TECH CHOICES

February 5, 2007

The Forrester Wave™: Enterprise CRM Suites, Q1 2007

by William Band

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Includes a Forrester Wave™

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Oracle's Siebel CRM And SAP's mySAP CRM Lead, Chased By A Pack Of Strong Performers

by William Band
with Liz Herbert, Chip Gliedman, Sharyn Leaver, Ian Schuler, and Mary Ann Rogan

EXECUTIVE SUMMARY

Forrester evaluated leading enterprise CRM suites vendors across 493 criteria and found that Oracle's Siebel CRM and SAP's mySAP CRM are the clear Leaders. They offer broad and deep functional capabilities, industry specialization, and the scalability to support global organizations. Nevertheless, these Leaders are challenged by a diverse set of Strong Performers. First, Oracle's E-Business Suite CRM and Oracle's PeopleSoft CRM offer good options for buyers who value comprehensive suite integration. Next, Oracle's Siebel CRM On Demand, RightNow, and salesforce.com offer software-as-a-service (SaaS) deployment with excellent usability, low upfront costs, and quick time-to-value, albeit with some functionality limitations. Meanwhile, Microsoft Dynamics CRM provides a growing breadth of functionality and the opportunity to leverage the Microsoft platform to lower total cost of ownership (TCO), and Pegasystems' Customer Process Manager provides native business process management (BPM) tools for buyers who need to design and manage unique customer-facing processes. Infor Global's acquisition of the assets of Epiphany and M2M Holding's purchase of Onyx — both with modern process-centric architectures — help secure these two solutions a spot in our Strong Performers category. Amdocs CRM finds success with buyers as a Contender solution for service-intensive industries with custom needs but lacks extensive packaged CRM functionality.

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NOTES & RESOURCES

Forrester surveyed 13 CRM vendors in Q3 2006: Amdocs, Chordiant, Infor Global, Microsoft, Onyx (M2M Holdings), Oracle (looking at its E-Business Suite CRM, PeopleSoft CRM, Siebel CRM, and Siebel CRM On Demand products), Pegasystems, RightNow, salesforce.com, and SAP. We also spoke with 29 vendor-supplied references.

Related Research Documents

"The Forrester Wave™: Customer Hubs, Q4 2006"
December 22, 2006, Tech Choices

"CRM Market Size And Forecast: 2006 To 2010"
October 20, 2006, Trends

TARGET AUDIENCE

Business process and applications professional, customer experience professional, marketing leadership professional

EXPERIENCE-BASED DIFFERENTIATION FUELS DEMAND FOR CRM SOLUTIONS

CRM applications are the business software that enables customer-facing business processes such as lead generation and cross-sell (marketing), opportunity management, forecasting and quoting (sales), customer support and repair (service), collaborative channel management (partner channel management and eCommerce), customer data analytics, and customer data management. Forrester forecasts that worldwide revenues for CRM solution providers reached $8.4 billion in 2006 and will grow to $10.9 billion by 2010.[1] So what's behind the growth curve? It's six key imperatives that keep customer-oriented business and IT executives up at night:

1. **Driving innovation and top-line growth.** A recent survey of CEOs confirms that driving growth and innovation are top priorities for chief executives.[2] Revenue growth is achieved through attracting new customers, selling more to customers, and retaining these customers longer. Customer process improvement, supported by advanced business technologies, is critical to achieving these objectives.

2. **Improving the customer experience.** Customer-facing managers are taking a harder look at how new processes and services affect the end-customer experience. In a recent survey of senior executives at 176 large firms in North America, Forrester found that 60% felt that it was "critical" and 36% felt it was "very important" to improve the customer experience.[3]

3. **Re-engineering customer-facing processes.** Forrester has long maintained that the successful selection, implementation, and adoption of technology require a major emphasis on business processes.[4] Customer demand, market dynamics, and technology are driving CRM functionalities to more easily integrate into the ERP and supply chain management (SCM) functions. The result: better support for end-to-end business processes, even those originating from customer-facing interactions.

4. **Boosting the productivity of customer-facing workers.** Sales, customer service, and marketing executives want application user interface (UI) and workflow designs that align with the working practices of day-to-day users. This desire for more user-friendly applications is driving interest in CRM application upgrades as vendors make better UIs available in new releases.

5. **Exploiting customer analytics.** Marketing professionals, as well as sales and service executives, feel that customer analytics are the key to increasing revenue and overall profitability. This means that they are buying solutions to analyze transactional data maintained in existing CRM

applications. Customer data management is also of high importance, fueling demand for more robust customer data integration solutions.[5]

6. **Pushing global standards and service-oriented architecture (SOA).** Buyer interest in more open architectures is driving early adopter interest in the newer offerings from CRM vendors. For example, Oracle's Fusion Middleware initiative and SAP's NetWeaver effort are manifestations of how those vendors are reorienting their solutions on the basis of SOA. Smaller players like Chordiant, Click Commerce, Graham Technology, Onyx, Pegasystems, and Infor CRM strongly promote this characteristic as part of their value proposition.

The Evolving Cast Of CRM Characters

The CRM applications vendor space has been in turmoil during the past 24 months as larger players have been acquiring smaller vendors to gain access to customers and fill in product gaps, and disruptive technologies, such as SaaS, have emerged. New spending decisions on CRM must take into account:

- **Significant consolidation and renewed market focus.** Oracle completed its acquisition of PeopleSoft in early 2005 and then swallowed Siebel in early 2006. SSA Global acquired Epiphany in August 2005 and was, in turn, acquired by Infor Global in mid-2006. M2M Holdings acquired Onyx in August 2006. Meanwhile, SAP continues its drive to become the CRM market leader through functionality enhancements and aggressive marketing directed toward the SAP user base. Lastly, Microsoft's launch of Microsoft Dynamics CRM marks a renewed effort to win a bigger piece of the enterprise applications market.

- **Growing acceptance of SaaS for CRM.** Salesforce.com and RightNow Technologies have posted impressive sales gains as buyers increasingly adopt the software-as-a-service (SaaS) deployment option. Other CRM vendors have responded with their own SaaS offerings, for example, Siebel's — now Oracle's — Siebel CRM On Demand and SAP's new CRM SaaS offering. With more frequent upgrades, lower risk, and lower upfront costs, customer demand for this deployment option shows no signs of slowing down.

- **Midmarket players pushing for more enterprise deals.** CRM vendors that have traditionally served midmarket organizations are leveraging modern architectures and offering new deployment options to gain a stronger foothold with enterprise-class organizations. Examples include Onyx — which offers a flexible, business process-centric architecture — and RightNow and salesforce.com, which are pioneering CRM SaaS deployment. At the same time, Microsoft is trying to exploit its desktop applications hegemony advantage in large enterprises and promote its now-more-robust business applications to this sector.

- **More choices for medium-size organizations.** Although midmarket CRM vendors are pushing up into the enterprise market, all vendors are giving more attention to small and medium-size businesses (SMBs). The SMB segment — organizations with less than 1,000 employees — accounts for about one-third of the total CRM market now, and many tech vendors view it as an area of growth in an otherwise mature IT market. Forrester expects that the SMB share of vendor revenues will expand to 38% of the total market by 2010, reaching $4.2 billion.[6] As result, vendors such as SAP, by improving UIs, and Oracle, through its Siebel CRM Professional Edition and Siebel On Demand products, are tailoring their products to better meet the needs of smaller organizations.

- **Specialty tools required to fill the gaps.** Notwithstanding the trend toward consolidation of CRM vendors into suite solutions, specialty players continue to innovate by offering new functionality for special requirements — for example, BlueRoads offers partner channel management through the SaaS deployment model. Additionally, in the contact center/eService sector, eGain Communications, KANA Software, and Talisma offer unique capabilities.

The Three Types Of CRM Vendors To Consider

As a buyer considering CRM solutions, you have three groups to choose from (see Figure 1):

- **Enterprise CRM suites.** This category comprises vendor solutions primarily targeted toward organizations with revenues of more than $1 billion per year and/or more than 1,000 employees. CRM vendors focused on the enterprise-class organizations typically offer a full range of functionalities, can scale to serve large user populations, and offer support for multiple languages and countries. They offer their products primarily through the traditional on-premise license model. However, several of the leading players now offer hosted and SaaS deployment options.

- **Midmarket CRM suites.** This category comprises vendor solutions primarily targeted toward the SMB market — organizations with revenues of less than $1 billion per year and/or less than 1,000 employees. CRM vendors in this group also offer a breadth of CRM functionalities, but these often have more limited capabilities in specific areas and are simpler to use than solutions built for the enterprise market. These vendors are less suitable for large-scale global deployments. Vendors in this group also offer a variety of deployment options, including on-premise license, hosted, and SaaS. Some vendors in this category have upgraded their solutions to be more suitable to enterprise-class buyers and are gaining acceptance in that segment as well.

- **CRM specialty tools.** This category comprises vendors that offer solutions with narrow functional breadth but deep specialty capabilities, for both enterprise and midmarket organizations. Specialty CRM tools are available for marketing automation, sales force automation (SFA), customer service, partner channel management and collaboration, customer analytics, and customer data management.[7]

Figure 1 Types Of CRM Applications Vendors

Enterprise CRM suites

CRM suites appropriate for firms with revenues of $1 billion/year and/or more and/or 1,000 employees or more

- Amdocs CRM
- Chordiant Cx
- Onyx CRM
- Oracle's E-Business Suite CRM
- Oracle's Siebel CRM
- Oracle's PeopleSoft CRM
- Infor CRM Epiphany
- Pegasystems' Customer Process Manager
- mySAP CRM

Midmarket CRM suites

CRM suites appropriate for firms with revenues less than $1 billion/year and/or less than 1,000 employees

- Entellium
- GoldMine Corporate Edition
- Maximizer Enterprise
- Microsoft Dynamics CRM
- NetSuite
- Oracle's Siebel CRM Professional Edition
- Oracle's Siebel CRM On Demand
- Pivotal CRM
- RightNow
- Sugar Enterprise
- SageCRM
- salesforce.com
- Soffront CRM Suite

CRM specialty tools

Analytics tools:
- SAS
- SPSS
- Teradata

Customer data management tools:
- Dun & Bradstreet
- Initiate
- Purisma
- Siperian
- VisionWare

Customer service tools:
- ATG
- Applix
- eGain
- Graham Technologies
- KANA
- KNOVA
- Unipress

Marketing automation tools:
- Aprimo
- Unica

Partner channel management and collaboration:
- BlueRoads
- Click Commerce
- Comergent (Sterling Commerce)

Sales force automation tools:
- Sage Saleslogix
- Saratoga

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Source: Forrester Research, Inc.

ENTERPRISE CRM SUITES EVALUATION OVERVIEW

To assess the state of the CRM market and see how the vendors stack up against each other, Forrester evaluated the strengths and weaknesses of the top CRM vendors — including enterprise suite and midmarket suite vendors — across 493 criteria. We then applied two sets of criteria weightings: one appropriate for large, enterprisewide deployments and another focused on midmarket priorities. The following assessment will help you see how the enterprise CRM suite vendors stack up against each other.

Criteria: Product, Strategy, And Market Presence

After examining past research, user need assessments, and vendor and expert interviews, we developed a comprehensive set of evaluation criteria (see Figure 2). We evaluated vendors against 493 criteria, which we grouped into three high-level categories:

- **Current offering.** We looked at the breadth of vendors' product offering(s), global capabilities, and adaptation to specific industry requirements. We evaluated vendor customer data management abilities and usability, and took into consideration cost and the strength of vendors' technology platform and tools.

- **Strategy.** We looked at the strength of the vendors' product strategy and vision and how they intend to be leaders in the enterprise CRM market. A very important set of criteria was focused on the methods vendors use to deliver a satisfactory application ownership experience to their customers and how long it takes customers to realize value from their solution.

- **Market presence.** We gauged the size of the vendors' customer base in the enterprise CRM segment and evaluated the depth of human and financial resources available to enhance their products and serve customers.

Figure 2 Evaluation Criteria

CURRENT OFFERING	
Sales	How strong are the product's sales automation capabilities?
Marketing	How strong are the product's marketing capabilities?
Customer service	How strong are the product's customer service capabilities?
Field service	How strong are the product's field service capabilities?
eCommerce	How strong are the product's eCommerce capabilities?
Partner channel management	How strong are the vendor's partner channel management capabilities?
Analytics	How strong are the product's analytics capabilities?
Customer data management	How robust is the product's ability to manage customer data?
Internationalization	Is the product suitable for global, multilanguage deployments?
Industry business process support	Does the product have specialized capabilities tailored to the business goals and processes for specific industries?
Architecture and platform	How strong are the product's platform and development tools?
Usability	How user-friendly is the product?
Cost	What is the total cost of ownership of the product?
STRATEGY	
Time to value	How long does it typically take for the vendor's product to be brought into production and available to frontline users?
Product strategy	How strong is the vendor's product strategy and vision?
Application ownership experience	How does the vendor add value and support buyers before and after the purchase of the software and services?
Corporate strategy	How strong are the vendor's corporate strategy and vision?
MARKET PRESENCE	
Customer base	How large is the vendor's customer base for this market?
Employees	What is the depth of human resources available to enhance the product and serve customers?
Financial performance	How strong are the vendor's financial resources to pursue its strategy?

Source: Forrester Research, Inc.

Vendors Evaluated: Enterprise CRM Suites

We included 13 companies in our assessment of the enterprise CRM suites vendors (listed in alphabetical order): Amdocs, Chordiant, Infor Global, Microsoft, Onyx (M2M Holdings), Oracle (its E-Business Suite CRM, PeopleSoft CRM, Siebel CRM, and Siebel CRM On Demand products), Pegasystems, RightNow, salesforce.com, and SAP (see Figure 3). Information for Chordiant was incomplete at the time of publication, and, therefore, a detailed evaluation for this vendor is not provided. Each of these CRM vendors:

- **Offers a multifunctional CRM applications suite.** Each vendor included in the Wave has functionality in a minimum of three of the following CRM subdisciplines and tools: marketing, SFA, customer service, field service, partner channel management, eCommerce, customer analytics, and customer data management.

- **Targets large enterprises with complex requirements.** The vendors we included focus on, and have references with, enterprise-class organizations with complex requirements. These requirements include the ability to scale on a global basis, manage end-to-end business process, integrate into complex legacy environments, and manage large volumes of customer and related data.

Figure 3 Evaluated Vendors: Product Information And Selection Criteria

Vendor	Product evaluated	Product version evaluated	Version release date
Amdocs	Amdocs CRM	6	2005
Chordiant Software	Chordiant Cx	6.0	January 2006
Infor Global Solutions	Infor CRM Epiphany	7.0	June 2006
Microsoft	Microsoft Dynamics CRM	3.0	December 2005
Onyx Software	Onyx CRM	6.0	September 2006
Oracle	E-Business Suite CRM	11i10	September 2004
Oracle	PeopleSoft CRM	9.0	August 2006
Oracle	Siebel CRM	7.8	June 2005
Oracle	Siebel CRM On Demand	12	July 2006
Pegasystems	Customer Process Manager	5.1	August 2006
RightNow Technologies	RightNow 7.5	7.5	August 2005
Salesforce.com	Salesforce	Salesforce.com's Summer '06	Summer 2006
SAP	mySAP CRM	mySAP CRM 2005	October 2005

Vendor selection criteria
The vendor offers a multifunctional CRM applications suite, comprising three or more CRM subdisciplines.
The vendor targets enterprise-class organizations with complex business requirements.
The solution was generally available at the time of data collection for this evaluation with at least three references available for contact.

39975 Source: Forrester Research, Inc.

DESPITE VENDOR CONSOLIDATION, BUYERS HAVE A RANGE OF CHOICES

The CRM applications vendor space has been in turmoil, but many valid choices that deserve careful consideration remain. Our evaluation uncovered a market in which (see Figure 4):

- **Oracle's Siebel CRM and SAP's mySAP CRM are the most complete solutions.** During the past three years, SAP has worked steadily to fill out its CRM offering, resulting in end-to-end process integration support that no longer comes at the expense of missing CRM functionality. Meanwhile, Oracle's strategy for Siebel has become clear: to promote the product and brand as the most fully-featured solution, with a breadth and depth of functionality for many industry verticals. It has the largest number of customers and users — by far — providing deep and broad insight into evolving buyer requirements. Buyers who are making a "new" CRM purchase should use Siebel as an important benchmark when evaluating other solution providers. The downside of SAP's mySAP CRM and Oracle's Siebel CRM: lengthy time-to-value, inflexibility for changing business processes, and cost.

- **Oracle's E-Business Suite (EBS) CRM and PeopleSoft CRM are good options for ERP customers.** Oracle will continue to support two other important CRM customer franchises. Oracle EBS customers should consider the benefits of EBS CRM's ease of integration into the rest of the Oracle EBS suite, while companies currently using PeopleSoft products will be attracted to PeopleSoft CRM for its similar integration benefits. Both products offer strong capabilities across the broad footprint of most CRM functionalities, including marketing, sales, service, field service, and partner channel management, but come up short in customer data management and eCommerce.

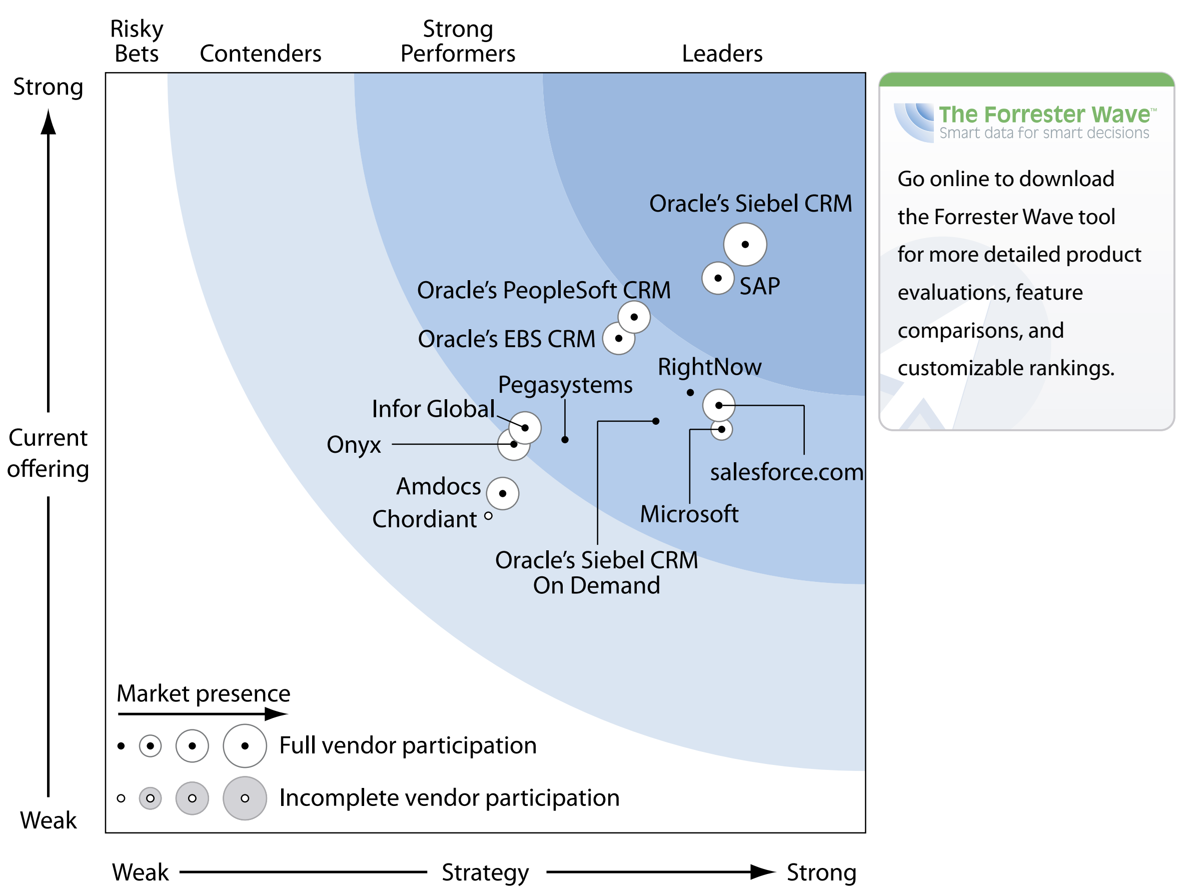
- **Infor and M2M Holdings make Epiphany and Onyx products less risky.** Both Epiphany and Onyx have languished in recent years due in part to buyer concerns about the long-term viability of these two products. As mentioned above, Epiphany was purchased by SSA Global, which, in turn, was acquired by Infor, a $2 billion global company. This means that Epiphany customers will have continued support, and buyers interested in marketing and real-time offer management functionality should consider the solution. Similarly, Onyx's recent purchase by M2M Holdings, a $100 million company, means that buyers can have more confidence in vendor viability when considering the benefits of Onyx's modern process-centric and Microsoft-oriented architecture.

- **Microsoft Dynamics CRM, RightNow, and salesforce.com prove enterprise credibility.** CRM vendors — which, in the past, have been known for their success with SMBs — are gaining acceptance in larger organizations, due in part to the rising popularity of the SaaS deployment model. However, these players lack a full breadth of CRM functionality, and the SaaS model is not proven as a true enterprise CRM platform. Meanwhile, Microsoft is making a concerted effort to capitalize on the growing popularity of the Microsoft platform in some enterprise segments to capture CRM business, but it also lacks functionality in many areas like eCommerce, partner channel management, and specialized business process support for specific industries.

- **Amdocs and Pegasystems fill process gaps.** As enterprises have begun to understand the importance of truly integrating end-to-end customer-facing processes across the "front office" with the "back office," they are turning to solutions that offer native BPM capabilities that can support highly unique — and flexible — process flows. Buyers looking for robust BPM capabilities are turning to vendors such as Pegasystems for a solution. Amdocs has achieved success in the telecommunications sector by integrating customer service management processes with customer billing, using its deep professional services capabilities to achieve process integration.

This evaluation of the enterprise CRM suites market is intended to be a starting point only. Readers are encouraged to view detailed product evaluations and adapt the criteria weightings to fit their individual needs through the Forrester Wave Excel-based vendor comparison tool.

Figure 4 Forrester Wave™: Enterprise CRM Suites, Q1 '07



39975 Source: Forrester Research, Inc.

Figure 4 Forrester Wave™: Enterprise CRM Suites, Q1 '07 (Cont.)

	Forrester's Weighting	Amdocs	Infor Global	Microsoft	Onyx	Oracle's E-Business Suite CRM	Oracle's PeopleSoft CRM	Oracle's Siebel CRM	Oracle's Siebel CRM On Demand	Pegasystems	RightNow	salesforce.com	SAP
CURRENT OFFERING	50%	2.33	2.73	2.77	2.68	3.45	3.50	3.98	2.83	2.71	3.01	2.91	3.76
Sales	5%	3.16	3.28	3.30	3.73	4.74	4.58	4.98	3.62	3.28	3.76	3.93	4.88
Marketing	5%	1.00	2.91	2.36	2.68	4.06	3.48	4.40	2.56	2.37	3.10	1.91	3.97
Customer service	5%	2.46	2.70	2.67	3.57	3.58	3.87	3.97	2.80	3.77	3.96	2.88	3.55
Field service	5%	3.55	3.75	2.79	1.25	4.48	3.30	4.24	0.32	1.59	0.00	1.65	3.83
eCommerce	5%	1.74	2.32	0.75	0.54	2.79	2.48	2.23	0.65	0.27	0.36	0.45	3.00
Partner channel management	5%	0.71	1.01	1.72	2.12	4.15	3.41	4.81	2.88	1.05	2.72	2.75	4.55
Analytics	10%	1.64	2.98	2.73	2.86	3.46	4.02	4.47	3.13	3.29	3.51	2.07	3.95
Customer data management	10%	2.12	1.99	2.28	2.70	3.25	3.36	3.81	2.52	2.04	2.72	2.24	2.68
Internationalization	5%	3.68	4.01	5.00	4.01	5.00	5.00	5.00	4.67	3.68	5.00	4.67	5.00
Industry business process support	15%	1.44	1.58	1.87	1.21	2.03	2.37	3.32	1.62	1.74	2.23	2.33	4.04
Architecture and platform	15%	3.43	3.40	3.23	3.71	3.75	4.00	4.42	3.36	4.42	3.81	3.63	4.01
Usability	10%	2.92	3.37	4.07	3.52	3.55	3.85	4.10	4.13	3.02	3.09	4.67	3.22
Cost	5%	2.25	3.00	3.40	2.85	2.40	2.40	2.00	4.60	3.00	4.60	4.20	2.50
STRATEGY	50%	2.72	2.86	4.17	2.83	3.55	3.59	4.34	3.75	3.14	3.96	4.18	4.16
Time-to-value	10%	1.00	3.00	5.00	3.00	1.00	2.00	1.00	5.00	3.00	5.00	5.00	1.00
Product strategy	25%	2.25	2.25	5.00	2.25	3.25	3.00	4.50	4.25	3.00	4.25	4.25	4.50
Application ownership experience	25%	3.97	3.18	3.86	3.38	4.29	4.31	4.44	3.96	3.56	4.24	4.32	4.07
Corporate strategy	40%	2.65	3.00	3.65	2.80	3.90	3.90	5.00	3.00	3.00	3.35	3.85	4.80
MARKET PRESENCE	0%	3.60	2.73	2.20	2.63	2.50	2.90	4.90	1.70	1.43	1.48	3.13	3.70
Customer base	80%	3.50	2.50	1.50	2.50	2.00	2.50	5.00	1.00	1.00	1.00	3.00	3.50
Employees	10%	4.00	3.25	5.00	2.25	5.00	5.00	5.00	5.00	2.25	2.25	2.25	5.00
Financial performance	10%	4.00	4.00	5.00	4.00	4.00	4.00	4.00	4.00	4.00	4.50	5.00	4.00

All scores are based on a scale of 0 (weak) to 5 (strong).

Source: Forrester Research, Inc.

VENDOR PROFILES

Leaders Battle For Top End Of The Market

- **Oracle's Siebel CRM.** Siebel's new owner, Oracle, is intent on sustaining the Siebel leadership position in the CRM market. In addition to Oracle's Siebel CRM for enterprise customers, the product family also includes Oracle's Siebel On Demand and Oracle's Siebel Professional Edition for the midmarket. The Siebel product for enterprise-class customers has achieved best-of-breed status for most CRM functionalities, with the exception of customer service and eCommerce. It also boasts good industry vertical adaptations. However, application complexity, high cost, and lengthy implementation schedules are drawbacks. The product is best suited for buyers who value advanced functionality tailored for specific industries, customer insight through strong analytics and customer data management, and the ability to support global organizations.[8]

- **SAP's mySAP CRM.** SAP has steadily built out comprehensive functionality in the mySAP CRM product. Most recently, the company has focused on improving usability and deepening support for strategic business processes as part of the mySAP Business Suite. mySAP CRM is particularly strong in sales, marketing, partner channel management, and analytics but offers less support for customer data management requirements. The product can scale to support global deployments and offers many industry-specific process solutions. SAP's new mySAP CRM SaaS offering provides more deployment flexibility, while cost, complexity, and lengthy implementations schedules remain drawbacks of the on-premise product. mySAP CRM is best suited for global buyers committed to SAP and its ERP platform who need to support end-to-end industry processes.[9]

Strong Performers Offer New Approaches For CRM Success

- **Infor CRM Epiphany.** The Infor CRM Epiphany solution is based primarily on the functionality of Epiphany, although the vendor has other solutions targeted to the manufacturing market. SSA Global acquired Epiphany in August 2005 and was then acquired by Infor Global in mid-2006. Infor CRM Epiphany's primary strengths are its marketing applications, which can be used by nontechnical people who want to launch customized and highly targeted campaigns quickly and easily. Infor CRM Epiphany offers sound capabilities across other functional areas of CRM, including sales, customer service, and analytics, but provides minimal support for partner channel management, eCommerce, and customer data management. Infor CRM Epiphany is best suited for buyers who need strength in marketing campaign management and inbound marketing, including interaction management and analytics.[10]

- **Microsoft Dynamics CRM.** Microsoft is trying to exploit its desktop applications strength in large enterprises and promote its now-more-robust business applications to this sector. Buyer interest in Microsoft solutions is high in the SMB market and is growing in the enterprise segment. Enterprise buyers will be attracted to Microsoft Dynamics CRM if they have made a commitment to a Microsoft infrastructure in order to lower their TCO in buying and managing business technologies. Buyers also like Microsoft Dynamics CRM usability and its quick time-to-value compared with traditional CRM applications. The product provides basic capabilities in sales, customer service, and field service but is weaker in marketing and customer data management. Partner channel management and eCommerce capabilities are not offered to any appreciable degree, and there are no industry-specific solution sets.[11]

- **Onyx CRM.** The Onyx CRM solution has been in the market for a decade and was one of the first enterprise CRM solutions to adopt a flexible, three-tier architecture, with tight alignment to Microsoft technologies. The company was taken private by the better-capitalized M2M Holdings in August 2006 — which will help allay buyer concerns about the long-term viability of the product and company. The product's strongest functional areas are in sales and customer service. But it lacks deep functionality in many areas, including marketing, field service, customer data management, eCommerce, and partner channel management. Onyx is best suited for buyers who want a flexible CRM solution — with BPM capabilities — that leverages Microsoft infrastructure technologies.[12]

- **Oracle's EBS CRM.** Oracle's EBS CRM, a comprehensive enterprise application suite, includes a broad range of CRM capabilities. And Oracle is investing heavily in a next-generation product strategy, Fusion Applications, to fully modernize its technology architecture. The EBS CRM solution provides capabilities across all major customer-facing functionalities. It is strong in sales, field service, and partner channel management, and has the ability to scale for global deployments. Areas of relative weakness include eCommerce and customer data management, and a lack of industry-specific process solutions. EBS CRM is best suited for buyers committed to Oracle for platform and applications who need comprehensive multinational capabilities.[13]

- **Oracle's PeopleSoft CRM.** Oracle's PeopleSoft CRM product line has a significant base of loyal customers who value the integration benefits and usability of PeopleSoft's HR and ERP suite. Oracle's Applications Unlimited announcement gives those customers much-needed assurance of continued ongoing support. Oracle's PeopleSoft CRM solution offers a broad range of functionality across all the major components of CRM, with particular strengths in sales, customer service, and analytics. It has less robust capability in marketing, field service, eCommerce, and customer data management. It is well suited for existing PeopleSoft customers who need a broad-based CRM platform to build upon.[14]

- **Oracle's Siebel CRM On Demand.** This product has achieved success in the market by offering the same benefits as other CRM SaaS solutions: quick time-to-value, usability, and low upfront costs. This value proposition is attractive to both SMB buyers and smaller units of enterprise-class organizations. Its primary functional strengths are in the areas of SFA and customer analytics. Basic functionality is provided for most other CRM functional capabilities, but it lacks capabilities in eCommerce and partner channel management.[15]

- **Pegasystems' Customer Process Manager.** In the past, Pegasystems has been viewed by most buyers as a pure-play leader in the human-centric business process management suites (BPMS) market. But now, through its CRM offering, Customer Process Manager, it offers BPM capabilities specifically to support customer-facing processes. Its greatest strengths are its comprehensive architecture and BPM platform, which orchestrates highly dynamic business procedures. Customer Process Manager offers solutions for sales and customer service, but its packaged CRM functionality is limited. It is best suited for buyers — especially financial services organizations — who want to strengthen their ability to support rules-based customer sales and service processes.[16]

- **RightNow.** This company is gaining success by offering a CRM suite solution available through the SaaS deployment model. To date, its value proposition has found success with the SMB market, which values quick time-to-value, strong usability, and lower upfront costs compared with traditional on-premise solutions. This value proposition is also beginning to attract the attention of enterprise-class customers interested in these benefits. The product has strength in the core CRM functionalities of marketing, sales, service, and customer analytics. However, it is somewhat less robust in customer data management and does not support field service or eCommerce.[17]

- **Salesforce.com.** This company is growing quickly by making CRM solutions available through the SaaS deployment model. As with other SaaS vendors, the value proposition has found success in the SMB market, which values quick time-to-value, usability, and lower upfront costs compared with traditional on-premise solutions. Enterprise-class customers seeking these benefits are increasingly turning to salesforce.com to understand whether SaaS deployment can meet their more complex CRM requirements. It is very strong in supporting SFA requirements and recently moved to expand its partner channel management offerings. But other CRM functional capabilities are still relatively underdeveloped. The company's strategy is to fill out its product line using an "ecosystem" of allies who work through its AppExchange to develop solutions on the salesforce.com platform.[18]

Contenders Meet Specialized CRM Needs

- **Amdocs CRM.** Amdocs offers applications to support billing, CRM, self-service, order management, mediation, and content revenue management, all united under the concept of "integrated customer management." Its primary customers are large telecommunications services companies, and its functional strengths are in customer service and field service. It lags in marketing, partner channel management, analytics, and eCommerce but partners with SAS to fill these gaps. The company has a large professional services organization to customize the solution for complex customer environments. Amdocs is best suited for high-transaction, consumer-intensive industries with complex customer service requirements — specifically, telecommunications service providers.[19]

SUPPLEMENTAL MATERIAL

Online Resource

The online version of Figure 4 is an Excel-based vendor comparison tool that provides detailed product evaluations and customizable rankings.

Data Sources Used In This Forrester Wave

Forrester used a combination of four data sources to assess the strengths and weaknesses of each solution:

- **User surveys.** Forrester observed and defined market trends based on our ongoing dialogue with leading enterprise buyers and analysis of buying patterns captured through our Business Technographics® research surveys of business and IT executives.

- **Market size and forecast.** Forrester determined current size of the worldwide market for CRM solutions and forecasted its future growth to 2010. Market size and predictions are based on vendor-published financial reports and Forrester analysis.

- **Vendor surveys.** Forrester surveyed vendors on their capabilities as they relate to the evaluation criteria. Once we analyzed the completed vendor surveys, we conducted vendor calls when necessary to gather details of vendor qualifications.

- **Customer reference calls.** To validate product and vendor qualifications, Forrester also conducted reference calls with each vendor's current customers.

The Forrester Wave Methodology

We conduct primary research to develop a list of vendors that meet our criteria to be evaluated in this market. From that initial pool of vendors, we then narrow our final list. We choose these vendors based on: 1) product fit; 2) customer success; and 3) Forrester client demand. We eliminate vendors that have limited customer references and products that don't fit the scope of our evaluation.

After examining past research, user need assessments, and vendor and expert interviews, we develop the initial evaluation criteria. To evaluate the vendors and their products against our set of criteria, we gather details of product qualifications through a combination of lab evaluations, questionnaires, demos, and/or discussions with client references. We send evaluations to the vendors for their review, and we adjust the evaluations to provide the most accurate view of vendor offerings and strategies.

We set default weightings to reflect our analysis of the needs of large user companies — and/or other scenarios as outlined in the Forrester Wave document — and then score the vendors based on a clearly defined scale. These default weightings are intended only as a starting point, and readers are encouraged to adapt the weightings to fit their individual needs through the Excel-based tool. The final scores generate the graphical depiction of the market based on current offering, strategy, and market presence. Forrester intends to update vendor evaluations regularly as product capabilities and vendor strategies evolve.

ENDNOTES

1 Enterprises will continue to make significant investments to improve their customer-facing capabilities. However, the need to extract additional value from past expenditures and a lack of game-changing innovations from vendors will result in moderate market growth. See the October 20, 2006, Trends "CRM Market Size And Forecast: 2006 To 2010."

2 Organic growth is at the top of the CEO priority list. A recent survey of CEOs found that their top four priorities were: 1) acquiring new customers (53% of those surveyed picked this as their top priority); 2) increasing customer loyalty and retention (49%); 3) increasing revenue from current customers (49%); and 4) increasing customer service capabilities (39%). Accenture CEO Survey, 2006.

3 Forrester's evaluations confirm what companies already know — they deliver subpar experiences to customers. But it's not for lack of trying. See the March 15, 2005, Forrester Big Idea "The Customer Experience Value Chain."

4 Companies shopping for CRM software should determine which vendor best supports the business processes being addressed by current initiatives as well as how well the vendor solution can support business process improvements anticipated for the future. See the December 16, 2005, Best Practices "Use Business Process Management Thinking To Evaluate CRM Solutions."

5 Forrester talked with 19 large organizations in North America and Europe in a number of industries, including manufacturing, financial services, communications, and utilities, to understand selection criteria they use to choose their CRM application vendor. See the August 11, 2005, Best Practices "How To Select A CRM Software Vendor."

6 Forrester surveyed 798 IT decision-makers in the US SMB market on the subject of software and associated services and found that investment in new applications is a top priority. Among enterprises with 500 to 999 employees, 44% planned to purchase customer service applications in 2005; 39% will purchase business intelligence applications; 32% will purchase SFA solutions; and 32% will buy marketing automation applications. See the October 20, 2006, Trends "CRM Market Size And Forecast: 2006 To 2010."

7 To assess the state of the Enterprise Marketing Platform (EMP) market, Forrester evaluated the strengths and weaknesses of top EMP vendors across 168 criteria. We found that while there are pockets of excellence in areas like campaign management and process management, solutions fall short of delivering a comprehensive suite. See the February 3, 2006, Tech Choices "The Forrester Wave: Enterprise Marketing Platforms, Q1 2006" and see the December 22, 2006, Tech Choices "The Forrester Wave™: Customer Hubs, Q4 2006."

[8] View the vendor summary for more detailed analysis on how Oracle's Siebel CRM fared in this evaluation. See the February 5, 2007, Tech Choices "Oracle's Siebel CRM Is A Leader In The Enterprise CRM Suites Market."

[9] View the vendor summary for more detailed analysis on how SAP fared in this evaluation. See the February 5, 2007, Tech Choices "mySAP CRM Is A Leader In The Enterprise CRM Suites Market."

[10] View the vendor summary for more detailed analysis on how Infor Global fared in this evaluation. See the February 5, 2007, Tech Choices "Infor CRM Epiphany Is A Strong Performer In The Enterprise CRM Suites Market."

[11] View the vendor summary for more detailed analysis on how Microsoft fared in this evaluation. See the February 5, 2007, Tech Choices "Microsoft Dynamics CRM Is A Strong Performer In The Enterprise CRM Suites Market."

[12] View the vendor summary for more detailed analysis on how Onyx fared in this evaluation. See the February 5, 2007, Tech Choices "Onyx CRM Is A Strong Performer In The Enterprise CRM Suites Market."

[13] View the vendor summary for more detailed analysis on how Oracle's E-Business Suite CRM fared in this evaluation. See the February 5, 2007, Tech Choices "Oracle's E-Business Suite CRM Is A Strong Performer In The Enterprise CRM Suites Market."

[14] View the vendor summary for more detailed analysis on how Oracle's PeopleSoft CRM fared in this evaluation. See the February 5, 2007, Tech Choices "Oracle's PeopleSoft CRM Is A Strong Performer In The Enterprise CRM Suites Market."

[15] View the vendor summary for more detailed analysis on how Oracle's Siebel CRM On Demand fared in this evaluation. See the February 5, 2007, Tech Choices "Oracle's Siebel CRM On Demand Is A Strong Performer In The Enterprise CRM Suites Market."

[16] View the vendor summary for more detailed analysis on how Pegasystems fared in this evaluation. See the February 5, 2007, Tech Choices "Pegasystems' CPM Is A Strong Performer In The Enterprise CRM Suites Market."

[17] View the vendor summary for more detailed analysis on how RightNow fared in this evaluation. See the February 5, 2007, Tech Choices "RightNow CRM Is A Strong Performer In The Enterprise CRM Suites Market."

[18] View the vendor summary for more detailed analysis on how salesforce.com fared in this evaluation. See the February 5, 2007, Tech Choices "Salesforce.com Is A Strong Performer In The Enterprise CRM Suites Market."

[19] View the vendor summary for more detailed analysis on how Amdocs fared in this evaluation. See the February 5, 2007, Tech Choices "Amdocs CRM Is A Contender In The Enterprise CRM Suites Market."

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