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# The Value of CRM in

# Digital Transformation

# in an Organization

Case Company: TPA Global

Lahti University of Applied Sciences Ltd
Degree Programme in International Business

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                            Transformation in an Organization
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ABSTRACT

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Nowadays, a big number of businesses strive to improve and optimize organizational processes by following conventional schemes. However, in the modern world, companies are required to step outside their comfort zones and rethink the way they function in order to achieve success. Benefits can be reached by adapting to the major trends of the digital transformation and implement necessary tools offered by the technological developments. Organizations are in search for the best device to maintain prosperous business transactions, and customer relationship management (CRM) is one of them. Many companies still do not realize the importance of CRM and why it should be implemented to win in the process of digital transformation.

The main objective of the research is to explain why organizations have to quickly activate their resources and target them for CRM implementation. Without CRM, the firms are likely to be defeated in the path of digital transformation.

The concepts of the digital transformation and CRM are presented in the theoretical part. The value of CRM in the digital transformation of the organization is presented both in empirical and theoretical chapters of the research. The answers to the main question, why is it important to apply CRM in the organization, are presented in the conclusion chapter of the research which are divided into four sub-questions. The responses were developed by thoroughly and attentively analyzing gathered data.

The research was conducted by retrieving data from the secondary and primary sources, with primary data obtained from the interviews. Secondary data was gathered from written and electronic sources such as books, online articles, and websites. The conducting method of the research is qualitative.

Key words: digital transformation, four levers, crm, digital maturity, crm trends

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# 1 INTRODUCTION

The following chapter will explain the main topic of the thesis. The chapter will include research background, defining the principal idea of the topic and explain why it is important in current trends of the world society. Research background will be followed by the thesis objectives, research questions and limitations. The thesis framework will illustrate what data is being analyzed to establish the thesis work and will cover the main theoretical parts of the study. This is followed by the sub-chapter of research methodology and data collection. At the end of the chapter, the structure of thesis will be depicted.

## 1.1 Research Background

In the past years, the way of communication between individuals has changed completely as the mindset and behavior of people. The cause of such an impressive alteration is addressed to the digital transformation. With its emergence and incessant evolution, communication behavior of humans has changed dramatically. Nowadays, people tend to share knowledge, emotions, important moments of their lives through the use of electronic devices and social media platforms. Digitalization has changed the world once and forever.

The boom in digital connectivity will bring gains in productivity, health, education, quality of life and myriad other avenues in the physical world – and this will be true for everyone, from the most elite users to those at the base of the economic pyramid. (Cohen & Schmidt 2013,13.)

In addition to that, digitalization has reshaped the way organizations and businesses conduct their operations and manage customer relationships. In other words, old means of collecting data and preserving client information ceased to exist.

Digital connectivity brings along the ability to collect and store data. Effective collection of data brings outstanding opportunities for the future progress of organizations. Today, all important details are stored in online platforms, allowing businesses to collect their data in an unlimited amount and output. Every individual can benefit from digital data, especially businesses as they are able to evaluate the development of their programs and media more effectively.

Enterprises, organizations and simply businesses can utilize data to improve the operational performance and verify the facts. The ability to process more information in the virtual space will enable our physical world to become more productive. With digital connectivity outreach to almost every place on our planet, new users will be provided with a chance to revamp a wide scope of undeveloped markets, schemes, demeanors in both most and least advanced societies. People will be able to do more with less. And, huge goals brought by digital connectivity are expected in the future not only in developed countries but in developing ones as well. (Cohen & Schmidt 2013, 14-15.)

1.2 Thesis Objectives, Research Questions and Limitations

**Thesis Objectives**
The main objective of the thesis is to provide an idea of what digital transformation is and to assist the case company in executing further operations using the customer relationship management (CRM) software to support the key activities and easily connect with the customers and generate new ones amidst incessantly developing world of digital transformation. The thesis is also dedicated to such topics as:

- o Investigating how large and medium-sized organizations are making their way through the world of digital transformation and the value of CRM in their business operations;
- o Studying the customer relationship management implementation within an organizational workflow;

o Four dimensions of customer value in the business processes of an enterprise.

**Research Questions**

To make the research more structured, the main question and the sub-research questions are required due to the complexity of the topic.

The main question of the research is:

***Why do companies set up CRM and what is the real value of CRM in the digital transformation of an organization?***

The sub-research questions are provided below:
1. What is a digital transformation?
2. How can an organization become digitally matured?
3. What is CRM?
4. What is the main goal of CRM?

**Limitations**

The topic of the thesis is broad and therefore limitations are applied in this research. The thesis is conducted relying on the case company, defined software and it is all linked to the TPA Global's question of CRM value in the organizational path through digital transformation using the specified software.

1.3 Theoretical framework

The theoretical framework is the principal part of the research. It displays the crucial topics that will be analyzed in the thesis. Chapter 2 depicts the idea of the digital transformation, explanation of the concept and finalized by suggestions how to move towards the digital transformation. Chapter 3 describes a deep overview of the CRM tool. Both chapters cover the background of the empirical research allowing the reader to easily comprehend the main objective of the thesis.

1.4 Research Methodology and Data Collection

There are two research methods that can be applied to thesis: inductive and deductive. Deductive research method defines that the theory has to be tested and includes that theory is subjected to a stringent test. This research method is assigned for collecting quantitative data. (Saunders, Lewis & Thornhill 2009.)

Inductive research is implemented using qualitative data and focuses on gathering the comprehension how individuals are attached to the events. The inductive research is conducted through the interviews to obtain more data to supply the research with valuable details gathered via this method. (Saunders et al. 2009.)

There are two types of data: qualitative and quantitative. Quantitative data includes analytical graphs with mathematical structures for the research answers to be revealed. (Saunders et al. 2009, 414.) Quantitative analysis methods include the creation of simple graphs and tables to present the repetitiveness of the events via various statistics and comparisons. Qualitative data allows the individual to build up his/her own theory. (Saunders et al. 2009.) In this research, qualitative data is used.

1.5 Thesis Structure

The thesis content includes eight chapters:
1. Introduction;
2. Digital Transformation;
3. CRM – Customer Relationship Management Platform;
4. Case Company;
5. Empirical Research and Data Analysis;

6. Conclusion;

7. Summary.

The thesis begins with the introduction chapter, Chapter 1. Chapter 2 and 3 are theoretical chapters. In Chapter 2, extensive description of digital transformation phenomena is provided and Chapter 3 explains the definition of customer relationship management and its implementation and future of the software. Chapter 4 is dedicated to the case company, TPA Global, its business and platform. Next is Chapter 5, where Empirical Research and Data Analysis processes will be explained. Chapter 6, conclusion, will provide answers to the research questions and will dispatch the validity and reliability and suggestions for further research. The research is finalized by the final Chapter 7, the Summary chapter.

## 2 DIGITAL TRANSFORMATION

Nowadays, digitalization touches almost every aspect of the society and business transactions. To better visualize the essence of digital transformation, its core features and its capability to bring organizational workflows to a new, upgraded level, it is important to break down the phenomena of the term and its crucialty in future business performances.

### 2.1 Definition of digital transformation

Nowadays, technology is determined as a significant part of every organizational process of digital transformation. Nevertheless, digital transformation is not ultimately only referring to the reconstruction of technological activities within a certain firm. Much more, digital transformation influences alterations in the cultural world of a specific enterprise, not explicitly the technology. The main aim of the digital transformation is to change the way people think. Leaders of the large, long-term organizations and industries must be always creative and discover new opportunities in the modern world of digitalization if they do not want their companies to be substituted by the next hot startups. (Schaible & Bouée 2015.)

The precise definition of the digital transformation is vague and mainly concentrates on the company, its leaders and industry. Organizations use technology as a principal tool to change the way employees think and to develop better communication with the customers. (Frank, Renee & Kim 2016, 2.) The significance of the successful digital transformation hides in enabling industry players to visualize critical cost benefits, discover profit opportunities and implement potential business models.
(Schaible & Bouée 2015, 13.)

It is important to mention that digital transformation is going be always an ongoing process in the workflow of a certain firm. For the company, it is vital to activate and implement digital solutions that will bring operations to the whole new level and will keep the organization on the path of innovation and evolution. The solutions can range from the adoption of an integrated payment tool, posting relevant information on the social media and storing data of the customers. All these solutions are components of the digital transformation process. For a spectacular development of digital transformation, organizations need to observe alterations in customers' behavior, constantly understanding the needs and requirements of a customer. If a company values its clients, it will obey the previously mentioned rules and will stand on the path oriented to the prosperous future. Digital transformation should be in the heart of businesses consideration and not be dismissed. (Newman 2015.)

## 2.2 The process of digitalization

As every other process in society requires a specific plan for the implementation of certain actions, so does digital transformation. When a company decides to shift its activities into an inventive performance, it is crucial to recognize the major elements that can assist organizations in digital adaptation. Fundamentally, four levers of digital transformation (DX) are effective to facilitate organizations in becoming advanced.
Figure 1 depicts the substantial drivers of digitization. (Boueé & Schaible 2015.)
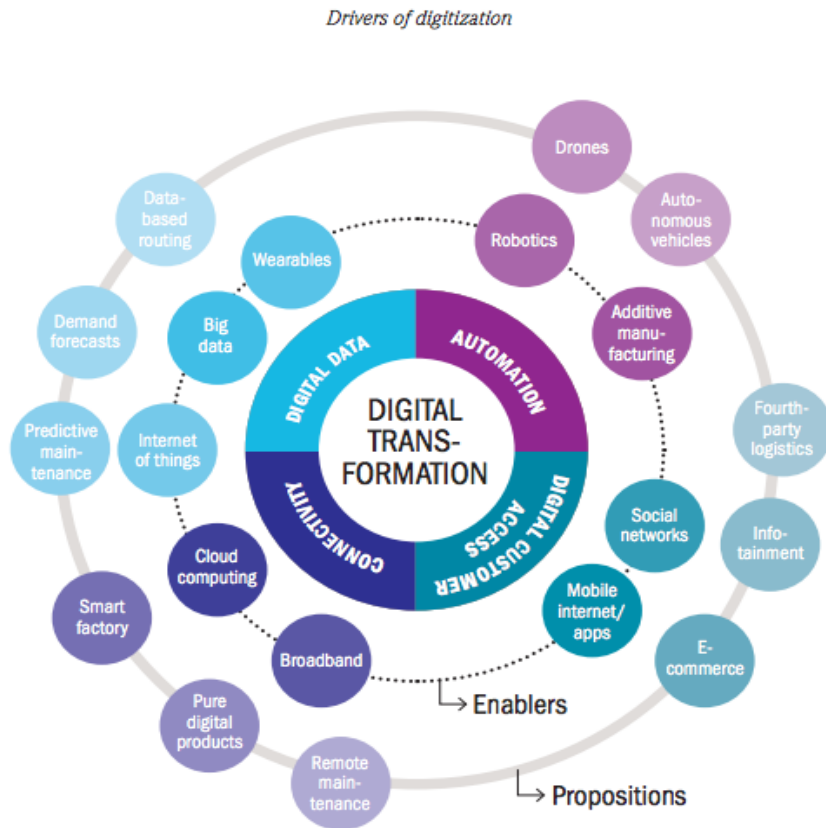
FIGURE 1. Drivers of digitization (Boueé & Schaible 2015, 20)

If companies aim to avoid the risk of being replaced by the technologially developed firms, they have to primarily discern the logic of digitization. In order to aid businesses in doing so, four levers of digitization have been created to illustrate the principal factors and are explained below (Boueé & Schaible 2015,17.)

*FOUR LEVERS*

- Digital Data
  This lever allows to better portray, predict and project the decisions that are bound to be made.
- Automation
  Services are offered in combination of traditional technologies and artificial intelligence, thus helping services to generally organize themselves. Automation aims to assist companies in reducing the risks of making errors, it

> increases the speed of opeartions and it shrinks the costs of transactions.
> - <u>Connectivity</u>
>   Connection across all operational departments of an organization will enable synchronization of operations and their effectiveness
> - <u>Digital Customer Access</u>
>   Availability of the digital customer-oriented software brings an opportunity to provide clients with enhanced and new services.

The four levers assist in evaluation of organization's readiness to adapt digital transformation: digital data is now computerized, and applications are broadly installed with sensors. This development introduces new data not only in the world of industrial machinery but also at the interface to the customers. Innovative analytical robotics are allowing companies to preserve and exchange data faster and in more detailed manner. Numerous amount of data features assists organizations in the optimization of operational performance. The most important factors in this context are access to data and the ability to analyze it. (Boueé & Schaible 2015, 23.)

Automation is a core component in the transformation process. For instance, Google has begun to intrusively snatch computer companies to generate scale. It uses their products to obtain more and more data, which is later translated to the monetary gain. If Google successfully allocates the operating systems and software exploited by its robotics products and integrating them with the different services it supplies (such as data analysis), the Californian giant will in future control key links in every industry that uses robots. (Boueé & Schaible 2015, 23.)

For many market players, vast sections of value creation efficiency still remain as an unknown element up to today. To resolve the issue, connectivity comes in the way. Intensifying connectivity optimizes the

process of efficiency in the organization work frames. As an example, smart companies are largely centered on the interconnection of production systems simplified by machine-to-machine (M2M) communications. All this, however, is possible only if an interoperable, universal communications standard is applied; and the formulation of such a standard has so far fallen at the hurdle of resistance within industries and an unwillingness to let go of proprietary systems. (Boueé & Schaible 2015, 23.)

The presence of digital data, the automation of production operations, the interconnection of tasks and the development of digital customer interfaces is remodeling business models and reconstructing entire industries. Digital transformation has been massively influencing such pioneering industries as media, the music industry, tourism and many more. Impressive alterations already occur in the automotive and logistics sector. Future will bring additional value to those industry players who cooperate with each other in real time. (Boueé & Schaible 2015, 23.)

2.3 Digital maturity and its approach techniques

It is not a secret that every business faces digital transformation. Bearing this in mind, it is important to point out that many companies have been already leading in the transformation process, whereas others have yet to begin a formal transformation strategy. Every business has a plan how to implement a certain procedure. For digital transformation implementation, the specified track has been also organized to assist companies in a successful application. A maturity model, "The six levels of digital transformation maturity" – displays the key moments and milestones along the path of digital transformation to provide visibility and guidance to those change agents leading the way. (Solis 2015, 9.)

Figure 2 represents the six stages of digital transformation maturity:
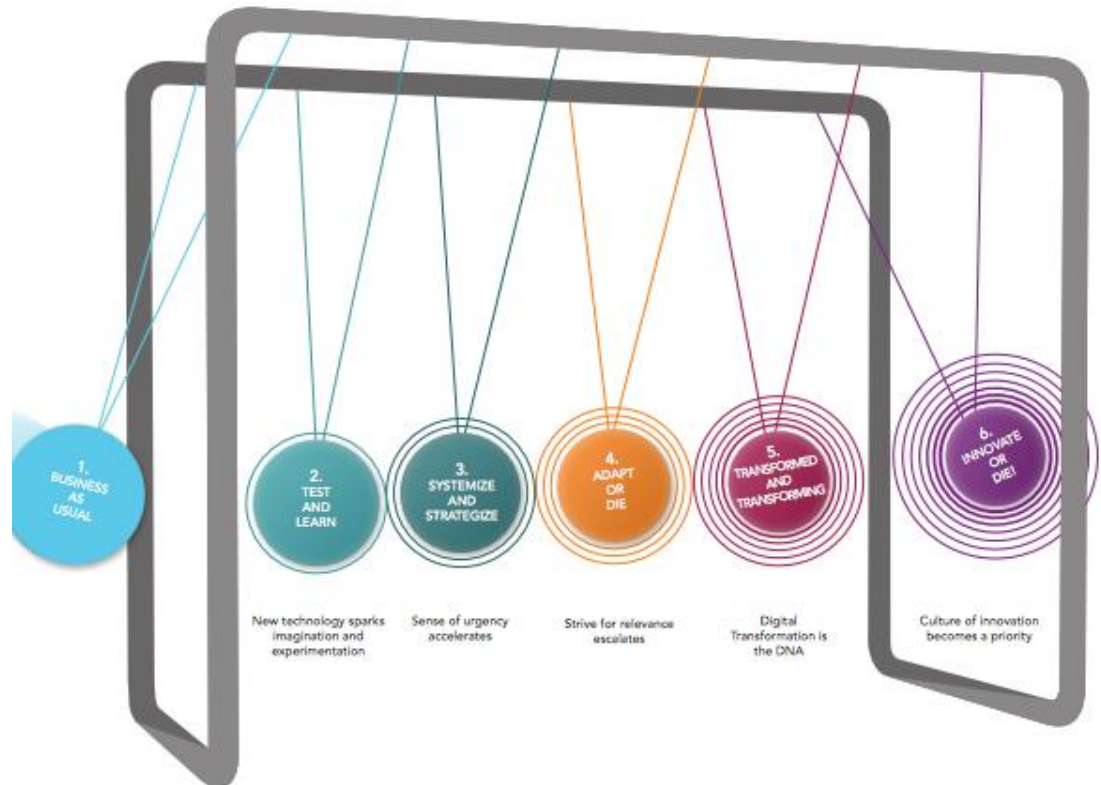


FIGURE 2. Six stages of digital transformation maturity (Solis 2015)

The description of each stage is given below.

**1. Business as usual**

Businesses tend to ignore, disregard or are simply unaware of the risks and opportunities that can be brought by the digital transformation and continue to execute operations with archaic plans. Unfortunately, the lack of urgency exists and the necessity to change is rejected. Moreover, the culture of the organization is the one that reluctant to changes and does not want to move forward due to the fear and complexities that can stand in the way. This type of thinking hinders businesses from innovations. Organizations still use the technology roadmaps that were developed years ago. (Solis 2015, 10.)

Additionally, businesses do not realize the importance of the infrastructure around digital. Employees and leaders do not recognize the great impact of digitalization on customers, employees and markets. Neglecting such important features leads to the absence of operational optimization and opportunities for further development. Moreover, communication (CX) is still maintained by individual departments (silos), which fragmented processes and systems that do not connect the dots in sales, CRM, support or marketing. Most of the time, strategies are established relying on old-fashioned schemes with ignoring new platforms and networks for enhancing the performance. In this case, data is not unified and has no opportunity for cross- or omnichannel engagement throughout the customer lifecycle. (Solis 2015, 10.)

**2. Test and learn**
Teams still vastly continue to work in silos but become progressively efficient. At this stage, organizations still grasp the notion of digital transformation and opportunities it can provide for the company, and also how to invest in new programs that track against classical metrics and KPIs (in other words, key performance indicators represent critical features of the company that required to be focused on and lead to the future success of the organization) (Parmenter 2007,3), versus how to rethink possibilities and outcomes and how they can change measurement standards.

Organizations begin to examine the effect digital transformation on communication between the enterprise and clients and start to invest in new technologies. The company, though still operating in silos, expands into new spaces led by individual groups or loosely defined "circles" to explore new possibilities for internal and external programs. Additionally, these initial teams explore how to work outside their coverage areas to make greater impacts while also making the case for more support and resources. Customer data for each channel still exists in silos; however, the focus begins on acquiring customer data through listening.

This listening capability also informs much of the content strategy, with efforts to create more real-time relevant content rather than relying solely on campaigns created by outside agencies. As these efforts continue in isolation, for the most part, groups become increasingly efficient at experimentation, moving them toward a formalized approach. This experimentation extends to trying out new technology platforms and channels, including social media and mobile. (Solis 2015,11.)

### 3. Systemize and strategize

At this stage, the requirement for digital transformation is clear and it causes organizations to extensively invest in people, processes, and technology. The organization is moving forward and becoming smarter. Marketing and IT departments start to cooperate jointly in order to explore yet unknown opportunities delivered by the DX. "Test and learn" stage allows the organization to realize what is needed to be changed in the firms, whereas "systemize and strategize" stage forces companies to take an action and begin to invest in required departments.

At this step, it is clear that activities are becoming unified among various segments of the enterprise, bringing a huge impact for the organizations to implement processes faster and more efficient. Furthermore, innovation becomes a primary point for the companies to identify new opportunities and potential disruption outside organizations. Improving digital communication evolves into a driver for transformation. Data becomes fundamental to informing everything from understanding connected customer journeys, preferences, behaviors, personal interests, and context to using customer-facing technology to optimize the experience.

Content and overall marketing strategies start to shift from the multi-channel broadcast campaigns to targeted/real-time engagement (personalized) opportunities that also unite efforts and facilitate cross-functional collaboration in each network or/and channel. (Solis 2015, 12.)

**4. Adapt or die**

Businesses at this stage are becoming resilient. Efforts in digital transformation are now supported by investments in IT and cultural infrastructures. Besides, efforts are now more significant and structured formally, moving beyond prioritized-but-focused leaders to official leaders that span every division affecting the digital communication transformation and beyond. These include sales, service/support, and certainly, marketing together with HR, product development, manufacturing and much more. Additionally, categories are formed under each, where common resources are shared across once-disparate departments (see Figure 3), including:
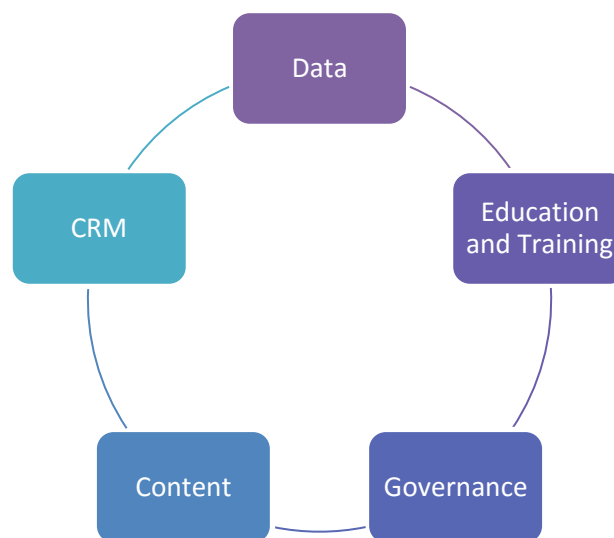


FIGURE 3. Once-disparate departments

The DCX is a priority driver for change. By bringing new innovations and introducing them to the teams, it is now easier to develop new business models and lead further alterations in priority areas. Efforts shuffle the conventional sales/marketing/commerce funnel focus to a more progressive type that adapts to changes in the technology and behavior. Digital literacy is a must-command to be held in minds of groups working

on communications, as well as executives.

To enhance better performance, new skills are also required in the company. Skills that can help to improve capabilities in data, analytics, R&D, service support, and loyalty. Data turns into a more preeminent element of the organization with privacy and security. Privacy of the consumer data shouldn't be contravened and should be supervised under strict regulations. In addition, the intellectual property is becoming much more important. (Solis 2015.)

### 5. Transformed and transforming

Transformed and transforming step means that digital transformation is no longer dismissed. It is now a very crucial part of the team that should be always observed and be taken care of. The organization works in a much more unified, efficient manner and resources are invested into the development of DX and path to the digital maturity. Every department of the company, be it marketing, IT, HR or any other is now managing aspects of the digital transformation locally or enterprise-wide. Besides the cultural reorganization of the company, the transformation also affects the lifeline of business operations and communication with the customers. New titles such as CDO (Chief Digital Officer), CSO (Chief Security Officer) are emerging in the teams. This is due to the necessity to recruit experienced and knowledgeable employees for firm's business transactions' optimization. (Solis 2015, 14.)

### 6. Innovate or die

Final stage determines that the company has reached the definition of being digitally matured. At this step, digital innovation is a constant consideration in the brains of the organization's team. Innovation development centers on expanding employee sections, recruiting more talents and changing the way people think. New ideas, new business models, new opportunities are all accepted in the digitally matured organization and have a space to be discussed and further developed. With digital transformation ultimately applied in a defined organization,

there is no way back for obsolete schemes of transactions' procedure – there now only the way to move forward and accept innovations supplied by the endlessly changing digitalization. (Solis 2015,15.)

2.4 Actions for implementing digital transformation

To help organizations on their way to the digital transformation process, the series of actions providing a blueprint for implementing Digital Transformation Plan has been carried out and is explained below:

Step 1: Benchmark your company's place within digital maturity framework.

   a) Make a detailed plan of the actions that are accomplished or are still underway;
   b) Evaluate to which extent each action has been reached and ensure that the company is on the right track towards digital maturity.

Step 2: Brainstorm on the areas of the company that needs to be updated in various departments of the organization to move to the next ideal phase.
   a) Elaborate on the list of the organizational territories that have not been yet addressed;
   b) Discuss the importance of becoming digitally matured and its challenges with the teams and stakeholders;
   c) Perform audits in the departments where they are required to flare up hidden needs.

Step 3: Arrange all initiatives and place them on roadmap/timeline for 1 to 3 years.
   a) Reassess findings together with stakeholders to manage and program opportunities;
   b) Develop a framework of steps and needs for further improvement;
   c) Designate necessary parties and resources;

d) Appoint activities and responsibilities for participating stakeholders.

## Step 4: Appoint a digital transformation leader.

a) The appointment will involve leadership support, concentration and authorization.

b) Actions executed by the leader will include:

i) Postpone or sunset digital initiatives misaligned with the plan.

ii) Define accountability for addressing the plan, remove roadblocks, communicate to the broader team the digital imperative, and hold the team accountable for investments.

iii. Report progress, successes, and challenges to executives.

## Step 5: Deviate from silos! A digital transformation team is formed to:

a) Make sure all important elements and stakeholders are outlined:

i) Lines of business

ii) CX

iii) IT

iv) HR

v) Legal

vi) Finance;

b) Operate as an efficient swift team to emphasize on opportunities, select current digital experiences to facilitate operations and oversee progress;

c) Lead initiatives that locate and fix gaps in customer and employee experience to meet near-team business objectives.

d) Keep the rhythm to operate against pipeline, deliver reports and updates, and execute rapid decisions

## Step 6: Always be alerted and don't lose the momentum.

a) Moving forward means that the company goes in right direction and obeys thoroughly thought actions;

b) Once momentum is attained, prevent it from slowing

    c) Remember: digital transformation appreciates those organizations that at least consider transformation and try to implement it. (Solis 2015.)

## 2.5 Digital readiness by country

Digital transformation touches various aspects of business operations and leads to major changes. Politics, regulations, and levels of economic development are main components in attracting digital transformation to a specific country to assist businesses in enhancing operational performance. Nowadays, there is still a big number of countries lacking an access to the Internet. The number is barely 50% of the world's population. For global technology players and policy makers, it is important to visualize how the process of digital transformation is accomplished in different corners of the world. (Chakravorti, Bhalla & Chaturvedi 2017.)

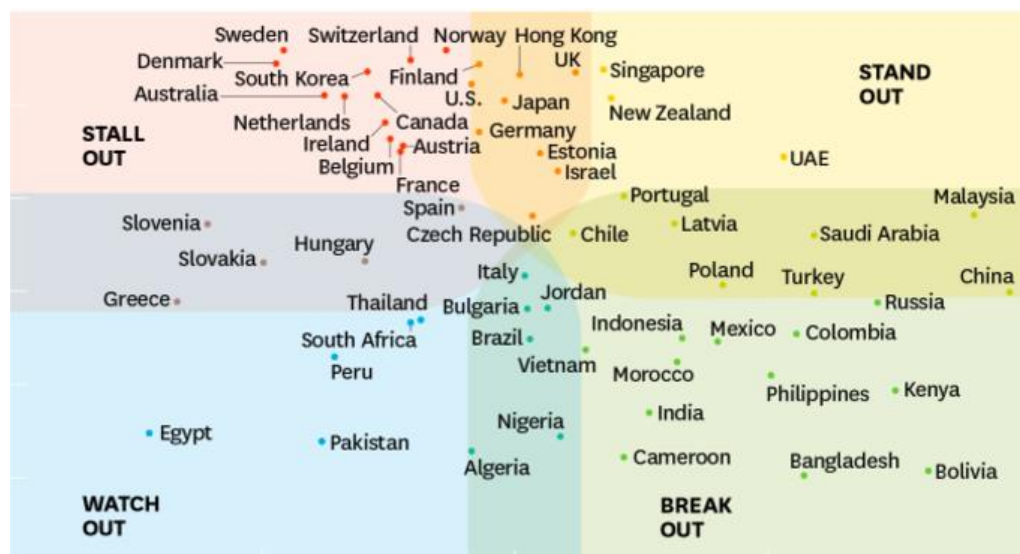Figure 4 represents the map of digital readiness reflected by countries in four groups.



FIGURE 4. Mapping the digital momentum of the world (Chakravorti et al. 2017)

In order to develop the map of the digital momentum, certain aspects were taken into consideration to define what it digital momentum consists of and what are the most critical criteria of its definition. The criteria are provided below:

*1. Supply conditions.* This category includes three types infrastructure: access infrastructure (communications sophistication and coverage, as well as security); transaction infrastructure (access to financial institutions and electronic payment options); and fulfillment infrastructure (quality and performance of logistics and transportation infrastructure). (Chakravorti et al. 2017.)

*2. Demand conditions.* This category measures how digitally engaged consumers are. Are they willing and able to spend online? Do they use the digital payment options available to them? How much do they actually use the digital devices, mobile connections, and so on that are available to them? Is there a digital gender gap, and if so, how large is it? (Chakravorti et al. 2017.)

*3. Institutional environment.* With this category, the legal environment was assessed (including IP and investor protections) as well as how much the government used digital technology. The broader concerns such as transparency, rule of law, and regulatory quality were measured as well. (Chakravorti et al. 2017.)

*4. Innovation and change.* In this category, the three primarily subcategories were revised: inputs (financing options, talent retention, startup capacity), process (how sophisticated are firms' business processes, and what's the level of R&D?), and outputs (what's the degree and richness of connectivity across networks including mobile devices, digital entertainment, social media, etc. that help propagate). (Chakravorti et al. 2017.)

By measuring each country's current state of digital evolution and its pace of digital revolution over time, the following chart has been implemented, a map of the digital planet. Countries on this chart fall into four zones: Stand

Out, Stall Out, Break Out, Watch Out. Some countries are at the border of multiple zones. (Chakravorti et al. 2017.)

**Stall Out** countries are the leading countries in the context of digital transformation advancement. The most developed countries are Norway, Sweden, Switzerland, Denmark, and Finland. These countries are digitally matured territories and can apply their resources of digital transformation benefits for further development and growth. (Chakravorti et al. 2017.)

**Break Out** countries are least enhanced by the digital transformation. The reason of low development can be political restrictions and lack of necessary resources. In such countries, the localizations of institutions that can assist in supplying knowledge of technology and digitalization would be a great chance for the population to support their countries in moving towards the future technological opportunities. Break Out countries have chances to be reversed into Stall Out countries if necessary actions are taken. (Chakravorti et al. 2017.)

**Watch Out** countries facing obstacles of low digitalization. These countries are yet on the path of digital transformation. As a starting point, the optimal way for those countries is to reduce the lack of internet access bringing, for instance, mobile phones with an access to the internet. countries facing obstacles of low digitalization. (Chakravorti et al. 2017.)

It is obvious that the most developed region, in terms of digital advancement, is Asia with China and Malaysia as the examples. A large number of investors and entrepreneurs is expected in the territory. For digital transformation process, it is crucial that policy makers are welcoming new trends and accepting innovations. (Chakravorti et al. 2017.)

2.6 Challenges of digital transformation performance

Digital transformation has to be applied in every enterprise that is aiming to become more efficient and effective. However, there are also constraints and challenges on the path of transformation. Complexities can be different, ranging from the security to budgetary concerns. There are a lot of large enterprises and SMEs around the world. However, the majority of organizations are in the very beginning of their DX journey. (CanadianCIO 2015.)

Figure 5 provides a better understanding of challenges and their importance for the organizations when they face "should we go digital?" question:

| | | Very important | Somewhat important |
|---|---|---|---|
| | Changing company culture. | 63% | 34% |
| | Thinking beyond a "campaign mentality" in digital strategy efforts | 59% | 32% |
| | Cooperation between departments and team silos | 56% | 39% |
| | Resources (people, technologies, expertise) and budget allocation | 56% | 39% |
| | Understanding behavior or impact of new connected customer | 53% | 42% |
| | Securing executive support of leadership | 42% | 39% |
| | Lack of data to justify value of digital transformation | 34% | 51% |
| | Risk management, compliance, and/or legal implications | 31% | 37% |

FIGURE 5. Challenges facing digital transformation in the organizations (Lieb, Szymanski & Solis 2014,19)

At the top of the list, we can see that the most challenging aspect, with 63%, is culture. Culture is a vital aspect of the organization as it

represents the firm's character, personality, leadership, and values. In the cultural aspect of the firm, the need for change is constant and imminent. Culture must adapt to the alterations of digital transformation and must symbolize the resilience in the company. (Lieb et al. 2014.)

Executive support also represents one the most challenging actions to establish, accounted for 42%. Executive support is very important for the organizations, as it commands for action. In terms of digital transformation, executive support forces to start the process of adaptation for further success. To affect the organizational change, executives must become a part of the digital transformation. (Lieb et al. 2014.)

Cross-functional collaboration reflects as a challenge accounted for 56%. Digital transformation predetermines that all departments of the certain firm have to cooperate jointly. They need to tie their experiences together and contemplate on new solutions and business models. To overcome the challenge of the cross-functional collaboration issues, organizations need to figure out internally what infrastructure looks like, the people and processes, tools and technology. (Lieb et al. 2014.)

Feeling lack of data somewhat represents a challenge for 51% of the organizations. Providing each employee with valuable and relevant data must be an important task in every organization. It happens, that in many organizations, the execution of delivery data to the hands of employees is close to impossible. Data delivery requires a responsible and accurate leader for successful articulation across the organization. (Lieb et al. 2014.)

Another challenge stands as resource procurement and its allocation. This hindrance is accounted for 56%. Resources include in themselves people, technologies, expertise and budget. Each of them carries a significant influence in the digital transformation process.

Understanding customer behavior is listed as both extremely and also somewhat of the significant challenge with its 53%.

A proper comprehension of customer behavior is the core of digital transformation. It is crucial to observe the customer behavior and invest in tools that can help to analyze the demeanor and what value can be generated by collaborating with a certain customer in the future.

The strategic roadmap is necessary to be established to navigate customer changes to clarify the questions "how" and "why" client behaves in a certain manner. (Lieb et al. 2014.)

Major responsibilities in favorable overcoming through the digital transformation are kept on the shoulders of change agents. They need to determine executives to accept digital transformation and innovation it can bring. Moreover, change agents must convince decision-makers to observe the world from a new, different, modern angle to improve performance in the markets. For the industry, it is challenging to put the customer first. However, companies need to sacrifice old-traditioned ways of supplying services to surprise clients with innovative solutions. (Lieb, et al. 2014.)

2.7 Moving towards digital transformation

According to Boueé & Schiable, companies around the world must become digitally mature if they are to take advantage of the opportunities afforded by the digital transformation. Company managers themselves must recognize and tackle the challenges and assume important coordination function. Beyond that, the industry must also cooperate closely with the scientific community; and it needs a regulatory framework, carefully defined incentives and no-gaps, high-performance information and communications infrastructure. The government, businesses and scientific institutions must take concentrated action. It is urgent to channel investments in the digital transformation in many important areas:

➢ The production of technical infrastructure for the digital economy;

➢ The promotion of digital start-ups;

➢ The development of new instruments to mobilize private investments in the digital economy;

➢ Research into and development of a cloud with high-security standards;

➢ Changes to educational offerings available to school-children and students and for employee development, with the aim of acquiring, improving and updating core capabilities for the digital future;

➢ The promotion of big data applications by the scientific and corporate communities. (Boueé & Schaible 2015, 41.)

Digital evolution level of the country speaks for the different key drivers of the digital transformation in the certain land. Developing and advanced economies have prioritized unsimilar features in the process of digital transformation. Digitally remote countries should locate limited resources widely. (Chakravorti et al. 2017.)

Digital transformation is an undefined process in terms of time frames but it is certainly one very lenghty and dynamic movement. The path of turning individual processess into connected actions across the organization, bringing business models into digitally driven structures and complexities of DX are all standing on the road of becoming a digitally matured company and require time and rapid actions to be implemented. (Boueé & Schaible  2015, 43.)

Organizations need to be oriented towards the maturity in digital transformation, maintain focus in DX as it is a source of new opportunities and technological innovations. Enterprises also need to become more data-driven, spread the DX to the minds of employees and ensure that all departments are familiar with the process. (Forbes Insights 2016.)

# 3  CUSTOMER RELATIONSHIP MANAGEMENT

The following chapter will cover the main ideas of customer relationship management, in other words, CRM. The chapter will specify on the questions such as why organizations decide to set up various CRM platforms, how digital communication with customers can transform business operations into much more efficient performance, what are the major implications of CRM software implementation and what is the impact of the platform on the business transactions.

## 3.1  Definition of Customer Relationship Management

Customer relationship management is a strategic tool for creating value in terms of profit shaping by selecting customers with who the company can successfully interact with. The goal is to increase the current and future value of the customer of the organization. (Kumer & Reinartz 2012.)

For CRM, the essence of customer value is crucial. It corresponds to the financial value of the customer attitude to the firm, expressed by the profit created through the communication with a selected customer.
A customer value-based approach to CRM then can help answer the following questions:

- When does it pay to pursue customer loyalty?
- How does loyalty link to customer profitability?
- How can we compute the future profitability of a customer?
- What is a good measure of customer lifetime value?
- How can firms optimally allocate marketing resources to maximize customer value?
- How might firms maximize the return on marketing investment?

By answering these questions, it becomes possible to leverage the customer value-based approach for superior marketing decisions, because benefits accrue in the following forms:

- Decreased costs
- Maximized revenues
- Better profits and return on investment (ROI)
- Acquisition and retention of profitable customers
- Reactivation of dormant customer

Yet the field of CRM remains under development. Consulting firms and companies have created their own definitions and conceptualizations that continue to evolve, though they can be grouped into three types: functional level, customer-facing, front-end level, and strategic level. These types of CRM are outlined below:

1. *Functional level:* Customer relationship management can be practiced on a very limited functional basis (e.g., sales force automation in the sales function, campaign management by the marketing function). Such CRM often combines with a strong technology orientation that arises when vendors need to position their particular product. For some vendors or buyers, functional CRM is nearly synonymous with technology. (Kumer & Reinartz 2012.)

2. *Customer-facing front-end level:* This type of CRM evolves from practitioners' need to describe a new business capability or new arrangement of capabilities that focus on the total customer experience. The goal is to build a single view of the customer across all contact channels and to distribute customer intelligence to all customer-facing functions. This view stresses the importance of coordinating information across time and across contact channels to manage the entire customer relationship systematically. It also supports the notion of marketing to customers throughout their purchasing lifecycle. (Kumer & Reinartz 2012.)

3. *Strategic level*: The primary objective of strategy-centric definitions of CRM is to free the term "CRM" from any technology underpinnings and from specific customer management techniques. These definitions

describe CRM as a process to implement customer centricity in the market and build shareholder value. Knowledge about customers and their preferences has implications for the entire organization, such as for R&D or supply chain management. (Kumer & Reinartz 2012.)

The increasing availability of technology allows firms to collect and analyze customer-level data and interact with customer simultaneously. Yet rapid changes are taking place in the environment in which firms operate, which make the development of the new market strategies and a shift from a product toward a customer-centric offer necessary. These changes pertain to consumers, marketplaces, technology and marketing functions. (Kumer & Reinartz 2012.)

On the consumer front, growing diversity reflects the changing demographic composition of market populations. Consumers are becoming more value conscious, less loyal, and intolerant of poor service; they also suffer increasing time pressures, exhibit more technology savvy, look for more convenience, and use social media. The marketplace is characterized by more intense competition, greater fragmentation, and increasing difficulties in terms of differentiation. These changes have driven the marketplace to become relationship-based and customer-centric. (Kumer & Reinartz 2012.)

Data storage technology has become cheaper, leading to exponential growth in storage capacity. This favorable situation for firms means they can collect and analyze information about consumers, their needs, and their preferences, which has set the stage for CRM implementation. Companies increasingly are choosing to apply a strategic CRM process that is strictly customer-centric and relationship based. (Kumer & Reinartz 2012.)

3.2 Why companies choose to set up CRM

It is essential to understand that strategic CRM consists of multiple dimensions. The goal of the strategic CRM is to deepen knowledge about customers actively, then use this knowledge to shape the interactions between a company and its customers and maximize the lifetime value of the customers for the company. (Kumer & Reinartz 2012.)

CRM encompasses three perspectives: the functional level, the customer-facing level, and the company wide-level. If viewed from a functional perspective, CRM refers to the set of processes that must be in place to execute marketing functions, such as sales force automation or online campaign management. (Kumer & Reinartz 2012.)

CRM is a bundle of different activities that provides with an overview of the customer spanning all communication channels. It emphasizes on the importance of exchanging data across time and contacts channels to regulate the whole customer relationship consistently.

The CRM process at the company level suggests that knowledge about customers and their preferences has implications for the entire organization, including functions such as R&D or supply chain management. When CRM is adopted by a firm at the company-wide level, it represents strategic CRM. (Kumer & Reinartz 2012.)

Strategic CRM stems from sound marketing principles. It recognizes the need to balance organizational with customer interests. The goal of strategic CRM is to shape the interactions between a company and its customers in a way that maximizes the lifetime value of customers for the company. This goal also reflects the philosophy that not all customers are created equally. They differ in their economic value to firms, as well as their expectations (e.g., willingness to engage in long-term relationships). The notion of shaping the customer-firm interaction through the attraction and retention of target customer groups is woven into the strategic and

operational fabric of successful adopters. A successful strategic CRM thus features a complex set of activities that together form the basis for a sustainable, hard-to-imitate competitive advantage.

3.3   Main components of CRM

Specifically, a CRM strategy requires four components:
1. A customer management orientation;
2. The integration and alignment of organizational process;
3. Information capture and alignment of technology;
4. CRM strategy implementation.

Customer management orientation is the set of organizational values, beliefs, and strategic actions that enable the implementation of customer management principles. It is characterized by a top management belief and commitment that customer is the center of all activity. Customer management orientation recognizes that customers are heterogeneous in their needs and value, so the firm is ready to treat different customers differently. Finally, it recognizes that no single function can be equated with CRM; rather, corporate functions must be implemented, integrated, and aligned with the strategy, which in turn demands a longer-term view of customer revenues.

In the context of strategic CRM, the integration and alignment of organizational processes involve the organization-wide creation and synchronization of processes, systems, and reward systems that enable the implementation of customer management principles. The notion that CRM only affects only activities and processes in sales and customer services often prevails even today. Customer experience, when interacting with a company's sales or service staff depends on internal activities, such as product development, IT support, and human resource management. Most firms' departments and functions must be involved in a strategic CRM initiative. CRM works best for organizations that adopt cross-functional processes rather than functional silos. The processes are

important because they incorporate the needs of the customer and the goals of the firm together into product and service delivery. A process view forces managers to think more deeply about the purpose of activities and their expected outcomes, not the names of the activities or their individual, functionally oriented goals. Processes must cut through the internal barriers that hamper efforts to build effective customer relationships. (Kumer & Reinartz 2012.)

Next, the capture of information and alignment of technology entail all the technology and processes needed to collect, store, and process relevant and timely customer automation, which in turn enables the implementation of customer management principles. Information technology has made processes more efficient, transformed both processes and services, and supported entirely new processes, especially in terms of online activities. Information capture and alignment of technology can make customer management processes not only more efficient but also effective while creating new processes and channels based on online and wireless applications. (Kumer & Reinartz 2012.)

One of the most crucial parts of CRM development within the organizational workflow – its implementation. Implementing CRM demands certain processes and activities, as captured in the CRM Implementation Matrix depicted in Table 1.

| | | Acquisition Stage | Growth and Retention Stage | Decline and Exit Stage |
|---|---|---|---|---|
| Management Dimension | Analytical CRM | | | |
| | Operational CRM | | | |

TABLE 1. CRM Implementation matrix: specific CRM activities and processes (Kumer & Reinartz 2012)

This matrix spans the vast scope of dimensions:

1.  A customer dimension, pertaining the changing phases of a customer-firm relationship (customer acquisition, growth, retention, exit);
2.  A management dimension, or the activities and processes that constitute analytical CRM (i.e., to obtain a good understanding of customer needs, behaviors, and expectations) and operational CRM (to roll out and manage interactions with customers across all demands). (Kumer & Reinartz 2012.)

The implementation matrix (Table 1) lets us map a set of managerial activities and processes onto various places of the customer-firm relationship. Each cell in the matrix corresponds to a specific implementation activity or process. Marketing-driven CRM implementation thus is characterized by:

- Activities and processes that constitute analytical CRM and operational CRM. They might include customer data collection, satisfaction, and loyalty metrics, customer needs analysis, relationship economics, or segmentation for example.
- Activities and processes that constitute operational CRM, such as value proposition management, campaign management, channel management, referral management, and loyalty management.
- The firm's ability to understand the value of the customer to the firm and varied needs of different customers.
- An acquisition and retention process that continuously aligns the offering with customer needs and values.
- An ability to improve the company's offerings continually by learning about its customers. (Kumer & Reinartz 2012.)

The four components taken together in an integrative form constitute the complete CRM strategy. They interact and reinforce one another, and each component plays an essential role, with none being sufficient in and of itself. To compete, a firm should at least match its competitors on all

components and ensure positive interactions among them. The effects of these positive interactions help CRM champions truly excel. (Kumer & Reinartz 2012.)

## 3.4 Developing a CRM strategy

Developing a CRM strategy consists of four steps:

1. Gain enterprise-wide commitment;
2. Build a CRM project team;
3. Analyze business requirements;
4. Define the CRM strategy. (Kumer & Reinartz 2012.)

Breaking down the overview of each step:

**Step 1: Gain Enterprise-Wide Commitment**
Strategic CRM involves multiple areas within the company. For this reason, each department (e.g. sales, marketing, finance, manufacturing, distribution) should support the process and incorporate relevant contribution when contemplating on company's CRM strategy.
The involvement of multiple departments promotes both cooperation and wider acceptance of the new system by all segments. Generally, enterprise-wide commitment thus includes these attributes:

- Top-down management commitment;
- Bottom-up buy-in from system users;
- A dedicated full-time project team;
- Budget allocation for the total solution.

To get support from all relevant departments, CRM strategy developers should keep the departments informed of all progress during the development and implementation phases and emphasize the positive results of the CRM strategy. (Kumer & Reinartz 2012.)

**Step 2: Build a CRM Project Team**

Once the enterprise-wide commitment has been secured, the next step should be to select the CRM project team, whose members will take responsibility for making key decisions and recommendations and communicating the details and benefits of the CRM strategy to the entire company. The most effective CRM project team should contain active representatives from at least the following work groups, to ensure the groups' specific desires will be addressed by the CRM strategy (Kumer & Reinartz 2012.)

- Management;
- Information service/technical personnel;
- Sales, marketing, and service groups;
- Financial stuff;
- External CRM expert.

Now, after narrowing down the particular desires referring the CRM strategy, it is important to depict each one of them more explicitly. First, comes management and it should provide leadership, motivation, and supervision of every step of the CRM strategy development, especially when it involves significant changes to business processes, organizational structures, or roles and responsibilities. Also, in the process of the development, managers are the ones who typically evaluate the CRM strategy. (Kumer & Reinartz 2012.)

Following comes Information Services/Technical personnel. Here, the development of a CRM strategy must be based on a comprehensive analysis of the company's information, so information services should be deeply involved. The technical group must be actively involved too because it can provide valuable input with respect to which CRM processes can be automated. Furthermore, they should ensure the CRM system is compatible with existing software applications.

Afterwards is the turn of Sales, Marketing and Services groups. These departments often are the final users of the CRM system, after the strategy has been developed and implemented. A CRM strategy is successful only if the users are satisfied and comfortable with the final CRM system. Involving sales and marketing groups in the development of the CRM strategy helps members evaluate the potential system's usability, according to three criteria (Kumer & Reinartz 2012.)

- *Effectiveness.* Users must be able to complete the tasks they wish to perform. An effective system is paramount because it determines outcome quality.
- *Efficiency.* Efficiency measures the required input for completing any given task. In view of the many users of a final CRM system, minor efficiency improvements can have significant effects on the firm's overall productivity.
- *Satisfaction.* In the final CRM system is not user-friendly, it will not be used widely by users, which means the investment in the CRM strategy cannot be justified. This problem is particularly prevalent in the CRM market, where many systems have failed because of users' resistance to new practices. (Kumer & Reinartz 2012.)

Financial department employees of the CRM project team can support the rest of the organization with the crucial analysis of the provided CRM strategy, including expected sales increase and productivity, operating costs and costs of system expansion.

Finally, comes an External CRM Expert. In many cases, external CRM experts (business consultants, vendors) can be very helpful for developing a CRM strategy, if the company lacks sufficient CRM expertise, experience, or technology. A consultant's experience can provide a valuable source of objective information and feedback. In particular, an external observer can help analyze the company's real business needs, assist with the formation of the project team, and work with the team to review, amend, and approve functional specifications. Choosing this

external expert and deciding when and how to integrate this source thus may be a critical element of the success or failure of the CRM project. In addition to these work groups, the CRM project team may contain members from other internal or external parties (e.g., personnel responsible for managing relationships with suppliers, strategic partners, investors), if necessary, to ensure the CRM strategy addresses relationships with all important parties. (Kumer & Reinartz 2012, 32-24.)

After describing the two steps above, it is now the time to provide an overview of Step 3.

**Step 3: Analyze Business Requirements**

An effective CRM strategy must be based on the firm's business requirements. An analysis of business requirements, with the objective of gathering information on a company-wide basis, assesses the current business state and identifies problem areas. This process is absolutely critical to develop a good CRM strategy. Therefore, this step should feature a series of sessions and surveys to canvass top sales, marketing, and customer service managers to gather their expectations; a consensus should be formed as the result. (Kumer & Reinartz 2012.)

Company-wide goals should be defined, along with objectives for each department and work group. Special care should be taken to acknowledge and evaluate all ideas to so participants feel they are part of the process. Ideas that seem unnecessary or unrealistic may be eliminated later during the development of the CRM strategy. At this juncture, information on specific problem areas must be gathered uniformly to identify particular goals and define objectives for the entire company. After gathering information, it should be able to take the following ten steps:

> ➢ Identify the services and products being supported.
> ➢ Outline ongoing workflows.
> ➢ Analyze already established technologies, features and capabilities.
> ➢ Discuss the vision for the business and the operational plan.

➢ Specify operational needs.

➢ Elaborate on effective operational flows and techniques.

➢ Determine inconsistencies in technological functions.

➢ Map functionality to business processes.

➢ Cultivate an innovative technology, and functionality framework.

➢ Develop a conceptual design and prototype plan. (Kumer & Reinartz 2012,34.)

The final step in developing a CRM strategy is to define it. A good CRM should address the five areas, depicted in Figure 6.
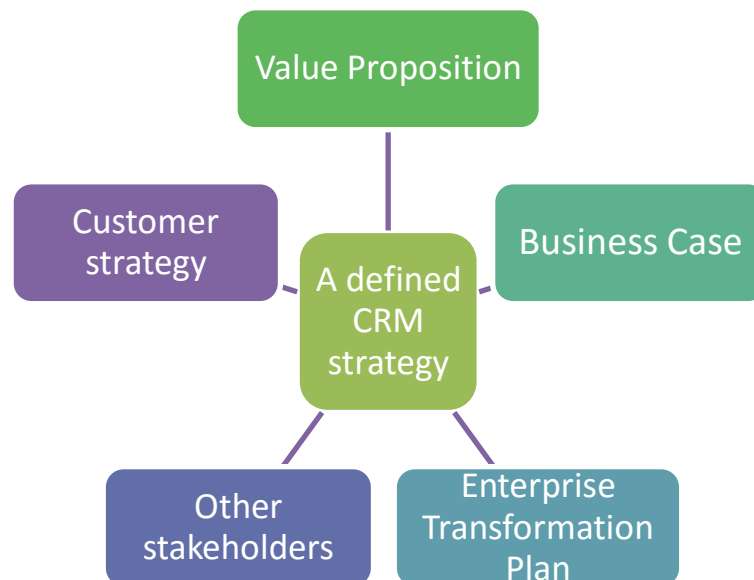


FIGURE 6. Characteristics of a defined CRM strategy (Kumer & Reinartz 2012, 33)

After the business needs analysis (which means sufficient information has been gathered for the CRM strategy development), it is time to define the CRM strategy that can be implemented in the future.

**The Value Proposition**

The goal of CRM strategy is to retain strategically important customers, and the objective of customer retention is to develop, communicate, and deliver value propositions that meet or exceed customer expectations. The value proposition, in turn, is a multifaceted package of product, service, process, price, communication, and interaction that customers experience during their relationship with the company. It is the soul of the company's business, in that it differentiates the company from others. If the value proposition is not affected by an investment in CRM, the company is not a customer-centric as it needs to be or it lacks a basic understanding of what its customers value. The value proposition must address three areas:

a) What customers value;
b) What the company says it offers to the company;
c) What the company actually offers to the customers. (Kumer & Reinartz 2012)

The company should strive for to offer what customers value; if all three elements of value proposition are not aligned, the company likely cannot achieve customer centricity, because it is not delivering actual value to the customers. Further comes Business Case.

**Business Case**

The business case for CRM determines whether the company will meet its specific and measurable expectations from its investments. An effective business case should directly link the delivery of customer value with the creation of shareholder value, exhibit a good return on investment (ROI), and account for three areas:

a) *The planned increase in the economic value of the customers over the duration of their connection with the company.* The lifetime value, the risk involved in unlocking that value, and growth potential by a customer segment should be considered.

b) *Reference and referral effects.* The preceding calculations alone cannot justify ROI. If the company is investing more to satisfy the needs of customers, there should be a significant impact in the form increased customer acquisition through referral. Thus, a value must be placed on new customers who have been acquired as a result of the investment.

c) *The impact of learning and innovation.* The enhanced learning and innovation resulting from CRM add more value by reducing the cost incurred by the company through higher marketing effectiveness and improved products and services delivered to customers. (Kumer & Reinartz 2012.)

**Customer Strategy**

A customer strategy defines how the company will build and manage a portfolio likely consists of customer segments differentiated by the actual or perceived characteristics of those customers. An effective customer strategy covers at least these four areas:

a) *Customer understanding.* To develop, communicate, and deliver a satisfactory value proposition, the company must understand its customers' expectations. There are six distinct levels: *delight, excellent, should, will, minimally tolerable* and *intolerable*. They form a hierarchy from highest to lowest. *Will* expectations are those that customers develop through previous experience. *Should* expectations rely on promises made or inferred by the company. Customers benchmark their expectations against their past experiences and best-in-class standards. In most cases though, even the best companies cannot meet customers' *excellent* expectations all the time. (Kumer & Reinartz 2012.)

Therefore, meeting expectations is a realistic goal for most companies' CRM strategies. *Delight* is not always desirable either because it is costly and shifts customer expectations considerably.

To understand customers' expectations, a company should have effective customer segmentation and obtain as much customer data as possible regarding their needs (active and passive) for products and services, then extract information from the data using specific analytical tools. (Kumer & Reinartz 2012.)

b) *Customer competitive context.* The company should be aware of how its competitors are servicing their customers and how it should retain and increase its share of customers in the competitive marketplace. (Kumer & Reinartz 2012.)

c) *Customer affiliation.* Customer affiliation is critical because it is a primary factor affecting a company's ability to retain and extract greater value from the customer through cross- and up-selling. Comparative assessments of the strength of customer affiliation affect strategies for customer retention. (Kumer & Reinartz 2012.)

d) *Customer management competencies.* The company must have a defined standard process about who should and how to manage customers. To retain its customer management competency, the company also needs to benchmark its management against that of its competitors and improve it continuously. The best way to meet customers' expectations may be to provide them with customized instead of generic offers. Customized offers should include not only customized products but also services, processes, distributions, communication, and even prices. (Kumer & Reinartz 2012.)

**Enterprise Transformation Plan**

The transformation required by a CRM strategy must cover these six areas:

1. *Business process.* All primary business processes should be assessed from the perspective of the customer strategy to determine whether the distinct needs of the customer are met and,

if not, how to do so. (Kumer & Reinartz 2012.)

2. *Organization.* Most customer strategies result in organizational changes, which include cultural changes. (Kumer & Reinartz 2012.)

3. *Location and facilities.* Particular locations that customers visit have profound impacts on their perceptions of the company, so the physical assets of the company must be adjusted to match the customer-centric strategy. (Kumer & Reinartz 2012.)

4. *Data flows.* CRM strategy should lay out a data strategy, covering the collection of more data, creating and deriving additional data from these data, and distributing the data to different users (staff and customers). (Kumer & Reinartz 2012.)

5. *Application architecture.* To implement a CRM strategy, the application architecture should be changed to feature new application software – or at least to integrate existing software in new ways. (Kumer & Reinartz 2012.)

6. *Technology infrastructure.* A CRM strategy definitely requires a change to the technology infrastructure, including new hardware, new operating software, and operations personnel. (Kumer & Reinartz 2012.)

A change strategy that manages the process in well-paced steps can mitigate the pain associated with change. It should ensure buy-in from employees, who must be prepared for the new paradigm through adequate and effective training. (Kumer & Reinartz 2012.)

**Relationship Management of Other Stakeholders**

Strategic CRM is a comprehensive practice, where stakeholders of a company include *management, customers, employees, suppliers,* and *partners*, in addition to *owners/investors*. *Management* initiates CRM and

takes the responsibility to ensure that in the comprehensive CRM strategy, the relationships with all stakeholders are effectively managed. Because strategic CRM is a top-down approach, it succeeds only if *management* is committed to the CRM strategy. Furthermore, because customers often evaluate the company according to the value of the goods/services provided, the *product* provides the link between the organization and the customer. (Kumer & Reinartz 2012.)

Apparently, the relative importance of individual stakeholders for a strategic CRM approach may differ across industries or businesses. For example, in industries in which customers derive satisfaction mostly by interacting with employees (e.g. hotels), employees are essential to achieving a high-value proposition to the customer. Yet, customers are of course the major focus of a CRM strategy because customers are the only source of revenue whereas relationships with all other stakeholders generate costs. Employees are involved in the execution of the CRM strategy.

The employees' behavior can have a positive or negative effect on the customer's value perception. Only satisfied employees likely deliver exceptional service. Employee satisfaction is one important driver of customer satisfaction, especially for businesses in the service industry. Therefore, a company's CRM strategy must address employee satisfaction to increase customer satisfaction. (Kumer & Reinartz 2012.)

The quality of a product or service depends to a large degree on the *suppliers* who provide for example raw material, components, technological or business know-how (consultants), personnel (recruitment agencies), or money (creditors). With the evolvement of total quality management, the past decades have seen a dramatic change in the structure of supply chains. Relationship-orientation has entered supply-chain management and companies now tend to build strategic, long-term, and interactive relationships with fewer suppliers.

The focus on fewer but closer relations to suppliers has two major advantages: (1) Drive efficiency, e.g., cost reduction (search as well as transaction costs), for example through the electronic data interchange (EDI) to manage a lean and efficient supply chain. (2) Drive effectiveness, e.g. synergetic efforts in producing value for customers where both parties achieve more together than individually, for example in creating customer-oriented innovation. *Partnerships* such as strategic alliances and joint ventures enable their participants to share technological know-how and customer data, develop new products more rapidly, and share costs as well as risks. As a result, these participants enjoy lower costs, better customer insights, and eventually a broader customer base, all of which enables them to provide additional value to their customers. (Kumer & Reinartz 2012.)

As part of its CRM strategy, a company must have a partnership strategy to identify the strategic area in which partnerships are necessary, determine the ideal partner profile, search for appropriate partners, enter a strategic alliance agreement, and manage its ongoing partnerships. *Competitors* also play a major role, because any firm is always compared with the other players in the market.

The key is to provide better value than competitors, as well as use them to benchmark the firm's own strategy and definition of success. Similarly, external factors always play a critical role in devising any strategy, though firms have little to no control over them. Yet before developing its CRM, the firm should perform its own SWOT (strength-weakness-opportunities-threats) analysis, so it is ready to exploit the opportunities and face the threats by relying on its own strengths or avoiding its weaknesses. (Kumer & Reinartz 2012.)

Finally, a successful CRM strategy also needs to create value for the company's *owners/investors*. If the value proposition offered the customers ultimately cannot reap benefits for investors, the strategy will lose its support. From this perspective, creating more value for customers

goes hand-in-hand with ensuring owners' benefits. However, conflicts also occur: A CRM strategy focused on delivering higher value to owners in the long term sometimes requires sacrificing short-term benefits, which cannot satisfy owners who seek short-term ROI. (Kumer & Reinartz 2012.)

To develop a successful CRM strategy, a company needs owners with a large-term orientation. For most public companies, short-term profit seeking is common among investors, but three general approaches to increase the long-term orientation exist: (1) convince existing investors, (2) attract long-term oriented owners, and (3) take the company private. If investors focus only on long-terms returns, they are more likely to become advocates of a profound CRM strategy. (Kumer & Reinartz 2012, 43-46.)

## 3.5 Adoption of CRM in large enterprises and SMEs

Today, business organizations are largely focusing on investing in technologies, such as CRM. CRM implementation is critical in each organization, however, there are certain differences in the way large enterprises and SMEs apply the service. (Alshawi, Missi & Irani 2010, 376.)

### 3.5.1 CRM implementation in SMEs

There are unique features that address to the differences of CRM adoption in SMEs rather than in large enterprises. In general, SMEs possess insufficient access to the market information and affected by globalization hindrances. Additionally, SMEs have less resource capacity in terms of finance, project management, and forecasting. In contrast to large enterprises, SMEs are weaker in managerial, organizational, technological, individual and environmental aspects. (Ghobakhloo, Sai Hong, Sadegh Sabouri & Zulkifli 2012, 37.) There are specific factors that can be outlined in regard to the implementation of CRM in SMEs. The factors are following: organizational, technical and data quality.

*Organisational* factors refer to those factors that directly or indirectly addressed to the organizational departments such as operational, human and managerial. *Technical* factors addressed to the factors that directly or indirectly related to the CRM implementation within the company. *Data quality* represent the factors that are accustomed to the data quality and its collection in terms of CRM adoption in the company. (Alshawi et al. 378.)

The aim of the small companies is to clarify the project mission and establish an informative scheme on CRM implementation. In SMEs, especially in developing countries, the boss is the one who makes decisions and recommends which actions to execute. This is not the same in large enterprises. In SMEs, the importance of information technology is under-evaluated and the necessity to recruit experienced professional is lacking. Simply, small organizations are not willing to invest in the technology and this way of thinking has to be altered.

Leaders of SMEs must look at the importance of CRM from the different angle. They should realize its importance and should consider organization reshaping in terms of new talent recruitment and creation of the team that will be controlling all operations appoint for successful CRM implementation and maintenance. (Bai & Yafeng 2016, 121.)

3.5.2 CRM implementation in large enterprises

Unlike SMEs, large enterprises heavily invest in technology and various software. Large organizations find the solutions of providing effective services in relying on technological tools. Implementing CRM in a large enterprise requires attention and specific actions to be carried out.

When large companies implement CRM, all employees have to be notified and taught how to transfer customer data across the organization in order to satisfy the customer. Also, before implementing new software, the old one has to prove its incompetency to install the new one. In addition, the

organizations have to recruit skillful employees and train already employed ones to expand their knowledge on CRM.

Large companies undergo some complexities in cross-functional communication. Communication is a very important feature during the process of CRM implementation and employees of large enterprises have to understand its significance. In order to overcome the issue and implement CRM successfully, teams should establish good relationships with each other and later with the clients and suppliers. (Bai & Yafeng 2016, 121-122.)

3.6   Summarizing theory of CRM

The above sub-chapters were devoted to the deep analyze of CRM theory and it is critical to briefly summarize all the important elements of the CRM implications for the entire organization. The goal of the CRM is to generate profit value by interacting with the customers and to improve relationships to create more value and maximize the lifetime value of each customer to the firm. Below are presented the main components of the CRM strategy:

a) Customer Management Orientation, which is the set of organizational values, beliefs, and strategic actions that enable the implementation of customer management principles, driven by a top-management belief that the customer is at the center of activity.

b) Integration and alignment of organizational processes, which consist of processes and systems to enable the organization to implement customer management principles.

c) Information capture and alignment of technology, because an understanding of the value provided to target customers drives processes. The processes also work in line with the goal of attracting and retaining target summary.

d) CRM strategy implementation. The processes and activities required for a successful CRM strategy are structured around two key dimensions in a CRM implementation matrix. The customer dimension captures the influence of the changing phase of a customer-firm relationship, and the management dimension comprises analytical and operational CRM.

In turn, developing a CRM strategy consists of (1) gaining enterprise-wide commitment (2), building a CRM project team, (3) analyzing business requirements, and (4) defining the CRM strategy according to its value proposition, business case, customer strategy, enterprise transformation plans, and other stakeholders.

The value proposition of each firm is a multi-faceted package that customers experience, including the product, service, process, price, communication, and interactions. The business case determines whether an investment in CRM meets expectations by linking the delivery of customer value to the creation of shareholder value, or ROI. It should take into account not only the economic value of a customer but also the potential for increased customer acquisition through referrals and the impact of learning and innovation.

A customer strategy helps build and maintain a portfolio of customers through an understanding of their expectations, competitor contexts, and customer affiliations. The CRM strategy also demands transformations in business processes, organizations, locations and facilities, data flows, application architecture, and technology infrastructure. Finally, strategic CRM covers all facets of an organization – customers, management, products, competitors, environment, employees, suppliers, and investors. (Kumer & Reinartz 2012, 51-52.)

## 3.7 The future of CRM

In the future, the perspectives of the CRM will be only expanding. Customers will be eager to connect and interact easily with the company, as well as effortlessly making purchases or be provided with the services. Therefore, organizations must offer its customers smooth engagement and guarantee loyalty and retention. (Leggett 2017, 5.)

The most appropriate solution to satisfy customer will be the usage of an effective CRM strategy and efficient CRM software. With this tool, the organization will be able to serve its clients successfully and offer the best services. (Leggett 2017, 2.)

By 2020, more brands will be using CRM to manage operations and advance transactions. Organizations will have employees in appropriate positions and the communication between suppliers and customers will be optimized. The rise of artificial intelligence will help to predict future obstacles and upcoming trends for further CRM implementation. (Ward 2017.)

To satisfy customers by using the CRM in future, companies have to follow several trends that are necessary for further development within the organizational workflow of the enterprise and to bring customers the best experience they can only have.

Figure 7 depicts the trends that are fundamental for prospective CRM ecosystem of the company.
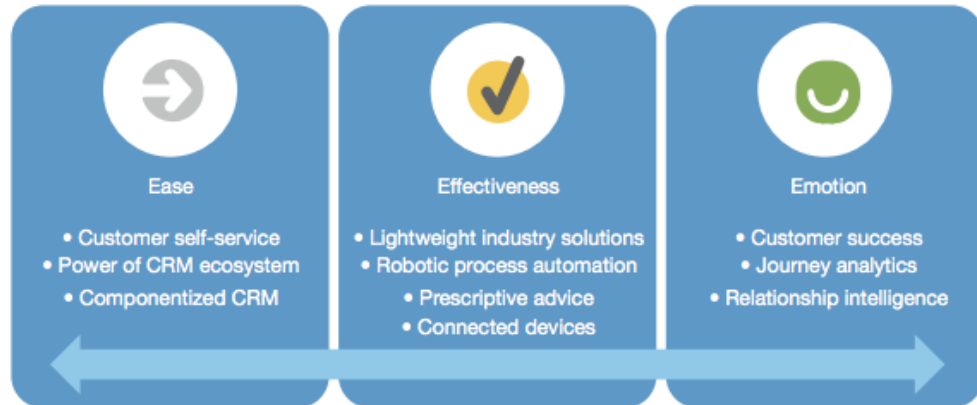


Figure 7. Fundamental trends for prospective CRM ecosystem of thecompany (Leggett 2017, 5)

All trends are divided into three groups: Ease, Effectiveness, and Emotion. To allow reader easily to understand the definition and aim of each of trends, an explanation is required and is provided below:

**EASE Category**

Trend No.1: Companies enable self-service
Customers are eager to communicate with companies via self-service. Therefore, firms will have to guarantee clients supply of self-service customer journey. Organizations will look for automated services to be delivered to the customers. Also, communication will be facilitated by using chatbots and virtual organizations.

Trend No.2: Development of CRM ecosystem in an organization
Companies will incorporate efficiency and effectiveness tools into CRM processes such as such as automation and customer digital data access. Besides, organizations will test the voice interfaces to their CRM.

Trend No.3: Componentized CRM enables purchases
CRM purchases will continue to improve for better customer service avoiding singular software for customer-employee engagement. (Leggett 2017.)

**EFFECTIVENESS Category**

Trend No.4: Companies leverage lightweight vertical solutions for agility
Companies and software distributors will offer lightweight solutions for agility. Organizations will influence vertical editions for CRM supplier's knowledge. It will enable them to concentrate on features that diversify them in the marketplace.

Trend No.5: Robotic process automation (RPA) optimizes cooperation
Robotic process automation, in other words, RPA, will grow due to its mission to shift companies to a greater business process transformation. RPA will process natural language sounds and trigger points where the bot can reprogram itself.  (Leggett 2017.)

Trend No.6: Intelligence enhances prescriptive suggestion
Decisioning is one of the key points in determination of customer's next action. In future, organizations will continue to analyze customer behavior preferences and alterations to understand which action is the best to be applied to a certain individual. Perspective will help teams in identifying the most valuable and useful clients to maintain prosperous relationships. (Leggett 2017.)

Trend No.7: Companies heavily invest in well-being of connected devices
It is predetermined that there will be close to 30 connected devices types by 2020. Companies observe high-value connected devices to provide customers with an enhanced service and reveal sales opportunities that were not yet known before. (Leggett 2017.)

**EMOTION Category**

Trend No.8: Customer success processes increase customer retention
Companies understand the value of healthy customer relationships
management. Therefore, forward-thinking organizations invest in specific
metrics and measurements of successful future customer-company
engagement and also, in schemes to estimate economical value of the
communication and to navigate customer conditions. (Leggett 2017.)

Trend No.9: Trend analytics better support customer goals
Customers need consistency in all departments of an organization when
receiving the services. They do not want to repeat their preferences over
and over again. In order to satisfy customers, companies will strat to
monitor customer feedback across departments to find and fix
malfunctions across channels. Organizations will also establish journey
maps to analyze customers' behavior. This will help to evaluate the
different set of interactions that lead to the successful business outcomes.
(Leggett 2017.)

Trend No.10: CRM empowers information workers to concentrate on
relationships
Organizations will put the intelligence in force to optimize CRM and
provide better solutions for the customers. They will project the special
tools allocated according to the client's psychographic background and
personality character. (Leggett 2017, 5-9.)

CRM has been developing for quite sometime and will continue to unfold
with innovative solutions. These solutions will enhance the opportunities
for the companies to seamlessly interact with the customers. Businesses
need to be ready to accept new CRM trends and initiatives to maintain
customer behavior in the market. (E-Business Toolkit 2013, 7.)

Those companies that value customers to the greatest extent, will be the
winners in terms of effective and successful implementation of CRM. The

reason is that these companies are the ones who aim to deliver clients with the best experience that can be only provided. Effortless and logical CRM will enable firms to freely communicate with customers and deliver information seamlessly across all channels. (Edge Ware 2017.)

4   CASE COMPANY

The following chapter will be addressed to the case company of the research. The author will present the overview of the organizations' businesses, then will specify on the digital transformation development of the company. After, the author will explain the value of CRM within the organizational workflow of the case company. In the end of this chapter, the author will depict four dimensions of customer value for the future successful development of the customer relationships to assist the case company.

4.1 Introduction to TPA Global

TPA Global is a Dutch-based company specializing in providing international businesses with the integrated and value-added solutions to enhance financial performance, operational effectiveness and strategic development. It is also involved in talent coaching through a cross-border and cross-discipline team of professionals. (TPA Global 2017.)

TPA Global offers a wide range of solutions such as international tax related services, especially in the areas of tax governance, transfer pricing, and indirect tax. Additionally, it provides solutions for merger and acquisitions support for operational performance improvements such as locations selection, supply chain optimization, and more. (TPA Global 2017.)

TPA Global thrives in the environment of global markets resulting in companies operating cross-border with multiple product lines, multiple governances and business models. TPA Global understands the multiple requirements of multinationals operating in this market and likes to coordinate the project efforts through centrally managing mandates via central service platform always operational led by one of the organization's Senior Partners. This platform manages cross-border and cross-disciplinary teams of professionals and delivers and implements pragmatic solutions for the clients. (TPA Global 2017.)

4.2 Digital transformation at TPA Global

The slogan of TPA Global, *"Taking control of the future"* (TPA Global 2017), reflects that idea that the company's main objective is to fulfill customers' satisfaction is to embrace future and to offer clients with up-to-date tools emerging in the world of digital transformation.

It is obvious that technological advancements such as cloud, social media, big data and mobile and management have had a massive effect independently in the organizations and that display that setting up such services will help organizations to operate successfully. Those companies deeming technological developments are likelihood oriented for failure in the process of technological innovations. The firms that see benefits in new capabilities can transform themselves and achieve profitable goals in the 21st century. None of the changes enabled by these technologies come without accompanying organizational changes – management mindsets, organizational behavior, operating cultures. Deep change over time coupled with these technologies is where transformation happens. (Harvard Business Review 2015, 10.)

TPA Global aims to intervene organizational reconstructions by recruiting professionals with specific knowledge on developing particular online software such as VCA Spaces (Huibregtse 2017) to be launched in October 2017. In the current world of digitalization, it is important that enterprises establish different online platforms for employees, partners, and clients of the company, where these groups of people can easily and freely exchange their knowledge and share an opinion on a certain topic. In VCA Spaces, individuals aware of the topic will be able to discuss various updates in the world of VCA, in other words, Value Chain Analysis. Value Chain Analysis is the link for any firms' links value-creating processes and activities. It refers to the entire performance process of the company, which begins with the research and development and ends with the delivery to the end customer.

Companies will always have and will continue to view the world and their competitive environment in a unique manner, have their own mission, vision, ambition and corporate objectives and define their own unique competitive advantages. TPA Global has been conducting VCA for more than 10 years, assisting corporates in allocating appropriate segments of income to each group entity; identifying and implementing actions on key value drivers to improve their operating margin; and identifying a breakdown of "value creating" so that the management board understands which of their activities "make the clock tick". (TPA Global 2017.)

VCA Spaces will consist of different "rooms", where members will have an opportunity to communicate between each on various topics regarding VCA and industries of which they are part of. VCA Spaces will provide its members with an enormous possibility to let discussions about this vital subject happen within a circle devoted to working, learning and knowing more about Value Chain Analysis not only from colleagues but also from other professionals who have been involved in VCA processes for many years. (Huibregtse 2017.)

Similar concept to VCA Spaces bears a professional the business network called Quibb. Quibb is a professional network where users can share news on the certain topics and different industries. This professional social media platform enables users to share what they find interesting to read for work, share news about industries and understand what colleagues are sharing and reading. The main target of Quibb is to unify colleagues from all over the globe over the business news. However, in Quibb it is not possible to register randomly. Only invited professionals can join the network as it is the member-only space. (Quibb 2017.)

Not only the above mention software can help enterprises successfully go through the process of digital transformation, but also, one of the most important feature to prosper in this transformation is to implement CRM platform. The next subchapter will explain more about CRM device being used at TPA Global.

4.3 InSightly CRM

There are several CRM platforms brands that companies select to install.
For instance, the leading software is Salesforce, Pipedrive, Base and
InSightly. At TPA Global, Insightly CRM tool is being activated to provide
clients with the high-quality services and fulfill their needs.
InSightly was founded in 2009 and based in San Francisco, USA. The
platform offers customer relationship management software for SMEs
among miscellaneous industries such as manufacturing, consulting,
healthcare, media, and many others. InSightly is defined by its users to be
powerful and easy to use. It has been designed to concentrate on
maintaining customer relationships by verifying that what is sold is actually
distributed to the consumer and in the way that surpasses customer
expectations. (InSightly 2017.)



IMAGE 1. The front page of InSightly CRM website. (InSightly 2017)

According to Angeles, InSightly is the best CRM for SMEs and it offers
sufficient number of automated features. The five ways InSightly helps
businesses to save time and focus more on businesses:

1. ***Contact Management*** – InSightly takes care of the time that can be wasted and therefore gives an instant access to all information stored in the database. Different details of customers can be kept in the CRM, including names, roles, organization titles, phone numbers, and VAT credentials. It is possible and easy to assign contacts with tags, notes, and projects.

2. ***Project Management*** – device aims to provide efficiency by saving time as it provides automated solutions for managing tasks, events, and projects.

3. ***Business Management*** – allows to collect the general overview of the current data and reports, establish new tasks and track existing ones, review milestones and opportunities, check calendar and upcoming deadlines.

4. ***Social CRM*** – InSightly can gather social media data such as usernames and recent posts and activities – and automatically add them to each contact's profile.

5. ***Mobile CRM*** – InSightly provides smartphone/tablet access for the user to be able to log in into the CRM no matter where the user is. (Angeles 2017.)

TPA Global chose to install InSightly because of its easy yet very efficient features. This software has helped the organization to store contacts with all important details that are required, such as names, company background, roles, phone numbers, addresses and much more. With InSightly, it is effortless to reach the contacts and share the latest news of TPA Global by selecting needed records and proceed the bulk mailing. The qualified team was hired to successfully execute operations of data storage, filling up the appropriate elements assigned to a certain record and contact them whenever it is needed.

Most importantly, InSightly has assisted the company in the rise of digital transformation. With this CRM tool, TPA Global has managed to store an impressive amount of contacts, generated new ones and increased sales. Certainly, some organizational reconstructions were required to set up InSightly CRM. The recruitment of educated and experienced team was needed and was processed.

The team has optimized the database with essential adjustments such as proper categorization and filter of records, assisted in updating a large amount of contacts' data. CRM team is a crucial organ of the company because it is responsible for all customer relationship management developments, it searches for up-to-date solutions how to improve customer experience and how to increase sales in the always changing climate of digital transformation.

To conclude, InSightly is a plain, feature-rich software that is compatible for SMEs. It provides all the basic yet important elements that small businesses require in a CRM service. It is also one if the most affordable CRM devices available on the market. (Angeles 2017.)

4.4 The four dimensions of customer value

There are four important dimensions of customer value that should be considered in every organization that desires to keep customer satisfaction at the high level and also to increase the revenues with maximum efficiency.

These four dimensions are also acknowledged at TPA Global as company thrives to perform services with an exceptional quality. The critical reason why customer dimensions exist is due to the fact that customers, before obtaining the service or product, first assess its worth not yet asking for the value of the service. It is complex to comprehend psychologically what consumers really value.  (Almquist, Senior & Bloch 2016, 47.)

A large number of organizations believe that customer value is straightforwardly connected with the amount of profit generated by communication with a customer. However, the real value of the customer is multidimensional and should be considered as such. Depending on the business model, selecting the appropriate dimension on which to evaluate customer value defines the difference between success and value. (Gryc 2012.)

The dimensions are, as mentioned previously, defined in four categories: revenue, loyalty, sentiment and enagegment.

So, for what each dimension stands? The description is provided below:

- Revenue – revenue is a critical part of the firm's development and it is important to engage with the customers to generate profit. The customer defines the real value of the company. (Gryc 2012.)

- Loyalty – loyalty represents the measure of possible future revenue. In the organizations, loyal customers are more favorable as they the ones who return and providing the company with an opportunity to generate more profit in a long-run. (Gryc 2012.)

- Sentiment – sentiment is another measure of revenue. Customers that are happy with the services company provides will keep returning and also start spreading the word. (Gryc 2012.)

- Enagegment – this dimension indicates if the customer even recognizes the solutions of the organization. It means, that engaged customers distribute the news of the company on social media profiles and it is the chance for the firm to create more revenue opportunities. (Gryc 2012.)

The elements of value perform best only when organization's leaders understand their potential for growth and prioritize value. The value should be as critical as a cost management, pricing and customer loyalty. The parts of the value have structured measurements as well: someone in the firm should maintain and monitor the value. The idea of value is yet deeply entrenched in the psychology, but the elements of value can convert it into the less complicated concept. The elements can assist managers in the creative development of adding value to their brands, products and services. In the end, the goals will be achieved and the understanding of the consumer behavior will be unleashed. It is more than crucial to comprehend customer psychology as they are true mediators of value. (Almquist et al. 53.)

# 5 EMPIRICAL RESEARCH AND DATA ANALYSIS

This chapter will illustrate the empirical research of the thesis. The chapter consists of two parts: data collection and data analysis. Data collection will explain how thesis was conducted and will include interview part. Data analysis will be alloted to the presentation of data analysis collected for completing this research.

## 5.1 Data Collection

Data collection sub-chapter will depict the process of thesis implementation. Figure 8 performs the procedure of thesis development and data collection:

Collection of data June-July 2017 → Interviews with professionals August 2017 → Analyzing collected data September 2017

FIGURE 8. The procedure of thesis development and data collection

The data collection period was held between June and July 2017. During this period, the author was heavily involved in the process of searching for the appropriate sources to apply data in the research. The research was conducted by retrieving data from the secondary and primary sources, with primary data obtained from the interviews. Secondary data was gathered from written and electronic sources such as books, online articles, and websites. The conducting method of the research is qualitative. Data collection chapter includes in itself an interview part with outsourcing interviewees to gain an understanding how companies of different industries value CRM in the organizational workflow and how

enterprises undergo the processes of digital transformation. The interviews were conducted to represent how workers see the future or CRM, its value and incessant digital transformations from their own perspectives.

5.1.1 Interviews

As it was mentioned above, data collection sub-chapter consists of interviews gathering. There are three types of interviews: unstructured, semi-strcuctured and structured. Unstructured interviews are informal. In unstructured interviews, the interviewee is not provided with any questions and can freely speak on the given topic. Semi-structured interviews are those where the interviewee has an opportunity to speak freely, yet, some list of questions is also provided. Structured interviews use questionnaires based on the predetermined and "standardized" or identical set of questions. (Saunders et al. 320-321.)

For the empirical research, it was decided by the author to arrange structured interviews. The structured interviews were conducted with the individuals that work in different industries, however, with similar background knowledge on the research subject.

Organization's name and roles of the individuals interviewed are depicted in Figure 9:

**Interviewee 1st:**
- Role: Head of Marketing
  Organization: Wiredelta

**Interviewee 2nd:**
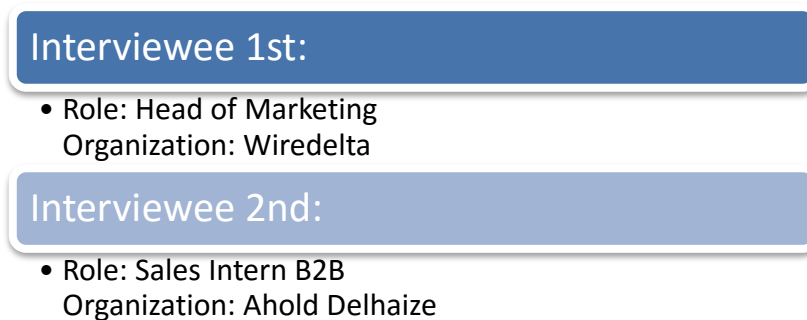- Role: Sales Intern B2B
  Organization: Ahold Delhaize

FIGURE 9. Organization's name and roles of the individuals interviewed

For performing structured interviews, various questions for the interviewees were developed by the author. Before presenting the interviews, it is necessary to portray brief descriptions of the organizations where interviewees currently work.

Wiredelta is a Danish-based company originated in 2012 by Delarbre and Dencker. The core business of the company is to provide inexpensive development services to internet entrepreneurs. (Wiredelta 2017.)

Ahold Delhaize is the world leading food retailer based in the Netherlands. The brands of Ahold Delhaize such as Albert Heijn, Etos, Giant Food and many others operate in Belgium, Germany, The Netherlands, Romania, Serbia and the United States. (Ahold Delhaize 2017.)

Interviewee 1, The Head of Marketing at the Danish company Wiredelta was asked following questions by the interviewer:

1. As a Head of Marketing at Wiredelta, what do you think are the core features of sustaining technological developments within the organizational workflow?
2. Wiredelta is heavily involved in the process of digital transformation, using various apps, including CRM software, to manage good relationships between customers and employees. Do you think that CRM is one of the core tools to keep customers satisfied and what's in your opinion the real value within the business processes of the company?
3. What are the future opportunities and possible difficulties for Wiredelta in applying new technologies?
4. What do you think are the most important characteristics of the enterprise (i.e. good communication between CEO and employees, professionalism of the workers) to successfully implement CRM and go through the era of digital transformation with nothing but prosperity?

The questions were presented to the 1st interviewee and the author received very broad and informative responses.

The first question in the interview for the 1st interviewee was:

*As a Head of Marketing at Wiredelta, what do you think are the core features of sustaining technological developments within the organizational workflow?*

The responsent explains that it is for sure important to stay up to date with the progress and be sure that you are using the most modern features or at least you are being in the process of integrating them into the organization you are working for. Later, she explains that due to the small size of the company she works for, the most resources are being dedicated to the web development of client projects, while there are only a few employees working in the business department. However, the workload of business department is quite noticeable as Wiredelta is in the process of advertising its new product on the market. The speaker points out that advertisement of the new product leads the team to the problem of the distribution of the working hours. She later says that luckily, due to the global trends towards marketing and sales automation, there are plenty of digital tools available that save team's time and let everyone to focus on more creative tasks.

The second question was given as depicted below:

*Wiredelta is heavily involved in the process of digital transformation, using various apps, including CRM software, to manage good relationships between customers and employees. Do you think that CRM is one of the core tools to keep customers satisfied and what's in your opinion the real value within the business processes of the company?*

The speaker clarified that Wiredelta started to use CRM software called HubSpot during spring 2017 and it has never been used before. There were several difficulties before implementing it. The first one was that there was basically no visual overview on the projects that company was working for and leads they were aiming for, as everything was in Google Sheets. However, with HubSpot, it became very easy for the company to see everything in one place. The second issue was lack of organized schedule for e-mailing and follow-ups leads. With CRM, as the interviewee points out, it became very easy due to to the feature that enables creating timetables. According to the respondent, in overall CRM software is definitely one of the key components to successful sales, marketing and customer communication, as it helps:

a) Reach more people (with mass mailing functions and e-mail templates);
b) To have a schedule that everyone needs to follow (for example, follow-up scheduling);
c) To make communication more personal (it is easy to see the whole story of communication between client and employee, including some in-house notes, number of times e-mail was opened and etc.)

The next question in the interview was following:

*What are the future opportunities and possible difficulties for Wiredelta in applying new technologies?*

The speaker defines that company she works for is operating in web development and there is a small and very young team. The speaker sees no difficulties that can be on the way of implementing new technologies apart from high costs, limited customer support and limited features available in the tool. Regarding the opportunities of Wiredelta, the interviewee explains that company is planning to dedicate some time and

resources on improving team's skills and knowledge on the proper use of HubSpot, as a team can see the positive impact it brings.

The final question for the 1st interviewee was:

*What do you think are the important characteristics of the enterprise (i.e. good communication between CEO and employees, professionalism of the workers), to successfully implement CRM and to go through the era of digital transformation with nothing but prosperity?*

The respondent identifies that in her opinion, digital transformation can be achieved successfully only when:

a) There is a will and need for the company (meaning all the members of the team) to become more digital because otherwise, it would be rather difficult;

b) There is a good communication between the managers and the employees, meaning the team members stay on the same page;

c) Team members are educated and skilled to perform their tasks in the new digital way;

d) There is an opportunity to implement new techniques in project management in order to make the communication between team members fully transparent, even though the company might be working in the different areas.

Interviewee 2, Sales Intern B2B at Ahold Delhaize, was asked different questions yet related to the subject of the research:

1. As a Sales Intern at Ahold, you are perhaps operating with the online software CRM. In your opinion, CRM is a very crucial tool for managing relationships between the company and the clients?

2. What is the value of CRM in your day-to-day work?

3. Do you think that digital transformation will bring new technologies to the companies to support customer relationship management

and an online database will no longer be crucial but some other software will replace it?

The 2nd interviewee also provided the author with expansive and detailed answers.

The interviewee responded that as a Sales Intern at Ahold, he operates with two CRM platforms: Salesforce and Oracle. Oracle is managed daily and is used to track the communication process between the client and the employee and latest agreements that were made with the customer are also supported in the Oracle software. Salesforce is renewed every 3 weeks and keeps all the information about the clients.

The respondent explains that for the large organization as Ahold, it is very crucial to have a proper CRM software. With it, employees are guaranteed to be always up-to-date with all procedures that happened or currently ongoing between the enterprise and clients and also maximization of customer value is assured together with profit increase.

Next, the author asked the interviewee what is the value of CRM in his day-to-day work. The respondent explains that CRM is very crucial in his everyday work as he can easily manage his tasks between the team via the software, he can effortlessly gain any information regarding the certain client and can easily reach the selected client just by typing his or her name in the database.

Lastly, the interviewer wanted to perceive the opinion of the interviewee regarding the new technologies and CRM replacement. The speaker responded that certainly, in future new technologies will intervene into organizations bringing innovative tools. However, he mentions that CRM platforms will hardly be replaced with any other similar devices for maintaining customer's data. Only, the interviewee would like to see in future CRM platform the pattern of customer behavior to track the span of client response to the company during the defined period of time.

5.2 Data Analysis

When conducting interviews, authors aimed to gather information from the respondents to which extent their organizations value the customer relationship management platforms. After received feedbacks, it was obvious that companies are highly dependant on the CRM tools and use them to manage day-to-day communications with the clients.

6   CONCLUSION

This chapter will provide an overview of the information collected for the research. It illustrates the answers to sub-questions and main question of this research. The chapter is also consisted of validity and reliability part and is finalized by suggestions for further research.

6.1 Answers to research questions

Due to the broad subject of the research, it was divided by the author to provide four sub-questions before answering the main question of the subject. The main question of the research was:

**Why companies set up CRM and what is the real value of CRM in the digital transformation of the organization?**

The sub-questions were following:

1.  What is the digital transformation?
2.  How can an organization become digitally matured?
3.  What is CRM?
4.  What is the main goal of CRM?

The concept of the digital transformation is described as an organizational reconstruction in terms of cultural changes and technological developments. Companies that are willing to strive in the misty air of the digital transformation are required to intervene several alterations into the organizational workflows such as recruiting new employees, welcoming new technologies and consider digital transformation as firm's vital factor for incessant development.

Organizations can become digitally matured by following six easy steps:

1. Admit that business needs to be transformed into more developed state;
2. Learn and realize why enterprises of the same industry as a certain firm performs better than this firm and brainstorm over actions how to assist the organization in moving forward;
3. Start implementing the outlined plan for the organization to face the digital transformation interference;
4. Adapting to the DX and its characteristics;
5. At this stage, digital transformation is already in the DNA of the organization and requires the team to always be on the path to transformation;
6. Organizations should always be creative and should be ready to unexpected surprises brought by the digital transformation.

Next is the question regarding the definition of Customer Relationship Management, in other words, CRM. CRM is a special online tool that helps organizations successfully maintain the info about the clients, generate new ones with the assistance of the CRM and experienced team. In addition, CRM helps to identify customer needs and helps to improve customer satisfaction. It is also one of the leading tools in maximizing organization's profits.

The goal of CRM is to allow companies to easily navigate data of its clients, to portray the main issues of the communications between the employee and the client and help to resolve them. Also, CRM stimulates the organizational profit and displays the value of the clients.

After answering sub-questions, the author can refer to the main question of the research: why companies set up CRM and what is the real value of CRM in the digital transformation of the organization?

Companies choose to set up CRM due to the fact that it is an important instrument in the context of preserving positive relationships with the customers. Through CRM, employees and clients can exchange the information and can always keep in contact. The real value of the CRM in the digital transformation is reflected in its uniqueness to be installed with numerous features for reaching old customers, creating new ones, boost organizational profits and simply preserving all vital data of the clients. CRM is the only tool capable of performing such activities. Even though the digital transformation is an incessant process of introducing new technologies to the world, requiring firms to consider reformations at the workplace, CRM still stands as an exceptional device to successfully serve its services to the organizations.

6.2 Validity and reliability

The following sub-chapter will explain the concepts of validity and reliability and application of the concepts in the research.

Validity is the extent to which data collection method or methods are precisely evaluated what are supposed to evaluate. Validity also defines if the research findings are genuinely about what they intend to be about. (Saunders et al. 2009, 603.) Reliability, in its tern, is the extent to which data collection techniques will represent the repetitiveness of the events or similar conclusions developed by other researchers. (Saunders et al. 2009, 600.)

During the theoretical research, the data was collected from the book literature, digital sources of articles and journals, and online presentations. Later, personal interviews were conducted to gain a deeper insight regarding the research question.

The goal of the research was to provide the case company and other organizations with a clear explanation why the CRM is valuable in the digital transformation of the company. The results of the empirical

research were aimed to demonstrate the usefulness of the CRM in the everyday work and in the communication between employees and clients. To sum up, the appropriate gathering of data secures the validity of the research.

6.3 Suggestions for Further Research

The research aimed to clarify why companies opt to implement CRM and why it is crucial in the digital transformation of the organization. CRM theory, as well as digital transformation, are very extensive subjects and can be conducted by applying different subjects in future research. The subjects can refer to the innovations in the services of CRM platforms, technological modernization in the world of digital transformation, and much more. The future research can be conducted by any company with the aim to assist other businesses in overcoming complexities of the operational transactions by providing new ideas and suggestions.

# 7 SUMMARY

The aim of the research was to depict the importance of the customer relationship management services in the organizational work frames of the company and how it can be successfully adapted to the trends of the digital transformation.

The research began with a focus on the concept of digital transformation, how companies can become digitally matured and what steps are crucial to being considered to become an up-to-date organization. Chapter 3 was majorly centered on the theory of CRM, its main components, and goals. Chapter 4 presented a real case of the case company, TPA Global, and it was depicted in the chapter which software is being implemented at the organization, why it was implemented and what actions were enforced to manage the CRM. The empirical part focused on data collection and personal interviews of employees. Conducting interviews was an efficient way to gain an impression that CRM is indeed a vital aspect of the company.

The research illustrates that organizations do have to implement the CRM, organizations must become digitally matured and consider the changes that can be applied to a certain firm. Those enterprises that abandon the importance of the digital transformation and CRM are the ones that are on the path to an immense failure in performing best client service and destroying qualified business activities.

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