

CALL CENTRE  
REVOLUTION



PRINCETON  
GERMANY  
- AN UPDATE

SUCCESSFUL  
CRM

CRM  
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SEMINAR  
UPDATE



GO

# Princeton News

welcome to the quarterly digital  
newsletter from the people at Princeton

PRINCETON  
CONSULTING

July 2001



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# Welcome

Welcome to the third issue of Princeton News. Another quarter has passed and the question remains: when are we likely to see an upturn in the markets?

As the Technology magazine Red Herring points out, the bears contend that IT buyers bought more than enough equipment for the year 2000 problem and to upgrade to the Internet, so demand won't be picking up soon. The bulls are arguing that the developed world is too dependent on IT to communicate and to operate its businesses efficiently for the downturn to last too long. And everyone else, from the venture capitalists to the day traders, is busy blaming one another.

Roger McNamee, a renowned American VC, points out: "Every new successful commercial invention, from electricity to the Internet, was built upon the back of a financial mania." But it is only after the initial collapse and consolidation of the first generation of companies that the markets become big enough to support a healthy investment return.

At Princeton, we are fortunate to be having record quarters right now, despite the economic downturn. We need to be ready when the markets finally start their turnaround. The first generation of eBusiness applications will be replaced by the next generation of "real-time enterprise software" applications, where instantaneous financial, inventory, and other critical information will be available to employees, partners and customers; and

transactions will flow spontaneously on a 24-hour basis without human assistance.

If businesses want to survive and remain competitive, they will have to "Cisco-ize" and "Dell-ize" their operations, in order to extract the last ounce of efficiency and speed out of their networks and processes.

The new economics require that systems become auto-everything!

I hope that you enjoy reading this edition of the newsletter and as always, I would be very interested in receiving your comments.

**Afshin Rabbani, CEO**

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# In This Issue

## Princeton Progress.

Afshin Rabbani reports on the end of the financial year for Princeton and discusses plans and challenges for the year ahead.

## Call Centre Revolution

Roger Sinden of CosmoCom, a Princeton Partner, takes a look at the new generation of call centre IP-ACD switches.

## Princeton Germany - An Update

Mick Kennedy, Director of Consulting, Princeton GmbH, provides an update on the progress of the Princeton German office.

## Successful Customer Relationship Marketing

New Thinking, New Strategies, New Tools for Getting Closer to Your Customers. This section provides an Overview of the new book by Merlin Stone and Bryan Foss. Publication date: July 2001.

## CRM Professional Services – is it a buyer's market?

Christophe Rebuffa, Client Manager, and one of Princeton's most recent recruits, examines the state of the CRM services market and answers the question.

## Seminar Update

Lucy Mitchell, European Marketing Manager, provides an update on the CRM seminar which took place on 1st June.

## And to end ....

In the Back - James O'Connor, consultant, lays down the challenge for our customers and partners.

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# Princeton Progress

As Christophe Rebuffa discusses in his article, the focus of the technology sector has changed from revenue growth at all costs to profitable growth.

We started making losses one month after we raised our first round of funding back in September 1999. On several occasions after the fund-raising, we were criticized for not spending the money fast enough and thereby not growing fast enough.

In November 2000, we made a conscious decision to turn the company into a profit making organization. It has meant slower growth but the last two quarters have been profitable. The target now is to achieve a consistent level of 10% profitability.

The last quarter was another record for Princeton: record revenues and well on our way to achieving target profitability levels. Princeton India is growing and we are currently in negotiation with 3 companies for our first offshore deal. Overall headcount for UK, Germany and India is 98. We set up the Princeton Academy, an exciting new training offering for our customers and our employees. It provides the forum for our consultants to share their skills, allowing project specific training to be delivered to customers, and consultants where necessary. It also offers incremental training to hone skills and complimentary education in other subject areas. The main objective of the Academy is to provide high value advanced technical training. For more information, please email Chris Norman on [cnorman@PrinceCon.com](mailto:cnorman@PrinceCon.com).

To provide a more complete service to our customers, we are introducing a multi-

channel support service called Princeton Response, with 4 different service levels. More information will be published in the next issue of the Newsletter, but in the meantime, please email Mark Dale on [mdale@PrinceCon.com](mailto:mdale@PrinceCon.com), for more information.

In the last Newsletter, I explained that we are in the middle of negotiations to secure the next round of funding. I suggested that by the time that this Newsletter is out, Princeton Consulting may be a public company on London's AIM (Alternative Investment Market). Raising money on AIM is still an option, as is a small round of private funding. As it turns out, we are still negotiating with various investment firms. It is very fortunate that we are by no means desperate for funding. Had we been desperate, we would have had to accept one of the unreasonable offers that we have received to date.

One thing that has changed over the last quarter is the increasing number of stories and case studies that have started to appear in the IT press about the failure of Customer Relationship Management (CRM) projects. Analyst group Gartner said the current failure rate is an astonishing 65% and expected this to rise to 80% by mid-2003 before falling back to less than 50% by 2005. But while failure rates are high, most people agree and argue that ignoring CRM is not an option: Organizations that do not implement a successful CRM strategy will suffer.

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# Princeton Progress

It is for this reason that we are introducing a series of offerings to our customers for "de-risking CRM initiatives". Different organizations, at different stages of CRM implementations, could benefit:

**1. Not started** - For organizations who do not have a CRM strategy in place, we can offer workshops and a great deal of help in devising their strategy and putting together a realistic and achievable plan, with measurable goals.

**2. Planned** - For others who are further down the line, we can offer product selection, followed by full implementation, training and support services.

**3. Implemented** - For organizations who have implemented a CRM system and are, perhaps, not happy with the results, we can offer a full system review to highlight areas where processes could be refined or where the technology could be exploited to its fullest potential.

Our main differentiator at Princeton is our expertise and background in CRM and the more general area of customer-focused eBusiness solutions. We hope that this valuable experience can help our customers to reduce the failure rates that are currently being quoted by analysts.

For more information on "De-risking CRM Initiatives", please email me on [arabbani@PrinceCon.com](mailto:arabbani@PrinceCon.com).

*Afshin Rabbani, CEO*

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# Contact Centre Revolution!

CosmoCom, a partner of Princeton Consulting, reviews the IP-ACD market.

According to a recent Datamonitor report entitled 'IP: the future of the ACD in Europe' there will be more than 3,000 European IP contact centres and European IP-ACD revenues will amount to \$308 million in 2005.

That is quite an amazing forecast for a technology that's had little publicity to date.

Customers have been demanding better customer service from companies for some time now. Customers want to be able to contact that company by any channel of communication that the customer desires - be that by email, web or the good old-fashioned telephone. Traditionally, contact centres have relied on CTI technology to provide a limited solution to this demand.

However, CTI as a technology to enhance customer service, has had a chequered history of success. The contact centre industry is littered with horror stories of CTI systems that never lived up to the hype and promise or just simply were never implemented or developed on time. The pressure on CTI solutions is now even greater with the demand from customers to be able to contact companies via these other channels of communication. However, any customer service manager currently thinking about developing a contact centre based on CTI and multimedia should stop and think about the alternatives.

So where does the IP-ACD fit in and what impact is it going to have on the business? Does it help provide the solution that good

customer service has been clamouring for?

IP-ACD's are going to make a fundamental difference to the way a company plans its customer service and contact centre strategy. The technology underlying the IP-ACD is pure data. No voice is required anywhere other than at the periphery of the contact centre. With the right systems, any channel of communication can be seamlessly interwoven into the very fabric of the customer service experience.

For the first time, the customer service manager can locate staff wherever they wish - in distributed contact centres, in remote telecottages or even allow their staff to work from home. All types of customer contact can be routed to the appropriate agent wherever they are located.

The report goes on to explain the difference between pure IP solutions and hybrids: pure IP-ACD and pure IP solutions transform a call centre into an IP-architected contact centre, a contact centre in which all forms of communication, including voice, are treated as data within a single enterprise. Hybrids are usually IP-enabled products, upgraded versions of a traditional ACD. Currently pure IP solutions are being purchased by green-field sites, while hybrids are bought by existing call centres trying to migrate to IP gradually. Towards the end of 2005 pure IP-ACDs will outweigh the sales hybrids and as a result, traditional ACD vendors, who have a long history in the

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voice sphere, will have to be prepared to focus on pure IP-ACDs within the next two years.

Another key benefit of a pure IP-ACD is the ability to handle multiple media channels although not all IP-ACD's offer this key capability or, if they do, the resulting user interface leaves something to be desired. There is no reason why any type of incoming calls such as voice, email, web chat, iDTV and even wireless cannot be handled by the same agent giving real flexibility to the running of the call centre. All too often, agents are divided into groups. One group handles only emails and another group just handles voice calls. When the inbound volume of voice calls starts to fall, agents may be left idle. How inefficient! With a fully functional IP-ACD, any agent can handle any type of call if that is how the call centre manager wishes to run the operation. Calls are managed in one unified queue and ensures that the agent has a consistent user interface regardless of call type.

Each call type has its' own service level as defined by the business rules. These can easily be changed by the supervisor. Typically a voice call will be given priority. However, to ensure that emails are not left unanswered there is a weighting system running behind the scenes that slowly adds 'weight' to an email in the queue so that ultimately an email will pop out at the top of the queue ahead of a voice call thus ensuring that emails get handled appropriately.

Yet another benefit of the multiple media pure IP-ACD is that it is much easier to manage inbound peaks and troughs in an efficient manner. When inbound voice call volumes start to fall, the troughs can be filled with emails, faxes and other call types that do not require a real-time response.

All of this is managed by the IP-ACD leaving the team leaders and call centre managers free to focus on more profitable areas of the business. They have more time to coach their staff and improve customer service, safe in the knowledge that the IP-ACD is automatically passing the most right call to the right agent at the right time. Of course, being based on an IP solution, agents don't actually have to be physically present in the call centre. In fact, you don't even need a call centre as Infocast in Canada have found to their benefit. At Infocast all agents work remotely thus saving a large amount of the initial capital expenditure of the call centre.

Even if there is a 'bricks and mortar' call centre, there will always be times when an unexpected peak means that the agents are fully loaded and call abandonment rates start to escalate. With a normal voice based call centre, the only option is to start ringing up staff at home and trying to persuade them to come into work for a hour just to handle the peaks. Since they probably have to spend an hour of their own time just getting to and from work this option is not exactly popular with agents. With an IP based solution, the agents could work from their own home. One can envisage a fully automatic call centre constantly monitoring service levels and when these are breached,



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automatically ringing up agents at home and playing a pre-recorded message that the call centre is experiencing unexpected peaks and could the agent log in for half an hour. The agent looks at their watch, decides that the children won't be back from school for another hour and so, wanting to help out and earn some extra money, logs in for 30 minutes. All managed invisibly by the IP-ACD.

As the Datamonitor report says "The emergence of IP-based technologies and the development of IP contact centre products is indeed the most important event, in the call centre world, in a great number of years". The revolution has started.

If you would like more information on CosmoCom and its integration with market leading CRM products such as Siebel, please email [lmitchell@PrinceCon.com](mailto:lmitchell@PrinceCon.com).

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# Princeton Germany – an Update

Princeton Germany continues to go from strength to strength. We have now grown to 22 consultants and doubled our turnover over the last year.

Our consultants have a wide range of experience in CRM and Integration. Our increasing market presence is reflected in the increase in direct business with end customers over the past few months. We expect this trend to continue as larger companies realize the value of focused consultancy.

**Products** - Princeton has always had an integrated approach to CRM, believing that all channels to a call centre are equally important. This has allowed us to increase our knowledge of the leading products in the field. We have experience in many CRM products, especially Siebel and SAP-CRM. We also have detailed experience of Genesys and are currently working with CosmoCom to build an integrated solutions centre like the one already in existence in the UK. This will allow us to demonstrate the reality of using integrated products in a call centre environment using web, telephone and email access to customers in addition to sales force support. We also have wide experience of Web content management products like Vignette.

**Functional Areas** - Despite our knowledge on specific products, our approach has always been to provide independent advice on CRM and customer-focused eBusiness solutions. We have in depth knowledge of customer service, sales force automation and multi-channel applications. A key strength of the company has always been Computer

Telephony Integration (CTI). Princeton is currently providing direct support to a number of major German companies in this area.

**Market Segments** - Princeton is active in a number of market areas. Our experience of implementing CRM and integrating to back-end systems has been especially valuable in the deregulated energy market where many of our customers value the direct no-nonsense approach which gets the job done quickly and efficiently. We are also active in Telcos, Banking and Insurance, and have some very useful experience of the consumer goods market.

Our Web content management consultants have been active in several very high profile projects in banking and sport. We have provided project teams for some of the largest German companies in the Web development arena and have become the partner of choice for one of these companies due to the quality of our consultants.

The CRM market is growing in a number of different directions. Multi-channel contact centres may well become the focus of future activities for many companies. Employee Relationship Management is in its infancy. In any case, Princeton's wide knowledge base puts us exactly in the middle of this market and we are expecting another year of strong growth despite the current market conditions.

**Mick Kennedy, Director of Consulting, Princeton GmbH**

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# Successful Customer Relationship Marketing

An overview of a new book by Merlin Stone and Bryan Foss

## Introduction

The last few years have seen an outpouring of books and articles on the subject of CRM. During these years, we have carried out a program of research, sponsored by IBM and other companies, examining different aspects of CRM – overall and in specific industries.

The research is led by Merlin Stone, strongly supported by Bryan Foss and others at IBM and the Directors of QCi Ltd, specialists in customer management consulting and assessment. This research has been published in various ways, including white papers and articles in the academic and professional press.

We felt that it was time to bring this material together, partly because so many people asked whether we had brought all our work together. This book is therefore an edited summary of our thinking on a variety of topics in customer relationship marketing. It covers most topics and all sectors. Much of our research has concerned the financial services sector, and we decided that because we had so much material on this sector it merited a separate book (our next publishing project), although financial services examples still occur with great frequency in the present book.

## Why this book?

This book provides companies with many practical ideas on how they can improve their CRM strategy and execution, through best practices and case studies. It shows how companies can develop and implement the required competencies. It provides a well-researched and thought-out view about the role of systems in CRM. And of course, it shows how to avoid failure.

## Contents

This book is divided into four sections, as follows:

1. Knowledge of CRM and customers
2. Strategy and technology.
3. Implementation
4. Sector cases

## About the Authors

Professor Merlin Stone, an associate of Princeton Consulting, is the IBM Professor of Relationship Marketing at Bristol Business School - one of the leading UK centres for academic research into relationship marketing and eBusiness. Merlin's consulting experience covers many sectors, including financial services, utilities, telecommunications, travel and transport, retailing, automotive, energy and IT. His research is published in a series of IBM-sponsored briefings, Close to the Customer,

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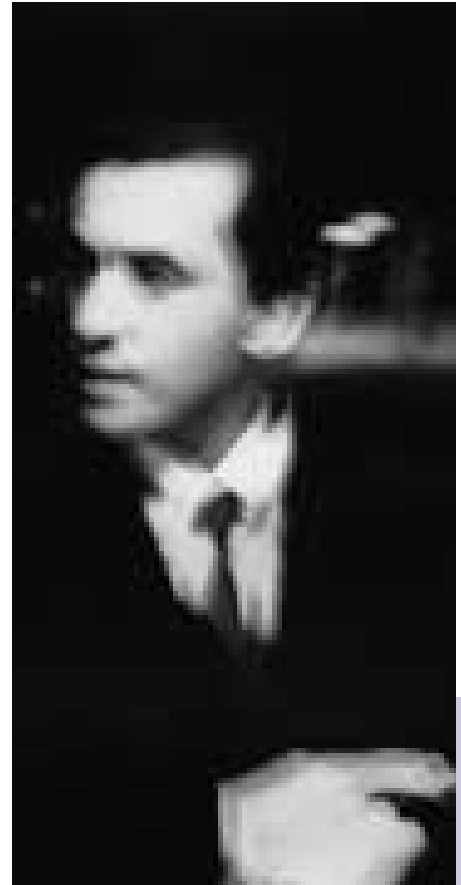


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published by Policy Publications. He is one of the leaders of a Bristol Business School research project on the impact of eBusiness on marketing managers, sponsored by the Chartered Institute of Marketing, and a member of a project team working on the Institute's approach to helping its members with CRM issues.

Bryan Foss is Customer Loyalty Solutions Executive within IBM Global Financial Services, currently leading an IBM business providing and integrating application-based CRM solutions for Financial Services companies worldwide. Typical B2C and B2B projects have included pragmatic customer management consulting, data warehouse & marketing database build, data analysis and data mining, and integrated customer campaign communications, including contact centre, web and mobile e-business. Bryan works primarily with key insurance and financial services companies globally, including large and innovative companies, composites and new directs.

If you would like more information on the book, please email [lmitchell@princecon.com](mailto:lmitchell@princecon.com).



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# CRM Professional Services – is it a buyer's market?

According to leading research institutes, the CRM market will be worth well over \$15bn by 2002.

However, as the downturn in the technology sector is biting and the economy as a whole is slowing down dragging demand below its target, a new pragmatism is emerging in the industry.

The bubble has burst and takeovers, mergers, bankruptcies and wide-spread redundancies are now a common occurrence on the West Coast and the trend is spreading fast to Europe. The shock has been especially hard as this industry has been thriving on a worldwide shortage of skills. Below is a small sample of the activity in the services market over the past few months:

- Cambridge Technology Partners bought by Novell
- Sema bought by Schlumberger
- Razorfish downsizing continuously
- MarchFirst filed for bankruptcy
- PwC and HP attempting to merge their consulting businesses

It is now well documented that investors had, after all, been looking for a return on their eBusiness investment. Once this basic fact hit Wall Street, it became very clear that eBusiness no longer offered a quick buck. It is a much more longer term investment opportunity and the key criteria for success is no longer revenue at all costs but common sense profitability.

To some extent, the vast proportion of service organisations had followed the same model, ending up with highly paid and highly utilized resources, with a relatively high attrition rate and very expensive recruitment costs. These organisations were badly run and had not looked at their cost base with any scrutiny and typically left their account receivables to providence. Many firms attempted to compensate for this lack of operational excellence by increasing their rates, acquiring other firms without much thought given to culture fit, borrowing more money and generally not focusing on the needs of their customers, shareholders and staff, which is ironic when you think that these are the very people who advise on CRM.

So who will win during this transition to profitability?

**Organizations who retain employees and customers** - It is imperative for consulting firms to retain their staff and create an environment, which provides training and mentoring and demands constructive contribution. Customers, especially satisfied ones, drive the business and yet stories of poor value-add services are rife in the industry, most notably in the case of the larger consulting firms where internal processes tend to get in the way of the customers' benefits.

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# CRM Professional Services – is it a buyer's market?

**Profitable firms** - Running a services business is only sustainable if profitability and margins are on the CEO's daily radar. Cut expensive internal lunches/dinners, improve the cash flow position and be 'rate-card creative' to encourage long-term client commitment and decrease the cost of sale.

**Innovative organisations**, seeking to add value to core business - Keeping the intellectual capital alive is critical to a firm that seeks to increase market presence. Choosing few but working partnerships is one of the most valuable initiatives that a consulting firm may undertake. Try to expand solution offerings by developing value-based assignments around the core business.

**International** - The majority of successful and admired companies in the world have an international business and aspire increasingly to partner with firms who can help them on the same scale. It is imperative for services companies to have an international outlook not only in terms of offices, but also in terms of culture and staff mobility.

**Focused organisations** with clear messages and matching capabilities - As a rule, consulting firms who cannot explain and demonstrate what they do and why their client base value them are not likely to become successful in the future as clients increasingly demand clarity. A consulting

firm too diverse in the range of capabilities that it provides will suffer credibility and agility in adapting to change.

In conclusion and in order to answer the question in title, is it a buyer's market. The answer is yes, depending on the type of services required, some organisations are offering cheaper resources to be competitive with some examples of US based consultancies desperate to maintain market presence and offering their consultants at cost across Europe. However, beware of the attraction of cheap resources and the potential pitfalls. If a customer organisation is seeking a valuable partnership that will help them fast-track successful CRM and eBusiness projects, the chances are that procurement will still need to pay the right price for the right capability. The truth is that valued skills and experience are still a rarity.

*Christophe Rebuffa, Client Manager*



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# Seminar Update

Having had to postpone the seminar from 1st May because of the planned protests in the City of London, the event finally went ahead on Friday, 1st June at The Brewery in London. Apart from the normal train disruptions, there were no major obstacles to overcome this time!

The event was very successful with over 60 senior executives from some of the UK's leading companies. We had very good feedback from the delegates with most presenters scoring highly. The general opinion was that the content was very topical and useful. Professor Merlin Stone warmed the audience with the keynote presentation and one of our customers, Paul White from British Telecom, presented a case study. There were also presentations from Siebel,

Cap Gemini Ernst & Young and of course, Princeton Consulting.

During the afternoon some of the delegates took part in an interactive workshop hosted by Princeton and CGE&Y. The objective was to encourage delegates to take a different approach to their thinking about CRM, how it fits into their organization, explore their channels to market, and the characteristics of their customers. In general the session went very well.

Despite all the inconvenience of having to postpone and reschedule the event, we had a very successful seminar and I would like to thank all the sponsors, CRM Magazine, Siebel and CGE&Y, for their support. I will keep you posted on future events.

*Lucy Mitchell, Marketing Manager*

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# In The Back...

## A Challenge to all Customers and Partners ...

I am the person at Princeton who is responsible for arranging the weekly football. Princeton's finest now has the opportunity to get fit, bond and play football once a week. After many weeks of trying, I finally managed to get John Wilson, our CFO, to pay for this venture and soon realized why: he's pretty nifty on the ball. However, I did have to turn down his invitation to buy football kits for us. Sounded like a good idea until I discovered that John wanted the employee's number on them! And I really couldn't have number 73 being the playmaker.

After a successful in-door season, the football has now moved to an outdoor pitch. This was to take advantage of the, hopefully, glorious weather whilst getting fit. Through sheer persistence and being continually annoying, we now have a pool of around 18 players.

I'm impressed with the standard of the players. It ranges from Pele like skills, ahem myself, to Stewart 'Psycho' Pearce like commitment, i.e. Pascal Baker, Greg Blais, etc! On one particular night we had a Chelsea ladies under-15 showing her stuff until Edwin Bekoe, cut her in half and probably ended her career! Edwin reckons it was an accident, and I'm sure it was?

In the last match, the opposing team soon identified who the linchpin of our side was: yes that would be me. After already scoring

three wonderfully delicate goals (all from outside the area I might add), they sent Bomber Baker on a mission to seek and destroy, and destroy he did! A minute later Pascal had unleashed a stinging ball straight into an area that will have repercussions for my upsprings. Whilst I lay there clutching my family jewels, I concentrated hard on making the tears forming in my eyes look like sweat. Slowly but surely I clambered to my feet forcing a wincing smile and in my lowest voice 'yeah I'm all right!' For the rest of the match, it was a bit of a blur and all I can really remember is that I treated the football like an unwanted visitor, wincing at the memory every time it came near me.

Now that we have managed to get a consistent pool of players together, I would like to extend the challenge to people outside the company. If there are any Customers or Partners that think 'Pah!' to Princeton's footballing ability, then please do challenge us! We will gratefully accept, as long as drinking ability is established after the game

Written By James O'Connor, BA, MSc,  
Employee No 73

All Names, Characters and Stories are made up and if they closely match anyone there was no intention to do so.....HONEST

*James O'Connor, Consultant*

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