

The Indian CRM Market – In Need of a Total Paradigm Shift



research@sbc

By: Rohit Shrivastava
Executive Director



Acknowledgements

For the purpose of compiling this white paper, the author and “School of Broadcasting and Communication” extends its acknowledgement to the below mentioned persons, sources and publications from which secondary research data and information has been referred to in this document.

- Jay Curry, Chairman, Customer Marketing Institute.
- icicleconsultancy, Mumbai
- Bob Thompson, President, Frontline Solutions.
- Bill Brendler.
- Mei Lin Fung, Managing Director, Wainscott Venture Partners.
- David Sims, Principal sharpangle.com.
- Barry Trailer, President, Sales Mastery Inc.
- Michael Cusack, Founder, On-line Customer Care Inc.
- Jay Chang, CRM Consultant.
- Jim Barnes, Vice President, Bristol Group.
- CRMguru.com



The Indian CRM Market – In Need of a Total Paradigm Shift

The Indian Market Changing Dynamics

The Indian 'Customer Relationship Management' market is today estimated to be of the tune of INR 1000 million. Majority of this turnover being driven by the banking, financial, insurance and allied services sectors. Traditionally it has been witnessed that these industry verticals have been on the forefront of technology adaptation.

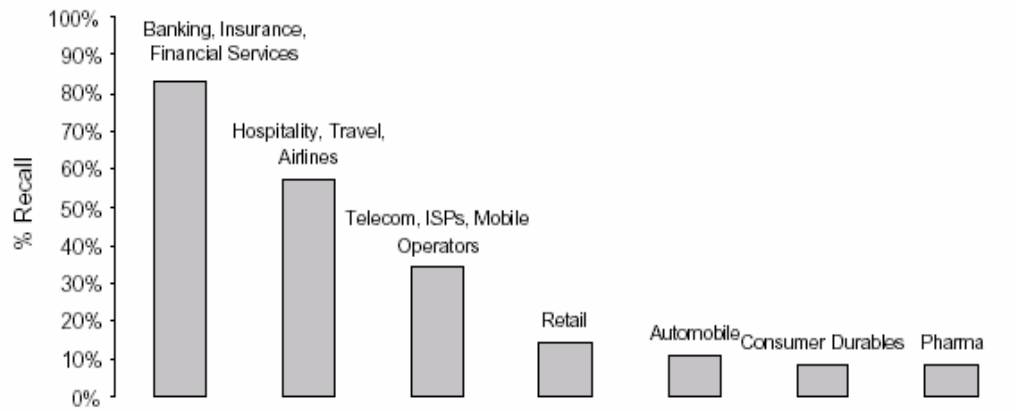
This is due to the fact that product and services offering within these segments gets cloned in a very short span of time. Studies have indicated that on average it takes a period of six weeks for any competitor to clone a product or service offering in the banking and insurance segment. Similarly duplication of offerings in other service sectors also exhibits a very short time span.

An evidence of this is seen in the current mobile telecommunication industry in India. With most of the global major telecommunication organizations present in this market, service offering duplication is taking place somewhat on a daily basis.

Similar trends have been witnessed in the insurance sector, after the opening up of this sector; where once again most of the global insurance giants are fighting to gain market share.

How many customers do you need to have before you can practice CRM? , One. – Jay Curry, Chairman, Customer Marketing Institute.

To combat this competitive rivalry, these sectors have been driven by necessity to embrace technology for enhancing their competitive advantage.



Source: icicleconsultancy

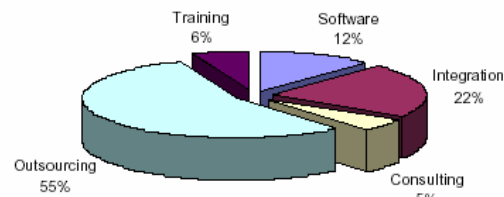
However, apart from these industry verticals, technology adaptation in the Indian market is yet to gain momentum.

“How exactly does a company create a customer centric business philosophy and culture?” not with a software package. – Bob Thompson, President, Frontline Solutions.

Pre '90s, the Indian industry had been a protected economy, with several industry verticals enjoying a monopoly or oligopoly market environment. Post liberalization, this scenario is changing rapidly, with organizations facing global competition, are being forced to notice their customers, and are being compelled to think in terms of 'customer relationship'.

The Indian CRM Landscape

A study conducted by icicleconsutancy has brought forward several enlightening facts concerning the Indian CRM landscape. As per the published report, the Indian CRM market had been pegged at a value ranging from INR 500 million to INR 1000 million in the year 2001. At the same instant, AMR research has put a value of US \$ 7.9 billion for 2001, for the global CRM software market, and US \$ 57 billion for the same year for the global CRM services market.



Source: icicleconsutancy

This provides a backbone for extrapolation, claiming that in the Indian scenario, the market will also be split in accordance with an estimated INR 880 million being generated by the CRM services segment and the remaining INR 12 million coming from CRM software sales, by 2002.

This projects a brighter picture for the CRM outsourcing market, anticipating a healthier growth prospect as compared to the Indian CRM software segment.

This has resulted in major CRM vendor expanding their portfolio to consulting, integration and training in the CRM space.

When you properly recognize resistance as energy and passion, the goal; your goal, becomes to channel that energy into positive commitment and behavior. – Bill Brendler.

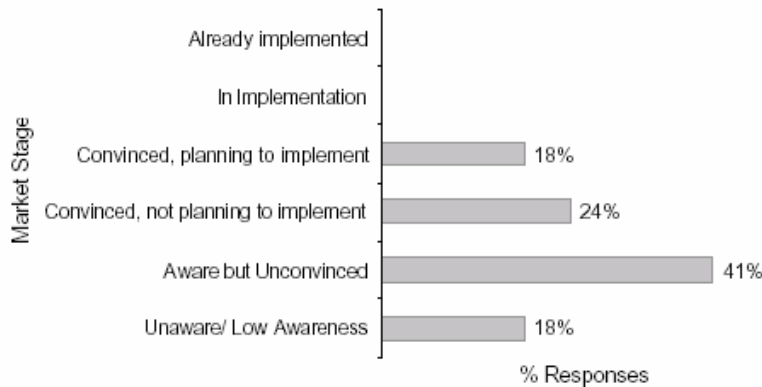
The Indian market has still a long way to go before it reaches its maturity stage. Majority of the Indian organization are aware of CRM, but lack the understanding of the same. They are also not totally convinced on the benefits of undertaking a



comprehensive CRM initiative, owing to their protected past legacy.

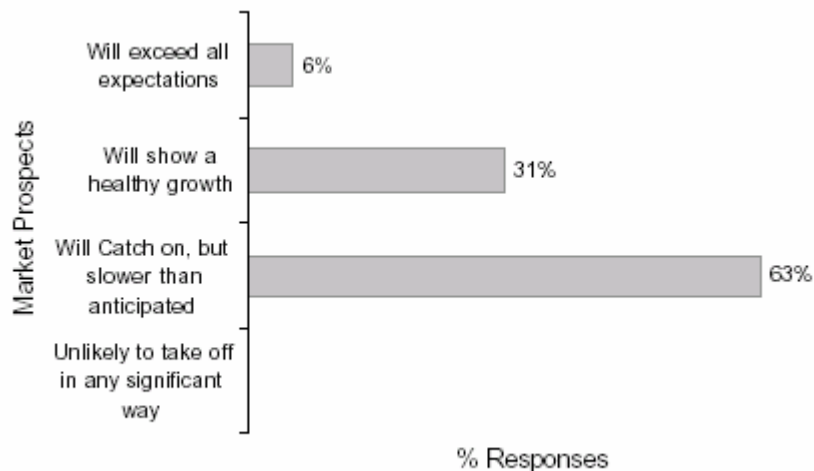
CRM ROI properly done integrates the vendor and customer's agendas

to figure out how to make the most money for the vendor while producing the most satisfaction and return for the customer. – Mei Lin Fung, Managing Director, Wainscott Venture Partners.



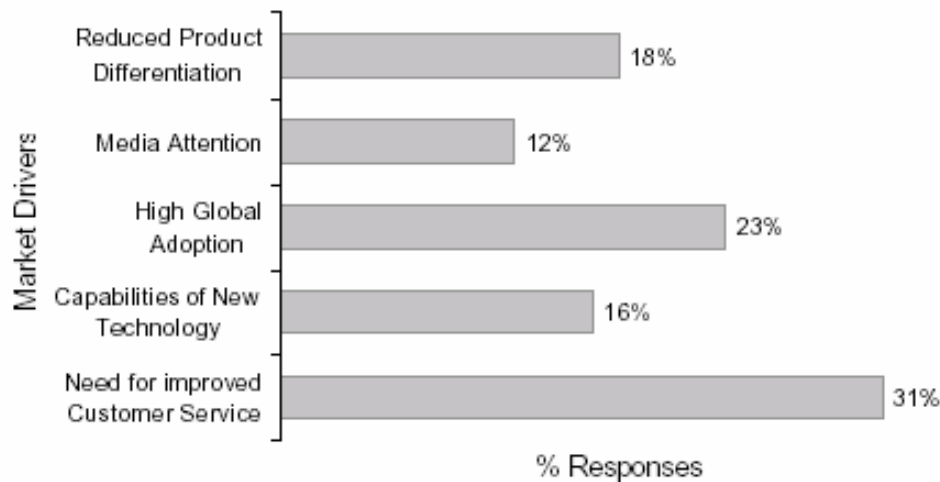
Percentages may not total 100 because of rounding

Source: icicleconsultancy



Source: icicleconsultancy

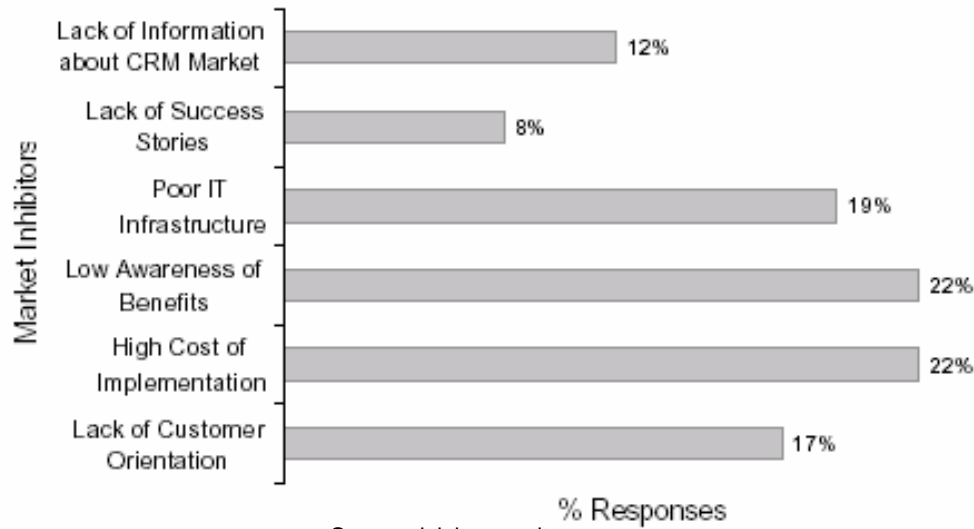
The Indian market which has been undergoing a slow economic growth, as in line with the slump in the global economy, is skeptic of making further investments into any kind of expansion or modernization. It will require an influx of competitive activities in the market place to provide a thrust to overcome the cautious sentiment, and bring the market into a dynamic movement.



Source: icicleconsultancy

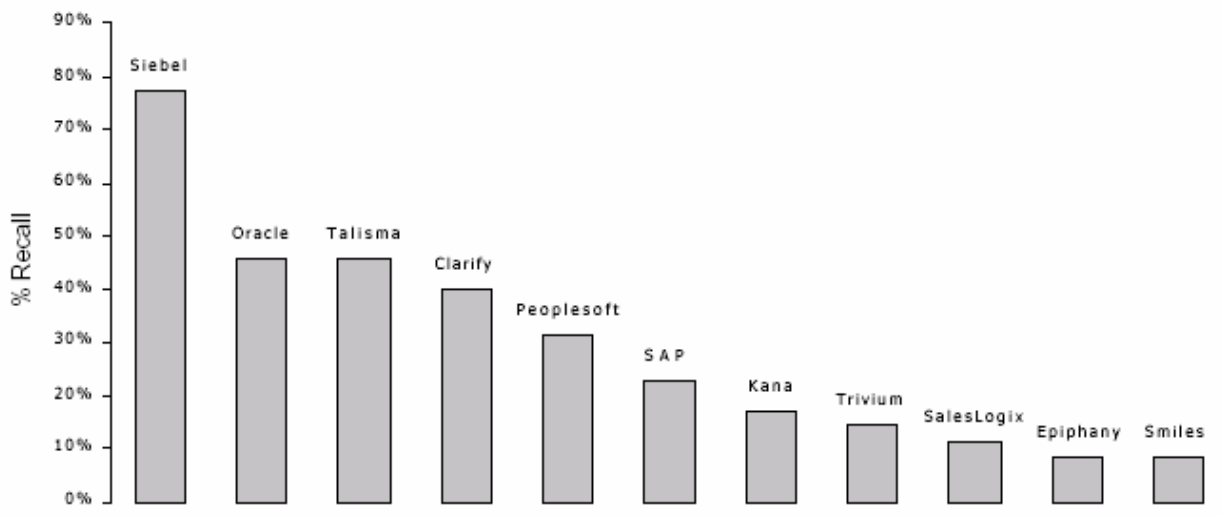
The second obstacle for technology adaptation in the Indian scenario other than clear awareness of benefits is the cost factor and lack of appropriate infrastructure and connectivity. Most CRM enabled softwares are developed to capture a majority of their data population from the Internet. The Internet usage of an average customer in a typical buying situation is almost negligible in the current scenario. This restricts the exploitation of the system to a considerable extend in most industry verticals.

The whole point of customer on-line service “e-service” is to people taking up your website’s time instead of taking up your customer service representative’s time. – David Sims, Principal sharpangle.com.



Source: icicleconsultancy

Siebel is the CRM market leader in India, followed by Oracle, Clarify, PeopleSoft and Talisma. SAP has recently added modules to its CRM offerings and is focusing on the manufacturing and pharmaceutical verticals. Wireless support to SAP's existing offerings is soon expected to come into the market as one of their unique selling propositions.



Source: icicleconsultancy



The Unheard & Unseen Market Demands

As CRM vendors are ramping their offerings and bringing out more powerful and feature driven tools in their offerings, the Indian CRM market has been sending out signals for what it wants.

Organizations which have already invested in CRM programs are not completely reaping the benefits from their investments. Technology is not the only factor to place this blame on, lack of technology adaptation by the concerned users is also a significant factor which has created a barrier to exploiting technology installations.

Organizations today are demanding better usability of the systems rather than enhanced systems.

While developers, consultants, and system integrators, industry analysts and investment bankers were hyping the latest, greatest NEW! things that CRM could do, end users had one simple mantra: Don't give us more features, just make the features we use easier. – Barry Trailer, President, Sales Mastery Inc.

It is imperative for the technology vendors to develop systems which will provide organizations with enhanced competencies and sharper competitive advantages, as against the current perception that technology results in downsizing and comes across as a

threat to the very people it is intended to help. This is a critical aspect that will need to be resolved and communicated, building confidence in process if any organization has to maximize its ROI on its technology based investments.

A company profits when systems are used as enablers, rather than replacements, for people and processes. – Michael Cusack, Founder, On-line Customer Care Inc.

An important step towards achieving this objective is the proper and accurate mapping of the business need, and the communication of the same to the people concerned. Focus on participative culture and involvement of the concerned persons is a must to generate the required commitment for the success of any installed CRM initiative.

Building a structured business case, setting priorities, identifying business requirements, recognizing technology constraints and weighing alternatives should be any organization's primary activity nodes before even identifying prospective software vendors.

This initial exercise would ensure that adequate thought has been given to the process, and would minimize resistance to adaptation of the proposed system.

Currently no CRM package offers all the major functions associated with various categories, if anyone claims



to; show them the door. – Jay Chang, CRM Consultant.

This exercise has a further significance, as most of the CRM packages available claim that they provide end to end solutions. Most of these packages are in a modular form, and the strength and capability of each of these modules varies to a very great extent. It is essential for the organization to identify its business need and then evaluate the strength of each package, considering individual module's strength and weakness.

Vendors must also realize that no software will become a success unless it creates actual value for its users and end customers. Creating value for the end user customer must be the prime motive of any CRM strategy. Organizations which are trying to leverage CRM as a cross mere cross selling tool to the end customer should become aware of the pitfalls if they are not focusing at delivering value to the customer.

It is impossible to create sustained value for a firm's shareholder unless value is being created for its customers. – Jim Barnes, Vice President, Bristol Group.

As of today most CRM installations are more inward looking than being focused outwards. They have become mere information aggregators and contact management tools. In order to capitalize

on the full potential of any CRM program, a commitment towards customer value creation, from the highest level of the organization's management is an absolute must.

For all the hype and resource that has been lavished on CRM, ninety percent implementations are basically doing contact management. – Barry Trailer, President, Sales Mastery Inc.

With out which even the most sophisticated and intelligent CRM manifests will meet with an inevitable failure.

In today's scenario the effort per sale closure, has increased substantially. Especially in the current recession conditions, buyers have become extremely need driven and price sensitive; spending on the absolute musts only. This has increased the sales effort by four folds from the past, to generate the same amount of business. This increase the responsibility of any CRM program to lower the barriers towards sales closure, and acting as a sales aide to the sales representative. In turn, creating an competitive edge for the organization and establishing itself as a critical component to any organizations customer centric strategy.