

Global Banks Turn to IBM SPSS Predictive Analytics to Improve Customer Relationships

SPSS, an IBM (NYSE: IBM) Company, today announced that banks worldwide are adopting IBM SPSS predictive analytics software to mitigate risk and grow their business through more focused direct marketing campaigns and retention strategies.

As part of today's news, banks such as First Tennessee, Rabobank Nederland and S&T Bank, have integrated IBM SPSS predictive analytics into the entire marketing process to better align with their most valuable customers and gain deep understanding of client behavior.

As a result, these banks have seen significant improvements in their marketing campaigns and overall business performance. For example, First Tennessee Bank increased its return on investment on cross-sell campaigns by 600 percent in six months. Rabobank Nederland, a part of a consortium of banks with more than 1,000 branch offices across 43 countries, was able to increase its close rate by as much as 20 percent by targeting the right clients in cross-sell and up-sell initiatives.

One of the biggest challenges in the banking industry is the ability to target the right customer at the right time. Adopting successful strategies and applying analytics to mitigate risk is bringing a new level of efficiencies in commercial banks. All successful customer campaigns depend on precise, timely targeting that deliver compelling offers to prospects and keep costs low.

By elevating direct marketing efforts using IBM SPSS predictive analytics to target the right customers at the right time and through the right communication channel, banks are able to improve satisfaction levels, increase brand awareness and capture those customers most likely to respond and become profitable clients.

First Tennessee Bank Gains Deep Understanding of Customer Behavior Effective customer segmentation processes are critical for banks. Many realize the most valuable customer segments account for the overwhelming majority of total customer profitability, while numerous other segments not only contribute very little profit, but may represent a loss.

First Tennessee Bank, a Memphis, Tenn.-based subsidiary of First Horizon National Corp. and among the nation's top 50 bank holding companies with more than \$20 billion in assets, has turned to IBM SPSS predictive analytics to increase the overall return on investment on its cross-sell campaigns by more than 600 percent in six months.

Historically, First Tennessee had a one-dimensional approach to pushing siloed products and wanted to create a customer relationship-based approach. The organization sought to predict which marketing programs and campaigns could generate the highest response helping avoid investing budget spend on the wrong customer targets. Using IBM SPSS predictive analytics, the organization builds propensity models that identify its highest performing customer segments and creates monthly marketing campaigns around them, leading to decreased costs of their direct response campaigns.

Tanner Mueller, database marketing team manager at First Tennessee Bank, said, IBM SPSS predictive analytics is enabling First Tennessee Bank to gain an unprecedented level of insight from our data, making our marketing campaigns more efficient, and improving our returns and the way we reach clients.

Rabobank Nederland Focuses Marketing Efforts on the Most Profitable Customers IBM SPSS predictive analytics helps banks focus marketing programs on the prospects most likely to respond to new products or services. It minimizes costs by predicting which marketing programs will generate the highest responses by not spending marketing budgets on the wrong targets.

Rabobank Nederland, strengthening its position as a market leader by expanding relationships with private and corporate customers, is deploying IBM SPSS predictive analytics to generate qualified leads and higher marketing returns through improved campaigns.

Now, Rabobank is better supporting the local branches in effective cross-sell, up-sell and deep-sell initiatives. Applying predictive analytics to understand client behavior and future buying patterns for potential sales, Rabobank is now able to prioritize its customer leads across all channels. As a result, it has been able to increase the close rate from the range of 2 to 4 percent, to 12 to 20 percent, which means it is moving more customer

opportunities into the sales pipeline.

Paul Groenland, manager of the marketing intelligence department at Rabobank, said, Whereas many financial institutions are struggling in today's difficult economic environment, Rabobank has become even more successful. This success is based on our co-operative structure, increased customer focus, organizational commitment to CRM and investments in supporting technology, such as IBM SPSS predictive analytics software, which deliver true ROI.

S&T Bank Enhances Relationships and Improves Customer Satisfaction S&T Bank, headquartered in Indiana, Pa., with assets of \$4.2 billion in 2009, uses IBM SPSS predictive analytics to improve its direct marketing efforts for customer acquisition campaigns. With an intuitive and strategic approach for customer segmentation in its marketing campaigns, S&T Bank has created better response rates and reduced marketing spend by sending less unwanted direct mail to customers.

Prior to IBM SPSS predictive analytics, S&T Bank was manually creating queries that were extremely time consuming. Now, S&T Bank is able to send specific and targeted email and mail product offerings on checking, home equity loans, deposits and ancillary services to those customers most likely to respond. This approach has reduced marketing spend as costs of campaigns are lowered.

Rob Jorgenson, senior vice president of marketing at S&T Bank, said, In this market, now is the perfect time for our organization to approach new customers and use direct marketing campaigns to emphasize our approach to relationship banking. IBM SPSS predictive analytics enables our organization to identify customer needs, send targeted and focused campaigns and amplify our overall approach to customer marketing.

To learn more about SPSS, an IBM Company, please visit: <http://www.spss.com>

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