

Gaining Business Insight Intelligently

**Advancing Business Beyond CRM Can Be
Simpler than You Think**

White Paper

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Aligning Business and IT To Improve Performance

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Business Insight

A business is only as good as the customers it can acquire, serve and satisfy. Doing those things well produces customer retention and growth, and thus business success.

To identify such customer opportunities and then act on them requires business insight – insight that is compounded out of information and understanding. Put another way, business insight is about people effectively developing processes that apply technology to information. Though it may not top the list of business priorities offered in MBA programs, in practice business insight is a key element of a successful business; it enables the business executive to gain competitive advantage by developing the ability to engage customers more quickly and more effectively and with less risk.

There was a time, of course, when this insight wasn't technologically driven – it was a function of the personal relationships and face-to-face interactions an organization's personnel had with its customers, and data about them was stored in the heads of those personnel, on index cards and in filing cabinets. But the nature, scope and pace of business have changed radically. The modern corporation interacts daily with a great many customers through a number of channels, many of them reliant on technology. Moreover, the ubiquity of the Web has made it far easier for customers to comparison-shop and has lowered the loyalty threshold. People have more choices in how and when they communicate, with whom they do business and how they purchase products and services; as a result, customer engagement, satisfaction and retention are less certain and must be a considerably higher priority.

Keeping each customer happy and thus loyal means focusing on the business's relationship with each: knowing who each person is, where and how he or she shops, what each individual's preferences are for products, communication and customer service, and what the history of each is with your company. Much of business insight thus is customer knowledge, individual and collective, and an information-based understanding of what needs to be done to maintain and improve the relationship.

In benchmark research on the management of the customer experience conducted by Ventana Research, research participants identified three primary concerns: how loyal customers are (81 percent), whether they recommend the company to colleagues (81 percent) and whether they are satisfied (73 percent). Unfortunately, the research found that 83 percent of participants believe their company is not very effective at improving the customer experience.

Business Technology for Business Insight

Today, and increasingly going forward, knowing and engaging the customer involves the use of business intelligence and customer analytics – technology and tools that analyze data residing in various enterprise systems to yield information about customers' lifestyles and spending habits. When it's done right, such analysis produces a clear, comprehensive view of their value to

your business that can guide real-time business decisions to keep them satisfied and making purchases.

Customers now interact with companies through a dizzying array of touch points: telephone calls, e-mail messages, written documents, the Web, mobile text messages, Web-based chat, kiosks and video. Most of these interactions occur in real time, and customers expect immediate responses even when using channels that don't function in real time, such as e-mail, written documents and text messages.

Handling these contacts in a way that enhances the customer relationship and leaves the customer feeling well taken care of is challenging. It requires real-time information about the interactions plus up-to-the-minute information about the customers themselves. This is the essence of business insight – analytics based on all available data that facilitate appropriate response processes and provide customer-contact personnel with the information needed to make appropriate decisions to satisfy the customer.

A company can substantially expand its understanding of its customers and its capacity to engage them by adding awareness of location to its analytic capabilities. By being able to pinpoint geographically its customers and their interactions with the organization, it can evaluate its penetration into specific market areas, assess customer needs and customer potential based on residential or business area demographics, and evaluate the distribution of its local offices and other services to determine redundancies as well as unsatisfied demand that could increase revenue.

Another component of business insight is operational intelligence – the ability of information systems and decision-makers to be aware of business events as they occur and to integrate them into constantly updated analyses. Technology today can enable automated processes based on business rules and actionable information so that the organization can respond to events initiated by customers, partners, suppliers or other internal or external systems.

Companies are very interested in this ability to connect, communicate and react appropriately and in a timely way – 60 percent of the participants in our benchmark research on operational intelligence identified their organization's need to detect, monitor and analyze patterns and relationships of events as very important. Topping the list of drivers were optimizing business processes, reducing time to respond and reducing costs. Using operational intelligence is likely to be a competitive differentiator, since only 15 percent of the research participants reported they have deployed this capability.

Business Insight in Practice

A number of forward-thinking organizations have taken steps to acquire business insight and enable their people to act on it. Here are three examples of the benefits such tools and processes can provide.

A Large European Bank

This bank is a retail bank in northern Europe that prides itself on its relationship management, delivering personal service to its clients and treating them as individuals rather than as numbers. As part of its communications with customers, it printed and mailed close to one million documents annually at a cost of around \$1 each – a significant expense.

After examination, its bankers concluded that a cost-effective alternative would be to provide customers with access to their statements over the Web, a step that in addition to saving money would also improve customer service. The bank therefore undertook a thorough search and found a business insight system that would enable it to present customer-focused statements on the Web quickly and simply, and deployed it with minimal interference to day-to-day operations.

The system provides high-speed search, retrieval and delivery of both Web and printed documents. The technology enables real-time indexing, compression, storage and retrieval of high-resolution business documents, regardless of age or size. Each month, the bank notifies its clients via e-mail that a new statement is available for viewing on the bank's Web site; account managers can view the same documents while on the phone with the client. Customers also can download and print their statements as they wish.

Benefits for the business start with substantial savings in print and mail costs, but that's not what's most important to the bank's mission. It has improved customer service, which is proven by increased first-call resolution of issues and reduced waiting times. Account managers can answer inquiries faster and more professionally. And electronic communication makes cross-selling and up-selling via the Web site more likely.

A U.S. Credit Union

This credit union, which has more than \$1 billion in assets, serves between 50,000 and 100,000 members in two states. It is a full-service financial institution, with investment accounts, business services and an abundance of member services.

The credit union several years ago began to explore improving its business insight capability by deploying data warehousing to facilitate reporting and analysis. In evaluating options, it sought robust yet user-friendly features, easy installation and good value. After reviewing a number of systems from different vendors, the credit union decided to purchase an information management and business intelligence system that integrates information from disparate data sources into a single view and offers an array of analysis tools for deriving business intelligence from the data.

With this system in place, employees having customer profiles, data and preferences at their fingertips for use in guiding interactions with customers. Using it, the credit union was able to build a customized member relationship management system. In addition to highlighting personal data such as a member's birthday, the system can use that data to build scripts that staff

can use to sell additional products and services. It's conveniently Web-based and can be updated during the customer interaction.

The data warehouse has also made it possible to model member profitability to guide marketing efforts. The system also helps to streamline the reporting process for multiple departments.

This technology-enabled commitment to customer service and retention has delivered the business insight capability that helps the credit union differentiate itself in a competitive market and create lasting customer loyalty.

A Mobile Phone Service Provider

With more than 40 million users, this company's billing volume is enormous, and the process is slow: It prints billions of sheets of paper every year as the last step in a billing process that takes an average of almost two weeks from preparation to posting. Nonetheless, bills must reach customers a minimum of five days in advance of the payment deadline.

Driven by cost, customer relationship concerns and environmental issues, the company sought a way to quickly and easily transition to providing all corporate and individual customer communications online. Key to the success of this project would be to be able to deliver bills to its customers online.

The company chose to adopt document composition and online account management systems that enable its customers to download account information and can alert them via Short Message Service (SMS) text messages that bills are available. Thus, the company is able to create and deliver personalized communications, which not only reduces cost and time delay but underscores that it is a company that provides high-quality service to its customers. At the same time, the company is able to comply with industry and regulatory standards for providing electronic billing documents.

Both corporate and individual customers now can manage bills online, analyzing statements and easily identifying discrepancies. With these new customer communication management and online account management tools, the company has improved both its business insight and its customer relations while also reducing printing and postage costs and saving printed document storage space with online bill archiving capabilities.

What Business Needs

Businesses today have access to technology that has advanced to the point where effective business insight is attainable quickly and cost-effectively. At the same time, Ventana Research and other organizations have amassed a body of best practices to guide the reengineering of business processes, information management and workforces to make organizations more effective in using business insight to improve customer acquisition, service and satisfaction.

To embark on this path, though, a business must first establish what it needs and wants – that is, how business insight will be applied to improve its operations and planning. Among the challenges that can be addressed to improve cost-effectiveness and competitive positioning are reducing operational cost, particularly the expense of having to rely on low-quality, siloed data; improving operational efficiency; integrating compliance into core business systems as they are upgraded; and understanding customers and improving communication with them using analytics, operational intelligence, location intelligence and customer communication management tools.

With this vision in hand, the next step is to develop a plan for the project to make it real. Any such project must have executive sponsorship, must involve both business unit managers and IT, must be based on a realistic evaluation of its ROI value, must include an inventory of sources of key company data that are to be integrated, should focus on issuing an RFP that will deliver what you've concluded the company needs, should be based on a realistic deployment schedule and budget, and should include an analysis of candidate systems and tools that includes input from current companies that are users.

Business insight is the “secret sauce” that can raise a company from being one among many that offer only commodity products and services to a unique market leader with unparalleled customer relationships. Its composition is different in each company, but the net result of the successful application of business insight is the same: the creation of appealing opportunities for its customer, the delivery to them of value that is uniquely available from you and thus improvements in customer loyalty, customer retention and the performance of your company.

About Ventana Research

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