Banking Customer Insight : Pricing Analytics

The document briefly describes the concept & methodology adopted in the field of Pricing Analytics

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January 2011
Agenda

- Market Trends
- Accenture Differentiator
  - Accenture Point of View
- Analytics Engine
- Delivery Solution
- Case Study/Credentials
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- Market Trends
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Advanced Pricing capability is a key success factor for a Financial Services organization in the current market scenario

**Global trends in the market**

Credit pricing is a key lever to book new clients while ensuring profitability & optimizing risk level

...but it is too often priced on risk measurement (with limited estimation of marketing / client potential)

Service pricing based on the fee-based income is a key revenue lever

- Service pricing for the key advisory financial planning/wealth management services accounts for a major portion of the bank’s revenues.
- Service price increase has been used to compensate pressure on intermediation margins

External Economic & Politic Pressures

- Increasing pressure of politicians (national level + EU) and consumer protection associations
- Numerous consumer associations pressing on decrease of banking fees
- Trend to price deflation
- In Spain, retail banking price war has generated a 30% decrease of service prices
- In France, some banks have decreased their price by 10% (on key products)
- Pressure on increasing profits of banks

**Importance of pricing optimization**

- Pricing is the number one driver of profitability

  Every 1% improvement in...* yields this much in incremental pre-tax contribution per annum

  - Pricing
  - Loan Losses
  - Size of Customer Base
  - Retaining Current Customer Profitability
  - Upgrading Existing Customers
  - Processing and Capital Costs

  Based on research on mid-sized retail banks

- Banks are developing specific pricing capabilities, transforming their intuitive approach in a fact-based and industrialized process for:
  - Service pricing
  - Credit pricing
  - Deposit and savings pricing

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52% of the top banking executives are of the opinion that price sensitivity & discount seeking is one the key emerging consumer behavior trend that will impact business.

Emerging Changes in Customer Behavior

What do you think are the top three emerging changes in customer behavior that will impact your business over the next 1-3 years?

- Customer deleveraging: 38%
- Decreased loyalty or more propensity to switch providers: 28%
- Diversifying banking relationships amongst multiple suppliers: 17%
- Concentrating banking relationships with single provider: 24%
- Price sensitivity, discount seeking: 52%
- Seeking better, more personal service: 55%
- Adopting direct and self service channels: 62%
- Adopting non-traditional suppliers of financial services: 21%
- Other: 10%

Source: Accenture Customer 2012 Bank Executive Interviews, Spring 2010

Executive Opinion on Pricing

52% of the top Banking executives are of the opinion that price sensitivity, discount seeking behavior will seriously impact their business in coming 1-3 years.

Hence banks should focus on developing advanced pricing capability with analytics as its foundation.
Banks face several challenges that prevent them from leveraging the full potential of an advanced pricing strategy

Implementation of a comprehensive Pricing Strategy requires a new approach

**Silo approach**
- Service pricing, credit rates, and savings pricing are often managed separately preventing the full use of portfolio management within an integrated client vision
- Pricing should be managed by one single department in order to avoid lack of transverse strategy, taking into account all revenue sources
- While pricing is a key differentiator, spending on building pricing capability and analysis is often too limited

**Cost-Based pricing only**
- Pricing based solely on risk or product costs overlooks the value the product brings to customers, leading to under or over priced products
- Other approach should be explored like competitive pricing or value based pricing taking into account customer willingness to pay and his lifetime value

**Short term vision**
- Indiscriminate price increase is an immediate profit lever that has been used to meet short term revenue targets
- This neglects the long term impact on consumer behaviour / new client acquisition

**Pricing analytics**
- Intuitive approach is used more frequently than analytic approach of pricing
- Use of client panels and surveys to approach price elasticity is often limited
- Banks have less developed comprehensive data marts to cross-analyze price elasticity on different client dimensions (long term transactional history, price change events, promotional events & duration …)

**Management implication**
- Given the impact of pricing on the bottom line, top management should be involved in price setting strategy…
- … in particular, high performing managers with deep analytic skills should be involved in this process management
Pricing Analytics
Select Accenture credentials and resultant value creation

Major South East US Bank
- To counter biased pricing across various delivery channels, Accenture developed customized strategies leveraging the price optimization approach.
- The re-aligned pricing and channel strategies helped the client realize incremental revenue of $16 million annually

US Financial Services Firm
Accenture’s 4 pronged pricing initiative - Market Price Estimation, Opportunity Loss Estimation, Client Analysis & Financial Advisor Analysis helped the client –
- Identify significant Revenue Opportunity based on Market Price based estimation
- Benchmark pricing behavior of individual Financial Advisors with his peers in wealth management
- Identify Key Drivers of Discounting behavior for Clients & Financial Advisors

Large US Corporation (Pricing Waterfall)
- Key insights from analysis of Pricing Waterfall and Price Bands helped the client identify areas of possible revenue leakages & potential opportunities
- Net realized benefits are expected to be approximately 2% of the gross revenue (20-25 million USD annually)

Large US Auto Retailer (Pricing Optimization)
Deploying the appropriate pricing strategies for the pilot categories, helped the client accrue the following benefits –
- Forecasted Sales ($) increase of 1-3%
- Forecasted Gross Margin ($) increase of 2-5%
- Forecasted Volume change of 0-1%
- Better alignment of pricing with category roles, thus delivering increased bottom line results.

Large US Retail Brokerage
- Accenture developed and tested multiple pricing scenarios to establish a single rate pricing approach across the organization.
- The team designed customized field communication and value proposition, for the shortlisted scenarios, and also conceptualized the framework for all future pricing decisions

Leading North American Bank (Impact of Fees on Customer Experience)
- Assessed the impact of fee changes on customer experience across varied products such as mortgages, deposits, consumer loans, and credit card
- Appropriate pricing strategy helped client realize significant improvement in margin performance
Agenda

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  • Analytics Engine
  • Delivery Solution
• Case Study/Credentials
Accenture’s thought capital, patented assets, specialized work force and alliance with SAS, differentiates it as a leading Global service provider

Accenture Differentiators

Accenture Thought Capital
Accenture gives deep importance to research and thought leadership in the analytics space, which facilitates innovation and high performance delivery to stay ahead of competition. It also leverages its consulting gene pool to deliver more actionable analytics.

Customer Analytics Record - Patented Asset
Accenture has developed and patented single Customer Analytic Record (CAR) view of the customer which can be used for further complex predictive analytics.

Global Service Provider
Accenture has delivered to clients across geographies on Analytics engagements across functional domains and industries.

Specialized Work Force
Accenture strives to attract, retain and develop multi-skilled resources with diverse industry experience, thereby creating a workforce specialized in Analytics.

Alliance With SAS
Accenture and SAS have formed a strategic relationship to jointly develop, implement and manage next-generation predictive analytics solutions.

Accenture Accelerators

Accenture POV
Pricing Capability Frame Work
Accenture has designed a “closed loop pricing” framework which focuses on the substantial value, that ‘intelligent pricing’ can deliver through the following process:

1. Pricing Strategy
2. Pricing Analytics
3. Price Setting
4. Price Admin & Execution
5. Pricing Governance
6. Pricing data infrastructure

Accenture Pricing Pillars
Accenture takes a combined approach towards pricing by incorporating all the pricing methods & addressing all the key factors of pricing strategies.

Accenture Analytics Service Offerings

Pricing Analytics Engine
Accenture Analytics Pricing Engine focuses on building a pricing strategy with ‘Customer’ at its core, while optimizing for return & risk by deploying the analytical process flow steps given below:

1. Developing Pricing Strategy
2. Customer Segmentation
3. Analyzing Price Sensitivity and Risk
4. Customer Value Assessment
5. Competitor Pricing Analysis
6. Scenario Evaluation
7. Creation, Implementation & Evaluation of Pricing Strategy
Accenture leverages its reusable & proven assets, tools and methodologies in customer analytics.

Accenture has a large repository of proprietary methodologies, patented assets & proven and tested tools that is leveraged for analytics project delivery.

**Accenture Analytics : Assets, Tools & People (select examples)**

**Customer Analytic Record**

Accenture Patented Asset : Customer Analytics Record (CAR)

(US Patent # US 7,047,251 B2)

CAR provides a single customer view created using multiple client internal & external data sources.

**Actionable Segmentation Methodology**

Accenture Segmentation Methodology developed by global CRM experts. It provides a step by step guide in developing customer segments aligned to business objectives.

**Global Alliances**

Key Alliances in Analytics space. Alliances enable Accenture to leverage cutting edge technology for proof of value projects especially with SAS.

**Analytics Processes**

- Regression
  - Linear
  - Logistic
- CART Classification & Regression Trees
- MARS Multivariate adaptive regression splines
- Time Series Forecasting
- Neural Networks
- Etc

**Global Centers of Excellence**

- Analytics excellence centers in Milan and India.
- More than 200 dedicated analytics professionals.
- More than 700 analytics projects delivered.
Accenture SAS Alliance brings together Accenture’s delivery strength & domain knowledge with SAS’s world class technical platform & tools

‘The Power to Know’ meets ‘High Performance Delivered’

Our vision: Show what the next generation of High Performers looks like and have the insights and means to operationalize this vision
Accenture delivers high performance analytics solutions based on its thought leadership, execution excellence, personalized solution and cost effective model

**Accenture Analytics Value Proposition**

- **Thought Leadership**
  Accenture analytics has developed leading assets and offerings in the space of analytics from predictive modeling to data management. High skilled resources across multiple analytics centers of excellence in Bangalore, Milan, Dublin leveraged for asset creation and project delivery.

- **Execution Effectiveness**
  Accenture analytics offers improved precision and repeatability through the use of proven models and integrated solutions.

- **Standard and Certified Processes**
  High-structured processes assure quick implementation, high quality standards and high safety measures regarding data protection.

- **Speed to Value**
  Rapid iterative solution development; extensive use of pre-built components; fast piloting approach.

- **Personalized Solutions**
  Solutions are conceived and built by leveraging models, approaches and methodologies which are industry specific.

- **Cost Effectiveness**
  High efficiency in delivery, by leveraging global skilled experts with a high staffing flexibility; rapid and cost effective solution evaluation by leveraging existing technology infrastructure, minimizing build costs; Faster, more accurate marketing ROI facts based on actual execution and learning.
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For the banking industry, Accenture combines pricing methods into one holistic 5 pillar pricing approach

### Pricing Pillars

#### Key considerations

<table>
<thead>
<tr>
<th>Customer</th>
<th>Competitor</th>
<th>Product</th>
<th>Channel</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>• What are the customer segments?</td>
<td>• Which competitors are relevant?</td>
<td>• What is the role of the item?</td>
<td>• Does price sensitivity vary by channel?</td>
<td>• What is the margin/ cost of the item?</td>
</tr>
<tr>
<td>• What does each buy?</td>
<td>• How do our prices compare?</td>
<td>• What is the price elasticity?</td>
<td>• Through which channel are most purchases made?</td>
<td>• What are our sourcing strategies and agreements for the item?</td>
</tr>
<tr>
<td>• Is there a &quot;must win&quot; customer?</td>
<td>• How does our markdown schedule compare?</td>
<td>• How important is the item?</td>
<td>• How often is the item viewed online, and how often is it purchased?</td>
<td>• Can price changes be used to improve cost structures?</td>
</tr>
<tr>
<td>• Are any segments very price sensitive?</td>
<td>• Do we have price leadership?</td>
<td>• How confident are we in the item’s elasticity</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Key indicators overview

<table>
<thead>
<tr>
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<th>Competitor</th>
<th>Product</th>
<th>Channel</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Client price perception</td>
<td>• Price positioning against competition (in %)</td>
<td>• Price elasticity</td>
<td>• All above mentioned factors in split by channels</td>
<td>• Transfer prices for interest rate setting</td>
</tr>
<tr>
<td>• Public price on price panels</td>
<td>• Market share on exactly defined market</td>
<td>• Real price paid by the customers</td>
<td>• Channel profile perception</td>
<td>• Cost to serve in given channel for service</td>
</tr>
<tr>
<td>• Value/price profile</td>
<td>• Market price leader</td>
<td></td>
<td>• Channel utilization for a given product/service</td>
<td>• Cost to sale in given channel for service</td>
</tr>
</tbody>
</table>
Accenture’s “closed loop pricing” framework which focuses on the substantial value that ‘intelligent pricing’ can deliver

Accenture’s pricing capability framework

1. Pricing Strategy
   - Industry Pricing
   - Business Objectives Alignment
   - Price Positioning by Customer Segment
   - Portfolio Pricing Strategy

2. Pricing Analytics
   - Customer Value Analytics: lifetime value, price sensitivity, response modelling
   - Competitive Pricing Intelligence, reverse engineering
   - Total Profitability Analytics: risk, cost of funds, cost to serve/sell
   - Price Sensitivity: Elasticity, Perception

3. Price Setting
   - Across Customer Clusters: Segments / Channels
   - Across Lifecycle: transactional, contract, promotion
   - Across Product Portfolio: bundling, modular
   - Optimization (risk, profit, sensitivity, profit, value)

4. Price Admin. & Execution
   - Pricing Policy creation & implementation
   - Negotiation and Sales Force Enablement
   - Price Communication and Distribution
   - Benefit Evaluation & Pricing Model Validation Process

5. Pricing Governance
   - Pricing Roles & Responsibilities, Legal
   - Leadership Focus & Pricing Competence
   - Rewards & Incentives Mgmt (Sales Force Comp.)
   - Rule Enforcement & Quality Control
   - Monitoring & Scorecard Reporting

6. Pricing Data Infrastructure
   - Transactional Data
   - Performance Metrics
   - Cost Accounting
   - Customer/CRM Insights
   - Supply availability and production data

- Benefits -
  - Improvement in pricing performance
  - Pricing cycle time reductions
  - Reduction in promotion spending to achieve similar revenues
  - Significantly improved ability to respond to market and/or competitive changes
  - Data-driven approach to proactively addressing supply/demand imbalances
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Accenture Analytics Pricing Engine that helps design a pricing strategy with ‘customer’ at its centre, while optimizing for return & risk

Accenture’s Pricing Engine Mechanism

1. Pricing Strategy
   - Align the business objective with the proposed pricing strategy
   - Increased Profitability
   - Increased market share
   - Customer Satisfaction
   - Price positioning

2. Customer Segmentation
   - Identify Strategic Customer segments
   - Identify different behavioral & perceptional price customer segments
   - Strategic * Pricing segments to design customer specific pricing approach

3a. Product/Service Profitability
   - Calculate at what rate or fee structure does the product/service leads to profit after adjusting all expenses against revenues

3c. Price sensitivity
   - Measure the extent to which balance/spend/transactions will change when price changes, based on past behavioral data or customer survey response data

3d. Competitor Pricing
   - Measure the probability to default for each customer for lending & credit card products
   - Differential pricing which incorporates the risk of default

3d. Risk
   - Calculate at what rate or fee structure does the product/service leads to profit after adjusting all expenses against revenues

3e. Scenario Evaluation
   - Analyze the competitor’s pricing structure for the product in the market
   - Benchmark the price at product level

Pricing Strategy Creation, Implementation & Evaluation

• Price Communication Strategy
• Centralized Pricing Database
• Organizational Training
• Strategy Results Evaluation

• Estimate balance at a price level & build future cash flows from revenues & expense streams
• Optimize the price by integrating different components – customer segment, value, price sensitivity, competitor pricing, risk & profitability target
• Assign price of the product for a specific customer
Step 1. Business Objective drives the primary pricing strategy and leads to a creation of portfolio of pricing strategies to meet different market conditions.

Customized Pricing strategies for different entities

**ILLUSTRATIVE**

**Price-Market Share Competitor Mapping for a Product**

**Bank A** – *Small player*, will eventually either buckle under the pressure of big player or get acquired.

**Bank B** – *High end market leader*, enjoys a price premium, not a sustainable position unless player has competitive advantage which acts barrier for the new entrants.

**Bank C** – *Niche market player*, enjoys a price premium, profitable but risky strategy due to lack of diversification.

**Bank D** – *High volume price discount player*, maintains market position by keeping very low margins and making profit on volume.
Step 2. Pricing Strategy varies by strategic customer segments identified by Value & Lifestage segmentation or business objective focus like relationship pricing.

Pricing varies with the customer segment

*Identifying strategic customer segments based on lifetime value or high potential lifestage segment like HNW suburban estate families or through business strategy like students. Special pricing rules are then decided for these strategic segments like lower than market pricing or relationship pricing based on LTV & total customer relationship.*

- **GOLD**
  - LTV > $200,000 & > 5 products
  - Share of Wallet > 50% (Relationship Pricing e.g. lending 25 bps below market, or 10 bps lower brokerage fee)

- **SILVER**
  - LTV > $50,000 & > 3 products
  - Share of Wallet between 20%-50%

- **BRONZE**

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SAS Tools:
- SAS Enterprise Guide
- SAS Enterprise Miner
- SAS Customer Segmentation for Banking

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Creation of Customer Price Segments based on transactional behavior or perceptual survey data

Segmentation helps in identifying \textit{LIKE} customers

\textit{There are two aspects of customer’s reaction to price changes, perceptual that can be gathered from survey data and behavioral that can be ascertained from past real transaction data. Combination of both would lead to price based customer segments that can be leveraged for customized treatment strategy.}

\begin{itemize}
  \item \textbf{1. Segmentation based on Price perception}  
    Conjoint Analysis or analysis of results of survey to identify relative importance of price influencing customer behavior. Customers with similar price perceptions can be grouped for customized strategy.
  \item \textbf{2. Segmentation based on Transactional Behavior} 
    Transactional data analyzed to cluster customers based on behavioral change to price changes or promotional events. Customer Level pricing also compared to portfolio pricing to identify price sensitive customer base.
\end{itemize}
Step 3. Competitor price spread, product margin, risk, price sensitivity overlaid with strategic & price based customer segments are used for price optimization.

Pricing Optimization involves analyzing and balancing all causal factors with the aim of customer satisfaction and value maximization.

### Price Optimization

**3a. Product/Service Profitability**

**3a. Risk adjusted Pricing**

**3c. Price Sensitivity**

**3d. Competitor Pricing**

**3e. Scenario Analysis** → Optimized price for the product per customer

**SAS Tools**
- SAS Enterprise Guide
- Base SAS 9.2
- SAS Enterprise Miner
- SAS Customer Intelligence
Step 3a.
Product or Service profitability calculated based on cash flows from product revenue & cost streams.

Bottom line is the key focus of a Pricing Strategy

*Analysis of Bank’s financial data to calculate profitability at a product level. For each banking product revenue streams to be identified & cost to be apportioned at a product level across all heads including direct & indirect expenses. Finally product cash flows built using these streams with average product balance/volume and avg tenure metrics. Net Profit flows are discounted to calculate present value.*

*Calculations can be revised based on actual product details like loan amount, tenure, credit limit based on a financial model.*

<table>
<thead>
<tr>
<th>Credit Card Streams</th>
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</thead>
<tbody>
<tr>
<td><strong>Net Profit</strong></td>
</tr>
<tr>
<td>Financial charges</td>
</tr>
<tr>
<td>Annual fee</td>
</tr>
<tr>
<td>Late payment fee</td>
</tr>
<tr>
<td>Cost of funds</td>
</tr>
<tr>
<td>Provision for credit losses</td>
</tr>
<tr>
<td>Selling, General &amp; Admin expenses (apportioned at a product level)</td>
</tr>
</tbody>
</table>

**Product Profitability to be used for -**

1. Break even price i.e. the minimum price a company can offer to the customer
2. Used to calculate the value to be maximized in the price optimization model which runs iterations at multiple price points after incorporating factors like competitor price, consumer risk & life value, price elasticity & other rules, for a specific product
Step 3b. Pricing Model needs to incorporate the inherent risks or probability of default of a customer. High risk customers are to be priced above base rate to maintain profitability.

Risk and Pricing are inversely correlated.

Risk-based pricing adopts **differential pricing** methodology based on the estimated level of **associated risk** to bank.
- Higher the probability to default, higher the interest rate

**Exact differential rate are determined based on historic vintage default curves by risk band.**

For example, a FICO score of 740 or above (Highest tier) would be given a rebate over typical rate of 25 bps and lower range (660-679) will be charged an added 25 bps on the top of the base rate.
Step 3c.
First method to measure price sensitivity of a customer is by estimating customer’s perceived price image & sensitivity using a survey (1/2)

What the customer thinks

- IPP reflects either the median price or price of market leader
- The range of price between the PMC and PME is considered the range of acceptable prices
- OPP is considered to be the optimal price point

IPP – Indifference Price Point
PMC – Price of Marginal Cheapness
PME – Price of Marginal Expectation
OPP – Optimal Price Point

- Conjoint or Questionnaire Design
- Survey Response Data
- Customer Attributes
- Product Attributes

- Survey Analytics
- Conjoint Analysis
- Discrete choice modeling

- Customer’s perception on the price range of product and simulated response to price changes

ILLUSTRATIVE
Step 3c. Second method is to calculate customer’s price elasticity with respect to a product using his historical actual transactional data trail (2/2)

Past data can be leveraged to forecast future price elasticity

- Build time series transactional data at a customer level by product i.e. number & volume of transactions for credit card, trading volume & no. of buy/sell transactions for brokerage accounts, sweep in/sweep outs, flows and balance data for deposits
- Build time series price & promotion history i.e. brokerage fee, time deposit rates, cash back offers on card spend etc.
- Add competitor or market price data to build in cross elasticity concept
- Calculate direct & cross price elasticity through regression modeling at a customer level. Sensitivity to specific price & promotion events can also be estimated

• Transaction History
• Time Series Balance Change/Trading Volumes/No of Trans data
• Price Change Events & period
• Promotional Events

• Regression : Mixed Model
• Clustering
• Time series model
• Promotional/deal seeker analysis

• Price Elasticity at a customer level i.e. responsiveness to a change in price

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Step 3e.
Price Optimization integrates risk, value, and needs of a customer to decide “right price for the right customer” achieving balance between growth and profit for the company.

Balancing between the top line growth through customer satisfaction and maintaining the bottom line

Various Scenarios are evaluated based on Price iterations in the optimization models, with the aim of maximizing product profitability. These scenarios adjust for rules & constraints like ones based on customer segments and final price is calculated after incorporating defined factors such as spread to competitor, price elasticity & customer relationship value & risk.

Further constraints & rules to be added to optimization based on business specifications

- Target Portfolio or Product Return
- Policy Regulations
- Maximum Price Level by segment
- Price Benchmark to competitor by customer segments (eg – Price Sensitive High Value customers lending rates 25 bps lower than competitor)
- Strategic Pricing Decisions like lower rate for students
## A typical phase wise approach for design, creation & evaluation of a pricing analytics solution for a bank

### From Problem understanding to solution implementation

<table>
<thead>
<tr>
<th>Phase 1 – Business &amp; Data Understanding</th>
<th>Phase 2 – Data Preparation</th>
<th>Phase 3 – Modeling</th>
<th>Phase 4 – Evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Objectives</strong></td>
<td><strong>Activities</strong></td>
<td><strong>Deliverables</strong></td>
<td></td>
</tr>
<tr>
<td>Develop an understanding of the Business context and available data</td>
<td>Develop a database containing customer, product and market data for modeling</td>
<td>Use advance analytics to drive business insights such as customer price segmentation and price optimization</td>
<td>Evaluate output on analytics to define new value propositions and pricing</td>
</tr>
<tr>
<td><strong>Activities</strong></td>
<td><strong>Deliverables</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Determine objective and scope of exercise</td>
<td>• Cleansed database ready for modeling</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Submit initial data request for information</td>
<td>• Documentation on data sources used and calculation applied to data elements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Assess quality and integrity of data</td>
<td>• Assumption sheets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Develop insights into how value is created by the client</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>• Understand different data sources</td>
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<td></td>
</tr>
<tr>
<td>• Plan interviews with stakeholders and experts</td>
<td></td>
<td></td>
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</tr>
<tr>
<td><strong>Objectives</strong></td>
<td><strong>Activities</strong></td>
<td><strong>Deliverables</strong></td>
<td></td>
</tr>
<tr>
<td>Use advance analytics to drive business insights such as customer price segmentation and price optimization</td>
<td>Identify groups of customers based on similarities of survey/transactional attributes &amp; price sensitivity</td>
<td>• Business cases showing impact of new pricing</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Optimize customer price based on customer price elasticity, risk, competitor price, product/service value, customer strategic segment, policy regulations etc. Aim is to decide right price for right customer facilitating balance between growth &amp; profit.</td>
<td>• Management summary report</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Identify how benefits differ among customers/segments</td>
<td>• Implementation Plan</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Calculate financial impact of customized pricing strategy</td>
<td>• System integration</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Design &amp; implement strategy to ensure communication of right price to the right customer at every customer touch point.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• System &amp; technology for real time price calculation &amp; communication implemented</td>
<td></td>
<td></td>
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Accenture Analytics Global Delivery Model
Onshore - Nearshore - Offshore delivery leveraging CIC Italy and GTIN India, centers of analytics excellence

Accenture Near-shore Customer Innovation Center
- Leading datacenter with pre-configured marketing technology
- Availability of hardware and software for comprehensive analysis
- Dedicated customer analytics professionals with local business and analytics experience

Accenture Offshore Analytics Center of Excellence
- Global Talent & Innovation Network (GTIN) team with advanced predictive analytics, data management and campaign management skills
- Customer centric data mart and customer analytic record design and creation
- Segmentation and predictive modeling
- Development of campaign lists
- Close contact with the onsite Client/Accenture team
- Experienced and skilled resources in analytics

Client / Accenture Customer Strategy On-Shore Team
- Accenture team works together with client resources
- Set up data and other access
- Project management
- Coordination of offshore and onsite activities
Accenture Global Centers of Analytics Excellence in Italy and India, have specialized skills, assets and capabilities in customer data management, analytics & campaign management

**Customer Innovation Center, Italy**
- CIC is a world-class CRM Center of Excellence, located in Assago Milanofiori, Milan.
- More than 50 dedicated professionals, specialized on Marketing Transformation offering.
- More than 30 clients served across all relevant industries and different European countries.
- Over 270 models and algorithms.
- Leading datacenter with pre-configured marketing technology. More than 7 Terabytes storage capacity.

**GTIN, India**
- More than 150 dedicated professionals, specialized in analytics based consulting delivery. More than 85% have post graduate degrees.
- 40 professionals in financial services analytics team with global market experience.
- Team average analytics work experience of more than 5 years.
- Worked on more than 400 projects for 40 Fortune 100 companies.
- GTIN analytics team has applied for 5 patents in last 2 years.
- Located in Gurgaon and Bangalore in India.

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**Customer Data Management**

**Customer Analytics**

**Campaign Management and Insight Driven Interactions**

- Collection and assembly of all the data about customers from both internal and external sources.
- Analyze customer socio-demographic, attitudinal and behavioral information, through statistical and data mining techniques.
- Segments are prioritized based on segment attractiveness & achievability and campaign strategy is defined.

**Data Management Services**
- Cleansing and normalization
- Data quality
- Data enrichment and geo-referencing
- Integrated view of customer build
- Customer DB outsourcing

**Segmentation & Predictive Analytic Services**
- Customer profiling and analysis
- Customer Segmentation
- Customer retention and churn propensity
- Cross sell response propensity modeling
- Loyalty program analytics
- Price optimization
- Product Analytics

**Campaign Management Services**
- Campaign design
- Campaign management
- Multichannel campaign execution
- Loyalty program design and implementation
- Centralized decision engine implementation
- Channel Optimization

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Accenture project structure

1. Accenture Nearshore/Offshore team:
   - The team skills include data, analysis, predictive analytics, business consulting & campaign execution
   - Team will be involved in data management, analysis and insight generation

2. Accenture On-shore team:
   - Initial project assessment & work plan creation
   - Maintain link between off-shore & client teams
   - Similar data, analytics & consulting skills as off-shore teams
   - Knowledge transfer & client support

3. Client team:
   - Project steering committee for review
   - Client project liaison & data teams
   - All resources will have access to the same data platform through secured networks

Accenture Analytics Infrastructure

Accenture Nearshore/Offshore Team

- Customer Data Collection and Management Team
- Analyze and Draw Insight Team
- Operationalise Insight Team

- Nearshore/Offshore Project Manager: Customer Insight and Analysis
- Data Consultant
- Analysis Consultant
- Business Consultant
- Campaign Execution Consultant

A full off-shored solution will occur when the business has built up procedures and processes to coordinate on and off-shore resource

The on-shore Customer Insight team and off-shore business consultants then maintain the link into client business processes

Accenture On-Shore Team

Customer Insight Team

- Customer Data Sources
- Operational Customer Contact Systems

Accenture Analytics brings key skills to the project

- Deep Financial Service Analytics domain knowledge
- The knowledge of working with large data sets across data platforms
- Advanced statistics & econometrics skills
- Deep technical knowledge & work experience of statistical tools like SAS, SPSS, KXEN, Knowledge Seeker, Model Builder etc.
- Knowledge of external data sources for psychographics, lifestyle, firmographics, credit behavior data from vendors like Acxiom, CACI, Nielsen, Credit Bureaus(Experian, Equifax)
- Experience across banking domains – customer, risk, collections, operations
- Experience across retail, wealth & commercial banking
Accenture Analytics can support client analytics projects in three ways:

**Analytics Lab / Proof of Value**

Accenture Analytics can act as a Lab, helping clients in testing concepts by leveraging its capabilities. This can be done through an analytics pilot/ proof of value approach, where marketing models are prototyped and tested through Accenture Analytics infrastructure. In this way the client can rapidly achieve a validation of the business case, evaluate benefits and value of analytics and have quantitative elements to decide on the implementation of the full-scale model.

**Analytics Factory**

Accenture can act as a factory, implementing end-to-end projects for clients. By leveraging its assets portfolio and its deep expertise, Accenture ensures a highly effective time-to-market of the solution and a high efficiency on cost of delivery.

**Analytics Managed Service**

Accenture Analytics can act as a service provider, running managed services for clients. By leveraging its infrastructure and assets Accenture can provide clients with and end-to-end service, dramatically shortening implementation time.
### Pillars of Accenture Analytics delivery solution

<table>
<thead>
<tr>
<th>Engagement Model</th>
<th>Technology</th>
<th>Platform</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proof of Concept</td>
<td>SAS</td>
<td>Client Owned (ACN Managed)</td>
<td>Onshore – Client location</td>
</tr>
<tr>
<td>Management Services</td>
<td>SPSS/Clementine</td>
<td>Client Owned</td>
<td>Accenture Offshore Centre</td>
</tr>
<tr>
<td></td>
<td>Unica/Affinium/Other</td>
<td>Accenture Owned</td>
<td>Onshore-Offshore Model</td>
</tr>
</tbody>
</table>

- **Proof Of Concept**: 3-6 month engagement, to provide an analytics led solution for a specific identified requirement. Pilot will showcase Accenture’s data management & advanced predictive analytics capabilities.

- **Management Services** model involves long term client engagement for strategy revamp using advanced analytics. A dedicated team with in depth understanding of business situation & data. Includes capability development & knowledge transfer.

- **Analytics software** to be decided based on specific requirements of the project & the analytics solution proposed. Final decision to be jointly taken by the client & Accenture after detailed cost-benefit evaluation.

- SAS/SPSS/Clementine/KXEN are some of the leading options available currently in the predictive analytics space.

- Accenture’s **global alliances** with leading technology firms will be leveraged during the process.

- At Project Planning stage, joint **client-Accenture steering team to decide on the platform** on which the project will be executed.

- Options available are:
  - AASE – Accenture hosted, where client submits data & has secure cloud infrastructure.
  - **Client analytics platform** at client locations where client operates & maintains the data. Accenture resources access the data through secure VPN.
  - **Client analytics platform** which is owned by client but Accenture maintains & operates the data as a part of managed service.

- Through access to Accenture’s Global talent network, clients can explore having the project executed in either at **client’s on-shore location** or at Accenture’s **offshore location** or through a joint **onshore-offshore model**.

- In Offshore set-up, Accenture will set up an analytics team off-shore managed by a senior project manager. In most scenarios an **Accenture engagement manager** will be onsite to will bridge the gap & build efficiencies between the Offshore Accenture & Onshore Client teams.

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Accenture Analytics delivery platforms for analytics services

Accenture has three primary delivery platforms:

1. **Accenture Analytics Subscription Environment (AASE)**
   - Accenture hosted environment
   - Client submits data regularly
   - Regularly scheduled Consumption & Delivery
   - Secure Cloud infrastructure

2. **Client Analytics Platform (Accenture Managed Service)**
   - Client owned environment
   - Accenture managed service
   - Accenture data submitted regularly from Accenture Analytics Factory

3. **Client Analytics Platform**
   - Client owned environment
   - Client operates and maintains
   - Accenture data submitted regularly from Accenture Analytics Factory
Project execution typically includes data management, data validation, CAR aggregation, statistical modeling, insight generation & project delivery.

### Data
- **Data Submission**
  - Competitors
  - Customer Survey
  - Market Place
- **Data Curation & Completeness**
  - SFTP
- **Unstructured Data**
  - Third Party
  - Credit Bureau
  - Geo-spatial

### Data Management
- **Extract**
- **Transformation & Load**
- **Data Quality**
  - Aggregates & Marts
  - Linking & Joining
- **Analyzing, Forecasting & Modeling**
  - Segmenting
  - Statistical Analysis
  - Forecasting/Extrapolation
  - Predictive Modeling
  - Optimization
  - Hypothesis Testing

### Methods
- **Insight Generation**
  - My Segments
  - Root cause analysis
  - Trending, alerting, orientation
  - Threat/Opportunity detection
  - Resource & Intervention Optimization
  - Context, buzz, relationships, events

### Consumption
- **Insight Delivery, Presentation & Collaboration**
  - Qualified leads list
  - Campaign Design & Implementation
  - Feeds for Adhoc reporting
  - Process Productionization
  - Dashboard/Static reporting
  - Insight Case Management

### Controls
- Archive & Purge, Data Quality, SLA Reporting, Continuous Learning
- Authentication & Authorization
- Monitor, tuning, Back up and Recovery, Capacity Management
- New Demand, Managed Use

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Project will be executed in a monitored environment with regular stakeholder reviews after every phase completion.
Agenda

- Market Trends
- Accenture Differentiator
- Accenture Point of View
- Analytics Engine
- Delivery Solution
- Case Study/Credentials
## Accenture Pricing Analytics Credentials

<table>
<thead>
<tr>
<th>Client</th>
<th>Challenge</th>
<th>Accenture’s Approach</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Leading North American Bank</strong></td>
<td>• The client sought to improve its product economics across the product portfolio, through improved pricing and cost reduction</td>
<td>• The project examined the impact of fee changes to the customer experience for mortgages, deposits, consumer loans, and credit card</td>
<td>• Market results demonstrated significant improvement in-margin performance</td>
</tr>
<tr>
<td><strong>Large US Retail Brokerage</strong></td>
<td>• After acquiring a national brokerage firm, a major US brokerage sought to establish a single rate and pricing approach across the organization</td>
<td>• Developed and tested pricing scenarios and designed field communication and value proposition for the selected scenarios to be implemented</td>
<td>• Developed a framework within the organization for future pricing decisions</td>
</tr>
<tr>
<td><strong>Global Credit Card Organization</strong></td>
<td>• A global card issuer was faced with decreasing profitability, above industry average bad debt expense, and a changing regulatory environment</td>
<td>• Accenture conducted a 14 week assessment of pricing processes, strategies, and capabilities to develop quantified “To-Be” recommendations</td>
<td>• Market testing will begin to understand pricing sensitivities and introduce greater pricing variability into the market</td>
</tr>
<tr>
<td><strong>Large Credit Card Company</strong></td>
<td>• Merchants were suppressing the card due to high fees and consequently market share was dropping</td>
<td>• Accenture developed market intelligence and new value proposition and pricing strategy for the client</td>
<td>• Market share in the card business rebounded and the client developed a number of new value propositions</td>
</tr>
<tr>
<td><strong>Major Southeast US Bank</strong></td>
<td>• Irrational pricing of brand versus other delivery channels was causing customers to overuse the branch channel</td>
<td>• The team identified potential solutions and implemented alternative (non-branch) delivery channels</td>
<td>• The client realized $16 million in gains from a re-aligned pricing and channel strategy</td>
</tr>
</tbody>
</table>
US Financial Services Firm: Market Price based estimation

Client Overview

Client is a financial services firm that offers a combination of wealth management, asset management and investment banking services. It is present in all major financial centers and has offices in over 50 countries. Client employs more than 64,000 people around the world and has nearly 8000 Financial advisors focused on its US Wealth management business.

Business Challenge

• The Client has seen negative net new money, large client & Financial advisor attrition with its US Wealth Management business
• Large Scale price discounting seems to be prominent in two products, Discounted Equity & Managed services.

Accenture’s Role

A four step analytical process was adopted:
• Market Price Estimation: Determine market price for each program/product by analyzing pricing distribution.
• Opportunity Lost Estimation : Estimate revenue upside potential due to discounting.
• Client Analysis : Identify key factors which explain client discounting behavior.
• Financial Advisor Analysis : Identify key drivers of FA discounting.

Client Benefits

• Identified upside Revenue Opportunity of more than 30% based on Market Price based estimation.
• Market price based view to pricing, which benchmarks pricing behavior of individual Financial Advisors with his peers in wealth management
• Identified Key Drivers of Discounting behavior for Clients and Financial Advisors
Large UK based Insurance Client: Retention Analytics and Pricing

**Client Overview**

- Client is a major insurance client in UK. Focus was primarily on underwriting & claims side of their business.
- Client underwriting faced challenges in prospecting and retaining commercial customers.
- The claims department were looking at an effective way to address fraudulent claims.

**Business Challenge**

- **Underwriting Analytics (Strategic)**
  - Understand business growth opportunities at a geographic/regional level.
  - Improve effectiveness of retention strategies.
- **Claims Analytics (Tactical)**
  - Improve ability to identify & predict fraudulent claims.

**Accenture’s Role**

- Weighting analysis (comparison of market share across regions) to determine regions for portfolio growth.
- Develop “Retention propensity” & “Cross-sell Propensity” models to segment customers based on the retention/cross-sell behavior.
- Overlay the Retention & Cross-sell segments to devise customized marketing strategies based on both.
- Pricing/Price Sensitivity analysis to detect possible imbalance in portfolio pricing.
- Develop “Fraud propensity” model to better identify fraudulent claims.

**Client Benefits**

- Business benefit of £20million by portfolio growth in underweight regions, increasing retention rate & reduction of fraudulent claims payout.

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Big Chinese Insurer: Segmentation, Pricing and Loyalty

**Client Overview**
- The client’s strategic objective is to become a leading integrated financial services group that provides full range, end to end financial services that meet customers’ complete financial needs.

**Accenture’s Role**
- 6 week Customer Data Management Diagnostic project using Accenture Customer Data Management Framework focusing on the following areas: Data Governance, Data Capture & Validation, Data Sharing & Security, Data Integration & Data Quality Management.
- Development of Customer segmentation based on the customer data of Shanghai and Shenzhen. Identification of marketing opportunities and develop segment strategies.
- Loyalty program design, pricing strategy and marketing campaign design.

**Business Challenge**
- The client views customer data as a strategic asset and would like to exploit every opportunity to maximize value creation via the use of customer data in support of its strategic objective.

**Client Benefits**
- The project identified 19 critical issues that would significantly improve client’s data management capabilities.
- 32 million sales opportunities have been identified, which would bring an incremental premium income of RMB 1.67 billion to RMB 3.32 billion.
- Launch of loyalty program, member portal and VIP club
Large US Corporation: Pricing Waterfall

Client Overview

- Client, Incorporated is a privately held, multinational corporation based in the United States. Client's business activities include purchasing, processing, and distributing grain and other agricultural commodities, and the manufacture and sale of livestock feed and ingredients for processed foods and pharmaceuticals.
- It also operates a large financial services arm, which manages financial risks in the commodity markets for the company.

Business Challenge

- The client wants to implement process improvements initiatives across all its businesses. Regional Beef was chosen to pilot the initiative.

Accenture’s Role

- Pricing waterfall, Price bands & Process re-mapping were identified as the metrics to improve processes.
- Pricing Waterfall: Identify the points of leakages & opportunities at each step from gross revenue to net margin.
- Project involved syncing data for all the processes within the business and building the waterfall to get an overview of the business performance from a revenue to margin walk.

Client Benefits

- Net realized benefits are expected to be approximately 2% of the gross revenue (20-25 million USD annually).
Leading European Retailer: Pricing Strategy

Client Overview

• Client is a leading European Retailer.

Accenture’s Role

• Milan CIC was engaged to implement a Customer Data warehouse which improved client’s ability to retain clients by taking more appropriate decision through a deep insight.

Business Challenge

• Shrinking Customer Satisfaction
  • Overall satisfaction scores very low, high attrition rate among “Gold” customers

• Lack of knowledge about customers’ preferences
  • Not differentiated customers’ treatment: same promotion to all customers

• Weakening economic performances
  • Declining sales with declining margins

Client Benefits

• Deployment in only 6 months by leveraging CIC Retail model
• Specific campaigns on “Gold” and “Silver” customers: growth of “Gold” customer base (+2%) with incremental sales (+5%)
• More effective pricing strategy (+1,5% margin)
Large US Auto Retailer: Pricing Optimization

Client Overview
- Client is the second-largest retailer of automotive replacement parts and accessories in the United States. Client had 2007 sales of approx. $4.8B via more than 3,200 stores and with the work of some 45,000 employees in 40 states.

Business Challenge
- Client wanted Accenture to carry out Wave Based Rollout of Price Optimization Technology for its various auto parts.
- Client was expecting to do “Price optimization” by combining category strategies and business rules with consumer price sensitivity to determine the best possible combination of prices to meet Client’s financial and customer goals.
- Client’s expectations from Accenture was to do following:
  - Explain the process that was used to design optimization scenarios
  - Summarize the top 3 scenarios, highlighting the preferred scenario and the reason for selection
  - Adjust pricing scenario based on feedback from review meeting, reforecast results & submit prices for execution.

Accenture’s Role
- Accenture conducted Wave Based Rollout of Price Optimization for all the categories:
- Data Integration & Attributing: Acquisition, validation, loading and of Client’s data and creating Product Information File –PIF.
- Category Strategy Review: Pricing strategies, rules confirmation and category information by Portfolio Role/ Growth Intent, SKU Role (e.g. leadership, competitive, profit, etc.) and Competitive Tier.
- Prices are optimized by building “what-if” scenarios.

Client Benefits
- Solution for some of the categories has gone past the User Acceptance Testing (UAT) with all the required business sign-offs and is ready for phased deployment.
- Deployed Optimization solution for the Pilot Categories has given the following results to the client:
  - Forecasted Sales$ increase of 1-3%
  - Forecasted Gross Margin$ increase of 2-5%
  - Forecasted Volume change of 0-1%
  - Better control of the Excel based Tool for Determining SKU Level Roles and Tool Usage Guidelines, leading to better alignment of pricing with category roles, thus delivering increased bottom line results.
SAS and Accenture Analytics Group Assets
Accenture and SAS
Enterprise Analytics Platform for FS Organizations

Accenture and SAS Point of View

Accenture and SAS have combined their know-how to develop an enterprise-wide framework for Analytics that shows how data can be managed and aggregated consistently across business lines and entities. This framework ensures that the right type of data in terms of granularity, freshness, relevance, complementarily is provided to the executives to allow them to steer the bank as a high performing enterprise.

Accenture and SAS Solution

Rip and replace with a single platform program or plug in an aggregated view (as a managed service) into existing BI solutions adding a layer of advanced analytics on top using the “SAS Business Analytics framework”.

Provide an integrated suite of analytics capabilities that is multi-functional in nature enabling our most sophisticated clients to move up the analytics maturity curve:
- Advanced predictive and optimization engines enabling better business outcomes
- A cross organization delivery model that integrates our analytic resources (MC, GTIN, GDN, Partners) and assets
- A cross functional enterprise view with pre-defined metrics, data model, front-end dashboard and alerts, management processes and analytic capabilities

How is this differentiated from competition

- One single platform across multiple business units encompassing data collections, storage, analytics and reporting
- Advanced analytics capability that predicts future trends and allows business to optimise key functional areas and decision making in real time
- Integrated Component Deployment - enables an evolutionary approach by deploying pre-integrated technology components and business solutions
- Business Alignment - enables IT to align with business objectives through horizontal and industry-specific applications.
- Metadata based integrated capabilities

Illustrative Tools/Diagnostics

Enterprise Value Proposition

- ROI for single platform business analytics can be significant (£100M+)
- Integrated multi-departmental, multi functional Analytics
- High value-add capabilities- predictive analytics, enhanced and optimised business outcomes
- Reduced business-side data-processing needs
- Reduced IT Costs; administration with centralised functions

Client Credential Results

Consolidation of the LTSB and HBOS businesses

SAS has worked with HBOS over the past few years to deliver a consolidated SAS environment to provide a single source of raw data for all HBOS Retail Credit Risk users, including Customer Risk, Banking Risk, Banking Analytics, Collections Risk, Decision Science, Loans Risk, Cards Risk, Fraud, Collections Operations and Secured Risk.

Lloyds has also been a SAS customer for over 20 years in many business units and when the Merger came along, SAS deployed a consolidated and single platform as part of £130M IT group saving.
Accenture and SAS have combined their know-how to develop an enterprise-wide framework for Analytics that shows how analytics can be applied to the end to end lifecycle of Customer Intelligence. This framework ensures that Financial Institutions customer strategies are optimized by budget, customer and product mix.

**Accenture and SAS Solution**

- Agents use predictive scores to identify new customers and focus service and sales activities for existing relationships by building and deploying multiple descriptive and predictive models.
- Regional managers use segmentation and targeted treatment strategies to better manage agencies utilizing multiple descriptive and predictive models.
- Management uses predictive scores to realign agents to markets and market segments.
- Recruiting Managers use analytic scorecards to evaluate agent candidates and potential offers per geo segments.

**Illustrative Tools/Diagnostics**

**Enterprise Value Proposition**

- Prepare for and act on Customer churn before it occurs
- Identify the attributes predictive of a high producing Agency and associated products by demographics
- Re-align agents and territories across the Market to achieve high success customer acquisition, retention and cross/up sell

**How is this differentiated from competition**

- Optimised channel distribution strategies established using advanced predictive models
- Advanced analytics capability that predicts best product, channel mix through customer value, behavior, demographics, and life stages
- Real time campaigns responding to real time information about customers
- Uncover new, valuable segment criteria, run “what-if” scenarios before a costly campaign launches!
- One single platform from data collection to communication

**Client Credential Results**

Optimization of customer to product fit allowed ADMS to realize an increase of 12 percent in premium revenue and 4 percent in commissions.

“SAS Marketing Optimization provides greater insight into our data to increase revenue potential. It has provided us with the ability to give marketing multiple choices in a very short time frame. For example, we can give them multiple scenarios – based on profitability, revenue-driven or even volume-driven – within a matter of hours, when previously it would have taken days.” - Director of Customer Analytics
Accenture and SAS Enterprise Performance Management

Accenture and SAS Point of View

SAS and Accenture provide the ability to design and implement a complete enterprise performance management solution which allows you to optimise your business and ensure that relevant strategies are implemented effectively and communicated well throughout your organisation.

Accenture and SAS Solution

Accenture and SAS offer a comprehensive EPM solution by combining Accenture’s unrivalled business knowledge and consulting skills with SAS’ visionary Performance Management solutions.

This combination ensures that tailored solutions are delivered quickly and efficiently which enable organisations to achieve immediate and long lasting benefits.

Why Accenture and SAS

Only Accenture has the wealth and depth of research that leads to deep understanding of what makes up a high performing bank. SAS is the market leader in terms of making analytical capabilities work day-to-day in a robust fashion and industrial strength that is required by large and complex organisations. SAS is used by over 3,100 Financial Institutions Worldwide.

The combination of both in terms of IP in how to practically operate high performing enterprises is unmatched in the market place.

How is this differentiated from competition

• Go beyond mere historical reporting to help you improve, learn and evolve based on facts, not intuition.
• The common, scalable platform allows you to start with one PM solution and evolve at a pace that suits your needs.
• SAS is database/ERP-neutral and is viewed as a visionary in performance management.

Illustrative Tools/Diagnostics

Enterprise Value Proposition

• Control cost without sacrificing future growth objectives
• Understand what drives cost and profit (or value)
• Improve agility
• Identify and respond to environmental, social and economic risks and opportunities

Client Credential Results

Banco Popolare di Verona e Novara:
BPVN needed a way to detect and measure the performance of internal and external services and provide managers with an indispensable solution for controlling the many levers of the banking business.

Benefits:
Establishing a performance culture; understanding and controlling the causes and effects of changes in strategies and tactics; improving communication within the corporate structure; speeding up major corporate projects.
**Accenture and SAS**

**Risk-Adjusted Customer Profitability**

**Accenture and SAS Point of View**

SAS and Accenture provide the ability to design and implement a complete business transformation program based around improving customer profitability while minimising risk exposure.

**Accenture and SAS Solution**

Accenture will offer a comprehensive customer profitability solution by combining SAS Cost & Profitability solutions and SAS Risk Management for Banking with Accenture consulting and implementation capability.

**Why Accenture and SAS**

Only Accenture has the wealth and depth of research that leads to deep understanding of what makes up a high performing bank. SAS is the market leader in terms of making analytical capabilities work day-to-day in a robust fashion and industrial strength that is required by large and complex organizations. SAS is used by over 3,100 Financial Institutions Worldwide. The combination of both in terms of IP of how to practically operate high performing enterprises is not matched in the market place.

- Customer will benefit by incorporating both detailed profitability information and the resultant risk profile into operational and strategic decision making.

**Illustrative Tools/Diagnostics**

**Client Credential Results**

**Fubon Financial Holdings:**
In a maturing financial market, Fubon Financial Holdings needed to evaluate the true operating cost of each of its divisions because of a massive restructuring.

**Benefits:**
In one year, Fubon Financial Holdings saved US$2 million in its credit card division, reduced the customer service division’s labour costs by 14 percent and reduced product costs by as much as 50 percent. At the same time, Fubon warded off a severe credit card debt crisis.

**How is this differentiated from competition**

- Profitability calculated at the most granular level (individual transactions) and then aggregated to any level desired.
- Fully integrated Economic Capital and Cost of Funds calculations
- Easy maintenance via cost and revenue allocation “rules”
- The most powerful predictive analytics available
- User-friendly, self-service reporting.