IBM WHITE GLOVE EVENTS

Moderator: Tim O'Brien
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the event manager or press star zero on your touchtone phone for technical support.

Again, today's event is being recorded. We will pause for a moment to initialize the recording. Please stand by.

We would like to welcome everyone to today's Web event titled Best Practices and Actions: Insurance.com, and Search Engine Optimization. At this time, it is my pleasure to turn the floor over to Mr. Tim O'Brien. Sir, you have the floor.

Tim O'Brien: Thank you very much and welcome everyone to this installment of the Best Practices and Action Webcast series featuring Insurance.com around the subject of search engine optimization. This Webcast is being brought to you by the IBM Cognos Innovation Center. We're really excited to have you here today. We've got a lot of great stuff to present to you from our friends at Insurance.com. We'll be joined soon by Scott Knoll, director of IT services at Insurance.com as well as his colleague (John Malloy), online marketing manager at Insurance.com.

Before I hand the microphone over to Scott and (John), I just wanted to quickly update you all on the IBM Cognos Innovation Center. If you're not aware, we are a membership community consisting of IBM customers within the business analytic segment, so a lot of old Cognos customers are a part of our customer community, our member community as well as IBM customers that have come into the fold since the acquisition about two and a half years ago.

And currently around the globe, we've got over 6,000 companies that work with the innovation center. These are just some of them, part of our customer community. We also partner with third-party thought leaders who are considered subject matter experts, leading practitioners around different areas of business analytics and performance management. So these are leaders around the practices of strategy management; score carding, planning, budgeting, and forecasting, reporting and analysis, financial management, consolidation.

A lot of great names that we work closely with to do a lot of things on our behalf that we make available to our membership community and that is they author research articles and white papers that we make available to our members. They also speak in a lot of our events, live events and Webcast; and they'll also on occasion meet one-on-one with certain members if they need that additional insight more specific to their organization's needs then, say, something that's more along a general industry line.

And all of this work we do with our customers, with our thought leaders produces a number of benefits that our membership is able to leverage. And part of this community, and I use that word intentionally community, is that we really try fostering environment where there's global sharing of all of the practices that not only we push out to our membership but that we also learn from each other and customers interacting with each other, sharing experiences using our solutions, and also around the business practice areas that can be leveraged.

And we try and make sure all of that information gets communicated out around the globe so it's not all held in isolation for no one else to leverage because there's a lot of stuff that companies are doing that certainly other companies can leverage to be their exploited opportunity that another company has been able to leverage successfully or perhaps even avoid one of that pitfalls that may come along their path as they try and adopt different practices and organization.

We also produce a number of Webcasts such as this one on a month-to-month basis. We produce something called the IBM Cognos Performance Blueprints and these are essentially pre-built data process and policy models. So they're pre-built solutions around functional practice areas like Headcount & Compensation Planning, like workforce planning, capital project planning, and a number more along those functional lines as well as along industry lines within the retail industry, within manufacturing, within many other pharmaceuticals and life sciences. I encourage you all to go out to our Web site and take a look at some of those solutions.

There's also customer success podcasts. I told you about the thought leadership and we produce a newsletter for our members. We also have an online community and we host financial performance management customer advisory board. And this is a great chance for our members to interact with the developers that are producing our solutions over time as well as our product management team who's really driving the product direction as well. So this gives you a window into, you know, what decisions are being made about future product direction and how you can perhaps influence them.

And as you've heard me talk through some of the things that we do, you can see there's a lot that we make available to our membership. The best way to stay connected is through our IBM Cognos Innovation Center widget which you can get off of our Web site. It's just simply www.ibm.com/cognos/innovation-center. And we'll make sure you all get information on how to get the widget after this Web cast.

So just real quickly or I think we'll all agree that the world has become flatter, we've become smarter. It has become, as a result, riskier but yet at the same time, we've also become much smarter about our business than we ever have before. It's certainly a more uncertain environment that we're in today and most organizations per a number of surveys that we've gleaned not only through the global IBM CFO and CIO studies which each have over 2,500 CIOs and CFOs that participate in the survey that are saying there is a new normal that is in place; meaning even once we get out of these on certain times, that the business conditions are going to remain the same.

Competitive of forces are so strong now than they ever were before. The speed and velocity of business is so powerful today that they don't see a changing regardless of the global economy becoming more stable and this is causing organizations to focus on value and exploit opportunities and act with speed and you'll see from the slide that there's a number of subpoints within each one of these areas. And these are the things that we get into in more specifics within all of our live workshops and we literally deliver these live workshops around the globe. So I encourage you to download that widget and you can stay connected and find out when one of these workshops is coming to your area.

And so we don't, unfortunately, have time to get into some of these areas within this Webcast but I just wanted to make you aware of some of the things we really delve into detail within our workshops on. And as a result, when you look at this study done by the Brookings Institute going back to 1982 all the way through to 2006, you can see based on market cap of S&P 500 companies, 90 percent plus is based on the intangible assets that organizations deploy. And all intangibles assets are really driven around human capital and that is the individuals within your organization and things like customer relationships, innovative practices within the organizations that are really driven by human capital.

And as a result, what it has caused organizations to do is really leveraged business analytic software in a way that they've never leveraged it before. And I just want to make sure everyone is aware of what it means when we talk about business analytics software; it addresses key customer needs. And IBM business analytics is unique because we offer the ability to address all the key requirements of our clients. And there are traditionally four main categories that make up business analytics and you can see business intelligence, financial performance and strategy management, advanced analytics, and analytic applications.

And now, you can go on to a lot of detail within one of these – each one of these areas. I encourage you all to go out to IBM.com and go in to the business analytics section and it will really explain in more detail each one of these areas. And I just wanted to make you aware of each one of those aspects of business analytics and what it makes up.

And when we talk about business analytics really, what we're doing is we're answering three questions that any decision maker is going to ask themselves when they're really looking to make a decision; and the first question they're going to ask is what's happening, what's going on. How are we doing today? And that's typically through measuring and monitoring tools such as score cards and dashboards, reports, and real-time monitoring which can provide immediate insights to business performance. And once you answered the question of what's happening, the next question is why. Why are we below

our targeted figures or, actually, why have we far exceeded those numbers? A great thing to want to look at and you want to be able to drill through in context.

And what I mean by that is you don't want to go into one solution and see that your on-time customer shipments are only 89 percent of your target and then log into a completely different system to try and drill into the detail to understand why you haven't reached your target. The reason is because, a lot of times, you're dealing with different sets of data and a lot of times that data isn't in sync. And through a single solution on a single platform, you're able to drill through in context to answer the second question of why through a deeper analysis of trends and patterns. And this is typically through ad hoc query tools, trends and statistical analysis, and content analytics.

And then, finally, you want to ask yourself what's likely to happen, what should we be doing based on answering those two questions to course-correct or perhaps exploit an opportunity. And that is through what-if analysis, through predictive modeling and planning and budgeting solutions. So that's just a quick explanation of what business analytics is, what's going on in the IBM Cognos Innovation Center. We'll make sure to provide you with more information coming out of this Webcast.

Now, I think we just want to ask you a couple of really quick polling question to get your feedback on some things that we want to hear from you, and then I will turn the microphone over to Scott Knoll, director of IT services from Insurance.com as well as (John Malloy), online marketing manager for Insurance.com. So thanks, everyone, and now I think we'll pull up those polling questions.

Operator: So, your first question, what product does your department use? You can select the appropriate boxes to the left of each selection. Once you have selected those, click on answer. And we'll give that a few moments to populate. And we'll go ahead and give it just a few more minutes. And we'll go ahead and close. And your results.

Our next poll, what is your organization's primary objective for it's paid placement campaign? Your responses; select as many that are applicable; increase brand awareness, to sell product service content online, to generate leads that we will grow, to generate leads for our customer or distributor network, to drive traffic to or ad support Web site or microsite. And we'll give everyone a little bit of time to respond. And we'll go ahead and close this poll. And it looks like everybody is pretty even there.

And our last poll for now is, does your organization outsource your paid placement or pay-per-click spend to a search engine marketing service provider? And we'll go ahead and close the poll out. And your results. And there we go.

(John Malloy):   Hello, everyone. My name is (John Malloy). I'm an online marketing manager with Insurance.com. And I'm here with Scott Knoll who is director of IT services. What we're going to try to do is give you an overview of what we've done so far with search marketing at this company from both the business perspective and technical perspective.

Next slide. Insurance.com is an insurance agency. We primarily service auto insurance. We do service other products but our main concern is the auto insurance product. We are an agency that sells policies for 14 different carriers in 46 different states. We have over 1 million customers boarding with us annually and more than 900,000 policy holders since June of 2000 so we're going on 10 years here.

Insurance.com is a great resource to save time and money. You can get quotes from these 14 different carriers in one place and it's an apples-to-apples quote comparison. Average savings in the last year was $500 per policy.

Next slide, please. So, the Insurance.com marketing environment consists of – we do acquisition marketing and remarketing and SEM and SEO search marketing, display marketing. We have an e-mail acquisition and remarketing program. We have an affiliate network, PR Press. And we've done some limited TV, video, and blogging as well as some social media.

We have recently redesigned our Web sites and the application itself has an enterprise-wide multivariate NAB testing customer response framework. Primarily, we use this to improve our customer experience and improve funnel metrics throughput. The Insurance.com rating platform is a best-in-class comparative auto insurance rates platform. We provide accurate real-time auto insurance rates from those 14 different providers which you can then buy – you can buy those policies online with us as well.

Next slide, please. So, as far as – go back to slide, back one more. There we go. Wait. I had one. Insurance.com search engine marketing – did we miss a slide in here? OK. Never mind. Paid search, this is – we're just going to have to give you an overview of how search engine marketing works.

Paid search is typically an auction-style pay-per-click model. Basically, you can set your bids on keywords and you basically provide your maximum cost per click that you would like to pay on a keyword. Typically, you don't pay the maximum cost per click you set; you typically pay less than that. These search engines have a real-time algorithm that they use to decide your page position and so the maximum pay-per-click that you provide can vary during the day depending on how much activity is going on on a keyword for your submitted bids.

Customers can optimize their bids to achieve a position or they can strive to hit consistent cost per click on a keyword or you can provide a daily budget and the search engines will manage your bidding throughout the day. Customers create ads and then they apply those ads two groups of keywords generally called ad – ad groups; and the ad copy can be rotated on a set of keywords throughout the day.

Some of the search engines provide an optimization opportunity for your ads and will favor an ad that is getting a higher click-through rate. There's also – Google provides a conversion optimizer which is basically an online beacon-based conversion metric so you can place a beacon on your conversion page and then the search engine will try to optimize your responses based on conversions as opposed to click-through rates.

Google, in particular, uses a quality score to rank the value of your ads. The quality score is generally composed of the click-through rate on your ad, the copy on the landing page that the consumer goes to after they click on the ad, and how that relates to the keyword that the consumer is searching for.

The higher your quality score, the lower you're going to pay to achieve a certain position. So, for example, if Insurance.com has a quality score of eight on a particular keyword and a competitor has a quality score of seven on a particular keyword, Insurance.com is going to pay less to achieve the same position that the competitor will.

This is Google's way of maintaining the best ads near the top of the page. You can imagine an ad that has nothing to do with the product getting a low quality score and, therefore, not showing up near the top of the page so that consumers do not engage with ads that have nothing to do with what they're searching for. All of the search engines have match-type capability which allows you to match against searchers in different ways. An exact match would be your typical match type.

So if someone is searching for car insurance quotes and you placed a bid on that keyword combination then your ad will run during that search. But there's also different kinds of match types; they have phrase match types which contain just the phrase that they're searching for, and broad match types that sort of loosely match you with the search. You can imagine the bidding is a little lower quality on a broad match search. If I do a broad match ad for car insurance, you can return all different kind of searchers depending on how many exact match bid placements you have currently in your campaign.

And all of the search engines offer a customer segmentation by network, day-time, geographic location, and Microsoft, actually, offers a demographic segmentation based on their live network log-in user base so they can actually tell based on logged-in consumers through their Live network whether the consumer is female or male or generally how old they are and some demographic data.

All of the search engines offer a geographic segmentation. You can bid by DMA, state, country. You can even comprise your own geographic bidding location by putting together several zip codes. They offer day-time segmentation as well. You can bid – spend more money during the week than you do on the weekends or on different times of day. And some of the networks, some of the search engines have networks; for example, Google has the search network which include AOL and Ask.com.

And all of the search engines have content networks as opposed to just a search network in which case your ads are placed on Web sites based on behavioral consumer behavior. An example of this might be if we buy in an auto insurance ad on the content network, the consumer can be on an auto Web site and our ads will get served through the AdWords network based on the fact that they're on an auto Web site as opposed to searching for a keyword.

Next slide. So, who are the search engines in the market. As of April 2010, according to your comScore, Google has 64 percent market share. They are the main player in search engine marketing. Google – Yahoo is actually on the rise of late with an 18 percent market share. Some of you may be aware that Microsoft has actually acquired Yahoo's search product and I believe, somewhere around 2011, they'll be merging those two products. So, the Bing product which is currently Microsoft search platform will be combined with the Yahoo search platform around that time.

And there's pretty much – not much also in the space; you have Ask and AOL comprising some small 6 percent of the search market share. All the major search engines offer Web-based bid management platforms where customers can go in and manage how they're spending their money on their keywords, and how much they're bidding. The big three offer search content network and display programs.

The difference here being a search platform would be responding to consumers that are searching for products. The content network, as I described before, would be product placement. Google's AdWords is an example of the content network for Google. And they also all offer display

programs where you can bid on banner ads that also get placed along their content network. Google analytics is a free piece of software that Google provides and it offers free/paid search performance reporting.

Analytics is a powerful Web-based tool that you can use to get reports on all of your online activity, not just paid search but they do have a nice paid search segment within Google Analytics that allows you to look at keyword performance and funnel throughput for those searchers.

Google also offers the search partners program which I mentioned before which include Ask and AOL. You can either choose to bid on these platforms by themselves or you can include them as part of your total bid program within Google.

Next slide, please. So, Insurance.com in specifically our paid search history, we were early adopters of paid search. When we first joined the space, there was not very many auto insurance people in this vertical bidding on the space and we were able to control most of the top positions.

Eventually, the auto insurance carriers got (wise) to this acquisition marketing and they started to join the space one by one. As the competition grew, it became really competitive and they drove the prices of the keywords up. This is about three years ago when we started to see people like Nationwide and GEICO joining the acquisition marketing space for search.

At that point in time, we had over 1 million keywords and the management of those keywords became overwhelming so we hired a third-party marketing agency to manage our paid search program. As the engagement with that agency grew, we were finding that the performance of the agency was actually taking – the agency was not able to get our data into their platform and match up the funnel performance of the consumers going through the funnel.

And that inefficiency led us to bring search back in-house and take – try to take control of search again on our own. The agency was also managing portfolio style which you'll see as a common way for agencies to manage keywords. They basically bundle up the keywords into groupings and bid on them in those groups. And the agency was also having problem focusing on

the states. As you can imagine, auto insurance has a different premium on a state by state basis, and they were not able to differentiate the value in those locations.

Next slide, please. So, when we brought paid search in-house, we had quite a few challenges to overcome. Insurance.com has a non-standard e-commerce platform that makes it a little bit more difficult than most e-commerce – most of the Web-based e-commerce companies have in the space. I guess, I would classify the General.com Company having a search landing page and a product page which is then converted through a payments page.

Most of these companies can place a beacon on this conversion page and they pretty much have their entire funnel solved with this level of reporting. However, Insurance.com's complex e-commerce business model makes that not an option for us. And this was also part of the reason the agency wasn't very effective.

The first difference is for all of our products, we have pricing and revenue variability. The premiums on every single policy as you can imagine are different for every single consumer. So, if you're selling widgets, you might have the same price every single time. We have a variable price every single time we complete a transaction.

We have a slowly developing revenue model. Every time a consumer buys a policy and then they renew that policy, we get commissioned. So there's a sort of a developed revenue model going on every single time we have a completed transaction. So that made it hard for us to understand the value of a sale. And each of the carriers on our platform are different and they each have a different binding process.

Early on in our history, there was up to four different ways you could buy a policy with our different carriers. We've consolidated that down to just one way at this point. But it did make it difficult to gather all the data from the different purchase paths and understand them holistically.

And we also have an offline sales process. You can come in to our funnel through the online channel or you can call in and you can also come in

through online and call in in the middle of a sales process. The call center accounts for 60 percent of our finished sales. So the data has to be gathered from two different places, the online sale or the offline sale through the call center.

And, finally, we have cancellation and retention issues. If someone cancels a policy midway, that has to be accounted for in terms of the revenue for that policy. Also, an extremely competitive market place; the vertical leaders are currently spending $245,000 a day on paid search through SEM. It's an arduous sales process. It takes about 15 minutes to complete a quote on our platform and then it can take some time to complete the bind after the quote has been completed. This makes it hard to market to consumers. They don't necessarily want to go shopping for insurance; it's not fun to search for insurance, and the process doesn't make it any easier.

And, finally, regional idiosyncrasies; every state has their own regulation around insurance. An example of this is, in California, they are not allowed to use credit as a proxy for liability. So there is no credit scoring going on in California whereas there is in most other states.

Next slide, please. So the requirements that we had going into this were quite a few. We must play in the tail. On the top of the auto insurance paid search world, you have keywords like current trends and auto insurance that are very expensive. They're sometimes 40 to $50 a click. So, it's expensive to play with the head terms. And also you see better conversion in the tail, people getting more specific with their searches. Someone may search for a car insurance comparison or compare auto insurance quotes, this person is more likely to drive to the end of the funnel and complete a sale. So playing in the tail is a must. The problem with playing in the tail is there's so many different keywords there, it's hard to manage.

We have to be able to adapt to change. As marketing efforts improve your funnel throughput, you're going to want to go and adjust your bids. You can imagine if you improve landing page response by 10 percent, you're now getting a higher throughput for your consumers. And that is – that's going to adjust how much you value that particular keyword.

In addition to the marketing efforts, the market is also affected by external things; new comers into the market buying keywords. Advertising campaigns will cause surges in certain keyword combinations. And you have seasonal demand. We typically see the season – the seasonal demand increase in the first and third quarters. So you're going to have to go in and adjust your bids accordingly based on demand.

We also need to manage from several different key angles. Line of insurance, obviously, the life insurance premiums are completely different financial model than auto insurance premiums are. Keyword clustering; we've done a lot of analysis on our keywords and we want to group some of them together based on performance. So we have to be able to manage based on those clusters.

Match type; you're going to have a completely different approach to paying for broad match versus exact match. Typically, the broad match traffic performs not as well as the exact match traffic. And so you would want to have a different bidding strategy based on match type. And any particular classification whatsoever; if we can find out that the consumers are female, we may want to pay a different price for those keywords depending on their funnel performance. Same with the location of the consumers and auto insurance premiums in New York are vastly different than auto insurance premium in Oklahoma.

Finally, we need to know what's working and what isn't working. Reporting is a critical portion of our marketing efforts. We need to be able to know exactly how things are working and we need to know as soon as possible so that we can make adjustments.

So that's it for the marketing set-up. I'll turn it over to Scott for the technical piece.

Scott Knoll: I think before I get started, there's going to be another set of polling questions.

Operator: So, our next polling questions; what are your primary reasons for using outside search engine marketing service provider for paid placement

campaigns versus managing in-house? Please check all the options that apply.
Too time-consuming to operate in-house; do not have time necessary or have
the necessary tools and expertise in-house; better ROI with outsourcing; our
search engine marketing service provider has good industry contact; it's too
complicated to track and measure in-house; and then other.

And we'll get that just a few moments for everyone to check off their option.
And we'll go ahead and close this poll. And your result.

And our last poll for this section. Which of the following tools and/or features
that your organization employs to manage your paid placement campaigns?
Again, check all options that apply. Proprietary in-house platform; license;
third party software; Excel Spreadsheet; bid management; campaign
management; portfolio management; dynamic optimization; or other.

And we'll give everyone a few moments to select the appropriate responses.
And we'll go ahead and close this poll. And your result. And, Scott, we'll
turn it back to you.

Scott Knoll: All right. Thank you very much. Just being conscious of time, I'm going to
move through these slides relatively fast. So I'm Scott Knoll. I'm the director
of IT services at Insurance.com. And before I explain how we met some of
the marketing department's challenges. I want to give you a little background
on our business intelligence platform.

So, Insurance.com is a very data-rich organization. And business intelligence
is used in almost every facet of the organizations starting with the CEO down.
And the one thing that you may find interesting about our platform is that our
BI platform is used as a central repository not only for the internal users but
also for the external users as well. And this includes financial institutions, the
insurance companies all the way down to mom-and-pop Web sites that we
work with.

And we standardized our BI platform on Cognos 8, so we're using Analysis
Studio, Report Studio, Query Studio, and Event Studio. And we also use a
product called Cognos Now for our real time monitoring and reporting.

OK. So this slide just reiterates the fact that business intelligence is really a critical component to Insurance.com and all the different ways that we're using it. So, if you start on the top left-hand part of the screen, you're looking at something called a RateWatch which is on our e-commerce Web site. And RateWatch allows customers to see the premium trends in their particular geographic location and this data is continuously updated from our BI platform.

So if you move to the right, you're also going to see an example of a Cognos Cube, and this may be something that one of our carriers on our platform would have access to. And they have access to things like their win rates in a particular state by credit, by gender, et cetera.

Moving to the bottom right-hand corner is an example of a Report Studio report. And this maybe something that's used by our internal analyst or someone external as well. And in the bottom left-hand corner is a Cognos Now dashboard which is what we use for our real-time reporting analytics. And you're going to hear more about that throughout the presentation.

So, you heard (John) describe some of the micro and macro economic variables that made this space very dynamic and difficult from a marketing perspective, but we were also facing some pretty difficult challenges from a technical perspective. So to start with, the business needed to be able to see this – basically, we needed to be able to build a P&L at a keyword level which meant that we had to be able to take all of the expenses that we had and all of the revenue that was generated from a particular keyword and tie that back to a customer or a keyword. And we also needed different business rules for different lines of business. So whether it was a head term or a tail term, whether we are based – bidding based on exact to broad match, whether we were introducing new terms or retiring terms that weren't performing, those things all had to be taken into consideration.

And we also wanted the bids to be dynamic and automated, which meant that we didn't want to make nightly bids or weekly or monthly changes to a particular bid amount for a particular keyword. So if we introduced a new landing page, which (John) was talking about earlier, and it had a positive

impact on it's – on the performance of that keyword, we want it to be able to make the changes to the bid amount on the fly which would prevent us from leaving money on the table. And on the flipside of that, if something wasn't performing as well, we wanted to make sure that we got it – we changed the bid amount accordingly.

So, continuing on that thought around the challenges that we were facing, I want to take a second look at the process that someone would go through using paid search.

So, the first thing that they would do is go to a search and type in some search phrase. So let's say for example they type in auto insurance. And at this point we would start having information to collect because we would have an ad displayed. Once the ad was displayed, a customer clicks on the link. So at this – so, so far, it seems pretty straightforward; someone saw an ad, they click on it. But when you start to dive in a little deeper, you start to see the challenges that you would face especially when doing this in real time. So to start with, which ad did they click on, what copy was used, what is the click-through rate from the display to the landing page?

You might also want to track things like the browser, the geo-location, the day of week, the time of day, the position of the ad, your page rank, all of these different things. And so you can see it gets pretty complicated pretty quickly. And to make matters even worse, most of the search engines do not pass that kind of information to you in real time.

So we had to come up with some pretty creative ways to collect that information. And so after they click on the link, they come to your landing page. And now you want to track things like which template was used for the landing page, what copy was used, what graphics were used. And you also want to start to track other parts of the Web – what other parts of the Web site did the customer visit which may give you some indication on up-sell and cross-sell opportunities.

We also want to track if a customer starts a quote or if they finish a quote which actually gets them to a whole other level of complication. So as (John)

was speaking about – (John) was talking about this earlier, what happens when a person calls our call center? Or we pull third-party like credit or (NDR and Clue) or there's some other form of communication that takes place, so maybe we send them an e-mail or a postcard, whatever it may be. All of those expenses need to be attributed back to that keyword and to that customer even they're offline processes.

So we need all of that information to build the P&L to determine what kind of performance we're having. And the last thing that we need to be able to track is whether if they bought a policy or not, who they both it with, what state it was from, what the premium was, et cetera. All of those things help us determine what the estimated lifetime value of a customer is which helps us determine the P&L.

So when we started to think about all the challenges that we're facing, we realized we had built a similar solution for our call center. This solution utilize Cognos Now, merging data from multiple source systems in real time to tell us what kind of agent utilization levels we had in the call center. And based on the current capacity, we would call our CRM application and we would change the agent's phone mode from being inbound to outbound to chat so that we didn't have agents sitting idle.

And it was also use to determine if we had capacity to purchase more leads from other online marketing channels. So we would also monitor and measure our marketing caps for a particular channel or a particular partner and we would determine how much we were willing to pay for a particular lead based on some type of predictive model.

And so these were all similar techniques that we would need to utilize in this paid search solution. So the first thing that we needed to do was to integrate the data. So we built a real-time data warehouse and although we could have integrated all this data directly inside of Cognos Now, we wanted to make sure that we had this data available for other applications. So we decided to add this step as a precursor prior to moving forward with the rest of the processes. And the next thing that we did was a cluster analysis to determine

which states performed similarly, days of week, time of day, browser, all that kind of stuff.

Each one of these clusters obviously increased the number of permutations that we would have to keep the P&L for. So, for example, now we needed to see how the search term auto insurance performed by state, by day, by time, and we needed this for every keyword that we had. So, you can imagine how thousands turns into hundreds of thousands into millions of permutation. And now that we have our clusters built, we needed to be able to predict what the estimated life time value of the policy would be.

So, as (John) was talking about earlier, the value changes based on the type of person. So we all get paid commissions based on paid premium over time, so there's no way to know exactly when the policy is sold, what it's going to be worth to us as an organization. So we built some sophisticated statistical models that could estimate the lifetime value of that customer based on things like state, age limit, credit, premium, the carrier, and a whole slew of other underwriting variables.

So, at this point, we have thousands of transactions but they're still not actionable. And this is where Cognos Now really comes into play. It allows us to aggregate all these transactions into – all the transactions to measure the performance of each keyword. And it also contains all the business logic to determine if we need to call the search engine to change a bid amount for a particular keyword and by how much.

OK. So I'm going to show you – I am going to show you a, hopefully, a brief demo of one of the Cognos Now dashboards. And I'm going to give it a second to make sure that everyone is able to see this. And by the way, this is coming from our test environment. So if you see some strange data, that's why we didn't want to show our production environment. So what you are looking at right now is a Cognos Now dashboard. And the one thing that you may notice right away is that these metrics are changing continuously.

So, as the data comes in we have real time visibility on the performance of each one of the campaigns or the keywords or whatever it may be. So starting

in the top left-hand corner, what we're looking at there is the stat bar chart in 15 minutes intervals. So, you're not going to see either one of the top two charts really changing.

But it's basically showing the revenue and expense that is incurring within the paid search arena. And if you move to the right, what you're looking at is the contribution margin for paid search in 15 increments. And if you move down to the next line, you're seeing four different traffic lights. And this is where it gets a little more interesting. So, the first traffic light is our "start rate". So what we're monitoring is the throughput and we're making sure that anytime that someone clicks on an ad, they come to our landing page, are they starting the quote.

And moving to the right, the next traffic light shows us, out of the people that start quotes, what percentage of those people complete the quote. The third traffic light is showing us, out of the people that complete quote, what percentage of people buy policies. And the last traffic light, and maybe the most important, what is the current contribution margin percentage based on the economics of what's transpiring. So, again, that takes into consideration all the online and offline transactions that are happening. So the call center expense remarketing e-mails, remarketing programs, whatever may take place, those are being fed off into that traffic light.

So, if you move down to the third row, you're going to see three different pie charts. Basically, this is just showing us volume, revenue, and margins based on the line of business so whether it's auto, life, home, health, whatever it may be. At the bottom, you're going to basically see a cross tab of our performance by keyword and campaign which we can see how much traffic we're getting, what the average position is, the total cost, and the total revenue being spent on that particular search term.

OK. And the final thing that I want to show was basically a summary report of something we've done in Cognos 8. And, you know, this is a report that is sent out to a specific set of distribution and it's a high-level overview of what happens from here. Someone like (John) or some other manager within the market department has the ability to drill through down the keyword details.

So they can see the entire P&L for each individual keyword and how each one of those keywords are performing. And at this point, I'm going to turn the presentation back over to (John).

(John Malloy): So what you're looking at right now is the result of all the hard work that the technical guys put in. The biggest thing that we saw after isolating everything down to the precision that we did was our expenses dropped way down. We essentially stopped bidding on stuff that wasn't doing anything for us or we just – we bidded down to much lower levels and that precise bidding allowed us to spend quite a bit more in our – on our entire search marketing campaign as a whole.

Next slide, please. So, I'm just going to kind of sum up the business impact. We saw a 300 percent lift in our contribution margin percentage which is basically our profit over revenue. We doubled our marketing spend while the cost per click on the keywords were decreasing. We saw a 50 percent increase in overall volume and we saved the revenue channel for future growth. The program was leaking water all of 2009 and we completely turned it around thanks to the integration with the technical team.

Next slide, please. So this is where I think all the value from the hard work comes through was our discoveries. You definitely need to understand your data. No matter what tool you buy or what – what search marketing agency you engage or whoever you hire; none of that is going to help you if you don't understand your data and you don't have it organized.

Getting the data organized to where we need it – to where we needed it was the most crucial thing that we learned. And we where able to operationalize on the data once it was organized properly. You do need some kind of negative feedback loop. You can bid down keywords when they're not doing very well, but if the market changes and you don't have visibility on that keyword improving, you're not going to – you're going to miss an opportunity. So you have to keep an eye on the negative feedback loop. It basically allows you to understand a keyword returning to profitability.

Value attribution is a very hot term in search marketing right now, basically understanding all the different channels that a consumer can come in through to your platform or your Web site or your business. They can come through from paid search and then come back later through organic search and finish the purchase path on the organic click. And if you didn't know that you originally acquired them on a paid click and you dropped spend there, you're going to have an impact on a different channel that you weren't aware of. So that value attribution is getting an awareness of all your channels and how they affect each other.

Broad match, we had a lot of problems with this out the gate. It's a completely different animal than exact match and it's very tricky. Everybody's broad match situation is going to be different, depending on how much exact match bidding you're doing. If you're doing a lot of exact match bidding, then your broad match volume is going to be smaller. If you're doing very minimal exact match bidding, your broad match can be huge and can be dangerous. You can get a lot of clicks fast on lower-quality traffic if you don't segment those guys with good exact and broad match in concert together.

Comprehensive marketing; building your quality scores is only the first step. You also have to have good landing pages, you have to have good ad (copy), and you have to have a good funnel experience for the consumer. So all of these things together is going to improve your paid search performance. And you also need performance proxies. Sometimes, your data is going to be thin especially on long-tailed keywords. Something with a lot of – a search term with a lot of words in it isn't going to be searched on very often but it could be excellent for you. So you need some kind of a performance proxy to know when those keywords are going to work for you and when they aren't.

Next slide. So, from my perspective, what's next, what's on the horizon, what's the next thing to happen? Pay-per-click and SEM marketing is growing and it's growing fast and it's only going to get more competitive from here. This channel is not going away and it's just going to get more and more competitive as we go. And that's why it's crucial for businesses to get a hold of this channel and be as effective as they can be in this channel.

SEM is both an online branding opportunity as well as an acquisition marketing play. When people see your keyword on the top of the page, it boosts their confidence in your brand and it makes them aware of your brand.

Understanding value attribution is key to smart spending. The example before, if you're dropping spend on a paid search because – on a paid search keyword because it's not performing for you, you may see a down the funnel effect on a different channel. And if you can't connect those two things together, you're going not going to know that, you're not going to understand what's happening to your business.

Real-time customer acquisition; get them while they're hot. Consumers in the middle of a search for a product are ready to buy and that's the right time to get them. So being able to acquire customers in real time as they're searching is when you want to get them. Proliferation of data – and so being able to understand the value of those consumers in real time is actually the real key here. Knowing how much a consumer is worth at the time they enter your funnel is key to making the sale and paying the right amount for the sale.

Proliferation of data; data is everywhere. And if you look at companies like Facebook and Twitter, the amount of personal data that's available to consumers and to businesses is growing and growing. So, being able to handle all this data and being able to make use of it and make value out of it is crucial.

Social networks is a powerful combination of a referral, a market, and a segmentation all at once. Typical acquisition programs; you go after a certain segmentation but you're not getting the referral. And in a space like Facebook, you might have a friend saying to somebody else that they had good experience in your business, and so you not only have the segmentation but you have a referral from a close source to that person which is a crucial way to acquire traffic.

And, finally, predictive analytics; the wave of the future is being able to analyze your data and being able to predict what consumers will do and find

hidden opportunities through data and experimentation. So I believe that wraps up our presentation.

Tim O'Brien: OK. That's great.

Scott Knoll: I think there's going to be one more poll question.

Operator: And our last polling question; what is your organization's top performance metrics for search engine marketing paid placement programs? Please select all that apply. Conversion rates? ROI? Increase traffic volumes? Cost per click? Click-through rate? Total number of online sales? Overall revenue increase? And pickiness as in time?

We'll go ahead and give this a few more moments and we'll close this poll out.

Tim O'Brien: And meanwhile, if I can interject.

Operator: Absolutely.

Tim O'Brien: There is a question. I know we're over-budget a few minutes; I really appreciate everyone staying on. There's one question for you guys that is, how much time and effort does Insurance.com spend on SEM versus SEO?

(John Malloy):   So, Insurance.com looks at both search – paid search and natural search as complimentary sources of traffic. And so I – the answer to that would be we view them as equal opportunities and we spend the exact same amount of time and effort on both simultaneously. Search engine marketing is a holistic practice. We have noticed that when you have a paid search listing and an organic search listing side by side, it increases your throughput and conversion – sorry, your acquisition and your conversion. And so we kind of view them as a holistic practice.

Tim O'Brien: OK. And, you know, what you just went over in your presentation, does this include Twitter at all in any respect?

(John Malloy):   Yes. Twitter is an interesting social network that has – is kind of different from anything else that came before it. We don't spend a lot of time with Twitter but I do think Twitter is a great place to engage consumers and talk to

them about your business and get one-on-one conversations going with consumers that anybody can really see – anybody can see those conversations. But Twitter doesn't directly play into any PPC-type search marketing effort.

Facebook does have some search marketing going on that they're – you can advertise on their site. But Twitter – I believe they're rolling out a paid search platform this year, I believe.

Tim O'Brien: Super. And, you know, we're a few minutes over. There's a few more questions. I promise everyone we will get back to you with those answers. But I think we're out budget here for time.

I want to thank our two presenters, Scott Knoll, director of IT services at Insurance.com. Thank you, Scott. And I want to also thank (John Malloy), online marketing manager at Insurance.com. Great presentations. Thank you, everyone, for taking time out of your day to participate in this Webcast.

We will have a replay of it. I believe a few of you asked about a replay of the Webcast. We have recorded this and we will make it available to everyone following this Webcast. I believe it takes about 48 hours for us to get that recorded access, so look out for that.

And I encourage again, everyone, go out to ibm.com/cognos/innovation-center; lots of Webcasts similar to this that we deliver on a monthly basis and all of those live events. We've got customer success stories, research articles, white papers. The performance blueprints are out there within the Widget as well; lots of great stuff that you can access. Enjoy the rest of your day everyone. Thanks again for joining us today.

Operator: This includes today's presentation. You may now disconnect. Presenters, hold the line.

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