Adaptive Digital Onboarding

Key to Building Customer Lifetime Value

Daon

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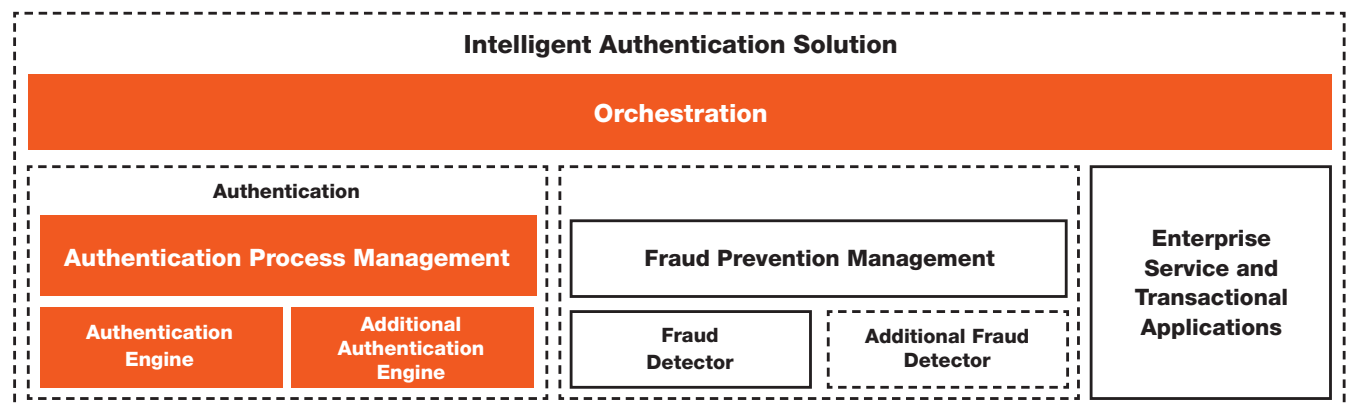www.opusresearch.net

Company: **Daon**

Founded: 2000

Specialty: Daon offers a full range of biometric authentication, identity proofing and management technologies for online, mobile, in-person and contact center use cases.

Distinction: Daon's unique approach enables enterprises to manage customer identity and authentication throughout their lifecycle and across channels with minimum friction and maximum assurance through a single integrated platform. Their enterprise-ready platform reflects their experience implementing their technology with hundreds of enterprises and hundreds of millions of end users.

Coverage: In the context of the Opus Intelligent Authentication Stack (Figure 1 below), Daon provides multiple authentication engines, authentication process management and orchestration capabilities. Daon's solution extends beyond our traditional definition of Intelligent Authentication to incorporate onboarding and identity proofing.

Figure 1 - Opus Intelligent Authentication Stack - Daon Coverage

Intelligent Authentication Solution

Orchestration

Authentication

Authentication Process Management

| Authentication Engine | Additional Authentication Engine |

Fraud Prevention Management

| Fraud Detector | Additional Fraud Detector |

Enterprise Service and Transactional Applications

The Need for Friction-Free Onboarding and Identity Proofing

The global health situation accelerated enterprises' transition to online commerce and spawned the need for improved remote onboarding processes. In face-to-face environments, distinguishing between a genuine person and a bot is easy. So is the use of physical documents, such as a driver's license or passport to determine that their new customer is the person he or she claims to be.

As they support more online and mobile services, enterprises discover the impact of poorly designed (or, in some cases, missing) processes. Businesses that make it difficult for new customers to onboard have found them to be extraordinarily fickle and perfectly happy to move on to competitive services. Meanwhile, fraudsters with increasingly sophisticated synthetic identities exploit the weaknesses of organizations that do not implement sufficient controls.

Daon, a global technology leader in biometrics and identity assurance, offers a platform that enables enterprises to set up and configure user interfaces and workflows required for quick, simple and successful

remote onboarding. Daon's adaptive approach means that the process can be fine-tuned to the business unit and customer-specific needs to minimize friction. It recognizes thousands of official documents from more than 200 countries which customers can enter either through a web browser or a mobile app. It easily integrates with multiple data providers to ensure the user is a genuine individual. Additionally, their biometric technologies can ensure that the user is an actual live human and, sometimes more importantly, not a known fraudster.

Keeping Up With the Fintechs

Financial services organizations have always had specific requirements to "Know Your Customer" (KYC) and provide secure transactions. As a growing number of vertical industries add digital commerce capabilities to their offerings, regulators, rightly, expect them to show the same care and attention as "Fintechs." Yet, many lack the experience and processes to deliver secure, personalized e-commerce.

Even if they don't sell financial products, nearly every organization needs to take payments of some sort and is dependent on payment service providers to do so. As these providers are forced to comply with increasingly rigorous rules themselves, there is a genuine risk that they will simply cut off enterprises that don't demonstrate a good track record of preventing fraud.

Extending Each Customer's Lifespan

Clever onboarding has a multiplier effect over time with loyal customers. Enterprise customers find that they can use the same biometric information captured during onboarding to authenticate seamlessly when they reach a contact center, log in to a mobile app or need to reset their credentials.

Enterprises can deploy Daon's face biometrics and voice biometrics—both passive (text-independent) and active (text-dependent)—on the device or on the server, with either on-premises or cloud-based deployments. Using the best of their own and third-party algorithms, they can also include fingerprint, behavioral, and other biometric techniques in the authentication process. They provide a comprehensive authentication solution that is flexible enough to meet any regulatory or security requirement. Daon's platform, unlike competitors who fixate on advanced authentication techniques alone, also incorporates legacy authentication factors such as PINs, passwords and one-time passcodes. These still have a role for many enterprises and are essential for transitioning customers to newer techniques.

Security Factors Available

- Active Voice Biometrics
- Passive Voice Biometrics
- Facial Biometrics
- Fingerprint Biometrics
- Behavioral Biometrics
- PIN/Password

- Secure Remote Password
- One Time Passcode
- Security Key
- Device Authentication
- Device Signals

This range of implementation options and pragmatic inclusion of legacy authentication methods allows enterprises to choose the most appropriate method for each use case and context within the IdentityX platform authentication policies. The key advantage is that these authentication policies can all be easily configured and controlled within a single management application.

Case Study Proof Points

Many large enterprises in diverse markets and geographies agree. Daon's impressive list of case studies proves the value of their approach and provides confidence in their experience successfully implementing it.

Top-10 U.S. Bank

A top-10 U.S. bank needed a solution to prevent cross-channel fraud while enhancing the customer identity experience across mobile, web, and contact center interactions. Daon delivered a fully cross-channel identity platform that combines on-device (FIDO-certified) biometric authentication for digital interactions and server-side voice authentication for contact center agents and IVR. This iconic bank scaled to 3,300 simultaneous voice authentications with average handle time (AHT) reductions of 25-45 seconds, saving millions of dollars and significant improving customer satisfaction and brand loyalty metrics.

Large U.S. Credit Union

A large U.S. credit union sought to reduce account takeovers and fraud, while at the same time enhancing its member experience with more convenience identity assurance. Daon's IdentityX platform was seamlessly rolled out to the credit union's members, providing them with a mobile and web banking platform where members could access services securely, from anywhere, with their finger, face and voice, ultimately saving the credit union millions of dollars in the first year.

Joint venture for cross-channel biometric authentication and e-KYC

Sumitomo Mitsui Banking Corporation, one of Japan's largest financial groups, along with its technology partner NTT Data, asked Daon to bring its technology and expertise to a new joint venture. The result is Polarify: a cross-channel service that delivers secure and convenient biometric multi-factor authentication and e-KYC. Polarify has processed almost 14 million e-KYC transactions in the last 15 months for its customers, who include not just banks, but also some of the world's most largest telecommunications e-commerce and insurance companies, including Softbank, Rakuten, PayPay, and Japan's largest life insurance company Nippon Life.

Market Impact: HIGH

Opus Research sees the need for seamless authentication across multiple channels growing exponentially across new industries and use cases as a key element to customer retention and security. Enterprises will increasingly need to manage the identities of their customers over time and across many channels. Most organizations will not have the resources or capabilities to integrate multiple vendor solutions so will increasingly seek a single point of management. The benefits of this platform approach are numerous, including a seamless and consistent brand experience for customers, fewer gaps for fraudsters to exploit, lower total cost of operations, and a simpler path to compliance today and in the future.

Defined as "Identity Continuity"

Daon describes their approach as "Identity Continuity." They believe that the full potential of improved identification and authentication methods won't be realized unless it is integrated and consistent across every touchpoint in the customer life cycle. We agree that whilst knitting together different vendors for each point of interaction is feasible; it is also complex. This complexity will inevitably lead to more customer friction than necessary and increased opportunities for fraudsters to exploit.

Figure 2 - Daon's Trusted Digital Identity
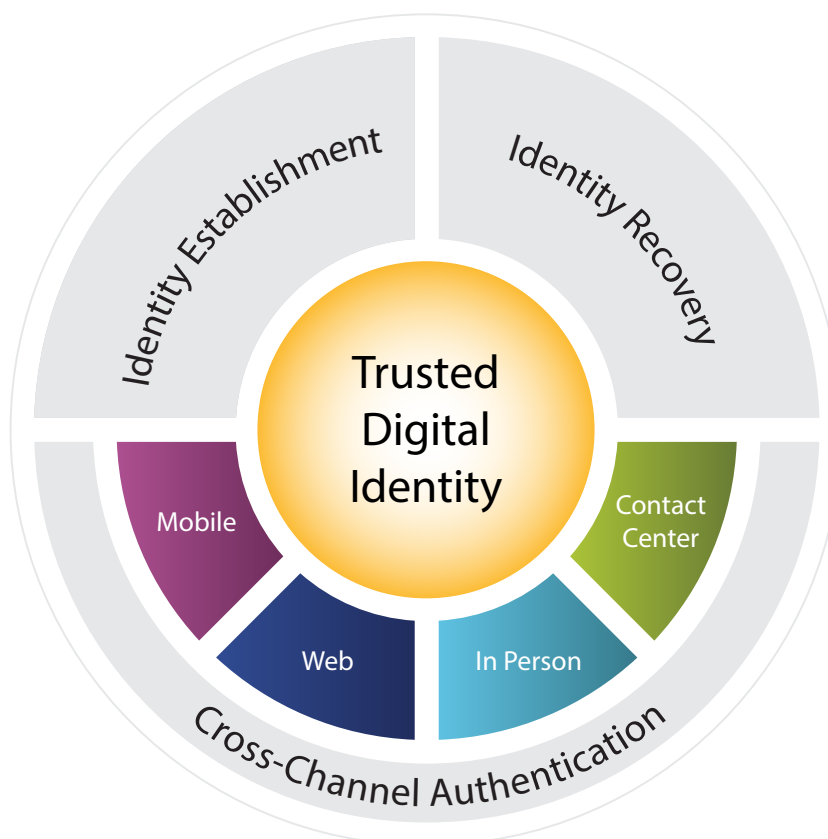
How to integrate into your company

While Daon's comprehensive solution and thorough lifecycle approach can meet all of your identity proofing and authentication needs, you don't need to implement everything at once. Opus Research recommends engaging them to help resolve your most significant pain point, whether that be customer onboarding, call center authentication or credential reprovisioning. Daon's solution can expand to cover your other use cases while quickly proving value and allowing them to understand your broader requirements more thoroughly.

If you have the advantage of starting from a blank sheet of paper with a new proposition or line of business, then bringing Daon in early will give you the benefit of their deep expertise in this area.

Bottom Line

Opus Research has been tracking Daon's progress for many years. Their technology, vision and solutions have always impressed, but market demand has sometimes lagged behind their vision. Fortunately, they've been skating to where the puck was going to be, and with the acceleration of digital interactions driven by the global pandemic, their time has finally come. In an increasingly global and remote services world, enterprises that don't focus on building and maintaining friction-free, seamless identity assurance across channels and for the entire customer lifecycle will be at a competitive disadvantage.

About Opus Research

Opus Research is a diversified advisory and analysis firm providing critical insight on software and services that support digital transformation. Opus Research is focused on the merging of intelligent assistance, NLU, machine learning, conversational AI, conversational intelligence, intelligent authentication, service automation and digital commerce. **www.opusresearch.net**.

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