



Business Impact

“Legacy IT applications in customer, revenue and commodity management areas are inhibitors of the utility business transformation that is induced by energy technology consumerization.”

Management Update: Top 10 Business Trends Impacting the Utility Industry in 2010
Gartner Inc., March 26, 2010, G00175200

Challenges

- **Volumes of data.** The abundance of data makes it hard to discern recognizable patterns from across the customer contact infrastructure that can be used to optimize customer care or marketing programs.
- **Legacy systems.** Most CIS systems are not built specifically for the data created by company operations and customer interactions, and key details could be lost due to the inability to model and analyze data from multiple locations.
- **Changing processes.** Changing from a regulated monopoly to operating in a competitive market is causing many utilities to alter business processes, often in response to public utility commission demands and requirements for customer interaction strategies.
- **Customer volume.** Utilities serve huge volumes of customers, which makes effective marketing and daily customer contact extremely complicated, potentially involving hundreds of people throughout the organization.
- **Analytical resources.** While utilities have resources for historical reporting, many lack resources for predictive analytics, and recruiting top talent presents additional challenges.

How can we increase customer lifetime value with deeper customer insight and targeted interactions?

YOUR GOAL: Improve billings and collections, promote energy efficiency programs, increase operational efficiency and reduce costs

Many customer information systems (CIS) are nearing the end of their investment life cycles, while customer expectations are growing. It's the perfect opportunity for utilities to rethink their requirements for new systems, especially in light of the new information they could gain from smart meters and smart grid systems. In addition, utilities that have already invested in newer systems are looking for ways to increase ROI by making better use of data already being generated by their upgraded technologies.

Customer interactions provide situational intelligence that could be used to change service offering outcomes, adjust forecasted energy demand or efficiently satisfy customer requests. Historically, however, utilities – particularly in regulated markets – have not applied customer segmentation techniques consistently for future load planning cycles, outbound marketing campaigns or optimizing customer contact. This is due to many factors – e.g., lack of detailed data, silos of customer contact and absence of analytics-driven decision support systems. With volumes of customer data being generated from automated meter infrastructures, utilities have the opportunity to optimize management of customer outreach programs, sites and premises, billing and payment schedules, and products and rates.

OUR APPROACH

Every customer interaction is an opportunity to capture data and convert it into knowledge that can improve decision making. We approach the problem by providing software and services to help you:

- **Create an accurate, single view of the customer** by consolidating data from every source, using embedded data quality routines to correct, standardize and verify data, then transforming it into a complete picture of the entire customer relationship.
- **Use advanced analytic techniques to:**
 - Comply with regulatory guidelines for energy efficiency efforts by discovering how different customer segments consume energy during peak or off-peak hours.
 - Effectively recover debt by gaining insights into the major factors that cause customers to pay late or not at all and adjusting billing strategies and plans accordingly.
- **Connect the right offers to the right customer segments** by using automated campaign planning to pull more relevant, predictive lists, then pair that information with knowledge of the right opportunities so you can respond to customer needs or opportunities in the generation/transmission value chain.
- **Improve organizational decision making** by using predictive analytics to model future customer behaviors, forecast growth in demand by various customer segments and optimize utility reactions based on past events.

SAS® helps utilities understand which variables out of thousands can be acted upon either to change customer behavior or utility operations for better, more-streamlined and cost-efficient service administration.



THE SAS® DIFFERENCE: Make smarter decisions, solve more business challenges

Only SAS provides the most comprehensive suite of analytic marketing solutions available, with all capabilities needed for a customer-focused marketing process, including:

- **Analytic-based segmentation strategies with effective engagement rules.**
 - Develop highly targeted segments from insight into a customer's response propensity, attrition potential, cost of service, credit scoring and more.
 - Select customers for specific campaigns, and eliminate sending inappropriate offers, resulting in better targeting, higher response rates and improved ROI.
- **Performance reporting with querying capabilities for deeper analysis.**
 - Review campaign effectiveness, analyze segments and their migration paths, understand customer response rates, review channel effectiveness, etc.
- **Superior data management and quality.**
 - Cleanse marketing data with automated data quality tools that let you minimize duplicate or multiple offers to the same household.
 - Ensure greater accuracy and effectiveness, and lower cost.

SAS has proven experience applying customer segmentation and marketing principles that deliver superior returns for organizations in diverse industries – from telecommunications to consumer goods – and our proven analytical best practices can be effectively applied to your business.

CASE STUDY: EDF Energy

■ Situation

In a competitive market with high customer churn, the company needed to improve customer insight in order to plan effective marketing and retention campaigns. With over 5.5 million electricity customers and the UK's largest power networks, EDF Energy had considerable data, but limited customer analytics.

■ Solution

SAS provided a solution that gleans customer intelligence with predictive analytics, modeling, customer scoring, profiling and data manipulation. EDF Energy can now:

- Gather and cleanse customer data from disparate systems.
- Segment customers based on user profiles to improve marketing effectiveness.
- Predict a customer's propensity to upgrade from one service to additional services, increase consumption, leave for another services provider or incur bad debt.

■ Results

- Increased market position and customer loyalty by implementing a customer-centric approach to service delivery and marketing.
- Increased the value of profitable customers while promoting energy efficiency.
- Optimized direct marketing and contained costs by providing the right levels of service to customer segments.
- Identified additional revenue stream opportunities.

■ What if you could ...

Create a single customer view

What if you could gather all your data into a single customer view, thus alleviating the challenges associated with viewing, tracking and measuring the results of customer communications?

Recover debt effectively

What if you could combine debt status, collections history, write-off analysis and collections effectiveness?

Ensure clean, accurate data

What if you could automatically cleanse your data as part of the data integration process and ensure that detailed, consolidated, accurate information was available for use across your company?

Predict customer behavior

What if you could create a proactive strategy that would reduce the number of customers delinquent on payments?

Connect the right offers to the right customer segments

What if you could proactively assess market opportunities for delivering new, profitable services based on specific needs?

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

SAS FACTS

- SAS has been in business since 1976 and today has customers at more than 45,000 sites worldwide, including 92 of the top 100 companies on the 2009 FORTUNE Global 500®
- SAS works with more than 500 energy customers worldwide, including 160 North American investor-owned utilities.
- SAS has been named a leader among nine vendors in *The Forrester Wave™: Predictive Analytics and Data Mining Solutions, Q1 2010*.

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



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