Customer Process Management

The Real-time Enterprise
depends on the merging
of CRM and BPM

ONYX®

Introduction

Customer-facing processes are a challenge to manage because they are dynamic. Conventional workflow automation and standalone business process management technologies lack the critical components which come from CRM—the building blocks of customer-facing processes. They also lack the flexibility, integration and reach required to manage continuous process improvement in a changing environment.

The convergence of customer relationship management (CRM) and business process management (BPM) provides the responsiveness, cost effectiveness and manageability to achieve optimal results. With true customer process management, process evolution is in the hands of business analysts closest to the customer. Businesses can optimize complex processes that reach deep into CRM and extend across departments, supporting constant change and business agility. This converged approach to managing customer-facing processes improves effectiveness and process visibility. It aligns priorities enterprise-wide, reduces risks and unblocks revenue growth potential.

Whitney Arms, the Venetian Republic and Ford Motor Co. had one thing in common: The desire to make their operations more effective at achieving results. Each is credited with discovering modern assembly-line manufacturing, although none set out solely to be more *efficient* at their work. *Results* were the motivation for optimizing their operations. Venice changed shipbuilding in hopes of defeating Napoleon's navy. Whitney optimized musket assembly to win lucrative defense contracts. Ford perfected the assembly line, not just to make more trucks in less time, but to achieve a cost structure that would change American society. Without *results*, efficiency would have been meaningless.

Fast forward to the information age, when businesses have tried various technological approaches to making their operations more agile and effective. From this experimentation came workflow automation, which was good for making day-to-day back-office tasks more efficient. Then came BPM, uniting disparate systems and users by separating the process from the application.

Just as assembly-line manufacturers have discovered the shortcomings of earlier theories, businesses are realizing the limitations of simple workflow and standalone BPM technologies. In a world where customer expectations are constantly rising, assembly-line methods are not suited to customer satisfaction and retention.

What is needed is a merger of BPM and CRM that enables a better approach to process management. This converged methodology delivers the flexibility to manage complex customer processes in real time. This white paper describes this converged approach to BPM selection and deployment, and the benefits it brings to customer-oriented process management.

Processes involving a customer are demanding

Customer-facing processes are challenging to automate and manage because they are always changing—in fact, change is perhaps the *only* constant in customer processes including buying patterns, lead distribution, account opening and enrollment, order management, cross-sell and up-sell campaigns, and maintenance renewal. Manual processes can cause an enterprise to perform unpredictably, blocking service improvements and hindering revenue growth. Undocumented or ad hoc processes expose a company to compliance risks.

Automating processes alone falls short

Application automation and workflow take the manual tasks out of repetitive processes where human involvement creates bottlenecks. BPM has taken workflow a step further by managing work items between applications. For customer-facing processes, however, conventional approaches fall short of their mark for three reasons.

1. Lack of flexibility. First and foremost, customer processes are dynamic. With conventional applications, the control to create and evolve processes resides with the information technology (IT) department. The programming of processes and business rules takes time and resources, and competes with other IT priorities. As an unfortunate consequence, companies decide not to automate processes that are subject to frequent change.

Business managers, measured on the effectiveness of their processes, have little involvement in the evolution of those processes. So departments develop a myopic view of their role the process — they become isolated by their lack of understanding of the overall business and their isolated contribution.

To control a static procedure, automation is sufficient. But to manage and *optimize* a dynamic process—to retain customers and adapt to change—continuous improvement is essential. Responsibility for managing and changing customer processes should be under the control of those closest to the front lines.

2. Lack of integration. Many companies make their CRM application the system of record for customer information. Managers dream of using outside data in their CRM applications. If only CRM could tap into inventory status, for example, to prompt call center agents to up-sell, then revenues could increase.

Conversely, the ability to apply CRM data to other processes could make a company more competitive —checking customer status when prioritizing work queues or scheduling service, for example. Achieving this level of ongoing integration and collaboration, when separate CRM and BPM applications are deployed together, takes significant money and time. And it may not even be feasible.

Without tight integration, these capabilities are no more than a daydream. CRM is a dynamic application that changes with the customer. But its rich capabilities are limited by inaccessible silos of data in other applications which, in turn, are cut off from the vast and valuable customer data stored in CRM. Business rules are isolated in discrete systems. Gold customers wait, while less valuable customers get quick service. Customer complaints increase, loyalty declines and repeat business suffers.

3. Lack of process reach. The workflow functions found in traditional CRM applications often do not extend throughout the enterprise. Customer-facing processes are almost always cross-departmental, yet CRM workflow automation is designed to operate primarily within the CRM system and for a select group of neighboring applications. It is not easily extended beyond that scope—into finance, legal, and compliance departments, for example—so it cannot promote predictable outcomes enterprise-wide.

Even simple processes such as approving contract terms become invisible when they leave CRM, as other departments work their tasks. With gaps in accountability, blind spots become black holes. Account reps spend their time searching for answers. Requests get "lost" and tempers flare.

"We asked 145 business and IT managers to identify their key challenges with today's packaged enterprise apps. Their top gripes? Packaged applications can't keep up with today's dynamic business processes: 81% of respondents indicated that their apps can't support processes across functions."
Forrester Research Inc. *Packaged Apps Lag Business Requirements.* December 2, 2004

These shortcomings limit growth

Revenue growth can be stymied by inadequate approaches to establishing and managing customer processes. Service is increasingly the differentiator among similar product offerings. Delivering superior service requires continuous improvement. Static processes do not allow an organization to adapt, which creates opportunities for the competition.

Plus, sales opportunities are lost when data or processes are out of reach. Call centers have become profit centers—with more responsibility for generating sales than ever before. Customer touch points are becoming more valuable, especially with tougher outbound calling restrictions. Inadequate processes can result in lost sales opportunities, equating to lost revenue and increased risk.

Without visibility into how work gets done, a company has trouble demonstrating compliance with Sarbanes-Oxley and other corporate governance regulations. Risk increases when a company has not documented its internal controls. Enforcing policies and procedures, and demonstrating their effectiveness to watchful audiences, requires enterprise-wide process integration.

Hard-coded links between proprietary interfaces are costly to program and the work must be revisited with every software upgrade. Switching databases or other major components is disruptive and risky.

Customer-facing process management demands a new approach to BPM

Customer-facing processes are so important and so different from back-office processes, they deserve a distinctive approach to selecting and deploying BPM. Enterprises that demand agility need a converged system with native capabilities for customer management and process management. They need more than merely automation or conventional BPM—they need a true customer-oriented process management system.

"Dynamic business demands will drive a new form of BPM and cause the convergence of several individual markets for business process that demand agility."
Gartner Group. *Business Process Management Suites Will Be the 'Next Big Thing'.* February 5, 2005

A converged system reaches deep into a customer management system to drive processes. At the same time, it extends across departments and applications for end-to-end process management. Above all, a true customer process management system supports constant change and process optimization.

Flexibility enables responsive evolution of processes

To manage and optimize a process, constant adaptation is essential. A customer-oriented BPM application is intended to support constant change and improvement. Monitoring processes provides visibility into the entire process, so it can be fine tuned.

This new approach to BPM keeps the responsibility for optimization securely in the hands of customer-oriented business analysts. The application's business rules and processes evolve under the control of people closest to the customer, with no need to rewire the software.

"Just as spreadsheets are placed directly in the hands of businesspeople without the need for a cadre of support technicians, BPM [systems] must be turned over to business analysts."
 Intelligent Enterprise. *Prime Time for Real Time.* Peter Fingar. May 1, 2005

Keeping process evolution in the hands of the business analysts is made possible by intuitive, graphical interfaces for creating and maintaining process flows and business rules. Adjustments are treated as an ongoing process, not as one-off projects. Optimization is given the priority it deserves, driven by sales and service performance. All processes are stored and managed in one place, so components can be re-used and their interdependencies are always clear.

"By giving business analysts software to build and manipulate end-to-end processes, companies are dramatically improving response times to routine customer transactions and emerging market demands by bypassing lengthy software development cycles."
 Intelligent Enterprise. *Prime Time for Real Time.* Peter Fingar. May 1, 2005

Cross-departmental reach improves visibility

Customer data is valuable throughout the organization, but not if the data is kept locked away. A converged approach makes information accessible and actionable everywhere, immediately. Production backlogs are prioritized using information about customer segmentation and value. Service requests for the best customers are scheduled ahead of others. Contract approvers take into account a complete picture of the customer's current activity with the company—from Web inquiries to orders in production.

Requests and orders originating in CRM are routed through other applications, never disappearing into a blind spot. Customer service agents always have up-to-the-minute status of every process that affects their customer. Events such as changes in a customer's status trigger notifications to processes that may be affected. Delays in one process raise alerts that inform other processes, as well as triggering appropriate communications to the customer.

"A flexible BPM solution for orchestrating cross-department customer-related processes is critical for streamlining key business processes such as customer acquisition, distribution management, client service operations and risk management."
 Yankee Group. *Onyx Adds Business Process Engine and Analytics with Latest Product Release.* June 15, 2005.

Integration strengthens customer relationships

Every department has customers of some kind, and many applications are used to serve them. CRM applications are specific to those customers the enterprise depends on for revenue, but there is significant additional value when CRM capabilities are accessible to processes throughout the enterprise.

A converged approach makes these capabilities available to any part of the organization. Processes throughout the company can call on specialized functions to build, rather than damage, customer relationships. When an order is held up in production, the process can trigger an outbound contact to the customer. The contact is made in the context of all other communication with that customer—taking into account their communication preferences, buying patterns and customer value.

The rich capabilities of the converged solutions enable the access to processes throughout the organization. Customers calling for service can check the status of their pending orders. Excess inventory conditions trigger dynamic agent scripting to up-sell or cross-sell overstocked items. If a delicate customer situation is being handled in one part of the organization, seemingly insensitive outbound solicitations are suppressed until the issue is resolved.

Customer process management optimizes business results

A converged implementation of BPM goes beyond service efficiency. It increases the *effectiveness* of revenue-generating processes enterprise-wide. This enables a company to adapt and improve its service to meet changing customer demand—essential for customer acquisition, satisfaction and retention.

"Becoming a real-time enterprise demands more than fast technology. It's also about how fast a company can transform or add end-to-end processes to execute new strategies."
Intelligent Enterprise. *Prime Time for Real Time.* Peter Fingar. May 1, 2005

Above all, the converged approach enables continuous process improvement. Business analysts, not programmers, are in control of refining processes and forms. As processes are fine-tuned, both the customer and the enterprise benefit. Cycle times get shorter, and the advance warning of potential problems happens sooner. Barriers to process improvement are removed and business priorities, however fluid, become the sight line for every part of the organization.

All this process improvement happens without shifting more workload onto the IT department. Deployment and integration leverage the latest Web-services standards, instead of depending on custom code or proprietary interfaces.

The result is an organization that anticipates and responds to a changing world in real time, without subjecting the company to legal risk. Well-documented processes are the first step to demonstrating the internal controls that are increasingly important to compliance officers and auditors. A customer process management application verifies that a company is consistently following procedures for complex processes, even when those processes span departments or layers of supply chains.

Whether the concern is for disclosure, privacy or outbound contact, process management reduces potentially costly human errors. It improves transparency on work processes and offers the flexibility to adjust those that need fine-tuning.

Assembly lines didn't conquer Napoleon, and they won't conquer your competition. It takes agility and flexibility to prevail. The following are two case studies that show how a converged approach to BPM selection and deployment provided the essential combination of responsiveness, cost effectiveness and manageability to achieve optimal *results*.

Case study

A chief financial officer (CFO) needed to make sure her company could demonstrate that adequate controls exist to enforce the approval process for contracts offering special terms. Such internal controls are required for compliance with Section 404 of the Sarbanes-Oxley Act. Among other rules, Section 404 requires a public company's auditors to report on aspects of the company's internal controls and procedures.

The company had been using Onyx for years and the CFO felt it was most logical to manage this special approval process in the context of the customer management application. The sales department uses Onyx to originate orders and contracts, and customer data is stored there, making it easy for the vice president of sales to authorize certain activities for customers.

But the approval process for special terms required authorization by more than the vice president of sales. Approvals were also required from corporate counsel, the compliance officer and the finance department.

This company deployed Onyx to enforce a complex set of business rules for contracts with terms that fall outside specified parameters. A discount in excess of a set percentage, for example, triggers routing of the contract to the appropriate executives and sets deadlines for their approvals.

Onyx's integrated Customer Management capabilities combine with business applications throughout the company. Even though those approvers are using other systems, the sales department always has visibility into the process and its status.

The CFO can demonstrate to auditors that her company has internal controls in place—and that it follows them. The approval process and business rules are well documented in Onyx, which is also the central repository for customer agreements.

Case study

A financial service provider needed to increase its throughput of lending and credit application requests. It had to meet a significant increase in demand, while reducing its exposure to potential processing errors and fraud.

The bank decided to automate complex account origination processes that were still being completed manually. These processes limited the volume of new business the bank could handle, and their numerous variations made them costly, error-prone and slow.

With decisions often undocumented or hidden in paper files, the bank had no insight into how closely employees adhered to established lending and credit policies. The bank could increase its credit risk without management's awareness. Combined with a rapidly growing customer base and the increased incidence of fraud and competitive market pressure, this introduced an unacceptable level of risk into the business.

The bank had been using Onyx for several years in its full-service contact center and throughout an extensive branch network. The organization extended Onyx's reach with an implementation of a redesigned sales process for its retail customers.

Onyx's integrated Customer Management capabilities allowed the bank to fully automate its retail sales process. As a result, the bank decreased the processing time for new credit card applications by a third, and brought average approval time down from 24 hours to less than two hours. In addition to a 47 percent increase in new credit card sales, the bank eliminated a backlog of mortgage lending applications and gave management more insight into lending processes and credit exposure.

Onyx Software Corporation (NASDAQ: ONXS) is a worldwide leader in customer process software and solutions for the enterprise. Onyx provides flexible solutions that enable organizations to automate, manage, and evolve their customer processes quickly and cost-effectively for strategic advantage. Onyx serves more than 1300 customers in a variety of industries including financial services, health care, contact center, high tech and local government.

Call Onyx today

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