



White Paper Customer Relationship Management (CRM).

Effectively managing customer relationships.

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Top tips.

1. Evaluate your existing customer relationship management strategy: A CRM maturity check pinpoints areas requiring action, and recommends approaches for optimizing the existing landscape.

2. Enhance your business processes: A CRM solution is an IT system that supports customer-related business processes. However, a system is only as good as the processes it supports. This is why these must be analyzed and optimized before the CRM solution is implemented.

3. Analyze your customer data: Analytical CRM allows you to analyze customer data and make the results available on a central platform. This significantly improves customer care and service, and increases customer satisfaction.

4. Leverage social media: Web 2.0 gives customers access to communications platforms that enterprises cannot control. Social CRM solutions enable businesses to integrate information found on social media into their customer relationship management systems.

5. Improve access to customer-related information: Effectively capturing information is important. But so is being able to access it. Mobility modules that allow you to use data while on the move greatly increase a CRM solution's value. However, this requires tight integration into the existing systems landscape.

6. Integrate your CRM solution into existing systems: When it comes to CRM, integration is key. A high degree of integration is particularly beneficial for analytical CRM.

7. Give your employees a 360° view of your customers: To ensure that every staff member has an end-to-end overview of each customer, you need to create a centralized, cross-departmental CRM platform.



1. Introduction.

Economists have long recognized the fact that to be successful, businesses need to focus on the customer. Today's trends in society and technology confirm this. Thanks to web 2.0 tools and new communications platforms, a single dissatisfied customer's unfavorable opinion can influence a wide range of potential buyers. And customer reviews, such as those on Amazon, Qype and Yelp, play an important role in today's consumers' purchasing decisions.

This also applies to the B2B space. It is no longer enough to supply a high-quality product. Customers increasingly wish to identify with their vendors, and want to perceive interactions with them as a positive experience. These soft factors are ever-more important.

Customer Relationship Management (CRM) addresses these new demands. Effective CRM is all about focusing on customer needs across all actions and touchpoints.

Many enterprises focus too strongly on their products, and only view customers in terms of receivables and sales. Accordingly, their organizations and systems support product-centric processes. As a result, sales and marketing departments are often structured in accordance with portfolio elements. This leads to customers receiving diverse proposals from multiple sales employees who don't know of their colleagues' efforts or even existence. What's more, customer organizations have their own purchasing processes—and only do business with suppliers who understand them. These customers' demands frequently span or even exceed multiple portfolios, and often cannot be met by a single vendor.

To attract and retain these customers, you need great products—and an excellent customer relationship management strategy. CRM systems can help. But at the end of the day, they are just tools for implementing an integrated approach to managing customer relationships that makes full use of all available resources.

Organizations are no longer in control of the customer relationship. New, more flexible concepts such as collaboration and participation must replace control as the prime driver of customer interactions. [Ovum2010]



2. The current situation.

The **business world** is used to **constant change**. However, the pace of change is accelerating sharply. This gives companies—and their IT departments—little time to adjust. Rapidly evolving markets and new types of customer behavior pose a particular challenge.

Nothing in business is static, and one of the greatest challenges for organizations today is to manage customer dynamics that are changing with blinding speed. [Ovum2010]

Businesses face a variety of challenges depending on the type of customers they deal with:

In B2C markets, consumers have unprecedented **visibility into prices, terms and conditions, and quality**. The Internet and web 2.0 technologies enable customers to benefit from their peers' expertise, and to access a large array of products and services from various vendors. The barriers to switching are low. Today, all industries are affected by churn. This is particularly true for banks, power utilities and retailers. Twenty years ago, switching banks was the exception; today, 65 percent of respondents do not feel attached to the institution where they have an account. Very few organizations can quantify the exact number of customers taking flight. Fewer still can analyze it on a qualitative level, as little information is available about each customer. CRM vendors are responding to this trend by investing in loyalty management modules.

The B2B space, **long sales cycles** are the norm—and many companies lose even more valuable time due to a lack of coordination between marketing, sales and production. What's more, many of these markets are marked by frequent mergers and acquisitions. Accordingly, the speed of change within business organizations is high, and processes and IT can no longer keep pace. Industry-specific challenges, such as poor visibility into risks, inconsistent account management, and confusing product portfolios, only worsen the situation.

Even the best of CRM solutions are doomed to fail if there is no effective underlying customer management strategy that is well aligned with business processes and the organization. So it should come as no surprise that the root cause of most problems in CRM implementations lies in the processes, not in the IT. Therefore, it is highly advisable to have an experienced provider involved at an early stage, during strategy development.

A CRM solution is a tool for executing on strategy; it does not, in itself, constitute the strategy. [Ovum2010]

Many organizations do not make full use of the **opportunities** available from an **integrated platform**. CRM software is no longer a new, pioneering solution. Modules that support sales, marketing and services used to be highly vendor-specific. Today, they are available as standardized solutions, and are in widespread use across practically all industries. However, one-third of companies continue to use home-grown solutions and Microsoft Office tools. Stand-alone solutions are the rule, and integrated platforms the exception. This means that customers forego the many benefits of end-to-end systems, and instead are left grappling with poor integration, a lack of transparency, and high HR costs.

Inefficient business processes hinder CRM deployments.

So before you implement a CRM solution, you need to ensure that you have efficient, well-engineered business processes in place. If the existing processes are poorly structured, or are rendered ineffective by silos or other issues, they need to be re-designed. The CRM system itself is by no means the solution to these problems. These systems significantly boost the efficiency of process. However, if these processes are weak, the design faults will not magically disappear once a CRM system is deployed. Instead, you will continue to drive away customers—just faster than before. Decentralized organizational structures, frequently seen and often necessary in global enterprises, are a major hurdle for rapid distribution of information and decision-making across functions. In this context, a standardized, centralized platform that brings together information from various departments can be extremely valuable. Heterogeneous legacy system landscapes and poor data quality present additional challenges.

Decentralized and heterogeneous processes make it difficult to get a clear picture of customers. Complex and often competing

legacy structures lead to internal rivalry for customers and the creation of siloed customer data. The result: it becomes impossible to gain a 360° view of customers across departments. Non-organic growth can significantly worsen this situation. The resulting poor quality of available data motivates individual departments and units to create and maintain their own data. To end this vicious cycle, you need centralized, flexible data structures. This calls for collaboration across the entire organization. Competing legacy structures must be replaced to pave the way for creating one version of the truth for each customer. This transition must be spearheaded by the C-suite. After all, senior executives in particular require consistent, up-to-the-minute information—which is difficult to access when data is stored in disparate locations. And to be able to feed high-quality data into the future CRM system, the new structures must become part of the enterprise information management (EIM) strategy.

3. Trends.

Many enterprises emerged from the 2008-2009 financial crisis relatively unscathed. They are more or less back to business as usual, but since they did not invest during the crisis, they need to play “catch-up”. IT departments, too, are upgrading the existing IT infrastructure, with the lion’s share of enhancements being carried out in the CRM space.

This should come as no surprise. After all, demand is recovering—so CRM’s importance is growing.

This is where CRM reaches a new dimension of significance.

Enterprises are becoming more customer-focused. It is no longer enough to simply manage master data in a single database. Instead, you need to meticulously document customer relationships and proactively manage them in order to gain trust and foster loyalty.

Customer Intelligence.

This is where customer intelligence comes in. This is defined as applying business intelligence principles to customer management. Analytical CRM refers to components of a CRM solution used for collecting and integrating customer data, and for subsequent reporting and analysis on the basis of this data.

The goal is to create a standardized, end-to-end profile for each customer, and to disseminate this data to stakeholders throughout the entire organization. This information provides valuable decision-making support for customer-facing staff, and paves the way for a proactive approach to customer management. After all, recognizing and addressing customers’ requirements before the competition does is a crucial success factor.

Analytics is one of the top investment areas for maximizing value from existing solutions, but it needs to be embedded into operational systems. [Ovum 2010]

Enterprise applications—investment priorities.

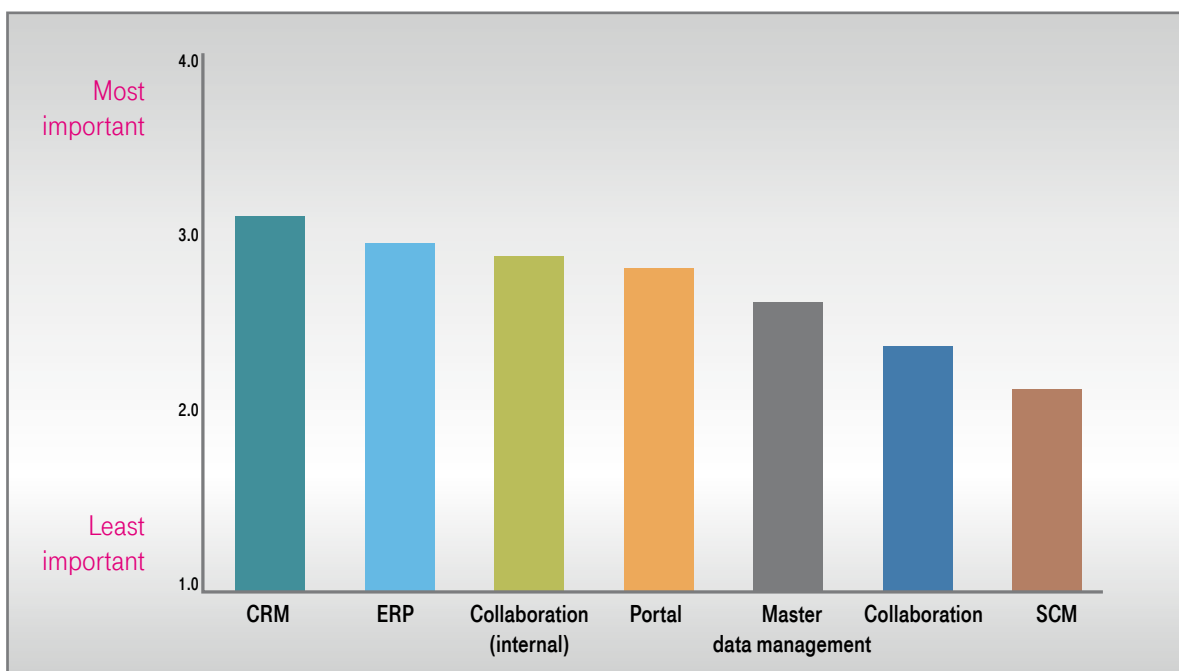


Fig. 1. Source: Ovum 2010.

Software as a Service.

The SaaS market is growing by 25 percent every year. So it is no surprise that SaaS offerings are the largest driver of growth in the CRM space.

Why SaaS? First of all, it allows customers to turn capex into opex—a highly attractive proposition for many enterprises. In addition, SaaS-based outsourcing arrangements relieve in-house IT departments of routine tasks such as managing standard solutions. This frees up resources and allows the IT department to position itself as a driver of innovation within the company. Scalability and responsiveness to change are further arguments in favor of SaaS. And as capex is kept to a minimum, investment risk is virtually eliminated.

When implementing an SaaS solution, selecting the right vendors, providers and products, and effectively managing them, is key. Many SaaS products designed for mid-sized companies suffer from poor security or lack governance functionality. Therefore, it is advisable to choose an experienced partner specialized in delivering services to large corporations.

Social Media.

New social media such as Twitter, Facebook and Xing, plus reviews via channels such as Amazon enable consumers to share information about manufacturers, providers and products. As a result, the balance of power has shifted: purchasing decisions are made on the basis of information that the seller cannot control. This is why CRM attempts to integrate social networks, user communities and Wikis.

Social CRM is a philosophy that calls for addressing the high expectations of today's consumers by leveraging new media. However, implementing corresponding systems can be difficult. The hype about social media continues—but it is not easy to effectively integrate social media activities into existing business processes. An outdated customer management strategy cannot be overhauled by simply adding a cutting-edge technology. Instead, interaction with customers must be at the heart of every CRM system.

Mobility.

The need to access customer-related information anytime, anywhere, is not new. However, new devices provide many interesting opportunities and open new doors.

Delivering selected customer-related data to leading-edge devices is a major challenge in terms of performance, security and management. In addition, data must be collected and updated in real time.

Many enterprises view mobility as a stand-alone issue, and do not incorporate it into the CRM strategy. But in today's increasingly mobile world, seamless integration has become an absolute must. This is why mobility should be a central element of CRM strategy from the very beginning.



Mobile access to key business solutions, including CRM, is a 'must have' in today's hypercompetitive business world—but it's no panacea. Mobile investments must be part of an overall strategy. [Ovum 2010]

4. Best Practice.

Integrated CRM.

CRM encompasses a wide variety of tasks. The typical phases of customer management are customer identification, acquisition, care and retention. Ideally, an IT solution should support all these phases. The associated requirements are many and varied. The goal, however, is to provide automated support for all aspects of interaction with customers. Innovative ICT facilitates the organization, automation and synchronization of relevant business processes, such as sales activities, marketing, customer service and technical support. To achieve this, all customer touchpoints need to be integrated, and customer-facing processes designed efficiently. That ensures that all customer-related information can be electronically captured. Companies require a partner who can deliver the entire spectrum of services, including consulting, design, development, implementation, and integration, application management, and the operation of their CRM systems.

Today's integrators act as a one-stop provider of analysis, solution design, product selection, specification, implementation and operation services. Only then is it possible to build a solution truly geared to the specific imperatives of the business.

Each additional service offered improves the overall solution. Companies reap the greatest benefits from a completely integrated approach, which is the only way to ensure that all customer-facing business processes run smoothly.

The streamlined customer lifecycle in CRM.

Ideally, a CRM solution enables the customer relationship to be modeled as a seamless, end-to-end business process. It supports the entire customer lifecycle within an enterprise, beginning with the capture and management of contact data. The second stage involves determining the value of a customer and maximizing customer potential. Creating, adding to and analyzing customer profiles enables the business to understand better what makes customers "tick" and makes it easier to identify new ways of addressing and serving them better. The software draws together all information about a customer and its relationship with the company. All departments—including those with no direct contact with customers – can then access the information of relevance to them in a suitable form.

Integrated CRM.

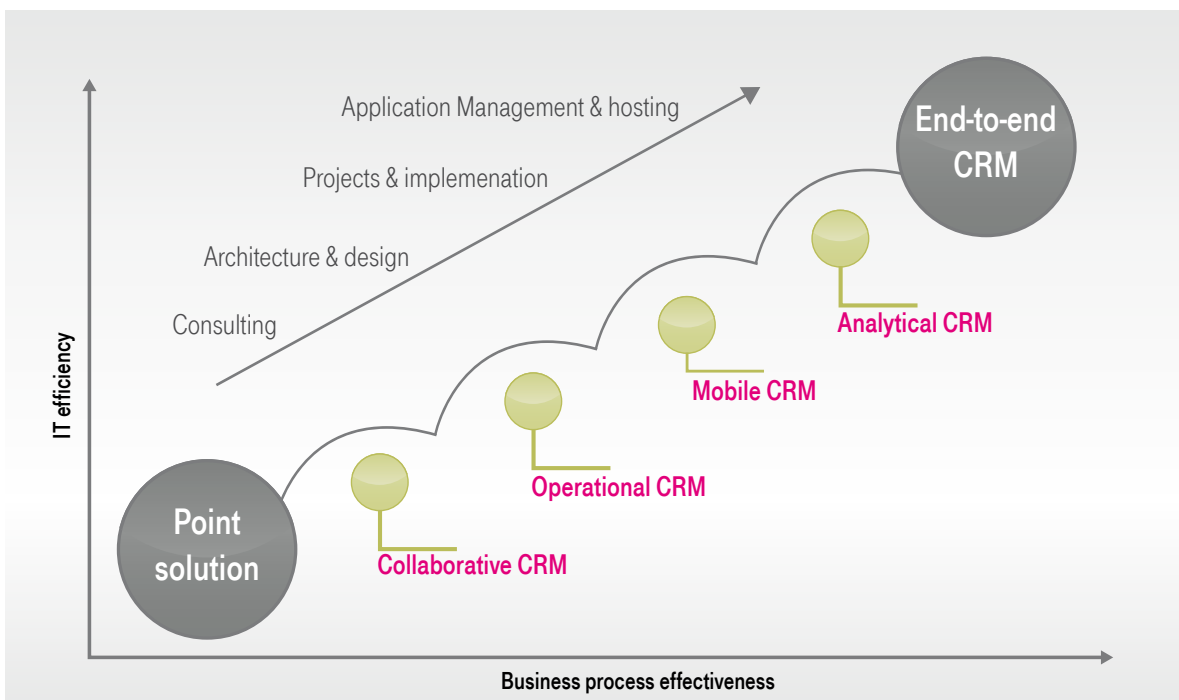


Fig. 2.

The customer lifecycle.

CRM in the different areas of a business.

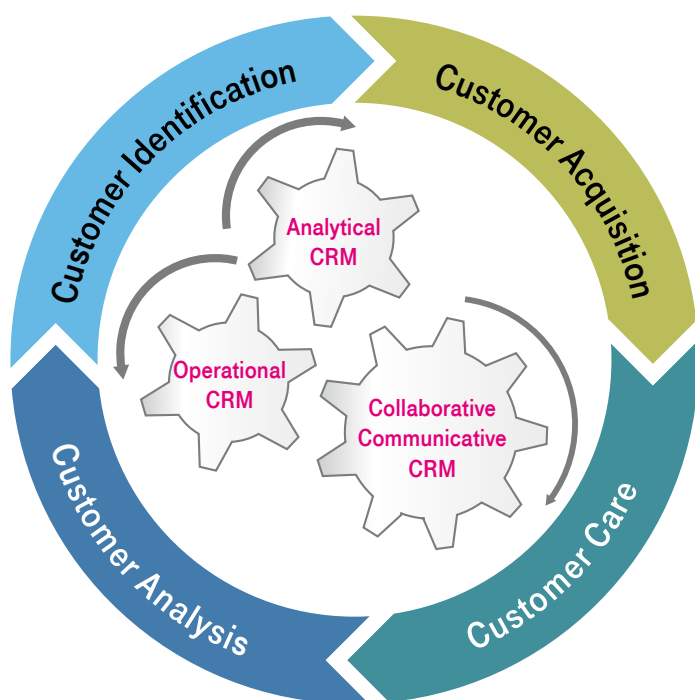


Fig. 3.

The solution's high degree of automation simplifies the tasks of documenting and maintaining information on customer relationships, boosting efficiency. As a result, businesses can achieve excellence in building, improving and safeguarding those relationships. CRM comprises three elements, each of which complements the other two. They focus on data usage, data analysis and customer communications.

Operational CRM.

The efficient, end-to-end management of customer data is the key to business success. T-Systems can consult on, implement and operate platforms to support all front-office processes, such as sales, marketing and customer service. Every interaction with the customer is recorded and is available to relevant employees at any time. Interfaces with other IT systems (ERP, billing, etc.) enable the flexible integration of additional processes, to support highly specific customer queries and obtain detailed information about the customer at the touch of a button.

Analytical CRM.

Providing the right information to the right person at the right time is one aspect of the solution. But data analysis is also vital. Successfully creating and maintaining a customer relationship depends directly on the quality of the data and your knowledge of the customer. By analyzing the data from your CRM system and other sources, you can continually expand your knowledge of your customers—which can then be fed into your operational systems. Using the results of your analyses, you can fine-tune your contractual relationship and service—and, as a result, dramatically improve satisfaction and loyalty. With all this information at your disposal, you can perform all kinds of tasks—from pricing and financial planning to strategic marketing and risk management—much more effectively.

Collaborative CRM.

Communication with customers is another key success factor. T-Systems offers a methodology and wide-ranging project experience for the implementation and continuous improvement of your customer interaction platform. This element of our offering comprises tool evaluation, specification, implementation and operation of the IT systems needed for a customer interaction solution, plus integration with peripheral systems. In addition, customers require support with training and the launch of new and enhanced CRM systems. Enterprises need homogeneous, future-proof and reliable IT and communications infrastructure. Not only does this ensure high-quality customer interaction processes, it also enables you to integrate peripheral ERP and call center systems. The individual components of the customer interaction platform, such as automated call distribution (ACD) systems, computer telephony interaction (CTI), email response management systems (ERMS), form the link to communications networks and therefore the customer. In conjunction with operational CRM, this delivers end-to-end processes for customer care and service.

Getting on the right track.

In light of the complex and varied nature of CRM, enterprises often simply do not know where to begin. Poorly coordinated point solutions that fail to deliver the hoped-for results soon lead to disappointment. CRM maturity checks offer a suitably methodical approach. These assessments involve looking holistically at processes, organizational structures and systems to construct a full, accurate picture of the status quo. The findings are placed in the wider context of the business model, the customer strategy and prevailing market conditions. This forms the basis for crafting a CRM development plan, which compares the existing situation with desired scenarios. It is then easy for enterprises to determine the state of readiness of their CRM, and where improvements and quick wins can be made. It ensures that subsequent CRM projects are conducted and evaluated with reference to an integrated CRM strategy.

5. Case studies.

T-Systems International GmbH.

The challenge.

As an international service provider for information and communications technologies, T-Systems—and its employees—naturally expect a great deal from the in-house IT systems.

In addition, the company's focus on serving Deutsche Telekom's major corporate accounts imposes very high demands in terms of customer management.

The legacy Siebel CRM landscape was no longer able to meet these challenges. To improve the situation, T-Systems decided to migrate all customer data and 3,000 users to an SAP CRM solution aligned with the company's requirements and business processes. Key demands were that the solution would mesh smoothly with T-Systems' existing systems, and support a sophisticated system of permissions and approvals.

The solution.

Reengineering and improving all customer-facing processes, and the enterprise-wide deployment of the SAP solution, led to the creation of seamless electronic processes and boosted collaboration. The new solution supports all sales-related processes, such as campaign, lead, opportunity and complaint management. This forms the basis for a more disciplined sales process with respect to opportunity planning and strategic selling.

Furthermore, extensive permissions management features enabled the company to implement a deal approval process, a major requirement. Permission control is handled by SAP's access control engine, ACE. T-Systems' long-standing partnership with SAP also ensured fruitful collaboration in the further development of this solution. This guarantees that it can be readily adapted to changing business processes and other parameters. This is essential if T-Systems is to maintain its very high degree of excellence and prevent any new obstacles to productivity from emerging.

The benefits.

Migrating to a common platform has ensured consistent, professional-quality support for the sales process. Reporting was harmonized across all sales units, enabling 360-degree visibility into customer relationships. T-Systems' core SAP environment was linked to the new solution via interfaces. As a result, the new CRM system has improved the flow of information throughout the company. This project also laid the foundations for implementing an end-to-end order-to-cash process, which is next on the agenda.

Xella International GmbH.

The challenge.

Xella produces and markets construction materials under a variety of brands in 25 countries. More than 1,000 users work in nine languages and trade using many different currencies. Multiple local SAP systems across the globe had to be integrated. Complex projects with multiple phases and decision makers imposed high demands on opportunity management. The application needed to cope with half a million customers, two million contacts and one million orders per year.

The solution.

T-Systems implemented a multinational sales system based on Siebel 7.8 for B2B customers that supports multiple currencies.

The Oracle EAI framework was used to link with 16 SAP interfaces. A global template was created for common core processes and functionality, with local extensions in a single repository.

The benefits.

The new CRM system provides more accurate and insightful data, and this will enable Xella to focus on its most profitable customer relationships from now on. Thanks to compatibility across national boundaries, seamless international business processes have been implemented, affording 360 degree visibility into customer data. This is particularly useful to Xella in identifying and exploiting cross-selling and up-selling opportunities.



6. Table of sources.

Source	Title
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Term	Definition
B2B	Stands for “business-to-business”, usually implying relationships between at least two enterprises. The term contrasts with relationships between enterprises and other groups, such as consumers or government agencies.
B2C	Stands for business-to-consumer; describes (business) relationships between enterprises and consumers.
Capex	Capital expenditure (funds used to buy or upgrade long-lived physical assets).
EIM	Enterprise Information Management, the end-to-end management of information within a company, irrespective of the location, author, system or application of origin, format, device or time. EIM combines the functional approaches of enterprise content management; business process management; enterprise search; business intelligence; governance, risk and compliance management infrastructure; data warehousing; information lifecycle management; and customer relationship management.
M&A	Mergers & Acquisitions.
Opex	Operational expenditure (non-capital operating costs incurred by a company in normal operations).
Web 2.0	A new and increasingly dominant way of using the Internet, whereby consumers generate content themselves rather than merely using it.

8. Table of figures.

No.	Name
Figure 1:	Enterprise applications in order of investment priority.
Figure 2:	Integrated CRM.
Figure 3:	The customer lifecycle. CRM in the different areas of a business.

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