THE 2004 M

The time has come once again

for *CRM* magazine to reward excellence and achievement among vendors in the CRM industry. CRM vendors have individually and collectively worked to build confidence in the discipline, and those efforts are paying off. According to AMR Research, companies are still making modest-but-measurable increases in their spending on customer management tools and strategies, to the tune of an additional $600 million in spending expected for 2004. Interest is strongest among mid-market and SMB firms, which we classify as those companies under $1 billion and under $100 million in annual revenues, respectively.

But there was plenty to stir things up this year. Read on to see what companies prevailed from 2003, and how others are leaving an indelible mark on the industry.

Enterprise Suite CRM

The Market

A new competitive landscape emerged among the largest deployments of CRM this past year. Changes in users' buying patterns have the enterprise CRM vendors looking for new ways to maximize growth and profitability. One approach these vendors are increasingly using is to take aim at each other in an attempt to win over existing customers. The maturation of the enterprise CRM market, says Chris Selland, vice president of sell-side research at Aberdeen Group, means "these days, the only deals you win are the ones you take away from other guys."

Another paradigm shift over the past year is the growth of hosted CRM technologies. Many of the market leaders have expanded or improved their offerings in this area, often focusing on embedded analytics, integration, and ease-of-use—the factors that large-scale CRM users sought the most. "End-users are looking to consolidate and not have one or two point solution vendors," Selland says. "But they don't want to trade off and use a second-tier product just because it's part of their suite vendor." This year's market-leading vendors recognized these developing trends and tried to capitalize on them.

The Leaders

Among the leading enterprise vendors, **Amdocs** is the one most heavily focused on primarily one key vertical: telecommunications. But the company is relying on its ClarifyCRM division to extend its reach to other appropriate verticals. This is one reason for its solid 15 percent revenue growth in the CRM space, which helped turn a minor overall

BY PHILLIP BRITT, JASON COMPTON, AND JOSHUA WEINBERGER

ARKET LEADERS

⭐Winner / ✔Leader	Company	Category	Reputation for Customer Satisfaction	Reputation for Depth of Functionality
⭐	Accenture	CRM Consultancies	3.5	4.25
⭐	Acxiom	Data Quality	4	4.6
✔	Amdocs	Enterprise Suite CRM	3.43	3
✔	Aprimo	Marketing Performance Mgmt	3.4	3.8
✔	Ascential Software	Data Quality	3.2	3.6
✔	BearingPoint	CRM Consultancies	4	3.75
⭐	Best Software (ACT!)	SFA	3.4	2.2
⭐	Best Software (SalesLogix)	SMB Suite CRM	3.6	3.4
✔	Business Objects	CRM Analytics	3.8	3
✔	Capgemini	CRM Consultancies	2.75	3.25
✔	Cognos	CRM Analytics	3.8	3
✔	Deloitte	CRM Consultancies	3.25	4
✔	E.piphany	CRM Analytics	3.6	3.2
✔	E.piphany	Marketing Performance Mgmt	3.2	3.6
✔	Firstlogic	Data Quality	3.4	3
✔	FrontRange Solutions (GoldMine)	SFA	2.8	3.4
✔	Group 1	Data Quality	3.6	3
✔	IBM Business Consulting Services	CRM Consultancies	3.5	4
✔	Interface Software	SFA	4.5	4
✔	Maximizer Software	SFA	2.6	2.8
✔	Microsoft	Midmarket Suite CRM	2.4	2.25
✔	Microsoft	SMB Suite CRM	2.4	2
✔	NetSuite	SMB Suite CRM	3.5	3.6
✔	Onyx Software	SMB Suite CRM	3.6	3.8
✔	Oracle	Enterprise Suite CRM	2.57	3.14
✔	PeopleSoft	Enterprise Suite CRM	3.86	3.86
✔	PeopleSoft	Midmarket Suite CRM	3.9	3.9
✔	Salesforce.com	Midmarket Suite CRM	4.2	2.8
✔	Salesforce.com	SMB Suite CRM	4.2	2.8
✔	Salesnet	SFA	3.75	3.6
✔	SAP	Enterprise Suite CRM	3.14	3.36
✔	SAP	Midmarket Suite CRM	3.1	3.4
⭐	SAS Institute	CRM Analytics	4.2	4.8
✔	SAS Institute	Marketing Performance Mgmt	3.6	3.8
⭐	Siebel Systems	Enterprise Suite CRM	3.29	4.86
✔	Siebel Systems	Marketing Performance Mgmt	2.2	2.9
⭐	Siebel Systems	Midmarket Suite CRM	2.5	4.7
✔	Teradata	CRM Analytics	4.8	4.8
✔	Trillium (Harte-Hanks) Software	Data Quality	4	3
⭐	Unica	Marketing Performance Mgmt	3.8	4.4

Customer satisfaction and depth of functionality are based on a 5-point scale, with 5 being the highest rating.

THE 2004 CRM MARKET LEADERS

ENTERPRISE SUITE CRM	REPUTATION FOR CUSTOMER SATISFACTION	REPUTATION FOR DEPTH OF FUNCTIONALITY
Siebel Systems	**3.29**	**4.86**
Amdocs	3.43	3
Oracle	2.57	3.14
PeopleSoft	3.86	3.86
SAP	3.14	3.36

2002 loss into a booming $168 million profit in 2003. Coupled with exceptionally strong customer satisfaction marks (which explain a nearly 100 percent customer retention rate among ClarifyCRM users), and the continued absorption of last year's acquisition of Xchange, Amdocs' big push in functionality and partnerships helped the company stay far ahead of the midmarket vendors striving to gain entrance to the enterprise market, and helped it keep pace with its enterprise-level peers.

Although busy with its hostile takeover bid for PeopleSoft, **Oracle** managed to stay in step with its enterprise-level competitors. Ranked the lowest among the Market Leaders in terms of customer satisfaction ratings, Oracle scored points in terms of functionality—in part because the company addressed two of the industry's key concerns: data integration and hosted CRM. The company met the trend toward data integration with its Customer Data Hub, uniting data from front- and back-office systems to provide a single complete source of customer information. Oracle also repositioned and expanded its hosted offering, giving customers the option of on-premises managed services.

With 61 percent revenue growth, **PeopleSoft** seems at first glance to be the leader of the pack. But revenues hardly budged at all in the enterprise arena, as most of the growth came from the midmarket through the acquisition of J.D. Edwards. What kept the company a Market Leader this year were its development efforts and its strong showing in CRM's surveys of both functionality and customer satisfaction. The company's 8.9 release kept expectations high all year—and PeopleSoft attracted attention by beating the drum for lower total cost of ownership and increased ease-of-integration. The selection of George Ahn, a former Tibco

executive, to head the CRM division underscores the company's dedication to integration, a perennial enterprise concern.

While observers openly dispute the true nature of **SAP**'s CRM growth, AMR Research says the German giant pulled into a dead heat with Siebel Systems for the revenue-share lead in the CRM market last year, at 13 percent each. SAP also reaped a massive paper windfall thanks to an exchange rate that puffed up its Euro-based results. Still, much of the credit for the company's ever-expanding reach in the CRM space goes to a 2003 mySAP 4.0 release that greatly improved on the previous (and much-maligned) user interface. The company made a major push into CRM through upgrade initiatives and added trade promotion management and analytics functionality, all the while blatantly capitalizing on the uncertainty surrounding Siebel and PeopleSoft's future.

The Winner

Siebel Systems, while maintaining its position as CRM's 800-pound gorilla, weathered a steep 17 percent decline in revenue, according to AMR Research, as well as the ignominy of losing its clear hold on the revenue-share lead in the space. Meanwhile, company founder Tom Siebel surprised everyone by suddenly stepping down as CEO, handing the position to former IBM executive J. Michael Lawrie. But the release of Siebel 7.7 brought a renewed focus on sales, customer service, and marketing activities, thanks in large part to the strength of recently upgraded Siebel Analytics. Customers and analysts alike were also impressed with the technological leaps forward brought by acquisitions of Motiva (incentive management), Ineto Services (contact center management), and Eontec (retail banking solutions), among others. The most notable purchase, the acquisition of UpShot (and its integration into Siebel On-Demand), seemed to embody a year of positive redirection. "Everything that Siebel did is pointing toward ambitions in the on-demand space," says Denis Pombriant, managing principal at Beagle Research Group. —*Joshua Weinberger*

Midmarket Suite CRM

The Market

Midmarket companies, generally cited as being between $100 million and $1 billion in revenues, have long been considered the ultimate opportunity for CRM vendors. Midmarket companies have problems large enough to require heavy-duty solutions, budgets big enough to

There's nothing quite like pocketing about $100 million to get a little attention. **Salesforce.com**'s initial public offering ended a year of big moves and big successes for the software-as-a-service firm. The company broke into AMR Research's top-20 list of vendors with the highest CRM revenue, and released new versions of its flagship product and of sforce, its platform for developers. Founder and CEO Marc Benioff suffered a black eye at the hands of the SEC, as the company's IPO was delayed three times. Even after all that the company made a notable splash in its debut, pricing above its target and experiencing one of the best first-day performances of the year.

"Salesforce.com has grown to be a very big influence in the industry, but their footprint isn't very big," Selland says. "They're still nowhere near the functionality of SAP or Siebel, but they're getting there." Even so, the company is helping to make on-demand CRM palatable to the enterprise space—and is forcing its enterprise rivals to reinvent their hosted and on-demand offerings and pricing—with such wins as SunTrust Banks, ADP, Corporate Express, and most recently, Cisco Systems. —*J.W.*

MIDMARKET SUITE CRM	REPUTATION FOR CUSTOMER SATISFACTION	REPUTATION FOR DEPTH OF FUNCTIONALITY
Siebel	2.5	4.7
Microsoft	2.4	2.25
PeopleSoft	3.9	3.9
Salesforce.com	4.2	2.8
SAP	3.1	3.4

accommodate the projects, and growth opportunities significant enough to warrant a major CRM investment. To capture this lucrative market vendors are pulling out the stops. Be it enterprise-grade functionality for pennies on the dollar or on-demand solutions robust enough to run a nationwide company, midmarket CRM is where one can find the most innovation—and the most unpredictable change. The war for the midmarket is raging, and some of its brightest names are taking hits.

The Leaders

Microsoft's CRM radar blip turned into a legitimate market force this year, once clients began signing on in droves. With at least 1,000 customer installs, Microsoft's CRM strategy cannot be seen as mere dabbling. The company cut through a crowded world of Outlook-compatible products, leveraging an obvious advantage with its own code to leapfrog many Outlook-based CRM competitors. "There's Outlook integration, and then there's Outlook integration—most just have a batch process that runs in the background or every night," says Laura Preslan, CRM research director at AMR Research. Combined with a highly motivated and aggressive reseller base, Microsoft has been able to take a great deal of midmarket revenue in a short period of time, and not just among smaller clients. "We're getting user inquiries for companies that are looking at MS CRM as an enterprisewide solution," Preslan says.

Not all is rosy from Redmond, however, and MS CRM Version 2 is being closely watched on how it will address some of the limitations in Version 1—which sold very well, but has not earned universal applause. Our expert panel rated Microsoft at the bottom of the barrel for reputation for customer satisfaction and depth of functionality. "They shipped a low-function, low-flexibility product to a reseller base that wanted to customize and add value on top," says Erin Kinikin, vice president at Forrester Research. Still, Microsoft makes the *CRM* magazine leaderboard on the strength of extremely high year-over-year revenue growth (nearly doubling its CRM income, the best performance among major midmarket players) and a strong bottom line for its CRM business.

PeopleSoft joins the midmarket leaders this year largely on the strength of its J.D. Edwards acquisition and higher-than-average analyst ratings. Added to PeopleSoft's own midmarket presence in selling joint CRM and ERP/HR solutions, J.D. Edwards (now called PeopleSoft EnterpriseOne) provides the company with a

MIDMARKET SUITE CRM

This year's midmarket leaders list is perhaps more remarkable for the names that are not on it than for those that are. Last year **Onyx Software** was *CRM* magazine's midmarket leader, with **Pivotal** placing fifth. This year neither one ranked in our top five. Both companies were once virtually synonymous with midmarket CRM. But with downward pressure from enterprise CRM vendors and crowding from aggressive on-demand players, both vendors have faced significant challenges. These two companies have undergone reorganizations: Pivotal was acquired by CDC Software, which recently named Divesh Sisodraker the new president and CEO of the unit; Onyx founder Brent Frei stepped down as CEO to make way for Lucent veteran Janice Anderson. Although both have significant installed customer bases providing maintenance revenues, "new license sales have been dismal," Kinikin says.

Kinikin also thinks that the rough waters have hurt the credibility of the fallen leaders. "The midmarket wants a five-year decision, and it's awfully hard to look out five years and assume that Onyx is really going to be around that long," she says. So, our eyes are on both Onyx and Pivotal to regroup, perhaps to reinvent in 2005, and to reclaim a slice of the pie. *—J.C.*

ONES TO WATCH

significantly larger midmarket presence than it had enjoyed in past years. In fact, AMR Research ranks PeopleSoft as now having the highest overall number of CRM users.

"J.D. Edwards is essentially a high midmarket play in both the front office and back office," says Joe Outlaw, president of Outlaw Research. "When J.D. Edwards first bought YouCentric...less than five percent of [J.D. Edwards] customers had any sort of CRM at all, and [J.D. Edwards was] hoping that it would have a ready product to sell those people. I wouldn't doubt if [PeopleSoft was] doing fairly well with that built-in customer base."

Although **Salesforce.com** currently has smaller annual midmarket revenues than some of its rivals, strong growth and high marks for satisfaction edge the on-demand specialist into the midmarket leader category this year. While average customer size is still well under 20 seats, like Microsoft the company has secured some significant business from major players, and that in turn has boosted confidence from the midmarket. "Some of the largest companies in the world are running Salesforce: Honeywell, SunTrust...[these are] huge clients with thousands of agents running the solution," Preslan says. The company's sforce integration platform

THE 2004 CRM MARKET LEADERS

SMB SUITE CRM	REPUTATION FOR CUSTOMER SATISFACTION	REPUTATION FOR DEPTH OF FUNCTIONALITY
Best Software (SalesLogix)	3.6	3.4
Microsoft	2.4	2
NetSuite	3.5	3.6
Onyx	3.6	3.8
Salesforce.com	4.2	2.8

is getting enterprise attention, but Preslan believes the new Studio capability, making it easier for companies to customize the look, feel, and functionality of their Salesforce.com deployment, is the real jewel for midmarket customers.

SAP is the most surprising participant on the midmarket leaderboard. Although only a fraction of SAP's CRM revenues are attributed to midmarket clients, its growing stake in CRM business means it must be taken seriously. Market share reports from CSO Insights indicate that SAP is winning 10 percent of sales-oriented deals in the midmarket, while AMR Research credits SAP with 13 percent of the overall customer management space. SAP's focus is expected to remain the larger enterprise, but with the muscle and back-office resources it commands, the ripple effects are clearly felt in the midmarket.

The Winner

Some in the industry deride **Siebel Systems**' oft-reinvented midmarket strategy as merely a ploy to get in the front door of smaller firms to upsell them to Siebel's full enterprise suite. (Once known as the Mid-Market Edition, the vendor's main offering is now called Siebel Professional.) Siebel answered those intimations decisively with the acquisition and ongoing integration of UpShot into Siebel CRM OnDemand—and despite shrinking year-over-year revenues, Siebel has staked a solid claim to the midmarket vanguard.

Even with a clear minority of its revenues coming from the midmarket, Siebel does substantial trade with midsize enterprises—more than many of its midmarket peers put together—owing to sales of OnDemand, its midmarket suite, and its core Siebel Enterprise product. Siebel has clearly set its sights on a midmarket looking to buy capabilities that were once considered out of reach, and by any name, its offerings will be on many RFPs from the very same mid-tier companies the CRM industry expects will provide strong growth in coming years. In the midmarket as in the top-tier enterprise, Siebel is on everyone's mind. —*Jason Compton*

SMB Suite CRM

The Market

The small business CRM space has been flooded with functionality at affordable price points, and integrators and customers alike can't be blamed for shaking their heads and working out just what their options are. Business as usual was rocked by the arrival of Microsoft last year, which—at least temporarily—shifted a great deal of attention onto the soft-ware giant's own Outlook-driven CRM package. "All the resellers started drinking the Microsoft Kool-Aid," says Jim Dickie, a partner with CSO Insights. Meanwhile, key on-demand players expanded beyond basic contact management functionality to become serious contenders against the traditional packaged suite vendors that cater to smaller business. And as verticalization and right-size applications continue to grow in popularity, larger CRM leaders are doing their best to nudge those that cater specifically to smaller business into niche roles.

The Leaders

Microsoft, by its dominating presence and user adoption, is a bona fide SMB leader in addition to its midmarket standing. Growth in Microsoft's CRM business is extremely strong, helped both by its enormous fleet of resellers and its relatively recent launch as compared to its competitors. While a clear leader, and despite the promise of easy, powerful Outlook integration, not all are convinced that Microsoft is an ideal solution for SMBs, due to hefty server requirements. "There's a lot of Microsoft infrastructure you have to install before you can even begin with MS CRM," says Erin Kinikin, vice president at Forrester Research. However, Laura Preslan, CRM research director at AMR Research, says that Microsoft's strong integration is leading to record user adoption rates.

From humble beginnings as NetLedger, an on-demand alternative to small business accounting software, **NetSuite** has grown into a legitimate CRM contender. Although its CRM functionality is not as deep as some established players, it has enjoyed explosive growth among customers seeking

SMB SUITE CRM

GoldMine parent **FrontRange Solutions** has unsteadily positioned itself as a complete CRM vendor for some time, but the coming months will be FrontRange's make-or-break opportunity to provide enough integrated functionality in sales, marketing, and service to be a legitimate contender for SMBs in need of a complete solution. An on-demand version of GoldMine is imminent, and given the success enjoyed by SMB leaders NetSuite and Salesforce.com, it may be a crucial step in establishing a foothold in the market. The hosted solution could open the door to getting more functionality to customers faster, and without the need for consulting. "Anybody can implement a GoldMine or MS CRM or ACT!, but the big issue is synchronizing forecasts and doing rollup, and the hosted vendors can do that much better with much less pain than the traditional desktop guys," Kinikin says.

As the company works to reassert its sales leadership and to establish true across-the-board functionality, FrontRange should finally realize the potential that the GoldMine name has carried for years. —*J.C.*

ONE TO WATCH

SALES FORCE AUTOMATION	REPUTATION FOR CUSTOMER SATISFACTION	REPUTATION FOR DEPTH OF FUNCTIONALITY
Best Software (ACT!)	3.4	2.2
FrontRange (GoldMine)	2.8	3.4
Interface Software	4.5	4
Maximizer Software	2.6	2.8
Salesnet	3.75	3.6

sales and back-end integration capabilities. The lure of NetSuite is simple: run essentially all business functions, front and back end, on one hosted platform.

Onyx Software is a curious presence in our market leader calculations. Although primarily a midmarket player catering to larger companies, it enjoys substantial uptake with smaller firms—and has been shoved out of its traditional midmarket leadership role by such enterprise players as Siebel and People-Soft. "Onyx is seeing success in the public sector," but even strong verticals won't protect the company from competitive realities, says AMR Research's Preslan. "I think they have a lot to fear in Microsoft."

No one expects Onyx to reinvent itself as an SMB provider—the company continues to serve large midmarket firms and to seek larger midmarket deals—however, it does serve a substantial share of the SMB market.

Salesforce.com rounds out the SMB leaders, having attracted a substantial small-business following with simple pricing plans and an implicit promise to make CRM easier than competitive packaged products. Although the company's sforce integration platform is largely seen as a play to encourage enterprise adoption, Salesforce.com's SMB customers should soon see the fruits of third-party plug-ins.

The Winner

Last year's midmarket runner-up has lived in interesting times, which in this case some see as both a curse and a blessing. Parent company **Best Software** continues to grow its CRM stake and **SalesLogix** is driving that growth. But not all has been easy. Difficulties with SalesLogix 6 appeared to cost general manager Tim Fargo his job. His replacement, Jon Van Duyne, dismantled SalesLogix's direct sales force to restore reseller confidence, and is refocusing the company's efforts to improve functionality and to promptly resolve software problems. As a result, Best enjoyed continued (if muted) growth of its CRM revenues, and has a strong lead in SMB market share. Van Duyne largely managed to keep the reseller channel together despite the lure of Microsoft, and has been handed a gift-wrapped package in ACCPAC CRM and its large partner roster.

Although turnkey vertical packages and on-demand CRM have become watchwords, and analysts and CRM adopters both agonized about the costs and potential pitfalls of heavily modified CRM platforms, Van Duyne has embraced a contrarian approach. He directly touts SalesLogix's strength as a customizable software system for business—and cites that capability as the appeal for its large reseller network and 6,000-plus and growing customer base.

Best also deserves honorable mention for adding ACCPAC CRM to its SMB mix. The Web-based service is sold both as an on-demand and on-premise solution. The market penetration for ACCPAC CRM remains low, but the company hopes to slot it between ACT! and SalesLogix in its product mix—and come to the on-demand market with a more appropriate offering than the ill-fated Interact.com attempt of a few years back. "ACCPAC fills a couple of holes for them, but it is not clear where ACCPAC is going to end up," Kinikin says. —*Jason Compton*

Sales Force Automation

The Market

Sales force automation, say the seasoned veterans of CRM, is where it all began. When contact management was largely limited to index cards and pipelines were figments of delirious imaginations, SFA came to bring order. Even as CRM increasingly becomes a company-wide strategy, the numbers clearly indicate that there remains an important place for sales-focused initiatives in modern enterprise.

SFA products from such vendors as Siebel, Salesforce.com, and Onyx continue to be sought-after when sales efficiency and sales effectiveness solutions are needed, particularly at larger firms. However, because of the maturity and evolution of the SFA market, we chose to focus on those companies that remain primarily pure-play SFA vendors.

The Leaders

"The news is that **GoldMine** and Maximizer both survived the past year," says Jim Dickie, a partner with CSO Insights. Microsoft's entry into CRM drew the attention of many traditional SFA integrators, cutting into the reseller base available to both CRM and SFA vendors. Even so, GoldMine is faring quite well in the SFA market. As a result, parent company **FrontRange Solutions** has enjoyed strong quarter-to-quarter growth in recent months, and brought in a new channel director to bolster confidence among GoldMine VARs. Although FrontRange considers its GoldMine/HEAT pairing a complete CRM suite, analysts say they are waiting for improvements in GoldMine later this year that will give the software true CRM functionality for SMBs.

Maximizer Software, a name once uttered in the same breath as ACT! and GoldMine, had fallen on hard times, but that hasn't stopped the company from continuing to improve its product. The release of Maximizer 8 this past May resulted in a strong spike in sales for the company, hinting that the wait-and-see period for Maximizer is over. And although the company

THE 2004 CRM MARKET LEADERS

MARKETING PERFORMANCE MGMT	REPUTATION FOR CUSTOMER SATISFACTION	REPUTATION FOR DEPTH OF FUNCTIONALITY
Unica	**3.8**	**4.4**
Aprimo	3.4	3.8
E.piphany	3.2	3.6
SAS Institute	3.6	3.8
Siebel Systems	2.2	2.9

has a smaller market share than its traditional rivals, some industry watchers attribute that variance to Maximizer's focus on profitability instead of new revenue growth. *CRM* magazine's Leaders formula does not account for profitability, but living to fight another year is its own reward.

Doubtless below the radar for many SFA customers compared with the over-the-counter high flyers ACT! and GoldMine, **Interface Software** is a segment leader by virtue of strong performance in its vertical (professional services companies like law firms) and extremely high marks from analysts. The strong market ownership by SFA mainstays, combined with pressure from on-demand services, has all but forced new entrants to find a niche and serve it well. "In [Interface's] field…I consider them tops," says Rich Bohn, executive editor of SellMoreNow.com.

On-demand leadership in the SFA-only space comes from **Salesnet**. While accumulating customers more slowly than on-demand cohort Salesforce.com, Salesnet took a more focused approach than attempting to be all things to all people. And contrary to popular wisdom that says on-demand solutions tend to be less flexible to individual corporate needs than packaged software, Dickie gives high marks to Salesnet for its ability to mold to a company's specific sales process. "Salesnet is clearly the strongest player in the marketplace for companies that have a structured [sales] methodology," he says. The company has already launched three vertical solution packages, with more on the way.

The Winner

After all these years **ACT!**—what some consider to be the original SFA tool—remains locked in a fight with archrival GoldMine. Arguably the most available CRM tool in the world, sold through integrators as well as retailers, ACT! claims to have 2 million active users and claims that the number is climbing.

Now part of the **Best Software** family, the company had pledged to work to build more links between ACT! and its wide range of SMB accounting software. If Best is true to its announced strategy, ACT! users will soon have a smooth upgrade path to ACCPAC CRM, the company's hybrid packaged/on-demand solution.

New functionality for ACT! has not been quick in coming—as of this writing, it has been more than one year since ACT! saw an upgrade. For an established workhorse, that's not necessarily a bad thing. "Here's something that wasn't broke when they [Best] bought it, and the great thing is that they left it alone," Dickie says. For a while, anyway. ACT! 2005 was released August 24. —*Jason Compton*

Marketing Performance Management

The Market

Marketing performance management (MPM) is a catch-all that takes pieces of both marketing resource management and marketing operations management and blends them with the campaign management and lead management functionality that many vendors include in their marketing automation suites. Not surprisingly, all that blending makes it difficult to definitively locate the boundaries of the market, and so the blurring of its constituents is inevitable. Generally speaking, though, the MPM space is the top-level approach to marketing efforts, designed to reach out to both prospective and existing customers.

As if all those blurred lines didn't make selling in this market challenging enough, the rules kept changing this past year, with the creation of the national Do-Not-Call registry, the implementation of the federal CAN-SPAM law, and the burgeoning threats of phishing and identity theft. Despite all the obstacles there's been "an uptick in the number of deals this year," says Elana Anderson, senior analyst of enterprise applications at Forrester Research. Anderson estimates that licensed software sales in the marketing automation segment grew by about 6 percent in 2003, to roughly $350 million.

The Leaders

By most estimates privately held **Aprimo**'s revenues are roughly divided between campaign management and MRM offerings, which are powerful enough to attract big-name clients like Bank of America and Merrill Lynch. Analysts say Aprimo's strength is serving the B2B market. This year the

company outpaced all but one of its peers, as it landed several new tier-one clients, retained nearly 100 percent of its existing users, and introduced Aprimo Marketing 6.0, adding new workflow capabilities, among other features, to the flagship product. All that effort paid off, with the company scoring near the top in functionality and customer satisfaction.

Despite **E.piphany**'s avid fan base among customers of its marketing offerings—the company "provides the best customer references, bar none," Anderson says—it still yearns to be considered a vendor of full-suite enterprise CRM. The company made compelling progress last year, trimming losses and refocusing its efforts, going to an indirect sales model outside of North America and Western Europe and targeting five main vertical markets: financial services, insurance, telecommunications and media, travel and leisure, and retail. The E.6 product line, including what Anderson calls "best-of-breed functionality for real-time decisioning," won over a number of analysts and customers, helping the company score high among the leaders in customer satisfaction and functionality.

SAS Institute remains the most recognizable name in the marketing arena, having parlayed its strength in innovation, data mining, and analytics to become, as Aberdeen's Vice President of Sell-Side Research Chris Selland says, "the gold standard, and the dominant force." Analysts agree that the company's Marketing Automation 4.0 is a powerful release, one that's rumored to make the usability issues that have dogged SAS a thing of the past. According to analysts, SAS's offerings—which scored a close second to Unica in breadth of functionality—could even pose a threat to Unica's leadership in the space.

Until this year's release of Siebel 7.7, **Siebel Systems** had put little emphasis on its marketing tools. But that has never stopped the company from trying to trample over its better-entrenched peers. Siebel

executives say the marketing module is one of the company's fastest-growing offerings, and several analysts said its enhancements this year in loyalty management are a major step forward. Even though the company's marketing line is less mature than its others, "they've been able to get mindshare in this market with what is a rudimentary product," Selland says. According to Anderson, this edition is the first marketing automation solution "that will be able to get [Siebel] to the table to compete against vendors like Unica and E.piphany in high-end consumer marketing companies."

The Winner

Unica scored off the charts in *CRM* magazine's survey of functionality and customer satisfaction—one of the few Market Leaders to top both lists in its category. "Unica knows more about database marketing than any vendor in the space," Anderson says. The company released Affinium 6 this past year, and the entire Affinium product line scored excellent reviews, especially for its Optimize and Interact modules. Anderson says the company also has "a good footprint across a marketing automation suite that is continuing to expand." Campaign management is still the focal point of the suite, Anderson says, but this year Unica "has significantly ramped up its resources to sell the Affinium Plan module, and is starting to gain some traction with Affinium Optimize."

The company leveraged its strength in database marketing and marketing automation to keep ahead of its competition, landing more new clients than most of its peers—achieving record revenue growth, totaling $31.4 million in 2003. And Unica's latest product launch, Affinium eDelivery Services, promises to extend the company's functionality lead.

CRM Analytics

The Market

More top business executives are demanding data analytics as part of their CRM software purchases. "There's been a real growing focus on CRM applications in analytics in the past year," says Gareth Herschel, a research director at Gartner. "Companies are getting on the CRM bandwagon for analytics as they see that a raised [CRM] profile can do a lot to drive an organization's revenue."

With this increased awareness and demand comes opportunity for growth. And the analytics vendors—especially the market leaders—are seizing that opportunity. "The big guys continue to dominate the market," says Chris Selland, vice

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MARKETING PERFORMANCE MANAGEMENT

ONE TO WATCH

Why build expertise when it's out there to be snapped up at bargain-basement prices? **DoubleClick** spent the year gobbling up various bits of marketing functionality, most notably in the form of SmartPath, which had been seen as Aprimo and Unica's closest competition. The result is a vendor offering all the fixin's when it comes to marketing performance management. Now all the company has to do is convince prospects that it has the wherewithal to integrate all that newfound functionality—and remove the banner-advertising stigma that still wafts around it. Since DoubleClick is more of a service provider than a software provider, according to Selland, "in many ways [it's] the Salesforce.com of this market." Luckily for DoubleClick, he says, "this is a market that's more likely to go for a Salesforce.com model." *—J.W.*

THE 2004 CRM MARKET LEADERS

CRM ANALYTICS	REPUTATION FOR CUSTOMER SATISFACTION	REPUTATION FOR DEPTH OF FUNCTIONALITY
SAS Institute	**4.2**	**4.8**
Business Objects	3.8	3
Cognos	3.8	3
E.piphany	3.6	3.2
Teradata	4.8	4.8

president of sell-side research for Aberdeen Group. One reason for this, according to AMR Research analyst Paul Kirby, is that many potential customers implement technologies from the larger companies to have a single analytics provider.

The Leaders

Teradata, the data warehousing and analytics division of NCR, is one of the big guns in the analytics market, according to Selland. Teradata "handles a tremendous amount of data in its data warehouse business," Kirby says. "As the volume grows, the analytics increases accordingly."

However, according to Herschel, Teradata is so driven by the warehouse business that it will allow competitors to take the analytics portion of a contract as long as Teradata gets the warehousing end of the business. Nevertheless, Teradata's analytics business continues to grow as many of Teradata's clients see increased need for more comprehensive analytics.

Business Objects offers a solid, broadly focused application, according to analysts. The company added to the depth of its offering when it acquired Crystal Decisions in December 2003. With the acquisition Business Objects now has partnerships with more than 1,500 firms, including systems integrators, original equipment manufacturers, and value-added resellers—and an estimated 24,000 customers worldwide.

BusinessObjects 6.5, which started shipping at the end of June, integrates with Crystal Version 10 products. The combination offers Web query and analysis, as well as reporting and analytic capabilities. This breadth of functionality is getting attention from customers and analysts. Business Objects also entered a partnership agreement with Firstlogic, one of *CRM* magazine's data quality leaders. Under the agreement Business Objects embedded tools from Firstlogic into

Data Integrator 6.5 for specialized data cleansing activities. Cleaner data means better analytics, so Business Objects could parlay the partnership into increased sales.

Cognos, which Herschel ranks just behind Business Objects for a vendor with a broadly focused data analytics operation, is seeing significant interest in its Web-based enterprise query and reporting application, Cognos ReportNet, released in September 2003.

The application is integrated within Cognos' business intelligence offering. Cognos ReportNet builds on the business intelligence application's query and reporting functions. It offers multiple-language support for companies with business in multiple countries, helping the company strengthen its relationships with current customers, while catching the attention of new prospects. The multilanguage capability is increasingly important as companies seek one solution for multinational operations, giving Cognos a stronger worldwide offering.

E.piphany unveiled a new version of its application, while returning to some of its roots, according to Selland. In 2003 the company rolled out E.piphany 6.5, which the company credits for its 30 percent revenue growth over fiscal year 2002. The release offers better analytics of marketing campaigns, as well as deeper analysis of marketing campaign parameters. E.piphany also announced several major new customers during the year that chose E.piphany in large part for its improved analytics offering. According to Gartner's Herschel, E.piphany has the best operations system among the CRM analytics vendors.

The Winner

The behemoth of the analytics market continues to be **SAS Institute**, which dominated the market with $1.34 billion in total revenues. In 2003 the company launched the SAS 9 business intelligence platform, which includes predictive modeling. The company also released a customer intelligence application, SAS Marketing Automation 4, which is based on SAS 9. "SAS is the Rolls Royce of data analytics," Aberdeen's Selland says.

The new predictive analytics capabilities should help the company maintain its market dominance. "SAS sells more than anyone else and has the staff support to keep the growth on target," says Herschel, who also considers SAS the best vendor in terms of predictive analytics.

Although other companies are attracting attention as the analytics arena continues to gain in importance, SAS's large customer base remains among the most loyal in the category. And while the company continues to add new clients, its leadership can only stay strong. *—Phillip Britt*

CRM ANALYTICS

License revenues for **Siebel Systems** grew more than 80 percent in fiscal year 2003, according to the company. In one of the most recent "wins" for the analytics division, Siebel is providing analytics support for Minneapolis-based Jostens, a maker of class rings, yearbooks, and graduation products. Though analytics is only a small portion of Siebel's total business, Selland says, the company's sheer size makes potential analytics customers take notice.

Editor's note: SPSS was the 2003 Market Leaders CRM Analytics One to Watch, but during the 2004 judging process the firm was restating its financial numbers, thus could not be included. The company is conducting a review of its audit committee. With the potential uncertainty, SPSS wasn't considered among the leaders, though a few analysts did mention the company as an important player in its market niches: education, healthcare, and financial services. *—P.B.*

DATA QUALITY	REPUTATION FOR CUSTOMER SATISFACTION	REPUTATION FOR DEPTH OF FUNCTIONALITY
Acxiom	**4**	**4.6**
Ascential Software	3.2	3.6
Firstlogic	3.4	3
Group 1	3.6	3
Trillium (Harte-Hanks) Software	4	3

Data Quality

The Market

Data quality continues to grow in importance. In fact, analysts agree that there's a direct correlation between the quality of a company's data and the financial performance of the company itself.

The outlook for the market is promising due to the increased interest from large enterprises, according to Gartner analyst Ted Friedman. Meta Group expects data quality adoption rates to continue to expand 20 to 30 percent annually over the next few years.

The Leaders

Group 1 continues to enjoy the benefit of a bigger market footprint than its competitors, though Firstlogic, Trillium, and Ascential have been more innovative lately, according to Friedman. He estimates that about a third of Group 1's $100 million in total revenues comes from data quality work.

Growth has been a strong suit this past year. "Outside of acquisitions, much of their revenue has come from the strength they already had in the marketplace," Friedman says. "They built up a large installed database over the years."

Group 1 also added to its business through its acquisition of Sagent Technology in October 2003. (Sagent is now part of Group 1's enterprise solutions division.) The combined offering enables client companies to access data from multiple sources to populate CRM and other enterprise systems. Group 1 also has market strength from its partnership agreements with Siebel and other CRM vendors to offer data quality support within those vendors' applications.

In the past year **Firstlogic** released its new technology platform, IQ8, which company officials say took 2.5 years and 103,000 man-hours of engineering work to develop. This was a welcome release to its already satisfied customer base. "Firstlogic benefits from strong customer service and support," Friedman says.

Firstlogic is continually cited as a leader in the market. A 2003 Meta Group report cites Firstlogic as the leading pure-play data quality company. For CRM-specific applications, Firstlogic goes to market with such partners as traditional CRM vendors Siebel and PeopleSoft.

Trillium acquired Avellino Technologies at the end of February, a deal that should add to the profitability of this division of Harte-Hanks, Friedman says. The Harte-Hanks relationship is an important one, analysts say, because it gives Trillium the financial backing that private data quality vendors don't have. Trillium's acquisition buoyed the company's presence, which already benefits from partnerships with such industry leaders as Accenture, IBM, and Siebel. Trillium also unveiled several major, successful installations with large telecom companies and financial services firms.

Ascential Software has completed the successful integration of recent acquisitions into its own product offerings, strengthening the attractiveness of its overall suite. "Ascential Software has gained market mind-share by leveraging its size and market presence," Friedman says. "It acquired data quality technology from Vality Technology and Metagenix in 2002. Positioning around the importance of data quality in integration initiatives, Ascential has been integrating the products and has repackaged them as the QualityStage and ProfileStage components of its enterprise integration suite."

Analysts also cite Ascential's handling of customer data issues and the flexibility to address data domains as key strengths that help bolster the company's market presence.

The Winner

The top data quality vendor from a CRM standpoint is **Acxiom**, which receives an estimated $700 million of its $1 billion in revenue from CRM-related data quality analytics, according to Gartner analyst John Radcliffe's estimates. Though an estimated growth rate of just over 5 percent may not look spectacular, it continues a trend of steady increases from the 35-year-old data quality company.

"You can't do CRM without data quality," says Radcliffe, who sees Acxiom as offering the most complete package in this area. "Having [data quality] is vital just to pass go."

AMR Research analyst Paul Kirby also calls Acxiom a strong data quality player due to its focus on CRM.

Acxiom is expected to continue its solid growth on a worldwide scale as it realizes some of the benefits of last year's acquisitions of Caritas Europe and Consodata. The business deals expanded Acxiom's European operations to five additional countries. —*Phillip Britt*

ONE TO WATCH

THE 2004 CRM MARKETLEADERS

CRM CONSULTANCIES	REPUTATION FOR CUSTOMER SATISFACTION	REPUTATION FOR DEPTH OF FUNCTIONALITY
Accenture	**3.5**	**4.25**
BearingPoint	4	3.75
Capgemini	2.75	3.25
Deloitte Consulting	3.25	4
IBM BCS	3.5	4

CRM Consultancies

The Market

Everyone loves the idea of out-of-the-box simplicity, but no one honestly expects to remove third-party consultants from the CRM equation anytime soon. Much like the enterprise CRM market, consultancies are staking out positions on either side of the best-of-breed divide: Some claim to be one-stop shops for strategy, integration, and maintenance, while others are content to specialize in one niche or another. In the end the continuing need for both strategic and tactical assistance kept this year's winners very much on the move.

The market itself is decidedly top-heavy, with five firms combining for about half of what analyst firm IDC estimates was an $8.6 billion market for CRM-related consulting in the United States last year. Not surprisingly, those five were the Market Leaders this past year, but for highly varied reasons.

The Leaders

Considering **BearingPoint**'s flat revenues, the fact that it has maintained a leadership position is testament to its perseverance. The firm focused on fewer industries than some of its competitors, but it excelled in them, particularly the more technical verticals. BearingPoint also benefited from vendor-specific specialization, with deployments of some of the smaller CRM vendors. "BearingPoint, for its size, probably has more KANA or E.piphany resources [than IBM BCS or Accenture]," says one analyst. That targeted approach may explain the firm's sterling customer satisfaction rating—outscoring its competitors.

Capgemini's strengths in Europe and in certain verticals (e.g., communications, life sciences) bring it back to the table again and again. The company's CRM practice benefited this past year from a series of phased projects that required business-process work before an implementation, playing to Capgemini's strengths and helping to win over clients that may have been skittish about long-term contracts. The North American division began to address its attrition problems this year, and has made a firm commitment to provide CRM clients with balanced scorecards and metrics to help assess the value of CRM projects.

Deloitte Consulting is best known for giving clients the star treatment. The firm has what one analyst calls "a collegiate atmosphere to it, [and] its clients tend to have an affinity with it." Another analyst characterizes Deloitte as "a better-focused, better-run company" than its peers, one that doesn't try to be everything to everyone. It does especially well in its areas of expertise, such as real estate and consumer packaged goods. Though a distant third in terms of revenue, based on client satisfaction alone Deloitte would get top marks—and that's the main reason several analysts said Deloitte would be one of only a handful of consultancies to see growth in the coming year.

IBM Business Consulting Services has spent the year finalizing the absorption of what used to be PwC Consulting, and doing a fine job of it. One measure of that successful assimilation has been continued growth that most other consultancies would envy, in part thanks to the new partnership with Siebel Systems for its OnDemand offering, which is just one of many partnerships that helped drive business to IBM's consulting practice last year. "IBM has the most momentum in the marketplace around CRM, because of PwC," says Laura Preslan, CRM research director at AMR Research. According to some analysts, however, customer satisfaction slipped a bit, as some poor staffing choices may have impacted results. "They're missing the basic blocking and tackling," says one analyst, who says existing PwC clients had come to expect a higher level of attention. That wasn't enough, apparently, to scare away the long-standing accounts that helped generate what one analyst firm estimated to be more than $2 billion in CRM-related revenue last year.

The Winner

One thing **Accenture**'s clients don't have to worry about is that the consultancy is going away anytime soon—not with $3.51 billion in cash on hand. Accenture's big draw is the breadth and depth of its expertise, but at least one analyst says the firm's single best differentiator is its clear strategic vision, not its record for execution. Accenture's traditional dominance in Siebel Systems implementations doesn't cast the long shadow it once did, as Siebel's fortunes have dimmed somewhat, but Accenture still managed to notch a 6 percent increase in CRM-related revenue. The firm's renewed focus on analytics and marketing sciences helped it branch out into CRM's more fertile fields, as well—and explains in part why Accenture got the category's highest score in terms of breadth of offerings. —*Joshua Weinberger*

ONES TO WATCH

CRM CONSULTANCIES

Inforte stood out for its sterling reputation and laserlike concentration on CRM. Its March acquisition of SAP business intelligence specialist Compendit only added to its strengths. The resulting combination leverages Inforte's existing focus on SAP implementations, but even before the merger the firm had already more than doubled operating income.

Another consultancy with an eye on cracking the list is **Unisys**, which played a strong hand in the financial services and transportation industries, and in the public sector. If the firm can spread its wings a little by crossing over to other verticals, there may be a new member of the top five next year. —*J.W.*