SAGECRM

Front to Back Office Integration: The Only Way to True 360° Customer Visibility and Seamless Data Consistency

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Executive Summary

Independent research suggests that the area of back office connectivity is not adequately addressed by many CRM implementations. Where this is the case, customer data cannot be shared effectively and business processes are punctuated by errors, delays, and paperwork. Over the long term, this will impact negatively and significantly on overall customer satisfaction, as well as increase transactional cost on an exponential basis.

This White Paper demonstrates how front to back office integration enables small and midsized businesses (SMBs) to address these issues. Specifically, it details how pre-packaged, integration-ready solutions from SageCRM allow SMBs to seamlessly connect their business processes, applications, and data to (1) manage customer relationships more effectively, (2) reduce costs, and (3) increase profitability over the long term. Significantly, this can be achieved without the cost and complexity normally associated with projects of this type.

Introduction

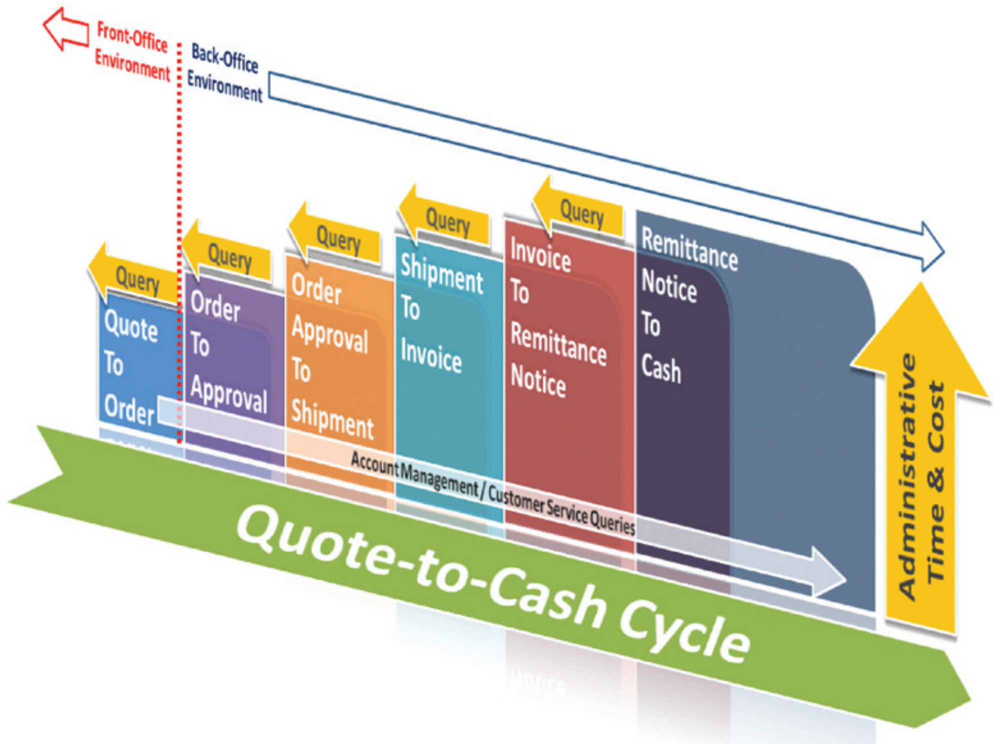
The primary objective of any new CRM implementation is to bring together customer data from across the company and translate it into meaningful intelligence which can then be acted upon to develop and maintain profitable customer relationships. Some CRM projects, however, have left users feeling underwhelmed by the results, particularly where enhancements to customer visibility have failed to meet pre-project expectations or company requirements.

Gartner research suggests that significant information ”blindspots” still exist after many CRM project rollouts[1], particularly with regard to customer transaction history. One potential explanation is that these projects have not adequately addressed the issue of back office connectivity. Overly “front-heavy” implementations can result in the operation of two parallel, but separate customer datasets; one in the back office which is financial, transactional, and quantitative in nature, and the other in the front office which, by contrast, is non-financial, interactional, and qualitative.

Customer Management and Business Process Challenges

Different departments use different application types to manage customer information. Front office employees use CRM applications that support customer-facing activities such as sales, marketing, and customer service, and back office employees use ERP applications that support transactional, reporting, and compliancy activities, such as invoicing, accounts receivable, cashflow management, and financial reporting. While front office applications have historically been developed around the idea of cross-organizational collaboration, back office applications, by contrast, have been insular in nature, with the finance department slow to open up its data and applications to other parts of the organization. Additionally, many companies have continued to purchase their CRM and ERP applications from separate, specialist vendors. This combination of factors has meant that business applications have struggled to address key business process needs where the customer life cycle crosses the front to back office divide, resulting in (1) departmental silos of information, (2) unnecessary administrative overhead and inefficiencies, (3) verbal sign-off requirements, and (4) process duplication.

The Quote-to-Cash cycle (diagram below) is an example of where these issues can arise.



The quote-to-cash cycle

Given the number of potential parties involved in the quote-to-cash cycle—including account management, sales order processing, shipping, and accounts receivable—errors or omissions at any stage in the process can be costly and time-consuming. Additionally, front office staff, such as account managers or customer service agents, may struggle to provide order status updates to their customers because of limited visibility to the transactional information contained in the back office system.

The workflow management capabilities of today's ERP and CRM applications have helped address these issues by introducing exceptions monitoring, mandatory fields, and removing the need to rekey and re-check information as transactions pass from one stage to the next. This in itself, however, does not fully address quote-to-cash business process requirements if the back office environment remains disconnected from the front office system. If a member of the sales team, for example, generates a quote based on out-of-date pricing information or stock availability, and subsequently converts this quote into a customer order, it is likely that this error will only be identified later at the order approval or shipping stage. The order will need to be passed back to the salesperson for correction and then re-processed by the finance department. As a result, order completion is delayed for the customer, administrative cost increased for the company, and workload is unnecessarily duplicated for sales and finance staff. Clearly, where this scenario arises on a regular basis, it will impact negatively and significantly on overall customer satisfaction, as well as increase transactional cost on an exponential basis.

Fundamentals of Front to Back Office Integration

The aim of front to back office integration is to bring together disconnected business processes (such as quote-to-order and order-to-cash as part of the overall quote-to-cash cycle), applications (CRM and ERP), and datasets (financial data and non-financial), and translate them into a mechanism to:

1. Manage customer relationships more effectively

2. Reduce costs
3. Increase profitability
4. Achieve sustainable competitive advantage over the long term

In simple terms, front to back office integration is made up of three inter-related elements:

1. Consistent data between related entities (such as company and account) within the CRM and ERP applications
2. 360° customer visibility, regardless of whether customer data originates in the CRM application or the ERP application
3. Straight-through processing which enables a user to initiate a transaction (such as booking an order) which then automatically triggers all related business processes as appropriate (order approval, shipment, invoicing, etc.) and passes seamlessly from one application (CRM) to the next (ERP) without the need for extensive manual intervention (rekeying information, paperwork. or verbal sign-off).

Front to Back Office Data Consistency

Being able to share consistent data between the CRM and ERP applications is an essential requirement for front to back office integration. Customer data, however, is structured according to specific application types. Organizations, therefore, need to be able to create dynamic links from entities within their CRM system (such as the “company entity”) to the corresponding entity within their ERP system (such as the “account” entity), whereby changes in either are propagated in both. This ensures that both front office and back office staff are working with the same information, which reduces or removes the need for re-work and the potential for error.

In the quote-to-cash example cited previously, these capabilities would enable the account manager to generate a quote based on the most accurate and up-to-date information available at the time and, as a result, eliminates the potential for error and process duplication down the line.

360° Customer Visibility

Enabling users to view combined financial and non-financial customer information within a single application, regardless of where the information is generated or stored, is another key requirement for front to back office integration.

360° customer visibility is particularly useful for account managers who may require access to a customer’s purchase history or for customer service representatives who may need to update a customer on the status of an order. Providing these users with access to both financial and non-financial information eliminates the customer data “blind spots” described earlier.

In the quote-to-cash example cited previously, these capabilities would enable account managers to verify that their customers had not exceeded their credit limit prior to placing new orders. If an issue exists, it is flagged with the customer immediately rather than at a later time when the order reaches credit control. Again, this helps to eliminate errors and process duplication downstream.

Straight-Through Processing

Straight-through processes enable users to initiate complex, multi-stage transactions which, using workflow management and application integration, then automatically trigger the appropriate downstream business processes, and pass seamlessly from one application to the next without the need for extensive manual intervention. The main advantage of straight-through processes is that they reduce or remove the need to rekey information from one system to the next, reducing administrative cost and the potential for error.

In the quote-to-cash example cited previously, these capabilities could automatically generate an order in the ERP system as soon as the account manager promotes a quote to an order within the CRM

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system. This means that the order can be processed without delay, and the customer benefits from a speedier turnaround. As the quote is generated using ERP-supplied pricing and tax calculations, the potential for error due to out-of-date information is eliminated and workflow automation ensures that an order does not have to be recreated manually in the ERP system, removing process duplication and ultimately reducing cost.

Challenges of Front to Back Office Integration for SMBs

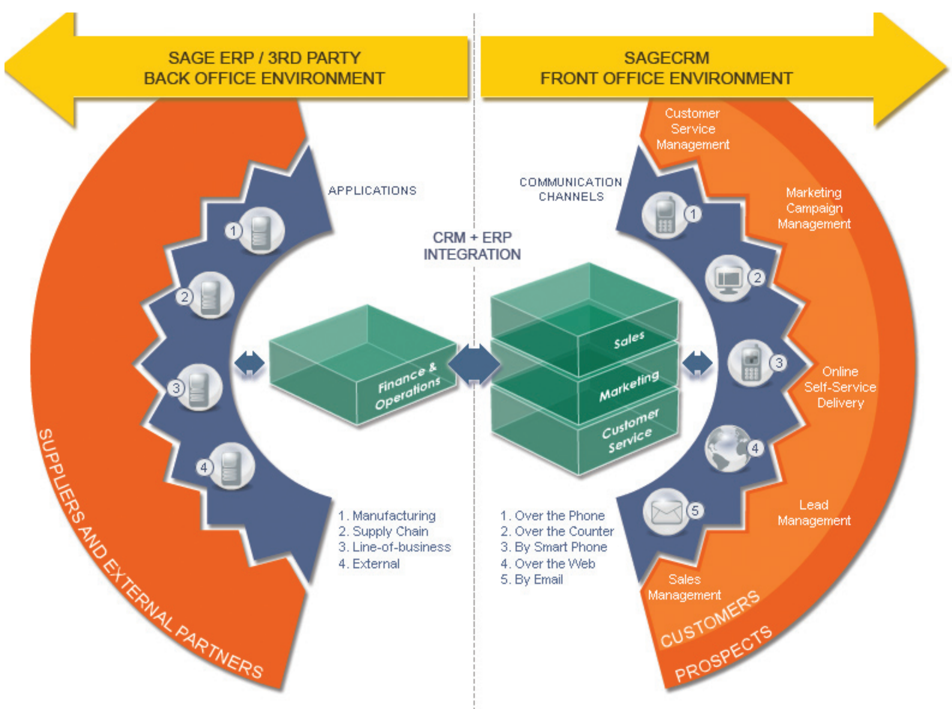
Front to back office integration can help companies to dramatically reduce administrative costs, speed up order fulfilment, and improve customer service. While this may seem like a real win-win scenario for all involved, it is not without its challenges.

Undertaking point-to-point, retrospective integration can be a costly, complex, and risky proposition for SMB organizations, and even when a company manages to achieve its short-term integration objectives, there is no guarantee that future CRM or ERP upgrades will not render the integration inoperable.

The availability of CRM solutions that offer out-of-the-box, easy-to-deploy integrations with market-leading ERP solutions, therefore, represents a highly compelling proposition for SMB organizations seeking to cost-effectively leverage the benefits of front to back office integration.

Front to Back Office Integration Capabilities of SageCRM

SageCRM provides out-of-the-box integration with leading Sage Software ERP products, including Accpac ERP, Accpac Pro, and Sage MAS 90/200 as well as ERP products in other countries. This means that companies which have previously invested in Sage Software ERP products can quickly and cost-effectively leverage their back office data and functionality within the front office environment of SageCRM.



SageCRM front to back office integration overview

Front to Back Office Data Consistency

The SageCRM out-of-the-box ERP integrations provide for bi-directional synchronization of customer information, both financial and non-financial, between the Sage Software front office environment and back office environment, ensuring that:

1. Information is captured once at source and then automatically propagated to all relevant fields throughout the Sage Software front and back office environments without having to wait for it to be rekeyed and re-validated as it passes from one system to the next.
2. The most accurate and up-to-date customer data is available to front office and back office employees at all times.
3. The most accurate and up-to-date pricing and inventory information is available to front office staff at all times, meaning that quotes and orders are correct and that customers are accurately advised as to the lead-time of their orders according to real-time information rather than guesswork.

360° Customer Visibility

SageCRM enables front and back office employees to discover and share deeper, more meaningful customer insight based on a combination of CRM-derived and ERP-derived intelligence. The "trading account" entity in SageCRM facilitates the mapping of multiple accounts contained within the Sage Software ERP system to their appropriate company record within SageCRM. This provides an ERP-empowered CRM user experience with customer transaction information delivered through the native CRM user interface. It also allows ERP-based customer data to be surfaced within dashboards, reports, and tabs, and used within groups, lists, and workflow automation.

The true customer visibility of SageCRM enables:

1. Sales teams to maximize their revenue potential through the identification of latent cross-sell and up-sell opportunities within their customer base.
2. Sales representatives to book orders correctly, first time, every time, by providing them with access to the account, pricing, and stock information they need to do their jobs effectively.
3. Customer service representatives to address customer queries with confidence by providing them with the shipping, invoicing, and returns information that they need to do their jobs effectively.
4. Customer service managers to ensure that their customers are current on maintenance and service contracts, and that their service level agreements are delivered on a profitable basis.
5. Marketing executives to carry out detailed financial segmentation on their customer base to support highly targeted and effective go-to-market programs.
6. Marketing managers to calculate "real-world" return-on-investment based on actual revenue yield from their marketing programs.

The following table provides a sample of the ERP-derived customer data that can be presented to front office staff through SageCRM front to back office integration.

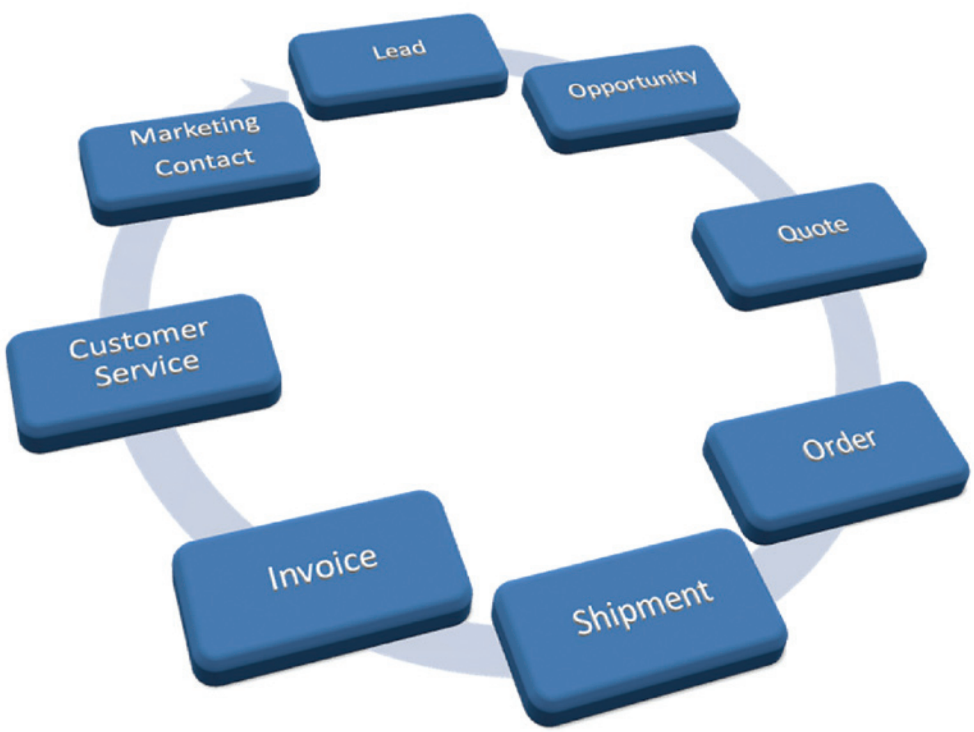
Customer purchase history items purchased and invoiced	**Customer invoice history** invoices issued and payments received	**Shipping history** items shipped
• Item code • Item name • Quantity • Unit price • Last purchase date • Description	• Date • Payment due date • Reference number • Value • Payment status	• Shipping number • Date of shipment • Shipping party • Quantity

Facilitating Straight-Through Processing

The out-of-the-box integration within SageCRM allows companies to implement straight-through business processes that provide the workflow and automation capabilities to manage the entire customer life cycle seamlessly across all interaction and transaction types. Specifically, the quotes and orders functionality bridges the process automation capabilities of the Sage Software front office environment and the Sage Software back office environment, and, as a result, removes the need for manual intervention as orders generated within the CRM system are passed automatically through to the ERP system for processing and fulfilment. Additionally, front office staff are equipped with the data and functionality they need from the back office system to carry out complex pricing and VAT calculations, as well as getting real-time inventory information to ensure orders are fulfilled on a timely basis and in line with customer expectations.

Once an order has been created in SageCRM, a corresponding order is automatically generated in the ERP system where it can be processed immediately. Delays and errors are eliminated because: (1) accurate pricing and VAT calculations have been carried out within the CRM system at the point of entry and (2) the order already includes all of the data required by the ERP system. As a result, companies can achieve significant cost and time savings on an ongoing basis, as well as significantly enhancing customer service through on-schedule order fulfilment and reduced order errors.

The following diagram illustrates the uninterrupted, optimized, cost-efficient, and customer-centric front to back office process flow that SageCRM provides.



SageCRM front to back office full process automation

Self-Service Enablement

SageCRM also provides the capability to deliver key CRM functionality directly to customers through a self-service Web portal which, when combined with front to back office integration, allows customers to:

1. Access their full account details online, including invoice and delivery history.

2. Configure and place orders online using pricing rules that automatically incorporate company-specific volume purchase agreements and discount structures.
3. Query order and delivery status online, as well as proof-of-delivery details.

Cost-Effective, Flexible, and Upgrade-Ready Integration Platform

The front to back office integration capabilities within SageCRM are particularly cost-compelling for organizations that have already invested in a Sage Software back office solution. Specifically, the integration component can be deployed using minimal consulting resources and, generally, without the need for additional hardware infrastructure. Also, because the front to back office integrations are loosely coupled and SOA-based, they are upgrade safe and facilitate future migration from one Sage Software ERP product to another while minimizing cost and risk.

Conclusion

Independent research suggests that customer intelligence gaps still exist after the majority of CRM implementations because the issue of back office connectivity has not been adequately addressed. Where this is the case, customer data cannot be shared effectively and business processes are punctuated by errors, delays, and paperwork. This is likely to result in customer satisfaction issues and spiralling administrative costs. The success of a CRM project, therefore, should not be judged solely on how effectively it brings together front office operations, but also on how it facilitates interoperation with the back office environment—encompassing people, processes, departments, and applications.

Front to back office integration harnesses business processes, applications, and data to manage customer relationships more effectively, reduce costs, increase profitability, and achieve sustainable competitive advantage over the long term. Front to back office integration, however, can be costly and complex for companies, especially SMBs. The use of pre-packaged integration represents the most effective solution for these organizations.

SageCRM provides out-of-the-box integration to market-leading Sage Software ERP products. This equips SMBs, on a low-cost, low-complexity basis, with consistent customer data across their front and back office environments and provides users with real customer visibility across financial and non-financial data. It also facilitates straight-through processing which significantly reduces errors and administrative costs. Over the long term, companies using the front to back office integration capabilities within SageCRM can expect to significantly decrease administrative costs, increase customer satisfaction and consequential revenue opportunities, and build sustainable competitive advantage in an increasingly challenging marketplace.

Further information

Further information on the front to back office integration capabilities within SageCRM can be obtained by contacting your local Sage Software office or certified Sage Software Business Partner.

1 Source: Key issues for CRM strategy and implementation, Gartner, 2006

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