TECH CHOICES

February 21, 2007

The Forrester Wave™: Midmarket CRM Suites, Q1 2007

by Liz Herbert

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Includes a Forrester Wave™

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SaaS Players And Newer Entrants Show Momentum

by Liz Herbert
with William Band, Chip Gliedman, Sharyn Leaver, Mary Ann Rogan, and Ian Schuler

EXECUTIVE SUMMARY

Forrester evaluated leading midmarket customer relationship management (CRM) suites vendors across approximately 490 criteria and found that RightNow Technologies, Oracle, salesforce.com, and Microsoft lead the category. Vendors' offerings in this evaluation range from highly packaged solutions like Maximizer Software's Maximizer Enterprise and FrontRange Solutions' GoldMine Corporate Edition, that are suitable for smaller deployments, to more flexible options like Onyx Software's Onyx CRM and CDC Software's Pivotal CRM, that are appropriate for larger, more complex deployments (but often require more time, effort, and expense to set up and manage). The CRM midmarket is increasingly dominated by software-as-a-service (SaaS) options — including those from Entellium, NetSuite, RightNow, and salesforce.com, as well as Oracle's Siebel CRM On Demand — whose frequent, automatic upgrades are further fueling the SaaS CRM momentum. This year's evaluation marks the first year that the Microsoft Dynamics CRM product emerges as a Leader in a Forrester Wave as well as the first year that Forrester is including an open source offering: SugarCRM's Sugar Enterprise.

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NOTES & RESOURCES

Forrester conducted a survey in July, August, and September 2006 of 15 CRM vendor products, including offerings from Entellium, FrontRange Solutions, Maximizer Software, Microsoft, NetSuite, Onyx Software, Oracle, CDC Software, RightNow Technologies, Sage Software, salesforce.com, Soffront Software, and SugarCRM. We also spoke with 28 vendor-supplied references. We analyzed vendor financial performance and defined the size and growth trajectory of the worldwide CRM applications market.

Related Research Documents

"The State Of SMB Software And Services 2006: North America"
November 10, 2006, Data Overview

"CRM Market Size And Forecast, 2006 To 2010"
October 20, 2006, Trends

"Best Practices For CRM Deployment"
December 13, 2005, Best Practices

TARGET AUDIENCE

Business process and applications professional, customer experience professional, marketing leadership professional

MIDMARKET CONTINUES TO BE HOTBED OF BUYER AND VENDOR CRM ACTIVITY

Firms continue to invest in CRM technologies at a steady pace: Forrester estimates 2006 spending will exceed $8 billion.[1] Consolidation of leading CRM vendors (Epiphany/Infor Global Solutions, Onyx Software/M2M Holdings, Oracle/PeopleSoft/Siebel), intensified competition from well-capitalized business applications players (SAP and Microsoft), and the rise of new SaaS deployment options (RightNow, salesforce.com) mean firms must carefully think through CRM solution strategies.

Small and medium-size businesses (SMBs) — defined as firms with 1,000 employees or fewer — show the most appetite for CRM. Forrester expects the SMB share of vendor revenues will expand from today's 33% to 38% of the total market by 2010, reaching $4.2 billion as firms seek to drive growth, profitability, and better customer experience.[2] Many of these firms are purchasing CRM for the first time, moving off of a hodgepodge of standalone contact managers, Excel spreadsheets, and paper to more sophisticated, centralized CRM. In addition to the strong demand for midmarket CRM tools coming from SMBs, many divisions of larger enterprises are looking to midmarket-appropriate solutions when they find corporate CRM deployments too difficult to use or too difficult to keep up-to-date with changing business processes.

Midmarket Faces Broad Range Of Options

While most CRM vendors are currently experiencing flat or modest growth, vendors that appeal to SMBs and divisions of large enterprises are watching their customer bases skyrocket: Microsoft signed 7,000 customers since its initial foray into the market in late 2003; salesforce.com nearly doubled its customer base since that same time period, moving from 13,300 customers at the end of 2003 to nearly 25,000 customers today. This rapid uptake of CRM in SMBs and divisions of large enterprises is driving long-standing software vendors, as well as newer entrants, to flood an already competitive market with options. Firms seeking easier-to-use, quicker-to-deploy CRM can choose from:

- **Software giants capitalizing on midmarket CRM spending growth.** As firms' appetites for big-bang, multimillion-dollar deployments wane, enterprise CRM giants like SAP and Oracle are eyeing SMBs and divisions of large enterprises as strong sources of revenue. Giants with huge presence in the SMB business applications sector — Microsoft and Sage Software — are also capturing much of the wallet share in midmarket CRM. Microsoft's Dynamics CRM product appeared on the market in late 2003 and already boasts more than 7,500 customers, while Sage Group offers three strong brands that play in this market: ACT!, SageCRM and SageCRM.com, and Sage SalesLogix.

- **Vendors built on newer models: SaaS and open source.** The midmarket continues to be the sweet spot for SaaS purchases, and CRM is one of the hottest areas of activity. Vendors like Entellium, NetSuite, RightNow, and salesforce.com continue to build out functionality without losing their focus on ease of use, point-and-click customization, as well as quick and incremental deployments. Meanwhile, open source vendors are continuing to push up the stack to become valid options at the application layer — rather than just the server and database tiers. Vendors like CentraView, SugarCRM, and vtiger now compete in many SMB deals, particularly when those deals are driven by an IT shop that already embraces open source.[3]

- **Midmarket staples.** Solutions like Maximizer Enterprise and GoldMine continue to have broad appeal at the lower end of the SMB market and both continue to expand capabilities that make them plausible for larger deployments. Maximizer offers a full-breadth Enterprise Edition, complete with partner portals, customer portals, and eCommerce, while FrontRange's GoldMine currently offers a Corporate Edition and will release its Enterprise Edition in early 2007. Long-standing choices that still compete in upper or more complex midmarket deployments include Pivotal CRM, Onyx CRM, and Soffront CRM Suite. These solutions offer a high degree of flexibility without the expense or complexity of an enterprise CRM suite.

Another way to break down the midmarket CRM vendor landscape is by deployment models, where three groups of vendors exist (see Figure 1):

1. **Pure-play SaaS vendors.** Vendors like Entellium, NetSuite, and salesforce.com focus exclusively on providing on-demand offerings with no on-premise options planned for the near future. These vendors concentrate on creating easy-to-use, quick-to-deploy solutions that don't require IT involvement for deployment or customizations. These solutions frequently appeal to business buyers but are increasing their appeal to the IT side as well.

2. **On-premise-only vendors.** Vendors like Maximizer and CDC Software continue to support on-premise, single-tenant architectures only. These vendors respond to the demand for hosted offerings by supporting managed hosting options. Microsoft and Onyx, for example, both have partners that will host and manage their software for end customers.

3. **Hybrid offerings.** Vendors are increasingly providing flexible deployment options by offering their solution as SaaS or on-premise and letting the customer switch between options — or use a mix of on-premise and SaaS seats. Early adopters of this model include RightNow and Sage (formerly ACCPAC CRM). Both Oracle and SAP also offer hybrid capabilities, but only a subset of their on-premise functionality is included in their SaaS versions, and both vendors still have some work to do to make the user interfaces (UIs) look more similar across deployment options. Microsoft plans to join this group in 2007.

Figure 1 Midmarket Deployment Options

	On-premise	Hosted	SaaS
Software giants			
ACT!	●	◐	
Microsoft Dynamics CRM	●	◐	○
Oracle's Siebel CRM Professional	●	●	
Oracle's Siebel CRM On Demand			●
Sage SalesLogix	●	◐	
SageCRM	●	◐	●
Newer models: SaaS and open source			
Entellium			●
NetSuite			●
RightNow	●		●
salesforce.com			●
Sugar Enterprise	●	●	
Midmarket CRM staples			
FrontRange's GoldMine	●	◐	
Maximizer Enterprise	●	◐	
CDC Software's Pivotal CRM	●	◐	
Onyx CRM	●	◐	
Soffront CRM Suite	●	●	

● Supported ◐ Hosted through partners ○ Offering planned for 2007

40595 Source: Forrester Research, Inc.

MIDMARKET CRM SUITES EVALUATION OVERVIEW

To help buyers figure out how midmarket CRM offerings stack up, Forrester evaluated top vendors competing in the space.

Criteria: Product, Strategy, And Market Presence

After examining past research, user need assessments, and vendor and expert interviews, we developed a comprehensive set of evaluation criteria. We evaluated vendors against approximately 490 criteria, which we grouped into three high-level categories (see Figure 2):

Figure 2 Evaluation Criteria

CURRENT OFFERING	
Sales	How strong are the product's sales automation capabilities?
Marketing	How strong are the product's marketing capabilities?
Customer service	How strong are the product's customer service capabilities?
Field service	How strong are the product's field service capabilities?
eCommerce	How strong are the product's eCommerce capabilities?
Partner channel management	How strong are the vendor's partner channel management capabilities?
Analytics	How strong are the product's analytics capabilities?
Customer data management	How robust is the product's ability to manage customer data?
Internationalization	Is the product suitable for global, multilanguage deployments?
Industry business process support	Does the product have specialized capabilities tailored to the business goals and processes for specific industries?
Architecture and platform	How strong are the product's platform and development tools?
Usability	How user-friendly is the product?
Cost	What is the total cost of ownership of the product?
STRATEGY	
Time-to-value	How long does it typically take for the vendor's product to be brought into production and available to frontline users?
Product strategy	How strong is the vendor's product strategy and vision?
Application ownership experience	How does the vendor add value and support buyers before and after the purchase of the software and services?
Corporate strategy	How strong are the vendor's corporate strategy and vision?
MARKET PRESENCE	
Customer base	How large is the vendor's customer base for this market?
Employees	What is the depth of human resources available to enhance the product and serve customers?
Financial performance	How strong are the vendor's financial resources to pursue its strategy?

Source: Forrester Research, Inc.

1. **Current offering.** We looked at the breadth of each vendor's product offering, global capabilities, and adaptation to specific industry requirements. We evaluated vendor customer data management abilities and usability. Cost and the strength of their technology platforms and tools were also important considerations.

2. **Strategy.** We looked at the strength of each vendor's product strategy and vision and how they intend to be leaders in the enterprise CRM market. A very important set of criteria were focused on the means by which vendors seek to deliver a satisfactory application ownership experience to their customers and how long it takes customers to realize value from the solution.

3. **Market presence.** We gauged the size of each vendor's customer base and evaluated the depth of human and financial resources available to enhance their products and serve customers.

Vendors Evaluated: Multifunctional Midmarket On-Premise And SaaS CRM Suites

Forrester included 15 products in the assessment: CDC Software's Pivotal CRM, Entellium, FrontRange's GoldMine, Maximizer Enterprise, Microsoft Dynamics CRM, NetSuite, Onyx CRM, Oracle's Siebel CRM On Demand, Oracle's Siebel CRM Professional Edition, RightNow, SageCRM, Sage SalesLogix, salesforce.com, Soffront CRM Suite, and Sugar Enterprise (see Figure 3). Each of these vendors:

- **Offers a multifunctional CRM applications suite.** They have functionality in a minimum of three of the following CRM subdisciplines and tools: customer analytics, customer data management, customer service, eCommerce, field service, marketing, partner relationship management, and sales force automation (SFA). Specialist vendors that only offer a smaller subset of CRM functionality are not covered in this evaluation.

- **Is appropriate for SMBs or divisions of large enterprises.** SMBs and divisions of large enterprises are typically more IT and budget-constrained than large enterprises. These firms seek CRM solutions that offer quicker deployments, lower total cost of ownership, and more out-of-the-box support for their business than what the enterprise CRM suites are providing. The vendors that we included have shown their ability (including producing customer references) to serve smaller deployments through solution functionality, pricing, packaging, and services.

Forrester did not include SAP in the midmarket CRM suites evaluation because the vendor did not have a dedicated midmarket CRM product at this time. However, as of this publication, SAP has announced plans to deliver a dedicated midmarket CRM solution by midyear 2007 with its new version of the SAP All-in-One solution for midsize companies.

Figure 3 Evaluated Vendors: Product Information And Selection Criteria

Vendor	Product evaluated	Product version evaluated	Version release date
CDC Software	Pivotal CRM	5.9	June 2006
Entellium	Entellium eSalesForce, Entellium eCustomerCenter, Rave CRM	Entellium usability release	November 2006
FrontRange Solutions	GoldMine Corporate Edition	7.03	April 2006
Maximizer Software	Maximizer Enterprise	9.5	August 2006
Microsoft	Microsoft Dynamics CRM	3.0	December 2005
NetSuite	NetSuite	11.0	April 2006
Onyx Software	Onyx CRM	6.0	September 2006
Oracle	Siebel CRM On Demand	12	July 2006
Oracle	Siebel CRM Professional Edition	7.8	April 2005
RightNow Technologies	RightNow 7.5	7.5	August 2005
Sage Software	SageCRM	5.8	February 2006
Sage Software	Sage SalesLogix	7	September 2006
Salesforce.com	Salesforce	Salesforce.com's Summer '06	Summer 2006
Soffront Software	Soffront CRM Suite	8.6	May 2006
SugarCRM	Sugar Enterprise	4.5	August 2006

Vendor selection criteria

The vendor offers functionality in a minimum of three of the following CRM subdisciplines and tools: customer analytics, customer data management, customer service, eCommerce, field service, marketing, partner relationship management, and sales force automation.
The vendor targets SMBs or divisions of large enterprises.
The solution was generally available at the time of data collection for this evaluation with at least three references available for contact.

Source: Forrester Research, Inc.

SaaS CRM SPECIALISTS AND MICROSOFT GAIN GROUND IN THE MIDMARKET CRM RACE

The midmarket continues to evolve rapidly and SMBs and divisions of large enterprises continue to have many options to choose from. Our evaluation uncovered a market in which (see Figure 4):

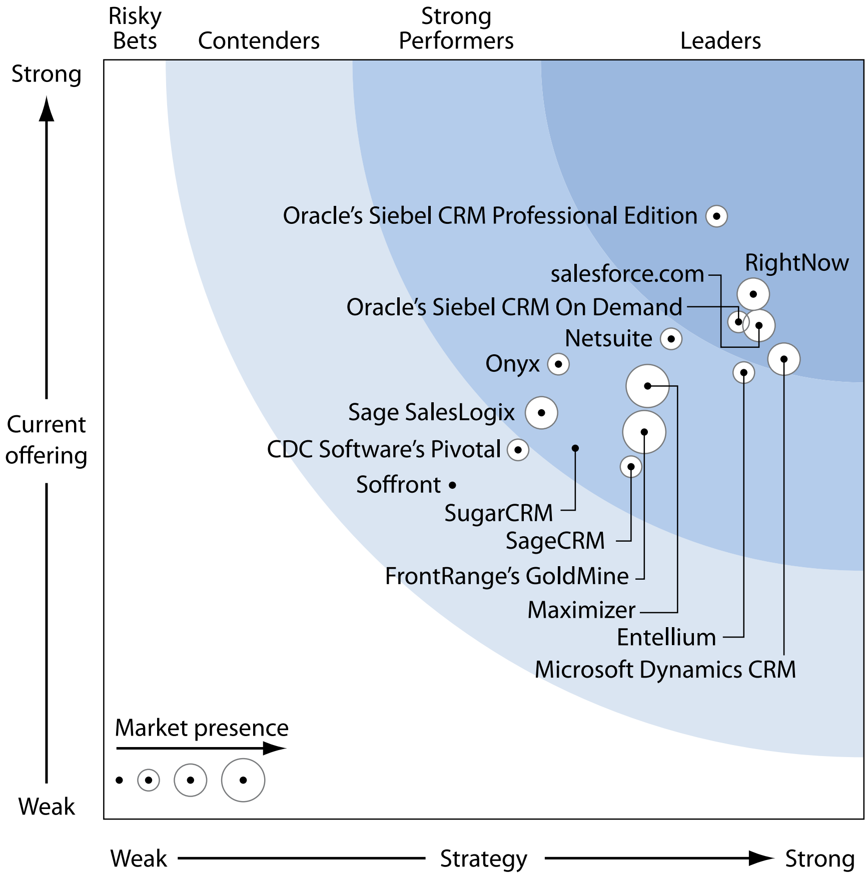
- **Rapid innovation propels SaaS solutions further ahead.** SaaS vendors typically release several upgrades per year, enabling them to deliver functionality enhancements much more frequently than their on-premise competitors. Vendors like Entellium, NetSuite, Oracle's Siebel CRM On Demand, RightNow, and salesforce.com are quickly incorporating functionality enhancements as well as building out capabilities in areas where they once were weak, such as customization and integration. Those that can keep up are experiencing strong customer growth, while others risk going out of business or being acquired — like Salesnet, which RightNow bought in 2006.

- **The Microsoft brand gives Dynamics CRM major momentum.** Microsoft Dynamics CRM is one of the newer products included in our evaluation, but the vendor has made impressive progress building out its solution, which emerged as a Leader for the first time in a Forrester Wave. Microsoft has won more than 7,500 customers since its introduction in late 2003, surpassing much of its competition on this metric. The vendor provides all-around core CRM capabilities in an intuitive, Outlook-style UI and leverages other Microsoft technologies like SharePoint and SQL Server Analysis Services to deliver more advanced capabilities. With many midmarket firms taking a Microsoft-first, .NET-centric approach to applications, Microsoft finds itself on a high percentage of CRM shortlists based on brand alone.

- **Usability and mobile drive vendor road maps.** User adoption continues to be a key challenge in CRM rollouts. Vendors have responded by investing in end UI improvements, easier-to-use administrative tools, and mobile device capabilities. Sage and salesforce.com both make acquisitions to enhance mobile device capabilities in 2007; vendors like FrontRange, Maximizer, and Microsoft continue to build out capabilities in-house.

This evaluation of the midmarket CRM suites market is intended to be a starting point only. Readers are encouraged to view the detailed product evaluations and adapt the criteria weightings to fit their individual needs through the Forrester Wave Excel-based vendor comparison tool.

Figure 4 Forrester Wave™: Midmarket CRM Suites, Q1 '07



The Forrester Wave™
Smart data for smart decisions

Go online to download the Forrester Wave tool for more detailed product evaluations, feature comparisons, and customizable rankings.

40595 Source: Forrester Research, Inc.

Figure 4 Forrester Wave™: Midmarket CRM Suites, Q1 '07 (Cont.)

	Forrester's Weighting	Entellium	FrontRange - Goldmine	Maximizer	Microsoft Dynamics CRM	Netsuite	Onyx	Oracle Siebel CRM On Demand	Oracle Siebel CRM Professional Edition
CURRENT OFFERING	50%	2.95	2.55	2.87	3.02	3.16	3.01	3.27	3.96
Sales	12%	3.33	3.25	3.41	3.30	3.83	3.73	3.62	4.98
Marketing	12%	2.14	1.52	2.48	2.36	2.59	2.68	2.54	4.40
Customer service	12%	2.84	2.56	2.36	2.67	2.23	3.57	2.92	3.87
Field service	2%	0.41	0.73	1.69	2.96	2.16	1.25	0.32	4.24
eCommerce	2%	0.37	0.00	1.63	0.75	2.49	0.54	0.65	2.47
Partner channel management	2%	0.00	0.00	1.72	1.72	2.04	2.12	2.88	4.71
Analytics	8%	1.57	0.42	1.52	2.73	2.63	2.86	3.13	4.57
Customer data management	5%	1.67	1.52	2.26	2.28	2.96	2.70	2.58	3.80
Internationalization	3%	3.68	4.34	3.33	5.00	4.67	4.01	4.67	5.00
Industry business process support	6%	1.11	2.16	1.64	1.87	2.19	1.21	1.62	3.32
Architecture and platform	6%	3.21	2.43	2.35	3.23	3.30	3.71	3.36	4.42
Usability	15%	4.04	3.53	3.88	4.07	3.43	3.52	3.95	4.43
Cost	15%	5.00	4.05	4.15	3.40	4.30	2.85	4.60	2.05
STRATEGY	50%	4.19	3.56	3.57	4.48	3.72	3.00	4.18	4.04
Time-to-value	25%	5.00	5.00	5.00	5.00	5.00	3.00	5.00	3.00
Product strategy	25%	4.25	4.00	3.00	5.00	3.50	3.00	4.25	4.75
Application ownership experience	25%	4.12	3.03	3.13	3.92	3.39	3.00	4.07	4.44
Corporate strategy	25%	3.40	2.20	3.15	4.00	3.00	3.00	3.40	3.95
MARKET PRESENCE	0%	2.50	4.30	4.20	3.43	3.00	2.63	2.50	2.50
Customer base	80%	2.50	4.50	4.50	3.50	3.00	2.50	2.00	2.00
Employees	10%	2.00	3.00	2.00	1.25	3.00	2.25	5.00	5.00
Financial performance	10%	3.00	4.00	4.00	5.00	3.00	4.00	4.00	4.00

All scores are based on a scale of 0 (weak) to 5 (strong).

40595 Source: Forrester Research, Inc.

Figure 4 Forrester Wave™: Midmarket CRM Suites, Q1 '07 (Cont.)

	Forrester's Weighting	Pivotal CRM	RightNow	SageCRM	Sage SalesLogix	Salesforce.com	Soffront	SugarCRM
CURRENT OFFERING	50%	2.43	3.44	2.32	2.69	3.25	2.21	2.45
Sales	12%	3.45	3.76	3.07	3.83	3.93	2.98	3.24
Marketing	12%	2.79	3.10	1.48	1.86	1.91	1.17	1.48
Customer service	12%	1.95	3.96	2.06	2.14	2.88	2.83	1.84
Field service	2%	1.00	0.00	0.76	1.36	1.65	1.55	0.27
eCommerce	2%	0.00	0.36	0.02	0.70	0.45	0.40	0.30
Partner channel management	2%	1.94	2.72	0.46	0.05	2.75	1.27	0.00
Analytics	8%	1.24	3.51	1.08	1.64	2.07	0.50	2.24
Customer data management	5%	2.41	2.72	1.00	1.34	2.24	0.81	1.75
Internationalization	3%	4.34	5.00	4.34	4.67	4.67	1.00	4.34
Industry business process support	6%	1.49	2.23	1.25	1.05	2.33	1.39	1.16
Architecture and platform	6%	3.12	3.81	2.74	2.93	3.63	2.28	3.11
Usability	15%	2.85	3.09	3.53	4.12	4.67	2.88	3.24
Cost	15%	2.25	4.60	3.10	3.40	4.20	3.65	3.45
STRATEGY	50%	2.72	4.21	3.46	2.87	4.31	2.29	3.10
Time-to-value	25%	2.00	5.00	5.00	3.00	5.00	2.00	3.00
Product strategy	25%	2.50	4.25	3.50	3.50	4.25	3.00	4.25
Application ownership experience	25%	2.93	4.24	2.78	2.79	4.13	2.47	3.20
Corporate strategy	25%	3.45	3.35	2.55	2.20	3.85	1.70	1.95
MARKET PRESENCE	0%	2.85	3.10	2.98	3.78	3.90	2.00	1.60
Customer base	80%	3.00	3.00	3.00	4.00	4.00	2.00	1.50
Employees	10%	3.00	3.00	2.75	2.75	3.00	1.00	1.00
Financial performance	10%	1.50	4.00	3.00	3.00	4.00	3.00	3.00

All scores are based on a scale of 0 (weak) to 5 (strong).

40595 Source: Forrester Research, Inc.

VENDOR PROFILES

Leaders

- **RightNow.** RightNow has strong CRM capabilities across all core functional modules — sales, service, and marketing — and has positioned itself as a tool that enables firms to deliver world-class customer experience across all types of customer interactions. RightNow is rare in its ability to offer the same solution as on-premise or SaaS — and to offer subscription pricing or traditional licensing regardless of deployment option. The vendor has a unique focus on embedding artificial intelligence into its solution through research being done in its RightNow Labs division.[4]

- **Oracle's Siebel CRM Professional Edition.** Oracle's Siebel CRM Professional Edition offers best-of-breed CRM to the midmarket with a focus on verticals, including financial services and healthcare. Professional Edition has a similar look and feel to Siebel's on-premise product, meaning an easier transition path for companies that outgrow the midmarket offering. On the downside, competition from the enterprise product and Siebel CRM On Demand, as well as ongoing post-Oracle acquisition activity, may mean a diluted focus on Professional Edition.[5]

- **Salesforce.com.** Salesforce.com's Salesforce continues to provide an easy-to-use, strong SFA functionality and has been expanding its capabilities in areas like customer service, partner relationship management, and marketing features. The vendor also has best-of-breed mobile device support since its acquisition of Sendia in the first half of 2006. Touting its solution as CRM for everyone, the vendor doesn't offer deep industry-specific editions, which can mean unnecessary work on customers' plates when they have to start with a generic deployment and create their own verticalization.[6]

- **Microsoft Dynamics CRM.** Microsoft has shotgunned from a middle-of-the-pack offering in Forrester's 2005 midmarket SFA evaluation to a market leader in the 2007 CRM suites evaluation. In addition to leveraging the strong Microsoft brand name, Dynamics CRM also excels at leveraging a range of Microsoft products to enhance CRM capabilities. Dynamics CRM's UI is modeled after Microsoft's popular Outlook email client, meaning a familiar user experience, shorter training time, and higher adoption rates. Dynamics CRM also leverages Microsoft tools like SharePoint and SQL Server Analysis Services to deliver additional value.[7]

- **Oracle's Siebel CRM On Demand.** Oracle's Siebel CRM On Demand offers strong SFA, customer service, marketing, and — for an additional fee — integrated contact center functionality like caller ID, availability-based call routing, and call transfer capabilities. The vendor focuses on verticals like wealth management, insurance, high-tech, automotive, and life sciences — and already offers deep industry-specific editions in those areas. The vendor also provides a hosted data warehouse for more advanced historical analytics. Siebel CRM On Demand still has some gaps in customization capabilities — like limits on number of custom objects, making it more difficult for firms to manage industry-specific entities such as ad agencies in the media sector or suppliers to manufacturing companies.[8]

Strong Performers

- **Entellium.** Entellium offers strong sales automation and service with a strong focus on usability, customer support, and cost-effectiveness. Entellium has continued to build out its task-based UI to include features like activity sets and recently released a smart client. The vendor has an innovative modular pricing model and bundles features like wireless access, API access, and partner portals to offer one of the lowest prices on the market.[9]

- **NetSuite.** NetSuite is a strong all-in-one front- and back-office solution spanning enterprise resource planning (ERP), accounting, and eCommerce. The solution is best fit for industries like distribution, high-tech, online retail, and wholesale that require tight integration between the front and back office.[10]

- **Maximizer Software.** With its full CRM suite, partner portals, and customer self-service capabilities, Maximizer is appropriate for smaller firms and divisions looking for a complete CRM solution with a low price tag.[11]

- **Sage SalesLogix.** Sage SalesLogix is the Sage Software offering targeted at the upper midmarket. The product offers strong all-around sales functionality and full offline capabilities, and it has a healthy network of partners that offer implementation services and complementary products like prebuilt connectors and mobile device solutions.[12]

- **FrontRange.** FrontRange's GoldMine, one of the original contact managers, provides adequate SFA capabilities through the GoldMine Corporate Edition. This solution will meet the needs of most smaller firms and divisions but lacks the breadth required by larger enterprises. GoldMine plans to release Enterprise Edition in early 2007 to meet a more complex set of needs.[13]

- **Onyx.** Onyx competes primarily in the upper midmarket and small enterprise segments, specializing in verticals like financial services, government, and healthcare. The product's greatest strengths are its process focus and customization capabilities, but this also means more effort to implement, maintain, and upgrade.[14]

- **SageCRM.** Known as ACCPAC CRM until recently, SageCRM is a true hybrid solution. It is owned by the same parent that owns ACT! and Sage SalesLogix, which simplifies the migration path for firms that start with the low-end ACT! offering and move up to SageCRM as well as for firms that outgrow SageCRM and need to move to higher-end Sage SalesLogix. The product has adequate built-in functionality but lacks sales-related functionality like a sophisticated content repository and product catalog.[15]

- **SugarCRM.** SugarCRM provides open source CRM, allowing firms to get free code to manage basic sales, service, and marketing activities — and offering more sophisticated solutions like Sugar Professional and Sugar Enterprise for a fee. The open source model means that firms have the freedom to build on that code using their own IT resources or use add-ons that are available through open source CRM partner and developer communities. Open source CRM promises freedom from vendor lock-in, flexibility to tightly map the software to business processes, and extensibility to grow with changing business needs. On the downside, the solution requires a fair amount of IT resource to maintain and isn't backed by the deep pockets of a Microsoft or an SAP.[16]

Contenders

- **CDC Software's Pivotal CRM.** Pivotal has a strong CRM product geared toward the upper midmarket. Pivotal has strong all-around CRM functionality and a best-of-breed marketing capability thanks to its acquisition of MarketFirst. Pivotal has strong customization and integration capabilities but lacks the out-of-the-box readiness that many smaller firms desire.[17]

- **Soffront.** Soffront is a smaller vendor that provides a flexible, modern architecture that can support highly complex processes. On the downside, the vendor doesn't provide as much out-of-the-box, preconfigured functionality as some of its midmarket competitors, meaning more work to get the solution up and running. And, the vendor's smaller size translates into gaps in areas like industry-specific offerings and prepackaged, formalized professional services.[18]

SUPPLEMENTAL MATERIAL

Online Resource

The online version of Figure 4 is an Excel-based vendor comparison tool that provides detailed product evaluations and customizable rankings.

Data Sources Used In This Forrester Wave

Forrester used a combination of four data sources to assess the strengths and weaknesses of each solution:

- **User surveys.** Forester observed and defined market trends based on Forrester's ongoing dialog with leading enterprise buyers and analysis of buying patterns captured through Forrester's Business Technographics® research surveys of business and IT executives.

- **Market size and forecast.** Forrester determined current size of the worldwide market for CRM solutions and forecast its future growth to 2010. Market size and predictions are based on vendor published financial reports and Forrester analysis.

- **Vendor surveys.** Forrester surveyed vendors on their capabilities as they relate to the evaluation criteria. Once we analyzed the completed vendor surveys, we conducted vendor calls where necessary to gather details of vendor qualifications.

- **Customer reference calls.** To validate product and vendor qualifications, Forrester also conducted reference calls with three of each vendor's current customers.

The Forrester Wave Methodology

We conduct primary research to develop a list of vendors that meet our criteria to be evaluated in this market. From that initial pool of vendors, we then narrow our final list. We choose these vendors based on: 1) product fit; 2) customer success; and 3) Forrester client demand. We eliminate vendors that have limited customer references and products that don't fit the scope of our evaluation.

After examining past research, user need assessments, and vendor and expert interviews, we develop the initial evaluation criteria. To evaluate the vendors and their products against our set of criteria, we gather details of product qualifications through a combination of lab evaluations, questionnaires, demos, and/or discussions with client references. We send evaluations to the vendors for their review, and we adjust the evaluations to provide the most accurate view of vendor offerings and strategies.

We set default weightings to reflect our analysis of the needs of large user companies — and/or other scenarios as outlined in the Forrester Wave document — and then score the vendors based on a clearly defined scale. These default weightings are intended only as a starting point, and readers are encouraged to adapt the weightings to fit their individual needs through the Excel-based tool. The final scores generate the graphical depiction of the market based on current offering, strategy, and market presence. Forrester intends to update vendor evaluations regularly as product capabilities and vendor strategies evolve.

ENDNOTES

1 Forrester estimates the worldwide market for CRM applications (including new enterprise licenses, SaaS, maintenance, and vendor services) will reach $8.4 billion in 2006, up 7% from the previous year. Market growth will be moderate, expanding about 7% on average per year, reaching $10.9 billion by 2010. See the October 20, 2006, Trends "CRM Market Size And Forecast, 2006 To 2010."

2 Forrester surveyed 798 IT decision-makers in the US SMB market on the subject of software and associated services and found that investment in new applications is a top priority. Among enterprises with 500 to 999 employees, 44% planned to purchase customer service applications in 2005; 39% will purchase business intelligence applications; 32% will purchase sales force automation solutions; and 32% will buy marketing automation applications. See the October 20, 2006, Trends "CRM Market Size And Forecast: 2006 To 2010."

3 Open source CRM attracts buyers by promising freedom from vendor lock-in, flexibility to tightly map the software to business processes, and ability to grow with changing business needs. On the downside, the solutions lack enterprise-class functionality, have unproven scalability, and aren't backed by the deep pockets of a Microsoft or an SAP, meaning buyers must assume some risk around product support, maintenance, and upgrades. See March 27, 2006, Market Overview "Open Source CRM Continues To Gain Momentum But Isn't Enterprise-Ready."

4 View the vendor summary for more detailed analysis on how RightNow fared in this evaluation. See the February 21, 2007, Tech Choices "RightNow Is A Leader In Midmarket CRM Suites."

[5] View the vendor summary for more detailed analysis on how Oracle's Siebel CRM Professional Edition fared in this evaluation. See the February 21, 2007, Tech Choices "Oracle's Siebel CRM Professional Edition Is A Leader In Midmarket CRM Suites."

[6] View the vendor summary for more detailed analysis on how salesforce.com fared in this evaluation. See the February 21, 2007, Tech Choices "Salesforce.com Is A Leader In Midmarket CRM Suites."

[7] View the vendor summary for more detailed analysis on how Microsoft Dynamics CRM fared in this evaluation. See the February 21, 2007, Tech Choices "Microsoft Dynamics CRM Is A Leader In Midmarket CRM Suites."

[8] View the vendor summary for more detailed analysis on how Oracle's Siebel CRM On Demand fared in this evaluation. See the February 21, 2007, Tech Choices "Oracle's Siebel CRM On Demand Is A Leader In Midmarket CRM Suites."

[9] View the vendor summary for more detailed analysis on how Entellium fared in this evaluation. See the February 21, 2007, Tech Choices "Entellium Is A Strong Performer In Midmarket CRM Suites."

[10] View the vendor summary for more detailed analysis on how NetSuite fared in this evaluation. See the February 21, 2007, Tech Choices "NetSuite Is A Strong Performer in Midmarket CRM Suites."

[11] View the vendor summary for more detailed analysis on how Maximizer fared in this evaluation. See the February 21, 2007, Tech Choices "Maximizer Is A Strong Performer In Midmarket CRM Suites."

[12] View the vendor summary for more detailed analysis on how Sage Saleslogix fared in this evaluation. See the February 21, 2007, Tech Choices "Sage SalesLogix Is A Strong Performer In Midmarket CRM Suites"

[13] View the vendor summary for more detailed analysis on how FrontRange's GoldMine fared in this evaluation. See the February 21, 2007, Tech Choices "FrontRange Is A Strong Performer In Midmarket CRM Suites."

[14] View the vendor summary for more detailed analysis on how Onyx fared in this evaluation. See the February 21, 2007, Tech Choices "Onyx Is A Strong Performer In Midmarket CRM Suites."

[15] View the vendor summary for more detailed analysis on how SageCRM fared in this evaluation. See the February 21, 2007, Tech Choices "SageCRM Is A Strong Performer In Midmarket CRM Suites."

[16] View the vendor summary for more detailed analysis on how SugarCRM fared in this evaluation. See the February 21, 2007, Tech Choices "SugarCRM Is A Strong Performer In Midmarket CRM Suites"

[17] View the vendor summary for more detailed analysis on how CDC Software's Pivotal fared in this evaluation. See the February 21, 2007, Tech Choices "Pivotal Is A Contender In Midmarket CRM Suites."

[18] View the vendor summary for more detailed analysis on how Soffront fared in this evaluation. See the February 21, 2007, Tech Choices "Soffront Is A Contender In Midmarket CRM Suites."

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