Dynamic Customer Relationship Optimization

Create Customer Conversations that Clearly Differentiate your Business with Teradata CRM

Executive Overview

October 2003

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Look at your business as a compelling customer conversation!

The success of any business comes down to its ability to create a relevant, timely conversation with each individual customer. Think of your conversations as variations on a theme: your value proposition for your business, products, and services. Your company's ability to establish attractive value propositions – and turn them into compelling conversations – drives your customer relationships, revenue and success.

What would it be worth to your business if each customer interaction and conversation were relevant, timely and consistent across your enterprise, across all channels and touch points? How would that differentiate your business in the eyes of your customers? Read more to understand how Teradata provides the best capabilities to profitably manage your customers and differentiate you in the eyes of all who interact with your business.

Why should I be looking at Teradata CRM?

The most important thing any business does is communicate with prospects and customers. Do this well, and your customers will know exactly why they should choose your company – the differentiation will be clear. Teradata optimizes your power to create and personalize compelling value propositions across the right channel for the right customer at the most opportune moment. We refer to this process as dynamic Customer Relationship Optimization (CRO).

Dynamic CRO is the single most important driver for adopting Teradata Customer Management solutions. Senior analysts at Gartner have consistently ranked Teradata as a leader among CRM providers at executing this (see Teradata.com). Teradata integrates process-friendly analytical tools that show you what your customers value – with automated, rules-driven, event-based communications across all channels. Teradata Customer Management solutions are industry-specific and implemented in days not months. We make it easy for your business to verify the ROI potential you can realize.

Tell me about Teradata CRM. What's new and different?

Teradata CRM Version 5.0 has been enhanced to better identify industry-specific business opportunities.

For example, the application now provides enhanced 'content intelligence': it enables users to identify customers who have *interacted at different times for the same purpose* – such as a traveler who has visited a Web site at separate times to book a flight, hotel and car, rather than booking all three simultaneously. Teradata CRM also now provides greater 'context intelligence.' In addition to knowing what

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customers are doing, users can now identify customers who are not doing something – customers who are *not using their bank's ATM* or customers who have signed up for an account but have *not activated it.*

Version 5.0 further extends *right-time* communication capabilities – right-time communications are intelligence-driven personal messages that arrive when they matter most to the customer and are most opportune for the business. This refers to Teradata CRM's enhanced capacity to draw from detailed, enterprise-wide information to personalize messages across all channels; the ability to trigger real-time communications based on operational events and increased scalability of lead-management services.

Another key theme in Version 5.0 is to enable all users of the system – marketers, technologists, administrators – to drive value more effectively. Highlights include an automated implementation and migration process, with improved interfaces to enable users to learn more quickly how to use and create value from the tool.

Finally, with greater functionality consolidated into fewer modules (15 from 20), Version 5.0 will help solve your business problems faster than ever before.

What makes Teradata's customer optimization solution 'dynamic?'

First, the integration of Teradata CRM's analytical and communication tools give users more dynamic ways to view, discover, plan, communicate, and optimize relationships. Navigating between functions is fingertip-fast, for rapid analysis-to-execution time. Teradata CRM supports single-step campaigns as well as multi-step, event-triggered, multi-channel communications – offering the fastest, smartest ways to understand what's really going on and create conversations that actually mean something to your individual customers.

Second, Teradata CRM is designed to perform optimally with the Teradata Warehouse, which is the best at handling complex analytic workloads with extreme service levels at high velocity. An ADW captures and manages detailed data in real time and delivers analytical intelligence for tactical decision support in seconds, with 24x7 availability. This means you'll have complete, credible, real-time enterprise information on your desktop – more quickly than from other platforms. This makes the Teradata CRM-ADW combination an unsurpassed engine for customer management, and results in a dynamic, holistic view of your customers and dynamic communication across all channels.

There are so many analyst ratings, maps, landscapes and quadrants for CRM. Why is a top 'CRO' ranking important?

There are many varieties of CRM solution: operational CRM tools focus primarily on enabling customer interaction at the touchpoint. Analytical CRM tools generate customer intelligence from database information. Most analytic solutions work slowly, by extracting, moving and then exploring data – after gathering it from multiple sources. By the time they move and integrate the data – new business data have been created; the market space has changed. Teradata analytic applications are driven by a centralized, integrated data infrastructure – a proven real-time data warehouse. And again, other solution tools and services do not offer the fingertip-fast integration with marketing automation tools in ways that optimize the customer communication process.

To answer the question of importance, dynamic CRO is the one area that matters most for any business, because it is focused on a solution's capabilities to effectively communicate the business value proposition in dynamic ways, integrating analytical intelligence with sophisticated marketing automation from a real-time enterprise data warehouse. A compelling value proposition that reaches your individual customers at the most opportune moment provides a winning edge for your business.

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The Teradata Customer Management Portfolio

Evaluate the result
> ROI Reports/Sample Reports
> Report Workbench

measure

Understand the Prospect
> Segmentation
> CRM Analysis Suite
  – Percentile Profiling, Cross-Segment, Product/Affinity, Pattern Detection, Percentile Analysis, Customer Behavior
> Response Modeling
> Data Modeling & Mining
> Profitability Analytics
> Industry Specific OLAP

analyze

Tailor the Message
> Communication Manager
  – Solution Templates
  – Personalization Templates
> Event Discovery
> Personalization Rules

plan

Execute a Tailored Plan
> Communication Director
> Channel Solutions
  – Email SMTP
  – Email LSoft
  – NCR Postmaster
  – Siebel Adapter
  – Channel APIs
  – Interaction Capture
  – Response Mgmt

act

> Teradata RDBMS
> NCR Enterprise Servers
> Logical Data Model
> Teradata Warehouse Miner
> OLAP Infrastructure
> Teradata Utilities

collect

objective
Refine and adapt your strategy

Rudimentary, first generation CRM tools provide basic analysis for simple campaigns with static, summary data extracted slowly from a data mart or pulled from separate data silos. However, this results in an incomplete customer snapshot – in contrast to dynamic CRO, which provides a fresh, highly detailed and holistic view of your customers – on demand. As a result, your insight is fresh, complete and credible so you can better competitively differentiate your business.

What results are Teradata CRM client users experiencing?

Clients using Teradata for CRM have achieved dramatic results, and for competitive reasons, many are reluctant to share the details. However, some have, and we can tell you briefly about them.

With Teradata CRM, a leading international bank:

> Achieved greater velocity – initiating 100 major campaigns in six months

> Generated 570,000 sales leads in one year, representing $4.4 billion in new business

> Achieved retention rates of 98.4% (88% would recommend the bank to acquaintances)

> Achieved peak wallet share, customer satisfaction and retention rates for high net worth clients

> Reported 28.7% increase in net profit for a six-month period

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With Teradata CRM, a leading American retailer:

> Achieved triple digit payback in fewer than six months on their Teradata CRM tools combined with a significant Teradata Warehouse investment

> Gained high double-digit responses from personalized offers to millions of consumers within a year of CRM investment

> Realized ROI so quickly that it expanded its Teradata CRM initiative to cover more than 600 store outlets across the United States

With Teradata CRM, a leading online travel-transportation marketer:

> Reports "we are making money on our Teradata investment" through better "crafting and execution of relevant offers for individual customers" and better "targeted communications and campaigns"

> Reports a 25% lift in booking conversion for recipients of event-driven campaigns such as post booking and new member welcome

> Reports that with Teradata "we're able to test and learn what works" in advance of campaigns launched" and thus "continually improve our results"

> Is increasing profits by 60 percent annually

With Teradata CRM, a leading European bank:

> Is adding 2,000 new customers per month … in its initial CRM deployment

> Is using CRM event-based marketing to drive dramatic increases in customer satisfaction and loyalty-retention

> Won 70 percent of customers approached to convert to the bank's tailored VIP program, where "cross selling is very significant"

> Is experiencing substantial increases in profitable revenue growth that are "far greater than the initial costs of Teradata CRM as well as the Teradata Warehouse," the customer reports

To get the best possible results quickly, Teradata CRM comes with responsive and knowledgeable customer support services. You can also engage Teradata Professional Services consultants and strategic partners to ensure you are optimizing your customer relationships from the day you put the solution into full production.

Tell me: why will my marketers succeed with Teradata CRM?

Teradata CRM ensures that each customer contact becomes a personal dialog that follows a unique path determined by the customer's own responses to a message or offer. Each successive customer conversation can be dynamically transformed into intelligence for further refinement, resulting in a fully optimized customer relationship. In other words, your marketers have more control of customer conversations and relationships, and can identify and leverage the drivers which lead customers to migrate upward from one value segment to a higher one.

Teradata CRM solutions open your marketers' eyes to see customer relationships like never before, with tools that give them the power to:

> Analyze, evaluate and engage customers using detailed and complete information from across the extended enterprise to cultivate highly relevant and profitable dialogs across all channels, including the e-channel

> Master sophisticated event-based marketing and know when your customers are ready to respond – for personal, precision-guided communications that meet customers at just the right moment

> **"CRO applications define and communicate the value proposition of the organization to the customer, ensuring the profitable creation, development and maintenance of the customer relationship."**
> – Gartner Research Note, February 2003

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Executive Snapshot: Teradata CRM

WHAT WE DO	HOW WE DO IT	FOR WHOM WE DO IT	WHY WE BELIEVE
Give our clients the power to rapidly create and optimize value propositions across all channels, so the most effective offers and messages reach customers at the most opportune moment and continuously differentiate the value of the relationship to the customer and the business.	Teradata CRM integrates advanced analytical intelligence tools with automated, rules-driven lead management functionality to focus your company's time and attention on the very best opportunities to understand, relate and communicate effectively with customers.	Large and growing companies that seek clear competitive differentiation through sophisticated customer management process capabilities.	We have enabled our clients to *differentiate themselves with their customers* and accelerate the realization of their strategic business objectives.

> Design and execute compelling value propositions consistently across channels for optimal brand experiences – to ensure clear business differentiation for your company and positive impressions that keep customers coming back

> Get quick, reliable answers to complex questions pertaining to customer trends, behavior, present and potential value, propensities, and 'most likely' responses to proposed communications

> Improve your ability to evaluate and use every customer interaction as a marketing opportunity

> Align business resources and customer communications for smart, prioritized tactical action that balances customer expectations and company objectives

> Simplify complex customer management issues for fully-informed decision making and action while also improving user business competencies

> Leverage the full power of your Teradata Warehouse assets and capabilities

With Teradata CRM your marketers will only communicate when they know there is a clear opportunity to build or retain value for both the customer and the company. They'll understand how the customer interacts and what product or service is most likely to find acceptance – and over which channel. They'll engage each customer at the calculated 'right time' to optimize the relationship.

With so many CRM activities to manage, how can we organize our work?

Teradata CRM provides a 'solution template' view for effectively organizing customer analysis and communication management functionality. This comprises an interface that helps users quickly define, capture and execute marketing

processes, from cross-channel customer analysis and communications to e-mail personalization – in a replicable flow. Marketers can create a communication process once, and have the ability to re-use it, leveraging and sharing knowledge across the organization for maximum efficiency and effectiveness. Through a drag and drop interface, Teradata CRM allows marketers to access, add and link nodes, build processes and modify templates for continuous re-use.

Specifically, Teradata CRM solution templates enable users to:

> Script, store and execute sequences of Teradata CRM modules related to solving business problems, executing marketing campaigns, and documenting processes

> Attach documentation from external applications (e.g., MSWord)

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> Allow external applications to be inserted and launched

> Document and enact approvals

> Document and enact hand-offs to other users

Users have many choices in terms of viewing, editing and executing features and processes. Security features help protect and control access to existing solution templates.

Tell me: why will my IT professionals like Teradata CRM?

Teradata CRM is designed for ease of installation, implementation and maintenance – with a number of significant features that your IT team can appreciate. These include:

> Teradata CRM's metadata structure enables codeless customization of the application. The application is mapped through metadata directly to your business entities on the data warehouse. No data extraction or data mart is needed. SQL is stored in metadata for easier access and control.

> Teradata CRM's three-tier architecture means that most of the computing-intensive functions are performed on server machines that you can scale – for higher availability and control. You can distribute the workload, putting the right processing power at the right place.

> The business rules and most major processes are located on the middle tier, thus the client workstation can be easily supported through a LAN or WAN. The middle tier performs all query and report processing to free user desktops and minimize network traffic.

> The Teradata Database handles the execution of business rules and queries. The Teradata CRM application is optimized for the Teradata Warehouse.

> Teradata CRM offers customizable security control. The entire solution operates under a very flexible and robust set of user access control capabilities. This keeps risk lower and productivity higher by matching user skills and requirements to the operational environment.

Can you briefly describe Teradata CRM functionality?

Our Teradata CRM framework is focused on four critical steps in the customer relationship optimization (CRO) process: Analyze, Plan, Act, Measure and Adapt. In each framework step, we offer a functionality set to generate intelligence-driven communications. Our built-in integration within these functionality sets enables marketing analysts to quickly understand what each customer needs and values most, to model customer interaction behavior, to identify significant customer events, to personalize the messaging, to deploy right-time communications, and to optimize relationships with customers through the most effective channels.

The Teradata CRM Framework: Optimal Customer Process Management

Managing customer processes for optimal financial return can be understood as a series of phases in which information becomes intelligence for relevant, timely communications. This process is optimized by Teradata as new information is captured from customer interaction for enhanced conversations.

Strategic objective-driven collection of information

The economic use of customer information is driven by strategic objectives defined in advance by the business. Once data have been collected from across the extended enterprise, it is integrated for tactical use by the database platform and associated technology tools for specific purposes. These include analysis of information.

Descriptions of the following Teradata CRM modules and components are included in the *Teradata CRM Quick Reference Guide.*

Analyze

Teradata CRM analytics provide customer process specialists with powerful tools in a robust environment to visualize, analyze and understand customer interaction dynamics. The analysis modules are designed for seamless integration between analysis, planning, action and measurement process phases. This group includes actionable analytics such as Segmentation,

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Customer Behavior, Product Affinity, Percentile Analysis, Cross Segment, Percentile Profiling, Pattern Detection, Report Workbench and Response Modeling.

Plan

Teradata CRM enables an integrated approach to planning, development and management of customer communications across multiple channels, products, services and business units. Planning components help determine and apply the best communication tactics for each campaign or opportunity. The core of this group is Teradata Communication Manager, and includes capabilities to map out each campaign methodology as well as personalize messages. It also includes Teradata Event Discovery functionality for tactical event-driven interaction.

Act

Teradata CRM execution tools are highly effective for sophisticated interaction with your individual customers. At the core is Teradata Communication Director, which coordinates your messages to ensure optimal impact on each of your customers, based on the priority of the message and the availability of resources to act within a particular time window. Once leads are selected, they are filtered and prioritized according to your company's business rules for number of contacts, recency of contact, and the availability of specified channels. Teradata CRM execution tools manage all interactions across key touch points such as direct mail,

kiosks, POS, the call center, web, and e-mail. Messages are routed to a series of adapters that 'traffic-manage' inbound and outbound communications with such interaction tools as Bulk Text Offer Output for Direct Mail campaigns, a Siebel adapter, LSoft and SMTP email adapters, our Interaction Capture tool, our TPS Redirect & Response Management tool, and our Touchpoint API.

Measure

Teradata CRM can generate a variety of reports that support ongoing evaluation of your customer relationship optimization effectiveness. Embedded in Teradata Communication Manager (Plan phase) are standard reports and ROI report generators. In addition, a Report Workbench module is added to further customize reports for business insight. In some instances, effectiveness can be measured in real time, enabling marketers to immediately understand customer behavior, draw implications, and take quick pro-active measures to enhance the relationship.

Adapt

We understand that the optimization of customer relationships is an iterative, ongoing process in which continuous adaptation of the process, tactics and communications are refined as customer intelligence evolves over time. The combination of Teradata CRM on a Teradata Database provides unmatched capabilities to optimize each customer relationship through high-velocity data capture and management.

I know I can drill into the functionality details later. What is the 'word on the street' regarding Teradata CRM? What are the analysts saying about it?

Here are a few evaluations and statements from analysts.

"Serious marketing for competitive advantage requires the most credible and complete customer intelligence at the desktop, on demand – to quickly create personalized conversations that can engage customers tactfully on any channel – at the most significant moment. This is a challenge that can best be met with a best-of-breed analytical tool set – fed up-to-the-minute historical data by a real-time enterprise data warehouse, and integrated with advanced marketing automation. Specifically, it requires sophisticated event-based marketing tools supported by a flexible rules engine for optimized communication. Does such a system exist? You will find it at Teradata."

– *Sheryl Kingstone, Program Manager, CRM Strategies at The Yankee Group*

"Teradata has a comprehensive set of CRO functionality, with leadership in the event-driven arena and in dialog management…"

– *Gartner Research Note*

"In today's complex, global multi-channel marketplace, the ability to engage individual customers with personal messages through any channel at the most opportune

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> **"The three primary determinants of success for CRM initiatives in the near term will be clear linkage to business value, phased implementation programs, and proactive measurement and optimization of actual business results."**
>
> – Elana Anderson and Dan Merriman, GIGA Planning Assumption, January 2003.

moment is perhaps the ultimate competitive advantage. Technologies that enable a company to optimize each opportunity for customer interaction and increase the timeliness and personalization of those communications will provide the greatest customer value long-term."

– *Analyst Liz Roche, vice president and director of CRM Infusion for META Group, 2003*

Can Teradata help us address consumer privacy issues?

Teradata is a division of NCR Corporation, whose business is focused on consumer centric information management and touch point transaction systems. This includes ATMs, Point-of-Sale systems, the Teradata Warehouse and many analytical solutions. Our company is recognized as a highly responsible solution provider and a thought leader in the area of consumer data privacy. Teradata Professional Services consultants can provide services pertaining to enterprise data management and privacy issues. Their insight and experience will be helpful in shaping solutions that protect your business as well as your customers.

Can you give me any other reasons I should be looking at Teradata for customer management?

Consider Teradata's global leadership in enterprise data warehousing and information management – we move, manage and transform data into intelligence faster and better than any solution on the planet. Among Teradata users are hundreds of customer-enabled data warehouse installations. Teradata CRM provides best-of-breed, data warehouse centric customer analytics mapped to ALL your data, not just a 'data mart.' And an enterprise data warehouse is virtually a prerequisite to successful deployment of analytic CRM, with the need to handle complex analytic workloads and extreme service levels.

Moreover, we provide industry-specific solutions supported by industry-specific consulting services focused on industry-specific issues. Teradata also provides scalable performance and capacity – you need to be sure you can do what you need to do … when you need to do it. Finally, Teradata is a viable, stable solution provider with decades of experience and global resources. We'll be around whenever you need us.

At what stage in the evolution of customer management is your business?

Where is your company in the path of customer management evolution? What are your capabilities, and your current focus? What kinds of relationships do you have with your customers, and what kinds do you wish to create in the future?

There are five stages in the evolution of a company's customer process management. The five stages are Mass Marketing, Segment Marketing, Target Marketing, Event-Based Communications, and Interactive Conversations. Each stage represents increasingly sophisticated capabilities to understand your customers, tailor value propositions, differentiate your company, and generate profitable revenue from customer relationships.

In the Mass Marketing stage, you are automating customer list selections and sending out "one size fits all" offers in which customers are interchangeable.

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With Segment Marketing, you are using ad hoc analytical tools to match offers to customers grouped by a segmentation scheme. With Target Marketing, you are more focused on individualized marketing, analyzing customer behaviors and predicting propensities to buy with modeling techniques, and calculating customer life-time value.
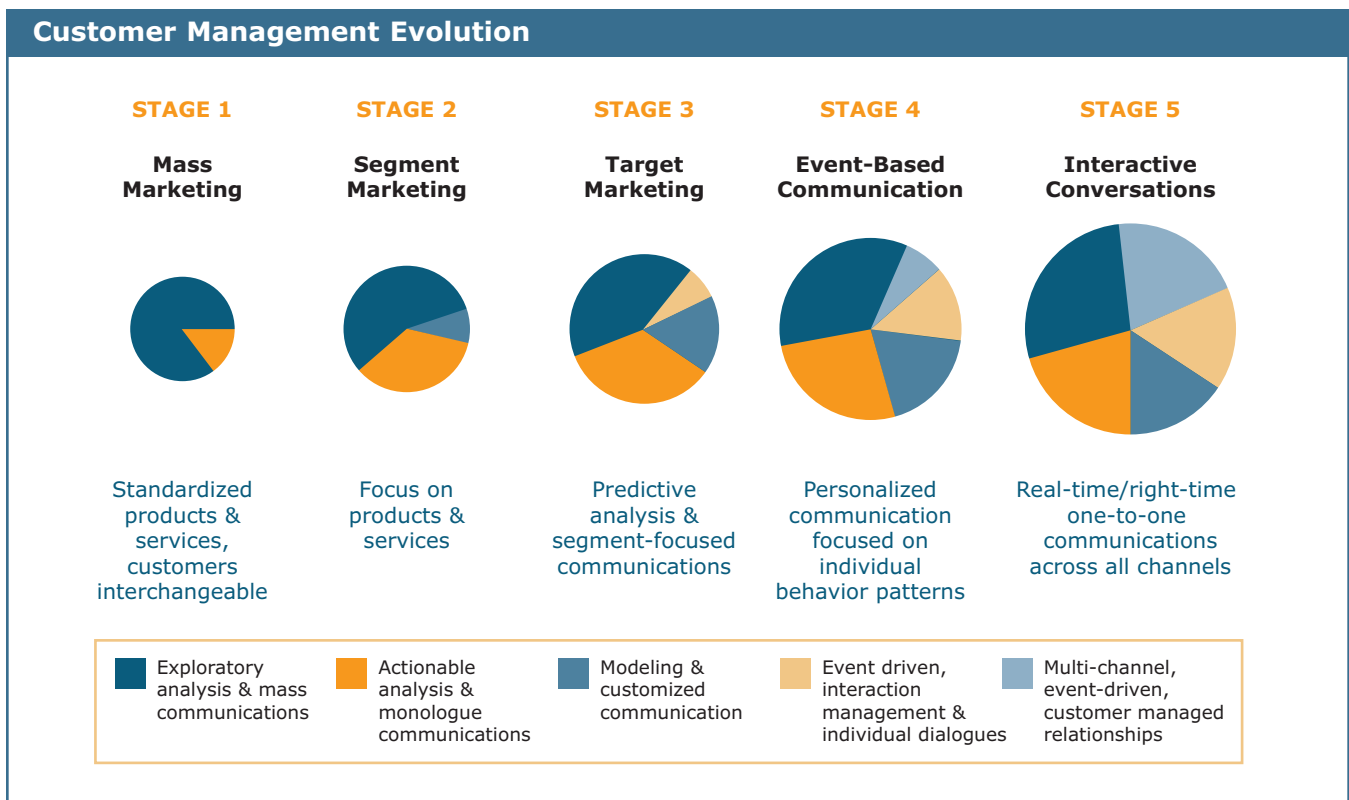
Event-based communication capabilities in Stage Four require software event detectives to identify and respond to events that signal when a customer is ready to buy or has reached a threshold you have defined. This is a rules-driven process that can require sophisticated tools and analysis to successfully execute.

Very few companies have reached Stage five, which we call Interactive Conversations. This refers to the complex, multi-step, multi-channel conversations that may involve the combined capabilities, methods and tools used in previous stages. At this stage, a company has often evolved its customer management capabilities to the enterprise level, and is using event-driven tools as well as deep analytics to engage individual customers wherever and whenever they interact – with real-time capabilities to interact with relevance, timeliness and consistency of treatment on any channel or touch point.

There is a great deal more to discuss when it comes to understanding the capabilities of a business to create relevant value propositions and engage customers at the right time with the right conversations – but this is a starting point. And this is where we would like to start our next conversation with you – and your company.

Customer Management Evolution

STAGE 1	STAGE 2	STAGE 3	STAGE 4	STAGE 5
Mass Marketing	**Segment Marketing**	**Target Marketing**	**Event-Based Communication**	**Interactive Conversations**
Standardized products & services, customers interchangeable	Focus on products & services	Predictive analysis & segment-focused communications	Personalized communication focused on individual behavior patterns	Real-time/right-time one-to-one communications across all channels

Legend:

- Exploratory analysis & mass communications
- Actionable analysis & monologue communications
- Modeling & customized communication
- Event driven, interaction management & individual dialogues
- Multi-channel, event-driven, customer managed relationships

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What Questions Can Your Business Answer Quickly and Effectively?

The sum of all intelligence in any business shows up on the bottom line – yet it begins with the company's ability to answer significant questions, make decisions, and communicate effectively. What capabilities does your company have to ask, answer and act on questions like these?

> Are you communicating with your individual customers over the best channels at the right time?	> Do you know which customers are the most important to contact each day to capitalize on every opportunity to build or protect the value in the relationship?
> Are you matching the right products or services to the right customers?	> Can you see the buying habits and baskets of your best customers?
> Can you identify the drivers of customer value – to develop and grow your customer spending and value over time?	> What products do your customers purchase – and which do they crossover purchase? What affinities do you see?
> Can you detect significant customer events and provide relevant communications delivered at just the right time for optimal positive response?	> Can you see which of your most profitable customers are at risk of leaving?
> Are your customer communications always based on a fresh, complete and credible view of each relationship?	> What will your customers want next?

To answer these and hundreds of other questions, you'll need an enterprise analytical foundation – with integrated communication management tools. Perhaps the greatest question of all is this: what is your customer management vision? Once you know how your business must differentiate itself in the eyes of your existing and potential customers, you have taken an important first step in the direction of sustainable competitive advantage.

Can we talk? We'd like to meet with you to discuss your specific business needs and your stage in the evolution toward dynamic CRO. Then we'll show you how to get to the next level as fast as you are willing to go.

We know your industry, we know your data management issues, and we will take you forward with the kind of reliable support you will find no where else – and stay with you until you get the results you want.

For More Information

For details about Teradata and how our decision support solutions can strengthen your organization's effectiveness, contact your Teradata representative or visit Teradata.com.

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