

# BUSINESS INTELLIGENCE *with Jackie*



Jackie Jansen

## BI and CRM: What do they have in common?

**C**ustomer Relationship Management or CRM is another one of those hot topics or buzzwords with which our industry abounds.

Stanley Marcus, Chairman Emeritus of Neiman Marcus Department Stores, is quoted as saying, "There are only two things of importance. One is the customer and the other is the product. If you take care of customers, they come back. If you take care of your product, it doesn't come back. It's just that simple. And it's just that difficult."

This is an excellent lead in to this column on CRM. Let's start with a definition: "Customer Relationship Management encompasses the totality of business processes which an organization performs to identify, select, acquire, develop and retain its customers." This is a very sweeping definition. In essence CRM encompasses everything from customer acquisition, through customer development and customer retention.

The IDC company subdivides CRM into three segments or areas. These segments are sales automation, marketing automation, and customer support/call centres. IBM then surrounds the three with a segment called "CRM Analytics". This is where the overlap with Business Intelligence occurs.



Customer Service, Marketing Automation and Sales Automation are all transaction based line of business solution areas. CRM Analytics allows for an analysis of the data collected in these various systems. Putting all these solution areas together enables you to manage the complete life cycle of your customer. CRM Analytics allows your company to have a single consistent view of your customer across product lines, across organizational structure and across brands.

If we look at a similar diagram but this time we place Business Intelligence at the centre we will again see the overlap between BI and CRM.



As you can see, Business Intelligence can involve data from any area of your company including Supply Chain Management, Enterprise Resource Planning and Customer Relationship Management. Applications such as customer segmentation, customer profitability analysis, customer retention, and campaign management all fall in the intersection of CRM and BI.

A large part of CRM is focused around customer loyalty and customer retention.

These areas play a significant role in a company's overall profitability. Let me give you two quick examples. According to Bain and Company a 5% reduction in customer defections generated 50% more profits in insurance brokerage. This same 5% increase in customer retention generated 85% more profit in financial services organizations.

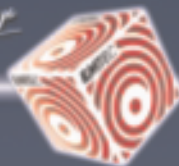
These are bottom line numbers that capture the interest of senior management very, very rapidly. Although many companies recognize the overriding importance of customer retention, 43% of companies cannot identify the principle causes of their customer losses. In one study almost half of the companies surveyed were unable to identify customers on the point of defection.

Business Intelligence and CRM can help your company understand what are some of the activities or incidents to look for in identifying customers with a likelihood to defect.

As stated earlier, Business Intelligence and CRM can work together to help you better target your marketing campaigns, identify the attributes that make up your most profitable customers and overall impact every part of your organizations' management of their customers complete life cycle process. [TUG](#)

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