

***Cutting Edge***  
***Total Customer Relationship Management***

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and  
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## Table of Contents

Overview.....	2
What is Total Customer Relationship Management? .....	4
Critical Success Factors .....	5
Roadmap to Total Customer Relationship Management.....	5
Step 1: Gain Senior Level Sponsorship .....	5
Step 2: Gather Information .....	6
Step 3: Assess Current State and Define Future State Gaps.....	6
Step 4: Identify Value Opportunities .....	7
Step 5: Develop Business Case.....	7
Step 6: Link Value Opportunities to Total CRM Capabilities.....	8
Step 7: Define CRM Projects and Requirements.....	9
Step 8: Develop a Roll-out Strategy .....	9
The Uniqueness of Total CRM using Wintouch and NGS-IQ .....	9

## Overview

Your current customers represent your best future customers. This has been true for almost every business since the beginning of commercial transactions. Most companies know this but do little to act upon it. The concept of using information about your current customers to generate more or larger sales, more often, is not new. Your AS/400, iSeries or i5 server already contains most of the data you need to accomplish this goal. Touchtone and New Generation Software offer the tools to get the job done.

Touchtone's Wintouch Customer Relationship Management product is unique in the marketplace for seamlessly working with DB2 data on i5 and iSeries servers without the need for software or hardware middleware. New Generation Software's NGS-IQ Business Intelligence suite is also a unique solution that works natively on iSeries and i5 servers while integrating presentation functionality with MS Office applications to deliver critical information to individual users.

Wintouch's operational customer relationship management has three primary purposes for any organization:

1. Create one view of the customer so all employees see exactly what the customer's status is from sales history, to credit status to opportunities for increasing sales
2. Improve the way you service customers to grow sales, increase retention and build long-term relationships
3. Improve efficiency and cut costs by automating manual processes, decreasing time and hassle required to record critical information about customers, etc.

NGS-IQ Business Intelligence suite is an extremely flexible system to deliver critical data to decision makers. All organizations using NGS-IQ can:

1. Close the data loop by unlocking data held in transaction processing databases and sending summarized, historical information to management and users
2. Interface with existing spreadsheets to minimize the learning curve for how to use new information within the organization
3. Assist in process change by calculating and broadcasting key metrics to management regarding sales, operations, finance, marketing, production, etc.

By deploying both applications together, users achieve an end result that is unmatched for impact on the bottom and top line – increased frequency of sales, larger average order size, decreased cost per marketing campaign among many soft return factors. These benefits come directly from effectively delivering existing data in targeted contexts to critical decision makers at the appropriate time. The name for the concurrent use of operational and analytical CRM is Total Customer Relationship Management.

Total Customer Relationship Management, or TCRM, is best illustrated by using an activity loop:

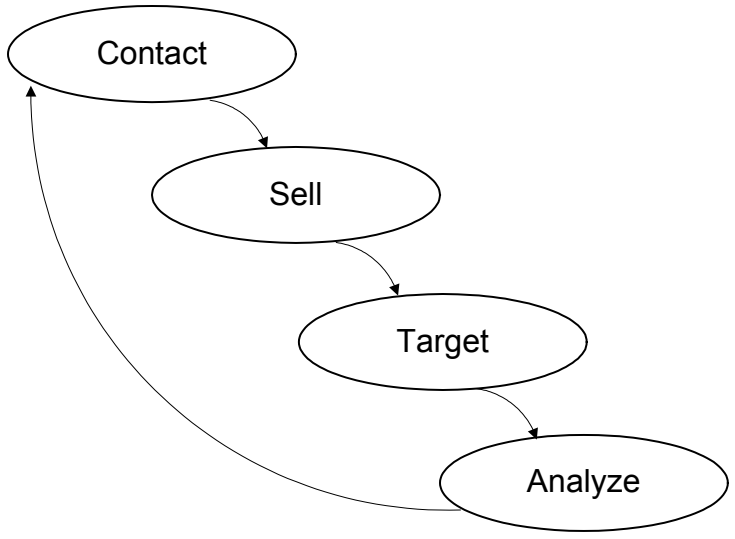


Figure 1. Operational and Analytical CRM activity loop.

The loop requires more effective deployment of critical data about individual customers on the front. Obviously, the more information your employees have about past and current interactions with an individual customer, the more effective your tactical sales process will be. Once the sale is completed the record and history of the process is then available for the next sale to help streamline interactions.

Ever-increasing quantities of individual sales are rolled together to create different views of the customer base and its history. Patterns are identified and individual customers are then targeted for next action based on their order history.

This loop allows savvy companies and astute managers to refine their processes. Among the change programs that a TCRM system can deliver are:

<p style="text-align: center;"><b>Sales</b></p> <ul style="list-style-type: none"> <li>• Create opportunities for cross sell and up sell</li> <li>• Be able to predict orders from specific customers to prevent shopping</li> <li>• Retain customers longer</li> </ul>	<p style="text-align: center;"><b>Marketing</b></p> <ul style="list-style-type: none"> <li>• Lower customer retention costs</li> <li>• Increase marketing efficiency</li> <li>• More effectively evaluate proposed changes in product, sales strategy, etc.</li> </ul>
<p style="text-align: center;"><b>Finance</b></p> <ul style="list-style-type: none"> <li>• Accurately determine net profit by customer</li> <li>• Effectively determine profitable transaction thresholds</li> <li>• More accurately predict changes in gross and net profits by product, customer, etc.</li> </ul>	<p style="text-align: center;"><b>Operations</b></p> <ul style="list-style-type: none"> <li>• Enlarge predictive window for production scheduling and ordering</li> <li>• Assist in decreasing inventory and increasing turns</li> <li>• Decrease post sales support costs through better information sharing</li> </ul>

## What is Total Customer Relationship Management?

Total customer relationship management (TCRM) is a premise that gives users a 360-degree view of their customers or contacts (CRM) and it combines this flat data with analytical conclusions that are derived from some Data Mining (DM) or Business Intelligence (BI) processing. The way we are using the TCRM term in this report, is not simply CRM and it is not just BI either, but the combination of the two which, when combined, create a powerful force for generating revenue.

What this means for the organization that uses TCRM is that those using the system can easily see all interactions between the contact/customer and the organization using CRM. This visibility includes documented conversations, email messages, faxes, sales transactions, shipments of product/samples, meetings or conference calls that have been scheduled or taken place, orders placed, credit limit/status, etc.

In addition, the TCRM system will reveal the results of BI processing, in the form of conclusions being drawn from transaction data, direct marketing results, etc. The BI conclusions may be derived by a software model or program that presents information automatically, such as a cross-sell or up-sell recommendation to the customer service rep, or it may provide this data to the direct marketing group on a batch basis. Batch reports may be lists of customers that should receive a certain mailing or possibly a catalog with only the products that they order.

Through the use of these tools there are many areas where an organization can benefit:

- More effective sales reps through the use of sales automation and efficiency tools
- Lower IT costs through the management of only a single customer database structure and by giving users the ability to generate their own reports
- Better financial performance through management's visibility to customer, sales, marketing, inventory and production issues
- Eliminate marketing waste through more targeted marketing
- Increased revenue by presenting cross-sell and up-sell opportunities to CSR's and sales reps
- Better marketing results by targeting specific product messages to specific target audiences
- Increased customer satisfaction through quicker and more comprehensive customer care
- Increased profit and lower marketing expenses through better customer retention

TCRM is a tool that can shrink costs and boost revenue. But, like any tool, the user has to know how to use it. Training is key, to get users taking full advantage of the benefits of the TCRM output. Automation can help speed the ROI, by putting suggestive scripts and sales opportunities right on the screen of the user, thus allowing less experienced reps to capitalize on opportunities more quickly and more easily. Adopting TCRM can mean a cultural change in your organization too, but it is always for the benefit of the customer and the firm. If you are interested in improving the results of your organization, the next step must be to put a manager or team in place to explore the benefits of TCRM at your organization. I challenge you to take the first step today!

## **Critical Success Factors**

In order to achieve a substantial ROI on a complete CRM system, several factors need to be in place:

1. Buy-in from top management for the goals and objectives
2. A strong sponsor (skilled, knowledgeable and politically savvy)
3. Positive involvement from all process owners
4. Strong project management that can facilitate constructive, productive brainstorming sessions, and that is good at maximizing participation from the team
5. Honest feedback from all affected internal and external parties (customer groups, other inter-dependent internal departments) must be obtained and considered
6. Everyone must accept that new technology often requires modifying processes
7. Comprehensive training on new processes and new technology must be done concurrent with deployment
8. Lack of communication can be life threatening. You cannot over-communicate.

## **Roadmap to Total Customer Relationship Management**

Each company is different – there is no one size fits all solution. However, there is a common process that will assure that the Total CRM requirements are defined, everyone is on board with the goals, and the plan is executed to meet those goals.

Like most business and IT projects, there are several requirements for a successful Total CRM project. The critical steps are:

### **Step 1: Gain Senior Level Sponsorship**

The sponsor for a Total CRM Roadmap must have a vested interest in the success of the project and ideally has P&L responsibility for the group to be impacted. This helps develop buy-in from the senior management team and the operations staff.

Any Total CRM effort without senior level sponsorship will have diminished return on investment (ROI) and the potential of much wasted effort. As with any project an organization undertakes that involves significant change to business processes, organizational structures, or roles and responsibilities, the lack of key, influential sponsorship reduces the effectiveness of the project, since there is no driving force for implementation.

While Total CRM can be part of a comprehensive, enterprise wide change in processes that are envisioned by senior level management, often it is a project that involves sales, marketing and IT functions only in a more limited scope. Regardless, high-level sponsorship is needed to bridge gaps between functional departments and smooth over mid-level political intrigues.

## **Step 2: Gather Information**

It is critical to gain the insights of various key stakeholders, decision-makers and representative users within the organization. These insights can be acquired most effectively by holding one-on-one meetings. We use an "interview template" that consists of questions developed from experience and geared toward the functional area being discussed.

This template serves as the foundation for framing initial discussions with the client. Examples of questions that help us gauge the health of the client's CRM include:

- How would you define CRM?
- What types of customer information is captured/tracked (acquisition/retention costs, churn, cost to serve, etc.)?
- What information would you like to know about your customers that you currently do not?
- What metrics do you use now to gauge the health and direction of the business?
- What metrics would you like to use to support planned changes in processes?

Depending on the scope and effort of the project, these meetings may include not only executives, but also individuals all the way to the front line. Given their more frequent and direct interactions with the customer, front-line personnel may know more about customer needs, preferences and concerns that may not have been communicated to the executive level.

While our customers are capable of doing these information-gathering interviews, our experience is that an outside interviewer is more effective in drawing out meaningful answers from all levels. All other portions of the roadmap require direct involvement from the staff of our customers. This one should be mostly handled by outside personnel.

## **Step 3: Assess Current State and Define Future State Gaps**

Through these meetings, we gain an understanding of the client's current sales and marketing capabilities and processes. At this point we can outline significant areas of opportunity to improve customer relationships and how better decision-making information can improve sales and marketing effectiveness. In meetings with senior management we strive to understand how these areas of potential improvement align with the company's future direction.

We use the results to determine how close our client is to meeting and exceeding their customers' expectations by either survey or benchmark comparison. We can then present the gaps between their current sales and marketing processes and their internally desired state. We then compare the current state against best practices within the clients' respective industry and across industries that reveal opportunities to help our client become an industry leader.

## **Step 4: Identify Value Opportunities**

Value opportunities are specific changes to customer-oriented processes, software and hardware that have a positive affect on the top and bottom line. We use a time frame between 6 months and 2 years, a medium term view that allows for more than just short term gains but is not too rigid so as not to be able to change with future needs. We identify and categorize value opportunities along the lines of people, process and technology by analyzing the gaps between the organization's current state and its desired future state identified in the previous step.

Once value opportunities are identified and their impact quantified, meetings are held with stakeholders and executives to prioritize the list. This step is not the roadmap. Some value opportunities on the lower portions of the list may be easy to quickly implement and will be done before other higher impact but more involved changes are made.

One example of a value opportunity is improving the ease and quality of data capture for all customer contacts across sales functions and touch points (e.g. phone, e-mail, etc.). Another value opportunities may involve training on procedures for evaluating past purchases when talking with a customer. A technology value opportunity might include developing a data mart to conduct in depth trend analysis for customers by SIC.

## **Step 5: Develop Business Case**

Once the opportunities, goals and requirements are defined, it is necessary to develop the business case to support or refute the criticality of executing a Total CRM project. The business case seeks to justify the dollar investment needed and the ROI (return on investment) that will be realized over the course of the investment, usually three to five years.

For example, a direct Total CRM investment for a company with an iSeries ranges from \$50,000 to \$200,000 in the first year for direct costs of software and services. The amount is wholly dependent upon how many value opportunities are identified and how extensive are those initiatives. A comprehensive, near term change in sales and marketing process is on the upper end of the scale, whereas, an incremental approach to improvement over several quarters requires less up front investment.

The investment cost takes into account number of users, internal and external human resources, training, infrastructure, hardware, software and implementation costs. However, the typical ROI for this range of investment could vary from \$50,000 to \$10 million.

Business cases enable a company to prioritize each project's value opportunity to the organization. With the creation of a "value realization plan," client executives have a tool to judge the impact of changes to the Total CRM investment plan. An accelerated implementation could be modeled to quantify the effect of earlier Total CRM benefits. Similarly, an extended investment plan allows them to quantify the impact of a slower implementation in terms of lost benefits over time.

## Step 6: Link Value Opportunities to Total CRM Capabilities

Once we determine where the value opportunities lie, we map each to either the operational CRM capabilities of Wintouch or the analytical CRM capabilities of NGS-IQ. Identifying which Total CRM capabilities are needed enables organizations to more effectively direct their efforts and ensure they derive the projected value.

Below is a sample of link between a specific value opportunity and its corresponding Total CRM capabilities:

### **Value Opportunity:**

Integrate information from current post sales service projects with current sales processes

#### **Total CRM Capability**

- A single screen from primary sales person to view general contact information, current sales efforts and service department touches
- Involves minor customization in Wintouch screen to access data fields in service application

#### **Effort and Benefit**

- One hour of work to integrate databases and create display fields
- Eliminates several phones calls each week between sales people and service managers. Twenty to thirty minutes of timesavings per individual per week.

### **Value Opportunity:**

Decrease time between first orders and second order for new customers

#### **Total CRM Capability**

- A simple market basket analysis to determine the most likely second products purchased based on the first products purchased
- Tabular presentation by customer of what to suggestively sell to new customers to bring forward the second sale delivered via an MS Excel sheet to each sales reps from the NGS-IQ server

#### **Effort and Benefit**

- One day of work to generate lists of products in second orders grouped by products in the first order
- Brings forward the second sale to increase revenue
- Improves customer retention rate

## **Step 7: Define CRM Projects and Requirements**

Once value opportunities are prioritized, a specific Total CRM project plan is generated that brings all the planning and implementation considerations together. The overall projects plan is best described as a series of smaller projects that are narrowly defined and implemented within the context of the overall plan.

Once Total CRM sub projects are designed, it is critical to list and communicate the business and technical requirements needed for each. These should be specific and list the necessary people, process and technology components of each project. Included in this communication are the benefits, hard and soft, and expected return on investment.

## **Step 8: Develop a Roll-out Strategy**

Developing a rollout strategy enables organizations to focus their resources, money and time on the most important projects that help them become customer driven. This portion is often thought of as training and, indeed, that is the bulk of the work at this phase. However, emphasis needs to be put on training for the new process and not on the software tool that delivers the information.

## **The Uniqueness of Total CRM using Wintouch and NGS-IQ**

There are three principal benefits of Total CRM described above that distinguish it from all other individual CRM solutions.

### **Specifically designed for the AS/400, iSeries and i5 Servers**

Wintouch is a native RPG ILE application for the AS/400, now i5OS, that provides access to green screen applications, including sales order, accounting, production or inventory management systems, at the click of an icon (5250 emulation.) Also, Wintouch can integrate data from other applications into appropriate CRM screens, making them available for viewing, searching, reporting and order entry in real time allowing you to gain full value from generations of investment in multiple platforms and applications, even your homegrown applications. New developments in Wintouch now make all of this information and interactivity available in portals using IBM WebSphere. WebSphere Portal brings mobility, enabling access from laptops, PDAs or even web-enabled cell phones. Wintouch server software runs securely on your iSeries using DB2 while WebSphere Portal can run on iSeries or Linux.

NGS-IQ is also a native application on the AS/400, iSeries and i5 platforms that interacts with analytical modules on the PC as well as populating PC spreadsheets, databases and word processing programs. It has interfaces for all skill levels from programmer to power user to casual user such as a salesperson or order entry person. By operating on the platform where the transaction data already resides, there is no need for installing middleware servers in between the user and the data. All administrative functions can be performed by anyone familiar with the server. For the business user, NGS-IQ's ability to

directly deliver targeted data into spreadsheets and its extremely user friendly multidimensional analysis module means that there is a very short and easy learning curve for any consumer of information.

## **Web-based**

While the main application runs on your AS/400, iSeries or i5 server using your DB2 data, users access Wintouch over the Internet using any standard web browser. Information is directly entered into the system for immediate use by anyone in the organization. This means that your IT department will not be constantly debugging communications problems, or transferring data from remote contact management database to a central system.

While many companies offer a new module on the PC, or internet-based analytical capabilities. NGS-IQ has gone the extra mile and, in addition, includes rock solid connections with the PC applications that people already use such as MS Excel, MS Word, Lotus 1-2-3, etc. This minimizes the learning process of software so that companies can concentrate on their core competencies and the more important learning process of what to do with better data delivered at key times.

## **Highly customizable**

Wintouch's internal screens feature easy drag-and-drop customization. Each screen is customizable to have exactly the data necessary to show customer-facing employees exactly what they need to service customers better, improve sales, and focus on the bottom line! Information screens can be customized to display specific fields for different types of accounts, for resellers, distributors, partners, vendors, employee information, etc. This makes Wintouch a superior CRM solution for the AS/400, iSeries and i5OS.

The thousands of companies have deployed NGS-IQ, each in a way that best fits their processes and internal needs. NGS-IQ is the most flexible AS/400, iSeries and i5 business intelligence product on the market. It is best thought of as a platform upon which the individual customer can easily create views of data specific to their individual situation and needs.

Additional features of both products include unlimited scalability and superior security features to protect access, as well as, data, plus fast deployment.

For further information about Wintouch eCRM, please contact Rich Hall at Touchtone Corporation (800) 786-8663. David Gillman at NGS can be reached at (800) 920-2200.