Whitepaper: Redefining the R in CRM

With shrinking budgets, limited resources yet more opportunities, actively managing client relationships has never been more challenging. Couple that with the massive volume of data now available to businesses today, and the related need to meaningfully collect, align and manage that data, it's no wonder that the number of sales, marketing and relationship management tools to support this exploding volume of data has grown. The ecosystem of tools now offers expanded capabilities, new categories and overlapping functionality.

So how do you make heads or tails of the new tools vs. those that have been around for a while? How do you keep up with the evolving capabilities built within foundational tools that you've come to expect? Given the rise in and expansion of enablement tools, where are firms focusing their spend in the coming year?

Conversations with our capital markets partners align with and reflect [recent Gartner research] indicating that the top areas where CIOs will be spending in 2021 are in technologies to accelerate the digitalization of business, as well as any automation capabilities that will help reduce costs and/or automate revenue-driving activities.

Not only is CRM foundational to the overall client relationship, it fits squarely in the lens of these top priorities, helping firms make sense of their data and stay appropriately connected in a highly regulated space, automating processes for efficiencies, and supporting the critical relationship and engagement activities that drive and retain revenue.

Gone are the days when CRM was solely a repository or administrative tool to capture client data where one could manually review it or try to infer trends and patterns. CRM has evolved to drive business outcomes and inform new investment strategies, as well as measure internal performance, KPI's and scorecards.

CRM has evolved beyond the definition of "client relationship management" software.

Innovative, forward-thinking firms are leveraging the extension of this foundational platform into other key areas of the business: driving revenue-generating activities across a number of roles, reducing relationship risk as well as reputational risk.

The infusion of data into the CRM, combined with advanced tools and functionality support the generation of insights and analytics that promote user activity and surface next best actions.

CRMs of today offer best-in-class capabilities and innovations to support ever-changing relationship needs.

So, what does the "R" in CRM really stand for?

Relationships

CRM is rooted in relationship management. This is core to every long-term business strategy – both in managing relationships to turn prospects into clients as well as maintaining and growing existing client relationships to show value and meet retention goals. Relationships will always be core to CRM.

But how efficiently can you see and access your prospects, leads, clients, deals and opportunities? Does your CRM understand your specific workflow to optimize the view or dashboard that you need? Does your CRM connect the dots on the prospect and opportunity, encouraging collaboration across your firm to seize these quickly-emerging-and-equally-quickly-closing windows? Does your CRM prompt you to contact a client you haven't spoken with in a while? Does your CRM work for you or do you work for your CRM?

Relationships matter. But a simple repository of client data is not today's CRM. Today's CRM is a powerful engine driving revenue-generating actions across your firm through collaboration and insights.

Revenue

Capital Markets includes a wide spectrum of firm types, roles and needs. Therefore "revenue" within your CRM means something different based on the unique workflows of Research, Sales & Trading versus Investment Banking professionals.

Revenue in Research, Sales & Trading
Consider how Consumption Reporting drives commissions. Research and Corporate Access are two of the most highly competitive services on the street. It is critical that you provide an accurate representation of the services provided to your buy-side clients to be properly evaluated, voted on and paid. It is easy to lose track of the interactions and value you provide to clients with the amount of data and client relationships you need to take care of.

A capital markets-specific, revenue-focused CRM empowers your firm to be competitive, show your value and emerge with a strong broker vote – in an automated, efficient manner. Processing the large volume of data for your buy-side clients, in the various formats they each require, is much easier when leveraging an agile CRM with easy-to-sort interactions data, so you can efficiently and accurately process a report that is readily consumed and understood by your clients – all to ensure you're paid appropriately.

Revenue in Investment Banking
In Investment Banking, revenue is dependent upon closing deals. Speeding up the velocity of deals with active pipeline management enables firms to bring in more revenue in a shorter period of time. Tracking your deals, maintaining your business relationships and driving business development at the same time is no easy task. It is optimal to have a view into each of the stages of a specific

deal against the backdrop of all your deals, and immediately take action where needed.

Very quickly can risk arise in a deal stage if immediate attention isn't paid or timely action not taken. Teams collaborating on a deal need to be sure they are addressing issues when needed but not duplicating tasks or even worse, dropping tasks due to unclear accountability.

In today's Capital Markets CRM, the various activities of deal marketing and business development can be productively viewed in one screen with timely notifications to ensure active deal management.

Closing deals is important but your relationship management is just as critical. Buyers and targets while crucial to that deal, are not the only buyers to keep in mind. Your relationship community is important, and you must be able to defend your decisions for target lists – both inclusions and exclusions.

At the same time, a purpose-built CRM workflow supports you to continue to focus on business development of future opportunities and building a relationship universe for the most optimal target and buyers lists for each deal now and in the future.

Preventing Revenue Erosion
Revenue is only beneficial if the firm doesn't outspend it operationally. While a CRM supports key revenue-generating activities, it can also provide much needed relief in otherwise manual processes, automating and creating efficiencies across the organization. In a technology stack under increasing pressure to reduce operational costs, an integrated, connected CRM environment can reduce the number of siloed instances in your organization, creating increased collaboration opportunities as well as reducing overall spend on technology as well as the number of resources required to support it.

Risk

Several types of risk can be addressed by the right CRM - relationship risk, reputational risk and regulatory risk among them.

Relationship Risk
A foundational component of relationship management is about mitigating the risk that your clients might leave. A CRM that tracks your engagements in a straightforward Red-Amber-Green (RAG) status will prompt users with alerts to ensure no clients are left inadvertently unattended. You can track person-to-person on your client's preferences for contact methods, how you communicate and how often you engage with them. Introducing automation in your daily to-do's as well as easy to report on metrics for both account planning and management reporting is key to mitigating relationship risk.

CRMs that support a strong preference manager ensure that your teams are engaging with firm clients in a manner in which they prefer, and are being contacted on content, topics, research and corporate access they care about most – all within the confines of regulatory and compliance limits.

Reputational Risk

Reputational risk from a firm perspective cannot be ignored. Actively managing a positive reputation for your firm affords a number of benefits in market perception and the ability to drive positive outcomes. While the ways in which a CRM helps mitigate reputational risk varies for Research, Sales and Trading versus Investment Banking, both are compelling.

Reputational Risk in Research, Sales & Trading

The Broker Vote may not be public, but it is not so private that your firm's reputation couldn't take a hit. Hearing, "We like your corporate access, but haven't seen high value analyst research recently," can be devastating for your business.

Today's CRM can manage your interactions well and prepare you with clean, timely consumption reporting, so you will always be on the same page as your buy-side clients and know exactly what to expect when you're voted on. By using CRM tools and advanced automation, your firm can mitigate risk in your relationships to keep your vote and reputation favorable.

Reputational Risk in Investment Banking

League tables have always been the public's barometer on a firm's deal success– and deals are allocated to many of the same banks as a result. These banks have built a reputation for themselves over time by demonstrating their participation in high-value or high-impact deals. Some firms manage a spectrum of deal types and others specialize, but what they have in common is their success over time which indicates their likely success in future deals. Building and maintaining a positive reputation takes a methodical and thoughtful response to how set your firm up for success. Today's capital markets CRM provides a strong foundation that keeps your business practices organized, optimized, and helps draw your attention to the next best action to help close deals swiftly.

Regulatory Risk

Regulations are constantly changing to manage our ever-evolving industry and technologies. The risk of non-compliance is clear. Regulation of data includes everything from the ability to contact a person, to their right to be forgotten permanently from your databases, to which roles at your firm have permission to view which data points. The requirements of research payments alone include critical tasks of compliance, audits and record keeping – and producing evidence of such if requested. With some fines in the millions for even first offences, these regulations must be efficiently and seamlessly adhered to.

An actively managed CRM allows you to focus on revenue growth and retention, rather than regulations. Automatic measures can be put in place to seamlessly step in to make sure your desks are MiFID II compliant, and are respecting the rules of GDPR. However, not all regulations are equal in the potential disruption they can cause. 2020 saw proposals on 13F filing thresholds and while not passed/approved, are indicative of a continued discussion around data availability and regulatory impacts on transparency and access.

When data becomes limited, users must rely on a smart CRM system working behind the scenes to uncover opportunity based on patterns, interactions, and available market data/news.

Revelations & Insights

The more data you have, the more connected it must be to prove actionable for your users. Automated data and prompted Insights reveal opportunities that otherwise busy capital markets professionals might miss. Consider the number of your active relationships, when news breaks of regulatory changes, who's the best person for you to call first?

Insights on revenue and productivity: How do you maximize your time focusing on the most profitable client to contact? How do you choose between developing new clients or increasing opportunities with your existing clients? Business doesn't stop and opportunities are always emerging. You can't afford to neglect your current client base while you work on expanding your client list and business development efforts.

Today's CRM works for you, providing prompted insights about your next best call as well as triggered tasks to ensure you maintain active, positive engagements with your current clients. Prompted insights and intelligence in advanced CRM systems is powered by your proprietary data on firm relationships and prospects, relationship statuses, and engagement models, combined with market data to make sure you are performing where you should be.

Today's CRM empowers you to think long-term and uses data to inform new strategies. Investment strategies are a dual-track mindset. You must always stay on track with your current strategies while planning for possible shifts you may have to make to accommodate unforeseen changes or expected challenges. A strong analytical platform identifying patterns, trends and behaviors in your people, clients and markets – and taking it one step further to connect the dots among them – provides truly revealing analytics.

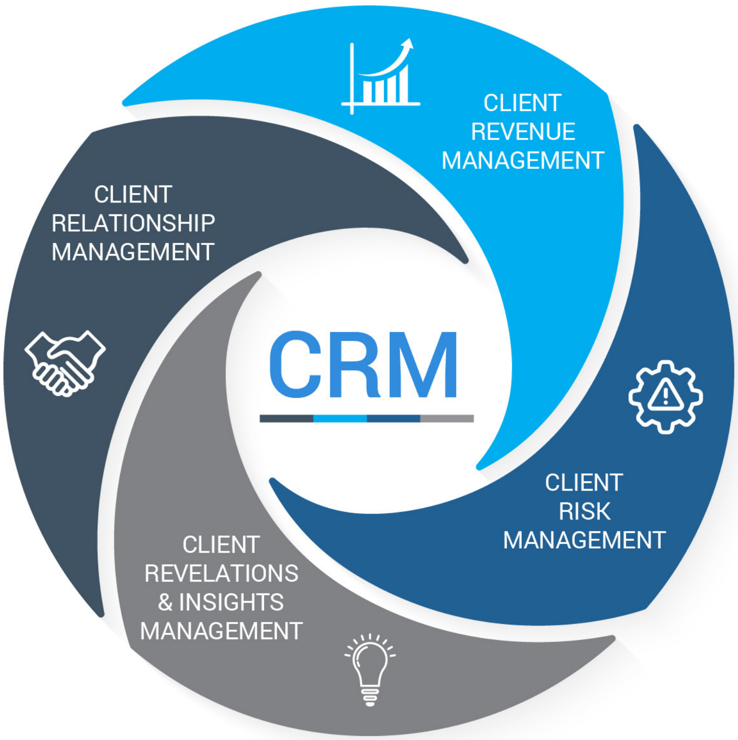
Data can no longer be analyzed and manipulated in a silo or for single lines of business. A capital markets purpose-built CRM provides a 360 view into your proprietary data, interactions, and market data to uncover the true insights and revelations to inform your best, most profitable next steps.

Today's integrated CRM delivers a unified view in a customized interactive dashboard. Adjust data points on your comprehensive data collection to see different outcomes which can inform your strategies. With an interactive dashboard, the data will always be up to date, dynamic and allows users to capitalize on both push and pull methods of data capture.

Firms can also drive internal insights on productivity and performance. While measuring your success with clients, a sophisticated CRM platform provides analytics and reporting to managers monitoring team performance against targets, offering built in reporting on KPI's, scorecards, and more.

Redefining the R in CRM

Relationships, revenue, risk mitigation and insights… any one of these benefits alone can produce successful business outcomes. The combined power of a purpose-built CRM for Capital Markets and Investment Banking professionals provides value far beyond the standard CRM solutions many have come to know.



Fully optimizing the full set of these functions within a single CRM solution offers a compelling advantage to firms looking to optimize client engagements and drive value to the business.

Tier1 is leading the CRM digital innovation curve with advanced workflows for capital markets. To learn more about how to unlock your CRM potential, or get an evaluation of your current technology stack, visit us at www.tier1fin.com today.