



# Software Tools and Dashboards

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**Overview**

Expectations are inevitably high when a company decides to implement a CRM system. Why shouldn't they be? CRM has been lauded as the next revolution in customer management, giving firms the ability to manage their customers on an individual level. This level of individualized marketing is said to decrease overall marketing spending while increasing marketing's overall effectiveness. These expectations are, indeed, feasible, but companies are often concerned about the implementation of the CRM system. There have been many cases of failed CRM implementation that have had adverse impacts on companies, their managements, and their stakeholders.

While failed CRM implementations are a reality, a careful examination of options as a precursor to implementation can negate much of the risk inherent in a CRM implementation. Firms have different requirements and different competencies and must ensure that their implementation method satisfies their requirements and highlights their competencies. With patience and careful examination of expectations and competencies, management can select a CRM system and associated implementation strategy that best suits their needs, leading to an invaluable customer management tool.

storage, application software and hardware, all of which add considerably to the overhead costs. The initial hardware and software expenses constitute only a small portion of the total cost, which is largely shaped by maintenance demands, especially those arising from changing requirements inside the organization. This can be done with or without external consulting help, although it is useful to have external help because collecting data, managing related systems, and driving value from data is not a core competence of most businesses.

A good analogy for this route is building a professional sports franchise with young or unknown players. The young players are able to fit into the scheme you develop but will lack the experience of more seasoned veterans. Because of this, much more oversight, training and management will be needed to ensure the success of the team that bears upfront costs and long-term costs as well. While the upfront cost of this choice may not be as much as acquiring seasoned veterans, the opportunity costs and long-term costs almost certainly are greater.

In 2015, it was reported by the Wall Street Journal by Facebook's chief information officer, Timothy Campos, that Facebook's productivity is managed through the development of proprietary software tools. The company didn't want to fit their needs into a budget, or outsource what they could do in-house to help increase workforce productivity. They also didn't want to be forced to tailor external products to their needs. CRM software was internally created at Facebook, so, for example, when an advertiser contacts Facebook with a problem, Facebook immediately knows all the information about the company and can deal with issues accordingly, and expeditiously (Rosenbush, 2015).

**Advantages**

Companies develop a tailor-made solution adapted to their needs and structure. They develop internal resources and skills that allow them to develop the system each time the company requirements change. By doing so, they can avoid dependence on CRM software vendors and on new software releases or developments. Since the solution is tailor-made to fit their current business practices, firms that choose this route are not required to adapt their business practices to any particular software. This independence of not

**9.1 CRM Implementation Options**

Companies can opt for any one or a combination of three different ways to implement a CRM solution: developing software in house, buying licensed software, or outsourcing creation of software.

**9.1.1 Developing Software In-House**

Building and managing a CRM solution in-house requires the company to define all its requirements, pay for software development, and bear all the R&D costs internally. Companies choosing to develop software in-house must invest heavily in

relying too much on software often leads to a smoother transition for the majority of employees using the system.

### Disadvantages

This is usually the most expensive option because the company has to maintain, operate, and improve the system on its own. Usually, it is very difficult to attract and retain the employees needed to solve data warehousing challenges. The typical time commitment is 1–2 years, which might be long when compared to other out-of-the-box solutions in the market.

## 9.1.2 Buying Licensed CRM Software

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Companies that choose to buy licensed CRM software will also need extensive IT resources. Even with a licensed CRM software solution, companies still need to develop the IT infrastructure and integrate the new software with existing applications. This solution can be sold as a block (it may be composed of different modules adapted to each. Front-office application) or it can be sold as independent modules (e.g., the company just buys the sales automation module or the contact management module).

Although the CRM vendor should provide knowledge and training for the new system, considerable effort still needs to be invested in order to develop internal expertise and skills to effectively run the new CRM solution. Also, each time the CRM vendor releases a new or an upgraded version of the software, the company needs to go through the process of upgrading the systems, buying additional modules, and resolving other associated problems. Oracle is one of the largest vendors of CRM software, offering suites of products, including CX Cloud Suite, which aids companies with marketing, sales, commerce, social and CPQ (configure, price, quote). The software helps improve sales productivity and produces real-time customer information. One of the Oracle's largest customers is DIRECTV, which Eric Walters, project manager of sales operations for DIRECTV, said «allows them to spend less time working with us and more time with the customers, selling – a huge competitive advantage» (Oracle, 2009).

### Advantages

Many of these software packages have a proven record of success, and the company can feel reassured that this solution has worked for other companies. Typically, the software packages are developed using a set of «best practices» and continually updated as the practices evolve. This ensures that the CRM system will function properly. The IT concept and developments will be implemented with the help of the CRM vendor and the company will only need to adapt its IT structure to integrate the new solution.

### Disadvantages

This is also an expensive option and may take several months to be integrated with the company's operations. The initial fees and the licensing costs are usually high. Companies are often charged to renew the license each year. Maintenance costs are required over the life of the software, and each time a new version comes out, companies have to pay for it. If the company chooses to customize the solution to its needs, it will have to pay for consulting services, which are generally very expensive. In situations when companies change to a new CRM software package, they may also face resistance from employees in terms of adapting to the new system/process. Even programs that can save employees time and effort can be regarded as intrusive and complicated in the short run, if the new software package is a significant detour from the previously used CRM software. In this regard, a careful examination of the company's human capital would be critical in making a decision on the choice of CRM software package.

## 9.1.3 Outsourcing a Managed Service

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Companies can outsource the CRM solution from a third-party company. The outsourcing company provides the hardware, software, and human resources in exchange for a monthly fee. Implementation takes less time because applications are already built and operational and the outsourcing company has an incentive to get the system running so that it can initiate service and fees. American Express, for example, outsources some of its CRM needs to ► [Salesforce.com](https://www.salesforce.com), which tracks data through various channels including

mobile, Apple Pay, and credit cards. Through Salesforce, American Express is focused on sales, accounts, development, servicing, marketing and communicating in real-time with customers to help solve and remedy problems as soon as they occur. It also helps retain customer relationships, which American Express is known for cultivating effectively (Salesforce, 2016).

### Advantages

The upfront costs are lower than in the other two approaches. Companies do not need to pay for software licenses and hardware systems. The firm does not need to recruit or develop internal IT skills to manage the new CRM solution. The company can adopt a pay-as-you-go approach, meaning that it can start the process of paying as the CRM results are visible, instead of paying upfront costs and licensing and maintenance costs. Especially pertinent for smaller companies or those with limited marketing and IT budgets, this approach allows these firms to take advantage of CRM programs which would otherwise be unavailable due to high costs. This approach is often referred to as Software as a Service (Dubey & Wagle, 2007) (SaaS) or Software on Demand.

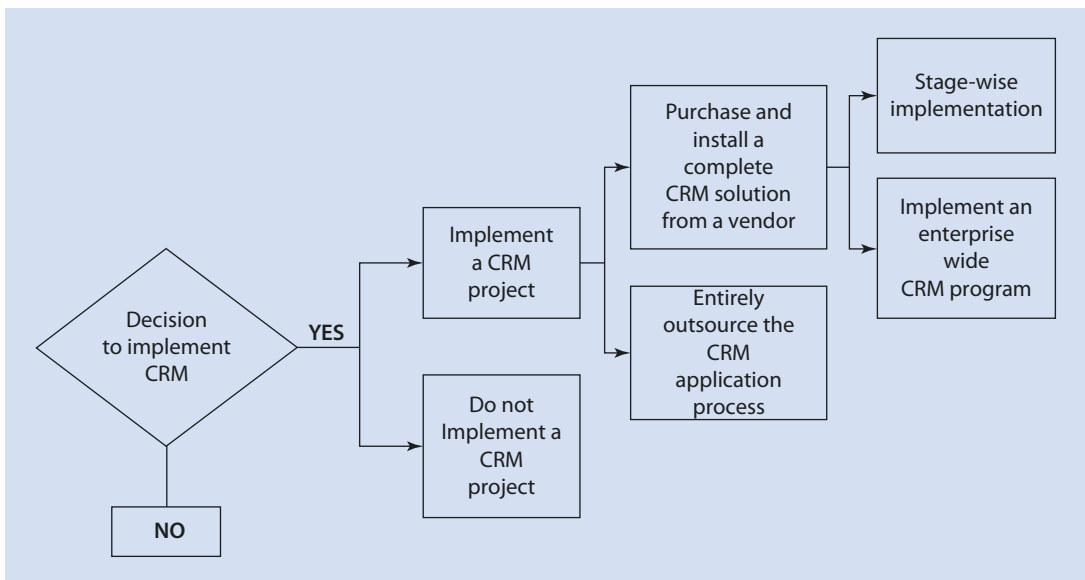
An example of this type of software is ► [Salesforce.com](#) or ► [Pipeline.com](#), which provides sales force automation without expensive licensing or software development.

### Disadvantages

Each time the company needs to adapt the solution to new requirements it has to contact the outsourcing company and pay for the developments. The firm does not possess the necessary skills and knowledge to manage the CRM solution, and it risks losing the CRM solution investments if the outsourcing company goes out of business. The implementing firm is entirely dependent on the outsourcing company, placing even greater importance on platform selection. This option may not be viable for very large or specialized firms who require specific requirements in their CRM package.

### The Decision Process for Implementation

When deciding about implementing the CRM project, the organization follows a structured hierarchical process (■ Fig. 9.1).



■ Fig. 9.1 The decision process for implementation

In the particular case that the company opts to buy a CRM solution, integration middleware suppliers and consulting services at the management, technical, and information systems levels are often employed, even though they are not always required. Depending on the type of application, these services may be included in the original contract.

## 9.2 CRM Software and Applications

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In this section we will focus on the option where the company chooses to buy licensed CRM software or to outsource the CRM solution.

### 9.2.1 Stage-Wise Implementation Versus an Enterprise Wide CRM Solution

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The CRM industry offers different types of solutions based on the company needs and processes. CRM software solutions can be looked at in two different ways:

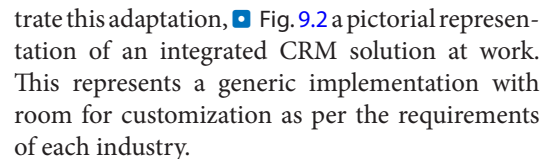
1. CRM software is offered in different, independent modules, which are adapted to a specific department's needs (e.g., the company buys the sales automation software and the contact management module from different providers).
2. The enterprise wide CRM solution is composed of different modules from the same provider. These modules may be adapted to each department's needs, yet they are implemented as a whole by connecting the different modules and the existing databases. Individual components may be weaker than best-of-breed products; however, the organization knows the different components are fully compatible.

Sometimes the enterprise-wide CRM solutions are not customized to specific needs. This could lead to further consulting costs in the future. Current market conditions and competition have resulted in CRM vendors now customizing individual modules to company needs.

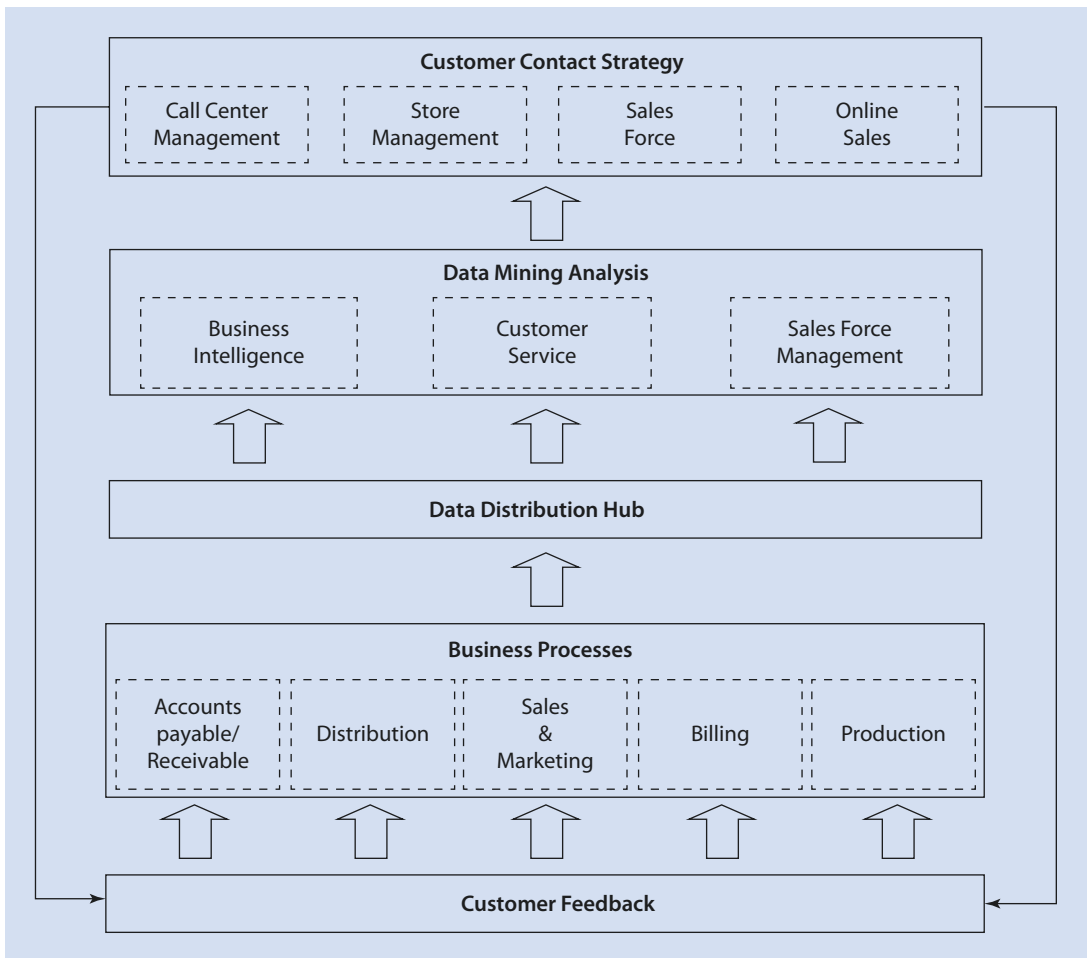
Ideally, all CRM software solutions should integrate information and databases from marketing, sales, customer service, e-business, call-center, and other sources. The total CRM solution comprises a series of many different hardware devices and software components. These components may or may not come from different suppliers and may run on different platforms. It is the company's decision, based on the precedent requirements, to choose between a stage-wise implementation of CRM modules or an enterprise wide CRM solution.

### 9.2.2 Relationships and Flows Between CRM Modules

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As stated earlier, CRM modules can be implemented independently in phases or together in a global solution. In both cases, the important thing is to integrate the modules so that the company can have an integrated view of the customer. All the information obtained from the customer is stored in a data warehouse which will be used to perform analysis, modeling, and data mining. Consequently the analysis information will be used in different ways by each department to interface with the customer in the future, via the available channels of communication. To illustrate this adaptation,  Fig. 9.2 a pictorial representation of an integrated CRM solution at work. This represents a generic implementation with room for customization as per the requirements of each industry.

A new trend emerging in the CRM industry is that of strategic supplier partnerships. These consist of a partnership between the company that implements CRM and the supplier of the software and services. The goal is not only to customize the CRM offer to the company's needs, but also to ensure that the supplying company takes part in the implementation processes. This is in response to buyers increasingly demanding a risk-sharing proposition from the supplier. This means that the seller of the tool has an interesting delivering the impact that was promised at the time of sale.



■ Fig. 9.2 Example of an integrated CRM configuration

### Summary

CRM has a curious duality. On one hand it can provide the capabilities for firms to optimize their marketing budgets and, increase revenues. However, poor planning in the implementation stage can cause confusion in operations and cost the firm millions, or worse, alienate its customers. This chapter discussed strategies associated with CRM implementations, although there are varying degrees of customization that are possible with each strategy.

The first strategy is to develop in-house software. This is the most expensive option and should only be undertaken by firms that have a competency in software develop-

ment. Since the software is being developed in-house, it allows for customizations and permits the firm to tailor the system to its current business processes and culture.

The second strategy is to purchase licensed software from a third party vendor. This strategy is often less expensive than developing the in-house software, but can run up exorbitant costs in its associated implementation and pushback. Customization is possible in this strategy, but incurs additional costs when upgrading to newer software. The default practices and controls in the system are considered to be «best practices» as they are a product of research across a large number of firms. While these practices and controls

are considered to be industry-leading, they may not coincide with the implementing firm's culture and could result in considerable hesitancy from employees to adopt such a system.

The final option is outsourcing to a managed service. Companies such as [Salesforce.com](#) have made CRM capabilities available even to small and mid-sized businesses and have taken much of the anxiety out of implementation, since none is involved. This service is provided on a pay-for-play system, which equates to lower costs than the other two options. Outsourcing CRM is increasingly becoming popular with companies of all sizes. However, a prime concern with outsourcing CRM is limited control for the implementing firm from the provider. In addition, little or no customization options from the service provider are likely to create a cause for concern for the implementing firms.

Within each strategy lies the question of how to implement. There are two options:

stage-wise and enterprise-wise implementation. Stage wise implementation often takes longer, but allows for firms to take the implementation «one step at a time» and learn from their mistakes as they progress. This is often considered as a safer approach. An enterprise-wide implementation is considerably more risky, but allows the firm to begin taking advantage of all of the system's benefits much sooner since the system rolls out over all business units simultaneously.

CRM is a valuable resource for any company that wishes to gain insight into customer behavior. It can cut costs, increase revenues and make a significant impact on the productivity of a company. While implementing a CRM system can prove to a mine field of danger, with careful consideration of available options and conscientious management of the problem, the minefield can be safely negotiated, leading to the successful implementation of a CRM system.

### ? International Perspectives: Did You Know?

1. Implementing CRM globally has greater challenges and complexities, including language barriers, and colloquial nuances of doing business. In India, for example, a country with 22 official languages and 1652 other languages recognized by the Indian Census, culture and language will vary slightly from state to state. This will inevitably require producers of CRM software or services, to understand its global firms, and be able to strategically analyze the data of its foreign-to-them customers (Schaeffer, 2017).
2. Some countries have laws that requires software to be translated in the native language where it is used, which means updating the software to fit the laws of the land where it is being used. This process is called country localization. Microsoft Dynamics AX, for example, is required to format financial reporting tools and tax regulations to the country, as well as translate the software language for countries such as Saudi Arabia, Australia, Mexico, Iceland, German, Thailand, Sweden, Spain and many others (Encore Business, 2011).
3. In some countries, before CRM can be implemented, considerations about how fast the system runs must be answered. CRM systems can have severe performance issues in certain regions of the world, so it's important to know what the expected internet latency is for generating data from each transaction. South Korea is the current world leader for hosting the fastest internet, followed by Japan and Hong Kong, at speeds that exceed 16 Mbps. In Sweden, Norway, Finland and Denmark, the Scandinavian region boasts the second highest internet speeds, an average of 16Mbps. By contrast, the United States' average is 14.2 Mbps, but it is the fastest among North, Central and South American countries (Fast Metrics, 2017).



**? Exercise Questions**

1. Practicing CRM without technology is not possible. Do you agree with this statement?
2. What are the various ways to deploy CRM? What are their advantages and disadvantages?
3. Describe some of the key CRM software applications and their functions.

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