



Company Backgrounder

The Customer Value Group is a Customer Value Management (CVM) solutions provider.

Its business software & services help clients maximise the value of their customer relationships, in terms of profitability, cashflow and service provision.

CVG's solution bridges the worlds of accounts receivable, customer service and sales & marketing, enabling joined-up 'asset management' of customer relationships.

It generates significant reductions in overdue & outstanding debt through more effective cash collection; cost savings through greater administration and process efficiency; and improved service levels and customer retention through enhanced communication and faster resolution of customer issues & transactions.

CVG's flexible solution is designed to be implemented in a phased approach, enabling clients to deliver strategic wins at each stage of the deployment - typically starting with working capital and automating accounts receivable processes including credit, collections and customer query/dispute management.

The Customer Value Group's clients include major blue-chip multinationals operating across Europe, US and ASIA and in seven languages. Sector leaders such as RWE, Arcelor, KPN and Xerox are using the Group's solutions to manage customer relationships worth more than €12bn (and counting).

What is customer value?

Customer value can best be described as an asset based on the quality of the customer relationship, as experienced from both sides of the equation.

Expressed in financial terms, it is a function of cashflow, profitability and customer service status.

The constituent stakeholders of customer value are spread across the organisation in various business units / functions - in particular, sales & marketing, customer service and finance. Each stakeholder manages an element of the customer relationship, but normally only from the perspective of the functional silo they are in.

Typically, no single stakeholder group will have a complete picture of all customer activities or the potential synergies and collaborative opportunities to enhance customer value (nor will they be measured on their contribution to increasing customer value).

Customer Value Management

Customer Value Management (CVM) is a process-oriented approach that enables organisations to gain critical insight into and control over customer relationships affected by the actions of numerous stakeholders.

Without CVM, companies are unable to coordinate customer interactions and deliver an experience of optimal value to both parties. As an example, how can one part of the organisation ask for payment of invoices if another part is resolving an administrative error that prevents payment?

Indeed, analysis of financial data from Europe's top 1,000 publicly-quoted companies¹ revealed that they have more than €274bn of overdue debt outstanding due to disjointed customer service and poor collection practices. Customer disputes due to poor service (involving problems related to products, pricing, invoicing, delivery or documentation) result in €103.3bn in unpaid invoices. €82.6bn of accounts receivable goes uncollected because of customer queries and service issues that have not yet been identified by suppliers because of poor account administration. This problem of disjointed service and poor collection is impacting profits by more than €13.7bn per year.

The lack of a common, joined-up approach to managing customer value is down to the fact that each function has a disparate language (to describe customers), set of metrics, processes, software tools, etc, to manage their part of the customer value asset.

Yet the benefits of effective customer value management are significant – creating a virtuous cycle where the company invests in its customers and its customers invest in it. The company is able to maximise the value of its 'customer assets' and customers benefit from a positive, responsive organisation that is focused around them and their needs.

Customer Value Management solutions

Customer Value Management solutions provide a collaborative platform that bridges the worlds of accounts receivable, customer service and sales & marketing by introducing ***shared*** language, policies, processes, metrics & software tools that enable the management and cultivation of sustainable customer relationships that grow in value over time.

¹ The research was undertaken by CVG in May 2006 and was based on financial data from IDEXEC, Thomson Financials, other publicly available sources and data collected by CVG during client engagements. A detailed breakdown of the results, data sets and methodology is available on request.

CVM solutions address the business management of customers in a way which financial and CRM point-systems simply cannot do, meshing internal function silos together to create a truly joined-up customer-orientated environment.

These solutions take a federated approach – layering over and connecting to existing systems, processes, data repositories, etc. This means stakeholder groups can continue to operate at a 'local' level as normal to fulfil their specific business function requirements whilst at the same time contributing to the 'global' management of customer value.

The benefits

CVM enables businesses to gain an understanding of how to invest in customer relationships in order to deliver maximum impact on the bottom-line.

By addressing the three core denominators of customer value (**cash** (cashflow & payments), **cost** (administration and support) and **service** (sales & retention)) in a fully integrated way, businesses can optimise customer revenues, profitability and relationships through:

- Optimising cashflow to support value generation across the enterprise
- Reducing the impact of bad debt and write-offs through enhanced credit risk management
- Minimising the cost (and complexity) of managing and supporting customer relationships (including reducing interest cost charges)
- Reducing churn and minimising the cost of having to acquire replacement customers
- Enhancing cross- and up-sell opportunities
- Extending customer relationships to sustain revenue contribution

This is achieved through a combination of:

- Process & workflow automation
- Resource optimisation
- Enhanced collaboration and information sharing
- Improved customer insight
- Implementation of best practices

CVM solutions amplify the bottom-line contribution of existing operations and infrastructure. And because they occupy a new space with the enterprise / business software ecosystem, any organisation can derive significant benefits (as it's effectively a greenfield opportunity). In consideration of this, The Customer Value Group operates a shared risk model with its clients and guarantees key performance outputs, typically delivering an ROI of 10:1 compared to the cost of the engagement.

The Customer Value Group's clients have already increased the value of their customer relationships by hundreds of €millions.

The Customer Value Group

The Customer Value Group was incubated for four years within REL Consultancy Group, a global business advisory firm, before launching as an independent company in June 2006.

Its CVM solution uniquely builds 30 years' consultancy experience and expert best practice in business transformation, working capital and customer service into an advanced software system.

The Customer Value Group has a client-led ethos. Its solution has a highly flexible open architecture, allowing it to be tailored on a granular basis to individual client requirements.

www.customervaluegroup.com

The Customer Value Group has a range of spokespeople who can provide insightful comment on customer value and related business trends and industry issues. If you would like to find out more about the company or are interested in arranging an interview or informal briefing, then please contact **Lisa Worrall** or **Dan Warren** at **Nelson Bostock Communications**:

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