



Smaller risks, bigger business

With SAP Predictive Analytics, Swisscom has not only reduced payment defaults of its mobile payment solution “Direct Carrier Billing” by 50 per cent. Thanks to a much better understanding of the customers and their needs, the offering is now also be continuously optimised for both the users and the e-shops.

Data is the oil for digitalisation. And just like energy raw material, the information generated in companies via the many different channels must first be «refined» before it can be turned into fuel for the business. Swisscom has processed the reporting information from its mobile payment service with the help of predictive analytics and thus turned it into a value-added generator: The division of subscribers into target groups was improved significantly, the range of services and contracts offered to customers was individualised, marketing success increased through more targeted campaigns and - last but not least - the number of unpaid invoices was reduced by 50 per cent.

One of many service innovations

The online payment service Carrier Billing is one of many innovations that Swisscom is using to set itself apart from its competitors and open up new market areas. Swisscom customers can use it to pay for apps, games, music, movies or tickets in the largest online stores directly via their mobile subscription. A credit card or PayPal account are not needed.

The extremely simple payment method is popular among customers and e-shops alike. Users can pay for their purchases in a very convenient but also very secure way. They also have complete transparency over all purchases at all times via their monthly statements. The shops benefit from a modern payment solution with a minimal amount of integration work, and they also have fewer sales cancellations than with the much more complicated credit card transactions. What's more, they have the opportunity to conduct targeted campaigns via Carrier Billing, which can help to bring clientèle with money to spend into the store.

Payment defaults cost money – rigid rules too

The markets in which Swisscom is active are extremely dynamic. Even successful services such as Carrier Billing must therefore be further developed and optimised on an ongoing basis. One of the challenges facing the service is known to all companies that sell services and goods on account: a small proportion of the customers do not pay their invoices.

Traditionally, rule-based procedures are used to minimise payment defaults. They use the previous payment behaviour and information from specialised external service providers as a basis for making decisions. In doing so, they force customers into a rigid framework that is based solely on historic data. They are virtually unable to respond to current changes in the behaviour of individual customers and to new trends in certain customer segments.

What's more, the information from external service providers comes in the form of a black box, over which a company has no control and, furthermore, which does not take into account the peculiarities of its own business. This makes the matter all the more problematic, because not only unpaid invoices cost money, but also misjudgements by the system that prevent a purchase and thus sales.



Better results with predictive methods

Swisscom has now taken the risks of non-payers into its own hands and, based on SAP Predictive Analytics, has developed a system that enables accurate predictions of payment defaults based on current business activity. In doing so, Swisscom was able to build on the existing SAP reporting system and its data and also use the capabilities of the existing SAP HANA database. The daily payment default forecast was implemented in a business warehouse.

At the heart of the system is a model that dynamically adapts to the latest developments. It continuously learns from mistakes as well as from the right decisions, weights the various influencing factors and thus helps to understand the predictions much better. The model, which is automatically optimised, can also discover unexpected correlations that remain hidden even from the experts. To do this, the software has to interpret thousands of records. The results are then translated into easily understandable models that business managers can work with.

Swisscom specialists and business in close cooperation

The system was implemented in close cooperation between data and SAP specialists from Swisscom and business partners. First of all, a pilot was developed in a two-stage procedure. This also brought to light data quality problems such as duplicates, missing information or incompatibilities, representing another valuable result of predictive analytics projects.

In addition to the strong reduction in payment defaults, the specific results of the solution already achieved so far also include various improvements in the area of the offer. For example, shops can offer targeted personalised discounts for cross-selling, or Swisscom can adjust the individual spending limit of the customer via Carrier Billing as required. And this is just the beginning, because the algorithm and experience can be used in future to develop new offers or acquire new customers, and they are now also available to the other business units for similar applications.

Act now!

As partners, we support, empower and accompany our customers on their journey to becoming a Data Driven Business. Universal access and fast transportation, flexible storage, global processing by employees, rational processing by business applications, intelligent processing by AI, blockchain and mixed reality – Swisscom Enterprise Customers offers comprehensive and secure solutions.



Further information on the subject of Data Driven Business from Swisscom



Would you prefer a personal contact? Then contact our Data Analytics expert.

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Are you interested in Direct Carrier Billing from Swisscom? Our mobile payment expert is looking forward to hearing from you.

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