Defining Your Marketing Technology Strategy

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Introduction

As digital channels proliferate and customer expectations soar for personalized treatment, marketers have become critically dependent on technology. But acquiring technology isn't easy, even for IT professionals. It's still harder for marketers, who rarely have any training in technical issues. The result is an increasing risk that companies will make the wrong choices, spending vast sums to acquire systems that don't meet their business needs and or don't work at all. Such failures have a high cost in money and management attention, but their real price is in missed opportunities to connect with audiences to drive growth and advocacy. Simply put, advanced technology is now essential for business success. Failure to provide it means failure for the business itself.

Why It's Hard

Buying technology isn't easy, even for IT professionals. Will the system function as required? Will it be reasonably easy to use, perform reliably, and scale as you add volume? Will it integrate with your other systems and adapt to future conditions? Large companies spend millions of dollars each year to find the answers. Legions of analysts and consultants make their living by helping with the process. But tales are still common of IT-selected systems that failed to work as promised. Now marketers are being asked to answer these same questions, without IT training and or stopping their other work.

Still worse, marketers face additional challenges of their own. These include:

Unfamiliar technology. Few marketers have a deep understanding of the technologies they are evaluating. The subtleties of different data storage engines, integration methods, deployment models, and analytical techniques are hard to grasp but have major implications for how well a particular system will perform in a particular situation. Moreover, new technologies constantly offer better ways to perform old tasks, unique ways to perform new ones, and more opportunities to make a mistake. Even when beleaguered marketers turn to the corporate IT departments for help, their IT groups often lack expertise in specialized marketing applications.

Unclear business goals. Every technology selection starts with a business objective. But marketing is changing so rapidly that it's often unclear how a new system will eventually be used. This applies especially to core systems such as marketing databases and analytics, which will almost certainly end up supporting marketing programs that don't exist when the core system is developed. Moreover, even when the expected application is clear, its value often can't be measured until the marketing programs are deployed. This contrasts sharply with accounting or manufacturing systems, whose expected uses and benefits can be defined precisely in advance.

Uncertain requirements and processes. Even when marketers do know what their goals for a system, they're often not sure exactly what features they'll need. New marketing programs often require new processes, which marketers often can't work out in advance. This is arguably the biggest problem in technology selection, since marketers who don't know their actual requirements end up selecting systems using other, much less relevant criteria, ranging from a pretty user interface to the lowest price to the highest market share.

What Comes First

These are daunting challenges. But they can be managed if you take a systematic approach.

The first and critical step is to define a marketing technology strategy. This means building a clear picture of what the company's basic marketing systems will be and how they'll work with each other. It also means deciding how you'll move from your current position to reach that ideal future state. Both components – having a goal and choosing a path to reach it – are essential. Taken together, they provide the basis for making all the subsequent, tactical decisions about specific technologies and systems.

The basic marketing systems covered by this strategy fall into three categories:

- **Execution systems.** These are email engines, Web content managers, ad purchasing systems, call centers, social messaging platforms, and anything else that interacts directly with customers and prospects. They usually work in a single channel. These are the systems that marketers work with on a daily basis. Most companies have quite a few execution system, often including several for the same channel.

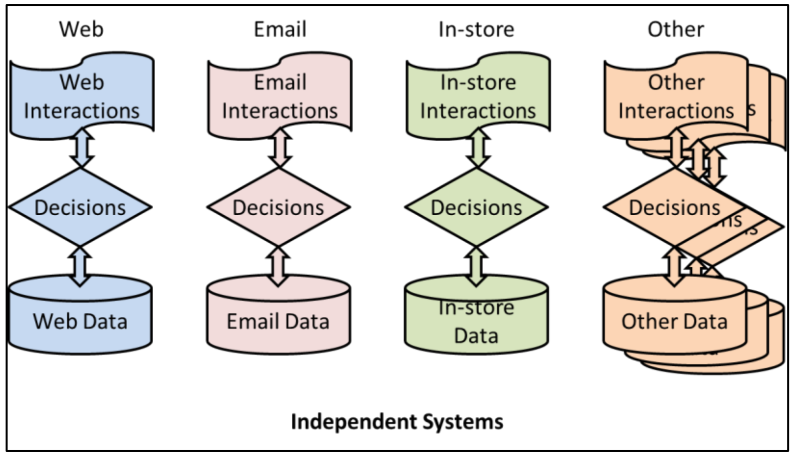
- **Shared customer database.** This gathers data from execution systems and other, non-customer facing systems like accounting and order processing and merges it to produce a consolidated customer profile. Note that most execution systems have an internal customer database that holds only data the system generates for itself. The shared customer database gives all execution systems access to all customer information, regardless of where it was generated.

- **Shared decision systems**. These select customer treatments during interactions and marketing campaigns. These often include predictive modeling tools and rules engines. Again, the execution systems will have their own decision-making components. The shared decision system looks beyond these to coordinate treatments across all execution systems.

Target Architecture

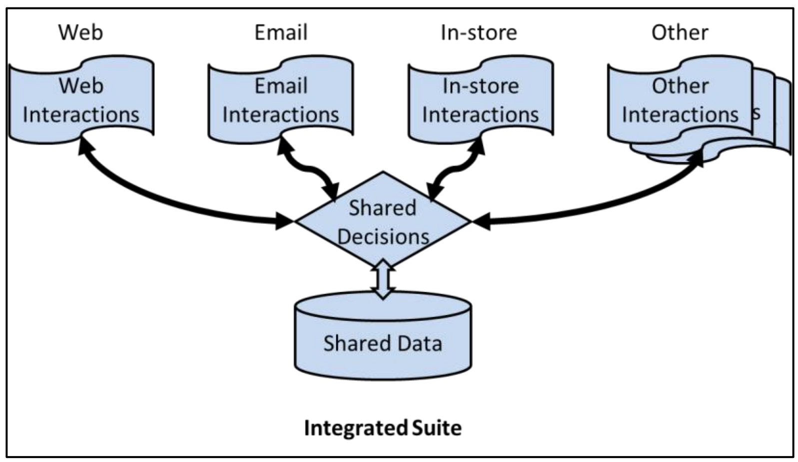
Now that you have a clearer picture of the components, we can discuss how they'll fit together. This is the "target architecture". There are three main options:

Independent systems. Proponents of this approach often label it "best of breed"; detractors might call it "chaos". In practice, it means that each major execution system runs on its own, without a shared customer database or decision system. This is the current situation in many organizations, although few would consider it their target. The obvious problem is it doesn't allow coordinated customer treatments across channels. A light-weight solution is to share data among the execution systems through file extracts, which allows some coordination without connecting them directly to a shared customer database or decision engine. The main advantage of independent systems is the company can use the best tool for each channel.



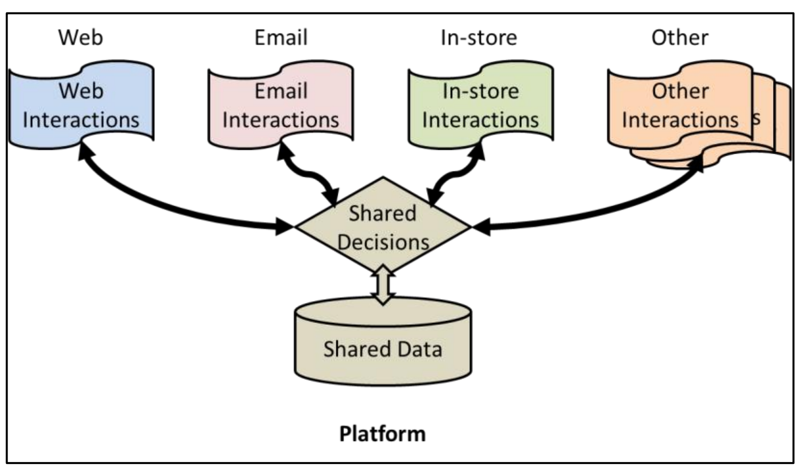
Independent Systems

Integrated suite. In this model, all execution, customer database, and decision functions are part of a single system. This simplifies deployment, operations, and cross-channel coordination, since the various components are already integrated and decisions and customer data are shared. However, some execution components may not be as powerful as "best of breed" options and some channels may not be supported at all. It may also be difficult to fill such gaps with other vendors' products if the suite was not designed to work with external systems. Integration among suite components is sometimes less than perfect, especially when components were originally separate systems that the suite vendor acquired over time.



Integrated Suite

Platform. In this approach, the shared customer database and decision engine are accessed directly by separate execution engines. This is the cleanest model conceptually, although in practice there may be challenges connecting all the pieces. Many platform systems started out as



Platform

execution systems and later let other systems access their database and decision components. This may mean that the database and decision functions are tailored to the original execution channel. It may also mean that access to those functions is more limited for external systems than the vendor's own execution products. Effectiveness of platform approaches may be further constrained by the integration capabilities of individual execution systems, which may not have been designed to connect with external database and decision systems.

Transition Process

Having a goal isn't enough; you need a plan to reach it. This plan is the "transition process". Key choices related to transition include:

Upgrade vs replacement. If existing systems are compatible with your target architecture, you may be able to keep them, perhaps with some upgrades. If they can't meet the new integration requirements or other business needs, you'll have to replace them eventually – which requires another round of decisions about when and in what sequence.

Build vs buy. If you do need new systems, you theoretically have a choice of whether to build your own or buy an existing product. The presumption is heavily in favor of buying: you'd only build a custom system if your needs were very simple or very unique. Even then, building a custom system requires substantial technical skills and investment, so few firms are really equipped to do it.

External resources. Judicious use of external resources can help ease the transition to new marketing technologies. Services can include system development, training, and marketing. Companies that lack internal expertise and can afford outside help need to plan how they'll use it.

Speed of change. Moving quickly creates faster results but also increases the risk of failure. The appropriate speed also depends on the scope of change, resources available, organizational culture, and senior management support. It's often important to get started quickly because corporate priorities might change.

Prioritization. Which changes get made first? It usually makes sense to start with shared customer data and decisions, since these systems can be built and then extended to add more data sources and execution systems over time. But a failing execution system may need to be replaced immediately or you might choose a suite to replace multiple systems simultaneously. Any choice must be carefully considered to ensure that each system builds on the systems deployed before it – and that no system is deployed before it can actually be used.

Setting a Strategy

A strategy is a combination of a target architecture and transition process. A typical strategy statement might be "deploy an integrated suite by purchasing the suite and then replacing existing execution systems one at a time over two years, starting with the highest-impact systems first." Subsequent choices can be judged by how well they move the strategy towards its ultimate goal.

Different strategies make sense in different situations. The target architecture and transition process must both fit with the company's long-term needs and resources. Specific considerations in choosing a strategy include:

Company size and sophistication. Larger or more sophisticated companies need more sophisticated systems. This pushes them towards separate channel systems, either working independently or linked through a platform. A platform would be favored if they also want tight integration across channels. Smaller and mid-sized companies are more likely to benefit from the efficiencies of an integrated suite and less likely to need the "best of breed" advanced features. Very large companies sometimes choose a suite because the scale and complexity of their operations makes integrating separate products too difficult.

Number of marketing channels. Companies that market primarily through a single channel, such as Web-only retailers, can base their architecture on an independent channel system or on a suite with strong features for that channel. Multiple channels favor the suite or platform models.

Current and future marketing programs. Companies running many different kinds of marketing programs have high needs for coordinated decision making, pushing them towards a suite or platform. If they expect the programs to continue evolving, a platform provides more flexibility than a suite.

State of existing systems. Companies with many antiquated systems may favor a suite as the easiest way to replace them all at once. Companies with modern channel systems that meet their current needs are likely to stay with independent systems or to attach them to a central platform.

Organization culture. Companies that are resistant to change will need to move slowly than companies that are good at change. This argues for a platform approach that can be slowly expanded over time. Companies where departments tend to operate independently are more likely to prefer independent channel systems – but might also choose a platform if their marketing strategy requires tighter integration than independent systems can provide.

Financial and technical resources. Companies with limited technical resources will probably do better with suite, which is easier to deploy and maintain. But suites can be expensive to buy and demand a lot of change at once, so firms with a very tight budget might find they should stick with independent systems and accept a low degree of integration, or adopt a platform approach and expand its scope slowly.

A Little Help From Your Friends

Strategy plays a central role in guiding technology decisions, so it's tremendously important to choose the strategy well. SAP and Raab Associates have created [The Marketing Foundations Gap Analysis Tool] to help marketers make their strategy decisions.

The Gap Analysis Tool mimics the steps that a human expert would follow to define a strategy. It starts by asking marketers about the types of marketing programs they want to run, the integration abilities of their current systems, and background including size, industry, and openness to change. It then uses a proprietary knowledge base derived from Raab Associates' 30-plus years of experience to define the integration capabilities needed to support the desired marketing programs. Comparing these with current capabilities yields a report showing the gaps that need to be filled. Another knowledge base then generates recommendations for the strategy to fill those gaps, including a target architecture and transition processes.

Of course, every company is unique and the Gap Analysis Tool can't possibly capture all the nuances of your situation. But it does provide a starting point for discussion by giving marketers, IT staff and senior management an idea of the types of changes that are needed and approaches that might make sense. This should be enough to start more detailed assessments and to identify key issues that any proposed solution must address. In short, it jump-starts a strategy planning process that can easily be stalled by confusion over where to begin. This alone should make the tool well worth your time.

About Raab Associates

Raab Associates is a consultancy specializing in marketing technology and analytics. Typical engagements include business needs assessment, technology audits, vendor selection, results analysis, and dashboard development. The company also consults with industry vendors on products and marketing strategy. It publishes the B2B Marketing Automation Vendor Selection Tool (VEST), the industry's most comprehensive independent guide to B//2B marketing automation systems.

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