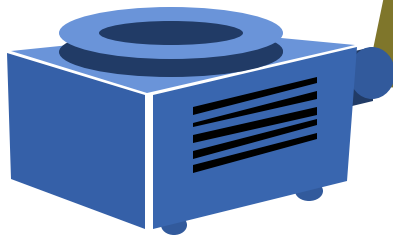


# Global Customer Data Management

## What Do You Know About Your Customer?

Presented By  
Walter Moeller



# Global Customer Data Management

## Speaker Bio

- **Practice Director & Senior Consultant**
- **Formerly with KPMG, Ernst & Young and Coopers & Lybrand**
- **Data Focused Strategy and Architecture for Data Warehouse and e-Commerce Programs**
- **Clients include 3Com, HP, VLSI Technology, Siemens Business Systems, Apple, PG&E**

# Global Customer Data Management

## Internet Business Impact

- **Marriott Sold Its Hotels but Retained Management Contracts on Them**
- **Chrysler Outsourced the Manufacturing of Component Parts and Closed Factories, Even As It Increased Total Vehicle Output.**
- **Schwab's Internet Subsidiary (Schwab.Com) Has Swallowed Its Parent.**
- **Stock Ownership Jumped From 28 Percent of U.S. Households in 1989 to 48 Percent in 1999. Brokers Are Casting a Wary Eye at the New E\*trade, DLJDirect, and Schwab.Com Web Sites.**

Is Your Company Next?, PC Computing, February, 2000

# Global Customer Data Management

## Internet Business Impact

- **Drugstore Chains Consolidate and Fight for Prime Retail Space at the Same Time That Online Pharmacies Expand and Threaten to Make Shelf Space Obsolete.**
- **Travel Agents Struggle for Survival As Web Competitors Eliminate Costly Retail Space, Bloated Payrolls, Limited Hours, and Selective Information.**
- **Car Dealers Worry That They May Become Warehouses for Some Wholesaler Associated With Autobytel or Autoweb.**

ibid.

# Global Customer Data Management

## Internet Business Impact

- **Insurance Companies Shed Jobs, Forcing 15,000 Agents to Become Independent Contractors. An Estimated 20 Percent of All Insurance Agents Were Eliminated in the Past Five Years. Many of These Agents Established Web Agencies.**
- **Broadband Technology Threatens to Eradicate Video Rental Stores.**
- **Office-supply Wholesalers Are Establishing Web Sites and Delivery Services to Compete With Officemax, Staples, and Office Depot Superstores.**

ibid.

# Global Customer Data Management

## Internet Business Impact

- **Metropolitan Newspapers Derive Half of Their Advertising Revenue From Classified Ads Now Threatened by Online Auction, Job, and Realtor Sites.**
- **Many of the 5,000 Job Sites on the Internet Offer Greater Efficiency and Geographical Coverage Than Conventional Employment Agencies.**
- **The Airlines Fumbled Their Initial Opportunity to Sell Tickets on the Web. Online Travel Services Took Advantage of That Fumble to Offer What Flyers Really Wanted -- the Ability to Compare Fares. *ibid.***

# Global Customer Data Management

## Internet Business Impact

- **The Recording Industry Is Fighting the MP3 Streaming File Format. The Industry Fears Albums Will Be Bootlegged and Downloaded From the Web. While They Diddle, MP3 Files Have Become the Most Commonly Searched for Item on the Web.**
- **Even the Professional Is Not Immune to the Influence of the Web. The Internet Is Being Used to Draft Wills, Get a Divorce, and Incorporate New Companies. This Is No Joke to the Lawyers.**

ibid.

# Global Customer Data Management

## Internet Business Impact

- **Certified Public Accountants Are Opening Web Sites to Manage Payroll and Human-resource Activities for Companies. Accountants Clearly "Got the Message" When 350,000 Taxpayers Logged Onto Intuit's Web Site to Prepare 1998 Returns.**
- **Automated Teller Machines Reduced Teller Ranks, but the Web Usurped Other Business. Loan Sites, Such As E-loan and Getsmart, Offer Borrowers Better Rates and Terms on Everything From Mortgages to Vacation Money.**

ibid.

# Global Customer Data Management

## Internet Business Impact

- **Consumers Are Learning That They Need Not Pay Local Markups. The Internet Can Destroy a Local Merchant's Ability to Control Pricing.**
- **Priceline.Com Is an Example, As Is Mercata. Mercata Even Pools Groups of Shopper So That They Buy in Bulk. The More That Join in a Bid, the Better the Price.** ibid.

**IS YOUR BUSINESS NEXT?**

# Global Customer Data Management

## **Disclaimer**

**I am not here to solve your Problems!**

**In fact, I do not know if your problems can be solved!**

**I am here to stimulate your thinking and expose some business issues that you will encounter (if you have not already done so) as you move your business to the web!**

**Specifically, we are going to focus on issues about managing your business data about your customer.**

# Global Customer Data Management

## Topics To Be Discussed:

- **What is new in the Internet Customer Model ?  
Global, Fickle, Informed**
- **Who Is Your Customer ?**
- **How Do You Identify Your Customer?**
- **What Do You Want To Know About Them?**
  - **Life-Time Value**
  - **Buying Habits (Click vs. Brick)**
- **Managing Customer Data At Web Speed.**
- **Future Trends.**
- **Questions.**

# Global Customer Data Management

## Key Issues

- **Need Accurate, Consistent Customer Data**
- **Obtaining & Managing It Is Tough**
- **Many Sources Of Customer Data**
- **Payoff Is Significant Competitive Advantage**

# Global Customer Data Management

**We Can Solve Our Problems !**

**We will build a web-site for our employees to access all customer data with a browser!**

**Oh, by the way, lets let our customers come and get their own data (This will save us money!) \$\$\$ \$\$\$ \$\$\$ Yea!**

# Global Customer Data Management

## The Facts of (Web) Life

**The introduction of the Web to your business allows your customers and partners to see what is happening in your back-office systems!**

**Are you ready?**

# Global Customer Data Management

## Common Web-site Mistakes

- 1. Do Not Penalize Online Shoppers.**
- 2. Failure to Tell Them What to Do Next.**
- 3. No Phone Number to Get Real People.**
- 4. Not Enough Information to Make a Decision.**
- 5. Mixed Messages Between Store & Web.**

# Global Customer Data Management

## More Common Web-site Mistakes

6. Search Engines Can't Find It.
7. Look and Feel Are Not Consistent.
8. Click (Link) Away Without Warning.
9. Promises, Promises - 'Where's The Beef?'
10. Too Many Ads, Too Little Content.

# Global Customer Data Management

## First Question - Who Is Your Customer ?

- **Account**
- **Client**
- **Customer**
  - **Internal**
  - **Retail**
  - **Wholesale**
- **Partner**

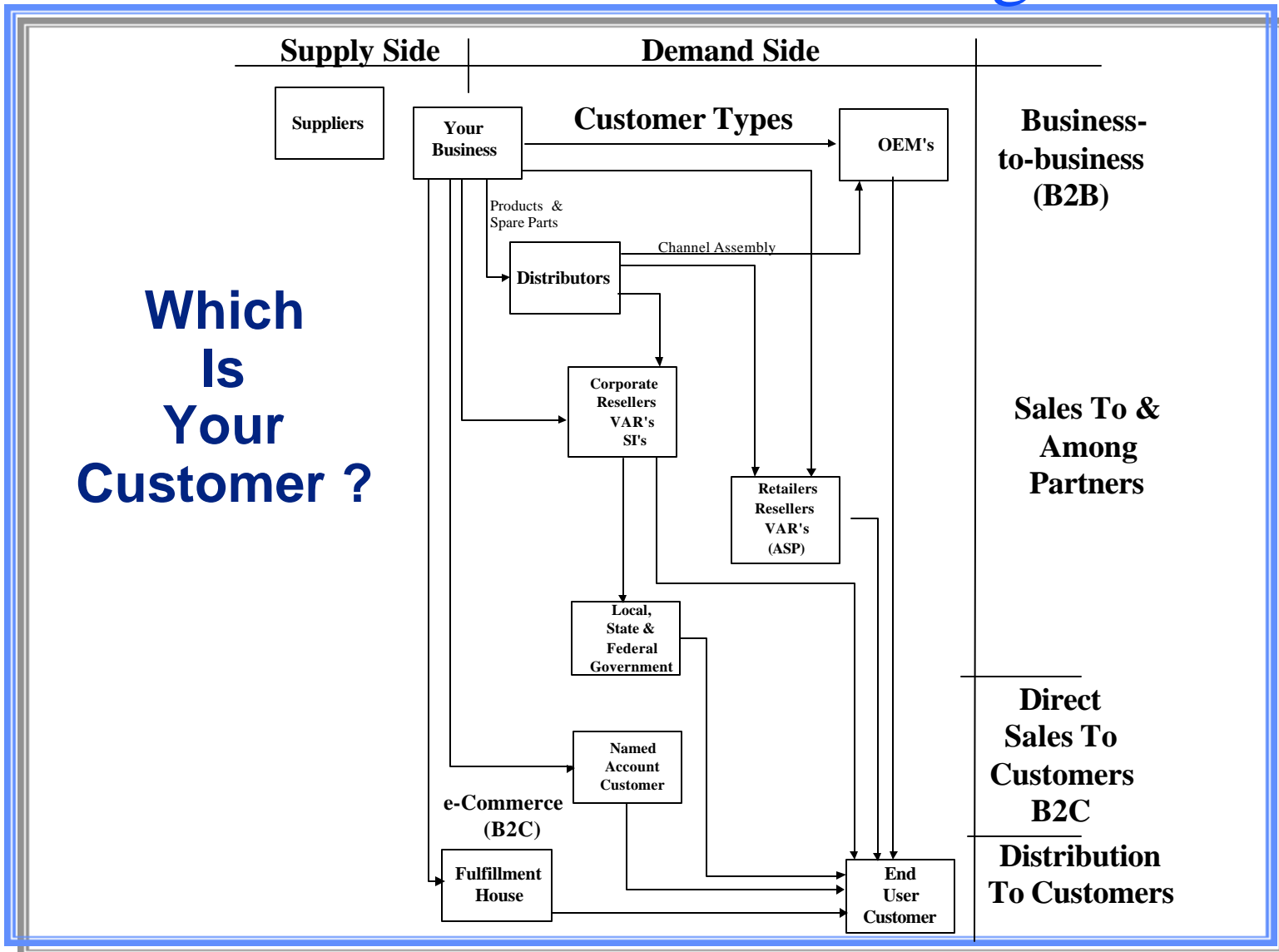
# Global Customer Data Management

**Which Customer Is Your Customer ?**



**What Do You Want To  
Know About Your Customer**

# Global Customer Data Management



# Global Customer Data Management

## Customer Definition

**A Customer Is a Person or Organization That Has the Potential to Purchase Products or Services From Our Organization.**

**A Customer May Be:**

- **Retail (Business-to-Consumer)**
- **Wholesale (Business-to-Business)**
- **An Internal Employee**
- **A Unit of Your Organization**
- **A Vendor (A Partner)**
- **A Competitor (Co-Opitition)**
- **A Government Agency (B2G)**

# Global Customer Data Management

## **Global Customer Data Management Is A Data Issue**

**What You Do With The Global Customer Data  
Management Is A Business Process and  
Business Rules Issue!**

# Global Customer Data Management

## What Do We Want To Know About Customer

- **Life-time Value Of Your Customer**
- **Cost Of Acquisition**
- **Average Life of Your Customer Relationship**
- **Net Profit History**
- **Customer Buying Profile**

# Global Customer Data Management

## How Can We Get This Customer Data?

- **Provide ‘Single View’ Of Your Customer**
- **Achieve Unique Identification**
- **Manage Customer Relationships**
  - **Global Roll-up**
  - **Acquisition / Consolidation / Spin-off**
  - **Name or Location Change**
- **Use Customer Relationship Management System**

# Global Customer Data Management

## Customer Relationships

- **Partners / Affiliates / Associates**
- **Customer's Employees**
  - **Purchasing Agent**
  - **Executive Decision Makers**
  - **Technical Contacts**
- **Influencers**
  - **Professional Associates**
  - **Board of Directors**
  - **Friends / Neighbors / Relatives**

# Global Customer Data Management

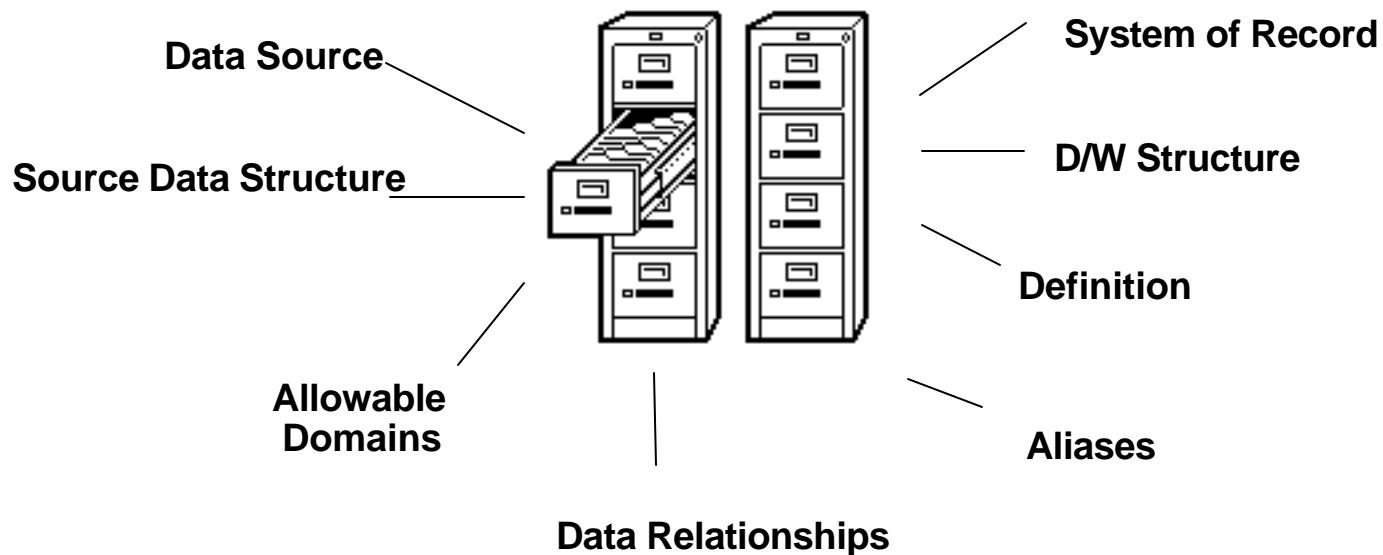
## Current Customer Data Sources

- **Leads System**
- **Campaign Mgmt**
- **Sales Commission**
- **Sales Force (Personal)**
- **Accounts Receivable**
- **Contracts / Legal**
- **Order Management**
- **Customer Service & Support**
- **Warranty & Repair**
- **Customer Registration**
- **Relationship Mgmt**
- **Enterprise Data Warehouse**
- **Partner / Affiliate Mgmt**
- **Customer Satisfaction Surveys**

# Global Customer Data Management

## Meta Data - Map of Customer Data

The Data That Provides the “Card Catalogue”  
Of References For All Customer Data



# Global Customer Data Management

## Integration of Customer Data

### Operational      Systems

**Order Processing**      **Customer ID = 10**

**Accounts Receivable**      **Customer ID = 12**

**Product Management**      **Customer ID = 8**

**Unique**

**Customer ID = 16**

# Global Customer Data Management

## Our Goal for Customer Data?

- **Identify Customers !**
- **Determine What We Want To Know!**
- **Collect Data-Scrub, Integrate & Make It Accessible**
- **Provide Information - For Our Businesses**
- **Start Managing Knowledge**
- **So Our Business Will Gain Wisdom !**

# Global Customer Data Management

## Customer Identification

**A Customer Is Identified by a Global Customer Identification Number That Is Unique Within Your Entire Global Organization**

**Customer Identification Must Be:**

- **Unique**
- **Unintelligent**
- **Useless**
- **Unchanging**

# Global Customer Data Management

## Unique Customer Identification

**Customer Identification Must Be Unique Within Your Organization**

**The Request for Information About This Customer Will Provide ALL Information About This One Customer And No Other Customer!**

**The Unique Identification Should Be Numeric!**

# Global Customer Data Management

## Unintelligent Customer Identification

**Customer Identification Must Be Unintelligent  
Means That The Identification Number Should  
Not Be a Concatenation of Other Information.**

**(i. e., Customer ID = Industry + Region)**

# Global Customer Data Management

## **Useless Customer Identification**

**Customer Identification Must Be Useless,  
Means Used for No Other Purpose.**

**(i. e., Customer Number = FEIN or SS #,  
Phone Number)**

# Global Customer Data Management

## Unchanging Customer Identification

**Customer Identification Must Be an Unchanging Number Means That the Identification Can Not Change Over Time or Because of a Change in the Customer Status.**

**(i. e., Customers That Rank in the Top 10 % of Revenue Will Have Customer Numbers Within the 10,000 Range.)**

# Global Customer Data Management

## **'Proposed' Web Customer Identification**

**Unique Customer Identification could be our e-mail user's name & ISP Name!**

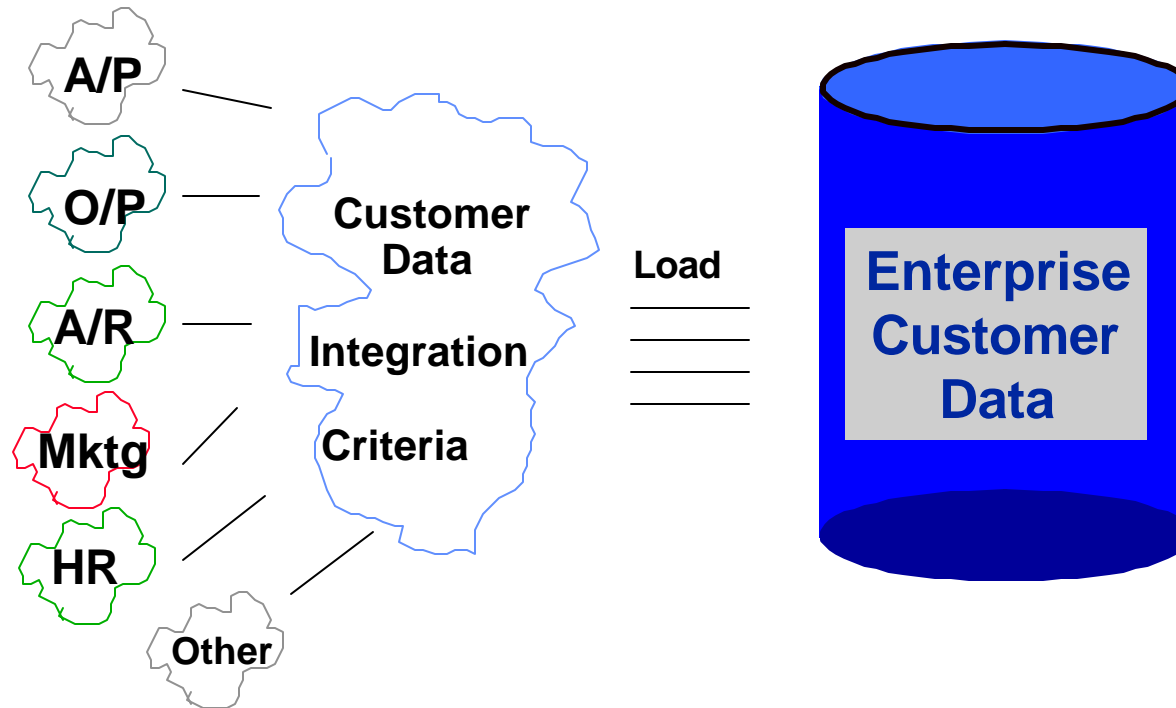
**Pro - Universally Unique (While It Lasts!)**

**Con - Not Permanent  
Not One-to-One Relationship**

# Global Customer Data Management

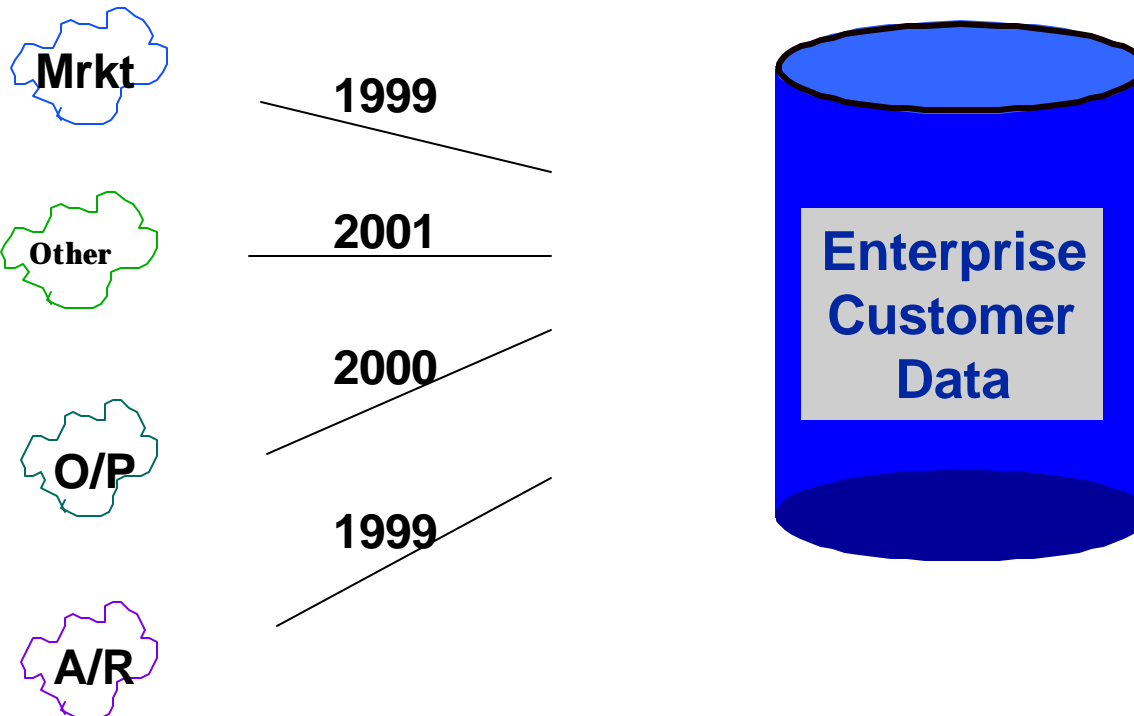
## Customer Data Environment Architecture

Contains Integrated Data From  
Multiple Legacy Applications and Outside Sources



# Global Customer Data Management

**Customer Data is Integrated and Loaded by Source System**



# Global Customer Data Management

## Let's Solve This With A New Application

- **Customer Relationship Management !**
- **Perhaps – e-CRM !**
- **These New Systems Solve Everything !**

# Global Customer Data Management

## Objectives of CRM Systems

- **Make More Money !**
- **Save Money !**
- **Improve Efficiency (Save Time) !**

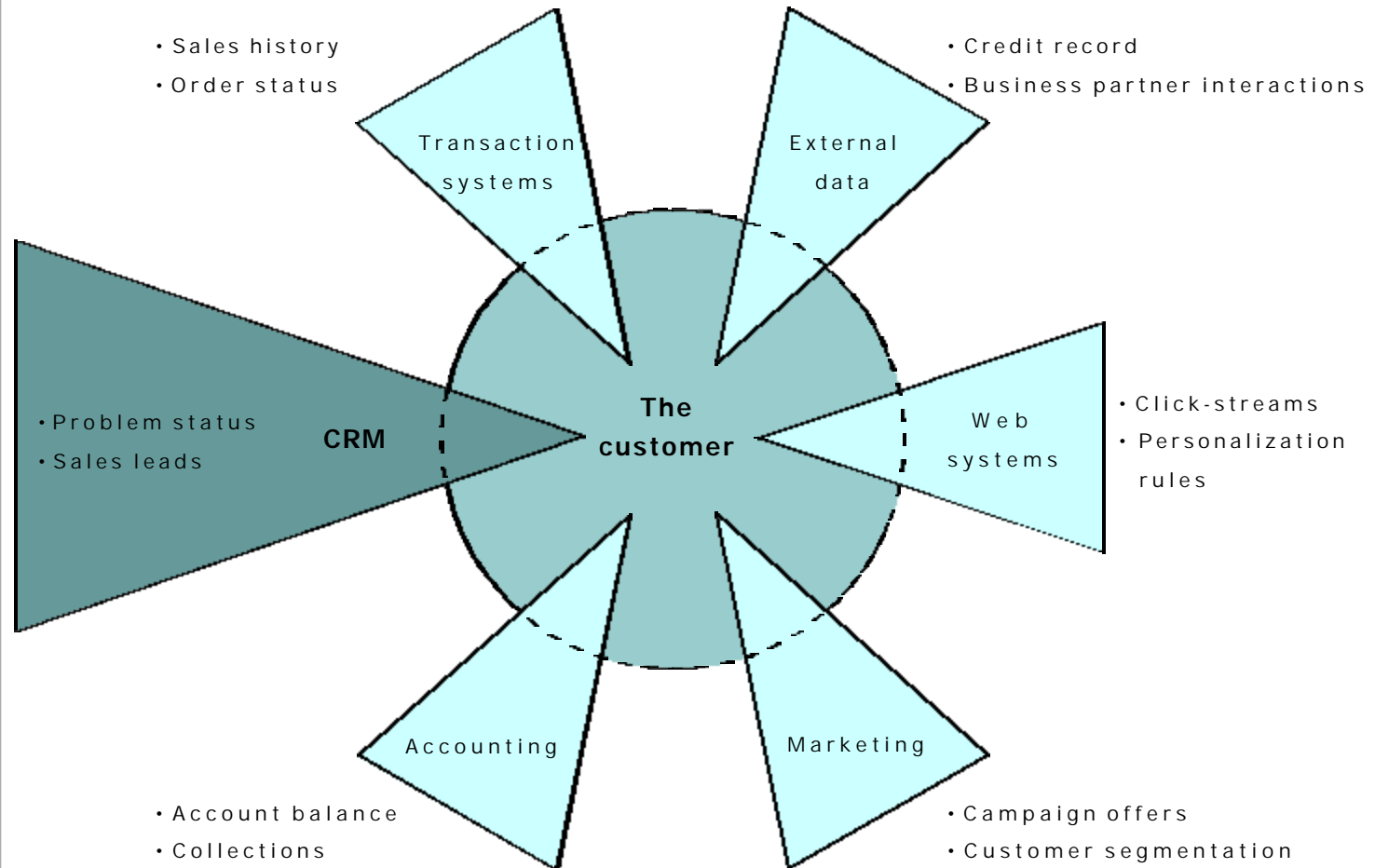
# Global Customer Data Management

## Desired Results of CRM Systems

- **Focus on Efficiency !**
  - Doing Things Well
- **Focus on Effectiveness !**
  - Doing The Right Things
- **Must Tie Both Together To Achieve Maximum Value of Global Customer Data Management !**

# Global Customer Data Management

## CRM Apps Can't Manage The Whole Relationship

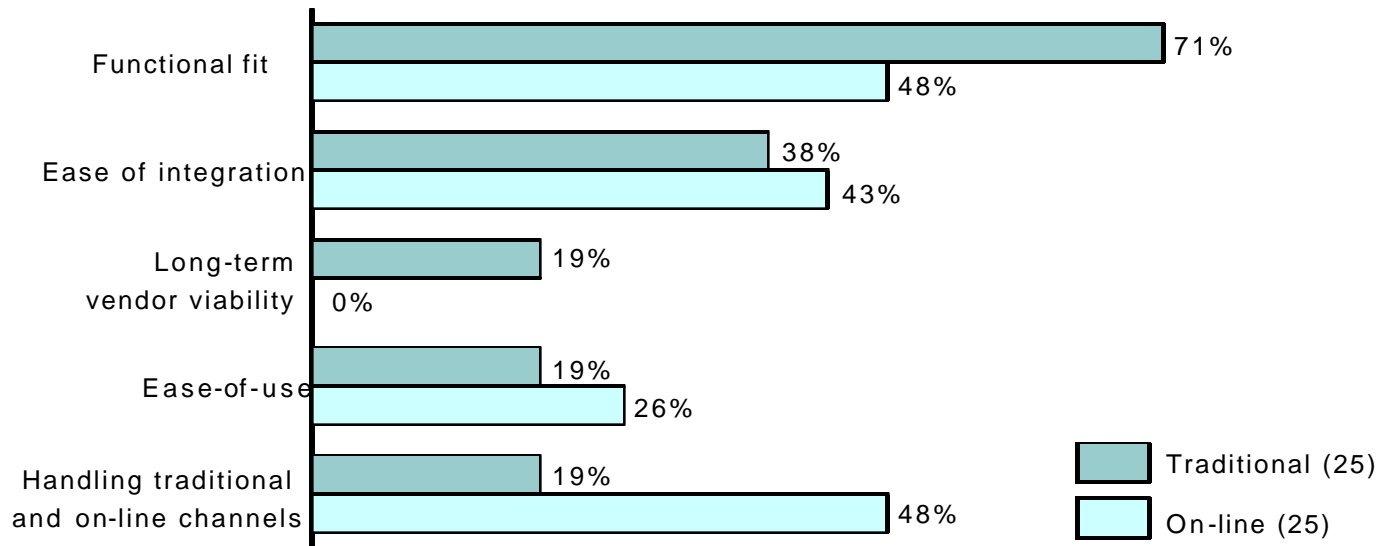


*The Demise of CRM, Forrester, June, 1999*

# Global Customer Data Management

## The Internet Group Has A Different Perspective On Customer Management

“What are the top criteria in choosing new customer management applications?”

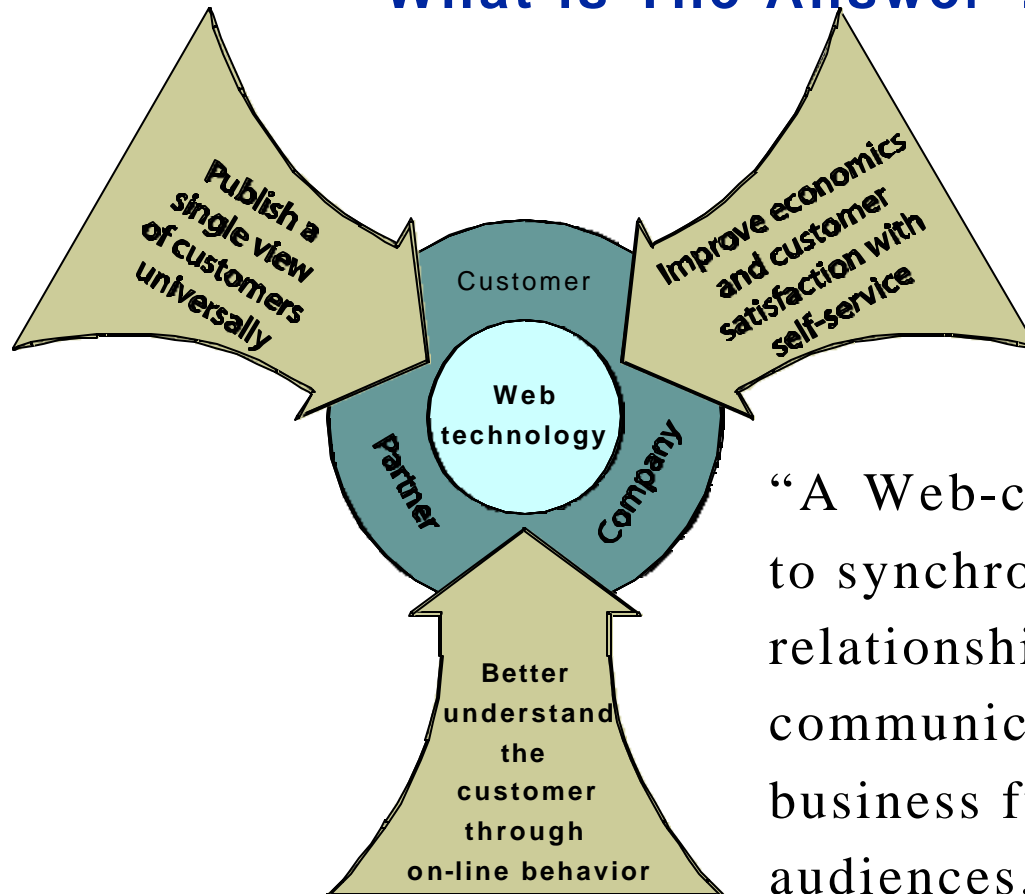


Percent of 50 interviewees from 25 large companies -- segmented by channel responsibilities (multiple responses accepted)

*The Demise of CRM, Forrester, June, 1999*

# Global Customer Data Management

## What is The Answer ?



“A Web-centric approach to synchronizing customer relationships across communication channels, business functions and audiences.”

*The Demise of CRM, Forrester, June, 1999*

# Global Customer Data Management

## CRM Versus eRM

	CRM	eRM
<b>Scope of relationships</b>	Enterprise	Extended enterprise
<b>Control of relationships</b>	Company	Company and customer
<b>Nature of relationships</b>	Simple, static	Complex, dynamic
<b>Central focus</b>	Company, employees, agents	Customer
<b>Purpose of apps</b>	Track customer interactions	Understand and increase customer relationship value

*The Demise of CRM, Forrester, June, 1999*

# Global Customer Data Management

## eRM Vendors, Circa 2002

Vendors	Overall	Customer context	Common rules	Content directory	Comments
BroadVision					Strong Web personalization but lacks customer service app and context
Oracle					Leverages data expertise for context, but interaction apps are immature
Siebel					CRM market leader lacks proven scalability, personalization, and content
Silknet					Customer self-service strength offset by basic sales/marketing apps, context
Clarify					Traditional channel strong but has basic self-service and lacks context, content
Chordiant					Scalable, rules-based call center app, but lacks resources to build eRM
Corepoint					Backed by IBM resources and context tools but built on low-end architecture

	Full capabilities		Partial capabilities		Minimal capabilities
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*The Demise of CRM, Forrester, June, 1999*

# Global Customer Data Management

## Web-site Usability & User Interface

- **The usability of a design is not measured in the design itself. It is measured with quantitative measures of the user's experience.**
- **A user interface is a spatial and verbal communication of the actions that are available to the user. It is also a magic trick.**

# Global Customer Data Management

## Six Attributes For Web-site Usability

- **Learnability - System enables achieving other five attributes on first time use**
- **Success - System enables the user to complete work without errors**
- **Throughput - System enables rapid completion of work**
- **Satisfaction - System is pleasant to use**
- **System Integrity - System does not enable the user to injure it**
- **Health and Safety - System does not enable the user to injure herself**

# Global Customer Data Management

## Web-site Usability Heuristics

- **Visibility of system status:** The system should always keep users informed about what is going on, through appropriate feedback within reasonable time.
- **Match between system and the real world:** The system should speak the users' language, with words, phrases, and concepts familiar to the user, rather than system-oriented terms. Follow real-world conventions, making information appear in a natural and logical order.
- **User control and freedom:** Users often choose system functions by mistake and will need a clearly marked "emergency exit" to leave the unwanted state without having to go through an extended dialogue. Support undo and redo.
- **Consistency and standards:** Users should not have to wonder whether different words, situations, or actions mean the same thing. Follow platform conventions.

# Global Customer Data Management

## Web-site Usability Heuristics

- **Error prevention: Even better than good error messages is a careful design which prevents a problem from occurring in the first place.**
- **Recognition rather than recall: Make objects, actions, and options visible. The user should not have to remember information from one part of the dialogue to another. Instructions for use of the system should be visible or easily retrievable whenever appropriate.**
- **Flexibility and efficiency of use: Accelerators--unseen by the novice user--may often speed up the interaction for the expert user to such an extent that the system can cater to both inexperienced and experienced users. Allow users to tailor frequent actions.**

From Nielsen, J. 1994. In *Usability Inspection Methods*, edited by Nielsen, J., and Mack, R.J. New York: John Wiley.

# Global Customer Data Management

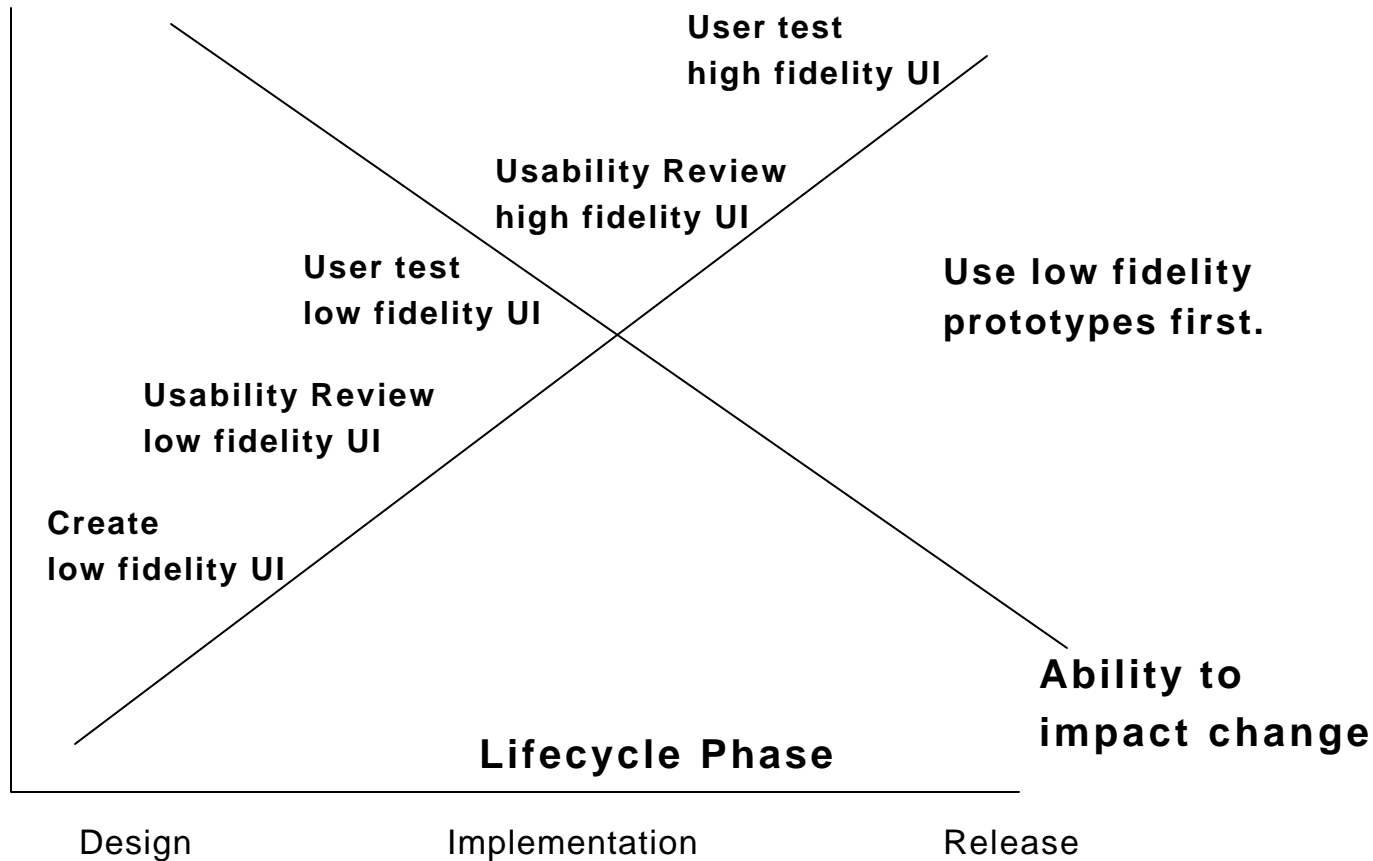
## Web-site Usability Heuristics

- **Aesthetic and minimalist design: Dialogues should not contain information which is irrelevant or rarely needed. Every extra unit of information in a dialogue competes with the relevant units of information and diminishes their relative visibility.**
- **Help users recognize, diagnose, and recover from errors: Error messages should be expressed in plain language (no codes), precisely indicate the problem, and constructively suggest a solution.**
- **Help and documentation: Even though it is better if the system can be used without documentation, it may be necessary to provide help and documentation. Any such information should be easy to search, focused on the user's task, list concrete steps to be carried out, and not be too large.**

From Nielsen, J. 1994. In *Usability Inspection Methods*, edited by Nielsen, J., and Mack, R.J. New York: John Wiley.

# Global Customer Data Management

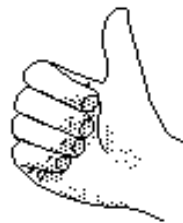
## User Interface Fidelity



# Global Customer Data Management

## Desirable Uses of Customer Data

- **Produce Reports For Long Term Trend Analysis**  
**Cost of Customer Acquisition**  
**Life-time Value of Customer**  
**Customer Retention Rates & Duration**
- **Produce Reports Aggregating Customer Data**  
**100 Top Global Customers**  
**100 Most Profitable Customers**  
**25% Least Profitable Customers**
- **Identify Target For Marketing Campaigns**



# Global Customer Data Management

## Inappropriate Uses of Customer Data

- **Disclose It Publicly!**
- **Sell It (Without Permission) !**
- **Use it for unsolicited marketing, without prior approval !**

# Global Customer Data Management

## Next Steps In Use of Customer Data

- **Use It - Analyze Data**
- **Determine Additional Data Requirements**
- **Define Sources For Additional Data**
- **Integrate New Customer Data**

# Global Customer Data Management

## Future Trends In Customer Data Management

- **Increased Enterprise Integration of Customer Data**
- **Universal Customer Registration Option**

# Global Customer Data Management

## Enterprise Integration of Customer Data

- **Provide Unique Competitive Advantage**
- **Increase Customer Retention**
- **Increase Life-time Value of Customer**
- **Lower Cost of Customer Acquisition**

# Global Customer Data Management

## **The Problem !**

### **Current Registration Challenges**

- **Many Web Aliases**
- **Many Logons**
- **Registration For Each Merchant Site**

# Global Customer Data Management

## A Possible Solution ?

### Universal Registration Option

- **Lower Frustration**
- **Lower Barriers To Customer Mobility**
- **Lower Cost of Customer Acquisition**
- **Consistent Identification**

# Global Customer Data Management

## Universal Registration

### Benefits

- **One-Time Customer Registration**
- **Accurate Information For Merchants**
- **Incentive To Business That Records**

# Global Customer Data Management

## Summary

- **Need Accurate, Consistent Customer Data**
- **Obtaining & Managing It Is Tough**
- **Unique Customer Identification Is Required**
- **Payoff Is A Significant Competitive Advantage**

# Global Customer Data Management

## Questions and Answers

