

WHITE PAPER

Delivering a CRM Platform for a Flexible Workforce

Sponsored by: Sage SalesLogix

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IDC OPINION

Modern customer relationship management (CRM) applications have come a long way from their humble origins in the early '90s as basic contact managers that were enabled to run on a single hardware platform. The more advanced CRM solutions of today can manage and assimilate all information derived through customer interactions with the sales, marketing, service, and support teams of a business into a single repository and have been designed to run not on one, but multiple client platforms.

The new, more powerful CRM solutions now being marketed have been designed with the modern, flexible workforce in mind. In deploying these newly architected CRM systems, a company enables its in-house, mobile, and remote constituencies, including salespeople, dealers, resellers, partners, and contingent workers, to access the critical customer information they need, when they need it, from any device (e.g., laptop, BlackBerry, Pocket PC, mobile phone), from any location across the world.

Sage Software's newest release of Sage SalesLogix, version 7.2, is an integrated CRM product offering that is designed to help midmarket businesses effectively manage multichannel customer communications as well as the consistent, accurate transfer of data.

Sage SalesLogix v7.2 represents the first phase of Sage Software's state-of-the-art multiclient architecture strategy. With its introduction of this impressive technology release, the vendor reveals itself as a true competitive leader among CRM solution providers. As a multiclient platform solution, v7.2 addresses the needs of an increasingly flexible workforce by enabling office-based, remote, mobile, and wireless users to be more productive because they can access and synchronize customer information from any location and any device. This significant technical upgrade also features a codeless development environment that will be of tremendous benefit to customers and partners because they can more quickly and affordably implement solutions and customized functionality for new and upgrade deployments.

With its provision of a more flexible architecture in Sage SalesLogix v7.2, Sage Software has made it clear that it is responding to the complex needs of midmarket companies that must operate in increasingly competitive markets, where each business must be unique and has unique needs for its CRM solutions.

As midmarket companies continue to face explosive growth, yet suffer from a lack of technology to support it, we can only expect that easily customizable, mobile-enabled, and integrated CRM solutions such as Sage SalesLogix v7.2 will become increasingly crucial to them in keeping their businesses operating smoothly and profitably.

IN THIS WHITE PAPER

This IDC White Paper examines the changing nature of customer relationship management, including the key factors contributing to the rising importance of integrated, multichannel CRM solutions; the problems plaguing companies that have not integrated their CRM solutions and channels; the customer state of the market for CRM solutions; and the benefits of integrated, multichannel CRM solutions.

We then look at Sage Software, a leading supplier of integrated customer relationship management solutions, with a specific focus on the latest release of its Sage SalesLogix solution for midsize enterprises. In Sage SalesLogix v7.2, the company offers a flexible, multiclient-architected CRM system that will serve as the platform for growth in meeting the changing needs of decision-oriented businesses with mobile workforces.

This paper also includes an examination of midmarket-specific CRM trends and requirements based on IDC's 4Q06 end-user survey research.

SITUATION OVERVIEW

When it comes to making investments in packaged software solutions, midmarket companies are a breed apart from their high-end counterparts.

Since midmarket organizations have tighter budget constraints, they often have an entirely different mindset about whether a packaged business solution is strategic to their business. Midmarket companies frequently express far greater reserve about investing in a new solution unless they view it as absolutely essential to running their business. A technology solution that could enable a midmarket company to thwart competition, boost productivity, and improve visibility into all aspects of its operations might just go unrecognized as such because cost containment is often the singular focus of the company's executive managers.

In fact, midmarket managers may make themselves blind to the possibility of acquiring a solution that can deliver clear, strategic advantage to their organization because they are so fixed on the ways their business can save money — and *not* spend it.

Sometimes a company of midrange size may not turn to the latest technology even if it could make the company become more agile, efficient, and responsive to customers' needs because it believes its current processes for managing customers are simply "good enough" as they are. Investments in infrastructure are often regarded as unnecessary expenses by managers at midmarket companies unless an apparent crisis is looming over their business — and they just cannot correct the situation themselves. Most often, midsize businesses are all about "getting it done" with limited resources.

Another factor that makes midmarket companies distinct from larger enterprises is that they often feel they do not have the volume of business that would warrant their investing in a new solution to manage their customer interactions, especially if the system should not be viewed as central to their operations.

Further, many midmarket companies seem to be in a constant state of re-evaluation, and the moment that their analysis determines a system is not performing well, they would just as soon eliminate it rather than make improvements to it. After all, the enhancements would cost them money.

Midmarket Companies' Requirements in a CRM Solution

When evaluating CRM solutions, today's midmarket companies have these capabilities and criteria in mind:

- First and foremost, a CRM solution must be both affordable and manageable.
- A CRM solution must enable better measurement — and management — of business success.
- A CRM solution must support an increasingly flexible workforce, allowing for greater viability.
- A CRM solution must be flexible in enabling users to "work the way they do" so they can be more productive.
- A CRM solution must create a "borderless" environment in capitalizing on flexible, remote access as well as integrating with back-office and other business applications so a company can operate with a more customer-centric focus.

CRM Solutions That Are Affordable and Manageable

A tremendous amount has changed in the enterprise applications market over the last 10 years of development that has had a direct impact on midmarket organizations today. As is the case with many technology advancements, what was once costly and difficult becomes more refined and accessible over time. Evolutions in open standards, Web technologies, and development environments are now benefiting the midmarket segment. A new wave of CRM solutions has recently arrived on the market that should be of significant interest to midmarket managers because these systems have been designed to bring greater affordability to companies that are mandated to keep a close watch on their monetary resources at all times. These new solutions for managing customer relationships offer a codeless development environment in which the customization process for modifying an application is considerably simplified and consistency can be achieved for easier IT management.

A CRM solution that has been custom-tailored to fit a company's exact business needs and goals can enable the company to increase its sales as well as its product distribution. A customized solution that affords innovative features and deep

functionality for further increasing user productivity can allow a company to deliver superior business results. Moreover, when a company embeds its own best practices into its CRM applications and this is extended outward, it can realize far greater consistencies in its business processes throughout its own operation as well as in its interactions with external constituencies.

While the initial purchase and deployment of an application represents one layer of investment, the ongoing expectations of cost for maintenance and continued customization can be the true hurdle for midmarket organizations. A development environment that requires no coding effort lets companies easily configure a solution to meet their unique business requirements. For this reason, such a platform is highly suitable for a midmarket company because it allows that company to continue to grow its business by keeping itself differentiated from its many competitors.

Another tremendous advantage of a codeless environment is that deployment of a new module can be accomplished by a single click. A codeless platform lets companies meet their key business objective of providing affordable, rapid, and easy deployment of customized applications or new modules without the traditional coding effort.

Using CRM as a Management Tool

When analytic tools are integrated into CRM as now can be found in the new, modern solutions, the bottom-line benefits can be substantial. Analytic applications help guide strategy formulation and operational improvement. Using these tools, a company (and its partners) can conduct analytic activities such as market segmentation and forecasting, budgeting and planning, and sales analysis and optimization. Analytics provide the foundation for understanding the way that customers interact with the company. They have the ability to track customers' every move, track campaign effectiveness, and identify the most valuable customers. While large and enterprise-class organizations have the luxury of being able to employ business analysts internally for this insight, this capability has been far outside the resources of the midmarket organization. However, with analytics built into these new CRM solutions, midmarket customers not only have access to the capability, but it is delivered within the context of the business process.

When companies can more accurately forecast outcomes of customer behavior and analyze alternative actions, they are better enabled to increase revenue and profits as well as contain costs. Analytic applications are of tremendous benefit to midmarket companies because they can identify more ways for companies to save money. Since midmarket companies have fewer resources available to them compared with larger rival corporations, business intelligence tools can help them gain an added competitive edge.

Further, when analytics tools become part of an agile, customer-centric IT infrastructure, a company is best enabled to be knowledgeable about its customer interests in near real time.

In Support of a Flexible Workforce

The flexible workforce is fast becoming the centerpiece of progressive companies' business strategies. In today's competitive economy, companies must integrate the key people they need when and from wherever they need them. They must engage the best talent for each project to stay viable.

The global economy has created a new business imperative — to bring workers closer to their customers and the markets they serve. Today's workforce must be widely dispersed. Work resources must be conveniently located, effective, and affordable. These trends have resulted in a shift toward a highly decentralized workplace model.

Contingent workers are growing in vast numbers. They may be part-timers, short-term contractors, interim managers, home-based telemarketers, or outsourced suppliers.

Midsize businesses, in particular, with their smaller budgets, are a market segment in which contingent workers are representing an increasingly larger percentage of the workforce. The challenge of contingent workforces is to make them appear to be a natural part of the organization with seamless interaction between the customers and the rest of the organization. Customers should not be aware at any time they are working with a "representative" of the business and receive a responsive experience across the organization, regardless of where a worker is situated. These external workers need direct access to customer information just as onsite employees do to conduct their jobs effectively. Getting this information ported over to various technology devices to wherever these employees may be situated is a top business challenge for these companies as globalization and changing demographic forces take greater control.

What is important for managers at midrange companies to keep in mind is that multiclient-architected CRM solutions will allow them to do just that. These new technologies were created for companies that have remote personnel who want to be and need to be brought into the core of the business' operation through its customer management applications and want to gain this access via the remote device with which they are most familiar and use to conduct their work.

CRM Systems That Work the Way You Do

Perhaps one of the greatest challenges to an organization is selecting an application that is meant to serve many — accommodating the individual as well as the corporate requirements in terms of both usability and content. A long-standing issue for organizations has been ensuring compliance and usage of CRM systems. Ensuring compliance with sales personnel has been the kiss of death for many sales force automation tools. Why? There are multiple goals that must be satisfied simultaneously with a CRM system. While the organization has its goals, employees as individual contributors have their own goals and requirements.

Management needs forecasting and pipeline information; salespeople need leads and contact information that help them execute on their job requirements. These are opposite ends of the spectrum, simultaneously micro and macro. Add to this the

individual work patterns and styles of the human element, and no one is guaranteed to be satisfied. The answer is a system that is designed with support for multiple work styles but can also support business workflows and business processes in order to capture the required corporate data and ensure consistency.

Again, the benefit of more than 20 years of evolution is being felt in business applications in terms of look and feel, flexibility of design, responsiveness, and business controls. The design standards that have been common in computer games, consumer devices, and the Internet world are revolutionizing usability on the enterprise side. This new level of design coupled with an ability to encode and enforce business rules is allowing business applications to become more customizable based on the personal requirements of users to fit their work styles but also allow corporate consistency.

Creating CRM Systems Without Borders

When Web services are built into CRM systems, they help an organization align its existing IT architecture with real-time business requirements, giving it the flexibility to add new services in response to market dynamics and competitive offerings. By gaining the ability to expose common business functions as services, a flexible workforce can achieve tremendous gains in productivity and efficiency.

With Web services, applications can be securely aggregated, personalized, and delivered through a single window with multiple views for targeted communities. For example, a sales manager may want certain sales teams to access information about their incentive plans that only they should read. If this information can be sent out only to the sales force at large, or if lack of adequate security enabled other sales teams to gain access to it, an unfortunate situation could result in which there might be much discord (and potential defections) among the company's entire sales operation. To site another example, a company may want to distribute information about the special promotion of a product or service to only its exclusive, preferred partners — and *not* to its whole channel network. Web services will allow this targeted campaign to reach only the intended audience.

With greater access to office applications such as CRM, partners, suppliers, and employees can choose how, when, and where they work, providing them with a far more flexible work environment. The net result is a highly empowered workforce and partner channel that can be a lot more industrious in performing their respective roles.

Another aspect of creating systems without borders beyond the value of capitalizing on flexible, remote access is the ability to integrate client-facing and back-office applications. Seamless integration of applications can bring significant value to a business.

New CRM solutions being rolled out to the market deliver on the promise of computing mobility as well as create a flexible, secure workplace.

LEADING CRM INITIATIVES BASED ON IDC RESEARCH

Requirements of Decision-Oriented Enterprises

The CRM evolution process is far from over. While application functionality has evolved to be able to deliver affordable capability to the midmarket and small businesses, there is more to CRM than an application architecture. CRM is both a business strategy and an application architecture; it is an organization's go-to-market strategy. The state of the market for CRM applications is now at the point where it can be a true aid to the organization that deploys it properly to use it as a means to execute on and evolve that go-to-market strategy while taking in and responding to changes in the economic marketplace. The smart organization — large or small — is the one that sees the advantage in linking one to the other.

In following CRM application initiatives, IDC has observed that all organizations move through a specific set of stages when developing their CRM applications architecture. Unlike other enterprise applications initiatives, CRM improves as it is molded to meet the needs of the organization. Although CRM applications can impose a certain amount of order or process improvement, that is only part of the solution's potential benefit.

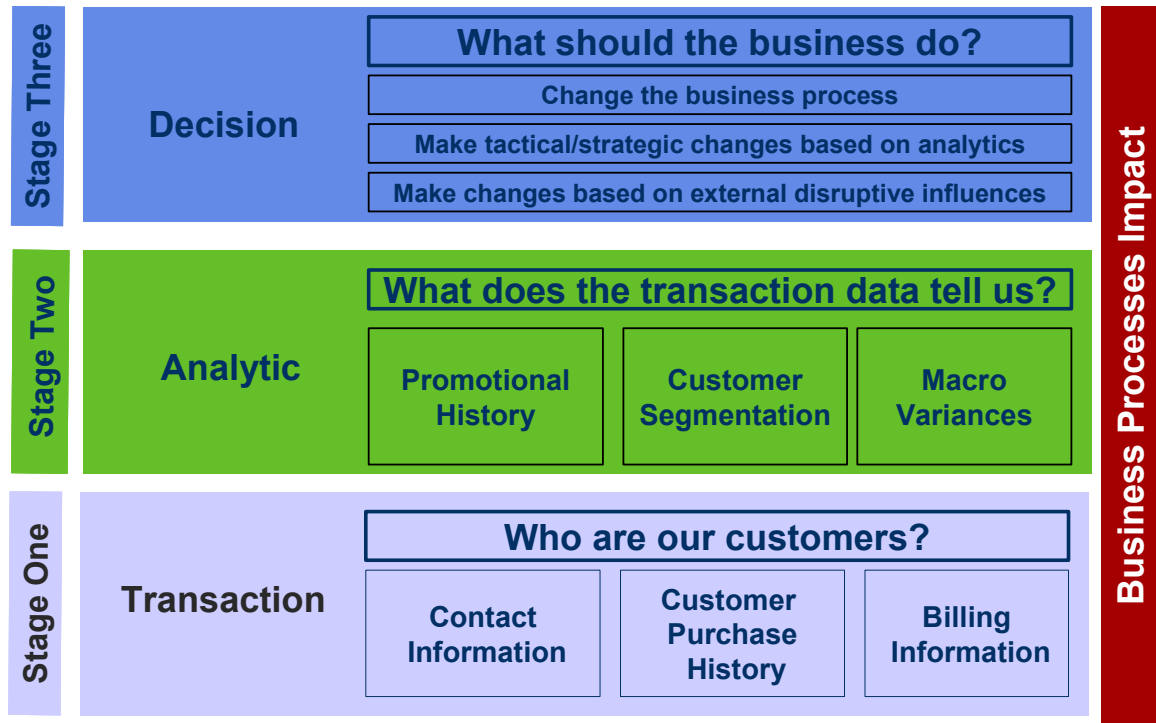
When companies first set out to implement CRM solutions early in the 1990s, they were seeking applications that allowed them to better understand the basic transactional requirements of their business. At the outset, they wanted to gain an understanding of who their customers were, including contact and billing information as well as purchase history. This first stage was primarily focused on the database-centric functions of the CRM initiative.

The next stage of CRM evolution involved the analytic phase. At this second stage, businesses seek to understand the meaning behind their transactional data. In gaining the ability to analyze customer interaction history, the specific nature of customer contact, the results of their marketing campaigns, and more, businesses can get a more accurate understanding of the customer. This is the current state of development for many organizations today.

Those businesses that have a solid, transactional CRM foundation in place and are increasingly able to measure their performance relating to their customer interactions are coercing solution developers to take CRM to the next level. These businesses increasingly are anxious to find the best possible ways to gain, serve, and retain their customers. This third, or decision-making, stage of CRM (see Figure 1) challenges businesses to create a responsive experience across the organization whether in person or on the Web for their business partners, mobile workforce, and customers. The goal is to reduce the friction per transaction by taking advantage of business intelligence tied to customer and business initiatives.

In today's fast-paced world, businesses need to be able to unify their customer contact processes to ensure that they respond with accuracy, consistency, and timeliness.

FIGURE 1



Source: IDC, 2007

Midmarket-Specific CRM Trends and Requirements Based on IDC Research

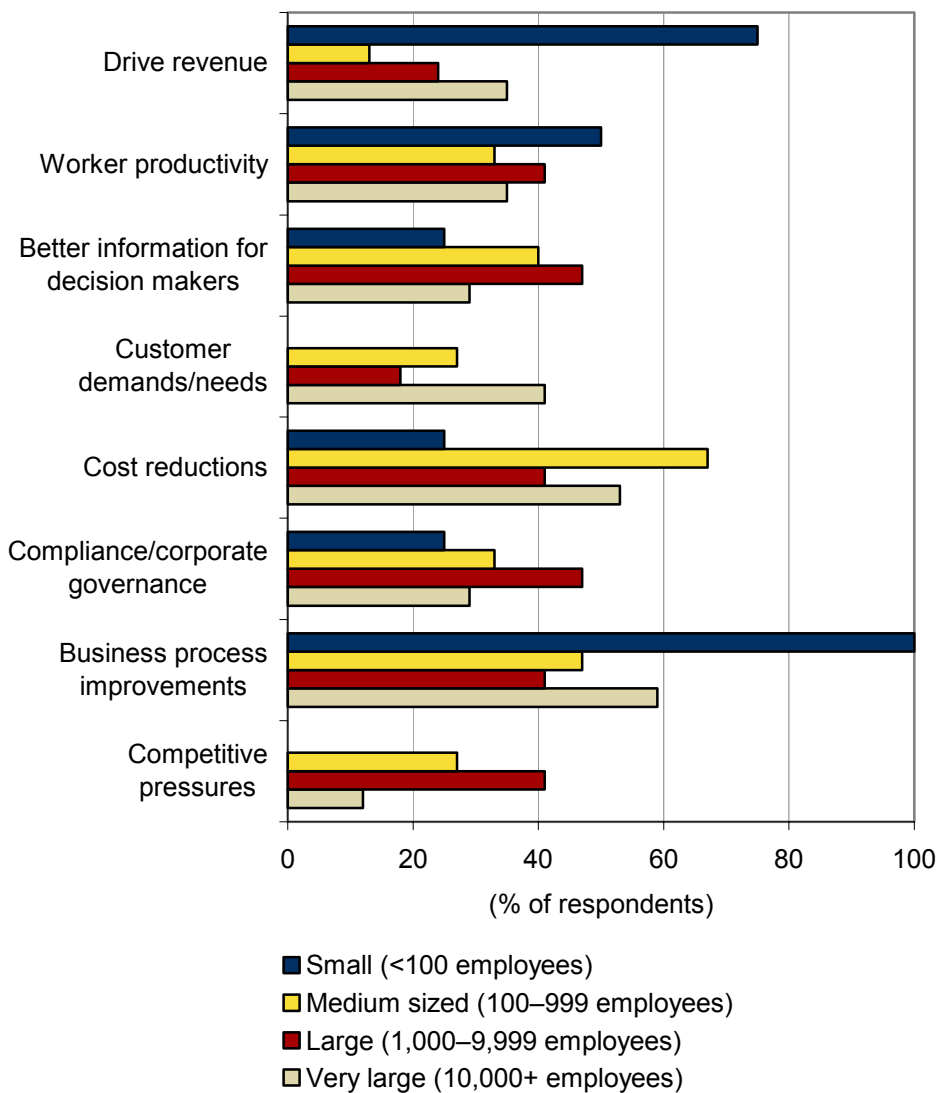
State-of-the-Art CRM Technologies Are Mandated

In IDC's quarterly enterprise applications end-user survey, *AppStats*, fielded in 4Q06, IDC asked 255 organizations in North America about their technology acquisition plans. Our findings revealed that midmarket companies, like large enterprises, are seeking state-of-the-art technologies, including SOA, open source, SaaS, and mobile platform support, for their CRM solutions to help enable them to maintain their competitive edge in an increasingly challenging business environment. Midrange companies expressed a need for open and scalable Web-based platforms that provide them with flexible platforms to deploy and manage their applications. Interestingly, midmarket organizations are better positioned to take advantage of these new technologies because they are not hindered by vast amounts of legacy applications with aged infrastructures.

While midmarket technology directions mirror those of larger organizations, the business climate within which they must contend has a broader range of business imperatives that they must strive to meet simultaneously. Figure 2 presents the responses from IDC's *AppStats* 4Q06 survey, in which the line-of-business (LOB) respondents ranked the primary factors driving their application purchases. Midmarket organizations are simultaneously trying to improve overall business efficiencies such as worker productivity, bring better information to decision makers, respond to customer demands, and improve business processes, all the while reducing costs.

FIGURE 2

LOB Factors Driving Applications Investment by Company Size



n = 255

Note: Multiple responses were allowed; total may exceed 100%.

Source: IDC's *AppStats* #2 Survey, 4Q06

Sales System Is "Central" to Running the Business

This research also led to an important insight about midsize companies that makes them distinct from enterprises of other sizes. That is, midrange companies tend to view their sales system (and *not* the financial or manufacturing system) as the "lead" or central application in running their businesses. At the end of the day, a midsize company is primarily interested in knowing if it was profitable. For a midmarket company, at the close of each business day it simply comes down to the numbers. Companies of this size are forced to be more sales driven than larger enterprises. Midmarket sales executives want to know the answers to questions such as, Did we stay on track with our sales? Did we make our numbers? If not, why didn't we? What prevents us from being profitable? This should explain why it is so crucial today that managers at midmarket companies, as well as their business partners, are provided with the appropriate selling (and analytic) tools that will enable them to conduct sales and measure their sales performance at any time, from whatever location they should be working.

Yet another factor that explains why the sales solution is so critical to a midmarket business is that, oftentimes, core employees are asked to fulfill many roles. Midsize companies simply have fewer staff to accomplish the many different tasks that it takes to run their businesses. For example, in the case of a manufacturing business, a single employee may be asked to sell the product, install the product, and also service the product when it is required. Clearly, in a case such as this, a business needs to provide the employee with instant access to all the account information required so that he or she can be knowledgeable and productive at all times in serving the customer while performing each of these roles.

Perhaps another reason the sales system is so critical, if not *strategic*, to a midmarket company is that this size of business is a lot more susceptible to issues related to cash flow. Hence, since a sales system is one of the few business applications that can be taken out of the box, installed, and up and running within a short period of time, it can often provide a company with an immediate return on investment (ROI).

Partner Channel Is Crucial to the Business

Midmarket businesses strongly depend on their channel partners to fulfill multiple roles for them, including, and importantly, generating profitable sales. Midmarket companies must rely heavily on the indirect channel to perform their selling and distribution activities, as their staffs are limited due to budget constraints. Consequently, the relationship that is built on trust is formed between the partner and the end customer.

In the real world, most often, the end customer has little or no exposure to the originating supplier of the products or services it acquires.

SAGE SOFTWARE GLOBAL CRM PRESENCE

Sage Software (www.sagesoftware.com) is the North American business of United Kingdom-based The Sage Group plc, with \$1.69 billion in worldwide revenue for the fiscal year ending September 30, 2006. The Sage Group is a world-leading supplier of accounting and business management software to small and medium-sized businesses (SMBs).

For more than 30 years, Sage Software has delivered turnkey and customizable software for accounting, customer relationship management, human resources, time tracking, merchant services, and the specialized needs of the construction, distribution, healthcare, manufacturing, nonprofit, and real estate industries. More than 2.7 million (not including 2.7 million individual ACT! users) North American SMBs and 5.2 million SMBs worldwide today rely on Sage Software applications to run their businesses more effectively.

Sage Software serves small companies with 25 or fewer employees and midsize companies with up to 500, and occasionally more, employees. The revenue of these companies is typically \$5 million to \$100 million annually. In serving these companies, Sage Software's portfolio of solutions encompasses multiple processes, brands, and industries. Sage Software products are licensed, sold, and supported by a vast network of value-added resellers (VARs) and sold outright by retailers.

Sage Software distributes CRM product lines — ACT! by Sage, SageCRM, and Sage SalesLogix. Sage Software has a migration strategy, which includes a dedicated Migration Center, to assist organizations in moving between its CRM products and from competitor CRM products to Sage Software solutions. In 2006, The Sage Group established a CRM Localization Center of Excellence in Dublin, Ireland, to accelerate the development of localized CRM products to meet country-specific needs. As part of this focused operational effort, it also implemented a European datacenter for SageCRM.com, its on-demand version of SageCRM.

Sage Software's vast worldwide network of 23,000 business partners and certified consultants, as well as 40,000 accountants advising on its products, greatly contribute to the vendor's success as a CRM midmarket champion. VAR partners serve as the company's external sales force in both selling and distributing the Sage SalesLogix solution to thousands of companies across a broad spectrum of industries throughout the world. Operating as more than an external sales force, these channel partners also act as consultants in helping to accommodate the unique customization requirements of each industry. Their specialized tools help them provide key insights into a customer's internal operations. Further, since the VARs have the ability to integrate software to meet the business process challenges of each customer, they perform as systems integrators on behalf of Sage Software as well.

Sage SalesLogix CRM Applications

Sage SalesLogix is a CRM solution that enables businesses to acquire, retain, and develop profitable customer relationships by increasing sales and marketing performance and maximizing customer satisfaction and loyalty. Sage SalesLogix delivers deep, rich customization capabilities and a low TCO across all deployment methods, including Web, Windows, and mobile devices. With more than 300,000 users at more than 8,500 companies worldwide, Sage Software is a leading CRM solutions provider for SMBs and divisions of large enterprises. Sage SalesLogix is available in the following languages: English, French, German, Spanish, Russian, Japanese, Chinese, and Korean.

Sage SalesLogix Delivers:

- ☒ **SalesLogix Sales** is the core module of the integrated Sage SalesLogix CRM suite. This module provides the tools and resources to let companies manage all aspects of the sales cycle, automate key sales processes, monitor and forecast sales activity, and increase sales team performance. It is a single repository for customer information captured across an organization.
- ☒ **SalesLogix Marketing** provides full-scale marketing campaign management capabilities, including targeted customer segmentation, multichannel marketing communications, and real-time reporting.
- ☒ **SalesLogix Customer Service** provides the advanced issue tracking and resolution tools needed to resolve customer questions, issues, and requests and deliver a high-quality customer experience.
- ☒ **SalesLogix Support** provides powerful capabilities for tracking, managing, and resolving product support issues to help companies exceed customer expectations and internal performance goals.
- ☒ **SalesLogix Mobile** extends CRM capabilities to both Windows Mobile and BlackBerry devices, delivering rich functionality with the real-time convenience of wireless.
- ☒ **SalesLogix Business Analytics:**
 - ☐ **SalesLogix Dashboards and Reporting** capabilities deliver real-time access to key performance indicators, including sales reporting, marketing campaign effectiveness, and service delivery metrics.
 - ☐ **SalesLogix Visual Analyzer** is a powerful tool that allows users to quickly create and deploy highly manageable dashboards to gain insightful business intelligence. SalesLogix Visual Analyzer ships with 10 built-in dashboards: KPI, Maps, Ranking, Forecast, Win/Loss, Opportunities, Activities, Marketing, Customer Service, and Details.
- ☒ **SalesLogix Application Integration** provides a complete view of all customer interactions, as generated from both Sage SalesLogix and back-office accounting and financial applications.
- ☒ **SalesLogix Advanced Outlook Integration** lets customers decide which tools to use to manage their email, calendar, and contacts; transfers information between Microsoft Outlook and Sage SalesLogix; and synchronizes automatically.
- ☒ **SalesLogix Business Alerts and Notification:**
 - ☐ **Sage SalesLogix KnowledgeSync** allows companies to proactively notify employees, management, business partners, or customers of critical, time-sensitive business information via email, fax, pager, PDA, cell phone, and/or Web browser automatically.
 - ☐ **SalesLogix Support** customers can add **Integrated Service Alerts** to notify staff or management of critical customer support issues requiring immediate attention.

The Sage SalesLogix Approach to Multiclient-Architected CRM

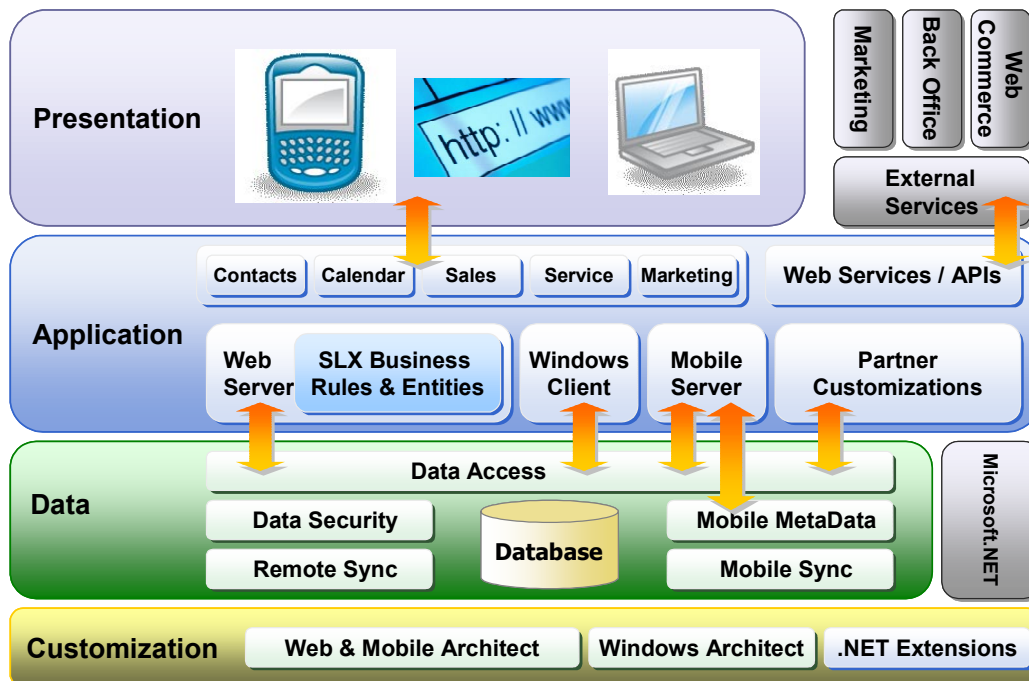
Key Capabilities of Sage SalesLogix v7.2 Release

Sage SalesLogix v7.2 is a significant evolution in the Sage SalesLogix line and represents the first phase of Sage Software's strategic vision to provide a multiclient technology platform in support of an increasingly flexible workforce. The vendor's new multiclient architecture affords a single development environment and common deployment of applications. It also provides robust Web and mobile clients for offline and remote access users, and lets them synchronize data when back online.

Sage SalesLogix v7.2 is a state-of-the-art, Internet-native system built on ASP.NET and XML technologies (see Figure 3). The solution is built on an open and scalable Web-based platform and is SOA capable so that it can support Web services and let companies easily integrate and enhance existing CRM as well as ERP and other corporate systems. Windows clients and the Web host handle Sage SalesLogix business rules and also control logic that deals with the "flow" of data. In addition, ASP.NET Ajax provides a framework for quickly creating efficient, interactive, and personalized interfaces. As well, support for composite acquisition block or CAB allows views of data from external sources to be seamlessly integrated into an application.

FIGURE 3

Sage SalesLogix v7.2 Architecture



Source: Sage Software, 2007

Version 7.2 also allows for codeless customizations enabling entry-level functionality adaptations or customizations to be managed by business analysts, thus freeing up IT staffs from yet another development burden and allowing them and/or business partners to focus on more advanced, coded customizations. All customizations can be accomplished using the Sage SalesLogix-supplied Architect tool or other commercially available tools such as Visual Studio. Specific customizations are isolated from the "core" code, so upgrades can be fast and simple and customizations are maintained.

Since Sage SalesLogix is based on a SOA and CAB client model, the company has provided itself with an agile development environment that is of tremendous advantage to partners and customers. This flexible technology platform allows Sage Software and its partners to roll out new functionality or update a module quickly, as a customer requires it. Importantly, it can be leveraged to help partners and customers respond promptly to the intense competitive pressure of today's business world.

Key Benefits of Sage SalesLogix v7.2 Web and Mobile Application Architecture

The User Experience — Highlights

- ☒ Modern, new look-and-feel Web interface — supports both sophisticated and novice users
- ☒ Familiar Google-style search and text preview results, and Vista-style icons on the Web — promote higher levels of user satisfaction
- ☒ New "midpane" for Web client; the v.7.2 interface also presents a "middle pane" whereby users can drag and drop tabs into the midsection of the screen — allows for more convenient viewing of critical information
- ☒ New Web client architecture — enables remote and wireless users to feel connected to the business from any location
- ☒ Navigation groups in Web client — enables users to set up groups within navigation to facilitate timely access to data
- ☒ Available for use with new SalesLogix Mobile 5.0 release

The Customization Experience — Highlights

- ☒ Common environment for mobile and Web development — simplifies all development efforts — first phase of multiclient architecture — shared development tools
- ☒ Codeless customizations — allow for faster, easier rollout of Web applications, as only one click to test or deploy an application — simultaneous deployment to more than one server
- ☒ Legacy Web template support for general styles — permits the quick customization of workspaces using a consistent look and feel

- ☒ Source sandbox for solution and technical partner customizations — allows developers to use source code to share ideas, test new features prior to their release, and easily package and share customizations

IT Acceptance — Highlights

- ☒ State-of-the-art, robust, and secure architecture — supports Web services and frees up IT from administration and development efforts, thereby reducing costs

Challenges and Opportunities for Sage Software

Overall, we view Sage SalesLogix v7.2, including its new, familiar look-and-feel user interface, its rapid deployment environment, and its state-of-the-art architecture that supports Web and mobile clients, as an impressive technology-based release. Since the new version of the product can support Web services standards and enables codeless and advanced coded development, it will let Sage Software partners roll out new functionality or update a module quickly, as a customer requires it. IT departments will also benefit as customization deployment is made so much simpler for them. As a result, partners and IT departments alike are sure to give high praise to the v7.2 release because it will make their work lives a whole lot easier and more satisfying.

By giving its customers the ability to interconnect their front- and back-office applications as part of this new release, Sage Software will satisfy its end customers' needs for customer-centric integration while it can also ensure itself a steady, continuous revenue stream.

Further, the integration environment that Sage SalesLogix v7.2 affords from the perspective of its support for multiple clients will create tangible business benefits for a midmarket company. Integrated business partners can collaborate to attract and retain customers, create new revenue streams, and achieve cost reductions through economies of scale and efficiencies. Midmarket businesses are also enabled to create Web-enabled multichannel selling strategies, systems, and processes to ensure continuity and consistency of the user experience. And business partners can provide more cost-effective customer services. Working in combination, these capabilities will result in a midmarket organization that is more customer focused.

While Sage Software has made significant strides in advancing its technology, we also find that it has several additional business challenges to tackle on the development and marketing fronts as it continues to seek to advance its leadership role in the midrange market.

To further distance itself from its rivals, Sage Software should concentrate on building in additional vertical capabilities to its CRM applications through a combination of internal development and small-scale acquisitions (if need be) and by deepening its relationship with its partners that specialize in vertical industries. Sage Software has a comprehensive partner community that has successfully established Sage SalesLogix in a broad range of industries. Leveraging this partner community by bringing insight back into the product on a consistent basis will allow the product to develop greater

vertical industry sensitivity. The challenge to Sage Software is to continue to develop this capability without threatening its partner community, whose livelihood depends on these customizations. In the end, the partner's job will be eased through more prepackaged capabilities, allowing each partner to focus on customers' business process requirements. Taken as a whole, we believe this is a significant revenue opportunity for the vendor going forward.

Sage Software's assemblage of CRM applications — ACT! by Sage, SageCRM.com, SageCRM, and Sage SalesLogix — provides its growing number of customers with freedom of choice, yet it will also put them in a quandary when it comes time to determine which solution will best fit their business needs. This means the vendor must be extremely clear (and consistent) in its messaging as to how each of its CRM products is differentiated from the other, and it must ensure this information is effectively conveyed to its partners and customers. In our view, Sage Software's reorganization of its CRM product line in 2006 marked its first strong step to address these issues because this initiative involved setting the vendor's marketing and sales strategy *across* its entire product line. IDC believes that Sage Software must also provide its customers with a clear integration path as they seek to migrate from one CRM product to the next.

In addition, a significant product differentiator that Sage Software does not seem to promote nearly enough (and should) is that the Sage SalesLogix solution is highly customizable. Few CRM offerings being marketed today have the depth and breadth, as well as the flexibility, to be modified in a way that does not require the costly manual input of data when changes must be made to multiple layers, deep within the business processes. This does require a careful balancing of the terms *customization* and *development*. For smaller organizations these words are often synonymous.

Beyond the technology advancements now planned for its future product releases, by overcoming these obstacles Sage SalesLogix can hope to further differentiate itself from — and continue to outsell — the competition.

CONCLUSION

Sage Software has delivered a strong and positive message to the existing Sage SalesLogix user base, partner community, and prospect base with its latest release. It is a message of commitment to the product and its users, investment in the product, and insight into the business and user needs of organizations.

Sage SalesLogix v7.2 offers a new, multiclient-architected platform to midsize enterprises that has the mobile worker in mind. The new, flexible technology platform lets companies meet their key business objectives of providing affordable, rapid, and easy deployment of customized applications on a Web client. The codeless development environment in v7.2 will greatly appeal to a midmarket firm's partners and IT departments, as deploying an upgraded or customized solution is made possible by a single click. From a usability perspective, the vendor's new, modern interface also provides a more familiar look and feel because it incorporates the current "Web" look, has Vista-style icons, and permits a personalized, "work the way I do" user experience for its end customers.

Underlying the delivery of functionality is an appreciation of the business environment confronting Sage Software's customers. In today's world of flexible workforces, IT managers are increasingly being asked to provide mobile access to corporate business applications by their field salespeople, partners, suppliers, and support personnel, who need instantaneous access to customer information for critical decision making. However, the expense of providing and supporting access to these applications can be significant, and IT managers must give careful consideration to the associated costs and capabilities before deploying an enterprise mobile solution. Sage Software has taken these issues into account and is working to deliver, not only in this release but in its Sage SalesLogix road map, the product and resources, through the partner community, to create true business value and to meet the unique needs and requirements of the midmarket organization.

With v7.2, IDC believes that Sage Software has achieved affordability and mobility leadership that will earn it a solid placement in the winner's circle among midmarket CRM solution providers.

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