Top 10 Strategic IT Initiatives in e-CRM for the New Millennium

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Overview

e-CRM represents the intersection of two important financial industry initiatives: the booming Internet market and the shifting focus to customer-centric strategies. Meridien has done a lot of thinking about the possibilities created by this intersection— we believe there are ten key strategic initiatives that best-of-breed institutions will need to undertake during the opening years of the new millennium (see Table 1). Truly proactive financial institutions are moving beyond the mere delivery of products and services over electronic channels—they are learning to manage their relationships with e-customers in a way that allows them to expand these relationships, improve customer service, and deepen the bond between the institution and customer.

As electronic channels mature and the e-customer base proliferates, the ability to understand the dynamics of these relationships becomes a core competency requirement. We believe the e-CRM domain is rapidly

Table 1: Top 10 Strategic IT Initiatives for e-CRM

Rank	Business Issue/Application
1	**Consumer data privacy** and **Internet security** are core competencies, without which no e-relationship is possible. An institution that fails here goes no further.
2	To manage any relationship, but especially one as fast-paced as an electronic relationship, an institution requires access to a **clean and comprehensive source of data** on the customer.
3	Because the e-customer is a relatively new entity, a new emphasis must be placed on developing **sound metrics for tracking successes and failures**. This is similar in many ways to work being done in other CRM areas.
4	**Responsive and effective customer service** are the hallmarks of any successful institution. In an electronic world, this ability is on stage more often and in front of more consumers.
5	From a time dependency perspective, the Internet is the most challenging channel to date. Relationship management on the Internet becomes a **24 x 7 requirement**, putting new emphasis on system reliability, stability, and ease of maintenance.
6	Multiple self-service channels make it imperative that customers see a **consistent view of products and services** across all access points.
7	The **ability to merchandise to and link customers into an increasing number of channels, including retailing,** is a core competency that will distinguish the successful e-CRM practitioner from institutions simply adding Internet delivery.
8	To manage the ever increasing plethora of products, services, and channel combinations, **integrated analytical applications** capable of examining cross-channel product delivery is critical.
9	Similar to traditional marketing, e-marketing requires the **correct balance of push and pull technologies** to entice customers to try new products without irritating them with spam-mail.
10	Most e-CRM applications today are home-grown due to lack of off-the-shelf options; the truly strategic firms will keep their eyes open for **packaged functionality** soon to come.

Source: Meridien Research

emerging for two primary reasons: the high level of investment by financial service institutions (FSIs) in Internet-related delivery; and the impact electronic initiatives are having on customer sales and service requirements. The speed with which this is happening is also having a major impact on firms unprepared for the consequences of their electronic initiatives on customers.

No doubt, CEOs at financial institutions feel pressure to be "doing something" with new electronic channels. Unfortunately, even after these efforts are underway, it can be difficult to show a return on the investments. As with other business initiatives, FSIs design their electronic initiatives to deliver better service or to lower costs. In either case, touching the customer is necessary. Unlike electronic initiatives, customer relationship management initiatives (CRM) at FSIs are less consistently addressed and are usually more reflective of the CEO and/or senior executive's vision. Very rarely are Internet efforts and CRM efforts coordinated, but we believe that collisions between e-business and CRM initiatives are occurring or will occur at a good number of institutions.

The "Why" Behind These e-CRM Initiatives

The heat of the electronic spotlight, primarily Internet-driven, and the complexity of CRM initiatives has created a cauldron of concern, confusion, and creative opportunities. FSIs need to sustain a constructive balance between electronic and CRM initiatives; crucial to this is an understanding of their interrelationships and why the company is pursuing each of them in the first place. FSIs also need to keep a focus on their priorities and resolve where electronic and CRM intitiatives intersect in their priorities. In extreme cases, FSIs may be looking at six or more initiatives from our Top 10 list. The "why" underlying each should be associated with a more rigorous examination of issues involving electronic and CRM objectives, often uncovered during pilot or initial implementation stages. Both electronic and CRM intiatives tend to be high profile and IT-intensive; nevertheless, business sponsors and management must clearly think through their "before" and "after" business processes. This is more easily achieved if the institution has established an e-commerce business unit independent of the rest of the organization. Too often, a project creates unforeseen downstream consequences; the "why" behind an e-CRM initiative becomes lost in the unexpected contortions an institution or business unit takes as it reacts. Many institutions are unprepared for relationship management issues that crop up, particularly in staff resource availability.

In examining the Top10 initiatives, it is important to understand both the relative importance of the issues and their interdependence. Security, data privacy, and good, clean customer data (#1 and #2 on the list) are the building blocks for e-CRM. Without these two, an institution can go no further. Next, a firm must put in place a system of metrics to track the efficacy of the e-CRM initiatives (#3). Customer service that is 24-hours, 7 days a week, is a prerequisite in the online world. This goes along with providing good quality service (#4 and #5). As customers become involved into an increasing number of channels, the ability to provide a consistent view of products and services becomes critical (#6 and #7). From the FSI's perspective, this then necessitates the ability to analyze customer behavior through an integrated tool capable of taking all channels into account (#8). The last two key initiatives (#9 and #10) fine tune the e-CRM program. Both push and pull strategies are likely to be in use as part of any Internet initiative. Achieving the correct balance of the two will maximized the return on e-CRM efforts. Finally, as a way to promote cost efficiencies, the ability to adopt appropriate, packaged technology solutions as they become available will provide significant competitive advantage to those firms able to spot them.

Looking Ahead

There are three key capabilities that we believe will distinguish best of breed e-CRM practices:

- The ability to match e-CRM initiatives to an institution's own business model, which will likely be different for banks, brokers, money managers and insurance, etc.;
- The ability to effectively integrate e-CRM with other CRM initiatives, which requires a great deal of technology integration in addition to process integration; and

- The ability to identify solution partners and/or suppliers that “get it” and can add value to the financial institution.

e-CRM is a brand new art. Since electronic delivery is still relatively new to most institutions, understanding how the institution does and will interact with e-customers is likely to take some time. We believe, however, that this will be a critical industry differentiator, well worth the concerted effort require.