

Put CRM and SOO before SOA in it STRATEGY

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Information Technology organizations whose operational execution follow an IT strategy leveraging both service management and Customer Relationship Management (CRM) practices are much more likely to contribute, and be perceived as contributing, to their company's business value. A Service Oriented Organization (SOO) is one that has embodied the concept of running IT as a business, leveraging service management practices across IT's complete Service Portfolio. Becoming and excelling as a Service Oriented Organization requires that the organization have an IT strategy that addresses both internal IT customers AND the business' revenue generating customers. Thus, the IT organization's focus on external customers becomes of particularly high value to your company.

Before talking about IT strategy and Service Oriented Organizations, it is important to make a brief statement regarding business value. There are multiple facets of business value. To keep it simple, I will focus primarily on one value aspect, customer value, and specifically revenue generating customer value.

Customer value is a major factor in the overall valuation of a company across a variety of measurement methods, such as balanced scorecard. Customer value can be improved by leveraging meaningful insights about your revenue-generating clients. The premise here is that the better you know your client the better you can service their needs, which will improve customer retention as well as improve the probability that your clients will spend more with your company. This is an embodiment of marketing and Customer Relationship Management (CRM) concepts.

IT organizations, particularly those with continually improving service management practices have a very rich set of information regarding clients and, quite often, are directly involved in relationships with those customers across multiple contact points. These contact points include call centers, electronic mail services, as well as a variety of web sites and social networking mediums. Service Oriented Organizations that leverage customer information and customer contact points can markedly improve customer intimacy and thus add IT value to the business.

Customer Intimacy and a Service Organization

Customer intimacy is a valuable strategy that can enable a company to create competitive advantage, growth, and profitability. Customer intimacy is not just a sales or marketing department's responsibility. It should be, ideally, pervasive across a company and is a particularly valuable strategy for IT organizations. Intimacy implies a two-way relationship between your company and your clients. That said, the onus is on the supplier of services, your company, to foster the relationship. This is where deep insight about your customers is so valuable.

Good Service Oriented Organizations have already defined their IT offerings in terms of services leveraging ITIL/ITSM or equivalent practices. These organizations can tell you what is in their service catalogs and provide good benchmarks of their service levels and costs compared to other, usually external, IT service providers. For example, a good Service Oriented Organization should be able to give you performance characteristics and costs of the electronic mail systems provided by the company. However, this, by itself, does little to improve customer value and does not insure persistent value of IT to business.

Better IT organizations, higher up on a hypothetical SOO maturity model if you will, are those that have not only embraced fundamental service orientation, they have invested some of the savings realized from being a good service provider to bring CRM concepts into their daily operations and service management practices. Better Service Oriented Organizations, using the email example, can also tell you how many electronic mail messages come and go from all your top clients, how many messages get responses in a timely fashion, who those clients interact with most, and the subject matter of most of the messages. Making timely decisions and taking actions depends on this information.

An electronic mail service may not be the most important client touch point, but it is likely to be among the top five methods your company uses to collaborate with clients. Parallels can be drawn with most other touch-point services, these include; product web pages, call centers, and more recently social networking platforms that customers interact with daily. The point here is that IT is often the closest to the source of very important information that can provide deep insights into customer usage and even desired usage of your company's products, services, and information. Putting this insight information to use is the next step. An IT strategy that lays out a measurable and executable roadmap that leverages this information is essential in achieving a desirable future state.

IT Strategy & Customer Point of View

IT strategy, like a company's over-arching business strategy, must support the objective of creating long term value for the business. The business value of an IT organization will be in the eyes of the business unit leaders. Frankly, few C-level executives are going to be interested in the details of ITIL, ITSM, or even Service Oriented Architectures. CEO's care about what it takes to win and retain customers, and ideally, what it takes to increase profit. Executives will be more interested in your strategy and investments when put in the context of how they will affect your revenue generating customers.

At a most basic level an effective IT strategy needs to lay out two things; first is to define the state or vision of where the organization, its investments, and its systems will be in the future, and second is to lay out a roadmap of measurable, tactical steps that an organization can follow to reach the aforementioned future state. The key suggestion here is that a strategy of high business value will use service management information to paint a picture of the future and steps needed to get there, in terms of how the IT investments and activities will benefit revenue-generating customers.

A future state IT vision is often a relatively brief statement. It may have a long-range strategy or shorter-range tactical focus, or both. For example:

Our company's vision is to embrace our clients as trusted partners providing them a high quality of online services while we continually improve business effectiveness through consistent and timely collaboration of ideas and knowledge with our clients and our eco-system partners.

Short and sweet, right? Vision statements are intentionally short for easy consumption by executives, employees, and customers. Whether this example is inspirational for a future state is a matter of judgment, though it is safe to say that there is little in this statement that gives an audience any level of what this means from a tangible or measurable perspective. This is where something more descriptive is needed.

A useful tool to consider as part of your IT strategy is to describe what the future will look like, and the milestone steps to get there, from a customer's Point of View (PoV). More specifically, a PoV would describe the characteristics of the steps and the end state in such a way that it is meaningful and can be broken down into tactical actions. A PoV must complement a vision statement and succinctly paint a more descriptive picture of that future state. Using the previous vision example, along with some of the electronic mail concepts, a sample PoV characterization might be:

In three years our company will provide all of our top customers with a rich, collaborative experience that is easy to use and consistent in content.

Collaboration with our top customers will be available across channels of communication that include Electronic Mail, Phone calls, Chat, and customer specific communication methods.

Our top customers can expect proactive monitoring of service levels, secure 24x7 online access to your information, and responsive acknowledgment to inquiries and requests.

This describes intended outcomes of the vision statement in terms of characteristics that customers can expect to experience. The intention is not to create a detailed service level agreement, though certainly salient points of service level objectives can be surfaced in a PoV. Importantly, this approach helps set expectations of top management on how a vision will be realized. In addition, this tool is also a useful way to improve your IT team's line of sight between the services for which they are accountable and your company's clients.

Once a future state has been characterized, the steps to reach this future state can be built relatively easily and in such a way that progress can be tracked. These steps should be based on metrics gleaned from the IT team's core service management measurement results. The linkage can be very explicit and provides a concrete connection of the IT

organization to your company's customer value chain. This is measurable business value.

Creating an IT strategy, a vision, and a customer Point of View should not be done in a vacuum. These are best created in partnership with your company's sales and marketing organizations. Ideally, this process will also include your clients. Their voice is a valuable component of the desired state. An IT Strategy that has customer focus might offer answers to questions such as:

- What will your revenue generating clients experience with the investments you plan?
- How do you see these client experiences improving the relationship between your companies?
- Will these investments improve the revenue and/or the profitability that your company realizes from these clients?

The Information Technology team should not independently answer questions like these. These require teamwork. IT organizations that proactively reach out to their marketing and sales counterparts to leverage this information into actionable plans are well on their way to being true value added business partners.

Summary

The services that IT organizations provide are often closest to where the rubber hits the road when looking at a company's client touch points. Too many IT organizations relegate themselves to be only conduits and custodians for customer information and do not take advantage of that information that can be used to improve customer intimacy and business value. If this is true of your company you are missing a very important opportunity to be a contributing member of the customer value chain.

This article advocates that IT organizations continue to evolve and build upon their core service management capabilities by incorporating CRM practices. One suggested linkage for an IT organization to create long-term business value is to have and execute an IT strategy that focuses on revenue generating clients.

An effective IT Strategy should not focus only on technology. The strategy should provide tangible descriptions of a future state, and the steps leading to that future state, by leveraging revenue generating customer information gleaned from the appropriate IT services. Developing the strategy and a customer Point of View in concert with your company's sales and marketing teams is vital to success. This requires an ongoing focus on inter-organizational teamwork, collaboration, and perhaps needed transformation, to be both service oriented and revenue customer focused.