

New Research Shows CRM's Promise

January 19, 2005

Over the last few weeks, I have been very busy putting the finishing touches on a new report scheduled for delivery to market later this month. My premise starting out was that there might be a lot of enterprising companies in CRM or closely associated markets that are either new or that have new ideas that we should pay attention to.

As it turns out I was right in the general case but I could have never guessed at the particulars. In most cases their applications or solutions fit in very well with conventional CRM but with a twist. In a couple of weeks Beagle Research will release a report full of case studies about solutions many of us could not have imagined even a year ago. Some of the vendors are companies with little or no funding that have quietly been convincing major early adopters and accumulating customers and they are about to burst onto the market.

Hosting is more important than ever

Interestingly, there is almost unanimity among these companies in their selection of the hosted delivery model. Nearly all of them go to market with their software as a service and charge on a periodic basis for the value they deliver. As a result, this class of 2005 is one of the most passionate groups of service providers I have met. A trend? I think so, but keep in mind that this is far from a scientific or statistically valid accumulation of vendors. Maybe I got lucky and just found all of the emerging on demand vendors — doubtful, but possible.

So who are these guys and what do they do that we ought to care about? No names, just yet, because we're still gathering final permissions but let me give you some ideas. Most of these companies figured out a way to reduce the cost of delivering on some part of the customer relationship and that fre-

quently means losing jobs. That's a potential macro-economic problem but many of the jobs that these solutions are replacing were heading off shore anyway. More to the point, these technologies really represent the "creative destruction" that economists always talk about.

Real examples

One company I like takes human labor out of the customer interface for airlines with great positive effect. "What's that?!" You say. But it works. Rather than having a bank of call center reps ready to take your call when you discover your flight has been changed, delayed, or canceled this company provides the technology to enable the airline to call you or email your PDA with all kinds of information about what you can do next. If you need to speak with an agent that's still possible but the agent won't be quite so over worked when you call. No doubt about it, that's better.

Another solution enables companies to analyze its Web site traffic in real time and automatically insert sales or service agents as appropriate into the process when it makes sense for the customer. The result? Greater information flow, better service, and more sales because customers get what they need when they need it. That's a long way from the vendor attitude of, "If we build it they will come," and about time too. A third company has figured out customer loyalty, how to analyze it and how to engender it in everything a company does.

There are lots more examples too and if we were simply talking about things on the drawing board it would be time for a group yawn. But the customer list this group of young companies has amassed is enough to make anyone take notice. Some big household names — some of the biggest in their respective fields — are playing early adopt-

ers to these new idea including companies like Microsoft, US Airways, and StorageTek just to name a few.

What it means

I indicated in an earlier column that this was going to be a fun year and all indications are that the prediction was on track. A while ago I was at a conference where the conventional wisdom was that all the cool stuff in the software industry has already been done. As you can see, the experts were right.



Instead, it looks to me like we might be living through a transition as important as the migration from mainframes to client-server. This time the transition is toward the utility model. In the last transition as in this one, vendors are in a process of wholesale reinvention and nothing — no application and no business process — is immune from this trend. There is little doubt that one of the important driving forces of this reinvention is economic, the ability to do the same thing as before but in ways that are orders of magnitude less expensive.

But there is another equal driver that I personally think is more interesting. Advances in technology are opening up new niches that did not exist under older paradigms. These niches offer the potential to change business and possibly society and in the process create a lot of wealth.

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

About Beagle Research Group

Beagle Research Group is a consulting and market research organization focused on emerging companies and technologies that will have an important impact on the way business is conducted in the years ahead. Our work is based on professional standards of quantitative and qualitative research which informs all of our publications.

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