



## Case Study

# First National Bank: Driving Market Value with SaaS

As the oldest organisation of its kind in South Africa, First National Bank (FNB) is under immense pressure at the top. Retaining customer loyalty since 1838 requires constant reinvention and is virtually impossible to achieve without operating at the technological cutting-edge.

FNB's Software-as-a-Service (SaaS) strategy is a vivid case in point. It all began in 2013 with the launch of Instant Accounting, a free service enabling smaller customers to source their own accounting software. It was a landmark moment, heralding the start of FNB's 'Instant Accounting Solutions' portfolio. Three years later, Instant Payroll, Instant Cash Flow, and Instant Invoicing were added to the mix.



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"Our SaaS services are all about helping fledgling businesses get off the ground and keeping them flying in those first years when so many firms crash. It has definitely helped differentiate FNB from the competition. The key was to really offer value-added services to entrepreneurs," explains Mags Ponnann, FNB's Head of Business Incubator & Customer Value Proposition.

Around 80,000 to 90,000 small or medium size businesses a month open FNB accounts, with SaaS proving an increasingly attractive USP.

"SaaS is helping make us more attractive to new customers and it is also a key part of our retention strategy. By using our free business software products, start-ups and small business are saving themselves around R5000 (\$368) a year," says Ponnann.

While other South African banks are starting to offer free or subsidised business software, they typically rely on third party providers which raise costs, complicates security management and stifles customisation. It also hampers integration with other business or banking systems. 100% of FNB's SaaS products are in-house, overseen by a team of 25 developers, analysts,

195,000

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and trainers all ensuring that offerings synchronise with overall goals and strategic vision.

“We own the intellectual property,” says Ponnán, “With no reliance on third-party products, we have enhanced cost management, provided more general control and are better able to manage reputational risk.”

FNB’s SaaS hardware is also in-house, leveraging the cloud to offer new levels of scalability and cost-efficiency.

“We could have taken a non-cloud approach, but security would have been more of an issue and costs would have been a lot higher,” Ponnán enthuses. “It was a natural decision to go for the cloud.”

All of this is good news for FNB’s Instant Accounting Solutions customers, who can now gain secure access from anywhere and at any time.

“There is no need to upload data - it all taps directly into their bank account statement. Users have far less admin and can focus more on running their business,” says Ponnán.

As a part of its entrepreneur-stoking remit, FNB also offers online tutorials to optimise the tools’ efficacy and reach. Face-to-face classes for 20-30 participants at a time are offered for those with limited IT experience.

The SaaS services remain free and there are no plans to open the Instant Accounting suite to non-customers.

“We have to maintain the value-added nature of these offerings,” notes Ponnán. The strategy is clearly working and word is starting to spread beyond the initially targeted SME market. FNB is now actively seeking big businesses.

“Our user base used to be up to R10 million turnover businesses, but in the last year we are seeing strong interest from those achieving R60 million to R80 million,” says Ponnán. “Customers are seeing how much we save for them.”

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There are currently around 195,000 active Instant Accounting Solution users. FNB hopes to grow that figure to 500,000 in the coming years.

“Our next step is to improve our products further, make them simpler to use and introduce greater mobility options,” says Ponnann.

FNB’s customer-centric fine-tuning recently helped it secure the title of Top Corporate Bank for the fifth consecutive year in the South Africa Sunday Times Top Brands survey.

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“We strive to make sure that we are relevant to the markets in which we operate, and it’s important to us that we can help businesses navigate tough times, such as economic slow-downs,” says Mike Vacy-Lyle, Chief Executive of FNB Business.

“We have some exciting developments in the works that will take us further in our digital journey, and through this, we will continue to launch amazing services, products, and partnerships, all aimed at taking the anguish out of doing business”.

As the sponsor of South Africa’s Business Innovation Awards, FNB can ill afford to slow down its ability to substantively innovate and add value. New services on the horizon include free accounting (Instant Accounting) and online documents reservation services. Excitement is also building for FNB’s recent partnership with the Companies and Intellectual Property Commission to digitise South Africa’s business registration processes.

“Our message to entrepreneurs is that we understand that it isn’t just business to them and that is why we remain committed to providing meaningful solutions to help them grow,” Vacy-Lyle concludes.