

## Why Integrate CRM to Back-end Systems?

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### **RPG and ERP and JDE and SME and EAI and ROI, Oh My!**

Why do you need to integrate your CRM system to your customer master files, your ERP or processing systems, or any other applications and data for that matter?

Because the ROI of CRM is in the back-end data! Understanding this value is the key to your successful and profitable installation of a CRM solution. If you are too busy, lazy or frugal to integrate your customer relationship software to other data, you may as well buy an inexpensive, off-the-shelf contact management tool to keep track of your customers and their phone numbers and addresses.

Customer relationship management by definition is about managing the *entire relationship* between the customer and your company, not just knowing where they are located and what people work there. The contacts are important, but they are *not enough!* If I call a vendor, and they have to transfer me to accounting to talk about my balance, and then to the shipping department to determine why my shipment is late and by the way, I need to order one more item, so I am transferred back to sales... Well, you get the picture. I'm not a happy camper at this point.

In addition to servicing customers, your users must *want* to use your CRM system, so it must have value to them, especially to salespeople, who often have a choice about how much they contribute to the information collected about a customer. In the November 2003 issue of CRM magazine, Michael DiSimone, VP of Operations at an international financial services firm saw a Siebel CRM system fail because it was not integrated to their processing system and the sales group refused to use it.

Integration to the systems that sales and customer service need is critical to CRM success. In fact, salespeople will quickly become your best CRM evangelists and utilize *any* system that contributes to their success (i.e. fatter wallets) thus generating increased profits for your company.

DiSimone's company ultimately chose a hosted solution, increased the number of users on the system and decreased the cost per user. The new solution reduced customer defection rates, the company achieved increased profits of \$100,000 right away and \$250,000 by the end of 2003.

### **The computer platform is key**

When companies decide to purchase CRM, it is critical that a multifunctional team be involved from the outset in choosing the right solution. If sales or marketing decides on their own, it could be a disaster! I recently spoke with one Irvine, CA based IBM reseller who choose a solution with "neat looking buttons" and lots of graphics, which turned out to be extremely unpopular with users. One sales rep said he could launch the program,

go get a cup of coffee and talk to co-workers for ten minutes while waiting for the solution's heavy Domino and Flash program to boot-up. In addition, the solution required the purchase of new hardware, had a steep learning curve and now they are contemplating an expensive upgrade to make the whole system meet even minimal needs and expectations of users.

A simpler solution – native to their hardware and OS – could have been deployed on their existing hardware, requiring no new IT skills *and* at a fraction of the cost of their troublesome CRM software. Users would have quicker access, a shorter learning curve, lots of customization at their fingertips, plus all of the same functionality, not to mention a faster and less expensive initial integration.

The lesson here is that someone from the IT management team must be a member of the CRM selection team! If they have an equal voice in the selection of the right software, they can help assure that the system will be practical for everyone. Will there be tradeoffs? *Most likely*. But what good is a system if users can't access it and IT has trouble maintaining it or has to upgrade hardware before the CRM solution can be fully utilized?

You should also make certain that the IT person or persons involved have a good overall view of your IT resources. If the Windows Network Administrator is your only representative from IT, you could end up with a neat CRM interface to Microsoft Office, but no integration to the AS/400 customer master database and order entry system, for example, that is critical to servicing customers. So, don't assign junior staffers where managers are needed.

### **Other platform considerations**

Carefully consider where your customer data resides now and the other software applications that power your company. If your customer master database is on an IBM DB2 system, it may not make any sense to install a Windows or Oracle CRM system that will be difficult to integrate and maintain.

Having the two systems on the same platform also enables more real-time sharing of data between applications, which can be critical to business functions in this day and age where speed is of the essence. For example, if the account your Customer Service Rep is talking to was put on "credit-hold" 5 minutes ago, you want the CSR to know that **now**, not after the batch update that runs nightly, because the two systems cannot "talk" to each other.

If the entire company is comfortable with the production control system, order entry system, inventory control and ERP, for example, then look hard for a CRM system that runs on the same platform. It could save a lot of integration and IT staffing expense, headaches, and inefficiency, even if it costs a little more initially. I frequently talk to CRM shoppers who are considering changing their entire ERP system when often times the right CRM system will solve many of their gripes with the ERP software. Sometimes the company just needs a new GUI front-end CRM system that enables easy desktop and remote access to their existing customer master data, order history, even "green screen" applications at the click of an icon.

The right CRM system can offer this, while keeping the back-end infrastructure in place, preserving systems that work fine, and saving countless hours of retraining staff with uncertain results and possibly months of downtime and user confusion.

### **What if my data is in more than one database?**

If your data or applications are on more than one platform, be that Windows, Oracle, IBM OS/400-DB2, Unix, etc. you are better off consolidating on the platform that holds your most critical data. For example, if your customer master database is in DB2, then it is most intelligent to get a DB2-based CRM solution as well. If the inventory control system is in Unix, and updates the customer master or ERP system nightly, well that's okay (not ideal, but okay.)

Real-time data from all internal departments is critical to a company's success when it comes to servicing customers. If I can promise a customer their shipment by tomorrow, because I can see the inventory is there, I get the order *now!* If not, the customer and their business will go to my competitor. And maybe not just this order, but possibly the customer will decide to place all of their future orders with my competitor, too. You can see how this can snowball and how crucial CRM can be.

One of the largest insurance providers in Ireland wanted to launch a new insurance program for drivers under the age of 25, who had passed a driving test within 5 years, were claim-free, and had cars that met certain size requirements. Having all of this data accessible on the CRM system was key to the success of the marketing program.

If the CRM system can generate mail-merged letters and follow up email blasts to this target audience, you can see the potential to deliver excellent results at minimal cost. The targeted message that firm used *doubled* the sales of the new product, *doubled* the qualified leads, and significantly reduced marketing and customer service expenses. (November 2003, Customer Relationship Magazine.)

### **Where will the return on my investment come from?**

The example of the last paragraph is a good place to start. If I can see all of the back-end data I need to service customers, I can make an impact on their orders *right now!* As a CSR or salesperson, I have the ability to book revenue when customers need it most, and sometimes they'll even pay a premium for that. Other sources of return on your CRM investment can come from:

- More efficient customer interactions so that Sales Reps and CSRs can handle more volume
- Better customer tracking with fewer lost orders, better follow up and higher close rates
- Higher customer satisfaction translates to larger sales/orders and more repeat business
- Data captured about customers enables better targeted marketing, lower advertising/promotion waste, reduced marketing expenses or a wider reach
- Better targeting and forecasting of the most profitable and higher priority accounts translates into higher close rates with the most profitable and urgent sales opportunities.



- New CRM marketing tools such as mail-merged letters and email blasts can help win new business at little or no cost
- With sales, customer service and accounting working from the same data, customers are assured of the same information from all parties, instilling confidence in your company and their ability to service the customer

While some of the above seem hard to put a value on, there are probably plenty of stories around your company of lost orders or accounts due to errors, poor follow-up or lost confidence in your organization. Add up the amounts these orders and accounts have totaled and you will quickly see that a well-implemented CRM solution will pay for itself and for many years to come.

**Does this make CRM successful?**

*Not exactly...*the right CRM solution – well-integrated to the back-end data and systems with all of the features and functionality that users need – is only half the battle. The rest of the challenge is educating users to recognize the opportunities presented in the data on the screen and then to capitalize on it. In the end, people still need to use the tools you provide.

It is with positive interactions that mutually benefit customer and vendor that powerful relationships are built. The good news is that this can be taught, and that the benefit will be seen almost immediately in terms of customer, employee and organizational satisfaction and success.

If your company's enterprise server is an IBM iSeries – AS/400 using a DB2 database and you would like further information about integrating a CRM solution with your ERP and other back-end applications and data, call (714) 755-2810 or email [info@TouchtoneCorp.com](mailto:info@TouchtoneCorp.com).

**Further Reading:**

Touchtone White Paper: What Do C-Level Execs See as the Biggest CRM Challenge? (Deals with teaching the use of the opportunities presented.) Available online: [http://Wintouch.com/white\\_papers.htm](http://Wintouch.com/white_papers.htm)

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