

## Enhanced Contact Management Nips at SFA's Niche

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**C**ontinuing evolution in the contact and customer management space combined with relative stagnation in conventional sales force automation (SFA) is leading to a blurring of the distinction between the two. Not long ago, SFA was considered the premier CRM component — responsible for revenue generation, the life blood of any business. SFA was positioned as a multi-user solution that helped managers consolidate data from the field and to impose a degree of rigor on the sales and reporting processes.

More recently, contact and customer management products such as ACT! by Sage have taken on more of the aspects of the multi-user SFA systems, especially in the all important ability to support workgroups and to provide integrated reporting on workgroup data. Meanwhile, SFA vendors have begun to run into the limits of their category description. Beyond the point where a system captures a database of contact, lead, opportunity and deal information while providing a reporting engine, there is not a great deal in the way of new capabilities that can be added to SFA. The result has been the convergence of the two categories.

As the categories have converged, many users have begun asking the "What's in it for me?" question which can be boiled down to, "Why am I spending all this money on SFA if there's a similar solution at a lower cost?"

To be clear, contact management is still not 100% SFA and organizations that need and support the integration of sales with sophisticated marketing programs or service and support functions find that they are still better off with more complex and costly CRM suites. Nevertheless, a growing number of workgroups in SMB as well as enterprise class organizations are discovering that a contact manager represents a good value

when the business process in question is fundamentally selling.

### The business process

Selling in a small stand alone organization or in one that is part of a larger enterprise requires group cohesion and communication among users and between users and managers. Managers want to capture data to assess progress and identify opportunities to help influence individual sales processes and users want and need the tools to help them efficiently administer a large number of opportunities. Those conditions are met in a workgroup oriented contact management solution.

In these situations, lead generation is either integral to selling, in the case of a small company, or in the case of a large company it is often a separate function separated from selling. What is left for the sales function is to weed out the best opportunities and to close them. This approach to selling does not necessarily conflict with current theories that suggest customer nurturing through service and marketing outreach is critical to repeat business, but it does mirror the reality of many businesses. Many organizations simply support these processes separately.

For example, a business that sells high value items with long product life cycles — such as cars or homes — will most likely perform much if not all of its customer outreach and nurturing through service channels. Selling in such a situation is a very tactical matter and the technology support for this kind of selling can best be reduced to "just the facts".

## The market

While workgroup contact management is a definition arbitrarily set at about 50 users, it is a very large and eclectic market composed of sales groups within larger enterprises, independent small companies, and companies that operate within the distribution channels of large OEM producers. Also, some vendors, such as Sage allow for daisy chaining workgroups to achieve higher scale.

Not surprisingly, the market for contact management that supports workgroups is large and growing. ACT! by Sage has installed about 30,000 workgroups in corporate accounts that find this solution to be a good fit for their style of selling. In comparison, as of this writing Salesforce.com — a very popular on demand SFA solution — has made just under 20,000 deployments and Siebel Systems, the leader in enterprise CRM, had about 4,000 enterprise customers at the time Oracle bought the company.

With more than 2.5 million individual copies of ACT! in use around the world, the market for workgroup deployments continues to be strong and may only be limited by workgroup contact management vendors' ability to sell their vision of a solution.

## Benefits of contact management

There are numerous advantages and benefits to using contact management for certain types of selling. Some of the more obvious are listed below.

### Specific tool for a specific job

There is no argument that an SFA tool could work equally well within a workgroup and, in fact, many SFA deployments have been aimed at this market. Because contact management is a more precise fit, it is able to deliver its solution in a less obtrusive way. Contact management, by virtue of what is not included in comparison to SFA is a simpler environment and it is easier to use. The numerous examples circulating in the CRM industry about lack of user adoption signal the importance of fitting the solution to the

need and in many cases the need is for common sales processes with some marketing capabilities, such as e-mail marketing, but not full blown SFA.

For organizations that have CRM systems but also deal with user adoption issues, contact managers give the ability to upload data from the contact manager to enable full CRM reporting and dashboard access thus satisfying users are multiple levels of the organization.

### Lower cost entry point

Because a more compact product is delivered in contact management the overall cost of the solution is lower. Cost savings can be found in the initial cost of software, the almost complete absence of training and customization requirements, and the fact that individual instances of products can be configured by users to meet their specific needs. On demand SFA can provide many of these same benefits but at a higher price point since on demand solutions charge a monthly fee indefinitely while contact managers list at a few hundred dollars per seat.

### Administered within the group

Contact managers are usually administered within the group by an individual whose job responsibilities also include other administrative work — there is no full time system administrator as there would be with an on premises CRM system. Again, in administration, an on demand SFA product usually offers a similar benefit though at a higher cost over the life of the deployment.

### Mobility

Lastly, a contact manager can be operated on a laptop as well as a desktop system with no requirement to be connected to the Internet which provides greater range of mobility. Although some contact managers as well as SFA/CRM systems offer wireless communication using small hand held devices, the usefulness of these solutions is completely dependent on the strength of the wireless signal. Download and resynchronization features are offered in both solution types;

however, the contact manager still offers the benefit of enabling the sales representative to carry a full customer database.

## Analysis and Conclusions

The one thing that selling has always required has been the ability to capture and manipulate customer data so that the representative can present the right product, at the right price and time. Beyond those parameters there is no single “best” automation solution for all of the ways selling is done which is why there are so many choices in the market.

Some things we have learned about automating the sales process over the last decade or so include the requirements to keep the solution simple to ensure its adoption by busy sales professionals and to keep the cost of any solution in line with a company’s overall budget and mission.

For many companies, automating selling is part of a larger process that integrates marketing, service, and support but for others, the opposite is true. For those companies, selling is simply a matter of managing data and reaching out to customers as efficiently as possible. For the second group traditional SFA may be a solution that overshoots the mark on price and functionality, especially in light of the advances that have been made by contact management software over the last few years.

As always, buyers should be aware of their requirements before entering the market to evaluate features and capabilities of SFA and contact management solutions. Paying attention to how an organization sells — and how it should ideally sell — will help managers select the sales automation solution that meets all of their needs.

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## Contact Us

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