

An Introduction to Customer Relationship Management Software

A White Paper by



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1. What Is Customer Relationship Management?

Customer Relationship Management (CRM) encompasses activities and processes intended to help an organisation understand, communicate with, and service the needs of, customers and prospects.

The main driver for CRM is the underlying philosophy that successful customer engagement, and therefore successful business, is based on the ability to build 'meaningful relationships' with customers.

Of course, different companies have very different ideas about what a meaningful relationship is. Nike doesn't know the names of all their millions of customers, but they have a very good idea of their preferences across different market segmentations. They probably also know a lot about shoe size distribution curves in different countries around the world. They don't call people up and try to sell them a pair of shoes. They engage through mass market media, and measure consumer responses to different marketing campaigns.

On the other hand a company that sells expensive sports cars to the super rich is likely to have strong personal relationships with each individual customer, and not just related to the cars they buy, built up through face to face interaction.

CRM helps a business understand who their customers are, how they like to interact with the company, how profitable they are, and what their future value might be. In this way it helps an organisation make critical decisions about how to do business, such as what new products or services they should be developing, and what sales and marketing channels they should invest in, or discard.

Effective CRM therefore is about gathering information about customers, then analysing and interpreting it. This is the role played by CRM software systems.

1.1. What should you expect CRM software to do for you?

There are many different CRM products on the market. These range from:

- Free, open source products.
- Out of the box solutions costing a few hundred GBP.
- Fully integrated systems requiring a high degree of customisation, and costing hundreds of thousands, or even millions of GBP.

There are of course many shades in between these three, and the option you choose will depend on both the needs of your organisation, as well as your budget.

What all CRM systems do is provide a central database where customer related information is stored, functions to retrieve and display that information and reporting tools to interrogate it and answer questions critical to the business.

Here is a brief overview of the features and functions to consider.

Contact Management

At the heart of any CRM system is a customer database, designed to be used as a central repository of everything you know about your customer.

Out-of-the-box solutions should give a central database that can be viewed and edited by several users. Not only storage of contact information, but also a history of communications with the customer (see below).

A customisable solution is likely to synchronise or share contact data with other applications like accounts software and product inventory systems. The more specialised the systems or applications involved, the more costly such integration becomes.

Communications

Expect the ability to integrate with products like Microsoft Outlook and Word to access past communications, as well as generate both mass and targeted new communications.

However, the data in a simple system is only as accurate as the people responsible for entering it. Records of phone calls made by sales people are likely to rely on manual data input.

If you operate a call centre however, a top end solution will fully integrate with your telephone system – automatically recording all instances of conversations with customers, and even the conversations as well.

Activity Scheduling

This is the ability to both plan future customer interactions, and remind people when those activities fall due. This might be according to a pre-determined template, for example when managing a standardised sales cycle or marketing campaign, or it might be manually input, e.g. customer A asks you to call back next Thursday at 3pm when he will be free to speak to you.

Sales and Opportunity Management

All CRM software enables you to categorise customers according to where they are in your sales cycle – new leads, qualified opportunities, closed customers, lost business. This will include recording the value of any piece of business, and the likelihood of successfully closing the deal.

Integrated solutions will link into customer fulfilment systems for product delivery, contracts records and accounts/invoicing software – automating as far as possible the process of getting paid and delivering the product or service to the customer.

Reports and Data Analysis

In the simplest solutions you should be able to look at the data in your CRM system in a number of different ways. This enables you to answer questions like: How many leads, at each stage of the sales cycle, does each account manager have? How much business are we forecasting to close in the next three months?

Expect to be able to export reports information into other common file formats, such as Microsoft Excel, which will then enable further data analysis and sharing.

The more you spend on your CRM system, the more you should expect it to be able to analyse data internally. Many of the most valuable questions a company can ask itself will be specific to its own needs, so this area of functionality may well often require the highest level of individual customisation.

Sophisticated analysis would enable you to monitor the accuracy of sales volume predictions against actual business, and relating it back to the volume and types of activity required to

close that business. This is the kind of data that enables organisations to closely monitor and refine the way they do business – for increased profitability or market share.

1.2. The differences between products

What separates the different products available on the market largely comes down to the types of information they hold, how that information is sourced or shared with other systems and databases within the company, and the range of reports, or to put it another way – the types of business questions it can provide answers to.

Generally speaking, the more you spend the more flexible the system will be, and the more automated its information gathering and dissemination functions.

So an entry level package will most likely rely on manual data input and recording, have a limited ability to share data, and be able to generate a few standard reports. All of which may be perfectly sufficient for a small or medium sized business.

At the other end of the market, a highly customised solution will share data widely with other company information systems (like accounts, order processing, and enterprise resource planning systems). It will also automatically collect a lot of data aligned to specific business needs and processes, and be able to provide sophisticated, custom built analyses to inform strategic decision making.

2. An overview of three CRM products

Most organisations looking to implement a CRM system for the first time are likely to be in the market for an out-of-the-box solution with the capacity for some customisation and future enhancement, than be ready to invest heavily in a full integrated system that might take months and hundreds of consultancy hours to implement.

Here we present three alternatives; all aimed at the small to medium sized business, with a range of functionality that most organisations will find meets their needs.

2.1. Sage ACT! 2008

Sage ACT! is a simple, network based product, designed primarily for small businesses, the base edition allows access for up to 10 users. This may be all a small business requires, as not all staff necessarily need access to the system. However a Premium edition is also available which removes user limits, provides additional customization features, and also gives the option of a web based set up so that it can be accessed by staff when out of the office.

It is primarily a data centred contact management and sales tracking tool. It is designed to make viewing, sorting and customising data very simple. You can manage individual and team calendars and activities, capture all customer communications, track opportunities through the sales process, and report on overall effectiveness.

There are multiple task and calendar views and reminders options. Calls, meetings, and to-do items can be filtered by priority, date range or user. You can also create your own custom activity types so you can better track activities key to your business. One nice little feature is that incomplete activities automatically roll over to the next day to help you ensure that nothing slips through the cracks.

ACT! integrates with MS Office so you can perform key calendar and e-mail tasks in either ACT! or Microsoft Outlook and ensure the data is still captured on your ACT! Contact Record. In addition, integration with Microsoft Excel allows for export of Contact, Group, Company, or Opportunity Lists to an Excel spreadsheet for sharing with non-ACT! users, or for further analysis. And, integration with Microsoft Word allows you to perform mail merges for communications with prospects and customers and record a history on each individual contact record.

For people who don't use Microsoft Office products there are simple inbuilt word processing and email functions that you can use instead.

Sage ACT! can be adapted to individual business requirements. Administrators can add, delete and edit fields and tabs with the "Layout Designer" to meet specific needs. Sage are of course best known for their accounting software, so it should come as no surprise that an add-in product to ACT! enables data sharing between the two programs.

The main limitations on the product are the overall user level customisation. You can change the main screen layout and add your own fields easily enough, but there are limited options for defining different views for different users or making the queries functions more user friendly. However, due to the popularity of Sage's products, there is a very good network of development companies that can take the customisation to another level.

Any company wanting to introduce CRM processes and tools to their employees for the first time, would find ACT! a good, user friendly product.

2.2. Microsoft Dynamics CRM 3.0

Small and medium sized businesses with a slightly larger budget and more demanding requirements would do well to take a look at the offering from Microsoft.

One of the key advantages of it is the very tight integration with Outlook. Once installed, you can access Dynamics CRM through the Outlook interface, making it very easy to learn how to use. It also means that if you have Outlook Web Access, staff have access to customer's details wherever they can get on the web.

Integration with other Office products is also automatic. For example you can generate a mail merge using CRM data, without having to open up Word. Number crunchers can perform analyses in Excel using live CRM data.

However rather than being data centred – where the focus is on contact management, Dynamics CRM is workflow centred – with modules designed around the three most common applications of CRM systems – Marketing, Sales, and Customer Service (or after sales service). In built functions include marketing campaign planning and forward scheduling of customer service interactions.

There are of course powerful reporting and data analysis capabilities built in. Campaign response tracking for example allows managers to begin to see the effects of marketing campaigns on customer actions. With Microsoft SQL Server Reporting Services, a wide range of ad hoc and scheduled reports can be custom built.

Dynamics CRM will give you all the key features you would expect in a mid level CRM system. It is also highly customisable, and with a very wide network of development

partners all over the world, it should not be difficult to find the expertise needed to make the product do exactly what you want it to.

For a small or medium sized business looking for a solution that can be quickly deployed that will also scale up as the need arises, Microsoft Dynamics CRM 3.0 is an excellent choice.

There are two editions of Dynamics CRM

Small Business edition: compatible with Windows Small Business Server, with a limit of 75 users, it has simplified set up, configuration and administration features to get quickly up and running where IT resources might be limited.

Professional edition: More powerful, configurable for different networks, and controls for IT department policies designed to limit individual desktop configuration.

A range of different licensing options also enable those with even the smallest budgets, to begin getting the value out of this powerful application.

2.3. Splendid CRM

Splendid is one of a relatively new breed of enterprise class products distributed under **Open Source** licence.

The basic principle of Open Source is that the software is provided to the user without having to pay a license fee to use it, and with access to the source code it was written in. Meaning anybody who is familiar with the code language can rewrite the software in any way they like. The main restriction being that people cannot sell on the modified product as their own, and they are encouraged to share any changes they make back with the main product developers, for possible future inclusion in the standard product.

CRM systems generally require a lot of customisation to really become integrated with a company's other systems and processes, and often the cost of this customisation has to come on top of the licence fee for the product.

A system like Splendid provides a great framework for creating highly customised solutions for clients. It gives you all of the basic functionality anybody would want in a CRM system, allowing a good software developer to bespoke it to an individual customer's need at a fraction of the time and cost of building a product completely from scratch.

And because you have access to the source code of the product – you are not tied into a single supplier for any future developments, which give you greater choice and drives down costs through open competition.

These sorts of benefits are one of the key reasons that Open Source software has been rapidly gaining popularity in the commercial world in recent years.

3. In Summary

Customers are the life blood of all businesses, so all businesses need to take customer relationship management seriously, even if they don't know it. However that does not mean that all businesses need a CRM system.

A large number of businesses (usually small ones) are built on long term personal relationships with a small number of customers. For these companies, CRM can be about a round of golf or a day at the races. It may not be recorded, or reported on, but it's still CRM.

At the other end of the spectrum there are organisations for whom customer behaviour data capture, analysis and business response, are so central and pervasive to what they do, that their entire IT infrastructure is geared towards CRM, and it would be wrong to isolate any element of it as being a CRM application.

Most companies however will fall in between these two extremes. For them an identifiable CRM system, more or less integrated into other business applications, has the capacity to help them gather valuable information about customers and customer interactions in a structured way, and analyse it to improve their business performance.

All the products discussed here: Sage ACT! 2008, Microsoft Dynamics CRM 3.0, and Splendid CRM are solid products that will meet the needs of many businesses investing in a CRM solution for the first time.

4. About Governor Technology

Governor Technology is an independent software development company, incorporated in 2001. From our offices in Central London, we specialise in building CRM systems, e-commerce solutions, database-driven websites, content management systems, web and desktop applications. We have been a Microsoft Certified Partner since 2004, and are a member of the Sage Development Network and UK Web Design Association.

We currently work for a wide variety of clients, ranging from start-ups to multinationals including Microsoft, Saatchi, Euro RSCG, Citigroup, and Thomson Financial/Reuters, and have earned a reputation as a flexible, agile supplier of high quality software solutions.

We have experience implementing and customising all three of the products discussed in this white paper. If you would like to discuss using a CRM system in your company, please give us a call on: 0207 953 7135, or email: sales@governor.co.uk