



C&WC maximizes profits with Kognitio WX₂

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Guy Hancox, pricing manager, C&WC

A smarter approach

Around the world, the ability to market and clearly position a telecommunications company in the mind of the individual consumer is very difficult. Quality products and services, itemized billing, and efficient, courteous service are assumed by the consumer. And yet the telecommunications arena is highly competitive and dynamic. New technologies and lucrative new areas of the business have created fierce competition. While price is the key consideration, a shotgun approach to competitive pricing could be self-destructive.

For C&WC there had to be a smarter approach.

A bold new strategy

C&WC, in search of an improved strategy, observed the new changes that were occurring in the industry.

Customers were starting to use their phone lines in new ways. Calls to mobile phones were on the increase, as were international calls and Internet usage.

A bold new strategy emerged. C&WC would develop tailor-made price pledges based on customers' actual calling patterns. This would enable C&WC to provide added value to its customers and to maintain the required profit level.

In order to construct those plans, C&WC would have to access, organise and utilise detailed information on millions of customers from its vast data resources.

Key information for a new merger

Luckily, C&WC had already had a very positive experience with Kognitio. In 1997 a Kognitio WX₂ database together with the expertise and skills of a Kognitio team, played a key role in the merger

between Mercury, Videotron, Bell Cable Media and Nynex to form Cable & Wireless Communications.

Kognitio had assembled huge volumes of data from each of the four companies and carried out a complex cross-analysis of customer behavior. The results formed the basis of the launch pricing packages for the new company.

Now, about to launch a powerful new strategy based on individual price pledges, Janet Somerville, marketing director and Guy Hancox, pricing manager, knew that there was only one solution to access and utilise the huge amount of data necessary to execute the plan. *"Having the Kognitio WX₂ technology solution was central to implementing the strategy."* Hancox explained further, *"An Oracle database needs to know what questions are going to be asked because that determines how the data will be structured, in order that those questions will run quickly. Using Kognitio WX₂ means that all the data is in play at the same time, so it doesn't matter what question is asked or in which order - every answer comes back just as fast!"*

Armed with performance figures from the earlier experience, Hancox and Somerville were able to make the case for Kognitio WX₂. *"The IRR (Internal Rate of Return) for the business case was so good that the first time round Purchasing sent us away to check the figures!"* Hancox remembers.

Immediate business benefits

Within six weeks the new system was in place. Yet, even while the operational processes were being developed, a Kognitio and C&WC team was running real queries as part of the skills transfer process. The business benefits were immediate.

The Challenge

How does a company in a fast changing business environment that demands lightning-fast reactions, access vast amounts of data in order to gain the right information to implement an entirely new strategy?


The Solution

Using Kognitio WX₂, Cable & Wireless Communications carries out ad hoc analysis on call detail, enabling it to propose compelling communications services for individual customers. At the core of these propositions is an individualized "price pledge" offer enabling the company to bring added value into a mature marketplace and improve its own profitability.

The ROI

Kognitio WX₂ helps Cable & Wireless Communications construct price plans to turn a \$48m loss into a \$224 profit before tax.





“From the start Kognitio demonstrated an excellent grasp of our business, and knew how to apply their products and teach us in a way which was relevant to our business goals. They’re professional, informal and responsive, all at the same time!”

Decisions powered by confidence

Analysis of call usage patterns enabled C&WC to quickly identify customers whose call patterns might not be on the most cost efficient call plan. The consumer marketing team was now able to contact these customers directly and help them make informed decisions.

The Kognitio analyses had given C&WC the confidence to move forward with an ambitious “*double your money back*” proposition. Kognitio accessed information that has allowed C&WC to develop other bold pricing plans. In each case, the opportunity to maximize profits even with price reductions is reinforced by using Kognitio to carefully analyze all data.

A well-informed future

As C&WC moves into the exciting arena of digital TV, Kognitio will help analyze which consumer segments order which types of films, so that relevant movie offers can be made directly to them.

Kognitio is also poised to play a key role in Internet web site traffic analysis. Kognitio will be instrumental in helping to design relevant call plans for Internet customers. Kognitio technology will aid in other areas of C&WC’s growing business whenever vital information woven out of vast stores of data is necessary for intelligent decisions.

Kognitio provides solutions to business problems that require acquisition, rationalization and analysis of large and/or complex data

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Kognitio. The bottom line benefits make the case

Thanks to Kognitio, C&WC business teams now know what questions to ask and how to get answers directly, from recent and relevant data.

New initiatives can now move into market with incredible speed. And what’s most important, selective price cut decisions based on Kognitio analyses, have helped profits grow and brought operating costs down.

Between 1998 and 1999, Cable & Wireless Communications has turned a \$48 million loss into a \$224 million profit before tax. In relating this to Kognitio, Janet Somerville puts it all in perspective: “*We could not have achieved that profit level without the right price plans in place, and we wouldn’t have been able to construct those plans, without the Kognitio WX₂ capability.*”

About Cable & Wireless Communications plc.

The company was created by the 1997 merger of Bell Cablemedia, Mercury Communications, NYNEX CableComms and Videotron.

C&WC provides local, national and international voice and data telecommunications plus multichannel television and Internet services. It is one of the world’s leading providers of international telecommunications services, whose businesses provide 17 million customers in over 70 countries with a complete range of international, domestic and mobile communications. It is strategically positioned to offer new products such as interactive digital services and multimedia products as they become available.

Cable & Wireless Communications is the UK operating arm of Cable and Wireless plc. C&WC is organized into four customer facing business units: Consumer Markets (24% of total revenues), Business Markets (15%), Corporate Markets (24%) and International & Partner Services (37%). Each business unit addresses a distinct market with dedicated marketing and sales channels.