

Putting Customer Data to Work

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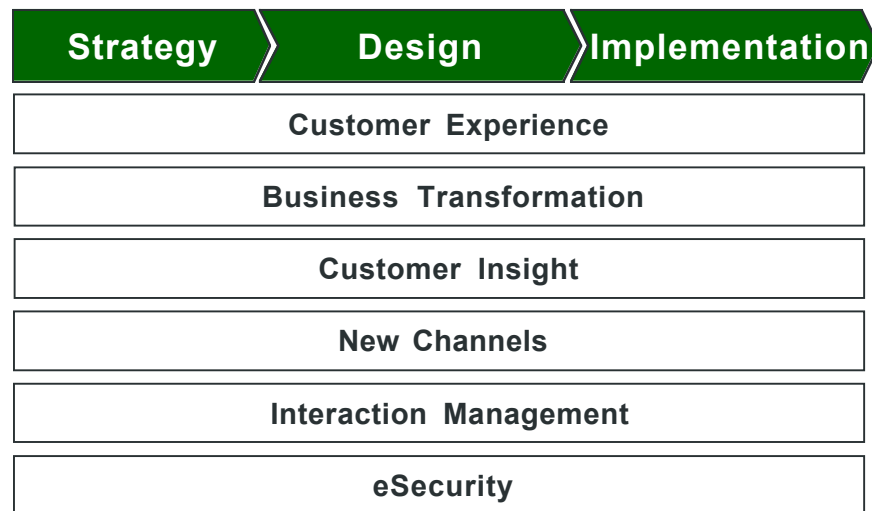
Paris, June 2002





Introducing Detica

- Detica is the UK's largest specialist CRM consultancy*
- We provide pragmatic independent advice and support end to end CRM implementation



- Our UK customer base includes Lloyds TSB, Centrica, National Express, British Airways, Barclays, Vodafone and Prudential

•* Source: Management Consulting Magazine, July 2001





Introducing Prudential

- ❑ With businesses in Europe, the US and Asia, Prudential provides retail financial products, services and fund management to millions of customers world wide
- ❑ Many well recognised global brands are part of Prudential plc
 - Jackson National Life - one of the top 20 life insurance companies in the US *
 - Prudential Corporation Asia - Europe's leading life insurance company in Asia with operations in 12 countries
 - egg: - the UK's leading e-commerce financial services brand
 - M&G - the UK and European fund manager with over £120bn** of funds under management
 - Prudential UK and Europe
- ❑ Prudential UK is a leading life and pensions provider with more than 8000 staff
- ❑ Prudential Europe was formed in 1999 to spearhead Prudential's expansion into continental Europe, encompassing both the manufacture and distribution of Prudential branded products in France and Germany
- ❑ Total of £169.5bn insurance and investment funds and banking deposit balances under management**

* in terms of total assets; source - 2001 annual report

** source – 2001 annual report





A tradition of leading from the front

- ❑ In 1848 - Prudential Mutual Insurance, Investment and Loan Association opened its doors for business
- ❑ 1854 - changed target market strategy to sell penny policies to factory workers through a system of agents
 - Henry Harben, company secretary in 1856, published mortality tables in the 1860's which became a best seller in the commercial world!
- ❑ First to offer infant and child assurance as part of family life cover - perhaps the first insurance 'bundled' up-sell initiative!
- ❑ 1898 - Prudential had become the top life company with £28m in accumulated funds (from 51st in 1871)
- ❑ 1919 - introduced General Insurance arm
- ❑ 1923 - first overseas branch established in India; by 1960 nearly a third of all new business was written overseas
- ❑ 1949 - the ubiquitous 'Man from the Pru' appeared in a magazine feature and went on to develop unrivalled brand awareness in the market place that still exists today





The challenge...

- ❑ By the late 1980's, Prudential's Direct Sales Force exceeded 10,000 sales people who were looking after more than 10 million policy holders
- ❑ This equated to customer details and insight on approximately 20% of the UK population
- ❑ However, by 2001 the environment had changed:
 - increased consumer awareness and financial savvy
 - increased Government regulation had reduced many product margins to less than 1%
 - many traditional companies were successfully launching direct operations
 - new competitors were emerging from non-traditional areas e.g. supermarkets
 - the Prudential direct sales force had decreased to less than 1000 sales people
- ❑ As a result, in May 2001 the 'Man from the Pru' retired and the sales force was closed down
- ❑ **The challenge: how to retain the relationship and knowledge of our customers and their needs held by the sales force ... without 'Man from the Pru'?**





A case study...

Take Pete, for example:

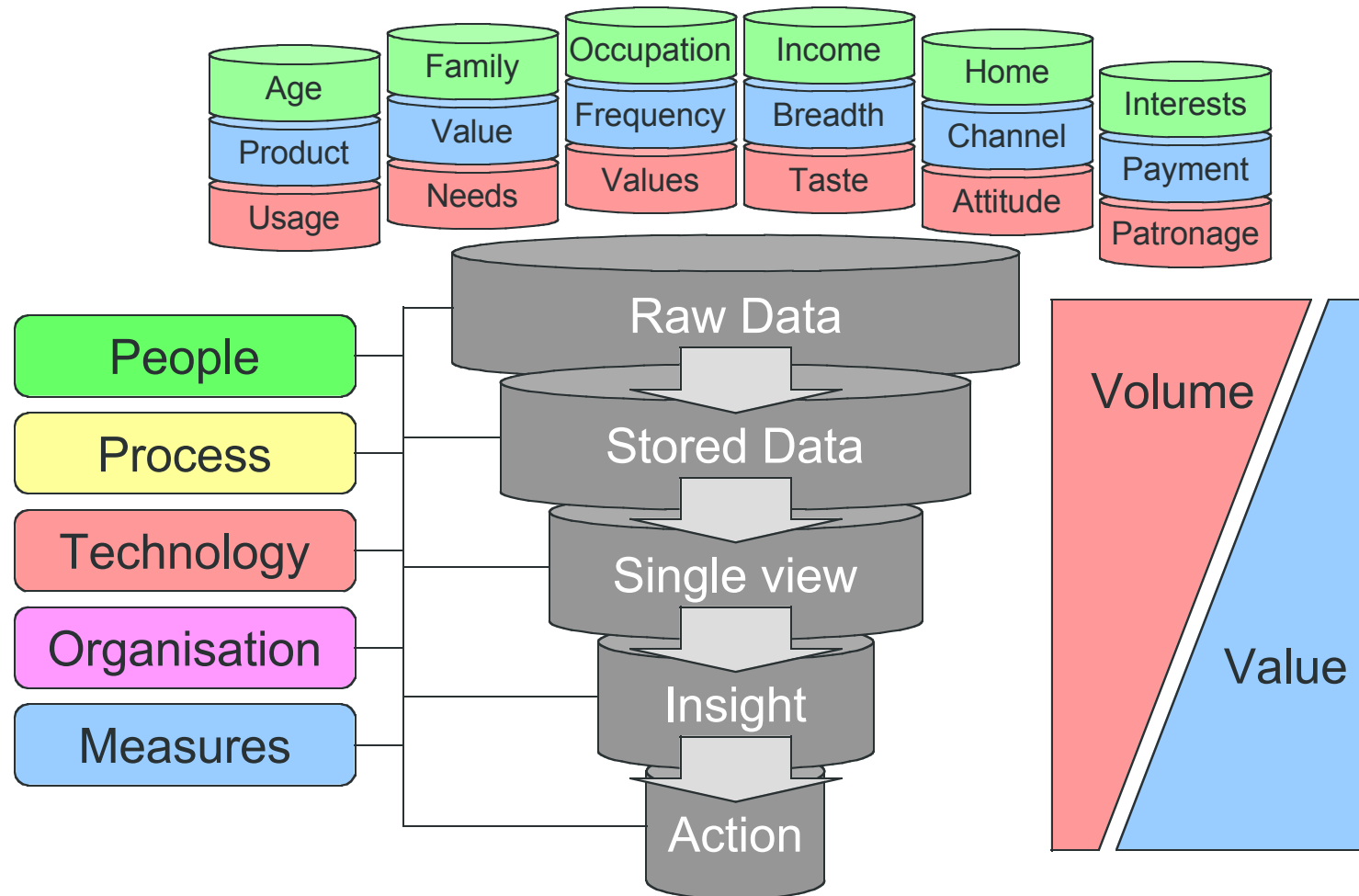
- ❑ Pete could be a typical Prudential customer
- ❑ He's in his early 30s
- ❑ He's just got married and is beginning to think about his financial future
- ❑ He's used to using technology to make his life easier
- ❑ He demands a high level of customer service

- ❑ How could we turn our existing data into knowledge about how to meet Pete's future financial needs without the 'Man from the Pru'?





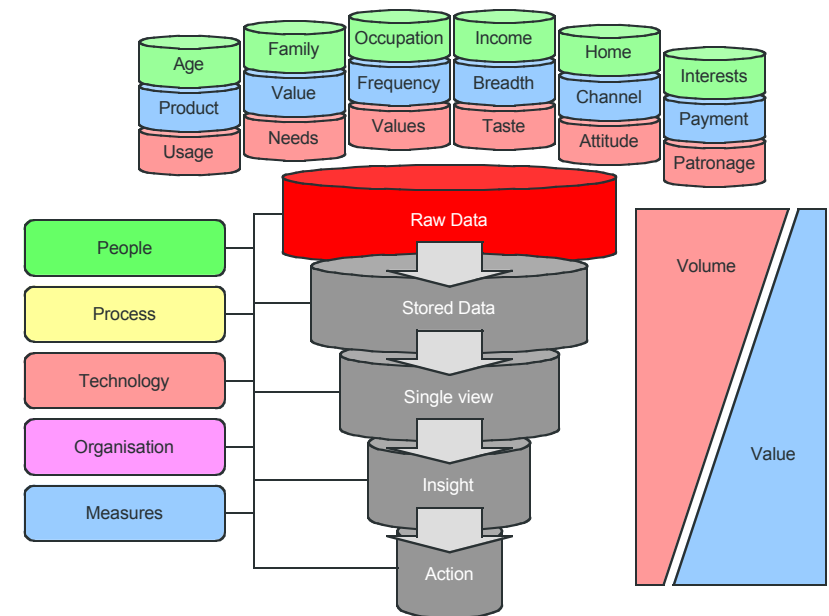
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Stage 1 – Capturing Raw Data

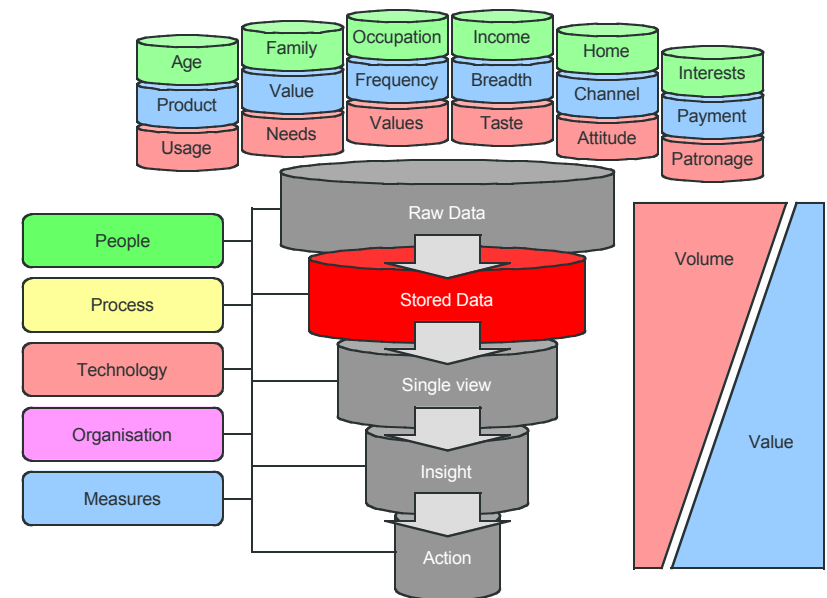
- We need to understand each and every interaction between Pete and Prudential
 - Marketing communications
 - Call centre interactions
 - Servicing interactions
 - New business fulfilment
- We need to understand more about him, his contact details, how he likes to be contacted and his attitudes towards Prudential and financial services
- We need to understand which of our marketing messages works....and which don't





Stage 2 – Storing Customer History

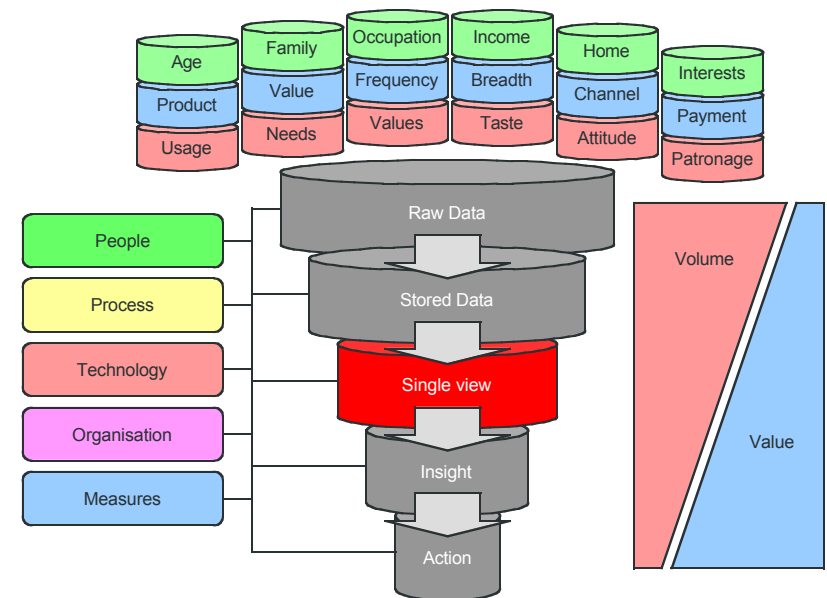
- ❑ We need to build up a picture of Pete throughout his lifetime with Prudential
- ❑ Often it is events (changes in his data) that give us clues to his financial services needs rather than the data itself
- ❑ Examples may include:
 - Moving house
 - The birth of a new baby
 - Maturity of an investment bond
- ❑ Our historical view needs to let marketing analysts have access to event data





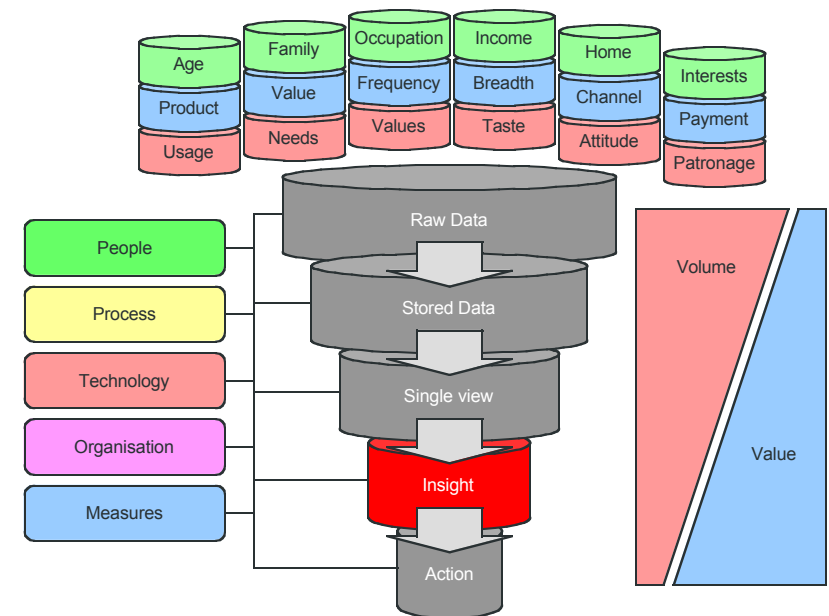
Stage 3 – Creating a single view

- ❑ Pete may have started out as a pensions customer, but as his portfolio of investments grow, Prudential needs to understand his value at a customer level
- ❑ Data needs to be cleaned and matched across all contract systems to build this view
 - At individual level
 - At household level
- ❑ By making this available to Customer Facing staff, we can respond quickly to keep his business
- ❑ By getting a clean, comprehensive customer view in place, we speed up validation and implementation of insight



Stage 4 – Generating Customer Insight

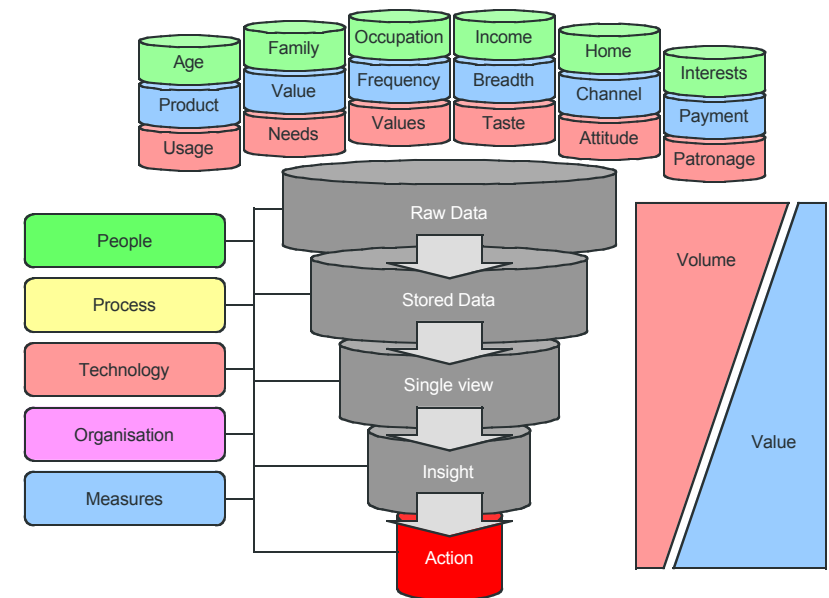
- ❑ Now we can use statistical analysis and data mining to understand how Pete's profile fits within Prudential's customer segmentation
- ❑ We use propensity modelling to predict the best cross sell as Pete's financial services needs change
- ❑ We can tailor the messages he receives based on his profile
- ❑ Understanding where Pete is in our value based segmentation ensures he gets the right level of support at the call centres





Stage 5 – Taking Actionable Decisions

- ❑ Insight is of little value without the means to act on it
- ❑ Prudential uses a Campaign Management tool to automate much of the process of communicating with Pete
 - Responding to change of address
 - Capturing renewal information for automated campaigns
 - Proactive responses to maturity of an investment
- ❑ We can also coordinate activity across the organisation – so Pete isn't bombarded with conflicting offers
- ❑ We learn from how he responds to each offer – positively or negatively

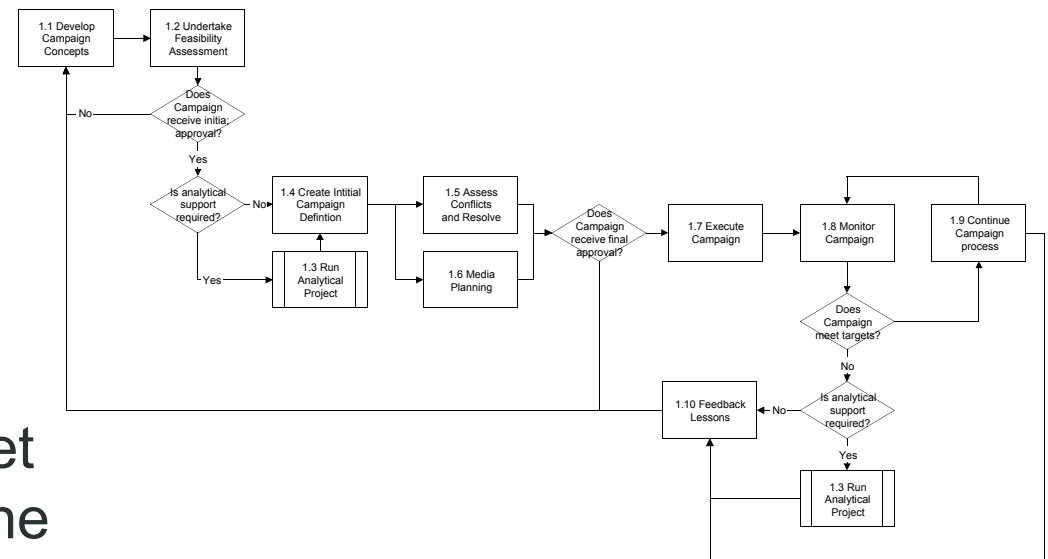




Key Enablers - Process

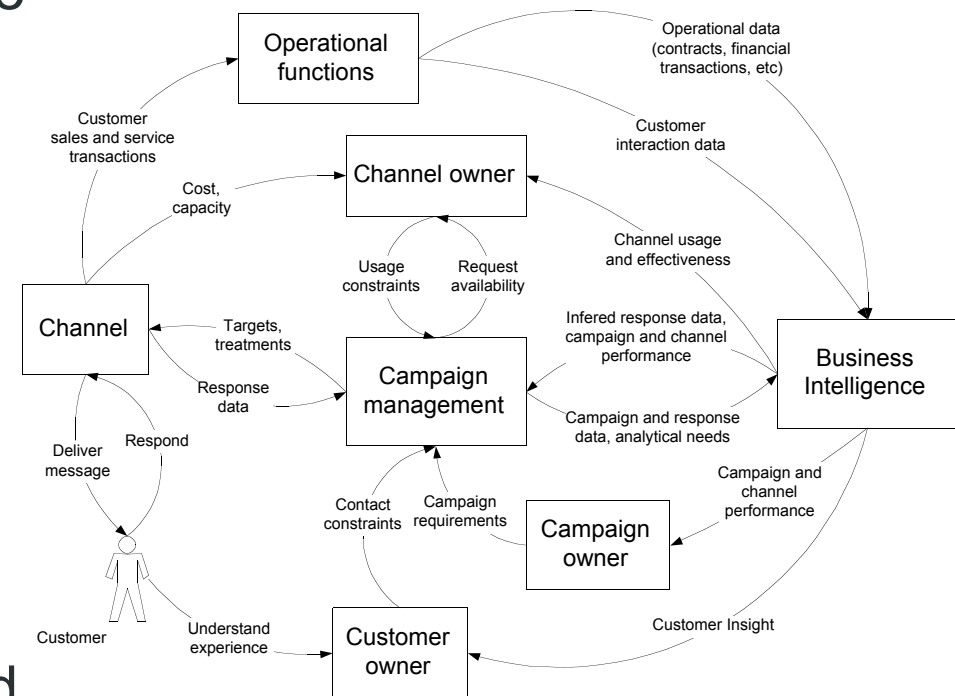
- ❑ To make effective use about the new information about Pete, we are implementing new processes throughout the organisation:
 - Within Marketing
 - At the Sales Call Centres
 - Across all customer service touchpoints

- ❑ We need to 'close the loop' and set up processes to help us capture the outcome of each customer interaction and learn from it



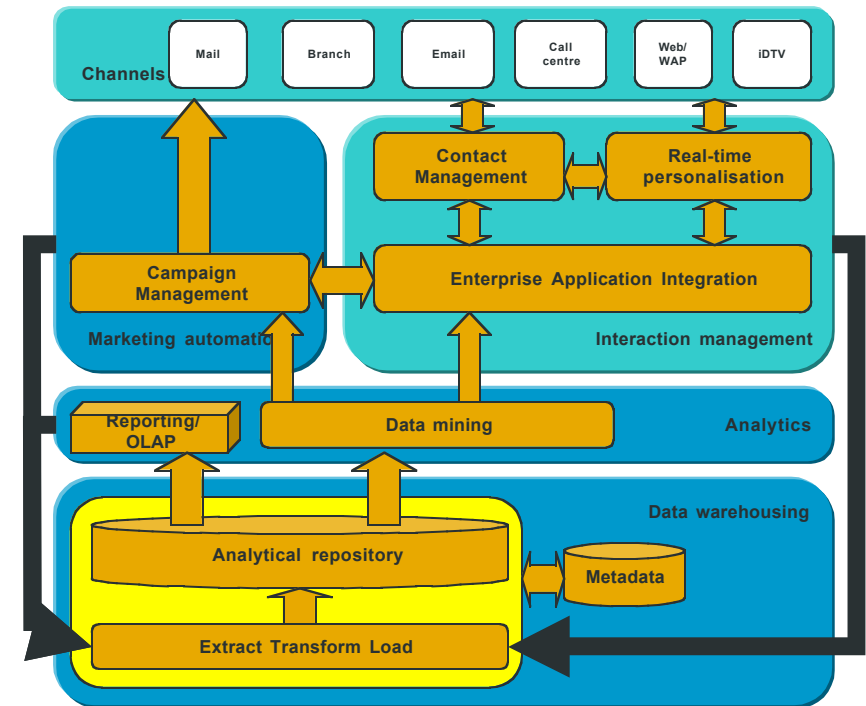
Key Enablers – People & Organisation

- ❑ New processes won't help us become customer centric without changes in behaviour throughout the organisation
- ❑ Call centre agents are encouraged to both capture and use data about customers during each interaction
- ❑ Marketing are becoming more self sufficient from IT and developing their own skills in data analysis
- ❑ We are working more closely together across existing product and channel based organisational structures



Key Enablers – Information Technology

- ❑ New Information Technologies provide a framework to support customer centricity
- ❑ We are implementing the key components of a technical infrastructure for use across the Group:
 - A single Analytical Customer View (Data Warehouse)
 - Sophisticated Business Intelligence tools
 - Campaign Management and Automation tools
 - A Contact Management Infrastructure
 - An Operational Customer Database





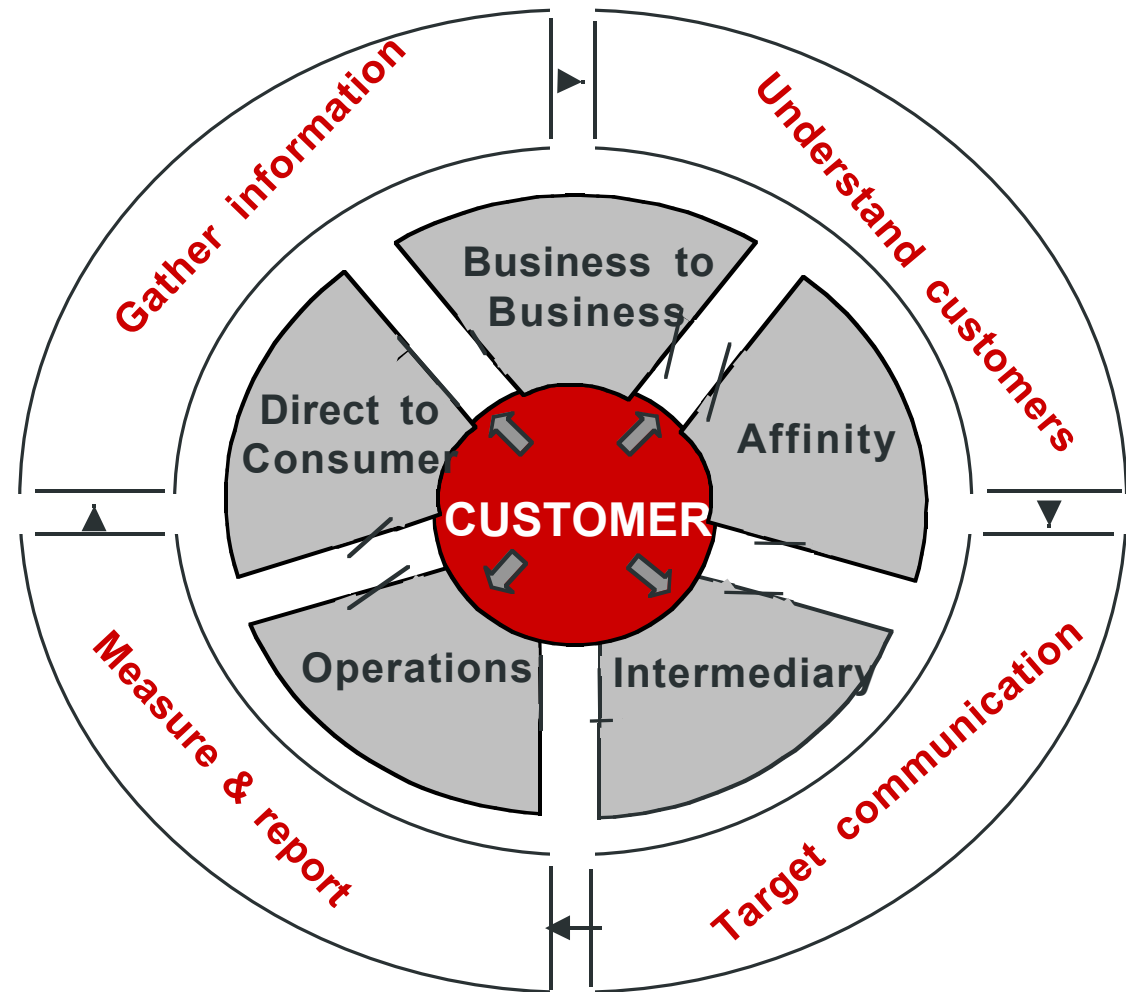
Key Enablers – Measures

- We need to measure the impact of our customer centric approach
 - On our customer base
 - On our people
 - On our compliance with Financial Services Authority regulation and Data Protection legislation
 - On our profitability
- We are using more and more customer rather than product centric measures
- We are defining measures for monitoring the effectiveness of our sales and marketing activity



Lessons learned so far...

- ❑ Create a common vision across the whole business
- ❑ Ensure all customer touchpoints are covered
- ❑ Have the Business and IT areas working jointly on requirements
- ❑ Make sure you have external expertise if the solution is new to the business
- ❑ Get stakeholder buy-in early and quantify the benefits





What next?

- ❑ Detailed implementation plans with early benefit delivery
- ❑ Close and clearly defined working relationship with the vendor/s
- ❑ Strong internal communication programme to maintain momentum
- ❑ Sufficient resources committed upfront to develop skills of 'power users' and expedite the knowledge transfer process
- ❑ But enough external support to ensure BAU activity is not jeopardised in the process



- ❑ Get the business ready by bringing the vision to life!





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