Sage Accpac Extended Enterprise Suite | White Paper

Front-to-Back-Office Integration:

Improving Your Customer Life Cycle Management

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Executive Summary

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

This paper demonstrates how front-to-back-office integration enables small and midsized businesses (SMBs) to address these issues. Specifically, it details how integration-ready solutions within the Sage Accpac Extended Enterprise Suite 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 that can then be acted upon to develop and maintain profitable customer relationships. Some CRM projects, however, have left users feeling underwhelmed by the results, particularly where enhancements to customer visibility have failed to meet preproject expectations or company requirements.

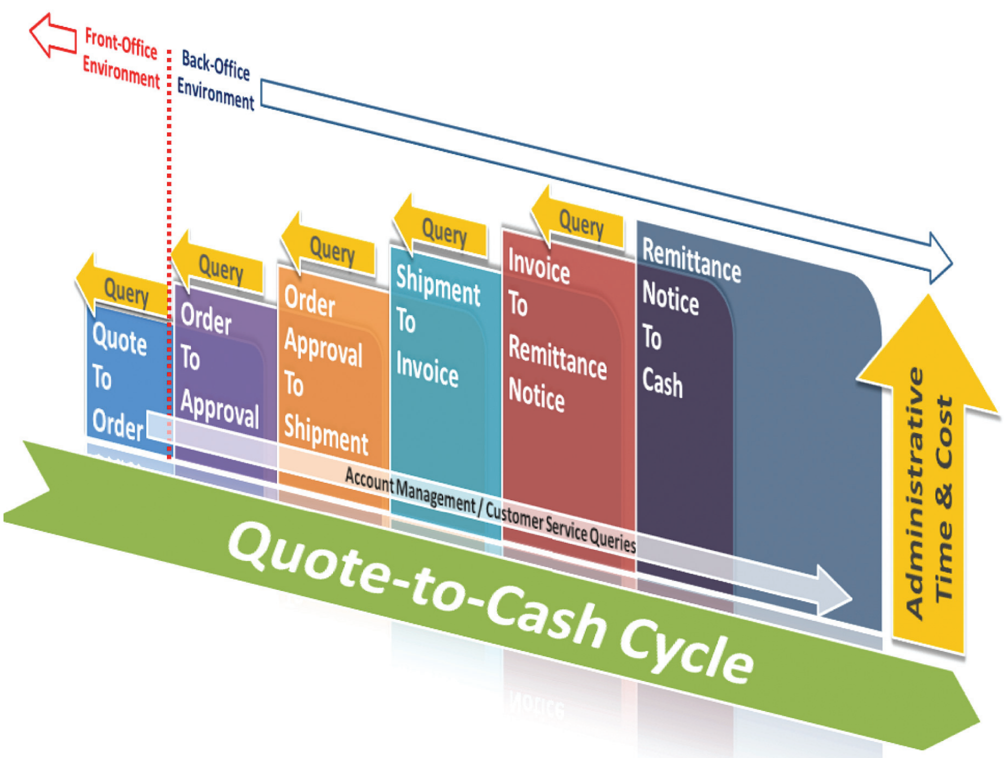
Gartner research suggests that significant information ”blindspots” still exist after many CRM project rollouts[1], particularly with regard to customer transaction history. One potential explanation is that these projects have not adequately addressed the issue of back-office connectivity. Overly “front-heavy” 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 nonfinancial, interactional, and qualitative, leading to two very different pictures of the same transaction or customer.

Customer Management and Business Process Challenges

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, while back-office employees use ERP applications to process 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-organizational 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 organization. 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 life cycle crosses the front-to-back-office divide, resulting in (1) departmental silos of information, (2) unnecessary administrative overhead and inefficiencies, (3) verbalized sign-off requirements, and (4) process duplication.

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



Given the number of potential parties involved in the quote-to-cash cycle—including account management, sales order processing, shipping, and 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 to the transactional information contained in the back-office system.

The workflow management capabilities of today's ERP and CRM applications have helped address these issues by introducing exceptions monitoring, mandatory fields, and removing the need to reenter and recheck information as transactions pass from one stage to the next. However, these measures do not fully address quote-to-cash business process requirements if the back-office environment remains disconnected from the front-office system. For example, if a member of the sales team 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 stages. The order will need to be passed back to the salesperson for correction and then reprocessed by the finance department. As a result, order completion is delayed for the customer, administrative costs increase for the company, and workload is unnecessarily duplicated for sales and finance staff. Clearly, where this scenario arises on a regular basis, it will negatively and significantly impact overall customer satisfaction, as well as increase transactional cost exponentially.

Fundamentals of Front-to-Back-Office Integration

The aim of front-to-back-office integration is to bring together disconnected business processes (such as quote-to-order and order-to-cash as part of the overall quote-to-cash cycle), applications (CRM and ERP), and datasets (financial and nonfinancial), and translate them into a mechanism to:

1. Manage customer relationships more effectively

2. Reduce costs

3. Increase profitability

4. Achieve sustainable competitive advantage over the long term

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

1. Consistent data between related entities (such as company and account) within the CRM and ERP applications

2. Holistic 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 (such as booking an order) which then automatically triggers all related business processes as appropriate (order approval, shipment, invoicing, and more) and passes seamlessly from one application (CRM) to the next (ERP) without the need for extensive manual intervention (rekeying 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, so organizations 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 rework 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.

Holistic Customer View

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

Holistic customer visibility is particularly useful for account managers who may require access to a customer's purchase history or for customer service representatives who may need to update a customer on the status of an order. Providing these users with access to both financial and nonfinancial information eliminates the customer data "blind spots" described earlier.

In the quote-to-cash example cited previously, these capabilities would enable account managers to verify that their customers had not exceeded their credit limit prior to placing new orders. If an issue exists, it is flagged with the customer immediately rather than at a later time 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, multistage 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 rekey information from one system to the next, reducing administrative costs and the potential for error.

In quote-to-cash situations, 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 Front 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 recreated manually in the ERP system, removing process duplication and ultimately reducing cost.

Challenges of Front-to-Back-Office Integration for SMBs

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

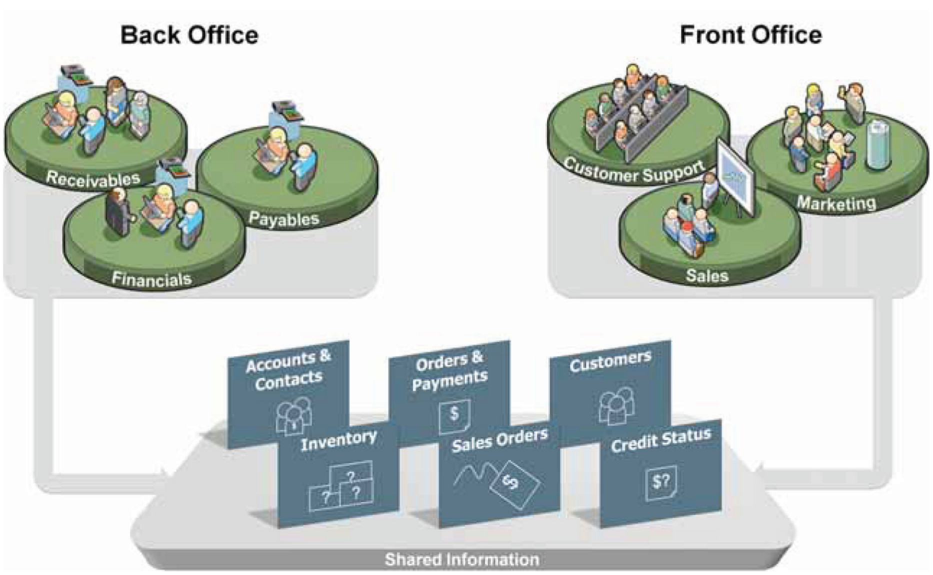
Undertaking front-to-back-office, retrospective integration can be a costly, complex, and risky proposition for SMB organizations, and even when a company manages to achieve its short-term integration objectives, there is no guarantee that future CRM or ERP upgrades will not render the integration inoperable.

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

Front-to-Back-Office Integration Capabilities

The Sage Accpac Extended Enterprise Suite, which includes SageCRM with Sage Accpac ERP, means that companies that have previously invested in Sage Accpac ERP products can quickly and cost-effectively leverage their back-office ERP data and functionality within the front-office environment of SageCRM.

Sage Accpac Extended Enterprise front-to-back-office integration overview



Front-to-Back-Office Data Consistency

The Sage Accpac Extended Enterprise Suite facilitates the bidirectional synchronization of customer information, both financial and nonfinancial front and back offices, ensuring that:

1. Information is captured once at the source and then automatically propagated to all relevant fields without having to wait for it to be rekeyed and revalidated as it passes from one system to the next.

2. The most accurate and up-to-date customer data is available to front- 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-times of their orders using real-time information.

Holistic Customer View

SageCRM enables front- and back-office employees to discover and share meaningful customer insight based on a combination of CRM- and ERP-derived intelligence.

Customer visibility enables:

1. Sales teams to help maximize 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 segmentation on their customer bases to support highly targeted and effective go-to-market programs.

6. Marketing managers to determine return-on-investment from their marketing programs.

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

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

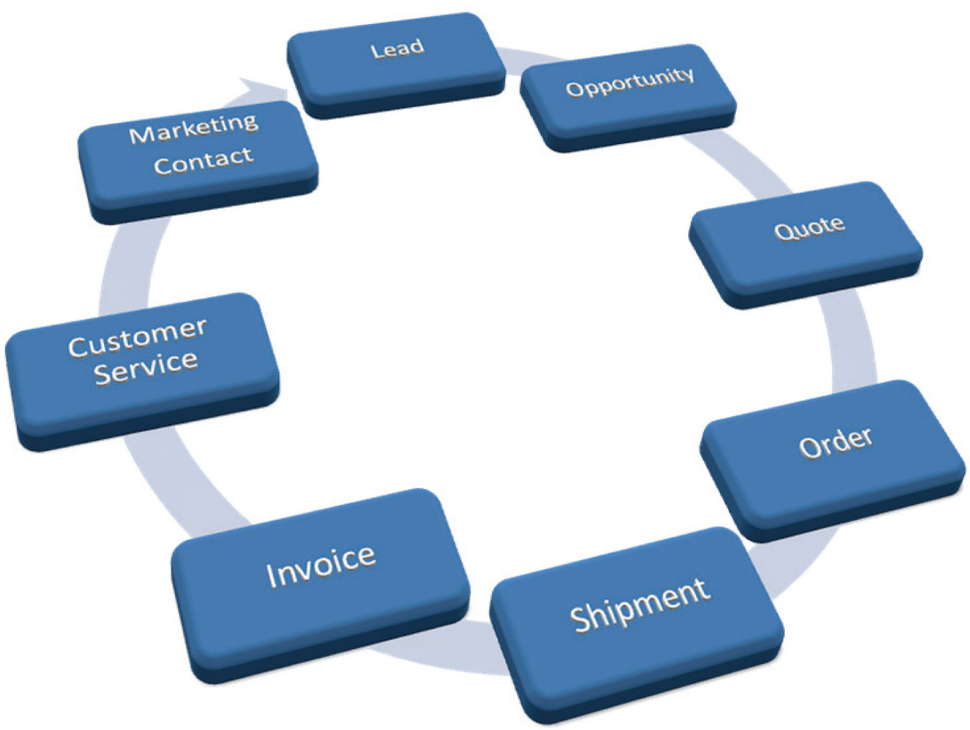
Facilitating Straight-Through Processing

The out-of-the-box integration of SageCRM with Sage Accpac allows companies to implement straight-through business processes that provide the workflow and automation capabilities to manage the entire customer life cycle seamlessly across all interaction and transaction types. Specifically, the quotes and orders functionality bridges the process automation capabilities of the front- and back-office environments and removes the need for manual intervention as orders generated by the front-line staff are passed automatically through to the ERP system for processing and fulfillment. Additionally, front-office staff are equipped with the data and functionality they need from the back-office system to carry out complex pricing and tax calculations, as well as with real-time inventory information to ensure orders are fulfilled on a timely basis according to customer expectations.

Delays and errors are eliminated because: (1) accurate pricing and tax calculations have been carried out at the point of entry, and (2) the order is already in the ERP system, the data does not need to be reentered. As a result, companies can realize consistently significant cost and time savings while significantly enhancing customer service through accurate, timely order fulfillment.

The following diagram illustrates the uninterrupted, optimized, cost-efficient, and customer-centric front-to-back-office process flow that Sage Accpac Extended Enterprise provides.

Sage Accpac Extended Enterprise front-to-back-office full process automation



Conclusion

Independent research suggests that customer intelligence gaps still exist after the majority of 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 unnecessary paperwork, likely resulting in customer satisfaction issues and spiraling administrative costs. The success of a CRM project, therefore, should not be judged solely on how effectively it brings together front-office operations, but also on how it facilitates interoperation with the back-office environment—encompassing people, data, 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 give the organization a sustainable competitive advantage over the long term. Front-to-back-office integration, however, can be costly and complex for many companies, especially SMBs, and often prepackaged integration solutions are the most effective alternative for these organizations.

Sage Accpac Extended Enterprise Suite combines two market-leading products–SageCRM and Sage Accpac ERP–to give SMBs access to their customer data across their front- and back-office environments. It also facilitates straight-through processing which significantly reduces errors and administrative costs. Over the long term, companies using the front-to-back-office integration capabilities within the Sage Accpac Extended Enterprise Suite can expect to significantly decrease administrative costs, increase customer satisfaction and consequential revenue opportunities, and build a sustainable competitive advantage in an increasingly challenging marketplace.

Additional Information

Further information on the front-to-back-office integration capabilities within the Sage Accpac Extended Enterprise Suite can be obtained by contacting Sage Accpac sales at 1-800-945-8007, or your certified Sage Accpac business partner.

About Sage North America

Sage North America is part of The Sage Group plc, a leading global supplier of business management software and services. At Sage, we live and breathe business every day. We are passionate about helping our customers achieve their ambitions. Our range of business software and services is continually evolving as we innovate to answer our customers' needs. Our solutions support accounting, operations, customer relationship management, human resources, time tracking, merchant services, and the specialized needs of the construction, distribution, healthcare, manufacturing, nonprofit, and real estate industries. Sage North America employs more than 5,000 people and supports nearly 2.9 million small and medium-size business customers. The Sage Group plc, formed in 1981, was floated on the London Stock Exchange in 1989 and now employs 14,500 people and supports 5.8 million customers worldwide. For more information, please visit the Web site at www.sagenorthamerica.com or call 866-308-2378.

For more information or to find out how our Extended Enterprise Suite can help your business, visit us at www.sageaccpac.com or call 1-800-945-8007 today.

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1 Source: Key issues for CRM Strategy and Implementation, Gartner, 2006

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