Business Analytics Live 2012

Smarter decisions for better business outcomes

WELCOME

Mark Fieldhouse

Business Unit Executive, IBM Business Analytics

Agenda

IBM

TIME	DESCRIPTION		
10.00	**Welcome** Mark Fieldhouse, Business Unit Executive - IBM Business Analytics		
10.15	**Smarter decisions for better business outcomes** Colin Shearer, Global Executive, Advanced Analytic Solutions, SPSS		
10.50	**Leicester Tigers Sports Science - Injury and Performance Prediction and Influence** Andy Shelton, Head of Sports Science, Leicester Tigers		
11.30	**BREAK**		
11.45	**Better BI builds better Businesses** Rob Roberts, Head of BI Product Management Practice, DHL Supply Chain, EMEA		
12.25	**Panel Discussion and Q&A**		
12.45	**LUNCH**		
13.45	**Business Analytics Live - Software in Action** Integrated demo and presentation of end to end solution		
15.15	**Wrap up** Mark Fieldhouse, Business Unit Executive - IBM Business Analytics		
15.30	**BREAK**		
16.00 - 16.40	**Managing Sales Compensation** Kevin Pilcher, Senior Manager, Corporate and Information Management Systems Infrastructure Services Unit, Colt Telecommunications	**Using Analytics for Social Benefit** Gary Seaman, Head of Business Analytics, Medway Youth Trust	**Customer Analytics to win customers and grow your business** Paul Ravenscroft, Senior Loyalty Insights Manager, Boots & Rachel Pillsbury - CRM Data Mining Manager, Boots
16.50 - 17.30	**Managing Sales Compensation** Kevin Pilcher, Senior Manager, Corporate and Information Management Systems Infrastructure Services Unit, Colt Telecommunications	**Using Analytics for Social Benefit** Gary Seaman, Head of Business Analytics, Medway Youth Trust	**Customer Analytics to win customers and grow your business** Paul Ravenscroft, Senior Loyalty Insights Manager, Boots & Rachel Pillsbury - CRM Data Mining Manager, Boots
17.30	**NETWORKING RECEPTION**		

Today's organizations are facing many **DISRUPTIVE FORCES** fueling the need for analytics

1 **The emergence of a new data era**

Creating new opportunities to capture meaningful information from new varieties of data and content coming at organizations in huge volumes and at accelerated velocity

2 **The shift of power to the consumer**

Creating the need for organizations to understand and anticipate customer behavior and needs based on customer insights across all channels
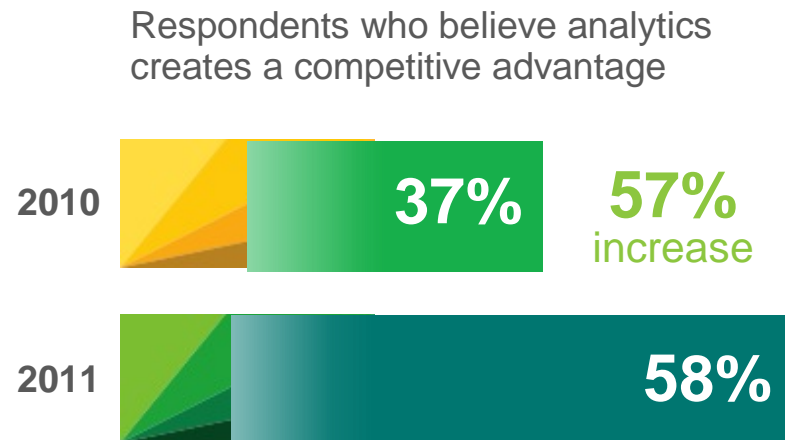
3 **Accelerating pressure to do more with less**

Creating the need for all parts of the organization to optimize all of their processes to create new opportunities, to mitigate risk, and to increase efficiency

IBM

Organisational pressures are at a point where analytics has evolved from business initiatives to **BUSINESS IMPERATIVES**

More organization are using analytics to create a competitive advantage

Respondents who believe analytics creates a competitive advantage

2010 — 37% **57%** increase

2011 — 58%

And leaders are outperforming their competitors in key financial measures

1.6x Revenue Growth

2.0x EBITDA Growth

2.5x Stock Price Appreciation

Source: The New Intelligent Enterprise, a joint *MIT Sloan Management Review* and IBM Institute of Business Value analytics research partnership. Copyright © Massachusetts Institute of Technology 2011

Source: *Outperforming in a data-rich, hyper-connected world*, IBM Center for Applied Insights study conducted in cooperation with the Economist Intelligence Unit and the IBM Institute of Business Value. 2012

ANALYTIC-DRIVEN ORGANIZATIONS are distinguished by their ability to leverage …

All information
All information
Transaction data
Application data
Machine data
Social data
Enterprise content

All perspectives
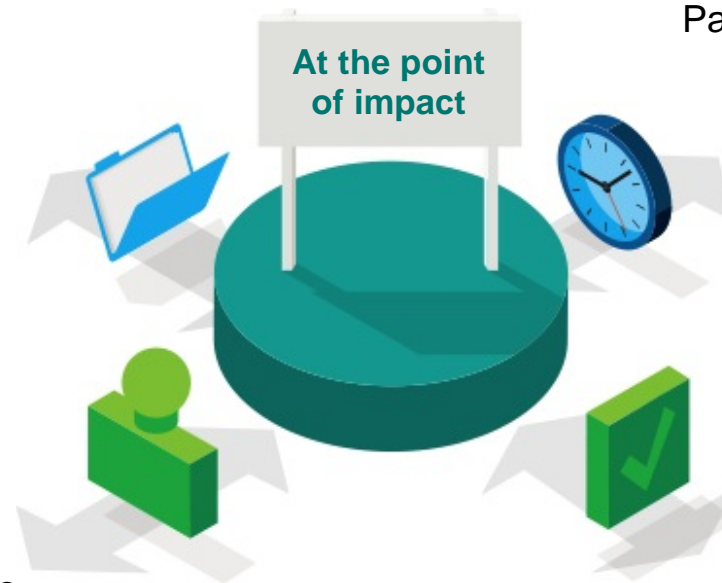Past (historical, aggregated)
Present (real-time)
Future (predictive)

At the point
of impact

All people
All departments
Experts and non-experts
Executives and employees
Partners and customers

All decisions
Major and minor
Strategic and tactical
Routine and exceptions
Manual and automated

…focusing on high-value initiatives in core **BUSINESS AREAS**

Examples:

1 **Customers**
- Advanced client segmentation
- Leveraging customer sentiment analysis
- Reducing customer churn

2 **Finance**
- Enabling rolling plan, forecasting and budgeting
- Automating the financial close process
- Delivering real-time dashboards

3 **Risk**
- Making risk-aware decisions
- Managing financial and operational risks
- Reducing the cost of compliance

4 **Operations**
- Optimizing the supply chain
- Deploying predictive maintenance capabilities
- Transform threat & fraud identification processes

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Business Analytics Live 2012

Smarter decisions for better business outcomes

Smarter Decisions for Better Business Outcomes

Colin Shearer

Global Executive, Advanced Analytic Solutions

Disclaimer

Information regarding potential future products is intended to outline our general product direction and it should not be relied on in making a purchasing decision. The information mentioned regarding potential future products is not a commitment, promise, or legal obligation to deliver any material, code or functionality. Information about potential future products may not be incorporated into any contract. The development, release, and timing of any future features or functionality described for our products remains at our sole discretion.

Nearly two out of three realizing a competitive advantage from information and analytics

Realizing a competitive advantage

2012 — **63%**

2011 — **58%**

2010 — **37%**

70% increase

Respondents were asked "To what extent does the use of information and analytics create a competitive advantage for your organization in your industry or market." Respondent percentages shown are for those who rated the extent a [4] or [5 Significant extent]. The same question has been asked each year.

2010 and 2011 datasets © Massachusetts Institute of Technology

Total respondents n = 1144

It's all about **outcomes**

OUTCOMES

↑

ACTIONS

↑

DECISIONS

↖   ↗

INSIGHT   FORESIGHT

↖   ↗

ANALYTICS

↑

DATA

Organizations drive transformation by starting with one of these four high-value initiatives

Examples:

Grow, retain and satisfy customers
- Churn management
- Social media sentiment analysis
- Propensity to buy/Next best action

Increase operational efficiency
- Predictive maintenance
- Supply chain optimization
- Claims optimization

Transform financial processes
- Rolling plan, forecast and budget
- Financial close process automation
- Real-time dashboards

Manage risk, fraud & regulatory compliance
- Operational and financial risk visibility
- Policy and compliance simplification
- Real-time Fraud identification

And organizations are gaining value from working with IBM

Grow, retain and satisfy customers ▶ XO™

60%
Improvement in billed revenue retention rate

Increase operational efficiency ▶ BECKER UNDERWOOD®

50%
Increase in inventory turns

Transform financial processes ▶

50%
Reduction in planning cycle times

Manage risk, fraud & regulatory compliance ▶ Scotiabank™

70%
Trading decisions improved with 70% of counterparties

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Sources of Customer Information

Interaction data
- E-Mail / chat transcripts
- Call center notes
- Web Click-streams

How?

Attitudinal data
- Opinions
- Preferences
- Needs & Desires

Why?

Descriptive data
- Attributes
- Characteristics
- Self-declared info

Who?

Behavioral data
- Transactions
- Payment history
- Usage history

What?

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Extracting intelligence: Full-spectrum analytics
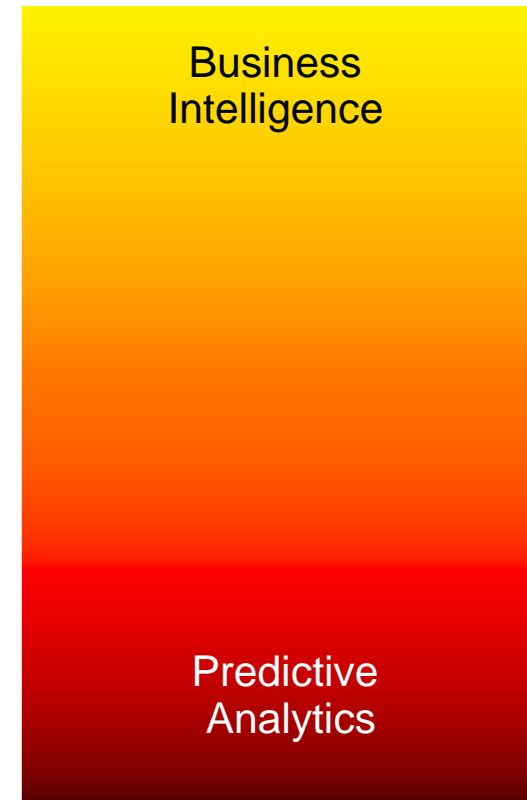
Optimize
treatment cost

Healthcare

Retail

FINANCE

Telecom

Optimize
profitability and
pricing strategies

Government

Industrial

Assortment
Planning
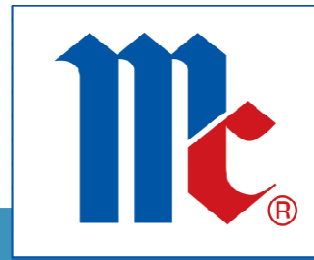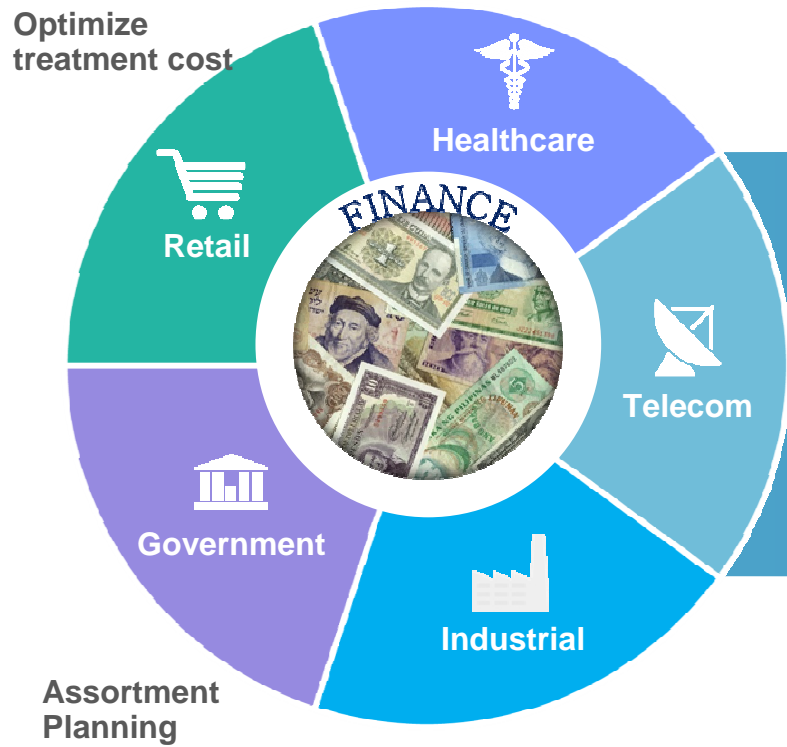
McCORMICK

Optimizing profitability for

30K+SKUs

Analyzing cost and profit
contribution of individual
ingredients

RISK & FRAUD

Optimize pricing

Manage operational risk

Telecom

Healthcare

Industrial

Reduce fraudulent claims

Retail

Government

Managing compliance and legislation

Minimize shrinkage
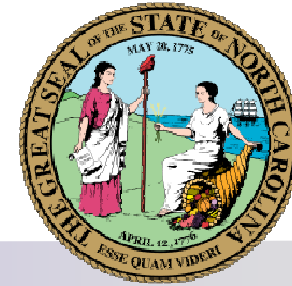
Identified

$200M

in suspicious Medicaid claims

Review and prioritize tens of thousands of providers and hundreds of millions of claims in minutes

Predictive Maintenance

Measure program performance

Industrial

Telecom

OPERATIONS

Government

Build smarter supply chains

Healthcare

Retail

ELIE TAHARI

97%

Accuracy in predicting demand

Leveraging analytics to predict customer orders four months in advance

Managing program performance

Government

Industrial

OPERATIONS

Retail

Telecom

Sales and operations planning

Healthcare

Deliver more efficient and effective care

CRI CENTERSTONE RESEARCH INSTITUTE

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Automating and optimizing decisions

Enterprise marketing management

Risk management

Operations management

IBM Smarter Cities® solutions

Business and custom solutions

Business Process Management

Decision services

IBM Decision Management Platform
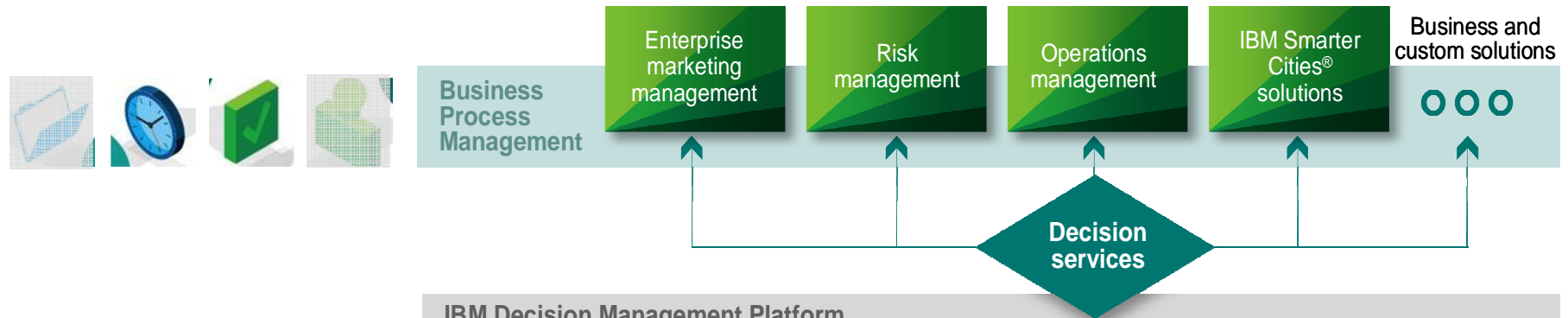
Bringing together…

Rules

Predictive Analytics

Optimization

Business rules

Business events

Optimization

Trade-offs analytics

Predictive analytics

Text analytics

Entity analytics

Sentiment analytics

Cognitive analytics

Business rules　**Optimization**　**Predictive analytics**

Demographic (DB, surveys)　**Interactions (Call center, web)**　**Behavioral (Orders, payments)**　**Attitudinal (Surveys, social)**

INFINITY
PROPERTY & CASUALTY CORPORATION

- Smarter fraud detection
- 95% reduction in time to refer for investigation
- Up to 88% increase in pursing fraudulent claims

DIGITAL+

Used Real-time Predictive Analytics to leverage in-bound customer interactions to drive loyalty and life time value

- *Shorter, more relevant calls led to increased satisfaction for customers and agents*

- *Substantial cross-selling through the inbound service channel*

- *20% higher retention in first 2 months*

Decisions on Streaming Data

- Neonatal monitoring
  - 120 children monitored
  - 120K messages/sec (ie billions/day)
- Detect infections 24 hours sooner
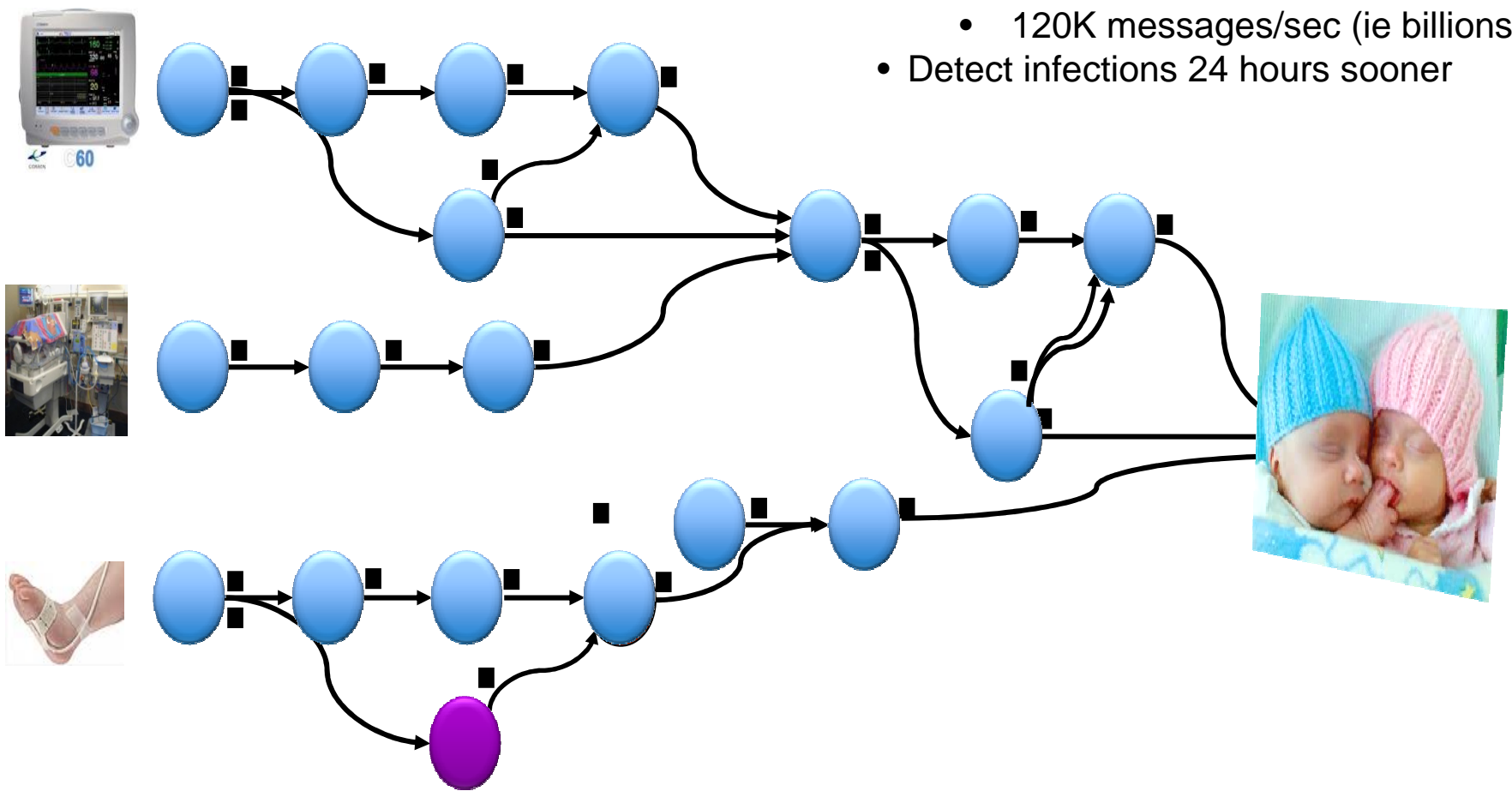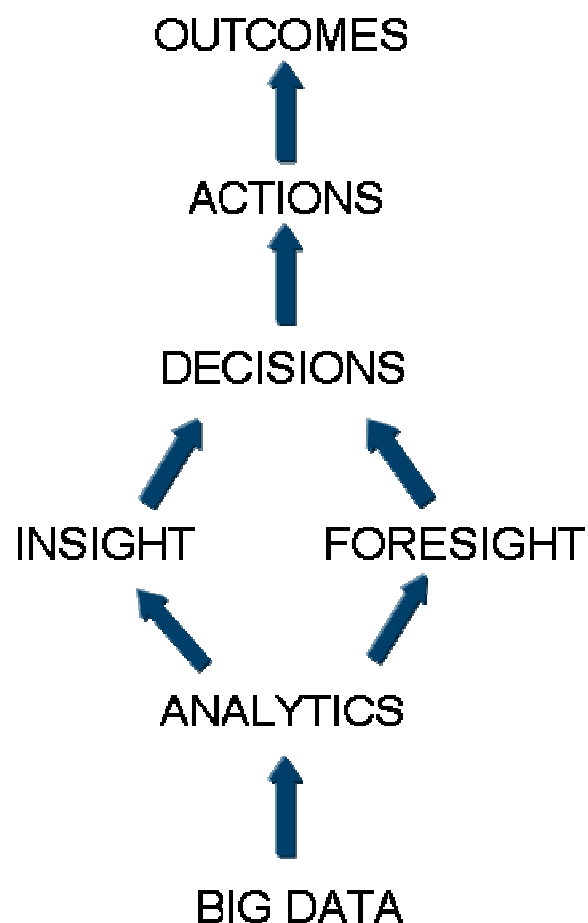
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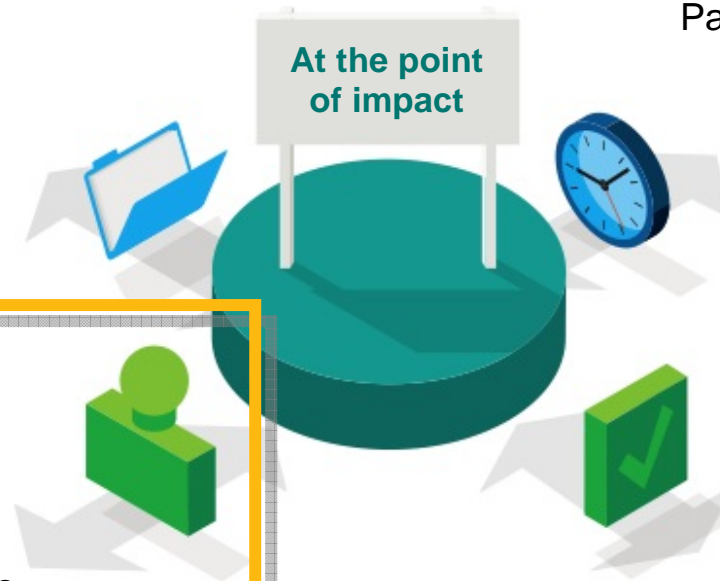
IBM Analytic Answers

*A portfolio of **cloud-hosted solutions** that deliver directly-actionable predictive/prescriptive information to the line of business*

- Removes barriers to adoption of advanced analytics :

  $ Up-front costs   **Expertise**   **Dependence on IT**   **Start-up time**

- Leverages IBM's deep analytics expertise but tailored to each client's business, using their data

- Built on IBM's analytic platform for unsurpassed scalability, analytical power, and performance

- No technical/analytical skills required

- Subscription based

- **Brings the power of advanced analytics to new users**

Initial areas: IBM Analytic Answers for…

Insurance Renewals

Which of my insurance policy holders are unlikely to renew next month? How could I persuade each one to stay loyal?

Purchase Analysis & Offer Targeting

Which products do my customers tend to buy together? Can I leverage that knowledge to create combination offers and promotions that increase basket size and revenue per customer visit?

Student Retention
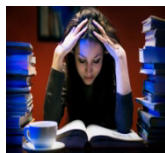
Which of our students are performing below their predicted potential? How should we intervene to get them back on track and avoid the possibility of their dropping out?

Prioritized Collections
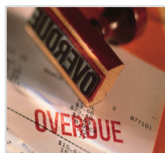
Which of my overdue debtors are likely to pay? How much can I recover from them, and which treatment will be most effective for each?

Providing information that is actionable at the level of individual cases

References to potential future products are subject to the Important Disclaimer provided earlier in this presentation

Summarising

For business success, you need to be able to:

Leverage your data assets…

…and unlock their value with smarter analytics….

…to drive better decisions and more timely and appropriate actions

…to generate improved outcomes and higher returns

- Aspire to a holistic, enterprise-scale vision

- But identify key areas where you can make initial quick wins
  - *Never let "data excitement" distract you from a focus on business goals!*

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  - Go to: Surveys / My Session Evaluations
- Visit any onsite event kiosk
  - Go to: Surveys / My Session Evaluations

Note: each completed survey increases your chance to win an Apple iPod Touch with daily drawing sponsored by Alliance Tech.