

# **Cementing Human Relationships with Technology**

**Gideon Sasson**  
**President of Electronic Brokerage**  
**March 10, 1999**

**The Charles Schwab Corporation**

# Real e.Commerce Requires Real People



It's all about  
e.People

# Charles Schwab

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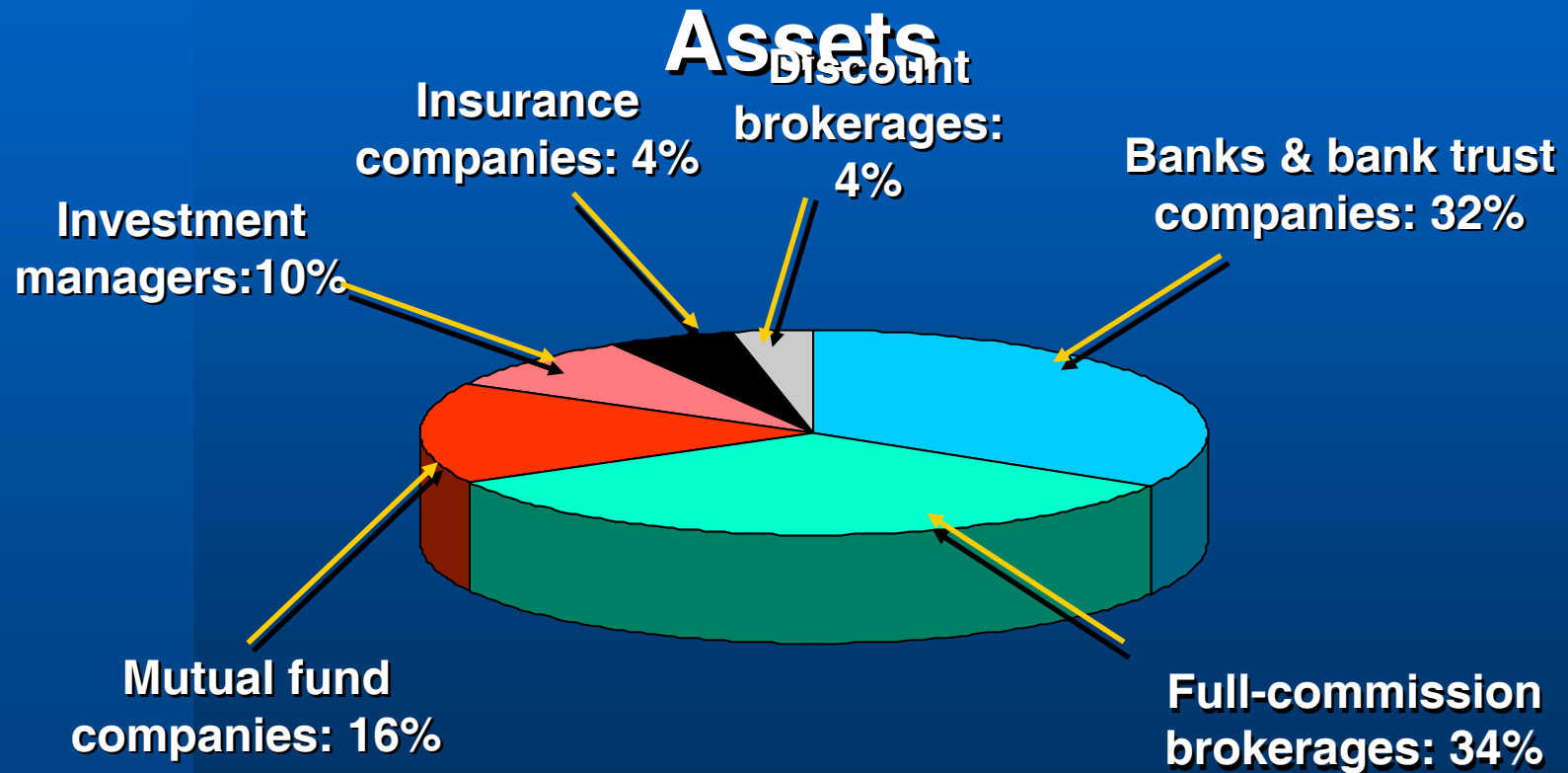
- **1974 - Charles Schwab & Co., Inc. founded**
- **1975 - First Branch opened in Sacramento, CA**
- **1983 - Sold to BofA for \$55MM**
- **1984 - Mutual Fund Marketplace Introduced**
- **1985 - Equalizer - First Online Trading**
- **1987 - Buy-back from BofA; IPO**

# Charles Schwab

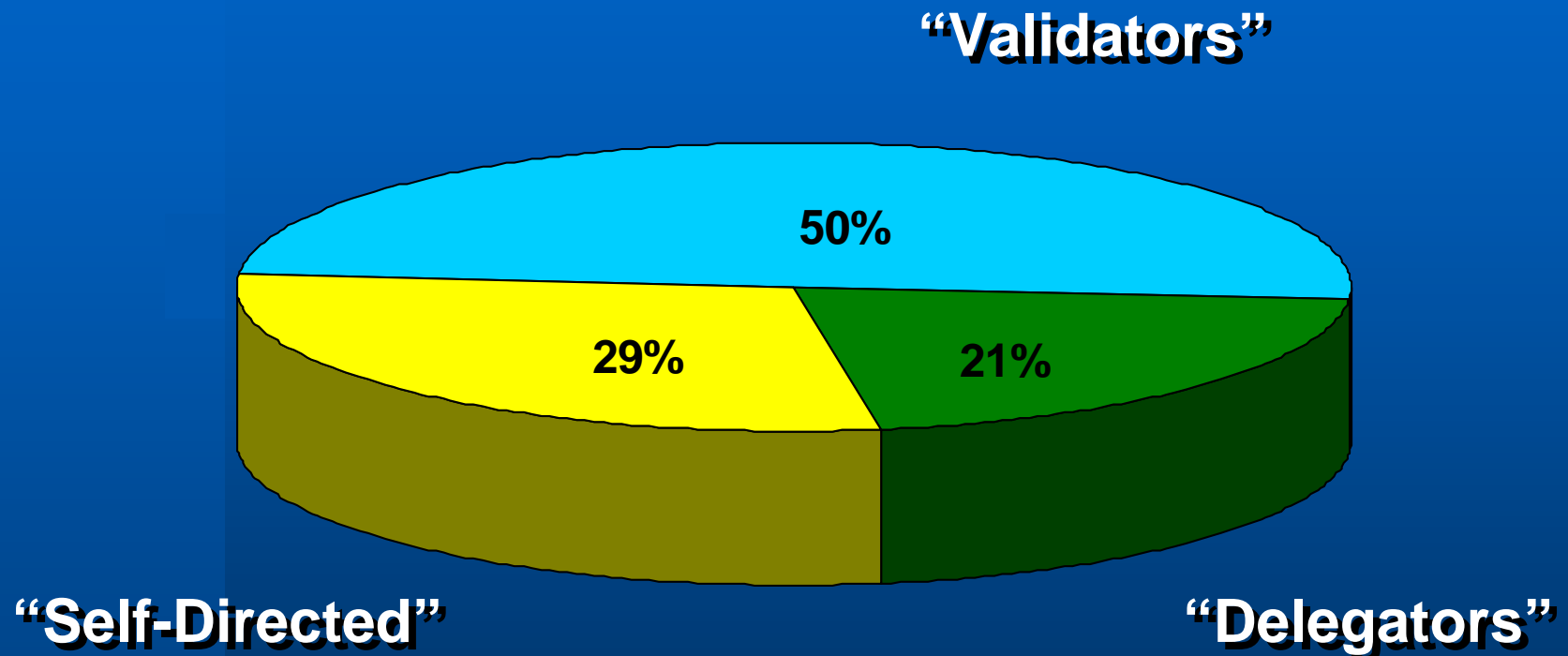
- **1989 - Telebroker Automated telephone trading**
- **1992 - Schwab Mutual Fund OneSource**
- **1995 - Establish the Electronic Brokerage Enterprise**
- **1996 - Internet Trading Launched**
- **1998 - Web Commission lowered to \$29.95 for all customers**

# The Market Place

## US Household Investable



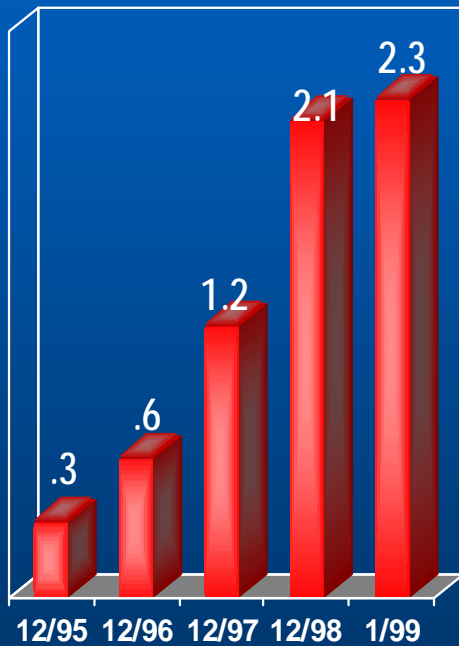
# Investing Style Among High Net Worth Investors



Source: VIP Forum Buyer Value Study, 1997

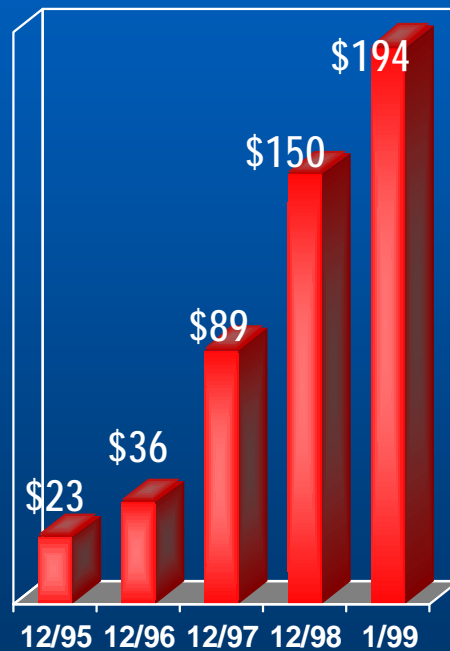
# Electronic Brokerage Growth

**Online Accounts**  
*(Millions)*



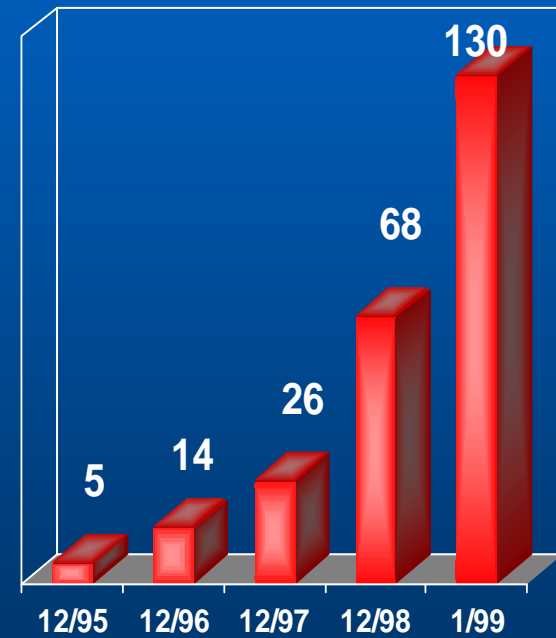
12/95 - 1/99 Growth:  
**665%**

**Online Assets**  
*(\$ Billions)*



12/95 - 1/99 Growth:  
**745%**

**Online Trades**  
*(Thousands)*



12/95 - 1/99 Growth:  
**2,500%**

# Electronic Brokerage

*Deliver the Schwab Vision Online*

## Schwab

- » Provide Customers with the most useful and ethical financial services in the world

## Electronic Brokerage

- » Provide the BEST online Investment Experience in the world



# **How did the Internet Transform our Company?**



**“The Internet connects you to all the  
minds in the world.**

**No one can second guess you.”**

***-- Chuck Schwab***

**“For the 20 deals we’ve done this quarter, we’ve discussed who owns the customer. In every case, the resolution has been *‘We’ll share the customer.’*”**

**-- *Mike Homer, Netscape***

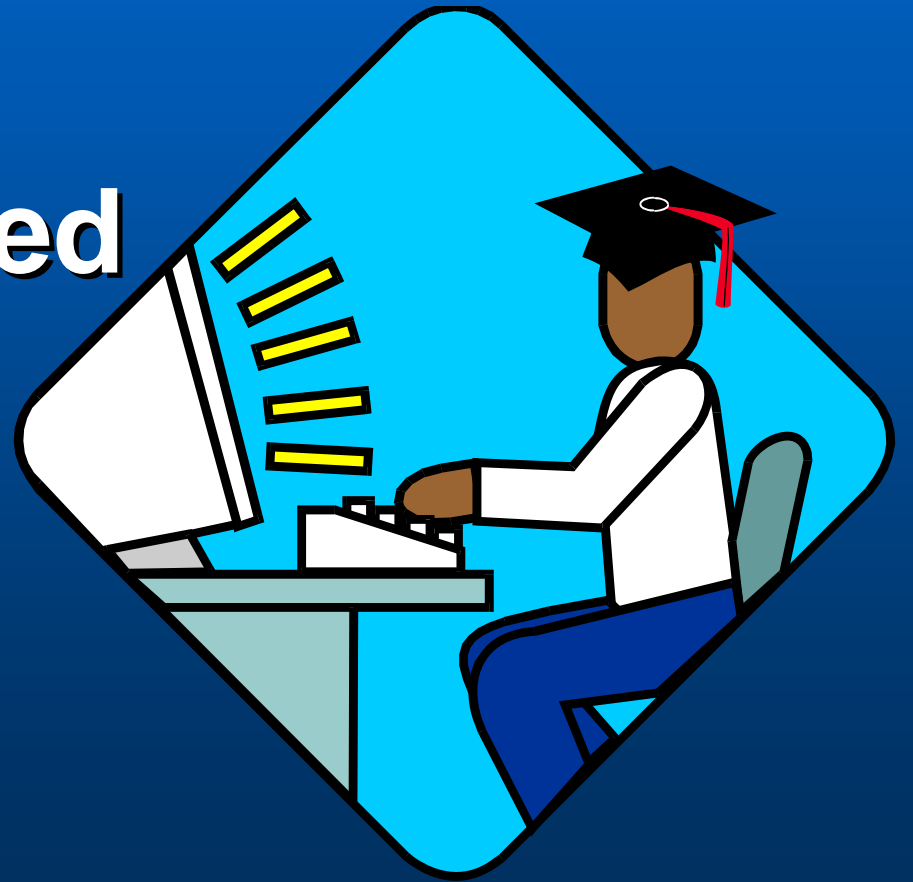
# **Internet - Democratization of Information**

- **Andy Grove**
- **Chrysler - Customer Forces Recall**
- **Schwab - Customer Forces product announcement**

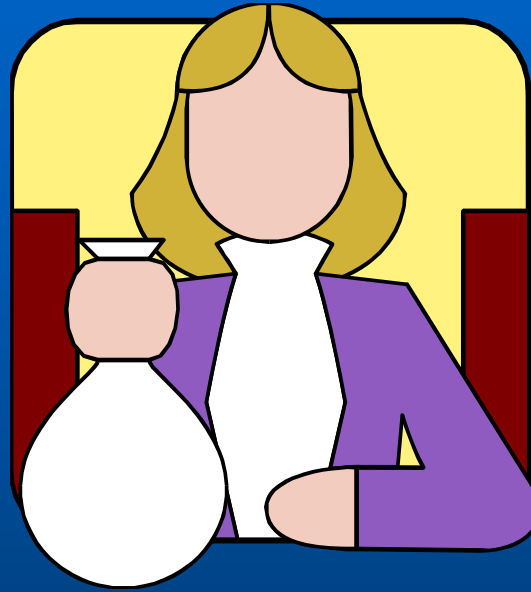
# **Business Changes Caused by the Internet**

- **Opportunity to talk to one another  
-- without restriction**
- **Customer is really in control for the first  
time**
- **Internet provides an important difference  
over any other form of distribution ever  
available**
- **Each person added to the Web increases  
the value to everyone else**
- **Everyone is a potential customer**

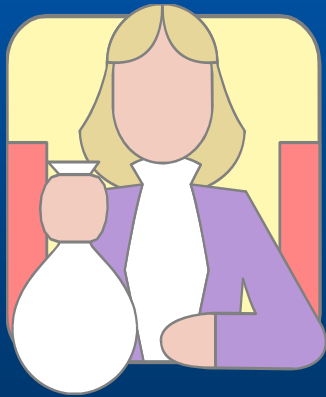
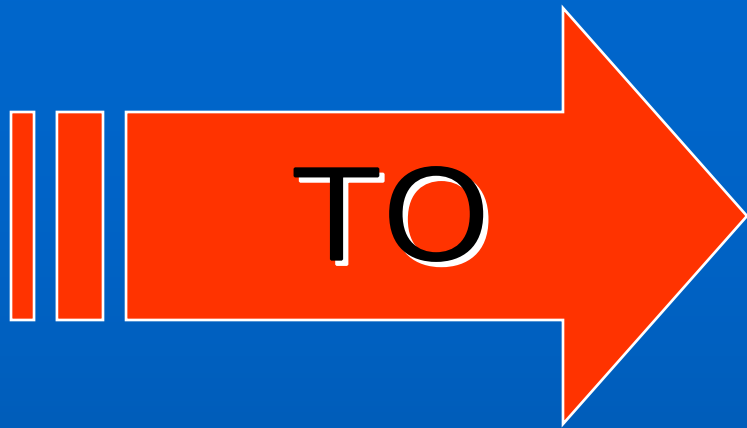
**The Internet made it possible for all Americans to become educated Investors!**



# We Are Moving From:



**Accounts  
&  
Transactions**



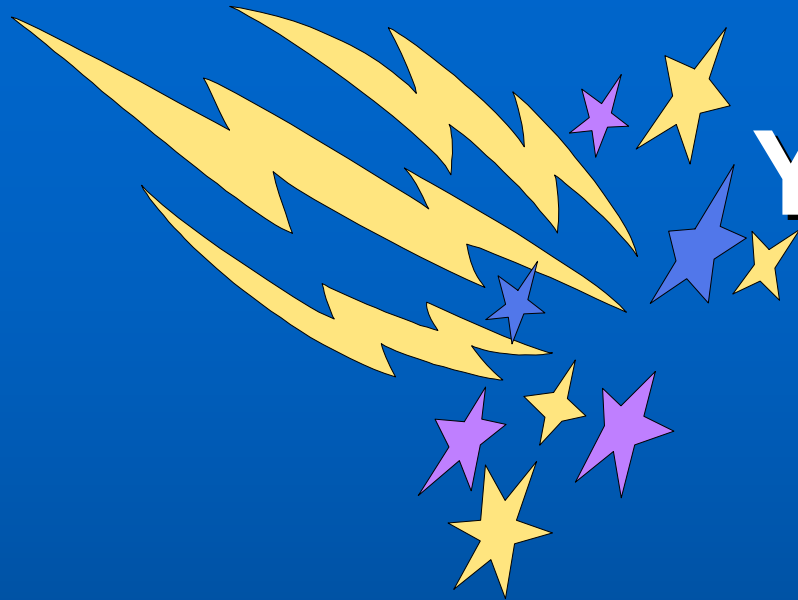
**Accounts  
&  
Transactions**

**Customers  
&  
Relationships**

# Full Service Online Investing

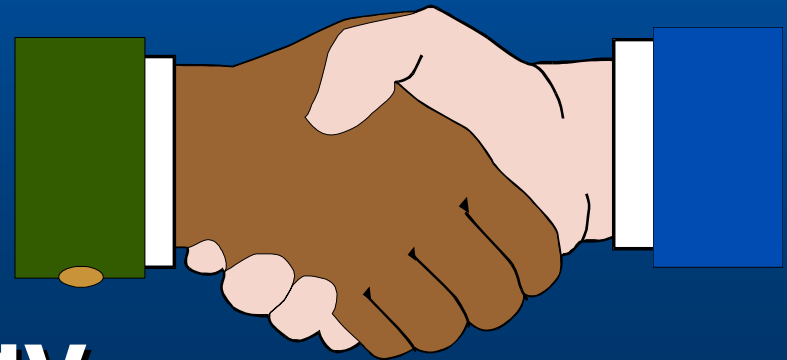
- Help & Advice
- Segmentation
- Complete Online Experience

**Relationships**



**You can't create  
relationships with  
Technology**

**You can cement  
relationships  
with Technology**



**Cementing Relationships  
with Customers and Prospects**

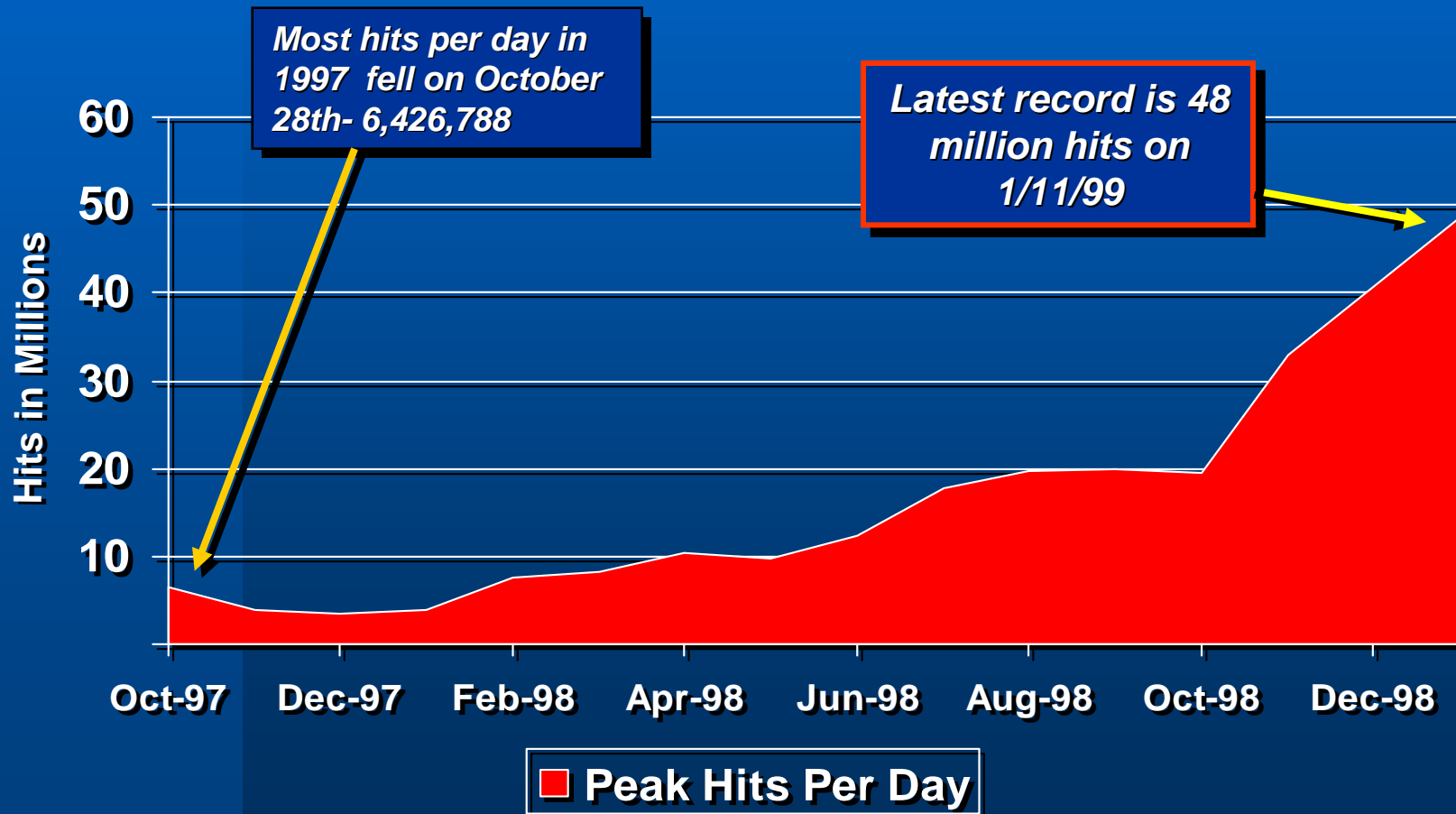
**Complete Investor Experience**



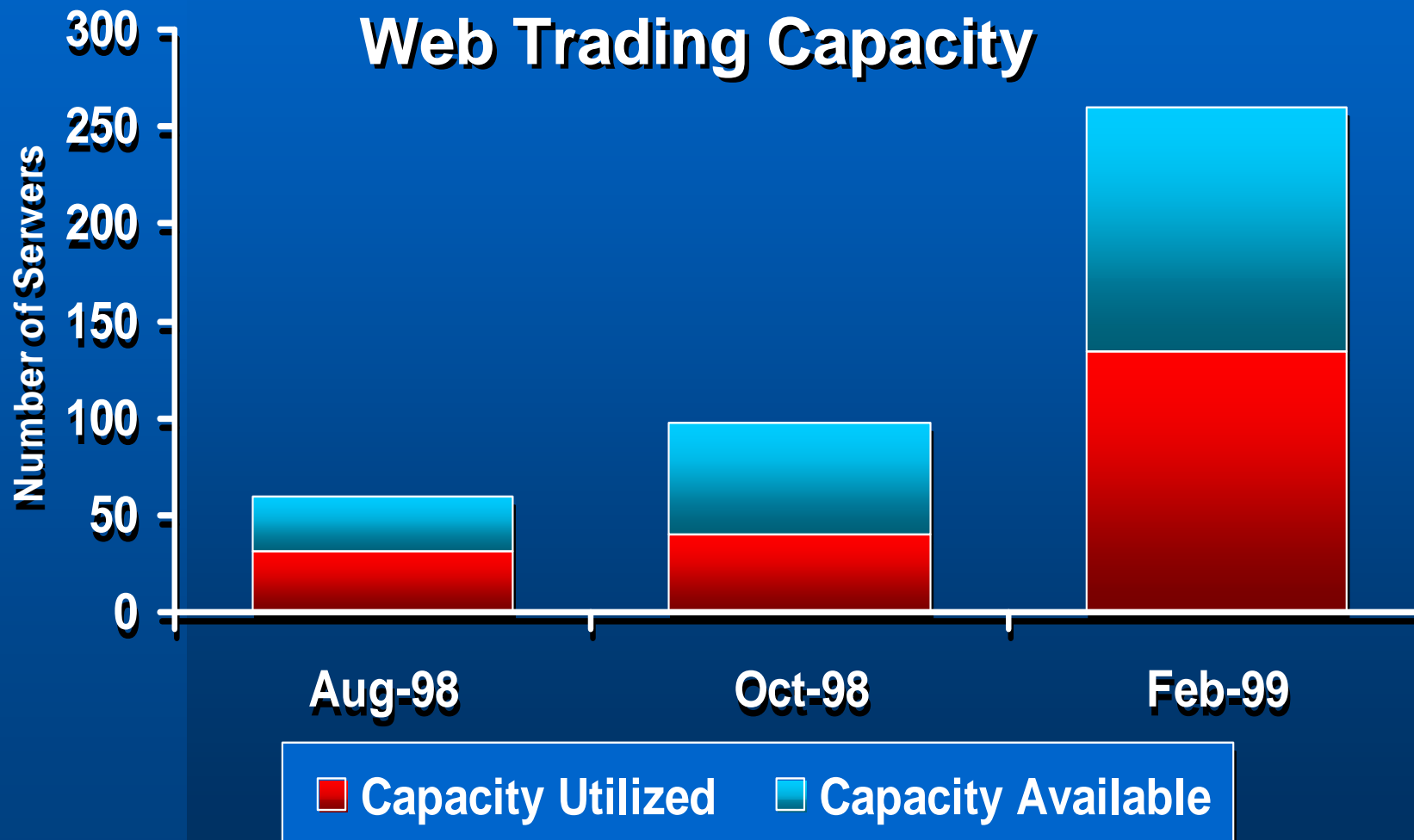
**Rock-Solid Execution**

# Rock Solid Execution

Web Trading Hits has grown more than 750% since October, 1997



# Rock Solid Execution



# Complete Investor Experience

*The combination of our tools with Help & Advice will provide an integrated investment experience for the customer*



- **Integrated process, not just functionality**
- **Ongoing Help & Advice throughout the investment process**
- **Education at any point in the process**

# Complete Investor Experience

- **Analyst Research**

- » CSFB

- » H&Q

- » WRG

**Full Service Online**  
**Investing**

# Cementing Relationships

*Differentiation - key to creating and sustaining relationships*

## ***Customization***

Allow customers to create their own experience.

- Portfolio and market updates
- Custom buttons on each page
- Custom homepage

## ***Personalization***

Provide customers with timely information and tools, personalized to their needs.

- E-mail
- Stock alerts
- Watch lists

## ***Communities***

Educate customers by sharing information and experiences with Schwab, industry experts and other customers.

- Online forums
- User groups
- Affinity groups

# Partnerships Strategy

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## *Our Mission*

**Driving acquisition and retention by using information, education and service to build awareness and create relationships with online prospects and customers.**

# Internet Partners

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- **Excite/Intuit**
- **iVillage**
- **SeniorNet**
- **American Association of Individual Investors (AAII)**

# What We've Learned

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- **Automated transactions lead to more complexity**
- **Nowhere is agility more in demand than on the Web**
- **The Web exposes our system to the customer**



**Creating A New World --  
A Customer-Driven World**

**Thank You**



# **Schwab.com - Full Service Online Investing**

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- **2.3 Million Online Accounts**
- **\$194 Billion Online Assets**
- **>60 Million Daily Site Hits**
- **>6 Million Daily Transactions**

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