WHITE PAPER

Will your CRM pay back or fail?

What every organization must know before jumping the CRM bandwagon

Abstract

As market adoption of CRM technology rises, organizations, big or small, must know the key factors that determine the success or failure of these implementations. Making sure that the CRM implementation delivers the expected outcomes is not an easy task. This paper is an attempt to outline the three key success factors and prepare organizations for the challenges they may face when implementing a CRM system.

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The context…

The CRM industry looks perkier than ever. A recent Gartner report suggests an upward trend in CRM spending across the globe. Market growth was recorded at 13.3% in 2014 as compared to the total investments the year before. While leading vendors such as Salesforce.com, SAP, Oracle and others continue to expand their portfolios and polish the services they offer, organizations of all sizes continue to invest heavily in this mad rush of the CRM era.

With the advent of mobile technologies and social networking, there is a pressing need for organizations to connect with their customers, whatsoever the medium, location, time, or reason; nothing really matters! While product vendors seem to be in a hurry to come up with new and gorgeous offerings almost every month, and rightly so, service providers are leaving no stone unturned to catch up with technology and get equipped with the 'best-in-the-world', be it human resource or acquired knowledge.

The matter is…

The key for such organizations caught in the midst of needs and offerings is to look at return on investment (ROI). Mathematically, we all know that ROI is a comparative measure of profit against investments made to achieve that profit. However, the real art lies in knowing what is the actual profit, importantly, on the scale of time, and understand the hidden investments which may not be mathematically placed in numbers but have potential to turn around the bottom line of any organization significantly. While the mathematical value of ROI may look good in annual reports, the actual pay back may lie in the details to follow.

There are three critical factors (in addition to the usual ones!) to be considered by any organization's IT bellwethers aspiring to gain by implementing the best of CRM. These factors are often overlooked when building the usual business plan, are elaborate enough to consume years of hard work and green money which any organization would spend before deciding to erect a robust CRM system. To say the least, these factors in no particular order, have the potential to invalidate the investments while building a CRM system, or justify the returns, if given enough repute.

1. Going beyond the 'wants' and cost of 'catching up'

There are organizations which have everything they can think of in terms of CRM capabilities and they are doing wonders with that. It is probably because knowingly or unknowingly, they have been able to accommodate everything of CRM into their needs basket. But, that's not a universal case. It is very important for an organization to clearly demarcate their needs from their wants. Though it is a usual practice during the requirements phase, it deserves to be done much earlier than that.

> ***"A poorly maintained social channel is worse than not having a social connect at all, and in long run proves to be a dispensable investment."***

All CRM products come with a variety of features which organizations may try to utilize to the fullest, but often, lead to over complicated systems and may not be of strategic value at all. For example, a typical feature of the service module which generates matrices to help the company in customer retention efforts will be of immense value for a telecom operator, but not of so much worth for a high-end luxury merchandise company who would actually want to focus only on 10% of their top and loyal customers who are responsible for 90% of their revenue. The cost of retaining the other 90% for merely 10% revenue may turn out to be a sore deal. Instead, if the company puts additional effort to focus on those top customers, it may gain more than what it would lose. While customer retention could be a universal offering, and a universal 'want', it may just not figure in everybody's 'needs'.

Another aspect is getting swayed by the latest offerings in the market and in their alacrity to keep up with the latest technology, organizations may step into the trap. A typical example would

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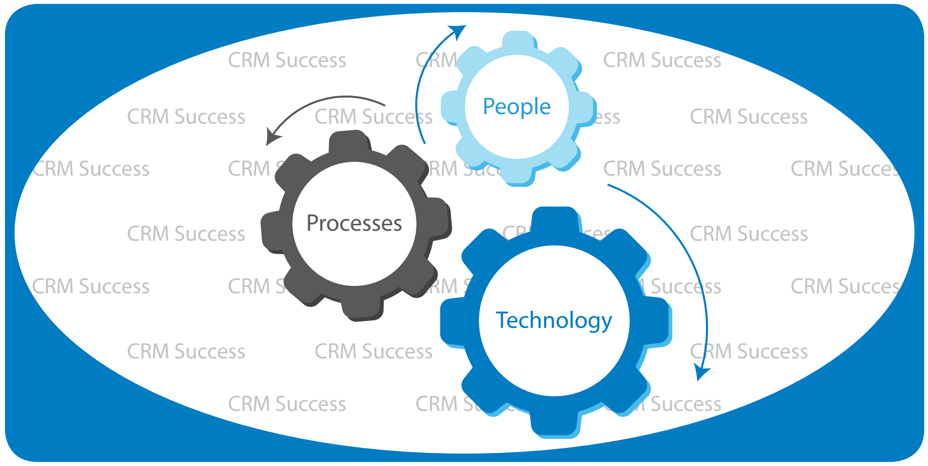
be to have CRM integrated with social networking sites such as Facebook in an effort to open up a social channel for customers and have an ultra-intelligent marketing application in place to parse the posts and feedback on social sites to gauge and respond to customer criticism, good or bad. What is typically missed here is the hidden cost of maintaining such features vis-à-vis the customer base ready to use such channels for communication, and never-ending training of executives in view of the specific skillset required to handle such applications. After all, a poorly maintained social channel is worse than not having a social connect at all, and in long run, proves to be a dispensable investment.

CRM technology is advancing at such a rampant pace that it is not only difficult to achieve parity with the once novel transformation plan, but also the cost of catching up with the multi-dimensional growth outside the organization's newly implemented system is immense. For example, while organizations are still struggling to get their CTI (Computer Telephony Integration) right, an alternative to the 'obsolete CTI' in form of unified solution is already making inroads. Almost every quarter, if not in a month to be modest, CRM vendors are coming up with 'new' and 'improved' features. Though most of these changes or supplements are said to be auto-injected into the applications in use, especially in the cloud models, the cost of administration and user training is often ignored.

2. Investments in isolation

According to a study, at least 1 out of every 5 organizations surpasses the projected budget for implementing and maintaining the CRM of choice, and the reasons could be manifold. This may happen due to lack of a strong business plan to start with, a boundless implementation – both in terms of time and requirements, or even due to changing hands at the top management level resulting in change in strategy. One of the reasons often ignored is looking at things in isolation. In a haste to float down a new CRM system, organizations may



either invest in technology or processes. However, the heart of CRM and thereby its success lies in all three – technology, processes and people.

It is lethal to make a CRM investment plan without investing in the company's archaic processes that are about to be challenged. While it is obvious to focus on the integration plan with the legacy system and a robust data migration strategy, the not so thought about facet is changing processes around an application drawn at one corner of the CRM architecture, and the associated investments. For example, I have seen organizations struggling with processes around downstream applications integrated with the newfound CRM system. While data handling and integration jobs are almost always perfectly chalked out, need for change in the downstream applications process flow is often ignored either during budgeting or worse, during the CRM implementation, only to realize later when the damage is done.

"CRM implementation should not be seen as an event to fill in the cracks of some age-old establishment. It should be seen as an opportunity to rebuild the company's processes from scratch, in-line with technological enhancements, and taking all stakeholders in confidence."

One such case was with an office automation company which sent meter reading data from CRM to a reporting tool where it was extracted and sent upfront to clients for discussion during routine field visits. However, with the new CRM capabilities, the meter data which was sent to the reporting tool had some analysis done with added details. When those reports were sent as usual, it led to confusion and client discomfort. Though the damage was not much as the company responded immediately to the issue by redefining the reporting process, this is a classic example underlining the need for an inclusive investment in handling process changes to the farthest extent possible during a CRM implementation.

3. The assumed acceptability

People play a pivotal role in the success of any CRM, eventually, contributing to maximization of ROI. While the idea of a new CRM may sound exciting and send waves of anticipation down the organization's hierarchy, the reality may hit hard. Large organizations with users from multiple business units may be visibly more impacted. I have seen users complaining about how the new application has only added complexity to what once used to be a quick and easy task. As the new CRM is bound to bring some robust mechanisms around data entry and access permissions, users may find it difficult to embrace the changes. For example, somebody who has been filling the same spreadsheet over the last 10 years for submitting a business planner may find it insane to login to an

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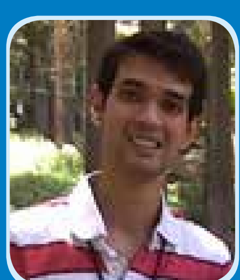
application with added functionalities and data restrictions to do the same task. Such sensitivities, if proliferated across the user base may result in CRM failure. Mere user training may not really work here. Organizations will need to invest time, energy, and resources in user acceptance workshops where the user community should be given opportunity to ask questions, challenge certain ideas, and reasoned out with to convince themselves. Another challenge could be up for those who believe in a single CRM that must be used across geographies. People acceptance could be a bigger issue in such global rollouts for obvious reasons. Same company, same business, and same processes, but different geographies may be an altogether different story. A new CRM brings in a cultural change; hence, users as well as the application must be sensitized accordingly for a holistic acceptance.

"A new CRM brings in a cultural change; hence the user base as well as the application itself needs to be sensitized accordingly for a holistic acceptance."

The point is…

The message here is to not be swayed or feel left-out by out-of-the-world offerings by product vendors and service providers. While they are doing a great job coming up with the best technology and making lives a lot easier, some things may just not be meant for some organizations! This is where organizations need to ask themselves if they know what they need, have budgeted an inclusive investment, and are ready for the big change. Sounds simple, but simple things are more likely to be ignored in complex matters!

About the author



Govind Heda is a Lead Consultant at Infosys with over 10 years of experience in IT. He specializes in retail, telecom, and finance verticals and has worked on multiple green field implementations in the cloud CRM space.

Govind holds a Master's degree in management from Symbiosis Institute of Telecom Management and a bachelor's degree in Computer Science Engineering.

He can be reached at: **govind_heda@infosys.com** / **govind.heda@gmail.com**

For more information, contact askus@infosys.com

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