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Do You Need a Cloud CRM Platform, or Cloud CRM Product?

– David Taber, CIO

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The snappy answer is, you need both. Large enterprises with diverse needs fundamentally need a complete CRM application with a versatile toolkit and solid platform. But not everyone is a large enterprise, and even in the enterprise there may be good reasons to have separate CRM instances — for example, in Corporate Development or HR.

Your choices have become more complicated, as the CRM vendors have OEM relationships with vendors who sell highly tailored vertical solutions built on top of the cloud platform. While these solutions add a lot of value with features, these OEM products are far less flexible than the vanilla CRM application. Sometimes the OEM's added value may actually limit the utility of the original platform features.

So here are some guidelines for decision making. Note, in this article I am using Salesforce.com's third-party apps as the examples only because I know that marketplace better, not because I'm trying to hawk or criticize any particular product.

If what you really want is just a set of stand-alone features, OEM products are often a terrific value. OEMs strip away some of the standard features of the salesforce CRM system, replacing them with their own functionality. If the OEM has done a good job, their feature set is going to be a much closer match to your needs than a "vanilla" CRM system. If they've done a really good job, the UI has been streamlined and a lot of clutter has been removed, which speeds user adoption. Best of all, the OEM product may sell for the same price as the full-featured (enterprise) version of the vanilla CRM system.

Sounds like a pretty sweet deal, but there are some issues:

- Some parts of the product will be in code you can't get to, and some of the pages will not be customizable through the administrative GUI. Customization of OEM products is likely to be more expensive than with the vanilla CRM system.
- The product you are buying is sold and supported only by the OEM, and you will not have access to Salesforce.com's support.
- If the vendor goes out of business, sells off the product, or simply discontinues it, it's not at all clear how long their product will continue to work. The cloud offers no magic here: make sure to negotiate hard on this issue before you sign up.
- The OEM product is typically a new instance of Salesforce, so if you already have a Salesforce instance you'll have to migrate the relevant users and data off your existing system. This is anything but free.

What are the alternatives?

The first is to buy a plug-in product, rather than an OEM one. The plug-in strategy leaves your existing system, data, and users in place, adding the required functionality for only selected users. While this overcomes some of the issues with the OEM strategy, it means that every "full-feature" user has to

pay for a salesforce license as well as for the plug-in. That limits the amount that the plug-in vendor can charge, which means they have to do a higher-volume business to make money. This broad-market imperative means that plug-in vendors can't go deep into the vertical market customizations the way an OEM can. There are some other issues:

- Like OEM products, some of the plug-in features will be in code you can't get to, and some of the pages will not be customizable through the administrative GUI. Customization is likely to be expensive, if it's possible at all.
- Like OEMs, there will be product-longevity issues if the plug-in vendor goes out of business, sells off the product, or simply discontinues it.

The second alternative is to buy Force.com platform licenses, building out the needed functionality yourself. Platform licenses are less expensive than standard user licenses because they exclude several CRM features — which works fine if your specific requirements are focused on just a couple of the standard business objects. Following this strategy, you'd create custom objects and write business logic to get the exact feature set you need. If you want fancy GUI features (such as single-page entry that spans several business objects), you'll need to write additional code. For firms with their own development capabilities, this is a great strategy because they (1) have complete control over the feature set and its evolution, (2) pay less in monthly fees, and (3) own all of the final product. Because the CRM platform offers so much infrastructure, these projects are quick to deliver initial business value (calibrate in weeks, not quarters). If you do it right, it's never boil the ocean.

The issues, of course, are the responsibilities that come along with any development project:

- Even with the insulation of web services and encapsulation of objects, your code will break occasionally, and every feature request needs to have a budgetary request along with it.
- Perhaps even more important, developing it yourself risks re-inventing the wheel. Product companies are able to leverage lessons from their customers, so the products you buy are likely to be more finely honed than any you build.

Obviously, this is just the latest twist to the classic build-or-buy conundrum. But the cloud, the infrastructure of Web services, and the commercial ecosystem provide new options that can lead to more flexible long-run solutions.

David Taber is the author of the new Prentice Hall book, "[Salesforce.com Secrets of Success](#)" and is the CEO of [SalesLogistix](#), a certified Salesforce.com consultancy focused on business process improvement through use of CRM systems. SalesLogistix clients are in North America, Europe, Israel, and India, and David has over 25 years experience in high tech, including 10 years at the VP level or above.

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