Class Announcements

- Business Paper Proposal Due 4/24
- Choose group's leader
- Have group leader email TA
- Database Assignment 1 Due 5/1
- Reading for Tuesday
  - Finish Laudon & Laudon Ch 9
  - Read Alibaba Case

Workflow

- A workflow application supports ongoing repetitive tasks.
  - Example: An application that passes a case summary of a customer from customer service to tech support.

Early MRP

- MRP (Material or Manufacturing Resource Planning)
  - Take:
    - Product Demand forecasts
    - Inventory Balances
    - Replenishment Lead Times
  - Develop a Production schedule for a single plant
  - At this Point, it is a planning tool
Later on More capabilities added
- Order Processing
- Product Costing

The planning tool begins to take more and more of an active role in the business processes.

A desire to Link Across Functional Departments of firm
- Each functional department had its own legacy application
  - Programmed in different languages
  - Different Data formats
- Often some data was shared between departments by duplicating it.

MRP evolves into ERP
- A common software architecture with modules to support different business functions.
  - Accounting, finance, sales, HRM, material management, etc...
- Key features:
  - Multi-functional
  - Integrated
  - Modular

ERP Overview

ERP
- How would you design an ERP?
  - Design a user interface for each module
    - Ask user to fill in certain “fields” at particular times.
    - Set up a sequence of events
      - When the sales department enters an order, that event triggers an event at the manufacturing department.
  - But by doing this, aren’t we presuming a particular business process?

Questions
How standardized are organizational processes?
- Customer service
- Finance
- Manufacturing
Fundamental options

- Customize the application to existing organization?
- Mold organization to off-the-shelf application?
  - Is software a good way to propagate best practices?

What Is Customer Relationship Management?

- Knowing the customer
  - In large businesses, too many customers and too many ways customers interact with firm
- Customer relationship management (CRM) systems
  - Capture and integrate customer data from all over the organization.
  - Consolidate and analyze customer data.
  - Distribute customer information to various systems and customer touch points across enterprise.
  - Provide single enterprise view of customers.

CRM Software

- CRM packages typically include tools for:
  - Sales force automation (SFA)
    - E.g., sales prospect and contact information, and sales quote generation capabilities
  - Customer service
    - E.g., assigning and managing customer service requests; Web-based self-service capabilities
  - Marketing
    - E.g., capturing prospect and customer data, scheduling and tracking direct-marketing mailings or e-mail

Customer Loyalty Management Process Map

- This process map shows how a best practice for promoting customer loyalty through customer service would be modeled by customer relationship management software. The CRM software helps firms identify high-value customers for preferential treatment.

Operational and Analytical CRM

- Operational CRM:
  - Customer-facing applications such as sales force automation, call center and customer service support, and marketing automation
- Analytical CRM:
  - Analyzes customer data output from operational CRM applications
  - Based on data warehouses populated by operational CRM systems and customer touch points
  - Customer lifetime value (CLTV)

Analytical CRM Data Warehouse

- Analytical CRM uses a customer data warehouse and tools to analyze customer data collected from the firm's customer touch points and from other sources.
- Other sources include:
  - Legacy systems
  - Geodemographic data
  - Thesaurus data
  - Marketing campaign data
- Other sources:
  - Online sales
  - Web site
  - Direct mail
  - Database

Figure 8-10

Figure 8-11
Business Value of Customer Relationship Management

• Business benefits:
  • Increased customer satisfaction
  • Reduced direct-marketing costs
  • More effective marketing
  • Lower costs for customer acquisition/retention
  • Increased sales revenue

• Churn rate:
  • Number of customers who stop using or purchasing products or services from a company
  • Indicator of growth or decline of firm’s customer base

Churn rate:

Enterprise Application Challenges

• Highly expensive to purchase and implement enterprise applications—total cost may be four to five times the price of software
• Technology changes
• Business process changes
• Organizational changes
• Switching costs, dependence on software vendors
• Data standardization, management, cleansing

Extending Enterprise Software

• To bring greater value from enterprise applications
  • Enterprise solutions/suites: make applications more flexible, Web-enabled, integrated with other systems
  • Service platform: integrates multiple applications to deliver a seamless experience for all parties
    • Order-to-cash process
    • Portal software

Cisco Case

Break into groups of 3 or 4

- Discuss
  - A) Was the project successful? Why or why not?
  - B) Imagine you were asked to lead an ERP deployment at another company,
    1) What ideas would you borrow from Cisco’s ERP project?
    2) What factors worked in Cisco’s favor that might not apply to other companies trying to do an ERP project?
    3) What mistakes would you avoid that Cisco made?
  - Write your ideas down.