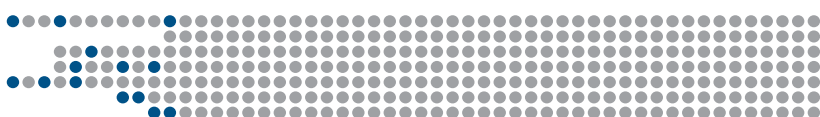




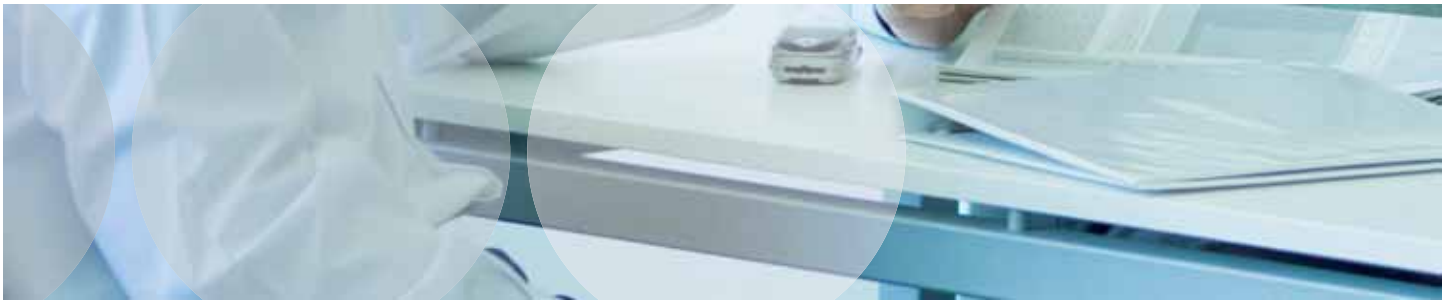
# Customer Loyalty System

SFC is a Tecnomcom software product designed for the implementation of customer loyalty programmes.



**Tecnomcom**

[www.tecnocom.es](http://www.tecnocom.es)



## Customer Loyalty System

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We live in a highly competitive environment, where acquiring and retaining customers is one of the top priorities of almost all companies operating in businesses where dealing with people is a key dimension. Shifts in customer habits, trends, fashions, and personal preferences, together with a relentless struggle by companies to expand their market niches, are forcing them, more than ever, to look for increasingly imaginative formulas which are not only rapid to execute, and allow them to retain customers, but also keep them one step ahead of the competition.

Loyalty programmes are a key relational marketing tool for customer management, as they allow companies to manage customers proactively according to the interest of each specific group.

Loyalty programmes can enable a company to reward its high quality customers, in the qualitative sense, by establishing loyalty programmes matched to their specific goals (consumption, spending, rotation, etc.) This gives a company the ability to influence its customers suitably, guiding them towards habits and practices that are best suited to their target customer profile.

### What is SFC?

SFC is Tecnomcom's solution focused on creating customer loyalty programmes. These programmes allow corporations to give incentives to their best customers as a reward for their being good customers, and to do so in a way that is proportional to the quality of the customer concerned (in a way that is aligned with the company's commercial goals).

This solution makes it possible to design loyalty programmes according to various different criteria. This is based on the capacity to establish rules of analysis on the information deriving from customers' activity (for example, using the details of customers' card transactions). Based on these rules, the system determines if there is any kind of reward associated with the transaction and stores the quantification internally, as a balance of loyalty points associated with each customer.

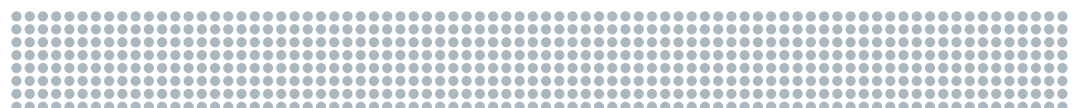
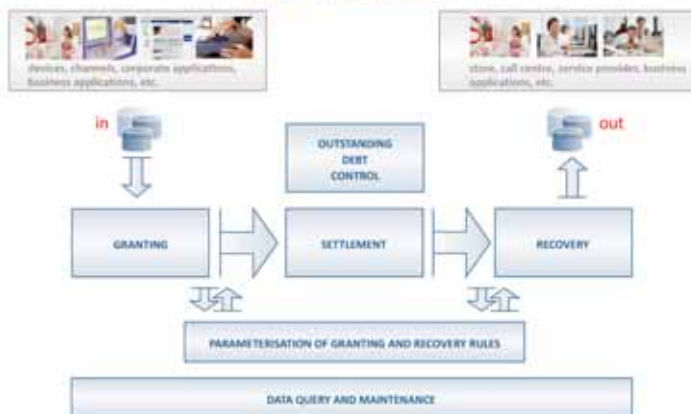
Finally, the system associates this loyalty-point balance with catalogues of prizes, or alternatively makes payments, expressly defined to compensate customers for having met the targets established by each new loyalty programme or campaign. The nature of these rewards may vary widely, from traditional gifts or items, through to modes of reward based on discounts or periodic refunds (cash-back). For this purpose, the system has tools allowing you to design procedures with which to exchange points for gifts, thus facilitating the logistic, administrative and accounting tasks.



### Features of SFC

- A system oriented towards establishing policies compensating customers who maintain any kind of business relationship with the corporation. It therefore covers customer loyalty needs in relation to any of the corporation's core applications, whether in the area of credit cards, loans, integrated customer management, etc.
- The way a loyalty action is performed is defined in the so-called loyalty programme. Each loyalty programme contains the rules of analysis that will be applied to any input information presented to the system (e.g. input = customers' card transactions). By applying these rules, the reward to be given to the customer is determined, and stored internally in the system in the form of points. Finally, associated with each programme, a catalogue of prizes is defined which defines the nature and value of the rewards available. SFC provides the tools necessary to allow users to apply for points to be exchanged according to the various prize distribution systems the firm may deal with (warehouse of physical prizes, business applications, outside organisations, etc.), so that customers are able to recover the loyalty points stored in the system.
- Thanks to the well thought-out design of its internal architecture, the SFC system is able to recognise any source of information you intend to use as an input for analysis. The system is able to internally parameterise the content of both sequential flat files and online messages, such that no additional computer programming work is necessary in order to be able to evaluate any new information structure the corporation wishes to use when launching a new programme. For this reason, the majority of programmes due to be launched can be fed directly with existing information already available in the organisation, such as that being used by the core business processes. This same information can be used as an input to SFC without additional development costs.

### SFC Processes





- SFC has a powerful built-in loyalty engine, a feature closely related to the previous point. Using this engine the corporation is able to design and parameterise complex logical evaluation conditions which will act on the input information arriving from the system. These logical rules will inspect the information contained in each unit of input in the relevant way, and link conditions with others that occur in different time intervals. What is more, it also allows SFC's internal logical conditions to be combined with routines of corporate rules, to inspect any additional data that is not present in the input, but which is held in the corporate databases. By means of the parametric system of the rules engine, and the capacity to recognise the input information, SFC facilitates the corporation's immediate launch of powerful loyalty programmes, without entailing any additional costs in terms of in-house computer development for their execution.

- The nature of the prizes available in a given programme can take on a variety of different physical representations, all readily parameterisable. Thus the final form of the loyalty reward granted to customers based on their accumulation of points can include the following:

- ✓ Traditional gifts (gift items, household appliances, trips, etc.)
- ✓ Refunding part of the value spent by the customer, often referred to as cash-back.
- ✓ Application of an online discount on the value of purchases made.
- ✓ Use of points obtained as "purse" accounts to which certain purchases can be credited.
- ✓ Translation of points obtained to any other external point programme with which the firm maintains commercial agreements.
- ✓ Altruistic donations by the customer to humanitarian organisations.
- ✓ Etc.

- The application of a loyalty programme is focused on a given group of target customers. There is a variety of standpoints from which the decision as to which group of customers to apply a programme to may be taken:

- ✓ By creating passive programmes, in which customers have to sign up for the programme beforehand in order to benefit from its conditions. For this purpose, the system has a special-purpose customer sign-up and maintenance transaction.
- ✓ By creating pro-active programmes, in which, once the programme's conditions have been established, and having determined that an incoming transaction deserves a reward, the system automatically signs up the customer for the programme. For this purpose the system has a novel parameterisation system which allows programme preparation design and provides the means to identify customers from among the incoming operation data.

- In order to create a broad range of possibilities as regards the way in which points can be exchanged for gifts, the SFC system also offers considerable flexibility as to the type of programme that can be parameterised:

- ✓ Traditional programmes can be designed in which customers accumulate points thanks to the fact that the firm rewards various activities in which the customer deals with the institution. When the customer reaches a given number of points, he/she can choose between the various prizes offered in the relevant catalogue that has been assigned to him/her. These prizes can be of various types, as described above.

- ✓ It is also possible to define automatic reward programmes. In this case, it is the corporation that defines the moment at which the reward is given, together with the nature of the gift. This is a suitable parameterisation approach for those programmes offering customers a partial refund on sums they spend within a given period of time (e.g. a monthly, six-monthly or annual cash-back, etc.)

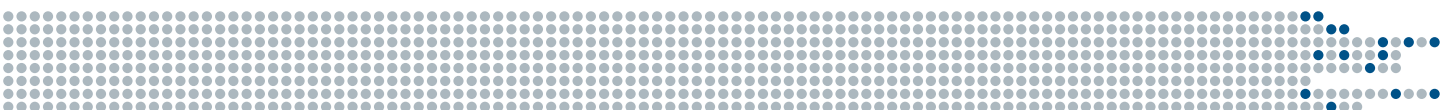
- ✓ Another type of programme aims to capture the customer at the moment he/she performs transactions with the corporation. This case concerns purchases with or without a card, made by the customer in a store, in particular. A special programme may be parameterised so that the customer sees a total or partial discount on the amount on the till receipt at the time of the purchase.



- ✓ Included in this same section are those programmes which are parameterisable to allow customers who have accumulated a certain number of points to make online purchases paid for using stored points rather than cash. These are so-called purse programmes.

- Other significant characteristics:

- ✓ Ease of integration with other corporate systems, by means of a set of supplied interfaces, enabling corporations to perform individual customisation of the information given to the end customer.
- ✓ Except on rare occasions it does not require adaptation of the software of the existing corporate applications, nor does it demand additional information over and above that already used to support the corporation's core business processes.
- ✓ Multi-institution and multi-corporation capability, enabling governance of different independent organisations, or linked to a financial group that unites them, maintaining the internal privacy of all of them.
- ✓ The possibility of establishing multiple concurrent loyalty programmes, with the option to include customers on several programmes at the same time.
- ✓ Ability to assign points in real time (for example, when the customer is making a purchase at the point of sale), or in batch mode, by mass processing of files of data.
- ✓ Establishment of bulk discounts and rebates that multiply the numbers of points obtained during a given time, so as to reward and foster continuity in customer relationships. Possibility of establishing rewards based on ranges of amounts. Possibility of establishing generalised rebates and bulk discounts for a whole programme, or individually according to the specific loyalty item.





✓ Integration with the logistics system chosen by the company for the physical distribution of gifts and warehouse control:

- Despatch of gift requests to the distribution logistics system.
- Possibility of reception from the distribution logistics system of messages giving information about various gift delivery situations in order to provide proper care to the end customer.
- Capability for online communication with the distribution logistics system so as to query availability and expected delivery dates at the time of requesting the gift.

✓ Immediate time-to-market for the launch of new loyalty programmes thanks to the product's flexibility and parameterisation features described above.

✓ Option of linking logical evaluation conditions to other conditions, enabling complex structures to be created for the points delivery decision:

- Absolute conditions: inspection of input data produces points delivery as a direct result (e.g. generate 5 points if the purchase is made in store X).
- A priori linked conditions: inspection of the input data, and verification that another chronologically prior condition has been met, produces a delivery of points (e.g. generate 5 points if the purchase was made in store X and the customer has previously arranged for his/her salary to be paid directly into the account).
- A posteriori linked conditions: inspection of the input data, and meeting another condition within a maximum period in the future, produces a delivery of points (e.g. generate 5 points if the purchase was made in store X and the customer arranges for his/her salary to be paid directly into the account before the end of the month).

✓ Versatility over the definition of the number of points to award:

- Fixed amount: for example, give 10 points on the customer's birthday
- Fixed amount depending on the transaction value: for example, for each €10 spent on purchases, the customer is given 2 points.
- Amounts according to ranges: for example, if the customer spends less than € 500, 2 points are given for each €10 of purchases, but above € 500 of purchases, 4 points are given for each € 10 spent.

✓ Freedom to choose to associate a customer with a particular programme in order to award points (sign-on), or the possibility of launching proactive programmes automatically signing customers on before their first operation generating points is received.

✓ Full control by means of online screens of customer points accounts, their conditions, statements and variations.



## Technical requirements

The product architecture is designed based on a 3-layer model (presentation, business, data).

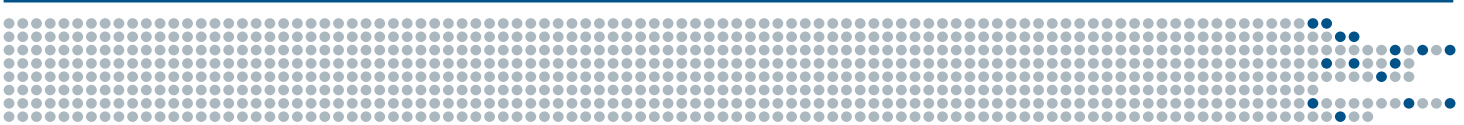
The following technology architectures are available:

- Transactional system: JAVA J2EE
- Host system:
  - ✓ Mainframe IBM OS/390, CICS-IMS, DB2
  - ✓ Open systems UNIX-LINUX, ORACLE-DB2

## Our customers

Without doubt, the main asset of the SFC platform lies in the large number of customers who have entrusted the management of their customer loyalty programmes to Tecnomcom. Some of the main names are:

- Banco Popular Group
- RSI (Cajas de Ahorro Rurales)
- El Corte Inglés
- Falabella (Chile, Peru, Argentina, Colombia)
- Ripley (Chile, Peru)
- Bansefi (Mexico)
- Interbank (Peru)
- Bancolombia (Colombia)



Tecnomcom is an ICT Multinational Company listed on Madrid stock market since 1987, with a strong presence in the Iberian market. It is one of the top five ICT companies in Spain, and the second Spanish. Tecnomcom regional presence includes Spain, Portugal and Latin America.

Its broad experience in these areas puts Tecnomcom in an exceptional position to offer its customers advanced solutions and services across the entire spectrum of ICT. In 2006, the Company initiated a business project with a clear vocation to be a market leader in Spain and a reference in its remaining markets.

One of our key differentiation points is to be more efficient, more flexible and more accessible than most global competitors, with more power, capacity, a more complete solutions portfolio and financial strength than small niche players.

Among Tecnomcom's customers rank the main financial companies including the top ten banks, the top ten savings banks in the country and 70% of all saving banks. Tecnomcom is present in 100% of the Spanish Public Administration, and in 50% of the autonomous regions and major local authorities. 23 of the 35 IBEX companies are also customers. 60 of the country's top 100 companies are clients of Tecnomcom.

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