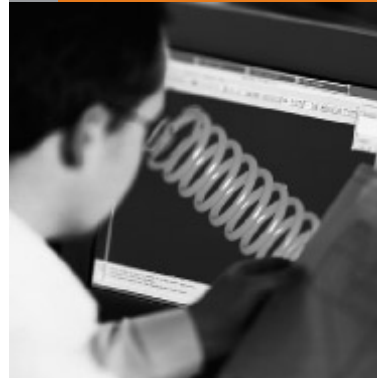


SAP Customer Success Story



Arctic Cat put the fun back in its business by launching mySAP™ Customer Relationship Management (mySAP CRM). Today, mySAP CRM forms the foundation for the company's state-of-the-art call center that dramatically boosts support for its independent dealers and distributors, while substantially enhancing internal productivity and efficiency.

ARCTIC CAT®



ARCTIC CAT SALES INC.

mySAP™ CUSTOMER RELATIONSHIP MANAGEMENT DRIVES ARCTIC CAT SUPPORT CENTER FOR DEALERS

When you're in the "business of fun," you know something's wrong when customers complain that your customer support is less than enjoyable.

"We knew we had a problem," says Ron Moses, project manager for customer relationship management (CRM) at Arctic Cat Sales Inc., which makes and sells snowmobiles and all-terrain vehicles (ATVs) under the Arctic Cat brand name. "Mediocre customer service was translating into a feeling that, on a business-to-business level, we were not particularly fun to work with."

Arctic Cat deployed mySAP™ CRM to create a state-of-the-art call center that would help the company optimize customer service for its global network of independent dealers and distributors.

INTERNAL WOES CAUSE CUSTOMER PROBLEMS

Arctic Cat, which competes for consumers' entertainment dollars, faced some problems inside the company that were making its 1,000-plus dealers and distributors unhappy. Disconnected and outdated departmental call centers, inefficient and untimely customer response efforts, and ineffective call routing operations caused long wait times for customer service. Impersonal and untimely service delivery, multiple call transfers, and a first-contact response rate of less than 40% did not help matters, either.

“This was the state of our customer service and something needed to be done,” says Moses, whose \$577.1 million company designs, engineers, manufactures, and markets a full line of snowmobiles, ATVs, and related parts, garments, and accessories. An extensive network of independent dealers and distributors market Arctic Cat products globally. Some 1,500 Arctic Cat employees work from four North American locations, including the company’s Thief River Falls, Minn., headquarters.

Arctic Cat met its challenges with a management-driven business plan focused on CRM and communications-management technologies that would leverage the firm’s existing back-end enterprise business system and telephone-switch platform. The company consolidated its disparate call groups into one customer-service unit located in a newly built, 50-seat dealer-support contact center, and retrained staff in cross-functional skills necessary for delivering extended call-center coverage.

The company also reorganized its dealer support staff into regional customer-assistance teams (CATs). “Each CAT’s goal,” says Moses, “is to promote customer intimacy and trust while maximizing service delivery.”

INTEGRATION WITH EXISTING SAP® SOFTWARE IS CRITICAL

Arctic Cat had several requirements for its CRM solution. It had to integrate fully with its existing SAP® R/3® System and third-party telephone-switch environments, be simple to scale and upgrade, and let customer-service agents manage calls and follow-up efforts easily and effectively.

The system also had to notify agents of incoming customer calls, deliver callers’ information to agents’ screens, support trouble-free access to product and process data, and support a long-term strategy of self-service options for customers. Arctic Cat also needed to deploy the system within six months.

Other vendors made promises, but they fell short of ensuring they could meet Arctic Cat’s requirements. For one thing, their products could not guarantee back-end integration with SAP R/3, which Arctic Cat launched in 2000.

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Ron Moses, CRM Project Manager, Arctic Cat Inc.

“Everyone promised a close fit, but SAP was the only one who could say it would be an exact fit,” says Moses. “Because it was such a significant project for us, we wanted to be sure the CRM side would be supported for the foreseeable future.”

Genesys Telecommunications Laboratories Inc. proved to be the best choice for coordinating Arctic Cat’s existing phone system with SAP. “Other companies volunteered to create [the integration] for us,” says Moses, “but we would have been being guinea pigs for those projects and their development.”

After choosing mySAP CRM to help boost customer satisfaction and Genesys Express software as its communications-management platform, Arctic Cat launched the Genesys system within 90 days. The company started mySAP CRM implementation work in January 2003. The system went live in June.

Arctic Cat chose the interaction-center (IC) capabilities of mySAP CRM, the Genesys *Gplus* Adapter as an interface between the SAP and Genesys solutions, and SAP Enterprise Portal (SAP EP) as an additional Web-based user interface.

When customers call in, the switch sends them to Genesys Express, which collects customer account and service information via keypad response. Genesys Express sends the messages to the telephone switch, which routes calls to the appropriate agents' telephones. The Genesys *Gplus* Adapter feeds the information to agents' IC screens, which lets agents interact with other mySAP CRM and SAP R/3 transactions using prepopulated parameters.

Some 38 agents currently use mySAP CRM at the headquarters facility to support dealers in 34 countries. Moses says that future plans for the company include adding up to 15 more employees and expanding customer-service offerings. Agents will also have access to custom views of customer data and transactions via SAP EP technology. The SAP portal solution will also form the framework for an Internet self-service option that will provide a Web-based front end through which dealers can gain access to the SAP system.

Opting to focus first on internal changes, Arctic Cat plans to begin this external deployment sometime during 2004. "We feared spreading ourselves too thin by making the leap internally and at the same time externally to our dealers," says Moses. "We'll ramp up gradually over the next six months and by midsummer we expect to have 90% of our dealers using [the SAP solution]."

BUSINESS IS NOW MORE EFFICIENT AND FUN

With the help of mySAP CRM, Arctic Cat has realized substantial tangible advantages and has dramatically changed the way the company does business with its dealers and distributors. Customer satisfaction levels have soared, as Arctic Cat has achieved first-call resolution rates of 95% and abandonment rates of less than 1% — compared with its previous levels of 36% and 32%, respectively.

"More customers are getting better customer service in less time," Moses observes.

In addition, the company has attained a 10% to 15% gain in contact-center efficiency, with each agent able to handle significantly more calls per hour. Moses says that Arctic Cat will likely achieve a full return on its investment within 15 months.

Internal job satisfaction is up as well, since cross-training among call-center agents lets each employee respond to queries that departmental specialists used to handle. That boosts the variety of work and morale, and lets agents collectively respond to more than 800 contacts per day. On one particular day, that count totalled around 2,000.

Despite such impressive results, Moses views the CRM solution more as a long-term investment in his firm's future. "This was a total package approach that will see us through the next 10 or 15 years as the company grows," he says. "The payback for us will be how it allows us to improve the company as we go forward."

Customer satisfaction remains critical to Arctic Cat's success. "If we can provide better support to our dealers, they'll do a better job selling our product," Moses says. "Making Arctic Cat easier, more fun, and more productive to do business with gives us an advantage."

Thanks to mySAP CRM, Moses believes Arctic Cat is once again "fun" for dealers. "Recently," says Moses, "dealers have told me that when it comes to dealer support, things are really changing."

"More customers are getting better customer service in less time."

Ron Moses, CRM Project Manager, Arctic Cat Inc.

PORTAL TECHNOLOGY REMAINS AN ONGOING PROJECT

Expanding SAP portal technology remains an ongoing project for Arctic Cat. While most portal work involves delivering self-service capabilities to customers, Moses believes the company will deploy portals as front ends throughout the enterprise as well, including deployment to field sales representatives and sales managers.

“We can consolidate existing SAP transactions into a more unified user-friendly view,” Moses says. “Plus, there’s been a clear appreciation regarding job simplification and data displays. SAP portal technology lets us blend existing reports into a single view and make them specialized.”

SAP delivered everything Moses hoped it would – from the deployment of SAP R/3 and mySAP CRM to the software vendor’s implementation assistance.

“SAP Consulting provided us with personnel who were intimately familiar with our existing SAP setup and, more importantly, with our business model. That was a huge value to us,” says Moses. “Having people on the consulting side who already knew how our business performed – and with intimate knowledge of our customers – paid off big time in helping us make the right choices.”

AT A GLANCE

Software	mySAP™ CRM, SAP® R/3®, SAP Enterprise Portal
Hardware platform	IBM X255
Operating system	Microsoft Windows NT
Database	Oracle 8.1.7.4.1
Number of users	38
Number of sites	1
Length of implementation	6 months
Desired change	Dramatically improve customer service and support
Implementation partners	SAP Consulting, Genesys Telecommunications Laboratories Inc.