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Salesforce.com: The CRM 'Hot Ticket'

BY MARIA TROMBLY

A few years ago, it would have been hard to imagine Wall Street firms turning over key customer data to an Internet start-up. But in May 2005, Salesforce.com announced a major customer win: 5,000 Merrill Lynch & Co. financial advisers would use the Web-based service to track their customers.

After a one-year pilot project, Merrill Lynch moved another 20,000 advisers onto the platform. Currently, San Francisco-based Salesforce.com has 100,000 individual users at over 1,600 financial services companies including ABN Amro, Mizuho, E-Trade Financial Corp., Citigroup, Morgan Stanley and TD Ameritrade.

Due in part to its relatively low pricing scheme—no start-up expenses, and a flat per-user fee that starts at \$65 per month—smaller firms have also been signing on.

That Merrill is a customer has made it easier for some to adopt the platform. "It was a nice validation because we knew they would do a lot of on-site due diligence," said Gary Roth, COO and CFO of United Capital Financial Advisers in Newport Beach, Calif. "I'm very comfortable with their infrastructure. I'm very comfortable that they're doing everything they can to have the most advanced technological infrastructure."

Roth said he had no qualms about putting his customer data online. "Everything is out there already," he said. "Our custodian systems, we have to access online. Our broker-dealer system is online."

United Capital has 14 offices in the U.S., with about 100 employees, 60 of whom use Salesforce.com. The firm has been acquiring wealth management practices, and had a variety

of customer relationship management (CRM) systems in place—including FrontRange Solutions' Goldmine, Sage Software's ACT and SalesLogix—before switching to Salesforce.com.

For United Capital's needs, there were no alternatives, Roth said. "For a company our size, an enterprise CRM system that would be deployed internally wouldn't make sense," he said. "And there was no one who really competed with Salesforce directly."

After testing and integration early this year, United Capital switched its advisers to Salesforce.com over two months, said Roth. The platform works well with the firm's back-office systems, he said, which include Charles Schwab Corp.'s PortfolioCenter and an accounting system from Microsoft Corp. Salesforce.com already had a connection in place to Microsoft

Dynamics, Roth added.

Roth called Salesforce.com a key operating tool for his firm. "We manage the client appointment schedule, all the activities and outcomes of client meetings," he said. "That helps us at a corporate level to look at our organization top-down and lets us see how we're doing at field offices around the country. It lets our advisers have 360 degree views of their clients."

Salesforce.com was founded in 1999 by a former Oracle Corp. executive, Mark Benioff, who still runs the company (Oracle CEO Larry Ellison was an early investor). At the time, CRM software ran on a company's computers. Small firms installed products like ACT or Microsoft Dynamics CRM on user desktops, while larger companies bought enterprise-class systems from SAP, PeopleSoft, JD Edwards—which was acquired in 2003

by PeopleSoft, which in turn was purchased by Oracle in 2005—or Seibel (also taken over by Oracle in 2005) that ran on mainframe databases.

Salesforce.com, like many technology pioneers, started out on the periphery, serving smaller firms' traveling sales representatives. No matter where they were—a hotel business center, borrowing a customer's desktop, or even on a Web-enabled PDA—the reps could access all their customer data and track sales progress. The system proved robust and scalable, and soon was racking up



awards for its innovative technology and attracting customers with its reliability, customization and fast-expanding functionality.

In 2005, Salesforce.com introduced AppExchange, an online marketplace with over 720 on-demand applications. United Capital has tried the service: “We’re using Conga, a document management tool, and looking at several others,” Roth said. Conga is a paid product, but some applications on AppExchange are free, developed by customers and shared voluntarily with the user community, or created by third-party vendors to help their products work better with Salesforce.com.

Salesforce.com on Sept. 17 introduced its Visualforce technology, which allows users to easily customize their on-demand applications. “You can make it look like a portal page, or work on an iPhone,” said Tien Tzuo, the company’s SVP of financial services.

“We’re becoming the standard desktop that’s being used in the financial services industry.”

A number of major vendors have been offering their applications through the Salesforce.com platform. Dow Jones, for example, offers software that, for a monthly fee of \$75, aggregates information from more than 60 publications, matches it with the investment interests of individual customers, and presents the top 10 or 20 articles that the adviser needs to read. Gryphon Network Corp. offers a do-not-call appliance. “There are over two dozen applications in our financial services section,” noted Tzuo.

And Wall Street firms are doing more with Salesforce.com than just tracking sales, he said. Morgan Stanley, for one, uses the platform to help with recruitment. “There’s a database of all registered stock brokers that you can get in the U.S. They use that as a lead source and identify the people who fall into their sweet spot. They track the entire recruitment process through Salesforce.com,” he says.

For clients that use Salesforce.com for know-your-customer compliance, security is key, added Tzuo. Amid increasing instances of information theft, Salesforce.com hasn’t lost any customer data, he said.

The ability to customize the platform’s interface was an important feature for Roth’s firm. “We have some specific roles for our users, and we want them to just be able to see and focus on the area of the system we want them to see,” he said. The firm also likes that customizing interfaces is as easy as designing a My Yahoo page, Tzuo said, with a point-and-click configuration interface.

On-Demand vs. On-Premise

Salesforce.com’s primary competitor is Oracle’s Seibel, which runs on a company’s database system and requires up-front investments in both hardware and software. “They do have an on-demand service, but

it’s really behind our product—about six to seven years behind us,” said Tzuo. “Oracle really focuses on pushing their on-premise product.”

Salesforce.com has a different approach to CRM, noted analyst Alois Pirker of Boston research firm Aite Group, which is also a Salesforce.com user. “Seibel has to think about their response to Salesforce,” he asserted. “They’re competing head-on for business, and Salesforce has proven that they can do large implementations—and the Merrill Lynch deal has proven that they don’t mind having their client



data hosted externally.”

The mainstream CRM systems are targeted at the biggest enterprises, Pirker said, noting that installation and implementation can take years. An online product like Salesforce.com can be set up instantly.

“The attractiveness of Salesforce is that it appeals to a range of clients,” he said. “That includes our firm with 18 people, and Merrill Lynch, with thousands of people.”

Vendors are following financial firms in adopting the system. “Technology providers in the wealth management space see that Salesforce.com is common and it’s become an asset to create an interface,” Pirker said. “All the major Wall Street vendors have interfaces set up or are in the process of setting them up, and it’s growing rapidly. At the moment, they’re the hot ticket.” ■

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Bloomberg	Market data, transaction cost analytics ^(†)
Pershing	Adviser workstation ^(†) , market risk
Thomson Corp.	Adviser workstation ^(†) , business analytics
Advent Software	Portfolio management ^(†)
Fidessa LatentZero	Compliance
National Financial	Operational risk
Salesforce.com	Customer relationship management

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