



October 2012

Document M147

## RESEARCH NOTE TECHNOLOGY VALUE MATRIX SECOND HALF 2012 CRM

### THE BOTTOM LINE

CRM vendors continued to evolve their product offerings in the second half of 2012, both organically and by acquisition, with an increased focus on integration and social capabilities. Nucleus finds companies investing in CRM continue to achieve significant returns from improvements in functionality and usability.

### MARKET OVERVIEW

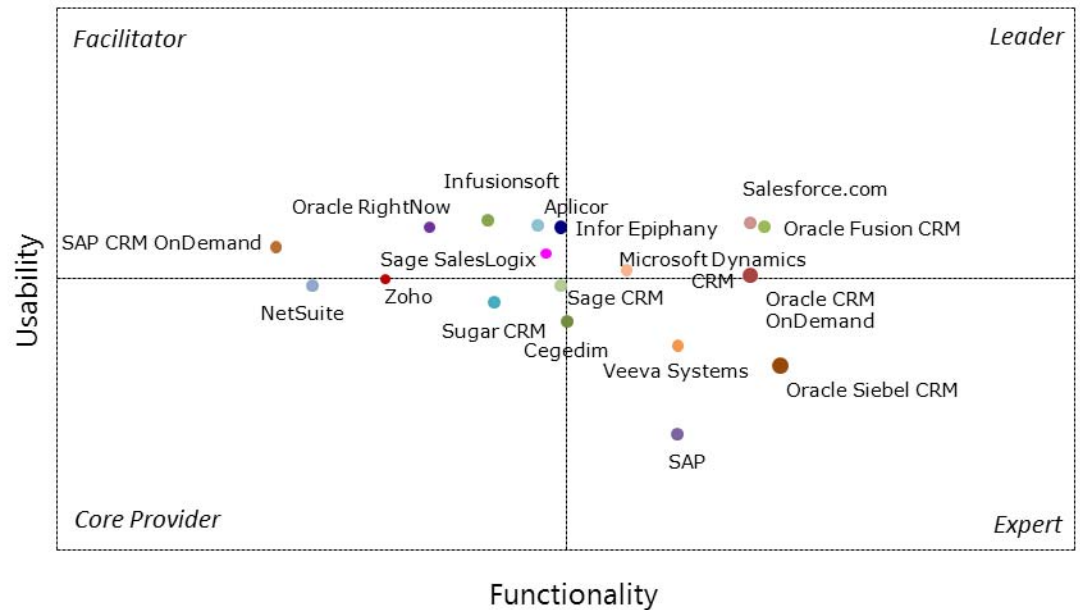
---

The Value Matrix for the second half of 2012 addresses both on-premise and cloud CRM vendors that provide functionality in the three core areas of CRM: sales, marketing, and customer service. Evolution of the CRM market continues to be very dynamic for a number of reasons including:

- The iterative nature of cloud development and the ability of vendors, system integrators, and internal developers to adapt CRM to support new and changing business processes mean new functional and integration capabilities are being added, often on a quarterly or faster basis.
- Unlike the old on-premise model where deployment decision and implementation timelines were long and initial investments were significant, CRM is developed and deployed more quickly today. Customers are also much more likely to consider switching applications within the first six months of deployment (Nucleus Research *m107 – CRM: Propensity to switch*, September 2012).
- The adoption of social media and the need for companies to understand and manage how customers interact with them and influence others across social networks has driven development, acquisition, and integration of social monitoring and interaction capabilities for CRM.

Nucleus sees companies continuing to invest in CRM because these technology trends and others have driven significant ROI opportunities that most companies have not realized in the areas of integration, extension, collaboration, management, and instrumentation (Nucleus Research *m132 – CRM – 80 percent of returns are yet to be achieved*, October 2012).

## CRM VALUE MATRIX



### LEADERS

Vendors in the Leaders quadrant of the Matrix include Microsoft, Oracle for CRM On Demand and Oracle Fusion CRM, and Salesforce.com.

### MICROSOFT

Microsoft continues to gain momentum in the market. Microsoft started the year with some ambitious plans for functionality and usability in 2012, notably support for iPhone and iPad (Nucleus Research *m15 – Microsoft CRM Q2 2012 service update*, February 2012), but announced delays for Apple support in the summer of 2012, which negatively impacted its positioning in this Matrix. Although Microsoft remains in the Leader quadrant because of its ability to deliver significant ROI to customers, given the rapid acquisition and internal development cycles of key competitors it will be playing catch-up in the next six months and potentially beyond. Given Dynamics CRM's relatively low price point it will still be competitive against others outside the Leader quadrant. However, its ability to deliver on iPhone and iPad support as well as integration of acquisitions like MarketingPilot (Nucleus Research *m140 – Microsoft acquires MarketingPilot*, October 2012) and introduction of new capabilities in areas of potential strength for Microsoft, like social collaboration and analytics, will be important.

Microsoft's upcoming release scheduled for December 2012 will likely impact Microsoft's positioning in future editions of the Matrix as it includes a simplified new user interface

that visually guides users through configurable processes; expanded browser and device support; and enhanced social collaboration and communications capabilities through pre-built interoperability with Yammer, Skype, and Office 2013.

### **ORACLE CRM ON DEMAND**

Oracle continues to deliver on its investment in Oracle CRM On Demand with its version 20 release in July, introducing new capabilities to solve industry-specific challenges and strengthen Oracle's overall positioning in the customer experience space. Improvements in territory management functionality and overall usability (including enhanced support for mobile devices) also impacted CRM On Demand's Matrix position in the second half of 2012. Oracle is releasing CRM On Demand functionality approximately three times a year.

### **ORACLE FUSION CRM**

Although Oracle Fusion CRM is one of the solutions in the Matrix that has been in the market for the least amount of time, it benefits from Oracle's long experience in CRM as well as significant research and development investment based on three design principles: make it easy, make users effective, and make organizations more efficient. In looking at the latest version of Fusion CRM, Nucleus found these principles drove investment in functional areas such as marketing and sales optimization and territory management that are far more sophisticated than the capabilities found in other leaders' applications today. Oracle has also focused on usability and the ability to support all devices from anywhere as a key seller of Fusion, as well as the extensibility framework to support business user-driven application workflow changes in runtime, to make end users more productive.

Oracle is releasing new Fusion CRM functionality roughly once a quarter as part of its broader application strategy. Nucleus expects to see further integration of Oracle's recent acquisitions in the social space in the next few quarters; organic development plans include release of a quoting engine, horizontal functionality, and some new vertical capabilities in areas such as financial services in the next 12 to 18 months.

Nucleus also expects social capabilities to play heavily in future releases for Fusion CRM given Oracle's recent and pending acquisitions including Collective Intellect (Nucleus Research *m63 – Oracle expands social relationship platform with Collective Intellect*, June 2012) and Vitruve (Nucleus Research *m56 – Oracle announces plans to buy Vitruve*, June 2012).

### **SALESFORCE.COM**

Salesforce.com continues to reinforce its position in the Leader quadrant of the Matrix, with a rapid organic release cycle and a number of acquisitions that will likely influence its position in future Matrix updates. Since the publication of the last Matrix, Salesforce.com has announced Chatter Messenger (Nucleus Research *m47 – Salesforce.com announces Chatter Messenger*, May 2012), the planned acquisition of Buddy Media (Nucleus Research *m67 – Salesforce.com announces plans to buy Buddy Media*, June 2012), Communities

(Nucleus Research m93 – *Salesforce.com announces Communities*, August 2012), and ChatterBox (Nucleus Research m112 – *Salesforce announces ChatterBox*, September 2012).

In addition to these moves, Salesforce announced expansion of its marketing capabilities with the expanded Social Insights ecosystem. Marketing Cloud customers get credits they can use for social data analytics provided by a number of Salesforce.com partners directly through the Social Insights dashboard.

## **OTHERS OF NOTE**

---

### **APLICOR**

Aplicor continues to add functional depth to its Cloud Suite offering and increase usability by enhancing its user-level tailoring capabilities to provide a unique experience for users. Recent examples of functionality enhancements include more streamlined quote-to-order to-cash processes. Aplicor has also added Google integration and enhanced workflow capabilities. New mobile application support is likely to further Aplicor's relative position in future editions of the Matrix.

### **CEGEDIM**

Cegedim's focus is on supporting commercial, medical, key account management and market access teams in the life sciences. The company announced its Mobile Intelligence 8 platform in October 2012, driving greater usability and productivity through enhanced tablet support, ease of integration, and integration of the company's OneKey health care provider database.

### **INFOR**

Infor continues to be a strong performer with its Epiphany-based customer experience solution, and has expanded its footprint into the cloud with its Inforce Marketing announcement made at Dreamforce this year. Infor's renewed focus on user interface and intuitive design is likely to benefit its CRM offering in future releases as well.

### **INFUSIONSOFT**

Designed as an easy-to-use CRM and e-commerce applications for small businesses, InfusionSoft continues to win customers because of its intuitive nature as well as its extended partner ecosystem. In small businesses where CRM users may wear multiple hats, usability is particularly important because an individual may have to use marketing functionality one day and sales management the next – so a flat learning curve is critical.

### **ORACLE SIEBEL CRM**

Oracle continues to invest in Oracle Siebel CRM with three focus areas: customer and user experience, industry innovation, and total cost of ownership. Nucleus has taken a closer look at Oracle's Open UI platform for Siebel CRM which Nucleus expects will be released in the next few months, and found its investments have paid off in key usability areas such as

fewer clicks to complete a transaction or reach a record, cross-browser consistency, multiple device support, and a standards-based platform for developers. Oracle also continues to increase the functional capabilities of Siebel CRM with key edge applications such as loyalty management and support for specific vertical markets.

### **ORACLE RIGHTNOW CX CLOUD SERVICE**

Oracle RightNow is positioned as the customer service component of Oracle's overall customer experience strategy, and continued investment in usability and functionality have improved its position in this Value Matrix. Oracle RightNow falls in the Facilitator quadrant because it competes primarily on service and support and does not have the advanced sales and marketing capabilities of its suite competitors; however, Nucleus believes Oracle RightNow is a very strong competitor in the service marketplace and Oracle's planned integrations will further strengthen its position and Oracle's overall CRM offering. Planned integrations include Collective Intellect and Involver for social media engagement, the Oracle Engagement Engine for behavioral targeting, Endeca Information Discovery, and Oracle Business Intelligence for the analysis of structured and unstructured information, Oracle Social Network for agent-to-agent and agent-to-SME collaboration, Oracle Policy Automation for eligibility management, and Oracle Fusion CRM for Contracts and Asset Management, as well as Sales and Marketing integration Nucleus Research *m122 – Oracle RightNow and the future customer experience*, October 2012).

### **SAGE**

Sage has continued to quietly enhance both its SageLogix and Sage CRM solutions, focusing on usability and lower cost of ownership as key differentiators. Integrated mobile support capabilities for both products (available at no additional charge) have increased the usability of both products, as has Microsoft Exchange and Outlook integration.

Sage CRM version 7 Service Pack 2, released this spring, added cross-browser compatibility, an optimized mobile user interface, and Sage CRM for Twitter and Open Street Maps. Sage has also made steps to expand its cloud partner ecosystem since launching its Sage CRM cloud editions in 2011.

### **SAP CRM ONDEMAND**

SAP continues to make advances in its cloud CRM offering, notably with its Customer OnDemand suite, which includes Sales OnDemand, Social Media Analytics by Netbase, Social OnDemand, and Service OnDemand.

Sales OnDemand provides solid general purpose account, opportunity management, and forecasting capabilities with a focus on an intuitive interface for usability and social collaboration to improve sales user adoption. It also provides sales productivity capabilities such as Microsoft Outlook integration and support for mobile devices. Social OnDemand and Social Media Analytics (by Netbase) is for marketing and customer service organizations who are looking for social media monitoring and analytics, ways to engage

with target audiences and customers, and ways respond to inquiries via social media. Social OnDemand includes multi-channel service desk capabilities as well. Those capabilities can also be purchased separately, or these capabilities can be purchased separately (without the social component) in Service OnDemand. The Customer OnDemand suite has native integration to SAP Business Suite to make connecting to the SAP core easier and cost effective. SAP also has partnerships with leading niche vendors in the sales, marketing, and customer service space. Although SAP's offering is in the Facilitator quadrant today because of limited capabilities in some areas, Nucleus expects SAP will likely expand its capabilities in at least one of these areas in the next six months, either by delivering more organic functionality or by acquisition. SAP sees this solution as a potential additional sale to existing SAP customers because of the ease of integration inherent in the product.

Nucleus also notes that there are other players that compete in one or two of the key pillars of CRM that are not included in this Matrix, such as Salesnet (in sales) and Eloqua (in marketing automation), as well as many vendors that provide some CRM functionality as part of a more integrated industry-focused solution, such as Cosential.

## METHODOLOGY

---

The Value Matrix is based on functionality and usability, the two core measures that Nucleus has found indicate an application's ability to deliver initial ROI and, ultimately, maximum value over time.

Usability composite scores are based on a number of factors including intuitiveness of the application, availability of role-based interfaces, training requirements, and productivity impact on users. Functionality composite scores are based on the breadth and repeatability of functionality in the core application, the availability and ease of integration of add-on functionality that delivers additional benefit, and the vendors' investment in innovative functionality outside the application that will deliver additional benefits.

The Matrix is divided into four quadrants: Leaders, Experts, Facilitators, and Core Providers:

- Vendors in the Leaders quadrant have invested in both functionality and usability features likely to deliver the greatest potential returns.
- Vendors in the Experts quadrant have invested in deep functional capabilities that, by nature, make the application more complex and thus require more training and expertise to use than Leaders.
- Vendors in the Facilitators quadrant have invested in making their applications intuitive and easy to use, driving rapid adoption with limited training requirements.
- Vendors in the Core Providers quadrant are point solutions or those that provide limited functionality at a relatively low cost, giving them a high value proposition when limited functionality is needed.

Companies can use this Matrix to assess their investment short list as well as to evaluate the case for maintaining an existing product that may lag behind the value offered by other options. Nucleus expects the center point of the Matrix, which represents the composite average point in the market, will move up and to the right over time as vendors make more investments in functionality and usability – effectively increasing the average value delivered across all products.