

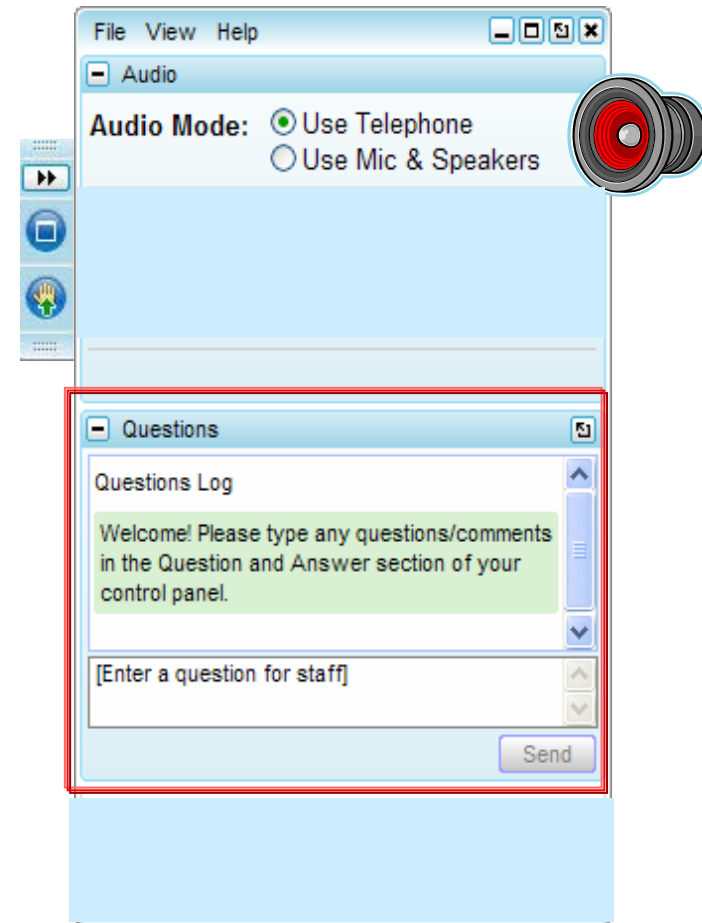
The Top 5 Technology Trends to Disrupt CRM Architectures and Technology

Ed Thompson

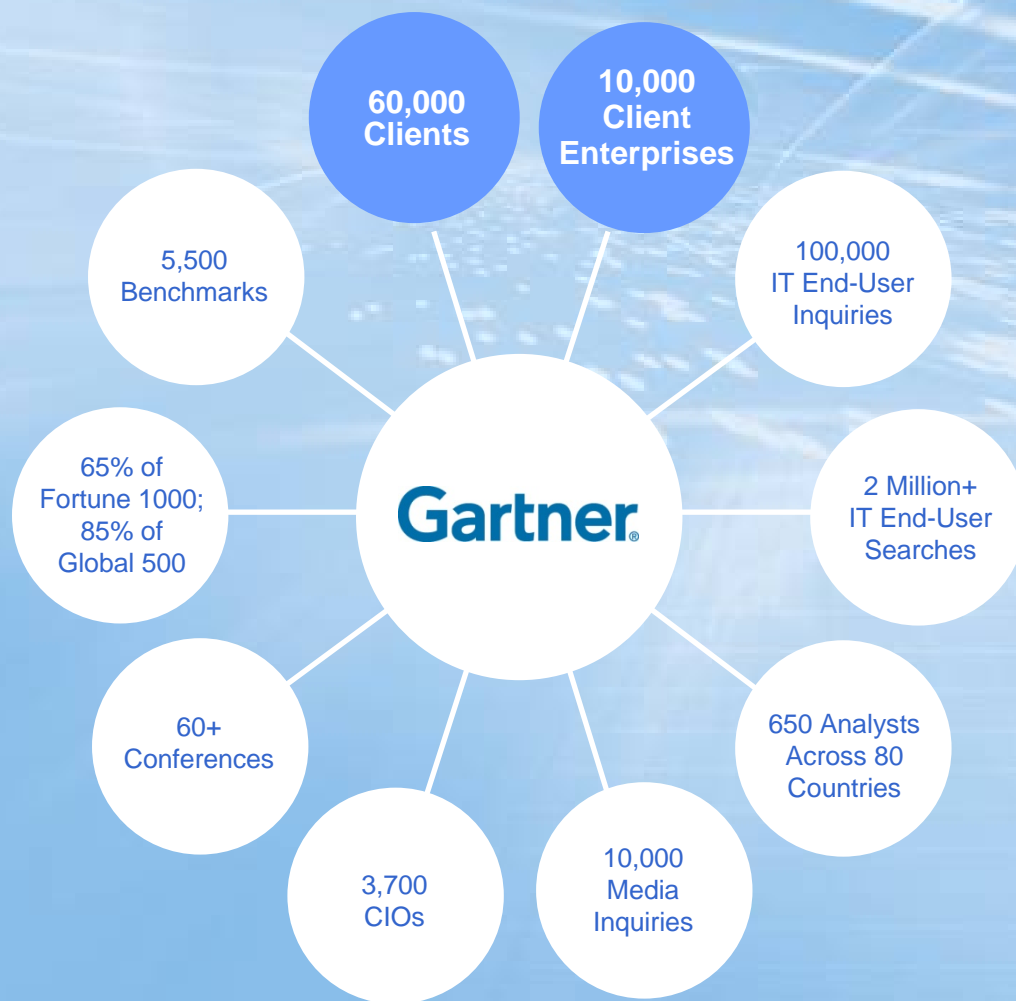
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Gartner CEO Survey 1Q 2010

Top CEO Concerns

Start 2009

1. Cutting operating costs
2. Increasing revenues
3. Preserving cash
4. Sourcing fresh capital
5. Liquidating assets

Start 2010

1. Retaining customers and enhancing existing relationships
2. Maintaining competitive advantage
3. Attracting new customers
4. Attracting and retaining skilled workers/talent
5. Reducing costs via better efficiency

2010 CEO Business Priorities

Industry Variations

CEO Issue No1 in Government, Education –
Cost Cutting Starts In Earnest

CEO Issue No1 in Media, Automotive,
Airlines, Pharma, Construction –
Continued Restructuring

CEO Issue No1 in Banks, Insurance, Telco,
Consumer Goods, Business Services –
Planning for a Return To Growth

CEO Issue No2 in All Industries –
Rebuilding Trust

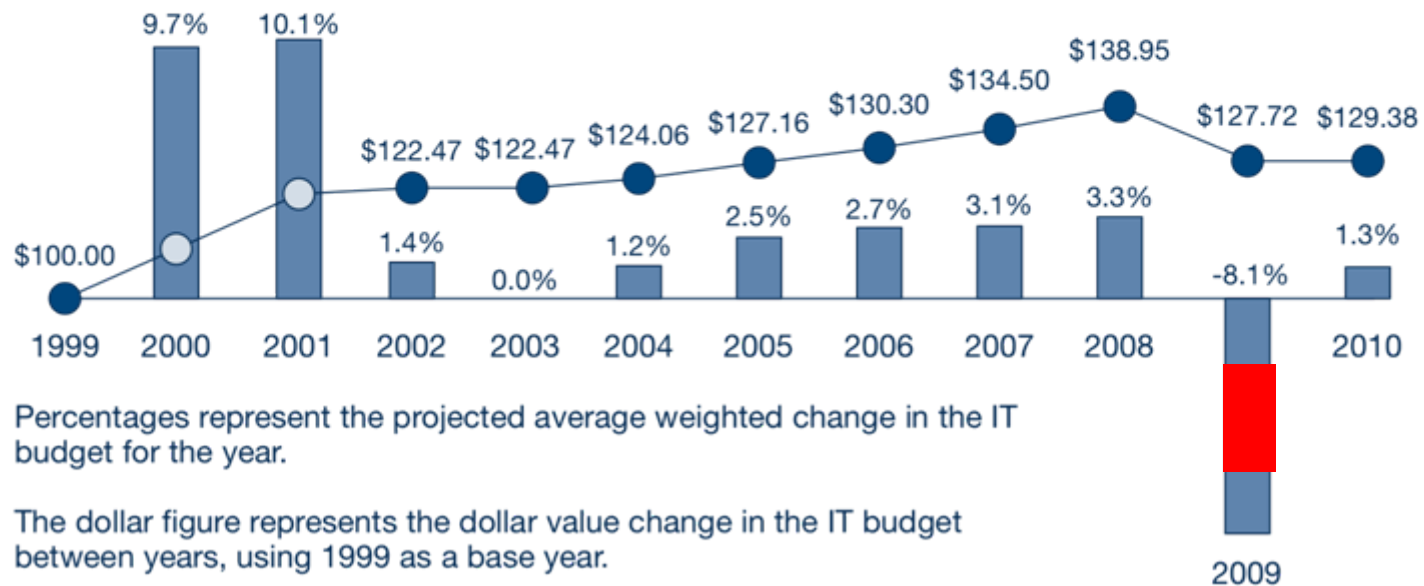
2010: CIO Business Priorities

| Business expectations | Ranking of business priorities CIOs selected as one of their top 5 priorities in 2010, and projected for 2013 | | | | | |
|--|---|---|------|------|------|------|
| Ranking | 2010 | | 2009 | 2008 | 2007 | 2013 |
| Improving business processes | 1 | ↔ | 1 | 1 | 1 | 2 |
| Reducing enterprise costs | 2 | ↔ | 2 | 5 | 2 | 8 |
| Increasing the use of information/analytics | 3 | ↑ | 5 | 8 | 7 | 5 |
| Improving enterprise workforce effectiveness | 4 | ↓ | 3 | 6 | 4 | 7 |
| Attracting and retaining new customers | 5 | ↓ | 4 | 2 | 3 | 3 |
| Managing change initiatives | 6 | ↑ | 8 | 3 | 10 | 1 |
| Creating new products or services (innovation) | 7 | ↓ | 6 | 12 | * | 12 |
| Targeting customers and markets more effectively | 8 | ↓ | 7 | 9 | * | 9 |
| Consolidating business operations | 9 | ↑ | 11 | 13 | * | 16 |
| Expanding current customer relationships | 10 | ↓ | 9 | 7 | * | 10 |
| Supporting regulation, reporting and compliance | 11 | ↑ | 12 | 14 | 13 | 15 |
| Creating new sources of competitive advantage | 12 | ↑ | 13 | 11 | 8 | 4 |
| Expanding into new markets and geographies | 13 | ↓ | 10 | 4 | * | 6 |

* New question for that year

Worldwide IT Spending: Will Increase 1.3% in 2010

CIOs project a slight budget increase in 2010 from 2009's historic budget cuts; but the increase still leaves CIOs with fewer resources in 2010 than they had in 2008



CRM Software License Revenue

| Market | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | CAGR 2008-2013 |
|--|---------------|---------------|---------------|---------------|---------------|----------------|----------------|-------------------|
| Other Application Software | 25,274 | 26,498 | 24,560 | 24,005 | 24,243 | 26,178 | 28,530 | 1.5% |
| ERP | 20,260 | 21,378 | 20,476 | 20,897 | 21,513 | 22,376 | 23,435 | 1.9% |
| Office Suites | 12,872 | 13,748 | 12,822 | 13,335 | 14,423 | 15,233 | 15,955 | 3.0% |
| CRM | 8,130 | 9,147 | 9,179 | 9,664 | 10,237 | 10,981 | 11,876 | 5.4% |
| Supply Chain Management | 5,959 | 6,347 | 6,425 | 6,787 | 7,203 | 7,696 | 8,247 | 5.4% |
| Enterprise Content Management | 3,055 | 3,357 | 3,407 | 3,681 | 4,122 | 4,575 | 5,032 | 8.4% |
| E-Mail and Calendaring | 2,983 | 3,228 | 3,285 | 3,490 | 3,874 | 4,300 | 4,729 | 7.9% |
| Digital Content Creation Web Conferencing and Team Collaboration | 3,502 | 3,625 | 2,965 | 3,141 | 3,569 | 3,908 | 4,256 | 3.3% |
| Project and Portfolio Management | 1,679 | 2,022 | 2,346 | 2,778 | 3,326 | 3,975 | 4,723 | 18.5% |
| Applications Total | 1,121 | 1,204 | 1,197 | 1,254 | 1,343 | 1,489 | 1,638 | 6.3% |
| Applications Total | 84,836 | 90,554 | 86,663 | 89,034 | 93,851 | 100,711 | 108,420 | 3.7% |

Total Enterprise Software Revenue by Subsegment, 2008-2013 (Millions of U.S. Dollars) 4Q09 Update

Key Issues

- Which technology trends will dominate and shape the CRM application environment to 2013?
- How will the CRM application vendor landscape evolve in response to the new architectures and technologies?










CRM: Application Architecture Types

2009-2013

| | CRM Suite | Enterprise Suite | Best of Breed CRM | Model-driven Application | Model-driven Framework |
|-----------------|--|---|---|--|--|
| Value | Sales, CSS and marketing functions in a single suite | Provide an integrated suite from a single platform | Best operation for department or industry | Part control architecture, differentiate processes | Control own architecture, differentiate processes |
| Process | Integrated CRM processes. "best practice" | Integrated CRM and ERP processes. "best practice" | Limited process integration. "best practice" | Re-express own processes Rules engine, repeatable | Re-express own processes Rules engine, repeatable |
| Data Model | Imposed data model covering CRM. | Imposed data model covering CRM and ERP | Some impose data model Others don't. | Imposed data model CRM and ERP | Designed to fit established data model(s) |
| Buying Center | Business users, CIO | Finance, CIO, boardroom | Business users | IT architects, process experts | IT architects, business users |
| Example Vendors | Microsoft, salesforce.com, Amdocs, SugarCRM, Superoffice | CDC Software, Epicor, IFS, Infor, Oracle, Sage, SAP | Aprimo, CAS, Cegedim Dendrite, Cegedim, NICE, Teradata, SAS, StayInFront, Unica, Verint | Oracle Fusion/AIA, SAP/ Netweaver | Portrait, Chordiant, Sword Ciboodle, Pegasystems |



What's Hot in 2010: CRM Priorities After Recession

| Sales | Customer Service | Marketing |
|--|---|--|
|  Web 2.0 E-commerce |  Social CRM / community | Digital marketing |
| SaaS SFA | SaaS CSS |  Social media and reputation marketing |
|  Mobile Web 2.0 | Web self-service |  Loyalty management |
| Lead management | Knowledge management for service resolution | Lead management |
| Pricing management | Feedback management | Marketing perf. measurement |
|  Social CRM sales | Real time decisioning | Predictive analytics |
| Sales performance mgt | Workforce optimization | Marketing resource mgmt |
| Incentive compensation |  Multichannel Service BPM | Inbound marketing |
| Sales analytics | Webchat for service |  Anonymous personas marketing |
| Forecasting and pipeline | Contact center outsourcing | Partner, distributed and field marketing |
| Proposal generation | Composite service desktop | Web analytics & Advert mgmt |
| Inside sales Webchat | Text mining | Event-triggered marketing |
| Open source SFA | VOIP and Presence |  Mobile marketing |

Cross-CRM

Master Data Management

Business Process Mgmt

WOA

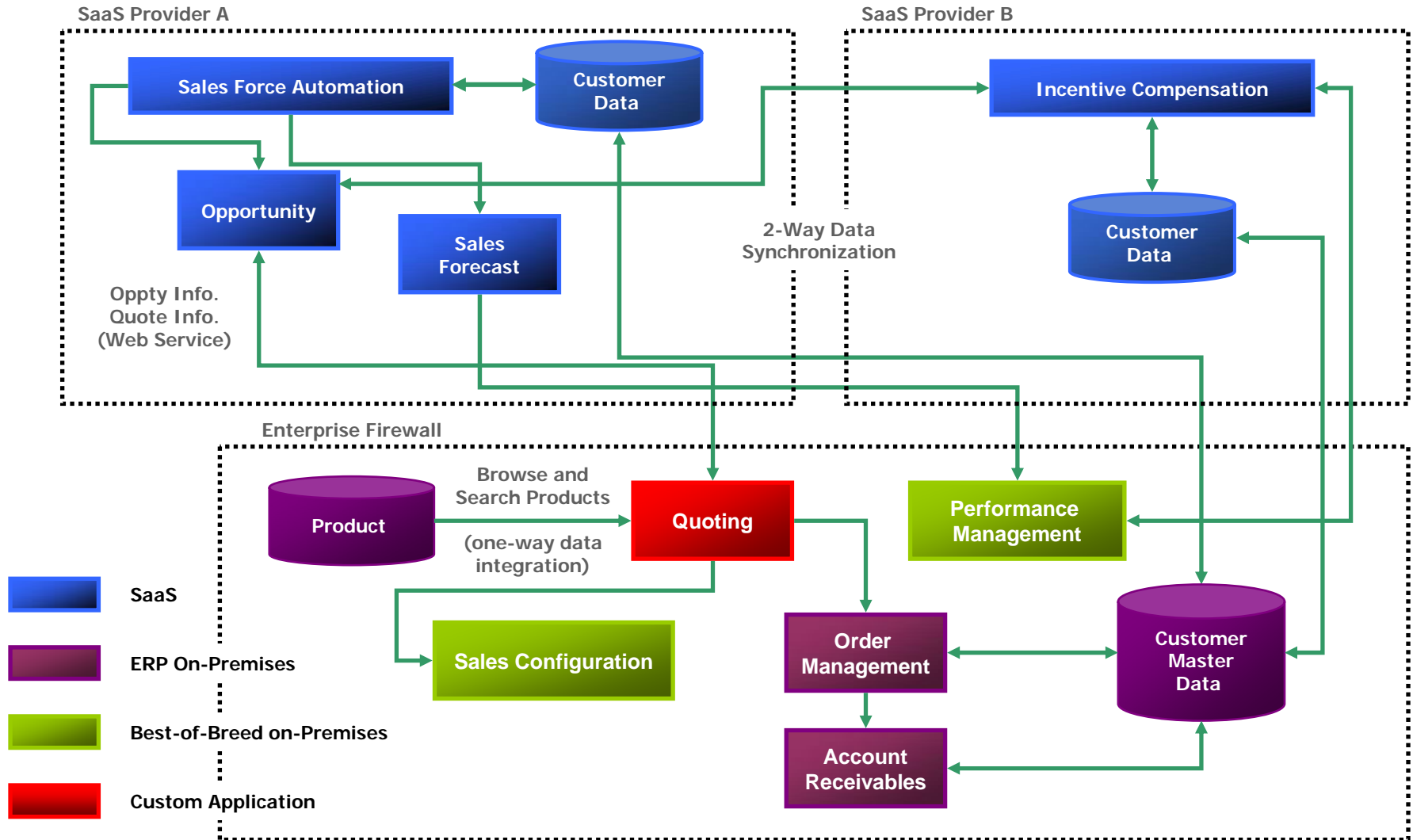
Customer-Centric Web

2010: CIO Technology Priorities

| CIO technologies | Ranking of technologies CIOs selected as one of their top 5 priorities in 2010 | | | | |
|--|--|---|------|------|------|
| | 2010 | | 2009 | 2008 | 2007 |
| Virtualization | 1 | ↑ | 3 | 3 | 5 |
| Cloud computing | 2 | ↑ | 16 | * | * |
| Web 2.0 | 3 | ↑ | 15 | 15 | * |
| Networking, voice and data communications | 4 | ↑ | 6 | 7 | 4 |
| Business Intelligence (BI) | 5 | ↓ | 1 | 1 | 1 |
| Mobile Technologies | 6 | ↑ | 12 | 12 | 11 |
| Data/document management and storage | 7 | ↑ | 10 | 9 | 9 |
| Service-oriented applications and architecture | 8 | ↑ | 9 | 10 | 7 |
| Security technologies | 9 | ↓ | 8 | 5 | 6 |
| IT management | 10 | | * | * | * |
| Enterprise applications | 11 | ↓ | 2 | 2 | 2 |

* New question for that year

1. SaaS and Cloud Complexity and Simplicity



2. Social: Not Only About Twitter

Listen & Learn



Evaluate & Shop

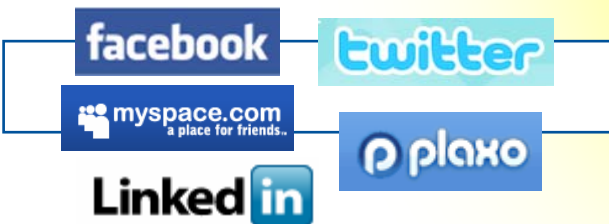


INTERNAL SOLUTIONS

Atlassian
Blogtronix
EMC
eTouch
Google
IBM
Novell
OpenText
Socialtext
ThoughtFarmer
Tomoye

Jive
Leverage
Microsoft
Mzinga
Telligent

Participate & Communicate



EXTERNAL SOLUTIONS

Awareness
Communispace
Crowd Factory
Flux
IntroNetworks
Kickapps
Lithium
LiveWorld
Neighborhood America
ONEsite
Pluck
Sparta Social Networks
ThePort Network

Play & Interact



Share & Broadcast



3. Unified Communications: Integration to the User

Context-Specific Presence Lists

Dynamically created lists based on specific current needs. Determine who is available to assist.

Flexible Conferencing and Escalation

Interaction starts one way, escalates to another, invite others. Know who is available (dynamic presence lists).

Intelligent Notification Services

Find me/notify me. Personalized; group; or interenterprise, role-based, cascading and escalation. Channel-independent.

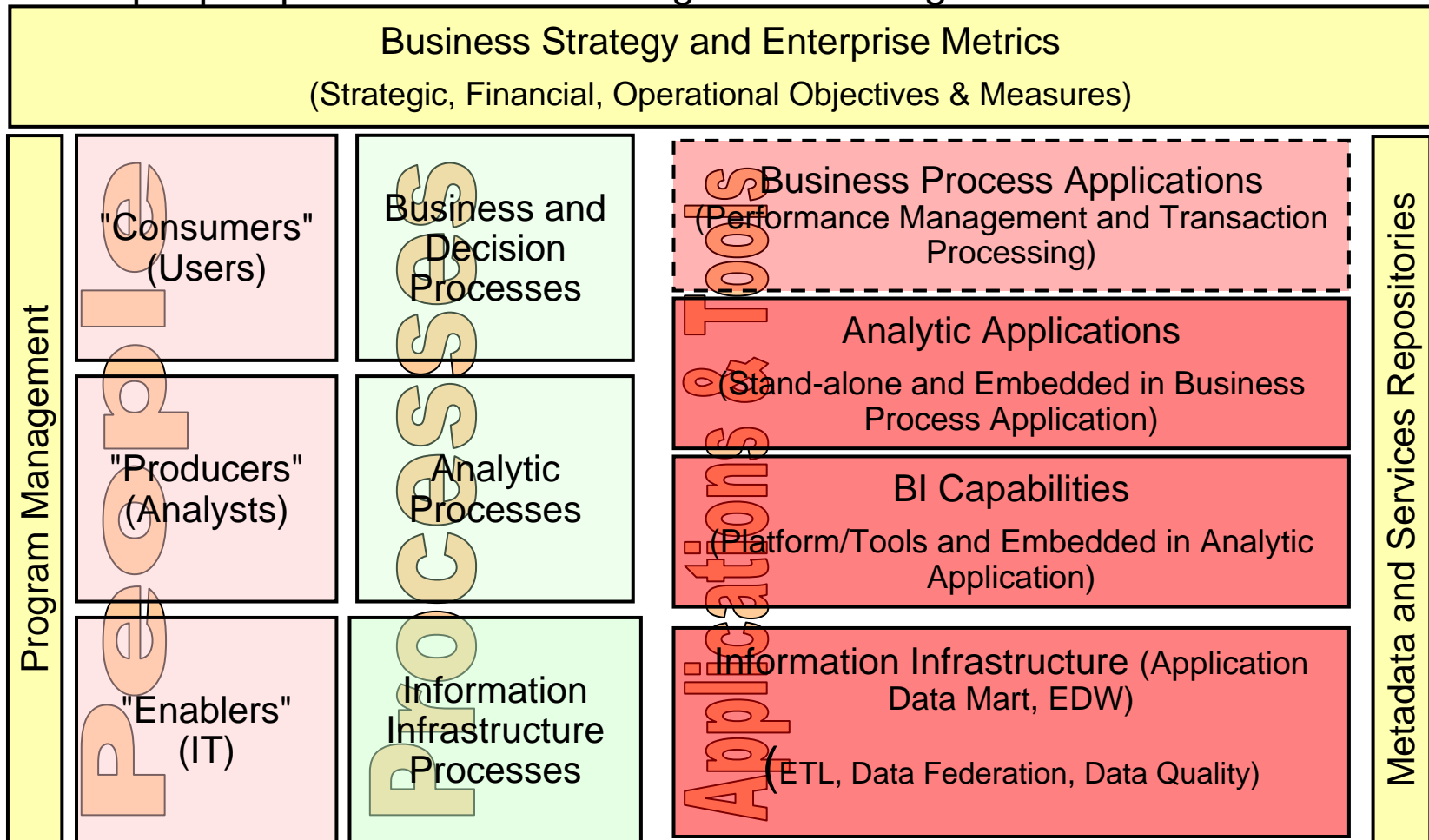
Context-Aware Computing uses information about the user to improve the quality of the interaction between the user and the application.



Source: Loopt.com

4. Analytics: Embedded Everywhere

Multiple perspectives must be integrated and aligned to deliver a solution



5. Smartphones: A Key Enabler for Context-Aware CRM



- User Interfaces of smart phones are easy to use
- The iPhone (and others) applications are easy, simple and fun
- Customers are hungry for these innovations
- Consumer-driven impact on enterprises

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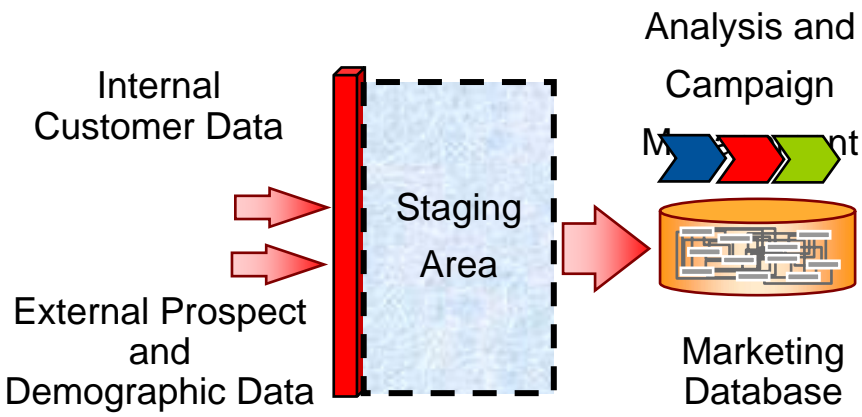
» Register Now



Ease of use is driving adoption and demand for your website to be mobile-friendly.

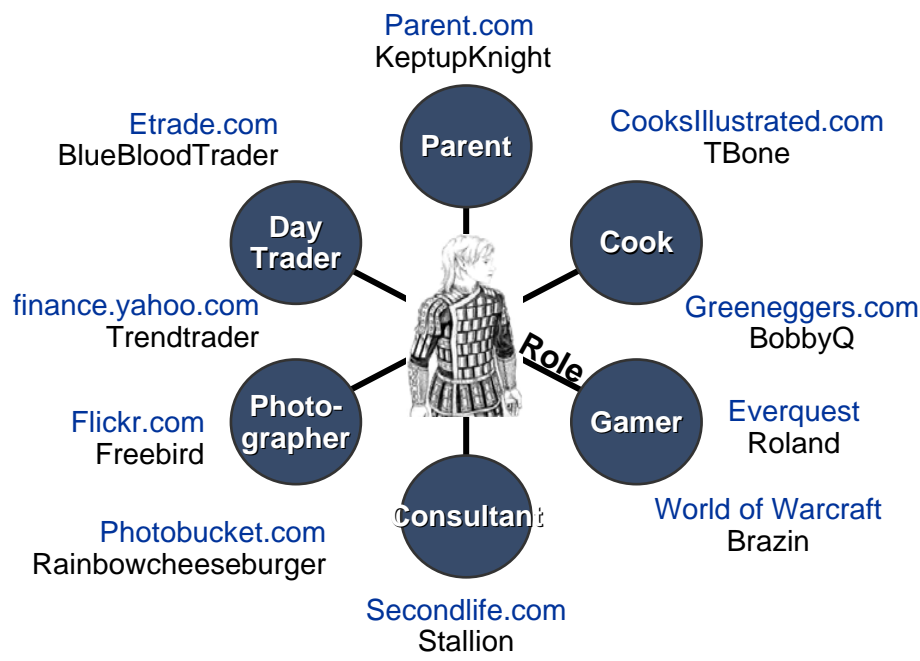
6. (Bonus) MDM: Unifying Customer, Prospect & Persona Data

Not Only — Creating the World's Best (Offline) Marketing Database

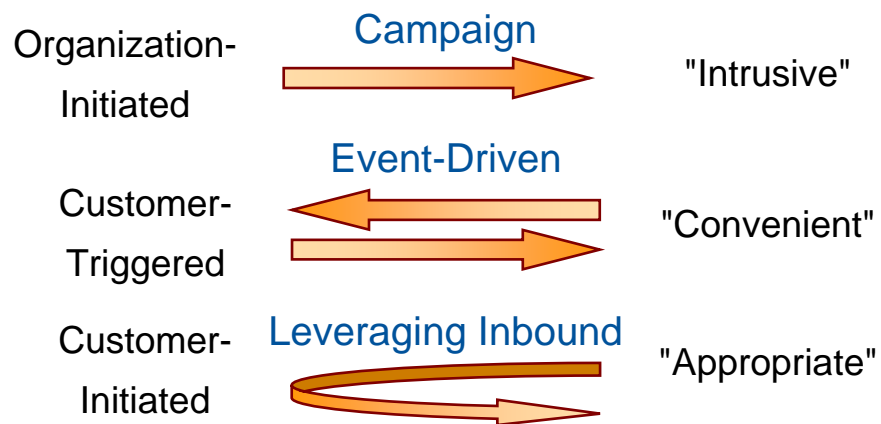


Complicated by Anonymous Personas

You will increasingly need to collect data and analyze it, and market to anonymous personas



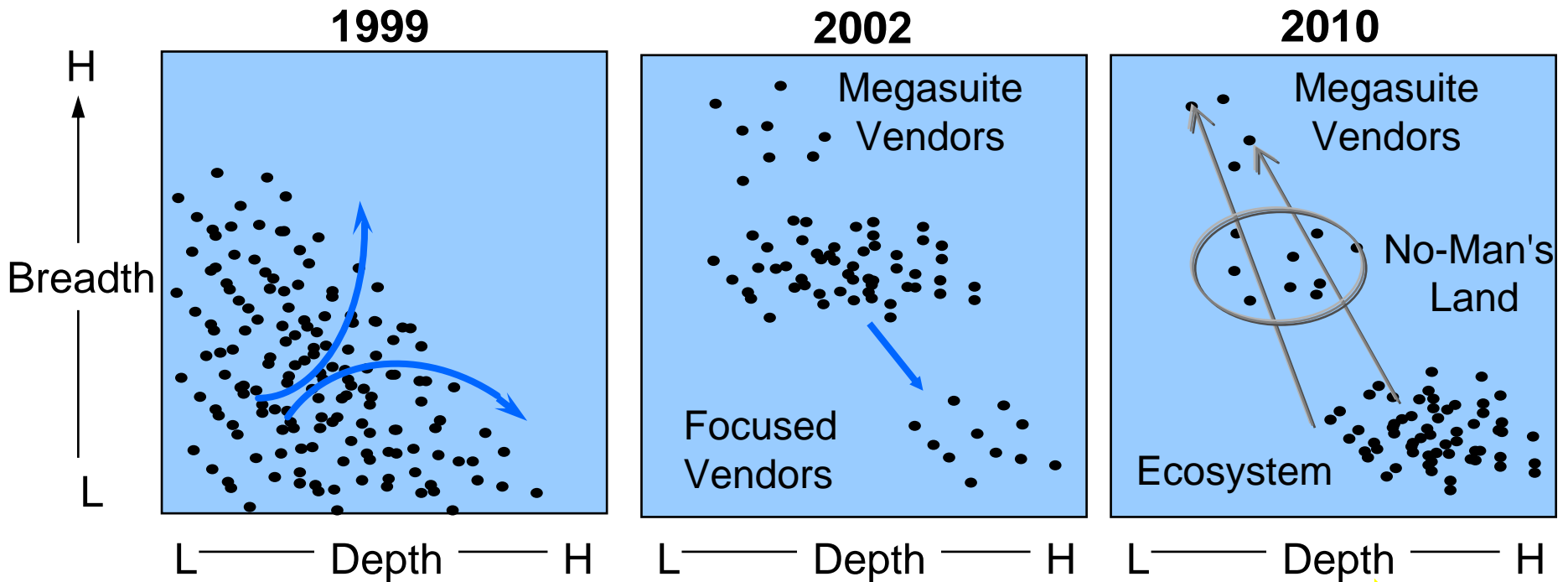
But Also — Powering New Types of (Online) Marketing Interactions



Key Issues

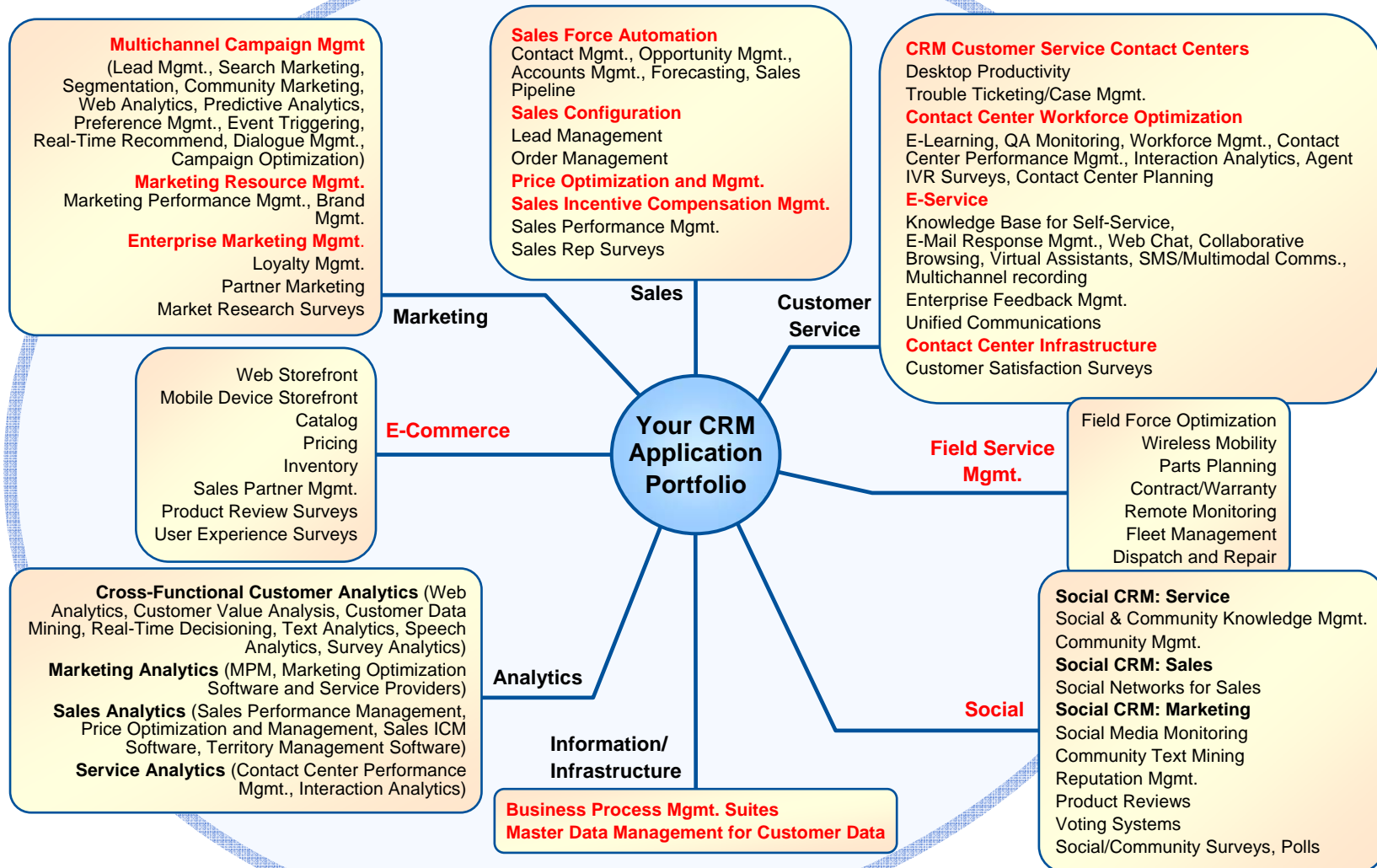
- Which technology trends will dominate and shape the CRM application environment to 2013?
- How will the CRM application vendor landscape evolve in response to the new architectures and technologies?

Megavendors Continue to Dominate



Megavendors continue to extend their functional footprints into the "front office"
End-to-end process integration being their differentiator
Analytics, performance management, compliance being their lead reason to buy

If Megavendors Leave Gaps... Best-of-Breed and Cool Vendors



And.....

Cool Vendors Will Continue to Emerge

2007

- 5Square.com*
- Accept Software
- Eloqua
- Enkata
- Exploria*
- Hitwise
- Infonis
- InsideView
- KXEN
- Landslide
- Loyalty Lab
- NearbyNow*
- openQ*
- Power Reviews
- RLPTechnologies*
- Swivel*
- Toa Technologies
- Vistaar
- XpertUniverse

* Industry specialists

2008

- Advizor Solutions
- Aggregate Knowledge
- CVent
- EveryScape
- The Fizzback Group
- GetAbby
- LandSonar
- Lemonade
- Orchestra Networks
- Saepio Technologies
- SalesCentric
- SupportSpace
- TopQuadrant
- Vitrium Systems
- Xmonic
- Ydilo
- Zoomix

2009

Sales

- Cloud9 Analytics
- Digby
- Makana Solutions
- Silent Edge

Marketing and Analytics

- dna13
- MuseWorx
- Pontis
- Visible Measures

Customer Service

- NexJ Systems
- Helpstream
- Reimage
- Vi-Clone

2010

Sales

- Artesian Solutions
- JigSaw
- Prolifiq

Marketing and Analytics

- Thunderhead
- Balihoo
- Nextstage
- Evolution
- Starbucks
- Amazon iPhone app.

Customer Service

- Transera
- QuickSeach
- The SelfService Company
- Synthetix

Your Action Plan

Actionable Advice

- ✓ **What do to now?** Understand Tech Trends: Cloud computing, Analytics, SocialCRM, unified communications, m-commerce and context-aware will have the most impact.
- ✓ **What do to next month?** Be proactive: Plan options for digital marketing & social CRM before end users "discover" new CRM technologies. Work with agencies and interactive technology firms, don't ignore them.
- ✓ **What to do within the next year?** Focus on quick wins: Transformational, big CRM won't deliver Growth in 2010: point projects will.

Fresh Ideas

- ✓ **What do to now?** If you are in IT, undertake a skills audit: Who in your department has the requisite skills to capitalize on the 5 CRM technology trends?
- ✓ **What to do next month?** IT and business: Collaborate to establish a SocialCRM Lab. Highlight the new CRM technologies that could be of use in the business.
- ✓ **What to do within the next year?** Shift CRM spending to analytical capabilities, understanding how customer driven performance management will help the business and meet CEO customer expectations.

Additional Research

- "Business Applications and Cloud Computing: Convergence or Myth? " July 2009 (G00168840)
- "The Business Impact of Socialization: Real-World Measurable Results" December 2009 (G00173256)
- "Context-Aware Computing: Improving the Customer Experience" August 2009 (G00170035)
- "Customer Information and Insight Are the Lifeblood of CRM" June 2009 (G00168643)
- "Analytic Application Adoption Intentions From 2009 Gartner User Wants and Needs Survey" September 2009 (G00170860)
- "How to Evaluate Your Application Vendor's CRM Application Strategy" June 2009 (G00168385)

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- **All-new Agenda Providing In-depth Focus on Four Key Areas:**
 - Create a Customer-Centric Enterprise
 - Understand the Customer
 - Grow Customer Relationships
 - Engage Customers

The logo for the Gartner Customer 360 Summit. It features the word "Gartner" in a bold, black, sans-serif font. Above the "n" in "Gartner" is a red, stylized roof-like shape. Below "Gartner" is the text "Customer 360" in a red, sans-serif font, and below that is the word "Summit" in a black, sans-serif font.

Gartner
Customer 360
Summit

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