

Financial Firm Finds CRM Fit

By DENNIS CALLAGHAN

You can't fit a square peg into a round hole, and you can't take software designed for companies that manufacture, distribute or sell products and make it a good fit for companies that sell professional services.

That was a hard lesson learned by Nicholas-Applegate Capital Management, a San Diego company that provides money management services to institutional investors such as corporations, foundations and pension funds.

Last year, the company's initial CRM (customer relationship management) deployment—of various separate sales and customer service applications—didn't go very well. While the applications themselves worked fine, they didn't allow for much collaboration among Nicholas-Applegate's different sets of users, according to Dan Stroot, chief technology officer.

"Our business is not traditional sales; it's a real relationship-building process, not only directly with customers or clients but third-party consultants," Stroot said. "We rely on strong relationships. We're in a complex business with lots of dollars at stake, so we needed something that took that into account."

Following its initial troubles, rather than search for an elusive software system that was the right fit for its business, Nicholas-Applegate looked instead for a third-party company that knew something about CRM and also knew the financial services space.

"We realized very early on that we had a lot of stakeholders with different opinions about what CRM is, but we didn't know the market very well," said Stroot. "We [had not] canvassed the market, so we thought the best opportunity for us was to hire a partner to help us navigate the waters."

Right around that time, Stroot heard Chad Van Derrick, founder and principal of a small Cambridge, Mass., financial services technology consulting company called Swimfish Inc., speak at the Investment Counsel Association of America conference in San Diego. Van Derrick shared his vision for a collaborative CRM system built on relationships between employees and customers. His speech resonated so strongly with Stroot and others at Nicholas-Applegate that the company hired Swimfish to help develop the definition and requirements of its CRM project and to select a product that met those requirements.

"They helped us tease out what the requirements were," said Stroot. "They helped us clarify and coalesce around a

single set of requirements. I was terrified of that going in. People from marketing, sales and service, portfolio management, everyone had something different they desired to get out of the process."

To Van Derrick, what Nicholas-Applegate needed was a more collaborative CRM solution.

"One of Nicholas' big challenges was that everyone was using e-mail but no one really knew where things stood with a particular client," Van Derrick said. "That really can slow down the sales process. It looks really bad to the client when they're calling different people and nobody knows where the multiple touch points are. The client expects them to know their interactions, their history. If they don't know them or they present inaccurate information, they can lose that client in the end."

With definition and requirements in hand, Nicholas-Applegate then enlisted Interface Software Inc.'s InterAction, a product designed for professional services companies, to be its new CRM tool.

"I've implemented everything from [Best Software Inc.'s] Acts to [FrontRange Solutions Inc.'s] GoldMine to Siebel [Systems Inc.] and Onyx [Software Corp.], and it's always frustrating—there's not one package that fits the bill, that maps closely, that really gets down to the underlying architecture of a financial services company," Van Derrick said. "We're always very frustrated in that space."

Interface's InterAction product is used at many of the top law firms in North America, which is its strongest vertical market. But Nicholas-Applegate and Swimfish found that it was perfect for financial services as well.

"We immediately recognized that the way they modeled it resembles the way these guys do their work," said Van Derrick. "By the end of the day, we said, 'Yeah, we have something here; this could work in this space.'" Swimfish was so impressed that Van Derrick said the company went on to form a reseller agreement with Interface.

"We thought [Interface] understood the professional selling area and the concept of relationship management," said Stroot. "The concept of social networking is not in any other product."

But Nicholas-Applegate's work with Swimfish yielded another interesting result, according to Stroot and Van Derrick. A CRM application alone wasn't good enough. To get the most out of the CRM implementation, the company also needed an integrated content management and col-

laboration system.

"The big surprise that actually came out of the study was they went into it thinking they needed a CRM solution," said Van Derrick. "CRM's a component, but it's just a component. They also needed document management and workflow. They needed document retention and document storage and then [to] marry that with the information in their CRM system."

Swimfish identified Vignette Corp.'s technology as the right fit for Nicholas-Applegate's needs, then managed the integration between that product and InterAction.

"Our vision included all the traditional components of relationship management and sales force automation—contact management, activities, [sales] pipeline," Stroot said. "But we also wanted to manage the documentation and correspondence with the client and have a single point of view with all touch points, as well as client statements, letters, proposals and research."

Licensing deals were struck with Interface and Vignette at the beginning of last year. Six months later, the system was up and running, starting with sales and client service employees, then adding operations, investment management and marketing departments. To date, Nicholas-Applegate has 65 users on the system, with plans to eventually roll out the software to 125 users, according to Stroot.

"We're rolling it out on a product-by-product basis," Stroot explained. "We'll bring all the people that interact on a particular product, like small-cap portfolio managers and traders. We'll get them all on the system so they can collaborate and start to leverage relationship intelligence. We really want to enable the collaboration process. That's one of the things we didn't do with our previous software."

Although results are hard to quantify, Stroot said the feedback he's gotten from employees who are using the system has been encouraging.

"Just the ability to bring all that information together was an initial tactical win," Stroot said. "As we roll it out to the firm, what people are starting to realize is, the best word I can think of is workflow, and the process around how we want to get the whole firm around the idea of client service."

Stroot said the key to improving client service is to have every contact with a client recorded in the system.

"Eventually with client services, the strategic view is to get collaboration across departments so everybody knows what's going on and tie that to the client," he said. "So if we're dealing with a Tier 1 client, everyone knows [that] this is one of our key clients, and the customer request is never lost. It's always tracked, and everyone's sharing it."

It takes employee buy-in to make the system work. But Stroot said Nicholas-Applegate is getting that buy-in because employees are realizing the benefits of the system.

The result of the integrated CRM and content management system at Nicholas-Applegate is better management of client relationships, including an internal social networking system, Stroot said.

"The investment management business is centered a lot around relationships," said Stroot. "If so-and-so from our company is on the museum-of-art council along with so-and-so from the energy company, we can go into the system and see [if] we know anybody from anywhere else who knows so-and-so doing finance at the energy company. You leverage your contacts and get out there and build a relationship that would allow you to make that sale."

Investment products tend to be highly customized to individual customers, making close client relationships that yield good knowledge about them all the more valuable.

"It's an aspect of client service to make sure you're selling the right product in the first place," said Stroot. "Cross-selling at our firm is not the retail-type cross-sell; it's more making sure we really understand what the customer's objectives are from the investment management standpoint."

Interface was acquired by LexisNexis Inc. in December. The company now operates as LexisNexis Interface Software Inc. within the emerging-markets group of LexisNexis. Interface has approximately 420 customers, nearly all of them professional services organizations, mostly law firms, although financial services accounts for 30 percent of the company's customer base and is one of its fastest-growing verticals, according to CEO Nate Feinberg.

"In all professional services markets, the need to compete more effectively is not about how much money you spend but how relationships provide a competitive advantage," said Feinberg in Chicago.

"The driver is how organizations use their relationship capital and the information they know about their contacts to win business and service that business more effectively," Feinberg said. "No products in the marketplace suit professional service organizations better than we do. We focus on the contact being the center of the universe, rather than the account."

LexisNexis Interface is looking for partners, such as Swimfish, that can add vertical expertise, Feinberg said.

"Swimfish understands financial services so they bring that credibility," he said. "They can help clients with defining their processes. We're looking for partners who can add value that way."