Sales Force Automation Buyer's Guide

Focus Research
CRM Group
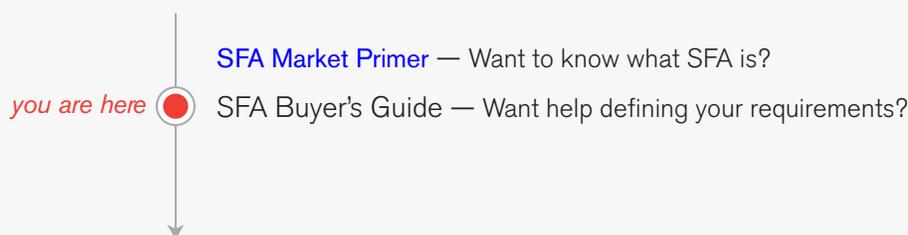January 2009

Introduction

No matter how effective your sales staff is, there's always a desire to boost your reps' efficiency and increase their number of sales. And it's not just a manager's concern; most sales reps are all in favor of increased selling because it translates directly into money in their pockets. But how you go about that may become a point of contention. SFA (Sales Force Automation) comes in many flavors. In too many instances, a product is selected that benefits only the sales manager. In other cases, a solution may not be powerful enough to accomplish the sales organization's aims. In addition, a solution may place undue burden on sales reps to enter data. All of these factors can threaten adoption and take your SFA project from a revenue booster to an IT bust.

Our SFA Buyer's Guide will help you avoid these pitfalls and steer you toward a solution that works well for your company. It will help you match your company's needs with the most appropriate solution and give you insight on what issues you must discuss with vendors before deciding on an SFA product. To reach an informed decision about which SFA solution is right for your company, you should understand four crucial segments: *1) SFA buyer types, 2) product requirements, 3) cost considerations and 4) vendor relationship needs.* Our buyer's guide is structured around these areas:

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Our SFA Buyer's Guide is one of several research reports based on the Foucs Research Methodology, which is designed to support your entire SFA purchase process.

SFA Market Primer — Want to know what SFA is?

you are here ● SFA Buyer's Guide — Want help defining your requirements?

1 Essentials

SFA solutions comprise a set of tools that automates many of the processes that sales reps go through to record, track and monitor their relationships with customers and potential customers, and their interactions with them. For a full explanation of the basics of SFA and an overview of the vendor landscape, see our SFA Market Primer.
The most salient points to consider when beginning the purchase of an SFA solution are:

Buyer: What type of buyer are you and what are your particular needs?

Product: What product features and functionality should you focus on?

Cost: What expectations should you have for price, indirect costs and ROI (return on investment)?

Vendor: What will you need from the vendor during sales, installation and support?

While the product, cost and vendor are clear-cut areas for examination, perhaps the most salient of these four is the buyer. Without an understanding of your specific needs, the issues you must address within your organization and the way your sales staff works, you will approach the other three areas without a proper foundation for making decisions about what product is best for you, the appropriate cost model and the right vendor.

Buyers

We divide SFA buyers into four categories on the basis of the amount of functionality they need, their integration requirements, the amount of internal IT resources and the cost sensitivity their companies have. Those categories are:

1 out of 2 buyers said the **right mix of features** was the most important factor in choosing an SFA solution

Basics Buyers: Organizations that want core contact-management features in the quickest, easiest and least-expensive solution

Fast Featurists: Organizations that want to take advantage of advanced functionality without a complicated implementation

Enterprisers: Organizations that focus primarily on scalability and integration with other applications

Verticalists: Organizations that need features unique to their industries

Product

Certain features are prerequisites for an SFA solution. If any of the following are missing, you need to drop the tool from consideration:

- Contact management
- Activity list
- Database
- Email module
- Scheduling tool

More advanced features can tilt your decision toward a particular product, especially if they fit specific functions unique to your sales team or the needs of your industry. These features include:

- Sales forecasting
- Order management
- Sales-perfomance management

The No. 1 feature requirement among buyers is **ease of use**

Cost

As with any IT purchase, the up-front price may not be the total cost of your SFA solution. There may be implementation and maintenance costs; factor these into your decision making on cost, or the actual price tag of your SFA solution may come as an unpleasant surprise. In addition to the initial cost of your software, be aware that you may need to factor these additional costs into your buying decision:

- Internal hardware expenses
- Third-party integration costs
- Training costs
- Recurring software license fees
- Costs for regular upgrades
- Costs for features not part of the initial purchase (e.g., mobile CRM)
- Support costs

The two benefits most often used to justify SFA purchase costs are:
1. **More efficient sales management**
2. **Better lead management by reps**

Most SFA or CRM solutions require customization to meet the unique needs of the organizations that use them, and those customizations bring with them additional costs. Make sure this is factored into your budget.

Vendor

SFA products may seem similar at first, so focus on each vendor's approach to addressing your particular sales issues. Some are committed to keeping their products simple and sales-focused, whereas others implement their SFA solutions within a more complex CRM infrastructure. If your company doesn't need a high level of integration but plans to grow, make sure you have an idea of whether your SFA solution will grow with you. But don't let the vendor convince you to buy more than you need. Make sure to pay attention to support and upgrades.

> "If you don't have workflow and business processes to worry about and only need to manage business relationships, you may be able to do that with a **single contact-management software application.**"
>
> **Dean Taylor**
> VP of marketing, COMPLETExRM
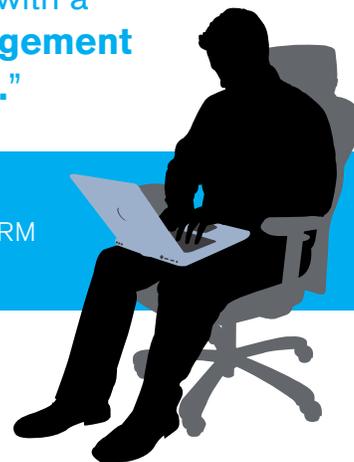> Channel development

You should also be clear on technical issues that could come into play at the beginning and the end of your relationship with the vendor. For example, does the vendor offer any services to help clean up and import your existing customer database? And, in the case of an on-demand SFA vendor, what format would the vendor use to provide your data should your relationship change? Only vendors who can provide answers to these questions should be considered seriously.

In order to prepare you for the decision and purchase process, we'll talk about what these product, vendor and value considerations mean for you, based on the kind of buyer you are. The aim is to help you select the product best-suited to your specific needs and goals. To do that, the first step is identifying what those needs and goals are.

But first, consider what SFA buyers reported are the most important product, cost and vendor factors influencing their selection of a solution. We also asked buyers which single factor they focused on as being most important in their product-purchasing process. Buyers reported the top three as whether the solution met their feature requirements, what the cost of the solution was and whether the product was easy to implement.

Influencing Factors for SFA Buyers

Factor	Score
My requirements	4.9
Product is easy to implement	4.5
Product is easy to maintain	4.5
The solution's cost	4.4
Vendor's reputation	4.1
Solution's financial benefits	3.8
Available support resources	3.5
Quality of vendor's employees	3.5
Vendor's focus on companies my size	3.5
Vendor's industry expertise	3.3
Vendor's roadmap	3.2
Vendor's price model	2.9
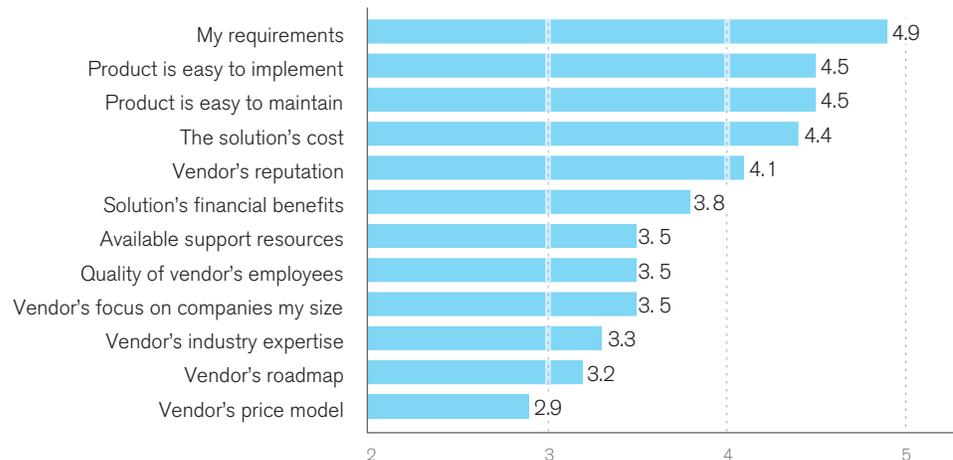
Based on a poll of SFA buyers ranking purchasing influences on a scale of 1 to 5, with 1 being the least influential and 5 being the most influential.
Source: Focus SFA Buyer's Guide Survey, December 2008

49% of SFA buyers told us that a close match to their company's specific requirements was the most important factor influencing their choice of an SFA product.

Top Advice from Other Buyers

We asked SFA buyers what advice they would give a friend who was purchasing an SFA solution. Their responses, borne of real-world experiences, illustrate both the pitfalls of buying SFA solutions and solid ideas to embrace during the buying process. In their own words, here is some of the best advice we heard from real SFA buyers.

"There are a lot of really good products out there, but when you look hard you'll see most just aren't right for your business. You owe it to yourself to really do the research — just because a solution is right for one company doesn't mean it's necessarily right for yours."

> **Sarah**, analyst for a professional sports team
> 51-100 Seats
> Selected Microsoft Dynamics CRM 4.0

"Pick five vendors and do the demos for each. Allow a full day for them and, most importantly, take your time. I chose hastily the first time and paid for it severely."

> **Jeff**, owner of a window filming company
> 6-10 Seats
> Purchased Salesforce.com

"Maintain a commitment to training until your salespeople develop proper habits in using the system."

> **Shelley**, owner of an IT support company
> 1-5 Seats
> Bought SugarCRM

"Play with it first! Do a full set up including the dummy data. Have your employees play with it. Play with interaction reporting. Push the limits with it!"

> **Patricia**, director of a transportation company
> 26-50 Seats
> Decided on SugarCRM

"You need to have more than one person making the decision. Really, you need a committee doing the research and deciding as a group what's best for your company."

> **Aurthur**, manager at a software company
> 25-50 Seats
> Bought Goldmine

"The vendors are going to push you. They'll tell you they'll give you a deal 'at the end of the month.' It's a bunch of BS. Make them sweat it out. They'll come down if they have to wait! Once it gets competitive and they know it's competitive, prices change really quickly."

> **Wayne**, IT manager in a direct sales organization
> 11-25 seats
> Picked Sage Saleslogix

"If an on-demand company goes broke, you can be left high and dry. That is the one reason I didn't go with a SaaS company. If I have a bad month and I can't afford them, they will shut me off."

> **Charlotte**, owner of a business support company
> 6-10 Seats
> Opted for Goldmine

Buying In-Depth

There are three key areas that you must focus on when deciding your needs during the purchase process. You need to factor in what type of buyer you are. You need to consider product features — both basic and advanced. And you must budget your anticipated costs. Without these considerations, you'll be merely guessing at a product option rather than making an educated purchase decision.

Buyers

What type of buyer are you and what are your particular needs? Without an understanding of your specific requirements, the issues you need to address within your organization and the way your sales staff works, you will lack a proper foundation for making decisions about the most suitable product, the appropriate cost model and the right vendor.

While every buyer's circumstance is unique, there are some qualities that allow us to divide them into the four distinct groups outlined below. Identifying with a buyer group will help you prioritize what feature, cost and support considerations to focus on when interacting with vendors during the sales process. In our later product, cost and vendor sections, we reference what special considerations certain buyer types should undertake.

Keep in mind your organization may share characteristics of more than one of these groups, so craft a plan that incorporates the aspects that reflect your unique needs as you move through the process of selecting a product and vendor.

> "Most of the time **vendors are trying to sell software** and not help solve a company's pain. The two don't have to be mutually exclusive, but the **pain should be the focus**, not the functionality the software provides."

Caroline Margozzi
Sales director, Market2Lead
Vendor

Which Buyer Type Are You?

Basics Buyers: Want the core contact-management basics in the quickest, easiest and least-expensive fashion. Products applicable for this type of company include ACT! and Prophet.

- Tend to be small businesses and very cost-conscious
- Need the most basic functionality of contact management
- Require no integration
- Have no internal support

Fast Featurists: Would like to take advantage of advanced functionality without doing a complicated implementation. Product examples for this type of user include Salesforce.com, Sage Saleslogix and Microsoft Dynamics CRM.

- Tend to be small to medium-sized sales organizations
- Would like more advanced functionality
- Want the option of some basic integration (with other external systems)
- Have limited internal support

Enterprisers: Need to focus on integration and scalability. These users should consider products from Oracle/ Siebel, SAP and Infor, among others.

- Tend to be medium-sized companies to large enterprises with complex business processes
- Need advanced functionality
- Require advanced data and systems integration
- Have full internal support resources

Verticalists: Need features unique to their industries that may trump other concerns. Solutions catering to specific industries include Treehouse Interactive for channel sellers and Pivotal for financial services.

- Tend to be industries with specialized selling and servicing models (e.g., real estate) or have to meet stringent regulatory or compliance issues (e.g., health care)
- Industries include channel vendors, health care, financial services and real estate

Product

Every SFA solution can be differentiated by its features — some basic and mandatory, others more vendor-specific and unique to different user needs. The battle to create a competitive advantage among SFA vendors has led to a diverse menu of features to examine during the buying process. Also, SFA solutions may have other unique attributes that may make them ideal fits for your company. We've laid out the most important of these below.

The three most important criteria to respondents were:

1. **The right features: 48%**
2. **The right cost: 18%**
3. **Ease of implementation: 12%**

Source: Focus SFA Buyer's Guide Survey, December 2008

Essential Requirements

Every SFA solution should include a core group of features. Avoid products that lack these prerequisites because they will not be effective. In order to qualify as an SFA solution, the product by definition should include the following:

Contact manager: This tool keeps track of contacts — names, phone numbers, email addresses and basic company information. A good SFA product should be able to import data from a variety of sources, including Web 2.0 sources — blogs, social-networking sites and other Web sites where people voluntarily offer up details about themselves (see Advanced Requirements below).

Lead tracking: Tied to the contact list, this tool tracks all activity — calls, visits, conversations, demos and other events in the sales process — so that sales reps have a complete, at-a-glance history of each customer's interaction with his or her organization.

Database: This feature stores lead and customer information in an easily accessible format.

Email module: While you probably already have a corporate email system, SFA solutions include an email system that integrates into your corporate system. This allows data from sales-focused emails to be incorporated directly into the SFA database, the scheduling tool and the contact manager.

> "Consider not only your current scope and needs, but also potential future scope and needs. This should be a **long-term investment.**"
>
> **Michael Hanna**
> Sales consultant, Sales Op Solutions
> Industry expert

Scheduling tool: Essentially an electronic replacement for a sales rep's appointment book, this tool allows data to be populated to other areas of the SFA solution (and, if the solution is integrated into them, into marketing, finance and manufacturing systems) and provides other employees in the organization the ability to see the availability of reps and the nature of the clients with whom they are spending time.

Advanced Requirements

To differentiate their products, vendors have added features that improve their core SFA systems' functionality and aim to maximize productivity gains. Though all of these features are useful to some degree, some will be better for your organization than others. Buying functionality you don't need can be expensive and will introduce a layer of complexity that can hamper adoption. Settling on a bare-bones solution, however, can leave you without a path to expansion. Read through the following features, which are the most prevalent advanced features. Note which ones you need now, and which ones your company might find useful in the near future. Use this list to help trim your product list when you reach the buying process.

Mobility: Creeping from a "nice-to-have" to a "must-have" feature, a mobile capability for SFA is highly desirable if you

have sales reps in the field. Mobility can mean different things to different vendors; for some, it means the ability to link to the entire SFA database from the field; for others, it lets the sales force download and take specific parts of the SFA database with them in a handheld device, with little ability to retrieve new information outside of the office. Mobility for SFA is a complex subject right now, since there are few standards and multiple avenues for delivering it.

Activity workflow management: Another once-advanced feature that's becoming increasingly popular, this tool enables sales managers to establish and track step-by-step sales processes which their sales reps need to follow based on specific activities that take place during the sales process.

Prospect manager: This tool lets sales managers handle potential sales leads collected through the organization's Web site and assign them to sales reps on the basis of predetermined rules and policies.

Contract manager: This integrated part of the customer-management system tracks and maintains contract information for licensing or services.

Advanced contact management: In the past, when contacts moved —either from company to company or within a company — the result for salespeople was a lost contact. Now, thanks to advanced contact management, contacts can be automatically tracked as they move, and sales reps are alerted to when new contacts fill their past positions.

Automated lead capture: This tool lets you import data from forms on your organization's Web site directly into the SFA system.

Automated quote generation: By tying into back-office applications, this feature can let sales reps quickly generate quotes using the most current pricing, discount and delivery data.

Web 2.0 features: These tools span a wide range of functionality, including importing customer data from social-networking sites, monitoring blog RSS feeds to track lead behavior and drawing data from customer communities established by either the vendor or the customers themselves. This functionality is rapidly expanding and is currently limited primarily by the imagination of the users, not by any technology concerns.

Integration with call center software: While this is extremely important in inside-sales scenarios, it is also a useful tool in organizations where sales and support functions overlap.

Order management: This feature tracks the status of orders, which adds an additional layer of visibility into the pipeline and keeps sales reps from being blindsided if customers are experiencing delivery issues.

> "Every organization is different and CRM customizations are costly and cumbersome. You will want to choose the solution with the best **out-of-box** fit to minimize performance issues and save you from wanting to tear your hair out after the thing is implemented."

Jared Vestal
Database marketing manager, Cision
Vendor

Territory management: Managing which regions reps are charged with selling can be automated, which makes it much easier to adjust territories and reassign assets based on the most recent data.

Sales performance management: These products automate the process by which sales reps are paid, not just in terms of commissions but in terms of bonuses, spiffs, contests and other incentives that are often difficult to track. They also ensure there are no conflicts between programs that could adversely affect either the sales rep or the organization, and they allow reps to understand their own compensation.

Customer profitability analysis: Often, the customer with the highest gross sales number is not the customer yielding the highest profits; in other cases, insufficient attention is paid to growing customers who are very profitable. These tools reveal the level of profitability of various customers, allowing sales managers to understand where sales resources should be committed.

Sales training solutions: This technology aims at keeping sales reps up-to-date on policies, techniques and market trends on an as-needed basis – and without taking them away from the job of selling. The current generation of sales-training tools can detect events automatically, pop up boxes with tips to help in real time and file away events to provide reps with training customized to the areas in which they need improvement.

Sales pipeline analysis: An extension of business intelligence tools, these applications provide a snapshot of the sales pipeline to give a better idea of the true state of sales efforts. For instance, a company with $10 million in the sales pipeline would not want to have $8 million of that at any one stage of the pipeline. Without visibility into the status of deals, the sales manager is forced to go by the reassurances of his reps and can't shift assets to address imbalances in the pipeline.

What's the Biggest Differentiator?

We asked SFA buyers what feature most differentiated the products they researched:

1. **General ease of use: 25%**
2. **Contact management functionality: 10%**
3. **Integration with systems: 10%**
4. **Reporting for managers: 8%**
5. **Data entry: 8%**
6. **Outlook integration: 6%**

Source: Focus SFA Buyer's Guide Survey, December 2008

Other Product Considerations

Beyond basic features, you also need to determine what type of solution you're looking for. Depending on your internal resources, your company size and your budget, you may decide to purchase on-premise, on-demand or open source SFA solutions.

On-Premise vs. On-Demand Solutions

While these two delivery models are often viewed in the context of cost, there are issues around their use and deployment that should be factored into your decision-making process. On-demand solutions — also known as SaaS (Software as a Service) and delivered over the Internet — are easier to deploy; the IT and infrastructure demands are far fewer than with an on-premise solution; and issues like backups, software upgrades and security are handled by the vendor, removing that burden from your organization. The downside is that on-demand solutions tend to be far less flexible when it comes to customization, so if your circumstances demand multiple custom features, your ability to use an on-demand solution may be severely limited.

Open Source

Open source SFA solutions, written using programming languages that are "open" and not proprietary, are often considered because they are typically less expensive than proprietary software. For companies with the skills in-house (or who don't mind working with a partner), open source provides a great opportunity to customize solutions and a flexible alternative to on-demand solutions.

How Buyers Rated the Most Important Features in an SFA Solution

No matter how rich the functionality of an SFA solution, it will be a wasted investment unless the sales reps and sales managers start using it. Even the most sophisticated tool is useless if your sales force doesn't take advantage of it.

Our research revealed that SFA buyers are coming to this realization. The top two priorities cited by buyers were ease of use and ease of data entry, both of which are critical factors in adoption. Ease of use manifests itself in the design of the interface; a complex, hard-to-read interface is not as likely to gain acceptance as a clean, straightforward and familiar interface (which is why several SFA applications, such as Avidian's Prophet and Microsoft CRM Dynamics Online/4.0, use Outlook as the basis for their interfaces). Data entry is another adoption killer; if the SFA solution forces the sales rep to spend an inordinate amount of time typing information into the system instead of selling, the system is likely to be little-used.

Reporting, both for reps and for sales managers, was also viewed as extremely important, with its importance increasing with the size of the company surveyed. Large businesses with larger work forces were also more likely to rank rep alerting and workflow management as more important.

From an IT perspective, data integration was seen as a bigger priority for larger organizations, which makes sense: small businesses have fewer business systems to integrate, so many have yet to experience the growing pains caused by increasing complexity.

What Unexpected Costs Could You Face?

31% of the buyers we interviewed said to be careful of unexpected direct or indirect costs in addition to license and subscriptions fees. Top warnings included:

⚠ Unexpected implementation costs
⚠ Unexpected staff costs for maintaining the software
⚠ Unexpected product upgrade/licensing costs

Source: Focus SFA Buyer's Guide Survey, December 2008

How Different Buyers Approach Product Considerations

Basics Buyers: Ease of use, ease of data entry and contact-management features

Fast Featurists: Ease of use, ease of data entry, reporting for sales reps and Outlook integration

Enterprise Buyers: Ease of use, reporting for sales reps and alerts for sales reps around customer activities

Verticalists: Unique features designed for their industry or unique sales environment

Cost Considerations

SFA is not inexpensive. On-demand SFA solutions carry a price tag starting at $75 per user per month, while on-premise software licenses can run to more than $1,500 per seat. Add three times that for integration, customization and configuration. Do not be swayed by a low initial price tag for any SFA solution; it could disguise higher recurring costs down the road for maintenance and integration.

The Pricing Model That Is Right for You
There are two dominant delivery and pricing models for SFA and CRM right now: on-demand (SaaS) and on-premise. In most on-premise deployments, the user buys the software license and pays an annual fee for its maintenance. In addition, the user must also have the infrastructure — datacenter, servers and so on — to support the software. On-demand is often described as a subscription-based service; the vendor provides the software and delivers it over the Internet. The infrastructure is provided and maintained by the vendor. In addition, software upgrades, backup and other routing IT tasks are performed by the vendor.

"**Coercing your sales teams** to use the SFA system — because you won't pay them commissions unless they do — simply ensures all deals are entered the day before close. Sales teams need to acknowledge they can't 'not' use the system, because they are much more effective when they do."

David van Toor
Senior vice president and general manager, Sage CRM Solutions North America
Vendor

Although on-demand SFA has a lower cost of entry, over time on-premise SFA can be more economical than on-demand SFA. However, the timeline of that crossover varies from company to company. For example, a company with a large IT staff already in place would likely see the balance of value tip toward an on-premise solution fairly quickly, since the infrastructure and human skills needed to manage it are already in place. At a smaller company, the costs of buying hardware and hiring and retaining IT staff could drive the real investment up and could push to the point where on-premise was the cheaper option far out into the future. That said, the on-demand model is gaining traction within larger companies as well for its ability to limit the amount of investment in IT infrastructure and employees.

Also, on-premise solutions, with their significant up-front costs, are often paid for out of a company's capital expenditures. On-demand SFA, with its subscription model, is often paid for out of the operational budget. The internal budgetary needs and pressures at your organization can thus affect your choice of a pricing model.

Defining ROI

Any adjustments made to a sales process have the ultimate goal of increasing sales, revenue and margin. However, isolating factors from one another is difficult and can make the bottom line a misleading indicator of how well an SFA investment has paid off. High-level measurements, like improved productivity, are also difficult to measure and can provide misleading indications of SFA effectiveness. It's important, however, to develop a ROI case to demonstrate how the technology is affecting your organization. If you're a large company, this is useful in easing any concerns from the CFO and financial side of the business; if you're in a small or medium-sized organization, an ROI case can help ensure that you have made and continued to make the right investments, especially if you have selected an on-demand solution and want to make sure it's the correct one.

Top 5 Things to Know About Your Vendor

Other than product functionality and performance, we asked SFA buyers what the most important thing they should know about vendors before making the purchase.

1. **Support process policies: 35%**
2. **Product roadmap plan: 24%**
3. **Long-term financial viability: 18%**
4. **Implementation process: 18%**
5. **Prices for licenses and expansion: 6%**

Source: Focus SFA Buyer's Guide Survey, December 2008

There are sales-related metrics that can provide a more realistic insight into how well an SFA solution is performing than the broad, organization-wide criteria often employed. If you're a larger organization, make sure you have an ROI case on sales metrics and work with your vendor to implement the solution most applicable to your company. Some examples of these include:

- Time to lead qualification
- Order to cash
- Churn rates
- Error reduction
- Cross-sell ratios
- Increased orders
- Accelerated speed through the sales pipeline

How Different Buyers Approach Cost Considerations

Basics Buyers:	Emphasis on low initial cost and low maintenance overhead, often delivered in an on-demand model
Fast Featurists:	Emphasis on low initial cost, with some budget directed toward integration (usually through internal resources)
Enterprise Buyers:	Emphasis on low lifetime costs, with higher initial costs and significant investment in IT resources and maintenance
Verticalists:	Emphasis varies by size and technical capability

Vendors

What to Look for in a Vendor

There are many small SFA vendors out there, and many of their products are very good. However, the one thing you should look for in your SFA vendor is stability and track record, especially if you opt for the on-demand model. In that scenario, you are entrusting your data to the vendor, and if the vendor's history has been peppered with poor data management, updates that fail to go smoothly or arbitrary increases in price for existing customers, you can expect to suffer those things in your own implementation.

Demand the vendor's policies for moving your data if you outgrow your solution; change from a hosted to an on-demand option; or require a new solution due to acquisition or bankruptcy, for example. SLAs (service level agreements), as well as data recovery and security policies should be in place.

The sudden collapse of on-demand CRM company Entellium cast in stark relief what can happen if a hosted CRM provider suddenly is unable to deliver on what it has promised — but still has all your SFA data in its possession. This exemplifies what happens when a company is left to start the vendor decision process from scratch, and in a hurry.

For any SFA vendor, a look at the interface will be crucial.

> **"Clearly define your sales process before you decide upon technology.** If the SFA/CRM technology you're researching can help streamline your process, automate your process and report on your process, then it's probably a good choice."

Brent Leary
President, CRM Essentials
Industry expert

That makes a demo — ideally, with real data — vital. The demo was given as the single most useful decision-making tool a vendor could provide in our survey of recent SFA buyers. In fact, the importance of a demo was cited by fully half of the respondents. If a vendor doesn't offer a fully functioning demo, beware.

Next, look at the vendor's history of updating the product. Is the vendor ahead of the curve in adding features for developing sales strategies and technologies, does it lag or is it incorporating too many features that have yet to become important and thus needlessly increase the complexity of the system? How often are upgrades made and announced? How well are those upgrades organized — are they grouped around concepts, or are they simply a random collection of new features that touch various unconnected parts of the sales process?

SFA Buyers Say

45% of SFA buyers report that **a good demo** is the most useful thing a vendor can provide during the selling process.

Source: Focus SFA Buyer's Guide Survey, December 2008

Finally, examine the history of the vendor around costs and fee increases (subscription fees for SaaS vendors or software license fees for on-premise providers). Sudden out-of-character jumps in recent price structures may signal a company that's unsure of itself and may be a less than desirable partner.

The Sales Process

The first step in the purchase of an SFA product is to understand how your sales staff sells. Formalize that process if it hasn't been done already. It is difficult to automate a process that doesn't already exist. Also, formalize your vision. Determine how your choice will have a role in your company's competitive advantage. Otherwise, you won't realize the expanse of features in an SFA solution.

The complexity of SFA products varies considerably, ranging from fairly basic contact-management systems to complex systems integrated into CRM solutions. There is a place for each type of SFA; in fact some vendors, notably Sage Software, have SFA solutions that cater to each end of this spectrum.

Starting the Buying Process

After determining your company's general needs, your internal IT sophistication and the way your sales team works, you can begin to intelligently explore the purchase of an SFA solution.

First, based on your initial research, make a formal list of required features an SFA solution must have to be successful in your organization. This must address the current pain points as well as areas for future improvements. Weigh this list and divide it into two groups of features — the "must-haves" and the "nice-to-haves." Must-have features are exactly what the name suggests: features whose absence will render an SFA implementation useless. "Nice-to-haves" are those features that clearly would result in productivity gains, better organized sales efforts or more effective management of leads. They address issues that are not pressing problems now, do not appear to be pressing problems in the near future and fail to justify additional expense to incorporate at this time.

Next, determine the degree of integration the SFA solution will have with other business systems within your organization. If there is a companywide desire to combine SFA with CRM, ERP (enterprise resource planning), accounting, order fulfillment, marketing or business intelligence applications, that task will be made easier or harder by your choice of an SFA solution. Some sales teams' SFA tools are standalone systems that are used and viewed only by the sales staff. Other teams are integrated into other department functions such as marketing, service and inventory. There are a host of products on the market that function like advanced contact management systems; others include SFA as one ingredient in a bigger CRM strategy that includes marketing, customer-loyalty programs and advanced analytics.

If your company is not planning to implement a CRM system, a more basic contact-management tool might be the right choice for you. On the other hand, if the entire company is committed to a customer-centric philosophy, it would probably be best for you to examine a more robust SFA solution that is part of or can be easily integrated with a CRM system.

As in a CRM purchase, buyers should understand the internal resources available to them for the implementation of an SFA solution and make an honest assessment of whether a third-party consultant should be employed for vendor selection, implementation or both. The need for easy integration and customization will influence where vendors end up on your final list — do not underestimate the impact a choice now could have on your IT resources later.

Once you know what you're looking for, begin to explore vendors. One good way to do this is to look at comparison guides (such as the one on InsideCRM.com) that present the various solutions' features in a straightforward, unbiased fashion. Remember: the must-have features are critical to your business. Any solution that leaves one or two out needs to be removed from consideration, regardless of its price or other factors not related directly to functionality.

After this initial cut, you should have a short list of vendors. Rank those vendors against how well your research indicates they handle those must-haves. For instance, if your sales force is heavily dependent on Outlook for its email, an Outlook-based interface like that provided by Prophet might be preferable to you than a custom, product-specific interface, regardless of how easy-to-use and well-designed that interface may be. Alternately, if your sales force works in a way that would benefit from a more customized interface, a product such as Sage's SalesLogix might rank higher on your short list.

During this stage, gauge the unique aspects of your sales staff and their processes. By including your sales staff in the process and allowing them to have input, you will increase adoption of the final choice of an SFA product in two ways. First, the product will work in the way the sales staff works. Second, the staff will be partners in the selection and will champion the new system instead of feeling like the hapless end users of an SFA system they didn't see until it was required that they use it.

How Did Buyers Feel about Support?

Nearly two-thirds of SFA buyers are satisfied with support from their vendors.

64% satisfied

22% neutral

13% dissatisfied

Those not satisfied were unhappy because of:

⚠ Slow response times

⚠ High support costs

⚠ Lack of support for customization

Source: Focus SFA Buyer's Guide Survey, December 2008

Don't forget representatives from management, sales, marketing, customer service and any other group that affects your company's relationship with customers and prospects, as well.

With your ranked list in hand, start contacting the vendors and request a demo, and if possible, ask for a trial period to evaluate the solution. Again, having input from the sales reps is very important during this stage, and this is also a great time to add input from the IT team members who will have to implement and support the solution. The demos should provide you with a concrete idea of how the SFA products on your shortlist operate and how people in your company will relate to them. Re-order the list accordingly and move to the next step in the buying process.

Return to the top candidates on your list and discuss the terms and costs in-depth. For on-demand solutions, obtain a specific set of costs for everything associated with a product — not just the software costs, but also the costs of storage, customization and other aspects that may be hidden in the basic pricing. This is an excellent time to discuss support, especially if you are planning to buy an on-premise solution.

Using a Third Party or Vendor Professional Services

Although simple SFA implementations in small organizations are generally straightforward, especially when an on-demand solution is used, additional complexity in the organization of the SFA product may call for the assistance of a third party — a systems integrator or a consultant. If you work through a third party, your ability to employ these tactics may be somewhat limited. For instance, many resellers work with a limited constellation of vendors, so your ability to choose from the entire range of SFA products is likely to be constrained. That said, a partner can be a major asset if your company does not have the in-house expertise to work through the above steps.

Similarly, some vendors provide professional services to help with implementation and customization. These services are typically employed by medium-sized companies, and although most large organizations have IT resources in-house, they too may also use the services of a vendor, at least temporarily, to ensure a solution is working up to its potential and the company is reaping the full benefits of SFA.

 If your company does not have the time for serious discernment or lacks the knowledge to be confident doing it, the increase in time-to-solution and in confidence in the final decision could offset the higher cost of employing a reseller or a vendor's professional services offering.

Support Process

Buyers should always try to find data on user satisfaction with support. Better still is talking to current users of the system. Not all support offerings are created equal, and knowing exactly what each vendor's idea of support is will save you from headaches — and dashed expectations — down the line.

It's also important to remember that the difference between good support and bad support can be due to cultural mismatches between the vendor and customer. Some organizations want to get help over the phone, others over email. Some organizations have different expectations of response times. Some vendors simply don't provide support at the proper level of sophistication for the company size that they are targeting. In our study, two-thirds of the respondents were satisfied with the support they received — but a full one-third of them was dissatisfied or had a neutral opinion.

It pays to treat support like any other feature you would explore during the demo and "test-drive" period. Any problems you encounter with support in the demo phase are likely to recur if you go live with that solution. Knowing about these issues in advance will help you make the right choice for your organization.

Vendor support is a very important issue. But as more and more software providers move toward the subscription model, those with the highest support levels will be the ones left standing.

Buyer Dissatisfaction — What to Watch For

No factor is more important for a buyer of an SFA system than whether his or her sales reps will actually use the system. Adoption is the first and biggest hurdle for SFA, so buyers need to understand a little about their own sales teams before investing in an SFA solution. A guaranteed route to failure is to purchase an SFA solution and then demand that sales reps use it, regardless of how well it maps to existing sales processes. One approach to minimizing confusion and improving adoption is to include the reps in the SFA buying process. Sales reps are more likely to get a solution that works with the way they work, and you're more likely to get buy-in — almost literally — from them.

What Different Buyer Types Need From Their Vendors

Basics Buyers:	Vendor focus on straightforward or standalone SFA tools and cost-effective but readily available support
Fast Featurists:	Vendor commitment to integration in a modular fashion and support attuned to the level of technical sophistication of the organization
Enterprise Buyers:	Vendor whose support process is scalable, whose integration knowledge is significant and whose product roadmap is directed toward increased application integration
Verticalists:	Emphasis varies by size and technical capability

4 Tools

Don't get left in the lurch with a lot of decisions to make and few tools with which to make those decisions. Below, we've included tools and worksheets that will make your cost factoring, product requirements, vendor choice and purchasing decisions easier. Rip these out, pass them along to others in your company or use them to justify your purchase. Whichever route you go, rest-assured that your decision will be a more educated one.

9 Steps to Purchasing an SFA Solution

SFA Buyer Type Worksheet

SFA Product Requirement Worksheet

SFA Vendor Landscape

9 Steps to Purchasing an SFA Solution

Buying an SFA solution is a complex process, and perhaps the most confusing aspect of this process is not the actual purchasing process, but the preliminary steps involved in learning about your own organization, its needs and what SFA features would help address those needs. We've boiled down the SFA buying process to these 10 steps; following this road map can help simplify the process and ensure that you're on the road to buying something that will supercharge your sales team.

1. Know your needs: First, make sure you're ready to make the jump to SFA. Are your leads being followed up on in a timely manner, or are you missing opportunities because the processes you have in place do not scale? If you're starting to lose deals because you can't effectively manage data, you're ready for SFA. Otherwise, hold off — investing too early can be as damaging as investing too late.

2. Understand your sales staff: Before you try to automate your sales staff's processes, you need to know what those processes are. Take the time to speak to managers and representatives to understand what their pain points are, where improvements can make a difference and what fears your staff may have that could impede adoption.

3. Decide whether you're an on-demand or an on-premise organization: Do you have limited capital budget, no internal IT infrastructure and few in-house IT experts? Odds are you're an on-demand organization. Can you afford to invest in IT and have internal resources to maintain and manage an SFA application? You're probably an on-premise organization. But there is no clear-cut breaking point between the two approaches. There are benefits and drawbacks to both, and your particular circumstance may cause you to go against the grain.

4. Determine how deeply your SFA must integrate with the rest of your organization: Is your SFA application going to be used and maintained solely by your sales organization, or does the rest of your company want to integrate the data you capture in SFA to help improve efficiency in other areas? Knowing this will allow you to select the SFA product best geared to your longer-term aims.

5. Assemble a list of required must-have features and nice-to-have features: Although all SFA solutions have the same basic features, you'll want to think about what other functionality can be useful for your organization. Identify things that address your immediate pain points and are predictable in how they can help increase your sales staff's efficiency — these are must-have features. Also, list tools that could help in the future or could become useful once you know how enthusiastically your sales staff embraces SFA. These are nice-to-have features. Keep this list at the ready while looking at SFA products.

6. Determine whether you'll need to work through a third party-partner or professional services:
The IT people in your organization may lack the time to work on an SFA implementation, or they may lack the SFA expertise. That will mean using a third-party systems integrator or professional services from your vendor. Understanding whether you'll need to use outside resources — and understanding what these partners cost and can do — should help avoid a failed SFA implementation.

7. Research solutions that include the features you've identified as critical: For your first cut, select vendors whose products best address your most pressing problems with features that go beyond the basics. Almost every SFA implementation has some customization, but the smoothest implementation will involve one with as little customization as possible. Match vendor features with your critical needs to best achieve this goal.

8. Ask for demos to determine which solutions will be good fits for your organization: The most important thing a vendor can provide during the sales process is a good demo. That doesn't mean a couple of screen images with some canned data — it means allowing you some hands-on time to work with the solution with live information so you can see whether the solution is a good fit. The demo phase is also a great time to try out the vendor's support. If it can't help you when it's trying to sell to you, how will it behave once you've already inked a deal?

9. Examine the payment methods and costs — including support costs — to further narrow the field: Developing a true idea of a solution's TCO (total cost of ownership) can be the final step in deciding between two solutions that are similar in terms of features. That total cost includes subscription fees, support costs, internal IT investments, training expenses and all other associated costs for an SFA solution. A solution with a low up-front cost can become expensive if training is not included in the base price. By the same token, a solution with a high price tag can be a bargain if that price includes thorough support.

Once you've determined that the features and costs are a fit, it's time to pull the trigger and move to the implementation phase. Keep in mind that an SFA implementation is never really over — it will be an evolving system that you have to pay attention to and make changes to as circumstances warrant.

SFA Buyer Type Worksheet

In order to determine what kind of an SFA Buyer you are, it's important to consider what kind of an SFA user you plan to be. This hinges on several key points. Below, we've listed them, with points for each answer. The goal here is not to have the most or fewest points – it's to emerge from the exercise with a better idea of how your company fits into the buyer types discussed in our SFA Buyer's Guide.

1. How large is your organization?

1 point	_____	1-10 employees
2 points	_____	11-250 employees
3 points	_____	251 or more employees

2. How complex is your sales organization?

1 point	_____	1-5 sales reps, all based in-house
2 points	_____	6-25 reps, or 1-25 which are widely geographically distributed
3 points	_____	25 or more reps, in multiple sales teams in multiple locations

3. How integrated will your SFA solution be?

1 point	_____	Not at all — it will be a stand-alone solution
2 points	_____	Integrated with one or two other business applications
3 points	_____	Fully integrated into entire business application ecosystem

4. How much internal IT support will your SFA solution have?

1 point	_____	None
2 points	_____	Some, although it will compete for resources
3 points	_____	Enough, because the IT organization is large

5. How much functionality do you need?

1 point	_____	Basic sales capabilities
2 points	_____	Some advanced functionality
3 points	_____	Fully featured, with the possibility of additional third-party tools

Results: Based on your final points total, your organization probably fits into the following buyer types:

Basics Buyer	5-7	You're looking for a standalone SFA solution that's going to be purely focused on sales.
Fast Featurists	8-11	You're expecting some integration with other business processes, but the goal is still a quick improvement in sales efficiency.
Enterprisers	12-15	You're looking at SFA as an investment that will integrate with and feed data to your manufacturing, finance and marketing systems.

SFA Product Requirement Worksheet

Using this worksheet, you can evaluate your feature requirements in relation to how well vendors meet those needs. Score how well vendors perform the categories you've identified by filling in your ratings in the columns to the right, using a scale of 1 to 5, with 5 being best. If the feature isn't important to your particular SFA implementation, simply leave the field blank. When you're done, add up the columns; your final score should give you an idea of which vendor's solution best fits your needs.

Requirements	Vendor 1	Vendor 2	Vendor 3
General Requirements			
Customizable Reports			
Activity Workflow Automation			
Outlook Email Integration			
Outlook Calendar Integration			
Shared Calendar Functionality			
Microsoft Excel Import/Export			
Customizable Interface			
Section Total			
Contact Management Requirements			
Account History and Tracking			
Call/Email History and Tracking			
Mail Merge for Letters and Faxes			
List Building and Management			
Contact Hierarchy Management			
Time/Date Stamped Notes			
Web 2.0/Social Media Integration			
Section Total			
Lead Tracking Requirements			
Prospect Management			
Automated Lead Capture			
Integration into Drip Marketing Systems			
Section Total			

Requirements	Vendor 1	Vendor 2	Vendor 3
Sales Requirements			
Sales Forecasting			
Order Management			
Product Knowledge Base			
Billable Time Tracking			
Contract Management			
Automated Quote Generation			
Territory Management			
Sales Performance Management			
Customer Profitability Analysis			
Sales Training Functionality			
Sales Pipeline Analysis			
Sales Management Dashboard			
Section Total			
Technical Requirements			
Mobile – Online Access			
Mobile – Offline Access			
Mobile – Remote Synchronization			
XML Support			
Integration with Call Center Software			
Integration with Other Applications			
Open Source-based			
Section Total			
Service and Support Requirements			
Basic Support Package			
Availability of Premium Support			
Self-Help Support Availability			
Wikis, User Forums & Other User-Based Support			
Phone Support			
Email Support			
IM Support			
Section Total			
OVERALL TOTAL			

SFA Vendor Landscape

The following summarizes the vendors serving various areas of the SFA market. While we have tried to be comprehensive, there may be smaller SFA vendors or SFA modules to other business applications we have not included. This list is current as of January 2009.

We've broken vendors into five categories; the first three are based on the size of the SFA customer they serve, while the last two provide hosted products and solutions for vertical-specific industries. Be aware that vendors may appear in multiple categories.

Vendors Serving Small Businesses

AppShore
Avidian
BizManager
Caspian
ClienTracker
Cobault
Concursive
Consona
ContactBook.Net
ContactAdministrator.com
Dalco Technologies
DataForceCRM
Dovarri
EBSuite
Everest Software
FreeCRM.com
FrontRange Solutions
InsideSales.com
Intelisis
Interchange Solutions

Itility CRM
Landslide Technologies
LeadMaster
LeadTrack Software
LongJump
LookOut Software
Market Master
Maximizer Software
Microsoft
NetSuite
NOVAData Information Systems
Nxtranet
OpenBOX
Oracle
ProspectSoft
Relenta
RightNow Technologies
Sage
Sales Team Automation
SalesAhoy

Salesboom
SalesCenter
Salesforce.com
SalesJunction.com
SalesMate
Stone Software
SalesPage Technologies
SamePageSolutions
SmartCompany
SugarCRM
SuperOffice
Surado Solutions
Terrasoft
VanillaSoft
vtiger
xsalesOnline.com
Xtenza Solutions
Zoho

Vendors Serving Medium-Sized Businesses

Aplicor

Caspian

Cobault

Concursive

Consona

ContactAdministrator.com

DataForceCRM

Dovarri

EBSuite

FreeCRM.com

InsideSales.com

Intelisis

Interchange Solutions

Itility CRM

Landslide Technologies

LeadMaster

LeadTrack Software

LongJump

LookOut Software

Market Master

Maximizer Software

Microsoft

NetSuite

NOVAData Information Systems

Nxtranet

OpenBOX

Oracle

ProspectSoft

RightNow Technologies

Sage

Sales Team Automation

SalesAhoy

Salesboom

SalesCenter

Salesforce.com

SalesJunction.com

Stone Software

SalesPage Technologies

SamePageSolutions

SAP

SmartCompany

Soffront Software

Software Innovation

SugarCRM

SuperOffice

Surado Solutions

TechExcel

Terrasoft

VanillaSoft

Vertical Solutions

vtiger

xsalesOnline.com

Zoho

Vendors Serving Enterprises

Aplicor	LeadMaster	SalesJunction.com
Cobault	LeadTrack Software	Stone Software
Concursive	LongJump	SalesPage Technologies
Consona	Maximizer Software	SamePageSolutions
Dovarri	NOVAData Information Systems	Soffront Software
EBSuite	Nxtranet	Software Innovation
Entrepids	OpenBOX	SugarCRM
IFS	Oracle	SuperOffice
Infor	RightNow Technologies	TechExcel
InsideSales.com	Sage	VanillaSoft
Intelisis	Sales Team Automation	Vertical Solutions
Interchange Solutions	Salesboom	xsalesOnline.com
IItility CRM	SalesCenter	Xtenza Solutions
Landslide Technologies	Salesforce.com	

Vendors Providing Hosted Solutions

Aplicor	InsideSales.com	Salesboom
Cobault	Landslide Technologies	SalesCatalysts.com
Concursive	Microsoft	Salesforce.com
ContactBook.Net	NetSuite	SalesJunction.com
ContactAdministrator.com	OpenBOX	SalesPage Technologies
DataForceCRM	Oracle	SamePageSolutions
Dovarri	Relenta	SmartCompany
EBSuite	RightNow Technologies	VanillaSoft
Everest Software	Sales Team Automation	xsalesOnline.com
FreeCRM.com	SalesAhoy	Xtenza Solutions

Vendors Serving Specific Vertical Industries

AIMcrm	Mortgage, addiction treatment, insurance, franchisers, higher education, home improvement, printing and graphics lead aggregation
BNTouch	Mortgage
CDC Software	Financial services, medical-device manufacturing, construction and real estate, manufacturing, legal services, health care insurance
CoreTrac	Financial services
LeadOrganizer	Insurance
MEI	Consumer goods
ProfitCenter Software	Direct marketing
RW3	Consumer packaged goods
SalesChain	Office equipment dealers
Satuit Technologies	Energy, financial services
StayinFront	Life sciences, consumer goods, business
Surado Solutions	Banking and finance, health care, education, homeland security, manufacturing and technology
Target Software	Fundraising
TreeHouse Interactive	Channel sales
Trimble	Consumer goods
XTEL	Consumer goods manufacturing

About **FOCUS**

Our Mission

Our mission is to support business professionals' critical purchase decisions by creating and distributing the highest quality, most relevant purchase research and tool sets.

Our Approach

To ensure maximum insight and relevancy, Focus has designed a four factor approach to buyer-centric research. All research at Focus begins with defining the buyer factor. Categorized in our research as Buyer Types, the buyer factor identifies the buyer needs and preferences in a market that make a difference in selecting the right product and vendor. Buyer Types are studied and developed based on Focus' interaction with thousands of buyers across a category. The buyer factor in turn shapes Focus recommendations on how buyers approach three other critical factors: 1) product requirements, 2) cost considerations and 3) vendor relationships.

Buyer Feedback

In addition to speaking with industry experts and other participants, a critical priority is to integrate feedback from experienced buyers. We speak with thousands of buyers each month and conduct our formal buyer surveys throughout the year.

For more information on our research approach, please visit Focus.