

CRM 2.0 - Creating New E-business Value for SMEs

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Abstract - One of the most popular trends when it comes to modern e-Commerce and marketing is the application of Web 2.0 services like blogs, wikis, video, RSS, widgets and podcasting on marketing and customer relationship management (CRM) processes. This paper explains newly created term of Social CRM or CRM 2.0 and its differences in relation to standard CRM characteristics. It also describes the impact on modern enterprises and suggests how it can be used for creating business value with 2.0 services.

I. CONCEPTS OF WEB 2.0

Term Web 2.0 was established in 2004 when O'Reilly Media and MediaLive hosted the first Web 2.0 conference and offered the definition "Web as Platform", meaning that the software applications are built upon the Web instead of the desktop. To be more precise, Web 2.0 referred to web-based software which is continually and collaboratively updated by its users, and is getting more developed and efficient when there are more people who are using and changing it. That meant the individual users are adding their own data and services to collaborative web software, developing the Web 2.0 sites into efficient and more useful tools.

There are number of services and applications that make the basis of Web 2.0 concept. We cannot say they are literally new technologies but rather that they are built using existing and improved technological solutions and standards which are operable on the web. They include blogs, wikis, multimedia services for data exchange, audio and video podcasting, services for content tagging and more. The unique Web 2.0 architecture of participation creates a collaborative environment which allows creating a more satisfying user experience.

Web 2.0 enables [5]:

- Influential customer communities that would not have otherwise existed.
- The identification of new problems and solutions by members of these communities.
- Uniquely accelerated interactions among customers, partners, and employees.
- Altered — and often enhanced — relationships between a company and its stakeholders.

II. WHAT IS CRM 2.0?

Modern successful businesses are now merging the best of the Web 2.0 technologies and services and building them into the classic customer relationship management (CRM) platforms and processes. The main goal is to actively include their customer in creating a collaborative customer experience that will put the customer in the centre of their relationship and create such central customer centric ecosystem where the customers reside within core of multiple business units and connection points [6].

In order for this transition towards a customer centric marketing ecosystem to be successful, and to always be informed of customer's wants and preferences, businesses need to have a centralized customer profile platform that can retrieve information from several data storage, update the info in real time, and also enable customer interaction and Web 2.0 applications. This means that the new CRM systems must be created to support customized, meaningful, and automated communications that benefit the customer on a more personal level.

CRM 2.0 describes an interactive exchange that goes on between businesses and customers in order to match customer needs, requirements and expectations with the business that can best fulfill them [6]. This relationship should lead to more than just a onetime contact and could be extended over time, even years, and be a multi-channel interaction for more involved purchasing relationships.

The next generation of e-commerce is predicted to be a unique customer experience that will create an environment where companies and their customers function as a community, creating new solutions and using existing ones in close collaboration. The constant flow of information will allow the community to identify the needs of both sides immediately and deliver the right solutions.

CRM 2.0 or Social CRM is a philosophy and a business strategy, supported by a technology platform, business rules, processes, and social characteristics, designed to engage the customer in a collaborative conversation in order to provide mutually beneficial value in a trusted and transparent business environment. It's the company's response to the customer's ownership of the conversation [5].

The 2.0 applications and services should be used to promote the ongoing dialogue, both online and offline, and to build high value relationships as a foundation for CRM 2.0. This should lead to creating personal relationships between companies and customers that enable continuous communication improvement and ultimately put customers in the centre of the relationship. Companies also achieve continuous improvement by embracing collaboration between all members of its customer ecosystem. The result of these actions is an improvement in the quality of product and service delivery, an upgrade of the customer experience and new classification within the company's value chain. The experience and insights of one customer, partner, or employee benefits the common experience of all.

Progressive companies are realizing the importance of making the sales and marketing process an interactive conversation, and starting to include user groups, social networks, message boards, blogs and video sharing in the communication. They are engaging the customer via personal pages, RSS, social filters and making it on-demand through mobile web, mobile applications, SMS, podcasting, streaming video etc. CRM applications are quickly adopting features of Web2.0 like [6]:

- Tagging – One can tag to any information like tag to any contact, lead and company that helps finding data in one click.
- Blogging – Users can have their own blog which can be used for knowledge sharing, discussion within the organization and it also to help employees to come closer in any big organization by allowing them to remain in contact easily.
- RSS feed –RSS feeds can be integrated with any RSS reader that helps in keeping everyone updated whether they are logged in the system or not.
- Rich GUI –CRM 2.0 user interfaces now have more rich UI features like drag and drop, graphical reports, interactive statistical report with chart and graphs.
- No refreshing – CRM apps 2.0 focuses on lesser reloading with maximum use of Flex and Ajax technology.
- Rich features – CRM apps 2.0 have a number of rich features that allow faster communication like audio and video chat, digital phones, screen sharing, using real time whiteboards etc.
- ID card implementation – Is like a tool tip but with more information. It contains all basic and necessary information so it reduces clicks required.
- Mail client integration - Integrating Outlook and Thunderbird – CRM apps and mail client can talk with each other. One can merge mails, contacts, to do lists and calendar to their CRM system.
- Web services –CRM 2.0 apps can communicate with other business networking site where

company is performing marketing activities. It helps apps to share data to each other so it saves time to enter/maintain same data at multiple places.

III. DIFFERENCES BETWEEN CRM AND CRM 2.0

Traditional CRM is based on an internal operational approach to manage customer relationships effectively while Social CRM is based on the ability of a company to meet the personal agendas of their customers and at the same time meeting the objectives of their own business plan. It is aimed at customer engagement rather than customer management [5].

Now the customer wants to be engaged in creating business value together with the company and that places new demands on existing CRM software vendors. Their technologies will have to evolve in a way to integrate the features of newer technologies that facilitate market conversations, social networking, user communities, in order to transform businesses into aggregators for all participants in the customer value chain. Some differences between CRM and CRM 2.0 are shown in Table I [5]:

TABLE I. DIFFERENCES BETWEEN CRM AND CRM 2.0

CRM 1.0 Features/Functions	Social CRM Features/Functions
Customer-facing features— sales, marketing, and support; still isolated from back office, supply chain	Fully integrated into an enterprise value chain that includes the customer as part of it
Tools are associated with automating functions	Integrates social media tools into apps/services: blogs, wikis, podcasts, social networking tools, user communities
Encourages friendly, institutional relationships with customers	Encourages authenticity and transparency in customer interactions; Utilizes knowledge in context to create meaningful conversations
Models customer processes from the company point of view	Models company processes from the customer point of view Recognizes that the customer relationship encompasses information-seeking and information-contributing behavior
Resides in a customer-focused corporate business ecosystem	Resides in a customer ecosystem
Utilitarian, functional, operational	All those plus style and design matter
Marketing focuses on processes that send improved, targeted, highly specific corporate messages to customer	Marketing is front line for creating conversation with customer—engaging customer in activity and discussion—observing and redirecting conversations among customers
Business produces products and creates services for customer	Business is an aggregator of experiences, products, services, tools, and knowledge for the customer

Intellectual property protected with all legal might available	Intellectual property created and owned together with the customer, partner, supplier, problem solver
Business focus on products and services that satisfy customers	Business focus on environments and experiences that engage customer
Tactical and operational	Strategic
Customer strategy is part of corporate strategy	Customer strategy is corporate strategy
Innovation from the designated	Innovation from both internal and external sources
Focus on company customer relationship	Focus on all iterations of the relationships (among company, partners, customers) and specifically on identifying, engaging, and enabling the "influential" nodes
Company manages the relationship with the customer	Customer collaborates with the company
Technology focused around operational aspects of sales, marketing, support	Technology focuses on both the operational and the social/collaborative and integrates the customer into the entire enterprise value chain
Relationship between the company and the customer is seen as enterprise managing customer—parent to child to a large extent	Relationship between the company and the customer must be peer to peer (C2P or P2C, so to speak) and yet the company must still be an enterprise in all other aspects

IV. CREATING BUSINESS VALUE WITH CRM 2.0

CRM 2.0 can change the way enterprise reaches its customers, builds relationships with them, and widens the brand objectives. Successful enterprises are now using Web 2.0 concepts to encourage their customers to build communities around their products, provide feedback on products, and in some cases adopt marketing initiatives from them. Until now it seemed that estimations and offerings from the sales and marketing departments are safer and more familiar than participation and collaboration with the customers, but it is becoming clearer that the results are better when processes are open to more input.

CRM 2.0 apps could also increase the collaborativeness between the employees and, through it, make the enterprise more successful over time. Employees that collaborate efficiently by sharing intel and resources create stronger and more successful products. The problem with the existing solutions is that they are often difficult to use, and do not empower employees to share their content. They are built on values of control, containment, and secrecy in environments where employees are encouraged to compete more than collaborate with one another [10].

CRM 2.0 concepts like wikis and integrated chat can make a big difference in creating business values. Companies that are more collaborative, participatory, efficient, user-driven, and action-oriented are recognized

as the most successful. IBM, for example, has just launched "Innovation Jams" where thousands of IBM employees are encouraged to participate in virtual chatrooms simultaneously on a given day. IBM hopes to uncover transformative business ideas through these virtual discussions.

Enterprises should use Web and CRM 2.0 applications and services to [10]:

- Make use of underutilized resources.
- Let users be co-creators and contributors.
- Nurture unique, hard to reproduce data sources.

CRM 2.0 and the new emerging type of social customer have lead to creation of new concept of enterprise - Enterprise 2.0. It could be defined as following [2]: Enterprise 2.0 is the use of emergent social software platforms within companies, or between companies and their partners or customers.

Former model of the enterprise was operational and based on processes to ensure satisfying productivity. The new model is based on collaborative social relationships and knowledge exchange, which should lead to increased productivity of the employees.

McAfee identifies the characteristics of Enterprise 2.0 as SLATES and the explanation is given in Table II [5]:

TABLE II. DEFINITIONS FOR THE ENTERPRISE 2.0 CHARACTERISTICS

Term	Definition
Search	The ability to find information easily using tools that can organize structured and unstructured data, typically through the use of keywords
Links	The means to be able to "hook up" to web pages and other areas internally through the use of hyperlink technology
Authoring	Writing for a broad audience using tools and spaces that make the content available to that broad audience, such as a wiki or blog
Tags	The organic categorization of content using one or two word tags where the categorization is done by individuals
Extensions	Tools that provide some automated form of analysis that enriches the productivity of their users
Signals	Tools like RSS that inform users when new content is available or relevant content is available elsewhere

V. CONCLUSION

The contemporary workforce has a different outlook than the traditional workforce, which leads to a different kind of thinking. One of the most important concepts to carry out when creating Enterprise 2.0 is forming and fostering a new kind of business culture. It is best seen through investing in customer service, as well as in company's employees. This new form of enterprise values its employees and thus creates satisfied business partners and, most important, loyal customers. The use of Enterprise 2.0 tools fosters a culture of collaboration and outreach which can only benefit the transformation of a company to a customer-centered culture that's defined by

how it administers the customer experience and engages customers in a continuous fashion. The successful use of those tools reduces cost and increases productivity. Familiarity with their use helps in the implementation of the same or similar tools with the customers.

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