



The Winner Takes It All:

Bank Transformation into a Digital
Aggregator of Products and
Services for Everyday Life of
Clients

The Masters Team:

Bobov Petr

Burobin Maxim

Lobkovskaya Daria




Voronova Olga



Executive summary. How to get it all.

Our response to the increasing market challenges – implementation of **SberNet** strategy, which will provide immediate results and will be the base for the further success.

1. The current market conditions call for more close bank-client relationship

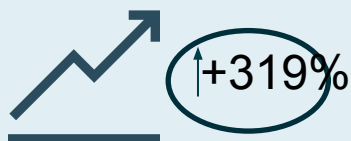
-  Non-financial companies challenge the banks
-  New digital payment platforms
-  P2P credits by social networks

2. SberNet platform replies to the challenge, becoming your partner on every step of purchasing...

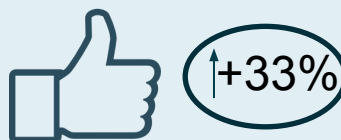


3. ...and provides the following results for the bank (by 2020)

Profit increase



NPS increase




Active clients increase






1 Introducing SberNet. Accumulate

Simple and necessary financial tools for every day use form a solid base for constant clients interaction with Sberbank.


1 Individuals solution

Introducing comprehensive budget manager (CBM) 




Competitive advantages

- Free 
- Third - party bank accounts available 
- Whole finance ecosystem 



2 Small & micro business solution

Introducing business efficiency-increasing platform (BEIP) 

Competitive advantages

- Package solutions for start-ups 
- Aggregated financial accounting & consulting 
- Informative 

CBM provides Sberbank with ...

- Constant involvement in clients' life 
- Valuable data on individuals' preferences 

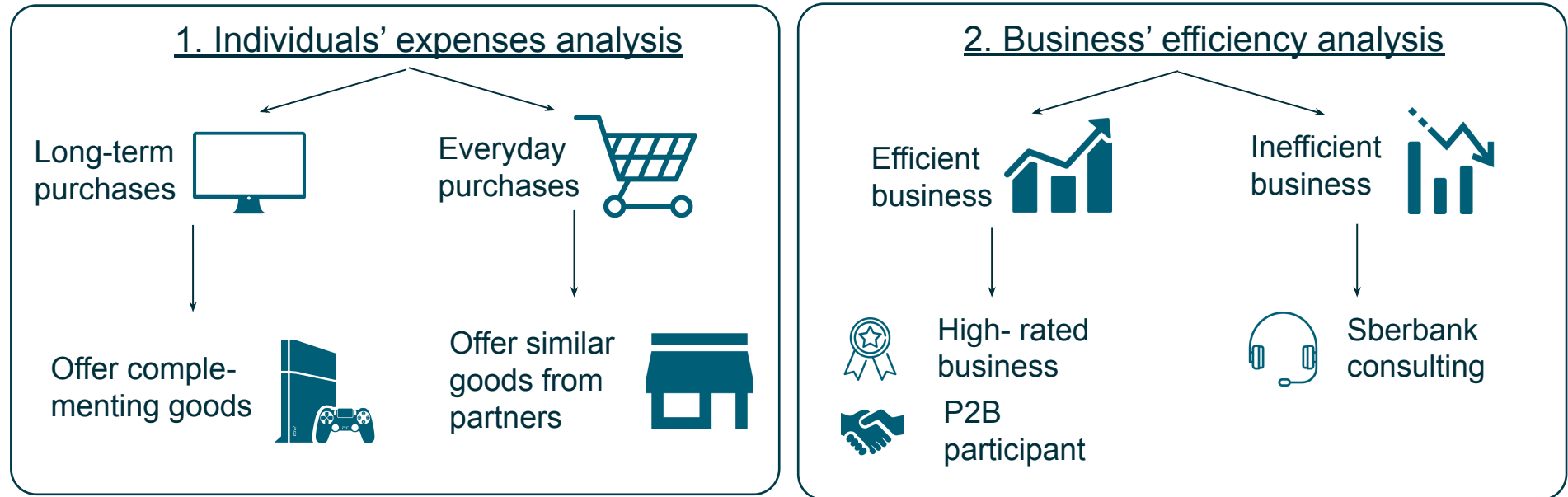
BEIP provides Sberbank with ...

- Loyal business clients 
- Valuable data on business' indicators & needs 

Sources: Team analysis, Appendix 4

② Introducing SberNet. Analyze

Basing on a complex Big Bata analysis, Sberbank proposes personal initiatives both for individuals and small business...

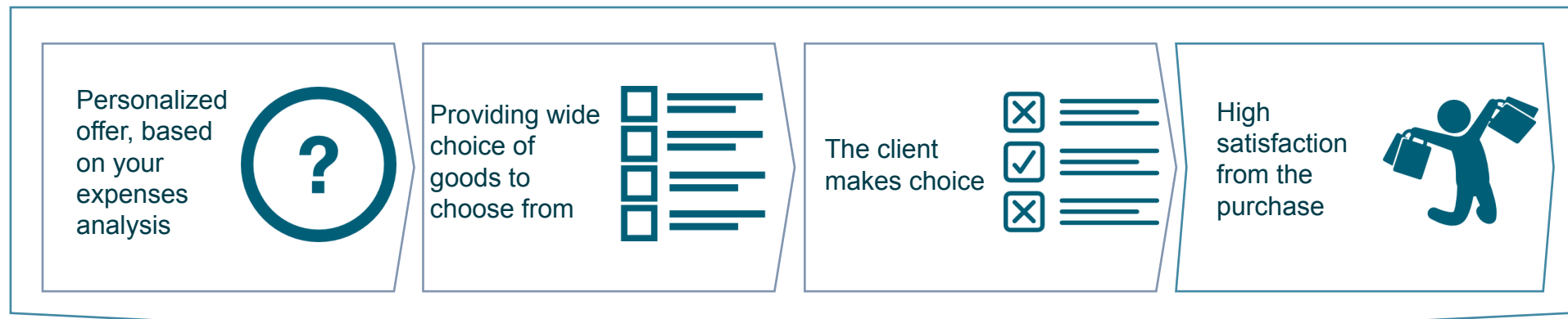


...as the result, Sberbank will become not only clients' but business' everyday bank.



3 Introducing SberNet. Accomplish.

Sbernet identifies the most common purchased items in every category and shows them. The client can buy it instantly from a trusted partner with a good price-quality ratio.



Sbernet becomes a personal consultant that gives flawless advices. Sberbank isn't just a bank, its your assistant & your friend.

Implementation plan

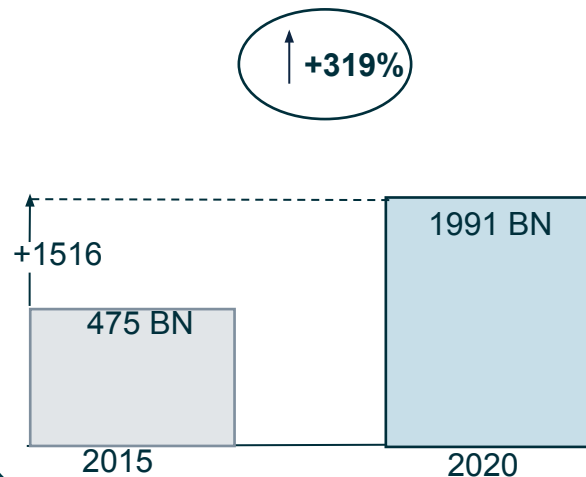
The SberNet platform needs to be launched as soon as possible (2016) and will be fully set by 2018.

Steps to take	Short term	Medium term			
	2016	2017	2018	2019	2020
SberNet implementation					
Introducing expense manager	██████████				
Introducing business financial accounting platform	██████████				
Setting up Big Data analysis (including expenses info)	██████████				
Start consulting individuals & businesses		██████████			
Targeted discounts start			██████████		
Constant processes					
Conducting promos to promote the tools	██████████	██████████			
Making new partnerships	██████████	██████████		██████████	
Accumulating information from the introduced tools	██████████	██████████	██████████	██████████	██████████

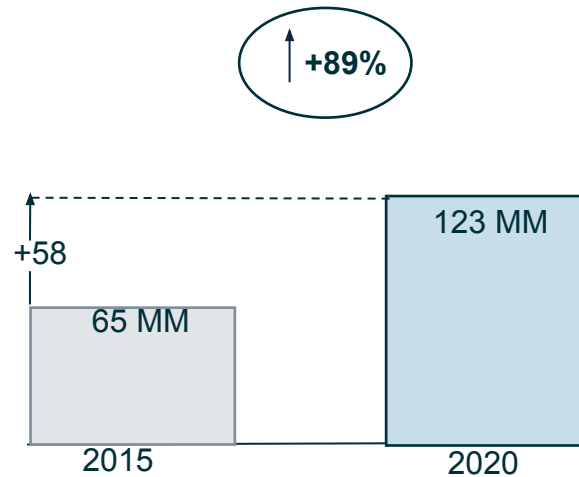
Results expected

Implementation of SberNet platform will provide growth of the following KPIs...

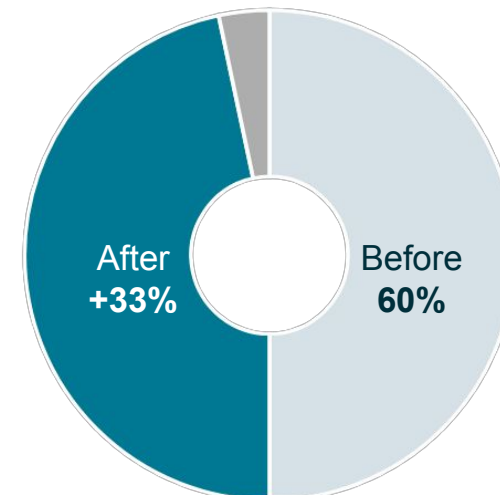
1 Profit growth



2 Number of active clients



3 NPS rate



Key growth drivers

- ❖ Revenue growth
- ❖ Low implementation costs
- ❖ Increasing market share
- ❖ Aggregated finance managers
- ❖ Digitalization
- ❖ Network effect
- ❖ User-friendly tools
- ❖ Personalized approach
- ❖ Valuable deals



Due to constant involvement in clients lives, SberNet will not only increase KPIs, but will make Sberbank the Every Day Bank

Masters Team

Bobov Petr



HSE-NES student



Winner of Russian
economics competition



@ pbobov@nes.ru



+7-999-963-64-10

Burobin Maxim



HSE-NES student



Winner of Russian
economics competition

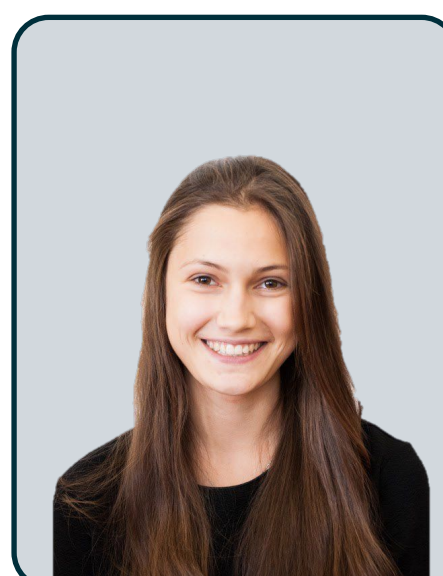


@ mburobin@nes.ru



+7-926-959-84-84

Lobkovskaya Daria



HSE-NES student



Winner of Russian
economics competition



@ dlobkovskaya@nes.ru



+7-916-137-60-67

Voronova Olga



HSE-NES student



Winner of Russian
economics competition



@ ovoronova@nes.ru



+7-916-097-85-45

Appendix 1. Banking industry prospects.

Non-financial companies are increasingly venturing into financial sector for growth.

Key threats

- Intention to implement online-payment systems in Russia by non-financial companies.
- Intention to implement P2P credits via social networks.
- Clients' oriented services are becoming extremely popular.



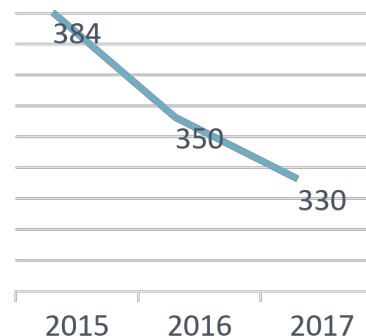
Alipay



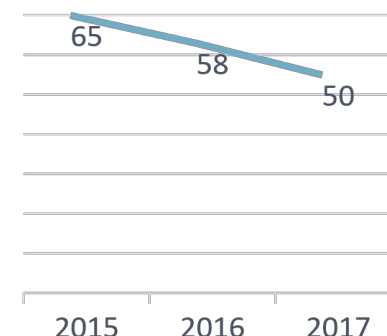
Sense

Consequences

1. Commission income decrease, BN



1. Number of active clients decrease, MM



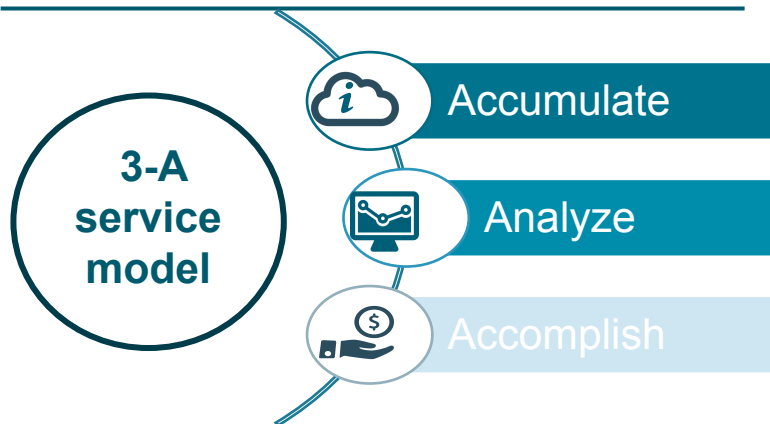
Sberbank needs a shift in strategic focus from being a provider of financial products and services to being a provider of solutions, and counteract emerging of new payment systems.

Appendix 2. Introducing SberNet - the center of your financial ecosystem

SberNet is a unitary platform which involves Sberbank in clients' everyday life and boosts the clients' interaction with the bank.

How does SberNet work?

1 Sbernet includes three levels of interaction with clients...



2 ... and is based on digital service channels

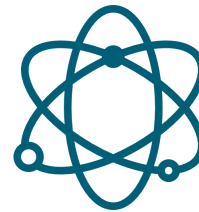


Mobile App

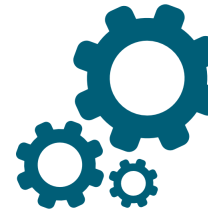


Online bank

What are the aims?



Unify all your financial and consumer needs



Provide user-friendly services for your needs management



Build trustworthy life-long relationship with the clients

Appendix 3. Accumulate.

Impact from coordination. Individuals. Number of users growth.

	Number of active users 2015, MM	Used now, %	Expected growth rate first year, Sberbank clients	Expected growth rate next years, Sberbank clients	Expected growth rate first year, clients from other banks	Expected growth rate next years, clients from other banks	Expected Sberbank clients 2017, MM	Expected Sberbank clients 2020, MM	Expected users from other banks attracted 2017, MM	Expected users from other banks attracted 2020, MM	Expected users attracted total 2017, MM	Expected users attracted total 2020, MM	Growth rate, %	Growth, MM
Mobile App	9,8	15%	2,6	1,03	0,4	1,2	25,48	27,84268396	5,2	8,9856	30,68	36,82828396	276%	27,02828396
Phone service	24,8	38%	0,9	0,99	0	0	22,32	21,65707368	0		22,32	21,65707368	-13%	-3,14292632
Online Bank	24,6	38%	1,6	1,03	0,3	1,1	39,36	43,00973472	9	11,979	48,36	54,98873472	124%	30,38873472
Total, MM*	59,2											113,4740924		54,27409236
Active clients total	65*Some clients use more than one digital channel.													

Impact from coordination. Business. Number of users growth.

Number of corporate clients 2015, TH	Number of small & micro businesses , 2015, TH	Number of entrepreneurs, 2015, TH	Expected share of clients attracted in the first year	Expected clients attracted 2017, MM	Expected share of clients attracted in the next years	Expected clients attracted 2020, MM	Growth rate, %	Growth, MM
1100	1644	2926	0,2	914	1,1	1216,534	211%	1216,534

Sources used: Bank reports, Rosstat, Team's analysis.

Appendix 4. Digital banking analysis. Individuals

Online banking analysis, 2015

	Share of users, %	Online bank users, MM
Sberbank	82,00%	24,6
VTB 24	9,10%	2,73
Alfa bank	7,10%	2,13
Tinkoff	6,20%	1,86
Russian standart	3,70%	1,11
Home credit bank	3,40%	1,02
Moscow bank	2,60%	0,78
Otkrytie bank	2,50%	0,75
Promsvyaz bank	2,30%	0,69
Raiffeisen	2,00%	0,6
Number of online-banking clients, 2015 MM	30	

Mobile banking analysis, 2015

	Share of users, %	Mobile bank users, MM
Sberbank	78,00%	10,14
VTB 24	7,90%	1,027
Alfa bank	5,10%	0,663
Tinkoff	5,30%	0,689
Russian standart	3,70%	0,481
Home credit bank	1,90%	0,247
Moscow bank	2,50%	0,325
Otkrytie bank	0,50%	0,065
Promsvyaz bank	0,50%	0,065
Raiffeisen	2,20%	0,286
Number of mobile banking clients, 2015 MM	13	

Sources used: Bank reports, e-Finance User Index 2016, Team's analysis.

Appendix 5. Costs.

Costs

Costs (based on implementation plan)	2016	2017	2018	2019	2020
Introducing expense manager, MM	2				
Introducing business financial accounting platform, MM	35				
Introducing SberMarket, MM		500			
Setting up big data analysis, MM	25	25			
Start consulting individuals & businesses, MM		25			
Targeted discounts start, MM		50000	60000	60000	40000
Conducting promos for new tools, MM	200	150	50		
				Total, MM RUB	210622

Discount expenses

	2016	2017	2018	2019	2020
Number of clients who get a discount	0	10	20	30	40
Average sum of discount per client, RUR	0	5000	3000	2000	1000
Discounts expenses, MM RUR	0	50000	60000	60000	40000
				Total	210000

Sources used: Sberbank reports, Team's analysis.

Appendix 6. Profit & KPIs.

Profit

	2016	2017	2018	2019	2020
Revenue, MM	1403300	1543700	1852400	2275100	2957700
Costs, MM	926382	976820	986190	986140	966140
EBITDA, MM	476918	566880	866210	1288960	1991560
				Total profit growth	317,00%

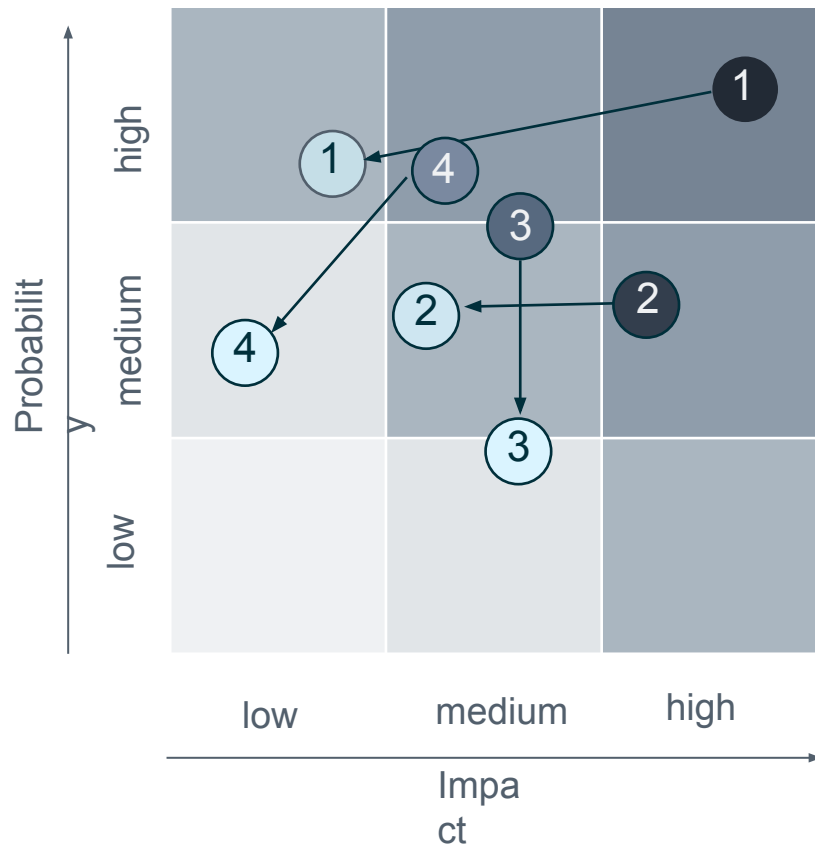
KPIs

	2015	Expected growth rate, 2016	Expected growth rate, 2017	Expected growth rate, 2018	Expected growth rate, 2019	Expected growth rate, 2020	2020	Growth, %
Non-financial KPIs								
Number of Sberbank products per client	2,46	1,4	1,1	1,05	1,07	1,1	4,68	90,00%
Number of active clients	65	1,2	1,3	1,1	1,05	1,05	122,97	89,00%
NPS	60,00	1,1	1,2	1,05	1,06	1,06	93,40	55,70%
Financial KPIs								
Fee income	384,1 BN RUR	1,03	1,1	1,2	1,3	1,3	882,55 BN RUR	129,00%
Interest income	988 BN RUR	1,02	1,1	1,2	1,2	1,3	2075,1 BN RUR	110,00%
Partnership income								
Total	1372,1 BN RUR						2957,65 BN RUR	215,56%

Sources used: Sberbank reports, Rosstat, Team's analysis.

Appendix 7. Risks analysis

The greatest risks come from increasing market competition with non-banking companies, but the suggested strategy is aimed at easing the threats.



Risks

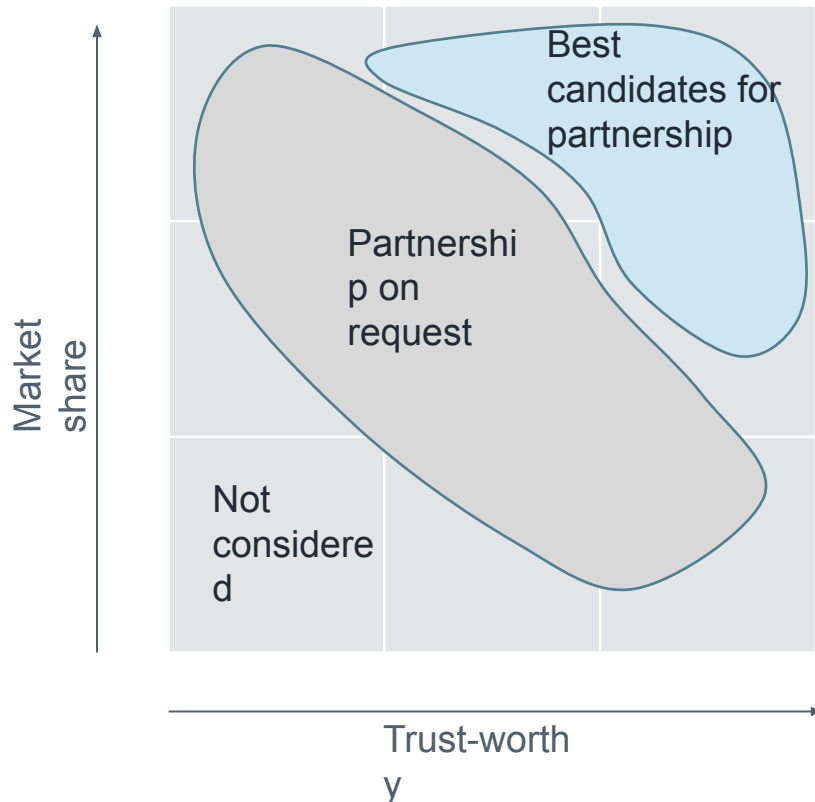
- 1 Increasing pressure from non-financial competitors
- 2 Profitability decrease due to lower demand on financial services
- 3 Cyber attacks on the bank and clients' personal data
- 4 General economic decrease

Solutions

- 1 Introducing new tools for every day use
- 2 Exploring non-financial markets
- 3 Awareness of the constant threat & high security rates
- 4 Market leadership & efficient management

Appendix 6. Partnerships

Sberbank is a trusted bank and can not provide low-quality goods, in order not to loose trust and clients.



Choosing partners to promote their goods and services for clients is an important and fundamental task.



Focus on high-quality long-term goods' providers



Constant control of the quality