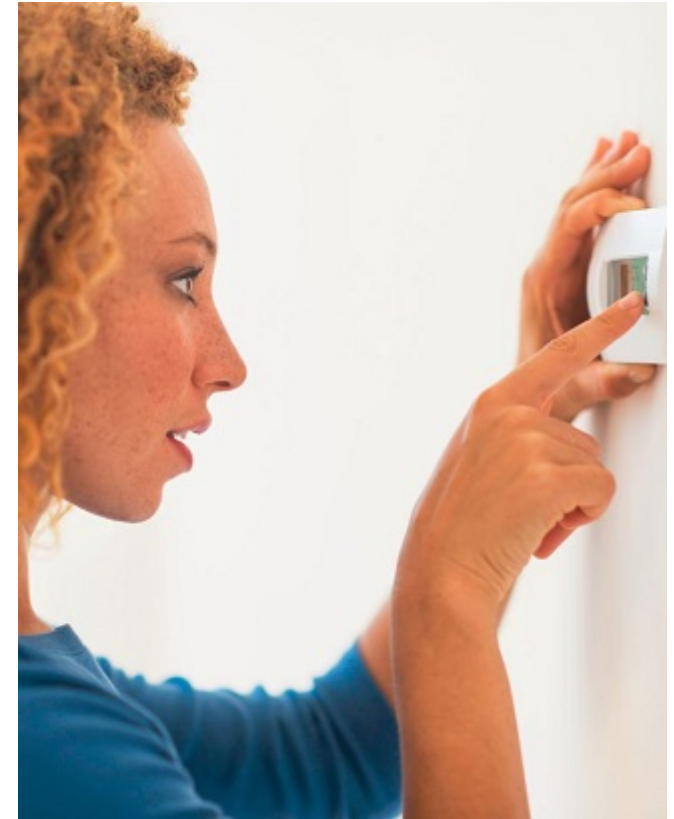




A/V/E: Reducing Customer Churn with SAP® Predictive Analytics

More than 45 utility providers across Germany count on A/V/E GmbH, a leading provider of comprehensive services for the German power and energy sector, to help them meet their customers' needs. But since the deregulation of the German energy market, customer churn has become a significant challenge. In response, A/V/E enhanced its customer loyalty measures to lay the foundation for successful customer retention. Thanks to this innovation, the company was already able to help reduce customer churn at one of its clients. For each customer segment, the criteria driving customer churn were identified and can now be used to design effective customer retention measures.

To do so, A/V/E deployed the gisa.Customer Insight application by SAP partner GISA, which is based on SAP® Predictive Analytics software with the SAP HANA® platform and the SAP Business Warehouse application. The application allows A/V/E to quickly and accurately identify customers with a high risk of contract termination, helping its client to design targeted loyalty measures in order to keep customer churn at bay.



A/V/E identifies at-risk customers in seconds

Company

A/V/E GmbH

Headquarters

Halle, Germany

Industry

Professional services

Services

Comprehensive services for the power and energy sector

Employees

400

Web Site

www.ave-online.de (German)

Partner

GISA GmbH

www.gisa.de (German)

Objectives

- Expand service offerings to include customer retention measures
- Help energy suppliers enhance customer loyalty and decrease customer churn in a competitive marketplace
- Position A/V/E as an innovative service provider for the utilities industry

Why SAP

- Integrated approach to predictive analytics and Big Data through the combination of SAP® Predictive Analytics software with the SAP HANA® platform and the SAP Business Warehouse application, which offer standardized evaluations, flexible analysis, and visualization of findings
- Ability to process both structured and unstructured source data from the SAP for Utilities solution portfolio

Resolution

- Deployed the gisa.Customer Insight application by GISA in order to rapidly capture, analyze, and graphically evaluate large volumes of data
- Predicted risk of contract termination by transforming unstructured text data such as customer complaints into structured target data based on scaling nominal properties, such as severity level and number of complaints, and applying a logistics regression algorithm
- Calculated individual customer scores based on contract termination probability to design effective customer retention campaigns

Future plans

- Use storyboard features of the predictive analysis library in SAP HANA
- Evaluate the capabilities of the managed cloud service by GISA

80%

Accuracy in predicting contract termination risk

<3 seconds

To identify contract termination risk

<3 minutes

To assess customer value

Near-real-time

Data modeling and forecasting

“Through the combination of SAP Predictive Analytics, SAP HANA, and SAP Business Warehouse – the foundations of the gisa.Customer Insight application – we are able to quickly and accurately predict customer churn. With this innovative service, we can help our clients to launch targeted customer loyalty measures based on individual customer ratings.”

Steffen Hefter, Key Account Manager, A/V/E GmbH

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