

Learning to Communicate

It has been said that the key to a successful relationship is communication. While true for a husband and wife, it is no less relevant to an investment bank courting potential buyers and sellers of multimillion-dollar companies. Asking a high-level decision maker, "Where did our last meeting leave off?" is not likely to generate the kind of confidence that gets a deal done.

As part of an effort to avoid such faux pas, Charlotte, N.C.-based investment bank Edgeview Partners embarked on a quest last year to find customer relationship management technology that would ensure that its employees would be armed with the information they needed to seal the deal.

Edgeview, which provides merger, acquisition, strategic advisory and financing services to middle-market companies, was formed in 2001 with five employees. Among such a small staff, information flowed freely across the room and knowledge attained by one staff member usually found its way to all.

By last year, however, Edgeview had 45 employees handling 16 simultaneous transactions. Such growth meant that communication of critical information through word-of-mouth could no longer be relied upon, according to Susan Moore, director of business development at the investment bank. "We had

become a shop where everyone didn't know everyone else," she says.

Since February 2003, the firm had been using Atlanta-based Best Software's Act! CRM application as an electronic Rolodex but felt that expanding the usage of the system would not be enough. Edgeview also was getting some functionality out of its CapIQ research application from Thomson Media (New York) that has a Web-based CRM component. That system allowed the investment bank to search for potential buyers and sellers but was not as helpful in managing Edgeview's proprietary data that was gathered in the field.

Specifically, Moore says, Edgeview needed to know which private equity firms it had shown deals in the past, along with the relevant information. "I may have had a meeting with them and learned things about them, but no one else in the firm would know I had that information," she relates. "We didn't have a good way to capture that information and mine it."

To remedy the situation, the firm started looking for an alternative in January 2004. Traditional CRM products, such as San Francisco-based salesforce.com's offering, didn't fit the bill, according to Moore. A CRM suite that locked the user into the role of seller (as opposed to buyer) and locked the item for sale into a product (as opposed to a service)

would not work at Edgeview, she explains. "Our clients could be buyers one day and sellers the next - people are playing multiple roles," Moore continues. "We needed a system that would capture the knowledge gained in each interaction."

Play Nice With Others

According to Bill Clay, VP of global financial services with Electronic Data Systems (EDS), financial services companies must evaluate CRM systems carefully. First, security must be absolutely air tight. "If I'm on Wall Street looking for CRM, I need a combination of security elements: data security, access security, inbound and outbound security," he says. "The last thing you want is to release information without permission."

Next, he says, CRM for a global firm must allow users to coordinate events around the world - across time zones and in different languages. "You don't want the lead deal officer to miss a meeting because it wasn't on his [CRM] calendar," Clay says. Finally, he stresses the importance of CRM integration with other applications, specifically Microsoft Outlook, a popular contact-management system, so users can continue working as they have been. "I would premise that most use Outlook to manage their contacts. Do you want to tell your bankers you want them to use two applications to maintain their contacts?" he asks.

For Edgeview, this was the No. 1 criterion for a potential CRM solution. "We knew that our partners were not going to adapt to and change their work processes, so having a system that would hook into Outlook was huge," says Moore.

By April 2004, Edgeview narrowed an initial list of six vendors down to two, ultimately selecting InterAction from LexisNexis Interface Software at the end of June. LexisNexis Interface "had a proven track record," Moore says. And, "They took time to help all the members of our firm understand what the software had - and what it didn't have." Moore declines to name the other vendors that were considered.

Upon completion of the deal, Moore traveled to the vendor's Oakbrook, Ill., headquarters in July 2004 for nine days of training. Implementation of the solution was slated for completion just after Labor Day. With support from Inter-Action's professional services group, Edgeview's implementation team - which was comprised of six people, two of whom served on a full-time basis - rolled out the system as planned on Sept. 8, initially to Edgeview's deal processors and administrators, who then could act as information resources for the rest of the staff. Additionally, the firm held a series of eight classes for staff through September and October.

Share and Share Alike?

InterAction, says Moore, has been populated with much of the information from the existing Act! database in use at the firm. Some of that information was imported automatically, while other information required rekeying. (At this time, InterAction does not send or receive direct, ongoing feeds to or from other Edgeview applications.)

What the solution didn't have - at first - was acceptance among Edgeview's staff. A few features of the application, however, made it easier for employees to embrace the system. While InterAction provides a repository for contacts across the firm, Moore explains, it allows users to determine which contacts they want to release into the larger firmwide database and which will remain private. Even for the public contacts, the user "has the ability to review any changes to their contacts before they are made," she adds.

Permissioning also can be taken down to a more granular level, meaning certain contact numbers for clients can be made public, while others, such as cell phone numbers, for example, can be kept private. Also, partners who designate their assistants as proxies can give them access to some, but not necessarily all, of their contacts.

Across the wider scope of Wall Street, though, a full-fledged embrace of CRM applications is often at odds with long-standing cultural tendencies, according to Matthew Beinfang, a senior analyst with Needham, Mass.-based TowerGroup. He says that despite being able to control what goes into the public CRM application, many users dread the worst will happen. "The fear is that some dope from another division will go after my client - with what may be good intentions. But if I expose the relationship, I risk that it could be damaged," he says. "If we're talking about a bread-and-butter client, I'm probably not going to be taking that risk."

In terms of financial cost to Edgeview, "Given the capabilities that InterAction has, it is fairly inexpensive. We are not spending millions but rather a hundred thousand or two," Moore says. "I think it would

pay for itself if we won one deal from it," she adds. Toward that end, user adoption in the firm is gaining momentum. "The majority of the office is using it on a daily basis to access information," Moore relates.

Having gone through the process, Moore advises other firms to spec out their business processes first, because no software bandage can fix processes gone awry. Second, she stresses the importance of having someone at the top of the organization champion the project to further acceptance and adoption rates. "Bankers have very little time, and getting them to do anything they don't absolutely have to do is a challenge," she asserts.

EDS' Clay says firms first need to get a handle on their customers' behaviors and preferences, then develop a vision for the level of customer service they want to provide. Only then can a CRM solution help IT and business executives align business processes and operations.

While growth prompted Edgeview to embrace CRM, TowerGroup's Beinfang says that head-count reduction can be just as powerful a driver. "You will start to hear it from the sales force, as head count is shrinking, that they are having a hard time staying in front of their customers," he says. "It's real trouble when a customer complains and says, 'You don't understand the breadth of my relationship with you.' From a competitive standpoint, if you can't value that relationship accurately, that is a real problem."