



## AI-Driven Recommendations for Financial Services

2020

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## Data – The World’s Most Underused Asset

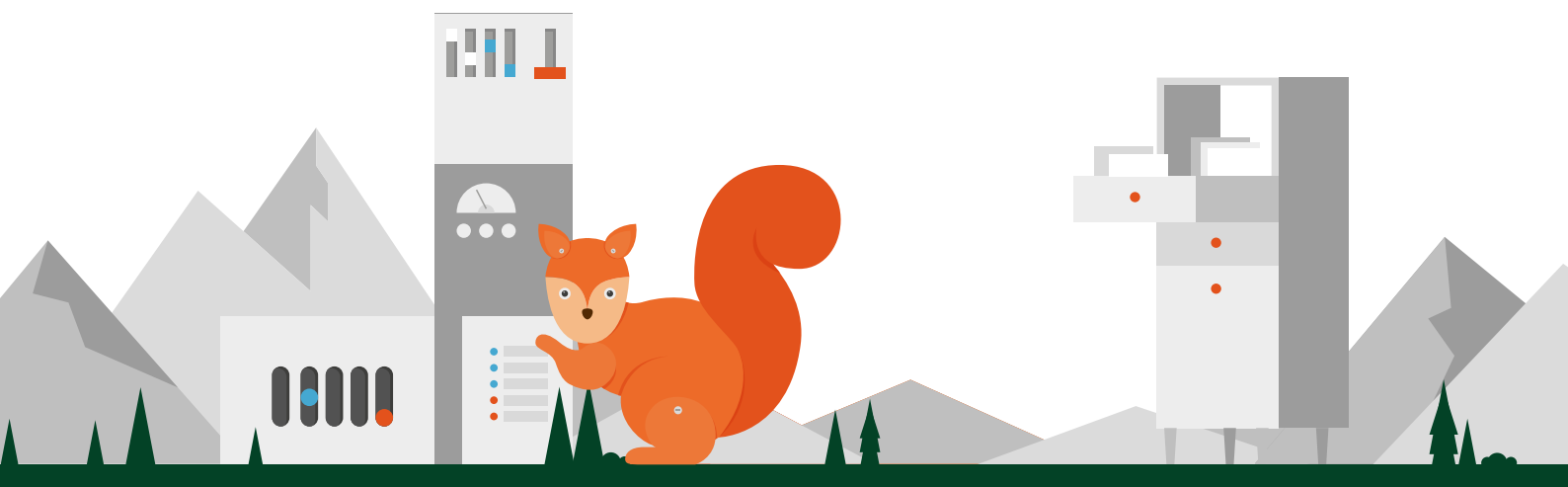
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The monetary and business value of data is something that has been much discussed in recent years. The Economist once boldly proclaimed data as “the world’s most valuable resource,” which is a new reality that has taken shape over the years. Technology used to be all about products, but the 1990s brought about the rise of products and services. In the early-to-mid-2000s, our attention jumped to social media services that were all about your relationships with other people.

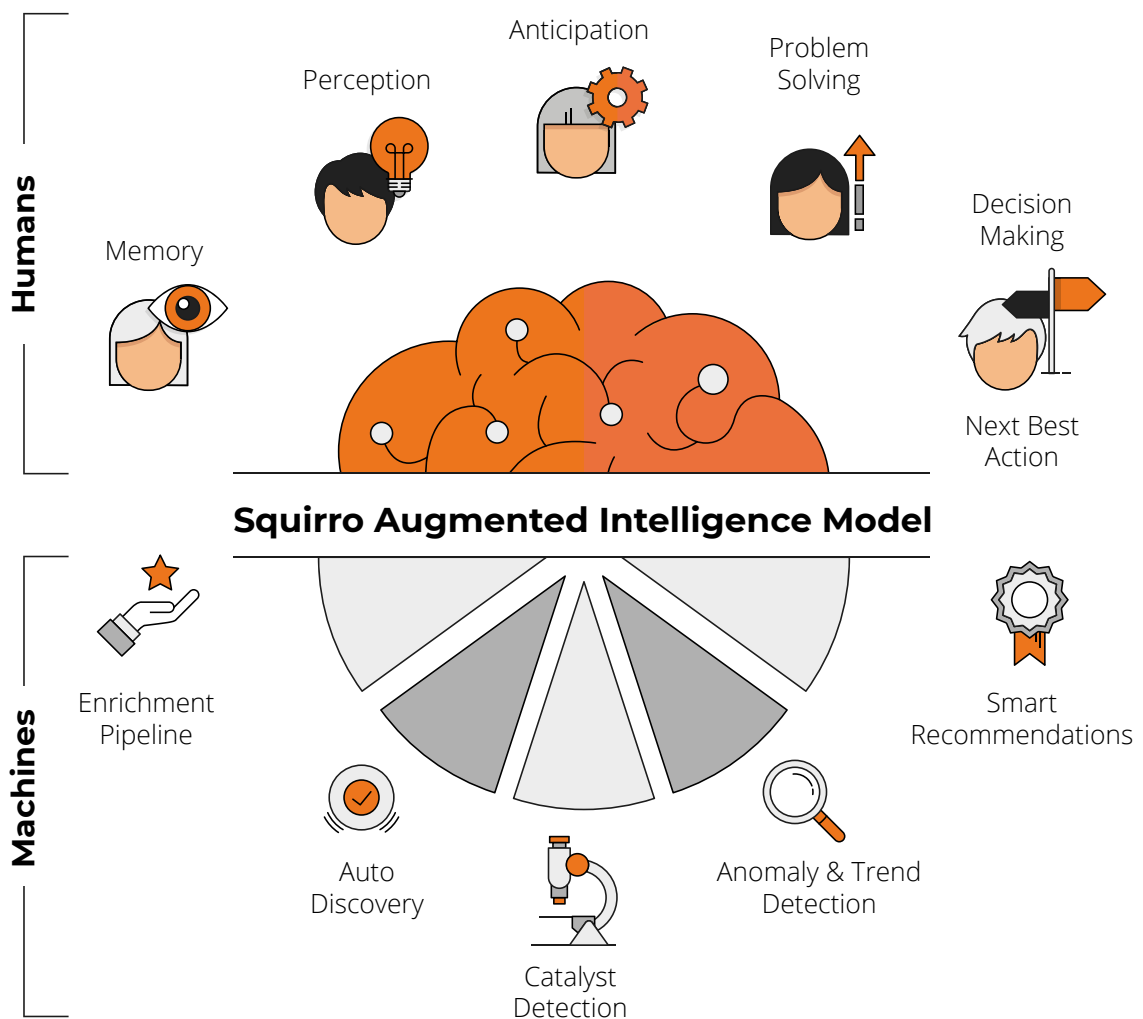
Now the technology industry is focused on data and the insights that can be extracted from it. In early 2020, most people would probably agree that data is the world’s most valuable resource, but in fact the numbers show that data is the world’s most underused valuable resource.

The truth is that less than 5% of all data is actually used, meaning that in Financial Services (FS) there is an incredible amount of data and potential insight that is not even being considered. It might be easy for companies to pat themselves on the back about the valuable data that they’re collecting, but if it’s not being used, then what’s the point?

Part of the challenge with making use of all that information is that 80% of data is unstructured in content, such as web pages, emails, call notes, social media posts, pictures, videos, and audio. In the FS industry one can add to that list premium data sources, analyst reports, earnings filings and news articles. Unstructured data is notoriously difficult to make sense of because it’s not organized in a way that can be easily processed. Even Salesforce, the world’s biggest CRM vendor has estimated that only 1% of a company’s data is used by its CRM system. Vast amounts of customer insight are left untapped.



However, the rise of augmented intelligence – computing automation that enhances rather than replaces human intelligence – is the key to unlocking this insight. Not only can solutions such as Squirro add structure to unstructured data but it can also use the data to recommend the best course of action in each instance, whether that's a new deal or previously unthought of opportunity.



# Becoming an AI-Driven Organization

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FS customers – whether consumers or businesses – have more choice in 2020 than they have ever had before. In the face of this increased choice, it means that FS providers must understand their customers better than ever. They must learn what customers' pain points are, identify when they might be unhappy, and be able to take concrete and positive steps to address any issues.

The ability to understand what a customer is interested in, their feelings and their likely intent, is therefore highly valued. That's why so many organizations have made such a substantial investment in Customer Relationship Management (CRM) platforms, to manage customer data. But most CRM systems are unable to process unstructured data, which accounts for most of the data an organization holds.

Artificial Intelligence (AI), Machine Learning (ML), and Augmented Intelligence are all critical technologies when it comes to empowering CRM systems, accessing and unlocking the unstructured data that is so important to successful client relationships in FS.

This is the data that really enables organizations to understand their customers. By deploying AI and ML, they can collect data from multiple sources and in multiple formats, extracting fresh and insightful meaning from it and helping to deliver a complete view of that customer.

If an FS firm can enrich and unify any data type (structured or unstructured; internal or external) and index it for future CRM and client engagement use, the value of that data grows.

The insight derived from that data can be used in many ways, some of which include:

## **To drive value & grow business opportunities**

Knowing and understanding your customers means that new opportunities can be identified on a regular basis. Users can search for new insights on competitors, partners, markets, individuals and much more, all of which deepens their knowledge and understanding of each customer and provides upsell or cross-sell opportunities.

## **To anticipate customer needs**

Customer understanding can also be used to identify trending issues and anomalies around an individual client or group of customers and address these before they become a bigger problem.

## **To adopt a client-centric view**

Having a 360-degree view of a customer, across all channels is a powerful asset for anyone in FS. Doing so means that VIP accounts are never overlooked and allows for client outreach at the right time with the right communication.

## **To free-up client management time**

Because all the unstructured data is now included in the CRM platform, users can save substantial time when searching for information on clients, which otherwise can be a time-consuming and laborious process.

# Squirro for Corporate Financial Services

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Corporate finance is one of the most fast-moving industries and one in which the competition is fierce. There is a lot of pressure to be first with an opportunity – if you aren't then one of your competitors almost certainly will be. It's therefore of the utmost importance that corporate financiers know precisely what their clients are doing, are aware of any trends or industry events that affect their clients, and are also capable of offering insightful and timely consultation to them.

The key to doing this is via Squirro for Corporate Financial Services, a suite of Augmented Intelligence apps designed for specific elements of corporate finance. Each app delivers deep customer insights, better client relations, improved bottom line, and, most important, AI-driven recommendations.

Corporate financiers need 360-degree insight into clients, and they need to be able to recommend to them the very best option to take. Squirro for Corporate Financial Services makes this possible and more.

As an AI-based solution, it offers a deep analytic power that takes in structured and unstructured

data to offer a thorough understanding of clients, provides incredible insight, and allows corporate finance professionals to identify new opportunities they otherwise would have missed.

It ensures financial services professionals can:

## **Keep their finger on the pulse of the industry**

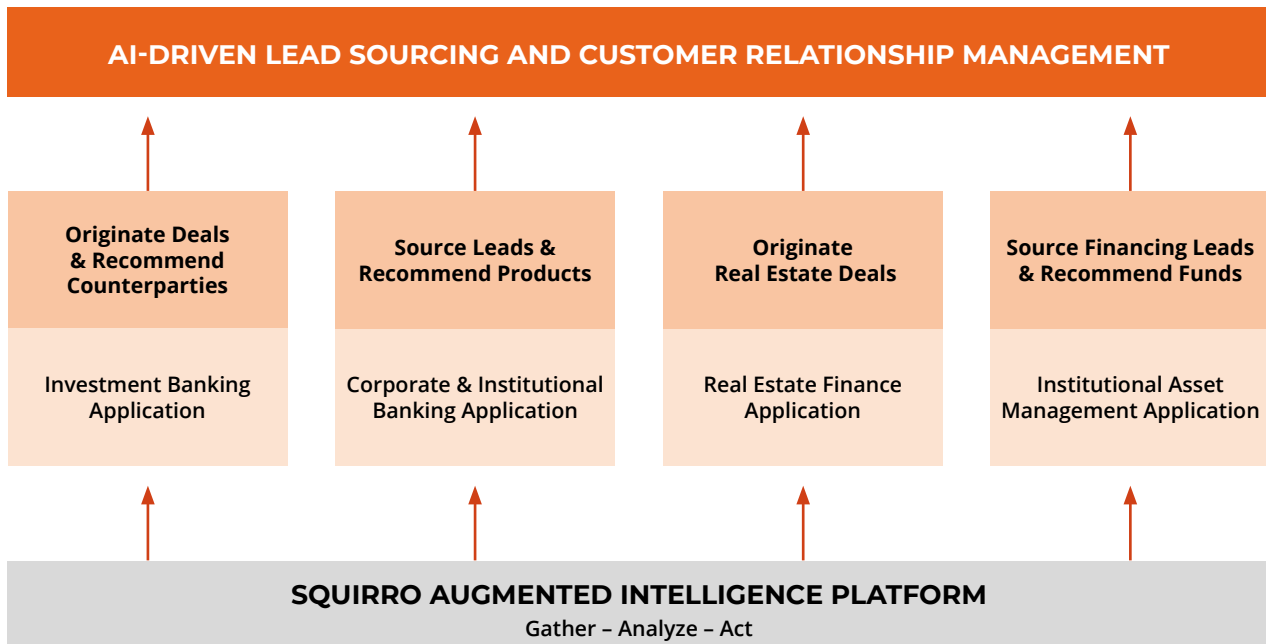
Squirro for Corporate Financial Services identifies significant events and catalysts useful for sourcing new opportunities, across terabytes of unstructured data. This includes events relating not only to the client in question but also to the broader industry that they operate in.

### Be first to approach clients

Because Squirro for Corporate Financial Services manages such extensive volumes of structured and unstructured data it provides a deep market understanding. This insight, taken with the actionable recommendations generated, means corporate financiers cannot only approach clients first but do so with confidence that they will close the deal.

### Significantly reduce research man hours

Elements of corporate finance require hundreds and hundreds of hours of research, wading through unstructured and siloed data to extract insight. Squirro for Corporate Financial Services uses AI to achieve this far quicker, freeing up time to be spent with clients.



# AI-Driven Deal Sourcing and Next Best Action

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Deal sourcing, also referred to as deal origination, is a process used by finance professionals such as investment bankers, venture capitalists, and corporate & institutional banking professionals to identify investment opportunities in the market. The goal of deal origination is to ensure a large volume of deals is obtained in a given period to maintain a viable deal flow.

Over the past decade, we have seen the amount of information available to bankers expand rapidly. But even before this change started, bankers had their hands full with digging through content like financial filings, earnings calls, research reports, and all records of direct interactions with their clients. With the rise of content like social media, real-time news feeds, and an ever-growing mountain of research, it has become virtually impossible for a banker to catch every sign of a new potential client. The research-heavy client origination and deal origination processes have grown to consume huge chunks of bankers' time and ultimately limit the amount of business that comes through the door.

With Squirro for Corporate Financial Services, all finance-related verticals have their own set of prebuilt opportunities that come out of the box, with the ability to define more as needed. On top of that, Squirro learns the preferences that each user has as soon as they start using the application and gathers more and more relevant content with time. Tight integrations with CRMs like Salesforce make it easy to act once a new opportunity or useful pieces of background information are uncovered.

## **Squirro for Corporate Financial Services – US Financial Services Firms**

One of Squirro's customers is a top tier US financial services firm. The management team came to Squirro with one request: The bank operates several CRM systems and records every single customer interaction – could Squirro source new opportunities for their Global Markets team?

The FS firm had unstructured internal and external data, including call notes, deal flow information, news, and much more. A challenge was the multiple data silos involved – multiple CRMs, deal flow databases, external data sources with market data and news.

Squirro applied AI-driven insights, actionable recommendations of new deal opportunities. Similar to an Amazon-type recommendation service proposing similar books, the recommendation service here suggested possible counterparties based on the analysis of call notes and other data sources.

The initial implementation took less than two months, and the application sourced a continuous flow of previously untapped additional opportunities for the Global Markets team, making a significant contribution to the bottom line.



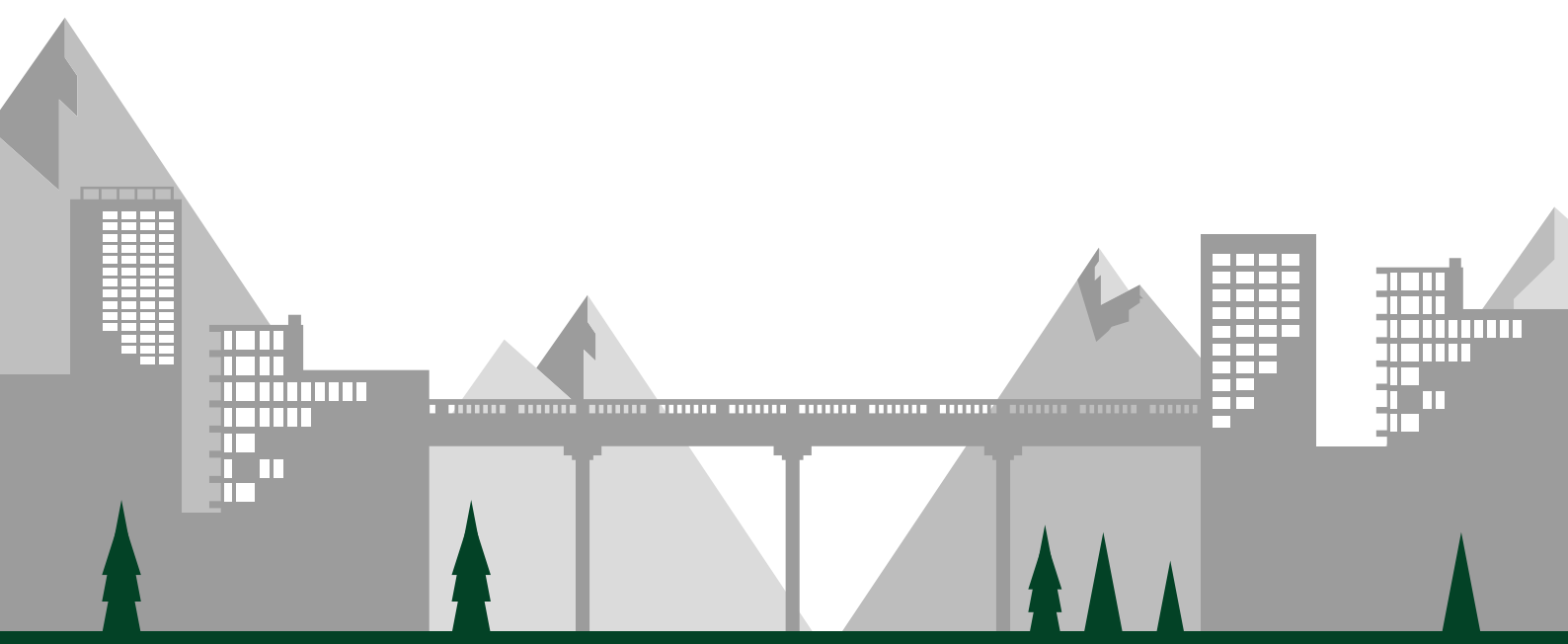
### **Squirro for Corporate Financial Services – Multi-National Banking & Finance Group**

Another Squirro customer is a multi-national banking and financial services group. The group operates an international commercial real estate mortgage business, financing and re-financing commercial properties in prime locations in select markets worldwide.

Like many elements of corporate financial services, the commercial real estate business is today still largely a relationship-driven business. Nevertheless, the bank consumes countless data feeds on commercial real estate markets (broker feeds, specialised market feeds, publicly available data feeds). This is supplemented with internal bank research on key markets.

The key challenge is to provide relationship managers with relevant alerts on upcoming real estate opportunities. These opportunities get sourced based on loan maturities, property up for sale, redeveloped, lettings, and additional triggers. The events get served to relationship managers in a user-friendly dashboard and daily email digest.

Within weeks of having deployed Squirro, the bank generated additional opportunities of more than \$83m. Applying AI techniques to continuously monitor and surface hitherto unrecognized opportunities has a significant top-line impact and highlights the power that AI-driven insights have to offer.



## Conclusion

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Not deploying AI-driven insights techniques to identify additional deals and opportunities will ultimately expose any FS firm to significant under-performance compared with its peers. AI provides such significant advantages, that it is becoming an essential tool for smart FS firms in 2020 and beyond. By applying AI techniques, huge swathes of CRM and other data are turned into relevant insights, whereas before it laid dormant and unused. The implications of this are potentially dramatic.

Only through the availability of all relevant information does CRM become truly compelling and provides an organization with the customer insight required to thrive in the customer-centric FS environment that exists in 2020. But achieving this is a major challenge and requires AI and ML to really enhance an organization's current CRM system. In effect, this is augmented intelligence.

A good place to start for any FS firm would be to start analyzing and acting on even just a few more percentage points of data than they are currently using. The overall goal is to make progress and start treating data like the valuable resource that it is.

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# About Squirro

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Businesses generate and convert new leads, improve existing relationships, and optimize processes using Squirro's vertical-specific Augmented Intelligence Apps, which combine human intelligence with powerful AI. An Insights Engine at its core, Squirro applies cognitive search, advanced analytics, and intuitive dashboarding to unstructured data to provide new opportunities, next-best-action recommendations, and real-time 360° client cockpits. All which can be integrated within CRM Systems, Core Banking Systems, or Insurance Solutions.

Squirro works with global organizations, primarily in the Financial Services, Insurance, Telecommunications, and Manufacturing industries. Customers include Brookson, Investec, Helvetia Insurance, and Axis Capital. Founded in 2012, Squirro is currently present in Zurich, Munich, London, New York, and Singapore. Further information about AI-driven business insights can be found at [www.squirro.com](http://www.squirro.com)