



CRM 2011: Stop the Fragmentation and Start Synchronizing Your Customer Systems

Executive Summary

It's common for most large organizations to have multiple customer relationship management (CRM) systems in place at one time to cater to a range of operations, including branches, call centers, e-commerce, sales force automation (SFA), analytics and lead management. In the majority of cases, these systems are based on platforms from a number of diverse software vendors, which are only sometimes connected bilaterally. Few organizations have process-centric customer interaction, an underlying customer data management layer or a dedicated customer experience management discipline.

However, taking a holistic approach to CRM is the only way to reach the best possible customer experience. An organization needs to examine all of the key factors that drive customer experience and how these factors interact with its overall business goals, such as revenue growth or customer retention. By leveraging CRM alongside business process management (BPM), master data management (MDM) and customer analytics, an organization can develop the most appropriate solution to achieve the optimal customer experience and develop characteristics of an integrated customer enterprise along the way.

Combining BPM with CRM is already in practice in some industries, none more so than financial services, where organizations require rigorous

processes with multiple levels of approval in areas such as claims processing or mortgage applications. Adding MDM and analytics to the equation in order to enable more timely and informed decision making, using clean data stored in a singular format, is seen more frequently, as well.

Several disjointed CRM systems can be burdensome to customers. Although customers recognize and accept that companies will try to reach them via different channels, they soon get frustrated once they find out that the various contact channels are not connected. Because there is no process management and contact data is inconsistent, information must be provided repeatedly, damaging the customer experience.

Disjointed CRM Channels

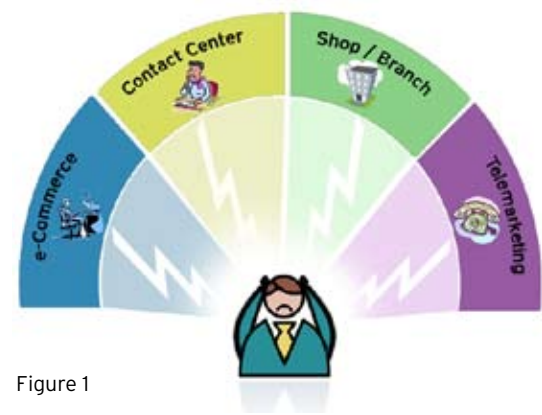


Figure 1

The Case for Integration and Synchronization

Customers, and the ways in which they behave, are changing rapidly. New communication channels, online communities and social networks have enabled unprecedented product research and consumer power.

The health and effectiveness of an organization's customer relationships depends on its ability to respond rapidly to changes in an increasingly complex sales, marketing and service ecosystem.

Innovative offerings and customer experiences stand out and are rewarded, while poor quality is highlighted and punished.

The health and effectiveness of an organization's customer relationships depends on its ability to respond rapidly to changes in an increasingly complex sales, marketing and service ecosystem. With so many new behaviors

and factors shaping the customer experience, a broader approach to CRM and a holistic view of the customer experience across all channels is required.

The goal of CEM is to move customers from satisfied to loyal, and then from loyal to advocate.

But this can only be achieved with advanced CRM solutions that build on traditional CRM, BPM, MDM and customer analytics. Taking an integrated approach to these historically separate technologies

can reduce costs and lead to improved customer service, loyalty and retention, which in turn can drive revenue growth.

CRM alone is not enough, since its strategies and solutions are designed to focus on product, price and enterprise process, with minimal or no attention paid to customer need and desire. As a result, there is a sharp mismatch between an

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organization's approach to customer expectations and what customers actually want. When this happens, traditional CRM implementations can fail, as often happened in the past.

Where CRM is enterprise-focused and designed to manage customers for maximum efficiency, customer experience management (CEM) is a strategy that focuses the operations and processes of a business around the needs of the individual customer.

The goal of CEM is to move customers from satisfied to loyal, and then from loyal to advocate. To achieve this, companies need to better understand the importance of the customer experience. Jeneanne Rae, cofounder of consultancy Peer Insight, recognized back in 2006 that "building great consumer experiences is a complex enterprise, involving strategy, integration of technology, orchestrating business models, brand management and CEO commitment."

CEM: Why Now?

So, if the benefits are so clear, why haven't more companies embarked on a multi-discipline program involving CRM, BPM and MDM to become an integrated customer enterprise?

Often, different stakeholders within a business are not in synch, with separate budgets residing in multiple business units. As a result, CEM is seen as an incredibly complex, challenging implementation. In organizations such as these, a visionary, from either the business or IT side of the company, is needed to see the potential value and communicate it to the rest of the business. CRM executives themselves have challenges of their own; most often they include a lack of effective business processes and difficulties in synchronizing business-critical data across the enterprise.

There's no doubt that initiatives involving several CRM disciplines can be highly effective, but first companies need to overcome any outdated perceptions of complexity and hesitation around cost and time-to-ROI.

Integration Easier if Planned from the Beginning

According to leading IT analyst Gartner, CRM software license revenues will continue to grow at an annual growth rate of 6.5% between 2009 and 2014, after four years of double-digit growth between 2005 and 2008. Roughly 44% of this is in sales applications, 20% in marketing automation applications and 36% in customer service and support applications.

Within the three main categories of sales, marketing and customer service, there are roughly 50 different CRM application submarkets. Larger organizations often use more than half of these technologies, and in most cases, the core CRM function performs well on a basic level. For example, phones are answered, customers can view their account details over the Web, and salespeople have effective support systems.

As new Web-based services, mobile applications and social media proliferate, and an increasingly demanding and fickle customer base persists, companies recognize the need take their CRM capabilities up to the next level. And that's where cross-channel integrated CRM, BPM, MDM and analytics come into play.

In order to better serve their customers, organizations need to design their CRM operations in a much more customer-centric way. High-quality master data is essential; without it, CRM, BPM and customer analytics will not achieve their requirements. The ideal outcome is a structural solution that connects all the elements of CRM into one experience for the customer.

A Holistic Approach Doesn't Need to Be Cost-Prohibitive

One misconception of the holistic approach to customer strategy is that it is expensive, complex and takes a long time to complete. In reality, integrating the systems doesn't need to be this way.

The key is to strike a balance between value and complexity. The best route to a successful implementation is a staged process that is taken step-by-step, based on a roadmap designed to deliver ROI at various milestones throughout the project. This lets the integration take place in a controlled, measurable way, which is far less intimidating than an all-at-once enterprise-wide approach.

Companies should remember that implementing CRM technology is, in itself, much less daunting now than it was in the past. Today's challenges relate to the governance of a multi-discipline CRM program across multiple stakeholders; the perseverance to see through a CRM vision that may take

a year or two to implement; and sourcing budget contributions from those business units that don't immediately see a benefit for themselves.

For end users to benefit from an integrated approach to CRM, BPM, MDM and analytics, software vendors have started to partner with each other or are acquiring complementary technologies or developing them in-house, thus anticipating the arrival of the integrated customer enterprise.

Typical Use Cases

There are several key factors driving the adoption of multi-disciplinary CRM programs. Companies need to improve cross-channel handovers, customer experience, customer satisfaction and retention. They must also maximize cross-sell and up-sell opportunities, rationalize customer processes to save costs, improve regulatory compliance and reporting, and facilitate the involvement of third parties in customer interactions.

Back in 2008, Gartner predicted that companies able to do this will reap the rewards, noting: "Through 2010, companies that automate lead management as a business process between sales and marketing will increase conversion rates by at least 50%."

Figure 2 shows a range of typical customer-facing business activities that can span multiple CRM disciplines, from customer on-boarding to complaints management.

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CRM by Technology Domain

Typical customer-facing business use cases spanning CRM segments	CRM, Sales, POS, E-Commerce, Telesales	CRM, Marketing, Data Management, E-mail, Web Advertising/Media	CRM, Customer Web Sales/Service, Call Center	BPM Services	MDM	Analytics, Reporting, BI, CRM
1. Campaign to lead to opportunity to sale	✓	✓		✓	✓	✓
2. Order to cash	✓		✓	✓	✓	✓
3. Customer on-boarding	✓		✓	✓	✓	
4. Cross-channel service handovers	✓		✓	✓	✓	
5. Loyalty management	✓		✓	✓	✓	✓
6. Complaints management			✓	✓	✓	✓
7. Privacy complaint management		✓		✓	✓	✓

Figure 2

Case Study 1:

Reducing Data Complexities; Achieving a Single Customer View

A large European banking group with customers in 50 countries launched its MDM roadmap in 2007 with a program covering its front-, middle- and back-office operations in several business units and geographies. Call center agents and Siebel users, having to rely on inconsistent and inaccurate customer data, faced declining levels in customer satisfaction.

Today, users receive a 360-degree view of data delivered by an IBM MDM Server. The Cognizant-built MDM system attaches a unique identifier to customer data, which can now be cross-referenced between each channel application, including Siebel and other systems, with new customer hierarchies built in Siebel. The results are reduced data feed complexities, accurate customer information, enhanced management information, standard processes for servicing customers irrespective of the channel, reduced call resolution time and higher customer satisfaction.

Case Study 2:

Toward a Customer-Centric “Relationship Bank”

To transform itself into a customer-centric “relationship bank,” a large U.S. bank needed an integrated 360-degree view of its customers, combining marketing, sales, service and origination data from multiple systems in order to track customer portfolios across multiple lines of business. An additional goal was to create analytics-driven insights to the front-office customer interaction team to improve cross-sell/up-sell capabilities and enhance the customer experience. Critical components of the chosen application architecture are an integrated sales/service desktop application (Siebel), master data management for product and customer data, a shared analytics environment (Teradata), a marketing platform (Unica) and a business process management layer.

Case Study 3:

Customer Experience Vision Realized

A global pharmaceutical company wanted to implement a portfolio of customer management systems in Europe covering more than 10,000 sales staff. The goal was to harmonize sales and marketing processes across numerous countries, improve customer segmentation and coordination between sales and marketing initiatives, avoid revenue leakage and cut sales force-related costs. The company pursued an integrated, holistic approach and jointly implemented sales force automation, e-marketing, analytics, and customer master data management, built on Siebel and Informatica technologies. The highly successful outcome included an increase in customer interactions by 15% and a reduction of operating costs by 25%, making the company “a great place to work” as judged by its employees.

Case Study 4:

Leveraging Customer Business Processes and Corporate Master Data

A U.S.-based Fortune 100 financial services group wanted to enhance and upgrade its sales, marketing, customer service and customer analytics applications (Siebel, OBIEE), supporting more than 4,000 users. But to integrate them with an increasing number of legacy systems, the company needed to add a business process management layer and improve corporate master data via an MDM solution based on IBM MDM Server. Goals are to enhance customer insight, introduce opportunity management at both the group customer (institutional) and individual customer level, allow for real-time interactions, predict the product offering, improve cross-sell and up-sell opportunities and ultimately gain a competitive edge.

Orchestrating a Portfolio of Customer Solutions Projects

As detailed throughout this white paper, a traditional CRM architecture may have functioned well up to now, but it is not built for the demands of the 21st century. Building a new CRM structure is imperative if the customer experience is to be significantly improved.

To deliver the high performance required with enough flexibility to be cost-effective and easy-to-use, a complete view of the front-, middle- and back-office is required. A service provider with prior experience and staff skilled in managing complex projects can provide this. The provider's experience also means it will have a better sense of not just what steps are necessary but also which are practical to enact.

Figure 3 illustrates a future-state, customer-centric CRM architecture. The customer sits in the middle, surrounded by an inner circle of customer-facing technologies that fall broadly into six sections (marketing, e-commerce, point of sale, contact center, e-service and social media). Beyond this, there's an outer ring of customer-supporting systems, including sales force automation, lead management, analytics, product development, and supply chain management. The key to the success of this approach is the interconnection between the two rings: BPM, MDM and CEM.

To facilitate the success of such a project, companies should construct a dedicated governance structure, owned and managed by the business, which coordinates the processes and activities from the inner and outer rings. This approach ensures the consistency and continuity of the program.

Why a Holistic Approach Delivers Business Value

A more holistic view of customer interactions with your business can truly transform the interconnection experience and engender significant improvements in satisfaction and loyalty. Taking a broader view of CRM, involving BPM, MDM and analytics, can provide the means with which to achieve it.

The business value doesn't end there. By taking the holistic approach of an integrated customer enterprise, companies will also better prepare themselves for changing business models, building fluid organizational boundaries (mesh collaboration), increasing competition and enabling new compliance regulation.

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CRM 2011



Figure 3

Top 10 Immediate Actions to Take (if you haven't done so already)

1. Identify business owners of existing CRM systems.
2. Audit existing CRM solutions for effectiveness.
3. Review existing customer-facing business processes.
4. Audit the quality of customer data.
5. Voice of the customer: Launch customer satisfaction survey and review history of complaints.
6. Identify demand/need for additional CRM systems.
7. Build a scorecard of CRM performance metrics.
8. Identify legacy CRM systems in need of retirement.
9. Engage senior management to establish link between business goals and customer experience.
10. Prepare a CRM socialization plan to convince stakeholders and staff of merits of holistic approach.

About the Authors

Ralf Teschner is a Business Consultant in Cognizant's Customer Solutions Practice. He has an MA in Mechanical Engineering from the Technical University of Munich and 19 years of business experience in the UK, Germany and the U.S., with more than seven years in CRM, BPM and MDM. His expertise includes business analysis, in particular data quality, Data Governance and MDM. An innovative thought leader with cross-industry market knowledge, Ralf dedicates time to exploring the synergies of approaching CRM, BPM and MDM holistically. He can be reached at Ralf.Teschner@cognizant.com.

Why Cognizant?

Cognizant's Customer Solutions Practice (CSP) is dedicated to building stronger customer relationships for our clients through CRM expertise, industry intelligence and execution excellence. We bring the advantage of domain understanding, best practices and industry templates to a critically important area of business technology.

Our established partnerships and extensive experience in a range of CRM packages, highly qualified and certified professionals and the unique global service delivery model allow responsive solutions that enrich the customer experience and help make our clients' business stronger. With a strong track record and an impressive growth rate based on long-term client relationships, we are dedicated to helping clients strengthen customer relationships with solutions that help improve business efficiency, effectiveness and profitability.

Cognizant's CSP practice has strong industry focus with considerable expertise in each of its target sectors: Banking & Financial Services; Healthcare; Information Management, Media & Entertainment; Insurance; Manufacturing & Logistics; Life Sciences; Retail & Hospitality; Technology; and Telecommunications.



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Cognizant (Nasdaq: CTSH) is a leading provider of information technology, consulting, and business process outsourcing services, dedicated to helping the world's leading companies build stronger businesses. Headquartered in Teaneck, New Jersey (U.S.), Cognizant combines a passion for client satisfaction, technology innovation, deep industry and business process expertise, and a global, collaborative workforce that embodies the future of work. With over 50 delivery centers worldwide and approximately 104,000 employees as of December 31, 2010, Cognizant is a member of the NASDAQ-100, the S&P 500, the Forbes Global 2000, and the Fortune 1000 and is ranked among the top performing and fastest growing companies in the world.

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