

# | CRM and ERP in One



**NAVISION AXAPTA®**

**NAVISION®**  
*The Way to Grow*

# | The CRM Buzz



CRM, or Customer Relationship Management, is one of those business buzzwords that's on just about everybody's lips today. As a leading provider of ERP and e-business solutions for mid-sized companies, we at Navision are dedicated to developing solutions that facilitate our customers' business success. In this connection, we recognize the importance – in today's highly competitive marketplace – of building strong relationships with suppliers, employees, business partners and customers.

We believe that the emergence and growth of Customer Relationship Management and e-business are related developments. Our system, which incorporates both front office and back office processes into one seamless information flow, can help our customers meet the challenge of CRM and e-business.

This booklet is designed to provide you with a short introduction to CRM, and to explain why CRM is relevant to your business, and why Navision Axapta is a good choice in your enterprise, fulfilling your complete enterprise needs: ERP, e-business, CRM and SCM, in a single and consolidated solution.

Good reading!

A handwritten signature in black ink, appearing to read 'R. Stockner', with a long horizontal flourish extending to the right.

René Stockner  
Worldwide Operations,  
Executive Vice President

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# | The Challenge

## The New Marketplace

What is the difference between your products and the products of your closest competitor? Or between your services and the services of your closest competitor? Or between one car and another, one computer and another, one television and another?

Probably very little, besides their fancy names and some good branding.

But this is not unusual today. The fact is that today's products and services are becoming more and more similar – and that the differences between products and services are becoming more and more marginal.

And to make matters worse, for every one of these very similar products or services in a crowded marketplace, there are usually numerous eager suppliers offering more. So this is the challenge facing you and your company. How do you differentiate your products and services in such a crowded marketplace? How do you make your company and your offering stand out from your competitors? And how do you attract new customers – and make them into loyal customers that keep coming back year after year?

This is the challenge of the new marketplace.



## The Customer Is King

With the advent of the Internet and the ability to have information at your fingertips, it becomes clear that it's no longer a seller's market, but rather a buyer's market. Customers have now become the scarcity factor. Which means you can no longer just put your products out there and expect them to sell themselves. With competition so keen and with such an abundance of offerings, it makes the customer king. This means customers have all the leverage. Customers decide.

Thus, if your customers aren't completely satisfied with your company's offering – or with your level of service or your focus on their needs – they can quickly and easily go somewhere and find similar or even better products or services. And make no mistake, that's exactly what they'll do. With the massive increase of new technologies, unsatisfied customers need no more than a second to move elsewhere for the products and services that satisfy their needs.

So it's no coincidence that CRM – Customer Relationship Management – is one of the hottest buzzwords around. More than ever, companies must focus on capturing and retaining customers. The winners in tomorrow's marketplace will be those companies who best understand their customers' needs and are best equipped to satisfy them.

**The second it takes to change suppliers is the driving force behind CRM.**

## So What Is CRM?

So what's the hullabaloo all about?

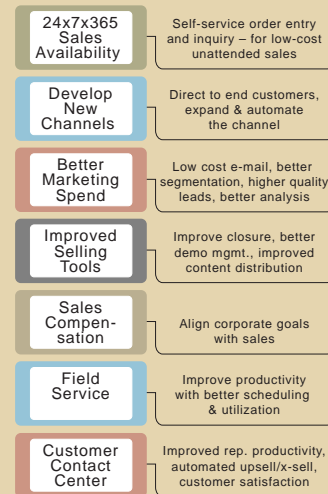
CRM is hot because it's the logical response to these developments in the marketplace and because it's a systematic attempt to gain maximum profit and return from customers by understanding who they are and what they need. Once this kind of information is available to companies, effective implementation of a CRM strategy should enable companies to retain customers and build lasting, profitable relationships with them. Further, an effective implementation of a CRM strategy will also mean optimizing your front office business processes – all of the processes that have customer touch-points.

Customer Relationship Management is really a business strategy – and not only a software application – which aims to maximize the lifetime value (LTV) of customers. In other words, CRM is really an organizational mindset, which can be implemented and supported by the proper IT systems, workflow processes and changes in the way that companies view their most treasured asset – their customer. But certainly the IT does come second. The organizational strategy must come first. This is because successful implementation of a CRM strategy requires a shift in the way organizations and their employees think – followed by a shift in the way organizations operate. Profit, of course, follows in the end.

But as a mid-sized company, it's important to get started and establish a CRM foundation without having to make a significant investment in new technology. In this way, companies can start small and gain experience as they grow.

**If customers are not satisfied, new suppliers are just a click away. Never before was it so easy to move on. This means companies must work harder to retain their customers.**

## Effective CRM=ROI



Source: AMR Research, Inc. 2000

## E-Business and CRM

What does e-business have to do with CRM?

A great deal. In fact, e-business is dramatically influencing the development of CRM because, with the Internet, it is now possible to automate many of the data collection and customer handling routines that previously were so time-consuming and expensive. What's more, with streamlined front office processes, companies and customers can exchange information faster and cheaper than ever before. And with the development

of IT systems that link front-end and back-end systems, it is now also possible for whole organizations to effectively capture the customer information they need – and organize it and make it available to everyone within their organization who has any kind of customer contact, or is a touch-point for customers. Once again, faster and cheaper than ever before. And this information can be delivered to the people who need it – any-time, anywhere – over the Internet.

### **What Can CRM Do for My Company?**

Here are some of the main benefits:

**Customer Retention** – First of all, an effective CRM strategy will place you in an ongoing dialogue with your customers. By learning who your customers are and what they need, you will be able to deliver the products and services they seek. If you service them effectively every time they interact with you – at every touch-point – you will build customer loyalty. Furthermore, if you provide the champion service to all your customers – give them the useful relationship they demand – you can remove the price parameter from the buying process, or significantly reduce it. This will dramatically improve profitability and provide the differentiation you need for your products and services.

**Lower Operating Costs** – With the proper IT solution, CRM can drastically cut administrative costs because so many of your customer-related transactions become automated. This also reduces, for example, telephone calls and sales visits and frees your staff for other jobs, allowing them to handle more customers than ever before.

**Optimized Sales Force Efficiency** – With all the information at their fingertips, your sales force will become highly efficient. They will waste far less time and be able to spend their energy where it does the most good – selling! And if your best saleswoman leaves your company, you don't lose all her customers since all the information she had concerning her customers is no longer just inside her head! It is at your whole organization's fingertips.

**Easier Forecasting and Planning** – It is much easier to plan for the future when you know your customers' needs and preferences. With high quality information on their purchasing patterns, you can predict their future behavior with greater confidence and accuracy.

**Increased Manufacturing Precision** – With detailed up-to-date information on customers, forecasting production becomes easier and inventory costs fall.



**According to a recent PricewaterhouseCoopers study, some 60-65% of the changes caused by e-business can be directly related to CRM.**

**Maximized Customer Lifetime Value (LTV)** – Lifetime Value or LTV is a term that describes the present value of all future profit from a customer. An effective CRM solution is designed to help you maximize the LTV of your customers, which can be calculated in many ways and include many things besides the actual sales of products to the customer. The lifetime value of a customer also includes, for example, the profit earned by referrals made by the customer. The concept gets even more complicated when you consider the “strategic value” of a customer. The “strategic value” is derived when you factor in the customer’s growth potential if your company had the strategy to capitalize on their particular needs!

### **Nothing New about CRM**

In fact, there’s nothing new about CRM. Successful businesses have always catered to the needs and preferences of their customers. That’s what business is all about. But when businesses are small, people usually know their customers personally – and automatically remember their individual needs and preferences. For most companies today, however, the days of intimate one-to-one business dealings are over for good. Our present-day world is highly complex. And the size of the companies we deal with and the magnitude of their operations is often vast. In this connection, the scale of operations even in mid-sized companies can be daunting.

But technology has changed drastically too and the array of technological options offered by today’s computerized information society is almost limitless. Here are three important examples:

Firstly, database technology now makes it possible for companies to track, measure, record and analyze every single customer contact ever made.

Secondly, the new interactivity means that companies and customers can exchange information in an ongoing and dynamic flow.

And thirdly, the Internet and e-business technologies have allowed companies to have individually tailored customer “faces,” based on the individual customer’s login, thereby offering him or her specifically tailored choices of products and services that best fit individual needs.

It is precisely these new advances in technology that make it possible for large and small companies alike to achieve the same highly personal and intimate relationships with customers as the small shop on the corner. Even though the company may have thousands of customers and has never seen a single one of their faces.

This is basically what Customer Relationship Management is all about. Knowing and remembering your customers and creating intimacy in a complex, fast-paced world. When this happens, customer loyalty is maximized, enhancing the lifetime value of customers to companies.

**“It can cost up to ten times as much to attract a new customer as to retain a current one.”**

Gartner Group.

# | A Closer Look at CRM

## What Is a CRM System?

When business is small, people can store relevant customer information in their heads. But that's no longer possible today. The complexity of operations and organizations means that the implementation of a CRM strategy requires the support of IT tools. In other words, efficient Customer Relationship Management requires the help of computer software that is designed to support the collection and analysis of customer-relevant information and make it available to the appropriate people within the company or organization at all times.

The basic functionality of a CRM system is its automation of the front office business processes. This is what characterizes a CRM system or application – the ability to collect, organize and store customer data and make it available to the company's back office functions such as ordering, billing, procurement, manufacturing and distribution so that the information can be acted upon. And the ability to provide optimization of the front office functions, thereby leading to cost savings in the front office. This means both added revenue and profit for you.



## What Is the CRM Process?

What exactly is the CRM process? It is a way of managing customer data so you can treat customers differently. It is also a way of managing your front office processes in a highly efficient, yet highly personalised, manner. That's the goal and the key to successful CRM implementation. If and when it works, different customers will receive individualized treatment. This ability to treat different customers differently is also often referred to in the marketplace as “one-to-one” marketing. Which roughly means... “I know you – I know what you want – and I am able to deliver what you want, when and how and where you want it.”

## Stages in the CRM Process

Achieving the type of individualized customer treatment described above is the CRM process. It has several steps or stages as follows:

### Step 1: Identifying Customers

In the first stage, the company learns to identify its customers. In other words, every company must begin the CRM process by knowing who its customers are. This means knowing the most basic information about the people your company is selling its products and services to. So the first step involves collecting basic information such as names, addresses, e-mail addresses, account numbers, phone numbers, etc. All this information is then put into a customer database. And as information is fed into the database, the company will discover it must begin to decide on customer identifiers.

## **Step 2: Differentiating Customers**

The next step or stage after the basic identification process has two phases.

The first involves identifying the value of your various customers. Some are far more valuable to the company than others. To understand this process and make this type of evaluation, concepts like “lifetime value” and “potential for growth” become relevant.

The second phase of differentiation is ascertaining from your customers what they actually need or want from your company – and learning how to differentiate these needs and preferences from each other.

At this stage of the CRM process, companies begin to have sufficient knowledge of their customers to offer volume and pricing agreements. In addition, they can increase the volume of their sales through cross-selling, i.e. selling more to the same customers by selling products and services that are related to those they have already bought.

## **Step 3: Interacting with Customers**

Once your company has enough knowledge about your customers and their preferences, you can begin to interact with them. In other words, once you have identified their needs, you can begin to have an exchange or dialogue with them based on these needs.

To be successful, this type of dialogue must be an ongoing one for various reasons. For one, it should be ongoing so that your company is continually learning more and more about your customers’ needs, interests and preferences. But it should

not mean bothering people. The company that bothers its customers by continually contacting them, without adding value to their lives, quickly loses their loyalty. So every interaction should have a purpose – and that purpose should primarily be ways in which your company can benefit your customers.

## **Step 4: Customizing Your Offering**

Now comes the most interesting phase of the process – customizing your offering based on the information you have collected. Thanks to technology, it is possible to individualize some aspect of your product or service. Then your company can now give each individual customer a unique experience when interacting with your company. Which as we said at the beginning is the real goal of Customer Relationship Management. You also need to be able to provide other individualized service enhancements during the customer interaction. Like special invoicing, special credit terms, special delivery terms.

At this stage, individualization is accomplished not on the basis of guesswork about your customers, but rather on the basis of real knowledge. And this real knowledge can also be used to prioritize customers and your offerings in an infinite variety of ways, thus allowing you to differentiate valuable customers from the rest.

**CRM is a strategy, not an application.**

# | CRM and ERP in One

## CRM and Your ERP System

Despite all the noise, all the buzzwords and the tidal wave of new technologies, the most important thing to understand is that your ERP system is still the heart of your business operations. Even in terms of CRM.

Your ERP system is the foundation – the basis – that determines how your business processes function. And there are many ERP systems on the market today. Some are more suited to the implementation of a company-wide shift to the CRM mindset and mode of operation than others.

Why is this so? Because the implementation of a CRM strategy requires a system in which a company's back office and financial functions are integrated seamlessly with its front office customer facing processes.

This crucial factor is often misunderstood and causes the failure of many CRM installations. To succeed, front and back office functions must be integrated on many levels so that product and service data, order management, customer service, etc. all become part of a greater information flow.

**“Dialogue = Information  
Information = Knowledge  
Knowledge = Loyalty  
Loyalty = Profit  
Therefore...  
Dialogue = Profit”**

According to “One to One” marketing experts Don Peppers and Martha Rogers.

## Front Office/Back Office

But let's take a brief look at what “back office” and “front office” mean.

Front office refers to a company's interface or touch-points with customers. These touch-points are primarily marketing, sales and service functions – often via the Internet, but also via phone, fax and personal visits.

- Marketing (database marketing, data mining/analysis, campaign management, etc.)
- Sales (lead management, proposal generation, configuration and pricing, etc.)
- Customer Service (knowledge management, case management, workflow management, customer self service, etc.)

Back office usually refers to a company's internal processes and traditional ERP functionality such as:

- Order management and billing
- Distribution and logistics
- Manufacturing
- Procurement
- Finance and accounting
- Human resources
- Legacy applications

## One System Is the Best Way Forward

One system is the best way forward in the process of implementing an effective CRM strategy. One system that integrates the entire front office with the back office so that they function as a single, harmonious unit is the key. This means it is vital to choose an enterprise system that incorporates all business processes and applications and delivers one seamless flow of information to users, in real time.

This is the potential of Navision Axapta. Because it's an ERP and e-business solution, in which business processes such as customer relationship management, e-business, supply chain management, or any other discipline that extends your company reach, are already integrated into one. How is this possible? It's possible because the system has an open platform and only one business logic, one database, one set of tools and one source code – whether you are using Windows, the Web, system-to-system communications (EDI or XML) or any type of mobile device. And since Navision Axapta has only one database, your entire company automatically gains a 360-degree view of your customers, resulting in an open organization where all the people who should have access to detailed customer information will have it, when and where they need it. Then and only then is it possible to implement a CRM system effectively.

## Navision Axapta Functionality

Let's take a closer look at some of the highlights of the CRM functionality Navision Axapta offers:

**Sales Force Automation** – The module enables users to manage business relationships, contact persons, activity planning, sales quotations and opportunities, as well as key financial data for both customers and sales staff. It also provides

advanced reporting options that utilize the financial information found in Navision Axapta. You can analyze actual sales against budgets. You can evaluate a given activity with a customer against the profitability of that customer.

This not only means the sales department can easily monitor customer accounts, but also that every part of your organization can monitor customer accounts. Information that is usually only available to the staff in accounting or in sales or in production can now be made available to staff in the whole organization. This helps everyone work together as a holistic team, rather than independently.



**Sales Management** – The Sales Management module enables managers to monitor and manage the activities of individual sales people, sales teams, and the entire sales organization, along with providing detailed pipeline analysis of sales in the channel. When management has transparent data, efficiencies are gained by ensuring all resources are properly allocated and actively tasked.

Navision Axapta makes it easy to generate graphs or reports for sales activities. You get the tools to analyze and report on sales, quotations and all other sales force activities. These allow you to perform opportunity management, pipeline analysis, and measure sales forecasts against sales targets. It also provides activity level analyses. All this, plus the ability to budget future activities based on up-to-the-minute information.

**Marketing Automation** – is the heart of the marketing campaign engine. This is where campaigns are organized, executed, tracked and analyzed. As with all other CRM modules, this is fully integrated with the rest of the back office functionality. The Project Module can be used to track campaign expenses allowing cost/benefit analysis on all marketing campaigns.

**Business Analysis (OLAP)** – Decision makers need information at their fingertips – instantly. Business Analysis offers decision makers improved reaction time, which enables them to make split-second decisions on all operations ongoing. Business evaluations can be made showing the efficiencies (or lack of) of campaigns, resource allocation, and the performance of your sales force and front office staff. Furthermore, Navision Axapta provides the capability to analyze the purchasing patterns of customers and the delivery patterns of suppliers. Information like this at your fingertips is power!

**Document Management** – Every business needs a common document repository where documents are stored and

linked. All business relationships should show a complete view of contacts, sales orders and quotations. What's more, you need to have common templates for quick document generation – giving you the power to quickly perform mass mailings of documents that can be personalized for individual recipients. With Navision Axapta's advanced Document Management capabilities, all documents are tracked and logged, keeping track of all correspondence to every customer you have. This includes e-mails, SMS messages and phone calls.

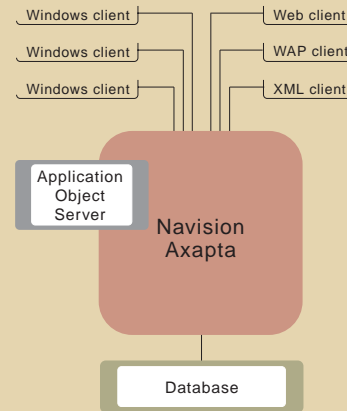


**Telemarketing/Telesales** – Within Navision Axapta, your front office telemarketers/telesales people have tools that make their work day a whole lot easier. They can have their entire day mapped out with activities, including who to call and what to ask them. Call lists are generated, telephones dial automatically and call details are logged. This allows for second attempts on calls that were not initially successful, without having to sort through masses of tiny detailed information to get to the call. With the use of the Questionnaire functionality, call scripts are generated so the telemarketers/telesales persons can easily navigate through the entire call process. Later, results from the questionnaires can be analyzed so they can be immediately acted upon.

**Customer Self-Service Application** – Navision Axapta comes with a business-to-business Web shop that allows customers not only to buy goods easily via the Internet, but also to make the purchasing experience quick and complete. Features include methods of separating out preferred customers from the rest and offering them the chance to purchase similar goods, accompanying goods, upgraded goods, and so on. All purchases are done directly on-line using current, up-to-the-minute data that is residing in the database. There is no need to wait for a synchronization with the inventory database to see if goods are available for purchase. When you have everything in a single solution containing only one database, one set of business logic, using uniform tools, you are able to better serve your customers – always with completely accurate and real-time data.

## One Application, One Set of Business Logic

Navision Axapta's three-tier architecture is the key to leveraging one set of business logic for a wide variety of e-business uses.



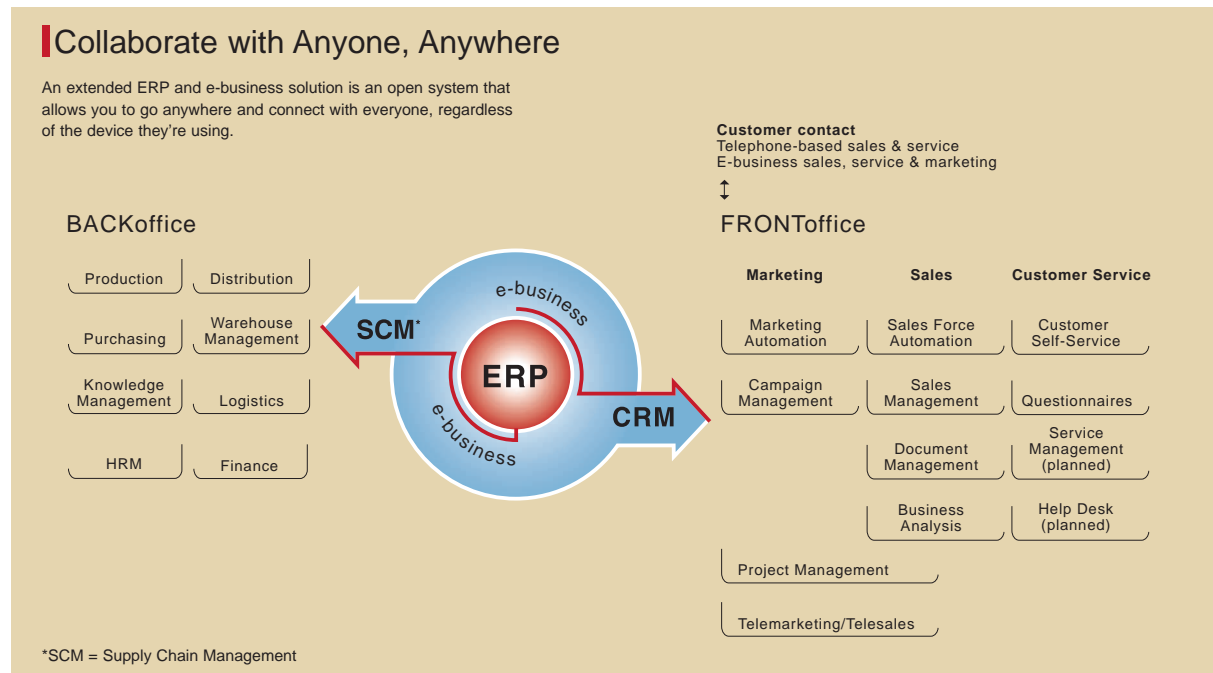
**Key characteristics of Navision Axapta include:**

- Three-tier architecture
- One database
- One source code
- One set of tools
- One application
- Many interfaces: Windows, the Web, XML, WAP

**E-Mail and SMS Integration** – With Navision Axapta you can send out e-mail messages or notes to persons in the field. Think of the advantages of being able to send out urgent messages instantly to all of your sales force at the same time. Or your entire customer base. The integration to e-mail and SMS messaging will save massive amounts of time and money in the communication processes within the front office.

**Questionnaires** – You can design and generate questionnaires for use in telemarketing/telesales activities, or for mass mailings or via the Internet. This allows the organization to map responses and knowledge about their customers for future action. And of course, all of this functionality is Web-based to ease the execution of questionnaires.

**Project Management** – Project Management within a CRM solution is crucial to help you tie all front office project costs together with the total costs generated throughout the entire enterprise. When marketing campaigns are initiated, resources need to be allocated, items need to be purchased, used, and allocated to the proper cost centers so that the expenses of a campaign can be tracked against the results generated from the campaign. This gives you transparency in the front office that is vital to the optimization of the organization.



## **Microsoft and Navision**

In today's crowded CRM market, Navision Axapta stands out as the solution that can benefit your company the fastest. Why? Because Microsoft compatibility ensures our advanced functionality is easy to install and easy to use.

When you open Navision Axapta everything is reassuringly familiar. It looks like a Microsoft program. It works like a Microsoft program. It is intuitive. It is logical. It integrates seamlessly with Office.

The user-friendliness means training requirements are minimal and acceptance by users is fast. In no time, Navision Axapta's analytical tools will give you a richer view of your customers. With this information at your fingertips, the strategies for winning, satisfying and retaining customers become obvious.

## **The Bottom Line: Everything in One**

The world is full of opportunities – yet you and your company must operate and make decisions that take into consideration not just where you are today, but where you want to go tomorrow.

For almost every company on this journey to new and more efficient ways of doing business, Navision Axapta will be the ideal choice when it comes to selecting one enterprise solution that can do it all. This is because Navision Axapta is a complete solution, open and flexible enough to manage your present needs while leaving the door open to future change, new technologies and continued expansion.

To sum it up, Navision Axapta is all about offering you opportunities – and about making sure that you are not locked into an outdated system which will prevent you from capitalizing on the enormous potential offered by new technologies and ways of doing business.

Navision's goal is to help companies succeed in the new one-to-one world. Our system is the key to your success. The Navision Axapta ERP and e-business solution extends from your front office CRM interfaces to your back office operational applications – which is why Navision Axapta can know it all in one and do it all in one.



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*The Way to Grow*

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