

From Technology to Process

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Analytic applications are changing CRM in fundamental ways. The long overdue transformation started a while ago when major CRM vendors like Siebel and others started embedding analytics into all of their CRM applications. This was an important step forward because until that point analytics was largely regarded as something a few over-trained marketing types played with. And for all the insight these early users of analytics could provide their companies, the insights took a long time to become actionable information.

Early on one of the greatest challenges for organizations wishing to analyze their markets and customers was collecting data. But advances in data warehouses and data collection through the Web and other means brought an abundance of fresh material at the same time that vendors were working to make their products easier to use and more appealing to a larger audience. At the same time scorecards and rich visual display of the data provided this larger audience with informative and easy to understand depictions.

TRANSACTIONS AND METHODOLOGY

These developments came as transaction oriented CRM was running out of gas. By transaction oriented I mean systems that largely tracked events in a linear way. In sales for example, SFA was usually centered on a milestone oriented methodology involving about seven steps that sequenced users through a simple qualify-demonstrate-propose-close process. Most sales professionals would say that makes perfect sense but it also leaves a lot to be desired for the sales manager who needs results as well as the assurance that the process is working.

With the introduction of analytics, CRM is becoming more of a process and less of a

record keeping system. Methodology is fine but it cannot take you very far if you lack data on which to act and that's the problem. In traditional CRM the data comes almost exclusively from the customer. The result is that in its earliest incarnation CRM was a highly reactive set of tools and processes that were activated by customer input.

Analytics are changing CRM from a reactive to a proactive discipline. With analytics poring over every bit of customer data users can ask important "What if" questions and they can take action irrespective of outside input. With analytics a sales manager can know very early whether or not the team will make its quarterly number based on the number of deals and their pipeline stages and take corrective action while there is still time to affect the outcome. In the old transaction oriented mode, the manager would be waiting until the eleventh hour before knowing the sales rep was deluding him- or herself about the status of the pipeline.

MORPHING TO PROCESS

In all of this CRM has morphed from a transaction oriented record keeping system to a set of interconnected business processes mediated by advanced technology and that's an important change. To be sure the change is not complete and there are many new users who are just getting into CRM who are more like the earlier users of transaction systems than the advanced users of CRM business processes.

This change might also be significant because it signals an important finding in the way technology in general is adopted by people. This finding does not apply to all technologies — for example, Winchester disk technology or thin film recording heads follow a different trajectory. But for technologies that are directly used by people — like

ERP and CRM — the big hump in the adoption curve is the transition from interesting technology to business process. Before the hump there is plenty of resistance as people with ad hoc processes try to reinvent those processes to be mediated by technology. But once those reinvented processes are proven, adoption is smoother and the so called mainstream users come on in droves.

OVER THE HUMP?

So where is CRM today in the continuum from technology to process? I'd say all the pieces are in place but CRM is still technology centric — not quite over the hump yet. A

telltale sign in my view is the percentage of organizations that carefully plan their CRM deployments rather than simply install the software. Over the years the number has grown from a low of 48% to the current high of 63%. These numbers represent the percent of positive answers to the question, "Did your organization perform a baseline study of your business before implementing CRM?"

Performing a baseline study means taking stock of your business processes and working to attain the best result from the impact of new technology. Although 63% is a lot better than 48% one would expect that for CRM to be largely seen and appreciated as a process the number needs to be north of 85%. I am betting that as CRM analytics penetrates more organizations and users become aware of the deeper insights and greater revenue opportunities afforded by analytics, that we will cover the remaining distance pretty quickly. Here's hoping.



About the Author



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Denis Pombriant is a well known thought leader in CRM and he is the founder and managing principal of the Beagle Research Group, a CRM market research firm and consultancy. In 2003, CRM Magazine named Pombriant one of the most influential executives in the CRM industry. Pombriant's latest white paper, "The New Garage" discusses the emerging new enterprise software industry business model.

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About Beagle Research Group

Beagle Research Group is a consulting and market research organization focused on emerging companies and technologies that will have an important impact on the way business is conducted in the years ahead. Our work is based on professional standards of quantitative and qualitative research which informs all of our publications.

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