The Power of Shared Data Consortiums

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Summary

- Through the pooling of data, data consortiums or exchanges, can yield new data elements and insights.

- These new elements have proven to be extremely powerful in a wide range of marketing and analytic applications.

- IXI's data consortium provides a great example of the potential value add to data sharing participants.

Agenda

- **Defining & Describing Data Consortiums**

  - Benefits & Challenges

- The IXI Consortium

  - About IXI

  - Data Collection, Manipulation & Delivery

  - Applying the Data

- Questions

Defining and Describing Data Consortiums

- A data consortium is simply the participation of many firms or individuals in the sharing of information.

- Consortiums are found across many industries:
    - Healthcare
    - Environmental Sciences
    - Human Services
    - Education
    - Telecommunications
    - Financial Services
    - Internet Behavior

- Consortiums are created in a variety of ways:
    - Compilation of publicly available information
    - Deliberate participation from members

Benefits & Challenges of Building a Consortium

- **Benefits:**
  - Effective
    - Supplements individual contributor data
    - Competitive advantage for those inside the consortium
  - Efficient
    - One type of data standardization
    - One stop shop for data, reports, and solutions
  - Low-Cost
    - No need to complete costly data collection (i.e. survey data)

- **Challenges:**
  - Coverage or "buy in"
  - Exposure of information and maintenance of privacy
  - Consistency of data across contributors
  - User needs to leverage in unique ways since all members get same information

The Power of Consortium Data for Financial Targeting

Survey-Based Solutions

- Base of 4,000-200,000 surveys over three years
    - Don't reflect local actual financial behavior
    - On average, fewer than 20 people per county are surveyed. Coverage is inconsistent in rural and suburban areas.
    - Survey data from several hundred thousand households represents less than 1% of the total households in the country. Models built from this data are likely to be statistically inaccurate

- Census demographics, sometimes dating back to 2000 – Census taken every 10 years

- Can be unreliable – do consumers tell the truth?

- Updated at best annually

Misses large populations, only captures what consumers say they have

IXI Direct-Measured Data

- Direct measurement of over 42% of nation's assets
    - Data collected from over 94% of all residential ZIP+4s
    - Foundation of direct-measured data used to project the entire market

- Gathered from 95+ leading financial services firms

- Over 300 million accounts

- Over 800 million records

- All products updated at least 2x per year

Captures actual money "on the ground" as reported by leading financial service firms

IXI

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About IXI Corporation

Who We Are

- Founded in 1993 and headquartered in McLean, Virginia, IXI is a marketing information services firm that hosts the largest consortium of U.S. financial institutions.
- In late 2009, IXI was acquired by Equifax Corporation. The acquisition joins the market leaders in asset data and credit data, enabling clients to access a comprehensive view of their households and markets.
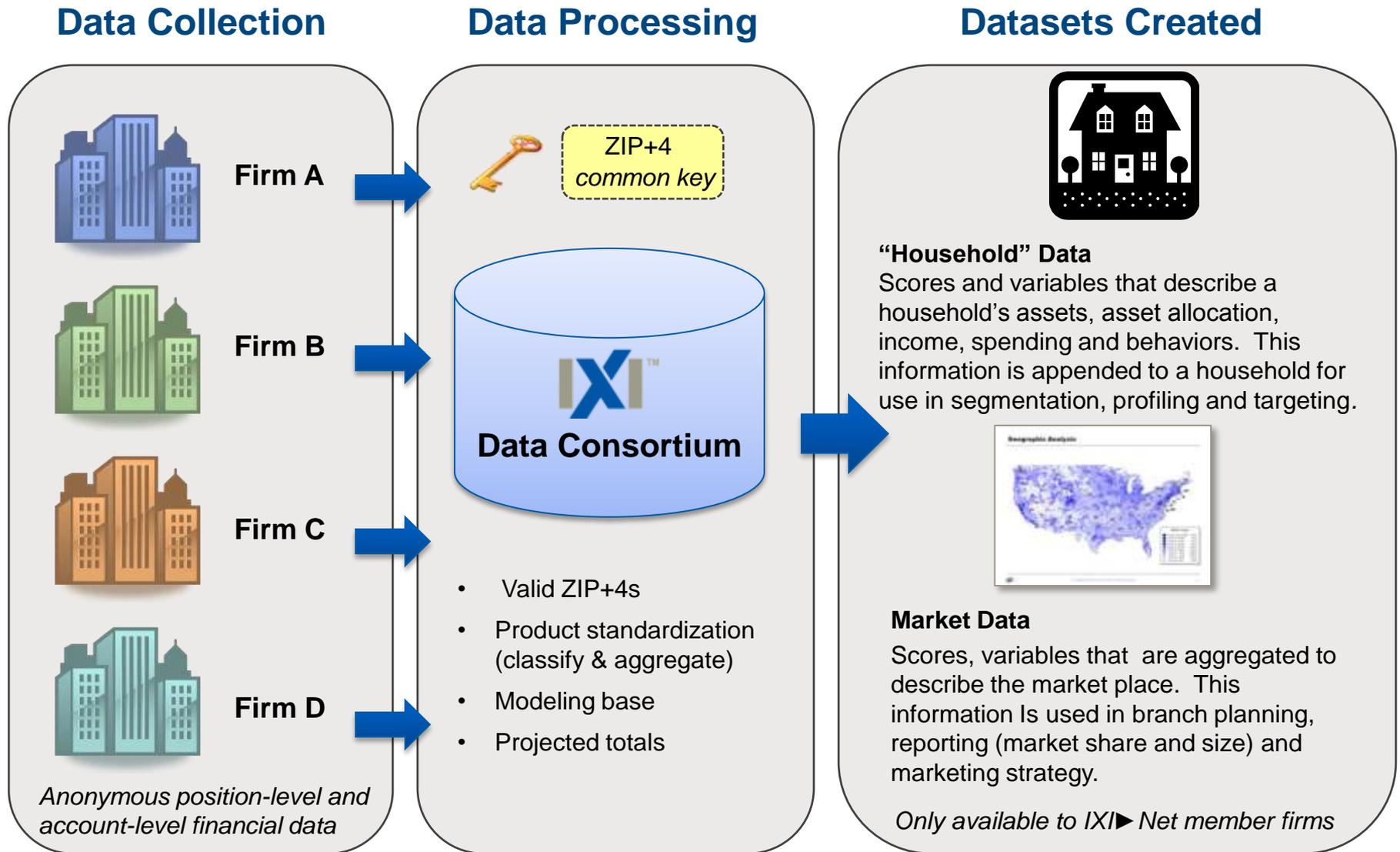
What We Do

- IXI collects account level asset and sales information from the consortia then uses this information to create datasets available to member firms.
- During 2010, IXI, as part of Equifax, IXI will build out solutions that describe both assets and liabilities for both households and markets.
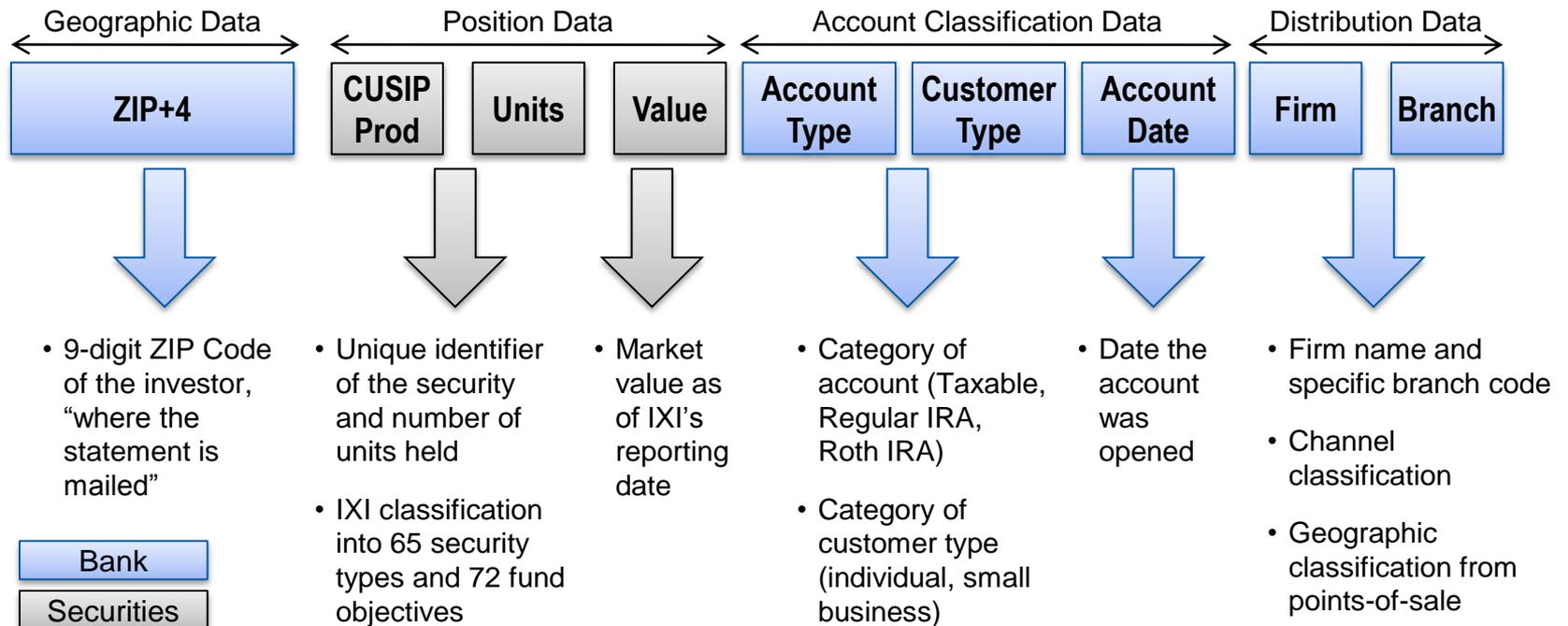
How Members Work With IXI

- Using IXI information and solutions, member firms identify, size and target households and markets. IXI information is also used to assess performance and build strategies that increase marketing efficiency and improve customer experience.

IXI Collects & Processes Consortium Data

Data Collection

Firm A

Firm B

Firm C

Firm D

Anonymous position-level and account-level financial data

Data Processing

ZIP+4
common key

Data Consortium

- Valid ZIP+4s
- Product standardization (classify & aggregate)
- Modeling base
- Projected totals

Datasets Created

"Household" Data
Scores and variables that describe a household's assets, asset allocation, income, spending and behaviors. This information is appended to a household for use in segmentation, profiling and targeting.

Market Data
Scores, variables that are aggregated to describe the market place. This information Is used in branch planning, reporting (market share and size) and marketing strategy.

Only available to IXI▶Net member firms

Granular Input Data is the Key

- IXI's founders leveraged two commonly available and relatively stable metrics to create a highly detailed dataset.

    - ZIP+4 – managed by the USPS with an average of about 3 households. All firms need this information to reduce mail costs.

    - CUSIP – managed by Standard & Poors and used across the industry

- This unique combination has made the value proposition so clear that contributors include 95 financial services firms.

Geographic Data	Position Data			Account Classification Data			Distribution Data	
ZIP+4	**CUSIP Prod**	**Units**	**Value**	**Account Type**	**Customer Type**	**Account Date**	**Firm**	**Branch**

• 9-digit ZIP Code of the investor, "where the statement is mailed"	• Unique identifier of the security and number of units held	• Market value as of IXI's reporting date	• Category of account (Taxable, Regular IRA, Roth IRA)	• Date the account was opened	• Firm name and specific branch code		
Bank	• IXI classification into 65 security types and 72 fund objectives			• Category of customer type (individual, small business)		• Channel classification	
Securities						• Geographic classification from points-of-sale	

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IXI

Access to IXI Datasets

- **IXI Principles of Operation**

  - **Protection of Member Firm Data**
    - All directly-measured data are blended into a common database.
    - Databases are created so as to not be reverse-engineered to reveal member-firm assets in any area.
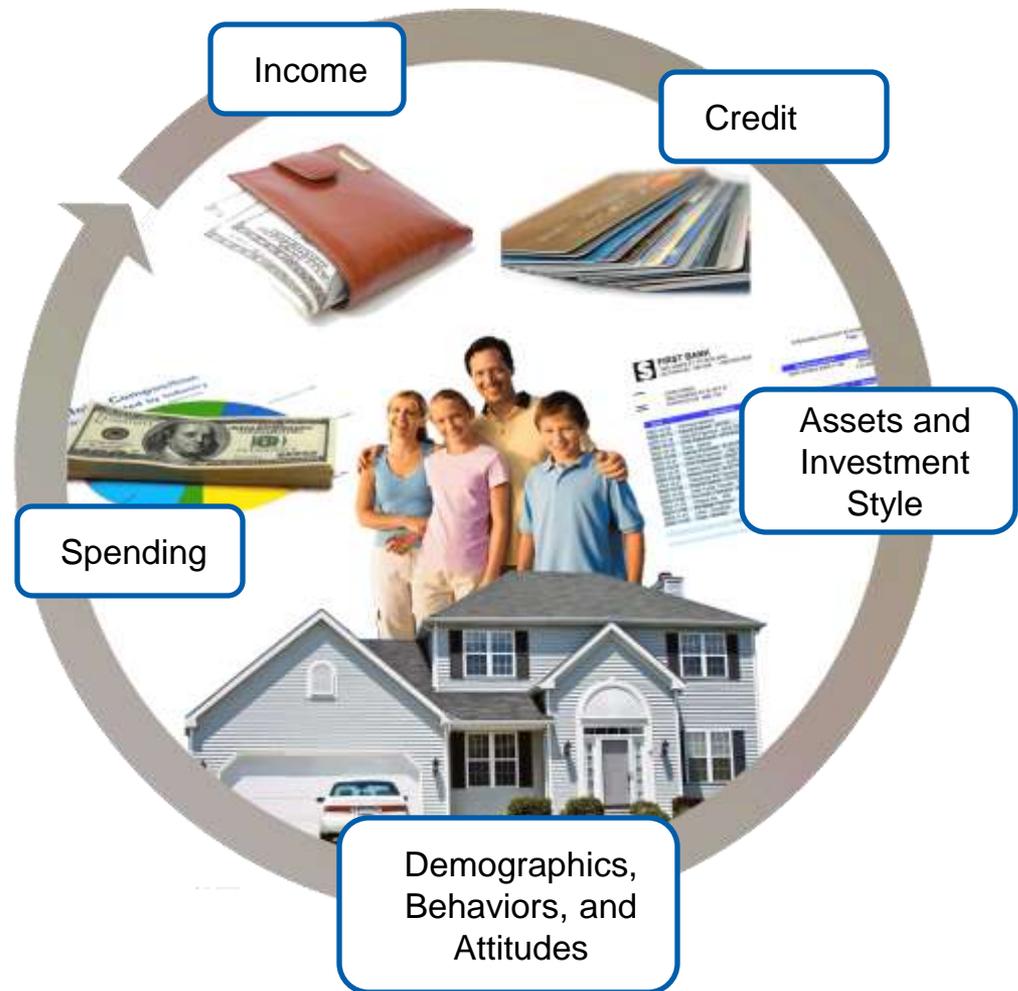   - Network information is only available to IXI Net member firms.

  - **Protection of consumer privacy**
    - With the exception of special projects, IXI does not receive any non-public personal information from any network member.
      - Name, address, phone, account, social security or tax id numbers etc.
    - IXI continuously monitors the evolution federal and state standards on information sharing.
    - IXI aggregates it's data in those ZIP+4s that contain less than 7 HHs to ensure no individual is exposed

Applications: IXI Provides Targeting, Scoring, and Segmentation Solutions Based on the Full Financial Wallet

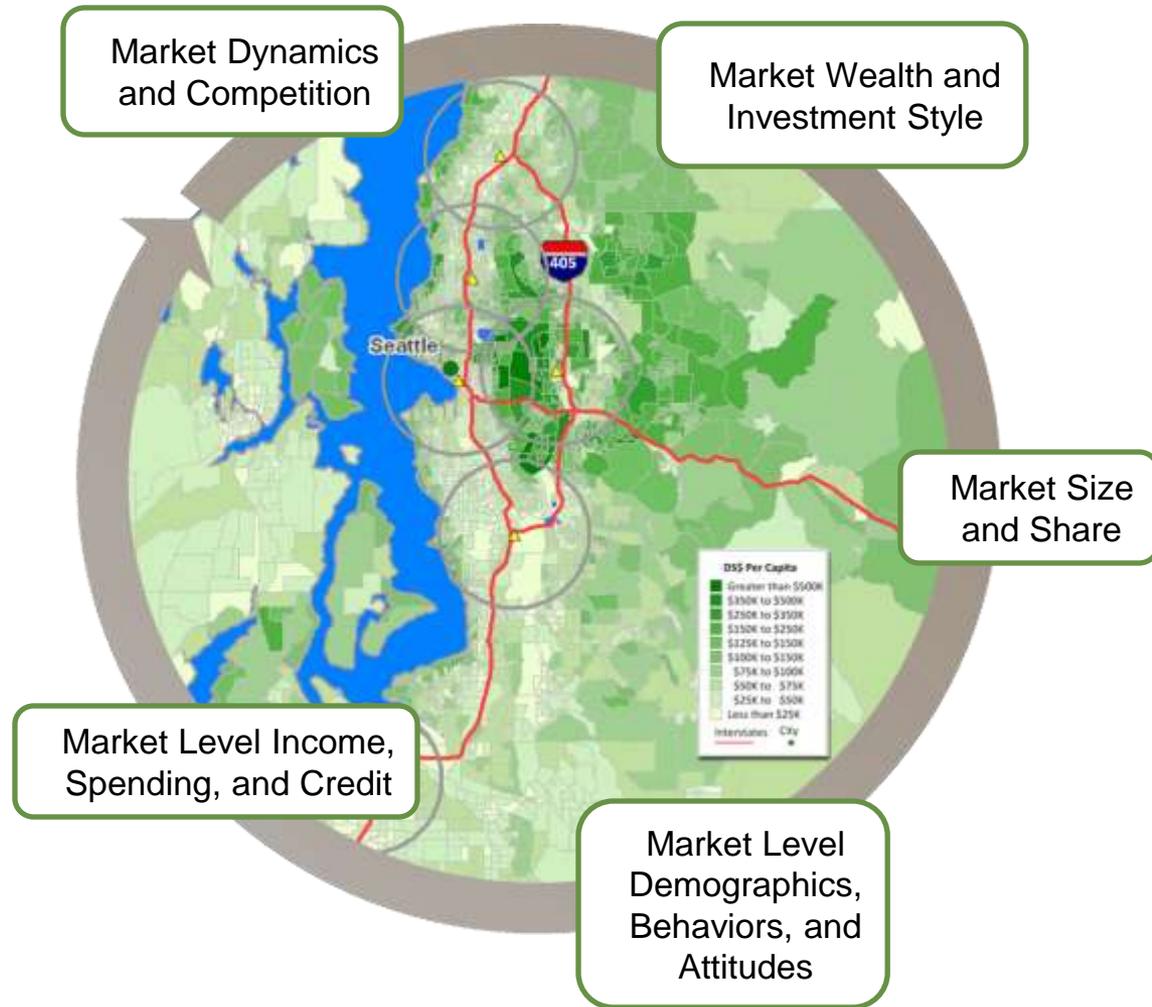**IXI solutions enable firms to better understand their customers and prospects:**

- Whom should I target?

- What should I offer?

- How should I communicate with them?

- Can they afford/do they need my products and services?

- Can they pay their financial obligations?

Income

Credit

Assets and Investment Style

Spending

Demographics, Behaviors, and Attitudes

Applications : IXI Offers Market Analysis Solutions Based on a Complete View of the Market

IXI solutions help firms understand their target markets:

- What geographies are hot?

- What is my firm's share?

- What should I offer?

- Where should I advertise?

- How should I communicate?

- How is my sales team performing?

Market Dynamics and Competition

Market Wealth and Investment Style

Market Size and Share

Market Level Income, Spending, and Credit

Market Level Demographics, Behaviors, and Attitudes

Applying IXI Data Across an Entire Firm

Asset and Deposit Gathering

- Customer financial potential and opportunity analysis
- Share of wallet
- Financial preferences and needs
- Product and service up-sell/cross-sell

Customer Management

- Tiered customer service model
- Channel management
- Customer LTV
- Customer loyalty and attrition

Marketing Campaign Planning and Communications

- Define target audience based on full financial profile (assets, income, spending, credit)
- Send the right message to the right customer via financial and economic based segmentation systems

Consumer Credit Strategies

- Identify consumers with ability to spend
- Create relevant offers and terms
- Supplement thin files

Loss Mitigation, Collections, and Portfolio Valuation

- Alter collections treatment groups based on ability to pay
- Improve refinance and revenue cycle management
- Mortgage and A/R portfolio review and valuation

Merger Integration Planning

- Optimize branch/territory management for combined firm
- Understand needs and determine appropriate message for new firm's combined customer base

Customer Acquisition

- Acquire new customers that resemble best existing customers
- Customer on-boarding

Capturing Retirement and Rollover Dollars

- Identification of customer segments and type of product/service needed
- Effective communications

Brand Management

- Brand building
- Category development
- Firm loyalty

Market Metrics

- Identify growing and declining markets and products by geography
- Market sizing and opportunity
- Market share by product line
- Trending

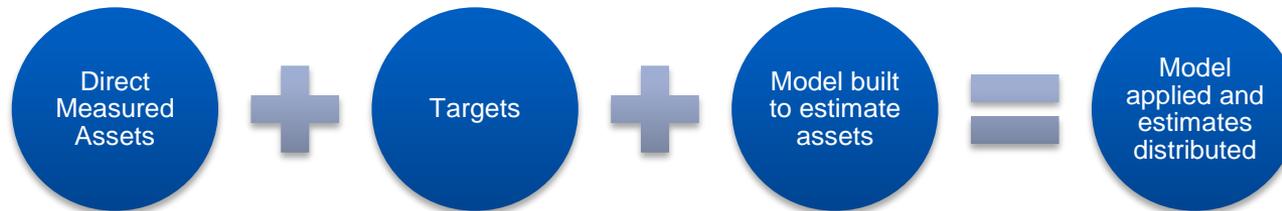## Branch, Territory and Sales Management

- Branch site location
- Sales force allocation
- Territory performance and goal setting

FA and Wholesaler Performance

- Identify top performers based on opportunity
- Track performance in capturing new sales
- Resource alignment and goal setting

IXI™

Example: Applying One of IXI's Datasets

- As illustrated, IXI collects detailed information from it's consortia members and builds a variety of datasets. We will step through the creation, at a very high level, of one datasets and how that information can be leveraged by a using firm.

Direct Measured Assets + **Targets** + **Model built to estimate assets** = **Model applied and estimates distributed**

- Database contains estimates of a household's personal investable assets for 13 product categories (see below)

Sample of Directory

ZIP+4	Age	Total Deposits	Interest Checking	Non-Interest Checking	Savings	CDs	MMDAs	Cash & Equivalents
12345-5481	< 25	$18,124	$1,540	$0	$10,345	$2,124	$0	$4,115

ZIP+4	Age	Total Assets	Stock Assets	Bond Assets	Mutual Fund Assets	Total Deposits	Annuities	Other Assets
12345-5481	< 25	$148,209	$75,040	$0	$35,345	$18,124	$0	$15,700
12345-5481	25-34	$203,085	$96,010	$15,025	$50,040	$6,005	$5,005	$31,000
12345-5481	35-44	$223,234	$137,804	$6,030	$42,300	$25,100	$12,000	$0
12345-5481	45-54	$225,333	$135,133	$37,035	$25,025	$25,140	$3,000	$0
12345-5481	55-64	$325,455	$75,055	$75,140	$50,064	$50,096	$75,100	$0
12345-5481	65+	$400,123	$25,003	$80,020	$35,050	$10,000	$250,050	$0
12345-5481	Unknown	$215,111	$85,011	$15,040	$48,022	$25,008	$28,015	$14,015

Example: Applying One of IXI's Datasets

Directory

ZIP+4	Age	Total Assets	Stocks	Bonds	Mutual Funds	Deposits	Annuities	Other Securities
12345-5481	15-24	$148,209	$75,040	$0	$35,345	$22,124	$0	$15,700
12345-5481	25-34	$203,085	$96,010	$15,025	$50,040	$6,005	$5,005	$31,000
12345-5481	35-44	$223,234	$137,804	$6,030	$42,300	$25,100	$12,000	$0
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12345-5481	55-64	$325,455	$75,055	$75,140	$50,064	$50,096	$75,100	$0
12345-5481	65-74	$400,123	$25,003	$80,020	$35,050	$10,000	$250,050	$0
12345-5481	75+	$465,533	$37,214	$95,412	$56,241	$14,521	$262,145	$0
12345-5481	Unknown	$215,111	$85,011	$15,040	$48,022	$25,008	$28,015	$14,015

Firm Customer Table

Name	ZIP+4	Age	Total Assets	Stocks	Bonds	Mutual Funds	Deposits	Annuities	Other Securities
J. Doe	12345-5481	22	$54,785	$0	$0	$0	$54,785	$0	$0
M. Doe	12345-5481	26	$22,758	$4,565	$8,456	$4,212	$520	$5,005	$0
L. Doe	12345-5481	65	$52,887	$21,454	$4,125	$2,563	$1,200	$23,545	$0
N. Doe	12345-5481	72	$35,966	$11,012	$10,232	$12,510	$1,200	$1,012	$0
A. Doe	12345-5481	64	$119,985	$16,254	$40,211	$13,210	$20,100	$30,210	$0
B. Doe	12345-5481	Unknown	$157,499	$12,452	$16,542	$23,152	$4,121	$101,232	$0
Z. Doe	12345-5481	Unknown	$59,741	$12,511	$14,241	$13,215	$10,232	$9,542	$0
Q. Doe	12345-5481	Unknown	$80,322	$21,321	$12,123	$16,215	$18,521	$12,142	$0

Marrying of the Directory with your tables on the basis of ZIP+4 and age yields a unified table containing "household" asset projections along with Firm customer file.

Appended Firm/WealthComplete Table

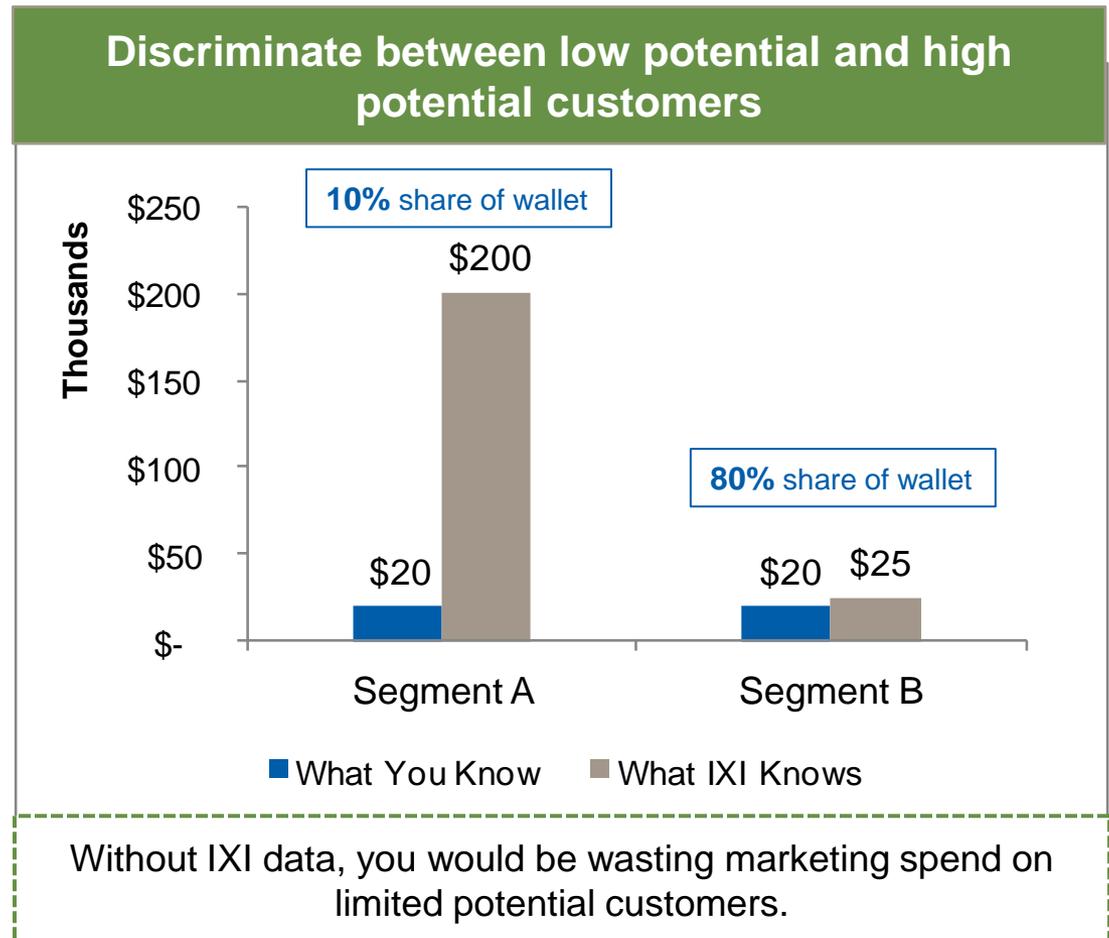| Name	ZIP+4	Age	Total Assets	Stocks	Bonds	Mutual Funds	Deposits	Annuities	Other Securities	Total Assets	Stocks	Bonds	Mutual Funds	Deposits	Annuities	Other Securities
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Example: Applying One of IXI's Datasets

"Total wallet" – IXI provides insight into the full financial wallet of your customers

Complete Picture:

- You only know the deposit dollars held by customers at your firm.

- IXI knows the total balance of your customers (and non-customers) held outside of your firm.

Implication – Enhanced Targeting:

- Without IXI data, segment A & B look identical through the lens of internal firm balance data.

- In reality, Segment A has **$180k** in up-sell opportunity while Segment B only has **$5k** left in un-captured deposit dollars.

Discriminate between low potential and high potential customers

10% share of wallet

80% share of wallet

$200

$20

$20 $25

Thousands: $250 $200 $150 $100 $50 $-

Segment A   Segment B

■ What You Know   ■ What IXI Knows

Without IXI data, you would be wasting marketing spend on limited potential customers.

Data is for illustrative purposes only. "Total wallet" estimates available through license of IXI's data.
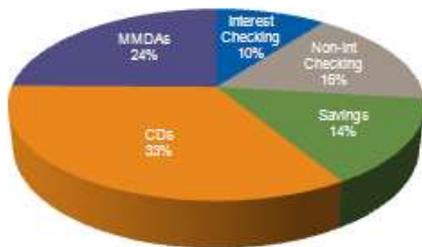
Example: Applying One of IXI's Datasets

Product preference – IXI can describe product holdings & propensities
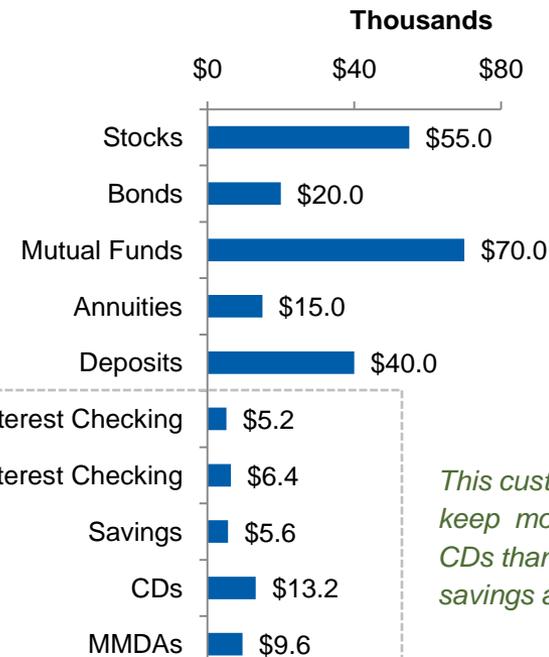
Granular Insight:

- IXI data provides insight into a customer's total holdings <u>by product</u>.

- These can be combined with existing product propensity information :

  - *Investment Risk Tendency*

  - *Advice Oriented vs. Self Directed*

  - *Banking Complexity*

  - *Retirement Tendency (IRA & Annuity)*

Understand which product is right for each Segment

Segment "total wallet" by product category

Thousands

Product	Value
Stocks	$55.0
Bonds	$20.0
Mutual Funds	$70.0
Annuities	$15.0
Deposits	$40.0
Interest Checking	$5.2
Non-Interest Checking	$6.4
Savings	$5.6
CDs	$13.2
MMDAs	$9.6

This customer prefers to keep more money in CDs than a standard savings account

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Segment deposit wallet allocation

Pie chart:
- MMDAs 24%
- Interest Checking 10%
- Non-Int Checking 16%
- Savings 14%
- CDs 39%

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- Through the pooling of data, data consortiums or exchanges, can yield new data elements and insights.

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