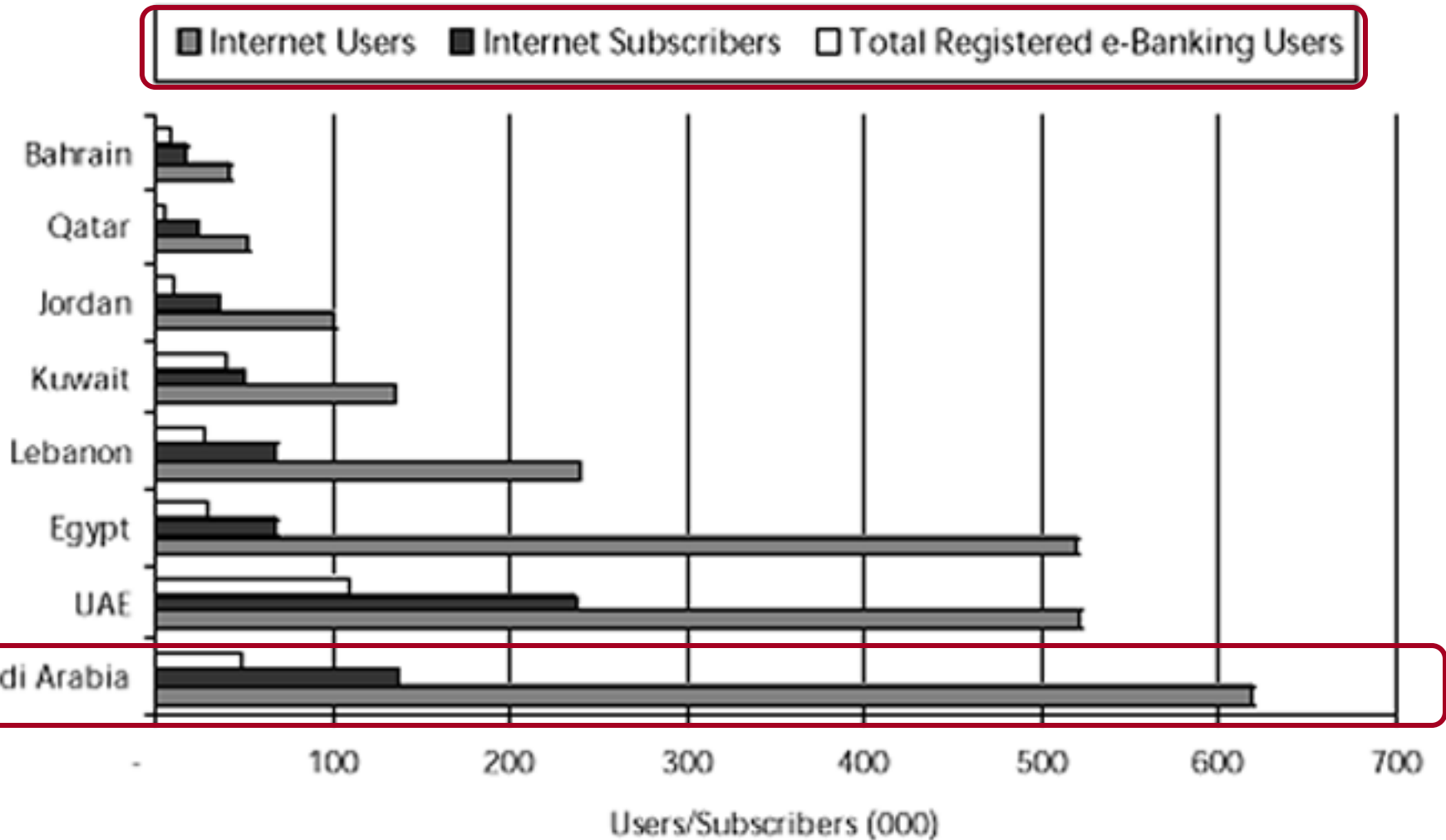
Source: 1999 SAMA Report

Saudi Trade		USD	SAR
1999 GDP	(Billions)	139	521.25
Imports		27.9	104.6
Exports			
Oil		42.4	159
Others		05.8	21.8
Trade as % of GDP		54.7%	54.7%
Trade (non oil) as % of GDP		24.2%	24.2%
e-Commerce Trade 7% of GDP		9.73	36.5
2000 GDP	(Billions)	160	600.0
Projected			
e-Commerce Trade 7% of GDP		11.2	42.0
Share of Saudi B2B Exchange 20%		2.24	8.4
Average Transactions Value		2,000	8,000
Estimated # of transactions		1,000,000	1,000,000

We Believe in Opportunity

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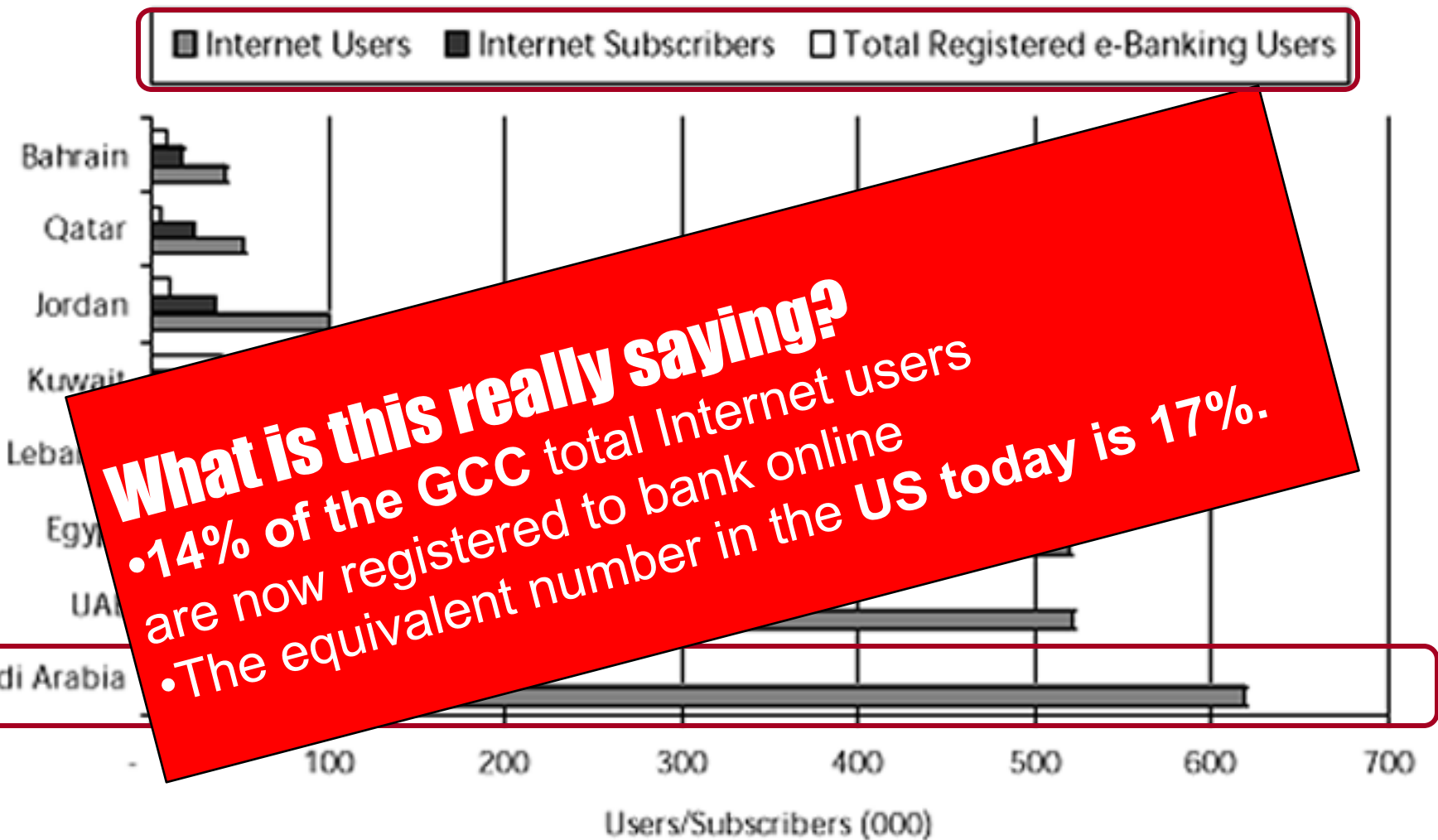
On a regional level according to Pyramid Research



We Believe in Opportunity

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On a regional level according to Pyramid Research



What is this really saying?

- 14% of the GCC total Internet users are now registered to bank online
- The equivalent number in the US today is 17%.

On a regional level according to Pyramid Research

Three Arab countries boast relative adoption rates equal to or higher than US adoption rates:

**17% in Bahrain,
21% in the UAE and
29% in Kuwait**

We Believe in Opportunity

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On a regional level according to Pyramid Research

Three Arab countries boast relative adoption rates equal to or higher than US adoption rates

Fact: 73% of Saudi Arabia's population is under the age of 30
Result: internet adoption rate is highest in this group (category for B2C!)

Are we really that different than the world?

Saudi Arabia

- Standards are centralized
- Low IT market maturity
- Enormous IT opportunities
- Major room for productivity improvement
- Awareness is low
- Network speed is low
- No Digital market places
- Primitive e-Payment solutions

U.S


- Standards are fragmented
- High IT Saturation
- Saturated
- Marginal improvements on existing systems.
- Awareness is high
- Network speed is fast
- DMP's (in 100's)
- Fast e-payment solutions.

Are we really that different than the world?

Saudi Arabia	U.S
<ul style="list-style-type: none">■ Standards are centralized■ Low IT market maturity■ Enormous IT opportunity■ Major room for improvement■ Awareness■ Network■ No D■ Primary solution	<ul style="list-style-type: none">■ Standards■ U.S■ Payment solutions.

What does this mean?
The user demographic in SAUDI suggests that there is remarkable potential for e-commerce!

On a global scale why hasn't "e" taken off

	<u>Globally</u>	<u>SAUDI ARABIA</u>
■ Lack of security/trust	27%	
■ Privacy	20%	
■ Availability of content	12%	
■ Lack of standards/infrastructures	11%	
■ Social acceptance	7%	
■ Don't understand potential	6%	
■ Organizational barriers	6%	
■ Regional constraints	11%	

Source: Giga Information Group / AD Little

What held us from e-com?

On a global scale why hasn't "e" taken off

	Global	U.S.
■ Lack of security/trust	70%	10%
■ Privacy	70%	10%
■ Availability	70%	10%
■ Lack of infrastructure	70%	10%
■ Slowly changing culture	70%	10%
■ Different regulatory environment	70%	10%
■ Other	70%	10%
■ Resistance to change	70%	10%

**The global trends of e-commerce reveal:
There is nothing wrong in learning from
early adopters of developed nations!**

Source: Giga Information Group / AD Little

According to Ajeeb.com

Country	#Internet Subscribers	Users /Acc.	# of Users	% of Population Online
UAE	222,000	3	660,000	24.44
Bahrain	35,000	3	105,000	16.67
Qatar	25,000	3	75,000	10.27
Kuwait	55,000	3	165,000	8.25
Oman	28,000	3	84,000	3.36
Saudi Arabia	190,000	3	570,000	2.59

Saudi Arabia:

- According to STC **3,300,000 users (expected)** by 2004

Source: Ajeeb/ STC

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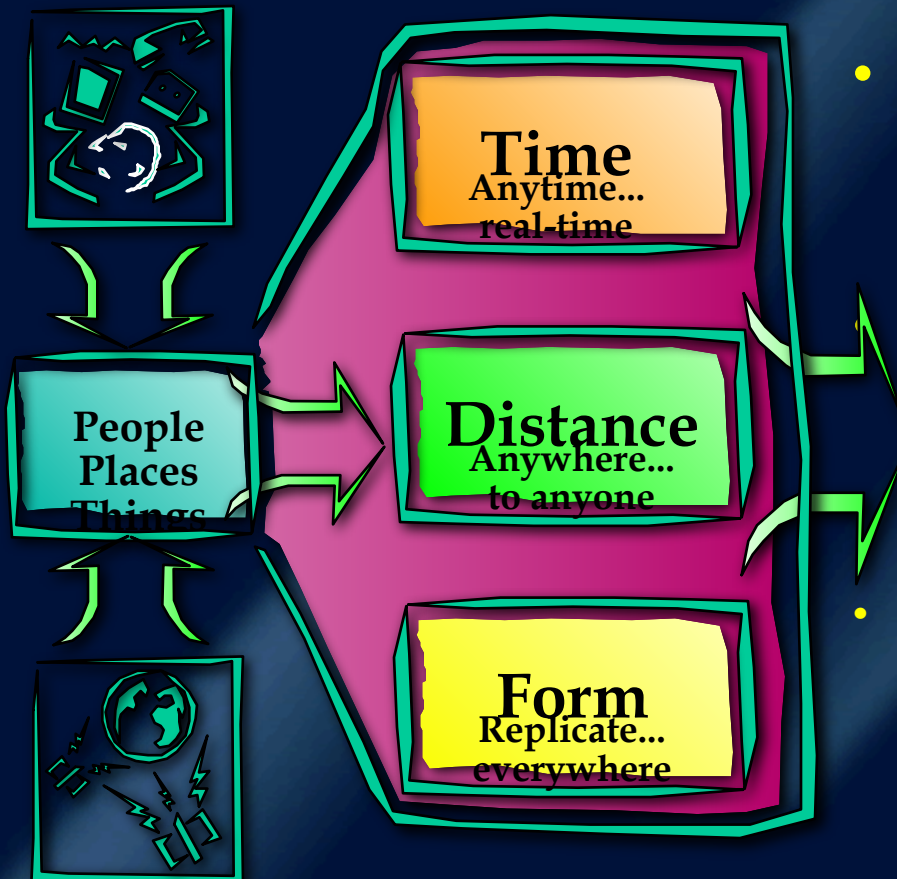
You and your organization have about 1000 days to get your e-initiatives from conception to implementation or loose valuable market share!

Saudi

■ According to 5,300,000 users (expected) by 2004

Source: Ajeeb/ STC

New Freedoms for the Customer ...



- **WHEN they want it!**
 - Can do business anytime
 - Can do business in less time
 - Can switch instantly
- **WHERE they want it!**
 - Can do business anywhere
 - Can do business with anyone
 - Can do business globally
- **HOW they want it!**
 - Can be better informed
 - Can have more content choices
 - Can have more packaging choices

Source: Accenture

New Freedoms for the Customer ...



**The Customer / Corporate Client
will be in full control !**

- **WHY**
 - Can be done by anyone
 - Can be done business globally
- **HOW they want it!**
 - Can be better informed
 - Can have more content choices
 - Can have more packaging choices

Source: Accenture

Why Banks are involved in“e”?

Banks could contribute more in contrast to other organizations as follows:

- Trusted third party -credit/risk/validation/registration
- Relationships of all customer segments
- Non-repudiation
- Seamless, straight through processing
- Development of risk management for marketplaces, procurement portals, and any e-banking products.
- Very well experienced in security solutions.
- Various banks have corporate identities that have retained a strong international affiliation.

Banks' current approach:

- Alliance with technology companies to create financial infrastructure
- Cooperation with other banks leads to collective investment to build new e-initiatives
- More efficient ways towards a common multi bank front-end
- Process re-engineering: Working with corporate clients to streamline their business models
- Out-sourcing + in-sourcing
- Helping their customers serve themselves

- **Trusted Financial Services** are a must for success in any e-initiative
- e-Commerce is inevitable but **success in it is not**
- Need **flexible (short) strategy** to incorporate into core business model
- Need **dynamic leadership and vision** at the top to drive the organization
- A **workable governance policy** is key to elevate sense of community and project(s) ownership.
- **Webifying** all products/services across the organization is critical.

What needs to be done for our nation to reach its potential?

- **Empowerment:** Aim to empower all participants with your organization (employees / customers / vendors)
- **E-Awareness:** Awareness is very critical via training, conferences, media and workshops.
- **Commitment:** Engage senior management in all e”initiatives
- **Change Management:** Revise your accounting methods to better utilize your technology investment(s).
- **Collaboration:** Partnerships & Alliances



SAMBA

- People
- Innovation
- Process
- Product -to-market
- People

To be the local leading e-Business enabler, we will connect our customers to our web enabled services, transform our capabilities into new internet offerings and extend our reach through new offerings

e-Business Strategic Model Strategic





SAMBA's e-Foundation:

- Committed “e” vision in the region
- Strong SAMA support for banking sector
- Superior technology development (in-house)
- Strong brand & marketing
- Local knowledge and Global reach
- Leading in online security
- Commitment to providing global reach for online transactions
- Large capital base coupled with CEO / MD-level strategic commitment to excel in e-commerce initiatives
- Focus on technology industry solutions, not just technologies
- Committed to partnerships





Strategy

Tactic

Connect (Improved Access): Web enabling our existing products to our internal users and external clients to improve efficiency and productivity.

Portal (New Internet Interface, STAR Existing Applications, New Staff Applications i.e. e-HR, e-CECC, SambaAccess, e-SpeedCash and sambaonline).

Transform (Customer Integration): Retain our existing clients and achieve new acquisitions.

Specialized Products(e-Islamic & e-Treasury)

Extend (Market Growth): Reaching out by new products for new customers to improve our growth and earnings.

Exchanges and Alliances (GE, Exchanges, SambaConnect, Atriax)





Current products that reflect our e-vision



SambaAcc@ss
sambaonline
@SPEEDCASH
SambaConnect
Samba PORTAL





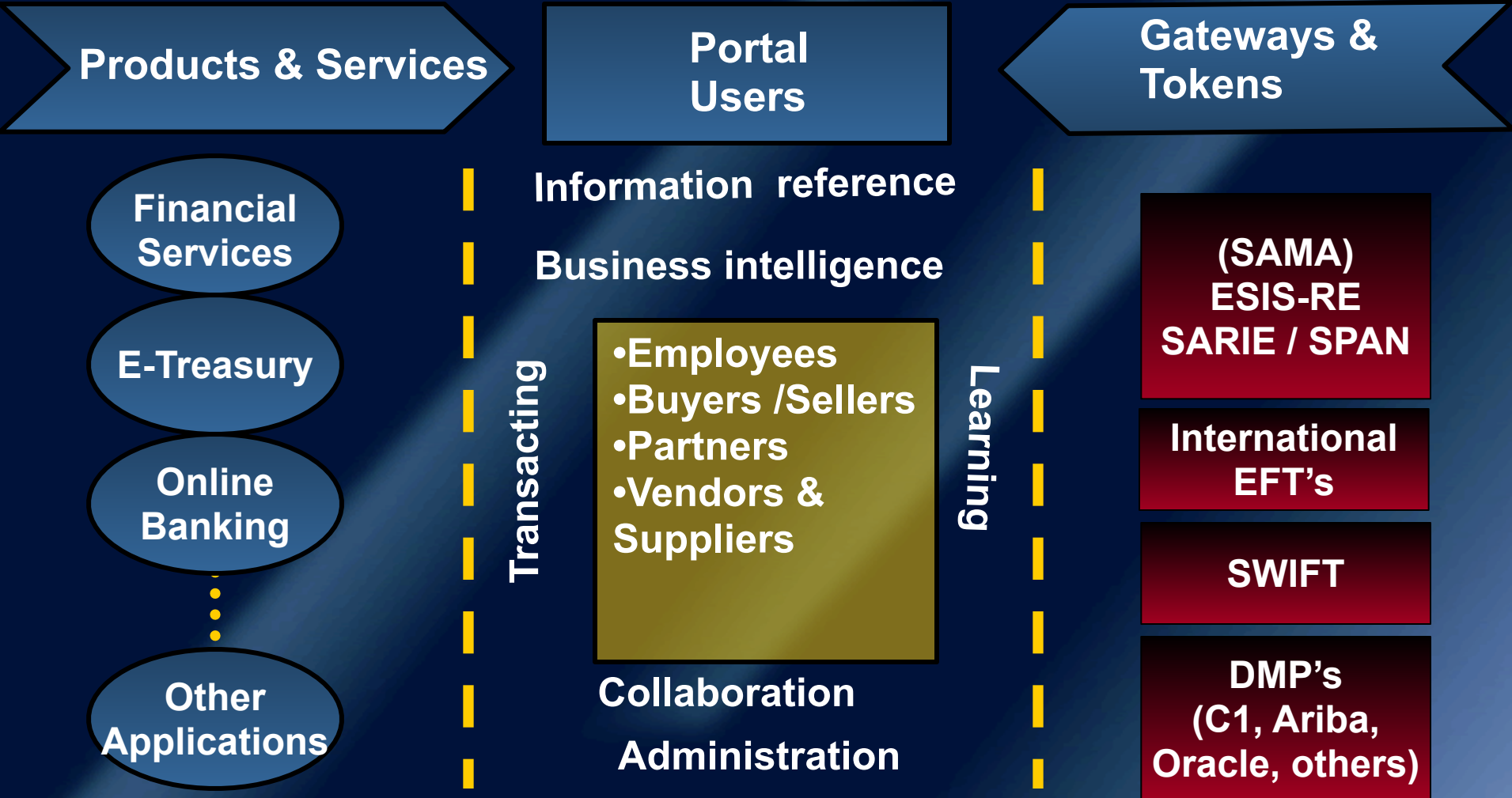
Current focus: Portal

- Promote all possible bank applications to the customers with one single sign on for maximum mix e-products and e-services.
- Open platform for internal users and external customers with a combination of tightly-secure and non-secure applications that include high risk financial application and low risk form generation in one window.
- Collaborate in e-Business mechanisms by having back-end and front-end applications to be located in one area that enables the customer and the staff of a total integration with others utilizing advanced state-of-the-art Enterprise Applications Integrator.
- Ability to customize/personalize on the fly.
- Support multiple channels to consolidate processes of any transaction across different platforms.





SAMBA Portal



- Any e-endeavor should be based on a **solid business strategy.**
- Consider **security** / **trust** as a big enabler of any e-initiative (i.e Banking institutions)
- Local trends do not reflect global successes or failures (**think out of the box!**)
- The 3 “e”s of business technology : **Empowerment** / **Empowerment** / **Empowerment**
- **Attitude & culture** towards “e” can only be elevated via awareness.

- Any e-endeavor should be based on a solid business strategy.

- Consider security / trust as a big enabler (i.e Banking institutions)

- Local trends (think ...)

- The 3 pillars of success: Empowerment / Empowerment

- Attitude & culture towards “e” can only be elevated via awareness.

|| Finally, we all must come as a nation to unlock our local market(s) potential ||

- **The Grid!** Beyond server-centric models of communicating
- Portals : a thing of the past! Say hello to **Collaborative computing!**
- **Collaborative commerce** mechanisms
- Applications/software/and storage **become services.**
- **Computing and connectivity** become utility like services.
- Authority-based **security** (vs. perimeter check-point approaches)

Source: Deutsche Bank



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|| Thank You ||
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Source: Deutsche Bank