



Teradata Lifetime Value Solution First to Provide Predictive Business Intelligence to Financial Services Firms

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Survey Shows 92 Percent of Banks Unable to Measure and Act On Customers' Lifetime Value

Teradata, a division of NCR Corporation (NYSE:NCR), introduced the Teradata(R) Lifetime Value solution, which is the first business intelligence software to enable financial institutions to predict the lifetime value of customers or products. This business intelligence can be used to guide product development, marketing strategies, customer-service initiatives and capital expenditures.

"Unfortunately, most financial institutions can't determine customer value. Only when you can understand and predict customer banking behavior can you understand profitability and then take action accordingly. It's customer behaviors that determine profitability," said Jim Donovan, vice president of Teradata financial services marketing. "Because of its predictive power, Teradata Lifetime Value empowers financial institutions with business intelligence to be able to provide their customers the right products and services, at the right time, through the right delivery channels."

According to Donovan, in a recent survey of more than 40 global financial institutions, Teradata found that 92 percent of the respondents believed that their institutions were currently unable to measure a customer's lifetime value. In addition, they responded that the information would be fundamental to the development of business strategies that drive profitability.

"Lifetime value helps with our understanding of how investments made today pay out over time, and explains how profitability and customer behaviors are related. It's not just response rates or cross-sell ratios that count, but how they contribute to building customer equity over time. Without lifetime value analysis, you simply won't know," said Tom Richards, CRM research director at Meridian Research, Inc.

Teradata Lifetime Value can provide bankers a new level of business intelligence on the sale of banking products and channel usage. For example, which type of customer relationship is more valuable over time, and leads to profitability, a customer that acquires a home mortgage and then uses the Internet for most retail banking transactions, or a customer that takes out a home-equity line of credit while banking in traditional retail branches? Understanding these relationships is critical for decision-making on promotional campaigns, product development and pricing.

Richards also commented that profitability provides a transactional measure at a point in time, looking backward. An analysis of lifetime value provides a measure of an ongoing relationship, looking forward.

In addition to customer value, Teradata Lifetime Value can measure the lifetime value of any definable object, including products, delivery channels, customer-service centers, sales force, and even geographic regions.

How does it work?

Teradata Lifetime Value is a set of complex mathematical models that are run inside the Teradata database engine. When the models are applied to detailed customer behavior data, patterns and trends are uncovered. When patterns and trends are linked to customer attrition projections, demographics and propensity-to-buy data, it provides powerful insights into lifetime value.

The Teradata data warehouse is a central depository for data from across the enterprise. Rather than consuming precious time by moving large amounts of data in and out of the data warehouse as it is processed, a Teradata warehouse performs its calculations within the database. In addition to speed, accuracy is critical when relying on data to make insightful business decisions. Because of its massive parallel-processing architecture, the Teradata data warehouse has the power to conduct an exhaustive review of all data, not just analyze a sample of data that may offer misleading clues to customer behavior.

About Teradata Division

Teradata, a division of NCR Corporation, is the global leader in enterprise data warehousing and enterprise analytic technologies and services. For more information, visit www.teradata.com.

About NCR Corporation

NCR Corporation (NYSE:NCR) is a leading global technology company helping businesses build stronger relationships with their customers. NCR's ATMs, retail systems, Teradata(R) data warehouses and IT services provide Relationship Technology(TM) solutions that maximize the value of customer interactions. Based in Dayton, Ohio, NCR (www.ncr.com) employs approximately 30,500 people worldwide.

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