Improving decisions across the Customer Life Cycle

Faster strategy design and execution
on a unified platform

Experian℠

Decision Analytics

Executive summary

It's more important than ever today for organizations to make the right customer decisions—and harder than ever to do.

Companies know that the ability to repeatedly make the right customer decisions, instant by instant, day after day, is essential to profitable growth, sharper risk management and higher-performing portfolios. However, volatile, fast-moving markets, economic and regulatory change, and new sources of competition make the right decision a moving target.

So companies pursuing higher performance must find ways to simultaneously adapt to change. They have to work harder to rapidly pull useful insights about customer behavior and market trends from huge quantities of their own data as well as data from other sources in the expanding digital universe. They work harder just to surmount process gaps and obstacles caused by traditional methods of developing and deploying decisioning strategies and tools better suited to more tranquil times. Incompatible software, different data formats, and lack of integration between strategy design and execution mean that too much time is being spent just on the mechanics of customer decisions.

With demands growing, resources tight and rapid return on investment (ROI) the name of the game, companies must be able to eliminate this diversion and focus fully on the quality and business impact of their decisions. They need a way to connect and streamline how they design decisioning strategies, bring them into production, and measure and learn from the results. The whole process has to become quicker, thoroughly flexible and dynamic. It must be easier and more collaborative for participants and less costly and more rewarding for the enterprise.

The Flexion Platform

Decision strategy design and execution together on a unified platform

The key to better performance and agility in dynamic markets is a platform that unites decision strategy design and execution, connecting the analytic and operational environments for all customer decisions. Common data definitions and standardized technologies throughout strategy development, execution and performance monitoring enable decisioning cycles to progress more efficiently (with none of the usual "losses in translation"). Companies also gain momentum when decisioning processes across the Customer Life Cycle share and repurpose data and when a wide variety of preconfigured, customizable decisioning elements can be dropped into any number of strategies.

Credit-granting organizations benefit from a unified, component-based platform in numerous ways:

- **Faster ROI through quicker, less costly implementations of decisioning applications and services**

- **Higher business performance, driven by decisions made with greater insight into customer risk and reward potential**

- **Rapid performance improvements from being able to pinpoint where strategies need refinement and to enrich them with new data, calculated variables and analytics**

- **Increased agility from being able to pick up early signs of how market, economic and competitive change are impacting decisioning effectiveness**

- **Reduced burden on IT and analysts by putting powerful tools for decision strategy design and deployment, as well as control over performance monitoring, in the hands of business users**

- **Flexibility for companies to get exactly the decisioning systems they need by combining modular technologies to fit current demands and adding more functionality as required**
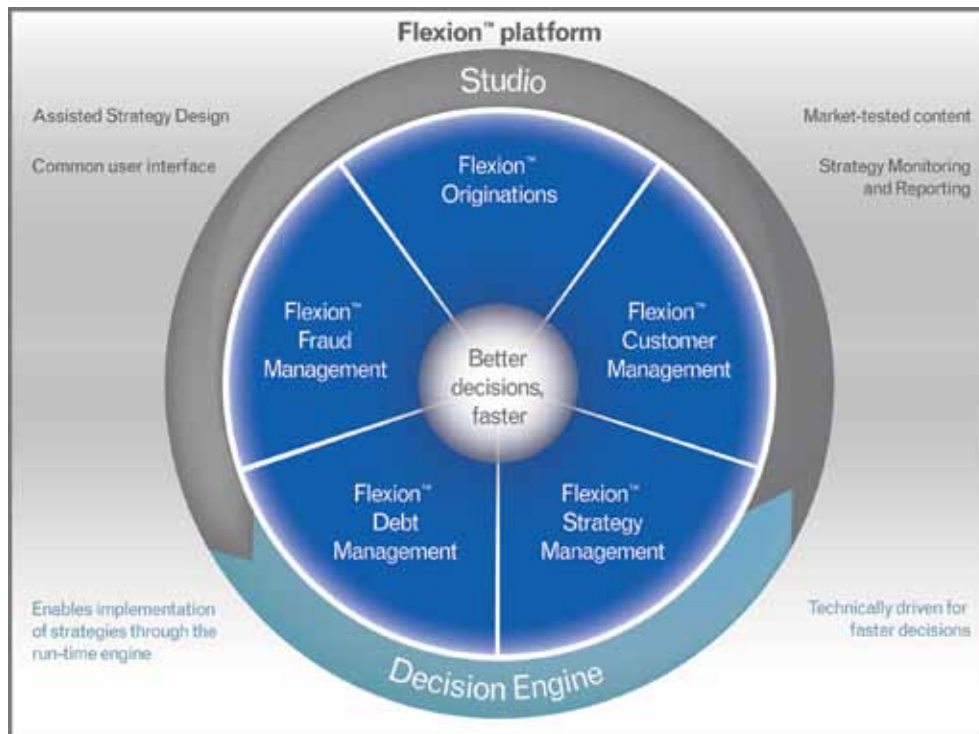
Flexion™ platform

The new Flexion™ platform from Experian helps companies make the right customer decisions in dynamic business environments. It's a unified, component-based platform for strategy design and execution, enriched with a wealth of capabilities for credit risk decisioning.

Developing and improving decisions across the Customer Life Cycle is faster and easier with the Flexion enhanced strategy design capabilities, decision-ready data and analytics, and strategy-driven dynamic performance monitoring. Common user interfaces and tools, along with shared access to decisioning templates and reusable decisioning elements (scorecards, standard calculations, population summary characteristics, etc.), eliminate redundant work, enable users to leverage each other's efforts and reduce training costs.

The software platform's flexible, open architecture also streamlines and simplifies implementations of decisioning technology. Companies can readily add new Flexion modules as needed, and the platform's common standardized technologies enable easier integration with existing and future systems.

Flexion™ platform

Studio

Assisted Strategy Design

Common user interface

Flexion™ Originations

Flexion™ Fraud Management

Better decisions, faster

Flexion™ Customer Management

Flexion™ Debt Management

Flexion™ Strategy Management

Market-tested content

Strategy Monitoring and Reporting

Enables implementation of strategies through the run-time engine

Technically driven for faster decisions

Decision Engine

The Flexion Platform

Core components and capabilities

Experian's Flexion platform has a multitiered, component-based architecture, built with industry-standard technologies. There are three core platform components:

1. **Studio, a common design environment for all Customer Life Cycle. decisioning areas.** This new Studio has all of the graphic design, validation and simulation tools you expect from Experian, plus these new features:

- **Time-saving drag-and-drop strategy "building blocks."** Users quickly build out strategies by dragging and dropping reusable elements, such as a risk scorecard, segmentation by marital status or a standard calculation for ability to pay, from a common repository. They also save time while tapping into Experian knowledge by using market-tested templates with ready-made strategy content reflecting industry best practices.

- **Dynamic strategy-driven performance monitoring.** The Studio puts control of strategy monitoring in the hands of business users. They no longer have to pull data sets and ad hoc reports or turn to IT to get monitoring set up or changed on host systems. Instead, they simply select from a range of dynamic report styles, which self-configure to match the segmentation characteristics and key performance indicators (KPIs) in the strategy. Once the strategy is deployed, performance monitoring results are displayed inside the Studio, making it easy to see which parts of strategies are working well and which need improvement. Performance monitoring also captures details about strategy execution, such as Champion/Challenger test groups, that have traditionally been lost in operational reporting. This detail enables users to drill down into a particular segment to examine why it might be associated with a higher-than-average bad rate or a lower-than-expected profit.

- **Analytics for help in building better strategies.** The Flexion component-based architecture enables companies to flexibly add enhanced capabilities, such as Assisted Strategy Design. Assisted Strategy Design provides interactive analytic guidance and also can generate decision trees automatically based on user-specified parameters. With this assistance, users without analytics expertise are empowered to build higher-performing strategies, and those with analytics expertise can accomplish more in less time.

2. **Common repositories for shared access to reusable decisioning resources.** At the heart of the Flexion platform, common repositories for credit risk decisioning resources help companies share and reuse work and manage strategy versioning and deployment into operations. Implemented in a centralized or distributed architecture, Flexion repositories comprise:

- **Decision solution elements.** Anything contained in a decisioning strategy can be stored as a reusable "building block" in a shared solution repository. This includes not only scorecards and standard calculations, such as income estimation, but also summary population characteristics based on data from multiple sources. It also might include segmentation criteria, such as a split (number of credit cards plus limit utilization) developed for a loan eligibility strategy that also might be useful for a precollections strategy.

- **Strategy templates.** Companies can help their users get a jump-start on strategy design by providing them with ready-made content. This content may include complete strategy templates, infused with Experian knowledge, for specific types of credit risk decisions, such as initial credit line assignment. It also could consist of decision subtrees (parts of strategies) or even a single cutoff point (e.g., number of credit cards plus limit utilization). Users can copy and modify Experian templates to create new templates, as well as develop their own templates.

- **Performance reporting.** Performance monitoring outputs are stored as reports in this repository, from where they can be easily accessed and viewed within the Studio's graphical environment. Report content is specific to the segmentation and KPIs for each strategy and the dynamic report style selected by the strategy designer. Some report styles are specific to a life cycle decisioning area (e.g., delinquency roll rate reports for credit card collections). Others are more generally applicable (e.g., a referral rate analysis report, which could be applied to originations strategy performance monitoring for both credit card and loan portfolios).

The Flexion Platform

3. **Decision Engine, the runtime engine that executes decisions and captures strategy performance data.** The unified platform for design and execution means that deploying decision strategies into production is quick and simple. Flexion's Decision Agent is a high-performance decisioning engine, relied on by credit-granting organizations all over the world to power decisions for tens of millions of customers. This core component executes decision strategies and captures performance monitoring data. It provides runtime decisioning services (receiving requests and delivering decisions and other actionable outputs) to operational systems. Whatever strategy design decisions have been made in the Studio, users can rest assured that they will execute exactly that way in the operational environment.

Additional key capabilities

Companies can shape the Flexion decision management platform to fit their own requirements by adding the key features needed to solve current business problems. Over time, they can add other features to solve new problems and fit changing requirements.

The initial set of features, most requested by Experian clients, include:

- **Assisted Strategy Design.** This feature adds capabilities to the Studio that empower business users to take on a larger role in designing, updating and improving decision strategies. It provides powerful yet easy-to-use analytics that suggest the "next best split" (based on the predictive strength of all available population characteristics in the data). In addition to providing this interactive guidance, the analytics also will "grow" decision trees automatically using mathematical formulas to find the best segmentation for a user-targeted objective (lower bad-debt ratio, maximize fee income, etc.).

- **Experian strategy content templates.** Experian® offers a variety of templates that provide companies with ready-made strategies for key types of decisions made across the Customer Life Cycle. Some of these templates are specific to product types (e.g., credit card over-limit authorization), while others are more generally useful (e.g., collections treatment assignment).

- **Data Enrichment.** This offering enables companies to derive more value from external data sources with less time and labor. The service aggregates data from multiple sources and preprocesses it into population summary characteristics relevant to a company's portfolios and purposes. Instead of having to mine insights from raw data, strategy designers can drag and drop these decision-ready characteristics from the common repository of decision solution elements.

Flexibility • Insight • Control • Agility

Flexion is built upon four tenets of value to help companies make better decisions, faster:

- System flexibility to choose the right capabilities for their business
- Insight to see the data and interpret the trends that drive profitability
- Control to predict and respond quickly to changes in customer behavior
- Decision agility to anticipate and react to business changes more rapidly

The Flexion Platform

Experian products on the new platform—now more flexible and extensible

The Flexion platform is the foundation for Experian Decision Analytics software products going forward. As existing products move onto the platform, they retain current capabilities. These capabilities, however, are delivered through the new component-based architecture, which increases flexibility while adding new capabilities.

For instance, Flexion™ Customer Management offers Experian's Probe SM℠ industry-leading features for creating customer profiles that enable decisions to consider the value and dynamics of an entire customer relationship. On the Flexion platform, however, support for customer-level decisioning will be enhanced by improved decisioning consistency across the life cycle via the shared Studio environment and common repositories. This unified architecture helps companies "speak with one voice" to their customers. The platform's tight integration between the analytic and operational environments also helps them put customer knowledge into action faster.

Conclusion: driving more business value from customer decisions

If making the right customer decisions is so important to success (and it is), it shouldn't be so hard to do.

With Flexion, companies can stop struggling with the mechanics of decisioning and focus on the pure dynamics of driving more business value from better decisions. Power and ease have finally come together, and that increases the prospects and quickens the pace for performance improvement going forward.

Move forward into dynamic decisioning with the company you've long trusted for credit risk expertise

For more than 30 years, Experian Decision Analytics has been managing and enriching customer data to help companies like yours make better credit risk decisions. Our powerful decisioning products and services combine data intelligence, analytics, software, reporting and consulting to turn insights into actions that improve business performance. We have clients in more than 90 countries and local offices in more than half of these. Our expertise in credit decisioning technology and best practices is market-proven and thoroughly global with local impact.

To find out how Experian Decision Analytics can help your company drive more value from business decisions, contact us at 1 888 414 1120 or visit www.experian.com/flexion.

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