

CASE STUDY

KeyBank

"WE WERE LOOKING FOR A TOOL THAT WOULD PROVIDE DETAILED INFORMATION ABOUT TRADE AREAS AND HELP US IDENTIFY EXPANSION, RELOCATION AND CONSOLIDATION OPPORTUNITIES."

Karen Hofer, Vice President, Branch Channel Manager, KeyBank

KEYBANK UTILIZES PITNEY BOWES BUSINESS INSIGHT'S MARKET SIMULATION MODEL TO ASSIST IN DEVELOPING A NETWORK-WIDE GROWTH STRATEGY THAT WILL FULFILL EACH UNIQUE MARKET'S NEED.



Challenge

The diversity of KeyBank's branch locations created a challenge when developing a network-wide growth strategy that would fulfill each unique market need.

Solution

Implementing the WinSITE™ market simulation model, Pitney Bowes Business Insight helped KeyBank accurately project the effect of any number of possible changes to a branch network.

This included:

- opening a new office
- closing or relocating an existing location
- renovating an existing facility
- changing business hours

SUMMARY

Background

KeyCorp (Key), based in Cleveland, Ohio, is one of the nation's largest bank-based financial services companies with assets over \$95 billion, employing about 20,000 people in more than 940 branches and other businesses across 50 states. Key's community banking franchise—KeyBank—is located in Alaska, Colorado, Idaho, Indiana, Kentucky, Maine, Michigan, New York, Ohio, Oregon, Utah, Vermont and Washington.

Key also has businesses that operate nationally from offices located across the U.S., including Commercial Real Estate, Home Equity, Investment Banking, Asset Management, Education Lending and Equipment Financing.

Geographic Diversity

As is the case with many banks, branch locations are critical at KeyBank and its executives are continually focused on existing location performance as well as strategic growth opportunities. However, the diversity of KeyBank's branch locations creates a challenge for the company when developing a network-wide growth strategy that will fulfill each unique market's needs.

"We're geographically diverse," says Karen Hofer, Vice President, branch channel manager at KeyBank. "We're in 13 states from all the way out West in Washington up through Maine and Vermont, so we have very different geographies and different markets in which we're active."

Hofer and her team faced the immense task of managing the distribution strategy for KeyBank's entire branch network. This includes handling all data collection and analysis in-house for branch distribution-related decisions. According to Hofer, the information gathering process required a hefty six-month time commitment. This, coupled with the team's daily responsibilities, was labor intensive. In 2004, KeyBank began to evaluate outside resources to help simplify the process.

"We started looking outside the company to see what types of off-the-shelf systems were available to help us perform data collection and analysis easier and faster," Hofer says. "We were looking for a tool that would provide detailed information about trade areas and help us identify expansion, relocation and consolidation opportunities."

RESULT

In May 2005, KeyCorp implemented Pitney Bowes Business Insight's WinSITE™ market simulation model to accurately project the effect of any number of possible changes to a branch network—the opening of a new office, closing or relocating an existing one, the addition of drive-through windows at an existing facility or changes in business hours. "The number one factor that separated Pitney Bowes Business Insight from other solutions was its underlying data source," says Hofer. "The WinSITE data set includes rich information about product purchases in the marketplace without identifying specific customers."

"WE MOST VALUE WINSITE™ FOR HELPING WITH THE DAY-TO-DAY DECISIONS WE MAKE IN DISTRIBUTION MANAGEMENT."

Karen Hofer, Vice President, Branch Channel Manager, KeyBank

UNITED STATES

One Global View
Troy, NY 12180-8399

main: 518.285.6000
1.800.327.8627
fax: 518.285.6070

pbbi.sales@pb.com
www.pbinsight.com

CANADA

26 Wellington Street East
Suite 500
Toronto, Ontario
M5E 1S2

main: 416.594.5200
fax: 416.594.5201

pbbi.canada.sales@pb.com
www.pbinsight.ca

Pitney Bowes Business Insight combines demographic, geographic and customer statistics to provide comprehensive data about each market—including the overall volume of various consumer and small business banking products such as checking, savings, certificates of deposit, mortgage, home equity and loans, along with the predicted share of the line of business held by each branch within a market. Pitney Bowes Business Insight's location intelligence technology integrates each bank's strengths and strategy into its solution along with how they compare with nearby competitors; therefore, it can produce different answers about a particular location for different banks. WinSITE is not a one-size-fits-all application; it is customized for each client bank.

Working together, Pitney Bowes Business Insight provided KeyBank with a tailored WinSITE model, including periodic market data updates and training for Hofer's team to house and run the analysis in-house. KeyBank combined the recommendations from WinSITE with what Hofer calls the "ground knowledge from local teams" to hone the strategic plan for each market.

"We develop our strategies market by market," says Hofer. "We did each market analysis using WinSITE and then we would fly out and have management meetings with the district leadership. With the aid of WinSITE, we identified hundreds of locations and needs and used them to finalize the long-term strategy and priorities for the franchise, for example, 'Where's the number one market that we want to invest in all the way down to the 23rd?'"

"I can't emphasize enough how solid the support is," says Hofer. "Pitney Bowes Business Insight has always been there to answer questions and help us strategically think through any issues that may come up."

The Benefits

According to Hofer, WinSITE's impact was immediate. With the tool, KeyBank can now

answer questions and provide recommendations more quickly to district management teams in any geography.

"We most value WinSITE for helping with the day-to-day decisions we make in distribution management," says Hofer. "If we get a call from local leadership and they're toying with the idea of adding drive-up auto tellers or adding Saturday hours, we can then actually go into the model and make changes to the physical branch to get an estimate of what we can expect to gain in terms of deposit growth."

Hofer notes, "If the WinSITE demographics show that the trade area is shifting, then we'd more than likely recommend that you close one branch and open a new one where the traffic is heading."

Hofer says she expects to see expansion results from the market optimization planning within the next three years. Feedback from the local level and executive team has been favorable from the data that has come out of the WinSITE model.

"I call WinSITE a powerful tool to help make smart decisions," Hofer says. "You can describe what you're looking to do: 'Am I looking to grow my franchise to gain more deposits? Am I looking to maximize loans?' It analyzes your facilities and locations based on everybody else in the marketplace, looks at how much demand is available in the market, and then it divies it up and says, 'If you put a branch in these 10 locations, they should hit your internal financial hurdles and be a smart investment.'"

Furthermore, Hofer highlights Pitney Bowes Business Insight's effectiveness in helping KeyBank understand the marketplace.

"With WinSITE we can conduct surveys of all the financial institutions in a market," Hofer adds. "We have the ability to pull up a competitor location, for example, and see what the hours of operation are, and the number of drive-up auto tellers and teller windows. From my desk in Cleveland, I can gain a lot of information very quickly."

