



Business Impact

“SAS tools help us react with good offers to our core customers as soon as they show the very first signs of churn. The effects are measurable – substantial cost savings that we can track right down to the bottom line.”

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Challenges

- **No unified view of the customer.** Difficulty accessing internal and external customer data makes it hard to see all the relevant factors influencing the customer experience – e.g., number of services, trouble tickets or how many family members.
- **Ineffective segmentation/profiling.** Inconsistent/incomplete customer models that are infrequently updated make it hard to focus retention efforts.
- **Inability to predict customer behavior.** Without insight into customer behavior and experiences, it is impossible to identify and address the root causes of churn and predict receptiveness to retention campaigns.
- **Inability to measure cost and profits.** If you can't measure customers' value or the cost to serve them, you risk spending money on unprofitable customers, products and services.
- **Poor campaign performance.** A retention campaign that doesn't factor in constraints (e.g., channel, contact strategies and budget) may end up failing if the call center becomes overloaded or marketing spending isn't properly prioritized.

How can we prevent the churn of our most profitable customers?

YOUR GOAL: Improve the customer experience and retain profitable customers

The highly saturated communications market has left few customers to acquire. This makes retention critical, as it reduces costs, builds loyalty, increases revenue and improves brand perception. With new smart device rollouts, multigenerational technologies, complex rate plans and service combinations, customers have more choices and are easily drawn to competitors. To retain profitable customers, communications service providers (CSPs) must better understand customers and their experience. That means identifying which ones are profitable, which of those are likely to churn, what drives them to churn and how to improve their experience to retain them.

A diverse customer base and a wide portfolio of products and services make it difficult to identify churners. They may have very different churn/dissatisfaction drivers and be influenced by peers in different ways. The customer's ecosystem of devices and applications affecting his/her experience can be difficult to gauge. Also, CSPs track average revenue per user (ARPU), but less often average margin per user (AMPU), so retention campaigns may be targeting customers who undermine profitability. And finally, an increase in prepaid mobile services limits the data available to service providers; without integration with external data sources, these customers can be difficult to target for retention.

OUR APPROACH

CSPs must find new ways to prevent the churn of profitable customers and improve their experiences. SAS approaches the problem by delivering software and services to help you:

- **Understand the customer experience across services and business units** with data management capabilities that let you integrate the customer view by including households, third-party data, trouble tickets, CDRs and more, as well as remove duplicate trouble tickets and records.
- **Prioritize, predict and pre-empt customer issues** leading to dissatisfaction and churn by applying data/text mining and forecasting to CDR, trouble ticket and performance data – uncovering issue trends, root causes and their impacts.
- **Target social influencers** and create more comprehensive yet granular churn models by using advanced analytics specific to the communications industry.
- **Measure the profitability of customers, products and services** with cost and revenue analysis.
- **Implement retention campaigns** with campaign automation and optimization tools that let you reduce cost per save and create the optimal mix of offer, customer and channel given various constraints (e.g., contact policies, channel and budget).

SAS provides everything you need to identify profitable customers and predict which are likely to churn, prioritize customer issues and implement more effective retention campaigns.



THE SAS® DIFFERENCE: Better insight into customers' experience, social networks, profitability and churn propensity

Only SAS provides an integrated solution with proven software, services and best practices that combine data management, data mining, social influence analysis, cost analytics, campaign automation and optimization. With SAS, you get:

- **Superior data management.** Extract data from nearly any source and transform it to identify valuable (and potentially valuable) customers with the highest risk of attrition.
- **A communications-specific customer data model optimized for analytics.** An optional data model addresses segmentation, cross-sell/up-sell and churn.
- **Advanced analytics.** Data mining and detailed segmentation/profiling techniques (churn analysis, market basket analysis, customer profitability, response modeling, next-best activity modeling, etc.) help you understand and predict customer behavior.
- **Social influence analysis.** Identify social communities and measure social influence based on relationships between customers using role-based variables to enhance existing segmentation models and discover how best to target influencers.
- **Cost and profitability analysis.** Calculate the cost and profitability of activities tied to campaigns, as well as customer, channel and product profitability.
- **Optimization.** Our patented algorithm is more precise and flexible, and can be applied to many business activities (e.g., marketing/retention campaigns and resource planning). Multiple weighted objectives can be built into the model for optimal results.

SAS provides the most comprehensive set of customer intelligence offerings to help you improve the value of your customer relationships, along with an evolutionary growth path that lets you address your most critical business issues first, then add new functionality over time as needs grow and change.

CASE STUDY: A tier-one wireless provider in the US

Situation

Developing, managing and deploying customer behavior models was expensive, time-consuming and error-prone. And the company's analytic CRM capabilities – pieced together from different tools and systems – weren't scalable.

Solution

SAS provided an end-to-end solution that included opportunity identification, segmentation and program design, implementation and evaluation – and enabled:

- Data and information to flow freely with no manual intervention between phases.
- The faster building of reliable, predictive models.

Results

- Exceeded customer retention goal by 47 percent. Monthly churn dropped 30 percent, and cost per save was 25 percent lower than the previous year.
- Reduced churn rate to 1.4 percent, a full point below the industry average.
- EBITDA margin of 23 percent – 9 percentage points above average.



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What if you could ...

Gain a holistic, accurate view of the customer

What if you could eliminate duplicate customer records and trouble tickets while creating a unified customer view across business units, such as customer service and marketing, and across services, such as fixed and wireless?

Identify churn drivers and customers most likely to churn

What if you could track customer behavior and proactively respond to changes that might indicate churn is imminent so you could successfully and profitably implement a retention campaign?

Target social influencers

What if you could measure, segment and target customers based on their social influence and changes within their social communities?

Determine customer, product and service profitability

What if you could quantify customer value and make that information available to marketing and sales people so they could focus on capturing and developing relationships with the most valuable ones?

Optimize campaign ROI

What if you could optimize ROI for campaigns taking into account price, channel capacity, budget, offer, etc. while ensuring those campaigns were meeting objectives?

You can. SAS gives you THE POWER TO KNOW®.

SAS FACTS

- For eight consecutive years, *CRM* magazine has recognized SAS as the leading provider of CRM analytics.
- *Customer Interaction Solutions* magazine named SAS a winner of the 2010 CRM Excellence Award.
- Analyst firm IDC has ranked SAS as one of the top three leading business analytics vendors by revenue.

Learn more about SAS software and services for communications at: www.sas.com/industry/telco/