

**Effective eCRM Data
Rationalization For More
Profitable E-Commerce**

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Challenges of Building the Warehouse

- A recent D&B study indicated that deployment managers feel data migration consumes 23% of the total hours required to deploy a Data Warehouse
- 61% of these managers reported that data migration frequently causes projects to go over budget and miss deadlines

Challenges of Building the Warehouse

“The first obstacle is a clear lack of management appreciation for the difficulty and expense of data integration”

From Data Warehouse Project Economics, By
Duncan M. Witte

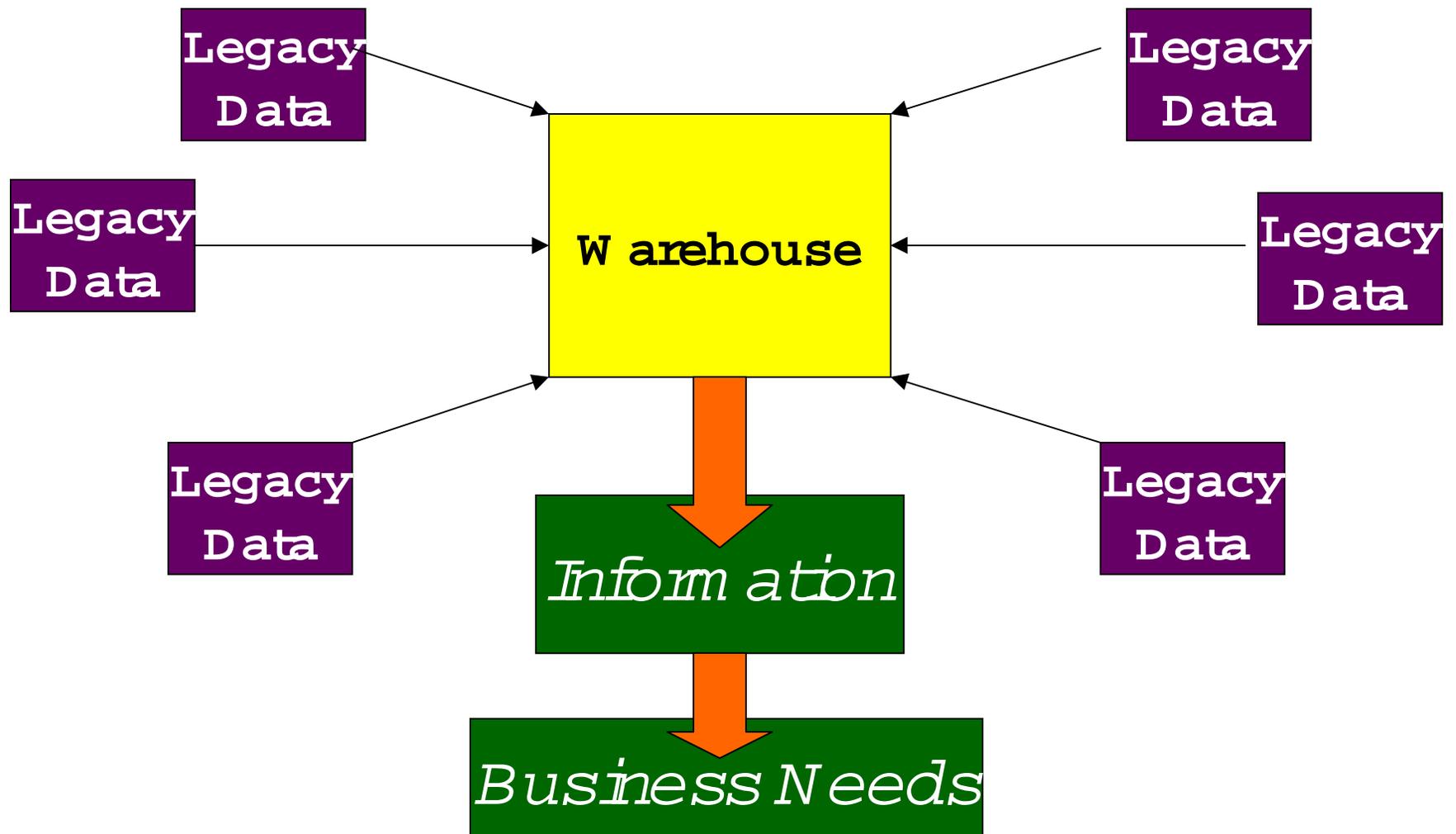
Today more than ever data rationalization is important

- Highly competitive business environment
- Global opportunities are greater than ever
- Internet facilitates worldwide business
- On the web everyone looks the same
- Decisions must be made quickly

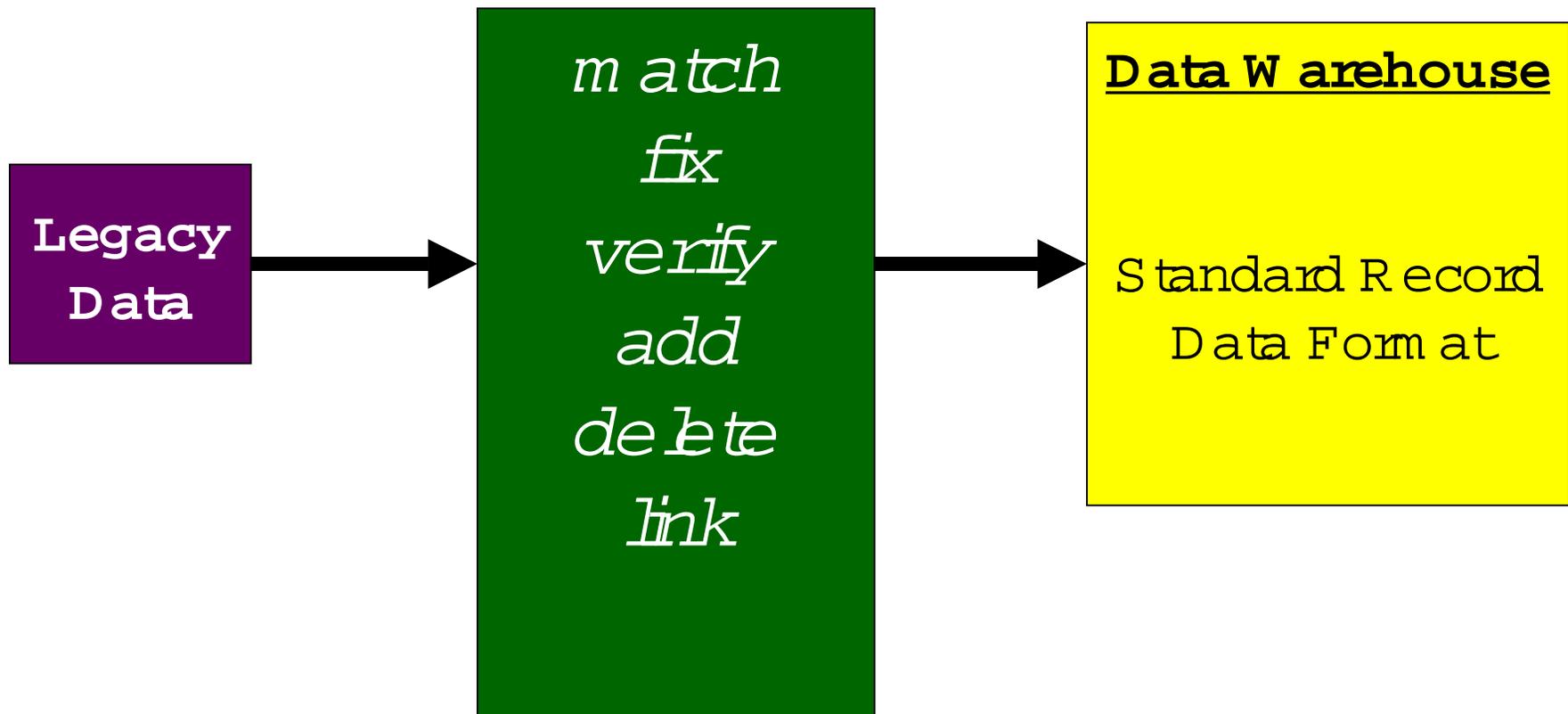
Challenges of Data Warehousing

- How to do it
 - Steps for effective data warehousing and management
- How to use it once it's done
 - Increasing revenue from current customers
 - Identify new customers
 - Protect current customer base

Objective of Data Rationalization



What is Data Rationalization?



Data Rationalization Process

- Data Conversion
- Analysis and Cleansing
- Integration Processes
- Transformation
- Investigations
- Data Append
- Data Updates

Data Conversion

- Objective:
 - Convert records and data into a standardized format

Data Conversion

- Understand the information needs
- Do a complete data inventory early in the process
 - Identify common data elements
 - Identify what is unique to departments or applications
 - Understand how data differs

Data Conversion

- Use the results of the data inventory to establish the data format
- Allow for formats that accommodate current and future data needs

Data Conversion

- Give special attention to the key demographic data needed for integration
 - Business name
 - Tradestyles
 - Mailing address
 - Physical address
 - Telephone

Data Conversion

- Anticipate future needs
 - Global
 - Names
 - Addresses
 - Local Industry Codes
 - NAICS
 - Domain Names, URLs
 - e-contacts

Analysis and Cleansing

- Objective:
 - Analyze the data to identify necessary repairs, additions and corrections

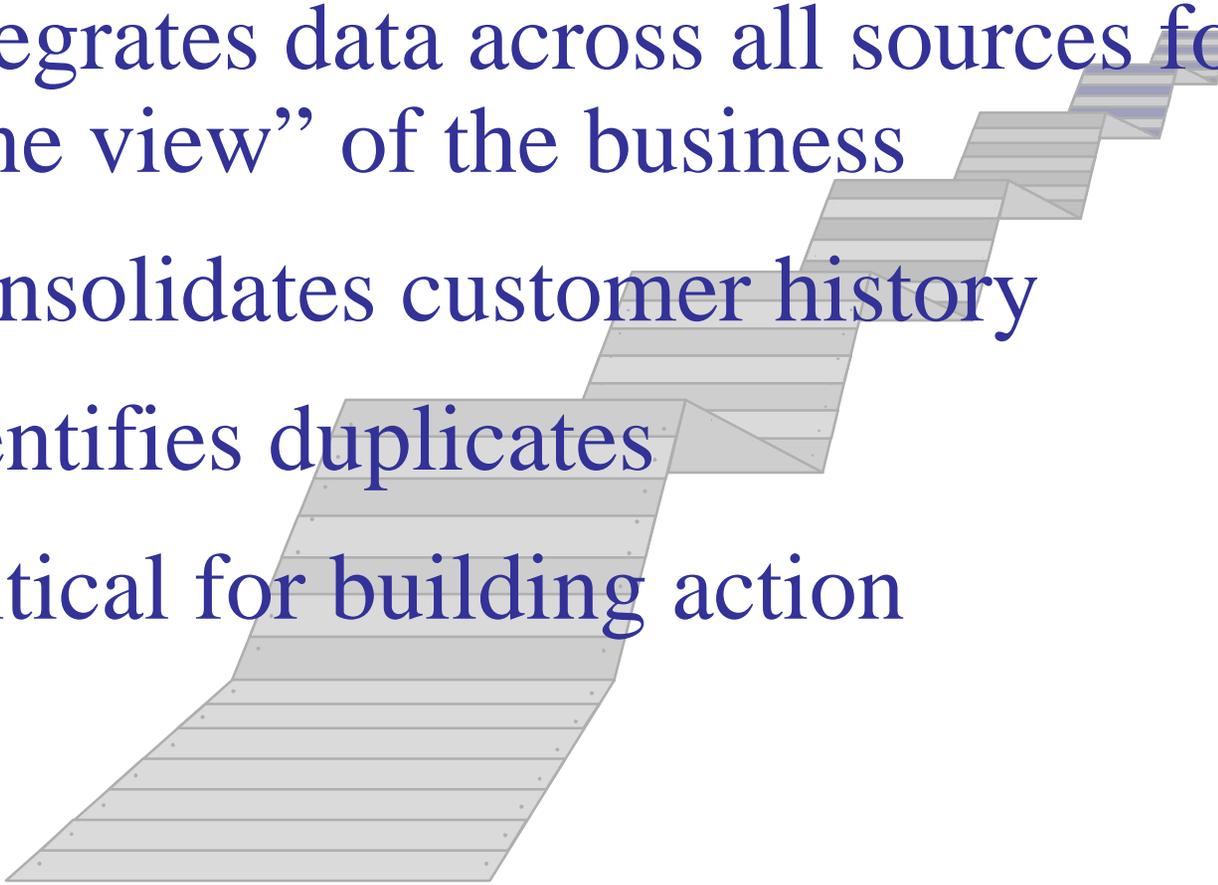
Analysis and Cleansing

- Profile data limitations and defects
 - Truncated data
 - Incomplete data
 - Outdated data
- Identify unnecessary data

Integration Processes

- Objective:
 - Consolidate all information about the business to provide a complete understanding of the relationship

Integration Processes

- Integrates data across all sources for “one view” of the business
 - Consolidates customer history
 - Identifies duplicates
 - Critical for building action
- 

Integration Processes

- Machine matching / aggregation
- Manual scanning / review capabilities
- Match against high quality standardized reference file

Integration Processes

- Many views of a business are possible
 - Legal name versus tradestyle
 - Physical address versus mailing address

Integration Processes

Complete Single Listing

1

ABC, Inc
+ Chuck's Mini-Mart
P.O. Box 111
Bethlehem, PA 18055
123 Elm St.
Bethlehem, PA 10825
Chuck Smith, president
610 882-7600
D-U-N-S Number : 123456789

Fictitious Example

Multiple Unlinked Listings

1

ABC, Inc
123 Elm St.
Bethlehem, PA 18025
Chuck Smith, president

2

Chuck's Mini-Mart
P.O. Box 111
Bethlehem, PA 18055
610 882-7600

3

Charles Smith
P.O. Box 111
Bethlehem, PA 18055
215 882-7600

Integration Processes

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Integration Processes

- Accurate and complete entity identification and integration is critical to CRM
- Provides complete view of relationship
- Incomplete view can be misleading or even harmful. For example.....

Integration Processes

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Chuck Smith, president
610 882-7600
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Fictitious Example

Multiple Unlinked Listings

1

ABC, Inc
123 Elm St.
Bethlehem, PA 18025
Chuck Smith, president
Very high outstanding debt

2

Chuck's Mini-Mart
P.O. Box 111
Bethlehem, PA 18055
610 882-7600
Good payment history

3

Charles Smith
P.O. Box 111
Bethlehem, PA 18055
215 882-7600
No payment history

Transformation

- Objective:
 - Establish business rules for resolving conflicting data

Investigations

- Some records cannot be resolved through machine and manual scanning
- Use telephone investigations to
 - Add additional data
 - Correct data

Data Append

- Objective:
 - To link internal aggregated data with external data to create greater intelligence and action

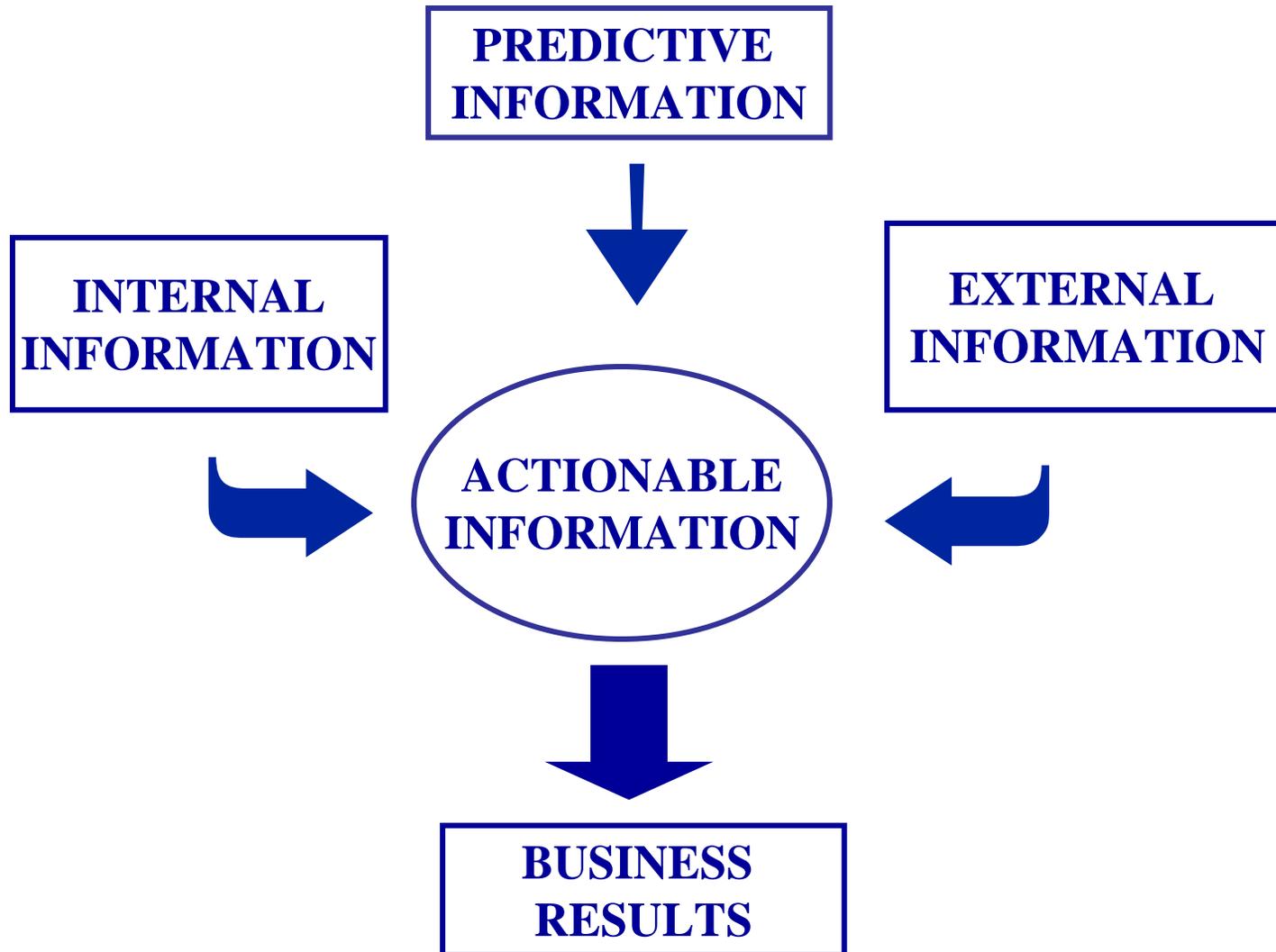
Data Append

- Expands information about customers
- Provides the ability to do advanced segmentation
- Provides the capability of comparing customers against the business environment

Data Append

- Allows targeting of high potential accounts
- Becoming the base line in some industries

The CRM Solution



Internal Information

- Customer performance
 - Annual sales/revenue
 - Products purchased
 - High credit
 - Type of response
- Marketing Mix
 - Channel
 - Type of offer
 - Times contacted
 - Time of Acquisition

External Information

- Firmographics
- Value Added
- Corporate Family Tree Linkage
- Predictive

Firmagraphics

- Geography
 - Sales territory, Geo codes
- Industry
 - SIC, NAICS, Commodity Codes
- Size
 - Employees, Sales, Trends

Value Added

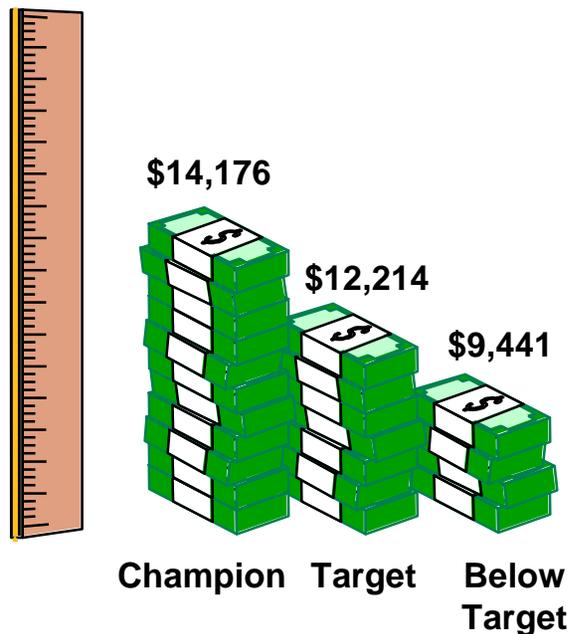
- Foreign ownership
- Home-based business
- Recent ownership change
- Imports/exports
- Industry specific
- Specialized contact names

Quantify Revenue Potential Among Existing Accounts

- *Realize revenue opportunity* among underperforming accounts with attractive growth potential
- *Win attractive new customers* based on expected sales contribution and market penetration opportunity

Growing Revenue in Existing Accounts

Benchmark Customers with Similar Characteristics



Description

- Segment customers into peer groups based on industry and size
- Establish realistic revenue targets
- Distinguish between champions and under-performers
- Project revenue opportunity for customers below target
- Aggregate account targets to determine revenue potential in each market segment

Consider the Following Specific Example:

Account

Smith's Lumber Inc.
Mr. Patrick J. Smith
44 River Way
Philadelphia, PA

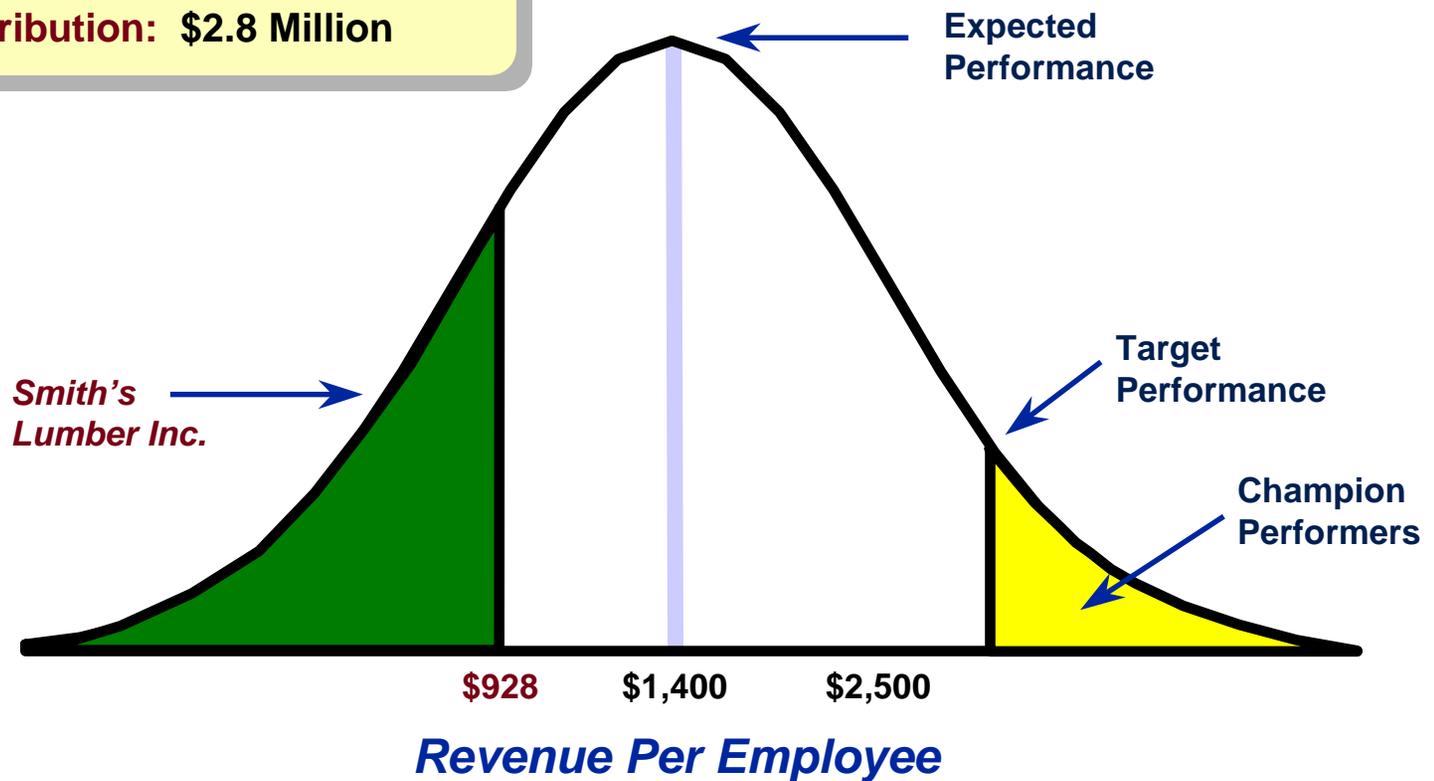
1994 Revenue: \$26,000
Employees: 28

Segment

Industry:
5031 - Durable Goods -
Wholesale Trade: Lumber

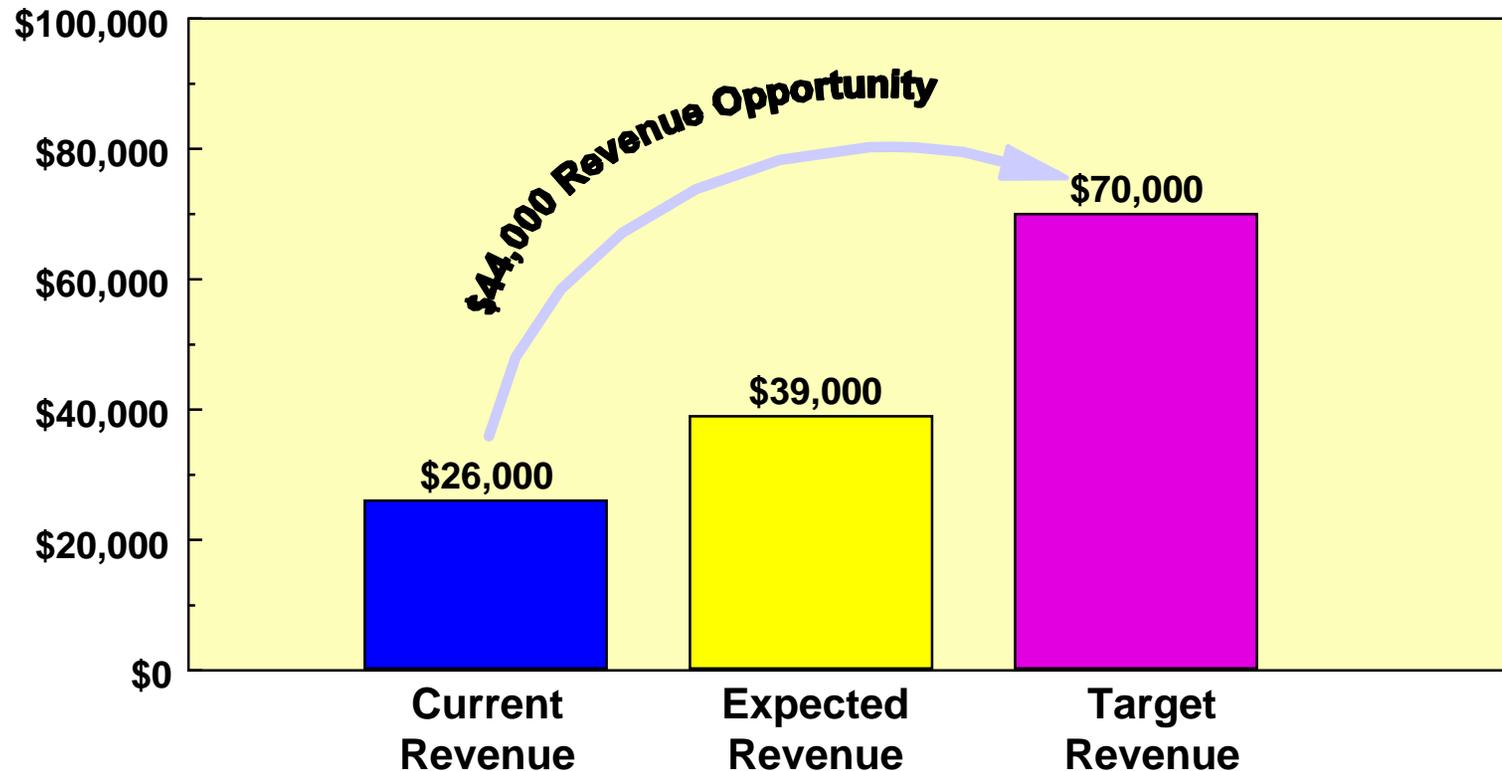
Establish Peer Group Performance

Peer Group: SIC 5031, 20-49 Employees
Total # of Peers: 85
Revenue Contribution: \$2.8 Million



Assess Revenue Opportunity for Individual Customer

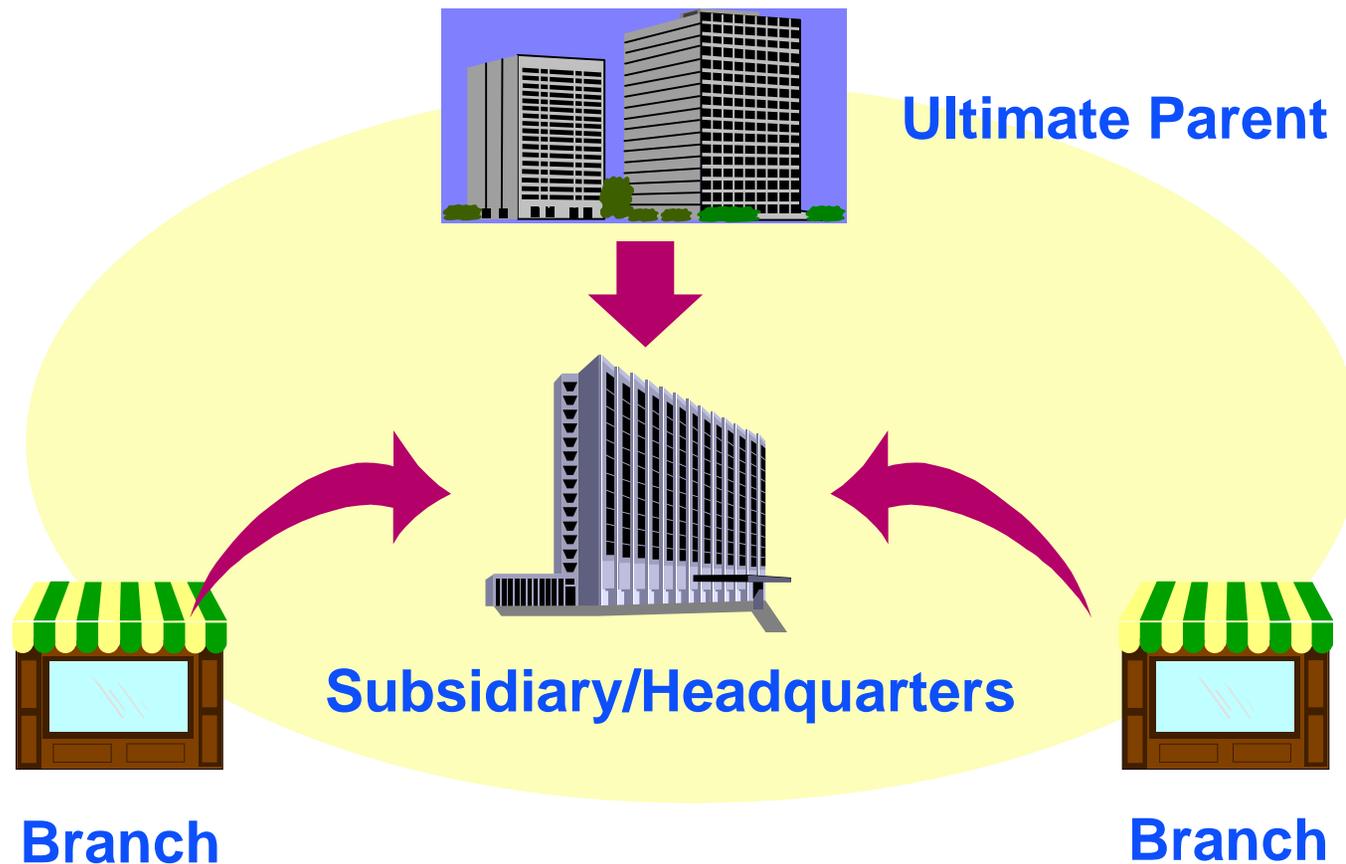
Smith's Lumber Inc.



Corporate Family Relationships

- Your customers have hidden relationships that are important to you

Corporate Family Relationships



Corporate Family Relationships

- Parents / Subsidiaries
 - Parent owns majority interest in subsidiary
- Headquarters / Branch
 - Branch is secondary location

Corporate Family Relationships

- US -
 - over 2 million related businesses in over 400,000 corporate trees
- Global -
 - over 6 million related businesses in over 1,000,000 corporate trees
- *One in every five customers is linked*

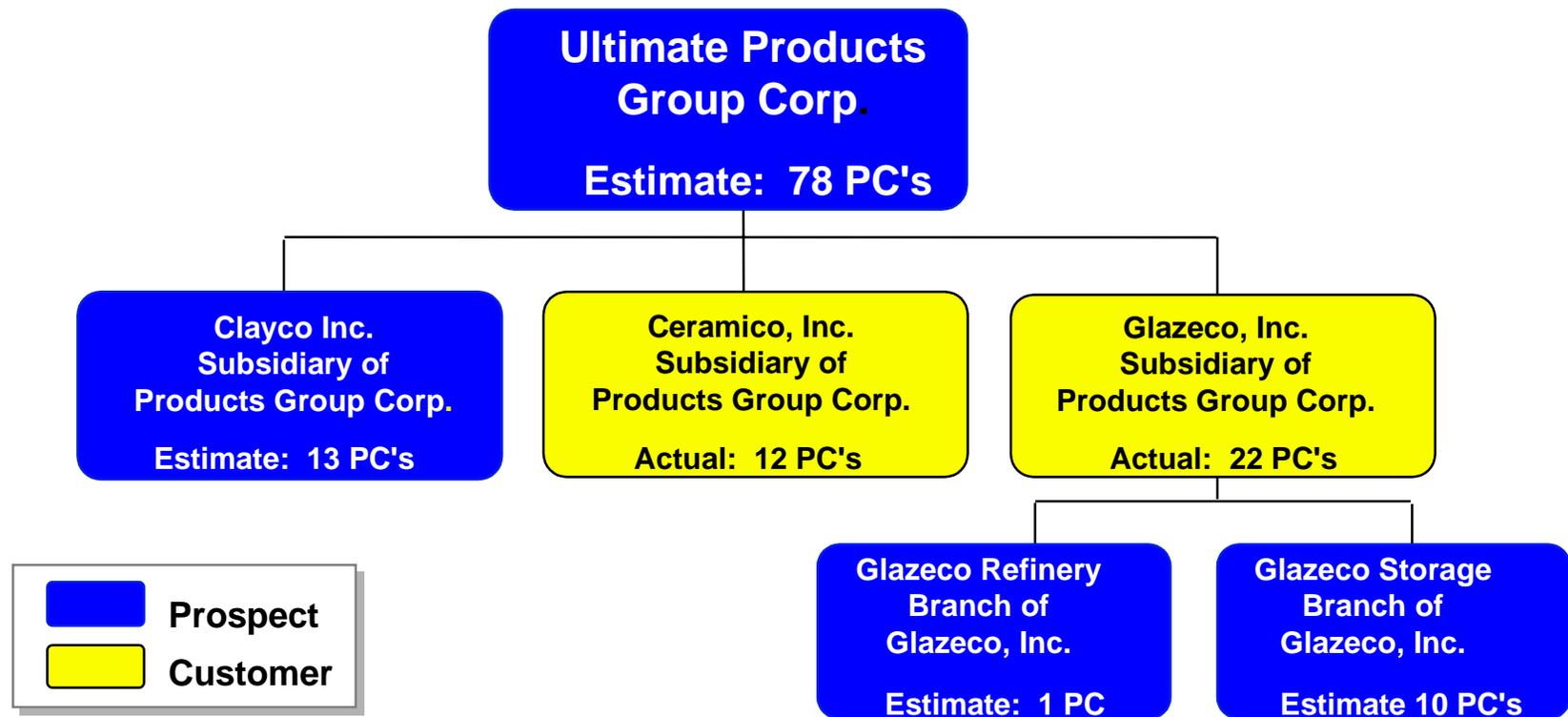
Corporate Family Relationships

- Branch locations often make limited buying decisions
- Subsidiaries can be influenced by their parents
- Financial instability can impact other family members

Uses of Family Tree Information

- Account Planning
- Grow business
 - Offer discounts tree wide
- Identification of new prospects
- Retain current business

Identifying Corporate Families With Purchasing Potential

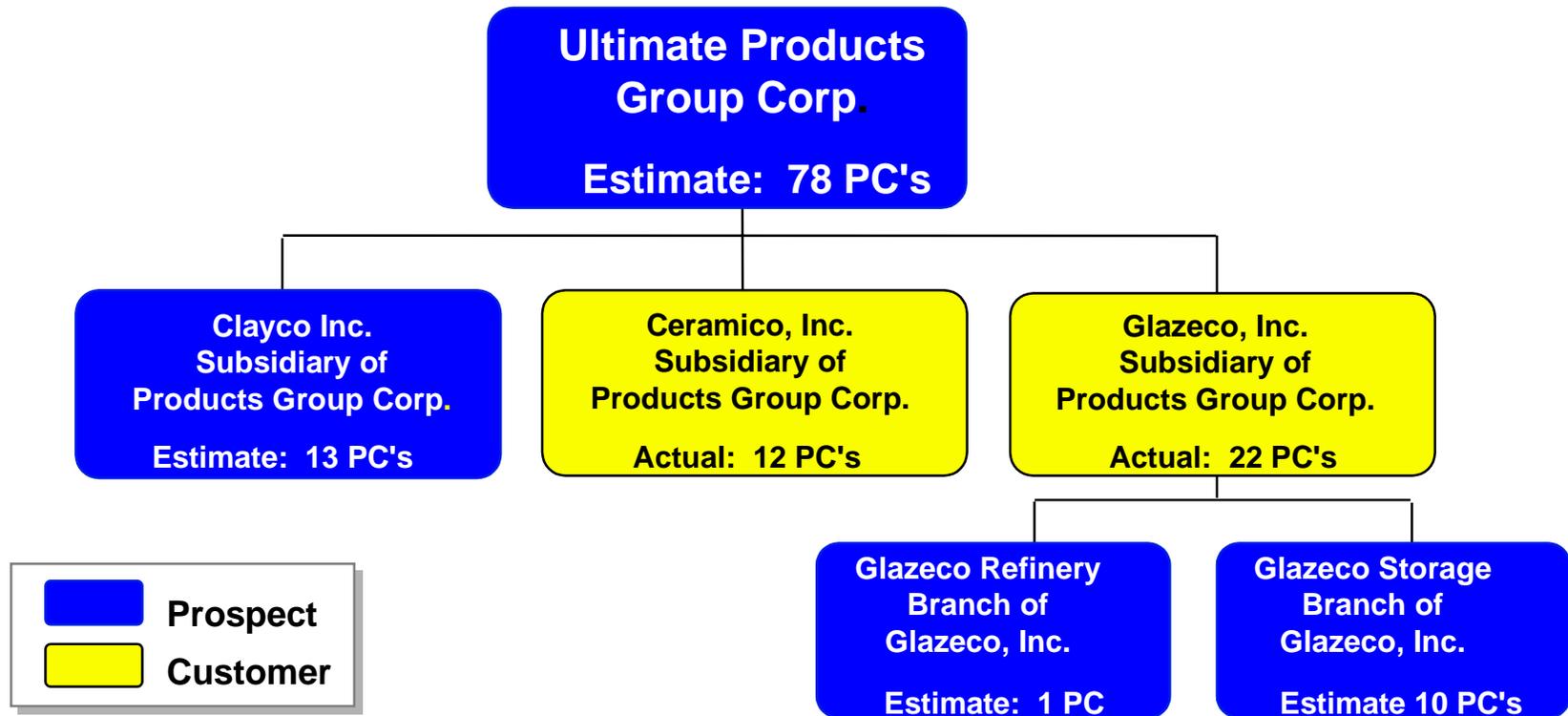


This "Corporate Family" prospect turned into a competitive win and a two-year agreement for the purchase of at least 75 new personal computers over the next two years.

Identifying Corporate Families With Purchasing Potential

- Identify potential new accounts through family tree relationships
- Leverage models to identify potential

Retain Current Customers



Predictive Information

- Performance Indicators
 - Historical or forecasted growth
- Demand estimators
 - Insurance premiums, energy consumption, telecommunication expenditures
- Potential risk
 - Business failure, failure to pay
- Retention / Churn Models

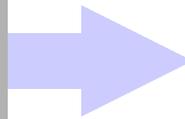
Grow Accounts by Intelligently Raising Credit Limits

A high tech distributor seeks to aggressively grow its business by expanding credit lines for its best customers

Tools Used



**Customized
Decision Matrix
based on combined
risk of delinquency
and default**



Outcome

- **Credit manager acts with marketing to stimulate sales**
- **Promote growth among current customers**
- **Increase credit limits for qualified customers**
- **Implement marketing campaign offering new credit lines**

Grow Accounts by Intelligently Raising Credit Limits

- Credit Score-
 - How well will a business pay

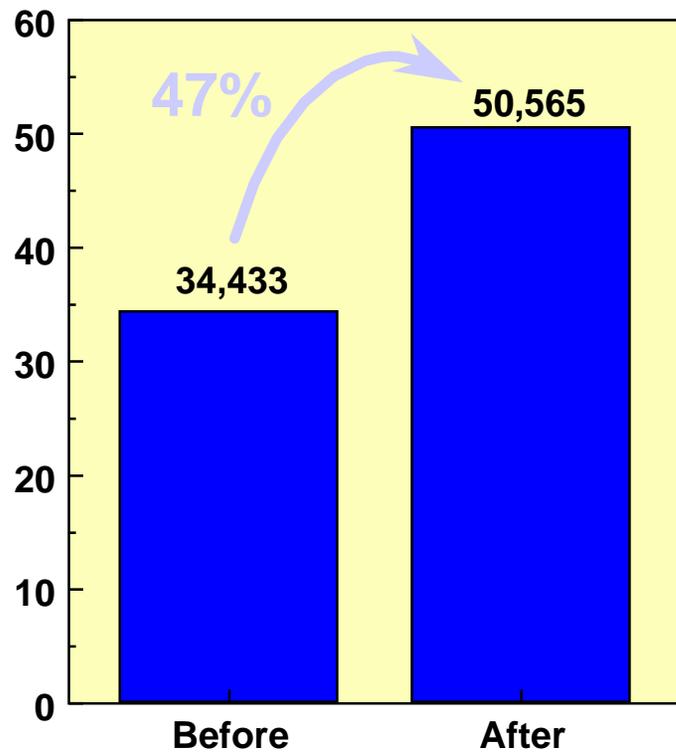
- Financial Stress Score
 - How likely is the business to fail in the next 18 months

Increase Credit Limits

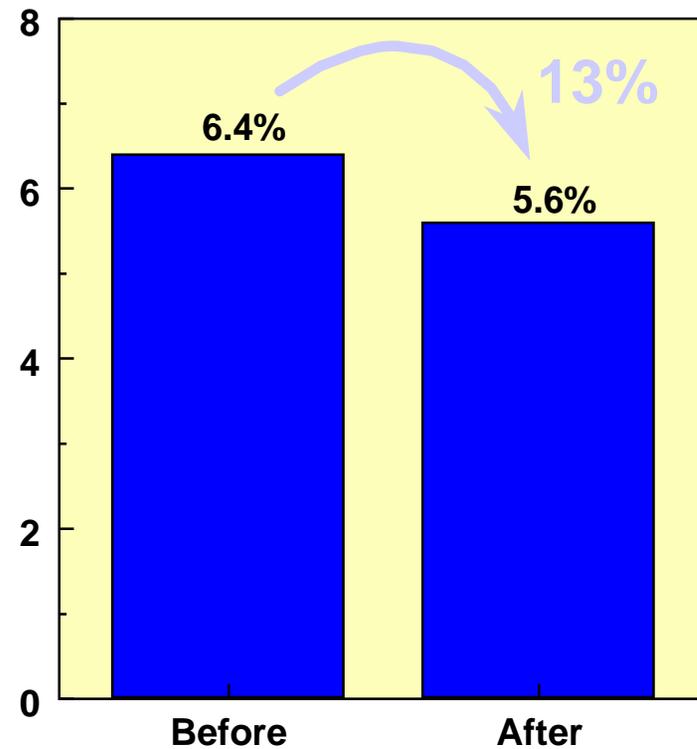


Grow Accounts While Reducing Delinquency

Increase Number of Accounts



Decrease Severe Delinquency Rate



Data Update

- Data rationalization is a on-going process
 - Introduction of new data into the system
 - Update decaying data

Data Update - Decay

- Data decays rapidly:
 - Industry of business
 - Size of business
 - Age of business
 - Type of data

Data Update - Decay

- Address decay averages 2 to 3% per month across US business universe
 - In one year 1 out of every three addresses would need to be updated
- Contact names decay as high as 3% per month

Data Update

- Area Code splits
 - mid 80's 1-2 per year
 - today 20 - ? per year
- Zip Code splits
 - Nearly 150 per year

Data Update

- Prevent data corruption
 - Edits and validations
 - Use outside data cleansing tools frequently
- Make data integrity important
- Monitor the process

Value Proposition

- The true value of CRM applications can only be realized when high quality, well integrated, well managed, information is used

Questions

&

Answers

