

## It's all about where your customers are. Geo Strategies takes you there, whether offline, mobile or online

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### Interview with Daniela FLOREA, Chief Executive Officer, Geo Strategies

*CW Ro: Geo Strategies is one of the veteran companies active in Romania. Can you give us a little history?*

**Daniela FLOREA:** Year 2013 marks our 20th anniversary. Our company's attention to data innovation and quality, our continuous effort in education and customer service have always been our guiding lines.

When we started in 1993, our vision was to offer decision support through intelligent information for CEE, organised geographically. We did not have the luxury of a paying customer for our first products and services, so we had to produce them in anticipation of the need and invested enormously in education at all levels in various organisations - both private and public. Our early developments enabled us to expand coverage into other countries in the region and also the Middle East where, in the mid 1990s GSM operators were developing fast. Every such project required accurate geographic information about the terrain and also the market potential. We were in the right place, with the right capabilities, at the right time and with the right attitude towards innovation. We produced seamless digital maps for 25 countries, from Poland and the Baltics, through to Ukraine and Turkey. The result of our first 9 years of digital map production was comprehensive coverage of the region (the 'New Europe') with quality information - i.e. accurate, standardised, seamless and relevant.

We progressively followed with the construction of "object-oriented" databases which added further value to those that existed at that time; during this new phase we focused on delivering data which was fit for purpose for the most varied of location-based applications, including navigation and geo-demographics. Once Navteq acquired from us the base mapping for navigation, we directed our resources fully towards geo-demographics. This launched us into consumer and area analysis, which is an extremely relevant domain for absolutely every business that has customers, locations and competitors – and, which business doesn't have these three components?

*CW Ro: Which were the main milestones in the evolution of your company?*

**D.F.:** Each of the key moments demanded a new strategy and required a new competitive advantage; there were no such things as digital maps back in 1993 - and this was what we decided to do. We created the appetite of the market for visualisation and understanding of location in relation to other data. By 1999 we firmly positioned Geo Strategies as a significant player in the international community of companies with advance data engineering competencies. In fact, in 1998 we won the first prize in an international competition for our digital map of Saudi Arabia.

In 2000 we started to fill the gap in Central and Eastern Europe for industry standard databases for geo-marketing, sales territory management, transport, fleet management and navigation: we

learned continuously and applied best practice in organising the content we had produced into databases which were fit-for-purpose. Since 2005 we have been developing, maintaining and enriching the geo-demographic segmentation of the Romanian consumer; this development was followed by SMARTaddress for address data management and, just this year by a cross-channel marketing platform designed to take the message to Generation Y.

There is much talk about 'big data' as if this was something brand new. However, this isn't new for us: we have been working with 'big data' since 1998!

For 20 years now we have been creating value from data and helping our customers do the same with their own data. Indeed, the speed with which data grows in both volume and complexity is now much more in the main focus of most progressive companies. Our recent developments in data management respond to the new challenges, providing companies with levers for sustainable success in their work with internal databases. The results provide our customers with new analytical and information skills which are based on fact (as opposed to market research which can only ever be a sample of reality) and these are now contributing to their competitive differentiation.

*CW Ro: You currently have four major development directions and successful implementations. I would like you to take each one in turn and to explain to our readers the importance of each.*

**D.F.:** *Data quality – geocoding, cleaning and standardisation of Romanian address data*

This development was triggered by our customers' requirement for value-added analytics.

Wishing to visualise and understand their clients and operations, it became very clear that – to a worrying extent, their CRM and Data Warehouses included incomplete and incorrect address data. It is widely recognised that ~80% of databases have a location component. But, despite significant investment in technology, the address data (that links the business with the real market) are the 'Cinderella' in many Romanian databases. The result of numerous data audits carried out by Geo Strategies highlighted the fact that ~50% of Romanian addresses are non-usable. In this context the desired ROI for recent implementations of CRM and similar would continue to be delayed for many years to come. In the 21<sup>st</sup> century it is almost criminal to implement a CRM that doesn't provide management with the possibility of visualising their customers, their competitors and (where applicable, their retail outlets on a map.

This is how we decided to invest in developing SMARTaddress, a system for data cleaning, completion, standardisation, postcoding and – most importantly - geocoding Romanian address databases. SMARTaddress has two components – the knowledge base (i.e. the reference database) and the software system built on heuristic rules and linguistic processing which solve the complexities of the street names and the way they are written (and corrupted) in the Romanian language.

The SMART address database represents the most comprehensive location database, compiled and updated by our company during the past 20 years since we have been operating in Romania. The SMARTaddress parser includes rules based on specially developed algorithms for the phonetics of Romanian language and its syntax, supported by a secondary database of over 3 million variants – abbreviations, local names (un-official names used locally) and old names of addresses.

SMARTaddress can process databases up to 5M records, with success rates between 75% and 99%, depending on the quality of the input data.

### *Consumer and spatial analytics*

To attract more customers from those targeted, in order to minimise costs and to overtake competition, organisations collect vast amounts of data both through their own systems and activities, but also from suppliers such as Geo Strategies. Our teams transform this data into information, enabling customers to take thoroughly well-informed business decisions. Among our typical customers are IKEA, Nissan, BCR Asigurări de Viață, Allianz, BCR Bank, Carrefour, JTI, AVON and many others: these are some of the leaders of customer-centricity in an increasingly digitally enabled Romania.

□ Consumer analysis is focused on understanding the individual, for example, who is he/she; how does he/she behave; and what attitude does he/she have towards certain brands &/or organisations. We use predictive modelling to fill in the gaps in customer data: for example, how likely is it that a particular customer will reply to a direct marketing message? Or what is the probability that this particular customer will interrupt their contract with a supplier of telecommunications or banking services: these are typical examples of either what we can do for a customer or what they do for themselves once they have clean, geocoded data as where people live is often a strong indicator of how they are likely to behave. Which are the best communication channels? How profitable will this client become in time? These can all be predicted with remarkable accuracy.

Using the geo-demographic segmentation Mosaic Romania, we are generating the portrait of a company's customer base and help them understand their baseline at any point in time. Once the profitable segments are identified in their current portfolio, using Mosaic, the client can locate prospects with similar characteristics; therefore, the information is actionable and our customers report uplifts up to 400% in their marketing activities that take into account geo-demographics i.e. they take account of where people live.

Spatial analysis is relevant for every business. This helps define the geographic dynamics between the offer (the commercial activity) and demand (consumers), by answering questions such as:

- Where do my customers live?
- What distance do they need to drive or walk to my bank or shop?
- Where else can I find people like this? Who lives in the catchment area of my Point of Sale?
- What factors influence my insurance agencies' sales?
- Where are the best locations for new mid-market car sales outlets?

The variables defining the catchment areas are often used as inputs for more complex solutions, such as optimisation of retail banking or insurance networks, performance analysis in modern retail or bespoke segmentation for FMCG channels.

The results of the projects can take various forms, but usually they are based on sophisticated cartography with Micromarketer Generation3. This is integrated software combining data for analysis and geographic functionality in a single package which was developed jointly by Geo Strategies and Experian. Maps help with the interpretation of results by highlighting locations, areas, over-lapping, penetration levels and so forth.

### *Value-added mapping databases and GIS*

The impact of geography on everyday life is fascinating - especially when one thinks of how it used to be 20 years ago when we started to evangelise the benefit of geographic information in Romania. Equally fascinating and challenging is creating new content, which once mapped, confers new and very strong possibilities for competitive differentiation: in reality, the benefits are almost endless!

It is heartening to know that the GIS user community has grown in Romania: our data processes are adaptable to each software system which might be preferred by customers, and my Romanian

team can recommend which is the most suitable for any specific purpose. I come back, however, to the most critical component for each GIS implementation: it is the data and its quality which makes a GIS system a success while all the main GIS software systems tend to be relatively similar. Each has a particular niche market which probably has more to do with marketing and historical preferences rather than an objective assessment of fitness-for-purpose. For example, in our own company we use three different GIS packages but this is so we can be software-agnostic on behalf of our customers.

### *Software and services for cross-channel marketing*

The relationship between brands and their customers has changed in a fundamental way: customers' expectations (especially of those from Generation Y) surpass what most organisations can offer in terms of a coordinated experience, irrespective of the channel or terminal their customers use. The advent of mobile communications and, especially the use of smartphones and tablets, create new challenges for brands to coordinate marketing messages in an intelligent way. The Cross Channel Marketing Platform (CCMP) launched jointly with Experian integrates in one place the consumer information which comes from multiple channels and identifies to what extent the marketing efforts on the various channels have an impact on sales. It integrates all marketing campaigns on all channels (traditional, social, e-mail, mobile) within one single system. This development is a true game-changer!

### *CW Ro: How do you see the Romanian market? I refer here to the implementations you have already made in Romania for each of the 4 major areas you develop*

**D.F.:** The Romanian market is a continuous challenge, with ups and downs, as for anywhere else. In spite of progress with the spatial component, there is still more to do to truly capitalise on location. There is data, dispersed users, still limited GIS expertise, ad-hoc work with Google maps, a reduced ability to slice and dice data, an incomplete view and an overwhelming failure rate of CRM and DW implementations due, primarily to the lack of quality in the stored information. The Gartner Hype Cycle places location-aware applications (in the international markets) as reaching the productivity plateau. In Romania this evolution is considerably delayed by the lack of quality in corporate address databases and the pervasive lack of geographic analysis skills in many organisations.

The opportunity I see is to incorporate location into data management flows and to fully integrate location with the business from the outset and not as an after-thought. This will enable sales, marketing and operations teams to benefit from the newly created information, which is not solely restricted to IT experts. In turn, this will increase the quality and speed of the decision-making process. In the same positive area of opportunity, the cross-channel marketing platform will trigger the appetite for, especially those organisations that have difficulties attracting Generation Y. For this new generation of consumers, the mix of communication channels is more differentiated: social media, e-mail and mobile.

However, a fundamental characteristic of this market, is the need for continuous education, and total involvement in this process by both sides (client and supplier) for real sustainability.

Our R & D activities have been creating value for two decades as they are the essence of anticipating the needs of our customers. Customers, irrespective of the industry they represent, are constantly interested in reducing complexity and the risk in all that they do.

### *CW Ro: Which are the IT market segments in Romania where you see development and growth*

*in the future? How do the new technologies (mobility included) influence business in general, but also your business, in particular.*

**D.F.:** Both big and small data will include location intelligence as a standard. The need for single customer view and legal compliance, e-commerce, m-commerce, information security and cross-channel communication will increase.

And, although my comment is not strictly about technology, I predict the emergence of Data Analysts as professionals in their own right and that they will become of progressive importance in Romania; these competencies are very well recognised and valued in other countries.

### **Geo Strategies - where next**

“Data is the new oil”, therefore the intelligent data and services segment will grow. Geo Strategies’ team of data scientists already contribute to this growth by creating new categories of products and services - such as SMARTaddress for cleaning and geocoding, Mosaic for geo-demographic segmentation, Micromarketer for granular spatial analysis, and the cross-channel marketing platform which has the content and flexibility to manage the speed and complexity of modern customers’ interactions.

Equally of future-proof interest for us is working with those who have the courage to change and those transformational leaders in Romania with whom we continue to work and assist with best-practice developments; success brings success for our customers who believe in doing things differently. There is still a core of sceptics in Romania about the power of data, but my feeling is that this comes from a combination of ignorance and a fear of change. Data is like insurance – people don't see the benefit until they need it! It is true that *'clean data = better business'* sounds rather like a call to hygiene action, but the result has an extraordinary impact in terms of customer loyalty and retention.

Most of the CRM and IT Managers I meet in Romania understand instinctively that location is transformational; that understanding and working with spatial intelligence adds weight to brands which would otherwise be limited only to a virtual connection. But both responsibilities need internal communication to be able to support Marketing to generate insight; the area is not easy, and, in turn, marketers cannot avoid the pressure and expectations of what can be derived from 'big data' - that is the ability to see aspects of the business in a new and holistic manner, and most importantly, as a source of business value.

Organisations are busy re-orienting from their internal view towards one which involves the value brought by external data - from outside the organisation. This combination also feeds cross-channel marketing and it is the one which changes the game in 'big data'. It is no longer sufficient to just collect large volumes of data; the useful data must be identified, then cleansed, integrated in a format which make it suitable for analytic exploration, and the analysis can then be used to generate insight and real-time communications with the customer.

The future is in our courtyard, whether we are IT, CRM managers, integrators, marketers, researchers or business executives. I personally consider that articulating the benefits resulting from simple data quality disciplines is the most important first step which the local market needs to take in order to build its credibility for what is next in 'Big Data'; equally for transforming silo-marketing into real cross-channel marketing.

**Daniela FLOREA,**

Chief Executive Officer Geo Strategies

*Daniela Florea co-founded Geo Strategies in 1993, the first Romanian spin-out of the 'Cambridge Phenomenon'. She set up the largest cluster of workstations and specialised flowlines for the development of electronic mapping for CEE. These were later acquired by Navteq (now Nokia). Daniela continued the development of the first activity dedicated to geo-demographics and analytics in CEE. This is focused on the emerging needs for customer and location, also on the needs for quality data in Romania. The most significant projects have been implemented in banking, insurance, real estate, retail and telecommunications.*

*Daniela graduated Bucharest University (Geography and English language) in 1985; in 1995 she graduated Cambridge University (Cambridge Judge Business School) where she was awarded MPhil in Management. In 2011 she obtained the Direct & Digital Marketer Diploma from the IDM in the UK, and in 2012 was awarded the Non-Executive Director Diploma by the Financial Times in The UK, specialising in corporate governance, financial risk and IFRS.*

*Daniela lectures at the business schools in Bucharest and Cambridge - where she lives with her family. Known as entrepreneur and innovator, Daniela was described in the business press as 'trend-setting woman' and 'the toughest entrepreneur in Europe'.*