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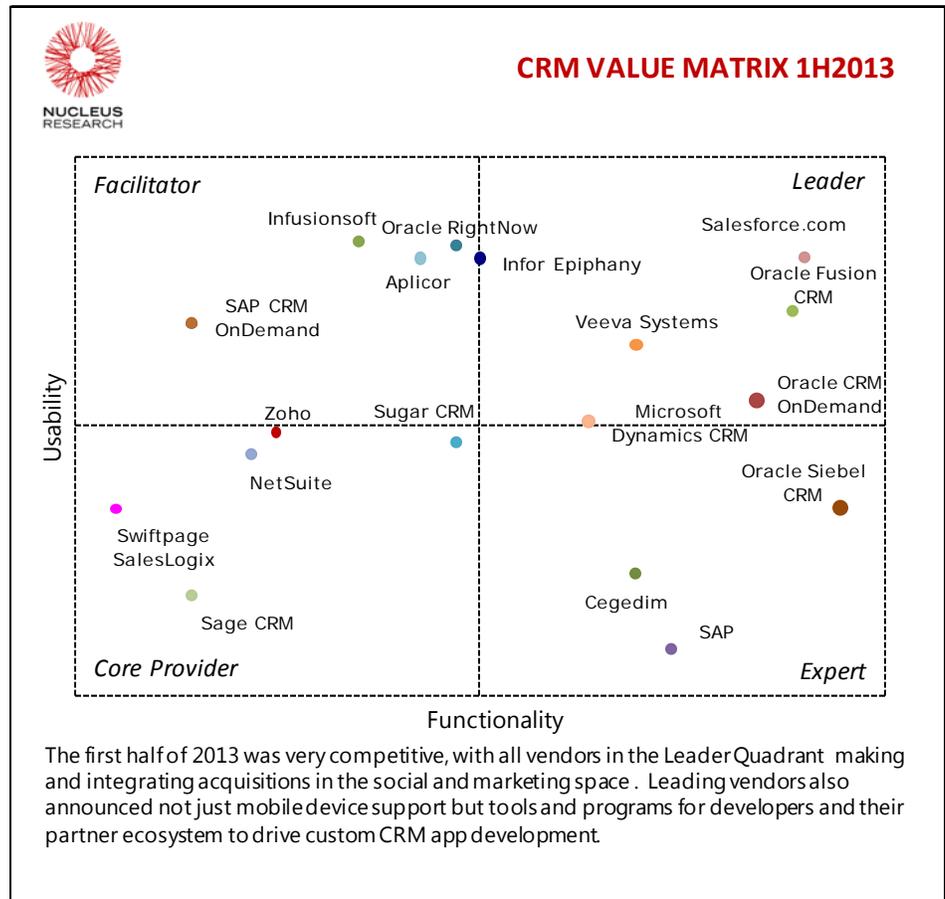
RESEARCH NOTE

TECHNOLOGY VALUE MATRIX FIRST HALF 2013

CRM

THE BOTTOM LINE

Competition in the CRM market continues to heat up, as customers seek to upgrade or consolidate existing CRM applications to have a more integrated view across marketing, sales, and customer service functions. Vendors advanced by adding social, mobile, and analytics capabilities and user interface improvements.



LEADERS

Vendors in the Leaders quadrant of the Matrix include Microsoft, Oracle CRM On Demand, Oracle Fusion CRM, Veeva Systems, and Salesforce.com.

MICROSOFT DYNAMICS CRM

Microsoft Dynamics CRM fell a bit in its relative rankings in usability and functionality, largely because of advances made by other vendors in areas such as social capabilities and analytics and Microsoft's delayed iPhone support. In February, Microsoft announced iPad support for Dynamics CRM, as well as new Yammer capabilities: users can post messages between Dynamics CRM and Yammer and easily follow leads, accounts, contacts, opportunities, and cases. Adding Yammer capabilities gives Microsoft a needed advancement in its social CRM capabilities and an opportunity to make Dynamics CRM stickier with customers.

At Convergence in March, Microsoft announced plans to embed social monitoring capabilities into Dynamics CRM. Microsoft also announced:

- The acquisition of Netbreeze, a Swiss social monitoring vendor with natural language processing capabilities and the ability to monitor social Web activities in 28 languages.
- Further development of its marketing automation capabilities with user interface improvements for Marketing Pilot and a pre-built connector for MarketingPilot and Dynamics CRM.

Microsoft has the opportunity to advance its position by leveraging Microsoft's inherent strengths in analytics by providing in-application "little data" to help CRM users do more work within the application. Nucleus will also be watching closely Microsoft's roadmap for integrating Netbreeze and Marketing Pilot capabilities within the Dynamics CRM environment for a more seamless and productive user experience.

ORACLE CRM ON DEMAND

Although Oracle is leading with Oracle Fusion CRM in most net new sales and renewal opportunities outside of life sciences, it continues to invest in Oracle CRM On Demand to provide customers with enhanced features and functionality. Oracle has moved to a 4-month release cycle. Oracle CRM On Demand Release 22, announced in 2013, included advances in:

- Mobility. Oracle continued to refine its smart phone and tablet applications, with Oracle CRM On Demand Disconnected Mobile Sales tailored for use with On Demand's life Sciences Edition. Connected Mobile Sales provides access to CRM using native applications for iPhone and BlackBerry devices. Both are licensed separately. Oracle has announced plans to deliver Android support in Fall 2013.
- Life sciences industry support. Enhancements in Call Activity History enables better analysis of activities like dropped samples and promotions. Improvements in Sample

Disclaimer, Related Disclaimer, and Signature functionality helps pharma sales representatives adhere to country-specific requirements.

- Access. This release introduces improved support for browsers such as Google Chrome and Firefox, Android browser support for Chrome, and enhanced Microsoft Outlook integration.

Oracle also added new services, CRM On Demand Database Encryption Service and CRM On Demand Restore Service.

ORACLE FUSION CRM

Part of Oracle Fusion Applications, Oracle Fusion CRM is a set of integrated CRM modules including Oracle Fusion CRM Base, Fusion CRM Desktop, Fusion Enterprise Contracts, Fusion Incentive Compensation, Fusion Quota Management, Fusion Sales Catalog, Fusion Sales Predictor, Fusion Smart Phone Edition, Fusion Territory Management, Fusion Transactional Business Intelligence, Fusion Customer Hub, Oracle Fusion Marketing, and Oracle Fusion Partner Relationship Management.

In December 2012, Oracle announced plans to acquire Eloqua, a publicly-traded marketing automation vendor, to extend its existing capabilities in the marketing automation space (Nucleus Research *m185 - Oracle buys Eloqua*, December 2012). The deal has now closed. This announcement followed on the heels of a number of acquisitions Oracle made in the fall around social media marketing and analytics – which Oracle is now integrating into the overall Fusion CRM offering. On the customer service side, Oracle does not plan to develop a new Fusion Application module, instead continuing investment in its RightNow application platform (Nucleus Research *m122 - Oracle RightNow CX Cloud Service and the future customer experience*, October 2012).

In March 2013, Oracle announced Oracle Social Relationship Management, which is pre-integrated with Oracle Fusion CRM and integrates Oracle Vitruve, Collective Intellect, and Involver solutions. This combines social marketing, engagement, and monitoring into one platform so companies can listen, create, and publish content, and engage customers and analyze interactions across multiple social channels in real time.

One of the challenges for Oracle is to drive adoption of Fusion CRM without alienating its Siebel and CRM On Demand customers who have made significant investments in Oracle CRM technology. To this end, it is positioning Fusion CRM as a modular set of applications that can be used to extend a customer's existing CRM portfolio.

SALESFORCE.COM

Salesforce.com has continued to gain momentum in the market place and made a number of announcements this spring to support its new "customer company" messaging, including:

- Salesforce Communities, announced in May. Built on Salesforce Chatter, Communities enables companies to build marketing, sales, and service communities that can be accessed from any mobile device. Although Salesforce communities have been part of the Salesforce.com story for some time, the ability to access Chatter feeds via any mobile device will make extending communities to partners and customers even more attractive.
- Social.com, announced in April, enables companies and agencies to build, test, and launch social ad campaigns to reach customers on any device. Bringing together little data from CRM, the social Web, and internal processes together within one place will enable companies to scale their social advertising strategies, drive greater productivity, and have greater visibility into their ROI from social advertising (Nucleus Research n66 - *Salesforce.com delivers Social.com*, April 2013).
- In April, Salesforce.com launched new Salesforce Platform Mobile Services, including tools and developer programs to enable customers and partners to accelerate the development of mobile applications.

VEEVA SYSTEMS

This is Veeva's first appearance in the Leader quadrant of the Matrix. Veeva Systems is a bit of a unique player in the CRM marketplace for two reasons: first, it exclusively targets life sciences companies; second, it is actually built on Salesforce.com's Force.com platform, so its customers can take advantage of the mobile and social capabilities (such as Chatter) Salesforce.com has built within the Veeva Systems environment. Additionally, Veeva CRM has prebuilt functionality to support the specific needs of primary and specialty care sales reps, medical science liaisons, and those selling in managed markets. Recent product announcements from Veeva include:

- Veeva Network, a customer master solution that combines healthcare professional, healthcare organization, and affiliations data with software and data stewardship services, seamlessly integrated with Veeva CRM. Like Salesforce.com's Data.com solution (Nucleus Research n72 - *The value of data quality with Salesforce Data.com*, May 2013), Veeva Network takes advantage of the crowdsourced approach to improve data validation and master data management.
- A new mobile CRM and CLM solution for Windows 8, adding to Veeva's existing smartphone and tablet support.
- A new Approved Email solution enables users to e-mail approved content to customers directly from the application to increase the number and quality of interactions while ensuring compliance.

EXPERTS

Experts in this Matrix include Cegedim, Oracle Siebel CRM, and SAP.

CEGEDIM

Cegedim Relationship Management provides industry-specific CRM for the life sciences, health care companies and professionals, and insurance companies. In April 2013, Cegedim launched Mobile Intelligence 9 with support for Windows 8 Pro and Apple iOS devices. Features of Mobile Intelligence 9 include:

- Advancements in Cegedim's closed loop marketing (CLM) functionality for interactions with health care professionals including self-adapting content, customer profiling and segmentation capabilities, and collaborative tools for coordinating messaging between marketing, medical, and other team users, driving greater usability.
- Integration with Cegedim OneKey Digital, a syndicated database of health care professionals that monitors their Web usage and social media activities and verifies them against the OneKey master reference database, so companies can create new customer segmentation models and increased market knowledge based on ongoing social media activity.
- Integrated contact center functionality to track customers' phone and mail interactions.

ORACLE SIEBEL CRM

Oracle continues to invest in Oracle Siebel CRM with a focus on user experience enhancements, industry-specific innovation, and lowering total cost of ownership. Oracle Siebel CRM continues to have some of the industry's most advanced functionality for loyalty management. In December 2012, Siebel released the new Open UI that delivers Siebel on any browser and any device. This release also included Field Sales and Service mobile applications that run on both tablets and smart phones.

In April, the company released the latest version of Oracle Siebel Loyalty Management to help companies develop differentiated loyalty strategies with built-in best practice capabilities, theme-based clubs, a graphical promotion designer and recurring awards. The release also included integration with Oracle applications including Collective Intellect, Vitruve, Involver, ATG, and Oracle Knowledge.

In January, Oracle announced Oracle Exalogic Elastic Cloud Templates for rapid provisioning of Oracle Siebel 8.1.1 and 8.2.2. They are virtual machine templates based on Oracle's expertise and best practices containing pre-configured, pre-installed software, designed to help companies accelerate application deployment time and patching time and consolidate applications on Oracle Exalogic for higher hardware utilization.

SAP

SAP continues in its position as an expert with its on-premise CRM offering, with deep marketing, sales, and service components available for a number of specific industries. Nucleus expects that existing SAP CRM customers will increasingly take advantage of SAP

HANA and SAP's HANA Cloud-based CRM applications with a focus on social, mobile, and consumer-grade usability to drive greater productivity for sales, marketing, and service professionals.

FACILITATORS

Facilitators in this Matrix include Aplicor, InfusionSoft, Infor Epiphany, Oracle RightNow, SAP CRM OnDemand, and Sugar CRM.

APLICOR

Aplicor provides CRM and business management within its Cloud Suite offering, with functionality to support marketing, sales, service, order management, inventory management, and financial management. Aplicor's target market is medium-sized enterprises. Aplicor promotes its configurable approach as a way for companies to deploy and then adapt the application as need to support evolving business needs without developer intervention. One of Aplicor's challenges moving forward in a competitive marketplace is referenceable customers that can speak to their decision making process.

INFUSIONSOFT

Infusionsoft continues to win customers because it provides an intuitive and easy-to-use application for small businesses that provides CRM, marketing automation, and e-commerce application within one interface. In talking to Infusionsoft customers, Nucleus has found that the company's investment in a partner ecosystem and customer community helps small business owners to take advantage of industry best practices and use the cloud application as a foundation for growth and a means to compete against larger enterprises with more IT resources.

INFOR EPIPHANY

Infor has doubled the number of developers for CRM and delivered 17 Epiphany product releases over the past 12 months. The only reason Infor does not appear in the Leader quadrant of this Matrix is because its solution is primarily focused on marketing capabilities, not on sales and service. A big area of differentiation for Infor moving forward is its investment in user interface design to make it more beautiful, elegant, and intuitive. Infor formed its own design agency, Hook and Loop, within Infor this year, to drive its goal of taking a more holistic approach to how users engage with applications.

Infor Epiphany Marketing 10.0.2, released in April 2013, is one of the first Infor applications to take advantage of Infor Workspace and Infor User Experience, Infor's new interface look and feel. A new user-friendly homepage and interface, improved application navigation, and improved functionality for tables and charts that enable users to zoom in on specific data for deeper analysis all drive greater usability and improved Infor's positioning in this Matrix.

ORACLE RIGHTNOW

Like Infor Epiphany, Oracle RightNow is in the Facilitator quadrant of this Matrix because it is focused on customer service and support, not sales or marketing. Oracle has continued to invest in RightNow as its core customer service and support application within Oracle's overall CRM portfolio. In recent wins Nucleus found RightNow's intuitive user interface meant companies could deploy and bring agents up to speed with minimal training. Additionally, the application's cloud delivery model appeals to companies that want to use agents in multiple locations or an entirely remote workforce because agents can work from anywhere with an Internet connection.

In February Oracle announced the latest version of RightNow including policy automation capabilities to support automated management, updating, and auditing of business rules and policies that impact customers. This enables companies to streamline the management of policy changes while reducing the time needed to ensure customer self-service Web site content is accurate and consistent. Oracle also announced availability of its Engagement Engine, which delivers content to chat, click-to-call, and invitations to take surveys or view specific knowledge articles to customers based on customer attributes, time spent on a page, and agent availability. In May the company also announced a native iPad app for managers, agents, and subject matter experts to access RightNow when away from their desks; optimization for mobile SEO; and other enhancements to support a wider array of mobile devices.

SAP CRM ONDEMAND

Recently rebranded as Cloud for Sales, Cloud for Service, Cloud for Customer, and Cloud for Marketing, SAP's cloud CRM offering is based on the SAP HANA cloud platform. In March, SAP announced further enhancements to the product, including a new consumer-grade home page for Cloud for Customer with dashboards and drag-and-drop personalization so individual sales people can design the application the way they work. New offline capabilities will enable sales people to work wherever they. SAP has also added a sales assistant for guided selling.

On the customer service front, Sap added a self-service Web portal, an interface for CTI, and pre-built integration into Bazaarvoice for creating branded online communities.

SUGARCRM

SugarCRM is an open source-based CRM application. It is available in four editions: Sugar Professional, Sugar Corporate (which includes Sugar's offline mobile client), Sugar Enterprise, and Sugar Ultimate. In April, SugarCRM previewed Sugar 7, designed to help companies better understand the needs of individual customers, empower users across the organization to engage successfully with customers, and deliver a consistent experience for both customers and users. New capabilities within version 7 scheduled for release this summer include:

- An embedded intelligence panel to help users rapidly access relevant internal and external social information about contacts and accounts
- HTML5 support to enable users to filter, tag, follow, and share key customer and deal activity to monitor trending
- Enhanced activity streams for social networking and internal collaboration.

In April, SugarCRM also announced the Sugar Private Cloud, enabling companies to have a dedicated, managed private instance of SugarCRM in the cloud. Although SugarCRM was already available in the cloud through partnerships with IBM and others, this gives customers a private cloud option. Sugar also announced advances on the mobile front, with a new mobile application for all iOS devices powered by HTML5 that provides both an integrated experience with Sugar's browser application and a means to take advantage of native iOS capabilities.

CORE PROVIDERS

Core providers in the CRM Value Matrix include NetSuite, Sage SalesLogix, Sage CRM, and Zoho.

NETSUITE

NetSuite ranks as a core provider in the Matrix because it provides core features to support sales, customer service, marketing, and partner management. Nucleus has found that NetSuite's single database, which integrates CRM with orders, financial, inventory, e-commerce, and other data, provides companies that need core CRM functionality and ERP capabilities with a cost-effective solution that avoids the typical costs and challenges associated with integrating separate ERP and CRM solutions.

NetSuite also provides quote, order management, commission calculations, and sales forecasting capabilities not normally found in core CRM applications. NetSuite also provides support for iPhone, Blackberry, and Windows Mobile.

SAGE CRM

Sage CRM is optimized for small and medium-sized businesses. Social and mobile capabilities are high on Sage's development priority list. Version 7.2, released in April 2013, includes mobile enhancements, including two new mobile apps for the iPhone and Windows 8, the Social CRM suite, which integrates with LinkedIn and Twitter, and social collaboration powered by Yammer. Sage is available both on premise and in the cloud.

Sage has fallen to a core provider in the Matrix because it has lagged in product development vis-a-vis its competitors. Sage announced in February that it had reviewed its solution portfolio and determined that CRM was not a strategic part of its business, and announced that it would sell its other CRM assets, SalesLogix and ACT!, to Swiftpage, an e-

mail marketing company. This announcement, and the fact that the Sage CRM partner ecosystem is increasingly migrating to other products, suggests that without a significant refocus of its efforts, Sage CRM will continue to be challenged to show differentiated value in the future.

SWIFTPAGE SALESLOGIX

Swiftpage announced it had completed its acquisition of Sage SalesLogix (and ACT!) in March 2013. A provider of digital marketing platforms for micro and small businesses, Swiftpage raised \$2.5 million in funding late in 2012. Bucking the acquisition trend in the marketplace in which core CRM vendors acquire social and marketing companies, Swiftpage moved in the opposite direction. With ACT! and SalesLogix, Swiftpage acquired a significant SMB customer base for potential sales opportunities. However, with a relatively mature product and limited resources, it's unclear how Swiftpage could execute on reviving and integrating SalesLogix into a more competitive CRM offering.

ZOHO

Zoho continues to compete effectively as a core provider with a lower price point than other core CRM solutions. Major updates to functionality and usability for Zoho since the last publication of the Value Matrix include:

- A new Document Library module enables users to share and access sales-related content within Zoho, e-mail documents directly to customers from the library, and view and edit documents within a Web browser.
- MailMagnet interoperability with Zoho Mail, Gmail, Google Apps, Microsoft Exchange, and other e-mail services intelligently scans users' e-mail inboxes and incorporates messages related to CRM activity within Zoho. MailMagnet for mobile extends these capabilities to mailboxes on iPhone, iPad, and Android.
- Location awareness for Zoho CRM iPhone, iPad, and Android mobile apps lets field sales people view customers and prospects near their current location.
- BCC Dropbox capabilities enable users to send e-mails from their e-mail client, BCC Zoho on those messages, and have them associated to the right lead or contact within Zoho.
- LiveDesk integration enables support agents to view customer information within LiveDesk when customers request live support.
- Custom related lists enable users to bring external data from third-party applications into a specific lead, contact, or account field.

METHODOLOGY

The Value Matrix is based on functionality and usability, the two core measures that Nucleus has found indicate an application's ability to deliver initial ROI and, ultimately, maximum value over time.

Usability composite scores are based on a number of factors, including intuitiveness of the application, availability of role-based interfaces, training requirements, and productivity impact on users. Functionality composite scores are based on the breadth and repeatability of functionality in the core application, the availability and ease of integration of add-on functionality that delivers additional benefit, and the vendors' investment in innovative functionality outside the application that will deliver additional benefits.

The Matrix is divided into four quadrants: Leaders, Experts, Facilitators, and Core Providers:

- Vendors in the Leaders quadrant have invested in both functionality and usability features likely to deliver the greatest potential returns.
- Vendors in the Experts quadrant have invested in deep functional capabilities that, by nature, make the application more complex and thus require more training and expertise to use than Leaders.
- Vendors in the Facilitators quadrant have invested in making their applications intuitive and easy to use, driving rapid adoption with limited training requirements.
- Vendors in the Core Providers quadrant are point solutions or those that provide limited functionality at a relatively low cost, giving them a high value proposition when limited functionality is needed.

Companies can use this Matrix to assess their investment short list as well as to evaluate the case for maintaining an existing product that may lag behind the value offered by other options. Nucleus expects the center point of the Matrix, which represents the composite average point in the market, will move up and to the right over time as vendors make more investments in functionality and usability – effectively increasing the average value delivered across all products.