

## THOUGHT LEADERSHIP

## Maximizing value from Customer Data: Trends & Opportunities

2010 Perspective

Company balance sheets list current and long-term assets, including inventory, accounts receivable, cash, property and equipment. But the most important corporate assets—the factors that often provide the greatest competitive advantage—are sometimes less obvious.

Like other corporate assets, customer data has measurable value that is integral to achieving strategic objectives. Likewise, the value of data can increase or decrease depending on how effectively you manage this asset over time.

This year, a number of programs will bring attention to data quality, as the completeness and integrity of customer information can have a clear impact on near-term profitability. Companies that take steps to improve the quality, integration, accessibility and value of their customer information may realize dividends across these ten initiatives in 2010.



- 1. Customer Onboarding.** Given the cost of acquiring new customers, organizations will look to strengthen the quality and effectiveness of their customer onboarding experience. Studies show that getting the first 90 days right may produce greater returns than other comparable investments. In addition to significantly lower attrition rates, in some industries this initial period can account for as much as 70% of all cross-sell activity.
- 2. Fraud Detection.** One effect of the recent recession is an increase in fraud. Many companies, including those in the financial services and insurance industries, are looking for ways to integrate fraud detection applications into their core business processes. Here, data standardization, address validation, location intelligence and the ability to match against “watch list” files can greatly reduce risk and exposure.
- 3. Postal Savings.** While postal rates will not increase in 2010, the US Postal Service will assess fees against companies that do not update addresses when customers move—and that could cost mailers as much as seven cents per piece. At the same time, new postal discounts are being offered to those who convert address data and mailing specifications into barcodes under the new Intelligent Mail® program.
- 4. Point-of-Entry Correction.** A recent Gartner study estimated that poor data quality cost organizations an average of \$8.2 million a year. At that price tag, companies are taking steps to help ensure that “bad data” does not even reach their database. Real-time address validation tools are being integrated at any point where customer data may be entered into the system, including customer service, order processing and Web self-service apps.

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## Customer data

### Trends and opportunities

5. Routing and Fleet Management. The increase in online purchasing has created challenges for manufacturers, retailers and shippers who must identify more cost-effective ways to plan distribution networks and manage their fleets. Fortunately, today's leading data quality solutions provide for the geocoding and spatial analysis necessary to calculate routes, determine points within a boundary and move goods from one point to another at the lowest possible cost.

6. System Optimization. After investing millions in sophisticated CRM and ERP platforms, including Oracle® e-Business Suite, Salesforce.com®, SAP® and Siebel®, over two-thirds of all companies have issues with non-standard data and incomplete information. Rather than re-invent the wheel, more organizations are increasing the returns on past IT investments by using out-of-the-box “connectors” that extract data, analyze information and provide users the visibility necessary to effectively run their business.

7. Predictive Analytics. CNN recently reported how companies are drowning in data and how gaining meaningful insight can take more effort than ever. Each week, businesses waste 5.3 hours per employee due to inefficient processes. It's no wonder that one of the fastest growing fields involves predictive analytics—technologies that parse, compare and evaluate diverse, disconnected pieces of information in real time so users can make more informed decisions.

8. Risk Management. While companies in the insurance, financial services and healthcare arena may face new regulatory oversight when it comes to risk management, organizations of all sizes will be looking for ways to mitigate risk in these uncertain economic times—especially when it comes to compliance. Million dollar fines, ongoing lawsuits and damaged reputations are just a few of the costs that can be mitigated when companies have confidence in their customer data.

9. Data Quality, Integration and Governance. Analysts from The Data Warehouse Institute have recently identified how organizations can create more value by unifying their data profiling, data integration and data quality initiatives. While the concept seems obvious, in practice these functions have traditionally reported into different teams. In 2010, look for organizations to overcome the lack of coordination and redundant effort by leveraging new tools to synchronize deliverables across all aspects of data management.

10. Tax Management. With states and localities dealing with budget pressures themselves, there will be increased scrutiny on how businesses assess, collect and manage tax obligations. Unfortunately, tax jurisdictions change frequently, and jurisdictions are not aligned with ZIP Codes or U.S. census data—so companies will look to specialized applications in order to keep pace with ongoing changes, comply with government requirements and avoid penalties.

The challenges associated with corporate data can overwhelm even the most sophisticated organization as each new system and customer initiative adds new levels of complexity. To be successful, organizations need to find effective ways to deal with long-term issues such as ownership, disparate systems and overall data quality—while being opportunistic when it comes to low-hanging fruit and critical business issues.

Pitney Bowes Business Insight provides the best of both worlds, with an enterprise-wide platform that makes it possible to centralize control and improve performance on your terms. The Spectrum™ Technology Platform does not replace your existing business platforms—it improves the quality, accessibility and value of your data assets.

Whether your organization is looking to pursue one, two or all ten of these strategies, learn how you can locate new opportunities, connect with customers and communicate more efficiently—all through a single platform. To learn more about data quality trends and opportunities, contact Pitney Bowes Business Insight at 800.327.8627.