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MAKING SMART CHOICES WHEN EVALUATING CRM PLATFORMS

An Upfront Analysis of the Customer Management Solutions
Available and How They Best Fit Your Needs can Lower
Deployment Costs and Deliver Significant Benefits Over
the Long Term

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Imagine choosing a software platform to manage your company's customer data or automate your sales force the same way that most of us buy a new car — walk into the showroom, pick out a model with all of the recommended new features, put it through a short test drive to evaluate performance, and then negotiate a good deal and drive it home. Most executives who have successfully deployed CRM solutions would probably laugh at this proposed scenario.

Yet many companies still attempt to choose CRM platforms in this manner. They are swayed by special features and give very little thought to the business benefits they truly want to achieve over the long term. Buying the latest bells and whistles, such as a talking GPS system for your car or a cutting-edge analytics module for your CRM system, are appealing on many levels and offer considerable value to the product they support, but selecting a car or a CRM solution based solely on the latest features is clearly impractical. Moreover, the practice of purchasing prior to analyzing bottom line needs costs buyers more over the long term. If you predominantly drive from home to the office via the same route, why would you need GPS as a guide? It would probably be smarter to spend extra money on leather seats or a fuel-efficient gas-electric hybrid engine.

Similarly, sales or call center executives should think through how their CRM systems will meet strategic business objectives before selecting their software. They might discover that the analytics capabilities they covet might soon become shelf ware. That would be the case, for instance, if they intend to use their CRM solution solely for handling unhappy customer calls, or if a relatively unsophisticated sales force uses the system — without the experience to take advantage of the advanced functionality available.

As impractical as the features-first-and-foremost approach is, we can also understand why executives rely on it when making these kinds of critical choices. After all, they want a CRM solution right out-of-the-box. That means they take the easy way, buying software based solely on the rich set of sophisticated features — rather than performing a detailed needs analysis that might take weeks or months to complete.

Innoveer believes that this is a recipe for disaster. Our experience with CRM implementations at more than 200 organizations has shown that without choosing the appropriate software features, CRM implementations will not deliver the advanced customer management capabilities promised by product managers. However, relying solely on the latest and greatest product options without a thorough pre-deployment analysis performed by an impartial third party significantly increases the risk of CRM program failure.

NO BIG SURPRISE

For executives who have deployed CRM solutions, it comes as no surprise to hear that only about 30% of system costs can be attributed to the software itself. The remaining 70% include infrastructure costs, including hardware support. What does surprise many, however, is that 60%

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of the remaining costs are personnel-related. This has major ramifications when selecting and deploying a CRM solution. For example, one organization with which Innoveer works, determined that its driving force for CRM was cross-selling. As a result, it acquired a CRM solution from an acknowledged industry leader that offered best-of-breed cross-selling functionality.

This traditional features-first selection process failed to take one key factor into account: It is not possible to deploy the platform's cross-selling capabilities during a phase-one roll out. To the contrary, in this system, cross-selling is an advanced feature that requires additional programming, integration, and training. Unfortunately, the client was unprepared to pay for those additional expenses.

A thorough examination of the client's needs versus the software's capabilities would have pointed out the fallacy of the traditional features-first approach to buying CRM software. With an in-depth pre-purchase assessment of business and technical needs and product capabilities, the client would have realized it did not have the infrastructure to support cross-selling or the trained salespeople capable of using the tool. An in-depth analysis of the client's personnel, along with how they could support the CRM solution, would have pointed out that purchasing a less-comprehensive solution might have saved the client the cost of trying and failing to implement the advanced cross-selling capabilities in the first place.

NEED IT QUICKLY

Why does the typical sales or support organization just buy a CRM solution rather than take a step back and analyze their needs prior to purchasing the software?

As we noted earlier, they simply want the benefits of a CRM platform immediately. That, of course, drives the process forward faster than it should, often preventing a detailed pre-sale analysis. Moreover, budgetary constraints that often preclude paying for consulting services stand in the way. Most notably, concerns that the money spent analyzing needs will be wasted if ultimately deciding that the total cost of the system is beyond budgetary means. As a result, about 35% of the companies with which Innoveer works, choose their CRM software well before they have thought about the business issues the system should address.

Because of the wide variety of issues involved in deploying CRM, however, Innoveer believes that this approach offers the potential to derail an enterprise's CRM plans from the beginning. Through Innoveer's work with clients in a variety of industries, we have learned that selecting a CRM software product itself should be the third step, not the first, in deploying CRM.

Only by performing a complete needs-and-outcomes assessment prior to purchasing a CRM solution can an enterprise ensure the success of its initiative. The typical enterprise, however, is not prepared or equipped to handle such an assessment.

From Innoveer's experience, it is evident that few organizations possess a comprehensive understanding of what is available within the CRM marketplace, and are therefore, unable to answer some important questions. Many of the leading CRM packages ship with a wide range of options, including an entire "basket" of best practices, or offer tiered levels of support. Without the knowledge of how to assess these tools against specific needs, these options can seem overwhelming.

Let us return to that car buying scenario we used earlier. Many consumers, for instance, are overwhelmed by the number of models and options available and do not understand the costs to maintain a particular brand of vehicle. That is where an independent third party such as Consumer Reports becomes vital — to provide an objective view of the pros and cons of the various vehicles on the market, as well as the average maintenance costs for each model.

Like Consumer Reports for the automobile buyer, an independent third party CRM consulting firm brings objectivity to the process of buying and deploying enterprise-class CRM solutions. An independent partner offers several strengths during an enterprise's search for a CRM solution, including a selection methodology and an overall knowledge of the marketplace, to name just a few. Consider objectivity first. An enterprise cannot rely on CRM sales representatives or product managers for an objective appraisal of available products. Of course, they have PowerPoint presentations displaying each product's relative strengths and weaknesses, but how can these be anything but biased toward their own products?

Objectivity is critical in selecting a CRM platform. Without an unbiased evaluation, an organization will find it impossible to derive the greatest value from its CRM system — to determine, for instance, which software solution and feature set fit its particular environment. Only a consulting firm that has worked with numerous CRM companies and their corresponding products — and thus understands the trade-offs of each — can deliver such an objective look at the alternatives and how they will perform within each particular environment.

An objective consulting firm can also help an enterprise's sales and service executives focus on outcomes, the true goal of the CRM platform in the first place. Innoveer consultants, for example, often walk clients through step-by-step business scenarios that pinpoint possible outcomes with one company or another's software. This sort of planning process is vital to ensuring the immediate success of a CRM initiative.

Successfully selecting and rolling out a CRM solution for an organization with thousands of potential end users also demands a proven deployment methodology. Those processes must be flexible enough to work within the constraints of different organization types.

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HEARSAY TO CFOS

When we suggest that a company spend a small amount on upfront consulting before even deciding on whether or not they should invest in a CRM software package, the company's CFO usually objects. "Why should we even spend a small amount on consulting before we know if we're going to complete an implementation?" It is a sensible question, but often leads to spending more.

Our experience has shown that by working with a consulting firm that specializes in CRM — to analyze your organization's needs — you can dramatically increase the downstream success of the project. And, while working with a consulting firm is often not in the budget, Innoveer can show that it not only helps enterprises ensure the success of their CRM initiatives, but it can also save them significant amounts of time and money during the process. The small amount upfront will be more than recouped down the road — you will buy only the software modules and capabilities you need, not those hyped by the developer, you will not buy unnecessary user licenses that become shelf ware, and the consulting services you pay for will help you realize the full potential of the functionality you deploy.

Take the following example. A large health insurer recently engaged Innoveer to help chart its way through the CRM selection process. In addition to asking Innoveer to determine the business outcomes the company would achieve from its CRM initiative, the company's executives wanted Innoveer to assist in sifting through the capabilities of three CRM software products.

After analyzing the health insurer's employee-base and infrastructure — including the list of desired outcomes and processes necessary to achieve those outcomes — Innoveer asked the three CRM companies to demonstrate how their products could support those processes and how those processes could integrate into the insurer's environment. For instance, Innoveer asked each company to demonstrate how its product facilitated end-user adoption, a major issue when deploying an enterprise-wide CRM solution. We also asked each to detail the technology required to support its product, what out-of-the-box capabilities the product included, and the processes involved in customizing the software.

Then, Innoveer asked each CRM company to put its solution through a pilot implementation, complete with trials of targeted capabilities. These, as an example, required the company to demonstrate whether the system worked with Microsoft's Exchange email server which was a critical end-user issue, the challenges involved in integrating its product with the insurer's back-end systems, and how the system stored data. This process allowed Innoveer to develop a hard dollars-and-cents figure of what each solution would cost to deploy.

Only then did this health insurer make its decision, selecting software as its third step in the process, not the first, and that is where Innoveer believes the decision should be made. Following

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this methodology enabled this insurer to be very clear about its business outcomes, and then choose the right product with the lowest total cost (software, hardware, and consulting) that would help them achieve their objectives.

Without Innoveer's help and pre-buy methodology, we suspect that the insurer would have spent at least a third more on software than it did. With those costs typically running into the hundreds of thousands of dollars, that represented major implementation savings for this company.

Moreover, the insurer was focused right from the start on its business outcomes and not software features and functionality. This set the tone for the subsequent implementation of the chosen software and helped this organization avoid one of the more significant problems during CRM deployments. The result is that this insurer is now ideally equipped to deliver faster, more accurate customer service, decrease response time for Web and e-mail inquiries, and significantly enhance its customers' experience.

THE BOTTOM LINE

Like most things in life, good planning and focus makes things easier. Most organizations recognize that CRM can be different than other projects because the departments on which it focuses (sales, service, marketing) are not used to process automation. Working with a firm with deep domain expertise in CRM — to help clearly define business objectives and choose a software package to achieve those results will help an organization avoid suboptimal results. In fact, Innoveer Solutions has learned that the enterprises who achieve the greatest ROI from their CRM initiatives are those willing to complete upfront analyses of their needs.

ABOUT INNOVEER SOLUTIONS

INNOVEER SOLUTIONS, an award-winning customer strategy and solutions consultancy, provides world-class CRM solutions to clients throughout the United States and Western Europe. The firm offers planning and strategy, technology implementation, and optimization services designed to ensure positive outcomes in the areas of business growth, internal efficiencies, and customer experience. Innoveer Solutions has focused exclusively on customer management since 1998 and has completed more than 500 successful projects.

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