

CREATING BUSINESS VALUE WITH COMMUNICATION-ENABLED CRM PROCESSES

ENHANCING MARKETING, SALES,
AND SERVICE

White Paper
SAP Business Communications Management

THE BEST-RUN BUSINESSES RUN SAP™



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EXECUTIVE SUMMARY

Customer relationship management (CRM) issues can often be traced to ineffective business processes that involve human communication. Companies can overcome the limitations inherent in those marketing, sales, and service processes by pursuing communication-enabled business processes (CEBPs) – processes enabled by communication systems that are tightly integrated with business applications. With CEBP, firms can reduce latency, enhance the ability to locate people with the right skills, provide recording of and visibility into interactions, and better enable end-to-end processes involving employees, customers, suppliers, and partners.

CEBP yields the most value in contact-intensive situations where service requests are complex. In particular, when business requirements call for a high volume of interpersonal interactions, when customers demand service through multiple contact channels, and where there are globally distributed resources, CEBP can bring the greatest benefits. When CEBP is well deployed for CRM and other processes, it results in simplified interactions for a firm and its customers, faster response times, greater accuracy, a breaking down of organizational silos, and a better social context for communication.

Executives in every industry . . . are facing customer relationship management issues that can be traced to a common source: ineffective business processes involving human communication.

TWO COMPANIES WITH A RANGE OF CRM CHALLENGES

LIMITED VISIBILITY, OUTDATED DATA, COLD LEADS

At first, the chief marketing officer (CMO) of the global consumer electronics firm was quite pleased – management was finally shifting from a technology focus to a marketing focus to enhance differentiation. But in the rush to initiate new programs, there was little time to carefully revamp customer relationship management–based marketing processes. Telemarketing staff across a dozen locations worldwide handled new campaign materials – including call lists and scripts – using paper, spreadsheets, and e-mail. Sales leads resulting from the campaigns were simply distributed by e-mail, and related call information wasn't recorded.

After months of stepped-up marketing investments, the CMO's C-level peers were deeply disappointed with the outcome. Marketing staff didn't have meaningful insights into responses to individual campaigns, and customer data was perpetually out-of-date. By the time new leads reached the sales force, they were cold.

"Cold leads," proclaimed the CEO in a different company, "are no excuse!" For this European telecommunications operator, the key issue driving sales strategy in business-to-business markets was commoditization. The CEO asked his VP of sales exactly why revenue targets weren't being met. Was pricing the key factor – or were results tied to the motivation of individual sales staff? Were outcomes related to deteriorating customer service levels? Since data entry into the customer relationship management (CRM) application was at least two weeks late – and customer interaction history and telephone call content weren't centrally recorded – the VP of sales didn't know the answer.

CREATING VALUE WITH COMMUNICATION-ENABLED PROCESSES

IMPROVING PROCESSES INVOLVING HUMAN COMMUNICATION

Different Industries with Common Issues

The CMO in the consumer electronics firm and the VP of sales in the telecommunications company – and, in fact, executives in every industry – are facing CRM issues that can be traced to a common source: ineffective business processes involving human communication.

Performance problems are particularly acute in complex, global organizations in which knowledge and responsibility are widely distributed and in which staffers are highly mobile. Difficulties with processes persist because of latency in accomplishing tasks, inability to locate the right skills to address an issue, and delayed execution of transactions in business applications. As a result of these human communication issues, companies are adversely affected by:

- Outdated customer data, which can result in cold leads and inappropriate communication with customers
- An inability to control events in real time, such as marketing campaign execution, call center staffing levels, and sales force assignments
- Limited insights into the root causes of high or low performance by employees, including sales staff and customer service agents

Enabling Visibility and Reducing Latency

Many companies have invested heavily in CRM solutions to enable processes and manage customer data used by marketing, sales, and service staff. And they have invested in telephony systems to handle related voice communications. But companies have often established the communication channels as distinct, closed systems with self-contained infrastructures – completely separate from business applications. And therein lies the opportunity.

By pursuing communication-enabled business processes (CEBPs) – processes enabled by communication systems that are tightly integrated with business applications – companies can overcome the limitations inherent in business processes involving human communication. Firms can create value by:

- Substantially reducing latency
- Enhancing the ability to locate people with the right skills
- Providing recording of and visibility into interactions
- Better enabling end-to-end processes involving employees, customers, suppliers, and partners

With software-based applications increasingly replacing hardware-based communication systems – such as private branch exchanges (PBXs) – firms can more flexibly connect mobile and geographically distributed workforces that use a range of communication devices and methods, such as desktop phones, soft phones on a PC, mobile phones and PDAs, e-mails, short message service (SMS), instant messages, and Web contacts. Figure 1 illustrates the move from isolated communication system silos to software-based integrated communication and business process applications – in which counterpart systems can readily exchange information.

Firms can also provide new platforms for process innovation – for example, using technology to automatically trigger responses to events and to route calls based on customer value – transforming company operations and favorably shifting the perception of company stakeholders. In short, by better sensing and responding to changes in the business environment, companies can substantially improve their agility.

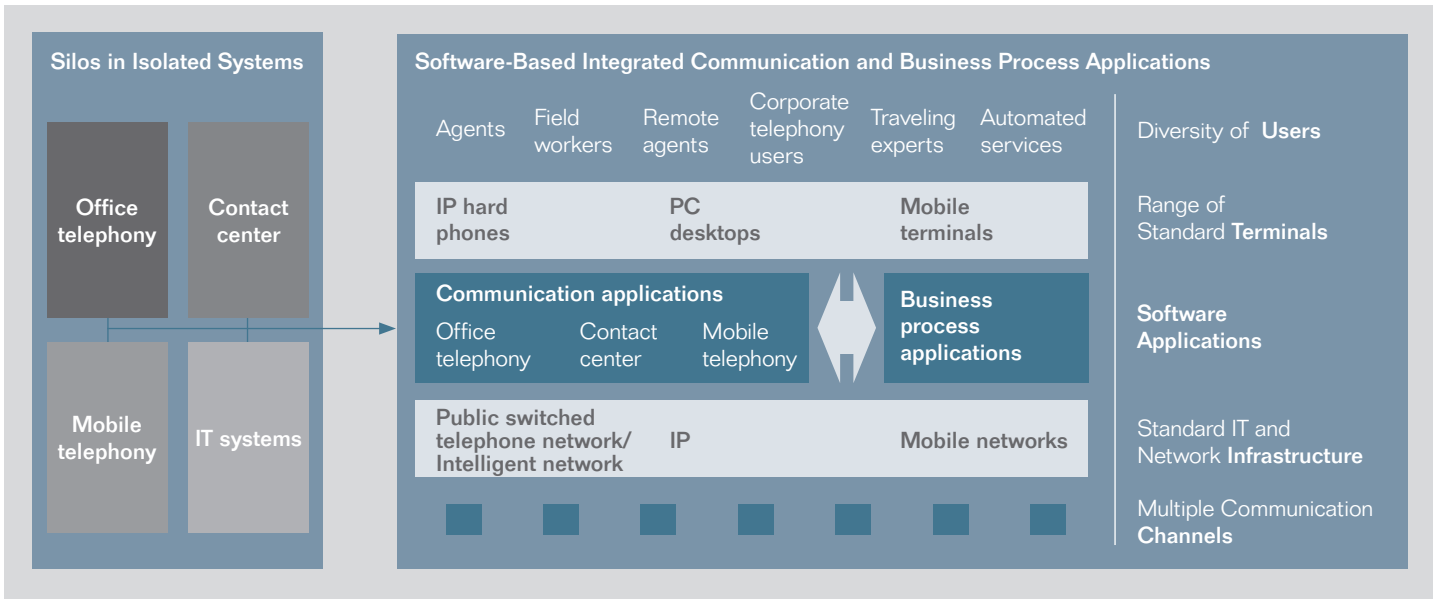


Figure 1: Silos Versus Integrated Multichannel Communication

Many companies have invested heavily in CRM solutions to enable processes and manage customer data used by marketing, sales, and service staff. And they have invested in telephony systems to handle related voice communications. But companies have often established the communication channels as distinct, closed systems with self-contained infrastructures – completely separate from business applications. And therein lies the opportunity.

CREATING VALUE THROUGH ENHANCED MARKETING PROCESSES

ENHANCING CAMPAIGN EXECUTION AND LEAD ASSIGNMENT

After reviewing the situation with the CIO and other C-level executives, the CMO of the global consumer electronics firm determined that their problems – including outdated customer data, limited visibility into campaign responses, and cold leads – could be traced to marketing processes that were not designed to address factors intrinsic to human communication.

A Rapid, Low-Cost CEBP Implementation for Marketing

Because the CMO had a strong interest in seeing the new marketing programs succeed, the executives agreed to a proposal to “communication enable” the business processes. After the low-cost CEBP implementation was completed in three months, all telemarketing staff and managers throughout the world were able to use PCs connected to a centralized and integrated CRM and communication system. The implementation enabled cost-effective use of outsourced telesales subcontractors, working in parallel with the firm’s telemarketing employees on multiple campaigns.

Following the go-live stage, managers can now segment the customer database, allocating contact lists and scripts to internal and external telemarketing teams in real time. Marketing experts can make contact with customers using their preferred method – phone, e-mail, fax, or text messaging. They can record all interaction-related information – such as changes in customer contact details,

leads, and sales orders – through a single user interface. And all previous customer interaction history is visible to employees who have the appropriate authorization.

Measurable Improvements to Marketing Process Performance

Over a 10-month period, the CEBP implementation achieved measurable outcomes that are aligned with the strategic goals of the company. In particular, marketing campaigns increased new leads by 23%, lead-to-sales conversion rates improved by 37%, and customer data accuracy increased by 18%. These outcomes were achieved because:

- Managers could centrally monitor and control campaign execution, change call scripts based on customer feedback and results, coach underperforming individuals, and arrange for additional training for entire teams
- The leads were automatically assigned to the sales teams based on their performance and the company’s customer ownership rules
- Campaign-related leads and sales orders secured through other channels, such as call centers, were reported in the central system and were available as input for decision making and follow-up actions

The CMO and C-level colleagues are quite pleased with the outcomes – as are employees and customers, who have experienced smoother interactions, greater accuracy, and a better

social context for conducting business. Since the benefits are clear and manifold, senior management has initiated programs to find additional opportunities for implementing CEBP.

As the company develops the business case, implementation plan, and detailed blueprint, it’s essential to secure buy in from stakeholders and demonstrate the business value that will be delivered. It’s also important to recognize that many communication-dependent processes may be deeply entrenched. Thus, it’s essential to develop change management programs that counter organizational inertia and resistance.

CREATING VALUE THROUGH ENHANCED SALES PROCESSES

IMPROVING CUSTOMER INFORMATION ACCESS AND TASK ALLOCATION

Meanwhile, in the telecommunications firm, sales targets were still not being met. The CEO suggested that the VP of sales initiate a multifunctional task force to uncover the reasons why. After interviewing several sales staff, call center agents, and customers, the task force found that the reasons – which did, in fact, have their roots in both sales and service processes – were evolving over time and could not easily be isolated.

Upon further investigation, the task force recommended enhancements to the sales and service processes, enabling real-time adaptation to the needs of the changing market. The task force noted that these CRM-based processes depended heavily on human communication and would perform better if they were communication enabled.

After a relatively rapid, yet comprehensive CEBP implementation, the mobile

sales force, call center agents, and managers were able to connect to an integrated CRM and communication system from any PC or mobile device. In Figure 2, you can see how CEBP functions in sales and service processes.

Libertating Customer Information

As a result of these changes, the company is finally liberating customer information that had been isolated in personal files by salespeople who travel frequently. All customer contact details and interaction history – together with the interaction content, such as e-mails and call recordings – are stored in a central repository for access by salespeople and other staff. Ongoing issues and the immediate needs of customers – recorded by customer service staff and others – are visible to the responsible salesperson. Tasks related to the customer relationship can

be assigned manually or automatically to a responsible salesperson.

Managers are able to centrally monitor and control sales execution by:

- Assigning leads
- Pushing tasks and reminders to sales staff
- Monitoring how the quantity and direction of customer interactions correlate with revenue performance
- Identifying root causes for low and high performance
- Coaching underperforming individuals
- Arranging additional training for entire teams, when needed

As a result of the CEBP implementation encompassing sales processes, year-over-year adherence to the plan by individual sales staff improved by 63%, customer retention rates increased by 12%, and sales grew by 8%.

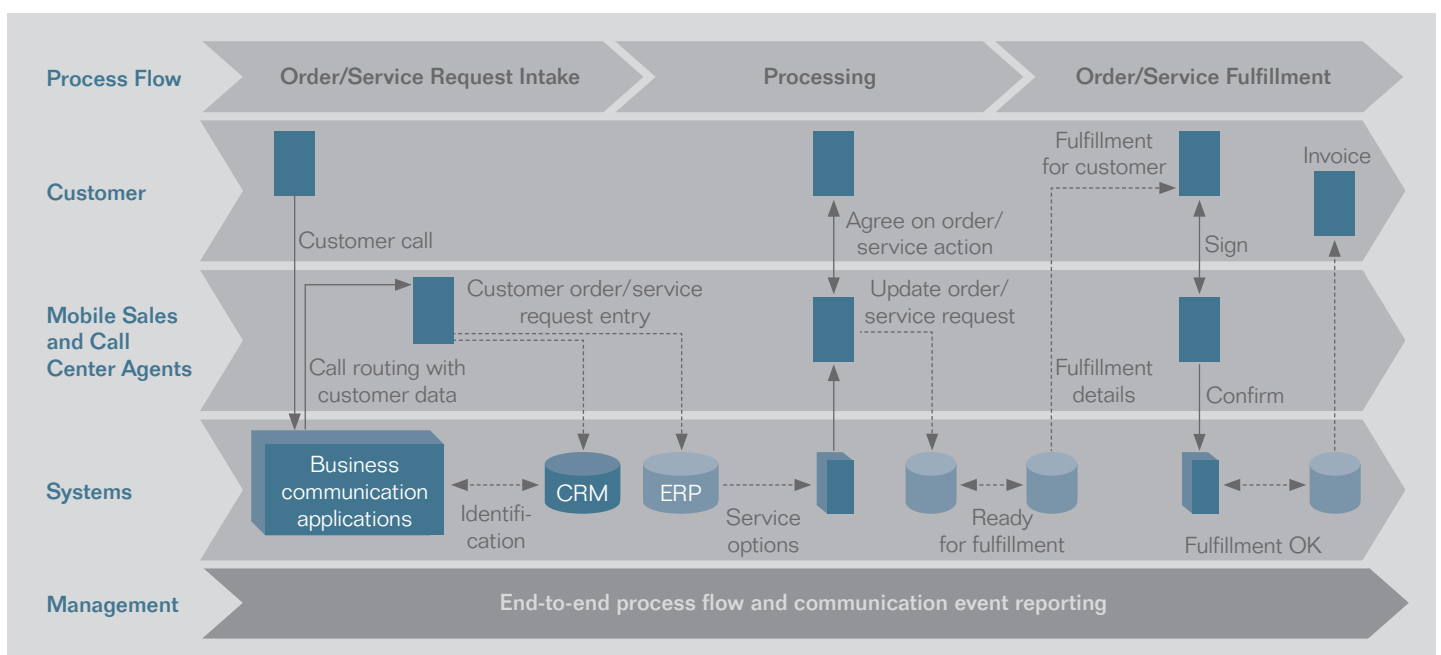


Figure 2: CEBP in a Business-to-Business Telecommunications Firm

CREATING VALUE THROUGH ENHANCED SERVICE PROCESSES

ENHANCING STAFF TRAINING AND SOCIAL INTERACTIONS

While investigating the shortfalls in achieving sales targets, the VP's task force found that there were opportunities to improve the telecommunications firm's service performance. Improvements – enhancing the experience of existing customers and advancing the company's reputation in the market – would contribute to sustaining pricing power, lowering costs, and achieving higher sales and profitability levels.

Service Process Issues

The telecommunications company operates a call center, which had been using a best-of-breed contact center system. However, it was not integrated with the company's CRM application or the telephony systems that the back office was using. As a consequence, agent utilization in the service center was only at 60%. Moreover, routine inquiries were solved by customers through a self-service Web portal; thus, the complexity of phone and e-mail requests had increased, which lowered the first line's first-time resolution capabilities and burdened the back office.

Measurable Improvements to Service Process Performance

Six months after sales implemented CEBP, customer service implemented CEBP. After the go-live stage in customer service, all users with authorization could connect to an integrated CRM and communication system from any network-connected PC or mobile device.

In addition to best-of-breed communication tools, the front-line agents have an integrated user interface for accessing customer data, interaction history, and back-office queues. The back-office experts are using similar communication tools.

Since all communication events and interaction history are stored in a central repository, management is now able to understand the areas of expertise required for servicing customer requests. This information helps the company design training courses for the service agents. Also, during the first two months after the go-live stage, the back office recorded a knowledge base of frequently

asked questions. The front line can use the information in this base to solve customer issues in more than 80% of the cases – thus, transfers to the back office have been reduced by more than 50%.

By improving customer service, the telecommunications company's management found that it was able to counter the trend toward commoditization. With fewer distractions, such as inaccurate data and misinformed personnel, social interactions among sales staff, service agents, and customers improved. In addition, customers were less likely to shop the rate the company was offering, and the company was able to adhere to its pricing policies.

Agent utilization increased from 60% to 85%, customer satisfaction improved by 14%, and first-call resolution rates increased by 23%. Sales revenue grew by an additional 5% after the first year of new CEBP-based service processes – on top of the 6% year-over-year growth that had been achieved with CEBP-based sales processes alone.

MAXIMIZING BUSINESS VALUE WITH CEBP

CHANGE MANAGEMENT AND YOUR COMPANY'S PROCESSES

Best Practices for CEBP Adoption

Companies that recognize that there may be value in implementing CEBP should approach adoption as they would any other investment in their business. A key step is to develop a business case, demonstrating how the CEBP implementation will support the strategic objectives of the company – ideally with measurable goals that resonate with senior management.

As the company develops the business case, implementation plan, and detailed blueprint, it's essential to secure buy in from stakeholders and demonstrate the business value that will be delivered. It's also important to recognize that many communication-dependent processes may be deeply entrenched. Thus, it's essential to develop change management programs that counter organizational inertia and resistance.

Fortunately, CEBP implementation is evolutionary – not revolutionary. It's usually not possible or desirable to replace all communication systems overnight – companies want to pace and align investments with the ongoing realization of business value.

Selecting the Highest Yield Opportunities

To maximize business value, companies should focus on CEBP opportunities with the likelihood for the highest returns.

CEBP yields the most value in contact-intensive situations where service requests are complex. In particular, when business requirements call for a high volume of interpersonal interactions, when customers demand service through multiple contact channels, and where there are globally distributed resources, CEBP can bring the greatest benefits. Well-deployed CEBP results in simplified interactions for a firm and its customers, faster response times, greater accuracy, a breaking down of organizational silos, and a better social context for communication.

As we have seen, these types of outcomes were achieved for the European telecommunications firm and the global consumer electronics company. Banking, insurance, travel agencies, logistics firms, retail, media, hospitals, and government are other examples where personal interactions are essential and CEBP can bring substantial value. Above

all, companies need to focus on understanding their own processes – regardless of industry – and find those with communication characteristics that best lend themselves to achieving value with CEBP.

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THE VALUE OF END-TO-END PROCESS INTEGRATION

CEBP FOR CRM AND BEYOND

CEBP yields the most value in contact-intensive situations where service requests are complex. In particular, when business requirements call for a high volume of interpersonal interactions . . . and where there are globally distributed resources, CEBP can bring the greatest benefits. Well-deployed CEBP results in simplified interactions for a firm and its customers, faster response times, greater accuracy, a breaking down of organizational silos, and a better social context for communication.

Typically, CEBP focuses on subsets of end-to-end processes that are executed in a company. For example, CEBP for marketing campaigns, for sales teams, and for service agents each enables pieces of a larger end-to-end process of finding new opportunities, closing sales, and collecting payment – that is, the end-to-end lead-to-cash process. Companies can achieve superior value by considering the impact of CEBP on value creation in broad end-to-end processes – even though an implementation is likely to focus on a process subset.

We have discussed CEBP for CRM in this paper, but, of course, any business process can be a candidate for communication enablement. In fact, the opportunities for process innovation – and the power of communication enablement – live well beyond the borders of CRM processes. You can imagine that a firm's human resources, procurement, product design, and logistics activities have contact-intensive subprocesses – and, thus, are also candidates for CEBP deployment.

SAP® Business Communications Management Software

The SAP® Business Communications Management software is an enterprise solution that, together with the SAP Customer Relationship Management (SAP CRM) application, provides the technology foundation for CEBP. SAP

Business Communications Management is an all-IP communication software solution that replaces traditional telephone solutions. It offers SAP CRM customers the ability to integrate multi-channel communications with customer-facing processes, enabling companies to better utilize the knowledge distributed throughout their organizations and offering a seamless experience across channels.

SAP CRM is integrated with the full array of SAP solutions covering enterprise resource planning, supply chain management, supplier relationship management, and more. Thus, through its connection with SAP CRM, communication enablement with SAP Business Communications Management can enhance the performance of the comprehensive set of processes within a company.

If you want to know more about how SAP can help your company implement communication-enabled business processes, call your SAP representative today, or visit us on the Web at www.sap.com/crm.

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