

**Carlie Smee**  
Customer Insights Manager



# VIRGIN MONEY

Making the obvious choice in the financial services industry

## Industry

Financial Services

## Business Issue

Gaining operational independence from its parent company, Virgin Money (Australia) required an analytics and business intelligence solution that would deliver on the key issues of predictive modelling, data mining, reporting and datawarehouse connectivity. Ultimately, it would be a solution to underpin the company's innovative approach to the credit card business.

## Solution

Virgin Money implemented the SAS® Enterprise Intelligence Platform including the SAS® Enterprise Business Intelligence Server and SAS® Enterprise Miner providing predictive analytics as well as web based query and analysis, report delivery and dashboards.

## Benefits

"The result [of implementing the SAS® Enterprise Intelligence Platform solution] is that we are able to attract a greater proportion of approved customers in relation to the number of people we contact, effectively lowering our customer acquisition costs," according to Carlie Smee, Customer Insights Manager, Virgin Money.

Virgin Money launched in Australia three years ago to shake up financial services. With award-winning products spanning credit cards, home loans and superannuation, Virgin Money is already achieving what the Virgin brand is renowned for worldwide – challenging traditional business models and giving consumers a better deal. For the local operations of this high profile brand, SAS has been introduced to assist the company in maintaining the unique edge that is Virgin.

### The SAS software solution

In its early years, Virgin Money Australia was a subsidiary of the more established Virgin Money UK. Following the rapid growth of the Australian business, the "cord" was cut in early 2005 and Virgin Money Australia became fully independent.

For the company's Customer Insights Manager, Carlie Smee, operational independence presented the opportunity to introduce a new analytics and business intelligence solution that would better meet the local operation's needs. "We assessed solutions from three vendors," she says, "evaluating their ease and effectiveness in predictive modelling, data mining, reporting and datawarehouse connectivity.

"The results were that SAS was the only vendor able to provide us with a total solution that met our business needs and budget. If we had opted for another solution, it would have meant introducing a multi-vendor system; and the problems associated with that in the areas of training and support simply didn't

warrant their consideration. A SAS Enterprise Intelligence Platform solution, including data mining and business intelligence was the obvious choice."

### Proactive customer retention

"One of the core strengths of the entire range of Virgin businesses is the absolute focus on customers; and the requirement for this is essential," Smee states. "To achieve this in Virgin Money, we need to be an analytically driven business, with data being utilised to its full potential."

A key strategy that is being progressively introduced throughout Virgin Money and based on the SAS software solution is proactive customer retention. Smee explains: "Where it used to be a case of identifying non-profitable customers by reporting on metrics such as dormancy, the SAS solution enables us to build behavioural models that predict those customers who are likely to become dormant or churn in the near future. Essentially, we'll be in the position of being able to identify customers who we see as being at risk of churning."

### Lowering acquisition costs

"One of the common problems facing financial services companies, particularly with credit card products is spending resources to attract a new customer only to find out after that effort that they get knocked back based on the credit scorecard," Smee says. "The obvious challenge – and one that we're now squarely addressing with the SAS solution – is building predictive



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models to score lists based on those potential customers who are more likely to have their credit approved.

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It is that same approach that Virgin Money is planning to introduce with cross-sell communications to its existing customer base. Rather than utilise the typical – and costly – “scattergun” approach to customer communications, the company’s marketing team will use SAS analytics and reporting functionality to develop individual and more effective communications for reaching precise customer segments.

### Easing the burden

On the issue of data warehouse integration,

Smees comments that the introduction of the SAS solution has brought about a “considerable time saving” for her team of customer insight analysts.

“Using SAS software, we created a reporting portal which interfaces to our data warehouse, which provides everyone in the business access to accurate real time reporting. Where building a single report may have previously taken one of my team members anywhere up to a full day, it’s now being done by staff in the business units in a matter of minutes; and that goes for everyone from our CEO right down the line. This allows the customer insights analysts to spend more time analysing results rather than just building reports.”

### Only months for 100 per cent ROI

Prior to the implementation of the SAS Intelligence Platform, Smees and her team prepared a business case that projected a 100 per cent return on investment (ROI) of

barely three-to-four months. Smees explains: “Previously, analytic projects that required model building needed to be outsourced to a consultant, which typically cost us anywhere between 50-100 thousand dollars.

“Given we undertake around ten such projects each year, we projected a full payback on our initial investment over the course of only two to three projects. That,” she states, “is a level of ROI that’s rarely realised, let alone even hoped for.”



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