Building a Customer-Centric Business Via Integrated Information Management

Tools and techniques for increasing customer loyalty and lifetime value by meeting the needs of today’s more empowered and digitally savvy consumers.

Executive Summary

The way companies must interact with their customers has changed, irrevocably. New communication channels have provided organizations with unprecedented opportunities that, if tapped carefully, could provide a much-needed edge for dealing with increasingly empowered mobile customers in today’s highly competitive marketplace.

These emerging customer touchpoints have also altered customer expectations and purchasing behaviors. For instance, the average response rate for traditional marketing-led advertising is declining quickly as consumers increasingly turn to the always accessible Internet and trusted social networks for knowledge and advice. Moreover, data privacy issues are also increasing, leading to consumer concerns if not managed properly. In addition, with the emergence of new social media channels that enable customers to pose questions and voice complaints, companies must be prepared to proactively respond to issues before they escalate or, failing that, repair the damage to their brand equity.

Customers increasingly expect companies to have a much better understanding of them as individuals, as well as more timely appreciation of their specific needs. To satisfy this new breed of demanding and empowered customers, companies must have the right processes and information available to deliver customized and targeted product and service offerings that keep them engaged and loyal. The emergence of location-based services offers a tool for combining customer behavior (historical and predictive) with real-time marketing opportunity.

It is not just the external environment that is changing. As the “millennial” generation grows in stature (i.e., consumption) and influence in the workplace, their expectations for streamlined processes, intuitive systems and real-time information access must be accommodated. If organizations do not adequately meet these expectations, they will find it increasingly difficult to attract talent and, more important, deliver quality customer experiences that drive behaviors conducive to business success.
As a result, companies must reinvent their customer-centric business processes to ensure better targeting and revenue generation. Improved customer insight is, therefore, critical to ensuring that the needs of today’s younger, more social and mobile consumer are met.

This whitepaper lays out the tools and techniques for transcending the rhetoric and helping companies embrace true customer-centricity. It provides actionable recommendations for building an integrated architecture that spans customer touchpoints, automates key business processes and delivers a single version of the truth that can result in substantial increases in customer lifetime value. Finally, we offer a tangible example from the retail banking industry that demonstrates how specific processes can be transformed to become more customer-centric.

The Changing Ecosystem

There has been significant and ongoing change in the global market and consumer landscapes. Incumbent players across industries are struggling to protect their margins in the face of ever-increasing competition. This has resulted in a tremendous need for business model and process change. For example, merger and acquisition activity is increasing as companies seek to consolidate with the competition, expand their global presence or expand their offerings.

For example, pharmacy benefits manager Express Script’s push to merge with prescription management and health information firm Medco highlights ongoing consolidation efforts within the healthcare industry. The healthcare merger and acquisition market in 2011 generated 980 deals worth $227.4 billion, an increase of 9% over 2010. Many industries are additionally facing regulatory changes with stricter norms and compliance policies. The Health Information Technology for Economic and Clinical Health (HITECH) Act in the U.S. healthcare industry and the Basel III compliance standards and Foreign Account Tax Compliance Act (FATCA) for the global banking industry are just two examples.

Business agility today is seen as a necessary step to increasing the bottom line. This is evidenced by organizations investing in on-demand services and cloud-based solutions to increase IT agility, reduce time-to-market and enhance profitability.

These investments, applied across business lines, provide organizations with the power to compete in the market. However, many companies still lack the much-needed edge to grab a bigger slice of the pie in today’s hyper-competitive global marketplace. Increasingly, organizations are realizing that to achieve top-line growth, they need to increase the lifetime value (LTV) of their customers.

First Step Toward Customer Centricity

To successfully transition from a product-centric architecture to a customer-centric business, organizations must first identify their key objectives. This will ensure expectation setting and the necessary business buy-in, which are crucial for any IT-focused transformational exercise.

For instance, depending on the circumstances for change, some organizations we have worked with have highlighted the following objectives when embarking on a customer-centric journey:

- Realize a “one-organization” structure following M&A activity. Use of unified, enterprise-wide customer information is a step toward realizing this goal.
- Align marketing strategy and sales force effort with client needs and expectations.

Key Challenges and Consequences of the Changing Ecosystem

<table>
<thead>
<tr>
<th>CEO Challenges: 2011-2012</th>
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<tr>
<td>• Identify growth areas in volatile economy</td>
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<td>• Cut operation costs</td>
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<td>• Reduce cost via greater efficiency</td>
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<td>• Source fresh capital</td>
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<td>• Ensure regulatory compliance</td>
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<th>CEO Challenges: 2012-2013</th>
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<td>• Understand the customer is boss and must be treated like that</td>
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<td>• Attract new customers and expand into global markets</td>
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<tr>
<td>• Keep up with changing technology</td>
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<tr>
<td>• Embrace social media</td>
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<td>• Ensure regulatory compliance</td>
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Figure 1
• Enhance customer experience through channel integration, faster request resolution and need-based offerings.
• Identify and utilize cross-selling and up-selling opportunities, improved customer intelligence, targeted marketing and better response rate per dollar of advertising revenue spent.
• Improve operational efficiency and transparency using end-to-end monitoring and process automation.
• Optimize service through multiple channels and by addressing customer preferences.
• Create a strategic business and IT architecture to manage risk and quickly adapt to ever-changing regulatory compliance requirements.

While customer centricity remains the primary focus, other important considerations also play a role when considering a transformational project. They include:

• Evaluating the return on investment on technology dollars spent.
• Leveraging existing solutions before making buy vs. build decisions.
• Rationalize and simplify the system architecture.
• Use agile frameworks, modern technology and cloud-based solutions and invest in open and easily upgraded IT solutions.

Solution Components
To achieve customer centricity, organizations need to consider implementing the following:

• A unified and enriched user experience through an enhanced customer interaction platform:
  ▶ Contemporary user interface technologies and consolidated information to provide a superior customer experience via both self-service portals and interactions with customer service representatives.
  ▶ A single platform across all service environments to deliver 360-degree insights to sales, marketing and customer service.
  ▶ Closed-loop marketing, starting from campaign design, launch, feedback collection, sales planning and enablement, through campaign result analysis.
  ▶ Real-time and effective decision-making and marketing strategy formulation, based on data analytics.
  ▶ Consistency among customer channels, including the various social media platforms.

• End-to-end front-office to back-office integration:
  ▶ Unified sales and multi-channel-enabled customer service platform.
  ▶ Seamless BPM across vertical functions.
  ▶ Operational efficiencies by automating and optimizing business processes.
  ▶ Visibility of business process performance, status monitoring and alerts.

Business Transformation Through Focused IT Strategies
For organizations to be customer-centric, they need a clear long-term strategic view of the customer. Organizations should evaluate their existing business processes and metrics and develop organizational abilities to proactively understand how the customer relationship has evolved. This will enable them to offer customized products and services that positively motivate the customer and increase customer LTV.

Customer centricity is not just a front-office activity. Organizations cannot manage a complex customer relationship without a smooth integration among various business functions such as finance, legal, supply chain, etc. Not all of these functions have a customer relationship management (CRM) system, and it would be impractical to put CRM everywhere. However, a comprehensive customer management solution should encompass more than just the CRM system; it needs to incorporate other inter-related components, including business process management (BPM) and master data management (MDM). BPM helps with process automation, while MDM ensures that a complete, 360-degree view of important data domains, such as customer, product, etc., is available to all concerned parties.

This combined solution approach helps organizations gain valuable insights into customer requirements across the entire organization and various touchpoints, giving them an edge over their competitors. (These concepts are further defined and explained in subsequent sections.)

Organizations cannot manage a complex customer relationship without smooth integration among various business functions such as finance, legal, supply chain, etc.
• Realizing a “single-organization” vision through enterprise information management:
  ▶ Seamless exchange of data (customer, product, account) between processes and systems.
  ▶ Multichannel integration capabilities.
  ▶ Single customer view across lines of business (LOBs) and applications with one version of the truth (i.e., MDM).
  ▶ Customer lifecycle management.
  ▶ Effective risk and exposure management by aggregation, hierarchy and relationship mapping.

• Common processes and functions across products and LOBs:
  ▶ Common business and data services.
  ▶ Workflow and business rule automation.

The Unifying Advantage
A unified solution helps reduce or remove bottlenecks in the process flow. Some of the key advantages of each component of this solution include:

• CRM: The CRM solution acts as the customer-facing infrastructure, providing multiple touchpoints to address all customer interactions across all possible platforms. Along with process optimization, care must be taken to ensure a consistent experience across all available channels so that the customer sees a harmonious and reliable “face” of the organization.

• BPM: The BPM layer facilitates orchestration of business processes for different functional domains within the enterprise. Some of the key benefits of this layer include increased responsiveness of IT to business process changes and enhanced productivity through automated process execution. BPM also provides operational flexibility, enabling rapid deployment of business change and better monitoring of business effectiveness.

• MDM: To enable users to realize the full benefits of an automated solution, a complete 360-degree view of customers, products and other key entities is required. MDM helps provide a centralized database with a single version of the truth. Armed with key customer insights across interaction channels, the organization can fully understand customer needs, which helps it transition its processes from product-centric to customer-centric. MDM also enables more targeted and personalized marketing, sales and service offerings through the customer’s preferred channels.

Customer centricity can be realized through an integrated architecture that combines CRM, BPM and MDM disciplines, resulting in a seamless and optimized customer management process (see Figures 2 and 3).

Pillars of Customer Centricity

<table>
<thead>
<tr>
<th>CRM</th>
<th>BPM</th>
<th>MDM</th>
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<tr>
<td>• Targeted promotions and e-mail communications</td>
<td>• Process automation</td>
<td>• Centralized data acquisition</td>
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<tr>
<td>• Sales campaigns</td>
<td>• Centralized process logic</td>
<td>• Data cleansing, standardization and distribution</td>
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<tr>
<td>• Send e-mail and track responses</td>
<td>• Process optimization</td>
<td>• Data model and persistence</td>
</tr>
<tr>
<td>• Sales force automation</td>
<td>• Enterprise-wide and beyond collaboration</td>
<td>• Match and merge</td>
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<tr>
<td>• Customer tracking</td>
<td>• Providing real-time process visibility</td>
<td>• De-duplication and survivorship</td>
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<tr>
<td>• Customer history</td>
<td>• Automation and exception-based processing</td>
<td>• Cross-reference and hierarchy management</td>
</tr>
<tr>
<td>• Appointment management</td>
<td>• Rule-based workflow management</td>
<td>• Data consolidation, harmonization, alignment and enrichment</td>
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<td>• Time management</td>
<td>• Business activity monitoring</td>
<td>• Data stewardship and governance</td>
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<tr>
<td>• Reporting</td>
<td>• SLA tracking and process analysis</td>
<td>• Security and entitlement management</td>
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Figure 2
The Unified View

The power of the unified solution can be visualized through a redesigned account opening process (see Figure 4). The process begins with the relationship manager using CRM to capture key customer needs stored in the system. The integrated approach relies on automated BPM software, built on a rigorous decision-based system, to generate a list of suitable products with applicable rates.

The relationship manager then uses the complete view of the customer provided by the MDM system, linked to BPM and CRM, to complete the application. The MDM system also helps obtain the complete credit history and other information required for processing. This expedites account

Integrated Solution View
opening processing time and reduces manual data entry. The completed form is automatically routed to all concerned parties through process automation, achieved via BPM. The client is able to view her current status online and provide an electronic signature.

The signed form is then sent to the operations team for final processing. Complete automation and transparency is achieved using the combination of the CRM, BPM and MDM systems working together to provide a seamless process flow.

Key Processes Leveraging the Unified Solution

From here, we will examine four critical customer management business processes.

Customer Onboarding in Retail Banking Operations

Let’s examine the customer on-boarding process for a typical retail bank (see Figure 5). The process is initiated when an application for a particular product is received at the point of sale and is terminated when the applicant is either denied or converted into a customer. Here’s how our three critical components should be applied:

- CRM receives the application, collects and captures all the necessary information, prompts the customer to choose a product and provides the welcome information and relevant collateral.

- BPM checks to see if the applicant is an existing customer, updates additional information required, gets the basic know-your-customer (KYC) checks verified, defines the eligible product and arranges for customer account creation.

- MDM supports both CRM and BPM by checking data repositories to determine whether the applicant is an existing customer and then creates or updates the customer record, assigns a customer ID and stores information on the products mapped with the customer ID.

Customer Service Request Processing

The process starts with the request reaching the customer service department and finishes when the request is completed and updated in the customer master file (see Figure 6, next page).

- CRM handles the customer service request, captures additional information for authentication and service activation, generates a service request ID, manages turnaround time and updates the customer on service status.

- BPM sends the request for authentication, determines whether fees or charges are required, sends the service request ID to operations for fulfillment and notifies the relationship manager for service completion. MDM ensures whether the customer is genuine, identifies the customer segment or group and updates the customer service portfolio.

Customer Onboarding in Retail Banking Operations

![Diagram of customer onboarding process]

Figure 5
Loyalty Management

The process begins with the identification of customers who can be offered loyalty benefits (using MDM) and terminates after communicating the loyalty reward structure to customers from CRM and updating them in the MDM customer master database (see Figure 7, next page).

- CRM communicates eligibility norms to the customer for loyalty benefits, notifies customers about their loyalty group and provides collateral and product/service offerings, based on loyalty.
- BPM maintains qualification standards, loyalty segmentation, mapping of customers within the loyalty reward structure and updating the CRM system and sales team on customer activities following loyalty structure mapping.
- MDM contains all the customer information, which it sends to BPM for segmentation, providing a 360-degree view of customers to help create customer loyalty segments, updates the customer master database with the loyalty code and loads the customer's master file with products and services made available after the customer is awarded loyalty status.

Campaign Management

The process is initiated from the data extracted at the MDM level and ends at the MDM level, again with updates made to the customer's master file (see Figure 8, next page).
- CRM runs the campaign on the selected set of customers, manages the response, interacts with customers and notifies them about new products or services.
- BPM manages and designs the campaign, transfers leads to the sales team and archives prospective leads.
- MDM provides the customer data for the campaign, obtains segmentation information, targets a set of customer data and forwards this data to analytics for monitoring and measuring of the campaign's success. MDM also updates the outcome of the campaign in terms of new products or services in the customer's master file.

Key Benefits

Processes implemented using the proposed solution will promote the re-use of data services and improve overall data quality, while providing business stakeholders with a full view of the customer, enabling the organization to serve customers better. It will also promote business process governance and ensure consistency of data in a multi-system environment. The result has the potential to drive much higher LTV with increased up-sell and cross-sell opportunities, thereby improving top-line growth.
Loyalty Management

![Diagram of Loyalty Management Process]

Figure 7

Campaign Management

![Diagram of Campaign Management Process]

Figure 8
Raising the Bar on Customer Lifetime Value

In today’s rapidly changing environment, organizations are looking for ways to remain competitive, regain traction, enter and expand into new markets and tap all available opportunities. These organizations can benefit significantly by moving from a product-centric to a customer-centric approach.

The unified business transformation solution outlined above can help organizations achieve this customer-centric view. It will help optimize and automate processes toward a “one-organization” view across all channels to achieve a more precise and intimate understanding of the customer. With the combined use of CRM, BPM and MDM, organizations can enhance their value to the customer by effectively understanding customer needs and mitigating customer issues, resulting in increased loyalty, enhanced brand reputation and greater lifetime value per customer.

Footnotes

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