

Approved: March 20, 2009

Date

MINUTES OF THE HOUSE GOVERNMENT EFFICIENCY AND FISCAL OVERSIGHT
COMMITTEE

The meeting was called to order by Chairman Jim Morrison at 3:35 p.m. on March 17, 2009, in Room 535-N of the Capitol.

All members were present except:

Representative Sean Gatewood- excused
Representative Brenda Landwehr- excused
Representative Melody McCray-Miller- excused
Representative Louis Ruiz- excused
Representative Tom Sloan- excused

Committee staff present:

Renaë Jefferies, Office of the Revisor of Statutes
Daniel Yoza, Office of the Revisor of Statutes
Mary Galligan, Kansas Legislative Research Department
Gary Deeter, Committee Assistant

Conferees appearing before the Committee:

Kurtis Ruf, Ruf Strategic Solutions

Others attending:

See attached list.

The Chairman welcomed Kurtis Ruf, Ruf Strategic Solutions, who provided an overview of his company's services ([Attachment 1](#)). He commented that the company, founded by his father 33 years ago, is a pioneer in targeted marketing and collecting data to assist both private and public entities make strategic decisions. Noting that his company has built a massive data trove (survey, demographic, geographic, psycho-graphic, media, lifestyle, and credit data), he said that from the data, using cluster analysis, a profile can be created to show key performance indicators from which strategic decisions can be made. He stated that his company works with several state governments as well as private industry.

Mr. Ruf responded to members' questions:

- If a state government already has key parameters established, the company can expand the data from which conclusions can be drawn; if no parameters have been established, the company can guide in developing them.
- Usually work with state governments begins with the company as a consultant.
- Presently the company's work with state governments is related to tourism.
- The company could offer a wide range of data services for e-government portals, for a better return-on-investment in economic development, for preventive health care, and for aggregating silo information.
- Colorado discovered that cutting its tourism funding also reduced state revenues. The company's KPI

CONTINUATION SHEET

Minutes of the House Government Efficiency and Fiscal Oversight Committee at 3:35 p.m. on March 17, 2009, in Room 535-N of the Capitol.

(Key Performance Indicators) would have alerted the state to that fact.

- An economic analysis can predict economic behavior so that the state can determine what type of business mix will generate business investment. Kansas could be a pacesetter in leading the nation out of the economic doldrums.

A motion was made, seconded, and passed unanimously to recommend an interim study which, using data analysis like that recommended by the conferee, brings together entities such as the Information Network of Kansas, the Division of Information Systems and Communications, the Kansas Department of Commerce, and other relevant state services to more effectively utilize state resources and generate additional revenue for the state. (Motion by Representative Neufeld and seconded by Representative Trimmer)

The meeting was adjourned at 4:32 p.m.

Ruf Strategic Solutions

Attachment 1
GEFO 3-17-09

Maximizing Customer Profitability Through Customer Intelligence

For: State of Kansas



Government Efficiency and Fiscal Oversight Committee

“No one offers a more extensive set of solutions and better customer service than Ruf Strategic Solutions.”

Martin Baier, “Father of Zip Code Marketing”
and Member of the Direct Marketing Hall of Fame



Ruf Strategic Solutions – “A Kansas Company”

1-2

- Over 33 years experience
- Navigator – Ruf’s Intelligent Analytic Data Warehouse
- Data Analysis
 - All services performed in-house
 - Consumer household level clusters
 - Business to business integration
 - Statistical modeling and profiling
- Targeted Lists and Communications
- Data Enhancements and Hygiene - Consumer and Business to Business

Pioneers is using data to improve marketing ROI

Developed the first zip-code model for direct marketing

Developed the first relational database

Developed the first household level clustering system

Developed the first B2B clustering system



Proven Results in Government Data Solutions

1-3

Integrating vast arrays of data and technology tools, Ruf empowers organizations to use their data to provide actionable and measurable Decision intelligence

Proven Success

- **20:1 Ratio in economic impact** for the dollars invested in economic promotion
- **400% increase in inquiry generation** over previous year
- Provided return on investment numbers for media or tax dollars spent
- Identified which agencies are performing best (and worst)



Transparency of Government vs Opaque

1-4

FEEDBACK ✓
Wait Times
CUSTOMER SATISFACTION ✓
Hands Tied MORALE
♥ Empathy 🌡️ Budget Freeze
ATTRITION
Complaint ✓
LOYALTY ✓
BANKRUPTCY 💰
FRUSTRATION ✓
optimization +
LAYOFFS ✓
ENGINE ✓

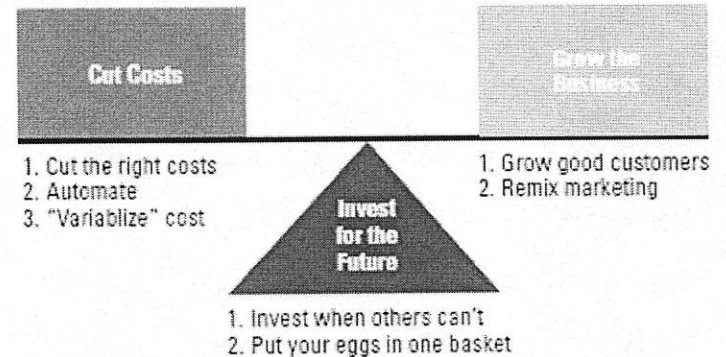
In a recession, making the most of the people and technology you already have—and maintaining the service they provide—should be your top priority | BY CHRISTOPHER MUSICO



7 Principals to Thrive in Downturn

- Cut the right costs by getting at the root cause of the expense
- Automate, Automate, Automate
- Use Outsource Vendors to bring down costs
- Optimize the marketing mix
- Identify the 80/20 rule – customers to grow on.
- Put all your eggs in one, or only a few baskets and manage that basket
- Invest when others cant - invent the future!!!

Be Smart

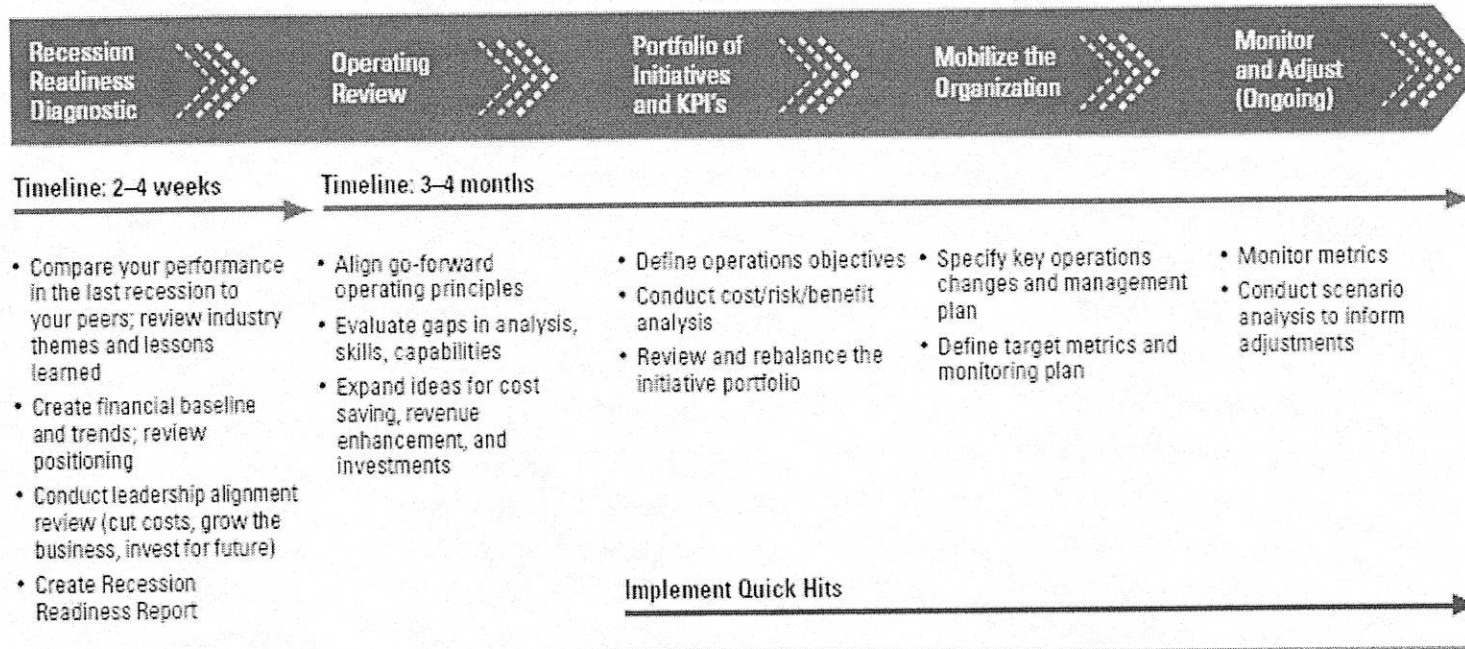


Source: Diamond analysis

Use the Downturn to Improve design of Government

1-6

Using a Recession to Improve the Design of Your Business



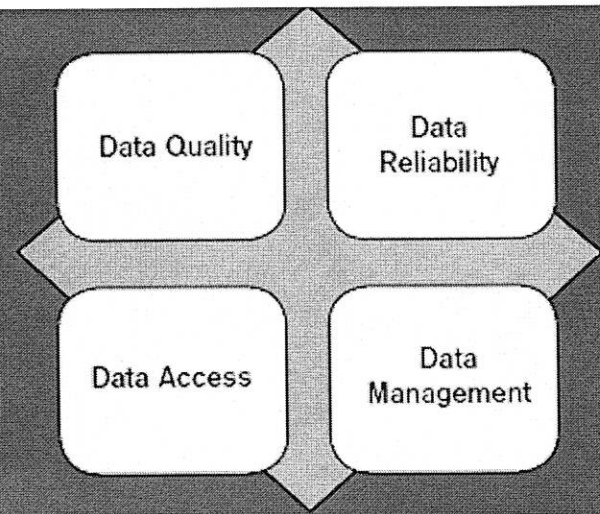
Source: Dismond analysis

Data Dimensions

1-9

THE "FOUR DIMENSIONS OF DATA"

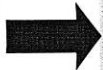
A certain model for thinking about data that arose in the business intelligence and performance management software market has recently gained a great deal of traction. Supporters call it the "four dimensions of data," and it is a useful model for understanding how to implement a performance management solution. In this model, the "four dimensions of data" are:



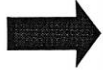
Situation: Governments need to do more with less

18

Acquire
Retain
Grow



- *Who are our best prospects and customers?*
- *Where can I find more of them?*
 - *What are the common characteristics of my top customers?*
 - *How can I reach them?*
- *Which media is performing best?*
 - *How can I maximize my marketing dollars for the greatest return on investment?*



Objectives

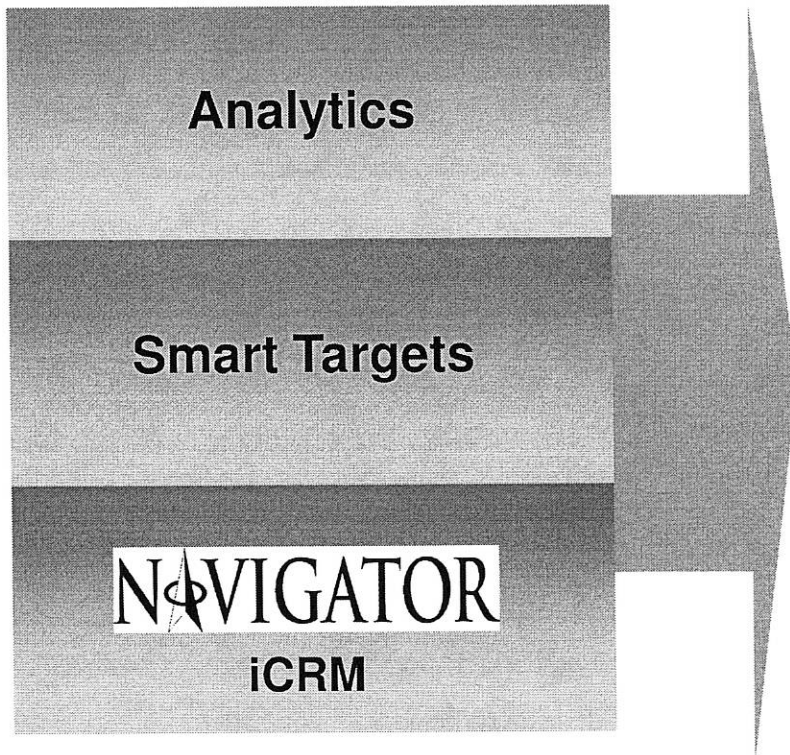
PROFITS



Strategic information for strategic decision making

Ruf Warehouse Solutions

1-9



- Understand existing Transaction Data, Prospects and Customers
- Target the most responsive or best impact areas
- Customize communications, solutions or decisions based on demographics, lifestyles, and modeled data
- Understand which media and/or channel is most cost effective for communications
- Predict prospect and customer response
- Predict future revenue
- Develop brand positioning based on customer needs
- Discover untapped market niches
- Develop retention programs to keep most valuable customers



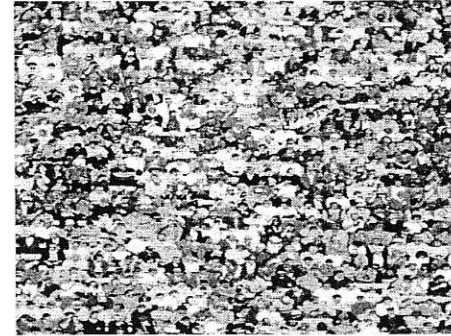
Improve Enterprise Effectiveness

Reduce Enterprise Costs

Improve Profitability

What is Cluster Analysis?

A statistical process that divides a set of observations into similar groups across a wide range of demographic and purchase behavior variables.



Data Components:

Demographic: Age, Income, Homeownership, Marital Status, etc.

Geographic: Urban/Rural, Population Density, Summarized Credit Data

Psychographic: Lifestyles, Hobbies, Politics, Brand & Product Usage

Media usage: Listen / Read / Watch

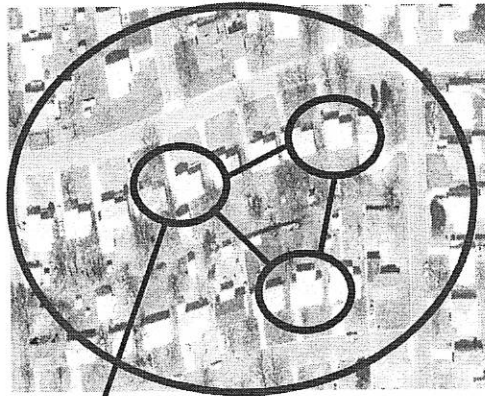
Lifestyles: FF/Hotel/Car Rental Memberships, Participation in travel related activities



Multi-sourced Data Including:

Credit Data, US Census, Survey Data, Ruf proprietary models

Ruf's Household Clusters



**Most clustering
done at zip+4
level**

**Ruf's clusters are
household level**

- **Focus on individual consumer behavior and patterns**
- **Based on 133 Million U.S. households and 230 Million Individuals**
 - 140 Clusters of consumers at the household level
 - 66 Clusters at the zip+4 level
 - 50 classifications and categories of consumer behavior
 - 3,000 lifestyle, attitude and behavior characteristics
- **Media usage**
 - What do Constituents like to listen to, read and watch?



Experience counts!

Ruf was the FIRST to develop household level clusters

1-12

Profile Analysis

Provides an overview of what your customers/prospects look like to improve your marketing efforts

Example Report

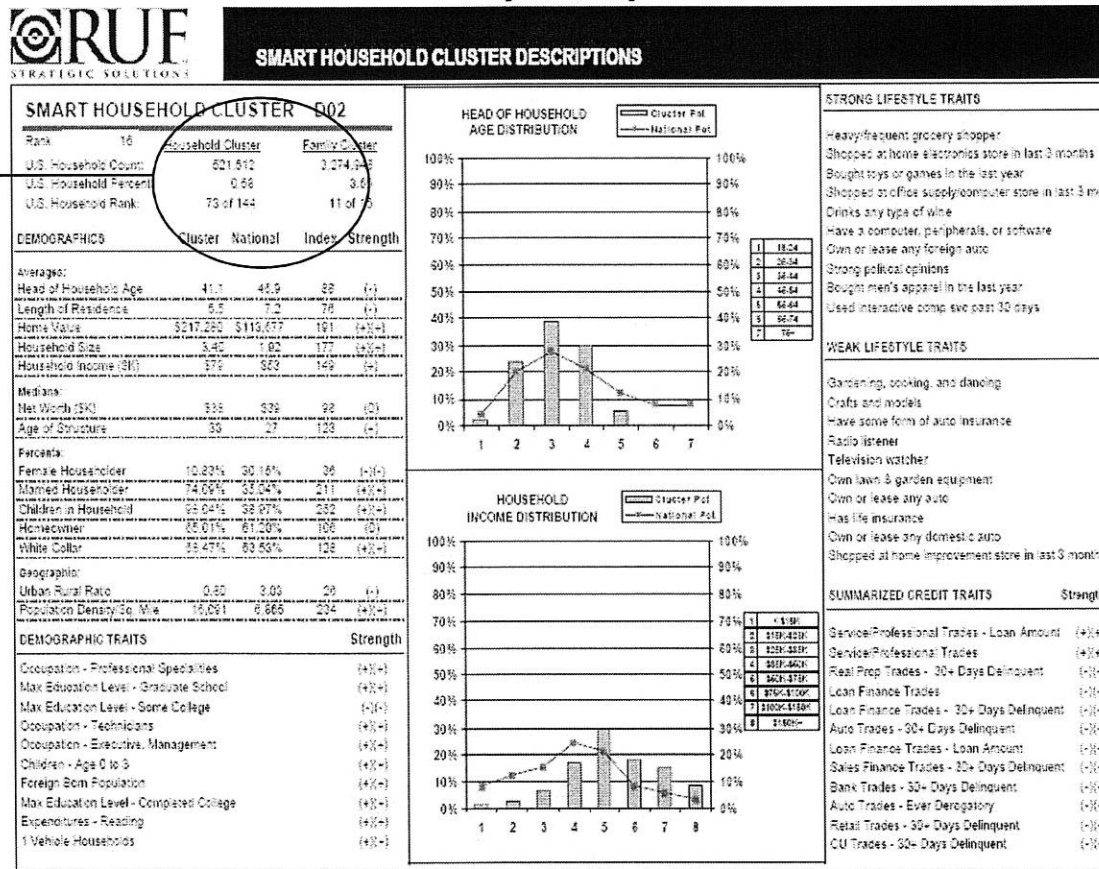
Cluster Penetration:

Answers: Is this a cluster I should be targeting?

Demographics:

Answers: What do my customers look like?

Provides information for targeting marketing efforts



Lifestyle Traits:

Answers: What do my customers like to do?

What media do they read, watch and listen to?

Provides info for messaging and media targeting

Relative to National Average: (+)(+) = Much Greater Than; (+) = Greater Than; (0) = Close Difference; (-) = Less Than; (-)(-) = Much Less Than
Please See Household Cluster Descriptions Table for National Averages and Other Details
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Ruf Online™

- Electronic Marketing Plan
- Kansas Inquiries
- Campaign Management
- Target Marketing



An Integrated Customer-Intelligence Marketing Solution by Ruf Strategic Solutions

Home

Target Marketing

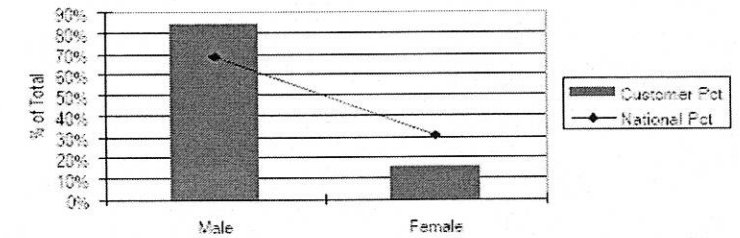
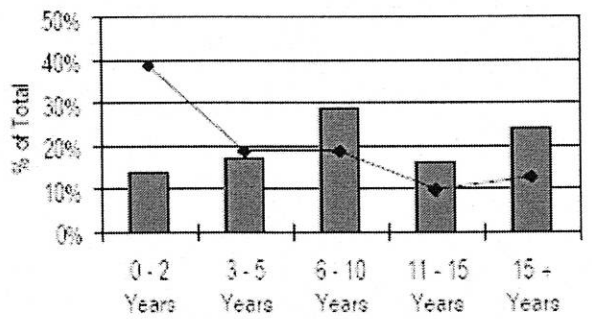
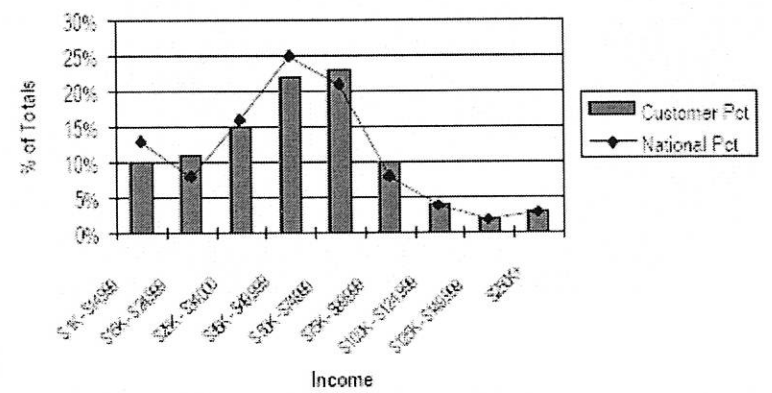
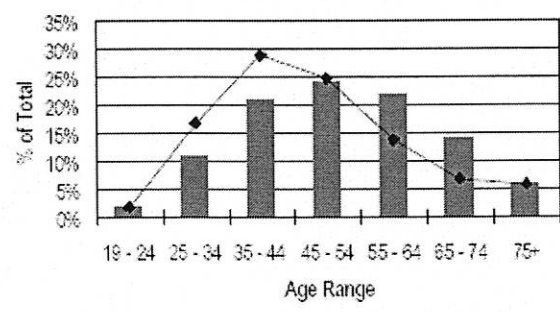
OLAP Analysis

Inquiry Cube

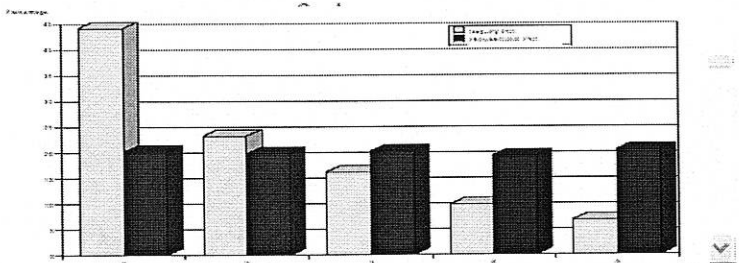
Kansas Profile

Kansas Inquiry Profile Analysis

Navigation icons: Print, Copy, Paste, Find, etc. Search Adobe PDF files



Cluster	Customers	% of Total Customers	% of Total HH	Index (%C/%HH)
A06	1,131	2.64%	.71%	369.46
A07	1,287	3.00%	.95%	315.81
L10	1,403	3.27%	1.06%	307.45
L12	1,148	2.67%	.94%	283.27
E06	1,298	3.02%	1.85%	183.83



1-13

Ruf Online™

Electronic Marketing Plan

Kansas Inquiries

Campaign Management

Target Marketing



An Integrated Customer-Intelligence Marketing Solution by Ruf Strategic Solutions

Home

Target Marketing

OLAP Analysis

Inquiry Cube

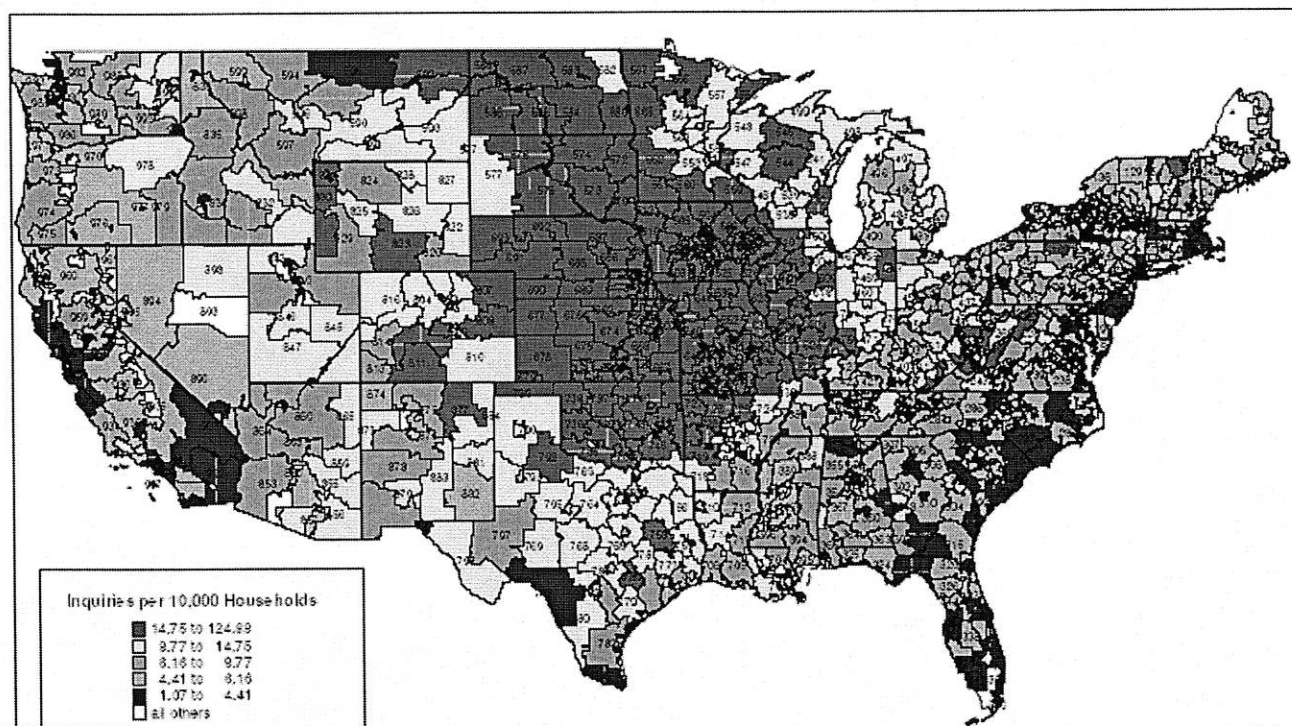
Kansas Profile

Kansas Inquiry Profile Analysis

Navigation bar with icons for print, zoom (75%), and other browser functions.

Kansas Department of Tourism

Trade Area Analysis by ZIP3



11 x 8.5 in

1-14

Consumer and Business Lists

1-15

Smart Targets

Over 3,000 lifestyle preferences including:

- Political Preferences
- Issues and Attitudes
- Media Preferences
- Credit card usage
- Auto ownership
- Hobbies
- Travel lifestyles
- Shopping tendencies

Consumer Data

- 170 Million Individuals
- 120 Million Households
- 2,000 different characteristics
 - Demographic
 - Lifestyles
 - Brand preferences
 - Buying behaviors

Business Data

- 14 million businesses
 - Contact Names and Titles
- Business demographics
 - SIC
 - Number of Employees
 - Revenue
- Corporate Hierarchy
- Business Cluster Linkage



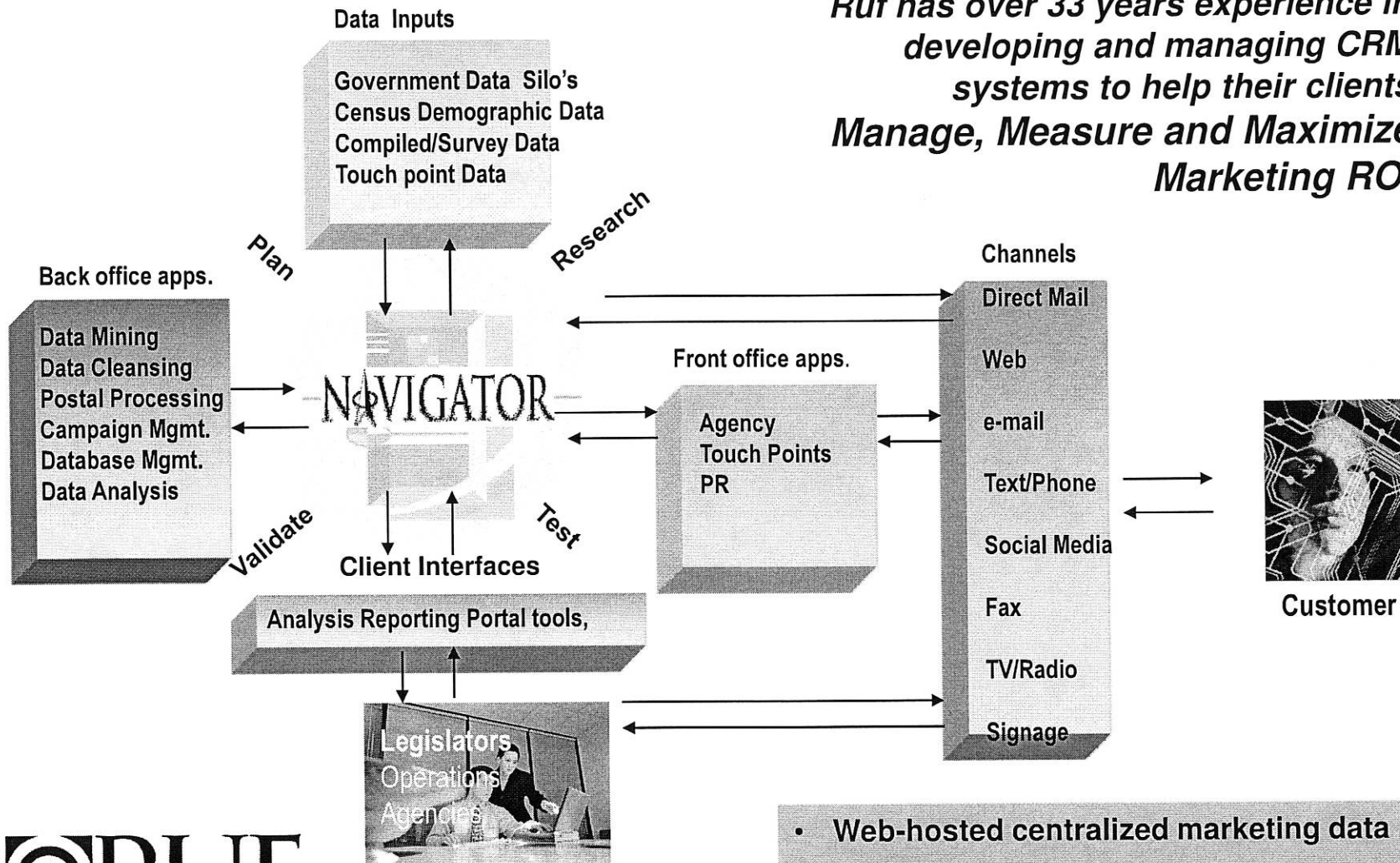
Target your marketing to those most likely to respond, saving marketing \$\$\$\$!

NAVIGATOR

NAVIGATOR

1-16

Ruf has over 33 years experience in developing and managing CRM systems to help their clients Manage, Measure and Maximize Marketing ROI



- Web-hosted centralized marketing data
- Secure, 24/7, internet access for all users

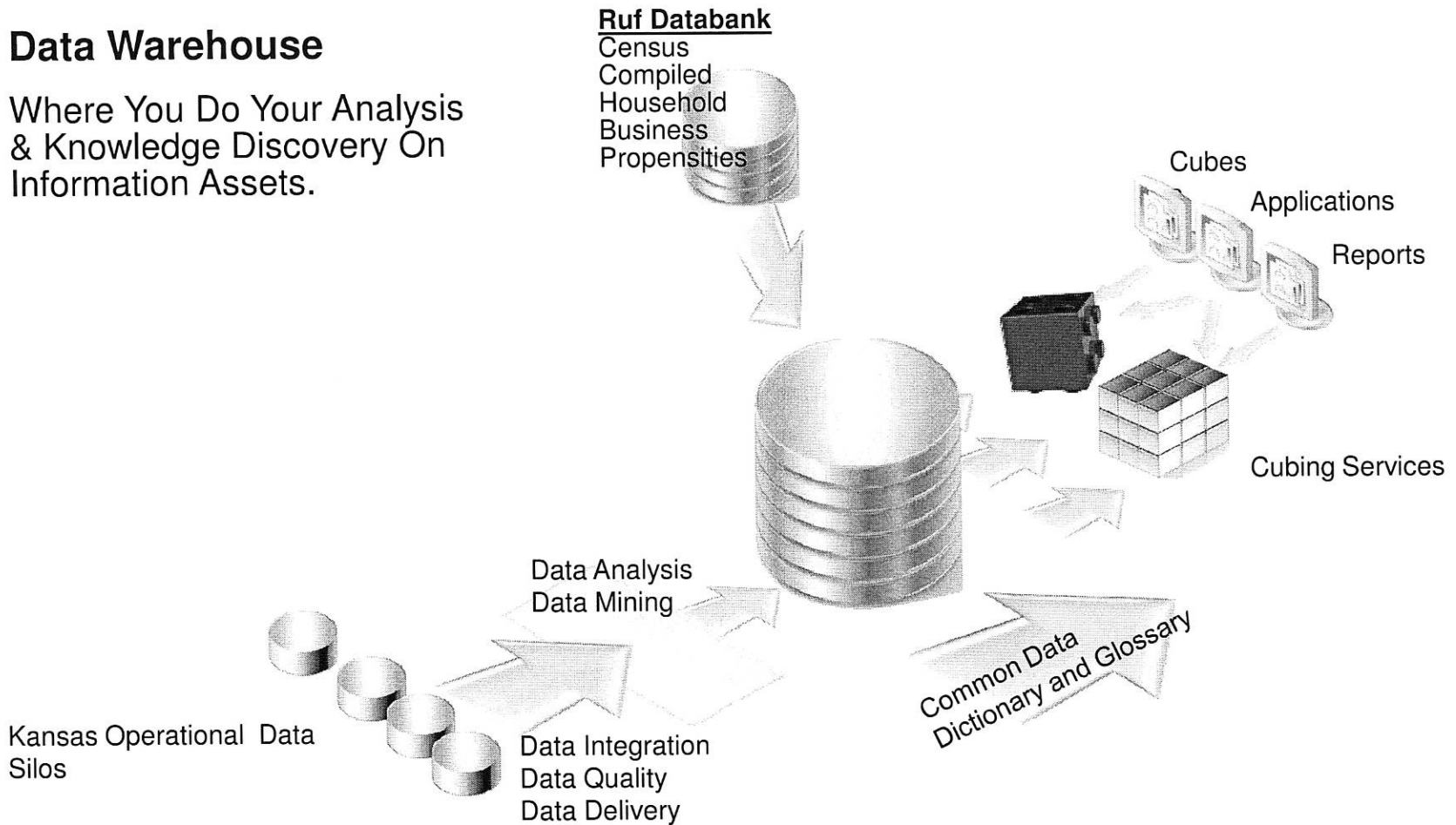


1-17

Data to Decision Value Chain

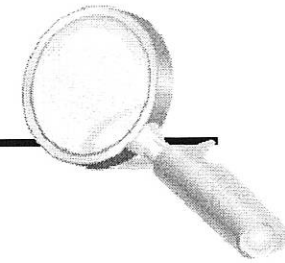
Data Warehouse

Where You Do Your Analysis & Knowledge Discovery On Information Assets.



81-1

Analytic Warehouse, What Is It?



Accumulate – An Information Melting Pot

- ✓ The gathering of all of your structured & unstructured data extracted from different source systems to a central, manageable, analytical & governable location

Analyze – Put It Under The Microscope – Uncover, Find, Draw Conclusions

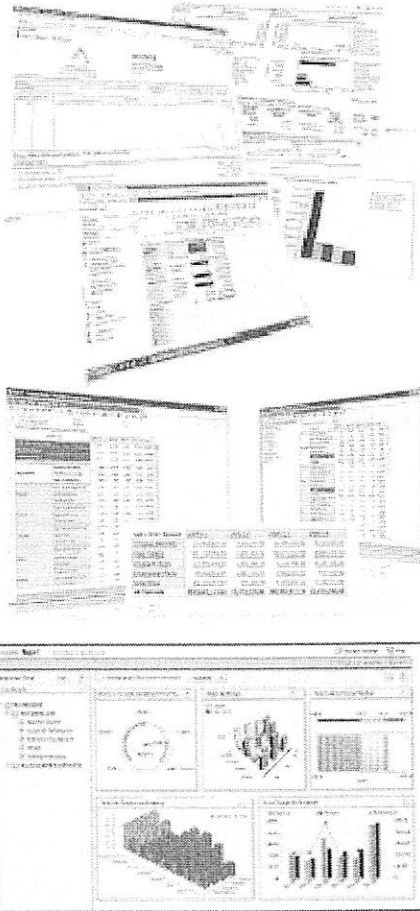
- ✓ Analyze the information for hidden intelligence such as emerging trends, behavior patterns, and clustered relationships

Share – Get It Out To Your Decision Makers Across The Government

Act on Decisions – Make It Happen

- Better Decisions = More Efficiency and Return on tax dollars
- Better Customer Service Decisions = Happier Customers, Faster Service Calls
- Better Business Intelligence Decisions = Better Indicators, Assessments
- Better Risk & Compliance Decisions = Better filtering, Threat Assessment

Analytic Warehouse



Reporting

- Provides full breadth of report types
- Ensures consistent information to all users
- Engages business users with simplified role-based interface
- Delivers personalized content via email, portal, MS-Office, search and mobile devices etc
- Enables collaboration across users, communities and with IT

Analysis

- Provides guided exploration across multiple dimensions of information
- Performs complex analysis and scenario modeling easily and quickly
- Exposes the “why” behind trends to reveal symptoms and causes
- Moves from summary level to detail levels of information effortlessly

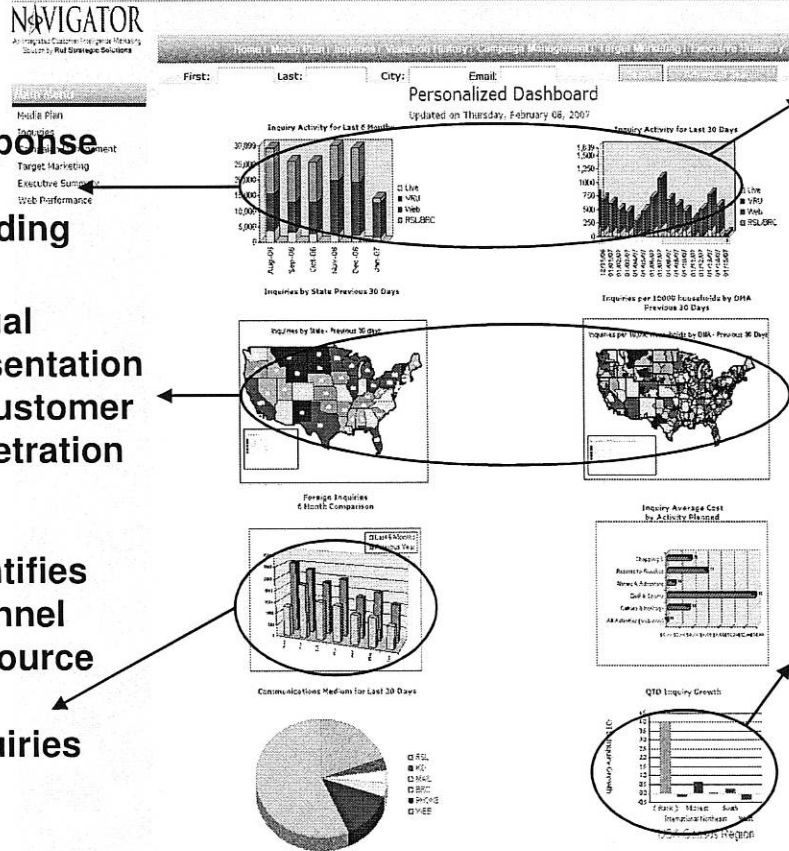
Dashboards

- Provides at-a-glance, high impact views of complex information
- Helps quick focus on issues that need attention and action
- Are highly visual and intuitive
- Combines information across disparate sources



Electronic Dashboard updated daily to provide immediate access to your KPIs

Response rates by source – month do date and year to date



Response rate trending

Visual presentation of customer penetration

Identifies channel or source for inquiries

Customized for your needs



Executive Summary - December, 2006

Date: 01/10/2007 8:00:06AM

Responses --- Source by Call Type

Category	Source	Month-to-Date				Year-to-Date						
		Duration	Calls	Leads	Referrals	Other	Duration	Calls	Leads	Referrals	Other	
Phone	LIVE		2,173	316	1	1,256	32,326	11,330	6,803	25	5,402	
	BRC		143	143			1,250	1,250				
	KID		208	208			705	705				
	MAIL		45	45			231	231				
	CSVG		302	302			1,165	1,165				
	RSL		4,756	4,756			23,076	23,076				
Internet	SRVY		161	161			524	524				
	xxx						165	166				
	WEB		8,451	8,451			61,024	51,024				
Period Total			0.0	16,239	14,982	1	1,256	32,326	89,779	84,352	25	5,402

TOP TEN Responses --- Month-to-Date

Rank	Campaign	Per 1000 HHs	State	Responses	DMA	Per 1000 HHs
1	I-AZGdCom-FY07	7,745	California	1,523	NEW YORK	897
2	P-PP-P-0609	1,641	New York	851	LOS ANGELES	650
3	M-OPR-0610	666	Illinois	781	MINNEAPOLIS-ST. PAUL	617
4	I-GLSMail-FY07	620	Minnesota	749	CHICAGO	613
5	M-AZGLFS-0609	604	Florida	664	PHOENIX (PRESCOTT)	398
6	Z-ACTRESRV-FY07	449	Texas	670	DENVER	385

Cost per inquiry by media or interest

At a glance view of top ten media vehicles



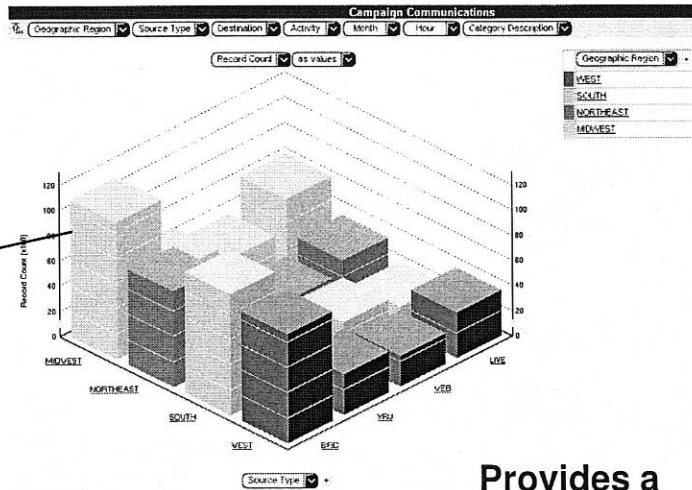
Information at your fingertips to make good 'data based' decisions faster than ever before

Sample reports can be customized to meet your specific needs

Provides cost per inquiry or visitor based on each media for an overall return on investment

Media Code	Issue Date	Primary Campaign	Market Area	Inquiry	Circulation	Insertion Cost
M-AAALV3-0701-MN	07_Jan/Feb	Prop 332	Minnesota/St. Paul	0	2,620,000	\$6,335.00
AAA Midwest Traveler						
Media Code	Issue Date	Primary Campaign	Market Area	Inquiry	Circulation	Insertion Cost
M-66AMW1-0701	07_January	ADT Campaign	Domestic	0	443,000	

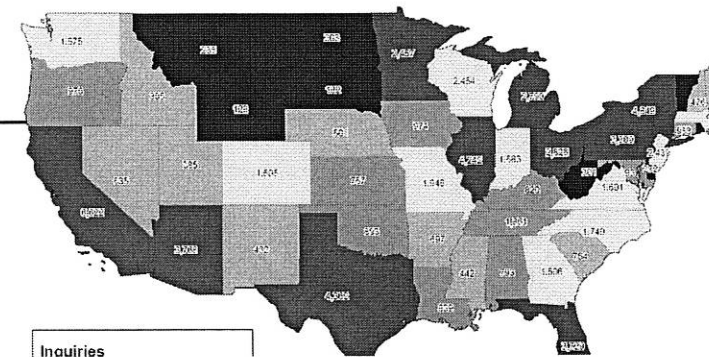
Media Code	Market Area	Market Area Id	Media Category Description	Media Category	Niche Description	Niche Id	Total Inquiries	Insertion Cost
E-CutFee-FY07	Domestic	15	Internal Use	25			31	
E-F5WL-0701	Domestic	15	Lifestyle Publication	16	Golf and Sports	33	21	1,250.00
E-RNVRTN-FY07	Domestic	15	Sponsorship	24	Non-Niche	32	3	
I-AZG3Com-FY07	Domestic	15	Internal Use	25	Non-Niche	32	55,860	
I-AZHigh-FY07	Domestic	15	Internal Use	25	Culture and Heritage	29	43	
I-BENWLTN-FY07	Domestic	15	Internal Use	25	Non-Niche	32	257	
I-GLBVAL-FY07	International	14	Newspaper	25	Non-Niche	32	3,414	
I-GLBVAL-FY07	International	14	Newspaper	25	Non-Niche	32	22	



OLAP tools provide immediate access to data by any available attribute

Identifies which media is bringing in the most number of inquiries or visitors

Inquiries by State - Current Fiscal Year



Provides a graphic visual of where inquiries are coming from by geography

Building In-House Vs. Outsourcing

In-House

PROS:

- Tighter control and management

CONS:

- Large investments in software and hardware
- Must continually invest in 3rd party data to keep your demographic and lifestyle appends accurate
- Personnel – must hire, manage & rely upon technical expert
- Must plan to constantly be on the cutting edge or risk competition getting there first

vs.

NAVIGATOR

PROS:

- Profit from Ruf's 33 years of experience
- Access to cutting-edge software and technology
- Access to massive databanks
- Quicker deployment on systems already in place
- Marketing, statistical and decision support expertise
- No personnel management issues
- Rapid support response (*proflexible*)
- Proven performance – cancel contract if not happy

CONS:

- Less internal control

Benefits of NAVIGATOR

- Understand who your customers are
- Identify prospects that look like your best customers
- Understand which media is most cost effective
- Customize individual reports
- Integrate your data into a single view
- Qualified and experienced service and support
- Data warehouse maintenance and updates
- Secure and reliable data environment
- 24/7 secure access worldwide
- Solid foundation for data mining
- Unlock hidden relationships from your data

**Improve
Decision
Effectiveness**

Reduce Costs

**Improve ROI
and
Transparency**

Next Steps/Discussion Items

- Questions
- Next Action Items

Solutions for Smarter Decisions!

1-25

Ruf Strategic Solutions:

Data Analysis
Targeted Messages
Analytic Data Warehouse
Custom Government Solutions

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Olathe, KS 66061
913-485-8544

