



**Stuart Roesel**  
Director of Customer  
Loyalty and Retention

# CONNECTING WITH CUSTOMERS

EarthLink uncovers the right marketing messages and product offers to keep customers coming back.

## Business Issue

Reduce customer churn while increasing loyalty and product adoption.

## Solution

EarthLink uses SAS to develop and evaluate predictive models 200 percent faster than before, enabling rapid development and testing of targeted marketing programs. The speed and accuracy of its customer intelligence provides speed to market for product combinations that keep customers happy.

## Benefits

EarthLink has achieved 268 percent ROI while reducing dial-up customer churn by 19 percent, increasing product adoption and achieving US\$50 million in total value through a lift in revenue and reduced customer acquisition costs.

EarthLink is keeping customers, increasing product adoption and reaping US\$50 million more in total value with help from SAS. Now, the company is better able to identify customers who might be thinking of leaving so it can create tailored marketing messages and the right product offers that convince customers to stay “Linked.”

EarthLink has capitalized on the mantra that it’s cheaper to keep existing customers than acquire new ones. So when it decided to expand from a traditional ISP into new lines of business, it wanted to make sure that it kept its existing base of customers engaged.

The team responsible for reducing churn (that is, voluntary service disconnects) and increasing product adoption needed to model customer engagement based on a combination of customer attributes and usage of different products – both free and revenue-generating ones. “Some products are more closely tied to customer retention than others. To effectively manage churn and keep customer engagement high, we needed holistic insight into what the strongest levers are,” says Sam McPhaul, Senior Manager of Business Intelligence. “Beyond descriptive reporting on who uses what, we needed a way to model usage patterns in order to design optimal marketing programs.”

Prior to using SAS® Enterprise Miner™, it was a challenge to associate customer attributes and product usage with

subsequent churn. The company employed descriptive analytics to track monthly service disconnects, as well as traditional baseline reporting that described what had already happened – but EarthLink lacked a holistic, real-time depth of intelligence into who its customers were, what they were using and what programs the company could craft to encourage desired customer behaviors.

Despite the complexity of the problem, the team knew it was solvable. To put real science around the challenge, the group turned to SAS Enterprise Miner. “Our primary reason for choosing SAS was the depth of customer insight it would help us uncover from a robust variety of different types of analysis. Our ability to test different methods has given us better answers about what drives customer churn. That’s the real ‘Holy Grail’ in BI,” says McPhaul.

## High-speed results

Within five weeks of implementing SAS Enterprise Miner, team members saw measurable results. They were able to examine linear and nonlinear models of several different groups of customers within different usage scenarios, which gave them a high level of customer insight in a very short period of time.

“We started to look at this data from multiple dimensions, report on it and really drive down into root cause for churn. With the analytics SAS has enabled us to perform, we’ve been able

“Our primary reason for choosing SAS was the depth of customer insight it would help us uncover .... Our ability to test different methods has given us better answers about what drives customer churn. That’s the real ‘Holy Grail’ in BI.”

**Sam McPhaul**  
Senior Manager of Business Intelligence  
EarthLink

to rapidly identify which products are most retentive to different customer segments. That’s very important – and it’s something that was difficult to achieve in the past,” says Stuart Roesel, Director of Customer Loyalty and Retention.

Today, EarthLink has a better idea of which customers might leave in the near term and is better able to target those customers with the right offers to keep them “Linked.” Additionally, the success of the modeling efforts has been easy to promote within the company because the results speak for themselves: Loyalty and retention campaign response rates have skyrocketed from 5 percent to 20 percent, and the company has achieved an ROI of 268 percent.

“Not only do we have real depth and dimensionality to our analyses, but we can present them to management in a way they can easily interpret, communicate to other stakeholders and act on quickly. That’s a serious competitive advantage,” says McPhaul.

Roesel adds, “There’s a lot of excitement across the organization about the initial models and road maps we’ve created, from product managers all the way up to executives. When you have VPs talking about our ability now to predict churn with high

accuracy, that’s powerful.” Other teams across EarthLink have even approached the team to see how SAS might be able to improve their own results.

### **The SAS® advantage**

“We’ve leveraged every possible aspect of SAS in a very short time. Especially useful for us has been the complete modeling platform where we can automate data cleansing, test different transformations on many evolving models, and quickly create and evaluate different types of models. SAS gives us a power to automate many complex tasks that I just haven’t experienced from other tools. Others may be good at one thing, but not good at everything that we need simultaneously,” says McPhaul.

EarthLink complements its use of SAS Enterprise Miner and Base SAS with SAS Enterprise Guide® for gathering and manipulating large data sets, and performing complex analysis. “SAS’ tools allow me to answer complex questions quickly. SAS Enterprise Guide’s flexible GUI interface allows me to build and transform data sets quickly into meaningful information. For me, the way SAS seamlessly integrates data from numerous servers, as well as my own data, makes this the only option for analytics,” says Dan Sparks, Senior Manager of Customer Retention.

Roesel agrees. “SAS provides us with a variety of options to help us develop real-time analytics and see what the drivers truly are, and proactively deliver messages to customers,” he explains.

### **What’s on the horizon for EarthLink?**

The company is currently on track to move from an all-time high churn rate in 2005 for its dial-up customers to an all-time low by the beginning of 2008 – a 19 percent reduction in churn that has added an incremental value of \$50 million – value derived from greater revenue due to extended customer life as well as savings in operational and acquisition costs.

“It’s an incredible story. Prior to bringing in SAS, everything was a one-size-fits-all approach to customer knowledge. We’ve been able to take a much more segmented approach, which has translated into significant cost savings as well as reduced churn,” says Roesel.

While EarthLink is reducing churn, it is also helping customers feel more connected to its products through targeted messages about usage, product features and pricing options, giving EarthLink confidence that customer loyalty and product adoption will continue to grow.



**THE  
POWER  
TO KNOW®**

SAS Institute Inc. World Headquarters +1 919 677 8000  
To contact your local SAS office, please visit: [www.sas.com/offices](http://www.sas.com/offices)

SAS and all other SAS Institute Inc. product or service names are registered trademarks or trademarks of SAS Institute Inc. in the USA and other countries. © indicates USA registration. Other brand and product names are trademarks of their respective companies. Copyright © 2007, SAS Institute Inc. All rights reserved. 103138\_465558.1007