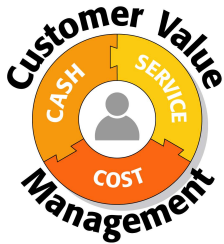


WHITE PAPER: CUSTOMER VALUE MANAGEMENT

DRIVING CASHFLOW, COST REDUCTION AND CUSTOMER RETENTION THROUGH CUSTOMER VALUE MANAGEMENT



The Customer Value Group (CVG) has one overriding objective - to generate maximum value for its clients from their relationships with their customers in terms of cashflow, profitability and the service they provide. Our approach has succeeded in integrating the disparate worlds of Accounts Receivable (AR) and Sales, liberating hitherto unrealised financial benefits for Global 2000 clients and large F&A BPO providers.

CVG implements best-in-breed software and services which focus on the automation of credit, collections and customer query/dispute management. Recent CVG clients have delivered huge reductions in AR by collecting cash more effectively whilst also, surprisingly, enhancing service levels through better communication and faster resolution of key customer issues. We call this Customer Value Management.

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 AR 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. Sector leaders in the Utilities, Technology, Steel, Telephone and BPO sectors are using the Group's solutions, deployed in seven languages, 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?

The lack of a common, joined-up approach to managing customer value is due to each function having a disparate language (to describe customers), set of metrics, processes, software tools, and so on, 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.

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, and so on. 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 within 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 is an expert technology company born of global working capital consulting practice REL Consultancy Group.

CVG has distilled 30 years of AR and Customer Service best practice, developed with the world's top corporations, into software which enables clients to deliver even more value from their customer relationships.

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