

IBM Vision of Customer Intimacy



Smarter Planet...



30 billion RFID tags... 2010



Our world is becoming more
INSTRUMENTED

We now have the ability to measure, sense and see the exact condition of almost everything.

~2 billion people on the Web... 2011
...a trillion connected objects



Our world is becoming more
INTERCONNECTED

People, systems and objects can communicate and interact with each other in entirely new ways.

15 petabytes of new
Information generated daily...



Virtually all things, processes and ways of working are becoming more
INTELLIGENT

We can proactively respond to changes quickly and accurately, and get better results by predicting and optimizing for future events.

How do you make this...



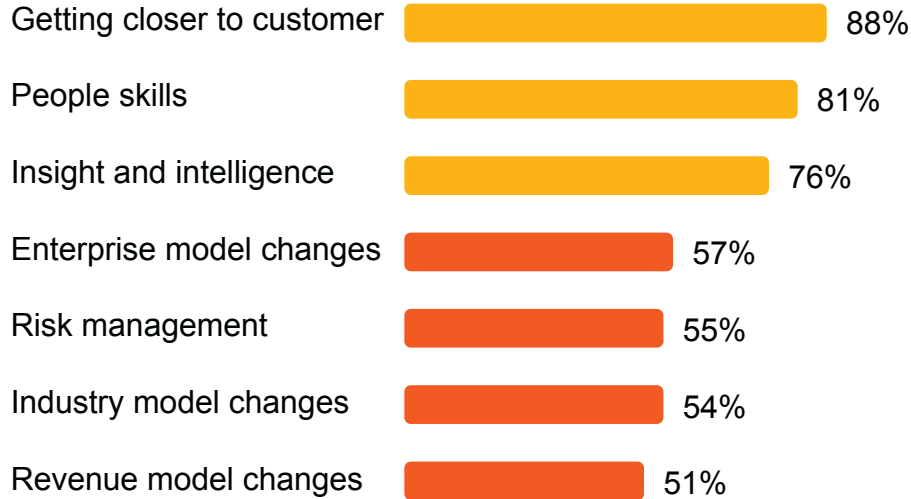
... feel like this??



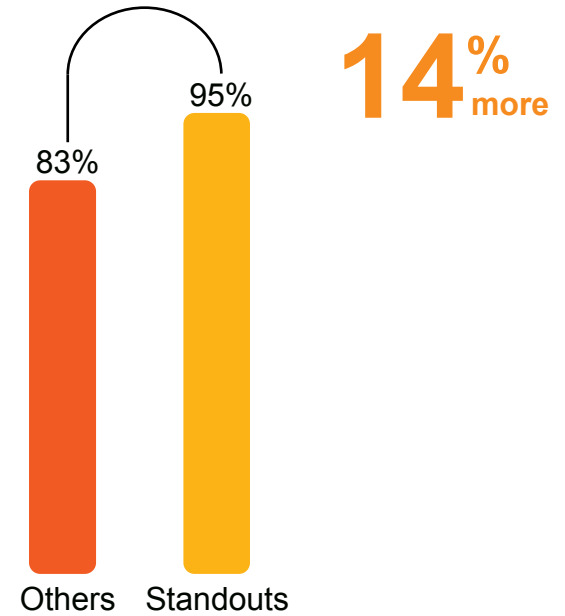
Building intimacy & trust

The end of the Average Customer

Dimensions to focus on over the next 5 years



Getting closer to customers



“To surprise customers requires unexpected ideas through interactions of people with diverse perspectives.”

Shukuo Ishikawa
 President and CEO, Representative Director, NAMCO
 BANDAI Holdings, Inc. Japan

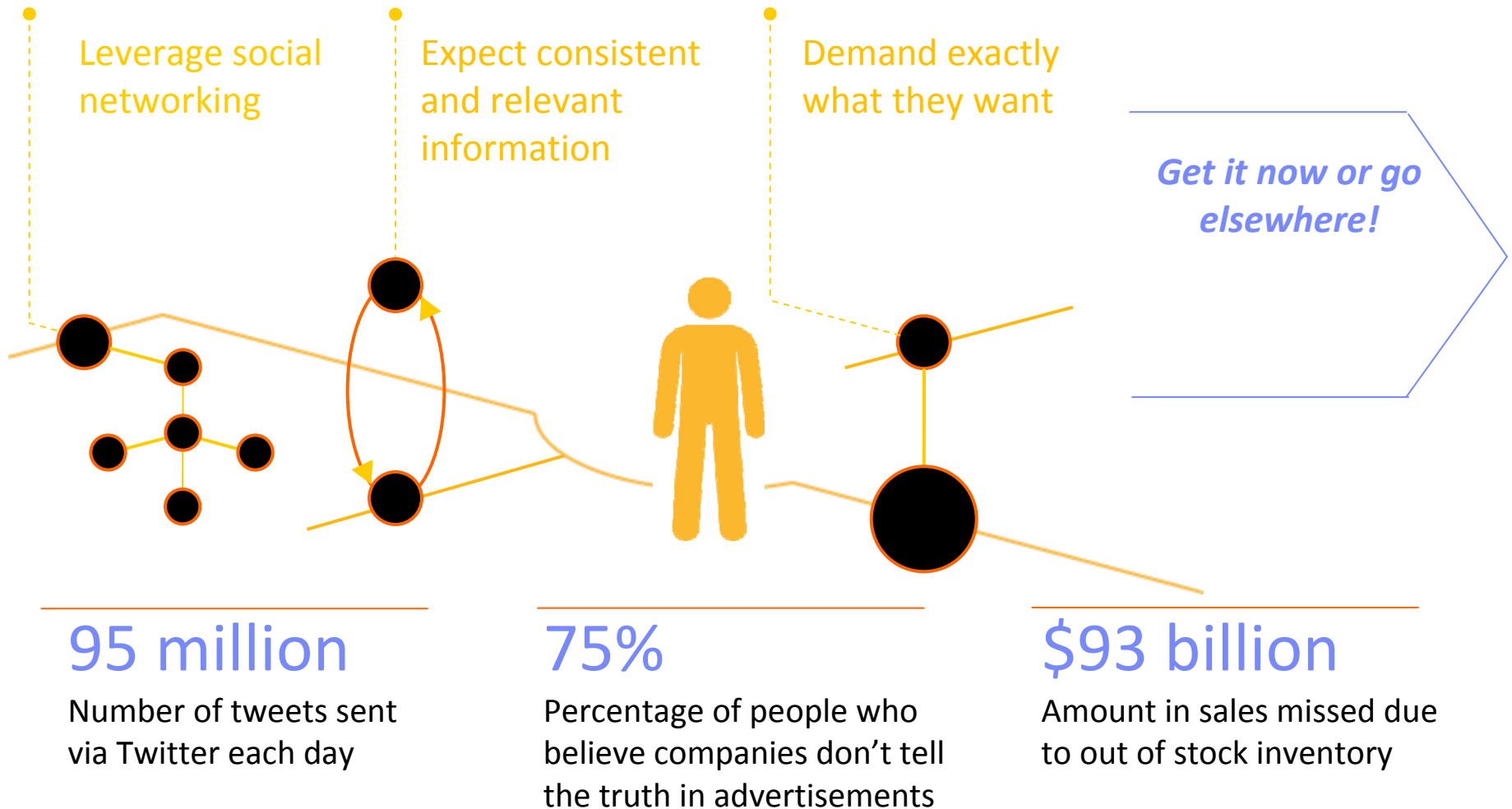
“Our customers want personalization of services and products. It is all about the market of one.”

Tony Tyler
 CEO, Cathay Pacific Airways, Hong Kong

Source: Q13 Which of the following dimensions will you focus on more to realize your strategy in the new economic environment over the next 5 years? n=1,523, n=303

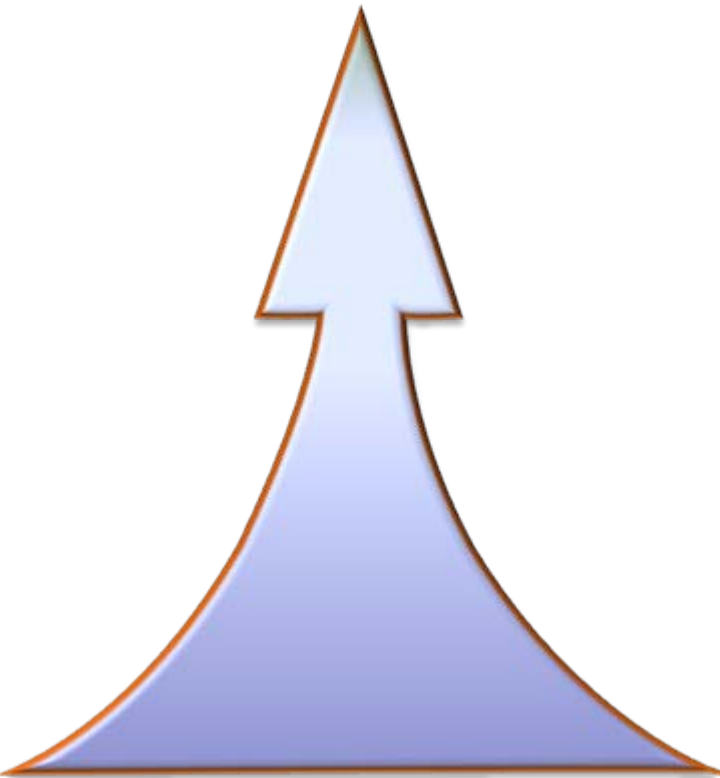
Source: IBM's 2010 Global CEO Study – Capitalizing on Complexity (1,541 CEOs, 60 nations, 33 industries)

The Beginning of the Empowered Customer

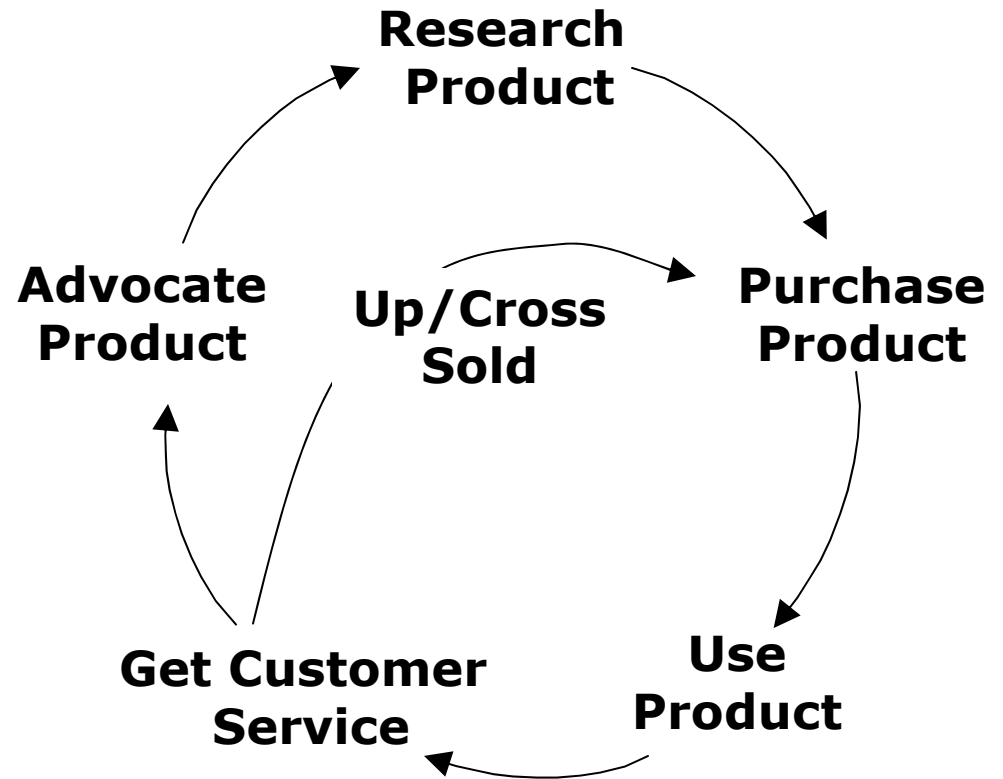


Smarter Planet Means Moving Away from the Broad Brush

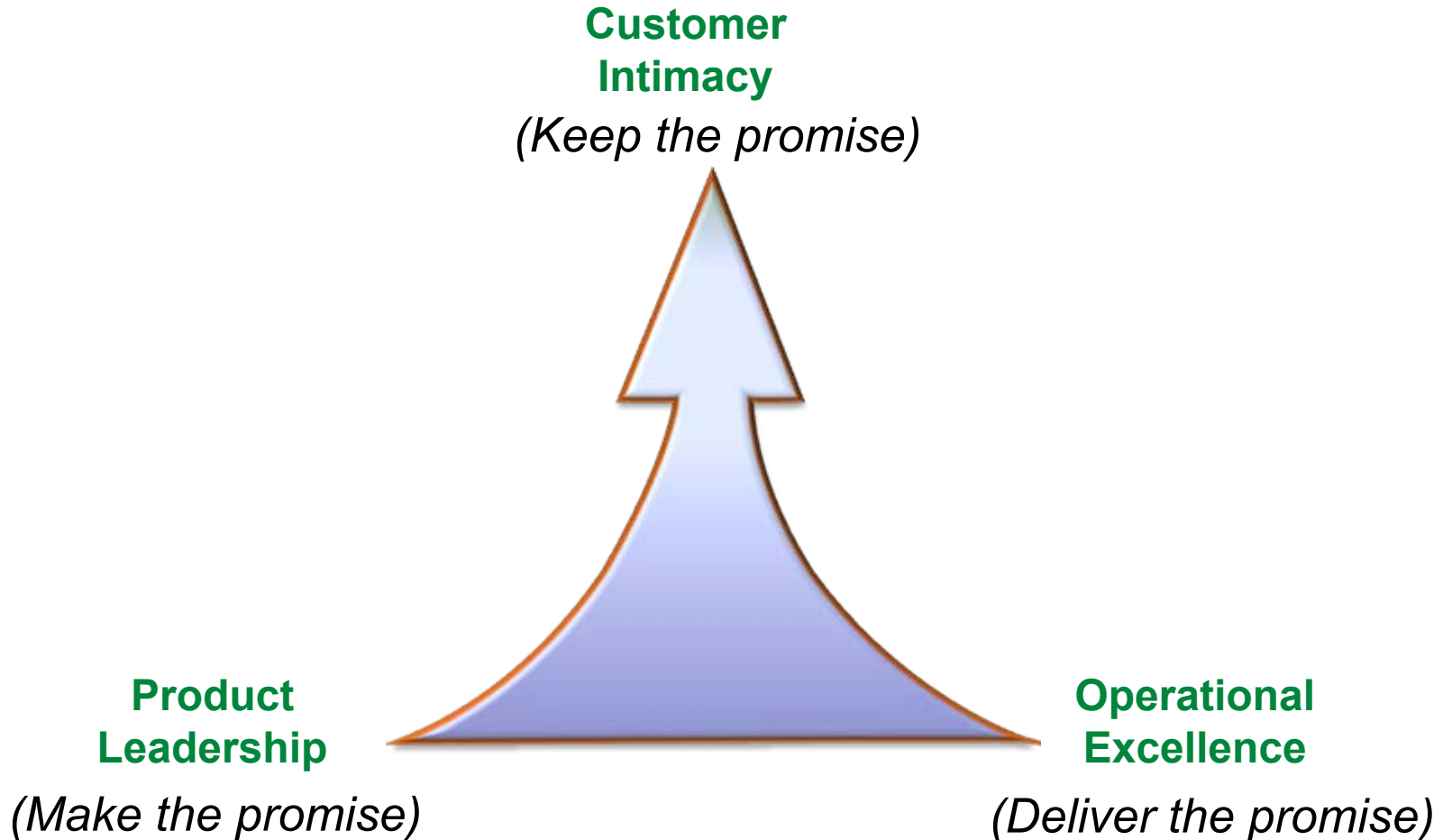
One to One



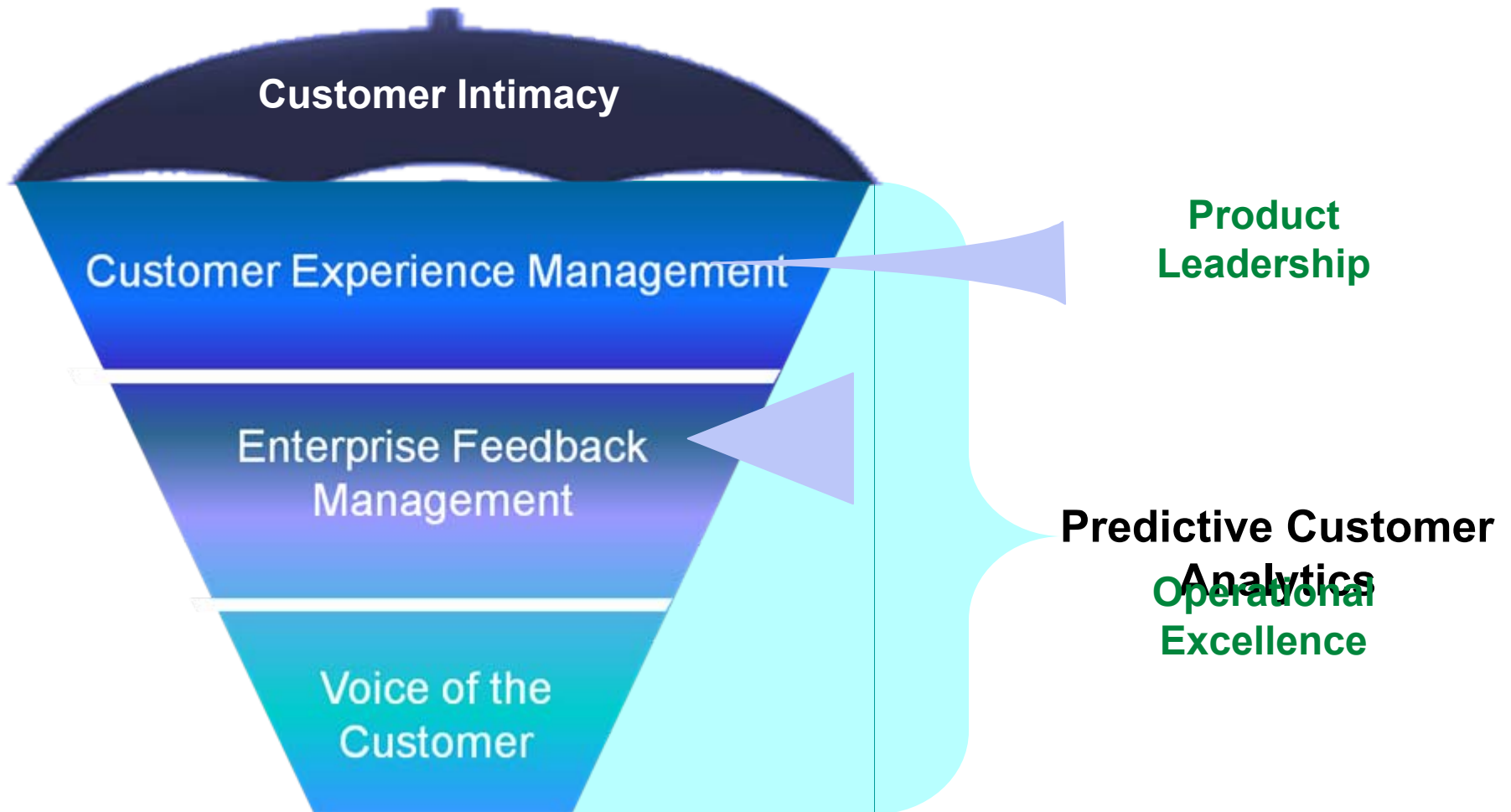
The Broad Brush



Customers are the New Intellectual Property



Evolution of a Customer Centric Strategy



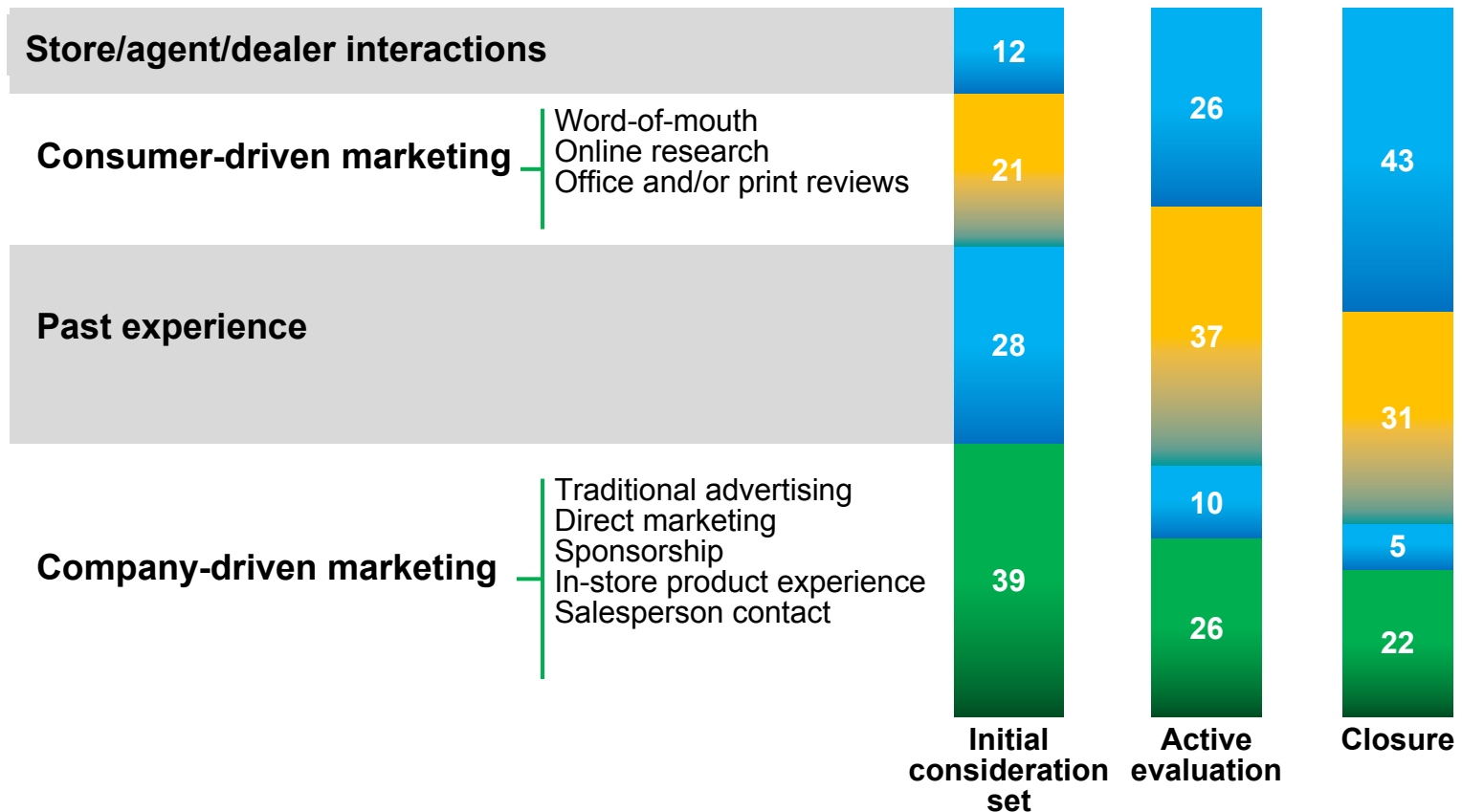
Market of One

A “venti, no-fat, sugar-free, extra hot Cinnamon-peppermint (2 pumps), light blend Dolce Latte, no whip - but please leave room for cream...”

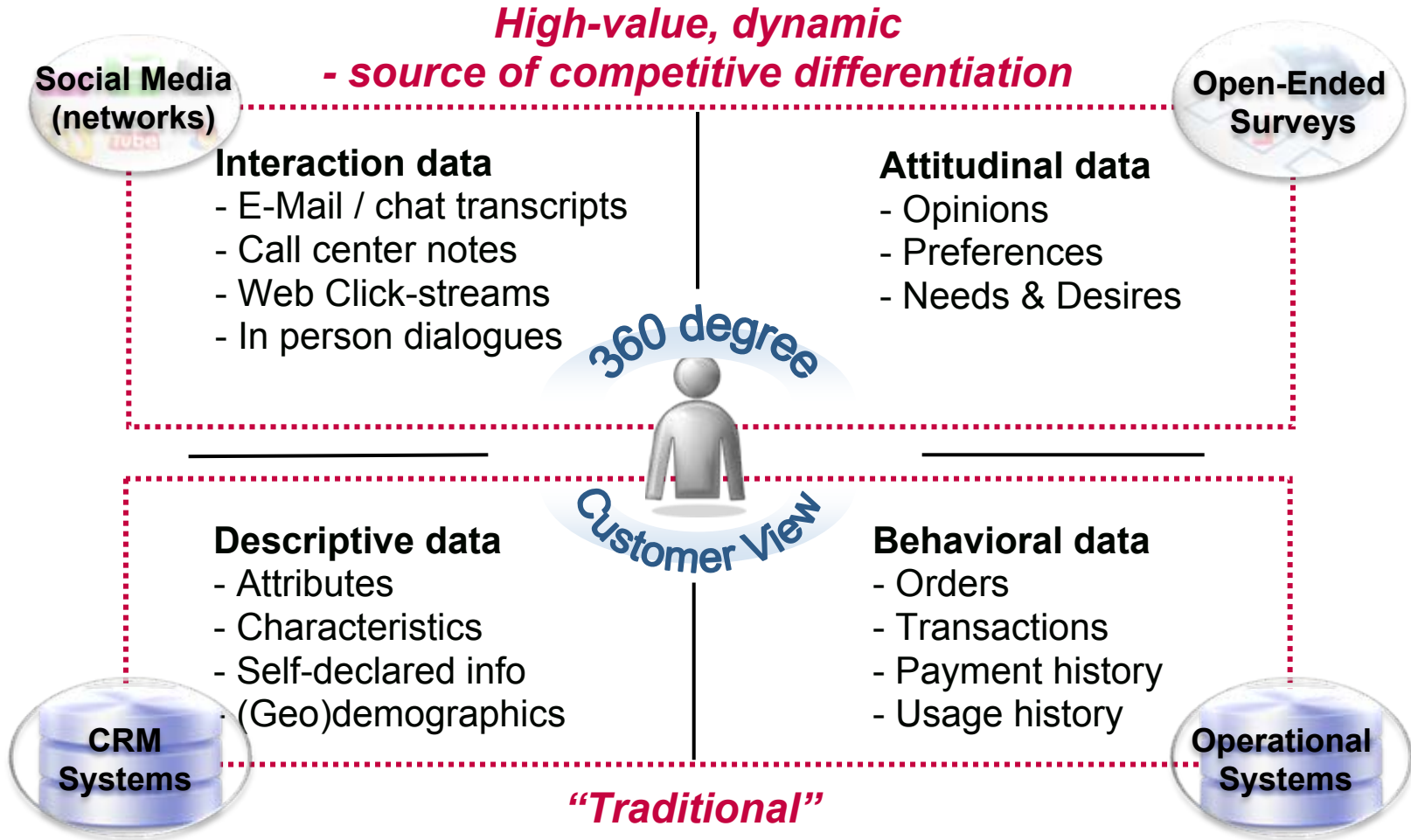


Reaching Customers in the right way... at the Time to Most Influence Purchasing

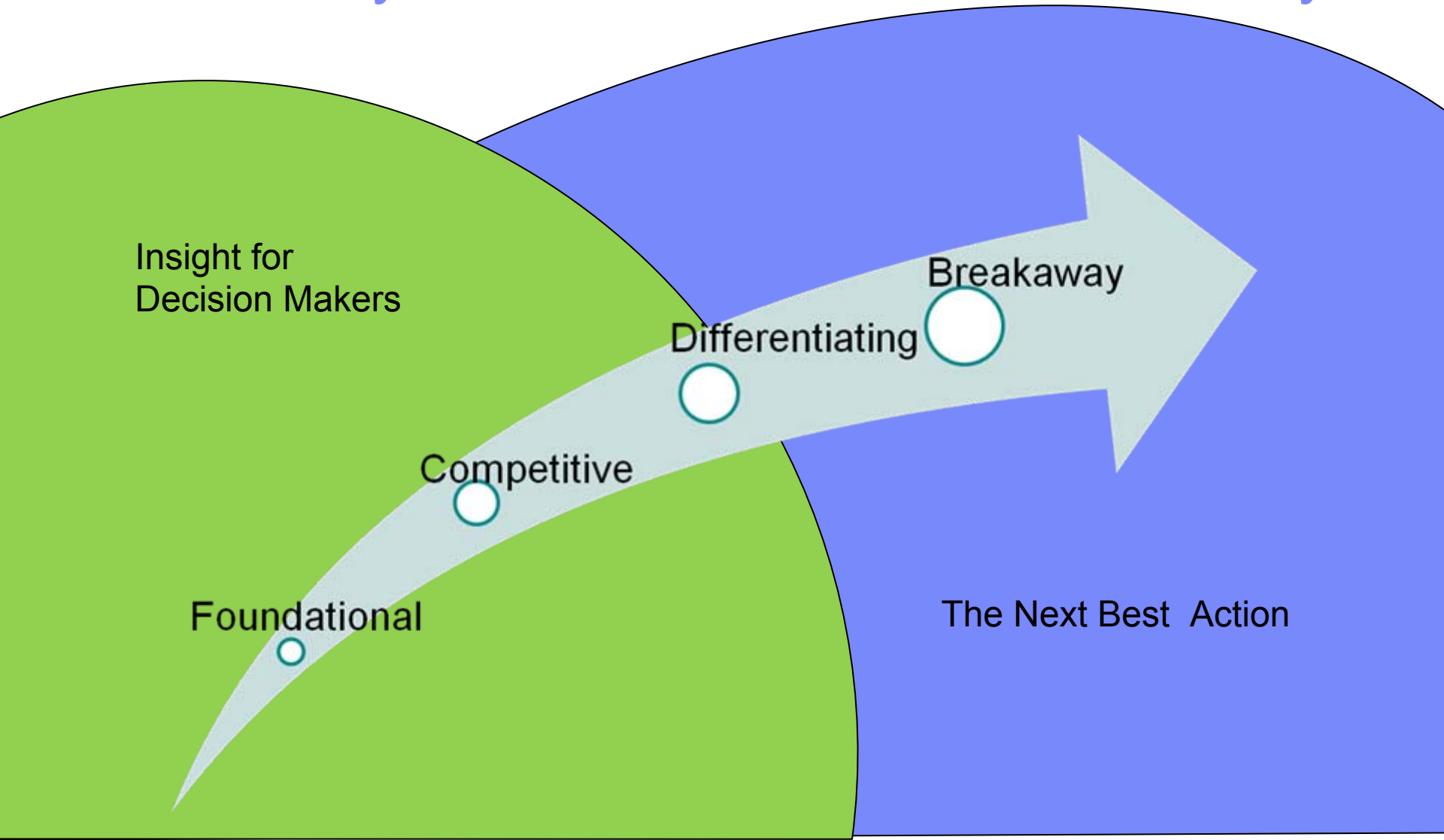
Most influential touch points by stage of consumer decision journey, for competitors and new customers, % of effectiveness



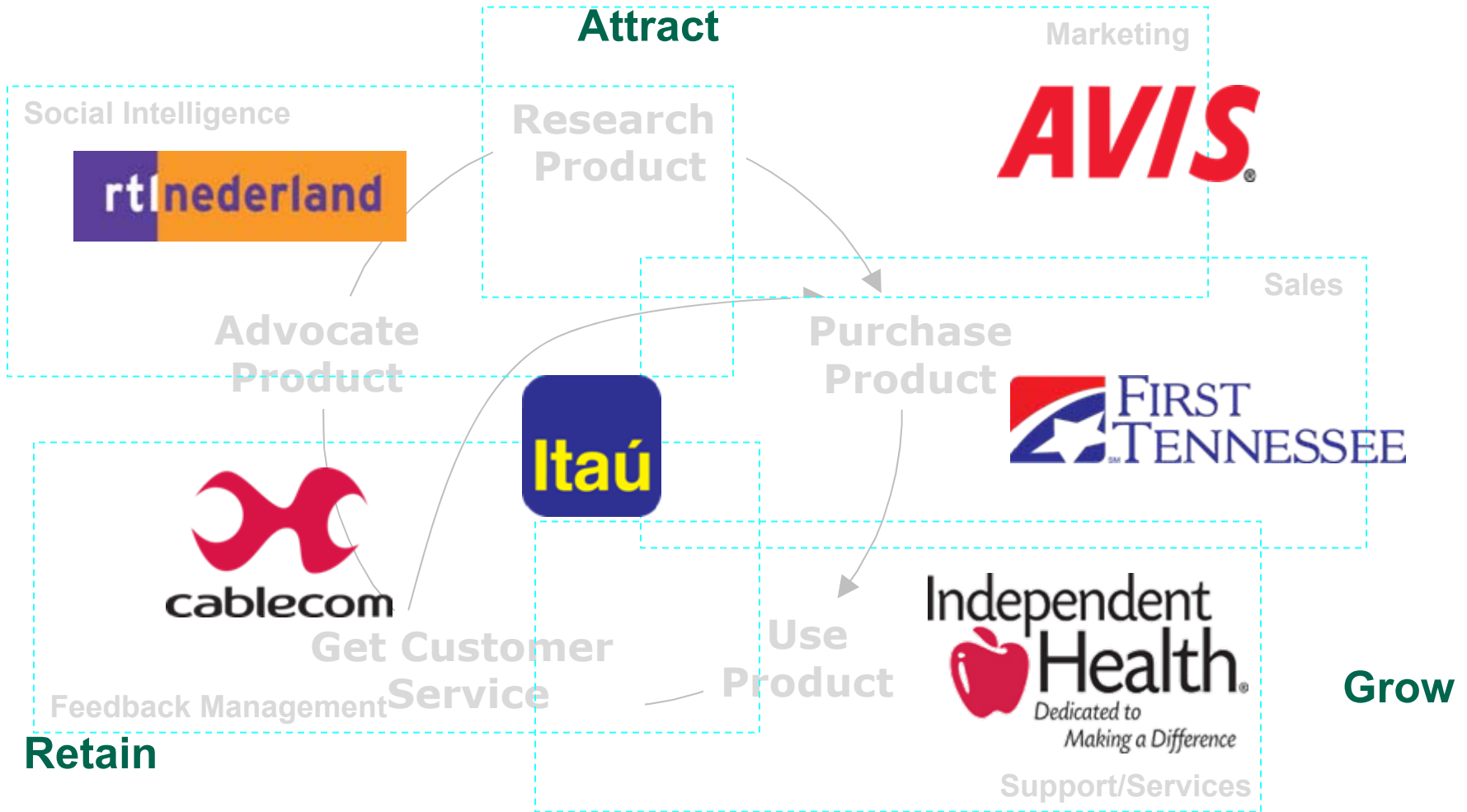
An Overwhelming Amount of Data to Process



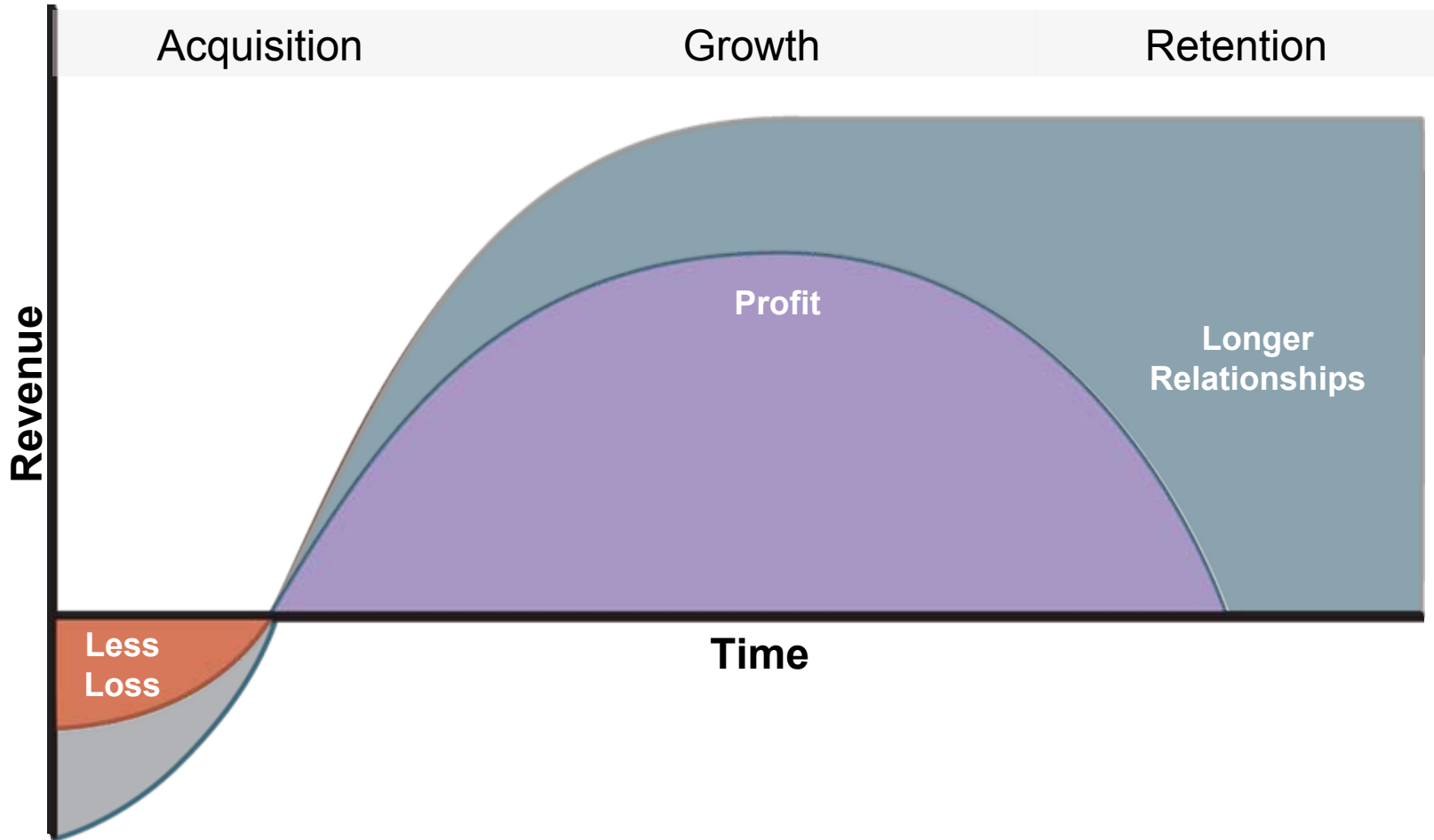
Evolutionary Solutions for Customer Intimacy



Customer Case Studies



Increasing profit with Customer Intimacy



Profitable Acquisition



Analyze and



Global Car Rental Agency

Create targeted and cost-effective email campaigns and build customer retention through timely and relevant contact

- *Gained the ability to segment customers and focus marketing spend*
- *Reduced the cost of email marketing as a percentage of revenue by 42 %*
- *Improved customer loyalty and insight by enabling timely, relevant and personalized communications*

dialogue



Relationship Development

Major Retail Bank



Improved cross-sell / upsell multi-channel marketing & sales with predictive analytics

- *Decreased direct mailing costs by 20% through model-based targeting*
- *Increase in direct response rates to 3.1%*
- *Better match products to customer needs*

Potential actions

A	✗			
B	✓	90	54%	49
C	✓	200	32%	64

Managed Retention

Cable & Telco Provider



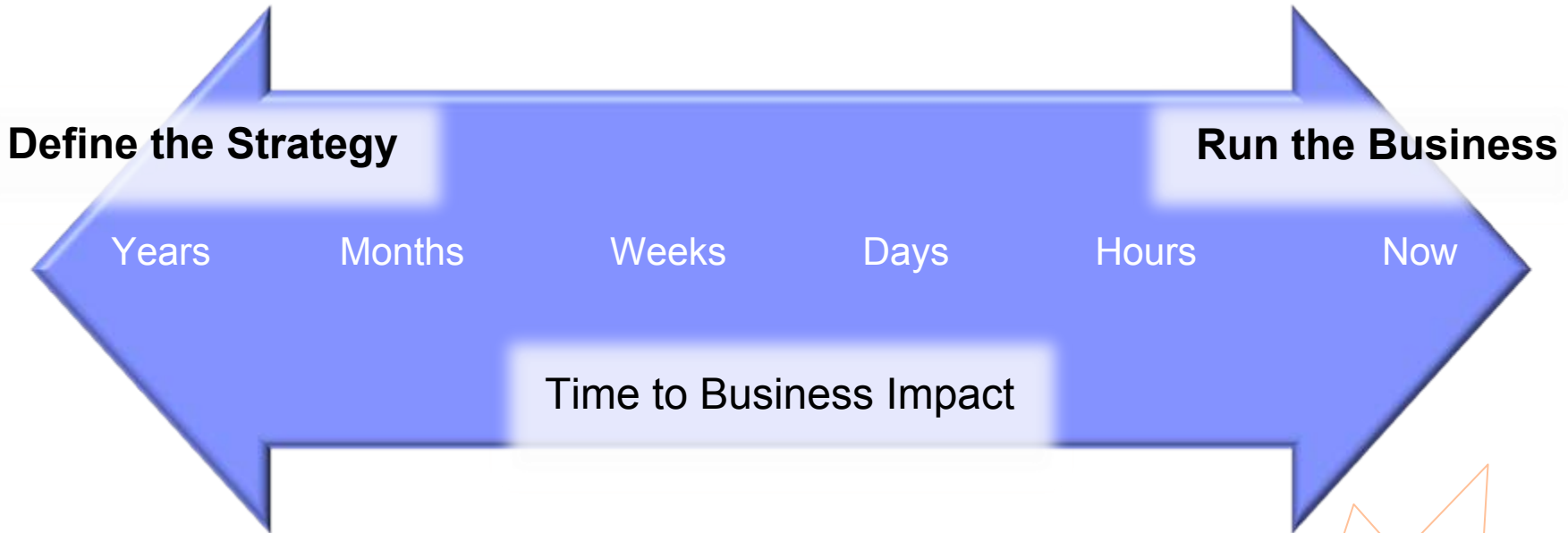
Combined feedback management with text mining and predictive modeling in a Customer Intimacy strategy to attack churn and boost customer satisfaction

- Churn *reduced from 19% to 2%* for broadband customers
- Satisfaction increased in *over 50%* of customers
- *23%* of “detractors” converted to “promoters”

Customer Knowledge

Providing Value with Predictive Analytics

Aligning Strategy with Operations: Insights & Action



Improve senior management visibility with Key Performance Predictors

Strategic

Improve policy makers' decisions with Forecasts and Optimization

Tactical

Help individual contributors take the Next Best Action

Operational

The SPSS Platform including *Decision Management*

Delivers insight to decision makers and
optimal outcomes to the point of interaction

Predictive models



Business Policy



Optimization



- **Best practices decision making for industry problems**
 - Completely configurable solution templates
 - Focused at the point of interaction
- **The power of predictive analytics linked to business outcomes:**
 - In the hands of the business, in language they can understand
 - Closed loop visibility and continuous improvement
- **Takes Predictive Analytics out of the lab and into the operation**
 - An I.T. friendly fully governed platform

A New Approach

Traditional Approach

- Sense and respond
- Instinct and intuition
- Skilled analytics experts
- Back office
- Automated

New Approach

- Predict and act
- Real-time, fact-driven
- Everyone
- Point of impact
- Optimized



Transformative Conversations



A billboard which scans your eye

A billboard which scans your clothes



Change starts now...

Implement & Revise

- Commit to a strategy
 - Pick one area to improve in the next 3 months
- Choose the right technology
 - An accessible, flexible, open and easy to use solution is imperative
- Measure, document and share success
 - Gain momentum and recognition throughout the business
- Iterative & adaptive approach
 - Use feedback to tweak decisions

Questions??

