

Evaluating Microsoft, Oracle and SAP CRM Application Strategy

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The quality of the customer experience is a top concern of CEOs, and by extension the CIOs tasked with creating the technology infrastructure to support customer-facing processes. In this research, we provide a way of understanding both the CRM technology direction from key application providers, but also share end-user insight on the changes to their customers' experience that the technology enables. To understand our approach to evaluating the major CRM software suppliers, see "How to Evaluate Your Application Vendor's CRM Application Strategy."

Key Findings

- CRM is primarily about business process excellence, supported by technology. For software vendors, the emphasis is in reverse — business consulting is not their strongest area of competence. They engineer software of varying degrees of sophistication that requires configuration.
- No vendor has an end-to-end CRM software solutions to cover multichannel interaction (mobile, Web, kiosk, contact center, retail) and multiple business functions (e-commerce, e-service, mobile field sales or field service, and customer service). This is one of the reasons that Gartner does not have a CRM application suite Magic Quadrant.

Recommendations

- Evaluate the CRM software offerings of the megavendors based on the specific weightings for your overall corporate IT goals or business CRM goals, or a combination of employee productivity versus the customer experience. The best vendor for you will be the one that most closely aligns with the weightings for your business during the next five years.
- The importance of the criteria rankings to your business depends on your specific business functions, business processes (including communication channel requirements) and geography. Do not use these rankings as a generic tool for the selection of CRM-related software. This is not to be used for side-by-side comparisons of vendors and their CRM products.

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ANALYSIS

This document was revised on 23 November 2009. For more information, see the [Corrections](#) page on [gartner.com](#).

1.0 Microsoft

Through Microsoft Dynamics CRM applications, Microsoft has a sound technology supported by multiple delivery models: software as a service (SaaS), on-premises and partner-hosted. The vendor delivers a strong CRM business application platform. It is working to better segment its market messaging, as there is confusion within the prospect installed base regarding which of the multiple choices is the most appropriate choice for its needs. The core competency is in sales force automation (SFA), and non-industry-specific customer service functionality. Microsoft's strategy is to use their partner network heavily in adding additional user and industry functionality, and they have a large partner network, but it is neither well-documented (searchable) or capable of easy evaluation by prospects for a specific geography or industry.

For a snapshot of the Microsoft CRM strategy, refer to "Vendor Focus for Microsoft: Enterprise Applications, Collaboration and Search," in which Microsoft is rated a Strong Positive for its overall CRM direction.

We summarize the current state of Microsoft's CRM strategy in Table 1 and Table 2.

Table 1. Microsoft: CRM Application Strategy

	Strengths	Weaknesses
Business Productivity	A global customer base from within which to sell its CRM software products. These products augment or extend processes or capabilities from other business applications that form the core of Microsoft's business.	Microsoft Dynamics CRM offerings are largely undifferentiated or provide generic CRM capabilities for customer service, sales or marketing. The primary value proposition for prospects is CRM application integration with other business applications and IT productivity.
Customer Experience	Microsoft has the software assets, through substantial R&D investment, to provide integrated, multichannel marketing, sales, service, collaboration and analytics.	Microsoft has yet to create an impact in the market for differentiating a client's customers' interaction experiences. It requires more industry-specific capabilities and integrated business-process competency.

Source: Gartner (October 2009)

Table 2. Microsoft Criteria for CRM Application Strategy Ratings and Descriptions

Criteria	Subcriteria	Criteria Rating	Description
Marketing and Selling Strategy: Target Market	<i>Business Productivity</i>	Intermediate	Vendor positions itself as selling CRM within its installed base to augment or extend processes or capabilities from other business applications that form the core of the vendor's business.
	<i>Customer Experience</i>	Low	Vendor markets and sells undifferentiated or generic CRM capabilities for customer service, sales or marketing. The primary value proposition for CRM is integration with other business applications and IT productivity, rather than focusing on the customer experience.
Sales and Marketing Strategy for CRM Application: CRM Business Leaders	<i>Business Productivity</i>	Intermediate	Vendor markets and sells primarily to the IT organization, but is engaging the business side in the conversation through the IT department, and is able to articulate some business value.
	<i>Customer Experience</i>	Low	Vendor is unable to articulate to the business how the customer experience can be improved.

Criteria	Subcriteria	Criteria Rating	Description
Customer Service Application Investment Strategy	<i>Business Productivity</i>	Intermediate	<p>Bottom Line: Microsoft provides tactical, operational capabilities for customer service, such as case management, trouble ticketing, returns management, order tracking and complaints management.</p> <p>Background: Microsoft has made an R&D investment to provide a strong toolkit for key functions (e.g., customer service in the noncomplex call center) and baseline functionality for customer self-service, knowledge management and channel integration. Microsoft has built a development platform and needs to enhance management of partners that will deliver industry-specific applications and processes.</p>

Criteria	Subcriteria	Criteria Rating	Description
	<i>Customer Experience</i>	Low	<p>Bottom Line: Microsoft provides customer service and support functionality for single-channel or loosely integrated channel use. It does not have a strong track record in providing a 360-degree analytical view of the customer experience.</p> <p>Background: Microsoft has most of the assets needed to create a world-class offering for the customer experience. Components such as unified communications, SharePoint, Customer Care Framework (CCF) and others will, during the next five years, allow the company to excel in this area.</p>
Sales Application Investment Strategy	<i>Business Productivity</i>	Low	Vendor has made an R&D investment to provide baseline functionality, with the goal of optimizing sales efficiency, such as opportunity management for SFA or e-catalogs for e-commerce. Microsoft has built a development platform to enable partners to deliver industry-specific and sales effectiveness capabilities
	<i>Customer Experience</i>	Intermediate	Vendor has made an R&D investment to provide integrated, multichannel sales and analytics capabilities to support proactive sales (alerts, updates, interactive selling, etc.).

Criteria	Subcriteria	Criteria Rating	Description
Marketing Application Investment Strategy	<i>Business Productivity</i>	Low	Vendor has made an R&D investment to provide tactical capabilities for marketing, such as e-mail marketing, loyalty accrual and redemption; customer data mining; or Really Simple Syndication (RSS). Vendor's marketing capabilities are primarily used by clients to augment another area, such as sales or customer service. Vendor may have software partners it recommends that provide more-robust marketing capabilities.
	<i>Customer Experience</i>	Low	Vendor has made an R&D investment to provide tactical capabilities for marketing resource management or campaign management, but is not focused on multichannel execution (for example, sales, Web, store/branch, contact center, digital media, traditional media, mobile) for different types of customer communications (for example, outbound, inbound or event-triggered).

Criteria	Subcriteria	Criteria Rating	Description
Web and Social CRM Investment Strategy	<i>Business Productivity</i>	Low	<p>Bottom Line: Microsoft has yet to meet the minimum criteria for the Gartner e-service Magic Quadrant, which would be the minimum requirement for Web and social CRM.</p> <p>Background: Microsoft will need to mature a set of integrated offerings in e-commerce, content, knowledge base for self-service, Web chat, collaborative browsing, virtual assistants and interaction recording.</p>
	<i>Customer Experience</i>	Low	<p>Bottom Line: Clients report that their customers are satisfied with the customer-centric Web tools from the vendor.</p> <p>Background: Microsoft needs to develop its partnerships with complementary software vendors and process design firms, in particular the support of more system integrators.</p>
CRM Architecture Investment Strategy	<i>Business Productivity</i>	High	Vendor's strategy is to provide integration at the data level via a customer data management (CDM) strategy across its CRM suite.
	<i>Customer Experience</i>	Intermediate	Vendor's CRM application strategy supports an integrated customer view via CDM.

Criteria	Subcriteria	Criteria Rating	Description
CRM Usability and User Interface	<i>Business Productivity</i>	Intermediate	Clients report that the interface is "usable" but still needs improvement in the form of greater prebuilt business process support.
	<i>Customer Experience</i>	Intermediate	Some key customer information for managing the client relationships is available in predefined fields, but is more static and is not updated in real time without the use of CCF or a complementary product.
Deployment Model Strategy for CRM Application	<i>Business Productivity</i>	Low	Vendor offers multiple deployment options without clearly targeted client segmentation for each deployment model.
	<i>Customer Experience</i>	Intermediate	Vendor's strategy is to position deployment models based on impact on the customer's experience, not with the implicit promise of migrating among deployment options.
Implementation and Support Strategy for CRM Application: Professional Services	<i>Business Productivity</i>	Intermediate	Microsoft professional services partners hit targets and adhere to customer acceptance stipulations.
	<i>Customer Experience</i>	Intermediate	Microsoft professional services partners improve the customer dynamics on a single channel or within an organization.

Source: Gartner (October 2009)

2.0 Oracle

Oracle has a multipronged strategy:

1. Support and extend legacy CRM applications covered by Applications Unlimited.
2. Continue application development with the Siebel 8.x and other selected lines.

3. Gradually migrate to the Oracle Fusion Application stack.
4. Provide well-segmented SaaS CRM applications strategy.

We summarize the current state of Oracle's CRM strategy in Table 3 and Table 4.

Table 3. Oracle: CRM Application Strategy

Oracle	Strengths	Weaknesses
Business Productivity	Oracle differentiates its CRM application based on industry and target markets, with the active support of globally distributed professional service resources. It articulates a vision for CRM beyond its integration with other business applications. CRM is positioned as a lead-in application for new clients.	Social CRM and innovative Web offerings for business-to-consumer (B2C) commerce and customer interaction are not at the same level as its traditional CRM applications for marketing, sales and service.
Customer Experience	Oracle markets and sells primarily to the IT organization, but is engaging the business side in the conversation through the IT department, and is able to articulate some business value.	Oracle has not yet demonstrated support for all four of the basic types of websites: seller, influencer, informer and facilitator. It has yet to release a complete set of social CRM capabilities tied to an e-service suite.

Source: Gartner (October 2009)

Table 4. Oracle: CRM Application Strategy

Criteria	Subcriteria	Criteria Rating	Description
Marketing and Selling Strategy: Target Market	<i>Business Productivity</i>	High	Vendor differentiates its CRM application based on industry and target markets, and articulates a vision for CRM beyond its integration with other business applications. CRM is positioned as a lead-in application for new clients.
	<i>Customer Experience</i>	High	Vendor positions itself as focused on the management, and not CRM, through integration with industry-specific applications.

Criteria	Subcriteria	Criteria Rating	Description
Sales and Marketing Strategy for CRM Application: CRM Business Leaders	<i>Business Productivity</i>	Intermediate	Vendor markets and sells primarily to the IT organization, but is engaging the business side in the conversation through the IT department, and is able to articulate some business value.
	<i>Customer Experience</i>	Intermediate	Vendor can translate business productivity enhancements into the customer experience enhancements for clients, when asked, about 50% of the time.
Customer Service Application Investment Strategy	<i>Business Productivity</i>	High	Oracle provides industry-specific functionality that is process-driven and multichannel. Through its Siebel CRM and other products, it has the basis for a complete set of social CRM capabilities. It delivers a SaaS option in addition to on-premises.
	<i>Customer Experience</i>	Intermediate	Bottom Line: Oracle provides integrated, multichannel customer service and support capabilities to support proactive service (alerts, updates, etc.), as well as support for social CRM. Background: We anticipate further articulation of Oracle's social CRM capabilities, in addition to the success of its SaaS offering for complex contact center environments.

Criteria	Subcriteria	Criteria Rating	Description
Sales Application Investment Strategy	<i>Business Productivity</i>	High	Vendor has made an R&D investment to provide industry-specific functionality that is process-driven (for example, consumer packaged goods and trade promotions).
	<i>Customer Experience</i>	Intermediate	Vendor has made an R&D investment to provide integrated, multichannel sales and analytics capabilities to support proactive sales (alerts, updates, interactive selling, etc.).
Marketing Application Investment Strategy	<i>Business Productivity</i>	High	Vendor has made an R&D investment to provide industry-specific marketing functionality (for example, trade promotion management and market funds development). The vendor also has a vision for enterprise marketing management (EMM) that includes a strong focus on and framework for marketing performance management.
	<i>Customer Experience</i>	Intermediate	Vendor has made an R&D investment to provide integrated, multichannel execution capabilities across communication types (for example, outbound, inbound or event-triggered), with a focus on campaign and offer optimization. Focus is on improving the customer experience to build customer loyalty.

Criteria	Subcriteria	Criteria Rating	Description
Web and Social CRM Investment Strategy	<i>Business Productivity</i>	Intermediate	<p>Bottom Line: Oracle provides integration of the corporate website with the contact center. Oracle provides e-service tools, including a knowledge base shareable by customers and internal personnel.</p> <p>Background: Oracle has not provided customers with a complete road map for e-service and social CRM offerings, and system integrators have not demonstrated broad interest in deploying the entire component set.</p>
	<i>Customer Experience</i>	Low	<p>Bottom Line: Clients report that their customers are satisfied with the customer-centric Web tools from Oracle.</p> <p>Background: The Oracle solutions for Web and social CRM are still focused at the B2B sales organization. Large organizations will look at some of the vendor's e-service solutions, but B2C social CRM initiatives will find more-compelling alternatives.</p>
CRM Architecture Investment Strategy	<i>Business Productivity</i>	Intermediate	<p>Vendor's CRM application strategy provides embedded analytics, dashboards and content in the context of the CRM processes, which are highly usable/consumable by business users and/or the consumer.</p>

Criteria	Subcriteria	Criteria Rating	Description
	<i>Customer Experience</i>	Intermediate	Vendor's CRM application strategy provides relevant and consistent customer communications across all channels and types of interactions, with integration to back-office systems for information relevant to support key customer processes.
CRM Usability and User Interface	<i>Business Productivity</i>	High	Clients (references) of the vendor report that the interface is highly usable. Vendor's CRM interface strategy is mostly focused on Web 2.0 capabilities.
	<i>Customer Experience</i>	High	Vendor's strategy is to actively push relevant information in near real time to customers via alerts, notifications and predefined fields.
Deployment Model Strategy for CRM Application	<i>Business Productivity</i>	High	Vendor offers multiple deployment options, with a portfolio approach to how each option meets specific customer segments.
	<i>Customer Experience</i>	High	Vendor's strategy is to enable interoperability among its deployment options to support a more consistent customer experience.
Implementation and Support Strategy for CRM Application: Professional Services	<i>Business Productivity</i>	High	Both through its own organization and system integrators, Oracle has helped the business drive revenue and cut costs.
	<i>Customer Experience</i>	High	Both through its own organization and system integrators, Oracle has helped the overall business improve the customer experience.

Source: Gartner (October 2009)

3.0 SAP

SAP has successfully evolved the on-premises CRM software over the past three years. SAP recently released SAP CRM 7.0. The application has a flexible graphical user interface and better-defined integration with other SAP modules than do earlier versions. The SAP CRM mobile strategy is largely unproven (e.g., disconnected laptop and smartphones). SAP has strong execution in trade promotions management and marketing department applications. SAP is revamping its CRM SaaS application strategy.

We summarize the current state of SAP's CRM strategy in Table 5 and Table 6.

Table 5. SAP: CRM Application Strategy

SAP	Strengths	Weaknesses
Business Productivity	For the SAP installed base, SAP globally positions itself as selling CRM to augment or extend processes or capabilities from other business applications that form the core of its business.	SAP markets and sells primarily to the IT organization, rather than engaging the business side in conversation through the IT department. It faces an ongoing challenge in showing business users the extent to which SAP CRM can be used as the foundation for business process design.
Customer Experience	SAP positions itself as focused on the customer experience management, not CRM, indicating a sound understanding of the multitouchpoint nature of the customer experiences. It works to achieve this goal through integration with industry-specific applications.	SAP has not yet demonstrated support for all four of the basic types of websites: seller, influencer, informer and facilitator. It has yet to release a complete set of social CRM capabilities tied to an e-service suite. It needs to extend the proven capabilities of its offering for B2C websites and industry-specific Web processes.

Source: Gartner (October 2009)

Table 6. SAP Criteria for CRM Application Strategy Ratings and Descriptions

Criteria	Subcriteria	Criteria Rating	Description
Marketing and Selling Strategy: Target Market	<i>Business Productivity</i>	Intermediate	Vendor positions itself as selling CRM within its installed base to augment or extend processes or capabilities from other business applications that form the core of the vendor's business.

Criteria	Subcriteria	Criteria Rating	Description
	<i>Customer Experience</i>	High	Vendor positions itself as focused on the customer experience management, not CRM, through integration with industry-specific applications.
Sales and Marketing Strategy for CRM Application: CRM Business Leaders	<i>Business Productivity</i>	Intermediate	Vendor markets and sells primarily to the IT organization, but is engaging the business side in conversation through the IT department, and is able to articulate some business value.
	<i>Customer Experience</i>	Low	Vendor is unable to articulate to the business how the customer experience can be improved.
Customer Service Application Investment Strategy	<i>Business Productivity</i>	Intermediate	Bottom Line: SAP provides multichannel (that is, Web, contact center, in-store, mobile) customer service functionality with fully in-line knowledge management and real-time decision support. Background: SAP will need to demonstrate more experience beyond process manufacturing and utilities verticals to excel.
	<i>Customer Experience</i>	Intermediate	Bottom Line: SAP provides integrated, multichannel customer service and support capabilities to support proactive service (alerts, updates, etc.), as well as support of social CRM. Background: SAP clients report that use of the system is providing value, but has yet to demonstrate that the system will drive higher customer loyalty.

Criteria	Subcriteria	Criteria Rating	Description
Sales Application Investment Strategy	<i>Business Productivity</i>	High	Vendor has made an R&D investment to provide industry-specific functionality that is process-driven (for example, consumer packaged goods and trade promotions).
	<i>Customer Experience</i>	Intermediate	Vendor has made an R&D investment to provide integrated, multichannel sales and analytics capabilities to support proactive sales (alerts, updates, interactive selling, etc.).
Marketing Application Investment Strategy	<i>Business Productivity</i>	High	Vendor has made an R&D investment to provide industry-specific marketing functionality (for example, trade promotion management and market funds development). The vendor also has a vision for EMM that includes a strong focus on and framework for marketing performance management.
	<i>Customer Experience</i>	Intermediate	Vendor has made an R&D investment to provide integrated, multichannel execution capabilities across communication types (for example, outbound, inbound or event-triggered), with a focus on campaign and offer optimization. Focus is on improving the customer experience to build customer loyalty.

Criteria	Subcriteria	Criteria Rating	Description
Web and Social CRM Investment Strategy	<i>Business Productivity</i>	Intermediate	<p>Bottom Line: SAP provides integration of the corporate websites with the contact center. Provides eService tools, including a knowledge base shareable by customers and internal personnel.</p> <p>Background: SAP is making strides in offering its SAP Web Channel product, which is an SAP CRM component. We do not see extensive referencability for the suite. SAP does not yet have a production version of its social CRM products integrated with customer service through SaaS.</p>
	<i>Customer Experience</i>	Low	<p>Bottom Line: Clients report that their customers are satisfied with the customer-centric Web tools from SAP.</p> <p>Background: SAP needs to extend the proven capabilities of its offering for B2C websites. It needs to win the support of more system integrators, and to support industry-specific Web processes.</p>
CRM Architecture Investment Strategy	<i>Business Productivity</i>	Intermediate	<p>Vendor's CRM application strategy provides embedded analytics, dashboards and content within the context of the CRM processes, which are highly usable/consumable by business users and/or the consumer.</p>

Criteria	Subcriteria	Criteria Rating	Description
	<i>Customer Experience</i>	Intermediate	Vendor's CRM application strategy provides relevant and consistent customer communications across all channels and types of interactions, with integration to back-office systems for information relevant to support key customer processes.
CRM Usability and User Interface	<i>Business Productivity</i>	Intermediate	Clients (references) of the vendor report that the interface is "usable," but still needs improvement. Vendor's strategy is to incorporate more Web 2.0 capabilities.
	<i>Customer Experience</i>	Intermediate	Vendor's strategy is to make key information more accessible in the application. Some key customer information for managing the client relationship is available in predefined fields, but is more static and is not updated in real time.
Deployment Model Strategy for CRM Application	<i>Business Productivity</i>	Intermediate	Vendor has optimized on a limited set of deployment models, with a clear target focus on specific user segments.
	<i>Customer Experience</i>	Intermediate	Vendor's strategy is to position deployment models based on impact to the customer's experience, not with the implicit promise of migrating among deployment options.

Criteria	Subcriteria	Criteria Rating	Description
Implementation and Support Strategy for CRM Application: Professional Services	<i>Business Productivity</i>	Intermediate	<p>Bottom Line: With either a fixed-cost contract (that is, fixed scope, fixed time, fixed cost or a combination of the three), or a time-and-materials format, the SAP professional service organization (PSO) hits targets and adheres to customer acceptance stipulations.</p> <p>Background: SAP has improved its CRM-related delivery capabilities. It will require broader involvement of global system integrators before SAP will have best-of-breed capabilities.</p>
	<i>Customer Experience</i>	Low	<p>Bottom Line: The PSO deployed a solution that allowed the business to maintain the status quo of the customer experience for that channel.</p> <p>Background: SAP is chosen infrequently as an integrated multichannel CRM platform, limiting the ability of the PSO to improve the overall customer experience.</p>

Source: Gartner (October 2009)

4.0 The CRM Application Strategy Effectiveness Grid

Taking all the factors described in sections 1, 2 and 3 above enables clients to assess the components of the vendor's CRM application strategy based on business productivity and the customer experience, and to compare the strategies' relative strengths and weaknesses. Many factors, such as industry, geography, timing (for example, what functionality is most needed now, in one year and in five years) and preferences for specific technical architectures will impact decision making.

We have not assigned weightings to any of the assessments, as these will be unique to your business requirements. We recommend a simple weighting system of 1, 2, 3 for each component/functional area assessed.

Further, the assessment is to be used in conjunction with any and all existing Gartner Magic Quadrants relevant to your needs. We have included these in the Recommended Reading section.

Figure 1. CRM Strategy Effectiveness

Business Productivity	High	High Business Productivity and Low Customer Experience	High Business Productivity With Intermediate Customer Experience	High Overall Effectiveness of CRM strategy
		Intermediate Business Productivity and Low Customer Experience	Intermediate Business Productivity and Customer Experience	High Customer Experience With Intermediate Business Productivity
	Low	Low Overall Effectiveness of CRM Strategy	Low Business Productivity and Intermediate Customer Experience	Low Business Productivity and High Customer Experience
		Low	Customer Experience	High

Source: Gartner (June 2009)

RECOMMENDED READING

- "Magic Quadrant for Contact Center Workforce Optimization"
- "Magic Quadrant for E-Service Suites"
- "Magic Quadrant for Sales Force Automation"
- "Magic Quadrant for Enterprise Marketing Management"
- "Magic Quadrant for Master Data Management of Product Data"
- "Magic Quadrant for Master Data Management of Customer Data"
- "Magic Quadrant for Field Service Management"
- "Magic Quadrant for CRM Multichannel Campaign Management"
- "Magic Quadrant for CRM Customer Service Contact Centers"
- "Magic Quadrant for Business Process Management Suites, 2007"
- "Magic Quadrant for Marketing Resource Management"

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