

Smart Grids Routes to customers

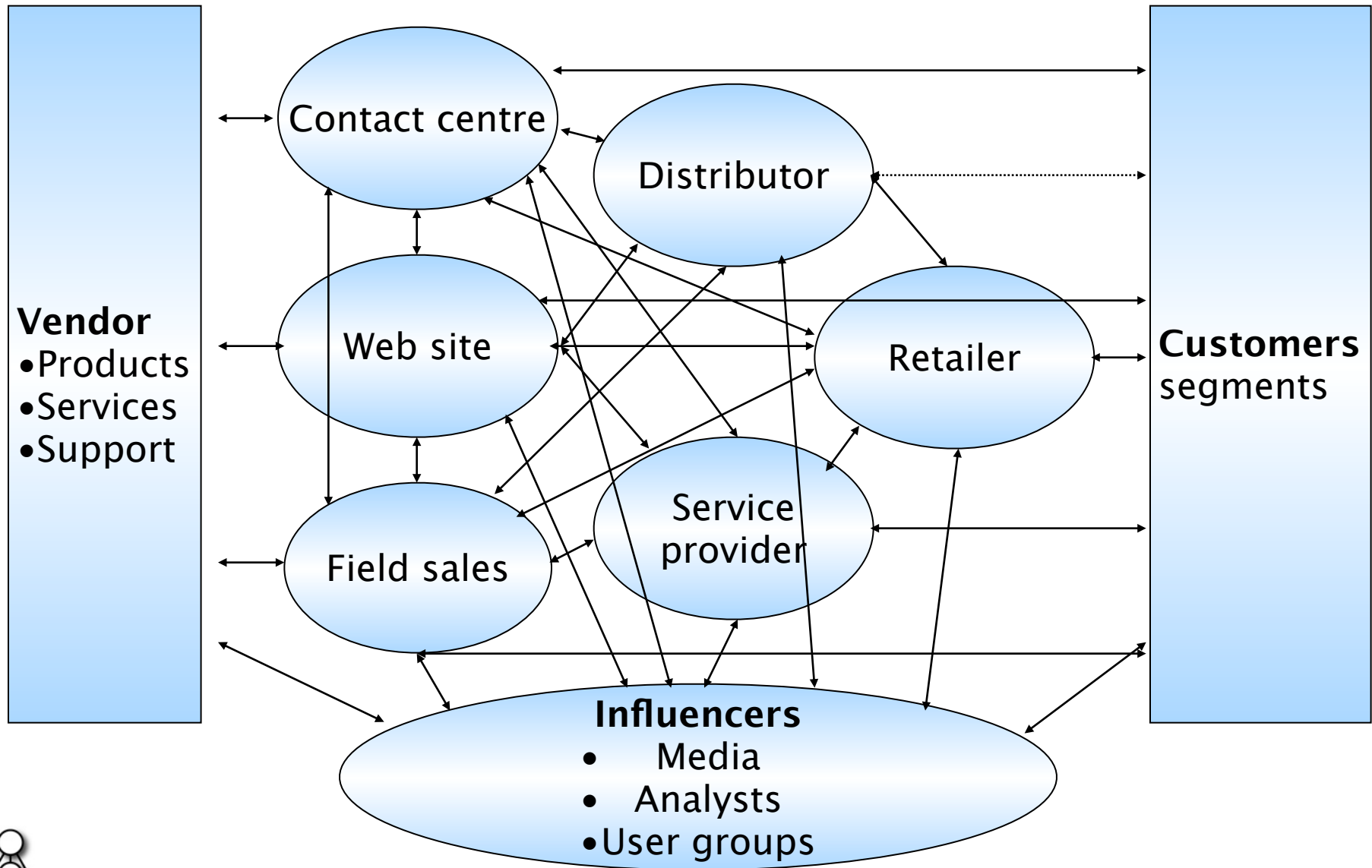
Nicholas Coutts

Cambridge Investment Research Ltd

<http://bit.ly/cleanpower>

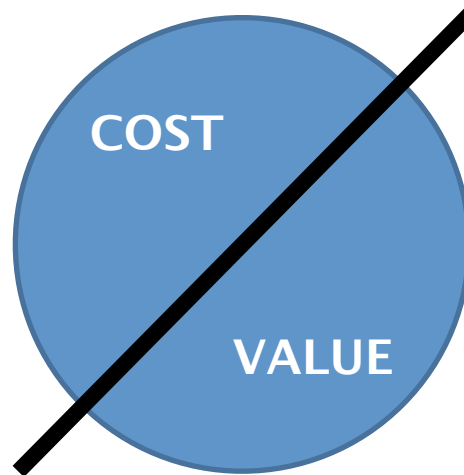
Cambridge

24 June 2010



Touchpoint

Channel
Information
Transaction
Media



Preferences
Impact
Outcome
Conversion rate
Conversion speed

Buying cycle B2B

Demand
generation

Pre
sales

Close

Supply

Service

Buying cycle

Demand
generation



Pre
sales



Close



Supply



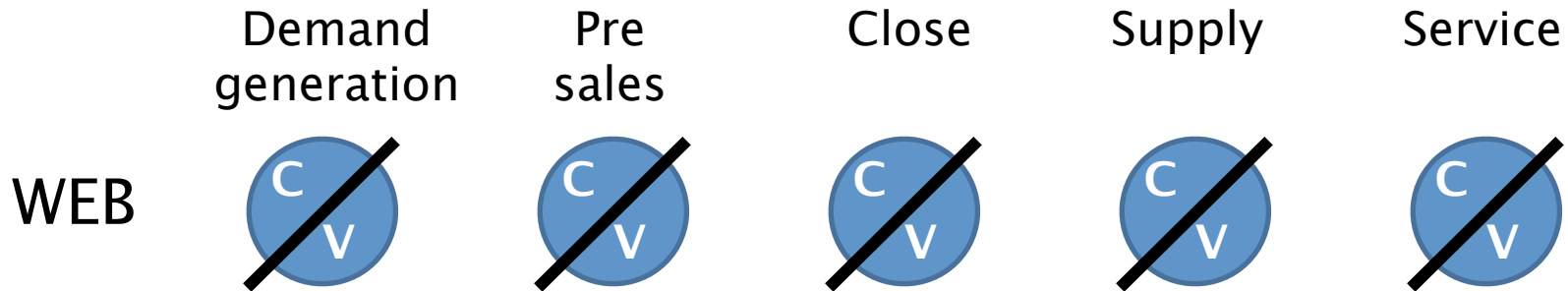
Service



Cost and value changes
by segment
by offer

...and changes over time





















Buying cycle by channel






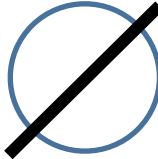
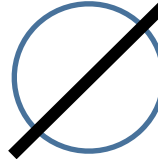

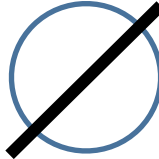
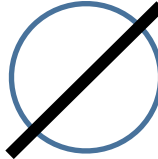
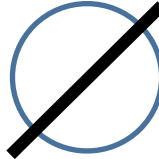
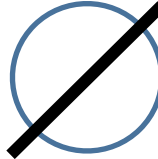
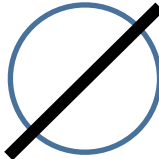

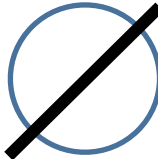

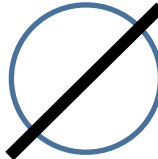
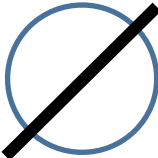
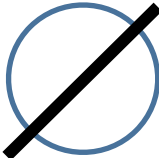
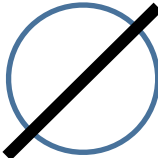
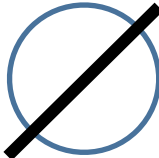
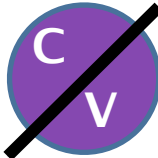
Cost and value vary
by segment
by offer
over time

...and by channel

Buying cycle by channel

	Demand generation	Pre sales	Close	Supply	Service
WEB					
CALL CENTRE					
RETAILER					
MOBILE					

Buying cycle by customer preference

	Demand generation	Pre sales	Close	Supply	Service
WEB					
CALL CENTRE					
RETAILER					
MOBILE					

4 channels x 5 buying cycle steps = 2,880
choices

Don't leave it to chance:

Engineer and track the customer
experience

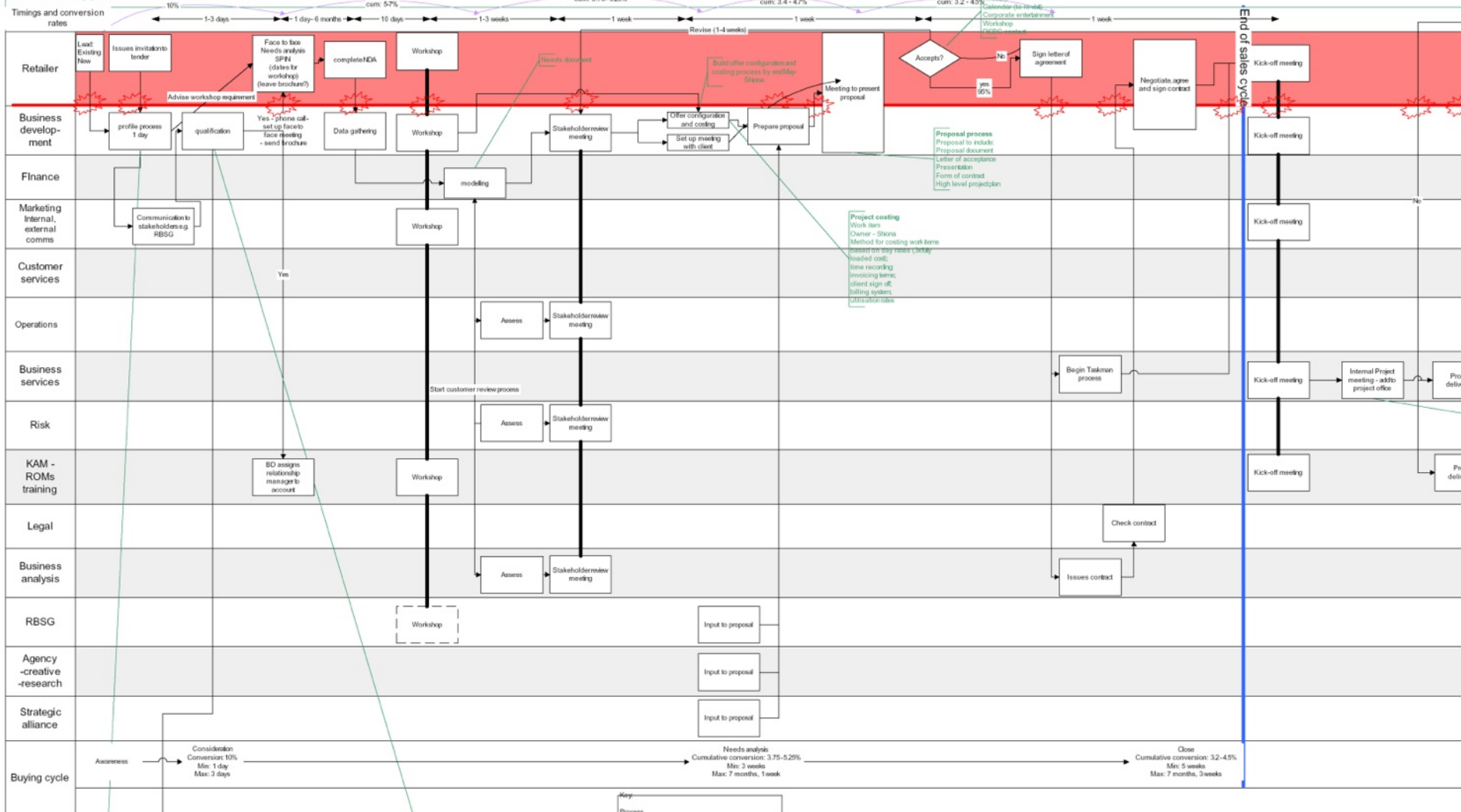
Segment for customer preferences



Engineer and track the
customer experience

Service delivery process - Version 1, 11 March 2003

Author: Peter Martin



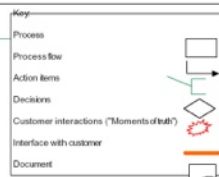
Profile process - Shiona
bank contacts
back office system
last discussion
drives
business imperatives
variety in first meeting
proposal
propensity model

Most priority and propensity
criteria on:
- No. of stores
- Turnover
- Brand

RBSG offer?

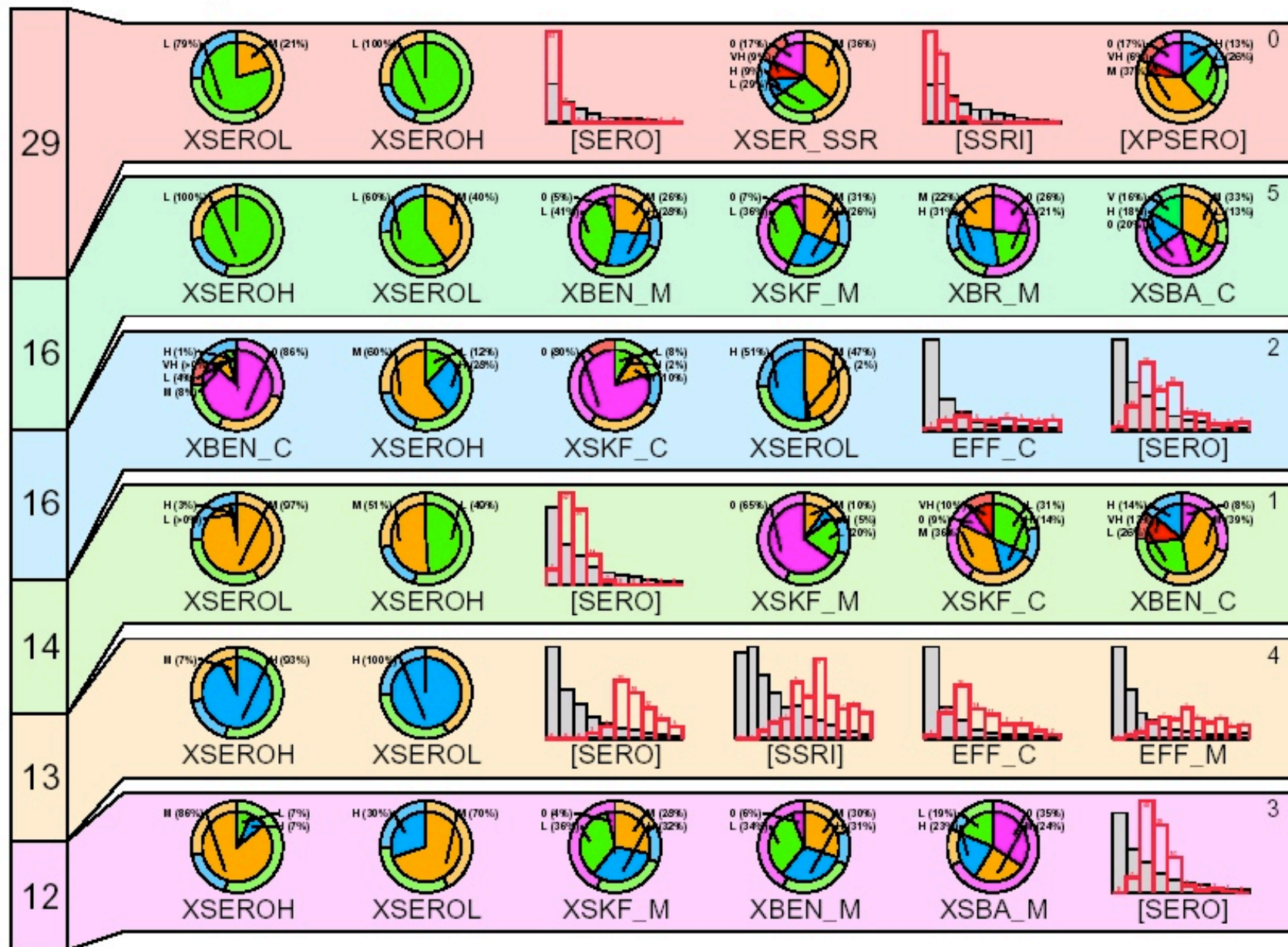
Style
- using
- POS loan
- insurance product
cross sell

"No" process - Shiona
no potential - letter - no further
contact (database)
potential for other services -
lead handling process -
database - description of
offers - lead for Streamline
other services, small business
sector, other products



Segment for customer preferences

Final Segmentation



Optimise resource allocation

Optimisation Tool

RTM Tool:	RTM0	RTM1	RTM2	RTM3	RTM4	RTM5	Total
Press Ctrl+r							

Initial plan revenue	£ 2,766,702	£ 5,438,114	£ 12,591,990	£ 6,907,666	£ 20,552,799	£ 2,199,371	£ 50,456,641
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Revenue Constraints

Max revenue	£ 3,044,000	£ 5,982,000	£ 13,852,000	£ 7,599,000	£ 22,609,000	£ 2,420,000	
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Min Revenue	£ 2,490,000	£ 4,894,000	£ 10,073,000	£ 6,216,000	£ 16,442,000	£ 1,979,000	
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(default values: Initial plan revenue +/- 10%, rounded up/down)

Min Revenue	£ 50,456,000
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Results

Optimal plan revenue	£ 2,490,000	£ 5,982,000	£ 13,852,000	£ 7,058,081	£ 22,609,000	£ 1,979,000	£ 53,970,081
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Evolution / Initial plan	-10.00%	10.00%	10.01%	2.18%	10.00%	-10.02%	6.96%
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Headcount Constraints	Optimal plan	Initial plan	Constraints
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Representatives

Area 1	36.2	36.0	37.0
Area 2	36.2	36.0	37.0
Area 3	35.9	36.0	37.0
Area 4	35.9	36.0	37.0
Total representatives	144.2	144.2	148.0

Managers

Areas 1	4.0	4.0	4.0
Areas 2 and 3	24.0	24.0	24.0
Area 4	8.0	8.0	8.0
Total managers	36.0	36.0	36.0

Results	Optimal plan	Initial plan	Evolution
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Net Revenue	£ 53,970,081	£ 50,456,641	7.0%
Expenses	£ 20,457,837	£ 19,958,364	2.5%
E/R ratio	37.91%	39.56%	-4.2%
Profit Contribution	£ 33,512,244	£ 30,498,277	9.9%
Margin	62.09%	60.44%	2.7%

Objective:
Profit Maximization

Optimisation of resource allocation for profit maximisation

Results	Optimal plan	Initial plan	Evolution
Net revenue	€ 53,970,081	€ 50,456,641	7%
Expenses	€ 20,457,837	€ 19,958,364	3%
E/R ratio	38%	40%	-4%
Profit contribution	€ 33,512,244	€ 30,498,277	10%
Margin	62%	60%	3%

“...major changes to the way power is generated, moved and consumed.”

Source: Department of Energy & Climate change
2010

[http://www.decc.gov.uk/en/content/cms/what_we_do/
uk_supply/network/smart_grid/smart_grid.aspx](http://www.decc.gov.uk/en/content/cms/what_we_do/uk_supply/network/smart_grid/smart_grid.aspx)



<http://bit.ly/cleanpower>
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