

A Partnership Blossoms

Webster Bank and Harte-Hanks Team Up to Deliver Robust CRM Solution for Financial Services.



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- John Menke
Senior Vice President,
Webster Bank

- > Real Behavior
- > Real Opportunity
- > Real Time
- > Real Results

With the onslaught of Web-based banking and investment services, the continuous expansion of customer channels, and the consolidation of banks through mergers and acquisitions, a bank's capacity to nurture customer relationships and build strong loyalty has never been more difficult. To meet this dynamic challenge head on, banks are turning to CRM technology. Using robust CRM tools, banks can monitor and analyze enterprise-wide customer behavior in real-time, and respond with timely, customized marketing communications through a customer's preferred channel.

Webster Bank of Waterbury, Connecticut is at the forefront of CRM technology. In recent years, Webster Bank has experienced tremendous growth and has strategically invested in marketing databases and analytical tools to help manage that growth and sustain earnings momentum. Upon generating some promising results from these early systems, Webster verified their effectiveness yet acknowledged that they needed a comprehensive strategy for developing a more robust and sophisticated marketing systems infrastructure.

"We had various systems in place. We were using Harte-Hanks' P/CIS database for analysis and data mining, and Desktop Direct for campaign management. These are strong tools and had served us well; however, we fully realized that we needed a complete solution that would take us to the next level of customer relationship management," comments John Menke, senior vice president and overseer of the project. "We needed a highly effective behavior-driven rules system that would both enhance our customer experience and generate revenue."

To develop their strategic CRM solution, Webster partnered with both Harte-Hanks and a third party consulting firm with whom they

had a strong relationship. Harte-Hanks' charter was to provide the behavioral analysis piece of the equation with its real-time, behavior-driven Allink Agent product. Using Allink Agent, Webster would be able to analyze all their front- and back-office transactions and recognize significant behavioral change in their customers. Allink Agent would also leverage the consulting firm's real-time dialog management functionality, known as Rapid Cycle Testing (RCT), to respond with timely, customized communication through Webster's Contact Center and via direct mail campaigns. The goal was to mesh the two firm's technologies and create a dynamic CRM system that Webster coined Continuous Event Marketing (CEM).

"We decided to move forward with Harte-Hanks and Allink Agent because we knew what Harte-Hanks brought to the table," states Menke. "We had a strong existing relationship with them and had experienced their commitment to excellence first-hand. We also knew they had a solid client support organization that would deliver the high level of support we needed to make this all work."

Established in 1935, Webster Bank is a leading Connecticut-based financial institution that delivers consumer banking, commercial banking, mortgage, trust and investment management services, and insurance services.

Webster Bank has over \$11 billion in assets under management, and operates through a network of 110 banking offices and 200 ATMs – in addition to telephone banking, video banking, and Web banking. Webster is a leading, full-service lender and the second largest mortgage lender in Connecticut.

The Kickoff

As the pre-implementation phase of the project took shape, Webster's main focus was to identify the following key elements of their CRM solution:

- transaction accounts on which to monitor behavior-driven events
- customer transaction events on which to base the Allink Agent business rules
- methodology by which to monitor and analyze the events

As Menke recalls, "We decided our initial focus had to be on aggressively managing customer attrition and developing cross-sell opportunities. Therefore, we chose to concentrate on the DDA accounts of our high- and medium-value customers—since retail transaction accounts are typically the first indicators of events. We also decided that the initially targeted events had to be ones that required both rapid intervention and would improve profitability. Lastly, we were determined to monitor these events in as close to real time as we could, and we knew Allink Agent could accommodate us."

After performing an in-depth analysis of their customer universe, Webster deduced that most customer attrition came from existing customers who reduced their balances, rather than customers who closed their accounts. For that reason, Webster knew that to recapture balances and cross-sell additional products, they had to quickly identify customers who had recently diminished their accounts and contact them with a timely, customized communication.

In their initial planning sessions, Webster defined their most pressing business needs—retention, cross-sell, future use—and identified seven events on which to base business rules.

They included:

- Large Deposit
- Large Withdrawal
- Increased Foreign ATM Use
- Home Equity Line Paydown
- New Account Opening
- Decrease in Debits
- Account Closing

Each of the events would enable Webster to focus on various key warning signs and provide an opportunity to contact the customer to inquire about their behavior. For example, a warning sign such as a customer who decreases their number of debits through their checking account, or increases their number of foreign ATM hits, would be considered at risk of closing their account.

The Implementation

With a detailed implementation plan in place, the team set out to achieve the following objectives:

- design and develop business rules to monitor and analyze events, and use dynamic decisioning to determine how to respond to customers
- define the process for capturing the transaction stream from their online transaction processing (OLTP) system and transferring data to Harte Hanks for the initial testing phase
- define how to build and implement multi-stage event management – i.e., set up rules to track and store significant transactions for a specific time period, and link multiple events together
- integrate Allink Agent's rules with Webster's RCT system
- indoctrinate Webster's Contact Center to the new system

Led by project manager, Patricia Murphy, vice president, database marketing at Webster, the team moved aggressively on all fronts with the Harte-Hanks contingent taking the lead on the development of the business rules. "As far as the

business rules were concerned, our goal was to have three of the seven rules designed, developed, and fully tested for our Go Live date," states Murphy. "We made a decision to start with the Large Deposit, Large Withdrawal, and New Account Opening rules because they were the most common events."

Upon designing and building the initial version of the first set of rules, Webster began transmitting their front- and back-office transaction data to Harte-Hanks at the end of each business day. To test the business rules and analyze the transactions, Harte-Hanks hosted the rules on a server at their site. Once the Agent rules analyzed the data and detected behavioral change, Allink Agent worked in conjunction with RCT to generate customized communications offers based on each customer's historical behavioral pattern. Harte-Hanks then transmitted the communications back to Webster for follow-up customer contact.

"After we achieved success in all testing phases of the rules, we moved forward with integrating the rules with RCT," Murphy explains. "By linking Agent's identification and behavior change responses with RCT's automated segmentation frameworks, offers, and scripts, the CEM system really began to take shape."

Going Live

Webster went live with Allink Agent in January 2000. Although there were various development, systems integration, and testing issues throughout the implementation, the team worked diligently to ensure that the system was stable and ready to make an impact on their business. And it did!

Upon rolling out their CRM solution, it immediately began to identify and segment

high-value customers who were making either large deposits or large withdrawals indicative of attrition risk. In the first weeks, Webster's CEM platform identified over 150 high-value customers who had attrition prone behavior and the system successfully generated over 130 leads to the Webster Contact Center for contacting customers. Of those customers contacted, over 20% accepted a special promotional offer and agreed to repatriate balances they had recently removed.

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During the same period, Webster also had success with customers who recently deposited large balances. Using CEM to identify and contact customers in a timely manner, Webster managed to obtain additional balances from 8% of the customers who had been contacted and solicited.

Customer reaction was also very positive. As Menke explains, "Traditionally, banking customers have not expected this level of quality personalized service. Our commitment to delivering high-quality customer relationship management to our customer base had an immediate positive impact. It also set us on the road to accomplishing a critically strategic objective, which is to sustain and enhance our overall relationships with our customers."

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Measuring Results

To tightly manage their marketing programs and ensure continual closed-loop feedback of its customer actions, Webster implemented an aggressive data analysis and reporting strategy.

According to Murphy, "The Contact Center generates daily, weekly, and monthly reports on offers made, offers accepted, and account balances of sales made. Additionally, we generate reports with Harte-Hanks' Desktop

In the first two months of CEM, Webster made 226 contacts. Of these contacts, the following occurred:

- 5.3% opened an additional account that was offered based on next product. Average balance was \$30K.
- 4.9% opened a new account, not the next product suggested. Average balance was \$15K.
- Total response rate for contacted households was 10.2%
- 100% of those contacted were retained through May 2000.



- Patricia Murphy
Vice President,
Database Marketing

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AllinkAgent™

Direct and P/CIS, and with RCT that reflect customer profitability, customer retention, new accounts, customer balances, and up-sell/cross-sell lift. With all of these tools, we can extract various types of information to help us make better decisions.”

For example, upon reviewing various customer reports, Webster can evaluate on a broad scale how they are doing—from viewing how a specific business rule is performing to examining how the overall CEM system is meeting their objectives.

Overall, Menke has been pleased with results to date but says he expects even more payback as they move forward, “Our volume of business has certainly increased and I attribute it to our commitment to CEM. However, our goal is to achieve 100% ROI by the end of 2000.”

Looking Ahead

So where does Webster go from here? “We have an aggressive plan moving forward,” comments Menke. “Our Web-based banking has certainly grown and we need to address how to expand the system across our entire enterprise. Harte-Hanks has developed a Web/WAP extension that we can add to the mix and begin real-time monitoring and analysis of our customers’ Web site behavior. We’re just looking into this and will need to make some system-level decisions in the coming months.” He adds, “We’re also evaluating how to expand our existing CEM functionality so we can begin to address small business, B2B, opportunities; loss management warning signs; and mortgage and home equity events.”

Fred Chapman, vice president, Allink Agent rapid deployment at Harte-Hanks, says that his team is ready to help Webster realize

their full potential with Allink Agent. “As with any new technology, it’s typically a roller coaster of highs and lows as you plan, implement, and roll it out. Webster has achieved success with Allink Agent and their CEM platform. Now it’s our job to help them take it to the next level. That’s what a partnership is all about.”

As Menke sums it up, “The Harte-Hanks breakthrough software Allink Agent has fundamentally changed the way we do business. The promise of one-to-one customer communication through the channel they prefer is finally fulfilled by Allink Agent. Agent began to return substantial economic value added to both the customer and Webster the day we turned it on.”

For more information on how Allink Agent can enhance your customers’ experience and generate real revenue, call (800) 456-9748 x3000 or visit www.ALLINKAGENT.COM.