



# Building on success

How financial services heavyweight Standard Life dealt with the task of building a company-wide customer database using mostly in-house resources and why the marketing department now has the best customer intelligence in the company. James Lawson reports.



**B**ack in the mid-90s, the Life and Pensions operation within the Standard Life Group built an industry-leading database marketing operation. Using one of the first implementations of the Prime Vantage campaign management tool, it successfully marketed to its customers and helped put the company into the leading position it occupies today, with over 7000 employees and four million customers in the UK. But as the group diversified, setting up a healthcare division and a bank in the late 90s, some way was needed to pool customer data across the group and cross-sell the new products into the existing and receptive customers it already had.

## Making the case

"We needed some way to cross sell," says customer data analysis manager Mick James. "We could work with the selections on the existing life assurance database but there was nothing for the rest. We started some trial work to look at the possible benefits of data integration, estimating return on investment and campaign uplift."

When the project started in 1997, each of the four companies in the group had its own independent system, with duplicate customers and no overall picture of their product holdings or history. The first trials

involved building a static merged extract and running *ad hoc* campaigns offering bank products to insurance customers. The results were very encouraging indeed, with one campaign alone generating £250 million in bank deposits.

Given the volume of customer data, the project team realised that a sound case would also have to be made to justify the investment in cleansing and warehouse building. With ideas from data specialists Kognitio, James and the team ran a comprehensive data quality audit to estimate the total cost to the business of returned mail, goneaways and misdirected mailings caused by poor data.

"We had a good idea of the cost savings and what else we could get out of the work," comments James. "We were well aware of the negative impact of bad data. We also looked at the value of clean customer data: could we put it on the balance sheet? We ended up with a tremendous business case for a group-wide data warehouse for marketing and customer analysis, which we called the Marketing Customer View (MCV)."

At this point there was some discussion about how the data would be used in different areas. In keeping with what was at the time leading edge customer management thinking, some wanted to use the intelligence

to cross sell in the call centre and at other contact points. But this proposal fell by the wayside in order to keep service standards at their highest, and the company is still very careful about how customer intelligence is applied.

"This is not part of our brand and distribution strategy," says James. "90 per cent of our business is done through intermediaries. It is inappropriate to send sales messages at touchpoints like the call centre. We do have a direct sales force and it is relevant to pass sales messages to them, and we do talk to independent financial advisors (IFAs) about which groups of customers should be treated in different ways."

Then it was time to get the project running, with the biggest challenge to get all parties concerned in marketing and IT across all group divisions to sit down together to agree budgets and thrash out how the database should be used. Data protection concerns were also paramount, with much attention paid to how data had been collected and whether it was legal and ethical to use it centrally.

"There was a tremendous amount of deal brokering," relates James. "A lot of work also had to be done with retrospective data, writing to people to restate the terms of business. If we were doing it now, we would be soliciting opt-in."

There was also a long-running set of consultations to determine detailed rules of engagement that would govern how each customer would be contacted. As James puts it, "who gets to mail customer X when about what?" It was also very much about relationship building between the sister companies as this project would involve taking technical campaign creation work away from direct marketers and IS units in other areas of Standard Life, while the insurance division had to be trusted to maintain the data and deliver the campaigns.

### Solid foundation

Once users had been consulted, work started in earnest in 1998, with the in-house IT team taking on most of the task of matching the data from the various source systems around the company and appending unique identifiers to each customer. Kognitio again provided advice, this time on matching criteria, while it also helped with setting out a roadmap for future testing procedures. Given the value of the customer base, Standard Life preferred to err on the side of caution and a strict 100 per cent match was required to identify duplicates.

"It means we're very confident to link accounts but on the downside, we've definitely still got some dupes," admits James. "As we have a tremendous amount of IS experience, we chose not to work with ETL tools. Building an in-house capability took longer but did deliver. We would have had to learn how to use the tools, wouldn't have saved much time or money and there would have been additional risk. We do now use

ETL tools in marketing though [see below] and would consider them in future."

With around 10 million names and addresses to deal with (five million of them active), the project was huge. A challenge to the board to demutualise in 2000 didn't help – fighting it off cost the company an estimated £11 million as they persuaded their mutual members not to go private.

"The build phase was tremendously tortuous, it took years, and we faced issues such as demutualisation where we lost time from different members of the project team," he adds. "But it was a great driver too. The executives realised even more that they needed to be able to talk to their individual customers and press comment about inaccurate address records in the members file really added fuel to the data quality debate."



Marketers have been demanding access to this kind of intelligence for years

Mick James, customer data analysis manager, Standard Life.

After testing through most of 2002 and hitting their deadlines, the MCV database went fully live in November last year and has been working flat out ever since. Still with its Vantage campaign management system – now updated to the latest version of Chordiant's Marketing Director – campaigns are already up from 20 to 65 per annum, with a 50 per cent overall reduction in staff and many other productivity gains. Mailing volumes are down by a third overall with no impact on sales and a formal review process means all activity can be learned from. The company also works in partnership with IFAs to run targeted campaigns to the IFAs' customers; more than 200 now take part in joint programmes.

"More campaigns with less people with more control is what it's about," relates James. "After some difficult upgrades to Marketing Director, we have a stable campaign management environment now and the changes for our users have been very straightforward."

Triggering communications on transactional and other customer-related data has been one of the focal points for development, with much work going on during the final year of the MCV build. Over 120 different events are now used including maturity dates and requests for surrender quotes, while external data from suppliers like Bounty adds birth dates and other lifestyle indicators.

With the MCV warehouse and its associated tools in place, James has already quickly moved to further upgrade his systems with a GB Group-installed

Alterian database which went live last month. The analysis team use Alterian's own simple ETL tools to bring in data as required to add to the copy of the MCV database, perhaps from flat files, SAS or SPSS Clementine and AnswerTree; both are used for propensity modelling for marketing and credit applications, though James is also currently testing Alterian's own modelling tools.

"We have been parallel running Alterian and Marketing Director for some weeks now and typical query times are coming down from 1000 seconds to 1.5 seconds, the speed improvements are tremendous," says James. "It was a very straightforward implementation and we now have the richest data environment in the company."

### Continuous development

The amount of customer data contained in both the MCV database and the Alterian system means that the company now has to revisit the question of how it uses its customer intelligence. "It raises some really interesting questions for us," says James. "Can we use all this information elsewhere? Who controls the metadata repositories? How will we roll this out to the rest of the company, control access and make sure that it is used responsibly?"

"Marketing will need to work in partnership with IS on how we disseminate all this information so that business decisions can be driven off facts and also so that

the answers arrived at are consistent. We should all get the same figure for number of customers for a start."

Now that the central database is in action, James wants to continue to add to the depth of customer data. Trials using data from operational service systems are underway, for example. The Alterian platform and its ETL tools are now used to merge different data sets before being re-exported to the MCV where it can be accessed by the campaign management tools.

"It's a pragmatic way to achieve dynamic links between data sets very quickly and a great environment for robust testing," says James. "With campaign optimisation, you can do two weeks of work in two minutes. By the middle of September, we will have delivered the beta test of a cut down version of the Alterian mart to marketing managers and direct marketers."

This cut down view will contain set definitions of variables such as what makes an active customer in an attempt to create a standard. "Marketers have been demanding access to this kind of intelligence for years," says James, "In the past it would have taken a skilled analyst hours or days to answer their *ad hoc* queries, and what we are attempting to work towards is an environment where the marketing communications consultants or the product development analysts can do this for themselves to speed up their processes, giving them real access to intelligence to support their business actions." ■

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