

UNDERSTANDING YOUR CUSTOMER

THE FOUNDATIONAL ENABLER OF A SUPERIOR
EXPERIENCE WITH CUSTOMER INFORMATION MANAGEMENT



CONTENTS

Introduction	2
Top Trends in Customer Information Management	3
Pitney Bowes Walks the Talk	4
Bringing Clarity to Financial Relationships	5
Conclusion	8
Acknowledgments.....	8

INTRODUCTION



Businesses throughout the world are responding to changing market dynamics that have seen price and product drop in importance as differentiators. They are aligning themselves not around traditional product or business lines, but around their customers' needs and their experience of the brand instead.

It is a major shift in the ways that companies conduct business and heralds what Forrester Research has termed the “Age of the Customer,” where customer-centric enterprises focus strategy, energy and budget “on processes that enhance knowledge of and engagement with customers and prioritizes these over maintaining traditional competitive barriers.”¹

Before a business can become customer-oriented or even start to think about delivering a better customer experience, it needs to know who its customers are—as well as where they are, what they're interested in and the context of the relationship. “One of the foundations of being customer centered is to know about your customers,” says David Stodder, director of research for business intelligence at TDWI, an institute geared towards educating professionals about effective data use and management. “[Customer information management] is the foundation of everything [the C-suite] wants to do in terms of business analytics or using data effectively.”

The problem for many companies is that understanding the data can be complicated by various quality issues: distributed and decentralized storage, duplicate (or multiple) records, and records that are otherwise incomplete or inaccurate. Data is often stored not in one easily accessible database, but across many areas: in customer relationship management software, in the personal spreadsheets of sales teams and in employees' minds. This often leads to multiple records for the same customer, with conflicting or missing information in many records. Rather than facilitating a single or 360-degree view of each customer, these classic scenarios are emblematic of poor data quality.

For certain industries, especially banking and insurance, the question of data quality is broader than just a foundation for a superior customer experience. Being compliant with national and international regulations to mitigate and identify illegal activity, like money laundering and fraud, makes it imperative for these institutions to have an accurate handle on their customers' data. In the United States alone, regulations affecting the financial industry's management and storage of data range from the Dodd-Frank Act to the Foreign Account Tax Compliance Act (FATCA) and Know Your Client frameworks, which govern the collection, maintenance and reporting of client data. For European institutions there is a similar organization called the Financial Action Task Force (FATF). In Australia, diverse industry sectors—including financial services providers, the gambling industry, bullion dealers and remittance (money) service providers—have to be compliant under the AML/CTF Act and the Financial Transactions Reports Act 1988 (FTR ACT). The Australian regulator is also an active member of FATF to be effective in combating the international nature of money laundering and terrorism financing.

As Aaron Zornes, MDM Institute's founder and chief research officer, bluntly puts it, poor data management in the finance sector can “nail you between the eyes.” Even outside of highly regulated industries, the business cost of overlooking data quality can be significant. According to Gartner: “Poor data quality is a primary reason for 40% of all business initiatives failing to achieve their targeted benefits,” and furthermore, “affects overall labor productivity by as much as 20%.”² In effect: poor information management becomes a sinkhole of added work for an already overworked team.

¹ Top Technologies for the Infrastructure & Operations BT Agenda, Forrester Research, February 2015.

² Friedman, T., & Smith, M. (2011, October 10, Gartner Foundational 2014, May 14). Measuring the Business Value of Data Quality. Retrieved September 1, 2015.

TOP TRENDS IN CUSTOMER INFORMATION MANAGEMENT

We spoke with David Stodder, director of research for business intelligence at TDWI, and Aaron Zornes, founder and chief research officer at the MDM Institute, to identify the current and rising technology-related trends in customer information management.

Customer information management (CIM) is a software solution to these problems. “Simply put, [CIM] is everything you need to know about customers to understand them in the right context so you can serve them better,” says Navin Sharma, VP of product management for the customer information management line at Pitney Bowes.

“The discipline of customer information management is one about, from our perspective, embracing the fact that companies will continue to have these information silos, now more so than ever in an increasingly digital world of mobile, social and smart devices,” adds Sharma. “What they need to be able to do is to connect up all this customer knowledge that exists within and across these silos in a way that gives them a broader context, and makes it available to the people that matter the most; the customers themselves or front-line staff who deal with customers.”

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Navin Sharma
VP of Product Management,
Customer Information Management,
Pitney Bowes

Big Data—While businesses have always been collecting data on their customers, whether simple transaction records or credit records, the potential data sources have multiplied exponentially. Everything from our geographical location to browsing behavior on a website, to driving and purchase data is tracked and transmitted to marketers. That opens the door to all sorts of new analytics and ways of managing and making sense of the data. Drilling further into the trend, Stodder says it is becoming increasingly important for businesses to be able to consolidate these mass amounts of data and make sense of them quickly.

Governance—Broadly, governance is the management policy applied to the use, integrity and security of data in any given organization. It outlines principles for who has access to view and edit data, and where trusted updates can come from. “Governance being, where do we get these pieces of information and what happens when they conflict?” as Zornes puts it. “Who’s the better source or authority for updating, deleting or changing the information?”

Speed—At the same time organizations are dealing with more data than ever before, they’re also now trying to glean insights from it more quickly than ever before. “Companies are really focused on trying to reduce steps, reduce delays in getting data into the information management systems and then making that data available to whoever needs to analyze it,” Stodder says. Currently, that data is typically being delivered weekly, daily or even twice daily, but for some that’s not fast enough. “It’s kind of sexy to talk about real time, but it’s still kind of expensive, and so companies need to really analyze: ‘Where do we need real-time information? Where is a day delayed or even a week delayed acceptable?’”

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TDWI

PITNEY BOWES WALKS THE TALK



Pitney Bowes's 95-year history has seen it grow from a meter-based postage company to a global technology and software solutions company. It is one of just 87 existing firms that have continually featured in the S&P 500 since the index's inception in 1957, and it has grown to serve more than 1.5 million customers across approximately 100 countries. Over the last decade alone, Pitney Bowes has acquired more than 90 companies—each with its own legacy systems, differing databases and data standards.

Understandably, management of these disparate systems and all the customer information they contained eventually became unwieldy. There's a story at Pitney Bowes that illustrates those problems in practice: when executives wanted to each reach out to a few of the company's top clients pulled from its customer relationship management (CRM) system, many of the records came back with invalid information of some kind—a missing phone number, an outdated point of contact, a wrong address.

"All of our businesses were very, very highly decentralized," says Mark Ouellette, Pitney Bowes's senior vice president of global sales operations. "And by the way, not only decentralized business-by-business, but even within a business—decentralized in regions and countries around the world. Even to the point where you would go to Europe and the same product would be called something completely different in 13 different countries."

Pitney Bowes knew it was ready for a major data reconciliation project. If it wanted to achieve its goals—creating a single view of the customer, resolving account inefficiencies, and maximizing cross-sell and upsell opportunities—it needed to have high-quality information about its customers to rely on. It needed to de-duplicate records and fix errors, while filling in missing data.

That project, known internally as Impact 2017, is a global end-to-end enterprise resource planning (ERP) implementation. As part of this broad effort, a Single View Data Quality Project was carved out to cleanse addresses and de-duplicate account data stored in the company's CRM for use by customer-facing departments. "Everything from the time we identify an opportunity to the time that we take an order is being re-engineered and automated," explains Ouellette, under whose purview this project falls.

Data integrity, says Ouellette, is a "foundational enabler" to providing a superior customer experience. "The way I like to view this whole effort about data quality is...how we want to treat our clients and how we would want to be treated, which then backs up into what capabilities can we create and deliver inside of Pitney Bowes that allow us to deliver that kind of customer service and value. And data quality is a key component of that."

Pitney Bowes makes the Spectrum® customer information management software to handle projects such as this, but to be clear, it wasn't a foregone conclusion that its own solution would be used. Ouellette and the rest of the team benchmarked other providers' solutions along the way to make sure whatever they did choose, it would be a solution that allowed the company to deliver on its promise of a better customer experience.

“We ended up doing those benchmarks, and we ended up choosing what we had internally,” Ouellette says. “It was, to be very frank with you, the best solution for what we were trying to accomplish that we could find in the marketplace.

“And let’s be honest, it’s very powerful to be able to say to a client, ‘You want a reference; you can ask us. We’re doing it.’ We are using Spectrum® in the biggest single transformational initiative Pitney Bowes has ever done in the 90-plus years that it has been in existence.”

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Brad Young
Global Content Strategy Leader,
Dun & Bradstreet

The data migration included all the data stored in applications and databases of acquired companies as well as the personal Excel spreadsheets sales representatives used to keep track of clients and prospects. Subsequently, Spectrum® was deployed to verify and de-duplicate the data during the migration process, providing data integration and—drawing on Pitney Bowes’s history and expertise in postage—address standardization, validation and geocoding. This process allowed the company to ensure that records in its database were matched even if the same address was entered in differing variations, because all addresses were first standardized according to the rules of the postal agency of its country.

One of the final steps in the project was comparing the newly standardized addresses from Spectrum® with Dun & Bradstreet’s WorldBase of more than 137

DATA AND CUSTOMER ENGAGEMENT

The most common impediment to the use of analytics tools for customer engagement is that the data is not yet readily available.

This is according to a benchmarking study¹ by Ventana Research, a Bend, Ore.-based business technology and research advisory services firm. In a recent related article, Richard J. Snow, vice president and research director, writes: “I have long maintained that companies can’t really improve customer engagement unless they know their customers. To get to know them, they need systems that can extract from all their data stores and analyze all forms of customer data.”²

1 The Next Generation of Customer Analytics: Using Analytics to Optimize Customer-Related Activities and Processes (Executive Summary). (2014, February 1). Retrieved August 28, 2015.

2 Snow, R. (2015, August 20). Pitney Bowes Doubles Down on Customer Engagement. Retrieved August 28, 2015, from <http://www.ventanaresearch.com/resources/resources.aspx?id=468>.

“At the end of the day, what our clients see is, you’re easier to do business with, you know who I am, what I’ve bought. You know the relationship that we have, you’re billing us better, the information I get from you is better, the relationship I have with your customer service organization is better.”

Mark Ouellette
Senior Vice President of Global Sales Operations,
Pitney Bowes

million records. Matches were appended with a D-U-N-S number, Dun & Bradstreet’s universal business identifier, which further helped de-duplicate records as well as providing a whole new layer of company-level data for each record.

“If you can align everything to a DUNS number, it really does help you create that one, single, integrated view of your external relationships,” says Brad Young, global content strategy leader for Dun & Bradstreet.

The DUNS numbers link records with information on company size, location, revenue, points of contact and—significantly—relationships. So in a landscape where a number of companies are often owned under one corporate umbrella, understanding how client businesses are related can be extremely valuable. “Ultimately, data is a mechanism for building relationships at a depth and scale like you’ve never been able to before,” Young says.

While the implementation is still ongoing, Pitney Bowes has constructed a data governance model that will be co-owned by IT and the business organization, with different parties responsible for oversight on the quality of the data. “We’ve got processes in place now where we’ll be able to test and monitor to ensure the integrity of the data...whether or not the train is ever coming off the track. And if it is, then how do we rectify that.”

With all these pieces falling into place, Pitney Bowes isn’t losing sight of the fact that this massive undertaking is all to better support the customer. The outcome, Ouellette hopes, will be in the way customers experience their interactions with Pitney Bowes. “At the end of the day, what our clients see is, you’re easier to do business with, you know who I am, what I’ve bought. You know the relationship that we have, you’re billing us better, the information I get from you is better, the relationship I have with your customer service organization is better. My experience with you, Pitney Bowes, is a heck of a lot better than it’s ever been.”

BRINGING CLARITY TO FINANCIAL RELATIONSHIPS



In no single industry is there more at stake for accurately corraling customer data than perhaps in finance. A number of global financial giants have seen fines handed down in the billions of dollars over the last few years, and if they want to avoid further fines—or criminal prosecution—it is imperative that they quickly get a handle on who their customers are. To do that, they need high standards around customer information management.

The financial industry has been working to combat money laundering, financial corruption and fraud on a large scale since the early 1970s, when the first regulations were passed to address drug trafficking and organized crime. In today's post-9/11 world, however, regulators also want to be on the lookout for transactions that identify the flow of money in funding terrorism, as well as other types of criminal behavior. The costs of doing so are high. The costs of not doing so, even higher.

Maintaining compliance with the multitude of regulations that govern domestic and international transactions is complex and expensive—and ever-changing as new laws and treaties are enacted. “Regulations are coming thick and fast. And they're coming, not only thick and fast, but into a world where systems cannot adapt, where processes cannot adapt as quickly as those changes are coming through. And the fines for being out of compliance are becoming exponentially more expensive,” says Richard Stocks, solution director for financial crimes and compliance at Pitney Bowes.

Imagine a hypothetical bank with eight accounts each tied to a John or J. Smith. The challenge for the bank is in determining whether there are one, two or eight customers of the same name—and if the totality of transactions warrant an alert. Laws require that transactions of \$10,000 or more warrant an investigation, meaning that when Smith the retiree pays a lump-sum off his mortgage in one transfer of \$10,000, an alert will trigger. Yet when Smith the money launderer withdraws \$2,000 at each of his five accounts, will the bank's systems alert to the fact the accounts belong to a single entity and therefore may also require investigation?

Stocks estimates that around 95% of all alerts are false, flagging innocuous transactions—yet banks don't have the luxury of investigating only a select portion. They must investigate each and every alert in order to accurately identify actual fraud. That means investigators spend hours exploring what are, the bulk of the time, completely legal transactions. On the other hand, if banks let certain things slide—which they have been seen to do

both unwittingly and deliberately in the past—fines and even jail time may result. Either way, costs are high.

What this all adds up to is a huge need in financial institutions for a way to manage their customer information quickly and with clarity, while still keeping abreast of all pertinent regulations. Pitney Bowes created a solution centered around its Spectrum® customer information management tool that helps banks manage exactly these challenges.

The company's solution takes advantage of its long history and expertise in address standardization and validation to start the process. Pitney Bowes compares data across 143 different “cultures,” which allows the company to take into account, for example, the regional differences in spelling between an English “Michael,” an American “Mickey” and a Russian “Mikhail,” or for “Muhammad” in Egypt and “Mohammad” in Saudi Arabia. Name and address standardization might seem inconsequential, but it's pivotal when it comes to recognizing which details belong to the same entity and which denote separate ones altogether.

Beyond simply standardizing and validating names and addresses, the financial solution builds a picture of the relationships between a bank's customers and accounts as a visualization. An institution is able to build a better picture not only of its customers, but of whom its customers are doing business with as well. This means that when an alert triggers an investigation, it cuts out a lot of time spent investigating the minutiae of those relations.

“Currently what happens is the TMS [transaction monitoring system] throws up a flag and says, ‘Here's the bad thing that happened, go investigate it,’” says Stocks. “What we're trying to do is turn that paradigm around just a bit. We've gone and collected everything a bank knows about me, Richard Stocks, and attached it in a graph. So when the alert gets thrown, the TMS will say, ‘Hey, this is wrong,’ or ‘This is suspicious, and oh, by the way, here's the link to the Pitney Bowes knowledge hub that will tell you everything you need to know about Richard and his associated accounts.’”

“What we focus on is quality, accuracy and precision of the data flowing through, so that you can unlock the value you've spent on implementing your TMS and case management tools, and your investigators spend less time investigating wasteful alerts.”

CONCLUSION

In a complex business landscape where product and price are increasingly less meaningful as differentiators, high-quality customer data is the foundation upon which an effective customer engagement and experience strategy must be built.

Companies that continue to manage customer information in disparate silos characterized by duplicated, incomplete and invalid data will do so at a disadvantage, and will likely fail to fully realize the benefits of initiatives built around customer experience or engagement. Likewise, businesses in highly regulated industries, like banking and insurance, risk running afoul of regulators if their customer data doesn't adequately identify potential legal infractions.

"If you want to drive a high level of customer engagement, you've got to make things relevant," says Sharma. "And the way you'd make things relevant is by having all the knowledge you need about the customer...by having high-quality data that's integrated and that adapts to new information very quickly.

"What it boils down to is that you can't drive effective customer engagement without thinking about an enterprise-wide customer information strategy that relies on an agile approach to quickly adapt to changing customer behaviors and preferences across digital and physical boundaries."

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