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ORIGINALLY APPEARED IN

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Database Marketing is the only UK magazine that covers the tools and techniques used for both business-to-consumer and business-to-business customer management today. Every month, it addresses critical topics like customer retention, profiling and segmentation, data selection, site location and campaign management through a combination of regular software reviews, articles and opinion. If you want to know more about tools like data cleansing packages, OLAP analysis software and GIS, this is the magazine to read.

Not afraid to mix data warehouses with targeting or statistics with geodemographics, *Database Marketing* bridges the gap between sales, service, marketing and IT to inform both those that work directly with these tools, techniques and data, as well as board level executives that have to decide which systems and services to choose for their company.

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How clever do your marketing and customer management systems have to be? James Lawson finds that which tools you choose often comes down to how sophisticated you want your sales and marketing operation to be.

A complex decision

In the early days of data-driven marketing, the mainframe reigned supreme. Getting hold of your customer data in-house meant appealing to those men in white coats down in the basement who really weren't all that interested in sorting out your selection this week, or waiting for them to develop some kind of custom system for you to use. Then packages like the original Viper fast counting tool appeared, while Prime's Vantage meant you no longer had to write your own campaign management application. Exploiting the customer database in-house suddenly looked a lot easier.

Back to basics

These days, we have all sorts of marketing and customer management tools available to us, from high-speed database platforms to well-developed suites that cover the full range of data management, cleansing, selection, analytics, resource planning and campaign management – not to mention all the sales and service options on offer. But standard PC-based business

hardware and software has grown in capability too.

The PC that you can buy today for under £1000 puts the high-end server of a decade ago to shame. Likewise, applications like Microsoft's Access and SQL Server now have performance, storage capacity, functionality and stability stunning to behold if you consider what PC software was capable of in 1995.

Given the initial cost of buying in specialist systems, is there now more a case for using modified versions of these standard packages or even building applications in-house – as used be standard practice? There are two main considerations here: the customer database itself, and its maintenance, performance, cost and so forth, and the range of applications that run on top of it to support campaign selection and management, and a host of other automated functions.

"You could put a customer database together in Oracle for £300,000. With SQL Server, it's about £30,000," says Paul Shultz, technical director of Marketing Improvement. "Fast counting databases are incredible things, but the premise of optimisation has



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Mike Trevett, customer database manager, Liverpool Victoria.

been blown away by the sheer speed of the hardware today. Our approach is: how little do you need to spend to get what you need?"

Schultz is an enthusiastic user of Microsoft's SQL Server database. "It's suitable for just about every company in the UK," he says. "You can query it with Access and easily change the database. I've just added eight new fields to a client's database and it took about 50 minutes."

Schultz gives the example of his client RIAS, whose marketing database holds 17m customer and prospect records. It returns optimised queries in about three minutes, that is, specific queries for which the data structure has been set up. However, non-optimised queries take much longer – around 60 to 70 minutes – which is unlikely to appeal to many analysts that want to explore their data intuitively and interactively.

"Generally speaking, you don't need the speed if you are running ten or twenty campaigns a month, you just queue up the job and let it run," he says. "How many people really do train-of-thought analysis in a marketing department?"

"The advances in hardware may well have taken away the need for simple fast counting tools," argues Mike Talbot, CTO of Alterian. "For basic counts or simple cross-tabs, SQL Server and Access is good enough. Three minutes is ok if you only ask one question but what if you want to do multiple complex queries? Using set manipulation, you can turn a 14-page SQL statement into a four-line query. Being able to automate and process questions over a period of time is where the value is. How might your new product work alongside existing ones? Which customers are moving between segments?"

The traditional direct marketing process, which involves batch-run, outbound campaigns to large groups of customers, isn't terribly concerned with efforts to react immediately and appropriately to each customer's behaviour. Speed is most important in analytics, and fast counting databases are often used separately to the main operational database anyway. Schultz's rationale is that when it comes to selecting records for straightforward direct marketing campaigns, all a system needs to do is hold customer records and associated data, and handle SQL queries.

It doesn't need to be bullet-proof like Oracle nor does it have to be particularly swift. However, the speed of response to queries is something of a red herring. Whether the database platform is standard SQL or not, it's often the applications that make the difference.

"It's not just about the engine, it's about the range of integrated rich applications that you can run seamlessly on top of the database," says Talbot.

One of the advantages of integrated applications is the ability to move easily between selection and into other applications like campaign management, per-

haps to look at how your changes have affected your budget. For example, you might report on different groups within the customer base and then simply drag and drop one group over into a campaign management application, where all the business rules on who to suppress and so forth are already in place. This means that campaigns can be quickly built and executed in accordance with the company's standards.

Avoiding technicalities

John Fowler, managing director of Cognitum Database Marketing, is another happy user of a generic database tool, in this case built from Microsoft's FoxPro. However, he qualifies his enthusiasm.

"If you run it on a good machine, it's not far behind something like Fast Stats in its performance in making selections on a b2b database with 750,000 contacts and 6m records," he says. "And that's making fairly complex queries. There are more and more people saying that, with the fast machines we have, if you know SQL, why not do it that way?"

But though not a complex language by IT standards, SQL is far from user-friendly. "Tools like Apteco take the technical side out of it," says Fowler. "If you have an intuitive front end, then less intelligent users can work with it. Things like campaign management can get very complex when you are storing different information in different tables and tracking where it's all going, whereas specialist tools do all that for you."



Access's selection functionality is limited and has a poor user interface for record selection

Arthur Kay, managing director, Synaxis Data Systems.

This is where well-developed proprietary marketing packages can really score, with years of feedback from users on what is really important, what should be automated, hidden from the user or made explicit. Fowler also notes that if there's only one person available to marketing with SQL skills to make selections, then, "you are definitely going to get a bottleneck at some point. Marketing people shouldn't need to be good at SQL. You can write pre-built queries for them but then it's fixed and queries will constantly change."

So choosing a less user-friendly basic system does depend very much on who is intended to use it and what it is meant to do. "It depends whether you are dealing with marketers or analysts," says Mike Trevett, customer database manager at Liverpool Victoria. "I have a relatively technical team working for me who understand both the business and technology. It is possible to make tools too simple, you need to under-

stand what they are telling you and what you are trying to do for the business.”

Much of the argument against adopting a complex proprietary customer management system comes down to cost. But in any software purchase – not just marketing and customer management – calculating the cost of ownership over the lifetime of the product is important. The cost of continuing external support, upgrades, how the database will be administered, and what happens when it goes wrong must all be factored into the equation.

“Software costs are minimal compared to people costs,” says Darron Gregory, head of analytics at Celerity. “You initially pay for the database technology, then the user interface, and then the customisation, training and consultancy to get the most out of the system and to give the business something it can actually use. That’s where the balance shifts to proprietary software.”

No two implementations are exactly the same, and both standard and proprietary databases as well as operational applications will probably have to be modified to fit individual needs, almost certainly if you are in a vertical sector with few current implementations. But the effort required replicating the range of functions available in mature products for scheduling, workflow and so forth would be staggering: is your company really cut out to manage a software development project?

There is also a possible opportunity cost in going with a basic system. Are you missing out on extra revenue by not using a system more tailored to your needs or that supports ways of automating more complex processes?

“You might save some money initially by building something yourself but you will get a lot more back from our tools over time,” states Talbot. “If your business is simple and its aims are straightforward then use a simple tool.”

If this is the first merged customer database project, then someone will still have to bring all the data together. This can be as much as 60 to 70 per cent of the cost of any project, and there’s the ongoing maintenance to consider. “It’s the underlying work to deliver the data and the data structure that becomes the most important thing,” says Gregory. “No one data structure fits everyone.”

According to Arthur Kay, managing director of Synaxis Data Systems, you will need a lot more than just a database and a query tool to run a sizeable customer database over the long term. More tools will be needed to transform and merge incoming feeds, and to match disparate records, though again the importance of this will vary. Is a monthly update sufficient or do you need daily or even more frequent changes?

“SQL Server is not optimised for fast, bulk read access and relies heavily on indexing of data,” says Kay.

“It also cannot access data across the business. You cannot join a table in SQL Server with a CSV file without first importing the file into a table in the same database. It’s not even easy to join a table in one SQL Server database with a table in another SQL Server.”

“This is a real pain if you just want to use some recent data from an operational system,” continues Kay. “You’ll have to organise getting it out of the operational system and imported into your experimental database before you can start to do things with it. Access’s selection functionality is limited to very basic filtering and has a poor user interface for record selection.”



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A related cost consideration is how the system will be supported in future. Will the vendor be around for the long term? Any SQL database will also have to be administered as performance degrades over time.

System philosophy

With midmarket, more sales-oriented CRM, deciding whether to custom-build from standard tools or buy a proprietary system depends on many of the same criteria: initial costs, ongoing support, customisation costs and other options must all be taken into account.

“The most widely used CRM system is Excel,” says Roger Collins, managing director of the CRM Business. “But using that to drive the sales process is highly inefficient. Collating a bunch of spreadsheets is complex, tedious and immediately out of date. You can’t do things like forecasting properly or track leads from different systems. If you want a structured sales process, you have to have some kind of credible system.”

Many entry-level packaged systems come with internal databases with fixed fields which are hard to customise, requiring much extra programming if changes are required. These lower end tools also often cannot easily link to other applications for data import or export, relying on swapping fixed extracts.

Whether a “good enough” or a more advanced system is employed often depends on how sales and marketing work is viewed within a company: do you want a straight production tool for running relatively standard marketing campaigns or a hub that can also control and provide insight into the multichannel activities of the rest of the business? Whether you think that



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Mike Talbot, CTO, Alterian.

automation via specific software will help or hinder your work is another consideration.

“People in marketing don’t want to spend all day filling in forms for campaign management,” says Schultz. “It’s just a process that the software tries to automate. If software doesn’t match the process that the company already has then they don’t use it. If you are a big company and have a very complex marketing process then yes, buy one of these clever and expensive tools but you’ve got to live it and breath it for it to really work. There are usually much easier ways of doing the same. Marketing departments should be about shifting product, not building tools.”

The solution advocated by Shultz is very much the traditional direct marketing solution but many are now raising their aim higher, supporting far more channels and multistage campaigns along with a host of other embedded automated processes for marketing and customer management. Which kind of solution is required depends as much on the scale of your ambition as anything else.

“If you have waves of interactive multichannel campaigns, then you need campaign management software, no question,” says Tim Pottinger, managing director of Identex. “Some companies may not use the technology so well at the moment but they should be aiming to do this. If you want to do complex marketing, you should deskill it and put it in a

marketing environment. That’s a logical business case. But it does need to be affordable.”

It is always hard to see in advance whether these ambitions will be realised or whether a shiny new system will be left gathering dust in the corner. Gaining adoption of a new system internally is a whole article in itself but must be factored in when considered how high to aim.

“Most people use about ten per cent of the functionality that’s available to them,” argues Schultz. “I’ve seen a huge amount of money wasted on vast implementations with hundreds of seats where very little of it is used.”

A firm set of requirements is certainly essential before letting any vendor’s sales team anywhere near your company, particularly when it comes to high end CRM systems, as many found out to their cost five years ago. Packages that support the way you want to work and that embed all the right rules and ways of working can make a huge difference when they are what is needed. If the marketing department knows what it really needs, then making the choice between simple software or marketing-specific packages shouldn’t be too difficult.

“If you have 1000 customers with 10,000 simple orders to manage then maybe Access is fine,” says Gregory. “But there comes a point when you have to treat marketing as something to invest money in if you want to get the results you are looking for.” ■

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