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>> White paper

# What can CRM bring to your business?

**April 2011**

A study of the benefits offered by CRM across all areas of the business

computing

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## Executive summary

Customer Relationship Management (CRM) software has evolved. Newer versions can be delivered via the cloud, be pushed out to mobile devices and are able to utilise social media websites. A significant majority of respondents to a *Computing* survey were found to have deployed CRM software to some degree.

CRM can deliver many benefits to multiple departments within an organisation – not just Sales & Marketing. Customer retention is boosted, interdepartmental communication is improved, data and work duplication is reduced and workflows are made more visible to all. Information is centralised, leading to easier and more accurate business decision making.

An exclusive *Computing* survey of 130 business decision makers at UK organisations of all sizes set out to understand what business organisations define as CRM software and the extent to which it has been deployed. In addition to understanding the impact that CRM has had upon existing customers, we also wanted to establish what those who are planning to deploy CRM expect to achieve from it. This paper discusses the survey findings, how CRM has evolved, the benefits it can bring about and some more recent developments in the CRM market.

## The evolution of CRM

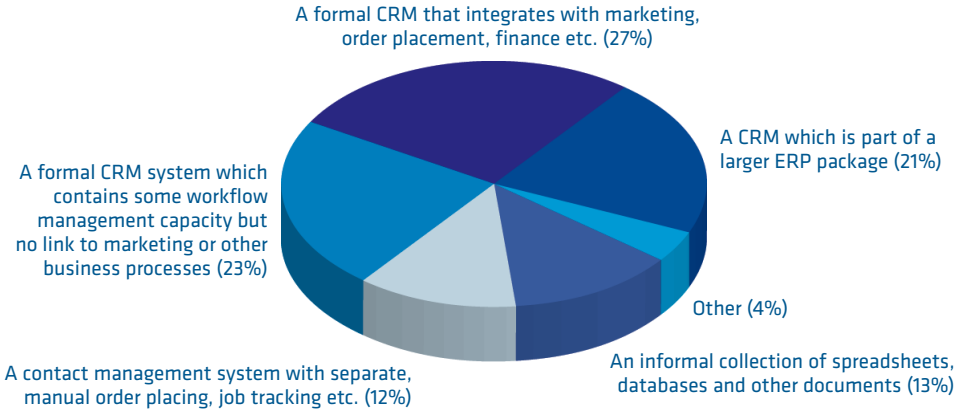
CRM brings together customer data from all areas of an organisation. This 360-degree view of the customer base ensures that all necessary information is available to all teams across the business, enabling them to identify and exploit any and every sales opportunity. Whilst CRM as a concept has been around since the early nineties, CRM as we now know it only became a reality in the early years of this century.

CRM has really come of age in the last five years. CRM packages are now more customisable than ever before and have evolved to be able to take advantage of the growth of technologies such as web storage services and social media. CRM can now be delivered on demand as Software-as-a-Service (SaaS). Indeed, the popularity of CRM on demand has further accelerated the rate of innovation in CRM software.

## CRM – from spreadsheet to ERP

The findings of the *Computing* survey illustrate the full extent of CRM software market penetration. When asked "Do you have any sort of system in place to manage your customers and clients?", 80 percent of respondents answered in the affirmative. However, their definition of "CRM" varied widely. Some organisations reason that a collection of spreadsheets can be defined as a CRM solution. After all, it is a system by which customer records may be managed and interactions tracked. At the other end of the spectrum many would say that a true CRM is a formal multifaceted software system that integrates with other key departments within their organisation (Fig. 1).

### Fig. 1 : "Which of the following best describes your system for handling customer or client records and information?"




In the survey sample, the largest proportion of respondents (27%) were found to have a CRM system that integrates with order placement, marketing, finance and other relevant functions. A slightly lower number (23%) are using a CRM system which contains some workflow management capacity but no link to marketing or other business processes. Twenty-one percent have a CRM system in place which is part of a wider Enterprise Resource Planning (ERP) package. The fact that three quarters of respondents are running a defined CRM system illustrates the normalisation of CRM software within business organisations.

However, 25 percent of respondents are managing customers or clients using either a contact management system with no links to other business processes, or an informal collection of spreadsheets, other documents and databases.

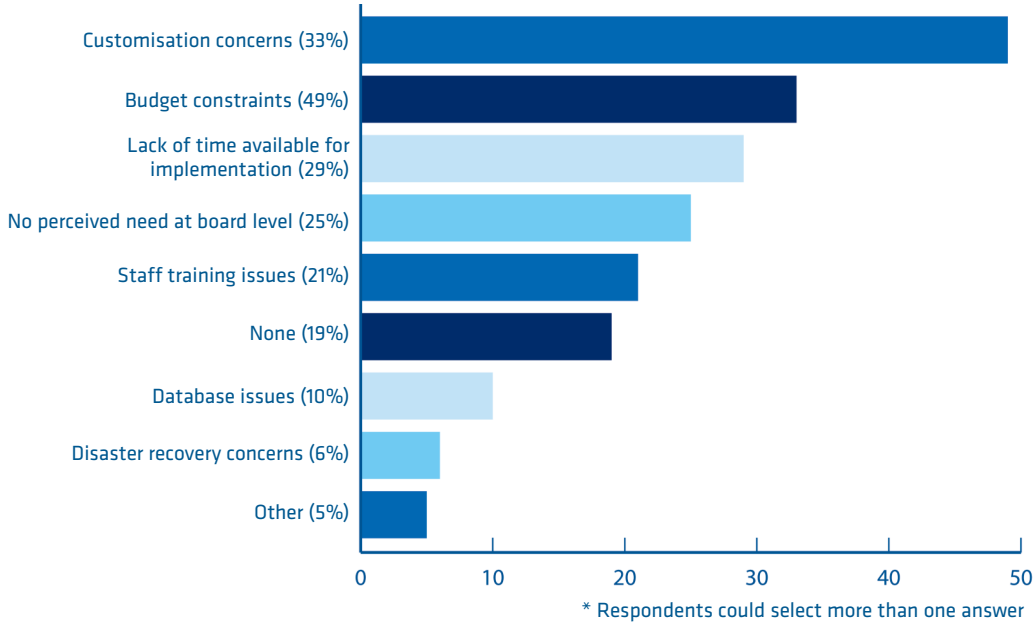
## CRM project plans

*Computing* asked those 25 percent of respondents with no formal CRM system in place whether they have plans to deploy one this year. Twenty-three percent answered in the affirmative while 54 percent said no.

Combined, the 75 percent already running a formal CRM and the 23 percent of the remainder that plan to install one soon represent over 80 percent of the organisations surveyed. A further seven percent said that they would probably install a CRM system in the longer term. This illustrates the degree to which CRM software has penetrated sales and marketing departments in organisations of all sizes.

However, there remain a small number of respondents who have yet to invest in CRM technology and are not intending to do so. *Computing* asked about the main barriers to deploying a formal CRM system (Fig. 2). Just under half of all respondents (49%) cited budgetary considerations as the main brake on the consolidation of sales information. However, other concerns were more to do with the process itself. Thirty-three percent reported concerns about the difficulty in customising CRM and 29 percent think that a lack of time for the deployment is a barrier.

## Fig. 2 : "What do you believe to be the main barriers to CRM?"

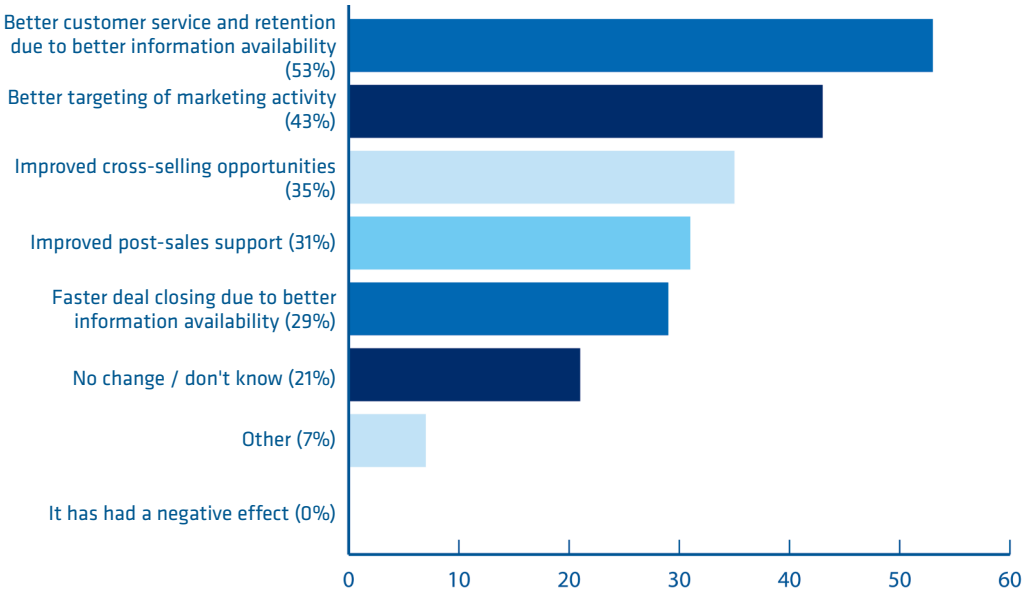


## The benefits of CRM

Improved business processes resulting from a centralisation of customer information means that the sales and marketing team are not the only team that will benefit from a 360-degree view of the customer.

According to more than half of the survey respondents (53%), their CRM has increased the availability of information, leading to improved customer service and retention. Forty-three percent said that CRM allows for better targeting of marketing activity and 35 percent cited improved visibility of cross-selling opportunities. Other benefits mentioned include better post-sales support and faster deal closing – enjoyed by 31 and 29 percent, respectively.

### Fig. 3 : "How has your CRM system affected your sales and marketing operation?"



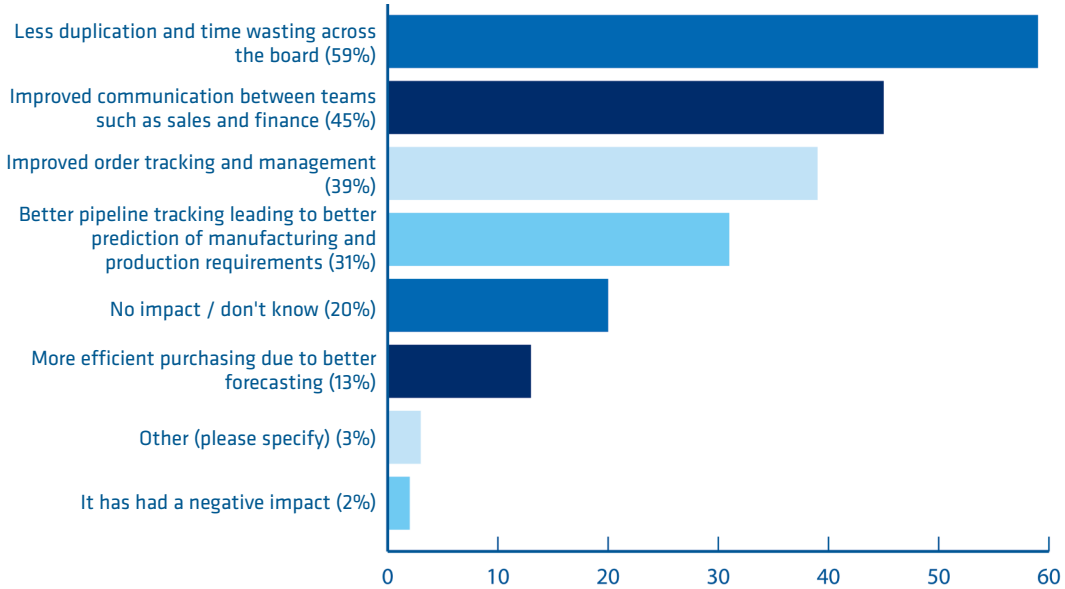

* Respondents could select more than one answer

The impact of these sales- and support-related benefits in today's challenging economic environment cannot be overstated. Conservative estimates of the cost of winning a new customer relative to maintaining an existing one put the figure at around four times the amount. Whilst the direct cost of losing customers can be measured, there are also less tangible costs. A lost customer may have some influence in their industry – and word can spread fast with the use of social media. Sales staff can also lose morale if new business wins are merely backfilling lost accounts.

It is, perhaps, these concerns that mean that the benefits to sales and marketing teams in particular are uppermost in the minds of those respondents planning to implement CRM software this year. Eighty percent of these decision makers stated that improved customer retention and more precisely targeted marketing activity are benefits that they hope to realise from their deployment.

However, sales and marketing teams are not the only ones to benefit directly from CRM deployments. Business processes are also seeing improvements, with a large proportion of respondents (59%) stating that CRM has reduced duplication and time wasting across multiple departments (Fig. 4). Sixty percent of those planning to deploy CRM also believe this to be a particular benefit. Centralisation of customer information is probably the single biggest benefit afforded by CRM systems. The alternative often involves creation of duplicate files and the manual integration of data from one system to another as well as requiring extra effort to store and back up of all this duplicated data. This is both costly and error prone.

## Fig. 4 : "How has your CRM system affected your business processes?"




* Respondents could select more than one answer

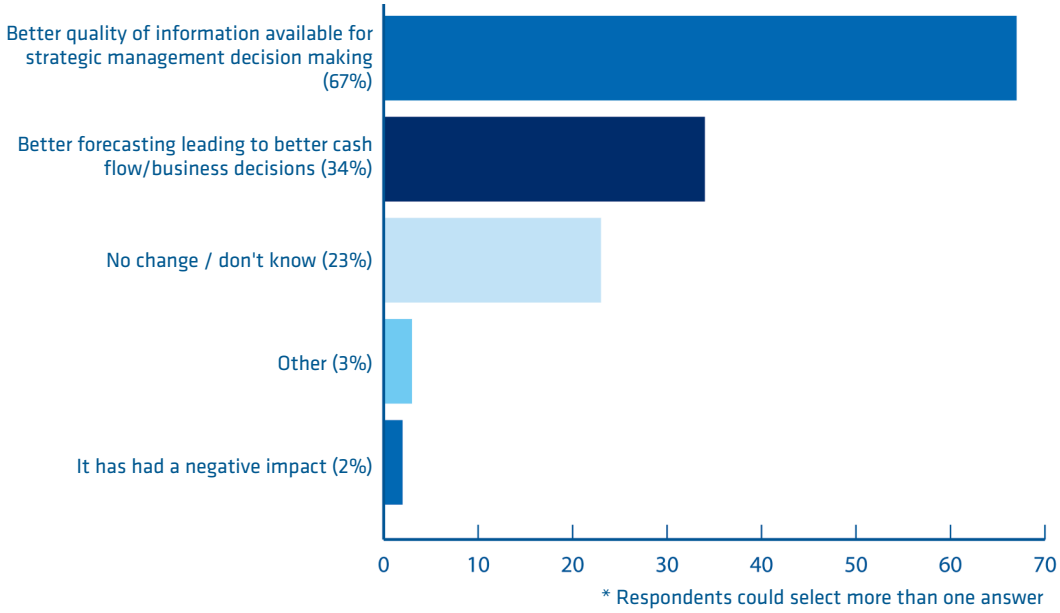
Importantly, 45 percent said their CRM has improved communication between teams such as sales and finance. Good interdepartmental communication is vital for the proper functioning of any business for which customer loyalty cannot be taken for granted – which increasingly means all types of organisation. There must be a clear communication channel between sales and finance, for example, if issues such as account status and age of debt are not to lead to serious errors that will have a direct impact on the customer base.

Clearly this is an issue for many firms. Improved interdepartmental communications was cited as a key driver for CRM adoption by 80 percent of those planning to deploy it.

Looking at other business process benefits, 39 percent of respondents mentioned improved order tracking and management, and 31 percent stated that better pipeline tracking has improved their ability to predict manufacturing and production requirements. These issues are related to a degree. Improved pipeline and order tracking strengthens customer service but also feed directly into production environments, where staff need as much advance information as possible to ensure that customer requirements are fulfilled in a timely manner.

*Computing* also asked respondents how their CRM has affected their management decision making processes (Fig. 5). More than two thirds reported an improvement in the quality of information available for strategic management decision making, with 34 percent saying that superior forecasting has led to better cash flow and business decisions.

## Fig. 5 : "How has your CRM affected your management information?"

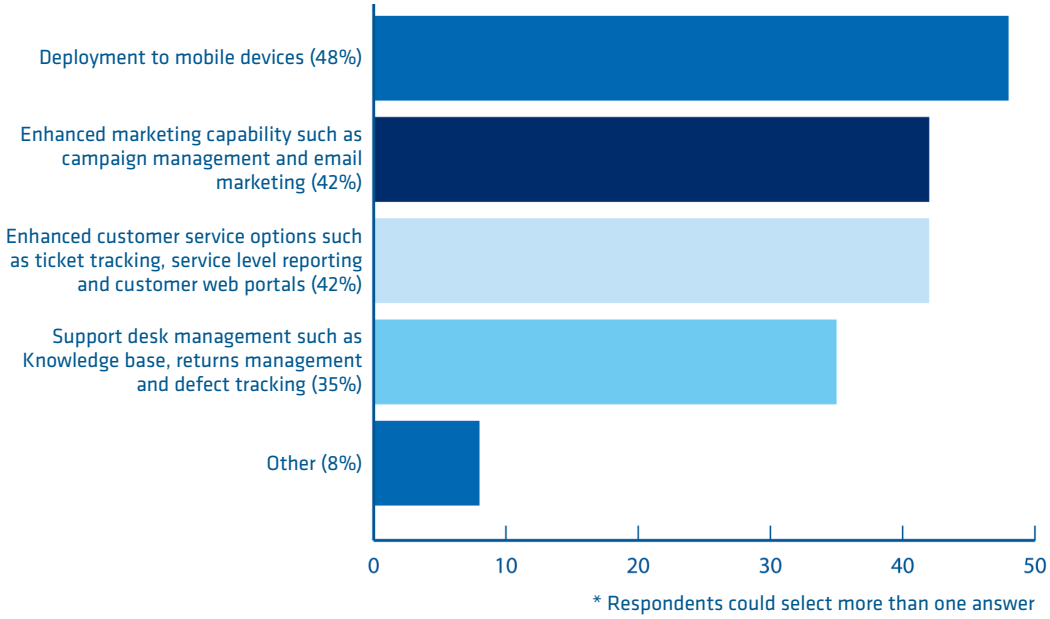



Sales forecasts are one of the key metrics on which critical decisions are made. Any tool that improves the accuracy and visibility of both short-term monthly and quarterly forecasts and longer term pipeline is enormously beneficial to decision makers. Having to pull information from multiple sources and then consolidate it into a unified format is costly and time consuming and likely to lead to errors and inaccuracies. Compare this picture with the ability to simply review pre-formatted information pulled from one central source. The fact that 60 percent of those actively planning to deploy CRM this year cited improved management information as a benefit that they hope to see from their deployment underlines its importance.

## Building on the benefits

As we have seen, organisations have different levels of CRM software in place, with some deployments being relatively local to sales, others integrating with additional departments and processes and still others being part of a wider ERP system. Whatever type of systems they are using, however, most firms could benefit from recent developments in CRM software. *Computing* sought to establish which of these features the respondents believe would be of benefit to their firm (Fig. 6).

### Fig. 6 : "Do you believe that any the following options may be of benefit to your organisation?"




Perhaps unsurprisingly, the largest proportion of respondents (48%) chose deployment to mobile devices. The proliferation of mobile devices in organisations shows no signs of slowing down, with smartphones really driving the growth. Rolling out CRM to these devices so that sales teams can continually update customer information is a logical step for businesses that put customer service and retention at the top of their agenda. Enhanced customer service options such as ticket tracking, service level reporting and customer web portals are another popular option, and 35 percent think that they could benefit from enhanced support desk management such as returns management and defect tracking.

Continuing to win new customers and trying to sell more to existing ones is a priority for 42 percent, who stated that enhanced marketing features such as campaign management and email marketing are functionality that would benefit them.

## Where now for CRM?

The survey illustrates the extent to which CRM technology has become commonplace in business organisations and the benefits that it can bring. However, CRM technology like any other has to evolve in order to stay relevant in a dynamic, internet-driven age. The delivery of applications via the cloud rather than the traditional software purchase model is a concept that is moving out of the early adoption phase into majority marketplace. Many CRM packages such as Sage CRM.com provide CRM on demand. *Computing* asked whether respondents believe they would benefit from CRM in the cloud. Well over a third of respondents answered yes, which indicates that the cloud is becoming an increasingly important consideration when choosing a CRM provider.

Another factor driving the continued innovation in CRM is the way that social media has become part of all of our lives. This has given rise to "social CRM" software that has the ability to leverage the social web – websites such as Facebook, Twitter and LinkedIn. Rather than solely handling data and information about customers, social CRM allows organisations to leverage conversations and relationships with customers and suppliers and also the customers of their customers etc. Instead of looking at the world from the inside out, social CRM allows an organisation to view it from the outside in. Social CRM is the logical next step for businesses looking to leverage their existing investment in CRM to boost their competitiveness in a challenging marketplace.

## Conclusion

Approximately three quarters of respondents have deployed formal CRM software, and around one third of those that have not are planning to deploy CRM either this year or in the longer term. In other words, CRM is now a thoroughly mainstream application.

The benefits that CRM systems can bring to an organisation are many, and can be realised by sales, marketing, operational and finance teams as well as, and perhaps most importantly, by customers. The positive impact that CRM can have upon the customer base is illustrated by the finding that over half of the respondents stated that their CRM has led to improved customer service and retention.

In terms of operational efficiencies, a large proportion of respondents (59%) stated that CRM has reduced duplication and time wasting across multiple departments. CRM software also has a profound impact on business decision making. Over two thirds of respondents stated that it has led to better quality information being available for strategic management decision making.

CRM vendors are continuously innovating their products, making them available on new platforms and also adding new features to meet the specific needs of different vertical sectors across the range of company sizes. The ability to make CRM software available on mobile devices was the improvement to their CRM that most respondents said they would like to see, while renting their CRM services on demand from a cloud provider was another popular option, and one that provides an answer to the situation that many firms find themselves in, with overstretched staff and limited capital budgets.

A CRM system is a major purchase and choosing a vendor and product set can be a daunting task. Some vendors appear to offer solutions more suited to enterprise organisations, and some CRM solutions have failed to keep pace with the evolving market. It is important that organisations settle on a system that will not only meet their current needs and budget, but which will be flexible enough to scale with them and to take full advantage of emerging technologies.

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## About the sponsor

Sage is a leading supplier of business management software and services to 6.3 million customers worldwide, from small start-ups to global enterprises. Sage's range includes software to manage your business finances, run the payroll, manage customer and supplier relationships, plan the business and support your HR function. Sage offers several CRM packages and integrations with ERP solutions.

Sage CRM links together your Sales, Marketing and Customer Care departments within one system, giving your business a single view of your customers, prospects and suppliers. It is web based and is designed primarily for organisations with less than 500 users. Affordability and ease of deployment are key considerations. Sage CRM.com utilises the cloud to deliver Sage CRM as Software-as-a- Service (SaaS) rather than an on-premise, licensed product. This is aimed at organisations for which the ongoing management of an in-house product is not cost effective. Sage SalesLogix is designed for organisations of up to 2000 users and consists of a suite of modules that can fully integrate. The central core of the suite is the SalesLogix Sales module which is essentially a database of customer information. Further modules are available for Marketing, Customer Service and Support. SalesLogix Mobile extends these modules to mobile devices.

Sage ERP 1000 is a browser based ERP solution for larger and multi-site UK businesses and the subsidiaries of large multi nationals. This modular solution combines the power of an ERP solution with the choice of Sage CRM solutions that fit your needs.




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