SugarCRM Implementation: Lesson Learned from Shipping Industries.

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Abstract This paper is aimed to provide a lesson learned about implementing CRM in the shipping industry. The objective is to describe the practical overview that has been implemented by the most trusted transportation marketplace, primarily serving freight, as in this case the chosen companies are uShip Co., Paramount Global Services Co. and Postnord Co. This objective can be achieved by a study on the CRM implementation strategy implemented by these three companies. All the requirements, challenges, solutions that faced by the organizations are discussed throughout the paper. An organization experience in handling CRM that is applicable to a generic situation on a shipping activity were generalized based on the business purpose, operations, challenges, solutions and its impacts.

Keywords: CRM, shipping industry, lessons learned.

1. INTRODUCTION

Customer Relationship Management (CRM) has grown to be a requirement of every company in today’s society. In general, CRM is considered as an approach to manage both internal and external company’s interaction with current and future customers. According to Shaw Robert (1991), this CRM often involves using technology to organize, automate, and synchronize sales, marketing, customer service, and technical support. (Robert S., 1991) As we know, forming and maintaining relationships with customers is one of the most important aspects of any business (Fakhredaei, 2006). Without positive relationships, it’s hard to thrive in any industry and long-term success can be jeopardized. That’s why it’s so advantageous to implement a customer relationship management (CRM) system into any organization. There is a lot of CRM software help shipping industry to achieve their organizational objectives.

CRM represents a customer-focused business strategy for increasing customer satisfaction and customer loyalty by offering more responsive and customized service to each customer. A customer relationship with a shipping company involves prices, services, scope of service, schedule, customer relations, company history, convenience, brand name, and value-added services (Yang and Nguyen, 2011).

Customer information processes consist of two sequential aspects: customer data acquisition and data interpretation, which transforms the data into customer information (Campbell, 2003). Injazz and Karen (2003) stated CRM is a combination of people, process and technology that seeks to understand a company’s customers. CRM has evolved from advances in information technology and organizational change in customer-centric process. Furthermore, nowadays information technology has been recognized as an enabler to radically change of management in organizational to achieve dramatic improvement.

The rest of the paper is structured as follows: Section two presents the problem background in conducting the study, Section three presents the research method used for this research, Section four introduces the CRM functions in the shipping industry; Section five brief on the selected case studies of the chosen companies, Section six describe on the comparison variables in the case studies, Section seven addresses the motivational factors that trigger the companies to implement SugarCRM, Section eight provides the lesson learned about the benefits that can be gained through CRM implementation, Section nine discusses the challenges that mostly faced by the shipping company and how the CRM help them solve these problems and lastly, Section ten, stretched out the benefit of CRM implementation to the shipping company in general.

2. PROBLEM BACKGROUND

Customer Relationship Management (CRM) has exploded in the enterprise space in the past few years, and some studies claim that they are the ultimate solution to the information exchange problem among firms. For example, Richards K. A. and Jones E. (2006) did mention in his paper of “Customer Relationship Management: Finding Value Drivers” that saying “implementing CRM/
increased management of customer relationships could improve business performance by building a strong partnership through massive channels of distribution” (Richard K. A & Jones E., 2006, p. 2). In here, these massive channels of distributions referred to (i.e. Email, portfolio, online analytical processing or OLAP and customer interaction centers or CIC) by the researchers. However, not all the off-the-shelf CRM software in outside there could give a satisfactory result in maintaining the customer relationship management and deliver a profitable income. For example, in 2006, Richard K.A & Jones E cited a Mc Kinsey Quarterly of Forrester Research report indicating that only ten percent (10%) of the business and information technology executives surveyed strongly agreed that expected business results were achieved from implementing CRM (Richard K.A & Jones E., 2006) and 70% of CRM projects result in either losses or no bottom line improvement (Gartner, 2003), in which this CRM implementation failed to deliver profitable growth and damaged long-standing customer relationships (Richard K.A & Jones E., 2006). Therefore, it is significant important to choose the best CRM software that could suit with the companies’ work environment.

However, there are few problems in order to conduct these studies. Though there is significant interest of researchers and practitioner conducting studies on CRM, but most of the studies were focused on the CRM retail industries, the marketing industries and the manufacturing and sale industries compared to the shipping industries. (Jiang, C. B., 2009). There is a lack of research regarding implementation of CRM in the shipping industry that can help companies/organization gain a better insight on the benefits of CRM for a superior CRM implementation. Thus, this paper is focused only on the implementation of CRM in the shipping industry. The main objective is to describe the practical overview that has been implemented by the most trusted transportation marketplace, primarily serving freight, as in this case the chosen companies are uShip Co., Paramount Global Services Co. and Postnord Co. However, in order to achieve this objective, we need to study on the CRM implementation strategy implemented by these three companies first. Therefore, the sub-objective of this paper will be:

i. To examine the particular CRM software used by the selected shipping companies in managing their customer relationship and the challenges faced by them that lead to the decision of implementing the chosen CRM software.

ii. To unfold the benefit of CRM implementation to the shipping company.

3. METHODOLOGY

This paper uses the principal qualitative methods of case study to conduct the comparative study between the three shipping companies, namely uShip Co., Paramount Global Services Co. and Postnord Co. This case study research involves more than one way of deriving data about the case or company under study, it includes collecting and analyzing internal company document, CRM consumer research and survey data and any other data collection techniques (i.e. audio-visual data such as YouTube that portray on the particular selected company’ activities in using CRM applications, the selected company’s website, and etc.) which offer qualitative information about the case. Through a constant comparative method, we able to come out with several research, interpretation which is; 1) these three companies were using same CRM software called SugarCRM 2) and the main/prominent problems resolved by the SugarCRM and the benefits of using SugarCRM to those (3) three particular shipping companies.

As these three companies were using same CRM software, we try to unfold the stories by using the narrative inquiry in each case, comparing internal company documents (the research reports, all unpublished), with publications to support the problem that usually faced by the shipping industries and the intent of using the CRM software into their business operations. Narrative inquiry is a means for us to capture and depict companies’ stories (of SugarCRM clients) with the previous CRM clients’ experience over time, and takes account of the relationship between individual experience and cultural context. (Etherington, K., 2013)

4. CRM IN SHIPPING INDUSTRY

The shipping industry is a freight transport, transporting commodities and merchandise goods and cargo. The term shipping also could be referred as a “carriage” or as well as “Logistics” (Yang Y. C. & Nguyen H. H., 2011). Nowadays, most of the shipping industry uses modern technology as an integral part of its CRM system to improve their business performance. In particular, information technology such as the internet and business intelligence system has help the shipping firms to focus on their customers more in depth and provide products and sales service at levels that are necessary to retain customers. (Durvasula, S., Lyonski, S., & Mehta, S. C., 2004). The call center can be another important element of CRM technology for shipping lines. (Greenberg, P., 2004). Carriers can employ call center technology to identify each incoming call and match it to the appropriate customer’s record. An automated call distribution system can direct the calls to the proper department of the shipping line. One key in using CRM is to make sure that customization and personalization are integral to the carrier’s marketing efforts (Durvasula, S., Lyonski, S., & Mehta, S. C., 2004). Personalization requires the firm to know the customer by name and to develop a more personal relationship. Customization allows the shipping line to offer the customer a selection of service features that might be different from the ones offered to other customers. This service features are keyed to the shipper’s specific needs. (Fakhredaei, N., 2006).

Designed to optimize operations and reduce transportation spend, the CRM, shipping solution automates the entire fulfillment process from the pack...
verification through weighing, rating, routing, labelling and execution. (Jiang, C. B., 2009). To streamline operations, the CRM shipping solution is also integrated with a variety of services, audit and payment, supply chain visibility, vendor compliance, export compliance and insurance (Campbell AJ, 2003). The CRM shipping solution includes a complete suite of management tools and reports to analyze carrier performance, optimize transportation planning and reduce expenditures.

When customers call or email salespeople and customer service, they expect answers. (SugarCRM, Inc., 2012). Rather than having to go to shipping systems or carrier Web sites, the company representatives should have the shipping location information on the same screen they look at when speaking to or e-mailing the customer. (SugarCRM, Inc., 2012). Even better, the CRM system can automatically inform customers where items are in transit. Such notifications can be annoying if done too often, but the CRM system can text or e-mail customers status updates at scheduled times or at trigger points in the shipping process. (Greenberg, P. 2004).

Among the features that take precedence in choosing the right CRM software are; first, the software must be scalable, second, it implements those services oriented architecture and third, redundant processing in order to ensure continuous operation across large enterprise deployments with multiple distribution centers (Durvasula, S., Lyonski, S., & Mehta, S. C., 2004). When searched for the CRM software in the web browser, there is a lot of CRM software listed in the searching list such as ACT, AIM, Eloqua, InfusionSoft, Maximize, Microsoft Dynamic, NetSuite, Sales Logis, Salesforce, SalesNet, Sage Logistic, SalesTracker and SugarCRM. However, when we are refining the result focusing on the shipping industries, the most top CRM software that has been implemented by the giant multinational shipping industry is SugarCRM software.

SugarCRM is a CRM software company based in Cupertino, California that produces the web application called Sugar. It was founded in 2004 by Clint Oram, John Roberts and Jacob Taylor, with the vision of enabling the clients to make the connections with another that is significantly important to their business. (Clint Oram, 2015) Sugar customer relationship management (CRM) system is flexible (that capable of being adapted to the user's work environment) and intuitive software (in which the new functions across is easily understood and grasped by intuition) that is available and ready to use, either by an open source or commercial open-source applications. (Clint Oram, 2015)

Sugar's functionality includes sales-force automation, marketing campaigns, customer support, collaboration, Mobile CRM, Social CRM and reporting. (SugarCRM, Inc., 2012). In general, this SugarCRM is able to plan and execute a marketing campaign on the Sugar page and tracked all the activities conducted by the company. The marketing dashboard gives an overview of all campaign leads. On the ally dashboard, it gauge all the campaign's insight to provide better customer support. Sugar's use reporting and business intelligence to give management up-to-date performance views and leverage with the social media and the mobile devices for better communication - internally and with customers. As it helps the company to boost sales, retain customers and save money, SugarCRM has become predominant to the companies to generate profitable growth.

According to Richard K.A & Jones E., (2006), Rigby and Ledingham (2004) attribute this spending increase to some recent CRM success stories. Where these successes, share two common characteristics: “one is a highly focused approach to CRM with a relatively narrow scope of the projects and the second is a healthy skepticism regarding the overblown claims of CRM vendors.” (Richard K.A & Jones E., 2006) To be clear, this reduction in scope of CRM projects and more conservative projection of benefits is bringing some much needed financial responsibility to CRM implementations. (Richard K.A & Jones E., 2006)

5. CASE STUDY

5.1 PostNord Norway

PostNord Norway is a leading logistics company in Norway, with an expansive countryside shipping distribution network and a focus on excellent customer service. This company has delivered 5.9 billion letters and shipments, 110 million parcels and 2.5 billion kilos of goods to the Nordic region’s 25 million residents and two million businesses in 2013. Postcard Norway is founded in 1926 and its headquarters was located in Oslo, Norway. It has handled 70,000 parcels and 30,000 pallets each day for companies like BMW, Stians Sport, Wurth, and Zalando. PostNord Norway turned to Sugar to serve a new VIP service system that reduces customer issue resolution time from days to hours, introduces streamlined processes, and decreases operational costs by 20 percent. (SugarCRM, Inc., 2012).

5.2 uShip

uShip Co. is the world’s largest and most trusted transportation marketplace. It was founded in 2003 by Matt Chasen. uShip is an Austin, Texas based internet company that operates uShip.com, an online marketplace for shipping services. Headquarters in Austin, Texas, uShip chose SugarCRM as a customer engagement platform and turned to Sugar partner Epicom for implementation. uShip's Sugar solution, integrated with Asterisk and Help Spot, has supported rapid growth and increased speed and efficiency by 20 percent in every area of the company’s operations. Reporting is also faster in which it saves six to eight hours per week, while substantially reducing the workload of the analytics group, which previously had often been overwhelmed. (SugarCRM, Inc., 2012).

5.3 Paramount Global Services

Paramount Global Services was founded by Jack Gample and Dany McLeod in 1976. Paramount Global Services is a wholly owned subsidiary of Paramount Can Inc. headquartered in La Mirada, California. Paramount has 5
warehouse locations, including a bonded warehouse in the United Kingdom, 3 warehouses in Southern and Northern California, and Arizona. This company has supplied packaging and logistics solution to many of the world’s industries for over 30 years. Paramount has covered for hazardous packaging materials to food grade containers. Paramount had a massive customer base but there are no central repository for customer even they has a significant amount of tribal knowledge about their customers. Paramount also has to use CRM as a solution for their business because this company has no visible sales pipeline or sales process and really no sales management. (SugarCRM, Inc., 2012).

6. COMPARISON OF CASE STUDIES

The table below shows comparison of challenges, solutions and impacts of three shipping companies that are extracted from the case studies. All these three companies are using SugarCRM to enhance their business operations. Based on the comparison, we can see that SugarCRM has given a great impact or benefit to those companies in term of service, management and operations level.

Table 1: CRM against business functions process

<table>
<thead>
<tr>
<th>Co</th>
<th>Challenge</th>
<th>Solution</th>
<th>Impact</th>
</tr>
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<tbody>
<tr>
<td>Postnord Norway</td>
<td>Support sales and customer service needs specific to the transportation and logistics industry.</td>
<td>Sugar Professional Hosted on-site; customized for industry-specific sales, marketing, and support needs.</td>
<td>Cut operational costs by 20% Decreased service requests by 20% via automated routing Reduced service resolution time from days to hours Increased sales to existing customers Reduced time to produce report – reporting to the board/executives become more efficient and effective.</td>
</tr>
</tbody>
</table>
7. **MOTIVATIONAL FACTORS OF SugarCRM**

The table below shows the motivational factors that trigger the companies to adopt the SugarCRM solution into their business operations.

<table>
<thead>
<tr>
<th>Common Challenge</th>
<th>Support sales and customer service</th>
<th>Facilitate critical business processes</th>
<th>Accommodate rapid growth</th>
<th>Centralized access to contact information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Postnord Norway</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>uShip Co.</td>
<td>✓</td>
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<td></td>
<td>✓</td>
</tr>
<tr>
<td>Paramount Global Services</td>
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Based on the above table, we can see that all three shipping companies had faced a similar problem in terms of support sales and customer service. However, SugarCRM has provided a solution in terms of determining the scope of work or customization for industry-specific sales, marketing, and support needs. (SugarCRM, Inc., Postnord, 2012). The operation process has become more organized and the engagement with the customer has improved dramatically after the implementation of Sugar CRM. For example, in Postnord case studies, the customization of full featured Case Management with Portal for the Customers allows for integrated service case management with self-service customer access (SugarCRM, Inc., Postnord, 2012). It’s also linked to Cargo Areas, so assigned users can communicate with the cargo handlers directly. The customization of turnover module shows the expected account value in Won opportunities along with the actual amount per month the customer spends. (SugarCRM, Inc., Postnord, 2012).

As an international shipping company, they are often facing a problem related to the critical business process. For example, uSHIP Co. need a system that could accommodate commercial business processes for both full truckload (FTL) and less-than-truckload (LTL) (SugarCRM, Inc., uShip, 2012). Meanwhile Postnord need to provide flexible and cost-effective workflows for critical business processes. (SugarCRM, Inc., Postnord, 2012). Both companies claim that by using Sugar CRM, they are able to solve this problem by the integration of their system, database and other related functions and resulting in smooth workflows and reduced the workload of the analytics group.
In terms of accommodating rapid growth, thanks to the implementation of SugarCRM into their business operation, Postnord able to reduce service resolution time from days to hours at the same time, increased their sales to existing customer while Paramount Global Services able to increase ROI and reduce the sales cycle. (SugarCRM, Inc., Postnord, 2012). (SugarCRM, Inc., Paramount Global Services, 2012).

The fourth problem that has been detected to have a similarity with one another is to have a centralized access to contact information. For example, uShip Co. is one of the company that faces this problem. What SugarCRM does is by allowing Epicom to develop a solution for commercial accounts as a centralized access platform. (SugarCRM, Inc., uShip, 2012)

8. LESSON LEARNED
Customer Relationship Management is the most common strategy used by most shipping companies today to keep their customer satisfied with their services. It is important to keep their customers close, strengthen relationship with customers and find new customers who would be able to trust the companies for a long term.

i. Customer’s Experiences
Need to know about their customer’s experience with them to the freight and shipping companies responding to their customer queries readily, CRM applications help them to keep it all organized and running smoothly.

ii. Manage Customers Better
CRM is the management process that allows a company to keep a tab on their customers in terms of their opinions about the company’s services, responding to their questions as quickly as possible, getting suitable feedback and redirecting it so that the suitable changes can be made.

iii. Customer’s Help
Help customer for choosing the best shipping company. The shipping industry needs the efficient management to make sure all their customers get what they are looking for.

iv. Increase Better Communication Customer-Company
By using CRM solution, shipping company directly know about the problems they face, frequent questions that customer always ask and better understand what customer needs.

v. To Get Competitive Edge with Efficient CRM
With privatization, the choices for every single kind of service sought by a potential customer are astounding.

9. DISCUSSION
Business in the shipping industry that does not engage with CRM always poses many challenges, where if not addressed using the right solutions, can make a difficult situation worse. Fluctuating demand, unstable revenues and increasing costs mean had times for the shipping industry in the whole world (Fakhredaei, 2006). In general, the Ports and Shipping Industry is characterized based on the globalization of trade, services and manufacturing activity (Fakhredaei, 2006). It has been grown wise, through the latter half of the 1990s through early 2000, most companies spent millions of dollars on CRM systems designed to track and strengthen customer relationships (Peltier et al. 2004). This is because, without the implementation of CRM, companies always faced a problem is term of reporting, marketing, sales, support and etc. For example, some CRM provides a hosted on-site which is enabling the company to customize for industry-specific sales, marketing, and support needs.

Another example, is based on the Paramount Global Services case study. The general sales manager of Paramount Global Services in U.S, Mark McAnlis, mentioned that Paramount had a massive customer based problem in the early stage, but there is no central repository for customer even they has a significant amount of tribal knowledge about their customers. As a solution, Paramount uses CRM as a solution for their business because this company has no visible sales pipeline or sales process and really no sales management. Paramount needed to develop a sales process and visible pipeline if they want to achieve their objectives as a Mark McAnlis said. To be precise, there are two objectives that need to be achieved by Paramount, first, the CRM tool act as a catalyst in growing the overall sales of the company and second, there is a significant increase in the percentage of revenue from services. Before Paramount choosing SugarCRM, they might consider to integrate with Sage 100 ERP (formerly Sage MAS 2000), the company’s primary operation system but SugarCRM met the company’s requirement and two others: ease of implementation and affordability. After choosing SugarCRM, Paramount engaged Faye Business Systems Group to help design the solution and deploy it. Faye Business Systems Group is a partner of SugarCRM and Sage 100. Faye was integrated throughout the entire implementation, including the training that Paramount did for the lead team. (SugarCRM, Inc., Paramount Global Services, 2012).

Literally, during early implementation of SugarCRM, actually Paramount is highly focused on winning new business via increased pipeline visibility and better opportunity management and getting the tribal knowledge of the customer service team. However, after the implementation, Paramount acquired more than double the new business in the first quarter of 2012 than it had in any previous quarter while reducing its sales cycle by 13.5 percent after use SugarCRM. This company also improved their ability to manage the sales pipeline, create sales metrics, effectively analyze those metrics and ultimately gain a new business. (SugarCRM, Inc., Paramount Global Services, 2012). Clearly, without CRM, the company may face a lack of understanding of how marketing impacts sales and become poor in visibility into business performances.

On the other hand, trust is also considered as an integral part of the shipping industry. Because of that, in
term of support, it is important for the management to always able to give a response in real time for their service request (Durvasula et al. 2004). However, lack of CRM implementation, this goal is deem nearly hard to be achieved. Usually, CRM will provide an awareness to the employee of the company to alert with those requests made by customers. Without it, there will be a long response time for service requests and even the best customers receive the same treatment as average customers.

Postnord Norway proves that, use of SugarCRM tool able to smooth their business operation. Previously, the mass customer data-entry heavy the former CRM tool, thus unable to satisfy the needs of Postnord. In order to support growth, and keep up with the industry demands, and as well to improve sales and service operations, Postnord Norway turned to Sugar which is a flexible platform that able to serve a new VIP service system that reduces customer issue resolution time from days to hours, introduces streamlined processes, and decreases operational costs by 20 percent.

DRI Nordic, a global consultancy, carries a responsibility in term of developed, implemented and managed the Postnord’s customized Sugar deployment. With the capability of offices in six countries and successfully delivered projects worldwide, DRI has able to help organizations to foster engagement and enhance customer experience through technological channels. They have four main areas of application focus. They are Web, Platforms, Mobile and Emerging Media; all connected to CRM, Social CRM and Business Intelligence solutions. DRI innovates with its customers, building solutions using agile methods, leading to the optimal match between the business need, technology and function. In conclusion, the adoption of SugarCRM can give organizations operational agility, providing seamless information integration in addition to considerable cost savings. As a result, while their customers can enjoy the convenience and functionality offered by e-commerce, shipping companies are able to communicate better with their extended organizational network.

10. CONCLUSION

In any companies, the loyal and the fixed customers are expecting more level of service quality, compatibility of transaction, and customized products. Means that the companies should be aware of each customer’s need to increase the loyalty and effectiveness. Due to this reason, implementation of SugarCRM systems is seen to be significantly important by the company in helping them to change the way in how a company or their employees being viewed by the outsiders in this case the company’s clients. Next, by fully utilizing the CRM software, it helps in promoting company’s revenue and obtain a higher final profit. Nowadays, organizations are implementing Customer Relationship Management (CRM) applications more and more because CRM will help them to achieve a range of business benefits.

In recent findings, Richards et al (2006) found that they were seven core benefits were recognized to provide value drivers. Those seven core benefits are:

i. Enhanced ability to target profitable customers
ii. Integrated assistance across channels
iii. Enhanced sales force efficiency and effectiveness
iv. Improved pricing
v. Customized products and services
vi. Improved customer service efficiency and effectiveness
vii. Individualized marketing messages

Based on the research paper, namely “Customer relationship management: Finding value drivers”, written by Richards, K. A., & Jones, E. (2006). The authors tried to convey that the listed list of benefits mentioned above is considered as a critical connection among CRM initiatives and growth of customer equity. These central benefits of CRM will be connected hypothetically to the three kinds of equity, which are relationship, value and brand, and in the end to customer equity (Richards et al. 2006). In addition, companies’ customer information record event will be managed automatically by the CRM system in order to help companies organize the structure of operation and management. Besides, the CRM system is kept updated so that the customer’s information would not be outdated. This strengthens the business decision support maker since it enhances the profile data for customers. Greenberg is his paper stated that through developing the total lifetime value of a customer, CRM can raise the true economic worth of a business (Greenberg, 2004). Successful CRM strategies promote customers to purchase more products, stay loyal for longer periods and be in touch effectively with a company.

11. CITATION AND REFERENCE


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