

Gartner Magic Quadrant – Salesforce Automation - 2009

Sage CRM Solutions Opinion Brief - Released July 24, 2009

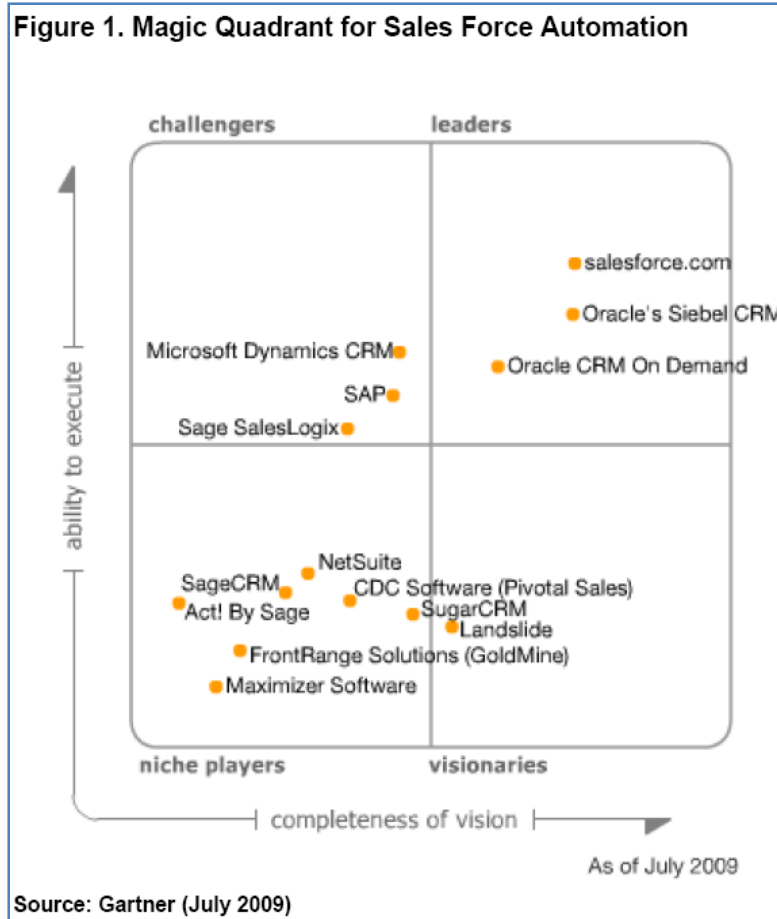
Q. What is the Gartner Magic Quadrant (GMQ) for SFA?

- A. The Gartner Magic Quadrant for SFA is an analyst report released annually by The Gartner Group, which assesses numerous CRM vendors' solutions against several criteria. The output is a chart on which all solutions are plotted on two axes – *Ability to Execute* and *Completeness of Vision*. See Exhibit A below.

Q. What is Sage's position on the validity and relevance of the study?

- A. Sage appreciates that the intent of the study is to provide CRM prospects a consolidated and relative assessment of the vendors in the CRM market space, but believes the GMQ study has certain limitations:
- o The GMQ evaluates all vendors against uniform criteria, relative to each other, without regard for each product's target market, price point, or unique value proposition (e.g. ACT!, a contact manager, is placed on the same matrix as SAP, Oracle and other large-enterprise CRM solutions).
 - o The criteria used to measure vendors' positions in the GMQ are published as part of the study; however it should not be assumed that Gartner's criteria apply equally to the business requirements within different segments of the market.
 - o Gartner is a for-profit analyst firm, which has business relationships with many of the vendors on the GMQ.

Exhibit A. Gartner Magic Quadrant, SFA 2009



Q. What specific comments does the Gartner Magic Quadrant report include for each product in the Sage CRM Solutions portfolio? What supplementary information should be provided to customers and partners regarding Gartner's published comments?

A. ACT!:

Gartner MQ Comments - Strengths:

- o Low-cost, on-premises software alternative (lists for \$229 for standard perpetual license).
- o Optimized for contact management processes.
- o Large installed base of small businesses and salespeople – Sage Software states that it has 2.8 million ACT! users and 43,000 corporate customers (more than 10 users in a single installation).
- o Ease of use and simplicity for one-(salesperson)-to-many (customer) relationship models where there is limited collaborative extended team (such as marketing) interaction for contact and basic opportunity management.
- o Large company backing with Sage.

Gartner MQ Comments - Cautions:

- o ACT! customers have cited issues with installations and upgrade processes for larger distributed client and server environments; many companies use ACT! Web client and Citrix to reduce this employment burden.
- o Not suitable for companies with extensive integration, complex sales processes or broad sales functional footprint requirements.
- o Market pressure from low-end SaaS providers.

Sage Perspective on Gartner MQ Comments:

- o ACT! is a purposely designed contact and customer manager for use by small businesses, sales people and small corporate teams. It has a 20 year history as the #1 selling solution in its category, largely because it's so easy to learn and use. In a recent usability study, it was found that ACT! enables its users to be 25% more productive as compared to Microsoft CRM and Salesforce.com.
- o Evaluating ACT! at its several hundred dollars per user price point using the same criteria as larger enterprise solutions priced in the thousands leads to a misleading conclusion. If evaluated against customer requirements in the small business segment, and considering the solution's maturity, leadership and price/value equation, ACT! would rank extremely high on both Completeness of Vision and Ability to Execute.
- o Gartner did validate ACT!'s position as the ideal choice for individuals and companies seeking a low-cost, easy-to-use solution to manage contacts and share customer information within teams.
- o The cautions that Gartner cited are generally outside the scope of what the large majority of ACT! customers seek to achieve with the product. As ACT! customers grow and their business requirements mature, Sage offers logical migration paths to either ACT! Premium, Sage CRM or Sage SalesLogix. Additionally, Gartner cited pressure from low-end SaaS providers as a caution, whereas actually, ACT! has favorable ROI compared to SaaS alternatives. This is especially true for 6+ users or usage longer than 18 months.
- o The ACT! corporate customer count is 48,000, not 43,000 as published.

A. Sage SalesLogix:

Gartner MQ Comments – Strengths:

- o Good customer support for end users and business partners.
- o Customization and configurability.
- o Supports connected and disconnected laptop deployment models.
- o Large company viability as part of Sage.
- o Alternative for organizations up to 750 users, midmarket and upper-midmarket companies and divisions of large enterprises. Largest deployment is 2000 users.

Gartner MQ Comments – Cautions:

- o The functional footprint is focused more on core opportunity management, not on capabilities such as sales configuration, pricing management, incentive compensation or performance management functionality.
- o Customers cited general challenges in upgrading to post-Sage SalesLogix v7.2 releases, specifically adjusting to new platform changes.
- o Clients have stated the need for better system management for disconnected mobile laptop users to push out changes during the upgrade process.

Sage Perspective on Gartner MQ Comments:

- o Sage SalesLogix maintained its solid position in the 2009 GMQ. This is a positive, considering SalesLogix is being evaluated using the same criteria as and relative to large-enterprise solutions such as Oracle and SAP.
- o Sage SalesLogix offers SMBs and divisions of larger enterprises outstanding value for full-featured CRM.
- o The authoring Gartner analyst has personally acknowledged Sage SalesLogix as an 'enterprise-class' vendor by virtue of its position in the upper half of the GMQ and its base of mid-enterprise customers.
- o Gartner again recognized Sage SalesLogix for its customer support and for the expertise of its business partners, as well for its customization capabilities, deployment options and flexibility. The viability of Sage as a company is also noted as a strength.
- o Gartner noted that Sage SalesLogix does not contain certain specialized sales automation functionality out of the box, however many customers and/or their partners have taken advantage of the robust customization capabilities of Sage SalesLogix to create custom solutions, and/or have integrated with a best-of-breed solution to deliver this functionality to users. Sage SalesLogix offers a number of "Endorsed Partner Solutions" that meet Sage's standards for quality and integration.
- o Gartner cited general challenges for customers upgrading from older versions of Sage SalesLogix to the new Sage SalesLogix web platform. Sage and its business partners work hand in hand with each customer to ensure the success of their upgrade. This comment was based on the analyst's interactions with a small sample of Sage SalesLogix customers, and it is not necessarily representative of the general customer population. New customers would not be subject to the perceived upgrade challenges, and may select their preferred deployment model – Windows or Web – or may deploy a hybrid solution.

A. Sage CRM:

Gartner MQ Comments – Strengths:

- o Core opportunity management and end-user system usability.
- o Customization and configuration capabilities (focus of 6.2 release).
- o Good solution for Sage ERP customers due to Sage CRM integration focus on enabling end-to-end business process support, such as “opportunity to cash.”
- o Supports disconnected laptop data synchronization; however, customers must be slated to the budget for quality assurance time to test laptop versions separate from server versions.
- o Large-company viability as part of Sage.

Gartner MQ Comments – Cautions:

- o Non-Sage ERP customers are not the strategic focus for Sage CRM.
- o Multiple delivery options (on-premises and SaaS) are difficult to sustain release compatibility.
- o Limited sales functional footprint and partnerships for functional support for capabilities such as sales configuration, incentive compensation.

Sage Perspective on Gartner MQ Comments:

- o Sage CRM is a comprehensive CRM solution with deep ERP integration capabilities aimed specifically at SMBs who want an easy-to-use and easy-to-deploy solution. Gartner has validated this in the 2009 SFA Magic Quadrant.
- o Gartner calls out Sage CRM’s strong core opportunity management and end-user system usability, underlining its strength in managing sales teams and the opportunity management process as well as the ease-of-use of Sage CRM.
- o Gartner recognizes Sage CRM as a “Good solution for Sage ERP customers” due to Sage CRM’s integration focus on enabling end-to-end business process support, such as "opportunity to cash."
- o Regarding Gartner’s caution that: “Non-Sage ERP customers are not the strategic focus for Sage CRM,” Sage is committed to providing deep integration between Sage CRM and Sage’s market-leading ERP products around the globe in order to deliver an extraordinary customer experience to Sage customers internationally. Based on recent research, we know that non-Sage ERP customers also are attracted to Sage CRM because of its ERP awareness and integration capabilities, as well as its price/value, flexibility, ease-of-use and full suite CRM functionality.
- o Regarding Gartner’s caution regarding multiple delivery options (on-premises and SaaS), Sage CRM offers flexible deployment options, allowing customers to choose between on-premise and on-demand versions, with a migration path between the solutions as business requirements evolve.
- o Gartner state that Sage CRM has a “limited sales functional footprint and partnerships for functional support for capabilities such as sales configuration, incentive compensation”, however the flexibility and customization capabilities that Gartner praised within Sage CRM, mean that partners and customers alike are well-positioned to integrate Sage CRM with a wide range of best-of-breed 3rd party applications.
- o Customers and prospects should not be put off by the fact that Sage CRM is positioned as a ‘Niche Player’ on the quadrant – for as Gartner says in the report: “Many vendors in our Niche Players quadrant have better price/value alternatives for less-complex uses.” Sage CRM represents a highly compelling proposition for SMBs at an attractive price point in today’s cost-conscious environment. In fact, recent research conducted with over 200 customers globally cited value for money as the 2nd biggest reason behind ERP integration as the main reason why they chose Sage CRM.

Q. What else should companies know about Sage and the Sage CRM Solutions portfolio that is not covered in the GMQ report?

A. Sage

- o Gartner noted the viability of Sage as a company as a strength. Unlike any other company in our industry, Sage has focused exclusively on the business software needs of small and medium-sized organizations for the last 28 years. With over 5.8 million SMB business application customers around the world today, Sage is globally recognized as the market leader in this important segment.
- o Sage has a portfolio of business management solutions that meet the needs of small-to medium-sized businesses, including CRM, ERP, HR, Payment Services, and more.
- o Sage has a vast, mature partner channel that specializes in implementing, customizing, supporting, and training on SMB solutions for SMB businesses.

A. Sage CRM Solutions

- o Sage places great importance on customer feedback and research. Extensive user testing is done to ensure each of its Contact Management and CRM products are easy to use and meet customer requirements.
- o The Sage CRM Solutions portfolio offers customers the opportunity to be “Customers for Life,” and migrate to a more robust solution as they grow and their business requirements change.
- o Sage offers flexibility to its customers, with access options ranging from on-premise to Web-based to cloud-based and mobile. No other vendor in Sage’s market space can offer this.

Quotes from Gartner Report, Magic Quadrants and MarketScopes: How Gartner Evaluates Vendors Within a Market. (Hawkins, 2008. Report #G00154752)

3.5 How to Use a Magic Quadrant

Your needs and circumstances should determine how you use the Magic Quadrant, not the other way around. To evaluate vendors in the Leaders quadrant only and ignore those in other quadrants is risky and thus discouraged. For example, a vendor in the Niche Players quadrant could offer functions that are ideally suited to your needs. Similarly, a leader may not offer functions that meet your requirements — for example, its offerings may cost more than competitors', or it may not support your region or industry. Use a Magic Quadrant to narrow your list of choices, but don't base your decision only on the model.

5.0 Frequently Asked Questions:

Can Magic Quadrants and MarketScopes be used as vendor selection tools? Magic Quadrants and MarketScopes analyze a market and can help you to focus your search on important criteria. However, they will not provide the details needed during the vendor selection process to align your requirements to a vendor.