



Creating their own upturn

Verizon unleashes the power of analytics to transform customer relationships, generate growth

Diane Brown (left), Director of Medium Business Marketing and Channel Strategy, and **Carrie Gray, Executive** Director for Medium Business Marketing

Industry

Telecommunications

Business Issue

Facing stiff competition from cable providers and new IP (Internet Protocol)-based entrants, Verizon needed a complete turn-around of its sales and marketing efforts.

Solution

The telecom operator collaborated with SAS and Accenture to develop a strategy to target differentiated customer needs with value-added solutions.

Benefits

With analytics solutions, Verizon produced a 360-degree view of customers in less than three months, improving campaign close rates (sales) by more than 250 percent.

Partner

Accenture

It was in 2009 – in the middle of the worst recession in 50 years – that Verizon's medium business market had a terrific year. And thanks in part to analytics solutions developed with SAS and Accenture, the coming years promise more of the same.

“We believe in creating our own upturn,” says Carrie Gray, Verizon's Executive Director for Medium Business Marketing. “We recognized medium business as a growth area before the downturn, so we invested in analytics initiatives that would position us to better serve and develop these important customers.”

Verizon's transformation began near the end of 2007. Facing stiff competition from cable providers and new IP (Internet Protocol)-based entrants, Verizon knew that a complete turn-around of its sales and marketing efforts was needed.

Collaborating with Accenture, Verizon developed a strategy to target differentiated customer needs with value-added solutions. It was no small undertaking. The company's medium business segment is a complex, highly fragmented market of 175,000 customers, ranging from regional medical practitioner offices to multisite high-tech companies. Too few customers were actively managed, channel coverage overlapped, and lead lists were inaccurate and created too slowly.

360-degree customer view

To counter aggressive competition and achieve growth, Verizon needed deep customer insight and targeting along with better channel alignment and development. With business analytics from

SAS, Verizon was able to redefine the medium business customer in less than three months by aggregating a variety of external and Verizon data sources into a 360-degree view of the customer.

The new approach allowed Verizon to understand who their medium business customers were well beyond their industry codes – providing what Accenture calls a complete customer-centric view. Where is the customer located – including its headquarters and branch offices? What's the corporate structure? How many employees? How much and what type of Verizon services across voice, data, IP and managed services?

Armed with this 360-degree view, Verizon could statistically segment its mainstream and premium customers into microsegments, grouping various businesses in unexpected new ways. In turn, this allowed Verizon to determine the right channel treatment and solutions for each customer segment.

“Today Verizon can tailor solutions, bundles and offers that are sized appropriately, have the right price-to-value proposition and are serviced by the right channel,” says Diane Brown, Director of Medium Business Marketing and Channel Strategy. Larger, more complex customers with in-house IT resources work with Verizon field reps. Smaller mainstream customers with less complex needs work with call center reps.

Adds Brown: “With a 360-degree view, we can determine which customers require what coverage because we know so much more about them. We were able to reduce the number of customers each rep serves by half, and we

now give better, targeted service to the right customers with the right solutions.”

Sales reps work with the customer data right on their desktops – incorporated into pre-existing sales desktop tools – to improve their productivity. Verizon and Accenture teams interviewed reps in the field to make sure the desktop tools contained all the pertinent data and then modeled the finished product according to the sales strategies of the most successful reps.

Campaign close rates up 250+ percent

“We now have a leading practice in the industry,” Gray notes. “Microsegmented campaigns generate a 25 percent higher revenue lift on average over nontargeted campaigns. We have cut the time it takes to identify a targeted list by two-thirds – from three weeks to one week. And the accuracy of that list has improved significantly, allowing us to get to the right customers faster. Campaigns that used to take a month can now be done in a day. In 2009, we improved our campaign close rates (sales) by more than 250 percent over 2008 by using microsegmentation.”

SAS and Accenture added another benefit in May, when Verizon automated campaigns in real time. “This Web-based tool allows us to create and push campaigns into the sales channel and then track their return immediately,” Gray says. “Giving sales reps and managers real-time access to data also frees up resources to do more high-end predictive modeling, such as identifying customers at risk of churn, developing appropriate interventions and looking for up-sell opportunities.”

To maximize cost-effectiveness, the analytics solution is integrated into Verizon’s IT infrastructure.

Microsegmentation increases sales

Thanks to the customer-focused solution and the continual generation of new analytic models and microsegments, campaign results have been impressive.

A Private IP campaign in the first quarter of 2009 significantly increased sales compared to the fourth quarter of 2008. Rather than limit itself to single criteria – like employee or line size – Verizon analyzed multiple variables, such as location of customer sites and type of business. The campaign then matched that information to Verizon solutions to customize pricing by market.

“Now that we have a base of customers who purchased our Private IP network, we can expand that solution,” Gray points out. “What other applications would make sense to run on that network? As our customer needs grow, we’re growing with them – something we couldn’t do before.”

An industry campaign directed to the health care market followed a similar route. Close rates were three times higher than those for nonvertical campaigns because of microsegmentation.

“We looked at the unique needs of medical practitioner offices from an industry perspective so that we could talk about business requirements, not products,” she says. “We talked about reducing scheduling and administrative expenses and the total cost of ownership. We also talked about other needs around risk, security and compliance so that we could customize solutions for health care providers.”

A quantum leap forward

Microsegmentation gives Verizon “a quantum leap forward in our ability to customize solutions,” Brown says.

“The insights derived from our new analytics capabilities are allowing us to find the sweet spots that will continue to drive loyalty, profitability and sustainable growth.”

Carrie Gray
Executive Director for
Medium Business Marketing

“We can constantly tweak our portfolio and channel coverage to grow with our customers as they expand.” In a hotly competitive business, these new capabilities, developed with Accenture and SAS and coupled with other partnerships, “allow us to become a virtual CIO for our customers. We can deliver solutions that enable customers to meet their business objectives. We can develop channel contact strategies that broaden our customer relationships. And we can drive innovation into the customer experience.”

Adds Gray, “Accenture and SAS are strategic alliances for Verizon as we chart a new course in the medium business territory. Accenture has deep industry experience and customer relationship management and customer segmentation expertise, and SAS brings decades of experience in business analytics and data management. The insights derived from our new analytics capabilities are allowing us to find the sweet spots that will continue to drive loyalty, profitability and sustainable growth.”



SAS Institute Inc. World Headquarters +1 919 677 8000

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