

# sas

# Talk

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THE POWER TO KNOW.

*Keeping you up to date on what's happening at SAS*

## What's up at SAS

With June come and gone, the year is already half over and the great news is the middle of Winter has passed, so there is a lot to look forward to in the coming months including some exciting events, interesting news and of course the warm weather.

Locally SAS hosted the Analytical Intelligence events in both Cape Town and Johannesburg in June with great success and would like to congratulate Goran Dragosavac and the marketing team for all the efforts that made the breakfasts so successful. On that note we look forward to the positive response from the Partner Alliance event that will happen in July as well as the Pan African Summit public sector event scheduled for the end of July, which will welcome Gary Cokins as an honoured key note speaker.

On the Global front July marks the month of the A2009 conference in Copenhagen, Denmark which looks to be an excellent event that will be the first ever annual international analytics conference held in Europe, and will include over 30 presentations and 400 analysts to ensure delegates walk away with valuable insight.

Well that's all the news for now, till next month...



### **The next frontier in business analytics drives benefits from business**

As business analytics technologies continue to evolve, businesses can expect improved benefits, simpler implementations and more effective reporting and forecasting. So says Sascha Scubert, global analytic solutions manager for SAS and Goran Dragosavac, national product manager analytical intelligence at SAS South Africa.

Speaking at two recent breakfast seminars held in Cape Town and Johannesburg, Schubert says: "The next generation of business analytics has introduced better visualisation, the ability to extract data from unstructured texts and faster reporting tools. And what is most important to note is the impact these decision making capabilities hold for your business, particularly when decisions are no longer based on gut feel but on proven data and analytics."

The need for business analytics has been driven by the exponential growth in data across the world, and the need to not only manage it but also understand it, read it and learn from it. And with so many global organisations seeing the value in their data through informed reporting and the ability to make smarter decisions, future analytics capabilities promise to deliver even more value, drilling deeper into information, as well as allowing organisations to take

advantage of easier and faster technology implementations.

## Thought Leadership Article

### Customers that Cost You and Customers that Profit You

*The cost to serve your customer is the critical link in unlocking customer value, by Kevin Kemp, SAS Institute SA*

So, now you have your business and your customers, you have retained existing customers and managed to grow your market to attract new customers too. But, do you know which of your customers are truly valuable to you and which are not?

The bottom line is that not all customers are created equal and it takes some strong assessment skills with the help of analytics and some clever number crunching to see which package holds the prize customer.

#### The Cream

Each customer possesses unique buying and spending habits, not all of which are profitable to your business. There are many different types of customers as there are products on the shelves, and no two customers who purchase the same mix of products or services cost the same to your business.

While some customers buy a mixture of low margin products and hardly balance out your 'cost to serve', others choose to buy high margin products with so many specialised requests that the cost to serve them far out weighs the profit they bring you. While some customers are just around the corner others are far and wide and expect immediate delivery.

But all of this begs the questions, how do you measure the profitability of a customer accurately? How do you handle less profitable customers? And how do you turn a non-profitable customer into a profitable one?

#### The Truth about Customers

To be competitive and remain competitive a company needs to understand its cost structure and know where its profits are coming from. Understanding which customers are costing you and which are profiting you. This is done by working out the cost to serve and dividing it amongst your customers, and then subtracting it from the profit each customer brings in.

Working out the cost to serve margin can be done using analytics tools like those included in Customer Relationship Management and Customer Intelligence solutions. To know which customers are profitable and which are not you first need to get to know your customers. You will be surprised by just how much data you have on your customers already and exactly how you can group it and analyse it to your advantage.

You will probably find you know what area they live in, how much they spend with you on a monthly basis, how they prefer to pay, which products or services they prefer, whether they enter competitions or are attracted by sales and specials, what loyalty they have to your company or your competitors. The secret is how to use this data to your advantage.

After calculating the cost to serve and analysing your customer data there are two ways to improve the profit of your customers, either reduce those customers cost to serve or increase sales. Some strategies to improve profits include streamlining the delivery chain to reduce extra work and transport costs, increasing prices of specialised products and charging where additional labour is involved.

#### CRM Enlightenment

Using analytics and CRM tools can open up the world of usable, intelligent data for your pleasure. For example, you now know that maybe 13% percent of your customers are sucking an extra 5 % of your profits either through difficult niche requests, far deliveries or specialised products. Now what you do with this knowledge is what will make the difference to your business.

You have taken the first few steps, invested in the tools, cleaned and warehoused your customer data, segmented and organised your customers. Now is the time to be dynamic, basing strategic decisions on your newfound knowledge, and turning your strategies into actions.

The bottom line is to cut costs, drive sales and streamline your business to turn unprofitable customers into profitable ones. Reward loyal and profitable customers with sales and specials and loyalty programmes

while perhaps increasing prices for deliveries and specialised items and services. Whatever your issue, analytics give your company the power to see it plainly in front of you and asks what are you going to do about it.

### To End

Analytics as a tool, gives you the power to see what is there, what is happening in your business, where you are losing or succeeding but the last and vital link of the analytics tool is you!, Brainstorm, strategise and put strategies into action and you will reap results beyond all your expectations.

Customer relationship management tools help you understand your customers, and your customers are the key to your business, some are profitable and some are not but it is not until you understand this that you can drive marketing, rewards, and customer sales.

## LOCAL NEWS

### SAS to sponsor Pan African Monitoring and Evaluation Summit

As a global leader in business analytics, SAS Institute is working closely with all levels of the South African government to assist them in reaching their Monitoring and Evaluation goals. In tune with this, the company is proud to announce it will be the title sponsor of this year's Pan African Monitoring and Evaluation Summit.

The summit, to be held from the 27 - 31 July at the Premier Hotel in Pretoria, is aimed at government departments and agencies from across the African continent and is geared to provide them with insight into how to adopt and deliver a Monitoring and Evaluation framework. The event is scheduled to play host to guests from the offices of the Presidency, the National Treasury, the Auditor General, Stats SA and the World Bank to name a few.

"The goal of an effective planning, monitoring and evaluation system is to provide government departments, agencies and the Presidency with a single view of performance relative to the programmes, projects or initiatives run within the Public Sector," says Desan Naidoo, general manager: public sector division at SAS. "Once this has been achieved government can begin to highlight where improvements can be made, what projects are succeeding, and what best practices they can carry forward as benchmarks for future service delivery improvement."

The goal of this year's summit will be to bring together global Monitoring and Evaluation specialists, and encourage debate and discussion around the topic, as well as promote global best practices, while at the same time provide a view on integrating theories and practice.

## INTERNATIONAL NEWS

### SAS maintains leadership position in operational risk management report

For the fifth consecutive year, SAS, the leader in business analytics software and services, continued its reign as the leader by Chartis Research in its Operational Risk Management Systems 2009 report. Since 2005, Chartis has positioned SAS OpRisk Management in the top spot for "completeness of offering" and "market share potential."

Chartis forecasts the worldwide operational risk management (ORM) market to grow to US\$1.68 billion by 2013. The Chartis report looks at both the demand and supply sides of the market and covers the main market and regulatory requirements as well as the competitive landscape. The evaluation examined a vendor's core functionality, data management capability, vendor characteristics, implementation process, user friendliness, complexity, customisability/flexibility and costs.

"The capabilities of SAS OpRisk Management and enterprise risk management (ERM) software and services from SAS continue to earn our highest ranking," says Peyman Mestchian, Head of Advisory Board at Chartis. "SAS continues to demonstrate its innovation and commitment to solving its customers' evolving needs in risk management."

### Organisations increase reliance on advanced analytics, looking to SAS to meet that need

Voting with their IT budgets, organisations choose SAS Analytics far more often than any other analytics supplier. And even as technology budgets tighten in current tough economic conditions, business leaders are increasing their investment in analytics to remain competitive and position themselves for an eventual turnaround.

Query and reporting tools were once considered enough to answer basic business questions such as "What happened?" or "What is happening?" The more useful answers are from advanced analytics which answer questions such as "What will happen?" or "What's the best that could happen?"

"Basic query and reporting is necessary, but insufficient. Advanced analytics are required for continuous learning and improvement, leading to real insight and sustained competitive advantage in a tumultuous economic environment," says Goran Dragosavac, National Product Manager Analytical Intelligence at SAS Institute South Africa.

## Product in the Spotlight

### SAS Visual Data Discovery Interactive data visualisation for analytics

#### Overview:

SAS Visual Data Discovery provides a point-and-click interface to the advanced analytic capabilities of SAS. It enhances advanced analytics and exploratory data analysis with interactive data visualisation, leading to better analyses, faster decisions and more effective presentations of analytic results. It combines three of SAS' most popular software products (Base SAS, SAS/STAT and SAS/GRAPH) with JMP.

#### Benefits:

- Allows users to interact with graphs to clarify results and take action.
- Provides immediacy and responsiveness for greater productivity.
- Exports interactive animations to insert into presentations, Web pages and other documents.
- Overcomes data limitations.
- Provides a powerful and comprehensive analytical environment without having to code.
- Helps achieve corporate and governmental compliance.

Find out more at: <http://www.sas.com/technologies/analytics/statistics/datadiscovery/>



### Upcoming Events

<b>A2009</b>	<b>Denmark</b>	<b>1-2 July 2009</b>
<b>Insurance and Fraud Event</b>	<b>Johannesburg</b>	<b>16 July 2009</b>
<b>Insurance and Fraud Event</b>	<b>Cape Town</b>	<b>17 July 2009</b>
<b>Pan African M &amp; E Summit</b>	<b>Pretoria</b>	<b>27 - 31 July 2009</b>
<b>Partner Alliance Event</b>	<b>Johannesburg</b>	<b>1 October 2009</b>

### The bit at the end

We hope you enjoyed this edition of SAS Talk, if you have any suggestions for improvement, comments or interesting SAS info, please email [marketing@zaf.sas.com](mailto:marketing@zaf.sas.com).