SAS® GLOBAL FORUM 2019

USERS PROGRAM

APRIL 28 – MAY 1, 2019 | DALLAS, TX

IMPLEMENTING THE CUSTOMER LIFECYCLE IN CUSTOMER-RELATIONSHIP MANAGEMENT USING SAS®

Peterson Colares; Mathias Martens; Juliano Silveira; Daniel Horn

THE FIRST COOPERATIVE FINANCIAL INSTITUTION IN BRAZIL.
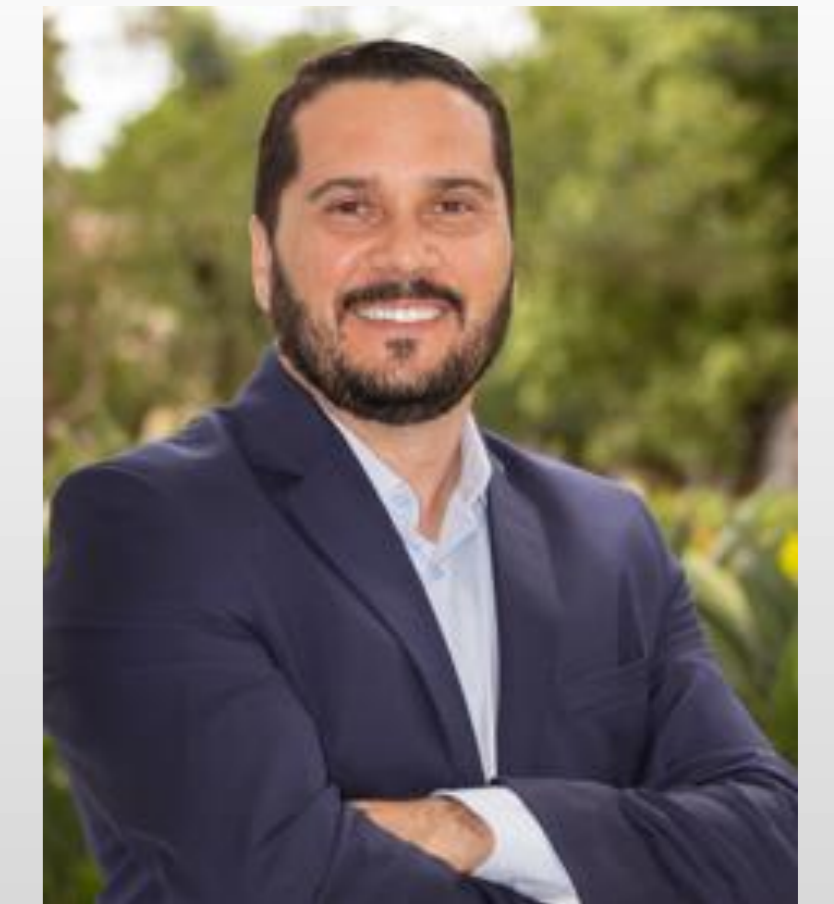
- About Sicredi
- CRM Journey
- Data Science
- Results

Peterson Colares
Speaker and Main Author

Abstract

Sicredi is one of the largest cooperative financial institutions in Brazil, composed of 114 credit unions working as a system to serve 4 million members. According to cooperativism values, Sicredi customers are members who directly take part in the unit's strategic decision and financial results distribution. Always looking for the best relationship with members, we offer financial solutions that improve their life quality and develop the communities where we are present. In this paper, we present an overview of our Customer Relationship Management - CRM journey process, which started in 2011 with the implementation of a homemade CRM software solution, and it has been in constant evolution. Today, our CRM process manages all interactions between account managers and customers, based on systematized actions following customer lifecycle phases: activation, maintaining, reselling and churn. Specific business actions are taken according to the customer phase in the cycle, always searching for the best customer experience. In order to organize our CRM offerings, many business rules and propensity models were implemented using SAS® Enterprise Guide.

About Sicredi

We are Sicredi, the first cooperative financial institution in Brazil, acting in an increasingly collaborative world. We want to bring people together with the same purposes and for over 116 years we believe it is possible to deal with money in a different way.

Our business model builds a value chain that benefits the member, the cooperative, and the local community.

We are **25.8 thousand employees** working on the development of our **4 million** members and we are present in **22 Brazilian states** in more than **1.6 thousand branches**, distributed in 114 credit unions.

Centro Administrativo Sicredi
Porto Alegre – RS - Brazil

Our numbers

Sicredi's presence in Brazil

R$ **95.1** billion
in assets

R$ **56.1** billion
in credit portfolio

R$ **15.3** billion
in net equity

R$ **2.7** billion
in net profit

R$ **60.5** billion
total saving deposits

International Partners:

Rabobank

IFC International Finance Corporation WORLD BANK GROUP

IMPLEMENTING THE CUSTOMER LIFECYCLE IN CUSTOMER-RELATIONSHIP MANAGEMENT USING SAS®

Peterson Colares; Mathias Martens; Juliano Silveira; Daniel Horn

Sicredi

THE FIRST COOPERATIVE FINANCIAL INSTITUTION IN BRAZIL.

- About Sicredi
- CRM Journey
- Data Science
- Results

Evolution of a customer relationship focused platform

Analytical CRM — 2011

In 2011, in order to drive customer relationship and to provide financial services to members, branches commercial teams needed to use several transactional systems.

There was no platform to consolidate all member information in a single view.
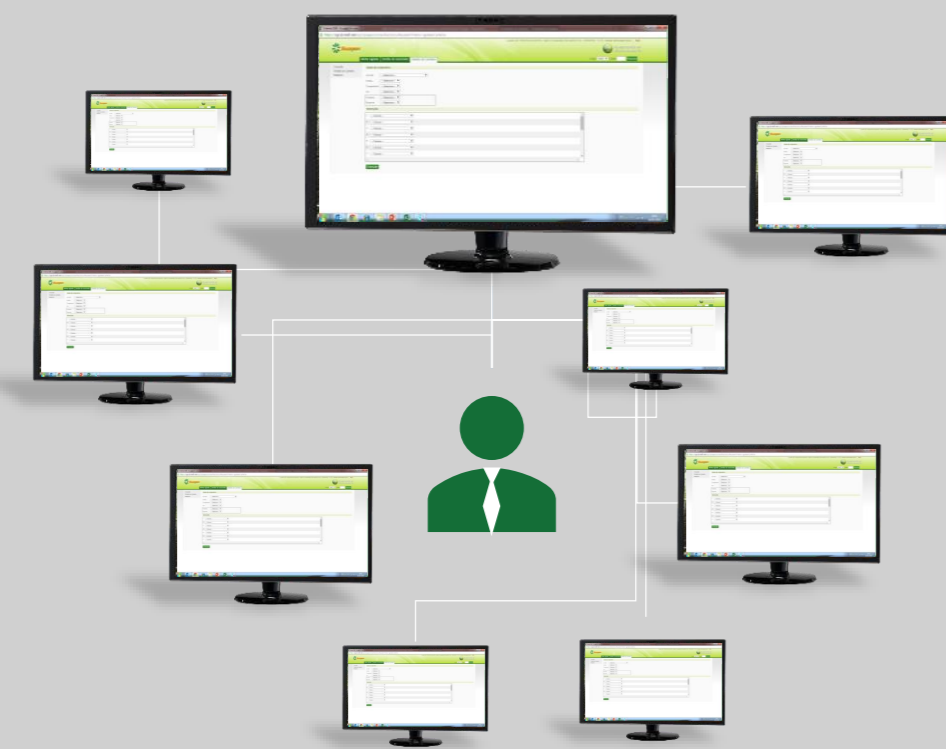
Operational CRM — 2018

In 2015, a robust CRM platform was implemented, based on a solid market solution where all important information was organized to support on customer's assistance.

A 360º customer view platform, with product offerings suggestions aligned to member's profile.

CRM & BI Department

Transformation of a customer relationship focused culture

1st version of CRM	➡ Operational CRM
Homemade solution	➡ Oracle Siebel
Without full membership	➡ Full membership
Offline	➡ Online
Rule based offerings	➡ Offerings based on predictive models

ASSOCIAÇÃO ATIVAÇÃO FIDELIZAÇÃO RETENÇÃO RECONQUISTA

Relationship Lifecycle
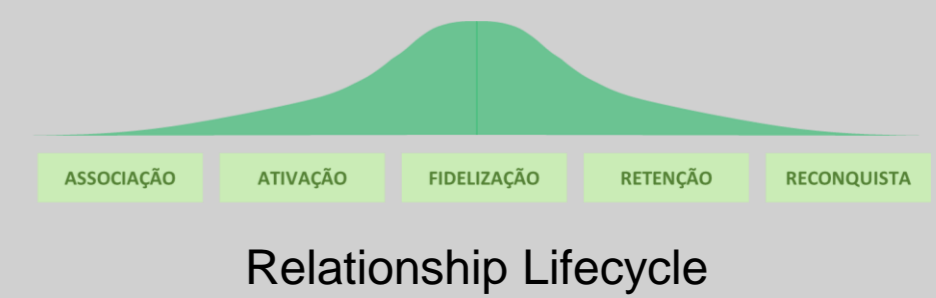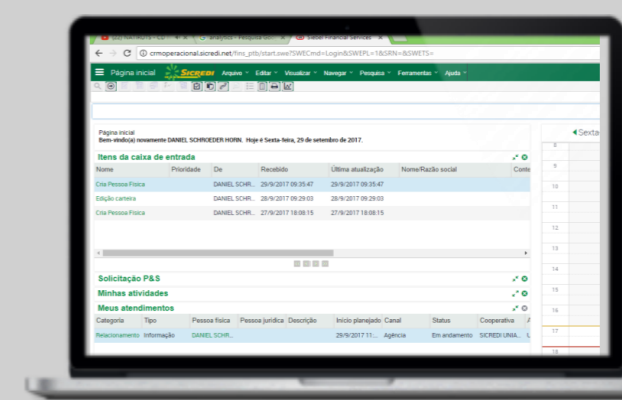
*In 2018 **16 Million** of CRM offerings were made available.*

§sas

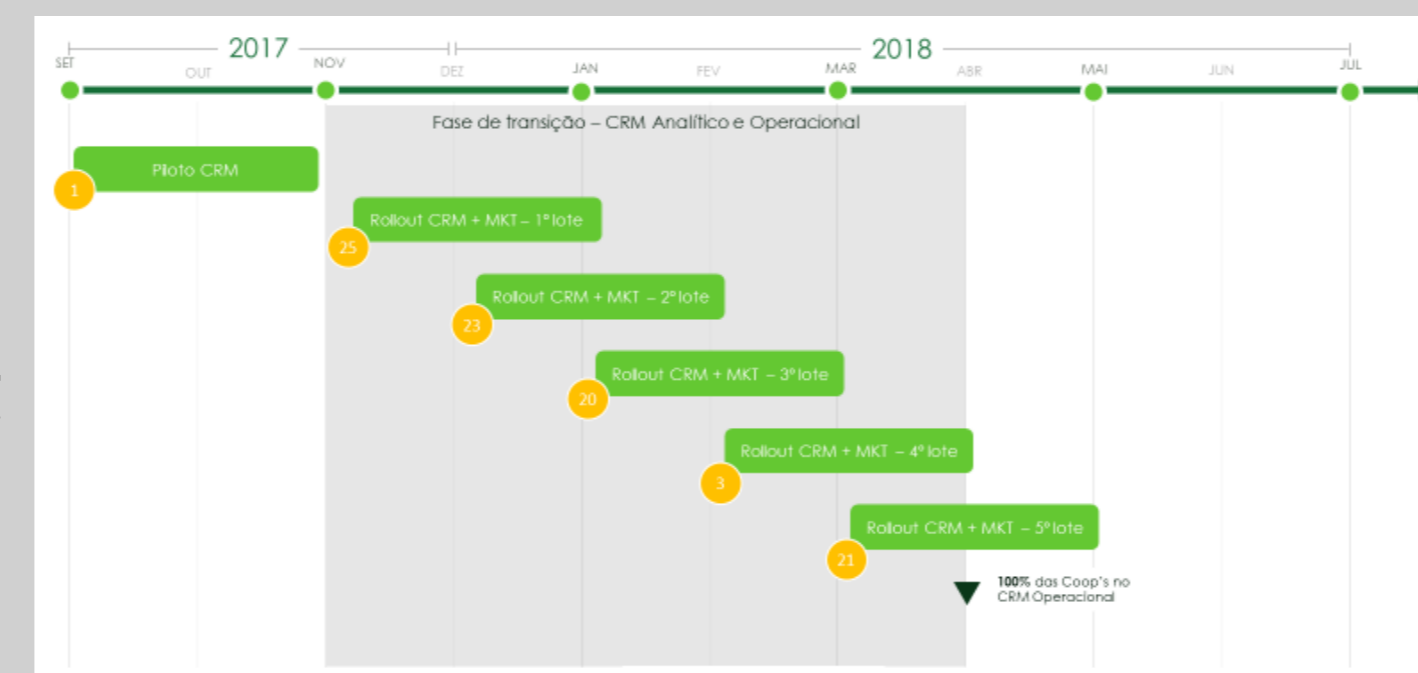**Centro Administrativo Sicredi**
Porto Alegre – RS - Brazil

CHANGE MANAGEMENT

Trainings were conducted to more than 7 thousand sales force employees.

With collaborative working of all credit unions, it was possible to transform the platform and employees behavior, turning CRM utilization a daily routine.

Training schedule for a new version of the CRM platform realized in 2017.

CRM multipliers groups were formed, which used andragogy techniques to achieve employees better fixation and tangibilization of the new platform benefits during training. Gamification was another methodology used for training (CRM Play). Training materials were made available to all audiences (Strategic, Tactical and Operational levels) in addition to remote classes using Skype.

IMPLEMENTING THE CUSTOMER LIFECYCLE IN CUSTOMER-RELATIONSHIP MANAGEMENT USING SAS®

Peterson Colares; Mathias Martens; Juliano Silveira; Daniel Horn

Sicredi

THE FIRST COOPERATIVE FINANCIAL INSTITUTION IN BRAZIL.

About Sicredi
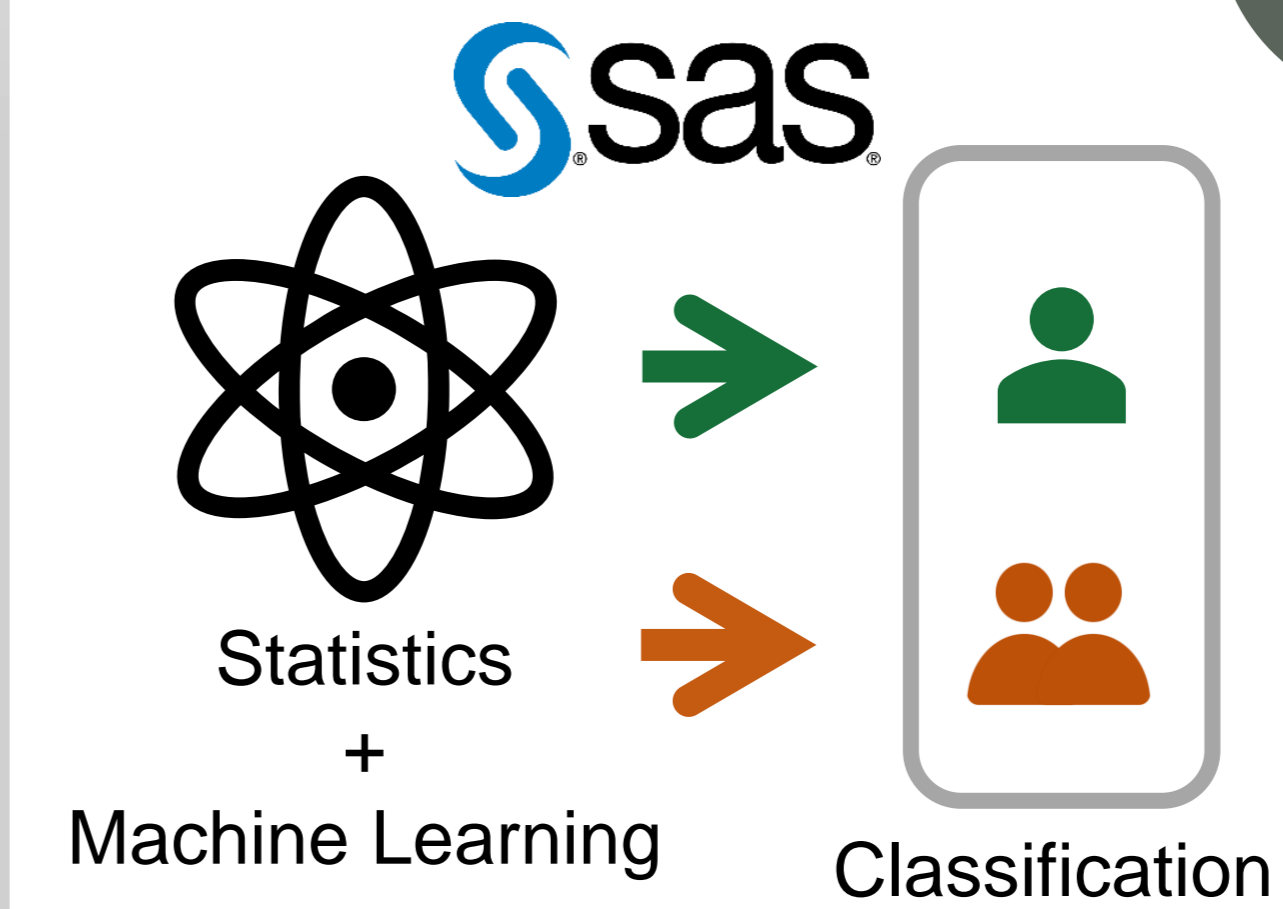
CRM Journey

Data Science

Results

1 DATA

Structured and unstructured data from internal sources, such as credit card, checking account, loans and investment systems, along with data from external sources such as credit bureaus, BACEN (Central Bank) and IBGE ((Brazilian Institute of Geography and Statistics), are integrated, organized and refined to create a 360 degrees view of members. These information are stored in SAS Metadata and relational databases with daily updates for transactional data and weekly or monthly for other data sources, enabling the development of Analytics and Data Science activities which improve customer relationship and leverage company's results.

2 DATA SCIENCE

At the Analytics and Data Science phase, a team is organized by activities: Predictive Modeling, Consumption Propensity, Segmentation Studies, and Exploratory Analyzes. SAS Enterprise Guide is used to perform these tasks, both for the development phase and for the production phase where routines were created to be executed monthly to update model scores. At the beginning of the project, Logistic Regression models (PROC LOGISTIC) were used for product propensity, due to the ease of implementation and better comprehension of the business partners. Starting in 2018, to further improve the accuracy of our offerings, existing models have been improved by the use of more sophisticated techniques such as Artificial Neural Networks (PROC HPNEURAL) and Random Forests (PROC HPFOREST).
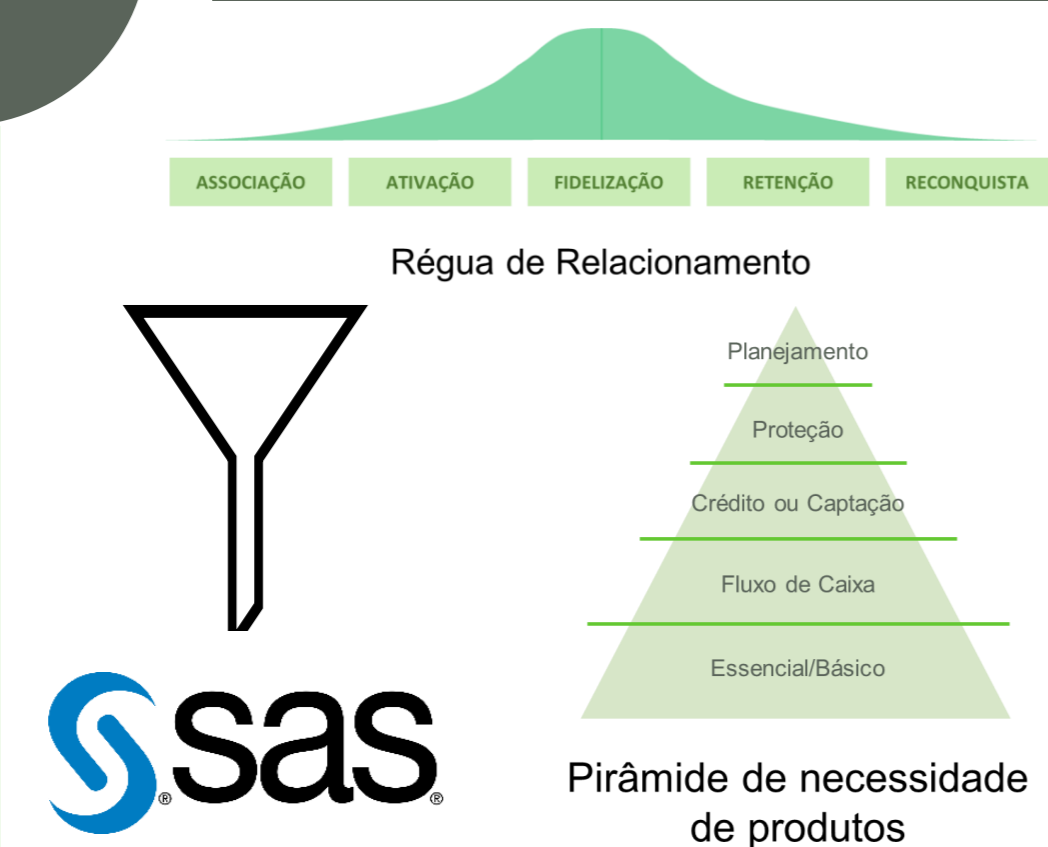
Statistics
+
Machine Learning

Classification

CRM & BI Department

3 CUSTOMER LIFECYCLE

ASSOCIAÇÃO   ATIVAÇÃO   FIDELIZAÇÃO   RETENÇÃO   RECONQUISTA

Régua de Relacionamento

Planejamento

Proteção

Crédito ou Captação

Fluxo de Caixa

Essencial/Básico

Pirâmide de necessidade de produtos

Specific segmentation is used to better target offerings according to the type of member's activity: individuals, agribusiness and commercial.
Each segment has a different behavior on Sicredi financial usage, which generated three adapted relationship cycles with different rules and communication formats.

To automate the execution of these rules, macros were created in SAS that use information such as opening date, inactivity, credit risk, income, age, investments, probability of churn, propensity to consume products, among others.

CRM 4

Offerings are daily disposed in the CRM platform, where they are consumed by an approximately 8 thousand employees sales force, who offer financial products to more than 4 million members. In 2018 a total of 16 million offerings were made. Some of these offerings have the RTDM (Real Time Data Monitoring) feature behind them, using members interactions (simulations in mobile app and internet banking) as a trigger.

Centro Administrativo Sicredi
Porto Alegre – RS - Brazil
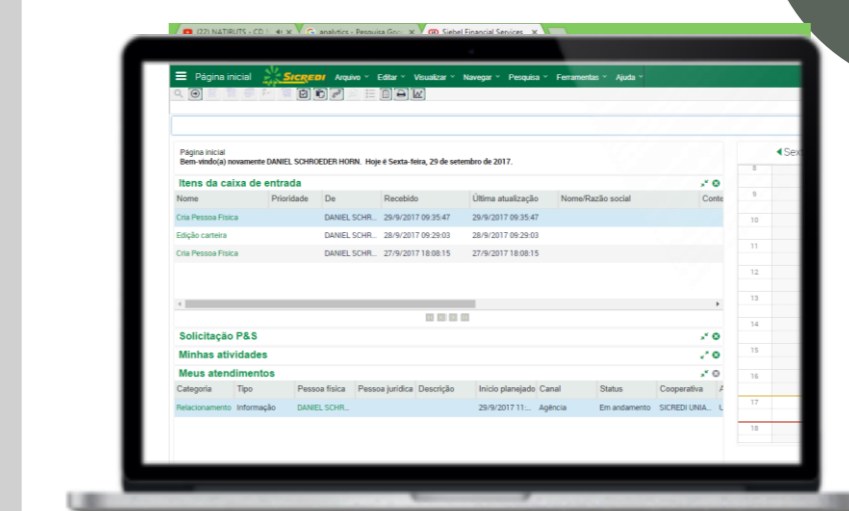
IMPLEMENTING THE CUSTOMER LIFECYCLE IN CUSTOMER-RELATIONSHIP MANAGEMENT USING SAS®

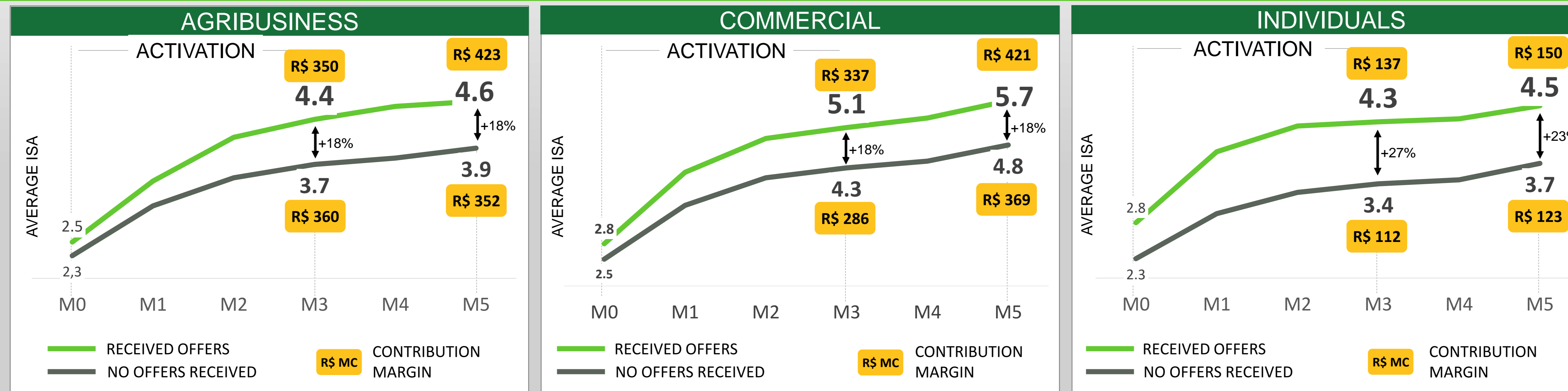*Peterson Colares; Mathias Martens; Juliano Silveira; Daniel Horn*

THE FIRST COOPERATIVE FINANCIAL INSTITUTION IN BRAZIL.

- About Sicredi
- CRM Journey
- Data Science
- Results

Centro Administrativo Sicredi
Porto Alegre – RS - Brazil

CRM & BI Department

RESULTS

In 2018, Sicredi had 22 product propensity models implemented using SAS®, recommending commercial actions through Operational CRM which resulted in a direct conversion of R$ 8.1 billion in Credit (15.5% of 2018 total granted), and R$ 3.6 billion in saving deposits.

IMPACT OF OFFERINGS ON MEMBERS ACTIVATION

AGRIBUSINESS — ACTIVATION
(AVERAGE ISA) R$ 350 / R$ 423 — 4.4 / 4.6 +18%; 3.7 / 3.9; R$ 360 / R$ 352; 2.5 / 2,3; M0–M5
RECEIVED OFFERS / NO OFFERS RECEIVED; R$ MC = CONTRIBUTION MARGIN

COMMERCIAL — ACTIVATION
(AVERAGE ISA) R$ 337 / R$ 421 — 5.1 / 5.7 +18%; 4.3 / 4.8; R$ 286 / R$ 369; 2.8 / 2.5; M0–M5
RECEIVED OFFERS / NO OFFERS RECEIVED; R$ MC = CONTRIBUTION MARGIN

INDIVIDUALS — ACTIVATION
(AVERAGE ISA) R$ 137 / R$ 150 — 4.3 / 4.5 +23%; +27%; 3.4 / 3.7; R$ 112 / R$ 123; 2.8 / 2.3; M0–M5
RECEIVED OFFERS / NO OFFERS RECEIVED; R$ MC = CONTRIBUTION MARGIN

The impact of CRM offerings is measured by an indicator (ISA), which basically represents the number of financial solutions used by a member. In the first three months of membership (M3), those members who received CRM offerings showed higher ISA when compared to those who didn't: 27% higher for Individuals, 18% for Agribusiness and 18% for Commercial.
Regarding Contribution Margin (MC), the increase was 22% for Individuals, 14% for Agribusiness and 18% for Commercial

In addition, it was possible to observe that after six months of membership (M6), Churn Index was 29% lower in Individuals group which received some type of contact driven by CRM and 44% lower in Agribusiness segment.

Those improvements in the indicators are examples of the impacts that were achieved with the use of SAS® for Operational CRM predictive models development and also for Customer Relationship Management effectiveness tracking.

Source: August 2018 new members analysis for 6 months - Activation period (3 months); Churn - Percentage of account closure.

CONCLUSIONS AND NEXT STEPS

The process of building the "CRM Journey" has brought significant results for the organization. We understand that the strategies and investments made in the fundamental pillars of: "People + Technology + Data Science" have helped us a lot to achieve the business results we have been observing.
In CRM department, our next steps are directed towards expanding the use of relationship channels with our members and, in Data Science, we are seeking to increase investments in technologies for Machine Learning, data acquisition and qualification.

SAS® GLOBAL FORUM 2019

#SASGF

APRIL 28 – MAY 1, 2019 | DALLAS, TX

Kay Bailey Hutchison Convention Center