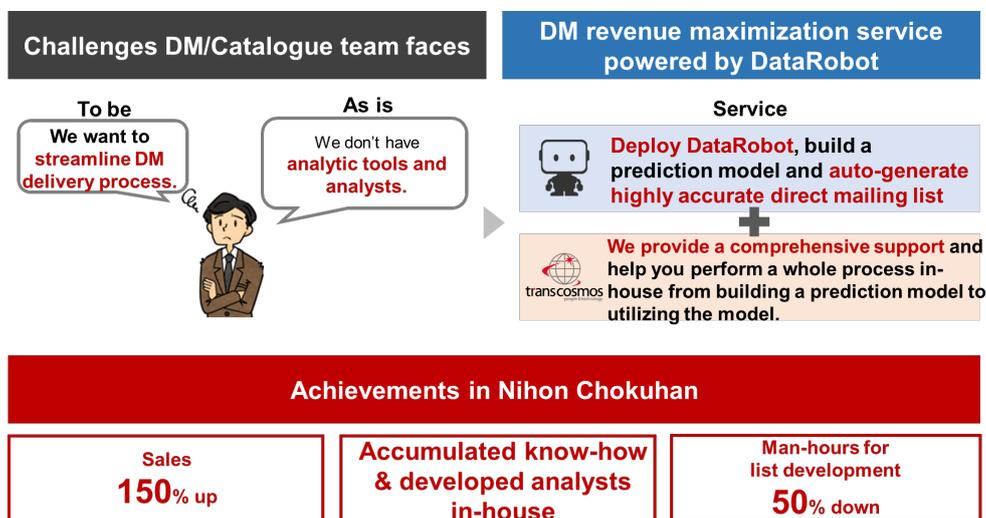## transcosmos launches a DM revenue maximization service powered by DataRobot

A highly accurate, machine learning mailing list has expanded sales by 150% whilst cutting costs by 10%

transcosmos inc. (Headquarters: Tokyo, Japan; President and COO: Masataka Okuda) released a Direct Mail (DM) revenue maximization service powered by "DataRobot," a tool that automates the machine learning process, in August 2019. By leveraging both cutting-edge AI and its know-how for success that the company has accumulated through operating its mail-order business and offering services to clients, transcosmos helps clients develop highly accurate direct mailing lists internally and maximize revenues of their DM business. transcosmos aims to implement this service to 10 companies by the end of FY 2019.

Challenges DM/Catalogue team faces		DM revenue maximization service powered by DataRobot
To be: We want to streamline DM delivery process.	**As is**: We don't have analytic tools and analysts.	**Service**: **Deploy DataRobot**, build a prediction model and **auto-generate highly accurate direct mailing list** + **We provide a comprehensive support** and help you perform a whole process in-house from building a prediction model to utilizing the model.

Achievements in Nihon Chokuhan

Sales 150% up	Accumulated know-how & developed analysts in-house	Man-hours for list development 50% down

■ About DM revenue optimization service powered by DataRobot

transcosmos first deploys DataRobot to clients and lets clients apply DataRobot's machine learning feature to predict purchase probability of each individual customer. With this service, clients can expand sales and reduce costs by executing DM initiatives such as sending DMs only to customers with high purchase probability scores whilst emailing to customers with lower scores. Although DataRobot requires members who have analytical skills, ability to process data and know-how of DM initiatives, transcosmos's data scientists provide support for clients to perform analysis and share their know-how. Ultimately, the data scientists help clients create highly accurate mailing lists in-house.

■ A solution to bring analytics in-house that wasn't possible due to a shortage of analysts and tools

Since DM, such as postcards and catalogs, can present a lot of information and senior customers tend to prefer DM due to its readability, the DM initiatives are the core operations for mail-order businesses that directly impact their sales. On the other hand, it takes costs to develop and send DMs. Against this backdrop, an increasing number of businesses are currently seeking to achieve higher returns on investment from their DM initiatives.

In reality, however, most companies lack in-house analysts and tools and therefore outsource analytics to third-party vendors. Yet, given the fact that an analysis performed by in-house members who are well-versed in data specifications, industry and products generates better results than that of third-party vendors', transcosmos encourages clients to apply DataRobot to automate and perform analytics in-house. transcosmos not only implements DataRobot but also makes its data scientists help clients analyze data and share know-how on creating a direct mailing list.

transcosmos has already executed various DM revenue maximization projects and has achieved successes in membership services and digital marketing initiatives on top of succeeding in clients' traditional mail-order business that focuses on postal DMs. transcosmos assists clients in expanding their sales, optimizing costs whilst maintaining sales, utilizing digital channels like LINE, and preventing their brand image being tarnished due to excessive DM delivery.

■ Case Studies

(1) DM revenue maximization at Nihon Chokuhan
"Nihon Chokuhan," a transcosmos's mail-order business sends out DMs to its members on a monthly basis. Traditionally, Nihon Chokuhan has used a third-party vendor to create a direct mailing list and send the DMs only to customers with higher purchase probability scores that were calculated by a machine learning tool to reduce the enormous costs. The reason for outsourcing the process was a shortage of data scientists that made it difficult to operate the process in-house.

Now, the emergence of DataRobot has solved this challenge, enabling businesses to use machine learning without a data scientist. Ahead of others, transcosmos has applied DataRobot for creating a direct mailing list for Nihon Chokuhan business. As a result, the company has successfully developed the list that led to higher sales in a short period of time compared to the list developed by the vendor. The direct mailing list created by DataRobot resulted in a 150% increase in sales and a 50% reduction in man-hours compared to the traditional list developed by the vendor. What's more, making the process in-house has enabled transcosmos to accumulate analytics know-how internally.

(2) Membership service for a major transportation company
A major transportation company utilizes this service to optimize DM delivery initiatives. The company has been developing their direct mailing list based on RFM (recency, frequency, monetary) analysis, yet due to an excessive DM delivery and wasteful mailing have become management challenges. To address these, the company has decided to use DataRobot for creating a direct mailing list. As a result, the company has successfully reduced the wasteful DM delivery cost by 10% whilst retaining sales.

(3) LINE membership service for a major mail-order company
A major mail-order company utilizes this service to send coupons effectively to LINE users. Traditionally, the company has been sending their coupons to all users. By applying DataRobot to predict purchase probability and sending coupons only to LINE segments with higher probability scores, the company has successfully increased ROI by 400%.
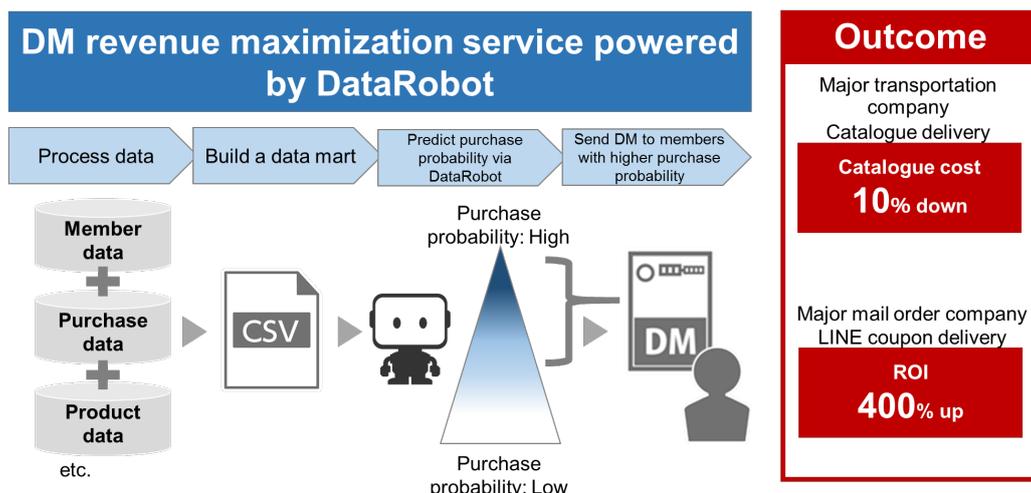
transcosmos continues to help clients develop analytics-driven, highly accurate direct mailing in-house and maximize revenues through the offering of the DM revenue maximization service powered by DataRobot.

About transcosmos inc.

transcosmos launched its operations in 1966. Since then, we have combined superior "people" with up-to-date "technology" to enhance the competitive strength of our clients by providing them with superior and valuable services. transcosmos currently offers services that support clients' business processes focusing on both sales expansion and cost optimization through our 167 locations across 30 countries with a focus on Asia, while continuously pursuing Operational Excellence. Furthermore, following the expansion of e-commerce market on the global scale, transcosmos provides a comprehensive One-Stop Global E-Commerce services to deliver our clients' excellent products and services in 48 countries around the globe. transcosmos aims to be the "Global Digital Transformation Partner" of our clients, supporting the clients' transformation by leveraging digital technology, responding to the ever-changing business environment.
https://www.trans-cosmos.co.jp/english/