

Understanding the TCO of SaaS CRM and KM in the contact centre

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Abstracts

This report looks at the current trends in the hosted contact centre customer relationship management (CRM) and knowledge management (KM) markets, and the effects on enterprise balance sheets of software-as-a-service (SaaS) versus on-premises solutions. It also presents a matrix of the leading global CRM vendors, which offers a valuable insight into the strengths of various hosted vendors' CRM solutions.

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Executive summary

In a nutshell

Ovum view

Key messages

Flexible CRM deployment options are appealing in a difficult economy

Web self-service is high on the list of enterprises' priorities

Enterprises need to consider the TCO rather than just the capex and opex advantages of SaaS

On-premises CRM vendors offer new pricing models in a highly competitive market

Vendors need to develop social media and KM strategies

Market opportunity

The CRM market is changing to include more flexible pricing and deployment options

Enterprises are focused on cost reduction and customer retention

CRM and KM play an increasingly important role in the contact centre

Flexible deployment methods are appealing in a difficult economy

SaaS CRM is growing from a mid-market option into larger enterprises

Vendors are changing their pricing for on-premises CRM to meet demands for more flexible pricing

KM is gaining traction to help agents and customers find accurate information

Web self-service is high on the list of enterprises' priorities

Vendors are providing ways to monitor information from social media as usage grows

Vendors must overcome scepticism about hosted CRM and provide RoI statistics for KM

A difficult economy has led to a longer procurement cycle

There is still a stigma attached to hosted CRM and SaaS

The RoI for KM has yet to be fully understood

Technology evolution

CRM is evolving to include more flexible delivery and deployment options

Web-based delivery models are increasing in popularity

Platform-as-a-service provides users with even greater flexibility

CRM follows the market from on-premises to hosted, SaaS and now cloud computing

Enterprises are linking CRM solutions with business process objectives

Unified agent desktop solutions tie together different applications

On-demand CRM needs to be integrated with legacy applications

New features include contact priority management

KM vendors are embedding their solutions within CRM applications

Knowledge solutions are moving from agent-facing to customer-facing

Social media is influencing CRM vendors and CRM interfaces are becoming akin to online services

Vendors are adding interactive features and providing users with the ability to add and rate information

CRM and knowledge management applications now incorporate information from social media

Customer impact

Cost transparency especially pertinent in the current economic climate

TCO encompasses use, maintenance, support and services over a solution's lifetime

The associated costs vary for different deployment models

Financial statements are impacted differently depending on the deployment model

Expensing treats subscription fees as a period expense

The non-cost-related benefits to SaaS include faster deployment and reduced IT resources

Disadvantages of the hosted model

The key target for SaaS has been SMEs

Hosted CRM is not industry-specific

Technology industry customer focus: iRobot

Travel and tourism customer focus: NJ Transit

Retail customer focus: Zappos

KM is deployed to ensure accurate information is available to agents and customers

Gaming industry customer focus: Second Life

Retail industry customer focus: online auctioneer

Competitive landscape

CRM vendors are targeting a broader range of customers

The competitive landscape for hosted CRM is disjointed

Acquisitions and increased demand for web self-service help KM play a greater role within the CRM market

SaaS CRM vendors include NetSuite, RightNow, Salesforce.com and TeamSupport
NetSuite

NetSuite: strengths

RightNow

RightNow: strengths

Salesforce.com

Salesforce.com: strengths

TeamSupport

TeamSupport: strengths

There are a number of vendors offering both on-demand and on-premises CRM

Oracle

Oracle E-Business Suite

Siebel CRM

Oracle: strengths

SAP

SAP: strengths

Microsoft

Microsoft: strengths

SugarCRM

SugarCRM: strengths

Proprietary on-premises vendors are gradually offering more flexible deployments

CDC Software

Ciboodle

Niche CSA and KM specialists remain mostly premises-based

KANA

KANA: strengths

KPS

KPS: strengths

InQuira

InQuira: strengths

nGenera

nGenera: strengths

Parature

Parature: strengths

Go-to-market approach

Hosted offerings require different go-to-market strategies and partners

Targeting the mid-market requires a diverse partner base including resellers and developers

As enterprises focus on business processes, services and integration become more important

Future trends

The on-premises market will remain strong despite continued growth in SaaS CRM

The Web enables changing consumer patterns, and the self-service trend will only increase

Mobile and video communications will become part of the knowledge base

Vendor acquisitions, partnerships and consolidation are likely

Recommendations

Provide cost transparency and flexible pricing for both on-demand and on-premises models

Map software capabilities to business processes

CRM vendors should work closely with partners or enhance their KM solutions

Develop a social media strategy

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CRM

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Cloud computing

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