

Siebel EMEA User Group

April 19, 2005

Last week Siebel Systems kicked off its annual EMEA user group meeting in Barcelona with the introduction of George Shaheen, the company's new CEO. After a tumultuous prior week in which the abrupt change of leadership was announced, the company and its customers got back to business as it rolled out a typical — for Siebel — cornucopia of new and improved technology offerings and gave some important hints about the future.

Perhaps the most important thing to say about Shaheen's debut is that it was uneventful. He announced no sweeping changes to the company's direction and the implied message of steady-as-you-go did a lot to reassure people. For the immediate future, Shaheen's approach will be focused internally on execution and on returning Siebel to generating black ink.

News coming out of the show included announcement of version 7.8 of the flagship product as well as a discussion of the next release currently dubbed version 8.0. Siebel executive vice president David Schmaier also unveiled two new directions that will keep the company on the theme of its new branding first articulated in Barcelona — with the tag line "It's all about the customer." And finally, Eileen McPartland, SVP of Global Services, offered a more robust description of Siebel's blueprint for successfully analyzing requirements and deploying CRM solutions.

Product

Perhaps the best way to think about the newest version of the product is to consider the effect of the new functionality that has been steadily added to the product. Two years ago Tom Siebel gave his organization the charge of reducing the cost of owning and operating the CRM suite in half. With

the announcement of version 7.8, Schmaier declared mission accomplished with a slide updating the cost savings delivered by version 7.8 over version 7.0 in 8 areas including deployment, configuration, operations, upgrade, performance, usability, test, and integration. For example, on the low end, combined improvement in "upgrade" yielded 31% savings while aggregated improvement in integration reached 60% on the high end. All totaled, the company made its goal with room to spare.

Some of the other big takeaways from this meeting include the continued emphasis on delivering service oriented architecture, integration of Microsoft Sharepoint, and a continuing high emphasis on analytics. Also, it appears Siebel is inching toward a BPM focus which is the result of a lot of internal discussion over the last year as the company was trying to figure out its second act. BPM is a logical next step and builds on the work of delivering CRM with embedded analytics, rules processing, and workflow.

One place where an incipient BPM approach can be seen is in the integration of Sharepoint. The integration is one of the products of the Siebel-Microsoft collaboration initiated two years ago when Bill Gates gave the key note at the Los Angeles user meeting. Over a five year period each company is investing \$250 million to update the architecture, integrate Microsoft products, and improve the user experience. Sharepoint enables an ad hoc environment that accesses Outlook and Siebel data to bring together collaborative groups to, for example, solve really thorny support issues. This integration will have many uses and could spawn a series of specific WebNecessary applications.

Lastly, the company continues to spend on — and derive significant return from — embedded analytics and analytics applica-

tions. According to Siebel, in 2004 the analytics division grew 44% over the prior year. The big analytics news for this meeting was the fact that Siebel analytic applications now target foreign data sources with specific analytic applications such as supply chain analytics to go against SAP data and financial analytics to go after data stored in other products such as Peoplesoft. Most significantly, these analytics applications are sold independently into accounts that may not even have a Siebel implementation.

Directions

We were left to ponder some new directions announced at the meeting. As noted, it appears that Siebel is beginning a shift towards business process management. Schmaier said as much in announcing — but not providing many details about — the company's BPM initiative. Effective BPM requires a lot of things, but in particular it requires embedded process level analytics, workflow, and business rules which Siebel has been building into its core systems for several years.

The second directional issue is about delivery models. To date Siebel offers two or three delivery schemes depending on how you count — on demand, traditional license, and what it calls hybrid. Schmaier announced something called component assembly for delivery in the future which basically consists of providing the user with some capability for Lego style assembly of application objects. If that is indeed what is hinted at it will signal another important entry into the space that includes Salesforce.com's Sforce and NetSuite's NetFlex. We'll see.

My analysis

Siebel did everything it needed to do in order to convince the public that it remains on course, the replacement of its CEO notwithstanding. It seems to me it simply took Mike Lowry too long to get his moorings. Lowry's contribution was significant though in that it got people thinking in a new direction and the fruits of some of that thinking were on display in Barcelona.

The new CEO, George Shaheen appears to be a blend of the founder Tom Siebel's bias for action and Lowry's more calculating style. Shaheen has the reputation from his days at Andersen Consulting for getting things done and growing a company.

On the flip side, the new messaging is not perfect. While it's true that modern business really is all about the customer, Siebel represents a special case — for them, it's really about the customer's customer. You don't make your customer successful, especially in CRM, without taking into account the ultimate customer.

Siebel's collective body language in Barcelona says they know this but they now need to make it overt. The reasons are not simply semantic. Identifying the customer's customer as the ultimate object puts both the vendor and its immediate customer on the same side of the table. A simpler bi-directional relationship puts a vendor in a diagnostic and prescriptive mode to the first level customer only. The three party relationship is more strategic and enables the vendor to both work closer on the "how" of CRM while identifying and developing market pull — the "why". If the company is gearing up to be more BPM centric it would do well to be more overt about the customer's customer.

Siebel's coming foray into BPM is important and strategic and I expect that theme to drive a lot of the future of the industry. Also, the initiation of a discussion of what is now, for Siebel, a third way of delivering application functionality — component assembly could be interesting but we need details.

Carried to a logical conclusion, component assembly means that the customer will have the flexibility to both define the ideal business processes and be able to assemble to software objects needed to carry them out. That's quite a departure from even vertical CRM and might make Siebel competitive with open source components as well as on-line component assembly such as what is offered by Salesforce.com and NetSuite. As they say, the devil is in the details but Barcelona did not provide many.

Correction: In the never-let-the-facts-get-in-the-way-of-a-good-story category we have the following. Last time I wrote that if I were running Siebel I would consider taking the company private and I used RightNow Technologies as an example of a company that successfully made the round trip from public to private and ultimately back to public. I was wrong. RightNow explained to me that the company pulled back from an IPO while in the process, so they were never a public company that went private. Nevertheless, I think my original contention that Siebel should consider such a move is still a good idea.



About the Author



Denis Pombriant

Denis Pombriant is a well known thought leader in CRM and he is the founder and managing principal of the Beagle Research Group, a CRM market research firm and consultancy. In 2003, CRM Magazine named Pombriant one of the most influential executives in the CRM industry. Pombriant's latest white paper, "The New Garage" discusses the emerging new enterprise software industry business model.

E-mail: denis.pombriant@beagleresearch.com

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This document was researched and written by Beagle Research Group.

Contact Us

Beagle Research Group
264 Greenbrook Drive
Stoughton, MA 02072
781-297-0066
information@beagleresearch.com