



Meeting customer needs

IBM CRM Management Services: Realizing rapid, effective results from customer relationship management

Introduction

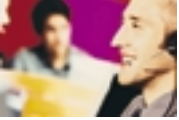
The pervasive, global movement toward e-business has granted today's customers unprecedented power to choose communications channels, hours of business and, ultimately, service providers. Across industries, customers expect a service-driven value chain encompassing personalized attention, realtime responsiveness and consistent care at every touchpoint. The strategies that accomplish this are called, collectively, customer relationship management (CRM)—a set of business-process and IT-based enhancements designed to optimize the value of every information channel and every professional encounter. Behind the scenes, these initiatives work to create internal synergy among sales, marketing and service activities. In front of the customer, effective CRM results in one great experience after another.

Realizing rapid, effective results from CRM

The business case for CRM is straightforward and compelling: with strategic and integrated initiatives, companies can attract, service and retain loyal customers, heighten service efficiencies, cut costs and boost profitability across the enterprise. Still, the obstacles companies must overcome before achieving such wholesale success are substantial, including:

- Isolated departments, business functions and channels
- Silos of customer data
- Lack of integration, flexibility and scalability in legacy systems and IT infrastructures
- Limitations on qualified skills
- Insufficient executive commitment, planning and support
- Resistance to organizational change
- Bottom-line business concerns over cost, ROI and speed of implementation.

These issues are culturally deep-rooted, and are all the more unyielding when one considers that a full 60 to 80 percent of CRM initiatives fail to deliver on their original promise.¹ Clearly, it is critical for organizations to increase the probability of CRM success from the outset. Toward that end, there is a growing awareness of the need to invest in top-down strategies for comprehensive CRM lifecycle solutions that align with organizational needs and customer requirements—and are designed to serve and satisfy at every customer touchpoint.



Trends and directions: Understanding the environment

Any company considering an overarching CRM initiative faces real cultural and logistical challenges. At the same time, it is becoming mandatory to embrace the concept of customer relationship management. Today's competition is just a click away—a convenience that tempts customers and can threaten the principles and profits of organizations across industries. Retaining good customers is vitally important—and far less expensive than finding and securing new ones. It is no wonder that increasing customer loyalty is one of the top issues for CEOs, matched only by the need to grow revenue and enhance profitability.² Still, studies suggest that a high percentage of executives have no CRM current strategy—evidence of a real disconnect between the “knowledge of need” for CRM and the willingness or ability to move proactively in that direction. While almost all executives *want* to prioritize customer loyalty, most need help building and deploying a sound CRM strategy.

“CRM is still a rather new business strategy. Many enterprises are in their first generation of CRM solutions. Late adopters have the benefit of watching those that have gone before to see what works and what doesn't.”

— Scott Nelson and Jennifer Kirkby,
Gartner Viewpoint³

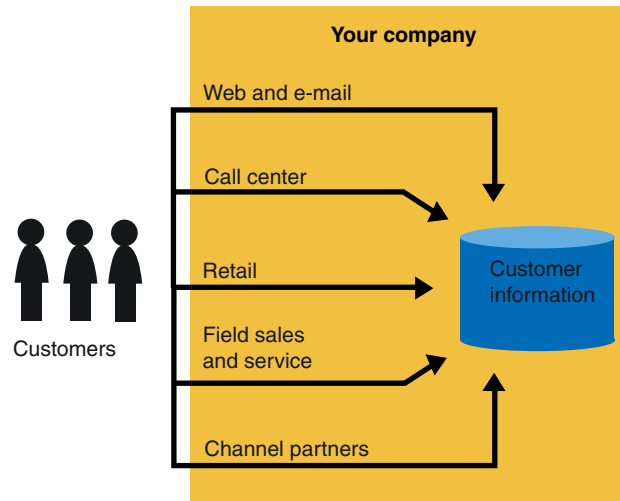
CRM is more than an Internet-age buzzword. Increasingly, across industries, profitability depends upon personalized marketing, sales and service...reliable and realtime responsiveness...ease and convenience of use...and access via a variety of channels, including call centers and the Web. Requisite customer-centric strategies provide one view of the customer and align front- and back-office processes and systems.

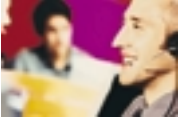
Realizing rapid, effective results from CRM

Strategic, integrated, well-executed CRM deployments can achieve this; piecemeal, isolated solutions cannot. Successful CRM requires that business processes and IT be absolutely aligned and, at a higher level, synthesized with the unique needs of the adopting organization. Analysts at Gartner suggest that 75 percent of those enterprises engaged in CRM cannot combine a comprehensive view of a customer with viable, personalized directives to customer service and sales agents.⁴ This failure rate—due in large part to multiple and disparate data sources, and a lack of systems and departmental integration—can render a well-intentioned CRM initiative virtually worthless.

In today's challenging economy, it is of the utmost importance to foster loyal, long-term relationships. Now is the time to transform "knowledge of need" into concrete strategy—and to leverage the lessons learned in the marketplace in deploying solutions with a high probability of success.

Integrating the customer experience





Moving forward: From CRM strategy to successful management

“CRM is a big initiative for our company and we are looking for a partner to help us make it happen.”

– Retail executive⁵

The challenges companies face in achieving tangible CRM benefits include affordability; accessibility of technologies and skilled resources; process and IT integration at every level; a reasonable speed to implementation, and a promise of measurable results and ROI. As an organization considering an enterprisewide CRM implementation, you may be asking:

- How long can we afford to put off the promise of or wait on the returns from CRM?
- Do we possess the internal skills to deploy and manage enterprisewide CRM?
- Can we deploy and manage CRM cost efficiently and within budget?

Sound familiar?

The marketplace at large is grappling with issues of speed and skill constraints on the one hand—and mandatory customer-centric transformation on the other:

“We have walked down the path of the US\$100 million project with a three-year timeline and the promise of Nirvana,” says a financial services executive. “Never again.”

“Speed is key when implementing a project,” says a retail executive.

And a Fortune 500 business unit manager agrees: “If something is not done in six months and reached payback in eighteen months, we won’t look at it.”

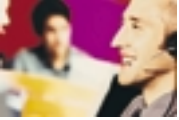
The solution? “I would have been very interested in someone pitching application management and hosting when we were implementing our Siebel Systems solutions,” says another financial services executive. “It was a nightmare trying to staff up, but the alternative was never mentioned.”⁶

Realizing rapid, effective results from CRM

You are not alone. Many companies have been through the costly and time-consuming trials and tribulations of application deployment and management. Massive, plodding IT projects such as Enterprise Resource Planning (ERP) have made executives reticent of packaged application deployment. In fact, many internal IT organizations may not possess the requisite skills or resources to do so. At the same time, executives increasingly demand rapid and tangible results from IT initiatives—this quarter or by year's end.

As a result, more and more companies are turning to third-party providers for CRM expertise. CRM Management Services can offer organizations spanning industries tried and true experience—and can target that knowledge to the singular business needs of the adopting organization. Plus, CRM service providers offer reduced risk, speedy deployment and streamlined management costs—all of which can contribute to a positive return on investment. In light of the current economic conditions, the foundational decision to even launch enterprisewide CRM initiatives depends upon the promise of real and reliable results. It's that simple.





The IBM answer: IBM CRM Management Services

“You can try to build your own CRM system in-house, but I suggest you buy a package or service instead. You get the benefit of the experience your vendor has had with every company it’s worked with. You simply can’t learn those lessons yourself in any reasonable period of time.”

—Lee Schlesinger, Enterprise⁷

The most direct route to CRM success—with reduced risk, rapid deployment and a greater potential for ROI—is through guidance from the pioneers and today’s industry leaders. It simply makes good business sense to leverage lessons already learned and avail yourself of experience hard-won.

IBM has a vast amount of experience:

- IBM has handled successful CRM engagements for General Motors, Universal, SmithKline Beecham, Telstra, LexisNexis and many others.
- Internally, IBM has deployed the world’s largest CRM solution—globally and across all of its business units—encompassing 26 call centers, and close to 7,000 employees thus far.
- IBM has integrated the piece parts to provide seamless design, build and run services for customers.
- IBM CRM Management Services is designed to reduce risk, foster superior performance and produce rapid ROI by deploying and managing your CRM applications in state-of-the-art IBM e-business Hosting Centers.™
- IBM offers proven best practices through CRM Industry-Based Templates—a set of synergistic, preconfigured work products which help speed implementation, lower deployment risk and potential ROI.
- IBM CRM Management Services are holistic, yet may be deployed modularly to marketing, sales or service sectors—effectively answering to issues of cost and implementation time while enabling customized solutions.

Realizing rapid, effective results from CRM

- IBM CRM Management Services supports Siebel Systems and other leading CRM solutions.
- IBM has over 100 customer references in CRM consulting across industries, and has successfully managed over 500 outsourcing engagements worldwide.
- IBM has deep and proven expertise in business intelligence, with over 900 practitioners to help customers turn customer data into usable customer intelligence.
- IBM also offers renowned strategy and consulting services.
- IBM teams with best-of-breed providers to offer comprehensive call center management services, helping to drive successful telesales and optimize inbound and outbound customer interaction.

“IBM is the most credible company to deliver this service because of IBM’s proven expertise in business consulting, integration and outsourcing.”

– Market Strategies/IBM Market Research⁸

Imagine

CRM Management Services are designed to help your company recognize:

- *Improved customer acquisition, retention and satisfaction*
- *Revenue uplift from marketing automation and realtime personalization*
- *Cost savings by enabling customers to utilize intelligent Integrated Voice Response (IVR) and Web self-service capabilities*
- *Improved sales, marketing and sales execution*
- *Cost savings through call center consolidation*
- *Improved cross-sell, up-sell and campaign execution*
- *A scalable foundation for future enhancements and rollouts of additional components*

CRM Management Services return on investment?

You be the judge—adapted from real Fortune 500 company scenario.

Year	2002	2003	2004	2005	2006
Profit improvement	\$160M	\$770M	\$958M	\$1,077M	\$1,144M



Measures	Revenue growth	Cost reduction	Improved customer satisfaction
	<ul style="list-style-type: none"> • Improved up-sell and cross-sell capabilities • Improved close rate • Reduced churn 	<ul style="list-style-type: none"> • Increase IVR take rate • Increase agent productivity • Increase Web self-service, e-mail and chat transactions • Reduce IVR, CTI and voice/data networks costs • Reduce repeat calls • Reduce avoidable truck rolls • Reduce CRM data center cost • Reduce telephony fulfillment cost 	<ul style="list-style-type: none"> • Provide choice of interaction channels to customers • More responsive to individual customer needs • Deliver value to the customer in every interaction • Present a consistent personality to customers • Provide information on customer needs and wants
2002 benefit	\$65M revenue growth	\$113M cost reduction	
2003 benefit	\$650M revenue growth	\$297M cost reduction	
2004 benefit	\$683M revenue growth	\$465M cost reduction	
2005 benefit	\$752M revenue growth	\$567M cost reduction	
2006 benefit	\$752M revenue growth	\$612M cost reduction	

Realizing rapid, effective results from CRM

IBM is uniquely positioned and qualified to integrate the piece parts to provide seamless design, build and run CRM services for customers. IBM CRM Management Services can provide a single point of contact for the management of large, enterprisewide CRM systems—while providing the potential to boost revenue and reduce costs. When IBM runs your CRM solutions from one of our technology centers, you can have the confidence of world-class performance, reliability, availability and scalability—all for an affordable and predictable cost well below what would be required to implement and manage these initiatives in-house. More specifically, IBM CRM Management Services is designed to speed the realization of visible and tangible benefits, including improved customer acquisitions, targeted and measurable marketing initiatives and cost-effective business process execution, by leveraging the breadth of proven industry expertise.

Summary

While implementing superior customer relationship management across your organization may seem overwhelming, it is an increasingly mandatory proposition. Today's economy adds bottom-line importance to segmenting, acquiring and retaining the most valuable customers. At the same time, creating, deploying and managing a robust and reliable CRM system in-house can be technologically challenging, time consuming, cost prohibitive and risky.

The solution lies in leveraging the innovation and expertise of proven practices and leading-edge management services that already exist in the marketplace. With IBM CRM Management Services, companies in every sector can look forward to faster deployment, improved ROI and one-stop access to a superior CRM system—throughout the customer lifecycle, and enterprisewide.

For more information

To learn more about IBM Global Services and IBM CRM Management Services, contact your IBM sales representative, or visit:

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