

Asset Finance

Using advanced analytics to **complement business strategy** and **drive the client's leadership position**

BSG partnered with a South African asset finance house to illustrate **how data and advanced analytics** can be used to **generate business value**. With the rapid increase in the volume and variety of data available to businesses, the client realised they could utilise their data to complement business strategies and position themselves as an industry leader.



Overview of the client's needs

- Understand how their own data could be used to increase profitability
- Embark on a journey towards customer-centricity



Objectives of the engagement

- Utilise advanced analytics to identify customer groups, the number of groups and the variables required for segmentation
- Understand and profile the customer groups, and pragmatically use this information to build a roadmap to enable the client to become more customer-centric
- Identify internal and external data sources to enable this journey to customer-centricity



Benefits of the change

- Demonstrated the business value of understanding customers through customer intelligence
- Identified a roadmap on how to continuously improve customer intelligence and inform customer interaction

BSG assisted the client by illustrating how **optimal and correct data** usage can complement people, process and technology to drive business strategy and **enable increased customer-centricity**.

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Engagement Overview

In line with the client's desire to practically understand how data can generate business value, and as a first step in the journey to becoming more customer-centric, BSG used advanced analytics to segment customers and identify the profit potential of each segment. Through the identification of customer groups within the data, BSG illustrated what an analytics journey would look like, and how undertaking this journey would increase customer intelligence.

The value of data beyond finding customer groups was illustrated by the inclusion of external data, which indicated market penetration and market potential per province. Exploratory analysis and data mining techniques were then used to unravel hidden facts in the large data set.

Solution

The project team worked to collect customer information, extrapolating it from the client's current customer base. With this information in hand, an exploratory analysis of the data was conducted. This approach enabled the team to identify outliers and determine the most important variables in the data set.

Advanced analytics techniques were performed on the dataset in order to enable the project team to uncover the customer groups. This approach ensured the data, rather than human intervention, determined the number of customer groups as well as the variables on which each group was based. The groups were then profiled, based on demographic and financial characteristics.

The analysis was further enhanced by illustrating how each customer group could be effectively incorporated into the client's business strategies, and what type of business value each group could potentially generate.

In order to illustrate this, the following analytics techniques were included:

- Distribution analysis of customers relative to:
 - the speed at which loans are paid
 - preferred product per customer group
 - the likelihood of default
- Geospatial analysis was performed on each group, which included external data, to understand not only the current customer distribution by location but also the market potential per province
- Data mining techniques were used to discover relevant insights hidden in the large dataset
- Correlation analysis was used to evaluate how the client's sales relate to the industry's relevant Consumer Price Index

By analysing existing data, coupled with external data, the BSG project team was able to assist the client in segmenting its existing customer base more effectively, thus allowing the data to complement its business strategies. Through this segmentation, the client was able to more easily identify opportunities to increase profit through cross- and on-selling of complementary product options. Similarly, the advanced customer analytics provided to the client ensured a better understanding of its customers, which in turn allowed the client to begin a journey towards increased customer-centricity

BSG making a difference

BSG allowed business stakeholders to see how existing data could be used to generate and augment business value. Having information and customer intelligence is just the first step, knowing how to apply and enhance customer data by using external data sources is the key to unlocking the potential in the customer data.

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