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IN ONLINE TRADING, SCHWAB SEEKS TO (e)GAIN AN E-MAIL ADVANTAGE

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One could argue in this day and age that e-mail has surpassed the telephone as the preferred method of contact. Whether getting in touch with a colleague three doors down, a client across the river or a counterpart in Tokyo, the electronically delivered note has increasingly become the method of choice.

In financial services, savvy investors caught on quickly, perhaps because of the industry's spotty history concerning the availability of brokers and advisers during busy or rough market periods. And investors have now come to believe that e-mail gets a faster response than voice-mail or the seemingly Luddite practice of leaving a message with a secretary. But while other internal areas of technology have progressed and improved, few firms have emphasized the development of their e-mail systems.

At Charles Schwab, a move was made recently to correct any such oversight when the world's largest discount partnered with Sunnyvale, Calif.-based eGain to develop a Web-based e-mail system that is not only scalable, but whose customization promises to improve workflow and message turn-around time. With thousands of internal and external messages flowing through the firm every day, Schwab sees this as a critical area of technology improvement.

Schwab said it recognized the need to change its existing e-mail platform a year and a half ago and, in exploring its options, set requirements for the new system.

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—OGNEN PAVLOVIC, eGAIN



tant," said Brian Muir, vice president of Schwab's client relationship management. "Some of the enhancements we were pursuing were a flexible rules engine, autosuggest [one-click reply], intelligent and flexible routing and delivery rules [push and/or pull], and reduction of the overall load on the supervisor queues."

Muir also said that workflow management was a consideration, as Schwab sought the ability to move items around queues for optimal efficiency. Real-time reporting, tracking and the monitoring of queues and agents were also essential.

Schwab reviewed and tested products from several systems, including Kana, Brightware (Firepond), Mustang and Genesys, before selecting eGain.

"They looked at our older product, which was basically Microsoft NT-based," says Ognjen Pavlovic, eGain's director of product management. "They deployed it in a test group of about 50 people and compared it to our competitor's, as well as their existing system. Naturally, [their employees'] volume of e-mail was increasing, and, although their existing system did the job, they were really looking forward [to using the new system]."

Muir said that eGain was the best

match in terms of architecture, ability and philosophy. "We felt eGain was committed to Web architecture, which appealed to our need to quickly deploy to any user with a browser."

Muir also said that the user-interface design and eGain's ability to meet the needs of the firm's complex workflow were key factors. "Overall, their product was the best fit for our end-users and allowed us to route based on multiple factors directly from the UI," he said. "eGain also provided the necessary hooks to link to external databases."

After a successful pilot, the two formed a partnership to create a new Unix-based e-mail system—something eGain did not offer at the time. The partnership also marked a change for Schwab, which had been using NT servers for e-mail. According to Muir, the choice was not about abandoning NT but was simply in-line with the firm's insistence on looking ahead. "We value and use both operating systems at Schwab, but in this particular installation, Unix appeared to be the logical choice," he said.

"The new product was a J2EE Java-based product," says Pavlovic. "There were other products out there that ran on Unix, but none offered what

[Schwab] wanted. If you think about the environment of financial services, there are numerous systems: main-frame, client-server, Web-based. One of the important factors for Schwab was integrating these existing systems.”

The resulting system, which is not proprietary to Schwab, is essentially eGain’s base product with Schwab’s specific customization on top of it. Naturally, these customizations reflect many unique needs and uses of the financial firm. For example, a supervisory loop was developed to prevent outgoing e-mails from a broker who is not authorized to respond to a message.

“Schwab designed the supervisory loop, and eGain added it to their core product,” explains Muir. “It enables the proper check of content against user skills and routes the outbound e-mail response accordingly. This workflow is seamless to the user.”

Entry and exit points allow Schwab to call up account data on the client, which is used for routing inbound e-mails to the proper individual or team. Schwab’s development team also created several Java-based inbound rules that integrate with other external systems and write to external tables that provide data for Securities and Exchange Commission reviews. It should come as no surprise that SEC guidelines played a part in the system’s development.

“The SEC rules where written correspondence must be approved by qualified managers was a big factor,” says Pavlovic. “This was something we didn’t have in the previous product—the ability to audit agents and brokers. I’m not sure if Schwab had this capability beforehand, but I know that no other product out there offered it. We’re the only ones that provide this customization today that I’m aware of.”

According to Schwab, the firm’s pre-

vious e-mail workflow allowed it to meet SEC compliance obligations, but eGain recreated these workflows as a customization of their product.

The new system also has the benefit of allowing Schwab to centralize e-mail services, although this is currently being done solely for affiliates of the United States and U.S.-based operations in the United Kingdom.

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tem bound correspondence linked by a single record number, which allows the firm to track and resolve client inquiries effectively.

Deployment and training are still in process and are influenced by the e-mail the firm receives. “The size of each user group and the e-mail address of the inbound messages determined our initial deployment plan,” according to Muir. “We began with our smaller user groups that have unique ‘mail-to’ addresses and then moved on to our larger user groups.”

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tems,” says Pavlovic, who thinks that the globalization of such systems will gain popularity. “Web-based systems enable [deployment and centralization] in a much easier way. The whole thing is that deployment couldn’t keep up with growth. Adding new people and systems in terms of training and installation was a real headache.”

For users of the new Web-based e-mail system, Schwab’s goal was to reduce the number of steps required in handling each e-mail, as well as to offer a simplified and more intuitive user-interface.

“With eGain, the system or user selection of a knowledge base response automatically categorizes the e-mail content,” says Muir. “We’re then able to better understand the reasons our clients contact us without placing an extra burden on the user.” Schwab also liked eGain’s ability to keep all related inbound and out-

Muir said training takes place both in the classroom and online through Schwab’s intranet, and he emphasized that all users have been trained without any travel.

Schwab also believes the technological improvements will benefit its customers. “With eGain’s advanced routing capabilities and the reduction in the number of steps required on each e-mail,” says Muir, “we believe our clients are being serviced by the most capable person while still meeting or exceeding service levels.” Schwab is also adding all e-mail contacts to a unified contact repository, which will enable clients to ask questions across channels without repeating their story.

Pavlovic sees other firms heading in this direction. “I’ve talked to one other brokerage in New York, and they’re evaluating our product now. They’re not receiving the volume of e-mail Schwab is, but they’re interested in the same benefits.”

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