

# Marketing Technology

## Making Connections, Keeping Clients

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# Guide to Evaluating and Buying ERM Solutions

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**T**he enterprise relationship management (ERM) marketplace has matured, and more options have become available. Firms that have answered the questions of if and when to invest in ERM must now also decide which solution is right for them.

This article is based on a series of interviews and surveys with firms that currently use ERM solutions, including 71 firms in the AmLaw 200, 15 firms with 100 to 250 attorneys and 11 firms outside the United States. Of the firms surveyed, 45 percent have used their ERM solution for over a year, and 25 percent have used their ERM solution for two or more years. The criteria for purchase differed depending on length of use, with recent buyers providing checklists and criteria they used to make their decisions and experienced ERM users providing criteria based on their successes and their frustrations. Across such a wide range of firms, the key buying criteria were remarkably consistent. In many cases, the details listed are direct quotes from the firms.

While this article was assembled in the summer of 2009, it's important to note that ERM is a product category that continues to evolve rapidly. Existing vendors are adding functionality several times a year, and other vendors continue to enter the marketplace with new products. The focus is on fundamental criteria that are core to the successful implementation, launch and adoption of ERM in every professional services

environment and therefore are likely to be relevant for a long period of time.

### **TOP 10 BUYING CRITERIA FOR ENTERPRISE RELATIONSHIP MANAGEMENT**

#### **1. Data Capture**

At a minimum, the ERM system must have the ability to analyze the five key data sources: e-mail traffic patterns; electronic address books and calendar appointments; phone system logs; time and billing systems and client relationship management (CRM) data. The e-mail component is the most important, because e-mail comprises the significant majority of communication. Thus, the ERM system must have the ability to analyze messages that were sent and received prior to installation (often called "historics"), and it must capture new messages in such a way that it does not miss communications that are quickly filed or deleted. The capture and analysis must be rapid enough that new data are included in the system within about a week. Configurations should also allow each data source to be included or excluded independently.

#### **2. Data Analysis**

This step is core to all ERM systems, and it is where the deep science lies. Because of the complexity and "black box" nature of the systems, it can be very hard for a firm to compare vendors. It might be the hardest aspect to evaluate, but here is a breakdown of the key areas to investigate:

- **Completeness** ERM systems first capture data, but how much does the system properly analyze? What percent of all e-mail messages, address books, etc. does the system use to build its relationship map and database? This is measurable. Vendors should provide accurate, dated measurements from their other installations, and they should agree to provide an audit measurement of your own installation to be sure it meets the expectations they set.
- **Scope** The system must have the capability to map all data. It must not be restricted to mapping data to a pre-existing list of managed contacts or companies, such as those that have been manually entered into the CRM system or other database. The value and benefit of ERM systems rely on their ability to map relationships to all companies and contacts.
- **Entity Resolution** ERM systems need to accurately match data elements from across data sources in order to resolve or “de-duplicate” them. For example, if the system sees that one user has an address book entry for “William Gates” and another user has e-mail correspondence with billg@microsoft.com, do those data points represent relationships with the same contact or two different contacts? What heuristics does the system use to accurately resolve data points while avoiding making incorrect matches?
- **Filters** Like the rest of us, ERM systems must deal with spam. They must filter it out of the relationship equation. Even valid messages must be properly filtered, or we would see a tremendous amount of colleagues with relationships to Amazon and eBay. Newsletters, bank statements and special offers should not be registered as relationships to Deloitte, Bank of America and Target.
- **Relationship Strength** All ERM systems measure the strength of each relationship. It is one of the breakthrough innovations and defining characteristics of ERM solutions. This relationship strength measurement should be directionally accurate, and this is one reason that the comprehensive data capture and proper entity resolution are so important. But ERM users state that it is much more important to have a complete set of relationships than an accurate measure of a fraction of them. Like the results of

a Google search, as long as the top five items listed are the most relevant, it doesn’t matter if No. 2 and No. 3 should be reversed. Vendors can claim their relationship measurement has better pinpoint accuracy than their competition, but this is an area where good enough is good enough.

### 3. Full-Featured Application Programming Interface (API)

The application must allow firms to bring the relationship data into their users’ workflow in an unrestricted and flexible way, whereas in the past, users had to go to an application to see and use the data of that application. Advanced firms are now bringing data together in powerful new ways, and soon every firm will be doing this. Client pages, practice area sites and marketing centers are examples that are already in widespread use. Some firms do this in portals (such as SharePoint), some in CRM, and some in Outlook or Notes. Next year, there will be new places the data needs to be accessible. The ERM system must provide a complete API that provides access to all data queries and enables firms to incorporate the ERM relationship information into whichever system their users need.

### 4. Interoperability and Compatibility

In addition to having a full-featured API that allows relationship data to be displayed where the firm wants it, the ERM system must be cross-compatible with the rest of the IT infrastructure. Nearly all software vendors have surrendered to the realities of the marketplace, and the days of “walled gardens” are mostly in the past. For ERM systems, this means their functionality must not be dependent on any particular platform. They should work equally well with all mail servers, all time and billing systems and all CRM systems. Also, the ERM system should not require any of these software systems in order to run or restrict the choice of mail platform or CRM, now or in the future. This commitment to platform independence leaves the firm free to adapt and adjust its infrastructure roadmap in future years.

### 5. IT Costs

As with all applications, the software license and maintenance costs are only part of the total cost equation. IT teams should ask vendors to detail the time requirements of their own staff (potentially the largest cost), the vendor services costs (for installation support and upgrades), and hardware costs. These can be verified with other firms already using the application. Other measurable items related to the costs are the uptime records of the ERM application, the type of continuous system monitoring that the vendor provides and the response time for issues.

### 6. Privacy

There is no single “right answer” on this topic. Each firm has a unique culture, and each firm will take its own approach to ERM

configuration. Indeed, an approach will evolve over time as the firm uses the system, gains comfort and discovers more use cases. The key is to look for broad flexibility in the configuration options of the ERM solution. The ERM should: offer every setting from double-blind requests to full information sharing; allow the settings for each user to be configured individually, so that some have greater visibility than others; offer users the ability to mark items private or to opt-out completely and offer administrators the ability to exclude specific sensitive data for a period of time or forever.

### 7. Enhanced Functionality

Every ERM system offers its own collection of value-added features, and there has been a lot of development in this area. Examples include:

- Exporting search results into preformatted reports for attorneys
- Exporting search results to Excel for additional analysis
- Adding contacts from search results to mailing lists
- Adding relationships directly to any CRM system
- Adding users' contacts from the ERM into their own address books
- Automated alerts for users when new relationships develop relevant to their key clients or prospects
- Automated reminders for users who are neglecting key relationships
- Automated notification for users who have relationships that aren't in their address books
- Automated updates for users who have outdated information for key contacts
- Integration with popular social network systems (e.g., LinkedIn)

### 8. Vendor Commitment

Vendors are racing each other to improve their ERM systems, and customers benefit from this. Ask each vendor to provide a list of releases from the previous 12 months and the key enhancements in each release. Read the release notes, and then review the release roadmap for the next 12 months.

### 9. Proven Implementation Success

Evaluate each vendor's experience implementing ERM in an environment like yours. Be specific about your challenges and your aspirations, and find out how the vendor has dealt with similar issues before. Ask what a vendor has learned about what works and what doesn't, and get the details of those experiences. ERM is not new, and there is an established field of best practices and experience. The vendor should bring that to you. Review specifics that the vendor can provide, such as launch announcements they have used at similar firms, cultural resistance they have encountered and overcome and their

methods and costs for ERM training. Ask the vendor for a sample of the regular audit reports they provide their clients, which should include usage logs and overall relationship statistics. Ask for benchmark numbers from other implementations so you will be able to measure your firm's numbers against them. Finally, review all the case studies the vendor provides to understand how the vendor creates value and measures success.

### 10. References

Your peers are the best test of reality. Trust, but verify, each vendor claim. Search the ILTA e-group archives. If you don't find an answer, ask around. Ask the vendor for a list of references in your city and a list of references for firms your size.

As firms are evaluating vendors as part of their ERM acquisition process, they will find that no vendor will score a perfect 10. This list is a starting point for firms to create their evaluation criteria and enable them to dig deep, peel back the onion and compare the products. This process will also allow firms to find out how intimately vendors really know their own products.

Not one of the firms interviewed mentioned price. Perhaps this is because it is too obvious to place on a list. So, we went back and asked them. One firm said: "I negotiate price after I pick my vendor. It needs to be reasonable, but it isn't how I choose. I didn't buy the cheapest car, and I didn't buy the cheapest house. We pick what works for us, within our price range."

ERM is a powerful technology that has seen a surge of adoption in recent years. Firms cite their need to focus on strengthening relationships with existing clients and shift their marketing mix towards business development efforts. While some firms have powerful business development programs that use ERM as an integral part of the process, many others admit that they are still learning how to do this and how to maximize their ability to use ERM systems.

Clearly, choosing the right ERM system is an important first step. Once acquired, ERM allows firms to implement new best practices in their business development and relationship management processes that were previously impossible. **ILTA**

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