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OPEN
WORLD**

Oracle Global Business
and Technology Conference

November 2-3, 2004, Mumbai

Global Learnings in CRM:

**Enhancing Customer
Profitability by Leveraging
Analytical CRM**

Lisa Watson
Senior Director – Financial Services Industries
Oracle Corporation Asia Pacific



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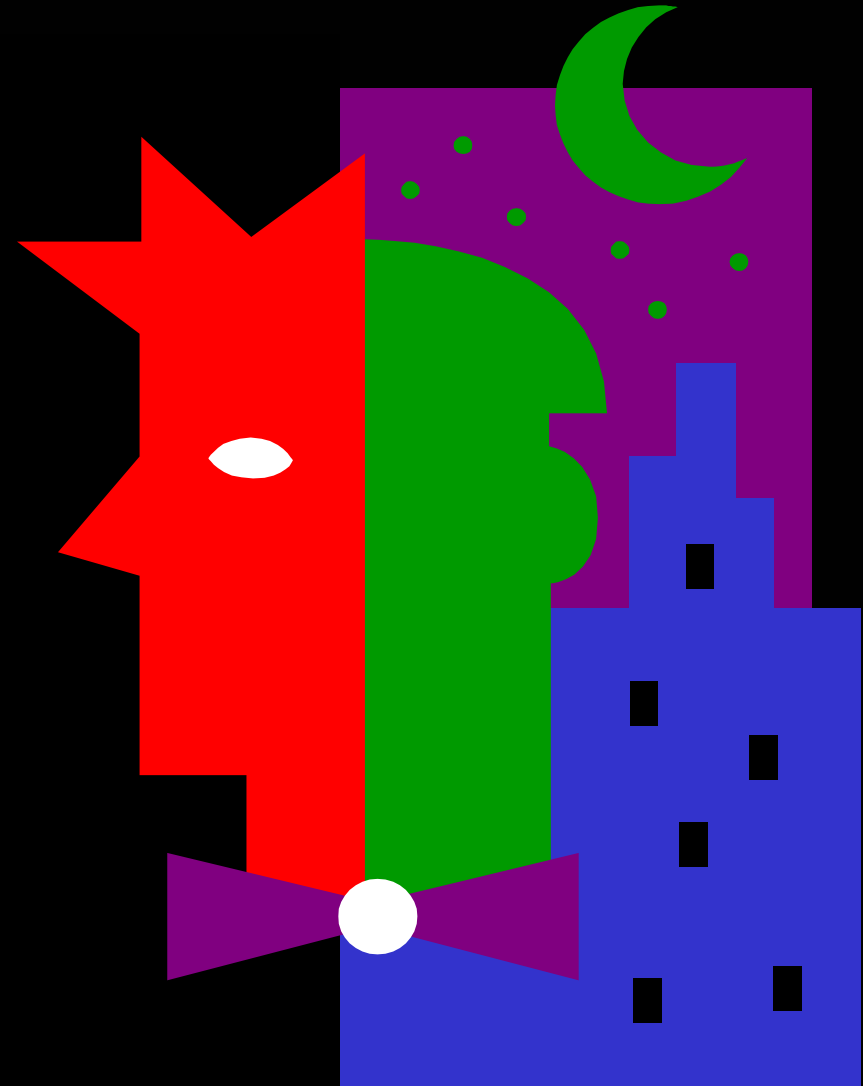
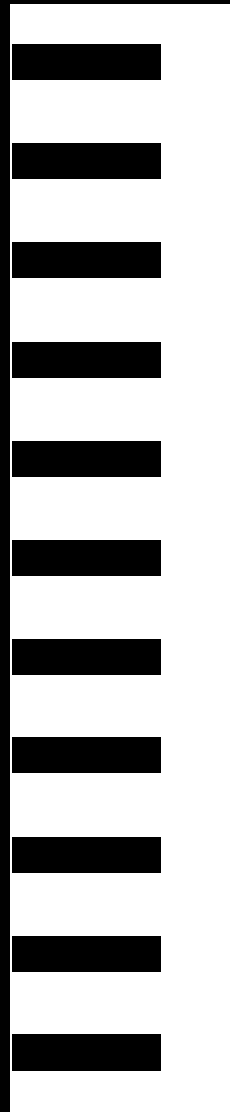
Topics for Today

**The Trouble with
CRM**

**Building Profit-
Based Segments**

**Keeping Most
Profitable
Customers**

**Financial
Services
Case Studies**



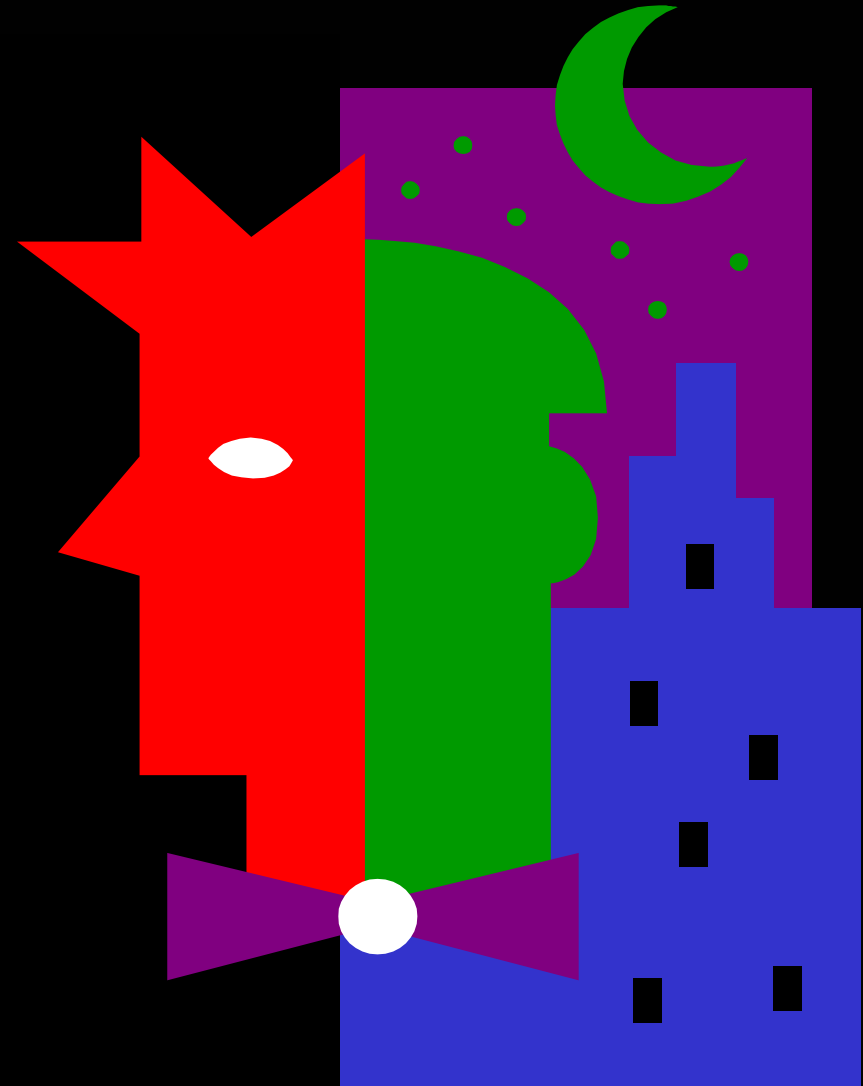
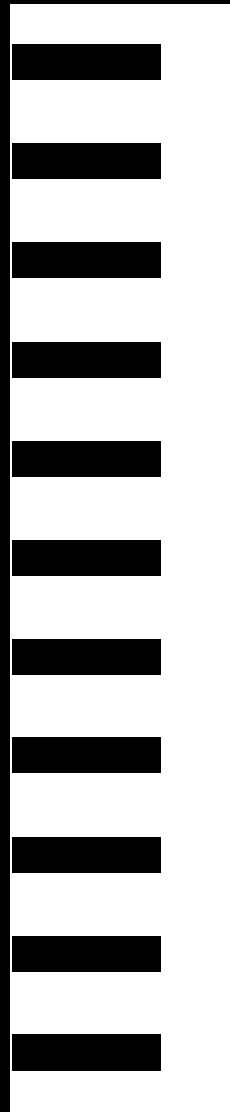
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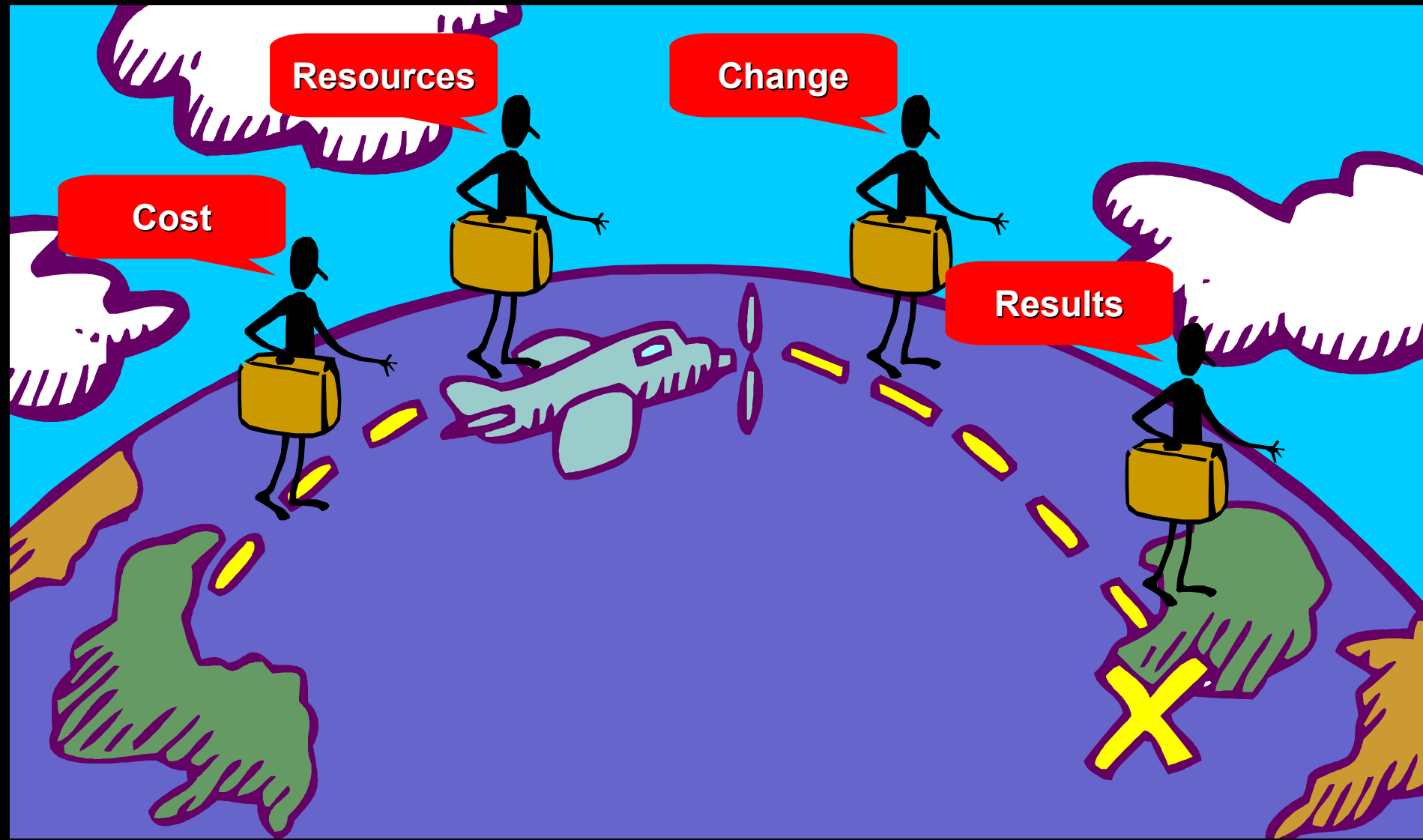
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CRM is a Scary Journey ...



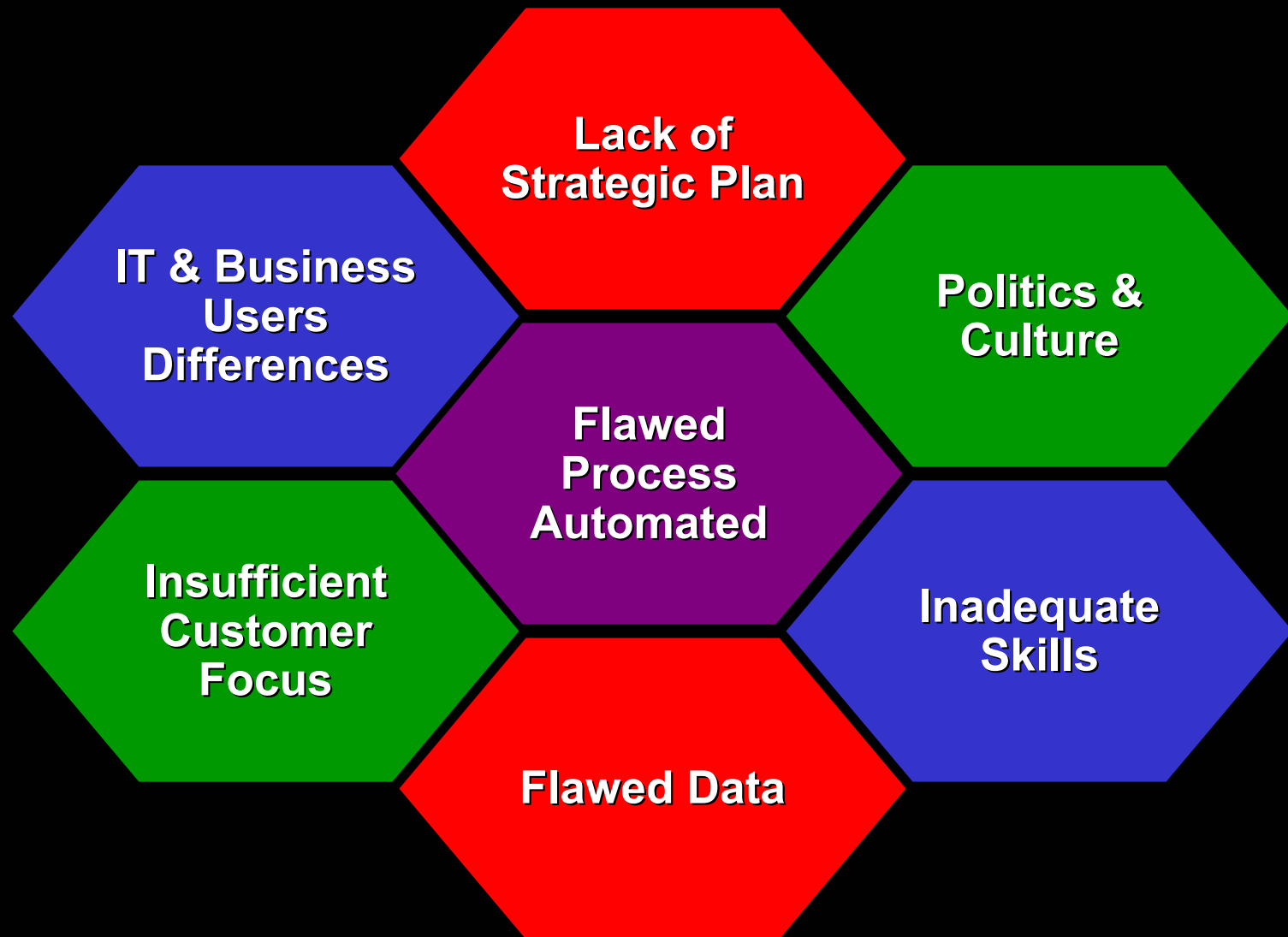
And Then There's

70%

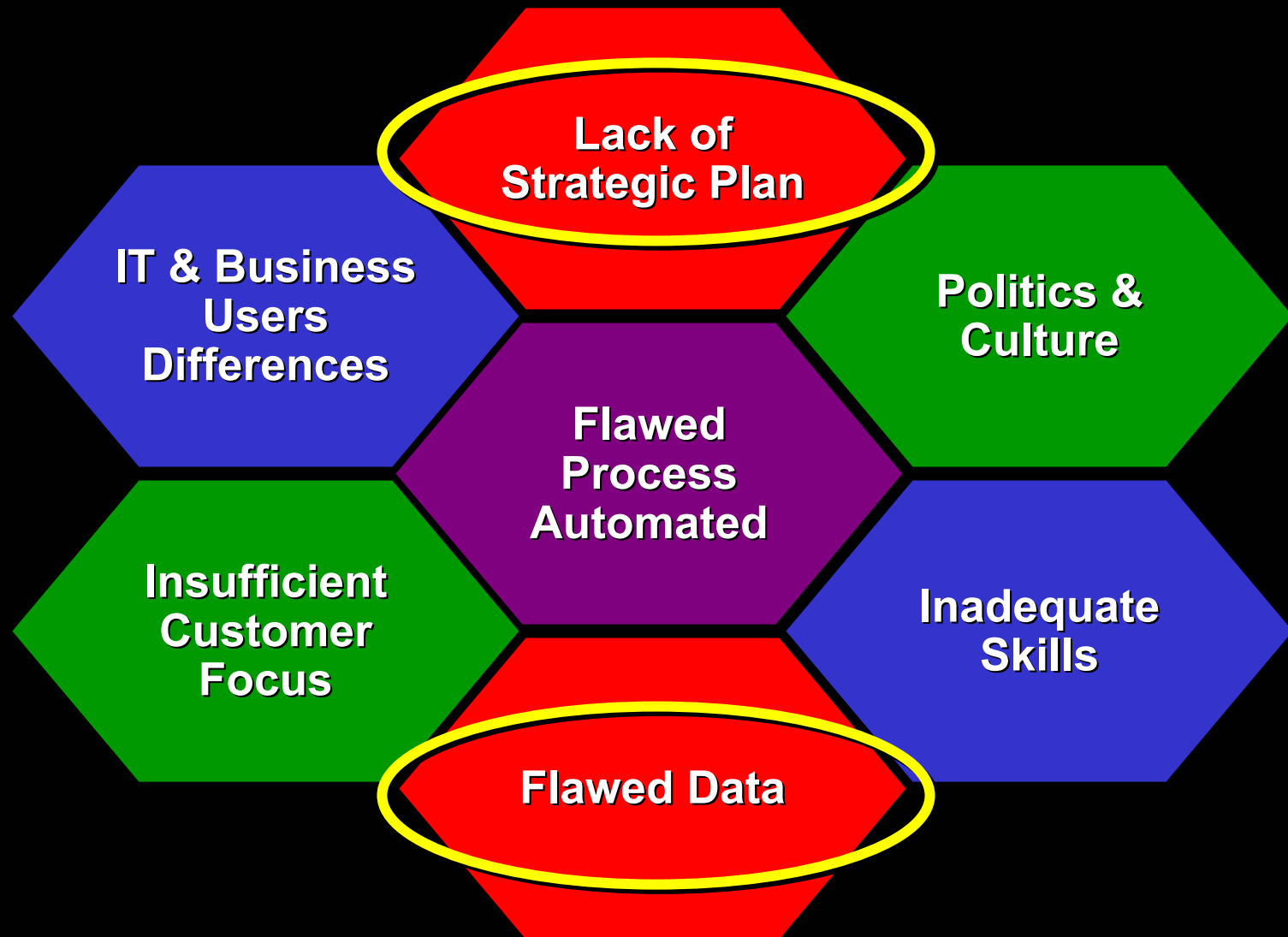


* Gartner - % Unsuccessful CRM Projects

Gartner Helps Us Understand Why CRM Fails



Gartner Helps Us Understand Why CRM Fails



Key Learning from Global Best Practice #1 – Align to Corporate Goals

**Right
Strategy**

**Builds
profitable
relationships,
not just
automated ones**

**Right
Metrics**

**Right Data
Customers
Campaigns
Testing
ROI**

**Drives business
growth and
streamlines
operations**

**Right
Technology**

CRM is NOT Just About Technology

CRM is business strategy whose outcomes **optimize** customer revenue, profitability & satisfaction...

Right **customer**

Right **product**

Right **time**

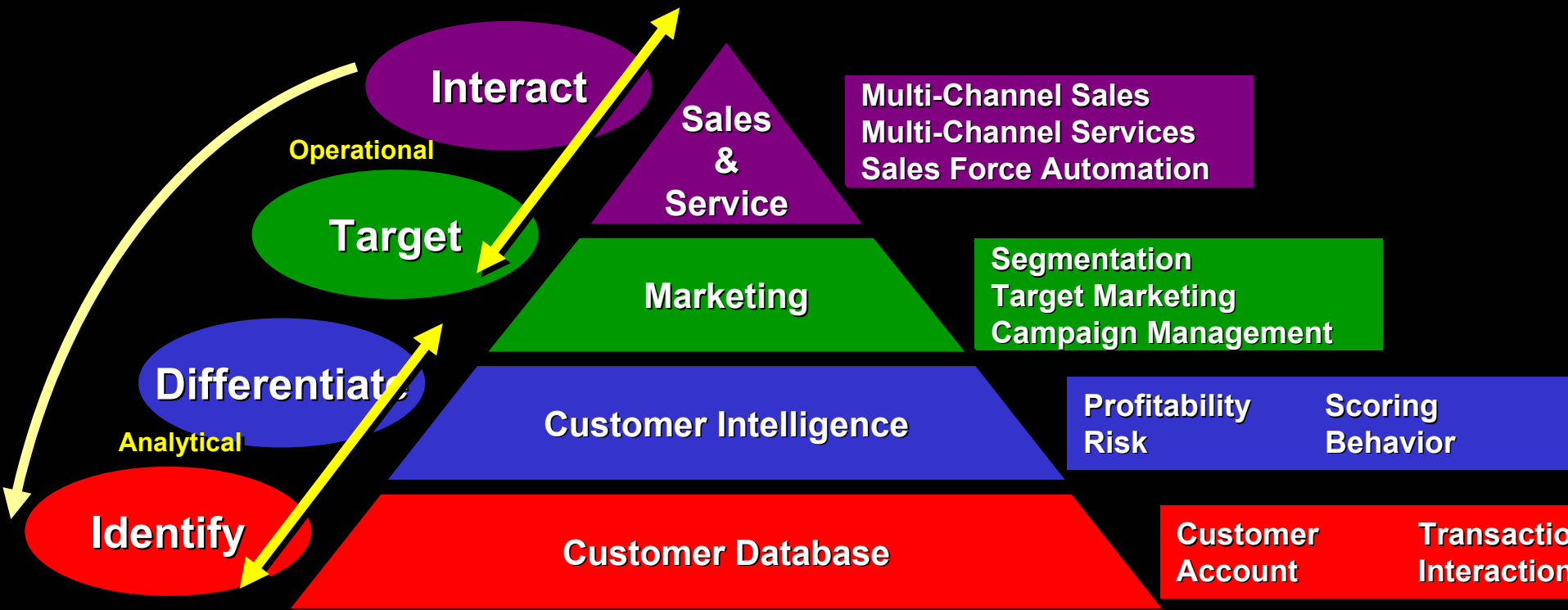
Right **'price'**

Right **channel**

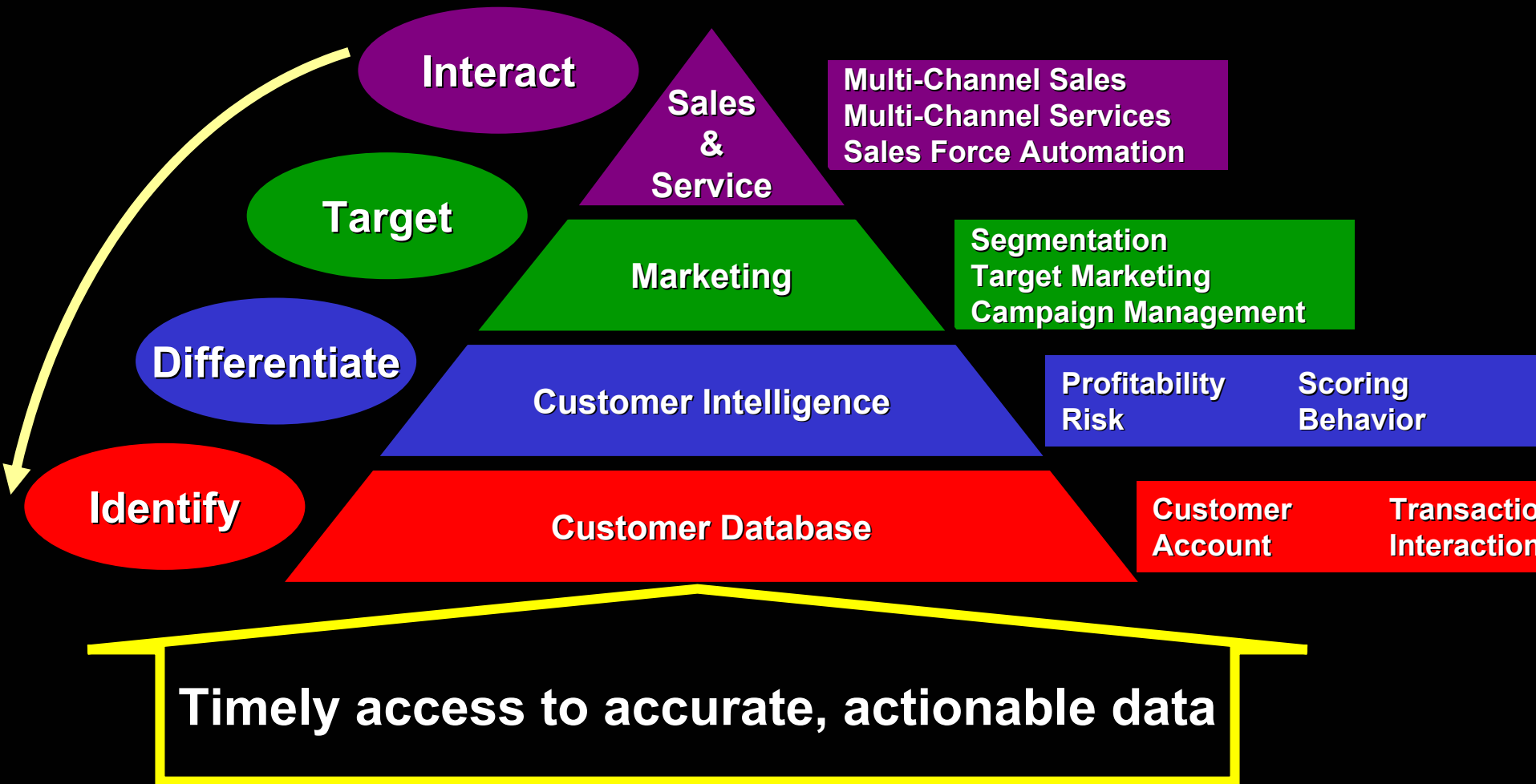
Right **message**

Right **cost**

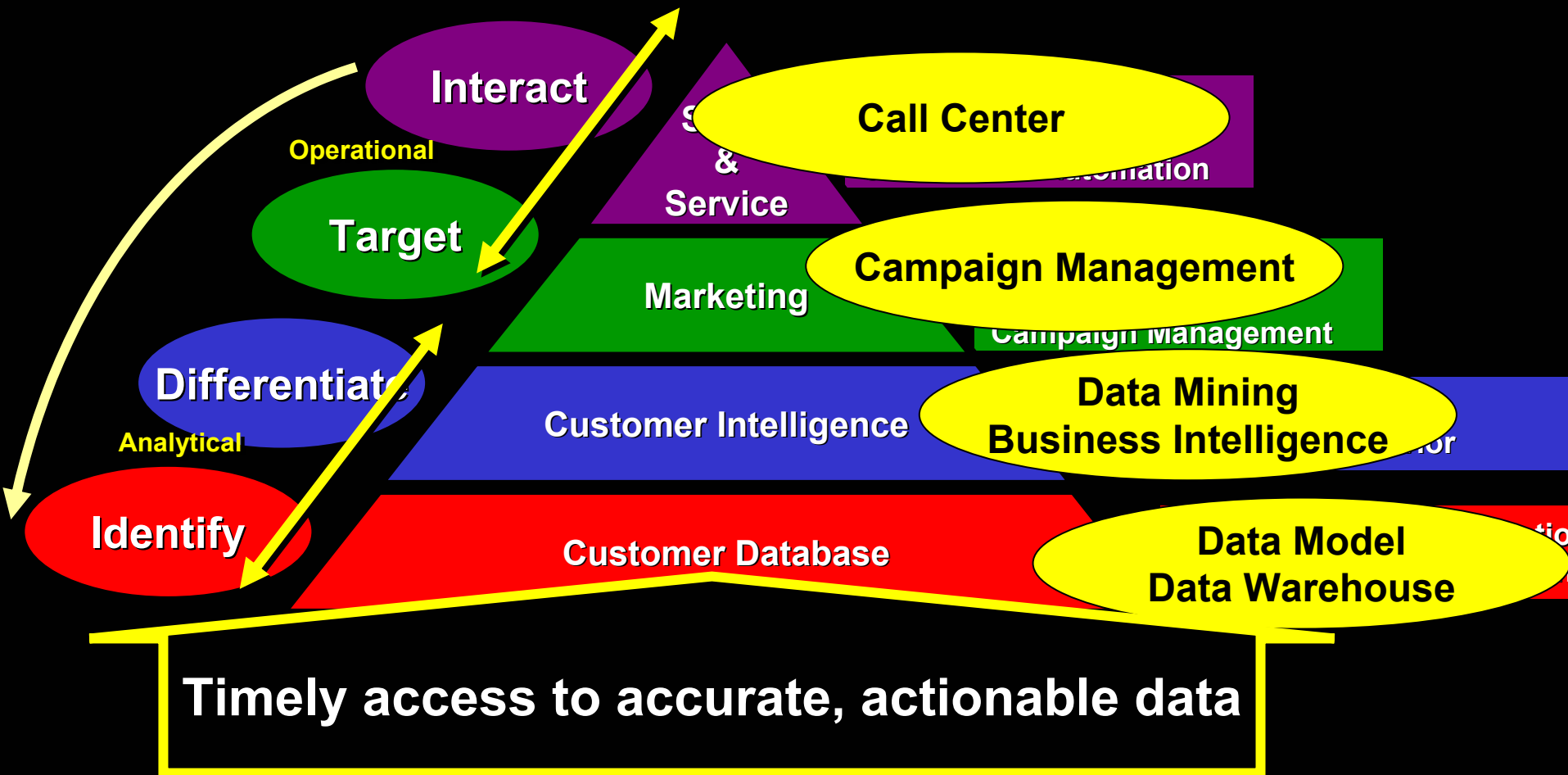
A Good Customer Database is the Foundation for All CRM Efforts



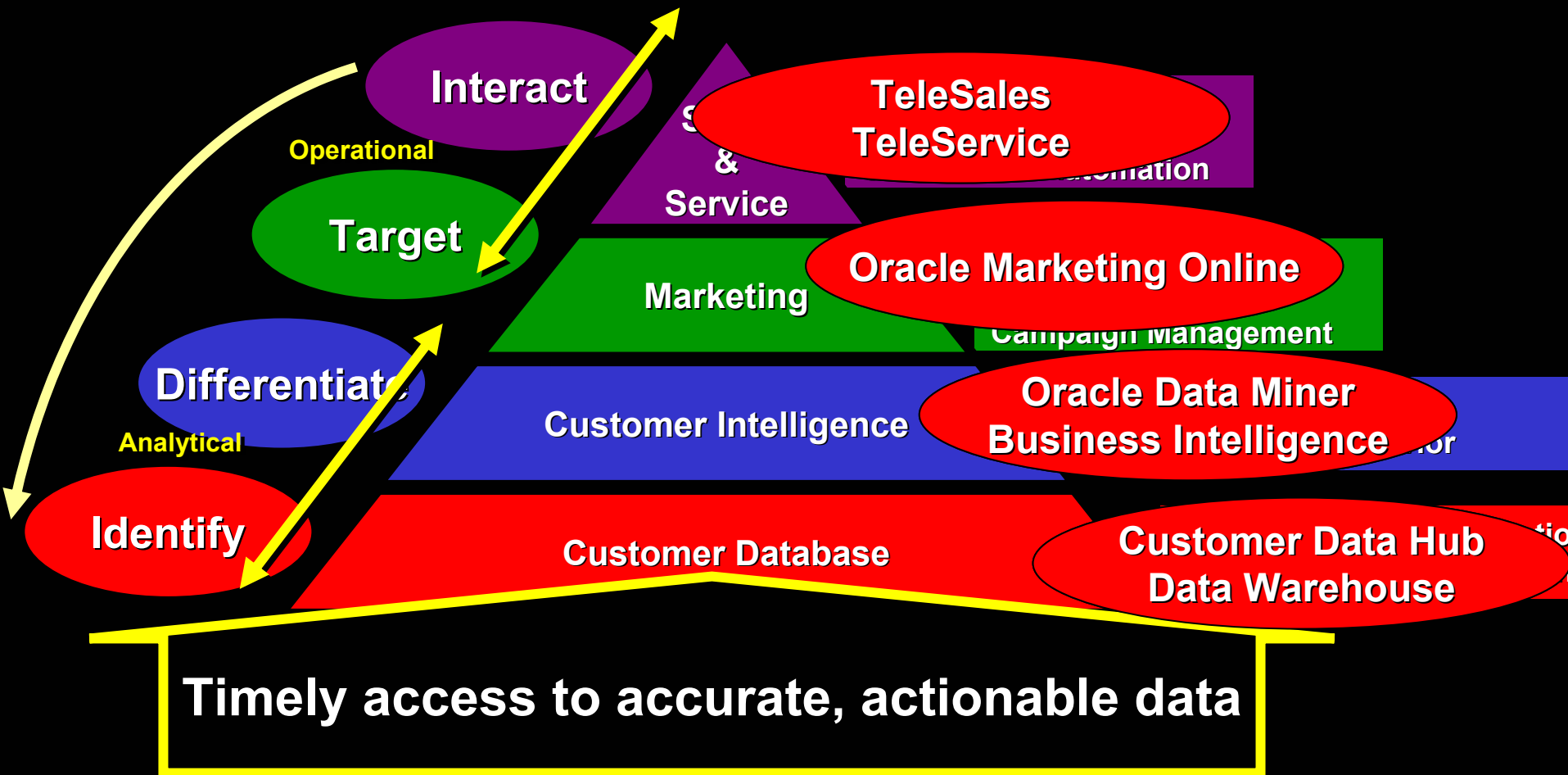
Key Learning from Global Best Practice #2 – Data is King



Role of Technology in CRM



Oracle's CRM Footprint



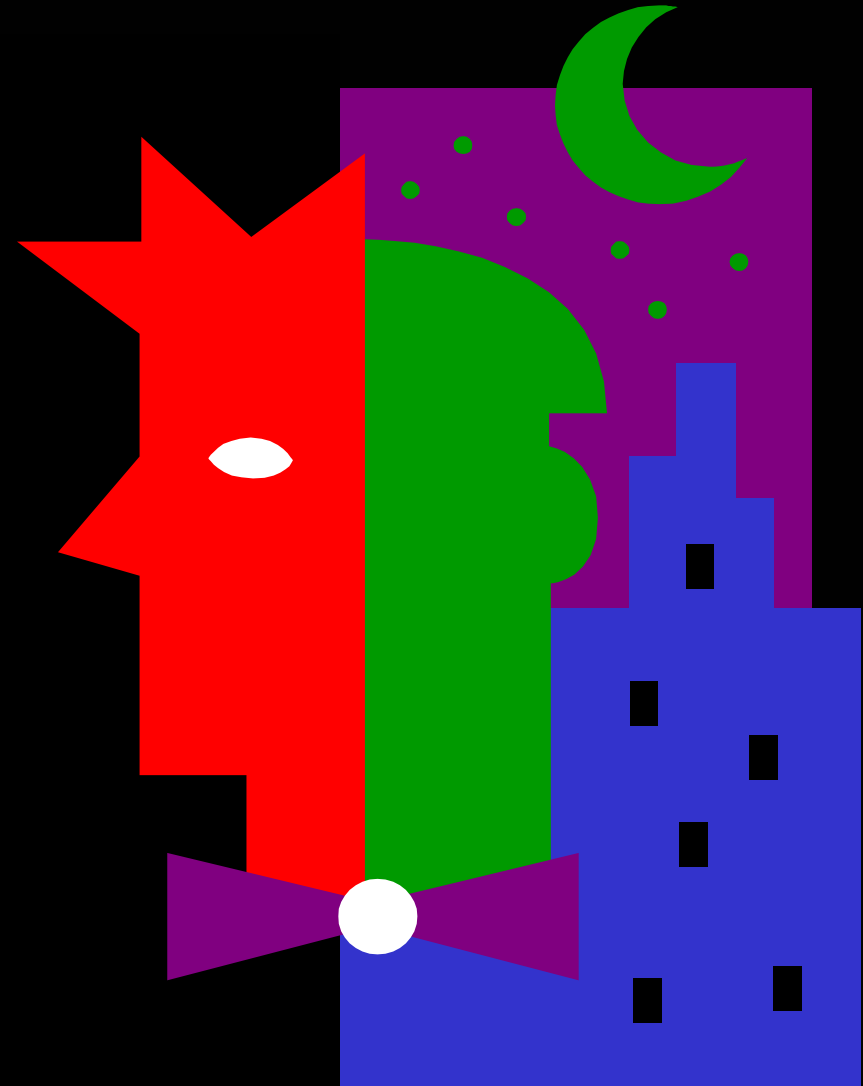
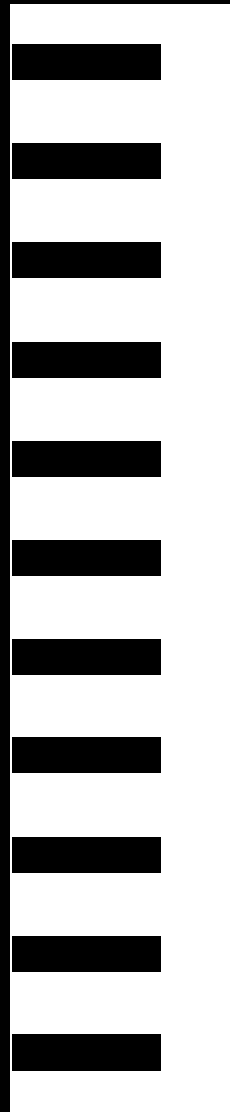
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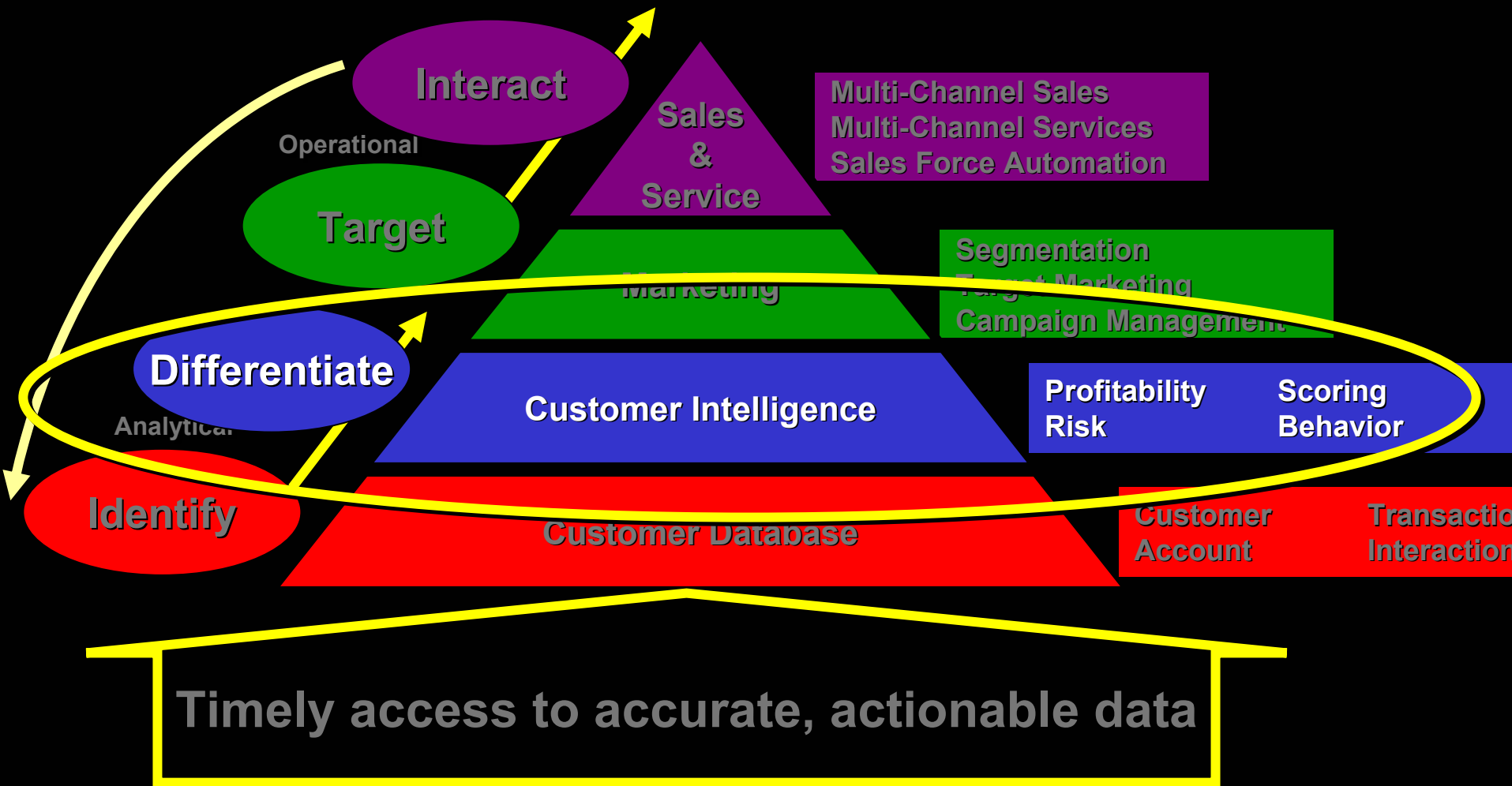
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Services Case
Studies**



Effective Segmentation Comes from Powerful Differentiation



Often Customer Segments Are Based On:

Demographics

Age
Occupation
Marital Status
Income
Etc

Lifestage

Young + No Kids
With Kids (by age)
Old + No Kids
Etc

Lifestyle

Interests
Attitudes
Psychographics
Etc

Often Customer Segments Are Based On:

Demographics

Age

Gender

Income

Lifestage

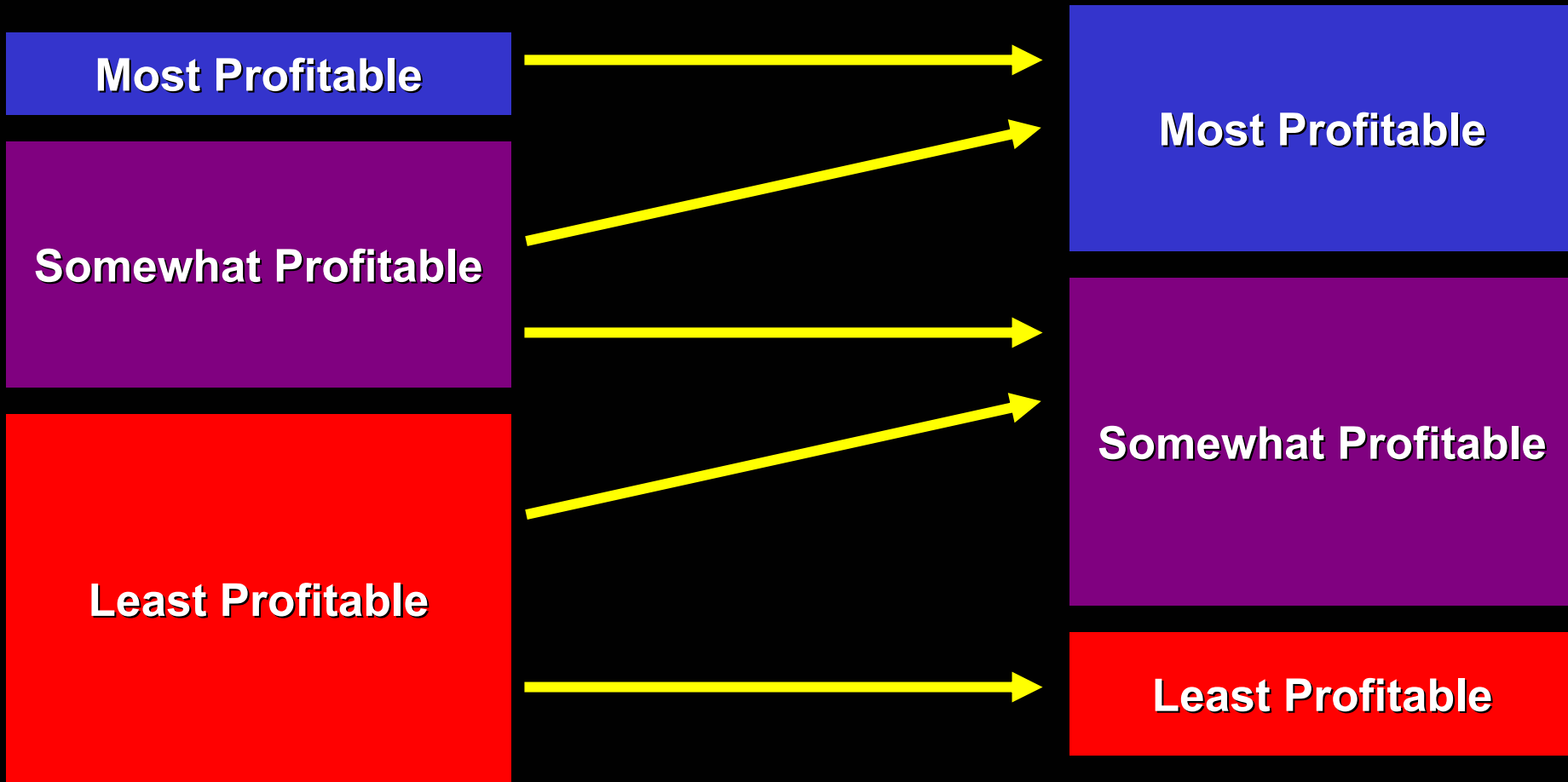
(Kids

Age)

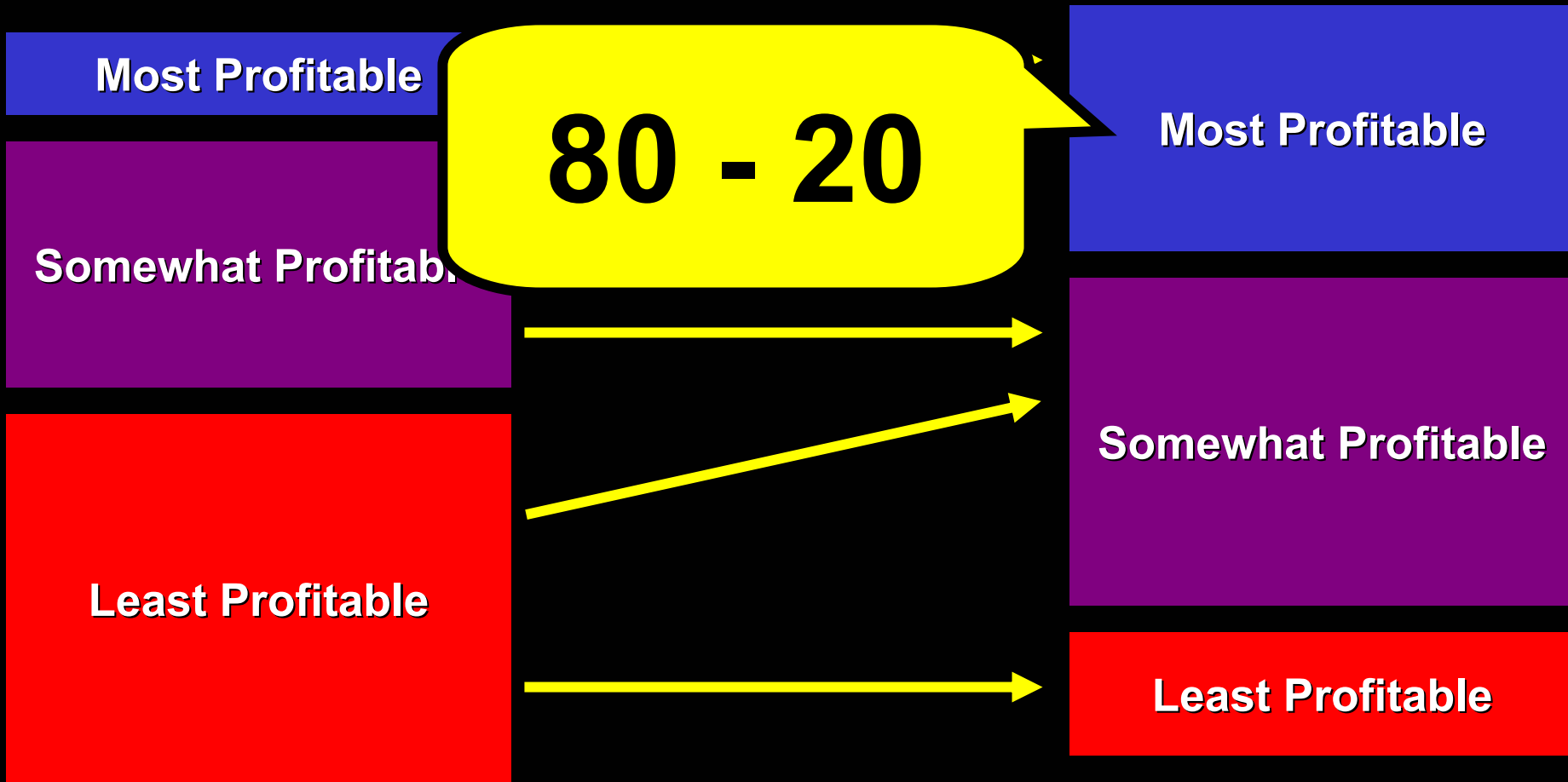
Meaningful
but not
Actionable

Etc

Key Learning from Global Best Practice #3 - Segment Using Business Value



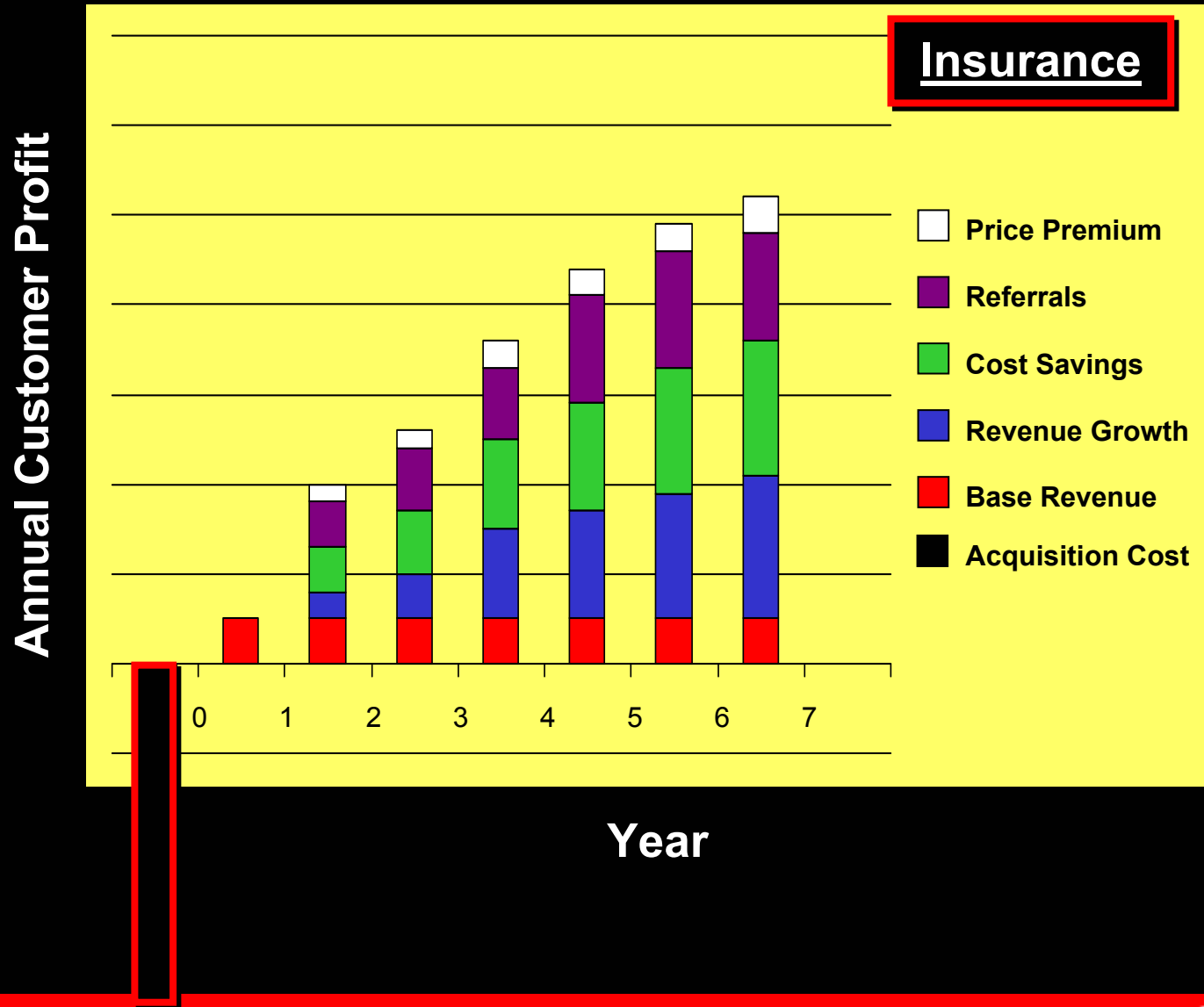
Key Learning from Global Best Practice #3 - Segment Using Business Value



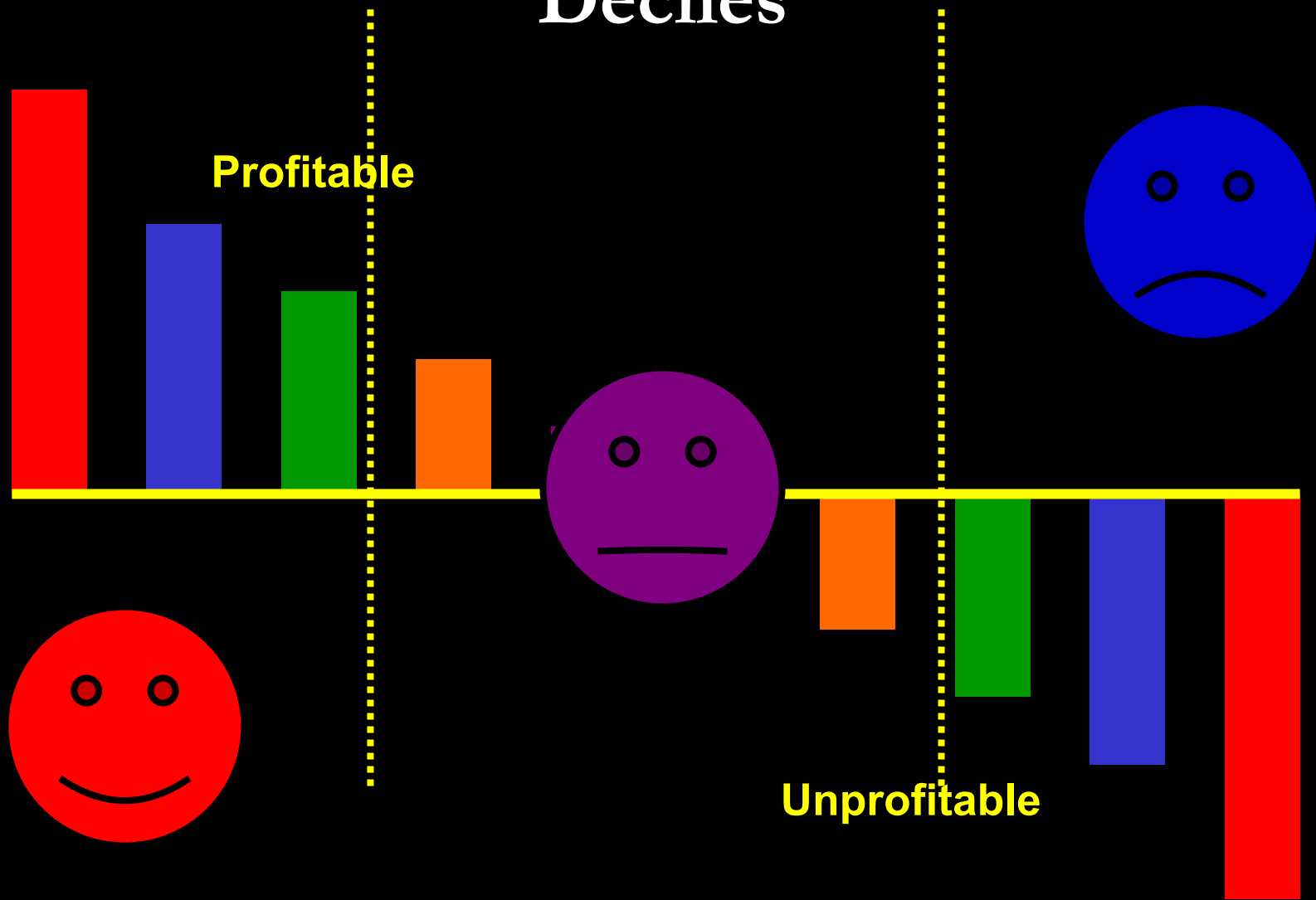
Not Every Industry Has an 80-20 Rule...

Within the Financial Services sector the top 20% of customers generate 150% of its overall profit

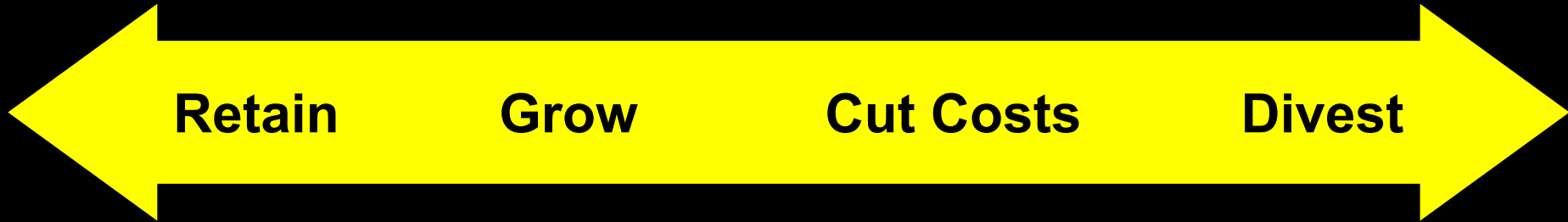
Customer Business Value is Based on Customer Lifetime Value



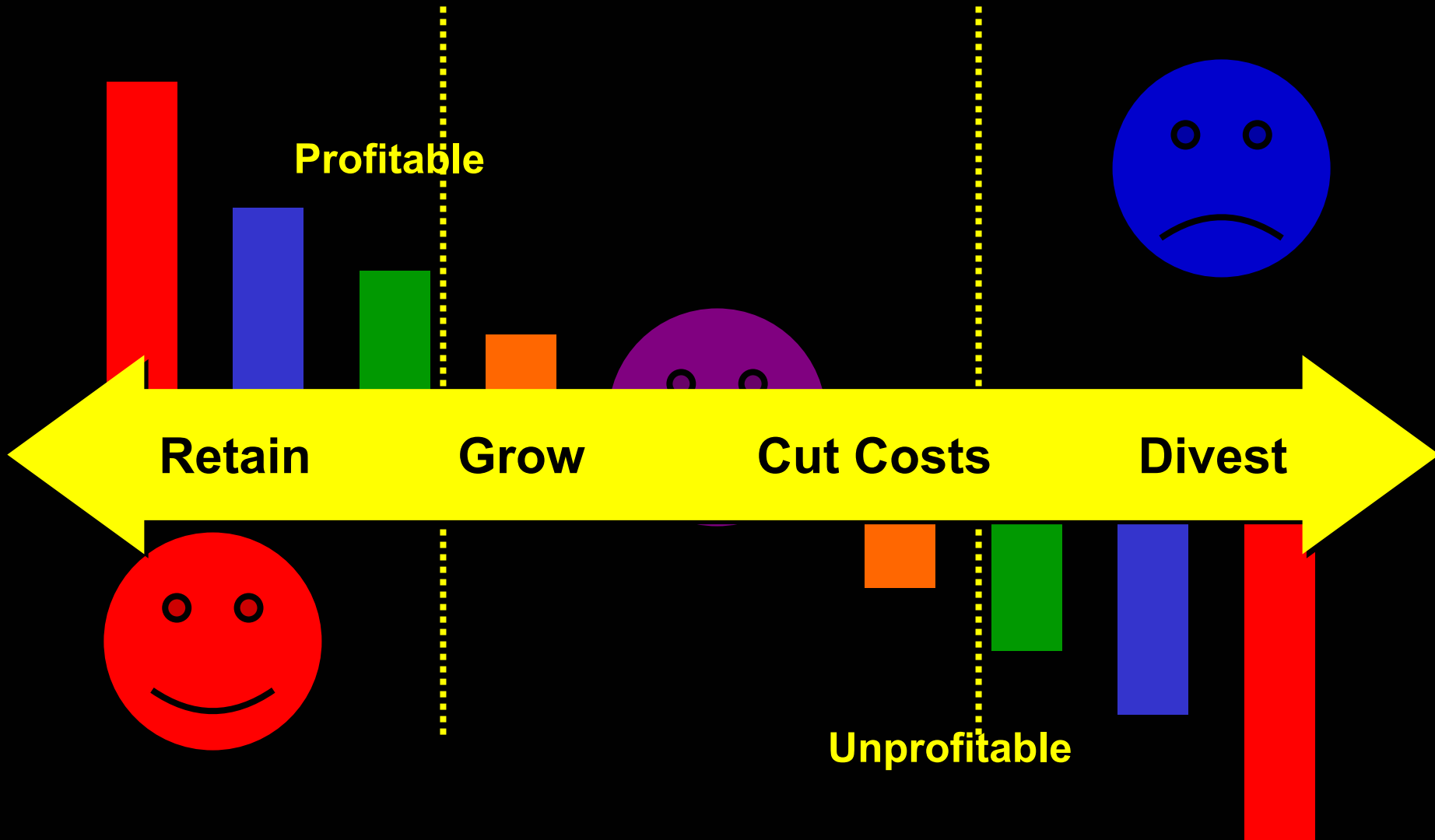
Which Allows Us to Create Customer Value Deciles



And Drive Customer Management Strategy



And Drive Customer Management Strategy



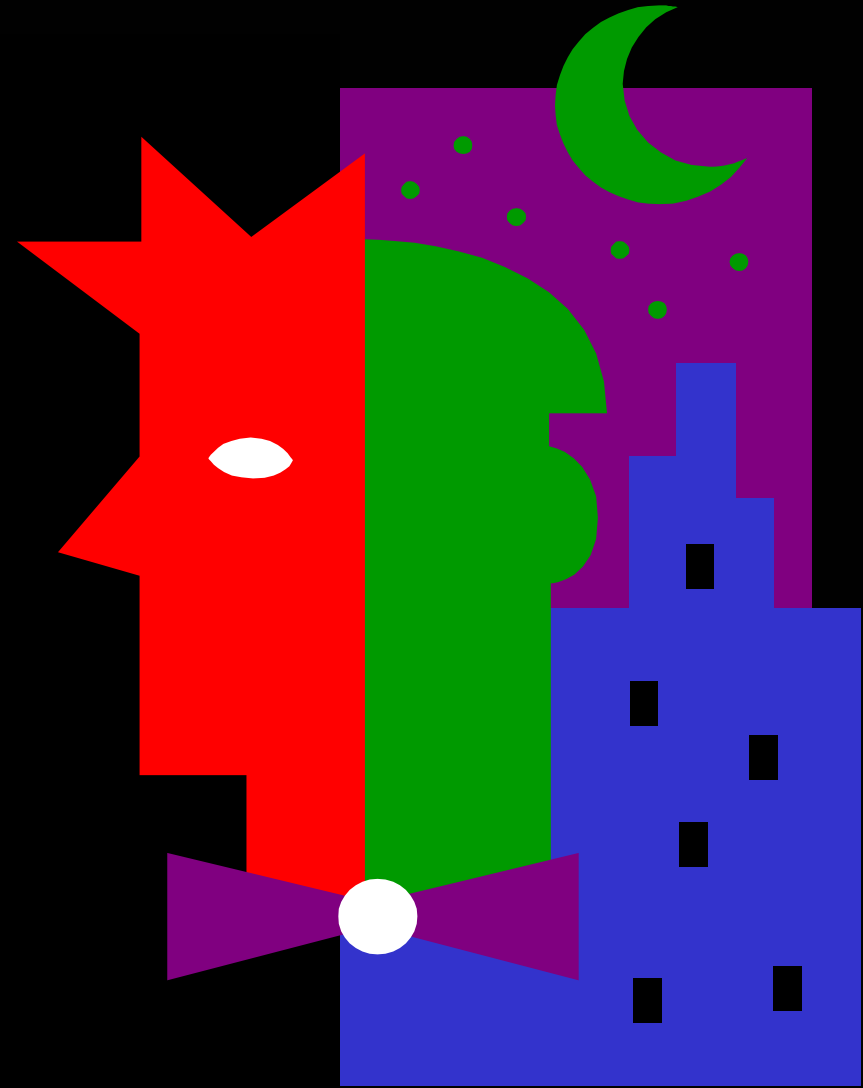
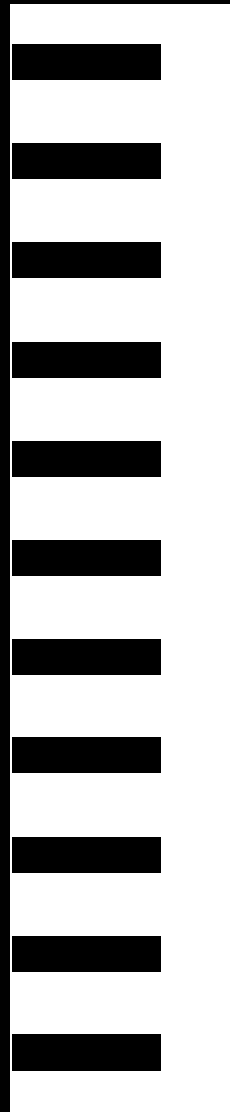
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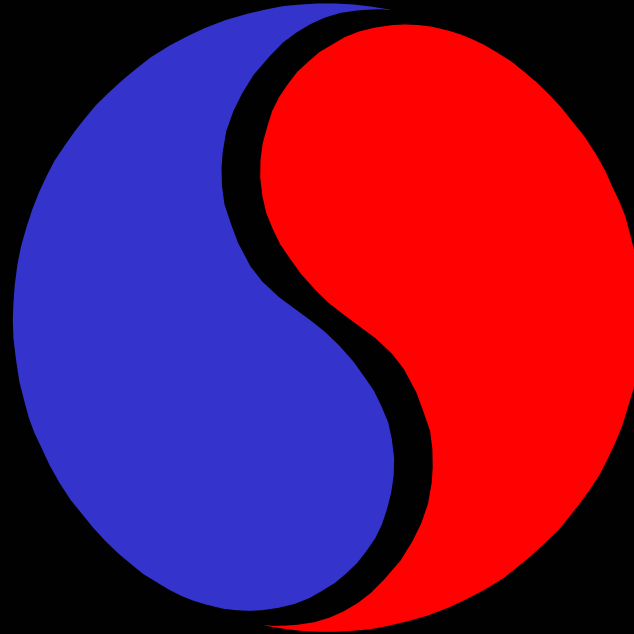
**Financial
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We Do That With the Concept of Customer Equity



What the Customer Means to Us



What We Mean to the Customer



Customer Equity

Customer Equity =

The total lifetime value of the customer to your category

MULTIPLIED BY

the probability he/she will do business with you

Customer Equity Defines the Balance Between Rational & Emotional Factors



High

Influential Customers

Active Customers

Advantage

Probability

Share of Heart

Non-Customers

Passive Customers

Vulnerable

Low

Low

Financial Value

High



Share of Wallet

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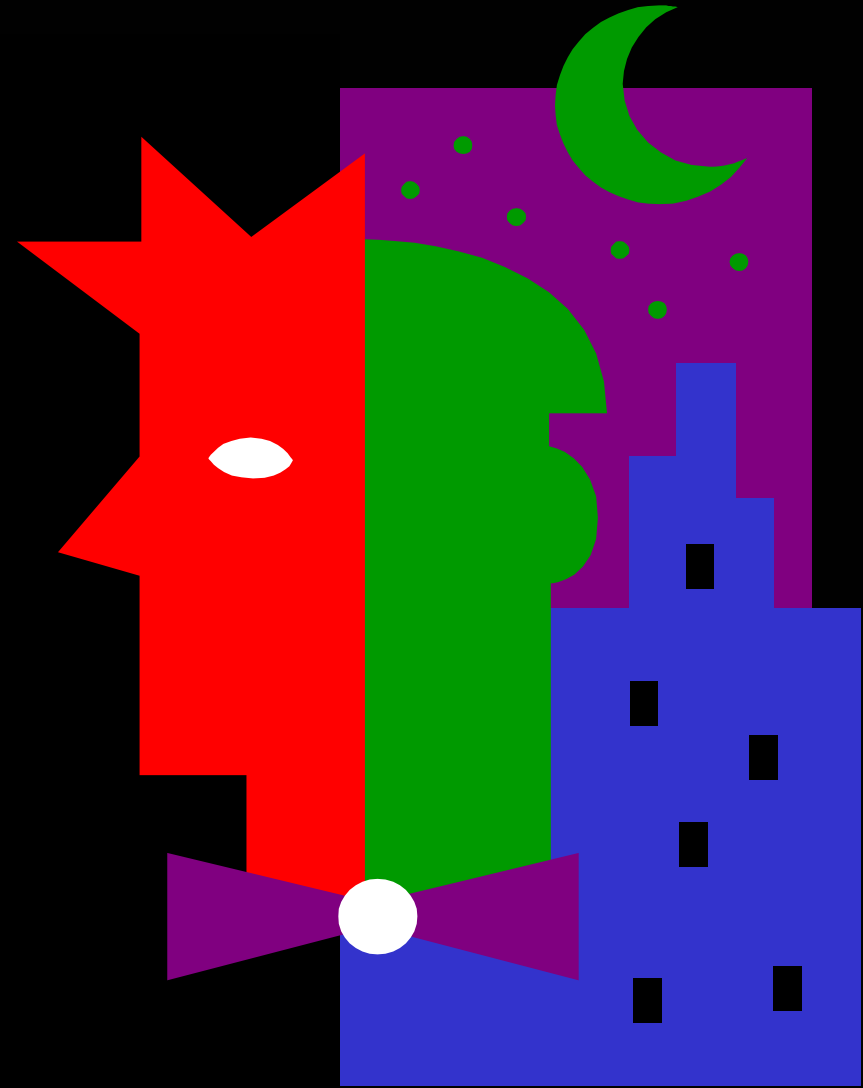
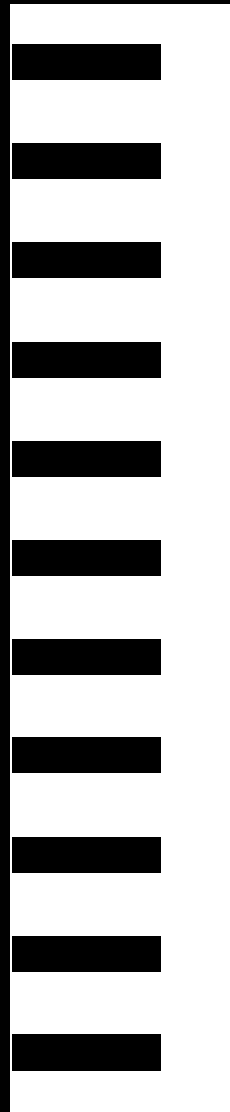
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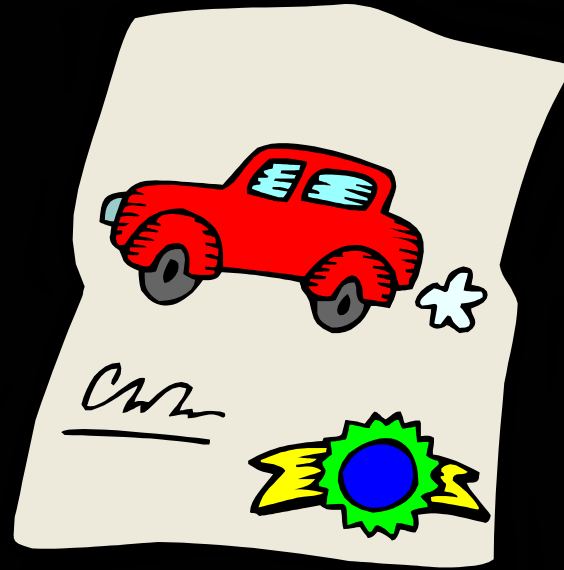
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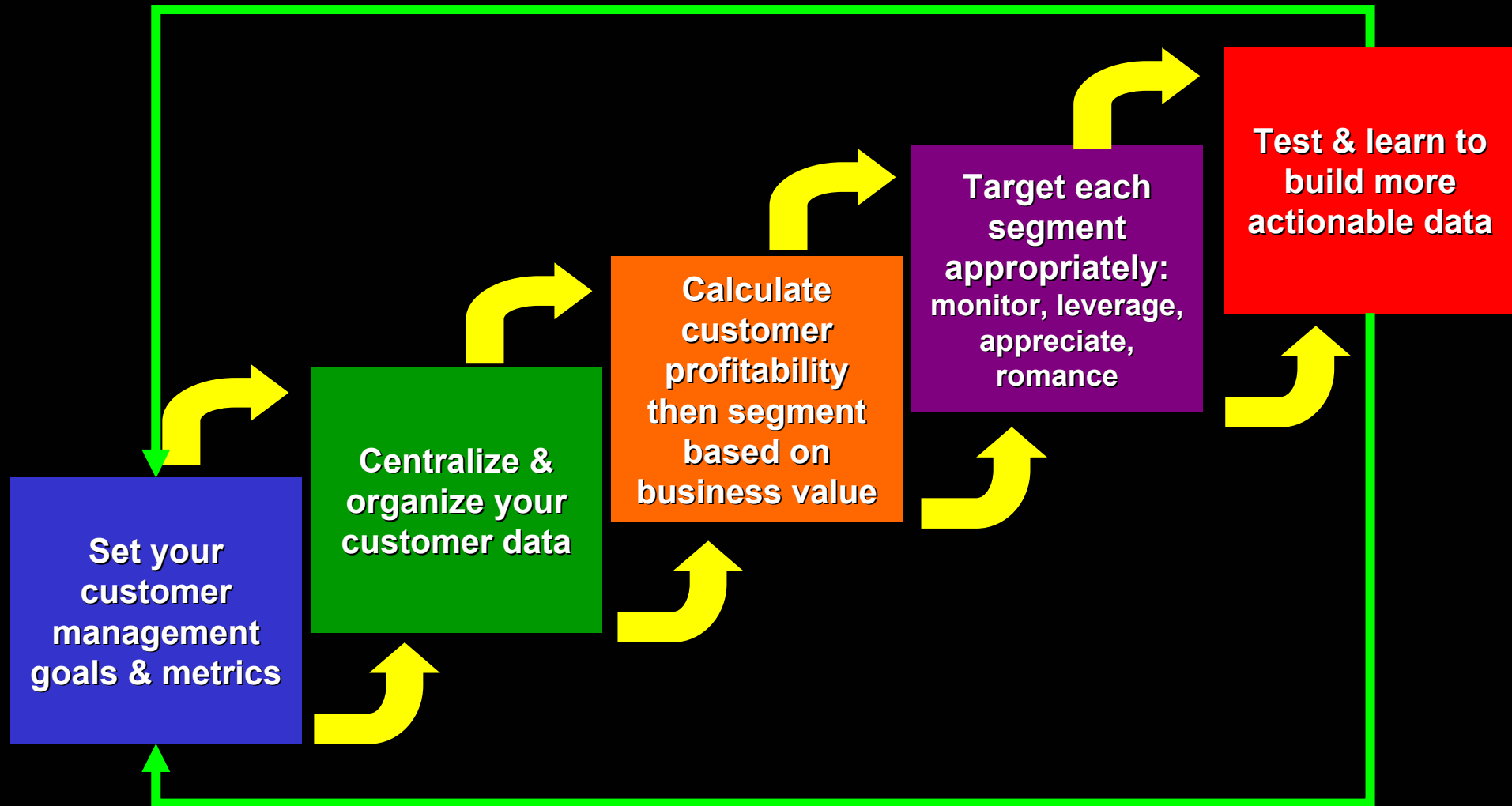
A Bank in Singapore...



An Insurance Company in Hong Kong...



Key Learning from Global Best Practice #4 – Close the Loop on Your Marketing Campaigns



In Summary, the 4 Commandments for CRM Success ...





QUESTIONS
ANSWERS

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