

CRM (Customer Relationship Management) is a much-abused term. Its origins can probably be traced to the early 1990s when Sales Force Automation (SFA) and Contact Management (CM) systems vendors were seeking new markets for their products and identified an opportunity of expansion into the lucrative field of what was then known as Data Warehousing, Customer Databases, and Marketing Databases.

The general idea was that the enormous wealth of information that large organisations were accumulating regarding their customers and prospects was being severely under-utilised due to the inability of these large database systems to deliver this information directly to the people that needed it most, i.e. the customer facing staff such as the sales-force, customer service, the call centre and eventually the web.

As a result, somewhere around the mid 90s, software companies started to emerge offering large monolithic packages that would replace the old Data Warehouses and Customer Database systems with what has been known ever since as CRM systems. The late 90s saw a phenomenal growth in this market, fuelled partly by the IT bonanza that was later to be known as the “dot.com bubble” combined effectively with a frenzy of marketing hype of evangelical proportions.

By then most people were talking about CRM not as a technology, but as a philosophy, an ideology and almost a religious cult. In a matter of a few years most large organisations had a “Director of CRM” or at least a “CRM Project Manager”. It seems to me that terms such as “CRM Chaplain” or “CRM Tzar” wouldn’t have been far off the mark.

The big idea was to put the customer at the centre of the enterprise and make everything else depend on it. And as ideas go, it is not a bad one. After all, customers are the most important thing for any company. Being able to provide excellent and personalised customer service regardless of which channel the customers choose to contact the company through would certainly deliver higher customer loyalty and recurring business.

The problem was not the idea itself, but the way in which it was to be made into reality. Most, if not all of the established CRM software vendors in the first big wave of such systems advocated a “big bang” approach to implementation, that is to say a wholesale replacement of most existing systems with a shiny new CRM system provided by themselves and implemented by their appointed system integrators.

The result was in most cases disappointing and in others outright disastrous. CRM implementations took years to complete and the costs spiralled into many millions. As a result, the return on investment was negligible or non-existent. For very large organisations, this was not such a big problem. The costs could be buried deep into the more obscure corners of the balance sheet and the new system could be branded a resounding success.

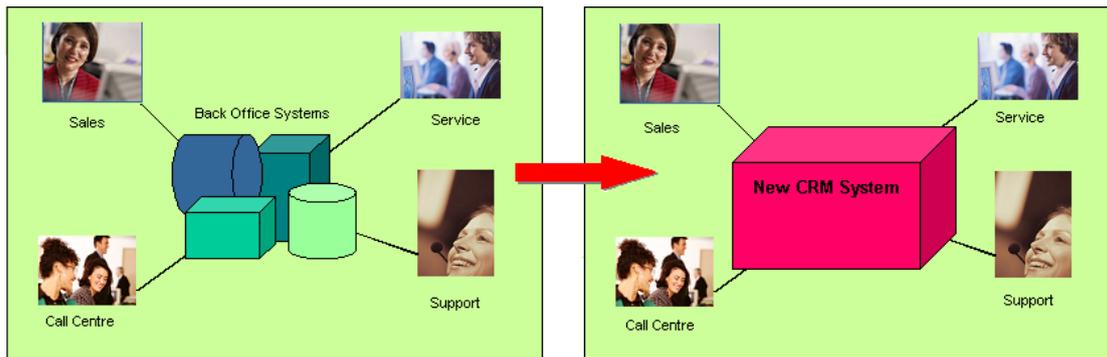


Figure 1: The Big Bang approach to CRM

In recent years, as CRM is beginning to lose its credibility as a customer contact panacea, a new approach to such systems is emerging. Software vendors, such as Noetica, are providing a common sense alternative to the big bang approach. Such companies have their roots firmly in contact centre technology and have been busy throughout the CRM hype years developing a parallel field known today as CIM (Customer Interaction Management).

What is CIM then? It is a way of managing the way in which your customer-facing staff interact with your customers or prospects. As opposed to CRM systems, which are data-driven (i.e. allow customer facing personnel access to customer data without necessarily guiding them as to what to do with it), CIM systems are process-driven. This means that data is delivered to the agent as and when the process that they are involved in during their conversation with the customer requires it.

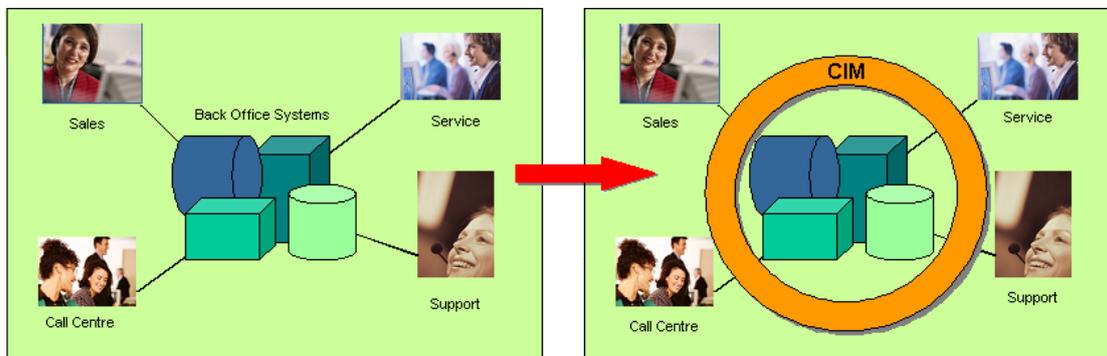


Figure 1: The CIM approach to CRM

The CIM approach to CRM is an organic one. It is based on the principle that an organisation does not have to replace all their existing back office systems in order to achieve the benefits of CRM. By simply wrapping a layer of CIM around such existing systems the same effect can be achieved at a fraction of the cost and with dramatically less disruption to the business.

Furthermore, CIM systems have many functional advantages over CRM systems, since they have been designed for structured customer contact and have their roots in the contact centre world. They provide such tools as rapid campaign deployment and excellent contact centre management tools, not to mention the elegant ways in which they integrate seamlessly into the existing infrastructure.

The future of CRM lies with these types of lighter, cheaper and agile solutions that can provide enterprises of all sizes access to the benefits of CRM without the expense and risk that the old style monolithic systems

## INSTRUCTIONS TO AGENCY

**Title:** A brief history of CRM.

**Sub-title:** By Danny Singer, Managing Director of Noetica.

**Pull out quote:** "An evolutionary view of CRM from a Customer Interaction perspective".

**Diagram:** In the body of text (two diagrams).

**Picture:** Provided separately.