Front-to-Back-Office Integration:
The final piece in the customer-centricity jigsaw

Sage CRM

Executive Summary

Independent research suggests that the area of back-office connectivity is not adequately addressed by many CRM implementations. Where this is the case, customer data cannot be shared effectively and business processes are punctuated by errors, delays and paperwork. Over the long term, this will impact negatively, and significantly, on overall customer satisfaction, as well as increasing transactional cost on an exponential basis.

This whitepaper demonstrates how front-to-back-office integration enables small and medium-sized businesses (SMBs) to address these issues. Specifically, it details how pre-packaged, integration-ready solutions from Sage CRM allow SMBs to seamlessly connect their business processes, applications and data to (1) manage customer relationships more effectively, (2) reduce costs and (3) increase profitability over the long term. Significantly, this can be achieved without the cost and complexity normally associated with projects of this type.

Introduction

The primary objective of any new CRM implementation is to bring together customer data from across the company and translate it into meaningful intelligence which can then be acted upon to develop and maintain profitable customer relationships. Some CRM projects, however, have left users feeling under whelmed by what the results, particularly where enhancements to customer visibility have failed to meet pre-project expectations or company requirements.

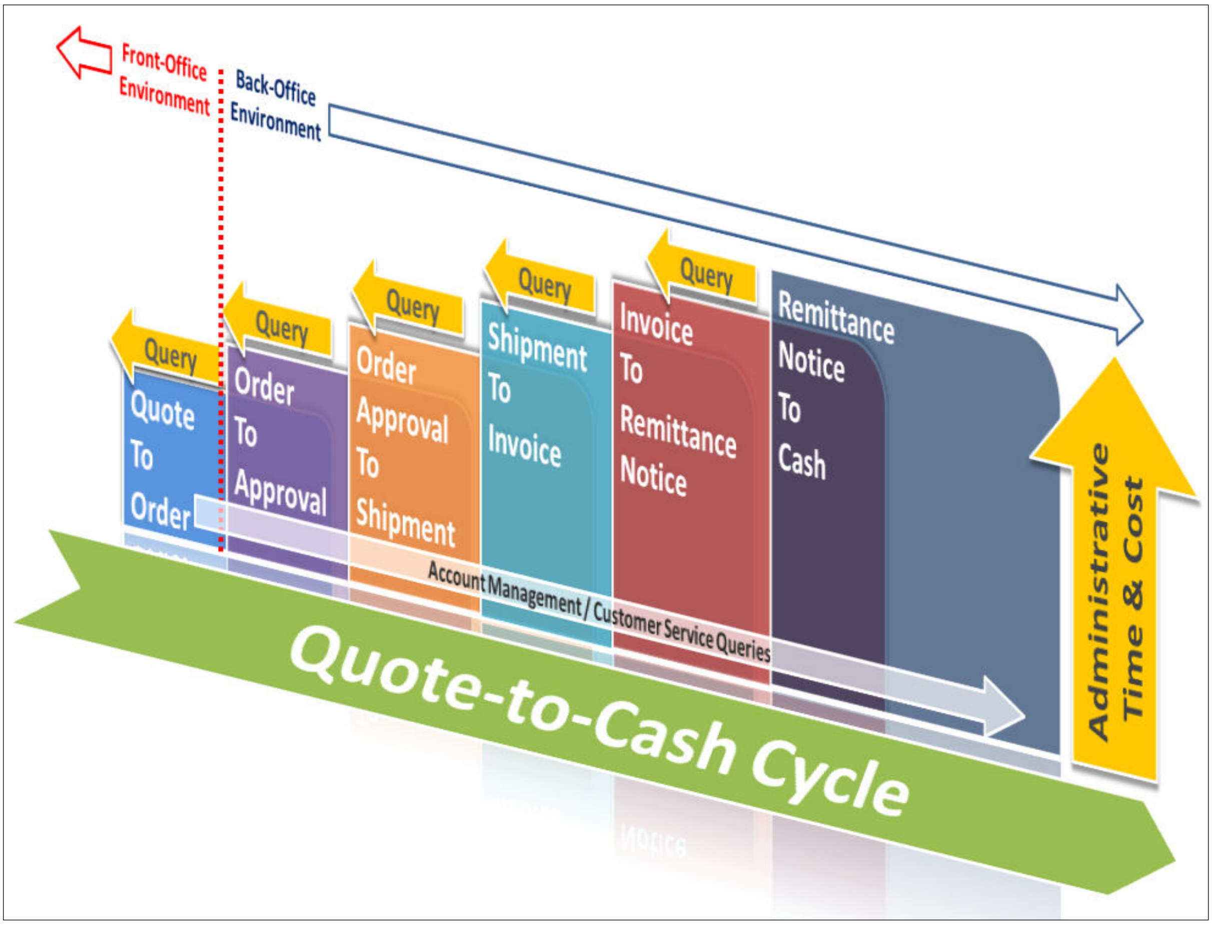
Gartner research suggests that significant information 'blindspots' still exist after many CRM project roll-outs[1], particularly with regard to customer transaction history. One potential explanation is that these projects have not adequately addressed the issue of back-office connectivity. Overly 'front-heavy' implementations can result in the operation of two parallel, but separate customer datasets; one in the back-office which is financial, transactional and quantitative in nature, and the other in the front-office which, by contrast, is non-financial, interactional and qualitative.

The customer management and business process challenges that companies face today

Different departments use different application types to manage customer information; front-office employees use CRM applications that support customer-facing activities such as sales, marketing and customer service whereas back-office employees use ERP applications that support transactional, reporting and compliancy activities, such as invoicing, accounts receivable, cashflow management and financial reporting. While front-office applications have historically been developed around the idea of cross-organisational collaboration, back-office applications, by contrast, have been insular in nature, with the finance department slow to open up its data and applications to other parts of the organisation. Additionally, many companies have continued to purchase their CRM and ERP applications from separate, specialist vendors. This combination of factors has meant that business applications have struggled to address key business process needs where the customer lifecycle crosses the front-to-back-office divide, resulting in: (1) departmental silos of information, (2) unnecessary administrative overhead and inefficiencies, (3) verbal sign-off requirements and (4) process duplication.

[1] Source: Key issues for CRM strategy and implementation, Gartner, 2006

The Quote-to-Cash cycle (diagram below) is an example of where these issues can arise.



The quote-to-cash cycle

Given the number of potential parties involved in the quote-to-cash cycle: (1) account management, (2) sales order processing, (3) shipping and (4) accounts receivable, errors or omissions at any stage in the process can be costly and time-consuming.. Additionally, front-office staff, such as account managers or customer service agents, may struggle to provide order status updates to their customers because of limited visibility on the transactional information contained in the back-office system.

The workflow management capabilities of today's ERP and CRM applications have gone some way in addressing these issues by introducing exceptions monitoring, mandatory fields and removing the need to re-key and re-check information as transactions pass from one stage to the next. This in itself, however, does not fully address quote-to-cash business process requirements if the back-office environment remains disconnected from the front-office system. If a member of the sales team, for example, generates a quote based on out-of-date pricing information or stock availability, and subsequently converts this quote into a customer order, it is likely that this error will only be identified later at the order approval or shipping stage. The order will need to be passed back to the salesperson for correction and then re-processed by the finance department. As a result, order completion is delayed for the customer, administrative cost increased for the company and workload is unnecessarily duplicated for sales and finance staff. Clearly, where this scenario arises on a regular basis, it will impact negatively, and significantly, on overall customer satisfaction, as well as increasing transactional cost on an exponential basis.

The fundamentals of front-to-back-office integration

The aim of front-to-back-office integration is to bring together disconnected business processes (e.g. quote-to-order and order-to-cash as part of the overall quote-to-cash cycle), applications (CRM and ERP) and datasets (financial data and non-financial), and translate them into a mechanism to: (1) manage customer relationships more effectively, (2) reduce costs, (3) increase profitability and (4) achieve sustainable competitive advantage over the long term.

In simple terms, front-to-back-office integration is made up of three inter-related elements:

1. Consistent data between related entities (e.g. 'company' and 'account') within the CRM and ERP applications.

2. 360 degree customer visibility, regardless of whether customer data originates in the CRM application or the ERP application

3. "Straight-through" processing which enables a user to initiate a transaction (e.g. booking an order) which then automatically triggers all related business processes as appropriate (e.g. order approval, shipment, invoicing etc) and passes seamlessly from one application (e.g. CRM) to the next (e.g. ERP) without the need for extensive manual intervention (e.g. re-keying information, paperwork or verbal sign-off).

Front-to-back-office data consistency

Being able to share consistent data between the CRM and ERP applications is an essential requirement for front-to-back-office integration. Customer data, however, is structured according to specific application types. Organisations, therefore, need to be able to create dynamic links from entities within their CRM system (such as the 'company entity), to the corresponding entity within their ERP system (such as the 'account' entity), whereby changes in either are propagated in both. This ensures that both front-office and back-office staff are working with the same information which reduces or removes the need for re-work and the potential for error.

In the quote-to-cash example cited previously, these capabilities would enable the account manager to generate a quote based on the most accurate and up-to-date information available at the time and, as a result, eliminates the potential for error and process duplication down the line.

360 degree customer visibility

Enabling users to view combined financial and non-financial customer information within a single application, regardless of where the information is generated or stored is another key requirement for front-to-back-office integration.

360 degree customer visibility is particularly useful for account managers, that may require access to a customer's purchase history or for customer service representatives that may need to update a customer on the status of an order.

Providing these users with access to both financial and non-financial information eliminates the customer data 'blind spots' described earlier.

In the quote-to-cash example cited previously, these capabilities would enable the account manager to verify that their customer had not exceeded their credit limit prior to placing a new order. If an issue exists, it is flagged with the customer immediately rather than at a later when the order reaches credit control. Again, this helps to eliminate errors and process duplication downstream.

Straight-through processing

Straight-through processes enable users to initiate complex, multi-stage transactions which, using workflow management and application integration, then automatically trigger the appropriate downstream business processes, and pass seamlessly from one application to the next without the need for extensive manual intervention. The main advantage of straight-through processes is that they reduce or remove the need to re-key information from one system to the next, reducing administrative cost and the potential for error.

In the quote-to-cash example cited previously, these capabilities could automatically generate an order in the ERP system as soon as the account manager promotes a quote to an order within the CRM system. This means that the order can be processed without delay, and the customer benefits from a speedier turnaround. As the quote is generated using ERP-supplied pricing and tax calculations, the potential for error due to out-of-date information is eliminated and workflow automation ensures that an order does not have to be re-created manually in the ERP system, removing process duplication and ultimately reducing cost.

The challenges of front-to-back-office application integration for SMBs

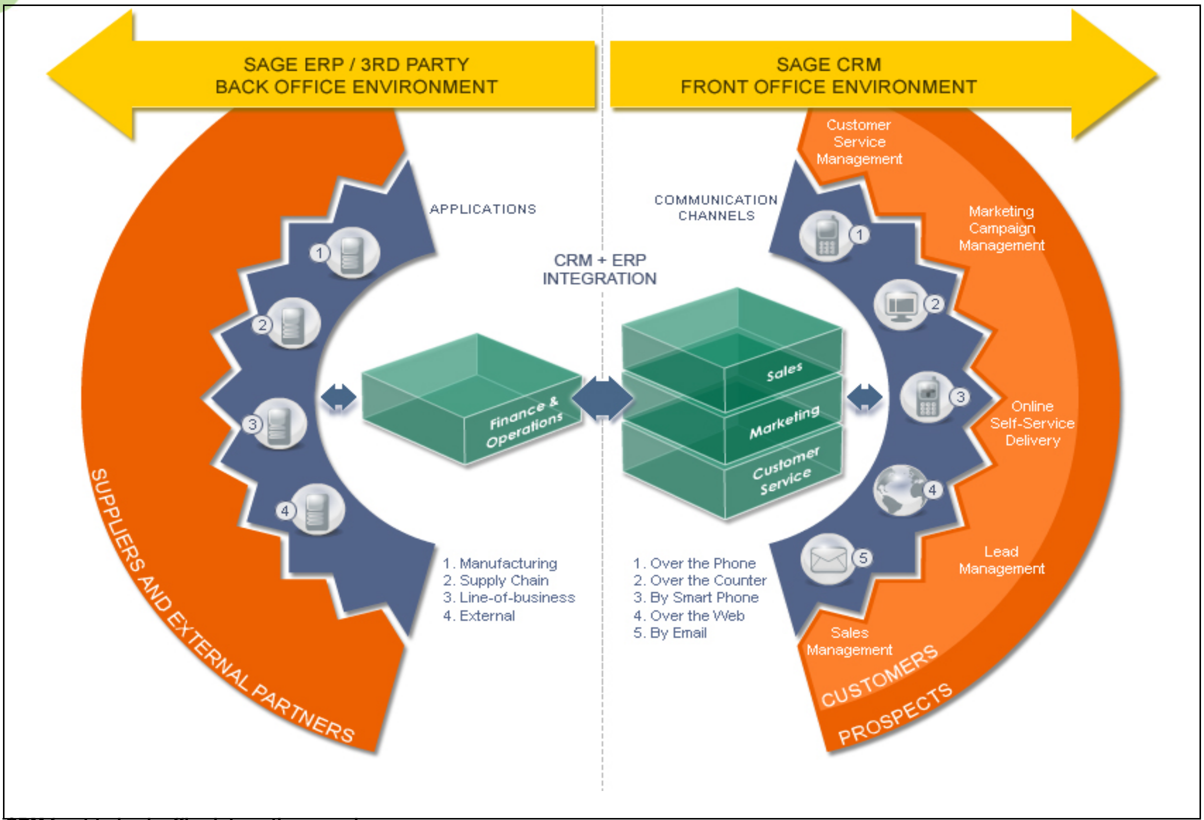
Front-to-back-office integration can help companies to dramatically reduce administrative cost, speed up order fulfilment and improve customer service. While this may seem like a real win-win scenario for all involved, it is not without its challenges.

Undertaking point-to-point, retrospective integration can be a costly, complex and risky proposition for SMB organisations, and even when a company manages to achieve its short term integration objectives, there is no guarantee that future CRM or ERP upgrades will not render the integration inoperable.

The availability of CRM solutions with out-of-the-box, easy-to-deploy product integrations to market-leading ERP solutions, therefore, represents a highly compelling proposition for SMB organisations seeking to leverage the benefits of front-to-back-office integration cost-efficiently.

The front-to-back-office integration capabilities of Sage CRM

Sage CRM provides out-of-the-box integration with leading Sage ERP products including Accpac ERP, Accpac Pro, MAS 90/200 (US), Sage 1000 and Sage 200 (UK), Sage 100 (France & Spain), OfficeLine (Germany). This means that companies that have previously invested in Sage ERP products can quickly and cost effectively leverage their back-office data and functionality within the front-office environment of Sage CRM.



Sage CRM front-to-back-office integration overview

Front-to-back-office data consistency

Sage CRM's out-of-the-box ERP integrations provide for bi-directional synchronisation of customer information, both financial and non-financial, between the Sage front-office environment and back-office environment, ensuring that:

1. Information is captured once at source and then automatically propagated to all relevant fields throughout the Sage front and back-office environments without having to wait for it to be re-keyed and re-validated as it passes from one system to the next.

2. The most accurate and up-to-date customer data is available to front-office and back-office employees at all times.

3. The most accurate and up-to-date pricing and inventory information is available to front-office staff at all times, meaning that quotes and orders are correct and that customers are accurately advised as to the lead-time of their orders according to real-time information rather than guesswork.

360 degree customer visibility

Sage CRM enables front and back-office employees to discover and share deeper, more meaningful customer insight based on a combination of CRM-derived and ERP-derived intelligence. Sage CRM's 'trading account' entity facilitates the mapping of multiple accounts contained within the Sage ERP system, to their appropriate company record within Sage CRM. This provides an ERP-empowered CRM user experience with customer transaction information delivered through the native CRM user interface. It also allows ERP-based customer data to be surfaced within dashboards, reports and tabs, and used within groups, lists and workflow automation.

Sage CRM's true customer visibility enables:

1. Sales teams to maximise their revenue potential through the identification of latent cross-sell and up-sell opportunities within their customer base.
2. Sales representatives to book orders correctly, first time, every time, by providing them with access to the account, pricing and stock information they need to do their jobs effectively.
3. Customer service representatives to address customer queries with confidence by providing them with the shipping, invoicing and returns information that they need to do their jobs effectively.
4. Customer service managers to ensure that their customers are current on maintenance and service contracts, and that their service level agreements are delivered on a profitable basis
5. Marketing executives to carry out detailed financial segmentation on their customer base to support highly targeted and effective go-to-market programmes
6. Marketing managers to calculate 'real-world' return-on-investment based on actual revenue yield from their marketing programmes.

The following table provides a sample of the ERP-derived customer data that can be presented to front-office staff through Sage CRM's front-to-back-office integration.

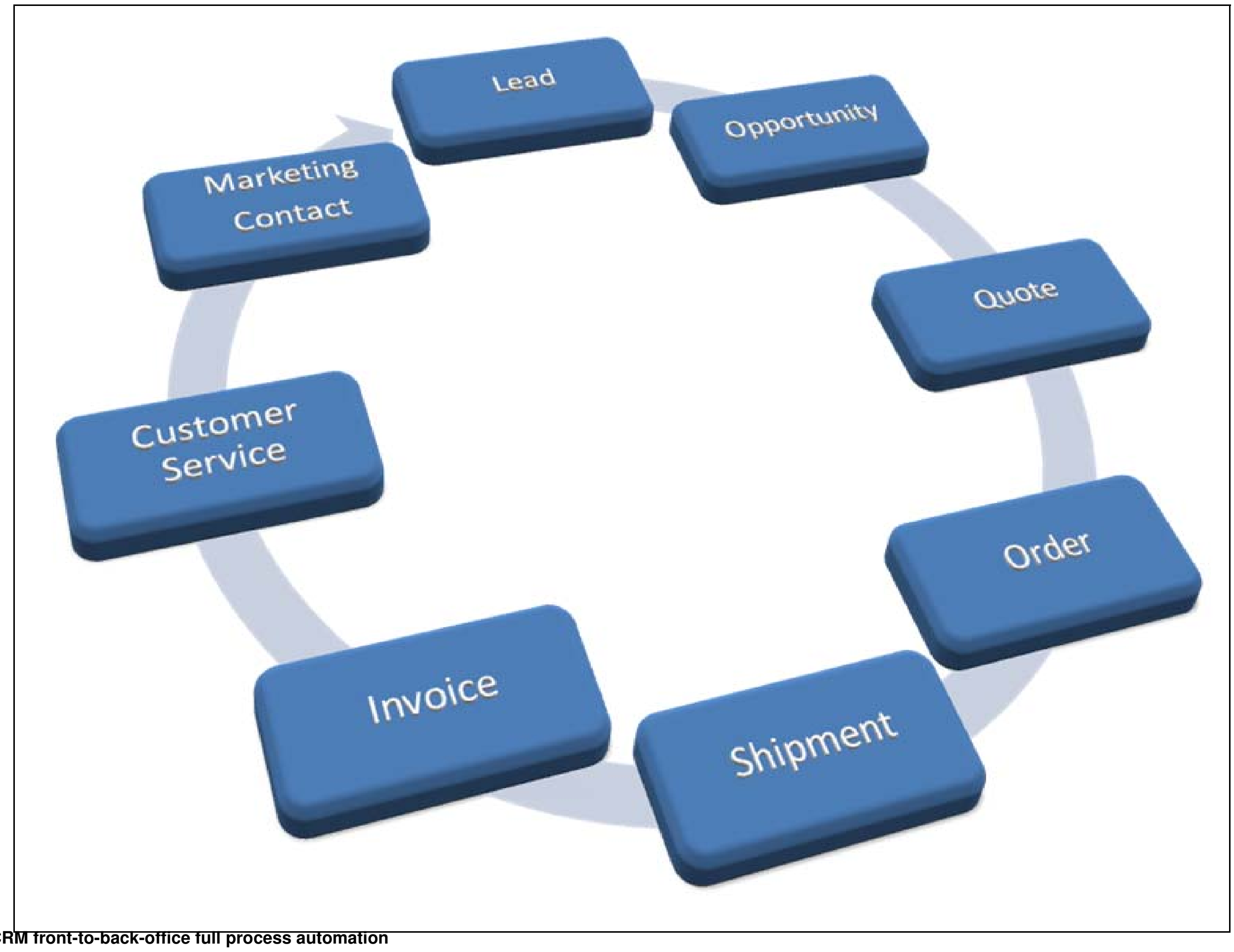
Customer purchase history items purchased and invoiced	**Customer invoice history** invoices issues and payments received	**Shipping history** items shipped
• **Item code** • **Item name** • **Quantity** • **Unit price** • **Last purchase date** • **Description** • **Discount**	• **Date** • **Payment due date** • **Reference number** • **Value** • **Payment status**	• **Shipping number** • **Date of shipment** • **Shipping party** • **Quantity**

Facilitating 'straight-through' processing

Sage CRM's out-of-the-box integrations allow companies to implement "straight-through" business processes that provide the workflow and automation capabilities that manage the entire customer lifecycle seamlessly across all interaction and transaction types. Specifically, Sage CRM's quotes and orders functionality bridges the process automation capabilities of the Sage front-office environment and the Sage back-office environment, and, as a result, removes the need for manual intervention as orders generated within the CRM system are passed automatically through to the ERP system for processing and fulfilment. Additionally, front-office staff are equipped with the data and functionality they need from the back-office system to carry out complex pricing and VAT calculations, as well as being provided with real-time inventory information to ensure orders are fulfilled on a timely basis and in line with customer expectations.

Once an order has been created in Sage CRM, a corresponding order is automatically generated in the ERP system where it can be processed immediately. Delays and errors are eliminated because: (1) accurate pricing and VAT calculations have been carried out within the CRM system at the point of entry and (2) the order already includes all of the data required by the ERP system. Companies, as a result, can achieve significant cost and time savings on an on-going basis, as well as significantly enhancing customer service through on-schedule order fulfilment and reduced order errors.

The following diagram illustrates the uninterrupted, optimised, cost-efficient and customer-centric front-to-back-office process flow that Sage CRM provides.



Sage CRM front-to-back-office full process automation

Self-service enablement

Sage CRM also provides the capability to deliver key CRM functionality directly to customers through a self-service web portal which, when combined with front-to-back-office integration, allows customers to:

1. Access their full account details online including invoice and delivery history
2. Configure and place orders online using pricing rules that automatically incorporate company-specific volume purchase agreements and discount structures.
3. Query order and delivery status online, as well as proof-of-delivery details.

A cost-effective, flexible and upgrade-ready integration platform

Sage CRM's front-to-back-office integration capabilities are particularly cost-compelling for organisations that have already invested in a Sage back-office solution. Specifically, the integration component can be deployed using minimal consulting resource and, generally, without the need for additional hardware infrastructure. Additionally, because Sage CRM's front-to-back-office integrations are loosely coupled and SOA-based, they are upgrade safe and also facilitate future migration from one Sage ERP product to another while minimising cost and risk.

Conclusion

Independent research suggests that customer intelligence gaps still exist after the majority CRM implementations because the issue of back-office connectivity has not been adequately addressed. Where this is the case, customer data cannot be shared effectively and business processes are punctuated by errors, delays and paperwork. This is likely to result in customer satisfaction issues and spiralling administrative cost. The success of a CRM project, therefore, should not be judged solely on how effectively it brings together front-office operations, but on how it also facilitates interoperation with the back-office environment, encompassing people, processes, departments and applications.

Front-to-back-office integration harnesses business processes, applications and data to manage customer relationships more effectively, reduce costs, increase profitability and achieve sustainable competitive advantage over the long term. Front-to-back-office integration, however, can be costly and complex for companies, especially SMBs. The use of pre-packaged integration, therefore, represents the most effective solution for these organisations.

Sage CRM provides out-of-the-box integration to market-leading Sage ERP products. This equips SMBs, on a low-cost, low-complexity basis, with consistent customer data across their front and back-office environments and provides users with real customer visibility across financial and non-financial data, as well as facilitating straight-through processing which significantly reduces errors and administrative cost. Over the long-term, companies using Sage CRM's front-to-back-office integration capabilities can expect to significantly decrease administrative cost, increase customer satisfaction and consequential revenue opportunities, and build sustainable competitive advantage in an increasingly challenging marketplace.

About Sage CRM

Sage CRM is an easy-to-use, quick-to-deploy Customer Relationship Management (CRM) solution comprising sales, marketing and customer service automation. Award-winning Sage CRM equips sales, marketing and customer service teams with the tools they need to find new customers, close sales faster and build lasting, more profitable relationships across all channels.

The Sage Difference

- The leading supplier of SMB business applications in the world*
- The leading supplier of CRM solutions to SMB organisations
- Over 5.8 million customers
- Over 14,500 employees
- Over 30,000 Sage-certified partners specialising in business applications
- Direct presence in 26 countries

- Relationships with over 40,000 accountancy practices
- 28 year's experience

*Source: AMR Research, 2009, The Global Enterprise Application Market

Further Information

Further information on Sage CRM and SageCRM.com can be obtained by contacting your local Sage office or certified Sage Business Partner.

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Insert BP contact details where appropriate