Customer Relationship Management (CRM) System.

lecture #5

could be defined as …

- A **Customer Relationship Management (CRM) System** is a suite of pre-engineered, ready-toimplement, integrated application modules that focus on automating and optimizing all customer-centric and customer-responsive functions—sales, marketing, service, and support— of an enterprise and possessing the flexibility for configuring, customizing, and personalizing dynamically the delivered functionality of the package, through any channel of interaction, to suit even the specific requirements of an individual customer.
- **CRM enables an enterprise to operate** as a relationship-based, information-driven, integrated, enterprise-wide, processoriented, real-time, and intelligent customer-centric and customer-responsive enterprise.

They are considered as the best approach for confronting the software crisis of the 1980s

- This was because:

1. CRM Systems ensure better validation of user requirements directly by the user.
2. CRM Systems ensure consistent quality of delivered functionality.
3. CRM Systems provide a cohesive and integrated information system architecture.
4. CRM Systems ensure a fair degree of standardization.
5. CRM Systems provide a consistent and accurate documentation of the system.
6. CRM Systems provide outstanding quality and productivity in the development and maintenance of the system.

- The success of CRM Systems is based on the principle of reusability. The origin of reusability goes back almost to the beginning of the computer era, when it was recognized that far too much program code was being written and rewritten repeatedly and uneconomically.
- Very soon, most of the programming languages provided for routines or packets of logic that could be reused multiple times within individual programs or even by a group of programs.

- CRM Systems, like ERPs, extended the **concept of reusability** to the functionality provided by a system.
- From the project effort and cost that were essential for the development and implementation using the **traditional software development life cycle (SDLC**), CRM reduced the project effort and cost to that associated only with the implementation phase of the SDLC. Even though the cost of implementing a CRM System like SAP CRM might seem higher than that of traditional system, the CRM system gets implemented sooner and therefore starts delivering all of its benefits much earlier than the traditional systems.

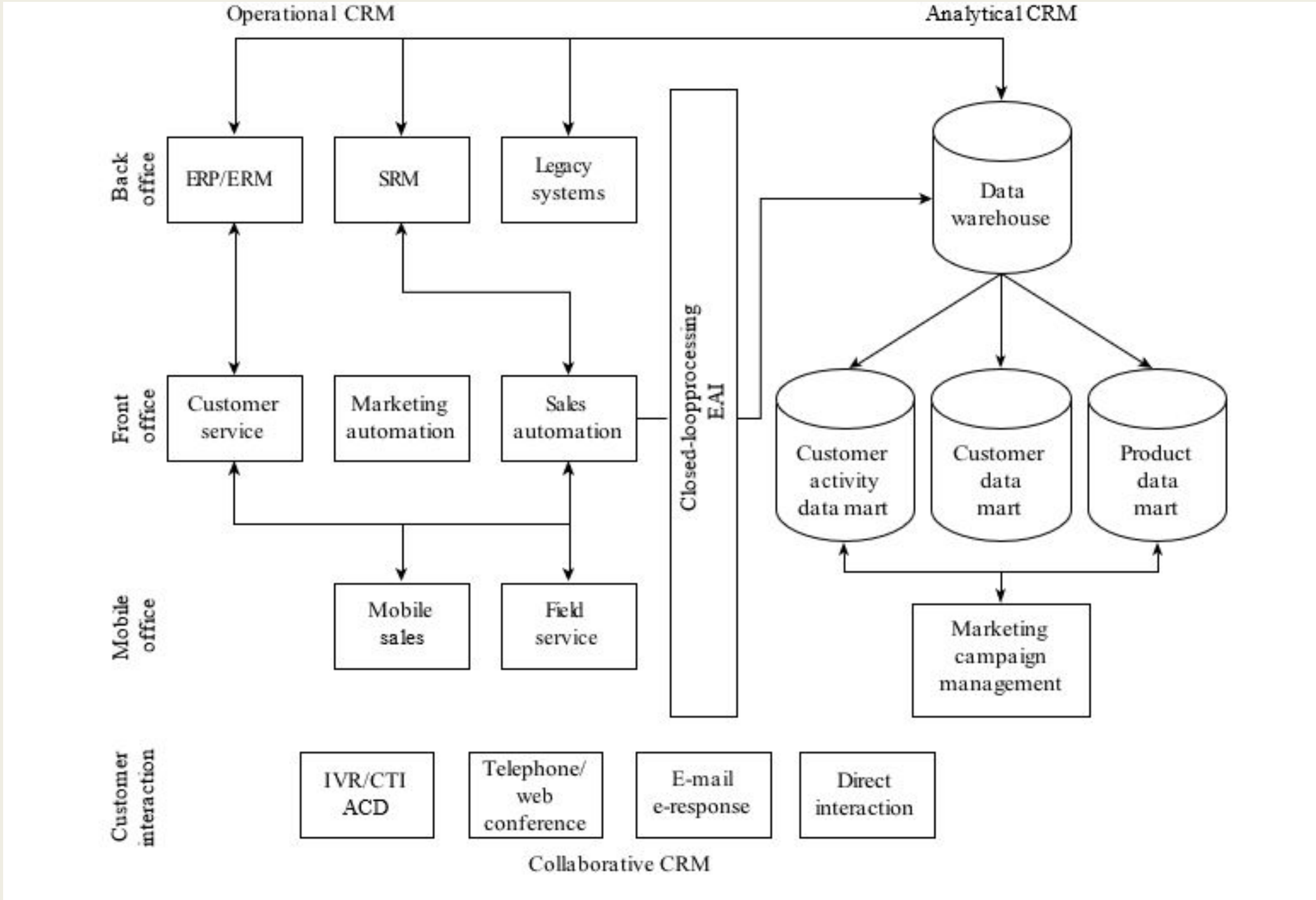
- Thus, CRM Systems brought to an end the subsidiary and support role that IT had played throughout the last few decades. But in turn, the very nature of IS has also undergone a complete transformation.
- **Implementing a CRM System within an enterprise is no longer a problem of technology; it is a business problem**.
- CRM Systems have been the harbingers of a paradigm shift in the role of the IS/IT function within an enterprise.

- The distinguishing characteristics of a CRM system are
- CRM System transforms an enterprise into an information-driven enterprise.
- CRM System fundamentally perceives an enterprise as a global enterprise.
- CRM System reflects and mimics the integrated nature of an enterprise.
- CRM System fundamentally models a process-oriented enterprise.
- CRM System enables the real-time enterprise.
- CRM System enables the intelligent enterprise.
- CRM System elevates IT strategy as a part of the business strategy.
- CRM System represents Advance on the approaches to Manufacturing Performance Improvement.
- CRM System represents the new Department Store model of implementing computerized systems.
- CRM System is a mass-user-oriented application environment.

Types of CRM Systems

- The CRM ecosystem is comprised of three categories of applications:

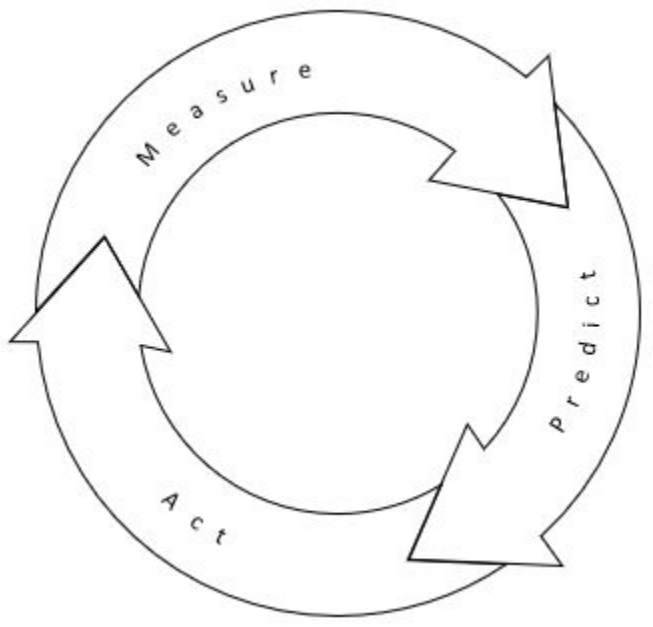
1. ***Operational CRM***: These applications help the salespeople in becoming more productive and effective. These include automation software for sales, marketing, and services.
2. ***Analytical CRM***: These applications support the *one-to-one* customized marketing programs. These systems hold aggregated data where the unit of analysis is the campaign, market segment, key account, and market or product group. These applications provide support for the strategic planning processes.
3. ***Collaboration CRM***: These applications help in smoothing the dialogs with the customers. These constitute the traditional and new groupware/web technologies to facilitate customer, staff, and business partner communications, coordinations, and collaborations.


Operational CRM
Analytical CRM
Back office
ERP/ERM
SRM
Legacy systems
Front office
Customer service
Marketing automation
Sales automation
Mobile office
Mobile sales
Field service
Closed-loopprocessing EAI
Data warehouse
Customer activity data mart
Customer data mart
Product data mart
Marketing campaign management
Customer interaction
IVR/CTI ACD
Telephone/ web conference
E-mail e-response
Direct interaction
Collaborative CRM

Closed-Loop CRM

- Closed-loop CRM systems not only enable execution of customized marketing campaigns but also measure their effectiveness, which in turn is used to improve their performance even further (the next time around).
- Closed-loop marketing consists of three basic steps that lead to an ever-improving marketing performance:

1. ***Measure*.**
2. ***Predict*.**
3. ***Act*:**



Why Use CRM?

- The implementation of CRM engenders the following business and technical advantages:
- Reconciles and optimizes the conflicting goals of different divisions or departments
- Standardizes business processes
- Provides the ability to know and implement global best practices
- Alters the function-oriented organization toward a more team-based, cross functional, process-oriented organization
- Provides a responsive medium for undertaking all variants of process improvement programs
- Provides a responsive medium for quality improvement and standardization
- Is process oriented
- Provides the best conduit for measuring the benefits
- Enables an enterprise to scale up its level of operations drastically
- Enables real-time creation of data , etc.

ERP versus CRM

- There are two primary chains within an enterprise:

1. The supply chain.
2. The demand chain.

- The ERP and CRM approaches differ in their focus and tactical objectives.
- **The ERP orientation**, for example, views business as a set of rigid back-office processes, and customers are modeled as ***resources*** that fall under the control of internally focused, command-and-control systems

	Traditional Back-Office Automation Technology ERP	Relationship Building Technology CRM
1. Strategic focus	Internal: Operational efficiency	External: Customer relationship
2. Key business benefit	Control Cost	Drive corporate performance
3. Expertise required to develop applications	Algorithmic optimization	Business knowledge (e.g., sales, marketing, customer service)
4. Industry focus	Manufacturing	Services
5. Nature of process flows	Structured, deterministic	Unstructured, spontaneous
6. Process focus	Transactional	Relationship Building
7. Number of internal users	10s–100s	1000s to millions
8. Number of external	10s–100s	Millions

Customer-triggered Company

- In the Internet-based economy, success hinges on establishing a *pull*. In this century, instead of the four Ps of marketing (product, price, place, and promotion), the four Cs (content, cost, convenience, and communications) would reign, all centered on the individual customers, rather than the products earlier.