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# An Evaluation of Customer Relationship Management at Information Technology Industry India

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**ABSTRACT:** Customer Relationship Management is the establishment, development, maintenance and optimization of long term mutually valuable relationships between consumers and the organizations. Customer Relationship Management is now actively considered by organizations across the globe as an integration of data base marketing with technology enabled strategy. This macro marketing view has led to look at data base for building strategic links for the benefit of the organization and customer in the face of rising costs and competition. The modern information technology allows larger organizations to individualize their products and services as per the varying needs of the customers. From the firm's point of view, providing services to a client on a long-term basis cuts down customer acquisition costs drastically. It has been found that, loyal customers not only generate more revenue for more years, but also frequently cost less than acquiring new customers. Globalization and deregulation combined with advances in information technology have radically changed the managerial context of service industries. Success of a service provider is dependent on long term relationships that develop between the provider and customer of the service. Services typically are produced and consumed simultaneously means it is common for customers to have a direct input to service provision. CRM builds on the philosophy of relationship marketing that aims to create, develop and enhance relationships with carefully targeted customers to maximize customer value, corporate profitability and thus shareholders value. Customer relationship management can be beneficial to both the firm and the customer. Customers who have developed a relationship with a service business expert expect to receive satisfactory delivery of core service. The industry scenario in India saw a rapid increase in the various sectors. But the striking factor was observed in the Information Technology (IT) Industry sector. The IT has potential to raise the long-term growth prospects through increased productivity in almost every sector of the economy. The Indian IT industry comprises of a diverse group of companies associated with Information Technology.

**KEYWORDS:** Information Technology Industry, Customer Relationship Management ,Customer service, Service Industry, innovation, Economic Development,.

## I. INTRODUCTION

Customer Relationship Management is now actively considered by organizations across the globe as an integration of data base marketing with technology enabled strategy. A new Data monitor report, "Economic Outlook: Customer Relationship Management" finds that, in 2006, the global CRM software market was worth just under \$3.6 billion in license revenue alone and is expected to reach \$6.6 billion by 2012 —a compound annual growth rate of 10.5 percent. In 1960s, Levitt suggested that, the purpose of every business is to create and keep customers. He also suggested that, corporations should view the entire business process as a system consisting of closely held integrated effort to discover, create, arouse and satisfy customer needs. The basic proposition of a CRM strategy is based on the age old idea of knowing, understanding and serving the customer for developing a sustainable competitive advantage. But building a sustainable and successful relationship with a large customer base is not the easiest thing to do and carries a direct impact on many core operational processes. Customer Relationship Management (CRM) is a term for methodologies, technologies and e-commerce capabilities used by companies to manage customer relationships. This macro marketing view has led to look at data base for building strategic links for the benefit of the organization and customer in the face of rising costs and competition. It is not a tactical decision of software implementation but interaction of the entire business with customers through an integrated interface. The modern information technology allows larger organizations to individualize their products and services as per the varying needs of the customers.



A good customer relationship management program addresses to the changing need of the customers by developing products and services that continuously seek to satisfy the lifestyle and need patterns of individual customers. Bull (2003) adds to this thought stating that, it is no longer good enough just to say that you are customer focused, but it matters what you do. The firm is also assured of certain minimum amount of business which helps it plan and coordinate resource allocation more effectively. Moreover, the chance of getting positive referrals and new customer leads also increases. Thus, building customer loyalty can be a very effective way of building a sustainable competitive advantage. From the customer's point of view, a certain level of quality of service is assured. The time and cost to search for a quality service provider is also drastically reduced. There is a greater efficiency in decision making, reduction in information processing, more consistency in decision making and reduction of perceived risks with future decisions. In addition, as the relationship matures, the relationship partners also understands the business needs and constraints better and provides expedited and better quality service. Customer relationship management is of vital importance to organizations and it requires customer-centric business approach to support effective marketing, sales and service processes (Carolynetal., 2003). In order to implement a CRM strategy, a key dimension is the question of customer service and the way in which it is perceived by their sapient of the service. Customer service can be defined as a task other than pro-active selling that involves interactions with the customers in person, by telecommunication or by mail. It is designed, performed and communicated with two goals in mind: operational efficiency and customer satisfaction (Lovelock,1991).

## II. CUSTOMER RELATIONSHIP MANAGEMENT IN SERVICE INDUSTRIES

Berry (1991) propose that, customer relationship management concerns attracting, developing and retaining customer relationships. Berry stressed that, the attraction of new customers should be viewed only as intermediate step in the marketing process. Globalization and deregulation combined with advances in information technology have radically changed the managerial context of service industries. Though the origin of customer relationship management was initially in the industrial context, the service industry is also focused on maintaining and enhancing customer relationships. Services are produced and delivered by the same institutions. Success of a service provider is dependent on long term relationships that develop between the provider and customer of the service. A greater emotional bond and trust between the service provider and service user develops a need of maintaining and enhancing relationship. Berry(1983)defines customer relationship management as attracting, maintaining and enhancing customer relationships in multi service organizations. Solidifying the relationship, transforming different customers in to loyal ones and serving customers as clients should also be considered as marketing. He outlined five strategy elements for practicing customer relationship management: (i)developing a core service around which to build a customer relationship, (ii)customizing the relationship to the individual customer,(iii)augmenting the core service with extra benefits, (iv) pricing services to encourage customer loyalty and(v)marketing to employees so that, they in turn will perform well for customers. It is a consensus that the relationship between the firm and its customers is critical their firm's survival and success. The management of customer relationships is critical in services marketing. Lovesick (1983) points out that, many services by their very nature require ongoing membership (e.g. insurance, banking etc). Even when memberships not required, customers may seek ongoing relationships with service providers to reduce perceived risk in evaluating service characterized by in tangibility and Credence properties. Customers are more likely to form relationships with individuals and with the organizations they represent than with goods (Berry, 1995). Services are performances where the employees play a major role in shaping the service experience (Bitner, 1995). The service setting is especially conducive to customers forming relationships with individual service providers.

## III. RELATIONAL BENEFITS TO SERVICES INDUSTRIES

Inseparability is widely cited as one of the distinctive features of services. The fact that, services typically are produced and consumed simultaneously means it is common for customers to have a direct input to service provision. For service businesses, strong customer relationships are important because of their inherently interpersonal focus and relative lack of objective measures for evaluating service quality (Czepiel, 1990). Loyal customers can lead to increased revenue(Reichheld1996;SchlesingerandHeskett,1991), result in predictable sales and profit streams(Aaker,1992),are more likely to purchase additional goods and services (Clarkand Payne, 2000;Reichheld, 1996),typically lead to low customer turnover (Reichheld and Sassar,1990) and often generate new business for affirm via word-of-mouth recommendation (Reichheld, 1996; Reichheldand Sassar,1990;Schlesingerand Heskett, 1991; Zeithamal, Berryand Persuraman, 1996).In addition, a loyal customer base can lead to decreased costs (Reichheld,1993),Loyal and satisfied



customers are likely to cost less to service (Reichheld, 1996), sales, marketing and setup costs can be amortized over a longer customer lifetime (Clark and Payne, 2000). Customers who have developed a relationship with a service business expect to receive satisfactory delivery of core service. There exist different types of relational benefits through effective customer relationship management. Customers derive social benefits from long-term relationships with service firms (Czepiel, 1990).

#### IV. INFORMATION TECHNOLOGY INDUSTRY IN INDIA

The IT sector has helped the Indian Industry to develop in leaps and bounds. According to sources, annual revenue projections for Indian IT Industry in 2008 are US \$ 87 billion and market openings are emerging across four broad sectors, IT services, software products, IT enabled services and e-businesses thus creating a number of opportunities for Indian companies. The industry scenario in India saw a rapid increase in the various sectors. But the striking factor was observed in the Information Technology (IT) Industry sector. In fact no other Indian industry has performed so well against the global market. This is mainly due to the success of India's software industry and contribution of people of Indian origin in IT revolution in the United States. The fact that IT sector in the country has increased at a very high rate of 35% per year for the last 10 years reinforces the view that, India is world class in IT. All of these segments have opportunities in foreign as well as in domestic markets. The key findings of the NASSCOM - McKinsey report on India's IT industry are –

- (a) IT services will contribute over 7.5 percent of the overall GDP.
- (b) IT Exports will account for 35 percent of the total exports with potential for 2.2 million jobs in IT by 2008.
- (c) IT industry will attract Foreign Direct Investment (FDI) of U.S. \$ 4-5 billion.
- (d) Market capitalization of IT shares will be around U.S. \$ 225 billion. Indian IT Industry is a knowledge industry that will help to take the Indian economy to a new horizon and further change the 'Scenario of Indian IT Industry' fueling India's economic growth.

#### V. IT AND ECONOMIC DEVELOPMENT

The IT has potential to raise the long-term growth prospects through increased productivity in almost every sector of the economy. The resurgence of the American economy since 1995 is a classic example of the same. According to Greenspan (2000), the IT has produced a fundamental change in the US economy leading to a permanent improvement in growth prospects. Similarly, Jorgenson (2001) argues that, the development and deployment of the IT is the foundation of the American growth resurgence. The relentless decline in the prices of semiconductors and thus IT equipments has steadily enhanced the role of IT investment as a source of American economic growth. Furthermore, IT can play an important role in economic development in a broader sense, beyond just economic growth. Obviously, this depends on comparative advantage in providing IT products and services, global demand for these products and services, development of a robust domestic market, positive spillovers to rest of the domestic economy and impact on governance.

#### VI. COMPOSITION OF INFORMATION TECHNOLOGY MARKET IN INDIA

The Indian IT industry comprises of a diverse group of companies associated with Information Technology. Indian IT industry comprises of a diverse group of companies associated with Information Technology. These companies range in size from billion dollar companies to small startups with sales less than a million rupees a year.

#### VII. SIZE OF INDIAN IT INDUSTRY

The growth of the IT industry has been very high in the last few years. The size of the Information Technology industry of India was 5.7 billion US Dollars in 1999-2000. After the turn of the century the industry experienced exponential growth to reach the 50 billion mark by 2007-2008. The size of India's IT industry has grown significantly over the years. The size of this sunshine industry of India grew from 150 million US Dollars to 50 billion US Dollars between 1990-1991 and 2006-2007. Some of the important aspects of the NASSCOM-McKinsey report related to the size of India's IT industry are –





There is potential of 2.2 million people being employed in the IT industry of India by the end of 2008. Contribution of software and services to the total GDP of India will be more than 7.5%. FDI (Foreign Direct Investment) of 4.5 billion US Dollars expected in the IT industry by the end of 2008. 5% of total exports from India will be from IT exports. 225 billion US Dollar worth of market capitalization from IT shares. Software and services are exported to about 95 companies from India. North America accounts for 61% of the software exports from India. The projections about the size of India's IT industry present a very optimistic picture.

#### VIII. GROWTH OF INDIAN IT. INDUSTRY

India's IT industry has recorded phenomenal growth over the last decade. During the period from 1992-2001, the compounded annual growth rate of the Indian IT services industry has been over 50%. The software sector in India has grown at almost double the rate of the US software sector. The statistics of the India's IT industry substantiates the huge momentum acquired by the IT sector in the recent past. During the financial year 2000-2001, the software industry in India accounted for \$8.26 billion. The corresponding figure was \$100 million 10 years back. The growth of India's IT sector has brought about many other positive changes in the Indian economy. The purchasing power of a large section of Indian population has increased dramatically. This has resulted in an increase in the average standard of living of the majority of population of the country. The increase in purchasing power of the common people has propelled the growth rate of the other sectors of the economy as well. There has been considerable increase in the amount of fund available for venture capitalism and equity financing. India is now home to a number of IT giants. The operations of IT firms like Wipro, Infosys, Accenture, Capgemini, Tata Consultancy Services and many more in different locations of India have changed the entire scenario of the Indian job market. The ITES sector has also come up to complement the growth of Indian IT sector. Some of the major reasons for the significant growth of the IT industry of India are – Abundant availability of skilled manpower. Reduced telecommunication and internet costs. Reduced import duties on software and hardware products. Cost advantages. Encouraging government policies

#### IX. CHALLENGES BEFORE INDIAN IT INDUSTRY

There are number of challenges that are facing the information technology industry of India. One of the major challenges for the Indian information technology industry was to keep maintaining its excellent performance standards. The experts are however of the opinion that, there are certain things that need to be done in order to make sure that, India can maintain its status as one of the leading information technology destinations of the world. The first step that needs to be taken is to create an environment for innovation that could be carried for a long time. The innovation needs to be done in three areas that are connected to the information technology industry of India such as business models, ecosystems and knowledge. The information technology sector of India also has to spread the range of its activities and also look at the opportunities in other countries. The improvement however, also needs to be qualitative rather than just being quantitative. The skill level of the information technology professionals is one area that needs improvement and presents a considerable amount of challenge before the Indian information technology industry. The Indian information technology industry also needs to co-ordinate with the academic circles as well as other industries in India for better performance and improved productivity. The experts are of the opinion that, the business process outsourcing service providers in India need to change their operations to a way that is more oriented to the knowledge process outsourcing. One of the most important crises facing the Indian information technology industry concerns the human resources aspect. The problems with outsourcing in countries like the United States of America are posing problems for the Indian information technology industry as well. In the recent times a bill has been passed in the state of New Jersey that allows only the citizens or legal non-Americans to be given contracts. This legislation has also affected some other states like Missouri, Connecticut, Wisconsin and Maryland. These states are also supposed to be considering these laws and their implementation. This is supposed to have an adverse effect on the outsourcing that is the source upon which the information technology industry of India thrives. The information technology professionals who aim at working in the country are also likely to be hindered by the legislation as a significant amount of these professionals have been going to work in the USA for a long time.

#### X. FUTURE OF INDIAN IT INDUSTRY

The current scenario in the IT industry of India and the tremendous growth registered in recent years has generated much optimism about the future of the Indian Information technology industry. Analysts are upbeat about the huge



potential of growth in the Information Technology industry in India. The major areas of benefit that the future growth in the IT industry can generate for the Indian economy are-

Exports -The IT industry accounts for a major share in the exports from India. This is expected to grow further in coming years. The information technology industry is one of the major sources of foreign currency for India.

Employment -The biggest benefit of the IT industry is the huge employment it generates. For a developing country like India, with a huge population, the high rate of employment in the IT sector is a big advantage. The IT industry is expected to generate employment of 2.2 million by the end of 2008 which is expected to increase significantly in coming years.

FDI (Foreign Direct Investment) -High inflow of FDI in the IT sector is expected to continue in coming years. The inflow of huge volumes of FDI in the IT industry of India has not only boosted the industry but the entire Indian economy in recent years. New markets for software exports from India have opened up in the Middle East, South and Southeast Asia, Africa and Eastern Europe. The reputation that India has earned as a major destination for IT outsourcing has opened further possibilities. Many developing countries are now using the Indian model for growth in the IT sector. Another important area of future growth for the IT industry of India is the of the enormous amount of data captured for CRM purposes. The increasing disappointing results of the applications of customer relationship management coincided with the technology melt down. Customer relationship management was not delivering the result that organizations expected. Furthermore, the successful projects created enormous competitive advantage making the implementation of Customer relationship management by rival companies an absolute survival necessity.

#### XI. CUSTOMER RELATIONSHIP MANAGEMENT DEFINITION

A number of articles highlighting the best practices on CRM have been published. One such article explains the need for balancing the strategic capabilities of CRM—people, process, technology, knowledge and insight (Gordon, 2002). McGovern and Panaro (2004) highlighted the importance of proper segmentation of key customers and also the alignment of the salespeople with the processes. CRM is a business strategy designed to optimize profitability, revenue and customer satisfaction by organizing the enterprise around customer segments, fostering customer-centric behaviors and implementing customer centric processes (Gartner, 2004). Jain (2005) proposed that, profiling of the customer, ensuring satisfied employees and delivering superior value would help the cause of CRM. Studies of successful Relationship Marketing initiatives have been undertaken to highlight the importance of the customer relationship cycle and its components (Rigby and Ledingham, 2004). In today's business scenario, management recognizes customers as the major asset of a business process and the success of an organization depends on how effectively the relationship with customers is managed. Customer retention is considered to be the most important factor of interest for the customer data which enables them to quickly retrieve all information about the customers in few seconds for effective relationship. The need for relationship marketing arose as a result of industry globalization. The focus shifted from promotion of the product to creating value in the consumer-producer relationship and maintaining said value over time. This was fostered by the value movement, innovation in technology and a shift in power from producer to consumer. Prior to this the traditional marketing paradigm of product, price, place, and promotion was heavily utilized. CRM, however, is designed to utilize information technology to develop an ongoing relationship with customers who will maximize the value an organization can deliver to them over time. This process should inevitably if utilized as designed, enhance the perceived value of the customer thus increasing their level of satisfaction to the point where the customer is loyal to the company. Customer Relationship Management has emerged as one of the latest management buzz word, popularized by the business press and marketed by the aggressive CRM vendors as a panacea for all the ills facing the firms and managers, it means different things to different people. CRM is the strategy for delivering high quality service to its customers aimed at helping the organizations to attract, develop and retain the customers (Berry, 1983). Customer Relationship Management is the process of carefully managing detailed information about individual customers and all customer 'touch points' to maximize the customer loyalty (Kotler et al., 2009). A customer touch point is any occasion on which a customer encounters the brand and product from actual experience to personal or mass communication to casual observation. In other business context, Kotler and Armstrong(2001)define CRM as "the overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction". On average, businesses spend six times more to acquire customers than they do to keep them (Gruen, 1997). Management can be called as a strategic management system. CRM requires organizations to lay more emphasis on retaining existing customer rather than on creating new ones (Clark and Payne, 2000). A long term relationship with the customer insures their repeat business. It costs more to gain new customer that it does to retain current ones. CRM is the process of carefully managing detailed information about individual customers and all customer 'touch points' to maximize the customer loyalty (Kotler and Armstrong, 2001). CRM is used to define the process of creating and maintaining relationships with business customers. This move towards more customer centric direction can be traced



back to the 1960s when the focus of marketing started to shift from managing products or marketing campaigns to managing the profitability of each individual customer over the entire life of the relationship. The paradigm shift brought lots of discussions on “relationship marketing” since the 1980s (Berry, 1983; Hakansson, 1982). Relationship marketing aims to identify, maintain and build up a network with individual customers and to continuously strengthen the network for the mutual benefit of both sides through interactive, individualized and value-added contacts over a long period of time (Shani and Chalasani, 1992). However, relationship marketing focuses mainly on strategy and lacks a holistic view of the business processes connected to it. Many organizations and companies recognized that, ERP systems mainly emphasize on “efficiency” and “control”, and the core attention is still stagnant in the “product” and the “organization”, neglecting the relationship among people. Second, while companies and organizations are making efforts to keep pace with the paradigm shift in marketing, customer needs, expectations and behaviors are also changing. Customers expect personal service and that their company already knows every detail of the relationship they have with their company, regardless of the channel they use to communicate with their company.

#### XII. CRM –FOR WHOM

Those are companies that accumulate a lot of customer data when doing business and whose customer’s needs are highly differentiated. According to Bose (2002) most companies can apply CRM. However there are some companies that are more likely to benefit from CRM than others. On the contrary, companies that hardly have any contact with their customers, a high customer turnover and identical customer needs are least likely to benefit from CRM.

#### XIII. COMPONENTS OF CRM

To be able to satisfy and even exceed customers’ expectation requires 360 degrees view of the customer. This calls for CRM implementation model that integrate the key dimensions of people, process and technology within the context of an enterprise-wide customer-driven, technology-integrated, cross-functional organization. Each component presents significant challenges, but it is the ability to integrate all three that makes or breaks a CRM system (Goldenberg, 2002).

#### XIV. BENEFITS OF CRM

According to Chen and Popovich (2003), CRM applications have the ability to deliver repositories of customer data at a much smaller cost than old network technologies. Throughout an organisation, CRM systems can accumulate, store, maintain and distribute customer knowledge. According to Swift (2001), companies can gain many benefits from CRM implementation. He states that the benefits are commonly found in one of these areas. Lower cost of recruiting customers: The cost of recruiting or obtaining customers will decrease since there are savings to be made on marketing, mailing, contact, follow-up, fulfillment services and so on. No need to acquire so many customers to preserve a steady volume of business. The number of long-term customers will increase and consequently the need for recruiting many new customers will decrease. Reduced cost of sales: The costs regarding selling are reduced owing to existing customers are usually more responsive. In addition, with better knowledge of channels and distributions the relationship become more effective, as well as the cost for marketing campaign is reduced. d. Higher customer profitability: The customer profitability will get higher since the customer wallet-share increases, there are increases in up-selling, cross-selling and follow-up sales and more referrals come with higher customer satisfaction among existing customers. Increased customer retention and loyalty: The customer retention increases since customers stay longer, buy more and buy more frequently. The customer does also often take initiatives which increase the bounding relationship, and as a result the customer loyalty increases as well. f. Evaluation of customers profitability: A firm will get to know which customers are profitable, the one who never might become profitable, and which ones that might be profitable in the future.

#### XV. IDENTIFICATION OF RELATIONSHIP PARTNERS

Typically, about 20% of a firm’s customers account for about 80% of its revenues and profits (Pareto’s 80-20 rule). Thus, the key in relationship marketing is to identify this small set of customers. There are two main factors that help identify these key customers –customer lifetime value and strategic importance.



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#### **XVI. CUSTOMER LIFETIME VALUE (CLV)**

It is defined as the value of customer based on the future profits over the period of the relationship, i.e. customer's life expectancy with respect to the firm (Bansal and Gupta, 2000). This reflects what the customer contributes to the firm over an expected period –the duration of the period. The CLV can be estimated using the following steps. Estimate the annual revenues that the customer would generate each year. Estimate the customer acquisition cost. Estimate the customer retention cost. Estimate the duration of the relationship –the number of years that the customer is likely to stay with the firm. Discount future earnings and costs to their present value. Relationships can be pursued even with customers who have a low lifetime value, if they are strategically important.

#### **XVII. STRATEGIC IMPORTANCE**

Strategic importance of a customer can be determined by considering the following parameters. Importance of the customer in achieving the mission of the firm. The overall impact of the customer base of the firm if the customer is lost

#### **XVIII. PRACTICES IN CRM**

Relationship marketing is a continuing process that begins with the identification of key customers that are to be developed into loyal customers. The strategic imperatives (Bansal and Gupta, 2000) for building a loyal customer base are as follows:

- i. Focus on key customers
- ii. Pro actively generate high level of customer satisfaction
- iii. Anticipate customer needs and respond to them before the competitor does
- iv. Build closure ties with customers
- v. Create a value perception.

Closely interlinked with the above framework is Berry's framework for practicing CRM. The framework recommends five strategies that can be implemented by

service firms for developing strong, long-term relationship with key customers:

- i. Develop a core service around which a customer relationship can be built
- ii. Customize the relationship to the individual customer
- iii. Augment the core service with extra benefits
- iv. Price services to encourage customer loyalty
- v. Market to employees so that they perform well for customers.

#### **XIX. IMPLEMENTING A CRM STRATEGY**

The success of any strategy is determined by the success with which it is implemented. This is also true in the case of CRM strategies. Implementing CRM require that the organisation and the associated business processes be in place in order to facilitate its success (Brunjes & Roderick, 2002). The risk in implementing any CRM strategy is that the organisation is not ready to do so and relying on technology to implement the strategy (Brunjes & Roderick, 2002).

#### **XX. EVALUATION OF CRM PRACTICES**

It is very difficult to evaluate the success of CRM practices employed by a firm. Although the customer retention rate of the firm may be an effective indicator, it may not be an accurate measure as the retained customers may not be profitable customers. Thus, other parameters need to be used along with the customer retention rate to judge the success of CRM practices. These parameters could be the increase in revenues and profits earned from the customer over the duration of the relationship and the increase in the firm's share of the customer's pocket.

To achieve a balanced view of relationship performance, evaluation of four dimensions of performance fitness has been suggested (Jim Ban ford and Ernst, 2002):

1. Financial Fitness: It refers to metrics such as sales revenue, cash flows, net income, ROI and expected NPV of the relationship. In addition, financial fitness can include partner-specific metrics such as transfer pricing revenues and sales of related products by cross-selling/ up selling. Also, the reduction in the cost due to learning curve effect is taken into account.





1.2 Strategic Fitness: It refers to non-financial metrics such as market share, new product launches, customer loyalty, impact on customer base including access to new customers, important client for referral purpose, technical expertise acquisition and the competitive positioning of the firm in a particular market.

1.3 Operational Fitness: It refers to explicit goals that can be linked to the performance appraisal and compensation of individuals. Examples of such metrics include the number of customers visited, staff members recruited, quality of products, manufacturing or service throughput.

1.5 Relationship Fitness: It refers to aspects such as the cultural fit and trust between partners, the speed and clarity of decision-making, the effectiveness of the interventions by the partners when problems arise and the adequacy with which they define and deliver their deliverables and deadlines. An example of such metrics is the partner-satisfaction survey developed by Siebel systems, which deals with issues related to alliance management and partner's loyalty to Siebel systems. The company uses this information to spot problems and develop detailed action plans to address them.

## XXI. THE FUTURE OF CRM

According to Bose (2002) there seem to be three trends that will affect CRM in the near future. However, Bose emphasizes that "no one can predict the future with certainty". The trends are presented below.

Companies are increasingly collaborating with other parties along the value chain, consequently, there is a need for channel relationships. Hence, the next step is to extend CRM to business partners within the product value-chain, this is called Partner Relationship Management (Bose, 2002). More visual tools for analyzing customer data are available. These tools are better than traditional OLAP technologies. (Bose, 2002) Consolidation of CRM vendors Vendor consolidation is common within the CRM industry. To ensure a smooth integration of hardware and software, companies offering core technologies are

acquiring or partnering with CRM specific vendors, Greenberg (2001). which is described below, as a trend that will affect the evolution of CRM.

Consequently, there is an increasing need of specialized solutions since it implies less tailoring of the system to fit to business. In addition, it is valuable to engage a CRM vendor who really knows and understand specific business (Greenberg, 2001). There is no ideal way of designing a CRM system, since each company has its unique needs depending on what customers they are aiming at and in what market they compete. As a result the functionality of a CRM system differs significantly from industry to industry, even if they may follow the same basic principles when revised briefly. However, today most CRM vendors do not aim at any particular vertical industry niches, instead the adaptations are made during the implementation phase.

## XXII. COCLUSION

CRM refers to a conceptually broad phenomenon of business activity, if the phenomenon of cooperation and collaboration with customers become dominant paradigm of marketing practice and research. Study shows that, IT firms develop financial, social, customization and structural bonds with customers towards strengthening the relationship. The domain of customer relationship management extends into many areas of marketing and strategic decisions. Its recent prominence is facilitated by the governance of several other paradigms of marketing and by corporate initiatives that are developed around the theme of cooperation and collaboration of organizational units and its stakeholders, including customers. IT firms concentrate on customer acquisition, maintenance and retention. Customer relationship management (i.e. CRM) is one of the topics of the moment in the business arena. Its requirements for the change of scope towards the customer and the necessities for integral change within the organizations make the implementation process a matter for great attention and careful planning.

Thus, the study it is also clear that, CRM practices of software service firms are more structured, organized and looks more formal. Whereas the CRM practices of training and hardware firms are not formal. It is implementation process a matter for great attention and careful planning.

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