

Tying Order Management Is Critical to CRM Success



This executive Whitepaper explores the importance of the order management component in your CRM system. While research has shown that CRM is still a priority within organizations, it also shows there has been a shift toward tying together all the data into one integrated view of each customer, and leveraging data across multiple departments. Many are finding that they do not have nearly enough information to market or support their customers, and are realizing the importance of integrating the front office and back office. This whitepaper will show you what you need to know when considering a CRM solution and how you can enhance and expedite the customer experience within your organization.

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Tying Order Management to CRM is Critical for CRM Success

Executive Summary

Most businesses associate customer relationship management with a 360-degree view of the customer that helps increase sales revenue, improve customer service and enhance marketing campaigns.

In essence, what CRM solution providers promised in the past few years is the ability to increase effectiveness and efficiency by automating and tracking the entire customer lifecycle—from first customer contact through the contract to cash. However, a critical link many CRM implementations lack is the ability to capture and manage the customer order. As Exhibit 1 shows, the order is the center of the enterprise and links critical front-office and back-office business processes. Nonetheless, order management functionality is not necessarily a core competence of many CRM ISVs. Traditionally, best-of-breed providers such as MetaSolv, Comergent and HAHT Commerce, and enterprise application providers such as Amdocs, Oracle and Siebel have dominated sales order management capabilities.

This custom report addresses the importance of tying order management to CRM for improved business performance along with available options and trade-offs.

Exhibit 1

The Order is the Center of the Enterprise

Source: The Yankee Group, 2004

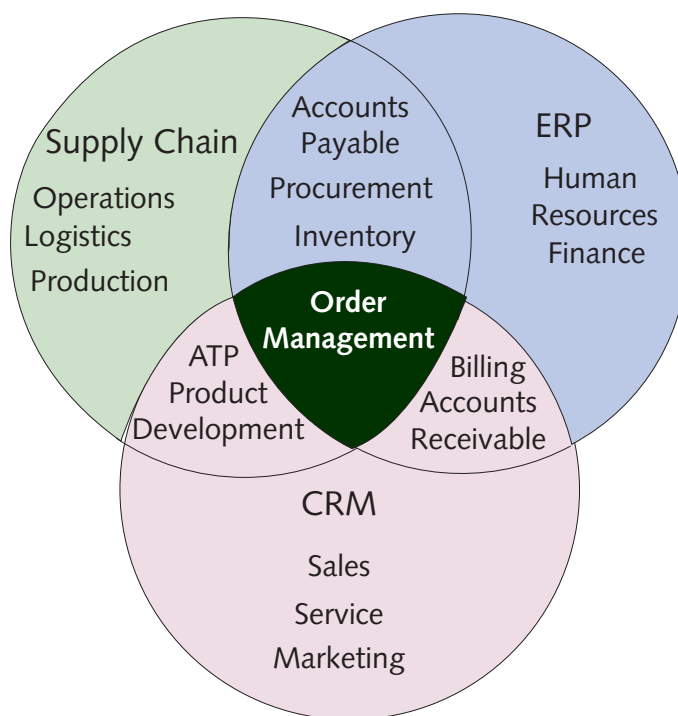


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I. The Market View

The CRM industry is in a significant state of flux. Many enterprises express varying degrees of dissatisfaction with the state of their CRM projects. Vendors and systems integrators accustomed to the salad days of selling large multimillion-dollar deals with thousands of seats find themselves pinched by a declining appetite for large installations. What is the reason for the ongoing debate on the relevance of CRM? The debate continues because it is difficult to show ROI on CRM technology beyond very basic measures of efficiency enhancement and cost reduction.

Yankee Group research indicates that CRM (in various guises) is still a business priority. However, the focus has shifted to the following priorities:

- **The integrated view.** Enterprises will undertake greater consolidation of disparate internal projects. These projects will affect customer-facing departments, and there will be a concerted attempt to unify the view of the customer from multiple departments and systems.
- **The basics.** Enterprises are taking care of data quality before building a single customer profile database. They're also trying to understand the business process they'll be automating before evaluating ISVs.
- **Back-office and front-office integration.** CRM integration is a critical budget item for many businesses. Most businesses now understand not only the need to integrate across sales, service and marketing systems, but also financial and inventory systems.

Although some companies have made great strides in gathering customer data for independent departmental use, many discover they do not have even basic information required for effective decision-making.

Why is this happening? The most common business process in any organization is the order-to-cash lifecycle. This approach takes into account the complete customer lifecycle—from first contact to contract to cash. However, most businesses have cobbled together the systems and processes. The traditional approach is full of inefficiencies, such as verbal handoffs, paperwork, redundant data entry and linear processes via multiple disconnected systems.

The vast majority of businesses have information scattered throughout the enterprise—on paper, in siloed databases and in e-mails.

As a result, many companies cannot even gain visibility into basic performance questions, such as:

- Who are our most profitable customers and what have they purchased?
- What are the current opportunities that our sales team and partner network are working on and when are they expected to close?
- Which marketing campaigns generated revenue and why?
- Are we allocating the right resources to the right opportunities? Is the right information necessary to complete the order available efficiently and accurately?
- What are the past and current service requests from this customer and do they have an outstanding payment?

A question remains: Why is it so difficult to answer these fundamental questions?

Few businesses have achieved the Holy Grail of leveraging the data across departments and business units for improved customer-centricity that drives effectiveness and transparency. Many CRM solution providers promise increased effectiveness and efficiency by automating and tracking the entire customer lifecycle. However, most are missing critical functionality to deliver results: order management capabilities. If CRM does not connect the order, businesses are missing opportunities.

II. The Importance of an Access Strategy

The success of business-critical applications such as sales, service, marketing and e-commerce hinges on the ability to capture and manage the order. Orders and purchase history are the foundation of CRM. As shown in Exhibit 2, there are many interdependencies. If CRM does not connect the order, then businesses cannot answer fundamental questions regarding the state of the business.

Without visibility and transparency into the details about the order, applications and business processes are less effective. These are the central issues:

- Sales representatives need access to a product list, pricing and inventory availability to generate quotes and create orders.
- Marketing cannot mine patterns for personalized campaigns and cross-sell opportunities without purchase history.
- Customer service and support require order management capabilities for review status, making changes and verifying entitlements.
- Customers are demanding immediate inventory availability and visibility into the purchase history.

Exhibit 2

If the CRM Doesn't Connect the Order, You Can't Answer

Source: The Yankee Group, 2004



III. Conclusions on the Current State of CRM and Order Management

Depending on the size of the business and current state of IT investment, companies have many options to connect the order:

- **Large Enterprises:** Large enterprises already have invested heavily in enterprise applications (such as PeopleSoft, Oracle, SAP and Siebel), HR, financials and supply-chain management suites. These vendors provide order management, but not necessarily as part of the CRM suite. As a result, the best alternative is to use existing systems and new integration technologies that can streamline customer information from heterogeneous systems in near-real time. Although this is an expensive alternative, it is critical to avoid missed opportunities.
- **SMBs:** Some midsize companies and divisions of larger companies also have invested in a variety of stand-alone CRM and accounting applications. Integration tools can assist with invoice visibility by tying the front office to the back office. However, order management capabilities are usually manual. Even worse, many companies are still using spreadsheets and contact managers to track customer information, which places considerable critical information in unstructured repositories. Depending on the existing IT investment, integrating additional order management from existing vendors or evaluating suites that have integrated order management capabilities are available options.

The true measure of any business initiative is the value it creates for the company. With the economy poised for a rebound, enterprises are ready for business processes and technology solutions that produce better customer insight and improved business performance. Investments in customer relationship management are at the heart of future success. However, to succeed, enterprises must be demand-driven, integrating front-office systems (including newly added Web operations) with the back office to maximize profitability.

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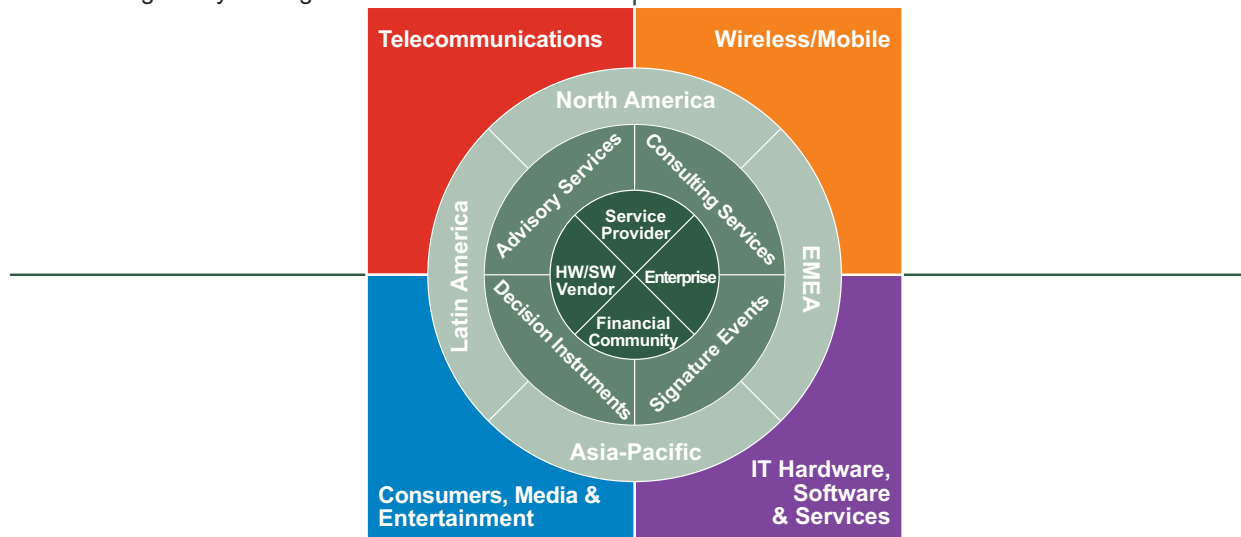


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