Crédit Agricole: accelerating into the digital era with co-creation

Michel Goutourbe, deputy GM at the mutual bank, details their award-winning app store builds on open data and co-creation

Photos credits: Philippe Levy

Crédit Agricole's app store: co-creation accelerates the cooperative into the digital era

In this interview, Michel Goutorbe, Deputy General Manager at the mutual bank, explains the success factors, risks and future plans for the project

[BearingPoint Institute] **Crédit Agricole (CA) was founded in 1885, and so might not be readily associated with innovation. What kicked off the idea of an app store?**

[Michel Goutorbe] When I returned from Portugal in the summer of 2011, after four years as 'senior country officer', I was given an innovation leadership role. On a Monday morning one of my colleagues – a director responsible for innovation – said to me, 'I've got an idea, we can do this….' The idea was to do with open data. One principle that banks hold very dear is, 'our data belongs to us.' But in today's context, it is increasingly true that data belongs to our clients. So, asked my colleague, could we perhaps build on that?

? WHAT IS THE CA STORE?

The Crédit Agricole Store is the first platform for jointly creating and downloading banking applications. It brings application developers together in a community known as *'Les Digiculteurs'* ('Digi-farmers') and put them in touch with the bank's customers. The latter can not only download apps but also suggest new ideas and help create them. Those outside developers can licence an SDK (software development kit) that allows them to code mobile applications, through which customers can access their banking details securely.

Currently, the store offers 21 applications, on four platforms and has received over 100,000 visits over the first 3 months. www.creditagricolestore.fr

We fleshed out the idea with other senior colleagues. It took a while – it's not that simple to create such an idea from scratch – but by the end of the morning we had assembled three ideas around open-data ideas; not least, launching a mobile app store (later to be called the Crédit Agricole Appstore, or CA Store, under full ownership of the Crédit Agricole group).

Equally, we knew that 2012 was going to be the International Year of Cooperatives[1]: the second idea was to create a 'cooperative of developers', who we are now calling '*Les Digiculteurs*'. Third, we wanted to facilitate the co-creation of applications with our customers, in the full spirit of open data. We thought it would be a positive move for CA to have an initiative that was simultaneously both cooperative and very current.

We had three ideas around open-data ideas: a mobile app store, a 'cooperative of developers', facilitate the co-creation of applications with our customers

We proposed the three ideas to the executive board. We didn't want to put out the little spark – I was very lucky to have a board that said, 'Develop it, think some more about the ideas and come back to us.' The aim was to have a clear go/no-go on the project by the end of the summer, two months later.

Did you need to run a pilot or could you just run with it?

The concept of a spark that can grow into something much bigger is very important. Innovation doesn't come from any particular place. Rather, following the ideation stage, often more reasons exist to put out the spark than to help it live and bring it to fruition. You need the right mix of elements that favour innovation, so that by the end you have tangible results.

We presented our findings three months after in fact, at the monthly meeting of regional VPs and MDs on 20 October 2011. Unanimously we were given the go-ahead. Starting from the end of October BearingPoint was signed up to assist the project; nine months later, we were already operational.

Another reason I like the idea of the little spark – we agreed to manage the project in a 'start-up' spirit, outside the normal structures of the CA group. If this hadn't been the case, I think the project would have been more likely to die than to hatch.

As an organisation we are geared to deliver incremental innovation – that's what we have done since 1885, CA's date of inception. Making sure that an institution at CA's level continues to operate, means always knowing how to evolve and adapt. All the same, innovation could disrupt that order – it is against the nature of organisations to develop at multiple rhythms, with disruptive projects operating within the core business. So we managed the project at arm's length.

Other enabling factors were in place – for example, to have a minimum of resources in place so the project could survive and progress; we also had financing from the investment and research arm of CA, as well as receiving sponsorship from our own group. So we had both financial and political support for the project. That doesn't mean it was automatically going to succeed, but we did have two good rocket launchers, so that it could leave the ground and attempt to reach the target.

A final act of faith was to say, 'Let's not think in terms of return on investment.' That is, we weren't aiming the project to have a direct business return. Client satisfaction was our first goal – if developers and customers meet to co-create applications, they're going to develop apps that map on to the uses and cases that clients need, which banking staff would not necessarily have developed by themselves. For example, the application we built for partially sighted people – which was proposed by a BearingPoint consultant, incidentally – would never have been built.

Risk management – you started small to keep within a level of risk acceptable to the bank, correct?

By nature, people want projects to deliver as comprehensively as possible – which means that for this kind of project, if you listen to those really excited by the idea, you need to build Chartres cathedral. The main instructions that I provided the team were the complete opposite. First we needed to show that we could build a little chapel on top of the hill, easily visible, which works well and which could deliver a straightforward service. Then we could work towards a more comprehensive goal.

Through a pilot and initial phase we brought together the skills we needed for the project – including BearingPoint's support. A very early decision was to involve the IT security management function. When you talk about open data in the banking context, you are also talking about 'banking secrets' – with regard to data access, both CA and its customers require guarantees of the highest level of security.

If we hadn't had sponsorship from the security lead, I think the project would have been much more difficult. He understood what we were trying to do and, indeed, felt that the project could move the company forward in security terms. For instance, the first phases of the project required the complete anonymisation of data so clients could be sure that developers could not use their data or create client records.

We also decided to make information access 'read-only', at least initially. Six months after the full launch we plan to open applications for writing, but only from account to account and not for external transfers. With security, it is important to go step by step.

In terms of innovation however, the real risk can be to do nothing. All empires fall eventually, whether historical or economic regimes: they often hit problems, in general unanticipated (because if they could anticipate difficulties, they would doubtless be

capable of adapting). A recent empire to fall is Kodak – digital cameras had just been invented and I think their executives told themselves that film would continue to have a major role.

We are geared towards delivering incremental innovation, it is against the nature of organisations to develop with disruptive projects

Perhaps, in the banking sector, we either already have the conditions for collapse or they are forming right next to us. The risk of doing nothing is to go past a bend in the road that one needs to take, to align with the way the world is evolving. Even a large banking group like CA needs to create the conditions for its future growth. This should be part of our evolution – what are the warning signs, the risks that we should look out for, as the world changes around us and moves at a different pace?

IDC CASE STUDY

Best Practices: Crédit Agricole innovates with its new CA Store

In this detailed study, Alex Kwiatkowski (@alexkwiatkowski) explains how 'Crédit Agricole, in partnership with BearingPoint, has shown that it is still possible to create an entirely new business approach in a highly competitive and undifferentiated market.' He further mentions that: 'The new CA Store is an excellent example of innovation, and demonstrates how institutions must adapt to the fast-moving digital world to better engage with customers.' (July 2013)

To read the study, go to http://bit.ly/IDC_CAstore

And what have you learned – what would you do differently if you could start again?

As the English proverb goes, 'Where there's a will, there's a way'. That is, in our case, once the management had reacted positively to the project, as it unfolded I learned that most things are possible if a genuine will exists and if you have a high level of team engagement. This enables another very important principle: confidence. When you have confidence in your teams, you get a great deal back. Innovation doesn't need much to be killed, because it is disruptive by nature. Those involved are not there to take the 'ultimate risk' so you need to have confidence, you need engagement, you need strong will.

In the broader context of the group, some people are very open to change and very active, and others less so. In this kind of project you meet both types. Resistance to change acts as a brake, but it can be difficult to treat, as it never comes from a single place. Second, the corollary of running an initiative externally to a large organisation is that you will face additional complexity when the project needs to rejoin the mothership. The CA project cannot exist outside of CA's IT organisation indefinitely, not least because both leverage the same data, regardless of the channels our clients use. That ultimately causes problems of steering an agile vessel to function within a nuclear-powered aircraft carrier, with all its complexity.

In innovation terms, the real risk is to do nothing

If I had to start again, I wouldn't change much. Perhaps I would take a little more time on client aspects – client acceptance of this kind of model can make or break a project. Between client testing and reality there can be differences that deserve deep attention, but these can be difficult to anticipate. Both my teams and the BearingPoint

teams delivered the project in a remarkable fashion. With this project we won what no other CA project has ever won – the 2012 Technical Innovation Award from the French Association of Customer Relationships (AFRC) [2], the SNCF Prize for Innovation in Products and Services at the Netexplo Change Conference 2013 [3] and, above all, a 'best of show' award at FinovateEurope 2013 [4], a conference held in London that showcased innovation in financial and banking technology.

The project therefore reflects a series of major achievements – a genuine success in our driving test, a genuine success in deployment (nine months to get a project to market in a group like ours is unprecedented), a genuine success recognised by the financial community as a whole – these gave us the triple win of prizes.

This autumn, CA Store will be two years old and yet it is still a vulnerable infant. The main questions are, what is the future of CA Store and how should it connect to the organisation as a whole? We are currently thinking about where in the organisation the CA Store will be most useful and best integrated with the rest of the organisation.

Could we possibly envision an online regional banking service?

We will transform as an organisation, but the world isn't yet quite so digital. We have 7,500 branches, 50,000 staff working with customers every day. We will not depart from this model any time soon – our branches add value, notably in providing advice at the time of significant life events.

That doesn't mean that we won't deploy across digital channels. In 2007 there were no smartphones; the first applications appeared in the Apple Store in 2009, or thereabouts – and there's now practically a million apps. So things are changing increasingly quickly. CA banking sites get about 900 million visits per year. We're looking at mobiles, tablets, anything that helps our clients' mobility.

We noticed that the more our clients are using digital banking, the more they are in contact with us in the real world, so it is the alliance of both digital and branches will deliver our value in the future. The benefit lies in bringing more digital services into our client relationships, while prioritising physical, relationship-based advice in our branches. Of course, there will be 100% digital clients but, at the other end of the spectrum, there remain larger proportions of clients who need to meet face-to-face to gain advice on life events.

Indeed younger customers need the same banking tools as the rest of the population. The problem is that while the norm for many people is to connect online, the norm for the younger generation is to disconnect from their already online lives – so clearly we have to respond appropriately. But these younger ones also tell us that with certain aspects of their lives, such as when they come to buy their first apartment or first house, they need an advisor to help them make the step. We are strongly convinced of that.

You mentioned the community aspect earlier, it's clearly ingrained…

It's in our genes. We created a cooperative of *digiculteurs* in the same way as we created a cooperative of *agriculteurs* [farmers], which enabled CA to come into existence. It's back to that little spark. If there wasn't 'A little spark that couldn't be killed' in 1885, I would not be speaking to you today, indeed CA wouldn't exist at all.

We also try to incorporate this spirit into the digital subsidiary, and there will be new initiatives in the same spirit as that which inspired our founders. A business has genes, an identifying code: cooperation is the identifying code for the Crédit Agricole. CA is cooperative, it is locally oriented and it is close to its clients. Digital is a mechanism that enables us to serve our clients better. That's not an ambition to change, it's simply a statement that we need more of the same.

To finish, what did you find to be most personally enriching about this experience?

What impassioned me was to be given the opportunity and the capacity to do it. With the CA group, we enabled an organisation that wasn't designed for this kind of project to deliver something totally disruptive. As I am in a senior management role, it has been a real treat to work on this kind of project. You don't get the chance in your career to work on many projects of this type! ⬡

The project therefore reflects a series of major achievements

➕ **BIOGRAPHY**

Michel Goutorbe is a Deputy General Manager at Fédération Nationale du Crédit Agricole, in charge of Customer Relations and Innovation since April 2011.

Prior to his current role, Michel had several executive management positions within the Crédit Agricole Group, including CEO at BES Vida/BES Seguros in Portugal, Deputy General Manager at PREDICA (insurance) and General Manager of PREDICA Europe (Luxembourg), Associate General Manager at PACIFICA (insurance).

Michel started his career at French mutual insurer Groupama, before moving to the Crédit Agricole.

Michel Goutorbe received a MS in Law and a postgraduate certificate in management from HEC (CESA).

▶ KEY TAKE-AWAYS

- RUNNING A START-UP ON THE SIDE
  The structures of a global organisation such as Crédit Agricole are not always conducive to small-scale initiatives that could have a large impact. Running the project in 'start-up mode' and keeping it isolated from the mothership enabled the project to succeed without setting the hurdles too high.

- THINK CUSTOMER VALUE, NOT ROI
  Many initiatives are justified on the basis of return-on-investment, that is, 'How much money will we make or save?' In this case, a focus on customer service provided a more measurable set of goals that aligned better with the objectives of the project.

- START SMALL AND EXCEED EXPECTATIONS
  Projects often try to deliver everything they can, in the fear that the opportunity might be missed – but this can be a major cause of failure. Rather than trying to deliver a complete solution, the project targeted the provision of a number of visible functions well.

- THE REAL RISK IS TO DO NOTHING
  Organisations can continue to evolve and develop, but sometimes they do not see how the world is changing around them. While innovation may sometimes be uncomfortable or disruptive to a business, it can be a better alternative than being left behind.

- WITH CO-CREATION, PEOPLE ARE EVERYTHING
  Harness the right skills, engage with the right stakeholders and involve the right people in the development process – all these aspects were essential elements of successful co-creation for the CA Store project. In particular, involve clients throughout the process, particularly to bridge the gap between testing and final acceptance.

- PLAN FOR RE-ENTRY
  A project such as this cannot exist in isolation forever. Sooner or later, it needs to be reintegrated into the core structures of the company. This includes how it connects with existing IT systems, its impact on business processes and, most importantly, its effect on delivering integrated services to our customers.

✚ ABOUT CRÉDIT AGRICOLE

Crédit Agricole SA is the largest retail banking group in France, the second largest in Europe and the eighth largest in the world by Tier-1 capital, according to *The Banker* magazine.[5] It is listed on the CAC 40 stock market index.

CA operates as a federation of 39 regional cooperative retail banks, the Caisses Régionales de Crédit Agricole Mutuel, this made it the largest cooperative in the world in 2010[6].

Key figures

- 150,000 employees
- EUR 31 billion in revenues
- EUR 71 billion in shareholder's equity: group share
- 51m customers worldwide
- 11,300 branches

Notes

1. 'International year of cooperatives 2012', *United Nations*, New York, USA, web, date accessed 23/07/13, http://bit.ly/od7h8o. The UN bodies that led the campaign were (a) the *United Nations* Department for Economic and Social Affairs (UNDESA); and (b) the Committee for the Promotion and Advancement of Cooperatives (COPAC)
2. 'News and analysis | News | The Group | The CA Store wins kudos for innovation', *Crédit Agricole*, Paris, France, web, news release, date accessed 23/07/13, http://bit.ly/1c0kjTS
3. 'Netexplo Change Conference | Events | Les prix 2013', *Netexplo*, Paris, France, website, date accessed 23/07/13, http://bit.ly/12JLDPz
4. 'FinovateEurope 2013 best of show winners', *Finovate*, Seattle, WA, USA, web: blog, Jim Bruene, 13/02/13, http://bit.ly/VWgp4j
5. 'Banker data | Banker rankings | Top 1000 world banks 2013', *The Banker*, London, UK, Philip Alexander, 01/07/13, http://bit.ly/13gOhSM
6. *Global300 report 2010: The world's major cooperatives and mutual businesses*, International Cooperative Alliance, Geneva, Switzerland, PDF file: p6, International Cooperative Alliance, 31/10/11, http://bit.ly/141tXVPfor more

About BearingPoint

BearingPoint consultants understand that the world of business changes constantly and that the resulting complexities demand intelligent and adaptive solutions. Our clients, whether in commercial or financial industries or in government, experience real results when they work with us. We combine industry, operational and technology skills with relevant proprietary and other assets in order to tailor solutions for each client's individual challenges. This adaptive approach is at the heart of our culture and has led to long-standing relationships with many of the world's leading companies and organisations. Our 3350 people, together with our global consulting network serve clients in more than 70 countries and engage with them for measurable results and long-lasting success.

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