



FCI Database & Modeling Capabilities Overview 2008

We have been doing modeling and analysis projects for many years now - in a variety of capacities. This has often been in an environment where we perform much of the analysis, articulate the objectives and work with the client's fulfillment or database vendor(s) to actually accomplish the modeling execution. We have also, in many instances, worked to support an agency, which remained in the lead role with their client (*).

We have strong analytical capabilities, which tend to be of most interest to larger mailers, with complex programs and/or those clients with a strong desire for measurable, actionable results - a P&L, LTV or an ROI calculation is a part of any analytical project we do. And, we have a proven record of achieving results with traditional metrics, and in designing some non-traditional methods of assessing performance. In fact, some of our best success has been in measuring programs that had been deemed not measurable, or having had unsatisfactory results.

Creative Automation has complete processing solutions, including the array of USPS address hygiene tools (as well as some unique and custom developed techniques), overlay/appended data capabilities on both consumer and B-to-B records - all of which can be brought to bear on a client's file - regardless of size or complexity. It was through these efforts, and given our long-standing relationship with Creative Automation that we mutually endeavored to design complete modeling solutions we could offer our mutual clients and prospects.

Thus, to add to our mutual expertise, Creative Automation purchased and maintains a license to ModelMAX, predictive modeling software designed by ASA (Advanced Software Applications).

ASA's predictive modeling software, which provides complete profiling, segmentation, model-building and scoring capabilities, builds a three-layer, feed forward, back propagation neural network. ModelMAX employs a combination of statistical techniques, including a proprietary CHAID-like transformation of numeric and categorical variables; Step-Wise Regression, a statistical approach for selecting the variables to be used; and a non-linear Neural Network process to detect behavior patterns and build a scoring algorithm.

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Currently we have ModelMAX loaded at our site; we expect to very shortly have a networked version of the latest release available in both Hillside and Crestwood. We also mutually maintain an ongoing support relationship with ASA, which give us access to their staff of developers and statisticians. We have participated in their users groups and conferences as well.

We have done several projects (many with CAC) before and since the advent of our mutual relationship with ASA/ModelMAX. These have included work for:

- Symantec Corporation - we did extensive analysis on Customer Migration, Product (version) Progression, Overall Re-Buy rates and Cross Channel purchasing activity. Here too, we employed some non-traditional measurement techniques to substantiate cross-over purchasing activity and the overall contribution of direct marketing as a sales channel.
- Nu-Skin Company(*) - This project involved extensive analysis of their distributor network, and classes (categories) of distributors. We were looking for methods of reactivating old distributors and differentiating factors between and among distributor levels (classes).
- BMI (Broadcast Music Inc.) - Here, our objective was to first find venues most likely to require music licensing. We concentrated on the compilation of establishments owning, or filing for, types of entertainment licenses. We then focused on categorizing and prioritizing those based on the data available from the licensing authorities.
- Colonial Penn Insurance - This was a more traditional project to identify Lapsers behavior and provide modeling support for timely intervention and prevention.
- Fisher Price & Wal-Mart(*) - There were dual objectives of both driving catalog sales and store traffic in a joint marketing effort with these two non-traditional direct marketers. The objectives needed to be achieved while limiting overall circulation to a percentage of the previous year, and achieving a specific demographic profile of store traffic generated.
- In addition, there have been several projects in the magazine publishing arena to identify profitable pockets of Expires/Lapsed Subscribers, those most likely to re-subscribe.
- We are currently embarking on a project with an insurance company to develop models for various lines of business. These will be deployed for refining media selection, with predictions for profitability and CPO.

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