

Course title: Digital Strategy and Action

Working with visionary customers and
partners

Dr. Shakhlo Ergasheva

Objectives

- ▶ What is the Promise of CRM
- ▶ Why it is Important
- ▶ CRM Models
- ▶ Real Life Scenarios
- ▶ Web Based vs Intranet



What is CRM

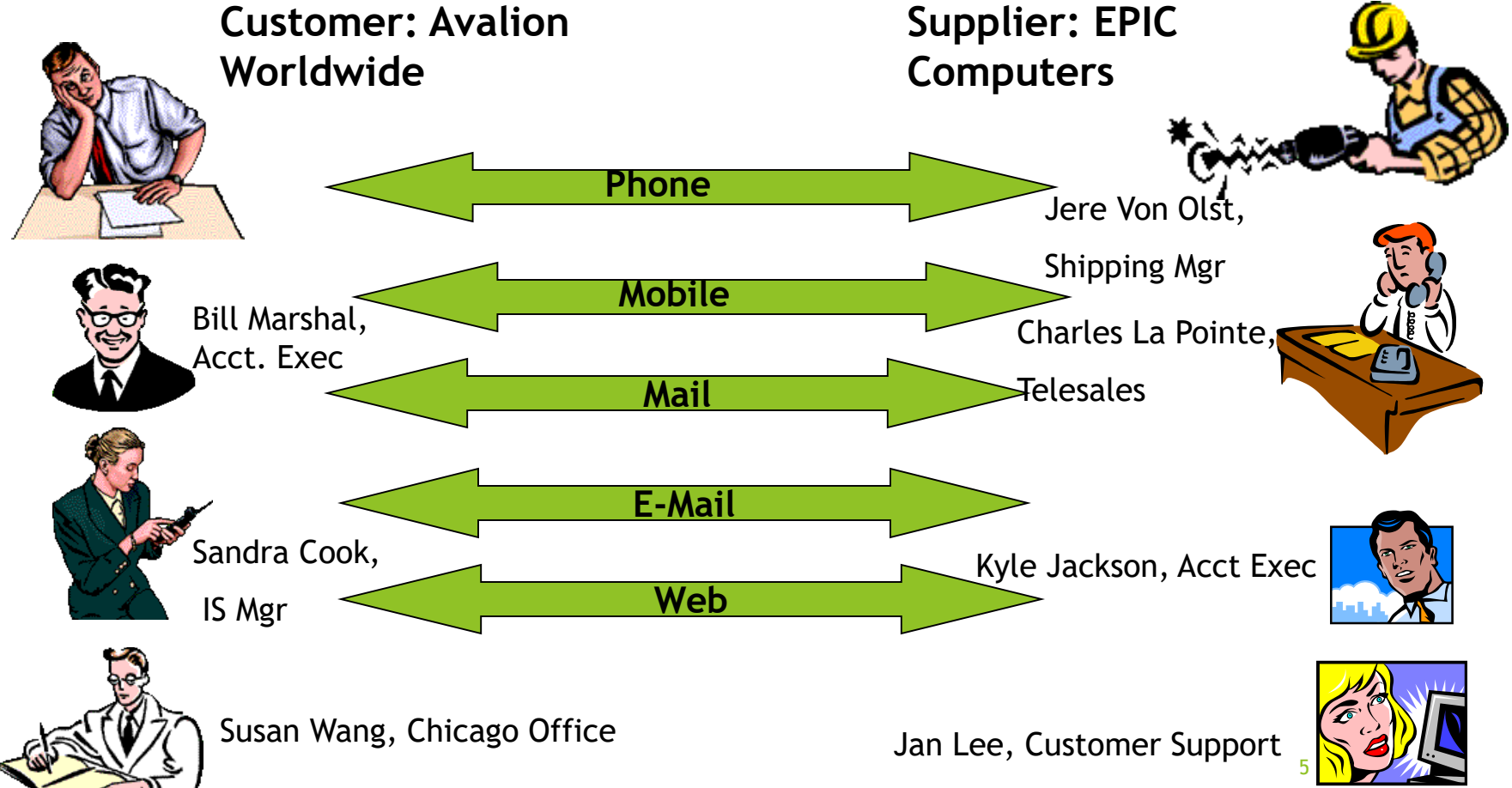
- ▶ Processes that help form better relationships with customers to improve customer satisfaction and provide the highest level of customer service.

What is CRM

- ▶ Overall, the methodologies and tools that help businesses manage customer relationships in an organized way

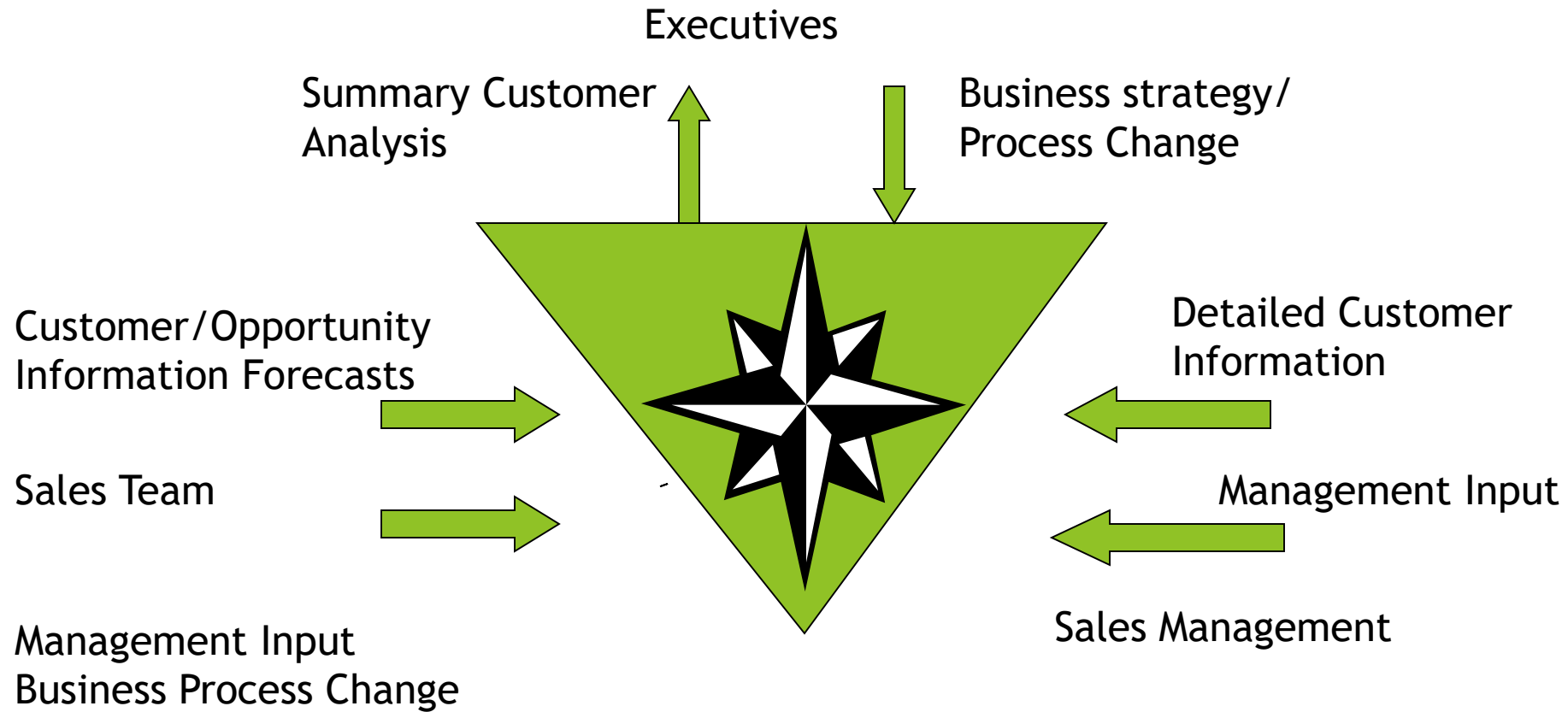
Source: <http://www.crmcommunity.com>

CRM Example



Source: Institute for Internet Technologies and Applications

Another CRM Example

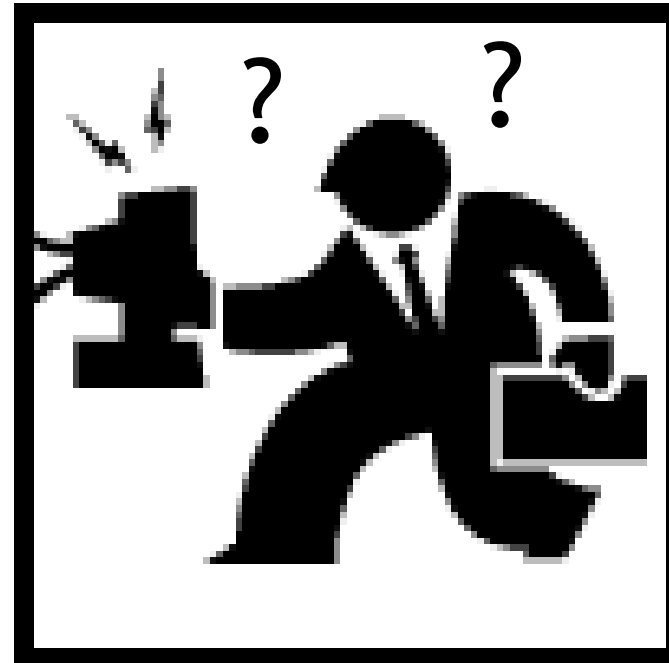


Do GM's know what CRM is?

51% of respondents, whose companies have formal CRM programs, say CRM means using IT tools that achieve incremental business improvements

65% define CRM as moving from product centric to customer centric

41% define CRM as making integrated customer-contact personal



How Much is Spent on CRM

- ▶ META Group estimates that within the next two years, global 2000 companies will each be spending \$250 million annually on CRM



How Much is Spent on CRM

- Gartner Study showed that Worldwide spending on CRM went from 2.1 billion in 1999, to 3.7 billion in 2002
- ▶ Australia spends 60 million a year on CRM



Are Customers Really that Important

- ▶ A recent study on the cellular phone industry showed that for every 1 % of customers lost, the company loses an average of \$500,000
- ▶ A typical \$1 billion business could add \$40 million in profit by enhancing CRM capabilities by 10%

Source: Silvon Software, Customer Relationship Analytics White Paper

Impact of Initiatives on the Bottom Line (for a \$1 Billion Company)

INITIATIVE	AVGERAGE RETURN
Motivating/Rewarding	13 million
Customer Service	13 million
Turning Cust Info into Insight	12 million
Attracting and Retaining Employees	10 million
Building Selling and Service Skills	9.5 million
ECRM	8 million

Source: <http://www.crmcommunity> (Silvron Software)

How Successful is CRM Though?

- ▶ Failure to meet expected ROI from CRM is 40-50 percent
- ▶ Study showed that 45% of CIOs failed to meet their objectives on ROI
- ▶ 80% of companies that have introduced CRM systems have not measured their effectiveness

5 Dominant CRM Business Models (Basic Transactor)

► BASIC TRANSACTORS

- limited recognition of individual customers or preferences
- Emphasize a quality service or product, not a lifetime customer experience
- Use mass marketing technique

5 Dominant CRM Business Models (Basic Connectors)

► BASIC CONNECTORS

- limited recognition of individual customers or preferences
- provides undifferentiated service levels to all customers
- technology and infrastructure in place is departmental and focused on efficiency

5 Dominant CRM Business Models (Pleasant Transactors)

PLEASANT TRANSACTORS

- Recognize needs and preferences of individual customers
- Emphasize customer satisfaction
- Lack infrastructure to provide consistent delivery across enterprise

5 Dominant CRM Business Models (Customer Satisfiers)

▶ CUSTOMER SATISFIERS

- Satisfy customers to ensure continued revenue streams
- Limited focus on individual customer profitability or lifetime value across enterprise
- some real-time recognition of customer status across touchpoints

5 Dominant CRM Business Models (Relationship Optimizers)

► RELATIONSHIP OPTIMIZERS

- Vary treatment of each customer, based on lifetime value, across the enterprise
- capture complete history of customer actively across channels and products
- collaborate with customers on product design and delivery

Marketing Stages

- ▶ Mass marketing
- ▶ Target marketing
- ▶ Relationship marketing
- ▶ Customer relationship marketing

The Targets of any CRM Initiative ...

- ▶ Building a single or a few CRM applications
- ▶ Building an infrastructure for CRM
- ▶ Bringing about organizational transformation through CRM



Sherwin-Williams

- ▶ The leading developer, manufacturer, and distributor of architectural coatings and related products
- ▶ Manages 130,000 products, 300 brands, 36 plants, and 14 distribution centers across the U.S., Canada, and Latin America
- ▶ 28 acquisitions between 1990-2000
- ▶ Disparate systems made it difficult to present “one face” to customers

Sherwin-Williams

- ▶ Acquisitions had resulted in fragmented data infrastructure
- ▶ SW was supporting 7 different major order systems
- ▶ Needed a single, integrated view of the entire business
- ▶ Wanted to present “one face” to customers



Sherwin-Williams CRM Path

- ▶ Began with a Business Requirements Assessment
- ▶ Worked with a consultant to identify requirements for an integrated, customer-centric data store
- ▶ Recognized that the ultimate goal would be a Data Warehouse to store integrated company information

Sherwin-Williams CRM Path

- ▶ Champions of the CRM effort believed a project focusing only on infrastructure would fail
- ▶ The concept of CRM (new at Sherwin Williams) needed to be proved through real, delivered value

Sherwin-Williams CRM Path

- ▶ Incrementally implemented data marts to support specific CRM initiatives
- ▶ The sales mart was followed by a raw materials mart
- ▶ Used repeatable design and implementation processes for new marts
- ▶ Over time, an enterprise data warehouse is emerging

Characteristics of Individual Applications

- ▶ Often local in scope, with departmental sponsorship
- ▶ Data integration may be easy
- ▶ Impact on jobs and job skills is local
- ▶ Can provide “quick hit” benefits at the departmental level
- ▶ Can provide a “proof of concept” for a more comprehensive CRM initiative

Characteristics of Infrastructure

- ▶ Often sponsored by IT
- ▶ It is often difficult to integrate the data from disparate source systems
- ▶ Consultants may be hired to help IT
- ▶ Users must learn to work with the new decision support environment
- ▶ Normally developed with applications in mind

Characteristics of Infrastructure

- ▶ Infrastructure is costly to develop
- ▶ Departments must give up control of their data
- ▶ May be cost savings from infrastructure consolidation
- ▶ Possible “quick hit” returns from follow-on CRM applications

Characteristics of Organizational Transformation

- ▶ Must be initiated by senior management and supported by business units and IT
- ▶ Requires a major shift in organizational culture and business practices to become “customer centric”
- ▶ Requires the building of CRM infrastructure
- ▶ Jobs and job skills are changed throughout the organization

Characteristics of Organizational Transformation

- ▶ An expensive, risky undertaking, but with the potential for great increases in revenues and profits

Lesson #1

- ▶ Sponsorship may vary across targets

Lesson #2

- ▶ The incremental approach is always best: move as quickly as possible to deliver benefits

Lesson #3

- ▶ Prepare to get your hands dirty when working with CRM data, especially when building enterprise-wide CRM infrastructure

Lesson #4

- ▶ Ensure that the CRM architecture will scale to future needs

Lesson #5

- ▶ You can teach an old dog new tricks... sometimes

Lesson #6

- ▶ Make sure to plan for knowledge transfer

Lesson #7

- ▶ Effective and perceptive communication between IS and the business side of the organization is critical

Concluding Points

- ▶ Developing applications is easier than building infrastructure which is easier than organizational transformation
- ▶ Any CRM initiative requires hitting all three targets to some extent
- ▶ CRM targets are temporal in nature

References

- H.J. Watson, B.H. Wixom, J.D. Buonamici, and J.R. Revak, “Sherwin-Williams Data Mart Strategy: Creating Intelligence Across the Supply Chain“, *Communications of AIS*, Volume 5, Article 9 (May 2001).
- Eckerson, W. and H.J. Watson, “Harnessing Customer Information for Strategic Advantage: Technical Challenges and Business Solutions,” (Seattle: The Data Warehousing Institute, 2000).
- Goodhue, D.L., B.H. Wixom, and H.J. Watson, “Realizing Business Benefits through CRM: Hitting the Right Target the Right Way,” under review at *MISQ Executive*. (http://terry.uga.edu/~hwatson/MISQE_CRM.doc)
- Watson, H.J., B.H. Wixom, J.D. Buonamica, and J.R. Revak, “Sherwin-Williams' Data Mart Strategy: Creating Intelligence Across the Supply Chain,” *Communications of ACIS*, (April 2001).
- Watson, H.J., D.L. Goodhue, and B.J. Wixom, “The Benefits of Data Warehousing: Why Some Companies Realize Exceptional Payoffs,” *Information and Management*, (May 2002).
- Watson, H.J., D.L. Goodhue, and B.H. Wixom, “Data Warehousing: The 3M Experience,” in *Organizational Data Mining: Leveraging Enterprise Data Resources for Optimal Performance*, H. Nemati (ed.), Idea Group Publishing, Herhsey, PA, (forthcoming).

Why Auto Retailing?

- Dealerships are coming kicking and screaming into the new world and this time of change provides interesting forum for analysis
- “Used car guy” stereotype—need CRM



Why Auto Retailing?

- ▶ Clear real-time channel to customers
 - ▶ Manufacturers have realized that g the brand is only half the
- ▶ Average Customer value
 - ▶ \$350K spent by an individual in their lifetime
- ▶ Real time information exchange can benefit both parties



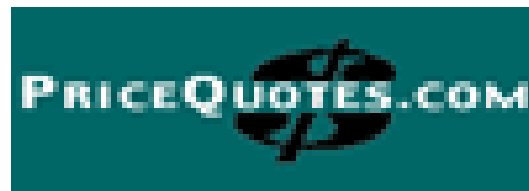
Misunderstanding CRM...

- ▶ Over-riding philosophy of auto industry and many other manufacturing organizations... “If you don’t sell it or weld it, you are expendable”



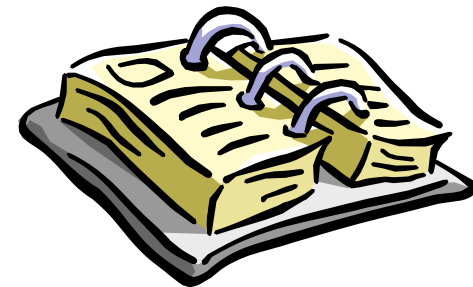
Lack of IT Strategy

- ▶ CRM for the wrong reasons
 - ▶ Do you believe that buying a vehicle is like buying a CD or sweater?
 - ▶ Are you willing to bet your dealership on it?



CRM = Higher Gross

- ▶ “Only as good as your last month mentality”
 - ▶ Long-Term is easily forgotten as many employees are in it for “today”
- ▶ CRM seen as soft sell...Higher gross
- ▶ CRM is putting a “process” to good business habits



NADA average dealership profile

	2001	2000	1999	1998	1997
Total dealership sales	\$31,670,046	\$29,360,978	\$27,260,123	\$24,457,492	\$22,407,329
Total dealership gross	\$4,154,469	\$3,734,466	\$3,443,159	\$3,146,367	\$2,840,315
As percent of total sales	13.1	12.7	12.6	12.9	12.7
Total dealership expense	\$3,535,496	\$3,278,542	\$2,944,441	\$2,730,818	\$2,533,232
As percent of total sales	11.2	11.2	10.8	11.2	11.3
Net profit before taxes	\$618,974	\$455,924	\$498,719	\$415,549	\$307,083
As percent of total sales	2.0	1.6	1.8	1.7	1.4
New vehicle department sales	\$18,808,644	\$17,638,914	\$16,339,787	\$14,437,283	\$13,065,407
As percent of total sales	59.4	60.1	59.9	59.0	58.3
Used vehicle department sales	\$9,187,234	\$8,388,678	\$7,879,371	\$7,182,718	\$6,667,164
As percent of total sales	29.0	28.6	28.9	29.4	29.8
Service and parts sales	\$3,674,168	\$3,333,386	\$3,040,965	\$2,837,492	\$2,674,758
As percent of total sales	11.6	11.4	11.2	11.6	11.9
Advertising expense	\$303,575	\$288,242	\$254,373	\$241,913	\$226,502
As percent of total sales	1.0	1.0	0.9	1.0	1.0
Per new vehicle retailed	460	448	412	428	440
Rent and equivalent	\$303,733	\$276,002	\$247,531	\$231,228	\$213,253
As percent of total sales	1.0	0.9	0.9	0.9	1.0
Per new vehicle retailed	460	429	401	409	415
New vehicle average retail selling price	\$25,797	\$24,923	\$24,445	\$23,633	\$22,565
Gross as percent of selling price	6.0	6.1	6.4	6.5	6.4
Retail gross profit	1,542	1,528	1,555	1,541	1,441
Used vehicle average retail selling price	\$13,930	\$13,648	\$13,236	\$12,501	\$12,123
Gross as percent of selling price	10.9	10.9	10.7	10.8	10.8
Retail gross profit	\$1,525	\$1,488	\$1,420	\$1,356	\$1,306
Average net worth	\$2,016,200	\$1,876,231	\$1,702,112	\$1,539,070	\$1,389,052
Net profit as percent of net worth	30.7	24.3	29.3	27.0	22.1

Note: Data is compiled from a weighted average of the financial information from approximately 2,300 franchised dealers across the U.S. and dealer retail sales information from the U.S. Census Bureau. The data is weighted to reflect a representative mix of dealership size and make distribution of total dealerships in the U.S. The data is not adjusted for seasonal trends.

Source: NADA Industry Analysis Division

Providing Clear Channels of Information

- ▶ Consumer Side—Smarter Customers



- ▶ CRM as a Competitive Advantage
 - ▶ Universal Computer Systems...Internet Business Connection
 - ▶ Service and Parts Integration

CRM Is Not Technology

- ▶ This misconception is the main reason why many initial initiatives failed...
 - ▶ *“The belief is, if you give the problem away, the third party will be able to magically make it disappear. This tactic doesn’t succeed because the client hasn’t invested the time to address the underlying business processes”—Jerry Cooperman, VP of Gartner Group*



Real Questions on CRM

- ▶ “Can’t I just buy a software package to do CRM for us?”
 - ▶ If all you want is a letter writing program and some pretty reports-yes.
- ▶ An expensive, customized processes control application poorly implemented will do this as well.



Real Questions on CRM

- ▶ “My managers don’t want a CRM package...can I put one in around them?”
 - ▶ If your managers don’t want it, they’ll make sure it fails.
 - ▶ Often times, GM’s don’t want it because it will expose poor controls, lack policies, laziness, or put a quantifiable measure of accountability on them.
 - ▶ These individuals do little if any coaching or have loosely structured environments.



Real Questions on CRM

- ▶ “Isn’t CRM just a fad?”
 - ▶ Maybe for your organization improving customer interaction and maximizing every opportunity is a “fad”.
- ▶ “CRM by any other name...”

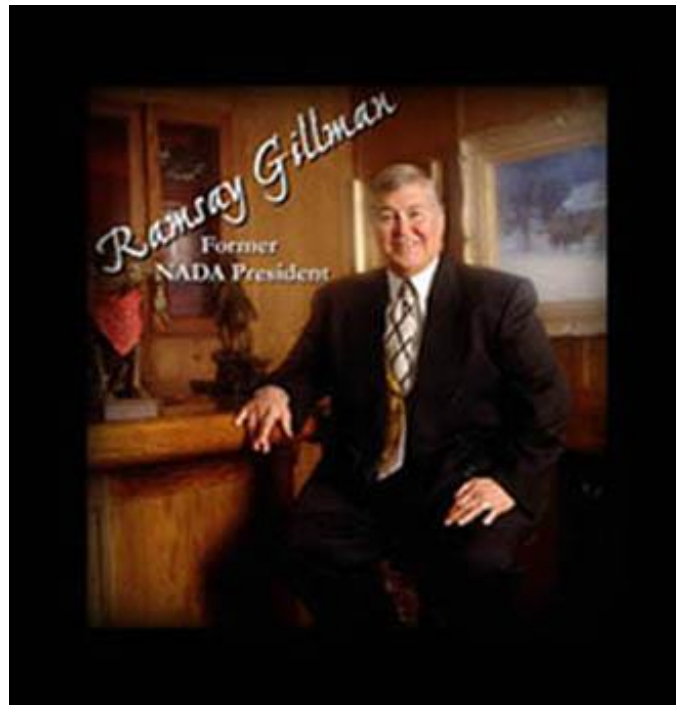


“Human Landscape Readiness”

- ▶ Sponsor commitments
- ▶ Target resistance
- ▶ Corporate culture
- ▶ Remaining adaptation capability
- ▶ Implementation
- ▶ Set measurable goals!



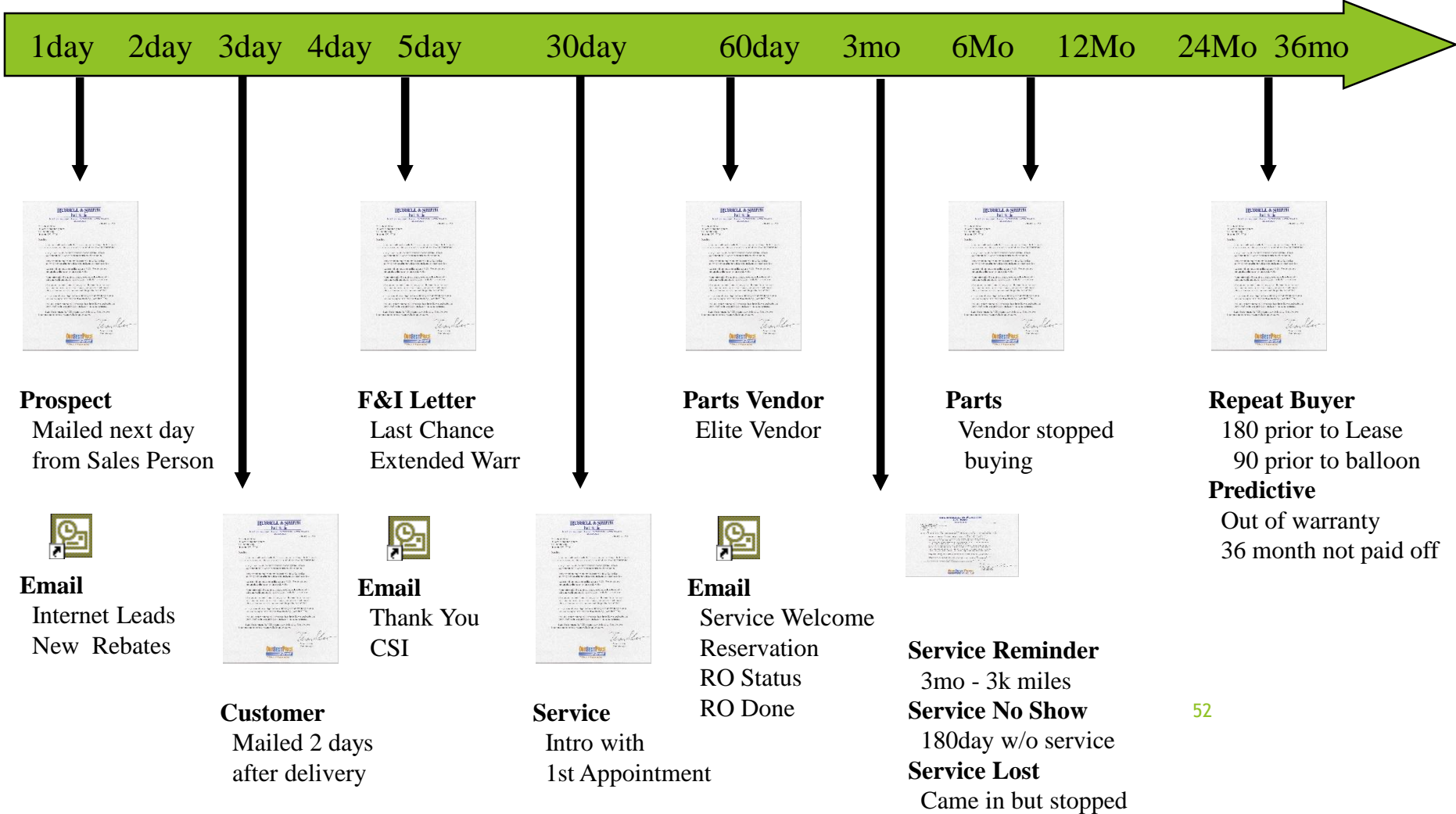
Gillman Honda, “Inspect What You Expect”



Kept goals simple...

- ▶ Sell more vehicles to those individuals that have already taken the time to enter our lot
- ▶ Rule of thirds (1/3, 1/3, & 1/3)
 - ▶ “Daily Work Plan”
 - ▶ Organized
 - ▶ Daily Plan
 - ▶ Process

Contact Timetable



On-line Daily Work-plan

On-Line Daily Work		As of 01/26/02 08:25:49
Slsp #	<input type="text" value="500"/> ARMSTRONG, CHRIS	
SECTION LIST		
		COMPLETED
PROSPECTS ADDED SINCE LAST WORK PLAN		
UPCOMING APPOINTMENTS SCHEDULED		000 OF 001
INTERNET PROSPECTS		000 OF 001
CURRENT PROSPECTS		000 OF 005
TICKLER-DATE CONTACTS FOR 01/26/02		000 OF 001
TICKLER-DATE CONTACTS FOR 01/25/02		000 OF 001
CRISS-CROSS - PROSP WANTS/MATCHING PROSP POTENTIAL TRADE-INS		000 OF 001
FOLLOW-UP DELIVERIES 004 DAYS OLD FOR REFERRALS		000 OF 002
FOLLOW-UP DELIVERIES 014 DAYS OLD FOR REFERRALS		000 OF 010
CONTACT PREVIOUS BUYERS FOR REPEAT SALES AFTER 06 MONTHS		002 OF 002
CONTACT PREVIOUS BUYERS FOR REPEAT SALES AFTER 23 MONTHS		002 OF 003
CONTACT PREVIOUS BUYERS FOR REPEAT SALES AFTER 35 MONTHS		001 OF 001
MONTH-TO-DATE UP COUNT ANALYSIS		
▲ DEAL DISPATCHING INTERFACE - PENDING DEALS		000 OF 010

Follow-up on Delivery

Prospect Functions File Subscreens Tools Display Print Go To

On-Line Daily Work As of 01/26/02 08:25:49

Slsp # ARMSTRONG, CHRIS

FOLLOW-UP DELIVERIES 014 DAYS OLD FOR REFERRALS COMPLETED
000 OF 010

NAME	SOLD	HOME	WORK	YR	MODEL
PUSTAY, KATE	01/02/02	(281) 344-5788	(713) 211-4566	2001	F-150
BENTLEY, MERCEDES	01/02/02	(281) 456-8798	(713) 718-1800	2002	TAURUS
WILSON, MEGAN	01/02/02	(713) 455-7899	(281) 233-5564	2002	TAURUS
POTTER, DANIEL	01/03/02	(281) 526-1123	(713) 654-8943	2001	EXPEDIT
GONZALEZ, MARY	01/08/02	(281) 748-4542	(281) 748-4542	2002	RANGER
BEARDEN, BRANDON	01/11/02	(713) 914-0961	(281) 989-0584	2002	EXPEDIT
LYTTLE, CHRISTOPHER	01/11/02	(281) 242-4256	(832) 204-0706	2001	EXPEDIT
BEACH, DAVE	01/11/02	(281) 556-5828	(713) 435-2866	2002	MUSTANG
FRIEL, JOHN	01/11/02	(578) 542-6582		2002	MUSTANG
KOENING, ROBERT	01/13/02	(713) 781-2494	(713) 781-2494	2002	ESCAPE

Follow-up Detail

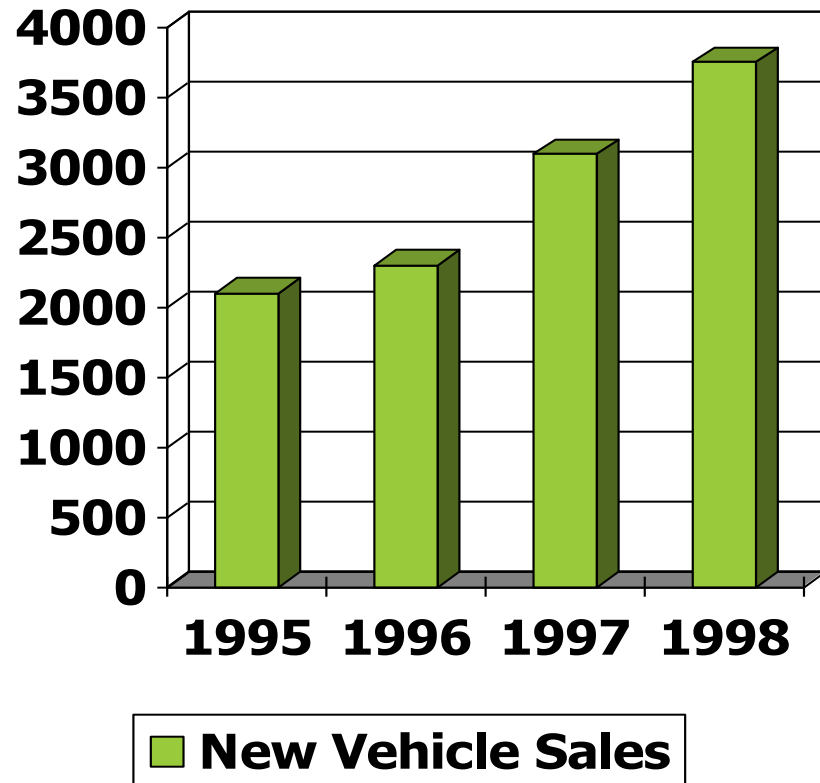
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FOLLOW-UP DELIVERIES 014 DAYS OLD FOR REFERRALS                000 OF 010

POTTER, DANIEL                H (281) 526-1123
123 MAIN                      W (713) 654-8943
                               PAYOFF DATE 010207 PAYOFF AMT 39681.22
HOUSTON                       TX 77018          VIN # 1FMRU15L31LB48434 ODOM    10
HARRIS                       UNITED STATES
EMAIL: NADA@UNIVERSALCOMPUTERSYS.COM
SPOUSE
CFL:  1 VEH PURCHASED  1 VEH OWNED  $  110 TOTAL SERVICE DOLLARS SPENT
PURCHASE 01 FORD        EXPEDITION 4DR SPTUTY UA        SOLD 010302 SERV 082301
COMMENT:
CALLED ON:              DUR        BY
CALLED ON:              DUR        BY
ORIGINAL SALESMAN WAS:
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“Household Record”

VEHICLE SALES	UNITS	SALES	COMMISSION GROSS	BACKEND GROSS	TOTAL GROSS		
THIS YEAR							
LAST YEAR	1	18,280	777		777		
LIFE TO DATE	3	74,124	4,966	2,042	7,008		
LAST: 03/21/01 DEAL: 00118696 01 RANGER 2WD XCAB FLAGS: NRF							
SVC SALES	VISITS	CUS	WAR	EXT	INS	INT	POL
THIS YEAR							
LAST YEAR							
LIFE TO DATE	5	69	819			21	189
LAST VISIT: 11/17/01							
TOTAL SALES THIS YEAR:			LAST YEAR:		18,280	LIFE: 74,823	
BACKWARDS FUNCTION - XMIT TO BROWSE							

Gillman Metrics



- ▶ “Since implementing (CRM applications)... new vehicle sales have increased by more than 70%...”
- ▶ “Gillman Honda is now enjoying its status as one of the the top ten Honda dealerships in the United States.”

Gillman Summary

- ▶ Kept it simple and didn't just throw technology at issue
 - ▶ Technology was secondary
- ▶ Culture shift did not occur
 - ▶ Provide CRM tool that simplified what they were already supposed to be doing



Web-based CRM Solutions



▶ Salesforce.com

- ▶ the worldwide leader in the rapidly expanding market for online customer relationship management (CRM).
- ▶ founded in 1999 by former Oracle executive Marc Benioff, who pioneered the concept of using a simple Web site to deliver enterprise applications.
- ▶ Based in San Francisco, the company delivers integrated and scalable enterprise applications for companies of all sizes.
- ▶ Has a client list of more than 5,000 companies worldwide, including: Daiwa Securities, USA Today, AutoDesk, Dow Jones Newswires, Siemens PT&D, Textron Fastening Systems, Time Warner Cable, The Weather Channel, Kikkoman, Le Meridien Hotels and Ericsson Microelectronics.

salesforce.com

#1 CRM. No Software.

Source: <http://www.salesforce.com/us/company/>, viewed 11/01/02

Web-based CRM Solutions

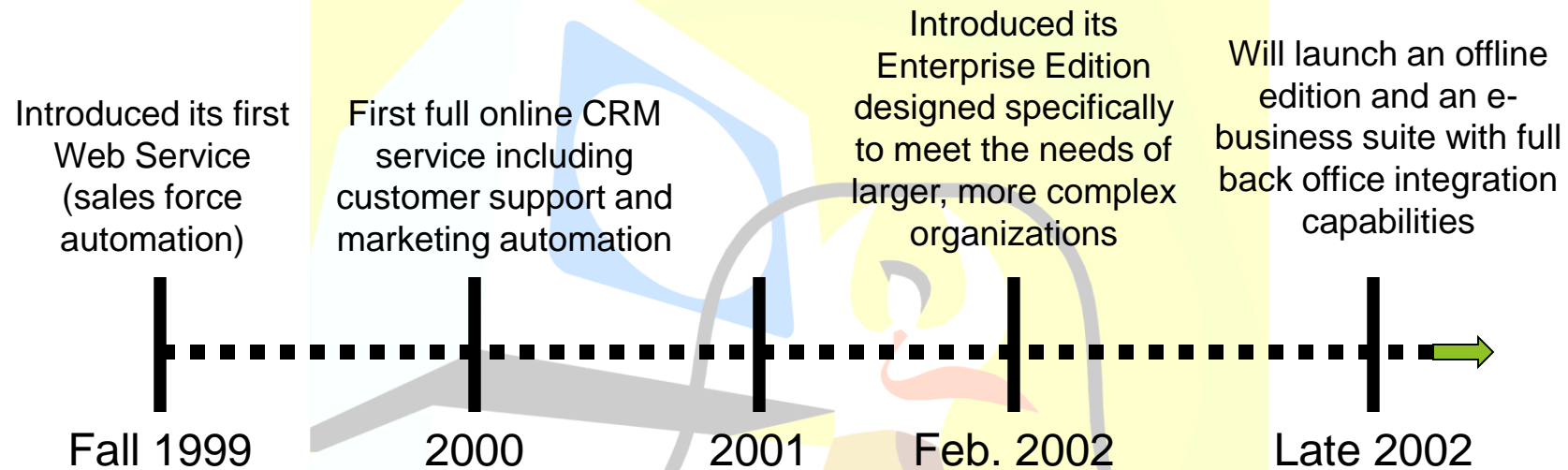
▶ Awards and Recognitions

- ▶ Gartner Group dubbed the company, “The Future of Software”.
- ▶ InfoWorld named salesforce.com the 2001 CRM Technology of the Year
- ▶ PC Magazine rated salesforce.com's service worthy of five out of five stars
- ▶ Fortune Magazine named it a "Cool Company" of 2001
- ▶ The Aberdeen Group honored salesforce.com with a Top 10 CRM Implementation award for 2001 and 2002
- ▶ Morgan Stanley named salesforce.com as the fastest growing CRM company



Source: <http://www.salesforce.com/us/company/>, viewed 11/01/02

Web-based CRM Solutions



Source: <http://www.salesforce.com/us/company/>, viewed 11/01/02

Why Web-based CRM?

- ▶ In the past year, Salesforce.com has added more CRM customers than Siebel, PeopleSoft, Oracle and SAP combined, and now has more CRM customers than any of these vendors.
- ▶ Enterprise CRM software, such as offerings from Siebel, PeopleSoft, and SAP, fail to meet expectations more than 50 percent of the time, resulting in countless abandoned software implementations.
- ▶ A growing number of companies have left traditional client-server software for salesforce.com's online, pay-as-you-go model in order to see immediate ROI and a lower total cost of ownership.



Source: <http://news.cnet.com/investor/news/newsitem/0-9900-1028-20372025-0.html>,
viewed 11/01/02

Why Web-based CRM?

- ▶ Salesforce is by far the most successful pioneer of a model many believe will be big in the future—the delivery of software functionality as a service over the Internet.
- ▶ Salesforce is one of the few dot-coms, indeed one of the few technology companies of any type, whose sales continue to rise steadily in this miserable economy.
- ▶ "In an industry where there's not a lot new happening, Salesforce.com represents a radical new way of delivering the value of software."
 - ▶ Goldman Sachs software analyst Rick Sherlund

Web-based Vs. Traditional

▶ Surviving in the Shadow of Siebel

- ▶ Salesforce.com is doing well in a market niche -- small to medium-size companies -- that Siebel's software is too complex to dominate.
- ▶ Michigan-based Textron Fastening Systems (TXT), a \$1.7 billion supplier of screws and rivets, is an ideal Salesforce.com customer.
- ▶ Textron had 150 salespeople typing order forecasts into a single Excel spreadsheet. It took a week to roll up the data. With Salesforce.com's system, it now happens online and in real time.
- ▶ While Siebel software can do the same thing -- and lots of other things -- it can be more trouble than it's worth for small companies.
 - ▶ “Siebel requires a big implementation, more money, and a lot more forethought than Salesforce.com. We didn't want to get into that.” - Denis Hanna, Textron's sales director

Siebel vs. Salesforce.com

	Siebel	Salesforce.com
REVENUE 2001	\$2 billion	\$23.1 million
REVENUE Q1 2002	\$478 million	\$10.5 million
NUMBER OF EMPLOYEES	7,400	200
NUMBER OF CUSTOMERS	More than 3,000	More than 5,000
AVG. COST PER SEAT	\$3,500	\$75
INSTALLATION COST	\$710,000 average	\$56,000 or less

Source: <http://www.business2.com/articles/mag/0,1640,40337,FF.html>, viewed 11/01/02

Web-based CRM Solutions

- ▶ While the SME market has proven to be a successful test bed for Salesforce's utility-based approach, most commentators agree that it needs to gain the trust of larger companies.
- ▶ Autodesk, with 500 users; Adobe-400; one division of Textron, 500; Japan's Kikkoman, 500, and Le Meridien Hotels has 250 employees using it at 130 different locations.
- ▶ "Our goal is to be up and running with everything SAP has within three years." - Salesforce CEO Marc Benioff



Daiwa Securities
SMBC

SIEMENS

Customer's Testimonials

"At Dow Jones Newswires, we live and die by real-time information. Salesforce.com has given us a powerful, cost-effective means of ensuring that the most updated customer information is always available to our sales and support teams so that we can continue to reduce response times and improve service quality."

-Bob Simon

Executive Director of Business Development & Operations
Dow Jones Newswires



"Salesforce.com offers us a single global view of our customers. We are now able to access information and reports in real time from any of our account teams around the world-a critical element to providing enhanced customer service."

- Bob Daw

Senior Director of Major Accounts
Autodesk, Inc.

Source: <http://www.salesforce.com/us/customers/>, viewed 11/11/02

Customer's Testimonials

"Having the ability to track customer information from the time a sale is made to the time that information is needed to answer a customer's questions is essential for any growing business. Salesforce.com gave us that solution."

- Sean Kern

Vice President, New Business
Development
Time Warner Cable



"Salesforce.com's CRM solution strengthens our partner and customer relationships, and enables us to collectively focus on delivering significantly more value to customers at all points in the distribution chain."

- Lorne Wilson

Vice President of Channel Sales &
Marketing
Fujitsu Computer Products of America,
Inc.

Source: <http://www.salesforce.com/us/customers/>, viewed 11/11/02

Case Study: Ericsson Electronics

▶ Challenge

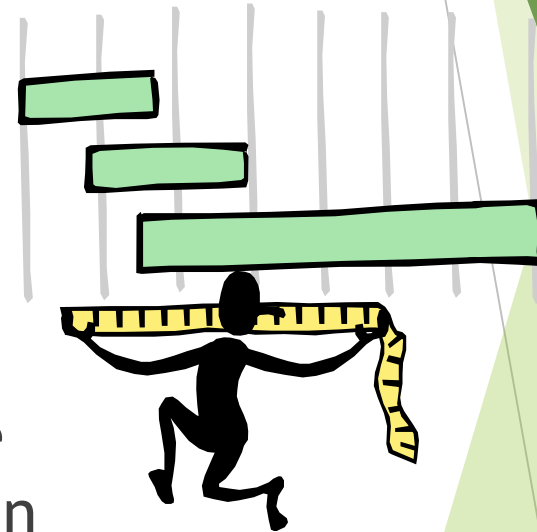
- ▶ No CRM system in place
- ▶ Receiving e-mailed monthly reports in Microsoft Word documents
- ▶ Information was not consistent
- ▶ Data was not up to date or fully accurate



Case Study: Ericsson Electronics

► Solution

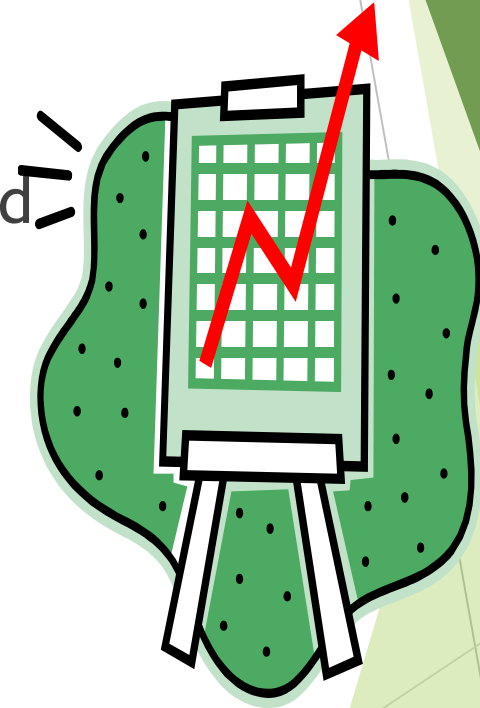
- Enterprise class Customer Relationship Management software for a low monthly subscription per user
- Salesforce.com eliminates the need to buy, install or maintain hardware, software or networks



Case Study: Ericsson Electronics

▶ Results

- ▶ Boost Customer Responsiveness and Speed to Market
- ▶ Salesforce.com's multi-language facility means that different people in different countries can view the same customer report in their own language and currency



Salesforce.com

▶ An Immediate CRM Solution

- ▶ Salesforce.com's online CRM gets you up and running ten times faster than any conventional CRM product. There's no software to install. No hardware to purchase. You keep your mind on business, not technology.

▶ A Proven Solution

- ▶ Salesforce.com is currently ranked the #1 Online CRM solution provider and the #2 overall provider of CRM Solutions. More than 5,000 companies worldwide rely on salesforce.com to grow revenues, reduce expenses, and increase customer satisfaction.

▶ Immediate Results

- ▶ Salesforce.com delivers a profitable ROI ten times faster than any competitor. Most customers achieve significant ROI results within two months – not the years required by conventional CRM packages.

▶ Affordable Solution Without Sacrificing Functionality

- ▶ Salesforce.com's total cost of ownership is so cost effective, it's ten times less than that of competitors. No multimillion dollar upfront investment. You'll never be shocked by hidden implementation, systems integration, or training costs.

Web-based CRM Solutions

- ▶ Product Demo
- ▶ <https://www.salesforce.com/login>



CRM Users

- ▶ Everyone uses CRM
 - ▶ Insurance Industry
 - ▶ Banking Industry
 - ▶ Cessna
 - ▶ TidalWire Distributors



Insurance Industry



- ▶ Insurance Carriers
 - ▶ Improve business processes
 - ▶ Access to real-time information at any time
 - ▶ Know which customers to target for which services
 - ▶ Use customer analytics

- ▶ Insurance Buyers
 - ▶ More options in buying insurance
 - ▶ More ways to interact with suppliers
 - ▶ Multiple channels
 - ▶ Anytime service

Banking Industry



- ▶ Cross-Selling
 - ▶ Turning services into sales opportunities
- ▶ Provide real-time transaction updates to service staff
- ▶ Workforce management technology
 - ▶ Use customer information to properly staff¹ the banks

11

2

1 “Cross-Selling Drives CRM Growth in Banking” *Call Center Magazine*. June 2002.

2 Berfosky, Joe. “Banks Start to Embrace Workforce Technology” *Bank Systems and Technology*.⁷⁶ August 2002.

Cessna Aircraft Company

- ▶ Wanted to extract information about customers and individual airplanes
- ▶ Make the information quickly and easily available to global sales force
- ▶ Customized the data models to do this

Songini, Marc L. "Extending CRM" *Computerworld*. 11/5/01.



Cessna Aircraft Company

► Result: a success

“(The salespeople) look up (the information) in Zimbabwe as the plane rolls up the ramp and look in the database and find out who is the chief pilot, who owns it, and who operates it.”

- Dave Turner, Manager of Network Systems

TidalWire Inc.

- ▶ Needed customized CRM for e-business web-site
- ▶ Used a customized Siebel product
- ▶ Wanted to make customer navigation easier on web-site

Songini, Marc L. “Extending CRM” *Computerworld*. 11/5/01.



TidalWire Inc.

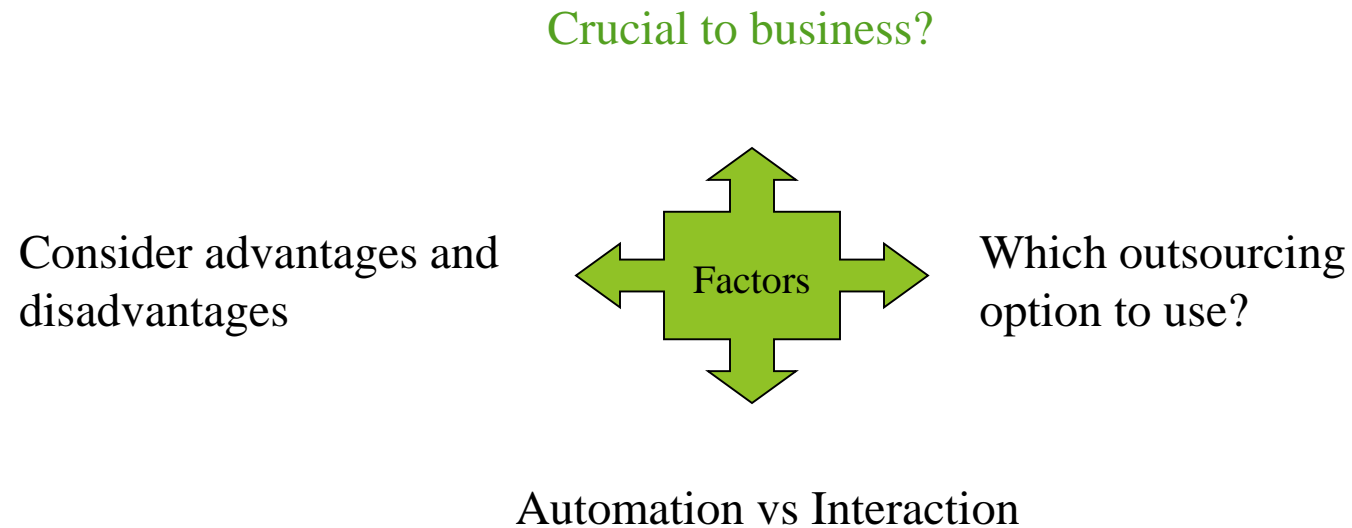


► Result:

- “A single product catalog that serves the sales force, operations group, and web site.”
- “Web requests for price quotes and orders are automatically directed to the right salesperson and can be tracked along with the sales data”

Songini, Marc L. “Extending CRM” *Computerworld*. 11/5/01.

Deciding to Outsource

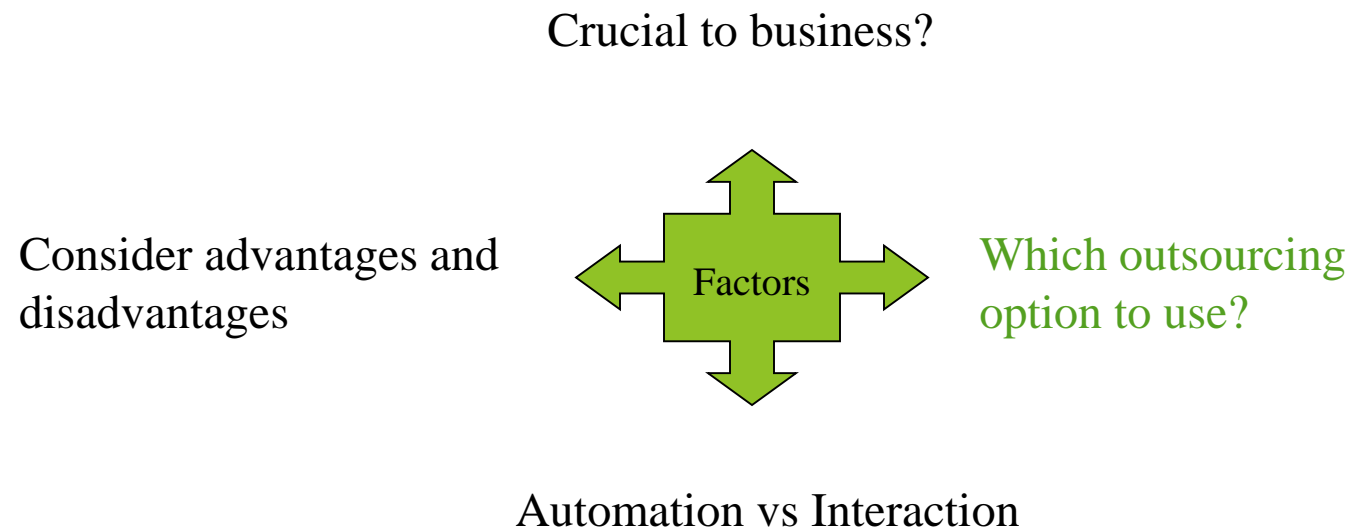


Crucial to Business?

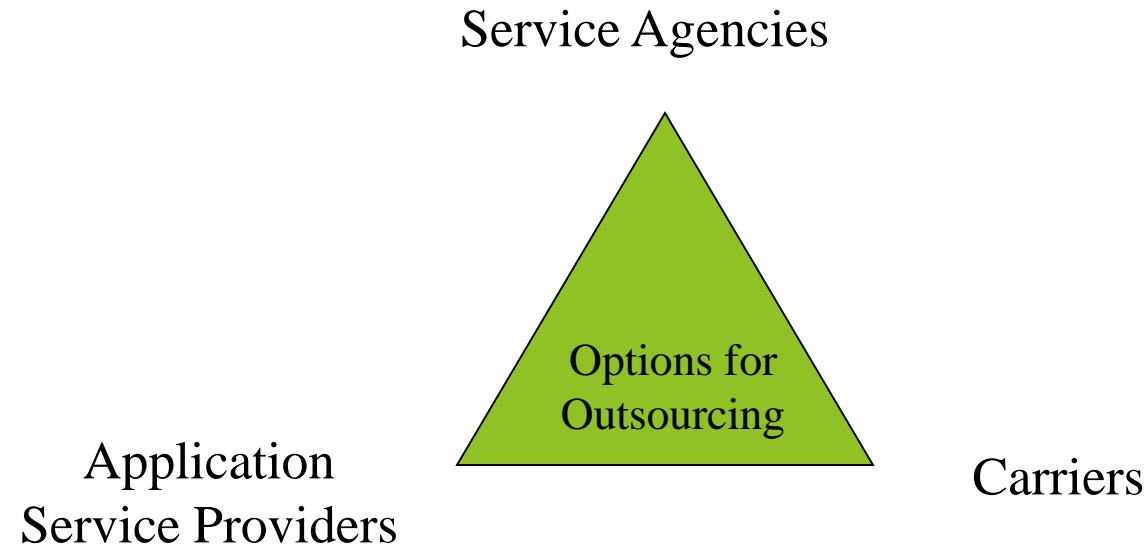
- ▶ Outsourcing CRM is more crucial for certain types of organizations
- ▶ Example: E-tailers
 - ▶ Need CRM for order taking, customer service, etc.
 - ▶ 2/3 of transactions abandoned due to bad CRM
 - ▶ Insufficient resources to launch in-house CRM packages
 - ▶ 24/7 service
 - ▶ Need call centers, service representatives, and software

Pudles, Gary. "Outsource your e-tail services". *Discount Store News*. 1/3/00.

Deciding to Outsource



Outsourcing CRM



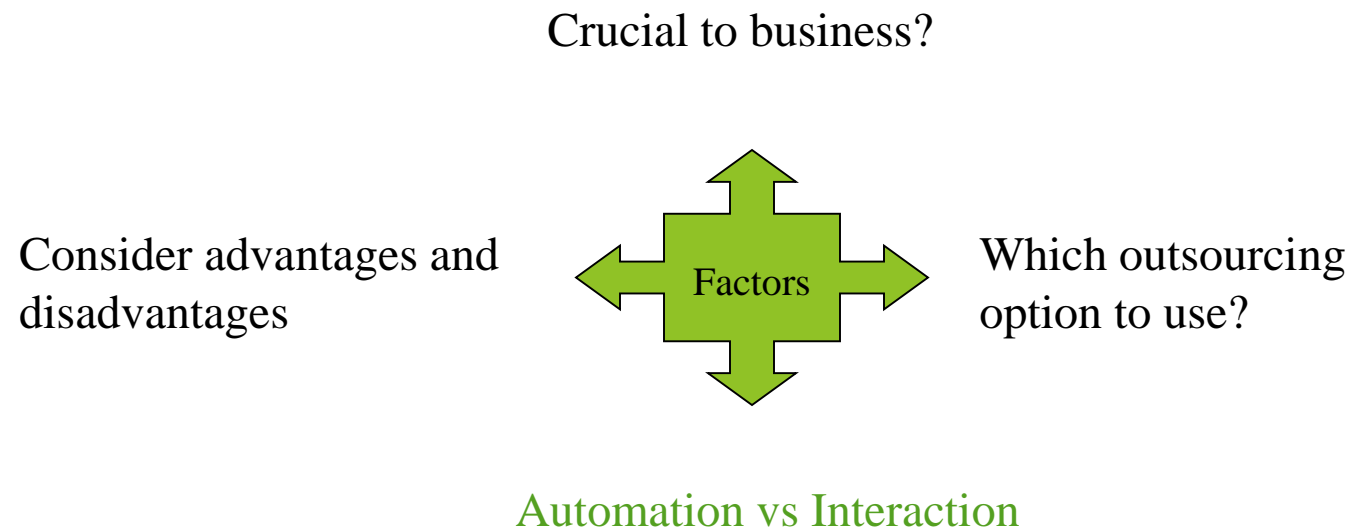
Kopf, David. "CRM: Who ya gonna call?" Business Communications Review. Dec 2000.

Choosing an Outsourcing Option

- ▶ Depends on company's needs
 - ▶ Staffing, programming, entire company, one division
- ▶ The enterprise must have oversight
 - ▶ ASP's data security and disaster recovery

Kopf, David. "CRM: Who ya gonna call?" Business Communications Review. Dec 2000.

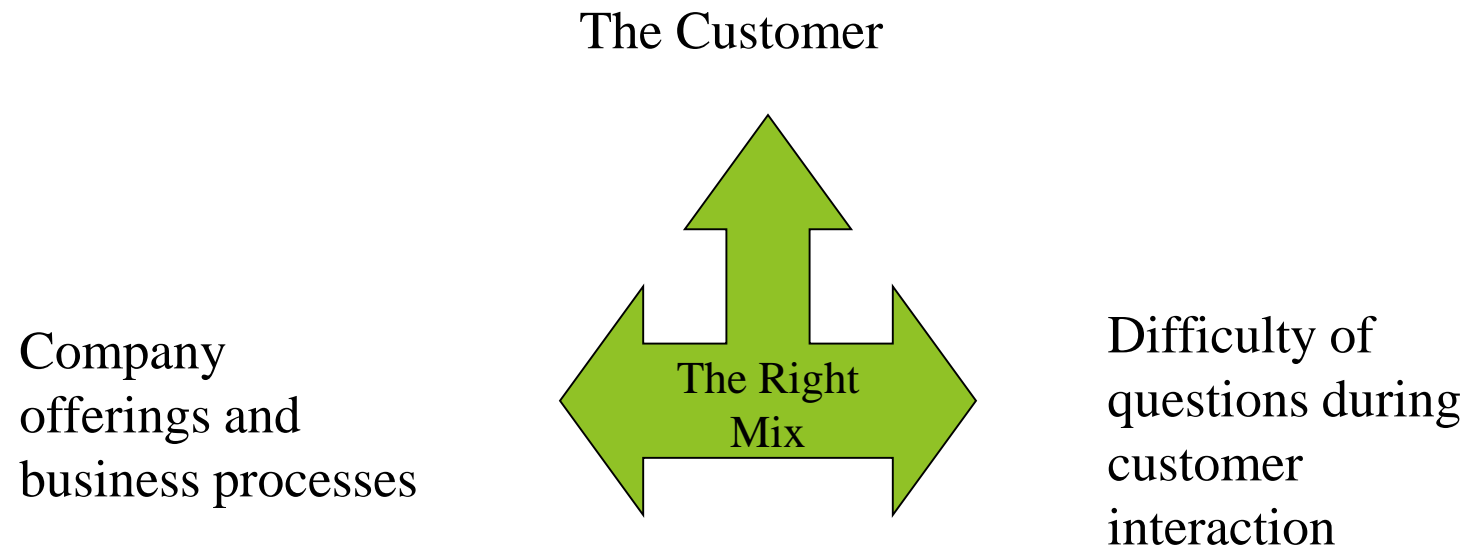
Deciding to Outsource



Automation vs Interaction

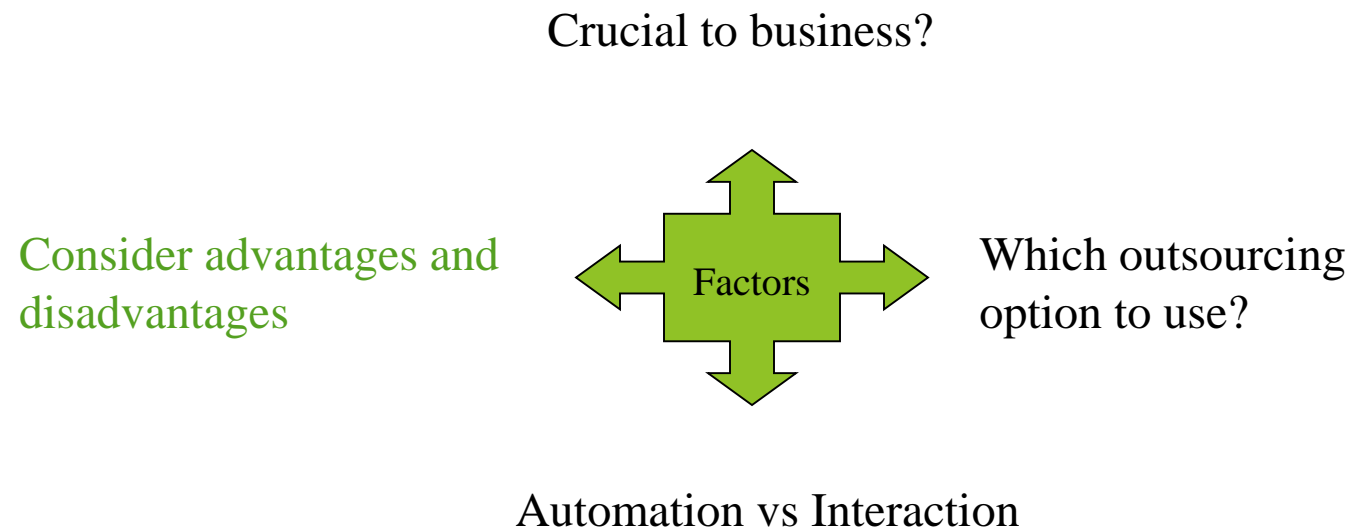
- ▶ Automation ensures that customers get the best service in the least amount of time
 - ▶ Self-service FAQs and automated chat agents
- ▶ Human interaction is needed in the right quantity at the right time
 - ▶ Complex issues

Automation vs Interaction



Ledford, Jerri L. "What's the Best Way to Outsource CRM?" *BPO Outsourcing Journal*. Outsourcing Center 10/13/02.

Deciding to Outsource



Advantages of Outsourcing

- ▶ Cost reduction
- ▶ Increased customer satisfaction
- ▶ Increased sales support
- ▶ Fast deployment
- ▶ Low infrastructure costs



Howle, Amber. "CRM Panel Addresses Outsourcing" *Computer Reseller News*. March 27, 2002.

Biggs, Maggie. "ASPs offer inexpensive, quick road to CRM". *InfoWorld*. April 16, 2001.

Advantages of Outsourcing

- ▶ Manageable monthly fees
- ▶ Easy upgrading
- ▶ Easy implementation
- ▶ Less in-house technical knowledge needed



Howle, Amber. "CRM Panel Addresses Outsourcing" *Computer Reseller News*. March 27, 2002.

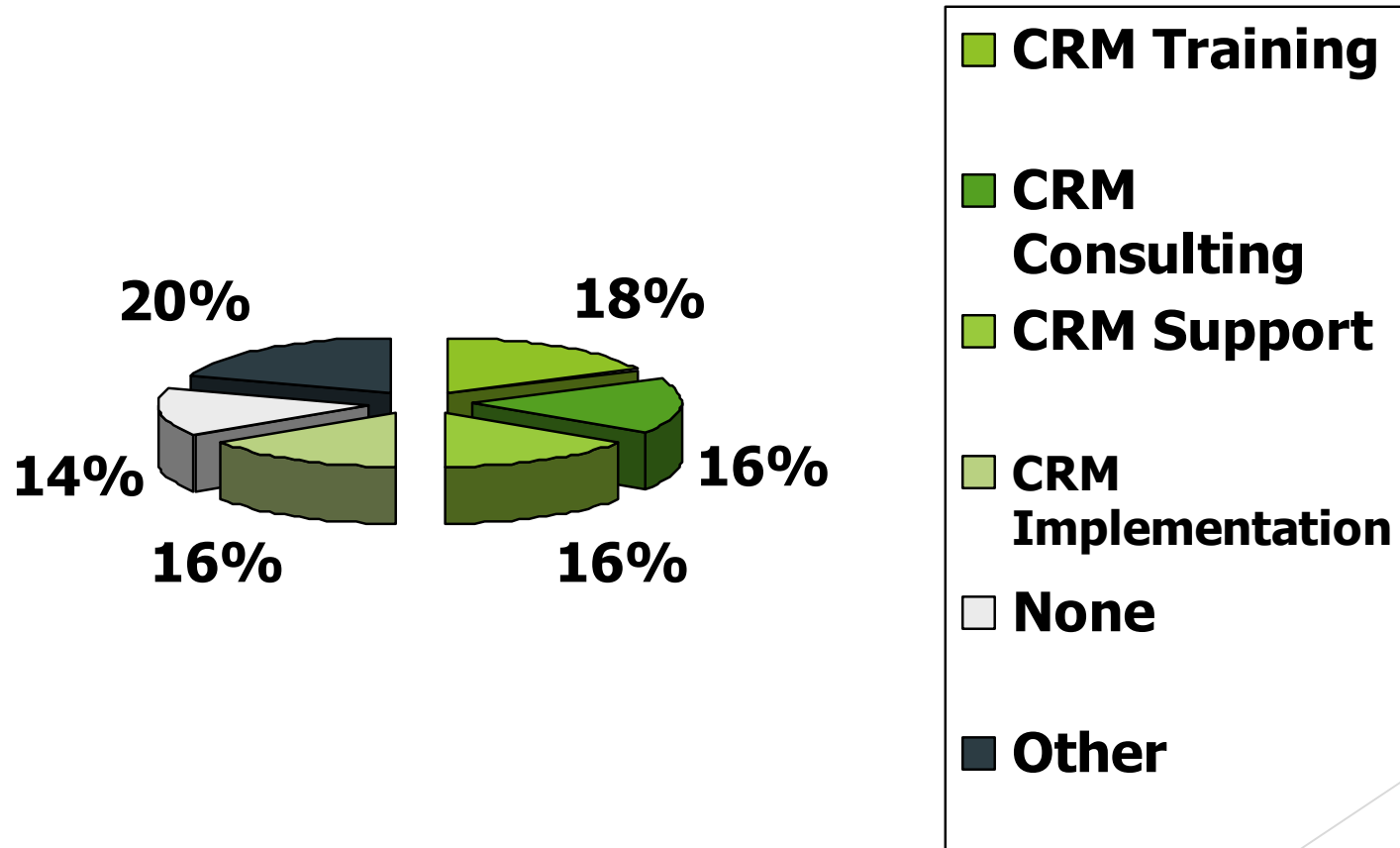
Biggs, Maggie. "ASPs offer inexpensive, quick road to CRM". *InfoWorld*. April 16, 2001.

Disadvantages of Outsourcing

- ▶ Indirect control of data
- ▶ Dependence on provider reliability
- ▶ Vendor stability concerns



What to Outsource?



Biggs, Maggie. "ASPs offer inexpensive, quick road to CRM" *Infoworld*. 4/16/01.

The Common Mistakes of CRM

- ▶ Over Customization
- ▶ Delivering Everything at Once
- ▶ Failure to Change
- ▶ Limited Product Vision
- ▶ Sacred Processes

Summary

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