technology
management

Cloud-Based CRM: Optimising the Customer Experience

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Cloud-based customer relationship management (CRM) software, which was once the "new" delivery paradigm, has now grown to be a significant contributor of how CRM is used. In fact, one could argue that CRM led the way in cloud adoption.

The more recent focus on customer touch points through social and mobile has provided new approaches to customer-facing activities and methodologies to engage with the customer in a more intimate and consistent fashion. An acceleration of this model is expected as cloud, coupled with mobile and social technologies, enables rapid deployment and contextual engagement with "anywhere" access.

The following questions were posed by Microsoft to Mary Wardley, Vice President of IDC's Enterprise Applications and CRM Software research, on behalf of Microsoft's customers.

Q.   What is the value of CRM?

The goal and value of CRM applications is the ability to support a company's overall go-to-market strategy, generally referred to as customer relationship building. CRM provides a way to automate, streamline, and standardise interactions with your customers. You can store data about them, of course, and respond better— i.e., in the ways customers want, when they want.

For example, you can quickly respond to a customer with a full breadth of understanding of their history with the company, applying protections when needed and personalisation, as well as proactive handling of what they might want to do next in that interaction or over the lifetime of the relationship.

Many companies have begun replacing the CRM acronym with "customer experience" or "customer success" because it's all about bringing to bear the most relevant information you have on a customer in a way that ends up as a successful interaction.

Q. Which customer needs are better suited to CRM SaaS installations, and which are better served by on-premises deployments?

The answer depends partly on the philosophy of the organisation and partly the structure of the organisation and its nimbleness. By "philosophy of an organisation", I mean its culture and also the industry the organisation is in. Some organisations, for example, will never let their data reside outside their walls, either for cultural or regulatory reasons.

On the other hand, there are companies very much culturally disposed to putting applications and data in the cloud. They immediately see the quick deployment and easy upgrade advantages of the cloud. They also don't want to own the hardware. Some companies we've spoken with actually cite the cloud provider as having better security measures than they themselves are able to apply to their own infrastructure. Also, when natural disasters such as hurricanes strike, having the data located elsewhere is always considered favourably. All of which falls under culture related to industry.

Another scenario is when a parent organisation needs to get a new acquisition up and running quickly. They can deploy a cloud CRM system that then can be integrated with an on-premises system, perhaps in the home office but with satellite offices running cloud versions for reasons of infrastructure and ease of use.

Q. Considering cost differences between cloud and on-premises deployment options for CRM, what are the key differences that customers should be aware of?

The debate between what is more expensive over time, cloud or on-premises deployment, will vary based on usage and organisational priorities. For cloud, you'll pay a subscription rate, probably on a monthly basis. But you need to look at the costs being offset, such as maintaining servers, database software, security, staff, and other operations.
Plus you need to look at what the opportunity cost is in the marketplace — the time and money you spend on in-house resources versus pursuing your core business opportunities in the market.

It's somewhat analogous to a Netflix subscription. You may occasionally think that the monthly Netflix fee is costly if you don't use the service a lot. Wouldn't it be cheaper to cancel your subscription? But then what's your alternative? Going to the movies for those you want to see in a theatre, or driving to the library, or buying DVDs, etc. Stack up all those out-of-pocket costs — gas, time spent, late fees, etc.— and you may well decide to keep Netflix.

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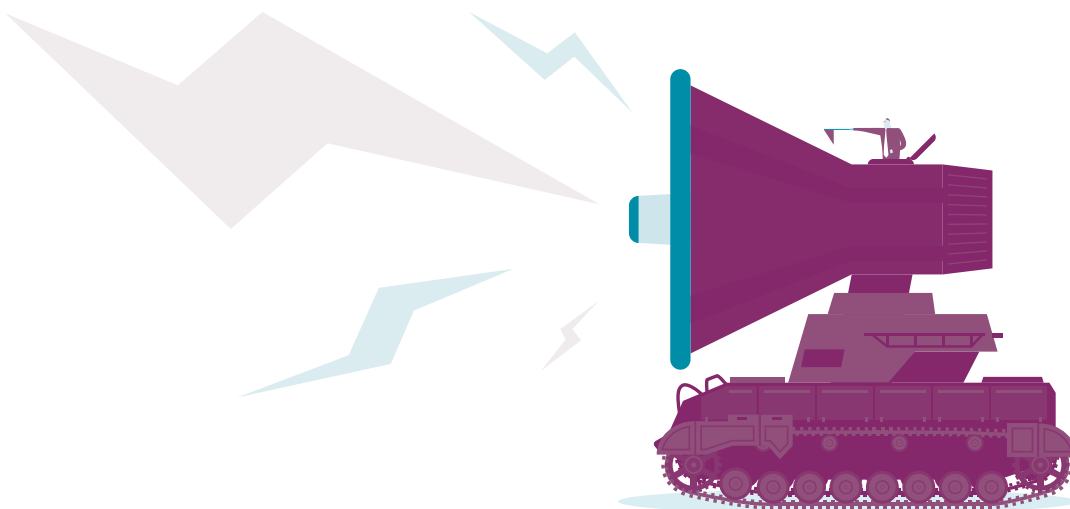
Q. What are best practices for optimising cloud-based CRM?

Cloud-based CRM allows you the flexibility to include more than just front-line employees, such as customer service and sales, because it's so easy to deploy. And CRM systems benefits from having a more widespread user base. In fact, many firms are learning quickly that the old idea of the "customer-facing" part of the company being limited to sales, marketing, and delivery is obsolete. Those aren't the only interaction points that customers want anymore. They're only part of how customers want to interact regularly with businesses.

If you're trying to drive customer satisfaction, one of the quickest ways to lower it is not to account for all potential areas of interaction. So, with cloud-based CRM being easier to deploy, you can start to rethink who your customer-facing employees can and should be.

Like most new technologies, cloud requires significant change management. Cloud will provide the most value to those organisations that consider not just its technical capabilities, but also the necessary changes to people and processes. This change will be ongoing, whether it's regulatory change or new business models. Either way, it's easier to facilitate when the goals and outcomes are clearer and have significant business value.

As cloud-based CRM is adopted within your organisation, you should be looking at three areas of optimisation — IT efficiency, IT agility, and business innovation. The first is addressed through IT resources that are delivered quickly and efficiently when and where the business needs them, at an acceptable price point. The second, IT agility, is about making IT resources available in easily consumable, consistent, and standardised services. The third area is about driving business innovation through seamless access to IT resources from internal or external service providers (and making informed decisions based on the true cost and value of those services). It's using cloud to lower the costs and speed up the delivery process.

Q. What should organisations look for in a cloud provider of CRM solutions?

Start with a provider that demonstrates they're on the cutting edge of CRM functionality, so that you can take full advantage of cloud's fast-deployment and upgrade model. The vendor's CRM platform should be under continual evolution and development in a way that delivers the latest functionality to end users on a consistent basis. This includes capabilities such as social, mobile, and analytics. Part of a provider's continuous improvement of a CRM platform is its ability to leverage cloud, mobile, social, and ecommerce ecosystems of partners in the marketplace.

You also want to be sure the service provider can define and support both line-of-business (LOB) and IT needs, and work well with both groups. In other words, you want that provider to recognise the interdependence of LOB and IT, be able to define their respective requirements, and demonstrate ROI and other value-proposition metrics for justifying service expenditures.

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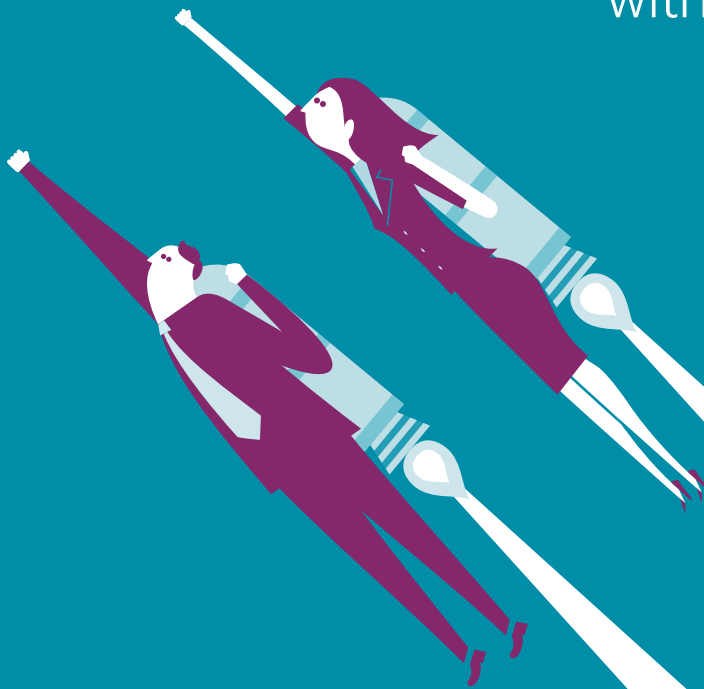
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