

THIS ARTICLE  
ORIGINALLY APPEARED IN

**database**  
*marketing*

*Database Marketing* is the only UK magazine that covers the tools and techniques used for both business-to-consumer and business-to-business customer management today. Every month, it addresses critical topics like customer retention, profiling and segmentation, data selection, site location and campaign management through a combination of regular software reviews, articles and opinion. If you want to know more about tools like data cleansing packages, OLAP analysis software and GIS, this is the magazine to read.

Not afraid to mix data warehouses with targeting or statistics with geodemographics, *Database Marketing* bridges the gap between sales, service, marketing and IT to inform both those that work directly with these tools, techniques and data, as well as board level executives that have to decide which systems and services to choose for their company.

Why not register for a free trial copy?

For a sample issue:

Contact 0115 959 6413 or email  
info@dmarket.co.uk.

Visit [www.dmarket.co.uk](http://www.dmarket.co.uk) for more  
information and to register online.



Client loyalty in the bureau sector has taken a pounding of late, but in picking the criteria on which to select your data processing and hosting supplier, it's essential to look well beyond price. James Lawson explores the range of questions to ask.

# Building a relationship

Oscar Wilde once said that a cynic is a man who knows the price of everything and the value of nothing. When it comes to selecting bureau services, it appears that many database marketers tend to take a more cynical view these days. But while shopping around might identify the lowest processing rates, promiscuity can mean losing the benefits inherent in a closer relationship with a single provider.

## Market research

"The fit of the bureau to the client is the most important thing," says Ian Rutherford, managing director of Wyvern DM. "Do they fully understand the business and what it needs to do with its data?"

With cheap computing power and low cost of entry, the once high-margin data processing sector is now crowded with providers and is ever more commoditised. With procurement departments increasingly involved in selecting suppliers, competition on rates can be cutthroat and even more complex jobs involving hosted services are under price pressure. However, those that want their data to work optimal-

ly would be well advised to consider other criteria besides the cost-per-hit of different processes.

Before anything else happens, do some research to find suppliers that can meet your needs. Do you need simple pre-mailing processing, a more extensive bundle of services or a complex hosting deal where your IT department will be deeply involved? Next, constructing a comprehensive tender document or RFI (request for information), forming a short list and then sitting down with the prospective candidates before any site inspection or testing begins is the best way to find out if the fit is right. This way you can meet the people who will be managing your account and effectively interview them to see if you will be happy working together.

"Do you feel comfortable with the team that is pitching for your business?" says Darren Wall, head of processing and bureau services at The Database Group. "Do they have the right experience and speak the same language as you? We always ask new staff what mistakes they've made, how they resolved them and what they've learned by it. Do the same with a potential supplier."

Senior management are important too, monitoring day-to-day working, making sure that standards are kept to and sorting out any serious misunderstandings quickly. Even with online services, it's well worth taking the time to talk to those in charge.

"Our online support team sit right next to our offline bureau team," says Steve Day, director at UKChanges. "The site is a true hands-off service but customers can still phone up and ask for advice or sit down for a meeting if required."

Whether a formal contract will be necessary very much depends on the client company involved and the nature of the work. Price and turnaround time are seen as the two fundamental items in processing.

"We wouldn't normally have a full contract but we might sign a non-disclosure agreement," says Wall. "For regular work, we would have a Service Level Agreement (SLA) that would state turnaround times, effectively defining the service they will receive from us."

### The testing process

Running at least one test file is an essential part of the pitch process and, due to the effort involved for the bureau, testing should really be done at the short list stage. If you will be processing a mixture of different types of data, perhaps from b2b and b2c sources, then test them too. Testing should include the types of processing that will be run in future, for example, PAF matching and verification following by mortality and goneaway suppression, and the MPS.

Offering free audits is a classic way for bureaux to find new business and every supplier should be willing to run your test or customer file through their system. However, results are normally presented in the form of aggregated counts, which are of little use in comparing one supplier against another.

"To check accurately for over-suppression, you have to know the data," says DPS's Laybourne. "There's little point in comparing the overall matches from different suppliers, you have to look at the actual data that comes out and see what has been done to it." Laybourne recommends picking a file of familiar names and addresses to send to – perhaps your Christmas card list. This way, it will be possible to eyeball the results and know instantly if a record has been wrongly processed. If dealing with international data, send the results to local users who are more familiar with the formats to check.

A couple of hundred familiar and carefully altered records containing your favourite errors is the most that is required to see who matched and who didn't, and what the state of the final formatted records are. However, any bureau worth its salt will get an operator to go over and correct the records by eye if the file is that small, so concealing those records within a much larger file is advised to get a true measure of the supplier's automated processing capabilities. "Hide them or any bureau that wants the business will do some manual tidying up," advises Laybourne.

Other things to bear in mind while testing include being consistent in the brief that you send with the test file and explicit about what the data would be used for in order that the operators can set the appropriate matching criteria. This advice applies equally to ongoing work: the clearer the instructions, the less likely that there will be any problems with the output.

"A good brief will give a clear picture of what the customer is trying to achieve," says The Database Group's Wall. "Both parties do have to have a thorough understanding."

These agreements can be simple or extremely precise and detailed, codifying the exact nature of individual projects, when the data will arrive and when it must go to the mailing house. Except for automated online systems, few suppliers boast a round-the-clock processing service. Office hours service and support may satisfy most users but companies in sectors such as travel and tourism or large multinationals may need 24/7 access to expert advice or at least the option to have someone work late on an *ad hoc* job.

"There's still an awful lot of just-in-time processing and overall, deadlines are shorter than they used to be," says Rob Salmon, managing director of metamorphix, who notes that jobs that have to be turned round at short notice are often the most volatile and prone to error. "Is the bureau going to be flexible enough to do that?"

As far as possible, the client has to decide what they need, though inexperienced marketers will rely heavily on their supplier. The more organised the client marketer is and the more they think through things in advance, the more likely they are to get the service they need.



It's vital that you do ask questions about what software they are using

Mark Dobson, client services director, iequalsp.

There are consultants out there who will help in choosing a supplier and who can audit results themselves, but the vast majority will be better off educating in-house staff who can deal with this side of the business.

"Some clients don't really know what they want. You occasionally get the feeling that they can't be bothered and just want you to go away and do it," comments David Laybourne, technical director at DPS Direct Mail. "But consultants just tend to gild the lily and make the whole thing too complex. 95 per cent of our client buyers are knowledgeable, informed and capable."

### Technical expertise

Though it's not the sole criterion, price is obviously a very important variable in the decision equation. Getting costings in writing up front based on your written and discussed requirements is essential, though there should be some leeway allowed as the supplier has to actually see the data (and the state it's in) before knowing exactly how much work is required. However if the guide price suddenly doubles, then you will have some leverage for negotiation.

According to Anthony Allan, managing director of

online processing provider Data8, many companies are reluctant to contract for anything at all so that they can shop around for the cheapest price. Allan relates how many briefs or RFIs (request for information) he sees resemble a shopping list and state explicitly that the company can use any supplier at any future point.

"They want to split out the costing into all the different services so they can cherry pick on price," he says. "Potentially some of them might go to four bureaux for one big job. You have to be very data savvy to do that or you can tie yourself and your suppliers into big knots."

At the other end of the scale is the fixed rate approach, often seen as part of a hosting contract. "If you want to set a fixed monthly fee then you need a thorough review of the monthly throughput and allow a margin for variation," comments Rutherford. "This way you are not hit by the rate card every month, though it's not always possible."

For processing work, bureaux tend to use either custom applications written in-house or packaged software such as iequalsp's Cygnus and helpIT's matchIT. The recency of the development of the software is important, in that it conforms to current IT standards and is flexible enough not require extensive reworking to cope with some unforeseen job or integration project. Packaged systems are more likely to have been tested in the widest variety of conditions and applications, though that is unlikely to be relevant to many processing customers.

"It's vital that you do ask questions about what software they are using, though the training and understanding the operators have is more important," says Mark Dobson, client services director at iequalsp. "If they are using a trusted industry solution then you do know that they will get consistent results."

Running a test file is an integral part of choosing a data processing supplier (see panel "The testing process"), whether offline or online. You need to evaluate how effective the supplier is in all the types of processing you need: merging, purging and formatting lists, and updating, matching, suppressing and verifying your customer file.

Also, if you are employing unusual formats or mail internationally records, check if the bureau can meet your needs. "It's worth checking if the software can handle Latin and Asian character sets," says Matthew Furneaux, marketing director at Global Address.

The selection of reference files on offer is a fundamental part of the choice. Do they offer the files you need now and do they have the ones you might need in future, and is there full coverage of the ever-expanding range of suppression files?

Another point to bear in mind is whether some of the work you place will actually go "out of the back door" to another supplier, for example if a reference

file is not available, or perhaps an online service is used to gain access to certain files. This is not necessarily a problem, but the bureau should be up-front about it if it happens.

"Do they have the breadth of service you need?" states Salmon. "We hold every reference file available which gives a menu to choose from. If they are just fronting someone else's service, then it's a bit pointless."

### Get what you ask for

How frequently the supplier updates its reference files should also be on the list of questions. Is the PAF updated daily, monthly or quarterly? With around 30,000 daily changes to BT's OSIS file, it's clear that matching to or appending the very latest data is going to pay dividends in the performance of your next marketing campaign.

Timely and accurate reports with the right level of detail and in the right format are critical in getting the best out of any service, backed by a willingness to discuss exactly what they reveal at meetings or at least through phone conversations. Discussing the issues discovered in recent work and planning for upcoming projects is also essential to get the best out of the relationship too, whether through regular quarterly meetings, weekly conference calls or whatever else suits your needs.

"Send the reports you are currently using to your new supplier," advises Rutherford. "It can take a lot of time to fine-tune reporting otherwise. You need both concise management information and detailed activity reports."



**It only takes a job to go wrong once to know that it's worth paying a little more**

Rob Salmon, managing director, meta-morphix.

Taking up a free audit offer is one way to see the detail and quality of the reporting on offer. Some bureaux will only offer one or two pages, others will send 15 to 20. But are the explanations clear and useful, fully meeting your needs? Carefully monitoring the results you get from bureau processing is a useful way to catch any shifts in your internal data quality levels, for example.

Backup, disaster recovery and security are all vital elements of the bureau service, and again will be more or less important depending on the work to be performed. With mag tapes a thing of the past, security of the online link between client and supplier is key. Even if you simply email across some records, a decent level of security is required under data protection law.



**You have to ask what processes a possible supplier runs through to keep the highest quality**

David Green, business development director, GB Group.



**We need to be compliant with the code of practice as part of our DMA membership**

Steve Day, director, UKChanges.

“Despite the prominence of issues like identity theft and the potential embarrassment factor, people are still surprisingly cavalier about security,” says Laybourne. He says that sending password-protected zip file attachments with the password clearly noted in the email or leaving data on a public FTP site is all too common.

“Try driving up outside and use your laptop to see if you can get onto their wireless network, that’s a good indication of how seriously they take security,” he advises.

Working out how well a bureau is run means looking at the processes they use to ensure a good quality of service. Is there an audit trail of data processed or of the changes made to hosted databases?

“We independently audit our bureau every six months and have independent appraisals of ourselves versus our rivals,” says David Green, business development director at GB Group. “It’s a difficult and costly process. You have to ask what processes a possible supplier runs through to keep the highest quality. Or are they just focused on getting the highest volumes?”

Some bureaux may use standards like PRINCE2 to document their workflow, but this in itself is no guarantee of consistent or high quality performance – it only means that the work is documented. “We don’t adopt BSI standards but we have own formal standards and documentation for processes, showing where sign-off is needed, for example,” says Wall.



**Despite the potential embarrassment factor, people are still surprisingly cavalier about security**

David Laybourne, technical director, DPS Direct Mail.

This area of due diligence is where a proudly-displayed list of blue-chip clients can be a very useful indicator for smaller companies without the resources or experience to evaluate areas like security or disaster recovery themselves. Large financial services companies will perform site visits to check over every aspect of how their data is dealt with. In the same way, most experts flag accreditation by industry bodies as a benefit.

“We need to be compliant with the code of practice as part of our DMA membership,” says Day. “Data owners like Royal Mail and BT will also visit to check your security and processes.”

It may seem obvious but it’s also a good idea to check with the Information Commissioner’s Office for registration under the 1998 Data Protection Act. Finding out whether there is a trained compliance officer in-house is another. What qualifications and training do they have?

All the above will be particularly important when a database is to be hosted, representing a far greater commitment by the client than sending files over for processing. Secure online access is a basic need and there are many other considerations: do you need live links from the bureau to in-house systems?

“There’s a big difference between the top ten providers and the others in experience and capability,” says Green. “Customers find it also hard to differentiate between data processing and a hosted service provider, but there are big differences. Criteria like turnaround time are important but what bespoke development or other services can that bureau offer?”

Other questions come into play with hosting, including how to migrate the existing database and services; will there be a phased approach with a period of parallel running before the old database is switched off? What is the database architecture? It’s essential to document what the client will get back at the end of the contract, for example, a complete copy of every relational table or just flat files. What will their intellectual property be and what will reside with the bureau? And will there be penalties for poor performance or downtime?

“For building and hosting databases, we would have workshops with clients and spend time at their offices and locations,” says Wall. “We would send them a document based on our understanding of their objectives and get that signed off before we do any work.”

**Be nosy**

Relevant industry sector experience is always welcome, and may be particularly useful when picking a hosted provider, but taking up references is a must. Talking to other clients is seen as the best way to get a rounded honest opinion on any provider. The supplier’s reputation and longevity in the industry are also good indicators of future performance. And a credit check doesn’t go wrong either. If they don’t pay their invoices, then what does that say about their attitude to the rest of their business?

“Don’t take recommendations on face value, ask to speak to the client,” advises Wall. “What was the nature of the work they did for them? Was it a single job a few years ago? Be careful, you wouldn’t marry someone you’d just met five minutes ago!”

A solid and trusting relationship with your bureau supplier will pay dividends in the long term, and success starts by making sure they are up to the task of looking after you. Patience is needed too; new suppliers may take between three and six months to learn all the intricacies of a marketing operation.

“Flexibility and reliability are the top two,” concludes Salmon. “If you go for the cheapest service, you’ll miss out on expertise, security and support. It only takes a job to go wrong once to know that it’s worth paying a little more.” ■