Why Customers Buy

Oracle CRM

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The FactPoint Group

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Executive Summary

Oracle asked the FactPoint Group to conduct in-depth interviews with its Customer Relationship Management applications (CRM) customers to gain more insight into the criteria that these companies used in selecting Oracle, and how their business would benefit from using Oracle products. Companies evaluating vendors for their CRM initiatives can use this information to better understand why other companies are selecting Oracle's CRM applications solutions.

Oracle is selected by companies that want to ensure smooth operation among enterprise applications and to avoid the cost of solving integration problems that occur in mixed application environments.

- Tight integration between ERP and CRM would lead to a lower overall cost of ownership, companies interviewed said, and allow them to automate the cycle of customer transactions—from marketing to payment.

- Oracle database users were convinced that Oracle's integrated applications suite running on a single data instance would simplify operations. Some of these companies did not evaluate any other vendor, seeing the purchase as a strategic decision or as a natural progression.

- Oracle buyers also rated the company highly in the following areas:
    - Vertical industry expertise - "Oracle knows our business"
    - Global service and support
    - First rate salesmanship and product presentation

    The following table summarizes the key features and benefits that interviewees cited as their reasons for selecting Oracle:

Features Mentioned	Benefits
CRM-ERP integration out of the box	No custom coding of application interfaces, smoother workflow
Database standardization- Single Instance	Single instance of data eases integration, increases performance
Vertical industry expertise	Features tailored to industry-specific needs
Global capabilities	Supports international operations, such as handling of multiple currencies
Worldwide service and support	Global technical support and hosting options

The results of the study have been summarized in four sections:

➢ Purchase Criteria—reasons to buy CRM software

➢ Decision-makers and Evaluation Process

➢ Reasons for Selecting Oracle

➢ Vendors Considered

Purchase Criteria

Companies interviewed typically began with general criteria for vendor selection. Other criteria were added depending on what the company sought to accomplish with the software purchase: ease of integration with legacy applications, feature/function requirements, a smooth implementation, and low ongoing cost of operation. Buyers typically evaluate vendors' solutions based on the following general criteria:

1. Usability/functionality—Complements existing applications, gains/maintains competitive advantage and increases operational efficiency.
2. Cost of ownership—Includes cost of maintenance, upgrades, user training, and integration with legacy applications.
3. Technology—Key architectural strengths, such as a single customer model, Internet architecture, and support for cross-application business process flows.
4. Pricing—Flexibility, financing options.

Usability/functionality has traditionally been given the most weight in the vendor selection process, however with tight IT budgets and the high cost of maintaining software, evaluation committees are giving equal weight to long-term cost of ownership and architectural features that ensure interoperation as capabilities are added later.

Decision-makers and Evaluation Process

Most companies interviewed had small teams that developed the purchase criteria and priorities, met with vendors and evaluated their presentations and demos, ranked each vendor against the purchase criteria, talked to reference customers, and then made a final selection.

The vendor evaluation groups tended to be multidisciplinary, but the actual make-up depended on the size of the company. These evaluation teams typically involved a CIO or other high-ranking IT manager, an IT staffer charged with the technical implementation, a finance executive (CFO or controller), and a line of business manager/user.

Reasons for Selecting Oracle

Interviews by FactPoint found that companies choosing Oracle had one or both of two concerns as their top priorities—integration and database standardization—and regarded Oracle as better able to address these concerns compared to other vendors evaluated.

- *Integration.* Companies interviewed want to automate CRM processes but at the same time avoid the task of integrating CRM applications with back office applications, especially ERP financials. They also wanted to avoid future integration projects that would result from adding other applications later on. In other words, they favored a suite with pre-integrated functionality that can be engaged as needed, and upgraded, without additional integration efforts.
- *Database Standardization.* Some companies interviewed are making a strategic technical decision to standardize on a single database platform and a complete suite of applications from the same vendor. These decision-makers (usually at the CIO level) believe having a

single instance of data will lower the overall cost of maintenance going forward—of integrating new applications and of maintaining existing ones.

CRM-ERP Integration

Avoiding the task of integrating CRM applications with either an existing ERP system or a separately purchased ERP solution was the dominant reason driving the selection of Oracle over other vendors. Participants said the kind of business processes they want to support require that these two application areas work hand in hand.

> *"We chose Oracle CRM to eliminate the need to integrate to ERP."—IT manager, optical network technology provider.*

Companies interviewed tended to view CRM-ERP integration in terms of choosing a pre-integrated solution versus having to manually integrate piecemeal applications.

> *"The biggest decision was to get an integrated system that hooked into financials, or get a separate package that we would have to integrate. When we decided we needed an integrated package, the decision favored Oracle."—*
> Airvana, Elmer Lai, Corporate Controller

Often companies had already anticipated the kinds of integration projects they planned to avoid by choosing Oracle's integrated approach. For example, the director of e-business technology at a pharmaceutical company said his company wanted to maintain a tight link with its current Oracle ERP financials as it expanded its online commerce sales to other businesses:

> *"When you get into e-commerce, trying to integrate order management with the back-end can get rather difficult."*

Another characteristic of companies that selected Oracle is a real-world understanding of how painful and expensive integration projects can be. They've been through it before and concluded that Oracle would do a better job than other vendors of saving them from repeating these painful experiences.

> *"Going with best of breed would have meant a cycle of testing and certification and re-testing. And the fact is, Oracle comes out of the box tightly and fully integrated…Oracle will provide the lowest cost of operation on an ongoing basis."*
> Underwriter Labs Mark Sklenar, VP&CIO

Participants thought about integration as a cost of ownership issue that outweighs short-term concerns. They tended to see themselves as making an investment for the long term.

> *"[Price] was not a prime decision factor, but in the end Oracle was a better deal."*
> Underwriter Labs, Mark Sklenar, VP&CIO

Mergers and acquisitions also drove firms to Oracle's integrated solution. These companies had typically grown through acquisitions and had accumulated many disparate legacy systems that created a burden on IT staff to integrate. Since these companies expect to continue to make acquisitions, they have decided that a unified platform approach will help them reduce the amount of integration involved in digesting these acquisitions.

> *"As we grow and potentially acquire other companies, [integration] could become an issue."—Director of Information Technology at a telecommunications services provider*

Database Standardization

Closely related to the integration avoidance factor was the conclusion that standardizing on Oracle for both database and applications would create a more unified, higher performance environment. This more unified environment springs from two aspects of Oracle's solution— single customer view/data availability and built-in business flows.
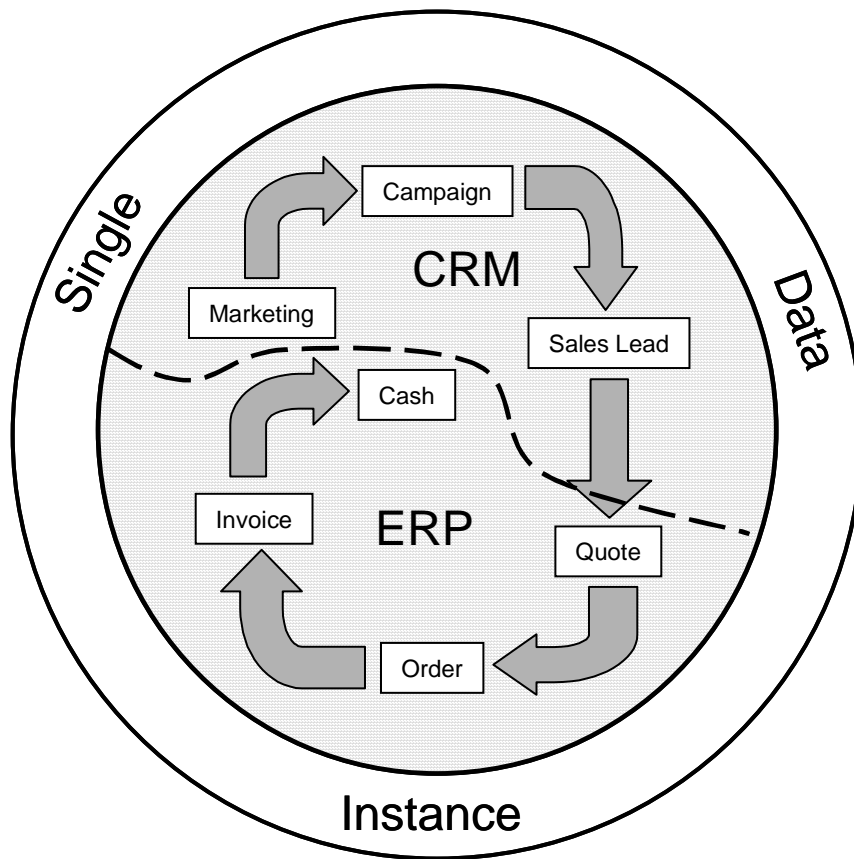
Companies interviewed recognize that because separate applications packages don't easily share data with each other, it is often impossible to fully automate the total transaction process. Unlike other applications vendors, Oracle offers the opportunity to de-fragment application environments by maintaining a single instance of data for the key data types involved in business processes involving customers.

For example, the ERP project manager at a healthcare services company ranked having a single database for all applications as its top priority because the evaluation team concluded this would provide the best overall performance and allow ERP to blend better with CRM and other applications:

> *"Everyone was pleased with Oracle databases, so it was felt that if we got the Oracle applications running on the Oracle databases, everything would run more smoothly."*

Oracle buyers were also interested in taking advantage of the ability to complete customer transactions because the applications were designed to work together via business flows. These flows are made up of steps that span traditional application categories and comprise an entire transaction cycle—for example, from marketing campaign to cash purchase.

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**Typical Customer-Oriented Business Flow Supported by
Integrated CRM-ERP Across a Single Instance of Data**

For example, a Fortune 500 maker of aluminum products is using the tight integration between Oracle's Trade Management suite and ERP system to streamline and automate the reconciliation of customer discounts—a process that starts with marketing promotions and flows all the way to cash, crossing both corporate and business unit lines. By enabling marketing managers to record promotional discounts in the system from the beginning, Oracle's solution will provide accounting staff with the information to determine which customers get discounts without the usual back and forth paper shuffling.

> *"That should help add some reliability and consistency to the process and cut lead times…speeding up cash flow from reducing the deduction resolution cycle."—Director of E-Business Solutions*

Vertical Industry Expertise

Some of the participants interviewed said Oracle's strength in *their* industry—either because of market share or because of having the best of breed application for business processes in that industry—helped sway the decision in the company's favor. The director of technology planning

at an enterprise office document solutions company noted that Oracle dominates that industry.

> *"We chose Oracle because it has primary market share in our industry. Since we are only a $500 million company, by going along with the vendor of choice for our industry, we will get our needs better represented inside Oracle."*

A director of e-business technology at a pharmaceutical company said besides the value of reducing integration, the decision was based on the broad functionality and rich feature set the company found in Oracle's Process Manufacturing package.

> *"Manufacturing also drove the decision. We do a lot of process manufacturing, and Oracle has one of the best process manufacturing packages."*

Global Capabilities and International Support

Other companies cited unique features, service and support as important factors. An ERP project manager at a medical services company said the company selected Oracle partly because it didn't want to invest in its own server infrastructure and needed a hosted solution. The alternative vendor being evaluated couldn't meet that requirement.

> *"With Oracle, we could have the application and the service to keep it going."*

An electronic components distributor concluded that Oracle had the only solution that could fully support the global scope of its operations.

> *"Oracle had the only system that was truly multi-currency. Others claim to be but are not really. Oracle also offered technical support around the world."—IT Manager*

First-Rate Sales Presentation and Product Demonstration

Finally, several companies interviewed said Oracle helped make its case through responsive salesmanship and impressive demonstrations of its product capabilities. Other vendors being considered either weren't available as often as the evaluation team needed, or couldn't explain how their products would solve their top problems.

> *"Oracle did a much better sales job on it. PeopleSoft only visited once, while Oracle visited often and had no fewer than six people show up for each visit.—Director of Systems Implementation and Integration, wireless solutions provider.*

> *"Oracle's system is quite frankly gorgeous to see. The demo was phenomenal. They know how to demo their products."—Director of Customer Service, Life Sciences Research Product Development Company.*

Summary

Companies searching for solutions to automate and integrate business processes are increasingly elevating vendors on criteria such as cost of ownership and smooth interoperation above the traditional concerns of single application functionality or best of breed. In evaluations where the ease of integration and long-term cost of ownership are given at least equal weight, Oracle comes out ahead of more traditional point solution vendors.

More and more, buyers are measuring functionality on the basis of workflow throughout a customer transaction. By providing a complete suite of applications that are pre-integrated through built-in business flows and a single instance of data, Oracle is winning accounts that demand integrated support for their business operations.

About The FactPoint Group

The *FactPoint Group* is a Silicon Valley based research and consulting firm that has been producing fact-based research to help its clients sell and adopt new technology for over nine years. It supports the world's leading companies in making fact-based decisions in the following areas:

- Early Adopter Market Segmentation
- Market Opportunity Prioritization
- Strategic Market Entry
- Best Practices Assessment and Benchmarking

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