



## BEST PRACTICES FOR MID-MARKET CRM

- What makes mid-market CRM different?
- Why Enterprise CRM doesn't cut it for the Mid-Market?
- What are the best practices for Mid-Market CRM projects?
- What is the typical Mid-Market budget and implementation timeline?

[ <http://www.soffront.com> ]



## The Risk of Enterprise CRM

In the decade since customer relationship management (CRM) software first appeared on the market, implementation of the enterprise application suite that helps businesses find new customers, retain existing customers and otherwise increase revenues have gained a reputation as being risky ventures, subject to user rejection, cost overruns, and missed deadlines.

That bad reputation was substantiated in a Gartner Inc. survey of more than 600 enterprises that indicated that nearly half (42%) of all purchased CRM licenses are now "shelf ware"—that is, companies paid for them but never installed them. Maintenance fees associated with those fallow licenses drive up the wasted money even more. Gartner's March 2003 report, called "Unused CRM Software Increases TCO and Decreases ROI," estimates more than \$1 billion has been spent on CRM software that is not being used.

A recent AMR Research Inc. study called "CRM: Inflicting Profit or Pain?" concurred with Gartner's findings. AMR surveyed 80 large CRM customers and found that 47% had difficulty with end-user adoption, leading to abandoned projects or unused software modules.

## Mid-Market CRM - The Low Risk Alternative

However, the need for a low risk CRM approach, and the appearance of easier to install and use packages, has enabled many mid market businesses to enjoy the benefits of the software without the risk. Mid-market companies (defined as those with 50 to 1000 employees ) are even more wary of CRM risks since they do not have the resources of their larger corporate peers. Approximately 640,000 U.S. businesses--most of which have not yet invested in CRM—fall into this category. Today the mid-market CRM solution offers benefits that traditional, client/server-based CRM packages do not.

Tailored specifically for use by mid-size companies, mid-market CRM products are designed to be implemented quickly (generally no more than 90 days versus years), cost-effective (roughly \$1,000 per user, rather than \$5,000 to \$10,000), and require less maintenance than traditional CRM. "Mid-Market CRM is gaining steam," says Kelly Spang Ferguson, principal analyst at Current Analysis Inc., in Sterling, VA.

## Enterprise CRM doesn't cut it

Thanks to their distinct characteristics, Web-based mid-market CRM packages remove most of the risk, promise lower total cost of ownership, quicker payback, and easier maintenance. Traditional CRM vendors would like to have a share of the mid market, but their products are not exclusively tailored for mid-size companies' needs, says Karen Smith, Research Director, CRM, for Aberdeen Group Inc. of Boston. "A lot of the enterprise CRM vendors are just taking out functionality (of their larger products). But those products are not designed specifically for this space," she adds.

Although most CRM vendors offer Web-enabled products, companies must do their homework before making their choice. Many software companies are still selling heavyweight client/server CRM products with only limited Web capability, cautions Ferguson. This type of product does not offer the full benefits of a wholly Web-based solution. For example, non-Web-based products cannot create self-service portals for customers or partners, crucial functions for the mid-market companies. This misses the great potential of the Web to connect companies with their customers, deepening the relationship.

Quick to deploy, easy to use and maintain, Soffront CRM integrated suite meets mid-size companies' needs. Soffront CRM is 100% Web-based, accessible by Web browser from anywhere in the world. "It's a zero-footprint solution. There is nothing on the client machine," says Manu Das, founder & CEO of Soffront Software. The software resides on the server only, easing maintenance considerably.



## Staged Implementation Approach

Mid-size companies should choose a mid-market CRM suite that allows a phased implementation strategy, says Smith, "Implementing in phases is a key strategy for reducing risk," Smith adds. "A smaller company doesn't have the resources or staff to invest in a year-long implementation. They can invest in CRM in bite-size pieces."

Soffront emphasizes the phased implementation approach that analysts recommend. In an initial consultation, companies work with Soffront to determine which CRM function should be installed first. Then they sketch out an implementation road map that will encompass all sales and marketing automation as well as customer and employee support functions.

## Having an Overall Strategy is Key

However, Smith stresses, it's important to have an overall strategy for all the CRM functions (marketing, sales, customer support, and employee support) and integration points to back-office systems. Isolated islands will obliterate long-term CRM value.

It is a natural corollary that you need a solution that is integrated across marketing, sales and support. Many vendors originate with a solution for one function and grow by acquiring other vendors who offer complementary solutions. This product strategy, however, does not offer an integrated solution. You may have to double enter data and write expensive interfaces to integrate & make meaningful information of that.

Having an integrated solution is critical, since mid-size companies do not want to get involved with integrating best-of-breed components. "Small- and medium-sized businesses want one solution that has everything together—a common user interface, a common database, and pre-built integration with back-office applications," Das says.

## Best Practices for Mid-Market CRM Projects

1. **Define requirements** before you put out an RFP or begin to evaluate likely vendors. Long before project work begins, companies must get a handle on how much customization they need from their CRM package and how well the product fits that need.
2. Make sure you have **top management buy-in**. The project will fail unless senior management not only understands and endorses the vision and strategy, but also supports the day-to-day project work.
3. Thoroughly **research all vendors** that you intend to do business with. Try to determine their financial health. Don't settle for standard customer references — dig a little.
4. Evaluate **total cost of ownership** numbers when choosing whether to go with an ASP or run the software yourself. For some companies, no startup costs will be a huge incentive to go with an ASP.
5. Ask your vendors to help prepare **return on investment (ROI)** cases for you to present to the business owners.
6. The first rule for all CRM implementation: **Involve the business users early and often**. Mid-market CRM is no different. Include as many people from as many departments as possible. The last thing you want is for departments to have their own separate customer databases.
7. **Do a pilot**. Just because your implementation timeline is shorter than with traditional CRM doesn't mean you can cut corners.
8. **Measure ROI as you go**. Your software vendor should be able to help measure the project's return in terms of cost reductions and increased customer retention and satisfaction—while it's under way.

Source: [EnterpriseSoftwareHQ.com](http://EnterpriseSoftwareHQ.com)



## Ease of Use and Flexibility

"Mid-market companies typically don't have a lot of training budget," Das says. Customers should be able to pick up the basics of how the product functions from taking a quick tour on the Web. "The product should be intuitive, and easy to figure out in a half an hour or so. People don't want to have to sit in a training class all day." Soffront CRM is easy to use, eliminating the need for costly training.

What separates Soffront's CRM from others is its ability to adapt to user's needs, Das says. For example, users can configure the workflow to match their own business processes. They can add fields and tables, define the relationships between tables, and redesign the user interface with a drag-drop form designer. These options add up to powerful flexibility. Users set their own pace, adjusting the software to fit their individual situation as much or as little as they desire. All of these customization tasks can be done using a browser over the Internet.

Soffront CRM also features user-personalized dashboards to facilitate ease of use and user acceptance. Customizations are preserved from one version to another, reducing management headaches during the inevitable upgrade cycle.

## Pricing and Licensing

Having multiple pricing options available is important to mid-size cos, which are always looking for ways to reduce costs, both near and long-term. Soffront offers the ultimate in pricing flexibility to mid-size companies. Along with the traditional dedicated and site licensing options, customers can choose floating licenses. Under this model, the license is not tied down to a particular user but "floats" to whoever might need to use the application at the time (so long as no one else is using it then). Floating licenses can substantially reduce upfront costs.

The hosted software model is another option attractive to price-conscious companies. Under this scheme, the customer pays nothing upfront (but for a nominal set-up fee) and pays a monthly "rental" fee to access the application, which Soffront hosts on behalf of the customer. Soffront's ASP model is unique in that there is no restriction on the degree of customization that can be done. You work on a customized solution that is adapted to your business, as if it were in-house. When you are ready to move it in-house, you can switch to the perpetual licensing model and take the custom project to your servers.

## Mid-Market CRM budget

Mid-market CRM costs about \$1,000 per seat under a traditional software licensing model, significantly less than the \$5,000 to \$10,000 per seat cost for an enterprise-class CRM package.

But the real cost savings lie in implementation costs.

Implementation costs for enterprise-level CRM run anywhere from \$8 to \$10 per \$1 spent on CRM software. That means if a large company spent \$100,000 on licenses, it will have to spend \$800,000 or \$1 million on implementation services for traditional CRM. Mid-size companies appreciate the idea of paying only about \$1 for implementation per \$1 spent on software licenses.

Many CRM software vendors are offering other pricing scenarios. Most vendors offer hosted versions of their products where the customer pays no upfront installation fee and essentially rents the CRM functionality.

For example, Soffront Software Inc. offers "floating" software licenses that are not tied to any one user but can float from one person to another. Two or more people can share the license as long as they are not online at the same time.

For more information about Soffront's mid-market CRM solution, contact the company at 1-510-413-9000 or go to its web site, [www.soffront.com](http://www.soffront.com)



## On the Road to CRM ROI in 3 Months

Despite CRM's traditional history of failures, achieving return on a CRM investment is not out of reach for mid-market companies. Clearly defining the scope and objectives of the projects, planning a phased approach, involving the end users, and keeping a close eye on total cost of ownership are all tickets to CRM success.

### 3 MONTHS TO OPERATIONAL CRM

