

Providing a 360° View of the Customer

Better Service - Higher Sales

March 2010

Cindy Jutras, Peter Ostrow

Executive Summary

Whether driven by a lack of product differentiation, customer demand for better service, or simply the need to improve the customer experience, companies are seeking to better understand their customers in order to more effectively acquire and retain business. This report provides a road map for improving customer satisfaction and retention without losing sight of customer profitability by integrating multiple sources of data to complete the full 360° view of the customer.

Best-in-Class Performance

Aberdeen used the following four key performance criteria to distinguish Best-in-Class companies from among over 375 survey respondents. Top performers achieved the following results:

- 91% customer retention
- 88% customer satisfaction
- 6% of subordinates' time spent searching for customer data
- 6% **increase** in Net Client Value (NCV) year over year

Competitive Maturity Assessment

Survey results show that the firms enjoying Best-in-Class performance shared several common characteristics, including:

- 80% capture customer history and make it visible to all customer-facing staff
- 52% have a technology-based common view of the customer
- 72% monitor customer satisfaction on a regular basis

Required Actions

In addition to the specific recommendations in Chapter Three of this report, to achieve Best-in-Class performance, companies must:

- Get everyone on the same page with technology-based views
- Monitor customer profitability and satisfaction and define protocols for problem resolution
- Integrate enterprise applications that each provide a piece of the complete set of customer data
- Supplement contact and transactional history with intelligence captured from external sources, but integrate data sources for easy access

Research Benchmark

Aberdeen's Research Benchmarks provide an in-depth and comprehensive look into process, procedure, methodologies, and technologies with best practice identification and actionable recommendations

Metrics Defined

- √ Customer retention is the percentage of accounts that remained customers since the last fiscal period
- √ Customer satisfaction measures the percentage of customers formally reporting "better than average" satisfaction with a company's products and services
- √ Net client value measures the customer's annual spend, measured consistently as either revenue or bookings

"When you look at a client, you get a holistic view, which includes business summaries in all lines of business and all touch points, in-person meetings, phone calls, emails sent or touches via marketing campaigns, all in one location."

~ Customer Brian Taranto,
Chief Administrative Officer,
Eaton Vance Distributors

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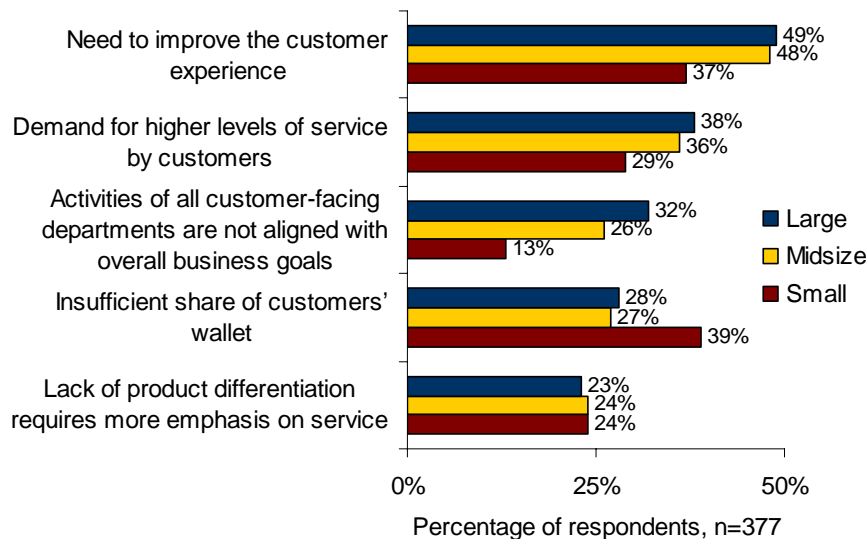
Chapter One: Benchmarking the Best-in-Class

Business Context

A true 360° view of the customer is a win-win situation for all parties involved: buyers benefit from better service and efficiency, and sellers derive improved loyalty and, inevitably, more repeat business from established customers. A scant 4% of 377 survey respondents felt they had achieved the full potential of business from existing customers. While 26% had a very strong penetration, they felt they could still benefit more from additional up-sell and cross-sell opportunities and 58% are definitely leaving money on the table or rarely achieve the full potential of Net Client Value (NCV). All these factors combine to make a true 360° view of each customer a priority for all companies.

Two dominant themes prevail in identifying the business drivers behind the need and/or desire to gain a more complete view of each customer: service and sales. The top pressures identified focused on improving service, but better service is a key to higher sales. Figure 1 shows that these business drivers vary by company size. As company size grows, pressure appears to shift from sales as a primary focus to a more indirect focus on additional sales through better service.

Figure 1: "Top Two" Pressures to Improve the Customer View



Source: Aberdeen Group, March 2010

The top two pressures overall are the need to improve the customer experience (42%) and the demand for higher levels of service from customers (32%). The difference between these two can be subtle. The need to improve customer experience is directly linked with how easy it is

Fast Facts

- ✓ The Best-in-Class achieve 47% higher customer retention and 175% better customer satisfaction than Laggards
- ✓ The Best-in-Class enjoyed an increase of 6% in Net Client Value (NCV) year over year, while all others experienced a decline in NCV
- ✓ Staff members in Best-in-Class companies spend 63% less of their time searching for customer data

Company Size Defined

Aberdeen defines company size in terms of annual revenue:

- ✓ Small: companies with annual revenues under \$50 million
- ✓ Midsize: those with annual revenue between \$50 million and \$1 billion
- ✓ Large: annual revenues exceed \$1 billion

for your customers to do business with you. The demand for higher levels of service relates directly to the delivery of product (including services) and reflects the need for faster delivery or better overall response.

Small companies (those with annual revenues below \$50 million) experience less difficulty in (and therefore less pressure from) aligning activities of all customer-facing departments with overall business goals. As companies grow, the number of people involved grows along with complexity in terms of communication and collaboration, making it harder for all parties to remain informed and synchronized. But small companies may not have the same degree of visibility and leverage with their customers, making it harder to grow their share of their customers' wallet.

In businesses where product delivered has become a commodity or a fragmented market makes differentiation difficult, personalized customer service can become an effective means of creating that differentiation. Intimate knowledge of the customer is essential to providing personalized service regardless of company size.

The Maturity Class Framework

Aberdeen used four key performance criteria to distinguish the Best-in-Class from Industry Average and Laggard organizations. For the purposes of this report, top performance is defined in terms of achieving a 360° view of the customer and reaping the appropriate business benefits from that achievement, namely better service and higher sales from existing customers.

Table 1: Top Performers Earn Best-in-Class Status

Definition of Maturity Class	Mean Class Performance
Best-in-Class: Top 20% of aggregate performance scorers	<ul style="list-style-type: none"> ▪ 91% customer retention ▪ 88% customer satisfaction ▪ 6% of subordinates' time spent searching for customer data ▪ 6% increase in NCV year over year
Industry Average: Middle 50% of aggregate performance scorers	<ul style="list-style-type: none"> ▪ 78% customer retention ▪ 71% customer satisfaction ▪ 12% of subordinates' time spent searching for customer data ▪ 2% decline in NCV year over year
Laggard: Bottom 30% of aggregate performance scorers	<ul style="list-style-type: none"> ▪ 62% customer retention ▪ 32% customer satisfaction ▪ 16% of subordinates' time spent searching for customer data ▪ 9% decline in NCV year over year

Metrics Defined

- √ Customer retention is the percentage of accounts that remained customers since the last fiscal period
- √ Customer satisfaction measures the percentage of customers formally reporting "better than average" satisfaction with a company's products and services
- √ Net client value measures the customer's annual spend, measured consistently as either revenue or bookings

Source: Aberdeen Group, March 2010

These benefits are measured through customer retention, customer satisfaction and the resultant growth in sales to those customers. The efficiency with which this view is achieved is also an important metric. While Aberdeen also measured the time spent personally by the survey respondent, since many of these participants are at a very high level of their organizations, the percentage of time their subordinates spend in searching for customer data was deemed as a better measure of efficiency. The better the view of the customer, the more efficiency is gained in retrieving the data necessary to respond to and properly service (and sell to) customers.

“Because of our integration, we’re able to have a two-way interface. Now we know every product, quote, discount level, and can measure things we never had insight into before.”

~ Cindy Skura, Pricing Manager, CBORD

The Best-in-Class PACE Model

Customer data is stored in a variety of repositories, ranging from file cabinets to email to enterprise applications such as Customer Relationship Management (CRM) solutions and Enterprise Resource Planning (ERP). Indeed 77% of respondents indicated enterprise level applications were the single most important source of data about their customers. To maximize the value of these data sources and achieve a high degree of flexibility and customer responsiveness, companies must blend a combination of strategic actions and new technologies to:

- Integrate multiple sources of data into a single view
- Define processes for identifying “at risk” customers
- Notify sales / support managers in advance of potential problems in delivering the service or product
- Enable sales / support managers to be able to drill down to transactions that form a fiscal and operational audit trail from a summary view of the customer

Table 2: The Best-in-Class PACE Framework

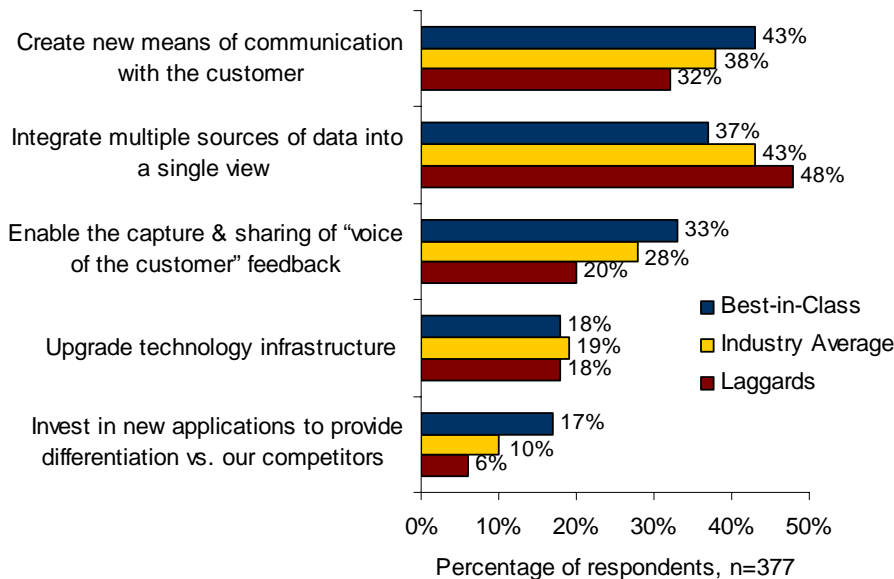
Pressures	Actions	Capabilities	Enablers
<ul style="list-style-type: none"> ▪ Need to improve the customer experience (customers find you hard to do business with) 	<ul style="list-style-type: none"> ▪ Integrate multiple sources of data into a single view of each customer ▪ Replace disparate point solutions with a single, user-friendly integrated suite 	<ul style="list-style-type: none"> ▪ Processes are formally defined for identifying “at risk” customers ▪ Customer history is captured on a regular basis and visible to staff ▪ A unified view of the customer’s data ensures that our buyers hear “one voice” at all times ▪ Customer satisfaction is monitored on a regular basis ▪ A single or primary point of contact in our company is defined for each customer 	<ul style="list-style-type: none"> ▪ ERP (Enterprise Resource Planning) ▪ CRM (Customer Relationship Management) including SFA (Sales Force Automation) ▪ Event management, triggers and alerts ▪ Business intelligence platform to support customer analytics– dashboards, portals ▪ Customer data warehouse ▪ Sales intelligence solutions – contacts, trigger alerts ▪ Ability to deliver alerts to a mobile device ▪ Workflow – BPM (Business Process Management) ▪ Internal user-generated content (wikis, forums, blogs)

Source: Aberdeen Group, March 2010

Best-in-Class Strategies

Access to data and two-way communication forms the basis of the strategic actions being taken in the pursuit of a true 360° view of the customer. While top performers differentiate themselves by concentrating on a dialogue with the customer, those who have not yet achieved Best-in-Class status are strategically focused on integrating multiple sources of data into a single view (Figure 2).

Figure 2: "Top Two" Strategic Actions



Source: Aberdeen Group, March 2010

The emphasis Best-in-Class companies place on communication with the customers is apparent in noting that 95% actively measure customer satisfaction. One in four top performers employs Customer Experience Management (CEM) technology to formally collect, measure and report on customer satisfaction, as compared to 6% of Laggards. The remainder of the 95% that actively measure satisfaction regularly collect input from their customers and are 45% more likely (than those not Best-in-Class) to use formal communication channels such as surveys and formal focus groups to capture the "voice of the customer."

Poor performers are indeed the most likely to cite integration of multiple sources of data as a "top two" strategic action. Since a complete and consolidated view is the goal, this might appear to be counter-intuitive at first glance. Why are poor performers more likely to have this strategy? The answer is quite simple. They are currently dealing with more disparate sources of data and they lag behind in already having accessibility to high quality data (Table 3).

When asked to rate their satisfaction (on a scale of one to five, where five was "extremely satisfied") Laggard organizations consistently rated both the quality and accessibility of the data lower than higher performing companies.

Table 3: Satisfaction with Customer Data

	Best - in- Class	Industry Average	Laggard
Quality of data (on a scale of 1 to 5)	3.2	2.8	2.5
Accessibility of data (on a scale of 1 to 5)	3.6	3.5	3.1
Number of data sources typically required	2.2	3.3	4.1

Source: Aberdeen Group, March 2010

This can be explained, in part, by the larger number of data sources typically accessed in responding to an inquiry from or about a customer. Indeed, Best-in-Class companies are 2.4 times more likely to be able to satisfy an inquiry from a single data source. This single source may indeed be consolidating data from multiple applications, databases or repositories behind the scenes, but if properly integrated can appear to be a single source of data, improving efficiency and completing the view of the customer.

Any attempt to integrate multiple sources of data will be impacted by the underlying technology infrastructure. Legacy systems and outdated architectures limit the ability to create a consolidated view that is easily navigated. Ideally customer-facing employees should have access to summary data with the ability to drill down to successive levels of detail. As we can see from Figure 2, the need to update technology infrastructure is equally prevalent across all the maturity classes, but the Best-in-Class are twice as likely as all other companies (Industry Average and Laggards combined) to be planning to invest in new applications that help them provide a differentiated level of service to their customers.

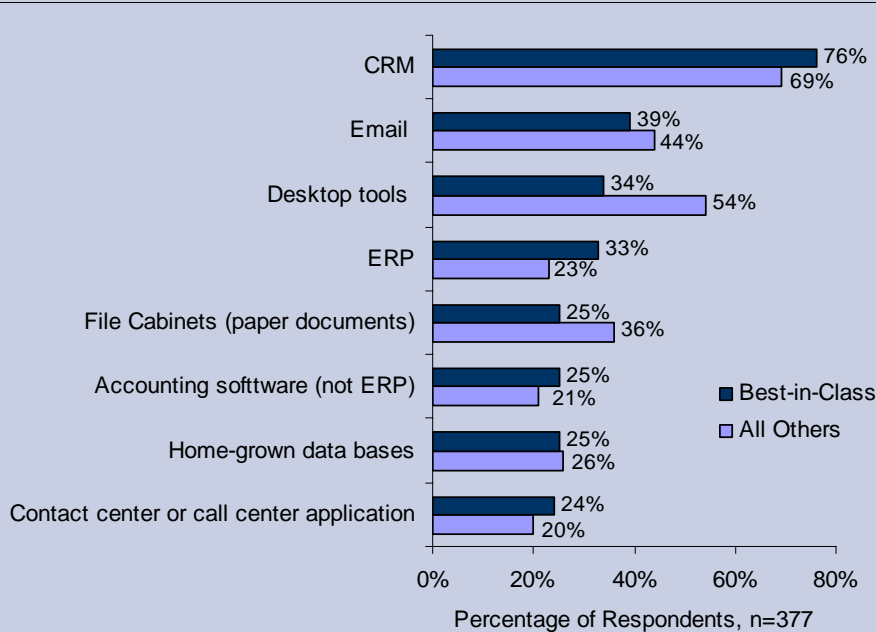
Aberdeen Insights — Strategy

Given the maturity of enterprise applications such as CRM and ERP, one might expect that these applications would be the most likely places where customer data is stored. Yet while the majority of companies do store customer data in CRM, a combination of email and desktop productivity tools (such as spreadsheets and desktop databases) are more likely to be repositories for customer data than either ERP or separate accounting applications.

continued

Aberdeen Insights — Strategy

Figure 3: Where is customer data stored?



Source: Aberdeen Group, March 2010

While CRM solutions can provide much of the account information (contacts, conversations, contracts and communications) needed to understand customer attributes, and to track and manage interactions between the provider and customer, they are not designed or developed to provide a transactional system of record. For the transactional, fiscal audit trail, ERP solutions that form the operational system of record within the business can provide the missing link to complete the view. For those companies where a physical product is not shipped, a stand-alone accounting solution may suffice to provide that system of record. Integration of the contact system of record and the transactional system of record is required for a complete view of the customer. Home-grown enterprise level solutions and databases can potentially be integrated, but only with home-grown and custom efforts. At the enterprise level, this approach might provide an appropriate audit trail, but spreadsheets and databases confined to the desktop certainly do not.

In the next chapter, we will see what the top performers are doing to achieve these gains.

Chapter Two: Benchmarking Requirements for Success

The integration of CRM, ERP and other repositories of customer-oriented data within the enterprise plays a crucial role in the ability to turn these strategies into profit.

Case Study — Meyer Plastics

Meyer Plastics provides plastic sheet, sign and graphic supplies, mold making materials as well as providing engineering, tooling and custom fabrication services for plastics materials. “Understanding our customers better is key to determining cross-sell and/or up-sell opportunities as well as increasing customer satisfaction from their interaction with us,” says Rocky Bloniarz, Marketing Manager. “We are looking to have more intelligent conversations with our customers, and want to build our marketing plans based on their exact needs.” Meyer Plastics has been using an ERP solution for the past 15 years, but did not implement CRM until 2009, and Bloniarz emphasizes the need for it to have been immediately integrated into the ERP deployment. “It is a very competitive market,” he explains, “and in this environment we have to make sure that we not only get the price right but also provide stellar customer service. Implementing CRM and integrating it with our ERP system is focused exactly on that.”

The Meyer CRM system is currently fully implemented among company management and today’s focus is encouraging the sales reps to learn and adopt it. As Bloniarz explains, “We are changing the company culture and educating our sales reps that this new system will help them do less work and increase the quality of the work they do. We know the benefits from full implementation of the CRM system, and integrating it with our ERP system and senior management is committed to achieving this integration.”

“We are already seeing the benefits of this process,” concludes Bloniarz. “Our sales team is restructuring to adapt to consistent use of CRM and using the integrated information in their interaction with customers. When we complete the adoption of CRM all across the organization and use the integrated information available about our customers, we expect to not only improve our customer service but also our financial results.”

Fast Facts

- √ The Best-in-Class are more than twice as likely as Laggards to provide a technology-based common view of the customer to customer-facing employees
- √ 80% of the Best-in-Class capture customer history on a regular basis and make this visible to their staff
- √ 65% of the Best-in-Class have implemented CRM for customer support and service
- √ While implementation of ERP lags behind CRM, where both are implemented, the Best-in-Class are more than three-times as likely to integrate the two

“Understanding our customers better is key to determining cross-sell and/or up-sell opportunities as well as increasing customer satisfaction from their interaction with us.”

~ Rocky Bloniarz, Marketing Manager, Meyer Plastics

Competitive Assessment

Aberdeen Group analyzed the aggregated metrics of surveyed companies to determine whether their performance ranked as Best-in-Class, Industry Average, or Laggard. In addition to having common performance levels, each class also shared characteristics in five key categories: (1) **process** (the ability to collect utilize customer data); (2) **organization** (the ability to effectively channel customer contact); (3) **knowledge management** (contextualizing data and exposing it to key stakeholders); (4) **technology** (the selection of

the appropriate tools and the effective deployment of those tools); and (5) **performance management** (the ability of the organization to measure customer satisfaction and profitability). These characteristics (identified in Table 4) serve as a guideline for best practices, and correlate directly with Best-in-Class performance across the key metrics.

Table 4: The Competitive Framework

	Best-in-Class	Average	Laggards
Process	Customer history is captured on a regular basis and visible to our staff		
	80%	61%	45%
	Processes are formally defined for identifying “at risk” customers		
Organization	49%	29%	22%
	Standard problem resolution/escalation protocols are defined to ensure customer satisfaction		
	59%	47%	44%
Knowledge	A unified view of the customer’s data ensures that our buyers hear “one voice” at all times		
	48%	32%	19%
	A single or primary point of contact in our company is defined for each customer		
Technology	77%	55%	43%
	All internal stakeholders share a technology-based common view of the customer		
	52%	35%	25%
	From a summary view of the customer, sales/support managers can drill down to transactions that form a fiscal and operational audit trail of the full customer history		
	56%	43%	25%
Performance	Unstructured data from web-based sources (corporate sites, sales intelligence/news feeds, trigger/alerts) is captured and displayed as part of an enterprise view of the customer		
	25%	13%	11%
	Mobile access to CRM or Sales Force Automation applications		
	34%	25%	20%
	ERP is integrated with CRM		
Performance	26%	16%	8%
	Performance dashboards are implemented		
	48%	35%	24%
Performance	Profitability of each customer is reported and monitored on a regular basis		
	49%	40%	31%
	Customer satisfaction is monitored on a regular basis		
Performance	72%	62%	30%

Source: Aberdeen Group, March 2010

Capabilities and Enablers

Based on the findings of the Competitive Framework and interviews with end users, Aberdeen's analysis of the Best-in-Class demonstrates that a highly identifiable set of corporate capabilities and enablers can lead to measurable business success.

Process

A complete view of the customer is impossible to achieve without first collecting the historical data associated with that customer. This requires formal processes for capturing a record of customer contact, as well as of transactions, and organizing both in such a manner that all may be easily retrieved. If left to the individual to decide what to capture and where to store the data, the result is a disorganized collection of inconsistent data that cannot uniformly viewed to provide a concise summary of customer activity.

The vast majority (80%) of the Best-in-Class indeed has not only formalized this process, but also provided a vehicle by which it can be retrieved and viewed. As a result, these top performers are almost twice as likely as other organizations to take the next step and formalize processes for identifying "at risk" customers. These may be triggered by a sudden drop in customer spend or engagement. Where these problems can be identified, standard problem reconciliation or escalation protocols can be defined to respond quickly, minimizing the negative impact on customer satisfaction, retention or net client value. This type of "rapid response" can be a differentiator when companies are able to minimize customer relationship damage, or even capitalize on revenue-oriented opportunities that may otherwise be hidden.

Specific interaction with the customer is not the only potential means of identifying risks. External events such as management changes, mergers-and-acquisitions or dramatic market changes can also be sources of identifying an "at risk" customer. However, it is still somewhat rare for even Best-in-Class companies to automate these external triggers. While the Best-in-Class are more likely than other companies to utilize solutions that provide alerts created by external sources of business "trigger" events such as financial and market news or executive changes, it is still important to include these types of possibilities in the defined processes and protocols.

Organization

How often have customers been frustrated by receiving "mixed messages" from sales or service staff from their provider? Aberdeen's research dramatically indicates the negative business ramifications of, for example, a sales representative calling into an account in the hopes of renewing or up-selling the relationship, only to discover that an Accounts Receivable colleague just sent the account to an external collection agency for non-payment. The negative image this scenario paints of the solution provider is evidently lost on Laggards, none of whom indicate that a unified view of the

"Having this information about your clients and prospects has become mandatory in today's world. Buyers expect you to have done your homework and that you care about them once they have bought; if they don't get that feeling it's on to the next product or vendor. They aren't afraid to shop around if they're not getting exactly what they expect."

~ Mike Pridavka, Managing Partner, Datasentials

"Many organizations pay lip service to this concept without the willingness to invest the money and resources to make it a reality. Multiple systems and redundant, inaccurate data are all major obstacles to a truly 360 degree view of the customer. While revenue is always king, there is a strong argument to be made that putting the systems, processes and people in place to make this a reality will have an obvious and positive benefit on the bottom line."

~ Chris Bermudez, Global Commercial Operations, Affymetrix

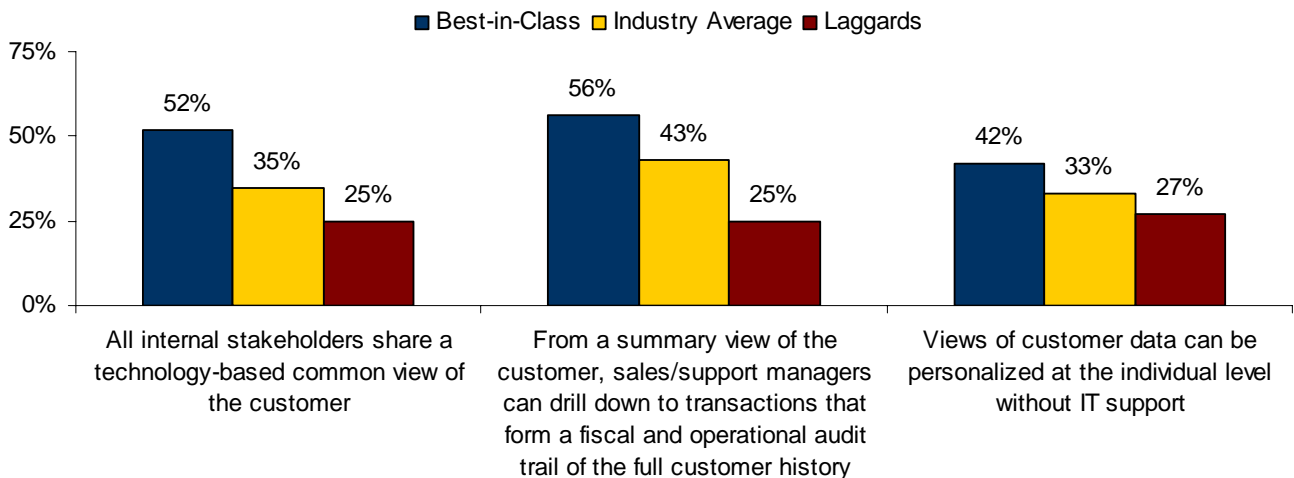
account creates value in speaking with "one voice" to the customer. Nearly three-quarters of the Best-in-Class, however, recognize the importance of this organizational capability, and create far more customer stability and, ultimately, better net client value, as a result of proactively aligning every department's visibility into the customer.

On the other side of the customer relationship equation, companies that create a "go-to" or single point of contact for their customers also see better bottom-line results, recognizing the value to satisfaction and retention trends in creating an advocate or sponsor for their customer. This does not imply that a complex, multi-million-dollar vendor/client relationship requires that all communications filter through a single individual; rather it merely identifies a clear department and discussion path so that the trajectory of any issue resolution process is as seamless and free of red tape as possible.

Knowledge Management

Knowledge management capabilities are really at the heart of providing a full 360° view of the customer. Without a technology-based view of the customer, delays, inconsistencies and inaccuracies cannot help but be introduced. Best-in-Class companies are more than twice as adept as Laggards at using technology to ensure that at all levels of the company share a common technology-based view, but still, almost half (48%) of those top performers have yet to achieve this, indicating significant room for improvement.

Figure 4: Technology-based Views



Source: Aberdeen Group, March 2010

Figure 4 also shows an interesting contradiction. While 56% of the Best-in-Class are able to drill down to transactions from a summary view, only 52% provide this common view to all internal stakeholders. Similar contrasts can be seen in the Industry Average category as well, where 43% have the

technological capability but only 35% deploy it across all the enterprise for a consistent view. This capability has become a standard feature of ERP solutions today, but requires the user of the solution to deploy a relatively recent release of the software. Older versions, perhaps still based on less flexible and less adaptable technology architectures, may prevent companies from taking advantage of these features. And, of course, those utilizing home-grown or disparate, non-integrated solutions will face the same limitation.

While a common customer view is important, different stakeholders may indeed require a different view, depending on their role in the organization. The ability to tailor those views to the individual without involving the Information Technology (IT) staff can be a key enabler in providing a more universal view. Again we see the Best-in-Class differentiated from all others, but this is by no means pervasive even at this level of performance. Again, older technologies and lack of integration between customer interaction and transactions can also present obstacles.

Aberdeen research gathered from 528 companies for the February 2010 [*Sales Intelligence: Preparing for Smarter Selling*](#) report correlated the incorporation of external, unstructured data into customer data with higher year-over-year increase in corporate revenue. This speaks to the value of capturing and displaying external, unstructured data within the customer record across multiple departmental views. Considering the aphorism, "today's customers know more than the sellers" due to pervasive internet content, it is crucial for companies to collect updated news and content about their customers' companies, individual contacts and market dynamics, and integrate them into the view of the customer. This data is not limited to subscriptions that provide data on business executives or corporate takeovers; it can include social media content such as Twitter, Facebook, blogs, etc. and provide potentially valuable, time-sensitive insight into events that are first published as "buzz" before they appear in formal press releases. While the Best-in-Class are more than twice as likely to incorporate this into their view of the customer, we are still in early adopter phases with only one in four top performers making this connection.

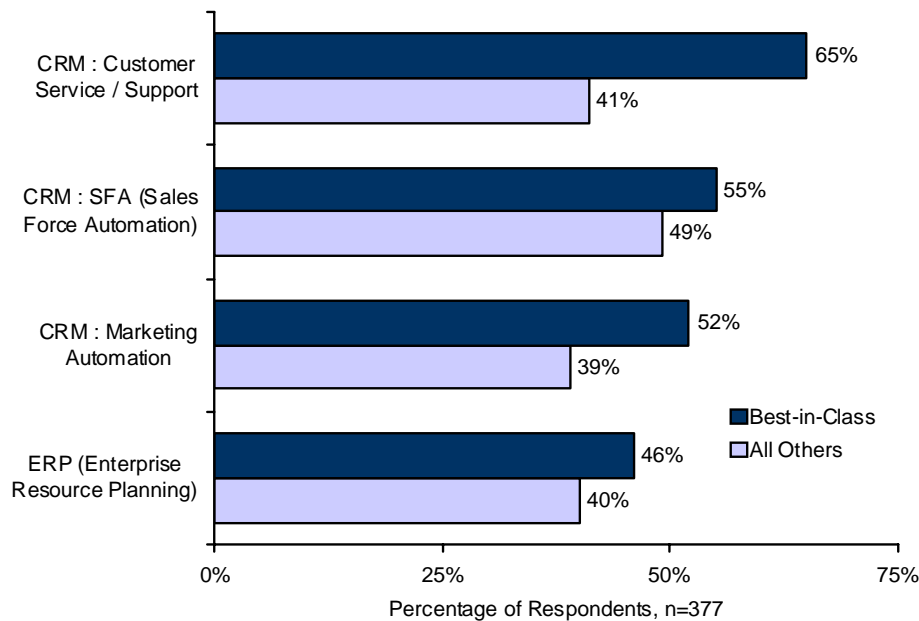
Technology

We have seen that the use of technology to provide a common view of the customer correlates to higher customer satisfaction, retention and net client value. However, which enterprise applications and which other tools and technologies come into play in providing this view?

CRM solutions are more commonly adopted for this purpose. However, CRM solutions serve three masters - marketing, sales, and service - and may be designed to address one, two or all three of these functions within an organization. In the context of a complete customer view playing a key role in providing better service and higher sales, the connection with Sales Force Automation (SFA) and CRM for service or support is apparent. However, there is a connection to the marketing side of the house as well.

While for the most part we have been describing the view of the customer in the singular, i.e. providing a view of each customer one at a time, there is also value in looking at customers or groups of customers in the aggregate. For instance, marketing campaigns can be better targeted to reflect actual customer preferences; coupling this with the singular view of the individual customer allows these campaigns to be personalized to individual customers or customer groups. So each of the three of these solutions plays a role in translating the view CRM provides into better service and higher sales. Figure 5 illustrates that those better equipped to satisfy and retain customers and gain client share (NCV) are also better equipped with these CRM solutions. Not only are the top performers more likely to adopt these solutions, but they are also most likely to provide mobile access to CRM and SFA solutions. As the workforce becomes more mobile, providing immediate access even when not directly tethered to the solution keeps the view of the customer both consistent and up-to-date.

Figure 5: Enterprise Applications Providing Customer Insight



Source: Aberdeen Group, March 2010

ERP is the other enterprise application that plays the most significant role in providing a complete view of the customer. While CRM is able to capture a system of record of the contact and interaction with customers (and prospects), unless CRM is being used for something other than what it was intended for, it does not capture the transactions that form the operational and fiscal audit of business conducted with the customer. This includes sales orders, shipments or delivery of goods and/or services, invoices, open accounts receivable and cash collection.

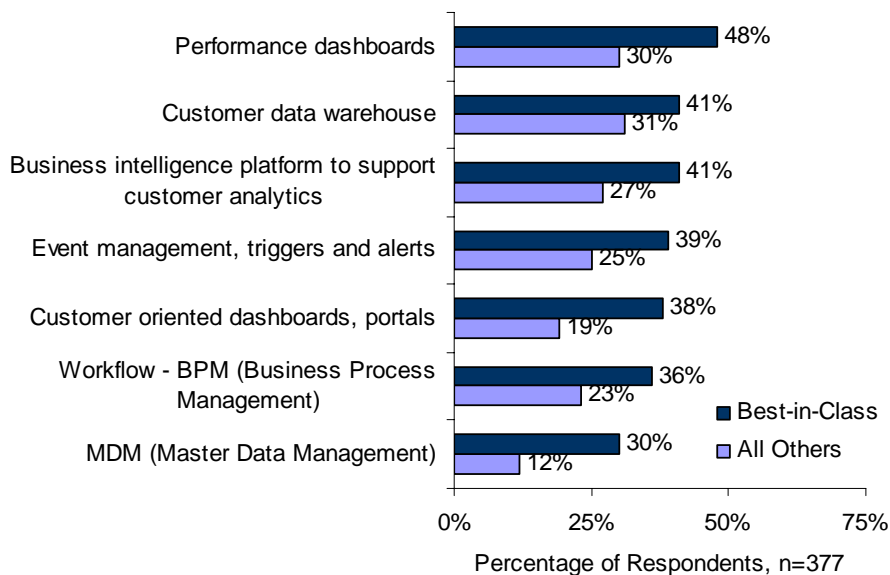
Of course ERP is not the only possible enterprise application in which this system of record is kept. While many mistakenly believe the implementation of ERP to be pervasive, data collected in late 2009 for Aberdeen's quarterly [Aberdeen Business Review](#) found ERP to be implemented in only 41% of 1230 companies surveyed. Adoption rates varied across industry, with manufacturing leading the pack at 74% and service providers and non-profits trailing at 30% each. Data shown in Figure 5 further confirms these adoption rates, with a Best-in-Class ERP adoption rate of 46%, outpacing all others at 40%.

This data only serves to emphasize the difficulty many companies have in providing a complete and uniform view of customer data across the enterprise.

Several other tools and technologies serve to support a 360° view of the customer. Figure 6 includes those with the highest adoption rates, all of which are more likely to be utilized by our top performers. These tools and technologies fall into two general categories: those that are used to collect, store and analyze data and those that manage the flow of data and processes.

While customer dashboard or portals tend to be used to view individual customers, performance dashboards may look at the individual performance of customer profitability and sales, performance dashboards are useful in analyzing aggregate performance, and are often built on top of Business Intelligence (BI) platforms that support customer, operational and corporate analytics.

Figure 6: Supporting Tools and Technology



Source: Aberdeen Group, March 2010

Given the potentially disparate sources of customer data, it is not surprising to see a customer data warehouse as one of the more frequently implemented technologies, providing a repository for data that may be aggregated or consolidated from multiple sources, including CRM, ERP, other enterprise applications, as well as external sources of data which may be either structured or unstructured. Master Data Management (MDM) can be particularly helpful in providing mapping of data between disparate applications with unique master data coding. For example, where multiple divisions of a larger enterprise may do business with the same customer, but using different customer and/or product codes, MDM may be required to map these apparently disconnected customers and products for a consolidated view.

The ability to manage the flow of data as well as business processes which may be triggered by the data can be greatly enhanced through the use of automated workflow or Business Process Management (BPM) tools. These automation capabilities may be embedded within individual enterprise applications or layered on top of one or multiple solutions.

Case Study — DB Schenker

DB Schenker is a leading international logistics and transportation company with more than 90,000 employees around the world. “We want to serve our customers better by understanding their specific needs and solving their problems in a timely fashion,” says Jeremy Stuckhardt, Director of Central Sales, Marketing and Customer Service. “Achieving a 360° view of the customer’ allows us to focus on customer satisfaction, and can be used to give insight into customer behavior and help to better understand how to keep their business.”

“Data tracking, data quality as well as access to data were challenges we were facing in our initiatives to better understand and serve our customers,” says Stuckhardt. The company was also facing the challenge of not being able to capture some important customer information due to business or operational decisions made without thinking about the back-end pieces. In order to cope with these challenges, DB Schenker integrates its ERP system with its two CRM solutions and other enterprise systems, with the goal of achieving a broad overview and understanding of customers. The different systems are not yet fully integrated with each other – and this creates challenges in data tracking, data quality and access to data – but DB Schenker is working on completely integrating these different systems in order to achieve a true 360° view of its customers.

“Even with the economic downturn of last year, we retained most of our customers,” says Stuckhardt. “We were able to improve customer satisfaction and reduce customer defection as a result of our initiative to integrate our back-office and front-office systems. Understanding our customers better also helped us diversify our offerings to meet their needs.”

“Achieving a 360° view of the customer’ allows us to focus on customer satisfaction, and can be used to give insight on customer behavior and help to better understand how to keep their business.”

~ Jeremy Stuckhardt, Director
of Central Sales, Marketing and
Customer Service, DB
Schenker

Performance Management

While the top line (revenue) is often seen as a crucial bellwether of corporate success, and may have been all that mattered to investors 10 years ago, the overall profit of an organization inevitably becomes the key to long-term success. While overall profitability is important, potential improvements can be masked by only looking at profitability in the aggregate. Performance can be significantly enhanced by determining which customers are most (or least) profitable. Indeed, our Best-in-Class are most likely to monitor the profitability of each customer on a regular basis. Among survey respondents for this study, these organizations are 58% more likely than Laggards to consistently understand and report on the profitability of individual customers, ensuring that service and sales teams are **not** "working harder, but not smarter." By creating an accurate, real-time view of each account's true value to the organization, management can selectively over-serve highly profitable customers, and perhaps think twice about renewing highly discounted relationships with accounts that are not adding bottom-line benefits to their company.

Because the overall goals are better service and higher sales, it is also critical to continually monitor customer satisfaction since it ultimately will impact customer retention and customer share. Customers vote with their wallet. While the Best-in-Class are ultimately most likely to monitor this important performance metric, Industry Average companies are close behind in this capability, making it all that much more important for top performers not continually measuring customer satisfaction to adopt this approach post haste in order to maintain their performance advantage.

Aberdeen Insights — Technology

Integration of data is an important factor in providing a complete view of the customer. Not only are the Best-in-Class more likely to have implemented enterprise solutions including CRM and ERP, but they are also twice as likely to integrate these two applications. But, as noted in Chapter One, the number of data sources accessed in responding to a customer inquiry ranged from 2.2 in Best-in-Class to 4.1 in Laggard organizations. In spite of multiple disparate sources of data, good integration can eliminate the need to jump from application to application in the search for answers.

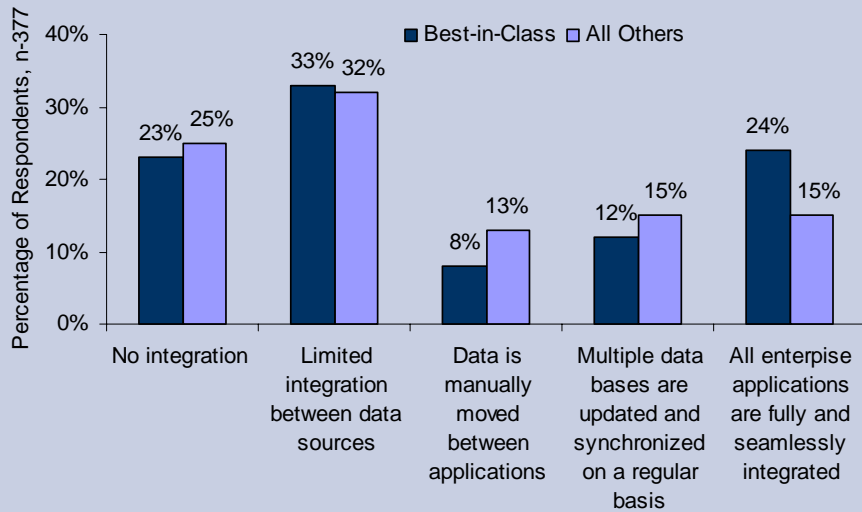
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"Everyone has access to the information from anywhere, and can update it from anywhere, anytime. This keeps us on top of our game when talking to our clients and prospects, and allows more than one person to speak to the customer, but with a unified voice and up-to-the-minute relationship knowledge."

~ Greg Mahoney, Business Analyst, Marketing and Accounting, Harbourvest

Aberdeen Insights — Technology

Figure 7: Levels of Integration



Source: Aberdeen Group, March 2010

Figure 7 shows that the Best-in-Class may indeed not be dealing with significantly fewer sources of data, but instead may simply have more fully and seamlessly integrated those data sources to present a single and consolidated view. However, even the majority of top performers have yet to achieve full integration. Limited integration is the predominant theme across all maturity classes, signaling a significant opportunity to improve the view.

In many cases the ability to seamlessly integrate is a function of the level of openness and flexibility of underlying architectures. Newer technologies significantly enhance this capability so companies stuck on older, proprietary infrastructures would be well-advised to consider all sources of data that relate to the customer in considering a technology refresh.

Chapter Three: Required Actions

Whether a company is trying to move its performance in achieving a 360° customer view from Laggard to Industry Average, or Industry Average to Best-in-Class, the following actions will help spur the necessary performance improvements:

Laggard Steps to Success

- **Monitor customer satisfaction** regularly and take action based on what you learn. Less than a third of Laggards deploy this performance-oriented capability, while other companies more than double this rate. The Best-in-Class metrics that define the maturity classes within this research - customer retention, satisfaction and growth in average customer spend - speak not only to the value of gaining real-time insight into the health of customer relationships, but to the bottom-line results that directly impact a company's own fiscal well-being.
- **Get everyone on the same page with technology** that allows all internal stakeholders to see, and potentially act upon, the same customer-oriented data. The Best-in-Class are more than twice as likely as Laggards to understand that "the customer is king" and to provide access, insight and support technologies to everyone in their organization who can positively impact the longevity and quality of each customer relationship. This means that in addition to traditional sales or customer service reps, departments such as marketing and finance have access to at least some of the same customer-oriented information, and are in turn provided with the ability to proactively nominate a course of action that supports the long-term health of the account.
- **Watch the bottom line**, rather than merely gross customer spend, by monitoring and reporting on the profitability of individual customer relationships. Without integrating the data from financial, selling and customer servicing transactions that apply to a specific account, Laggards trail the Best-in-Class by 58% in terms of gaining accurate visibility into whether a customer's spend has any net value to their organization. No company would deny the merits of "working smarter, not harder," so it follows that Laggards need to ramp up their focus on their own financial health, by ensuring that customer acquisition and support decisions are better informed by the knowledge of potential, current and past profitability of each customer they engage.

Industry Average Steps to Success

- **Identify the weakest links** in your business by instituting processes to define at-risk accounts. Trailing the Best-in-Class by

Fast Facts

- √ 72% of the Best-in-Class consistently and regularly monitor customer satisfaction
- √ The Best-in-Class are 152% more likely than Laggards to provide a unified view of customer data to ensure the customer hears "one voice" at all times
- √ The Best-in-Class are 123% more likely to formalize processes for identifying "at risk" customers

69% in deploying this capability, Industry Average companies are ill-equipped to retain, let alone profitably grow, their customer relationships, by not creating for their staff enough insight into the satisfaction, spending behavior or red-flag communications that could indicate a potential drop in or complete loss of revenue from a vital account relationship. It is far better to enable customer-facing staff with the relevant financial, service ticket, market news or other intelligence so they can proactively address potential problems before they grow into crises.

- **Know your customer** by capturing and promulgating their history to all relevant internal stakeholders. The highest percentage of any Best-in-Class capability is represented by this process, while Industry Average companies trail the top performers by 31% in recognizing the benefits of this kind of crucial account insight. Ideally, the "customer history" is more than a register of transactions, but includes rich content regarding all interactions with the account through the entire customer lifecycle, from initial marketing engagement, through the selling, negotiating and contractual discussions, to problem resolution and even predicted future revenue data. Throw in a few predictive analytics, and your ability to better predict the health of your own business has been greatly augmented as well.
- **Speak in "one voice"** so that consistent messaging is received by your prospects and customers at all times. With only 32% of Industry Average companies adopting a unified view of a customer's data in order to provide a "one voice" approach, versus 48% of the Best-in-Class, the performance of these companies regarding customer retention, satisfaction and net client value is measurably worse. Top performers, on the other hand, recognize the subtle but highly valuable impact of avoiding the kind of relationship-damaging corporate *faux pas* that can result from inconsistent or conflicting messaging sent to, and received by, a confused or frustrated customer.

"The technology we use to bring together a single view of our data warehouse, CRM, marketing results and past transactions, helps us understand the total picture of the Financial Advisor's relationship with us - both on-line and off-line. We're better able to capture and act on those results."

~ Scot Hawthorne, Vice
President, J.P. Morgan Funds
Management, Intermediary
Services

Best-in-Class Steps to Success

- **Integrate ERP with CRM** to achieve a better, holistic understanding of all facets of your customer relationships. While the Best-in-Class are far more likely than other companies to invest in this technology enabler, almost three-quarters of top-performing companies have yet to embrace the value of achieving this single view. Since only 4% of the survey respondents felt they had achieved the full potential of business from existing customers, a true 360° view of the customer is a win-win situation for all parties involved: buyers benefit from better service and efficiency, and sellers derive improved loyalty and, inevitably, more repeat business from established customers.

- **Grow the knowledge base of your customers** with the capture, integration and display of unstructured sales intelligence that impacts your ability to retain and grow their spend with your company. While executing this capability at twice the rate of other companies, only a quarter of the Best-in-Class have fully realized the potential of empowering customer-facing staff with real-time knowledge about the people, companies and business news they need in order to fully support, up-sell, cross-sell and increase the net value of each customer relationship. Incorporating relevant news feeds, triggers, market alerts or social media content into the CRM system is relatively simple, and can help the Best-in-Class maintain their status as top performers.
- **Cut the cord.** Much as Aberdeen research has consistently defined the growth of mobile sales technologies deployed by all maturity classes, so too should the Best-in-Class recognize that on-the-road access to CRM deployments is no longer limited to the traditional traveling sales rep. Indeed, since both service and even marketing professionals with responsibility for maintaining or growing existing customer relationships are in possession of smart-phones on a personal or business basis, companies empowering these individuals to see, change and update customer records "on the fly" show better performance as a result. Still, with two-thirds of the Best-in-Class not yet adopting this capability, there remains significant room for improvement among top performers as well.

Aberdeen Insights — Summary

Most, if not all companies today recognize the importance of providing a true 360° view of the customer. Customers benefit from better service and efficiency, and sellers derive improved loyalty and, inevitably, more repeat business from established customers. Yet few achieve this desired level of visibility. Customer data remains in a variety of repositories, some of which are still paper-based. Even much of the electronic data is not only unstructured but disorganized and not easily retrievable. The more disconnected and disorganized the data, the lower the likelihood that all customer-facing employees are operating on the same page and providing a consistent and accurate message to the customer.

The path to providing a complete view of the customer lies not in eliminating data sources but integrating them and providing access that is easy to navigate and always available. Enterprise applications such as ERP and CRM are generally the primary repositories, but integrating other technologies including business intelligence and analytics, workflow and event management, social media and sales intelligence sources and applications complement that data and round out the view. The net result: better service and higher sales.

Appendix A: Research Methodology

Between January and February 2010, Aberdeen examined the use, experiences and the intentions of 428 enterprises regarding achieving a unified view of their customer, in a diverse set of industry sectors.

Aberdeen supplemented this online survey effort with interviews with select survey respondents, gathering additional information on customer management strategies, experiences and results.

Responding enterprises included the following:

- *Job title:* The research sample included respondents with the following job titles: C-level / President (25%); EVP / SVP / VP (13%); Director (20%); Manager (28%); Consultant (6%); and other (8%).
- *Department / function:* The research sample included respondents from the following departments or functions: sales or business development (28%); corporate management (14%); marketing (14%); IT manager or staff (13%); operations (8%); customer service or support (7%); and other (16%).
- *Industry:* The research sample included respondents from IT consulting and services (19%); software (16%); financial services (7%); telecommunications (6%); computer equipment, hardware or peripherals (4%); education (4%); transportation and logistics (4%); and other (40%).
- *Geography:* The majority of respondents (58%) were from North America. Remaining respondents were from Europe (23%), Asia-Pacific (11%), Middle East/Africa (4%) and South/Central America and Caribbean (4%).
- *Company size:* Nineteen percent (19%) of respondents were from large enterprises (annual revenues above US \$1 billion); 30% were from midsize enterprises (annual revenues between \$50 million and \$1 billion); and 51% of respondents were from small businesses (annual revenues of \$50 million or less).
- *Headcount:* Thirty-three percent (33%) of respondents were from large enterprises (headcount greater than 1,000 employees); 25% were from midsize enterprises (headcount between 100 and 999 employees); and 42% of respondents were from small businesses (headcount between 1 and 99 employees).

Study Focus

Responding executives completed an online survey that included questions designed to determine the following:

- √ The degree to which integrated CRM, ERP and other systems are deployed in their operations, and the business implications of the technology
- √ The structure and effectiveness of existing "360-degree customer view" implementations
- √ Current and planned use of these efforts and their impact on customer satisfaction, retention and net client value
- √ The benefits, if any, that have been derived from these initiatives

The study aimed to identify emerging best practices for customer management practices and technologies, and to provide a framework by which readers could assess their own management capabilities.

Table 5: The PACE Framework Key

Overview
<p>Aberdeen applies a methodology to benchmark research that evaluates the business pressures, actions, capabilities, and enablers (PACE) that indicate corporate behavior in specific business processes. These terms are defined as follows:</p> <p>Pressures — external forces that impact an organization’s market position, competitiveness, or business operations (e.g., economic, political and regulatory, technology, changing customer preferences, competitive)</p> <p>Actions — the strategic approaches that an organization takes in response to industry pressures (e.g., align the corporate business model to leverage industry opportunities, such as product / service strategy, target markets, financial strategy, go-to-market, and sales strategy)</p> <p>Capabilities — the business process competencies required to execute corporate strategy (e.g., skilled people, brand, market positioning, viable products / services, ecosystem partners, financing)</p> <p>Enablers — the key functionality of technology solutions required to support the organization’s enabling business practices (e.g., development platform, applications, network connectivity, user interface, training and support, partner interfaces, data cleansing, and management)</p>

Source: Aberdeen Group, March 2010

Table 6: The Competitive Framework Key

Overview	
<p>The Aberdeen Competitive Framework defines enterprises as falling into one of the following three levels of practices and performance:</p> <p>Best-in-Class (20%) — Practices that are the best currently being employed and are significantly superior to the Industry Average, and result in the top industry performance.</p> <p>Industry Average (50%) — Practices that represent the average or norm, and result in average industry performance.</p> <p>Laggards (30%) — Practices that are significantly behind the average of the industry, and result in below average performance.</p>	<p>In the following categories:</p> <p>Process — What is the scope of process standardization? What is the efficiency and effectiveness of this process?</p> <p>Organization — How is your company currently organized to manage and optimize this particular process?</p> <p>Knowledge — What visibility do you have into key data and intelligence required to manage this process?</p> <p>Technology — What level of automation have you used to support this process? How is this automation integrated and aligned?</p> <p>Performance — What do you measure? How frequently? What’s your actual performance?</p>

Source: Aberdeen Group, March 2010

Table 7: The Relationship Between PACE and the Competitive Framework

PACE and the Competitive Framework – How They Interact
<p>Aberdeen research indicates that companies that identify the most influential pressures and take the most transformational and effective actions are most likely to achieve superior performance. The level of competitive performance that a company achieves is strongly determined by the PACE choices that they make and how well they execute those decisions.</p>

Source: Aberdeen Group, March 2010

Appendix B: Related Aberdeen Research

Related Aberdeen research that forms a companion or reference to this report includes:

- [Customer Experience Management: Engaging Loyal Customers to Evangelize Your Brand](#); September 2009
- [ERP in the MidMarket 2009: Managing the Complexities of a Distributed Environment](#); August, 2009
- [ERP in Manufacturing 2009: Expanding Beyond Traditional Boundaries](#); June 2009
- [The ERP / BI Connection: Adding Value through Actionable Intelligence](#); July, 2009
- [Inside Sales Enablement: "Let Them Drink Coffee!"](#); December 2009
- [Sales Training: Translating Tribal Selling Knowledge Into Bottom-Line Productivity](#); September 2009
- [The 2009 Sales Automation Report – Best-in-Class Strategies for Increasing Returns on SFA Investments](#); August, 2009
- [Tailor-Made CRM: Best Practices in Customization, Configuration, and Integration](#); May, 2008
- [The Carrot or the Stick? Competing Strategies for Sales Effectiveness](#); (July, 2009)
- [Sales Intelligence: The Secret to Sales Nirvana](#); January, 2009
- [CRM in SME: Sized to Fit](#); March, 2008
- [CRM Everywhere: The 2008 Software-as-a-Service Update](#); January, 2008

Information on these and any other Aberdeen publications can be found at www.aberdeen.com.

Authors: Cindy Jutras, Vice President, Research Development
(cindy.jutras@aberdeen.com)

Peter Ostrow, Research Director, Sales Effectiveness
(peter.ostrow@aberdeen.com)

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