

CUSTOMER NEEDS AND STRATEGIES

Sunrise Case Study: Accelerating the Marketing Process

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IDC OPINION

Professionalizing the customer relationship management (CRM) process at Sunrise TDC Switzerland AG meant taking a holistic approach to upgrading the software while changing the organization within and around marketing. In addition:

- ☒ Sunrise succeeded by bringing siloed data sources together and applying the integrated data to establish and improve marketing programs.
- ☒ Through the increased efficiency of the CRM software, Sunrise was able to dramatically shorten the schedule for producing campaigns, increase the number of campaigns, and improve the results.
- ☒ IDC believes that taking a companywide vision during CRM implementation facilitates the business process changes that modern CRM both causes and requires.

IN THIS STUDY

This IDC study explores the way in which Sunrise TDC Switzerland AG, a leading Swiss telecom company, addressed the challenge of modernizing the CRM system. The focus is on the challenges the company faced, the solution being implemented, the benefits achieved, and the lessons learned.

SITUATION OVERVIEW

Introduction

Sunrise TDC Switzerland AG has grown to become the second-largest player in the Swiss telecom market. The company sells fixed-network (fixnet) voice and Internet service as well as mobile services, competing for business within a market of 3.2 million households and 400,000 businesses. In 2003, the company generated total revenue of \$1.4 billion, representing an increase of 9.8% over the previous year. Revenue increased across all three business areas, but growth was strongest in the mobile services segment.

Management Challenges and Goals

When evaluating its existing CRM solution in early 2002, the management team at Sunrise faced a number of challenges:

- ☒ Sunrise was playing in a relatively mature market, so growth would come mainly through winning customers from competitors, increasing the number of services each customer bought, and increasing usage of each service.
- ☒ The company's high degree of customer satisfaction was not translating into loyalty, and customer retention was not managed well.
- ☒ CRM campaigns had to be segmented and executed manually. Planning a campaign took 12 weeks, and launching it took up to 16 weeks. This allowed for only a few campaigns each year.
- ☒ Finally, the company's services were completely siloed, with separate marketing organizations, data warehouses, and separated billing systems.

Top management decided that a new CRM approach was needed to improve the company's customer-facing activities. More specifically, the goals for the new CRM system included shortening the time for producing campaigns, increasing the number of campaigns, and improving the company's overall results.

Sunrise created a companywide vision so that each department would understand the new CRM system and be in a position to appropriately assist in implementing it. It decided to migrate the mobile billing system onto the fixnet/Internet billing platform. This would require differentiating the vision in a systematic way that was meaningful to each area and was accomplished by using CRM techniques to sell a three-tiered CRM model:

- ☒ **Strategic:** Communicating the high-level concept of professionalizing all CRM activities seamlessly throughout the organization.
- ☒ **Tactical:** Making the business case for professionalization on a department-by-department basis, especially within marketing, sales, and service.
- ☒ **Emotional:** Reaching individual stakeholders to motivate acceptance of the new system. For marketers, this meant learning to surprise customers; surprising customers entailed exceeding their expectations. For example, Sunrise distributed free passes for skiing in the Swiss Alps to some customers. Those customers who used the free passes were found to be more loyal than those who did not. Similarly, Sunrise sent vouchers for dinner for two and other surprises to their mobile customers. The surprise each customer received depended on that customer's lifetime value. The overall result was a 33% reduction in customer churn within the treatment group.

CRM Solution Implementation

To find the right solution to address the CRM-related issues the company faced, Luca de Carli, head of CRM Wireline & Internet for Sunrise, used his experience from implementing CRM solutions in other companies. In his previous position, he carried out an extensive analysis of CRM solutions from 15 vendors. For the CRM analytics project at Sunrise, Teradata's CRM application was seen as the best fit given the scalable and powerful solution it offered. Another advantage was that Sunrise's call detail record (CDR) collector was already running on a Teradata warehouse, and plugging the Teradata-based CRM application software into the CDR collector was a speedy process. This linkage allowed refinements that improved relationships. For example, if a customer calling in stopped waiting and hung up, the dropped call could be identified and a return call scheduled. The complete solution was a combination of campaign management software from Teradata and a Clarify front end.

The project was initiated in 2002 by the CRM group. Sunrise took five months to design the business requirements. In May 2003, the project was approved and funded. From this point, it took two months to design and begin implementation, so the new system was just undergoing testing by late December. On January 19, 2004, Sunrise ran its first five campaigns on the new system.

A team of Sunrise employees including IT staff, project managers, and employees in customer-facing functions led the project. Although the vendor, in this case Teradata, was the general contractor, Sunrise saw it as imperative to have its internal people lead the project, and only few Teradata consultants were involved in the project. Other external consultants were used only for change management purposes.

CRM Project Status and Benefits

Since going live with the new Teradata-based CRM system, Sunrise has been using the system for integrating and improving customer data and enhancing campaign management. The solution is managed by a total of 25 people from different customer-facing functions, including campaign managers, project leaders, and the campaign single points of contact (SPOCs).

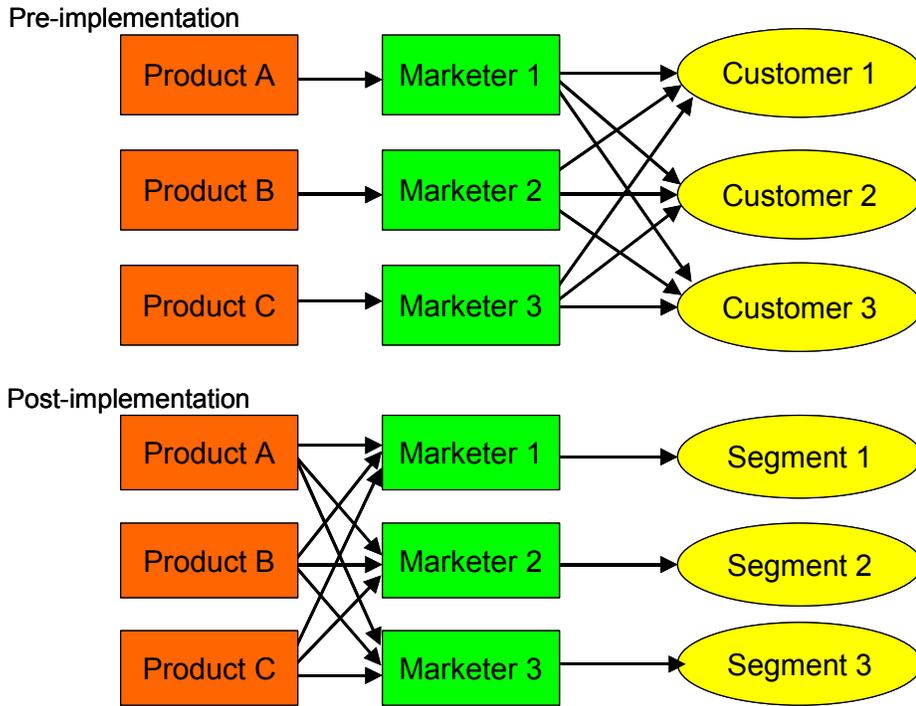
For efficiency, Sunrise employs two versions of the lifetime value calculation. One calculation is based on revenue, collected costs, and common marketing costs; this method has limited accuracy but can be calculated quickly and is used to make ongoing campaign decisions. The other calculation factors in the cost of a particular marketing treatment.

According to de Carli, the new CRM system has been a success. The original project goals have been met, and all deadlines have been respected during implementation — although not without pressure on the people staffing the project. More specifically, the benefits of the new CRM system include:

- ☒ Sunrise can conduct up to 10 campaigns a day.
- ☒ Sunrise is able to implement and support a segmentation methodology driven by externally purchased data that classifies customers according to whether they are likely to be price sensitive, sophisticated, service oriented, and so forth, so customers can receive customized treatments with a new level of granularity.
- ☒ Segmentation of the business customers by factors such as industry and company size is enabled.
- ☒ Sunrise successfully introduced cross-selling and upselling for inbound agents in service. Initially, many agents were hesitant to open the pop-up window recommending a particular cross-sell, but with additional training and incentive, they grew to accept the process. The result has been a 14% increase in cross-selling and upselling and a 26% increase in retention.
- ☒ Because there are two marketing organizations, the Teradata system has been implemented for use with both organizations through the creation of a working group comprising marketers from WIN as well as Mobile. With this approach, the CRM group bypassed the organizational silos by creating a mutually acceptable bridge. This group has developed 70 new marketing activities (e.g., service bundles), with CRM facilitating the process of determining aspects such as pricing and fulfillment. The heads of both marketing groups must sign off on these decisions.
- ☒ Marketers within the company experienced a fundamental shift in their orientation (see Figure 1). In the past, marketers were in charge of selling products. Now, the system allows them to concentrate on customer segments with respect to Sunrise's product offerings.

FIGURE 1

Shift in Marketing Orientation



Source: IDC, 2005

FUTURE OUTLOOK

Future Challenges and Plans

Buoyed by the success already realized through the Teradata-based CRM system, the project team is working on a number of ways to expand and improve the solution. This work is partly based on feedback from the growing user base — new wishes and needs are gradually surfacing as users work with the CRM solution and have a better understanding of its capabilities. These changes include:

- Develop more detailed customer segments within the business and consumer customer base.
- Identify the optimal number of campaigns to be carried out during a certain period of time (e.g., a year).

ESSENTIAL GUIDANCE

Actions to Consider

From this particular case study and from analytics projects in general, we can draw a number of conclusions and propose some recommendations that other companies should consider when embarking on similar projects:

- ☒ Invest the time at the start to understand what is really wanted from a business standpoint. Take into account the different needs of the organization. The campaign system is not only for marketing but also for customer care (for service, cross-selling, and upselling) as well as for finance (to send reminders for unpaid bills).
- ☒ Get a commitment from the entire organization before beginning the project. Be sure to involve representatives from all relevant departments in the organization to take into account the business and technology requirements and challenges.
- ☒ Prepare the organization — and people — for change. Cultural change and change management were important issues in this particular project. Early training and "missionary" work is crucial to get people committed to the project and get buy-in from users.
- ☒ Think about how the system can be maintained, who can do it, and what the workload is.
- ☒ Recognize that data quality is crucial in all data warehousing and analytics projects. If the integrity of the system can be questioned, the benefit of users fully trusting the system is lost. Enough time should be allowed for understanding, consolidating, transforming, and migrating data.

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Related Research

- ☒ *Worldwide End-User Business Analytics 2004–2008 Forecast: Core Versus Predictive* (IDC #32642, December 2004)
- ☒ *Western European Business Analytics Software 2004–2008 Forecast and 2003 Vendor Shares* (IDC #LT10L, November 2004)
- ☒ *Western European Business Intelligence Tools, 2004–2008 Forecast Update* (IDC #LT09L, October 2004)
- ☒ *Western European Data Warehousing Tools 2004–2008 Forecast and 2003 Vendor Shares* (IDC #LT08L, October 2004)
- ☒ *Worldwide Business Analytics Software 2004–2008 Forecast and 2003 Vendor Shares* (IDC #31837, September 2004)

- ☒ *European End-User Survey: Software Technology Considered Crucial for Business Success* (IDC #LT07L, August 2004)
- ☒ *Western European Analytic Applications 2004–2008 Forecast and 2003 Vendor Shares* (IDC #LT06L, August 2004)
- ☒ *Worldwide Customer Relationship Management Analytic Applications 2003 Vendor Shares: A Market Entering Transition* (IDC #31510, July 2004)
- ☒ *Worldwide Customer Relationship Management Analytic Applications Software 2004–2008 Forecast* (IDC #31299, May 2004)

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