



HOW TO LEVERAGE THE CUSTOMER DATA SPHERE FOR FINANCE DEPARTMENTS



WHO CAN BENEFIT FROM ARTIFICIAL INTELLIGENCE?

1. Sufficient Data

You need enough data to be able to build robust predictive models.

This isn't always the case with generic industry models. Generally, you'll need more than 2,000 customers and three years' worth of history.

2. Finance Department Maturity

Finance Departments must be able to successfully act upon the predictive insights provided.

Finance teams therefore must have the capability to make decisions using intelligent insights from Big Data and that gleaned from their collaboration with the Sales teams.

Accounting systems and reporting processes and or/CRM must be in place.

3. New Corporate Culture

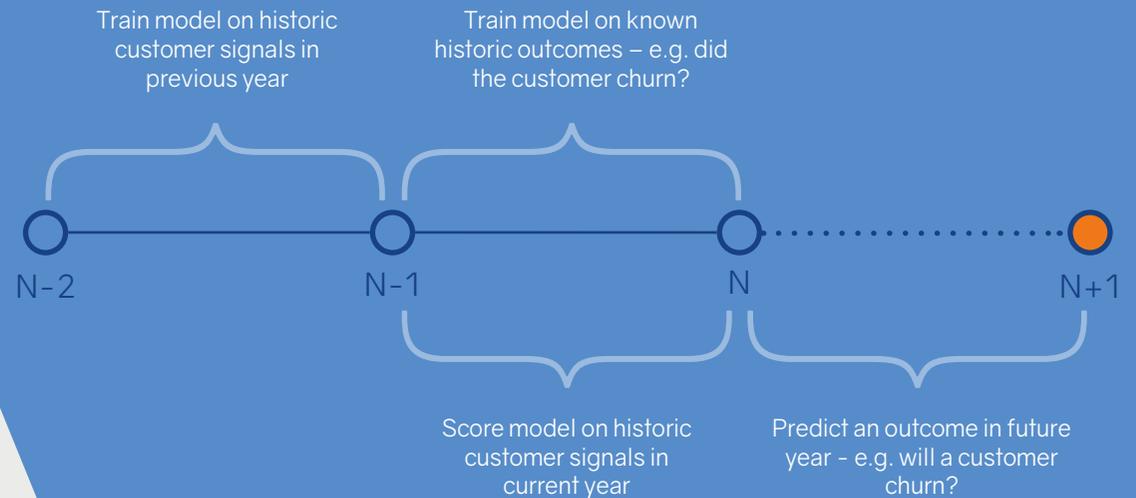
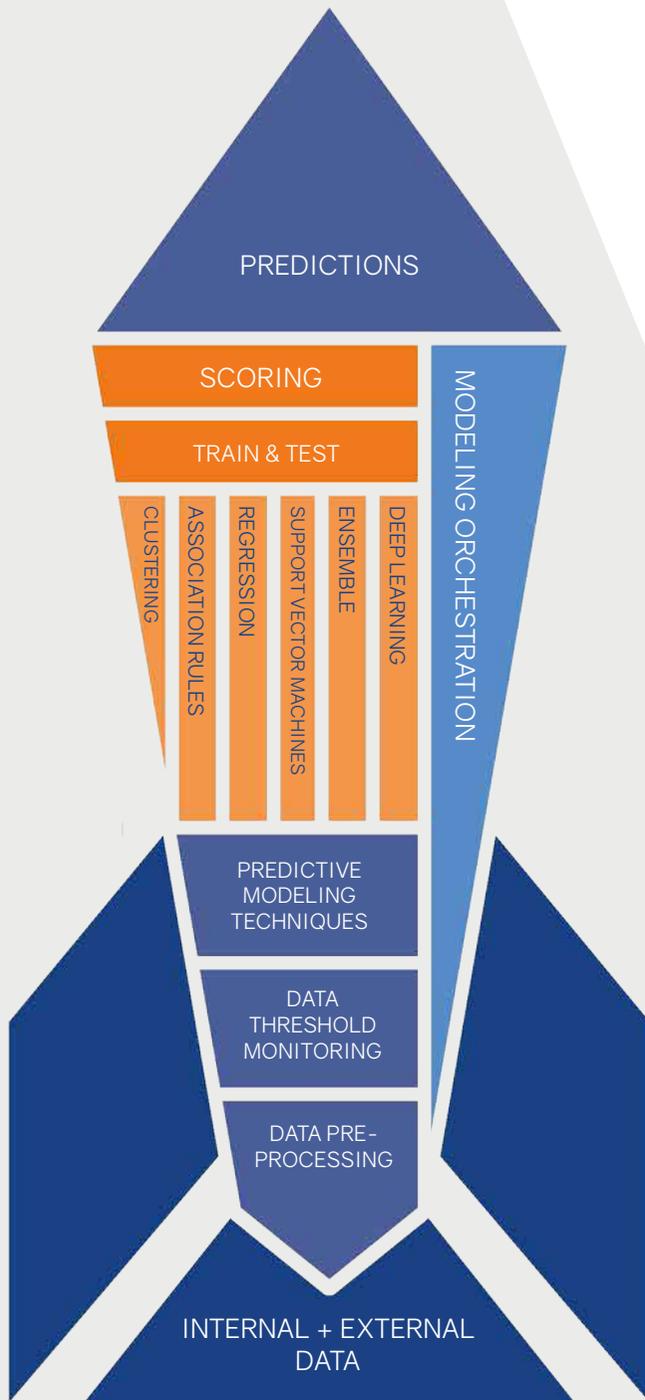
New insights produced across the customer lifecycle will require some of your processes to change if they're to incorporate new data and optimizations.

To achieve the most powerful results most companies will require a willingness to change, robust project and change management, and strategic leadership from the Executive team to transform and register the best business results possible.

HOW DOES ARTIFICIAL INTELLIGENCE WORK?

Today everything is in place for artificial intelligence to see exponential growth across the next five years. It is set to be part of our daily lives, and those of every company.

Artificial intelligence combines a collection of statistical techniques to analyze the past, to predict what is going to happen in the future.





WHAT VALUE IS HIDDEN IN YOUR CUSTOMER DATA?

There's now a wealth of data available to companies, be the source the company ERP, CRM, websites or back office. All of the information thrown out is a gold mine for the purpose of analyzing sales trends, better understanding customer payment behavior, and for cost adjustment in relation to loyalty and retention schemes, and for reducing risk. This is in contrast to the limited analytical capacity of a human being – it being often influenced by intuition...



Increased visibility and collaboration on financial stats, with constantly updated real-time and reliable indicators



Ability to make competitor performance comparisons



Business growth spurred by accurate prediction of new opportunities



Predictive identification of new up-sell and cross-sell potential



Reduced customer churn and costs via better targeting of at-risk accounts



Faster cash flow generation



Improved customer satisfaction



We already do some predictive modeling in-house, why can't we do Predictive Finance?

You can, but there's a cost implication. There are turnkey solutions that now offer a complete and configurable solution, as a service, for a much lower total cost of ownership. Today's higher performing companies now have access to artificial intelligence solutions without having to turn to a team of data scientists. Doesn't that sound an easier option?

Key points to consider for choosing the right solution

1. Predictive model accuracy is generally only as good as the data made available to a model. External data (including signals from hundreds of different external & public sources) make predictions far superior.
2. Artificial intelligence platforms offer a full suite of predictive capability that is configurable to your business.
3. Speed of deployment is often weeks vs. months (or years), offering immediate ROI.
4. Significantly lower Total Cost of Ownership (TCO). Cloud vendors include data crunching, hosting, hardware, software, support and ongoing predictive model performance monitoring all as part of the monthly fee.
5. Often in-house Data Science teams can be repurposed onto new value generating tasks, rather than customer-focused predictive (which can now be achieved out-of-the-box).
6. Choose a vendor with pre-built connectors to your existing cloud tools - this will make integration and deployment a breeze.



THE VALUE OF THE DATA-SPHERE

Finance Departments, take control of your customers! Use artificial intelligence and predictive analytics to make the best of your customer data.

Machine Learning algorithms exploit internal and external data to identify new prospects, scored by similarity with the ideal customer profile and according to their purchase likelihood. By analyzing the constantly evolving scores of prospects and customers, companies can adapt their communication, following the interest level and the detected priority. Artificial intelligence provides new levers to decision-makers and empowers them to focus on operational tasks and grow business.



Give me a place to stand,
and a lever long enough,
and I will move the world.

Archimedes, 250 BC



Internal data is great...

SOURCE	EXAMPLE DATA SIGNALS
CRM, ERP	Data Customer & prospect data, sales cycle velocity, ROI, payment behaviors
Sales Data	Historic product, type of contract purchases, discounts and price
Marketing Automation	Demographic and firmographic prospect & customer data, content downloads marketing interactions
Support Logs	Historic support tickets and complaints
Product Usage	Logins, session, features used
Web Analytics	Sessions, time on page, visitor profiles, navigation historic

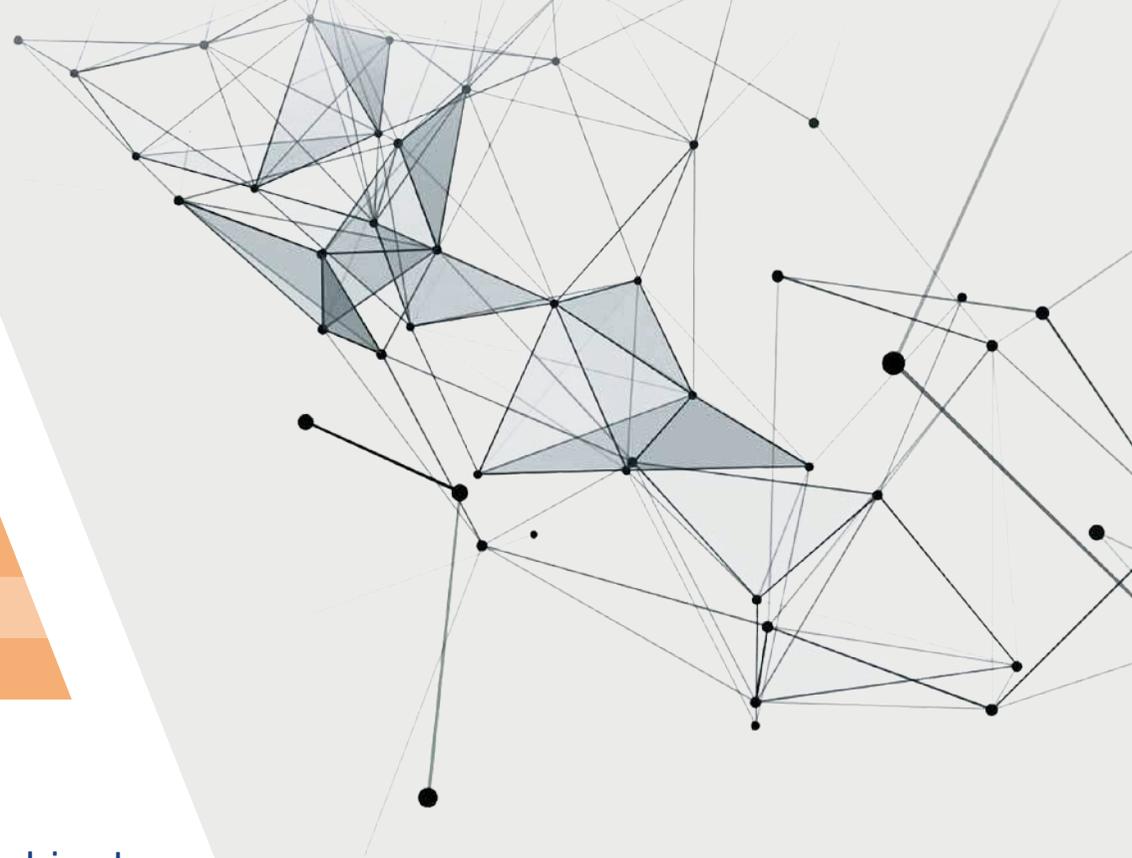
...But external data is king!

SOURCE	EXAMPLE DATA SIGNALS
Private Datasets	Companies House, SIC codes, credit scores
Company Websites	Classification, location, language, management team
Social	Profiles, likes, followers, friends, comments, updates, usage
Buyer intent Data	Indicators of surges of interest across thousands of different topics, from within an organization
Public Websites	Job postings, litigation, grants, growth
Media	News, launches, PR, announcements
Sector	Specific Data targeted at a particular sector or industry



Once internal and external data is gathered, it is modeled by artificial intelligence algorithms to deliver improved insights to trigger immediate action.

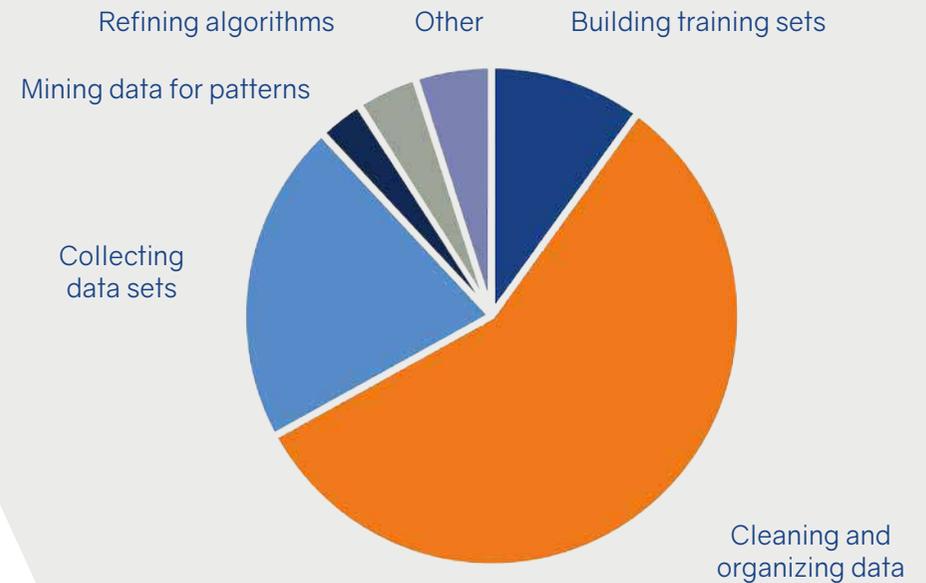
Predictive analytics has gone from an elite and expensive option to a widespread competitive weapon.



Data Preparation

Although Data Scientists are happy to have the «Sexiest Job of the 21st Century» according to Forbes, they unfortunately spend far too much time preparing and pre-processing data and actually very little time working with algorithms.

▶▶ Data scientists actually spend **80% of their time** preparing data.



3 key preparation steps for Data Scientists

1. DATA CLEANING

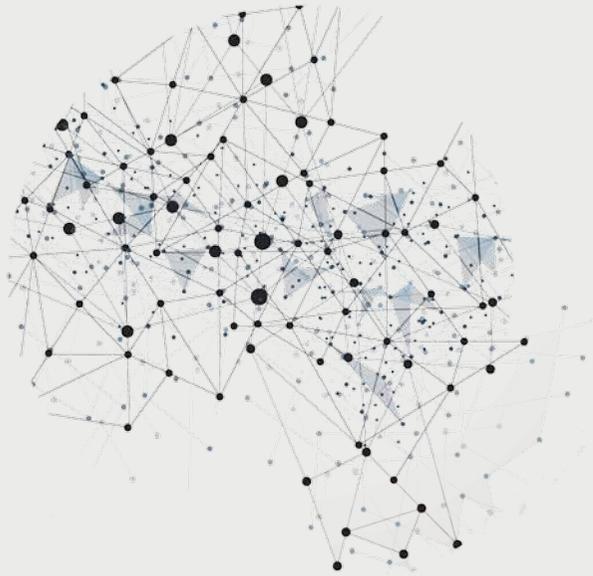
Model input variables (or features) need to be cleaned, have blanks filled, may need to have data smoothed (by regression, clustering or binning) to remove «outliers» and also have any inconsistencies corrected

2. DATA TRANSFORMATION

Numerical variables can then be scaled to a common range - normalized. Categorical variables can be grouped (generalized) and often new (more powerful) variables will be constructed - e.g. 'distance from store' from postcode

3. DATA REDUCTION

It is typical to have thousands of candidate variables ready to be passed into a model. These can then be analyzed to understand which should be excluded (e.g. irrelevant or low distribution). Variables themselves may be further reduced by binning and clustering



The relative importance of reliable analytic data

TOP TIP FOR VENDOR SELECTION

Artificial intelligence holds new opportunities for Finance Departments.

The artificial intelligence platform you choose will have to be able to combine the data supplied by your ERP and CRM, automate much of the **data quality work** (extracting, transformation, loading) using external data to enrich and standard business rules to cleanse data.



Internal data (CRM, marketing automation, ERP, sales history, back-office...) quality is not a showstopper for artificial intelligence. The right predictive algorithms, model cleaning and pre-processing can deal with very sparse or poor quality data.



Data can be analyzed and results of models evaluated in advance - if your data is too poor to be predictive it will be apparent early in the process. This is the ultimate data quality test for predictive.



Your customer master data may be messy, but can easily be cleansed and enriched from an external data source and corrected before processing.



As modeling is probabilistic the data does not need to be 100% accurate, unlike financial reporting. You don't need to wait for such accurate data to be able to add significant value back to the business.



One of the main sources of learning is from your sales data, which is typically very accurate, as this drives your invoicing and how your customers pay you.

4 STEPS TO PREDICTIVE FINANCE

Digital is considerably changing companies' knowledge of their customers and the associated value. To develop their revenue, companies put the customer at the heart of their strategy and use artificial intelligence on Big Data to understand and target customer portfolios better, find hidden information and predict tendencies. In today's era of 'smart data', intelligent information brings high added value.

Today, companies don't need to invest in specific IT systems or consultancy. Artificial intelligence platforms facilitate data segmentation and internal information share, opening a new gate into customer engagement.

Predictive analytics is an incredible bridge between Sales, Customer Service and Finance, favoring the ability to work together. The flattening of the hierarchical structure and the multiplication of decision-making procedures fundamentally modifies the management of the information.

PwC says that Artificial Intelligence will be the priority investment focus for over 30% of Finance Departments in the next 12 years. Is it for you?

1. Mass Data Collection

Predictive analysis requires all (or as much as possible) of the available data about businesses, at both account and contact level. This data needs collecting from hundreds of internal and external sources, indexed on an ongoing basis from each entity, before combining for modeling.

2. Predictive Models Construction

After data has been pre-processed, normalized and modeled using a variety of statistical techniques (filtering, rounding, factor analysis, parameters selection) depending on the outcome being modeled. These multiple models (Generalized linear model, neuronal networks, support vector machines...) then need to be evaluated and continuously modeled and tested to identify the process allowing developing the best predictive model.

3. Business Data Recurring Retrieval

Now thousands of scores and propensities need to be translated into insights that the business can take action upon. Finally, decision-makers can anticipate customer behavior and satisfy their needs. Information is widely delivered and shared as continuously updated streams.

4. Intelligent Conversion of Data into Actionable Insights

Once data is collected, aggregated and extracted, businesses can benefit from actionable insights to accelerate and support decision-making on the entire customer cycle. This information is available through a specific platform or via the CRM or Marketing Automation tool. The analysis of this field of data leads to a better follow-up and assessment of the decisions' impact, to adjust them if necessary.



ABOUT SIDETRADE

The highest performing companies have already opted to go the artificial intelligence route and observed a **43% increase of their performance** according to Forrester.

We are seeing first-hand why Predictive is such a hot topic, with the financial gains being made by those who are leading the pack. Exciting times lie ahead!

Sidetrade (EURONEXT GROWTH: ALBFR.PA) is the most compelling AI Software Company shaping the future of Customer Engagement and empowering Marketing, Sales and Finance people to grow sales and accelerate cash.

Seamlessly integrated with existing CRM and ERP, Sidetrade leverages Artificial Intelligence to disclose untapped new business opportunities, increase upsell, reduce churn, predict customer payments and accelerate cash flow generation. Over 1,500 companies, of all sizes and sectors, in 80 countries, employ AI Sidetrade solutions for sustainable growth.

Sidetrade enables a new level of collaboration between Marketing, Sales, Finance, and Customer Service teams to accurately evaluate, predict and increase customer performance and secure competitive advantage.

With its Artificial Intelligence platform, Sidetrade uses predictive data science to take the guesswork out of the customer relationship.

The advanced use of machine learning and human collaboration empowers businesses to proactively improve operational effectiveness of the end-to-end customer cycle via smart sales prospecting, streamlined cash collection and case management processes.



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