

Mike Lawson: On the show today we have Kony DBX's very own Jeffery Kendall talking about their latest Kony digital experience 2019 index survey entitled the Digital Chasm, so check it out. Kony DBX, you guys are making a lot of news lately Jeffery, so how's it going sir?

Jeffery Kendall: It's going great. It's been a lot of fun since you and I had the last opportunity to catch up last October at [Money20/20 00:00:25] at the... this industry is moving so fast and we're keeping up with it, so we're just having a blast right now.

Mike Lawson: Exactly and then just kind of helping credit unions and all sorts of financial institutions keep up with it as well and that's something that you guys do really, really well and speaking of which, you guys just released your Kony digital experience 2019 index survey and it's entitled the Digital Chasm and I want to get to that in a second, but I want... kind of get an overview of the survey and who did you survey and then why did you guys produce this piece?

Jeffery Kendall: Sure. The thesis was really... People constantly talk about their investment in digital transformation. It's almost a buzz word that's become sort of empty because it's just thrown around so much but we all know that there's a great deal of amount of energy and thoughtful intent with money and resources and if you're a bank or a credit union and you're thinking how do I participate in this, the follow-up question to, should I invest in it, is what is my return going to be and what's the impact going to be on the organization?

Jeffery Kendall: I would say people that who have been early adopters have been willing to invest without having clarity as to what the return is going to be but as this hits mainstream that's going to be become more and more of an important question which is, if I put a dollar in what will be the result coming back [inaudible 00:01:50] when you're coming out? It's as simple as that and what we wanted to know was how do... everybody talks about the investment in digital transformation and priorities of institutions and organizations from an enterprise perspective but no one's asking the consumer what it is that they're getting out of this [crosstalk 00:02:09].

Mike Lawson: Yeah, good point.

Jeffery Kendall: Being a very, very consumer focused company ourselves we were interested in that question and sort of saying, does it make a difference for every dollar that a company puts in, it's great that we all sort of talk about it in the industry but the end consumer do they see the result of it and does it impact them? That was the thesis of the survey and we took a different approach, which was to not only interview and survey consumers but also the enterprises as well. We took 800 respondents from an enterprise perspective.

Mike Lawson: Okay.

Jeffery Kendall: 800 respondents from a consumer perspective and asked them a variety of questions to find out where that intersection of value was really coming together for both of them.

Mike Lawson: Yeah, I noticed you guys took a broad approach to this one, and I kind of appreciate it because you kind of compared it to different... kind of the digital transformation to different industries and where banking kind of lies in there. From what I saw, I think banking was kind of more toward the top as far as investment goes. I think the other one was healthcare maybe. I'm trying to remember correctly, but I think banking was a close second as far as investment goes with digital.

Jeffery Kendall: Yeah. It's no secret that banking is leading the way just in terms of the sense of urgency. There's a very competitive landscape that's being transformed by the bigger banks that now that the regional banks, the credit unions, the community banks are having to enter into that digital transformation space if they want to compete-

Mike Lawson: They have to.

Jeffery Kendall: Yeah, they do. I always hesitate to go to the extremes to say that you'll die. Transformation or die because we all know that that's not how fast or dramatic it happens but it is important and customers... This survey sort of underscores customers will leave you if you do not provide them with digital solutions that are [inaudible 00:04:01] to them. Plain and simple, there is a lot at stake here.

Mike Lawson: Yeah. Well I mean and you can... I don't know if you want to blame or thank Amazon or Airbnb or Uber or these folks that are making this very seamless, very easy digital experience and now banks and credit unions really and that kind of level... it kind of raises the bar for financial services to kind of match that and like you said... and if it's not matching that they're going to go somewhere where it is and maybe there's a Fintech or there's an app or something like that out there that's going to answer that for them. That's why I thought this was a really... which kind of leads me to the title of the survey, the Digital Chasm. What brought you guys to that title for this particular survey?

Jeffery Kendall: Yeah. The outcome of the survey basically showed us that in spite of the level of investment that enterprises are making into digital which is... over the past couple of years has been right around \$5 trillion just in terms of what people have placed into that across these four industries that we serve [inaudible 00:05:08] that less than one in five consumers feel like that it's made a difference.

Mike Lawson: Really. One in five, wow.

Jeffery Kendall: Yes, you think about that, that out of a \$5 trillion investment, a trillion made a difference. If you look at it in terms of running that same ratio across it but the

customers are saying it's great that you're investing but it's not impacting me and what we found is that if you ask enterprises, where are you focusing your investment and what are the drivers behind your digital transformation investment that a healthy amount of them are in the 60% plus range were answering back that it was business process driven, that that's why they were investing in digital transformation was to fix broken business processes which is less than a third of them were investing to improve the consumer experience and these are all heavily consumer focused industries that we surveyed across that.

Mike Lawson: I'm sorry, go ahead.

Jeffery Kendall: ...but it made sense.

Mike Lawson: Yeah. Is it too early to tell if it's making a difference on the consumer side or not or are we deepen up into it where we can get some practical feedback from the consumer? Because a lot of... I mean, I know from the credit union perspective, it's still... I don't want to say it's new, but it's relatively new because there's a group of credit unions that are super proactive and really pushing that proverbial envelope and there's a bunch of others that are just getting started in this and, or they're in the midst of it. Is it kind of early or are we far enough into it to kind of get a good perspective from the consumer side of it?

Jeffery Kendall: Well, I think that it's time that people start seeing a return on it. You sort of have to ask the question, well, okay, if it takes years and years to see the return on the investment, what's going to be the driver for it moving forward if you're an executive to the bank or credit union. I think, if I had the answer I'd say you should expect to see results by now-

Mike Lawson: I would think so.

Jeffery Kendall: ...if this is an investment strategy that you have but you are not going to see that return on it if you're not focused on the right things.

Mike Lawson: I agree totally. Now I'm going to... I'm sorry, go ahead. Did you have something else to add there?

Jeffery Kendall: Yeah, I think that just there's some investment to your point which is being laid foundationally that allow people to sort of go lay the gas down when it comes to the consumer experience. If you're struggling to just keep your core up and running in a way that is in an enterprise grade scenario, if that's where you're focused you're certainly not going to see any returns on your digital investment for your consumer.

Mike Lawson: Right, good point.

Jeffery Kendall: ...so there is a level of technical debt that has to be overcome but that should have been in the rear view mirrors of most credit unions and banks by now.

Mike Lawson: Yeah. Completely, which brings me to the six key steps that you guys kind of wrap up the survey with that companies can take to set a new agenda to drive improved ROI from future digital investment and I don't want to go through all six because I don't want to steal the entire thunder of the survey, but maybe just two or three and one of the ones that I thought was, was prioritize investment in digital outcomes, not digital initiatives. Can you expand on that one?

Jeffery Kendall: Yeah. I think it has to do with the difference in saying we are going to go not run things as a project, but we're going to go start looking at digital as a way of thinking, as a just a manner of doing business. To some extent using the term digital will eventually go away because that will just sort of be the way of business and the expectation but I think that's the next step for organizations, is to just get out of the mode of thinking that this is a project. We see it all the time in the industry is that, a credit union will show up and say, "We're here to select our new digital provider and we're going to be done by April 21st and that's the project end date." And that's fine but the project end date doesn't really end because the consumer expectations are the ones that are continually evolving, so you should be thinking about what's my level of investment going to be every year to keep pace with the consumer expectation. I think that's what that next step is really about.

Mike Lawson: Got you. I was kind of likening it to owning a home. It's never done. There's always something to work on to make it better and this is kind of the same thing.

Jeffery Kendall: That's right.

Mike Lawson: ...your digital journey is... it's never really done. It's always evolving as the consumer needs evolve as well. The other one that really stuck out for me was say no to silos and yes to integrated digital strategy. I really liked that one a lot because we can get so wrapped up in our own little world that we can't see what's going on on the other side of the office or wherever you are but I love this one. You want to talk about this one for a sec?

Jeffery Kendall: Yeah, this is as near and dear to my heart as well. It's one of my favorite things about working in this industry is that with digital it's not just the responsibility of one particular department or one particular stakeholder within the credit union. If you look at digital, it is so broad and it impacts the way that everybody in the credit union does business. I think in the past when you think of technology it's easy to go, well that's the CIO's role but even the CIOs today are going, look, I can't do this unless the line of business lines up and helps get behind the initiative and puts focus on what the outcomes are going to be not just the project itself and so we see the people who come to the table who are

represented across all the stake holders, those are the ones that are universally more successful than those who aren't.

Mike Lawson: Yeah. I think the one example that I keep thinking of as well is talking about data. 10 years ago data was probably just talked about with the IT folks or in the server room or something like that but data is now enterprise wide. I mean, you can't do anything without analyzing the data now. I kind of liken it to that. It's just really breaking down all the silos and everything has to kind of mesh with everything else. That's where I see all this going too. The other one that stood out for me was set a customer centered digital transformation. Can you talk about this one for a second? Because I think this one is... I don't want to say it's overlooked, but I think you really got to look at the end game and this is what you alluded to earlier as well. It's like, hey, what's the consumer benefit here? What's happening with them right now?

Jeffery Kendall: When I talk to our customers and the folks in the marketplace especially around credit unions, I always say you need to be getting credit from your customers for your investment and I focus on that word credit just because it's sort of the... you can't believe how many people go out and will roll out new digital programs, features, functions, but they don't go tell their customers about it. They don't go tell them why this is good for you, why did we make this investment?

Jeffery Kendall: I think that what that ends up doing is it just shows that as you're starting that journey, what's the real reason of why you're doing this? Is it for... to make something easier or more cost effective on the side of the credit union? Or is it to drive delight and ease and efficiency for your end customer? They don't have to be at odds. You certainly wouldn't want them to be at odds with each other, but just make sure that as you're asking the question is what would the member want and that becomes the sort of driving force for everything that you design your digital strategy around.

Mike Lawson: Right, it's kind of reverse engineering it I guess, say, hey, what do they want and then develop it from there basically.

Jeffery Kendall: Yeah, absolutely and I think that... it sounds obvious when you and I are talking about it, you're just sort of like, why wouldn't you ask that question but it's easy to overlook when you're in the boardroom-

Mike Lawson: Completely.

Jeffery Kendall: ...and everybody sort of, they're looking at an RFP going, well what feature and functions do we want? Inevitably you turn to your neighbor to the left and go did we ask our members what they want? It's an important question because they will tell you things.

Mike Lawson: Yup. Indeed. Alright. I know you've got a lot of work to do on your plate there, Jeffrey, but to wrap up, where can folks find the survey to get more details here because obviously we could be here for the next two hours talking about this stuff and it would be really fun but you've got things to do, so don't want to hold you back, but where can we find out more details from the survey? Where can we get it?

Jeffery Kendall: Yeah, so you can download the full report at dbx.kony.com. We've got it highlighted front and center on the front page of our website. That's the easiest way. Anybody who reaches out to me directly, I'd be happy to provide them with the report and any of the supporting data that we have behind the report as well. It's a good summary, but there were a lot of good questions that were asked in that survey.

Mike Lawson: I agree. Very timely stuff indeed and stuff that we need to be addressing and to keep moving this train forward. It's like you said if you're not moving forward, you're going to get left behind. All righty, sir. Anything else to add to wrap up Jeffrey, this is good stuff as usual.

Jeffery Kendall: No, I appreciate the time [Mike 00:14:04]. Always a pleasure to chat with you and I learned as much from you as the other way around, so thank you.

Mike Lawson: Well, you're welcome, sir anytime and we'll see you at [money2022 00:14:13]. That'll be fun as well.

Jeffery Kendall: You've got it, Mike, see you.

Mike Lawson: All right. Thanks again, Jeffrey. Appreciate the time.

Jeffery Kendall: [inaudible 00:14:18].