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Turning Customer Interactions into Money

Using Predictive Analytics to Achieve Stellar ROI

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Turning Customer Interactions into Money

Using Predictive Analytics to Achieve Stellar ROI Results

***"Prediction is very difficult, especially if it's about the future."*—Niels Bohr**

If only the famous physicist Niels Bohr had lived to experience the power and potential of the Internet age. Perhaps, then, he might have had something different to say about the concept of predicting the future. While the Internet and new technologies aren't crystal balls, the sheer wealth of information that can be gleaned about today's customers—and then applied toward anticipated future behaviors—is staggering. Failure to take this information into account is like leaving money on the table, or worse. You could simply hand it over to your competitors.

Today's smart companies use data, and the insight gained from it, to predict customer behavior. These smart companies then leverage this predictive knowledge to introduce new processes and actions that drive changes in customer behavior to increase enterprise profitability and mitigate risk.

Companies that are successfully competing on predictive analytics share some key characteristics.

Companies Featured

Cablecom (p. 4) discovered what its customers really needed, resulting in a reduction in churn from 19 percent to 2 percent.

Royal & Sun Alliance (p. 5) extracted and analyzed feedback from their motor insurance customers to improve retention and supplier performance.

T. Rowe Price (p. 7) defined customer segments and refined its client interactions to meet the needs of high-asset customers (i.e., those with more than $1 million in assets).

They have specific, well-defined business goals, measure both direct and indirect return on investment (ROI) benefits, and make the analytic results easy to access and act on for all employees. In doing so, these companies enhance existing business processes or create new actions and activities to realize positive results on several fronts. They are able to build their business by profitably acquiring, growing, and retaining customers as well as mitigating possible downside events by identifying cases of fraud, and creating models to help manage risk.

The companies that are the most productive in their use of predictive analytics start with a targeted, specific business objective—such as reducing attrition with high-value customers. They gather qualitative and quantitative data around those customers, build models to predict why and when they churn and then create a strategy to meet these customers' needs before they choose to leave. Using the results from a focused success story as a proof point, the organization then has the credibility to branch out into other parts of the enterprise. And the proof points can be extremely powerful. In one example, American Airlines used predictive analytics to better understand the relationship between various customer segments and differential flight patterns. They achieved sky-high ROI results of nearly 1,200 percent in a period of two months[1].

With the rapid rate of change in the global economy, the need for customer knowledge

Companies that are competing on predictive analytics have well-defined goals and measure direct and indirect ROI benefits.

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and predictive insight has never been more urgent. The competitive necessity for predictive analytics programs must become a priority for senior-level executives, sales managers, marketing directors, and anyone else in a company who is ready to look past short-term results and into a profitable future. Businesses must be prepared to merge all kinds of data: structured and unstructured, quantitative and qualitative, information around transactions, customer attitudes, preferences and expectations in order to acquire, retain and grow profitable customer relationships. In doing so, companies that successfully implement predictive analytics will drive profitable growth, enhancing their bottom line.

This whitepaper makes the case for using predictive analytics as a catalyst for that growth. It includes best practices from several global companies including: Cablecom, Royal & Sun Alliance, and T. Rowe Price. Ultimately, it is about maximizing the level of understanding that can be achieved with customer data, and then taking proactive steps to establish new processes and activities based on that knowledge to achieve stellar ROI results.

Defining Predictive Analytics and its ROI

While business intelligence enables companies to measure customer behaviors, it is essentially a record of the past and usually reported at an aggregated level. But a more urgent and cutting-edge approach is competing on predictive analytics. The difference is this: Traditional analytics tools will tell you which customers bought the most in such and such region during a specific promotional campaign. But traditional tools will NOT tell you why these people bought and what they are likely to buy next. Predictive analytics helps companies get at the "why," creating a more actionable strategy to drive a deeper, more relevant relationship with each customer.

Predictive analytics enable a business to look forward, and make educated decisions that anticipate the future needs of customers. It combines the known numbers with critical insight to solve problems, achieve business objectives, uncover hidden patterns in customer behavior, and then use the combined knowledge to inform activities that can improve performance. The loop is completed by capturing the results from the activities and feeding that insight back into the system. The result: an ongoing cycle of increasing customer understanding.

When it comes to competing for customers, many of today's name-brand companies, including Amazon, Coach, Harrah's, Procter & Gamble, and the Royal Bank of Canada, are doing so with the use of sophisticated analytics tools. Even the 2007 World Series champion Boston Red Sox have benefited from incorporating predictive analytics into their game plan.

Too many companies fail to measure that performance improvement. Therefore, they don't fully understand how predictive analytics initiatives benefit their companies. As a result they don't calculate how much money should be invested in predictive analytics. A recent report from Nucleus Research, Inc. found that fewer than 25 percent of companies conduct any business-case models for IT investments, such as analytics, and most companies don't have a standard or consistent way to calculate ROI for IT across the enterprise. Yet, these analytics initiatives can pay off very handsomely. A 2004 IDC report studied dozens of companies and hundreds of predictive analytics projects. It found that the median ROI for the projects that incorporated predictive technologies was 145 percent, compared with a median ROI of 89 percent for those projects that employed only traditional analytics[2].

A recent report from Nucleus Research, Inc. shows that fewer than 25 percent of companies conduct any business-case models for IT investments, such as analytics.

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Cablecom Reduces Churn

Measuring and executing a predictive analytics initiative involves much more than just crunching numbers. A good example can be found in the recent work of Swiss cable operator Cablecom and their technology partner SPSS. Cablecom is Switzerland's largest cable network operator serving approximately 73 percent of the Swiss cable market. In 2005, Cablecom's analytics "department" consisted of two people. Today, the analytics function has been transformed into the customer insight and retention group and is comprised of 15 full-time staff with a leader reporting directly to the CMO.

The customer-data driven journey at Cablecom started with analysts focusing on behavioral customer data, such as orders, transactions, and payment and usage history. Analysts from the group generated daily spreadsheets for the customer retention group, which was responsible for making recommendations to marketing on strategies to keep Cablecom's two million customers from defecting to one of its competitors. This approach gave Cablecom a good current-state view based on transactional data, but it did not tell them much about what customers would need, want and expect from the company in the future.

It was time to take the next step on the predictive analytics journey. Cablecom's customer insight group started to integrate attitudinal data, such as customer service opinions, communications preferences, and overall customer satisfaction. This information was collected from various customer touch points, including billing, surveys, and email feedback. It included questions such as: How satisfied are you? What is important to you? Where can we improve? The group now collects this more complete picture of customers during different steps in the customer journey. This insight has led to more long-term contracts, bundled services (cable, wireless, and Internet) and a reduction in churn from 19 percent to 2 percent[3].

"You can either harness the power of customer preferences and data or you can be displaced by it. It is time to open the dialogue before your competitors pre-empt the conversation."

– Erick Brethenoux, Vice *President, Corporate Development,* SPSS

The Case For Predictive Analytics: Rapid Pace of Change

Over the past year, the rate of customer value change, customer behavior change, and overall economic change has been dramatic. The stock market regularly rises and falls hundreds of points in a single day. Entire businesses such as real estate, financial services, and retailing have been redefined. This rapid pace of change challenges traditional customer relationship strategies. In the past, collecting transactional data used to be the sum total of an effective analytics strategy. But that cannot be the case today.

"You can either harness the power of customer preferences and data or you can be displaced by it," says Erick Brethenoux, SPSS vice president corporate development. "Predictive analytics unlocks the value of existing data to provide specific, real-time recommendations and maximizes interactions – it is time to open the dialogue before your competitors pre-empt the conversation."

Aggregate knowledge is good, but individual knowledge is better

Traditional analytics can show trends in customer spending at the aggregate level. For example, last year's holiday shopping season was notable for a 21 percent increase in online spending. That's a major change in customer behavior as a whole. To really dig deep and gain insight into individual customers that your competitors might not have requires the use of predictive analytics. It enables your business to fully understand changing customer attitudes and spending patterns and leverage those to lock in a deeper, long-term connection with those high-value customers.

As we mentioned before, the use of predictive analytics will help a company answer the "why" question. In uncovering the motivation behind a specific behavior, it shows a company how these kinds of behaviors from target customers could change in

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the future. For instance, just because their MVCs (Most Valuable Customers) bought more online in 2007, does not mean they will do the same in 2008. Did free shipping increase MVC conversion rates? Are online MVCs more responsive to emails during the holiday season? Did MVCs buy more at the last minute because of increased discounts? Which products can the company put in front of these MVCs for cross-sell and up-sell? Which is the best channel and when is the best time? This type of insight enables a "predictive enterprise" to focus its efforts to the greatest return.

Predictive analytics help manage risk and identity fraud

Used properly, predictive analytics can serve both the customer's and the enterprise's long-term needs and build a deep and trusting relationship. The sub-prime mortgage crisis is a clear example of what can happen to companies that don't pay attention to those needs. It surprised the financial markets and wreaked havoc on banking balance sheets. Might it have been different if companies used predictive analytics?

Here is a case in point reported recently in the *LA Times*. Executives at Connecticut-based Clayton Holdings Inc. told the loan reviewers that they didn't want them to focus on finding every potential problem with a sub-prime loan. Rather, the executives say, the job was to perform specific tests to help buyers determine how much to pay for the loans. In some cases, the investors wanted only minimal testing, said Frank P. Filipps, Clayton's chairman and CEO[4]. Predictive analytics, in this case, could have served the customer better and helped an entire industry avoid an economic crisis. If Clayton Holdings had used the models that it already had in place, it is likely that many of those loans would not have been made in the first place.

"A lot of people use predictive analytics to control risk," says Colin Shearer, SPSS senior vice president of market strategy. "An obvious use is scoring applicants on credit risk before making a lending decision. But we also see credit risk models used increasingly in conjunction with purchase propensity models–why would you push a sales offer at a likely buyer, if you can also predict that they won't be able to pay for it?"

Building deeper engagement at Royal & Sun Alliance

The desire to build deeper customer engagement drove the urgent case for predictive analytics for SPSS' client, Royal & Sun Alliance (RSA). RSA writes business in 130 countries, providing general insurance products to over 20 million customers worldwide. The London-based underwriter started 2007 with a commitment to understanding more about what customers liked and disliked about its service, which ranges across automotive, residential and commercial insurance. According to Alastair White, customer strategy director at RSA, predictive analytics presented "a way to treat customers as individuals."

RSA originally employed an SPSS solution to extract and analyze customer feedback in the contact center. The company is using predictive analytics to identify the causes of complaints and then prioritizing actions to resolve them based on which complaints have the biggest impact on retention. This knowledge is helping the company understand how to better meet their customer's unique needs, build deeper engagement and reduce attrition. Moving forward, RSA hopes to build on this learning and proactively identify and resolve latent complaints before they happen based on an individual's personal service preferences and dislikes.

Predictive analytics is helping drive RSA's customer centric strategy and White is seeing results. "We're seeing that the business case for predictive analytics is exceptionally strong" White says. "Benefits include substantial value realized through areas such as complaint identification and resolution, reducing operational costs and customer feedback analysis. The greatest value occurs when you can link the data sources and build a picture of an individual customer's attitudes and behaviors. At that point we can provide what all customers are looking for—a service that suits them as individuals. This is a capability we are striving for."

Predictive analytics can serve both the customer's and the enterprise's long-term needs and build a deep and trusting relationship.

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Predicting Volatility: A Q&A with Don Peppers

We asked Don Peppers, co-founder of Peppers & Rogers Group, if an economic downturn should change a company's investment plans in customer strategy, infrastructure, or analytics technology.

Q: Let's say I'm an executive at a company that has just lowered its 2008 sales forecast by 5 percent. Why should I spend more money on customer strategies like analytics?

A: Because it represents your best shot at achieving that sales forecast, whatever it is. Companies are tempted to cut investments if they think the economy is not going to generate the spending it has seen in the past, and we've certainly seen a pretty good run-up over the past few years. But customer relationships and customer relationship technology like predictive analytics are not cost centers. They're profit generators. A well-executed relationship marketing strategy increases cash flow immediately, in my experience.

Q: Does a volatile economy change customer strategy?

A: Depends on your company. Not every vertical and not every company has the same set of economic realities. A start-up is still focused on customer acquisition; a more mature company is still focused on customer retention. I think that a volatile economy changes two things. First, in a volatile economy it's much more important to measure your customer's activity and try to predict future activity. Volatility brings change. Be ready for that. Second, if a group of customers become unprofitable, and unprofitable customers exist in any economy, you can see that and act accordingly.

Q: If consumer spending drops with a specific company, does that mean its customer value or customer equity drops as well?

A. Definitely. Consumer spending generates profit, when spending declines profit declines. It's possible that in some circumstances short-term spending by a customer might decline even as the customer's lifetime value increases (as might happen, for instance, when the company makes an objective, trust-based recommendation to a customer that doesn't generate an immediate sale), but an economic decline is not one of those circumstances. Predictive analytics is a method of predicting customer behavior. It is important to point out that it is not an overall economic indicator. That doesn't lessen its value in an unstable economy; in fact it increases that value.

Competing on Predictive Analytics

RSA and Cablecom are two examples of companies that compete on predictive analytics. Companies that do so always seem to exhibit two best practices: 1) they establish clear, well-defined goals and act on them, and 2) they use stringent measures to monitor their ROI.

It should be understood that to extract real value, companies must be willing to make a genuine commitment to this effort. They can start small but it is not just a one-shot deal. The organization must have the willingness to start with one project but then apply that knowledge across the enterprise. They must be able to deploy the results from models and customer scores directly into operational systems such as call-center applications, Websites, ATM's, kiosks, and any other channel where they interact with their customers. Long gone are the days of just developing predictive models for a single business segment. Companies winning on analytics have made operational and organizational changes so that they can embed these insights across the enterprise on an ongoing basis and are achieving remarkable results.

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Characteristic 1: **Establish Well-Defined Business Goals**

I'm often asked the question, "Do you think there is extraterrestrial intelligence?" I give the standard arguments—there are a lot of places out there, and use the word 'billions', and so on. And then I say it would be astonishing to me if there weren't extraterrestrial intelligence, but of course there is as yet no compelling evidence for it. And then I'm asked, "Yeah, but what's your gut feeling?" But I try not to think with my gut. Really, it's okay to reserve judgment until the evidence is in.

—Carl Sagan, *The Burden Of Skepticism*[5]

Well-defined business goals will lead to higher ROI for predictive analytics because the scope is focused and more accurately measured. For example, for a retailer, a broad goal would be to increase sales. A more targeted and actionable goal would be "drive sales from high-value customers." As the goal gets more specific, the tactics—from marketing materials to point of sale strategies—become more distinct and measurable. "There is no need to act from the gut," says Richard Hren, SPSS director, product marketing, "when facts are available."

Investment manager T. Rowe Price's (TRP) use of predictive analytics has been a model of clear definition. In the late 90s and early 2000 the company started to collect data on its rapidly growing customer base to keep up with competitors that were springing up in online trading. Its goal, at the time, was simply to measure the effectiveness of marketing campaigns and use that knowledge to refine the programs. Measuring customer data about click-throughs and actual transactions gave the company a basic idea of current state effectiveness, but it was not a complete picture of what the customer was worth to the company, or what they would be worth in the future. "We basically looked at in-bound Web traffic and then tried to understand what customers were doing with us," says Christine Akins, vice president, operations at T. Rowe Price. "If we were spending money on promoting tax deferred retirement plans, for example, it helped us to see that the Web traffic was coming in to investigate those products. But that program had reached its potential."

By 2003, TRP had moved through the Internet-led boom and crash, and needed a deeper level of customer intelligence. It needed to move from "informal knowledge" to more formal analytics and the ability to predict what customers would do in response to marketing activities. Then it needed the context of profitability to the firm. As the market tightened, the company did not know who was just a click away from going to a competitor and who was worth trying to keep.

Insight leads to actionable segment strategies

Akins says the company started by identifying the basic information that would enable it to make better decisions. Using SPSS, they took existing data and parsed it into more actionable segments and then combined this transactional data with qualitative surveys. This uncovered new multi-dimensional customer segments such as "retirement planners." The company had enough data to accurately predict their value. "High-asset customers" were found to be customers holding more than $1 million in assets. They demanded more individual attention. As a result, a special wealth management engagement strategy was created. "By understanding their current and future needs, we could predict what would be in the customer's best interest, and our best interest," says Akins.

Predictive analytics has led to new approaches for a variety of customer segments. They are now managed on a customer lifetime value model that predicts their behavior over a two- to five-year period, depending on asset profile as well as goals. For example, a new customer that has young children is encouraged to set up tax deferred college funds. Older, high-asset customers are encouraged toward estate planning accounts and advice. This mix of customer data and insight gives contact center agents more latitude to extend support time and resolution to valuable customers.

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Characteristic 2: **Define, Monitor and Continually Measure ROI**

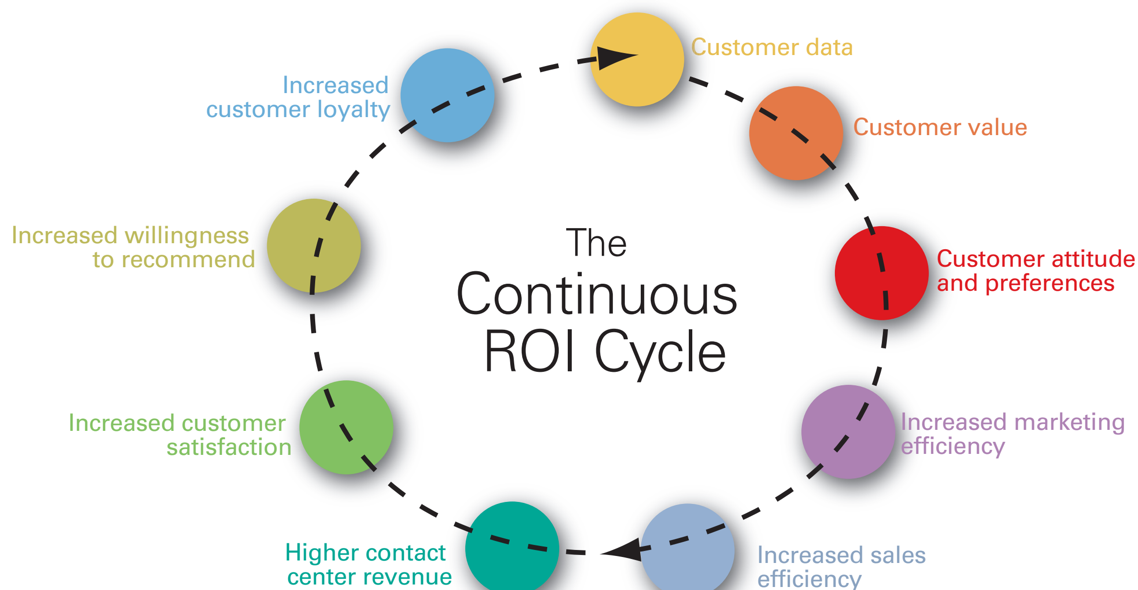
Smart companies commit to continually monitoring and measuring return on investment for their predictive analytics projects. As the T. Rowe Price case shows, it can impact many areas of a company from marketing, to IT, to the contact center. But too many companies take on oversimplified short-term approach to measuring the ROI. For example, if a company spent $100,000 on data capture, maintenance, and analytics in 2007 and did not generate $100,000 in incremental sales, it could technically claim that the ROI was negative. But that's not accurate. It does not account for the long-term benefits of data analytics and the resulting ability to predict customer behavior.

The more accurate way to measure the effects of predictive analytics initiative is to look at the "ROI Cycle," according to SPSS' Hren. To use a cyclical model (see graphic below) the cycle begins with customer data. This data feeds the equations that will predict customer value. Next, this combination can inform customer surveys to gauge customer attitudes, expectations, and preferences. With that knowledge, marketing departments can avoid activities that devalue customer relationships and focus instead on increased dialogue. This yields more qualified leads for the sales department. Customer insight can also give contact center agents more complete information to handle customers and reach out proactively with more relevant offers. More relevance in marketing and service creates increased customer satisfaction. Satisfied customers are more willing to recommend the product or company and finally have the propensity to spend more and spend more often. Throughout the ROI cycle, the company is generating a positive return on investment through the insight provided by predictive analytics.

Too many companies take on oversimplified short-term approaches to ROI. They don't account for the long-term benefits of data analytics and the ability to predict customer behavior as a result.

The ROI Cycle: Understanding the Impact of Predictive Analysis

The ROI Cycle helps an enterprise leverage learnings across the entire customer lifecycle. It captures both direct and indirect benefits providing a more complete picture of the ROI.



Source: SPSS

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One SPSS financial service client recently discovered Hren's "ROI Cycle." After implementing a predictive analytics solution it found customer attitudes souring on direct mail pieces and paper billing. The company then decreased paper mail by 40 percent and associated costs by 35 percent. It moved to Internet-based, opt-in Web-based marketing and generated a 25 percent increase in click-through and a 40 percent increase in lead conversion because the offers communicated matched customer attitudes as well as purchase intent. Next, the enterprise applied the insight to the contact center where in-bound interactions dropped, so agents could turn their attention to more profitable out-bound up-sell and cross-sell opportunities. In 2007 the company reported a 29 percent increase in ROI on its total out-bound marketing campaigns.

This view of "indirect benefits" is supported by Rebecca Wettemann, vice president of research at Nucleus Research, Inc. Wettemann says companies will find ROI in four ways that are rarely connected to analytics: productivity, on-going and incremental gains, retention, and employee satisfaction. The amount and clarity of data generated by predictive analytics can increase the quality of sales leads and therefore make sales teams more productive. Customer preferences for communications can make marketing efforts more effective. It also makes the people using them more productive. "It takes us nine people to do the work of what was once 12—and I think that's conservative," an executive from one company told Nucleus.

Incremental revenue is another indirect benefit. Contact center agents have the most current information to up-sell and cross-sell additional products. Retention, as most companies well know, is more efficient than customer acquisition, and a major benefit of predictive analytics. In the area of employee satisfaction, Wettemann says predictive analytics gives all levels of employee access to the most actionable information. Efficiency goes up. Productivity goes up. Employees are more empowered, more effective, and happier.

Indirect benefits include productivity, on-going and incremental gain, employee satisfaction and retention.

Getting Started with Your Predictive Analytics Program

Five Questions To Ask Today...

1. What is my number one customer-based business goal? Predictive analytics will center a company on an achievable outcome that can improve profitability. Rallying around this goal will provide a starting point for the predictive analytics journey. "Attracting new customers" is a solid goal. But refining that goal to "understanding the behaviors of the high-value customers that churn" is more focused and more measurable.

2. What does my most valuable customer look like today and what will they look like tomorrow? A company that can answer this question can assign characteristics that include numbers and behaviors. For example, a retail bank that can answer this question will say, "My best customer maintains more than $500,000 in assets, invests in more than four different products, travels frequently, and is seeking information about high-yield retirement funds." Developing an ever-richer profile of your best customers will yield benefits throughout an organization.

Using the current state model of the most valuable customer, the retail bank can then layer on attitudinal data that provides insight into what the customer values. This insight can help guide the retail bank's strategy to capture a greater share of wallet in the future. For instance, this same customer may value environmental causes and may be interested in learning about "green" investments. This insight can help the bank develop a product portfolio and marketing strategy that highlights "green" products targeted for this customer profile.

3. Who has the potential to be my most valuable customer? To answer this question, the organization must understand the characteristics of their most valuable customers first. Then they need to understand what will

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motivate customers in the growable category to build a deeper relationship with the company. Is it a different product mix, customer experience, delivery method? What is the potential of these growable customers and what is the cost to meet these latent needs?

4. Who sponsors the analytics initiative in my company? The unacceptable answer here is "everybody." Analytics initiatives need funding, boardroom priority, and a way to break down communication silos. The sponsor needs to be a senior-level executive who can garner enterprise-wide support.

5. Did I invest more this year in customer analytics than last year? If a company is honest about it, this is a simple question with a very telling answer.

...and Five Things To Do Tomorrow

1. Create a customer persona. Build a model of the ultimate customer that considers total spend, profitability, attitudes, and behaviors.

2. Craft marketing campaigns that will grow the value of that persona. Here's where predictive analytics can define marketing activities. For example, a company that knows it is trying to grow a customer group that is young and technologically wired will want to consider mobile marketing. It will also immediately recognize that expensive in-store promotions or TV ads will not grow the value of this group.

3. Identify your analytics champion. A C-level executive should be accountable for analytics investment and results. A single sponsor, or evangelist, can ignite the passion for predictive analytics.

4. Rank five customer-based business goals. Make them specific to customer groups and make sure they have a financial outcome. "Grow sales by 10 percent" is too general. "Grow high-income new customer revenue by 10 percent" is a goal that can be supported by customer intelligence and informed by analytics.

5. Fine tune the definition of the numbers that will prove that they've been achieved. Focus on the ROI cycle and the incremental return on the predictive analytics initiatives. The "high income, new customer" initiative can be proved by return on marketing investment, revenue increases, and customer satisfaction surveys. Businesses need to know what to measure before goals are set.

Conclusion: The Business Imperative for Predictive Analytics

Because it involves algorithms, data and research, predictive analytics can be intimidating. But smart companies that compete on predictive analytics simplify the process and achieve exceptional results.

"A lot of business cases for CRM and business intelligence systems have been built on smoke and mirrors," says Wettemann. "We've had a fair amount of irrational exuberance and a lack of understanding about what these technologies would deliver. A company could spend $2 million much easier than it could explain what that $2 million could deliver. It needs to all be very simple. Address a business problem, not an analytics problem."

As we have demonstrated, the use of predictive analytics contributes to competitive advantage. In his groundbreaking 2006 book *Competing on Analytics, The New Science of Winning*, Tom Davenport wrote, "Any company can generate simple descriptive statistics about aspects of its business—average revenue per employee, for example, or average order size. But analytics competitors look well beyond basic statistics. These companies use predictive modeling to identify the most profitable customers."

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As noted previously, predictive analytics has made Cablecom much more competitive. As of November 2007, Cablecom had been using SPSS' text mining software for six months, and was able to increase satisfaction among more than half of its customers (53 percent).

Using predictive analytics, it has built algorithms informed by customer data that identify 80 percent of customers at high risk by building churn-risk models using only 20 percent of the customer population. Early results point to a reduction in customer churn from 19 percent to 2 percent among the treated customers. These algorithms have also been translated into actionable insight for contact center agents. They now understand when to avoid contacting customers too often, and how to improve up-sell and cross-sell efforts. Employing more one-to-one customer contact, and preemptively resolving customer complaints have improved customer satisfaction. This is a result of using SPSS data and text-mining functionality to identify customer satisfaction and dissatisfaction drivers, and combining that information with specific customer feedback or complaints.

Competing on predictive analytics has never been more urgent. Wide-ranging changes in nearly every aspect of business makes customer behavior a critical "need-to-know" application. Companies that break this need down to its most basic business applications and accurately monitor and measure ROI for predictive analytics will embrace change rather than being displaced and made irrelevant in the marketplace. They will not only be able to predict customer results, they will be able to predict the future. ■

SPSS

SPSS Inc. is a leading worldwide provider of predictive analytics software and solutions. Founded in 1968, today SPSS has more than 250,000 customers worldwide, served by more than 1,200 employees in 60 countries. You will find SPSS customers in virtually every industry, including telecommunications, banking, finance, insurance, healthcare, manufacturing, retail, consumer packaged goods, higher education, government, and market research. Our software helps organizations optimize interactions with their customers and ensure that the actions they are taking today will positively affect their ability to reach tomorrow's goals. More information is available at: www.SPSS.com

Peppers & Rogers Group

Peppers & Rogers Group is a management consulting firm, recognized as the world's leading authority on customer-based business strategy. Founded in 1993 by Don Peppers and Martha Rogers Ph.D., the firm is dedicated to helping companies grow the value of their business by growing the value of their customer base. Our goal is to develop and execute strategies that create immediate return on investment and long-term customer value. Peppers & Rogers Group maintains a significant voice in the marketplace with its 1to1 Media properties. Led by *1to1 Magazine*, these print, electronic and custom publications reach more than 250,000 decision-makers. Peppers & Rogers Group is a division of Carlson Marketing Worldwide, and is headquartered in Norwalk, Conn. More information is available at: www.1to1.com

Footnotes

1 Nucleus Research, *ROI Cast Study: American Airlines*, December 2006

2 IDC Report, *Predictive Analytics Yield Significant ROI*, 2004

3 IDC Buyer Case Study, *Cablecom Delivers Unique Customer Experience Through its Innovative Use of Business Analytics,* December 2007

4 Los Angeles Times, *Sub-prime mortgage watchdogs kept on leash*, March 17th, 2008

5 The Skeptical Inquirer, Vol. 12, Fall 87

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