



SAS® enables Max New York Life to maximize share of wallet, retain valuable customers

Sales to existing customers include up to 40 percent more premium revenue

Industry

Insurance

Business Issue

Need an accurate data warehouse of viable information for use in increasing customer retention and improving cross-selling efforts.

Solution

SAS Business Analytics, including SAS Campaign Management, SAS® Enterprise Miner™ and SAS® Enterprise Guide®.

Benefits

Using SAS, Max New York Life has increased the number of new sales from existing customers from 7 percent to more than 20 percent and improved the premium revenue by nearly 40 percent with shorter sales cycles. With a favorable economy, the company believes it can generate 25 percent to 30 percent of all new sales from existing customers.

In India's recently liberalized life insurance market, fast-growing Max New York Life (MNYL), a joint venture of two leading global businesses, (Max India Limited and New York Life International), has adopted SAS technology to transform its efforts to strengthen customer retention and cross-selling to a tightly segmented customer base. With SAS as the heart of its marketing process, Max New York Life has access to the right data, the right models, and the right execution. As a result, high-margin revenue from cross-selling has tripled.

Since its inception in 2000, MNYL has recognized that, even as it continues to grow, the greatest revenue opportunity lies within its current customer base, which was vulnerable to exceptional levels of churn. According to Narayan Karthikeyan, PhD, Head of Business Intelligence and Analytics, there were two major challenges. "First, we wanted to be able to identify our best customers and ensure we take appropriate steps to retain them," he said. "But beyond just keeping them, we want to expand our relationship with them – our share of wallet. These are mutually beneficial aims because, by selling more products and services, we improve the likelihood that the customer will remain with us."

Not just retention – expansion

Previously, MNYL found that a mere 7 percent of new revenue came from cross-sales to existing customers and only 1 percent of customers owned two or more MNYL policies. While those figures are consistent with a fast-growing enterprise, they still represented an

important opportunity for improvement. "Sales cycles to existing customers are faster," Karthikeyan noted, "and the average premium amount is often 30 percent to 40 percent higher. Plus, we've found that the retention probability for a customer goes up 300 percent to 400 percent once they make a second purchase with us. We were eager to get momentum in these areas, since it would be a more profitable way to grow our business."

Achieving these ambitious targets started with one important objective: a centralized repository of customer data. "Getting that single view of the customer meant pulling all of our data into a unified data warehouse," Karthikeyan explained. "We'd then need to give our business users the right analytic tools to make good, strategic decisions. But, from a tactical level, addressing the quality of the data was essential for executing our selling initiatives. Address and contact data in India is notoriously inconsistent, so to make cross-selling feasible, we needed to ensure we knew the correct addresses and phone numbers."

SAS®: The heart of the marketing information flow

Seeking the right technology foundation to aggregate and clean the data, build models, analyze data sets, and manage campaigns, MNYL turned to SAS. The company acquired a suite of SAS solutions. "SAS is the heart of our marketing process," said Karthikeyan. "We use it to clean our data and pump the right information to the right people

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Narayan Karthikeyan, PhD
Head of Business Intelligence and Analytics
Max New York Life

at the right time so that they can make the right decisions. Because of these predictions and forecasts, SAS is removing a lot of the guesswork.”

One of the key advantages that SAS provides is improved speed and precision. “Before, we needed at least three weeks just to build a model,” he said. “Now, we can build and run a model in two days. What’s more, we’re able to target our customer segments much more logically and granularly. We’ve identified about 25 separate cells, and we see their demographics and previous transaction behaviors. That lets us tailor specific cross-sell offers and script different contact scenarios based on their value, their propensity to buy, their propensity to pay, and their propensity to lapse. Previously, we conducted two broadly targeted campaigns each quarter. Now, with these tightly defined customer segments, clean data, campaign management, and rapid modeling, we’re executing 60 separate campaigns a month. That’s a level of agility that we directly attribute to SAS.”

Through this broad initiative, MNYL has achieved remarkable improvements in retention and cross-selling. Earlier, only 7 percent of revenue came from existing customers. “In the first quarter after implementing SAS, sales to existing customers jumped to more than 20 percent,” Karthikeyan said. “Depending on how the macro economy performs, we think we can get that number closer to 25 percent or 30 percent. Our senior management team is very pleased with that performance.”

Revealing the business insights

According to Karthikeyan, SAS has made a fundamental difference in the success of Max New York Life. “SAS shows us the business insights more clearly,” he said. “We might have hunches and ‘gut instincts’ on what we should do. But now we have the data to back up that intuition. For instance, our lowest 9 percent of our customer base only contributes 1 percent of our revenue – that’s something we didn’t know before, and now we can act on this knowledge with confidence. These are the types of things that never would

have come to light without SAS. SAS helps us ask the right questions and get the right answers.

“This has been an ideal solution for Max New York Life, and I would strongly recommend it to other enterprises. If you’re in an environment that changes constantly, where the decisions you made three months ago are no longer valid, you need a system that can provide senior management with timely data and insightful analyses. That’s what SAS has been able to provide our organization.”



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