Oracle CRM On Demand joins salesforce.com and Siebel as leaders in the sales force automation Magic Quadrant.

WHAT YOU NEED TO KNOW
Despite slow sales due to the economy, organizations continue to invest in sales force automation (SFA). Gartner has not seen a drop-off in customer requests for help with vendor evaluations related to SFA. We have seen slightly more emphasis on software as a service (SaaS) due to tight capital budgets and the use of smartphones to drive salesperson adoption. Most vendors have come up with service and/or integration capabilities with fast-growing social networks, but sales organizations have been relatively cautious in embracing social-networking integration with SFA.

All vendors shown on the 2009 Magic Quadrant for SFA have customers that are successfully using their products and services. However, we are not offering an exhaustive list: Other regional and/or vertical-industry SFA specialists do not meet our inclusion criteria. This Magic Quadrant encompasses a wide cross-section of vendors, including those that offer different delivery models — including on-premises, hosted, and SaaS — and differing levels of functional breadth and sophistication. Regardless of the provider you’re considering, ask yourself, “Will this vendor help my sales organization sell more effectively?”

Use this Magic Quadrant as a reference for evaluations, but explore the market further to qualify the capacity of each vendor to address your unique business problems and technical concerns. Depending on the complexity and scale of your requirements, your shortlist will be unique. The Magic Quadrant for SFA is not designed to be the sole tool for creating a vendor shortlist. Use it as part of your due diligence, and in conjunction with discussions with Gartner analysts.

MAGIC QUADRANT
Market Overview
Despite a down economy, we continue to see investment in SFA. With shrinking sales resources and market opportunities, investing in technology to automate critical sales processes may be the only alternative to still meet sales targets. The economy has affected vendors in different ways; some vendors on our 2008 SFA Magic Quadrant continued to see double-digit growth, while others dropped out of the market completely.
The focus of SFA deployments continues to be on core functional capabilities for accounts, contacts, opportunities, selling processes and sales operations. SFA requirements are unique for each B2B sales organization, based on the maturity and culture of the organization in its use of technology, sophistication of sales practices and anticipated return on investment. Smartphones continue to rise in importance as the devices grow in adoption and in the ability to handle more sophisticated functional requirements. Greater usability and accessibility are encouraging interest in smartphones among sales organizations. In the past year, we have also seen a further uptick in SaaS, primarily fueled by the lack of investment capital for on-premises deployments due to the global financial crisis.

Just as each sales organization is different, not all SFA systems are created equal. Sales automation has unique implications for each company, because factors like selling style, organizational size, sales processes, integration demands, diversity of roles, number of users and organizational structures are unique to each company:

- Product-driven transactional sales organizations will find value in basic lead and opportunity management capabilities to reduce sales cycles and improve sales management visibility.
- Large, complex sales organizations that support multifacet, matrixed sales teams require role-specific functionality for inside, field and strategic account salespeople, as well as scalability and performance attributes to manage large volumes of data. Many vendors in our Niche Players quadrant have better price/value alternatives for less-complex uses.
- Consultative solution selling will require rich-content process support to tie proposals, bids, configurations and quotes together with authorizations and order capture systems.

A successful vendor selection strategy will assess providers that support data requirements, access modes and functionality for each sales role. The sales processes will dictate the functional components that best satisfy organizational and individual sales requirements.

**Market Definition/Description**

SFA applications enable B2B organizations to automate sales activities, processes and administrative responsibilities for sales professionals. Core functionalities include account, contact and opportunity management. Additional add-on capabilities focus on improving the sales effectiveness of salespeople, such as sales configuration, sales coaching, guided selling, proposal generation and content management; and sales performance management.

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support, including incentive compensation, quota and territory management.

**Inclusion and Exclusion Criteria**

To be included in this Magic Quadrant, a vendor must demonstrate that it:

- Has at least 100 customers that have deployed opportunity management systems in their last two versions of the software
- Has at least five new named customers that have actively deployed opportunity management functionality during the past 12 months
- Is actively selling or marketing to multiple industries and geographies an SFA solution with opportunity management as the primary application
- Has proved that it can be deployed in sales organizations of more than 100 users

**Added**

No new vendors were added.

**Dropped**

Consona has been dropped from the 2009 SFA Magic Quadrant, because B2B SFA is not a strategic focus for its CRM offering.

Infor continues to sell its SFA offering opportunistically, but is not aggressively focusing sales and marketing resources to position this product in the market.

**Evaluation Criteria**

**Ability to Execute**

**Product/Service:** SFA applications include capabilities for opportunity management; sales effectiveness applications, including guided selling, sales coaching, sales configuration, quotation management and content management; and sales performance management, including incentive compensation, quota management, and territory. Different sales organizations require different levels of depth and complexity of capabilities. Vendors that support a wide range of complexity have greater market potential and are rated accordingly.

In many cases, an SFA application will combine several functional components, some of which require third-party vendors. A key evaluation criterion is a service-oriented architecture (SOA) and current architecture standards, such as Java Platform, Enterprise Edition (Java EE) and .NET. Integration is measured primarily by the number and complexity of data and application integrations, as demonstrated by live customer deployments.

Key evaluation criteria also include salesperson technology access, Internet browser-based capabilities, a disconnected laptop and a personal mobile device.

The overall vendor product/service functionality rating is developed by evaluating specific SFA functionality, including opportunity management, sales effectiveness, sales performance management, access and architecture (for example, openness, flexibility, usability and workflow), and sales reporting and analytics. Opportunity management capabilities are weighted more heavily than other sales force application building blocks. This reflects market demand for SFA functionality by sales organizations. The vendor must have a stable product development team for each product module it sells.

**Overall Viability (Business Unit, Financial, Strategy, Organization):** Key aspects of this criterion are the vendor’s ability to ensure continued vitality of a product, including support of current and future releases, as well as a clear road map for the next three years. The vendor must have the cash on hand and consistent revenue growth during four quarters to fund current and future employee burn rates and to generate profits. The vendor is also rated on its commitment and ability to generate revenue and profits, specifically in the SFA market.

**Sales Execution:** The vendor must provide global sales and distribution coverage that aligns with its marketing messages. The provider must have specific experience and success selling SFA applications to sales buying centers (that is, the vice president of sales or sales operations).

**Market Responsiveness and Track Record:** This refers to a vendor’s ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the provider’s history of responsiveness.

**Marketing Execution:** This criterion examines the clarity, quality, creativity and efficacy of programs designed to deliver the organization’s message to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the sales buying center. This “mind share” can be driven by a combination of publicity, promotions, thought leadership, word of mouth and sales activities.

**Customer Experience:** Feedback from active customers on generally available releases during the past 12 to 18 months is an important consideration. Sources of feedback include vendor-supplied references, Gartner inquiries and other customer-facing interactions, such as Gartner conferences. Customers’ experiences are rated based on the vendor’s ability to help customers achieve positive business value, as well as sustained user adoption, quality implementation and ongoing support.

**Operations:** The last criterion we evaluate in this category is the ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure — skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis (see Table 1).
Completeness of Vision

Market Understanding: The vendor needs to demonstrate a strategic understanding of SFA opportunities, such as new application functionality, evolving sales models, delivery models (such as SaaS) and architectural trends (such as SOA).

Marketing Strategy: The vendor should have a clear, differentiated set of messages consistently communicated throughout the organization and externalized through the website, advertising, customer programs and positioning statements.

Sales Strategy: The vendor’s strategy for selling the SFA product should use the appropriate network of direct and indirect sales, marketing, service, and communication affiliates to extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

Offering (Product) Strategy: The vendor should demonstrate a vision for new application functionality across the breadth and depth of product capabilities; this is critical to meeting the needs of a maturing market. Subcriteria include the vendor’s vision for opportunity management; sales effectiveness capabilities, such as guided selling, sales coaching, sales configuration, quote management and content management; sales performance management, including incentive compensation, quota management, and territory management; access and architecture (such as openness, flexibility, extensibility and usability); and sales reporting and analytics. The product strategy can be a combination of organic development, acquisition and/or ecosystems. However, in the case of ecosystems, close attention is paid to the quality and support of any third-party partner.

Business Model: Vendors need to have clear business plans for how they will be successful in the SFA market. These business plans should include appropriate levels of investment to achieve profitability and healthy revenue growth during a three- to five-year period.

Innovation: Vendors must show a marshaling of resources, expertise or capital for competitive advantage or investment.

Geographic Strategy: We examine the vendor’s strategy to direct resources, skills and offerings to meet the specific needs of regions outside the corporate headquarters’ location, directly or through partners, channels and subsidiaries, as appropriate for that geography and market (see Table 2).

Table 1. Ability to Execute Evaluation Criteria

<table>
<thead>
<tr>
<th>Evaluation Criteria</th>
<th>Weighting</th>
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<tbody>
<tr>
<td>Product/Service</td>
<td>High</td>
</tr>
<tr>
<td>Overall Viability (Business Unit, Financial, Strategy, Organization)</td>
<td>Standard</td>
</tr>
<tr>
<td>Sales Execution/Pricing</td>
<td>High</td>
</tr>
<tr>
<td>Market Responsiveness and Track Record</td>
<td>High</td>
</tr>
<tr>
<td>Marketing Execution</td>
<td>Low</td>
</tr>
<tr>
<td>Customer Experience</td>
<td>High</td>
</tr>
<tr>
<td>Operations</td>
<td>Standard</td>
</tr>
</tbody>
</table>

Source: Gartner (July 2009)

Table 2. Completeness of Vision Evaluation Criteria

<table>
<thead>
<tr>
<th>Evaluation Criteria</th>
<th>Weighting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Understanding</td>
<td>Standard</td>
</tr>
<tr>
<td>Marketing Strategy</td>
<td>Low</td>
</tr>
<tr>
<td>Sales Strategy</td>
<td>High</td>
</tr>
<tr>
<td>Offering (Product) Strategy</td>
<td>High</td>
</tr>
<tr>
<td>Business Model</td>
<td>Standard</td>
</tr>
<tr>
<td>Vertical/Industry Strategy</td>
<td>No Rating</td>
</tr>
<tr>
<td>Innovation</td>
<td>Standard</td>
</tr>
<tr>
<td>Geographic Strategy</td>
<td>Standard</td>
</tr>
</tbody>
</table>

Source: Gartner (July 2009)

Leaders

Leaders demonstrate a market-defining vision of how technology can help the top sales executives achieve business objectives. Leaders have the ability to execute against that vision through products, services and demonstrated solid business results in the form of revenue and earnings. Leaders have significant successful customer deployments in North America, Europe, the Middle East and Africa (EMEA), and Asia/Pacific in a wide variety of vertical industries with multiple proof points above 500 users.

Challengers

The vendors in the Challengers quadrant are often larger than most (but not all) vendors in the Niche Players quadrant, and demonstrate a higher volume of new business for SFA. These vendors have the size to compete worldwide, but, in some cases, may not be able to execute equally well in all geographies. They understand the evolving needs of a sales organization, yet may not lead customers into new functional areas with their strong functional vision. Challengers tend to have a good technology vision for architecture and other IT organizational considerations, but have not won the “hearts and minds” of top sales executives.

Visionaries

Visionaries are ahead of most potential competitors in delivering innovative products and/or models. They anticipate emerging/changing sales needs, and move the market ahead into areas where it hasn’t yet been. They have a strong potential to influence the direction of the SFA market, but are limited in execution and/or demonstrated track record.
Niche Players

Niche players offer products for SFA functionality, but may lack some functional components, may not show the ability to consistently handle deployments of over 500 users across multiple geographies, or may lack strong business execution in the SFA market. Niche vendors may offer complete portfolios, but demonstrate weaknesses in one or more important areas, such as complex forecasting or sales effectiveness. They may have an inconsistent implementation track record, or may lack the ability to support large-enterprise requirements. Despite the issues described, niche vendors, in many cases, can offer the best solutions to meet the needs of particular sales organizations considering the price/value ratio for the solution.

Vendor Strengths and Cautions

Act! By Sage

Strengths

• Low-cost, on-premises software alternative (lists for $229 for standard perpetual license).

• Optimized for contact management processes.

• Large installed base of small businesses and salespeople — Sage Software states that it has 2.8 million Act! users and 43,000 corporate customers (more than 10 users in a single installation).

• Ease of use and simplicity for one-(salesperson)-to-many (customer) relationship models where there is limited collaborative extended team (such as marketing) interaction for contact and basic opportunity management.

• Large company backing with Sage.

Cautions

• ACT! customers have cited issues with installations and upgrade processes for larger distributed client and server environments; many companies use ACT! Web client and Citrix to reduce this deployment burden.

• Not suitable for companies with extensive integration, complex sales processes or broad sales functional footprint requirements.

• Market pressure from low-end SaaS providers.

CDC Software (Pivotal Sales)

Strengths

• Customer expertise in financial services vertical industries, specifically investment management, capital markets, commercial lending and wealth management.

• Pivotal’s primary technical value proposition is its integration with Microsoft software infrastructures and applications, with a focus on areas such as embedded Microsoft SharePoint technology, Visual Studio for customization, and the use of Microsoft Outlook as primary activity management environment as compelling for Microsoft-centric organizations.

• Provides core opportunity, account and contact management for sales, and a broader footprint from some marketing (via the acquisition of MarketFirst) and customer service functionality, such as issue management and tracking.

• Pivotal offers a wide spectrum of mobile deployment options, although Gartner has not validated mobile usage on the smartphone.

Cautions

• Some customers have cited that first- and second-line customer support is not streamlined (e.g., call coordination with India call center), but CDC is aggressive in getting critical issues resolved by coordinating direct engineering access.

• Not suitable for non-Microsoft-centric IT organizations.

• There’s a major upgrade challenge in moving from the client/server version to the 6.0 version, specifically rewriting customization in C#.

• Lack of complementary software partners to fill functional gaps, such as incentive compensation or pricing applications.

FrontRange Solutions (GoldMine)

Strengths

• Ease of customization and configurability; customers specifically cite changing/adding objects and workflow flexibility.

• Good functionality for the lower end of the SFA market (fewer than 150 users).

• Customers say that GoldMine’s customer support is comprehensive in its response, but it takes too long to diagnose an issue.

Cautions

• Although there’s a significant installed base for lower-end GoldMine editions, GoldMine Enterprise (the product evaluated for this Magic Quadrant) still has limited adoption.

• GoldMine Enterprise Edition had quality issues for its first release, such as incorrect documentation and some software bugs.
• Customers feel GoldMine needs to provide better professional services and training to help customers perform more-sophisticated customizations with the product.

• Customers cite Outlook integration issues, such as auto-linking appointments to GoldMine data model or integrating Outlook activities with GoldMine activities. GoldMine says it has addressed these issues, but Gartner has not validated this with live customers.

• Lack of a calendaring system requires customers to deploy Microsoft Outlook or another third-party system to support activity scheduling.

Landslide

Strengths

• Technology to align buying and selling processes through Landslide’s input/output (I/O) channel has the potential to improve forecast accuracy and salesperson effectiveness, but the concept is still visionary in nature.

• There’s a strong focus on salespeople and services for the salesperson, such as the very important person (VIP) service (e.g., helps salespeople update the system through the call center), which has built strong loyalty and adoption of Landslide with salespeople.

• Customer-facing portal tools enable salespeople to build collaborative customer relationships with extended customer and internal sales team members.

• Good service and support.

Cautions

• Does not support offline disconnected laptop versions or native mobile smartphone support.

• Largest deployment is around 180 users.

• Priced at the upper end of SaaS SFA vendors, at $120 per user per month.

• Scale of services, such as VIP, is low if the company grows subscriber numbers substantially over a short period of time.

• Company continues to see healthy revenue growth rates, but is still a small vendor in total revenue.

• Limited presence outside North America.

Maximizer Software

Strengths

• Product simplicity is attractive for small or midsize businesses (SMBs) with limited complexity.

• Ease of doing business.

• Customer responsiveness to support issues.

Cautions

• Upper-midsize and large sales organizations (more than 150 salespeople) with complex implementations involving team selling and shared opportunities among sales overlays are not target segments for Maximizer.

• Limited marketing awareness hinders company growth.

• Primary focus has been North America, deployment partners are lacking and there is limited professional service support outside North America.

• The Web interface lacks features that the desktop deployment model supports; Maximizer Software is attempting to close this gap.

• Customers cite the need for improved flexibility in reporting.

Microsoft Dynamics CRM

Strengths

• Integration with other Microsoft products, specifically Outlook, SharePoint and Office.

• Multiple live deployments of over 1,000 users, with four deployments of more than 3,000 users, which removes the stigma of Microsoft Dynamics CRM being for SMBs only.

• Aggressive discounting, particularly for larger sized organizations.

• Significant new-customer growth rate, particularity in EMEA.

• Large, diverse partner network for creating customized solutions using xRM platform in conjunction with Microsoft Dynamics CRM, with particular expertise in serving small and midsize businesses.

Cautions

• Lacks some functionality for sales effectiveness and performance management — for example, incentive compensation and sales configuration.
• Few large enterprise deployments led by major external service providers.

• Customers cited the need for better ad hoc queries, data filtering and searching.

• Microsoft Outlook user interface (UI) integration can drive higher adoption, but the general multiple-window paradigm approach to the Microsoft Outlook UI can be cumbersome for Microsoft CRM users.

• Microsoft Outlook integration is compelling, but sophisticated customers want to know more about how it works so that they can tweak integration to optimize usability.

NetSuite
Strengths

• Broad functional footprint (e.g., sales compensation, e-commerce, financial accounting) is appealing for SMBs, but other functions besides e-commerce and financial accounting lack best-of-breed depth.

• Customization and configurability in a SaaS environment to extend functionality.

• Public company provides business model transparency (over $152 million in fiscal-year 2008, no positive earnings).

Cautions

• Some customers have cited upgrade issues for customizations created in the system.

• Implementations involving more than 150 users for opportunity management are limited, but NetSuite is deployed in divisions of large enterprises.

• NetSuite has improved operations in its customer service call center; many customers cited this as a big issue prior to 2008.

• Data center operations need to be in improved in areas such as reduced latency and disaster recovery.

• Delivery partners are more focused on financial accounting functionality (ERP-like capabilities) than on CRM functionality.

Oracle’s Siebel CRM
Strengths

• Proven, deep broad sales functionality (e.g., order management, sales configuration, pricing) in multiple vertical industries.

• Flexibility, configuration and customization.

• Includes sales analytics and reporting.

• Many live data-synchronized deployments for disconnected laptop users.

• Good use of Oracle infrastructure and middleware, such as Application Integration Architecture and Oracle Business Intelligence.

Cautions

• Users have cited limited configurability as an issue for Siebel Wireless for smartphones.

• Less focus of non-Oracle infrastructure over time.

• Deployment complexity is associated with enterprise-class applications.

• Customers have cited account management issues with Oracle, specifically multiple account managers for different Oracle products they have installed.

Oracle CRM On Demand
Strengths

• Competitive price point for an enterprise SaaS application.

• Improved customization and configuration through increased three-custom-object limit to 50 or unlimited, pending an addition, will greatly improve system extensibility.

• Integration with other Oracle Applications (e.g., Oracle E Business Suite, Oracle Siebel CRM).

• Single-tenant edition enables users to have a release window for upgrades.

• Maintains solid growth of new subscribers (Gartner estimates more than 200,000 subscribers).

Cautions

• Lack of configurability of screens for mobile smartphones with Mobile Assistant.

• Need to improve territory management and realignment capability. Specifically, customers noted the lack of a parent-child relationship among account, leads and activities. Users stated that if they move an account to another territory, they have to individually move leads and activities separately.
• Users also stated that they had to manually redo changes in production that they had made in the development or staging environments, and that there is a lack of governance tools to manage the changes.

• Some customers have cited customer service responsiveness issues, specifically the impression that Oracle CRM On Demand did not gain the same support attention (e.g., lack of trained support, incident resolution taking longer than typical Oracle experience) of other Oracle on-premises software offerings. This is validated by customers with both Oracle CRM On Demand and Oracle software on-premises offerings.

**salesforce.com**

**Strengths**

• Good business performance — salesforce.com’s revenue grew 44% in FY09 over FY08. The company reported $980 million in cash, some marketable securities and zero debt in 1Q09.

• Focused customer advocacy programs, such as Customer Success Managers and community-based feature prioritization through IdeasExchange.

• Key functional improvements in the past 12 months for reporting (historical trending), offline disconnected deployments (supports custom objects and tabs) and smartphone support (iPhone and BlackBerry).

• The Force.com platform allows for declarative, programmatic and visual expansion of business processes beyond core SFA.

• Proven infrastructure and reliability.

**Cautions**

• Salesforce.com Unlimited Edition is the most expensive SaaS SFA solution in the market, make sure to evaluate whether the lower-end salesforce.com editions before committing to the Unlimited Edition.

• Relies heavily on AppExchange vendors to provide complete solution (e.g., incentive compensation, sales configuration and pricing management), users need to do their own vetting of AppExchange providers and should not assume salesforce.com has vetted them.

• The Master Services Agreement provides a basic commitment, but companies should negotiate their specific needs into a meeting addendum to cover such issues as uptime.

• Direct sales organizations have performed well in a difficult economy, but Gartner has seen some issues in managing and coordinating large global accounts across multiple geographies, mainly because salesforce.com has sold into the divisions separately, while companies are centralizing operations.

**Sage SalesLogix**

**Strengths**

• Good customer support for end users and business partners.

• Customization and configurability.

• Supports connected and disconnected laptop deployment modes.

• Large company viability as part of Sage.

• Alternative for organizations up to 750 users, midmarket and upper-midmarket companies and divisions of large enterprises. Largest deployment is 2,000 users.

**Cautions**

• The functional footprint is focused more on core opportunity management, not on capabilities such as sales configuration, pricing management, incentive compensation or performance management functionality.

• Customers cited general challenges in upgrading to post-Sage SalesLogix 7.2 releases, specifically adjusting to the new platform changes.

• Clients have stated the need for better system management for disconnected mobile laptop users to push out changes during the upgrade process.

**SageCRM**

**Strengths**

• Core opportunity management and end-user system usability.

• Customization and configuration capabilities (focus of 6.2 release).

• Good solution for Sage ERP customers due to SageCRM integration focus on enabling end-to-end business process support, such as “opportunity to cash.”

• Supports disconnected laptop data synchronization; however, customers must be slated to the budget for quality assurance time to test laptop versions separate from server versions.

• Large-company viability as part of Sage.

**Cautions**

• Non-Sage ERP customers are not the strategic focus for SageCRM.
• Multiple delivery options (on-premises and SaaS) are difficult to sustain release compatibility.

• Limited sales functional footprint and partnerships for functional support for capabilities such as sales configuration, incentive compensation.

SAP
Strengths

• Much-improved UI in SAP CRM Release 7.0, and many ERP customers cite that the sales organization is willing to take another look if they previously dismissed SAP CRM.

• Good integration with other SAP applications (product configurator) and infrastructures (NetWeaver, SAP Business Warehouse [BW]) enabled support for complex, end-to-end, industry-specific business processes, such as order to cash on an integrated platform.

• Broad CRM (e.g., marketing, customer service and sales functional footprint).

• Strong and active user group to drive product direction.

• Aggressive price discounts when buying SAP CRM as part of overall SAP business suite purchase, but CRM will be one of many competing projects, which could elongate time to deployment.

Cautions

• Different UI “look and feel” for laptop disconnected and connected versions. Adobe Forms option is limited (read and edit data fields, and customers can use Java script to model business logic on the disconnected laptop, although this could represent maintenance challenges due to maintaining two representations of business rules — one on the client and one on the server).

• Lack of proof points for supporting smartphone devices.

• Managing the cost and complexity of enterprise application and dependencies on other SAP middleware.

• Maintenance price increases by SAP since the 2008 SFA Magic Quadrant.

SugarCRM
Strengths

• An innovative, open-source CRM model and community that enables collaborative, customer-driven enhancements. The open-source community develops and refines capabilities and SugarCRM, then takes those capabilities and productizes enhancements in commercial releases of SugarCRM software.

• Community Edition (free download) is seen by several large organizations (more than 1,000 users) as a way to get basic functionality for less capital expenditure, but SugarCRM, as a company, generally focuses on implementations of fewer than 250 users.

• An improved focus over the past year on sales applications.

• Gartner has seen an uptick in inbound SugarCRM considerations on SFA shortlists and increased SugarCRM searches on Gartner.com due to an attractive price/business value ratio for all size organizations — that is, $275 per user for the on-premises Professional Edition and $449 per user for on-premises Enterprise Edition license costs; $30 per user (Sugar Professional) and $50 per user (Sugar Enterprise) per month for SaaS offerings.

• Good cost/value ratio is a primary reason customers consider SugarCRM.

Cautions

• The resignation of SugarCRM’s CEO in May 2009 provides a degree of corporate uncertainty.

• Lack of external service provider support for large-enterprise implementations.

• Limited company growth in the past couple of years.

• Hybrid model (on-premises/hosted/SaaS) is generally difficult to sustain; however, the company’s pure open-source infrastructure focus will help.

• The professional service organization remains a challenge to support large organizations.

• Lacks some functional components for sales-effectiveness management, such as sales configuration, incentive compensation and price management.

Vendors Added or Dropped
We review and adjust our inclusion criteria for Magic Quadrants and MarketScopes as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant or MarketScope may change over time. A vendor appearing in a Magic Quadrant or MarketScope one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. This may be a reflection of a change in the market and, therefore, changed evaluation criteria, or a change of focus by a vendor.
Evaluation Criteria Definitions

Ability to Execute

Product/Service: Core goods and services offered by the vendor that compete in/serve the defined market. This includes current product/service capabilities, quality, feature sets and skills, whether offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria.

Overall Viability (Business Unit, Financial, Strategy, Organization): Viability includes an assessment of the overall organization’s financial health, the financial and practical success of the business unit, and the likelihood that the individual business unit will continue investing in the product and will continue offering the product and will advance the state of the art within the organization’s portfolio of products.

Sales Execution/Pricing: The vendor’s capabilities in all pre-sales activities and the structure that supports them. This includes deal management, pricing and negotiation, pre-sales support and the overall effectiveness of the sales channel.

Market Responsiveness and Track Record: Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor’s history of responsiveness.

Marketing Execution: The clarity, quality, creativity and efficacy of programs designed to deliver the organization’s message to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the minds of buyers. This “mind share” can be driven by a combination of publicity, promotional initiatives, thought leadership, word-of-mouth and sales activities.

Customer Experience: Relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, service-level agreements and so on.

Operations: The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure, including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

Completeness of Vision

Market Understanding: Ability of the vendor to understand buyers’ wants and needs and to translate those into products and services. Vendors that show the highest degree of vision listen to and understand buyers’ wants and needs, and can shape or enhance those with their added vision.

Marketing Strategy: A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the website, advertising, customer programs and positioning statements.

Sales Strategy: The strategy for selling products that uses the appropriate network of direct and indirect sales, marketing, service and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

Offering (Product) Strategy: The vendor’s approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature sets as they map to current and future requirements.

Business Model: The soundness and logic of the vendor’s underlying business proposition.

Vertical/Industry Strategy: The vendor’s strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including vertical markets.

Innovation: Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.

Geographic Strategy: The vendor’s strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the “home” or native geography, either directly or through partners, channels and subsidiaries as appropriate for that geography and market.