

Research Notes

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This week I'm trying something different. I usually try to go in-depth with one subject for a column but to do that I frequently start out writing about a number of different ideas just to see where they end up. Many of the ideas don't make it into a column because they never reach a length sufficient to fill a column. As two time Nobel Prize winner Linus Pauling once said, "If you want to have a lot of *good* ideas, you need to have a lot of *ideas*." I'll only confess to having a lot of ideas.

It's not that these ideas are bad — occasionally I return to one and find there's new information available and there are additional things to say. But most of the time I just end up with lots of little nuggets that are too short to be columns. Truth be told, I can't bear to hit the delete key so they end up occupying some of the voluminous disk space that comes with most desk top computers these days. Culling the space can be a challenge because as a market researcher it all has potential value. At any rate, here are some research notes on a number of "short" subjects.

SFA

There is a definite seasonality to buyers' preferences in CRM. When the economy is weak companies want to save money and I see more emphasis on call center and service applications. The opposite happens when the economy takes off — everyone wants SFA technology. Lately I've noticed a trend toward sales effectiveness applications. These apps are supposed to help you save money and resources in the sales process. Not a bad idea but what does it mean to my little paradigm for the economy?

Seems to me sales effectiveness is still a

less than ideal approach to selling. I have always been a big fan of first asking the customer what they want before figuring out how efficiently to bring it to them. Maybe I waited too many tables in college or something.

MARKETING

Customer feedback could be the most important "sleeper" application in the CRM deck. Feedback is part of marketing but it doesn't usually get big play. Everything seems to be about better organizing the work to reduce waste and inefficiency. That's all necessary stuff, but at some point you need to *ask* the customer what they need, like, want.

A lot of what customer feedback is about goes to the heart of what [Harvard Business School professor] Shoshana Zuboff was talking about in her book, *The Support Economy*. Customers really want to tell their vendors about their needs but too often there is no mechanism. The only avenue open is the sales transaction which can only act as a negative feedback loop for products that already exist — not necessarily what people want.

One bright spot was a survey I did last year in which CRM buyers said they were interested in marketing applications that conveyed the voice of the customer up the chain of command to the executives and product people. That's an interesting and very hopeful sign.

Too often marketers are judged on what they spend, or the cost per lead and the like instead of being judged by cost per deal or cost of revenue. There's a lot that goes into a marketing campaign that can get blown away by thoughtless action down stream. For example, if sales reps decide not to pursue a lead because its projected close falls outside the current

time frame or simply because there are only so many hours in a day and they have to cherry pick. We need sales and marketing systems that are more flexible and that can work through the traditional barriers of time and territory and tell us better what happens to leads that are generated.

NEW CROP OF VENDORS

It's a healthy sign that software companies are still entering the CRM market though I have to question the motivations some of them have. Take me-too products entering the hosted CRM space for example. Some of these guys have nothing but low prices to hang their hats on. That usually ends up badly and it gives the survivors a black eye when the low price guys run out of runway and crash because they aren't generating enough cash.

Still there are some very interesting new vendors on the block with applications that fit into niches that didn't exist before the first wave of CRM. Now with a CRM architecture in place, enhanced wireless technologies, and a generally accepting marketplace, it should be fun watching these new companies grow.

COMPONENT CRM

I am starting to see companies like Aplicor that use off the shelf objects to build their CRM applications. They pay a one time fee for a documented object that they then modify to their specific needs and incorporate into products. One result is incredibly fast product development, especially for a small company. This approach is pretty innovative and I wonder why no one else has thought of doing it. Or have they? Wonder if component CRM will become competition in larger firms. Doubtful. Early adopters might jump at such an opportunity but this is not an early adopter market any more. This approach has more risk than simply buying a solution and the marketplace has been conditioned not to accept any level of risk.

DISASTER RECOVERY

This hurricane season has been quite a test for people in all walks of life who live in southern states. It must have been a good time to test disaster recovery plans. I wonder how it all worked. Probably a good thing to research.

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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