

# Integrated CRM Creates Competitive Advantage

Fully integrated CRM and ERP solutions  
deliver functionality, performance and  
customer satisfaction

400 N Ashley Dr  
Suite 2675  
Tampa FL 33602  
800.251.8449  
[www.verticent.com](http://www.verticent.com)



## **TABLE OF CONTENTS**

<b>EXECUTIVE SUMMARY</b>	<b>1</b>
<b>WHAT IS CUSTOMER RELATIONSHIP MANAGEMENT (CRM)?</b>	<b>1</b>
<b>ENTERPRISE APPLICATIONS VERSUS CRM</b>	<b>2</b>
<b>THE VERTICENT APPROACH</b>	<b>3</b>
<b>POINTS OF INTEGRATION</b>	<b>5</b>
<b>IMPLEMENTING CRM IN YOUR COMPANY</b>	<b>11</b>
<b>CUSTOMER CASE STUDY</b>	<b>14</b>
<b>TOTAL OWNERSHIP COSTS AND RETURN ON INVESTMENT</b>	<b>15</b>
<b>THE FUTURE OF CRM</b>	<b>15</b>



## Executive Summary

The transition to the Internet economy has all businesses focusing more than ever on providing good customer service. With an entire world of competitors now a mere mouse click away, the pressure to keep customers from straying has never been more intense.

While manufacturing and distribution companies are confronted with this reality, they also had a head start at learning to use customer service as a strategic weapon. “As manufacturing processes got better in the late 1980s and early 1990s, customer service emerged as a means for manufacturing companies to differentiate themselves,” says Peggy Menconi, research director with Boston-based AMR Research. “Providing good customer service became the manufacturer’s best means of retaining customers. E-business is simply changing the way these companies interact with their customers.”

In the late 1990s, many manufacturers discovered that the best way to build customer loyalty is to obtain good information on all of their customers and then use that information to create programs that cater to each individual customer’s needs and desires. The most effective of these programs gives everyone within the enterprise access to customer data, enabling anyone who might have contact with a customer – from the salesperson in the field to the shipping clerk in the warehouse – to, in effect, be a customer-service agent.

The continuing need for manufacturers and distributors to present this single face to their customers is the primary reason why customer relationship management, or CRM, software is expected to be the hottest-selling business application of the early 21<sup>st</sup> century.

Sales of CRM software actually began to soar in the late 1990s. According to figures compiled by AMR Research, CRM software sales topped \$762 million in 1997 and then jumped to more than \$2.3 billion in 1998. And AMR predicts that after 1999 this market will continue growing at a rate of 49 percent a year through 2003, at which time total spending on CRM applications will exceed \$16.8 billion.

“CRM applications are so hot because they enable companies to create strategies that focus the entire enterprise on serving customers,” AMR’s Menconi says. “Companies are realizing that they can increase earnings faster if they know their customers better. If they have a better picture of their customers, they can tailor goods and services to them. They can cross-sell and up-sell to them. After all, it is a lot cheaper to sell more of your products to an existing customer than it is to find a new customer.”

Menconi also notes that there is urgency among manufacturers and distributors to become more customer-focused, and that is helping to move the purchase of CRM applications to the top of many companies’ list of priorities. “When you have clear potential for increasing your revenue line, you don’t wait,” Menconi says. “If you do, you could find yourself suddenly losing market share because your competitors know more about your customers than you do.”

## What is Customer Relationship Management (CRM)?

In general, CRM covers everything that has to do with increasing the effectiveness with which a company touches its customers. It encompasses the marketing and sales process, as well as the delivery of the customer’s orders and any post-sales customer support. CRM software applications are also sometimes referred to as front-office systems because people who work directly with customers generally use them the most. Applications used by people who rarely have contact with customers, such as inventory or production planning systems, are considered back-office systems.



Good CRM applications help companies identify the things that individual customers value most at each stage of the customer-supplier relationship. That helps the supplier know that every action it takes is building customer satisfaction, and ultimately customer loyalty.

The term CRM can sometimes be misleading, however, particularly when it is used to describe software applications. In fact, very few standalone CRM packages on the market today actually handle all aspects of the customer-supplier relationship.

Manufacturers and distributors essentially need three specific functions to create a winning strategy for building and maintaining strong customer relationships, but most basic CRM applications provide only one or two of these functions. The critical CRM functions are:

- Marketing Automation – This includes applications that track lead-generation activities, help manage promotional campaigns and provide automated market analysis tools.
- Technology-Assisted Selling – These applications, which also are known as sales force automation (SFA) systems, encompass systems that help field sales people manage their contact lists, including keeping track of when prospects should be called and what should be discussed during the conversation. These packages also can include capabilities for configuring products, with some of them allowing remote sales people to help customers create custom configurations on the spot.
- Customer Support – These applications are used primarily to run call centers staffed by telemarketing or technical support personnel.

Most CRM software vendors started out developing and selling applications in just one of these functional areas. Some have since expanded their capabilities to one or two other areas, usually by acquiring other companies. But few standalone, best-of-breed CRM vendors have created packages covering this full range of capabilities.

While best-of-breed CRM companies have made efforts to expand beyond their original CRM domains, none of them has built the one element that is essential to managing complete customer relationships in the manufacturing and distribution arena – a seamless link to an enterprise’s back-office systems.

The most glaring weakness of these standalone CRM systems is an inability to provide accurate delivery dates when generating quotes or taking customer orders. For a CRM package to have that capability, which is known as available to promise, or ATP, it must be linked directly to a system that creates production plans in real time. Standalone CRM systems also typically lack the ability to present real-time information related to product ship dates, pricing matrices for individual customers or settlement of a customer’s financial accounts.

Even the best CRM system is only addressing part of the customer relationship equation because they don’t have tight links to link ATP, product delivery information, sophisticated pricing matrices or settlement of financial account capabilities.

## **Enterprise Applications versus CRM**

The realization that standalone CRM applications can only provide true strategic benefits when they are linked with back-office systems has prompted an assault on the CRM market by suppliers of enterprise applications, most notably vendors of what are widely known as enterprise resource planning (ERP) systems. These enterprise system suppliers generally are taking one of two approaches to entering the CRM market. One approach involves either forming strategic alliances with, or purchasing, a CRM vendor and attempting to link the CRM application with the enterprise system product suite. The other approach is to simply build a CRM application that can be embedded in the existing enterprise applications suite.

While these moves represent a step in the right direction, industry analysts generally agree that these offerings still fall short of providing the seamless front-office-to-back-office links that manufacturers and distributors need to manage complete customer relationships.

Sam Clark, an analyst with Meta Group, Stamford, Conn., and other analysts say using best-of-breed CRM systems in conjunction with enterprise application suites that were bought or built by CRM providers amounts to a best-of-breed approach to customer relationship management. That is because standalone CRM companies have not managed to meld their products well enough yet to create a single, fully integrated, smoothly functioning business solution.

“If you need the visibility to know when your products will be ready for delivery, how quickly you can promise delivery to your customers, and so on,” Clark says. “You probably will want to wait until your ERP provider has the complete functionality that you need.”

Verticent’s approach was to develop its own suite of Enterprise Application Software Solutions – known as ERP *Plus*<sup>TM</sup> – from the ground up. “Verticent has erased the front-office and back-office boundaries,” AMR’s Menconi says. “Its system was developed with an enterprise-wide point of view. And it reflects how companies, particularly medium-sized manufacturers, conduct business. It allows for looking at the enterprise as a total entity, as opposed to a bunch of separate departments or divisions.”

Examples of this total enterprise view, according to Menconi, include a direct link between the order-entry screens in the front-office suite and the back-office financial applications. This allows information such as a customer’s credit history to pop-up immediately whenever an order is being taken so that the person taking the order knows whether it is okay to proceed with the sale.

“The system also can calculate shipping costs and determine available-to-promise dates and then feed that information to the person dealing with the customer,” Menconi says. “After product is shipped, information on the sale is automatically transferred to a customer support module that maintains warranty information. That module can initiate return material authorizations and also automatically create a service case, if needed.”

Verticent’s approach to complete system integration allows all of these functions to be conducted with the same set of customer data. And that data is always available to anyone who needs it anywhere within the enterprise. The ERP *Plus* software suite enables companies to integrate the management of customer related operations – such as sales force automation and customer support – with traditional back-office operations – such as manufacturing, inventory/distribution and finance.

## The Verticent Approach

The Verticent approach to CRM mirrors the company’s overall business philosophy, which holds that systems providing various functions must be completely integrated in order to provide full benefits to their users. That is why Verticent’s CRM solution contains all of the elements that industry analysts have described as a complete CRM suite. It also is why the CRM suite is tied directly to the comprehensive Verticent ERP *Plus* Enterprise Application Software Solution. That link is essential for supporting a strong customer service program throughout the entire enterprise.

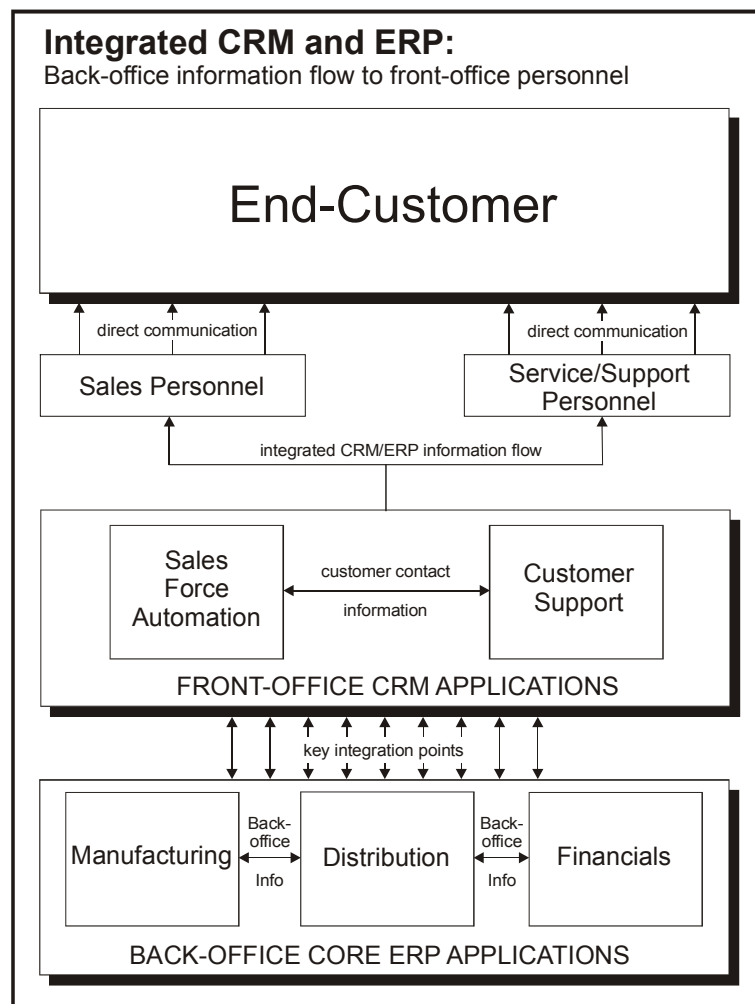
Verticent’s primary goal is building systems that enable medium-sized companies to consistently present a single face to their customers. That means allowing data to flow through the enterprise in a manner – and in enough detail – that anyone who might happen to come in contact with a customer will have enough information at their immediate disposal to answer any questions to the customer’s satisfaction. Verticent established two methods for accomplishing this – the global approach and the functional approach.

The global approach to CRM allows users with certain security rights to access the entire Verticent Enterprise Application Software Solution through an interface that is structured like the Microsoft Windows Explorer file manager program. Users can click on the various file folders to get to the applications or data that they need. They also can create ‘favorites’ screens for quick access to information that they need to access on a regular basis, or to launch applications that they use frequently.

The functional approach involves the use of tabs within the various application modules of both the front-office and back-office portions of the Verticent Enterprise Application Software Solutions. For example, if someone is working in a sales force automation application and receives a call from a customer regarding inventory availability, they don’t have to put them on hold to go outside of their normal application to get the customer’s profile. They can simply click the tab folder that takes them to an inventory/distribution screen, and they have the background information they need to answer the customer’s question.

The Verticent CRM solution contains two major components – SFA *Plus*<sup>TM</sup> and Support *Plus*<sup>TM</sup> – which serve as gateways to the Verticent ERP *Plus* suite. Each of these CRM components houses a workbench that allows sales and customer support people to manage their entire customer relationships (*see fig. one below*).

Figure One: Information Flow



The Sales and Marketing Workbench in the SFA *Plus* module contains folders for logging and tracking all sales opportunities and contacts. This workbench also tracks details of any phone calls, meetings, orders, quotes and more that are scheduled or have already taken place with customers or prospects.

Support *Plus* delivers relevant customer information to customer service representatives – including contact, company and warranty information, products supported, return material authorization information and case/item histories. By providing accurate information about customers, Support *Plus* enables users to create customized service and support programs that cater to their customers' individual needs. Users also can capture valuable trend data to improve overall customer service techniques and quality.

Any data entered into SFA *Plus* is instantaneously visible in Support *Plus*, where it would then be used to monitor all contact with customers after an order is placed. The Customer Support Workbench in Support *Plus* also is used to create and maintain records on any service-related activity – including service calls or shipments of replacement parts – associated with all products delivered to customers. This information remains available to salespeople, through the SFA *Plus* module, who often find it valuable in helping them enhance customer relationships, improve customer satisfaction and maximize revenue potential.

Without a system that provides complete visibility of specific customer-supplier relationships, it is very easy for a salesperson to enter a firestorm when they visit a customer who has reported a problem to customer support and it hasn't been resolved. Verticent eliminated that issue by enabling salespeople to access the ERP *Plus* system to get immediate, accurate information about any customer issues before they walk in the door.

*The Verticent solution reflects a long-standing commitment to CRM. All Verticent products have been designed to incorporate functionality to improve communications at every point within the enterprise.*

The Verticent solution reflects a long-standing commitment to CRM. All Verticent products have been designed to incorporate functionality to improve communications at every point within the enterprise. Verticent can provide this seamless information flow because all of its applications are object-oriented components built on the same development platform with a common set of programming methods. This single product structure has allowed Verticent to avoid the integration problems that are plaguing other vendors' attempts to meld CRM applications with back-office ERP systems.

## Points of Integration

The Verticent suite of integrated ERP and CRM applications erases the lines that traditionally divided the front-office and back-office. Verticent's enterprise application software solution successfully integrates the ERP backbone (manufacturing, distribution, financials) with front-office CRM applications (sales force automation, customer support) – delivering actionable information to users as they sell to, and service, their customers.

In order to establish CRM as a competitive advantage, front-office sales and support functions will draw heavily on back-office applications. This seamless communication provides the instant information that customer-facing, front-office employees need to keep customers satisfied. For example, when a sales order is entered in Verticent SFA *Plus*, the system automatically checks a customer's credit, checks and commits stock, identifies a shipping date, and determines freight costs. If stock is unavailable, the system calculates a promise date based on standard manufacturing or purchasing lead-time for that specific item. These are important information points salespeople and



Customer Service Representatives (CSR) need when communicating directly with customers. When front-office employees are empowered with back-office ERP information – customers are better served and more satisfied.

*When evaluating an enterprise suite of CRM and ERP applications, companies should ask vendors how they could demonstrate key integration points between front-office and back-office applications.*

When evaluating an enterprise suite of CRM and ERP applications, companies should ask vendors how they could demonstrate key integration points between front-office and back-office applications. Verticent developed its CRM and ERP applications in a seamlessly integrated environment, on one common technology platform, that enables the entire enterprise – from salespeople to production personnel – to convey a consistent message to the customer.

The following are key integration points that should be addressed when integrating front-office and back-office applications:

- Customer Profiling and Company Hierarchies
- Item Master Profiling with Serial/Lot Genealogy
- Sophisticated Pricing Matrices
- Customer Quotes, Sales Orders and Configuration
- Inventory Availability and Promise Dating
- Financial Status/History
- Product Registration
- Warranty Tracking
- Customer Returns and Repairs

The following sections will define each integration point and address the benefits of integrating that point with the CRM solution.

### **Customer Profiling and Company Hierarchies**

Whether operating from one location – or 100 – companies need the freedom to do business on a per-customer basis. Customer Profiles include a wealth of information about customers: their market segment or customer type, organizational hierarchy, shipping or billing preferences, payment terms and consignment locations. Customer Profiles also track specific customer properties including whether or not partial shipments are allowed, the method of paying commissions, and the date of the most recent account activity.

A Company Hierarchy – which includes information about a parent company, a division, an accounts receivable customer and a sold-to customer – provides greater flexibility for price control. Creating Company Hierarchies also enhances sales reporting. For example, users can generate reports based on all sales to a parent company or all sales to an individual sold-to customer within the parent company.

Another benefit is the delineation of prospect and customer. When a prospective customer places their first order, the system can automatically setup a new customer master with shipping or billing preferences, payment terms, etc. This approach keeps customer information synchronized, reduces duplicate entries and reduces data clutter.

### **Item Master Profiling with Serial/Lot Genealogy**

The Item Master provides the foundation of the back-office system. It allows users to build item hierarchies and to classify items into various categories and types. The Item Master defines item

attributes such as weight, dimensions, allocation rules, reorder points, min/max, units of measure, substitutes, manufacturing and shipping facilities and serial/lot/heat/revision control methods.

While quoting a price or entering a sales order for a customer, pricing rules are based on a blend of item classification and customer classification. These sophisticated pricing rules are all transparent to end-users when providing quotes or orders to their customers. With disparate CRM and ERP systems, users will carry two different Item Masters with separate parameters possibly developed by different software vendors, thus creating a burden to maintain and replicate data, leading to inaccurate price quotes, sales orders, etc.

### **Sophisticated Pricing Matrices**

When applying quotes or sales orders, flexible pricing models are essential to remaining competitive. Often, users need to price items differently for different customers, and with Sophisticated Pricing Matrices they can create price lists to apply different prices to those items. For example, prices created in the Item Master may represent catalog prices, but some customers may receive a 10 percent discount on all items in a certain product line. For those customers, users can create price lists at the product line level.

Users also can assign price lists to specific levels of customers and product hierarchies. For example, they can create a price list for sold-to customers, particular customer types, or for all items in a certain product line. Then, they can copy those list attributes and apply them to several other customers. This feature is especially helpful when creating contract pricing for the upcoming year.

The benefit of this approach is that there is one definition of price, versus multiple versions in a heterogeneous CRM/ERP environment. One pricing definition virtually eliminates the scenario of a salesperson quoting an incorrect price – hence building the bottom-line profit margin and providing superior sales support. A successfully integrated CRM solution should support the following sophisticated pricing models:

- unlimited price lists
- promotional pricing
- begin/end date price lists
- cumulative pricing
- price list by parent company, division, sold-to or customer type
- price list by product line, product class, commodity and stock keeping unit (SKU)

### **Customer Quotes, Sales Orders and Configuration**

Most sales and support activities revolve around customer quotes and sales orders. By integrating the CRM solution with Customer Quote and Sales Order integration points, users can easily perform the following functions:

- enter sales quotes or sales orders
- inquire about sales quotes or sales orders
- establish or confirm prices for particular orders
- check available inventory

The Customer Quote integration point allows users to view a list of all customers for whom quotes have been generated. By selecting a specific quote, users then can access the history of all quotes generated for that customer. At the appropriate time, users also can automatically convert quotes into sales orders.

In addition to quote information, the Sales Order integration point provides a high-level view of end-customer information. By utilizing the Sales Order integration point within their CRM solutions, users

can access the history of all sales orders generated for a specific customer. Then, they can drill-down into detailed sales order information at the line level and initiate new sales orders directly from their CRM systems.

For companies that make or sell items that are feature/option-oriented, a Product Configurator ensures accuracy during sales order entry and eliminates wasteful mistakes by following multilevel engineering rules as products are configured to order. The Product Configurator ensures that valid configurations are quoted and sold to customers, which helps eliminate waste in manufacturing and engineering. Automated configuration also dramatically reduces the number of items, bills of materials (BOM), and routings that must be maintained by allowing the Configurator to create them on demand.

Some best-of-breed solutions require three independent systems, CRM, ERP and Product Configuration, to provide this level of functionality. The result is often a tremendous integration and synchronization challenge – with three item masters, pricing matrices, customer masters, bill of materials and routings, etc.

For example, envision a midsize company using three systems with 2,000 customers, 5,000 suppliers and 5,000 items producing 3,000 BOMs, 3,000 routings and 200 price lists. The three-system best-of-breed model would produce 21,000 customers/suppliers, 15,000 items and up to 600 price lists. And if integrating into manufacturing and distribution, this company could also add thousands of BOMs and routings. These numbers will grow exponentially as the company expands, which could cause maintenance, redundancy and integrity issues.

### **Inventory Availability and Promise Dating**

Setting a customer's expectations regarding delivery dates and then meeting those dates is crucial to customer satisfaction. Therefore, customer-facing personnel need visibility into inventory availability, inventory replenishment and standard manufacturing lead times in order to promise accurate delivery dates.

The greatest advantage here: within an integrated CRM/ERP solution, there is full visibility into supply and demand across multiple warehouses. Front-office salespeople instantly see what is available to sell and when it is available to ship. In addition, they gain visibility into which supply orders (e.g., purchase orders or manufacturing orders) will replenish stock and what demand (e.g., sales orders) is competing for that product.

While entering a sales order, the system looks for on-hand inventory across all available warehouses, which allows salespeople to quote real-time, accurate promise dates. By setting accurate customer expectations on delivery dates that can be met without turning the enterprise inside out, companies can reduce the amount of expedited orders, premium freight charges and overtime labor costs incurred to meet otherwise unrealistic promises. Reductions in these areas increase customer satisfaction levels and positively impact the bottom-line. Generally, disparate CRM and ERP systems do not provide real-time synchronization of inventory data, resulting in missed delivery dates and dissatisfied customers.

### **Financial Status/History**

A successful CRM solution will integrate seamlessly with the back-office financial information system. When a sales order is initiated, the system will automatically generate an invoice and track the customer's payment history. If a customer becomes delinquent, credit hold alerts will notify customer service personnel prior to accepting a new order. This type of integration alleviates AR collection problems while providing customers with timely financial settlement information.

Another key financial integration point is full multi-currency support. Multi-currency support enables users to enter invoices and receipts in their customer's currency. Then, the system takes control and automatically converts the transaction to the company's base currency. Also, multi-currency support provides triangulation (the three-way conversion from Customer-Operating-Base currencies) when

dealing with the Euro. As companies go global, the automatic conversion handling provides multi-currency support without manual conversion procedures – alleviating processing errors and international support issues.

### **Product Registration**

The Product Registration integration point enables the system to associate a particular item with an end-customer and to build a history for that customer. The simple act of invoicing an item to a customer automatically stores data about the item shipped, sales order number, serial/lot number and catalog/model number. Product Registration also tracks whether an item is under warranty, warranty expiration dates and warranty periods.

Once the customer completes Product Registration (i.e., a warranty card), a CSR can quickly assign that registered product to that customer. Then, when a customer calls for support the above information is instantly available to the CSR prior to opening a new support case – no data re-keying or data manipulation is required.

Tightly integrated Product Registration provides instant information about product warranties and customer support contracts – enabling users to deliver appropriate levels of support to their customers.

### **Warranty Tracking**

Warranty Tracking is another key integration point between the CRM solution and the back-office. The Warranty Tracking integration point provides up-to-date warranty information about customers and their registered items. It also allows any employee in the enterprise to perform warranty renewals and notifications.

At the time of registration, the system initiates Warranty Tracking by automatically generating warranty periods for the end-customer and the item. Then, before warranties expire the system automatically sends renewal messages to CSRs – prompting them to initiate the renewal process. Following renewal, a new warranty is sent to the customer, warranty data is updated in the system and the invoice process is automatically triggered.

With tightly integrated Warranty Tracking, users can focus their service and support activities on the appropriate customers. Also, CSRs can use the warranty information to increase company service revenues by up-selling extended warranties and service plans.

### **Customer Returns and Repairs**

Successful integration between the CRM solution and back-office applications allows CSRs to efficiently handle Customer Returns and Repairs. By applying the Return Material Authorization (RMA) process to selected products from a customer support case, the system automates and streamlines the RMA process with minimal input from CSRs. The system also automatically generates credit memos and automatically prints return authorization letters.

The Return and Repair process, while initiated by a CSR, touches many points across the enterprise including distribution, manufacturing, finance (credit memos and invoices) and shipping. With an integrated CRM solution, this is a seamless process that flows throughout the enterprise. The following example illustrates how the process works:

When the RMA process is invoked by a CSR, an RMA number is generated and that number is passed to manufacturing to create a work order with the same RMA number and the sending distribution facility. This work order is used when a returned item is forwarded to manufacturing for repair. Repaired or replaced items are associated with this work order for reporting purposes.



Then, when the manufacturing RMA work order is completed, the item allocation history is sent back to distribution and applied to the RMA number. Now, all pertinent item history is available to the CSR, and the CSR can provide the customer with an immediate response to the status the returned item (i.e. repaired, shipped, etc.). Additionally, that same information allows someone in operations to pinpoint a bad lot from a supplier and then proactively respond to that issue – resulting in better service for the end-customers.

Automated Customer Returns and Repairs mean front-office service and support personnel are free to continue working directly with customers – confident that the returns and repairs are being completed in the back-office.

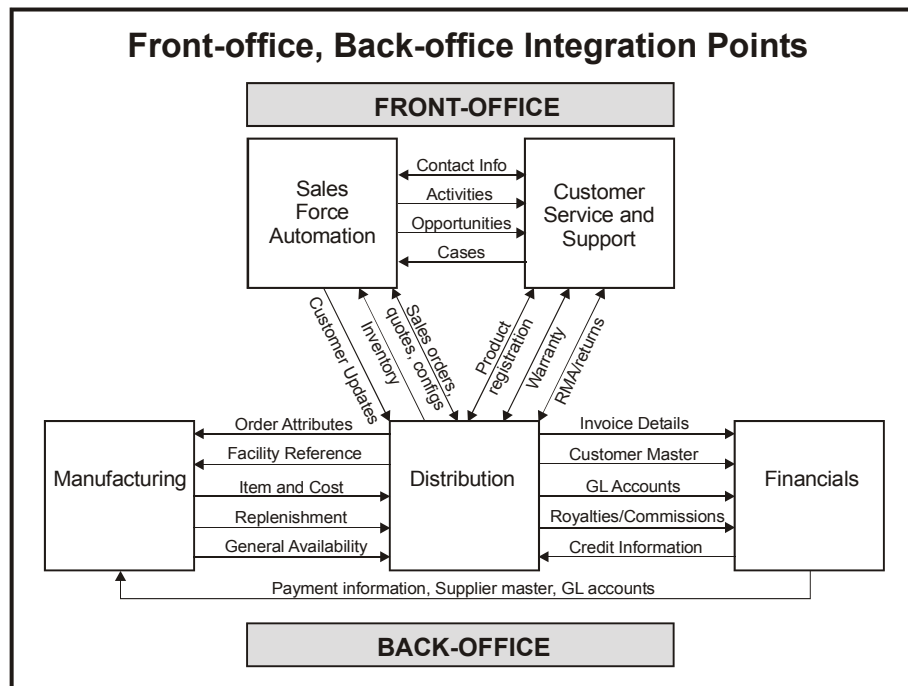
### Pitfalls

When running disparate systems for front-office CRM and back-office ERP, users encounter many significant pitfalls including data-redundancy, stale data, data errors, increased employee overhead and more.

With one fully integrated CRM and ERP solution, sales and support personnel can perform quotes, orders and product configuration from one application that delivers accurate customer parameters. This integrated solution draws from the ERP backbone to empower front-office employees with current customer information (*see fig. two below*) – and to establish CRM as a competitive advantage across the enterprise. In other words, to present a single face to the customer. Verticent’s integrated approach offers many distinct advantages including:

- Single release schedule – CRM and ERP on a single install CD-ROM
- Single development platform
- Focused R&D effort – One product suite; no legacy or dual product overlap
- Seamless integration between CRM and ERP
- Consistent user interface across all modules – Explorer-style interface
- Reduced maintenance costs and total cost of ownership
- Single support organization

Figure Two: Detailed Integration Points



## Implementing CRM in Your Company

It is important to understand why a majority of all CRM solutions fail to meet their business objectives – it is because prior to implementation, most companies do not define the ultimate goals of the project.

When CRM discussions begin in an organization, different departments usually create different visions of how the solution should work and what benefits it should deliver. Sales, marketing and management personnel may each have their own, differing, perceptions of the final CRM solution. This can dilute the project's focus and prevent it from meeting business objectives.

While collaboration across all departments is necessary, it is essential that an organization set realistic goals for the CRM solution – goals that are well defined and accepted throughout the enterprise. When an organization works together toward a unified goal, a sense of ownership spreads across all departments and generates strong buy-in on all levels – most importantly on the management level.

*Upper management must fully support the CRM solution prior to implementation, or the project will not succeed. And a key factor in garnering executive buy-in is education.*

Upper management must fully support the CRM solution prior to implementation, or the project will not succeed. And a key factor in garnering executive buy-in is education. The more knowledge corporate decision-makers have about the CRM solution and its potential impact on the bottom-line, the more comfortable and accommodating they will be throughout the entire project.

Another hurdle to successful CRM implementation is the lack of internal process definition. To harness the full potential of their CRM solutions, companies must have a solid understanding of their internal business processes. By documenting and defining their processes prior to CRM implementation, companies will better understand the intricacies of their operations and how to improve them. For more than 30 years, the MRP process has been successfully defined and refined, and now CRM users and vendors are rising to the challenge.

There are six phases that should be followed to achieve maximum benefits from a CRM solution. Within each phase, specific steps and integration checkpoints help ensure the project cost and scope remain on target. These steps, checkpoints and phases are recommended for any multi-product, multi-application or multi-site project, and their purpose is to ensure that all systems will perform and interact properly together.

The six phases to successful CRM implementation are:

- Planning Phase
- Design Phase
- Development Phase
- Test Phase
- Roll-out Phase
- Review Phase

### Phase One – Planning

Now is the time to obtain executive buy-in on the project. When upper management supports the CRM solution from Phase One, the project's success rate is greatly improved. During the Planning Phase, organizations also must review and document internal business processes to determine if the processes should be revised in order to capitalize on the full potential of the CRM solution. This phase is critical

because end-users are not only implementing new software, but also defining and improving business processes. The Planning Phase should result in realistic goals and clearly defined business processes across all departments. A successful Planning Phase involves:

- Gaining executive buy-in
- Defining business processes
- Developing an initial project plan
- Analyzing requirements, risks and recommended solutions
- Reviewing technical requirements
- Developing a resource plan for installation, design, training and testing

### **Phase Two – Design**

During the Design Phase, the company should establish a team of key project personnel to remain consistent throughout the entire project. Team members will become experts on the CRM solution and will communicate with the CRM vendor to understand implementation methodologies. Core steps in project design include forming the project team, installing required hardware and software and identifying process changes. Design Phase steps include:

- Installing hardware and software
- Training the core project team
- Conducting a design session to match business process requirements
- Developing process flow and identifying process changes
- Developing a data migration plan

### **Phase Three – Development**

Once the Design Phase is complete, development begins. The Development Phase provides the end-user with detailed design documents, a detailed project plan and a list of any documented issues or risks. The Development Phase should result in these broad accomplishments:

- Designs for all aspects of the CRM solution
- Complete understanding of the project's scope, integration issues and areas of potential risk
- Test plan and scripts to ensure all business processes are properly executed

### **Phase Four – Testing**

The Test Phase involves loading preliminary data to test newly defined business processes in preparation for cut-over to the new CRM solution. The Test Phase involves:

- Testing new business practices as defined by the test plan and obtaining user acceptance that business processes are accurately represented
- Loading test data resulting from data migration and ensuring all data mapping is accurate and complete
- Testing the go-live, cut-over process
- Validating the database
- Training end-users
- Reviewing project plans and status

### **Phase Five – Roll-out**

The preparation pays off. After thorough planning, design and testing, the Roll-out Phase takes the CRM solution from formal testing to a live environment. During system roll-out, end-users are trained on the CRM solution and any remaining issues are resolved. Then, following a final integration



checkpoint, the CRM solution is moved to the live processing step. The Roll-out Phase should deliver these results:

- Validation of CRM processes and procedures
- End-user proficiency
- Verification of a contingency plan
- Live processing in the new applications

### **Phase Six – Review**

Finally, the Review Phase should be performed within three months of the project’s completion checkpoint. During the time between project completion and the Review Phase, the end-user has an opportunity to analyze their comfort level with the processes and the overall CRM solution. The Review Phase allows the CRM vendor to further analyze the end-user’s operations to help determine if further refinements and improvements can be made to the solution. Now, the entire CRM solution should be assessed for optimal performance tuning and user policies and processes should be reviewed against system setups to make sure they are optimal. The Review Phase should deliver the following results:

- A properly tuned system
- Formal recommendations to end-users
- A high-level project plan for any future phases

Following these six phases helps ensure a successful CRM installation. However, many companies may still encounter another common hurdle to implementation – corporate culture. Often, salespeople fight the move to CRM the hardest because they are accustomed to working with customers in their own way. Sometimes they even fear that automating sales processes will drive customers away by eliminating the sales person’s “personal touch.”

As companies and their salespeople are exposed to capabilities of CRM solutions; however, they begin to realize that it does not eliminate the personal touch – it enhances it. First, CRM solutions allow salespeople to maintain more information about their customers than any manual contact management system. CRM systems also free salespeople from numerous clerical tasks, allowing them to spend more time cultivating personal relationships with individual customers. Such relationships, coupled with better information provided by the CRM system, create more opportunities for cross-selling and up-selling products to individual customers.

A good CRM program can help everyone in an organization perform better by providing assurances that all action being taken is designed to serve real – as opposed to perceived – customer needs. It also can promote harmony within an organization by focusing all departments on a single goal, providing the best possible service, and conveying a consistent message to the customer.

*The key to making this work is finding a CRM solution with seamless links to back-office systems, thereby providing a smooth flow of information throughout the enterprise.*

The key to making this work is finding a CRM solution with seamless links to back-office systems, thereby providing a smooth flow of information throughout the enterprise. The ideal system would be one that allows users to access virtually any application running within the enterprise through a single, common interface.

Each CRM installation is unique in scope, business objective, time frame and the amount of resources required for completion. Some implementations are very straightforward and can be completed quickly. Others may require more time – depending on the number and complexity of the products involved, volume of site installations, integration with other systems, modification needs, roll-out

issues or other variables. These more complex solutions may require an implementation cycle of a few months to complete successfully.

## Customer Case Study

The ease of use that Verticent's CRM application provides went a long way toward breaking down the resistance to the introduction of technology into the sales and customer support process at E-Z-GO Textron, a manufacturer of golf carts and other utility vehicles based in Augusta, Ga.

"Some of our sales reps did rebel when we introduced the system," says John Halbert, a sales representative at the E-Z-GO Colorado branch, in Denver. "They were saying things like 'is this thing going to help me sell golf cars?'"

Halbert, who is part of team charged with testing and fine-tuning the Verticent CRM package to meet E-Z-GO's specific needs, says much of that reluctance was related to previous experience in which company management had rolled out a non-user friendly ERP system without seeing input from users. "We have taken baby steps in rolling out the Verticent product, taking care to make sure that it does things the salespeople want it to do," Halbert says. "The last thing we want is to have our salespeople sitting in front of a computer all day, taking time away from face-to-face contact with customers. So, we have stressed that this application is another tool, like their car or their car phone. It won't make sales for them, but it will improve their ability to make sales. And after showing them how it works, most of them have been more than willing to give it a try."

Halbert says the Verticent CRM, which he personally has been using for roughly 18 months, has improved his image among his customer base. "I guess I am sort of your typical salesperson," Halbert explains. "I was keeping manila file folders on each of my customers, and I had notes, business cards and all sorts of papers thrown into those folders. With the Verticent application, I have been able to eliminate all that. Now, before I go to call on a customer, I just call up their file and I can do a quick review of their history, including everything we talked about the last time I met with them. And I don't have to go digging around for the note that I may or may not have put into the folder after that last meeting."

Currently, E-Z-GO's 75 salespeople use the Verticent CRM package – specifically the SFA *Plus* module – for two distinct purposes: as a contact management tool, and to track all equipment – both E-Z-GO's and their competitors' equipment – at each golf course the company serves. The salespeople, who are spread out among 15 different branches around the country, tap into customer records that are stored in a central database located on a server in Augusta. Each salesperson has a security code that clears them to see only the records associated with their customers. Branch managers have additional clearance to see records of customers served by salespeople under their supervision.

When they log on to the system, users see the Sales and Marketing Workbench containing a set of "folders" that allows them to perform various tasks associated with managing customer relationships. In addition to the normal complement of folders, E-Z-GO has added one labeled Fleet. This is the folder through which E-Z-GO salespeople track their customers' equipment. And Halbert says the ability to not just add this folder, but to also link its contents to the contact-management portion of the system, led E-Z-GO to select Verticent over other, standalone CRM packages.

"We went into this project looking for a good record-keeping package, something that would allow us to keep of our customer contact information – phone numbers, addresses, as well as detailed notes on all calls and any proposals that we generated – in a single database," Halbert says. "But we also wanted a company that would work with us on the equipment-tracking portion of the system. We wanted a strong link between our customer data and their equipment information, and there was nothing else on the market that would provide that."

Halbert says the link was essential to E-Z-GO's business because knowing the history of the equipment at all golf courses helps the salespeople know exactly when and what types of opportunities for new sales exist when they call on individual customers. "For instance, we do a lot of leasing of equipment," Halbert explains. "If the sales rep can look into the system and see exactly when the leases on various pieces of equipment are about to expire, they can begin talking to the customer about a new lease." Likewise, if purchased equipment is reaching a certain age, the salesperson can also talk to the customer about looking for replacements. That holds true for competitors' equipment as well, which E-Z-GO also tracks through the CRM application. In short, Halbert says, the Verticent CRM application helps E-Z-GO ensure that it is either maintaining or increasing its share of the golf cart market. He also sees possibilities for the system to help even more in that regard.

Halbert says E-Z-GO purchased the Verticent Intelligence part of the Verticent ERP *Plus* Enterprise Application Solution suite as a means of pulling key data from the CRM modules and creating regular business reports for executives at Textron's corporate offices.

## **Total Ownership Costs and Return on Investment**

In addition to helping generate new revenue through improved customer service, the Verticent approach to CRM can provide a much quicker, and much greater, return on investment than competing products. The seamless links between Verticent's front-office and back-office systems eliminates the time and expense associated with integrating best-of-breed applications, which currently is a fact of life with virtually every other vendor's CRM product.

Most companies that want to implement CRM currently are buying their CRM application from vendor A and linking it to an ERP application from vendor B and a product configurator from vendor C. With each system purchase, their cost of ownership rises. It also goes up whenever one of those vendors releases a new version of their system and the users have to make sure all of their other applications are compatible with the new version. Verticent has eliminated that issue by building a complete system on the same development platform, which allows for upgrading the entire suite on a single release cycle.

Purchasing a system based on a single technology platform also allows users to operate with less IT support staff, since they don't need to have people with expertise in numerous forms of technology. And finally, users always know exactly who to contact if they run into system maintenance issues that they cannot resolve on their own.

## **The Future of CRM**

Industry analysts already have declared that CRM will be the hottest-selling business application of the early 21<sup>st</sup> century. That prediction is based on the growing need for companies to provide personalized customer service. And the growing influence of the Internet as a vehicle for purchasing goods and services is only likely to accelerate that trend.

As e-commerce is in the midst of transforming the business-to-consumer arena, its migration to the business-to-business world is eminent. The evolution of e-commerce will enable manufacturers to create new business models, make more informed decisions and streamline business processes. By implementing e-commerce solutions, companies also will eliminate geographic borders and expand into previously untapped global markets. E-commerce also means the business day never ends – manufacturers and distributors will be in constant contact with current and potential clients around the clock. In the end, the success of companies conducting e-business will fall to one infallible denominator – maintaining high levels of customer satisfaction by effectively managing customer relationships.

These factors will undoubtedly lead to increased competition among vendors in the CRM space. The move to make CRM as part of a complete set of enterprise applications will not let up. The question is how many vendors will be able to successfully execute that strategy, and how long will it take them to do so?

In a recent report on the CRM market, AMR's Menconi wrote that the major CRM vendors will continue to expand the depth and breadth of their products as they strive to support all aspects of the customer relationship. She also predicted that users will look for systems that provide maximum CRM coverage.

With that in mind, Menconi concluded, "Vendors with broad suites have more products to sell and are better positioned to lead the market." Currently, only one vendor – Verticent – has a CRM solution with the breadth and depth that business condition will force users to demand in the future. Why wait for the rest of the world to catch up?

**Verticent Inc.**

400 North Ashley Dr  
Suite 2675  
Tampa FL 33602

[www.verticent.com](http://www.verticent.com)

[info@Verticent.com](mailto:info@Verticent.com)

800 251 8449

