



Teradata Profitability Analytics Bolsters the Bottom Line for Mobile Communications Companies

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Actual behaviors, transactions and activities analyzed for precise, integrated profitability measurement

With billions of wireless users in hand, mobile communications companies must now determine not only how to improve retention rates, but also how to maximize the value of these subscribers. Teradata, a division of NCR Corporation (NYSE:NCR), today introduced Teradata Profitability Analytics software, which runs on the Teradata(R) warehouse engine. Comprised of Teradata Value Analyzer, which precisely measures current profitability, and Teradata Lifetime Value, which predicts lifetime profitability, Teradata Profitability Analytics enables mobile communications companies to develop customer relationship management (CRM) strategies with value as the foundation.

There is a critical need for profitability analytics.

"Recent Yankee Group research has indicated that the current economic and competitive environment is forcing wire-line and wireless communication service providers to better understand the profitability of their service customers and sales channels," said the Yankee Group's David Hawley. "The Yankee Group's findings indicate that CSPs are prioritizing business intelligence investments that will enable them to increase their understanding of the profitability of customers as well as products and services over other technology initiatives. It will be fascinating to see which communication service providers leverage their underlying data warehousing technology to use detailed data in solving this challenge," said Hawley.

"In what has felt like a parallel to Bill Gates' vision for a computer on every desktop and in every home, mobile communications companies have led the charge for a wireless phone in every hand," said Jack Knapp, vice president of communications industry marketing at Teradata. "But as penetration rates begin to peak, many of these companies are shifting their focus to retaining customers and encouraging higher spending to drive revenue growth. In doing so, they need to determine not only which customers are likely to spend more money, but which customers are more valuable to retain.

"Most mobile companies measure their business on average revenue per user (ARPU), which is fine during rapid growth mode. But today's market requires different standards. Measuring revenues without analyzing affiliated costs - everything from network usage, customer care expense and incentives - doesn't give a true picture of each account's contributions to the bottom line. Actual margin per user (AMPU) is the optimal measure, as it enables mobile communications companies to build and implement plans based on actual customer value. That's where Teradata's Profitability Analytics comes in. Now communications companies can measure the profitability of each wireless customer and use this information to guide marketing, sales and service decisions," added Knapp.

Teradata Value Analyzer is an end-to-end solution that pinpoints profitability calculations across five distinct components at the fundamental level, the billing telephone number. These components are: revenue (direct and indirect), interest revenue/expense, direct expense (applied to customer behavior or events), indirect expense (cost of doing business) and risk provision (applying the cost of credit and other potential risks and fraud). To boost speed, Value Analyzer calculations are completed inside the Teradata warehouse engine, rather than consuming time by moving large amounts of data in and out of the data warehouse as it is processed. This also heightens accuracy as Teradata allows for an exhaustive review of all data, not just a sample that may offer misleading clues to customer profitability and behavior.

Mobile communications companies can utilize Teradata Value Analyzer to proactively manage their business by tracking profitability by customer segment, rate plan, channel and geographic market. Decisions on investments in new applications, products and services, network expansion and phased service rollouts can be prioritized. Teradata Value Analyzer can also provide analyses that help companies build more profitable rate-plan offers and better target customers for rate-plan migrations. Customers can be segmented by behavioral profitability as opposed to revenue, and marketing campaigns can be designed to change the overall account mix, capitalizing on the attributes that characterize higher-margin customers.

Teradata's Lifetime Value Solution provides mobile communications companies with business intelligence that allows them to measure the ongoing value of any object - everything from customers, products and delivery channels to the sales force, geographic regions and customer service centers. The Teradata Lifetime Value Solution identifies patterns and trends by applying complex mathematical models to detailed customer-behavior data. Those patterns and trends are linked to customer-attribution projections, demographics and propensity to buy data to provide insights into customers' lifetime value. Measuring actual behavior provides reliable results and can provide insight into the challenges and opportunities that lie ahead.

Mobile communications companies can use this information to a variety of applications and activities, such as product development and testing, pricing, marketing programs, customer retention and relationship management.

Teradata Profitability Analytics is available for immediate delivery.

About Teradata Division

Teradata, a division of NCR Corporation (NYSE:NCR), 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 30,400 people worldwide.

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