

Peerstone  
Enterprise CRM Survey

Defining & Measuring Success  
in Enterprise CRM Projects

[jeffgould@peerstone.com](mailto:jeffgould@peerstone.com)  
[davidtyler@peerstone.com](mailto:davidtyler@peerstone.com)

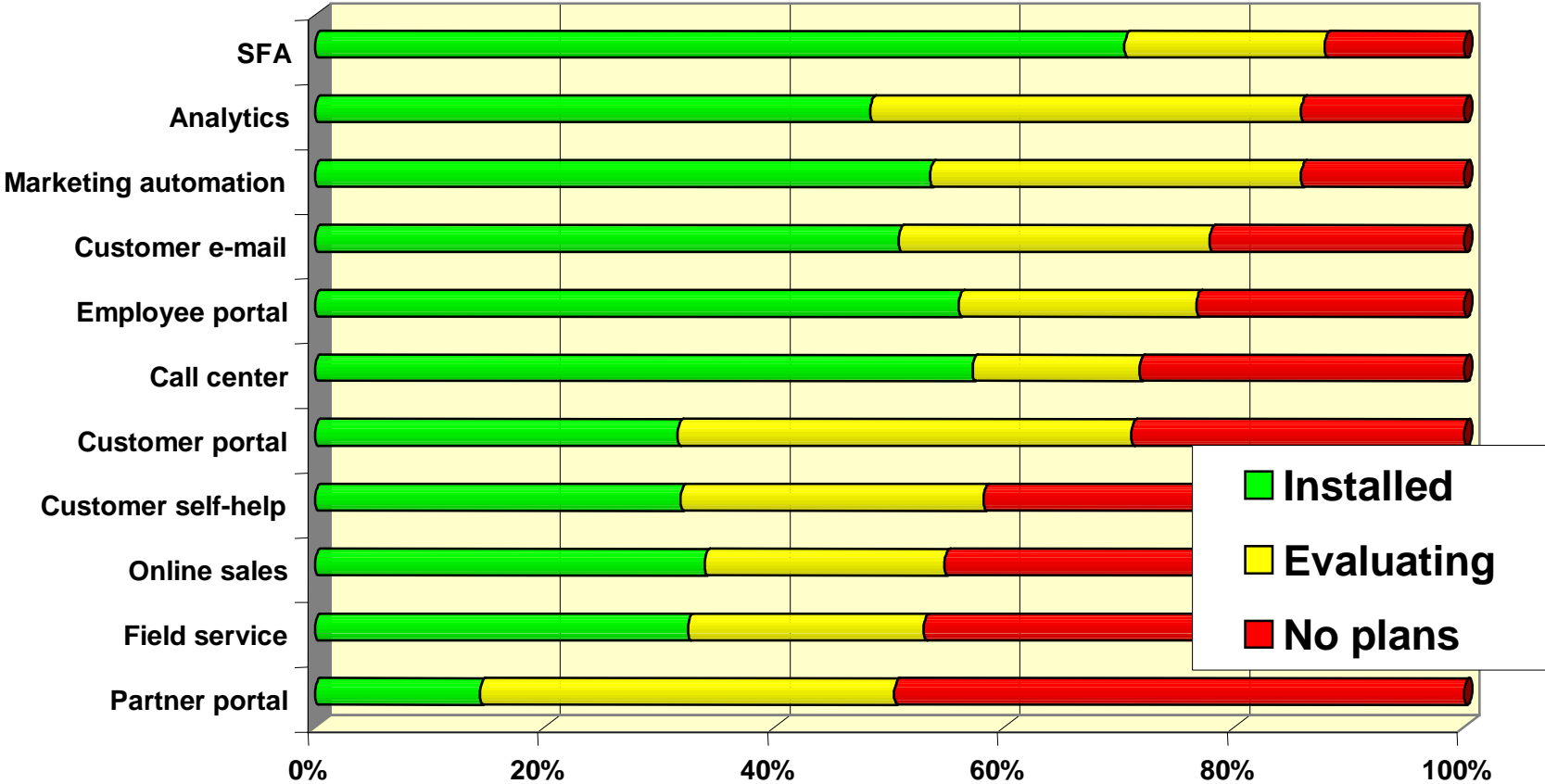
# CRM Survey Key Conclusions

- **Success rates of enterprise CRM software projects are higher than commonly believed**
  - Across all major vendors, about 60% of customers report high user adoption of CRM software, while 2 out of 3 report real improvement in sales productivity
  - 55% say CRM improved top line revenue, 46% say it improved profits
- **Only a minority of CRM customers report outright failures**
  - Most failures are due to conflict over project goals in user organization
  - Few report technical failure of the software itself, but many Siebel users report software is too complex
- **Most companies buy CRM to improve sales process, not to cut costs**
  - Fewer than 1 in 5 use CRM software to cut costs or headcount
- **Users give excellent grades to leading CRM vendors on software functionality, but have doubts about ROI**
  - Only 40% are confident CRM leads to hard dollar ROI (but many don't really measure ROI because their real goal was process improvement)
  - Biggest obstacle to success is failure to push difficult business process changes

# CRM Survey Methodology

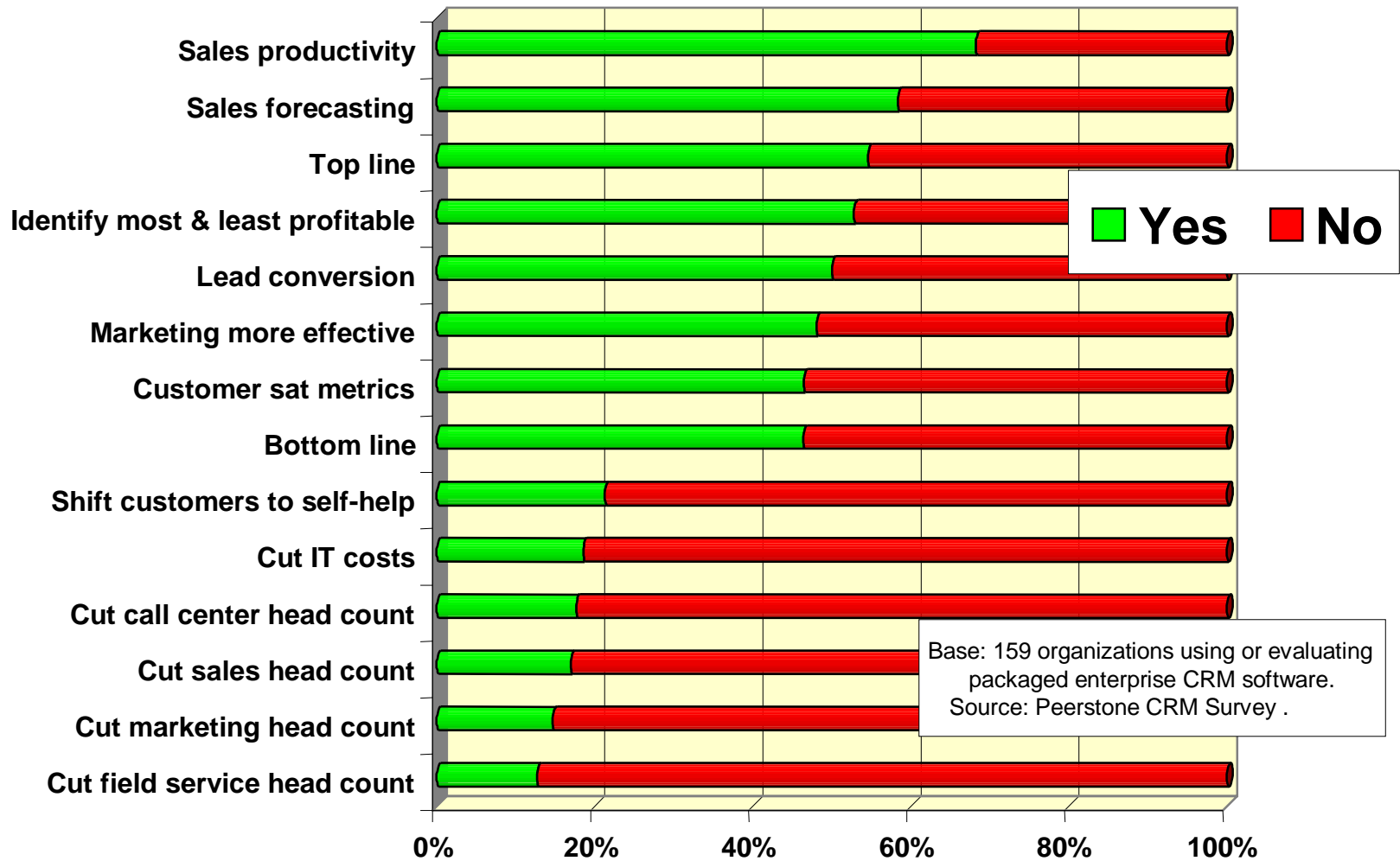
- **Survey used same questionnaire on two parallel samples**
  - 61 Onyx users recruited from Onyx customer list + 78 organizations that use enterprise CRM packages from Siebel & 13 other vendors recruited from readership of CMP Media IT trade publications
  - Part of an ongoing series of surveys of organizations using enterprise CRM
  - Other CRM vendors in CMP sample included Chordiant, Clarify, Epiphany, JD Edwards, Onyx, Oracle, PeopleSoft, Pivotal, salesforce.com, Saleslogix, and SAP
  - Due to sample size considerations, data on Siebel and Onyx are more statistically significant than data on other vendors
- **Survey focused on CRM success factors at large enterprise users**
  - Majority of respondents in both samples were multi-thousand employee organizations with large enterprise CRM projects
  - Extremely detailed questionnaire focused on key factors accounting for success or failure in packaged CRM software projects
  - Survey was not sponsored by any vendor, results available to all vendors and other market participants on same terms

# CRM Functions In Use (All Vendors)



Data reported by 132 organizations using enterprise CRM packages.

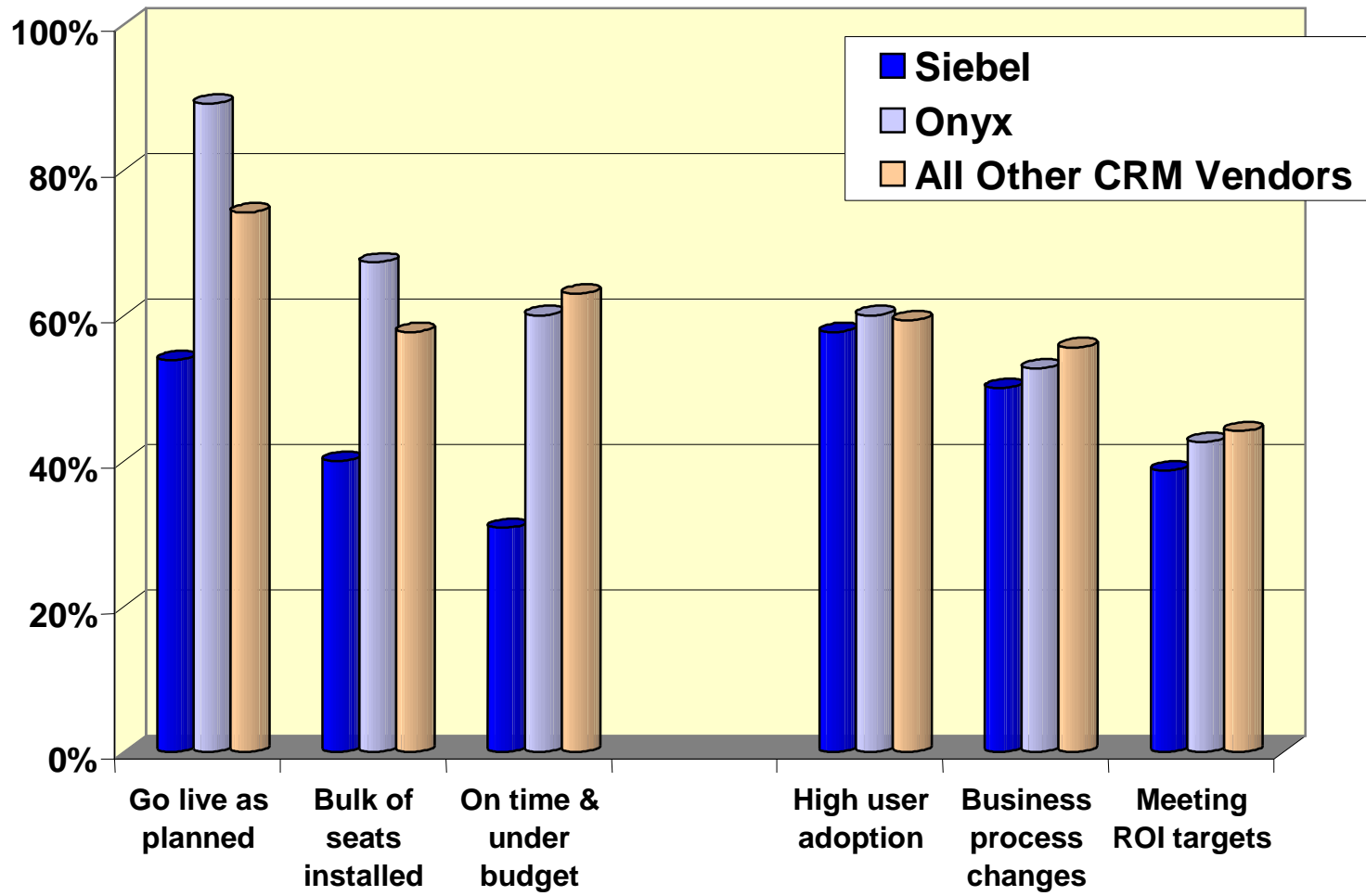
# Does CRM Have Real Impact on Your Business?



# CRM Benefits: Sales Process, not Cost Cutting

- **2 out of 3 organizations using enterprise CRM software report that it makes their sales process significantly more effective**
  - 68% say CRM significantly improved sales force productivity, while 58% say it improves sales forecasting
- **1 in 2 user organizations reports significant top or bottom line benefits**
  - 55% say CRM software significantly boosted top line sales, but only 46% say it significantly boosted bottom line profits
- **1 in 2 reports significant improvement in marketing effectiveness**
  - Roughly half say CRM software significantly improved their ability to identify most profitable customers, lead conversion & marketing campaign effectiveness
- **But: less than 1 in 5 use CRM software to cut costs or headcount**
  - CRM purchase most often driven by desire to get control of sales process after a period of growth (those cutting staff generally aren't investing in new software)
  - Result: without staff cuts, hard dollar ROI from CRM software (as opposed to soft dollar process improvements) is difficult to obtain unless revenue increases

# Was Your CRM Project Successful?



**Siebel < Other CRM**

**Siebel = Other CRM**

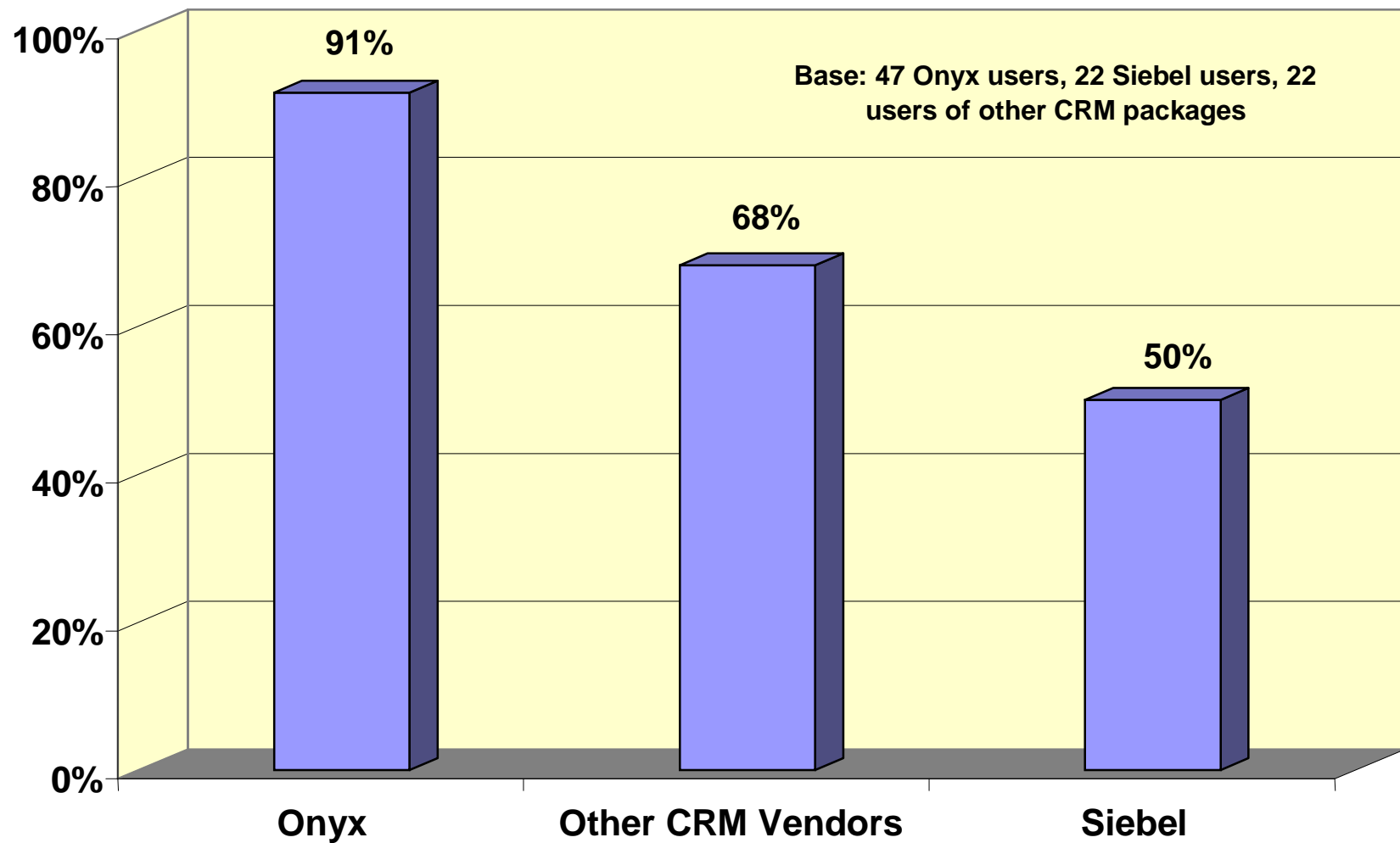
# Achieving CRM Success (1)

- **Bottom Line: the majority of organizations that buy packaged CRM software say they achieved a significant degree of success**
  - About 60% report high user adoption (no significant difference between vendors)
  - Over 50% report they achieved planned business process changes (no significant difference between vendors)
- **But: a majority also report difficulty achieving ROI targets**
  - About 40% say they achieved ROI targets on CRM software investment
  - Analysis of over 20,000 words of user comments reveals that:
    - 1) About half of CRM users didn't explicitly focus on ROI during implementation
    - 2) It is difficult to isolate ROI contribution of CRM software from broader business process change or sudden shifts in economic environment
    - 3) Main reason companies fail to achieve ROI is management reluctance to push through painful changes in organizational behavior or structure
    - 4) Failure to achieve ROI rarely caused by technical failings in CRM software

## Achieving CRM Success (2)

- **Siebel users are more likely to report implementation problems**
  - 54% of Siebel users achieved CRM go-live "as planned" vs. 89% for Onyx and 74% for other CRM vendors
  - Only 31% of Siebel users report completion of their CRM project "on time and under budget" vs. 60% for Onyx and 63% for other vendors
- **What explains Siebel implementation difficulties?**
  - Analysis of user comments reveals that:
    - 1) Siebel users say the software works as advertised, but is extremely complex and demanding
    - 2) Siebel users tend to be somewhat larger, more complex organizations (and hence more likely to stumble over issues of scalability or politics)
    - 3) Users complain that Siebel sales reps fail to warn them about the true magnitude of the implementation challenges awaiting them
  - Bottom line: not all companies are up to the challenge of implementing Siebel
- **Onyx stands out for successful go-lives**
  - 9 out of 10 Onyx users say they achieved go-live as planned (clearly superior to Siebel and marginally superior to other CRM vendors)

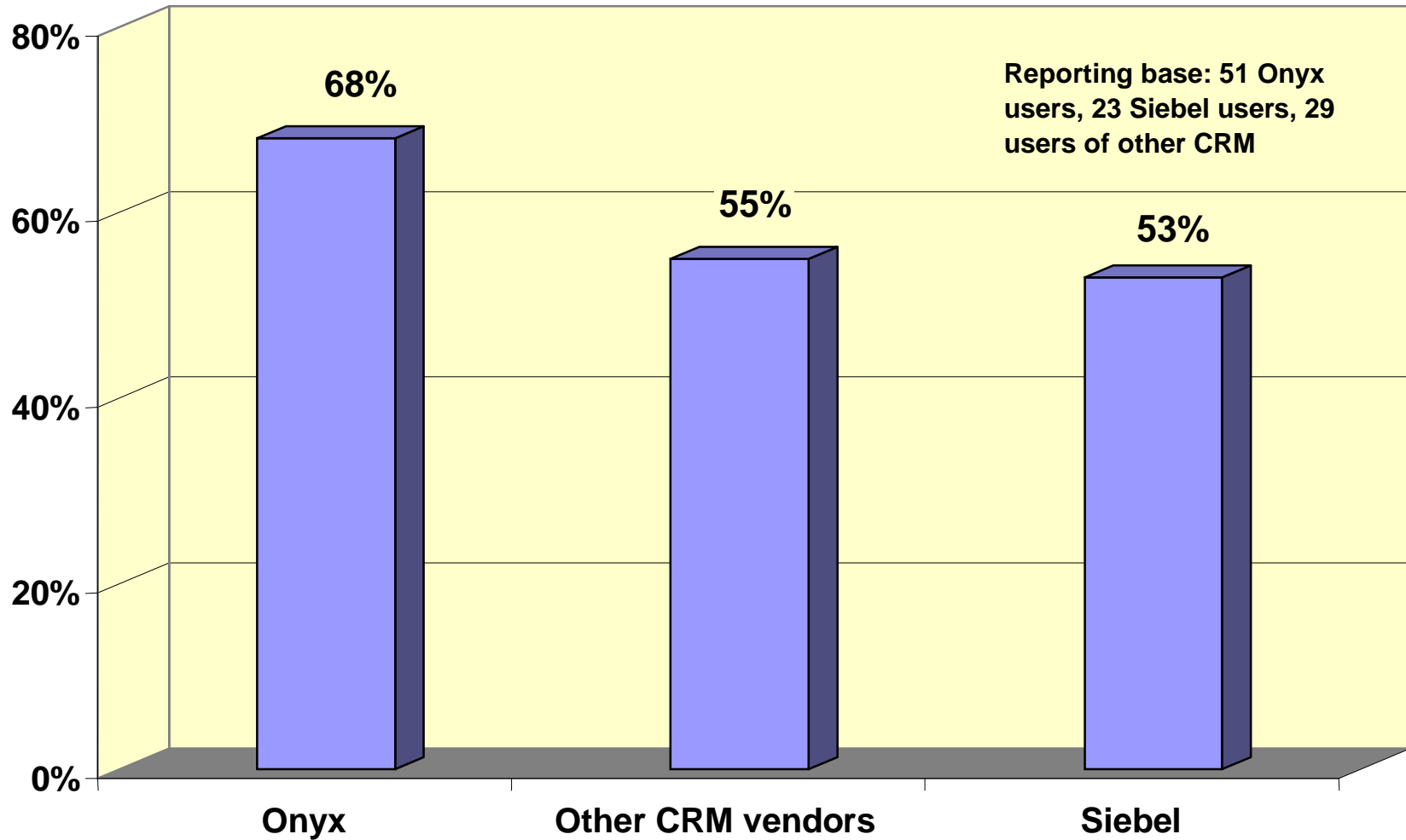
# Would You Pick Same CRM Vendor Again?



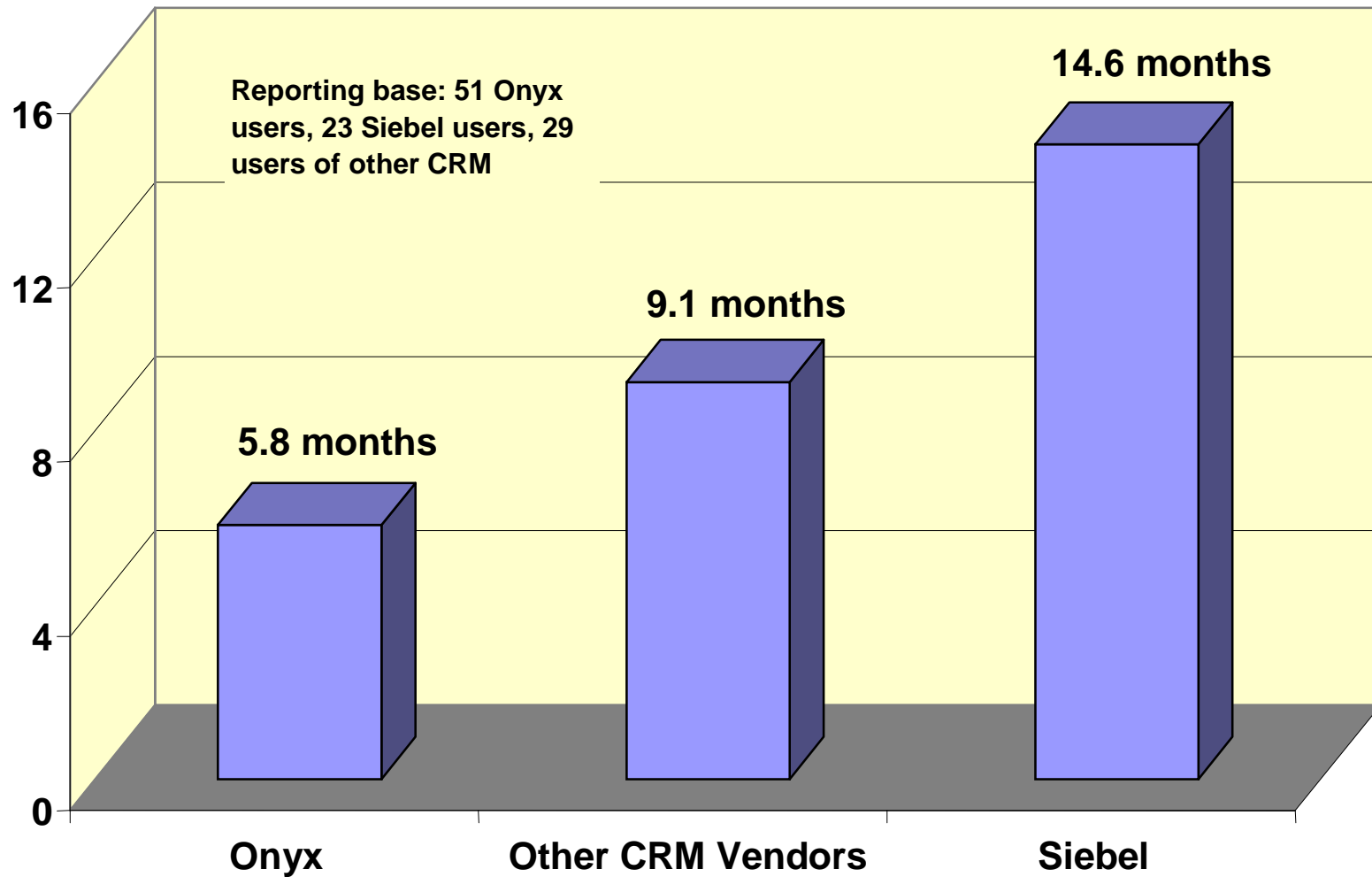
# Customer Satisfaction: Sharp Variation by Vendor

- **Only 50% of Siebel customers surveyed would pick Siebel again**
  - Data based on 22 larger-than-average Siebel customers (average 2300 seat licenses owned) – future Peerstone surveys will update this metric
  - Our small sample may have been subject to negative response bias (i.e. unhappy customers may have disproportionately self-selected into the survey)
  - Bottom line: the fact remains that these are large customers & they are unhappy
- **Why are these Siebel customers unhappy?**
  - Mainly because their implementations were much harder than expected -- but "would not do it again" does not mean "about to pull the plug"
- **91% of Onyx customers surveyed would pick Onyx again**
  - Since respondents were recruited from Onyx customer list, some positive response bias would be expected (i.e. unhappy customers may have self-selected out)
  - But review of user comments suggests that even users who encountered problems mostly say they would pick Onyx again
  - Bottom line: even allowing for response bias, Onyx clearly beats Siebel
- **68% of other CRM vendor customers would pick same vendor again**
  - Good performance in the absolute, also suggests that Siebel score cannot be entirely explained away by response bias

# Pct. of Users Who Use CRM Software Daily



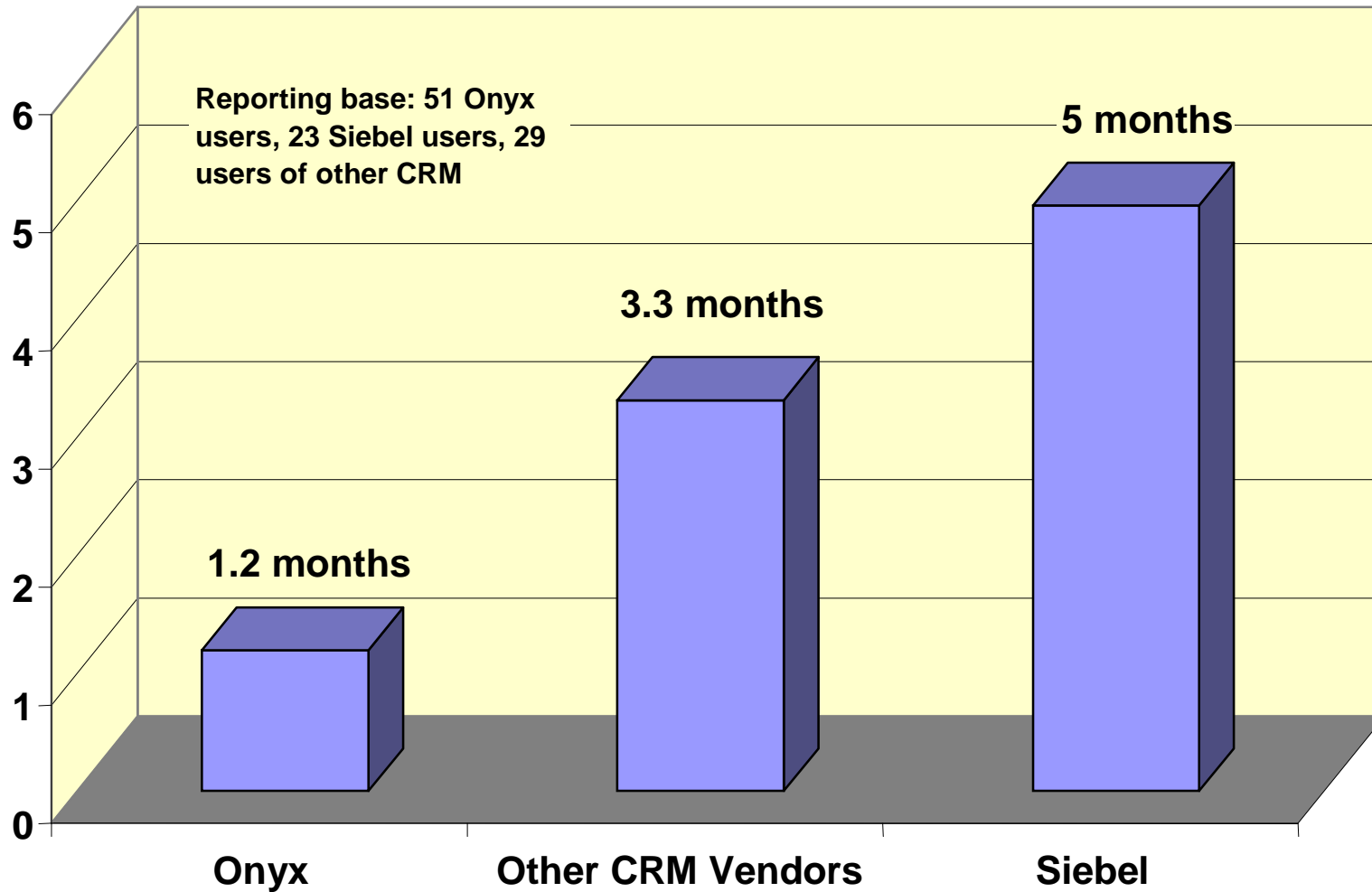
# Average CRM Package Implementation Time



# Implementation Times Reflect Project Scope

- **Variation in implementation times between vendors due in part to variation in project scope & size**
  - The average Siebel implementation in our sample took over a year to achieve go-live, but our sample is biased towards larger-than-average Siebel users
  - Average Onyx implementation took less than 6 months
  - Other CRM vendors average 9 month implementation (group includes Big 3 ERP)
- **Interpretation of implementation time variations subject to caution**
  - For all vendors, average time is significantly less when we discard outlier cases
  - Extremely long delays (outlier cases) mostly observed in companies that put their CRM projects on hold for reasons unrelated to software
- **But some of the variation is due to real differences between vendors**
  - Despite size differences between the respondent organizations in our Siebel and Onyx samples, note that:
    - 1) average Onyx user in sample was a multi-thousand employee organization that nevertheless managed to implement CRM package in just a few months
    - 2) user comments support claim that due to product complexity Siebel really is more difficult to implement than other CRM packages, even for organizations of the same size

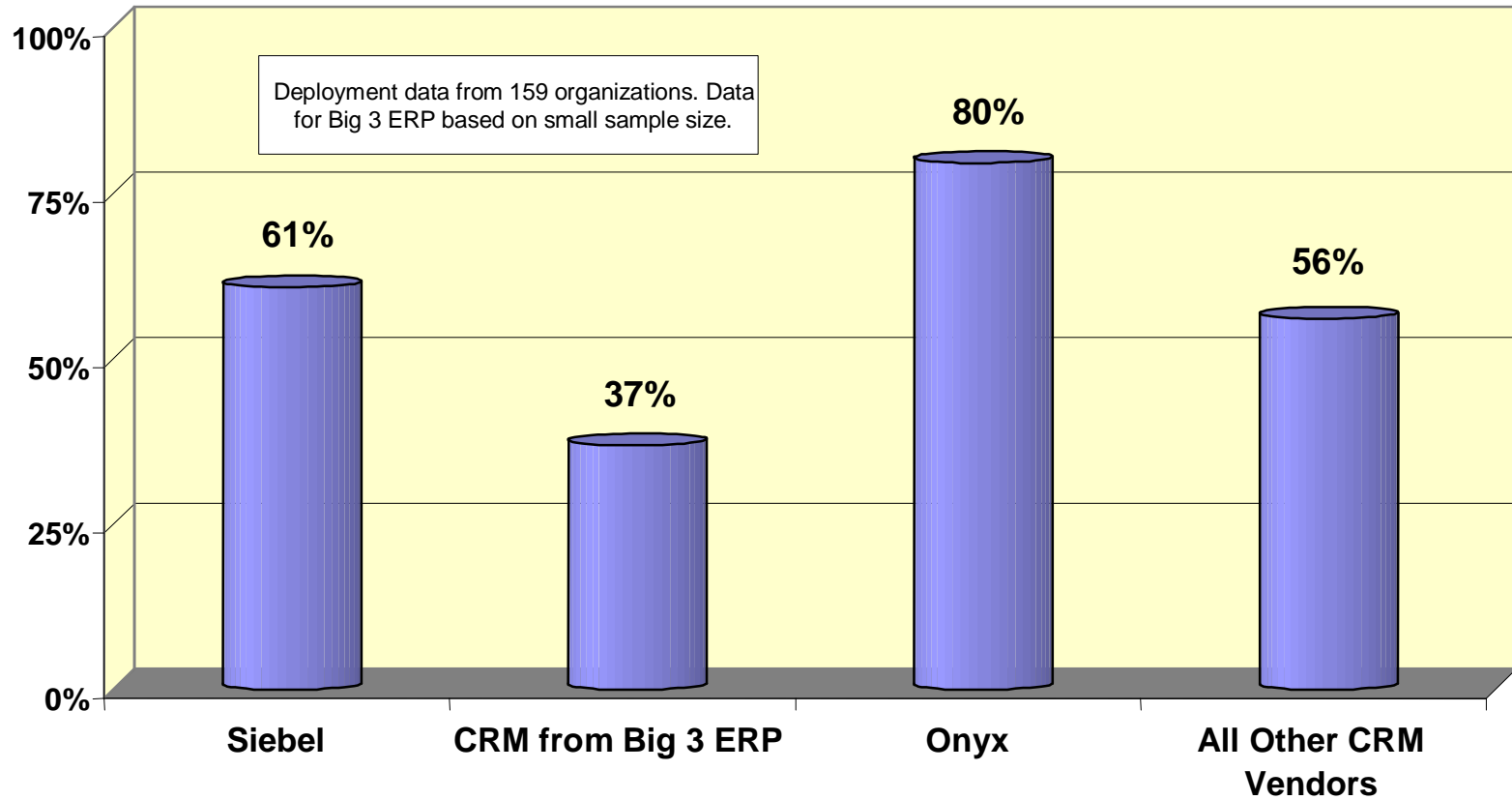
# Average CRM Go-Live Delay vs. Forecast



## Go-live Delays Vary Significantly by Vendor

- **Onyx users report remarkably few unplanned go-live delays**
  - By any standard, an average delay of only 1.2 months over 51 reporting users is an extremely good performance, even if we assume some positive response bias
- **Once again, Siebel falls down in setting customer expectations**
  - 23 large Siebel users reported an average delay of 5 months
  - In the absolute, this may not be an unacceptable result for large implementations (the average Siebel users in this sample purchased 2,300 seats)
  - But it does suggest a consistent failure to set appropriate expectations
    - Ø Impression confirmed by review of user comments
- **Customers of other CRM vendors report average 3.3 month delay**
  - No conclusions about individual vendors can be drawn because of sample size
  - But mid-point position between Siebel & Onyx confirms that Onyx performance is unusually good
  - Peerstone will continue to accumulate data on Big 3 ERP and other vendors in follow-on CRM surveys

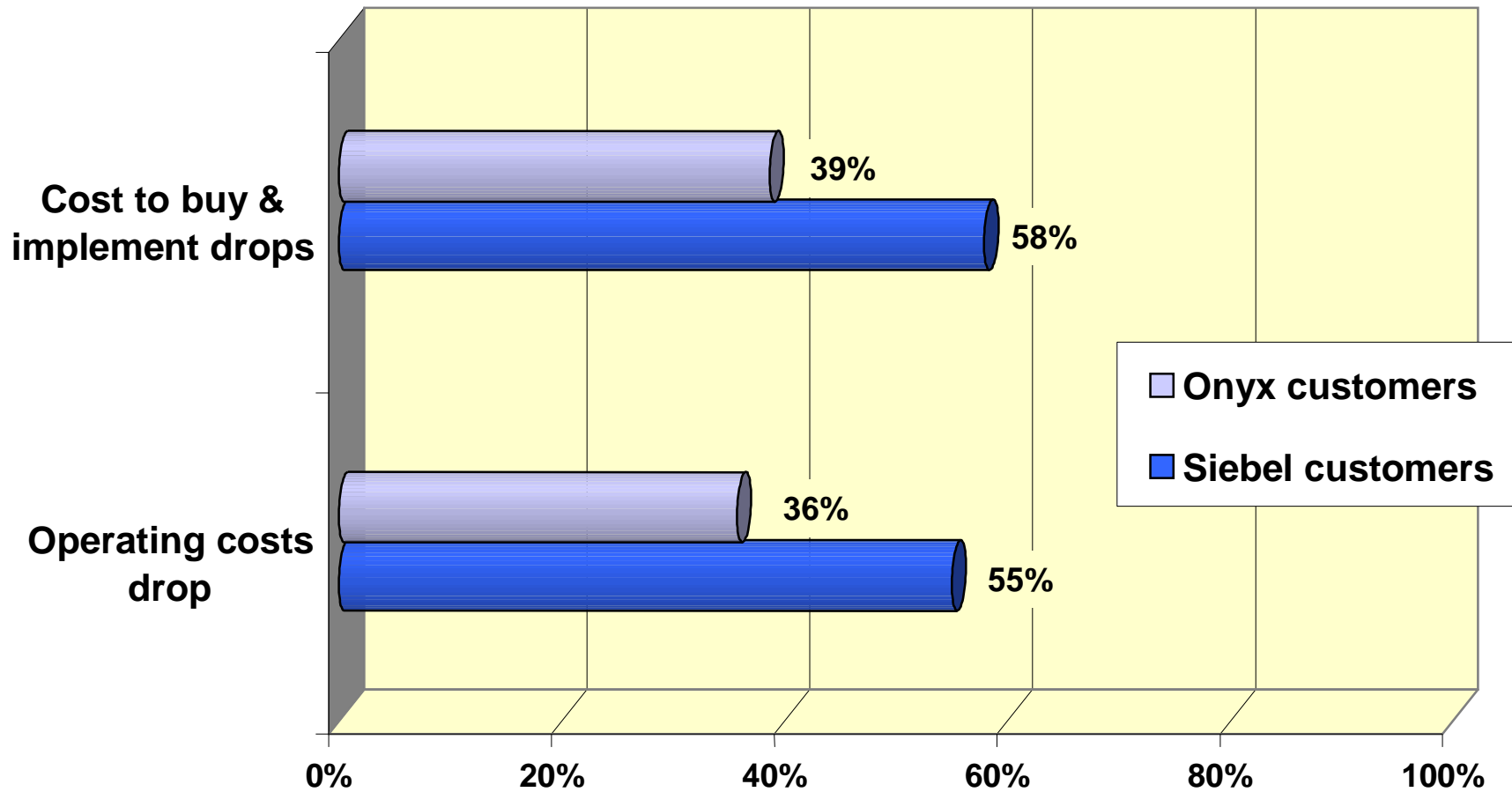
## Percentage of Licensed Seats Currently Deployed (Peerstone CRM Survey)



Copyright Peerstone Research Inc,

**Peerstone**  
RESEARCH

# Price Sensitivity: Will Buy New Apps IF...

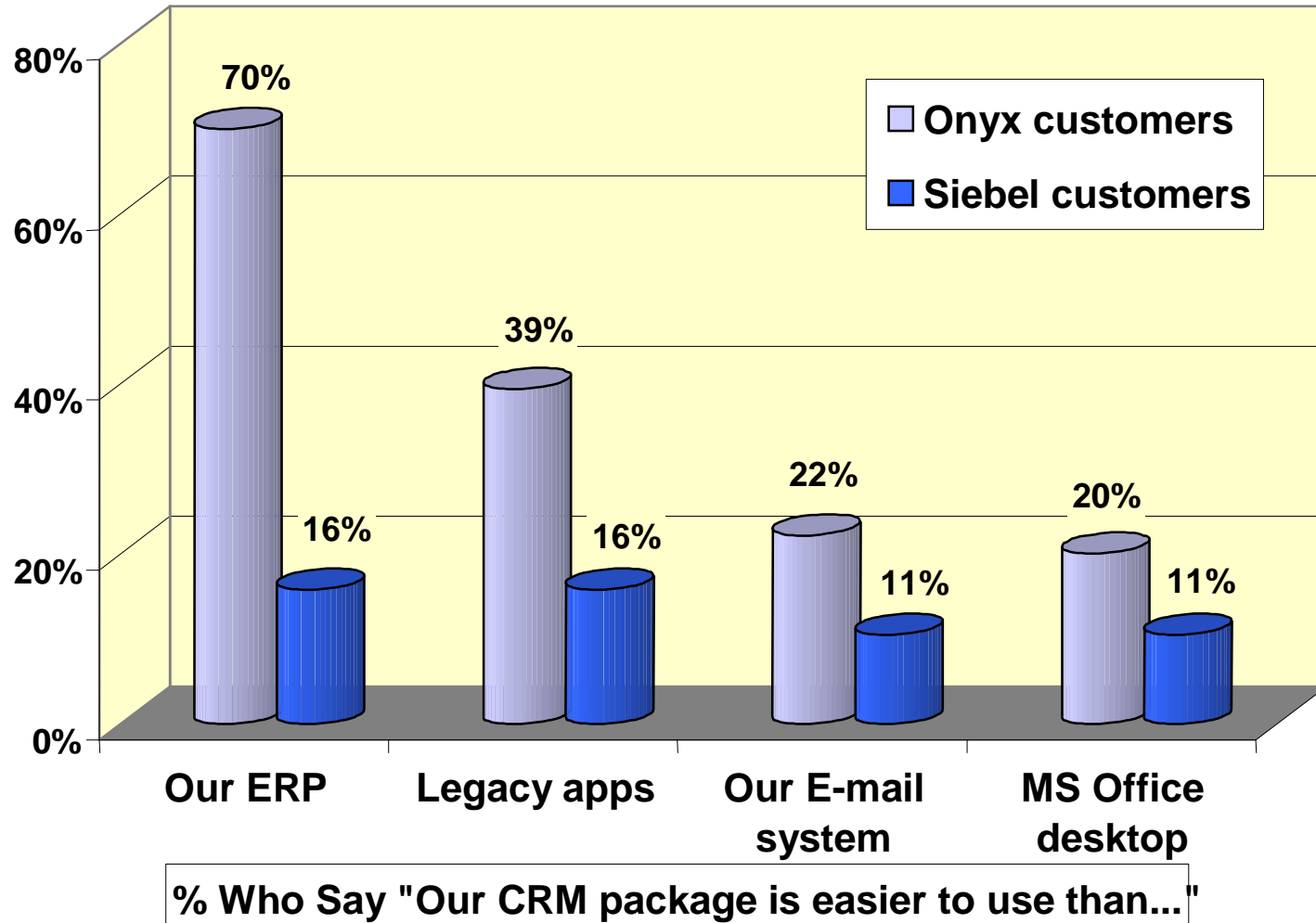


Base: 61 Onyx users, 31 Siebel users (Peerstone CRM Survey)

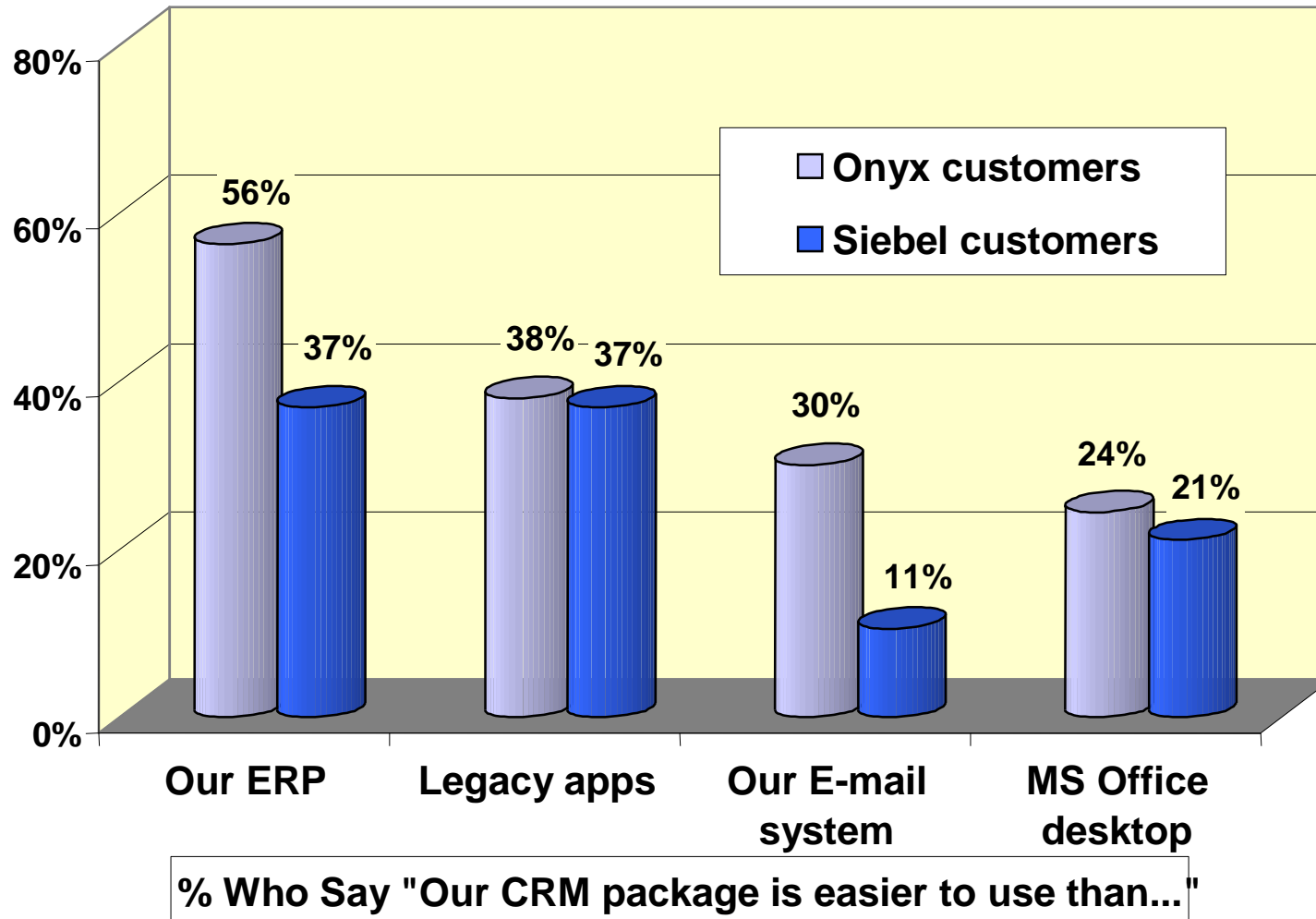
## Price Sensitivity Varies Between Siebel & Onyx

- **Siebel customers are more sensitive to upfront & life cycle costs**
  - Siebel customers are significantly more likely to say that price is an obstacle to further expansion of their CRM software implementations
  - Result applies both to license costs & life cycle operating costs
  - In other words: Siebel customers are more likely to feel they are paying a high price for a given level of functionality
- **Most Onyx customers do not see price as an obstacle to expansion**
  - Implication is that Onyx users judge the upfront & life cycle costs of their CRM projects reasonable (whether or not there was a formal calculation of ROI)

## Ease of Use (End Users): Onyx v. Siebel



## Ease of Use (IT Staff): Onyx v. Siebel



## CRM Ease of Use: Often Better Than ERP, But Not As Good As Legacy

- **More than 4 out of 5 Siebel customers say app is more difficult for end users to use than non-CRM enterprise software**
  - Only 16% of Siebel customers in our sample say Siebel is easier to use than their ERP package or their in-house legacy apps
  - Only 11% say it is easier to use than corporate e-mail or Microsoft Office
- **Siebel ease of use slightly better for IT staff, but still poor**
  - 37% say Siebel admin chores easier for IT staff than ERP or legacy apps
  - 21% say it is easier than MS Office, but only 11% find it easier than e-mail admin
- **Onyx customers say it is easier for users than ERP but not legacy**
  - A whopping 70% of Onyx customers say app is easier for end users to use than ERP (giving it a huge advantage over Siebel on this comparison)
  - But only 39% say Onyx is easier for users than in-house legacy apps
- **Onyx ease of use advantage less pronounced for IT staff**
  - 56% say Onyx admin chores easier for IT staff than ERP, but only a minority find it easier than legacy apps (38%), corporate e-mail (30%) or MS Office (24%)

## How We Built The Vendor Report Cards

- We asked respondents to rate their primary CRM vendor on 7 attributes on a scale of 1 to 5
  - Respondents also rated other CRM vendors they had evaluated (6 attributes only)
- Although sample sizes were small, standard statistical test (t-test) confirms that results have validity
  - Siebel & Big 3 ERP scores were compared to hypothetical population mean of 3.0
  - Onyx scores were compared to hypothetical mean of 3.5 to adjust for possible self-selection response bias differences between the two samples
    - Ø Onyx respondents gave higher scores to all vendors including Siebel than did respondents in CMP sample
    - Ø Adjustment has effect of reducing Onyx grades compared to Siebel & Big 3
- T-test results were converted to letter grades as follows:
  - Very high probability that score is above average = A
  - Marginal probability that score is above average = B
  - Probability that score is no different from average = C
  - Very high probability that score is below average = D

## Siebel Report Card

Attribute	Grade	Score	Probability*
Software Features & Functions	<b>A+</b>	<b>3.76</b>	<b>99.9%</b>
Software Quality & Stability	<b>B+</b>	<b>3.28</b>	<b>88%</b>
Ease of Implementation	<b>D-</b>	<b>2.17</b>	<b>99.9%</b>
Ease of Integration w/other Apps	<b>D+</b>	<b>2.50</b>	<b>96%</b>
Ease of Achieving ROI	<b>D</b>	<b>2.37</b>	<b>99.7%</b>
Professional Services	<b>C-</b>	<b>2.65</b>	<b>93%</b>
Quality of Team	<b>C+</b>	<b>3.00</b>	<b>0%</b>
<b>Siebel OVERALL</b>	<b>C+</b>	<b>2.82</b>	<b>28%</b>

\*Statistical probability that score is truly different from average score of 3.0 of possible 5.0 (t-test). Sample = 66 organizations using Siebel or other enterprise CRM package. Source: Peerstone CRM Survey .

## Onyx Report Card

Attribute	Grade	Score	Probability*
Software Features & Functions	<b>A</b>	<b>4.02</b>	<b>99.9%</b>
Software Quality & Stability	<b>A</b>	<b>4.02</b>	<b>99.7%</b>
Ease of Implementation	<b>B+</b>	<b>3.86</b>	<b>93%</b>
Ease of Integration w/other Apps	<b>C+</b>	<b>3.63</b>	<b>57%</b>
Ease of Achieving ROI	<b>C</b>	<b>3.31</b>	<b>68%</b>
Professional Services	<b>B+</b>	<b>3.83</b>	<b>93%</b>
Quality of Team	<b>A</b>	<b>4.05</b>	<b>99.9%</b>
<b>Onyx OVERALL</b>	<b>B+</b>	<b>3.82</b>	<b>99%</b>

\*Statistical probability that score is truly different from average score of 3.5 of possible 5.0 (t-test). Sample = 41 organizations using Onyx CRM package. Source: Peerstone CRM Survey.

Copyright Peerstone Research Inc.



## Report Card For CRM From Big 3 ERP

Attribute	Grade	Score	Probability*
Software Features & Functions	<b>B</b>	<b>3.27</b>	<b>77%</b>
Software Quality & Stability	<b>B</b>	<b>3.21</b>	<b>72%</b>
Ease of Implementation	<b>D+</b>	<b>2.75</b>	<b>78%</b>
Ease of Achieving ROI	<b>C-</b>	<b>2.77</b>	<b>74%</b>
Professional Services	<b>C+</b>	<b>2.97</b>	<b>10%</b>
Quality of Team	<b>B-</b>	<b>3.10</b>	<b>52%</b>
<b>Big 3 OVERALL</b>	<b>C+</b>	<b>3.01</b>	<b>5%</b>

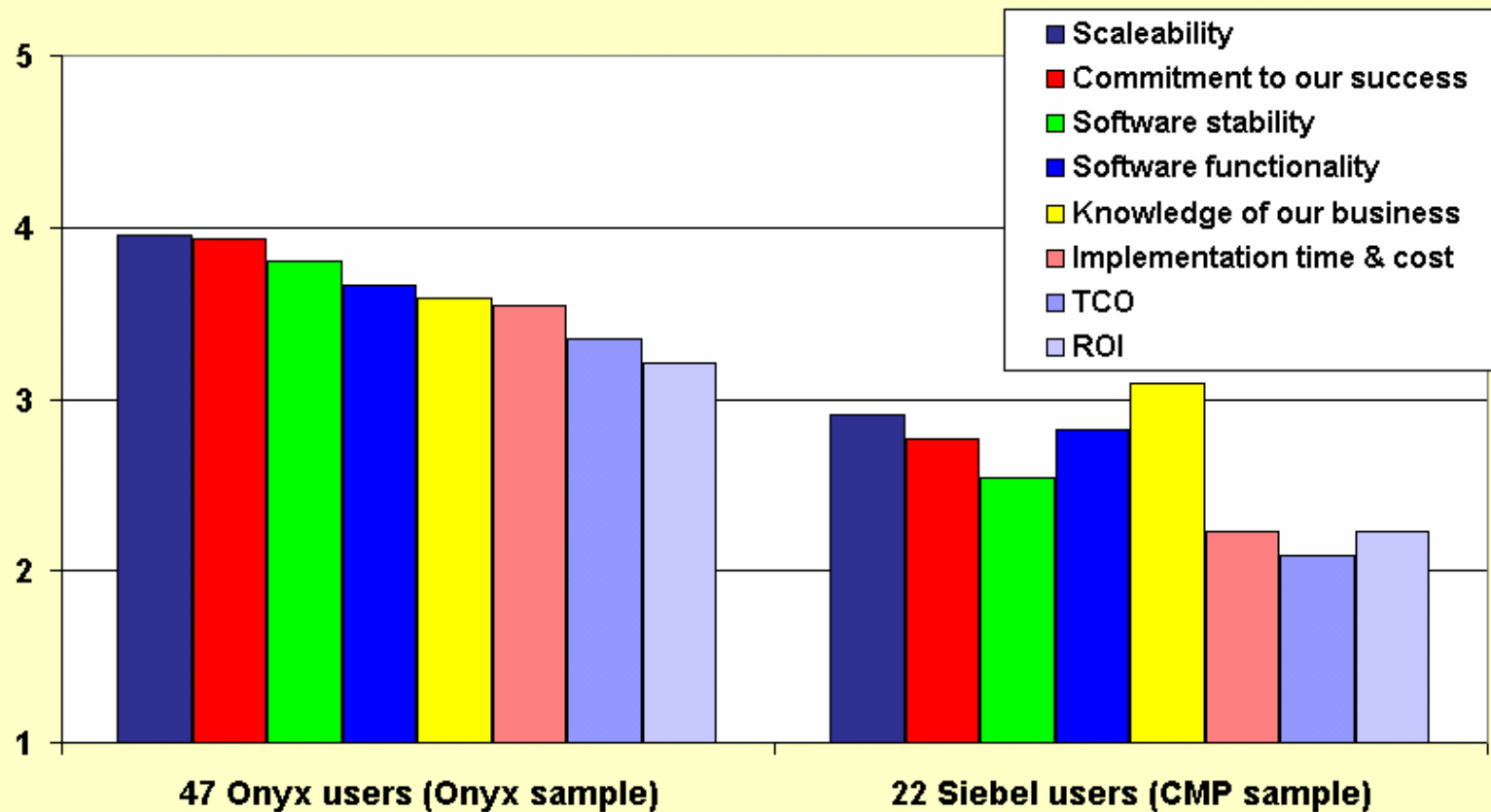
\*Statistical probability that score is truly different from average score of 3.0 of possible 5.0 (t-test). Sample = 34 organizations using or evaluating CRM package from Big 3 ERP vendor. Small sample size makes it impossible to break out grades for individual vendors in this group. It is possible that significant differences exist between these vendors.

## CRM Vendor Comparative Report Card

Attribute	Siebel	Big 3 ERP	Onyx
Software Features & Functions	<b>A+</b>	<b>B</b>	<b>A</b>
Software Quality & Stability	<b>B+</b>	<b>B</b>	<b>A</b>
Ease of Implementation	<b>D</b>	<b>D+</b>	<b>B+</b>
Ease of Integration w/other Apps	<b>D+</b>	insufficient data	<b>C+</b>
Ease of Achieving ROI	<b>D-</b>	<b>C-</b>	<b>C</b>
Professional Services	<b>C-</b>	<b>C+</b>	<b>B+</b>
Quality of Team	<b>C+</b>	<b>B-</b>	<b>A</b>
<b>OVERALL</b>	<b>C+</b>	<b>C+</b>	<b>B+</b>

\*Peerstone CRM Survey. See individual report cards for each vendor for details of statistical validity tests and sample sizes. Note that small sample size makes it impossible to break out data for individual members of Big 3 ERP, but significant differences may exist between these vendors. Source: Peerstone CRM Survey.

## "Our CRM Vendor told the truth about..." (Unnormalized Raw Scores from Onyx & CMP samples)



Survey asked same questions of two distinct samples supplied by Onyx & CMP. Raw data from Onyx & CMP samples cannot be compared directly unless normalized to control for possible response bias.

## License Agreement, Disclosures and Disclaimers

By using this report in any manner you agree to comply fully with the terms of this license agreement. You further acknowledge that your agreement to comply with this license forms an essential part of the terms under which Peerstone Research, supplied you with this report. If you do not agree with the terms of the license, you must destroy all copies of this report in your possession immediately. The Product is the property of Peerstone Research Inc and is protected by U.S. and international copyright law and conventions. User acknowledges that access to the Product is limited to the License terms set forth herein and any expansion of said terms must be in writing. User agrees to maintain all copyright, trademark and other notices contained in such Product. Peerstone Research makes no representations or warranties, express or implied, with respect to the product, the information contained therein or the results to be obtained by the use thereof. Peerstone Research shall not be liable for any inaccuracies or errors in the product or the information contained therein. Disclaimer of Warranties: The Product shall be provided to you "AS IS," without warranty of any kind. Peerstone Research shall not be liable for any inaccuracies or errors in the Product or the information contained therein. Peerstone shall not be responsible for delays or failures in performance resulting from acts beyond the reasonable control of Peerstone. Peerstone makes no representations of warranties of any kind, expressed or implied, including any warranties of merchantability or fitness for a particular purpose, with respect to the reports, the information and data contained therein, or the results to be obtained by the use thereof. In no event shall Peerstone be liable to you for any lost profits or indirect, special or consequential damages, even if advised in advance of the possibility of such damages. Peerstone's total liability to you under this agreement, whether arising from tort, contract, warranty, negligence, or otherwise, shall not exceed the total amount actually paid by you to Peerstone hereunder. You agree to indemnify and hold harmless Peerstone, and their respective affiliates, officers, directors, and employees, from and against any and all claims, losses, damages, costs, or expenses (including but not limited to attorneys' fees, and fees and expenses incurred by Peerstone) suffered or incurred by Peerstone or any of their respective affiliates, officers, directors and employees as the result of or in connection with any third party claim arising from your use, distribution, publication, or other dissemination of the Report, or arising out of your breach or violation of this Agreement. Important Note: The information contained herein is based on sources believed to be reliable but is neither all-inclusive nor guaranteed by Peerstone Research. Opinions, if any, reflect our judgment at this time and are subject to change. Peerstone Research does not undertake to advise you of changes in its opinion or information. No report produced by Peerstone Research is a recommendation that any particular investor should purchase or sell any particular security in any amount or at all, and is not a solicitation of any offer to purchase or sell from or to any particular investor. Peerstone Research does not perform investment banking, brokerage or investment management services for any client, and does not have an investment in any securities. Individual employees of Peerstone Research may have an investment in securities mentioned in this report.