



# Taking CRM to the Next Level

A Research Report

from

**Beagle Research Group, LLC**

March 2008

# CRM WizKids 2008

TAKING CRM TO THE NEXT LEVEL

---



©2008 Beagle Research Group, LLC  
264 Greenbrook Drive • Stoughton, MA 02072  
Phone 781-297-0066

I N S I G H T + A D V I C E + R E S U L T S

# Table of Contents

|   | <u>Page</u> |
|---|-------------|
| What's a WizKid?                                  | 4           |
| 1 Introduction                                    | 5           |
| 2 Firepond and Sonitrol                           | 8           |
| 3 InsideView and Rearden Commerce                 | 12          |
| 4 LucidEra and VerticalResponse                   | 14          |
| 5 Lithium Technologies and Linksys                | 17          |
| 6 Marketo and IDology                             | 21          |
| 7 TerrAlign and Sepracor                          | 24          |
| 8 Verticals onDemand and Publicis Managed Markets | 26          |
| Appendix a: About the Author                      | 29          |
| Appendix b: Beagle Research Group, LLC            | 30          |

# What's a WizKid™?

**B**efore there were nerds or geeks there were whiz kids.

Dictionary.com says a whiz kid is, "A young person who is exceptionally intelligent, innovatively clever, or precociously successful." It also references an "Alteration of quiz kid, a panelist on an early game show."

However the term comes down to us it is suffused with meanings of intelligence and innovation but curiously, and thankfully, lacking the pejorative connotation of being socially inept that seems hopelessly appended to "geek" and "nerd". Those terms seem to imply that the gods decided if you wanted to be good at math, science or computers that you would automatically be outfitted with clay feet.

But not whiz kids.

Whiz kids are cool. They drive the expensive German cars on California's Route 101 between San Jose and San Francisco or on Boston's Route 128 or a hundred roads in between that are choked each day with smart people in a hurry to invent the future.

Whiz kids or, for our purposes, "WizKids™", popped up in a synonym search for words like "genius" which we were using to find a way to describe just the sort of "intelligent and innovatively clever" people who cross the boundaries of knowledge into the unknown for fun and profit. We thought there just *had* to be a bunch of them out there building companies that are taking a fresh look at customer relationship management.

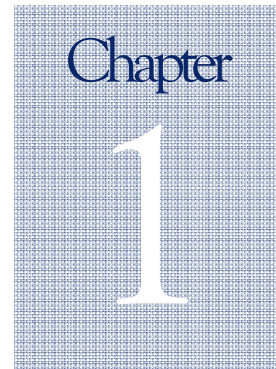
We were right.

We found a lot of them. They're tinkering at the edges of CRM right now doing things that, for the most part, have not been done before. And we know these people and their companies by the company they keep—large enterprises that qualify as early adopters who are using these novelties to gain competitive advantage.

Genius really does use its own specially calibrated metronome and we do our best to capture the beat of this generation of innovators. We are always on the lookout for WizKids and we find them at all times and publish them whenever we can.

Annually we collect the very best into a report. In these pages and on our Web site ([www.BeagleResearch.com](http://www.BeagleResearch.com)) you will find short and long descriptions of how WizKids and their customers take on new business challenges with fresh approaches and innovative new technologies.

# Introduction



**T**his is the fourth year that Beagle Research Group publishes a WizKids report and makes this award. The reason we inaugurated this program was simple. We saw a lot of good and even cool new companies with new ideas in the front office market and the one thing they shared in common was a lack of visibility. It takes a fair amount of venture capital (or someone’s capital, at least) to gain that visibility and even then spending big to drive a new idea into the market is a risky business. We thought there had to be a better way.

WizKids by itself won’t solve the problem and there are many more companies we don’t cover in this report that may deserve the coverage. Nevertheless, WizKids, and many of the other award programs that pepper the market, serve to help the coming out process for lots of worthy companies.

In prior years, applications fell into both the on-demand and on-premise buckets but more recently it has been hard if not impossible to find any new company or new application idea that did not take advantage of on-demand technology.

This year’s group of WizKids is tied together by more than on-demand technology – which is good because in our view on-demand is rapidly becoming table stakes in the application business. While there are still many very successful on-premise solutions out there, it is quite apparent that when a group of inventors has a choice, on-demand wins hands down.

The reasons are many and diverse but they go well beyond the traditional value proposition of on-demand. Conventional wisdom (what a word to use with on-demand!) in on-demand is that the solution type is less expensive to buy and use and more fool-proof for implementation and maintenance. These two reasons have sold a lot of on-demand solutions but they do not tell the whole story any more.

One of the biggest benefits of on-demand computing is that the availability of applications “in the cloud” has enabled a new kind of application to evolve – what we call WebNecessary (WN). A WN application has the potential to involve many people in its use and therefore the work done by a company. Frequently, this invites third parties like customers into the mix and fosters better communication between all parties. Many of the social networking

## CRM WizKids 2008: Taking CRM to the Next Level

applications we see and increasingly use every day are at their cores WebNecessary applications.

This year's class of WizKids represents a diverse group and one thing that holds the group together, beyond leverage of the on-demand model, is their orientation to helping companies to present to their customers a face that is easier to do business with. We see this theme of "easier to do business with" as an important turning point in the front office.

For decades applications have been focused on helping companies to become more productive and while productivity never goes out of fashion, there are many ways to achieve it. Earlier applications focused on improving internal processes as a way to become more productive, but many in today's crop of WizKids have found ways to help their end customers become more productive too.

For example,

Firepond offers a configuration, pricing and quotation solution that helps vendors generate perfect quotes which makes it easier for customers to process a purchase because the customers know that a configuration will be right and that returns, reorders, and field upgrades will be minimized or even eliminated. Firepond's vendor customers benefit because perfect orders mean less work for them too, and along with less work comes improved margins.

InsideView delivers a valuable service — usable information for sales professionals to use right away. With InsideView, sales people spend less time cold calling and more solving customer problems.

Lithium Technologies helps companies deliver great service through customer communities. By fostering interdependent communities, customers gain a wide range of experience and contribute to an ongoing dialog about how to effectively use products and services.

LucidEra provides on-demand analytics to sales professionals and managers so that they can run their businesses more precisely and profitably. LucidEra has taken the complexity out of analytics so that more people and companies can take advantage of analytical insights.

Marketo delivers sophisticated marketing solutions to emerging and small companies in a format that is affordable and easily consumed. With Marketo, small companies can market on a more equal footing.

TerrAlign provides a territory planning tool that helps pharmaceutical companies and any other company with a large sales force to optimize sales territories. This optimization leads to better coverage that focuses resources where they are needed and avoids mismatches of product and customer.

Verticals onDemand applies its expertise in vertical markets and on-demand computing to provide affordable and powerful sales solutions to companies in specialized markets. With Verticals onDemand, companies can get tailored SFA solutions without the high costs of a long customization project.

At first glance, many of these winners have very specialized point solutions that one might assume would be merged into larger product suites over time. In the days of conventional

## CRM WizKids 2008: Taking CRM to the Next Level

software that may have been the likely outcome but today we are not sure. On-demand approaches and platform technologies make it relatively easy to integrate multiple disparate applications into coherent support for a business practice.

Six of the seven companies in this report are partners in the salesforce.com AppExchange and are already integrated with that large and growing universe of solutions. Given that, many of the on-demand point solutions we see today may be around for a long time and we will probably see some of them grow into suites in their own right.

As an example, a year ago we profiled Centive, an incentive compensation vendor with an on-demand solution. In the year since winning the WizKids award, Centive has begun offering additional products and moving into a larger space which the industry refers to as SPM — sales performance management. We think this trend will grow.

In total seven companies win a 2008 WizKids award and each has an interesting story to tell. We invite you to read all of them.

## Firepond and Sonitrol

**F**irepond represents a solution type — the configuration, pricing and quoting (CPQ) application — that improves a vendor’s performance while helping to make the company easier to do business with. In situations where vendors make products with large and variable bills of materials, a CPQ system can be invaluable because it can improve the accuracy and precision of quotes and orders and all of the business processes they participate in. With that improvement comes a variety of benefits from reduced errors to improved margins; moreover, customers are happier because there is a very high probability that the vendor will get the order right the first time. Firepond wins a 2008 WizKids award for its pioneering work in making CPQ a SaaS application and for Sonitrol’s highly successful implementation.

### Business situation

Sonitrol is one of the nation’s largest commercial security companies. They have four main product lines: intrusion, access control, fire and video. Each solution has its own product part numbers, price list, installation costs, and business rules associated with what parts and options go together. Sonitrol typically prices on two vectors - installation price and recurring monthly revenue (RMR). The pricing depends not only on the customized solution, but could depend on to whom or where it is sold. Finally, many of the parts that go into a Sonitrol solution are acquired from third parties though the company also makes some of its own components. In its totality, Sonitrol is highly verticalized — it manufactures, configures, installs and maintains security systems.

In 2004 a new management group led by Alex Gellman, president and COO, took over the company. At the time there were 65 salespeople who worked to configure customer solutions using paper based price books and spreadsheets.

As Gellman describes it, when he got there, the company was run more like a grouping of individual companies in different cities than a national company. Sales representatives con-

## CRM WizKids 2008: Taking CRM to the Next Level

figured quotes the best way they could but there was little standardization from one place to the next. One representative might have preferred a particular type of video camera while another salesperson always quoted something else. The problem Gellman observed was that, "It gave us no leverage in price and no efficiency in the supply chain." The company was buying so many different components in every category it was hard to leverage volume discounts. In addition, the sales representatives tracked deals in spreadsheets and Gellman says, "There was no visibility into the pipeline."

The new management team set three primary goals for itself:

1. To make configurations more consistent
2. To gain visibility into the pipeline and manage the entire sales process better
3. Develop a training regimen for new hires

Doing all of this would require more than a configuration tool and Gellman set out to find automation solutions for CPQ and SFA that would work well together.

### **Solution**

Early on, Gellman determined that he wanted integrated support for the sales process and a SFA system and configuration system that would function as one. Preliminary discussions with salesforce.com convinced Gellman that Salesforce SFA would be a good fit but Gellman was not ready to buy unless the SFA came with an integrated CPQ application. The salesforce.com representative then invited a partner, Firepond, to participate in the proposal. Gellman met with the combined team and determined that the arrangement would meet his need.

There was one more hurdle to overcome though. Sonitrol is a 45 year old company and there were many salespeople in place who had been with the company a long time and who could have been resistant to change. Gellman decided to implement the two solutions in sequence and elected to start with SFA. "We did it in two steps. First we rolled out Salesforce SFA because we wanted to get our arms around our pipeline then we started working with Firepond," Gellman said.

The idea worked. "We implemented Salesforce SFA in about 45 days," he said, "But then we ran it for about four months before we started with Firepond CPQ OnDemand." The staggered rollout gave everyone the time they needed to adjust to using automation.

As it turned out, the Firepond implementation was longer because it was more involved. "SFA is pretty generic but for configurations, we had to build business rules and pricing information," Gellman said.

Sonitrol also started defining the installation parameters for various kinds of equipment within the quoting system. Installation labor is highly variable from job to job and it can be the difference between profit and loss. If a salesperson were to underestimate the degree of difficulty for an installation it could put the profit for the deal in jeopardy. With labor and its degree of difficulty as a product in the CPQ system, Sonitrol can set defaults for projects like wiring a building and challenge the sales representative to show how the job might be easier than the defaults suggest.

## CRM WizKids 2008: Taking CRM to the Next Level

Sonitrol also invested heavily in training for its salespeople and Firepond CPQ OnDemand is a part of the training process. The company develops training videos and other aids and puts all of its salespeople through a ten week training program with different modules being presented to the salesperson as he or she gains experience. In addition, there is a one week, "Sonitrol University" course that the company puts new hires through.

Firepond CPQ OnDemand is a valuable training aid because it produces template proposals that walk users through a configuration process ensuring that ancillary products like cables, software and even camera lenses are not forgotten when a component is added to the configuration. This approach ensures that the customer receives an accurate configuration and quote while helping even an experienced salesperson through the process with speed and precision.

### Results and Benefits

Sonitrol successfully implemented both Salesforce SFA and Firepond CPQ OnDemand. Of his experience with Firepond Gellman says, "We've gotten better and better at using this tool. We've learned a lot about our processes because Firepond CPQ OnDemand lets us learn and react immediately." In other words the solution lets the company make rapid changes to respond to changing conditions.

About forty percent of the original sales force has turned over since 2004 and it has also grown. There are over 100 salespeople and 10 national accounts representatives selling Sonitrol security systems today and each makes Salesforce SFA and Firepond CPQ OnDemand a part of his or her business. Also, Sonitrol supports a growing dealer network.

The combined system delivers numerous benefits that in some cases can be very subtle. According to Gellman, at one point the company reviewed its book of business and determined that it needed to raise prices on labor but the system showed that at least one part of the business was highly competitive and managers feared a price increase in that part of the business would be harmful. With Firepond CPQ OnDemand, Sonitrol was able to quickly identify those parts of the business that were less sensitive to a price increase and to adjust prices in those areas only. For this reason, Gellman says Firepond helps Sonitrol, "Make order out of chaos."

Gellman says his business' top and bottom lines continue to grow and productivity is accelerating. For example, "From Q3 2006 to Q3 2007 productivity is up 16% overall," Gellman says.

Another benefit Gellman describes as "huge" is Sonitrol's ability to now control discounting at the sales representative and sales manager levels. Business rules that set limits for discounting are further enhanced by built-in workflow that routes quotes to all persons who may need to approve configurations before they go out including business and technical experts. Variances are noted and approvals are recorded for future audit purposes.

Sonitrol takes its audit responsibilities seriously and has a policy of reviewing any installation over \$10,000 with its operations manager. Firepond CPQ OnDemand is an important part of the review process because, where components are concerned, it has become the system of record.

## CRM WizKids 2008: Taking CRM to the Next Level

As for ROI, Gellman is like many other successful technology adopters. While he admits not having time to “Put pen to paper” to calculate his ROI, he says, “It’s definitely high.” He is also quick to say, “I wouldn’t want to work without it (Firepond CPQ OnDemand). There’s no doubt in my mind that Firepond CPQ OnDemand is a critical tool for our business.” Lastly, quantifiable aspects aside, “There are also a lot of soft issues that put it way over the top.”

### Conclusions

Vertical markets influence the style of selling that vendors use in their approaches to individual customers, perhaps more than in any other branch of CRM. In markets that routinely deal with large bills of materials there is ample evidence that the most successful vendors are those that can keep their costs down and their customers happy by managing the details. As this description shows, detail management requires automation but not just any automation. For example, spreadsheets represent a crude form of automation for price books and quotation engines but they lack a database for recording events and producing an audit trail and their ability to enforce business rules is non-existent.

Firepond CPQ OnDemand is a solution for managing the details inherent in large bills of materials. With its ability to synchronize with SFA from salesforce.com, Firepond CPQ OnDemand produces an integrated solution for any sales situation that relies on a configure, price and quote process.

## InsideView and Rearden Commerce

InsideView delivers market intelligence to users who need a consolidated view of all publicly available information about markets and potential targets delivered on a regular basis. The company's Internet search and analysis technology ferrets out information that is defined as important by individual users and speeds it to salespeople in real time delivering critical relevant information on companies and connections needed to engage customers and close sales. Being able to identify developments quickly and push it to sales people gives them a competitive advantage by dramatically reducing cold calling and research effort. InsideView revolutionizes prospecting and helps sales people spend more time selling which drives higher sales and builds high-performance pipelines.

### Business challenge

Rearden Commerce, is a fast-growing provider of on-demand services which help employees quickly find and buy the services they need in their daily lives, and helps companies save money. More than a million contracted users in 1400 companies use the company's technology platform to access a universe of more than 137,000 service providers, spanning travel, dining, corporate entertainment, parking, package shipping, conferencing services and more. Companies rely on the company's technology to ensure that employees consistently buy from preferred providers offering negotiated discounts

In a fast-growing market, Rearden Commerce sought to focus its resources on those sales opportunities which presented the greatest revenue opportunity and could be closed most quickly. Its inside sales team realized that by reducing the time it spent researching sales prospects, it could touch more prospects and accelerate the sales cycle. The team sought an easy-to-use technology solution that could magnify its productivity and help it sell more.

### The solution

Rearden found InsideView via salesforce.com's AppExchange. InsideView aggregates, sorts and distills data using automated agents, and delivers it directly into CRM applications at the

## CRM WizKids 2008: Taking CRM to the Next Level

point of need. InsideView's meta-aggregation technology provides critical intelligence on companies, key decision-makers and social network connections in order to accelerate the sales cycle and close more deals.

### Implementation and results

The key implementation challenge was to properly integrate InsideView into Rearden's overall sales and marketing strategy. It was critical for Rearden Commerce to embed InsideView's Business Search & Intelligence solution into the company's SFA system, salesforce.com.

The company implemented the InsideView integrated salesforce.com mash-up in less than one hour. The easily accessible mash-up feature also helped the company to custom-build a single dashboard that provides insight into sales performance and other benchmarks aggregated from data stored in their salesforce.com application. As a result, reps no longer re-search prospects by using multiple tools and databases.

Once the integration was set, Rearden Commerce was also able to quickly generate impressive results. For example, by prioritizing accounts based on key contacts and timely account information, the company saw a 200% reduction in time spent on pre-call research. As a result, InsideView enabled the company's inside sales reps to make more than 60 calls per day. "We've rolled this out to our team to rave reviews. The mash-up provides an at-a-glance view of the account and the new tabbed feature allows drill down capabilities," says David Hong, director of sales operations.

### Conclusion

Customer research can be a time-consuming job that requires sales people to read a great deal and to research companies in standard documents such as SEC filings and private data services. Often opportunities get missed and sales people cannot afford to spend the time it takes performing all the research. As a result, many sales people rely on cold calls for prospecting, but cold calls are not very effective and highly paid sales professionals would be better off spending more time presenting, proposing and closing rather than cold calling.

InsideView offers a solution that uses Web based technology to sift through all of the public information that crosses the Internet daily. By setting smart agents, sales people can define the targets they wish to pursue and identify the key insights and events they need reported to them daily. Armed with this information, sales people can better identify real business pain and the people who have it, taking the guess work out of the prospecting process. InsideView's integration with salesforce.com's SFA product and the AppExchange ensures that any salesforce.com customers can access information quickly and win more often in increasingly competitive markets.

## LucidEra and VerticalResponse

**L**ike its customer, VerticalResponse, LucidEra is a trailblazing on-demand company focusing on CRM related issues that companies have historically had difficulty addressing. LucidEra provides on-demand analytics for companies using a variety of front and back office solutions such as salesforce.com, spreadsheets, and NetSuite to name a few. LucidEra provides a flexible analytics platform that integrates data from diverse sources to provide users with an enlarged view of a company's business. By making its solution available on-demand and by delivering streamlined integration, LucidEra gives small companies with few resources the ability to more clearly see into their businesses in the same way that larger companies can. Analytics is a competitive weapon in business and LucidEra is bringing it to sectors of the market where it had not previously been available.

### **Business challenge**

VerticalResponse is an email marketing company that focuses on helping small businesses improve the effectiveness of email marketing. The company offers an innovative pay-as-you-go model that small companies can easily work with. Like many small businesses, VerticalResponse devotes most of its resources to developing and delivering great products for its customers which sometimes leaves little engineering resource for managing its internal systems.

As a long-time salesforce.com customer, VerticalResponse also has customer and sales data stored in custom and packaged applications that they needed to integrate, aggregate and analyze in order to understand customer adoption and trends in the business. When company executives thought about consolidating their sales data they saw that it would require re-direction of valuable engineers to get the job done.

Taking engineers off of strategic projects to manually pull together and create sales and marketing reports on data from multiple, disconnected systems was not only resulting in productivity and resource challenges, it was also having a negative impact on overall business visibility and sales performance. VerticalResponse needed and began looking for self-service

## CRM WizKids 2008: Taking CRM to the Next Level

information access and analysis and dramatic productivity improvements in their sales operations.

This reality sent VerticalResponse into the market to look for a solution. In this case, the market was salesforce.com's AppExchange where customers can see and make preliminary evaluations of multiple vendors in many different application areas. VerticalResponse soon found LucidEra on the AppExchange.

### Solution

LucidEra takes care of the "heavy lifting" usually associated with business intelligence, which was exactly what VerticalResponse needed. In addition, as a complete on-demand analytic service everything else about LucidEra is designed to be easy for the customer — use, set up, even purchase — and LucidEra is focused on the business visibility challenges which organizations of all sizes face. The service is composed of four application modules with more in the pipeline:

1. *LucidEra Enterprise*, provides sales managers, operations, and finance with simple to set-up and use, dynamic reporting and analysis on sales and customer data from the CRM system (salesforce.com), disparate Excel spreadsheets (quotas, commissions, etc.), and accounting applications (from Oracle Financials to Quickbooks).
2. *LucidEra for Salesforce.com*, making it easier for CRM customers to get started with the business analytics they need to succeed.
3. *LucidEra for Oracle Order Management*, designed to give Oracle E-Business Suite customers a path to SaaS with quick analytics on billing, booking, and backlog data.
4. *LucidSnapshots*, providing the ability for customers to track the evolution of opportunities in their pipeline over time and more easily measure and monitor past and present sales performance.

Once the analytic requirements were clear, LucidEra worked with VerticalResponse in a trial to ensure that we could meet their requirements. This meant understanding their current systems, how and where data was being stored, and their overall reporting objectives (type of analysis by role, etc.). Once in trial the sales operations team received some basic training and both worked together on a roll-out plan.

### Benefits and ROI

As adoption of LucidEra grows at VerticalResponse the two companies continue to work together to find new ways of delivering the right analytic information that is needed in order to accelerate customer success and adoption for their extremely popular email marketing solutions.

As Director of Sales, Alex Scalisi tells the story, the implementation was very successful, "We were up in minutes," but there is still some work to be done. For example, VerticalResponse currently generates reports on a weekly basis and the company plans to do this on a daily basis beginning some time in 2008. "We're looking to improve the way we use LucidEra," Scalisi said. "This year we intend to automate data upload and get data more than once per week so that we can get more frequent updates."

## CRM WizKids 2008: Taking CRM to the Next Level

And when it comes to calculating ROI, Scalisi is much like users in other small companies trying to free up the resources to do the analysis. "We could get this data internally," Scalisi says, "But we want our engineers deployed on critical paths to improve our product offering. I think our ROI is pretty high though."

Perhaps the only metric that really matters in a situation like this is whether the customer would embark on the same journey again or recommend it to others. Scalisi does not hesitate, "Absolutely," he says but then adds, "If you're in the same boat with different tools for different functions you need LucidEra to bring it all together."

### **Conclusion**

The idea of using analytics to help manage a company has been around for decades and during that time the technology has become more available, simpler to use and more broadly applicable. Today, companies like LucidEra are making analytics available to any company with an Internet connection. Availability through on-demand delivery and market places such as the AppExchange make analytics a must-have solution for almost any company today. VerticalResponse's experience in bringing together data from multiple sources should give confidence to any similar company trying to understand its business better.

## Lithium and Linksys

**T**here is no more talked about concept in the CRM 2.0 world than community or more formally, a community of interest. A community can best be defined as an association of people with a common interest and, because the context is CRM, the community we frequently think of is the group of a product's users.

The concept of community is very well established. In his book *Democratizing Innovation*, Eric von Hippel, of MIT, describes how communities of users contributed to the rapid development of the steam engine in the mid-eighteenth century. At the time, steam power was new and not very efficient and feedback from self-organizing communities hastened the evolution of powerful and reliable power that replaced muscle power and made it possible to mine coal which, along with the steam engine drove the Industrial Revolution.

So communities are not new and some would say that they are a part of human existence. What is new is the power of the Internet applied to this proven idea. Together, Internet based communities are bringing vast numbers of people together for all kinds of purposes. For this study, we look at how Linksys, a division of Cisco Systems, used a community set up by Lithium Technologies to implement a novel and powerful customer service network that coincidentally saved a recent Christmas. For this Lithium wins a 2008 WizKids Award.

### **Business challenge**

Linksys is a division of Cisco Systems specializing in providing voice over Internet protocol (VoIP), wireless and Ethernet networking products for home use, small offices and home offices (SOHO) and other small businesses. The company has offices around the world and prides itself on its service.

To augment customer service Linksys wanted to create an online community where customers could find support information to solve problems with any of the company's products. The idea for the community was to provide a forum where customers could interact online, share experiences, and exchange information about solutions they used to solve product issues. Linksys' online community was to serve as another channel for customers to get support information and ease the burden on the existing customer support systems (phone, fax, and email) while allowing customers to share information in a quick and easy manner via the Web.

## CRM WizKids 2008: Taking CRM to the Next Level

and email) while allowing customers to share information in a quick and easy manner via the Web.

### The solution

Linksys gained knowledge of Lithium when some employees participated in a similar community that Lithium provided to Cingular. The usability and scalability of the community gave Linksys the confidence to build a community of its own.

Building a community like this is a job that requires organization and planning and there are several moving parts. The objective is to provide an environment where “super users” will feel comfortable sharing their experience and how-to information with other users. However, identifying super users and attracting them is the key. Much of the reward obtained from participating in a support community comes from recognition of peers. A knowledgeable user can gain status by posting frequently and by having those posts read and appreciated by the community.

Bringing a community live is a two part process involving engineering and planning. In the engineering phase Lithium and Linksys technical teams configured a single sign-on that provided a seamless login for the Linksys customer. The management process was more involved and is the real heart of building a successful community. The companies followed the following steps.

1. Lithium worked with Linksys to create a number of “boards” which roughly correspond to products or product families. Users of wireless routers, for example, might gravitate to such a board or community sub-site to provide answers or to ask questions. Lithium tailored suggestions for board design and structure, roles and guidelines for the moderation team that would be managing the community, and finally, made suggestions on which metrics should be tracked (using the embedded metrics tool that is native to the Lithium application) in order to quantify the success of their objectives.
2. Linksys customers were then able to support the community by contributing content, participating in online discussions, and by helping to answer their peers’ questions or resolve challenges.
3. As the communities’ dynamic content grows, it becomes a vast knowledge base for additional Linksys customers to search when they encounter product issues.

Senior Manager for E-Support and Service Technology, Tarik Mahmoud described the results. “Lithium’s team understands how to create online customer support communities. That’s the number one reason we are working with them to continue to develop our communities today,” said Mahmoud. “The Lithium team helped us build a flexible solution, organize the community, determine what features made sense for our user base, decide how many boards to create and how to classify them.

There were multiple stages to the launch itself, because Linksys elected to roll out several language-based communities. These communities were tied together by a common user interface created by the application engineering team, allowing end-users to navigate smoothly and logically between the Linksys language communities. Despite the additional requirements, the Linksys community was launched on time against the Linksys schedule.

## CRM WizKids 2008: Taking CRM to the Next Level

Post-launch, Lithium has continued to consult with Linksys on a number of third-party projects, as well as additional functionality requests and integration projects.

### Getting contributions

As expected, it was not difficult to get people to begin to contribute to the knowledge base and over time, a critical mass of answers came to populate the site. The whole deployment is a bit over one year old and Mahmoud readily acknowledges that Linksys is still in a learning mode. However, he likes to point out that after about nine months, the site reached a point where the number of visitors being helped by the knowledgebase exceeded the number of questions asked. In other words, if a visitor finds an answer that visitor need not ask a question for the community to answer.

Today, visitors to the Linksys online community find a flexible site that allows them to simply read and/or search through the existing posted information without having to post a question or comment of their own.

### Results and benefits

Today, Linksys customers around the world get answers to their toughest questions 24 hours a day in five languages — and in most cases, without ever speaking with a Linksys support specialist. When customers help customers, companies save money. But more important to Linksys is the fact that they've added a new channel of customer support that meets Linksys's high standards for speed, quality, and customer satisfaction. According to Mahmoud today there are about 100,000 registered users for the site and it receives seven to eight million page views per month.

Two stories illustrate the value of the Lithium forums to Linksys as a company. One involves hard savings. According to Mahmoud, after the forums had been live for a year, "Linksys was able to discontinue email support for North America without significant impact on customers."

The second speaks to the intangible benefits of a community provided by Lithium. On Christmas Eve 2006, an earthquake in the South Pacific led to a power outage and downed phone systems in the region. As a result, Linksys' call centers located in the region could not provide support services to the many customers that had purchased Linksys products for gifts or to set up new home networking systems during the holiday season.

As new and existing users discovered the call centers were down they began searching the Linksys online community for information. Traffic on the support community site went up 50 percent over night. The online community created for Linksys by Lithium scaled to meet the needs of all the customers that visited the community during its crisis. The bandwidth and infrastructure held up as promised and Linksys was able to minimize the effects of the earthquake on its support systems.

Mahmoud was not surprised by the result. He said, "We worked together to create an innovative place where insights from our customers can be shared and exchanged. Our community is constantly providing us with product insights and it relieves the burden on our support call centers. Lithium has given us a solid foundation for our community and we'll continue to build it together."

**Conclusion**

Community is the heart of all CRM 2.0 capabilities because the community is the means by which customers on the outside become participants on the inside. When a company engages its customers through a community it gains in tangible ways such as those described here, but it also gains insight into customer needs which smart companies use as the building blocks of new products and services. The evolution of online communities provides companies with a new level for competition and differentiation. The information gathered and used through a community will make the sponsoring company smarter about its markets and easier to do business with and in a customer centric world, these are important capabilities.

## Marketo and IDology

**U**nder other circumstances IDology could be a candidate for a WizKids Award for their advanced ideas and technology for verifying identity and age – two things that are becoming very important in the on-line world. But this report is about how Marketo and IDology worked together to provision Marketo’s demand generation solution for IDology. Like many emerging companies, IDology has a need to spread the word about its solutions for verifying identity and age for B2B companies and small budgets to accomplish it. Marketo fit the need nicely.

Marketo is an emerging vendor providing a SaaS based marketing suite that helps B2B marketing professionals generate qualified leads and drive revenue. Marketo’s solutions automate lead nurturing campaigns and lead management activities over multiple channels, including email marketing, phone, webinars, and landing page creation and testing. Embedded analytics help demonstrate ROI and optimize marketing spend, transforming marketing from a cost center into part of an integrated revenue pipeline. As a true SaaS solution Marketo also offers an innovative pricing plan that enables companies to pay for what they use without engaging in long term contracts or upfront fees.

### **Business challenge**

IDology was founded in 2003 in Atlanta, to address the growing problem of identity and age verification that increasing numbers of companies face when doing business on the Internet or over the phone – what’s called “customer not present” situations. Specifically, B2B vendors need ways to verify a customer’s identity and age when making purchases in ways that do not slow down the purchase process. A person may have access to a credit card but vendors need to ensure that the person using the card is in fact the rightful owner and in some cases, that the person is old enough to make a specific purchase.

From a few bits of information such as name, address and zip code, IDology’s flagship product ExpectID can perform that verification. IDology does this without using sensitive information such as social security numbers or credit card numbers thus protecting sensitive cus-

## CRM WizKids 2008: Taking CRM to the Next Level

customer data and privacy. IDology's rules-based technology enables vendors to react to situations by approving transactions or enabling knowledge-based authentication questions, changing criteria settings or asking someone to resubmit information. IDology's customers include large B2B companies in financial services, retail, security and telecommunications.

IDology's Marketing Director Jodi Florence works with a small staff and budget and frequently outsources many marketing activities such as landing page design. Nevertheless, Florence knows that if a job or process can be performed in-house, she can make her budget go further. That was the case when she was searching the Internet one day last July to find solutions that would help her improve her Google AdWords campaigns. At the time, she wanted a better way to nurture and mature leads that she could generate with AdWords but she did not want an expensive and hard to learn marketing application to deal with. "I wanted to improve the landing pages associated with my key words," Florence said.

### **Finding a solution**

As luck would have it, Florence found a Google Ad from Marketo and a short buying process ensued. Marketo (see box) provides solutions for multi-channel lead management and, because the company uses what it sells, Jodi Florence found herself in a dialog with the company about her marketing needs and Marketo's solution. It was the kind of interaction she could envision herself conducting with IDology's customers.

Marketo's marketing automation solution is delivered on-demand and the company prides itself on having a business model that makes it easy for companies of any size to try and buy without a lot of barriers getting in the way. As a result, virtually all of the marketing and sales interaction can be performed on-line, at whatever rate the customer likes.

Marketo takes full advantage of its on-demand orientation by providing business processes that make it possible to conduct business on the Web. With a credit card Florence was able to sign up for the Marketo service and begin an evaluation. Moreover, since Marketo's business model charges for use, not a monthly fee per seat, it was easy for Florence to test Marketo without either a long term commitment or high expense.

On the other hand, IDology has been a salesforce.com customer for two years and IDology's products are sold as on-demand solutions so there was never any hesitation about buying an on-demand solution such as Marketo.

IDology's trial went well and Florence used some telephone based technical support from Marketo to optimize her marketing programs and landing pages.

### **Results**

IDology and Florence have been using Marketo since the summer of 2007 and in that time Florence says that her monthly ad conversion rate has improved by 25%. To be clear, a conversion in this situation refers to a positive response to a call to action in a Google Ad, for example, an offer of a free download of a white paper or an offer of a demonstration — something that shows interest by the customer as a result of the ad. Perhaps more importantly, Florence also says, "Our costs are lower by more than 50%." In other words the company gets the same amount of marketing for half the cost or more likely twice as much for the same cost. As Florence says, "Our results are very significant for what we spend."

Sales people like the change too. Because IDology is also a Salesforce customer, using SFA and Marketing modules, Florence says, "It's easy for sales people to have the history of the marketing interactions," recorded in the SFA module so that all the information is in one

## CRM WizKids 2008: Taking CRM to the Next Level

place before a call is made. Furthermore, leads from ad campaigns can go directly into a sales person's instance of Salesforce.

### **Conclusions**

Marketo plays in a niche that has many companies offering similar solutions for lead nurturing and landing page deployment. According to Florence, "Marketo was the only company," she found that offered what she wanted. One of Marketo's strengths in this space is the company's business model which stresses two fundamentals – being easy to do business with and making the product as easy to use as possible.

The trial that Jodi Florence initiated shows both attributes clearly. Florence was able to purchase the service with a credit card but many vendors manage to leap that hurdle. Marketo also made it simple to get up and running in production without additional charges for integration, training, or set-up.

Next, with a little on-line support Florence was able to analyze her process and build better lead nurturing programs which resulted in better conversions and lower costs. Finally, as a Salesforce partner Marketo data is well integrated with IDology's preferred SFA provider which makes life easier for IDology's sales people.

Marketo's approach to doing business is one that will become increasingly common due to increased customer awareness and the continuing maturation of many markets where competition goes beyond features and functions and relies on improving the processes by which companies interact with their customers.

## TerrAlign and Sepracor

**W**ith a view to optimizing internal business processes, enterprises are coming to rely on a variety of new applications. These companies benefit because they are making themselves easier to work with as well as to work for.

A good example is how TerrAlign helps pharmaceutical and other companies to balance the workload in their sales territories. Taking into account territory attributes like geography and travel, the company quantifies variables like the population of doctors and pharmacists, sales for the category and individual products, or other metrics, making it possible to identify opportunity and match sufficient sales resources. The result is load balancing across all territories so that no sales representative is over- or under-worked relative to the peer group and all customer-targets receive equivalent service. TerrAlign wins a 2008 WizKids award for its work in helping Sepracor's managers to analyze and visually configure territories to align with company sales goals.

### **Business problem**

Sepracor is a specialty pharmaceutical company based in Massachusetts that offers products for the respiratory and central nervous systems markets with, for example, drugs that help children with asthma breathe easier and adults with trouble sleeping to rest. Not long ago, the company wanted to upgrade the way it did territory planning and it initiated a search for a solution. While the job might sound simple, it is anything but. Pharmaceutical companies put thousands of representatives into the field to call on hundreds of thousands of doctors and pharmacists and without some form of automation it would be difficult, if not impossible, to configure that many territories based on the number of variables required.

For example, territory planning must account not only for the number of doctors and pharmacists but the specialized uses for the pharmaceuticals. A sales representative trained in detailing drugs to pediatricians would probably be wasting time calling on a cancer specialist so segmentation is important. On top of the territory requirements there are also attributes of the sales person to take into account. Ideally, a sales representative will live in the territory to minimize driving time spent getting to a target appointment. At the same time, the territory should not contain so many practitioners that the representative could not make

## CRM WizKids 2008: Taking CRM to the Next Level

the number of calls needed to maintain the level of expertise doctors need to prescribe a product knowledgeably.

### Finding a solution

Associate Director, Commercial Analytics, Vithy Vithyanand told us “This kind of software is a must in our industry,” and he was tasked with finding a territory planning solution for Sepracor. Vithyanand said the big question for him was, “How do we define territories by workload metrics?”

“We needed to identify the high, medium and low priority targets in each territory,” he told us and beyond that, “drive time needs and many other things that go into balancing a territory,” he said.

Through networking with its consultants and from the experience of some of its managers Sepracor was able to develop a list of five vendors that could help the company balance the workload in its sales territories.

Vithyanand and his team quickly interviewed the companies and developed a short list of two companies including TerrAlign to test in a detailed pilot program. The pilot involved a lot of work because as Vithyanand said, “This is a key part of our software that we knew we would be using it for a long time.”

TerrAlign integrates mapping and statistical data on one screen to give a territory planner visual representations of sales territories as various parameters are adjusted. All this happens on the fly so that planners can try various configurations.

TerrAlign’s ability to quickly reconfigure territories was the thing that finally sold Vithyanand. “We do a lot of ‘what-if’ analysis before we finalize territories,” he said. And with a large sales force it would not be possible to invest a great deal of attention into each territory without automation. “We wouldn’t be able to do as much analysis without TerrAlign,” Vithyanand said.

At the end of the pilot in August of 2007, Sepracor made its decision to buy TerrAlign.

Vithyanand said, “This product had many features that helped speed up the process, like re-allocating zip codes quickly to optimize territory design. But also, territories can be quickly optimized based on our key metrics, and we can create maps and reports for the field quickly and generate many key business reports.”

### Conclusion

The solution has been in place for less than a year and Vithyanand says there has not been enough time for calculating ROI yet. As with many new software implementations, it is sometimes hard to bring together the data needed to make a formal ROI calculation. Vithyanand says he is confident that with a full year’s worth of data he could make the calculations but he also says that even at this stage it is obvious that TerrAlign has made the territory planning process easier and enabled Sepracor to make the productivity gains it wanted.

## Verticals onDemand and Publicis Managed Markets

**V**ertical applications for on-demand CRM are a relatively new phenomenon. Depending on the vendor, conventional CRM has offered numerous vertical applications for several years but on-demand solutions have been filling niches in the more general purpose market until recently. Verticals onDemand was founded in early 2007 to exploit this thinly covered niche in CRM and began focusing first on pharmaceutical sales. Verticals onDemand's founders have deep industry experience, especially in pharmaceuticals and it was natural for them to start their vertical business there.

Pharmaceutical sales is about as specialized as it gets. Sales people call on physicians, nurses, and pharmacists, to educate them about new pharmaceuticals and the appropriate use of existing drugs. Managed markets account teams are in some ways even more specialized calling on the healthcare plans, government, and commercial health insurance companies to ensure that their companies' drugs are approved for payment by the plans. This activity generates large amounts of data which must be analyzed to give the pharmaceutical companies insight about uptake in the market.

Verticals onDemand wins a 2008 WizKids award for its highly specialized on-demand pharmaceutical sales application which is based on Salesforce SFA and Force.com from salesforce.com.

### **Business challenge**

Publicis Managed Markets (PMM) provides outsourced account management services to small and mid-size pharmaceutical and biotech companies by covering their high-value managed markets channel accounts. The company specifically calls on commercial payers, government, and healthcare plans that provide pharmaceutical benefits to subscribers. Pharmaceutical companies interact with health plans to ensure their products are recognized by the plans for reimbursement — typically referred to as being on the plan's formulary.

## CRM WizKids 2008: Taking CRM to the Next Level

If a drug is not on a plan's formulary, it might not be covered and some doctors will be reluctant to prescribe it and may prescribe a substitute. Moreover, how well a pharmaceutical company negotiates with the plan often determines the level of coverage for that product which is represented in the co-pay amounts the patient ultimately pays.

It takes a sustained effort to call on and educate the numerous health plans about a pharmaceutical company's offerings and for small or emerging pharmaceutical and biotechnology companies it is a cost many cannot easily afford. PMM fills the gap with experienced and highly knowledgeable industry professionals who represent the emerging companies, and their drugs, to the health plans.

Despite the fact that nothing is "sold" in a traditional sense when PMM specialists call on plan administrators, PMM and its employees still need to capture detailed information about a call, the next steps in the process and report on progress back to the pharmaceutical company customers.

Prior to implementing Verticals onDemand's CRM system, the PMM managed markets account management team was unable to provide client reports without significant time and effort from their account team and the team was generating numerous ad hoc spreadsheets to create these reports. Constant requests for information were made in this piecemeal fashion to the team. PMM needed a system that would reflect the unique work that their account management team performs in calling on and navigating managed markets channels but when the company first went to the market, managers discovered that most pharmaceutical CRM systems were designed for the sales representative calling on physicians.

### **The solution**

PMM, already a customer of salesforce.com, was limited by the functionality of salesforce.com because of the specialized nature of managed markets account management. When Verticals onDemand discovered the unique challenges PMM Managed Markets faced in customizing a CRM system to meet their needs, they offered help.

The Publicis Managed Markets Operations Group, IT Team, and Account Management Team worked together to identify the critical information needed in a CRM platform that would allow them to serve their clients' specific managed markets needs. With PMM's deep pharmaceutical and managed markets expertise and Verticals onDemand's technical know-how and industry knowledge, the two companies went about customizing Verticals onDemand's core pharmaceuticals application to meet PMM's needs.

Using an iterative process, Verticals onDemand developed prototypes based on the requirements, showed them to end users to get feedback, and iterated again if needed before shipping the product. Verticals onDemand personnel also worked closely with PMM on the implementation to ensure their success.

PMM did the implementation themselves with less than one full time person over a period of several weeks. Because they were an existing salesforce.com customer, this process was straightforward. There were some unexpected issues found (missing functionality/usability issues) and they were handled by Verticals onDemand releasing new functionality to PMM that solved these issues.

The solution went live in October 2007.

## CRM WizKids 2008: Taking CRM to the Next Level

### Results

Verticals onDemand and PMM built a set of metrics for managing PMM's unique business and sales process. PMM is now able to capture a great deal of data through its account management team and the company can now automatically generate reports for its clients that provide critical information to meet the clients' marketing and sales objectives.

The solution has been live for a only few months, however, according to Marianne Nugent, director of operations for PMM, "Because of this new CRM system, we are now able to turn around routine reports and special assignments much faster and without completely disrupting our account management teams' work schedule. Before we implemented this system, our account teams would have to generate spreadsheets and submit them for compilation internally. This was terribly time consuming and inefficient. With the new Verticals onDemand application, we simply create these reports for our clients with the 'click of a button' based on the information our account management team is inputting during their normal daily call activities.

With such short history, it is hard for Nugent to quantify the benefit but some anecdotal information is illustrative. "I can't begin to pull together ROI information," Nugent says, "But I know the system has made us very productive." In elaborating, she points to the many ways PMM has become more productive.

### Conclusion

Specialty and vertical applications represent an important growth area for CRM and the availability of low cost development and deployment technology has opened up the market. Verticals onDemand has been an early adopter of the Force.com platform from sales-force.com and while the company is only about a year old it has demonstrated the power of the on-demand model to deliver specialty applications quickly.

The PMM implementation shows the importance of working closely with end users to precisely nail down complex requirements and we believe this mode of operation will become the norm in the years ahead. The on-demand computing paradigm is surfacing the demand for a higher services component in application delivery and the services required focus more on understanding a customer's business than on ensuring the systems turn on. Verticals onDemand provides a good example of how providing business expertise makes all the difference in delivering an effective solution.

## About the Author

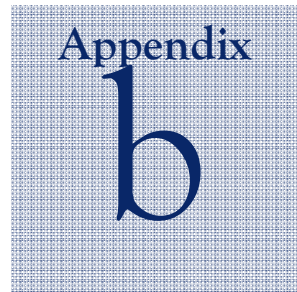
After a very successful career as an analyst, managing director of the CRM practice and thought leader at Aberdeen Group, Denis Pombriant founded Beagle Research Group, LLC to better direct his full attention to analyzing the CRM market and providing deep insight to vendor and end user customers.

As a recognized CRM thought leader, Pombriant's analysis of the CRM market has resulted in numerous insights. Beginning in 2000 he studied the CRM hosting industry and he was an early advocate of the business model. In 2003 he conducted significant new research in hosting and discovered a tipping point in user acceptance of the hosting model during the first half of 2003 that has led to rapid expansion in the industry.

Pombriant has led numerous research efforts and has authored or co-authored many major research reports on relevant CRM topics including hosting, CRM in the insurance industry, several spending and satisfaction surveys, and best practices reports.

Pombriant continues pursuing an active research calendar and is currently investigating CRM 2.0 to help determine the needs of the next generation of CRM solutions.

Pombriant's work is regularly published in CRM Buyer, Destination CRM, CRM Magazine, CustomerThink.com, and other CRM industry publications. He runs a very successful blog and received one of InsideCRM's 2007 Top Blogger awards. Pombriant has also been quoted in E-Week, Fortune, The Wall Street Journal, Investors Business Daily, CIO Magazine, Computerworld, and InformationWeek.



# Beagle Research Group, LLC

Beagle Research Group, LLC is a consulting and market research organization focused on emerging companies with front office 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.

## **Mission**

The Beagle Research business model is based on the twin beliefs that primary research across multiple disciplines should drive most aspects of analysis and consulting in the high-technology markets and that direct and personal customer service should be the foundation of any advisory service. Beagle Research researches and analyzes trends in the customer relationship management (CRM) and Internet infrastructure markets as well as business, economics, and behavior sciences and provides insight and advice to vendors and end consumers.

## **Contact Us**

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