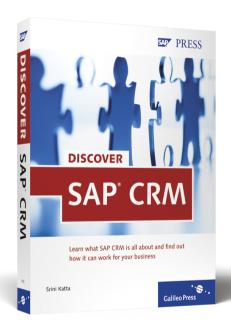
## Srini Katta

## Discover SAP® CRM





# **Contents at a Glance**

1	Customer Relationship Management	27
2	SAP CRM Detailed Overview	43
3	SAP CRM Marketing	61
4	SAP CRM Sales	79
5	SAP CRM Service	99
6	SAP CRM Interaction Center	123
7	Web Channel Enablement Solution	153
8	SAP CRM Mobile Applications	177
9	SAP CRM Partner Channel Management	199
10	The Technology and Tools Behind SAP CRM	229
11	Master Data	253
12	Working with SAP Industry Vertical Solutions	279
13	SAP CRM Analytics	305
14	SAP CRM User Access	343
15	Building an SAP CRM System	355
16	Varian Medical Systems Case Study	371
Α	Glossary	375

# Contents

Acknowledgments	
Whom This Book Is For?	
What You'll Discover	
Navigational Tools in This Book	
What's in This Book?	
1 Customer Relationship Management	27
What Are Your Industry Verticals?	
What Type of Business Are You In?	
Who Are Your Customers?	
What Are Your Products and Services?	
Which Channels Does Your Company Use?	
What Are Your CRM Business Needs?	
What Is Your Company Culture?	
How Big Is Your Company?	
Are You Global, Regional, or Local?	. 34
Competitiveness of Your IT Infrastructure and	
Architecture	
Core CRM Principles	
Customer First	
Designing a Customer- First CRM Initiative Customized Product and Service Offerings for	. 37
Customers	. 39
Increase Customer Lifetime Value	. 39
What Functionality Should Your CRM Application	
Provide?	. 40
What Drives CRM Technology?	. 41
Conclusion	. 41
2 SAP CRM Detailed Overview	43
What Is SAP CRM?	. 43
SAP CRM Strengths	. 44

	The Three Key Components of SAP CRM SAP CRM Solution Map  SAP CRM Marketing  SAP CRM Sales E-Commerce (Formerly Internet Sales)  SAP CRM Service  Analytics How Can SAP CRM Analytics Help Your Company?  SAP CRM Solutions for Small- and Medium-Size  Businesses	47 48 49 50 51 53 55
	SAP CRM On-Demand Solutions	58
3	SAP CRM Marketing	61
	SAP CRM Marketing Component  Marketing Resource Management (MRM)  Market Planning and Budgeting  Segmentation  List Management  Campaign Management  Trade Promotion Management (TPM)  Lead Management  Backend ERP Integration  Marketing Analytics  Case Study  Conclusion	64 65 67 68 70 71 73 75 75
4	SAP CRM Sales	79
	Discover SAP CRM Sales  Accounts and Contact Management  Activity Management  Planning and Forecasting  Territory Management  Opportunity Management	81 84 84 85

	Product Configuration and Pricing	. 87
	Quotation and Order Management	
	Billing and Contract Management	
	Incentives and Commissions Management	
	Time and Travel Management	
	Sales Analytics	
	Case Study	
	Conclusion	
5	SAP CRM Service	99
	D: CAR CRAAC :	400
	Discover SAP CRM Service	
	Installed Base Management	
	Warranty Management	
	Contract and Entitlement Management	
	Resource Planning	
	Knowledge Management	
	Case Management	
	Service Order and Service Ticket	
	Complaints and Returns	
	In-House Repair	
	Service Analytics	
	Business Drivers	
	Case Study	
	Conclusion	121
6	SAP CRM Interaction Center	123
	Interaction Center Strategy	125
	Consolidating Standalone Telephone, Email,	123
	and Chat Applications	127
	Customer-Facing Tools and Interfaces	
	Telephone and Interactive Voice Response	
	SAP CRM Interaction Center Capabilities	
	Agent Desktop Productivity Tools	
	Multi-Channel Integration	
	SAP CRM Marketing Integration	
	SAP CRM Sales Integration	
	JAF CIVIN Jaies IIILEGIALIOII	142

	SAP CRM Service Integration  Blended Business Scenarios  Shared Service Centers  Running Your Interaction Center: Operations and Administration  Case Study  Conclusion	145 147 148 148
7	Web Channel Enablement Solution	153
	E-Marketing Demand Generation Catalog Management Personalization  E-Commerce (Formerly E-Selling) Interactive Selling Pricing Order to Cash Web Auctions  E-Service Knowledge Management Service Management Web Channel Analytics Conclusion	156 157 158 159 162 163 170 170 171 172 173
8	SAP CRM Mobile Applications	177
	Introduction to SAP CRM Mobile Technology  SAP CRM Mobile Sales  Mobile Sales Laptop  Mobile Sales Handheld  Mobile Sales Online  SAP CRM Mobile Service  Mobile Service Laptops  Mobile Service Handheld (for SAP CRM 4.0)  Case Study  Conclusion	182 183 186 189 191 191 193 194

SAP CRM Partner Channel Management	199
Why Use Channel Partners?	200
Channel Management and SAP	
Partner Management	
Partner Recruitment	
Partner Profiling and Segmentation	205
Partner Training and Certification	
Partner Networking	207
Partner Compensation	
Partner Planning and Forecasting	
Channel Marketing	208
Partner Communication	209
Catalog Management	209
Campaign Management	209
Lead Management	210
Channel Marketing Funds	210
Partner Locator	211
Channel Sales	212
Account and Contact Management	213
Activity Management	213
Opportunity Management	214
Channel Sales Analytics	214
Partner Order Management	215
Quotation and Order Management	215
Interactive Selling and Configuration	216
POS and Channel Inventory	216
Collaborative Showrooms	217
Distributed Order Management	218
Channel Service	220
Knowledge Management	221
Live Support	222
Service Order Management	
Complaints and Returns Management	
Partner and Channel Analytics	
Case Study	
Conclusion	226

10	The Technology and Tools Behind SAP CRM	229
	SAP NetWeaver Introduction	229
	Enterprise Service-Oriented Architecture	
	(Enterprise SOA)	231
	SAP NetWeaver Integration	
	People Integration	
	Information Integration	
	Process Integration	
	Application Platform	
	SAP NetWeaver for SAP CRM	
	SAP NetWeaver Web Services for SAP CRM	236
	SAP NetWeaver Mobile for SAP CRM	238
	SAP NetWeaver Process Integration (PI)	
	for SAP CRM	238
	SAP NetWeaver Java for SAP CRM	240
	SAP NetWeaver Enterprise Portal for SAP CRM	240
	SAP CRM Technology	242
	SAP CRM Middleware	242
	Groupware Integration with SAP CRM	243
	SAP CRM Mobile	244
	People-Centric User Interface (PCUI)	245
	Business Server Pages (BSP)	246
	SAP CRM WebClient (New with SAP CRM	
	2006s and SAP CRM 2007)	247
	SAP CRM Business Object Layer (BOL)/Generic	
	Interaction Layer (genIL)	247
	ABAP	248
	Case Study	249
	Conclusion	250
11	Master Data	253
	Business Partner (BP) Master Data	255
	Business Partner Design in SAP CRM	
	Business Partner Categories	
	Business Partner Roles	

	BP Classification	
	BP Relationships	
	Product Master Data	
	SAP CRM Product Master Data Design	
	Product Types	
	Product Attributes and Attribute-Set Types	
	Product Categories and Hierarchies	
	Product Relationships	
	Organizational Master Data	
	Organizational Objects	
	Organizational Attributes and Business Attributes	
	Pricing Master Data	
	SAP Internet Pricing and Configurator (IPC)	
	Condition Technique and Condition Records	
	Case Study	
	Conclusion	277
12	Working with SAP Industry Vertical Solutions	279
	Automotive	280
	Automotive	
	Chemical Industry	281
	Chemical Industry Consumer Products (CP)	281 283
	Chemical Industry  Consumer Products (CP)  Engineering, Construction, and Operations	281 283 285
	Chemical Industry  Consumer Products (CP)  Engineering, Construction, and Operations  High Tech	281 283 285 286
	Chemical Industry  Consumer Products (CP)  Engineering, Construction, and Operations  High Tech  Oil and Gas	281 283 285 286 287
	Chemical Industry  Consumer Products (CP)  Engineering, Construction, and Operations  High Tech  Oil and Gas  Life Sciences (Pharmaceutical)	281 283 285 286 287 287
	Chemical Industry  Consumer Products (CP)  Engineering, Construction, and Operations  High Tech  Oil and Gas  Life Sciences (Pharmaceutical)  Financial Services (Banking and Insurance)	281 283 285 286 287 287 289
	Chemical Industry	281 283 285 286 287 287 289 291
	Chemical Industry  Consumer Products (CP)  Engineering, Construction, and Operations  High Tech  Oil and Gas  Life Sciences (Pharmaceutical)  Financial Services (Banking and Insurance)  Leasing  Media	281 283 285 286 287 287 289 291 293
	Chemical Industry  Consumer Products (CP)  Engineering, Construction, and Operations  High Tech  Oil and Gas  Life Sciences (Pharmaceutical)  Financial Services (Banking and Insurance)  Leasing  Media  Professional Services	281 285 286 287 287 289 291 293 294
	Chemical Industry Consumer Products (CP) Engineering, Construction, and Operations High Tech Oil and Gas Life Sciences (Pharmaceutical) Financial Services (Banking and Insurance) Leasing Media Professional Services Public Sector	281 285 286 287 287 289 291 293 294 297
	Chemical Industry Consumer Products (CP) Engineering, Construction, and Operations High Tech Oil and Gas Life Sciences (Pharmaceutical) Financial Services (Banking and Insurance) Leasing Media Professional Services Public Sector Retail	281 283 285 286 287 287 289 291 293 294 297 298
	Chemical Industry Consumer Products (CP) Engineering, Construction, and Operations High Tech Oil and Gas Life Sciences (Pharmaceutical) Financial Services (Banking and Insurance) Leasing Media Professional Services Public Sector Retail Telecommunications	281 283 285 286 287 289 291 293 294 297 298 299
	Chemical Industry Consumer Products (CP) Engineering, Construction, and Operations High Tech Oil and Gas Life Sciences (Pharmaceutical) Financial Services (Banking and Insurance) Leasing Media Professional Services Public Sector Retail Telecommunications Utilities	281 283 285 286 287 289 291 293 294 297 298 299 300
	Chemical Industry Consumer Products (CP) Engineering, Construction, and Operations High Tech Oil and Gas Life Sciences (Pharmaceutical) Financial Services (Banking and Insurance) Leasing Media Professional Services Public Sector Retail Telecommunications	281 283 285 286 287 287 291 293 294 297 298 299 300 303

3	SAP CRM Analytics	305
	SAP CRM Analytics	306
	Marketing Analytics	311
	Market Budget Planning	
	Campaign Planning	
	Target Group Optimization	313
	Market Plan Analysis	314
	Campaign Monitoring and Success	314
	Lead Analysis	315
	External List Analysis	316
	External List Cost and Revenue Analysis	318
	Sales Analytics	
	Territory Management Analysis	321
	Activity Management Analysis	
	Opportunity Management Analysis	
	Sales Quotation and Order Management Analysis	322
	Contract Management Analysis	
	Sales Pipeline Analysis	
	Sales Funnel Analysis	
	Sales Performance Analysis	
	Billing Analysis	
	Service Analytics	
	Service Quality Analysis	
	Customer Analytics	
	Customer Migration Analysis	
	Churn Management	
	Customer Lifetime Value (CLTV)	
	Customer Satisfaction and Loyalty Analysis	
	Product Analytics	
	Cross-Selling Proposals	
	Product Profitability Analysis	
	Interaction Channel Analytics	
	Web Channel Analytics	
	Interaction Center Analytics	
	Conclusion	341

14	SAP CRM User Access	343
	User Access Modes  Desktop/Laptop  Notebook Computers  PDA Companion  Tablet PC  Handheld Devices  Smartphone  SAP CRM Enhanced Usability  Design Layer Customizing  Conclusion	344 345 345 346 347 348 349 351
15	Building an SAP CRM System	355
	Discover Your Business Needs  Set Up a Team and/or Hire an SAP CRM Business Application Consultant Conduct Discovery Sessions  Business Scenario Analysis  Design and Development Functional Design Technical Design Implementation/Configuration/Development  End-to-End Deployment  Project Methodologies ASAP Methodology Cycle Methodology Conference Room Pilot (CRP) Methodology  Conclusion	356 356 357 358 358 359 359 360 360 366 367
16	Varian Medical Systems Case Study	371
	Business Challenge Business Objectives Technology Challenge Solution Deployment	372 374

	Value Achieved	377
	Lessons Learned	378
	Have a Focused Approach and Implement SAP	
	CRM in Small Pieces	378
	Get Key Users Involved Very Early, Preferably During	
	Sandbox Testing	379
	Establish Direct Communication with SAP Product	
	Developers — Especially in a Ramp-Up Scenario	379
	Pilot with a Smaller Group If Possible to	
	Mitigate Risks	379
	Get the Right People on the Bus	380
	Relieve the Core Team of Users from Their Daily	
	Jobs So They Can Dedicate Their Time to the Project	381
	Have Dedicated Project Managers from the Business	
	and IT Teams	382
	Use SAP Best Practices for SAP CRM	382
	Looking Ahead	383
Α	Glossary	385
Index	X	399

# SAP CRM Marketing

If you want to sell your products (including service products), you need to let customers know what you have to offer. In today's competitive marketplace, getting your products known is essential to your growth. To put it simply, marketing is everything you do to make sure your customers and prospects know about your products.

One of the key goals of marketing, therefore, is to generate customer awareness and demand for your products. Like all successful activities, marketing begins with a strategy and a plan. A marketing strategy defines conceptually at a high level how you want to use your limited marketing resources to best optimize brand awareness and sales revenue to create a competitive advantage. For example, perhaps you're a consumer packaged goods company and decide that you want to rely on in-store trade promotions — essentially paying grocery store retailers to prominently display and advertise your products in the store. Or, perhaps you're an enterprise software company that decides to launch a television and print media campaign to make a push into the lucrative small- and mediumbusiness (SMB) market.

Marketing strategy versus marketing plan

Whereas a marketing strategy defines the goals you want to accomplish, a marketing plan describes the details of how you plan to achieve those goals. With your marketing plans, you decide what your customers should know about your products or services, allowing them to distinguish your products from the many other choices available. A marketing plan is composed of marketing plan elements, namely campaigns and trade promotions:

- > A *campaign* contains information such as the campaign objectives, tactics, priority, channel (email, telephone, mail, print media, etc.), and target market.
- > A *trade promotion* contains information such as the trade funds (or budget), trade activities, maximum price discount, maximum duration, whether there is allowed overlap with other promotions, and so on.

But whether you're targeting customers directly through campaigns or indirectly through retail trade promotions, the goal is the same: to acquire new customers, to increase your market share of existing customers, and to protect and retain your most valuable customers from competitors.

When people think of marketing, they often focus on outward activities such as advertising and telemarketing designed primarily to capture new customers. However, an important but sometimes overlooked role of marketing is to identify and *retain* a company's most valuable and profitable customers. Much has been written in the past few years about how it's 5 to 10 times more expensive to acquire new customers than to sell to existing customers.

However, a disproportionate amount of marketing budgets are still focused on efforts to acquire new customers rather than efforts to retain profitable existing customers. But this can be a real mistake! Many experts recommended that companies focus most of their mar-

keting efforts on activities designed to increase customer loyalty and to prevent customer churn and defections.

For example, SAP Real-Time Offer Management (which will be discussed later in this chapter) can identify and propose the optimal marketing retention offer for at-risk customers during a real-time customer interaction. On one hand, it's important to prevent customer defections by offering an appealing retention offer. On the other hand, with shrinking profit margins and increased competition, companies can't afford to give away more discounts and incentives than is absolutely necessary to retain a customer. It's important to pick just the right retention offer that provides enough of an incentive to keep the customer but doesn't needlessly waste money and resources by providing far more than is necessary.

It's important for companies to be able to justify marketing budgets by accurately estimating returns on the marketing dollars spent. Companies also need to be able to align and coordinate the marketing activities to ensure effective timing with product releases and such. And to make campaigns really effective, you need to be able to break down your activities by customer segment. This is where SAP CRM Marketing shines. SAP CRM Marketing helps you identify which customers you should target with which of your products. It also maintains information about those customers so you can close your deals more efficiently. So let's take a look at everything you'll find in the Marketing component.

## SAP CRM Marketing Component

SAP CRM Marketing assists your company in planning, budgeting, executing, analyzing, and optimizing all aspects of marketing and campaign execution. In the next sections, we'll take a detailed look at each of the eight major components as shown in Figure 3.1.

SAP Real-Time Offer Management



Figure 3.1 SAP CRM Marketing Solution Map

#### Marketing Resource Management (MRM)

A successful marketing campaign requires tools and resources that are flexible enough to meet your company's marketing needs. SAP CRM Marketing Resource Management (MRM) provides the tools to increase efficiency and visibility of your marketing resources. Marketers have limited resources, and those resources need to be maximized. For example, almost all managers will tell you that they never seem to have enough people, time, or budget. Marketing managers, in addition, also need flexibility to respond to changing dynamics. Most marketers would agree that marketing is probably more of a skill — or even an art — than an exact science.

MRM manages resources for running successful marketing campaigns

MRM manages all of the resources that businesses need to run successful marketing campaigns. You can plan and forecast, manage costs and budgets, control digital assets (brands, logos, collaterals, and so

on), and publish calendars of marketing events. For example, marketing teams need to know what events are happening when and where — whether it's a trade show, analyst briefing, Web cast, or television or print media campaign. The marketing calendar tool is used as the central entry point for marketing professionals. The tool can be used to view, edit, and interlink campaigns and promotions (Figure 3.2).

Sales people also need access to the most up-to-date marketing collaterals and assets relevant for their job, while preventing expired or inappropriate collaterals from being accidentally circulated.

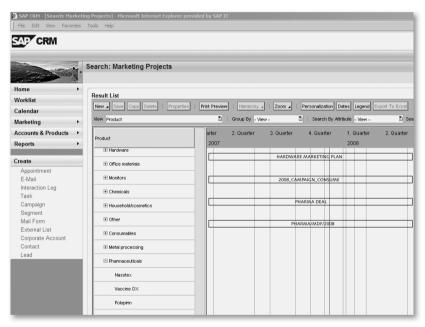


Figure 3.2 Marketing Calendar Functionality in SAP CRM

### Market Planning and Budgeting

Any organization's marketing plans depend on the allocated budgets. Marketing budgets drive your planning options. SAP CRM integration with SAP NetWeaver BI helps analyze past market budgets and create a budget forecast based on historical data. You can run budget scenarios with each of the marketing planning scenarios you have on the table. Your marketing planning decisions are based on business needs

and marketing budgets. SAP CRM Marketing comes integrated to SAP Project Systems (PS), part of the controlling components of SAP ERP. The marketing planning can be managed either in Microsoft Project (MSP) or in the SAP ERP Project Systems component (Figure 3.3).

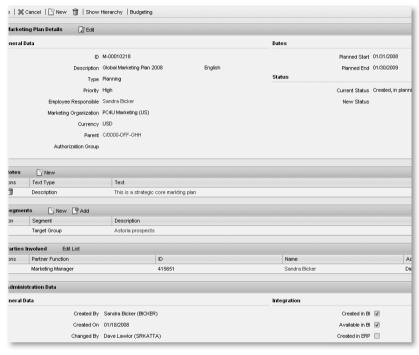


Figure 3.3 Marketing Planning Application in SAP CRM

MRM versus marketing automation



Marketing Resource Management (MRM) is sometimes confused with another marketing concept called marketing automation. However, the two are quite distinct. *Marketing automation* is, as its name suggests, primarily concerned with automating processes such as customer segmentation and customer list creation. Often marketing automation is associated with direct marketing and telemarketing. MRM on the other hand is a much more broad and comprehensive approach that gives marketing managers all of the tools they need to run a successful marketing campaign, including budgeting, forecasting, managing digital assets, and managing marketing calendars.

### Segmentation

Every customer has specific needs and wants. However, groups of customers who exhibit similar attributes and needs fall into what are known as *customer segments*. Customer segmentation — the process of grouping customers with similar attributes into segments that can be used as the basis of marketing campaigns — can be performed using various criteria or attributes.

**Customer segments** 



### **Example**

A video game company is getting ready to roll out two new games in time for the Christmas buying season, and it wants to target customers from its existing customer database with an email or a short message service (SMS) message. One video game is entitled Axe Maniac on Parole and is targeted at young males between the ages of 12 and 26 who enjoy violent first-person shooter games. The second video game is entitled Marathon Shopper: New York City and is targeted at anyone who bought the "Marathon Shopper: San Francisco" game, as well as female video game players who live in New York or New Jersey. Creating targeted customer segments allows the company to reduce marketing costs (because not every customer will receive the email or SMS) and also helps the company avoid annoying or offending existing customers by offering a game that they are likely not interested in.

The SAP CRM Marketing functionality includes a tool called the Segment Builder that can be used to build target groups for marketing campaigns based on marketing attributes such as age, income, geographical location, hobbies, buying behavior, RFM (recency, frequency, monetary) values, and so on.

The Segment Builder can access customer data from a variety of sources, including SAP NetWeaver BI, SAP ERP, or even rented or purchased customer lists. To speed up the process of searching for and retrieving customer data, the Segment Builder takes advantage of a high-speed business partner search using the SAP NetWeaver TREX search engine. Additionally, the Segment Builder offers a number of other advanced features such as predictive modeling, dynamic filtering, segment duplication, target group optimization, clustering, data mining, decision trees, and ABC analysis based on profitability and

retention scores. Spend a couple of minutes on Figure 3.4, so that you can understand the Segment Builder application.

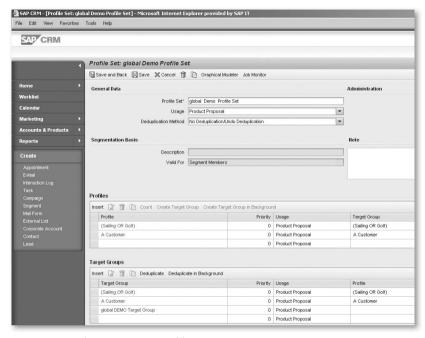


Figure 3.4 Marketing Segment Builder in SAP CRM

#### List Management

List management

Often, companies buy or rent lead lists from list-management companies (e.g., Hoovers, Dun & Bradstreet, etc.) or use leads generated by trade shows conducted by channel partners. SAP CRM External List Management (ELM) provides data mapping between source data fields and SAP CRM data fields, duplicate check (between owned and acquired leads), data cleansing, address validation, measurement of list quality (number of duplicate records, address errors, etc.), and list analysis. ELM helps companies manage customer master records, including cleansing, de-duping, and flagging expired or already used records for deletion (e.g., for rented lists). And, of course, list data can be exported to SAP NetWeaver BI and merged with other business data (such as sales data) to track the success of each list.

# Example

One SAP customer, an American news agency, had been purchasing expensive third-party lead lists for a number of years. The company had no way of tracking how many of the customer names on the list actually resulted in a sale, but the company was beginning to suspect that the lead lists were not generating significant sales. After implementing SAP CRM, including ELM and SAP NetWeaver BI integration, the company confirmed that the lists were not resulting in nearly any sales. Rather, almost all of the company's sales were coming from customers who had contacted the company via the Web on the company's website. So, of course, they stopped purchasing the expensive lead list and put more efforts into making their website even easier to use.

Figure 3.5 shows the steps and settings required to import list data from an external file, map the data, process the data, and save the data in SAP CRM using ELM.

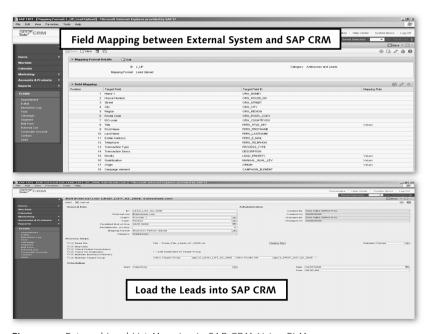


Figure 3.5 External Lead List Mapping in SAP CRM Using ELM

### Campaign Management

Campaign management tools for running a campaign from start to finish SAP CRM campaign management provides tools for setting up and running a campaign from start to finish, beginning with market analysis, continuing with the execution of the campaign, and ending with analytics. The results of the campaign then, of course, can be used for planning future campaigns to enable closed-loop SAP CRM. Using SAP campaign automation tools, you can graphically model a campaign and conduct campaign simulation. An easy-to-use graphical interface provides a clear overview of the campaign process flow, including support for multi-channel and multi-wave campaigns.

For example, you might choose to execute your campaign as an email campaign, a telephone campaign, both, or via other channels such as fax, SMS, and so on. If you're conducting an email campaign, you can use the Marketing Mail Form tool to create email templates to support the campaign. You can also attach surveys to the emails. If you're conducting a telephone campaign via the interaction center, you can use the Interactive Script Editor tool to create call scripts to guide the interaction center agents through telephone conversations with prospects and customers. The campaign management application supports both B2B and B2C scenarios, as well as mixed B2B/B2C scenarios. The most typical campaign scenarios are multi-wave campaigns, recurring campaigns, and event-triggered campaigns (Figure 3.6).

# EX

### Example

A retail catalog sporting goods company wants to target customers who have signed up for the company's newsletter on the website but have not yet made any purchases with the company. To entice these new customers to give the company a try, the company might generate an email campaign offering free shipping on orders over \$50 for the next two days. The email could also contain a promotion code in case the customer would prefer to call the interaction center and have an agent assist them with placing the order rather than using the Internet. When the customer provides the campaign promotion code to the interaction center agent, the agent could automatically pull up the correct interactive call script containing details about the promotion. Even though the outbound portion of the campaign was communicated via email and not via the outbound call list in the interaction center, the company still had the option to allow the interaction center to support the campaign.

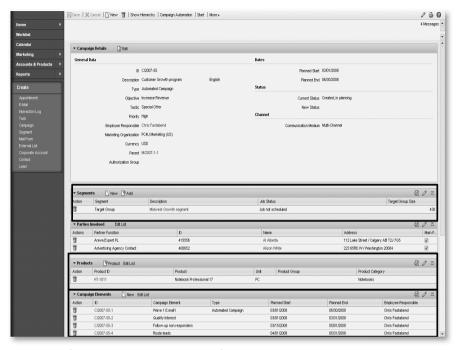


Figure 3.6 The Campaign Management Application in SAP CRM

The campaign management application also provides real-time monitoring of ongoing campaigns and allows managers to adjust campaigns for optimum results. The system provides campaign-specific pricing and supports tracking of sales triggered from a campaign.

### Trade Promotion Management (TPM)

TPM helps organizations increase the effectiveness of their in-store retail promotions. Many manufacturers spend a significant percentage of their sales revenue on trade promotions — refunds or discounts given by manufacturers to retailers in hopes that the retailer will in exchange lower the price of the product and pass the savings on to consumers, generating more demand for the manufacturer's product.

Trade promotion (also sometimes referred to as *trade spend*) is most commonly associated with the consumer packaged goods (CPG) industry but is also quite common in other retail-based industries, such as footwear and apparel as well as consumer electronics. Many recent studies are raising questions about the effectiveness of trade promo-

Trade Promotion Management (TPM) increases retail promotion effectiveness tions, suggesting that manufacturers aren't able to accurately track how much revenue results from any particular trade promotion.

Additionally, studies suggest that up to a third of most trade promotion funds may go directly to the retailer's bottom line, rather than being passed on the customer in the form of reduced prices. Retailers have been found to use techniques such as forward-buying to buy large quantities of product at a discounted promotional price and then — rather than selling the product right away at a discounted price — holding on to the product and selling it after prices return to their normal levels. National retailers also take advantage of regional trade promotions to buy large quantities at the discounted price in a certain region and then ship the product across the country to their stores in other locations where the product can be sold at full price. Nonetheless, despite all of these issues, trade promotions have steadily increased over the past 10 years and still seem to be increasing.

SAP TPM addresses these concerns by giving manufacturers the tools to make sure retailers can demonstrate that they sold the required quantity of product in the appropriate retail location. For example, retailers receive compensation only for the units that they can prove were sold from a valid retail location within a valid time period specified by the promotion. This concept is sometimes referred to as *pay-for-promotion*.

TPM begins with deciding how to use allocated funds — based on sales targets and budgets — across various possible promotions to optimize sales revenue and brand awareness. After the trade promotions are created, you can use forecasting tools to pre-analyze planned trade promotion spending. If things look good, you can release the promotions, which will trigger accruals and fund use. SAP TPM is fully integrated with SAP CRM, SAP ERP, SAP Supply Chain Management (SCM), and Business Process Simulation (BPS) — Strategic Enterprise Management (SEM). The integrated TPM system handles creating, executing, monitoring, and optimizing TPM programs at the key account level (e.g., a national grocery chain) as well as in-store promotions (e.g., for a local promotion in your neighborhood grocery store). SAP CRM TPM provides trade funds management, trade spend

budgeting, account/product allocation, deductions management, and payment processing (Figure 3.7).

# **Ex** Example

An international beverage bottler is spending over 50% of its annual advertising budget (which equates to around 30% of its annual sales revenue) on trade promotions with large retailers such as Sam's Club, Costco, and Wal-Mart. The retailer has historically invested heavily in trade promotions providing various price discounts, rebates, refunds, free and subsidized in store displays, and so on. However, the company feels that perhaps only a quarter of the money it's spending is actually providing measurable results. The company wants more transparency and control over the management of its trade promotions with retailers, as well as stronger optimization, simulation, and analytical capabilities.



Figure 3.7 Setup Trade Promotions Using the SAP CRM TPM Tool

### Lead Management

So far, we've discussed marketing planning, budgeting, customer segmentation, list management, campaign management, and trade pro-

Manage leads across all marketing channels motion management. Let's assume that your marketing efforts are a mega success, and customers and prospects are responding positively to your campaign. Customers are contacting you via email, phone, and the Web asking for more information. Now you need a tool to capture the leads and customer information. SAP CRM lead management functionalities allow you to manage leads across all marketing channels, including telemarketing, email marketing, Web-based promotions, and so on.

Lead management provides capabilities to generate leads on the Web as well as to automatically qualify leads or to dispatch leads for qualification using workflow or business rules. You can also automatically generate follow-up activities with reference to leads. As shown in Figure 3.8, leads created in SAP CRM will have the following main fields:

- Main Partners
- > Qualification Level
- > Lead Group
- > Lead Priority
- > Lead Origin



Figure 3.8 Creating Leads Using SAP CRM

# Example

A large international software company uses the SAP CRM Interaction Center to qualify leads generated from trade shows, conferences, and customer events. Inside sales people telephone the customer to assess the level of interest in the company's products. The interaction center agents use a survey tool, which is integrated into the interaction center lead screen, to automatically qualify the lead based on the customer's responses to questions about the level of interest, desired quantity of product, product type, and expected time frame of purchase. If the customer indicates an interest but doesn't plan to buy for at least six months, the system might automatically qualify the lead as warm, rather than hot. However, if the agent also knows that a competitor is speaking with this customer, the agent might manually qualify the lead as hot. The manual qualification is recorded separately and does not override the automatic survey-based qualification. After the agent saves the lead, the SAP CRM system automatically routes the lead to the responsible sales person using business routing rules that the customer maintained via a tool called the SAP CRM Rule Modeler.

### **Backend ERP Integration**

SAP CRM comes with standard out-of-the-box integration with the SAP ERP backend system. You may want to transfer a marketing project and marketing budget to SAP ERP Project Systems (PS), which checks and monitors the marketing costs and sends alerts if you go over the planned budgets or if the planned costs are not compatible with the available funds. You can also set up integration with SAP ERP Controlling Profitability Analysis (CO-PA) if you want to enter marketing costs and sales revenue and settle them to CO-PA.

### **Marketing Analytics**

SAP CRM is integrated with both SAP ERP and SAP NetWeaver BI, providing closed-loop marketing analytics that measure, predict, plan, and optimize marketing plans. Analytics help you to understand the effectiveness of your marketing activities, allowing you to convert data into actionable intelligence. For example, you can gain insights into why certain marketing activities didn't work and avoid duplicating

them down the road. You can also discover which activities worked well and leverage them again for future marketing efforts.

Various types of marketing analytics are available, including campaign analytics, lead analytics, and trade promotion analytics. For example, you can view reports about customer marketing attributes, CLTV, churn propensity, and customer satisfaction level. Based on this data, you can more accurately predict customer behavior, anticipate customer needs, and generate appropriate marketing messages. See Figure 3.9 for full details regarding the analytical capabilities of SAP CRM Marketing.

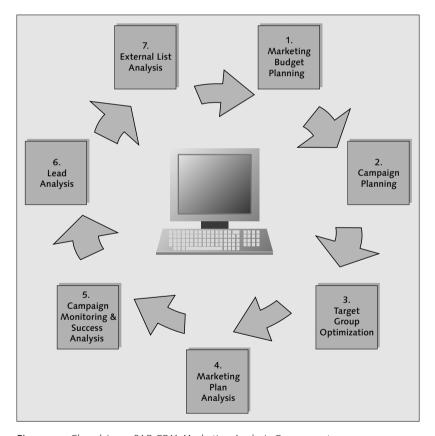


Figure 3.9 Closed-Loop SAP CRM Marketing Analysis Components

## **Case Study**

The company in this case study is a world leader in digital media creation tools for film, video, audio, animation, games, and broadcast professionals. In fact, this company's technology may be behind a great movie you've watched recently. The company had sales revenues of \$1 billion in 2007.

The business challenges facing this company include a standalone marketing system currently running on Onyx and an apparent disconnect between the marketing and sales departments. Because of this, the success of a marketing campaign was hard to estimate.

To face these challenges, the company has the following business objectives:

- Monitor campaign effectiveness in real time by measuring the sales revenue generated by a campaign.
- > Create integrated marketing analytics that help analyze and adjust the marketing programs.
- > Improve overall customer and dealer satisfaction.

On the technology side, the company is faced with two challenges: integrating the marketing and sales system, and creating a CRM system that integrates seamlessly with the backend SAP R/3 system.

The solution deployed to meet these challenges initially included an SAP CRM 3.0 system, an SAP R/3 4.6C system, and an SAP BW 3.1 system. The SAP CRM system was later upgraded to SAP CRM 4.0.

The value achieved by deploying this solution included an integrated marketing and sales system where in a prospect is created and upgraded to customer when an order is placed. As a result, the customer data redundancy when a standalone marketing system was used was eliminated.

Another benefit is that all of the interactions with the prospect/customer are visible in the customer interaction history.

Finally, the marketing programs are being managed, monitored, and adjusted in real time using marketing analytics.

#### Conclusion

In this chapter, we covered the major components of SAP CRM Marketing. The key things you should remember about this component include the following:

- SAP CRM Marketing is a comprehensive tool that supports marketing as well as campaign planning and execution using a variety of communication channels, such as telephone marketing, email marketing, Web-based marketing, and postal mail marketing.
- ➤ SAP CRM Marketing provides all of the tools necessary for marketing managers to successfully execute marketing campaigns.
- SAP CRM Marketing is fully integrated with SAP ERP and SAP NetWeaver BI.

This chapter has provided you with the details you need to understand what a great tool CRM Marketing is and how you can benefit from using it.

In the next chapter, we'll move on to cover SAP CRM Sales.

# Index

A	Billing and contract management, 80
	Blended business scenario, 144
ABAP, 248	Brand marketing, 284
Advanced Business Application Pro-	Business blueprint, 364
gramming, 248	Business Addins (BAdIs), 142
Access sequence, 275	Business Communications Manage-
Account and contact management, 80,	ment (BCM), 129
81, 293	Business Object Layer (BOL), 248
Account management, 185	Business package, 241
Account planning, 185	Business partner (BP) master data,
Actionable intelligence, 306	255
Activity management, 80, 185	Business partner category, 256
Activity Menu, 188	Groups, 256
Adobe Forms, 236	Natural persons, 256
Adobe Interactive Form, 237	Organizations, 256
Advanced Planner and Optimizer	Business partner classification, 258
APO, 91	Account group, 258
Advertising sales management, 293	Competitor, 259
Agent desktop productivity tools, 139	Consumer, 259
Allgemeiner Berichts Aufbereitungs	Customer, 259
Prozessor, 248	prospect, 259
Analytical method, 308	Business partner relationship, 260
Measurement, 308	Business partner role, 257
Optimization, 308	Account, 257
Planning, 308	Bill-to party, 257
Prediction, 308	Business Partner (Gen), 257
Analytical scenario	Consumer, 257
Customer, 309	Contact Person, 257
Interaction channel, 309	Employee, 257
Marketing, 309	Payer, 257
Product, 309	Prospect, 257
Sales, 309	Ship-to party, 257
Service, 309	Sold-to party, 257
ASAP methodology, 360	Business to Business (B2B), 29
ASAP phase, 362	Business to Consumer (B2C), 29
Attribute set type, 264	
Available-to-Promise	
ATP, 91	<u>C</u>
	Calendar and task management, 185
В	Call center, 123, 287
<u> </u>	Call Me Back, 133
Backend ERP integration, 75	Campaign and trade promotion man-
Batch management, 282	agement, 185
	•

Campaign management, 48, 70, 293 Consumer decision tree (CDT), 285 Campaign automation, 209 Consumer products Marketing calendar, 209 Brand management, 284 Marketing planner, 209 Category management, 285 Consumer products (CP), 283 Case management, 110 Catalog management, 157 Contact center, 123 Categorization, 284 Contact center software, 129 Category performance analysis (CPA), Contract management, 185 2.85 Credit card management, 299 Channel commerce, 202 CRM Marketing Partner order management, 202 Marketing plan, 62 Channel intermediary, 201 Marketing strategy, 62 Channel marketing, 202 CRM middleware, 242 Campaign management, 209 CRM Mobile applications, 177 Catalog management, 209 Offline mode, 177 Lead management, 210 CRM sales force automation system Marketing funds, 210 SFA, 93 Partner communication, 209 CRM Service, 99 Partner locator, 211 Contract and entitlement management, 105 Channel partner management, 49 Channel sales, 202 CRM Service order management, 112 Account and contact management, CRM WebClient, 95, 159, 247, 344 213 CRM WebClient user interface, 247 Activity management, 213 Cross-application analytics, 311 Channel sales analytics, 214 CRP methodology, 367 Opportunity management, 214 Customer analytics, 334 Channel service, 202 Churn management, 334 Complaints and returns manage-Customer lifetime value (CLTV), 334 ment, 223 Customer loyalty, 334 Knowledge management, 221 Customer migration, 334 Live support, 222 Customer satisfaction and loyalty, 337 Service order management, 222 Collaborative Project (cProject), 296 Customer fact sheet, 306 Commodity chemical, 282 Customer-first approach, 37, 38 Communication Management Soft-Customer Lifetime Value (CLTV), 39 ware (CMS), 140 Customer service, 293 Cycle methodology, 366 Complaint management, 185 Complaints and returns, 114 Quality notification (QM), 114 D Return material authorization (RMA), 114 Dashboard, 148, 307 Condition record, 273 Delivery-related billing, 92 Condition table, 275 Demand-driven distributed order Condition technique, 273, 274 management, 282 Condition type, 275 Distributed order management, 282 Consignment process, 283 Document Management, 283

#### Ε E-Commerce, 49, 154 Implementation method, 355 EDI transaction document Incentives and commissions manage-EDI 940, 166 ment, 81, 93 EDI 945 shipment confirmation Industry vertical, 28 form, 166 Industry vertical solution, 279 Automotive, 280 Embedded analytics, 306 Employee interaction center Banking, 280 EIC. 147 Chemical, 280 End-to-end deployment, 359 Consumer products, 280 Enterprise Java Beans (EJB), 240 Engineering and construction, 280 Enterprise Portal (EP), 240 Financial services, 280 Enterprise services, 47 High-tech, 280 Enterprise SOA Insurance, 280 Support from NetWeaver, 231 Leasing, 280 Entitlement management, 106 Life sciences, 280 Media, 280 E-Service Oil and gas, 280 Customer self-service, 171 Exchange Infrastructure (XI), 238 Pharmaceuticals, 280 External List Management (ELM), Professional services, 280 68 Public sector (government), 280 Retail, 280 Telecommunications, 280 F Utilities, 280 In-house repair, 115 Field sales, 49 Inquiries, 90 Handheld sales, 51 Installed base management, 101 Mobile sales, 51 IBase, 101 Full-cycle solution, 45 Individual object, 101 Functional design, 358 IObject, 101 Installed base object G Object, 101 Intellectual Property Management Grantor Management, 297 (IPM), 294 Groupware integration, 243 Interaction center, 49, 287, 305 Interaction channel analytics, 311, 339 н Interaction center, 340 Web channel, 340 Handheld device, 177 Interaction Layer (genIL), 248 BlackBerry, 178 Interactive selling, 159 PDA, 177 Interactive voice response, 133 Smartphone, 177 Internet Customer Self-Service Home and home office business ICSS, 136 (HHO), 30

Internet customer self-service portal, 136 Internet Pricing and Configurator *IPC, 88* Internet Pricing and Configurator (IPC), 160, 162 Internet Pricing Configurator (IPC), 240 Internet Sales, 154 IP-PBXs, 129

#### J

Java 2 Platform Enterprise Edition (J2EE), 240 Java Database Connectivity (JDC), 240 Java Message Service (JMS), 240 Java Server Pages (JSP), 159 Java Virtual Machine (JVM), 240

#### K

Key performance indicator (KPI), 235 Knowledge management, 108, 171 Text Retrieval and EXtraction (TREX) engine, 108

#### П

Large enterprise business, 30 Lead business systems analyst (BSA), 358 Lead management, 48, 73 List management, 68

#### Μ

Marketing analytics, 48, 75, 311

Campaign monitoring and success, 314

Campaign planning, 312

Lead analysis, 315

Market budget planning, 312

Market plan analysis, 314 Target group optimization, 313 Marketing automation, 66 Marketing plan Campaign, 62 Trade promotion, 62 Marketing Resource Management (MRM), 48, 64 Master data, 253 Business partner, 259 Customer, 259 Material Safety Data Sheets (MSDS), 283 Microsoft Active Sync, 346 Microsoft Windows, 231 Mobile application, 305 Mobile Application Studio (MAS), 180 Mobile client, 180 Mobile Infrastructure (MI), 347 Mobile Sales Laptop solution, 185 Mobile Service, 191 Service order management, 192 Mobile system landscape, 181 Multi-channel integration, 140

### N

NetWeaver Application Server, 159 NetWeaver Mobile, 230

### 0

Object

component, 101
Operational planning, 85
Opportunity management, 80, 86, 185
Order to cash, 163
Organizational master data, 267
Organizational attributes and business attributes, 269
Organizational object, 268
Organizational structure, 267
Organizational unit, 270

#### Product master data, 262 Ρ Product Modeling Environment PalmOSÆ operating system, 347 PME. 88 Product relationship, 266 Partner and channel analytics, 223 Product search and display, 185 Partner channel management, 305 Product type, 263 Partner management, 202 Financial Services, 264 Partner compensation, 208 Financing, 264 Partner networking, 207 Intellectual Property, 264 Partner planning and forecasting, Material, 264 208 Service, 264 Partner profiling and segmenta-Warrantv. 264 tion, 205 Partner recruitment. 203 Project planning, 363 Partner training and certification, Push to talk, 133 205 Partner order management Q Collaborative showrooms, 216 Distributed order management, Quotation and order management, 218 80,89 Interactive selling and configuration, 216 R POS and channel inventory, 216 Quotation and order management, Realization phase, 364 215 Real-Time Offer Management (RTOM), Pay-for-promotion, 72 141 PBXs, 129 Recency, frequency, and monitor People-Centric User Interface value (RFM), 313 PCUI. 95 Remote Function Cases (RFCs), 142 Personalization, 158 Resource planning, 107 Planning and forecasting, 84 Route optimization, 108 Point of Sale (POS) data, 285 Van stock, 108 Portfolio Management (xRPM), 296 Price and Margin Management, 286 Price optimization, 286 S Pricing, 162 Pricing master data, 272 SaaS, 58 Pricing procedure, 275 Software as a Service, 58 Product analysis Sales analytics, 81, 185, 320 Product profitability, 338 Activity management, 321 Product analytics, 337 Billing, 326 Cross-selling proposals, 338 Contract management, 323 Product attribute, 264 Opportunity management, 321 Product category and hierarchy, 265 Sales Funnel, 324 Product configuration and pricing, Sales performance, 325 80, 87 Sales pipeline, 324

Sales quotation and order manage-SAP CRM Service Parts Management, ment, 322 286 Territory management, 321 SAP CRM solution map, 47 Sales Configuration Engine SAP Direct Store Delivery (ERP), 180 SCE, 88, 273 SAP Enterprise Portal (EP), 230 Sales order management, 185 SAP ERP. 44 Sales planning and forecasting, 80 SAP ERP Sales and Distribution (SD), Sales Pricing Engine SPE, 88, 273 SAP Incentive and Commission Man-Sample management, 283 agement (ICM), 290 SAP Business Information Warehouse SAP Internet Pricing and Configurator (BI), 230 (IPC), 272 SAP Business Information Warehouse SAP Leasing, 291 (BW), 306 SAP Mobile BI (NetWeaver), 180 SAPconnect, 140 SAP Mobile Procurement (SRM), 180 SAP CRM, 43 SAP Mobile Sales (CRM), 180 SAP CRM Analytics, 53, 305 SAP Mobile Sales (ERP), 180 Interaction center analytics, 54 SAP Mobile Service (CRM), 180 SAP Mobile Time and Travel (ERP), Marketing analytics, 53 Sales analytics, 54 Service analytics, 54 SAP Mobile Warehouse Management SAP CRM interaction center, 123 (SCM), 180 SAP CRM Marketing, 48 SAP NetWeaver, 229, 231 SAP CRM Mobile application Adoptions in 2006, 231 Mobile Sales Laptop (MSA LPT), 178 Composition platform, 235 Mobile Sales Online (MSOn), 178 SAP NetWeaver Application Server, SAP CRM Mobile Application 84. 233 Mobile Service Handheld (MSE HH), SAP NetWeaver Business Intelligence 178 (BI), 306 SAP NetWeaver Business Process Mobile Service Laptop (MSE LPT), Management, 235 SAP CRM Mobile Device SAP NetWeaver. E-Commerce, 159 Mobile Sales Handheld (MSA HH), SAP NetWeaver Enterprise Portal, 236 SAP NetWeaver Exchange Infrastruc-SAP CRM on-demand, 44 ture (SAP NetWeaver XI), 230 SAP CRM on-premise, 44 SAP NetWeaver Master Data Manage-SAP CRM partner channel management (MDM), 254 ment, 199 SAP NetWeaver Process Integration SAP CRM partner channel manage-(SAP NetWeaver PI), 238 ment solution map, 201 SAP NetWeaver TREX, 236 SAP CRM Rental, 286 SAP Price and Margin Management, SAP CRM Rule Modeler, 87 SAP CRM Sales, 49 SAP Real-Time Offer Management, Activity management, 183 Contact management, 183 SAP SME portfolio SAP CRM Service, 100 Definition, 56

SAP xApps Mobile Time and Travel, 94 SAP XI. 238 Segment and list management, 48 Segmentation, 67 Customer segment, 67 Segment Builder, 67 SEM-BPS, 94 Service analytics, 117, 327 Service quality, 328 Service contract management, 106 Service Level Agreement, 105 SLA, 105 Service management, 172 Service order, 112, 287 Service order and service ticket, 111 Service order management, 185 Service ticket, 112, 287 Shared-Service Center, 147 SSC, 147 Shelf management, 185 Small and medium business (SMB), 30 Smartphone Short Message Service (SMS), 348 Specialty chemicals, 282 Strategic planning, 84 Subscription sales, 293 Supplier Relationship Management (SRM), 166 Supply Chain Management (SCM), 282 Т Technical design, 359 Telco, 299 Telephone system hardware, 128 Territory management, 80, 85, 185

Three Pillars of SAP CRM, 45

Transaction-related billing, 92

Transaction Tax Engine

48, 71

TTE, 88

Time and travel management, 81, 185

Trade Promotion Management (TPM),

Total cost of ownership (TCO), 33

### U

Usability, 349
User acceptance testing (UAT), 359
User access, 343
PDA Companion, 345
User access mode
Desktop/PC, 344
Handheld, 347
Laptop, 344
Notebook Computers, 345
Smartphone, 348
Tablet PC, 346
User access modes, 344

#### ٧

Varian Medical Systems, 371
Variant configuration, 273
Virtual interaction center, 124
Visit planning and route optimization, 185

### W

Warranty management, 103 Web auctions, 170 Web channel, 305 Web Channel Analytics, 173 Web Channel Enablement E-Analytics, 154 E-Commerce, 154 E-Marketing, 154 E-Service, 154 Web Channel Anlaytics, 154 Web Channel Enablement solution, 153 Web chat, 137 Web form, 134, 136 Web Service Description Language (WSDL), 237 Web Services, 236 Windows Mobile 2003 SE, 346 Windows Mobile (WM) 2005, 346