

BENEFITS CASE STUDY

**GLOBAL COMMUNICATIONS LEADER
DATA QUALITY PROGRAM**

CUSTOMER PROFILE

Industry: High Technology/
Telecommunications

Employees: > 50,000

Revenue: > US\$29 Billion

Strategy: Create a corporate-wide standard for managing data quality, including information management policies, processes, practices, tools and expert resources



FAST FACTS

Business Initiatives:

- Increase product development component part reuse
- Accelerate product development time-to-market
- Enhance supplier collaboration
- Improve customer retention and acquisition

Benefit Opportunities:

- Significant profit improvement opportunity from converting 30% of its consumer and prospect contacts to internet commerce customers
- Millions in cost savings opportunities across the enterprise
 - Significant product development annual cost savings opportunity from better reuse of existing components
 - Significant cost savings across marketing and customer service functions by reducing third-party data clean up costs
- 100% potential ROI from automating data cleansing during pilot program
 - Solution deployed in less than two months

GLOBAL COMMUNICATIONS LEADER IDENTIFIES MILLIONS IN ANNUAL BUSINESS IMPROVEMENT OPPORTUNITIES THROUGH ENHANCED DATA QUALITY

EXECUTIVE SUMMARY

This global technology company is committed to delivering next-generation solutions to consumers, businesses, and governments. To compete on a global scale and successfully manage a large, diverse set of customers, the company has to quickly identify new market trends and adapt its business operations in response. At the heart of the company's success are its products. The company's engineers need to create and test new products

quickly and effectively, and corporate marketing needs to target millions of potential consumers through innovative marketing campaigns. Meanwhile, the company's service and repair organization must coordinate across more than a thousand service partners to provide prompt and effective support to keep customers loyal.

The company is continually looking for opportunities to improve these core business areas. One of the key programs

“Improved data quality practices are a contributing factor to our overarching enterprise information management strategy. Improved data quality will help us reduce costs and drive better decision making across the enterprise.”

Director of Enterprise Information Management

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its leadership has identified is to enhance critical business processes by improving the underlying data supporting them. By creating an enterprise-wide data quality program, the company believes it can enhance revenue and profits while generating significant operational cost savings per year. Already the company has taken steps towards its longer-term goals, launching a pilot program in 2008 that is expected to generate substantial savings over the next five years.

THE CHALLENGE

The company competes in two of the most fast-paced and globalized markets in the world. In today's economy, enterprises need to be nimble and responsive enough to meet existing demand while also accurately predicting—and maneuvering to meet—tomorrow's technology needs. Adding to the complexity is the company's diverse customer segments, which include consumers, home-office, small and medium businesses, Fortune 500s, and government agencies. Each requires different sales, marketing, and customer support models. To navigate this complex business landscape requires the skillful management of an enormous amount of critical data—including customer, product, vendor, and service information—in near real-time.

Consider, for example, the company's enormous consumer-data challenge. It currently manages millions of contacts and e-mail addresses residing in a number of independent data sets. With dozens of data-entry points, multiple data owners, and disparate data systems, it takes significant manual coordination to prevent costly data inconsistencies. For example, it's estimated that if just 10% of the company's consumer addresses are inaccurate or out of date, a global marketing campaign could end up spending hundreds of thousands of dollars

Informatica Data Quality Future Potential Benefits by Functional Group

Functional Group	Benefit Area					
	Reduce Reliance on 3rd Party Services	Reduce Manual Work to Clean/Enrich/Mine Data	Revenue Growth Potential	Decrease Logistical Costs and COGS	Improve Reporting and Insights	Better Customer Service
Service & Repairs	✓	✓		✓	✓	✓
Engineering IT		✓		✓	✓	
Customer Marketing	✓	✓	✓		✓	
Consumer Marketing	✓	✓	✓		✓	
Customer Insights		✓	✓	✓	✓	✓

on mailings that would never reach the intended audience.

The company's challenge was to enhance the quality of data through advanced IT and business processes and leverage leading-edge data quality tools to:

- Reduce costs and time-to-market cycles for new products
- Improve communications with customers
- Provide more timely and customer-oriented services for customers

THE APPROACH

Creating a coordinated, enterprise-wide data quality program for a global company would be an enormous undertaking and require a well-crafted, prudent approach. The company's first step, in 2006, was to create a small, dedicated team of information management experts.

The team identified tools and business practices that would provide:

- The ability to manage data clean-up across all data types

- A robust, scalable set of solutions that would allow non-technical data owners to easily build business rules without extensive IT support

- Powerful reporting capabilities to monitor information across its lifecycle

After creating a best-in-class data quality solution, the company turned its attention to deployment. Realizing that selling business owners on data quality wouldn't be easy, the team designed a pilot program that would provide hard evidence of the ROI and benefits of the solution.

The company started by conducting a two month pilot project, cleansing a sample of its master customer database. The goal of

Pilot Accomplishments

Pre-Processing Data Setup (e.g., Standardization, Grouping, Parsing, Field Concatenation)
Data Grouping/Matching
Data Match Scoring
Informatica PowerCenter Integration Process & Requirements

the pilot was to prove the business value of improving customer data quality by leveraging best-practice data management methods and data quality tools. During the pilot phase, the team audited and cleansed a sample representing 10% of the database, completed a full diagnostic of data-profiling activities, and identified future process-improvement opportunities.

From the pilot data, the team found that over 50% of the records sampled in the database were duplicates. Extrapolating that figure across the entire database, the company estimated that it had approximately 16,000 duplicate rows in the database. It further estimated that if it de-duped the entire database, the company could save hundreds of thousands dollars per year in labor costs, thousands of dollars in data processing fees, and thousands more in mailing costs per year.

If deployed across the entire database, the new data quality solution would generate a 172% return on investment (ROI) with payback occurring in less than 14 months. Total benefits in labor costs and data processing cost savings would potentially amount to more than a million dollars over five years.

With the successful completion of a pilot, the company shifted its attention to supporting critical business areas that could benefit from the new data quality solution, including:

- Consumer Marketing
- Customer Marketing
- Engineering/Product Development
- Service and Repairs

The team is now engaged in helping quantify and communicate the value of its data quality program to these business operations. The initial cost-benefit analysis is promising, and has the opportunity to

deliver significant bottom-line benefits to the business.

THE SOLUTION

The results of the data-quality pilot sparked interest across the company. Looking across four key areas of the company’s business, the development team identified millions of dollars in potential bottom-line benefits. Below is a summary of these opportunities and potential benefits:

Profit Improvement Opportunity for Consumer Marketing

The company’s marketing group believes that consumers who inquire about company products through the Internet purchase more products. By converting more of its consumer customers and prospects to the Internet, the company can take advantage of a significant possible opportunity.

One way to increase conversion rates is to reach out to customers in a timely fashion and guide them to the Web site while their interest level is high. The company believes that it can raise its conversion/close rates by more effectively targeting and rapidly responding to consumer inquiries through its new data quality solution.

Also, because it regularly captures huge volumes of consumer data, the company is spending hundreds of thousands of

“Our company has made a significant investment in improving data quality over the past two years. We began with an investment in a small but talented team of experts. This team created a new level of data discipline for the company, including data management best practices and tools that can now be rolled out to every facet of the business.”

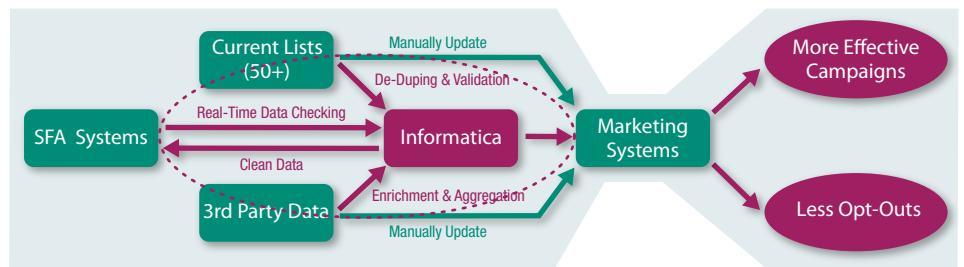
Chief IT Architect

dollars a year to cleanse the data it receives through its Web presence. By leveraging its data quality solution and best data quality practices, a significant portion of these expenses could be eliminated.

Streamlining B2B Customer Marketing Information Flows

The company’s customer marketing group develops marketing programs that target business clients based on demographics such as geographic location, buying

Customer Marketing
 Enhancing Quality & Automating Information Flows



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behavior, and so forth. The process is time consuming, requiring the consolidation and cleansing of numerous lists before the data can be loaded into a core CRM system, and resource constraints have prevented the group from pursuing additional data clean-up activities to further improve the process.

With the new data quality solution, the customer marketing team can automate many of its existing processes, reducing costs and enabling it to take on additional data clean-up tasks. For example, the new data quality solution will allow the company to set up automated business rules at the data-entry point to reduce errors and ensure consistency. This will help the company more effectively target future customers, reduce the number of duplicate mailings, and drive future revenues.

Cost Savings Opportunity and Reduced Cycle Time for Product Development

Product development is one of the most critical capabilities for high-tech companies. Maximizing engineering resource productivity is vital to meeting the company's aggressive time-to-market goals and beating the competition.

To improve efficiencies, company engineers use state-of-the-art product lifecycle management tools to track and manage the thousands of components that go into the products. Through the use of component

“Our business requires fast reactions to dynamic business conditions and short product lifecycles. We are continually trying to discover ways to enhance the quality and availability of our data to improve our reaction time and make more informed decisions.”

Marketing Manager

libraries, the engineers can run design simulations quickly and efficiently and identify potential component failures more effectively, leading to enhanced product quality and reduced design-cycle time.

The company has identified an opportunity to deploy its data quality solution to enhance the use of these component libraries. The new data quality solution can help engineers identify existing components earlier in their development cycles, reducing time-to-market and lowering costs. Specifically, the solution can:

- Reduce engineering design time by leveraging existing components more effectively
- Minimize component inventories and streamline the number of vendors supplying parts by eliminating redundant components in the active library

- Reduce manufacturing costs by eliminating redundant part bins that are maintained on the shop floor

It's estimated that the elimination of redundant components alone could save millions per year. In addition to these hard cost savings, increasing the reuse of parts will also drive time-to-market improvements and reduce complexities in the manufacturing and support areas downstream.

Enhancing Service Center Collaboration

To better serve customers, the company's service and repairs division is currently implementing a new business model to rapidly capture and leverage insights from product returns data. As part of this program, teams are working to improve the availability and quality of this data across more than 1,000 third party service centers. These improvements should help to identify product defects sooner, accurately assess the performance of its third party service centers, and reduce the amount of off-warranty payments made. It's estimated the program could potentially generate hundreds of thousands of dollars in savings annually.

The new data quality solution will help the service organization meet its goals by establishing automated business rules that maintain a consistent approach to collecting service information across the

“One of the greatest challenges for our engineers is effective utilization of our existing parts library. By pointing an engineer to an existing part versus creating a new part will save significant time and costs. Leveraging data quality tools and processes to minimize part redundancy is a large opportunity for us.”

Product Engineering IT Manager

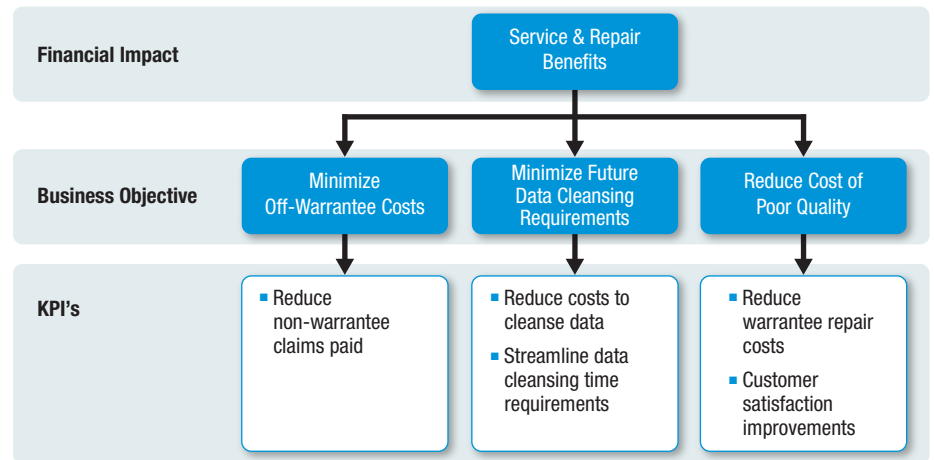
entire network of service providers. This in turn will provide more timely insights and allow the company to work more efficiently with service providers to reduce costs and improve customer service. It's estimated that the improvements could potentially generate millions in cost savings per year.

THE ROAD AHEAD:

The company's IT group is working aggressively with its technology suppliers, including Informatica, to realize the potential of these data quality management initiatives. Taken together, the projects have the potential for significantly impacting the company's top and bottom line performance, including:

- Potential for increased revenue from improved customer response rates—driven by more targeted marketing capabilities and higher quality mailing lists
- Potential for decreased information management costs—including manual resource costs, fees paid to outside service providers to cleanse data, product development information management costs, and IT storage costs
- Potential for improved cash flow by reducing invoice-to-cash cycles—driven by improved billing presentment through more accurate customer addresses
- Potential for improved customer satisfaction—driven by more timely and targeted offers and improved customer service capabilities

Service & Repair Division Data Quality Opportunities



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ABOUT THIS BUSINESS BENEFIT IMPACT STUDY

Research and analysis for this study was conducted by Mainstay Partners LLC, an independent consulting firm that has performed over 300 studies for leading information technology providers including Cisco, Oracle, SAP, Microsoft, Dell, Lexmark, HP, Informatica, BearingPoint, EMC, NetApp, EDS and Tidal Software. This case study was based on interviews

with company management, IT data experts and IT architects, as well as a review of existing project planning documents. ROI calculations use industry standard assumptions regarding the time value of money. Information contained in the publication has been obtained from sources is considered reliable, but is not warranted by Mainstay Partners LLC.

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