RESEARCH NOTE

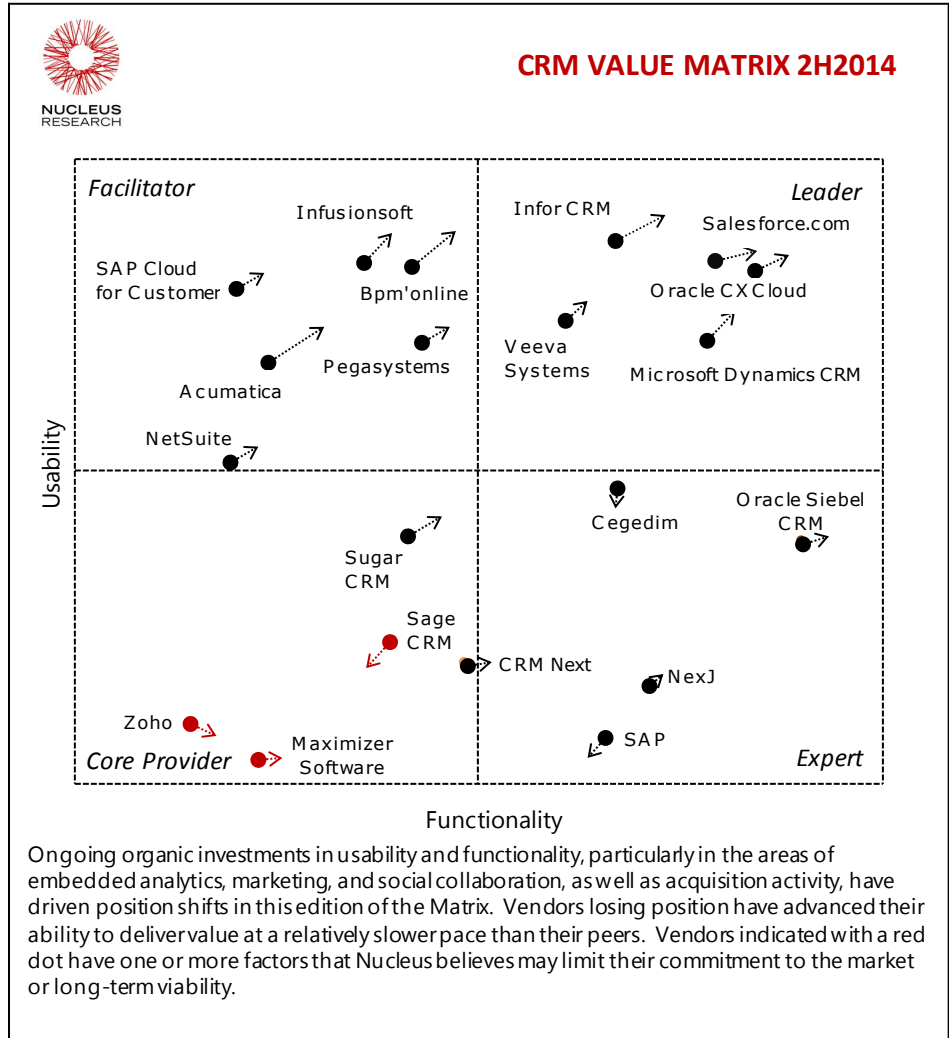# TECHNOLOGY VALUE MATRIX SECOND HALF 2014 CRM

THE BOTTOM LINE

Customer relationship management (CRM) continues to be one of the most competitive software segments, and also one where customers have the greatest propensity to switch. The Value Matrix looks at the advances in usability and functionality by vendors in the three core pillars of CRM: sales, marketing, and customer service. Significant investments in usability and incremental growth in functionality have driven positioning changes since the last Matrix.

The past six months have been busy in the CRM space, with vendors announcing partnerships and acquisitions, further integrating their acquisitions made over the past few years, and continuing investments in usability to drive greater adoption (and overall stickiness) of their solutions. Other trends impacting decision making in the CRM space include:

- The Internet of things (IOT). With beacons, geofencing, and other IOT technologies becoming more accessible, the CRM use cases for IOT are beginning to extend beyond early adopters to real applications leveraging new forms and volumes of customer data.

- The marketing technologist. The demands of managing multichannel marketing and the rise of cloud marketing applications have made an aptitude for technology an important career-building factor for marketers. Marketing technologists are increasing the piloting and purchase of emerging marketing tools such as social listening outside the realm of IT.

- The rise of apps. Although not every company is an application company yet, early adopters are seeking to differentiate their engagement strategies with customer-facing custom applications. The key to broad adoption of – and value from – custom applications is toolkits and frameworks that accelerate application development and evolution so developers can rapidly scale their efforts. Nucleus expects vendors wanting to maintain or improve their position in future editions of the Matrix will be doing more to differentiate their apps approach so both internal teams and third-party developers will migrate toward their platform – and users and customers will follow.

CRM VALUE MATRIX 2H2014

NUCLEUS RESEARCH

Facilitator   *Leader*

Infusionsoft   Infor CRM
                                                                Salesforce.com
SAP Cloud
for Customer   Bpm'online   Oracle CX Cloud

                              Pegasystems   Veeva
                                                        Systems   Microsoft Dynamics CRM
              Acumatica

NetSuite

                                                                Oracle Siebel
                                                 Cegedim   CRM
              Sugar
              CRM

                    Sage
                    CRM
                                    CRM Next   NexJ
Zoho
        Maximizer   SAP
Core Provider Software   *Expert*

Usability

Functionality

Ongoing organic investments in usability and functionality, particularly in the areas of embedded analytics, marketing, and social collaboration, as well as acquisition activity, have driven position shifts in this edition of the Matrix. Vendors losing position have advanced their ability to deliver value at a relatively slower pace than their peers. Vendors indicated with a red dot have one or more factors that Nucleus believes may limit their commitment to the market or long-term viability.

LEADERS

Leaders in this edition of the Matrix include Infor CRM, Microsoft Dynamics CRM, Oracle CX Cloud, Salesforce.com, and Veeva Systems.

INFOR CRM

Infor moves into the Leaders quadrant of this Matrix for the first time this fall based on its continued investment in user interface design and its acquisition of the assets of SalesLogix, adding sales and service functionality to Infor's rich existing marketing capabilities. Infor is integrating Saleslogix software-as-a-service (saas) into its Infor CloudSuite CRM offering. In looking at the evolving application and Infor's continued user interface efforts through its Hook&Loop design firm, (Nucleus Research *n20 – Infor update*, February 2013), Nucleus expects to see Infor become a more formidable competitor on usability in the CRM suite space, especially as it brings the strengths of ION and Ming.le to

bear. Infor's plans for further investment in industry cloud suites with deep vertical functionality will likely improve its positioning from a functionality perspective in future versions of the Matrix.

MICROSOFT DYNAMICS CRM

Microsoft Dynamics CRM has continued to invest in improving usability and functionality, both organically and by acquisition, thus maintaining its strong position in the Matrix. Microsoft's focus on helping clients to deliver exceptional customer experiences, leveraging the capabilities of Microsoft as a whole with ERP and Office integration, and providing cloud and on-premise options continues to make it an attractive option for organizations, particularly those that are primarily Microsoft IT shops. Teradici, a Microsoft Parature customer, found that Parature enabled the company to better engage with and manage the needs of its customer base, saying, "*the insights we gained about our customers were critical to our company's growth* (Nucleus Research, *o118 – Microsoft Parature ROI case study – Teradici,* June, 2014)." Microsoft is continuing to integrate the capabilities in social listening, customer care, and marketing brought in by acquisition over the past few years.

Microsoft announced Dynamics CRM 2015 on September 16, with a main theme of helping businesses bridge the gap between sales and marketing. This release is specifically aimed at facilitating collaboration between marketers and sales people by providing more transparency and visibility into each group's activities. New features include a sales collaboration panel, a graphical e-mail editor, support for A/B testing, an interactive marketing calendar, support for product bundling and recommendations, an enhanced guided sales process, and new mobile sales capabilities. Microsoft also added Italian as a sixth native language for social listening.

With this release, there is support for greater collaboration between sales and marketing, which Nucleus found increases productivity and accountability, while also reducing administrative overhead (Nucleus Research *o209 – Microsoft Dynamics CRM 2015*, September 2014). In addition to increases in functionality, Microsoft also continues to invest in the usability of the product.

ORACLE CX CLOUD

Oracle CX Cloud is Oracle's flagship CRM offering, and Oracle has invested in branding CX (customer experience) as a way to differentiate its offering, which extends beyond the core pillars of CRM (marketing, sales, and service) to include social, e-commerce, and configure-price-quote capabilities. Oracle continued to extend its CX Cloud functionality both organically and through acquisition since the last Matrix:

- In August, Oracle announced the acquisition of TOA Technologies, bolstering Oracle's Service Cloud offerings with field service automation. Although Oracle had on-premise field service capabilities with its Siebel line, TOA's architecture and operations are fully cloud and more aligned with Oracle's Service Cloud offering (*Nucleus*

Research o180 – Oracle buys TOA Technologies, August 2014). In talking to TOA customers, Nucleus found that the flexibility of cloud delivery and the ability to access the application from anywhere, on any device, enabled them to increase field service productivity, successfully integrate contractors, and implement consistent field service practices to drive greater customer satisfaction.

- In July, Oracle announced LinkedIn support for its Social Relationship Management (SRM) platform, which allows Oracle Social customers the ability to publish, engage, automate, and analyze LinkedIn activities from directly within the Oracle SRM platform.
- In June, Oracle announced the acquisition of LiveLOOK, a provider of cloud-based screen sharing and co-browsing technology, which enables customer service or sales representatives to more quickly answer customer questions or resolve issues virtually.
- In April, Oracle announced its Customer 2 Cloud program, a set of services, cloud integrations, and pricing options to enable customers of Oracle on-premise applications (such as Siebel) to move to the cloud.

Oracle continues to integrate acquisitions noted in the last edition of the Matrix including:

- In February, Oracle acquired BlueKai, which is a cloud-based big data platform that enables companies to personalize online, offline, and mobile marketing campaigns. The intention of this acquisition is to provide marketers with the ability to target customers with personalized campaigns.
- In December, Oracle bought Responsys, a provider of enterprise-scale cloud-based B2C marketing software. Oracle will expand its Customer Experience Cloud with this acquisition by incorporating the Oracle Eloqua B2B capabilities with the B2C functionalities supplied by Responsys.

In talking with Oracle CX Cloud customers, Nucleus has found that many have taken advantage of some components of the suite but that most purchase and deployment decisions are largely departmental (sales, service, or marketing) in nature. Nucleus has also noted the success of customers in moving to Sales Cloud (Nucleus Research *o176 - Oracle Sales Cloud ROI case study – Batesville*, September 2014); customers note that it is a modern application that leverages a very intuitive user interface with deep sales capabilities. As one customer said, "*With Sales Cloud, we've brought structure to the sales process and given [managers] more opportunities for coaching*." Nucleus expects further opportunities for returns for Sales Cloud customers as Oracle completes integration of the Big Machines acquisition and customers adopt advanced functionality already available in the product including sales forecasting, embedded analytics, and coaching (Nucleus Research *o53 – A closer look at Oracle Sales Cloud*, April 2014).

SALESFORCE.COM

Salesforce.com continues to maintain a strong position in the Value Matrix by further integrating its acquisitions and investing in product development across the pillars of sales, marketing, and customer service. In talking to customers, Nucleus has found the

relatively low learning curve associated with adopting the applications (as a result of Salesforce's UI investments in areas such as social listening) as well as the ability to leverage data and collaboration across service, sales, and marketing drives significant return on investment. Nucleus has also watched the development of Salesforce's mobile app strategy with Salesforce1 and found the initial investment in API development and other innovations is driving faster adoption of apps that extend to address the broader Communities Cloud. Specific events impacting Salesforce's positioning since the last edition of the Matrix include:

- On September 23, Salesforce announced Journey Builder for Apps, designed to help marketers engage with customers through personalized one-to-one interactions on mobile applications. The software development kit capabilities, ability to leverage geofencing, context-specific content pushing, and other components will make engaging customer-facing applications more accessible to a broader set of Salesforce.com customers to drive greater customer engagement. It also separates Salesforce from the internet of things (IOT) hypesters by showing customers a clear roadmap to IOT value (Nucleus Research *o211 – Salesforce delivers new Journey Builder for Apps*, September 2014).

- On September 10, Salesforce.com announced that it signed an agreement to build a new European Data Center in France, to further support its expanding base of customers across Europe. Its choice of partner for the data center is Interxion, known for its focus on energy efficiency, further supporting Salesforce's efforts to brand itself as a "green" company (Nucleus Research *o203 – Salesforce.com announces a new European data center*, September 2014).

- In August, Salesforce announced increased investment in Community Cloud, which enables customers to create trusted destinations for customers, partners, and employees that are personalized and connected to business processes. Deloitte Digital also announced a commitment of 4,000 consultants dedicated to the digital experience of Community Cloud.

- In June, Salesforce.com announced availability of the next generation of Desk.com, with a new intelligent agent console, a new mobile app, and a new reporting engine. Desk.com is designed for small and large organizations with less-complex support needs, and Nucleus has found that it delivers significant return on investment through high usability and low cost (Nucleus Research *o135 – Salesforce delivers the next-generation Desk.com*, June 2014). As one customers said, "*The benefit of desk.com is that it helps us make sure no support issues slip through the cracks*."

VEEVA SYSTEMS

Veeva provides cloud solutions specifically for the life sciences industry. The company is headquartered in the San Francisco Bay Area and has more than 200 customers that range from large pharmaceutical companies to emerging biotech companies. Its CRM product aims to collect and deliver customer information in a single, integrated solution. It has a multitenant cloud-based architecture with a partner ecosystem and innovation cycles in

line with other cloud applications. Its multichannel capabilities are built in, allowing for customer planning, execution, and activity measurement across channels.

In May, Veeva announced Veeva Commercial Cloud, which brings together the data, interactions, and content to meet the needs of the life sciences market. As part of Commercial Cloud, Veeva announced:

- Align, to accelerate the alignment and allocation of resources across channels
- Events Management, for planning, management, and execution of group meetings with health care professionals
- Engage, providing self-service access to personalized information and services for health care professionals
- CoBrowse, to support real-time user-guided remote detailing in a compliant fashion.

Engage is currently available; CoBrowse is scheduled for availability in Q4 2014 and Align and Events Management are scheduled for release in Q2 2015, which will likely strengthen Veeva's functionality position in the Matrix.

EXPERTS

Experts in this edition of the Matrix include Cegedim, NEXJ, Oracle Siebel CRM, and SAP.

CEGEDIM

Cegedim provides CRM solutions targeting the healthcare industry, life sciences companies, healthcare professionals, and insurance companies. Its Relationship Management product is designed to provide marketing, data optimization, regulatory compliance, and industry trend analysis. In June, Cegedim announced the availability of Mobile Intelligence, which is a single platform that provides actionable content across channels for its CRM product.

With most other vendors in the Leader Quadrant providing significant advances in usability and, in many cases, complete new UIs for some or all components of their products over the past 12 months, Cegedim has lagged behind in advances for usability, lowering its relative position in the Matrix. IMS Heath, a provider of IT services to the healthcare and life sciences industries, acquired Cegedim in June, 2014. Cegedim's position has also shifted based on the uncertain investment profile and relative lack of movement in usability and functionality for the product since the acquisition announcement.

NEXJ

NexJ provides cloud-based and industry-specific CRM software to the financial services, insurance, and healthcare industries and has risen within the Expert Quadrant since the release of the last Matrix in both functionality and usability. Its solution combines information from a variety of internal and external sources to provide data on customers,

which it then integrates and analyzes. In April 2014, NexJ acquired Liberate Ideas Inc. NexJ aims to utilize Liberate by expanding its point-of-care patient education capabilities.

With NexJ's most recent development, users will be able to create a demonstrative tool. For example, a user, such as a financial planner, can educate a client in person with presentations on a tablet. The user can record this presentation and make real-time updates, so that after the face-to-face client interaction, clients can access the full presentation on their own. Keeping in line with its other products, NexJ has made this program fully compliant for its highly-regulated industries.

ORACLE SIEBEL CRM

Oracle Siebel continues to offer the most breadth and depth of functionality available in the industry across the three core pillars of CRM, as well as tailored industry solutions for more than 21 industries. Oracle has continued to make investments in increasing the usability of Siebel applications while driving down total cost of maintenance. Further, Oracle has invested in Siebel integration to the Oracle CX Cloud, enabling existing customers to easily uptake or replace functionality of Siebel with modern cloud capabilities including social listening, digital marketing, cloud-based sales, and self-service solutions.

In talking to Siebel customers, Nucleus has found that many are looking to take advantage of the innovations Oracle is delivering with CX Cloud but their significant investments in customization and the sheer volume of business-critical data in their applications will make a wholesale move to the cloud unrealistic in the near future. In areas like loyalty, where Siebel still has the most sophisticated capabilities in the industry, continued investment makes sense for some customers. For others, the Oracle CX Cloud integrations and Customer 2 Cloud program announced this summer should help reduce the risk and cost of moving some or all of their CRM footprint to the cloud.

SAP

SAP CRM is SAP's maturing on-premise product for enterprise customers. SAP CRM includes core capabilities for sales, marketing, service, and analytics as well as partner channel management, investigative case management, social service, loyalty management, real-time offer management, and trade promotion management. Broader integration with an SAP ERP footprint to drive customer service is often a valuable part of the overall proposition for SAP CRM customers. Leveraging HANA to better analyze and manage customer and transactional data is an important strategy for many SAP CRM customers.

FACILITATORS

Facilitators in the Matrix include Acumatica, Bpm'online, InfusionSoft, NetSuite, Pegasystems, and SAP Cloud.

ACUMATICA

Acumatica appears in the CRM Value Matrix for the first time, largely based on conversations Nucleus has had with Acumatica customers that are leveraging its existing CRM capabilities as part of a broader ERP deployment. Like NetSuite, Acumatica is unlikely to sell CRM as a standalone product but as part of a broader suite. However, customers have successfully moved from competing products such as Microsoft Dynamics CRM to Acumatica's core CRM functionality with positive results, making it an attractive option for midmarket customers seeking core CRM functionality with the benefits of a common data model with ERP.

BPM'ONLINE

Bpm'online has developed a CRM product focused on providing customizable actions as well as an intuitive and clean interface. Customers of Bpm'online are able to automate processes that they design in order to streamline operations and the interface presents only the necessary information when it is needed, which helps users to focus on the next step of a process without becoming distracted or confused. Users can benefit from out-of-the-box reference business processes to jump start using the application and bring industry best practices to their work.

Bpm'online has put significant investment into its user interface, resulting in a much cleaner and simplified system. Nucleus found that as a result of better usability, sales agents can spend more time selling, which then leads to greater visibility, increased productivity, and reduced agent churn (Nucleus Research, *o110 – Bpm'online, SCI Sales Group,* June, 2014). One customer who had experience with other leaders in the Matrix moved to Bpm'online because of the significant uptick in usability and adoption it afforded. Significantly improved usability has contributed to a better positioning for Bpm'online in the Matrix.

Headquartered in London, the company continues to develop its North American presence and has recently announced a partnership with Aorta Systems Group, a US-based technology provider of CRM tools.

INFUSIONSOFT

Infusionsoft continues to concentrate its efforts on automating sales and marketing processes for small businesses. Its CRM offering tracks potential leads and notifies a salesperson when the prospect is ready for contact. Its CRM, e-commerce, social media, and e-mail marketing integrates onto a single platform, allowing users to reduce time on sales and marketing processes.

The company has recently announced the release of the Small Business Sales and Marketing Scorecard. This is an assessment tool that intends to evaluate a small business's sales and marketing processes and with the collected information it makes a recommendation to help the business streamline its methods and improve its efficiency.

NETSUITE

NetSuite provides client relationship management (CRM) software that covers marketing, order management, customer upsell, cross-sell, and renewal, as well as customer service, all in real time. Key functionality includes:

- Sales force automation provides the sales team with an integrated sales process that gives visibility into the lifecycle of the customer relationship.
- Customer service management gives anyone that interacts with the customer access to the customer's key data.
- Marketing automation generates leads for sales teams that are ready for engagement by measuring the prospect's activity and identifying when the prospect is ready for contact from a salesperson.
- Partner relationship management provides visibility to information that promotes collaboration between a company and its partners.
- Mobility provides users with real-time access to information that enables increased sales productivity by enabling out-of-office resolution and insight to changing data.

Although few if any customers purchase NetSuite based on its CRM capabilities, NetSuite continues to be an attractive option for companies that are looking for a single, integrated view of customer activities.

PEGASYSTEMS

Pegasystems Dynamic Case Management, Sales Force Automation, Marketing, and Customer Service solutions are built on the Pegasystems business process management (BPM) platform. In looking at customers' use of the Pegasystems CRM applications, Nucleus found its agile BPM environment, analytics capabilities, and support for mobile application development and evolution made it an attractive option for customers in a number of industries.

In May, Pegasystems announced acquisition of the assets of MeshLabs Software, a text analytics and social engagement solutions provider, with plans to integrate the company's social listening, text analytics, and natural language processing into its customer service, marketing, and case management solutions. Also in May, Pegasystems announced the latest release of Pega SFA, which leverages Pegasystems's Next-Best-Action analytical and decisioning capabilities to help sales dynamically suggest the best actions to take across their account portfolio to increase pipeline.

In June, Pegasystems announced the acquisition of Profeatable Corporation, the provider of Firefly co-browsing technology, with plans to incorporate it into Pega's customer service and sales applications.

SAP CLOUD FOR CUSTOMERS

SAP continues to evolve its messaging around its cloud CRM offerings; however, in talking to customers Nucleus has found that SAP's cloud-based CRM solutions are still a work in

progress. SAP Cloud solutions for customer engagement include the omnichannel Hybris platform and the SAP Cloud for Sales, SAP Cloud for Service, SAP Cloud for Marketing, and SAP Cloud for Social Engagement solutions. A key differentiator for SAP in the space is HANA, and Nucleus has seen successful deployments of HANA in areas like customer data management for sophisticated targeted marketing. In talking to customers, Nucleus has found that the ability to have significant input in product direction is an important factor in their SAP CRM decision.

CORE PROVIDERS

Core providers in the Matrix include Maximizer Software, Sage CRM, SugarCRM, and Zoho.

MAXIMIZER SOFTWARE

Maximizer Software focuses on providing flexible CRM software. Its product can be deployed either on-premise or through the cloud and provides users with sales management, customer service, and marketing automation. The solution provides users with access to resources including the history of a customer, integrated campaign planning, marketing analytics, sales quota management, and pipeline forecasting.

SAGE CRM

Sage CRM is designed for small and medium-sized businesses. Limited investment in development, migration of Sage's partner channel away to other more modern application platforms, and leadership challenges at Sage, have contributed to a diminishing position of Sage in the marketplace.

SUGARCRM

SugarCRM continues to market its solution as a highly customizable application that can be designed to support the way individuals within an organization interact with customers. For example, users can configure their environment in a number of ways using a drag-and-drop interface, to create highly personalized dashboards down to the object and record level. In addition, new tagging and filtering makes it easier for users to find and share data internally across departments and devices. In the past year since releasing Sugar 7, the company has focused on building out native mobile capabilities. It has also invested in deeper Dun&Bradstreet and Google integrations, Marketo integration, and enhanced in-line help. SugarCRM also continues to differentiate itself against many leaders in the Matrix based on lower price.

ZOHO

Zoho CRM enables users to define sales territories, track sales activities, and identify trends and leads. Recently the company announced additional features including active directory integration, chat rooms, event management, network analytics, and customization. Zoho continues to pursue a very low price for its users. Alongside the announcement of the new CRM capabilities, it has also announced an even lower pricing option.