

Sage SalesLogix

Competitive Analysis Microsoft CRM

May 2007

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Battlecard – Sage SalesLogix vs. Microsoft CRM

Top Marketed Points for Microsoft & MS CRM

Top Marketed Points for Microsoft & MS CRM	How to Interpret	Sage Counterpoint
(1) Microsoft is the largest and most recognized software company in the world.	In 2006, Microsoft generated net revenues in excess of \$44B ¹ and was ranked as the number one global brand by a UK-based international brand consultancy.	<ul style="list-style-type: none"> ✓ Business applications accounted for just 2% of Microsoft net revenues in 2006 compared to 100% of net revenues for Sage during the same period. ✓ Sage has operated as a business applications provider for over 25 years whereas Microsoft only entered the market 5 years ago. ✓ Gartner ranks Sage Software as the #1 provider of SMB CRM solutions in the world by installed base. ✓ Sage Software achieved superior business applications revenue growth over Microsoft in 2006.
(2) MS CRM “works the way you do, works the way your business does, works the way technology should.”	Microsoft claims MS CRM provides an easy-to-use user experience, is easy to customize and is based on the Microsoft industry-standard technology platform.	<ul style="list-style-type: none"> ✓ Microsoft CRM’s multiple window cascading, duplicitous menus and high click volume per interaction all provide for a poor user experience. Its approach to Outlook integration is particularly cumbersome. ✓ By contrast, Sage SalesLogix provides a highly intuitive user experience with optimized click paths for key functionality. Additionally, Sage SalesLogix’s Outlook integration allows users to: (1) synchronize between Outlook and CRM automatically, (2) send emails from CRM or Outlook, (3) never have to enter data twice and (4) benefit from calendars and contacts are always in sync. ✓ Customization in MS CRM must be carried out at a code level by development staff. ✓ By contrast, Sage SalesLogix provides codeless customization capabilities for performing most customizations. ✓ Microsoft CRM technology stack is a complex and costly interaction of moving parts, which may include: Exchange Server, SQL Server, Active Directory, Windows Server/Small Business Server, Sharepoint Server and Microsoft CRM Server; each of which are potentially points of failure. ✓ By contrast Sage SalesLogix does not have the same heavy requirement for the Microsoft stack, but still provides a very robust, flexible architecture with best-of-breed technologies.
(3) MS CRM is supported by large global partner network.	With over 240,000 members, Microsoft operates the largest partner channel of any software vendor in the world.	<ul style="list-style-type: none"> ✓ Less than a quarter of Microsoft partners are certified to implement business applications; and a significantly smaller percentage has any appreciable CRM implementation experience. ✓ By contrast, Sage has over 23,000 business partners that are 100% focused on business applications. In addition Sage’s CRM partners have a long heritage of specializing in front office disciplines and can help customers get the most out of their CRM solution whether it’s embedding workflow process or automating a marketing campaign.
(4) MS CRM provides extensibility through other Microsoft applications and technology components, and partner-led solutions.	Microsoft provides out-of-the-box connectors for integration between MS CRM and other Microsoft Dynamics Back-Office solutions. MS Sharepoint is used for portal-based services and MS SQL is used for analytical queries.	<ul style="list-style-type: none"> ✓ The Sage SalesLogix architecture will easily support customer’s future growth and change. It is the first major deliverable based on our long term multi-client strategy of ‘Write Once – Deploy Multiple’. The architecture is well-suited to adapt to and incorporate new technology. This new architecture fits easily with IT standards and delivers a robust and adaptable platform for Sage to quickly deliver new levels of functionality to customers.

¹ Source: Microsoft Corporation Annual Report 2006

<p>(5) MS CRM provides native integration with Microsoft Outlook.</p>	<p>Microsoft claims that its CRM Outlook client delivers lower training costs, broader user adoption, less application switching, higher productivity, and a faster return-on-investment as a result, as well as giving employees access to the information they need; regardless of location.</p>	<ul style="list-style-type: none"> ✓ MS CRM runs within Outlook until you click for the first time, then runs separate browser windows. ✓ Outbound emails from CRM do not use Outlook. ✓ Double menu's in Outlook and CRM create confusion for users. ✓ Using Outlook for mass email potentially exposes the Outlook application to performance and availability issues. ✓ Rather than using a separate Outlook client as Microsoft does, Sage SalesLogix enables users to synchronize between Outlook and Sage SalesLogix. This approach maintains the functional efficiency and performance of Outlook while enabling Sage SalesLogix users to: (1) synchronize between Outlook and CRM automatically, (2) send emails from CRM or Outlook, (3) never have to enter data twice and (4) benefit from calendars and task entries are always in sync.
<p>(6) Rich feature-set across sales, marketing and customer service.</p>	<p>Microsoft claims to provide a full CRM feature set across sales, marketing and customer service.</p>	<ul style="list-style-type: none"> ✓ Microsoft CRM has significant functionality gaps in its feature-set; the product's Marketing Automation functionality is a good example of this. MS CRM only provides basic functionality across: list filtering, activity management and reporting. List generation and response tracking are dependent on SQL Reporting Services. This means that custom reporting is slow and cumbersome, and users are reliant on complex SQL queries for list generation. ✓ By contrast, Sage SalesLogix provides a comprehensive marketing automation platform incorporating full campaign planning, execution and tracking. Marketing lists are created through easy-to-use segmentation tools. Mass email programs are deployed and tracked entirely within Sage SalesLogix. User-defined reports can be created with ease. Campaign performance can be tracked against multiple criteria with full drill-down into budget.

Top Strengths of Microsoft & MS CRM [\(go to detailed section\)](#)

Top Microsoft / MS CRM Strengths	How to interpret	Sage Counterpoint
<p>(1) Microsoft brand recognition and corporate viability</p> <p>(This correlates with the Top Marketed point #1 above)</p>	<p>A key objective for any MS CRM sale is to leverage the Microsoft brand from the beginning to the end of every opportunity. By emphasizing Microsoft's corporate viability and brand, MS CRM can position itself as an extension to the Microsoft platform; making Microsoft and Microsoft CRM a low-risk choice of vendor and solution.</p>	<ul style="list-style-type: none"> ✓ Business applications accounted for just 2% of Microsoft net revenues in 2006 compared to 100% of net revenues for Sage during the same period. ✓ Sage has operated as a business applications provider for over 25 years whereas Microsoft only entered the market 5 years ago. ✓ Gartner ranks Sage as the #1 provider of SMB CRM solutions in the world by installed base. ✓ Sage achieved superior business applications revenue growth over Microsoft in 2006.
<p>(2) Perception of superior, native integration with Microsoft Outlook</p> <p>(This correlates with the Top Marketed point #5 above)</p>	<p>Microsoft says that MS CRM is designed to drive high user adoption by delivering CRM capabilities within a native Microsoft Office and Outlook experience.</p>	<ul style="list-style-type: none"> ✓ Microsoft CRM only operates in Outlook until the CRM functionality is accessed for the 1st time, then a separate window is opened. ✓ Microsoft CRM's multiple window cascading, duplicitous menus and high click volume per interaction all provide for a poor user experience. ✓ The Microsoft CRM web and outlook clients have two different calendar interfaces. ✓ Mail sent from the Microsoft CRM web client does not appear in the Sent Items in Outlook. ✓ Custom functional layering around the Microsoft Outlook client can impact on the performance and availability of Outlook. ✓ Do not under-estimate the large penetration of Lotus Notes. Microsoft relies on third party for Lotus Notes Integration. Sage SalesLogix provides seamless integration with Lotus Notes.
<p>(3) Perception that the product is delivered using a superior technology platform</p> <p>(This correlates with the Top Marketed point #4 above)</p>	<p>According to Microsoft, Dynamics CRM "works the way your IT staff wants it to". Dynamics CRM is based on standard Microsoft technologies which Microsoft claims provides a rapid, low-cost deployment with low support costs and ease-of-scalability.</p>	<ul style="list-style-type: none"> ✓ Microsoft CRM technology stack is a complex and costly interaction of moving parts including Exchange Server, SQL Server, Active Directory, Windows Server/Small Business Server, Sharepoint Server and Microsoft CRM Server; each of which are potentially points of failure. ✓ Microsoft CRM provides a poor offline user experience. ✓ Microsoft CRM relies on a 3rd party for BlackBerry mobile CRM Support. ✓ Microsoft Dynamics relies on Microsoft Exchange for mass emailing which can impact negatively on Exchange's performance and availability. ✓ Sage SalesLogix provides native BlackBerry, Pocket PC, and Smartphone support.
<p>(4) Perception of being implemented and supported by a large global partner channel of business applications specialists</p> <p>(This correlates with the Top Marketed point #3 above)</p>	<p>With over 240,000 members, Microsoft operates the largest partner channel of any software vendor in the world.</p>	<ul style="list-style-type: none"> ✓ Less than a quarter of Microsoft partners are certified to implement business applications; and a significantly smaller percentage has any appreciable implementation experience. ✓ By contrast, Sage has over 23,000 business partners that are 100% focused on business applications. In addition Sage's CRM partners have a long heritage of specializing in front office disciplines and can help customers get the most out of their CRM solution whether it's embedding workflow process or automating a marketing campaign.

Top Weaknesses of Microsoft & MS CRM [\(go to detailed section\)](#)

Top Weaknesses of Microsoft and Microsoft CRM	How to Interpret
(1) Lack of product maturity	<ul style="list-style-type: none"> ✓ Microsoft CRM is only on the product's second major release since its introduction five years ago. ✓ The second major release of Microsoft CRM was delayed to address significant technical and functional problems. ✓ Microsoft CRM customers had to have their customizations redeveloped when upgrading to 3.0. ✓ Microsoft CRM still has significant gaps in its feature set. ✓ Gartner reference checks give Microsoft CRM low scoring for product features, product quality and system response times.
(2) Lack of CRM implementation experience in the Microsoft partner channel	<ul style="list-style-type: none"> ✓ The majority of partners certified to sell, implement, and support Microsoft CRM have no appreciable level of implementation experience. ✓ Microsoft is reliant on its Classic/technology channel to drive its CRM business. These partners generally have no business applications experience whatsoever. ✓ Microsoft has reverted to soliciting partners in competitive channels to address its' shortfalls
(3) Complex, limited business intelligence solution	<ul style="list-style-type: none"> ✓ Microsoft recently bundled their numerous BI components into an overall suite, named Performance Point. MS Performance Point is based on Analysis Services/Cubes/OLAP. ✓ Much time is spent analyzing what analysis is needed. ✓ Microsoft Performance Point solution requires IT to modify data cubes, whereas with Sage SalesLogix Visual Analyzer non-IT users can create their own content. ✓ Microsoft Performance Point is dependent on the Microsoft stack of technology. By contrast, Sage SalesLogix Visual Analyzer has no dependencies on the Microsoft stack
(4) Lack of effective marketing automation functionality	<ul style="list-style-type: none"> ✓ Microsoft CRM only provides basic marketing automation functionality. ✓ Sage SalesLogix provides full-suite marketing automation including email marketing, campaign management, and lead management and qualification. ✓ According to Yankee Group, marketing automation is a top priorities for SMB's in the future.
(5) Lack of web-based customer self-service functionality	<ul style="list-style-type: none"> ✓ Microsoft CRM does not provide web-based customer self-service. ✓ Companies can securely and easily empower customers to find the answers they need — online at their convenience. With the Sage SalesLogix Web Customer Portal, customers can view, add or edit tickets, and submit comments or attachments. ✓ According to Yankee Group interviews, self service is an increasingly more important customer interaction channel and customers first choice for initial research and self help.
(6) Weak offline client	<ul style="list-style-type: none"> ✓ Microsoft Dynamics CRM's offline synchronization is slow and complex. There are thirty nine choices to take data offline and synchronization between Outlook and Microsoft CRM takes at least 15 minutes. Additionally, it utilizes different online and offline interfaces. ✓ By contrast, with Sage SalesLogix, the offline client is the same, full-featured client as the Windows/Network client.
(7) Limited Mobile Capability	<ul style="list-style-type: none"> ✓ Microsoft provides limited, WAP-based, out-of-the-box mobile support for Microsoft CRM. It relies heavily on 3rd party solutions from C360 and Ten Digits. BlackBerry support is only provided through the Ten Digits solution. ✓ By contrast, Sage SalesLogix delivers full mobile CRM support for BlackBerry, Pocket PC, and Smartphone devices. The Sage SalesLogix mobile solution is a Sage developed and supported, not a third-party solution.
(8) Weaknesses for the Developer	<ul style="list-style-type: none"> ✓ The majority of customization in MS CRM must be carried out at a code level by development staff and upgrading doesn't save customizations. ✓ By contrast, Sage SalesLogix provides codeless customization capabilities for performing most customizations.
(9) Weaknesses in Outlook Integration	<ul style="list-style-type: none"> ✓ Runs within Outlook until you open a window for the first time, then runs separate browser windows. ✓ Microsoft CRM's multiple window cascading, duplicitous menus and high click volume per interaction all provide for a poor user experience. ✓ The Microsoft CRM web and Outlook clients have two different calendar interfaces. ✓ Mail sent from the Microsoft CRM web client does not appear in the Sent Items in Outlook. ✓ By contrast, Sage SalesLogix provides a highly intuitive user experience with optimized click paths for key functionality. Additionally, Sage SalesLogix Outlook integration allows users to: (1) synchronize between Outlook and CRM automatically, (2) send emails from CRM or Outlook, (3) never have to enter data twice and (4) benefit from calendars and contacts are always in sync.
(10) Weaknesses with "The Stack"	<ul style="list-style-type: none"> ✓ Requires Active Directory. ✓ Requires Exchange Server. ✓ By contrast Sage SalesLogix does not have the same heavy requirement for the Microsoft stack, but still provides a very robust, flexible architecture with best-of-breed technologies.
(11) Weaknesses for the User	<ul style="list-style-type: none"> ✓ Poor usability – many clicks and windows to access information. ✓ No simple way of viewing or searching history within an Account. ✓ Changes have to be saved manually. ✓ Sage SalesLogix provides a rich user experience with a very intuitive interface, maximizing user productivity and adoption.
(12) Weaknesses – Requires Add-on Products for Basic Functionality	<ul style="list-style-type: none"> ✓ Duplicate Checking is not part of the core product. ✓ Multiple field Search/Query by Example is also not part of the core product. ✓ By contrast, with Sage SalesLogix this basic functionality is delivered as part of the core product

Strengths of Microsoft and Microsoft CRM

(1) Brand Recognition and Corporate Viability

In 2006 Microsoft generated net revenues in excess of \$44bn² and was ranked as the number one global brand, ahead of companies such as GE, Coca Cola, Google and Toyota, by international brand consultancy Millward Brown Optimor. The company's solution portfolio covers Windows client, server & tools, information worker, business applications and mobile. Its flagship products; Windows and Office, have over 95% global market penetration.

Sage Counterpoint: Since its establishment in 1981 Sage has maintained a singular focus on SMB business applications; covering ERP and CRM solutions. When Microsoft entered the marketplace in April 2001 through its acquisition of Great Plains Software Inc, Sage already had over 20 years of product, project and partner experience with a large global installed base of business applications customers.

In 2006 Microsoft's business applications portfolio, branded as Dynamics, accounted for just 2% of Microsoft's overall revenue performance³. In 2006 Sage's business applications portfolio accounted for 100% of Sage Group PLC's overall revenue performance. In 2006 Sage's business applications portfolio generated revenues in excess of \$1.8bn; almost double the \$919m in revenues generated by Microsoft Dynamics during the same financial year⁴. Sage's business applications portfolio achieved revenue growth of 22% for FY'06 whereas Microsoft Dynamics only achieved revenue growth of 19% for the same period notwithstanding stronger brand recognition in many regions and significant expenditure on product marketing and partner recruitment. Additionally, 2006 was the first profitable year for Microsoft's portfolio of business applications; a full five years after the product was introduced.

With over 5.2m business applications customers Sage is the number one provider of SMB ERP and CRM solutions. By contrast Microsoft has only 200,000 customers using its Microsoft Dynamics ERP and CRM products. In relation to CRM applications; Gartner has recently ranked Sage as the number one provider of SMB CRM applications with over 2.7m customers, and second only to Siebel in the overall CRM market (SMB and enterprise)⁵. Gartner estimates that Microsoft currently has approximately 10,000 customers, of which 65% are live. Additionally, a growing percentage of Microsoft's customers; 40% in 2006, are enterprise-level organizations.

	Sage	Microsoft
Experience as a business applications (CRM/ERP) vendor	25 years	5 years
Business applications revenue as a percentage of overall revenue	100%	2%
Business applications revenue for FY'06	\$1.8bn	\$919m
Business applications revenue growth for FY'06	22%	19%
Number of CRM customers	2.8m	10,000
% of 2006 CRM customers in SMB	100%	60%
Gartner Top 10 ranking of CRM providers by user footprint	#2 ⁶	#8

(2) Perception that Microsoft Dynamics CRM Provides Superior Outlook Integration

"Works like and with Microsoft Office" is a cornerstone of Microsoft's positioning around Dynamics CRM. Gartner estimates that users primarily access Microsoft CRM through the product's Outlook client rather than the web client.⁷ Microsoft says that the Outlook client delivers lower training costs, broader user adoption, less application switching, higher productivity, and a faster return-on-investment as a result, as well as giving employees access to the information they need; regardless of location.

² Source: Microsoft Corporation Annual Report 2006

³ Source: Microsoft Corporation Annual Report 2006

⁴ Source: Microsoft Corporation Annual Report 2006, Sage Group PLC Annual Report 2006

⁵ Source: The CRM Vendor and ESP Landscape – Sense Emerges from the Chaos, Gartner 2006

⁶ Siebel is number one with a large user count in the enterprise space

⁷ Source: Status Report on Microsoft Dynamics CRM3.0, Brian Prentice, Gartner.

Sage Counterpoint; Microsoft claims to have improved usability by providing an Outlook client for Dynamics CRM, but its usability still lags far behind Sage SalesLogix. Notable issues include: (1) it takes more than nine clicks to add a product to an opportunity, (2) emails sent using the Microsoft CRM web client are not automatically populated into the users Sent Items in Outlook, (3) the Outlook client calendar and web client calendar utilize different user interfaces, (4) recurring events cannot be scheduled in the Microsoft web client and (5) calendar conflicts are only highlighted upon saving when using the web client.

Most critically, the Microsoft CRM client only operates within Outlook until CRM functionality is accessed for the first time; CRM then runs in a separate browser window with a different user interface. For users accessing sales, marketing and customer service across multiple accounts and opportunities, Microsoft CRM delivers a slow and complex user experience with multiple window cascading, duplicitous menus and high click-volume-per-interaction. Additionally, Gartner cautions; "Microsoft Office Outlook was never designed to be a business application portal. (Microsoft abandoned this effort with the demise of Web Parts in Microsoft Office Outlook 2003.) Unchecked additions of CRM capability into the Microsoft Office Outlook client can lead to functional bloat; making the client unwieldy and ultimately defeating the purpose of using it in the first place."⁸

Microsoft Dynamics CRM's Outlook client uses an application framework installed on the local client machine. Sage SalesLogix's client provides a rich user experience with bi-directional synchronization of appointments, tasks and contacts contained in Microsoft Outlook. This approach to Outlook integration maintains the functional efficiency and performance of Outlook while enabling Sage SalesLogix users to: (1) synchronize between Outlook and CRM automatically, (2) send emails from CRM or Outlook, (3) never have to enter data twice and (4) benefit from calendars and contacts are always in sync.

Sage SalesLogix also allows disconnected Outlook users to work offline and synchronize with the server at a later stage. Synchronization preferences are easy to configure and the user interface remains the same regardless of the access scenario. By contrast, Microsoft Dynamics CRM's offline synchronization is slow and complex. There are thirty nine choices to take data offline and synchronization between Outlook and Microsoft CRM takes at least 15 minutes. Additionally, it utilizes different online and offline interfaces.

Not to be forgotten, Lotus Notes has a very large, dedicated following, Sage SalesLogix provides seamless integration with Lotus Notes, while not sacrificing the integration of other office products.

(3) Perception that Microsoft Dynamics CRM is delivered using a superior technology platform

According to Microsoft, Dynamics CRM "works the way your IT staff wants it to"⁹. Dynamics CRM is based on standard Microsoft technologies which Microsoft claims provides a rapid, low-cost deployment with low support costs and ease-of-scalability.

Sage Counterpoint; The Microsoft Dynamics CRM technology stack is a complex and costly interaction of moving parts which can include: Exchange Server, SQL Server, Active Directory, Windows Server/Small Business Server, Sharepoint Server and Dynamics CRM Server; each of which are potentially points of failure. This equates to a long and complex IT deployment and on-going maintenance risk. While Microsoft provides a web client for Dynamics CRM, the Outlook client is far more commonly deployed. Specific examples of complexity and risk associated with the Microsoft CRM technology platform include: (1) Exchange Server is not designed to manage mass email marketing, (2) CRM client configuration/upgrade is complex and involves installing the .NET Framework 2.0 on every desktop, (3) SQL Reporting Services require development resource for end-user custom reports and (4) Outlook was never intended to operate as an application portal; this potentially exposes the Outlook client to functional performance issues if overburdened by extended CRM capabilities.

The Sage SalesLogix architecture will easily support customer's future growth and change. The v7.2 release is the first major deliverable based on our long term multi-client strategy of 'Write Once – Deploy Multiple'. The architecture is well-suited to adapt to and incorporate new technology. This new architecture fits easily with IT standards and delivers a robust and adaptable platform for Sage to quickly deliver new levels of functionality to Sage SalesLogix customers.

⁸ Source: Status Report on Microsoft Dynamics CRM3.0, Brian Prentice, Gartner.

⁹ Source: Microsoft Dynamics CRM product marketing overview

For additional details, please provide customers with the Sage SalesLogix Architecture White Paper (coming in June) and the Sage SalesLogix Vision White Paper (available today).

(4) Microsoft has a Large Global Partner Channel

With over 240,000 members, Microsoft operates the largest partner channel of any software vendor in the world¹⁰.

Sage Counterpoint; The size and makeup of the Microsoft partner channel reflects Windows penetration in the desktop PC and entry-through-midrange servers. Microsoft partners are largely technology-focused and lack business applications consulting experience. Less than .5% of Microsoft's partners are gold-certified and less than 5% of partners are certified to work with the Dynamics family of business applications.

By contrast, Sage's global partner channel and large global offices, representing over 23,000 business partners, is 100% dedicated to SMB business applications consulting. Sage's business partners provide significant product expertise and support, as well as vertical expertise, at a local level; this enables them to better address the individual customer requirements of their geography. In addition Sage's CRM partners have a long heritage of specializing in front office disciplines and can help customers get the most out of their CRM solution whether it's embedding workflow process or automating a marketing campaign.

¹⁰ Source: IDC Worldwide Software Channel Program 2005 Vendor Profiles

Weaknesses of Microsoft and Microsoft CRM

(1) Lack of Product Maturity

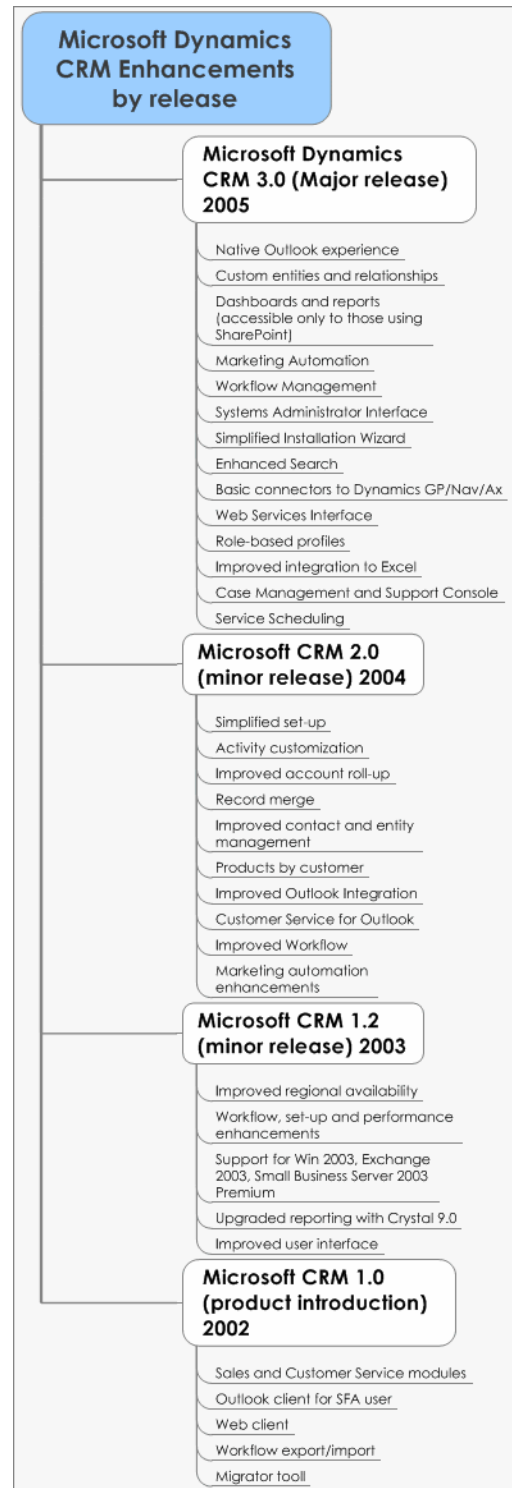
Dynamics CRM 3.0 is only Microsoft's second major product release since the launch of Microsoft CRM in 2002. Unlike the company's ERP solutions; which, through acquisition, had solid revision histories and established communities of partners and users, Microsoft CRM was an entirely new product, developed from the ground up. Early adopters faced a catalogue of functional and technical issues. From a technical perspective, it simply did not work well in the customer's environment, particularly from a hosted perspective. The seamless integration with Microsoft Outlook was clunky at best, and the application did not integrate well with third-party tools or even other Microsoft Dynamics modules. The software required significant hardware, which for SMBs, the key target market for this application, certainly made it less appealing. In addition, CRM 1.0 just didn't support remote access very well, which is an absolute must-have for most sales organizations.¹¹

Critically, Microsoft delayed its next major release (3.0) to address these issues. Users had to wait nearly three years for the next major product release. When 3.0 was eventually released, customizations did not migrate over from previous versions. Customers faced the choice of either paying to have their customizations redeveloped or abandoning them when they upgraded.

While 3.0, released 2005, addressed a number of these issues, Gartner reference checks reveal that Microsoft CRM 3.0 still scores low in product features, product quality, and system response times¹².

Microsoft CRM's weak feature-set combined with major upgrade headaches and slow release cycles underscore the product's lack of maturity and suggest that users can look forward to similar product and upgrade issues over the medium term

While Microsoft has focused on platform and architecture, Yankee Group states that it has failed to address functional gaps such as marketing automation, customer service and support. By contrast, Sage SalesLogix, with over six major releases to date, has benefited from an extensive revision history and established communities of partners and users. This has enabled Sage to focus on delivering enhanced functionality that better addresses customer requirements; marketing automation is a good example of this. Microsoft Dynamics CRM's marketing automation functionality, introduced in 3.0, provides basic list generation, mail merge and lead management functionality. Sage SalesLogix, by comparison, provides one of the most compelling SMB marketing automation solutions available today; with full campaign planning, execution and evaluation, lead management, as well as enhanced functionality for detailed budget management, and closed-loop email marketing campaigns.



¹¹ Source: Microsoft Dynamics CRM - Integration issues and bugs have paved the way for a CRM solution in version 3.0, Mark Clayman, CRM.com

¹² Source: The CRM Vendor and ESP Landscape – Sense Emerges from the Chaos, Gartner 2006

(2) Lack of CRM Implementation Experience in Partner Channel

Microsoft entered the business applications market in April 2001 through its acquisition of Great Plains Software Inc, provider of mid-market ERP solutions in North America and other English-speaking countries. In July 2002, the company expanded its business applications presence in Europe with the acquisition of Navision. The acquisitions added approximately 3,500 new business applications resellers to Microsoft's global partner network. Only a very limited number of these new partners had any previous CRM implementation experience; most notably Navision partners that had deployed the product's CRM module as part of larger systems replacement projects.

Microsoft encouraged its Business Solutions partners to become certified in the new CRM product when it was launched in 2002. While most did, only a small percentage developed an active CRM practice, preferring to remain focused on their traditional, higher margin, back-office ERP projects. In an effort to add volume to the CRM partner channel Microsoft also encouraged its technology or "Classic" partners to become certified in the product. While many did, most struggled to up-skill their sales and technical delivery teams around business applications.

Microsoft estimates that there were over 2,000 partners involved in the launch of Dynamics CRM 3.0¹³. The actual number of certified partners with real-world implementation experience and an active CRM practice is considerably smaller. Microsoft has attempted to address the shortfalls in its CRM channel by recruiting partners from competitive channels including Sage and Siebel.

Feedback from Sage Operating Companies suggests that the majority of certified Microsoft CRM partners have failed to prioritise Microsoft CRM within their overall business development plans, preferring to work with the product opportunistically. This includes Business Solutions partners selling CRM as part of a larger systems replacement project or Classic partners leveraging a long-term customer relationship to cross-sell CRM. Gartner also cites lack of reseller experience as a significant challenge for Microsoft in the CRM market¹⁴

By contrast, Sage has over 23,000 partners globally; all of which are dedicated business applications specialists supported by larger international offices. These partners are business process experts and have deep experience around the implementation of solutions that address real business challenges across specific industries, and not just systems integration issues. This partner community provides significant CRM implementation capability which is delivered through a combination of dedicated Sage SalesLogix partners and Sage total solution providers. According to research from Yankee Group 2006 SMB Survey, VAR's are the first choice and have the most purchasing influence with small and medium sized businesses looking to purchase a business applications.

Sage's CRM solutions are a core component of these partner's day-to-day business, so customers can expect, and benefit from, a proven track record of project delivery and customer referenceability. Sage's CRM partners have a long heritage of specializing in front office disciplines and can help customers get the most out of their CRM solution whether it's embedding workflow process or automating a marketing campaign.

(3) Microsoft has a very complex, limited business intelligence solution.

Microsoft recently bundled their numerous BI components into an overall suite, named Performance Point. MS Performance Point is based on Analysis Services/Cubes/OLAP. With Performance Point, much time is spent analyzing what analysis is needed. In addition, Microsoft Performance Point solution requires IT to modify data cubes, whereas with Sage SalesLogix Visual Analyzer non-IT users can create their own content.

SalesLogix Visual Analyzer is a superb fit for the mid-market because of the following:

- Faster installation and implementation time. MS Performance Point is based on Analysis Services/Cubes/OLAP. Much time is spent analyzing what analysis is needed
- Lower cost to maintain – The Visual Analyzer technology is less complicated than the competitors, which means less downtime and less resources required to keep the product up and running
- Greater flexibility

¹³ Source: Microsoft Rolls out New Brand and a New Version – An Interview with Brad Wilson, CRMguru.com

¹⁴ Source: The CRM Vendor and ESP Landscape – Sense Emerges from the Chaos, Gartner 2005

- Competitors require you to know questions upfront. Visual Analyzer allows you to bring data in at low-level granularity so that new aggregations can be done on-the-fly. You have unlimited number of dimensions to choose from, whereas the cube approach is limited to a few dimensions.
- Ability of non-IT personnel to create their own content
 - MS Performance Point requires IT to modify cubes
- Performs very well on hardware that is affordable for the mid-market
- No dependencies on the Microsoft technology stack
 - Microsoft Performance Point is dependent on the Microsoft stack of technology.
- Offline analysis: Visual Analyzer is the only tool that allows for offline analysis.
- Customizability
 - MS Performance Point is customizable, but slightly more effort required.
- Tightly integrated with Sage SalesLogix
 - Visual Analyzer offers export to groups, drill to transaction-level data, etc.
- Full support for customers using Oracle RDBMS
 - MS Performance Point is dependent on MS Analysis Services.

(4) Lack of Effective Marketing Automation Functionality

While sales force automation is still cited across most regions as the primary driver for CRM projects, marketing automation is becoming increasingly important for SMB organizations,¹⁵ particularly for those looking to maximize the effectiveness of limited marketing budget and resource. These companies now require solutions that extend upstream, beyond traditional sales force automation, to integrate seamlessly with marketing and demand creation. According to Yankee Group's 2006 SMB survey, marketing automation including campaign management and emarketing tools are one of the top 3 priorities for the future. While both Sage SalesLogix and Microsoft Dynamics CRM provide marketing automation functionality, Sage SalesLogix represents the more fully developed and functionally complete solution of the two.

Microsoft Dynamics CRM only provides basic functionality across: list filtering, activity management and reporting. List generation and response tracking are dependent on SQL Reporting Services. This means that custom reporting is slow and cumbersome, and users are reliant on complex SQL queries for list generation. Dynamics CRM uses Exchange Server for mass email management; preventing responses and recipient activity from being automatically tracked. Additionally, Exchange was not designed to manage mass emailing and therefore Dynamics CRM exposes Exchange; a company-critical application, to performance and availability issues.

Sage SalesLogix provides a comprehensive marketing automation platform incorporating full campaign planning, execution and tracking. Marketing campaign target lists are created through easy-to-use segmentation tools. In addition, Sage SalesLogix delivers complete lead management and qualification capabilities, enabling leads to be easily imported, qualified based on specified criteria, and tracked at every stage. Mass email campaigns are built, deployed and tracked entirely within Sage SalesLogix. User-defined reports can be created with ease. Campaign performance can be tracked through the campaign dashboard as well as through built-in reports.

(5) Lack of Web-based Customer Self-Service Functionality

While web-based customer self-service functionality is provided by a number of Microsoft Dynamic back-office applications such as GP and AX, it is currently unavailable as part of the Dynamics CRM product. This represents a significant functional weakness in Dynamics CRM as web-based self-service is an increasingly important channel for companies to enhance their customer service delivery while also reducing front and back-office administration costs.

By contrast Sage SalesLogix includes the Web Customer Portal, enabling customers to view, add or edit tickets, and submit comments or attachments. The Web Customer Portal puts the same knowledge-base used by service professionals on the Web, along with powerful search technology that simplifies the self-service experience. Customers can scan search results efficiently with advanced filtering, scoring, sorting, and preview capabilities.

¹⁵ Source: Magic Quadrant for Marketing Resource Management Solutions 2007, Gartner

(6) Weak Offline Synchronization

Microsoft Dynamics CRM's offline synchronization is slow and complex. There are thirty nine choices to take data offline and synchronization between Outlook and Microsoft CRM takes at least 15 minutes. Additionally, there are different online and offline interfaces.

With Sage SalesLogix, the offline client is the same, full-featured client as the Windows/Network client. All customizations that have been developed are also available in the offline client. Users can easily and quickly define which customer data they want to subscribe to. Sage SalesLogix includes robust conflict resolution capabilities, enabling a very granular level of conflict resolution. In addition, the "What's New" feature makes it easy for users to quickly see what data is new or has changed since the last synchronization.

(7) Limited Mobile capabilities

Microsoft provides limited, WAP-based, out-of-the-box mobile support for Microsoft CRM. It relies heavily on 3rd party solutions from C360 and Ten Digits. BlackBerry support is only provided through the Ten Digits solution. By contrast, Sage delivers the most complete Mobile CRM solution for Windows Mobile, Pocket PC, and BlackBerry devices. In addition, the Sage SalesLogix Mobile solution uses native application development environments for the richest application experience for Windows Mobile (.Net) and Blackberry (J2ME).

Yankee Group recommends creating a unique application for the device of choice that maximizes the workflow of the user across multiple applications. Mobile solutions must leverage best of breed expertise to deliver process-oriented interactions that improve the efficiency and effectiveness of the user experience. Ultimately, mobile solutions need to deliver the right information at the right time to improve sales productivity and service quality, visibility into accounts and sales, and accuracy.¹⁶

According to the latest IDC AppStats (Q4 06) findings, mid-market companies are seeking state-of-the-art technologies including SOA, OpenSource, SaaS and mobile platform support for their CRM solutions to help enable them maintain their competitive edge in an increasingly challenging business environment.

(8) Weaknesses for the Developer

While the product can be easily configured, more sophisticated customizations for Microsoft CRM requires the customization to be carried out at a code-level by development staff or systems integrator. By contrast, Sage SalesLogix provides a rapid customization environment, including codeless, wizards, and templates. Sage SalesLogix also supports advanced customizations utilizing .NET and other standards-based skills. Other weaknesses include:

- No cascading pick list (ex: Type-Subtype)
- Does not allow for different forms or views for different users
- No versioning of Forms or Views
- Upgrading doesn't save customizations
- Requires multiple databases (no mod/prod testing)

(9) Weaknesses in Outlook Integration

Microsoft claims to have improved usability by providing an Outlook client for Microsoft CRM, but its usability still lags far behind Sage SalesLogix. Notable issues include (1) it takes more than nine clicks to add a product to an opportunity, (2) e-mails sent using the Microsoft CRM Web client are not automatically populated into the users Sent Items in Outlook, (3) the Outlook client calendar and web client calendar use different user interfaces, (4) recurring events cannot be scheduled in the Microsoft web client (5) calendar conflicts are only highlighted upon saving when using the web client, (6) No Word mail merge templates, (7) e-mail templates are available exclusively in the browser client, (8) recurring activities don't sync, and (9) contact sync only through Group Options, no ad hoc adding of contacts. Minimum sync time between Outlook and CRM is 15 minutes.

Most critically, the Microsoft CRM client only operates within Outlook until CRM functionality is accessed for the first time; CRM then runs in a separate browser window with a different user interface. For users accessing sales, marketing and customer service across multiple accounts and opportunities, Microsoft CRM provides a slow and complex user experience with multiple window cascading, duplicitous menus and high click-volume-per-interaction.

¹⁶ Enterprise Mobility Is the Last Mile in Sales and Service Effectiveness, 2006

(10) Weaknesses with “The Stack”

The Microsoft CRM technology stack is a complex and costly interaction of moving parts which can include: Exchange Server, SQL Server, Active Directory, Windows Server/Small Business Server, Sharepoint Server and Microsoft CRM Server; each of which is a potential point of failure. This equates to a long and complex IT deployment and on-going maintenance risk. Specific examples of complexity and risk associated with the Microsoft CRM technology platform include: (1) requires Exchange Server (2) requires Active Directory (3) does not support Oracle, Notes, BlackBerry (4) dashboards require complex Sharepoint (5) need Visual Studio to create calculated fields (5) need BizTalk for integration and (6) requires a very recent or the latest version of each.

By contrast Sage SalesLogix does not have the same heavy requirement for the Microsoft stack, but still provides a very robust, flexible architecture with best-of-breed technologies.

(11) Weaknesses for the User

- Poor usability – Many clicks and windows to access information
- No link to Account name on the Opportunity screen
- Primary contact appears on the Account but not in Contacts list
- Opportunities and Cases only linked with either Contact or Account, not both
- No duplicate checking upon entry of Account/Contact
- Complex report writing - knowledge of SRS and .NET is required to write new reports
- No simple way of viewing or searching history within an Account
- No drag and drop of e-mails or attachments
- Mail merge can only be run from the Outlook Client
- Attachments show up in Notes area
- Difficult to setup a new Campaign with multiple steps. The MS CRM Quick campaign setup does not contain campaign activities
- Manual calendar refresh
- Complex and time consuming to setup associations between companies
- Changes have to be saved manually and if not, they WILL NOT be committed to the database when windows are closed
- No multiple select pick list - you can only choose one option from a pick list
- No history of Navigation for quick return (forward/back)
- No audit trail within case management
- No Phone number in Activity views
- Calendar and many functions only available if you get lucky and find main window
- User must manually refresh the calendar
- Reviewing an Account or Opportunity before phone call very difficult and requires multiple screens

By contrast, Sage SalesLogix provides a rich user experience with a very intuitive interface, maximizing user productivity and adoption.

(12) Weaknesses – Requires Add-on products for Basic Functionality

Microsoft lacks a number of basic capabilities, thus requiring purchase of 3rd party products for these capabilities. For example, Duplicate Checking is not part of the core product as well as multiple field search/query by example Other areas that Microsoft requires 3rd party solutions include E-mail to Case Creation, Customer Portal, and External Knowledgebase. By contrast, with Sage SalesLogix this basic functionality is delivered as part of the core product

Recommended Sales Strategy

Recommendation	Action
<p>Don't let Microsoft overemphasize its technology platform as a key criteria for selection.</p>	<ul style="list-style-type: none"> • Ensure that business decision-makers; particularly the business-process owners for sales, marketing and customer service; are involved in the evaluation of the product and not just the technology decision-maker. • MS will attempt to pitch .NET and being the industry standard for technology, as the primary benefit of MS CRM – especially to an IT audience. MS CRM fares very well in these types of situations. • Emphasize the importance of usability and functional breadth and depth. • Emphasize the importance of a low-complexity, robust, scalable and extendable platform for SMB businesses. • De-emphasize the importance of technology architecture that is purely for “technology’s sake”. • Focus on recently released features and guide the customer to a discussion on current functionality.
<p>Don't let Microsoft overplay their product roadmap.</p>	<ul style="list-style-type: none"> • Force Microsoft to focus on what is available today. • Emphasize the potential waves of disruption that Microsoft’s product roadmap will mean for customers downstream. • Again, de-emphasize the importance of technology architecture that is purely for “technology’s sake” • Focus on latest release and also what’s plan for future releases. • Utilize the Sage SalesLogix Vision White Paper to demonstrate commitment to further advancing Sage SalesLogix.
<p>Don't get into a head-to-head comparison with Microsoft corporation.</p>	<ul style="list-style-type: none"> • Emphasize Sage’s 100% business applications focus • Highlight Sage’s pedigree and experience around business applications in general and CRM specifically • Emphasize the high level of Sage ERP market penetration in Europe (European partners) • Emphasize the Sage partner channel • Emphasize Sage’s position in the global CRM market
<p>Don't get blind-sided by price.</p>	<ul style="list-style-type: none"> • Understand where Microsoft is price competitive against Sage in license and maintenance charges. • Be aware that Microsoft will discount heavily to win business • Focus on the ‘stack’ costs and other ‘hidden’ costs. • Microsoft discounts very heavily in some regions – i.e. Asia.
Recommendation	Action
<p>DO emphasize Sage SalesLogix’s functional depth and breadth.</p>	<ul style="list-style-type: none"> • Focus particularly on sales force automation working with marketing automation and/or customer service (the Microsoft demo focuses on the technology platform benefits and deliberately glosses over functional gaps in the product.)
<p>DO differentiate Sage, Sage CRM Solutions, and yourself.</p>	<ul style="list-style-type: none"> • Talk about the Sage CRM Portfolio and true freedom of choice. • Not one-size-fits-all talk about our track record & history – over 20 years of development and experience. • Demonstrate your CRM experience and knowledge.
<p>DO focus on solving business issues not technology issues, get business sponsors and users involved.</p>	<ul style="list-style-type: none"> • Understand customer pain points by role. • Provide quantitative metrics against as many pain points as possible. Do a proof-of-concept that will demonstrate to the customer how Sage SalesLogix can automate the processes and justify the spend. • Discuss the qualitative process improvements that can be achieved as a result of the project e.g. enhanced customer intelligence, enhanced customer service delivery etc. • Discuss heritage of strong end-user adoption and demonstrate user embraced “usability” features.
<p>DO understand user requirements and demo user scenarios.</p>	<ul style="list-style-type: none"> • Demonstrate on a Pocket PC and a BlackBerry • Demonstrate reduced number of windows and clicks in Sage SalesLogix when compared to MS CRM. • Demonstrate integration with Outlook – simple and effective (emails, attachments and diary functionalities). • Demonstrate marketing and sales force automation working as a single seamless process. • Demonstrate the adding of a new Opportunity, Product, Quote and Activity. • Review Opportunities/Cases and make Phone Calls. • Show with a few, simple customizations including a company logo and customized fields that fit the business.

DO focus on usability and end user adoption.	<ul style="list-style-type: none"> End users that have previously used ACT! or other CRM products will not be satisfied with the usability and individual workflow in MS CRM. For example, in MS CRM, users can't save their queries; they must be the same for every user.
DO dispel the myth about Outlook Integration – “We work like you do” – not true.	<ul style="list-style-type: none"> MS CRM runs within Outlook until you click for the first time, then runs separate browser windows. Outbound e-mails from CRM do not use Outlook. Double menus in Outlook and CRM create confusion for users. Minimum sync time between Outlook and CRM - 15 minutes. Contact sync only through Group Options, no ad-hoc adding of contacts.
DO emphasize offline and mobile access scenarios	<ul style="list-style-type: none"> Microsoft offers a fairly limited out-of-the-box mobile solution, focused primarily on Windows Mobile / Pocket PC. Microsoft relies heavily on 3rd party solutions from C360 and Ten Digits. BlackBerry support is ONLY provided through the Ten Digits solution. With the acquisition of Corum, Sage delivers the most complete Mobile CRM solution for Windows Mobile, Pocket PC, and BlackBerry devices.
DO stress that Sage sells complete business solutions.	<ul style="list-style-type: none"> Integration is a key message since many customers are seeking to integrate the front and back office. Integration is also key differentiator as Sage sells complete business solutions across multiple software categories.
DO highlight the business intelligence capabilities of Sage SalesLogix Visual Analyzer	<p>SalesLogix Visual Analyzer is a great solution for the mid-market because of the following:</p> <ul style="list-style-type: none"> Faster installation and implementation time. Lower cost to maintain Greater flexibility Ability of non-IT personnel to create their own content No dependencies on the Microsoft technology stack Offline analysis: Visual Analyzer is only tool that allows for offline analysis Customizability Tightly integrated with Sage SalesLogix Full support for customers using Oracle RDBMS
DO understand the pricing requirements and value proposition.	<ul style="list-style-type: none"> Add up the required “hidden” user licensing for MS CRM, especially if integration is required. Key Pricing Points: <ul style="list-style-type: none"> Sage Portfolio of CRM gives product selection at all price points. MS CRM Small Biz Edition looks attractive, but requires Office Small Biz Server Premium and can only be installed on the same server with max 2 CPUs so performance can be a factor. MS “stack” required, often on most current versions, with complexity of Exchange, SharePoint, and more that are outsourced or avoided by SMBs. MS CRM pricing is very complex with volume discounts across MS products, not just CRM, but favors enterprise customers. Sage SalesLogix offers Concurrent use, Web Viewers, and Mobile-only use. MS CRM requires full user license for all employees or “external users acting in an internal capacity”. Sage SalesLogix offers external access at reasonable cost for integrating to other systems, even publishing a customer list to intranet. MS CRM External Connector is \$8-12K, Pro only, cannot be used for employee access to CRM data. Sage SalesLogix offers development, backup, and staging servers at no cost. MS CRM requires a license for every server installed.
DO emphasize local support, implementation and consulting expertise	<ul style="list-style-type: none"> Emphasize implementation track record and reference-ability by region, vertical or similarity in business process requirements. Emphasize the Sage business applications partner channel.

Microsoft Claims / Avoiding Landmines

(1) Sage lacks a long term product strategy and a compelling product roadmap

Sage response: Sage Software has a long-term product development strategy and roadmap which is focused firmly on enhancing the Sage SalesLogix product feature-set, optimizing its delivery platform and extending its integration capabilities. This strategy is driven by customer requirements and objectives, and ensures that they leverage their CRM installation to maximum effect during its lifetime.

Provide a copy of the Sage SalesLogix Vision and Direction White Paper.

The Microsoft CRM product roadmap has largely ignored customer functional requests and, instead, focussed on internal Microsoft technology and product integration issues. The only assurance that Microsoft customers have regarding the future of the CRM product is that there will be regular and radical departures in its product roadmap and they will be increasingly reliant on an intricate network of Microsoft technologies and products.

(2) Sage SalesLogix has an old, outdated architecture, especially the web platform

Sage response: Sage SalesLogix v7.2 is built on a robust, standards-based architecture, including ASP.NET, AJAX, CAB, and Web services. The Sage SalesLogix v7.2 architecture will easily support customer's future growth and change. Sage SalesLogix v7.2 is the first major deliverable based on our long term multi-client strategy of "Write Once – Deploy to Multiple Devices." The architecture is well-suited to adapt to and incorporate new technology. This new architecture easily fits with IT standards and delivers a robust and adaptable platform for Sage to quickly deliver new levels of functionality to Sage SalesLogix customers.

(3) Sage operates a multi-product strategy with overlap between CRM products

Sage response: Sage CRM Solutions maintains a singular focus on SMB applications. However, even within in the SMB market, Sage does not take a "one size fits all" approach to its products. Sage CRM Solutions has three distinct product lines; providing true freedom of choice, each suited to a particular set of business needs: ACT! by Sage, SageCRM and Sage SalesLogix. ACT! by Sage is ideally suited to the contact and customer management requirements of individuals, functionally defined workgroups and sales teams within larger organizations. SageCRM provides an easy-to-deploy, easy-to-maintain, feature-rich CRM product for small-to-mid-sized organization with a hosted deployment where required. Sage SalesLogix is the customer relationship management solution that delivers deep, rich customization capabilities, high levels of end-user adoption, and a low TCO across all deployment methods including Web, Windows, and mobile devices. Sage is committed to delivering the most appropriate solution for our customers on an individual basis and the company provides ease-of-movement between these solutions and deployments to facilitate the changing business needs of our customers. Microsoft attempts to addresses multiple market segments; stretching from small business to enterprise, through a single CRM solution. By covering such a broad addressable market with a single product, Microsoft risks diluting product segment focus or, more likely, disenfranchising SMB customers in order to address enterprise-level requirements for scalability, interoperability and vertical functionality.

(4) Microsoft uses Industry quotes from early 2004 citing lack of features

Sage Response: These are very outdated observations. Sage SalesLogix is now on v7.2 with core Sales, Marketing, Service, and Support features. Sage SalesLogix provides a complete set of sales, marketing, service, and support features. For example, while both Sage SalesLogix and Microsoft Dynamics CRM provide marketing automation functionality, Sage SalesLogix represents the more fully developed and functionally complete solution of the two.

Sage SalesLogix provides a comprehensive marketing automation platform incorporating full campaign planning, execution and tracking. Marketing campaign target lists are created through easy-to-use segmentation tools. In addition, Sage SalesLogix delivers complete lead management and qualification capabilities, enabling leads to be easily imported, qualified based on specified criteria, and tracked at every stage. Mass email campaigns are built, deployed and tracked entirely within Sage SalesLogix. User-defined

reports can be created with ease. Campaign performance can be tracked through the campaign dashboard as well as through built-in reports.

(5) Sage SalesLogix is written in Delphi

Sage Response: This is not something that impacts developers, IT or our partners. With the release of Sage SalesLogix v7.2, the Web client is written in .NET. Customizations can also be done in both the Windows and Web Client in .NET or VBscript with client-side code available for customization, so Delphi experience is not needed.

(6) Sage SalesLogix is more expensive than Microsoft CRM

Sage SalesLogix	MS CRM
Sage Portfolio of CRM gives product selection at all price points.	MS CRM Small Biz Edition looks attractive but requires Office Small Biz Server Premium and can only be installed on the same server with max 2 CPUs so performance can be a factor.
	MS “stack” required, often on most current versions, with complexity of Exchange, SharePoint, and more that are outsourced or avoided by SMBs.
	MS CRM pricing is very complex with volume discounts across MS products, not just CRM, but favours enterprise customers.
Sage SalesLogix offers Concurrent use, Web Viewers, Mobile-only use.	MS CRM requires full user license for all employees or “external users acting in an internal capacity”.
Sage SalesLogix offers external access at a reasonable cost for integrating to other systems, even publishing a customer list to intranet.	MS CRM External Connector is \$8-12K, Pro only, cannot be used for employee access to CRM data.
Sage SalesLogix offers development, backup, and staging servers at no cost.	MS CRM requires license for every server installed.

(7) Sage SalesLogix requires building customizations twice; once for Windows and once for the Web.

Sage Response: Most customizations are not typically developed for all users. Customizations are usually developed for a subset of users and with a subset of functionality. For example, companies may utilize the Web client to deliver basic functionality with little customization to a small set of users. In addition, v7.2 includes the Application Architect, a robust Web development environment, which enables rapid development of common customizations.

Setting Landmines against Microsoft CRM

(1) MS CRM Customizations are difficult and require development skills

Customizing MS CRM requires advanced programming skills, such as .NET, Sharepoint, and Analysis Services. Sage SalesLogix provides a rapid customization environment including codeless, wizards, and templates. Sage SalesLogix also supports advanced customizations utilizing .NET and other standards-based skills.

(2) Required MS Stack

Microsoft CRM technology stack is a complex and costly interaction of moving parts which may include Exchange Server, SQL Server, Active Directory, Windows Server/Small Business Server, Sharepoint Server and Microsoft CRM Server. Each one of these components represents a potential point of failure. Organizations also need Visual Studio to create calculated fields and BizTalk for integration to many non-Microsoft back-end applications. Significantly, MS CRM requires the very recent or latest version of each of these components.

(3) Demo Business Scenarios, not just functionality.

Microsoft is very well rehearsed in providing basic feature/function demos. Encourage your prospect to challenge Microsoft to go “off-script”, and address real-world business scenarios such as:

- CRM working on a Pocket PC and a BlackBerry
- Outlook integration
- CRM working in an offline synchronization
- Adding new Opportunity, Product, Quote and Activity
- Review Opportunities/Cases and make Phone Calls

(4) Lack of Partner’s Business/CRM experience and credibility

Feedback from Sage operating companies across a number of regions suggests that the majority of certified Microsoft CRM partners have failed to prioritize Microsoft CRM within their overall business development plans, preferring to work with the product opportunistically. This includes Business Solutions partners selling CRM as part of a larger systems replacement project or Classic partners leveraging a long-term customer relationship to cross-sell CRM. Gartner also cites lack of reseller experience as a significant challenge for Microsoft in the CRM market.

By contrast, Sage has over 23,000 partners globally; all of which are dedicated business applications specialists. These partners are business process experts and have deep experience around the implementation of solutions that address real business challenges across specific industries, and not just systems integration issues. This partner community provides significant CRM implementation capability which is delivered through a combination of dedicated Sage SalesLogix partners and Sage total solution providers. According to research from Yankee Group 2006 SMB Survey, VAR’s are the first choice and have the most purchasing influence with small and medium sized businesses looking to purchase a business applications.

Sage’s CRM solutions are a core component of these partner’s day-to-day business, so customers can expect, and benefit from, a proven track record of project delivery and customer referenceability. Sage’s CRM partners have a long heritage of specializing in front office disciplines and can help customers get the most out of their CRM solution whether it’s embedding workflow process or automating a marketing campaign.

(5) Business Management is only a fraction of Microsoft’s overall revenue and focus.

Business Management software is Sage’s complete focus. Whereas, for Microsoft business applications accounted for just 2% of net revenues in 2006 compared to 100% of net revenues for Sage during the same period. In addition Sage has operated as a business applications provider for more than 25 years whereas Microsoft only entered the market five years ago.

Competitive Profile - Microsoft

Summary

Microsoft CRM is part of Microsoft's Dynamics product line. Microsoft offers two editions of its CRM product – Small Business Edition and Professional Edition. Microsoft CRM is available as an on-premise or hosted/hybrid solution by Microsoft partners. In its version 3.0 release, Microsoft seemed to have cleaned up many usability issues from previous versions. However, it still requires heavy customization by partners or professional services.

Product features/functionality seems to be targeting middle and upper management, as well as IT staff. Microsoft CRM is not focused on any specific industry. However, it serves major vertical markets including healthcare, financial, manufacturing, retail, government, education and non-profit. Microsoft relies heavily on partnerships/partners for vertical-based solutions. Microsoft partners customize MS CRM for a vertical, and then proceed to sell to others in the same vertical industry, positioning themselves as having vertical solutions. Vertical solutions offered by partners include everything from financial to non-profit solutions.

Company Information

- Founded in 1975
- Headquartered in Redmond, Washington

Financials

- Microsoft announced that it is changing its financial reporting structure with the combination of several business units. In the future, starting from Q1 results will be reported in five categories rather than seven. Most significant for Sage Software is merger of the Microsoft Office™ (Information Worker) and Microsoft Business Solutions (MBS) units into the Microsoft Business Division (MBD), which will be presented as one operating segment. This will reduce the level of visibility surrounding MBS performance even further (MS CRM is reported under MBS/MBD).
- Products included in the MBS unit are:
 - Microsoft Dynamics product line (AX, CRM, GP, NAV, and SL)
 - Microsoft Forecaster
 - Microsoft FRx
 - Microsoft Point-of-Sale
 - Microsoft Retail Management System
 - Microsoft Office Small Business Accounting 2006
 - Microsoft Small Business Financials
- Products included in the MBD unit are:
 - Microsoft Office system of programs
 - Microsoft Dynamics
 - Servers and software-based services
- Microsoft's revenue for fiscal year ending June 30, 2006: \$44.28 billion (+11% from 2005), operating income of \$16.47 billion (+13% from 2005). Strong growth attributed to demand for new products such as Xbox 360, SQL Server™, Visual Studio®, and Microsoft CRM 3.0.
- As for MBS unit, it returned to its first full year operating profit of \$24 million (year 2005 = -\$84 million).
- Microsoft full year revenue forecast is for continued double-digit growth of 12-14%, with revenue forecast of \$49.7 to \$50.7 billion.
- MBS 2007 forecast – 9-10% growth, picking up throughout the year after a slow Q1 (3-5%). The strong growth of the “old MBS division” will contribute to the overall growth.

Customers

- Current customer base (as of Feb 2007): 10,000 companies, 65% of which are active, approximately 300,000 users
- Most users access MS CRM remotely, meaning they access their data from a server that is hosted locally by the organization.
- Average number of users per site: ~33 users

Partners

- Microsoft sells its Microsoft CRM 3.0 product through partner/reseller channel as well as direct sales to large accounts.
- Microsoft has more than 80,000 partners who are certified to sell and implement Microsoft CRM, and 87 add-on partners/products that complement Microsoft CRM in specific verticals, industries and processes.

Marketing Strategy

Value proposition:

- Microsoft says that it delivers a CRM product that will be implemented and easy to use. They typically show the statistics of how other CRM projects failed to go-live, and have serious user-adoption issues. They emphasize the benefits of having a CRM solution, and how Microsoft CRM delivers those benefits.
- Being a company that has strong brand recognition and deep pockets, they are looking to seed the market with Microsoft CRM by including the product with every ERP solution that they sell. Additionally, they are also selling based on their influence with IT staff – pitching that they will be able to maintain a consistent line of products from one vendor (Microsoft) instead of having to maintain disparate solutions that may not play well with current Microsoft “stack”

Target market:

- Primarily targeted at midsized (up to 75 users) and large organizations.
- Product features/functionality seems to be targeting middle and upper management, as well as IT staff.
- Not focused on any specific industry. However, it serves major vertical markets including healthcare, financial, manufacturing, retail, government, education and non-profit. Microsoft relies heavily on partnerships/partners for vertical-based solutions. Microsoft partners customize Microsoft CRM for a vertical, and then proceed to sell to others in the same vertical industry, positioning themselves as having vertical solutions. Vertical solutions offered by partners include everything from financial to non-profit solutions

Differentiation:

- Based on Outlook experience
- Comprehensive workflow engine
- CRM functionality at reasonable cost

Product Information

- Microsoft Dynamics CRM 3.0 product portfolio:
 - Standard (Small Business) Edition
 - Professional Edition
- The key differences between the two editions (Small Business Edition and Professional Edition) are:
 - The number of simultaneous users supported
 - Professional Edition supports the following features which Small Business Edition does not:
 - multiple sales processes/stages
 - Automated tasks such as creating activities, performing actions, or changing the percentage for the close probability
 - Users involved in the sales process can be notified of actions or events.

- Document templates needed for quotes and final agreements.
- The Small Business Edition that integrates with Microsoft Windows Small Business Server as follows:
 - Small Business Edition targets small businesses and is deployed on the Microsoft Windows Small Business Server. It can accommodate up to maximum of 75 simultaneous users.
 - Small Business Edition installs completely onto Small Business Server Premium 2003 only, and has a migration wizard to import Microsoft Outlook® BCM data.
 - Small Business Edition Server Fax Server Integration.
- Professional Edition targets large enterprises using multiple servers in a distributed environment. The amount of users can be increased (scalable) for large organizations.
- Microsoft CRM is available as an on-premise, or it can be hosted by a very limited number of Microsoft partners, or it can be a mix of on-premise and hosted (by Microsoft partners). With the release of v4.0, scheduled for December 2007, Microsoft will provide multi-tenancy and will be available as a Microsoft-hosted solution known as Dynamics CRM Live.
- Available modules when users purchase Microsoft CRM (offered as basic modules of CRM) – marketing, service and sales modules. Additional modules can be added over time to support finance, Human Resources, Point-Of-Sale, document sharing, supply chain, project management, and business analysis.
- Available in 22 languages.

Recent Releases

Three major releases in three years – starting with Microsoft CRM 1.0 in late 2002 to its latest release of version 3.0 in late 2005.

Microsoft CRM 1.0 – December 2002

Microsoft CRM 1.2 – December 2003

Microsoft CRM 2.0 – Late 2004

Microsoft CRM 3.0 – Late 2005

Summary of the key new/enhanced features released with their version 3.0 product in late 2005:

- Native Outlook experience
- Custom entities and relationships
- Dashboards and reports (accessible only to those using SharePoint)
- Campaign Management
- Comprehensive Workflow Engine
- Dedicated Systems Administrator Console
- 10-Click Install Wizard
- Enhanced Search (Views)
- Connector to MS ERP and Workflow on Integrations
- Web Services Integration
- User Roles
- Microsoft Excel® Live Integration
- Case Management and Support Console
- Field Service Scheduling

Future Releases

Microsoft CRM 4.0 – slated to be released late 2007. The major focus of v4 will be that Microsoft will provide multi-tenancy and will be available as a Microsoft-hosted solution known as Dynamics CRM Live. Additional enhancements will be included in areas such as usability, workflow, and online/offline.