

The Uptake on CRM Upgrades

Capitalize on the inevitable.



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It used to be there were two things in life that were certain. Now there are three: Death, Taxes and Software Upgrades.

Understand this: CRM upgrades are an inevitable fact of life. That is not necessarily a bad thing. Upgrades can be the catalyst of a productive overhaul of tired business processes. They can be the fuel that fires new efficiencies and produces bona fide cost savings. Or an upgrade may catapult an organization into an entirely new paradigm or style of business, the way the Internet permanently altered venerable business styles. It is true that upgrades are not necessarily easy to implement, and at times you may be forced into an upgrade you might not undertake voluntarily.

Whatever the impetus for upgrades, they are unavoidable and, to some extent, essential to the continued vitality and growth of any organization. What an organization does in anticipation and preparation for upgrades will determine whether an upgrade experience is a dream or a nightmare. A positive experience starts with an understanding of why an organization upgrades in the first place. It is equally important before taking any substantial upgrade action that the organization comes to terms with the impact upgrades will have on the IT infrastructure, on the organization and culture, and upon the business itself.

Why upgrade?

There are four main reasons why organizations upgrade, and three of them are good reasons. But, as will be shown, by being proactive and creative, an organization can turn even a not-so good reason for upgrading into a positive and productive experience.

By some estimates, about half the time an organization upgrades, it is for **compliance** reasons. In other words, the organization basically has no choice, whether it wants to upgrade or not. Compliance upgrades have many drivers, but the most common is that the software company develops and markets a new version of software you license, and then sets a date after which it will no longer support the

old version you have. So either you upgrade to the new version or live with an unsupported version. If the application is tied to any business-critical endeavor, you obviously cannot endure a lack of vendor support. Kicking and screaming, one upgrades. Many companies find this kind of upgrade doubly insulting when they have been paying annual maintenance fees of 15% or more.

To make matters worse, with all companies now desperately seeking ROI, rationale for major projects, the sad truth is that there is plenty of "I" and not much "R" in a straight compliance upgrade. It is often driven solely by IT and carries a heavy financial obligation. But even compliance upgrades can be beneficial when combined with other tangible benefits that upgrades pack, as we will review shortly.

Here is one final and vital point about compliance upgrades. Woe be to those companies that wait until the 11th hour to upgrade, perhaps just before a license is set to expire, and then try to slam an upgrade through. Upgrades in fact can take as much planning and preparation as a brand new software implementation. A forced approach is a prescription for an upgrade disaster.

Function, architecture, and new paradigms

There are several reasons other than compliance to upgrade, and these are very good reasons. First, within the CRM market, virtually all major software companies have sprung exciting and significantly enhanced versions of their offerings during the last year, packing **new features and functions** designed to boost productivity and deliver enhanced value to the organization. CRM, being relatively new, is still at a point in its development where enhancements can deliver increasing returns to scale. The new features and functionality built into upgrades allow organizations to tap into these increasing returns offered by enhanced analytics, easier integration, or improved vertical market functionality.

Thus, new functionality built into upgrades will often pack the potential of new business benefits as well. This relationship between new functionality and potential benefits can help drive the rationale for funding the upgrade in the first place.

Second, upgrades are also undertaken to integrate performance and other improvements into the underlying system **architecture**. Software designed to enhance architecture can also target improved security and scalability. For example, suppose a desired outcome of a CRM implementation is to provide seamless and quick data access by customers via

the Web. A key to allowing this expanded access is robust user authentication, available increasingly today from software companies as part of an architectural upgrade.

Finally, an upgrade can drive a true **paradigm shift** or major change in the way an organization conducts its business. This kind of upgrade is one that cuts a broad and deep swath across all functional units. For example, call centers have existed for decades. But when a company overhauls its call center with major CRM upgrades, it can ignite major paradigm shifts in the way the company does all its business. Call center staff may assume telesales responsibilities in addition to enhanced support; manufacturing and inventory become driven by new forecasting and reporting tools; likewise with sales and marketing. Obviously such global shifts in business are the least common reason for undertaking an upgrade, simply because such opportunities don't often exist. But every 5-10 years, they indeed do.

Whatever the reason that ultimately drives an upgrade, remember this: thinking of an upgrade merely in terms of enhanced IT will shortchange the organization and risk an upgrade disaster. Instead, think of the upgrade as a company-wide project. Thus those involved in planning for the upgrade may well include executives, IT, users, and business managers.

An upgrade's organizational impact

A CRM upgrade is more complicated than simply switching from one software version to another. It will more often than not involve organizational change. To understand the impact of a CRM upgrade on the organization, it is helpful to think in terms of a continuum. On one end of the continuum are upgrades that have a minimal impact on the organization. This means limited or minimal changes to culture, structure, procedures, processes, roles, and skills. On the other extreme lie upgrades capable of turning a company on its head. Knowing where an upgrade sits on this continuum is Job 1.

For example, if an upgrade leaves the user interface mostly intact and does not add a great deal of new functionality, then the impact on the organization and the prevailing culture is low and the business will experience few change management problems. In cases like this, it is wise to consider various internal communications prior to the upgrade, either via email or perhaps through formal but low-key training sessions.

Upgrade Checklist

Undertaking CRM upgrades with both eyes wide open to the pitfalls and promises is the best assurance of success.

- ✓ Don't wait until there is little time left in a software license before initiating plans for a compliance upgrade. As in painting a house or cooking a great meal, preparation and planning is everything, so leave enough time for both.
- ✓ Treat an upgrade like a company-wide project, not merely as an enhanced IT project.
- ✓ In cost-justifying compliance upgrade, look carefully at the benefits the organization will realize from the added features and functionality the upgrades bring.
- ✓ Weigh carefully the change management issues that may result from an upgrade, including changes to basic end-use requirements to use the solution properly.



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Moving along the continuum, examine the case where one organization acquires another. In all likelihood, efforts to standardize interfaces and the overall sophistication of software across the merged entities will meet resistance from users forced to adopt new techniques. The requirement here is for far more aggressive formal training, as well as clear explanations as to why the changes are being implemented so users feel enfranchised and connected by the changes — not alienated.

Finally moving toward the extreme of the continuum, some upgrades result in significant changes to the actual roles of some employees, or in major process changes that alter the way entire departments conduct business. For example, if an upgrade will result in call center staff engaging in up-selling and cross-selling, even extensive training alone may not work. Management first has to determine if the call center staff is capable or willing to sell at all, so great is that kind of cultural change ushered in by an upgrade.

CRM Upgrade
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The key point is to determine ahead of time about where the organization fits on this upgrade continuum before rolling out any new software. And beware of this great risk: often there is an assumption that an organization does not have to deal with change management issues with an upgrade because that work was done in the initial software deployment. Rather, upgrade planners should undertake the required due diligence. It may pay off tremendously down the road at implementation time.

Business impact of upgrades

In today's fast-changing if not chaotic economic climate, businesses often seek to modify core business processes to better adjust to constant change. At times, upgrades can be a key enabler of business process changes. Today, business process changes most often impacted by upgrades include sales and field support process changes. Why? Because these groups – the organization's mobile professionals – have been showered with generation after generation of hardware devices, gadgets whose promise had run ahead of the ability of the underlying software to properly support them. Now software, available through upgrades, is starting to catch up with the capability of the actual devices, opening up new capabilities for sales or field support professionals to do more work with real-time data. In addition, business issues such as mergers and acquisitions, territory realignment, new products and new lines of business, and the phasing out of older products also have an impact on sales and field support processes.

Is that IT?

Finally there are potentially significant technical considerations to the inevitable CRM upgrade. But surprisingly, not all of them translate into shelling out significant additional investment for infrastructure to support the upgrades. For example, CRM companies have moved decisively to a Web client approach in developing new software. This has the potential impact of sharply reducing the total cost of ownership of desktop clients due to lower maintenance costs.

In non-Web environments, IT staff would have to manually install upgrades at the clients. In the Web world, changes are deployed across all clients automatically. Also, network applications are typically "slimmer" than non-Web applications, meaning they require less bandwidth. Also, because Web applications, such as upgraded CRM applications, are by definition tuned to the Internet, releasing these applications to external or internal portals is a simple proposition.

Some upgrades, like certain operating system upgrades, offer the kinds of enhanced functionality the IT department had been longing for all along, such as improved XML support or other Web-specific functionality. Finally, many upgrades offer major advances in terms of ease of integration into existing systems. They are often easier to administer than their predecessors with more built-in problem alerts and more flexibility around workflow processing.

Just do it

Thus no matter what the driver for upgrading – whether to gain functionality, bolster the software architecture, leverage new business processes or to comply with a software vendor's upgrade schedule – the ultimate message is a clear one. You are going to face upgrades as long as information technology remains a significant part of the business landscape, which is to say for the foreseeable future.

With CRM upgrades, you have choices governing just how those upgrades will be ushered into your organization. To some extent, you can control or at least manage the impact of upgrades on the organization's culture, technology infrastructure, and mode of doing business. In managing this broad impact, you also can positively influence the outcomes of CRM upgrades, gaining benefits with measurable business potential. Overall, that is a lot more control than one has over death and taxes.

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