

Informatics For Business Administration



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3.2 Operational and Analytical CRM



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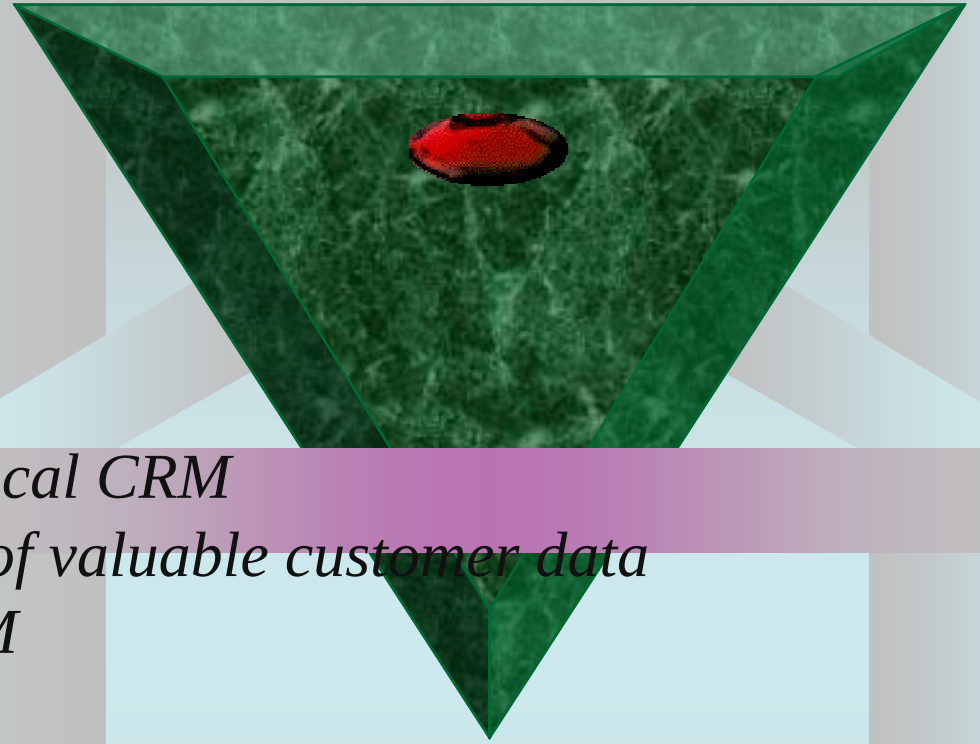


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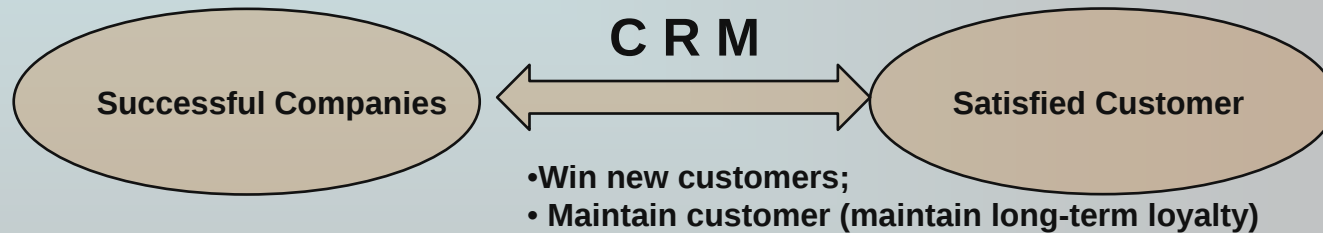
**Chapter 3 Customer Relationships
Management (CRM)
Prof. univ.dr. Vasile Avram**



3.1 Definition

A customer requires three things from a company:

- The products on offer must fulfill his requirements;
- The products must be available in the required quantity and quality;
- The products must be available at an acceptable price.





Successful Companies ↔ **CRM** ↔ **Satisfied Customer**

Company Areas → **UD** (Upper Data) / **RD** (Lower Data)

resource planning

All areas must have a standardized view of customer data irrespective of the business partner and method of communication





3.1 Definition

A definition of customer relationship management (CRM) is *"The infrastructure that enables the delineation of an increase in customer value, and the correct means by which to motivate valuable customers to remain loyal (to buy again).¹"*

"The purpose of CRM is to enable businesses to track and manage all of their customer interactions over the lifetime of the customer relationship. CRM is a business strategy, and companies typically use a CRM software system as a technology platform to help implement their CRM strategy, processes, and procedures.²"

¹CRM Handbook, The: A Business Guide to Customer Relationship Management, by Jill Dyché, Addison Wesley Professional, August 09, 2001

²Working with Microsoft Dynamics™ CRM 4.0, Second Edition, by Jim Steger; Mike Snyder, Microsoft Press, March 10, 2008



3.2 Operational and Analytical CRM

CRM categories:

- *Operational* (touching customers);
- *Analytical* (understanding the customer).

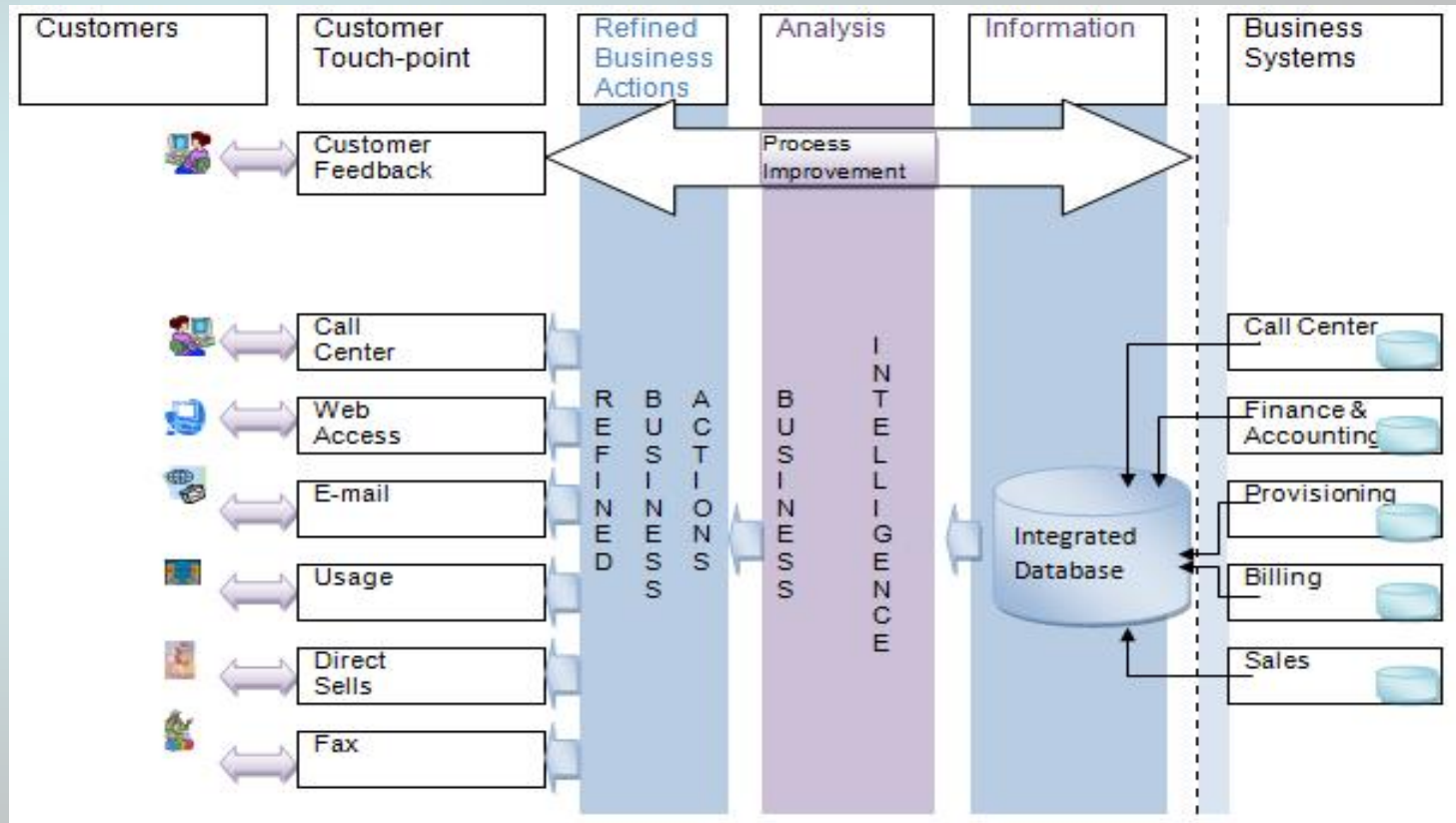


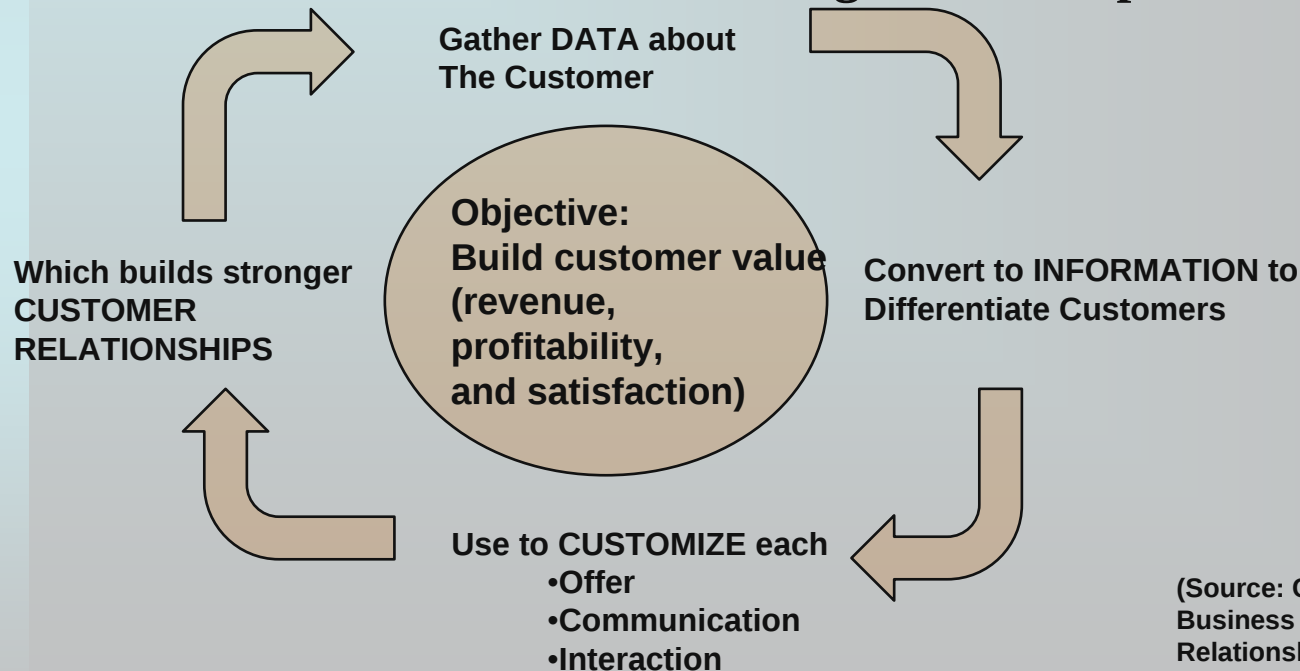
Figure 3.1 Operational and Analytical CRM



The minimal requirements for CRM applications are:

- **Gather and manage customer data;**
- **Standardized view for all areas;**
- **Easy to understand and operate;**
- **Adaptable to current market conditions;**
- **Integration with other systems.**

AND all that must run in a learning relationship:



(Source: CRM Handbook, The: A
Business Guide to Customer
Relationship Management, by Jill
Dyché, Addison Wesley
Professional, 2001)



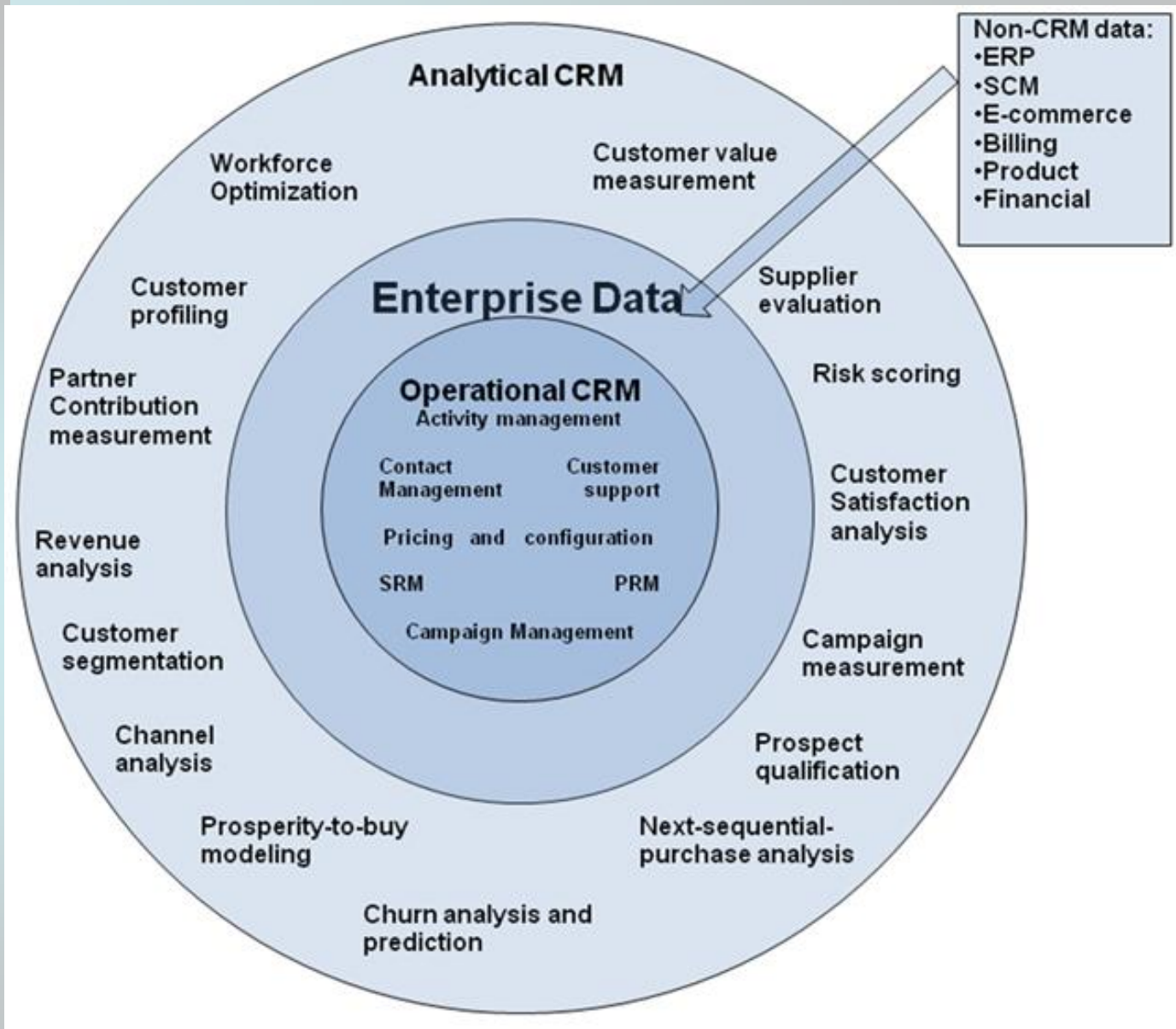


Figure 3.3 Analytical CRM as sum of its parts



Companies with both operational and analytical CRM capabilities are changing business strategies to:

- Reward customers with personalized discounts for using lower-cost channels;**
- Proactively offer products and services that fit a given customer's needs based on what the customer has already purchased;**
- Increase purchase rates by dynamically personalizing content based on the Web visitor's profile;**
- Adjust per-customer marketing expenditures based on lifetime value scores;**





- Analyze combinations of touchpoints across channels to predict a customer's next likely purchase;
- Relate high Web traffic to individual visitors and customer segments to better understand Web use and improve Web design;
- Tailor commissions and incentive programs for sales partners based on the value of the customers they bring;
- Prevent a customer from churning by offering incentives based on individual preferences;
- Provide customers in the highest value tier with personal representatives who understand their history and preferences.



Marketing – the source of valuable customer data

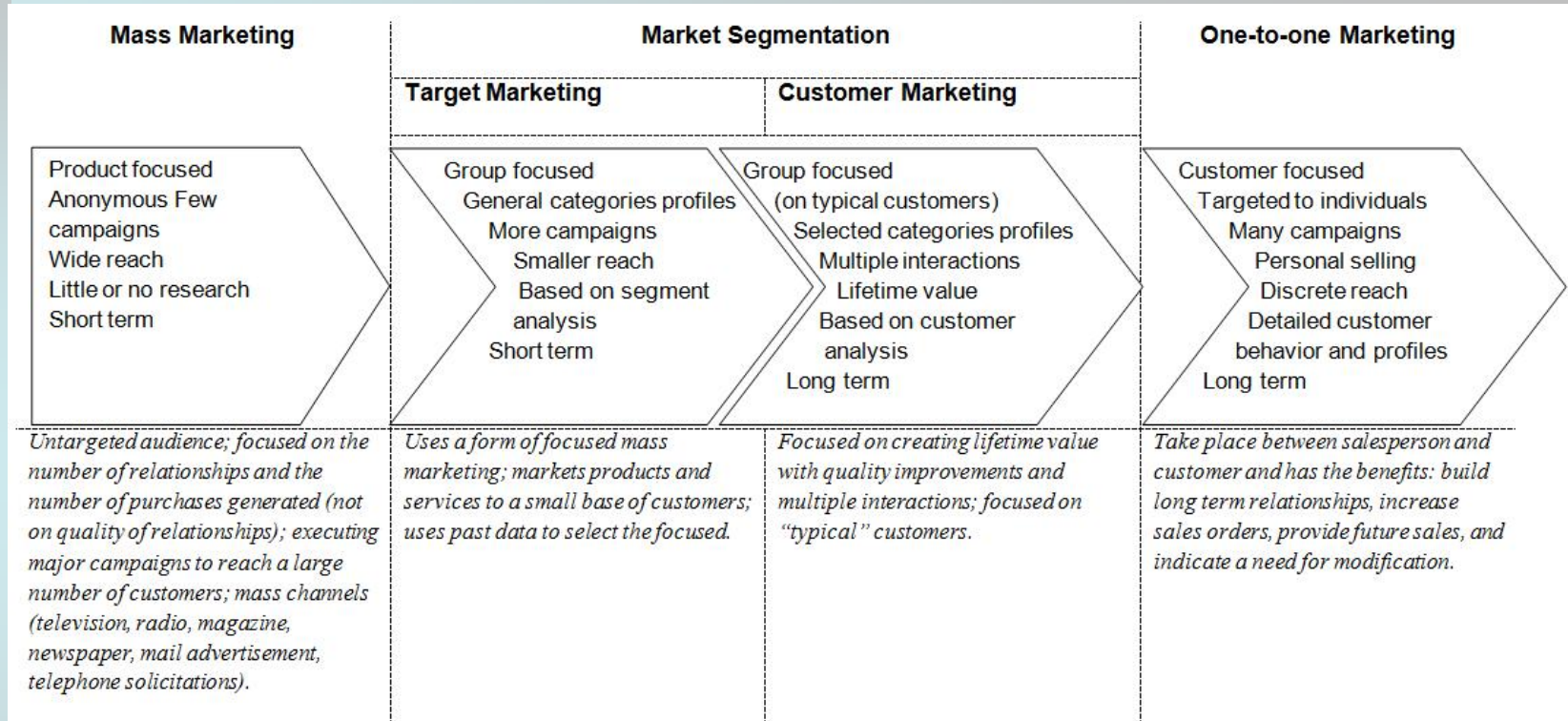


Figure 3.3 Marketing Evolving - Marketing tiers

The goal of CRM in marketing is to move C-level customers up to B-level customers and B-level customers up to A-level customers and to motivate A-level customers to stay that way—indeed, to buy more.



Successful marketing tactics use the results from customer interactions to improve future interactions, paving the way for high-impact decisions such as these:

- Shifting marketing dollars toward campaigns more likely to generate high responses;**
 - Understanding the characteristics of high-value customers, finding such characteristics in customers who have a high value potential, and changing interactions accordingly;**
 - Improving the effectiveness of high-cost channels (such as face-to-face sales) to maximize their revenue streams;**
 - Institutionalizing personalized communications for specific customer segments;**
 - Understanding research and purchase patterns and further delineating segmentation criteria to improve future interactions or stimulate one-to-one marketing.**
- 



The core processes CRM

The notion of achieving a higher level of customer satisfaction and creating lasting customer relationships requires robust processes and efficient linkages between **company and customer** (CRM), **company and employees** (ERM), and **company and partners** (PRM).

CRM—CRM success requires effective marketing, sales, and service to customers. The goal is to share a single view of the customer across all touchpoints and interactions before, during, and after the sales cycle.

Marketing	Sales	Service
Customer Segmentation	Sales Force and Forecast Management	Service Delivery
Campaign Management	Account Management	Inquiry and Service Resolution
Marketing Content Management	Opportunity Management	Customer Satisfaction Measurement
Customer and Transaction Analysis	Order Management	





ERM—Employee relationship management

Planning and Management	Training and Development	Communication and Information	Support
Performance Management	Training Management	Content Design	Project Management
Compensation Management	Competency Management	Content Delivery	Employee Help Desk Support
Departmental Budgeting	Hiring and Recruiting		Employee Management
			Time and Expense Management





Partner relationship management (PRM)

PRM allows partners to operate as an extension of the company

Partner Relationship Management	Marketing	Sales	Services
Partner Lifecycle Management	Channel Marketing, Planning, and Analysis	Opportunity Management	Service Delivery
Market Development Fund Management	Collaborative Campaign Management	Account Management	Customer Satisfaction Measurement
Partner Incentive Programs	Hiring and Recruiting		Employee Management
Performance management			Time and Expense Mgmt





CRM software

Requirements for CRM software applications:

- ◆ Gather and manage customer data;
- ◆ Offer a standardized view for all area;
- ◆ Be easy to understand and use;
- ◆ Be adaptable to current market conditions;
- ◆ To can be integrated with other applications;
- ◆ To support evaluations.





CRM software

◆ Call Center (Contact Centers)

Contact Center includes subsystems such as:

- Call Routing uses the automatic call distribution that follows one of the models: "Load balancing"; "Precision call"; Interactive voice response (IVR); Automated speech recognition.
- Contact Center Sales Support
- Web-based Self-Service
- Customer Satisfaction Measurement
- Call-Scripting
- Cyberagents
- Workforce Management.





CRM software

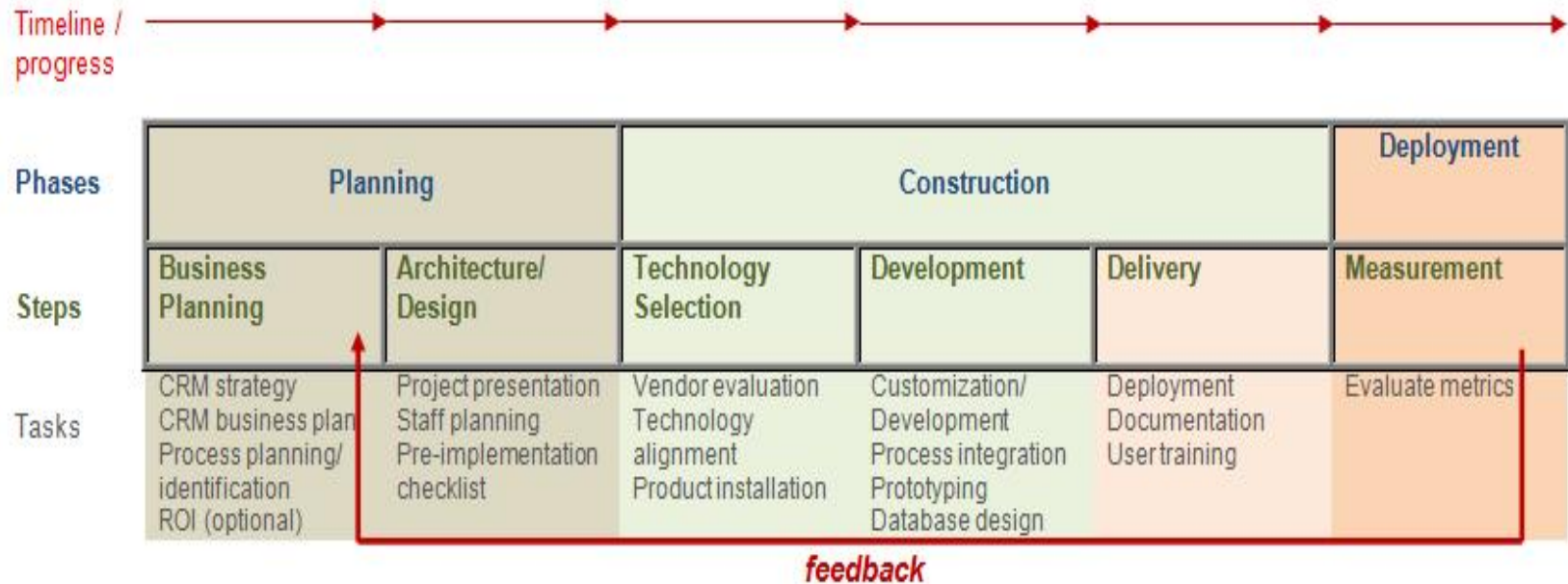
- ◆ Marketing
- ◆ Sales and Distribution (SD) - include bar code processing, order entry, order processing, sales and marketing, sales management, sales force automation, distribution management, warehousing, freight and trucking, import/export, mail order, point of sale and wholesale trade

Sale Force Automation (SFA)

Sales and Territory Management
Contact Management



A CRM Implementation Roadmap





CRM Suites

Enterprise CRM suites (revenues > \$1 billion/year and/or > 1,000 employees):

- full range of functionalities;
- can scale to serve large user populations;
- offer support for multiple languages and countries.

Almost of the leading players offers hosted and SaaS deployment options.





CRM Suites

Midmarket CRM suites (SMB market - revenues < \$1 billion/year and/or < 1,000 employees):

- offer a breadth of CRM functionalities (have more limited capabilities in specific areas);
- simpler to use than solutions built for the enterprise market.
- variety of deployment options (on premise license, hosted, and SaaS).



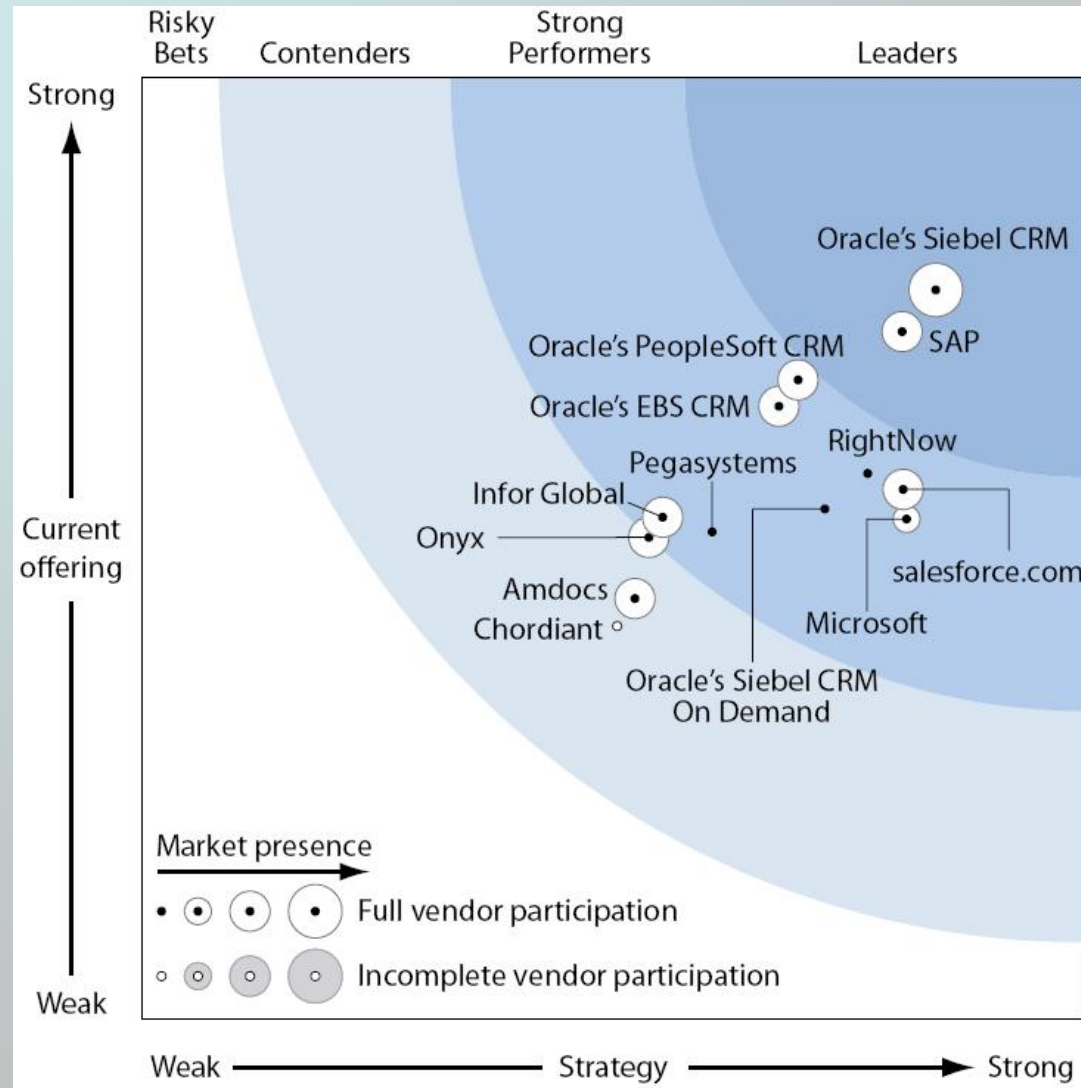


CRM Suites

CRM specialty tools solutions with specialty capabilities (enterprise + midmarket) such as: marketing automation, sales force automation (SFA), customer service, partner channel management and collaboration, customer analytics, and customer data management.



CRM Suites



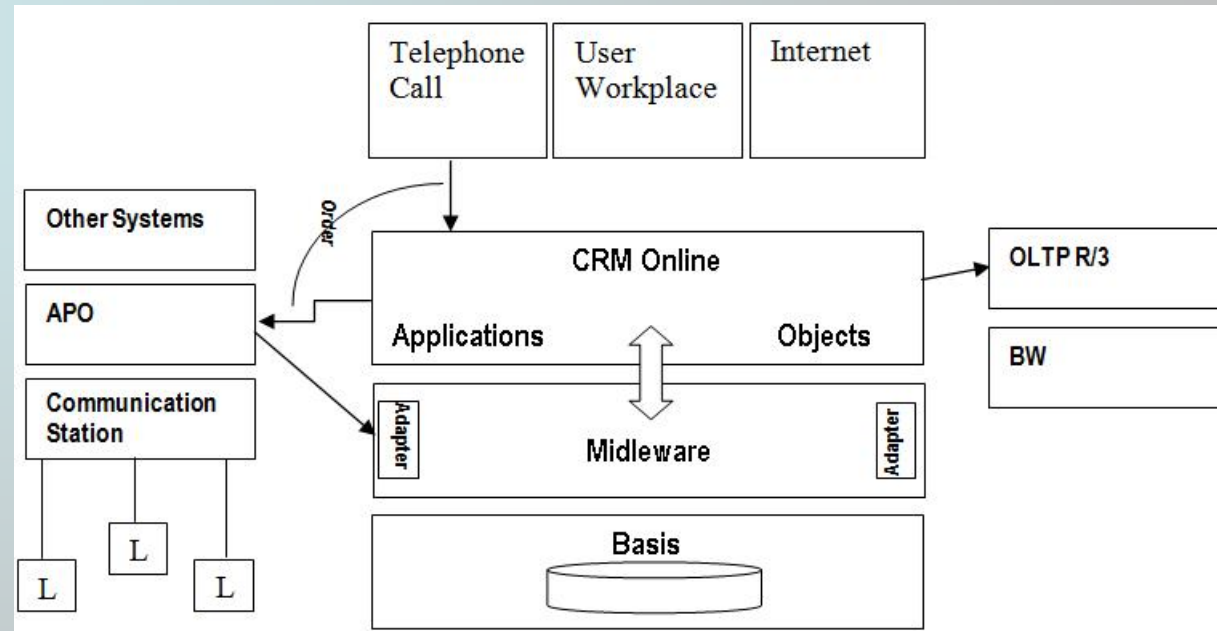
Source: Forrester Research Inc.

CRM Suites

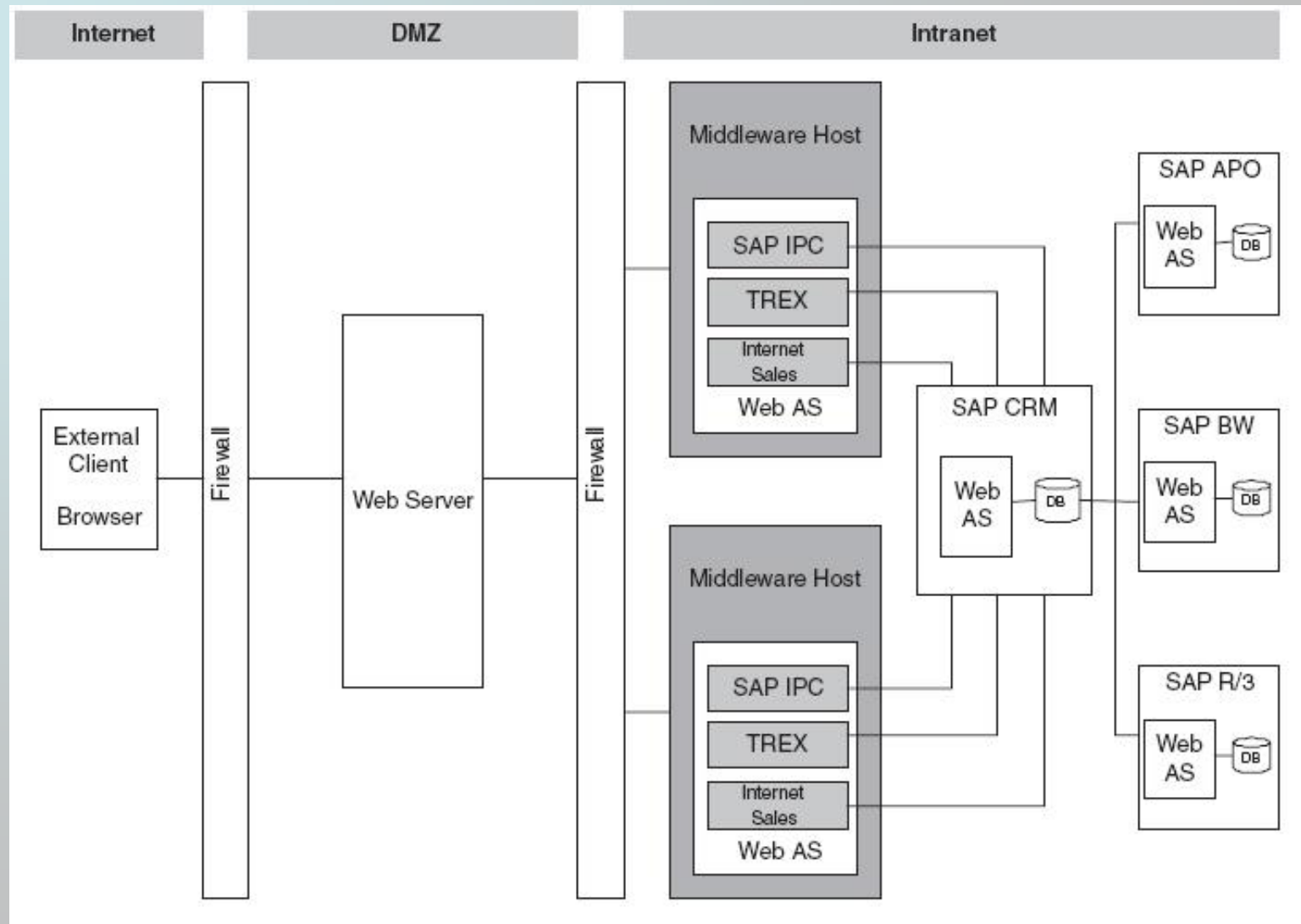
	Forrester's Weighting	Amdocs	Infor Global	Microsoft	Onyx	Oracle's E-Business Suite CRM	Oracle's PeopleSoft CRM	Oracle's Siebel CRM	Oracle's Siebel CRM On Demand	Pegasystems	RightNow	salesforce.com	SAP
CURRENT OFFERING	50%	2.33	2.73	2.77	2.68	3.45	3.50	3.98	2.83	2.71	3.01	2.91	3.76
Sales	5%	3.16	3.28	3.30	3.73	4.74	4.58	4.98	3.62	3.28	3.76	3.93	4.88
Marketing	5%	1.00	2.91	2.36	2.68	4.06	3.48	4.40	2.56	2.37	3.10	1.91	3.97
Customer service	5%	2.46	2.70	2.67	3.57	3.58	3.87	3.97	2.80	3.77	3.96	2.88	3.55
Field service	5%	3.55	3.75	2.79	1.25	4.48	3.30	4.24	0.32	1.59	0.00	1.65	3.83
eCommerce	5%	1.74	2.32	0.75	0.54	2.79	2.48	2.23	0.65	0.27	0.36	0.45	3.00
Partner channel management	5%	0.71	1.01	1.72	2.12	4.15	3.41	4.81	2.88	1.05	2.72	2.75	4.55
Analytics	10%	1.64	2.98	2.73	2.86	3.46	4.02	4.47	3.13	3.29	3.51	2.07	3.95
Customer data management	10%	2.12	1.99	2.28	2.70	3.25	3.36	3.81	2.52	2.04	2.72	2.24	2.68
Internationalization	5%	3.68	4.01	5.00	4.01	5.00	5.00	5.00	4.67	3.68	5.00	4.67	5.00
Industry business process support	15%	1.44	1.58	1.87	1.21	2.03	2.37	3.32	1.62	1.74	2.23	2.33	4.04
Architecture and platform	15%	3.43	3.40	3.23	3.71	3.75	4.00	4.42	3.36	4.42	3.81	3.63	4.01
Usability	10%	2.92	3.37	4.07	3.52	3.55	3.85	4.10	4.13	3.02	3.09	4.67	3.22
Cost	5%	2.25	3.00	3.40	2.85	2.40	2.40	2.00	4.60	3.00	4.60	4.20	2.50
STRATEGY	50%	2.72	2.86	4.17	2.83	3.55	3.59	4.34	3.75	3.14	3.96	4.18	4.16
Time-to-value	10%	1.00	3.00	5.00	3.00	1.00	2.00	1.00	5.00	3.00	5.00	5.00	1.00
Product strategy	25%	2.25	2.25	5.00	2.25	3.25	3.00	4.50	4.25	3.00	4.25	4.25	4.50
Application ownership experience	25%	3.97	3.18	3.86	3.38	4.29	4.31	4.44	3.96	3.56	4.24	4.32	4.07
Corporate strategy	40%	2.65	3.00	3.65	2.80	3.90	3.90	5.00	3.00	3.00	3.35	3.85	4.80
MARKET PRESENCE	0%	3.60	2.73	2.20	2.63	2.50	2.90	4.90	1.70	1.43	1.48	3.13	3.70
Customer base	80%	3.50	2.50	1.50	2.50	2.00	2.50	5.00	1.00	1.00	1.00	3.00	3.50
Employees	10%	4.00	3.25	5.00	2.25	5.00	5.00	5.00	5.00	2.25	2.25	2.25	5.00
Financial performance	10%	4.00	4.00	5.00	4.00	4.00	4.00	4.00	4.00	4.00	4.50	5.00	4.00

All scores are based on a scale of 0 (weak) to 5 (strong).

mySAP CRM technical architecture

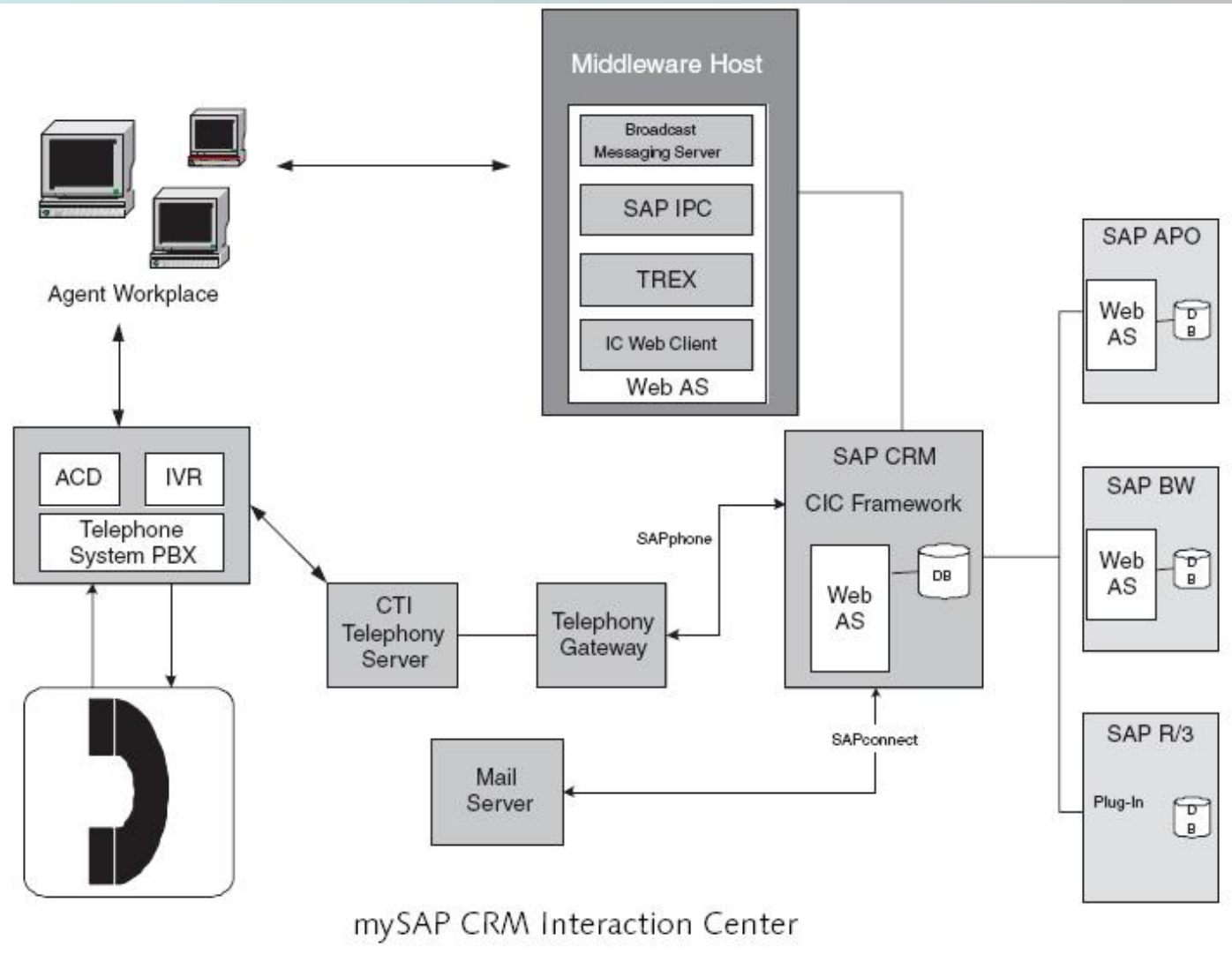


SAP example solution: Internet Sale

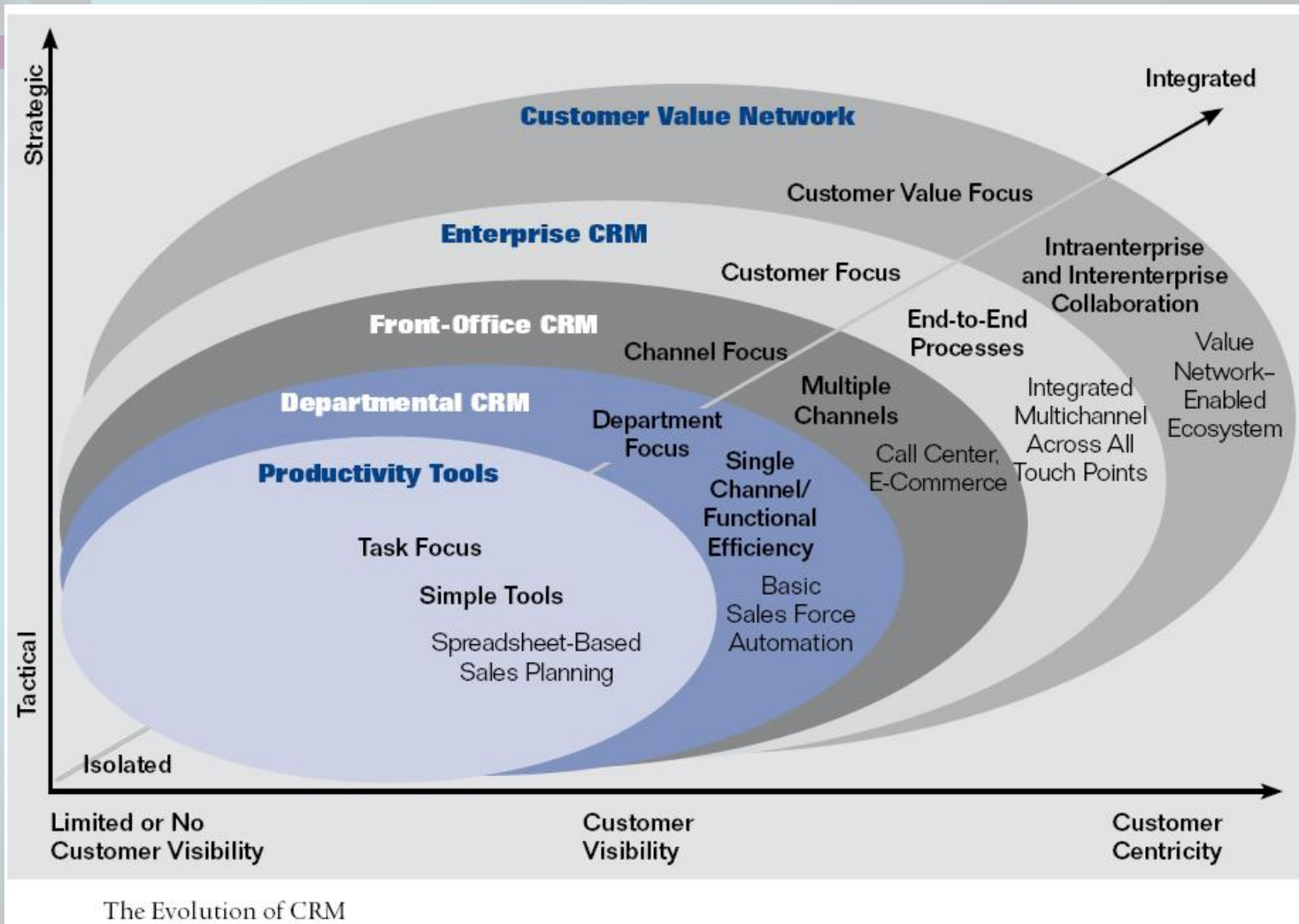


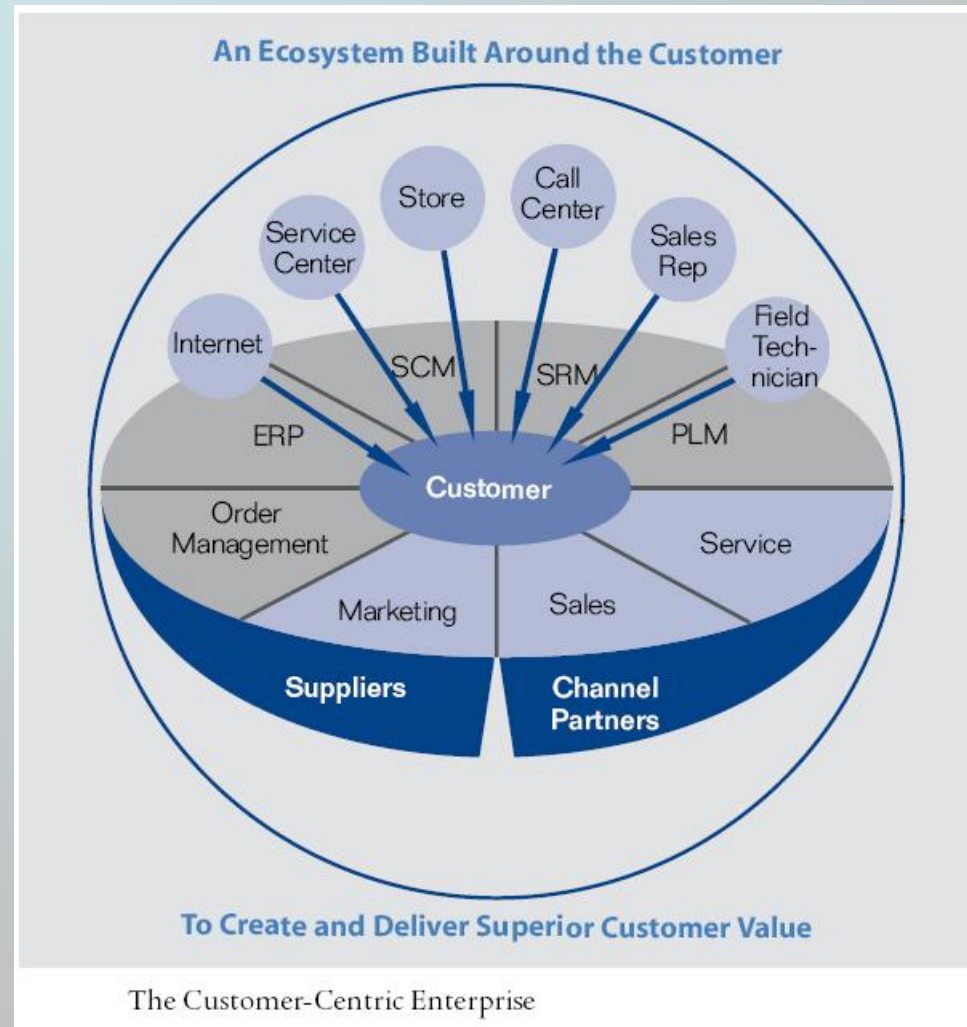
Source: SAP System Landscape Optimization, Andreas Schneider-Neureither
[Ed.], SAP Press, <http://www.sap.com>

SAP example solution: mySAP CRM Interaction Center



Source: SAP System Landscape Optimization, Andreas Schneider-Neureither [Ed.], SAP Press, <http://www.sap.com>





There are several categories of application software:
- Back-office; Front-office; ERP; - eApplications.

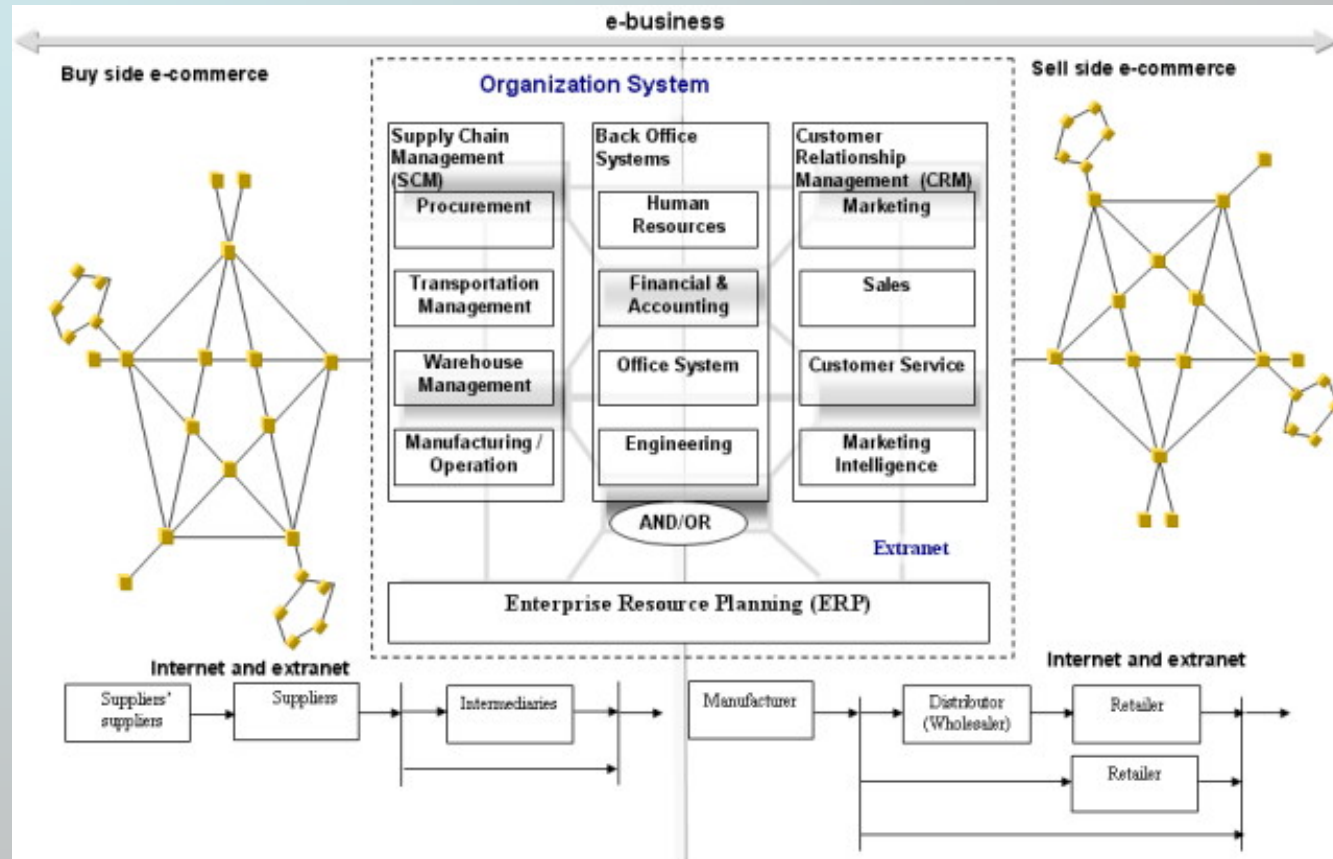


Figure 1.4 The extended company and management of customers and suppliers relationships (Source: Internet Technologies for Business - Business categories and models in Internet, Vasile Avram, <http://www.avrams.ro>)



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