

MK 8710 CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

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Center for Excellence in
BRAND & CUSTOMER MANAGEMENT

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Assignment 6 – BRV and Acquisition Equity Computations

Note: Please name the document as: *LASTNAME_FIRSTNAME_6*. Please submit the assignment by email to alahiri1@gsu.edu by **November 6th at 5pm**.

1. **BRV:** With respect to its long-term pleasant relationship with IBM, Georgia State University (GSU) refers six other universities to purchase IBM's cloud computing service. The degree that references impacted university n 's purchase decision (Ref), the degree of influence of GSU's reference on university n (DOI), the customer lifetime value of university n , and the time university n became a customer of IBM are given here:

University Name	Ref	DOI	CLV (\$)	Time
Georgia Tech	50%	80%	1515	Year 1
Emory	60%	50%	1204	Year 1
MIT	30%	40%	3026	Year 2
UT	60%	30%	1006	Year 2
Harvard	40%	30%	2415	Year 3
Michigan State	70%	50%	2032	Year 3

Calculate the Business Reference Value (BRV) of GSU for IBM. Assume the discount rate is 15% per year.

2. **Acquisition Equity:** Three companies want to assess their acquisition equity to understand if there is room for improvement. They provide a consultant with the number of prospects they have, the acquisition cost per prospect, their response rate, the average sales revenue from the first sale, and the gross margin.

	Number of Prospects	Acquisition cost per prospect	Response Rate	Avg. Sales Rev. from 1st Sale	Gross Margin
Company 1	10000	\$0.50	4%	\$45.00	40%
Company 2	12500	\$0.45	3%	\$35.00	40%
Company 3	4200	\$0.65	2%	\$75.00	40%

Calculate the average acquisition equity per customer for each of the companies. Also, which company needs to reexamine their strategy the most? Give at least one way they could easily change their average acquisition equity per customer.