Executive Summary

For decades, companies have embraced technology designed to aid them in strengthening their customer relationships. Traditionally, companies interacted with customers and managed these important relationships via customer relationship management (CRM) systems. But because a plethora of systems used in other parts of the business also contained important customer information, organizations began turning to master data management (MDM) to provide common definitions across these systems. Companies also used business analytics and business intelligence tools to unearth actionable insights about customer behavior.

However, more often than not, all of these systems — CRM, MDM and business analytics (BA) — were built and deployed in a non-integrated fashion, each aligned with one functional area and not working together in a seamless fashion. Another weakness: These systems were not designed to interact fluidly with social media channels and mobile devices, which are now escalating in influence and defining the future of work.1 Due to this fragmentation and proliferation of siloed systems, many companies turned to business process management (BPM) to automate process flows and link these systems.

The rise of BPM technology reflects a growing view that processes are instrumental in driving sustainable competitive differentiation. Distinctive business processes make one company stand out from the pack of its competitors. Differentiated processes can create efficiencies and introduce speed and agility to help organizations better adapt to the changing dynamics of the marketplace.

Further, given the growth of the digital consumer, it is critical to elevate the customer experience and reevaluate how we define customer lifetime value (CLV). This requires companies to transform their disparate IT systems into one holistic system that is process-led and merges the disciplines of CRM, MDM, business analytics and BPM.

Today, the vast majority of information about customers resides in unstructured formats (over 70%, according to some estimates); hence, the new landscape requires the incorporation of both structured and unstructured data from a variety of platforms, such as social, mobile, Web and enterprise systems. This merged IT landscape enables superior customer experience, operational effectiveness and business agility, driving competitive advantage and increased CLV.
The New Information Landscape

In the past decade, the majority of companies deployed CRM applications to further the goals of their sales, marketing and service organizations. Each of these groups used CRM tactics and campaigns, largely in a departmental manner, to further its view of the world (see Figure 1). For example, sales used sales force automation (SFA) to facilitate sales contact management, while the service group relied on its contact center as its primary customer touchpoint. Marketing employed campaign management to support new product launches.

Meanwhile, because of the wide variety of systems deployed in different functional areas throughout the organization, it became necessary to manage data and definitions at a higher level. MDM systems help provide a single and unified view of various entities, such as “customer” and “sale.” This also enables a “single view of the customer,” which has become the trusted gold standard for a customer record.

In recent years, companies have used business analytics and business intelligence tools to help segment and target customers. These applications helped organizations uncover—and capitalize upon—insights lurking in their data.

All of these technologies were useful as far as they went. But by using them in disjointed fashion, companies were often missing the opportunity to generate the global benefit to the business that comes from focusing more broadly on processes. So, BPM came into play in recent years to drive business process efficiency and differentiation (see Figure 2).

BPM enables organizations to make quick changes to processes, in order to react to market needs. For example, if a pharmaceuticals company wanted to realign its territory due to organizational change or needed to remap its sales representatives’ territories, BPM would provide a quick and agile way to make those changes.

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experience. The e-tailer made its name by aligning its processes and culture around whatever will make the customer happiest. A Zappos shopper knows she may not be getting the lowest price available on the Web. But the whole experience from start to finish — selection, whimsical interaction with customer service reps, quick free shipping, free return shipping, high-end packaging as well as quality merchandise — wins her loyalty.

Zappos’ unique attitude and culture, embedded in its processes, differentiates the company from other online retailers, and without the need to offer deep discounts that quickly erode profit margins. Charmed by Zappos’ quirkiness and superb service and product selection, the customer will likely increase her spend at Zappos. Ideally, the retail consumer’s incessant need to compare prices online is offset by the enjoyment of the Zappos experience. The company undoubtedly has work to do to restore consumer confidence in the wake of its recent security breaches, but its good will in the market may go far in shoring up trust.2

The Process-Led Information Technology Architecture

Today’s focus on business processes is driving forward-thinking companies to rewire their operations, implementing a process-led information technology architecture that combines CRM, MDM, BI/BA and BPM. The new architecture optimizes the differentiation that companies can achieve through business processes and customer experience. Forward-thinking companies are replacing their siloed systems with a new, overarching system that combines these capabilities with an emphasis on process-based transformation to boost CLV and drive lasting competitive advantage.

Combining these technologies drives additional benefits, both strategic and tactical:

- **Operational excellence**, by reducing manual intervention through process automation.
- **Agility** to adapt to business and market changes.
- **Flexibility** to rapidly innovate and create new product/service bundles.
- **Superior customer experience**, through service/product differentiation.
- **Improved customer experience**, by managing cross-channel customer interactions.

How a Process-Led Architecture Works

Every organization has a number of key business processes that touch different functional areas within its extended enterprise. A process-led IT architecture overcomes the pitfalls of siloed CRM, MDM, BI/BA and BPM, placing process above all (see Figure 3). To see how this might work, let’s consider the lead-to-closure process at a mid-size insurance company. Before the new architecture, the marketing group would plan a campaign around a new product launch.

The Process-Centric Approach

![Diagram](Figure 3)
Leads generated by the campaign would be stored in the company’s CRM system, which would funnel them accordingly, providing data for the marketing department to analyze. Then, assuming that 10 solid leads were identified, the insurer’s sales system—a separate application—comes into play. The sales manager assigns each lead to sales managers by territory.

Next, the sales representative receives the lead in his contact management system (such as Salesforce.com) and starts selling to it. Finally, there is a deal that closes the sale. At this point, finance and support get involved, possibly with their own separate applications and individual view of the process.

By contrast, under a process-led architecture, the sales, marketing and support elements of the lead-to-closure process are linked (see Figure 4). Using the process-led system, the insurer creates the entire set of tasks that occur at each step of the way, from lead to closure. Every individual involved in the process works off the same data (and the same definitions for terms such as “customer” and “deal”). If anything changes at any point during the process, the affected employee can input the new requirements or changes—once—and code changes affecting any systems will cascade out through the other constituents to the process.

Revisiting the scenario above, after 10 leads were generated from the marketing campaign, the process-led system would dynamically assign them to the right salespeople, according to territory. If one of the reps was out of the office, the system could be set up to automatically find the next appropriate person and send the lead to her. The system would also link through social channels like Twitter to alert the interested party that his request was being attended to. The merged capabilities make the process more proactive and fluid, enabling a much improved customer experience.

In this example, the leads get the attention they need early in the process, setting them up to become satisfied customers later. The process-led approach also keeps customers engaged through real-time status feeds. This company can thus make a name for itself as the one insurer with which everything flows smoothly, from start to finish. The resultant agility drives competitive advantage for the insurer.
Boosting the Productivity of Customer-Facing Employees

Customer-facing employees stand to benefit the most from implementation of a process-centric approach with merged CRM, MDM and BA/BI capabilities. Here are some examples of processes to target first:

- **Processes featuring sequential execution of a series of tasks.** These processes can be automated for the sake of efficiency and accuracy without requiring the customer service representative to remember all of the steps in sequence. Automating this type of process also reduces the training burden and helps CSRs come onboard faster, with more of their personality intact. Process examples include “know your customer” and customer surveys.

- **Processes requiring rules-based execution and dynamic work flows.** This process can incorporate complex rules through configuration, with the ability to change choices later, reducing order/application/case failures downstream. Process examples include customer onboarding, underwriting and order entry.

- **Processes that require interaction with multiple applications.** Much can be gained by automating processes that span multiple applications and human interventions in a transparent and seamless manner. Process examples include billing inquiry in a contact center and telecom order provisioning with multiple product lines.

- **Automatic process triggers based on events and business activity.** Here, a process is triggered based on events occurring in a set of applications, either simultaneously or in sequence, requiring an approval, verification or notification. Process examples include fraud detection, risk management and dynamic offer generation.

Business Process Centricity in the Real World

**Case Study: Healthcare Company**

We recently entered into a large agreement to help a major U.S.-based healthcare payer company transform its monolithic IT architecture into a more agile one, based on optimized business processes. This company needed to drive competitive differentiation and CLV. Business leaders were frustrated that they could not respond more quickly to the ever-changing needs of the fast-paced healthcare market.

The company was experiencing process-related roadblocks, including the fact that the sub-processes hidden in its siloed, vertically stacked applications were rigid and difficult to change. Meanwhile, data was scattered across the enterprise in multiple data stores, meaning there was no single view of the customer. The lack of data uniformity and accuracy gave rise to distrust in available information.

To solve this, we designed a flexible new IT architecture, combining BPM with MDM capabilities based on a service-oriented architecture (SOA) for scalability and extensibility. This new information landscape was driven by process, fueled by master data and ruled by data governance and stewardship principles. The company is in the process of implementing this architecture now.

Beyond increased agility and improved customer experience, the new architecture promises many advantages:

- Processes grouped in domain-based classifications for ease of use.
- Related processes that communicate with ease.
- Change treated as “normal” rather than disruptive.
- Data readily available in a consistent, uniform and accurate format.
- Employees view all contacts with a customer in one place – the “360-degree view.”
- Data ownership based on domain, rather than system.
- Process and data dynamically linked, enabling business agility.

**Case Study: Financial Services Organization**

We were also asked to help a retail bank that was struggling to transform itself into a more customer-centric “relationship” institution. Surveys indicated customers did not find the bank friendly or helpful. The company had been unable to offer customers the banking options they expected from a modern institution. Customer profiles varied, from users who desired the ability to perform more transactions on their mobile devices on a real-time basis, to users who wanted a single interface across the many banking instruments. Given all this, it was not surprising that the bank had experienced a high rate of customer defection. Management was very concerned about the future.
At the same time, the bank’s aging IT architecture was preventing it from delivering the features that customers desired, without which the bank could not remain competitive. Disparate sources of customer data and the lack of a unified view of customers across systems made it difficult for customer service representatives and tellers to provide excellent service. Agents lacked real-time decision-making and marketing capabilities, leading to customer frustration and missed upsell and cross-sell opportunities. The organization needed to improve its customer experience by enabling banking through smartphones, tablets and other mobile devices.

The bank was stymied in its efforts to increase its revenue per customer because there were no segment-, product- or channel-specific views that would have yielded actionable insights. In short, multiple proprietary IT systems, inflexible business processes and data inconsistency were adding up to a perilous situation.

A new IT architecture, currently being implemented, features optimized business processes and workflows in sales, marketing and service. The architecture combines CRM, MDM and BPM for increased flexibility and customer responsiveness. All personnel across functional groups will use the same customer information, speeding decision-making and responsiveness. The new architecture positions the bank to regain its competitive footing by reducing customer attrition and increasing CLV, which will signal engagement with an increasingly savvy market.

**Looking Ahead**

Companies are accustomed to deploying technology for the benefit of functions such as sales, marketing and service. They have long used CRM, MDM and BA/BI to further departmental goals, including campaign management and reduced cost of service. The advent of business process management technology promises great benefits by optimizing processes across technical and functional barriers.

The new information landscape will be defined by processes, fueled by data and managed by governance. It will also enable interaction and engagement with consumers, communities and customers (see Figure 5).

Combining CRM, MDM, business analytics and BPM collects all the elements needed to drive customer experience and, therefore, competitive advantage (see Figure 6). This is an entirely new approach that creates innovation and transformation.

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**The New Information Landscape**

![Diagram of the new information landscape](image)

- **Engagement**
  - Sales engagement
  - Service interactions
  - Marketing influence

- **Process**
  - Business process management
  - Process hubs

- **Governance**
  - Process compliance
  - Information/ data stewardship

- **Data**
  - Master data
  - Structured
  - Non-structured

- **BPM+CRM+MDM**

*Figure 5*
Enhancing Customer Experience and Increasing Lifetime Value

Systems such as CRM and MDM grew up in a non-process-centric, siloed world. Today, greater business value can be gained by designing a new system, with BPM capability supporting customer-facing interactions. Business processes provide differentiation in the market, pointing the way to competitive advantage. Over time, social and collaborative systems will play a greater role as systems of engagement that delight the customer at key moments. Process-led solutions provide the platform upon which forward-thinking companies will build greater customer engagement — and, in turn, customer lifetime value.

Footnotes
1 In our view, the future of work consists of four forces — accelerating globalization, virtualization, demographic change and cloud-powered, consumer-rooted technologies — and the systems of engagement that companies will need to enable more collaborative ways of working across their extended enterprises. For more information, please see Malcolm Frank and Geoffrey Moore, “The Future of Work: A New Approach to Productivity and Competitive Advantage,” Cognizant Technology Solutions, December 2010, http://www.cognizant.com/futureofwork/assets/whitepapers/FoW-New-Approach-TL.pdf.


About the Author
Dileep Srinivasan is a Vice President within Cognizant’s Customer Solutions Practice. He specializes in helping organizations across industries apply traditional and emerging social CRM, MDM and BPM tools to generate long-term business value. He can be reached at Dileep.Srinivasan@cognizant.com. Follow Dileep on Twitter @dileepsri.
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