

Select the Correct Shortlist of CRM Software Suites

Choosing customer relationship management software suite vendors for a shortlist can be challenging. Do you need a low-end, midmarket or high-end solution? Don't pay the high fees of a complex CRM suite if you don't need it.

Core Topics

Customer Relationship Management:
Creating Business Value for CRM

Small and Midsize Business: SMB IT
Project Manager

Key Issue

How can enterprises control the
investments and quantify the benefits of
CRM?

Gartner often gets calls from midsize businesses (MSBs) with 100 to 1,000 employees, stating that the customer relationship management (CRM) solutions offered by Siebel Systems, Oracle, PeopleSoft, J.D. Edwards (now owned by PeopleSoft) or SAP are too expensive to purchase and too complex to deploy for an enterprise that may have between 50 and 300 potential CRM users. These enterprises want to know whether they need to buy these higher-end, premium-priced, more complex CRM solutions to get the CRM benefits they want. Maybe a small or midmarket-focused CRM solution from vendors like Pivotal or Onyx Software — or even a lower-cost, less complex CRM solution such as Best Software's SalesLogix, FrontRange Solutions' GoldMine CRM FrontOffice or Microsoft's new Microsoft CRM — would meet their needs?

Likewise, we get calls from large (1,000 to 2,499 employees), very large (2,500 to 4,999 employees), or megasized (5,000 or more employees) enterprises regarding the feasibility of using a solution designed for small and midsize businesses (SMBs) if, for instance, they have simple CRM functionality needs or a small number of CRM users. In some cases, it is a short-term or interim need, or a need for a business unit that operates somewhat independently (such as a country office or separate division) and has less complex requirements. A decision framework can be helpful for selecting the correct shortlist of CRM software suites to evaluate based on your needs. If you have not made the decision to buy a CRM software suite rather than building it yourself, or if you have not decided whether to take a best-of-breed approach or buy a CRM framework, see "Which Style of CRM Application Is for You?"

Gartner's CRM Suite Decision Framework: Finding the Correct Vendors to Shortlist

Gartner

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Using our framework to evaluate your organizational requirements based on the nine questions and possible responses below will result in a shortlist of CRM software suites to evaluate. The model assumes you are shopping for a CRM software suite to meet your sales, service and marketing requirements, and you're not sure if you should buy a low-end, midmarket or high-end CRM software suite. Answer the questions below using the three choices and enter your score in the "your score" column in Figure 1. Then tally your score and review the advice below.

1. Size of enterprise or business unit evaluating the CRM software suite:

1 = Fewer than 100 employees (typically five to 35 CRM users).

2 = 100 to 1,000 employees (typically 35 to 300 CRM users).

3 = More than 1,000 employees (typically more than 300 CRM users).

Rationale: The number of employees is a slightly better predictor of IT requirements than revenue, particularly when revenue can vary widely by industry and does not apply to government and other nonprofit organizations. Size quite often affects skills, budgets, requirements, agility and infrastructure.

2. Your budget to buy and deploy the CRM software suite:

1 = Less than \$2,500 per user fully loaded initial project costs (hardware, software, services, Year 1 maintenance and support).

2 = \$2,500 to \$5,000 per user fully loaded initial project costs.

3 = Cost is not a key factor. We are more interested in getting the best CRM software suite for our needs.

Rationale: If you are not prepared to spend more than \$5,000 per user fully loaded initial project costs, then don't waste your time evaluating higher-end CRM suites, because they will cost more than \$5,000 per user. Based on recent reference checks, the costs are around \$12,000 per user fully loaded initial project costs. An alternative for those that cannot afford a large suite of products is to consider a more tactical route, such as purchasing CRM functionality on a piece-by-piece basis (just sales or just customer service) from large suite vendors or look to smaller niche players that have more in-depth experience and functionality for your industry.

3. Your service and support preferences, from initial implementation to ongoing support:

- 1 = Low-cost reseller with local support is preferred (such as Adea Solutions, Extraprise Group, Surebridge and Akibia).
- 2 = Direct software vendor support or support from a smaller, more regionally focused implementation partner (for example, Rapidigm and ZAMBA Solutions) is preferred.
- 3 = Support from established CRM external service providers (such as IBM Business Consulting Services, Inforte and Headstrong) is preferred.

Rationale: Vendors that provide low-end CRM solutions typically sell and service their solutions through small, local resellers. This is good enough for most small businesses, if the reseller is experienced in CRM. Midsize and large enterprises with more-complex CRM needs tend to like direct support from the software vendor or the help of established CRM external service providers for challenging tasks like change management and system integration.

4. The depth of features (for example, field sales, field service, outbound telesales, telemarketing, retail sales, partner sales, partner service and unique industry requirements) and breadth of features (for example, sales, marketing, customer service, IT help desk, HR and accounting) you require and how well the features must meet your relationship model (for example, business-to-consumer, business-to-business, business-to-business-to-consumer):

- 1 = Light feature requirements across sales, service and marketing — for example, basic opportunity management for sales, customer service incident tracking and resolution capabilities, and basic lead and marketing campaign tracking.
- 2 = Deep and broad CRM functions — for example, sales opportunity management plus sales configuration, incentive compensation, sales analytics, support for a fully disconnected field sales application for more than 500 users, customer service incident tracking, problem resolution, telephony integration, expert knowledge base, e-service, and marketing campaign and list management with e-mail marketing capabilities.
- 3 = Deep and broad features (those noted above and more, such as CRM analytics or field service), features specific to the industry and/or relationship model (for example, business-to-business and business-to-consumer).

Rationale: The more complex the feature requirements, the more likely a large-enterprise CRM suite will be more appropriate than a midmarket or lower-end CRM suite. However, a niche player specializing in CRM for your industry may offer more depth and

breadth of features than a large-enterprise CRM suite. Gartner has a number of CRM experts by industry, such as healthcare, consumer goods, automotive, banking, insurance and government, who can assist you in identifying vertical-industry-focused CRM options that belong on your shortlist also.

5. Type of users (for example, internal, customers, partners, influencers and consumers) the CRM software suite will support:

1 = Only internal users will use the CRM software.

2 = Internal users and customers will use the CRM software.

3 = Internal users, customers, resellers, distributors, brokers, third-party agents and/or influencers will use the CRM software.

Rationale: Most SMB-focused CRM solutions don't have robust functionality for customers to sell and service themselves (such as e-commerce and e-service), and most lack robust partner relationship management functionality for those organizations that sell and service through partners and need to have partners using the CRM system.

6. The number of external customers who will be using the CRM software suite for self-service and/or e-commerce:

1 = Not including customers in the CRM software suite deployment.

2 = Fewer than 2,000 customers.

3 = 2,000 customers or more.

Rationale: SMB-focused CRM solutions can support some customer self-service but may not scale to support thousands of consumers logging on simultaneously.

7. The number of customer interaction channels (that is, face-to-face sales visit, phone, Web, e-mail, interactive voice response, kiosk or store) the CRM software suite will support:

1 = Face-to-face, such as getting salespeople prepared for sales calls, and light phone interactions like log support calls.

2 = Face-to-face plus phone interactions, plus Web ordering or Web self-service.

3 = Face-to-face plus phone interactions, plus Web ordering or Web self-service, and other customer interaction channels.

Rationale: Most SMB-focused CRM suites support preparing salespeople for sales calls, assisting customer service agents in logging incoming support calls, and some simple Web

interactions like inputting a lead generated from the Web into the CRM software. However, more-complex self-service or e-commerce, or support for multiple customer interaction channels, typically requires a more complex, higher-end CRM solution.

8. Your enterprise's realistic assessment of your CRM maturity based on Gartner's eight building blocks of CRM (see "The Eight Building Blocks of CRM"):

1 = Don't know or little CRM effort under way so far.

2 = Have a defined CRM vision and CRM strategy.

3 = Have a defined CRM vision, CRM strategy, CRM processes and CRM metrics to measure success.

Rationale: If your organization has no CRM strategy or limited CRM vision, you don't want to waste money on high-end CRM software that you can't take advantage of yet. Selecting a lower-cost, less complex CRM suite that requires less initial investment is a good option while you learn more about your CRM needs.

9. Your adoption of Microsoft as a technology platform (Windows 2000 or Windows NT and SQL Server) vs. the need to support a more heterogeneous environment that would include support for Oracle or IBM databases or support for Unix operating systems:

1 = Microsoft-centric environment only (for example, Windows 2000, Windows NT and SQL Server).

2 = Some non-Microsoft technology support required.

3 = Non-Microsoft shop.

Rationale: Most SMB-focused CRM application suites support Microsoft technologies only, whereas higher-end CRM suites support multiple platforms.

Figure 1
Assessment Score Sheet

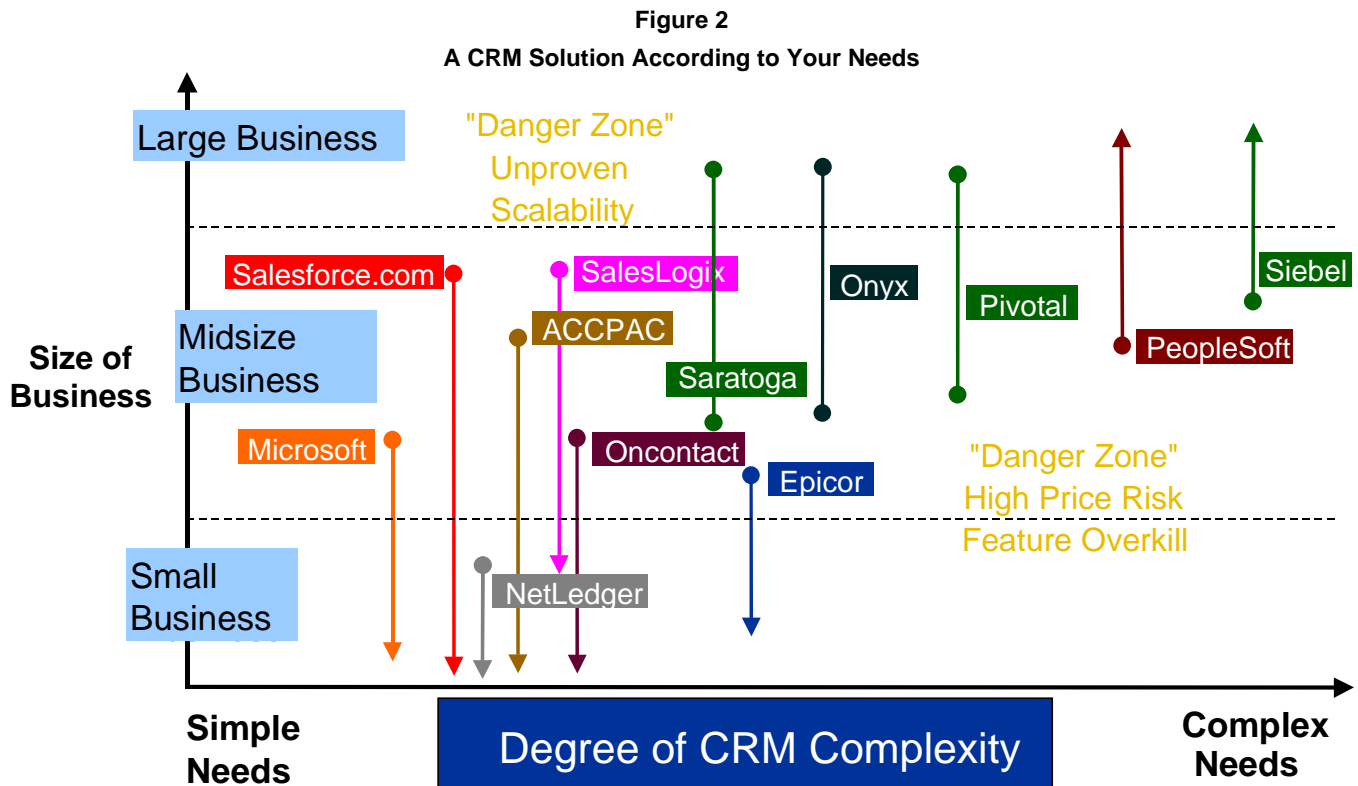
Assessment Criteria	Score			Your Score
	Company 1	Company 2	Company 3	
1. Size of enterprise or business unit	1	2	3	
2. Budget to buy, deploy and maintain	1	1	2	
3. Service and support preferences	1	2	3	
4. The depth of features	1	2	3	
5. Type of users	1	1	2	
6. The number of external customers	1	1	3	
7. The number of customer interaction channels	1	2	3	
8. Your enterprise's realistic assessment of your CRM maturity	1	1	3	
9. Platform	1	2	2	
Total	9	14	24	

Source: Gartner Research (October 2003)

Recommendations

If you have a score of 9, evaluate SMB-focused CRM solutions such as Salesforce.com's Professional Edition or NetSuite (formerly NetLedger) and its NetSuite product, if you are open to using an application service provider; consider FrontRange's GoldMine CRM FrontOffice, Best Software's SalesLogix, Microsoft's MS CRM, ACCPAC International's ACCPAC CRM, Oncontact Software's Client Management Software or Soffront's Soffront CRM solution otherwise. European users can evaluate CRM suites from Ascent Technology, SuperOffice, TJ Group, Coheris, SalesManager Software and Software Innovation (see "EMEA Sales Applications Magic Quadrant 1H03"). Large enterprises whose scores range between 10 and 13 can evaluate the solutions we list here, but realize that you will be in what we call a "danger zone" (see Figure 2). This means that the options in this camp were not designed with the large enterprise in mind; thus, they present some scalability risk if you have a large population of CRM users (greater than 1,000).

In Figure 2, we plot some of the CRM vendors on how well they meet the needs of users based on size of enterprise and degree of CRM complexity.



Source: Gartner Research (October 2003)

If your score is between 14 and 19, evaluate midsize-focused CRM solutions from vendors like Pivotal, Onyx and Saratoga

Systems, products such as Epicor Software's Clientele, or, if you are open to evaluating an application service provider, Salesforce.com's Sforce. Solutions from Update, Selligent and Software Innovation are options for European enterprises. This is not to say that these midmarket suites will meet all your needs, but they are likely to be a good starting point based on your requirements as you need more than a lower-end suite but probably not a high-end CRM suite. Note that vendors on this shortlist will face increasing pressure during the next 12 to 24 months from competitors like Microsoft, as it scales its solutions up to meet more midmarket requirements, and vendors like Siebel, which is working to make its midmarket offerings less costly and complex for midsize companies. As a result, you should place a higher priority on vendor viability during the vendor evaluation process, expect to have more options that are likely to meet your needs available in 12 to 24 months, and perhaps add a few of the high-end suite vendors in the next paragraph to your shortlist if you have a low risk tolerance.

If you have a score of 20 or more, evaluate large-enterprise-focused CRM solutions such as SAP's mySAP CRM, Siebel's Siebel Enterprise or Siebel Midmarket Edition, if you qualify (you must have less than \$250 million in revenue), or CRM solutions from Chordiant Software, E.piphany, PeopleSoft and J.D. Edwards (owned by PeopleSoft). If you are a small enterprise with a score of more than 20 you are in a danger zone, which means a large-enterprise-focused CRM solution will better meet your requirements but will probably cost you more than you want to spend. Be sure the potential return on investment is worth the high investment.

No matter what your score is, if you use a back-office enterprise resource planning vendor that has a CRM solution, such as Microsoft, NetSuite, ACCPAC, Best Software, Oracle, SAP, PeopleSoft or J.D. Edwards, include your back-office vendor on your CRM shortlist, as the benefits of out-of-the-box front-office-to-back-office integration are too compelling not to evaluate a pre-integrated front-office-to-back-office solution.

Finally, if you end up with a shortlist of suppliers that you don't like — such as vendors that are more expensive than you wanted — then you will probably have to alter your expectations, because they are somewhat unrealistic. Also, this is a guideline only, not an exact science. We suggest that clients contact a Gartner CRM analyst to discuss their scores and validate their vendor shortlists.

CRM Suite Vendor Web Sites

www.accpac.com
www.ascenttechnology.co.uk
www.chordiant.com
www.coheris.com
www.epicor.com
www.epiphany.com
www.frontrange.com
www.microsoft.com/BusinessSolutions/CRM
www.netledger.com
www.oncontact.com
www.onyx.com
www.peoplesoft.com
www.pivotal.com
www.salesforce.com
www.saleslogix.com
www.salesmanager.com
www.sap.com
www.saratogasytems.com
www.selligent.com
www.siebel.com
www.soffront.com
www.software-innovation.com
www.superoffice.com
www.tjgroup.com
www.update.com

Acronym Key

CRM	customer relationship management
MSB	midsize business
RFP	request for proposal
SMB	small and midsize business

Next Steps

After creating your vendor shortlist, you need a detailed framework for evaluating the options on your shortlist, including criteria like viability and a request for proposal (RFP) to send to your shortlist of suppliers. For good keys to a successful assessment process, see "Management Update: CRM Vendor Evaluations in a Volatile Market," and for a CRM RFP template, see "CRM Software Requests for Information and Requests for Proposals." For MSBs, we also recommend "Do's and Don'ts for MSB Application Vendor Selection."

Bottom Line: Use the nine questions in this decision framework to create the most appropriate shortlist of customer relationship management software vendors for your enterprise. Once you have a shortlist, use the next steps to follow the process through to the purchase of your application.