SAP Real-Time Offer Management 7.1
Detailed View
SAP Real-Time Offer Management (RTOM)

RTOM enables organizations to conduct intelligent and relevant customer interactions

RTOM recommends the best customer treatments in real-time to build profitable customer relationships.

- Turn inbound interactions into revenue opportunities
- Fight customer churn and boost loyalty
- Accelerate customer acquisitions
- Empower agents and interaction over all touch points
- Improve customer experience and satisfaction
Agenda

Business Environment

- Business Process
- Solution Overview
- Value Proposition
The Business Environment
*Customer and Product Perspectives*

**High CUSTOMER expectations**
Demand for relevant information and consistent experience across the enterprise and its channels

**Growing PRODUCT complexity**
Consolidation, collaboration and virtualization result in rich and complex product portfolios over frequently fragmented business supporting systems

**Bottom line:** *Need for real time decision support during interactions*
Market Attractiveness
Analysts View

- Strategic Planning Assumption: By 2011, the two most significant changes in the contact center will be agent access to real-time decision support and a view into the customer's activity, including Twitter, on the organization's website and beyond". 
  Gartner, Predicts 2010: Customer Service Meets Social CRM (Dec 2009)

- During 2010, real-time decisioning will be the most adopted category of analytic applications.”
  Gartner Predicts 2010: The Top Five Concerns in the Analytic Applications Space for the Coming Year (Dec 2009)

- Real-Time Offer Management can improve your customer response rates as much as 10 times than what you typically achieve with direct marketing.
  Gartner, Five Business Benefits to Be Gained From CRM Multichannel Campaign Management Inbound/Outbound Integration (Nov 2008)

- “... the desire to enrich the experience of each interaction, a captive and attentive audience, and the opportunity to reinforce the brand, all make inbound marketing a compelling solution.
  Forrester, How technology enables inbound marketing 2008
Market Attractiveness
Real Time Decisioning - a key technology!

CRM Marketing Hype Cycle 2009

- CRM Service Hype Cycle 2009

- Analytic Applications Hype Cycle 2009

- Context Aware Computing Hype Cycle 2009

Source: Gartner (August 2009)
RTOM is a real-time recommendation technology that enables organizations to conduct **intelligent customer relationship**

- RTOM recommends in real-time products and next best actions
- RTOM learns from response and improves its recommendations

**Solution Foundations**

- **Offer Management Environment**
- **Real-Time Decisioning Engine**
- **Self-Learning and Analytics**

**RTOM Process**

- Create & manage offers portfolio
- Recommend optimal offers
- Learn and adapt
- Measure and provide insights
Key Capabilities

- Multi-channel recommendation engine supporting closed-loop Marketing
- Real-time data access and calculation available for decision support
- Recommendations provided with personalized reasoning to improve acceptance
- Offer are prioritized by response rates and/or business value
- Holistic out-of-the-box business analytics, reporting and dashboards
- Out-of-the-box integration with SAP landscape
- Openness for third-party / legacy integration
- High performance and scalability
<table>
<thead>
<tr>
<th>Sample Use Case</th>
<th>Expected Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enhance cross-/up-sell and retention during inbound and outbound interactions</td>
<td>Increase revenues while keeping service productivity; Increase customer's lifetime value</td>
</tr>
<tr>
<td>Guide interactions and recommend next best actions</td>
<td>Empower customer facing personnel; Streamline self-service channels; Increase customer and agent satisfaction; Reduce handling time; Strengthen branding</td>
</tr>
<tr>
<td>Synchronize and improve offering across all interaction channels</td>
<td>Increase customer satisfaction; Boost online sales; Decrease costs;</td>
</tr>
<tr>
<td>Enable Marketers and other business users to test ideas and deploy them in short-time-to-market</td>
<td>Decrease Marketing spending; Shorten time-to-market</td>
</tr>
</tbody>
</table>
A Top Ten U.S. Bank
*Increased Inbound Sales by 60*

One of the top ten largest financial services holding companies in the United States

**Business challenges**
- Complex offering – the bank manages a comprehensive offering environment: banking, brokerage, insurance, investment, mortgage, trust and payment services
- Wish to create and manage a multitude of cross line of business offers (e.g. mortgage + insurance)
- All product should be available over all channels

**CRM strategy & objectives**
- We are always here for you – Service available 24 hours a day, 7 days a week; 24-Hour Bankers are available 24 hours a day, 7 days a week; etc.
- We have the product you need and if not we will create it
- Immediate and accurate execution guaranteed

**Results with SAP RTOM**
- Introduced in a month 35 different cross/up sell and retention offers
- Agents are doing 50-60% better and improving month to month
- 18% positive response to RTOM offers; additional 12% requested follow up
- 3 hours to train new agents
- Up and running in call center within 3 months
- ROI within 6 months

**Booked Accounts vs. control group**

<table>
<thead>
<tr>
<th></th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Booked Accounts</td>
<td>52%</td>
<td>57%</td>
<td>60%</td>
</tr>
</tbody>
</table>

Jan 48% 52% 54%
Feb 56% 58% 60%
Mar 62% 60% 58%
Agenda

Business Environment

Business Process

Solution Overview

Value Proposition
Real-Time Decisioning

Real-time customer information
- Real time customer profile
- Previous customer’s responses

Offer information
- Offers and their values
- Target population
- Channels
- Triggers and events

RTOM

Optimal recommendation
- Cross-/up-sell offers
- Retention offers
- Marketing messages
- Next best action …

Real-time session information
- Nature of the interaction
- Agent skills
- Level of service
Insights for business users on offers, agents, channels and responders

Recommend optimal offers

Learn and adapt

Create & manage offers portfolio

Intuitive offer definition and management environment

Prioritized real-time recommendations

Automatic learning to improve subsequent recommendations

Insights for business users on offers, agents, channels and responders

RTOM Process and Landscape

Simulation and Administration (part of RTOM Applications Toolkit)

Offer Designer

Recommendation Engine

Integration Manager (part of RTOM Applications Toolkit)

CRM & other data sources

Interaction Channels

RTOM Analytics and Dashboards

BW / DWH
Agenda

- Business Environment
- Business Process
- Solution Overview
- Value Proposition
## Offer Definition

### Offer

<table>
<thead>
<tr>
<th>Description</th>
<th>Short Description</th>
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<tbody>
<tr>
<td></td>
<td>Business Priority</td>
</tr>
<tr>
<td></td>
<td>Links to Products &amp; Actions</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Eligibility Rules</th>
<th>Prerequisites</th>
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<tbody>
<tr>
<td></td>
<td>Validity Time Frame</td>
</tr>
<tr>
<td></td>
<td>Re-offer Policy</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Targeting Criteria</th>
<th>Specific Target Profiles</th>
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<tbody>
<tr>
<td></td>
<td>Profiling Hypothesis</td>
</tr>
<tr>
<td></td>
<td>Personalized Reasoning</td>
</tr>
</tbody>
</table>
# The RTOM Landscape

<table>
<thead>
<tr>
<th>#</th>
<th>Step</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Offers are defined in BLS and saved in the RTOM engine</td>
</tr>
<tr>
<td>2</td>
<td>Interaction application event triggers RTOM</td>
</tr>
<tr>
<td>3</td>
<td>RTOM retrieves data from data sources</td>
</tr>
<tr>
<td>4</td>
<td>The engine detects the optimal offers</td>
</tr>
<tr>
<td>5</td>
<td>Recommended offers are provided to the application</td>
</tr>
<tr>
<td>6</td>
<td>Recommendation result is sent back to the engine</td>
</tr>
<tr>
<td>7</td>
<td>Experience is extracted and exported for Analytics</td>
</tr>
</tbody>
</table>

## Offer Designer

1. **Offers**

2. **Events**

3. **Data retrieval**

4. **Recommendation Engine**

5. **Recommendations**

6. **Feedback**

7. **Experience**

### Data Integration Services

- **Web Services**

### Recommendation Services

- **Web**
- **IC**
- **…**

### Customer Interaction Channels

- **Offer Designer**
- **RTOM Analytics**
- **Info Providers**

### Data Sources

- **Product Catalog**
- **CRM Master Data**
- **Other Data Sources**

### Additional Information

- **BW / 3rd party DWH**
- **Other Data Sources**
SAP Real-Time Offer Management – Building Blocks

Customer

SAP Real-Time Offer Management

Industry Solutions

Offer Portfolio Management
- Targeting
- Product Selection
- Business Goals & Prioritization

Real-Time Decisioning
- Event Detection and Processing
- Real-Time Data Access & Evaluation
- Arbitration & Optimization

Interaction Assistance
- Next Best Action
- Product Information
- Suitability for Decision Support

Self-Learning and Optimization
- Response Detection & Capture
- Response Analysis
- Ranking & Profiling

Measure & Provide Insights (Analytics and Dashboards)
- Offer Performance
- Agent Performance
- Customer analytics
- Channel analytics
- Leads Analysis
- Trending

Integration, Monitoring and Simulation Tools

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The Offer Portfolio Management environment is a central offer repository and management environment that enables the creation and maintenance of inbound and outbound offers.

An offer is a marketing object whose definition encompasses the following:

- **Targeting** define offer eligibility rules and target audience. Eligibility and targeting criteria are defined in the form of business rules or in the form of hypothesis.

- **Product Selection** associate the offer with a specific product(s) from the master product catalog (including volume packages and bundles).

- **Business Goals** associate the offer with one or more specific categories or business goals (e.g. retention, end-of-year offers, volume benefits, ...).

- **Offer Prioritization** define the offer’s business priority.
RTOM offers are campaign type that associates products and "Next Best Actions" to customers and interaction events.
Products and services are directly linked to offers.
The Real-Time Decisioning engine recommends the best offers to a customer, based on a wide range of considerations, in real time, during customer interactions.

- **Real-time data evaluation and calculations** the engine analyzes various types of data in real-time; theme and events of the current interaction, relevant customer data, agent skills, and more.

- **Offer Arbitration** the engine evaluates the available offers and filters out incompatible offers based on current session information, eligibility rules validity period, agent skills, previous customer responses, etc.

- **Offer Optimization** the engine prioritizes the offers that are suitable to the current customer. The prioritization factors in the personal response estimation and the value of acceptance to the organization business goals.
SAP EHP1 for SAP CRM 7.0
RTOM Offer Details

- **Offer’s business goal**: Profits Boost
- **Target customer profiles**: VIP customer
- **Offer’s eligibility rules**: Age over 18
- **Offer’s triggering events**: Customer birthday
Interaction Assistance supports effective promotion of the recommended offers

- **Next Best Action** guides the agent or customer to the most important next activity.

- **Product Information** provides the relevant description and link to the product catalog.

- **Personalized decision support** provides customer specific information that is related to the suggested offer and explains why this offer is recommended.
RTOM in the Interaction Center

RTOM Recommendations
RTOM Recommendations
The systems tracks and analyzes the actual customers responses with the purpose to improve subsequent recommendations

- **Response Capture** is a feedback mechanism that tracks the customer response to offers and logs these into the experience database for further analysis.

- **Response Analysis** analyzes the experience database using statistical machine learning algorithms and enables online adaptation of the different offer scores.

- **Profiling and Scoring** identifies responders profiles, fine-tunes the targeting hypothesis for each offer and scores its performance in the respective profiles.
Recipient profiles – VIP customer and customers that have certain products
Targeting RTOM Offers
Refining Recipient Profile by Self-Learning

RTOM will evaluate all combinations of profiling hypothesis (here $2 \Rightarrow 4$ combinations)
Outbound campaigns are linked to offers and their target group used for the RTOM offer.
RTOM Recommendation Strategy
Identifying Specific Response Profiles

- Users, when defining an offer, can provide a targeting hypothesis regarding customer characteristics that may impact acceptance ratios.
- Self-learning of the actual responses validates and fine-tunes these hypotheses.
- The algorithms also tackle real-time learning challenges such as stagnation avoidance, seasonal effects and changes in taste.

### Profiling Hypothesis

<table>
<thead>
<tr>
<th>No Credit Line</th>
<th>Female</th>
<th>Free profession</th>
<th>Predictor</th>
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<tbody>
<tr>
<td>Yes</td>
<td>✓</td>
<td>✓</td>
<td>61.1%</td>
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<tr>
<td>Yes</td>
<td>✓</td>
<td></td>
<td>42.5%</td>
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<tr>
<td>Yes</td>
<td></td>
<td>✓</td>
<td>15.8%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>5%</td>
</tr>
</tbody>
</table>

### Priority adaptation
Overdraft protection

- Classification = Free profession
- Gender = Female
- Credit line = false
Enhance the ability to manage and optimize the efficiency of online offering, allowing control over offer effectiveness and agents’ performance

- **Offer performance analytics** analyzes the performance of offers along with customer profiles, and interaction events over time.

- **Agent performance analytics** analyzes the utilization of RTOM and the success of offering by different agents, as well as the impact on productivity over time.

- **Customer analytics** analyzes the response profiles of the various offers.

- **Channel analytics** provides insights about the offer performance in different channels as well as channel specific offering profitability.
RTOM Analytics Manager and IC Manager Dashboards

Real-Time Offer Management Analytics leverage the most recent NetWeaver BI improvements and Business Objects xCelsius Dashboards

RTOM analytics are available to the IC Manager and Marketing Professional SAP CRM roles
Real-Time Offer Management is delivered with a Web-based applications toolkit that enables system integrator to easily integrate and extend RTOM use to new landscape and applications. The toolkit also provides business users with monitoring and simulation facilities to efficiently improve their offering.

- **Web-based interface** with guided procedures that enables business users to simulate, control and improve offering
- **Session events processing, data sources and integration** guided procedures enables fast integration and extension for system integrators and partners
- **Monitoring tools** enable IT professionals to control and manage RTOM deployment with low TCO
Integration Manager provides System Integrators guided procedures GUI for expanding RTOM integration to new data sources and for configuring the engine reaction to session events.

Monitoring tools enable IT professionals to control and manage RTOM deployment in runtime.

Business tools enable business professionals to review and simulate RTOM offers.
Real-Time Offer Management has a prebuilt integration with the SAP CRM_ISU solution for Utilities, to deliver on customers demand for next best action recommendation

- **Utility-specific IC events** extending the generic set that trigger RTOM, such as: Quotation / Contract management interaction events and premise / service location related interaction events

- **Utility-specific data objects** extending the generic BP data and transactions exposed to RTOM, such as: Contracts, Business Agreements, Premises, PODs and opened Quotations.
Real-Time Offer Management has a specific extension for the SAP Communications Solution

- Out-of-the-box Integration with Business Partner contract data enhances RTOM recommendations to support Telco business logic
- Out-of-the-box Integration with the Telco IC provides real time recommendations during interactions with Telco customers
Agenda

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Summary

The Value Proposition of RTOM

- Recommends optimal and relevant offers across multiple channels
- Boosts conversion rates and increases revenues and lifetime value
- Provide business insights to control and improve offering
- Business users’ oriented environment with low TCO

Takeaway – the Three I’s of RTOM

Intuitive

Intelligent

Integrated