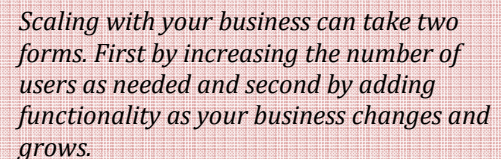


Choosing a CRM System ... An Adventure

By: Richard J. Hennessey and David Z. Volpe

In our last article we focused on some of the key benefits and organizational challenges in getting ready for Customer Relationship Management (CRM). One of the next steps in moving forward is the selection of the CRM software. This can be challenging to say the least, since in today's business environment you are confronted with a seemingly endless flood of information about CRM features and functions from multiple vendors. In addition, another twist is the changing technology / business model that offers on-demand (hosted CRM) as well as the more traditional on-premise based solution.

What should you be looking for when selecting that CRM software? It all depends, upon your organization's needs but let's start with some of the basics. The choices can range from single user systems providing automated contact management to mid / large CRM systems that support an enterprise with hundreds or thousands of users utilizing full feature sales, service and marketing capabilities. Your situation may require you to start small and move up but converting over to another system when you reach a certain size or require additional features can be a real headache. The better approach, if possible, is to have the CRM system you select be capable of adapting so it can support you when you are small and be able to scale up without changing the core CRM software as you grow.



Scaling with your business can take two forms. First by increasing the number of users as needed and second by adding functionality as your business changes and grows.

To start with, each CRM system or package reviewed should have a certain group of core functions that are available in it:

- **Core Features** – Basic elements such as the ability to capture customer or prospect name(s), address(s), preferences and a host of other basic demographic and tracking information. The key of easily establishing relationships between parties in the database should be an easy out of the box feature. When needed, the ability to add more complex relationships between organizations based upon association, location or other elements should be available.

In addition, the ability to easily interface to the most commonly used e-mail systems and word processing packages should be possible.

- **Campaign Generation** – The ability to easily select a targeted group of customers and provide a specific message or offer via e-mail, fax or letter is critical. The system should also be able to collect and summarize the responses in the form of a report / on-line display in order to measure success of the campaign effort.
- **Voice / E-Mail Communication** – Cell phones are everywhere, but can your cell phone link into the CRM system and provide you a view of the information contained within? Some systems can provide e-mail notifications but will these e-mails be tracked by CRM so that a complete view (i.e. 360 degree view) of all customer communication is able to be seen?
- **Information Exchange** – Does the package have tools to enable the exchange of information from external sources to load the CRM system at startup or export information to other systems such as ERP or financials (i.e. Quicken) in an easy manner?
- **Active User Community** – Even after the training there still will be some questions, so the capability to obtain additional training or support should be possible. One good way (cost effective option) is the ability to exchange notes or questions with existing users who already use the CRM package and know many of the tips and techniques. They are also a good source of information on how strong the package is on providing the desired CRM features and functions.
- **CRM Software Supplier** – There are a number of companies that offer CRM software packages. A review of the company, independent of what the CRM company sales representative provides is a good idea. This can be a closer look at the company's web site as well as a web search for patches and fixes associated with the product. The company should be able to provide several client references for similar projects with contact numbers.

By conducting a web search you may uncover problems people are having and/or fixes the company has released which could be in areas critical to your needs and possibly affect your decision.

What are the support and maintenance costs associated with the system? What is the average release cycle? You don't want to get buried doing new releases more than once per year, but at the same time new features and functions (or corrections) need to happen regularly to keep enriching the product.

➤ **On-Premise versus On-Demand** – Changing market conditions and technologies now provide the option of on-demand hosted CRM software as well as on-premise. There are several considerations to making this decision but a few of them are listed below:

- On-Premise –
 - Advantages – easier for complex integration, data is local and secure, lower overall fees, no limitations on using CRM package features
 - Disadvantages – greater capital investment up front, local IT infrastructure support required
- On-Demand –
 - Advantages – lower initial capital investment, local IT infrastructure not required, potentially shorter implementation period
 - Disadvantages – Monthly charges can be greater over time, information is located outside company, complex interfaces may be harder to establish

➤ **Other questions** – Some of the other questions that should be considered when selecting a CRM package are the following:

- Are there other partners that help provide 3RD party add-on's for functions that are not provided in the package?
- What is the total cost of ownership when you add up the package cost, changes to the software (customizations), hardware, on-going support and product releases?
- Current number of installations / users of the product?
- Are there additional capabilities associated with the product, such as analytical tools that can make the information collected easier to summarize beyond the standard reports that come with the product?
- How much time does the implementation of the product usually take?
- What training is included with the initial purchase and what additional training, if any, is required?

Total Cost of Ownership should be done over a multi-year period of at least three to five years to get a true cost for comparison.

Getting organized in the selection process will provide benefits in helping you to obtain a CRM solution as close as possible to your needs. This means performing some level of the following steps:

➤ Using your business objectives as a base, define specific requirements that you need for the system with a priority of when you need them. Not all things can be

accomplished at the same time so consider building from the base requirements and then implementing additional items as you get more familiar with the system.

- The web has become a good starting point for the collection of standard package requirements and information on vendor capabilities. If you have access to Gartner research, this can provide vendor evaluations and more detail on major CRM vendors, packages and pricing.
- At this point, you'll want some form of requirements evaluation checklist, whether a formal request for proposal or a more informal process to compare the package features and vendor capabilities.
- Don't forget to consider that an implementation / consulting partner to help get you started on the first implementation of the package can potentially save you a lot of time. This is especially true if the CRM system is interfacing to other systems, the porting of data from an existing system is required or a high level of customization is planned. The selection of the implementation partner is as important or maybe more important than the package, so the same type of evaluation process needs to be performed when deciding who will help you implement. You need to be able to trust the implementation partner to tell you what is really possible and practicable for your business, based upon your business maturity, technical capability and budgeted cost.

Conclusions

CRM selection can seem like a big task but the key to doing it right is do your research. Nailing down your company's objectives and requirements will help to zero in on what you need in the system. Not every requirement can or should be fulfilled day one, depending on how much you can absorb.

Planning to phase in the system in logical steps (i.e. import data, establish and fill in missing contact information, assign data ownership, etc.) will help to focus your attention and measure success of the system. The selection of a system that can help enhance business processes, improve customer knowledge and help coordinate customer communication allowing improved sales and customer retention will be a success. Also waiting to get the exact perfect match of functionality is also not encouraged. In many cases, when selecting these products, you will find that the leaders in the CRM industry will be providing functionality that will typically exceed your company requirements so that you should be able to choose one of these and move quickly to implementation knowing that it will grow with you as your business grows.

All Rights Reserved: Copyright © 2006-2007 Castle Hill Partners, Ltd.

In our future newsletters we will discuss the topics of implementation best practices, user adoption, results analysis, etc...

Watch for our January edition.



A Beacon for Business Technology Consulting