WHITEPAPER

THE CIO'S DEFINITIVE GUIDE: DELIVERING RESULTS WITH CRM FOR FINANCIAL SERVICES

How to Keep Your System Integrity, Budget, Resources And Sanity Intact Through CRM

ABOUT

Financial services is a tough, highly-competitive industry that faces challenges from every corner. Government regulation and deregulation. Consolidation. Customer churn. And a pace of change that makes your head spin. And then there are those volatile markets. Despite all of that, you've still got to come up with the goods and provide solutions that will make a real, measurable difference to the bottom line. And those measurable differences start by finding ways to achieve internal efficiencies that will help your financial institution deal more effectively with customers.

This is often when companies look towards CRM. And when that journey begins, your job as CIO is to deliver a unique CRM system while protecting current systems, maintaining productivity and thinking long-term. With minimal cost or disruption. Some would say that's a tall order. At Pivotal CRM, we believe it can be done—sensibly, predictably and safely. We believe the deliverables and requirements of every CIO embarking on this journey point to one fundamental goal: Select a CRM system that's a good corporate citizen.

HERE'S A FAMILIAR SCENARIO

You want customers to enjoy seamless interactions with your institution. They need to feel that your financial institution will offer them the opportunity to make or save money with you.

And those customers need to feel that you've taken the time to learn and respond to their specific needs.

And that's where customer relationship management can really help. Particularly if you understand that CRM is a journey, not a destination.

When that journey begins, your job as CIO is to deliver a unique CRM system. At the same time you have to protect current systems, maintain productivity and think long-term.

Oh, and you've got to do all that with minimal cost and disruption.

Some would say that's a tall order, but it can be done sensibly, predictably, and safely.

The deliverables and requirements of many CIOs in a financial services organization point to a fundamental CRM goal:

Select a CRM system that's with good corporate citizen. That's 100% designed to fit sensibly to what your company needs.

In the end, what you need is CRM that makes it easy for your company to change and respond quickly.

Because you'll need to do just that.

THE NEW ACCOUNTABILITY

When it comes to CRM, today's financial services CIO is squarely focused on risk mitigation, resource management and cost predictability.

This new focus results in many new criteria.

How easy is this CRM system to buy?

Can we deploy in a predictable timeframe?

Will it fit with our current and future business IT strategies?

All these criteria play a role in the greater theme of buying CRM today: measuring the lowest possible total cost of ownership, and the greatest business value.

The majority of your CRM investment in license fees, configuration, customization, and training occur well before the software shows evidence of business results.

Because of this, the price tag attached to a CRM implementation can seem very high.

Early in the buying process, ask prospective vendors to show you exactly how they approach and build CRM to reduce risk, resource issues, and cost.

By adopting a forward-thinking strategy to account for costs in the areas of customization, integration, scalability and deployability, you can significantly reduce the TCO of your CRM system.

In all of these areas, the lowest total cost is a function of the CRM platform and architecture.

Delivering on internal business objectives while intelligently responding to customer and market opportunities is 100% dependent on the technology foundation, or the architecture, of a CRM system.

TCO AND THE NEED FOR CHANGE

Within the complex environment of today's financial services firms, effective CRM architecture needs to span multiple databases, applications, and business functions.

In order to stay relevant to rapidly changing corporate objectives and market flux, it must facilitate evolution.

To facilitate evolution, application functionality must be supported by the right architecture. Or the application becomes brittle over time and always feels like it needs to be 'shoe horned' into doing what you want it to do.

Many of today's CRM systems take the wrong approach. They tightly couple the customer data, business processes, and transactions associated with marketing, selling, and servicing customers.

This tight coupling may seem to provide a head-start in automating business processes, but ultimately inflates the total cost of ownership.

It creates a system that is rigid to change, causing significant disruption to the business during updates and upgrades.

The informed CIO must take a balanced approach to evaluating both the application and the architecture when considering TCO.

Ultimately, it is the CRM application's flexibility, scalability, and deployability that will determine TCO as your organization adapts to the changing financial services marketplace.

Flexibility: Does the architecture facilitate the configuration, customization and integration of the CRM application, both at the outset and over time as your business needs evolve?

Scalability: Does the architecture let you scale and improve application performance cost-effectively?

Deployability: Does the architecture let you easily deploy, upgrade, and maintain the CRM application over time?

FLEXIBILITY = QUICK RESPONSE TO CHANGE

A flexible CRM application is one that is both easy to customize and easy to integrate with intra- and extra-enterprise applications and data sources. And in the financial services world, there are a great many such data sources.

Architectural flexibility is about making the CRM software, and thus CRM processes, work in the way you see fit— not how the CRM vendor thinks it should work.

Many CRM architectures are inherently rigid, making the associated applications very difficult to customize.

This raises TCO by forcing financial services firms to abandon proven business processes and start anew, either because customization cannot be done, or because it is simply too expensive.

The true measure of an application's flexibility is based on the cost to perform customization enhancements. These costs can include increases in deployment time, decreases in application performance, the cost of acquiring the skills to perform the enhancement, and future costs associated with whether the enhancement can be used (or must be discarded) during application upgrades.

Clearly, customization enhancements are not limited to just the initial implementation, but rather require ongoing adjustment.

A customizable CRM application supports changes in both underlying data definitions and business process rules without requiring alteration of source code, binaries, or runtime environments.

How you handle your business rules can provide significant competitive advantage, because adapting business rules faster than competitors—in response to market pressures or customer demand allows you to sell your financial services products faster and better than your competitors.

Flexible CRM possesses three essential characteristics: breadth (not depth), a highly customizable architecture and a strong integration framework.

BREADTH, NOT DEPTH

First, CRM should provide a sensible set of commonly needed features out-of-the-box—but without the excessive depth that makes many other CRM applications inflexible.

Excessive functionality increases an application's complexity and reduces the usability of the application for the end-user, resulting in increased end-user training costs and risk of end-user rejection.

The only remedy for an application that is too functionality-rich is to remove the excessive functionality during the implementation phase. But this approach to customization can be very risky—and very time-consuming.

Chances are that your CEO isn't overly keen on anything that will extend the time it will take to get your CRM application live and contributing to improving customer satisfaction, improved profitability and increased customer yield.

Massive CRM applications with almost limitless functionality depth are built upon a much more complex web of intra-dependencies than their leaner counterparts.

In order not to compromise the integrity of the application, customizers must pay extra attention when removing or 'unplugging' excessive functionality.

This results in longer implementation times and difficult post-deployment change, and requires the hiring of expensive teams of technical specialists, significantly raising the TCO of the CRM system.

In a financial services environment, this task must also be undertaken with a particular view to remaining in compliance with all relevant local, national, and international financial services regulations.

Database complexity is a good indicator of the overall complexity of a CRM system. For instance, Pivotal CRM's underlying data structure has less than 200 tables, yet it supplies the majority of the functionality required by most companies. By comparison, massive CRM systems, in order to support a huge depth of thousands of features, require a data model with 10 to 20 times as many tables.

This model is not only inflexible, but is often simply too complex to understand. This necessitates a great deal of reliance on specialized, vendor-supplied customizers, raising TCO.

EASE OF CUSTOMIZATION

The second characteristic of a highly flexible CRM system is an architecture that facilitates change. Look for a 3-tier, metadata-driven architecture, intuitive customization tools that allow you to quickly customize your CRM solution to match evolving business processes.

Few CRM vendors separate business data from metadata (how the business data is organized and used). When a CRM vendor makes it possible to upgrade just the metadata, as Pivotal CRM does, all changes to the presentation services, business services, or data services tiers are managed in one central location. Execution and development environments are kept separate and only synchronized when appropriate.

Therefore, the application can tolerate a high level of customization without a significant impact on existing applications.

STRONG INTEGRATION FRAMEWORK

In order to derive maximum value from your CRM investment, ensure it can be integrated with existing back-end systems and databases.

In a financial services environment, there can be a multiplicity of such databases—dealing with corporate, institutional and retail clients on everything from current accounts to mortgages, business loans, and investment portfolios. And each of these, of course, can carry with it a specific set of regulatory requirements.

To be effective, the CRM vendor must supply an integration framework that spans multiple data stores, applications, and business processes across departmental and even enterprise boundaries. Financial services companies often grow quickly, expanding through acquisitions that can result in a single organization trying to support many disparate systems and clients. Ensuring data consistency, accuracy, and timeliness between calendars, task lists and contact information from both connected and disconnected users on multiple client systems can be a complex challenge.

A cost-effective integration framework should leverage and complement existing systems. It should facilitate seamless, bi-directional exchange of information to both EAI and B2Bi via industry-standard middleware, third-party adapters, and Web services.

Also, watch for an integration solution that is standards-based. You want to ensure that you can quickly adapt and extend your CRM system dynamically as business systems and partners change. This is of particular concern in the financial services sector, where changes wrought by a dynamic business environment and increasing numbers of mergers are common.

SCALABILITY AND PERFORMANCE

For financial services firms, scalability is above all about creating high performance CRM from the user perspective.

Unfortunately, there is currently no hard data on user expectations of enterprise applications such as CRM. However, it's clear that power users—users who are connected most of the time to the CRM system, such as contact center employees and support specialists —have the greatest need for high-performance CRM and will tolerate less system latency than the occasional or disconnected user. Atypical, ad hoc users will have different performance requirements. It's critical that both the CRM application and the network-level infrastructure be tunable to perform within existing network infrastructure and bandwidth constraints.

The combination of highly scalable server technologies and 3-tier CRM applications is raising the bar for high performance architectures that can enhance competitive performance. Financial services institutions are moving away from isolated, vertical islands of proprietary data toward a more open and broadly deployable computing model.

Today's financial services company requires a high-performance server infrastructure that scales and adapts to every area of the end-to-end enterprise: front office, back office, and wherever business goals demand the highest possible levels of application performance.

However, the rallying cry for today's IT group implementing CRM is no longer simply 'scalability' or CRM at any cost. With so many financial services businesses experiencing intensified cost cutting, especially in their IT organizations, it's important that CRM application and platform vendors respond with flexible, sensible CRM solutions.

The first step in any scalability strategy is to assess business requirements. Anyone deploying CRM needs to balance an assessment of the business requirements of a CRM system with its impact to the current—and planned—IT infrastructure.

For example, uninterrupted up-time might be critical to maximizing customer loyalty and partner and employee productivity. This would certainly be the case in banking or trading environments. In a commercial lending environment, the more pressing issue may be adding capacity to the CRM database management system to handle a greater number of concurrent users or a greater number of ad hoc queries.

In considering the long-term scalability of CRM, ensure your chosen system can support access for not only full-time users, but large populations of occasional and external users as well.

Also, make sure that your CRM system can support fine-tuning and adapting of the application and network-level infrastructure. This will ensure consistent performance within infrastructure and bandwidth constraints, optimizing the user experience.

In any case, you should strive to take the safe, smart approach to server architecture based on modular building blocks, such as that provided by Microsoft and Intel.

Technology foundations like this support your CRM initiatives while driving low TCO by letting you 'scale right' to address business needs. You should be able to scale up to handle more users and more data by adding resources to existing servers, or scale out to increase performance in the face of additional users, workload, volume, and functionality.

Whatever the business-level objectives are, choosing the right deployment model (the right mix of scale-out and scale-up) allows businesses to dial-in exactly how much scalability, availability, and agility they need at the most affordable price.

DEPLOYMENT ON DEMAND

A deployable CRM application should be cost-effective to install, maintain and upgrade, no matter whether the organization is a multi-national financial services company with hundreds of regional offices, or a small bank or trading house with multiple departments.

Deployability is a major factor in lowering the TCO of a system, as there are enormous costs associated with deploying applications to a large—and distributed—end user base, then supporting these users as the application changes over time.

We believe that highly deployable CRM must possess two characteristics: 3-tier architecture design and a modular deployment method.

3-TIER ARCHITECTURE DESIGN

A 3-tier architecture is essential for high deployability. It separates the system into three main layers: the presentation layer, which controls what your users see and how they access the system; the application layer, where your business rules and your core applications reside; and the data layer, which contains your customer, product and business data.

A 3-tier system makes it possible to utilize a browser-based, zero-client install, zero footprint client that simplifies deployment and ongoing administration. Application customization, upgrades, and maintenance are carried out exclusively at the middle tier, and broadcast to all users and satellites via synchronization, allowing client-side updates to be seamlessly communicated to users around the world with no additional requirement for client-side maintenance.

MODULAR DEPLOYMENT METHOD

A modular deployment method allows applications from across a CRM suite (sales, marketing, service, partner management, etc.) to be rolled out separately, reducing the cost-to-results ratio. This means, for instance, that a financial services firm could deploy a contact center solution, and later deploy a sales force automation system, followed by a marketing automation solution as requirements and budgets allow. Plugging additional modules into the system should be seamless, and there should be no additional infrastructure costs associated with integrating multiple modules.

SUMMARY

Deliver a unique CRM system. Requirements: Protect current systems. Maintain productivity.

Think long-term. Minimal cost and disruption. Predictable, safe timelines and budgets.

In this Financial Services Guide, you've learned the single overall requirement to keep in mind for your financial services firm: select a CRM system that's a good corporate citizen.

When you choose CRM that is 100% designed to fit sensibly to what your financial services institution needs, it is easier for it to change and respond quickly.

Remember the three pillars of TCO: Flexibility, Scalability and Deployability.

Across these three pillars, the CRM you choose should facilitate change as your business needs evolve over time.

PIVOTAL CRM FOR FINANCIAL SERVICES

Pivotal CRM for Financial Services offers comprehensive, integrated, industry-specific capabilities that increase insight into operational performance, streamline processes across the firm, and improve responsiveness to client demands. With discrete CRM offerings for institutional asset management, mutual fund wholesaling, capital markets, private banking/ wealth management, and commercial banking, Pivotal CRM for Financial Services puts critical relationships at the core of organizational strategy in a way that fits the unique business processes of financial services firms.