



SCORECARD ON-DEMAND CRM MARKET

THE BOTTOM LINE

On-demand CRM has moved beyond initial deployments based on lower cost and avoiding long implementations to strategic solutions demanding analytics and integration.

On-demand CRM has grown up. Once an impulsive reaction against expensive extensive software implementations, on-demand solutions continue to grow in size of deployment, level of functionality, and demands of users. In the past six months, both Siebel and RightNow announced new on-demand releases to support expanded adoption beyond the sales and customer support team to a broader user base. Other new competitors and point solutions have emerged to support specific CRM needs. And users are finding that on-demand is not a no-brainer: if users don't see value and learn to use it, it's a bad decision. Technology roadmaps and future developments are a key factor in most new purchase decisions.

| | | Deployment | Adoption | Support | Business Impact | Vendor |
|---------------------|-----|------------|----------|---------|-----------------|--------|
| RightNow | 4.4 | ● | ● | ● | ● | ● |
| Siebel CRM OnDemand | 4.4 | ● | ● | ● | ● | ● |
| Salesforce.com | 3.6 | ● | ● | ● | ● | ● |
| NetSuite | 3.6 | ● | ● | ● | ● | ● |

Guide to the ratings:
 Overall score is a composite score indicating the solution's ability to deliver ROI based on the following factors: Deployment is how easily and quickly the solution can be deployed. Adoption is based on usability and the potential scalability of adoption. Support is based on the ability of the solution to function with limited internal support costs. Business impact measures the potential of the solution to deliver returns through clear and repeatable benefits. Vendor is the vendor's track record and ability to help a customer maximize ROI.
 Scale indicates from high 5= ●, 4=●, 3= ● 2= ●, 1= ○ to low rating.

If you're using an on-demand CRM solution today, you should keep looking for ways to deliver more value. If you're evaluating CRM on-demand, look beyond the price tag and the flexibility to ensure it will deliver ROI in the long term – or you'd be better off buying a low-cost software package.

RELATED RESEARCH

- F52 Scorecard: Salesforce.com
- F48 Scorecard: NetSuite CRM
- F47 Scorecard: RightNow CRM
- F46 Scorecard: Siebel OnDemand
- E24 Using the Nucleus Research ROI Score

HOW STICKY IS IT?

Many initial on-demand deployments were driven by a low-cost way to share sales contact information. In fact, in its Real ROI review of Salesforce.com 18 months ago, Nucleus found the majority of customers moved to Salesforce.com because they needed a common system instead of ACT! or Goldmine to store and share sales contact information. As on-demand CRM technology has developed, the big question is not necessarily whether or not customers achieve an initial ROI, but whether or not the solution continues to deliver enough value to justify its use over another solution. Nucleus recently found that 38 percent of Salesforce.com customers had either already planned or would consider adoption of another CRM solution.

Many companies that didn't select an on-demand solution with an overall CRM strategy in mind have already moved on – either to another on-demand solution or to a traditional software application. In some cases, sales people simply didn't use it; in others, companies quickly outgrew it and looked for more functionality, analytics, or integration capabilities. There are two lessons here: first, training and management focus as just as important in maximizing ROI as with traditional CRM; second, if your users are only using basic functionality there will be a cheaper or better on-demand solution coming along that you should consider to keep delivering ROI.

REAL ANALYTICS MATTER

The functionality war is on in on-demand CRM – particularly in the analytics space. Going beyond a few pre-canned reports and dashboards, on-demand CRM analytics should enable both users and managers to view and track performance and opportunities. All on-demand CRM vendors provide some analytics functionality – Siebel, for example, acquired significant analytics functionality with its acquisition of nQuire. However, this is one area of the market that's evolving very rapidly. Make sure you look under the hood to make sure the capabilities in the product you choose will meet present and potential future needs. You should also consider how easy or difficult it is to develop your own custom reports, and whether or not your solution provides both real-time or near real-time and historical reporting capabilities.

INTEGRATION LEVERAGES VALUE

Integration of data from other applications is key to leveraging more value from on-demand CRM; the challenge is where and how to do it. New player SmartCompany has an interesting approach that provides integration through a small desktop client; Siebel is betting on its hybrid model; Salesforce.com continue to announce new developments to its sforce integration toolkit. The on-demand vendor that shows through clear customer examples that integration can be relatively rapid while being flexible and scalable despite bandwidth issues will have a giant step ahead of the competition in delivering value to users.

MOVING BEYOND THE DEPARTMENT

Real value from on-demand CRM comes beyond pocket deployments to manage contact histories to a broader CRM infrastructure that provides a single view of the customer across the organization. Managers that started with sales force



automation or customer support with on-demand will likely have to go beyond the “below the radar” TCO approach and look outside their own departments to leverage on-demand’s value. For example, a number of organizations that started using RightNow’s customer support and service functionality can leverage the knowledge base in RightNow to provide upselling insight for sales and intelligence to marketing with RightNow’s new components – but will have to build the ROI beyond the customer support department to get buy-in and ensure adoption. Those who do will likely find significant incremental ROI. RightNow is the only on-demand CRM vendor to date that can provide customer references with more than 2000 users.

NetSuite is the one on-demand CRM vendor included in this scorecard that has moved beyond the traditional CRM areas of sales, service, and marketing to provide on-demand financials, order management, and other key ERP areas that can be integrated with its on-demand CRM functionality. Organizations that don’t want to devote IT resources to support on-premise financial or general ledger applications may find NetSuite’s solution delivers value beyond CRM alone.

Siebel’s hybrid model has the potential to support broad expansion, as does its industry-specific versions that enable some capabilities for partner management.

METHODOLOGY

The Nucleus ROI Scores are based on Nucleus analysts’ independent assessment of data gathered from an individual vendor’s customers as well as other users in the market sector, and indicate Nucleus’s assessment of the vendor’s ability to deliver positive ROI to potential customers. For more details on Nucleus ROI Scores, see research note E24, Using the Nucleus Research Vendor ROI Score. For further details on each of the vendors included in the scorecard, please refer to the individual vendor ROI scorecards listed in the related research section of this document.