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YOUR SAS® BUSINESS REPORT

THE POWER TO KNOW.

Dear Readers,

You may notice an international flavor to this issue. [SAS Forum International](#) took place in Geneva last week, with a flurry of announcements from SAS and excitement among the more than 2,000 attendees and press who got a first-hand look at the latest SAS offerings.

We have the highlights for you here, along with a landmark study on BI from the elite HEC Business School in Paris and articles on hot topics such as performance management (see below from Gary Cokins) and customer strategy (see below from Don Peppers and Martha Rogers).

We can't all jet off to Geneva for exciting international events (I've got my fingers crossed for next year...), but we've got it all for you here.

Enjoy!

A handwritten signature in cursive script that reads "Anne-Lindsay Beall".

Anne-Lindsay Beall
Editor, *Your SAS Business Report*

New SAS[®] Solutions OnDemand Deliver Business Intelligence as a Service

SAS has rolled out five new business intelligence solutions as software-as-a-service offerings to complement SAS Solutions OnDemand: Web Analytics.

These on-demand versions of key products extend SAS' five-year-old hosted software business, which totaled \$20 million in sales last year.

SAS Solutions OnDemand: Web Analytics, which enables organizations to leverage Web data to enhance customer service and retention and boost Internet marketing, will be joined by five new industry-ready OnDemand solutions:

- **SAS Solutions OnDemand: Business Intelligence** – helps an organization derive intelligence from customer, operational, financial and other data.
- **SAS Solutions OnDemand: Supplier Relationship Management** – helps companies analyze and optimize their spending on raw materials and supplies.
- **SAS Solutions OnDemand: Marketing Automation** -- helps improve marketing response rates and revenues through easily managed, sophisticated, timely and personalized customer communication.
- **SAS Solutions OnDemand: Veridigm MRM** – helps companies understand the return on investment from marketing activities such as advertising, promotions, incentives, direct mail, events and the Web.
- **SAS Solutions OnDemand: Anti-Money Laundering** – delivers a monitoring system that helps financial services organizations comply with regulations and reduce the risk of illegal money-laundering activities.

Unlike other BI vendors SAS does not outsource infrastructure and support. With SAS Solutions OnDemand customers have access to the most comprehensive business intelligence platform available today, created by the insiders who know these tools best, and deployed on infrastructure that has been specifically tuned for the solution.

Guaranteed system and solution

SAS Solutions OnDemand are used by companies ranging in size from multinational pharmaceutical and insurance giants to medium-sized healthcare, manufacturing and retail companies. SAS Solutions OnDemand range in price from tens of thousands to millions of dollars depending on the customer and the applications. SAS Solutions OnDemand offer an alternative channel for organizations that want to enjoy the full functionality and power of SAS solutions through a proven delivery channel without committing the resources to purchase and deploy software in-house.

SAS guarantees system and solution availability. Companies can rely on the usability of the whole solution – from design and development, to the infrastructure on which it runs, to the day-to-day performance and system availability.

In addition, certification by Systrust, an assurance service jointly developed by the American Institute of Certified Public Accountants (AICPA) and the Canadian Institute of Chartered Accountants (CICA), provides external validation that SAS meets or exceeds industry best-practices for network and data security.

Deloitte Consulting reported that the SAS Solutions OnDemand service-delivery methodology was an “optimal, repeatable and scalable process” that aligned very closely with Deloitte’s own “Proven Approach Model” of best practices. Ernst & Young LLP granted an “unqualified opinion” and “assurance report” on SAS’ network and access controls for May through October, 2005 based on its professional standards.

Software-as-a-service

“As other BI vendors just now enter this space, SAS continues to evolve its software delivery model to meet the needs of its customers,” says Jim Davis, SAS’ Senior Vice President and Chief Marketing Officer. “SAS Solutions OnDemand incorporate SAS’ full business intelligence capabilities and deliver the power of SAS to meet business challenges. We will continue to evolve this service to meet the demands of our customers.”

On-demand software, sometimes referred to as software-as-a-service, is the next iteration of the application service provider (ASP) model. With on-demand software a vendor hosts applications on-site for multiple customers.

SAS Spans the Performance Management Spectrum

At SAS Forum International in Geneva, SAS introduced a series of new and enhanced software as part of the company's performance management offering.

Also new to SAS is its way of communicating new offerings in the context of the latest developments in performance management.

"SAS software helps leaders not only understand what is going on in their organization, but also measure and align around goals, and predict the future state of operations to improve the performance of their organization," says Allan Russell, Senior Vice President for Strategy at SAS International. "So everything we do and ever have done is to support performance management, and we've always been taking it far beyond the pure financial view."

Covering every aspect of BI

SAS' latest amendments to its product suites come in the light of helping organizations drive business performance. These include four enhanced cross-industry solutions ranging from human capital management, financial management and activity-based management to strategic performance management. These enhancements are complemented by a new telco solution and new capabilities for the banking and insurance industries.

Adaptations addressing the latest technology requirements round out SAS' latest product developments. With new capabilities in its Enterprise Intelligence Platform, SAS is the first technology vendor to supply a full spectrum of service-oriented architectures for every aspect of business intelligence (BI), including data, analytic, reporting and composite services for business areas.

Also, a new world record was set within a benchmark performed by Sun Microsystems and SAS: the tests reveal that SAS Enterprise Data Integration Server can outperform other vendors' ETL (extraction, transformation and loading) tools by more than 230 percent. These capabilities provide organizations with the flexibility, reliability and agility to respond quickly to new data integration requirements.

"The concept of performance management has evolved and is now about the ability to link enterprise planning and operational activities to corporate strategy that will influence business performance – and ultimately shapes success," Russell explains.

Enhanced intelligence solutions

- [SAS Human Capital Management](#), which offers a holistic view of the work force, delivers enhanced analytics and refined user interfaces. The SAS Human Capital Management Adapter 4.2 for SAP leverages the business rules in SAP, helping to lower the cost of ownership through repeatable processes and enabling faster implementation.

- [SAS Financial Management](#) delivers instant consolidation so users can surface information in real time. Improved performance and scalability will help budget-preparers speed data entry and help managers more easily validate data. SAS Financial Management Adapter for SAP enables faster implementation by delivering predefined mapping between R/3 and SAS Financial Management.
- [SAS Activity-Based Management](#) is now integrated with the SAS Enterprise BI Server to enable powerful cost analysis and faster deployment of reports to those who need to separate cost from value drivers.
- [SAS Strategic Performance Management](#) now allows all content from the scorecard to be displayed via the portal, which lets executives and analysts monitor performance from any device.

SAS strengthens vertical solutions

- SAS Revenue Assurance for Telecommunications equips telcos with a way to identify and stop revenue loss caused by problems with business processes and technical issues.
- SAS Ratemaking for Insurance and SAS Customer Lifetime Value for Insurance are new solutions that enable insurers to effectively carry out targeted strategies, maximize profits, retain and grow customer accounts, manage risk and execute efficient marketing campaigns.
- The SAS Banking Intelligence suite now includes enhanced cross-sell and up-sell functionality, as well as upgraded solutions for customer retention and customer segmentation.
- In the risk management market, SAS is rounding out its offering for financial institutions with a new version of its software for credit risk management, credit scoring and operational risk.

Customer investments in SAS pay off

“We are strongly positioned to meet increasing demand for performance management, because of our breadth and depth of offerings across business lines and industries – all built on an enterprise intelligence platform,” says Jim Davis, Chief Marketing Officer at SAS, noting that recent independent research commissioned by SAS validates the company’s strategy.

The [HEC School of Management](#) in Paris recently conducted a study, interviewing executives at 109 European organizations to assess total cost of ownership (TCO) of four vendors’ BI platforms. Of the four, SAS was found to have the most scalable and cost-effective platform, despite managing the greatest volumes of data and serving the largest average number of users.

Analyst firm IDC published a study revealing that leaders of key markets in Europe rely on BI to achieve better performance and return on investment (ROI) from their marketing

campaigns. IDC surveyed 350 companies in seven countries and across four vertical markets. Marketing organizations that invest and efficiently use BI achieved better financial results and higher ROI.

Executing to Plan: How to Close the Gap

by Don Peppers & Martha Rogers, Ph.D.

Cognitive dissonance – a term often used by psychologists to identify the difference between what people say they're going to do and what they actually do – can be applied to business, too. We've seen a lot of companies that don't do what they say they're going to do. Call it corporate dissonance. More specifically, there's a gap between planning and execution when it comes to keeping companies on the path toward maximizing customer value.

Failure to execute to plan has been a thorn in the side of executives for decades. For many organizations, the complexity of today's hypercompetitive, multichannel business environment has widened the gap between execution and plan. A study of 197 companies published in the July/August issue of Harvard Business Review reports that those businesses lost an average of 37 percent of their overall performance because of breakdowns in the planning and execution process. The HBR study identifies several cracks in the process. One is closely related to maximizing customer value, and that is: Companies rarely track their performances versus their original plans. This ties in to our insistence in our new book, *Return on Customer*, that companies must balance their short- and long-term goals. Short-term decisions, even marketing-related decisions such as contact center complaint resolution, can have a long-term effect on customer value.

From our point of view, the execution-to-plan gap is caused by poor adoption and poor change management processes. Lack of attention to either one can derail a customer strategy, and they're completely intertwined.

When executing a truly enterprisewide customer strategy, you have to bring together people playing different roles in a variety of functions across your entire organization. Sales reps, financial staff, marketing managers, contact center personnel, service technicians – everyone in the company must center himself or herself on the customer and take the customer's point of view.

Managing to change

Sometimes a new customer strategy that maximizes customer value also requires employees to adopt a new technology. In addition, vendors, partners and customers themselves may need to use the technology. Customer self-service, for example, offers compelling benefits to customers, not just to you. To encourage adoption, executives must balance the company's needs for using the technology with the customer's benefit from accessing it. If customers are demanding more self-service technologies, but your goals for maximizing customer value involve a more personalized approach, your company needs to find a middle ground that serves both the customer and your long-term goals.

Adoption is a process, not a destination. It involves everyone in the company. If your company wants to maximize customer value, that mission is not just for marketing or sales. Eventually, it will touch everybody who touches your company. It's therefore vital that your customer-focused technologies – and the processes they support – accommodate all of the members of your team. Once again, to cite the self-service example, are sales reps on board with how they will treat customers if customers have more self-service access? Does marketing know how its role will change?

This transformation also takes a commitment from senior managers. Everyone in the C-suite must play an active role in instilling a customer-centric culture, as well as implementing the technology necessary to support it. If a company's goal is to provide a more detailed and singular view of its customer base, and new database software will support that strategy, for example, all information needs to come from that database. C-level executives must be committed to the process of creating that single customer view. They must insist that the relevant technology is implemented. Without that awareness, adoption of customer-centric processes will flounder.

One show of support from the C-suite is to align the organization's measurements of success and its incentives with the goals of its customer initiative. Adoption and change management stand no chance without metrics and compensation. Compensation buys compliance, which fuels an organization's behavior to change. It is a simple equation: No compensation equals no compliance, which equals no behavior change.

Companies should measure and compensate on long-term goals, as well as on the short-term results of their plans. In sales, for example, instead of gauging success entirely on current sales and profits, reward reps for meeting monthly sales and pipeline targets and compensate them for the time invested in gathering key customer data and creating relationships that will pay long-term dividends for the company.

No matter how much you invest in making the changes necessary to adopt a new customer initiative that maximizes customer value and closes the execution-to-plan gap, you won't effectively execute on it unless you build a culture of trust – one that continuously encourages everyone in your company to see your business from the customer's perspective. People within your firm must not only understand what it means to be customer oriented; they must also want it to happen. Managers must clearly communicate the benefits of doing so. With that attitude, you can implement the processes, technologies and organizational structure that will help your customer strategy succeed.

When it comes to maximizing customer value, focus on adoption and change management. Only then will your company be able to do what it says it's going to do, and only then will you execute according to plan.

BIO:

Don Peppers and Martha Rogers, Ph.D., are co-founders of Peppers & Rogers Group, a management consulting firm recognized as the leading authority on customer-based business strategy. Together, they've co-authored five best-selling books on the subject. Their firm helps its clients worldwide create and execute customer-based initiatives that make a bottom-line impact. Visit Peppers & Rogers Group online at www.1to1.com.

Study Reveals that SAS BI Costs Less

Organizations that deploy complete business intelligence (BI) platforms show lower total cost of ownership (TCO) than those that use solutions from multiple vendors.

This is the conclusion of a study conducted by the elite [HEC School of Management](#) in Paris researching costs of implementing a BI solution. Study results were announced at SAS Forum International in Geneva.

Counting total cost

The TCO concept measures costs related to the acquisition of a BI solution, its deployment and ongoing use. Responses from executives at 109 companies indicate that SAS customers have the lowest costs associated with their BI solution. The companies surveyed have deployed at least one BI solution from Business Objects, Cognos, SAP or SAS.

“When evaluating vendor offerings, it is important that organizations take initial software costs into consideration, but also the costs for maintaining and operating a solution, such as incremental consulting charges, the functionalities of each vendor’s platform and their ability to scale,” explains Professor Jean Loup Ardoin, who provided academic guidance to the MBA students who conducted the survey. “Of the four vendors evaluated, the student project group concluded that SAS shows the lowest TCO in the substantial IT projects.”

This study also validates earlier research conducted by a team of students enrolled in the MBA program of Saïd Business School, University of Oxford. The results of this study were announced at the beginning of the year.

One vendor for BI

“The study endorses our strategy of offering an end-to-end and fully integrated BI platform to lower total cost of ownership,” says Tonny Dierckx, Practice Head of Manufacturing at SAS International. “The average enterprise probably has 12 or more different business intelligence tools deployed to address specific requirements of various departments. This leads to duplication of spending and support.”

SAS offers a business intelligence platform that provides the technology for the delivery of enterprise business intelligence services that are capable of delivering a range of products, tools and services to support information access and management requirements of users across the enterprise.

End-to-end functionality for CNAF

“After looking at the cost, we selected SAS as it offered end-to-end functionality,” says Cyrille Broilliard, Director of the Decisional Computing System at CNAF, the French national social services program that allocates 50 billion Euros per year to more than 10 million beneficiaries. Broilliard adds that the integration capabilities provided by the platform allows cost optimizations in terms of internal resources, maintenance and

capability that allowed CNAF to extend the project throughout the organization, spanning 123 agencies.

Prediction & Prevention

The Absa Group is one of the strongest banks in the South African market. But being a large financial institution, Absa needed to make better use of data in order to take advantage of opportunities, as well as to change the ways the bank gathered and stored information and how it served its customers' interests.

One of the most important interests is security. The South African Police Service's Crime Information Analysis Centre reported 225 bank robberies in the first six months of 2001 causing a total cash loss of 27 million Rand (US\$3.6 million).

Bank robbery is not just an expensive crime in the sense of the money stolen, because this is often completely covered by insurance. Robberies can be detrimental to a bank's reputation as a secure place to conduct transactions, to store one's money and valuables, and as a place to work. All of this means that, especially with bank robberies, an ounce of prevention is worth a pound of cure.

"Absa used to be one of the banks that was targeted more than other banks; now we're at the bottom of the list," says Dave Donkin, Absa group executive of e-business and information management.

To turn their vision of becoming a safer bank into a reality, Absa chose SAS due to its powerful analytical capabilities and, as Donkin states, "We share a common objective with SAS to better leverage information."

"Information technology is like a plumbing system," says Donkin. "Plumbing, like information technology, is useless unless it provides clean water (information), in adequate amounts and when required." Using the power of SAS predictive analytics, the company is continually finding ways to make its bank branches less attractive to bank robbers and more secure.

Astounding effects and phenomenal ROI

Absa's gains so far using SAS have been no less than amazing. Identifying the characteristics of those bank branches most likely to get robbed, Absa then modified its security measures – the number of armed robberies declined 41 percent in two years, with a 38 percent reduction in cash loss.

In comparison, according to police statistics, other major banks in South Africa have seen increases in the incidence of robberies of between 25 and 200 percent, with corresponding cash loss increases of between 50 and 150 percent over the last two years.

The analysis went beyond just discovering which branches needed more security. Absa predicted the beginning of a crime wave in Pretoria and took effective preventive measures. It also used the data to figure out where to build new branches and what types of branches to open. As part of the project, a team of IT specialists at the bank developed a risk evaluation model – using data mining and spatial mapping – of bank

robberies. The model revealed various trends which allowed Absa to create a profile to identify which branches might be at risk for robberies. Absa has performed even more sophisticated analysis to uncover the patterns that would otherwise be impossible to know.

Another benefit to performing the robbery reduction analysis was an 11 percent jump in customer satisfaction rates with 91 percent of its customers reporting in a recent survey that they feel safe and secure while at an Absa branch.

Furthermore, when customers' opinions change so dramatically in such a short period of time, they are likely to be significantly more interested in purchasing additional products and services, which creates a perfect opportunity for targeted marketing campaigns. It's also a fact that happy customers are far more likely to share their favorable impressions with friends and colleagues.

And compared to the benefits, the costs have been nominal, considering that by using SAS for both significantly lowering robberies and for targeting customers with relevant offers, Absa has so far achieved a nine-fold return on its investments in SAS. The solution has already paid for itself and continues to save the bank considerable sums of money on its operational costs.

While security will always be a high priority for the bank, ultimately, having more accurate and complete customer intelligence is at the heart of why Absa uses SAS. The bank intends to remain ahead of its competitors by anticipating its customers' next needs in order to increase loyalty and satisfaction.

"The fact that we now have a more comprehensive view across banking and insurance products allows us to really get a good view of the customers." Donkin says. "By using the power of SAS to find out what those customers need, we can serve our customers better."

It also gives Absa the means to gain further advantage over its competitors in a very dynamic and growing market.

EVENTS:

[F2006](#)

June 5-6, Cary NC

Get the latest forecasting theories, trends and best practices from world-renowned experts at F2006, the conference for forecasting professionals.

[JMP[®] User Conference](#)

June 20-21, Cary, NC

Learn new ideas from insightful speakers and enjoy exciting activities to maximize your usage of JMP software.

[SAS[®] Enterprise Miner[™] Live Web Course](#)

June 21-23

Learn how to train, assess and compare predictive models while getting a hands-on look at SAS Enterprise Miner.

[Webcast Series: Fundamental Forecasting Pains](#)

June 28, 1:00 p.m. ET

Our three-part series will show you how to measure the performance of your forecasts and eliminate process waste. Register now!

[Unlocking the Value of Business Intelligence](#)

July 19, Santa Clara, CA

Computerworld's four-city IT Management Summit Series offers busy IT professionals the opportunity to learn from industry experts on important IT topics. Check the Web for additional dates and cities.

[New Analytics Lecture Series](#)

July – August

Using Live Web technology, this series will offer half-day seminars from some of the world's most highly regarded thought leaders in analytics.

[Webcast: Competing on Analytics](#)

On Demand

Tune in to learn the secret weapon of today's top-performing companies: industrial-strength analytics.