

Business Valuation

Accelerating Performance by Calculating Results™

Nationwide Building Society: Intelligent Customer Interactions *Improve Customer Experience and Sales*

Nationwide Building Society

Financial services provider with £111b in revenues serving 11 million customers.

Portrait Software

www.portraitsoftware.com provides NBS with real-time, personalized, multi-channel Customer Interaction Management solutions for online, call center or in-person banking.

Challenge & Goals

Improve customer experience by integrating service, sales, and interaction channels.

Strategy & Scope

- ✓ Integrate with legacy customer information (CIS) & account systems
- ✓ 99% data accuracy with 11M customers
- ✓ Employee access to rules-based “intelligent prompts”
- ✓ Streamline integration and reduce need to re-enter 70M weekly transactions

Valuation

- ✓ Sales conversion rates greater than 30% on some campaigns
- ✓ Annual cost reduction of £250K
- ✓ Intelligent prompt interactions yield 10X traditional campaign uplift rates within one month.

Customer Intelligence Business Valuation

Business Challenge:

Nationwide Building Society, a financial services provider with £111b in revenues, is authorized and regulated in the United Kingdom by the Financial Services Authority for life assurance, pensions, unit trusts, insurance, and regulated mortgage products.

Primarily a traditional transaction-based financial services provider, NBS realized it needed to evolve into a more customer-centric organization to remain competitive. Towards this end, NBS focused on the following challenges:

- ✓ Improve customers’ experiences by building stronger relationships through their preferred interaction channel through personalized communications
- ✓ Increase customer acquisition and retention rates
- ✓ Boost up-sell, cross-sell, and sales conversion rates
- ✓ Provide a single 360° view of the customer at employee point of contact for enhanced service levels.

With customer data stored in numerous legacy data-marts, NBS lacked the integration and infrastructure necessary to effectively manage, analyze, and apply customer intelligence towards their goals.

In order to improve its customers’ experiences, as well as to increase both revenues and customer satisfaction rates, NBS would invest in a comprehensive Customer Relationship Management (CRM) solution.

Strategy

NBS’s strategy was not limited to merely implementing a CRM system. Conversion from a transactional, product-centric business model to a services-oriented customer-centric culture would require leveraging technology, business process management, cross-functional collaboration (LOB and IT), and organizational acceptance.

NBS required that each customer would have a consistent experience through whichever channel they chose for engagement—in person, phone, or online. Additionally, the company decided that interactions would be personalized based upon both known [transaction history] and behavioral

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[interactions] information. “Intelligent prompts” would empower the teller, agent, or online interface to determine the best fit offer, service, question, or course of action.

Customer data would be updated nightly to guarantee currency. Three main types of prompts would provide direction and structure for all communications displayed during subsequent contacts. For example:

- ✓ Sales prompts: “Have you considered converting your overdraft balance to a loan?”
- ✓ Service prompts: “Has your replacement credit card arrived yet?”
- ✓ Data gathering / validation prompts: “May we please check when your insurance is due for renewal?”

Creation of a closed-loop process to manage, analyze, and apply customer intelligence would require selection, deployment and/or leverage of several technology enablers.

Selection Process

Selecting a technology vendor: NBS evaluated several CRM vendors based on price, functionality, performance, ease of integration, application architecture, and cultural fit. Additionally a “proof of capability” pilot was required. Portrait Software was selected as the core operational CRM platform because it offered sufficient multi-channel support, enabled bi-directional access to customer data stored in existing legacy systems, and is based on compatible .NET architecture.

Technology deployment:

NSB’s main board approved the CRM initiative and Portrait began a pilot program in four call centers and 20 branches initially. A Harte-Hanks legacy customer information management system (CIS), which contained transactional data for over 11 million personal and account records, required that Portrait integrate with this system as well as other transactional applications. Data updates are maintained via bi-directional batch uploads.

Multi-channel data collected from Portrait, as well as select customer data stored in a Basel II compliant data warehouse, converge into an internal, customized SQL data mart. SAS analytical tools are used for segmentation, profiling and/or predictive modeling, while output files for marketing programs are generated using Unica’s Affinium tool. These highly targeted output files, leaflet insertions, e/direct mail, or intelligent prompts are input into Portrait for execution.

All technologies were fully integrated and deployed across nearly 700 NSB branches, online channel, and 800 seat call center by June 2005.

Transformation

NBS now recognizes each customer as individuals rather than account numbers and interacts with them in a more consistent, yet personalized manner. Improvements in creating a culture of customer-centricity include:

- ✓ Portrait is now used by 4,500 employees to support more than 25,000 interactions per day
- ✓ An average of 10,000 callers per day receive personalized offers via the Portrait CRM platform

Hypatia delivers high impact market intelligence, industry benchmarking, best practices, technology vendor selection, ROI assessment, and consulting services that reduce cycle-time and influence customer management, product strategy and channel development goals. Since 2001, clients have relied on our industry insight, expertise and independent research for guidance in assessing various technology, solution and service options. Like our namesake, Hypatia, we are committed to *Calculating Results*TM for our clients.

Hypatia of Alexandria (c.370-415 AD), invented several scientific devices--the astrolabe, planesphere, and hydroscope (hydrometer). These instruments were used to calculate the distance between planets, the position of visible stars at any time of the year, and the gravity of liquids respectively. Hypatia was the first woman to make substantial contributions to the development of mathematics, astronomy & philosophy.

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- ✓ With an integrated multi-channel contact history, NBS now knows which customers are interacting with them, through which channels, and for which services—improving their ability to segment, profile, understand, and measure customer value.

Lessons Learned

High-level executive support, including personal involvement from the CEO, facilitated adoption of technology, process and cultural changes are necessary for success. NBS found that planning and deploying a customer-centric approach challenges employees and took more effort than originally envisioned from a process perspective. Ultimately, the company decided to take the customer's point of view in mapping interactions across multiple channels and/or various scenarios. According to Simon Baines, "Navigation paths and processes established should scale for at least 2-3 years."

NBS would also advise other organizations not to launch a true multi-channel approach all at once. While process change, customer education, and usability testing required more planning and longer deployment time with a phased channel roll-out, it was well worth the effort.

"We are delivering approximately 15% more messages than we did before at a marginal cost of £0...these messages are typically 10X more effective than traditional direct mail."

--Simon Baines, Head
Customer Insight,
Nationwide Building Society

Results

Key benefits realized:

- ✓ Annual campaign cost reduction of £250K
- ✓ Customer satisfaction rates 9% higher than direct competitors
- ✓ Sales conversion rates 150% ahead of planned targets
- ✓ Intelligent prompt interactions yield 10X traditional campaign uplift rates

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