Enterprise Systems & Architecture

CRM

Customer Relationship Management (CRM)

- An enterprise wide effort to acquire and retain customers.
  - Includes a *one-to-one* relationship between a customer and a seller.

  - One simple idea "*Treat different customers differently*".

  - Helps keep profitable customers and maximizes lifetime revenue from them.
    - Identify/acquire/retain most profitable prospects
    - Acquisition is far more expensive that retention.

  - Integrating information from sales, marketing, customer service and any other service points
    - Also known as *touch points* – where the customer interacts with the organisation

- Therefore must provide analytical tools for determining *value, loyalty, profitability* of customers

    - Assist in acquiring new customers, providing better service and support to customers, customize offerings to customer preferences, provide ongoing value to retain profitable customers

CRM cycle

- CRM is a continuous process of optimising interactions with the customer and seeking new opportunities to increase sales
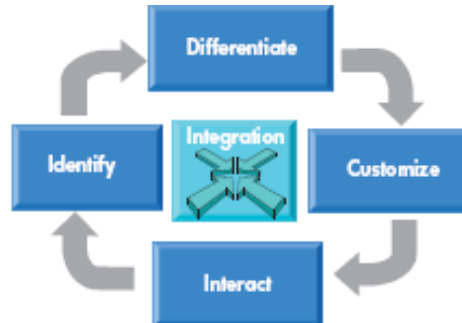

- This CRM cycle consists of 4 stages
  1. Identify customer
  2. Analyse and differentiate customer behaviour to identify propensity to buy specific products.
  3. Customise customer plan to optimise revenue
  4. Customise customer "touch points" [interaction] to optimise revenue.   3

Customer Relationship Management (CRM):
Technical requirements

- A cross-functional enterprise system that integrates and automates many of the processes in sales, marketing & customer service that interact with customers (Customer *touchpoints*)
  - These processes may be in *functional/departmental* systems; call centre; web-site
  - Therefore, CRM is similar to ERP in impact on organisation – and face similar issues related to organisational readiness

- Provides analytic capabilities to optimise the customer relationship across all touchpoints

- Ideally should be tied in with ERP or other enterprise systems within an organisation
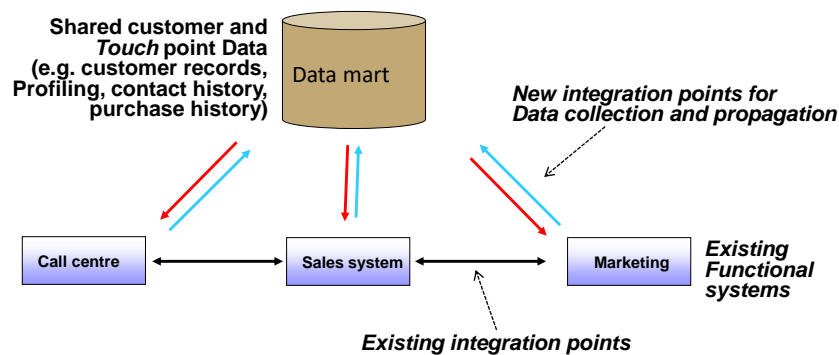
CRM architecture
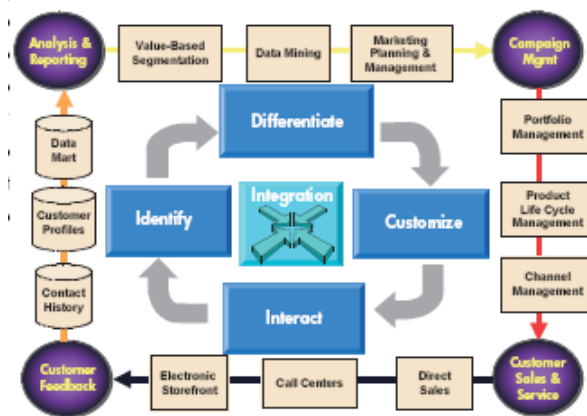
- To implement the CRM cycle requires a combination of
  - Execution steps: Using new business logic "applications that represent actual business practices" (e.g. data mining, marketing planning)
  - Propagation steps: Results are propagated to functional systems for execution (e.g. complete a sales campaign, upgrade call centre service etc)

CRM challenges

- Data model integration and synchronisation
  - CRM gathers customer touchpoint data into a single system for analysis
  - CRM should ensure *consistency* of the data across the systems

- On-going data synchronisation and propagation
  - CRM must ensure that data remains synchronised through on-going customer change (e.g. Change of address); is implemented via a data mart
  - Outputs from analysis/planning must be propagated back into individual functional/departmental systems (e.g. marketing, sales)

- Note: If a 'global' ERP has already been implemented, CRM can be more easily implemented over (with) the ERP
  - Data integration stage and data synchronisation should already be in place in the ERP
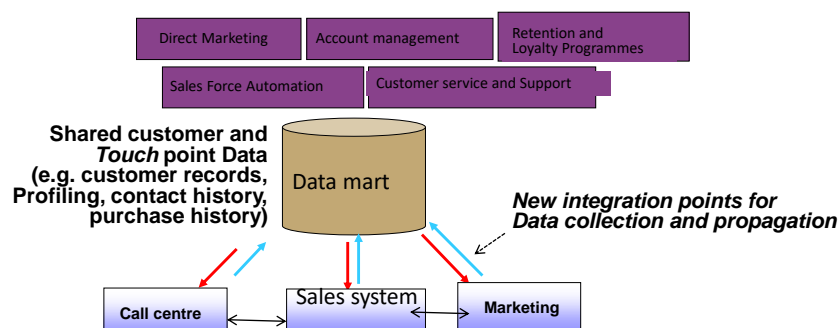
CRM Architecture: Integration

- Integration layer supports integration between data mart (subset of a data warehouse) and the existing functional systems

Shared customer and
***Touch* point Data**
(e.g. customer records,
Profiling, contact history,
purchase history)

Data mart

New integration points for
Data collection and propagation

| Call centre | Sales system | Marketing |

Existing
Functional
systems

Existing integration points

CRM Architecture: Consolidation

- New functionality, via ERP like Modules, is built using the data mart [consistent data store; convert it into one larger more efficient system]
  - Can replace functionality existing in some or all of the functional systems (e.g. A new customer support system which provides more information about the customer)
  - Can include entirely new functionality (e.g. Retention and loyalty programme)

| Direct Marketing | Account management | Retention and Loyalty Programmes |

| Sales Force Automation | Customer service and Support |

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Examples of CRM Functional Modules

- **Account Management**
  - Helps sales, marketing & service professionals
  - Capture & track data about past/planned contacts with customers/prospects

- **Sales Force Automation**
  - Provides sales reps with software tools & data they need to support & manage sales activities
  - Cross-selling is trying to sell a customer of one product with a related product
  - Up-selling is trying to sell customer a better product than they are currently seeking

Examples of CRM Functional Modules

- **Direct Marketing**
  - Help marketing professionals accomplish direct marketing campaigns by tasks such as
    - Qualifying leads for targeted marketing & scheduling & tracking direct marketing mailings

- **Retention and Loyalty Programs**
  - Try to help a company identify, reward, & market to their most loyal and profitable customers
  - Data mining tools & analytical software
  - Customer data warehouse

Examples of CRM Functional Modules

- **Customer Service and Support**
  - Provides sales reps with software tools & database access to customer database shared by sales & marketing professions
  - Helps create, assign and manage requests for service
  - Call center software routes calls to customer support agents based upon their skills and type of call
  - Help desk software provides relevant service data & suggestions for resolving problems for customer service reps helping customers with problems

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CRM Benefits

Benefits
- Single view of customer data
- Better knowledge of customers
- Better understanding of customer needs
- Knowledge retention improved

Business value of CRM

- Increased customer satisfaction
- Reduced direct marketing costs
- More effective marketing
- Lower costs for customer acquisition and retention
- Increased sales revenue
    - By identifying profitable customers and segments for focused marketing and cross-selling
- Reduced **churn rate** (number of customers who stop using or purchasing products or services)

Drawback/Risks of implementing a CRM

- Difficult and expensive implementation (similar to those of ERP) due to
    - Integration challenges
    - Business change required

- Scalability an issue due to the potential scale of data available

- No guarantee on effectiveness
    - Can be hard to prove that CRM works because CRM cannot be separated from everyday operations to assess impact

Other advantages

- **Discover New Customers**
  - CRM systems help the organisation in identifying potential customers. By keeping a track of the profiles of their existing clientele, the business can easily come up with a strategy to determine the kind of people they should target such that it returns them maximum opportunity.
  - For example, if several students in a university sign up for a particular mobile service provider, the business can come up with a strategy to target rest of the community in the university.

- **Simplify Marketing And Sales Processes**
  - CRM helps in developing better communication channels. Interactive Voice Response System, web sites, etc. have made life easy both for the organisation and also for its sales representatives.
  - It allows the business to give its customers the option of choosing how they want to communication with the business.

Case study Microsoft Ireland and Londis

- Enhancing and maintaining service levels to ADM Londis retailers necessitated wider corporate engagement in resolving customer queries, as well as to give managers the ability to view the number and status of departmental queries

- As part of a €3 million supply chain initiative to deliver improved service levels to retailers, the company decided to implement a CRM system in 2010

Case study

- Prior to the CRM implementation, the group had defined service level targets, but had been unable to accurately measure how successful it had been in terms of meeting those targets.

- The CRM system provided up to the minute views on how effectively queries were being resolved.

Case study

- After implementation service levels improved from 95% to 99% satisfaction rating

- The next phase of the CRM project will be to deliver a self service solution via the web to the retailers. This enhancement will allow retailers to log their own calls at any time of the day or night, to facilitate the needs of retailers who are under immense time pressure.

- The retailers will also be able to check the status of their query, which helps to build and maintain a close trusting relationship.