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intelligent solutions

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Intelligent Solutions: Don't Blink – You Might Lose Your Vendor, Part 1

In 2005, 42 percent of executives surveyed told Forrester Research that they planned to increase their spending on customer information.[1] Integrating customer information consistently lands at or near the top of CXOs' priority lists, and the customer relationship management (CRM) tide shows no sign of receding. According to the CDI Institute, Global 2000 companies have substantial plans for integrating customer information in the 2005-2006 timeframe - plans to the tune of approximately $5 million for software and services for a typical organization. Couple this strong demand with the "merger, merger everywhere - and no clear end in sight" condition of the CRM and customer data integration (CDI) marketplace, and trouble surfaces. The Oracle acquisition of JD Edwards, PeopleSoft and Siebel, the IBM acquisition of Ascential and DWL, and the ongoing acquisitions of standalone data quality tools by extract, transform and load (ETL), data augmentation and credit bureau vendors is causing the marketplace to take on an almost surreal "who's next?" quality.

Organizations attempting to use technology to build a sustainable 360-degree view of their customers are suddenly forced to navigate a veritable minefield of what-ifs. What if my CRM or ERP vendor is purchased by a database company and my organization is not on that platform? What if my data quality vendor is purchased by an ETL tool company and we have invested in different ETL technology? Attaining the 360-degree view is difficult enough without the added stress of wondering whether the chosen provider will be gobbled up before the first project is complete.

To complicate matters further, impacts to the vendors in this marketplace are no less severe. Many of you have witnessed situations where vendors are eliminated from a technology selection process because of acquisition rumors, particularly where the rumored acquirer is a platform or business application-specific vendor. Consider what Peter Coleman, an equity analyst with Think Equity Partners, told MarketWatch when the Oracle acquisition of Siebel Systems was announced: "This only provides additional confusion within the Siebel-installed base. The reality is, in the near term, nobody is going to sign a new deal with Siebel."[2] While this may be a bit strongly stated, the specter of changing or disappearing vendor identities can and does cause customers to rethink technology investments, bumping them from strategic to tactical or worse - derailing them altogether.

Critical Customer Components

Exactly how complex is the marketplace right now? A look at the technology components required to facilitate the operational portion of the 360-degree view illustrates how much overlap exists between vendors and offerings, how many vendors offer both standalone components and integrated suites, and how complex vendor and component selection can be. This is before taking into account the marketplace merger and acquisition activity. (Note that the list of vendors in this section is not intended to be all-encompassing, but rather to give a sampling of the vendors in each classification.)

Operational CRM Applications

These business applications are primarily operational in nature and typically facilitate the automation of the sales, service and campaign management processes. The space is crowded with vendors offering a large number of product choices. Vendors and product offerings are typically classified into several categories:

Multifunction CRM: These vendors offer a suite of products ranging across the spectrum of possible CRM business applications. Modules offered include salesforce automation, customer service (call center and help desk), marketing automation, partner relationship management and e-CRM. The vendors are segmented by target company size into those serving large enterprises and those servicing small and medium businesses. Further segmentation in this group includes hosted versus in-house applications. Sample vendors in this space include Oracle, SAP, PeopleSoft, Siebel, Onyx, Sage CRM and Microsoft.

Single-Function CRM: These vendors typically concentrate on one of the modules offered by the multifunction vendors, and the category is segmented accordingly. Examples of sales automation vendors include SalesLogix, Pivotal and Salesforce.com. Marketing automation vendors include SAS, SPSS, Unica, Epiphany and Teradata. Customer service and support vendors include Avaya, Clarify, Goldmine, Act! and Maximizer.

CDI and MDM Applications

These offerings generally consist of a mix of tools, methodologies and applications. In the CRM world, these applications facilitate the creation of an enterprise customer profile. Gartner defines CDI as the combination of the technology, processes and services needed to create and maintain an accurate, timely and complete view of the customer across multiple channels, business lines and organizations where there are multiple sources of customer data. CDI applications focus on the customer subject area while MDM applications cover not only customer but also other subject areas.

CDI/MDM Applications: Vendors in this category have all the components required to establish a CDI solution. They include Oracle, Siebel, SAP, Purisma, Dendrite International, VisionWare, SeeBeyond, Initiate Systems, Siperian, IBM (IBM's application includes purchased vendors, DWL and Ascential Software). Other vendors with some capabilities in this category include Innovative Systems, Acxiom, D&B and Kalido. Note that some of the vendors in this category also offer their data cleansing, matching and ETL toolsets as standalone components that can be deployed without the entire CDI suite.

Data Quality and ETL tool: Vendors in this category have tools to assist in data transformation and data quality. While some are embedded in CDI/MDM solutions, they are also available in standalone mode. Vendors include Acxiom, Ascential (purchased by IBM), DataFlux, DataLever, Firstlogic, Group 1, Innovative Systems, Melissa Data and Similarity Systems. ETL vendors include Ab Initio, Ascential (purchased by IBM), Informatica (also has customer data capabilities), DataMirror, Business Objects, Microsoft, and SAS.

Building a 360-degree view of the customer requires one or more offerings from each of these categories of products. Organizations attempting to do this must decide between best-of-breed components and integrated product suites. They must also contend with functionality overlap between different vendor products as well as a lack of true integration between products owned by the same vendor. A lack of widely accepted CRM standards and continuous marketplace changes further complicate things. Part 2 of this series will explore the potential impacts of recent marketplace changes, generate a series of questions for IT departments to ask of vendors and position a wish list for technology vendors (acquirers and acquirees alike) that is designed to help organizations protect their investment in customer technology.

References:

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