

Build or Buy?

The Advantages of Going With an Established CRM Solution.



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Introduction



It's a dilemma that occupies financial institutions often: the desire to build a Customer Relationship Management solution from the ground up or opt for an out-of-the-box solution that allows them to hit the ground running.

Traditional wisdom dictates that building something is a great idea because it allows financial institutions to get something that meets their specific needs. That view has shifted in recent years though, for all kinds of reasons starting with the fact that we now live in a world where Vertical CRM solutions exist.

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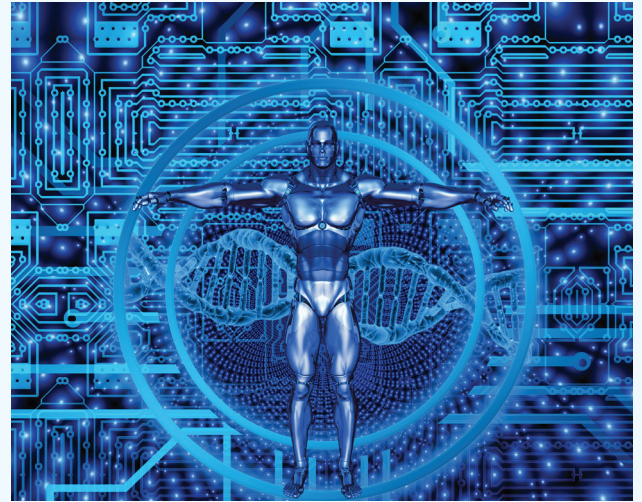
On average, large IT projects run 45% over budget and 7% overtime, while delivering 56% less value than predicted.

Source: McKinsey & Company, 2012

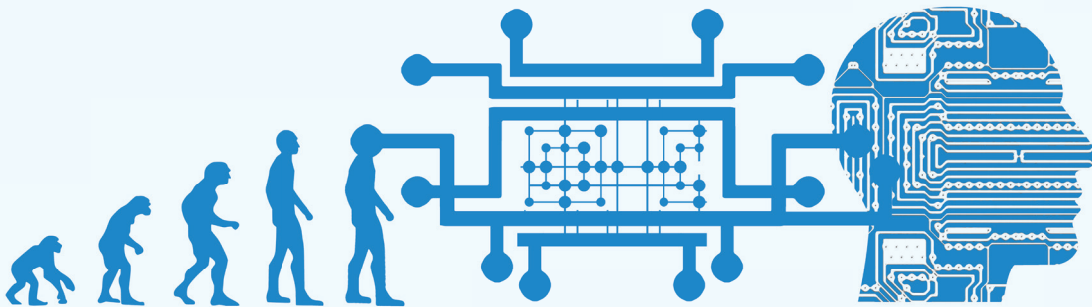
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Evolution is the Key

To understand what CRM solution makes better sense, it always helps to take a step back and look at how CRM evolved. Early vendor-developed solutions did not cater to any specific market, because that is what made sense at the time. They couldn't offer features for specific industries, because of the significant costs, coupled with the need to spread these costs over the largest number of customers possible.



It is only as practices changed — and as customers adapted and began to demand more — that the idea of Vertical CRM came into its own, offering specialized versions of software called 'verticals'. Verticals or industry-specific software serve industry needs and involve fundamental changes to the code because they are designed specifically to meet that industry's business and compliance requirements. Vertical CRM also defines how information is presented in an industry-specific manner and modifies how data types are to be handled.



One Size Does Not Fit All

CRM is a robust, mature software that gives financial services organizations three choices — Horizontal CRM, Lightweight Vertical CRM, and Deeply Vertical CRM. It is because the latter two options now exist that the argument for building from the ground up does not hold any water. Why should a financial services institution spend more than it needs to, deny itself access to the latest technology, and lose out on massive strides being made in the field of Artificial Intelligence-powered CRM solutions?

This would make sense if the only alternative was Horizontal CRM, which would need to be customized to drive adoption. Customization comes with high costs and difficult upgrades. Also, there is the risk of over-customization, and superfluous features that could hamper the user experience.

What once compelled organizations to build their own CRM over purchasing a ready-to-use CRM is the fact that horizontal solutions compelled them to fit into a generic template. Horizontal CRM evolved from Enterprise Resource Planning (ERP) as a means to increase the overall profitability of a business. The difference between these standalone systems, however, lay in management, core functionalities, and cost-effectiveness versus sales generation. Where ERP managed the business and business processes, CRM managed the customer. What it didn't do as effectively was organize, automate and synchronize sales, marketing and customer service for a specific segment or industry, which is what prompted some institutions to build their own solution.



Horizontal CRM

Can be customized to drive adoption. The downside is customization can be expensive, superfluous features that may hamper the user experience, and over-customization can make upgrades difficult.

Lightweight Vertical CRM

Comes with UI templates, common process flows, data model extensions, and UI labels specifically for verticals within the financial services industry. They shield clients from technical obsolescence by being built on top of well-supported CRM platforms, but may demand further investments in terms of technology management for customization.

Deeply Vertical CRM

Provides end-to-end scripted industry processes that drive higher adoption rates, along with deep domain functionality that includes compliance with industry standards and regulations.

The Argument For Building

One of the biggest reasons often cited by organizations that choose to build their own CRM is that out-of-the-box solutions come with inflated costs and are often difficult to implement. These are both valid criticisms but are also issues that can be resolved rather easily with a bit of homework.

Some financial institutions seem to believe that creating a streamlined, purpose-built CRM application is possible at a fraction of the cost that a cumbersome CRM software package will involve. They don't seem to take into account the time an exercise like this will take, given that understanding specific needs and coming up with effective solutions for pain points isn't always easy.

Another common argument put forth is that custom CRM apps can be tailored to an organisation's exact needs, but this ignores the complexity of getting these apps to work with existing systems and the possibility that some of them may be superfluous to unique workflows. It also discounts the training required for employees to adapt to the new system, which comes at an additional cost.

Integration is another crucial aspect that is forgotten. Better integration with business operations may have been difficult for off-the-shelf products a decade ago, but is no longer impossible in a market that increasingly offers deep vertical CRM solutions.

Lastly, the notion escaping draconian pricing by building one's own product is redundant given that award-winning CRM solutions like NexJ Systems offer pricing models catered specifically to the kind of industry these solutions are deployed in. NexJ also offers flexible cloud-based deployment options that can be tailored to meet any needs. Our secure private cloud option delivers custom deployment and integration, even with disparate data sources, which means data can be kept at source while leveraging the advantages of a cloud environment.

Conclusion



Here, in a nutshell, is why buying Vertical CRM is better: Today, financial institutions choose Lightweight Vertical CRM for access to UI templates, common process flows, data model extensions and UI labels specific to verticals within the financial services industry. They can also buy Deeply Vertical CRM solutions that provide end-to-end scripted industry processes to drive higher adoption rates, along with deep domain functionality that can include compliance with industry standards and regulations.

Ultimately, it may all boil down to cost. And buying will always be a more cost-effective option.

Businesses increasingly rely on vertical solutions to boost efficiency, improve business processes and react to changes in their specific competitive landscape. When an institution chooses Vertical CRM, it gets a solution created and deployed specifically for a particular industry, and that supports how the organization does business and its existing business processes.

Want to Know More?

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