

The Secrets of Short-listing CRM Vendors

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Abstract

Mid-size businesses (MSBs) continually face a variety of pressures, such as the increasingly competitive global markets, the demands to reduce costs or outsource staff, and the urgency to retain customers and grow their companies. An effective Customer Relationship Management (CRM) program could be one way to meet these challenges. However, less than 20% of MSBs have chosen this route. One reason is that the poor economy is causing some companies to delay purchasing new technology. Another reason is the difficulties MSBs have had finding the right CRM solution. And other reason, no doubt, can be found in the stories of CRM projects costing millions of dollars and not delivering on the promises of increased growth, new customers, and greater profits. Soffront Software's CRM suite offers all the sales, marketing, and customer service functionality most mid-size businesses need in a highly configurable, and low cost package. The software's architecture and system design provide MSBs with unique flexibility and much lower-than-average total cost of ownership.

The New Competitive Reality for Mid-Size Business

Growing a business while keeping customers happy and loyal on a very tight budget is the new competitive reality for most MSBs. They have moved well beyond "doing more with less". MSBs are now being forced to make really tough decisions about business-critical programs, such as, whether to proceed or kill projects. Hanging on to their best customers while looking for new ones weighs heavily on all MSB executives. These tasks are made even more difficult by increasingly fast-paced, globally competitive markets, and the effects of down economies. Resources for MSBs are tighter than ever with increased financial scrutiny, pressure to cut staff, and pressure to consider outsourcing of anything not considered core or of critical competitive advantage. Tolerance for risk, especially when it comes to customers, is at a new low. Speed-to-market and the ability to adapt to rapidly changing customer demands -- traditionally competitive advantages for MSBs -- have now become critical survival skills. Increasing customer focus and adopting customer relationship management strategies is one proven method to help MSBs with customer retention, growth, and increased revenues.

Is Customer Relationship Management the Answer For Your Business?

If your business faces these new reality challenges, you are not alone. If you wondered whether CRM could improve your organization's competitiveness, then read on. It has been estimated that only about 20% of mid-size businesses in North America currently have CRM initiatives underway. If you look deeper, you will find that the majority of those are concentrated in a few highly competitive industries, such as financial services, high-tech manufacturing, and communications. So the odds are that your business falls into the other 80%, which is the no-CRM category.

Perhaps your business is considering a CRM program. Even if it isn't, it is likely you

and your colleagues have given some thought to how or if CRM could help your

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business. More than likely you would like answers to these questions:

- How can we be sure CRM will really do what we need it to do, i.e. bring us new customers and help us hang on to the good ones we already have?
- Can we first rent CRM applications to be sure they will deliver the benefits?

- Are there CRM applications available with the functionality a company like ours needs without costing more than we can afford?
- We have some departments, like sales and customer service, that probably could use CRM, but we aren't ready to go company-wide. Can we first try CRM in one or two departments where we really need help?
- Can we do CRM in stages?
- Our IT people have too much to do now. If we get a system, what happens when we need changes made to it?

What MSBs Should Look For In a CRM Solution?

MSBs are finding that sorting out the claims of the dozens of CRM application vendors to create a short-list for more serious consideration can be real work and very confusing. You must, of course, base your ultimate decision on your organization's specific requirements to support its CRM strategies, but the following advice will provide a good start:

- Look to vendors offering a full suite of CRM application functions that are seamlessly and architecturally-integrated. Minimum suite functionality should include support for sales automation, customer service automation, and marketing automation.
- Look for suites of applications that can be acquired all at once or as modules over time. For example, an organization may chose to implement a sales automation program, and then some time later, they may add a customer service program. The pre-integration of these modules facilitates this kind of incremental approach.
- Search for applications that contain the appropriate depth of functionality for your current and reasonably foreseeable future needs. These requirements, of course, can vary greatly from industry to industry and from company to company, so can only really be evaluated on an individual organization basis. Consider the future, but be realistic and don't buy a lot more functionality than you expect to grow into. There is often a price to pay in terms of complexity, inflexibility, and maintenance when MSBs buy applications primarily designed for very large enterprises, which are substantially more feature-rich than needed.
- Look for multi-channel application support for self-service, particularly for the sales and customer service functions.
- Application interfaces should be intuitive and the functionality should be designed to be easy-to-learn and easy-to-use. Ease-of-use plays a significant role in user adoption.
- Look for light-weight, flexible, and tiered architectures.
- Look for applications with high degrees of configurability as well customizability so they can be set up to map to an organization's customer-facing business processes. The ability to tailor an application with low-cost configuration (both when initially deployed and later as business requirements and processes change) is highly desirable and preferable to tailoring by custom programming. However, where custom programming is required, industry standard tools should be supported and customizations should not be affected by application upgrades, i.e. they should not need to be re-written.

Configuration enables an application to be tailored based on pre-built parameters without computer programming. Customization enables an application's functionality to be tailored or extended by computer programming.

Soffront Customer: Redline Communications

Redline Communications, a rapidly growing Toronto-based equipment manufacturer focused on the broadband fixed wireless industry, used a variety of incompatible sales applications to track leads prior to Soffront CRM. Consolidating their sales opportunity data for pipeline visibility was time-consuming and difficult. Redline also had challenges in customer service with trouble tickets and tracking defects. Beyond Soffront CRM's ability to support its customer service and sales teams, Redline found Soffront's flexibility to be critical. "Another advantage of the software is its flexibility. We needed a CRM system that would not only provide superior support, but would also be easily adaptable, as our business is always evolving," says Jeff Mulvey, Redline's Director of Technical Services.

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- Look for applications which can be quickly (within weeks or a few months) configured and implemented. Rapid implementation shortens the time to value and typically lowers the implementation project costs and risks.
- Look for applications that are easy-to-maintain. Ease of maintenance has both cost implications and IT resource implications. Web-based architectures and industry-standard components are key.
- Look for application vendors who have demonstrated an understanding of and a commitment to MSB requirements. A rule of thumb is to look for vendors who have derived at least 25% of their revenues from MSBs over the past 3 years.
- Look for applications whose scale matches your business. Only consider applications able to support the size of your workforce and the scope of your business both at start-up and for the foreseeable future. Don't forget to consider the requirements of adding key suppliers and other business partners over time.
- Look for application vendors who are stable and viable. It is estimated that fully half of the existing CRM application vendors will exit the market over the next 3 years. Look for vendors who have demonstrated strong leadership, competitive and differentiated products in the markets they target, and are spending appropriately to sustain their positions. Also look for vendors who are either profitable today or on a clear path to profitability.
- Look for applications designed to support ease of application integration to other business applications, such as accounting, order processing, inventory, and human relations. Again, architecture is the key to straight-forward integration and interoperability.

Soffront CRM - Flexible, By Design

Support for the agile, fast-moving MSB is what Soffront Software had in mind when they created the Soffront CRM suite. With an emphasis on configurability, Soffront applications can be set-up and changed very quickly and easily, and in many cases, by non-IT trained administrators and users. This unique capability provides business users with the tools to make changes to the system quickly and inexpensively, thereby supporting changes to business processes.

What Makes Soffront CRM So Configurable?

Soffront designed configurability into its applications by starting with a 3-layer, Web-based application architecture. The Soffront CRM suite is based on an object model and is a three-layer architecture consisting of:

Soffront Customer: Ensim

Sunnyvale, California-based Ensim Corporation is a global leader in developing and providing software solutions for the Web and application hosting industry. In 2001 Ensim searched for a CRM application to help them manage their exploding customer service demands. They chose Soffront CRM because "We were looking for a feature-rich and flexible CRM solution to provide the highest levels of self-service, customer ticketing, and knowledge-base functions on our Website," says Jim Macellaro, director of IT at Ensim. "Without doing extensive programming or coding, we can easily define relationships with the business objects that make sense - giving us much more flexibility and functionality. It is so customizable that we can make it fit our business processes instead of us changing to fit the software."

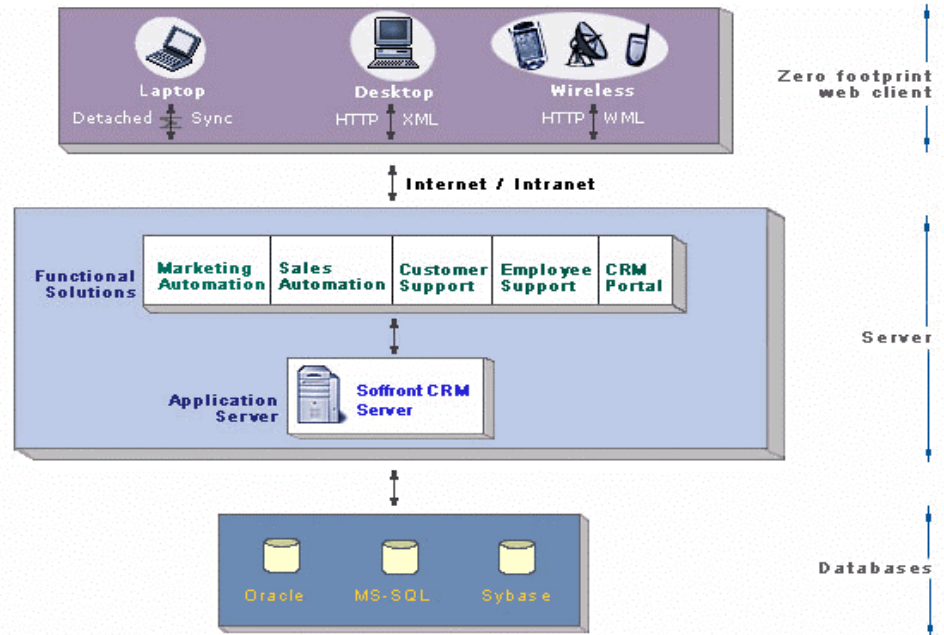
Workflow is an IT technology which uses electronic systems to manage and monitor business processes. It allows the flow of work between individuals and/or departments to be defined and tracked.

Independent Testing Verifies Unique Flexibility

In mid-2003 Network Computing rigorously tested five mid-market CRM products, including Soffront CRM, in their Business Applications Lab. Among their findings: "Soffront's requirements make the customization so flexible that you can support any business model without getting a migraine." (For the complete review, please visit Network Computing Review at www.networkcomputing.com)

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- Data base layer
- Meta or object layer
- ASP/XML/HTML layer



Next Soffront built in the ability of the applications to generate program code based on the user's specifications. For example, when a user specifies a new business process (workflow), such as notifying the appropriate sales executive when a customer's order is shipped, application programming is automatically created to perform the notification. Similarly, when a user designs a new customer data input form with the desired data fields, constraints, and validations, Soffront CRM generates the programming to support the new form. After changes are made, administrators or users only need to request "re-generate code" for the system to build the program logic based on the modified specifications. Soffront CRM is able to automate these application changes because of its system architecture and design. Soffront CRM contains a memory-resident meta/object layer that sits between the database and the user interface layer. Soffront's application program code generator uses this meta/object layer and user's specifications to generate the new program code.

Soffront CRM - Low TCO, the Result

Total cost of ownership (TCO) for an application (a calculation that considers not only the initial costs, such as purchase and installation, but also the on-going support costs) has become an industry standard method for comparison. However, absolute or "out-of-the-box" TCOs for an application are not valid. TCO is implementation-dependant, i.e. TCO must be calculated on a company by company or installation by installation basis. In a way, TCO is like the automobile advertisement which claims its product gets 23 miles per gallon, but warns "your mileage may vary."



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Soffront Customer: HiT Software

According to Giacomo Lorenzin, CEO and president of HiT Software, a leading developer of standards-based infrastructure for relational database and data access, "We know that excellent customer support is one of our key competitive strengths. With that in mind, we wanted a CRM product that was feature-rich, easy-to-manage and reasonably priced. We needed a browser-based solution with a powerful platform that would easily integrate into our existing system and give us a common user interface. After evaluating the cost and features of competing products, we chose Soffront."

Based on Soffront's experience installing more than 500 applications some trends are clear. Soffront's application pricing and maintenance fees average approximately \$1,500/user, which are at the low-end vs. comparable MSB-focused CRM application suites. Soffront CRM implementation project costs typically are in the range of 25 - 50% of the software costs. This range is also at the low-end vs. comparable systems. The typical mid-size business CRM implementation project costs range from 75% to 250% of the software license costs, depending upon the amount and complexity of the integration and customization required.

Soffront can implement its applications so inexpensively for several reasons. First, Soffront's experienced professional services teams perform almost all of the implementations. Second, Soffront makes extensive use of off-shore programming resources for any programming-related development required for implementations. And finally, Soffront's highly configurable applications do not require as much custom application programming to tailor them to the customer needs as other applications.

Low Cost Start-up Option: Hosted Soffront CRM

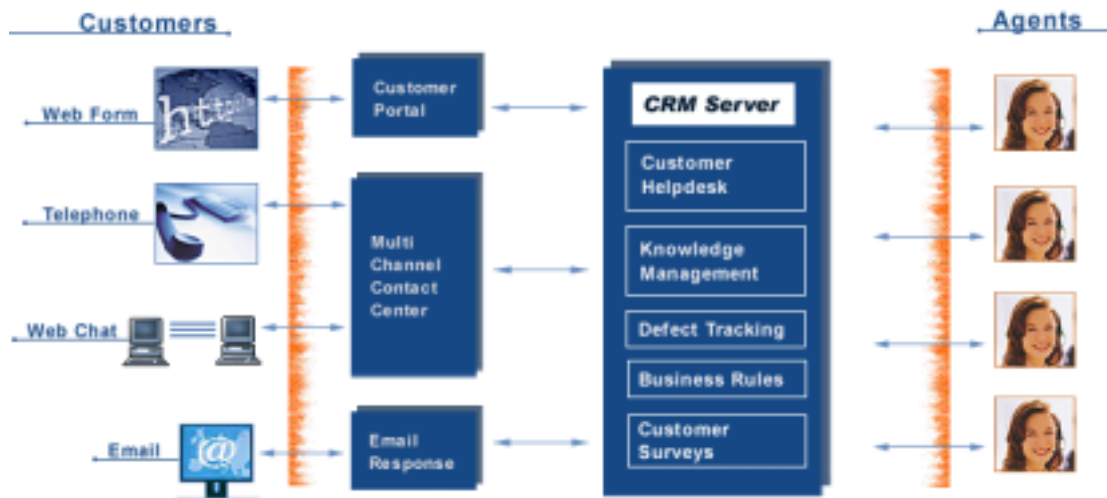
Soffront also offers its full CRM application suite on a hosted or rental basis. Soffront offers "rent-to-own" arrangements for MSBs who want to try the application prior to purchase.

Lower Cost Customer Service: Soffront's Advanced Self-Service

Soffront offers advanced, multi-channel customer self-service functionality. This functionality supports the MSB's customer demand for anytime access to product information, trouble-shooting knowledge, and problem reporting. In support of customer self-service, Soffront CRM provides multi-channel (telephone, Web, and email) help-desk, defect tracking, a best-of-breed knowledge base, and automated customer survey functionality.

Soffront Customer: Ensim

"By implementing a self-help strategy, we were able to actually increase customer satisfaction without having to hire additional support staff -- even in the midst of significant growth. We can directly attribute this to the implementation of Soffront knowledge base and self-help tools," says Joe Ayyoub, Ensim director of customer support.





Soffront Software - Built To Adapt

Soffront Software has more than 500 CRM installations worldwide. Its installed base of primarily mid-size businesses across all industries also includes divisions of Fortune 500 companies, federal agencies, and state/local governments. Privately-held, Soffront has been exclusively focused on the mid-market and has been profitable and debt-free since 1992.

Summary

CRM is not the answer to all of the challenges facing mid-size businesses. And, CRM applications are only the technology enablers of CRM strategies and programs. However, effective, flexible CRM software, built for MSBs can be an effective tool for your business to become more competitive, increase profits and provide better customer service.

When it comes to selecting a suite of CRM applications for your mid-sized business, look for the following:

- o applications with the right depth of functionality,
- o applications that are designed to be flexible and highly-configurable,
- o applications that are easy and low-cost to maintain,
- o applications that are easy to link to your other business applications, and
- o vendors with a solid track record and commitment to businesses like yours.

Soffront Software and Soffront CRM possess these qualities and more. Soffront CRM's unique flexibility to map to your business processes and to quickly and easily re-map, to changes is a key to your CRM application success.

Author Bio

Joe Outlaw is the president and chief analyst of Outlaw Research LLC, an independent provider of research, analysis, and strategic advice about contact center systems and customer relationship management solutions for the mid-size business. Joe is a frequent conference speaker and a regular contributing writer for News Factor Network's www.crmdaily.com. Joe's more than twenty-five years of IT professional experience includes applications programmer, systems analyst, project manager, and program manager positions with DuPont, and research director analyst - contact center, voice processing, and CRM with Gartner, a leading information technology advisory firm. Joe earned a BS and MBA from the University of Delaware.

Glossary

ASP – active server pages
 CRM – customer relationship management
 HTML – hypertext markup language
 HTTP – hypertext transfer protocol
 IVR – interactive voice response
 MSB – mid-size business
 TCO – total cost of ownership
 SQL – an industry-standard language for creating, updating and querying relational database management systems
 WML – wireless markup language
 XML – extensible markup language