

# Using Business Insights To Optimize Customer Relationships

**Analytics and Location Intelligence  
Technologies Can Help Generate  
Competitive Value**

White Paper

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R E S E A R C H

*Aligning Business and IT To Improve Performance*

**Ventana Research**

6150 Stoneridge Mall Road, Suite 350

Pleasanton, CA 94588

[info@ventanaresearch.com](mailto:info@ventanaresearch.com)

(925) 474-0060

[www.ventanaresearch.com](http://www.ventanaresearch.com)

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## Business Insight

Enter *business insight* into an Internet search engine and you'll quickly discover that it's a commodity for sale. Just click on an entry and some company will offer to deliver business insights, neatly wrapped up and ready for your business units to plug in and act on.

In practice, gaining competitive advantage doesn't work that way. Real business insight is about as far from a commodity as you can get – it's information unique to your business that is derived by applying business intelligence (BI) and analytics to the stores of data in your operational applications and data warehouses. Without the context of your organizational framework – your strategic goals, your performance plan – there are no useful insights; there's just data.

But with that context, derived from applying analytics and using business technology, your business managers will have that insight ready at hand and can use it to acquire, service and satisfy customers, to guide their product development, to inform their supply chain planning, to revisit their projections and goals and ultimately to meet their business objectives. Moreover, they'll be able to locate your customers and competitors so they can develop optimal market plans as well as harvest assets and resources based on their location.

Among the most important business insights are those that have to do with the customer, both individually and collectively. Gaining intelligence about your customer is an important part – arguably *the* most important part – of what business insight is all about, and in guiding decision-making to improve customer satisfaction and thus customer loyalty it works far better than gut instinct, or received wisdom, or the famous executive dartboard or billiard ball. It's well known that it's significantly less expensive to keep a customer than to acquire one, but to do so you must be able to connect with the customer and communicate efficiently with him or her.

Technology is key to business insight – technology that can leverage the full value of your business transactions and all the data you have about customers and other essential aspects in the organization, wherever it resides internally or on the Internet. Whether a customer contacts the company to make a purchase, solve a problem or get some information, our recent benchmark research shows that the majority of interactions still occur by telephone to call centers, although contacts via new channels such as the Web are increasing. Whatever the channel, though, that customer must come away satisfied, which means that either the customer service agent's actions or the automated response process must be driven by the company's accrued intelligence about that customer. And the details of that interaction must immediately become part of the company's store of customer data, available on demand for analysis to shape future interactions, to inform how to deliver the optimal customer experience and to drive effective marketing decisions as well as projections and planning.

The tools and systems that enable all of this are rapidly growing in sophistication. Customer relationship management (CRM) systems, which heretofore have largely concerned sales opportunities, are evolving into customer experience management systems. Both they and supply chain

management tools are gaining geographic awareness, which adds another dimension of detail and another approach to analysis. Using data governance and master data management approaches, companies are seeking out the data resident in these and other systems such as enterprise resource planning (ERP) in all the discrete silos in which it lives and are cleaning it, screening it for quality and integrating it. To the newly integrated data store they are applying BI and analytic tools to yield a single integrated view of the customer, regardless of where and in how many different ways he or she touches the company.

At the same time the rapid rise in popularity of software as a service (SaaS), or “cloud computing,” which delivers enterprise tools and applications on demand via the Web, is shifting strategic thinking from capital investment in tools to the acquisition of needed services. Thus, the technology infrastructure is rapidly changing in both functionality and availability at the same time that it’s rapidly increasing in strategic importance to the company.

## **Business Technology for Business Insight**

Faced with this situation, IT executives are rapidly realizing that business as usual will no longer do and that conventional wisdom is something also-rans rely on. The strategic use of new technology is necessary to acquire and use business insight. Operational performance and bottom-line financial performance supported through tweaks, incremental improvements and occasional retuning while being constrained by budgetary concerns are having to give way to business demands for insight, and batched querying and reporting must be replaced by real-time access to insights about your customers and how best to connect to and communicate with them. “Innovation” is the watchword of the day, and performance is the relevant yardstick.

At its core, this is all about applying analytics and effective technology to derive full value from your data. A well-run business relies on the many aspects of its people, its processes, its information and its technology and how they interact, but addressing the demand for business insight requires focusing in particular on five key data-related elements:

- Disparate data stores contain potentially valuable enterprise information, but they must be made accessible to yield that value. Data generated and stored in CRM, supply chain, governance, risk and compliance (GRC) and performance management systems must be rationalized and made available for analytic use.
- IT must be able to guarantee that the company’s customer and product data is of the highest possible quality: clean, consistent and without duplicate records.
- Data governance policies must be in place to ensure that all data, however created and wherever stored, meets enterprise standards and is handled consistently.
- To step up to the current competitive environment, enterprise information should have a location aspect.

- Business analysts should have the capability to apply business intelligence and predictive analytics, yielding information that then can inform customer interactions.

The location-aware aspect of modern enterprise information is worth exploring a bit further. The vast majority of all business data potentially has a location component: an address, a parcel number, or proximity to or distance from another business element, be it another customer, an office or supply depot or a competitor. Being able to understand relationships between specific locations helps organizations make more strategic business decisions. This is the business technology category known as location intelligence. Using location-enabled data, companies can choose promising locations for expansion, streamline delivery routes and identify geographic factors that marketing can exploit.

One other recently emerging technology-based approach to data use to improve performance is operational intelligence, which relies on the real-time monitoring of business events to enable people to make better decisions and allow automated processes to respond to events based on business rules and actionable information. Both business objectives and regulatory requirements are driving demand for this type of technology and set of practices; among the activities that need them are algorithmic trading, dynamic pricing, yield management, risk management, fraud detection, surveillance, supply chain and call center optimization, online commerce and gaming. Many operational intelligence systems utilize complex event processing (CEP), a set of tools that discover meaningful patterns, anomalies and relationships between events.

## **Business Insight - Technology Examples**

How are organizations bringing technology to bear for a competitive advantage? How are analytics and its supporting technology helping organizations use location intelligently and communicate with their customers effectively? Here are some examples.

### ***A European Bank***

This institution provides banking services for private individuals and small and midsize businesses via a substantial number of branches in the country in which it is based. In the past, the bank generated statements that contained lots of detailed information but failed to present a complete financial overview that customers could grasp quickly. In response to frequent complaints, it sought software that would help replace the complex statements of assets and liabilities with a single statement for each customer.

To do so, the bank chose a suite of reporting products that enable it to generate personalized documents on paper or electronically, and to do so within the legally mandated time frameworks. Using drag-and-drop functionality, personnel are able to design statements easily and quickly, in time to provide approximately 500,000 pages of statements within the time frame needed.

The suite's flexibility enables the bank to make complete and detailed statements of assets and liabilities available to its customers on demand in the format they prefer. Statements can be processed to customer requirements on demand, facilitating communications and helping the bank provide more knowledgeable and timely customer service.

### ***An International Hotel Chain***

This company continuously strives for new ways to meet its guests' needs. To better enable it to do so, it developed an in-house database to warehouse information about its guests. The database included personal data as well as interests, which could be determined by tracking a guest's activities.

The company is in growth mode, seeking new properties to add to its holdings. However, it seeks to build its portfolio carefully to suit the interests of its core customers and to ensure it retains its identity and standards.

To achieve its goals, the company used analytic technology to profile its customer base. Using these profiles, its direct marketing campaign response rates increased 300 percent since it was able to target the communications to the direct interests of those customers. The customer profiles also provided it with the analytic ability to find other interests or products that would appeal to its guests. Using this information, the company's marketing team was able to evaluate current and proposed marketing partnerships to help reach its target audience better. By partnering with companies that have similar customer profiles, it found it was able to cut marketing expenses while attracting the attention of potential customers.

The company also was able to use the customer profiles to identify destinations that would appeal to its customers. This information led its development team to two locations where it purchased or built properties.

### **What IT Needs To Support Business**

For the management of a business to deliver results such as these, it must rely on IT to participate in the decision-making process about new systems and tools, to support the business case, to facilitate deployment or availability, and to work to understand how the business units need to utilize the new analytics and intelligence systems and what deliverables they need.

As anyone who's ever participated in a technology rollout knows, those few words encompass a complex and challenging process. Business and IT rarely speak the same language, and typically the disconnect occurs far too late in the process. This can result in significant delays to projects, wasting cycles in putting online the systems that can provide valuable business insight.

In light of the importance of the migrations to these new systems, the process of moving forward needs to be deliberate and carefully thought-out. It requires champions on both sides of the business/IT divide, a project team with participants from both, a consensus business case that explains what

technologies will support what business insight deliverables and a timeline that everyone agrees on.

It is impossible to overemphasize the importance of making this a collaborative undertaking. To perform optimally, a business must be aligned – that is, every stakeholder must share the same goals and the same understanding of how to attain them. Business insight may depend on technology and information, but it is driven forward by people and the processes they manage. They ultimately hold the key to acquiring, serving and satisfying customers.

## About Ventana Research

Ventana Research is the leading benchmark research and business technology advisory services firm. We provide insight and expert guidance on trends and mainstream and disruptive technologies. Our unparalleled insights and best practices guidance are based on our rigorous research-based benchmarking of people, processes, information and technology across business and IT functions worldwide. The combination we offer of benchmark research, market coverage and in-depth knowledge of hundreds of technology providers means we can deliver business and technology education and expertise to our clients where and when needed to reduce the time requirements, cost and risk of technology investments. Ventana Research provides the most comprehensive analyst and research coverage in the industry; the many business and IT professionals worldwide who are members of our community benefit from Ventana Research's insights, as do highly regarded media and association partners around the globe. Our views and analyses are distributed daily through blogs and social media channels including [Twitter](#), [Facebook](#), [LinkedIn](#), and [Business Week's Business Exchange](#). Ventana Research was ranked the #1 analyst firm you can trust in enterprise software for 2009 for its relevance to the industry. To learn how Ventana Research advances the maturity of organizations use of information and technology through benchmark research, education and advisory services, visit [www.ventanaresearch.com](http://www.ventanaresearch.com).