



Case Study

Financial Services

TeleTech Helps Financial Services Firm Focus on Customers as Strategic Assets



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Nasdaq:TTEC

INDUSTRY Financial Services

THE COMPANY A leading global financial services firm

LINES OF BUSINESS Retail Banking, Commercial Banking, Investment Banking, Card Services, Private Equity

NUMBER OF EMPLOYEES More than 150,000

2005 ANNUAL REVENUE More than \$50 billion

PROGRAMS
Inbound telemarketing for credit card campaigns
_ Direct mail offers to solicited and unsolicited applicants
_ Inbound Call Bank Continuation (Pilot)

ESTIMATED FULL-TIME EQUIVALENTS (FTEs) Total FTEs (Client/TeleTech/Other): 4,000

TeleTech FTEs: 385
_ Gurgaon, Haryana, India
_ Novaliches, Quezon City, Philippines
_ Chacabuco, Buenos Aires, Argentina

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Business Challenge

A leading global financial services firm implemented a 2005 initiative designed to further enhance profitability in 2007 and beyond for its credit card division. The initiative's primary directive was to "provide great customer experiences at every touchpoint to improve retention, wallet position, and profitability" – in other words, to focus on customers as strategic assets to ensure growth and retention.

As one of the largest providers of credit cards in the U.S., the credit card division contributed more than a quarter of its parent company's consolidated revenues in 2005. Through its branded cards and propriety partnerships, the division offers several hundred card choices to individual consumers and small businesses.

In order to achieve the goal of realizing the maximum value from each customer relationship, the client needed a strategic partner that would help it reduce costs associated with serving customers; provide dedicated, expertly sourced and trained offshore support; and improve efficiency and effectiveness during a transition from 12 to three inbound telemarketing providers. The company also established three critical sales metrics to achieve results: converting leads to sales of new credit cards, convincing customers to transfer their balances, and cross-selling converted customers on additional products.

Solution

Global, Scalable Operations

TeleTech performs inbound telemarketing for the client on solicited and unsolicited credit card offers, and provides seamless, redundant support for the client across multiple offshore locations. TeleTech launched the client's program in November 2005 from its Novaliches, Philippines and Gurgaon, India customer management centers (CMCs), adding support from Chacabuco, Argentina in May 2006. Centralized solutions, enabling technologies, and proven human capital strategies have ensured a consistent positive customer experience and repeatable results over time.

TeleTech® OnDemand™ Hosted Contact Center solutions are delivered to the CMCs via TeleTech's proprietary GigaPOP™ data centers and private Voice over Internet Protocol (VoIP) network. For the client, key applications delivered over this technology platform include TeleTech's Human Capital and Customer Interaction Management (CIM) tools.

Innovative Applications

Human Capital Management Methodology

TeleTech's end-to-end human capital management methodology addresses the hiring, training, and performance of its inside sales representatives (ISRs). TeleTech's Human Capital solutions ensure consistent screening and hiring practices that match applicants to the client's specific requirements. In addition, these tools provide ongoing, unified training via on-site education and virtual applications, and tie ISR performance to client metrics to help achieve the client's business goals.

TeleTech's Novaliches CMC provides an example of how TeleTech fully implements its innovative approach to human capital management for the client's inbound program. TeleTech's secure Web portal for screening candidates, HirePoint™, streamlines the hiring



process by allowing recruiters to personally interview only interested candidates who meet the client's basic hiring criteria. The criteria for the client's program include strong sales acumen, the ability to handle rebuttals, and English proficiency, among other requirements. HirePoint educates candidates about the job they are applying for, the contact center environment, and the skills required, allowing the opportunity for applicants to opt in or out of the hiring process. TeleTech's MatchPoint™ tool further complements TeleTech's approach to 'touchless' recruiting by running applicants through a simulated test gauging responses to various call scenarios, and by testing applicants on basic computer skills and navigation.

After the hiring process is completed, TeleTech continually develops and delivers training programs across all of its CMCs to educate ISRs on the client's products and services. Drawing from its extensive experience supporting large retail banking and card services clients, TeleTech also recognizes the need to educate its offshore ISRs about personal credit cards. Customized TeleTech training developed for the client's program educates ISRs about why credit is important to American customers, how Americans manage credit, and the basic terms and phrases associated with credit and using credit cards. Training is delivered online to ISRs via TeleTech University™, TeleTech's eLearning tool, providing ISRs accessibility to centralized courses from their desktop. Additionally, Accent and Conversational English (ACE) trainers at each CMC educate ISRs on how to best communicate with customers by improving their English proficiency.

The final component of TeleTech's Human Capital solutions is TeleTech Optimum Rewards™, a performance management tool that inspires ISRs to meet or exceed the client's metrics in order to drive business goals. The elements of Optimum Rewards include Agent Variable Pay (AVP) and Agent Base Pay (ABP), which are tied directly to performance against client metrics, and TeleTech Empower™, a desktop reporting tool that allows ISRs and supervisors to monitor daily, weekly, and monthly performance. In addition, TeleTech is piloting Supervisor Variable Pay (SVP) for the client's program, which will reward supervisors for CMC performance against established metrics.

TeleTech's Human Capital solutions, delivered across TeleTech's OnDemand technology platform, align workforce management, blended learning solutions, and ISR performance with client goals to maximize operational efficiency and effectiveness, while optimizing ISR knowledge and sales skills.

Customer Interaction Management

TeleTech's Customer Interaction Management (CIM) tool was key to winning the client's business. With multiple direct mail campaigns associated with several hundred credit card programs, the client's scripting for any given offer can amount to several hundred pages. These scripts incorporate information such as the details of each card offer, the variable interest rate the customer qualifies for, disclaimer and rebuttal information, Experian credit check guidelines, federal rules, legal and client restrictions, etc.

The client had two primary concerns regarding scripting: 1) its more than 1500-page script with numerous conditional logic sequences restricted the flow and quality of the customer experience; 2) recent mergers with other card companies resulted in a 15-plus provider network of inbound campaigns supported by disparate technologies. TeleTech's sales engineering team met with client stakeholders to rigorously analyze these issues. The team then presented a business case on CIM for the client, demonstrating how CIM could reduce

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40 pages of the client's script to three pages by more efficiently organizing the logic. The client was impressed with this sales engineering demonstration, and continues to benefit from the implementation of this application within TeleTech's CMCs.

CIM delivers unified, dynamic scripting to all TeleTech ISRs, allowing them to easily navigate to the best answer or solution for the customer based on the real-time flow of the interaction with the customer. Traditional desktop applications require ISRs to adhere to a prescribed question and answer flow that can frustrate both customers and ISRs, resulting in increased ISR attrition and decreased customer satisfaction. TeleTech's CIM tool allows quick and efficient loading of the client's monthly updated scripting matrices, weekly changes associated with specific offers, or global changes across all offers. Simultaneous delivery of these changes to all TeleTech CMCs allows ISRs to populate customer information, navigate the client's Web site for additional information that is not contained in the script, answer frequently asked questions (FAQs), then resume working within the script for a given credit card offer, without time-consuming scrolling for information. The result is a more engaging experience between the ISR and the customer, which can in turn reduce call handle times and increase cross-sell and up-sell opportunities, and reduce ISR attrition.

Development of New Programs

TeleTech partners with its clients not only to support existing programs, but also to discover new opportunities for creating and supporting new revenue streams. In February 2006, TeleTech suggested performing a pilot to measure the conversion rates on call backs to initial non-responders on direct mail credit card offers. Historically, TeleTech has found that call back programs, when done as part of an ongoing dialog between the ISR and the customer, can yield up to a 10 percent conversion lift, resulting in significant additional revenues for its clients.

The results of a five-month pilot beginning in March were promising – of more than 4,000 total calls handled per month by the TeleTech pilot group, calls that were made based on TeleTech's predetermined call back criteria yielded a conversion rate of more than 80%. Based on these results, a target conversion rate of 80% was established for the proposed Inbound Call Back Continuation program.

The business objective for the program would be to improve overall sales conversion and customer satisfaction by providing the solution capability to call back inbound consumer prospects who do not convert during the initial call. The program would be supported by 15 FTEs located in TeleTech's Chacabuco, Argentina CMC. Execution of the program would include supporting the following call scenarios:

- Disconnected Call, Original Advisor Immediately Calls Back – The original ISR would try to call back the customer immediately and complete the call. If the ISR could not reach the customer (no answer, busy signal, answering machine, etc.), the call would be flagged by the ISR and the call scheduled for completion by the Inbound Continuation group.
- Disconnected Call, Inbound Continuation Group Calls Back – ISRs would be able to pull up their disconnected calls in the database to call the customer back and complete the call. This scenario would have a 24 hour business rule. If the customer could not be reached within 24 hours the record would be processed as, "Disconnected, No Sale."



- Customer-Requested Call Back, Inbound Continuation Group Calls Back – TeleTech's Customer Interaction Management (CIM) application would be available to allow scheduling of call backs. The option to allow a date and time to be assigned would be determined as part of the final program design. The ISR would notify the customer that call backs must be made within five days (the limit on how long an application could remain open). An Inbound Continuation group of ISRs would manage a queue of "customer requested call backs. If the customer couldn't be reached within five days the record would be processed as, "Call Back Requested/Not Reached, No Sale."

TeleTech's dynamic Customer Interaction Management (CIM) tool would be used to tailor TeleTech's ISR scripts so that ISRs could disclose the ability to call back customers, flag the customer's acceptance or rejection of the option, and capture the customer's call back number at the beginning of the call. The CIM tool would also be used to provide scripting related to the two call back options, "Disconnected Call Back" or "Scheduled Call Back."

TeleTech estimates that the revenues generated in the first year from its Inbound Call Back Continuation program could translate into a three-year net present value of more than \$5 million, with a return on investment of nearly 300%.

Learnings and Outcomes

The client selected TeleTech for its strategic business acumen, financial services expertise, global, scalable operations, and ability to provide end-to-end solutions that support the client's highly complex requirements. TeleTech is the only provider to dedicate inside sales representatives (ISRs) to the client's program vs. utilizing shared resources that support multiple clients. As the only non-incumbent provider for the client's inbound telemarketing program, TeleTech has continually equaled or outperformed its competitors, beginning with its first month of operations, on the client's critical sales metrics. From January 2006 – July 2006, among the client's strategic providers:

- TeleTech ranked first in credit card conversions every month, exceeding the competitors' conversion percentage against the client's goal by an average of 6%.
- TeleTech ranked first in balance transfer conversions during the first four months of the period and second for the last three months of the period, exceeding the competitors' conversion percentage by an average of 9%. TeleTech's assumptive close on balance transfers, rather than a question posed to customers about transferring their balances, proved successful. This assumptive close was incorporated by the client as a best practice across its operations, increasing balance transfer performance across all outsourced providers.
- TeleTech was even with the competition during the first month on cross-sell conversion for the client's privacy protection service, and ranked first every month thereafter, leading by an average of 6% during the period.

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Since the program's launch in November 2005, TeleTech has performed as the client's top quality assurance scorer as measured by Zero Variance, the client's third-party quality assurance provider. Additionally, the quarterly customer satisfaction survey performed by the client has ranked TeleTech second in customer satisfaction, less than 1% behind the top scoring vendor who has five years tenure with the client.

TeleTech's CMCs have maintained an average attrition rate, or employee turnover rate, of 3%, consistently meeting or exceeding TeleTech's internal attrition goal of 5% for all of its programs. Based on client feedback, this attrition rate is less than half the average 7% attrition rate of TeleTech's competitors.

Partnering into the Future

TeleTech delivers solutions to the client from multiple locations within its global operations not only to provide scalable, redundant support, but also to align the best-suited TeleTech location to its clients' strategic requirements. For example, by supporting the client from its CMCs in the Philippines, India, and Argentina, TeleTech's champion/challenger business model sets goals for its CMCs to determine which CMCs perform the best against the client metrics. Comparison of performance trends can then be used to improve processes and performance among all CMCs, and to determine which CMCs will best support the client's knowledge, skill, and capacity demands. This holistic approach to managing and analyzing CMC performance ensures the highest quality service today, while laying the foundation for future growth and strategic global support as TeleTech's relationship with the client expands.

Also furthering the relationship with the client is TeleTech's commitment to build upon existing solutions to deliver additional value. In July 2006, TeleTech launched its Computer Telephony Integration (CTI) solution for the client. While TeleTech's Automatic Call Distributor (ACD) analyzes and routes incoming calls to ISRs with the right skill mix to service a particular call, CTI "screen pops" simultaneously deliver key customer information to ISRs. ACD and CTI combine to streamline the customer experience by connecting the customer to the best-skilled TeleTech ISR, who immediately receives all pertinent information in order to address customer issues before a call begins – thus improving communication between ISRs and customers, which ultimately drives the client's customer retention, loyalty, and sales goals.

In addition to providing strategically-placed global support and solutions for the client, TeleTech focuses on helping the client look within its existing programs to uncover new revenue streams. By combining its financial services industry expertise with analysis of the client's conversion rates on call backs, TeleTech was able to create a business case for its Inbound Call Back Continuation program. During its five-month pilot for the program, TeleTech achieved an average 86% sales conversion rate, 6 percent higher than the stated goal of 80%.

By consistently delivering superior people, processes, technology, infrastructure, and financial service industry expertise, TeleTech's strategic solutions will continue to help the client maximize the value of its customer relationships by focusing on customers as strategic assets.



Metrics

Inbound Telemarketing for Solicited and Unsolicited Offers

Fig. 1 Credit Card Conversion – Inbound Telemarketing for Solicited and Unsolicited Offers

Vendor	Month/Year	Stretch Goal	Actual	Δ	Rank
TeleTech	Jan - 06	65%	66%	1%	1
Y	Jan - 06	65%	60%	-5%	
Z	Jan - 06	65%	55%	-10%	
Revised Stretch Goal					
TeleTech	Feb - 06	70%	57%	-13%	1
Y	Feb - 06	70%	56%	-14%	
Z	Feb - 06	70%	53%	-17%	
TeleTech	Mar - 06	70%	60%	-10%	1
Y	Mar - 06	70%	56%	-14%	
Z	Mar - 06	70%	54%	-16%	
TeleTech	Apr - 06	70%	65%	-5%	1
Y	Apr - 06	70%	58%	-12%	
Z	Apr - 06	70%	55%	-15%	
TeleTech	May - 06	70%	65%	-5%	1
Y	May - 06	70%	60%	-10%	
Z	May - 06	70%	55%	-15%	
TeleTech	Jun - 06	70%	64%	-6%	1
Y	Jun - 06	70%	59%	-11%	
Z	Jun - 06	70%	56%	-14%	
TeleTech	Jul - 06	70%	65%	-5%	1
Y	Jul - 06	70%	58%	-12%	
Z	Jul - 06	70%	55%	-15%	

Fig. 2 Balance Transfer Conversion Rate

Vendor	Month/Year	Goal	Actual	Δ	Rank
TeleTech	Jan - 06	65%	66%	1%	1
Y	Jan - 06	65%	38%	-27%	
Z	Jan - 06	65%	34%	-31%	
TeleTech	Feb - 06	65%	60%	-5%	1
Y	Feb - 06	65%	47%	-18%	
Z	Feb - 06	65%	41%	-24%	
TeleTech	Mar - 06	65%	62%	-3%	1
Y	Mar - 06	65%	51%	-14%	
Z	Mar - 06	65%	48%	-17%	
TeleTech	Apr - 06	65%	66%	1%	1
Y	Apr - 06	65%	59%	-6%	
Z	Apr - 06	65%	59%	-6%	
TeleTech	May - 06	65%	62%	-3%	2
Y	May - 06	65%	66%	1%	
Z	May - 06	65%	56%	-9%	
TeleTech	Jun - 06	65%	62%	-3%	2
Y	Jun - 06	65%	65%	0%	
Z	Jun - 06	65%	57%	-8%	
TeleTech	Jul - 06	65%	63%	-2%	2
Y	Jul - 06	65%	64%	-1%	
Z	Jul - 06	65%	57%	-8%	

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Fig. 3 Cross-Sell Conversion Rate

Vendor	Month/Year	Goal	Actual	Δ	Rank
TeleTech	Jan - 06	20%	20%	0%	-
Y	Jan - 06	20%	*	*	*
Z	Jan - 06	20%	20%	0%	-
TeleTech	Feb - 06	20%	23%	3%	1
Y	Feb - 06	20%	*	*	*
Z	Feb - 06	20%	16%	-4%	
TeleTech	Mar - 06	20%	22%	2%	1
Y	Mar - 06	20%	*	*	*
Z	Mar - 06	20%	16%	-4%	
TeleTech	Apr - 06	20%	23%	3%	1
Y	Apr - 06	20%	*	*	*
Z	Apr - 06	20%	16%	-4%	
TeleTech	May - 06	20%	20%	0%	1
Y	May - 06	20%	*	*	*
Z	May - 06	20%	15%	-5%	
TeleTech	Jun - 06	20%	21%	1%	1
Y	Jun - 06	20%	*	*	*
Z	Jun - 06	20%	14%	-6%	
TeleTech	Jul - 06	20%	23%	3%	1
Y	Jul - 06	20%	*	*	*
Z	Jul - 06	20%	13%	-7%	

* Vendor Y did not participate in the cross-sell conversion program

Inbound Call Back Continuation (Pilot)

Fig. 4 Conversion Rate

Month/Year	Goal	Actual	Δ
Mar - 06	80%	87%	7%
Apr - 06	80%	88%	8%
May - 06	80%	87%	7%
Jun - 06	80%	83%	3%
Jul - 06	80%	86%	6%

North America

Latin America

Europe

Asia-Pacific

