

Case Study

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Salesforce.com and BakBone Software, Inc.

INTRODUCTION

More money has been spent customizing and integrating applications than in any other part of CRM. Ever since CRM came on the scene, services fees for implementation and customization have routinely been whole number multiples of the cost of software and although those multiples have been reduced over time, they still outstrip the cost of software by a wide margin. This situation gave an advantage to the original on-demand software movement which helped reduce the total cost of software by eliminating the software purchase price all together and further reducing costs by limiting users' customization options.

With success, on demand computing has been under steady pressure to allow customers to make changes necessary to support their unique business processes. Rather than following the old client-server model of customizing code, on demand companies have responded by enabling customers to change application definitions a layer or two above code. The result has been faster and more reliable customization while still maintaining the advantages of on demand computing.

But customizing an existing application only solves a small part of the puzzle. Real end users also need the ability to integrate, extend, and build whole new applications. Historically, new development relied on hand coding, using simple development tools and data bases — and, in fact, cottage industries formed to develop those tools. This became problematic and complex for many large organizations with centralized IT departments. It also affected small companies or entities within larger enterprises that needed spe-

cialized applications which would often not even bother with the time and expense of a tools approach settling instead on 'make-do' solutions based on spreadsheets and other office products.

Regardless of the approach, in-house developed solutions would frequently have no connection to an organization's primary applications and data, which would result in so called "islands of information" and a lack of cohesion in the enterprise's approach to the customer.

On-demand computing is taking on these challenges and Salesforce.com has pioneered an interesting and effective method that enables companies to build and share on demand ap-

plications that have the same look and feel of CRM and, most importantly, share the same data. This case study examines how BakBone Software, Inc. has used AppExchange from Salesforce.com to build three new applications on top of its investment in CRM. For this innovation in application development and deployment, Salesforce.com has earned a 2006 WizKids award.

CUSTOMER AND BUSINESS

PROBLEM

When Lonnie Wills, CIO at BakBone Software, arrived at his company at the beginning of 2005, a global provider of heterogeneous data protection software for mid-tier enterprises to large scales enterprises, the company was in need of software to help it manage its growing business. The company's rapid growth had positioned it with four development, customer service and sales centers — one at company headquar-



ters in San Diego, California and one each in Poole UK, Tokyo, Japan, and in Mosals, India. Managing business processes throughout the company had become a 24 hour operation which required systems that operated all the time. Wills' options at that point were either to invest heavily in systems and personnel who could keep the systems operating around the clock or explore on demand solutions that off loaded much of the labor and expense.

Multiple requirements

Although the company had rapidly grown to global proportions it was still operating its customer facing business on a CRM solution designed for a smaller entity engaged in a single domestic market. The IT organization also needed global control over its change management process and human resources faced its own global management issues without adequate automation support. Finally, regulatory changes such as Sarbanes-Oxley legislation demanded that the company take more control and have greater accountability over its day to day business processes.

Wills knew that two of his options were to either to purchase expensive traditional software and customize it, or to develop it in-house. Neither option was appealing for several reasons. BakBone needed business solutions quickly which worked against any consideration of a long deployment cycle and the company did not wish to invest in traditional systems with hardware, software, and personnel. Wills' third option was to engage with an on demand software company to bring in a CRM package that would meet the needs of the sales department while testing a new development approach that could address his other needs.

SOLUTION AND RESULTS

In his two previous positions, Wills had already implemented CRM using Salesforce.com so he knew what to expect from such a deployment. He and his staff evaluated the different options and again chose Salesforce.com and implemented it in short order for seventy sales representatives. At that point Salesforce.com was also bringing

to market a vision of a larger solution set that enables customers to build their own solutions or modify those provided by Salesforce.com and its partners. The solution — AppExchange — turned out to be very useful in helping Wills solve his other application challenges as well.

How it works

Salesforce.com has opened up its application stack to the market so that anyone who has familiarity with the basic Salesforce.com applications can make and deploy solutions. The stack includes database and data schema, development tools and API, and importantly, the hosting environment. Salesforce.com provides a simple, hosted, declarative environment that lets users place components into an application rather than writing computer code. A user that understands business objectives of an application and the Salesforce.com user interface (UI) can define an application by dragging and dropping elements on a screen.

Once the definitions are saved the system takes care of generating necessary code as well as hosting the final product. As a result, end users can build new applications or extend parts of applications that will ultimately have the same look and feel as the Salesforce.com application. Moreover, the new application is fully integrated both at the UI level and at the data level meaning that, for all intents and purposes, there is a single application that meets the customer's requirements. Regardless of how large or small the new applications are, they never suffer from the "islands of information" syndrome that is the Achilles heel of most in-house developed applications.

Sales

Wills decided to bring up the sales and support organization on Salesforce.com in North America first, which was not a hard decision; as he explained, "We had several disparate Databases globally to manage our CRM environment and that was one of the driving factors to build a new CRM platform." But he also said, "We're a market and customer driven organization." So seventy sales and customer support people were trained and right away began using the system. With

that base, Wills was able to begin bringing other departments into the fold. As he said, "We've made Salesforce.com a central component of our operations and we're tying all systems and processes to Salesforce.com from capturing a lead on the Web site to handing it to the rep, to managing the territory."

And as the company is beginning to deploy SupportForce for customer service and support, they find that all the information captured and used in the sales process can be valuable to the post sales processes as well. As Wills noted, "Now we have the ability to take that information and automate some of the invoicing to the client." Also, "We're looking to tie these things in on the back end as well as on the front end for things like customer support portals."

With the CRM deployment under way, Wills began exploring ways to provide solutions to other challenges like IT change management, Sarbanes Oxley compliance and human resources.

Change management

Wills' first experience with AppExchange was in building a change management solution for the IT group. The IT department needed to service requests from around the world that came in at all hours, Wills needed a change management solution that would help regularize the change management processes within IT. Wills says, "The solution we built enables IT managers and staff world wide to put in change requests for applications and infrastructure requirements." The system automatically notifies the internal Change Management Review Board and, as Wills points out, "We go through online authoring and approval and track changes to the environment," using the in-house developed system.

Sarbanes Oxley Compliance

The way companies manage their day-to-day operations changed significantly with the Sarbanes Oxley law. Companies and their managers are more accountable for results of decisions and consequently, proc-

esses must be documented and adhered to and deviation must be explained. This new reality means that most organizations need to put processes in place to manage change as it happens. As Wills points out, "Sarbanes Oxley is one of those things that have become embedded in our daily routine. It's not something that you do sporadically."

Wills knew he needed a system to support and document his company's change processes and again his choices were build or buy, which necessitated a hard look at the costs of each option. As Wills and his team began investigating vendors they quickly discovered they were in the same mode as before when they evaluated CRM solutions. Wills said he concluded that, "I've got to buy a server, house it in the data center, make it available globally and then I've got to hire an administrator to manage the system." When they totaled up the costs of licensing a compliance system, Wills quickly decided that it would be better to develop the system within Salesforce.com "We were able leverage the custom objects within Salesforce.com to build our own custom application, which will allow us to manage and monitor our Sarbanes Oxley activity world wide," Wills said.

As the company starts to fully deploy its "SOXforce" application, Wills expects it to provide a better solution that is more cost-effective, "We believe it will be a good solution for several reasons. It will allow business owners to do work subject to key controls that they have to address within their business units. And from an internal audit perspective the internal auditor will have access to those key controls to test against them and ensure that the controls are being followed correctly. "SOX was not a driving force in the CRM decision process, but as we built the CRM solution to meet the needs of our business, we understood how Salesforce.com could improve our IT control environment," Wills said. "Because we can integrate this with the rest of our Salesforce.com deployment we will be able to provide executives with dashboards that provide valuable information for future monitoring"

Looking to the future, the company has also created a profile and access to SOXForce for the external auditors. Wills says, "This will allow them to review our key controls and all the tests that were done once this system is completely rolled out." It also boasts a series of reports which according to Wills executives "...can use to see progress throughout the year."

Finally, Wills and BakBone Software are considering making the Sarbanes Oxley application available to other Salesforce.com customers through the AppExchange. If that decision is taken other Salesforce.com users will be able to purchase the right to use the application completely integrated with their instances of Salesforce.com, directly from Salesforce.com.

HR Management

Finally, there was a requirement for effective human resources management across the world for this company. Because it has developed so many applications within AppExchange, it was a natural outcome for BakBone to enroll all of its more than 200 employees as Salesforce.com users. As a natural outgrowth the company built a third application that will keep employee profiles and it will be a simple process of expanding this capability to support HR record keeping needs.

BENEFITS FOR BAKBONE

By standardizing on Salesforce.com for its front office and application development needs, BakBone has reduced complexity and saved money. Throughout the evaluation and selection process Wills was very focused on avoiding costs associated with buying servers and software and hiring a larger staff, but all the cost avoidance would be worthless if the alternative failed. At this point the SFA part of the solution is a known quantity and Wills was very comfortable with that direction. But application development represented somewhat of a departure even for Wills who is a Salesforce.com believer.

Because Wills has a technical background he was able to use AppExchange and to convince himself that it would deliver the robust applications he wanted to build. What he found was that his technical skills were not essential. He says, "That's what's really beneficial about the process. It's really about identifying the business problem you're trying to solve, putting a data map together, then building an application that supports that very quickly."

At the same time, Wills' background gave him an immediate appreciation of how much AppExchange does for anyone developing an application. He said, "We're a development company and we're constantly dealing with all kinds of issues." For example, "Do we have the right patches for the operating system — whether it's Microsoft or Linux? With AppExchange we don't have that, it's a browser, all those other concerns just go away — that's huge."

Wills' and his team still have to contend with integrating other applications, such as back office systems, with the Salesforce.com deployment. But by standardizing on AppExchange, BakBone has only a single front office solution to integrate. And the in-house developed applications already integrate to provide managers with improved visibility into their processes.

CONCLUSION

This case study documents an important paradigm shift now underway in the enterprise software industry and we can expect more companies to follow the Salesforce.com lead. AppExchange demonstrates the viability of on demand application development and integration with an enterprise's instance of a hosted application. Most importantly, the favorable economics of on demand solutions or Software-as-a-Service (SaaS) continue in application development as demonstrated here.

Salesforce.com is not a panacea for software development, but it certainly represents an important direction that the IT industry will need to follow in the years ahead. As this

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example demonstrates forethought and planning are still requirements for successful application development. But it is equally true that AppExchange has reduced any technical requirements for building business applications to the minimum level of understanding how a browser works. Business people at all levels of the enterprise can now revert to using spreadsheets for the purpose they were originally intended secure in the knowledge they can build useful applications without waiting months for IT resources. That is significant progress.

VENDOR BACKGROUND

Salesforce.com was founded in 1999 by Marc Benioff, a former Oracle executive who pioneered the idea of delivering enterprise software through a Web site. The new paradigm reduced costs and made CRM software affordable and accessible to companies of all sizes. The company's Salesforce suite of on-demand applications enables customers to

manage and share all of their sales, support, marketing and partner information on-demand. AppExchange, salesforce.com's on-demand platform, allows customers and partners to build powerful new applications quickly and easily, customize and integrate the Salesforce suite to meet their unique business needs, and distribute and sell on-demand apps at <http://www.appexchange.com>. Customers can also take advantage of Successforce, salesforce.com's world-class training, support, consulting and best practices offerings. As of October 31, 2005, salesforce.com manages customer information for approximately 18,700 customers and approximately 351,000 paying. Salesforce.com has headquarters in San Francisco, with offices in Europe and Asia, and trades on the New York Stock Exchange under the ticker symbol "CRM".

About Beagle Research Group, LLC

Beagle Research Group, LLC is a consulting and market research organization focused on emerging technologies and companies 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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