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## Eight Ways To Mine Value From Your CRM Systems

Now Is The Time To Dig For The Hidden Nuggets That Lead To Big Gains

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### EXECUTIVE SUMMARY

Now may not be the right time to ask for the resources to do a major IT project, including CRM. But CRM professionals can be smart and mine the applications they already own for untapped benefits without incurring high costs. Hidden value typically lies locked within unused functionality and low user adoption rates. Reinforce your credibility and the business value that CRM can deliver with these eight ways to revitalize CRM systems: 1) Pinpoint unused functionality; 2) spotlight quick-hit opportunities; 3) consider an application upgrade; 4) conduct proof-of-concept tests to confirm value; 5) identify gaps between business process and application; 6) ramp up user training; 7) solicit user feedback for improvements; 8) add monitoring software.

### BUYERS SEEK TO WRING MORE VALUE FROM CRM SOLUTIONS

The current difficult economic climate means that finding additional investment dollars to improve customer-facing business processes is a thorny problem. Attention is turning from planning new projects to squeezing more value from existing systems. We get a steady stream of requests asking for guidance about how to renegotiate vendor licensing and pricing agreements, define quick time-to-value projects, and forestall costly vendor-imposed upgrades.<sup>1</sup>

However, there are other ways to get more benefit out of your CRM application, with minimal incremental cost. Forrester recently spoke with Peter Grambs, Vice President, Customer Solutions Practice, at Cognizant Technology Solutions. He observed that organizations often do not use all the CRM features and capabilities that they have purchased. Because leading CRM vendors offer their solutions bundled as “suites” that contain many capabilities, the functions that get implemented and used are often a lot narrower in scope than was planned at the outset. He spotlighted a number of ways to revitalize existing CRM systems that are consistent with patterns that we have observed through our ongoing best practices research. Based on our discussion with Cognizant and with numerous Forrester clients, we developed the set of CRM value improvement tactics described in this document.



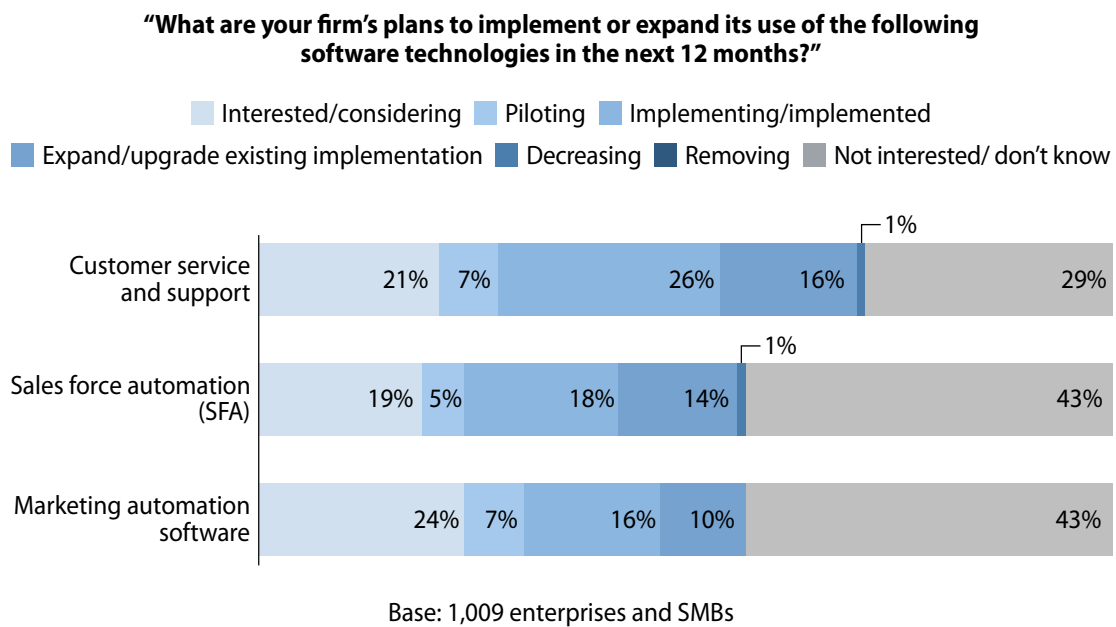
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## EIGHT FAST WAYS TO INCREASE YOUR ROI

CRM technologies are widely adopted around the world. In a recent Forrester Business Technographics survey of IT executives and decision-makers at 1,009 large and midsized companies in both North America and Europe, 70% reported that they were planning for, or already using, solutions to support customer service within their companies.<sup>2</sup> And nearly 60% reported they were planning for, or had already implemented, sales force automation and marketing automation solutions (see Figure 1).

**Figure 1 CRM Tools Have Been Widely Adopted**



Source: Enterprise And SMB Software Survey, North America And Europe, Q4 2008

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Source: Forrester Research, Inc.

In fact, enterprises spent about \$11.8 billion worldwide on CRM solutions licenses, maintenance fees, professional services, and subscription-type services in 2008.<sup>3</sup> If your company is among the majority that has already made major commitment to CRM solutions, consider the following value improvement tactics described below, and use the Forrester’s CRM Value Improvement Checklist to uncover eight sources of untapped benefits (Figure 2).

**Figure 2** Forrester's CRM Value Improvement Checklist

<b>1. Pinpoint unused functionality.</b>	<b>Yes</b>	<b>No</b>
Does your organization have a process in place to track user adoption and to take remedial action if user acceptance is below anticipated levels?		
Have you examined the CRM application to see if there are unused capabilities that could be deployed rapidly?		
Is your CRM deployment strategy based on continual process improvement and not a big-bang approach?		
<b>Total</b>		

<b>2. Spotlight quick hits to cut costs or build revenues.</b>	<b>Yes</b>	<b>No</b>
Do you regularly review best practices and benchmarks from both inside and outside the organization to help identify improvement opportunities?		
Does your organization have a clear definition of the customer information that you need to collect and analyze to support your customer management strategy?		
Have you defined the business process changes needed to achieve your goals before selecting supporting technology tools?		
<b>Total</b>		

<b>3. Consider an application upgrade.</b>	<b>Yes</b>	<b>No</b>
Does your organization work with the most-effective available technologies that put customer insights into all the right hands in your organization?		
Have you considered accepting an application upgrade that would provide critical new business functionality not available in the current version deployed?		
Would a more current version of your CRM application reduce the costs of maintaining the solution?		
<b>Total</b>		

<b>4. Conduct proof-of-concept tests to confirm value.</b>	<b>Yes</b>	<b>No</b>
Does your organization have a clear structure and processes for guiding CRM accountabilities, allocating resources, making decisions, and striving for improvements in process management and technology support?		
Are you continually conducting proof-of-concept tests to confirm the value of business process changes and potential system enhancements?		
Has your organization defined a baseline set of metrics to validate assumptions about the expected benefits of implementing additional functionalities of the solution?		
<b>Total</b>		

**Figure 2** Forrester's CRM Value Improvement Checklist (Cont.)

<b>5. Identify gaps between business process and application.</b>	<b>Yes</b>	<b>No</b>
Is there a clear strategic fit between the CRM programs/projects undertaken and your organization's customer-centric goals?		
Is there stability in the employee working environment and the business processes where new CRM tools will be introduced?		
Have you recently revalidated that system capabilities fully support the most current forms of business processes and work tasks?		
<b>Total</b>		

<b>6. Ramp up user training.</b>	<b>Yes</b>	<b>No</b>
Are you effectively communicating your customer management strategy and plans to all involved work groups in a relevant manner?		
Have you determined whether users need additional training to become proficient in using the application?		
Are your employees supported with easy-to-find, easy-to-use materials to enhance or refresh their knowledge about CRM processes and tools?		
Does your organization consistently use metrics, rewards, and incentives to focus people on increasing customer relevance and value?		
<b>Total</b>		

<b>7. Solicit user feedback.</b>	<b>Yes</b>	<b>No</b>
Are your business users intimately involved in the process of transforming customer-facing processes and selecting supporting tools?		
Do your CRM users see clear benefits and have the opportunity to influence application functionality?		
Do your customer-facing applications have an intuitive look and feel and navigation to minimize user training for both core and occasional users?		
Do you regularly solicit feedback from users to determine the best systems enhancement that will improve user adoption?		
<b>Total</b>		

<b>8. Add monitoring software.</b>	<b>Yes</b>	<b>No</b>
Do you consistently undertake application performance testing to pinpoint risks and bottlenecks?		
Do you use monitoring software to track the user experience and feedback findings to the development team?		
<b>Total</b>		

### **Pinpoint Unused Functionality**

Start by reviewing your CRM license agreements, reviewing the application against the original requirements documentation and business case. For example, Cognizant helped a client improve its lead-to-sales ratio by implementing a previously unused lead prioritization capability in its CRM system, enabling sales reps to better prioritize high-value/high-probability leads. This functionality was implemented in a short time frame at low cost because the capability already existed in the application but was not being used.

### **Spotlight Quick Hits To Cut Costs Or Build Revenues**

If you want to drive cost containment in shipping, for example, there may be a mapping application in your program that would help to optimize routing of deliveries. Or implementing the lead management capabilities in many CRM applications can help to improve the marketing-to-sales handoff processes to drive a higher conversion ratio from lead-generation campaigns. Sometimes the problem is that employees are not using the application as intended. Forrester spoke with a regional telephone company where the executive team recognized the importance of leading by example. They received intensive training and decided to sit in the working areas with their customer service, network operations, and sales teams in order to remain plugged in to the ways in which employees were interacting with the system. They were able to make suggestions and improvements in real time, prompt employees to ask customers the right questions, and use the CRM system to record the appropriate data.

### **Consider An Application Upgrade**

Leading vendors like SAP and Oracle Siebel are pushing their customers hard to consider application upgrades.<sup>4</sup> As long as you are current in your vendor maintenance agreement, your company has rights to all new features of an upgrade at no incremental license cost. For example, some CRM vendors are adding Web 2.0 or social networking capabilities to their applications.<sup>5</sup> These can help your company gain deeper insights into customer behavior and better predict buying patterns. However, Forrester's view is that vendor-imposed technical upgrades typically do not have a high ROI. You should look for new functionalities that promise driving revenue or cost benefits.

### **Conduct Proof-Of-Concept Tests To Confirm Value**

If you have identified underutilized capabilities within your CRM system, validate the effectiveness of these solution components by conducting proof-of-concept tests. For example, one company in the manufacturing industry had struggled with poor user adoption. The salesforce seemed not to view the system as valuable tool to close more sales opportunities. However, the exact nature and cause of poor adoption were unclear. Hypotheses were generated about possible fixes, including: improving the UI, leveraging lead management functionality, strengthening data cleansing protocols, and changing metrics and compensation structures. There was also debate about the value of fixing these problems, and which ones should be tackled first. To quantify the problem, the company established metrics to track actual user satisfaction, time, and system usage. Once a

baseline was established, system enhancements were made and new measures taken. In this case, the metrics showed that adoption increased from less than 50% to more than 95% once the salespeople discovered that they could act on more leads if they used the system more actively.

### Identify Gaps Between Business Process And Application

Sometimes a business process that was originally created to meet a certain need evolves to meet new requirements. But the supporting applications are often designed — and often customized — to force users to work in the old way. For example, Cognizant found at one of its clients, a call center application was forcing agents to have an existing contact record in order to create a service request, because when the application was originally created, the call center only served existing clients. Over time, the center began to serve prospective clients who did not “exist” within the application. This caused agents to create “dummy” clients to establish service requests. This in turn led to duplicate client data, incomplete data, and data that did not conform to standards, for example inconsistent abbreviations. The application was redesigned to allow agents to enter service requests for callers who were not yet customers and gather and store the contact information outside of the customer database. This data could then be entered, or transferred later, only if those callers became customers. This new method reduced call time and increased satisfaction.

### Ramp Up User Training

User adoption is the No. 1 barrier standing in the way of getting full value from CRM systems, as reported by companies in Forrester surveys.<sup>6</sup> Employees will not use new tools for which they have not been given proper training or support. Many companies have a one-time training approach that covers the basics. But over time, users become familiar with the application but do not take advantage of time-saving features (such as hotkeys, online help, advanced querying, and search capabilities) because they were never taught how to use them. Forrester knows of one major law firm that had achieved only 30% adoption after three years, yielding a paltry 5% ROI for the project. The firm calculated that if it could double adoption by busy lawyers to only 60%, the ROI would shoot through the roof. It was obvious that making a renewed effort to train users would be worth it.

### Solicit User Feedback

You may get feedback from users and managers that the CRM system is slow or hard to use, but specifics are lacking. Forrester knows of one healthcare company that understood that it needed to compensate for the lack of computer skills among its long-tenured sales force. It offered initial training sessions, accompanied by application “cheat sheets” that users could take away with them to use in the field. Beyond basic training, the project team then implemented a feedback program whereby concerns and recommendations related to the application are continuously solicited from super users, managers, and end users. Consider using an anonymous survey to gain feedback from users about what they think would make the system faster and easier to use. Then use this feedback to create a small targeted list of requirements that can substantially improve the user experience and improve adoption.

## Add Monitoring Software

Cognizant observes that many companies have back-end monitoring tools, but many applications have problems on the front end, in the Web browser layer. Recently, tools have emerged that allow click-by-click monitoring of the user experience, recording user's actions. When the system is "slow" or the user experiences an error message, these recordings can be sent directly to the development team, resulting in reduced time to troubleshoot and understand the issue. This, in turn, reduces development effort to correct the software deficiency.

### WHAT IT MEANS

#### REIVTALIZE CRM AND BUILD CREDIBILITY FOR DELIVERING VALUE

Now may not be the time to ask for money to do a major IT project, including CRM. But, CRM professionals can provide real value to their businesses by tapping into unused system functionality and focusing on training and improving usability to drive-up user adoption. A CRM revitalization project does not have take a lot of money. Delivering low-risk improvements that result in demonstrable gains, without major incremental investment, will help reinforce your credibility and the business value that CRM can deliver.

### ENDNOTES

- 1 The lingering impact of the recession in 2009 will motivate business process and applications professionals to focus on value-based strategies for lower operating costs and smaller projects with quicker returns. Heavy discounting continues for new licenses. Vendor proposals will include nonmonetary concessions such as training, implementation, integration, and other professional services. In some cases, first-year maintenance will be provided. SaaS contract terms will move from annual terms back to month-to-month contracts. See the February 13, 2009, "[Trends 2009: Enterprise Applications/ERP](#)" report.
- 2 Source: Forrester's Enterprise And SMB Software Survey, North America And Europe, Q4 2008.
- 3 In late 2006, Forrester forecast that total worldwide revenues for CRM software vendors would reach \$9.4 billion in 2008. In fact, the vendors enjoyed stronger growth than predicted, achieving \$11.8 billion in revenues for the year. See the October 20, 2006, "[CRM Market Size And Forecast, 2006 To 2010](#)" report.
- 4 With vendors like Oracle and SAP touting new releases of their CRM products, enterprises running older versions of CRM apps are mulling whether to take the upgrade plunge. However, in a down economy, CRM professionals are wondering if the benefits of upgrading their CRM solution will outweigh the costs. And if so, how long will it take to realize payback? Forrester built a business case for a fictional enterprise using our Total Economic Impact™ (TEI) methodology. Using assumptions from real companies facing the upgrade decision, we found that a business-driven CRM app upgrade can generate a risk-adjusted 31% return on investment (ROI) over five years, but IT-driven projects fall short. See the March 6, 2009, "[The ROI Of CRM Application Upgrades](#)" report.

- 5 The rise of Social Computing means that customer relationship management (CRM) professionals must find innovative new ways to cope with the emerging phenomenon of “social customers.” See the November 13 2008, “CRM 2.0: Fantasy Or Reality?” report.
- 6 Forrester interviewed 58 business and IT executives to uncover best practices for wringing more value from CRM deployments. Successful companies focus on five fundamentals: promoting user adoption, focusing on business processes, establishing executive sponsorship, practicing sound customer data management, and defining the right metrics. Attention to discipline in execution is what sets CRM winners apart from the well-publicized failures. See the June 27, 2007, “Best Practices: Getting The Most From Your CRM Deployment” report.