

## Magic Quadrant for Sales Force Automation

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Microsoft joins salesforce.com and Oracle as Leaders in the Magic Quadrant for Sales Force Automation.

## WHAT YOU NEED TO KNOW

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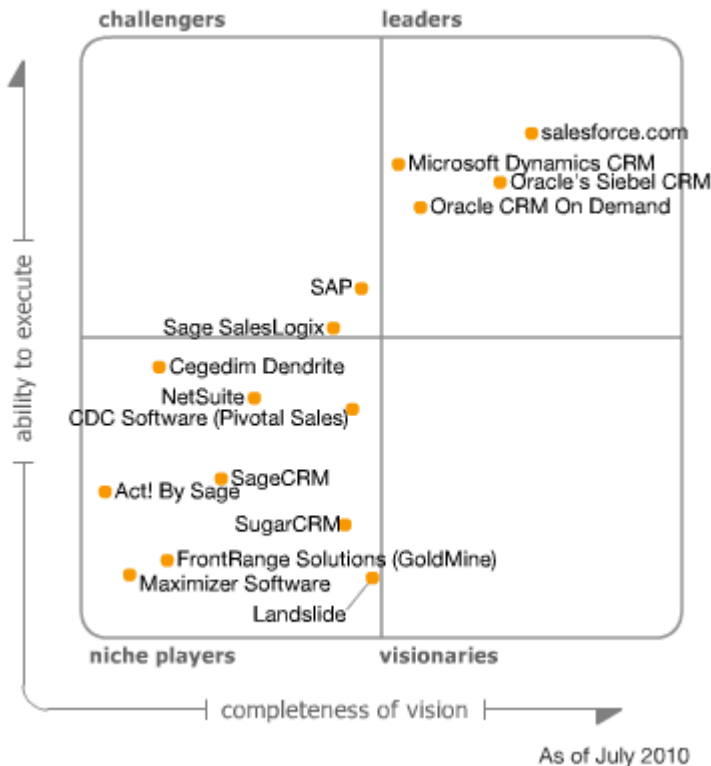
Despite slow sales due to the economy, organizations continue to invest (\$3,965 billion in 2009) in sales force automation (SFA). Gartner has not seen a drop-off in client requests for help with vendor evaluations related to SFA. We have seen slightly more emphasis on software as a service (SaaS) due 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. Vendors have also begun to embed social media technology in their offerings.

All vendors shown on the 2010 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

Figure 1. Magic Quadrant for Sales Force Automation



Source: Gartner (July 2010)

## Market Overview

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 (see "Evaluating SFA Functionality for Smartphones") 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. During the past year, we saw further uptick in SaaS (see "Four Key Reasons That Dried-Up Capital Budgets Prompt Companies to Consider 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 multitier, 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 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 its 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

Cedgedim Dendrite was added to the SFA Magic Quadrant.

### Dropped

No vendors were dropped.

## 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 (see "Sales Force Automation Functional Building Blocks Vary in Importance"). 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 how well an SFA application integrates with third-party products and customer data sources. This 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 (see "Use Sales Force Role Requirements to Choose Mobile Devices and Connectivity") and a personal mobile device (see "IT Must Factor Sales Culture Into Mobile SFA Device Selection" and "Evaluating SFA Functionality for Smartphones").

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. Increased emphasis will also be placed on the value that SFA applications provide directly to salespeople (see "Toolkit Decision Framework: Top-Seven Features Salespeople Want in Their SFA Systems").

**Overall Viability (Business Unit, Financial, Marketing 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/Pricing:** 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).

**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).

**Table 1. Ability to Execute Evaluation Criteria**

Evaluation Criteria	Weighting
Product/Service	high
Overall Viability (Business Unit, Financial, Strategy, Organization)	standard
Sales Execution/Pricing	high
Market Responsiveness and Track Record	no rating

Evaluation Criteria	Weighting
Marketing Execution	no rating
Customer Experience	high
Operations	standard

Source: Gartner (July 2010)

## Completeness of Vision

**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, for 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. Sales channel and partnership strategies are important components.

**Innovation:** Vendors must show a marshalling of resources, expertise or capital for competitive advantage or investments in new areas such as social collaboration, cloud computing and SaaS.

**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 2. Completeness of Vision Evaluation Criteria**

Evaluation Criteria	Weighting
Market Understanding	no rating
Marketing Strategy	no rating
Sales Strategy	no rating
Offering (Product) Strategy	high
Business Model	standard
Vertical/Industry Strategy	no rating
Innovation	standard
Geographic Strategy	standard

Source: Gartner (July 2010)

## 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, 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, they 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 for a specific vertical, but demonstrate weaknesses in one or more important areas to support cross-industry requirements, 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.
- Optimized for contact management processes.
- Remains an attractive user interface for salespeople.
- Large installed base of small businesses and salespeople (average deployment is less than 20 users; over 3 million users deployed).
- Ease of use and simplicity for selling that requires limited cross-functional collaboration for a highly independent selling approach.

#### Cautions

- ACT! customers continue to state issues with installations and upgrade processes for larger distributed client and server environments; many companies use ACT! Web client

and Citrix Systems to reduce this deployment burden. Sage ACT! Premium now includes both the desktop and Web clients.

- Not suitable for companies with complex business process automation or broad sales functional footprint requirements.

## **CDC Software (Pivotal Sales)**

### **Strengths**

- CDC Software's primary technical value proposition is its integration with the 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 the primary activity management environment are compelling for Microsoft-centric organizations. This has been further validated through references and new customer activity since our last Magic Quadrant in 2009.
- 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.
- CDC Software's public status provides a layer of business transparency.
- Increased market traction in the past 12 months.

### **Cautions**

- Not suitable for non-Microsoft-centric IT organizations.
- Limited professional services organization. However, standardization on Microsoft development tools creates a large external pool of potential developers to extend the system.
- For customers on earlier versions than Pivotal CRM 6.0, upgrading may be difficult, specifically rewriting customization in C#.
- Lack of complementary software partners to fill functional gaps, such as incentive compensation or pricing applications.

## **Cegedim Dendrite**

### **Strengths**

- Overall business viability and global presence.
- Vertical offerings to support life sciences and consumer packaged goods related industries.
- Full integrated services offering from deployment to hosting, including Tier 1 to Tier 3 support.
- Physician data supplier attractive for life sciences.

### **Cautions**

- No market traction or visibility outside Cegedim Dendrite's core vertical market focus of life sciences and consumer packaged goods.

- Cegedim Dendrite opened its delivery model to external service providers in February 2009, and is in the process of growing its base of partners.

## **FrontRange Solutions (GoldMine)**

### **Strengths**

- Remains a viable alternative for small to midsize organizations seeking an on-premises SFA solution. GoldMine Enterprise solution has an average deployment size in the 50 to 75 user range. The largest deployment is approximately 600 users.
- Ease of customization and configurability; customers specifically cite changing/adding objects.
- User interface and workflow flexibility.

### **Cautions**

- Limited direct resources outside of North America.
- Not proven for larger, complex enterprise implementations.
- Lack of direct professional services dedicated to SFA.

## **Landslide**

### **Strengths**

- New management team brought in to fix many operational issues that stood in the way to grow and scale the company.
- 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.
- Salesperson "first" vision remains key differentiator with capabilities such as the very important person (VIP) service (e.g., helps salespeople update the system through the call center).
- Customer-facing portal tools enable salespeople to build collaborative customer relationships with extended customer and internal sales team members. However, some customers stated access limitation for its end customers due to unresolved Landslide security issues.

### **Cautions**

- Customers have stated an overdependency on Landslide for building custom reports.
- For scale of services, such as VIP, customers state response times have moved from immediate to three to four days in the past 18 months. Landslide claims its average response time is still less than 10 minutes, and average time to close a request is less than 1 hour for 95% of customers' requests. Gartner has not observed the Landslide claims with customers.
- Limited testing and staging environments for new releases will cause upgrade challenges for new releases. Landslide states that prior to the company's corporate management change, staging and test environments were not part of the corporate

policy; these are now the norm for new releases, as appropriate (i.e., for significant feature releases).

- No deployments over 200 users.
- Limited presence outside North America.

## **Maximizer Software**

### **Strengths**

- Maximizer Software, once a public company, became a private company within the past 12 months, which will enable much-needed investments in the company in sales/distribution, as well as R&D.
- Product simplicity remains attractive for small or midsize businesses (SMBs) with limited complexity.
- Long history (over 20 years) in the SFA market.
- Very strong in the Canadian market.

### **Cautions**

- Upper midsize and large sales organizations (more than 150 salespeople per company) with complex implementations involving team selling and shared opportunities among sales overlays are not target segments for Maximizer.
- Gartner has observed that limited marketing awareness outside North America hinders the company's growth.
- Maximizer claims to offer over 175 built-in reports, including SQL Reports and Crystal Reports. However, customers state reporting is limited for extracting data to external systems for complex reporting.

## **Microsoft Dynamics CRM**

### **Strengths**

- Integration with other Microsoft products, specifically Outlook, SharePoint and Office.
- Multiple live deployments of over 1,000 users, with six deployments of more than 3,000 users, which removes the stigma of Microsoft Dynamics CRM being for SMBs only.
- Although not considered for this research, Microsoft's SaaS CRM offering Microsoft Dynamics CRM Online's release management strategy is technically viable. Microsoft intends on releasing new functionality first on its SaaS offering, then, ultimately, roll it into future on-premises releases. This will result in out-of-sync capabilities between the SaaS and on-premises version at any point in time, but will provide a clear strategy for upgrades for clients wishing to migrate.
- Large, diverse partner network for creating customized solutions using the xRM Framework in conjunction with Microsoft Dynamics CRM, with particular expertise in serving SMBs.

## Cautions

- Lacks some functionality for sales effectiveness and performance management — for example, incentive compensation and sales configuration. However, Gartner has seen third-party independent software vendors (ISVs) with a renewed focus on partnering with Microsoft, as Microsoft's now large installed base represents an attractive business opportunity.
- Customers state limited dashboards for reporting in the 4.0 release required many customers to leverage SQL Services reporting for more-complex requirements. This is a major focus for Microsoft Dynamics CRM 2011.
- Multiple-window paradigm approach to the Microsoft Outlook user interface can be cumbersome for Microsoft CRM users. Microsoft Dynamics CRM 2011 will include a new, flat user interface to remove the burden of multiple windows on a computer.
- Non-Windows-based smartphones require third-party partners to implement, unless using Web browser access.

## NetSuite

### Strengths

- Integrated suite of financial accounting and CRM for SMBs or divisions of large companies (multiple deployments over 150 users).
- Broad SFA functional footprint (e.g., sales compensation, e-commerce, quoting, order management) 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.
- Good business growth and public company status provide business model transparency.

### Cautions

- Customers state administrator function could be improved, specifically in managing data exchange into and out of NetSuite.
- Limited validation of smartphone access in the NetSuite installed base.
- Customers state the two-week testing period NetSuite provides is a tight window for validating new releases.
- Data center operations remains an area where NetSuite will need to upgrade as they scale the company; NetSuite says it will commit to 99.5%; however, customers have told Gartner that negotiating the specifics of an SLA is difficult.
- Customers state the majority of new enhancements are focused on financial accounting, not CRM.

## Oracle's Siebel CRM

### Strengths

- Proven, deep broad sales functionality (e.g., order management, sales configuration, pricing) in multiple vertical industries for large enterprises.
- Flexibility, configuration and customization.
- Includes sales analytics and reporting.
- Good use of Oracle infrastructure and middleware, such as Application Integration Architecture and Oracle Business Intelligence.

### Cautions

- Oracle Siebel's CRM Version 7.5 is coming off support. Customers on 7.5.3 and above have a direct upgrade path to Version 8.0/8.1. Customers on 7.5.2 can apply the 7.5.3 patch, then directly upgrade to version 8.0/8.1. Some customers have said the 7.5 upgrade (prior to 7.5.3) is more difficult to Version 8.x.
- Oracle intends to provide modular access to key functionality available in Oracle CRM Fusion, functionality such as sales performance and territory management with Oracle's Siebel CRM. It is important to understand the context and timing of the new Oracle CRM Fusion offering with Oracle's Siebel CRM. The lack of a specific date for the initial release, and planned follow-on releases, makes planning for Oracle CRM Fusion challenging.
- Deployment complexity is associated with enterprise-class applications.

## Oracle CRM On Demand

### Strengths

- Competitive price point for an enterprise SaaS application provides attractive cost/value proposition.
- Single-tenant and @customer editions enable users to have a release window for upgrades.
- Multiple new customers; over 500 users during the past 12 months demonstrate further market validation.
- Integration with other Oracle applications — e.g., Oracle E-Business Suite, Oracle Siebel CRM. (Oracle Siebel CRM is a different offering than Oracle CRM On Demand.)
- Customers state analytics are rich, but performance is a challenge for more-complex reports. Oracle provides real-time reporting and historical analytics. Oracle performs analytics by taking a snapshot of data and putting it into a data warehouse every night. This could be an issue if a sales organization expects analytics to be operating off real-time data.

### Cautions

- Oracle intends to provide modular access to key functionality available in Oracle CRM Fusion, such as sales performance and territory management with Oracle CRM On Demand. It is important to understand the context and timing of the new Oracle CRM

Fusion offering with Oracle CRM On Demand. The lack of a specific date for the initial release and planned follow-on releases makes planning for Oracle CRM Fusion challenging.

- Customers state territory management for matrix-based selling organizations is a challenge.
- Some customizations require code extensions, which are executed on-premises in a customer's data center.
- Multi-Tenant Edition users state that the upgrade process is a challenge, specifically managing changes from development or staging environments to production environments to upgrade time. Oracle introduced a new upgrade migration tool in Release 17.

## **salesforce.com**

### **Strengths**

- Continued strong business performance and brand in the CRM market in 2009-2010.
- Continues to push innovation; the latest example is Chatter, which pushes the envelope on integrating social media technology with SFA.
- The Force.com platform allows for declarative, programmatic and visual expansion of business processes beyond core SFA.
- Proven infrastructure and reliability.
- International growth.

### **Cautions**

- Salesforce.com Unlimited Edition is the most expensive SaaS SFA solution in the market; make sure to evaluate the lower-end salesforce.com editions before committing to the Unlimited Edition.
- Small businesses that find salesforce.com's price points for Enterprise Edition high will find lower price alternatives sufficient in the market. Small businesses should also measure lower price alternatives against salesforce.com's Group Edition and Professional Edition.
- Salesforce.com has improved presentation of reporting and analytics, but most customers will use AppExchange partners for complex analytics.
- Relies heavily on AppExchange vendors to provide a 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.

## Sage SalesLogix

### Strengths

- Although not specifically cited as a separate profile on the SFA Magic Quadrant, Sage's use of Amazon's public cloud infrastructure provides a SaaS alternative to deploying SalesLogix on-premises.
- Sage's support strategy combines local, first-level support through partners and direct support for customers, or secondary support to customers in collaboration with partners.
- Extensibility and flexibility of the product.
- Supports connected and disconnected field deployment options for laptop and mobile device users.
- For organizations up to 750 users, midmarket and upper-midmarket companies and divisions of large enterprises. Sage Software claims its largest deployment is 4,500 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.
- SalesLogix customers considering upgrading from an older release to the version 7.5 Web client should plan carefully and work with Sage and partners to prioritize and safeguard customizations that may require a re-implementation.
- Sage has a large implementation partner network, but a limited ecosystem of ISV partners building add-ons to SalesLogix.

## SageCRM

### Strengths

- Core opportunity management.
- Good economical solution for Sage ERP customers, due to SageCRM integration focus on enabling end-to-end business process support, such as "opportunity to cash."
- End-user usability.

### 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 and incentive compensation.

## SAP

### Strengths

- Improved user interface continues to get a renewed look by sales organizations, but Gartner has yet to see a significant increase in live deployments. SAP claims a 30% year-over-year increase in live deployments, which Gartner has yet to confirm.
- Sybase acquisition will provide dividends in the area of mobility, specifically smartphone access. This is a major trend for SFA.
- 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 an overall SAP business suite purchase, but CRM will be one of many competing projects, which could elongate time to deployment.

### Cautions

- SAP's disconnected laptop Windows-based technology is no longer supported. In its place is an Adobe Forms user interface. The Adobe Forms option is limited (read and edit data fields, customers can use JavaScript to model business logic on the disconnected laptop; however, this could represent maintenance challenges due to maintaining two representations of business rules — one on the client and one on the server).
- Absorbing Sybase acquisition.
- Managing the cost and complexity of enterprise applications and dependencies on other SAP middleware.
- SAP continues to win the heart and mind of the IT organization, and has made progress with having a more appealing user interface for the sales organization; but it has still not gained the clout with sales organizations.

## SugarCRM

### Strengths

- Community Edition (free download) continues to be a viable alternative as a way to get basic functionality for less capital expenditure.
- Renewed commitment for SMBs (fewer than 250 users) will provide a much-needed focus; the majority of commercial sales come from the SugarCRM Professional Edition, not SugarCRM Enterprise Edition.
- Flexible customization environment combined with an innovative, open-source CRM model and community enables collaborative, customer-driven enhancements. The open-source community develops and refines capabilities; SugarCRM then takes those

capabilities and productizes enhancements in commercial releases of SugarCRM software.

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

### **Cautions**

- SugarCRM's revenue growth was the same as some of its CRM vendor contemporaries. The new CEO, appointed in the past 12 months, will need time to translate the SMB focus into execution, specifically building a strong indirect channel.
- Customers have had difficulty modeling complex sales territory hierarchies, typically not a major issue with SMBs.
- Lacks some functional components and strong partnerships for sales-effectiveness management, such as sales configuration, incentive compensation and price management.

### **RECOMMENDED READING**

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"Magic Quadrants and MarketScopes: How Gartner Evaluates Vendors Within a Market"

"Toolkit: Sample RFP Template for Sales Force Automation Solutions"

### **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, 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.

## REGIONAL HEADQUARTERS

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### **Corporate Headquarters**

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