Bringing New Agility to the Point of Contact

Using business rules to increase opportunities for upsell, cross-sell and customer satisfaction

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Challenges at the Point of Contact

The profitability of most companies is driven by the business they generate from repeat customers. Customer loyalty is, in other words, one of the most important factors in the sales and profitability of any enterprise. And that loyalty derives directly from customer satisfaction. That satisfaction, in turn, comes from: satisfaction with the customer experience, with the product, and with the pricing.

The challenge of satisfying customers is becoming increasingly difficult in a world where they are less loyal to brands and vendors, and where they expect more from each interaction. For example, customers anticipate:

- more detailed and relevant information about a product

- a greater choice of solutions and options

- a better purchasing experience

- more favorable pricing, faster shipping, and so forth

The imperative aspect of rising needs and expectations is compounded by the ease with which a customer can go to a competitor. For instance, every on-line competitor is only a few clicks away and the ability for a customer to widely promote their dissatisfaction in an enduring medium is almost unlimited. Unhappy customers can be far more expensive than the business lost from their departure. Therefore, it is crucial that front-line staff be more knowledgeable, consultative, considerate, and quicker, or they risk losing profitable customers to a competitor who is perceived as "better at it."

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Unfortunately, many customer relationship management (CRM) systems today provide only a portion of the technology needed to deliver a satisfying customer experience, especially at the point of contact. Most CRM systems specialize in two functions: sales force automation (SFA) and providing a consolidated view of the customer at certain touchpoints. While these functions are undoubtedly important, they could be significantly expanded to provide a competitive customer experience at the most important points of contact.

This white paper discusses one of the most effective ways of extending CRM functionality. Through the use of business rules as an enabling extension to your existing CRM, you can enable highly customized, flexible and consistent interactions in real time at the point of contact. By automating core decisions that need to be made at the point of contact with a BRMS extension, you can enable any contact person (such as sales agents), or any front-end system (such as websites or ATMs) to promote the right product, service, or offering at the right time to the right customer—thereby reducing decision time while increasing relevancy and consistency.

Is Extending CRM with Business Rules the Right Choice for Your Organization?

Because many IT organizations have not considered the possibility of using business rules in the context of improving the performance of CRM, this section will help you decide whether a BRMS extension is a good fit for your organization.

A BRMS extension to an existing CRM system delivers the greatest benefit to organizations that are:

Learn how Group RCI, now Wyndham Exchange and Rentals, uses IBM ILOG BRMS to provide its 3.6 million members with personalized vacations within seconds and real time access to one of the world's largest vacation exchange community.

"Thanks to ILOG JRules, we now provide our 3.8 million RCI members with personalized vacations within seconds and real time access to the world's largest vacation exchange community. Our timeshare vacation exchanges and rentals are now easily searchable and customized, resulting in a significantly enhanced customer experience."

—Frank DiGiovanni,
Senior Director – Global Information Technology,
Whyndham Exchange & Rentals

Medium to large businesses

A BRMS extension can help any marketing or sales organization seeking to drive more revenue through the point of sale. However, given the average cost of typical implementations, this solution is most appropriate for organizations with revenues of more than $150M.

Marketing and selling dynamic products and services

A BRMS extension is appropriate for organizations that market and sell products and services in a fast-changing or multi-channel environment. It is particularly appropriate for organizations that sell complex products and services with frequently changing offers, such as insurance companies, financial services firms, retail vendors, travel and hospitality companies, and telecommunication operators, among others.

Struggling with a first-generation CRM or manual systems

For companies that might be losing business due to manual operations or less than agile decision-making systems at the point of contact (for example, customers are not being given the right information or have to wait, or return later, for the necessary information), a BRMS extension can drive more revenue at the point of contact.

Experiencing long lead time to train new contact people to make the right decision at point of contact

For vendors that need months to train new hires or that rely on less experienced point-of-contact personnel to push out the right offer, a BRMS extension is especially useful. It is also relevant when a product portfolio is too broad and complex for new employees to master completely. The right decision can be automated by capturing the knowledge of existing experts in a BRMS; thereby enabling any representatives to make the right decision with confidence at the point of contact.

In addition to these specific examples, a BRMS extension is most appropriate for companies confronting these customer management challenges:

- Need to drive more revenue through cross-sell/upsell

- Need to propose appropriate pre-approved, client-centric offers

- Need greater speed-to-market for implementing product or promotional changes

- Need agile changes to be made by business users

- Need to consistently identify and qualify offers

The next section examines how a BRMS delivers these key benefits.

Improving the Customer Experience at the Point of Contact

The keys to providing smart customer interactions that foster satisfaction and loyalty are well-established:

- The customer must feel a sense of being recognized and appreciated.

- The vendor must have a complete and correct view of the customer.

- The vendor must respond quickly, accurately, and completely to needs and requests expressed by the customer.

- This experience must be consistent across channels and locations

If you provide this level of service consistently, customers will return loyally; provide less, and the customer is likely to be attracted to competitors that offer a better experience. For example, a bank that can "recognize" an applicant for a personal line of credit and find a way to bundle the customer's existing auto loan with the proposed credit — offering better rates — is more likely to engage and retain that customer. If this connection between customer knowledge and available offers is not made until after the customer logs off or leaves, then the chances of losing the customer are much greater.

Delivering the right offer at the right time with BRMS

By empowering the front-line staff to deliver better service and by improving the systems and technology with which customers interact, you create a highly productive customer experience at the points of contact where it makes the most difference. To make that happen, both systems and staff need to be smarter, friendlier, and quicker to handle decisions, such as:

- "Is this a good customer?" "Is this one of our best customers?"

- "Who should get what offer?"

- "Should he or she receive a special rate or discount right now?"

- "What should I offer the customer next?" "Where should I send them next?"

Business rules provide the mechanism to make decisions quickly about what to offer to whom while the customer is at the point of contact. The right decision can be automated using business rules, allowing front-line staff to make the right offer with confidence; providing a high level of service in a predictable fashion across all customer touchpoints.

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"Hotwire has seen significant improvements in hardware scalability with ILOG JRules enabling us to quickly respond to new products and changing business conditions. We've reduced time to market for new features - we can now have a rule changed and in production in less than 2 hours, helping drive higher profitability and enhancing the customer experience."

—Darren Koch, Sr.
Manager, Revenue Management, Hotwire

Proof of Value: Hotwire

Hotwire.com — a division of Expedia — is one of the leading discount travel sites and one of the first names in Internet discount travel booking. It specializes in negotiating large purchases of travel opportunities and reselling them at a discount.

- **CRM before BRMS:** Hotwire used DBMS-based pricing, which depended on hundreds of hard-coded rules associated with different purchasing options for each product line. As a result, Hotwire experienced long turnaround times for offer updates — sometimes up to three months for the most complex change requests.

- **CRM after BRMS:** Hotwire replaced the database-oriented pricing with a BRMS from ILOG. It reduced the time to market to minutes for simple updates — three days for the most complex. Hotwire was also able to offer more complex matches between supply, demand, and pricing constraints; enable swift champion challenger testing; and place control in the hands of the revenue management team . As a result, Hotwire's financial results exceeded projections in its core product lines by more than 20%.

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> *"ILOG's BRMS provides the level of flexibility we need in order to quickly address changing business conditions and continue delivering the most effective customer service. ILOG's software will allow us to continue generating value from our legacy claims processing system, which is a critical factor in helping make business rules a core technology throughout our enterprise architecture."*
>
> —Kyle Kelt,
> Director of Information Technology Architecture, VSP

The BRMS Extension to CRM: How Does it work?

As previously mentioned, one of the primary goals of any sales/marketing organization today should be to automate each customer interaction as if a special agent were personally available to help the customer at each stage in the purchasing process. By externalizing and automating decision logic, a BRMS extension enables front-line staff and systems technology to make better decisions about the products and services to offer customers.

Business rules enhance any CRM implementation because they deliver:

- **Personalization** — provides a highly customized and personalized interaction
- **Flexibility** — enables companies to reconfigure customer-facing Web pages or kiosk screens in real time. It also enables hot deployment of new pages and programs
- **Real-time Response** — permits companies to formulate special offers (cross-sell and upsell) as the customer provides new information or makes specific choices
- **Intelligent Business Decisioning** — performs complex decisions and operations quickly and accurately. These operations might include determining eligibility for a program, computing interest rates, routing requests to the right business processes, and so on.
- **Multichannel Consistency** — offers a universally consistent experience across all touch points — Web, retail, mobile, call center, etc. — so that customers never have to search for items or offers seen in previous sessions nor re-enter information provided previously.

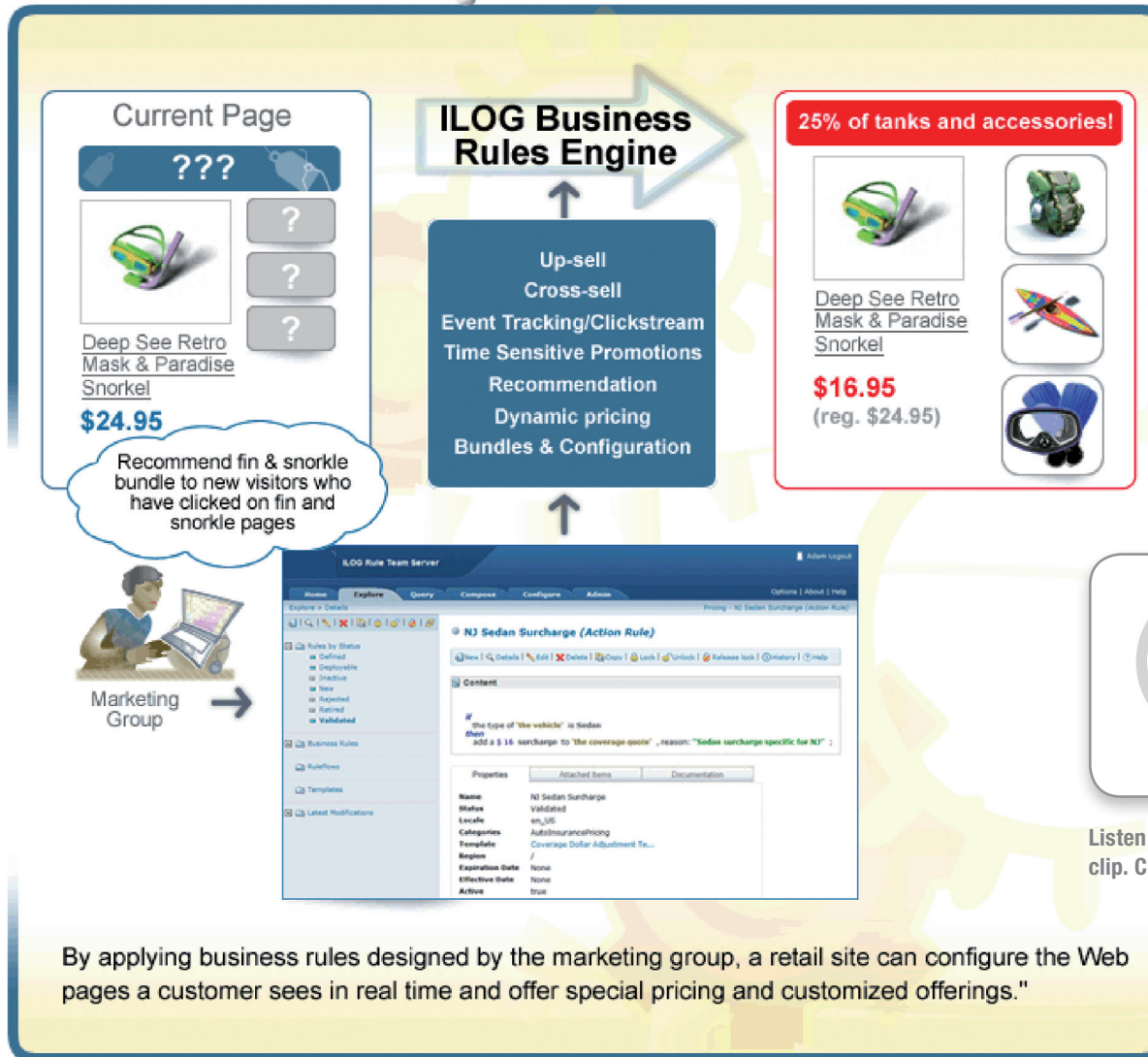| Challenges at the Point of Contact | Is Extending CRM with Business Rules the Right Choice for Your Organization? | Improving the Customer Experience at the Point of Contact | The BRMS Extension to CRM: How Does it work? | The Competitive Advantage of BRMS | Conclusion |

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Proof of Value – Top 5 North American Bank

One of the largest financial services providers in the world recognized that it was not achieving the maximum benefit from customer contacts with its existing CRM system.

- **CRM before BRMS:** The company was missing revenue by not being able to present the right offer at the right time to online customers. At the same time, decision logic was scattered and inconsistent across channels. It was, in other words, not managed at the enterprise level.

- **CRM after BRMS:** By using ILOG's BRMS, as a standard platform of its revamped and centralized CRM architecture, the firm was able to provide customized offers in real time to online clients — resulting in more than $500 million in new business annually derived from timely display of customized options that enabled cross-sells and upsells at the point of contact.

The firm's internal SLA called for presenting a customized, online offer in less than 200 milliseconds despite making more than three million rules-based decisions per day in the Web channel alone. It was able to meet this threshold consistently while running more than 6,000 business rules in the BRMS.

Personalized User Experience

By applying business rules designed by the marketing group, a retail site can configure the Web pages a customer sees in real time and offer special pricing and customized offerings.

Listen to the two-minute audio clip. Click the play button

By applying business rules designed by the marketing group, a retail site can configure the Web pages a customer sees in real time and offer special pricing and customized offerings."

The Competitive Advantage of BRMS

Business rules have several distinguishing advantages for the organization.

- **Shorter time to market.** The first advantage is shorter time to market. Business analysts can easily specify rules and integrate them with existing IT infrastructure. so that rules become part of the corporate assets and infrastructure for deployment of business logic and decisioning. For example, many sites use business rules to enforce corporate policies and government regulations. In this way, they can quickly implement new policies and regulations by developing new rules and deploying them to the BRMS. Using the same approach, companies can also roll out new programs and offerings to customers, including very highly customized programs that target a niche group of customers. As a result, IT and business release cycles are not tightly coupled, thus leading to reduced time to market.

- **Business user empowerment.** This rapid time to market results in part because IT staff is not required to make changes to business rules. ILOG BRMS comes with an intuitive, wizard-driven, Web application that is intended for use by business analysts. There, analysts can define business rules in their own lexicon using the specific terms and features of the company's industry and operations. These rules can then be tested in a sandbox environment for evaluation before hot deployment to the BRMS.

- **Operational transparency and consistency.** Because rules-based decisioning is an automated operation, all steps can be captured in a comprehensive audit trail. By being able to document all rules that figure in a given decision along with the data items that are being controlled, companies can analyze and document their own processes, show compliance with Sarbanes-Oxley and other regulations, and demonstrate impartiality in legal proceedings.

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- **Non-disruptive technology.** It's important to note that business rules are a non-disruptive technology. Unlike other IT solutions that require a rip-and-replace approach, a BRMS enables a site to migrate business logic according to business and IT requirements. Moreover, BRMS packages integrate easily with existing technologies and do not require lengthy engagements from consultants or professional services staff. In many cases, after some initial training, IT staff can begin implementing the BRMS and business analysts can begin writing, testing, and deploying business rules. The rules are deployed within the BRMS, which serves as an adjunct to the existing CRM system that is accessed via a standard middleware approach.

Proof of Value: Leading North American Insurance Company

This is the story of a Fortune 100 company and one of the largest underwriters of commercial property casualty insurance in the US.

- **CRM before BRMS:** Prior to the adoption of ILOG BRMS, the company's business rules were hard-coded in software developed in-house, which made it difficult for the company to change underwriting rules and pricing quickly. This design meant that applications had to be processed manually by domain experts to determine and confirm applicant eligibility. As a result, only 17% of small commercial policies qualified for straight-through processing.

- **CRM after BRMS:** The company redesigned its underwriting system and exposed business logic as rules that are fully managed by business experts. They use more than 2,000 rules to determine eligibility, assess risk, determine ratings, and compute premiums — all in real- time as the customer is interacting at the point of contact. The result: This leading North American Insurance Company is able to use straight-through processing for 76% of incoming requests. Its turnaround time for rolling out new programs shrank from five months to seven days and premiums increased by nearly 50% as the company was able to quickly diversify its offerings and immediately advise customers of their eligibility.
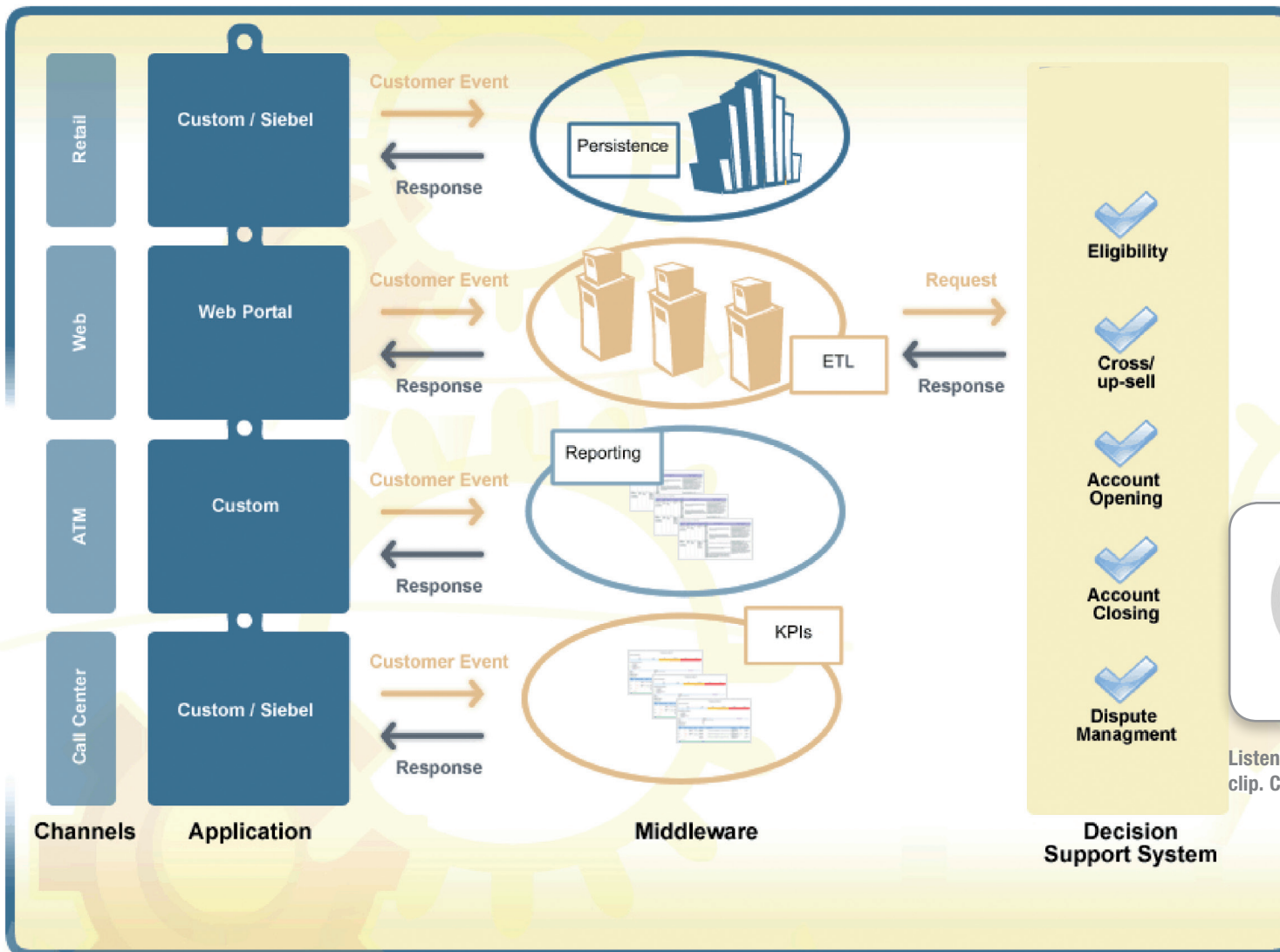

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The ILOG BRMS is a non-disruptive technology that integrates easily with existing software investments and does not require changes in workflow or infrastructure, regardless of the channel or customer touchpoint.

Listen to the two-minute audio clip. Click the play button

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Learn how Yves Rocher leveraged the BRMS technology to allow thousands of business users to personalize offers and the point of sale and give the right price, product and promotion to the right customer.

"With more than 30 million customers around the world and a wide range of promotional offers which change twice a month, Yves Rocher needed to provide its business users with a reliable, flexible and integrated solution. Every day, JRules allows thousands of beauty advisers in our stores to offer at the point of sale the right price, product and promotion to the right customer for higher customer satisfaction and retention."

—Alain Grosse, Market IT Director, Yves Rocher

Proof of Value: Yves Rocher

Yves Rocher is the creator of botanical beauty, with 1,600 beauty centers and stores worldwide and annual revenues of 1,25billion. The company's loyalty program is a key differentiator from other beauty care retailers. The program is based on a constant series of promotions, with two rounds of promotions produced every month, each one comprising 50 items. In addition, the company offers special discounts on combinations of products when bought at the same time.

- **CRM before BRMS:** Yves Rocher faced numerous challenges bringing promotions to market at the pace it was hoping for. Cashiers and the promotions management infrastructure could not keep up with the wide range of fast-changing, and sometimes conflicting, promotional offers that had to be computed in real time. As a result, pricing and promotion management was not fulfilling the expectations of Yves Rocher or its customers.

- **CRM after BRMS:** Yves Rocher deployed ILOG's BRMS to manage rules that defines marketing promotions and dependencies on the loyalty program. The software takes into account the point of sales transaction as well the customer profile and sales history so that all applicable customer discounts, loyalty rewards and cross-sell oppor-tunities are calculated automatically and presented to the customer during checkout.

The implementation of the new rules-based point of sales software in France resulted in dramatically reduced time to market for hundreds of promotional offers every month. And it improved personalization and accuracy of promotions to 5 million customers in 45 million transactions on a yearly basis. Having increased customer loyalty, the company is currently deploying the new system in other European countries.

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Conclusion

This white paper has explained the benefits of using ILOG BRMS and business rules to extend CRM applications to deliver a better customer experience, resulting in greater customer loyalty and more revenue at the point of contact.

The case briefs included in this document demonstrate the advantages of business rules in banking, insurance, and retail environments. The principal benefits of using business rules as a core part of an organization's software infrastructure are that rules improve time to market, provide extensive flexibility, and enable business analysts to design, test, and implement projects without requiring IT to write specialized code to deploy new features.

The case briefs, however, reflect only a small part of the successes of more than 3,000 global corporations that use ILOG BRMS daily to improve operations and profitability.

Next steps

To get more information on how you can extend CRM via business rules and to see whether ILOG BRMS is the right solution for your points of contact, call 1-877-426-3774 using the priority code 104CBW63 or send an email here.

To request a live demo, click here.

To request a quote, click here.

To learn more about an IBM ILOG Discovery Workshop, click here.

To determine if a BRMS is the right solution for your organization, click here.

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About ILOG

For more than two decades, ILOG's innovative enterprise-class software and services have helped organizations of all types and sizes make better decisions faster. ILOG, now part of IBM, offers the market's leading business rule management system (BRMS), as well as innovative optimization and visualization software components. The case brief reflect only a small amount of the success experienced by the more than 3,000 global corporations that use BRMS daily to improve operations and profitability. To learn more, visit us at: www.ibm.com

Resources and Further Reading

Agile Decision Services: How IBM ILOG's Business Rule Management System helps Organizations Deliver Fast Time to Value for Business and IT {PDF}

IBM WebSphere ILOG JRules BRMS {PDF}

Banking: Moving towards Customer-Centric Pricing {PDF}

Determine if business rules are the right technology for your organization {PDF}

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