

The Techno Tourist June 16, 2005

One of the best parts of being an analyst or a journalist is that you get pretty easy entry to some of the most interesting companies in your space. I feel particularly fortunate to be able to call up a company to ask for a briefing. Most of the time they say yes and get to spend an hour or so on the phone or in person talking to smart people about cutting edge ideas in business and technology. This ringside seat gives me access to understanding about where the market is moving as well as insight into the how and why.

Last week I spent four days driving up and down California's Route 101 between San Jose and San Francisco talking to new and established companies about their views of the future — from new business problems and their solutions, to what's happening below the radar. If you have pretensions to geekiness like me, it was a veritable trip to a theme park, albeit with a very selective admission policy.

Here are a few of the things I found most interesting.

Salesforce.com continues to disrupt the landscape

It is some times hard to keep up with the announcements and parties this company regularly throws. Last week the company had a west coast introduction of Multiforce, which is billed as a "Web based operating system," and launch of its Summer '05 release. Due to the time differences CEO Marc Benioff was able to ring the closing bell on the NYSE remotely — a first for the NYSE — from the party that was held to celebrate the announcement.

The announcement's significance was that Salesforce.com is now trying to do to the software tools and database market what it has already done to the enterprise business

software market. That means direct competition with the likes of Microsoft and Oracle and I sometimes wonder if they've maybe bitten off too much. But if the disruptive innovation theme holds true to form, I also expect the entrenched leaders will do nothing until Salesforce.com has a good head of steam at which point it might be too late.

Emerging companies

I can't take credit for the concept, but I like to find emerging companies that target underserved or unserved sectors with, yes, disruptive innovations. Right now, there are a lot of new or emerging companies — formed by refugees of some of the largest and most successful companies from earlier generations — starting the cycle of innovation all over again. Here's a sampler:

ReardenCommerce

Just when you think there are no more underserved customers you discover the latent pain many large companies have in provisioning services — everything from printing to travel to parcel delivery services and much more. We tend to think about service provisioning as a string of one-off propositions despite the fact that many companies put a lot of effort into developing relationships with preferred vendors and negotiating volume pricing agreements. When employees don't use those agreements, it ends up costing hundreds of thousands of dollars. Sending a package over night? Which delivery service do you use? What time of day should the package arrive? Do you know the cost differences? Is buying an expensive service above your pay grade?

Reardon Commerce does the heavy lifting by encapsulating the business rules that should drive these considerations and interfacing with the service vendors to ensure that employees use the preferred vendors and get

the negotiated rates. It's a simple idea with big implications. To my mind, this company should grow like a weed.

Escend

I have mentioned Escend before but all my previous interactions were in the form of phone briefings; last week I got to see the real thing. To oversimplify things, Escend is a sales tool and to confuse you a bit, it is nothing like conventional SFA, regardless of delivery model. Escend focuses on the sales process involved in the design, prototype and early manufacture of products.

In the global village each phase in a product development process can happen at different companies on different continents and take a year or two. If you are a component maker or especially if you represent one, how do you track a project and your contribution to it — and especially your commission — once the project leaves your country? Escend thinks it has the answer and I agree with them. This company already has customers and is in the process of ramping up. It is another example of the right solution for the right market. There's competition from more established SFA companies but a knowledgeable buyer will see pretty early that Escend has the specialized solution they need. I would be surprised if they see a lot of competitors enter the space because their solution is unique and in the time it takes for a competitor to emerge, Escend should own the market.

Nsite

There are a few products on the market for configuration and quoting but that's not a bad thing given that it takes more than one company to make a market. The interest in this sector, especially by companies joining Salesforce.com's ecosystem remains high and Nsite's approach — which is to provide its solution as a Web service — should play well with many different SFA and CRM products. I think this company's challenge is to continue to find underserved customers in order to stay disruptive.

BlueRoads

Although I may have written about BlueRoads before, they deserve another look simply because they are further down the track now. Another sales tool, BlueRoads has carved a niche out of the specialized indirect sales channel which some still call partner relationship management or PRM. But unlike PRM, which focuses a lot on the primary relationship between an OEM and the top tier of the channel, BlueRoads is all about following — and managing — the relationships all the way down to the feet on the street. BlueRoads provides channel visibility back to the OEM that other approaches do not. And because it is offered as a hosted service, partners in the channel are less reluctant to share deal information because this third party is perceived as more able to protect confidential information. BlueRoads continues to gather momentum and customers and at this stage there is organized competition from other established SFA products but the bake offs usually favor this emerging company.

I had lots of other meetings with companies that deserve watching and maybe reporting at some later date. Despite the lack of any one "new, new thing" innovation continues and some of the results are very interesting. I guess you could say it's like baseball and we're in a "small ball" phase right now. Regardless of whether you hit bunts and base hits or homers, the runs count the same.



About the Author



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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.

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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.

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