

# **Embrace CRM by implementing the full suite of offerings**

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Industry pressures have created an impetus for a new transformation of consumerism in which consumers are empowered and accountable for their healthcare. This transformation has required payers to shift thinking toward customer relationship management (CRM). CRM is a business strategy designed to optimize profitability, revenue and customer satisfaction. The three key business processes that support CRM are customer service and support (CSS), technology-enabled sales (TES) and technology-enabled marketing (TEM). Unlike product-driven industries, where substantial benefits for CRM are being realized, healthcare continues to lag in CRM success.

## **CRM spending and budgeting**

Payers are spending and budgeting a great deal of money on applications to support CRM. Gartner research indicates that the majority of CRM budgets for payers in 2002 are greater than \$750,000. Gartner Dataquest research shows that new license revenue for CRM-related vendors in healthcare grew from 57% to 76% during the past three years. This explosive growth is no accident. IT budgets are spent on areas with the greatest and most-immediate impact on the bottom line. Budgets are aimed at reducing operational cost and aiding customer retention and acquisition efforts through such efficiencies as automation, self-help functions and rapid information access.

## **CSS Adoption**

CSS applications are front-office systems with back-end links to support a customer-centric environment. Functions within these applications include call tracking and escalation, configuration management, problem resolution, knowledge bases, and workflow management.

The source of CSS functionality remains within the payers' core administrative system. However, many core administrative vendors have stated that they will not build additional CSS functionality, but will partner with CSS vendors to extend CSS offerings. In addition, core administrative vendors are expanding and enhancing their integration strategies to integrate more easily with any CSS vendor-leading more payers to consider CSS vendor solutions. CSS vendors targeting healthcare are becoming more mainstream as they customize offerings with healthcare-specific functionality, their products mature and payer references increase.

## **taking on TES**

TES is defined as the application of technology to enable selling through all desired sales channels, including selling partners and the Web. TES is broken into two segments:

- An internal automated solution implemented by payers to support the full sales process, as well as Internet functionality.
- A portal solution supporting the front-end initial automation process, focusing on the Internet.

## **proactive TEM Approach**

TEM involves analyzing the marketing process and automating it for the customer relationship cycle. TEM requires a proactive strategy for using information and IT in marketing efforts through

the use of tools for data management, mining, analysis and reporting. With few vendors targeting healthcare with TEM solutions, as well as the lack of priority payers place on TEM, adoption will be slow.

Payers are taking a phased-implementation approach to CRM and are avoiding the implementation of the three CRM business processes simultaneously. Payers continue to make tactical decisions and investments in CRM initiatives because they lack the preparedness and resources to implement the full suite of CRM-related products. Payers must be cognizant of implementing niche solutions that might not fit the long-term architecture required to lay the foundation for CRM throughout the entire enterprise.