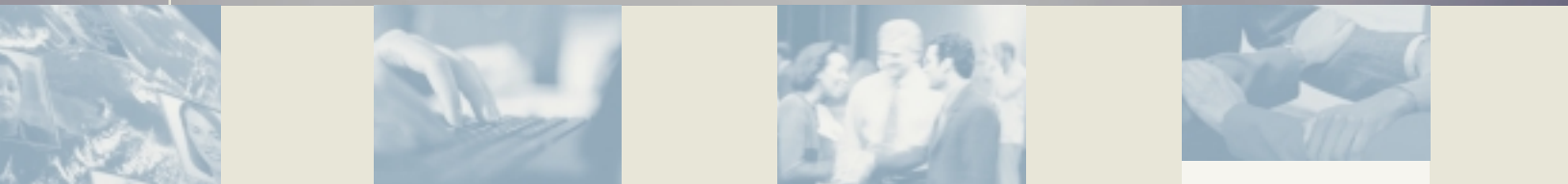


Customer Relationship Management

Building Stronger, More Profitable Customer Relationships



Goals

Growth, Earnings, Revenues, Profit

Market Strategies

Channels, e-Business, Partners, Products

Customer Processes

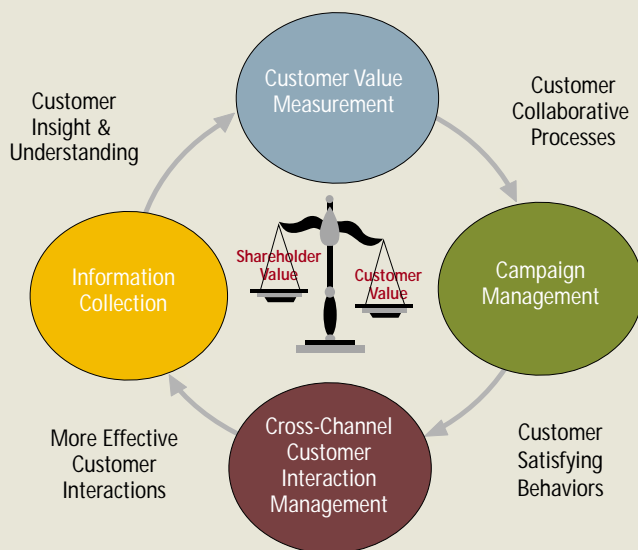
Target, Acquire, Retain, Expand

Enabling Technologies

Customer Insight, Access, Interactions & Collaboration

Customer relationships fostered by people and transformed by *technology*

What is Customer Relationship Management?



One of the hottest strategies in business today is the transformation of enterprises — large and small, regional and global — to become customer-centric while growing revenues and profits. This strategy is known as Customer Relationship Management (CRM).

To realize CRM success, business and IT executives must implement processes and technologies, and foster employee behaviors that support coordinated and more effective customer interactions throughout all customer channels. CRM involves the alignment of initiatives such as e-business, sales force effectiveness, customer service, customer relationship planning, enterprise resource planning (ERP) and supply chain management (SCM) with customer-accepted value propositions. New information technologies make this alignment possible, but it is not technology that drives it. CRM is, above all else, a business initiative.

Why Should You Care About CRM?

It can cost up to 10 times as much to attract a new customer as to retain a current one. Recent sales models that focused on attracting as many new customers as possible — sometimes at the expense of properly serving customers over time — have become passé. Nowadays, customers quickly move on to more competent suppliers when they are not completely satisfied.

To retain their customers, organizations must serve them better than competitors do. An effective way to do this is by integrating all relevant information on each customer across the enterprise in order to facilitate more effective planning, marketing, selling and servicing decisions throughout the customer life cycle. As customers' value requirements and expectations are met, loyal (i.e., repeat and long-term) customers are created. Enterprises lacking a compelling CRM strategy risk losing both new and existing customers to more nimble, customer-centric bricks and mortar as well as bricks and clicks competitors.

“Our CRM initiative made a contribution of \$.05 to Earnings Per Share (EPS) over the three-year life of our project.”

— IT Services Provider

“Until we integrated our customer data analysis capabilities with our campaign management and sales applications, we had no way to accurately target our most profitable customers. CRM-ing our fragmented stovepipes has increased average customer profitability by 4 percent.”

— Consumer Goods Manufacturer

“The retraining of people and implementation of call center applications led to average revenue growth per customer of 7 percent.”

— Financial Services Firm

By 2005, 40% of *global 1000 companies* will have initiated *enterprise-wide CRM efforts*.

By 2005, 75% of *global 1,000 companies* will have initiated *pre-CRM level projects* such as sales force automation, marketing automation, customer service and/or e-business.

Why Is Developing and Implementing a CRM Strategy Significant?

Rewards of customer relationship management are significant. Satisfied, long-term customer relationships can be established, as channel and customer realignment aids employees in serving customers effectively and profitably.

However, implementing a CRM strategy is challenging. It requires coordinated delivery of products and services aligned with enterprise financial goals and strategies that meet customer value requirements. Given the necessary changes in metrics, behaviors and deployed technologies, no single vendor or service provider can be relied on to satisfy an entire organization's CRM needs. Implementing CRM can cost as much as U.S.\$15,000-\$35,000 per user over a three-year project time frame.

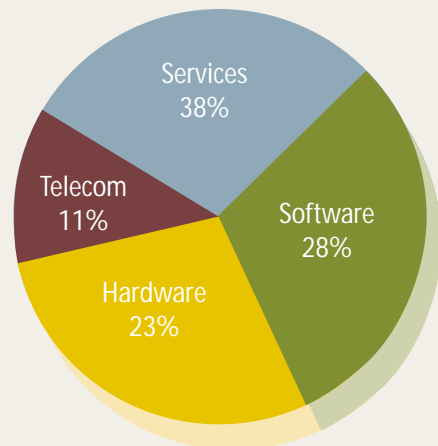
While CRM benefits are achievable, there are high risks in attaining them. Because of its complexity and expense, CRM requires clear and committed ownership from the upper reaches of the organization, and whole-hearted participation throughout, before it can be implemented successfully. It is the way in which organizations will need to compete, as the bar is raised to deliver higher levels of customer satisfaction and profits.

Costs of CRM — Real Life Examples

Annual CRM Expenses

Health Care Products Manufacturer	\$3.4 million
Lighting Manufacturer	\$5 million to \$8 million
Publisher	\$6 million to \$8 million
Consumer Goods Manufacturer	\$6.3 million
Office Supplies Manufacturer	\$8 million to \$10 million

Cost Allocations

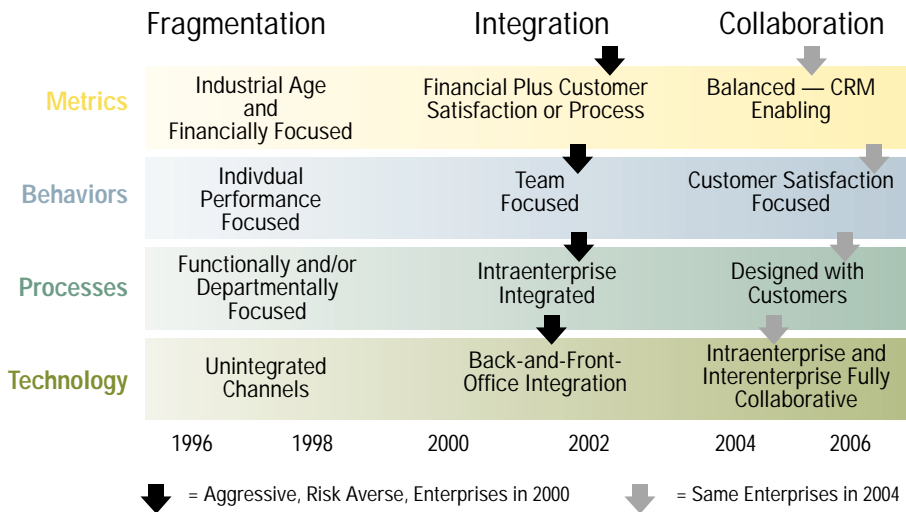


So What Do You Need to Focus on with CRM?

During planning and implementation, before it can yield its benefits, CRM will pose strategic business process, behavioral and technological challenges. No matter what your role in the CRM transformation effort, there are reliable models, methodologies and decision-making tools to help you successfully **strategize, evaluate, execute and manage** the transformation to a **customer-centric environment**.

Business executives

CRM Business Transformation

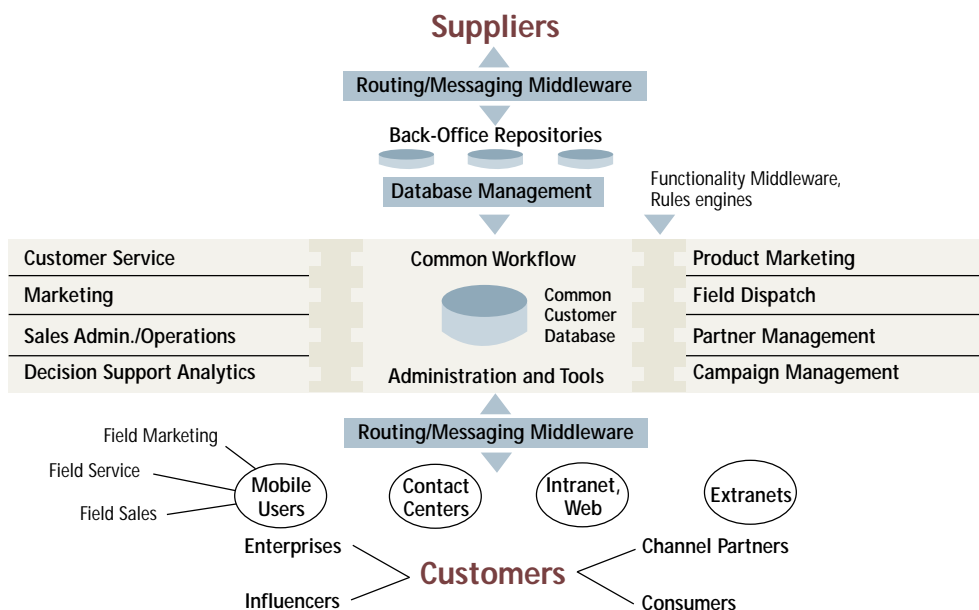


- Where are the opportunities to increase customer satisfaction and profits while mitigating the threats to customer and market-share loss?
- What will be the role of senior executives in successful CRM initiatives?
- How do we institute metrics for customer satisfaction?
- Which customer-centric strategies and processes will best enable enterprises to achieve their financial goals?

Technology-only CRM initiatives will result in failure; before you can create or re-create an effective go-to-market strategy, you need to understand how the customer and competitor landscape will change in the next five years, and how CRM simultaneously follows and drives change. Then by changing business metrics, employee behaviors, customer-affected processes and technology, a CRM transformation will best be enabled. GartnerGroup can help you determine specifically how, when and where CRM will help your organization.

IT professionals

Addressing the IT Complexities of CRM



- What architectures, functions and technologies are critical for delivering a state-of-the-art front-office infrastructure?
- How will IT organizations manage the high degree of technical complexity found within CRM initiatives?
- How can we prepare now for the explosion in mobile computing and proliferation of small-footprint consumer appliances?
- How will internet-based technologies evolve to become a core component of the front-office infrastructure?

You and your staff will ultimately carry out CRM technology decisions. Therefore, it is imperative that you present a compelling argument for the IT that is the best fit for your organization. GartnerGroup will help you sort through the complexity of CRM architectures and technologies, and help you prioritize both applications and emerging new technologies that are best suited to meet your customers' and organization's needs.

Project managers

Challenges Facing the CRM Project Manager



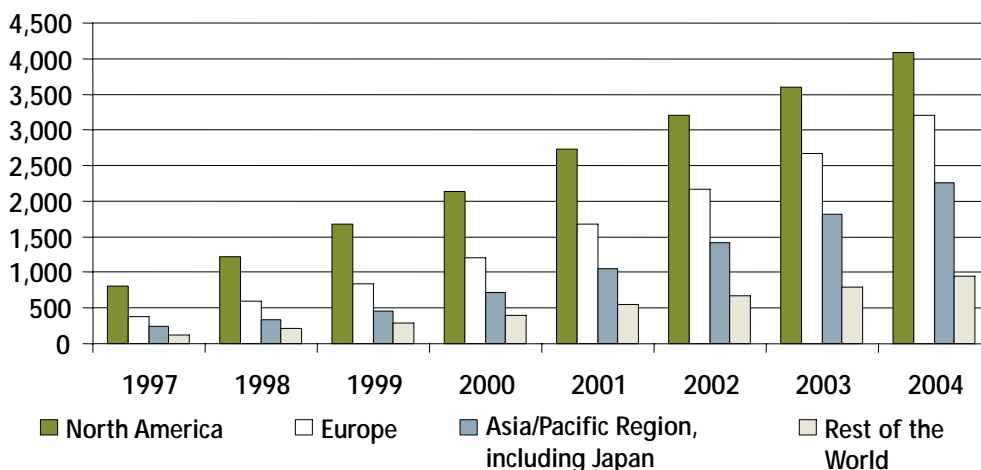
- What are the project management decisions that need to be addressed throughout the CRM project life cycle?
- Can I measure total cost of CRM ownership and predict ROI reliably enough to obtain senior management buy-in?
- How do I identify the most important project stakeholders?
- What criteria will describe the successful software vendor and service provider evaluation models?

Fortunately, methodologies and best practices have been researched and recorded. With GartnerGroup's help, you will understand the key project decisions, total cost of ownership and ROI of CRM projects, and learn the strengths and challenges of CRM vendors and service providers. Additionally, our software-based decision frameworks for vendor evaluation and CRM project economics enable "what-if" analysis on key project decisions. GartnerGroup's integrated offerings are designed to enable CRM project success throughout the complete project life cycle.

Vendors and external service providers

Worldwide CRM Applications Software Market

CRM License Revenue, From 1997 to 2004, by Regional Segment (\$ in Millions)



- What constitutes a successful vision and strategy for CRM marketplace leadership?
- How can I segment the front-office and CRM markets?
- From where will the threats arise, and how can vendors reap the opportunities within the CRM marketplace?
- Just what do end users want, and how can vendors accurately assess CRM marketplace requirements?

Source: Dataquest

Let GartnerGroup's vendor-specific offerings keep you apprised of the largest CRM product and service opportunities, the most effective channels for delivery and the market window to reach your goals. Vision and perspective from our analysts and peer exchange in Best Practices Groups, as well as custom market research and consulting, will allow you to concentrate your efforts where they will yield the most profitable results.

GartnerGroup's Integrated CRM Capabilities

Wherever you are in your CRM project — whether you are still gathering preliminary information or you are fully implemented — GartnerGroup is there for you at any phase. Our clients come to us not just to help them make the best decisions possible, but to help manage decisions too.

CRM Stakeholders	Strategize	Evaluate	Execute	Manage
Business Executives and Staff	CRM Business Visioning	CRM Market Analysis Data	CRM Vendor Competitive Win/Loss Analysis	
	Brand Awareness and Equity	Sales, Marketing and Customer Service Strategies	CRM Vendor Customer Satisfaction and Loyalty	
	CRM Business Readiness Assessment		E-business web site monitoring	
	Total Cost of Ownership and ROI Modelling			
CRM Project Managers	CRM Project Visioning	CRM Software Vendor Profiles	CRM Project Independent Verification and Validation (IV&V)	Customer Channels Effectiveness Measurement
	CRM Project Strategy Development	CRM Vendor and Integrator Capabilities Analysis		
		CRM Vendor Selection Models		
	Strategic Advice, Vertical Industry, Regional and Functional CRM Strategies	CRM Vendor and Integrator Negotiation	Best Practices in CRM	
CRM IT Management and Staff	CRM IT Visioning	Continuous IT and CRM Education		
	CRM Business Driven IT Strategy Development		Strategic Advice on CRM Application Outsourcing	
	Strategic Advice on Core CRM Architectures and Technologies	CRM Knowledge Sharing Forums and Events	Strategic Advice on Emerging CRM Technologies Evaluation	
	Strategic Advice on Core CRM Enabling Technologies		Market Analysis of CRM Enabling Emerging and Advanced Technologies	

GartnerGroup provides integrated offerings to fit every situation: consulting, research, measurement and advisory services; analytical and decision-support tools, all backed by GartnerGroup's unequaled knowledge base.

Why GartnerGroup?

"Working with the GartnerGroup CRM analysts and methodologies saved us \$1 million during vendor negotiation."

— Vice president of product marketing,
Fortune 500 manufacturing company

"GartnerGroup helped us formulate a realistic ROI model for our CRM initiative leading to a savings of over \$2 million in our project."

— Vice president of sales,
Fortune 500 pharmaceutical company

"With the assistance of GartnerGroup consultants, we were better able to identify our most valuable customers and suggest additional products and services to them while giving them better customer service."

— Senior vice president of IT,
major U.S. national bank

"GartnerGroup CRM Evaluation Models and expertise were an invaluable input into our entire vendor and product selection process, helping us achieve our project objectives in one-third the usual time."

— Project executive,
leading cable TV company

Corporate Headquarters

56 Top Gallant Road
Stamford, CT 06904
U.S.A.
Tel: +1-203-316-1111
Fax: +1-203-316-6300

West Coast

251 River Oaks Parkway
San Jose, CA 95134
U.S.A.
Tel: +1-408-468-8000
Fax: +1-408-954-1780

European Headquarters

Tamesis
The Glanty
Egham
Surrey, TW20 9AW
UNITED KINGDOM
Tel: +44 1784 431611
Fax: +44 1784 488980

Asia/Pacific Headquarters

6th Floor
80 Alfred Street
Milsons Point, NSW 2061
AUSTRALIA
Tel: +61 2 9941 4860
Fax: +61 2 9941 4868

Japan Headquarters

Aobadai Hills 6F
7-7, Aobadai, 4-chome
Meguro-ku
Tokyo 153-0042
JAPAN
Tel: +81 3 3481 3670
Fax: +81 3 3481 3644

Additional Sales Offices

Europe:

Austria
Tel: +43 1 533 23 500
Fax: +43 1 532 0715

Belgium
Tel: +32 2 725 5959
Fax: +32 2 725 7109

CEE
Tel: +31 20 301 22 20
Fax: +31 20 301 22 02

Denmark
Tel: +45 45 50 55 56
Fax: +45 45 50 55 66

Finland
Tel: +358 9 6150 0570
Fax: +358 9 6150 0580

France
Tel: +33 1 41 35 13 00
Fax: +33 1 41 35 13 13

Germany
Tel: +49 89 42 704 200
Fax: +49 89 42 704 270

Ireland
Tel: +353 1 637 3980
Fax: +353 1 637 3981

Israel
Tel: +972 36 484 114
Fax: +972 364 84 117

Italy
Tel: +39 02 482891
Fax: +39 02 48289389

Portugal
Tel: +353 21 382 54 70
Fax: +353 21 386 68 47

The Netherlands
Tel: +31 203 144 144
Fax: +31 206 954 483

Norway
Tel: +47 23 08 51 00
Fax: +47 23 08 51 01

Spain
Tel: +34 91 634 95 00
Fax: +34 91 637 03 70

Sweden
Tel: +46 8 624 6300
Fax: +46 8 624 99 39

Switzerland
Tel: +41 1 742 3440
Fax: +41 1 742 3444

Turkey
Tel: +90 212 236 55 56
Fax: +90 212 236 5608

United Kingdom
Tel: +44 1784 431611
Fax: +44 1784 488990

Asia/Pacific:

Australia
Tel: +61 2 9941 4860
Fax: +61 2 9941 4868

China
Tel: +8610 6841 8728
Fax: +8610 6202 0350

Hong Kong
Tel: +852 2824-6168
Fax: +852 2824-6138

India
Tel: +91 212 382 336
Fax: +91 212 381 633

Indonesia
Tel: +62 21 535 9027
Fax: +62 21 548 5746

Japan
Tel: +81 3 3481 3670
Fax: +81 3 3481 3644

Korea
Tel: +82 2 555 6033
Fax: +82 2 555 6052

Malaysia
Tel: +60 3 716 1911
Fax: +60 3 719 0228

New Zealand
Tel: +64 4 474 3343
Fax: +64 4 474 3349

Philippines
Tel: +63 2 536 2569
Fax: +63 2 536 2545

Singapore
Tel: +65 879 2700
Fax: +65 333 6768

Taiwan
Tel: +886 2 2547 3058, ext. 88
Fax: +886 2 2547 3059

Thailand
Tel: +66 2 938 6586
Fax: +66 2 938 5711

Latin America/Caribbean:

Argentina
Tel: +54 11 4312 2555
Fax: +54 11 4311 2880

Brazil
Tel: +55 11 7922 1000
Fax: +55 11 7922 9978

Chile
Tel: +56 2 229 2272
Fax: +56 2 212 7753

Colombia
Tel: +571 317 1648
Fax: +571 321 1637

Mexico
Tel: +52 5 327 10 77
Fax: +52 5 327 10 83

Puerto Rico
Tel: +1 787 273 7979
Fax: +1 787 273 9797

Uruguay
Tel: +5982 916 1369
Fax: +5982 917 0096

Venezuela
Tel: +58 2 265 0797
Fax: +58 2 261 5181

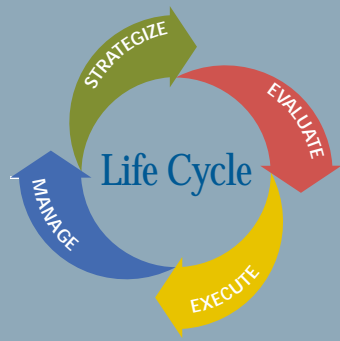
Africa:

Egypt
Tel: +202 303 8530
Fax: +202 305 7477

South Africa
Tel: +27 21 790 3526
Fax: +27 21 790 3525

Visit us on the
World Wide Web:
www.gartner.com

About GartnerGroup



In the new connected economy, where the rules of business change as quickly as they are created, the ability to make timely decisions means the difference between your organization's success or failure. Yesterday's start-up is tomorrow's industry leader — and your new competition. Making, managing and adapting decisions at the speed of business is critical. GartnerGroup provides advice and insight to support competitive decision making, guiding your company to success.

GartnerGroup can help your organization succeed in each complex stage of the business life cycle. No matter what your business requirements entail, we will help you make the decision to navigate through the complexity, anticipate potential breakdowns and barriers, and implement your business strategies, quickly, efficiently and cost-effectively. Timing is everything — and GartnerGroup delivers the advice you need, when you need it.

Since 1979, GartnerGroup has been helping clients make and manage the best decisions for their business. Headquartered in Stamford, Connecticut, our 80 locations across the globe allow us to maintain an international focus and the ability to work with companies worldwide. The name GartnerGroup has become synonymous with our group of the brightest IT minds in the industry — our 1,200 research analysts and consultants.

Your organization's success depends on your ability to adapt to the constant changes of the business world. GartnerGroup's experience, confidence and unrivaled thought leadership can help you make the right decision — now and in the future.

For more information about GartnerGroup's industry-leading research capabilities, consulting and measurement services, and world-renowned symposia and events, please visit us on the World Wide Web at <http://www.gartner.com>.