Utilizing Experian next generation decision management software to bring customer management to the next level of client experience and value creation

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Decision management strategies
Objectives

Review
► Emerging customer management trends

Inform
► Creating an effective technology strategy for customer management

Discuss
► Real-world benefits
Why deepening customer relationships is important

Based on distribution of global banking client’s retail customers, by number of products held:

- **Profit per customer (vs. customer holding one product):**
  - 1 product: 46%
  - 2 products: 2X increase
  - 3 products: 4X increase
  - 4 products: 5X increase
  - 5 products: 7X increase
  - 6 products: 9X increase
  - 7+ products: 13X increase

- **Products held per retail customer:**
  - 1 product: 19%
  - 2 products: 12%
  - 3 products: 8%
  - 4 products: 6%
  - 5 products: 4%
  - 6 products: 5%

Based on distribution of global banking client’s retail customers, by number of products held.
Most organizations have room for improvement

- Can a customer apply for different products and get conflicting answers?
- Can a customer get collection calls from more than one business unit on the same day?
- Can a customer to be approved for overdraft yet declined for a credit card?
- What happens to a customer’s other accounts when they miss a payment on a loan?
- If a customer has more than one open credit card, are the behavior scores aligned?
- Can a customer have a credit card authorization declined, yet have the same transaction approved on their debit card?
Current customer management challenges

- Elevated loss exposure
- Attrition
- Low marketing response rates
- Tight budgets
- Need to improve operational efficiency
- Desire to improve effectiveness
Customer management opportunities

- Holistic 360° view of the customer
- Putting customer knowledge into action
- Proactively managing risk exposure
- Refining marketing efforts
- Driving profitability through data
- Improving the customer experience

The financial crisis highlighted the need for greater insight and improved customer management strategies and actions
What you need

Data
- Internal and external
- Ability to identify customers’ accounts
- Transactional across all products
- Attributes

Analytics
- Segmentation
- Modeling
- Scores

Systems
- Design and implement strategies
- Focus on customer and account-level
- Deliver actions into production
- Customer and account level MIS

Feedback loop
- Champion / challenger
- Strategy reviews
- Continuous improvement

Value creation and improved customer experience
Best practices

- Implementing automated decisioning
- Achieving operational effectiveness
- Integrating alternative data sources
- Modeling attributes, segmentation standard analytics
- Creating holistic customer management strategies
- Optimizing approach to customer management

Experian combines data, analytics and consulting services as part of a total solution enabled by decision software.
Experian’s approach drives value through technology

- New decision management platform enables simpler, more effective 360 degree customer view
- Common technology framework brings stability to customer management processes
- Seamless integration of the strategy design tools creates consistency
- Capabilities to “close the loop” on performance monitoring and support built-in strategy design elements
Experian’s Decision Analytics platform provides robust functionality

- Market-tested content
- Robust, standard analytics
- Automated decisioning with simulation and testing
- Data structures supporting holistic customer management strategies
- Integrated data sources
- Optimized approach to customer management
Experian’s Decision Analytics platform enables better, faster decisions

- Easily define strategies and business workflows and apply advanced capabilities
- Enhanced monitoring capabilities make it easier to track strategy performance, and anticipate and respond quickly to changes in customer behavior
- Combines analytics with your data to build better strategies and shorten the time between strategy conception and execution
- Shared technology and approach to decision-making lets you build strategies once and use many times
Why effective decision technology is essential for customer management

Objectives

- Enhance strategy design capabilities
  - Fewer dependencies
  - Greater ease of use
- Streamline testing processes
- Better integration of modeling and operational environments
  - Embedded analytics
- More robust reporting
  - Easier ad hoc reporting
  - Data monitoring
  - Flexible to changes

Impact

- Strategy design enhancements are intuitive and enable the creation of solutions in a logical, step-by-step manner
- Interactive, dynamic testing enables testing as users create or modify strategies
- Assisted strategy design and embedded analytics assist in providing optimal solutions for automated strategies
- Reporting enhancements allow easier and more timely monitoring of strategy performance
Intuitive, logical creation and testing of strategies

- Intuitive studio enables the creation of end-to-end solutions in a logical, step-by-step manner
- Interactive, dynamic process enables testing as users create or modify strategies
- Standard data dictionary used for all elements of a solution
- Facilitates use of common content
Strategic monitoring and reporting built on embedded analytical capabilities

- Definitions stored in repository and edited using the studio
- Reference components developed for strategy definition

- KPI's can be included in assisted strategy design to guide the analysis and validate the strategy as it is developed.
- Use next best split or grow the tree automatically using intelligent tree growing (enhanced Chaid or CART)
Four main tenets of decision management value

**Agility**
- Rapidly anticipate business changes
- Create and deploy strategies faster
- Dynamically test and learn
- Refine strategies more accurately

**Flexibility**
- Choose the right business capabilities
- Quickly deploy advanced capabilities
- Easily integrate standard analytics
- Derive more value in less time

**Insight**
- Improve effectiveness
- Interpret data trends driving profitability
- Design smarter, easy-to-use
- Use market-tested strategy templates

**Control**
- Put control in business users’ hands
- Quickly predict to behavioral changes
- Minimize exposure and organizational risk

Customer-level decisioning
Benefits of improved customer management

- Increase customer satisfaction
- Improve key customer performance indicators
- Optimize the relationship and overall customer profitability
- Mitigate losses, reduce loss exposure and increase revenues
- Increase dollars collected and recovered
- Improve operational effectiveness
- Internal financial ROI metrics and measures
- Actively achieve financial objectives
Conclusion

- Consistent decision management framework, helps you better manage customer across the life cycle
- Only then can you effectively manage and measure your entire portfolio
- Your new headlines if you operate at a customer level
Your headlines if you operate at customer level

- We understand all accounts for each customer
- We have reduced attrition and grown revenue per customer
- Customer risk and revenue optimization drives our decisions
- Increased average balances without increasing losses
- Loss provisions have been reduced
- Customer experience has improved

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