



Evolution of Analytics

Using analytics to improve customer experience and credit decisioning



Executive Summary

By using predictive analytics, businesses can improve their decisioning process and customer experience. To help businesses provide the level of service expected by customers today, Experian® developed BusinessIQSM 2.0 to integrate predictive analytics into the decisioning process. With the end-to-end product, businesses overcome many of the challenges associated with predictive analytics, such as security, infrastructure and access to data. Whether a business is beginning to use analytics or already investing in sophisticated analytics, Experian can help with current needs and future goals.

Problem

Regardless of size and industry, businesses today need to provide a superior customer experience to compete with the large enterprises that customers interact with daily. However, creating a customized decisioning engine with predictive analytics requires infrastructure, experience and access to the right types of data. Businesses need a way to use predictive analytics and easily integrate the process into both their current workflow and their website.

Background

Amazon and Google changed customers' perceptions of service, speed and personalization. In the past, businesses acted when a customer made a purchasing decision or expressed interest. But both these companies look for signals that a customer may be purchasing a product, and they proactively provide recommendations and information. Customers now know what is possible, and they expect the same service of all businesses they work with, regardless of industry or company size.

Because Amazon delivers packages within 24 to 48 hours of purchase, customers now become frustrated if another vendor doesn't deliver in that time frame. Google's use of personalization and data has raised the bar even higher.

People now expect instant information that is customized to their needs and location. Even though both companies are primarily B2C, the expectations have transferred over to B2B transactions as well, especially in terms of the power of data and analytics. Customers and businesses applying for credit for purchases now also have this expectation.

Transformation of technology

To meet this need, businesses are beginning to use data to make decisions, as well as moving to automated credit decisioning. To begin the journey, businesses often start by looking at easily accessible and readily available data, such as generic risk scores and payment experiences. While using this data gives better results than making more heuristic decisions, businesses are still missing out on the risk reduction of using more advanced methodologies.

Many businesses take the next step by using custom risk scores, which show firsthand the value and power of the technology lender or service provider portfolio. Businesses often then want to see how they can use analytics to further automate the credit approval process. While they realize that they need to look more at the data in front of them, it's often overwhelming to decide where to start. Businesses often ask us at Experian how they can use the generic score in a more granular way or if the custom risk score is the best option for their specific portfolio/book of business. After they understand the basic analytics, many continue the journey toward the use of customized modeling and advanced analytics.

Previously, businesses made decisions on extending credit based on commonly available credit data, which provides limited insights. Experian enhances automated decisioning by adding new data, such as alternative data, that looks at future market performance and helps improve the accuracy of the model. By using data such as social media, big data, economic data, other alternative data sources and data sharing, Experian has unlocked data that helps businesses make more informed decisions.

Additionally, Experian uses data from consortiums that isn't readily available directly to the market. This lets businesses get more granular insights out of data, for an even more accurate picture of risk and cross-sell potential. When consortium data became available, Experian dramatically changed how it used the data in its processes, to take advantage of the large amount and breadth.

Helping business overcome credit decisioning challenges with predictive analytics

By adding advanced analytics to its credit decisioning model, Experian's BusinessIQ 2.0 helps businesses overcome the following challenges:

- **Using multiple data assets** — With the evolution of available data, many businesses struggle with how to turn a large amount of data into actionable insights. While it's possible for businesses to use the data themselves, reviewing the data independently and searching online for additional insights on customers is a time-consuming manual process. Additionally, clients that use multiple data sources are only getting a portion of the value and not gaining benefits from the predictive nature this level of data provides.
- **Inadequate resources** — When businesses bring data in-house to create an analytical repository for its use, they often run into technical and storage challenges and underestimate the infrastructure required to store the data. Additionally, to get the predictive properties, they need the analytic resources to mine the data and uncover valuable insights.
- **Security** — Businesses that store data in-house must also secure the customer and business data. With the increase in cybercrime and breaches, it's essential for businesses to have the security infrastructure in place proactively. Many businesses aren't taking advantage of data sources because of the security required.
- **Need for global data** — As technology has made business increasingly global, businesses often need to access global data for an accurate risk assessment. However, it can be challenging — both time-consuming and expensive — for businesses to obtain such data on their own.
- **Uncertainty about alternative data** — Often, smaller business are comfortable using traditional data and concerned about managing alternative data themselves. Businesses looking to improve their processes and risks need to transform themselves with the new data, and they must ask many questions in uncharted markets.
- **Lack of skilled employees** — Businesses often know the value of a custom decisioning model tailored to their organization, but don't have the resources to create one themselves. Some businesses with this experience may have competing priorities, and the custom models are not high priorities.
- **Budget** — While bigger companies often have large budgets for the credit process, smaller companies have a lower tolerance for risk. Many small businesses assume they can't afford predictive analytics. However, predictive risk scorecards are accessible for all sizes of businesses.

Evolution of technology that supports predictive analytics

Over the past 15 years, Experian has gained access to more data to create a more predictive process. In recent years, advanced methods have increasingly become accepted by regulators. Instead of reacting to past data, Experian now uses machine learning to look for signals of what is likely to happen, including signals that predict risk.

But the results of machine learning depend on the quality of the data used for analysis. Many businesses don't have access to the performance data needed for accurate machine learning analysis. Additionally, many businesses are concerned about the lack of transparency in a machine learning model and not being able to see the model inner workings. By understanding why a decision was made, businesses gain a comfort level with machine learning and see the factors that impacted the decision.

Providing an end-to-end predictive analytics solution

Experian's BusinessIQ 2.0, API hub and developer portal gives businesses a simple process to access data, including alternative and global data, to make more informed and predictive decisions to limit risk exposure. While Experian adds value by providing access to data, the greater value comes from interpreting the data and providing insights, such as understanding the variations between different data assets and identifying predictive data points. Additionally, Experian recommends how clients can actually use the data points most effectively in the everyday decisioning process, as well as how the data points can be used in the credit approval processes. Experian provides the consulting and training needed to bridge the skill gap or allow in-house employees with the needed experience to focus their efforts on other high-priority initiatives.

Experian helps businesses create a competitive edge over their competitors. Because Experian has one of the fastest model development process and a powerful decision engine, businesses are able to speed up their underwriting decisions, which improves the customer experience and increases customer satisfaction. Through the use of machine learning and enhanced vast and varied data assets, Experian has enhanced its B2B and B2C linkage to improve fraud evaluation. By reducing fraudulent invoices and credit, businesses can lower risk and debt significantly.

By managing the process from end to end, Experian provides the security, hosting, implementation and infrastructure to allow businesses to focus on their customer experiences. Businesses, even those with a smaller budget, have a road map and best practices for analytics. When a business gets solutions and data in an understandable way, it can grow in a cost-effective way. Experian meets businesses where they are and takes them to the level where they want to be through analytics, machine learning and prescriptive insights.

Another option is accessing custom models through a basic API. More sophisticated clients are also exploring using their own in-house data team and building on APIs to use commercial, blended and alternative data. But all businesses can gain the same benefits by using an API to connect to a custom model created by Experian specifically for their business needs and goals.

Experian's BusinessIQ 2.0 leverages advancements in technology to explore data and deploy models. Additionally, machine learning technology allows Experian to maintain large amounts of data. With machine learning, businesses can use data collected in real time, processing large amounts, including analytics, scores and decisions, in an almost instantaneous manner.

Creating a streamlined workflow for automated decisioning

Adding new data sources and advanced analytics is the first step in creating an automated decisioning process using predictive analytics. Businesses that can create an in-house repository and overcome the challenge involved still must implement the data into their workflow. Without an efficient workflow, businesses can actually lose productivity, while failing to gain all of the value from the data.

To be most effective and valuable, data must be shared between systems and platforms. Previously, only the largest and most sophisticated clients successfully integrated data. But in the past 10 to 15 years, businesses of all sizes have been using APIs to integrate systems, although many still run into challenges, such as budgeting and procuring.

Experian helps clients overcome these challenges by embedding custom models into existing platforms and systems in a way that is easily accessible to the consumer. Businesses that don't have the ability to integrate APIs can use the web-based system. For example, a business can use a web-based application that requires no technical intervention and is turnkey — low startup costs and quick implementation.

BusinessIQ 2.0: a custom decisioning platform

Many businesses are also looking to start with a decisioning scorecard. This works by providing scoring parameters around the score and the strategy for when the score would be used to guide a decision. For complete control over the process, businesses can define which scores constitute an approval or a decline or require manual review.

Businesses unable to tackle this feat on their own are turning to BusinessIQ 2.0. The platform provides a readily accessible tool that brings custom analytics into your everyday workflow with end-to-end automation. Because you can create systemic processes that automatically bring applications all the way through the scoring and decisioning process, the platform significantly reduces manual review time and overall processing time. Your team can then focus on the applications that were declined or flagged for manual review.

BusinessIQ 2.0 also provides batch processing, which further reduces the processing time. This works by running analytics against a portfolio in bulk. Because customers have a shorter wait time for decisioning, they're likely to be more satisfied with the overall experience. Additionally, businesses can use the tool for other processes that require wrapping analytics around decisioning, such as marketing acquisitions, accessing portfolio risk and collections.

Experian's tools and infrastructure give businesses the power of analytics

By working with Experian's BusinessIQ 2.0, businesses have all the tools and infrastructure they need to add predictive analytics to the decisioning process. With Experian, they have access to:

- **Infrastructure** — You have the needed storage for your data repository as well as the predictive analytics engine. All your business needs is internet access.
- **Maintenance** — Experian handles the administration and maintenance, which allows your team to focus on other projects. This also means you don't have a consumer name on your site.
- **Accessibility** — Your team can easily access the platform from wherever they are and whatever device they're using, and your customers can easily access the decisioning tool from your website using the device of their choice.
- **Data security** — BusinessIQ 2.0 has the most up-to-date security protocols.

Conclusion

Businesses need to incorporate analytic tools and methodologies to reduce risk and increase efficiency. Experian can help businesses deploy analytics throughout the organization, regardless of their stage in the decisioning and analytics journey — both businesses just starting out and those already using sophisticated analytics. Experian can provide the expertise around data, analytics, governance and security, as well the technology to deploy any scale of analytics to an organization, whether it's a basic or custom model.

While technology continues to evolve, Experian continues to focus on the changing needs of customers while watching trends and shifts in both technology and data. Named as one of the most innovative companies over the past five years, Experian uses creative solutions to understand client challenges and proactively update and create products that solve those challenges. While other service providers are available, Experian stands out with its expertise in commercial, consumer and alternative data that helps provide a best-in-class product.

About Experian's Business Information Services

Experian's Business Information Services is a leader in providing data and predictive insights to organizations, helping them mitigate risk and improve profitability. The company's business database provides comprehensive, third-party verified information on 99.9 percent of all U.S. companies, as well as millions of companies worldwide. We provide market leading tools that assist clients of all sizes in making real-time decisions, processing new applications, managing customer relationships and collecting on delinquent accounts.

For a free consultation, contact your local Experian sales representative, call 1 800 520 1221 or visit www.experian.com/biq.

