



Australian Government

The Treasury



# Touch-Point Pattern Analysis



Australian Government

The Treasury

## What is Touch-Point Analysis and Big Data ?

### Touch-Point Pattern Analysis

- Traditional customer research misses many critical interaction points with an organisation's customers
- Touch-Point analysis takes into account all relevant multimedia (social and alike) and data points through filtering and measuring the relevant contact points from the target customer's view point
- Touch-Point management allows companies to optimise all the interactions with the existing and potential customers, internal communications and process management

### Big Data

- "Big Data" refers to the increasing volume and detail of information captured by enterprises and through the rise of multimedia and social media (digital data), that will drive the accelerating growth in data going forward



Australian Government

The Treasury

## Shortcomings in Data Capture and Utilisation

### Businesses and Government

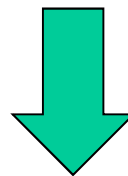
- It is well documented how Retail businesses have been focusing on Touch-Point Analysis and Big Data for a number of years, as a critical part of their 'predictive' customer marketing strategies
- Whereas governments have a large quantity of information that is currently hidden, underappreciated, underutilised and/or untapped
- This is particularly important in the case of Social Services and Welfare, and Health which represents 50% of the Federal budget
- Chairmont feels that other businesses and governments have an abundance of information that is currently being overlooked, therefore providing opportunities for potential efficiency and effectiveness improvements



## Value for Money - Economy, Efficiency and Effectiveness

A '**value for money**' perspective is one that balances economy, efficiency and overall effectiveness:

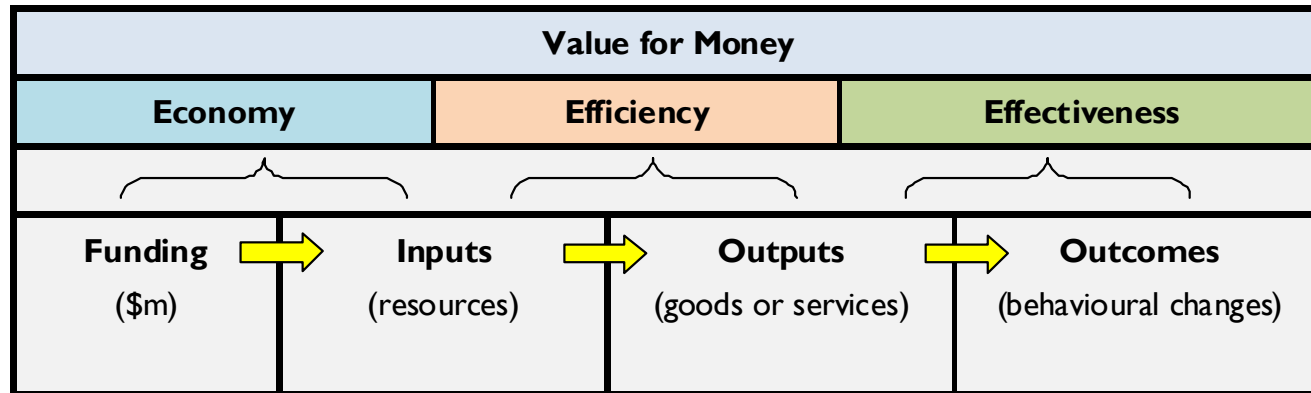
- **Economy** relates to achieving the best possible quality and quantity of inputs (resources) for the best possible price
- **Efficiency** relates to the productivity of the resources used to conduct an activity in order to achieve the maximum value for the resources used, i.e. ensuring that those inputs produce the best quality and quantity of outputs
- **Effectiveness** relates to how well the outcomes meet the stated objectives. It concerns the immediate characteristics of the outputs and the degree to which outputs contribute to specified behavioural outcomes



Through combining Touch-Point Pattern Analysis and Big Data, Chairmont has developed a diagnostic aimed at applying a 'value for money' perspective in improving the efficiency and effectiveness of organisations

## Government's 'Value for Money' Principle

- The Government's 'value for money' perspective continues to be a key underlying principle for their expenditure
- This perspective focuses on results and returns rather than only on input costs. The value for money concept is an explicit focus on demonstrating results, and managing the risks of achieving expected returns

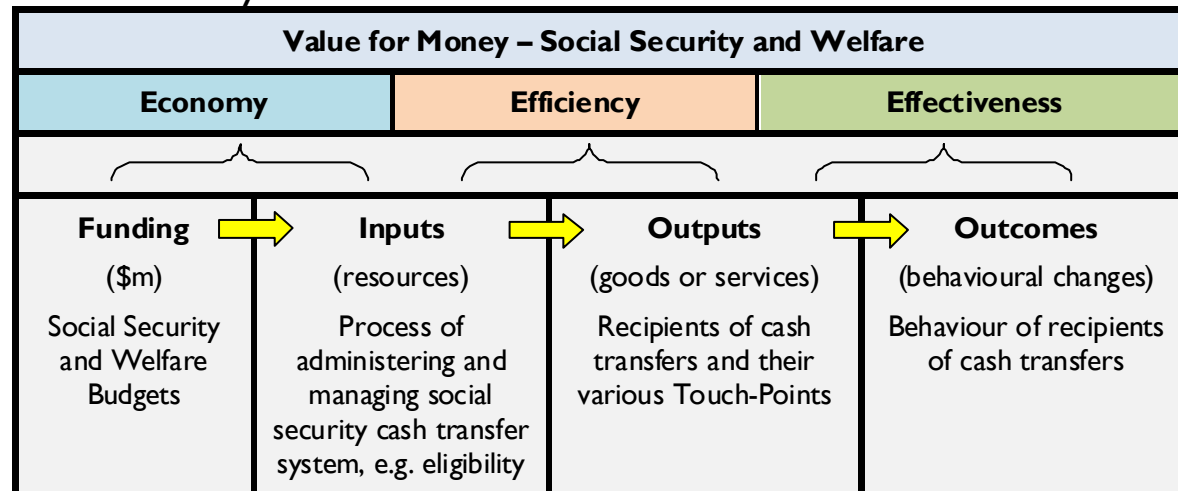


- Governments often allude to measurement deficiencies in respect of their 'value for money' principle as they relate to inputs and outputs versus desired outcomes. These deficiencies originate from a lack of evidence of clear relationships between expenditures and outcomes
- This deficiency is compounded by the absence of meaningful data, and the analysis thereof



# Value for Money - Social Security and Welfare Expenditure

- Chairmont’s diagnostic is particularly relevant to the important challenge for government of Social Security and Welfare Expenditure
- The diagnostic would enable government to improve the ‘value for money’ in Social Security and Welfare, and Health through firstly identifying the challenges between expenditures and outcomes and secondly prioritising these challenges, i.e.
  - reduce the risk that the funding is spent and the inputs are delivered but few desired behavioural outcomes are achieved, and
  - understand and fund those outputs that are most likely to bring about the desired behavioural outcomes
- In terms of Social Security this is as follows:





# What are the Government challenges over the longer term ?

## 2010 Intergenerational Report <sup>1</sup>

An ageing and growing population, escalating pressures on the health system and an environment vulnerable to climate change - creating fiscal pressures

Economic growth a function of the '3Ps' - productivity, participation and population

1. Higher Productivity – skills and human capital development
  - Education and skills
  - Social and economic infrastructure
2. Improving Participation Rates – education, health and reduced barriers for participation, incl. mature aged people
  - Investing in Health
  - Pension system reform
  - Tax incentives and social security measures
  - Promoting “social inclusion” – ensuring all have capabilities and opportunities to participate fully in social and economic life

<sup>1</sup> Australia to 2050: future challenges (2010 Intergenerational Report)

# What are the Government challenges over the longer term ?

## 2010 Intergenerational Report <sup>1</sup>

### 3. Sustainable Population Growth

- Pressure on infrastructure and services
- Environmental issues
- Support sectoral and regional structural adjustment in the face of the commodities boom

### Implications for Australia's Tax and Transfer system

Need to target Australia's tax and transfer system to the '3Ps', i.e.

- Improving the effectiveness of the system while at the same time
- Lowering the delivery cost

Governments often allude to measurement deficiencies in respect of their “value for money”, or effectiveness, principle re - inputs and outputs versus desired outcomes, notably the lack of evidence of a clear relationship between expenditures and outcomes

<sup>1</sup> Australia to 2050: future challenges (2010 Intergenerational Report)





## Tax and Transfer system – What problems / issues need to be addressed ?

1. If the policy settings are not right, if incentives are misaligned, the tax and transfer system can deprive individuals of the opportunity to develop their capabilities; perversely, it can lock disadvantaged groups into a cycle of dependence.
2. To what extent does the tax and transfer system affect people's decisions about the kind of life they lead ?
3. Is the tax and transfer system making it more or less likely that they are choosing a kind of life that they have reason to value ?
4. Are decisions being made not to work due to financial disincentives imposed by the tax and transfer system ?
5. Deficiencies in measurement – inputs, outputs and (more importantly), outcomes
6. Lack of evidence of a clear relationship between increased expenditures and better outcomes
7. The need for better measurement – current information restricts the ability to make well-informed judgements

Source: Australian Treasury “Fiscal policy: more than just a national budget” (30 November 2009)



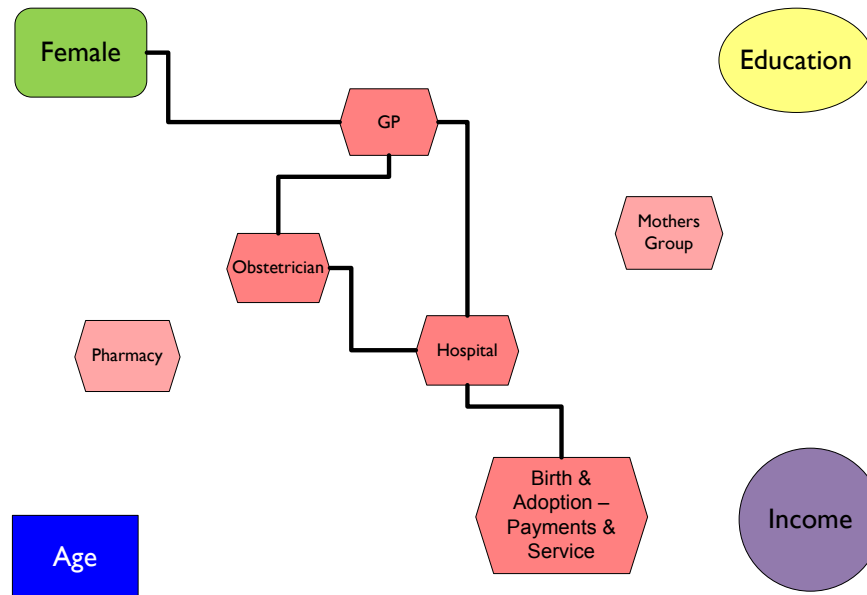
Australian Government

The Treasury

## Social Security and Welfare Expenditure Touch-Point Pattern Analysis

Chairmont's diagnostic as applied to the effectiveness of Social Security and Welfare Expenditure, would address and analyse the:

- identification of Social Security recipients and their various touch points
- usage of social security, e.g. whether all eligible recipients are claiming the cash transfers and for how long
- behaviour of social security recipients, e.g. temporary versus permanent users. In some cases social security might lead to long term reliance on welfare by eligible recipients



## Social Security and Welfare Expenditure Data Segmentation Analysis

### Possible payments resulting from previous example include:

- Baby Bonus
- Child Care Benefit
- Child Care Rebate
- Child support payments
- Crisis Payment
- Family Tax Benefit Part A and Part B
- Paid Parental Leave Scheme
- Parenting Payment
- Youth Allowance

### Examples of the findings:

- People who choose the baby bonus over paid parental leave, or vice versa
- Cheats
- People incentivised to stay out of the workforce
- People incentivised to only work part-time (loss of concessions)

## Social Security and Welfare Expenditure What are the Outcomes ?

Chairmont's Touch-Point Pattern Analysis and Big Data diagnostic facilitates the measurement of economy, efficiency and effectiveness of the Social Security and Welfare system, which can lead to a number of beneficial outcomes including:

- Early intervention
- Pattern change – behavioural change
- More effective welfare payments and concessions
- Overall savings

The 2012 Federal Budget sets aside \$130 billion for Social Security and Welfare and another \$61 billion for Health. This represents 50% of Federal Government budgetary expenditure

With an ageing population there is a need to apply new technology, such as Touch-Point Pattern Analysis