

Customer Value Analytics for Banking & Capital Markets

– Powered by SMART Analytics built on IBM®

Understand your customers, markets, business opportunities and risks



As money is the heart of a financial services (FS) business, data is the life blood, and proper analysis of that data is vital to the health of any banking or capital markets firm. Customer data volumes are no longer limited to the flood of transactions; they now include an ocean of unstructured data from social media and other sources.

While this poses a big challenge for banks, it also presents a major opportunity. By making better use of customer data and being able to analyze it for actionable customer insights, banks can deliver the more targeted and personalized banking experience that today's customers expect.

Attempts to use analytics to sift through customer-specific data in order to improve the customer experience have met with varying degrees of success. Many firms are struggling in their efforts to fully analyze all available data to better serve their customers and improve their bottom line.



People matter, results count.

The Customer Value Analytics Solution









Big Data technologies are helpful in managing the growing volumes, but pragmatic business-focused solutions are proving to be elusive. Banks need to be able to process all relevant data to, for example, gain insights into customer behavior that can support meaningful engagements across all channels. Analytics can provide the actionable information that can be used to provide customers with the services they need, when and where they need them.

The Solution: Customer Value Analytics

Capgemini's Customer Value Analytics (CVA) converts data into business insights that support market-facing decisions and improve operations. This application analyzes the data generated from the multiple customer touch points throughout the customer journey/lifecycle, providing the information needed to deliver a great customer experience, encourage customer loyalty and grow share of wallet (see Exhibit 1).

Exhibit 1: Customer Value Analytics delivers benefits at each stage of the customer lifecycle

Life-cycle stage	Business objective	Analytical method
 Discover	<ul style="list-style-type: none"> Profile customers Evaluate prospects Reach right prospects 	<ul style="list-style-type: none"> Segmentation Lead scoring Customer look-alike targeting
 Explore	<ul style="list-style-type: none"> Analyze customer response Optimize marketing mix Test marketing inputs 	<ul style="list-style-type: none"> Offer/contact optimization Marketing mix modeling A/B and multivariate testing
 Buy	<ul style="list-style-type: none"> Predict future events Expand wallet share Target accurately 	<ul style="list-style-type: none"> Propensity models Cross-sell/upsell In-market timing models
 Use	<ul style="list-style-type: none"> Drive deeper product use Understand context behind usage 	<ul style="list-style-type: none"> Product and recommendation analysis Sentiment analysis
 Ask	<ul style="list-style-type: none"> Learn about drivers of engagement Understand customer satisfaction 	<ul style="list-style-type: none"> Engagement analysis Voice of customer analysis
 Engage	<ul style="list-style-type: none"> Manage defection of customers Personalize marketing efforts Maximize customer value Add context to behavior Increase depth of relationship 	<ul style="list-style-type: none"> Churn models Next best action models Lifetime value models Customer location analysis Loyalty models

Powered by Capgemini's SMART Analytics Platform, our CVA solution combines pre-built analytics apps and a powerful analytics engine. The solution is designed to deliver customer insights that enable banks and capital market firms to make fact-based decisions, which can positively impact customer journeys. Activities are broadly focused on customer acquisition, customer profitability and customer retention (see Exhibit 2).

Acquisition of New Customers

The implementation of innovative CVA customer sourcing and profiling models:

- make targeting up to seven times more effective;
- increase average revenue per campaign by over 20% and reduce campaign costs by 10%.



Growing the Share of Wallet

CVA increases the profitability of the existing customer base by building cross-sell, upsell or 'next best action' models which:

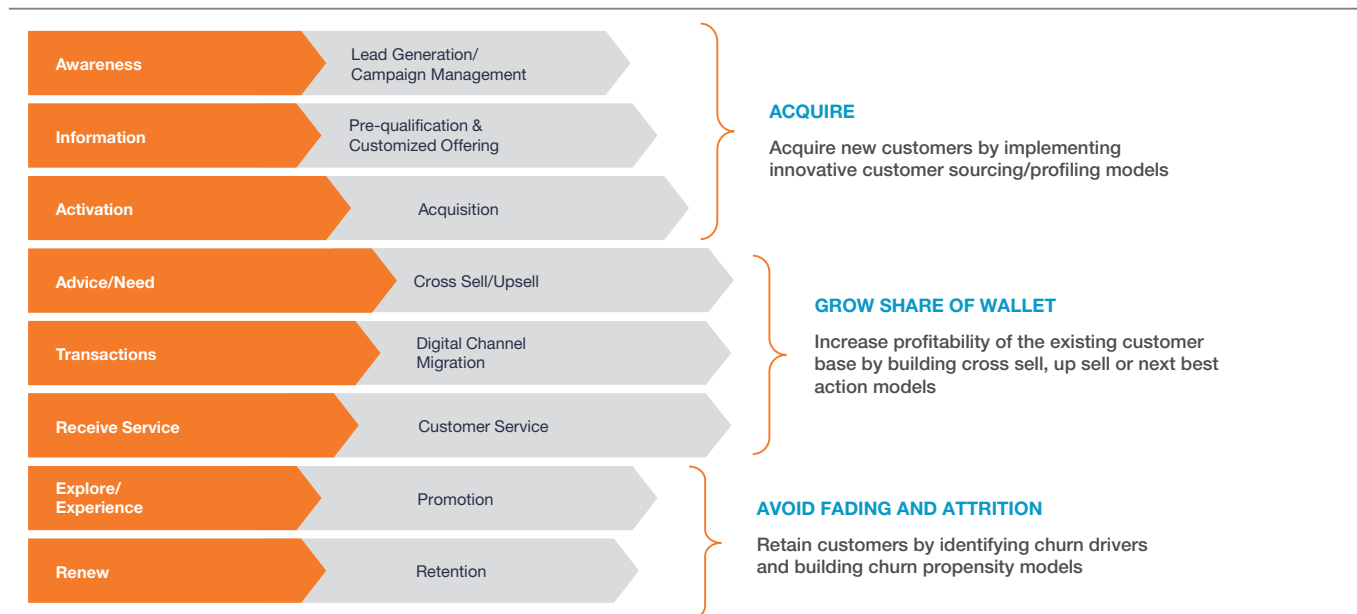
- improves conversion by a factor of from two to three;
- enables the organization to respond better to customers' individual needs, instantly presenting the next best offer;
- increases click-through rates by nearly 50% and increases web conversion by 47%.

Avoid Customer Attrition and Churn

CVA enables organizations to retain more customers by identifying drivers of churn and building churn-propensity models. This information:

- decreases the churn rate by 15-30%, and
- uses key interventions at the right time to decrease churn rate.

Exhibit 2: Customer Value Analytics solutions span the entire customer journey, providing multiple opportunities to drive the top line



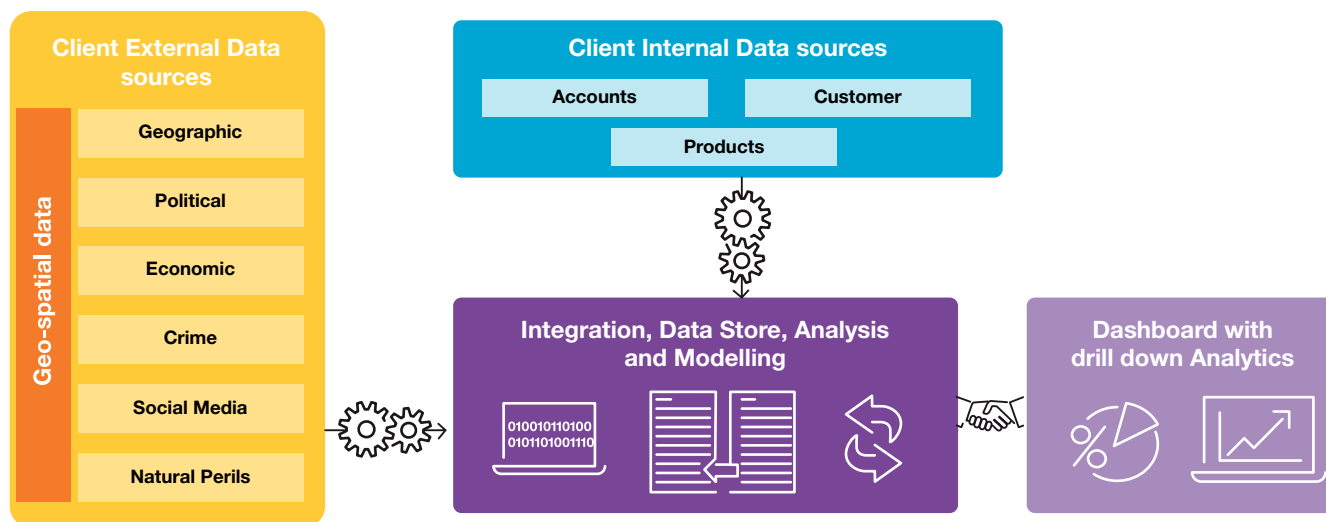


How CVA Works

Our reference architecture can be used to enable advanced spatial reasoning that supports applications across a wide range of areas: for example, pricing, claims, fraud and marketing campaign effectiveness in retail banking. As illustrated in Exhibit 3, CVA also provides a framework for the integration of a variety of external data sources – both structured and unstructured.

At the foundation of CVA is Capgemini's SMART Analytics Platform, an impressive analytics engine powered by IBM® technologies. It leverages new techniques and technologies for the import, collation and analysis of customer-related data. The core components of the platform also include data management and risk analytics functions that are essential to the business information needs of any financial services organization.

Exhibit 3: Reference Architecture for Retail Banking CVA



Enables advanced spatial reasoning to support applications in pricing, claims, including reserving, and fraud. Provides framework for the integration of other types of external data

The CVA SMART Analytics Platform

The SMART Analytics platform provides 3 primary benefits:

- **Scalability and Agility.** Quickly import all data, enable one-time onboarding and support adaptive models.
- **Speed to Value.** Reduces IT complexity to expedite CVA solution implementation and ROI.
- **Insights as a Service.** Provides the flexibility needed for conducting discovery analytics.

The standard Customer Value Analytics portfolio of solutions includes predictive and prescriptive analytics, advanced modeling, and a visualization library relevant for customer analyses initiatives. Pre-built applications models, developed on the Capgemini SMART Analytics Platform, can save between 40-50% of implementation effort.

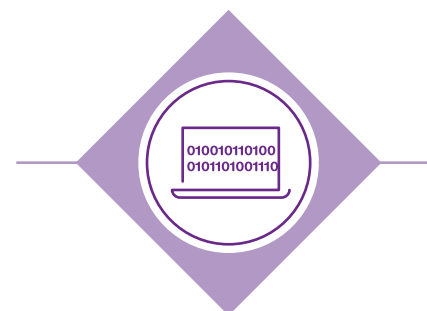
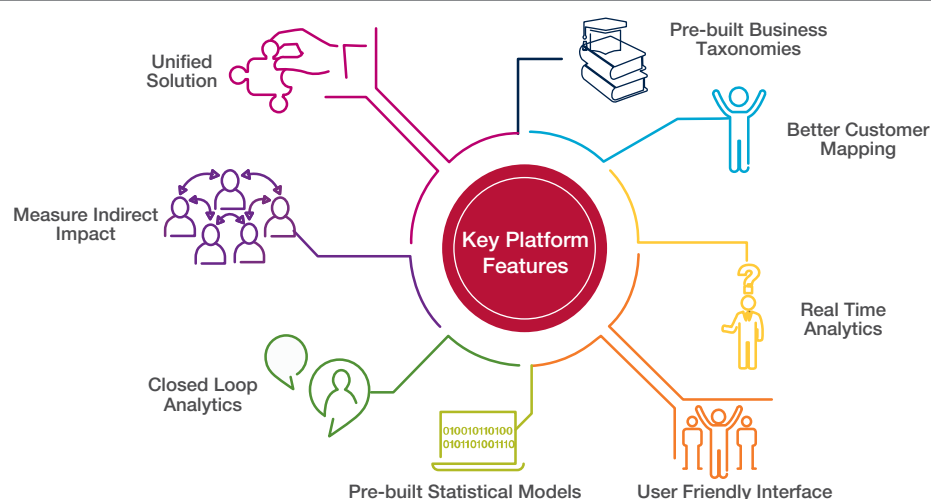


Exhibit 4: The engine behind CVA: the SMART Analytics platform



CVA Solution Applications

720° Customer View

At the heart of the solution is the 720° Customer View functionality, which integrates customer data from within the enterprise as well as data gathered from external customer-interaction points, such as social media channels and third-party providers. It produces a uniform digital identity for each customer, a “segment of one” ID that supports omni-channel, next best offer sales, services and experiences. Connecting all customer touch points, it enables banks to offer customers the products and services they need, when and where they need them (see Exhibit 5).

Closed Loop Service

Closed loop feedback enables the 720° Customer View by integrating customer demographic, behavioral, transactional and interaction data. It helps in moving from generalized segmentation to micro personalization. Closed Loop feedback fosters greater customer loyalty by catching at-risk customers while the issue is still top-of-mind.



The solution addresses this aspect by leveraging Big Data technologies and Business Data Lake principles, to deliver a holistic view of the customer. This includes information from transactions (structured data), interactions (unstructured data) and environment-relevant external data, information that all channels can use for acquisition, servicing and integrating feedback.

Next Best Offer

All financial institutions within their Know Your Customer (KYC) initiatives attempt to determine the most accurate recommended next best offer and preferred channel for each of their customers in real or near real-time. This solution enables banks to customize the next best offer applicable to each customer based on their preferences. This uses micro personalization, by creating a customer persona based on recent transactions, and improved products per customer, leading to greater customer lifetime value improving loyalty and affinity.

Predictive Customer Intelligence

Turning raw data into actionable insights, this solution enables business users to analyze and predict complex customer behavior. Its features include search-driven and voice-driven analytics query, reporting, analysis, scorecards, prediction and dashboards. Users across the organization can easily find, analyze and share the information they need to improve decision-making.

Voice of Customer

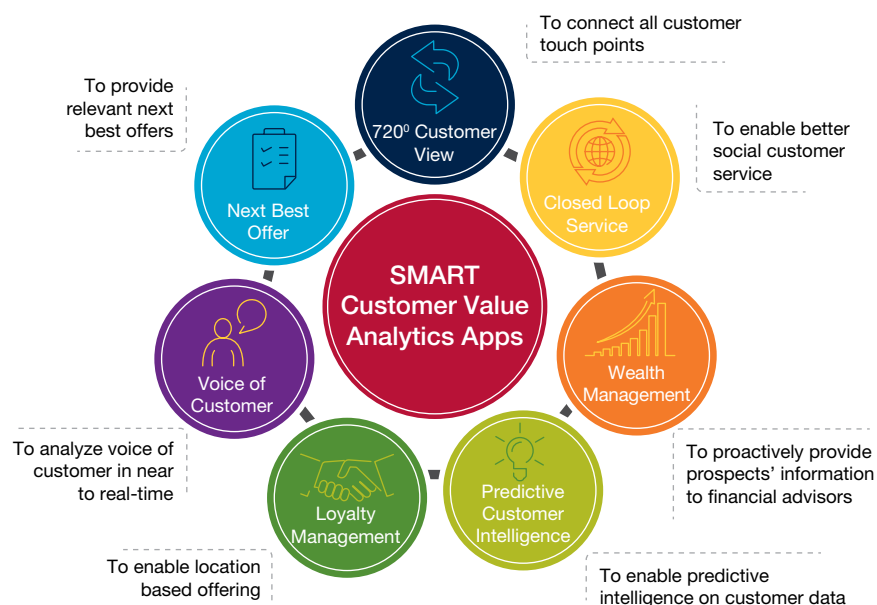
This app performs a natural language analysis of consumer discussions across multiple social channels to identify relevant topics and constructively engage with consumers. Identification of customer attrition and retention drivers, and near real-time alerts based on business rules, enable users to increase retention rates and customer lifetime value.

Loyalty Management

Using real-time geo location data, this app enables users to anticipate consumer needs and provide relevant financial services and products. It can identify cross-sell and up-sell opportunities for commercial clients as well as for retail banking customers.



Exhibit 5: Pre-Configured CVA Solution Applications Model



Wealth Management

This solution integrates data from different sources and provides a unified customer view to the financial advisor. The solution aggregates customer information ahead of the initial introductory meeting and also tracks assets so that financial advisors are fully equipped with the appropriate and relevant customer data.

Case Study: Customer insight generates significant top line increase



Capgemini helped a leading European bank achieve a 10x sales increase for its savings-account product, delivering:

- a 10x sales increase and a 233% hit-rate increase, and
- a 200% activity increase due to quality of leads and practice processes.

The Capgemini solution included:

- multiple logistic-regression models that calculated the savings probability for each customer;
- data input for 1.5 million customers across 40+ variables; and
- rigorous testing of over 50+ hypotheses in a very limited timeframe to correctly identify savings drivers.



Case Study: 360 degree view of the customer for smarter customer insights



Capgemini helped a leading international bank improve its customer engagement and use its vast wealth of data for better ROI by:

- implementing a Data Lake to provide 360-degree extended view of the customer;
- connecting 70 legacy systems, light/minimalistic schema, updates in near-real-time and readying a prototype in 3 months;
- implementing a powerful customer engagement tool providing cross-sell and upsell opportunities; and
- creating a Customer Attrition Alert to take proactive steps; real-time updates allowed for quick next best action prompts.

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to learn more about our retail banking offers



Find out more

Interested in knowing more about how Capgemini's **Customer Value Analytics and the SMART Analytics Platform**, powered by IBM can help your bank convert data into business insights? Contact us to arrange product demo or a half-day workshop with our FS experts to explore how to better understand your customers, make more insightful business decisions, and drive the top line.

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