



Overview

The need

Influence customer behavior and increase sales with precisely targeted marketing campaigns.

The solution

Using a high-performance data warehouse appliance from IBM for advanced analytics, Merkle is transforming its clients' raw data into unprecedented insight that influences the marketing process and helps staff predict customer preferences with incredible accuracy. It's a strategy that has helped one of the biggest names in business dramatically increase marketing effectiveness and gain a revenue lift of 25-90 percent.

Merkle

Helping clients process hours worth of data in minutes

As chief information and technology officer for Merkle—the nation's largest, privately held customer relationship marketing (CRM) agency—Russ Pearlman is responsible for applying the right technologies to help some of the biggest names in the consumer packaged goods, retail, financial services, insurance, nonprofit, and travel and entertainment industries understand and engage their customers and constituents. However, for Pearlman, the focus isn't just on technology. It's on data. Specifically, how to effectively transform petabytes of raw data into useful information that can better influence marketing processes and predict customer preferences with much greater accuracy.

“One of Merkle's biggest value propositions to our clients is applying rich analytics to their marketing problems,” says Pearlman. “It's about understanding who their customers (and donors) are, why they are buying, and what their total lifetime value is to our clients — the customers' ‘currency’— so that we can encourage better customer acquisition and servicing. The more data that we can provide and the more accurate and timely that data is, the better we can do our job.”

Analyzing petabytes of data daily

Like many companies, Merkle's approach to managing data has evolved as the amount of data it must analyze for clients has grown. Today's companies have access to a wealth of data from call centers, point-of-sale systems, web sites, social media sites, email campaigns, newsletters and many other online and offline sources. The challenge lies in the ability to aggregate and analyze this data at lightning speeds so marketers can better target their campaigns and increase the return on their marketing investments.



Business benefits:

- 25-90 percent revenue lift for one client through use of new analytic models
- Regularly received a 70 percent reduction in processing time for complex marketing campaigns—decreasing time from hours to minutes
- Up to 25 percent decrease in the cost of managing clients' environments
- Dashboards and business intelligence reports, such as market basket analysis, can be executed significantly faster
- 50 percent decrease in end-to-end run time for marketing campaign execution—from sample to test to final version

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— Russ Pearlman, Chief Information and Technology Officer, Merkle

“There are petabytes of data in our data center,” says Pearlman. “We have hundreds of millions of new transactions coming in daily and it simply became very difficult to consolidate and analyze all the information for some of our bigger clients using traditional data warehouse environments.”

As Merkle looked to transform its analytics infrastructure, staff saw that moving from a traditional data warehouse to a purpose-built data warehouse appliance was critical in handling complex analytics on very large data volumes. Today, the IBM® Netezza® data warehouse appliance is Merkle’s “go-to” platform to perform advanced data analytics and execute highly focused marketing campaigns for clients in very short periods of time.

“The IBM Netezza data warehouse appliance has become our standard for MPP [massively parallel processing] technologies,” says Pearlman. “It gives us the best value-to-performance ratio of any of the technologies we’ve used and enables us to help clients target their marketing spend for the best economic outcome.”

New analytic models drive revenue lift of up to 90 percent

What do faster analytics on larger data volumes mean to the companies Merkle serves? Consider the firm’s work with one leading retailer of clothing, accessories and housewares.

“Operationally, the retailer’s database gets refreshed on a nightly basis and helps us provide business users with their latest customer data,” says Shambho Krishnasamy, vice president, chief solution architect, Merkle. “Not only can we manage our data load operations within a tight window, but we are also able to create around 1,600 aggregates at the customer and household level for all their brands. This would not have been possible without the IBM Netezza data warehouse appliance. From a marketing operations perspective, the retailer segments its customers at a much finer grain than most companies do. This results

Solution components

- IBM® Netezza® Performance Server
 - IBM Netezza 1000
 - IBM Unica® Enterprise
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“Our clients need solutions that provide them with their latest customer data refreshed on a nightly basis with adequate levels of summarization and aggregation. They expect their ad hoc campaign management, business intelligence and modeling operations to run seamlessly and effectively. A properly sized Netezza environment helps us accomplish that.”

– Shambho Krishnasamy, Vice President,
Chief Solution Architect, Merkle

in campaign operations that create a lot more concurrent processes—anywhere from 50 to 200 queries running at the same time. The IBM Netezza data warehouse appliance helps us deal with the volume and capture click stream transactions at the lowest level and aggregate it into a single customer view. Combined with IBM Unica® campaign management software, we can now help the brands quickly understand customer preferences and communicate the relevant messages in both online and offline campaigns.”

The retailer’s business intelligence (BI) platform offers their brands both a comprehensive set of packaged dashboard reports and the ability to run and create reports in an ad-hoc manner. The IBM Netezza data warehouse appliance facilitates execution of concurrent reports more quickly. For example, the traditional market basket and product affinity reports run seven to ten times faster, enabling the retailer to have more timely reports to see consumer behavior.

Additionally, the IBM Netezza data warehouse appliance provides for consistent, reliable and faster execution times for the most complex campaigns and analytic models. This translates into the ability to fine-tune campaigns and customer segment assignments multiple times so that the right audience is selected for the right media for each campaign. In fact, two of the retailer’s brands saw revenue lifts ranging from 25 percent to 90 percent through the application of new models.

Smarter Computing by design **A platform for advanced analytics**

In delivering its analytic services, Merkle has found that the IBM Netezza data warehouse appliance can process data and run reports faster than the company’s previous environment. This, in turn, provides Merkle clients ample time to get their campaigns exactly right. Taking the time to focus on getting the best possible results per campaign enables companies to be more effective in targeting and executing their marketing services.

Designed for Data

By consolidating traditional data warehouse environments (hardware, memory and SAN) on the IBM Netezza data warehouse appliance, Merkle has realized a 25 percent decrease in its IT footprint.

Tuned to the Task

The IBM Netezza data warehouse appliance enabled Merkle to process data 10 times faster and reduce the time to complete nightly data loads by 300 percent, while decreasing the operational maintenance cost by 66 percent. Queries are now completed in seconds and analytic models returned in minutes, as opposed to hours.

Managed for Rapid Service Delivery

With the solution's simplicity, speed and scalability, Merkle can now build precisely targeted campaign lists for its clients in just a few hours and deliver 24x7 availability of information to marketers to support their global operations.

Driving Innovation

Unmatched visibility into customers and their purchasing habits helps Merkle to predict customer preferences with incredible accuracy, increasing campaign returns and maximizing sales.

“From a querying perspective, we can return responses in seconds, and from a modeling perspective, in minutes, which is phenomenal,” says Krishnasamy.

Additionally, for one of its clients, this incredible processing power enables the Merkle staff to complete its nightly load of data into the warehouse in less than three hours—a reduction of more than 70 percent. By creating two identical databases on the appliance, and updating each in sequence, the IT staff can deliver 24x7 database availability to global organizations that must provide access to information across many time zones.

“We have clients that need us to create nimble solutions,” says Krishnasamy. “From a data platform point of view this translates to us ensuring higher throughput both in terms of operations and marketing execution. Our clients need solutions that provide them with their latest customer data refreshed on a nightly basis with adequate levels of summarization and aggregation. They expect their ad hoc campaign management, business intelligence and modeling operations to run seamlessly and effectively. A properly sized Netezza environment helps us accomplish that.”

What's more, this quantum leap in speed enables Merkle to easily support the expanding needs of its clients. “We are now promising clients that we can refresh the data in the warehouse on a nightly basis, regardless of the volume or the type of data,” says Krishnasamy. “It gives companies a huge competitive advantage in terms of being able to market to the latest snapshot of their customers. It also enables us to take a batch-oriented marketing solution and evolve that into a real-time operation to support websites and call centers.”

Breaking through barriers

The increased performance will also fuel incredibly precise segmentation, modeling and forecasting of marketing opportunities. For example, with the IBM Netezza data warehouse appliance using IBM Netezza Analytics, Merkle can, for the first time, perform in-database analytics, allowing analysts to run algorithms against a client's entire data set in the same timeframe that they previously could analyze only a small subset of the data. As a result, the company can deliver more accurate results faster and create more data models in the same period of time. The business implications of this are potentially massive.

"We can apply it to problems that we just couldn't address with our other technologies," says Pearlman. "For example, we can compare an entire subscriber list from a media source with a client's full customer list to more accurately evaluate the return on investment for an advertising campaign. Consumer purchase transactions now show up in the client's data warehouse in hours as opposed to days—with those customers fully integrated, segmented, analyzed and placed into the appropriate campaigns. This enables companies to send a "thank you" email that also provides the opportunity to up-sell accessories or complementary services."

Reducing the cost of service delivery

With the IBM Netezza data warehouse appliance, Merkle has also experienced a 66 percent decrease in the cost of managing its clients' environments. "If you look at a traditional data warehouse infrastructure, we would need multiple servers and have to manage all the components (the operating systems, storage devices, etc.)," says Pearlman. "It's a more complex environment. Now all we need to think about is network connectivity and power to the appliance. Our overall management costs for an equivalent non-IBM Netezza solution would be two to three times higher."

Lessons learned

According to Pearlman, one of the lessons the team has learned is that training and best practices are important in the move to a new technology infrastructure. To become most effective, Merkle has dedicated resources to managing its IBM Netezza environment and has spent time to properly train and educate them.

“Some people may take a relational database concept and think, ‘I now have a relational database appliance,’” says Pearlman. “And that’s not what it is. It is a different environment and requires a different mindset. Managing it like a relational database is like buying a Ferrari but always driving in a school zone.”

Transforming data into an enterprise-wide asset

By transforming its approach to analytics, Merkle has set a new standard for CRM services. However, as Pearlman looks to the future, he sees even greater opportunity.

“We want to help our clients transform customer information into a truly enterprise-wide asset,” says Pearlman. “And by that I mean, it’s no longer just a marketing asset—it’s a sales asset; a supply-chain asset; a finance asset. So as we go into the future of what Merkle is becoming and what our customers are demanding of us, the information has to be available right away—comprehensive and better integrated across the organization. The architecture we’ve chosen gives us the capability to meet those needs.”

About IBM Netezza data warehouse appliances

The IBM Netezza data warehouse appliance revolutionized data warehousing and advanced analytics by integrating database, server and storage into a single, easy-to-manage appliance that requires minimal set-up and ongoing administration while producing faster and more consistent analytic performance. The IBM Netezza data warehouse appliance family simplifies business analytics dramatically by consolidating all analytic activity in the appliance, right where the data resides, for blisteringly fast performance. Visit netezza.com to see how our family of data warehouse appliances eliminates complexity at every step and lets you drive true business value for your organization. For the latest data warehouse and advanced analytics blogs, videos and more, please visit: thinking.netezza.com

IBM Data Warehousing and Analytics Solutions

IBM provides the broadest and most comprehensive portfolio of data warehousing, information management and business analytic software, hardware and solutions to help customers maximize the value of their information assets and discover new insights to make better and faster decisions and optimize their business outcomes.

About Merkle

Merkle, a customer relationship marketing (CRM) firm, is the nation's largest privately-held agency. For more than 20 years, Fortune 1000 companies and leading nonprofit organizations have partnered with Merkle to maximize the value of their customer portfolios. By combining a complete range of marketing, technical, analytical and creative disciplines, Merkle works with clients to design, execute and evaluate Integrated Customer Marketing™ programs. With more than 1,500 employees, Merkle is headquartered near Baltimore in Columbia, Maryland with additional offices in Boston; Chicago; Denver; Little Rock; Minneapolis; New York; Philadelphia; Pittsburgh; Seattle; Hagerstown, MD and Shanghai. For more information, contact Merkle at 1-877-9-Merkle or visit: www.merkleinc.com

For more information

To learn more about IBM data warehousing and analytics solutions, please contact your IBM sales representative or IBM Business Partner, or visit the following website: ibm.com/software/data/netezza

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November 2011
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