

SEEING THINGS DIFFERENTLY



WHOLESALE PAYMENTS IN 2015

White Paper

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FOREWORD

It is a pleasure for us to present this white paper as part of our series of scenario planning publications. By issuing these papers, Atos Consulting further strengthens its position as a leading consultancy firm operating in the forefronts of the markets. This particular white paper investigates the long-term effects of macro-economic changes in the area of wholesale payments; using the scenario planning methodology.

The purpose of scenario planning is to “depict rather than predict”. Depicting a small number of future worlds facilitates the hardening of a planned strategy. Organisations with strategies made robust against such scenarios are anticipating better to changing environments during strategy execution. They are better prepared to the changes faced.

In the creation of this white paper we interviewed numerous experts from the banking industry, corporate environments and regulators. In a later stage, some of these experts were actively involved in ranking the trends derived from the interviews.

Atos Origin has a strong base in the payments market through all its divisions: Consulting, Systems Integration and Managed Operations; and of course Atos Worldline. Two prominent manifestations of this commitment are our SEPA Surveys, and the activities of our international payments processor Atos Worldline – architect, engineer and operator of the e-banking integrated payment method iDeal for online purchases.

We hope that you will be able to use our findings to improve your business strategy.

INTRODUCTION

A few years ago, the payments sector – as any other financial services area – seemed to be a stable business with a mainly domestic focus. Currently, the sector is under pressure of several forces, of which the most recent and most severe are the credit crunch and the consequential economic crisis. These effects came on top of the earlier regulatory requirements that the sector is actively adapting to, such as SEPA and PSD.

The big question is what the outcome will be of all these forces. This paper aims at sketching the alternative answers to this question, rather than giving the ultimate one. The added value of this paper is to challenge your organisations' strategy against the scenarios presented here.

We would like to emphasize that this white paper has been compiled through a predefined research process – scenario planning – using market validated data. The methodology is further explained in the appendix.

MANAGEMENT SUMMARY

This scenario planning white paper investigates the long-term effects of macro-economic influences on the market of wholesale payments products. The principal target audience consists of banks and corporations, including small and medium businesses (SMB). Our research shows that the most important underlying forces have a political and social-economic origin, which becomes visible in the product portfolio of payments service providers, and in their geographic reach. Together they make up the four scenarios as shown in figure 2 on page 8.

In short, the scenarios are:

A. Cocooning

In this market, services are delivered on a local-for-local basis. There is a focus on domestic client relationships, and the only regulations or standardisation come from the market players. Services are tailored to a geographical region that is limited in scope, and the same holds for client demand. Clients doing business on a more global scale, have to maintain different bank relations in different regions.

B. Tastes differ

Services can differ entirely per region and/or per client, since there is no authorities' regulated market. In this scenario, clients are serviced on a global scale, with products specific to local needs. For suppliers to offer local products in an efficient manner, they must find the greatest common denominator in their back-office processes.

C. National Colours

When products are standardised through authorities-driven regulations and the geographical scope is domestic, the products and services – in fact the entire client relationship – gets a narrow local flavour. This situation will only exist for a longer period of time if there is enforcement from a regulator, since it will inhibit clients doing business efficiently on a more global level.

D. Global Village

This is a scenario where products and services are standardised through authorities' regulation, and clients are serviced globally. There is limited variation in products, but on the other hand they are available wherever you are doing business.

The outcome of this scenario planning exercise provides some clues as to how the world of wholesale payments could look like in 2015. And to put it euphemistically, one could say "you live in interesting times"; with a sector under pressure of several forces, being it from regulators, the economic crisis or even banking crisis. By applying the scenario planning methodology, we confined the enormous diversity of uncertainties that influence the primary question. Through the analysis of market trends we described a coherent set of future scenarios. Finally, the early warning indicators allow assessing the impact of future events, and hence are worth keeping an eye on.

Early warning indicators that we considered having high impact in particular include the adoption of SEPA and the opportunities arising from innovations in information technology. Developments regarding these two indicator subjects are taking place simultaneously, and both share the objective of generating efficiency gains.

However, the additional objective of SEPA to increase transparency is not necessarily accomplished with the application of smart and cost-effective ICT as well. This is particularly the case when the latter engages the introduction of new differentiating i.e. non-standardised, payment products and services.

CONTEXT

The traditionally domestic focus of payments is on simple products – variants of credit transfer and direct debit – offered by banks to customers who also have a current account and use other finance products like credit facilities. In recent years, the enabling power of information technology has made the processing of these transactions more efficient, while the increase in (international) trading triggered an increase in transaction volumes. Nowadays, payments are seen as the most basic banking service, which has a downward pressure on pricing.

The internationalisation trend also promoted the coalescence of markets, including those for payments. In Europe this trend is backed by governmental regulations to create a single market across country borders. An effect of which is the opportunity for foreign players to enter the market. These new entrants are in search for customers currently serviced by (other) banks.

The volume growth and subsequent standardisation of back-office and other operational processes lead to questions around sourcing and consolidation. That is, sourcing of back-office activities like ICT and customer support, and consolidation of the business i.e., client facing activities. This in turn further increases the attractiveness for non-banks to enter the market. Also offering added-value products such as e-invoicing, will be stimulated.

SCOPE

The scope of this scenario planning is the market for wholesale payment products and processing. Typical payments products are bulk low-value payment transactions, both credit transfer and direct debit, possibly cross-border. These are generated by utility companies or pension insurance companies, and have no very precise demand regarding processing time. More advanced services are demanded by multi-national companies as part of their cash management. They require the accurate – preferably straight-through – daily handling of a few high-value payments with exact processing time demands.

Thus, buyers in this market are corporations, SMBs and public authorities. Currently, the principal suppliers are banks, whereas payments processors and clearing houses are entering the market encouraged by market regulations.

In Europe, these product propositions are moulded by the SEPA and PSD regulations. Although this white paper takes a global scope, it must be kept in mind that the majority of companies trade within their own region or continent.

TRENDS IN WHOLESALE PAYMENTS

CURRENT SITUATION

Products

A bank's product portfolio for wholesale payments processing is normally part of a broad portfolio of products. In these portfolios, the payments processing products are augmented by those of cash management, such as cash balancing and pooling.

The actual payments processing products are basically credit transfers and direct debits, with varying specifications regarding their delivery volume (single vs. batch), channel and urgency. For financial institutions in demand of access to a certain geographical market, a bank can provide routing services towards local or regional clearing houses.

Novelty products stem from extending the payments value chain, either at the front or the back end. E-invoicing is an example of a service that can be added to the front of the payments process, as an e-invoice leads to a payments transaction. At the back, i.e. after the payments transaction has been executed, reporting and credit services could be provided to align the payments process with the customer's purchasing and distribution process.

Suppliers

With payments processing getting more and more the features of a commodity, the price pressure becomes stronger, and suppliers are looking at new ways to establish sustainable business models.

Although ICT is an enabler in most business areas, payments processing bears a considerable historic diversity with it, leading to a large number of legacy systems, especially at banks. Together with recent governmental regulations to lower market barriers and increase competition, market opportunities arise for parties offering services previously exclusively sold and delivered by banks.

This leads to strategic discussions at suppliers where to focus, both in terms of products (front-office) and operations (back-office). When forced to choose, banks have a preference for products that involve most customer contact. Other less customer-intensive products can be outsourced to larger banks, or even

new entrants. Experience shows that processes require a high repeatability level and high maturity level in terms of quality (rigidness, discipline) before they are a good candidate for outsourcing.

The outsourcing of the ICT of payments processing, however is a different beast. The amount of legacy systems still existing at banks and the recent regulations are an enormous stimulus to outsource those activities and the corresponding systems. However, the legacy systems have a monolithic character, very much intertwined with the rest of the bank's systems and processes. Therefore, outsourcing involves more than moving a data centre to a new location. It involves the minute disentanglement and sometimes even the partly redesign of the core architecture.

Buyers

With a growing importance of working capital management by the treasury department, corporations have an increased demand for efficient payments processes that give them the best agility towards day-to-day cash flows. Together with funding, cash remains the principal means to finance corporate business. And just as with funding, cash does not come cheap. Hence, cash must be continuously monitored and transferred there where it is needed most, i.e. where it creates most business value. Large firms could organise this by implementing an internal bank, whereas smaller companies rely on their bank to deliver 'on-demand' payments processing, i.e. last-minute and straight-through-processed.

Business models

Before we explore the current trends in wholesale payments in more detail, this section describes some more high-level considerations and developments, which play a role in the interaction between products, suppliers, and buyers.

Product portfolio differentiation – by suppliers:

- > Core / Full-service: offering a well-defined but small set of payments products, as opposed to a complete payments processing portfolio.
- > Basic / Value-added: basic are those services that are strictly needed in transferring money between accounts, whereas e-invoicing or cash pooling are extra services that add value to the buyer's business.

- > Volume / Niche: volume products will be propositions that are bought by various large groups of customers, while niche products fit the needs of a particular group of buyers.

Market regulation – by governments:

- > Government / Self-regulation: market regulation needed for risk management, supervision or competition extension can be implemented with government force or through self-regulation.

Market organisation – of supply side:

- > Consolidation / Fragmentation: the in- and outsourcing considerations described above on the supplier side might be followed by a consolidation of the previously existing parties (banks) and/or new entrants (payments institutions, service providers, processors, etc.).
- > Entrance of non-banks: the new entrants in these markets will be mainly non-banks, especially when it comes to services like transaction routing or billing services.
- > Centralized / Decentralized: in most countries, payments processing is a multi-level process where transactions are sent to a clearing house before settlement at the central bank. Depending on the scale of bank consolidations it might become

attractive in the near future to do away with central clearing in favour of bilateral clearing between banks.

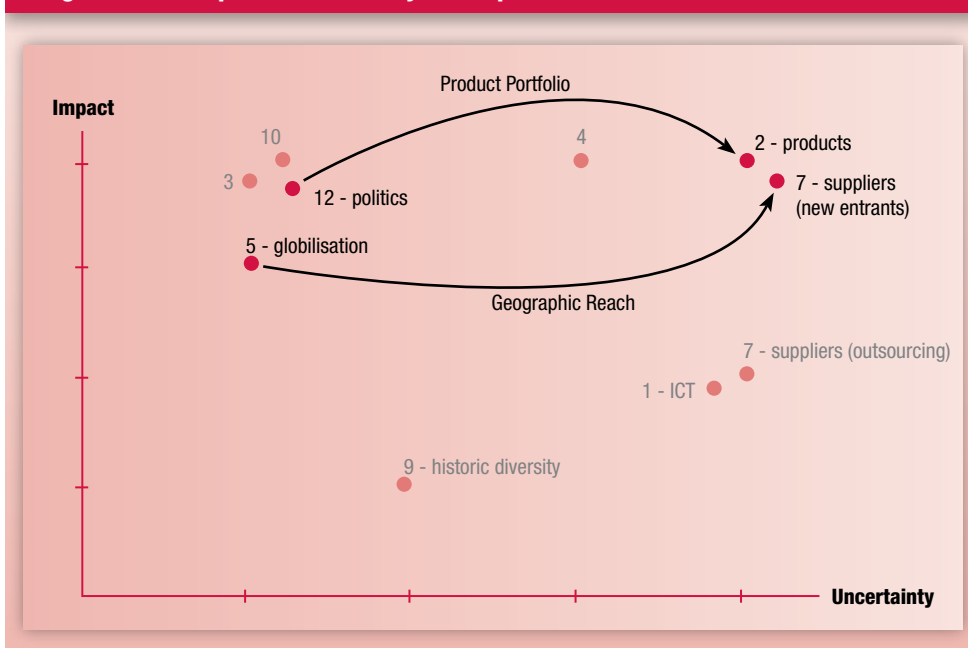
Customer retention – or the alternatives for buyers:

- > Standardisation / Customisation: with the advent of standards in payments products – such as SEPA – switching between suppliers becomes easier, which increases the price pressure on their products. Niche product suppliers, on the other hand, create room for customised services which also creates a certain level of customer lock-in.
- > Integration: since payments services are part of a larger (demand / supply) chain of processes, customised payments services ask for the integration of processes on a demand / supply boundary. In turn, this also creates a barrier for customers to switch supplier, and hence increases customer retention.

TRENDS

A long list of trends (see appendix) was derived from the interviews. They constitute the basis for our four scenarios. Selected trends were plotted along two axes: Impact and Uncertainty, both in the broader sense of terms. Ranking impact takes into account the effect on the entire market, which includes suppliers, buyers

Figure 1: Trends plot on uncertainty and impact



and the products. Regarding the factor uncertainty, an estimate on the likelihood of occurrence was made. The trends with their numbers are plotted as dots in figure 1. Plotting was carried out in an interactive workshop with a subset of the payments experts who were interviewed before. The trends clusters with the highest impact and highest uncertainty turned out to be:

- > Products – Which products will be viable in the future? (nr. 2 in figure 1)
- > Suppliers – Which market players will play a role, especially new entrants? (nr. 7 in figure 1)

In our subsequent desk analysis it turned out that these two trends were not ideal from a theoretical point of view. This became most apparent in the impossibility to put these two trends on an axis with extremes on both ends. Scenario planning theory tells that good candidate trends can not be directly influenced by market players. Obviously, this is not the case with the above selected trends.

Therefore we included two related trends which were regarded as having matching high impact, however with less uncertainty. The related trend for ‘products’ is ‘politics’ (nr. 12 in figure 1) since the future payments *product portfolio* will be influenced to a certain extent by regulators. While the ‘suppliers’ trend will be influenced by ‘globalisation’ (nr. 5 in figure 1) as banks will reconsider their geographic reach as a result of the need to increase volumes.

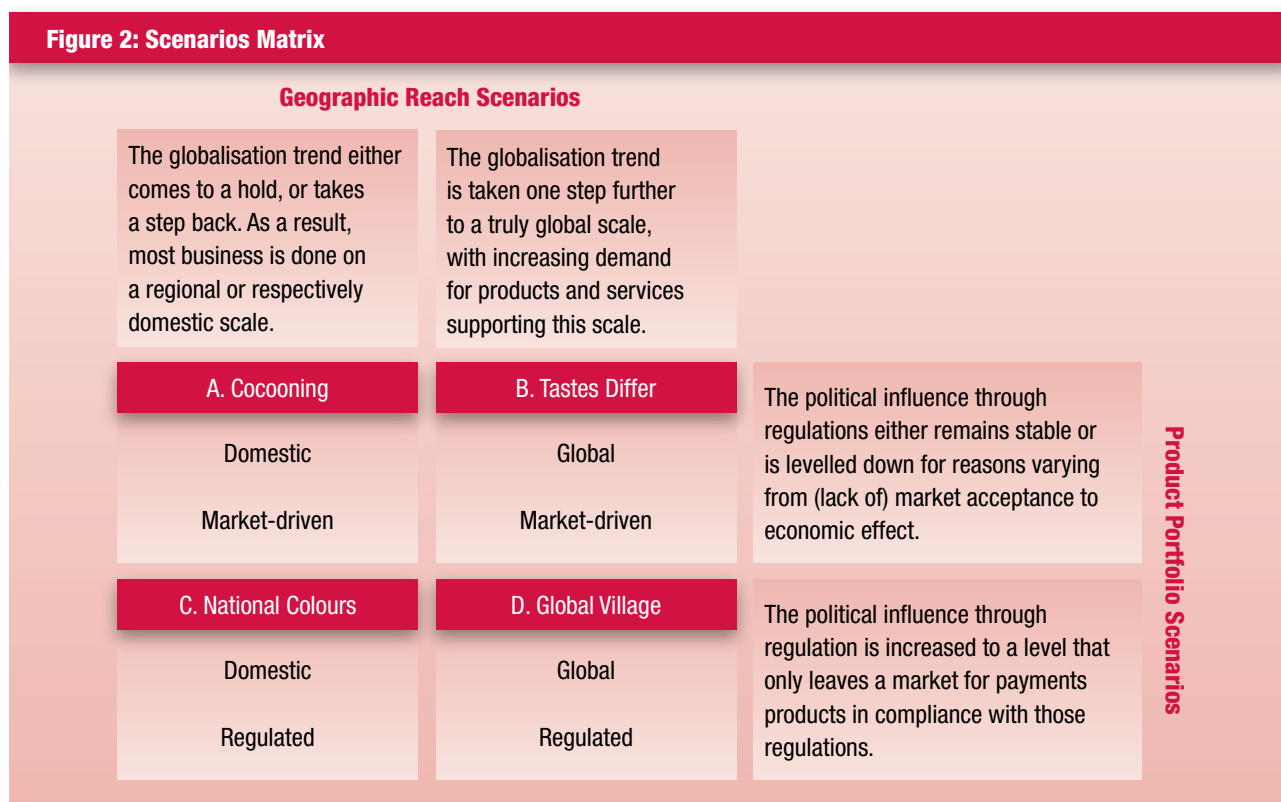
The next section defines extremes for both these axes, making up four scenario worlds.

SCENARIO PLANNING

The scenario worlds are presented as a realistic future together with early indications how and when this world could become reality.

Axis 1: Geographic Reach

Until recently, banks were clearly forced by the market to become global players. These forces were



intensified by regulatory demand to turn payments into a commoditised product. On the contrary, the current economic crisis has brought up a public discussion to put a maximum to a bank's size, in order not to become too big to fail. Furthermore, there is a general lack of capital needed to fund the globalisation. All in all, the effects of this trend on the supply side will be highly uncertain.

Axis 2: Product Portfolio

Besides payment processing, banks are offering new products that extend the payments value chain. These value-added services help in making a profitable business out of a high-volume low-priced product moulded by regulators. Again, the current economic crisis has brought up the discussion whether banks should limit their product scope to a certain core. A discussion which undoubtedly has its effect – however uncertain in scale – on the payments services portfolio.

Scenarios Matrix

From these two axes, four scenarios become apparent (figure 2). The scenarios will be introduced in the following section, using early warning indicators presented to aid the future assessment of the likelihood that one of those scenarios is about to become reality. Each scenario is described on the aspects of:

- > Products and services – innovation, product positioning.
- > Suppliers and customers – new entrants, consolidations, ICT, sourcing.
- > Business models – core / full service, volume / niche.

SCENARIOS AND EARLY WARNING INDICATORS

A. COCOONING

Geographic Reach: Domestic
Product Portfolio: Market-driven

In this market, services are delivered on a local-for-local basis. There is a focus on domestic client relationships, and the only regulations or standardisation come from the market players. Services are tailored to a geographical region that is limited in scope, and the same holds for client demand. Clients doing business on a more global scale, have to maintain different bank relations in different regions.

From the supplier side, this scenario leads to product offerings focussed on domestic clients. No new entrants will find position in this market. Regulations like the Payment Service Directive are not accepted, keeping up the market-driven product development. Customer demand is treated as the top most important driver in product development.

The strong focus on customer relations leads to differentiated product propositions that are tailored to client (groups). Such a niche-like approach will reduce the need for operationally excellent processes that are imperative for high-volume business, while value-added services have to justify the consequently higher prices.

This scenario should be regarded as a step back from the present market situation, in that current customer demand is regional to global, and political initiatives steer towards a more regulated market. Furthermore, without the need for standardisation on the supply side as well as the demand side, it is unlikely there will be a large demand for ICT sourcing of payment processing.

Early warning indicators

- > Attention to demand of customers acting only locally becomes disproportionately large. For instance as an extreme effect of the 'customer first' trend as has been recommended in reaction to the current bank crisis.
- > Protectionist measures taken by governments, or a broad nationalistic sentiment with customers. Such social trends would support the local-for-local character of this scenario.
- > Strong demand for local currencies to be put back in circulation, i.e. discarding the Euro.

B. TASTES DIFFER

Geographic Reach: Global
Product Portfolio: Market-driven

Services can differ entirely per region and/or per client, since there is no authorities' regulated market. In this scenario, clients are serviced on a global scale, with products specific to local needs. For suppliers to offer local products in an efficient manner, they must find the greatest common denominator in their back-office processes.

This market can be described as multi-niche with specific payments products for specific businesses. Since this model can only be economically viable through back-office standardisation, there will be a market for ICT outsourcing of processes and systems.

This scenario can be best compared with the car industry where different models and types are marketed, based upon common platforms and technology. However, the challenge remains to find the generic parts of payments products in a purely market-driven environment without an intrinsic driver for standardisation. This will put extraordinary requirements on the capabilities of the ICT solutions in order to efficiently deliver the diversity in products. The current state of legacy systems at banks is inhibitive to do so.

Besides the 'global reach, local touch' type of business of this scenario, it also provides opportunities to players that offer a single (niche) payments product on a global scale. Those players might be new entrants offering a service – such as e-invoicing – that would be regarded as value-added from a banking perspective.

Early warning indicators

- > ICT technology such as cloud computing, software-as-a-service (SaaS) and service-oriented-architectures (SOA) become mainstream in banking.
- > Product development occurs largely in accordance with customer demand.
- > Low acceptance or even dismissal of further regulations from regional authorities like the European Union. This scenario explicitly hinges on product diversity – possibly but not necessarily across country borders.

C. NATIONAL COLOURS

Geographic Reach: Domestic
Product Portfolio: Regulated

When products are standardised through authorities-driven regulations and the geographical scope is domestic, the products and services – in fact the entire client relationship – gets a narrow local flavour. This situation will only exist for a longer period of time if there is enforcement from a regulator, since it will inhibit clients doing business efficiently on a more global level.

In its extreme form this scenario bears a mismatch in the scope of the product portfolios (domestic) and current regulations (regional). This situation will only sustain if it is kept up by customer demand and/or regulatory enforcement. The former might be instigated by strong supplier branding, while the latter might be successful when combined with cooperative self-regulation.

This scenario leaves no room for value-added services for specific clients. It is a scenario where high volumes are the only way to make a profitable business; and therefore will probably lead to further consolidations of banks and / or processors; but only on a domestic or at best regional scale.

On the other hand, based on the customer demand, this scenario gives perfect opportunity to regional banks cooperating within boundaries set by the rules and regulations. Through in- and outsourcing movements, suppliers can offer standardised products in a customer-specific manner; and thus efficiently. Those suppliers can be new entrants.

Early warning indicators

- > This scenario will benefit from authoritative market regulations, for instance by enforcement of strict deadlines.
- > Local sentiment with customers is strong, e.g. because of their trust in strong local brands.
- > Further lowering of banks' ratings, because of large write-offs at international players, which will limit the consolidation trend that fits this scenario.

D. GLOBAL VILLAGE

Geographic Reach: Global
Product Portfolio: Regulated

This is a scenario where products and services are standardised through authorities' regulation, and clients are serviced globally. There is limited variation in products, but on the other hand they are available wherever you are doing business.

In this scenario, current regional standardisation initiatives are pushed to the global level, thus creating a SGPA (Single Global Payments Area). For this scenario to become reality, the various regional regulatory authorities have to cooperate to establish globally valid regulations. Alternatively, regional products like those based on SEPA, are offered on a global level by the global players.

Because this scenario is globalisation in its extreme form, further consolidations are to be expected, with business models aiming at high-volume and operational excellence. Although innovations in product development do not fit this highly regulated market, the standardisation typical of this scenario stimulates new entrants to come up with services extending on standards, such as cash management or e-invoicing.

Opportunities for ICT sourcing are comparable to those in scenario C, with the extra requirement that the services have to be delivered on a global scale.

Early warning indicators

- > If the Euro turns into a key currency in the world, indirect support for SEPA becoming a global standard would be provided.
- > This scenario benefits from currently regionally operating banks applying for bank's licenses in other regions.
- > Accelerated development of emerging economies resulting in an increasing demand for efficient payments processing towards those regions.

CONCLUSION

The outcome of this scenario planning exercise provides some clues as to how the world of wholesale payments could look like in 2015. And to put it euphemistically, one could say “you live in interesting times”; with a sector under pressure of several forces, being it from regulators, the economic crisis or even banking crisis. By applying the scenario planning methodology, we confined the enormous diversity of uncertainties that influence the primary question. Through the analysis of market trends we described a coherent set of future scenarios. Finally, the early warning indicators allow assessing the impact of future events, and hence are worth keeping an eye on.

Early warning indicators that we considered having high impact in particular include the adoption of SEPA and the opportunities arising from innovations in information technology.

Several of the scenarios presented here, are influenced by developments around SEPA, especially when it comes to the enforcement through deadlines or its – deferred – acceptance. The current political climate and the situation in the banking industry will probably result in a delay on the previously set timelines. However, we are convinced that SEPA will be established, since its objectives are beneficial for nearly all market players.

We learned from working with our clients that information technology plays a complicated but pivotal role in payments business planning. Especially, the effective sourcing of payments processes and systems is inhibited by the intertwined nature of legacy payments processing systems and account management and ledger systems. Service-oriented architectures (SOA) and related innovative technologies create opportunities by their capability to encapsulate legacy systems with smart adapter and converter functions. Examples of these opportunities are either acting as an enabler for product differentiation or reducing the investment in architecture redesign required for sourcing, both of which are directly influencing the likeliness of associated scenarios.

Developments regarding these two indicator subjects are taking place simultaneously, and both share the objective of generating efficiency gains. However, the additional objective of SEPA to increase transparency is not necessarily accomplished with the application of smart and cost-effective ICT as well. This is particularly the case when the latter engages the introduction of new differentiating i.e. non-standardised, payment products and services. Atos Consulting will monitor the – possibly conflicting – developments of these two important early warning indicators, by repeating this scenario planning exercise on an annual basis.

As a final point, to retrieve maximum value from this paper, it would be beneficial for all players in this market – supplier, buyers and regulators – to challenge their strategy against the scenarios presented here. Atos Consulting is able to support you in facilitating such a process, as well as by interpreting the rather abstract scenarios and the early warning indicators to your specific market or business challenge.

ABOUT ATOS CONSULTING

Atos Consulting is a leading international business and IT consultancy organisation that employs over 2,500 driven professionals across the globe. Atos Consulting is the partner for customers looking for effective solutions in the field of returns, organisation, processes and control. It provides in-depth knowledge of sector-specific primary processes and secondary processes such as Finance, HRM and IT. If required, Atos Consulting also provides interim management or takes over processes. Atos Consulting is independent, provides expert advice and works closely together for and with customers.

Atos Consulting is an independent part of Atos Origin, the largest listed European IT service provider (turnover of over 5.5 billion euros), employing over 50,000 people.

Atos Origin enables its customers – Top 500 businesses – to transform their vision into results through strategic consulting, systems integration and managed operations. For more information about how we work, our customers and results, visit: www.atosconsulting.com.

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APPENDIX – TRENDS

This list is a summary of all the trends brought up in the interviews

1. ICT – enabler, legacy, architecture

- > The opportunities for in-/outsourcing of payments processes are partly determined by the current state of the underlying ICT platforms.
- > The progress of SEPA implementation is hindered by the current state of ICT systems and infrastructure.
- > ICT suppliers will offer services to manage the connectivity between customers and their banks.

2. Products – product management, product development, innovation

- > Banks will offer value-added services on top of the standardised payment products.
- > Banks need to decide on a market strategy either in niche or standard payment products.

3. Efficiency – economy-of-scale, volume

- > SEPA is a stimulus for corporations to centralise their payments processes.
- > Profitability of payments processing requires an increase in transaction volumes.

4. Public Sector – commitment, first mover

- > Commitment from the public sector is required to achieve a critical mass for SEPA.

5. Globalisation – EU-isation, risk management

- > An increase in cross-border competition between banks.
- > The impact of SEPA is globally, since it has the potential of becoming a standard for the rest of the world.
- > Smaller corporations will maintain local (regional, domestic) bank relations for fiscal or other market reasons.

6. Banks – primary role, trust, client relation, risk management

- > The primary role of banks remains trust.
- > Corporate clients will maintain more than one bank relation to spread risks.

7. Suppliers – in-/outsourcing, new entrants

- > Smaller banks will outsource their back-office activities, not their processes involving client relations (channels).
- > Within the Euro zone the concentration of clearing houses will continue.
- > Demand for new Payment Institutions will be low from the corporations, as long as the existing banks' payments services are adequate.

8. Markets – strategic change, repositioning, business models

- > The current economic crisis forces banks towards traditional banking products: payments, savings and loans.
- > In the Euro zone an increase in bilateral clearing is expected.

9. Historic Diversity – social, cultural, geographical

- > The large diversity in payments products, processes and habits between countries in the Euro zone is an inhibitor for the introduction of SEPA.

10. Standards – products, processes, connectivity

- > SEPA payments products facilitate the interoperability in payments processing between banks and corporations.
- > Global standardisation leads to more competition between global network banks.

11. Transparency – banking products

- > Standardised payments products facilitate the increase in transparency between banks' service offerings.

12. Politics – market regulation, incentives policy

- > Governmental authorities are requested by market entities to set an end-date for the implementation of SEPA.
- > Further regulatory strains will lead to further consolidation of banks.

APPENDIX – METHODOLOGY

HISTORY

Several industry sectors have a long tradition in scenario planning. As a result there is extensive literature available about the methodology. A sound and proven process provides major value to the outcome, since it diminishes the risk that results are established by coincidence or lucky guesses.

Royal Dutch Shell is a typical example of a company that is successful in applying scenario planning. More than 40 years ago, Shell started to ask itself “what ifs” for its business planning. Through this method, the most unimaginable scenarios were discussed which gave them an advantage in the 1973 oil crisis. Because Shell had already thought about initially unlikely scenarios, they were better prepared to handle new situations and to react adequately.

RESEARCH

The objective of scenario planning is to provide the material for an organisation’s strategic discussion. The scenario planning itself is not the strategy; nor is it a forecast about the future or an extrapolation of identified trends. Scenarios are plausible pictures of the future with a route how to get there. They are then used during a strategic discussion as a means to harden the proposed strategies, so that the final plans are more robust to a changing environment.

PROCESS

Scenario planning results in four possible future scenarios that can be used subsequently in strategic planning. The time horizon we have chosen in this study is approximately five years. The following steps were taken in our research:

1. Identification of trends, by interviewing numerous experts from corporations and banking environments, including regulators.
2. Ranking the trends on their uncertainty of development, and their consequential impact. Selecting two trends that score highest on both aspects. The assessment of uncertainty and impact has been validated with a subset of the experts interviewed.
3. Stretching these two trends to their extremes, turning them into two axes that make up four quadrants.
4. Describing the scenario of each of the quadrants, and identifying early warning indicators that signal the likelihood that a certain scenario is evolving into reality.

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