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RESEARCH NOTE **ACHIEVING VALUE WITH MICROSOFT** **DYNAMICS CRM**

THE BOTTOM LINE

Microsoft Dynamics CRM enables organizations to improve customer service, effectively manage marketing and communications, and increase sales productivity, ultimately driving increased profits and reduced costs.

Microsoft Dynamics CRM helps companies to streamline and automate their sales, marketing, and customer service operations. Key components of the application include:

- Sales force automation. Lead, opportunity, and account management; sales team and opportunity planning, and forecasting and analytics enable sales teams to better understand prospects, prioritize resources, and improve sales success. Microsoft Dynamics CRM works with Microsoft Office and Outlook to help sales people synchronize communications and increase productivity. Web and Pocket PC client access help sales people access and update information remotely.
- Marketing automation. List, campaign, and lead management; planning and budgeting support, and analytics help marketing teams plan and manage campaigns more effectively. Marketers can use Microsoft Dynamics CRM and integrated Microsoft Office Outlook to efficiently develop lists, launch campaigns quickly, and better manage campaigns.
- Customer service. Account, contact, interaction, and case management; proactive sales and support functionality, and real-time analytics and reporting enable customer service agents to automate tasks and quickly resolve customer service issues. Integration across multiple channels and with existing call center technology enable companies to increase customer satisfaction.

Microsoft Dynamics CRM is available both on-premise and on-demand, with the on-demand option provided by both Microsoft hosting partners and directly from Microsoft (called Microsoft Dynamics CRM Online). Users can access the application via the normal CRM client or use the CRM Mobile Express client to view, create, and change CRM data on Internet-capable devices.

In December 2007, Microsoft released Microsoft Dynamics CRM 4 which included enhanced sales, customer service, and marketing functionality; Windows Workflow Foundation for enterprise workflow capability; multi-currency and multi-language support; and integration with Microsoft Unified Communications platform to enable users to see customers' or colleagues' presence status to drive greater increases in user productivity.

TOPICSCustomer Relationship
Management

In March 2009 Microsoft announced it was offering eight CRM Accelerators that are add-on solutions to extend marketing, sales and service capabilities. Microsoft Dynamics CRM Accelerators include analytics, business productivity, CRM notifications, enterprise search, e-service, event management, extended sales forecasting, and sales methodologies.

MICROSOFT XRM

Built on the Microsoft Dynamics CRM platform, Microsoft XRM is a custom application environment designed for developers to build relational line-of-business applications that structure and analyze the interactions between teams, relationships, processes, activities, and tasks. Nucleus has found using such a platform can dramatically reduce the time and cost of developing custom applications; however, this research note focuses specifically on the benefits of Microsoft Dynamics CRM functionality (further research will analyze the specific technology and business benefits of XRM).

KEY BENEFIT AREAS

Nucleus found companies deploying Microsoft Dynamics CRM could achieve benefits from Improved sales productivity, improved customer service, improved marketing efficiency, reduced IT costs, and increased visibility.

Improved sales productivity

Microsoft Dynamics CRM's intuitive user interface and the ability to automatically synchronize Office Outlook e-mail, calendar, tasks, and contacts with the Microsoft Dynamics CRM database helps sales people to better manage their work and increase their productivity. The sales methodologies accelerator helps organizations support adoption and use of structured sales methodologies. Companies find they can use Microsoft Dynamics CRM to standardize and automate sales processes while supporting individual sales people's styles of working:

- One company moving from Salesforce.com to Microsoft Dynamics CRM, for example, found that better usability and integration with other back-end applications enabled sales administrative staff to cut the time to enter CRM data by 50 percent and increase sales force productivity by 12.5 percent.
- Another organization used Microsoft Dynamics CRM to support a more structured sales and sales renewal process and increased sales by 10 percent without adding additional sales staff.

Companies deploying Microsoft Dynamics CRM to support increased sales productivity can expect a seven to 15 percent increase in sales productivity; those moving from paper-based or inefficient CRM applications may see even greater benefit.

Improved customer service

Providing customer service agents with access to all customer, case, contract, and other information through a single, easy-to-use application enables companies to accelerate call resolution times and improve customer satisfaction. Using Microsoft Dynamics CRM, organizations can increase customer service productivity in two main ways:

- Web self-service can provide customers with the information they need directly, reducing the number of incoming calls or inquiries that need to be handled by an agent.
- Automating processes and providing agents with ready access to information enables them to more quickly answer customer inquiries. For example, one Microsoft Dynamics CRM user was able to accelerate response times and handle 15 percent more calls in its call center without hiring additional staff.

Deploying Microsoft Dynamics CRM for customer service can help companies increase customer service productivity by as much as 15 percent.

Improved marketing efficiency

An intuitive user interface and integration with Microsoft Office Outlook and Office Word Mail Merge helps marketing teams to be more productive when planning, executing, and evaluating campaigns. Companies usually experience benefits in increased productivity of employees and managers, but also can realize benefits by reducing direct marketing costs, such as the cost of mailings and collateral production, through better targeting. One company, for example, increased staff productivity by an average of 8 percent by automating parts of the lead qualification process; it also reduced promotions costs by automating e-mail marketing campaigns instead of using more costly communication channels.

Reduced IT costs

Companies deploying Microsoft Dynamics CRM find that the ability to easily integrate it with other systems and applications and relatively low support requirements enable them to reduce IT support and data re-entry costs. Companies moving from other applications to Microsoft Dynamics CRM may also be able to eliminate ongoing license maintenance costs for those systems.

Increased visibility

One of the greatest benefits Microsoft Dynamics CRM users achieve is greater visibility. Providing users with centralized access to information and an easy-to-use application enables better decision making and also reduces the amount of time spent developing and updating reports.

While in theory IT can create almost any report a user needs, unless reports can be quickly and cost-effectively built they are often obsolete by the time they are delivered and users resort to manual workarounds such as standalone spreadsheets. Microsoft has made a number of investments to improve visibility for not just CRM users but all employees that may access CRM data:

- The analytics accelerator includes sales, service, and operations dashboards and scorecards and two OLAP cubes for more in-depth analysis and KPI monitoring.
- The enterprise search accelerator enables Microsoft Office SharePoint Server users to view, search, and edit Microsoft Dynamics CRM data directly through SharePoint based on their role and security profile.
- Specifically for sales, the sales forecasting accelerator extends the forecasting capabilities of Microsoft Dynamics CRM to help both sales people and managers better track and evaluate sales targets, budgets, and performance.

CONCLUSION

Microsoft Dynamics CRM helps organizations improve sales, marketing, and customer service processes to increase efficiency and reduce cost. One of the biggest strengths of the Microsoft Dynamics CRM application is its ease of use and ability to integrate with Microsoft Office, which makes the application easier for employees to learn to use and drives greater user adoption. That said, just as with any CRM adoption effort, managers will have to think carefully about how they customize the application, train users, and address needed changes in work practices (if any) to ensure successful adoption and a positive return on investment. Deployed properly, Microsoft Dynamics CRM can deliver a payback in fewer than 12 months.

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