



Customer Information Management with CRM

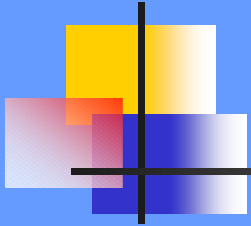
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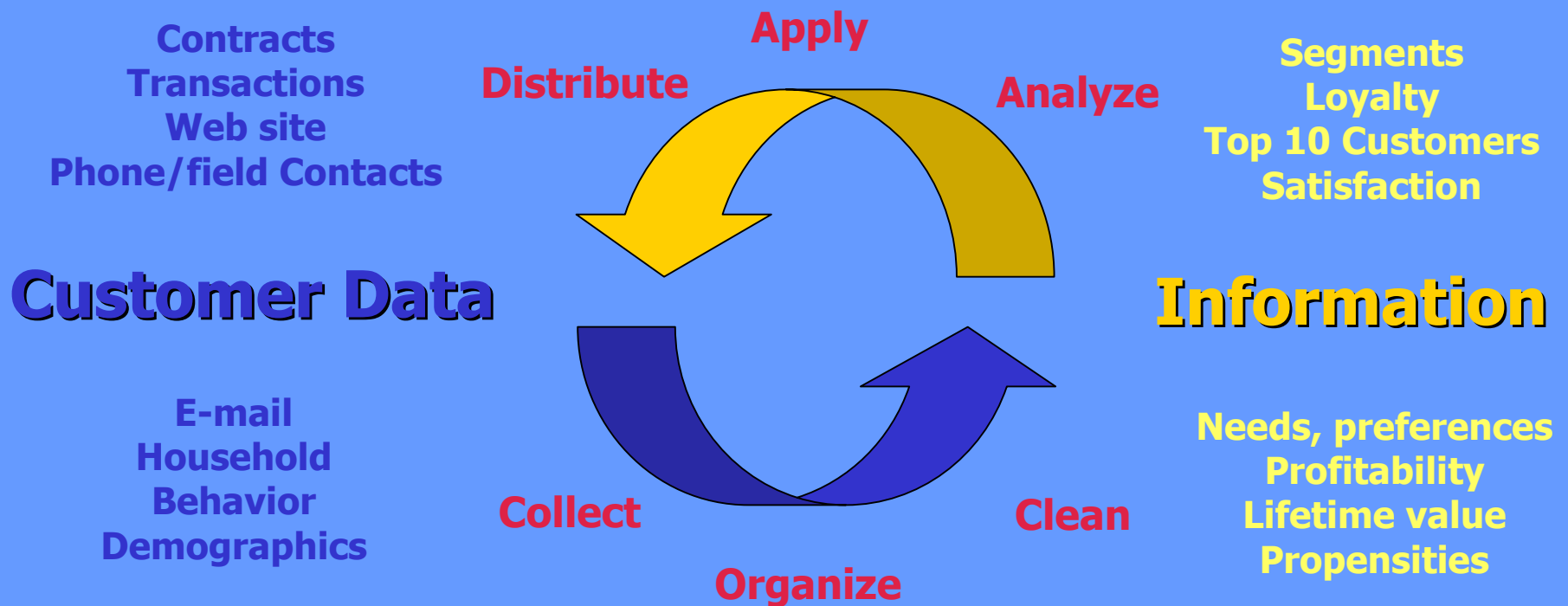
May 20, 2002

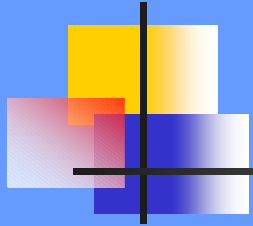
This research was made possible by the support of CISR sponsors and, in particular, CISR patron Accenture, Inc.



What is C-I-M?

Turning customer data into information and insight, for use in CRM, decision support, and other initiatives.



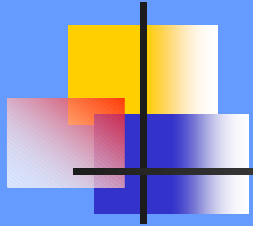


Big Ideas

Understanding your customers can significantly enhance business performance

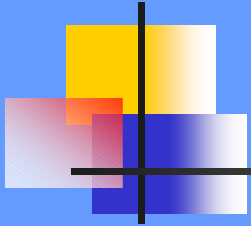
- “Retail profitability is now connected to customer insight”. *Peppers and Rogers*

... But *understanding* isn't easy... firms must tackle customer information management (CIM) challenges.



Big Ideas

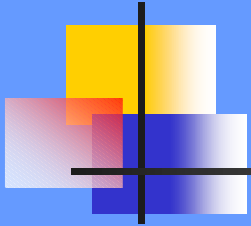
- CIM is broader than CRM.
- To manage customer information well, firms need a CIM architecture.



Agenda

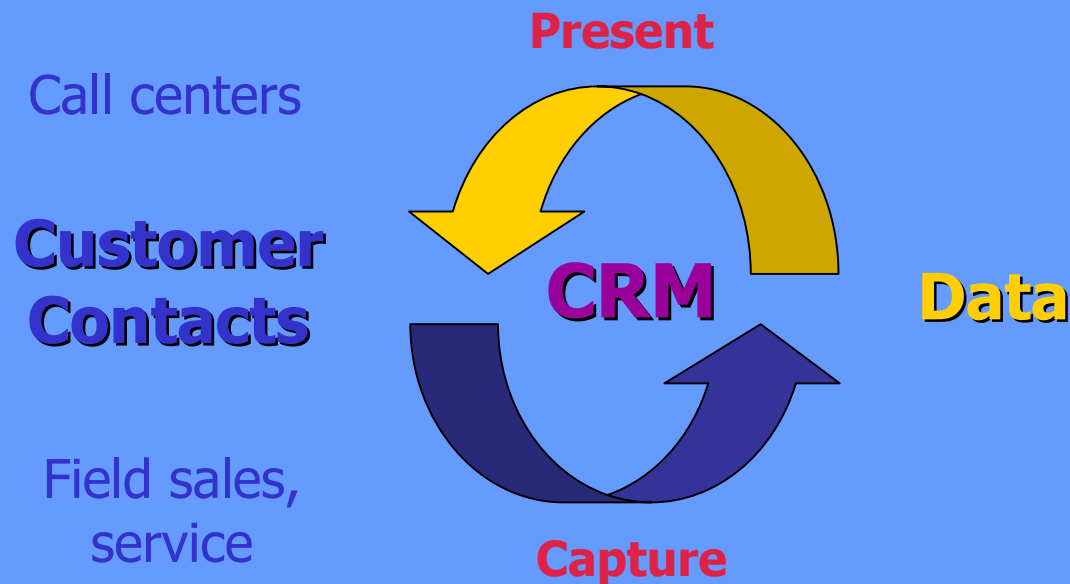
How do firms manage customer information?

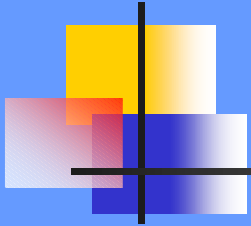
- CRM vs. C-I-M?
- Research questions and methodology
- Research findings: the state of customer information management (CIM)
- CIM wisdom and vision



CRM is about Process and Data

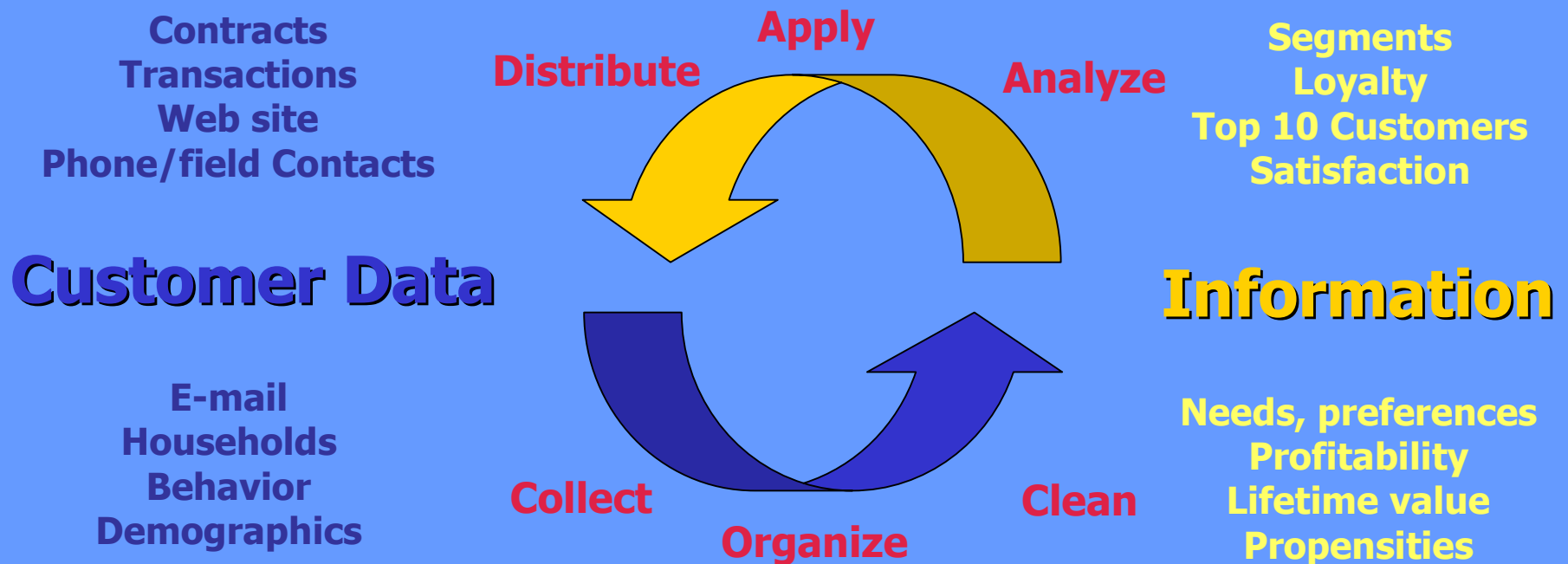
For most firms, CRM is the automation of traditional customer contact processes in sales, service, and marketing, and the capture and sharing of contact data.

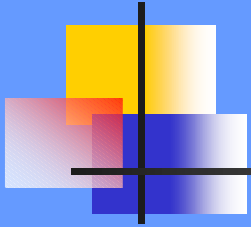




C-I-M is about the Information

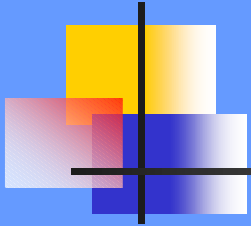
The management, analysis, application, and distribution of all customer information, for use in CRM, decision support, and other business initiatives.





Key Research Questions

- Goals of CIM?
 - Problems and opportunities with customer information today? Integration? Access? Quality? Usage? Overload?
- Is there an architecture? What is it?
- What approaches and tools are used?
 - What role does CRM software play in CIM?
- How do CIM efforts benefit the firm?
 - Which roles benefit? Management? Staff? Line?



Methodology

Qualitative interviews with 10 firms currently using or implementing CRM applications from Siebel Systems

Who: VP/Dir of CRM Solutions, Customer Info, Customer Interface

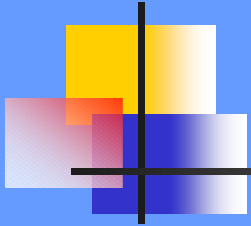
- IT counterpart: CIO or staff
- User: Business unit head or line user

Stats:

- Revenue: \$1.5 to \$50+ bill.
- # customers: 6000 to 5+ million
- CRM scope: A few call centers, to global deployment
- Time: 6 months to 3+ years

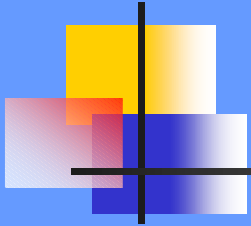
Industries: financial, software, retailing manufacturing, energy utility, call center outsourcer

Where: 8 USA, 1 Canada, 1 Europe



Research Findings

- Goals of CIM?
 - Problems and opportunities with customer information today? Integration? Access? Quality? Usage? Overload?
- What approaches and tools are used?
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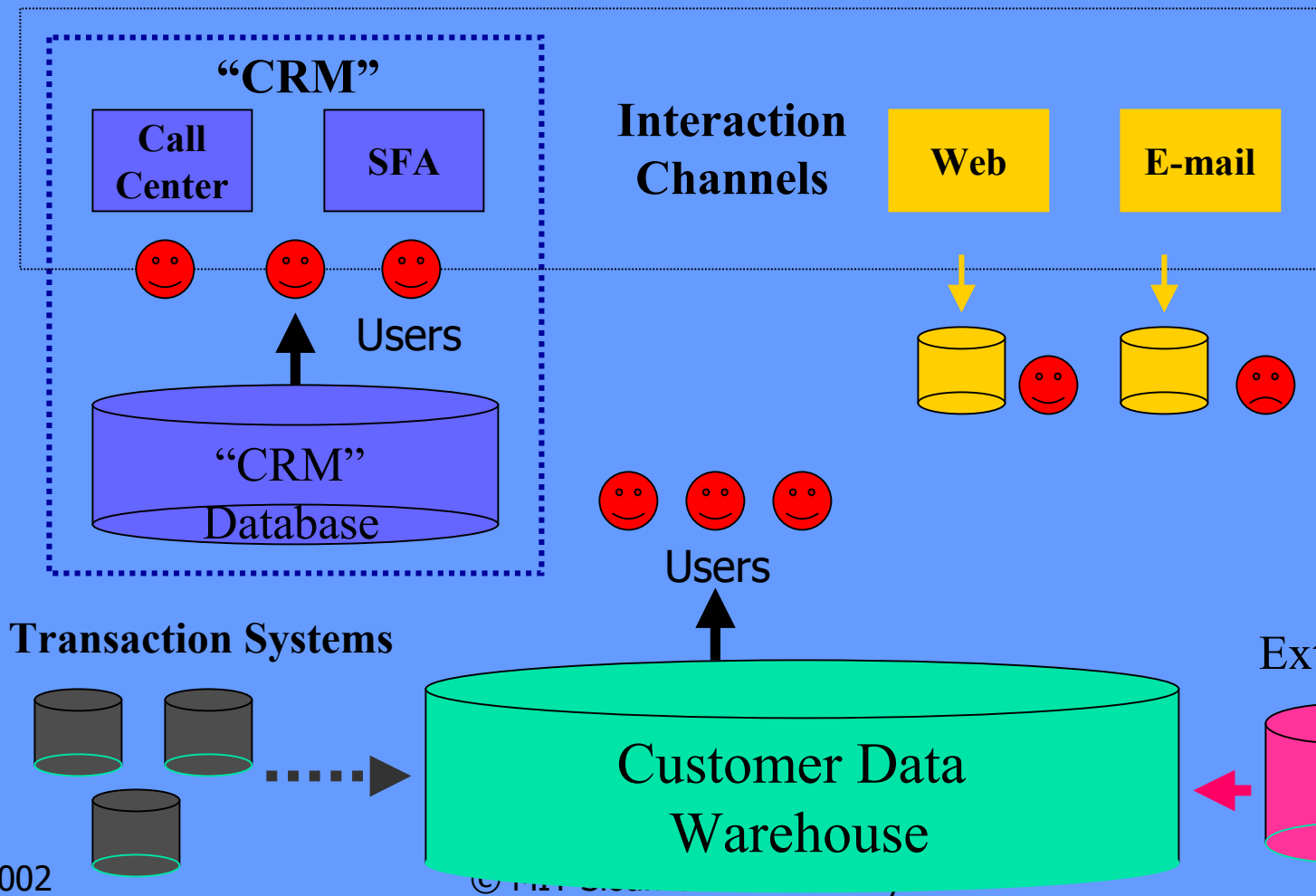


Research Findings

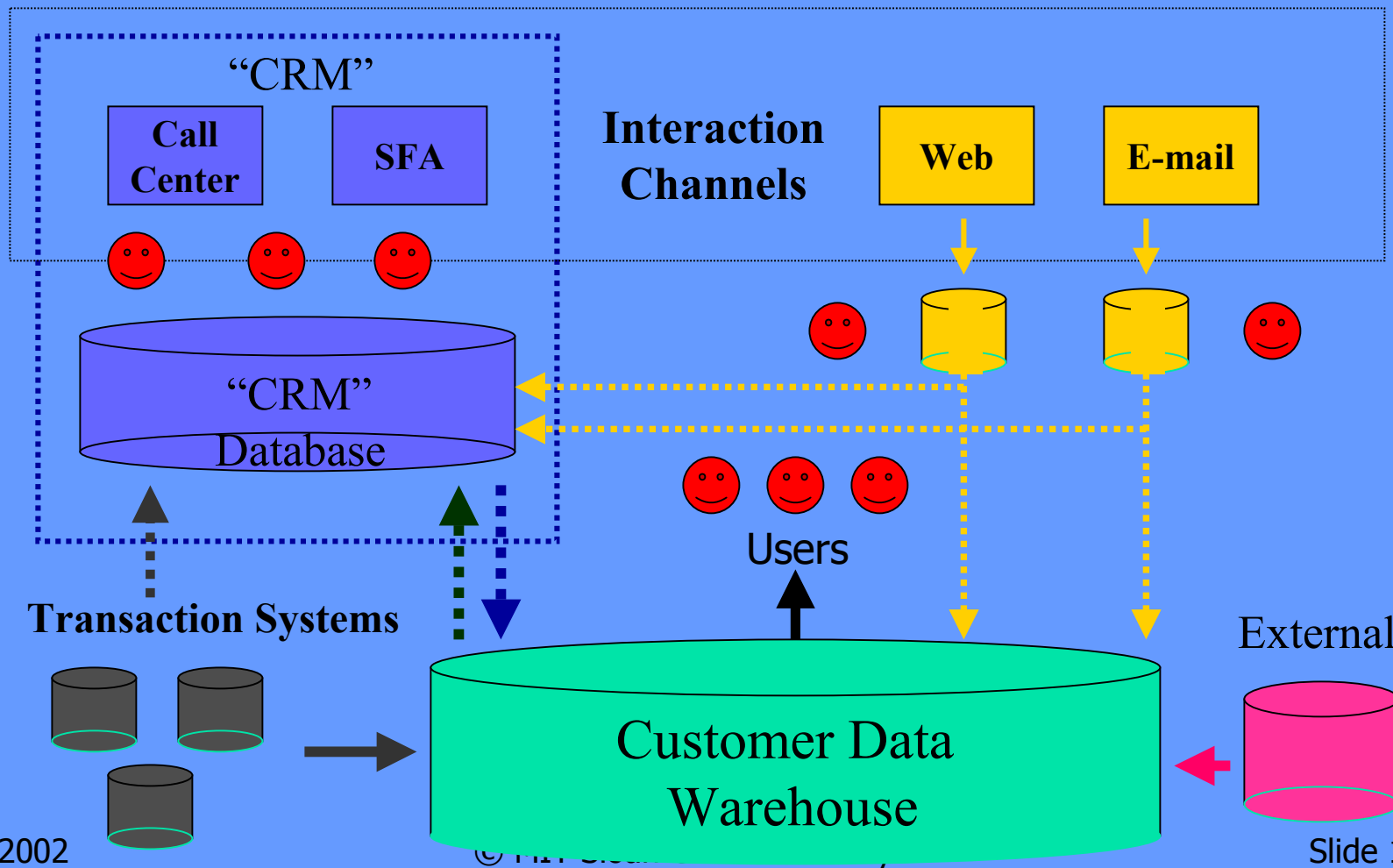
What are the goals of your CIM efforts?

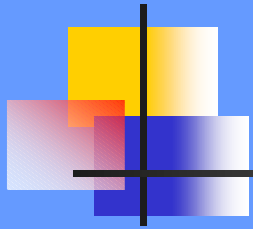
- Improve sales/marketing efficiency, effectiveness
- Better integration -- replace lots of legacy systems and customer information sources with fewer apps
- Better capture, access, and sharing of customer data, to create "customer memory"
- Management reporting -- business performance
- Become more customer-focused
- Better targeting, intelligence

Customer Data Is Fragmented



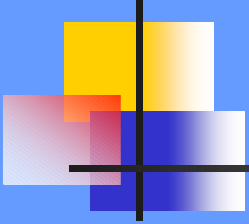
Any Integration Is Chaotic and Redundant





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How are you managing customer info? Two Camps:

Process / Data 1st (CRM):

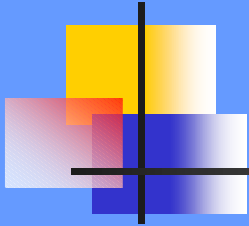
- Re-engineering business processes provides more consistent data and better access
 - Transaction history
 - Calls/E-mails/Site visits
- Information from the data will come later... almost as an afterthought

☒ CRM system is core to this approach

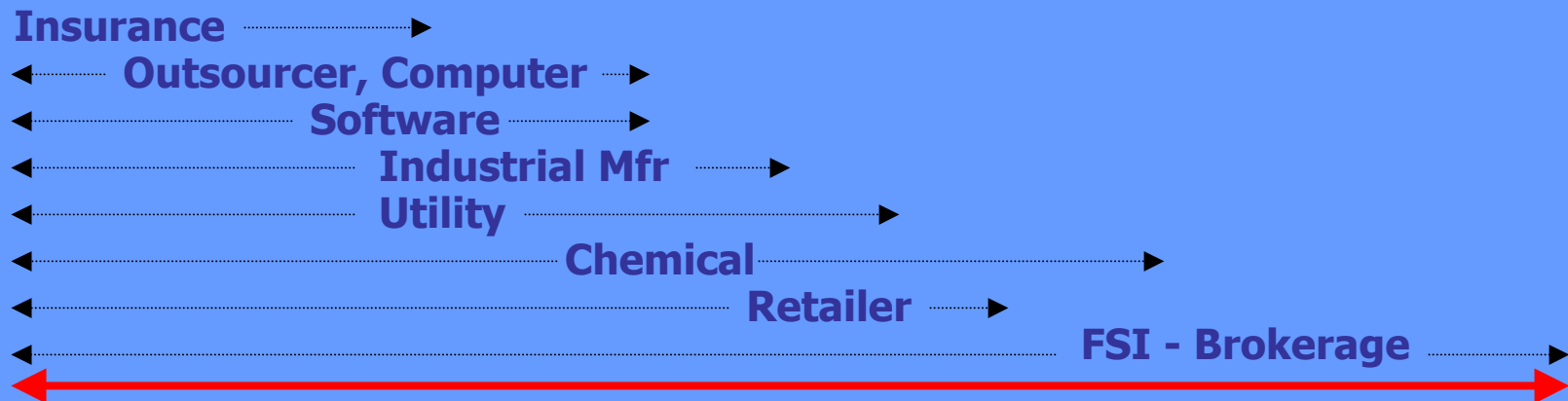
Data into Insight:

- Develop and use customer information from existing data sources, to customize, personalize contacts, and influence decisions
 - Lifetime value, profitability, propensities, segmentation
 - Targeted offers or service

☒ CRM system is just one of many tools, mostly for capture and presentation



Steps toward CIM

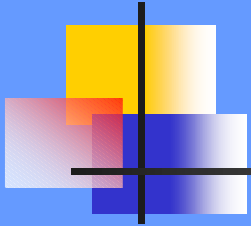


"Process / Data 1st"

- Replace legacy with CRM
- Use CRM as central clearing house for customer data
- Users get CRM data
- Payoff: Sales/service efficiency, customer satisfaction

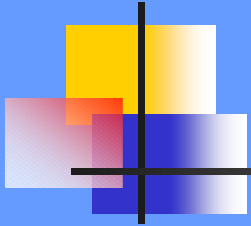
"Data into Insight"

- Take advantage of all existing data, including CRM
- Collect, organize, and analyze using data warehouses/marts
- Users get customer insight
- Payoff: Marketing effectiveness customer focus



CRM is Core to “Process First”

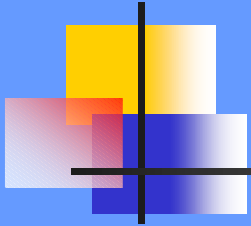
- “Our CRM app is the cornerstone of our project to pull together customer information.” *Software*
- “It’s real hard to view customer data across multiple systems. We see the CRM system as the best way to do this, that’s our vision.”
Manufacturer
- “We’re an outsourcer, so we use just about every technology out there. Our CRM software is the core of what we have.” Contact Center *Outsourcer*



Process / Data 1st

Computer manufacturer

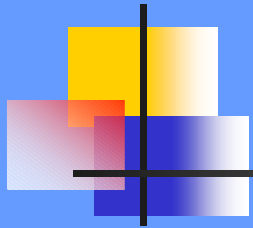
- Create central clearing house for **data** from new **processes**
 - Replace lots of legacy apps; load their **data** into the **CRM** app
- Get the new customer **database** right first, following new **process** model
- Implement **CRM** app in call centers, then field sales, service
 - 100,000 users up within 3 years, costing \$10s of millions
- Information needs addressed?
 - “We’re not thinking about information yet. That comes later.”
 - Plan to hire new CRM exec who understands customer insight
- Expected Payoff: sales efficiency, customer satisfaction



Process / Data 1st

Chemical manufacturer

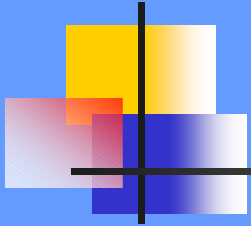
- “Our goal is to put customer memory into people’s hands.”
- ... for \$50 million, over 3 years
- But...we must start with **business process**, get it right
- The next phase will focus on getting/*using* the information
 - “Once you have the data, then you can start to mine it. We can now start to figure out new things to do with it.”
 - ? But, separate from and before their customer memory project, data warehouse and analytics have already provided managers with customer profitability, loyalty information
- Expected payoff: sales/service efficiency, customer satisfaction (payback in first year of full deployment)



Data into Insight

Retailer

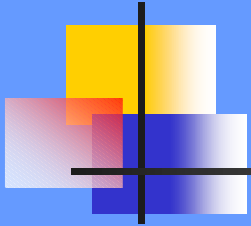
- Immediate goal: improve customer service.
 - “Our margins are shrinking; we need to be efficient *and* keep our customers.”
- Real need: use customer insight for sales effectiveness
- CRM for call center, customer service, 100s of users
 - “CRM is our front-end tool, the host of workflow automation, not the master system of record for customer data. It’s just one touchpoint where we source and deploy the data.”
- Point-of-sale data warehouse/analytics are whetting appetites
- Perceived payoff: Improved service and retention
- Problem: Lack funding to do more with the data right now



Information Approach

Financial Services

- Squeezing value from customer information already in hand
- 7-8 years and \$10's of millions to clean, organize data; built incrementally from many small, value-driven projects
- Business "owns" the data, mines/models for insights
- Use for daily targeting to each customer's unique context
 - Users see future view of potential customer value, and a path to get there with daily recommended activities
- Constant user requests for new data marts from warehouse
- CRM implemented for sales and service, 7000 users
 - "CRM is our channel delivery system. We see it as just a small part of the picture, not the system of record, not the core."
- Payoff: sales effectiveness, improved conversion rates, customer growth and retention



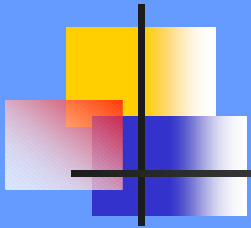
Process / Data vs. Insight

Process / Data 1st:

- "If we start out asking, 'What do we want in a customer database?', and then go build it, this approach fails. We have to go back to work processes." *Computer Manufacturer*

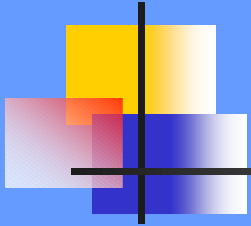
Insight

- "In our industry, you have to start with what info is needed, what value is expected. Part of the problem with many CRM implementations is they go in without really asking what information users need." *Financial Services*



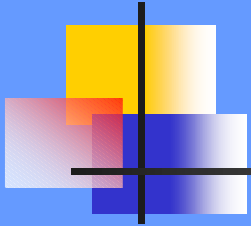
Key Questions

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Results and Impacts

- Difficult to estimate, especially in this down economy, but some metrics:
 - Financial: 15% increase in sales conversion rates
 - Chemical: 3% increase in customer loyalty, translates to \$100s million in profit (management cares)
 - Insurance: 42-month payback, 18% IRR, from customer wins, retention, and 2% productivity increase; ¾ million dollars saving for better mail accuracy – less returns
 - Financial: “Given the cost, we ask what benefits are needed to meet our hurdle rate. Based on that we get approval.”



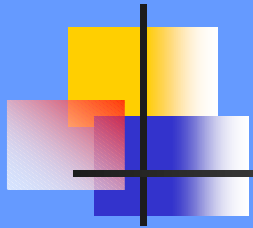
Who Benefits?

1st: Customer Operations, sales/service staff

2nd: Marketing

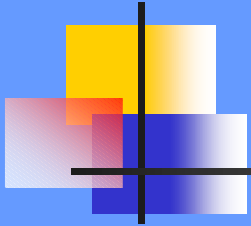
3rd (and last): Management

...the Customer??



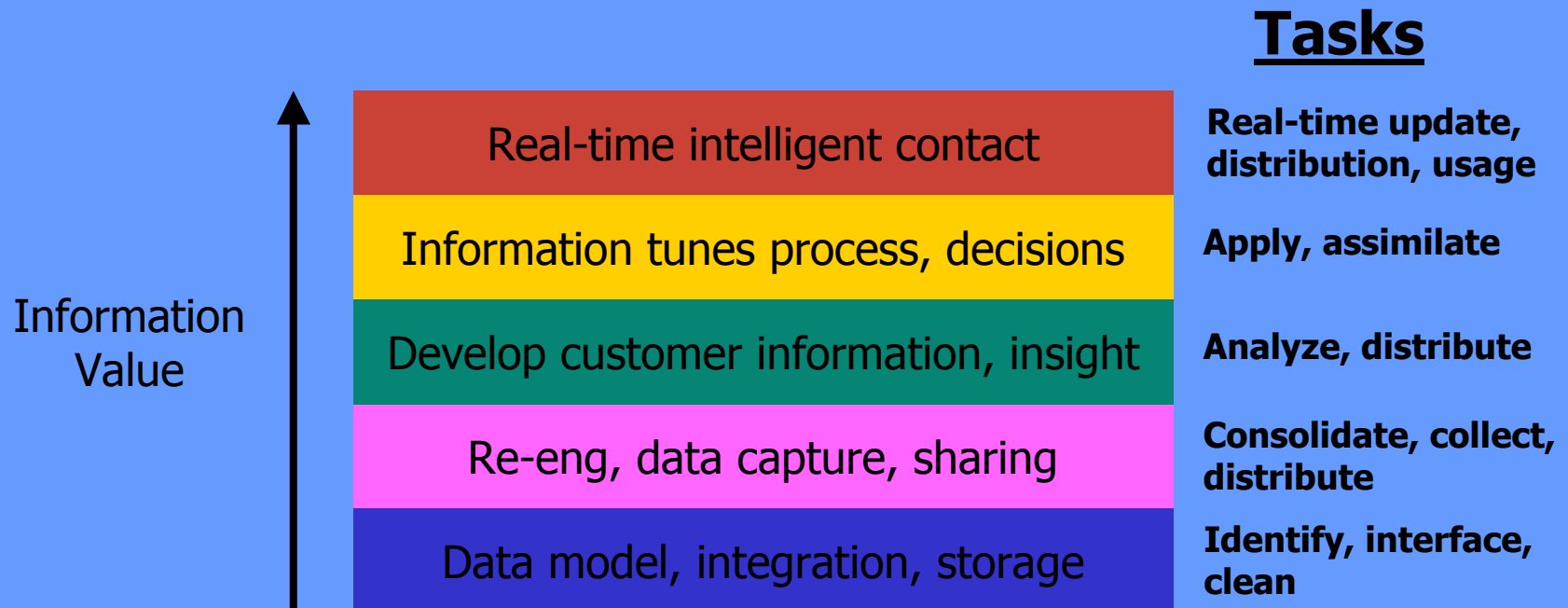
Agenda

- Research questions and methodology
- Research findings: the state of customer information management (CIM)
- Results, impacts
- **CIM wisdom and vision**

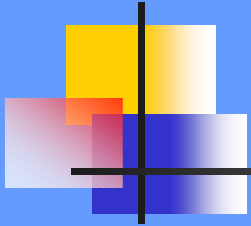


CIM Development

A progression with alternating process - insight emphasis

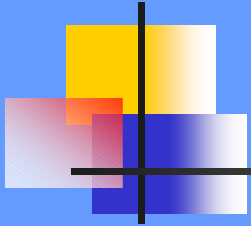


Tasks



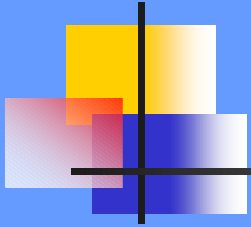
Next Steps

- “We’re more likely to extend what’s in our CRM tool than to go for something new [like a data warehouse]. In complaint management, we’ll re-engineer from six processes today to just one.” *Insurance*
- “We will do more customer profiling, build more understanding of our customers’ business, and put that into rep’s hands.” *Manufacturer*
- “We’re laying out the infrastructure for better analytics. Forget about sales trends, we want to understand each customer better and improve targeting and customize service.” *Retailer*
- We’re great in marketing, but haven’t applied information to customer service. We’re working on that now.” *Financial Services*



What have we learned about CIM?

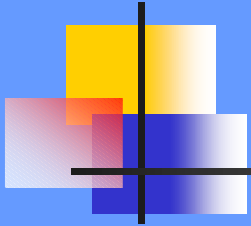
1. CIM is still fragmented, across IT (data warehouses), business units, CRM teams...but it's getting better
2. CRM software is core to CIM in "process/data" firms, but tangential to CIM in "insight" focused firms
3. Best CIM practices are "organic", constantly improving
 - Unstructured; driven by business (not IT); almost experimental
4. IT in supporting, infrastructure role in CIM: data marts, feeds
 - "It's bad if IT is driving the bus. But in absence of a leader in the businesses, we (IT) will take it to them". *Retailer*
5. Line-level operations are main beneficiary, management last
6. Getting people to change, learn to use the information, is the hardest part; newer staff are most effective users



Summarizing...

CIM is an essential business discipline:

- Insight is delivering significant business value, separate from CRM
 - Don't wait years to complete CRM, before developing and using customer insights from existing data ... start now!
 - Build CIM incrementally, with business value
- Broader than CRM
 - CIM does not require CRM, except as another data source
 - CRM is not the end-game, but a step in progression from process and data to customer insight
 - CIM needs its own architecture, not based on CRM



Thanks!

Tom Gormley

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20 years in IT-related roles:

Oracle Corp.

Oracle ERP product management,
development, alliances

Forrester Research

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