

Barriers to Take-Up

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Discussion Topics

- What Barriers? – Analytics is Everywhere!
- A little history
 - Telco, Banking
- The world is changing Yet again
- Cognitive Dissonance
- The New World– managing complexity for competitive advantage
- Even in a simple world – opportunities abound ...

What Barriers? Analytics are Everywhere!

"Worldwide services for the analytics market are projected to grow from \$16.8B in 2001 to \$29B in 2006, an 11.6 percent CAGR." (Gartner, 2001)

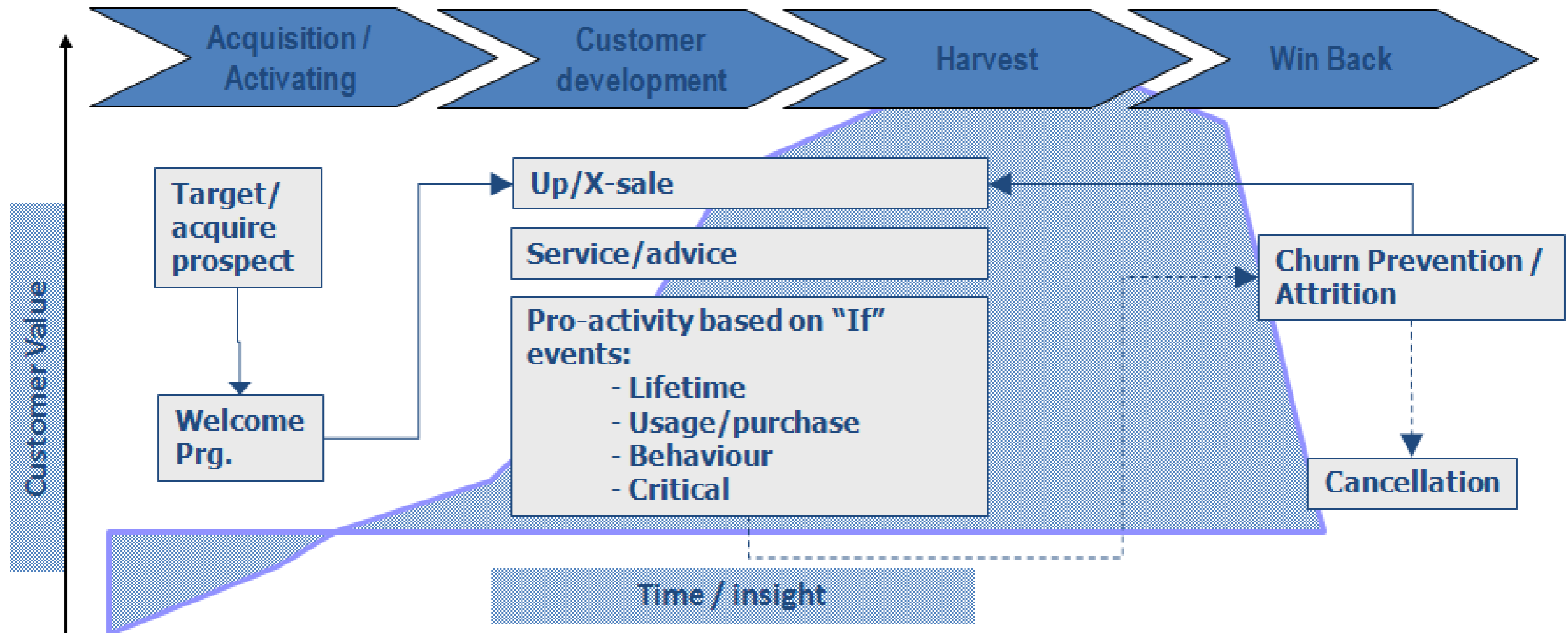
"Advanced analytics tools ... will become more relevant in an organization's daily operations as the opportunity to embed such tools into analytic applications increases."
(IDC, 2003)

Advanced Analytics/Business Intelligence has been placed at no.2 in Gartner's list of the 10 top technologies in 2010 that information technology personnel need to plan for.

A Little History

- Banking
 - Customer Intelligence for Card Marketing, Retail Banking
 - Risk
- Telco
 - Churn, Target Marketing, Bundles

Managing Customer Lifecycles



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| <ul style="list-style-type: none"> ■ Behaviour Scoring ■ Response rates ■ Entry Scoring | <ul style="list-style-type: none"> ■ Contact Policy ■ Fraud Detection ■ Segmentation (Value / Needs) | <ul style="list-style-type: none"> ■ Tariff Plan Optimisation ■ X Sell / Up Sell ■ Credit / Collections | <ul style="list-style-type: none"> ■ Churn Propensity ■ Churn Segmentation ■ Satisfaction score |
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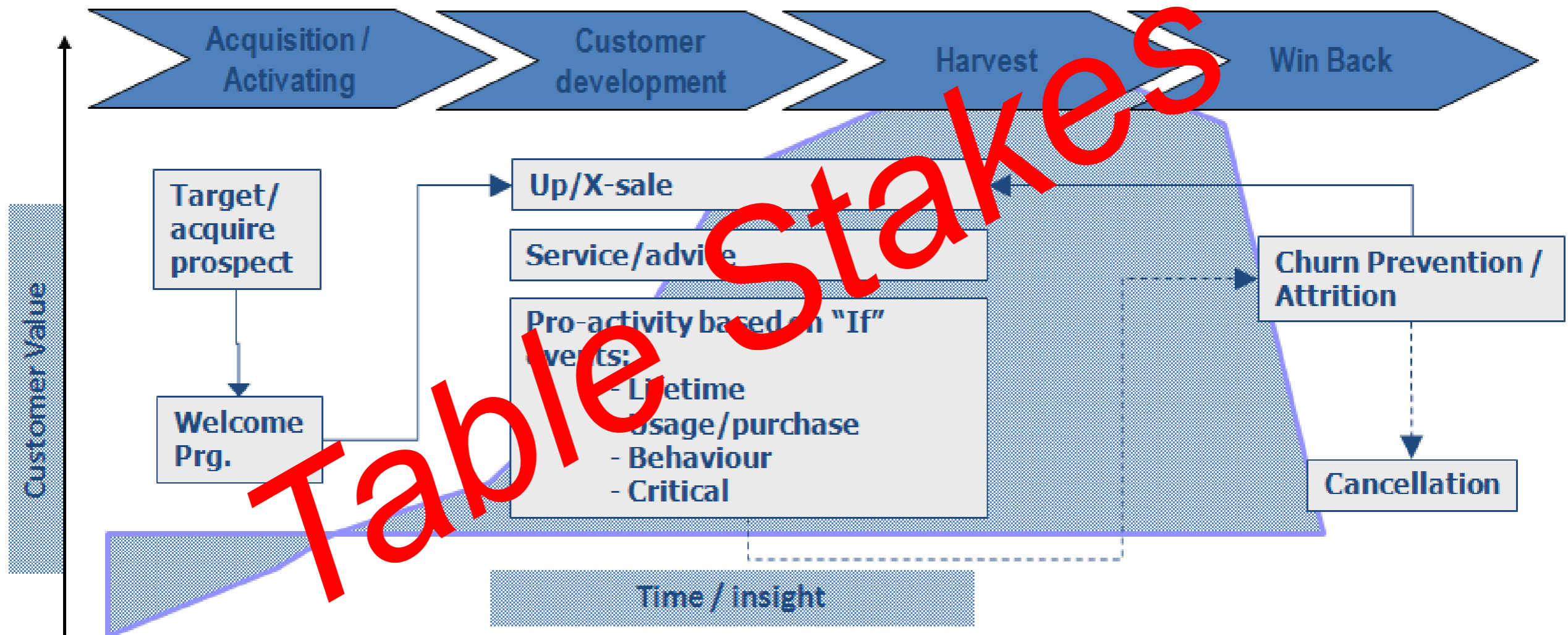
Traditional Analytic Barriers

- ‘Experience’
- My business is unique and not suited to analytics
- “You can’t waste the control group”
- That model is obvious + ... That model makes no sense
- That business problem is just a cost of doing business
- Traditional resistance to change

The World is Changing

- Banking
 - Risk
 - Fraud
 - Capital Requirements
- Telco
 - Data vs. Voice
 - Competitors

Managing Customer Lifecycles



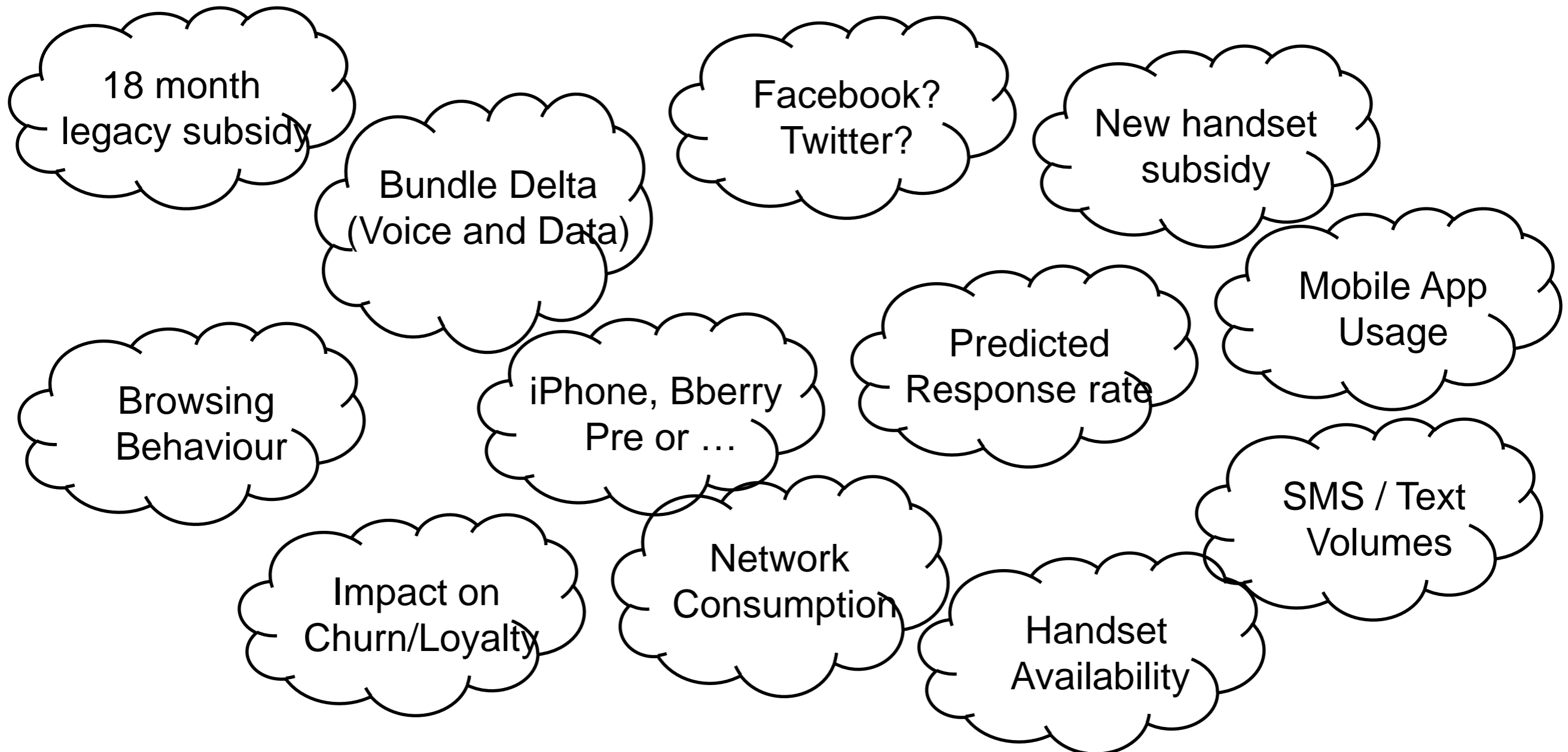
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Cognitive Dissonance

- One definition ...

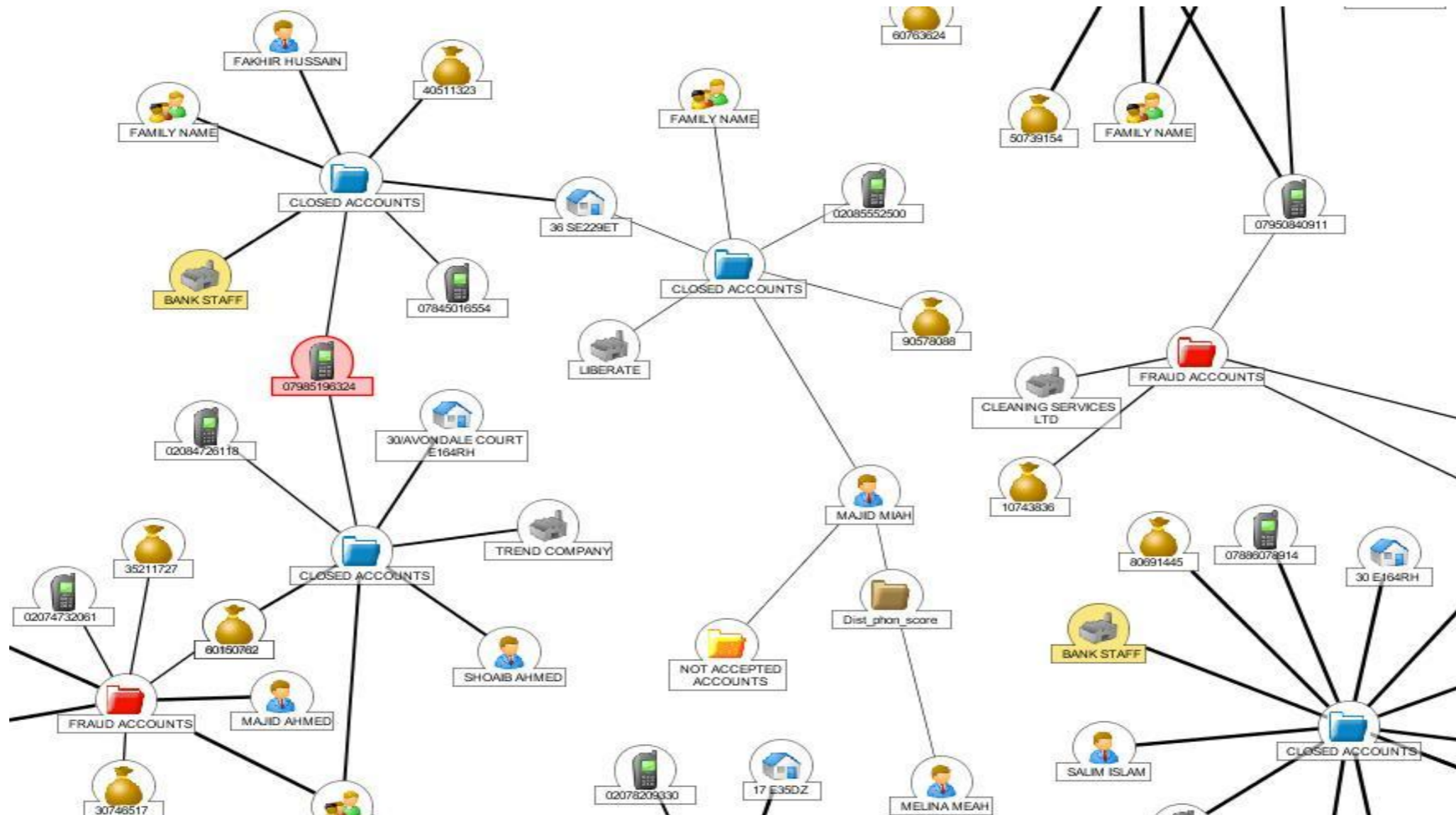
a conflict or anxiety resulting from inconsistencies between one's beliefs and one's actions or other beliefs

New World Analytic Problems - Telco



Social Networks Analysis

+ ++



New World Analytic Problems – Banking

Is this a
real person

Does this
address exist

How similar is
this behaviour

Where's the
money going

Are you
too profitable

How do you
spell that

Does this
mirror my policy

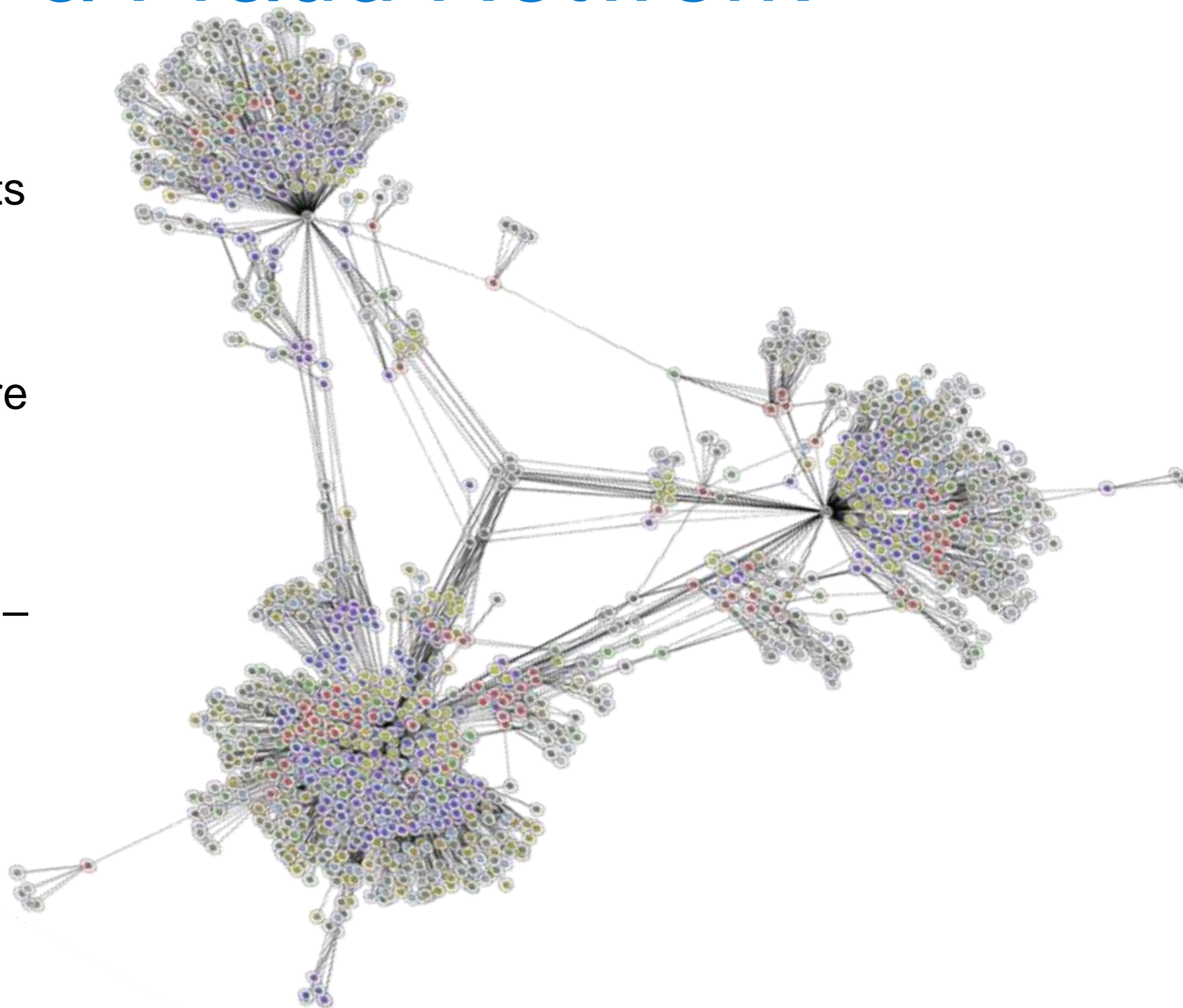
Who do you
live with

Is it phonetically
similar

Is that cell
familiar

Sample of a Fraud Network

- Many user accounts but one underlying identity
- In this network there are multiple fraudsters collaborating (different identities – some common details)
- Red indicates “known fraud”
- Notice the obvious “Hubs” in this Network



Some Good News

- New World problems can be solved with some ‘old school’ math
 - Optimization
 - Text Mining
 - Content Categorization
 - Integrated Fraud Frameworks
- It’s evolution not revolution
- A simple example ...

The Monty Hall Problem



Summary

- Complexity is driving new needs
- Second order Advanced Analytics are required to solve these problems
 - Built on proven analytical practices but ...
 - Beyond the traditional regression analytics
- Significant competitive advantage remains available