Building the Business Case for Enterprise-Wide Insight

Presented by
Paul Ballew, D&B Chief Data & Analytics Officer
Thursday, September 18, 2014 – 11:00 AM ET
Today’s Speaker

Paul Ballew
D&B Senior Vice President, Chief Data & Analytic Officer
Today’s Agenda

- The Big Data Challenge & Opportunity
- The Power of a Data-driven Transformation
- Proving the Value with Use Cases
- Building the Business Case
- Final Thoughts on the Art & Science
- Q&A
With the Economy, Competition and Globalization

An effective data-driven strategy is a necessity to get at the insight

Many companies are asking the right questions and thinking more strategically about data and analytics.

Creating the right environment for a data-centric transformation will open your organization’s eyes to what you can ask analytics to do.
Today’s C-suite executives understand the value of enterprise-wide data, but struggle is to connect the dots.
Making insight consistently accessible enterprise-wide enables growth across business functions and the ability to handle the changes.

- **Finance**
  - Deal-making
  - Credit Portfolio Mgt
  - Collections

- **IT & Operations**
  - Technology
  - Source Optimization
  - Supplier Performance
  - Compliance

- **Marketing**
  - Customer Modeling
  - Marketing Optimization
  - Social/Digital Profiles

- **Sales & Service**
  - Territory Mgmt
  - Buyer Mapping
  - Customer Activity
Insight embedded into workflows drives results

- CRM Systems
- Marketing Automation
- ERP, Risk & Finance
- Customers & Partners
- Transparency & Foresight
- Intranets & Portals
- Mobile Devices
- Purchasing & Supply

Increase sales productivity 15%
Increase retention 5%
Grow deal size by 32%
Significant business value and insight is gained when you can identify your customers and partners

**OPPORTUNITY**
- How many **unique customers** does my company really have?
- Is your company’s **prospect list** in line with your target market?
- Is your customer a member of a larger **corporate family** with whom you already do business?

**RISK**
- Are any of your customers or **suppliers at risk of financial distress** that could lead to credit risk or supply chain disruption?
- On the **government debarment list**?

**DEPENDENCY**
- Who are our **company’s largest customers or suppliers**? What is their percentage of business relative to total sales?
- Does this dependency pose a **financial risk** or an **opportunity** for balance of trade?

**DIVERSITY**
- **How diverse** is our company’s supplier base?
- Can it meet **corporate or government diversity** objectives?
Why it matters: Return on Investment!

- **Increased Sales Productivity**: +15%
  - Shorter sales cycles

- **Growth in Deal Sizes**: +32%
  - Increased sales opportunities

- **Increased Retention**: +5%
  - Improved customer experience

*With Lower Overall Costs to the Business*

Source: “Aberdeen Study of D&B Customers - May 2012”™
Case Studies for Enterprise-Wide Insight
In Sales & Marketing new innovative approaches for optimization deliver a compelling ROI

Expand Prospect Pool by more than 150%

Optimize Sales Resources to Best Opportunity aggressively target <30% of prospects and gain 70% of total incremental revenue

Tier 3
Tier 2
Tier 1

Potential for Growth
Unlikely to Change
Possible Retraction

Get Ahead of Competition by differentiating between best segment with 4Xs more spend potential than worst segment with 5Xs less spend potential

Pinpoint Up-sell Opportunities by isolating 50% of the highest growers in best 20% of the customer segments
Sales resource planning can analyze current and future potential of a customer, MSA and/or industry, mapping best resources to best opportunities.
Taking the best actions to grow a relationship is accomplished by mapping their complex business needs with their propensity to buy.

Knowing that customers in segment 3 most commonly buy product A paired with D leads to precise, highly effective cross-sell actions.

The right message at the right time to the right contact improves close rates and increases deal size.
Vertical Industry Examples of Higher Conversion with Quality Data

**Banking Example**
- Customer Likelihood to Secure $50K+ Term Loan In Next 120 Days
  - Avg. Prospect
  - High-Likelihood Prospect
  - 10x Higher Response Rate
- >20% Growth in Business
- Expansion in Job Postings
- Recent Hire of CFO
- Top-Tier Credit Score

**Telco Example**
- Customer Likelihood to Secure $10K+ of Telco Service in Next 90 Days
  - Avg. Prospect
  - High-Likelihood Prospect
  - 8x Higher Response Rate
- Opening New Office
- Location Employees are White Collar
- Presently Uses Competing Telco
- Rise in recent Press mentions

**Business Services**
- Customer Likelihood to Spend $25K+ of Facility Services in Next 30 Days
  - Avg. Prospect
  - High-Likelihood Prospect
  - 9x Higher Response Rate
- Location Spends >$10k on Managed IT
- New Facilities Executive Hired
- Contract Signed within Recent 6 Months
- Customer Spends >$25K in Other Categories
New Customer Acquisition with prospects

<table>
<thead>
<tr>
<th>Level</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foundational</td>
<td>14M prospect (non-customer) universe</td>
</tr>
<tr>
<td>Firmographic</td>
<td>Industry, annual revenues</td>
</tr>
<tr>
<td>Strategic</td>
<td>High credit score, low business risk</td>
</tr>
<tr>
<td>Strategic</td>
<td>Potential spend, estimated based on actual spend</td>
</tr>
<tr>
<td>Strategic</td>
<td>Material change (positive)</td>
</tr>
<tr>
<td>Strategic</td>
<td>Likelihood to be responsive to engagement</td>
</tr>
<tr>
<td>Advanced</td>
<td>Ready to engage via specific channel, at specific time, with specific offer</td>
</tr>
</tbody>
</table>

Revenue per Engaged Prospect

- Average Prospect
- Intelligently Prioritized Prospect

I can predict your future behavior

I see and know you

5X Lift
Cross-Sell & Up-sell with existing customers

- **Foundational**: 1.3M existing customers
- **Firmographic**: Industry, annual revenues, white collar employee count
- **Strategic**: High white collar employee count, high spend on technology products, high credit score, low business risk
- **Strategic**: Likelihood to be moving to a new office in <3 months; likelihood to hire rapidly;
- **Strategic**: Material change (positive)
- **Strategic**: Likelihood to invest $20K+ in new data center productivity technology
- **Advanced**: Ready to engage via telesales

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**Revenue per Engaged Customer**

8X Lift
Retention of Existing Customers

- Foundational: 100K existing customer universe; transaction history of 10M+ transactions per year
- Firmographic: Industry, annual revenues
- Strategic: High white collar employee count, high spend on technology products, high credit score, low business risk
- Strategic: Potential spend, estimated based on actual spend
- Advanced: Negative trend in spending patterns; missed orders or categories not purchased
- Advanced: Validation that business is healthy
- Advanced: Ready to engage via field sales specialist

Revenue per Engaged Customer

At-Risk Customer

Intelligently Prioritized At-Risk Customer
Give your sales team a competitive advantage!

Enterprise-wide Quality Data translates to higher conversion for sales

BY HELPING REPS UNDERSTAND THEIR BEST TARGETS...

...REPS PIPELINES ARE FILLING WITH BETTER OPPORTUNITIES...

OPPORTUNITY

DISCOVERY

PROPOSAL

TRANSACTION

Pipeline conversion rates are rising at every stage

6-14% LIFT

REVENUE PER REP

Current State

Insight-Enabled Sales Reps

...AND ATTAINMENT IS RISING 6-14% PER REP
Calculating the Return on Investment (ROI)

RETURN ON INVESTMENT (ROI) MAY BE MEASURED WITH SIMPLE METHODOLOGIES

**Pilot-Phase**
(Limited Set of Reps Have Access)

- Gross Profit per Rep
- LIFT
- Reps in Control Group
- Reps in Sample Group
- Equivalent tenure, account mix, and historical performance

**Production-Phase**
(Access for all)

- Gross Profit per Account
- LIFT
- Accounts with High-Likelihood Selling Opportunities and NOT ENGAGED by Rep
- Accounts with High-Likelihood Selling Opportunities and ENGAGED by Rep
- Equivalent length of relationship, account mix, and historical performance
Creating a Business Case for Enterprise-Wide Insight
Key Business Case Components

A business case outlines the overall business benefits that justify initial and ongoing commitments of time, resources and funding for larger scale initiatives.

- **Strategic**
  - New capabilities and improved competitive position

- **Technical**
  - Benefits to IT infrastructure and support for technology strategy

- **Financial**
  - Costs, benefits and impact on business performance measures

- **Operational**
  - Process improvements (Tangible and Intangible)
Why create a business case?

- Bring cross-functional stakeholders to the table
  - Organize thinking for a common cause
  - Problem Formulation - Solve bigger business challenges
  - Identify risks and opportunities and calculate the cost/benefit analysis

- Provide a consistent framework for making decisions
  - Demonstrate organizational alignment and make it easy to see the value
  - Best way to engage and receive Senior Executive level support and decisioning

- Prioritize Opportunities
  - Focus on initiatives that best meet strategic and financial criteria
  - Have a basis for competitive comparison based on key, company-wide measures of success: Business Growth, Opportunities, Faster time to Market, Enhanced Customer Service and Satisfaction
## The Business Case for Enterprise-Wide Insight at [ABC Company]

### Step 1: Discovery
 Invite stakeholders in key business functions to assess enterprise-wide data requirements and opportunity.

- **Problem Formulation** - Identify business challenges you want data to solve and prioritize by impact (largest/most important results to the business)
- **Find common ground and clearly define objectives, desired outcomes and obstacles.**

### Step 2: Enterprise-wide Process Documentation

- **Document current processes and sketch out future state needs and opportunities.**
- **Highlight duplicate processes and costs.**
- **Assess common requirements and the competitive landscape.**

### Step 3: Organizational Alignment Meeting

- **Review and align on the Initial Project Scope, Investment request and any change management requirements.**
- **Generate an Implementation Plan.**
- **Compare the Competitive Landscape.**
- **Highlight the Economic Benefits.**
- **Calculate an estimated ROI.**

### Step 4: Present your case to Senior Leadership

- **Walk through the benefits of taking a new approach to leveraging the power of big data enterprise-wide.**
- **Detail Direct & Indirect Measure of success – NPS scores**
- **Secure alignment of senior level and investment required to activate your new plan.**

### Implementation & Continuous Business Improvement

Assess a baseline value for ongoing business performance

Measure against industry best practices and KPI’s

Justify continuous business change and performance tuning

Assess ROI and commit to continuous improvement

Engage a PMO to begin your Project Planning
Client Organization Name

Illustrative Example of Documentation Output

<table>
<thead>
<tr>
<th>D&amp;B INSIGHT</th>
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<tbody>
<tr>
<td>» Description of the D&amp;B data or solution currently supporting the client’s business function.</td>
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</table>

<table>
<thead>
<tr>
<th>[CLIENT] OWNER</th>
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<tbody>
<tr>
<td>» Name, Title, Organization, Location</td>
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<table>
<thead>
<tr>
<th>ACTIVITIES DRIVEN</th>
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</thead>
<tbody>
<tr>
<td>» Description of the client’s primary business function, core responsibility, and value they bring to their own organization.</td>
</tr>
<tr>
<td>» Description of how the D&amp;B data or solution supports client’s primary business function and examples of activities driven.</td>
</tr>
</tbody>
</table>
## Creating an Enterprise-Wide Data Strategy at ABC Company

<table>
<thead>
<tr>
<th>Key Initiatives</th>
<th>Overall</th>
<th>Metrics</th>
<th>Timeline</th>
<th>Budget</th>
<th>Scope</th>
<th>Resources</th>
</tr>
</thead>
</table>

- **Current**
- **Future (2 Wks)**

- ![Symbol]: Not yet started
- ![Symbol]: Completed
- ![Symbol]: On Track (in progress)
- ![Symbol]: At risk but manageable
- ![Symbol]: Past due or significant risk to on time delivery
- ![Symbol] ![Symbol]: Direction of arrows indicates future trend

**Update as of MM/DD/YYYY**
Benchmarking Business Benefits enterprise-wide

<table>
<thead>
<tr>
<th>Project Management/Systems</th>
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<tbody>
<tr>
<td>Reduce Project Reporting Costs</td>
<td>5%-20%</td>
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<tr>
<td>Reduce Invoicing Costs</td>
<td>40%-80%</td>
</tr>
<tr>
<td>Reduce Project Set-Up Costs</td>
<td>30%-50%</td>
</tr>
<tr>
<td>Reduce Reconciliation/Budget</td>
<td>15%-30%</td>
</tr>
<tr>
<td>Reduce Cost for Revenue Calculation/Analysis</td>
<td>40%-75%</td>
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<table>
<thead>
<tr>
<th>Finance</th>
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<tbody>
<tr>
<td>Improve Time to Process A/P Invoice</td>
<td>15%-40%</td>
</tr>
<tr>
<td>Improve Time to Close Books</td>
<td>35%-80%</td>
</tr>
<tr>
<td>Reduce Term Discounts Lost</td>
<td>25%-75%</td>
</tr>
<tr>
<td>Process Improvements (eliminate reconciliations, duplicate data entry, etc.)</td>
<td>15%-45%</td>
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</tbody>
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<tr>
<th>Purchasing</th>
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<tbody>
<tr>
<td>Reduction in New Item Inventory</td>
<td>10%-30%</td>
</tr>
<tr>
<td>Procurement Process Efficiencies</td>
<td>35%-80%</td>
</tr>
<tr>
<td>Reduce Cost of Materials/Services</td>
<td>2%-6%</td>
</tr>
<tr>
<td>Purchase Cycle Time Improvements</td>
<td>30%-80%</td>
</tr>
<tr>
<td>Increase Compliance of Purchases from Government-wide Contracts</td>
<td>25%-50%</td>
</tr>
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Final Thoughts

- Embrace the transformational journey
- Problem solving - let the business lead the way
- Accept the reality of the environment – understand what you can ask Analytics to do
- Get the fundamentals right--- problem formulation, single/complete/actionable/flexible view, analytics to insight and an end to end process
D&B’s commitment is to...

...listen and partner with you on the data transformation journey so you find more ways to growth while managing risk, with access to the most compelling insights to solve your most pressing business challenges.
Put your company’s future in focus. Proving the Value with Use Cases

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