

Enterprise Marketing Management (EMM) – Enabling World-Class Marketing

WHITE PAPER

What is Enterprise Marketing Management (EMM)?

Enterprise Marketing Management (EMM) is mission-critical enterprise software that enables more effective and efficient marketing. It is the engine behind powerful, high performance marketing. With the specific goal of helping marketers solve real business problems, EMM solutions give marketers the tools to develop deeper customer understanding, while delivering more personal and compelling marketing throughout the customer life-cycle. EMM improves an organization's ability to acquire, retain and grow customer value, establish the corporate value proposition and brand, as well as efficiently manage the strategic planning process and marketing resources including people, time, inventory, and content.

Why is EMM important?

Marketing is complex and mission-critical for nearly every organization because it is responsible for acquiring and enhancing relationships, driving customer understanding, and, ultimately, generating revenue. Marketing teams must truly understand customer needs, wants, interests, and behaviors and how they relate to the organizations' brand, product and service offerings to effectively target, win and grow customer value. Marketing is the brains behind all customer-focused operations, defining the most optimal interaction strategy for each individual over the customer lifecycle in order to achieve corporate goals and objectives.

Marketing consumes a significant amount of a firm's revenue – anywhere between 4 and 30% (Source: Intiqua, June 2002) depending on the industry. In fact, Global 1000 enterprises annually spend almost \$1 trillion in marketing (nearly 10 percent of total revenue) and roughly another quarter trillion dollars in producing and managing marketing output. (Source: Gartner, November 2002). Despite the significant amount of money spent on marketing, organizations are just beginning to leverage EMM technology to facilitate more effective and efficient use of marketing resources.

The organizations that have adopted EMM technology are reaping significant rewards that have a positive impact on marketing and bottom-line performance. For example, one of North America's premier financial institutions reduced marketing costs by \$3.5M CAD in the first year it used EMM technology. This same institution has also reduced marketing cycle time by 40%, increased customer loyalty scores by 6% and increased its brand preference by 22% while key competitors have declined by 36%.

As marketing power continues to shift to consumers, EMM technology will be required to compete effectively. Tools such as analytics, optimization, event-based campaigns and real-time offer personalization will be necessary to differentiate organizations and brands, maximize customer revenue and share of wallet, and retain and build a loyal customer-base. Technology to improve the efficiency of branding efforts, creative development and lead generation will make market leaders more agile and able to respond to changing market dynamics with marketing that is relevant and timely.

"World-class marketing organizations need EMM technology to define, plan, manage, implement and execute customer-centric marketing across all touchpoints,"
said Liz Roche, vice president and director of CRM Infusion at the META Group.
"With the growing complexity of marketing, now more than ever, organizations need EMM solutions to increase market share, customer loyalty and profitability."

Business Trends are Driving the Need for EMM

As the dynamic nature and complexity of marketing continues to grow, so do the demands to rapidly leverage customer intelligence to deliver more tailored customer experiences and marketing messages. This new reality requires companies to take a true customer-centric approach to the entire business process— from brand and product development to marketing, sales, fulfillment and service. This drives a greater reliance on the marketing organization to provide on-demand the actionable customer intelligence necessary to support customer-centric operations.

With more customer touchpoints, finer audience segments, and more products in the marketing mix the number of customer contact opportunities an organization has is growing exponentially. Organizations need EMM technology to effectively manage and define profitable, relevant customer contact strategies as well as improve the productivity, efficiency and measurability of the entire marketing operation.

Figure 1 - EMM Equation

$$\text{Touchpoints} * \text{Segments} * \text{Products} * \text{Opportunities} * \text{Time} = \text{Need for EMM Technology}$$

Consider this example: The credit card division of a large international bank is using EMM technology specifically to manage the growing complexity of its marketing activities. Since the introduction of a new flexible credit card that allows cardholders to pick and choose card features (i.e., rate, insurance, airline miles, etc.) the marketing possibilities and challenges faced by this organization has grown exponentially. The company now relies on optimization to determine offer bundles for each customer, execute event and scheduled campaigns, as well as track responses and overall performance across segments. With EMM technology, this bank is able to facilitate delivery of timely, targeted, and optimized offers, differentiating itself from its competitors, without increasing staff or marketing budgets.

In addition to managing complexity in today's tough economic environment, marketers need EMM solutions to make informed decisions, understand and evaluate critical success factors, demonstrate value to the organization, and justify budgets. Pre-defined and customer-defined key performance indicators (KPIs), such as ROI, response rates, and actual costs, available in EMM solutions allow marketers to measure and share results in real-time, increasing visibility into all planned and scheduled activities across the organization. This visibility not only provides the ability to track and report on expenditures and performance, it reduces marketing risk by enabling marketers to adjust and modify marketing strategies mid-course to maximize returns and minimize losses.

Using EMM technology, a US based mortgage division of a diversified European financial services provider, was able to minimize losses when it quickly identified a significant increase in mortgage holder attrition. After further investigation, the company determined that monthly programs targeted at mortgage holders were not effective in retaining customers. With mortgage rates changing almost weekly, the organization needed to respond faster to competitive market conditions to maintain its customer base. By leveraging templates, analytics, and automation found in their EMM solution the organization was able to combat competitive pressures and decrease attrition just in time.

Lastly, marketers need EMM to meet the challenges of growing consumer power and rising privacy legislation around the globe. In Europe and North America privacy legislation, do not call (DNC) lists, and consumer wariness continue to grow. "Thirty-three states have passed DNC laws and the remaining 17 states have legislation pending. 75% of the (North American) population is protected by DNC laws" (Source: Gryphon Networks, January 2003). The European Union's (EU) Data Protection directive outlines detailed requirements for how member states utilize and protect personal information. Marketers will be challenged as never before to find ways to attract the right customers and to keep their interest with highly targeted, attractive offers and communications.

This requires systems to manage the creative process, perform customer analysis, as well as coordinate and execute many smaller ads, events, and direct oriented marketing activities. Moreover, marketers will need tools to capture, manage and adhere to each customer’s privacy and communication preferences. Today many savvy marketers are already taking care to offer customers and prospects the ability to opt-in and out of communications as well as set channel preferences and thresholds for contact frequency. The complexity of this very fine tuned marketing begs for easy-to-use yet powerful and flexible marketing technology.

The bottom-line - to be competitive in today’s marketplace, win customer loyalty and share of wallet, organizations need EMM solutions to streamline processes, reduce time to market, optimize communications, increase response rates, minimize risk and ultimately deliver timely, impactful, and effective marketing programs.

What are the essential elements of EMM?

EMM technology provides support for the three key functions of a world-class marketing organization, 1) customer acquisition and relationship management, 2) strategic planning and resource management, and 3) brand and product management. All three functions require analytic capabilities such as powerful data mining, and optimization which form the bedrock of successful marketing.

Analytics and optimization – Predictive modeling, data visualization, and optimization are essential marketing tools that drive the effectiveness of the three core functions of marketing. They allow organizations to strategically develop and refine targeted marketing strategies that result in powerful marketing. EMM solutions provide predictive modeling and analytics to better understand customers – what they want and need as well as their likelihood to purchase certain products or respond to specific promotions. This customer understanding is a critical first step for developing effective, profitable marketing offers. Visualization capabilities make it easy to drill in on customer data, detect patterns and trends, and then use this analysis to drive targeted marketing programs.

"(We) expect enterprise vendors with weak marketing functionality to aggressively partner with analytics vendors to add depth to their solutions."
(Source – Datamonitor, February 2003)

A major telecommunications provider used predictive modeling and analytics to determine which customers were likely to not renew their cell phone plan. It is well documented that retention is a serious problem in the telecom industry with many companies losing 35% of their customer base yearly. By building a churn model, the telecom company was able to accurately predict which customers were likely to leave 90 days prior to doing so. Furthermore, the company was able to build segmentation models to better understand what was unique about the customers that were at risk. This information was then used to develop highly targeted communications and cell phone renewal offers. The result was a decrease in customer churn of 3% and a savings of close to \$5 million.

EMM solutions also provide optimization capabilities to determine the most optimal offers and communication strategies for each individual over time. With the built in analytics and optimization functionality included in EMM applications, organizations execute smart marketing, resulting in significant ROI. Using optimization, organizations can answer tough marketing questions such as how many and which customers should receive a specific offer to maximize profitability, what combination of offers should a customer receive if they are only eligible for two of four offers, and which customers should get which telemarketing offers based on limited call center capacity.

Strategic planning and resource management – To support the increasing complexity and real-time demands of marketing, companies require collaborative planning and workflow tools to shorten time to market and optimize the use of precious resources, including digital assets, people, money, and technology. Strategic planning and

resource management tools available in EMM applications enable marketers to define, coordinate, resolve, simulate, and monitor all marketing plans, programs and tasks including traditional direct mail campaigns, email marketing activities, advertising initiatives, brand awareness programs and PR strategies. Effective planning tools, at a minimum, should include workflow, status notifications, a customizable home page, marketing content management, automated approval processes, flexible metrics, real-time reporting and a robust calendar capability. After all, what good is it to be able to deliver targeted offers in real-time, if the method for creating those offers requires difficult manual processes that take weeks or even months?

"By 2007, MRM (strategic planning and workflow) will emerge as the dominant application to serve the broad day-to-day executional coordination needs of the marketing function."
(Source: Gartner, August 2002)

With the strategic planning and resource management tools found in EMM applications, organizations can now streamline processes by using automation as well as notifications and alerts to increase productivity and cost savings. These tools also increase visibility across the organization into the timing, budgets, planning, overlap, coordination and performance of all marketing programs as well as corporate accountability for each item. They provide the ability to measure and analyze results of all programs – advertising, events, PR, direct mail, etc. - against common, defined business objectives and metrics as well as facilitate coordination and collaboration across marketing plans. Organizations can capture, manage, and leverage intellectual property such as best practice templates across marketing efforts furthering cost savings, enhancing organizational knowledge, and providing effective tools for getting new hires up to speed. Additionally, marketing content management provides the ability to reinforce consistent branding across all touchpoints, channels, and markets for increased brand awareness and recognition in addition to enforcing adherence to corporate standards. Today's savvy CMO or head of marketing requires EMM technology to improve control and productivity within their organization.

Customer acquisition and relationship management – All marketing organizations focus on acquiring, retaining, and increasing the value of customers. To make sure customers remain loyal and become profitable, marketers must implement retention, loyalty, cross-sell, and continuity strategies in line with customer preferences and their potential value to the organization. As noted in the previous section, new regulations such as privacy laws and do not call lists are making it harder to execute these marketing efforts, especially for customer acquisition. Each new standard and rule must be abided by to build customer trust and on-going dialogs. Additionally, all communications delivered through acquisition and relationship building efforts must be personal and timely as well as consistent across touchpoints. With EMM solutions, marketers can define, plan, execute, and track customer-centric programs as well as implement best practices for honoring customer preferences and enforcing business rules across all marketing efforts. These programs result in increased customer loyalty, profitability, and marketing effectiveness.

The analytics inherent in best-in-class EMM solutions, as discussed above, enable the deep understanding of customers required to move towards micro-targeted acquisition and retention efforts. The automation provided through EMM's campaign management, including real-time execution and dialog-style marketing, empower marketers to execute against customer understanding in ways never before possible. Event-triggered and real-time capabilities available in campaign management applications and tailored to the web and other electronic channels make it possible for marketers to run strategic "lights out campaigns". These same tools enable marketers to monitor results instantly, as each response is captured, so that efforts can be rapidly evaluated and adjusted to continuously refine marketing strategies and enhance marketing performance.

Brand and product management – A brand is one of the greatest company assets. While the essence of a brand is built by the customer’s experience, creative representation is also critical. In order to maintain and build a brand, special attention must be paid to the messaging and corporate standards associated with the brand. The brand must be represented consistently across channels, media, geographies, and partners. Media, advertising, PR, and event management all work to build, promote and maintain effective branding. EMM tools facilitate this management.

Product launches are vital to the early-success of a product. The most successful launches demand a program of timely, relevant communications with customers and prospects to build interest and generate early sales. Launches require coordination, careful planning, date management, and predictable timing as well as management of and visibility into dependencies, multiple levels of approvals, and legal sign-offs. Launches also rely heavily on powerful branding and messaging that speaks to the customer. EMM applications empower organizations to more successfully manage brands and also plan, strategize, and analyze all aspects of a product launch from media needs to PR activities, to promotions management to time to market, costs, resources, and customer acceptance. Moreover, EMM tools ensure a consistent, repeatable process for managing both brands and products over time.

A large technology company purchased EMM technology to effectively manage and maintain its brand, streamline product launches and enhance marketing operations and communications within the organization. Specifically, planning and resource management is in use to improve business processes, streamline approvals and collaborate on a variety of launch activities. With EMM, the company is able to put formal marketing processes and best practices in place across the entire Business Unit, resulting in adherence to corporate branding rules and optimized, consistent processes for product launches. Prior to using EMM technology, the company had limited visibility into scheduled product programs as well as the dependencies and handoffs between each. To date, EMM technology has helped increase marketing velocity and productivity within the organization.

The ability to fully leverage the power of the brand and to deliver world-class product launches differentiates market leaders from laggards. EMM tools, including planning and resource management software, facilitate powerful branding and product management, by enforcing consistent branding, streamlining processes, reducing risk, and increasing the overall efficiency of product launches.

A complete set of functionality addressing all marketing needs from understanding your customers, to planning and executing marketing programs, to measuring and analyzing results is provided by EMM solutions. EMM technology coupled with the marketer’s creative know-how produces a competitive advantage, measurable business value, and long-term results for any organization.

How does EMM relate to CRM?

EMM is different from traditional Customer Relationship Management (CRM). It is a separate platform of enterprise applications focused solely on marketing. EMM technology must integrate with CRM to facilitate sharing of customer information and knowledge across an enterprise’s front and back office with integration to Sales Force Automation (SFA) and Call Center (CC) applications. CRM technology solutions are focused on front office Sales and Service operations.

"the first 'bridges' between the worlds of analytical and operational CRM have been built in the realm of marketing automation (MA), where campaign analysis and targeting can result in demonstrable revenue generation."
(Source –Datamonitor, February 2003)

CRM tools are operationally focused. EMM solutions offer a combination of analytics and execution with optimization. EMM is "the brains" behind CRM, prominently placing the customer into the process. Moreover, CRM tools are not developed with the specific needs of marketing in mind. While many traditional CRM companies do provide some first generation campaign management or marketing automation tools packaged with CC or

SFA, they are quite limited. These applications offer inadequate marketing functionality — batch type segmentation, minimal or no analytics and few communication channels — and often require an application specific datamart or data schema which impedes overall effectiveness, increases time to market, and significantly impacts total cost of ownership. EMM is much more than marketing automation. It is about optimizing relationships, enhancing marketing effectiveness, increasing productivity, and facilitating collaboration. EMM gives marketers the tools they need to measure and continuously improve their ability to leverage customer learning's and execute high performance marketing. EMM offers a complete marketing technology solution, addressing real-life marketing challenges such as strategic planning, organizational collaboration, workflow and resource management, and brand and product management.

Marketing drives customer knowledge and is therefore critical to the success of not only customer-focused marketing but to the entire organization. Organizations who have invested in traditional CRM applications, whether packaged or in-house developed, should strongly consider EMM applications to enhance their customer-focused initiatives and facilitate world-class marketing. Organizations who have not yet embarked on a CRM initiative, should consider EMM as a starting point, as EMM is the corner stone for building customer understanding that drives successful and profitable CRM.

EMM and Integration

As discussed throughout this paper, EMM plays a pivotal role within an organization. A successful customer-centric marketing strategy relies on access to a wide variety of data including customer, operational, and analytical. Access to this data is critical as it provides the intelligence necessary to develop a deep customer understanding and ultimately define and execute effective real-time marketing initiatives that result in increased revenue, responses and customer loyalty. Therefore, closely evaluating the integration capabilities of an EMM solution is paramount when deciding which EMM solution is right for your organization.

When evaluating EMM solutions, both data and application level integration must be considered. For data integration, flexible and configurable access to multiple data sources – databases, flat files, log files – simultaneously is the most scalable solution. This open approach enables marketers to access new data sources as they become available providing the agility needed in today's dynamic marketing environment. Many EMM solutions require organizations to migrate data to an application specific datamart using ETL tools. Once data is entered into the mart, a process must be put in place to refresh the data on a regular basis. This approach severely limits an organizations ability to respond to market opportunities and customer inquiries in real-time using up-to-date information. The total cost of ownership is quite high for this approach since it often requires several IT resources as well as significant time. Additionally, application upgrades can take several weeks due to re-coding and changes required for migrating data and updating ETL processes.

Application integration is also critical for EMM technology. EMM solutions must be able to access data from an organizations call center, web site, sales force automation, POS, kiosks, branch systems and more. The ability to access information from these systems as well as write to them is necessary to facilitate true customer-centric marketing. Many suite vendors with limited marketing functionality tend to promote the integration of their offering – marketing applications, front office and back office systems - based solely on the fact that all products are developed by one company. Although true, it is often the case that often times each application runs on multiple platforms with different data structures using a variety of technologies, thereby increasing, not decreasing, the integration complexity.

Another aspect of application integration is the ability to trigger and manage processes between systems. For example, when a new account is entered in a branch system this may trigger the execution of a "new account" mailing using the EMM solution. Alternatively, when new leads are entered into a sales force automation system the EMM solution may be notified to score and sort the leads by potential value and then trigger the call center to contact selected leads with a targeted offer. Without communication between systems, organizations would have to develop cumbersome manual processes and procedures for facilitating cross-system knowledge - ultimately increasing overhead, reducing flexibility, and limiting marketing potential.

Early Success with EMM

Leading organizations are successfully using EMM applications today. From technology to financial services companies, EMM is the investment many companies have made to achieve greater marketing prosperity and bottom-line impact. In addition, to the examples throughout this paper, below are two additional success stories - one from a major retailer and the other a world-wide hospitality company.

A major retailer of electronic goods recently purchased and implemented EMM technology to streamline and manage marketing processes, promulgate best practices across the organization, and track overall marketing effectiveness. Using EMM, they are automating marketing planning, managing campaign workflows, facilitating collaboration, optimizing assets, and most importantly, notifying and alerting marketers of changes in their marketing programs and KPIs giving the marketers greater control over the outcome of these initiatives. The company is also using EMM to run a series of event-triggered and scheduled email initiatives to encourage repeat purchases and provide timely relevant product and entertainment information via the customers' preferred communications channel.

Figure 2 - EMM Delivers Value	
Average payback on investment:	6-9 months
Annual decrease in overall cost:	\$1-\$6M
Decreases in acquisition costs:	20-78%
Average annual reduction in attrition:	3-10%
Increases in average incremental revenue:	5-35%
Average decrease in cycle time:	4-93%

Using EMM, this organization has increased visibility into all marketing initiatives, improved marketing velocity and productivity, reducing campaign development from weeks to days, and has been able to enforce best practices and processes across the organization resulting in significant cost savings and increased revenue. Additionally, recently implemented event-triggered marketing campaigns have delivered an increase in response rates, from 20-30%, and have generated significant incremental revenue.

Another example of an effective EMM strategy comes from a world-renowned hospitality company. This company has implemented EMM technology to move beyond traditional campaign management. Using a series of batch, scheduled, event-triggered, and real-time marketing campaigns they have defined and created a dialog with their customers around each hotel visit. In order to effectively target each of these communications, the organization is using predictive modeling and analysis to better understand its customers, and to determine the most effective up-sell offers for each individual. Reservation confirmations, as well as a pre-stay and post-stay interaction are automatically executed via the customers preferred channel with integrated marketing messages. The timely, relevant and optimized communication strategy implemented by this company has increased customer loyalty as well as the average revenue generated per visit resulting in significant ROI and impressive bottom-line results.

About Unica

Unica Corporation provides award-winning enterprise marketing management solutions for innovative companies that want to optimize customer acquisition and relationship management, streamline processes, and empower strategic planning for added profitability and marketing success. Based on an open, scalable architecture, Unica's Affinium Suite enables marketers to gather and analyze knowledge from multiple data sources; identify customer wants and needs; plan, execute and manage tailored programs for interactions through multiple touchpoints; and measure and optimize marketing effectiveness. Hundreds of businesses worldwide rely on Unica's software and services. Customers include Lands' End, Medco Health Solutions, Bank of Montreal, Nordstrom, ABN AMRO, Cintas, Scotiabank, Choice Hotels and Amica. Unica is a privately held, global company with offices in the U.S., London and Singapore and a network of world-class partners, including Acxiom, Braun Consulting, Epsilon, Harte-Hanks, IBM, IBM Global Services, PeopleSoft and Quaero. For more information, call 781-259-5900 or visit www.unicacorp.com.

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