

- business intelligence
- data warehousing
- data mining
- OLAP

CRM

How to get your feet wet
without drowning

Agenda

The CRM Controversy

- CRM's stigma
- CRM's vitality

Preparing for Your Swim

- The importance of culture
- Implementation skills

Which End of the Pool?

- CRM focal points

Case Studies

- Channel management
- Product development

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The CRM Controversy



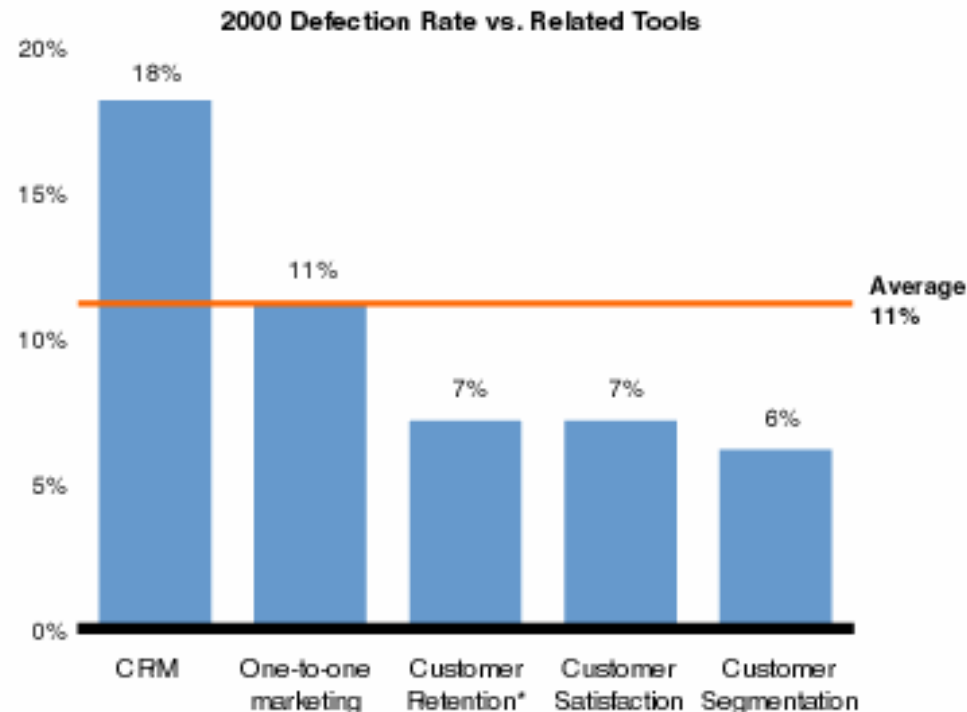
CRM's Stigma

- According to Gartner, more than 50 percent of all CRM implementations through 2006 will be viewed as failures
(Source: Report: CRM Is Failing Customers, CRMDaily.com; September 11, 2001)
- 451 senior executives placed CRM fourth from the bottom of 25 'tools' in satisfaction ratings. In fact, a fifth of CRM users abandoned the 'tool' altogether
(Source: Making CRM Work; Bain Results Brief, 2/15/02)
- Teradata CEO Peter Heffring has had employees "...come to me and say, 'I don't think we should call our product Teradata CRM anymore, because of the negative connotations.'"
(Source: Teradata CEO: 'CRM' Stigma Fading, CRMDaily.com, April 23, 2002)

Taking a Closer Look

- What, according to Bain & Company, is a 'tool'?

They're abandoning CRM?



*1999 result: Customer Retention was replaced by CRM in this year's survey.



Taking a Closer Look (cont.)

- “I would say that anywhere between 25 percent to 30 percent of CRM projects that get launched never get finished,’ states Jeetu Patel, executive vice president of research at Doculabs, an independent industry analyst and advisory firm. *This figure is slightly higher than the average number of IT projects that are eventually shelved, he said.*”

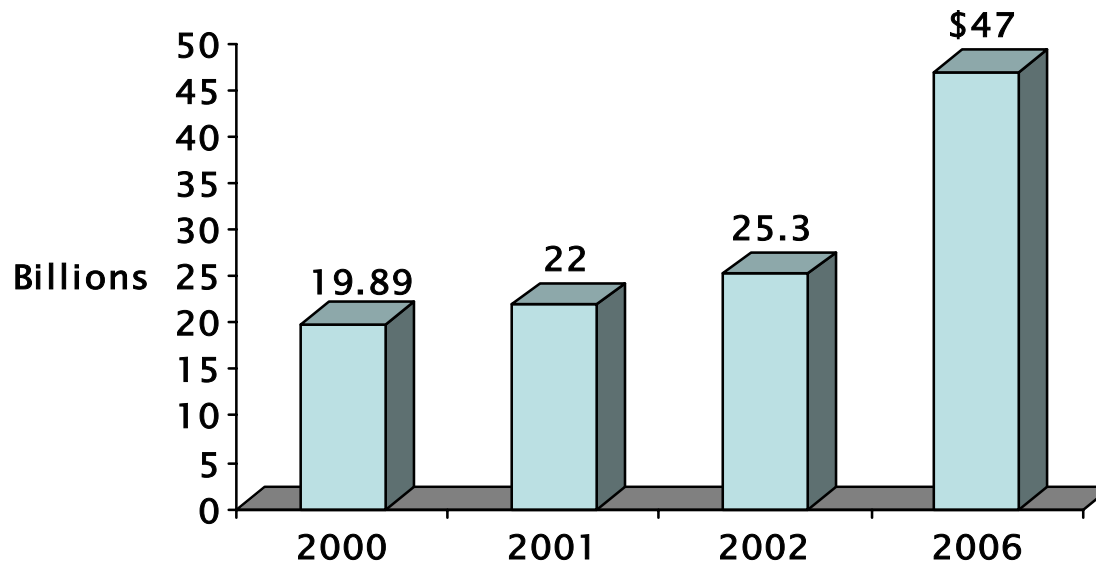
(Source: When CRM Goes Bad; CRMDaily.com, September 4, 2001)

- Conclusion: CRM is not the problem. It’s simply another reflection of the difficulties faced in managing our businesses & projects

CRM's Vitality: Market Forecasts

- Despite the current downward trend of the IT market, demand for Customer Relationship Management software services rose in 2001 over the previous year and will continue to grow in 2002, according to a study released Tuesday by *Gartner's* Dataquest division

(Source: Gartner: CRM revenue to rise 15% this year; IDG News Service, 04/09/02)

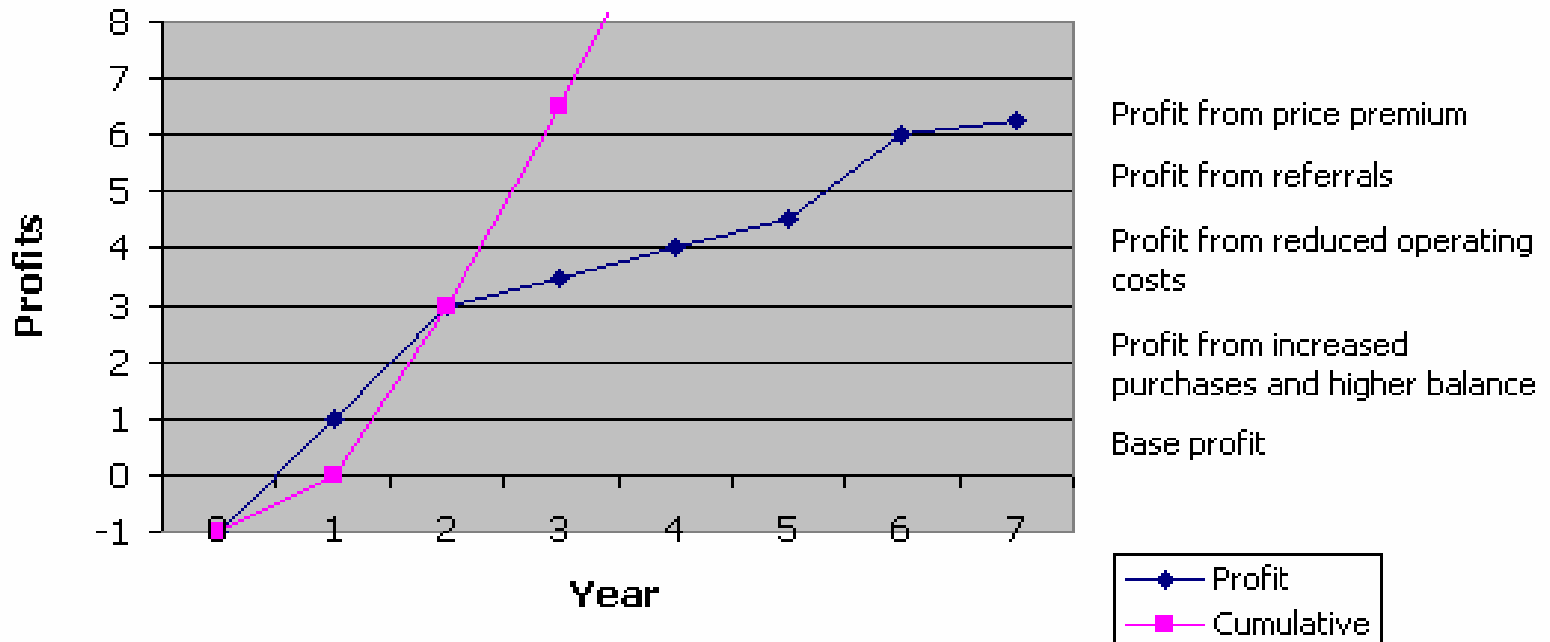


CRM's Vitality: Driving Forces

- "On average, the CEOs of the U.S. corporations lose half of their customers every five years."
(Source: Learning from Customer Defections; HBR, March 1996)
- "Customer defections have a surprisingly powerful impact on the bottom line. They can have more to do with a service company's profits than scale, market share, unit costs, and many other factors usually associated with competitive advantage.
...as customers' relationships with the company lengthen, profits rise. And not by just a little."
 - A 5% reduction in customer defections increased profits by 85% in bank branch deposits, 75% in credit cards, and 50% in insurance brokerage.
(Source: Zero Defections: Quality comes to Service; HBR, September 1990)
- It is estimated that the cost of acquisition is five times the cost of retaining an existing customer
(Source: Zero Defections: Quality comes to Service; HBR, September 1990)

CRM's Vitality: Driving Forces (cont.)

"Served correctly, customers generate increasingly more profits each year they stay with a company"



Source: *Reichheld & Sasser, "Zero Defections: Quality Comes to Services"; Harvard Business Review, Sept/Oct '90*

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Preparing for Your Swim

The Importance of Culture

- Two heads really are better than one
 - Parallel processing if everyone's in synch!
- Use each project, regardless of type, as an opportunity to stretch your department and establish shared knowledge and toolsets
- Sound methodologies (i.e., shared and respected work processes) motivate individuals

Improving Implementation Skills

■ Technical

■ Standards

- Data models & naming conventions
- Conforming dimensions for data warehouses
- Metadata: 'What does that field do?'

■ Reusable code

- Snippets vs. plug & play components. Both have value
- How to find the code once developed?

■ Time should be spent on design and flexible code, not reinventing wheels



Improving Implementation Skills (cont.)

- Project Management
 - Defining visions
 - Detailed requirements that tie to corporate goals
- Improving project management skills
 - MS Project vs. Excel
 - Stretch yourself on the small projects in preparation for the larger ones
 - Documentation: An art and science that polishes your brand

Improving Implementation Skills (cont.)

■ Vendor/Consultant Management

- The question is less *can* a product do this, but *how* does the product do it. What limitations become evident?
- Sample deliverables
 - "We are a lot more aggressive about ferreting out a potential client's pain point and then tailoring a solution for it. It's not about showing a slick demo anymore," notes Teradata's Heffring



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Which End of the Pool?

CRM Focal Points

■ Operational CRM

- Designed for improved service and transactional efficiencies around a particular customer touch point such as a Web site or call center
- Encompasses On Line Transaction Processing (OLTP) systems systems that *form* work flows
- Emphasis is on doing things right
- "Enterprises spend between \$60 million and \$130 million to implement a typical CRM program, according to Forrester Research."
(Source: ZDNet; CRM: Best practices from the field (Meta Group), March 7, 2002)

■ Analytical CRM

- BI systems incorporate data warehouse, mart, OLAP, and data mining tools
- Customer data that is captured within a company's operational systems are consolidated and analyzed to develop customer-centric roadmaps: Where should we be going? Are we getting there?
- Encompasses systems that *guide* work flows
- Emphasis is on doing the right things

The Case for Analytics

■ High impact

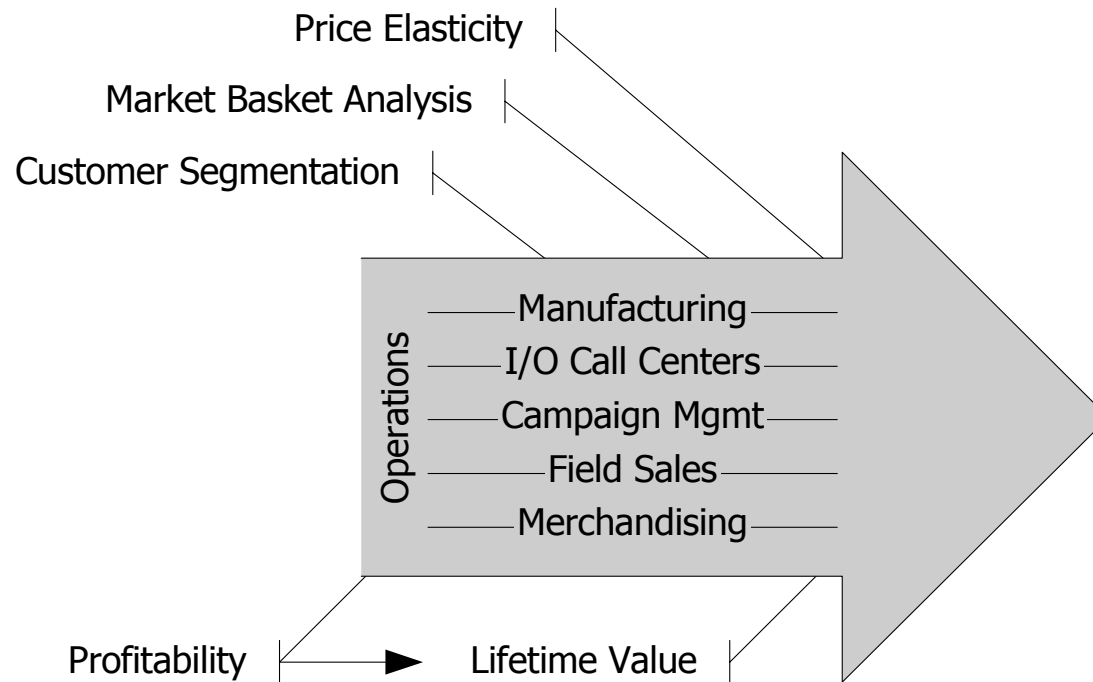
■ Accenture's top five CRM areas with highest ROI:

- Turning customer data into insight
- Customer service
- Motivating and rewarding people
- Attracting and keeping people
- Developing selling and service skills

(Source: Customer relationship management - The personal touch, November 26 2001)

The Case for Analytics (cont.)

- Of course, we strive for *actionable* insights that feed operations

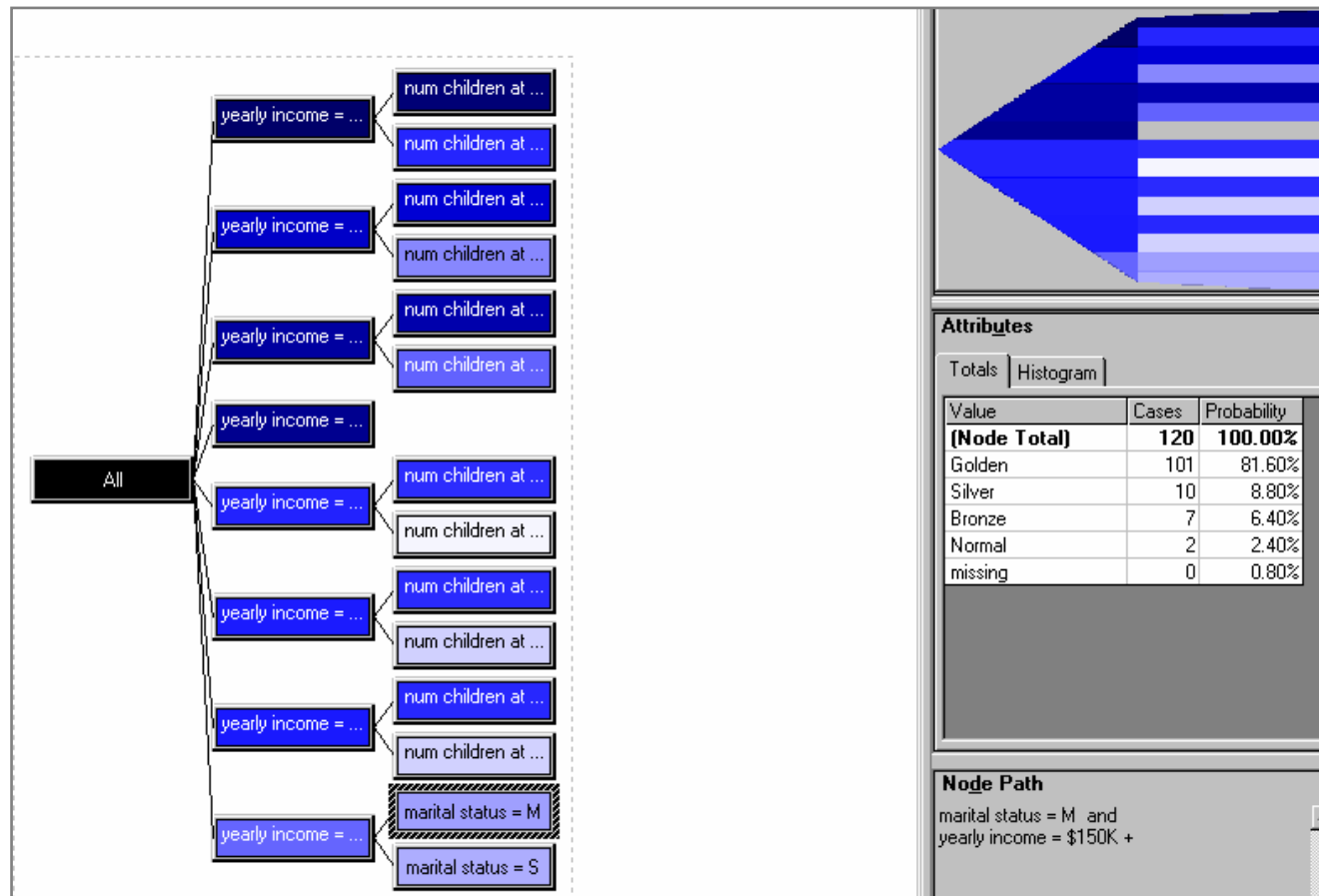


The Case for Analytics (cont.)

- Can be performed at departmental level
 - Marketing
 - Finance
 - Sales
 - Pricing
- Can be accomplished rapidly with small teams
- Less expensive technology stack than operational
 - As usual, Microsoft is having an impressive affect on the analytics market (and is anticipated to soon have the same impact on operational CRM)
 - Oracle 9i now bundles components that were once purchased separately

The Case for Analytics (cont.)

Example: Microsoft Analysis Services





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Case Studies



Channel Management

- The Limited / Victoria's Secret
 - "Our analysis has found that customers buying Victoria's Secret products through all three channels —retail stores, the Web and catalogs—spend three to five times more than customers who buy through only one channel." William Lepler, The Limited's VP of CRM
- Eddie Bauer
 - "We're just starting to understand how to use channels more effectively," states Michael Boyd, Director of CRM for Eddie Bauer. "The ability to gather and crunch valuable data about customers from multiple channels, via the Web, catalog sales or store locations, is the force fueling electronic CRM"

Channel Management: Large Brewery

Problem	<ul style="list-style-type: none">■ Increase brand penetration to retailers
Analysis	<ul style="list-style-type: none">■ National survey to identify ideal consumer (with highest brand affinity)■ Purchase external data to identify retailers in areas reflecting high concentration of ideal consumer demographic
Discovery	<ul style="list-style-type: none">■ Develop and implement web-based sales analysis capability for distributors to understand existing penetration of desirable retail outlets■ Targeted specific retail outlets for product promotions
Action Taken	<ul style="list-style-type: none">■ Immediate and significant improvement in sales...with the unexpected bonus of improving communication and relations with their supply chain

Product Development: Large CPG

Problem	<ul style="list-style-type: none">■ Understand to what degree seasonality impacts product consumption of a finished good
Analysis	<ul style="list-style-type: none">■ Consumer survey■ Examine results in a multi-dimensional environment
Discovery	<ul style="list-style-type: none">■ Use of product was in baking, not direct consumption
Action Taken	<ul style="list-style-type: none">■ Launched new product – the baked item, which rose to a top 5 ranking among vending machine products!