# Magic Quadrant for Sales Force Automation

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▼ VIEW SUMMARY

Sales application managers will find that improvements in the viability of SAP and Oracle cloud offerings underscore the evolution of traditional on-premises vendors to SaaS, but salesforce.com still leads the market.

## Market Definition/Description

Sales force automation (SFA) applications support the automation of sales activities, processes and administrative responsibilities for B2B organizations' sales professionals. Core functionalities include account, contact and opportunity management. Additional add-on capabilities focus on improving the sales effectiveness of salespeople. Among those capabilities are sales configuration, guided selling, proposal generation and content management, and sales performance management support, including incentive compensation, quota, sales coaching and territory management.

## Magic Quadrant

**Figure 1.** Magic Quadrant for Sales Force Automation



Source: Gartner (July 2014)

## Vendor Strengths and Cautions

### Aptean (Pivotal CRM)

Pivotal, which is now owned by Aptean, has stabilized since being bought from CDC Software. Aptean's

financial resources have also helped increase product investment in areas such as cloud and mobility. Existing Pivotal customers are on-premises, and the vendor will continue to enhance support on-premises going forward, as it is part of its multidelivery application strategy. Companies that are leveraging Aptean ERP products (Ross ERP, Made2Manage ERP and Axis ERP) could benefit from prebuilt integrations among those solutions.

### Strengths

- Customer Loyalty: Pivotal has a number of customers that have been using its products for over 14 years, well beyond the normal replenishment cycle of most software applications. With ownership uncertainty during that time frame, Pivotal has been able to provide a reasonably good level of service to its customers.

- Microsoft Centricity: Customers that are more Microsoft-centric will find Pivotal's use of the Microsoft technical stack, and the integration with other Microsoft-related applications (such as SharePoint and Outlook), attractive.

- Extensibility: The vendor's application development platform is based on C#. There are many C# developers available in the industry, providing customers with a large potential pool of developers for implementation.

### Cautions

- New Cloud Offering: Pivotal's cloud application (based on Amazon Cloud Services) is new in 2014, and is not proven.

- Market Awareness: Visibility for new customer deals is limited.

- New Mobile Offering: Pivotal launched mobile applications in 2012 and 2013. The mobile applications are extensible, like the rest of the Pivotal platform, but more proof points are required.

## CRMnext

CRMnext's "sweet spot" is core sales functionality, such as opportunity, account and pipeline management, as well as forecasting and analytics. Based in India, CRMnext has a presence in the Asia/Pacific region and the Middle East. Gartner estimates that the vendor's annual revenue is less than $40 million. However, it has very large customers, some with over 1,000 users live and as high as 35,000 users in total. The majority of these customers are based in India. CRMnext supports SaaS and on-premises with the same product, and both versions are priced in the lower range for SFA solutions. CRMnext has direct channels in India, Southeast Asia and the Middle East, but relies on partners outside those regions.

### Strengths

- Indian Presence: CRMnext is very strong in the Indian market, with some very large customers.

- Proven Scale: The vendor has several large customers that support an average of more than 1,500 active users on its implementations, and can be implemented on-premises or hosted.

- Attractive Price Point: CRMnext is relatively competitive on its price point, compared with most of vendor alternatives.

### Cautions

- Limited Geographical Reach: CRMnext has no sales or support coverage in North America or Western Europe; its presence is limited to core markets in India, Southeast Asia, Africa and the Middle East.

- Lack of Robust Independent Software Vendor (ISV) Ecosystem: The vendor does not have an extensive ecosystem of third-party software providers to fill functionality "white space" with its product offering.

- Large Customers Could Drive Vision: The upside of having proven large customers is that it validates CRMnext's offering; the downside is that large customers often have more sway on product direction. The vendor needs to be careful to drive its product direction independently of key large customers.

## Microsoft (Dynamics CRM Online)

Microsoft has clearly put more emphasis toward the cloud, with new features appearing in Microsoft Dynamics CRM Online before the on-premises version. This is consistent with other Microsoft offerings such as Microsoft Office 365 Live and Microsoft SharePoint. Microsoft Dynamics CRM Online integrates with various Microsoft Azure services, but is built on its own platform, called xRM. Microsoft adjusted pricing in 314 to provide more tiers based on usage (see "Microsoft Dynamics CRM 2013 Offers Improved Usability, Some Mobility"). Microsoft Dynamics CRM Online is no longer just targeted for small or midsize businesses (SMBs); in the past 12 months, Gartner has seen Microsoft compete and win in a number of large customer evaluations (over 700 users).

### Strengths

- Price Value: Microsoft's top end list price of $65 per user per month continues to be very aggressive in the market. This is one of the primary reasons users will shortlist Microsoft Dynamics CRM Online.

- Microsoft Centricity: Microsoft Dynamics CRM Online integrates with the Microsoft technology stack assets, such as Microsoft SharePoint for collaboration and content management, Microsoft Lync for presence and IM, Skype for communication, Microsoft Visual Studio for extended customization, Microsoft Outlook for productivity, and Microsoft Yammer for collaboration.

- Usability: Microsoft Dynamics CRM Online release 13 (in 3Q13) had a significantly improved user interface. There were significant reductions in mouse clicks to perform simple tasks, such as navigating related fields associated with a sales opportunity, compared with prior releases. The process-centric user interface paradigm also holds promise for enabling enforcement of consistent

differentiation, functionality, methodology and feature sets as they map to current and future requirements.

**Business Model:** The soundness and logic of the vendor's underlying business proposition.

**Vertical/Industry Strategy:** The vendor's strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including vertical markets.

**Innovation:** Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.

**Geographic Strategy:** The vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, either directly or through partners, channels and subsidiaries as appropriate for that geography and market.

sales processes, and for onboarding new salespeople.

- Partner Networks: The vendor has a broad partner delivery network that provides the necessary breadth of application add-ons, industry vertical expertise and implementation capabilities.

### Cautions

- New Mobile Product: Microsoft launched its first iPhone and iPad products in release 13. These have been much awaited by Microsoft's customers. It is still early to judge the reliability and quality of these offerings in live environments. Microsoft still has solution partners that have built add-on mobile products, such as CWR Mobility and Resco.
- Building Relationship With Sales Organizations: The vendor continues to have a very good relationship with IT organizations, but still has not won over the hearts and minds of VPs of sales.
- Reporting and Analytics: Microsoft provides a reasonable level of dashboards and reports that can be accessible from iPads. However, clients still say that for complex analytics, they continue to bring the data on-premises and use SQL Server Reporting Services.

## Microsoft (Dynamics CRM)

In addition to Microsoft Dynamics CRM Online, the vendor also offers an on-premises delivery model. Here, we focus on the on-premises version. Both products are relatively the same, and the move to online is more a function of customers' desire to move to the cloud. Organizations consider Microsoft Dynamics CRM on-premises primarily for: (1) the potential for more attractive total cost of ownership (TCO) versus using cloud-based offerings; (2) integration with Microsoft Outlook and the ability to leverage an on-premises Microsoft technology stack, such as SharePoint and SQL Server; and (3) to avoid data privacy and real-time integration issues, which occur with cloud applications in general.

### Strengths

- Usability: Microsoft Dynamics CRM release 13 (in 3Q13) had a significantly improved user interface. There were significant reductions in mouse clicks to perform, compared with prior releases. The process-centric user interface paradigm also holds promise for enabling enforcement of consistent sales processes, and for onboarding new salespeople.
- Partner Networks: The vendor has a broad partner delivery network that provides the necessary breadth of application add-ons, industry vertical expertise and implementation capabilities.
- Microsoft Centricity: Microsoft Dynamics CRM integrates with the Microsoft technology stack assets, such as Microsoft SharePoint for collaboration and content management, Microsoft Lync for presence and IM, Skype for communication, Microsoft Visual Studio for extended customization, Microsoft Outlook for productivity, and Microsoft Yammer for collaboration.

### Cautions

- New Mobile Product: Microsoft launched its first release of its iPhone and iPad products in release 13. These have been much awaited by Microsoft's customers. It is still early to judge the reliability and quality of the offerings in live environments.
- SaaS First: Microsoft, like other vendors in the market, focuses on its cloud version first for delivering new functionality. This means there will be a slight lag time between when functionality first appears in Microsoft Dynamics CRM Online version and the on-premises version. The vendor will do annual releases for its on-premises version.
- Building Relationship With Sales Organizations: Microsoft continues to have a very good relationship with IT organizations, but still has not won over the hearts and minds of VPs of sales.

## NetSuite

NetSuite continues to show strong business growth in 2013. Overall company revenue increased 34%, to $415.5 million. Strategically, NetSuite continues to be focused on financial account and ERP functionality. NetSuite provides core SFA functionality, such as opportunity management and capabilities for billing, order management and incentive compensation. The vendor is an attractive option for SMBs or divisions of larger companies that are also implementing NetSuite's ERP suite; Gartner has yet to see NetSuite show strong market presence in SFA-only deployments.

### Strengths

- Lead-to-Order Process: NetSuite has functional coverage to support the lead-to-order process, if an organization chooses to adopt NetSuite as a complete business application suite.
- Vendor Viability: Overall strong business performance and growth continue to improve NetSuite's long-term business viability.
- Customer Data Visibility: Companies implementing NetSuite's entire suite provides good visibility into a customer's transactional history, such as orders and accounts receivable.

### Cautions

- Sales Vision: NetSuite has many of the pieces for an SFA system, but the sales buying center is not its primary focus; therefore, it tends to not have leading visions on how its technology can best transform sales performance.
- Large-Scale Sales Deployments: Although NetSuite has customers that would be considered large from a business perspective, it has not shown the ability to consistently deploy large-scale global deployments for SFA. The vendor's use for SFA in large companies tends to be focused on a division or geography.
- CRM ISV Ecosystem: NetSuite does have a partner application marketplace, but it has limited CRM or drill-down niche sales applications.

## Oracle (Sales Cloud)

Oracle has clearly shifted its focus to Oracle Sales Cloud from Oracle Siebel and Oracle CRM On Demand as its lead offering for the SFA market. Oracle Sales Cloud offers typical opportunity management capabilities, but also includes incentive compensation, territory planning and built-in analytics. Oracle is currently on its eighth release for Oracle Sales Cloud. The offering has appeared on more shortlists and has significantly increased the number of customer references implementing it since 2013. Oracle's primary focus has been customer situations where there is some other Oracle application installed, such as Oracle E-Business Suite or Oracle Business Intelligence Enterprise Edition (OBIEE). The vendor has multiple data center locations on major continents, including Europe, South America and Asia. Oracle is also aggressively going to existing Siebel CRM On Premise customers with a promotional plan (called Customer 2 Cloud) to move them from Siebel to Oracle Sales Cloud. Oracle Sales Cloud had its share of reliability and quality issues over the first six releases, particularly from release 6 to release 7. Gartner has not yet heard issues around quality problems for release 8, and, to this point, Oracle has been responsive in the majority of cases to resolve issues. Also, with release 8, Oracle is moving into prebuilt vertical solutions, including financial services, high tech and industrial manufacturing, and telecommunications.

### Strengths

- Configuration and Extensibility: Oracle provides two levels of extensibility for graphical configuration changes and basic scripting (Groovy language) through the Oracle Fusion Applications Extensibility Framework, and for more complex extensibility direct access to the Oracle Cloud Platform as a Service (PaaS), which uses Java as its extension language.
- Price Value: Oracle is aggressively priced, with most clients being able to get attractive discounts and promotional programs (the first year is free if qualified by Oracle). Oracle is also proactive in moving Siebel Sales customers to Oracle Sales Cloud (with the Customer 2 Cloud program).
- Integration with Oracle Assets: Oracle Sales Cloud leverages OBIEE for analytics, and integrates to back-end Oracle E-Business Suite or Siebel, Oracle CPQ Cloud (formerly BigMachines), Oracle Marketing Cloud (including former Eloqua for lead management), and Oracle Service Cloud (formerly RightNow).

### Cautions

- Proven Reliability: Oracle Sales Cloud is still going through growing pains. For example, some clients felt that the Outlook plugin needs to be better-stabilized, and there was a release regression moving from release 6 to 7 (although Oracle said it was required to enhance reporting). This is more a function of Oracle's aggressive product development plan. The vendor has also begun to move intellectual property in Siebel over to Oracle Sales Cloud.
- Existing Mobile Application — The existing mobile application for Oracle Sales Cloud is functional, but provides basic access to Oracle Sales Cloud objects (such as opportunities, tasks and customers). Oracle's vision for task-driven applications, which Gartner believes will be launched in the release 9 time frame, demonstrates a much stronger approach to how to use mobile devices for mobile salespeople.
- Limited Ecosystem — Oracle is still in the process of expanding its ecosystem for implementation partners and ISVs. The vendor needs to improve mind share for both high-end external service providers and niche third-party ISVs.

## Oracle (Siebel CRM)

Oracle now leads more aggressively with Oracle Sales Cloud in new selling situations. Oracle Siebel CRM only becomes a consideration for complex on-premises deployments. Oracle Siebel CRM has many installed users who will continue to upgrade and be supported by Oracle for the foreseeable future. The biggest enhancement for Oracle Siebel CRM over the past two years has been the Oracle Siebel CRM Open UI. It is not tied to a specific browser technology; therefore, it will significantly improve the user experience. The response to the Oracle Open UI has been positive, but clients have stated that it takes more time to implement than originally anticipated. It does not require a reimplementation of Siebel, but there is significant configuration that, in some cases, takes a few months to make the user interface work to meet the needs of customers.

### Strengths

- Product Breadth: A proven, deep and broad sales functionality (e.g., order management, sales configuration and pricing) is offered in many vertical industries for large enterprise, large-scale deployments.
- Analytics: Customers can leverage OBIEE for analytics and reporting.
- On-Premises Delivery: Customers with concerns about cloud security or privacy and that require extensive integration with other on-premises assets, or those that do not want to expand operating costs with a SaaS solution, should consider Oracle Siebel CRM.

### Cautions

- Limited Go-to-Market Strategy: The primary focus for the vendor will be Oracle Sales Cloud. Oracle continues to make investments in Siebel CRM to support its large installed base.
- Implementation Complexity: Deployment complexity is associated with on-premises, enterprise-class applications, including operational infrastructure, database, etc.
- Oracle Open UI Implementation Time: Oracle Open UI continues to be a major investment for Siebel CRM. When implemented, Open UI does solve issues of usability, but requires some degree of implementation effort to make the transition.

## Sage

Sage is not as well-known as some of the other larger vendors in this Magic Quadrant. However, its Sage CRM offering has strong SFA functionality, an intuitive user interface and affordable pricing. Sage CRM's leverage of Visual Studio and C# enables customers to tap into a wide pool of Microsoft developers worldwide.

### Strengths

- Good Customer Service: Customers state that Sage is responsive to resolving customer issues.
- ERP Integration: Sage ERP customers will find prebuilt integrations between Sage CRM and the vendor's ERP products.
- Economical Solution: Due to its price point, Sage's offering is a good economical solution for SMBs seeking an alternative to better-known CRM technology vendors.

### Cautions

- Limited Market Visibility: Sage continues to have limited market visibility, and few inquiries from Gartner clients creating SFA vendor shortlists. Geographic penetration has been greatest in EMEA, where the Sage brand is strongest, but the solution is available globally.
- Report Creation and Management: Customers have stated that SQL knowledge is needed to do custom reports of moderate complexity. For reports that don't require SQL knowledge, customers want more auditing and management capabilities to have visibility into the types and uses of reports being created.
- Functional Sales Footprint: The sales functional footprint supports only basic SFA. When users' needs go beyond SFA basics, the system must be configured or customized to meet the needs of the sales organization.

## salesforce.com

Salesforce.com continues to lead the market with new business and customer live deployments. The vendor's ecosystem is extensive, and its new mobile platform capabilities, as part of it adding capabilities with Salesforce1 Platform, have been well-received in the development community. However, the functional and usability gap has closed during the past 12 months with some of the competition. What used to be a significant lead in both areas is now deemed a toss-up in some customer evaluations that Gartner has been involved in during the past year, depending on customer requirements.

### Strengths

- Proven Quality and Reliability: The vendor is coming up on its 15-year anniversary. In those 15 years, salesforce.com has gone through about three releases per year. Occasional outages are a concern, but, more importantly, in many cases, Gartner has not spoken to one customer that has had difficulty during an upgrade, or regression from release to release.
- Broad Ecosystem Through AppExchange: Salesforce.com leverages its platform well to foster its ecosystem. Many AppExchange partners are built natively on Force.com, which provides integration benefits to customers.
- Salesforce1 Platform: Salesforce1 Platform is the high-level brand that encompasses all of salesforce.com's platform capabilities, in addition to its mobile app strategy. However, the real value continues to be Force.com, which is the vendor's flagship PaaS for extending and configuring Sales Cloud.

### Cautions

- High Subscription Price: Salesforce.com is the highest-priced cloud SFA service. With list prices of $300 per user per month for Performance Edition (which provides more than SFA) and $125 for Enterprise Edition, these are considered the highest-priced services in the market. Customers find value in these editions, but there are significant discounts (greater than 50%) given in highly competitive situations and volume deals.
- Mobile: Salesforce1 Platform is a combination of a set of platform capabilities and a mobile application container. The vendor has attempted to redefine its application experience in a mobile application container that can be configured to display and have access to certain objects in Sales Cloud. While salesforce.com has demonstrated unique individual apps, the user interface is fundamentally built around the objects in the system, versus tasks a salesperson needs to perform.
- European Data Center Coverage: European customers that do not want their data on U.S. soil currently do not have an option with salesforce.com. The vendor is supposed to launch a U.K. data center in August 2014, and has also announced that France and German data centers will be launched in 2015.

## SAP (Cloud for Sales)

SAP Cloud for Sales has made significant progress in the past 12 months. The vendor has altered its primary go-to-market focus to SAP Cloud for Sales versus SAP CRM on-premises, has increased its customer references and has appeared on more customer shortlists. SAP also made a significant architectural shift in 3Q13, moving the SAP Cloud for Sales from SAP Business ByDesign to the Hana Cloud PaaS. This enables SAP Cloud for Sales to leverage a more mainstream cloud platform in SAP and access to Hana Cloud services, such as mobility and integration. SAP is also investing in cloud industry verticals for consumer products, retail, high tech, insurance, utilities, professional services, banking insurance and the public sector.

### Strengths

- Integration to Other SAP Applications: SAP Cloud for Sales integrates with SAP ERP Central Component (ECC), SAP NetWeaver Business Intelligence, SAP BusinessObjects and other SAP CRM on-premises functionality, such as marketing and customer service, through Hana Cloud integration

services.

- Usability and Offline Mobility: SAP has improved its user interface for salespeople and sales managers for Web browsers and mobile devices. It is also one of the few vendors that support offline mobile data.
- Leverage of Hana Cloud Services: SAP's port of the SAP Cloud for Sales to Hana now provides customers with Hana services that can be used to configure, extend and integrate the SAP Cloud for Customer SaaS service.

### Cautions

- User Experience Customizations Beyond Configurability Require IT Resources: Many customers have deployed the standard SAP Cloud for Sales on iPads. SAP also offers an iPhone option. Customers want SAP Cloud for Sales the on iPhones and iPads to be more configurable by administrators without the need for IT resources.
- Limited ISV Ecosystem: SAP has yet to establish an extensive ISV ecosystem of niche sales providers to fill in potential white space in its portfolio.
- Large Customer Live Implementations: Despite the increased market traction for SAP Cloud for Sales, it is still relatively new, and more large references will be required to validate performance and reliability. However, SAP has clearly increased its live implementations since 12 months ago, with some larger implementations ongoing.

## SAP (CRM)

The main value proposition of SAP CRM on-premises is integration with SAP ECC. SAP CRM has a fairly broad footprint, but is still a relatively complex application to implement, as are most on-premises enterprise applications. SAP has changed its go-to-market focus from leading with SAP CRM on-premises to SAP Cloud for Sales (SAP's SaaS offering). This is a reflection of more customers wanting an SFA cloud solution. SAP also promotes a hybrid solution model, by which customers can continue their SAP CRM on-premises investment while implementing SAP Cloud for Sales, as the two products integrate through Hana Cloud integration services.

### Strengths

- Broad Footprint: The SFA footprint offers a wide range of CRM functionality, including sales opportunity management; order management; configure, price and quote; and sales performance management.
- Integration With SAP applications: SAP CRM integrates with SAP ECC, SAP NetWeaver Business Intelligence, SAP BusinessObjects and other SAP CRM functionality, such as marketing and customer service.
- SAP Implementation Leverage: Customers that have dedicated SAP project teams can leverage these resources for SAP CRM Sales, assuming they are not fully loaded with other SAP projects.

### Cautions

- Future Focus Will Be SAP Cloud for Sales: SAP Cloud for Sales is clearly more of a strategic focus for SAP going forward. The vendor needs to ensure that SAP Cloud for Customer is a success to reinforce its long-term viability in the CRM market. SAP will prioritize development and go-to-market efforts toward SAP Cloud for Sales; however, it will continue to invest in SAP CRM with Fiori and Hana advanced predictive analytics.
- Enterprise Application Complexity: Managing the cost and complexity of enterprise applications and dependencies of other SAP middleware is a challenge. SAP offers rapid deployment solutions (RDS) to reduce implementation time.
- Winning Hearts of VPs of Sales: SAP still does not win the hearts and minds of VPs of sales, but this does not mean it does not deliver business value to VPs of sales. It means that SAP tends to rely more on the CIO's office to help sell its offerings, versus going directly the VP of sales.

## SugarCRM

SugarCRM has continued its sales momentum, and is appearing on more shortlists around the world in 2013. The vendor offers multiple delivery models (SaaS, on-premises, hosted) at competitive price points. SugarCRM continues to add new features for its product lines in the areas of social and mobility, as well as to leverage its open-source heritage for ecosystem development.

### Strengths

- Open-Source Technology Base: SugarCRM leverages an open-source stack, taking advantage of PHP as its core extension language. This enables a wide resource pool of available developers around the world who are versed in open-source technology for implementation. SugarCRM also offers a free Community on-premises solution.
- Price Value: SugarCRM is competitively priced in customer deal situations, often coming in lower than most leading competitors. The vendor offers competitive functionality with a good back environment for configuring and extending the core SFA application.
- Customer Responsiveness: The vendor's customers often use the primary reseller as their first-line support; however, the conclusion of most customers is that SugarCRM is responsive to resolving issues in a reasonable time frame.

### Cautions

- Lack of Global External Service Provider (ESP) Partnerships: SugarCRM has a good implementation network, with boutique or geographically based ESPs, but does not have extensive relationships with global ESPs beyond IBM Global Business Services and T-Systems.

- More Large Enterprise Wins: The vendor is clearly being put on more shortlists for large companies. Most of its growth has come from customers in the 500 users-or-less range.
- Limited Professional Services: SugarCRM leverages third-party implementers extensively. It has a relatively small group (less than 30) of professional service people to augment partner implementations.

## Swiftpage (Saleslogix)

Swiftpage purchased Saleslogix more than a year ago, and has been able to move from dealing with the acquisition to moving ahead more aggressively on product development and planning. Gartner has still found Swiftpage's installed base (specifically, those that have not upgraded in a couple of release cycles) moving to competitors. The vendor states that it improved its retention rates for customers paying maintenance to 93.4% in 2013. Gartner estimates that 70% of Swiftpage's Saleslogix customers are located in North America, with the vast remainder located in Europe (half of those being in the U.K.).

### Strengths

- Mobile Vision: Swiftpage's Saleslogix vision is to provide what it calls "purpose-driven mobile applications" (something that Gartner calls "task- or activity-driven mobile applications"). This approach avoids designing a mobile application around the system's objects, and more around how salespeople will use the application. The mobile strategy is still in its early stages, but holds promise.
- Pricing Flexibility: Saleslogix has two unique components to its pricing: concurrent users and mobile-only pricing. Concurrent users enable customers to buy more limited licenses or subscriptions than their actual user counts. This is attractive for customers that have a need for concurrent users and can save money. Mobile-only pricing enables a client to pay more than 50% less than a full subscription price (which includes mobile for free), if the user is going to access Saleslogix only from a mobile device.
- Cloud Option: Current Saleslogix customers that want to move to the cloud, or new customers considering the cloud, can take advantage of Swiftpage's Amazon service delivery option. After a slightly bumpy start a couple of years ago, according to early customers, Swiftpage's Saleslogix cloud option has stabilized and now has 183 cloud-based customers.

### Cautions

- Market Awareness: Swiftpage needs to reinvigorate its partner network to get it into more customer evaluations, especially for SMB clients. The Saleslogix team is in the midst of an extensive rebranding and awareness-building effort with partners, and recently announced an annual partner conference (in November 2014) to accelerate awareness growth and provide expanded sales enablement tools to the channel.

- Release Quality: Longtime Saleslogix customers have stated that they have had some difficult upgrades in the past, especially when Saleslogix changed to a Web-based model a few years ago. Some customers stated that release 8.0 had more bugs and defects than expected. It appears that much of this could have been attributed to the ownership change, and releases are becoming more stable. Version 8, released in November 2012 (by Sage), represented a major architectural change to the platform, primarily to support and enable expanded future capabilities and stability. Swiftpage claims that v.8.1, released in November 2013 (by Swiftpage), continues to mature the platform, and fixed more than 600 legacy defects, according to Swiftpage company change logs.
- Limited ISV Ecosystem: Swiftpage markets Saleslogix primarily through a third-party partner network, but has a limited ecosystem of ISV partners to build add-ons to it.

## Tour de Force CRM

Tour de Force CRM is a new entrant to this Magic Quadrant in 2014. The vendor has been in business since 2001, and Gartner estimates its revenue at less than $8 million per year. Tour de Force CRM targets manufacturing-distribution-based companies. Its focus is wholesale distributors, small to midsize manufacturing companies that distribute products through wholesale distributors. Tour de Force CRM is an on-premises software product.

### Strengths

- Manufacturing Industry Focus: The vendor has built up intellectual capital by implementing CRM for sales for manufacturing-distribution-based salespeople over its 13-year history, which is likely to benefit similar companies.
- ERP Integration: Tour De Force CRM has demonstrated integration with ERP systems, including midmarket ERP systems not typically targeted by the larger CRM sales vendors. ERP Integration is often a top requirement for manufacturing distribution companies.
- Delivery and Support: Customers have noted Tour De Force CRM has a customer-centric approach to its support and delivery services. This is exhibited through some customers using the vendor for seven to 10 years.

### Cautions

- Revenue Growth: Gartner estimates Tour de Force CRM to be at less than $8 million in revenue. A vendor that has been in business for 13 years should be at a higher growth rate than Tour de Force has exhibited. It needs to scale its selling and delivery channels to move to the next level.
- Limited Partner Ecosystem: Implementations are delivered by Tour de Force CRM, not by ESPs. These resources are likely to understand manufacturing distribution requirements, but if the vendor hits a growth spurt, resource availability could become an issue.
- Mobility: Currently supports mobile browser access to the Tour de Force CRM application, but does not provide native or hybrid HTML5 delivery of its application. Browser-only approaches do not

optimize the native experience for a mobile device.

### Zoho

Zoho is a product offering appropriate for SMBs and companies with limited budgets. Gartner estimates that Zoho is at about $56 million in revenue, with about $33 million of that in CRM revenue.

#### Strengths

- Low Subscription Costs: Zoho's "freemium" low-cost paid pricing model is attractive for companies with limited budgets and provides a cost-competitive alternative for CRM sales.
- SMB Focus: The vendor provides a relatively intuitive environment to configure its application that most SMBs would find appealing for simple to moderately complex requirements.
- Global Installed Base: Zoho has a relatively large installed base of more than 35,000 and supports 15 languages; however, the majority of its customers have 10 or fewer users.

#### Cautions

- Business model: While Zoho's freemium pricing model is attractive for small companies, it also limits the vendor's ability to actively sell its product or develop its partner channels. Zoho relies mostly on inbound selling, and its small sales and channel teams limit its ability to expand in the market.
- Implementation Delivery and Support: Zoho offers no-cost support, including email-based technical support, during the initial implementation period for freemium users. All paid customers get 24/5 telephone support. The vendor does not offer professional services for implementation.
- Functionality: Zoho provides core opportunity and pipeline management, and baseline functionality for price books, quotes, vendor management, sales orders, purchase orders and invoices. The vendor does not have relationships with other ISVs in areas such as sales performance management and configure, price and quote. Zoho also offers functionality outside of CRM, in areas such as human resources.

## Vendors Added and Dropped

We review and adjust our inclusion criteria for Magic Quadrants and MarketScopes as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant or MarketScope may change over time. A vendor's appearance in a Magic Quadrant or MarketScope one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. It may be a reflection of a change in the market and, therefore, changed evaluation criteria, or of a change of focus by that vendor.

### Added

- Tour de Force CRM

### Dropped

- No vendors were dropped from this Magic Quadrant.

## Inclusion and Exclusion Criteria

To be included in this Magic Quadrant, a vendor must demonstrate that it has:

- Proven ability to deliver opportunity management systems with software released during the past 18 months; a new offering from an established vendor in this market will also be considered if it can be validated with customers
- At least five new, named customers that have actively deployed opportunity management functionality during the past 12 months
- Customers using B2B opportunity management as the primary sales application in at least three industries
- Demonstrated corporate business viability through business performance, new customer adoption and strategic partnerships over multiple years

## Evaluation Criteria

### Ability to Execute

SFA applications include capabilities for opportunity management, including contact management, account management, and sales pipeline and forecasting; sales-effectiveness applications, including guided selling, sales configuration, quotation management and content management; and sales performance management, including incentive compensation, quota and territory management, and sales coaching (see "Evaluate the Impact of Sales Force Automation Functionality").

Different sales organizations require different levels of depth and complexity of capabilities. Vendors that support a wide range of complexity have greater market potential and are rated accordingly. This is a cross-industry Magic Quadrant; therefore, the evaluation of a provider's offering is focused on the ability to serve several distinct industry sectors, not to provide industry-specific solutions.

In many cases, an SFA application will combine several functional components, some of which require third-party vendors. A key evaluation criterion is how well the SFA vendor's application integrates with third-party products and customer data sources. This is measured primarily by the number and complexity of data and application integrations, as demonstrated by live customer deployments. Vendors that have fostered an ecosystem of value-added application suppliers and partners will rate well for this subcategory.

Extra weight will also be applied to vendor support for tablets and smartphones. This includes the ability to provide access to relevant SFA functionality leveraging targeted device value-added benefits.

**Product or Service:** The overall vendor product/service functionality rating is developed by evaluating specific SFA functionality, mobile access and architecture (for example, openness, flexibility, usability and workflow), and sales reporting and analytics.

Opportunity management capabilities are weighted more heavily than other SFA application building blocks. This reflects market demand for SFA functionality by sales organizations. The vendor must have a stable product development team for each product module it sells. Increased emphasis will also be placed on the value that SFA applications provide directly to salespeople.

**Overall Viability:** Key aspects of this criterion are the vendor's ability to ensure continued vitality of a product, including support of current and future releases, as well as a clear road map for the next three years. The vendor must have the cash on hand and consistent revenue growth during four quarters to fund employee burn rates and to generate profits. The vendor is also rated on its commitment and ability to generate revenue and profits specifically in the SFA market.

**Sales Execution/Pricing:** The vendor must provide global sales and distribution coverage that aligns with its marketing messages. The provider must have specific experience and success selling SFA applications to sales buying centers (i.e., the VP of sales or sales operations).

**Market Responsiveness and Track Record:** We evaluate the vendor's ability to respond, change direction and be flexible to evolving customer needs and market dynamics. This criterion also considers the vendor's history of responsiveness.

**Marketing Execution:** This refers to the clarity, quality, creativity and efficacy of programs designed to deliver the vendor's message to influence the market, promote its brand and business, increase awareness of its products, and establish a positive identification of the product, brand or vendor with buyers. This mind share can be driven by a combination of publicity, promotions, thought leadership, word of mouth and sales activities.

**Customer Experience:** Feedback from active customers on generally available releases during the past 12 to 18 months is an important consideration. Sources of feedback include vendor-supplied references, Gartner client inquiries and other customer-facing interactions, such as Gartner conferences. Customers' experiences are evaluated based on the vendor's ability to help customers achieve positive business value, as well as sustained user adoption, quality implementation and ongoing support.

**Operations:** This criterion evaluates the vendor's ability to meet its goals and commitments. Factors include the quality of the organizational structure — skills, experience, programs, systems and other vehicles that enable the provider to operate effectively and efficiently on an ongoing basis. For SaaS offerings, operations will also include the vendor's ability to manage operational infrastructure requirements to meet client demand.

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

| Evaluation Criteria | Weighting |
| --- | --- |
| Product or Service | High |
| Overall Viability | Medium |
| Sales Execution/Pricing | Medium |
| Market Responsiveness/Record | High |
| Marketing Execution | Low |
| Customer Experience | High |
| Operations | Medium |

Source: Gartner (July 2014)

## Completeness of Vision

**Marketing Understanding:** The vendor has shown the ability to understand the business issues facing the vice president of sales, and has shown the ability to demonstrate and explain how SFA applications can be applied to improve the overall sales effectiveness and performance of a prospect's sales organization.

**Marketing Strategy:** A clear, differentiated marketing strategy has a set of messages that appeals to selling organizations and is consistently communicated throughout the organization, and externalized through the website, customer programs and positioning statements.

**Sales Strategy:** The strategy for selling SFA software uses the appropriate network of direct and indirect sales, marketing, service, and communications affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base. Key elements of the strategy include a sales and distribution plan, internal investment priority and timing, and partner alliances.

**Offering (Product) Strategy:** The vendor should demonstrate a vision for new application functionality across the breadth and depth of product capabilities; this is critical for meeting the needs of a maturing

market. Subcriteria include the vendor's vision for opportunity management; sales effectiveness capabilities, such as guided selling, sales configuration, quote management and content management; sales performance management, including incentive compensation, quota management and territory management, and sales coaching; access and architecture (such as openness, flexibility, extensibility and usability); and sales reporting and analytics. The product strategy can be a combination of organic development, acquisitions and/or ecosystems. However, for ecosystems, close attention is paid to the quality and support of third-party partners.

**Business Model:** Vendors need to have clear business plans for how they will be successful in the SFA market. These business plans should include appropriate levels of investment to achieve profitability and healthy revenue growth during a three- to five-year period. Sales channel and partnership strategies are important components.

**Innovation:** Vendors must show a marshaling of resources, expertise or capital for competitive advantage or investments in new areas, such as social collaboration, cloud computing and SaaS; or new devices, such as the iPad; or new technology directions, such as the Gartner Nexus of Forces.

**Geographic Strategy:** We examine the vendor's strategy to direct resources, skills and offerings to meet the specific needs of regions outside the corporate headquarters' location, directly or through partners, channels and subsidiaries, as appropriate for that geography and market.

**Table 2.** Completeness of Vision
Evaluation Criteria

| Evaluation Criteria | Weighting |
|---|---|
| Market Understanding | Medium |
| Marketing Strategy | Low |
| Sales Strategy | Low |
| Offering (Product) Strategy | High |
| Business Model | Medium |
| Vertical/Industry Strategy | Not Rated |
| Innovation | High |
| Geographic Strategy | Medium |

Source: Gartner (July 2014)

## Quadrant Descriptions

### Leaders

Leaders have the ability to execute against their vision through products, services and demonstrated, solid business results in the form of revenue and earnings. Leaders have significant successful customer deployments in North America, EMEA and the Asia/Pacific region in a wide variety of vertical industries, with multiple proof points above 500 users. Leaders are often the ones against which other providers in the market measure themselves.

### Challengers

The vendors in the Challengers quadrant are often larger than most (but not all) vendors in the Niche Players quadrant, and demonstrate a higher volume of new business for SFA. These vendors have the size to compete worldwide; however, in some cases, they may not be able to execute equally well in all geographies. They understand the evolving needs of a sales organization, yet may not lead customers into new functional areas with their strong functional vision. Challengers tend to have a good technology vision for architecture and other IT organizational considerations, but have not won over the top sales executives.

### Visionaries

Visionaries are ahead of most potential competitors in delivering innovative products and/or delivery models. They anticipate emerging/changing sales needs, and move the market ahead into areas where it hasn't yet been. They have a strong potential to influence the direction of the SFA market, but are limited in execution and/or demonstrated track record.

### Niche Players

Niche Players offer products for SFA functionality, but may lack some functional components, may not show the ability to consistently handle deployments of more than 500 users across multiple geographies or may lack strong business execution in the SFA market. These vendors may offer complete portfolios for a specific vertical, but face challenges in one or more important areas to support cross-industry requirements, such as complex forecasting or sales effectiveness. They may have an inconsistent implementation track record, or may lack the ability to support large-enterprise requirements. Despite the issues described, in many cases, Niche Players can offer the best solutions to meet the needs of particular sales organizations, considering the price/value ratio for the solution.

## Context

All vendors included in the 2014 Magic Quadrant for SFA have customers that are successfully using their products and services; however, this is not an exhaustive list. Some regional and/or vertical industry SFA

specialists did not meet our inclusion criteria. This Magic Quadrant encompasses a wide cross section of vendors, including those that offer different delivery models (such as on-premises, hosted and SaaS), and differing levels of functional breadth and sophistication. Regardless of the provider you're considering, ask: "Will this vendor help my sales organization sell more effectively?" In many cases, a sales organization must evaluate not just a vendor's suite of product offerings, but also the ecosystem of providers that can fill in functional white space for capabilities the considered vendor in the Magic Quadrant may not offer.

Use this Magic Quadrant as a reference for evaluations, but explore the market further to qualify the capacity of each vendor to address your unique business problems and technical concerns. Depending on the complexity and scale of your requirements, your shortlist will be unique. The Magic Quadrant for SFA is not designed to be the sole tool for creating a vendor shortlist. Use it as part of your due diligence, and in conjunction with discussions with Gartner analysts.

Magic Quadrants are snapshots in time. To be fair and complete in the analysis, we need to stop data collection efforts at a consistent time. For this research, the cutoff date was 23 June 2014.

## Market Overview

SFA deployments continue to focus on core functional capabilities for accounts, contacts, opportunities, selling processes and sales operations. SFA requirements are unique for each B2B sales organization, based on the maturity and culture of the organization in its use of technology, sophistication of sales practices and anticipated ROI. Gartner sees an increased focus on sales performance management capabilities that augment core SFA initiatives. Smartphones and iPads continue to dominate the discussion to improve mobile accessibility.

SaaS continues to accelerate as the predominant delivery model for SFA.

Just as each sales organization is different, not all SFA systems are created equal. Furthermore, factors such as selling style, organizational size, sales processes, integration demands, diversity of roles, number of users and organizational structures are unique to each company.

SFA has distinct implications for each company:

- Product-driven transactional sales organizations will find value in basic lead and opportunity management capabilities to reduce sales cycles and improve sales management visibility.
- Large, complex sales organizations that support multitier, matrixed sales teams require role-specific functionality for inside field and strategic account salespeople, as well as scalability and performance attributes to manage large volumes of data. Many vendors in the Niche Players quadrant have better price/value alternatives for less-complex uses.
- Consultative solution selling will require rich-content process support to tie together proposals, bids, configurations and quotes with authorizations and order-capture systems.

A successful vendor selection strategy will assess providers that support data requirements, access modes and functionality for each sales role. The sales processes will dictate the functional components that best satisfy organizational and individual sales requirements.

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