

View Point



Social CRM – Dealing with the change within

Abstract

Social CRM is progressively moving into the mainstream enterprise strategies despite much of the noise and hype around it. What was perceived as ability of people to network better, enabled by Web 2.0 technologies in early days is now being seen as a promising opportunity to streamline and innovate the CRM value chain. While there are the pioneers who have jumped onto the Social CRM bandwagon, a majority is in the process of comprehending the complete picture and is cautious in the adoption approach. Social CRM in the current state is just a beginning of the larger shifts that are likely to take place on the foundation stone of today's emerging directions. This paper aims to project the future outlook of the Social CRM landscape across various industries and briefly discusses the challenges that influence the future strategies of the enterprise CRM.

Social Networks – the turning point

With the advent of Web 2.0, social networks and user communities / forums, the ability of an average internet user to connect with the large network of other users is on an exponential curve. Out of an estimated 2 billion internet users worldwide, almost 25% are on one social network or the other – which is a phenomenal user base of 500 million individuals active on the internet network! (Source: www.internetworldstats.com). And not just that, the average time a user spends on social networking is increasing at every year with an unprecedented rate.

Reason why this trend is so important for the business is because customers are actively seeking out opinions on their products / services over social conversations and are expressing their experiences using social media. Ability of an individual customer in any part of the world to influence a large set of networked individuals across the globe for their purchase decision making and brand perception is fast becoming significant. Organizations today need to go back to the drawing boards and figure out a way of including the 'social' paradigm into their CRM value chain. In fact, some are already ahead of the curve and have witnessed significant benefits – lowering of marketing / service costs, faster customer service response times etc. due to their 'Social CRM' efforts. Going forward, the social network of customers becomes an entity by itself that enterprises need to deal with and further reorganize their customer relationship management models to cater to nuances of structured social networks of their customers because the characteristics, behavior patterns, and dynamics of the engagement for the social networks as an entity are likely to be different as compared to individual customers.

The CRM landscape has constantly evolved, especially over the last two decades, from the presence of poorly-manned 'customer service desks' to a coordinated strategy that aims to unify customer experience across various channels. Organizations have come to identify it as a key strategy area and are continuously spending time, money and energies in perfecting their CRM processes to realize greater value – both for the customer and the organization.

Technology has been a very important, if not the most important, enabler that has helped restructure and implement the CRM processes to offer greater efficiencies. The market currently provides numerous CRM solutions like package-based / open-source software, in different modes - on premise / on demand / on cloud and it's not overstated if one says that most of the organizations today have implemented CRM solutions involving combinations of one of the above. Time has come for organizations to prepare for and adapt to the next technological revolution – Web 2.0. CRM solutions have to scale up to meet the demands of 'customer 2.0'. The ability to go 'social' is available for both customers and organizations alike. What is expected, and gradually being witnessed, is the evolution of 'Social CRM' – marrying traditional CRM solutions with social media. A more forward looking Social CRM definition that will be the central to view-points presented in this paper subsequently can be stated as follows:

“Social CRM is a paradigm that can provide next-generation personalized customer engagement experience by bringing real-time sense of customer centricity and by harnessing the power of social network economy”

Meeting Needs of Different Industries

The Marketing, Sales & Service processes are very well outlined in all industry verticals. Since the Social CRM market is at a nascent stage currently, the adoption is mostly at a generic level with simplistic scenarios.

Based on our research and expertise across various verticals, it has been identified that apart from simple scenarios of launching campaigns on social media, providing support on social media and the like, there is a scope for Social CRM to finally address the actual customer pain-points of different industry verticals as illustrated in the Figure 1. In the same context, verticals should be able to address business challenges by tying it with Social CRM as illustrated in Figure 2.

Realization of social CRM initiatives calls for lot of focus and coordinated effort across sales, marketing and service organizations within the enterprise. Needless to say that Social CRM program will be a big risk without a strong change management strategy in place. Change management must focus on assessing the enterprise readiness in order to respond to opportunities and challenges in Social CRM and adequately preparing the enterprise to adopt the change.

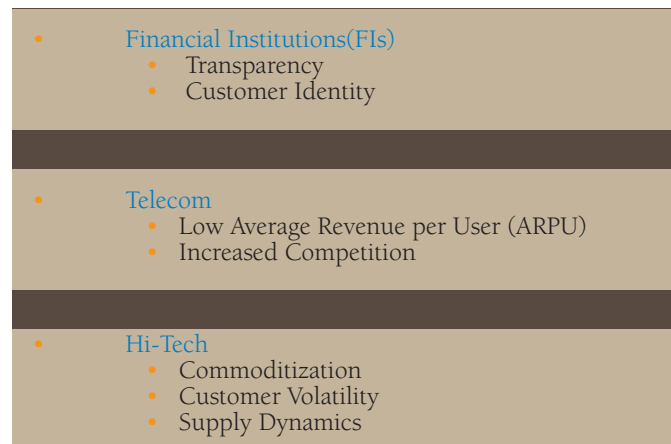


Figure 1 – Industry challenges relevant for social CRM

Enterprise readiness to handle the Social CRM change

Social CRM offers tremendous opportunities for an organization to get insights into its own or competitors brand perception. These insights can be used to fine tune various strategies such as promotions, customer engagement etc. An organization can work closely with its customers to co-create product/service ideas. It also offers an opportunity to engage with customers via newer channels such as micro blogs and communities leading to higher customer association with the company and its brands.

The Social CRM space can be mapped along four key dimensions as illustrated in Figure 2.



Figure 2 - Business Benefits of Social CRM

From a business readiness perspective, an enterprise needs to have a current view of what its competitors are doing in the social media space and to keep pace or be ahead of them. They also need to understand the pattern of their customer's behavior in the social media space e.g.: find customers that are influencers/active contributors and can be converted into brand ambassadors. Policies/guidelines should be in place for employees, partners and customers to appropriately use social media. Without these, there is a high risk of confidential information being divulged by any of the parties. The key to a successful Social CRM program is a change in mindset of the enterprise to accept new value systems demonstrated by the social customer and re-structure the CRM processes to reflect the same.

From a technology readiness perspective, an enterprise needs to have the right infrastructure, tools and architecture to incorporate social media into their landscape. Social monitoring tools are needed to gather context relevant comments based on keywords/domain specific constructs. Social analytics engine is needed to elicit insights from all the unstructured data and provide aggregated content/dashboards that can be used to make strategic assessments. A seamless integration is needed between Social and CRM systems for a cross flow of data; e.g. with a single button click, a potential lead from a community should be converted to an opportunity in CRM.

Challenges are aplenty in adopting Social CRM at this stage. Privacy of user data is a critical concern. While most social listening tools can only access 'public' data, there may be country specific regulations that prevent storage and usage of such information. Also, customer preferences in terms of receiving messages or promotions via social media should be explicitly captured to prevent spamming. Just as validation of email addresses/phone numbers is currently carried out, social media IDs would also need to be verified in order to prevent interaction with unauthorized people.

To tie all the four dimensions together, the enterprise also needs to define clear metrics and monitor the effectiveness of Social CRM initiatives. E.g. Reduction in cost/service due to diversion of service issues from higher cost traditional channels to lower cost social channels or % of lead conversions via Social channels etc.

Given the different aspects on which organizations will need to think, it is vital to also look into the market readiness and the trends/challenges that will define the future scope of Social CRM. Hence, the priorities should be flexible and the approach should be scalable to go into multiple iterations. This will help organizations to prevent Social CRM being a yet another case of failed time, effort and money.

Delivering Social CRM through technology ecosystem

The Social CRM from technological standpoint bridges social media with the traditional CRM. Thus the complete picture is only established when different components weaved around social media are integrated with and leveraged by the CRM systems. The primary social media components today that have a role to play in the context of CRM are:

- Public Social Networks (Facebook, Twitter, LinkedIn and others)
- Social Community Platforms (Jive, Lithium, Oracle Web Center and others)
- Social Media Listening/Analytics (Radian6, Buzzient and others)

Public social networks and community platforms provides for a two-way communication channel on which users (employees, prospects, customers, partners, competitors) create profiles (demographic details, hobbies, interests and others) in order to perform various type of activities such as Chatting, Sharing - current status, photos, videos, blog posts, Feedback - on other's status, photos, videos, blog posts and Collaboration – documents, presentations and others. A user's status post can talk about a recent experience with product/services, seeking information on them.

These user activities are only a piece of information until it is made meaningful by social media Listening/Analytics tools by running different types of analysis on the information. It brings value by deriving sentiments, buzzwords etc. out of the information. Some of these also use this piece of information to provide user with different type of scores like reputation score and influencer score.

The last part of the ecosystem is the CRM component – Transactional and Analytics. Depending upon the CRM process, the system can consume information (give out information) from (to) Public networks/Community platforms and Listening tools. Information coming into the CRM system can be converted into Opportunities, Activities, Service requests and other business entities. The social profile of existing customer can be validated using manual intervention. Once customer grants the access, the next level of customer insights can be driven based on integration of social profile with existing profile. The existing analytics engine can be enhanced to accommodate new data points from the social media integration.

At a generic level, it can find applications in different industry verticals in some capacity. However, since the customer pain-points are not similar in nature, the best approach is to identify how Social CRM can be used as an opportunity for deriving benefits out of the specific challenge.

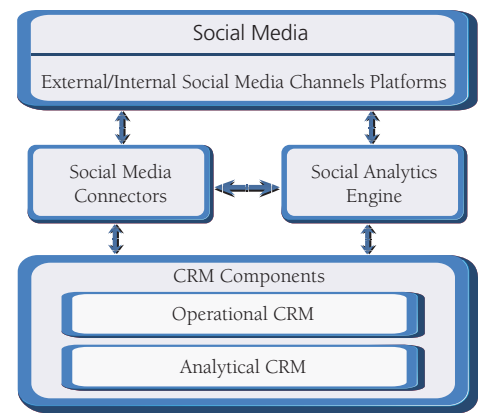


Figure 3 - Social CRM Technological Ecosystem

Future of Social CRM

Adoption of a new paradigm always comes with the concerns around sustainability and predictability of the future of that paradigm. Organizations hesitate to invest unless there is a reasonable amount of clarity on it. As per the leading industry analysts, the social context has already made inroads into a person’s daily life. Since, organizations are finally people driven, the market is confident about immersion of social media in the realms of business functions. The scope it brings for each organization will be governed by the business objectives, market dynamics, technological trends and customer dynamics. Also considering the user privacy and other issues, one can expect some standardization happening in form of government regulations and geographical policies.

Technology has played and will play a vital role in taking Social CRM to next level of maturity. Stakeholders like traditional CRM Vendors, social media vendors and solution integrators/consultants in most probability will be the driving force to get the next-generation of Social CRM offerings in the market. Two key pieces of Mobility and Predictive Analytics are already being looked on as next set of components that are essential for the convergence of customer experience. Both of them are already being used in the CRM context but the challenge lies in building business cases that connects them with the social components.

Leveraging social media on vertical front will also be a key input that could act as a game changer for the industry. As discussed in the earlier section, the adoption starts at a generic level but as different verticals become adept in handling of social media, the market for Social CRM will eventually evolve in creating niche solutions catered to verticals in a much similar manner of how traditional CRM market has moved.

Final take

Social CRM is an opportunity for organizations to become truly customer-centric. It leverages the new communication and collaboration medium of social media to improve the existing business processes of Marketing, Sales & Service. In order to realize sustainable benefits, organizations will need to follow a structured life cycle approach that must be open to enhancements as future will be governed by multiple factors like Industry dynamics, customer dynamics, technology developments and policies/regulations.

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