



Take Charge of the Future:

Why Communications Service Providers Should Embrace High-Performance Analytics

WHITE PAPER

Table of Contents

Capture the Value in All Your Data with High-Performance Analytics . .	1
Getting the Price Right for Every Customer	2
Enhancing Collections Scoring Models to Improve Your Bottom Line .	3
Using Customer Link Analytics to Understand Influence	3
Boosting Revenue with Real-Time Analysis of Online and TV	
Consumer Behaviors	4
Enhancing Mobile Services Delivery Based on Real-Time Context	
and Location	5
Conclusion.	5

For communications service providers (CSPs), success has always entailed balancing two paths to competitive advantage. One path requires understanding the limitations of your technology and finding creative ways to mitigate them. The other path requires recognizing when technology has advanced to such a point that previous constraints no longer apply. When this happens, competitive advantage comes to those who act quickly and decisively to shed the old ways of doing business.

Most CSPs are at this technological crossroads today. Until now, CSPs were forced to strictly conserve computing resources and ensure that processes could run within a limited window of time. So your processes sparingly used analytics on just a sample set of available data. And your analytical infrastructure was not designed to meet needs from big data and complex analytical processing.

Recent dramatic improvements in computing power's price and performance have rendered these processes totally obsolete. But how can you transition to the new way of doing business so that you can be one of the winners in today's competitive landscape?

Enter high-performance analytics.

Capture the Value in All Your Data with High-Performance Analytics

Communications companies collect and store huge amounts of data, much of it mandated by regulators. Most CSPs regard this as a burden – a necessary cost of doing business.

In reality, there's never been a better time to acknowledge that customer information – from data related to network performance, call centers and social media sources like Twitter, Facebook and more – is actually your best source of competitive advantage. With high-performance analytics, you can finally start putting all that data to good use.

The strength of analytics centers on its ability to accurately predict and forecast the future. High-performance analytics enables you to do even more. It helps you minimize risk, operate more efficiently and make faster, better decisions based on a lot more information. High-performance analytics can help CSPs:

- Achieve sustainable competitive advantage by accurately matching price plans to individual customer preferences.
- Significantly improve collections efforts to reduce accounts receivable and days sales outstanding (DSO).
- Recognize your most influential customers and turn their social influence into better marketing of your services.
- Boost revenue through a better understanding of online and television audience behaviors.
- Realize the potential for profitable location-based mobile services that enhance your customers' experiences.

“You have to think of all your data as a strategic asset. Don't let that asset go to waste. Use it to model, predict and understand your business better.”

Jim Goodnight
Chief Executive Officer at SAS

SAS® High-Performance Analytics helps you make better-informed business decisions by providing highly accurate and timely insights in minutes, not hours. The solution's analytical capabilities span data exploration, model development and model deployment – enabling you to solve complex problems in a highly scalable, distributed environment that uses in-memory processing resources.

Getting the Price Right for Every Customer

"I am the head of data analytics and I do not understand all our price plans."

This quote is from the person responsible for customer analytics at a large Latin American operator. If he finds the price plans confusing, imagine how frustrating it can be for a new contact center agent or retail store clerk – let alone a customer. Price dissatisfaction is the most common reason for customer defections.

Network operators are remarkably creative in launching price plans. A mixture of speed caps, data caps and usage caps are the preferred methods to:

- Attract customers to broadband service.
- Prevent a handful of gluttonous users from consuming so much bandwidth that service disruptions occur.

Operators seek to offer each customer the best price plan so they can maximize the company's profitability over time. Of course, the best plan varies by customer, and the best plan for an individual customer shifts over time as circumstances and usage patterns change.

Operators rely on contact center agents, store clerks or self-service rate plan calculators to make simplistic calculations based on a few parameters. But this hit-or-miss strategy is both imprecise and inefficient.

A better solution is to use an offer optimization process that calculates the best possible plan prior to a customer interaction. A well-designed offer optimization solution based on analytics considers all relevant data elements and many other complex factors, including constraints. It takes into account changing usage patterns, business objectives, competitive tactics, economic conditions, and the introduction of new devices and services.

The optimal offers should be continually revised as conditions change. Maintaining an analytically derived best plan for each customer is a proactive approach that significantly improves the odds of retaining profitable customers and selling new services.

An offer optimization process should also revise the precalculated best price plan during a customer interaction if the customer reveals new factors affecting the decision. For example, the precalculated best offer may have a low usage cap, but the customer may have revealed that he prefers to have a stable monthly bill. The offer optimization system should consider this information and give preference to plans that have a fixed monthly fee rather than a usage cap.

A disciplined offer optimization process that relies on analytically calculated price plans tailored for each customer will give you the best possible strategy for aligning offers to business objectives. Plus, customers who receive the right offers the first time around are far more likely to remain loyal.

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Enhancing Collections Scoring Models to Improve Your Bottom Line

At many CSPs, collections departments have plenty of past-due accounts. But time limitations and budget constraints force them to focus on just a small percentage of customers who are the best candidates for collections activities.

Consider one network operator whose collections team was responsible for maximizing collections on past-due accounts. The collections group had limited resources, so it needed a prioritized list to identify the best candidates for daily collection actions.

Each night, the operator posted payments and new charges to customer accounts. Only after this was completed could the group run the collections scoring model. The entire collections scoring activity only had a three-hour window to execute. To fit within the allotted window, the model ran against just 1 percent of customers who had the highest outstanding balances. This meant 99 percent of the customer records were not scored.

Using in-database scoring, the model ran against all 40 million customer records in only four minutes. The entire scoring process was completed in 12 minutes. By including all customers, the model improved by 13 percent. The improvement in collections is projected to be more than \$1 million monthly.

To fit within an allotted window, one network operator previously ran a model against just 1 percent of customers who had the highest outstanding balances. Using in-database scoring, the model ran against all 40 million customer records in only four minutes. The entire scoring process was completed in 12 minutes. By including all customers, the model improved by 13 percent. The improvement in collections is projected to be more than \$1 million monthly.

Using Customer Link Analytics to Understand Influence

One of the hottest trends in analytics for CSPs is social network analysis. As we've all learned, it only takes one highly influential person to severely damage – or improve – your business reputation. And it can happen in the blink of an eye. Wouldn't you like to know who your biggest influencers are?

To understand this, CSPs need a very large matrix that scores the connectedness between subscribers. Consider that there are about 250 million subscribers in the US alone. Potentially, any two users could be connected. In practice, this matrix is sparsely populated, of course. That's because any one user is directly connected to only a tiny fraction of other users in a market.

It can take many hours to populate the matrix and score the relationships between users if you rely on traditional methods. Because of these time constraints, most CSPs don't score communities very often.

Unfortunately, your business reputation could be scarred indefinitely within a matter of hours. On the other hand, if you could use that time to connect with your most influential customers, you might see a striking turn of events.

High-performance analytics allows you to run customer link analyses faster, more often and with much larger data sets of information that are accurate and continuously updated. As a result, you'll have a much clearer picture of the influence individuals have within their social groups – so you can turn their influence into a positive factor in how others view your company and services. The bottom line just might be higher retention rates and improved return from customer acquisition efforts.

SAS® Customer Link Analytics helps marketers:

- Identify social communities based on customers' relationships.
- Visualize previously unknown relationships between customers.
- Uncover leaders, followers and other community members.
- Improve customer retention, cross-sell and up-sell.
- Target influencers more effectively.

Boosting Revenue with Real-Time Analysis of Online and TV Consumer Behaviors

In the past, the television audience was measured based on very small sample sizes. There was no way to deeply analyze or connect behaviors, and many questions were left unanswered.

With the new generation of video set-top boxes and digital video recorders (DVRs), the potential is here for CSPs to capture every click of the remote. Collecting and uploading this data creates a huge repository of actual viewing data from individual consumers. Effectively analyzing this data can address three business objectives for video service providers:

- Predict a change in customer behavior that indicates potential churn or upsell opportunities.
- Improve program scheduling and pricing based on actual viewership.
- Maximize advertising revenue through accurate, real-time targeting.

Clearly, these opportunities are attractive. So why haven't more video service providers started to use them?

For one, it's extremely complex at a technical level to coordinate all of this data coming from multiple devices. Set-top boxes were designed to collect and send information to the provider to indicate whether the box was working right – not to collect programming information. Plus, vendors have not fully standardized the formats they use to collect viewing data.

All the same, some CSPs are likely to adopt high-performance analytical methods to evaluate consumer behavior data in the near future. That will allow them to cater advertising, programming and pricing to meet the unique needs of specific individuals.

For example, if you know enough details about dad's habits, you can probably determine if he's going to leave when ads come on TV. If he does, you have the chance to figure out if there are certain ads that actually strike his interest. Or, you can wait and run your ads near the end of a show that he really loves. He probably won't walk away at that point.

With this approach, you may reduce the number of ads you run for specific viewers, but you will raise their relevance. You'll also know if a customer is not watching much anymore – which signals potential churn, and alerts you that it's time to make that customer a very good offer.

To get there, you need a lot of data to build long-term profiles that are constantly updated by real-time behavior. High-performance analytics gives you the capabilities to effectively manage this complex process.

“When analyzing big data with our high-performance analytics solutions, we’re quoting time savings of up to 92 hours. But what does that mean? Or, as I like to ask, ‘So what?’ Well, it’s not just the time savings that matter. It’s *what you do with that time – and what you’re getting within that time frame that matters.*”

Jim Davis
*Senior Vice President
and Chief Marketing Officer at SAS*

Enhancing Mobile Services Delivery Based on Real-Time Context and Location

Mobile devices open up the potential to deliver services based on a user's location. But CSPs know that doing this the right way is not that easy.

Imagine it's lunch time and mom is on her way to an appointment with a new doctor. She's running late, and she's desperately searching for the doctor's address and a map on her smartphone. Suddenly, an ad for a nearby restaurant pops up on her screen. How annoying!

As a CSP, your goal is to deliver location-based services that are relevant, provide value and hopefully generate revenue, too. But you can't risk aggravating your customer – or your plan could backfire.

Unfortunately, most CSPs today have to rely solely on historical customer data. But billing history and other information from yesterday are not enough to make good, on-the-spot decisions.

To ensure that location-based services are effective, you need to be able to analyze information about the customer's most recent behavior and transactions in real time. Only then can you understand the customer's current state of mind.

Real-time location analysis and behavior tracking provide important information about your targeted customer – not only where she is at a certain time, but also what type of activity she's likely to be doing. By using analytics technology that can sense what her behavior means, you'll be able to send contextually based, appropriate information – at a time when she will be interested.

The result could be the difference between having an annoyed customer who decides to start shopping for another provider – or having a loyal customer who is happy that you can provide a service she needs, at exactly the right time and place.

Conclusion

The value of high-performance analytics lies in its ability to help you find countless ways to be more successful. With high-performance analytics, you can ask multiple what-if questions, add new variables to reflect changing market states, test new ideas and evaluate new scenarios. All in a fraction of the time previously required – and without any infrastructure constraints.

Without the advantages of this leading-edge technology, CSPs are forced into vicious price wars to win and keep customers. A better answer is to operate more efficiently and effectively by creating a sustainable cost structure and operational foundation.

Don't waste time searching for a one-time "fix" to all of your problems. Instead, turn to an analytic infrastructure that has built-in capabilities to adapt – again and again.

SAS High-Performance Analytics is about speed to decisions – and getting there faster than your competitors. Designed to accommodate the unpredictable, ever-changing nature of our world, it can become a backbone of all your business analytics initiatives – today and tomorrow.

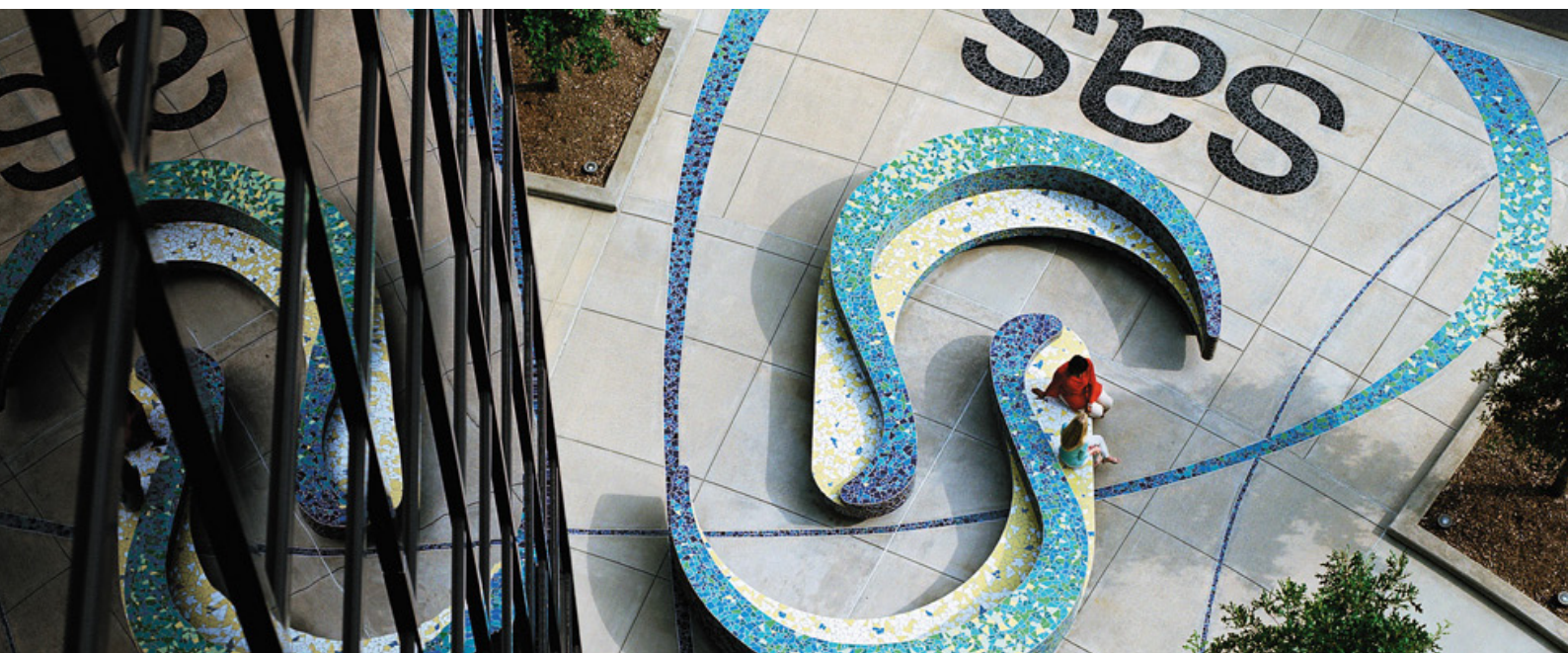
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“If you don't analyze all of your data because it might choke your analytic environment, then your problem is not too much data; you have the wrong analytic environment. We don't want the amount or kind of data to limit the analytics you can do.”

Oliver Schabenberger
Research Statistician at SAS

About SAS

SAS is the leader in business analytics software and services, and the largest independent vendor in the business intelligence market. Through innovative solutions, SAS helps customers at more than 55,000 sites improve performance and deliver value by making better decisions faster. Since 1976, SAS has been giving customers around the world THE POWER TO KNOW®. For more information on SAS® Business Analytics software and services, visit sas.com.



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