VIDEO PITCH

The video pitch can be found from this link.

https://youtu.be/GUtOqoN_MKQ

ABC Customer Lifetime Value Initiative

32513 – Machine Learning

Ma Luisa 'Joy' Curva
10885123
MaLuisa.Curva@student.uts.edu.au

OVERVIEW

- BUSINESS PROBLEM
- OBJECTIVE OF THE PROJECT
- CLV METHODOLOGY
- BUDGET AND TIMELINE

BUSINESS PROBLEM

- Develop an approach to measure the Customer Lifetime Value (CLV) of a customer in a financial institution called ‘ABC Bank’.
- The aim is to understand the worth of the customer during the entire relationship with the bank.
- Knowing the CLV of the customer will help the business develop the best strategies for customer acquisition and retention, and at the same time, improve the company’s profit margin.
- The value of the customer is determined by customer behaviour and the revenue contribution of the customer. The cost of delivering the product to the customer is not considered in the existing Features and Model Engine.

OBJECTIVE OF THE PROJECT

The bank offers different products to the customers such as Home Loans, Personal Loans, Credit Cards and Transactional accounts. Different teams manage each product. The current challenge is that the customer data across all products are not well integrated.

This initiative aims to

- Understand the data requirements for CLV analysis.
- Integrate all data required for CLV analysis into a common data platform.
- Determine the customer's CLV across all product portfolio based on customer engagement and behaviour, revenue, and cost of delivering the product to the customer.

HIGH-LEVEL DATA FLOW

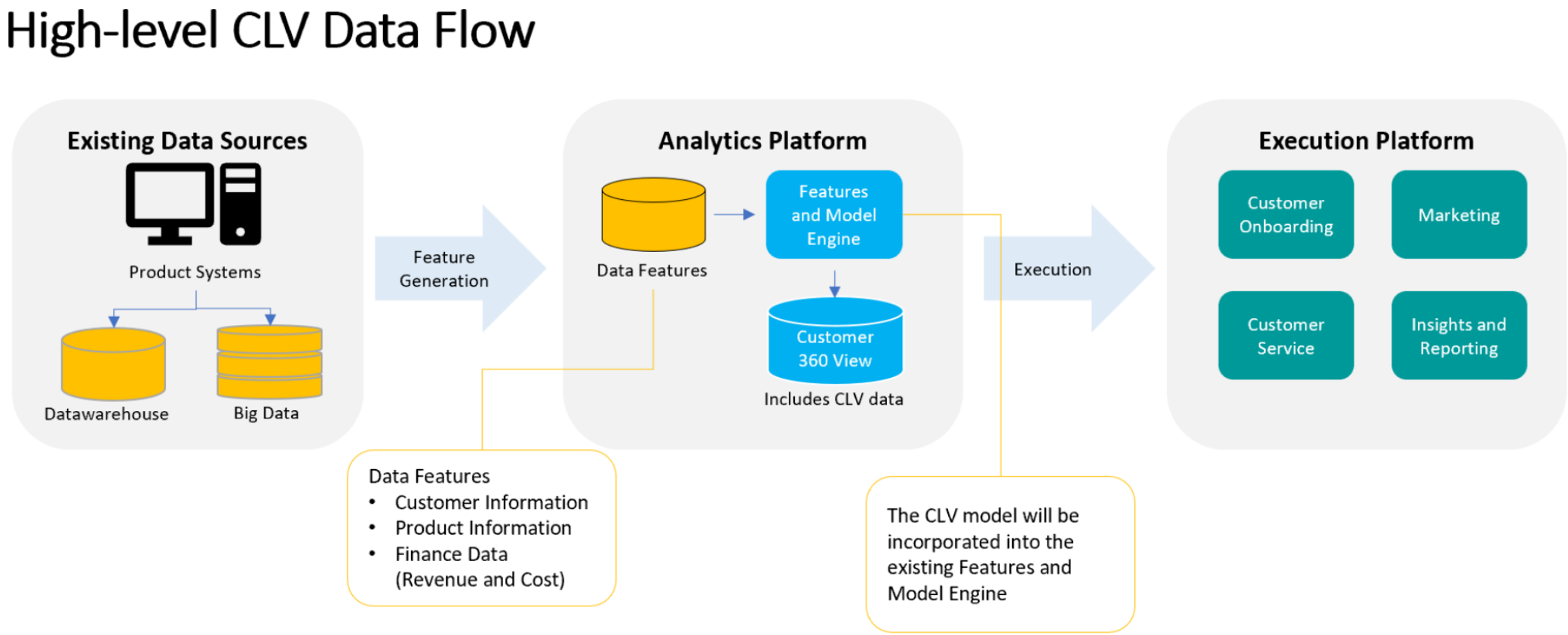

Figure 1- High-level CLV Data Flow

CLV METHODOLOGY

The CLV will be calculated based on the following approach

- Calculate the profitability of the customer based on current revenue and cost.
- Determine lifetime value of the customer using different retention and churn rate of the customer.

The project will start with a basic formula of

$$CLV = Average\ Lifetime\ in\ Years * Profitability\ of\ the\ customer$$

CLV METHODOLOGY

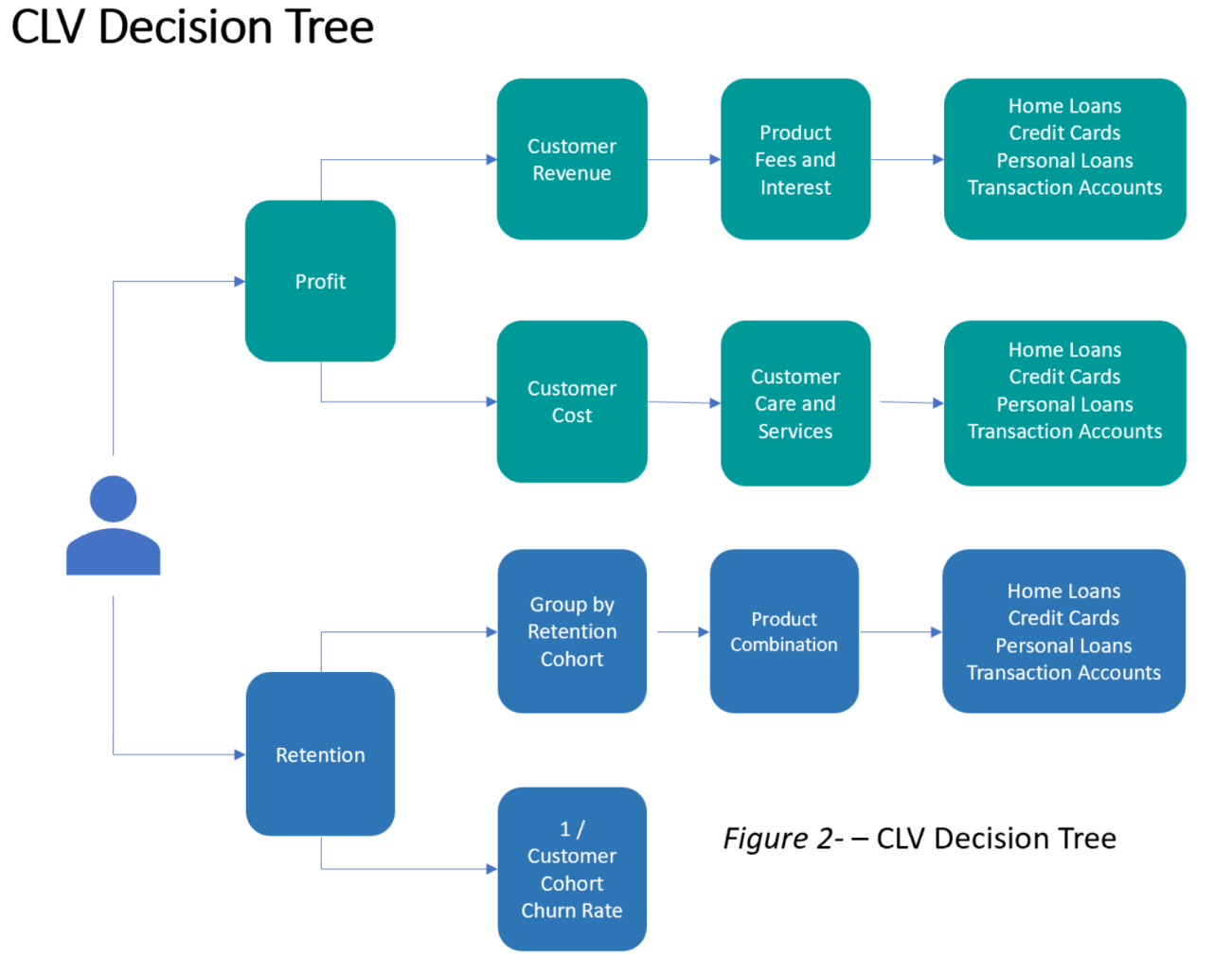

Figure 2- – CLV Decision Tree

BUDGET AND TIMELINE

Number of Months	1	2	3	4	5	6	Cost
Impact Analysis							$40,000
Data Architecture and Design							$60,000
Data Ingestion and Transformation							$60,000
CLV Features and Model Development							$105,000
Development of CLV Use Cases in Marketing							$30,000
Implementation							$20,000
Estimated Value							$315,000