

Selecting a Marketing Database Solution

If you're in the market for a marketing database – whether you'd like to have one or don't like the one you have – then you need to read our primer on how to choose the best solution.

SECTIONS	PAGE
I. Team Approach	1
II. Selection Process	2
III. Lessons Learned	5
IV. Outsourcing the Sourcing	7

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Have you built your case, yet?

Before you even think about shaking hands with a marketing database vendor, you have to secure nodding heads on a CRM business case.

Put another way, unless you have built, presented and sold your company on the need for customer-based initiatives, then your efforts to find and implement a marketing database will not yield the ROI you're seeking – and that you will ultimately be accountable for.

Download our FREE white paper on how to build a successful business case at customer.com.

A marketing database coupled with the right partner, the right tools and the right plan can become the very backbone of your customer initiatives — or the very bane of your existence. A marketing database represents a significant investment of time and money, so a careful, thorough assessment of options is required.

Following is a framework for consistently evaluating potential vendors and their respective solutions. The process uses CCG's proprietary DBMS Evaluator Tool (available for download at customer.com), delivering an efficient, at-a-glance format for comparison of key characteristics important to your company and objectives.

I. Team Approach

Before getting started, you'll want to establish a multidisciplinary team to ensure that every stakeholder's needs will be met. Typical teams include an executive sponsor (often the same champion used in building the business case for CRM), plus one or more representatives from the marketing and IT departments. Ideally, one representative will be management level and understand the goals and management needs of the affected departments. The other representative will be a staff-level person who not only understands the minutiae of daily operations, but who can also represent the technical requirements and support needs of their peers. The management-level marketer usually drives the process since they're usually accountable for meeting business requirements.

As you establish your team and member roles and responsibilities, it's important to evaluate how much time can realistically be dedicated to the process. If you plan to do the work without the help of a third-party consultant, the process will take, on average, three to six months depending on the scope and complexity of your needs and whether the selection process needs to fit within team members' core job responsibilities.

Selecting a Marketing Database Solution

This is the single-most important step in vendor selection as it will drive your selection criteria and form the basis of the Request for Proposal (RFP) you'll submit to vendors.

II. Selection Process

Step 1: Define business requirements

Once the team is ready to hit the ground running, the real work begins: you need to detail and document the business requirements, technical needs, project scope and project goals, including an ROI model. This is the single-most important step in vendor selection as it will drive your selection criteria and form the basis of the Request for Proposal (RFP) you'll submit to vendors.

A high-level view of fundamental tasks follows, but it is not an all-encompassing list.

- **Scope.** Identify the key business processes the marketing database will facilitate, the functionality used by each end user, and the importance and frequency of use of each process. Next identify and prioritize mandatory and optional features, such as segmentation, customer profiling, list output, campaign management, analysis and reporting.
- **Technology.** Identify technical infrastructure requirements, including existing infrastructure along with any future IT strategies or enhancements. Also detail hardware/software/operating system specifications for servers, LANS/WANS, and user desktops and laptops.
- **People.** Identify and interview key stakeholders — especially all potential end-users — to understand long-term goals and daily operating needs. You'll also need to understand each users' job responsibilities, reporting requirements, and computer skills and experience.
- **Data.** Specify the data elements required by the system to support the business processes. Also identify data migration requirements and data distribution rules and methods.
- **Resources.** Identify required resources, including support, staffing, policies, procedures and training.

Step 2: Narrow the field

There are dozens of marketing database solutions on the market — so being able to winnow down the list will save time and your sanity. The goal is to narrow the field to three to five solutions/vendors that broadly fit into your business requirements, service expectations and budget parameters. Start by compiling a longer list of approximately 10 to 12 solutions/vendors from recommendations, prior experience and first-hand research. Then narrow the field by quickly answering these key questions:

1. Can the vendor provide ongoing management of our marketing database or will it simply provide services around a system that we manage?
2. Does the vendor have experience designing and managing the type of marketing programs that we have in mind?
3. Does the vendor utilize a specific technology platform or can it support technology platforms we designate?
4. What other value-added services can the vendor provide, such as database marketing strategy and analytical services?
5. Does the vendor have particular experience in our industry? Will it bring best practices to bear?

Selecting a Marketing Database Solution

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If narrowing the list at this stage proves challenging, or you have not fully refined your business requirements, you may also choose to view demos at this stage. This allows you to better understand the high-level capabilities of each vendor's solution and helps you continue to build and refine your business requirements.

Step 3: Issue an RFP

Once you've identified the three to five vendors that fit your general criteria, develop and send each a Request for Proposal (RFP) using your business requirements document created in step 1. As part of the RFP, also include a request for references, a submission deadline and a suggested demo date and guidelines with scripted scenarios so all vendors can show how they would use their solution for a specific business problem.

Step 4: Evaluate each company

Once all RFP responses have been received, you'll need a way to objectively, efficiently compare how well the vendor meets your key criteria. CCG's proprietary DBMS Evaluator Tool (available for download at customer.com) offers a streamlined, at-a-glance view that can be customized to your company's particular needs. The tool helps you rank each vendor/solution using a weighted scale you define, with more weight being given to those functions/features necessary for meeting your company's goals and achieving ROI. With a product as commoditized as a marketing database, using a weighted formula may better help you see the critical differences between options.

There are five overall characteristics included in the tool, each with a list of functions, features and services you can customize to your needs. Below is a sample of the typical criteria we use in matching clients with the appropriate marketing database vendor/solution.

- **Software functions and features** such as query and analysis, segmentation, analytics, modeling, reporting, campaign management, triggers, export/extract tools, client/server architecture, program interface, data load/update, etc.
- **Company stature and expertise**, including such things as stability, size, culture, responsiveness, reputation and servicing philosophy, plus (the company's) particular experience in your industry. This gives you a feel for whether the vendor will be a good "fit" with your company.
- **Services provided** such as database design and build, data hygiene, data enhancement, hosting/access, data security, disaster recovery and — perhaps most important — client and technical support. No matter how good the technology is, your marketing database solution faces potential failure without adequate support from your vendor. It is imperative to understand your company's resources, and its strengths and weaknesses so you can match them against those offered by the vendor. When looking at support offered, interview both the implementation team and the ongoing support team.
- **Pricing**, including initial costs, ongoing costs, maintenance fees and potential out-of-scope costs that may arise such as business process consulting, pilot or proof-of-concept stages, configuration and customization. You can reduce risk in the latter by making sure that the vendor's product is highly customizable using simple end-user tools. Very little, if any, work should be done on the core product at code level, and customization should be limited to screen design, workflow, and database additions and modifications.

Selecting a Marketing Database Solution

After all the information gathering and homework, many companies find that they have to rely on vigorous debate, gut instinct and, more practically, price.

- **Product emphasis/market positioning** of the solution/vendor relative to your business needs. For example, one vendor may position its solution as a marketing analytics tool, whereas your needs may require more emphasis on campaign management. By understanding what the vendor deems as the best capabilities of its solution, you will gain a clearer picture of where it focuses its efforts.

Step 5: Tally the results

Once you've graded each vendor using an evaluator tool, you may find that the solutions may look similar. This is where the references can help. As you conduct reference interviews, ask whether the implementation was successful in terms of timeliness and cost, whether the solution lived up to expectations, if the client experienced quick wins during the implementation, and how they would characterize the relationship between themselves and the vendor team.

After all the information gathering and homework, many companies find that they have to rely on vigorous debate, gut instinct and, more practically, price. If you find you still need another perspective, consult expert resources such as Forrester and Gartner, or tap the expertise of a marketing database consultant (if you haven't already).

Step 6: Make a recommendation

As a final step to the selection process, make a formal recommendation to secure approval and funding. As part of your recommendation presentation, you may want to ask the vendor to conduct a second demonstration so decision-makers can see the solution first-hand. Work with the vendor to ensure the presentation is tailored to the particular needs of the audience. You can also use our DBMS Evaluator Tool as it provides a simple, high-level summary of each option.

Selecting a Marketing Database Solution

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III. Lessons Learned

Selecting a marketing database solution can be a long, tedious process — and it's no surprise that there's more to it than just comparing technology.

Here, we share 10 best practices for selecting a marketing database solution, borne of our thinking and researching, successes and challenges.

1. **Simplify the approach.** There is nothing simple about comparing one marketing database solution (or vendor) to another. So anything you can do to make the process go more smoothly will be a boon to your efforts. To create our own marketing database solution, we fine-tuned a six-step process using an evaluation tool we'd developed through helping our clients find the right database partners and marketing solutions. The process itself helped us execute a thorough search, and the evaluation tool allowed us to compare vendors and their products in an objective, straightforward manner.
2. **Make sure you have executive backing.** If you don't have buy-in from the top down, you won't be able to get and maintain the funding and support needed to get value from your marketing database or your data. One specialty-clothing retailer bought a solution and trained associates, then never actually implemented the solution because senior management didn't see the value.
3. **Be diligent when developing business requirements.** This is the starting point for all your efforts, and it's key to helping you get what you need for where your company is today as well as where it's going tomorrow. Be sure to gather the requirements from all areas of your company — marketing, IT, finance, operations, merchandising, etc.
4. **Don't be swayed by big name solutions that have functions you don't need,** will never use and that require extensive training. One national grocery chain's system was so complex, only the IT department could use it, which meant the marketers got the information too late to react effectively.
5. **Make sure the vendor gets marketing.** Many databases and tools are developed by, well, data experts with little understanding of the data points you need to collect, how you need to manipulate them and how you intend to use them. A specialty apparel retailer chose a vendor that did not understand its marketing needs so the retailer was unable to access and view the information in a way that was actionable.
6. **Evaluate the interface and tools carefully.** To be an effective customer-focused company, you need to be able to access and disseminate the data in close to real-time. And that requires intuitive, user-friendly interfaces, reporting and tools. Be sure the demo addresses your specific needs by asking the vendor to run through a real example, showing you how it would solve a business problem.

Selecting a Marketing Database Solution

The character and culture of the company are as important as the software itself. You want to ensure their philosophies align with yours and that you'll receive the level of support your relationship requires.

7. **Consider support carefully.** One gift retailer we worked with chose a big-name marketing database provider, only to find they were considered too small an account to get the level of service and support they needed. The character and culture of the company are as important as the software itself. You want to ensure their philosophies align with yours and that you'll receive the level of support your relationship requires.
8. **Understand the pricing structure.** Some clients we've worked with have had to limit the amount and type of data collected because the pricing was tied to the number of transactions — and they were in a high transaction environment.
9. **Sell the system to stakeholders.** Be sure to involve end users in the upfront business requirement planning and the vendor demonstrations. This ensures they've had a chance to voice their needs and concerns, and it goes along way toward securing their buy-in on the final decision.
10. **Consider outside help.** The stakes are high in terms of time and money invested in a typical marketing database, so consider working with a consultant with experience in evaluating business requirements, technology and intangibles.

Selecting a Marketing Database Solution

Some organizations find that there's just too much at stake, or they have too little time or expertise to get the job of selecting a database vendor/solution done effectively.

IV. Outsourcing the Sourcing

Whether it's the time, expense, heartburn or headache caused by selecting a marketing database vendor/solution that has you considering tapping a third party, rest assured, you're not alone.

Some organizations find that there's just too much at stake, or they have too little time or expertise to get the job of selecting a database vendor/solution done effectively. Yet it's also harrowing to leave such a decision in the hands of a stranger. Here, we offer some guidelines to help you decide whether working with a third party is right for your company.

First, the "why?"

Outsourcing the process of sourcing a marketing database vendor/solution allows you to:

- **Get it done.** Many companies cannot allocate the necessary time and/or lack the skills to manage the project and compare options.
- **Secure buy-in.** Paying a consultant tends to make the project a priority for everyone, particularly senior management.
- **Gain expertise that your company or project stakeholders lack** by drawing on the experience of someone who has matched similar organizations with systems in the past and knows what's available.
- **Receive an unbiased assessment** of the strengths and weaknesses of each vendor and how well their products will meet business requirements.

Next, the "why not?"

Using a third party does come with some risks, but knowing what they are can help you mitigate the impact. Typical risks include:

- **Fueled office politics.** The natural resistance to change can be heightened by the perception of interference from outsiders. This is another place where an executive-level sponsor can have a positive impact since people tend to fall in line when they know a decision comes "from the top."
- **Under-informed decisions.** The consultant may not understand the unique culture and needs of your company, so be sure to prepare them well and keep the lines of communication open. Also remember that a consultant's expertise cannot take the place of having a key stakeholder serve as advocate and champion of the process.
- **Giving up control.** The consultant should only facilitate the decision, not make it for you. Otherwise, your company and the project's stakeholders may not feel the ownership and commitment necessary to follow through with implementation.

Last, the "must haves"

Once you've made the decision to find a third party to help you make a match, start gathering recommendations from colleagues and begin evaluating your options based on the consultant's and/or company's experience in ...

- **Helping comparable organizations** solve similar problems and meet similar business requirements.

Selecting a Marketing Database Solution

It goes without saying that it pays to check references. In this case, you'll want a clear picture of the consultant's style, approach, flexibility, communication skills, ability to diagnose and troubleshoot problems, and ability to meet deadlines and work within a defined budget.

- **Assessing business processes**, database requirements and organizational effectiveness.
- **Working with committees** and facilitating group decision-making through objectivity and superior communication skills.
- **Evaluating and working with** a variety of marketing database vendors/solutions.

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Customer Communications Group, Inc. (CCG) pioneered the concept of relationship marketing more than 27 years ago and continues to prove its leadership position by delivering results that can increase sales 8 percent to 15 percent and generate 200 percent to 400 percent ROI.

As a full-service relationship marketing agency, CCG offers expertise in strategic consulting, analytical data services, database marketing, loyalty program development, creative concepting and execution, and print production and fulfillment.

CCG's progressive programs support the upsell, cross-sell, acquisition, activation and retention efforts of our Fortune 2000 clients, including A&P, Bank of Montreal (Harris Bank), Comerica, Countrywide Financial, General Motors, IBM, JD Edwards, Kohl's, Nordstrom, Payless ShoeSource, PETCO, Pier 1 Imports, SouthTrust and Wachovia Bank.

CCG has helped dozens of clients find marketing database solutions/vendors tailored to their unique company and industry needs. Call Greg Sultan, SVP and Strategist, to discuss how CCG can help you find a solution for your unique business challenges. **800.525.0313 x122** or via e-mail at: **greg.sultan@customer.com**.

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