

Kognitio celebrates ten years of providing call pricing and analysis service to BT with Kognitio WX₂ and DaaS™ (Data warehousing as a Service)

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The Challenge

For telecommunications companies, understanding even the smallest change in rate plans can add up to big money. Competition in this sector is fierce; new price plans are launched on a frequent and regular basis for both wireless and fixed lines in order to maintain or increase the customer base. Companies in this space must stay one step ahead of their competitors to avoid customer churn, grow revenues from existing clients and maintain market leadership.

Back in 1997, Britain’s BT realized it had to be more dynamic in its pricing strategies, with greater insight into the effects those strategies had on revenue streams and customer churn. To address this need, BT required full analysis capabilities as well as rapid, accurate reporting of the impact of rate changes.

BT, however, did not have the ability to perform this level of detailed analysis and reporting. Typically, pricing analysts at BT relied on spreadsheet technology in order to re-price and re-model call data records (CDR), a long, arduous process. Furthermore, because of the limitations of this technology, the team could not load complete data sets; analysts had to rely on data samples, which was not a complete representation of their customers’ spending patterns. More importantly, they weren’t able to work as quickly as their competitors.

So, by the time BT analysts finished their conclusions, business requirements had changed and a new set of challenges had to be addressed. BT simply lacked the power to conduct dynamic “what-if” analyses; its ability to quickly determine the effect new rates would have on the business suffered. BT needed a fresh approach to the issue.

The Solution: Strategically Outsourced Analytics

In 1997, after evaluating a number of potential solutions, and following several meetings with Kognitio, BT chose to deploy the power of Kognitio’s WX₂ analytical database through its DaaS™ (Data warehousing as a Service) offering. DaaS allowed BT to load large sets of complete CDRs and run iterative “what-if” queries. Pricing analysts soon understood that they had much greater insight into their data and could ask questions such as: “What happens if we cut evening calls by a penny per minute for customers on plan A?,” or, “What happens if we move customers from plan A to plan B but give them 100 free minutes each month?”

Because entire sets of CDRs were re-priced and analyzed, the results were far more accurate than those gained from small data samples. In addition, analysts got their answers quickly enough so that they could make informed and useful decisions.

Fast, clear and dynamic re-pricing and analysis

Kognitio has been delivering dynamic re-pricing and analysis to BT for more than a decade, using WX₂, the world’s most powerful commercially-available analytical database, specifically designed to query vast amounts of data in just seconds as opposed to the days or weeks required by other solutions. Even today, after ten years, Kognitio WX₂ is used by BT analysts as the pricing and analysis engine to queries CDRs, allowing BT to carry out the fast “what-if” iterative analyses that help the company maintain its market-leading status.

Reports are published via a front-end web GUI; BT can access them through an interactive Business Objects interface. This provides BT pricing analysts with more insight than just call re-pricing; users can drill down and see the specific effect of rate changes on their costs, revenues, margins and potential customer churn.

The Challenge

BT sought to perform iterative “what if?” modeling and analysis of their tariff plans in order to analyze costs, revenue and margins but lacked the technology, time and resources to perform these functions internally.

The Solution

By using Kognitio’s Data warehousing as a Service (DaaS) offering, pricing analysts at BT have access to a live analytical database, reports and a team of experienced consultants who understand BT’s business requirements.

The ROI

This strategically outsourced approach allows BT to control its costs without constraining creativity



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“Our relationship with Kognitio can be summed up as a strategic partnership in the true sense of the phrase,” explains Arthur Winn, head of pricing at BT. “For a whole decade, we have been able to rely on Kognitio and its technology to help us stay ahead of the game. We have true insight into our business and the effects that pricing changes would have on it. It’s incredibly beneficial to the company to be able to analyze all the data as opposed to data samples and assumption-based analysis. The WX₂ database technology offers sheer brute force. The service enables us to be ahead of the game by having access to a fast, powerful repricing and analysis service. The service allows us to mitigate any losses by ensuring new revenues from new services. To have this sort of analysis is priceless to the business.”

Over the years, the service has helped BT successfully launch a wide range of pricing plans and tariffs which are tailored to the customer. Plans such as BT Business Plan and One Plan, BT Together Options 1, 2 and 3 have been launched as a result of detailed analysis which was enabled by working with Kognitio. In total, Kognitio has helped with the implementation of a large number of new services for fixed-line and mobile customers and has helped BT understand margins and costs as well as revenues for calls, line rentals as well as packages.

At present, Kognitio analyzes and re-prices against a rolling 15 months’ worth of full volume CDRs against new tariffs. Kognitio then offers bespoke analysis as well as a contractual services to BT which involve re-pricing against all of the price points, including margins and profits.

Customer lifetime value

One of the most interesting and useful insights gained over the past 10 years is BT’s ability to determine the customer lifetime value of its clients. By running analysis over a given period of time, BT can quickly see how its price plans have either maximized customers satisfaction, or lead to customer loss. By constantly fine tuning its pricing, Kognitio allows BT to very quickly ensure that churn is minimized while revenues are maximized.

“By working with Kognitio, a whole new world of possibilities has opened up,” Winn says. “By virtue of fast data analysis, we can instantly see the benefits of re-pricing. Kognitio has consistently provided detailed output in very short timeframes. As such, we have a wealth of information and possibilities that we can explore on an iterative basis.”

BT’s pricing design has been taken to another level. “By working with Kognitio, we have obtained more of a scientific approach into the art of pricing,” continues Winn. “We no longer must rely on gut-feel assumptions, since the analysis is penny-perfect. Everything is re-priced. It is fundamentally true re-pricing of every call made. Normally, businesses would struggle with this and would just rely on using a sample of call data.”

Kognitio’s DaaS solution has given BT significantly increased confidence, allowing it to be more innovative and creative in selling the right products and maximizing sales efforts. The decision-making process is now a positive one; the company has full agility to perform true “what-if” analysis, which helps to optimize its revenues while minimizing costs without the need to rely on data samples when re-pricing and analyzing calls and margins.

Future

Looking to the future, BT is now moving into more in-depth analysis and opening it up to sales and marketing professionals within the company who can take the re-pricing work even further, thus ensuring that the most is gained out of the services that Kognitio has been offering BT.