

Building a Business Case for Better Customer Data Management

A Practical Guide to Getting Buy-in for Data Management
That Improves Customer Experiences

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Introduction

If you're reading this, you've already arrived at a couple of realizations:

- Customer experience is the new front line in the battle for business growth
- Delivering great customer experiences takes more than siloed data from individual transactions

You know that connecting information from every interaction a customer has with your brand – across channels, lines of business, employees, and departments – helps you to grow your trusted customer profiles. And that delivering a next-generation, 360-degree customer view to your business teams will help them improve the customer experience at every opportunity.

Unfortunately, your competitors have also made these discoveries.

Like you, they're building a view of their total customer relationship – a process we covered in a workbook called [The Ultimate Guide for Customer Data Management](#). What's more, you've read worrying statistics like the one that states a full 91 percent¹ of dissatisfied customers will not do business with a brand that has failed to meet their expectations.

So it's now more important than ever to get your customer experience initiatives right, first time. As we pointed out in our workbook, to improve your chances of success now and in the long term, **you need visible executive sponsorship of your customer data strategy** to ensure that it remains a company-wide initiative and doesn't create yet another silo.

Your stakeholders will need to rethink how your organization strategically manages and shares its customer data. And that will require a strong business case. Proving the value of an approach that ensures critical customer data is **clean, consistent, and connected** will align stakeholders around a shared vision and common goals.

This guide will help you build a convincing case that's focused on business value so you can get the support and investment you need. The goal is not only to motivate and secure executive buy-in for creating a total customer relationship view – from your CIO, CFO, CMO, or whomever the decision lies with – but also to keep the wider group of stakeholders engaged throughout the life of the initiative.

Let's take a closer look.

¹ [10 Need-to-Know Customer Dissatisfaction Stats](#), Connie Harington, 28 December 2014.

First Things First

First, let's review what we mean by a total customer relationship and what areas benefit the most from them.

Total Customer Relationship

Traditional approaches to customer experience management recognize the power of data to transform the buyer-seller relationship, but this is often limited to department-specific initiatives. So in reality the best you could hope for with this approach is a fragmented picture of your customers. The data may be rich, but you can't guarantee consistency across your organization.

A total customer relationship view supports customer experience initiatives by continually pulling together fragmented customer data from across internal silos and external data sources. It then cleans, reconciles, validates, enriches, and relates customer data to deliver a next-generation 360-degree customer view that's consistent across the company, across all systems, on-premise or in the cloud.

Using trusted customer profiles as a building block, **a total customer relationship view connects the dots between the people, places, and things that matter most to your business** so employees can successfully deliver on your customer-centric strategies.

A total customer relationship view works across any number of distinct use cases and initiatives. The most common are marketing, sales, and customer service.

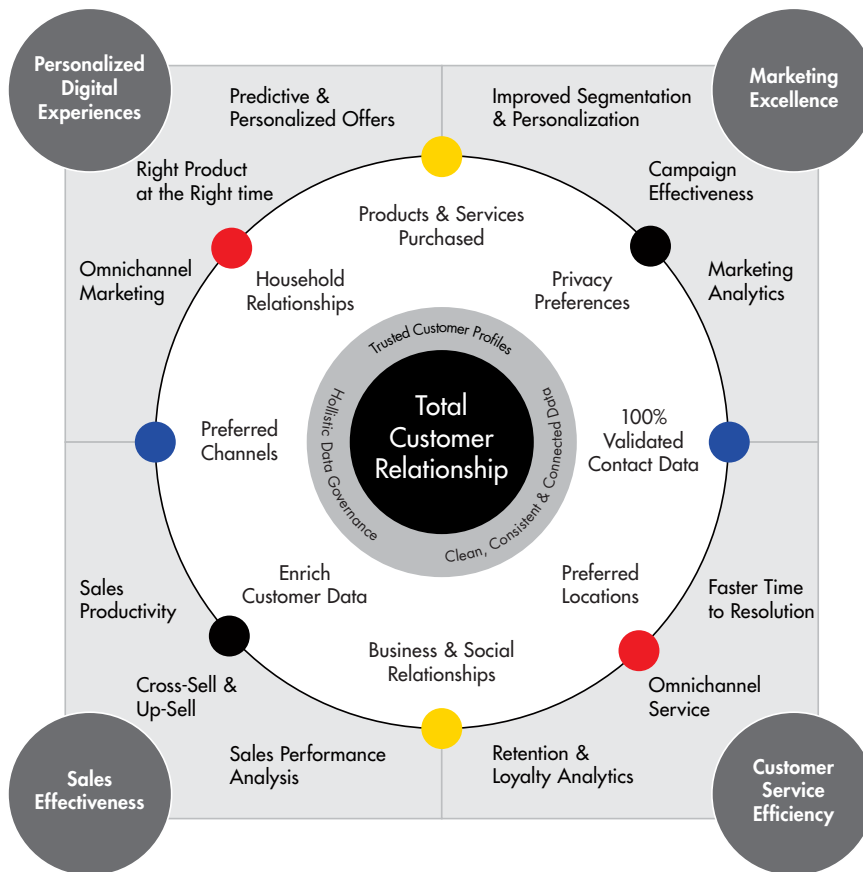


Figure 1: Use cases and initiatives fueled by great customer data and a total customer relationship view.

Marketing Excellence

Marketing excellence relies on a 360-degree customer view to make valuable, relevant, and personalized offers that attract, retain, and grow the customer base.

The last thing your marketing organization wants to do is make an offer to a customer for a product or service they already have or one that is irrelevant to a customer's needs. Marketing that's fuelled by a total customer relationship view allows you to:

- Develop messages and offers with increased relevance **leading to higher conversions** from improved segmentation and personalization powered by rich customer profiles.
- Increase the success of your omnichannel marketing efforts **to nurture and develop customer relationships over time** by delivering consistent messages, campaigns, and treatments across channels.
- Be confident in the data used **for lead generation** by fueling marketing analytics, campaign measurement, and attribution with clean, consistent customer data.

Sales Effectiveness

Sales teams need a 360-degree customer view to more productively achieve revenue and account targets.

The new selling model is all about understanding the customer – and that also means having a total view into how your customer interacts with your company across regions, lines of business, and channels.

Boosting sales effectiveness means that your sales teams can:

- Quickly and easily prepare for sales meetings with less time searching for and piecing together valuable customer information, **boosting sales productivity**.
- Identify gaps and overlaps based on the products and services customers own, so **cross-sell and upsell offers are more relevant**.
- **Fuel sales analytics with trusted data** to confidently identify complex customer structures, realign sales territories, resolve customer issues, and guide their next move.

Customer Service Efficiency

The customer service team uses a next-generation 360-degree customer view to quickly and competently help customers with their issues and needs, improving retention – of both customers and employees.

Customer service teams don't want to search across many different applications for customer information, spend more time than necessary to help a customer, or put customers on hold to resolve issues. Customer service teams that are empowered with access to the total customer relationship can:

- Resolve customer issues without delay, **improving service productivity and time to resolution** on the first call or visit.
- Deliver **seamless, integrated, and unified customer experiences across all channels**, so customers feel valued and don't have to repeat themselves.
- Feel more empowered to make decisions that are in the best interest of the company, leading to **higher employee and customer satisfaction, retention and loyalty**.

A Data-Dependent Process

Delivering great customer experiences relies on your ability to master the total customer relationship across the business. And like all processes, marketing excellence, sales effectiveness, and customer service efficiency are fundamentally data-dependent.

That means process improvement starts with data improvement. It also means that the inverse is true: **it doesn't take much bad data to make a big hole in your customer experience processes.**

If you think you have it handled, you may want to think again. According to an Econsultancy report² from 2015, 89 percent of all brands think they're good at resolving customer conflicts; however, just less than half of customers felt that their issues were dealt with effectively.

Here are some additional statistics and research findings that can add weight to your business case.

- An invaluable 80 percent of customer data will be wasted due to immature enterprise data "value chains."³
- Gartner⁴ reports: "By 2020, 75 percent of those organizations that neglect MDM (master data management) and EIM (enterprise information management) while creating a 360-degree view of their customers to support customer experience will adversely affect customer experience metrics via the use of inaccurate data during customer interactions."
- 92 percent of organizations suspect their data might be inaccurate. And 26 percent of total data on average is believed to be inaccurate. Not only do businesses lack trust in their data, the volume of inaccurate data is rising.⁵
- On average, organizations waste 15–18 percent of budgets dealing with data inaccuracies.⁶
- On the positive side, twice as many businesses with data quality technology in place have also seen a significant increase in their profit, than those without.⁷

² Econsultancy, *The Consumer Conversation*, Stefan Tornquist, April 2015.

³ All Analytics, [IDC: Tons of Customer Data Going to Waste](#), Beth Schultz, December 2013

⁴ Gartner, *Powering Customer Experience With the Trusted 360-Degree View*, Bill O'Kane, Saul Judah, 26 May 2015.

⁵ Experian, [Global Data Quality Research: Discussion Paper 2015](#), Janani Dumbleton, Derek Munro

⁶ *Selling Data Governance or DG by Stealth?* Chris Bradley, DAMA CDO, July, 2015

⁷ Experian, [Global Data Quality Research: Discussion Paper 2015](#), Janani Dumbleton, Derek Munro

10 Value Drivers of Total Customer Relationship

As with any strategic initiative, building a total customer relationship solution has to be driven by the priorities of your executive team.

These are the kinds of tangible business benefits you can unlock with a foundation of great customer information. They're achieved through data-fueled process enhancements supported by clean, consistent, and connected customer data – and they're the heart of any customer experience business case:

1. Improved close rates and higher conversions
2. Reduced customer acquisition costs
3. Improved customer retention
4. Increased revenue and productivity, from faster time to market
5. Improved call center productivity
6. Reduced customer contact costs
7. Reduced IT OpEx
8. Improved margins (due to eliminating transaction errors)
9. Improved territory coverage (due to greater accuracy in market sizing)
10. Improved collections/billings

Now for the 'How To' part of building your own business case...

Identify Your Executive Sponsor

Before you can craft a persuasive business case, you need to ensure you understand the goals of the executive you're targeting as your sponsor.

Here are a few examples of customer initiative priorities on the business and IT sides. Look for opportunities to address these needs by matching them to the 10 value drivers of total customer relationship in the previous section.

Business Side

- Enhanced customer experience for a competitive edge
- Improved customer and employee retention, acquisition, and satisfaction metrics
- Greater customer lifetime value
- Better customer insights and analytics
- Higher quality marketing-sourced pipeline and attribution
- Improved segmentation, personalization, and omnichannel coordination
- Improved cross-sell and upsell offers
- Higher sales productivity
- Call center cost reduction and increased first call resolution
- Improved reporting and analytics productivity

IT Side

- Lower CapEx and OpEx
- Flexibility to adapt to new technology and trends like mobile, social, and sensor data, and easily integrate next-generation data sources with traditional sources
- Self-service capabilities for non-technical business users to integrate, consume, govern and analyze all types of data
- A universally consistent way for data warehouses, applications, devices, and users to consume data
- Automated connection, cleansing, reconciliation, and enrichment of disparate customer data on an ongoing basis
- Better data quality with less time spent on finding, fixing, and managing data
- Greater security of all customer data

Plan and Conduct Stakeholder Interviews

It may seem obvious, but it bears pointing out that the best way to identify your stakeholders' biggest concerns is to go ahead and talk to them.

Do your homework to prepare for these conversations with your executive sponsor and other stakeholders. Begin by profiling key stakeholders based on their roles and priorities.

The conversations you have with your colleagues in business and IT roles will be a huge help when you present the business case to the executive sponsor. Their experience will put your case into context and show that your proposition speaks to the needs of the people who will use the technology itself.

Wherever possible, use hard revenue and cost data to support your business case, but don't discount the anecdotal evidence that will bring real value and authenticity.

Here are some questions to help start the conversation when you sit down with your IT and business stakeholders:

- What is the state of your customer data right now? How many different systems hold customer data? How well integrated are they?
- What is your prospect-to-lead-to-customer conversion rate? Every one percent increase would translate into how much revenue?
- How easily can you identify the products your customers own across your brands and lines of business? What is a typical cross- or upsell scenario and what is the revenue uplift? What percentage of customers would qualify as targets for such a sale? What is needed to shorten your sales cycles?
- How many orders fail every week due to incomplete or inaccurate data, such as minimum volume, shipping instructions, product dimensions, and billing information? What is the average order amount and profit margin? How does this correlate with customer satisfaction ratings?
- How much mail is returned every month? What is the cost of handling the returns for each? How are bad addresses logged and corrected? Walk me through that process.
- How many email hard bounces do you get? How many opt-in conflicts do you have for a customer across channels? How is that impacting your success rates? And how often do you find your company on blacklists?
- How many bills get flagged as incorrect by staff and customers? What is the average bill amount? What is the average error amount per bill due to incorrect product information?
- How much time does it take for a customer service or sales representative to get an enterprise-wide and accurate view of the client in terms of quotes, orders, bills, activated products/services, payments, discounts, etc.? What is the full-time equivalent cost of the representative?
- And across all of these questions, how are the metrics trending? Are they getting worse or better?

A Closer Look at Marketing

Because the Chief Marketing Officer, or a member of the CMO's team, is a typical owner of customer experience initiatives, let's take a closer look at the impact of a total customer relationship view on the marketing team.

Results that have been realized include as much as a 30 percent improvement in campaign response rates and a 20 percent increase in lead-to-opportunity conversion rates.⁸ Here are some things to consider with marketing in mind.

What You Need to Know

- How would you rank your marketing team's ability to assess:
 - Which products a customer already has across business units, product lines, and which offers to send based on this information?
 - Who is in a customer's household or business organization and what offers to send based on this information?
 - Which customers are high-value or highly profitable?
 - How do customers engage with you across channels and touch points, and what is the best channel to use for a marketing offer?
 - Which customers are unhappy customers, have open support cases, or have unresolved customer service issues and should not be contacted with a marketing offer?
- How accurate do you think your customer data is? Is it good enough for the results you want to achieve?
 - How do you typically fix the data?
 - How hard is it for your team to get the information they need to get a complete view of your customer base?
 - Are you leveraging customer information collected by other teams such as sales, customer service, and finance to create richer customer segments?
 - How many marketing applications hold customer data?
 - How many customers, brands, products, and channels are you currently supporting?
 - How does the number of regions, locations, lines of business, and partners affect your ability to impact the customer experience? Or impact product launch success?
- Where are the opportunities for improvement?
 - What is the average cost per campaign?
 - What are your returned mail and email bounce rates?
 - What is the customer acquisition cost?
 - How do these metrics compare to your industry averages?
 - Based on a competitor benchmarking exercise, where are your most promising areas for performance improvement, and what gains can be reasonably expected?

⁸ Informatica, [Great Customer Experiences Start with Great Customer Data](#), September 2015

Analyze Your Findings

Your stakeholder interviews provide you with the raw materials for your business case. The next step is to quantify the potential benefits and costs, and to give an indication of achievable return on investment.

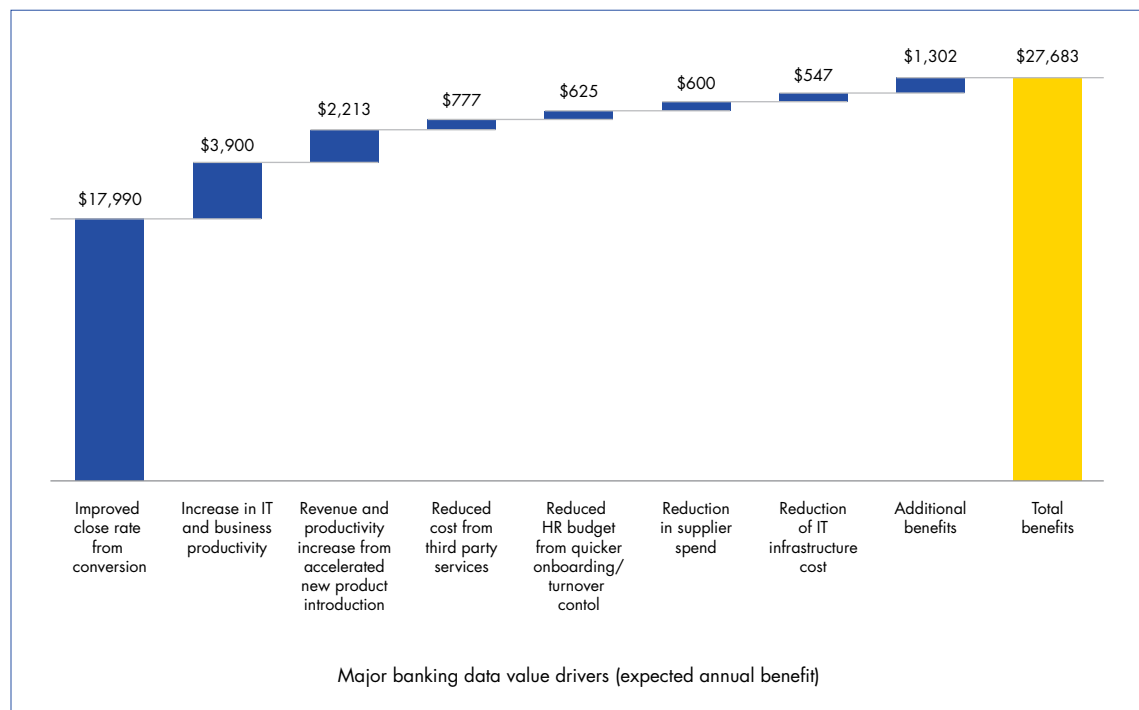
At this stage you should investigate:

- Potential benefits
- Potential costs
- Metrics or key performance indicators for each benefit
- Range of projected financial values for each benefit
- Projected phased approach for each capability and related value
- Risk indicator based on required complexity, organizational data quality and readiness

Here are some graphs showing the average benefits that organizations in specific industries can expect from an investment in a total customer relationship solution.

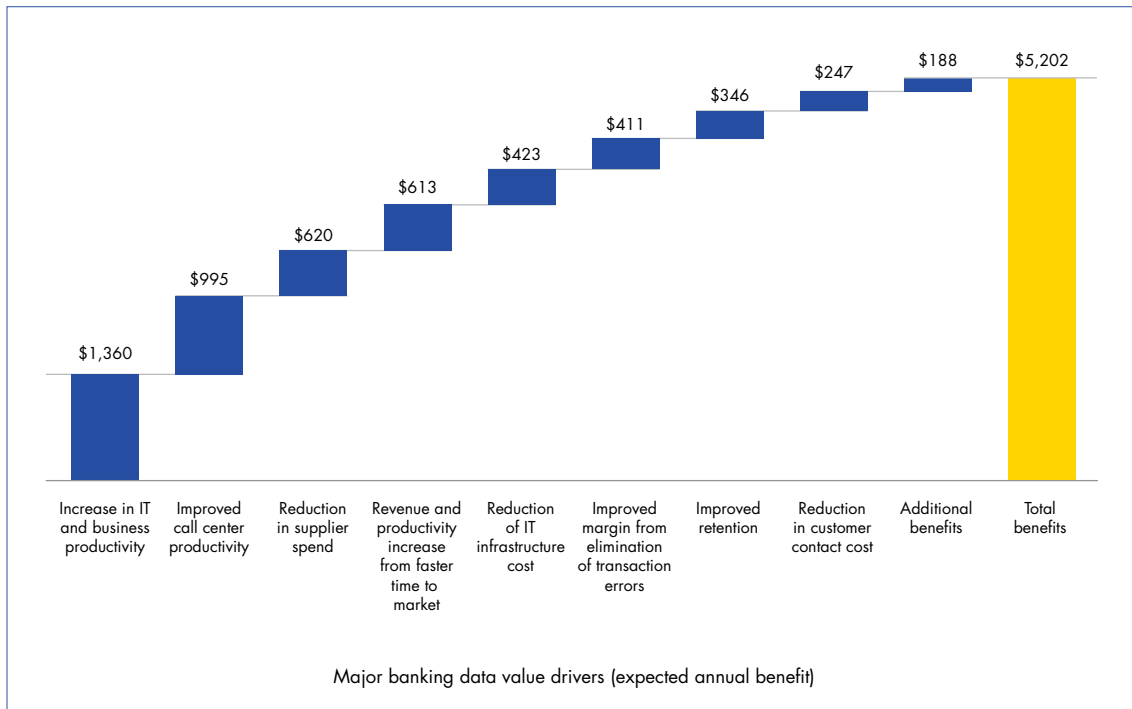
As you'll see, the benefits and value will vary by industry and industry maturity.

Retail banking



The average retail bank in this example generates \$600 million -1.5 billion in annual revenue (benefits in \$k)

Insurance



The average insurer in this example has 750,000 policies in force (benefits in \$k)

Retail



The average retailer in this example generates \$5 billion in annual revenue (benefits in \$k)

A Cross- and Upsell Success Example

Here is a step-by-step example of how some of the values in the graphs above were quantified. You may want to investigate any prior studies or data profiling that have been conducted in your organization, so that you can use your own values where we reference 'Probability of organization having significant data issues.'

Use this formula to calculate profit increase from improved upsell/cross-sell conversion via a trusted, group-level view of a customer encapsulating all his products, services, assets, and interactions.

Your KPI here could be upsell/cross-sell rate which is calculated as (\$ net new profit potential x 100/\$ total annual revenue). This could range from 1-15 percent.

$$\begin{array}{c} \boxed{\text{Average annual revenue of upsell from product A to B for one client}} \\ \times \\ \boxed{(\text{Number of existing clients} + \text{number of new clients per annum})} \\ \times \\ \boxed{\text{Current upsell rate in percentage}} \\ \times \\ \boxed{\text{Percentage improvement based on internal view or third-party benchmark}} \\ \times \\ \boxed{\text{Probability of organization having significant data issues} \\ \text{(as defined by industry benchmarks)}} \\ \times \\ \boxed{(\text{Percentage of bad data as best in class as defined by analyst} - \\ \text{Percentage of bad data in current state as per data profile})} \\ \times \\ \boxed{\text{Gross margin in percentage}} \\ = \\ \boxed{\text{\$ net new profit potential}} \end{array}$$

Prepare Your Business Case

At this point you should have all the ingredients for your business case.

Start with your end in mind and every benefit or metric you present will reinforce your case. You should have gained a better understanding of the impact trusted customer profiles have when they fuel a next-generation 360-degree customer view that powers customer experience initiatives across the enterprise.

And remember, don't worry if your initial idea for a proposed solution has evolved throughout the knowledge-gathering stages – that just means the process is working and you're listening to the real needs of your stakeholders, which can be many.

A successful framework for your business case would look like the following:

- Executive Summary
- Major Business Use Cases
- Qualitative Findings, Anecdotes, Interview Quotes, and Examples of Data Quality Issues
- Business Value Quantification
- Benchmarking vs Peers
- Proposed Solution and Cost
- Analyst Research

Case Study

To get you thinking, here's an example of how FASTWEB approached its customer data initiatives.

Fragmented Customer View

FASTWEB S.p.A., a subsidiary of Swisscom, is Italy's biggest alternative telecommunications operator. The company offers voice and data services and applications for both the residential and business segments of the market.

FASTWEB gained its leadership status thanks to the quality of its services and FASTWEB's ability to meet the needs of all market segments. Their success is attributed to a strategy oriented toward continual innovation.

In a bid to improve customer engagement, counter competition, and boost margins, FASTWEB implemented a customer centricity strategy as part of a wider digital transformation program.

As well as increasing loyalty through enhanced service quality and agility, the strategy would deliver the customer analytics FASTWEB needs to innovate new digital services and manage cross-sell and upsell campaigns to promote its services.

But FASTWEB's customer data was spread across multiple systems. This fragmented picture of overlapping, incomplete, and missing data made it difficult for FASTWEB customer support to provide an excellent level of customer service, and for the sales teams to propose complementary solutions. Slow and unreliable reporting also made it difficult for management to drive for key performance indicators.

Total Customer Relationship

FASTWEB standardized its customer data management to achieve a total customer relationship view across services and channels. In doing so, they:

- Unified information on subscribers' contracts with information on services provided in different order management systems and in Salesforce to create a single, consistent overall view of all residential customers and relations with them, including the number of users per home, preferences, and behavior
- Captured all business customers and the positions they hold in their companies
- Created an inventory of service contracts issued
- Selected a flexible solution capable of adapting to the market and to the challenges of the future

Personalized Customer Experience

No matter what channel a customer comes through, FASTWEB agents can see what services they use, their billing history, services inquires, and household information – all in one place. Using this single version of the truth to deliver agile, more personalized customer service, and to respond to customers more proactively and efficiently, **FASTWEB anticipates a customer churn reduction of up to 80 percent within three years.**

Better Reporting

Management reporting has also improved. It's faster and more reliable in support of trusted, timely decision making. For example, reports that track the length of time between a customer order being received and being activated are available to agents almost immediately.

As the number of customer data sources increases, FASTWEB is readying its customer hub for big data. In the future it will integrate unstructured data, including information on application use, location services, and video streaming activity. This data will be used to create even more personalized customer service experiences with a view to increasing revenue, average revenue per user, and customer loyalty.

Get Started Now

Follow the steps we've outlined and you'll be ready to present a robust business case to the powers that be. Convince them and you'll be ready to drive your customer experience initiative forward with the knowledge that you've succeeded in securing a hugely valuable asset: visible executive sponsorship.

But, remember, securing buy-in is only one of the things your business case does – it also documents the shared vision and goals that you want everyone to work toward together. It minimizes the risk of nasty surprises by clearly stating exactly what success will look like.

Use the expected metrics from this business case as a gauge on how you're progressing. Capture any unexpected benefits realized (there always are a few). And be sure to communicate the value with 'before and after' scenarios. The challenges of the past are easily forgotten amid the successes of the present.

Perhaps most important, it's a learning process for everyone involved, and the best test to check that your next customer data initiative will hold water.

Building a convincing business case is tough work, but as first steps go, it's the best move you can make on your journey to a total customer relationship solution.

About Informatica

We're Informatica and we've helped thousands of IT professionals across all industries win executive sponsorship for customer data initiatives powered by a total customer relationship view – and we've helped them to execute their plans.

Interested in finding out more?

[Let's talk.](#)



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