

Siebel Industrial Manufacturing: Delivering Tangible ROI and Strategic Value

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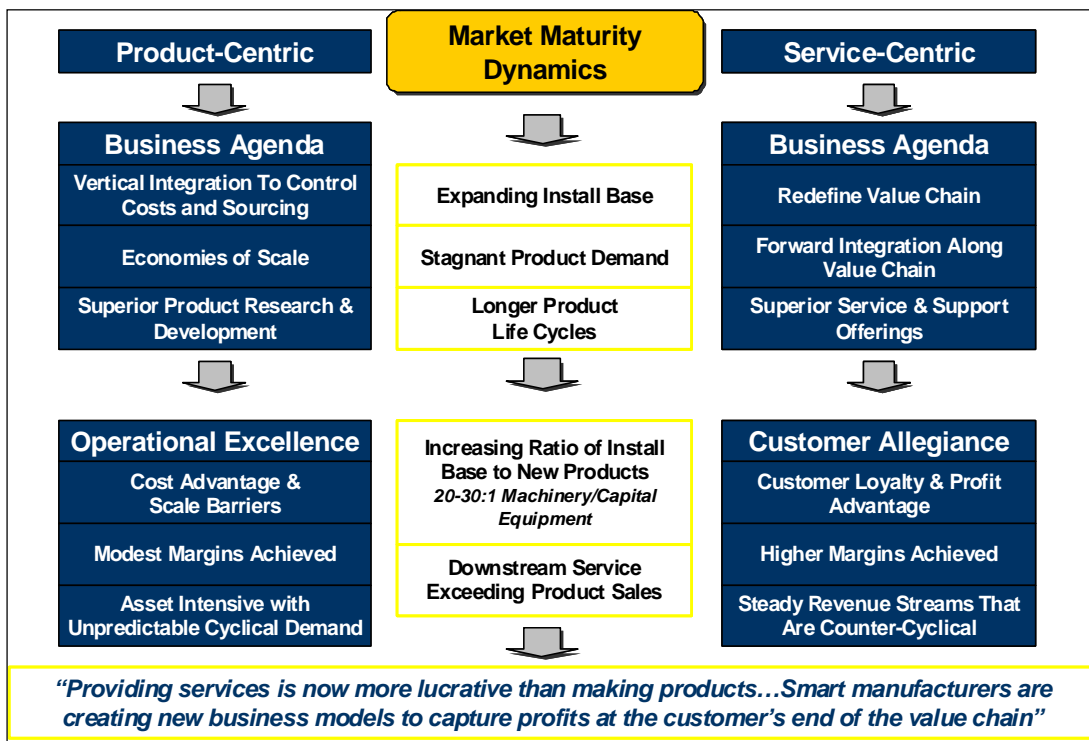
CUSTOMER RELATIONSHIP MANAGEMENT—A BUSINESS IMPERATIVE FOR INDUSTRIAL MANUFACTURING

“Let’s face it. In the industrial equipment sector, profit margins are low. Revenue growth is even lower. Products are being commoditized. And customer expectations are soaring. Something needs to be done to revitalize the industry. But what? Selling the ownership experience. Customer relationship management and total cost of ownership are not new concepts in the industrial equipment industry. Original equipment manufacturers recognize that the initial cost of a piece of industrial equipment is a fraction—10 to 20 percent—of what the consumer will spend over the course of owning that equipment. This means that service management opportunities can increase price/earnings ratios and augment revenue streams with US\$1.50 to US\$3.00 for every dollar in new product sales. These additional revenues net a 30 to 50 percent margin on parts and a 50-plus percent margin on service, compared to a 0 to 10 percent margin on new equipment sales.”

—Accenture

During these times of economic uncertainty, characterized by declining new product revenues, decreasing service revenues from decreased equipment utilization, and increasing customer service expectations, forward-looking industrial companies are turning to customer relationship management (CRM) as a platform for improving customer relationships to meet increasing expectations and to derive increased customer value over the lifetime of the relationship.

According to an article in the *Harvard Business Review* (September/October 1999), “Providing services is now more lucrative than making products. . . . Smart manufacturers are creating new business models to capture profits at the customer’s end of the value chain.” This inflection point is evident in the figure below, which highlights the varying market dynamics influencing this transformation as many manufacturers have turned to the revenue and profit potential available in aftermarket service.



Source: *Harvard Business Review*.

According to the *Harvard Business Review* article, many manufacturing sectors now have revenue from downstream service activities that represent 10 to 30 times the annual dollar volume of the underlying product sales. This revenue opportunity was created from the ever-expanding installed base as the life of products continued to increase.

In addition, service for manufacturers not only represents an opportunity for significant revenue growth, but also a tremendous source for expanded profit margins. According to AMR Research, service businesses within a manufacturer generate nearly 40 to 50 percent of the company’s profits, yet only 25 percent of its revenue. Given the eroding margins on products from increased competition, the profit-to-revenue ratio in services is 2.6 times higher than in the traditional products business.

As the figure above illustrates, manufacturers that are transitioning from a product manufacturer to a service provider are refocusing their business agenda on redefining the value chain, forward-integrating along the value chain, and delivering superior service and support offerings. Rather than being focused solely on operational excellence, these manufacturers are also expanding their focus on customer allegiance. These manufacturers recognize that customer loyalty delivers a profit advantage from a lower cost structure by serving higher margins associated with service and a steady revenue stream that is countercyclical.

According to AMR Research, 70 percent of industrial manufacturing companies have implemented or are evaluating CRM technology as a platform for delivering world-class capabilities in marketing, sales, service, and distributor management to create a formidable competitive advantage.

Leading global industrial manufacturing companies with major CRM initiatives underway include those listed below.

| Industry Sector | Examples of Leading Industrial Companies with a Major CRM Initiative Underway |
|---|--|
| Automation/Electronics | GE Fanuc, Honeywell International, Rockwell Automation, Siemens A&D |
| HVAC Equipment | YORK International, United Technologies (Carrier), First Service Networks |
| Power Distribution and Generation Equipment | Alstom Power, GE Industrial, Siemens Westinghouse Power |
| Industrial Machinery | Ingersoll-Rand, Otis Elevator (UTC), Toshiba Elevator & Building Systems |
| Specialty Machinery | Agilent Technologies, Asyst Technologies, Cymer, Dionex |
| General Industrial Equipment | 3M, Dover Industries, Pitney Bowes, Siemens Dematic, SKF Group |
| Engineering and Construction | Daiwa House, Lafarge Cement, United House, Vulcan Materials, Yonden |

Companies are adopting CRM and related technologies at this rate because they understand that having the technology to execute a customer-centric strategy is a business imperative. Just as back-office supplier network automation became critical for competitive success in the last half of the twentieth century for industrial manufacturing, the application of information technology to customer-facing business processes—collaborative sales, consultative solution selling, world-class lifecycle service and support, distributor network optimization, intelligence-driven marketing, and voice-of-the-customer analytics—is an imperative for success in the new century.

CUSTOMER RELATIONSHIP MANAGEMENT—AN ENABLER OF COMPETITIVE ADVANTAGE IN INDUSTRIAL MANUFACTURING

Industrial manufacturing companies that act quickly to leverage the strategic value of CRM technology to improve efficiencies and drive increased effectiveness and collaboration will gain greater customer loyalty. Thus, they will garner greater customer value while achieving a significant lead on competitors who lag in the adoption of this technology.

Independent analysts support the view that CRM software in industrial manufacturing is one of the most strategic technologies that companies can deploy.

- “Complex manufacturing industries are facing a competitive environment, flat revenue growth, and tight margins. Information technology investments focus on fast return on investment projects to reduce the cost of operations, inventory, and the supply chain while adding customer-facing applications to seize revenue opportunities from the installed customer base.”

—AMR Research

- “For many discrete manufacturers, CRM projects follow the attract-sell-serve model, but they begin by looking at ‘attract’ when they should focus on ‘serve.’ AMR Research believes that companies should start with serve. It means starting with a base that represents a large opportunity and can develop immediate returns. On average, AMR Research has discovered that 25 percent of revenue and 45 percent of profits come from services when working with the installed base and existing products. The numbers climb significantly higher when you add sales of products to the installed customer base.”

—AMR Research

With revenue growth and profitability being mainly driven by aftermarket spare parts and customer service, the areas of customer service and CRM as a whole are arguably the leading strategic areas for many industrial-manufacturing businesses. They offer the highest potential return on investment (ROI) from technology implementation.

THE VALUE OF CUSTOMER RELATIONSHIP MANAGEMENT TO INDUSTRIAL COMPANIES—A RETURN ON INVESTMENT FRAMEWORK

To assess the full value of customer relationship management to industrial manufacturing companies, an ROI framework needs to consider the revenue and, more importantly, the cost impact of Oracle's Siebel Customer Relationship Management (CRM) across each of the business processes of collaborative sales, consultative solution selling, distributor network optimization, world-class lifecycle service and support, and intelligence-driven marketing. Additional value is realized from the Siebel CRM architecture and a single database of customer information that drives increased customer loyalty and lower total cost of ownership.

Within the Siebel CRM ROI framework displayed on the next page, there are six key value drivers impacting ROI

- Customer satisfaction and loyalty
- Collaborative sales and consultative solution selling
- World-class lifecycle service and support
- Distributor network optimization
- Intelligence-driven marketing
- IT infrastructure and TCO

Siebel Industrial Manufacturing ROI Framework and Drivers

MAXIMIZES CUSTOMER SATISFACTION, LOYALTY & VALUE

- Increases customer loyalty and mindshare by making it 'easy to do business'
- Increases customer satisfaction, loyalty and retention

COLLABORATIVE & CONSULTATIVE SALES DRIVERS & ROI LEVERS

REVENUE ENHANCEMENT

- Increases sales effectiveness with suite of collaborative sales tools and closed-loop management process
- Increases average revenue per sale with intelligent up-sell / cross-sell messaging
- Shortens sales cycle with faster approval routing, quoting and order generation

COST REDUCTION

- Reduces sales management costs by automating planning and budgeting processes
- Reduces quote and order inaccuracies and associated costs by providing accurate pricing and product info
- Reduces maintenance and distribution cost of hard copy price lists, and catalogs

WORLD-CLASS LIFECYCLE SERVICE DRIVERS & ROI LEVERS

REVENUE ENHANCEMENT

- Increases service capacity by reducing service cycle time with faster response and resolution times through automated processes
- Increases customer retention through increases in service effectiveness and faster service cycle time
- Increases first time service closure rate with closed-loop management process

COST REDUCTION

- Reduces service management costs by automating service routing and tracking processes
- Reduces service costs by deflecting potential customer service calls to a lower cost web platform for status updates / spare parts
- Reduces maintenance and distribution cost of hard copy technical service information

DISTRIBUTOR NETWORK OPTIMIZATION DRIVERS & ROI LEVERS

REVENUE ENHANCEMENT

- Improves sales and service responsiveness through the sharing of customer asset info
- Increases service parts revenue by increasing sell through of branded spare parts
- Increases service revenue by delivering service based on entitlements / warranties
- Increases new distributor effectiveness by accelerating learning curve

COST REDUCTION

- Reduces distributor management costs by automating the sharing of customer account, product configuration and asset information
- Reduces warranty and entitlement costs through distributors
- Reduces sales/service management costs associated with distributors
- Reduces reporting and service costs associated with product defect management

INTELLIGENCE-DRIVEN MARKETING DRIVERS & ROI LEVERS

REVENUE ENHANCEMENT

- Increases number of marketing campaigns executed through more efficient process management
- Increases event campaign effectiveness and conversion rate through improved targeting and closed-loop process
- Ensures optimal capital allocation across campaign programs through use of analytics

COST REDUCTION

- Reduces marketing management costs by automating event setup process and campaign development and deployment
- Reduces campaign performance management / tracking costs

REDUCES IT INFRASTRUCTURE COSTS & TCO

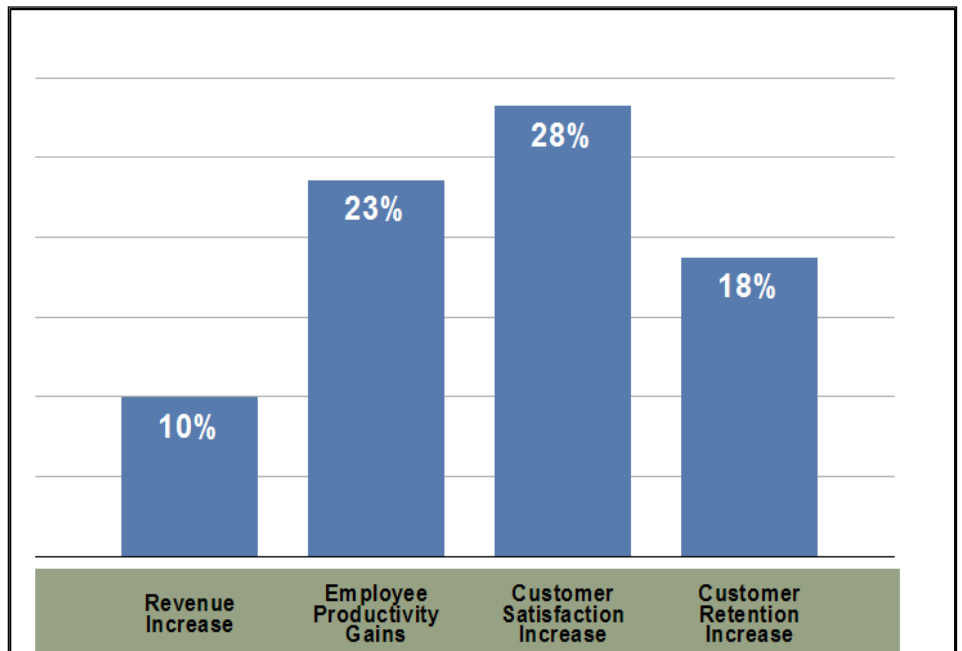
Through consolidation of multiple silo-based legacy systems into a single, integrated enterprisewide customer management platform and architecture with out-of-the-box support for:

- Multiple platforms: mobile / connected browser-based clients, wireless, handheld
- Inter- and intra-enterprise integration with suite of integration tools
- Industry-specific requirements for Industrial Manufacturing
- Global deployments across countries, languages and currencies

PROVEN RETURN ON INVESTMENT

The ultimate objective of CRM application software is to drive overall corporate performance by producing significant, measurable business benefits. Through the use of Siebel CRM, industrial companies are realizing such benefits. Specifically, Siebel Industrial Manufacturing delivers an industry-specific solution that enables manufacturers to manage relationships throughout the service lifecycle and across the entire demand chain. Marketing, sales, and customer service are fully integrated, allowing manufacturers to improve sales effectiveness, maximize aftermarket parts and service revenue, decrease customer service costs, collaborate with distributor networks, and build customer loyalty and demand.

To ensure that Siebel CRM is delivering real benefits to industrial manufacturing companies that invest in it, an independent auditor is employed, Satmetrix Systems. Twice a year, Satmetrix Systems surveys the entire customer base operating within complex manufacturing. According to the most recent survey, Siebel CRM customers reported, on average, increases of 10 percent in revenue, 23 percent in employee productivity, 28 percent in their customers' satisfaction, and 18 percent in customer retention as a result of using the application.



Source: Satmetrix Systems surveys, 2003. Figures represent media values, based on customers who are in production and provided quantitative responses to the survey questions.

DELIVERING TANGIBLE RETURN ON INVESTMENT FOR INDUSTRIAL COMPANIES

Forward-looking industrial companies are strategically investing in technology to support the adoption of more customer-centric strategies that deliver superior customer service. Siebel CRM has helped numerous industrial companies achieve the following detailed, tangible, and self-reported results across their customer-facing business processes by driving loyalty, improving operational effectiveness and efficiencies, and lowering IT costs:

- Improved customer satisfaction and visibility into voice-of-the-customer analytics
 - Twenty to forty percent improvement in customer satisfaction
 - Forty percent increase in communication among sales teams
 - Three hundred percent increase in customer information
- Increased sales effectiveness and coordination across business units and product lines
 - Twenty to one-hundred-and-twenty-five percent increase in aftermarket parts revenue
 - Fifteen percent increase in sales win rate and forty-five to two hundred percent increase in sales productivity
 - Ninety percent reduction in order configuration cycle time
- Improved sales and service collaboration with distributor network
 - Seventy percent reduction in lead distribution time and fifteen percent decrease in distribution costs
 - Seven times improvement in lead follow-up rate by distributors
- Delivered superior levels of customer service
 - Twenty to fifty percent increase in service efficiency
 - Eighty-five percent improvement in on-time service request closure rate
- Increased campaign effectiveness driving new business development
 - Forty percent increase in identified new opportunities
- Lowered total cost of ownership of IT Infrastructure
 - Fifteen to twenty-five percent decrease in annual IT budgeted costs

These forward-looking companies, which include 3M, Agilent Technologies, Alstom Power, General Electric, Honeywell International, Ingersoll-Rand, United Technologies/Otis Elevator, Rockwell Automation, Siemens, SKF, and YORK International, have all turned specifically to Siebel CRM to help drive their

customer-centric strategies. As a result, each of these companies is deriving tangible and sound returns.

PROVEN CUSTOMER SUCCESS AND RETURN ON INVESTMENT IN INDUSTRIAL MANUFACTURING

A small sampling of Siebel CRM customers in industrial manufacturing demonstrates the variety of cost reductions and revenue enhancements that companies are achieving through the effective use of Siebel CRM. A select set of these customers is highlighted below.

| Industry Sector | Company | ROI Facts on Siebel CRM Initiatives |
|----------------------------|---|--|
| Automation/ Electronics | General Electric / GE Aircraft Engines, GE Industrial and GE Fanuc Divisions | <ul style="list-style-type: none"> • 50 percent reduction in customer service response time • 2.5x improvement (60 percent reduction) in service closure speed • 80 percent of sales proposals and contracts accurate and approved in first approval pass • 50 percent reduction in sales proposal turnaround time from quote to proposal to approved contract • Achieved US\$5 million in annual cost savings through head count reduction |
| Automation/ Electronics | Honeywell International / Honeywell Aerospace and ACSIS Divisions | <ul style="list-style-type: none"> • 100 percent increase in aftermarket spare parts revenue • 15 percent increase in sales opportunity win rate • 40 percent increase in number of identified opportunities • 80 percent improvement in on-time service request closure rate • 27 percent reduction in average customer service response time • 30 percent improvement in customer satisfaction |
| <i>(Continued)</i> | | |

| Industry Sector | Company | ROI Facts on Siebel CRM Initiatives |
|----------------------------|------------------------|--|
| Automation/ Electronics | Rockwell Automation | <ul style="list-style-type: none"> • 70 percent reduction in lead distribution time • Increased lead follow-up from 10 to 76 percent • 15 percent reduction in lead distribution costs |
| HVAC Equipment | YORK International | <ul style="list-style-type: none"> • 20 percent increase in service sales productivity • 6,000 new sales opportunities identified by service engineers • Improved asset service info visibility from 6 weeks to 1 day • Consolidated 40 after-hour call centers into 1 |
| HVAC Equipment | First Service Networks | <ul style="list-style-type: none"> • 25 percent reduction in service response time • 3 hour reduction in average service resolution time • 50 percent reduction in invoicing cycle time from billing to collections; down from 50 to 25 days |
| Industrial Equipment | 3M | <ul style="list-style-type: none"> • 33 percent decrease in sales/territory management administration |
| Industrial Equipment | Ingersoll-Rand | <ul style="list-style-type: none"> • Increased incremental cross-sell revenue by US\$6.2 million in first year of deploying coordinated sales system across divisions • Consolidated customer view across 30 operating units |
| <i>(Continued)</i> | | |

| Industry Sector | Company | ROI Facts on Siebel CRM Initiatives |
|----------------------|-------------------------------------|---|
| Industrial Equipment | United Technologies / Otis Elevator | <ul style="list-style-type: none"> • 7 percent and 2.5 percent increase in revenue and profit margin • Enhanced sales collaboration across 3 sales organizations—new products, modernizations, and maintenance service sales • 5 percent increase in new equipment sales leading to maintenance contracts • 3 percent reduction in contract cancellations |
| Industrial Equipment | Pitney Bowes | <ul style="list-style-type: none"> • 10 percent decrease in service callbacks • 90 percent decrease in emergency orders • 15 percent decrease in inventory cost |
| Industrial Equipment | SKF | <ul style="list-style-type: none"> • 25 percent increase in aftermarket service revenue • 20 percent increase in sales opportunities |

IMPORTANCE OF THE TOTAL COST OF OWNERSHIP OF A CRM PLATFORM

Within industrial manufacturing, most companies currently lack the business systems to cost effectively manage their customer relationships. The customer-facing business processes of marketing, sales, and service have remained largely manual, full of inefficient processes, and supported by a set of disparate systems and tools. Many companies are using distinct, custom-built applications for each of these functional areas across geographies and business units. The net result is a patchwork of disparate CRM systems that incurs very high costs in IT hardware and software maintenance, IT personnel, and data management—not to mention the costs associated with lower adoption and usage due to system complexity.

To avoid the costs associated with such patchwork solutions, leading industrial companies are investing in comprehensive, architecturally unified CRM technology. The resulting savings, for many industrial companies, are in the millions.

Companies that invest in CRM technology must carefully scrutinize not just the initial cost of the software—which typically accounts for only about 15 percent of the deployment cost—but the solution’s total cost of ownership (TCO) over its lifetime relative to competing CRM solutions and to its current custom

applications. In addition to software license fees, the TCO includes the costs of development, customization, configuration, global deployments, integration to legacy applications, maintenance and administration, and upgrades to fully leverage the latest technology.

The decision to invest in a CRM solution must be driven by balancing cost against benefits—particularly the potential strategic value of developing strong customer relationships—while simultaneously weighing the deployment risk; that is, the possibility that the implementation will fail or will substantially fall short of expectations. The selection of a suboptimal CRM application will unquestionably result in higher costs overall. But potentially much more harmful is the application's detrimental impact on a company's customer relationships and fundamental customer-facing business processes.

Companies seeking a CRM solution, therefore, should aggressively research the differences among vendors, products, and costs before needlessly risking the very business that they are seeking to improve.

Impact of Total Cost of Ownership on Return on Investment

TCO analysis enables organizations to identify, project, measure, and track direct and indirect costs of a CRM project. Organizations often estimate a CRM project's TCO during the project planning stage to ensure alignment with budgetary constraints and then track costs throughout the project to prevent or minimize cost overruns. A critical issue that organizations must understand, however, is that a CRM application with a high TCO is not merely a budgeting problem.

Since a CRM project's ROI reflects the project's costs as well as benefits, there is a direct, inverse relationship between TCO and ROI: Assuming benefits stay constant, ROI decreases as TCO increases. A low CRM application TCO therefore not only reduces an organization's operating costs, but also directly affects the financial success of the CRM initiative, as measured by ROI.

When conducting an ROI or TCO analysis of a CRM initiative, it is important to recognize that not every solution can deliver the same benefits, the same level of results, or the same low total cost of ownership.

Assessing Total Cost of Ownership—Customer Relationship Management License Costs Are Only One Component

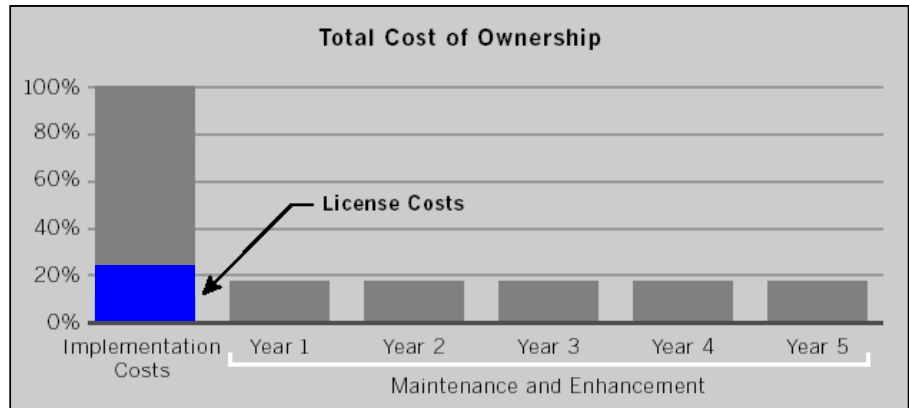
However, if two distinct CRM applications are stated to deliver the same level of benefits, an ROI analysis fundamentally becomes a TCO analysis. At that point, an organization needs to compare the cost drivers enabling both applications to have the same level of functional capabilities that will deliver the same level of benefits.

Recently, some vendors in the enterprise software market have begun heavily discounting their CRM applications, with discounts sometimes reaching as high as 100 percent. Although such pricing (or lack thereof) is an effective tactic to gain

market share, it unfortunately leads many prospective customers to focus almost singularly on the initial software investment rather than the TCO.

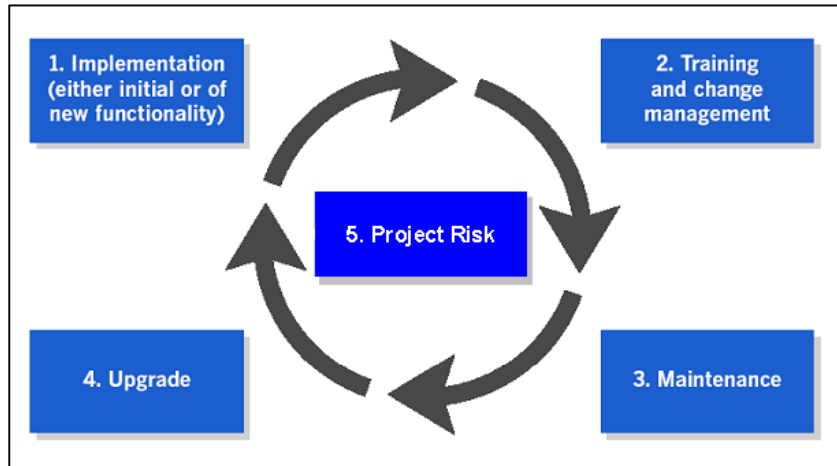
Focusing exclusively on the initial software investment rather than the TCO can be financially devastating for prospective CRM customers. CRM software licenses typically account for only 22 percent of the total implementation cost. Excessive concern with these relatively small but highly visible initial costs increases the risk that prospective customers will (1) justify the selection of a suboptimal CRM solution primarily on license costs, and (2) overlook, underestimate, or mismanage the other 78 percent of implementation costs.

Moreover, license costs become far less significant when considered as a percentage of the CRM application's TCO, which includes annual maintenance, upgrades, training, and change management costs. Given that ongoing maintenance and enhancement costs will be 15 to 20 percent of the initial project cost, CRM license costs as a percentage of TCO are conservatively estimated to be only 11 percent for the first five years and even less over a longer time horizon. The figure below depicts the contribution of license costs to an application's TCO.



The Five Cost Drivers of an Application Lifecycle Impacting Total Cost of Ownership

By walking through the lifecycle of a CRM application, this paper explains the genesis of typical costs as well as how those costs might vary among vendors. With a CRM application, there are significant one-time and recurring expenditures that organizations frequently fail to anticipate, or grossly underestimate, prior to implementation. These costs could drastically increase the expected total cost of implementing and maintaining a CRM application. The figure below depicts the lifecycle used as the foundation for an evaluation.



When TCO is calculated over the lifecycle of the applications—and the functionality of Siebel CRM is fully evaluated against competing CRM applications and custom-built applications—it is clear that Siebel CRM offers the most effective CRM solution at a significantly lower TCO. Relative to the current patchwork of systems, Siebel CRM delivers a significant reduction in annual IT costs. Siebel CRM dramatically trims TCO by reducing costs in several critical areas including customization, configuration, integration, maintenance, upgrades, training, and deployment risk.

| Key Metric | ROI Drivers & KPIs | Solution Capabilities |
|--------------------|--|---|
| Cost Reduction | Minimum Customization and Simplified Configuration | <ul style="list-style-type: none"> • Comprehensive out-of-the-box CRM functionality, global deployment support, and multiple platform support minimize the need for customization to provide additional capabilities. • When customization is required, Siebel CRM can be easily modified through simple, declarative configuration using a single toolset, so any customization that is required can be performed rapidly and without highly specialized resources. There is no need to alter source code with procedural programming or to create SQL statements. |
| | Prebuilt Integration | <ul style="list-style-type: none"> • Support of Universal Application Network simplifies integration. • Prebuilt, pretested connectors and adapters for third-party applications (e.g., SAP R/3, Oracle Applications) eliminate need to write custom integration code. |
| | Low-Cost Maintenance and Administration | <ul style="list-style-type: none"> • Zero-install Web browser interface minimizes deployment and maintenance cost (no software to install or maintain on the client machine). • Use of single toolset and declarative configuration makes ongoing maintenance simple. • Business users, rather than programmers, are able to modify configurations on the fly using the graphical Siebel Tools configuration environment. |
| <i>(Continued)</i> | | |

| Key Metric | ROI Drivers & KPIs | Solution Capabilities |
|----------------|---|--|
| Cost Reduction | Automated Upgrades | <ul style="list-style-type: none"> • Siebel CRM provides automatic upgrading, using the Siebel Application Upgrader. • Customizations are preserved when upgrading from one release of Siebel CRM to the next release, eliminating the need to reimplement customizations to the new release. |
| | Reduced Training and Change Management Requirements | <ul style="list-style-type: none"> • High interactivity and usability of Siebel Smart Web Architecture promotes high rate and speed of user acceptance. • Intuitive interface design minimizes training requirements. • Users rapidly become power users of technology, enabling accelerated pace of process change and adoption of best practices that are embedded in the software. |
| | Lowest Project / Deployment Risk | <ul style="list-style-type: none"> • Proven track record of over 3,500 Siebel CRM customers. • Proven and successful CRM implementations within industrial manufacturing. |

PROVEN LOW TOTAL COST OF OWNERSHIP AMONG INDUSTRIAL MANUFACTURING CUSTOMERS

Proven Rapid Deployments

Because Siebel CRM delivers a solution that meets the industry-specific requirements of the industrial sector, minimal customization and configuration is required. Accordingly, many industrial companies, such as Dover Industries (Tipper Tie), EMI, General Electric, Ingersoll-Rand, and Raytheon Aircraft, are able to achieve rapid deployments on a scale of three to four months by leveraging more than 90 percent of the out-of-the-box functionality.

Proven SAP/Back-Office Integration

With proven and prebuilt integration to back-office systems, Siebel CRM delivers a lower TCO by minimizing integration costs. A select set of industrial customers highlight the ease of integration between Siebel and SAP and other back-office applications.

| Company | Integration Facts on Siebel CRM Initiatives |
|---------------------|---|
| Aviall Services | <ul style="list-style-type: none"> • Integration of Siebel to Lawson ERP, Xelus, and Catalyst; sharing customer, order, parts information • Platform: Sybase NEON |
| Airbus | <ul style="list-style-type: none"> • Planned integration of Siebel to SAP; sharing asset information • Platform: IBM Crossworlds |
| The Boeing Company | <ul style="list-style-type: none"> • Planned integration of Siebel to Oblix and Primus; sharing knowledge management information • Platform: Siebel eAI |
| Eurocopter | <ul style="list-style-type: none"> • Planned integration of Siebel to SAP; sharing order information • Platform: Siebel SAP Connector |
| GE Aircraft Engines | <ul style="list-style-type: none"> • Integration of Siebel to Microsoft Excel pricing tables; sharing pricing information • Platform: IBM MQ Series |
| Honeywell Aerospace | <ul style="list-style-type: none"> • Planned integration of Siebel to SAP; sharing order, forecasting, and customer account information • Platform: TBD |
| Raytheon Aircraft | <ul style="list-style-type: none"> • Integration of Siebel to SAP; sharing part, order, and customer account information • Platform: Siebel SAP Connector |

COUPLING OF RETURN ON INVESTMENT AND TOTAL COST OF OWNERSHIP—DRIVING TANGIBLE RETURNS AND STRATEGIC VALUE

With 53 percent of industrial companies evaluating or deploying CRM technology, each company is looking to establish a competitive advantage in managing customer relationships. Industrial companies that act quickly to leverage the strategic value of CRM technology to improve efficiencies and drive increased effectiveness and collaboration will gain greater customer loyalty. Thus they will garner greater customer value while achieving a significant lead on competitors who lag in the adoption of this technology.

Forward-looking companies, which include General Electric, Honeywell International, Ingersoll-Rand, Pitney Bowes, Rockwell Automation, SKF, United Technologies/Otis Elevator and YORK International, have all turned to Siebel CRM to help drive their customer-centric strategies to achieve competitive advantage and strategic value.

Honeywell International / Honeywell Aerospace

Honeywell reports: “[Before Siebel CRM], [with] 40 independent product lines to market, it was not uncommon for several salespeople across the aerospace division to contact the same customers during the same week or even the same day without knowing they were doing so. Large customers sometimes had as many as 50 points of contact with the company. [Now after Siebel CRM], today, one common customer information system is used by sales reps, field service engineers, product line personnel, and response center agents across [the company's] three main business units. As a result, everyone using the system can see which Honeywell products a client owns, as well as the status of parts being serviced, and can identify additional sales opportunities. The first year the aftermarket special programs group began using [Siebel], aftermarket revenues increased from [US]\$45 million to more than [US]\$100 million.”

Ingersoll-Rand

With both its customer base and competition growing around the world, Ingersoll-Rand recognized the need to further differentiate itself through excellent service and to derive the maximum value from every customer relationship. Toward these goals, the multinational manufacturer has deployed Siebel CRM applications at two different organizational levels: within individual lines of business to improve sale and service effectiveness and enterprisewide to identify cross-selling opportunities. The Siebel solutions have enabled Ingersoll-Rand to improve order management sales forecasting, and service within its Club Car division and generate US\$6.2 million in additional revenue in one year through increased cross-selling.

YORK International

Recently, YORK International—a leading provider of heating, ventilation, air conditioning (HVAC), and refrigeration systems—set an aggressive objective of doubling its service revenue in five years. The company also began targeting new market segments in the commercial sector that presented a unique set of service challenges. To support its goals, YORK is rolling out a comprehensive CRM system, YORKConnect, powered by Siebel Call Center, Siebel Field Service, Siebel Handheld, Siebel Sales, and Siebel Customer Order Management. Since launching the initiative, YORK has increased service sales productivity by 20 percent, lowered service response time from days to minutes, identified 6,000 new service opportunities worth hundreds of millions in revenue, and reduced the time required to share asset site inspection data from six weeks to one day.

CONCLUSION

The ability of Oracle's Siebel CRM to deliver not only on ROI, but also on a lower TCO results in a multiplier effect on ROI. A lower TCO delivers tremendous cost savings from IT infrastructure consolidation, and also a lower project cost or investment outlay. This yields an even higher ROI, as well as an accelerated pay back relative to other options, thus delivering tangible returns and strategic value for those companies that are willing to invest in and adopt CRM ahead of their competition.



Siebel Industrial Manufacturing:
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