

## SMBs Report High User Satisfaction With CRM Software

**Small and midsize businesses are generally satisfied with customer relationship management software. Of 130 SMBs, 64 percent have achieved a measured return on investment. Salesforce.com and Onyx clients are the most satisfied.**

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### Core Topics

Customer Relationship Management:  
Creating Business Value for CRM

Small and Midsize Business: SMB Business  
View of IT

### Key Issues

What best practices should small and midsize businesses employ to achieve the expected returns on IT investments?

During the next five years, how will skills, architectures and technologies evolve to enable enterprises to develop more-profitable customer relationships?

Small and midsize businesses (SMBs) — defined as having fewer than 1,000 employees — continue to invest in customer relationship management (CRM) software. How satisfied are SMBs with these investments?

In addition to our normal inquiry process, from June to October 2003, Gartner surveyed more than 130 SMBs or business units of larger companies (97 percent were North America-based) using CRM software from 20 vendors (see Table 1). About 50 percent were using the solution to provide a 360-degree view of the customer for customer-facing employees, 29 percent were using the application to provide visibility into sales cycles and sales activities, 10 percent were using the software for customer service and support, 6 percent were using it for integrated sales and service activities, and 5 percent were using the software to consolidate systems. There was overwhelming proof of the benefits of CRM initiatives among SMBs (see Table 2).

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**Table 1**  
**Vendors**

**Organizations surveyed were using CRM software from the following vendors:**

<b>No. of Clients Surveyed</b>	<b>Name of Vendor</b>
7	ACCPAC International
18	Best Software (SalesLogix)
4	Connect-Care
6	Epicor Software
2	Firstwave
8	FrontRange Solutions(GoldMine FrontOffice)
3	iCode
4	Interface Software
9	Microsoft (Microsoft CRM)
3	NetLedger
8	Oncontact Software
8	Onyx Software
2	PeopleSoft
14	Pivotal
1	Relavis
16	SalesForce.com
1	SAP
7	Saratoga Systems
9	Siebel Systems (Siebel MidMarket)
9	Soffront Software

Source: Gartner Research (June Through October 2003)

**Table 2**

**The Benefits of CRM Software Initiatives for SMBs**

Businesses that answered "yes" when asked if they had realized benefits from their CRM initiatives of the following types:

Achieved a Measured Return on Investment	Yes = 64 percent, n=125
Improved Efficiency	Yes = 95 percent, n=130
Increased Revenue	Yes = 46 percent, n=122
Improved Effectiveness	Yes = 95 percent, n=127
Lowered Costs	Yes = 68 percent, n=127
Provided You With a Competitive Advantage	Yes = 66 percent, n=126

Source: Gartner Research (June Through October 2003)

**User Satisfaction by Vendor**

Respondents rated their satisfaction with their CRM vendor in nine areas: product usability for end users, system administration, product features, product quality, system response time, vendor's help desk, vendor's sales staff, price for the value received and overall experience with the vendor. We

compared suppliers to the survey average in each area and overall. We include analysis for vendors for which we conducted at least a half-dozen reference checks to SMBs or business units of larger companies. The vendors appear below in order from highest customer satisfaction rating to lowest. The remaining vendors were unable to provide enough SMB references within our deadline.

**SalesForce.com**, an application service provider (ASP), had the highest user satisfaction score, but its clients scored it below survey average in product features. Most references were midsize businesses (MSBs), defined as having 100 to 1,000 employees, or larger businesses. Users we surveyed this round had from as few as six sales users to 340 CRM users; however, we have spoken with its three largest customers, with 800 to 1,000 users, in the past. The software as a service has limited field-level checking and validation and limited capabilities to program in business rules, although you can use the open application programming interface (API) to build some processes. In its release expected on 24 November 2003, it will add workflow capabilities and better field validation. There is no concept of orders or inventory in the solution, and users want better forecasting and reporting capabilities. Reporting will improve in the next release with dashboards and more charting capabilities. SMBs looking to consolidate all sales activities in a single system — including lead development, account management and opportunity management to improve sales visibility, corporate memory and collaboration — found SalesForce.com appealing. SMBs also found the product useful for providing a 360-degree view of the customer for customer-facing employees or integrating sales and service activities. Evidence of marketing automation being done with the product was limited.

**Onyx Software's** clients scored it second-best in customer satisfaction but slightly below survey average in system administration. Most of the references were MSBs or large enterprises, because Onyx does not target small businesses. Users we surveyed this round had 50 to 285 concurrent users (Onyx historically sold concurrent seat pricing but now also offers named-user pricing), although we have spoken with one of its largest customers, which had about 1,000 users, recently. Its clients rated themselves more mature in CRM than competitors, including Siebel and Pivotal users, and 75 percent of those surveyed reported that they had achieved a return on investment (ROI). For MSBs, the product is a little hard to configure compared with the Microsoft CRM product, for example, but is much more flexible. Offline functionality was also an area that clients said needed improvement. Clients want better reporting, better personalization of the user interface and customer

surveying capabilities, better search features on work notes, and support for browsers other than Internet Explorer. MSBs looking to implement a tool to provide better customer support to retain customers and improve customer relationships, or to provide a closed-loop system to manage from prospect to sale to engagement to support, found Onyx appealing. There was limited evidence of marketing automation and complex sales automation being done with the product.

**Microsoft** scored above the survey average in customer satisfaction but low in product features, product quality and system response time. We surveyed SMBs using Microsoft CRM with 10 to 84 users and one large customer that had 1,250 online, mostly sales users. Users report the disconnected client for mobile salespeople is unstable, the product does not track the date and time stamp on notes, and the product lacks flexibility. For example, you cannot add a new table to the database or customize the activity view, and some functions don't allow you to track many-to-many relationships cleanly. Clients want more-robust campaign management and better activity management features that are available via third-party add-ons. In its CRM 1.2 release, expected 1 December 2003, Microsoft will address some performance and scalability issues, provide international support and ship a solution selling template within the product to provide sales methodology support. Other issues probably won't be resolved before the 2.0 release at year-end 2004. For SMBs that need to improve forecast accuracy, pipeline visibility and opportunity management, to track customer accounts and contacts, and to improve simple sales processes, Microsoft CRM is meeting their basic needs. Users also selected Microsoft CRM for easier integration to Microsoft back-office applications like Great Plains. The product needs many improvements to appeal to MSBs with more-complex, broader CRM needs.

**Epicor Software's** clients scored it above survey average in customer satisfaction, but we found some unhappy SMBs that scored Epicor below survey average in sales staff and in their overall experience with Epicor, and it now also resells Microsoft CRM for those SMBs with simpler needs. Some reported that Epicor's project management, implementation and customer service skills need improvements. The product is designed for SMBs with fewer than 500 concurrent users. With v.8.0 shipped in August 2003, it offers a rich client desktop — no full browser client except for e-service capabilities. So far, its customer service and support application, self-service portal and e-marketing features are available on its new .NET architecture. More features on the new platform, such as sales capabilities (no mobile until 2004) and marketing automation features, are expected in late 2003. The references we spoke with were using the older v.7.2 or v.7.3 of Epicor's client/server Clientele product.

Epicor only had about \$15 million (Gartner's estimate) in CRM license revenue in 2002 (total 2002 revenue was \$140 million); it has about 3,000 Clientele customers and limited market momentum in the MSB CRM market. It offers no connectors to other back-office systems but its own; however, it is working on a partnership to permit integration with back-office solutions other than Epicor's for the 7.x and 8.x product lines.

**Oncontact Software** scored above survey average in customer satisfaction but low in usability for end users, system response time and price for the value received. Its solution is most appealing for SMBs with fewer than 250 CRM users because of its good-enough CRM features bundled for one price, and its good support. All the references we surveyed were small businesses but one, and users had 10 to 232 CRM end users. We found good evidence of small businesses leveraging the product for sales, marketing and help desk. However, Oncontact has limited market momentum as it is a small (estimated less than \$15 million in revenue in 2002), privately held company with about 350 customers. Users report using older versions of the CMS product and waiting for the browser-based version to have feature parity with the desktop version before upgrading. Users want better training materials; better Lotus Notes integration, on a par with Oncontact's Outlook e-mail integration; better product usability, such as fewer mouse clicks to do tasks; and better system performance. We also found higher reported average project costs per user for Oncontact compared with solutions from Onyx or Pivotal, for example.

**Best Software** produced the most SMB references, and we found some compelling evidence of success among MSBs, even though SalesLogix clients scored it below survey average in customer satisfaction — except in value received for the price, in which the product does well. We surveyed organizations that had from 13 users to 250 users. Users wanted many improvements, including improvements in usability and streamlined administration tools. Users cited data synchronization issues for mobile users and poor/slow performance with the Web interface. They also complained about some of the third-party applications they have to rely on to fill out the product's missing CRM features. There were many complaints about SalesLogix's value-added resellers that sell to and service its users. Users would like Best to be more responsive to their needs. Most SalesLogix users will cite the product as their sales force support tool, including linking to their back office for transaction history and analysis — not as a full CRM solution. We found good examples of MSBs using the product for customer management and tracking, inventory management, report and invoice generation, business unit management, and sales process improvement. It is easily customizable for different divisions within a company.

For **FrontRange Solutions**, the surveyed SMBs and large businesses using GoldMine FrontOffice had from three customer service users to 300 CRM users. FrontRange rated below survey average in customer satisfaction. Users report being challenged by the synchronization functions and, therefore, going to a centralized system. They also report a lack of customization capabilities other than 255 fields the user can customize; however, the product's technical architecture is simple enough for nontechnical personnel to administrate, except for the hardware. MSBs want the ability to customize fields with no limitations, a more scalable database, an open API, better integration with e-mail systems, more vertical templates, better opportunity management features, more marketing automation capabilities, and GoldMine (the sales and marketing product) and Heat (the customer service and IT help desk product) on one platform. All respondents were on older versions, including GoldMine v.5.5, v.5.7, v.5.0 and v.3.0, whereas FrontRange has since released GoldMine v.6.0 and will introduce GoldMine v.6.5 in December 2003. The releases include improvements to data synchronization, features to extend GoldMine's customization capability and an open API. Since early 2000, GoldMine Corporate Edition has supported Microsoft SQL Server for those needing a more scalable database option than Borland's dBase, which is used in other versions of GoldMine. FrontRange has a number of improvements to make to attract MSBs with more-complex needs. Most GoldMine FrontOffice users will cite the product as their sales force support tool (contact management, calendar, e-mail, some opportunity management), not a full CRM solution.

**ACCPAC** users we surveyed were all small businesses, except for one midsize business with 500 users. ACCPAC clients scored it below survey average in customer satisfaction. ACCPAC CRM users want better functionality in terms of marketing and reporting, better data import/export functionality, easier database management of the system, and regression testing for any changes made to the application. The clients were using ACCPAC CRM v.5.0. ACCPAC is addressing many of the issues raised through the recent release of v.5.5 and upcoming release of v.5.6, expected by year-end 2003. Survey respondents were using the solution to improve visibility and execution of sales and marketing processes, and to provide a closed-loop lead management solution integrated with their ACCPAC Advantage Series and ACCPAC Pro Series accounting systems. The solution is most appropriate for the small business with 10 to 15 CRM users (although it has scaled to at least 500 users) looking for an integrated front- and back-office application suite, on-premise or hosted.

**Siebel Systems** MidMarket users we surveyed scored it below survey average in customer satisfaction. We surveyed SMBs using the product with 10 inside sales users to 250 CRM users. Although some were using the product to improve the efficiency and effectiveness of their sales organizations only, we did see signs of more-advanced CRM program intent compared to those using competitors' solutions, including better partner relationship management, e-business sales or creating a portal solution for employees, business partners and customers to use. However, those surveyed reported spending, on average, three times more money per user than most others we surveyed, 44 percent of those we surveyed had not achieved an ROI, and the users we surveyed did not rate themselves any higher in CRM maturity compared to users of lower-cost alternatives from vendors such as Onyx and Epicor. Siebel recently announced an ASP CRM offering as an alternative Siebel offering for SMBs (see "Siebel CRM OnDemand Shows Opportunity, Not Strategy").

**Pivotal** users surveyed ranged in size from 60 users to 850, and only one was a small enterprise — because Pivotal does not focus on small enterprises or MSBs with simple needs, the rest were MSBs or larger. Pivotal users score it below survey average in customer satisfaction. Most were using the system to share customer information across their companies, and MSBs had expanded their use of the system over time to include sales, service and marketing users. Pivotal clients also articulated compelling CRM programs compared to those using competitors' solutions. Users report the level and quality of support are, at times, an issue. Pivotal seems stretched thin and, in some cases, has not given client projects the attention they deserved. Non-revenue-generating communication and support could use improvement. Seminars and in-person consultation with technical resources regarding migration to the latest software could prove beneficial to Pivotal and its customers. Although the product is well-suited for MSBs with more-complex CRM needs, Pivotal needs to make a number of improvements to be more appealing to MSBs.

**Bottom Line:** MSBs are most satisfied with CRM solutions from Salesforce.com and Onyx Software. Salesforce.com users like the application service provider model, which requires less upfront investment and IT support for MSBs, while Onyx is good for companies with slightly more-complex needs. Other vendors, such as Microsoft, Pivotal, Siebel Systems, SAP, Epicor Software, PeopleSoft and Best Software (SalesLogix), need some product or go-to-market strategy improvements or need to produce more proof of success with MSBs. Other vendors may lack the marketing resources to compete or are better-suited for the small business.

**Acronym Key**

<b>API</b>	application programming interface
<b>ASP</b>	application service provider
<b>CRM</b>	customer relationship management
<b>MSB</b>	midsize business
<b>ROI</b>	return on investment
<b>SMB</b>	small and midsize business