

# Customer Relationship Management

# ***CRM***

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## Customer Relationship Management

### CRM



"So, as you can see, customer satisfaction is up considerably since phasing out the complaint forms."

# *What is CRM ?*

## Customer Relationship Management

CRM عبارتست از همه چیزهایی که فروشنده آپنده درباره محصولاتش برای عرضه فکر می کند.

**“CRM is, conveniently, whatever the next salesman thinks his product delivers”**

Mac Leckie, eBizMagazine

اصلی که در پشت CRM مخفی است – شناخت مشتریان است که به 100 سال پیش بر می گردد.

**“The principle behind CRM – know your customer – dates back more than 100 years”**

Frank Hayes, Computerworld

CRM یعنی فهم ارتباط بین مزیت رقابتی های محوری از یک سازمان – محصولات کلیدی و سرویس ها- و سگمنت بازاری است که مناسب ترین هدف مقارن با آن است.

**“CRM is a means to understanding a relationship between the core competencies of an organization – the key products and services – and the segment of the marketplace that they are most appropriately targeted towards”**

Dennis Ceru, Tower Group

## Customer Relationship Management

### *General Statistics*

**The average business never hears from 96% of its unhappy customers,**

- 91% never come back
- Those people will tell a minimum of 4 other people,
- Getting a repeat customer from this group is 1 in 11,
- Dissatisfied customers may tell **9-10** people about their experience,
- For every positive they tell 4-5 people,
- For every complaint received the average business in fact has **26** customers with the similar concern,

### ارتباط چیست؟

مشتری درگ می کند که راه دوسویه ای برای تفکر و تعهد بین مشتری و عرضه کننده ، به شرح برهم کنش و فرآیند ارتباط ذیل است:

”من فقط متعلق به عرضه کننده نیستم بلکه عرضه کننده هم در مقابل برای من است“

## CRM تعریف بازار مبتنی بر (بازار ارتباطی)

بازار یابی ارتباطی دیدگاهی است مبتنی بر اثر مقابل ، ارتباط و شبکه

- Gummesson

# *Terminology*

## Customer Relationship Management

CRM	Customer Relationship Management across all channels – Call Center, Web, Wireless, Storefront, Interactive Voice Response
eCRM	Electronic CRM – CRM Across the e-channels (web, wireless) using e-business technologies (Java, etc.)
PRM	Partner (Supplier, Distributor, Reseller, Dealer) management
ERM	Enterprise (Customers, Employees, Suppliers, Partners) Relationship Management

### *A BRIEF HISTORY (2)*

- 1990s: Relationship Marketing
  - Major phenomenon: Loyalty programs.
  - Major promise: Loyalty!
  - Major result: Companies such as airlines now have an enormous incremental layer of expenses, without much to show for it
- Early 2000's: Customer Relationship Management (CRM).
  - Major phenomenon: Great promise
  - Major reality: Promise unattained.

## Customer Relationship Management

*Unified CRM view – data, information, knowledge continues to be a challenge for organizations*

Most organizations—even the largest and the most prestigious firms—cannot answer the following critical questions:

- Do all customers represent equal opportunities for profitability?
- Which ones are more service sensitive and less price sensitive?
- How are they different or similar in product preferences and needs?
- Which customers are profitable today?
- Which one has the greatest opportunity for long term value?
- Of those customers who are of high value, how much longer will they stay with you?
- What channels does each customer respond to more favorably?
- What is the next product you should offer each customer?



## Customer Relationship Management

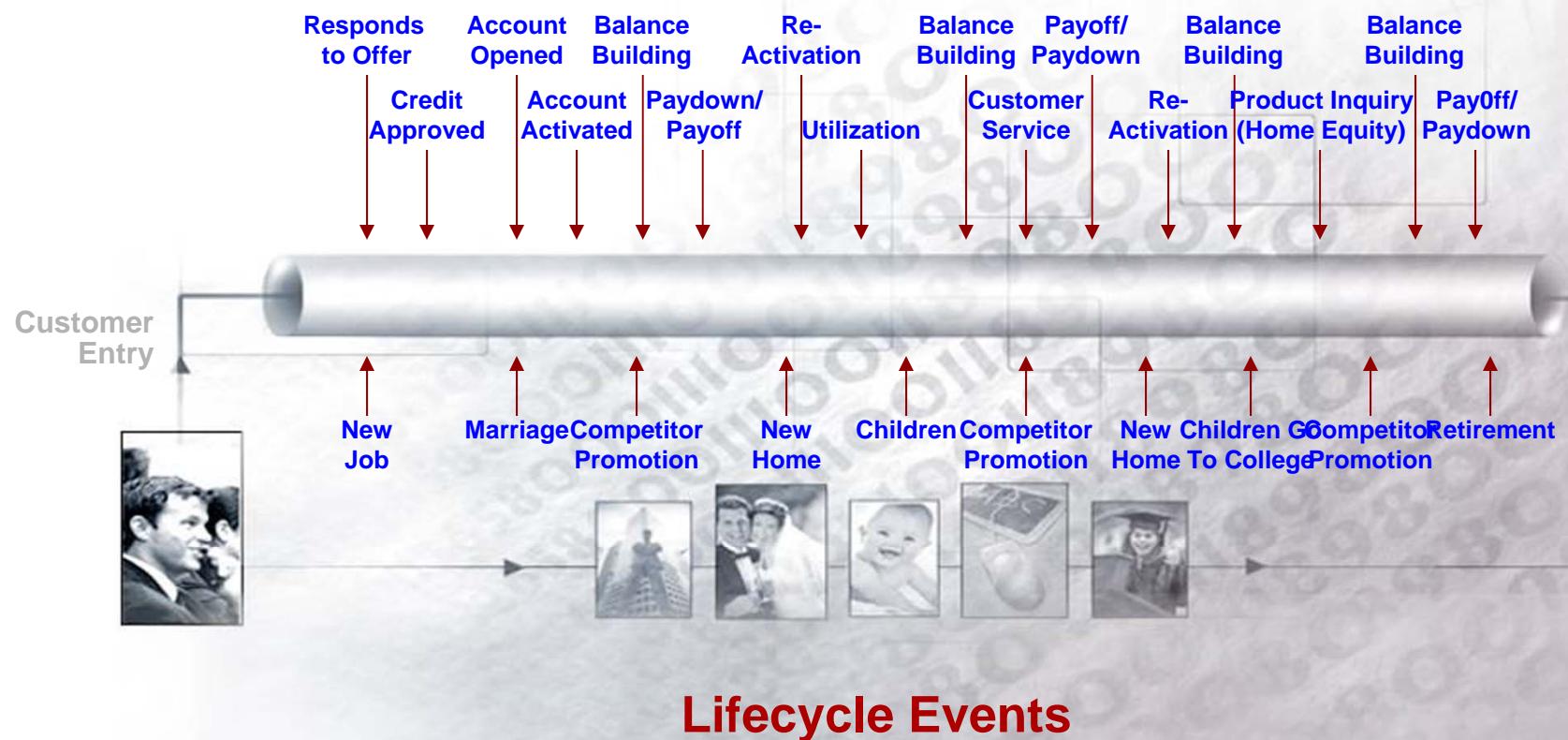
### *The Value of CRM*

- Gain more control in interaction with customers
- Manage expectations better
- Understand what customers really want
- Provide products that better serve customers
- Increase trust
- Competitive advantage

# Customer Relationship Management

مدیریت ارزش مشتری مادام العمر برای دستیابی به مزیت های استراتژیک حساتیست.

## Product Offerings



### شالوده استراتژی ارتباط

- .1. شرکت باید به عنوان یک سرویس تجاری تعریف شود.
- .2. چشم انداز فرآیندهای مدیریتی باید اختیار گردند.
- .3. همکاری با بقیه شرکا ، اتحاد و شبکه ها مورد نیازند.

### خلق ارزش

$$CPV = \text{Transaction Value} + \text{Relationship Value}$$

مشتری باید درک کند که بالاتر از ارزش هایی که کالای فیزیکی و سرویس های محوری که رد و بدل می شوند وجود ارتباط با عرضه کننده ارزش های دیگری برای او خلق می کنند که عبارتند از:

- راحتی
- احساس در کنترل بودن
- امنیت
- کمینه کردن / کنترل کردن ریسک ها و
- قیمت های کمتر و کنترل شده تر برای در ارتباط بودن با عرضه کننده (قیمت ارتباط)

### قیمت ارتباط

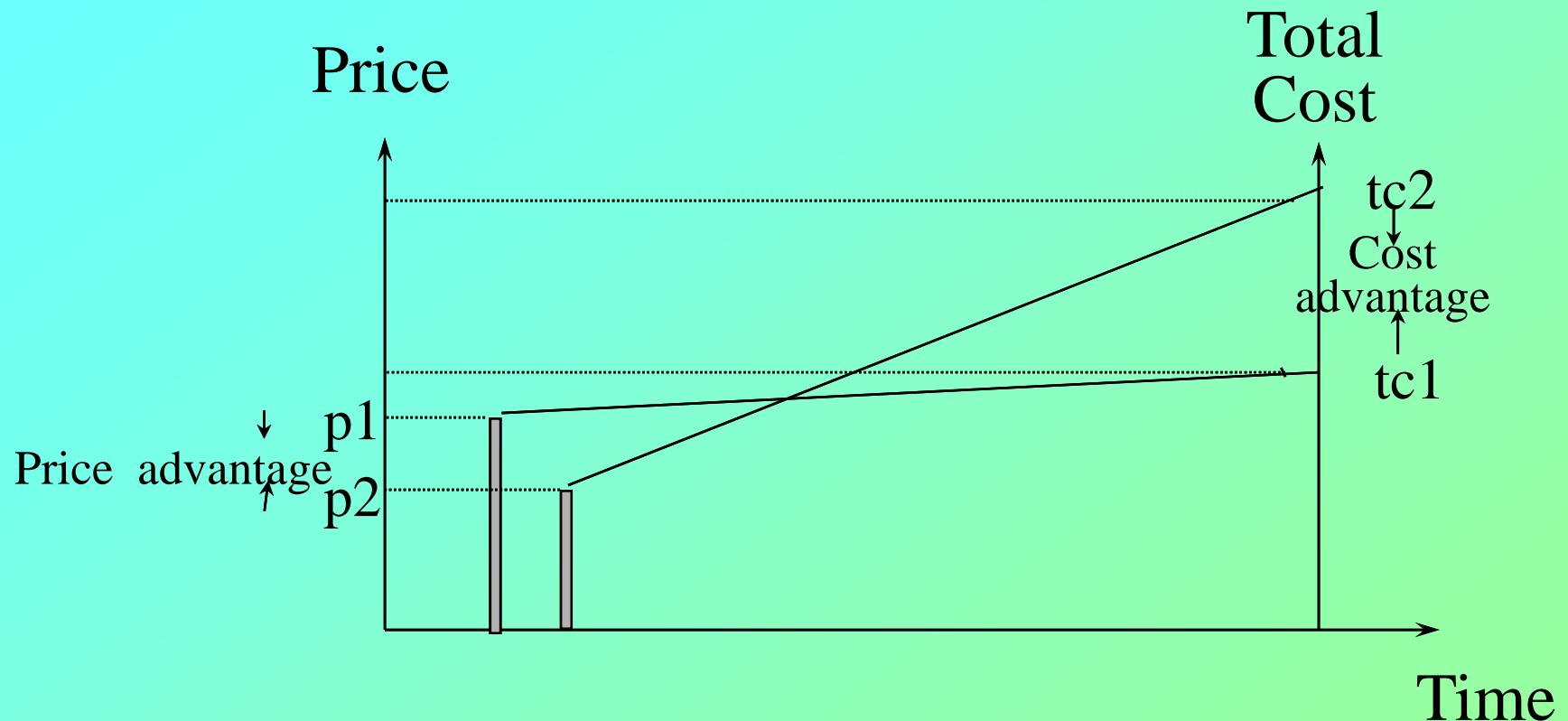
قیمت ارتباط قیمتی است که به خاطر حقیقت ارتباطی که شکل گرفته است ایجاد می شود.

1- قیمت مستقیم: قیمت سرمایه گذاری یا هزینه ای که از جیب شخص درآمده که بخاطر این ارتباط بوده.

2- قیمت غیر مستقیم: قیمتی که بخاطر مشکلاتی با محصولات ، سرویسها ، اطلاعات ، بهبود و .. ایجاد می شود.

3- قیمت روانشناسی: عدم وجود کنترل ، عدم قطعیت

## Price, Relationship Costs, and Total Costs



$(tc_1 - p_1)$  and  $(tc_2 - p_2) = \text{Relationship Costs}$

ارزش مشاهده شده توسط مشتری

CPV =

$$(1) \quad \frac{\text{Core Solution} + \text{Additional Services}}{\text{Price} + \text{Relationship Costs}}$$

$$(2) \quad \text{Core Value} +/- \text{Added Value}$$

Observe that the “Added Value” component can be negative as well.

If that is the case, which are the “Value Destructors” that damage the value of the core solution?

Conclusion: Adding Value is not a matter of offering new things for customers only, but of doing better what already exists in the customer relationship!

# *CRM.. State of the industry*

## Customer Relationship Management

- Traditionally, organizations have engaged in disparate and disconnected initiatives for customer relationship management (CRM) that cross many borders, including:
  - Functional boundaries (example: Marketing, Sales, Service)
  - Channel boundaries (example: Web, Call Center, Branch, Wireless, IVR)
  - Product boundaries (example: Checking, Savings, Brokerage, Insurance)
  - Business lines (example: Corporate, Small Business, Consumer)
- Pitfalls in a non-coordinated CRM approach:
  - High costs for marketing/customer acquisition
  - Marginal (or no) cross-selling
  - High cost of service delivery
  - Poor service/customer sat levels
  - Erosion of shareholder value

# Drivers behind a CRM approach

## Customer Relationship Management

Driver	Customer Benefits	Benefits to the Organization
<b>Channel Convergence (IVR, Web, Call Center, Branch, Personal Service)</b>	Customers use a blend of channels and expect consistent experience	Different channels represent differing cost levels (high to low: IVR, Web, Call Center, Branch, Personal Service) and allows an organization to optimize/decrease sales and service costs Decreased IT costs
<b>Relationship across product segments (PCs, Mainframes, Mid-range)</b>	Providing customers with a consistent and streamlined view across product segments makes for improved customer experience	Allows organizations to decrease customer acquisition costs, cross-selling costs, enhance brand efficiency
<b>Integrating functional boundaries (marketing, sales, service)</b>	Consistent and streamlined customer experience	Lower IT costs Lower Sales, Service and Marketing costs

Channel	Cost	Annual Growth Rate	Percentage of Incidents Handled Through These Channels Today	2002***
Telephone	\$33.00	90%	54%	13%
eMail	\$ 9.99	111%	9%	4%
Chat	\$ 7.80	N/A	<1%	4%
Message Boards	\$ 4.57	178%	<1%	2%
Knowledge Base/Web	\$ 1.17	407%	37%	87%

\*Low penetration among firms reporting

\*\*Projected

Reported by 46 responding companies providing business-to-business customer service.

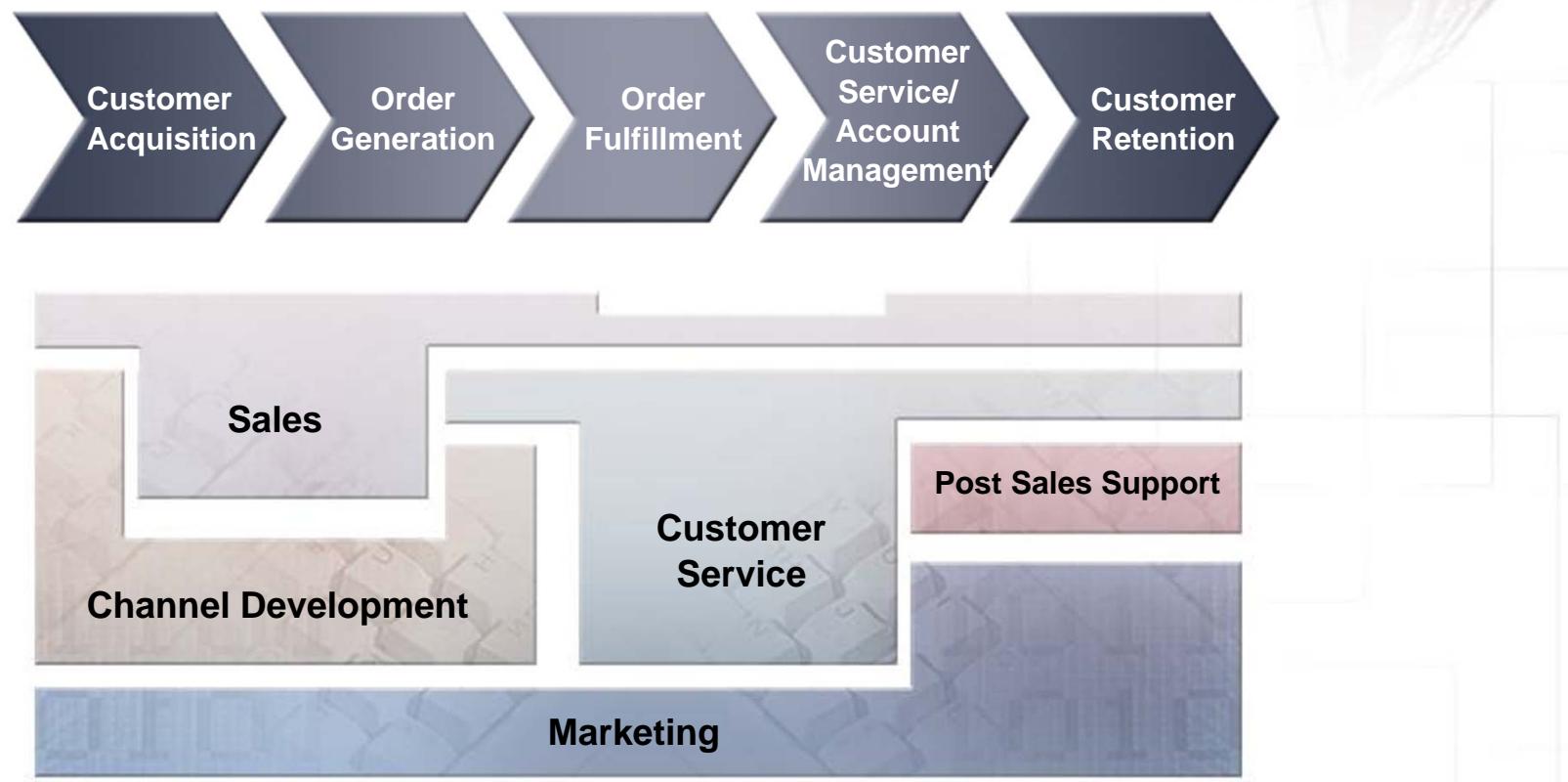
Source: Forrester Research Inc.



# *Challenges to implementing CRM - Organizational*

## Customer Relationship Management

- Organizational boundaries with different stakeholders creating different customer touchpoints

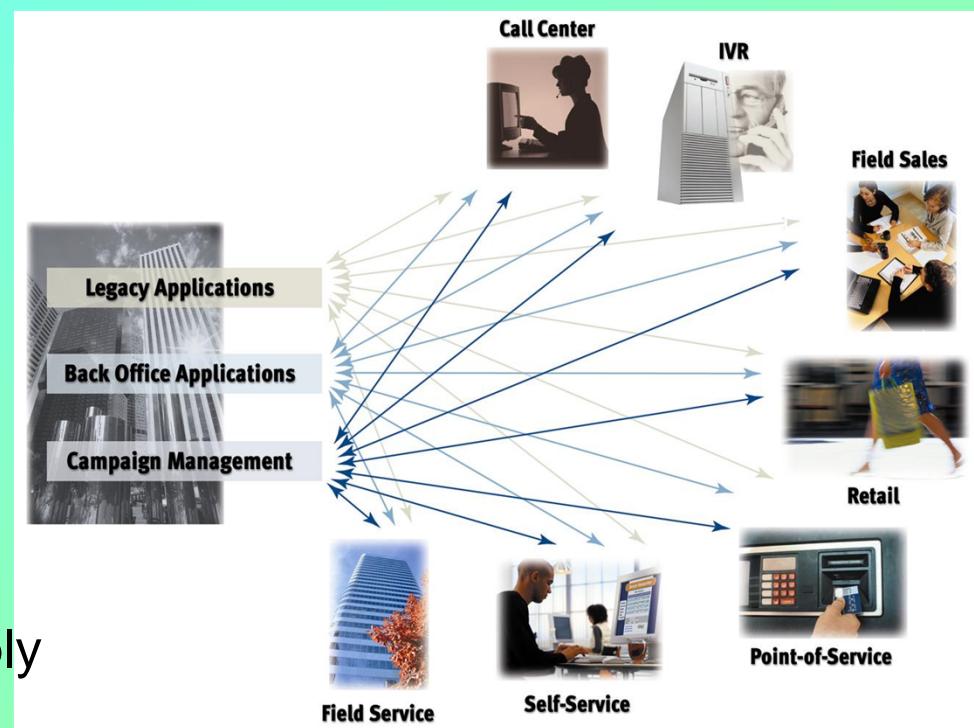


# *Challenges to implementing CRM – Technical*

## Customer Relationship Management

■ سیستم هایی که در پشتیبانی فعالیت های CRM دخیل اند عبارتند از:

- Sales contact management systems
- Marketing campaign management systems
- Call Centers
- Order entry systems
- Fulfillment systems
- Field service systems
- Shipping, Logistics, Supply Chain Systems
- ERP Systems



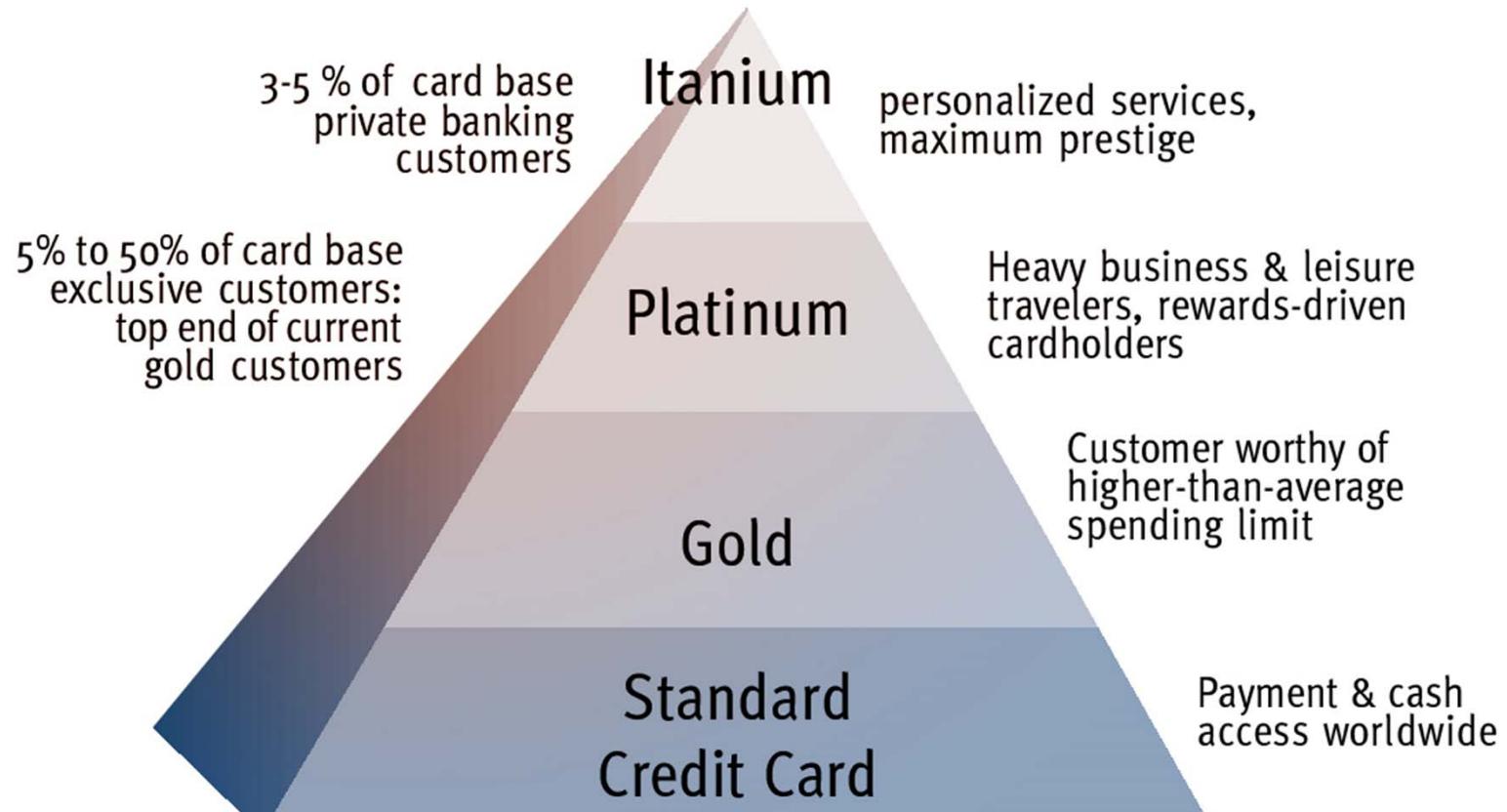
# CRM Implementation - Customer Segmentation – Financial Services Example

## Customer Relationship Management

Customer Category	Investable Assets	Risk Tolerance	Investment Goals	Technology Adaptability	Investment Style
Ultra-High Net Worth	US \$10 M+	Low	Maintenance	Low	Delegation
High Net Worth	US \$1 M-\$10 M	Medium to Low	Maintenance	Medium	Delegation/Validation
Mass Affluent	US \$100,000-\$1 M	High to Medium	Accumulation and Maintenance	High	Self-directed/Validation
Mass Market	< \$100,000	High	Accumulation	High	Self-directed

# *CRM Implementation - Customer Segmentation – Credit Card Example*

## Customer Relationship Management

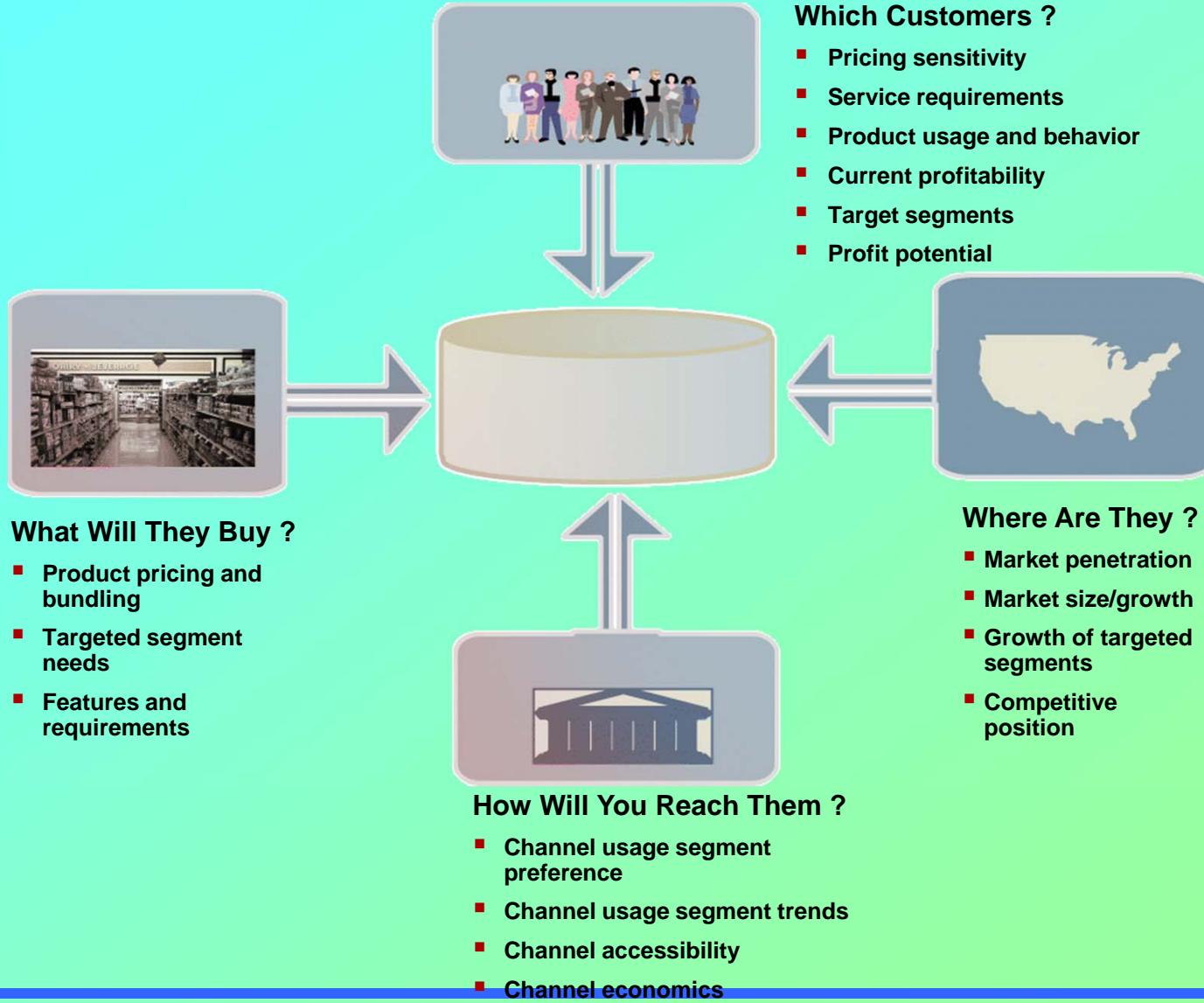


# CRM Implementation – Root Cause Analysis Management

TYPICAL SYMPTOMS	ROOT CAUSES
<p>“They gave me a dozen phone numbers but no idea of which one to call when.”</p> <p>“They never listen to my feedback or ideas – even though I am the one buying the product.”</p>	<p><b>PROCESS</b></p> <ul style="list-style-type: none"><li>▪ Poor processes limit collaboration—within the organization and among partners</li><li>▪ Inability to integrate information from different points in the demand chain</li></ul>
<p>“I waste too much time repeating myself to different people before I find someone who knows the answer.”</p> <p>“No one knows anything about me and what I bought —what do they keep track of in those million-dollar computers.”</p>	<p><b>ORGANIZATION</b></p> <ul style="list-style-type: none"><li>▪ Product orientation overriding customer orientation (too many demand chains)</li><li>▪ Functional silos reduce information transparency —separating links in the demand chain</li></ul>
<p>“I have been giving them a lot of business for over 15 years—but I still get treated like everyone else.”</p> <p>“It takes them forever to figure out pricing for my custom work and my specific requests.”</p>	<p><b>ORGANIZATION</b></p> <ul style="list-style-type: none"><li>▪ Lack of well-defined service policies—for differentiating customers and managing them appropriately</li><li>▪ Measurements and rewards that create conflicting behavior in different parts of the demand chain</li></ul>
<p>“They always tell me that the system is down.”</p> <p>“Their web site is good for information—but I can’t use it to purchase, track orders or get service.”</p> <p>“My eMails never get answered.”</p> <p>“The prices I get on the web are different than what the call center agent is quoting me and the agent cannot explain the difference.”</p>	<p><b>TECHNOLOGY</b></p> <ul style="list-style-type: none"><li>▪ Poor technology choices—leading to systems that are ineffective, take too long to implement, cannot integrate and cannot scale</li><li>▪ Manual interfaces with partners, which limit information transparency, customer responsiveness and speed</li></ul>

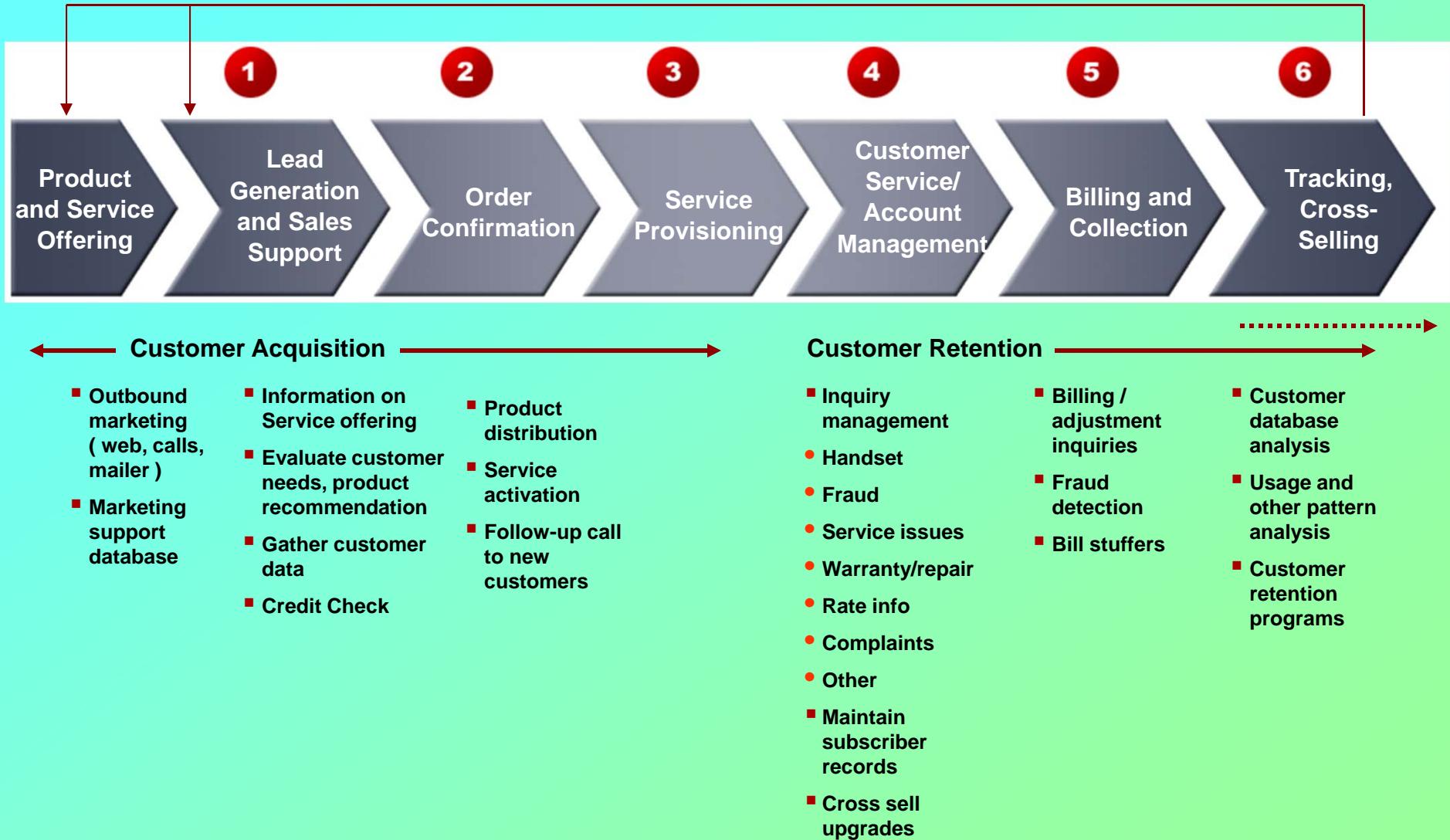
# CRM Implementation -- Developing a Strategic Framework

## Customer Relationship Management



# CRM Implementation -- Mapping Process Across Functions to develop re-engineered approaches

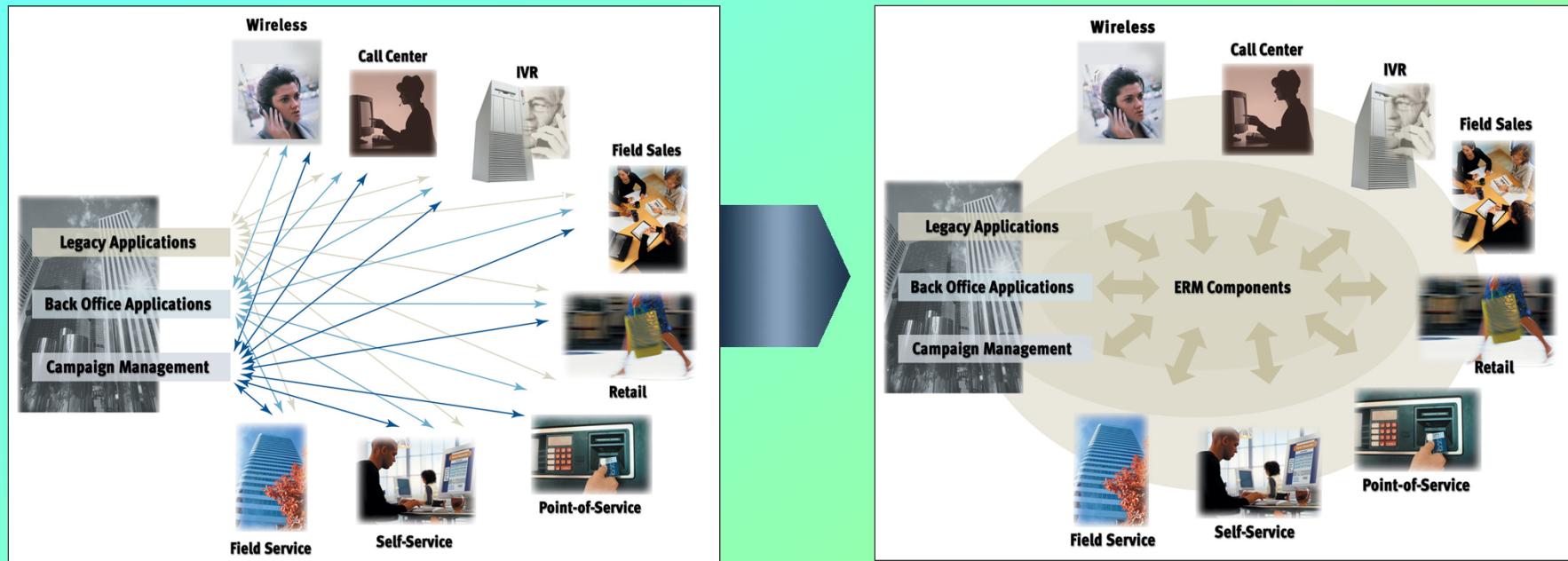
## Customer Relationship Management



# CRM Implementation – Technical Goal

## Customer Relationship Management

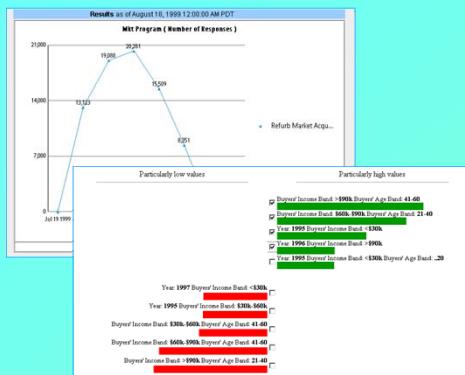
- Develop common CRM components (data, processes, business rules) that can:
  - *Span multiple channels*
  - *Spans multiple product lines*
  - *Spans Marketing, Sales, Service*
  - *Leverages legacy systems and back office investments*



# CRM Approaches - Marketing

## Customer Relationship Management

An **integrated solution** for analyzing customers



Planning **multi-channel campaigns and customer conversations**



Executing coordinated **outbound and inbound campaigns across multiple touchpoints**



Real-time decisioning  
Customer information management  
Conversational marketing  
Resource optimization

# *CRM Solution Benefits – Customer Service*

## Customer Relationship Management

A **Web-based solution** for agent-assisted and self-service ...



Driven by **flexible business processes** ...



With **real-time insight** and personalized recommendations ...



And **consistent treatment** across all touch points.

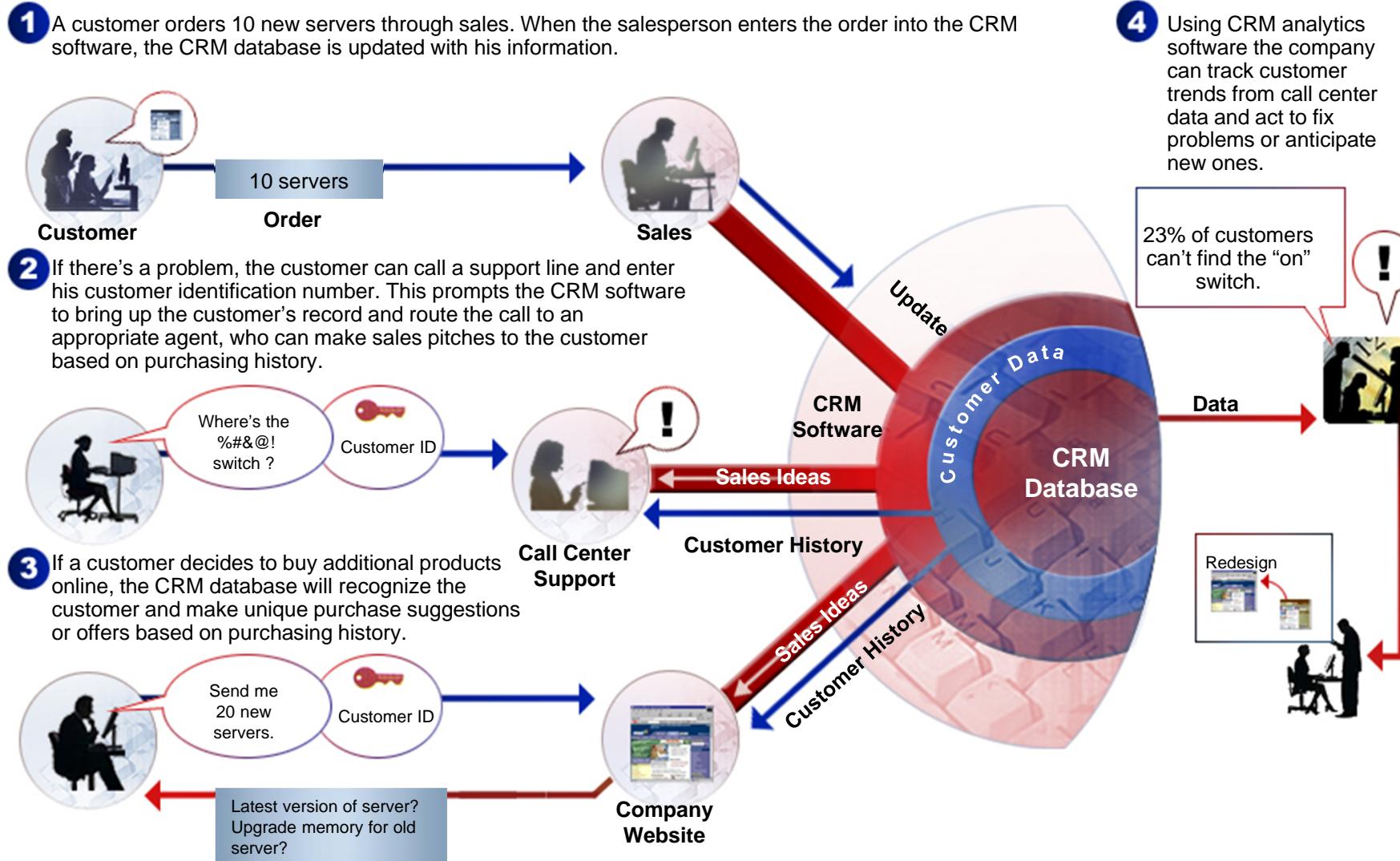


Integrated multi-channel  
Web self-service portal  
Enterprise-wide knowledge base  
Automated cross-sell/up-sell offers



# CRM in Action

## Customer Relationship Management



# *Implementation Methodology*

## Customer Relationship Management



**Project Estimate**

+/- 30%

+/- 20%

+/- 10%

### eBRIDGE – Distinguishing Aspects

- Standards Based (Rational Unified Process)
- Phased – no single phase longer than 6 months
- Value/ROI driven
- Risk mitigation approaches at every step
- Developed in partnership with key stakeholders

Phase 2

Phase 3

## Customer Relationship Management

*Information Regarding Your Customers...*

## Customer Relationship Management

### *Do Not Call Regulation*

If your client is on the Do Not Call Registry

- If you have done business, you can call for up to 18 months
- If they only called, you can call them for up to 3 months
- Fine can be up to \$11,000 per incident

## Customer Relationship Management

### *General Statistics...*

- Of the customers who register a complaint, as many as **70%** will do business again with your organization if the complaint is resolved effectively,
  - ◆ *This figure goes up to 95% if the complaint has been resolved quickly,*
- 40% of complaints are the result from customer mistakes or incorrect expectations,
- A complaint that is handled efficiently is actually better than no complaint at all,
  - ◆ *Customers who complain and get satisfactory results are 8% more loyal than if no complaint at all,*

## **Customer Relationship Management**

# ***Why customers quit-how to win customers and keep them for life***

- 1% die
- 3% move away
- 5% develop other friendships
- 9% leave for competitive reasons
- 14% are dissatisfied
- 68% quit because of an attitude of indifference

### *Vacation Rental from NAR*

**There are 7 million vacation rental homes in the US.**

- 84% of second homeowners never rent their property.
- This makes up 15% of the market
- The average age of a second homebuyer is 47 years old.
- While the median age of all existing second homeowners is 61.
- Existing owners have held their property for a median of nine years. .
- The median distance from the owners' primary residence and the vacation rental home is 185 miles.
  - a. *1/3 are more than 500 miles,*
  - b. *1/3 are less than 100 miles.*

### *Vacation Rental from NAR*

**This is important information on where you should be marketing too**

- For rental and sales-as most purchasers of second homes
- Will first rent and then move into a sale.

Every company should be able to do there own profile and get this information.

## Customer Relationship Management

### *Harrah's CRM Initiative*

#### Goals

- Move from a stand-alone operations to one unified company
- Encourage customers to spend a larger portion of what they spend directly with Harrah's
- Encourage unified brand spending

## Customer Relationship Management

### *Harrah's Data Analysis*

- 1997 a loyalty program was initiated
- Data is gathered at all points of sale
- 1998 they started mining and analyzing the data they found:
  - *A Harrah's customer only spent 36% of gaming dollars with them*
  - *26% of their customers produced 82% of revenue*
  - *"Best" customers were NOT the high rollers*
  - *They are slot playing middle aged folks, retired teachers, bankers and doctors with time and discretionary income*
  - *They often did not stay at the hotel, but visited in the evening to game*
  - *The reason that they visited was the anticipation and excitement*

## Customer Relationship Management

### *Harrah's Plan*

- Decided to consolidate strategy around the choice customers
- Changed marketing message to focus on the excitement of gaming
- Used quantitative models to determine the lifetime value of the customer
- A happy customer will increase spending by 24%/year
- An unhappy customer decreases spending by 10%
- Increased cross-market play from 13% in 1997 to 23% in 2000

# **Customer Relationship Management**

*Customer Relationship Management  
Through Data Mining*

- Introduction to Customer Relationship Management (CRM)
- Introduction to Data Mining
- Data Mining Software
- Churn Modeling
- Acquisition and Cross Sell Modeling

## Customer Relationship Management

### *Relationship Marketing*

- Relationship Marketing is a Process
  - *communicating with your customers*
  - *listening to their responses*
- Companies take actions
  - *marketing campaigns*
  - *new products*
  - *new channels*
  - *new packaging*

## Customer Relationship Management

### *Relationship Marketing -- continued*

- Customers and prospects respond
  - *most common response is no response*
- This results in a cycle
  - *data is generated*
  - *opportunities to learn from the data and improve the process emerge*

## Customer Relationship Management

### *The Move Towards Relationship Management*

- E-commerce companies want to customize the user experience
- Supermarkets want to be infomediaries
- Credit card companies want to recommend good restaurants and hotels in new cities
- Phone companies want to know your friends and family
- Bottom line: Companies want to be in the business of serving customers rather than merely selling products

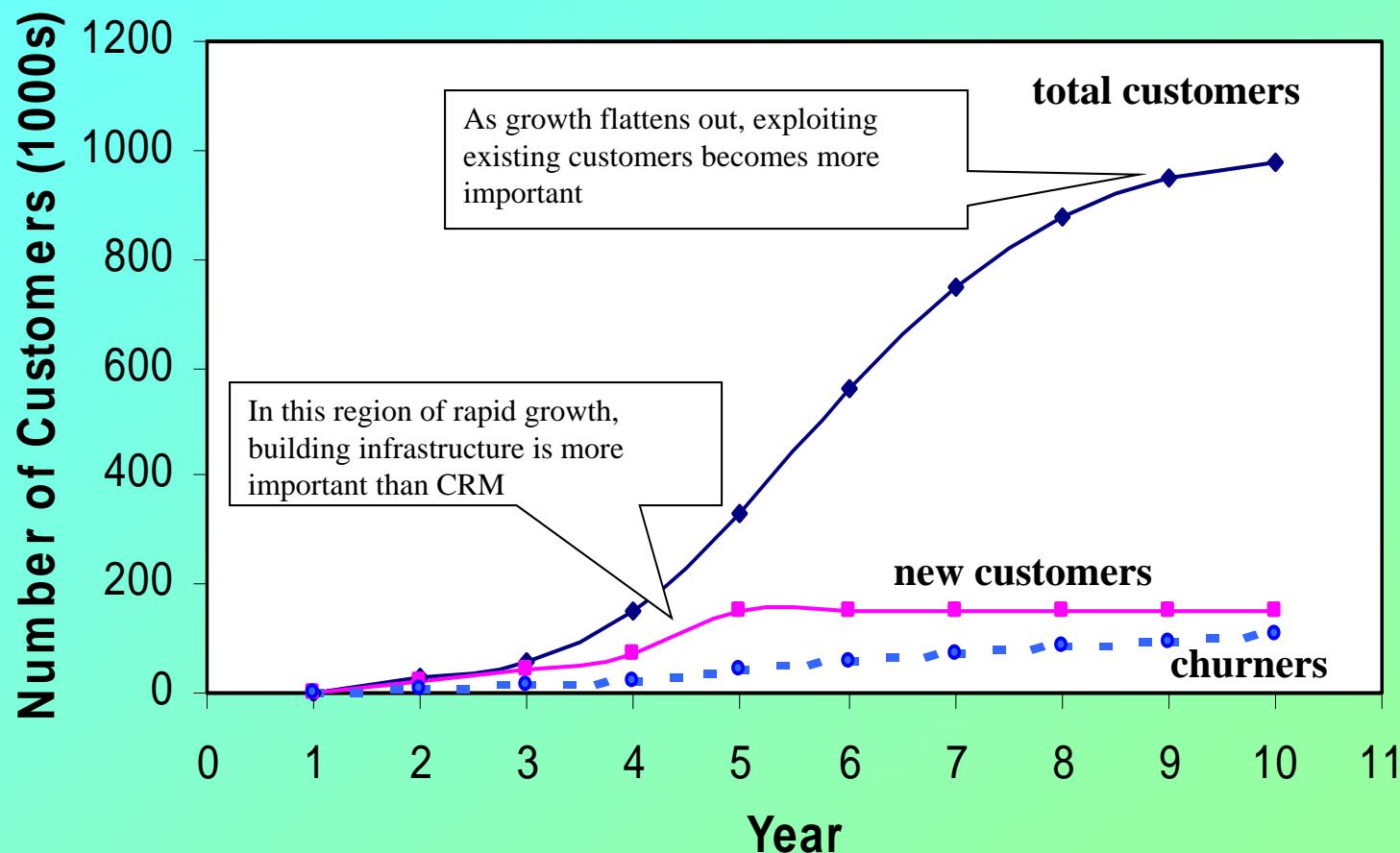
## Customer Relationship Management

### *CRM is Revolutionary*

- Grocery stores have been in the business of stocking shelves
- Banks have been in the business of managing the spread between money borrowed and money lent
- Insurance companies have been in the business of managing loss ratios
- Telecoms have been in the business of completing telephone calls
- Key point: More companies are beginning to view customers as their primary asset

*Why Now ?*

### Representative Growth in a Maturing Market



## Customer Relationship Management

### *Customer Actions Taken After Site Unresponsiveness*

Action	Percent
■ Shopped elsewhere	74%
■ Sent another e-mail	45
■ Called a store representative	32
■ Other	8
■ Asked elsewhere, bought at store	3

Source: Apr. 2000 Jupiter Media Metrix

### *Who provides CRM?*

- Traditional giants such as IBM, Oracle and PeopleSoft
- Siebel Systems, which now has a 21% share of the CRM market
- E.piphany
- e-mail specialist Kana Communications, NetGenesis
- instant chat provider LivePerson.com, Broadbase, Quintus and Firepond
- plus many others.

### *Acquisition cost*

<b>Quarter</b>	<b>Average Customer Acquisition Cost</b>
■ Q3 1999	\$35
■ Q4 1999	\$71
■ Q1 2000	\$45**
■ Q2 2000	\$40

Source: Aug. 2000 Boston Consulting Group/shop.org

\*\* Shift from expensive TV advertising to more economical online campaigns

## Customer Relationship Management

### *direct customer interaction*

Jupiter reports that

- 76% of respondents say e-mail is an indispensable part of customer service.
- a listed phone number (65%) and
- a FAQ section (53%).

But those e-mails must be answered promptly.

## Customer Relationship Management

- That's why IDC believes the worldwide market for CRM products and services will explode to \$125 billion by 2004, from \$34 billion last year.
- This summer, the Federal Trade Commission fined Toysrus.com, Macys.com and five other online retailers \$1.5 million for making promises they couldn't keep during the 1999 holiday season.

## Customer Relationship Management

	<i>Expectations</i>	<i>Results</i>
■ Within 1 hr	15%	8%
■ 1-6 hrs	40%	12%
■ 2hrs and 1 week	50%	51%
■ More than 1 week	0%	29%

Source: Jun. 2000 Jupiter Media Metrix

## Customer Relationship Management

### *customer retention*

- The average online marketer needs **three** purchases to break even after acquiring a new customer, according to the survey.

### *Evolution of Information Requirements*

*Materials Requirements Planning*

(*MRP*)



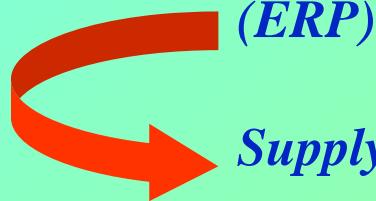
*Manufacturing Resource Planning*

(*MRP II*)



*Enterprise Resource Planning*

(*ERP*)



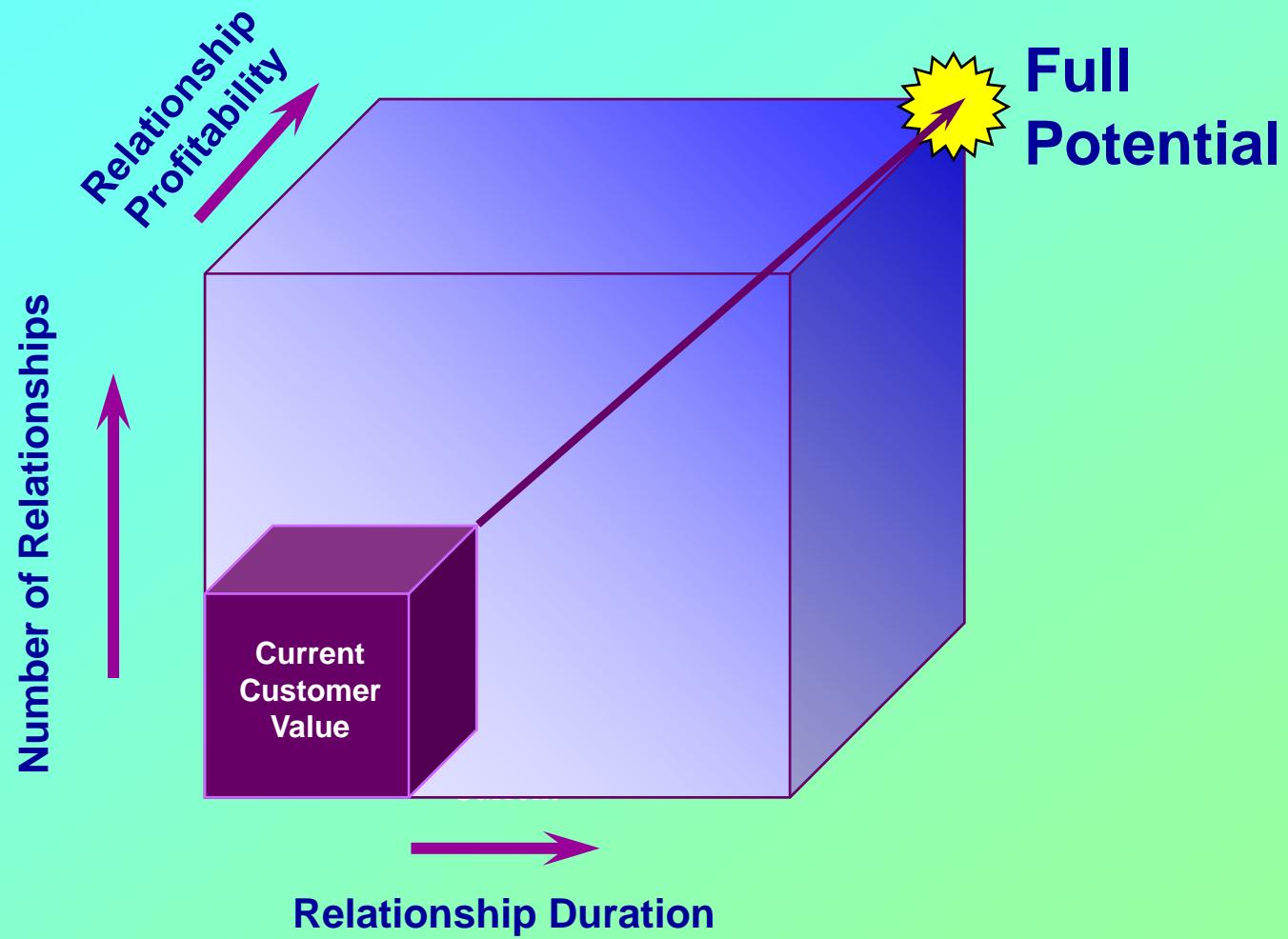
*Supply Chain Management*

(*SCM*)



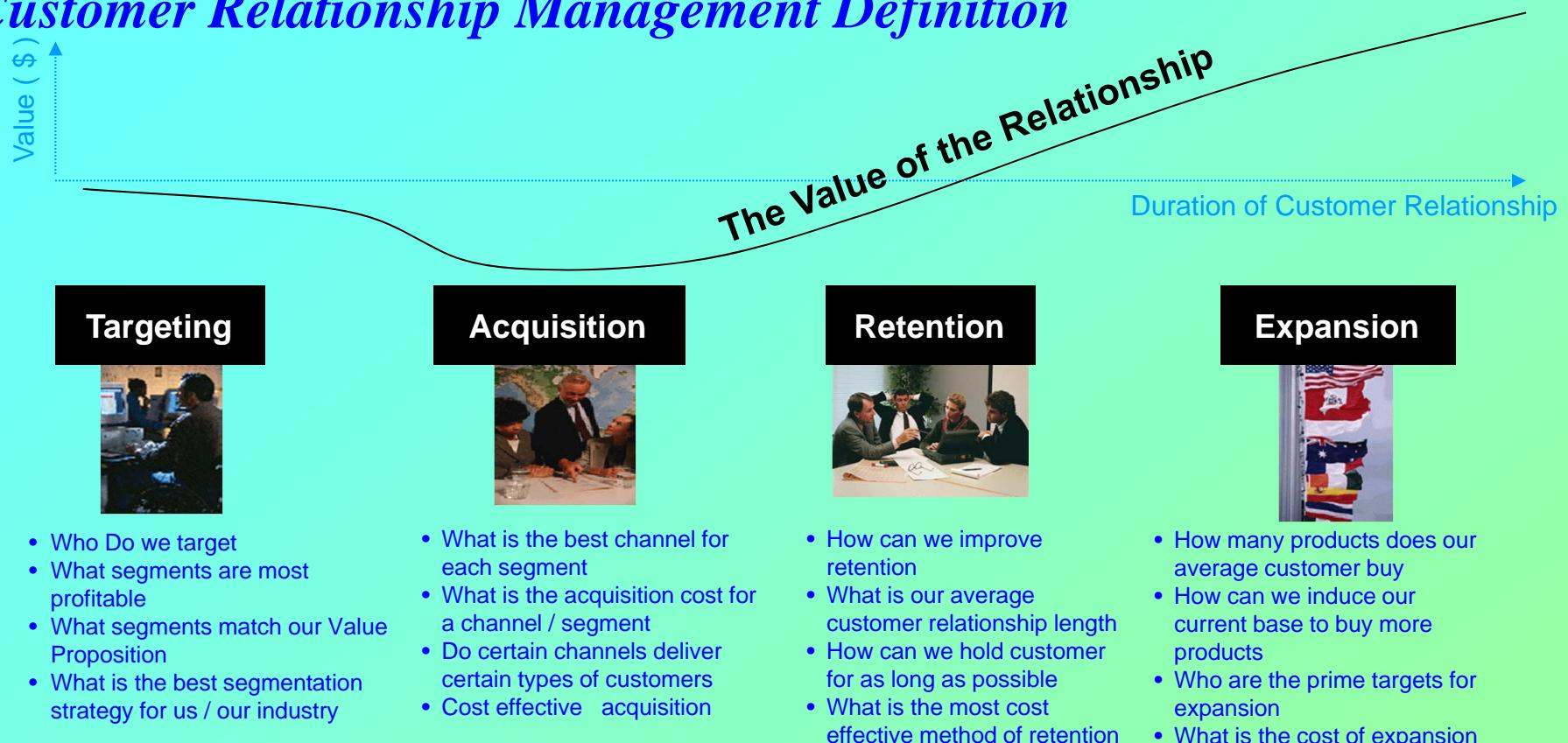
*Customer Relationship Management (CRM)*

### *Every Company's Big Unknown ... Customer Value*



## Customer Relationship Management

### *Customer Relationship Management Definition*

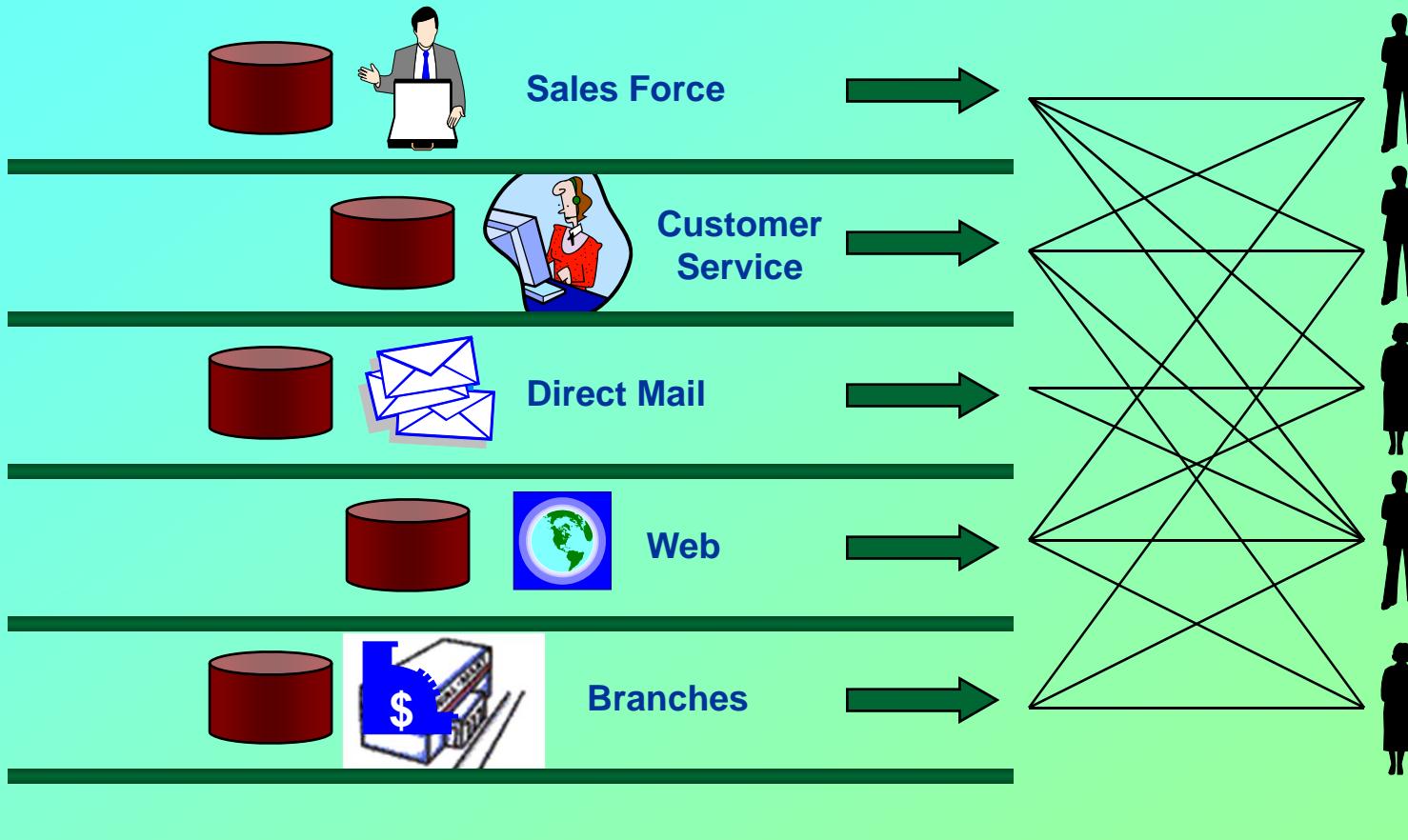


***Customer Relationship Management can be simply defined as everything involved with managing the customer relationship.***

## Customer Relationship Management

### *Islands of Automation Need To Be Bridged*

*Over time, channels & operational systems are added to cater to changing customer demands. The result...several functional groups are interacting with customers independently.*

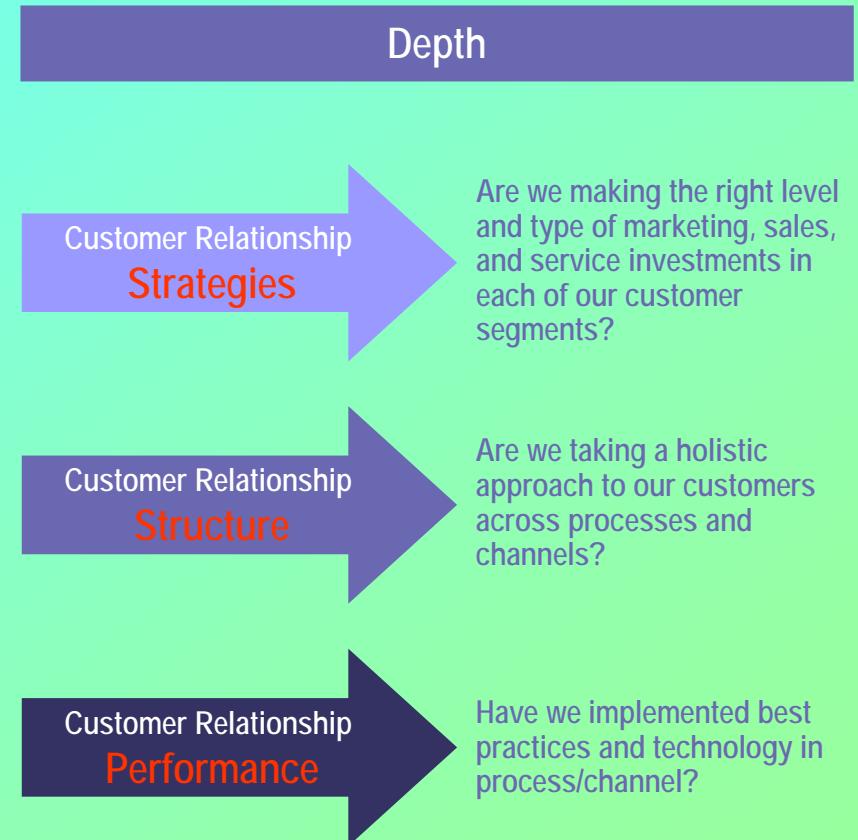
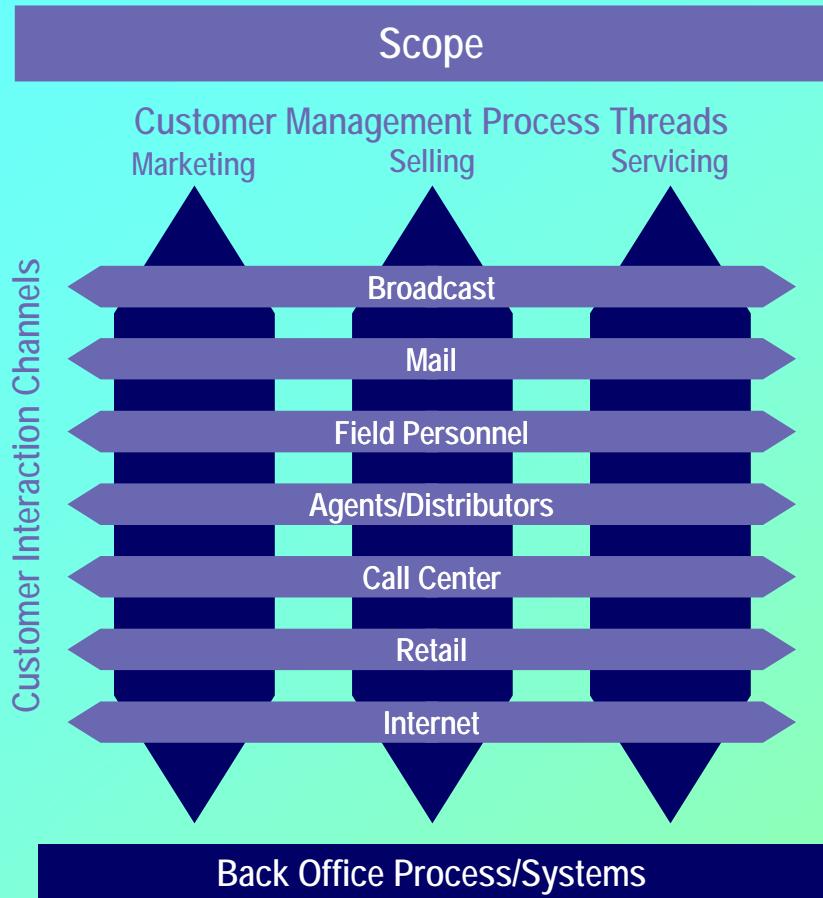


### *Why CRM?*

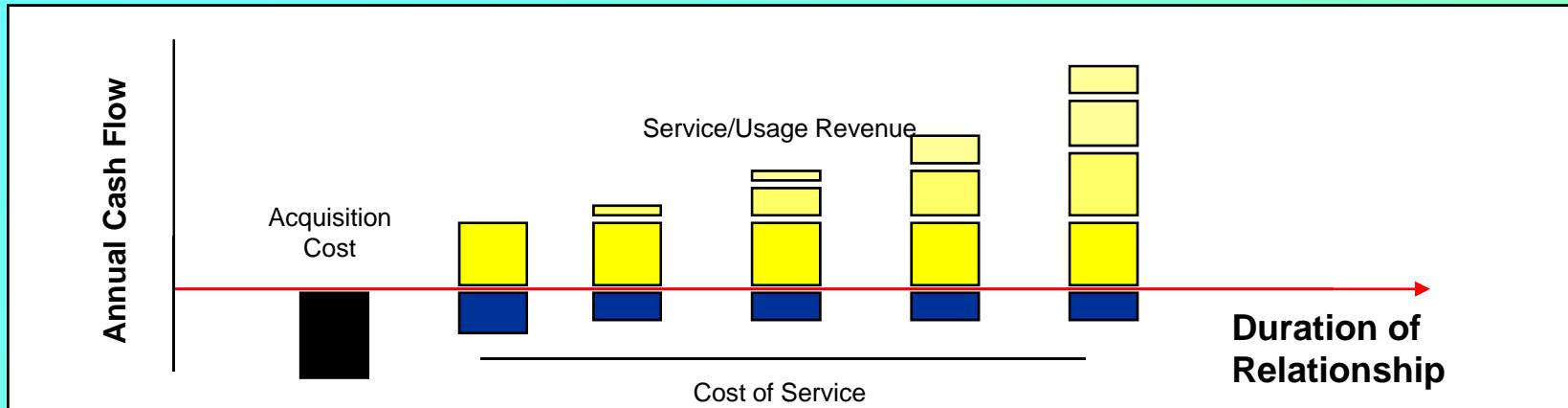
- It costs six times more to sell to new customer than to sell to an existing one.
- A typical dissatisfied customer will tell 8-10 people
- By increasing the customer retention rate by 5%, profits could increase by 85%
- Odds of selling to new customers = 15%, as compared to those for existing customers (50%)
- 70% of the complaining customers will remain loyal if problem is solved
- 90% of companies do not have the sales and service integration to support e-commerce

# Customer Relationship Management

## *Importance of CRM*



### *Customer Relationship Management and Shareholder Value*



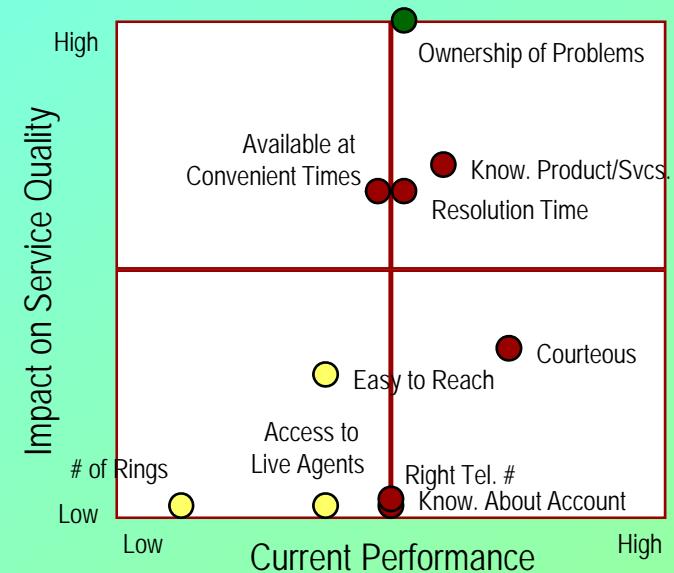
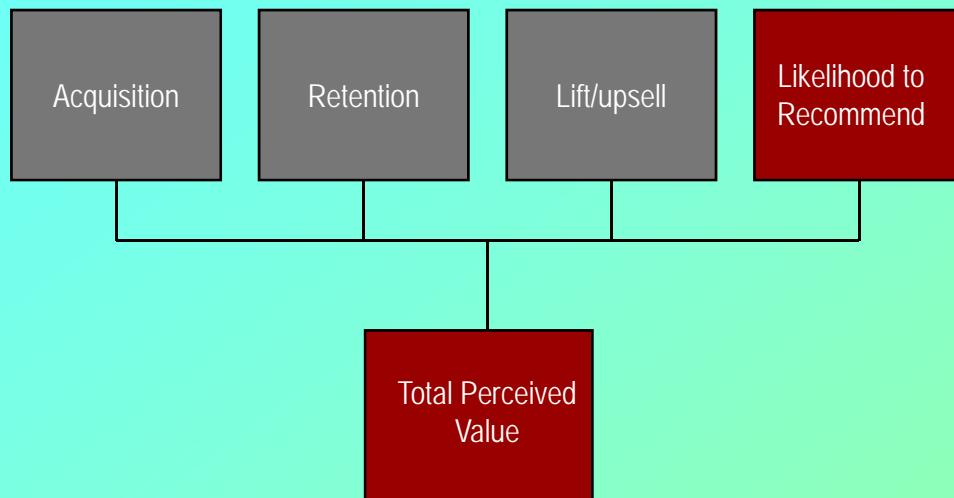
- Customer Life Time Value (LTV) is defined by a customer's Life Time worth to the firm and is measured by the net present value (NPV) of the cash flows generated over the Life Time of the relationship.

***Successful Customer Relationship Management can generate positive shareholder value.***

## Customer Relationship Management

### *The Benefits of Customer Relationship Management*

- In addition to LTV of the customer, likelihood to recommend is another important benefit of CRM.



***The customer value analysis should be performed for each segment individually. The perceived importance of price and service drivers can differ significantly by segment.***

## Customer Relationship Management

### *The Five Key Drivers of the Lifetime Value of a Customer*

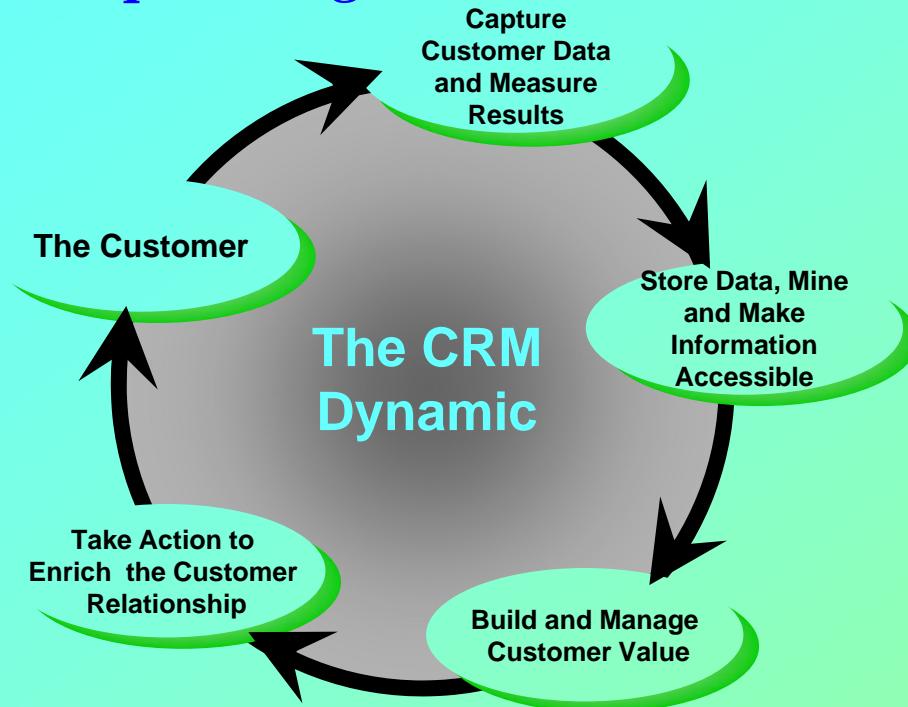
- Cost of Targeting;
- Cost of Acquisition;
- Service and Usage Revenue;
- Cost of service; and
- Duration of relationship.



***Customer Relationship Management is about making every customer as valuable as possible over the lifetime of the relationship***

## Customer Relationship Management

### *Customer Relationship Management Process*



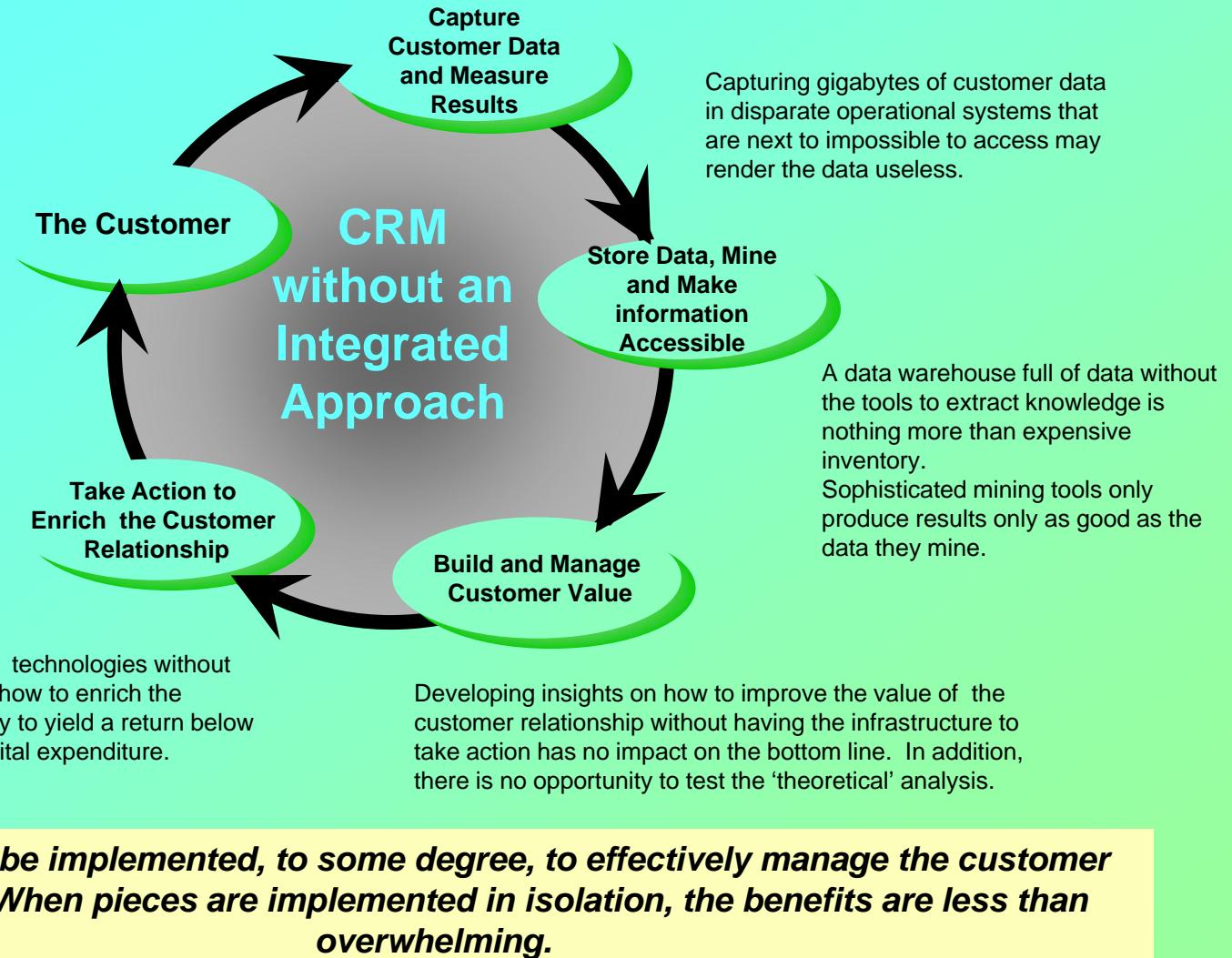
- The building blocks of CRM allow an organization to manage this cycle and use the knowledge on customers to enhance the Life Time value of the customer portfolio.
- No organization has perfect information on its customers. Knowledge of customers is continuously enhanced through the CRM dynamic.

***Customer Relationship Management is a ongoing, dynamic learning process for an organization***

## Customer Relationship Management

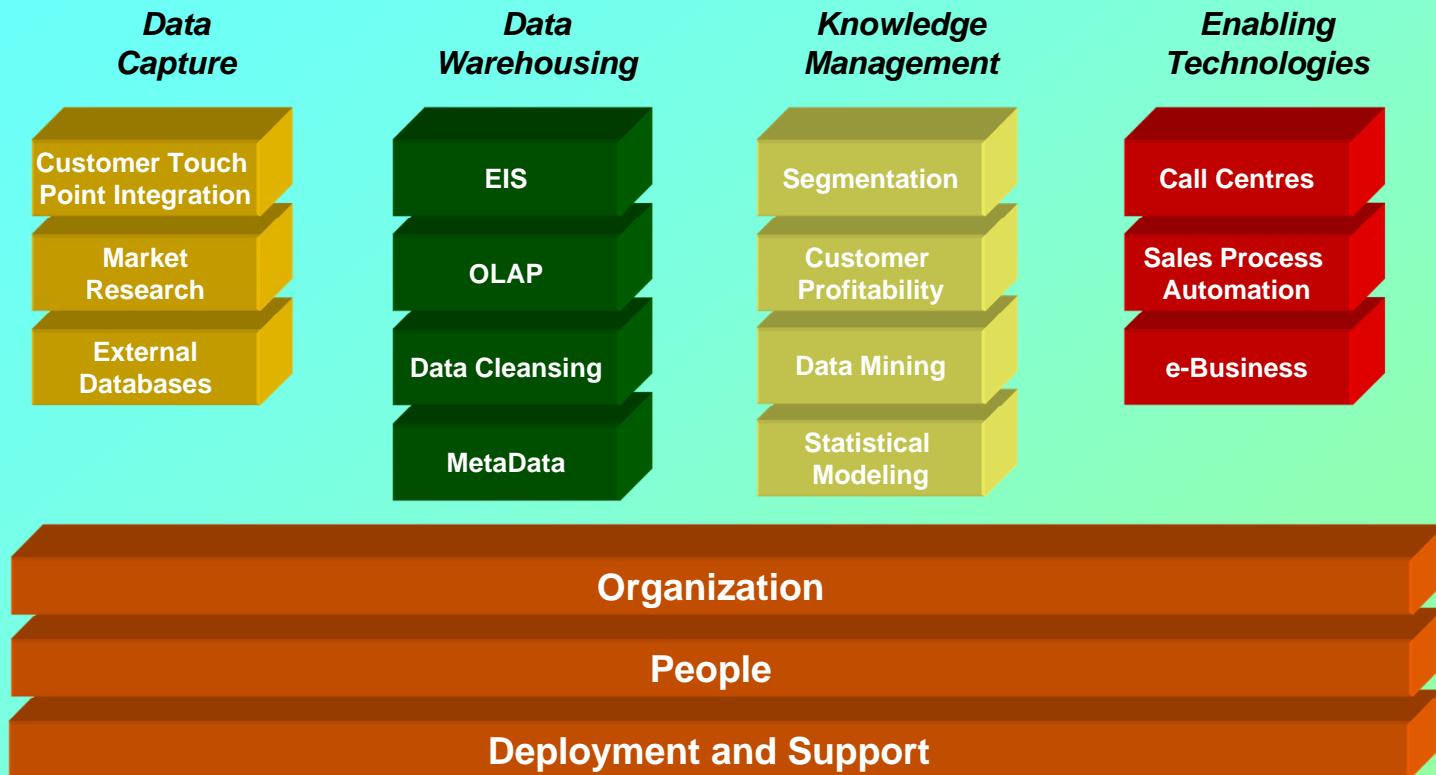
### *Implementing CRM must be approached from an Integrated Perspective*

Taking action to improve the relationship without measuring the results provides no evidence of success or failure and limits the opportunity for learning.



## Customer Relationship Management

### *The Building Blocks of CRM*

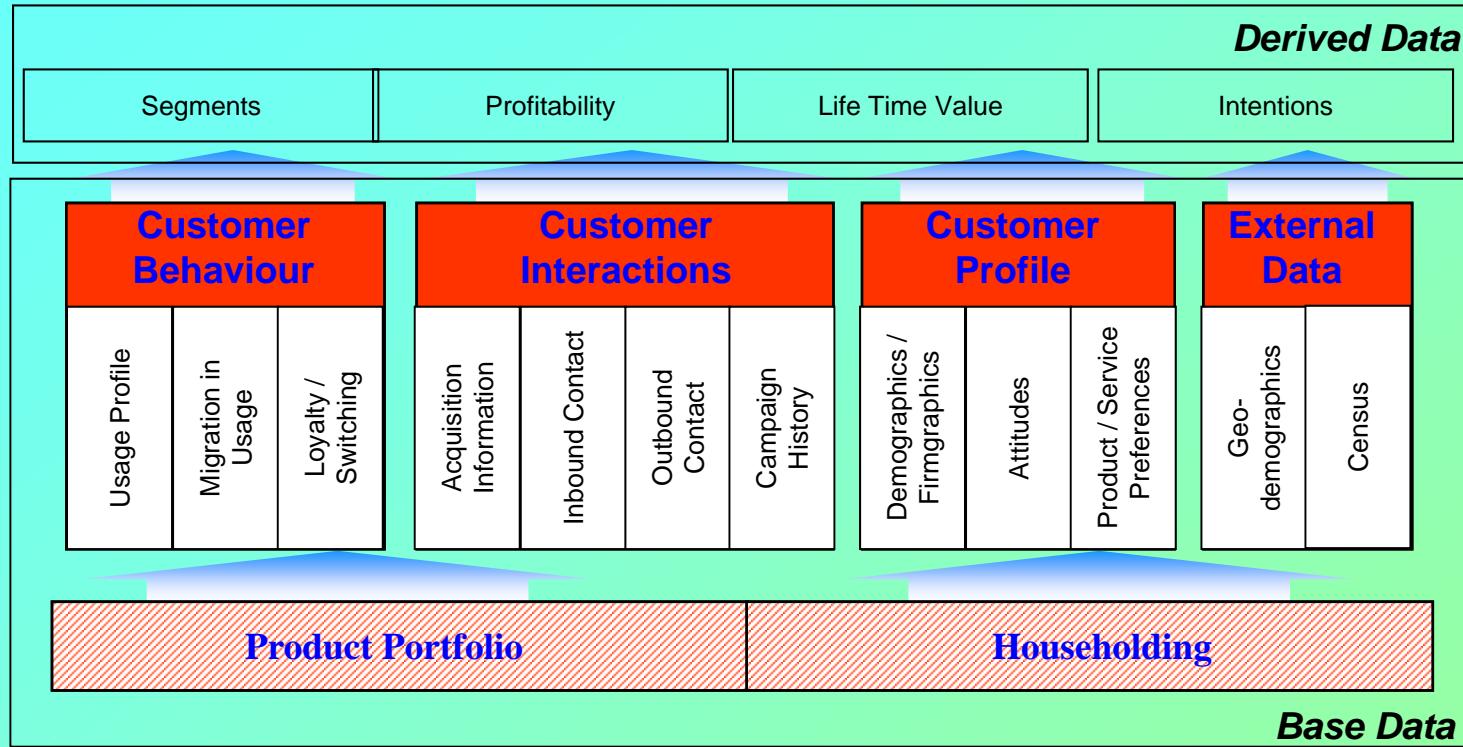
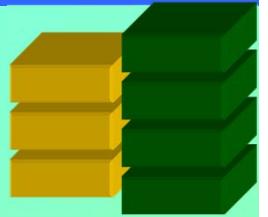


***The building blocks of CRM are the things that need to be in place for an effective Customer Relationship management program***

# Customer Relationship Management

## *Data Capture and Warehouse*

- What Data do we capture on Customers?



## Customer Relationship Management

*Enabling Technologies*

## Customer Relationship Management

### *The Enabling Technologies*

- Call Centre
- Sales Force Automation
- e-Business

#### **Techniques: Relationship marketing, automated packaging and pricing, knowledge-based selling**

- Increase revenue from your customer base
- Customer satisfaction measure
- Consultative selling
- Responsiveness to market conditions

#### **Sales Force Automation**

##### **Techniques: ACD, IVR, CTI**

- Automatic Call Distribution (ACD)
- Incoming Call Queuing
- Performance Statistics
- Integrated Voice Response (IVR)
- Automated Inquiry & Transactions
- Automated screen “pop” on agent’s screen
- Integration with company legacy platforms
- Billing & Meter Reading
- Direct Access to Customer Data

#### **CRM Technologies**



Call Centre

Electronic Business

##### **Techniques: WEB based application, e-mail processing**

- Automated product and service information
- WEB based sales and support through standard menus and automated help screens.
- WEB based training
- Reaching the global market

## Customer Relationship Management

### *CRM Technologies on the Rise*

- The implementation of CRM technologies is projected to accelerate over the next few years



Source: IDC 1996

"The overall use of technology for selling is growing by more than 50% annually."

– Gartner Group

"Sales Force Automation is the fastest growing segment of the high-growth Client/server market, estimated to represent \$3 billion in revenues by 1997."

– Market Intelligence Research Corp.

"Sales Force Automation will become a major driver behind enterprise-wide BPR (inexorably linked to development of the customer-focused organization)"

– META Group

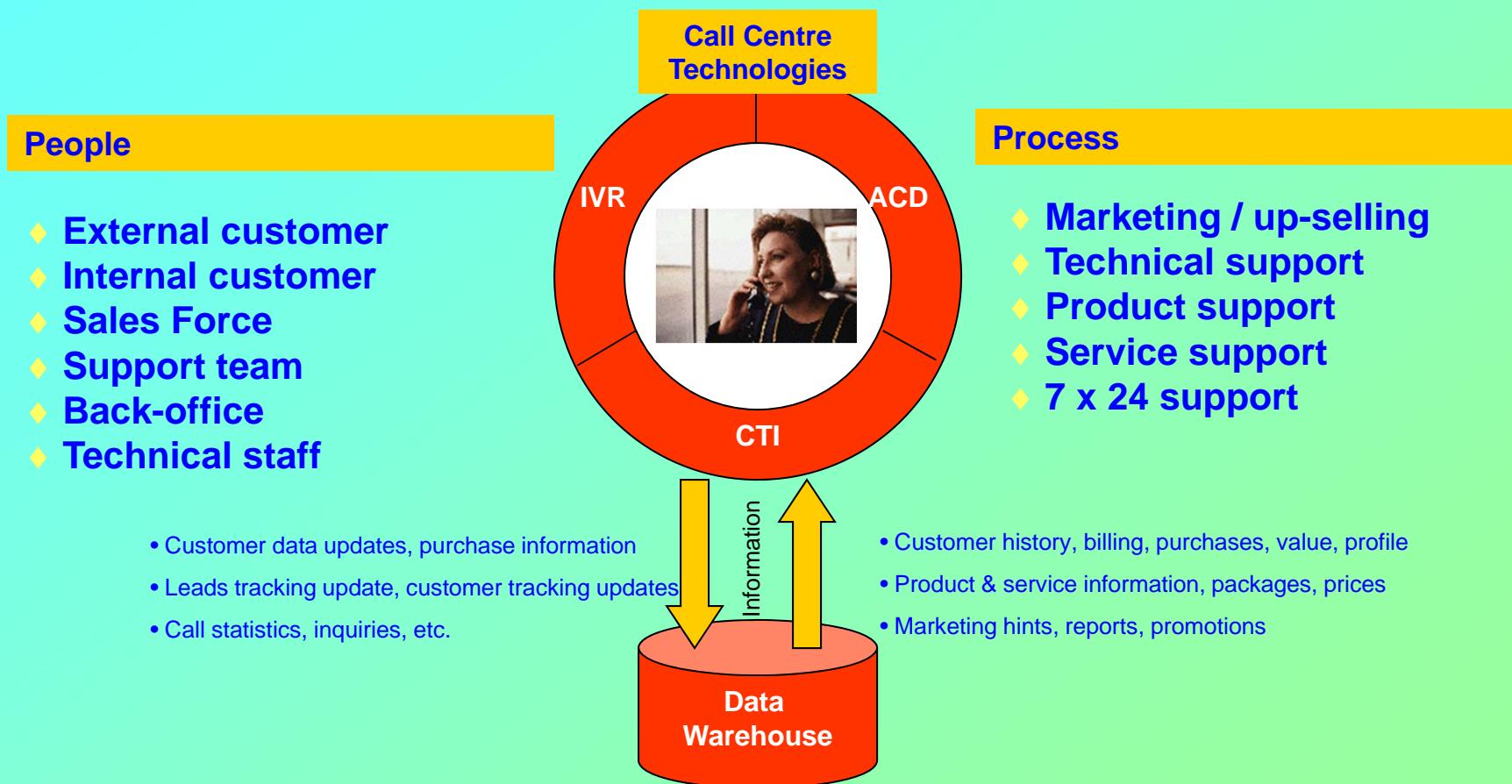
"Customer Management is a major initiative at nearly 80% of Fortune 500 companies and will grow to a \$4.8 billion market by 1999."

– Aberdeen Group, Inc.

# Customer Relationship Management

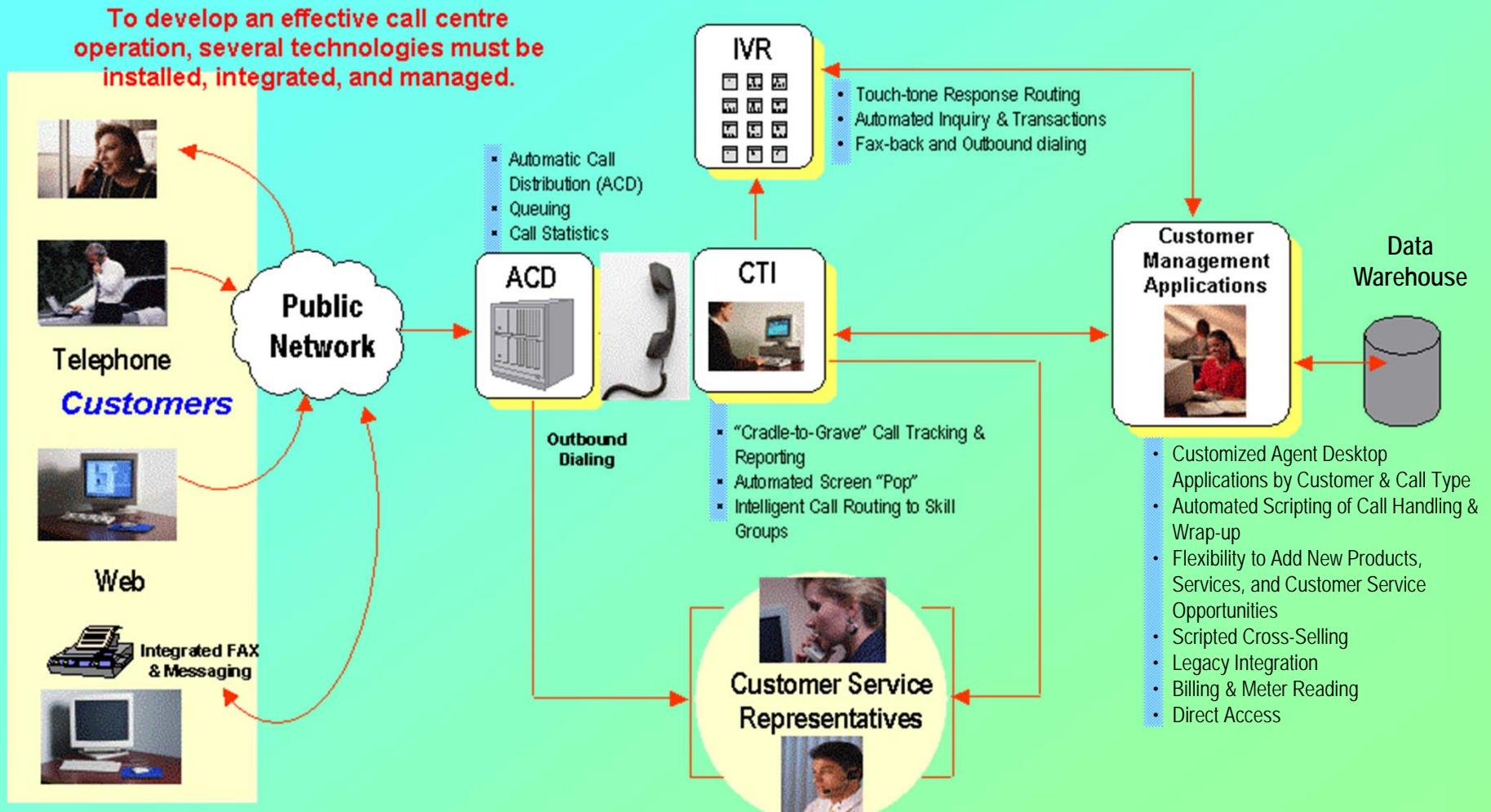
## *Call Centres - Definition*

Call centres are a key enabling arm of Customer Relationship Management. A well designed call centre will integrate people, process, and technology to improve operational efficiency and maximize the value of the customer relationship for both inbound and outbound contact.



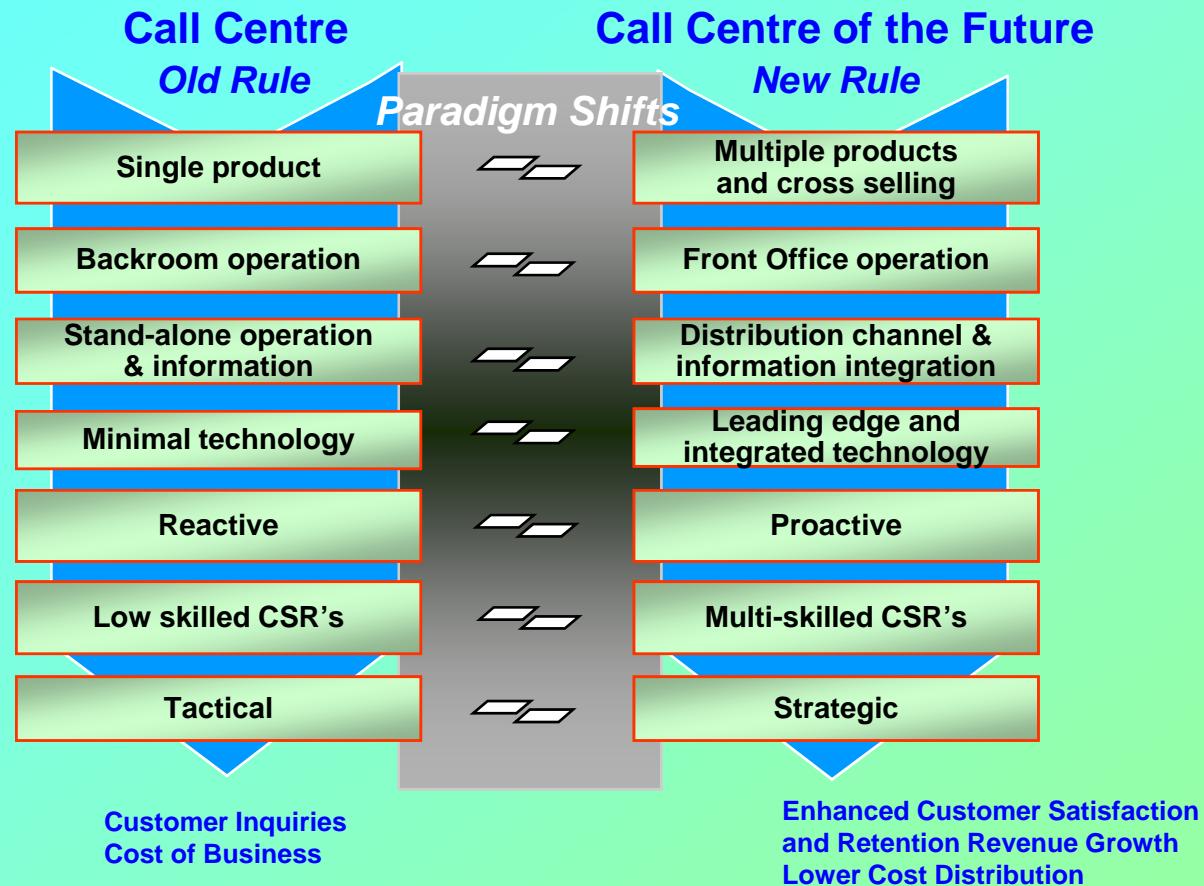
# Customer Relationship Management

## Call Centres - Architecture



## Customer Relationship Management

*There is a major transition to integrated delivery channels and to provide “one face” to the customer.*



## Customer Relationship Management

### *Sales Process Automation - Definition*

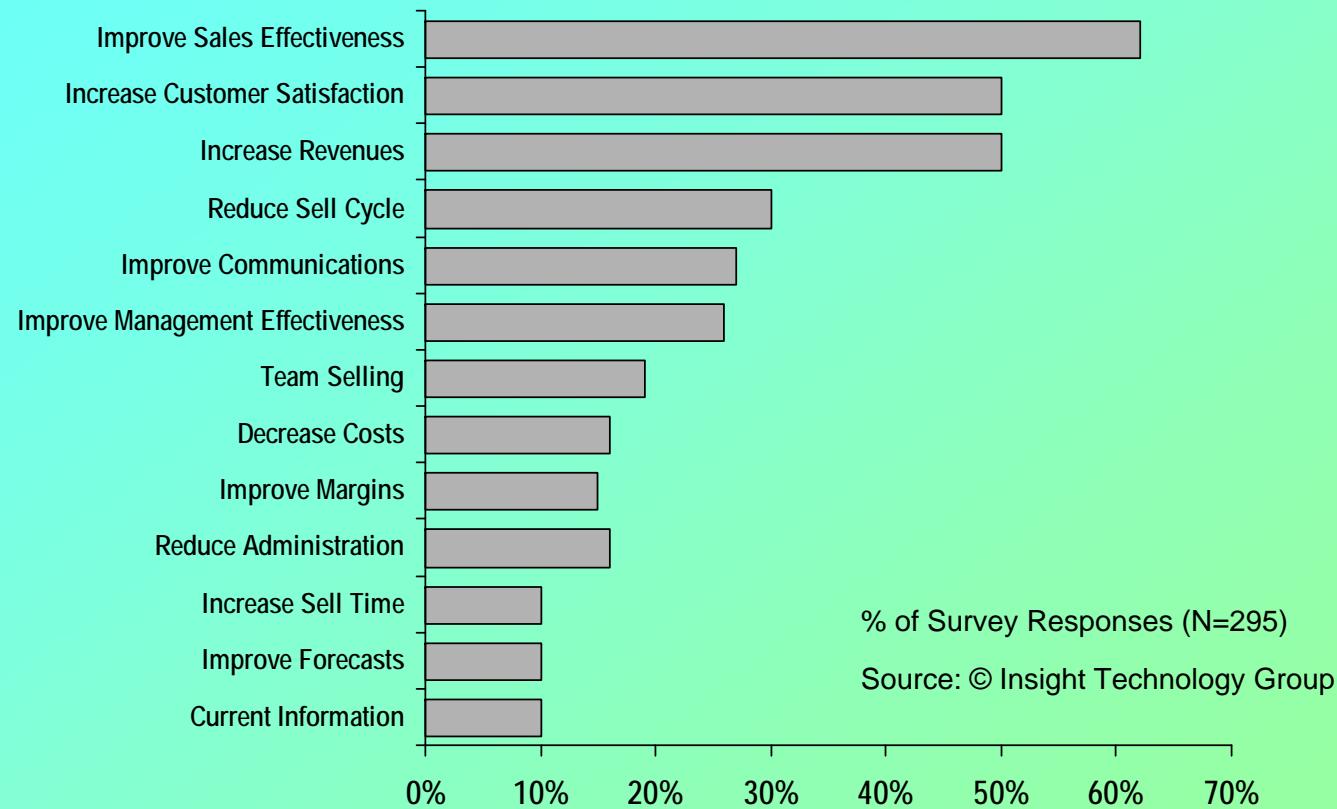
- Sales Process Automation (SPA) is the approach for helping organizations dramatically improve their sales and marketing effectiveness through the reengineering and automation of their sales and marketing processes, with the ultimate goal of increasing revenues. SPA combines a working knowledge of the market's best ideas, technologies, and vendors with a practical, relentless focus on implementation to deliver outstanding shareholder and customer value.

### *Basic Features*

- |  |  |
|--|--|
| <ul style="list-style-type: none"><li>• Intranet - as an alternative sales channel</li><li>• Electronic catalog - On-line self served service ordering</li><li>• Commission - Effective tracking of performances and accurate commissioning</li><li>• Opportunity Management - tools such as automated customer data analysis and pop-up screens will assist in up-selling</li><li>• Competitor Data - effective analysis of competitive data and automated access for sales force</li><li>• Contact Management - Effective tracking and follow-up of leads</li><li>• Customer Data - Sales people will have a complete analysis of the customer before their eyes when attending to a customer. No wait, no repeated questions, no frustrated customers</li></ul> | <ul style="list-style-type: none"><li>• News Service - Optional news sorting and reporting will result in informed sales people</li><li>• Order Entry Quoting - On the spot quoting will not give the client a chance to shop around and be hunted</li><li>• Proposal Development - Automated document creation based on corporate standards</li><li>• Pricing - Automated on-line prices based on company rules</li><li>• Product - On-line and easily accessed</li><li>• Just-in-Time Training - Automated training, WEB based training, and self training through information sharing</li><li>• Electronic Kiosk - WEB page shopping.</li></ul> |
|--|--|

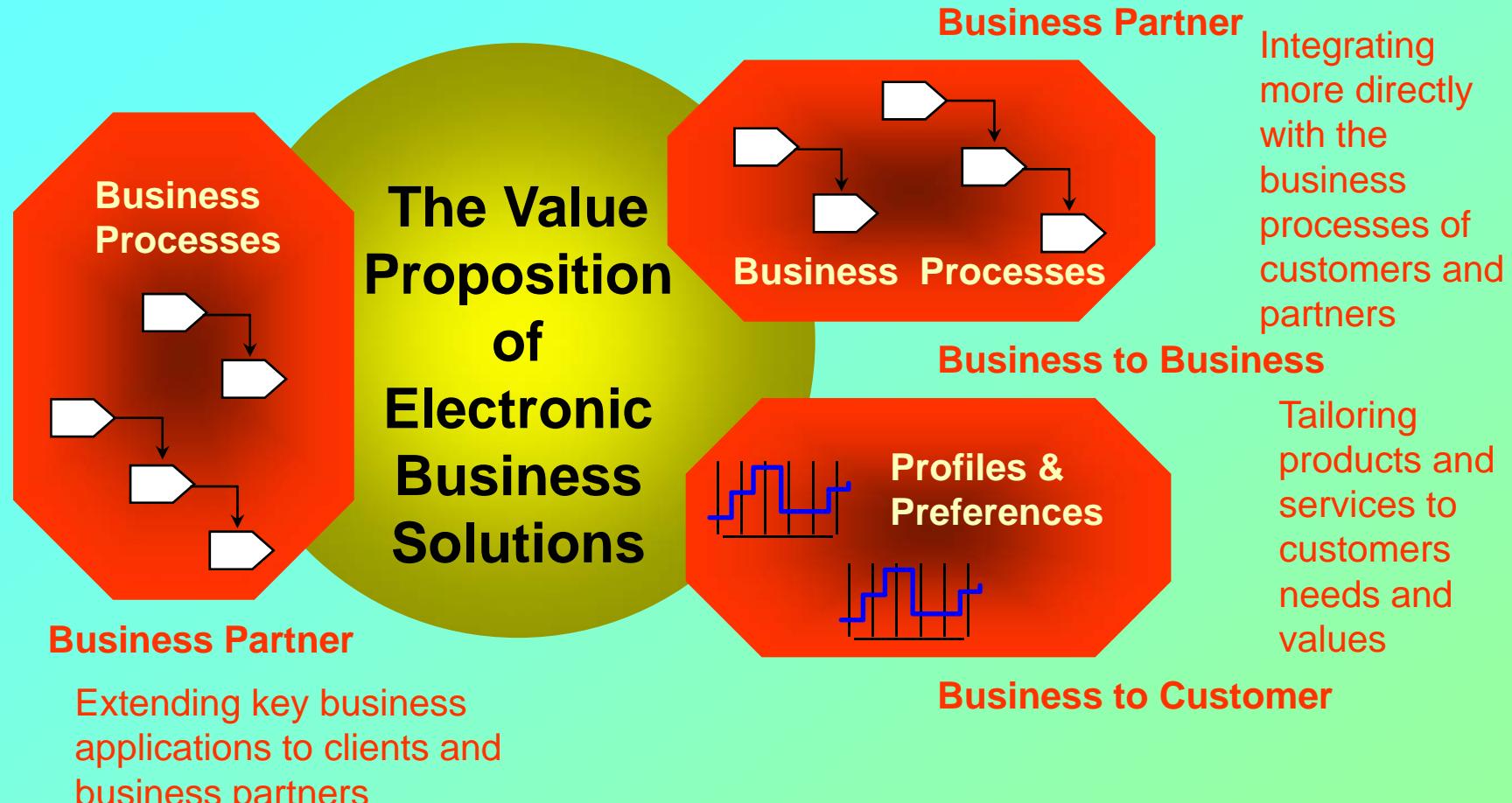
### *Sales Process Automation - Benefits*

#### PERCEIVED BENEFITS OF SPA FIELD TECHNOLOGY



***Improving sales force productivity and effectiveness by implementing field technology is a key goal for many organizations***

### e-Business - Definition

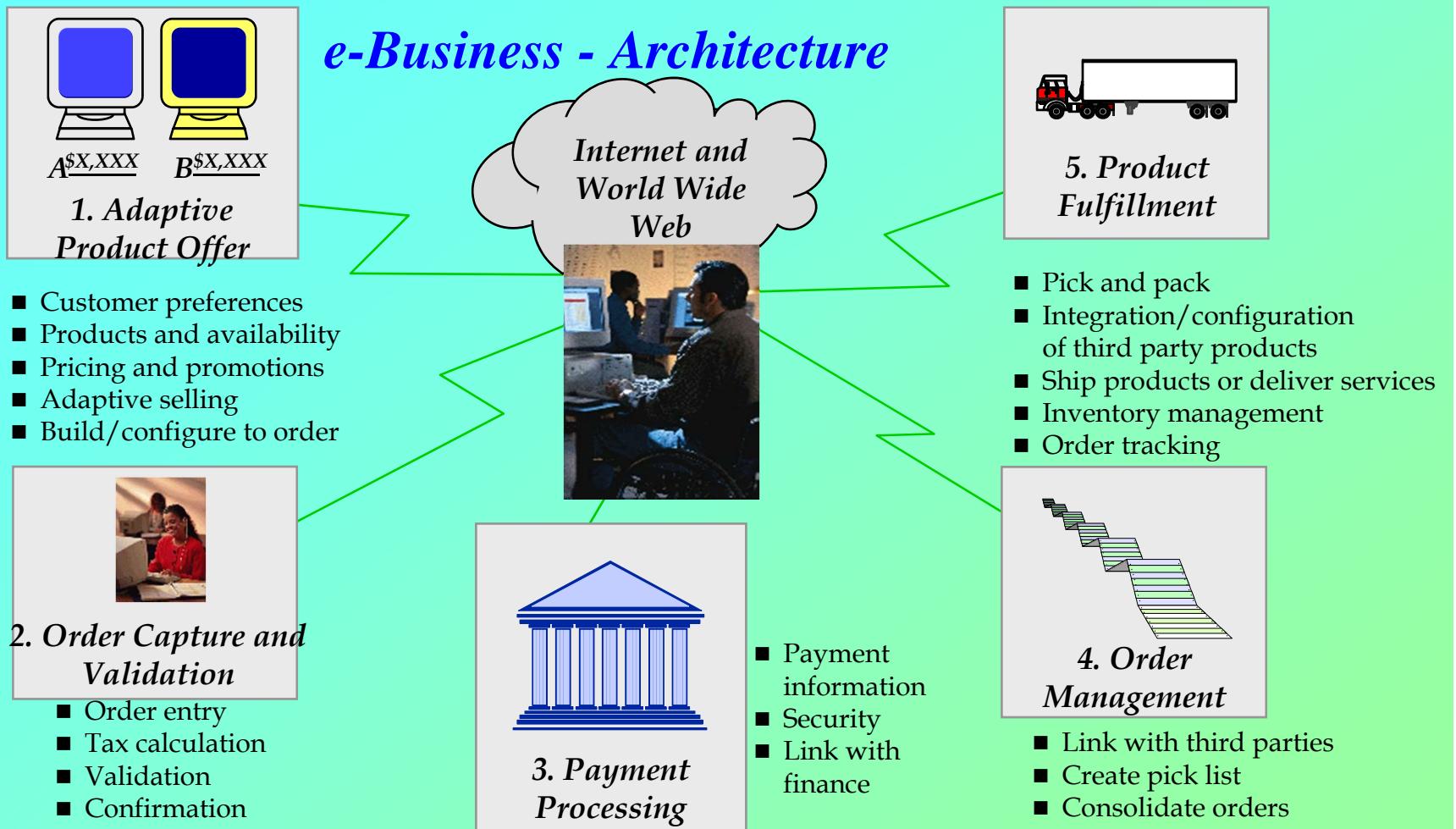


### *e-Business - Benefits*

- On average, it costs about \$5 - \$50 per query to support via phone
- On average, it costs about \$1 - \$3 per query to support via E-mail
- On average, it cost less than \$1 per query to support via WWW

***Internet technology can improve the level of customer care, while reducing the cost of maintaining the customer base.***

# Customer Relationship Management

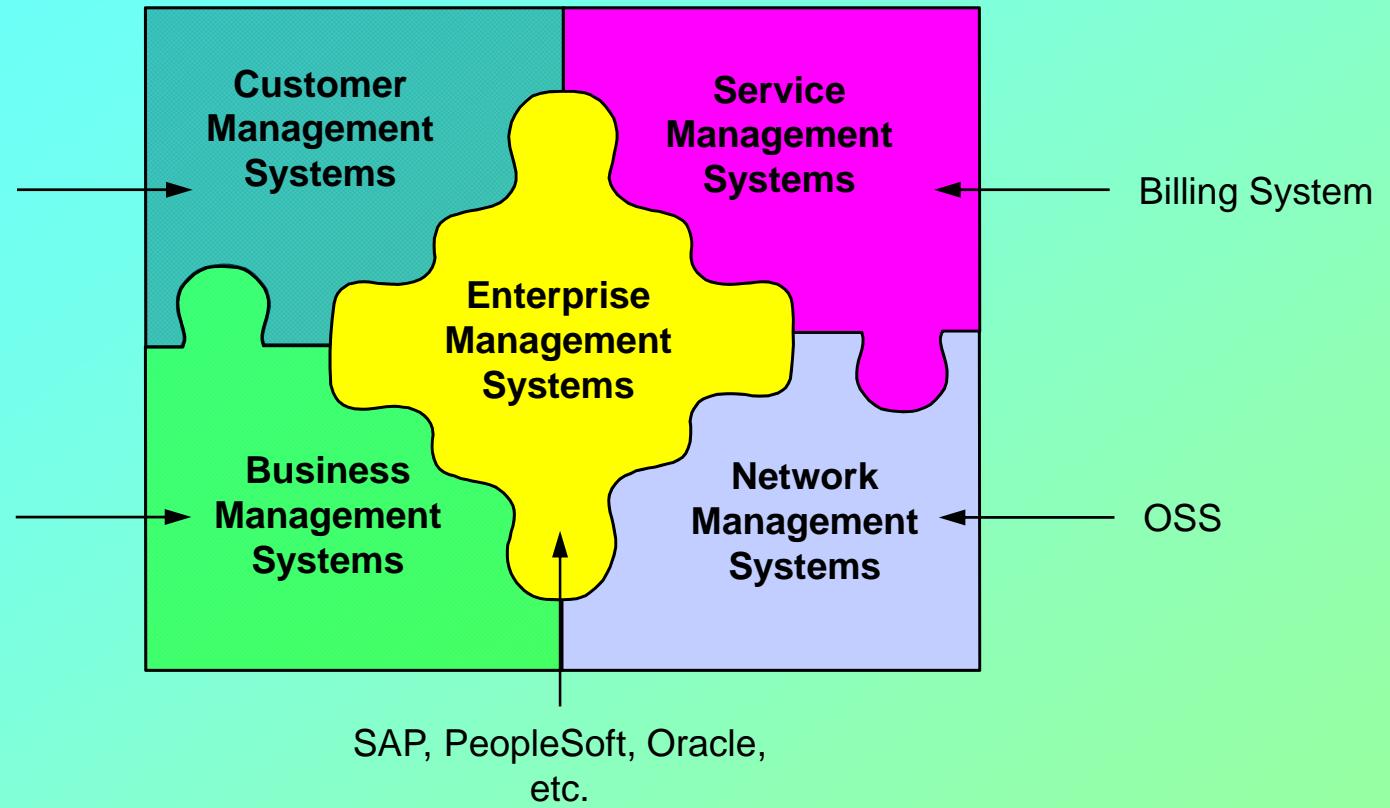


*For both business-to-business and business-to-consumer sales, there are five key elements to e-Business — product offer, order capture and validation, payment processing, order management, and product fulfillment.*

## Customer Relationship Management

### Conclusion

Call Centres  
Customer Care Systems  
Sales Force Automation  
IVR



***Customer Relationship Management is an integral part of successful convergence***

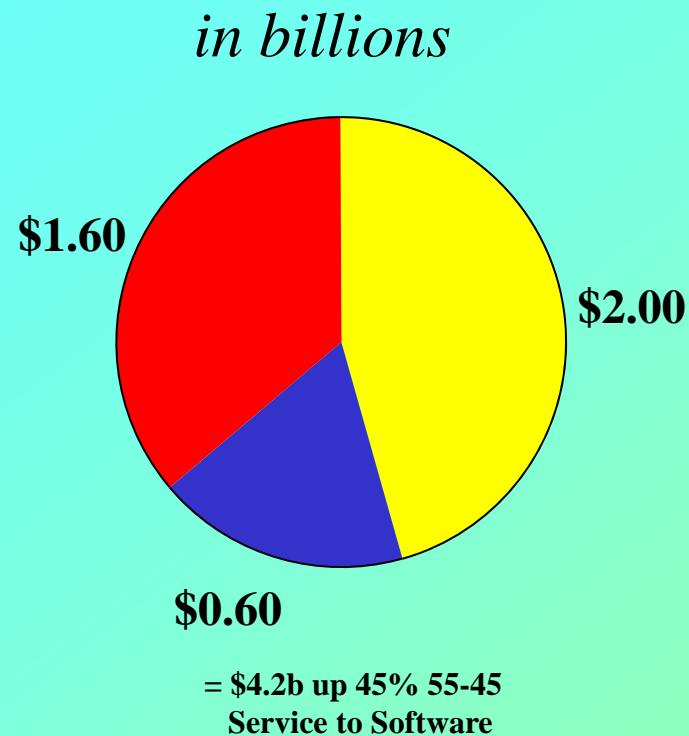
## Customer Relationship Management

### *The CRM Market*

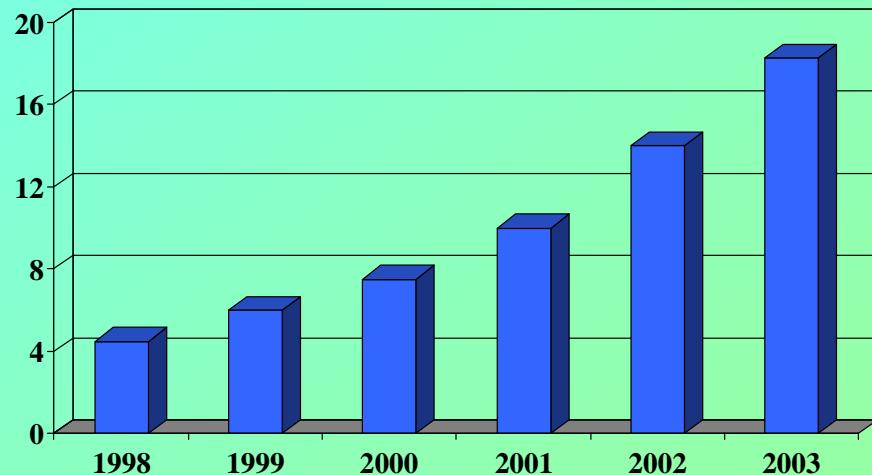
## Customer Relationship Management

### *CRM Marketplace - Fast Growth To-Date with a Bright Future*

Worldwide Front-office Applications, 1998, US\$b  
Vendor Revenue (Software and Services)



Worldwide Front-office Applications, 1998, US\$b  
Vendor Revenue (Software and Services)



The software and service revenue from CRM vendors will reach \$19 billion by 2003 (0.6 probability).

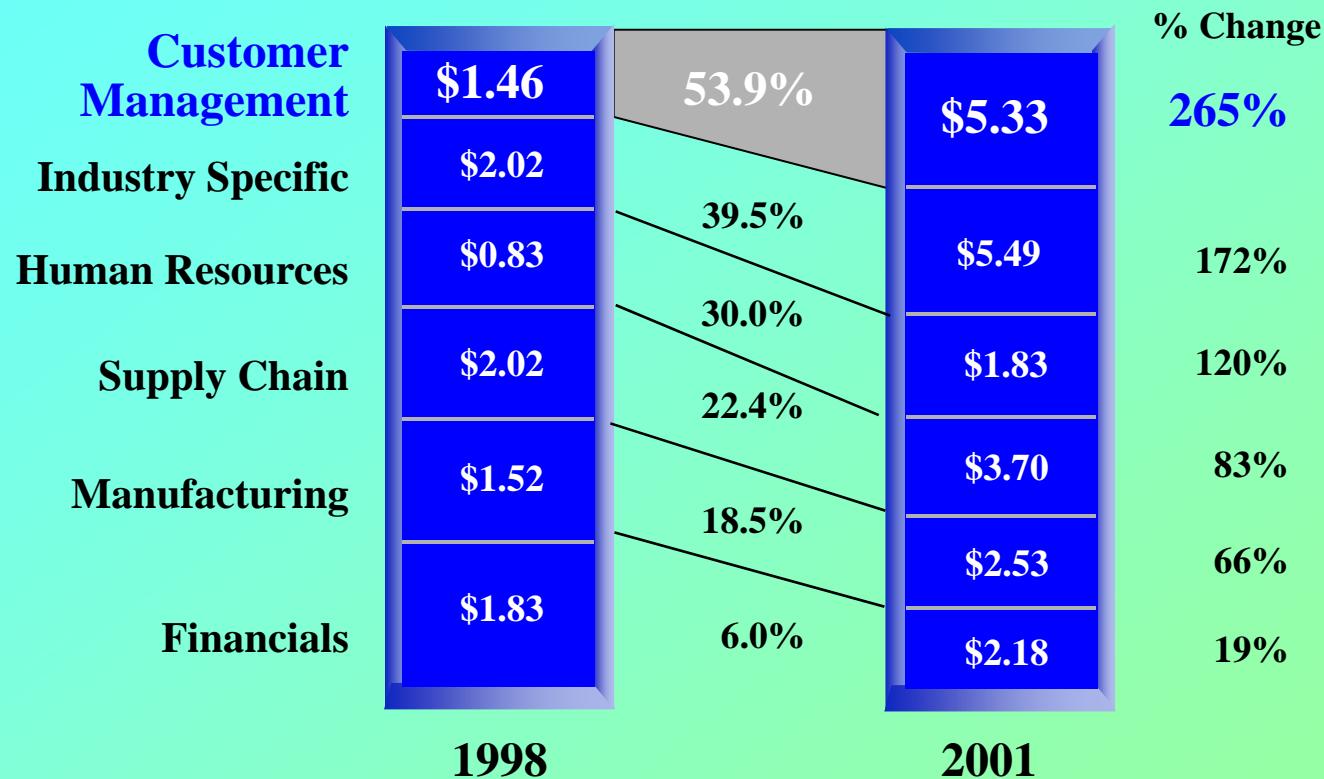
Source: GartnerGroup

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## Customer Relationship Management

### *Explosive Market Growth*

#### Application License Revenue in Billions



Based on Forrester Research

### *The CRM Market - No Clear Market Leader*

- 60% of the \$2.0B CRM software license market is controlled by 3 vendors
  - Siebel
  - Trilogy
  - Baan/Aurum
- 60% of the Top 3 share is controlled by Siebel
- No vendor will have complete CRM functionality until 2003 (Gartner)
- The 1998 consulting market for CRM is estimated to be \$4.0B (2:1)
- The consulting market for CRM is a large and growing high margin / high revenue opportunity in contrast to the shrinking ERP market

## Customer Relationship Management

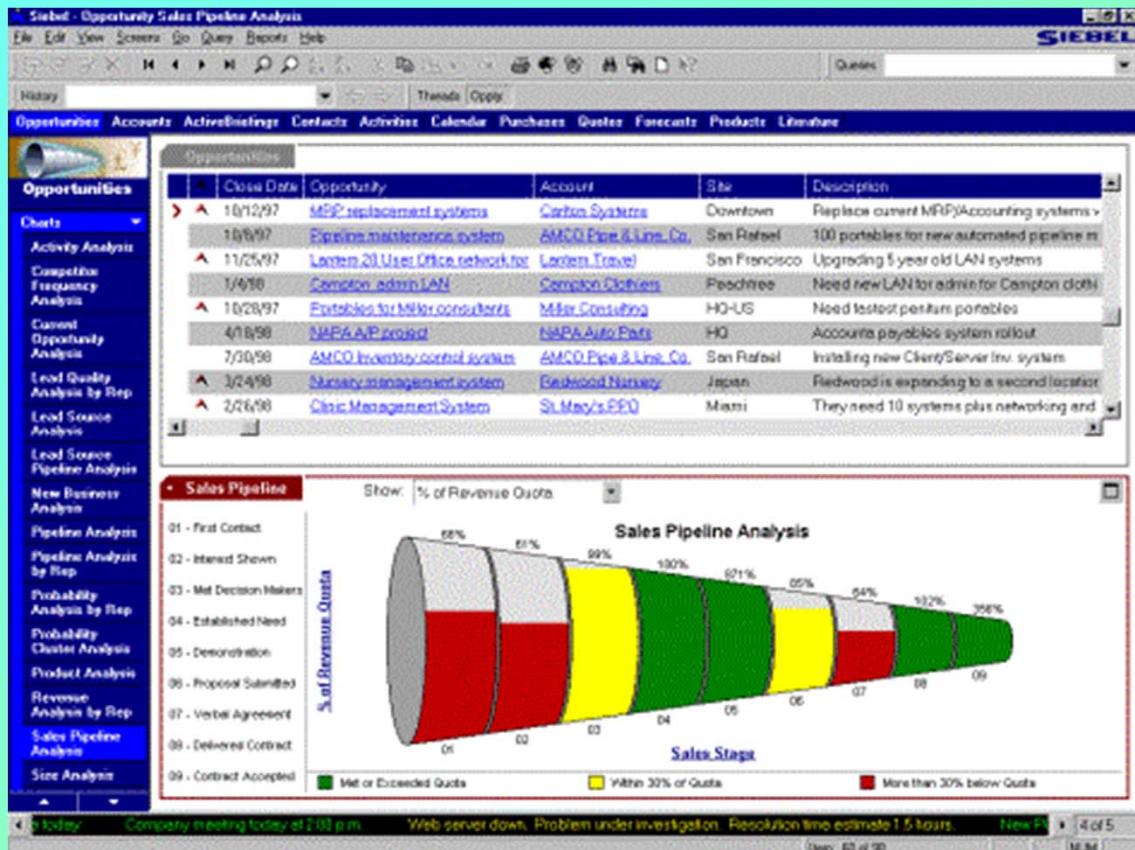
### *CRM Vendors*

<u>Vendor</u>	<u>CRM Market Position</u>
<b>SIEBEL</b>	<ul style="list-style-type: none"><li>• Acknowledge leader</li><li>• Very integrator focused</li></ul>
<b>TRILOGY</b>	<ul style="list-style-type: none"><li>• Leader in their niches</li><li>• Not integrator focused</li></ul>
	<ul style="list-style-type: none"><li>• Excellent product</li><li>• Number 2, but struggling</li></ul>
	<ul style="list-style-type: none"><li>• Product continually delayed</li><li>• Intimidation capacity lessening</li></ul>
<b>ORACLE</b>	<ul style="list-style-type: none"><li>• Bold announcements</li><li>• Claim high strategic priority</li></ul>

## Customer Relationship Management

### Siebel 99

- Siebel Sales Enterprise™
- Siebel Marketing Enterprise™
- Siebel Service Enterprise™
- Siebel Call Center™
- Siebel Field Service™
- Siebel Handheld™
- Siebel InterActive™
- Siebel Product Configurator™
- Siebel Sales™

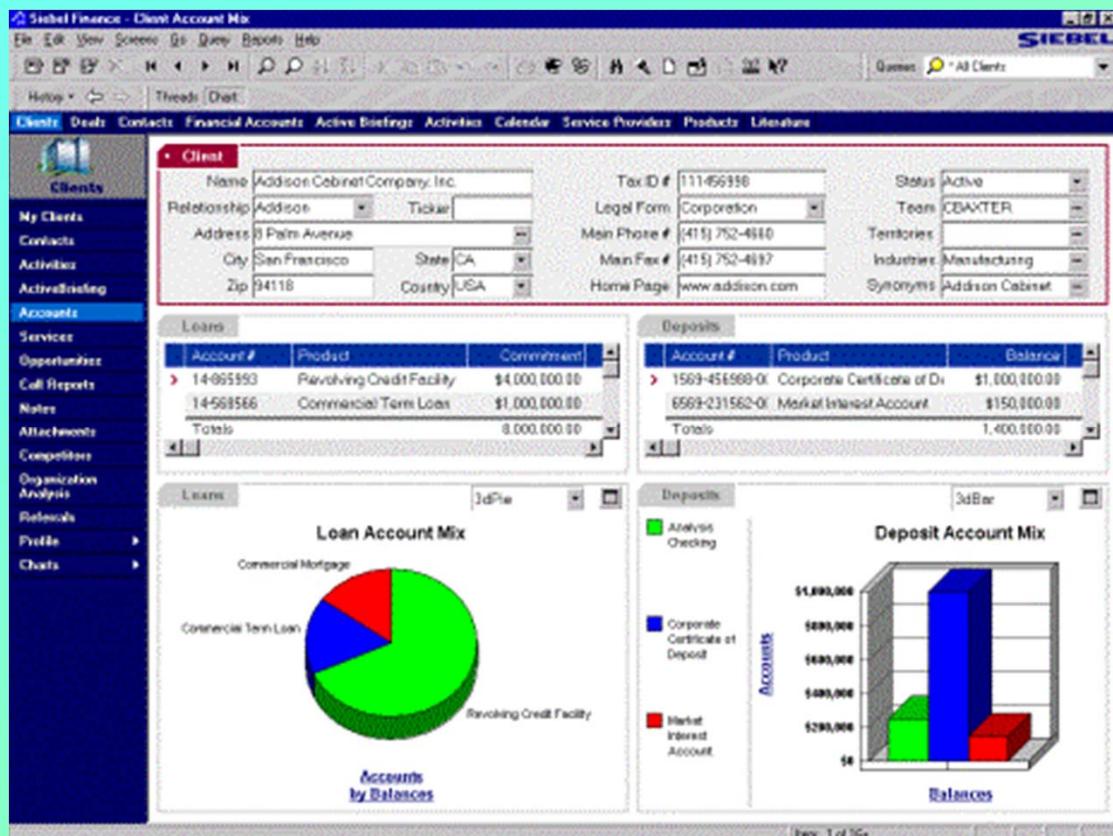


## The Most Complete ERM Solution

## Customer Relationship Management

### *Siebel Industry Solutions*

- Siebel Finance™
- Siebel Insurance™
- Siebel Communications™
- Siebel Consumer Goods™
- Siebel Pharma™
- Siebel Utilities™
- Siebel Public Sector™
- Siebel High Technology™



### *Siebel 99 Product*

- More than 600 Person Years of Engineering
- 1100 Screens
- 1300 Business Objects/Components
- 110 Reports
- 900 Database Tables
- 144 Interface Tables