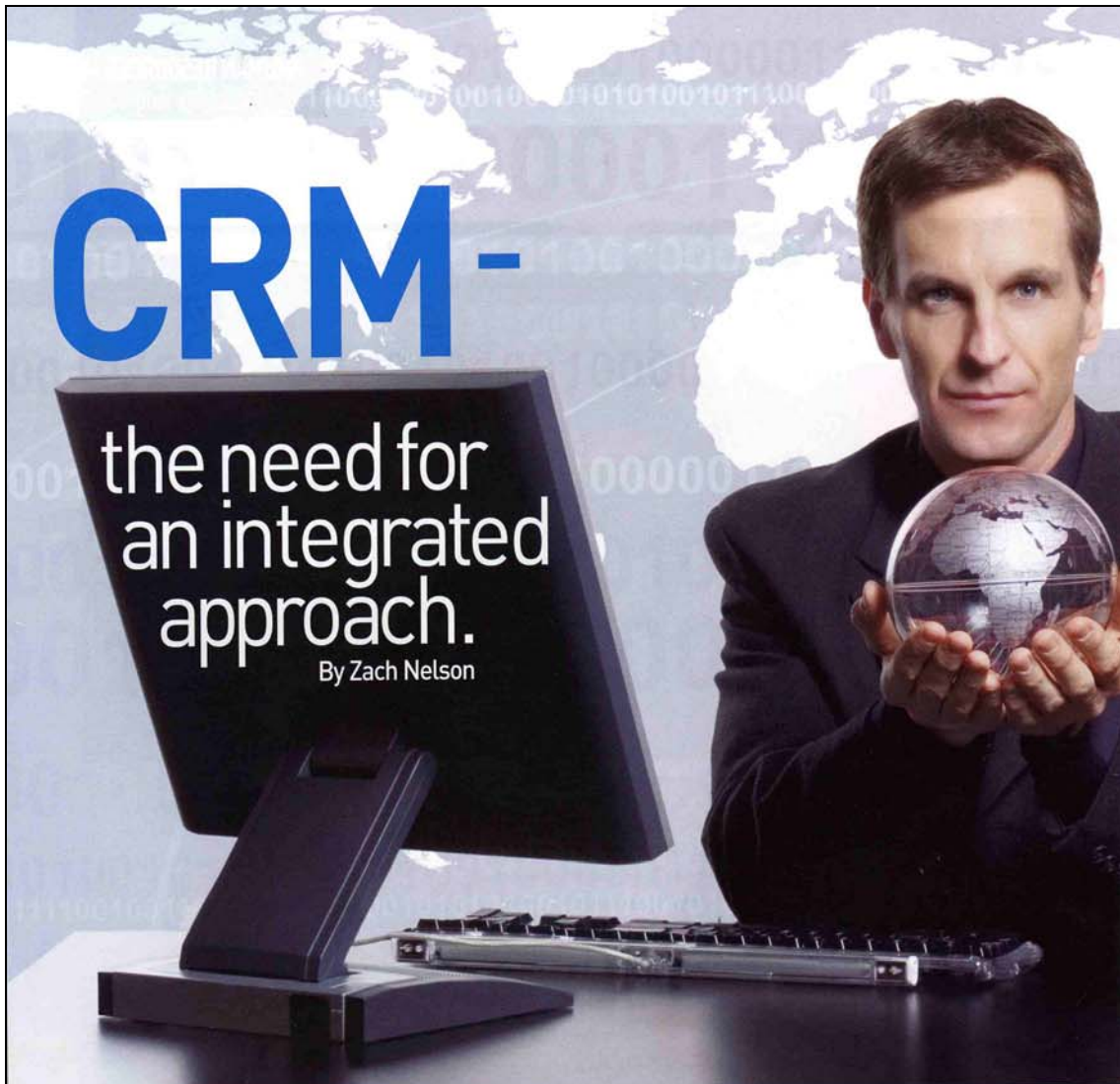


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When a business decides it is time to expand its retail base, it often has to come to grips with the lack of visibility in its order management, manufacturing and sales operations once and for all.

For companies with manufacturing, sales and supply chain operations encompassing facilities across a wide geographical area, the issue is getting information out to people. Having the necessary data at headquarters, but being unable to roll it out in real time on a daily basis to remote staff and partners, leads to retailers and resellers flying blind as they assess their capacity and demand needs. They don't know if an order is coming in to a particular store, what the items are on that order, and how many. And tracking product movement is key if you want to be able to

replenish orders on a real-time basis.

Technology is needed to solve this pain point and enable the monitoring of products on a day-to-day schedule. If successful, sales can increase, and cash flow can improve too, since the company will be better able to manage its expenditures. As a final benefit, customer service also can be improved.

The answer is a new generation of CRM, a genre of technology that will base its business model on the immutable fact that without order management integrated into a company's front-office systems, customer service and sales will not deliver to their complete potential.

For too many companies, CRM operations and applications are de facto stand-alone projects that have little or no integration with order capture. Shockingly, there's one major

flaw in today's CRM systems; none of them natively capture any data about the customer! The key defining transaction with a customer - their order - is captured in a separate system, and CRM software vendors have left it up to you to figure a way out of this mess. The result is a failed CRM operation.

Hard to believe? Think it through logically. There are three components to a standard CRM application: sales, marketing and service. In each of these functional areas, a company has to jump out of the CRM system to get crucial customer data.

For example, in a typical sales process, a lead is turned into a prospect who then commits to buying your product or service. Unfortunately, in today's sales systems, this is where the process stops, as the sales rep leaves the CRM system to place the order in a



separate system (usually a back-office system). Irony of ironies - the one thing you can't do in today's sales system is sell something.

Marketing suffers from the same fatal flaw. For example, while it is nice to know your cost per lead, it is crucial to know which leads actually have turned into sales. But to calculate that, you have to know what the customer has bought.

With service, the connection to the order is obvious: How can you answer a customer's question if you don't have the details about his order in front of you? The bottom line is that the order defines your relationship with the customer - what you sold him, what you can sell to him in the future, what his terms were, how it was shipped, and what taxes needed to be paid. If the order is not

captured natively in the CRM system, get ready for you and your customers to be disappointed in your implementation.

What most companies do is rely on integration to seed the CRM system with the essential order management data. But herein is the crux of the problem: Rarely is the correct or complete data inputted into other systems. For example, a clerk inputting data into the accounting system is not interested in a lead source and will not include that data in the system, if indeed there is even a field for it. Once it is obvious to the CRM side of the house that that data is missing, it can be re-inputted. Now, though, multiple records exist for the same client.

This problem only gets worse when a company's website is factored into the equation. Nowadays both business-to-consumer and business-to-business interactions are based in some part around a company's website, be it renewing a contract or making a sale. We can even configure and buy cars online. As such transactions become ever more popular, the problems inherent in faulty integration will become even more apparent to the end user. Simply put, she expects to see one, and only one, record of her online and offline transactions. Anything less erodes confidence.

Another problem is the fragmented state of many companies' order management systems, which makes integration into the front office all that more difficult. "Without a doubt, the fragmented order management system landscape in many companies leads to inefficiency and a poor overall customer experience," says Louis Columbus, a senior analyst at AMR Research. He says that some 90 per cent of all companies have multiple order management systems, with the average company maintaining 5.2 order capture applications and 4.3 order fulfillment systems. "In many organisations there are good reasons for having multiple systems; however, for most it limits corporate performance," Columbus says.

This disconnect also hinders forward-looking business planning. Consider a

business opening retail stores on a city-by-city basis as growth dictates, while establishing a national presence via a website.

Selling online requires an application that integrates into the back end to better manage inventory and billing and customer relationship management, instead of just having a static online presence - in short, an Amazon.com-like experience for customers. Because online sales are coming from all corners of the country, the company can forecast demand for certain items in its few physical stores. When they see there has been an increase in sales of a certain item from the website over a three-day period, for example, they know this will translate into greater demand for that product in the physical stores, so can alert suppliers accordingly.

Obviously, integration after the fact is not, has never been, and will never be the answer to these problems. While the reality of heterogeneous IT environments will never go away, it is clear that companies must focus their CRM implementations around integrated business processes that reduce data fragmentation. In the next generation of CRM, order management will be included within the CRM application itself, allowing native capture of customer data. Visionary companies are already taking this philosophy a step further and pulling together CRM, ERP, and e-commerce operations in a single platform. Regardless which path you choose, the days of stand-alone CRM are few. ●MTEU

Zach Nelson is president and chief executive officer at NetSuite. As a result of his leadership, NetSuite's revenues have grown five-fold; workforce has doubled; and the company has reached thousands of customers globally making NetSuite the largest application service provider in the small to medium business market. For further information, visit: www.netsuite.co.uk.