Why CIOs Need to Take Control of Customer Data

Using Master Data Management to Create Trusted, Accurate Views of Customers to Increase Business Performance and Success

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Executive Summary

Customer data is widely considered to be among an organization's greatest assets. Yet too often, it undermines business performance because it's fragmented across multiple applications and riddled with discrepancies. As companies strive to increase revenues and profits, deriving greater value from customer data is often one of the most critical challenges they face.

Because the customer data problem spans the enterprise—rooted in a multitude of line-of-business systems and disparate applications—it is compelling attention from CIOs and heads of information management, who increasingly are expected to materially contribute to bottom-line business performance.

In recent years, customer data management technologies (that include master data management (MDM), data quality, and data integration) have emerged as a powerful and elegant solution to the customer data problem. The dossier of companies using such technologies to generate a trusted, accurate view of customers has grown large, and interest in these technologies and processes has reached unprecedented levels.

This executive brief examines the business implications of unintegrated customer data and outlines how CIOs and other senior IT managers are ideally positioned to take control of customer data with data management technologies. Featuring real-world examples of companies using such technologies for customer centricity, it explores how you can:

- Grow revenue by attracting new customers and increasing the wallet-share of existing customers
- Increase profitability through superior customer service for satisfaction and retention
- Improve operational efficiency and reduce costs in both business and IT functions

The Quest for Customer Centricity

At one of the world's largest financial institutions, a financial advisor spent 70 percent of her workday collecting and reconciling information about the customers she served. That amounted to roughly 5.5 hours a day of hunting for customer data she needed to do her job in disparate business applications for 401(k) accounts, credit and lending, mortgages, stock and bond investments, and more—often needing assistance from IT, and consolidating data into cumbersome spreadsheets.

Finding customer data was only half the battle. Invariably, this advisor would obtain information full of discrepancies—one account would list a customer with a middle initial and a previous address, while a second system showed a customer of the same name, minus the middle initial, in a different city. Which was correct? Reconciling this disparate data took time, brute force, and guesswork. And might this same customer have an additional account with a third line of business that the advisor didn't see because of further data contradictions? With a fragmented data infrastructure, it was virtually impossible to tell.

Apart from data collection and reconciliation, the advisor had just 2.5 hours to spend on revenue-generating customer service—communicating with existing customers and prospects, onboarding new accounts, delivering cross-sell and upsell offers, and helping to grow the business. This might not have been a problem for the Fortune 50 institution if only one advisor struggled against such data obstacles to do her job.

But it wasn't just one advisor. It was each of the 15,000 financial advisors that this institution employed to serve 12 million customers in more than 40 countries around the globe. The problem was epidemic—advisors spent 70 percent of their time on manual data collection and reconciliation, and 30 percent on customer engagement. The results were lost revenue opportunities, inefficiency and high cost, dismal productivity, misalignment of service levels to customer value, mistargeted marketing campaigns, and customer dissatisfaction.

Customer Data as an Executive Priority

It's a true story, and one all too common among sales, customer service, and marketing operations personnel at large global enterprises in a range of industries—financial services, technology, telecommunications, healthcare, and more. And the problem is only worsening as enterprises grow more complex, and as businesses confront the growing challenges of increasing customer revenue, boosting customer retention, and improving operational efficiency at lower cost.

The gravity of the problem has risen to the executive level. As CIOs and VPs of information management increasingly assume a greater role in business and strive to align IT with strategic objectives, solving the customer data fragmentation problem has ascended to prominence on their agendas. CIOs and other senior IT managers are ideally positioned to take control of cross-departmental customer data and drive an enterprise-wide initiative to empower customer-facing teams with the accurate, trusted, and timely data they need to excel.

Companies using data management technologies to address the customer data issue have realized impressive results. At the large financial institution cited here, an implementation of the Informatica® Customer Centricity solution has enabled financial advisors who had spent 70 percent of their time on manual data collection and reconciliation to improve productivity by 30 percent. This institution estimated a 10 percent revenue increase per financial advisor, with a net $70 million gain for the business.

The Root Cause and Implications of Fragmented Customer Data

The idea of a 360-degree customer view is not new. But despite investments in customer relationship management (CRM) and similar systems, most organizations have yet to achieve a complete view of their customers and capitalize on its value. In fact, some CRM deployments have only aggravated the situation by introducing an additional data silo that companies are hard pressed to sync with line-of-business applications and systems for sales, service, finance, marketing, and other business tasks.

As a result, most companies function with an account-centric view, rather than the single, trusted customer-centric view that they need to grow revenues. They struggle with inconsistent and unreliable customer data that manifests itself in four key areas: 1) lost cross-sell and upsell revenue opportunities, 2) misalignment of customer service to customer value, 3) mistargeted marketing campaigns and poor acquisition of customers, and 4) inefficiency and high costs for business and IT.

Lost Cross-Sell and Upsell Revenue Opportunities

Effective cross-sell and upsell execution depends fundamentally on insights into a customer's existing relationships with a company. For example, a sales representative or marketer for a bank should be able to easily tell that a customer has a checking account, credit card, and car loan but not a CD, retirement fund, or brokerage account. Yet many organizations lack a 360-degree view of customers, meaning that sales and service representatives contend with fragmented data, miss opportunities to promote relevant products, or pitch products that the customer already owns, risking alienation. Without even that basic view, businesses cannot advance to more sophisticated customer engagement based on a richer perspective that includes lifecycle information such as pending retirement or children about to enter college, and data on household and business relationships that could be leveraged for targeted offers to the customer or others in his or her circle.

Misalignment of Customer Service to Customer Value

Without insight into disparate customer accounts and the overall value of a customer, service managers face difficulties in tailoring appropriate service levels. They may expend costly resources servicing a customer who generates little profit for the company, while a high-value customer with a wealth of products and extended household and business relationships receives subpar service. Yet such misalignment is inevitable unless the company can source data from each enterprise or line of business application that stores data on a given customer. Companies end up wasting valuable resources and suffer customer dissatisfaction and attrition, with an impact on profitability. Customer service managers may attempt to determine a customer's value by consolidating data from multiple applications, but such efforts are usually time consuming and error prone.

Mistargeted Marketing Campaigns and Poor Acquisition of Customers

A key principle of successful marketing is targeting prospects and customers with offers relevant to their interests, usually based on segments of customers who share common attributes. Yet marketing campaigns are bound to deliver poor results if an organization lacks uniform and current data on its prospects and customer base. An incomplete customer view can result in campaigns promoting products and services to customers who already own them, needlessly high marketing costs, and poor acquisition of customers for reasons as simple as using the wrong customer address. In addition, because campaign results are skewed, they cannot be accurately measured and used to drive future campaigns based on which tactics worked and which didn't.

Inefficiency and High Costs for Business and IT

As seen in our real-world example at the financial services institution, the lack of an authoritative and trusted customer view exacts a high cost in productivity and efficiency. Both business and IT performance suffer, with customer-facing personnel wasting time on manual data collection and IT staff tasked with maintaining a complex and brittle network of point-to-point integrations across the multiple applications essential to business operations. For IT, it's a lose-lose proposition—using ad hoc and custom-built techniques to attempt to generate a single customer view from a fragmented data infrastructure is a Sisyphean task that diverts resources from pursuing strategic, value-added initiatives.

Putting Data Management Technologies to Work for Customer Centricity

Achieving an authoritative and trusted customer view is not mission impossible, as corroborated by the growing list of companies using the Informatica Customer Centricity solution to drive sales and revenue. Consisting of master data management (MDM), data quality, and data integration, the solution generates a single repository of trusted customer and related data from virtually any application in the enterprise or hosted by a cloud provider. Flexible multidomain capabilities enable you to leverage data from any domain, be it customer, product, channel partner, supplier, employee or other, while a platform architecture positions the solution for extensibility.

Informatica Customer Centricity solution is designed to allow you to generate progressively richer customer views, as your needs dictate.

Single Customer View

Names, addresses, emails, phone numbers, and other identifying information is consolidated and reconciled into a single customer view. The solution applies data quality correction to address discrepancies, augments each customer record with additional relevant attributes, and ultimately produces a "golden record"—the best version of the truth. See figure 1.

Figure 1: The Single View of Customer

By implementing Informatica Customer Centricity solution, companies gain a single view of each customer's profile. This empowers Sales, Marketing and Customer Service with visibility into a single trusted profile for each customer, such as Jonathan Quincy Jones.

360-Degree View of Customer Relationships

The single view is expanded to incorporate the customer's products across lines of business, positioning the company to execute informed cross-sell and upsell campaigns. This view also adds the customer's household and business relationships; this more complete profile lends itself to engaging a customer's family members and thereby building multigenerational value or selling into the customer's business. See figure 2.
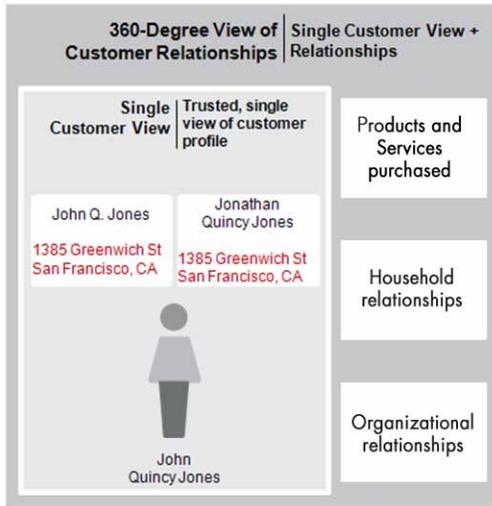
Figure 2: The 360 View of Customer Relationships

The Informatica Customer Centricity solution also enables a view into each customer's relationships. For example, the products and services he has with the company, the relationships he has with members inside and outside his household, the people he works with at a company, or with other organizations. This view empowers Sales, Marketing and Customer service to accurately measure the value that Jonathan Quincy Jones brings to the company and allows them to make more relevant cross-sell and up-sell offers.

Complete View of Customer Interactions

The complete view expands the previous two levels with data on customer interactions and transactions, such as support activity, payment status, billings or subscriptions, or warranty and registration. It can illustrate customer activity by channel (e.g., on-line or call center) and reflect customer activity on social media related to a company (e.g., writing reviews or commenting on blogs), if that data is tracked by an application. See figure 3.
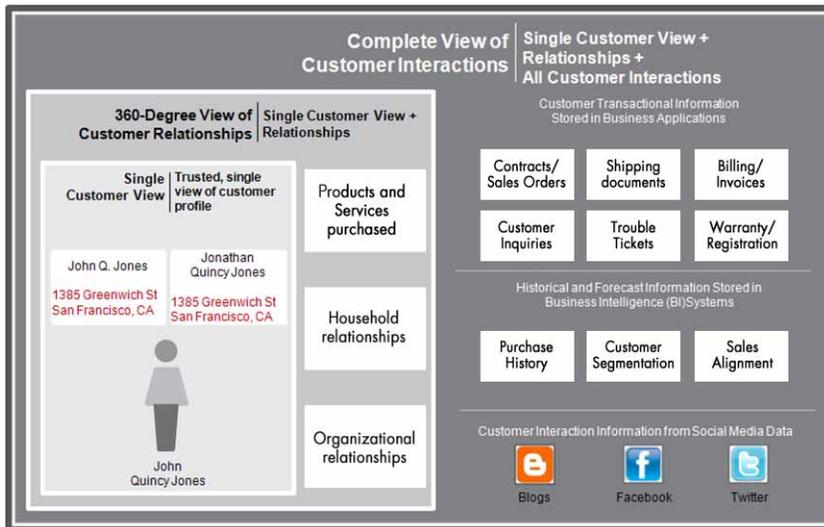

Figure 3: The Complete View of Customer Interactions

In addition, the Informatica Customer Centricity solution enables a complete view of each customer's interactions with the company, such as the status of his inquiries or trouble tickets, the status of his invoices or services contracts. It empowers Sales, Marketing and Customer Service with immediate access to the complete customer information they need before engaging with a customer.

CASE STUDY: HEALTHCARE SUPPLIER STREAMLINES SALES, MARKETING

At a multibillion-dollar healthcare and medical products supplier, the sheer complexity of its global data infrastructure, with more than 60 operating companies in nearly 60 countries, hindered its sales and marketing in both business and consumer realms.

This company needed to understand how individual physicians and other healthcare customers were influenced by sales, contract performance, marketing initiatives, and call activity. And it needed an accurate, comprehensive view of its government customers to better establish contract rates.

With Informatica MDM deployed to supply a 360-degree view for customer, product, sales force and channel, and other data, this manufacturer substantially improved its sales and marketing effectiveness through a complete view of customers, products in place, and sales opportunities. Customer service was enhanced and errors avoided, and new customers could be acquired and added much faster. Overall, the company estimated a $15 million benefit from its Informatica MDM implementation.

Informatica Customer Centricity solution provides authoritative and trustworthy data, universal connectivity to master data in any system, support for industry standards and formats, and real-time monitoring of customer activity both on-premise and in the cloud.

Equipping Sales and Service Teams with Actionable Data

Atop its sophisticated architecture, Informatica Customer Centricity solution puts accurate and actionable customer data in the hands of the customer-facing teams that need it to engage customers and drive sales. Innovative Informatica Data Controls technology enables business users to access multisource customer data directly within the applications they use every day—Salesforce, Oracle, SAP, Siebel, and others for CRM, sales force automation, and other tasks.

The solution also supplies an intuitive, easy-to-use interface for data governance and quality that gives business users a hands-on stake in the management of customer master data. Role-based functionality enables nontechnical users to view and modify customer master data rendered in semantic terms, promoting collaboration with IT personnel who maintain the technology infrastructure and data at a technical level. With Informatica Customer Centricity solution, your organization can extend complete and trusted customer data across its universe of business users—sales, service, channel managers,... even the CIO.

Conclusion

Incomplete and misleading customer data is more than a pain for business users. It can exact a punishing toll on a business's performance and profitability. As shown by this paper's examples of the multimillion-dollar benefits realized by companies implementing Informatica Customer Centricity solution, the stakes are high. As CIOs and other senior IT managers size up the extent of the problem, they are looking for a strategic solution that can enable their organizations to capitalize on the promise of the authoritative and trusted customer view. And, as recent history has shown, for more and more global companies, that solution is MDM.

Learn More

Learn more about the Informatica Platform. Visit us at www. informatica.com or call +1 650-385-5000 (1-800-653-3871 in the United States).

About Informatica

Informatica Corporation (NASDAQ: INFA) is the world's number one independent provider of data integration software. Organizations around the world rely on Informatica for maximizing return on data to drive their top business imperatives. Worldwide, over 4,630 enterprises depend on Informatica to fully leverage their information assets residing onpremise, in the Cloud and across social networks.

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