



Tips from Rick Bellefond, President of RB Data Services

CRM TIPS!

Tip No. 7: Off The Rack? Or Custom-Tailored? You Decide...

BUSINESSES LOOKING TO IMPLEMENT customer relationship management (CRM) solutions today now have two alternatives to consider: get a web-based, “on-demand” solution, or get an in-house solution. It’s not always an easy choice.

ON-DEMAND SOLUTIONS OFFER THE ADVANTAGE of being able to implement quickly and easily. Because they are off-the-shelf and on-demand they can be up and running in as little as an hour.

For businesses that are hesitant to invest in CRM, on-demand also is a way to avoid the cash outlay required for an in-house CRM alternative. Thus, it appears more affordable because on-demand solutions don’t require a specialized IT resource person and be-

cause you can pay for these web-based services monthly. In a sense, on-demand CRM offerings are like buying a pre-cut suit off the rack – it’s easy, it’s seemingly inexpensive, and it’s quick.

AT FIRST GLANCE, ON-PREMISE SOLUTIONS ARE ALL THAT ON-DEMAND SOLUTIONS ARE NOT – they require an up-front investment, they require more IT attention from you or your supplier, and they take longer to install. On-premise solutions are the tailored suits of CRM – more expensive material, the fit requires a tailor, and the tailoring takes time. Deciding between the two alternatives should be easy.

“But the integration and customization requirements are not that dramatically different from traditional software... there’s still a lot of work involved.”

BUT GETTING THE MOST OUT OF A CRM SOLUTION IS NOT THAT SIMPLE. Unless you’re only looking for simple contact management, the big benefits of a CRM solution lie in integrating the system with your other business processes – e.g. using your prospect and customer information to drive your marketing programs, customer service processes, or your customer supply chain. On-demand CRM solutions just can’t provide that level of integration or required customization. Even

Rob Bois – AMR Research

if such integration were possible, most business owners would be hesitant to tie all of their business processes into a system or data that resides across the Internet. Reliable, fault-free Internet access can be elusive.

THE ECONOMICS CAN BE EQUALLY ELUSIVE. Many businesses are attracted to low monthly costs for on-demand solutions only to find that cumulative costs, over time, surpass the costs of an on-premise systems. By the time they realize this, they are often locked into a long term contract. Rob Bois, a senior research analyst for AMR Research, a company that focuses on applying technology to business processes thinks there’s an “expectation gap” with on-demand CRM. He thinks that many companies believe the on-demand approach is like flipping a switch – the power just comes on. But that’s not the case and it’s one reason why analysts predict on-demand solutions will remain under 15% of the market.

Another timely tip to grow your business through better customer relationship management