

to the Taking CRM Cloud

Flexibility Fuels The Continuing CRM Transition To Cloud Services

by Christian Perry

KEY POINTS

▲ Cloud-based CRM services deliver all the functions of traditional CRM systems but add several valuable aspects for businesses seeking flexibility.

▲ Because cloud services use a centralized storage infrastructure, businesses no longer need to be concerned about data becoming isolated on individual users' devices.

▲ The benefits provided by cloud-based CRM services can vanish if the always-required Internet connection isn't available for a user attempting to access the system.

▲ Cloud services present the opportunity for executives to re-evaluate their current CRM approach and devise simpler methods for interacting with key players.



Wrangling customer and prospect information has always been a tough endeavor, but businesses now face an avalanche of data culled from a variety of digital and non-digital sources. Arranging that data into a flexible, intuitive format can be impossible without a customer relationship management solution designed to handle all those bits and pieces of ongoing customer information. Cloud-based CRM packages have the depth and function that rivals traditional products, but they also have several unique aspects that will continue to boost their adoption rates in coming years.

"Cloud CRM applications were, perhaps, the earliest applications of cloud technology," says Ken Athaide, vice president at National Analysts Worldwide (www.nationalanalysts.com). "They have proven, for many companies, to provide more functionality at a lower cost than internal systems. The success of these applications is not a given: It requires thorough and detailed planning, regular and open communication, and tight management of the process."

Can-Do Cloud

“Using a cloud-based CRM structure means that funds allotted for IT costs can be allocated to more strategic activities instead of application hosting and support.”

—Ken Athaide,
vice president at National Analysts Worldwide

As shown by countless other application types, the cloud can easily accommodate processes that once existed only offline (or minimally online). According to Athaide, cloud services target all of the

primary CRM needs of today's businesses, including the creation of a standard data framework for identifying and tracking sales prospects and activities, building business development and customer service processes, reviewing and managing sales and business activities at all points between a company and its customers, and other requirements.

From there, however, the similarities between cloud-based and in-house products encounter a sharp fork in the CRM road. Unlike in-house software that stores data on individual client devices, cloud CRM services feature centrally stored data. That aspect can have a tremendous impact on flexibility, Athaide explains, because customer and prospect records can be shared across users rather than isolated on one user's device. The central storage also leads to instantly updated records when users connect to the database, regardless of where the users are located or if they're traveling. This design also boosts security by ensuring that account information remains intact in the cloud even when employees leave the company—IT no longer has to worry about retrieving all the CRM information from a departing employee's laptop or other device.

Yet devices remain crucial in the cloud CRM model, perhaps more than in traditional CRM models. Virtually any device that has a browser can access cloud-based CRM applications, giving users the power to easily access and modify client data and communications from almost any location. Because there's typically no individual software (or hardware) to install or maintain, a big burden is lifted from IT's shoulders. This Web-focused approach also scales effectively to organizations of almost any size.

Although cloud services can benefit large enterprises, they also deliver unique value for smaller businesses. "Cloud-based CRM systems offer a way to

leverage much of the functionality of an enterprise CRM system without time and expense to purchase and host a like system,” says Ralph Presciutti, partner, Tatum (www.tatumllc.com). “While prices vary from provider to provider, there are many options now available in the marketplace. In each case, the cloud model frees the business user from the typical involvement of IT purchase, setup, maintenance, support, backup, etc., thereby providing for the initial provisioning in time to better meet the business demands.”

Darkness Overhead

Not all aspects of cloud-based CRM are so overwhelmingly positive. A big challenge for businesses considering moving their CRM environment to the cloud is matching a service to both its needs and any in-house system it already uses. In fact, Presciutti notes that finding the right provider can be the most challenging part of moving CRM to the cloud.

“It is important to fully understand and compare service-level agreements offered by each,” he says. “While it is fairly straightforward to compare what is being offered, it is sometimes more difficult to ascertain what is not being provided for. These omissions will either negate some of the expected benefits, or, by forcing these omissions to be accounted for elsewhere, will drive the cost of the solution to a point where the cost/benefit of the solution is never realized.”

Another expected drawback is the culture shock that comes with a cloud service. Athaide says that some staff inevitably will use local client systems (such as spreadsheets and contact managers) out of habit, resistance to change, or a desire to keep information to themselves. He adds that cloud CRM systems don’t sync seamlessly with desktop tools such as Outlook, though the desktop application developers and CRM providers are addressing this issue as versions evolve.

Further, the flexibility of cloud CRM services can go out the window if users have Internet connectivity problems. That need for a persistent Internet connection also raises the potential for security issues, because unauthorized users can find a potential privacy goldmine if they manage to tap into a business’ CRM service. Presciutti says there are many ways to address these security concerns, but each comes with a price that factors against the projected cost savings of the cloud service.

Cloud Conversion

CRM services in the cloud come in several varieties, including the popular “pay-as-you-go” option that lets businesses pay for services on a monthly

basis. A rental option is also available from some providers. Still other services charge by the data volume used. Regardless of the service type, the

“Choose your provider wisely. Understand their SLAs and what is being provided for as well as what is not being provided for.”

—Ralph Presciutti,
partner, Tatum



software you use will resemble standard desktop CRM applications for contact management, event tracking, service interaction, lead lists and generation, and other functions.

Although the variety and cost-effectiveness of cloud services might appear tempting to many businesses, a cloud-based CRM system should not be the ultimate goal, says Roger Camrass, a Wipro Consulting Services (www.wipro.com) senior consultant. Instead, consider the simplicity of interaction with CRM for your direct and indirect partner sales forces, marketing functions, and customer service teams. A tangible business advantage derives

“Over time it is highly likely that the majority of CRM applications will migrate to the cloud, leaving traditional corporate CRM systems out in the cold.”

—Roger Camrass,
senior consultant with Wipro Consulting Services



from the flexibility and intuitiveness of a cloud-based CRM service, but user adoption remains key.

“CIOs should be more proactive with respect to [the] cloud, especially where it concerns moves to public service [that is, away from internal systems] and thus out of their direct control,” Camrass says. Camrass recommends that CIOs work closely with sales and marketing personnel to determine where cloud services can deliver benefits and develop a joint policy on their usage.

From a financial standpoint, Athaide recommends conducting a detailed cost-benefit analysis with your business’s CFO or other financial manager to help you judge the potential effectiveness of the cloud CRM system and its impact on the business. He also says to regularly update and review the financial model, particularly during the implementation stage, and don’t let changes in scope, design, or user needs go forward without modeling their impact. ▲

