CRM as a tool for IT Strategy Planning

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I certify that except where due acknowledgement has been made, the work is that of the author alone; the work has not been submitted previously, in whole or in part, to qualify for any other academic award; the content of the thesis is the result of work which has been carried out since the official commencement date of the approved research program; and, there has been no editorial work, paid or unpaid, carried out by a third party on this thesis.

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Topic: CRM as a tool for IT Strategy

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Abstract – CRM is a relative new technology in which allows organisations to capture data, and improve customer service capabilities. IT strategy planning is the process of planning, and implementing changes, to ensure organisations have best practise in regards to decision making and infrastructure. At the current moment there is little information domestically available in Australia about CRM systems. This thesis provides some insight, in-regards to CRM and IT strategy planning practice, in Australia. CRM implementation and development, is difficult and complicated. IT strategy planning is a difficult task which requires good sources of information. Many organisations have developed large bodies of information about their business, based on their CRM systems. This thesis, uses a survey of 51 organisations to examine the organisation’s use of CRM systems, and their use of IT strategy planning, and the relationship between CRM and IT strategy planning. The results of the survey found, that CRM is used in conjunction with IT strategy planning for customer profiling, customer forecasting, cost reduction mechanism, and shared or distributed customer data. In summary this means that firms looking to implement a CRM system, are doing so as means to support and enhance business operations, in terms of development and functionality. The main recommendations of what is discovered in this thesis are:

• Used to improve customer relationships between an organisation and customers/clients
• Used to develop new products to the marketplace
• To reduce costs in an organisation
• To streamline and improve business process in an organisation
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Chapter 1  Introduction

In today’s world, organisations are finding that technology is changing at a rapid pace. All organisations operate in an environment of constant change, and more importantly, IT professionals are finding it more difficult to cope with the rapid rate of change. All organisations are finding it difficult to implement and develop IT systems, to help align with their organizations and IT goals. The reasons as to why many firms are not successful in implementing a useful and efficient information system, is that there are a large number of IT tools and systems to choose from. For example, there are many choices of software packages, firms and organizations can choose from. All of these software packages make claims to add benefits to their organization. For firms and organizations the right selection of a software package can either be a huge advantage. Otherwise it can be a disastrous failure and can add unwanted costs to an organization. Thus the responsibility of selecting and choosing the correct IT software infrastructure, lies with senior management to discuss, select, and implement the right software infrastructure for their organization.

To help senior management in selecting the right software tools or techniques, senior management needs to clearly define their business and organisational goals. After defining and setting their organisational goals, all decisions made after this are done to help support the organisational. An organisation’s business goals and objectives are done and are set through the documentation of a business plan, marketing plan, and financial plan. From completing these three plans, the organisation has the framework for completing and meeting their objectives. Thus a timetable for the organisation has been set. Whether firms like it or not, firms have to use technology to deliver services and products to their customers. Thus an IT strategy is needed to support and complement a firm’s corporate and business objectives.

The selling or sales concept is an old and overdone concept used today. Whether we like it or not every organization is selling something\(^1\). Organisations such as a public transport companies sells public travel for all citizens, while petrol companies sell in

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\(^1\) References for material in this chapter is provided in Chapter 2
the area of private transportation. In order to make a good investment for organisations they have to figure out what they are selling, and how to provide this service. This is not a thesis about selling, but every organisation needs to understand the process and concept of selling and marketing, in order to achieve their objectives.

Every organisation in the world aims is to be financially viable. However there are two mechanisms that underline every IT strategy. The aim of almost all IT services is to provide ease of use, and capabilities to customers. In order to join IT with sales, and strategy the concept of customer relationship management has been developed, to treat all clients as customers. This thesis is a small preliminary investigation into the linkage between CRM and IT strategy.

1.1 What is IT Strategy Planning?

An IT strategy is the technological infrastructure, in which can also be described as the support mechanism that supports the IT architecture of an organization. What we are talking about here is the hardware, software, people, and processes, that will help align and support the aims of the organization. We are not just talking about expenditure. However we are talking about investing in the right technological solution for a business. Organizations must consider the important fact that technology is always changing, and that they must move with the times. However one important factor is that all organizations rely on customers for business, and this old sales concept will never change.

IT strategy is about providing the required IT services and resources for an organization, so that they can meet their day to day business operations.

However when considering an IT investment, all firms must have an IT infrastructure in place that takes into account possible future technologies, to help reduce cost and minimize financial waste.

Section 2 of this thesis further explains in more detail, what the concept of IT strategy is about. The stated explanation of IT strategy above takes into account the objectives from a senior management point of view in relation to an organisation.
1.2 Rationale for the study of IT Strategy Planning

For every human being on the planet technology is everywhere, and is present in the life of the general population. Even more so in the world today, every organisation has to adopt an IT strategy. There are always new ideas and ways, in which technology can be used to enrich an organizations business. Likewise by understanding what an organisation needs to do from a technological point of view, the benefits or problems of an organisation’s IT strategy will make the organization grow or contract. Therefore all organisations need to understand the fundamentals of what is involved in IT strategy.

The overall topic of IT strategy planning, is however too large to address within the scope of this thesis. Therefore it will examine primarily one aspect of the issue. This thesis’ key aim is to help educate and inform organisations, about the benefits and disadvantages of IT strategy planning and CRM systems as well.

1.3 What is CRM?

In the IT environment, there are a lot of software systems and architecture systems that are researched, developed, and implemented by organisations. However due to the fact that there are a large number of software systems being developed and released, it is difficult to keep track of all of these systems. The full understanding, implementation, costs, and benefits, are not necessary known. CRM stands for Customer Relationship Management. The objective or function of a CRM system is to develop and enhance the relationship of the customer through the use of technology, in which is commonly known as a database system. A database is a basic form of software and hardware technology, that has been around for a number of years, however the full benefits of a CRM system have yet the be taken advantage of by many firms.

To enhance the relationship with the customer requires an investment in IT infrastructure, namely CRM. However the ultimate goal of CRM is to develop a competitive advantage over other organisations, by delivering a better product to the
customer. To do this however requires hard work from employees in an organisation, and more importantly commitment by senior management.

Chapter 2 of this thesis further explains in more detail the concept of CRM. The stated explanation of CRM above takes into account the objectives from a senior management point of view, in relation to an organisation.

1.4 The Research Questions

The aim of this research paper from an objective point of view is to provide more information about IT strategy and CRM systems. What this research papers/thesis aim is to link together the pieces of business and technology to derive a competitive advantage, as well as derive information from industry sources.

The primary issue or question being asked is:

*How can CRM technology can be used to improve an organisation's IT strategy planning?*

There is always the question from start up firms or by existing firms how can we as an organisation gain customers, and retain them in the short term. In order to answer these questions, the research question being proposed has to be broken down into four further questions. These questions are stated below:

*How do organisations use IT strategy planning?*

*How do organisations use a CRM system?*

*How does the use of CRM relate to IT strategy planning?*

These sub-questions make up or attempt to provide an answer to the main question of this research paper. In relation to these sub-questions of this research paper, the first two sub-question leads to and provides an answer to the final question, as to whether a competitive advantage can be derived or not.
Section 3 of this thesis provides in more detail, information about these subsidiary questions, and attempts to answer these questions.

1.5 Conceptual Framework

In relation to the areas of research in this thesis, this research paper will attempt to explain the concepts of IT strategy planning, and CRM systems. In relation to this research paper, its aim and objective is to provide an understanding of the topic areas, or IT strategy and CRM.

In relation to the concept of CRM technology and IT strategy planning, the framework of this question will be explored.

In relation to the research method, and approach being offered, section 3 of this research paper is to provide functional information in which organizations, and individuals can be used for practical implementation.

The fundamental fact is that all firms attempt to at least break even, and generate a profit. In order to do so, an organization attempts to generate a competitive advantage. To generate a competitive advantage requires hard work and dedication by the executive team. This can either, be attempted and implemented through financial and non-financial stimulus. The area of competitive advantage is highly competitive, and firms must be aware of this. In relation to the part of IT strategy, strategy has been around in business, as a means to put an organization in a superior position, and to provide a better product and service. The second part of the research question is to explore the concept of CRM technology. In doing so this technology of CRM is has been around for a number of years, and promotes the idea, of improving the relationship between the organization and the customer. By combining IT strategy planning and CRM systems, organizations have a better chance of improving their relationship with the end customer.

By improving the relationship with the customer, benefits toward the organization should flow, in which can be measured in terms of customer satisfaction, and more
importantly profits. In conclusion a simple framework is developed to link CRM and IT strategy together, in which is to benefit all parties.

1.6 Research Approach

In business, all organisations have a different way of how they operate and how they conducting themselves. This is a good thing, as all business are different, and all business operate in different sectors of the economy. The aim from an overall point of view in the economy is to create growth. To create growth in an economy requires capital investment. The best form of an investment, can take many forms such as a financial investment in resources and equipment for an organisation, infrastructure, or in this research papers case, technology. Not all organisations aim to expand. Due to the fact that organisations operate in a competitive environment, the aim of small organisations is to survive in the long term. However it is up to senior management in an organisation to meet this objective, in which hinders all organisations.

The aim of this research paper is to achieve a competitive advantage possible through the use of IT strategy and through CRM technology. The adoption rate of CRM technology is high. The benefits to an organisation are high, thus creating a high ROI for an organisation. However the results of implementing a CRM vary from organisation to organisation. Like CRM technology, the IT strategy of an organisation can also lead to a high ROI for an organisation, if implemented correctly. The justification as to why and details of the research approach is provided in section 3.

The research papers, research data comes from a research survey in which is used to support the research papers question.

1.7 Relationship Linkage

In regards to CRM and IT strategy planning, these two topics both have different model functions and features. However this part of this research paper will examine and focus on the relationship between CRM and IT strategy planning. The main focus and function of IT strategy planning for an organisation, is to provide a technological solution to problems facing the organisation. This is where CRM comes into play.
From here a technological function such as CRM fits in. CRM is used to support and to take into account the needs and wants of the customer, in which can be described as feedback. From here the technological function or feedback is sent to the customer and the organisation. Thus the IT function and the relationship link between the organisations, is the interaction in which takes place. From here, outcomes can be accessed and be reviewed, by the organisation for continuous improvement. Thus an organisation will be in a better position to forecast profits. An organisation will be able to look for trends, and be able to predict and provide better solutions for themselves, in the short run and the long run. The relationship between CRM and IT strategy planning is that it is done to improve overall performance. It is also used to yield better resolutions for an organisation, in regards to its I.T. functions. The needs and wants of an organisation such as profits and soft issues are discussed to improve long term goals and objectives.

1.8 The Group Researched

In this thesis the information being provided comes from two separate areas. Firstly, information comes directly from IT professionals who completed a survey, who are currently employed in the IT industry, from the publication date of this thesis. The IT professionals, who responded to the survey, currently have a CRM system implemented in their respective organisation in relation to their IT strategy. The information provided by the IT professionals is used to complete the requirements of this thesis. The survey relates to the topics of IT strategy and CRM. Chapter 3 describes further information about how the participants were selected. Secondly, research information comes from a review of the relevant literature. The purpose of this thesis is to find out if there is a relationship between CRM and IT strategy planning. The purpose of the survey in this thesis is to gather and provide more information about CRM systems and IT strategy planning.

1.9 Outcomes

The outcome, in which this research thesis aims to provide, is an examination of:

- The experiences of IT strategy planning for an organisation.
• The experiences of an organisation implementing a CRM system.
• Understanding the link between IT strategy planning and an organisation’s CRM system.

1.10 Assumptions and Limitations

In this research paper, the number of respondents undertaking this research survey was 51 out of 1068 companies in which were asked to respond. The companies who participated in this questionnaire were of a medium to large size organisations. A medium sized organisation can be classified as having more then 500+ employees. A large organisation can be classified as having more then 1000+ employees. However to balance the information in this thesis, the case study examples are taken from overseas, as countries in Europe and Northern America are leaders in the field of CRM and IT strategy planning.

1.11 Structure of Thesis

This research paper is divided into seven sections. The following is an explanation of these chapters.

Chapter 1 – Explains the research aim and objective of this research thesis.

Chapter 2 – Reviews the current background of research and reviews of the literature surrounding IT strategy planning and CRM.

Chapter 3 – Describes the research process taken.

Chapter 4 – Describes the survey method taken.

Chapter 5 – Shows the results from the survey carried out.

Chapter 6 – Discusses the research results and what answers the evidence presented in this thesis provides.
Chapter 7 - Presents the conclusions of this thesis.
Chapter 2  Literature Review

The undertaking of an IT strategy planning system and a CRM system by any organization, can be a daunting prospect to say the least. However with the help of IT professionals and managers who understand this implementation, the basics of IT strategy planning and CRM can be understood (Hagel & Brown, 2001). This section is divided into four parts. The first part looks at the theory of CRM. While, part two looks at the benefits of implementing a CRM for an organization. The third part looks at the theory of IT strategy. The final part on IT strategy looks at the benefits from the literature information.

2.1  Customer Relationship Management

CRM is an IT tool or technique in which its aim is to improve customer satisfaction. At a basic level a CRM system can be described as a database, in which is used to track the interactions of an organisation with its customers. These customers are buying goods and services, have customer complaints, and display information about their payment history. A CRM system aims to create repeat business for a company. CRM systems are mainly deployed by organisations at retail level. With CD shops being an example. Sum wholesalers have successfully implemented CRM systems, as part of their IT strategy planning system to improve functionality across their organisation. CRM is one of many IT tools available in which organizations and companies can implement for their use (Bose 2002).

2.1.1  Definition

Based on the literature review, the thesis will use the following definition for Customer Relationship Management:

**Customer Relationship Management** (CRM) – CRM is an IT strategy for managing a company’s interactions with its customers. CRM involves using technology to organize, automate, and synchronize business processes with customer service and support functions (Winer 2001).
In regards to CRM it is crucial to differentiate between descriptive information, and behavioural information (Li, Fok, & Hartman 2002). CRM is concerned with transactions, or purchases. Customer profiles assist companies, and are made up of mainly static or slow-to-change demographic information – gender, wealth, favourite newspaper, holiday preferences, hobbies and interests, house value, etc. But making the link between profiles and likely behaviour in order to retain a customer, and to sell them additional products is by no means a one-off exercise. As customers buy more from a company, then their customer profiles change. So updating a profile is required, in which is done every six months to a year.

2.1.2 History of the CRM Market

Prior to the development of the Internet, CRM development mainly took place on mainframe and desktop computers. Computers have applications to save time and money such as word processing (Chen & Popovich 2003). The main CRM application available to users today is salesforce.com. The salesforce.com software, is used to track customer files/information. CRM enables for the tracking of emails, phone calls, meetings, faxes, purchases, and other forms of communication used by an organisation. The purpose of the CRM system is to treat each customer individually, and customise solutions to their problems (Winer 2001). CRM systems in the past consisted of ledger books, as a means to keep accurate records, and to grow a business (Chen & Popovich 2003). No summaries or reports are generated, in which information took a long time to organise and understand. The following is a list of CRM systems used in industry:

- SAP/R2
- SAP/R3
- Microsoft CRM
- SEBEL
- Netsuite CRM +
- Maximizer CRM

The history and development of the CRM system and its development has been around for a long time, in which it is used by organizations today. The development of the CRM system began simply at a customer’s local grocery (Cooper, Upton, &
Due to the living proximity’s of a local shop or store, customers need to purchase goods, and or services as a means to live. Thus the general public visit their local grocery and or shops to live, in which money is exchanged as a means of economics. From here due to the living locations of a shop and its customers, a shop retailer will interact with customers on a daily basis. From here the shop retailer is able to provide the customer with a level of customer satisfaction, in which the customer over a period of time will remain loyal to their local retailer (Cooper, Upton, & Seaman 2005). From here the retailer is able to increase or decrease the prices and service components provided to the customer. Over a period of time with the industrial revolution, customers have moved from their local retailer. They have moved to their retailer’s supplier and warehouses, as a means to get lower prices. Other business operators such as manufactures and warehouses are able to ship and control and distribute goods in more volume and at lower prices (Nath 2001). The invention of the pc as stated above, has changed the marketplace and landscape of CRM forever.

In conjunction with technology, the customer landscape has been revolutionised in which technology plays an integral part with customers, suppliers, and business (Porter 1979a). New terms such as consumer to consumer (C2C), consumer to business (C2B), government to consumer (G2C), has been derived through the internet (Wang, Chen, Ong, Liu, & Chuang 2006). The main focus of CRM business and operation lies within the words of profits. Organizations are always looking at their costs as a means to contract and grow their organisations. The relationships between customers and business are critical to the on-going success, to meet the demands of clients. The CRM industry has grown over the last ten years, in which CRM has expanded into other corporate functions for organizations. The areas in which CRM has been developed include marketing and human resources, as a means to look after the needs and challenges of employees in an organisation. Thus in summary the history of CRM looks after the "value" of an organisation and the IT strategy planning system to derive and transform an organisation for on-going development.
The Internet or the world wide web exploded on to the seen in the early nineteen ninety's, in which IT technology and applications has developed at a rapid rate. For the Internet new applications, such as database management and IT systems have been developed, and continue to be developed even today. In 1993, CRM systems consisted of two markets, sales force auto-motion and customer services (Finnegan, & Willcocks 2007). Sales force automation was a means for sales consultants to manage and organize sale appointments, leads, as well as client information, in which is usually done through a secure website (Jones 2002). Nowadays CRM systems are used with other functionality options, in which include production options (Finnegan, & Willcocks 2007). The aim of customer service is to resolve and troubleshoot problems as quickly as possible, in which is done over the phone (Jones 2002). A customer service centre consists of either a call centre or a help desk centre (Finnegan, & Willcocks 2007). The current market of CRM systems consist of the follow:

- Sales force function (Dyche 2001)
- Marketing and sales function (Murphy & Copp, 2006)
- Activity and contact management (Dyche 2001)

### 2.1.3 Structure of Customer Relationship Management

Then following section describes the process of CRM in more detail, by looking at the framework of a CRM system. It describes the inputs to the system, the development of CRM system, and the outputs from the system.

#### 2.1.3.1 Framework of a CRM system

The objective of a CRM system implemented into an organisation, is used to increase customer satisfaction, and relationships for an organisation (Colgate & Danaher 2000). What organisations are aiming to achieve is to increase the loyalty level of a customer, and thus being able to profit from them (Colgate & Danaher 2000). This is very important, as all organisations are aiming to reduce costs, and to maximise there profit margins (Colgate & Danaher 2000). The responsibility of implementing a CRM systems falls on the CIO and marketing managers of an organisation. To implement a CRM system takes a lot of effort, time, and money, to increase service levels in an
organisation. The success of a CRM implementation relies on the marketing strategy being developed by the organisation (Memel, Scott, McMillan, Easton, Donelson, Campbell, Sheehan, & Ewing, 2001). From here organisations can better organise the services they are planning, and increase the execution level, of their service and profit levels (Colgate & Danaher 2000). Not all organisations are interested in increasing customer satisfaction levels. However at some point in time an organisation will be forced to lift their standards, if they wish to survive in their marketplace (Colgate & Danaher 2000). What organisations should consider when undertaking a CRM system, is that the CRM system is used to benefit both the customer and the organisation. From here an organisation will be more profitable in the future (Law, Lau & Wong 2003). What an organisation will be doing by implementing a CRM system, is improving the relationship between each client thus emphasizing that the customer, is the most important person to them (Law, Lau, & Wong 2003).

2.1.3.2 Inputs to CRM systems

In implementing a CRM system there are a few generalisations in which are made about CRM systems. The following assumptions of CRM systems are stated below:

1) Customers act as they always will. The idea behind this is that once a customer buys a product like a DVD, like buying a new jaguar every three years. There is the assumption that the consumer will buy the same amount of product, or the same amount of products (Leary, Rao, & Perry, 2004). This is half true and half false. A customer may have a buying pattern, however over time, a customer or customers will change their buying habit, and may move to cheaper or more expensive goods. An example is a suit. When a young professional is starting out in their career he/she may buy a cheap suit, however when he/she gets older he/she will buy a more expensive suit, as the individuals income increase. This assumption about CRM is about that of trying to predict the preferences of the customer a company may have.

2) A customer’s information is always up to date. Due to the fact that organisations keep records of customers and staff members, there is the assumption that if they are not updated annually, for example then an organisation cannot try to tailor new products, to a particular customer (Alle
2000). For example people move, get married, may get separated and people pass away. Therefore organisations need to check and make sure to update their database or CRM system periodically.

3) Customers want differentiated products/services. Organisations sell and promote products and services to the general public. What customers want is the information delivered to them in a timely manner, so they can make an informed choice about whether to purchase a particular good or item (IBM 2006). For example, an airline company provides air travel to passengers. However not all airlines may offer a reward program or a discount for a bought plane ticket. However if a customer is informed about a special promotion for a plane ticket, then the airline company is meeting it’s aim, in providing a more customized service to the customer. Thus an organisation will achieve a competitive advantage.

4) The profitable customers should have the best service. Due to the fact that customers are difficult to keep, customers who are the most profitable should be cared for. For example, this can be highlighted through a discount and membership card scheme from a bookstore.

### 2.1.3.3 Development of CRM

Customer relationship management has been introduced into the IT community for a long time. It has been used in practices in Australia, but has been enhanced and developed mainly overseas. It has mainly been used and developed to link data together with systems for operational use (Hackney & McBride 2002). An example of CRM technology mainly being used in industry, is that of the hospital system overseas (Hackney & McBride 2002). What a CRM system does in theory is to link data together to insure that it can be downloaded or accessed, as soon as possible (Hackney & McBride 2002). The function and purpose of a CRM is to provide functionality and portability, so that the data being provided is up to date, and is current. Another function or application of a CRM system is to streamline or help align an organisations business structure (Memel et al, 2001). What a CRM system is supposed to do also, is to provide a central point where data can be collected. A basic CRM system is that of a database system. From here the data can be analysed so that management can make better decisions, and from there can provide a higher level of
customer service, and satisfaction, to their customer/client. In business time is money and money is time. Therefore the customer’s time is very valuable and thus, time is of the essence. The function of a technology system is to save time. Time is one of the most important factors in which relates to technology, and therefore it is a very important factors in business (Memel, et al, 2001). The purpose of a CRM system in business and application is to improve or assist in the marketing process of an organisation (Bose 2002). From a starting point, by defining and introducing a CRM system into an organisation, it assists in capturing an organisations profitable customers (Bose 2002). From here an organisation can build and maintain its customer and cliental base (Bose 2002).

Figure 2-1 A CRM Information System (Memel, et al, 2001. pp. 267)

2.1.3.4 Outputs of CRM

In regards to the functional area of CRM, there are outputs for an organisation in which are generated by an organisation having a CRM system. One of these capabilities is that a CRM system will provide an organisation with a good level of products and services, as well as the range of products in which can be passed on to the customer (Roh, Ahn & Han 2005). CRM systems have a high means of success in comparison to other IT functions, as it conforms to marketing, and quality standards (Roh, et al, 2005). This is a good reason as to why an organization should adopt a CRM system. Some of the additional benefits of a CRM system, is that it allows an organization to conforming to requirements. It also enables for a greater range of options, and also strengthens customer loyalty to a companies products (Crosby & Johnson 2000). Other outputs of CRM include-cost cutting functions. This is done to reduce capital expenditure (Crosby & Johnson 2000). Other outputs of CRM include
better marketing campaigns. It also promotes for organizations more product ranges for acquisitions, and for further additional selling measures (Meier et al, 2005). Another output of CRM, is that it can be configured or customized to exploit company partnerships, in that the CRM system needs to be linked to the IT strategy system of an organization (Geib, Reichold, Kolbe & Brenner 2005). The exploitation of partnerships are done at the topology level, in which it enhances long term customer satisfaction. CRM systems can also be used to increase short-term sales for an organisation (Geib, et al, 2005). In conclusion there are a number of outputs that can be generated by a CRM system. These outputs are improved quality issues, customer loyalty, better company partnerships, and increased short-term selling, only if the CRM system is correctly configured.

2.1.4 National View of CRM

In Australia, there is little information about the topic of Customer Relationship Management (CRM) and its implementation. One study of SAP users (Hawking & Stein 2004) found that only 7 out of 48 users of SAP’s ERP product had implemented the CRM functionality. A later study (Hawking, Foster & Stein 2008), again found that no SAP users had implemented the CRM analytics aspect of the product and only 15% planned to do so in the next three years. The authors commented: “We would argue that most of these companies are still coming to grips with the basic CRM functionality...” As SAP is the dominant ERP vendor in Australia and CRM is closely linked to this technology, this indicates that CRM is still in a relatively early stage of adoption in Australia.

Benefits of CRM

The word benefits means to gain something in return of something else, or it can be described as a payoff for implementing or following a guideline. In relation to CRM, organisations can achieve a lot of functions. The first benefit is that of culture. Culture can be best described as an organisation’s fit, or requirements, for employees in an organisation. Attributes such as leadership can be improved through training, provided by an organisation (Bentum & Stone 2005). Improvement in an organisation requires employees, customers, and shareholders to work together as a means to
promote cross-functional services and products to the market (Bentum & Stone 2005). Thus by having an established and operational value system in an organisation, this means that corporate attributes can be accomplished and tasks can be achieved (Bentum & Stone 2005). The value system or system architecture presented in an organisation is derived mainly by senior management, and requires the assistance of the human resource division in an organisation, to assist with recruitment and other operations (Bentum & Stone 2005). Cost cutting is a second benefit that is derived through a CRM system. What this is and means, is that at the most basic level a database system that is customized, allows for a quicker response time in which leads to increased profitability (Verhoef & Donkers 2001). This CRM system also allows for organisations to properly define and understand the needs and wants of customers, in which allows for further enhancement of the CRM system (Verhoef & Donkers 2001). Cost cutting allows for further savings by an organisation, and also allows for better customer retention and quality standards in an organisation (Verhoef & Donkers 2001). Thus in summary the benefits of culture and cost cutting, allows organisations at the end of the day to increase the relationship element in a CRM system, and to sustain a competitive advantage.

The literature shows that there are a range of benefits that can come from the use of CRM:

**Develop better communication channels**

By distributing information across the organisation there are several advantages of CRM systems. It can

- spread information quickly throughout an organization (Doeringer & Terkla 1995).
- serve a social purpose (Doeringer & Terkla 1995).
- reduce stress and anxiety (Doeringer & Terkla 1995).
- can be used to identify problems or lack of satisfaction in the workplace (Doeringer & Terkla 1995).

An organization using a CRM system can also achieve benefits such as:
• supplying sufficient information through the formal communication channel about the concerns that are of importance to employees and staff (Pumelt 1993).

• present as much factual information as possible as soon as it is obtained (Pumelt 1993).

• keep information coming on a regular basis, especially during times of change when the employees are stressed, and wondering what’s going on. Daily communication with them will reduce the pressure of uncertainty (Pumelt 1993).

• open the lines of the formal communication channels to receive feedback and concerns. Respond to these as quickly as possible. If concerns are submitted from staff and no response is given by management, rumours through grapevine communication will begin to fill in the communication gap which was created by management (Pumelt 1993).

Collect vital data, like customer details and order histories

An organisation’s CRM system is linked to their website to increase revenue for an organisation. By collecting data, organisations are in a better position to analyse what is going right in their company, and what is going wrong. By not having any data, nothing can happen of course (Schabetsberger, Gross, Haux, Lechleitner, Pellizzar, Schindelwig, Stark, Vogl & Wilhelmy 2004). By collecting survey results, in which is a starting point for organisations, analysis can happen. From here trends and patterns can emerge, in which the results can be interesting. By collecting information through email-distribution, organisations are in a position to generate more revenue for their respective organisation, through promotions and offers to customers and future customers.

Create detailed profiles such as customer preferences

Through organisations collecting information, organisations are able to look at what customers are buying and not buying, and create additional services/products for future development (Porter 1979b). By looking at trends of customers, organisations are able to deploy more efficient products to meet changing demands. CRM can be used for sustainable profit development for an
organisation. Additional services can also be generated through customer preferences, in which has the capacity to turn into long term projects for an organisation in regards to a ROI (Porter 1979b). An example is stadiums hosting concerts.

**Deliver instant, company-wide access to customer histories**

Organizations today are trying new advertising methods as a means to keep, and to attain new customers. The design of an organizations website is often linked to an organisations CRM system (Henderson 1989). Amazon.com and Dell is a prime example of this. The websites shopping cart function and design is concentrated around the ability for new accounts to be opened and processed, as soon as possible without delay. This also allows for security updates to occur for the host when required, without interruption. By linking the CRM system with the website of a company, it allows information to be processed quickly and effectively. It also means that customers and organizations have access to all information 24/7 (Henderson 1989). Having access to all information 24/7 enables for advertising to be more effective, and also allows the customer to make more informed choices in regards to next product purchase.

**Identify new selling opportunities**

In regards to an organisation, organisations are seeking new ways of selling their product. One method in which organisations are using is that of mass-production. This means that organisations are creating and using their own resources as a means to push products to consumers (Hackney & McBride 2002). Consumers are very busy, and time is limited for many people today. Therefore organisations are mass producing goods in terms of volume as a means to get consumers interest, and as a means to sell current and additional products. The logic is that if a customer buys one product he/she will buy more products in the future, based upon product satisfaction and a happy experience. By advertising add on products like fries at McDonalds, in which the customer service person at McDonalds always asks would you like fries with that (Hackney & McBride 2002). Organisations like McDonalds are making customers aware that french fries are available, if that is what the customer wants. From here the organisation gets two
benefits. Firstly the organisation is able to reduce waste as fries or coke-a-cola are the next available options (Bentum & Stone, 2005). The organisation knows that there are only two options available to the consumer and therefore has a set plan in regards to the menu at McDonalds for example. Secondly taking McDonalds as an example again, by having add on products like happy meals with a new different toy each time. This enables McDonalds to provide more add on services currently, and in the future. Thus in regards to new selling opportunities by CRM systems, two factors are important. Firstly to reduce financial waste. Secondly to mass produce goods as a means to provide add on features through mass production. An example, being behind the scenes access on a DVD.

2.2 Successful Case Studies in CRM Adoption

The term CRM stands for customer relationship management, and is used by organisations as a means improve relations with an organisation’s customers. It is also used to deliver a better product and service to the customer (Ngai, 2005). To achieve a satisfactory CRM system in an organisation requires hard work, and dedication from senior management, and staff in an organisation. Thus this section of this thesis looks at organisations, and how they have implemented a CRM system, and how they been able to improve their customer service levels, and achieve and develop a competitive advantage in their respective industry (Memel, Scott, McMillan, Easton, Donelson, Campbell, Sheehan, & Ewing 2001). Stated below are some case studies in which organisations have implemented a CRM system successfully.
<table>
<thead>
<tr>
<th>Case Study</th>
<th>Amazon</th>
<th>Dell</th>
<th>Volkeswagen</th>
<th>Wells Fargo</th>
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<tbody>
<tr>
<td>CRM Benefit</td>
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<td>Increased customer satisfaction</td>
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<td>Better customer retention</td>
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- indicates benefit achieved

**Table 2-1 Case Study Benefits**

### 2.2.1 Amazon.com

Amazon.com is one of the most popular e-commerce websites on the world wide web today, to buy and sell goods (Porter 2001). The Amazon.com website offers a wide product range, from books and CD’s, to cars and even houses. Amazon.com even offers customers a global shipping option (Wikipedia 2008a). One of the main reasons why Amazon.com is successfully is due to its business plan (Wikipedia 2008a). The company of Amazon.com at start up was not profitable, but became successfully, and survived the dot com bubble (Wikipedia 2008a). Today Amazon.com enjoys about a return rate of customers of about between fifteen to twenty five percent, compared to other online websites in which have between three and five per cent of returning customers. What makes Amazon.com different compared to other websites, is that the Amazon.com website uses the CRM principle of customer profiling. The
Amazon.com website uses the customers information, to provide recommendations to the visiting customer, to buy other products, and also offers a discount on buying more then one item together with other items (Jones 2002). The Amazon.com retailer has a system called 1-Click. This function stores the information details of customers such as email address, user name, and payment details, to make the buying experience quick and efficient for the customer (Jones 2002).

Some of the factors in which has lead to Amazon.com in implementing a successful CRM system include:

- Amazon.com provides no restriction in terms of the shipment process of goods.
- Amazon.com has a large number of products to choose from.
- Amazon.com provides recommendations/referrals to other products in which enables Amazon.com to double or increase their sales volume.
- Amazon.com provides customer interaction through its website via the 1-Click system.

2.2.1.2 Dell

The Dell computer company, is one of the most well know computer brands known in the world. The Dell computer company provides computer solutions from private buyers, to small business, and government agencies. What makes the Dell company different from its competitors, is that Dell uses CRM as a means to customize a clients computer specifications, and then ships the product to the consumer (Jones 2002). How the Dell CRM system works, is that after seeing a Dell ad on television, or visiting the Dell website, customers can log in and place a customized order through the Dell website (Jones 2002). If there is a problem with the website or the system, the customer can receive support via the help line number (Murphy, & Copp). The Dell CRM system, also has a customer service tag number in which is located on the side of the computer, which can be used to find out more information about the status of an order, or trouble shoot a problem with the computer (Dyche 2001) This Dell CRM system is designed to put the customer at ease and make the buying process easier. The Dell CRM system can also be used to allow the customer to download some
software (Murphy, & Copp). To make the Dell experience even easier, Dell has a technical assistance help line in which problems are provided by technicians to diagnose and troubleshoot problems (Murphy, & Copp). What makes Dell different from other online computer distributors such as Gateway computers, is that the Dell website covers the entire process of computer owning. This ranges from buying a computer, to customer support (Murphy, & Copp). Some of the factors in which has lead to Dell in implementing a successful CRM system include:

- Dell allows and provides a customization service in relation to its products in which gives the customer more choice.
- Dell provides front and backend support for its products, in terms of a telephone help-line, and tracking system, in which allows for a superior level of customer service to be provided.

2.2.1.3 Volkeswagen

The automobile or car industry is one of the most competitive industries in the world. The giants of the car industry are, Toyota in Japan, General Motors, and Ford in America. The giants of the car industry in Germany are DaimlerChrysler, BMW and Volkeswagen (Schamp & Alvstam 2005). After the global economic crises in late 2007/8, Volkeswagen became the largest company in the world. In Europe Volkswagen AG is the biggest distributor and manufacturer of cars (Murphy, & Copp). Volkswagen AG has made and sold approximately thirty six million cars (Murphy, & Copp). In order to be successful in the car industry, car manufacturers have to be in touch with their customers, and design and build cars to support the general demographics of a particular country (Murphy, & Copp). Once a car is sold or bought, customers have very little to do with car manufacturer. Thus the customer information changes, and the car manufactures do not have access to this up to date information (Murphy, & Copp). Thus with Volkeswagen AG wanting to know more about their customers, Volkeswagen AG has implemented a CRM system to get access to their customers information, via a marketing strategy called "Customers Come First" (Dyche 2001). This marketing strategy of Volkeswagen AG began in 1988, in which all decision processes are based from the point of view of the customer. Volkeswagen AG monitors responses to ads, customer surveys, and
feedback from the customer (Jones 2002). Volkeswagen AG has developed from customer feedback forms and services, loyalty programs, and service programs, whose aim is to get the customer coming back to Volkeswagen AG. This allows Volkeswagen AG to increase its profits and raise their service standards (Dyche 2001). From these extra services such as customer care care, it also allows Volkeswagen AG to collect information from the customer, and thus allows the company to build and expand its customer database (Murphy, & Copp). From this database from Volkeswagen AG it further enables the company to develop and improve its car products, and quality of its services (Murphy, & Copp).

Some of the factors in which has lead to Volkeswagen in implementing a successful CRM system include:

- Volkeswagen AG has linked their car product system with that of their marketing department, in which enables the company to get feedback on their marketing strategy. This enables for improved and quicker customer feedback.
- Volkeswagen AG has designed and developed new services and products based upon their marketing strategy. This provides additional revenue streams.
- Volkeswagen AG has also developed and established a database system. This enables the company to provide additional improvements in their car products, in which relates in increased and improved sale figures.

### 2.2.1.4 Wells Fargo

Wells Fargo is one of the largest banks in the US. There are also one of the dominate players in the banking industry in the world (Wikipedia 2008c). In terms of banking services, Wells Fargo offers a wide range of services, in which is not limited to wholesale banking, retail banking, and consumer banking (Wikipedia 2008c). Unlike the car industry stated above, the banking industry requires a lot of customer interactions, service options, and operation staff to service customers (Dyche 2001). What Wells Fargo has done to meet the need of their customers, is to transform customer relationships into opportunities (Dyche 2001). In order to meet the need of high customer expectations, in which only goes up and up. Wells Fargo introduced a twenty four hour customer service phone line, and opened new locations in
convenient customer places like supermarkets and coffee shops (Murphy, & Copp). As with most other customer service companies, Wells Fargo has multiple customer systems. It took time for Wells Fargo customers and employees to obtain the information they were after (Gronross 1991). Thus Wells Fargo streamlined their customer systems into one CRM system, containing all their customer information. This saved Wells Fargo customers and employees time and money (Murphy, & Copp). In order to keep up with the times and technology Wells Fargo also introduced online banking. They also introduced a website thus further reducing costs, and to enhance customer service integration, to their customers (Murphy, & Copp).

Some of the factors in which has lead to Wells Fargo in implementing a successful CRM system include:

- Wells Fargo has provided additional services such as internet banking, in which provides more service and options to the customer.
- Wells Fargo has implemented and improved its customer database system, in which allows for better data analysis and extraction.
- Wells Fargo has also implemented services to reduce costs.

In conclusion, it is not difficult to implement a successful CRM system. Based upon the above case studies it can be concluded that in order to implement a successful CRM system into an organisation, an organisation has to have and develop a proper customer service centre. At a basic level this is a database system or helpdesk system (Alt & Puschmann, 2004). From here organisations can better understand their customers, and then provide more services and options to their customers. This leads to improved profit margins and reduced costs, in terms of the locations in which they provide. By having strategically placed business outlets and services, as well as simply designed websites with new features, a competitive advantage can be developed (Murphy & Copp, 2006). Customer retention is also improved.

2.2.2 Problems

However, the use of CRM systems is not without a range of potential problems. The literature (Bligh 2004) has identified a range of such problems:
Financial Performance

The financial performance of an organization is recorded and delivered in its annual report. During the implementation and development of a CRM system the following problems stated below effect the organization in many ways:

- **Market share and operating losses:** A CRM is a large project to be undertaken for an organisation. A CRM system is purchased by an organisation to reduce costs, and to improve the relationship with current and existing customers/clients of an organisation. An organisation will face many challengers when purchasing a CRM system. Firstly an organisation purchasing a CRM system will need to determine their areas of improvement, to increase/reduce costs in certain areas of an organisation. Failing to select the correct criteria to improve for an organisation will lead to a waste of money for an organisation (Light 2001). The purchase of a CRM system from a vendor is expensive and a time consuming process. This leads to a reduction in costs and some market-share in an industry. Thus the selection and development cycle of purchasing a CRM system leads to an organisation losing time and money, in which affects the market-share and financial performance of an organisation in the short-term.

- **Failure to achieve a return on investments:** Due to the fact that an organisation is interested in purchasing a CRM system for development. An organizations budget is constrained, and therefore an organisation investing in projects will face a failure to achieve, a short-term return of investments (ROI). This short term ROI failure is faced by all organisations as means in implementing a CRM system into an organisation (Kotorov 2003). However if organisations are able to control the CRM system implementation carefully, the effects of a ROI will not drag into the long term cycle for an organisation.

- **Budget overruns:** The cost of implementing a CRM system is high for an organisation. Therefore organisations need to understand and manage as much as possible, that an organisations budget will be affected by undertaking a CRM system into an organisation. This is due to the fact that the CRM project will affect the organization directly implementing a CRM system and its partners.
• **High post-implementation running costs:** Purchasing a CRM system is complicated for any organisation. However, an organisation implementing a CRM system will need to understand that the on-going costs of maintaining the CRM system is high. This includes new staff being employed in an organisation, training costs, as well as new hardware and software. These costs are on-going for an organisation implementing a CRM system.

*Customer Service Quality*

During the development of a CRM system into an organization, customers and employees should be consulted about the development, implementation, and its effects, as the following problems may occur:

• **Customer confusion, frustration, and dissatisfaction** – Customers/clients of an organisation using a particular system are familiar with that system. A change to this system creates initial confusion as new features and service features are not explained to them. This in turn leads to frustration and dissatisfaction (Storbacka, Strandvik, & Gronroos 1994). A consulting period and or additional training may assist here.

• **Lower service levels** – Employees in an organisation are required to produce results for their organization. An organization implementing a CRM system will initially have lower service levels at sum point, due to the CRM system being new. Due to the fact that it is a new system, employees and partners need to time to understand how the new system works, in which new processes may need to be developed.

• **Slower time to market** – An organisation implementing a CRM system into an organization will have a slower development time, in terms of new products to the market. This is due to the fact that a new CRM system in an organization needs to incorporate new processes (Henderson 1989). Thus new products will be delivered slower to clients/customers than in the past.

• **Negative brand perception** - Clients/customers of an organisation already have an existing relationship with the organisation. This relationship with an organisation implementing a CRM system may be hindered, due to the new way of doing things with the organization implementing a CRM system.
Sales Effectiveness

Due to the size of the CRM system being implemented into an organization the following problems may occur in terms of capacity and product volume:

- **Lower sales force productivity** - Staff in an organisation are required to sell certain and specific products to clients and customers. Sales force staff are not as productive as previously before the CRM system is implemented. This is due to a new system being developed, and implemented into the organisation. Information and communication is not coherent and easy to understand, with mixed message and signals being sent to sales force staff about what to do.

- **Increased sales force cynicism toward new systems** - Sales force staff are required to sell. Due to a new CRM system being developed and introduced into an organisation, sales force staff may be unhappy with the CRM system. As past processes in an organisation have worked before (Ngai 2005). If a past system works fine in an organisation, sales force staff are reluctant to changes to the new process. Sales force staff in an organisation unlike other department employees in an organisation, are more likely to be more frustrated with the new CRM system. This because the sales force staff are on the front line of doing things in an organisation.

- **Increased sales force turnover** - The sales force staff in an organisation are likely to face more turnover, then other departments in an organisation. This is due to the fact that the sales force staff in an organisation, are under more pressure to do their work, and get their work done, within strict time constraints. Sales force staff are trying to being compatible with the new CRM system being introduced into an organisation (Dyche 2001). The head of the organisation requires sales force information in a timely manner, in which frustration levels quickly develop.

Cultural Impacts

Due to a CRM system delivering on outcomes for an organization, employees and staff members in an organization may feel the following impacts in an organisation:

- **Low morale within IT and affected departments** – If a project like a CRM system implementation into an organization fails, it has a knock on effect to
other departments and other employees in the organisation, in which is counter productive (Solingen 2004).

- **Growing cultural cynicism within the company toward adopting business change** – If a project fails. Then another project fails. Employees in an organisation are likely to question the decisions of senior management. From a time period onwards.

- **Company-wide loss of confidence in its ability to enact change** – If a company undertakes a project like a new CRM system into an organisation, and it does not work then, companies are then dealing with issues with lack of trust among employees in an organisation (Geib, Reichold, Kolbe, & Brenner 2005). This effects the entire organization. Issues like disgruntled staff members, are likely to become common issues in the future.

- **Loss of jobs in the executive suite** – Staff members in the executive suit are in-charge of projects. When sum projects fail, or go massively over budget, they have to accept responsibility for the failed project. Whatever the reason, members in the executive suit may be required to move on.

- **Propensity for companies to become overly conservative with regard to investments in strategic initiatives** – Companies place to much focus on innovation. Whether an organization is a business, companies need to focus on keeping things small, personal, honest and simple (Chen, Injazz, Popovich, & Karen 2003). To make things complicated leads and hinders innovation. This also results in a failure to strengthen advantages for an organisation. The deferring of a project and infrastructure is sum times a good idea.

The propensity for companies to become overly conservative with investments, and strategic initiatives is normal. This leads to dampened innovation, and a failure to strengthen advantages in an organisation (Bligh 2004).

### 2.2.3 Case Studies of Problematic CRM Adoption

In theory the idea and principle of trying to improve customer service through the IT tool of CRM is very promising. However not all projects and ideas that are developed, deliver the desired outcomes and results. This is true for many IT projects. However this section of the thesis attempts to identify potential problems, so that an
organisation is better informed of potential problems and from here, have a better chance of success, in implementing a CRM system into their organisation.

2.2.3.1 International Enterprises (IE.com)

International Enterprises.com (IE) is a computer manufacturing company that makes computing hardware and software goods (Murphy & Copp, 2006). What has caused problems for the IE firm, is the constant change of technology, and the difficulty of the consumer market (Murphy & Copp, 2006). With a large debt, and low sales, IE decided to adopt a CRM system to solve their business and operational issues. (Finnegan & Willcocks, 2007). Initially with IE, the company first began reducing their costs and then, developed new and popular software applications such as "Deep Blue". This has allowed IE to focus on the needs of the consumer (Murphy & Copp, 2006). The aim of IE’s CRM system was to standardise all of IE’s different computer systems. This is done so that IE has a common computer system and interface. This is to also provide a higher level of customer service to their customers, and business partners (Finnegan, & Willcocks 2007). The aim of IE’s CRM system was to change the way the employees and customers view IE products and services. IE’s CRM system consists of a world wide call centre, to create a global help desk and serve the need of their customers and business partners (Finnegan, & Willcocks 2007). Through IE adopting a CRM system, the CRM system has allowed IE to focus on its core business of integrated solutions, services, and product development (Murphy & Copp, 2006). Some of the problems faced by the IE organisation include:

- No customers were involved in the development, and process of the design and layout of the CRM system.
- Training of the new system was an issue in that staff members were not given an option to learn by people, in which they were forced to learn by computer.
- Not all employees in the organisation had access to the new CRM system. Thus other employees in the organisation such as the sales department, had a priority and had more access to the new system.
- The customer/end user only became involved in the CRM project/system when it was completed. The customer had no knowledge that a new database
system was being developed, and were confused on how to interact with the new system.

2.2.3.2 UK City Council Case Study (UKCC)

The UK city council case study refers to a very large local authority in the UK. Its aim is to become one of the most popular and exciting cities to live in the UK (Finnegan, & Willcocks 2007). The reason as to why the UK city council in the UK was interested in a CRM system, was that the government in the UK, legislated to the city councils that all activities with local government must be available to the public (Finnegan & Willcocks 2007). The aim of the CRM system was to increase customer service levels through an outsourced helpline support, as a means to meet the needs of the general public (Finnegan & Willcocks 2007). The aim of the CRM system is to streamline the customer database system, telephone system, business process, business practices, and customer availability (Jones 2002). In this case study example a customised CRM system had to be developed instead of being bought off the shelf. This made the implementation of the CRM system more difficult to do. Some of the problems faced by the UK City Council include:

- There was not enough feedback about the new CRM system from the end-user/customer.
- The project became too complex and too large to deal with.
- Not enough documentation was developed due to lack of time.
- During the implementation of the new CRM system, project staff members resigned from the project due to departments having conflicting interests.
- There was not enough communication across and between departments.
- There was no understanding of the new CRM system by the end users/customers, in which their customers were not informed about the process of the new system.

In conclusion, undertaking an IT project such as implementing a CRM system or a customised CRM system requires a lot of thought and application. Like all projects there will be problems, however these problems can be minimised. From the two case studies outlined above, it can be stated that CRM first begins with the letter C, and
stands for customer. Therefore customers should be involved in the development of a CRM system as well as staff members of an organisation.

2.2.4 Business Capabilities of CRM

Business capabilities can be described as the process of increasing the business value of an organisation. In other words it is the process of adding value to an organisation. This means growing a company through a CRM system with IT strategy planning. A CRM system is an IT tool to help improve and enhance the relationship with customers in an organisation. The following is a list of business capabilities for CRM:

- Reduce costs by automating the business process (Goldsmith 1991)
- the ongoing need to create the real-time enterprise to support the continuously changing needs of customers (Doeringer & Terkla, 1995)
- enterprise transparency, which is required by new regulations like Sarbanes-Oxley (Doeringer & Terkla, 1995)
- meeting the internal and external demands of information, that are not delivered by traditional applications, in areas like CRM, supply chain management, and ERP (Goldsmith 1991)
- The re-emergence of business process analysis/design, which is critical for enterprises attempting to exploit end-to-end processing capabilities internally and across the extended enterprise of customers, partners, and regulators (Gupta & Govindarajab 1984)

2.3 IT Strategy Planning Process

The IT strategy planning process (sometimes knows as Strategic Information Systems Planning or SISP) has become a major aspect of the IT function in many organisations. The following section looks at what IT strategy planning is, its history, and the benefits and problems, that arise from its use.

2.3.1 Definition

Based on the literature review, the thesis will use the following definition for the IT strategy planning process:
**IT strategy planning process** - Every organisation or major project has complexities which exist. Organisations have to make decisions at different stages of the life cycle of each stage of a project (Alle 2000). The IT strategy planning process is designed to assist with decision making capabilities for an organisation or governing body. Every organisation has a different business/operational plan and has different aims and objectives. Every business has a different emphasis placed on expenditure/investment in information technology (Pita, Cheong, & Corbitt 2008). IT strategy planning is the development of IT infrastructure as a means to develop systems, to meet ongoing challenges for an organisation. What this means is that from a business point of view, organisations and business have a corporate objective/plan (Gartlan, Jovita, Shanks, & Graeme 2007). In order to help facilitate this challenge, organisations are using technology to meet their requirements. All business are different and have different models and capabilities. From an IT strategy planning point of view, they are similar. Technology is mainly being used as a means for providing accurate accounting, and to provide services and products for their customers (Sohal, & Fitzpatrick 2002).

IT strategy planning is concerned with planning and implementing policy, to conform to best practices for an organization. This is sometimes difficult to implement. The goal is to act on recommendations and make appropriate decisions when required (Dyllick & Hockerts 2002). This is carried out in the form of committees. Resources need to be careful allocated for and distributed across the organization, to ensure functionality. Thus the aim of an organization does not change, but ensures that requirements are met to fulfill obligations.

In order for organisations to be competitive in the global marketplace, organisations need to have an understanding of IT. This is where a CIO comes into play. The CIO is the company’s expert in this area of IT. The chairman/president of the company, is the one who is elected to ensure the ongoing development of a company. They also ensure that the given organisation is financially viable at the current point in time, and into the future. The chairman is the decision maker who makes the final decisions on the operational issues in an organisation. Board members seek to pass on their expertise in their respected areas, to guide their respective organisation (Sabherwal & Chan 2001). The IT strategy planning aspect of an organisation has developed today,
and entitles that the best and correct decisions are made in the areas of finance, and marketing.

2.3.2 History of IT Strategy Planning

Prior to the internet, IT strategy planning was used. IT strategy planning was used to plan and grow an organisation. This was done at board meetings. The purpose of these meetings was to discuss and come up with new ways of doing things. This is called portfolio development (Nath 2001). This is the best way to develop new functions to a business, and to try and attract as many new customers as possible, while keeping the current crop of customers (Lederer & Salmela 1996). All planning of a business was done on paper using flowcharts, as a means to keep track of everything. Computers while large were used as a means to process all the relevant information (Smaczny 2001). Due to the storage limitation of computers they were mainly used to process data, in which was analysed by staff in an organisation.

The history of IT strategy revolves around the concept of creating a competitive advantage by organisations (Porter 1979a). The competitive advantage concept revolves around the idea that an organisation can develop a competitive advantage, by providing a good or a service, through price or product differentiation (Porter 1979a). One way organisations have created a competitive advantage is through the volume of the products sold. As well as controlling the price of a product. This may be a high, medium, or a low price. This is the old age story of price versus quantity. It is up to organisations to decide and come up with an effective strategy in relation to constant competition (Porter 1979a).

Through the development of the Internet or the world wide web, the Internet is seen by organisations as a distribution channel to sell their products to the customer (Porter 2001). In relation to the Internet, the purpose of the IT strategy is to establish a competitive advantage for an organisation (Porter 2001). However a marketing/adverting strategy needs to be developed by organisations to make use of the Internets advantages (Porter 2001). Companies have no option, but to make a decision in relation to an organisation’s IT strategy. It is up to organisations themselves as to how they deploy their IT systems, and to capture a customer’s
attention (Porter 2001). The purpose of the Internet is that it is a distribution channel for organisations to exploit.

In conjunction with an organisation strategy new products and services can be provided to the consumer. However firms have to differentiate themselves from other firms, due to the sheer volume of information available on the Internet. Thus a competitive advantage is established (Porter 2001).

Due to the fact that the Internet is a very highly competitive market, an organisation has to be flexible in relation to its IT strategy. Employers nowadays are asked to do more with less, as an organisation will either thrive or go bust. Therefore the IT strategy is a very important part of an organisations overall business strategy (IBM 2006). Thus there has been a large movement in recent times from an organisation aligning their systems to full capacity, or to full integration (IBM 2006). The integrated business strategy process for an organisation requires hard work, dedicated, and most important being able to provide visibility, to all parts of an organisations network system (Hagel & Brown 2001).

2.3.3 National View of IT Strategy Planning

In Australia, there is not a great deal of information and data available, on the topic of IT strategy planning of an organisation (Falconer & Hodgett 1996). A study in the mid-nineties in a survey of 417 Australian companies found that approximately 60% prepared an information systems plan (Pita, Cheong & Corbitt 2008). In a survey conducted in 2003 with 260 respondents, found that 75.8% of organisations performed some form of IS planning.

2.3.4 Structure of IT Strategy Planning

Then following section describes the process of IT strategy planning in more detail. It looks at the framework of an IT strategy, the inputs to the process, the outputs from the process, the objectives of the process, and the operational factors, relating to IT strategy planning process.
2.3.4.1 The Framework of an IT Strategy

The concept of IT strategy, at an organisational level is to come up with aims and objectives, and then to meet them (Schabetsberger et al, 2004). In relation to an organisation’s IT system, it is important that an organisation’s IT strategy plan, works in conjunction with the other departments of marketing, finance, human resources, and most importantly the organisation’s business plan (Roh, Ahn, & Han, 2005). From here an organisation has a much better chance of meeting its aims and objectives, and to improve its financial position. In relation to the IT infrastructure plan of an organisation, the overall aim and objective of the information system department is to develop an IT infrastructure system. This is to eliminate unwanted documentation and enhance technological development (Schabetsberger et al, 2004). This infrastructure IT development can be made possible through existing and new technologies, such as a secure web server (SSL) at a very basic level (Schabetsberger et al 2004).

In conducting and developing an IT system/strategy for an organisation there are some factors in which organisations have to be aware of in which include legal, management, and financial issues, before events start getting off the ground (Schabetsberger et al 2004).

IT employees, who work for an organisation, operate in a high risk environment due to the fact that technology is always changing. The concept of IT in an organisation has changed (Schabetsberger et al 2004). Thus it is important that organisations get IT projects right, and are effective and efficient in providing a high level of service to the customer. Financial waste in an organisation’s budget is minimised (Schabetsberger et al 2004). In the end it is customer who is king, and therefore customers are always wanting more. Thus IT projects have to deliver more, and provide a return on investment to the organisation (Schabetsberger et al 2004).

2.3.4.2 Input to IT Strategy Planning

In regards to the deployment of an IT strategy planning system for an organisation, consideration has to go its business plan (Croteau & Bergeron 2001). The business
plan and or objectives of an IT strategy planning system, is sometime difficult and complex. What will happen in most organisations is that there are a lot of operational issues, and or soft issues which may not be recognised, and or are missed. What is required, is that IT professionals must be able to pick up on these issues, as soon as possible in order to meet the performance regulations of their respective organisation. The strategy of the business plan or objectives for the organization needs to be evaluated on an ongoing basis, as a means to meet the objectives and major policies of the organization (Pumelt 1993). Thus IT professionals need to evaluate their business plan and IT systems, as a means to get a grasp on disorganised issues. Issues that arise is that of promoting long term achievement of goals, and objectives before these issues get out of hand (Pumelt 1993). Some of the issues in which are under the umbrella of an IT strategy planning system is that of value, sales growth, innovation, and the evaluation of the effectiveness of the IT strategy planning system (Pumelt 1993). The most effective way to deal with all these input challenges of an IT strategy planning system, is to take all of these issues seriously. The ultimate aim and objective of an IT strategy planning system is finding the way to a competitive advantage. Organisations need to focus on alignment of an organisation in which can be achieved through on-going development and best practise.

### 2.3.4.3 Outputs from IT Strategy Planning

In relation to IT strategy planning there are a lot of benefits that IT strategy planning promotes for an organisation. Some of the outputs generated by an IT strategy are the following:

- Competitive Advantage
- Cost Association to price and
- Organisational Benefits

**Competitive Advantage** – In relation to a competitive advantage there is a lot of complexities that exist. The main idea is to focus resources and deliver on objectives as much as possible to deliver a competitive advantage (Henderson 1989). What is required is that of differentiation. Retailers and business who operate are similar in operation, however what sets them apart is the need to change given the market
conditions (Henderson 1989). IT strategy planning comes into play by assisting the head of an organisation with the specified information. From here factors and conditions can be set and implemented to ensure that an organisation, gets the full optimal benefit to an organisation (Henderson 1989). From here organisations are in a better position, to deal with the needs of the customers (Henderson 1989).

**Cost association to price** – As stated above there are steps in order to get the full outputs for an organisation (Henderson 1989). Once a competitive advantage has been defined, the next step is to decide on price. This is where a differentiation can be established by organisations as a means to compete more effectively (Henderson 1989). By the rank of the organisation in the marketplace, it helps determine the setting of the correct price. It also enables an organisation to target products and services to the end consumer (Alle 2000).

**Organisational Benefits** – All organisations dream and aim to be the best company in their respective field. Some of the benefit outputs an organisation achieves through a competitive advantage, is that of cost association of price, improved profits, increased sales volumes, and increased customer loyalty (Jones 2002). These outputs derived from an effective IT strategy planning system, are interlinked, and interconnected, and most importantly need to be adopted to meet the ongoing needs of an organisation.

### 2.3.4.4 Objectives of IT Strategy

This section looks at the objectives of IT strategy planning.

**Phase 1 – Reduce costs and increase numbers of customers**

In relation to IT strategy many firms make the common mistake that the only way that they can increase profits is to reduce costs. However organizations can also increase the number of customers, to increase costs (Bentum & Stone 2005). What many firms fail to take into account is that labour costs may increase, and therefore their profit margins will be smaller. However by reducing costs, and increasing the cost of
products, and increasing the number of customers/clients, an organization is operating at full production.

Figure 2-2 Objective of IT Strategy

Phase 2 – Organization Alignment

1. An organization is either making a profit or a loss – There is no middle ground in relation to this subject (Li, Fok, Fok & Hartman, 2002). From here the organization has to decipher where the organization is placed in the market in relation to its competitors. A scale from one to the last number of firms in the market has to be used.
2. What service is being provided?
3. Therefore the tool of benchmarking has to be used to benchmark against the most profitable organization.
4. Where are the organizations strengths and weaknesses? – An organizations strength should be enhanced but not at the expense of other organization business units.
5. Turn a negative into a positive – You may ask what you mean here. If a business is in a loss, a firm needs to first reduce costs in which is done
deliberately (Smith & Reece, 1999). Any loss by an organization is unacceptable, unless it is done strategically to gain an advantage or a competitive advantage. From this, an organization may run a loss for a year or two, and then break even, and then generate a profit.

6. Establish a priority of events/activities - It does not matter about the size of the organization involved. However every organization needs to audit themselves. Every organisation has resources and facilities, in which employees in a management position must daily, weekly, monthly and yearly review themselves.

2.3.4.5 IT Strategy Operational Factors

The basic aim of an organization is to generate business, and or to cover basic operational costs. In relation to running an organization all organizations must consider the following factors when deciding upon their organization strategy.

1) New Competitors
2) Technology Upgrading

New Competitors

When firms are in business, they are providing a good or a service to a particular client, in which they are hoping to make money from (Smith, & Reece 1999). This not ground breaking stuff however a majority of firms fail to understand that new competitors will always enter the marketplace. This is true for the computer manufacturing firm Dell and Amazon.com for example (Smaczny 2001). In which Dell entered the computer manufacturing market, and Amazon.com entered the e-commerce industry. No business industry is exempt from this factor (Hawking, & Stein 2004). Therefore no business should take it easy, as tomorrow a new competitor could appear from nowhere. The reason as the why there are new competitors in a marketplace is to promote price and service competition, for the general public. This competition factor will never go away (McAdam & Bailie 2002). Therefore each organization should be aware of this information, not to scare them but to better improve their organization.
Technology Upgrading

One of the most difficult and exciting fields for any organization is the field of technology. However like the stock market, the highs are highs and the lows are low. The reason as to why technology is exciting is that technology provides a solution to the problems facing an organization (Schabetsberger et al 2004). The downside is the financial cost to the organization in providing or getting that tailored solution. The main problem with technology is that technology requires constant upgrading. Hardware/software needs to be upgrade to provide an adequate service to an organizations customers (Ngai 2005). The reason as why technology needs to be updated, is that as soon as technology is purchased by an organization, it is already out of date as soon as the contract is signed (Camarata et al 1998). This is not all bad, however the technological service being provided for an organization, needs to be of an adequate service/standard. The technology should last an organization for an x period of time, to minimize financial expenditure.

2.3.5 Benefits of IT Strategy Planning

The literature has identified a range of benefits that arise from the use of IT strategy planning. Organisations have to consider long and hard about the impact of their strategy and vision of their organisation, in regards to their IT strategy planning. In doing so organisations have to be able to deliver services and benefits, to their end users, in a changing global environment. The benefits may take a variety of forms. This may consist of new products and services being delivered to the customer. From here other benefits an organisation may get are new jobs and opportunities. Thus the pool of talent is being expanded. From here an organisation gets additional benefits, such as highly skilled and specialised staff members, who are able to promote and delegate job functions and responsibilities in an organisation. Other benefits an organisation may give to their users is that of training (Ritter & Gemunden 2004). Training of staff can take many formats. This may include and consist of job seminars, or coursework, in which can be completed online. From here employees are able to keep up with current technologies and trends, in which enable staff members in an organisation to be more efficient and effective in their job functions. Other user benefits, an organisation will be aware of is that of documentation. Documentation allows an organisation to be clear and concise. It allows information in an
organisation to be understood and processed. From here a starting point of how the organisation flows and how policies can be implemented (Gartlan, Jovita, Shanks & Graeme 2007). The benefits of IT strategy planning can take the form of many benefits to the end user. The main function that needs to be understood by organisations, is that at the end of the day, it is the IT strategy planning of an organisation that needs to benefit the user. This enables for a better customer service to be provided to the client.

The following are benefits of IT strategy planning:

- **Primary purpose of strategic planning** – The primary purpose of IT strategy planning, is to have clear and measurable objectives for an organisation. From here performance can be benchmarked and standards can be complied two (Baxter, Collings & Adjali 2003).

- A superior strategic plan is the one that achieves the best balance between what management would like to do, what the organization’s internal capabilities allow them to achieve. Organisations need to also scenario plan for conditions affecting the organisation. The actual business plan of the organisation, is to be handled in a manner to meet the demands to all possible stakeholders (Whittington 1996).

- Strategic planning is classified as a team-building catalyst during the planning process. It requires multi-disciplinary and cross-functional teams to rely on each other, and to gather data. Strategic planning has assumptions, to make informed decisions. The process gives participants a unique opportunity to work together. While trying to reach consensus on global issues beyond their usual scope, participants focus on the organisation’s mission statement rather than their own agendas. As a result teamwork is an output (Schamp & Alvstam 2005).

- Strategic planning can be used as a communication trigger in an organisation (Kotorov 2003).

- Participants from various levels of the organisation get together to tackle the same issues and work toward the same objective. A plan is articulated, in
which reflects the organisation’s internal strengths and weaknesses as well as external opportunities and treats (Schamp & Alvstam 2005).

2.3.6 Successful Case Studies in IT Strategy Planning

The term IT stands for information technology. It is used to describe the system architecture for an organisation. The idea and process of an IT strategy planning system in an organisation, is to be able to provide a technological solution to problems occurring and affecting an organisation. Some of the problems in which organisations may face, include processing capability, distribution of information, security, and development of services and products. What IT strategy can be used to do for an organisation, is to support the objectives and aims of the organisation, through IT project development. IT strategy planning is used by organisations as a means to invest into IT projects for an organisation, and from here organisations can develop and establish a competitive advantage, over other firms and organisations. Stated below are some case studies in which organisations have implemented an IT strategy planning system, in which has lead the organisation to develop and establish a competitive advantage (Colgate, & Danaher, 2000).

2.3.6.1 Wal-Mart

Wal-Mart is a manufacturing company in which provides items such as clothing, jewellery, footwear, and other lifestyle goods, at cheap prices. The Wal-Mart company competes in the marketplace on price (Gratton, Hailey-Hope, Stiles & Truss 1999). This means that a good or service being purchased is low and the standard of the product is not of the highest quality. What Wal-Mart has been able to do is increase the level of the quality in its product, without sacrificing the price aspect in regards to the financial modelling system that Wal-Mart uses. Wal-Mart is used here as an example, of how to grow a company through the use of retail outlets by using and adopting, a technological focus. In the year 2009, Wal-Mart now enjoys a large economy of scale in relation to its retail outlets not only in America, but across the world. This is due to its research, development, and execution of its IT system (Lencioni 2000).
Some of the factors in which has lead to Wal-Mart in implementing a successful IT strategy planning system include:

- Wal-Mart decided to take a strategic approach, in regards to decisions that need to be made at the executive level, in which decided to implement an IT plan and be able to execute their strategy.
- Wal-Mart decided to invest in IT, by investing money into its IT research & development program, thus Wal-Mart was able to produce a high grade product at reduce costs then its competitors.

2.3.6.2 Mobil/ Exxon Mobil

Mobil also known as Exxon Mobil is the world’s largest provider of petrol in the world. After the global economic crises in 2007/8 it is the second largest company in the world in terms of profits. What Mobil decided to do in regards to their IT strategy, is to come up with a vision for the company to enable a method to track and map developments, products, and market share (Kaplan & Norton 2000). What Mobil firstly did was come up with a financial perspective to increase revenue, as well as the name of the company, as well as to reduce costs (Kaplan & Norton 2000). What Mobil decided to do was to expand its business outside its petroleum products, in the sense that they would add new products and services to customers, thus increasing the sales volume of their goods (Kaplan & Norton 2000). The development of new products and services includes a system called "Speedpass". "Speedpass" is a small device carried on a keychain, to automatically identify and charge customers for petrol at the petrol pump. This is linked to the balanced score-card metric stated below (Kaplan & Norton 2000). Another key to Mobil’s success is that in has linked its product and services with other companies such as McDonalds. This is done as a means to expand the physical location of a petrol site, in which in turn leads to a consumer spending more money at the petrol pump. Convenience stores are another prime example (Kaplan & Norton 2000). Thus by investing in a financial plan and then a strategy at board level, the Mobil organisation has been able to grow and expand in terms of assets, and financial returns to shareholders (Becker, Ribbert & Dreiling 2002).
Some of the factors in which has lead to Mobil in implementing a successful IT strategy planning system include:

- Mobil investing in technological solutions to help measure and keep track of customer finances, as well as improving customer service.
- Mobil developing and having management support at the executive level, in regards to the development of its business strategy and other departmental strategies, in which link towards its aims and objectives (Li, Fok, Fok & Hartman 2002).

2.3.7 Problems with IT Strategy Planning

In relation to IT strategy planning, there are a lot of issues, concerns, and concepts involved. IT strategy planning for an organisation is not easy to implement. It takes time, finance, resources, and employees. Some of the issues or areas of concern for a CIO or senior management of an organisation is the following:

- Growth
- Competition

**Growth** – The main aim and objective of all organisations is to grow in size (Nalebuff & Brandenburger 1997). This is called economies of scale. Organisations either grow or contract. The only way an organisation can grow is through sales. The sales volume as it is called for an organisation, is always different. Companies either experience a boom or a drop in sales. The area of growth of sales comes in different forms. It can come in mergers and acquisitions. This area of growth leads to the next sub point of competition. However the main point is that organisations need to be careful in evaluating the risks, and costs, associated to its investments. This can lead to problems, and most importantly financial burden to an organisation (Nalebuff & Brandenburger 1997). Thus organisations need to be aware of risk factors, and have in place a system to provide on-going evaluation of a project, in relation to feasibility, and to ensure that problems are well managed.
Competition – In regards to this field, organisations need to be aware of the following facts (Dyllick & Hockerts, 2002). There needs to be competition for organisations to do business. By this I mean that organizations need other organizations to survive. By this I mean that organisations lend support to each other, to support some common goals and objectives. This function of support is limited, as it should be, as all organisations are in competition in each other for profits. But that is where the relationship ends. The difficulty organisations face is that competition is always present. The only way to handle this fact is to invest into training, and other human resources areas, through better recruitment and development.

The following are problems of IT strategy planning:

- Goals-based planning is probably the most common, and starts with focus placed on the organization's goals and values. To work toward the mission, strategies, and goals of an organisation, action planning needs to take place (who will do what and by when) (Gronross 1991).
- Issues-based strategic planning, often starts by examining issues facing the organization. Strategies need to be created to address those issues, as well as action plans (Alle 2000).
- Organic strategic planning might start by articulating the organization's vision and values. Then action plans are created to achieve the vision while adhering to those values. Some planners prefer a particular approach to planning, eg, appreciative inquiry (Verhoef, & Donkers, 2001).
- No action plans (Stalk & Evans-Clark 1992).
- Size of the organization. Differences in how organizations carry out their planning activities, are more of a matter for the nature of the participants involved in the organization. For example, detail-oriented people may prefer a linear, top-down, general-to-specific approach to planning. On the other hand, rather artistic and highly reflective people may favour a highly divergent and "organic" approach to planning.
2.3.8 Case Studies of Problematic IT Strategy Planning

The purpose of an IT strategy planning system is to provide a means for an organisation to deliver services and applications to their customers and clients. To do this requires a lot of planning, teamwork, development, leadership, practise, and implementation. No matter what industry an organisation works in IT is present. IT is used on a daily basis. What organisations have come to realize is that IT is not a simply subject to understand. New technology is being developed everyday, as well as software applications, in which requires employees in an organisation, to understand these new developments in IT (Pumelt 1993). Organizations are developing their own IT strategy to meet with the needs of their organisation. However what they are realizing is that it is very difficult to implement a successful IT strategy planning system into their organisation. Problems are occurring (Hakansson & Snehota 2006). What this section of this research paper outlines, is that of some case study examples, in which sum organisations are having problems implementing an IT strategy into their organisation. From here, IT professionals can begin to understand the problem facing them. Two case study examples are stated below.

2.3.8.1 Sky Building Society

Sky Building Society (Sky) is a medium sized building society in the UK. Its main products include financial loans to customers, as well as saving services (Walsham & Waema 1994). The IT services provided by Sky Building Society were dependent on its IT infrastructure (Walsham & Waema 1994). The IT strategy in this organisation is divided into two sections first from 1981–1987, and then from 1987–1989 (Williams, Souza, Rosenfeldt & Kassaee 1995). This case study is divided into two sections, as there are two time periods in which they are two different CEO's. The first CEO of Sky Building society is named “Brown”. He had his own vision for the company. "Brown" reduced the numbers of senior mangers in the organization, shifted the organisations business strategy to focus on company profitability, and introduced a new decentralized IS system into the organisation (Walsham & Waema 1994). What "Brown" achieved in his time period at Sky Building society was improved profitability, and larger market growth, in which was due to his top-down management approach. “Brown” used his IT background, to improve the development
and design of the IT strategy system (Walsham & Waema 1994). What this meant for the organisation was that “Brown” had strategic control of the organisation, in which proved successful. Staff numbers were reduced, and essentially the organisation became a one man show. Due to the Sky Building Society organisation becoming a one man show, the organisation had thrived. However no formal processors and procedures had been developed, in which “Brown” ruled the organisation until his departure. In 1987–89 “Taylor” took over, and changed the way things had operated at Sky upon his appointment. “Taylor” employed more employers in regards to employees in that organisation. "Taylor" introduced a participative decision-making style in the organisation (Walsham & Waema 1994). “Taylor” found out that his predecessor ran the organisation as he saw fit, in which no corporate plan was developed, in relation to IT. No marketing plan had been developed either (Meier, Werro, Albrecht & Sarakinos 2005). What had been developed was that the previous IT strategy for Sky was good up until 1986. However due to the UK government implementing a government policy, the organisations IT system was inflexible to change. IS staff were not trained, and did not understand the system (Walsham & Waema 1994). What “Taylor” did was that he created a new IS system, and linked it to the needs of the customers and the organisation, in which was flexible (Walsham & Waema 1994).

Some of the main problems incurred by the Sky Building Society include:

- Lack of employee development and understanding of roles and projects
- Allowing one employee in an organisation to have the entire say in the development and implementation of IS projects (Bose 2002)
- Lack of responsibility of employees due to poor linkage of business strategy
- No documentation of IS systems and business objectives (Ritter & Gemunden 2004)
- Developing a rapidly built IS system in which was not flexible

2.3.8.2 US Naval Flight Operations

The US Naval flight operations is a division of the US Army, in which is responsible for the development of navy operations. As you can problem imagine that due to the
The fact that the US has one of the largest army’s in the world, it is easy to conclude that IT plays an important part of the government sector (Rochlin 1989). The government sector of business is commonly overlooked by IT professionals, due to the fact that employees only here about a country’s army when a war has broken out. The public sector is not immune from IT problems and complications (Walsham, & Waema, 1994). Stated below is a brief outline of some of the problem faced by the US Naval flight operations.

The objective of the US Naval flight operations, is to provide a sea based operations to matters of interests affecting the US. One of the problems that make the public sector vulnerable to IT problems, is that the US Naval flight operations, operates in uncertain and difficult environments, and are always on call making the logistics of an IT system complicated and dangerous (Rochlin 1989). Due to the fact that the federal government of America funds the US Naval flight operations division, the operation division has access to the latest technologies from around the world, in which makes the use and management of new and old technology, such as fighter places difficult to manage (Rochlin 1989). A second problem arising from developing and having access to the latest technologies, is that the equipment is difficult to maintain, and can be technically difficult to maintain as well in terms of hardware and software.

Another problem facing the naval division is that staff members of the US Naval division may not be a professional qualified. There are a lot more dangers to society if technology is not appropriately managed, used and deployed when appropriate (Rochlin 1989). The problems of these actions mean that a higher price in terms of human life is at stake if some piece of equipment is not appropriate used, in which IT professionals have the option of doing a risk management analysis on projects. The naval division does not have this luxury. Due to the large scale of the US naval division, IT networks are vast and complicated. Staff members are overloaded with new information on a daily basis, in which they must obey to military standards and protocols (Rochlin 1989). Therefore in conclusion it is not the people that make the US Naval division difficult and complicated, but the IT system as well as hardware.

Some of the main problems faced by the US Naval Division are:
• Maintenance cost and understanding of latest technology
• The scale of the IT system involved (Hakansson & Snehota 2006)
• The fact that the division works under conditions of extreme pressure, in which outcomes need to be meet (Smith & Reece 1999)

In conclusion, IT is a vast and a complex industry to fully understand. Due to the fact that technology is always changing, whether organisations operate in the public or private sector, there will always be problems with IT. Some of the common problems organisations face in regards to IT strategy is that of, working under constant pressure.

2.3.9 Business Capabilities of IT Strategy Planning

Business capabilities of IT strategy planning can be described as the process of trying to develop the business and to add "value" to a business (Schamp & Alvstam 2005). Adding "value" means creating new products as well as returns for shareholders of a company. By adding "value" to a business, an organisation is more profitable, and leads to long term development for an organisation (Nath 2001). The following is a list of business capabilities for IT strategy planning to improve an organisation:

• Identify budget capabilities and limitations
• Innovation can be a problem
• Identify resource allocations
• Staff policy needs to be set and updated as required
• Training schedule set and updated as required

2.4 Linkage of CRM to IT Strategy Planning

This thesis aims to discover and expand on the topics of CRM and IT strategy planning. The research paper also aims to find out if there is a link between the two topics and what benefits are received.
In relation to CRM and IT strategy planning, there are issues and relationships in which work together, as a means to develop and maintain a competitive advantage for an organization. One of the issues that senior management need to be aware of is that of recruitment. By this it means that an organization must select the right candidate for the job, so outcomes can be achieved (Goldsmith 1991). What this means is that the IT strategy planning system of an organization has to work in hand with the CRM system of an organization. Some of the underlining issues of the linkages or issues of these two topics is that, organizations must have effective partnerships in all operational departments especially the IT department to be effective (Goldsmith 1991). What is required for organizations is that they spread their business functions (Gratton et al 1999). In relation to this vertical and horizontal integration is applied by organisations to get the maximum output, thus increasing the size and profits of an organisation (Gratton, Hailey-Hope, Stiles, & Truss, 1999). Thus there are some important factors that organisations need to be aware of in relation to the issues relating to CRM and IT strategy planning (Gratton et al 1999). What is noted is that successful companies have locations in the UK, in which their operations have a significant impact upon their operations (Gratton et al 1999). Thus what is being talked about here is data. Data is an important factor to the success of IT companies (Gratton et al 1999). In relation to this, there are some emerging issues in which needs to be discussed, and expand upon in relation to CRM and IT strategy. These issues are:

- IS Strategies
- The Balanced Scorecard
- Knowledge Management
- Competitive Advantage
- Issues in relation to Quality and Value
- Finance
- Marketing
- Strategy
- Alignment
All of these topics areas are stated and discussed and interlink together as a means to provide a relationship towards a competitive advantage for an organisation (Ravarini, A, Tagliavini, M, & Buonanno, G 2002).

2.4.1 IS Strategies

All CIO's who work in the IT industry are always under pressure to delivery projects, and results on time, and on budget. To help support CIO's, CIO's need the support of other senior management in an organisation, and most important the trust and respect of the staff members in an organisation. The respect and trust of colleagues is needed if an organisation is to meet their objectives. In relation to undertaking a decision by an organisation to undertake a IT strategy, organisations have to identify competitors, as well as the strengths and weakness in their business units/departments and the organisation as a whole (Stalk, & Evans-Clark, 1992). What CIO's must also do is look across the marketplace in which they are competing in (Doeringer & Terkla 1995). To look at competition in a marketplace, CIO's have to look at developing new services and products to consumers. This means to increase revenue for an organisation, and to reduce costs if applicable (Doeringer & Terkla 1995). Reducing costs in an organisation is not something to be shined away from. All organisations attempt to increase profit margins and to reduce costs. This is becoming a standard practice in all organisations. An IS strategy in an organisation can be undertake to improve performance levels, as well as to improve research and development levels, as well as providing new services to an organisation (Doeringer & Terkla 1995). Another IS strategy an organisation can undertake is to specialize in the products and services they are delivering to the customer (Doeringer & Terkla 1995). Another way an organisation can develop an IS strategy, is to develop the right cost strategy in relation to the services they are developing and providing (Ghemawat 2003). The development of an IS strategy by an organisation also relates to the business network or partners an organisation attempts to develop relationships with (Ritter, & Gemunden, 2004). Developing a relationship with an unknown organisation, is a scary task for any person or business. However by developing a relationship with an organisation or a prospective client, common interests can be developed. In the short term this leads to the sharing of needs, and in the long run leads to reduce costs, and strategic development, for an organisation (Ritter & Gemunden 2004).
development of IS systems is not complicated to develop, but requires a lot of hard work and development from an organisation's CIO and executive team.

2.4.2 The Balanced Scorecard

In IT there are a lot of tools and techniques that firms can use to increase productivity. What is required however is that senior management in an organisation, must be able to direct and most importantly enforce policy and procedures in an organisation (Schamp & Alvestam 2005). If senior management in an organisation are not willing or unable to implement strategy at a senior or strategic level, then an organisation will never achieve their goals and objectives. What the balanced scorecard does, is that it is a means by which an organisation can use to measure performance in an organisation through its employees. The scorecard will deliver the service to the end customer (Kaplan 1994). In the past organisations have gone through or have not developed systems to measure customer performance, thus hoping to get through the financial year. This is a viable option for some organisations, but not for all organisations (Kaplan 1994). What the balanced scorecard metric offers to organisations, is that it allows an organisation to control the development of staff, in regards to employee training. This enabling for better returns to an organisation, and to shareholders of a company (Kaplan 1994). The balanced scorecard is a system used by organisations to perform checks, in regards to employee tasks, thus ensuring that employees in an organisation are doing their daily tasks. Thus providing a certain level of service to customers in an organisation. What the balanced scorecard does is that it ensures that staff in an organisation are responsible for doing their tasks, in which are set by senior management in an organisation. The balanced scorecard metric requires that business department heads are responsible for their area of interest, and that trust is placed in their hands in order for senior management to run their organisation efficiently and effectively. Thus a certain level of service is provided. This customer service level can also be exceeded (Alt & Puschmann 2004). In application a balanced scorecard can be described like a golf scorecard when playing golf. After each hole the number of golf strokes is recorded and then tallied up. Organisations at a basic level can implement this as a means to ensure that set tasks are completed and then signed off on by the employee. This is then verified by a
The purpose of the balanced scorecard is to enable trust in an organisation and provide a sustainable competitive advantage to an organisation (Kaplan 1994).

![The Balanced Scorecard Strategy Map](image)

**Figure 2-3 A Balanced Scorecard Example (Kaplan, & Norton, 2000. pp. 4)**

### 2.4.3 Knowledge Development of Customer Relationship Management

The key to success for any organisation is the relationship between the customer and the client (Cao & Gruca 2005). What many organisations fail to understand or are not informed about is, about trying to select and gain the most profitable customer for an organisation (Cao & Gruca 2005). The selection of a profitable customer for an organisation is a difficult task faced by many organisations, in business. The responsibility of targeting and selecting profitable customers, lies with the sales and marketing department of an organisation. This responsibility essentially falls on the senior manager of the marketing or sales department (Camarata Camarata & Barker...
1998). The sales and marketing department of an organisation are only one of many departments of an organisation. It is up to senior management of an organisation to direct and manage the objectives of each department, and to ensure that the customer, at the end of the day is satisfied. The role of senior management in an organisation, is to the final decision made at the end of the day, in which relates to the marketing and development, of targeting their customers (Kotorov 2003) What is most critical for an organisation is that a clear strategy must be implemented and followed, in relation to a customer relationship management plan (Kotorov 2003). The assumption is that the customer relationship system/plan, will help promote and give information to the customer. The information being provided back to the customer is in the form of the service being provided by the organisation (Light 2001). The development of a customer relationship system is that it is designed to promote and share the services, between the organisation and the customer. Goods and services are derived through the product or customer service being provided to the customer. The facts at the end of the day are quite clear. The development of knowledge, through a customer relationship system is very important. This leads to opportunities opening up for an organisation and to the customer as well (Camarata, Camarata & Barker 1998).

2.4.4 Development of Competitive Advantage

The idea of a competitive advantage is to be able to sell ideas, products, and services to an organisations customers. The idea and concept of a competitive advantage is that it promotes competition between all business and organisations (Porter 1979b). The idea and concept of competition between organisations and their customers/clients is to provide goods and services. This is where organisations and business enter the picture. Organisations provide products and or services to the general public. From here organisations are visible in the sense that the customer knows about their organisation/business. From here it is up to the customer to decide weather to purchase a good or service. This idea of buying and selling has been around from the start of time, and essentially has not changed. What is certain for organisations is that economics come into consideration (Porter 1979b). What we are talking about here is that in order for an organisation to operate, and run, financial considerations, are present in all industries (Porter 1979b). All organisations at some point have start up costs, and from there they either grow or contract, depending on the ongoing market
conditions. Profit and loss statements are generated. The market conditions of all organisations, is that all organisations are in the same boat. At the end of the day it is up to the expertise of the employees in an organisation to steer the company out of trouble (Sohal & Ng 1998). All organisations compete with each other weather they like it or not (Porter 1979b). Therefore all organisations must be aware of the following six factors when competing with each other. They are: economies of scale, product differentiation, capital requirements, cost disadvantages, independent of size, and lastly government policy (Porter 1979b). The only way for an organisation to survive and grow is to compete and fight head to head with each other. Organizations need to invest in projects that bring a return to an organisation, and to invest in technology (Porter 1979b).

2.4.5 Development of Value and Quality

The meaning of the words "quality" and "value" means different things to different people. For example, taking cars for example. A BMW may be cheaper to run, but however it is expensive to buy. Toyota the world’s second largest car manufacturer, competes in the car industry on price. Thus Toyota cars are cheap to run and operate, and thus targets the demographics of the low and middle income class. The word "value" and "quality" mean different things to different people. This is where marketing comes in. However what is important is that the word "quality" fits into CRM systems. The words "quality" and "value" fit into CRM. By this it means that customers have "choice" when selecting a good or service (Storbacka, Strandvik & Gronroos 1994). The relationship between the customer and the organisation is always ongoing. So long as both parties wish to be of service to each other (Storbacka, Strandvik & Gronroos 1994). If one party decides to end the relationship between each other, it is up to both parties to come together a reach a satisfied outcome. There is the assumption, while working with and on CRM systems, that while the customer is satisfied, an organisation will be profitable (Storbacka, Strandvik & Gronroos 1994). At the end of the day it is up to the organisation to derive and select projects in which will be profitable to the organisation and to their customers (Sohal & Ng 1998). By selecting profitable and meaningful projects, organisations will enhance and build upon their relationship and ensure that their customers are happy. If their customers are happy there will buy more, and buy more
frequently (Storbacka, Strandvik & Gronroos 1994). At the end of the working day for an organisation, it is the bottom line in which will make or break an organisation. Thus by consistent and constantly improvement, in service and quality, organisational profits will grow.

2.4.6 Development of Finance

Like all things in business, the success of an organisation depends on the financial situation of an organisation. In relation to the financial situation of an organisation, it is up the organisation to provide the best means necessary, to assist in providing a service to its customers (Storbacka, Strandvik & Gronroos 1994). When we are talking about here is the entire business process relationship of an organisation (Storbacka, Strandvik & Gronroos 1994). The entire business process of an organisation is the customer and supplier. One important factor in business is that of trust (Storbacka, Strandvik & Gronroos 1994). If an organisation wants to be a leader in providing excellent customer service, then it is up to the organisation through its people to provide excellent service. At the end of the day it is the people of the organisation, who can make or break the relationship between customers and suppliers (Storbacka, Strandvik & Gronroos 1994). Based on this, trust has to be earned, and cannot be bought back from the customer (Storbacka, Strandvik & Gronroos 1994). From a classification point of view it is up to the organisation to assist in the areas of marketing, sales, and service, of an organisation to operate (Ngai 2005). In relation to the financial area of an organisation, there are a number of benefits provided to the organisation through the use of technology (Korner, & Zimmermann, 2000). Some of these benefits of a digital economy is that it provides twenty four hour availability. This increases the consulting relationship (Korner, & Zimmermann, 2000). Thus it can be established that finance or the financial motivation of an organisation is important. It plays a part in the success and operation of the relationship between the customer and the organisation.
2.4.7 Development of Marketing

The idea of Customer Relationship Management (CRM) revolves around the idea to promote goods and services to the customer (Baxter, Collings & Adjali 2003). The marketing principles revolves around customer relationship management, is to identify the most profitable customers for an organisation (Baxter, et al 2003). The purpose of marketing in a CRM system is to also identify and build the relationship with that of the customer from an organisation point of view (Baxter, et al 2003). One of the ways in which an organisation can market their products, and services to the consumer, is through a direct advertising campaign. A marketing campaign can consist of a television, radio, or an internet advertising campaign. Other ways an organisation can market their goods is through word of mouth advertising (Baxter et al 2003). Word of mouth communication is a very underrated, and sometimes an overlooked, means of communication. The word of mouth communication can be described as an official referral, or as a testimonial case study example, for an organisation. By a case study example for an organisation, we are talking about a story of an individual or individuals, who have or have achieved a high level of standard/service in an organisation. From here this case study example can help promote the business ideas of an organisation. For organisations referrals are very important. Referrals double an organisations business, and make organisations money. However on the flip side is that referrals are hard to come by, and can also cost organizations money. It is therefore very important that organisations have a developed marketing campaign, and that the marketing campaign of an organisation, is able to delivery the desired outcome/result for an organisation.
2.4.8 Development of Strategy

The word "strategy" when first mentioned, gives senior management in an organisation fear and anxiety. This reason as to why senior management shudder is that the world "strategy" is a difficult word to interpret and understand (Whittington 1996). The word "strategy" for a business can be described as a means to further an organisation's business interests. This is not wrong. As all organisations who operate in their marketplace aim to be number one in their industry (Williams, Souza, Rosenfeldt & Kassaee 1995). The reason as to why organisations aim for a number one position in the marketplace, is that all organisations aim to govern or attempt to set the rules for the other players competing in that marketplace. From here if an organisation attempts to, and achieves a number one position in a marketplace, then the organisation has achieved its goals and objectives. Very few organisations achieve number one status, and remain number one, as operating conditions always change. The relationship between effective strategies for an organisation is that strategy must be implemented at an organisation level. From here organisations can hope to achieve a number one status in the marketplace (Whittington 1996). To reach number one status does not happen overnight, and requires constant planning, changes, and most importantly control over staff in an organisation (Whittington 1996). From an organisation point of view to direct staff and managers in an organisation, requires employees in an organisation to follow orders and to execute their tasks daily, weekly, monthly, and annually (Gupta & Govindarajab 1984). From a CEO point of view, an organisation is derived of assets or business units, in which are controlled by the CEO. Each division of the business unit plays their part in the daily operation of the organisation (Gupta & Govindarajab 1984). From here each business units role is to increase their market-share by the strategy implemented for an organisation at board level (Gupta & Govindarajab 1984). Thus cash flow can be maximized and ensure that all business units survive (Gupta & Govindarajab 1984). From here the bargaining position of an organisation in the marketplace increases (Hakansson & Snehota 2006). At the end of the day it is up to senior management to direct and set the agenda for an organisation to ensure that its "strategy" is delivered (Whittington 1996).
Every organisation has a business plan and or a mission statement, in which employees in an organisation understand internally. Most organisations have to deal with clients/customers and are ensuring that they are happy in order to remain competitive and profitable (Dyllick & Hockerts 2002). Organisations that are adopting or implementing IT into an organisation may need a large and complex IT architecture system, to help do business in the modern economy. The purpose of a CRM system is to enhance the relationship with customers/clients and to create more repeat business. Therefore conducting this thesis is important, to find out if there is a relationship between CRM and IT strategy planning. An organisation can achieve their aims/objectives by ensuring that their business units, or most importantly an organisations internal business structure is aligned. In regards to the alignment of an organisation, senior management is referring to the internal processes and structure of an organisation. The place of technological development of an organisation falls on the CIO of an organisation, in which helps support other senior management at board
level (Sabherwal & Chan 2001). The first step an organisation must be aware of is to identify that technology is important (Sabherwal & Chan 2001). From here organisations can make better decisions, and choices, in regards to the information technology that an organisation requires to deliver its services, to their customers (Sohal & Fitzpatrick 2002). For organisations to achieve "alignment" organisations have to be aware of the following three categories of information system alignment. First "defenders" (Sabherwal & Chan 2001). The defender position of an organisation involves that an organisation will provided a high level of products or services at a low price (Sabherwal & Chan 2001). An organisation providing or undertaking a "defender" position will not undertake major changes in their IT operations (Sabherwal & Chan 2001). The second category an organisation can undertake is that of the "prospector" position (Sabherwal & Chan 2001). An organisation undertaking a "prospector" position will invest in research and development, in which comprises of staff development and project/technology development (Sabherwal & Chan 2001). Organisations and firms such as Amazon, Dell, Intel, Apple, and to a lesser extent Microsoft, undertake a prospector position. The final category an organisation can undertake is that of an "analyser". An organisation undertaking an "analyser" position takes the best from the "defender and analyser" position and are thus able to select and manage IT projects to delivery the best products and services at reduce costs and at the best quality to their customers (Sabherwal & Chan 2001). In regards to "alignment" for an organisation it is a constant struggle and battle for all organisations, in which the only way to understand "alignment" of an organisation, is through research.

The aim of this thesis is to provide accurate information about the topics of CRM and IT strategy. Sum information about CRM and IT strategy linkage is provided. However little information is available about the linkage of these two topics. The reason why little information about the linkage between CRM and IT strategy is available, is that sum organisations are not publishing materials in relation to this issue. Organisations are currently receiving benefits from their CRM and IT strategy systems through implementation. Overall the literature does not cover in depth the linkage between CRM and IT strategy.
2.5 Summary of Literature Review

CRM and IT strategy planning system are two different concepts. CRM is used as an IT tool to enhance the relationship between one organisation and another, and its customers. IT strategy planning is used as a mechanism to develop IT systems in an organisation (Leary, Rao & Perry 2004). This thesis is written to answer the question if there is a link between CRM and IT strategy planning. This means that, an implemented CRM system in an organisation used with IT strategy planning together, establishes a competitive advantage for an organisation in terms of profits, and improves/enhances the relationship between the two entities. Chapter 3 discusses the theory and sub-questions of this research paper in more detail.
Chapter 3  Research Model

The purpose of this chapter is to identify the scope of CRM and IT strategy planning. What this means, is to define the concepts of these two topics, as well as the survey structure used in this thesis. It also outlines the process, step by step to define each topic, and the survey method used.

3.1 Theoretical Model of the CRM-IT Strategy Planning Relationship

The primary goal or function of CRM is to provide a good or service to the public faster, quicker, and cheaper, then other competitors (Stalk & Evans-Clark 1992). If an organization is unable to do this then, an organization has to take a good look at themselves. Firms have to quickly come up with new ideas and strategies, to meet needs and wants. In regards to this, a competitive advantage is a must for an organization. Firms need to be continuously working in order to survive in the short, middle, and long term (Verhoef & Donkers 2001). Stated below is a diagram in which shows how theoretically how an organisation can use CRM as an input, into its IT strategy planning process. Thus a competitive advantage can be achieved.
Selling/Sales Concept – The only way to acquire new customers for an organization is to getting moving and to put employees on the street (Gupta & Jana 2003). New products are being developed everyday and have a limited appeal and shelf life (Nalebuff & Brandenburger 1997). Revenue to an organization is the life blood of a company, and goods must be sold to cover expenses and to develop new products and services.
Customer Interaction with Organisation - At some point, every organization gets feedback from their customers. This takes many forms, and must be looked into, to assist the organization with the development of new products and services. Thus it is the responsibility of the organization to fine tune and revamp or reconstruct its customer interaction process. At a basic level this is a survey, or a recorded helpdesk call. From here an organization can improve its customer service functions and be able to solve problems more quickly and easily. Thus an organization will be in a better position to sell products and services more effectively. This in turn helps organizations improve its bottom line.

Use of CRM System – CRM systems in an organisation are implemented to provide dashboard information to staff members employed in management, to make better decisions (Samson & Teriovski 1999). These dashboard outputs enable for better outcomes to be achieved in an organisation, implementing a CRM system. CRM systems are primary implemented to improve and enhance customer relationships, through delivery programs by an organisation. An example of usages of CRM systems are publications (Sohal & Ng 1998). From here costs can be better managed in an organisation, in regards to product innovation. This leads to sustainability development for an organisation. Thus organisational boundaries are developed.

Development of IT Strategy Plan – All organizations in the world have a vision in which they all aspire to. In regards to this, all organizations have aims and objectives in which they must meet in order to complete their mission statement, for their organization. The role of developing, evaluating, and making appropriate decisions, rests with the members of the senior executive team. They ensure that appropriate goals and targets are set and met. The responsibility of the IT strategy planning of an organisation’s IT systems falls upon the CIO. He/she must work along with the chairman, or head of the company. They work together to balance the scales in regards to the allocation of funds, to ensure the development of ongoing IT projects for an organisation. At the end of the day the selection of IT projects rests with the CIO, and he/she must be able to provide leadership, in regards to ongoing organizational alignment.
Development of Competitive Advantage – Good IT strategy planning for an organisation leads to a competitive advantage, being established for an organisation. This is achieved by focusing on IT systems in an organisation. These systems are developed for long and short term development. The CIO of an organisation is responsible for IT (Ghemawat 2003). The functionality of an IT strategy planning system can be tested for outputs before implementation. Feedback from employees and customers is considered important, in the development of the system. Thus a competitive advantage in an organisation can be achieved. This is achieved through continuous development and implementation, of IT strategy planning and CRM systems.

There is little information and research available about IT strategy and CRM systems. This research paper aim is to find out if the CRM tool can be used by organisations to undertake an IT strategy. Research is being undertaken in both an informational type and a numeric (digit) type. This is done to help provide both statistical and information rich data, to support this research paper question that CRM can be used as a tool for IT strategy.

In relation to CRM systems, the technology development for this technology has been around for a number of years. But like all technology it has evolved and has been constantly improved. Thus organisations are always undertaking CRM projects, as a means to reduce costs, and increase the level of customer satisfaction. The research paper aims to build on the theory knowledge of CRM systems. It also aims to providing an insight to new CRM trends, and to find out about the practical application of CRM systems. In regards to IT strategy, all organisations have to work with technology on a daily basis. Thus it is important that all organisations have an IT strategy. Organisations should have an IT strategy, however every organisation is different. Therefore the level of IT strategy performance and benchmarking is different. Each organisation can improve there IT systems and system architecture. The advantages and disadvantages of CRM and IT strategy is discussed and analysed in this research paper.
This thesis will comprise of data results from surveys, in which are provided by IT professionals, as well as information from the literature. By having both empirical information, and literature information, it will enable for better results to be taken. This research paper will also enable organisations to have a deeper understanding of theory knowledge and practical application of CRM systems and IT strategy planning.

The survey used in this thesis has been approved by RMIT University. This thesis uses quantitative data from surveys about the topics of CRM systems and IT strategy planning. This research paper and data is considered important. This thesis is mainly for the business community in providing accurate and timely information that can be used as a means to improve a business or start up a business. The overall method was a survey of 51 Australian companies from a sample of 1068. The data gathered was analysed using a mix of descriptive and non-parametric methods.

3.2 Selection of Research Application

In regards to the answering of this research paper's question, that CRM can be used as a tool for IT strategy, two research methods are to be undertaken. The idea of undertaking two research methods is to achieve a fine balance of theoretical knowledge and practical knowledge on the topics of CRM and IT strategy. The two research methods to be undertaken will consist of knowledge from research articles, and journals. The second research method will consist of empirical data coming from IT professionals in industry via a survey.

In regards to a experimental method involving CRM systems and IT strategy being conducted, this was considered, however in practise this is not practical, as all organisations work with a limited budget, and have little time, and resources to undertake a practical implementation. While an experimental research method of choice may be acceptable, in reality it is not practical and it is not acceptable, in the sense that money could be lost, and jobs could be lost as well in regards to undertaking such an experiment. The upside of undertaking an experimental research method is that an organisation could receive benefits, such as increased productivity in regards to IT strategy, and better customer satisfaction levels for clients/customers.
In regards to an experimental research method being undertaken, this option was considered but was rejected on the basis of time and costs. Similarly, an action research methodology was rejected.

The two research methods of the literature review and survey, were selected for the thesis and topic, as they are relatively inexpensive to acquire knowledge, in regards to CRM systems and IT strategy knowledge. The second research method of acquiring empirical data from professionals in industry, (a combination of paper based surveys and an online survey), has also been selected for this thesis and topic. It enables for a broad view of the issues to be obtained, in which is appropriate for an issue, in which has not been analysed in any detail. In addition, it enables the use of a range of appropriate and available statistical techniques in the analysis of the data. By conducting a survey from IT professionals in industry, and matching or mismatching information and data from industry, it will enable for a better range of answers.

3.3 Research Questions

The purpose of this thesis is to understand and explore the question:

**How can CRM technology be used to improve an organisation’s IT strategy planning?**

In order to examine the main research question in detail, the following four sub questions need to be answered:

- How do organisations use their CRM system?
- How do organisations use their IT strategy planning?
- What is the business environment of the organisation?
- How does the use of CRM relate to IT strategy planning?

These sub questions will help answer the thesis’s main question. The literature review and case study examples will help to provide more of an insight, into the fields of CRM and IT strategy planning. By providing as much information as required,
organizations will be better off in being able to successfully implement effective strategies into their organization. The sub-questions are detailed in the four following sections of the thesis.

3.3.1 Usage of CRM Systems

**Research Question 1: How do organisations use their CRM systems?**

This question looks at a range of issues that will reveal the context of the CRM usage in the organisation:

- The type of CRM used in the organisation
- The level of interest in CRM in the organisation
- The CRM capabilities used by the organisation
- Perceptions of effectiveness of CRM in the organisation
- Level of specific benefits coming from CRM
- Problems in adopting CRM by the organisation

The details of this research question were developed from the literature review. The research questions were implemented in the research survey (see Appendix A). By examining these aspects, it provides a context for CRM systems and IT strategy planning. This helps answer the core research question, as well as providing useful information in its own right.

3.3.2 Usage of IT Strategy

**Research Question 2: How do organisations perform and use their IT Strategy planning**

This question looks at a range of issues that will reveal the context of the IT strategy planning performance and usage in the organisation:

- Frequency of IT strategy planning
- Usage of IT in the organisation
- Aims in formulating IT strategy
• Involvement in IT strategy planning
• IT strategy techniques

Similarly, to the first question, the details were derived from the literature review. These concepts may impact on the relationship between the CRM and the IT strategy planning process.

3.3.3 Organisational Business Environment

Research Question 3: What is the business environment of the organisation?

A range of demographic data and information about the business capabilities of the respondent organisation were collected. This enables readers to see what impact they might have on the relationship between CRM and IT strategy planning. This helps answer the primary research question of the thesis. Once again, the details of the question were based upon the literature review and the areas examined were:

• Organisational Type
• Organisational Size
• Organisational Industry(s)
• Competitive Strategy
• Perceptions of IT effectiveness
• Business Goal relationship to IT Strategy
• Alignment between IT and Business

3.3.4 CRM-IT Strategy Planning Relationship

Research Question 4: How does the use of CRM relate to IT strategy planning?

This question specifically looks at potential relationships between the two aspects: CRM and IT strategy planning in the following areas:

• Individual CRM output usefulness in the IT strategy planning process
3.4 Conclusion

This chapter has laid out the research model and research questions that have been addressed by this thesis. The next chapter details the research methods used for the thesis.
Chapter 4    Research Methods

The purpose of this chapter is to provide more information on the procedure used in this thesis. This means providing detailed information about the survey structure.

4.1 Research Information

This thesis is written to investigate information about CRM and IT strategy planning. A survey was selected as the research method taken for this thesis project. A survey method was selected for research, as a survey has many benefits. Firstly, it enables for information and data to be collected accurately. The survey for this thesis was posted online, via survey-monkey, as well as posted out in prepaid envelopes. This was done as a means to provide ease of use, flexibility, and to save money. Thus by using a simple layout, and designing well informed questions, the survey used in this research paper, helps to provide a solution to the research question.

4.2 Survey Details

This survey aims to explore the sub questions of this thesis main question. The objective of this thesis is to find out if CRM can be used as a tool to support, and implement an IT strategy into an organization. The survey questions are used in conjunction with the literature review, to support different views. The survey is also designed to provide information to IT professionals.

4.2.1 Survey Information

The purpose of this research thesis is to provide and find more information about CRM system and IT strategy. Organisations these days have complex structures and systems in place. By undertaking this survey for research purposes, it aims to simplify the processes and procedures for an organisation, undertaking CRM or IT strategy implementation. The research survey is used to support both theory and practical knowledge, of CRM and IT strategy. Finally the survey is used to answer the question the research question proposed in this research paper.
4.2.2 Survey Structure

The survey that was constructed to support the research papers question. The survey is divided into the following sections:

- **Respondent**: This survey asks for the name of the person working in industry, as a means to identify the job tasks and responsibilities that he/she commands. The respondents name is kept confidential.

- **Business Name**: This survey asks for the position or job title of the respondent, as a means to identify the position of the respondent. By finding out the name of the organization, readers are able to grasp the approximately level of an organisation required, to deliver/decide/implement and management a CRM system or an IT strategy in industry. The name of the respondent’s organization also provides some background knowledge about the organization as well.

- **Industry Marketplace**: This survey asks for the marketplace in which the organization operates in. An organization may operate in many different marketplaces, thus enabling for specialized usage of CRM systems and having a different IT strategy for each business unit if required.

- **CRM System Development**: In the field of CRM, there are a wide range of options an organization can use to implement their CRM system. What this section identifies is the type of CRM system used by organizations, and the department or the departments using the same or different CRM system. From here CRM systems can be identified and improved if required.

- **Component Development of CRM**: This section is aimed at identifying at an employee level, the specific components and finding ways employees can improve service levels.

- **Benefits and Trade Offs of CRM systems**: This section identifies the benefits and trade offs of CRM systems. This provides solutions to answering this research papers research question.

- **ROI and Future Solutions of CRM**: This section is designed to provide and share information on how to best get a return on investment, and selecting the right CRM project to invest in for an organizations. It also discusses possible future developments of CRM technology.
• **IT Strategy Development:** In all organizations technology is used. Therefore by identifying IT theory in an organization, organizations can identify and measure the performance of their IT strategy. It also identifies the possibility of improvement and change in strategy for an organisation, if required.

• **Components Development of IT Strategy:** This section is aimed at identifying at an employee level ways to improve and build upon customer service levels.

• **Benefits and Trade Offs of IT Strategy:** This section identifies the benefits and trade offs of CRM systems. This provides helpful solutions to answering this research papers research question.

• **ROI and Future Solutions of IT Strategy:** This section is designed to provide and share information on how to best get a return on investment, and selecting the right IT project for an organization to increase profits. Discussed in this section is the possible future development of IT strategy.

**4.2.3 Survey Development**

All members of society have information and data presented to them almost every day by experts. However what provides substance to prove or disprove this investigation of this research papers question, is that of data. Data is and will be collected to help answer this research papers, research question. From gathering this data, the sub research questions can be answered. From here an opinion can be drawn and a conclusion can be made.

The steps in which are used to quantify this research papers survey is stated below:

1. A literature review is completed to insure that proper information is collected, in which the advantages and disadvantages of CRM and IT strategy, can be identified.

2. The next step is a listing of IT professionals who work in industry, who understand the implementation of CRM systems and IT strategy. The IT professionals list is provided from RMIT University, the School of Business Information Technology. The list of IT professionals and feedback from the survey questionnaire was critical to the success of this research paper.
3. The research survey was developed and then reviewed by two RMIT academics, who understand CRM systems and IT strategy. Their feedback helped contributed to the design of the survey provided in this thesis.

4. The research survey was pilot tested on a CIO in industry, who provided feedback and comments in which his/her comments were incorporated in to outcome of the survey.

5. The research survey was then sent to the RMIT ethics committee for approval, in which it was approved, and then assigned for implementation.

4.2.4 Survey Objectives

The research paper comprises of a survey in which was/is to be handed out to professionals working in the IT industry. The survey will be available in hard copy format and electronic format. By providing electronic access to the survey, it will enable the respondents to have 24/7 access to the survey. This will hopefully lead to a higher response rate.

The primary source of the research survey comprised of a mail-out campaign. The research funds were provided by RMIT University, in as many pre-paid envelops as possible. The surveys were then sent out to the IT professionals working in industry. In regards to the mail out campaign, the mail envelops and surveys were only sent out once. This was due to the limited amount of research funds provided by the university.

The final step of the thesis research method, was/is to analyse the results of the web survey. The method undertaken in this thesis is to limit any conflict of interest or bias in relation to the development of the survey strategy. From here the thesis question can be explored and understood.

4.2.5 Survey Delivery

The purpose of the survey of this thiesis, is to get feedback from IT professionals in industry. From here information can be analysed and a conclusion can be reached. The survey represents attitudes, opinions, and values of CRM and IT strategy. The thesis uses a survey, as a means to identify the relationship, and possible linkage of
CRM and IT strategy. This survey provides an insight to these two topics of CRM and IT strategy. The respondents to the survey had the option of filling in the survey online through survey monkey, in which was available online 24/7 for 6 months. Or respondents, and the option to fill out the hardcopy print out of the survey, via mail. The results of the survey were that, 11 filled out their survey online, while 40 respondents completed the hardcopy print out of the survey. The survey results for this survey, indicates that the response rate was of a high correlation. In which 51 responses is a high return rate.

4.3 Ethical Considerations

The survey and the research process were submitted to the RMIT University College of Business Human Research Ethics Committee, who approved both the survey and the research method. The survey respondents had the option of remaining completely anonymous or alternatively, they could provide contact details to enable them to receive a copy of the research results when the research was complete. In that case, the contact details were kept completely separate from the data analysis, and have not been used for anything but the stated purpose.

4.4 Survey Analysis

The purpose of the survey is to identify information about the topics of CRM and IT strategy. Due to the characteristics of the two topics involved, specific questions were asked in the survey, about the topic areas of CRM and IT strategy. The sample size of the survey is small. The survey is not drawn from an infinite population size, and does not use random sampling. Sophisticated analytical tools such as SEM or regression were not appropriate for this survey. Simple tools such as descriptive statistics were used in this survey. Simple non-parametric tests such as Kruskal Wallis were used.
Chapter 5  
Survey Findings

This section of the thesis presents several aspects of the survey. Firstly, it describes the survey distribution. Secondly, it presents demographic data that describes the survey population. Thirdly, it presents data on the organisation’s use of CRM, IT strategy planning, and business capabilities. Fourthly, it presents the data gathered on the relationship between CRM and the IT strategy planning process. Finally, it uses inferential statistics to examine relationships between various data elements in the survey.

5.1 Survey Distribution

1,239 surveys were sent out in total. From that total, 171 surveys were returned by Australia Post, leaving a total of 1,068 being delivered to potential respondents. 51 usable surveys were returned giving a response rate of 4.8%. While low, it should be realised that the survey assumed that the respondents were using both CRM and IT strategy planning processes, in their organisation. It is quite likely that an unknown, but significant number of the potential respondents were not using either or both of these processes in their organisation. Therefore sum participants didn’t respond. This implies that the real response rate for relevant respondents was higher than the rate stated above. In addition, response rates for this type of survey are often low (Kress 1988). The final version of the survey can be found in Appendix A of the thesis. Only one individual in each organization responded to the survey. No multiple responses were gathered.

5.2 Demographic Data

This section describes the findings in terms of the demographic data collected on the respondent and the associated organisation for which they work.
5.2.1 Respondent Position

This section details the position that the respondent has in their organisation. Error! Reference source not found. below details the position of the respondent:

<table>
<thead>
<tr>
<th>Title</th>
<th>Number of Responses</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>CIO</td>
<td>10</td>
<td>19.6%</td>
</tr>
<tr>
<td>Manager</td>
<td>32</td>
<td>62.7%</td>
</tr>
<tr>
<td>CEO</td>
<td>3</td>
<td>5.9%</td>
</tr>
<tr>
<td>Director</td>
<td>3</td>
<td>5.9%</td>
</tr>
<tr>
<td>CFO</td>
<td>3</td>
<td>5.9%</td>
</tr>
</tbody>
</table>

Table 5-1 Respondent Position in Organisation

As can be seen from the table, the majority of the respondents identified themselves as being in a generic management position (62.7%), but a sizable number (37.3%) identified as being in senior management roles.

5.2.2 Organisation Type

The following section details the type of organisation that the respondent works for. Table 5-2 provides the breakdown:

<table>
<thead>
<tr>
<th>Company Type</th>
<th>Number of Responses</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private organisation</td>
<td>41</td>
<td>80.4%</td>
</tr>
<tr>
<td>Government organisation</td>
<td>10</td>
<td>19.6%</td>
</tr>
</tbody>
</table>

Table 5-2 Respondents by Organisation Type

As can be seen from the table, the large majority of respondents are working in private organisations, as opposed to a government organisation.
5.2.3 Number of Employees in Organisation

The number of employees in an organisation is important. From the number of employees in an organisation, it can be concluded and relates to the financial capabilities of an organisation. The number of employees in an organisation also describes the labour force and output capacity for an organisation. This section details the number of employees in an organisation, that the respondent has in their organisation. Error! Reference source not found. below details the number of employees in an organisation of the respondents:

<table>
<thead>
<tr>
<th>Number of Staff</th>
<th>Number of Responses</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>6 – 25</td>
<td>1</td>
<td>2%</td>
</tr>
<tr>
<td>26 – 100</td>
<td>3</td>
<td>6%</td>
</tr>
<tr>
<td>101 – 500</td>
<td>19</td>
<td>37%</td>
</tr>
<tr>
<td>501 – 1000</td>
<td>12</td>
<td>24%</td>
</tr>
<tr>
<td>1001 – 5000</td>
<td>2</td>
<td>4%</td>
</tr>
<tr>
<td>5000 +</td>
<td>4</td>
<td>8%</td>
</tr>
</tbody>
</table>

Table 5-3 Respondents by Number of Employees in Organisation

As can be seen, the respondents are predominantly from large companies, with a sizable number of medium sized companies as defined by the Australia Bureau of Statistics (ABS 2011). This is to be accepted, as few small businesses would be using CRM or having an IT strategy planning process.
5.2.4 Organisation Industry

Error! Reference source not found.7 details the industry sectors that the respondent’s organisation operates in.

![Industry Sectors Operated in by Respondent Organisation](image)

**Figure 5-1 Industry Sectors Operated in by Respondent Organisation**

As can be seen from the table above, the respondents are active in a wide range of industries. Larger responses came from the manufacturing, government, financial services, consulting and constructions industries.
5.3 CRM Usage

This section looks at and describes the experiences and usage of CRM by organisations as reported by the survey respondents.

5.3.1 Type of CRM System Used

<table>
<thead>
<tr>
<th>CRM System Used</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACT</td>
<td>1</td>
<td>1.8 %</td>
</tr>
<tr>
<td>Bizport</td>
<td>1</td>
<td>1.8 %</td>
</tr>
<tr>
<td>BPCS</td>
<td>1</td>
<td>1.8 %</td>
</tr>
<tr>
<td>Fasttrack Skillsbase</td>
<td>1</td>
<td>1.8 %</td>
</tr>
<tr>
<td>In-house developed</td>
<td>17</td>
<td>30.4 %</td>
</tr>
<tr>
<td>Manual system</td>
<td>1</td>
<td>1.8 %</td>
</tr>
<tr>
<td>Maximizer CRM</td>
<td>2</td>
<td>3.6 %</td>
</tr>
<tr>
<td>MERIT</td>
<td>1</td>
<td>1.8 %</td>
</tr>
<tr>
<td>Merit CRM</td>
<td>1</td>
<td>1.8 %</td>
</tr>
<tr>
<td>Microsoft CRM</td>
<td>4</td>
<td>7.1 %</td>
</tr>
<tr>
<td>Movex CRM</td>
<td>1</td>
<td>1.8 %</td>
</tr>
<tr>
<td>Oracle</td>
<td>1</td>
<td>1.8 %</td>
</tr>
<tr>
<td>PROSPER</td>
<td>1</td>
<td>1.8 %</td>
</tr>
<tr>
<td>SalesForce</td>
<td>5</td>
<td>8.9 %</td>
</tr>
<tr>
<td>SAP/R3</td>
<td>5</td>
<td>8.9 %</td>
</tr>
<tr>
<td>Siebel CRM</td>
<td>3</td>
<td>5.4 %</td>
</tr>
<tr>
<td>Syteline</td>
<td>1</td>
<td>1.8 %</td>
</tr>
<tr>
<td>No CRM</td>
<td>5</td>
<td>8.9 %</td>
</tr>
<tr>
<td>No response</td>
<td>4</td>
<td>7.1 %</td>
</tr>
<tr>
<td>Total</td>
<td>56</td>
<td>100.0 %</td>
</tr>
</tbody>
</table>

Table 5-4 Type of CRM Systems Used

As can be seen from the table, a large number of the respondents have developed and customised their own CRM system. It can also be seen that a wide variety of CRM systems are used. No commercial CRM system/product is close to being a dominant player in this field. It should be noted that the total number of CRM systems used is
greater than the number of respondents, as several respondents indicated that they used multiple CRM systems.

5.3.2 Time Since Implementation of CRM

This section looks at the time since implementation of the CRM system in the organisation. Table 4-6 shows that the results indicate that we are still see considerable recent implementation of CRM.

<table>
<thead>
<tr>
<th>Implementation Period</th>
<th>Number of Responses</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1 Year</td>
<td>13</td>
<td>23.7%</td>
</tr>
<tr>
<td>1-2 Years</td>
<td>10</td>
<td>18.2%</td>
</tr>
<tr>
<td>3-4 Years</td>
<td>5</td>
<td>9.1%</td>
</tr>
<tr>
<td>5 Years plus</td>
<td>23</td>
<td>41.8%</td>
</tr>
<tr>
<td>N/A</td>
<td>4</td>
<td>7.3%</td>
</tr>
</tbody>
</table>

Table 5-5 Time since organisation implemented CRM

As can be seen from the table, a sizeable minority have been using a CRM system for more than 5 years. The results also show that nearly a quarter have been using CRM systems for less than 1 year. Nearly 20% of respondents have been using CRM systems for less than 2 years. This indicates that CRM adoption is ongoing, and unlikely to have peaked.
5.3.3 CRM Overall Effectiveness

This section looks at how the respondents rate the overall effectiveness of their use of their CRM system.

![Figure 5-2 Overall CRM Effectiveness](image)

Overall respondents indicated that they received a moderate level of overall effectiveness from their CRM system. There were very few reporting extreme results.
5.3.4 CRM Benefits

In this section, respondents rated the level of benefit that they received from a variety of possible benefits that CRM systems can provide.

<table>
<thead>
<tr>
<th>Benefit</th>
<th>No Benefit</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>No Response</th>
<th>Mean</th>
<th>Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shared or distributed customer data</td>
<td>6</td>
<td>5</td>
<td>7</td>
<td>16</td>
<td>8</td>
<td>9</td>
<td></td>
<td>3.36</td>
<td>4.00</td>
</tr>
<tr>
<td>Cost reduction</td>
<td>7</td>
<td>18</td>
<td>13</td>
<td>6</td>
<td>1</td>
<td>6</td>
<td></td>
<td>2.47</td>
<td>2.00</td>
</tr>
<tr>
<td>Better customer service</td>
<td>5</td>
<td>3</td>
<td>11</td>
<td>9</td>
<td>6</td>
<td>7</td>
<td></td>
<td>3.41</td>
<td>4.00</td>
</tr>
<tr>
<td>Increased customer loyalty</td>
<td>2</td>
<td>18</td>
<td>15</td>
<td>7</td>
<td>2</td>
<td>7</td>
<td></td>
<td>2.75</td>
<td>3.00</td>
</tr>
<tr>
<td>Increased customer satisfaction</td>
<td>1</td>
<td>8</td>
<td>12</td>
<td>17</td>
<td>6</td>
<td>7</td>
<td></td>
<td>3.43</td>
<td>4.00</td>
</tr>
<tr>
<td>Better customer retention</td>
<td>3</td>
<td>8</td>
<td>18</td>
<td>12</td>
<td>4</td>
<td>6</td>
<td></td>
<td>3.13</td>
<td>3.00</td>
</tr>
<tr>
<td>More repeat business</td>
<td>3</td>
<td>10</td>
<td>19</td>
<td>9</td>
<td>3</td>
<td>7</td>
<td></td>
<td>2.98</td>
<td>3.00</td>
</tr>
<tr>
<td>More new business</td>
<td>4</td>
<td>8</td>
<td>23</td>
<td>6</td>
<td>3</td>
<td>7</td>
<td></td>
<td>2.91</td>
<td>3.00</td>
</tr>
<tr>
<td>More profit</td>
<td>3</td>
<td>9</td>
<td>16</td>
<td>12</td>
<td>3</td>
<td>8</td>
<td></td>
<td>3.07</td>
<td>3.00</td>
</tr>
</tbody>
</table>

Table 5-6 Benefits from CRM for Organisation

Looking at the results, it can be seen that the benefits gathered from organisations are most noticeable in three areas:

- Better customer service
- Increased customer satisfaction
- Shared or distributed customer data

This is confirmed to some extent by looking at the correlation between the individual benefits and the overall effectiveness. A Spearman’s Rho correlation test found that Better customer service (p=0.000, CC=0.588) and Increased customer satisfaction
(p=0.002, CC=0.473) had a statistically significant correlation with overall effectiveness. It is interesting to note that Shared and distributed data (p=0.275, CC=0.177) doesn’t correlate with overall effectiveness despite its high individual ranking. As well, Increased customer loyalty (p=0.011, CC=0.387) though it has a relatively low ranking, it does have a statistically significant correlation with overall effectiveness.

The other aspect of interest is that of cost reduction. Cost reduction is clearly not a general benefit of the usage of CRM systems amongst the respondents. It has a mean of 2.47 and a median of 2.00. Cost reduction has a noticeably lower result than the other benefits.

### 5.3.5 CRM Function Level of Importance

CRM systems have a range of functions. Not all organisations use and/or value the functions in a similar way. This sections looks at the level of importance placed upon particular CRM functions by the respondents.

<table>
<thead>
<tr>
<th>CRM Function</th>
<th>Not Important</th>
<th>Very Important</th>
<th>Do not use at all</th>
<th>Mean</th>
<th>Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff Management</td>
<td>3</td>
<td>12</td>
<td>10</td>
<td>3</td>
<td>13</td>
</tr>
<tr>
<td>Lead Generation</td>
<td>5</td>
<td>5</td>
<td>10</td>
<td>11</td>
<td>8</td>
</tr>
<tr>
<td>Sales Management</td>
<td>4</td>
<td>7</td>
<td>7</td>
<td>14</td>
<td>13</td>
</tr>
<tr>
<td>Customer Service Management</td>
<td>2</td>
<td>6</td>
<td>10</td>
<td>13</td>
<td>12</td>
</tr>
<tr>
<td>Process Management</td>
<td>4</td>
<td>3</td>
<td>12</td>
<td>15</td>
<td>6</td>
</tr>
<tr>
<td>Report Management</td>
<td>5</td>
<td>7</td>
<td>10</td>
<td>16</td>
<td>6</td>
</tr>
<tr>
<td>Analysis Management and Forecasting</td>
<td>3</td>
<td>4</td>
<td>11</td>
<td>17</td>
<td>7</td>
</tr>
</tbody>
</table>

**Table 5-7 CRM Function Level of Importance**

Overall, organisations find the broad range of CRM functions to be moderately important. The exception is staff management which has a noticeably lower mean and median. Staff management is not used by the largest proportion of organisations.

Page 99 of 160
5.3.6 Problems with CRM

The respondents reported a number of problems with the implementation and use of CRM. The following table summarises the results for each of the problems. The following sections then present the extent of each of the problems in detail.

<table>
<thead>
<tr>
<th>CRM Problem</th>
<th>Not Important</th>
<th>Very Important</th>
<th>No response</th>
<th>Mean</th>
<th>Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of Training</td>
<td>7</td>
<td>12</td>
<td>10</td>
<td>15</td>
<td>6</td>
</tr>
<tr>
<td>CRM System not supported by management</td>
<td>17</td>
<td>13</td>
<td>12</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>CRM System not used</td>
<td>15</td>
<td>9</td>
<td>6</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td>Not enough information for users</td>
<td>9</td>
<td>17</td>
<td>6</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Over budget</td>
<td>20</td>
<td>8</td>
<td>8</td>
<td>5</td>
<td>1</td>
</tr>
</tbody>
</table>

Table 5-8 CRM Problems

A Spearman’s Rho correlation with the effectiveness of the CRM system for the respondent showed that all respondents have a problem with their CRM systems. This is statistically a significant negative correlation, with the exception of the over budget problem. The following table shows the details of the correlation:

<table>
<thead>
<tr>
<th>CRM Problem</th>
<th>Correlation Coefficient</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of Training</td>
<td>-0.313</td>
<td>0.044</td>
</tr>
<tr>
<td>CRM System not supported by management</td>
<td>-0.444</td>
<td>0.003</td>
</tr>
<tr>
<td>CRM System not used</td>
<td>-0.667</td>
<td>0.000</td>
</tr>
<tr>
<td>Not enough information for users</td>
<td>-0.446</td>
<td>0.005</td>
</tr>
<tr>
<td>Over budget</td>
<td>-0.127</td>
<td>0.440 (Not significant)</td>
</tr>
</tbody>
</table>

Table 5-9 CRM Problems Correlation Coefficient

5.3.7 Lack of Training

In regards to the implementation of CRM into an organization, lack of training is an issue which can lead to poor CRM implementation.
A large number of respondents indicate that the lack of training is a problem for their CRM implementation. The mean and median are noticeably higher than the others. This indicates that it is likely that this is the most important problem faced by organizations in regards to CRM system implementation.

5.3.8 **CRM system not supported by management**

In regards to the implementation of CRM into an organization, support by management is required to ensure that a CRM system can be successfully adopted by an organization.
5.3.9 CRM system not used

In regards to the value of a CRM system for an organization, CRM systems have to be used by the organization once implemented. This is often not the case, for information systems implemented by organisations.
As can be seen from the figure above, the mean and median for the CRM system not being used, is relatively low. The majority of respondents do not see this as an important problem.

### 5.3.10 Not enough information for users

In regards to the implementation of CRM into an organization, the system is required to provide enough information for the user to make appropriate decisions. The failure of a CRM system can have a negative impact on its use.

![Not enough information for users](image)

**Figure 5-6 Not enough information for users**

The survey results indicate that for a significant minority of organisations, that the CRM system is not providing users with enough information. This is a relative minor problem.
5.3.11 Over Budget

A possible problem with the use of CRM systems is that they cost more to implement and run over budget than expected.

![Over Budget Chart]

Figure 5-7 Over-budget with CRM system

Half of the respondents indicated that budget issues were not a problem with CRM system implementation. Only a few respondents reported this as a problem. This indicates that within the sample, this is a problem that doesn’t need a lot of attention.

5.4 IT Strategy Planning Process

This section examines the survey findings in relation to the use of IT strategy planning by organisations.

5.4.1 Frequency of Update

The frequency in which an organisation updates its IT strategy plan gives an indication to the attention that is paid to it by the organisation.
<table>
<thead>
<tr>
<th>Updating of IT Strategy</th>
<th>Number of Responses</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Every Year</td>
<td>16</td>
<td>31.4%</td>
</tr>
<tr>
<td>Every 2 Years</td>
<td>15</td>
<td>29.4%</td>
</tr>
<tr>
<td>Every 3 Years</td>
<td>10</td>
<td>19.6%</td>
</tr>
<tr>
<td>Every 4 Years</td>
<td>1</td>
<td>2.0%</td>
</tr>
<tr>
<td>Greater than 4 years</td>
<td>3</td>
<td>5.9%</td>
</tr>
<tr>
<td>Other – does not have an IT Strategy</td>
<td>1</td>
<td>2.0%</td>
</tr>
<tr>
<td>No response</td>
<td>5</td>
<td>9.8%</td>
</tr>
</tbody>
</table>

Table 5-10 Frequency of Update of IT Strategy

From the above table, nearly a third of the respondents update their IT strategy plan on an annual basis. Over 60% of respondents update their IT strategy plan at least biannually. As would be expected, the number of organizations updating their IT strategy more than every three years, is low. Surprisingly the organisations which don’t have an IT strategy plan are large organisations (501-1000 employees).
5.4.2 Importance of IT Uses

The uses in which an organisation puts on their IT capabilities, will impact both on their IT strategy planning process and CRM system. The following table details the importance the respondent put on the various IT uses.

<table>
<thead>
<tr>
<th>Use of IT</th>
<th>Not Important</th>
<th>Very Important</th>
<th>Not applicable</th>
<th>Mean</th>
<th>Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>Get a complete picture of your customer</td>
<td>4</td>
<td>14</td>
<td>13</td>
<td>3.52</td>
<td>4.00</td>
</tr>
<tr>
<td>Connect and streamline business processes</td>
<td>2</td>
<td>18</td>
<td>9</td>
<td>3.82</td>
<td>4.00</td>
</tr>
<tr>
<td>Take advantage of smooth integration with other IS</td>
<td>2</td>
<td>10</td>
<td>16</td>
<td>3.53</td>
<td>4.00</td>
</tr>
<tr>
<td>Work beyond the reach of your network</td>
<td>6</td>
<td>7</td>
<td>13</td>
<td>3.16</td>
<td>3.00</td>
</tr>
<tr>
<td>Customise and integrate with other products and services</td>
<td>4</td>
<td>9</td>
<td>22</td>
<td>3.60</td>
<td>4.00</td>
</tr>
</tbody>
</table>

Table 5-11 Uses of IT within the organisation

As can be seen the organisations overall have fairly similar levels of importance for each usage. Work beyond the reach of your network is less important, with both the lowest mean and median.
5.4.3 IT Strategy Aims

The aims of an IT strategy plan will also potentially have an impact on both the IT strategy planning process and the CRM system.

<table>
<thead>
<tr>
<th>Aim</th>
<th>Not Important</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>Very Important</th>
<th>5</th>
<th>Not Applicable</th>
<th>Mean</th>
<th>Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>Get a complete picture of your customer</td>
<td>0</td>
<td>4</td>
<td>10</td>
<td>13</td>
<td>13</td>
<td></td>
<td>11</td>
<td>3.88</td>
<td>4.00</td>
</tr>
<tr>
<td>Aligning IT resources with business goals and direction</td>
<td>1</td>
<td>0</td>
<td>7</td>
<td>11</td>
<td>31</td>
<td></td>
<td>1</td>
<td>4.42</td>
<td>5.00</td>
</tr>
<tr>
<td>Leveraging IT to drive innovation and revenue growth</td>
<td>0</td>
<td>3</td>
<td>9</td>
<td>15</td>
<td>20</td>
<td></td>
<td>4</td>
<td>4.11</td>
<td>4.00</td>
</tr>
<tr>
<td>Developing operational changes that can reduce costs</td>
<td>0</td>
<td>0</td>
<td>9</td>
<td>17</td>
<td>20</td>
<td></td>
<td>5</td>
<td>4.24</td>
<td>4.00</td>
</tr>
<tr>
<td>Improving the effectiveness of IT service delivery</td>
<td>2</td>
<td>2</td>
<td>9</td>
<td>17</td>
<td>17</td>
<td></td>
<td>4</td>
<td>3.96</td>
<td>4.00</td>
</tr>
</tbody>
</table>

Table 5-12 Importance of IT Strategy Aims

The table above indicates that the respondents have a broad range of aims for their IT strategy, and only rarely do they prioritise particular aims over other aims.
5.4.4 IT Strategy Planning Process Involvement

The involvement of different types of staff members, could potentially have an impact on the implementation of a CRM system into an organization.

<table>
<thead>
<tr>
<th>Role</th>
<th>Not Involved</th>
<th>Very Involved</th>
<th>Not Applicable</th>
<th>Mean</th>
<th>Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>CRM Manager</td>
<td>5</td>
<td>8</td>
<td>4</td>
<td>8</td>
<td>18</td>
</tr>
<tr>
<td>CIO</td>
<td>0</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>33</td>
</tr>
<tr>
<td>CEO</td>
<td>1</td>
<td>7</td>
<td>13</td>
<td>17</td>
<td>11</td>
</tr>
<tr>
<td>Board Members</td>
<td>7</td>
<td>8</td>
<td>20</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>IT Operation Staff</td>
<td>2</td>
<td>6</td>
<td>4</td>
<td>28</td>
<td>8</td>
</tr>
<tr>
<td>Business Operation Staff</td>
<td>2</td>
<td>1</td>
<td>13</td>
<td>24</td>
<td>6</td>
</tr>
</tbody>
</table>

Table 5-13 IT Strategy Planning Involvement by Staff

As can be seen from above, the involvement of various types of staff members of an organisation does vary considerably. The CIO has the highest mean and median involvement, in regards to involvement by staff. In terms of this thesis, it’s interesting to note that the CRM Manager has a noticeably lower involvement on average, than the other staff types. With the exception of Board Members.

5.4.3 IT Strategy Planning Technique Usage

The IT strategy planning techniques used by an organisation may be more or less important to the inputs that a CRM system could provide.

<table>
<thead>
<tr>
<th>IT Strategy Planning Technique</th>
<th>Number using</th>
<th>Percentage of respondents using</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT Portfolio Management</td>
<td>24</td>
<td>47.1%</td>
</tr>
<tr>
<td>Knowledge Management</td>
<td>24</td>
<td>47.1%</td>
</tr>
<tr>
<td>Business Intelligence</td>
<td>29</td>
<td>56.9%</td>
</tr>
<tr>
<td>Benchmarking</td>
<td>24</td>
<td>47.1%</td>
</tr>
<tr>
<td>Other – Peer Review</td>
<td>1</td>
<td>1.9%</td>
</tr>
<tr>
<td>No response</td>
<td>3</td>
<td>5.9%</td>
</tr>
</tbody>
</table>

Table 5-14 IT Strategy Planning Technique
As can be seen from the table, the respondents often use multiple IT strategy planning techniques. All four IT strategy planning techniques have broadly similar usage. Only one other IT technique was raised by the one of the respondents.

5.4.4 Importance of Issues in the IT Strategy Planning Process

<table>
<thead>
<tr>
<th>Issue</th>
<th>Not Important</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>Very Important</th>
<th>5</th>
<th>Not applicable</th>
<th>Mean</th>
<th>Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collaboration between IT and business operations</td>
<td>2</td>
<td>2</td>
<td>7</td>
<td>9</td>
<td>31</td>
<td>0</td>
<td></td>
<td>4.27</td>
<td>5.00</td>
<td></td>
</tr>
<tr>
<td>Integration between IT strategy and business strategy</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>17</td>
<td>30</td>
<td>0</td>
<td></td>
<td>4.51</td>
<td>5.00</td>
<td></td>
</tr>
<tr>
<td>Business innovation</td>
<td>1</td>
<td>3</td>
<td>11</td>
<td>28</td>
<td>7</td>
<td>1</td>
<td></td>
<td>3.74</td>
<td>4.00</td>
<td></td>
</tr>
<tr>
<td>Multi-year planning</td>
<td>1</td>
<td>14</td>
<td>9</td>
<td>21</td>
<td>6</td>
<td>0</td>
<td></td>
<td>3.33</td>
<td>4.00</td>
<td></td>
</tr>
<tr>
<td>Opportunities to use emerging technology</td>
<td>3</td>
<td>8</td>
<td>15</td>
<td>14</td>
<td>8</td>
<td>3</td>
<td></td>
<td>3.33</td>
<td>3.00</td>
<td></td>
</tr>
<tr>
<td>IT capabilities of competitors</td>
<td>11</td>
<td>11</td>
<td>14</td>
<td>4</td>
<td>8</td>
<td>3</td>
<td></td>
<td>2.73</td>
<td>3.00</td>
<td></td>
</tr>
</tbody>
</table>

Table 5-15 Importance of issues in the IT strategy planning process

The table above describes the important issues, in relation to the development of a CRM system into an organisation. The two issues of alignment are clearly the most important on average for the respondents. The IT capabilities of competitors, is noticeably less important than the other issues.
5.4.5 Alignment of IT Strategy Planning and Business

A factor that could possibly influence the impact of CRM systems on the IT strategy planning process, is the level of alignment between the IT strategy and the organisation’s business processes.

![Figure 5-8 Alignment of IT Strategy Planning and Business Processes](image)

As can be seen from the figure, the respondents range from moderate to strong alignment. No respondents reported a value of 1 or 2 for this question. Therefore alignment of business process are important to organisations.
5.5 Business Capabilities

This section looks at the business capabilities of the organisation as assessed by the respondents. These capabilities could impact on the use of CRM in the IT strategy planning process.

5.5.1 Organisational Competitive Strategy

The main category of strategy found in this research thesis is that of specific product differentiation. Price or cost comes into the equation, however price relates to quality in most industry markets. Therefore stated in the figure below, shows the competitive strategy used by organisations in regards to development. The competitive strategy helps with the innovation of new products to the market. Innovation leads to better pricing strategies. Figure 2-15 describes the competitive strategy in which organisations face.

![Figure 5-9 Competitive Strategy used by Organisation](image)

The competitive strategy of product differentiation is clearly the dominant strategy being used by respondents in organisations. However, there appear to be noticeable differences between niche product differentiation and niche price leadership.
5.5.2 Organisational Effectiveness of IT Functions

One type of capability which might likely have an effect on the use of CRM with the IT strategy planning process, is the organisation’s effectiveness in terms of IT functions.

<table>
<thead>
<tr>
<th>Role</th>
<th>Not Effective</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>N/A</th>
<th>Mean</th>
<th>Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developing IT Systems</td>
<td>1</td>
<td>3</td>
<td>21</td>
<td>18</td>
<td>6</td>
<td>2</td>
<td>3.51</td>
<td>3.00</td>
</tr>
<tr>
<td>Managing IT Infrastructure</td>
<td>0</td>
<td>1</td>
<td>10</td>
<td>21</td>
<td>19</td>
<td></td>
<td>4.14</td>
<td>4.00</td>
</tr>
<tr>
<td>Outsourcing IT Functions</td>
<td>1</td>
<td>6</td>
<td>12</td>
<td>17</td>
<td>9</td>
<td></td>
<td>3.60</td>
<td>4.00</td>
</tr>
<tr>
<td>IT Governance</td>
<td>0</td>
<td>4</td>
<td>19</td>
<td>24</td>
<td>4</td>
<td></td>
<td>3.55</td>
<td>4.00</td>
</tr>
<tr>
<td>Targeting areas in which IT can add value</td>
<td>0</td>
<td>6</td>
<td>16</td>
<td>24</td>
<td>5</td>
<td></td>
<td>3.55</td>
<td>4.00</td>
</tr>
<tr>
<td>Introducing areas in which IT can add value</td>
<td>0</td>
<td>3</td>
<td>19</td>
<td>24</td>
<td>5</td>
<td></td>
<td>3.60</td>
<td>4.00</td>
</tr>
</tbody>
</table>

Table 5-16 IT Function Effectiveness

Overall, the respondents rate themselves as moderately effective in most of the IT functions. The noticeable differences being a lower median for developing IT systems, and a higher median for managing IT infrastructure.

A Kruskal-Wallis test (p=0.033) indicated that the usefulness of CRM to the IT strategy planning process did vary significantly, for the developing IT systems function. An examination of the means for the values, revealed no noticeable pattern.

<table>
<thead>
<tr>
<th>Useful</th>
<th>Mean</th>
<th>N</th>
<th>Std. Deviation</th>
<th>Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>4.40</td>
<td>5</td>
<td>.548</td>
<td>4.00</td>
</tr>
<tr>
<td>2</td>
<td>3.00</td>
<td>7</td>
<td>1.000</td>
<td>3.00</td>
</tr>
<tr>
<td>3</td>
<td>3.47</td>
<td>17</td>
<td>.624</td>
<td>3.00</td>
</tr>
<tr>
<td>4</td>
<td>2.83</td>
<td>6</td>
<td>.983</td>
<td>3.00</td>
</tr>
<tr>
<td>5</td>
<td>3.67</td>
<td>6</td>
<td>.816</td>
<td>3.50</td>
</tr>
</tbody>
</table>

Table 5-17 Kruskal-Wallis Test IT Systems Function
5.6 **Linkage of CRM to IT Strategy Planning**

This section looks at how the organisations link their CRM system to their IT strategy planning process.

5.6.1 **Usefulness of CRM Outputs to IT Strategy Planning Process**

The following table looks at the various outputs from a CRM system in terms of how useful they are to the IT strategy planning process.

<table>
<thead>
<tr>
<th>CRM Output</th>
<th>Not Useful</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>Very Useful</th>
<th>Not Applicable</th>
<th>Mean</th>
<th>Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>Analysis of customer interaction</td>
<td>2</td>
<td>9</td>
<td>15</td>
<td>11</td>
<td>6</td>
<td>8</td>
<td></td>
<td></td>
<td>3.23</td>
<td>3.00</td>
</tr>
<tr>
<td>Customer profiles</td>
<td>2</td>
<td>11</td>
<td>10</td>
<td>12</td>
<td>9</td>
<td>7</td>
<td></td>
<td></td>
<td>3.34</td>
<td>3.00</td>
</tr>
<tr>
<td>Customer complaint data</td>
<td>1</td>
<td>9</td>
<td>9</td>
<td>13</td>
<td>11</td>
<td>8</td>
<td></td>
<td></td>
<td>3.56</td>
<td>4.00</td>
</tr>
<tr>
<td>Sales data</td>
<td>4</td>
<td>6</td>
<td>6</td>
<td>14</td>
<td>13</td>
<td>8</td>
<td></td>
<td></td>
<td>3.60</td>
<td>4.00</td>
</tr>
<tr>
<td>Data on reliability of products/services</td>
<td>5</td>
<td>4</td>
<td>7</td>
<td>15</td>
<td>10</td>
<td>10</td>
<td></td>
<td></td>
<td>3.51</td>
<td>4.00</td>
</tr>
<tr>
<td>Customer forecasting</td>
<td>2</td>
<td>8</td>
<td>12</td>
<td>13</td>
<td>8</td>
<td>8</td>
<td></td>
<td></td>
<td>3.40</td>
<td>3.00</td>
</tr>
<tr>
<td>Staff performance data</td>
<td>3</td>
<td>8</td>
<td>15</td>
<td>6</td>
<td>7</td>
<td>12</td>
<td></td>
<td></td>
<td>3.15</td>
<td>3.00</td>
</tr>
</tbody>
</table>

**Table 5-18 Usefulness of CRM Outputs**

From the above table, the outputs can be divided into two groups. The first group is that of customer complaint data, sales data, and data on reliability of products/services, being seen as more useful than the other outputs. These outputs need to be carefully looked at by an organisation. The other CRM outputs, that fit into the second group of outputs, and are classified as less important. It should be noted that overall, all of the CRM outputs are seen as moderately useful inputs to the IT strategy planning process.
5.6.2 Overall Usefulness of the CRM System to the IT Strategy Planning Process

The final survey question was to assess the overall usefulness of their respondent’s CRM system to their IT strategy planning process.

From the figure above, the dominant response is one of moderate usefulness, with a similar level of response on either side. This means that organisations are placing an emphasis on customer relationships/interactions, and view CRM systems in relation to IT strategy planning as key functions to doing business.

5.7 Kruskal Wallis Test

The Kruskal Wallis test is a test (non-parametric method) for testing if a result, has the same distribution. It is used for comparing more than two samples, that are independent, to see if there is a significant result. The Kruskal Wallis test was used in this thesis using the software application of SPSS. The Kruskal Wallis test was carried out comparing each variable against the mean of each question in the survey.
5.8 Inferential Statistics

An analysis was done to see what factors contribute and had an influence on the overall usefulness of the CRM system to the IT strategy of an organisation.

5.8.1 Usefulness of CRM outputs related to overall usefulness of CRM to IT Strategy Planning

The following section looks at the impact of the results for the usefulness of certain and particular CRM outputs to IT strategy planning. This is in relation to the overall usefulness of an organisation’s CRM system to its IT strategy planning. In most cases, the Kruskal Wallis test was used to determine, if the particular outcome had a statistically significant impact on the result for overall usefulness. Two were found to be statistically significant at the 0.05 level: Customer profiles and customer forecasting.

5.8.1.1 Customer profiles as an output of CRM

It was found that the result for customer profiles as an output of CRM had a statistically significant effect, on the overall usefulness of the CRM system, for an organisation’s IT strategy planning. Looking at the variation in overall usefulness by the result in the usefulness of the customer profile for IT strategy planning:
The relationship and correlation of customer profiles is that it leads to better profits. This is a contributing factor (moderate) – Very Important, Scale rating = 1.

As can be seen by the median and mean values, a low value of 1 or 2, leads to a corresponding low value for the overall usefulness of CRM for IT strategy planning. The other values above two have a clearly greater impact on the overall usefulness. It is however not a linear impact, indicating that once a certain level of usefulness is reached, the impact on overall usefulness plateaus. This is supported by the fact that no statistically significant difference is reported by the Kruskal Wallis test between the results for values of 3 to 5 (p=0.664). The rating of customer profiles is that it leads to better innovation of products which is a contributing factor (major). Scale Rating = 1.

**5.8.1.2 Customer forecasting as an output of CRM**

Stated below is the output result for customer forecasting in which is used as a marketing mechanism by organisations.

<table>
<thead>
<tr>
<th>Usefulness of Customer Profile to IT Strategy Planning</th>
<th>Mean for Overall Usefulness of CRM for IT Strategy Planning</th>
<th>N</th>
<th>Std. Deviation</th>
<th>Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2.00</td>
<td>1</td>
<td>.</td>
<td>2.00</td>
</tr>
<tr>
<td>2</td>
<td>2.00</td>
<td>11</td>
<td>.775</td>
<td>2.00</td>
</tr>
<tr>
<td>3</td>
<td>3.90</td>
<td>10</td>
<td>.876</td>
<td>4.00</td>
</tr>
<tr>
<td>4</td>
<td>3.18</td>
<td>11</td>
<td>.603</td>
<td>3.00</td>
</tr>
<tr>
<td>5</td>
<td>3.44</td>
<td>9</td>
<td>1.333</td>
<td>3.00</td>
</tr>
<tr>
<td>Total</td>
<td>3.07</td>
<td>42</td>
<td>1.135</td>
<td>3.00</td>
</tr>
</tbody>
</table>

Table 5-19 Customer Profile Output
### Table 5-20 Customer Forecasting Output

<table>
<thead>
<tr>
<th>Usefulness of Customer Profile to IT Strategy Planning</th>
<th>Mean for Overall Usefulness of CRM for IT Strategy Planning</th>
<th>N</th>
<th>Std. Deviation</th>
<th>Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2.50</td>
<td>2</td>
<td>.707</td>
<td>2.50</td>
</tr>
<tr>
<td>2</td>
<td>3.14</td>
<td>7</td>
<td>.609</td>
<td>3.00</td>
</tr>
<tr>
<td>3</td>
<td>3.25</td>
<td>12</td>
<td>.866</td>
<td>3.00</td>
</tr>
<tr>
<td>4</td>
<td>2.85</td>
<td>13</td>
<td>.987</td>
<td>3.00</td>
</tr>
<tr>
<td>5</td>
<td>3.29</td>
<td>7</td>
<td>.756</td>
<td>3.00</td>
</tr>
<tr>
<td>Total</td>
<td>3.07</td>
<td>41</td>
<td>.848</td>
<td>3.00</td>
</tr>
</tbody>
</table>

5.8.2 Impact of CRM Benefits in Usefulness of CRM to IT strategy planning

Organisations implementing a CRM system are deploying their CRM system to sell future product to customers. The automotive industry is a primary example. From here the second output of customer forecasting is derived by organisations as a means to balance company balance sheets and to prepare current and future budgets.

Thus in conclusion CRM systems in conjunction with IT strategy planning is becoming apparent by organisations.
<table>
<thead>
<tr>
<th>Shared or Distributed Customer Data</th>
<th>Mean</th>
<th>N</th>
<th>Std. Deviation</th>
<th>Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>1.67</td>
<td>3</td>
<td>.577</td>
<td>2.00</td>
</tr>
<tr>
<td>1</td>
<td>2.75</td>
<td>4</td>
<td>.500</td>
<td>3.00</td>
</tr>
<tr>
<td>2</td>
<td>3.00</td>
<td>5</td>
<td>1.000</td>
<td>3.00</td>
</tr>
<tr>
<td>3</td>
<td>3.00</td>
<td>7</td>
<td>.577</td>
<td>3.00</td>
</tr>
<tr>
<td>4</td>
<td>3.31</td>
<td>16</td>
<td>.873</td>
<td>3.00</td>
</tr>
<tr>
<td>5</td>
<td>3.25</td>
<td>8</td>
<td>1.035</td>
<td>3.00</td>
</tr>
</tbody>
</table>

Table 5-21 Shared or distributed customer data output

The above table shows the mean, standard deviation, and median for the variable of shared or distributed customer data. Shared or distributed customer data has specific data outputs. This means based upon a parametric test used in statistics, that this variable is deemed statistically significant. Based upon the outputs in the table, this means that this variable is sufficiently extreme, in that only rarely would this variable have an influence on the output.

Stated below is the output for the result for cost reduction in which is used as a point to point mechanism by organisation to help leverage an organisation.

The mean of Cost Reduction is 2.47
<table>
<thead>
<tr>
<th>Cost Reduction</th>
<th>Mean</th>
<th>N</th>
<th>Std. Deviation</th>
<th>Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>3.43</td>
<td>7</td>
<td>.787</td>
<td>3.00</td>
</tr>
<tr>
<td>2</td>
<td>2.40</td>
<td>15</td>
<td>.828</td>
<td>2.00</td>
</tr>
<tr>
<td>3</td>
<td>3.31</td>
<td>13</td>
<td>.855</td>
<td>3.00</td>
</tr>
<tr>
<td>4</td>
<td>3.50</td>
<td>6</td>
<td>.548</td>
<td>3.50</td>
</tr>
<tr>
<td>5</td>
<td>4.00</td>
<td>1</td>
<td></td>
<td>4.00</td>
</tr>
<tr>
<td>Total</td>
<td>3.05</td>
<td>42</td>
<td>.909</td>
<td>3.00</td>
</tr>
</tbody>
</table>

Table 5-22 Cost reduction mechanism output

The above table shows the mean, standard deviation, and median for the variable of cost reduction mechanism. Cost reduction is the process of trying to reduce costs in an organisation. This means based upon a parametric test used in statistics, that this variable is deemed statistically significant. Based upon the outputs in the table, this means that this variable is sufficiently extreme, in that only rarely would this variable have an influence on the output.

The rating of cost reduction is that it leads to better innovation of products. Thus it leads to larger sales in which is (moderate) – important. Scale rating = 2.
5.8.3 Role of the CRM Manager in the IT Strategy Planning Process

A Kruskal-Wallis test found that the level of involvement of the CRM Manager has a statistically significant effect on the result, for the usefulness of CRM in assisting the IT strategy planning process.

<table>
<thead>
<tr>
<th>Usefulness of CRM in Assisting IT Strategy Planning</th>
<th>Mean</th>
<th>N</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 – Not useful</td>
<td>5.00</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>1.67</td>
<td>6</td>
<td>.816</td>
</tr>
<tr>
<td>3</td>
<td>3.36</td>
<td>14</td>
<td>1.336</td>
</tr>
<tr>
<td>4</td>
<td>3.75</td>
<td>4</td>
<td>1.258</td>
</tr>
<tr>
<td>5 – Very useful</td>
<td>3.60</td>
<td>5</td>
<td>1.342</td>
</tr>
</tbody>
</table>

Table 5-23 Means for CRM Usefulness group by CRM Manager Involvement

The relationship of a CRM manager is that it provides better reliability of products. In which this is a contributing factor (moderate). Scale Rating = 1.

5.9 Recommendations

The recommendations are:

- projects needs to be supported by senior management
- clear objectives need to be set and ahead to
- staff or employees must be committed to training

From here organisations are in a better position to improve customer service levels and capabilities.
5.10 Benefits Received

The main benefits received by organisations are:

- increased customer service levels
- increased customer satisfaction
- definition of objectives

From here organisations are in a better position to compete with other organisations.

5.11 Conclusion

To conclude chapter 5 of this thesis, it is not difficult to implement a successful IT strategy system into an organisation. Based upon the above correlation factors and survey results, it can be concluded that in order to implement a successful IT strategy planning system into an organisation, it has to have clear corporate objectives in which can be measured and tracked. These objectives must be linked to other departments. It can also be stated that investment into research and development is an important component to success. This leads to new product innovation, in which in turn develops and creates an increase in the sales volumes of a product, for an organisation. Another factor in which successful organisations have done in regards to their IT strategy planning system, is to be able to acquire sum physical real estate, and have the retail outlets to delivery their products and services to the end consumer. It has been discovered that CRM plays an important role in the function in an organisations IT strategy planning system. Integration whether vertical or horizontal can be established into an organisation, in which benefits can be received. This links parts of an organisation together. Working with IT tools and techniques helps establish an advantage for an organisation. Thus organisations are in a better position to develop and establish a competitive advantage in an industry.
Chapter 6  

Discussion  

In this research paper information about CRM systems and IT strategy planning comes from research, and survey results from industry. Theory knowledge and practical application is presented. This discussion section of the thesis outlines the boundaries and restrictions of the research question, in that CRM can be used as a tool for IT strategy. Please note this research thesis provides a guide for future reference, and builds upon current sources.

In this chapter, information and data support claims are made in this research paper. Information is presented to support the survey results. The research papers sub questions are answered, and are based upon results from the survey data, and theory information, in which are from primary and secondary sources. Further research on these two topics is welcomed and encouraged. This chapter also discusses some limitations of the research.

The following section of this thesis discusses the results of the research in relation to the research questions proposed in Chapter 1. The three sub-questions of this thesis are:

- How do organisations use IT strategy planning?
- How do organisations use a CRM system?
- How does the use of CRM relate to IT strategy planning?

6.1 How do organisations use IT Strategy Planning?

This section discusses the results of the survey in relation to the first sub-question on the usage of IT strategy planning in the respondent organisations.
6.1.1 Ubiquity of IT Strategy Planning

IT strategy is important to an organisation and the survey results show that the vast majority of the respondent organisations maintain an IT strategy plan. The purpose of an IT strategy plan to an organisation is that it sets out deliverables, aims, and functions of an organisation. From here goals can be benchmarked against, as well as objections in which processes and policies can be created, and abided to. The purpose of having and establishing an IT strategy plan in an organisation, is that it promotes understanding in an organisation. Thus an organisation can measure and track outcomes. The IT strategy planning system for an organisation, helps to assist with the required IT services and resources for an organization, so that they can meet their day to day business operations. Adjustments to business operations can be made. The purpose of an IT strategy planning process is to assist an organisation in automating the organisation. Organisations are hoping for processes to be automated, as a means to assist the organisation achieving their objectives.

6.1.2 IT Strategy Planning Updating

IT strategy plays an active role based upon survey results. Most organisations are active in maintaining an up to date IT strategy plan. Over 60% update their IT strategy plan every 2 years or less. The purpose of an IT strategy plan, is that it enables organisations to measure functions and outcomes of a business. By this, it can be described that an IT strategy plan is designed to help streamline and enable for better practices, to be implemented in an organisation. Thus an organisation will achieve the best policy and procedures for their respective organisation, through an IT strategy plan. Organisations have their IT strategy plans developed and maintained at the executive board level, to help leverage business operations against their competitors. This is to ensure that they are able to effectively compete in their respective industry. From here other business operations such as finance, are discussed and developed by an organisation. IT strategy planning from the literature review stated above, is the combination of hardware, software, people, and process that will help align and
support the aims of the organization. In regards to IT strategy planning, organizations are focusing on technology as a means to leverage the business. The IT strategy planning system for an organisation is always changing, and needs to be updated accordingly. Organizations today are relying on new infrastructure projects to help deal with customers and create new products for an organisation. The implementation of a CRM system allows for an organisation to have many benefits received. This includes information about competitors and information and customers. From here more effective decision can be made.

6.1.3 Importance of IT Issues

Connecting and streamlining business processes, is the most important issue of IT in the respondents. Business processes are the steps in which are taken by an organisation to ensure that tasks are carried out. The executive team of an organisation meet to discuss items such as its people, process, and requirements for the organisation. From here customer requirements are met. The IT strategy system for an organisation is important because organisations have to get IT projects right, to ensure the effectiveness of resources, in which is one benefit of IT strategy planning. IT projects are considered to be high level projects. The projects being implemented for an organisation are for long-term benefits for an organisation. This also helps assist with profit generation. Projects implemented by companies in industry seek specific outcomes for an organisation, or company consortium.

Working beyond the reach of your network is the least important issue for the respondent organisations. Scope can be described as the outreach, in which describes the functions of an organisations requirements. What this means is that staff members of an organisation are required to do more with less, in which is considered to be a non-important issue by management in an organisation. Members of the senior management team realise that IT strategy in an organisation, is a difficult and complex issue. Management sometimes finds that sum operational issues, and or soft issues, are going unnoticed in an organisation. What is required is that these issues need to be picked on and focused on as soon as possible, in order to meet the
regulations of their respective organisation. The strategy of the business plan or mission statement of the organization is important, and needs to be met. All factors except work “beyond reach” was considered to be reasonably important. Due to the fact that staff members in an organisation are required to do more with less, the extra work they do, is considered by management as important. This is due to functionality issues in an organisation, as well as that flexibility is required to meet on-going demands. Staff in an organisation, have to understand that in business, there are always new competitors trying to enter the marketplace, and this issue needs to be taken seriously. Staff, today are under time constraints to get work done. Therefore the issue of updating and installation of new technology into an organisation, is no longer an issue, as staff can get work done as efficiently as possible.

6.1.4 IT Strategy Planning Aims

Aligning IT resources with business goals and directions is the main aim of most organisations IT strategy. Most decisions of an organisation are made at the executive level. What the top executive teams are concerned about, is ensuring that IT resources are matched against the business goals, to ensure optimal output in regards to IT strategy planning. This is to ensure that innovation and growth can be achieved by the organisation. The main derivatives by organisation though alignment is growth, and competition. This is designed to leverage the business in the best possible circumstances. Organisations have clear goals in regards to their objectives. From here alignment can be achieved.

Getting a complete picture and improving effectiveness of IT service delivery, are the least strong aims of organisations, in relation to IT strategy. In regards to IT strategy planning in an organisation, there are a number of factors which are raised. These issues are to get a complete picture of your customer, connect and streamline business processes, take advantage of smooth integration with other IS, work beyond the reach of your network, and customise and integrate with other products and services. Of these IT strategy planning factors, getting a complete picture and improve effectiveness of IT service delivery, are least important. As stated previously the
executive team are mainly involved in this process as a means to help with organisational performance.

6.1.5 Staff Involvement with IT Strategy Planning Process

As would be expected, the CIO is nearly always involved in the IT strategy planning process of an organisation. The CIO is in-charge of all IT decisions in an organisation, and is responsible for making policies in an organisation. All decisions made by a CIO and made from the top down. This is due to the fact that technology in an organisation is complicated. The CIO is assisted by other team members at the executive level. Due to the CIO needing assistance regarding decision making, the CIO is always involved in all matters regarding to IT.

Overall, it was found that relatively, the CRM manager is not strongly involved in the IT strategy planning process. All organisations make their main decisions regarding company operations at the executive level. At board level, this is where IT strategy planning is decided upon and implemented. Due to an organisation having a CRM system, the CRM manager is not a position held at board level, and therefore is not strongly involved in the IT strategy planning process of an organisation. However the CRM manager is involved in the daily tasks of the organisation, and looks after the running of the CRM system daily. One of the key factors of IT strategy planning system is that the work carried out and achieved by the CRM manager is considered important. By involving the CRM manager into an organisations IT strategy plan, the business should do well. Training is an ongoing process of staff in an organisation.

6.1.6 Techniques used in IT Strategy Planning

Organisations commonly use multiple IT techniques to develop an IT strategy in an organisation. Business intelligence is the most common used IT tool for IT strategy planning. The executive team of an organisation sets out the policies for an
organisation. In order to help meet policies set out by an organisation, staff members in an organisation need to follow some IT techniques, to help assist them to meet the policies in an organisation. Therefore it has been found that the IT technique of business intelligence, is the most common IT technique used to help meet corporate objectives and aims. From here customer service levels can be generated. Management is constantly looking for new opportunities for organisational development.

6.1.7 Importance of Issues on IT Strategy Planning

Integration between IT strategy and business strategy is considered to be the most important issue in IT strategy planning. There are a number of issues in relation to IT strategy planning, in which includes cost reduction, and increased customer satisfaction. The most important issue between IT strategy planning, and business strategy is considered to be the most important in relation to IT strategy planning. The CIO assists with the scalability of the IT infrastructure, as a means to support growth within the organisation. Project development for an organisation is constantly redefined and evaluated. An IT capability is the process of completing the least important issue, in regards to the IT strategy planning process.

6.1.8 Alignment between Business Processes and IT Strategy

Overall organisations have a solid alignment between IT strategy and business processes. Only a small number of organisations consider themselves strongly aligned. Organisations that are operating in business generally have their IT strategy and business processes aligned together. No respondent indicated their alignment was 1 or 2 on the scale. This indicates that at worst organisations have moderate levels of alignment between IT strategy and business processes. In response to the survey questionnaire, most organizations are performing between average to above average, in terms of alignment between IT strategy and business processes. Organisations are
able to generate “value” to their organisation through alignment. Thus matrix systems are developed and derived from alignment. Organisations are in a better position to resolve problems and deliver on outcomes.

6.2 How do organisations use a CRM system?

This section discusses the results of the survey in relation to the first sub-question on the usage of CRM systems in the respondent organisations.

6.2.1 Type of CRM Systems Used

Most companies use an in-house developed CRM system rather than a customer off the shelf system. Companies are using a customized CRM system, rather than using a standard custom off the shelf CRM system. This is due to the fact that each company is different and has different requirements. Also companies are, wanting to get different results from their CRM system. Therefore the output is different. Companies implementing a CRM system are using a customised CRM system for long term functionality. By using a customised CRM system or an in-house developed CRM system, more choices are available to the end customer, and greater scalability is provided. From here organisations are in a position to receive specific benefits to an organisation, to meet their organisations aims and objectives.

6.2.2 CRM Implementation Time

Companies how are investing in CRM systems for their organisations are doing so, for the long term. There are a large number of companies implementing their CRM systems for more than 5 years. A similar number of respondent organisations have also implemented their CRM systems in the last two years, indicating that the number of organisations implementing CRM systems is still growing. Companies are
implementing CRM systems for the long term based upon individual company requirements. This is due to individual market conditions and company projections. This assists with managing logistical issues for an organisation. From here organizational portfolio management can be achieved.

6.2.3 Effectiveness of CRM

Companies who are adopting a CRM system are finding that they are getting an effectiveness of 3 out of 5, which is a moderate result. This means that companies and organizations implementing CRM systems, are getting some benefits from it. Customer satisfaction is one benefit in which has increased from an output point of view, in which leads to an overall satisfaction with the product.

6.2.4 Specific Benefits of CRM

The main benefits received by organisations are that of increased customer satisfaction, and then better customer service. Organisations are adopting a CRM system for many reasons. These include increased customer satisfaction and better customer service. However in order to achieve these two outcomes stated above, the CRM system needs to be correctly modified and implemented, if it is a custom CRM package. This leads to increased organisational performance for an organisation.

6.2.5 CRM Functions

Staff management and report management, were found to be the least important CRM functions for the respondent organisations. Sales management and customer service management, are the most important CRM functions.
6.2.6 CRM Problems

The two main problems organisations face when implementing a CRM system is that of lack of training, and the CRM system not being used. Training is a key component to prepare employees for work. The same understanding goes when implementing a CRM system into an organisation. A CRM system is a complicated and large IT project, and training needs to occur for implementation to be complete and successful. Organisations implementing a CRM system need to have corporate objectives that need to be met in order for a CRM system to be implemented. Otherwise it is a waste of resources that could be used elsewhere in an organisation. By hiring CRM trainers projects in an organisation operate on time and on budget. In terms of the CRM system not being used, this can be seen as either the CRM not aligning with the business goals, and therefore being less useful or just inherent difficulties in using the CRM system (e.g. user interface difficulties).

When implementing a CRM system, going over budget is not a common problem, nor is a lack of support from management. What is more important is to leverage and integrate the CRM system efficiently into the organisation. When organisations develop and start a project what is considered is that of the fiscal budget. There is always a need that if money can be saved then it is a good idea. However when technology is involved, projects become more complicated. The cost of technology implementation is very high for some projects, especially a CRM system. Therefore if a CRM system is over budget, it is not an issue, as the benefits of correct implementation and development outweigh the negatives.

6.3 How does the use of CRM relate to IT Strategy Planning?

This section discusses the results of the survey in relation to the first sub-question on the relationship of CRM to IT strategy planning in the respondent organisations.
6.3.1 Usefulness of Specific CRM Outputs

Looking at the usefulness of CRM outputs, to the IT strategy planning process, it was found that customer complaint data, sales data, and data on the reliability of products/services, were rated the most important. All outputs were rated as being at least moderately useful. It is interesting to note that when looking at how these individual outputs, that two of the lower rated outputs, (customer profiles and customer forecasting) are the two which can be seen to have a statistically significant effect, on the overall usefulness rating.

6.3.2 Overall Usefulness of CRM

Overall, organisations adopting a CRM system into their respective organisation are finding that the CRM system is moderately useful and is helping to achieve their corporate objectives. It is interesting to note that a minority of organisations are getting ratings of 4 and 5, (very useful) and this indicates that potentially many organisations have the capability to improve their IT strategy planning process.

A CRM system is introduced into an organisation as a means to enhance the relationship between the customer and the organisation. From here policy is set and followed. A companies CRM system is used to provide and assist with benchmarking, and the data involved is very critical to best practices being set and followed. The issues found to be involved in CRM and IT strategy planning, are related together and stated below:

- Knowledge Management
- Competitive Advantage
- Issues in relation to Quality and Value
- Finance
- Marketing
- Strategy
6.3.3 Factors Impacting on Usefulness

An interesting finding from the survey is that very few of the survey factors were found to have a statistically significant effect on the overall usefulness. This indicates that getting usefulness for the IT strategy planning process, from the CRM system is a complex activity. A more detailed survey or qualitative methods needs to be used to look at the phenomenon. For example, the involvement of the CRM Manager in the IT strategy planning process had no effect on the overall usefulness, which is definitely a counter-intuitive result.

6.4 Other Findings

This section discusses other issues that came up in the survey results from the respondent organisations. While not directly related to the research questions it does provide some background to the survey respondents.

6.4.1 Business Strategy

Organisations are seeking to provide a unique and different service in relation to their competitors. Thus product differentiation is the main competitive strategy used by organisations. Organisations are also trying to establish themselves as the main competitor in their respective industry, or are trying to be the number 1 player in an industry. Thus niche product differentiation is closely followed behind product differentiation.
Organisations are providing goods and services to their customer base. How CRM relates to the IT strategy planning of an organisation is that products are developed by organisations, as a means to help leverage competition against fellow competitors in a respective industry. Organisations seek to create and provide a unique product or service, in which gains the attention of customers, thus enabling for better customer retention and focus. This is achieved through a CRM system being implemented into an organisation and working alongside an IT system. From providing goods and services to customers, organisations are in a better position to develop and maintain a competitive advantage. Also organisations are also in a better position to improve recruitment functions in an organisation.

6.4.2 Organisational Effectiveness of IT Functions

The organisations overall viewed themselves as reasonably effective in the performance of the standard IT functions, with managing IT infrastructure being the one they considered themselves most effective in. It is interesting to note that few organisations rated themselves as very effective in any of the IT functions.

6.5 Response to Literature Review

The response to the literature review describes the facts in which are discovered about CRM and IT strategy planning. It identifies differences and similarities of CRM and IT strategy planning.

6.5.1 CRM

In regards to CRM, the theory and results from industry have produced interesting findings. The theory of CRM does not match up to results in industry, as organizations are using CRM systems to improve relationships with other
organisations. This is mainly the case with suppliers of an organization. The similarities of CRM are that of reduced costs to an organization, as well as improving customer relationships, improving product innovation, and to get specific customized outputs from the CRM system.

6.5.2 IT Strategy Planning

In regards to IT strategy planning, the theory and results from industry have produced interesting findings. The theory of IT strategy planning does not match up to results in industry. Organizations are using IT strategy planning to improve the size of their market share, in a given industry. This is mainly the case with suppliers of an organization. The similarities of IT strategy planning are that organisations are using IT strategy planning to plan projects, train staff, and to improve functionality within an organization.

6.6 Recommendations

The following section describes the recommendations for CRM and IT strategy planning. As this section explains the results of the survey, in which are tentative. This should be considered when associating the recommendations.

I.T Strategy Planning Recommendations:

- Create a custom IT system for organisation
- Hire experienced programmers
- Hire trainers for training
- Use scalable IT equipment (hardware and software)
- Carry out cost benefit analysis
- Ensure that project is supported by management
- Useful for organisations trying to enhance market share in industry
CRM Recommendations:

- Useful with organisations with large no of employees
- Leads to improved product innovation
- Increase in customer satisfaction
- Increase in customer service
- Implemented for long term benefits

6.7 Limitations of the Research

There are limitations placed on this thesis. The first limitation is that only Australian companies participated in the survey. Thus no overseas companies participated in the surveys of this thesis. Thus all overseas information comes from second hand sources. The second limitation is that of resources. The author of this thesis only had one other person helping the author, in which was his academic supervisor. Thus human recourse assistance was limited. The third limitation of this thesis is that of money. A budget of $2000 AUD was set aside to pay for all expenses in relation to this thesis. Expenses include stamps, printing, and envelops. The global financial crises may have impacted on the availability of funds.

6.8 Conclusion

This chapter of the research thesis has described and much as possible the findings of CRM systems and IT strategy planning systems. CRM systems, has its origins in the USA, from a retail point of view. However in combination with sum IT tools and techniques, organizations and industries are able to provide better products and services to their customers.
In the next chapter of this research paper, the research question will be discussed and a conclusion can be better established.
Chapter 7 Conclusion

This section of the research paper provides a summary for answering the main research question. It also provides some information in regards to outlining some possible ideas about the direction of research, in the areas of IT strategy planning and CRM.

This chapter concludes the thesis and presents an overview of the results that have been obtained through the research paper. It also discusses possible further research in this area.

7.1 Answer of the Research Question

The challenge of this thesis was to test and find out about the following question:

*How can CRM technology can be used to improve an organisation’s IT strategy planning?*

The overall answer to this question is that organisations can use the outputs from their CRM system, as a valuable input into their IT strategy planning process. This is a far from inevitable outcome for an organisation implementing a CRM system. While some organisations achieve a positive outcome, many organisations don’t find significant effects on the IT strategy planning process from the use of CRM outputs. This indicates that the process by which the two interact is quite complex, which is strengthened by the results of the analysis.
7.2 Impacts of CRM and IT Strategy Planning

From the research conducted in this thesis, there are a number of benefits in which organizations can receive from CRM systems and from an IT strategy planning system. They are:

- Better Innovation of products (Major)
- Competitive advantage (Major) - Important
- Larger Sales (Moderate) - Important
- Better Reliability (Moderate)
- Better Profits (Moderate) – Very Important

In closing it has been accepted that in order for a competitive advantage to be derived in an organisation, it is essential that organizations are able to keep up with the developments of technology. Organisations are able to put the technologies into best practice for the specific requirements of their organization.

At the end of the day it is the organizations who understand CRM and IT strategy planning are the organizations, that will shape the future of business and the global marketplace.

A lot of information has been talked about and established in this thesis. By looking at the findings of the research survey, a link between CRM and IT strategy planning system of an organization has been established. What has happened by successful organizations is that, organisations such as Amazon.com, and Dell, is that they have continued to implement new product innovations to keep their organizations competitive. Some of the benefits organizations have achieved by investing in a CRM system is to reduced costs, increase sales, and to establish a competitive advantage in their respective market sector.

It establishes a link between CRM and the IT strategy planning system of an organization. One of the key areas in which allows an organisation to develop a competitive advantage, is through research and development. The area of research and
development (R&D) involves the hiring of researches who are able to work in specialized areas of research and who understand the concepts, and can develop new products and services for an organization. The hiring of researchers is a joint relationship. Organisations now work in a flat world, in which the world is now dominated by IT, and that it is more competitive then ever before. From a time point of view, every second of the day is now being used, as a means to get more out of their workforce from organizations. Organizations understand that their will always be new companies entering the marketplace. One of the key criteria to ongoing competitive advantage is the area or R&D, or in other words product innovation.

In summary, this thesis has made an important contribution to the field of research of information technology. The sub topics of this thesis are CRM, IT strategy planning, selling, and competitive advantage. By reading this thesis it provides more understanding, development and knowledge to the research community. This thesis enables organizations to understand, develop, and promote a competitive advantage to current and future businesses.

### 7.3 Future of CRM

The future of CRM is very exciting. At the present moment in time, organizations are coming up with new techniques to get the customer to make a purchase. At the current moment the general public can virtually build a car, via a car manufactures website. At the current moment a car manufacture builds and assembles cars at a car manufacturer’s plant, and then ships the cars to their dealerships. This is fine for the time being. But buy doing this, car manufacturers are building unnecessary road vehicles, in which are unwanted by the car manufacturer and by the general public. The only way these overproduced cars can be sold, is by heavily discounting them. Thus car manufactures are wasting factor/operation time and labour costs, as well as losing on profit margins.
The future of CRM lies in the ability to transform data into "real time" manufacturing within an organization. With Dell computers for example, you can build your own computer and have it delivered to your door within 24 hours. By having "real time" capabilities, it means that car buyers can design, pay, and track the status for their new car. The car manufacture will be able to assemble the car via its manufacturing plant, and then ship the car to the customer, thus minimizing waste.

By having data in "real time" for organizations, it means that it allows consultants more time to prospect new customers for products and services. Having more consultants in the field can be a good thing, as staff members have the ability to do more with less in relation to time wasting. Having "real time" data in a consultants hand, also promotes the accuracy of information, in which the clients/customer data is up to date.

The future of CRM as a tool for IT strategy is bright. It will be the organizations that make the correct management decisions, and who use the full potential of CRM systems to their advantage, are the organizations that are going to shape the future.

### 7.4 Future of IT Strategy

An IT strategy for an organization is about trying to enhance the relationship between customers and their products. This is achieved through technology. What is important for organizations to understand is that their technology requirements will change over time, as their customers informational database will change. In order to help get ahead of other firms, organizations must forecast the needs and requirements for these future services. This is not easy, but with support from senior management it is possible to forecast future services for their customers.

In relation to IT business strategy planning, the fundamentals of business have not changed. Customers are required to build a business, and employees are required to help run the business. However what needs to be improved by organisations is that of decision making, networking, planning, and forecasting. If organizations are not in a strong financial position, then it may be a good idea for organisations to have joint ventures to help share the innovation costs of technology. Thus in conclusion it is up
to the basic human skills of decision making, networking, planning, and forecasting that can improve the quality of an organizations IT strategy.

7.5 Research

The purpose of this thesis is to find out information about CRM systems and IT strategy planning. From here this thesis is to discover if there is a link between CRM systems and IT strategy planning through research (surveys). This thesis was successful in achieving its goal. The conclusion of this thesis is stated below.

7.6 Further Research

Overall, while the thesis provides interesting data on the linkage between CRM and IT strategy planning. The complexity of both topics covered in this thesis makes this research paper interesting. The only thing that could have been done differently was the length of the survey and the type of questions asked to organisations.

7.7 Limitations of the Research Method

In regards to this thesis there are some restrictions placed on this thesis paper. What has happened in regards to the development of thesis, is that the mailing list was provided by RMIT University. The mailing list has been provided, and is based upon past relationships built by the university. The organisations involved may or may not have any business association with the university, and may have some business or professional links with the university. The second limitation of this thesis, is that surveys were submitted in a hardcopy and electronic format, in which is due to budget restrictions. A larger sample size would have been better, however in reality, due to financial restrictions at the time of this thesis, the sample size is limited. This is the reason as to why focus groups were not conducted for this thesis. The final restriction of this thesis, is that other informational questions had been rejected by the university’s ethics committee, as it would have required confidential corporate information to be accessed, in which is understandable. Thus more information or data is welcomed in the area of CRM and IT strategy planning. The accuracy of the data presented in this thesis is certified.
In conclusion, the IT strategy planning system of an organization can be used to establish, develop, and maintain a competitive advantage for an organization. CRM systems are an important component of IT, and more importantly IT strategy. CRM’s objective is to increase the proficiency and productivity in business. CRM systems can be integrated with the IT strategy of an organization. The IT strategy element best describes the human element of IT, in relation to training. CRM in conjunction with IT strategy helps facilitate better effective communication in an organization. From here the decision making process can be improved, as well as the situation awareness of an organization, in their respective marketplace. Vertical and horizontal are established concepts in business. However what CRM and IT strategy linkages promote, is that it defines backwards integration for a business, as well as to help support the strategic market position of an organization. Costs in an organisation can be reduced, and "value added" can be concentrated on for an organization, to achieve a sustainable competitive advantage.

What CRM and IT strategy does at a system level is that it helps to better understand the concepts and principles of these two sub topics in the umbrella of IT. In conclusion the implementation of a CRM system into an organization is worth the expense. The implementation of CRM into an organisation does lead to a competitive advantage, and can be adopted by organizations. In summary, it’s worth it.
References


Smaczny, T (2001). 'Is an alignment between business and information technology the appropriate paradigm to manage IT in today's organisation?', vol. 39, no. 10, pp. 797-802.


Appendix A – Survey Instrument

School of Business Information Technology
CRM as a tool for IT Strategy Planning
Survey

The questionnaire will take approximately 15 minutes to complete. The survey can be returned by placing the completed survey in the supplied postage-paid envelope. You can also choose to complete the survey online at:

http://www.surveymonkey.com/s.aspx?sm=XO4LdWkHP8wLj_2b_2b_2bfflPTQ_3d_3d

Section 1: Demographics

Q1) What is your position in the organisation? (please fill in)
______________________________________________________________________________

Q2) What is the name of your organisation? (please fill in)
______________________________________________________________________________

Q3) What type is your organisation? (please tick one box)

a) Government Organisation
b) Statutory Authority
c) Private Company
d) Government Owned Company
e) Other: (please fill in below)

Other: __________________________________________________________________________
______________________________________________________________________________

Q4) How many people does your organisation employ? (please tick one box)

a) 1 – 5
b) 6 – 25
c) 26 - 100
d) 101 – 500
e) 501 - 1000
f) 1001 – 5000
g) 5000 +

Q5) What industries does your organisation operate in? (please tick all boxes that apply)
Section 2: CRM Usage

Q6) What CRM system do you have? (please tick all boxes that apply)

- In-house developed
- SAP/R2
- SAP/R3
- Microsoft CRM
- SEBEL
- NetSuite CRM+
- Maximizer CRM
- Other (Please fill in below)

Other: _______________________________________________________

Q7) How long is it since you implemented your current CRM system? (please tick one box)

- Less than 1 Year
- 1 - 2 Years
- 3 - 4 Years
- 5 Years plus

Q8) Overall how effective do you think your organisations use of CRM is? (please fill in)
Q9) Please indicate whether your CRM system benefits your organisation in the following ways? (please fill in)

<table>
<thead>
<tr>
<th>Benefit</th>
<th>No Benefit</th>
<th>Major Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Shared or distributed customer data</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>b) Cost reduction</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>c) Better customer service</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>d) Increased customer loyalty</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>e) Increased customer satisfaction</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>f) Better customer retention</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>g) More repeat business</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>h) More new business</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>i) More profit</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>g) Other: (Please explain)</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
</tbody>
</table>

Other: ______________________________________________________________________________
______________________________________________________________________________

Q10) Please indicate the level of importance of the following CRM functions to your organisation?

<table>
<thead>
<tr>
<th>Function</th>
<th>Not Important</th>
<th>Very Important</th>
<th>Do not use at all</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Staff Management</td>
<td>1 2 3 4 5</td>
<td>5 x</td>
<td></td>
</tr>
<tr>
<td>b) Lead Generation</td>
<td>1 2 3 4 5</td>
<td>5 x</td>
<td></td>
</tr>
<tr>
<td>c) Sales Management</td>
<td>1 2 3 4 5</td>
<td>5 x</td>
<td></td>
</tr>
<tr>
<td>d) Customer Service Management</td>
<td>1 2 3 4 5</td>
<td>5 x</td>
<td></td>
</tr>
<tr>
<td>e) Process Management</td>
<td>1 2 3 4 5</td>
<td>5 x</td>
<td></td>
</tr>
<tr>
<td>f) Report Management</td>
<td>1 2 3 4 5</td>
<td>5 x</td>
<td></td>
</tr>
<tr>
<td>g) Analysis Management and Forecasting</td>
<td>1 2 3 4 5</td>
<td>5 x</td>
<td></td>
</tr>
<tr>
<td>h) Other: 1 __________________________</td>
<td>1 2 3 4 5</td>
<td>5 x</td>
<td></td>
</tr>
<tr>
<td>i) Other: 2 ___________________________</td>
<td>1 2 3 4 5</td>
<td>5 x</td>
<td></td>
</tr>
<tr>
<td>j) Other: 3 ___________________________</td>
<td>1 2 3 4 5</td>
<td>5 x</td>
<td></td>
</tr>
</tbody>
</table>
**Q11)** How much of a problem are the following issues in relation to your use of your company’s CRM system? (please fill in)

<table>
<thead>
<tr>
<th>Issue</th>
<th>Not a Problem</th>
<th>Major Problem</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Lack of Training</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>b) CRM system not supported by management</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>c) CRM system not used</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>d) Not enough information about CRM system for users</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>e) Over budget</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>f) Other: 1</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>g) Other: 2</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>h) Other: 3</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
</tbody>
</table>

**Section 3: IT Strategy Planning Process**

**Q12)** How often does your organisation update its IT strategy? (please tick one box)

- Every Year
- Every 2 Years
- Every 3 Years
- Every 4 years
- Greater than 4 years
- Other: (Please explain)

Other: ______________________________________________________________________________
______________________________________________________________________________
Q13) Rate the importance of each of the following uses of IT in your organisation?  (please fill in)

<table>
<thead>
<tr>
<th>Use of IT</th>
<th>Not Important</th>
<th>Very Important</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Get a complete picture of your customer</td>
<td>1 2 3 4 5</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>b) Connect and streamline your business</td>
<td>1 2 3 4 5</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>processes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) Take advantage of smooth integration with</td>
<td>1 2 3 4 5</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>other IS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d) Work beyond the reach of your network</td>
<td>1 2 3 4 5</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>e) Customize and integrate with other products</td>
<td>1 2 3 4 5</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>and services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>f) Other: 1__________________________________</td>
<td>1 2 3 4 5</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>g) Other: 2__________________________________</td>
<td>1 2 3 4 5</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>h) Other: 3__________________________________</td>
<td>1 2 3 4 5</td>
<td>x</td>
<td></td>
</tr>
</tbody>
</table>

Q14) How important are the following aims in formulating your company’s IT strategy?  (please fill in)

<table>
<thead>
<tr>
<th>Aim</th>
<th>Not Important</th>
<th>Very Important</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Get a complete picture of your customer</td>
<td>1 2 3 4 5</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>b) Aligning IT resources with business goals</td>
<td>1 2 3 4 5</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>and direction</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) Leveraging IT to drive innovation and</td>
<td>1 2 3 4 5</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>revenue growth</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d) Developing operational changes that can</td>
<td>1 2 3 4 5</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>reduce costs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e) Improving the effectiveness of IT</td>
<td>1 2 3 4 5</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>service delivery</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>f) Other: 1________________________________</td>
<td>1 2 3 4 5</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>g) Other: 2________________________________</td>
<td>1 2 3 4 5</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>h) Other: 3________________________________</td>
<td>1 2 3 4 5</td>
<td>x</td>
<td></td>
</tr>
</tbody>
</table>
Q15) Which of the following roles in your company are involved in the I.T strategy planning process? (please fill in)

<table>
<thead>
<tr>
<th>Role</th>
<th>Not Involved</th>
<th>Very Involved</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) CRM Manager</td>
<td>1 2 3 4 5 x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) CIO</td>
<td>1 2 3 4 5 x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) CEO</td>
<td>1 2 3 4 5 x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>d) Board Members</td>
<td>1 2 3 4 5 x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>e) IT Operation Staff</td>
<td>1 2 3 4 5 x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>f) Business Operation Staff</td>
<td>1 2 3 4 5 x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>g) Other: 1 __________________</td>
<td>1 2 3 4 5 x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>h) Other: 2 __________________</td>
<td>1 2 3 4 5 x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>i) Other: 3 __________________</td>
<td>1 2 3 4 5 x</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Q16) What IT techniques does your organisation use in relation to their IT strategy? (please fill in)

- IT Portfolio Management □
- Knowledge Management □
- Business Intelligence □
- Benchmarking □
- Other: (Please explain) □

Other: ______________________________________________________________________________
______________________________________________________________________________
______________________________________________________________________________

Section 4: Business Capabilities

Q17) What is your organisation’s primary competitive strategy? (please fill in)

- Price Leadership □
- Product Differentiation □
- Niche Product Differentiation □
- Niche Price Leadership □
- Other: (Please explain) □

Other: ______________________________________________________________________________

______________________________________________________________________________
______________________________________________________________________________
Q18) How effective is your organisation in the following areas? (please fill in)

<table>
<thead>
<tr>
<th></th>
<th>Not Effective</th>
<th>Very Effective</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Developing IT Systems</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>b) Managing IT Infrastructure</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>c) Outsourcing IT Functions</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>d) IT Governance</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>e) Targeting areas in which IT can add value</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>f) Introducing areas in which IT can add value</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>

Q19) How important are each of the following issues when your organisation develops its IT strategy? (please fill in)

<table>
<thead>
<tr>
<th></th>
<th>Not Important</th>
<th>Very Important</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Collaboration between IT and business operations</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>b) Integration between IT strategy and business strategy</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>c) Business Innovation</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>d) Multi year planning</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>e) Opportunities to use emerging technology</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>f) IT capabilities of competitors</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>

Q20) Overall how strongly aligned to your business processes is your IT strategy planning? (please fill in)

<table>
<thead>
<tr>
<th>Not Aligned at All</th>
<th>Strongly Aligned</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 2 3 4 5</td>
<td></td>
</tr>
</tbody>
</table>
**Section 5: Linking CRM to your IT strategy planning**

**Q21)** How useful are the following outputs from your CRM in the I.T. strategy planning process? (please fill in)

<table>
<thead>
<tr>
<th>Output</th>
<th>Not Useful</th>
<th>Very Useful</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Analysis of customer interaction</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>b) Customer profiles</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>c) Customer complaint data</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>d) Sales data</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>e) Data on reliability of products/services</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>f) Customer forecasting</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>g) Staff performance data</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>h) Other: 1_________________________</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>i) Other: 2_________________________</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>j) Other: 3_________________________</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>

**Q22)** Overall how useful is your CRM system in assisting your IT strategy planning? (please fill in)

<table>
<thead>
<tr>
<th>Not Useful</th>
<th>Very useful</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 2 3 4 5</td>
<td></td>
</tr>
</tbody>
</table>

The information you provide will be treated in the strictest confidence. No individual will ever be identified. It may be used from time to time, but only for RMIT University related communications, or research. If you have any questions please contact Omar Peasnell at s2163700@rmit.edu.au or Dr. Martin Dick at martin.dick@rmit.edu.au.

I would like to receive a copy of the results of this research  Yes ☐  No ☐

If Yes, Email Address or Postal Address:

______________________________________________________________________________

______________________________________________________________________________