

Strategic Originations Decisions Key to Telecom Success

In saturated, contested telecom markets, credit origination has become a strategically important capability in acquiring and retaining the right mix of customers. Being quick and adept at making enormously complex decisions — involving product bundle eligibility and pricing, deposits, credit limits, device financing rates, and terms — has far-reaching effects beyond market share and current revenue.



Better business results start with better originations decisions

FICO client results

10x

acceleration of application
development and delivery

ROI of 20:1

via automated,
intelligent decisioning

Source: FICO Case Studies and Internal FICO Sales Data

Instantaneous originations decisions impact sustainable profitability by affecting future revenue streams, cash flow, delinquencies, loss reserves, and operating costs. And if you can easily change originations strategies — to drive current organizational priorities, outmaneuver competitors, and fold more powerful credit decisioning techniques into your processes — you'll widen your competitive edge.

Leveraging proven techniques from financial services

Leading telecom providers are realizing the value of replicating financial industry best practices for leveraging analytic technology to make more targeted and informed origination decisions. In some markets, as providers unbundle service costs from equipment costs, device financing has an increasing impact on revenue. In all markets, with providers expanding into more diverse product and service offers and targeting riskier customer segments as sources of growth, they need to make more precise decisions originating new customers and renewing existing customers.

Proven methods include:

- Sharper analytics for more granular credit segmentation — documented for regulatory compliance
- Business user tools that make it simple to work with multidimensional credit attributes in complex origination strategies
- Application of loss forecasting methodologies aligned with best practices for increased accuracy in predicting lifetime value and estimating loss reserves
- Cash-flow-based customer lifetime value models for better visibility into future profitability
- Mathematical optimization to pinpoint the best strategies among vast possibilities for achieving specific goals under unique conditions





Bring your originations up to speed with enhanced analytics, agility, adaptability

To turn originations into competitive advantage, you need a flexible, cloud-based intelligent decisioning platform that works with customer-facing and back-end systems. A best-in-class platform transforms data into actions, insights, and exceptional outcomes by applying advanced analytics, machine learning, and human expertise to operationalize a rich, contextualized view of your customers and organization — all in a transparent and responsible way.

It also puts originations strategy fully under the control of business users with minimal reliance on IT. This gives you the agility to pivot as organizational priorities shift from, say, subscriber and connection growth that covers fixed expenses to a more targeted focus on acquiring profitable customers that cover acquisition costs and minimize expected losses. It lets you speed up test-and-learn cycles. It gives you adaptability to improve your originations processes and better manage strategies by adding sophisticated analytic techniques such as simulation, mathematical optimization, and customer-level decisioning.

Here's a quick tour of today's originations essentials:



Sharper predictive analytic advantage

Adding more analytics to credit strategies provides more definitive insights into customer risk and reward probabilities. With increased ability to differentiate customers — whether new or existing — you can get to the fine-grained segmentation needed for more precise originations decisions. Commonly implemented analytics include application and behavior risk scores as well as models for offer sensitivity, uplift, revenue, churn, customer lifetime value, macroeconomic impact, and regulatory and capital management.



Consistent decisions and omnichannel communications

Originations strategies are simultaneously deployed across all channels so customers receive the same treatment and decisions no matter how they choose to interact. Alternatively, implement strategies that incorporate channel specific credit risk. Integrated rules-driven automated communications enable interactions begun using one channel to be seamlessly continued on another. Workflow and tracking ensure originations processes are complete, documented by detailed audit trails for internal and regulatory compliance. This process of integrated communications also extends forward, contributing to successful onboarding and customer care during the critical first weeks and months of new relationships.



Faster analytic learning to drive performance improvement

Is a new originations strategy effective? To answer that question, your business users need a framework for rapid-cycle testing. Best-in-class platforms include a closed-loop adaptive control process for systematically running in-market contests between current strategies and alternatives. Capturing results in an analytic data mart supports continuous learning.

Business users easily manage complex credit strategies



Rules



Predictive analytics



New data sources



New customer characteristics



Optimization

Customers get quick, consistent decisions across any mix of channels

Analytics and optimization tell you:

- How much repayment risk
- Customer lifetime value
- Which equipment/bundles to offer
- Whether alternative offers are equally profitable over the long term
- Which offers are best for maximizing current revenue goal within churn reduction targets

Comprehensive tracking and monitoring

To prepare for more regulatory oversight, audit tracking thoroughly documents originations inputs, decisions, and outcomes in a manner that's transparent and explainable. You also need comprehensive monitoring of business performance, including originations statistics (for example, applications processed, accounts decisioned/booked) and process metrics (average decision time, number of referrals, and more).

Mathematical optimization to pinpoint best strategies

Analytics cut through an immense number of possible strategy choices to identify the best options for achieving goals within your business constraints (such as loss exposure, take-up rate, and churn). Business users can explore optimized strategies with simulation tools to better understand performance drivers and trade-offs. The output of deployed strategies is an origination decision for the customer and alternate optimal offers — pre-stored or generated in real time.





Credit Optimization Success

“ FICO solutions help us optimize credit policies so we can make the right offer to the right customer every time. ”

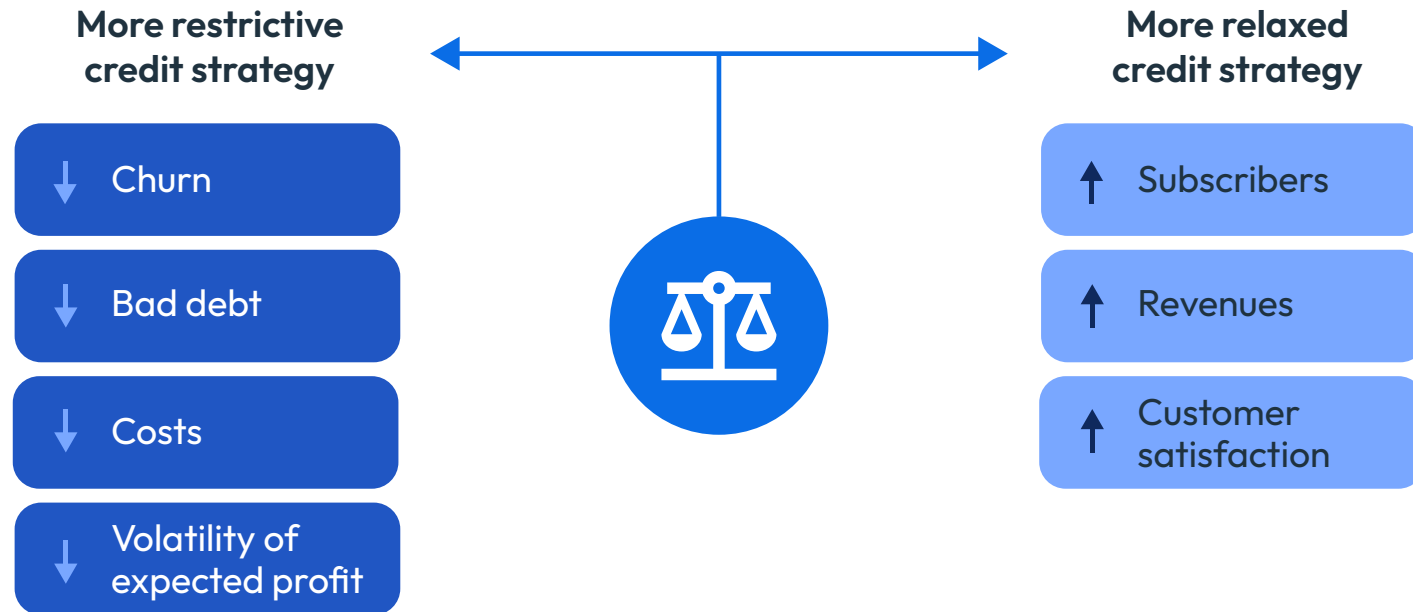
Credit Analytics Manager

Major North American Telecom Company

Results include:

- Reduced churn and higher customer satisfaction
- Increased profitability for customers acquired across more than a dozen channels

Optimization helps you evaluate trade-offs to find the best balance between multiple objectives, then rapidly adapt strategies as objectives change over time



Customer-level decisioning

Like financial services, telecom providers are moving quickly toward customer-centric operations. Best-in-class platforms deliver a 360-degree customer view by accessing, merging, and analyzing otherwise siloed datasets. They support a gradual transition — for instance, by optimizing risk exposure and credit limits at both the account and customer levels, or at both the product and bundle levels.

FICO delivers the most advanced proprietary models and analytical approach for credit decisioning in a flexible, easily deployable solution. For more information, visit us on the web at [FICO.com](https://www.fico.com)





Results from a Global Wireless/ Internet Provider

FICO delivered:



Custom models, deployed in days



Risk credit limits, supporting complex offer scenarios,
leveraged throughout the lifecycle



New financing options and an enhanced buying
experience



Reduced risk with revenue lift, driving profitable growth

FICO: A Proven Partner

For decades, firms have turned to FICO for originations help. As the leading innovator of analytic solutions for credit and fraud transaction risk, we help you:

- Apply world-class credit risk, pricing, and bundling, and loss forecasting analytics at the point of origination
- Expedite originations decisions, even as they become more complicated, at massive scale
- Bring new eligibility variations to market faster, with business user control
- Perform individual offer and campaign pre-screening aligned to local market credit bureau regulation
- Engage customers in automated interactions that ensure completion of the originations process and superior lifecycle experiences



To learn more about FICO's originations solutions, visit:

www.fico.com/originations

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