The CRM Imperative for Aerospace and Defense

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EXECUTIVE OVERVIEW

The aerospace and defense industry has been significantly impacted by the events of September 11, 2001. While the commercial aircraft sector—consisting of large and regional aircraft, aircraft engines and parts, and maintenance, repair, and operations (MRO) service—is stabilizing and rebounding from one of the worst downturns in its history, the defense and space sectors are seeing a significant upturn in demand as a result of the global war on terrorism. Recent events have significantly impacted the aerospace and defense industry:

- Slight rebound of air passenger traffic
- Decrease in new airplane orders
- Rapid increase in parked commercial airplanes
- Restructuring in the commercial airline industry
- Airlines going bankrupt
- Increased defense spending on the war on terrorism

Given these recent events, the aerospace and defense industry as a whole is facing several critical market dynamics driving increased global competition:

- Industry consolidation for manufacturers and MRO service providers
- Declining commercial aircraft product revenues
- Downward shift in MRO demand given increased parked airplanes
- Increasing customer service expectations

As a result, aerospace and defense manufacturers are experiencing declining revenue growth and tight margins. Accordingly, companies must employ new strategies to assure their success or even survival during these times of increased competition and economic uncertainty. Given these economic times, aircraft fleets in use today are increasing in age by extending their service life, thus making aftermarket service a clear revenue opportunity. As such, manufacturers are continuing their strategic shift from not only a product-centric view focused on innovation and cost-cutting tactics, but to one that also embraces a service-centric view focused on customer service and loyalty.
AEROSPACE & DEFENSE INDUSTRY TURNING TO CRM TO MEET CUSTOMER EXPECTATIONS

During these times of economic uncertainty with declining aviation product revenues, decreasing service revenues from increased parked planes, and increasing customer service expectations, some aerospace and defense companies are turning to customer relationship management (CRM) as a platform for improving customer relationships to meet these increasing expectations and to derive increased customer value over the lifetime of the relationship.

To assess their competitive position to win new customer contracts and services, these companies are benchmarking their capabilities in marketing, sales, and customer service against their leading competitors in the industry. Based on a Deloitte Consulting report, more than 60 percent of the aerospace and defense companies surveyed indicated a desire to improve their marketing and sales management skills, as represented in Figure 11. As for customer service capabilities, 50 percent of North American companies and 60 percent of European companies indicated a desire to improve their service capabilities to world-class levels, as represented in Figure 12.

![Figure 11: Marketing and Sales Capabilities are Lagging](image.png)
“The driving force behind CRM is the vast amount of services-related work A&D companies are currently doing. The industry's biggest growth engine today lies in selling additional services to existing customers, rather than selling new aircraft. In general, the industry's services revenue is growing at about 40 percent to 50 percent, while its sales are growing at less than 5 percent. In order to maintain and enhance their valuable relationships with existing customers, A&D companies need to streamline customer data and the sharing of this data with original equipment manufacturers or strategic partners.”

—Bearing Point

A recent study by CSC Consulting: “A CEO Perspective on the Strategic Use of IT—Aerospace and Defense 2003 Information Technology Survey” confirms these benchmarks and these companies’ relentless focus on customer service and satisfaction. Once again, the survey indicated that customer service and satisfaction was the most important element of a company’s value proposition and the single most important strategic business objective during the next one to two years (see chart below). Customer service and innovative products remain the highest strategic business objectives. The percentage of respondents identifying total lifecycle management as the most or second-most important strategic issue jumped from 5.4 percent in 2002 to 54.9 percent in 2003. This is consistent with the responses to other questions that highlighted a rise in the bundling of products with after-sales services.

Accordingly, given this strategic business objective, AMR Research reports that 71 percent of aerospace and defense companies have implemented or are evaluating CRM technology as a platform for delivering world-class capabilities in marketing,
sales, customer service, and partner/supplier relations to create a formidable competitive advantage.

Based on these business dynamics around aftermarket services, AMR Research indicates that the most prevalent application areas in CRM that are under evaluation by aerospace and defense manufacturers are Web self-service, contact center, customer data analytics, and product configuration/guided selling. In fact, in each of these areas, at least 70 percent of manufacturers are exploring these applications. Listed below is a chart by AMR Research identifying each of the applications and listing which ones are of greater importance.

By implementing a comprehensive CRM strategy, a company can garner increased customer loyalty and build long-term, profitable customer relationships.

**DEFINING CRM FOR THE AEROSPACE & DEFENSE INDUSTRY**

With this transformation, aerospace and defense manufacturers, defense contractors and MRO service providers are turning to CRM as an enabling platform in defining common processes that allow them to become more competitive in marketing to, selling to, and servicing customers, and most importantly in earning their loyalty. Manufacturers recognize the linkage between customer loyalty and profitability driving a lower cost-to-serve model, higher revenue and margins associated with service offerings, and a decrease in revenue cyclicality.

Manufacturers, defense contractors, and service providers are leveraging CRM to achieve six core business objectives—each driving revenue growth, margin expansion, and cost savings.
• **Improve sales and business development effectiveness and collaboration across business units and product lines:** Most aerospace and defense manufacturers have a small number of customers that they serve. Throughout the industry, growth is highly dependent on selling more products or programs to the same customers, which was partly responsible for the significant industry consolidation. Many aerospace and defense manufacturers are selling multiple products into the same customer accounts at the same time. However, because these sales and business development processes are managed independently, most manufacturers are struggling to benefit from corporate synergies. Manufacturers are leveraging CRM as a platform to address these challenges. By delivering a unified view of customer and product information, CRM enables a manufacturer’s sales teams to collaborate and coordinate on customer sales interactions. In addition, CRM provides sales teams with a suite of tools that allow them to digitize their sales processes, from creating opportunities and managing account activities, to preparing proposals and quotes, to managing the contract approval process—thus improving the efficiency and effectiveness of their sales team.

• **Improve product, quote, and order configuration accuracy to accelerate sales cycle:** Most aerospace manufacturers have extremely complex product offerings and associated service packages. These product and service offerings have hundreds, if not thousands, of options, thus creating an even more complex and extended sales cycle. Given the complexity, most manufacturers take weeks to configure a solution and quote, which draws out the sales cycle. Even with this time, manufacturers do experience inaccurate pricing and product configurations, leading to order errors, potential returns, and dissatisfied customers. Each of these is costly to the manufacturer—impacting the top and bottom line. Aerospace manufacturers are turning to CRM to address these challenges in ensuring their complex orders and quotes are accurate, complete, and valid. CRM enforces business rules while providing a consultative selling experience in delivering context-based messages that facilitate up-selling and cross-selling, leading to higher-value orders. Used internally to improve sales productivity and order accuracy, or externally via a company’s Web site to help guide buyers through product selection and customization, CRM allows customers, employees, and partners to configure the ideal solution for each customer’s needs.

• **Deliver superior customer service and seize the aftermarket parts & services revenue opportunity:** With the ever-increasing age of aircraft fleets and thus the expanding installed base of aircrafts, engines, and parts, manufacturers recognize the tremendous revenue and profit potential in aftermarket parts and services. To capitalize on this opportunity, manufacturers are leveraging CRM as a platform to deliver superior customer service, ensuring aircraft safety and maximizing flying hours. Manufacturers are taking a holistic approach in delivering a closed-loop service delivery
process encompassing key processes such as service and sales bundling, contract management and entitlement verification, preventive maintenance, skills-based service request routing, solutions knowledgebase management, and product defect management.

Beyond providing an integrated set of best-practice business processes, a CRM platform also gives manufacturers a unified view of customer and product information, enabling them to seamlessly interact with and effectively service customers across multiple channels, from the Web and call center, to a field engineer, or through a third-party service provider.

- **Enable collaboration with independent service organizations (ISOs) and suppliers:** As the aerospace and defense market evolved, ISOs seized the opportunity available in aftermarket service and parts. At first, manufacturers were content to concede this market. However, now manufacturers want to increase their aftermarket service presence and need to face the challenge of how to effectively collaborate with ISOs in delivering complex service offerings. Manufacturers are leveraging CRM as a platform to ensure collaboration between them, their suppliers, and their ISOs to ensure timely, consistent, and high-quality customer service by providing a wide range of service and problem resolution capabilities directly to their suppliers and out to the field in service centers. Manufacturers can deliver service requests to the right ISO automatically based on the organization’s skills and profile or allow ISOs to file and track service requests on behalf of the end customer/aircraft. The manufacturer can address these service requests directly, or if the service issue pertains to a supplier’s product, the OEM manufacturer can route the request to its supplier’s engineering team for prompt response with seamless visibility by the supplier, manufacturer, and field service team. Support and call center costs are greatly reduced by allowing service providers to perform online self-service and search through a solutions and FAQ database.

- **Increase marketing campaign and event effectiveness to drive new business development:** Within the aerospace and defense market, manufacturers are challenged in how to optimize marketing dollars and derive full value from marketing campaigns to drive new business. Given the nature of the aerospace market, manufacturers are focused on tapping into new opportunities or market sectors, but most importantly taking customers away from its competitors. For deriving more value from its current customers, manufacturers are also looking to deliver cross-selling and up-selling campaigns. Unfortunately, most manufacturers lack the processes and tools to ensure a successful marketing campaign or event and thus are turning to CRM as their platform. With manufacturers participating at a number of air shows such as Farnborough and the Paris Air Show, manufacturers leverage CRM to effectively manage the campaign execution, optimize the returns
with complete tracking and follow-up of prospects, and efficient routing of opportunities as they are handed off from marketing to the sales force.

- **Maximize employee productivity and knowledge sharing:** Employee recruitment, retention, and development are increasingly becoming more and more difficult within the aerospace and defense industry. A 2002 survey by the SBAC found that 42 percent of aerospace and defense companies had problems filling vacancies. Clearly, there are supply-side issues relating to the numbers of scientists and engineers produced by the education system, but there are also issues reflecting the appeal of aerospace as an industry, given its cyclical character. Sustained investment in workforce development offers a way to enhance the attractiveness of companies in the industry, to address skills shortages, and to build the capabilities that the company and sector need to compete effectively in the future.

In a knowledge-intensive and increasingly global industry such as aerospace and defense, investment in training and development is crucial in developing specialist skills and absorbing new knowledge and perspectives. Companies are turning to employee management solutions to ensure that employees in a company are given clear goals, appropriate training and knowledge sharing practices, and the necessary support to maximize their effectiveness and minimize their ramp-up time to enable the corporation to meet its business objectives. With an employee management platform, aerospace and defense manufacturers can maximize employee productivity through goal alignment, training, knowledge sharing, and communications.

Underlying each of these six core business objectives is the need to provide real-time business intelligence. To build a business advantage, organizations need to empower all users, not just the few, with rich customer insight, the power to measure the performance of their operations in real-time, and the means to take immediate corrective action if necessary.

**BARRIERS TO BECOMING A CUSTOMER-DRIVEN ENTERPRISE**

Most aerospace and defense manufacturers recognize that they are not customer-driven and, as a consequence, are not operating at their full potential to acquire, retain, and grow customer revenue, profitability, and mind share. They are keenly aware that their customers are not consistently having meaningful and satisfying experiences when doing business with them.

At most aerospace and defense manufacturers, for example, a long-standing customer may interact with dozens of representatives from a variety of business units representing hundreds of products through its acquisitions and growth. Yet, the manufacturer is not able to coordinate and collaborate across these sales representatives to provide one face to the customer and deliver a more personalized, differentiated service that the customer expects. Instead, the customer has to engage each representative as if dealing with dozens of independent companies across different channels with different processes. As such, how will this
Four key factors prevent aerospace and defense manufacturers from delivering an optimal customer experience:

1. **Information silos**: Customer data is scattered throughout the organization in information silos based on product, line of business, or communication channel—leaving companies with a highly fragmented and incomplete view of their customers. Unable to coordinate customer interactions across these disconnected silos, companies cannot conduct personalized, ongoing dialogues with their customers.

2. **Business processes that do not reflect best practices**: Processes have not been designed with customer needs and preferences in mind. For example, an aerospace manufacturer designed its service management processes for aircraft-on-ground (AOG) issues to optimize parts inventory levels rather than to minimize service response and resolution cycle time. Once the system had assigned a service request—it was directed to a single service engineer. The manufacturer, beyond that one service engineer, along with the customer has lost complete visibility into the progress and status of the service issue. These service issues would often be routed among several service engineers before it was assigned to the right service engineer with the skill set to address the problem. Then the system also lacked the ability for a service engineer to collaborate with others on the service request, resulting in a long service resolution time. Although the system was optimized for parts inventory management, it lacked a streamlined process for logging, routing, and tracking a service request until the problem was identified and resolved.

3. **Inability to deploy cross-application business processes**: Due to the cost and complexity of enterprise application integration, companies are unable to deploy business processes that seamlessly span multiple applications. This inability frequently causes problems such as service delays, incorrect orders, and unavailable products, resulting in customer frustration.

4. **Lack of real-time intelligence**: Aerospace and defense manufacturers lack real-time intelligence about their operational performance; market conditions; and customer preferences, requirements, and satisfaction. As a result of not being able to listen to and track the voice of their customers, they are unable to respond swiftly to changes in customer behavior and market trends, and the variables that their customers value.

**PROVEN SIEBEL CRM SOLUTION FOR AEROSPACE & DEFENSE**

With Oracle’s Siebel 7—the seventh major release of Siebel CRM—we have leveraged our unrivaled domain, industry, and technology expertise to create the
most functionally rich customer-focused business applications available. More than 3,500 organizations worldwide have chosen Siebel CRM, because the applications deliver proven results and return on investment. Nearly 1 million sales, marketing, service, and partner channel professionals use Siebel CRM. Building on this track record of success, Siebel 7 extends the functionality and usability of Siebel CRM to provide even higher value, while simultaneously driving down the total cost of ownership.

Siebel 7 is a fully integrated suite of applications for CRM—including applications for partner relationship management (PRM) and employee relationship management (ERM)—all based on a common Web architecture. By providing organizations with real-time analytical ability to track and understand both customer behavior and key indicators of corporate performance, Siebel 7 enables organizations to be “digitally wired” to their customers, partners, and employees. The result is a total solution that enables organizations to fully focus the resources of their entire corporate ecosystem as one company on maximizing the value of their customer relationships—a necessity for survival in today’s economy.

This integrated suite of applications enables organizations to deploy an integrated set of customer-driven best practices across their sales, marketing, and customer service. Hundreds of industry-specific best practices for every aspect of CRM are embedded directly in the functionality of Siebel CRM.

More specifically, the Siebel Aerospace & Defense industry-specific solution enables aerospace and defense 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 after-market parts and service revenue, decrease customer service costs, collaborate with third-party service providers, and build customer loyalty and demand.

SIEBEL CRM SOLUTION SETS & BEST PRACTICES IN AEROSPACE & DEFENSE

Siebel CRM Solution Sets

Siebel Customer Relationship Management addresses the process, people, and technology requirements for meeting the aerospace and defense strategic business imperatives in becoming a customer-driven company.
There are six industry-specific solution sets for the aerospace and defense industry:

- **Siebel Collaborative Sales (Business Development)** leverages proven sales methodologies and coordinated cross-divisional selling to streamline sales processes and increase forecast accuracy and sales closure rates. Key components include methodology-based Siebel Sales Planning to help sales management design and implement integrated coverage strategies, and Siebel Collaborative Sales Execution to improve the field sales effectiveness across business units and product lines.

- **Siebel Consultative Solution Selling** leverages customer information to streamline quote-to-order process, reducing transaction costs and improving the customer buying experience. Key components include Siebel Context-Sensitive Product Configuration for complex product and service bundles and Siebel Complex Pricing, Quote, and Approval Management for highly complex contracts and approval requirements.

- **Siebel World-Class Lifecycle Service and Support** helps companies deliver world-class customer service by leveraging customer information and solution knowledge in the delivery of preventive and break/fix service to reduce service cycle times, improve customer satisfaction, and seize the aftermarket parts and service revenue opportunity. Key high-level components include Siebel Knowledge-Driven Customer Service, which leverages company solutions across service channels, and Siebel Field Service Delivery, which ensures that customers receive an appropriate level of mobile field service based on entitlements and are serviced with the right field service engineer and the right parts at the right time.
- **Siebel ISO/Supplier Network Optimization** strengthens collaboration with ISOs and suppliers with collaborative sales and business development along with service delivery, thus ensuring high levels of customer satisfaction while driving operational efficiencies throughout the ecosystem. Key components include Siebel Real-Time Partner Lead Management and Siebel Collaborative Service Network. Both allow OEM manufacturers and suppliers or ISOs to collaborate on new “leads,” contracts, or programs, while also having visibility in sharing and coordinating on service delivery—all seamless to the end customer.

- **Siebel Closed-Loop Air Show Event Marketing** helps companies improve overall event campaign effectiveness at leading air shows such as Farnborough and the Paris Air Show. By providing key components such as Siebel Closed-Loop Campaign Marketing and Siebel Integrated Event Management, aerospace and defense manufacturers are able to manage the campaign execution, optimize the returns with complete tracking and follow-up of prospects, and efficient routing of opportunities as they are handed off from event marketing to the sales force.

- **Siebel Improved Workforce Knowledge Transfer** ensures that employees in an aerospace and defense company are given clear goals, appropriate training, and the necessary support to maximize their effectiveness and minimize their ramp-up time to enable the corporation to meet its business objectives in developing its next-generation workforce. Key components leveraged to maximize employee productivity and knowledge sharing include Siebel Cross-Organization Communications to reinforce the corporate agenda and Siebel Alignment of Employee Objectives to ensure all goals are aligned across business units and product lines to achieve the corporate objectives.

**SIEBEL CRM BEST PRACTICES IN AEROSPACE & DEFENSE**

Aerospace and defense manufacturers achieve maximum business impact from their CRM implementation only if the system enables them to apply best practices to their CRM processes. Otherwise, aerospace and defense manufacturers will end up merely automating suboptimal processes.

We have codified best practices in every aspect of customer-facing processes in the aerospace and defense industry—across these sales, service, and marketing solution sets—addressing the critical areas from customer service and aftermarket service to complex sales management and configuration to independent service organizations/supplier collaboration and voice of the customer analytics—and have embedded these best practices into a consistent set of integrated business processes. By embedding CRM best practices, Siebel Aerospace & Defense enables manufacturers to deploy optimal CRM processes that reflect best practices, thereby ensuring a significant return on investment. And by providing prebuilt business processes based on industry-specific best practices, Siebel Aerospace & Defense
enables manufacturers to accelerate their deployment and reduce the total cost of ownership.

**LEVERAGING CRM TECHNOLOGY INVESTMENTS TO SUPPORT SIX SIGMA INITIATIVES**

Beyond CRM technology investments, aerospace and defense manufacturers are turning to Six Sigma methodologies and coupling these programs as strategic initiatives to eliminate waste from a number of customer-facing business processes spanning sales or business development, marketing, and service. With revenue growth in the single digits or declining, manufacturers are emphasizing improved profit margins through cost savings. Boeing, Raytheon, and General Electric are examples of companies using technology to support lean enterprises and Six Sigma initiatives, mapping value chains to identify where CRM applications can be deployed.

As always, aerospace and defense IT spending has averaged in the high single digits as a percent of revenue and consistently has been one of the top industries in terms of IT spending rate. AMR Research in recent years has seen an increasing contribution of spending toward software. This shows a gradual trend in the industry to replace a legacy environment built up over a number of years through customization and corporate acquisitions.

For customer-facing business processes, many aerospace and defense companies are not only focused on replacing legacy applications, but also in developing an integration strategy that will link these legacy applications and new technologies together—thus removing inefficient processes from the system. At the core of the Six Sigma methodology is the principle of digitization and ensuring everyone has access to the same system, process, and information.

Many aerospace and defense manufacturers seeking to drive process improvement are undertaking initiatives leveraging Six Sigma as the specific methodology for achieving improvements in quality, productivity, and overall operating efficiencies. Sigma is a statistical term that measures how far a given process deviates from perfection or the desired goal. Six here refers to the +/- 6 standard deviations away from the mean, which represents the goal of a Six Sigma project.

The central idea behind Six Sigma is that if you can measure how many “defects” you have in a process, you can systematically figure out how to eliminate them and get as close to zero defects as possible. Six Sigma can be applied to customer-facing or “front-office” processes such as marketing, sales, and service and is increasingly being leveraged to drive continuous process improvement in these areas. Service is a good example of a high-impact customer-facing process, as customer service is now becoming a key area of competitive differentiation and advantage. With increased outsourcing of manufacturing capability along with the general commoditization of products, companies now must compete on the basis of their service operations. Furthermore, service processes are full of inefficiencies, as
service operations have often been overlooked while process initiatives have focused more on manufacturing processes.

The coupling of CRM and Six Sigma can significantly increase the efficiency and effectiveness of customer-facing processes, resulting in lower costs and improved profit margins. According to Jack Welch, the former chairman and CEO of GE, “The financial returns are inevitable from Six Sigma initiatives that focus on making the customer more competitive and successful.” For example, it is estimated that the cost of poor quality associated with service processes is on the scale of 50 percent of a company’s SG&A budget, with most processes in the range of 1.5 to 3.0 sigma (from the book *The Six Sigma Way*). Given these numbers, there is clearly a significant opportunity to apply Six Sigma to service operations and reap tremendous returns. Companies such as Honeywell and General Electric have realized cost savings of 1.2 percent to 4.5 percent of revenue annually.

Each of the Siebel Aerospace & Defense solution sets with its defined set of business processes helps an aerospace and defense manufacturer to become customer-driven by leveraging best-practice business processes. Companies such as Boeing, GE, Honeywell, and Raytheon are leveraging technology and these solution sets to support lean enterprises and Six Sigma initiatives.

Siebel CRM enables companies to better support and implement the Six Sigma methodology for customer-facing processes by providing a single CRM system that digitizes and automates these processes, allowing everyone to be using the same system, the same defined and controlled process, and leveraging the same information set.

The Siebel solutions enable the Six Sigma methodology whether the technique of DMAIC (Define, Measure, Analyze, Improve, and Control) or DFSS (Design For Six Sigma) such as DMADV (Define, Measure, Analyze, Design, and Verify) is applied through:

- Defining business objectives/metrics and process maps based on an industry-defined process library
- Measuring, quantifying, and analyzing defined output metrics leveraging out-of-the-box analytics
- Improving, controlling, and standardizing processes through automation, digitization, and use of best practices
- Institutionalizing Six Sigma methodology into corporate culture through reinforced communications, goal/objective alignment, and training

At a high level, once a business has a defined set of customer needs, objectives, and goals for redesigning how customer-facing processes are accomplished in a business unit or division, these objectives are best mapped to business processes as tangible units or work that can be redesigned or improved. Many companies spend a significant portion of an implementation determining their current business processes when they plan to deploy enterprise-class software.
Through our domain expertise with customer-facing processes, Oracle can assist in detailing the most effective metrics to measure and monitor the effectiveness and efficiency of a process. Upon defining the business objective, we provide an industry-specific best-practice business process library that is digitized within our software, thereby allowing your company to quickly identify processes that are important to your business. Once you have identified business processes that are important to reaching your objectives, you can evaluate how completely these processes meet your specific business requirements and objectives. By conducting workshops with your business, your users will be able to evaluate whether the processes we provide completely meet your needs or if the processes require further customizations.

The business processes that we provide are mapped to the Siebel applications, so that in addition to evaluating the recommended sequence of activities suggested to accomplish various business processes, you can identify those processes that are supported by Siebel applications with screens and technology provided right out of the box. This provides a platform for not only defining, but also improving and controlling a standard process.

To continuously refine these business processes, we provide an analytics platform that allows a company to measure, quantify, and analyze key metrics to identify root causes within a process to further remove inefficiencies. In essence, to build business advantage, organizations need to empower all users, not just a few, with rich customer insight, the power to measure the performance of their operations and processes in real-time, and the means to take immediate corrective action if necessary. Voice-of-the-customer analytics enable manufacturers the ability to continuously monitor their processes and leverage this insight from drill-down analytics to understand the “why” behind a result to further refine these processes and remove waste from the system.

To ensure the success of a Six Sigma initiative it needs to become part of the corporate culture. We can assist a company in institutionalizing the Six Sigma program into the corporate “DNA” through corporate communication strategies, organizational alignment, and workforce competency development.

**GAIN REAL-TIME BUSINESS INTELLIGENCE THROUGH VOICE-OF-THE CUSTOMER ANALYTICS**

In the aerospace and defense industry, most manufacturers are trying to gain insight into the voice of the customer and factor these metrics into critical value-adding processes, such as product development, sales and marketing, order management, and after-sales service. Aerospace and defense manufacturers are leveraging CRM as a platform to deliver these voice-of-the-customer analytics to understand which metrics drive customer satisfaction and glean insight into such key performance indicators (KPIs) as new sales opportunities, mounting service requests related to specific parts, service activity by carrier or by product line, service resolution time, opportunities resulting from marketing events and air shows, as well as partner

“One of our primary success attributes is technology. We have taken technology and literally leap-frogged it in two years from being comparable and sustainable in the industry to being one that both OEMs and customers say is far superior—all to make our customer’s life easier and better and more efficient in doing business. The fruits of our labor are paying off. Our revenue run rate has more than doubled in the last three years, and the profits have more than tripled. The Siebel CRM solution was a key piece in this success because it enabled us to integrate our field sales force and call centers and give them the tools they need to do their jobs more effectively and efficiently.”

—Aviall Services
sales or service performance. Voice of the customer analytics enable aerospace and defense companies the ability to continuously monitor their processes and leverage this insight to drive positive and corrective action to achieve their performance goals.

Siebel Business Analytics is an end-to-end next-generation analytics solution that provides all users with up-to-the-moment, actionable customer and business insight. Insight based on best practices. Siebel Business Analytics offers prebuilt and fully configurable topical analytic applications that embody best practices and address key functional areas across all Siebel applications. Seamlessly integrated with Siebel operational applications, these analytic applications allow organizations to quickly provide users key business “voice-of-the-customer” metrics across service, sales, marketing, and partner management programs.

- **Siebel Service Analytics** is a comprehensive analytics solution that enables aerospace and defense manufacturers to empower every user with rich analytics that provide up-to-the-moment, actionable customer and business insight. Siebel Service Analytics gives service managers and executives the information and analytical tools they need to run a successful customer service and support business including aftermarket spare parts. It allows them to analyze business performance quickly and effectively by using pre-built or ad hoc analytic reports. It allows executives to take proactive steps to correct service problems before they have a detrimental effect on the overall quality of service. From a single, consolidated dashboard, managers can analyze critical service metrics, including service contract performance and profitability, service activity by carrier, service activity by product line, resolution times, product failure rates, service engineer productivity, and overall customer satisfaction.

- **Siebel Sales Analytics** is a complete next-generation analytics solution that delivers unparalleled levels of information richness and usability, allowing sales and business development executives to analyze pipelines and evaluate the performance of the entire sales network. Using Siebel Sales Analytics, sales executives can identify trends in business development cycle length, win rate, deal activity level, progression through sales gates, and average deal size to gain vital insight into the competitive landscape. Siebel Sales Analytics provides the entire sales organization, from senior management to the
individual salesperson, with up-to-the-moment and proactive intelligence that enables them to optimize sales efforts and to ensure they focus on the right opportunity at the right time.

- **Siebel Marketing Analytics** is a complete, next-generation analytics solution that delivers high levels of information richness, usability, and reach, enabling manufacturers to get maximum results from their marketing investments. By leveraging this information, marketers are better able to understand their customers’ preferences, buying behavior, and value, thereby ensuring optimal targeting and event promotional strategies. It provides the in-depth customer and business insight that manufacturers need to identify their most important customers, predict future results, and mount productive multichannel marketing campaigns.

- **Siebel Partner Analytics** provides manufacturers with powerful performance management capabilities and comprehensive analytic tools to deliver in-depth information on the performance of ISOs and suppliers or program subcontractors. Siebel Partner Analytics provides nearly 200 prebuilt reports and ad hoc analytic tools, enabling senior executives to quickly evaluate the effectiveness of their collaborative sales, service, and marketing activities.

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**ENABLE CROSS-APPLICATION BEST PRACTICES THROUGH BUSINESS PROCESS INTEGRATION**

Business and application integration has represented a major challenge and expense for aerospace and defense manufacturers, accounting for up to 35 percent of the overall cost of a typical IT implementation. Siebel launched Universal Application Network and Universal Customer Master and specific business integration applications to solve this major challenge.

Universal Application Network is an industrywide solution for business integration. It provides a scalable architecture for business process integration that is based on services-oriented architecture. It also defines standards to represent Universal Application Network components—business processes, common objects, transformations, common services, and interfaces. Collectively, they are called Universal Application Network Grammar.

Siebel Universal Customer Master is a comprehensive and up-to-date customer profile repository that unifies customer information across multiple business units and functionally disparate systems. Universal Customer Master offers one source of customer information across all applications, ensuring the quality, accuracy, and integrity of customer data while successfully maintaining a single identity for each customer and contact in the enterprise. Universal Customer Master enables enterprises to maximize cross-selling opportunities and improve the customer experience while reducing data management costs. Universal Customer Master also allows organizations to minimize time, money, and other resources spent on
customer data management and reap the benefits of utilizing rich customer information.

**BROAD INDUSTRY ADOPTION OF SIEBEL AEROSPACE AND DEFENSE**

Developed in close collaboration with our customers and partners, Siebel Aerospace and Defense is uniquely tailored to industry-specific business practices. In fact, 91 percent of the Global 500 aerospace and defense companies have chosen Siebel CRM.

Listed below is a select listing of Siebel customers in aerospace and defense.

Siebel CRM has been adopted across each of the sectors within aerospace and defense as represented by the select sample below:

- Commercial aircraft: Airbus, The Boeing Company
- Regional/business aircraft: Dassault Aviation, Raytheon Aircraft
- Aircraft engines and parts: GE Aircraft Engines, Honeywell Aerospace
- Aftermarket parts and services: Aviall Services, Source One Spares
- Defense contractors: General Dynamics, Northrop Grumman

In addition, Siebel CRM has been adopted in both the North American and European aerospace communities.

- North America: The Boeing Company, GE Aircraft Engines, Honeywell Aerospace
- Europe: Airbus, Eurocopter, Dassault Aviation
TANGIBLE ROI FOR AEROSPACE AND DEFENSE COMPANIES

The forward-looking aerospace and defense companies are strategically investing in technology to support the adoption of more customer-centric strategies for delivering superior customer service. We've helped numerous aerospace companies achieve these tangible and self-reported results in driving loyalty, improving operational effectiveness and efficiencies, and lowering IT costs:

- Improved customer satisfaction and visibility into “voice of customer” analytics
- 20 to 40 percent improvement in customer satisfaction
- 40 percent increase in communication among sales teams
- 300 percent increase in customer information
- Delivered superior levels of customer service and support
  - 25 to 50 percent increase in service efficiency
  - 80 percent improvement in on-time service request closure rate
  - 50 percent reduction in AOG response cycle time
- Increased sales effectiveness and coordination across business units and product lines
  - 20 to 125 percent increase in aftermarket parts revenue
  - 10+ percent increase in sales win rate
  - 45 to 200 percent increase in sales productivity
- Increased campaign effectiveness driving new business development.
  - 40 increase in identified new opportunities
  - Lowered TCO (Total Cost of Ownership) of IT Infrastructure
  - 15 to 25 percent decrease in annual IT budgeted costs

These forward-looking companies, which include Airbus, Boeing, GE Aircraft Engines, Honeywell Aerospace, Northrop Grumman, and Raytheon Aircraft Company to name a few, have all turned to not only CRM, but more specifically to Oracle’s Siebel CRM to help drive these customer-centric strategies. As a result, each of these companies is deriving tangible and sound returns.