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CRM Automation

Customer Relationship Management (CRM) can refer to any business process that interfaces to customers, or it can, more narrowly, refer to packaged applications that can be used to implement business processes that interface with customers.

The leading packaged software vendor of CRM applications is Siebel, with about 24.5% of the overall CRM market. Siebel divides its modules into three groups: (1) marketing, (2) sales, and (3) service. Modules included in these categories suggest the types of sub-processes associated with each category.

Marketing: Customer Value Management, Market Planning & Budgeting, Channel Promotions Management, Marketing Operations, Brand and Awareness, Loyalty Programs Management, Analyze Results, Campaign Management, Events Management, and Information Fulfillment.

Sales: Multi-channel Sales Management, Territory Assignment, Account Development, Incentive Compensation, Lead Management, Forecasting, Order Management, Opportunity Management, Pipeline Management and Sales Force Mobility.

Service: Multi-channel Service Management, Service Delivery, Service Scheduling, Service Dispatch & Delivery, Contract Management, Service Analysis, Customer Satisfaction Management, Parts Inventory Planning, Returns and Parts Repair, and Billing Management.

Other leading CRM software vendors include Oracle and SAP. Each has modules with different names, but the modules are similar to the Siebel modules listed above. In addition to these three, which account for about one third of the overall CRM market, there are dozens of smaller players selling subsets of the modules listed above, or applications tailored for use in specific industries.

A recent addition to the list of CRM vendors is Microsoft, which has gotten quite a bit of press for its recent announcement of a new CRM package. In essence, Microsoft has re-launched Great Plains software modules, reconfigured to function in the Web environment that Microsoft is building. Microsoft has argued that its goal is not to compete directly with the existing CRM vendors, which have mostly supported larger companies, but to provide CRM software for smaller companies. Microsoft's initial modules don't provide support for marketing, but do support sales and service, and include modules like Complete Customer View, Information Sharing, Leads and Opportunity Management, Sales Process Management, Order Management, Quotas, Reports, Territory Management and

Competitor Tracking. Also included are Case Management, Automated Routing and Queuing, Service Contracts, and Auto-response e-mail. It's a common place to say that Microsoft usually doesn't get a new product right until the third release, and we suspect that it will be awhile before Microsoft gets CRM right. But they have made a start and once they have begun, Microsoft usually keeps at it.

If you were a new startup, you would have a stark choice. You could design your own sales, marketing and service processes from scratch, and then develop the software to implement your processes, or you could buy modules provided by a packaged software vendor. If you chose to buy your applications, you would probably find that your processes were reshaped to fit the applications. In many cases, packaged applications represent good ways to do things, and it might not be so bad to modify your ideas to fit the vendor solution, especially if you chose a package that was tailored for the specific industry you were in. In other cases, you might decide that your firm had unique marketing or sales goals and that you would be better off creating your own software systems. Doing it on your own would take more time, and might cost more money, but it might guarantee that your unique approach was fully supported.

Most companies don't have the luxury of starting from scratch. They already have processes that are being executed. In most cases, the existing processes are automated by a wide variety of unrelated software and use data from various databases. Some companies have elected to install Siebel, Oracle, or SAP to bring some consistency and integration to their CRM automation, but few have completely replaced all of their legacy systems. Thus, most companies live with a mixed environment. In these cases, it is especially important to keep track of the business processes and the corporate goals to assure that layers of software and various databases all add up to support for processes that consistently support corporate goals.

Most companies would like to mix some legacy applications and databases with some packaged applications. Better, they would like to be able to buy some modules from one company, and some from another. You might decide that your current legacy service application works fine, and that you would like to combine that with some Siebel marketing modules and some Microsoft sales modules. Most companies that have tried this have been disappointed with the results. Integrating diverse modules tends to be very complex and, in many cases, has proved impossible.

Each of the packaged application vendors built their software to integrate with their own databases and with other modules in their suite, and didn't design them to work with modules from other vendors. In the past few years there has been an effort to retrofit modules so that they function more like software components with standard interfaces, but the effort has met with only limited success. Most sophisticated companies elect to stick with the software modules of a single vendor. That, in turn, means that companies are limited to the processes, and often the specific workflow, designed by the specific vendor.

Everyone hopes that the Web Services approaches, based on the Internet and new XML file sharing protocols, will make integration easier. It's too early to be certain, but companies like IBM, BEA and SUN have been investing lots of money in middleware systems tailored to facilitate the integration of packaged applications. At the same time, consortia of vendors have been working on XML business process standards that should make integration easier.

Microsoft's small business CRM modules aren't likely to work well in large scale integration efforts, but they are based on Web Services techniques and should make it possible for small companies to enjoy greater flexibility as they try to tailor the Microsoft package.

In essence, most companies are relying on first generation CRM applications. Second generation applications, based on the Internet and XML, are currently being developed, and the middleware to support better integration is also being readied. More flexible CRM systems ought to begin to appear as Web Services techniques mature in the course of the next 3- 5 years.

Till next time,

Paul Harmon

