



Does the CRM investment pay for itself?

As marketing departments evolve and are asked to show value in terms of dollars to the bottom line, we see a paradigm shift from reliance on soft data metrics to more of a focus on hard, quantifiable metrics to demonstrate marketing value. In and of itself, this isn't so new, but what is new is the degree and level of the measurements. Traditionally, marketers have relied on ROI analysis to validate marketing costs, campaign by campaign. Now, in addition to demonstrating lift in utilization based on individual marketing campaigns, it is becoming increasingly important to prove the return on investment (ROI) for your CRM purchase.

Regardless of where you are on your CRM journey, it is important to consider and incorporate benchmarks and metrics for measurement and presentation. Whether you are just now entering the CRM space or you have been in it for years, a solid payout plan for your initiative demonstrates strategic thinking at a company-wide level. It also shows a long-term commitment to the initiative.

According to the February 2015 study, "The Rise of the Marketer" based on a survey of 478 global CMOs and senior marketing executives:

- 69% reported that business owners currently view marketing as a revenue driver today
- 79% claimed it will be a revenue driver three to five years from now
- 29% admitted their biggest challenge over the next year will be demonstrating marketing ROI to the rest of the company

Ultimately understanding where business is moving and implementing effective marketing campaigns using the CRM system will successfully poise marketers to answer the question, "Does the CRM investment pay for itself?"

One recent CRM monetization analysis showed interesting results for a LionShare CRM client.

CRM System ROI = \$104 in *incremental revenue* returned for every dollar spent on marketing campaigns and the CRM investment

It is an impressive finding, but what is critical to note is that this calculation is only taking into consideration a small portion of incremental revenues driven by a small number of campaigns. It is necessary to know that analyzing such a small snapshot of time over the life of the investment would deliver very conservative results. To note, the measured campaigns occurred within a 9-month period of time and reported revenues were limited to an 18-month timeframe post campaign.

It's also important to see that the incremental return on a small subset of campaigns have effectively paid for the CRM system capital expenditure very early in the life of the CRM system.

ROI Calculation = (Average Incremental Payments – Marketing Costs – CRM Costs) / (Marketing Costs + CRM Costs)

The below chart details all values utilized in ROI calculation:

ROI Values	
Individuals Selected for Marketing	275,807
Marketing Dollars Spent	\$108,887
CRM Investment	\$193,163
Incremental Patient Encounters Created	723,723
Average Incremental Charges	\$585.9mm
Average Incremental Payments	\$318.7mm

Notes:

- 10% of the individuals selected for marketing campaigns were held as control groups and isolated for this analysis.
- Control groups were used to remove “those who would have utilized services anyway”.

If you are tasked with providing additional benefits to the CRM investment, keep in mind that data consolidation alone creates value for the organization. The CRM reduces redundancy in marketing communications by consolidating many data sets (patient data, call center, marketing data, foundation, web data, portal data, etc.) into a single view of each person. You are able to watch as that person progresses across the continuum of care including non-clinical interactions.

Questions that might take weeks to answer from an internal resource can potentially be answered in minutes and questions that perhaps couldn't even be answered internally prior to your CRM system can now be addressed with no additional burden on IT or marketing.

If you are interested in additional information and want to prove a CRM system is worth investing in, please give us a call at 1-800-928-0712.