

OUTSOURCING YOUR MARKETING DATABASE:

A "REQUEST FOR INFORMATION" IS THE FIRST STEP

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EXECUTIVE SUMMARY

If you are considering letting an outside service firm manage your B-to-B marketing database, this paper discusses points to consider in making the decision, and the 11 steps contained in the typical outsourcing process. It also gives instructions for preparing an RFI (Request for Information) document that will help you develop your short list of potential vendors. Finally, it reveals the answers from six leading vendors to the RFI for a typical B-to-B marketing database outsourcing project.

In business markets, customer information is a critically important asset. The marketing database contains information essential to sales, marketing, customer service, finance, product development — the entire business. But many businesses find that maintaining a marketing database is a task they would prefer to leave to others.

Businesses typically make the decision to outsource the marketing database to an external services provider based on some combination of the following needs:

- To take advantage of vendor skill and experience across multiple clients
- To shift the risk of technological complexity and obsolescence to the vendor
- To avoid keep the peace with your IT department
- To free yourself up from other distractions to focus on your core competency, marketing

When the database outsourcing decision has been made, you are likely to follow a fairly well-defined series of steps:

1. Needs assessment and clarification of objectives. This may be the most important step. Without a clear understanding of what you are trying to accomplish, you will not be in a position to select the right vendor.
2. Executive sponsorship, buy-in and budget.
3. Develop a project calendar
4. Identify a vendor “long list.” This is the list of anywhere from a handful to a dozen vendors who will receive your “request for information,” or RFI document.
5. Prepare the RFI document. (See below for details on the content needed in an RFI.)
6. Send out the RFI, and receive submissions. Allow at least a week to 10 days, for replies to come back.
7. Evaluate submissions and determine the vendor “short list.” These are the three to five vendors who will participate in the “request for proposal” (RFP) process.

8. Prepare the RFP document. This is a complex, but extremely important, document. You will benefit from hiring a professional to assist you.
9. Send out RFP and receive submissions. Allow two to three weeks for replies.
10. Invite prospective vendors to present to you.
11. Select the final vendor, negotiate and execute the contract.

This white paper will focus on the request for information (RFI) piece of this process. First, we will outline the key elements that need to be covered in an RFI document. Then, we will share with you the answers that six leading vendors today would give to a typical, albeit hypothetical, RFI. It is our hope that these answers will both educate you on the nature of the vendor universe, and also save you time as you work through the database outsourcing process for your company.

THE PERFECT CONTENT FOR AN RFI

The purpose of an RFI is to serve as a first pass at vendor selection, to reduce your long list to a short list of 3 to 5 vendors, who will then be invited to complete an RFP. In the RFP, you will deliver detailed information about your needs, so the vendor can actually draw up proposed pricing and

implementation details. In the RFI, however, you are simply trying to eliminate the immediately unsuitable vendors. So the RFI should contain some information about your business and your data at a high level, but mainly focus on questions that reflect your needs in a vendor.

The table of contents of a typical RFI document might look like this:

1. Your objectives for the marketing database
2. Your current technical environment
3. Vendor description
 - a. Data center procedures
 - b. Subcontractors
4. Vendor references
5. RFI policy

WHAT TO LEAVE OUT OF YOUR RFI

When investigating potential vendors, it can be tempting to ask all kinds of things. But we caution you to limit your questions. Why? For speed and efficiency. The shorter the RFI, the more quickly the replies will arrive. Another reason is fairness. The vendors will put quite a bit of effort into responding to you. In the early stages of narrowing things down to your short list, it's not right to demand more input than necessary for the winning process.

THE RFI PROJECT

To save you some time, we submitted a typical RFI to a field of six well-known providers of B-to-B marketing database outsourcing services. They were generous enough to answer the questions and allow us to share the information publicly. Our hearty thanks to them all:

Analytici
Harte-Hanks

Creative Automation
MarketModels

Donnelley Marketing
MSC

For this project, we dreamed up a fictional B-to-B company, ACME, which sells — what else? — widgets. On behalf of ACME, we created an RFI document as follows. The document followed the format described above, and described a company that has decided to outsource its

marketing database (MDB), and seeks to improve its marketing processes and its profitability as a result. ACME has about 2 million customer records, currently housed on multiple systems. ACME's sales force uses salesforce.com as their automation system.

ACME'S MARKETING DATABASE PROJECT RFI

TABLE OF CONTENTS

1. ACME's objectives
2. ACME's current technical environment
3. Vendor description
 - a. Data center procedures
 - b. Subcontractors
4. Vendor references
5. RFI policy

ACME'S OBJECTIVES FOR THE MARKETING DATABASE (MDB)

ACME marketing identified the following business goals for their marketing database (MDB):

- Become customer-centric by developing a complete view of the customer with all pertinent data.
- Increase effectiveness and efficiency of acquisition and retention marketing with better customer targeting and campaign management.
- Improve overall ROI by marketing to most valuable customers.
- Target individual customers with specific messages designed to best meet their needs.
- Understand customer behavior for each product within channels and across the brands.

They also identified the following functional requirements:

- Provide access for query and analysis by both marketing and sales.
- Integrate the mail and email query and campaign management functions.
- Allow for bi-directional integration of SFA data with the marketing database.
- Provide accurate information on new customers, cost to acquire customers, number of inactive customer, migration of customers between value segments and the cost of migration.
- Use 3rd party data to establish corporate hierarchy links of ownership.
- Enhance customer data through the use of 3rd party firmographics.

ACME'S CURRENT TECHNICAL ENVIRONMENT

ACME's data currently resides in (ACME's selections appear in **bold**):

- **Oracle data warehouse**
- Siebel
- SAP
- **Mainframe flat files**
- **SQL Server**
- DB2
- Access
- FoxPro
- ACT
- Goldmine
- Onyx
- Pivotal
- **SalesForce.com**
- Yellow Brick
- Proprietary system
- Other (describe)

There are approximately 2,000,000 potentially eligible records on file. This data along with historical information comprises approximately 50 Gb of data representing, the last 3 years. Growth over the next 3 years is expected at a rate of 25% per year.

ACME's file will include business-to-business data from the United States only.

Estimated number of users at ACME will be 20. Users must be able to access the marketing database from their laptops via the Internet.

VENDOR DESCRIPTION

Please provide a short description of your organization, its business activities and affiliated entities (if any). In your response please address the following points:

- corporate mission statement and customer service philosophy
- years in business
- total number of staff
- key executive bios
- ownership information (company's inception to current)
- organization chart
- documented quality control procedures from data receipt to MDB update
- total # of customer support staff
- total # of technical support staff
- largest (Gig) volume B-to-B MDB designed
- total number of MDB installations (show B-to-B # and consumer #)
- system software information
 - release dates (first, last and frequency)
 - programming language, operating system and database engine
 - required third party software
- previous B-to-B experience
- percent of budget applied to R&D
- confirmation of liability insurance; willingness to provide details
- pending litigation
- MDB staff attrition over the last year
- company privacy policy
- primary industries that you serve
- number/type of user group meetings you hold each year

DATA CENTER PROCEDURES

Please provide a detailed description of the facility, the process, and the security resident at the hosted data center facility managed by the vendor

- Available data center locations
- Back up procedures
- Real-time redundancy (servers, HVAC, etc.)
- Disaster recovery and business continuity procedures
- Contingency for downtime and preventive maintenance
- Physical and data security measures
- Connectivity options
- Service levels for problem reporting and problem resolution
- Proof of existing maintenance contracts for hardware and operating systems resident at the vendor's facility
- Ability to provide support 24 x 7 x 365

SUBCONTRACTORS

The selected vendor will be solely responsible for overseeing and indemnifying all sub-contracted work. Any sub-contractor not listed in the original agreement must be approved by ACME before working on this project. ACME reserves the right to approve all sub-contractors. All sub-contractors must sign a Nondisclosure Agreement in advance of any work or communication regarding the specifics of this work.

VENDOR REFERENCES

Please provide at least three (3) references, B-to-B organizations at which you have provided products or services in circumstances required to support the design and development of an MDB.

Include the names, titles and telephone numbers of individuals at those organizations who may be called by ACME as references. Please identify clients engaged in the past 6 months as well as those clients of longer duration.

Please include one company who is no longer a client.

RFI POLICY

ACME is not prepared to pay any costs incurred in the preparation and/or submission of the response to this RFI, the RFP to follow, or the preparation for the presentation/visit to ACME.

ACME requests your completed responses in writing, within two weeks.

HOW THE PARTICIPATING VENDORS RESPONDED

We found considerable differences among the vendors in the areas of infrastructure, size and business focus. In the areas of policy and process, they were quite similar. Here are the details of their answers. Keep in mind that these answers were prepared in the summer of 2005, and are subject to change over time.

	Analytic <i>i</i>	Creative Automation	Donnelley Marketing	Harte-Hanks	Market Models	MSC
Years	1999	1969	1972	Over 40	1999	1975
Staff	35	300+ (100 in computer services)	About 500 2,400 at InfoUSA	350 in database group	18 + 15 in tech support	46
Largest MDB	Over 2 terabytes	130 million records	1/2 terabyte	7 terabyte	500 gigabytes	2.5 terabytes 65 million records
Installations	Did not furnish	246 external users	54, of which 12 are B-to-B	Over 100	15	7+dozens of smaller DBs
Operating System	SQL Server	Mainframe Oracle, SQL Server	Oracle	Oracle and SQL Server	SQL Server	SQL Server and Mainframe
Application Software	Surround, E.piphany, Unica	Proprietary, Oracle Discoverer	Market-Zone with Alterian	Unica, E.piphany	Proprietary	Proprietary
R&D	Did not furnish	\$3.5+ million	At least \$6 million	Over \$35 million & partner R&D	5% per year	15% of gross revenue
Staff Attrition	None	6 in 2003	Low	Extremely Low	None	None in last 7 years
User Groups	4 per year	As needed by clients	Annual User Group meeting	2 Customer Forums per year	No	Not required
24 x 7 x 365	Yes	Yes	Yes, after hours support by Opps staff	Yes	Yes, on call as needed	Yes

As for the areas of great similarity, all of the participating vendors said they have:

- No litigation
- Liability insurance
- Detailed quality control processes
- Excellent privacy policies
- Excellent backup and redundancy capabilities

OBSERVATIONS & CONCLUSIONS

An RFI is a useful first step in the process of outsourcing a marketing database, especially in the world of business-to-business data, where the content is more complex and the business needs more varied. As we went through this exercise, we developed a number of conclusions and recommendations:

- First and foremost, make sure you are dealing with a vendor who has plenty of experience with B-to-B data. Further, you may want to select a vendor who already has clients in the same business category as yours.
- Check to be sure all of your questions have been answered in the responses to the RFI. If not, this is a red flag.
- Consider the size of other companies on the vendor's client list. You don't want to be the vendor's smallest client, unless you're sure you'll be very profitable for them.
- You need to scan the mission statements and corporate philosophy documents the vendors provide — even if they are not the most exciting reading — just to be sure you see nothing in conflict with your company's culture.
- Don't expect the RFI to provide details about how your database outsourcing project will be managed. That information needs to wait until the RFP stage. If the RFI response reads as though the vendor has already determined what you need, look elsewhere.



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