



Prasanna Dhore
Executive Vice President
The Dreyfus Corporation

REAPING BIG RETURNS

Dreyfus improves attrition rates by 50 percent with SAS®

Industry

Financial Services

Business Issue

Tailor offerings to meet the needs of investors in an effort to keep their business.

Solution

SAS® Customer Relationship Management Solutions

Benefits

50 percent decline in attrition.

With an unstable stock market comes the increasing tendency among nervous investors to shift money out of their mutual funds. At the same time, financial services firms find themselves struggling to attract new investors. Fund firms aggressively compete with one another for new investors, all the while exerting enormous effort to maintain the assets of existing clients.

Many financial services companies have chosen to address these challenges by implementing punitive measures, such as levying high redemption charges to customers who pull their assets before certain time limits have passed, or more benign measures, such as lowering fees for long-term customers.

At least that's the case at most firms – but not at The Dreyfus Corporation. Dreyfus, a subsidiary of Mellon Financial Corporation, relies on SAS® Customer Relationship Management Solutions (CRM) to help keep customer loyalty and profitability on the rise. Using SAS, Prasanna Dhore, Executive Vice President at Dreyfus and Head of Dreyfus eBusiness, oversees a CRM operation that has seen attrition rates drop by 50 percent to one of the lowest rates of any mutual fund company.

“At Dreyfus and Mellon, we believe our biggest asset is our customers,” Dhore says. “As in many financial businesses, we live and breathe for them. We try to take as much care in managing customer relationships as we do in managing money because it's in the best interest of everyone.”

Headquartered in New York City, Dreyfus is one of the United States' leading asset management companies, currently managing more than \$170 billion in mutual funds, separately managed accounts and institutional portfolios. Mellon, a global financial services company headquartered in Pittsburgh, is one of the world's leading providers of financial services for institutions, corporations and high net worth individuals, providing institutional asset management, mutual funds, private wealth management, asset servicing, human resources services and treasury services. Mellon has nearly \$3.1 trillion in assets under management, administration or custody, including more than \$612 billion under management.

Predicting attrition

To manage customer relationships effectively, Dreyfus relies extensively on data warehousing and data mining techniques. “Data warehousing is crucial because it basically stores the memory for our enterprise, so it is important to make sure that memory is accurate,” Dhore says. “But data mining is what provides the intelligence for our enterprise. Just having a data warehouse is not enough.”

Since joining Dreyfus in the 1990s, Dhore has created a 1.2-terabyte, 4-million-household database used for all marketing, sales and strategic planning. Focused on retaining assets, Dhore and his team of statisticians pore over the data – which includes demographic information, credit and loan applications, spending habits and transactional

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history – to find out which customers might be thinking about leaving. Warning signs include surges or decreases in the amount of contact from customers and increased numbers of transactions between funds.

“We’ve been able to predict that the customer is going to exit three to six months before it actually happens and with accuracy of 80 to 85 percent,” Dhore says.

Redemption rates fall

Using intelligence gathered with SAS, Dreyfus telephones fidgety clients in an effort to convince them to stay. “Dreyfus used to advertise and wait for the phone to ring,” Dhore says. “Now we know we need to call them instead.” Typical calls include pitches tailored specifically to each client using offers based on age, wealth, portfolio and recent investment activity. Dhore’s team applies statistical modeling to the feedback in an effort to find products that might appeal to each individual customer.

As a result, Dreyfus’ shareholder redemption rate has fallen during the past five years from

22 percent to around 7 percent annually – an extraordinary achievement in the face of an industry average hovering around 25 percent.

Dreyfus also uses SAS to build models that show how personalized product offerings can reduce attrition rates, enabling the company to understand why customers leave and what customers want. Marketers and product managers rely on these reports as they build marketing strategies and campaigns.

Dhore says that Dreyfus sees payback from these campaigns within four to six months, adding that the data analysis also helps the company model a customer’s propensity to buy certain products or services – thus enabling Dreyfus to compute potential lifetime value.

“By using SAS, customer attrition at Dreyfus has decreased by almost 50 percent, while the average customer balance has increased substantially,” Dhore says. “In fact, this solution has helped us bridge customer satisfaction with bottom-line success.”

Productivity has increased at Dreyfus as well. For example, says Dhore, “Our data analysts and statisticians used to spend 80 percent of their time massaging and cleaning the data, and now most of that has been automated.”

End-to-end solution

SAS was the logical choice for Dreyfus’ CRM solution, Dhore says. “We’ve been using SAS for many years. SAS’ software and consulting provide innovative solutions to business problems, and they’re leading the way in data mining,” he explains. “The data mining software from SAS is an end-to-end solution that enables us to use different techniques to determine the lifetime value of the customer.

“Partnering with SAS has been very strategic for The Dreyfus Corporation,” Dhore adds. “We have increased our profitability and at the same time provided added value for our customers – it’s a win-win situation for both sides.”



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