Merging operational and analytical crm : CRM 2.0

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Belgrad, 5.4.2007

Aim of this presentation

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I will try to give an answer to the following questions:

- **Why several CRM projects fail?**
- **Are nowadays projects different from the ones in early 2000?**
- **What are the new sources of competitive advantage?**

The competitive advantage source

“We have only two sources of competitive advantage—the <u>ability to learn more about our customers</u> faster than the competition and the <u>ability to turn that learning into action</u> faster than the competition.”

Jack Welch, former CEO of GE

Who is Cablecom?

Cablecom is the first 4p provider in Switzerland

- **Established in 1994 through a merger of various independent cable operators. Cablecom broadcasts TV programs to 1.6 ML households.**
- **1999 Cablecom becomes the first Swiss company to enter the broadband Internet business introducing hispeed product (today approx 400K customers).**
- **2004 introducing digital phone (today approx 300K customers) Cablecom becomes first 3 play providers in Switzerland.**
- **2005 first mobile prepaid offer. The first 4P provider.**
- **In 2005 Cablecom has been bought by UPC and is property of the Liberty Global, Inc. (NASDAQ: LBTYA)**

Why CRM projects fail?

Why CRM fail?

1. **CRM initiatives launched without a strategy**
   "We are going to do CRM this year" is not a strategy.

2. **CRM strategy is not integral to the business strategy.**
   CRM cannot be viewed as a project or solution separate from your LRP.

3. **CRM tools is build around few specific processes.**
   Be sure that your CRM initiatives covers all customer sensitive processes.

4. **CRM is launched with no regard for customer touch points.**
   Be sure that every touch point you have with the customer provides consistency.

5. **CRM is considered an IT project.**
   A CRM project will succeeds ONLY from coordinates efforts of business users and technologists in the company.

Why CRM fail?

6. **CRM is launched without defined KPIs and mesurable objectives.**
   Are you able to manage the expectations of improvement?

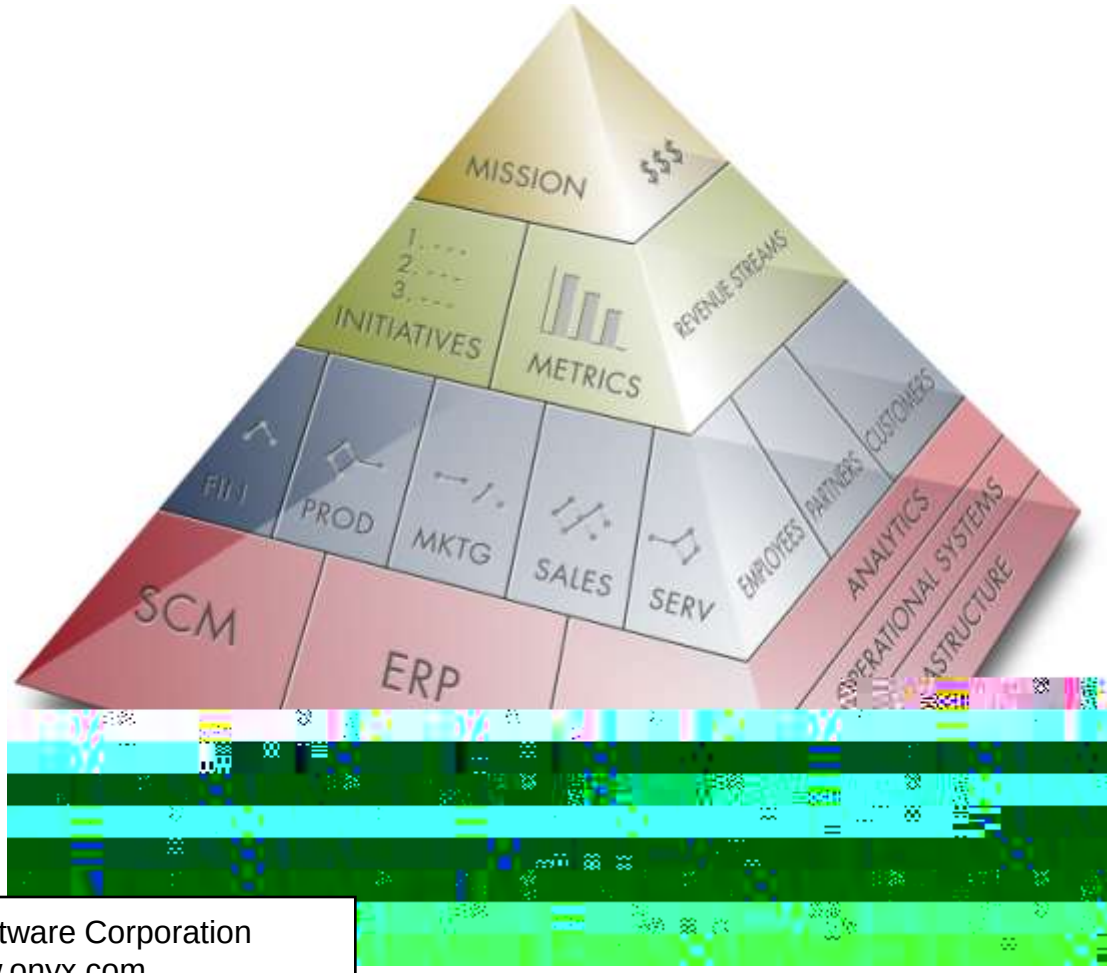
7. **CRM is considered a one time event.**
   Once your CRM is live you are just at the beginning of your trip. Is your organization ready for the continuous CRM knowledge process?

8. **Assume you have a customer-centric culture because CRM is in place.**
   The tool itself doesn't change your company's culture. Be sure to look your company as your customers do.

9. **Altering the CRM solution to accommodate current business process and behavior.**
   Benefits will accrue from the adoption of new processes that leverage the information, speed, integration, lower operating costs and improved service resulting from new CRM tools.

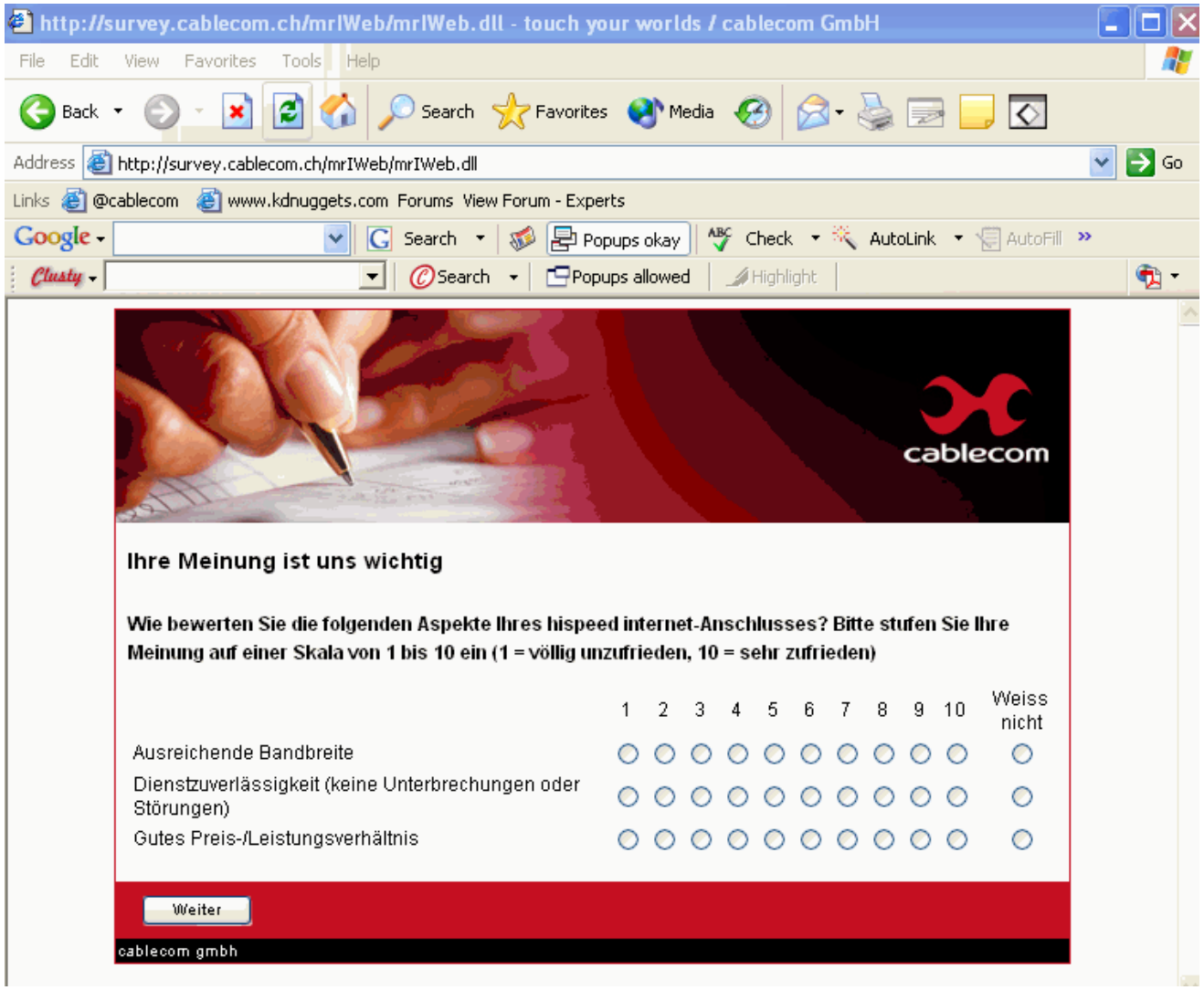
CRM is your organization

CRM is an initiative that depends from the firm‘s strategy



Source: Onyx Software Corporation
http://www.onyx.com

4 questions to understand: staisfaction, NPS + one open question.



Immediate actions are taken for the respondents

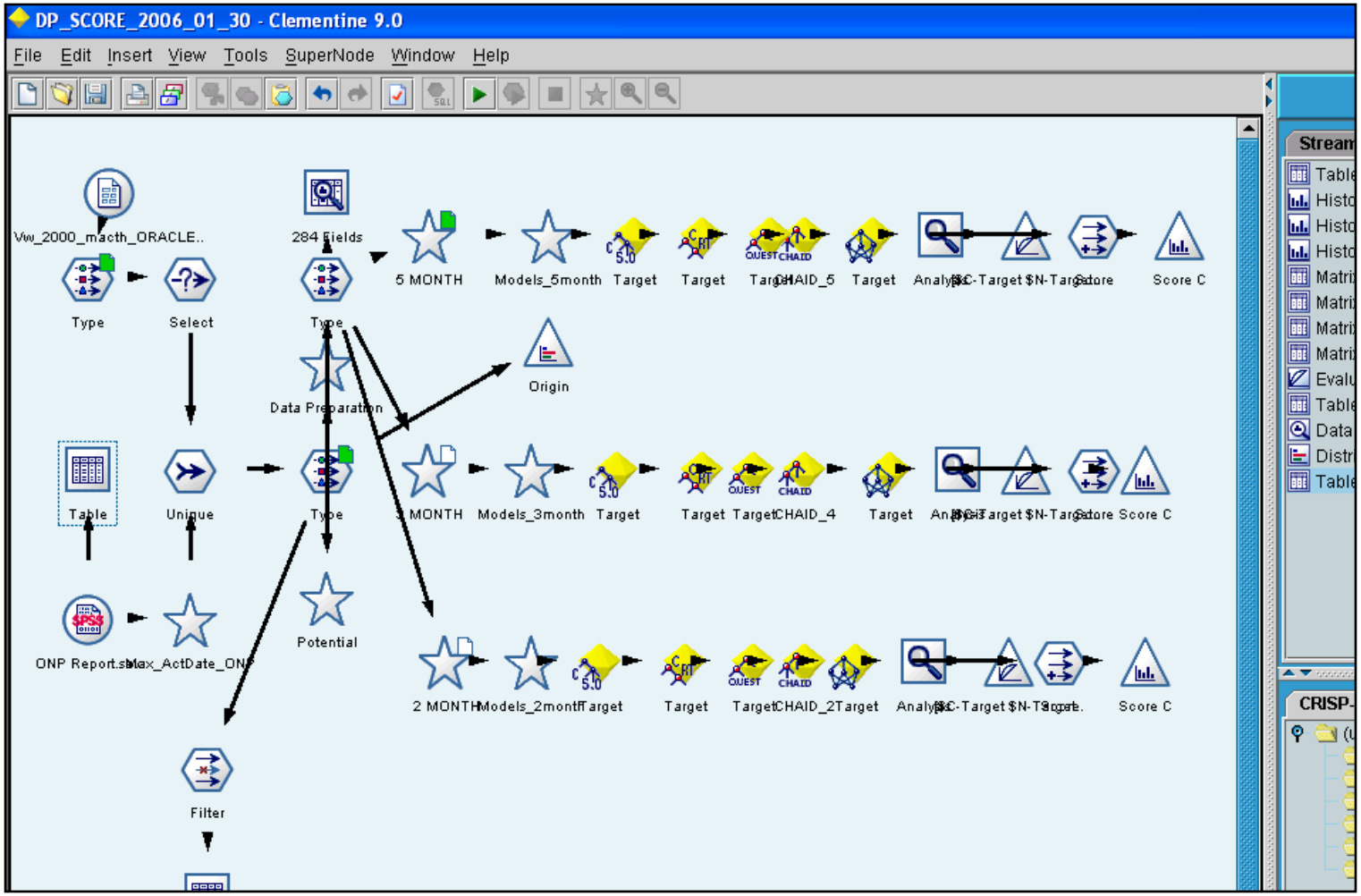
- **The integrated platform allows us to:**
  - **Score the result of the survey (100=unhappy; 0=happy) at single customer level.**
  - **Append customer profile to the respondents.**
  - **Split in two groups: satisfied and unsatisfied.**
  - **Send the group to RETENTION TEAM or to SALES TEAM.**

Survey activity covers 20% of the customers

- **This activity allows us to cover 20% of the customers targeted with the survey (10K email sent, 2K respondents).**

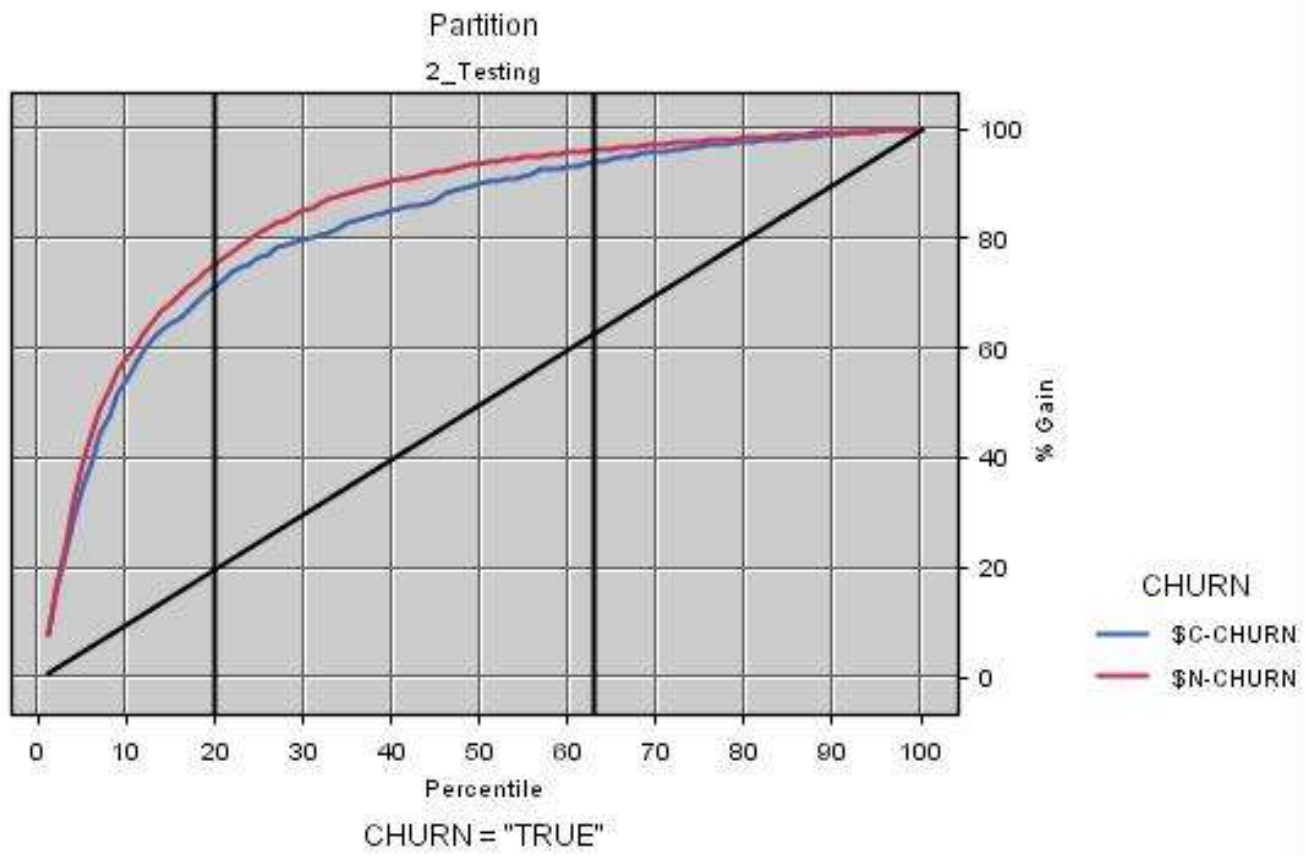
- **To address the remaining customers we combined the survey results, with our internal data, and we have used that data mart to build a predictive model.**

A data mining model allow us to identify non-respondent at churn-risk.



The model detects correctly unsatisfied customers

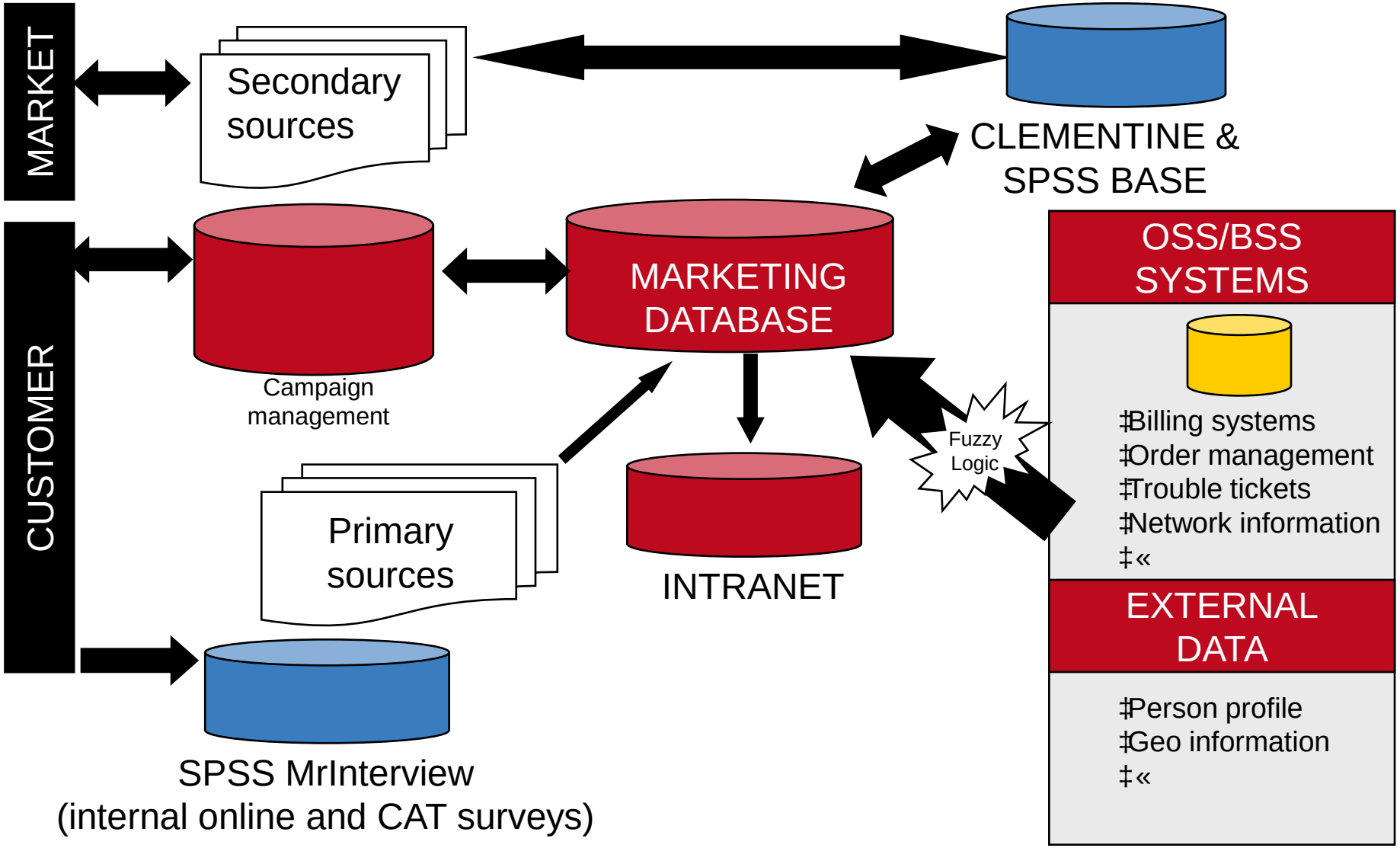
- **Contacting proactively 20% of the remaining population allows us to address near 80% of the unsatisfied customers**



Results

- **This double approach allows us to:**
  - **Identify with an 100% accuracy the unsatisfied customers that answer to the survey and solve their problems (10% of the contacted population).**
  - **Identify with a 100% accuracy the satisfied customers, build a profile and send them to outbound telesales team for cross-selling activity.**
  - **Using a data mining model to score the 80% remaining customers identifying with a 78% accuracy unsatisfied customers (40%) and send them to the retention team to check and solve their problems.**

The IT platform



Data needs to fulfill the 2.0 strategy

1.0 → 2.0

CUSTOMER PROPENSITY

- NONE
- PRODUCT
- OFFER
- CHANNEL
- TIME

RESPONSE

- CAMPAIGN AVERAGE
- PROFILE AVERAGE
- PROPENSITY DECILE
- PROPENSITY SCORE

REVENUE

- PORTFOLIO AVERAGE
- PROFILE AVERAGE
- PRODUCT NPV
- CUSTOMER NPV

COST OF SALE

- PORTFOLIO AVERAGE
- PRDUCT AVERAGE
- PRODUCT NPV
- CUSTOMER NPV

COST OF OFFER

- NONE
- CHANNEL AVERAGE
- CAMPAIGN AVERAGE
- MARGINAL

CONTACT RULES

- ELIGIBILITY
- TIME SINCE
- PLANNED

Q&A