CRM Everywhere:

The 2008 Software-as-a-Service Update

January 2008

Executive Summary

The pressure to provide CRM access anywhere is prompting Best-in-Class (BIC) organizations to choose to deliver CRM via Software as a Service (SaaS). In December 2007 to January 2008, Aberdeen Group surveyed over 260 companies to identify the strategies, capabilities, and enablers that Best-in-Class companies are using to improve the effectiveness of their CRM deployment. The research reveals that Best-in-Class companies have implemented organizational processes which support consistent sales behaviors and improved CRM adoption.

Best-in-Class Performance

Aberdeen used four key performance criteria to distinguish Best-in-Class companies. The key performance indicators are:

- CRM adoption
- Quota achievement
- CRM administrative burden
- Sales rep non-selling time

Competitive Maturity Assessment

Survey results show that the firms enjoying Best-in-Class performance possess (or are planning to acquire) several key process, performance, and organizational capabilities, including:

- Centralized repository of account, contact, and customer information (100%)
- Ability to provide remote access to mobile / global work force (95%)
- Ability to measure and track CRM project timeline / deadlines (71%)

Required Actions

In addition to the specific recommendations in Chapter Three of this report, to achieve Best-in-Class performance, companies must:

- **Integrate business intelligence with CRM to provide insight to executive management**. Management needs to understand the revenue pipeline and its alignment with budgetary commitments.

- **Invest in interdepartmental training**. Developing customer-centric processes is important, but even more crucial is that each role knows how their piece fits into the overall picture.

- **Deploy a collaboration tool**. The factor many Best-in-Class companies are missing that will alleviate the pressure to provide remote CRM access is providing remote collaboration.

Research Benchmark

Aberdeen's Research Benchmarks provide an in-depth and comprehensive look into process, procedure, methodologies, and technologies with best practice identification and actionable recommendations

"Since our on-demand CRM was such a success, we have integrated lead management, sales compensation, document management, and professional services management."

~ Joe Graves, CIO, Stratus Technologies

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Chapter One:
# Benchmarking the Best-in-Class

Business Context

Aberdeen research reveals that companies choosing to deliver CRM through Software as a Service (SaaS) are highly pressured to provide global remote access to the CRM system (Figure 1). Companies are challenged to deliver integrated customer information to an ever-increasing constituency, and must do so without placing an increased burden on an already stretched IT staff. SaaS is attractive to these companies for the flexible, self-serve use available practically anywhere to a virtually unlimited number of users.

In research conducted in September 2007, for Aberdeen's *Demand Generation: Kick-Start Your Business* report, 62% of companies surveyed believed that on-demand solutions would replace licensed solutions as the premiere platform for CRM. This is comparable to Aberdeen's 2006 *Software as a Service Buyer's Guide* study where 47% of companies surveyed were using or planned to use a SaaS CRM solution and an additional 36% indicated they would be willing to consider one.

Fast Facts

√ Only 7% of companies won't consider purchasing a SaaS CRM solution

√ 100% of Best-in-Class have a centralized repository of account, contact, and customer information

Figure 1: Top Pressures Driving CRM Delivery Decision
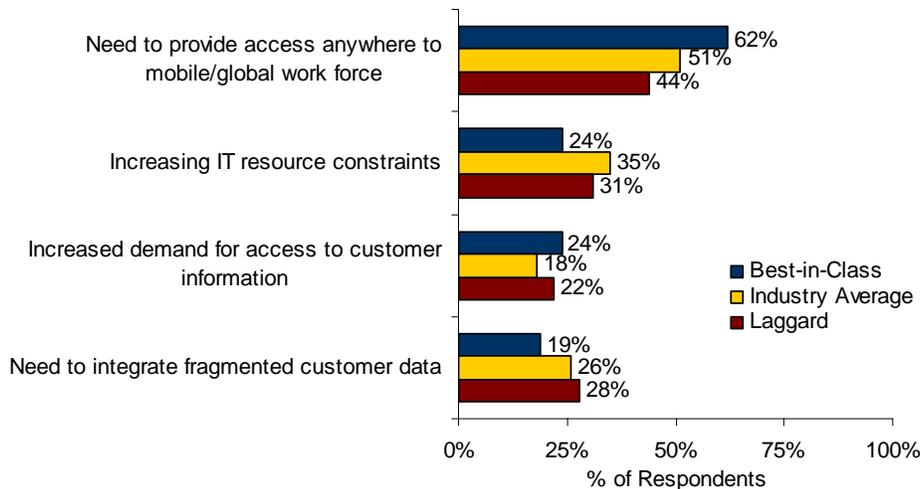
Source: Aberdeen Group, January 2008

The Maturity Class Framework

Aberdeen used year-over-year performance in four key performance criteria to distinguish the Best-in-Class from Industry Average and Laggard organizations. Respondents using a SaaS model were aggregated separately from those with on-premises deployments. This report addresses the SaaS maturity class framework. The criteria were:

- CRM adoption rate

- Quota achievement
- CRM admin burden
- Sales rep non-selling time

Table 1: Top Performers Earn Best-in-Class Status

Definition of Maturity Class	Mean Class Performance
Best-in-Class: **Top 20%** of aggregate performance scorers	▪ 39% increase in CRM adoption, 86% improved ▪ 31% more sales reps at quota, 81% improved ▪ 16% reduction in CRM administrative headcount ▪ 12% reduction in sales rep non-selling time, 68% improved
Industry Average: **Middle 50%** of aggregate performance scorers	▪ 5% increase in CRM adoption, 22% improved ▪ 4% more sales reps at quota, 25% improved ▪ 1% reduction in CRM administrative headcount ▪ 1% *increase* in sales rep non-selling time, 4% improved
Laggard: **Bottom 30%** of aggregate performance scorers	▪ 2% increase in CRM adoption, 78% don't measure ▪ 12% *fewer* sales reps at quota, 65% don't measure ▪ 12% *increase* in CRM administrative headcount ▪ 19% *increase* in sales rep non-selling time, 81% don't measure

Source: Aberdeen Group, January 2008

Many Industry Average companies, and a majority of Laggards, are not measuring Best-in-Class-determinative metrics which results in a different mix of pressures than those the Best-in-Class experience. Though the Industry Average and Laggards are also experiencing and increased need to serve a mobile and global workforce, they are more likely than the Best-in-Class to be pressured by administrative demands (increasing IT resource constraints: 24% Best-in-Class, 35% Industry Average, 31% Laggard; the need to integrate fragmented customer data: 19% Best-in-Class, 26% Industry Average, 28% Laggard).

The Best-in-Class PACE Model

Choosing the best CRM delivery option to achieve corporate goals requires a combination of strategic actions, organizational capabilities, and enabling technologies that can be summarized as follows:

- Define processes for storing and accessing customer information
- Integrate the most complete and relevant customer information

Table 2: The Best-in-Class PACE Framework

| Pressures	Actions	Capabilities	Enablers
▪ Need to provide access anywhere to mobile / global work force	▪ Integrate front-end processes ▪ Streamline / unify existing sales processes ▪ Customize CRM to mirror existing sales processes	▪ Centralized repository of account, contact, and customer information ▪ Ability to provide remote access to mobile / global work force ▪ Centralized repository of sales force information ▪ Ability to measure and track CRM project timeline / deadlines	▪ Customer Relationship Management (CRM) or Sales Force Automation (SFA) solution ▪ Individual contact management ▪ VPN / remote network access ▪ System access restrictions ▪ Mobile devices for accessing CRM

Source: Aberdeen Group, January 2008

Best-in-Class Strategies

Though Best-in-Class organizations' top pressure is providing remote access, the top action they plan to take is not to provide remote access; it is to integrate front-end processes (24% versus 52%, respectively). In addition to assimilating sales, marketing, and customer service processes, Best-in-Class companies intend to streamline and unify their existing sales processes (33%). This focus on process helps the Best-in-Class achieve superior results as they are using technology to supplement established sales procedures, not force new ones.

To address the pressure of increasingly constrained IT resources, Industry Average and Laggards will set out to decrease their reliance on IT (14% and 25%, respectively). However, Best-in-Class companies have not identified this as a top strategy, since they are focusing on serving their producers in order to increase revenues. The Best-in-Class are somewhat pressured by IT constraints, but understand a focus on strengthening the top line will give the biggest boost to the bottom line.

Figure 2: Best-in-Class Strategies Focus on Process
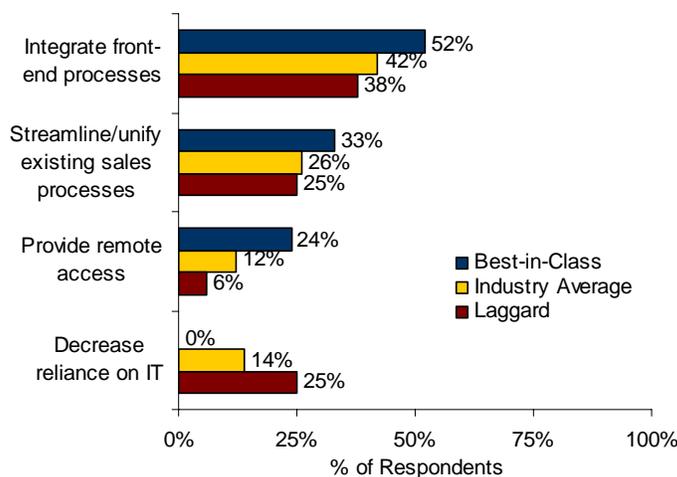
Source: Aberdeen Group, January 2008

Aberdeen Insights — Strategy

Best-in-Class companies are well positioned to execute their process-oriented strategies, as most already view their existing CRM systems' core features as extremely effective (Figure 3). Instead of focusing resources on tuning their technology to meet basic needs, Best-in-Class companies are able to invest in add-on features that will allow their sales force to excel. The Best-in-Class achieve better results in CRM adoption, CRM administrative burden, and sales rep non-selling time because their systems make it easy to put data in and get information out.

In most areas, Best-in-Class companies using SaaS view their systems more favorably than their counterparts using on-premise solutions. The advantages touted by SaaS vendors (flexibility, low maintenance, user-friendly reporting) are well appreciated by the Best-in-Class using SaaS. On-premise vendors have seemingly addressed their past reputation for clunky user interfaces, as the on-premise Best-in-Class rating for ease of data entry is right in line with the Best-in-Class using SaaS.

Figure 3: CRM Features Rated Extremely Effective

Source: Aberdeen Group, January 2008

"Implementing technology is one thing, changing the mindset of the sales to update relevant information, although it's for another user, is a tough job to accomplish."

~ Oscar Dubbeldam, Manager of Document Outsourcing Services, Fuji Xerox
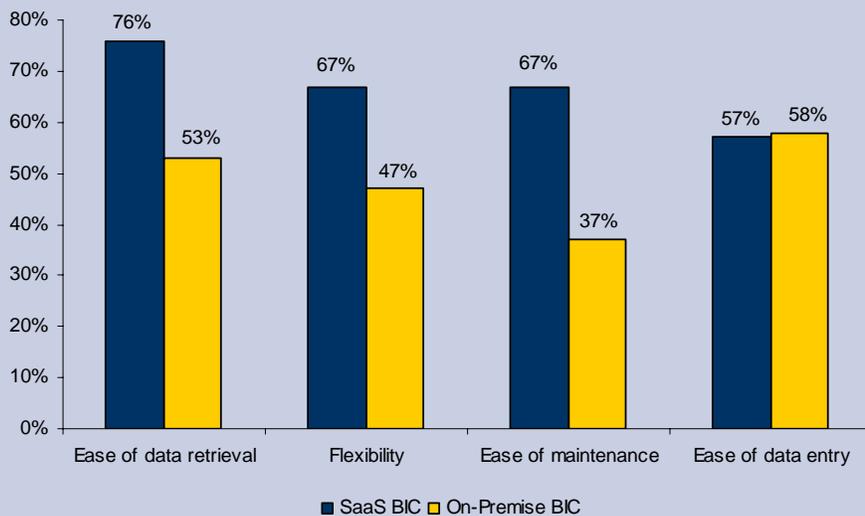
In the next chapter, we will see what the top performers are doing to achieve these gains.

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Chapter Two:
Benchmarking Requirements for Success

Best-in-Class companies are improving their CRM deployments by integrating data to facilitate providing actionable insight to all constituents, from executive management, to individual sales contributors. Additionally, the Best-in-Class have established organizational processes to ensure that their data is accurate and their dashboards always reflect the current situation. Sales, marketing, and customer service are also better able to achieve their customer-centric goals with complete, up-to-date information in an easy-to-use CRM system.

Case Study — U.S. Commercial Service

The U.S. Commercial Service is the trade promotion unit of the International Trade Administration, part of the Department of Commerce. U.S. Commercial Service trade specialists are posted in 107 U.S. cities and in more than 80 countries, and work with U.S. companies to help them get started in exporting or increasing their sales to new global markets. Each of these posts had stand-alone legacy databases to keep track of their customers, the U.S. companies seeking to increase their exports. These databases also contained historical information on foreign buyers and local government and chamber of commerce information. "It was difficult to track the success of the U.S. Commercial Service's efforts across posts," says Daniel T. Crocker of the Office of Strategic Planning, so the service initiated a process to procure a worldwide CRM solution.

As a unit of the federal government, the process to choose a vendor involved specific formalities designed to keep business users at arms' length. The U.S. Commercial Service chose a SaaS vendor because the functionality met the needs of the global work force, and the SaaS deployment model was attractive because of the low levels of application support required. The service decided to proceed with a slow initial rollout to pilot sites. Learning from the training and data migration challenges encountered during the pilot, the U.S. Commercial Service decided to accelerate the rollout, and after one year had replaced all of the U.S. posts' old databases.

The best success so far has been the global visibility, which has helped quantify the number of export successes. This is part of a report to the U.S. Congress that determines the level of funding for the U.S. Commercial Service. The new single set of client records also helps each post serve their clients more effectively, as they can mine the data to develop targeted lists for marketing campaigns.

Fast Facts

√ Best-in-Class companies are 10% more accurate than Laggards in sales forecasting

√ 72% of Laggards don't measure CRM project milestones

√ Best-in-Class companies have reduced time to quota 30% more than Laggards

"The new solution allows our specialists to be creative with their outreach to clients. They can look through all the global data to determine which companies are the best match for the market research they are promoting."

~ Daniel T. Crocker, Office of Strategic Planning, IT Liaison Unit, U.S. Commercial Service

Competitive Assessment

Aberdeen Group analyzed the aggregated metrics of surveyed companies to determine whether their performance ranked as Best-in-Class, Industry

Average, or Laggard. In addition to having common performance levels, each class also shared characteristics in five key categories: (1) **process** (the approaches they take to execute their daily operations); (2) **organization** (corporate focus and collaboration among stakeholders); (3) **knowledge management** (contextualizing data and exposing it to key stakeholders); (4) **technology** (the selection of appropriate tools and effective deployment of those tools); and (5) **performance management** (the ability of the organization to measure their results to improve their business). These characteristics (identified in Table 3) serve as a guideline for best practices, and correlate directly with Best-in-Class performance across the key metrics.

Table 3: The Competitive Framework

	Best-in-Class	Average	Laggards
Process	Formalized CRM security processes		
	57%	44%	34%
Organization	Ability to provide remote access to mobile/global work force		
	95%	65%	72%
Knowledge	Centralized repository of account, contact and customer information		
	100%	77%	63%
Technology	Technology currently in use:		
	▪ 90% CRM / SFA ▪ 86% VPN / remote network access ▪ 67% system access restrictions	▪ 81% CRM / SFA ▪ 67% VPN / remote network access ▪ 58% system access restrictions	▪ 69% CRM / SFA ▪ 69% VPN / remote network access ▪ 56% system access restrictions
Performance	Ability to measure and track CRM project timeline / deadlines		
	71%	53%	44%

Source: Aberdeen Group, January 2008

"We needed a completely integrated solution for CRM, ERP, and finance that also provided remote access. An on-demand solution was the best choice for us."

~ Bart Carlson, President and CEO, Napersoft

Capabilities and Enablers

Based on the findings of the Competitive Framework and interviews with end users, Aberdeen's analysis of the Best-in-Class demonstrates that they excel in the following areas: process, organization, knowledge management, technology, and performance management.

Process

Best-in-Class organizations are developing processes aimed at reducing administrative time while collecting the appropriate amount of information

on customers, prospects, and the sales cycle. By documenting their business processes, every department has clear expectations outlined, and top performance is repeatable. The Best-in-Class are 40% more likely than the Industry Average to have documented business processes. The Best-in-Class are also implementing processes to keep their data secure; they are 70% more likely than Laggards to have formalized CRM security processes. The data contained in the CRM system is one of a company's most valuable assets, and the Best-in-Class are reluctant to take any chances of exposure.

Organization

The mobile / global workforce requires Best-in-Class companies to provide CRM access from virtually anywhere. Nearly 100% of the Best-in-Class currently possess this capability, 50% more than Industry Average. In addition to needing mobile technology, these groups need formal training on business processes and technology. Though Best-in-Class are 50% more likely than Laggards to have a training program, there is room for improvement as only 48% of Best-in-Class are providing training.

Knowledge Management

The main purpose of a CRM solution is to serve as a central repository of account, contact, and customer information, so it is not surprising that 100% of the Best-in-Class currently have this capability, as well as a majority of Industry Average and Laggards. Where the Best-in-Class are taking the lead, however, is in organizing their sales force information. Eighty-six percent (86%) of the Best-in-Class currently maintain their sales rep assignments, territories, and quota information in a central location. Generating pipeline forecasts reports requires less administrative time and is more accurate if the source data is in a central system.

Technology

In addition to providing technology to access customer information, Best-in-Class companies are also using technology that controls the access itself. VPN connections allow restricted access to the company's software over a secure internet connection. For other situations, the Best-in-Class are using system access restrictions, such as IP address filters, to guarantee that only authorized users are logging in. Forty-eight percent (48%) of the Best-in-Class use mobile devices to access CRM, enabling their road warriors to receive up-to-the-minute updates without being tied to a traditional internet connection. Smart phones and laptop wireless cards can be used during the quick lunch stop on the way to the next meeting, and the sales force doesn't need to waste time looking for WiFi access.

Performance Management

Best-in-Class companies are 90% more likely than Laggards to have defined uptime metrics for their CRM systems. Additionally, the Best-in-Class are 60% more likely than Laggards to measure CRM project timelines and deadlines. Understanding this performance helps the Best-in-Class

determine how well their technology investment is paying off; Best-in-Class companies are 50% more likely than Laggards to have the ability to measure the ROI and TCO for CRM initiatives.

Best-in-Class are also succeeding in measuring their sales performance, as they are far less likely than Laggards to indicate that they don't know their results in key metrics (Figure 4).

Figure 4: Don't Know or Don't Measure Current Performance
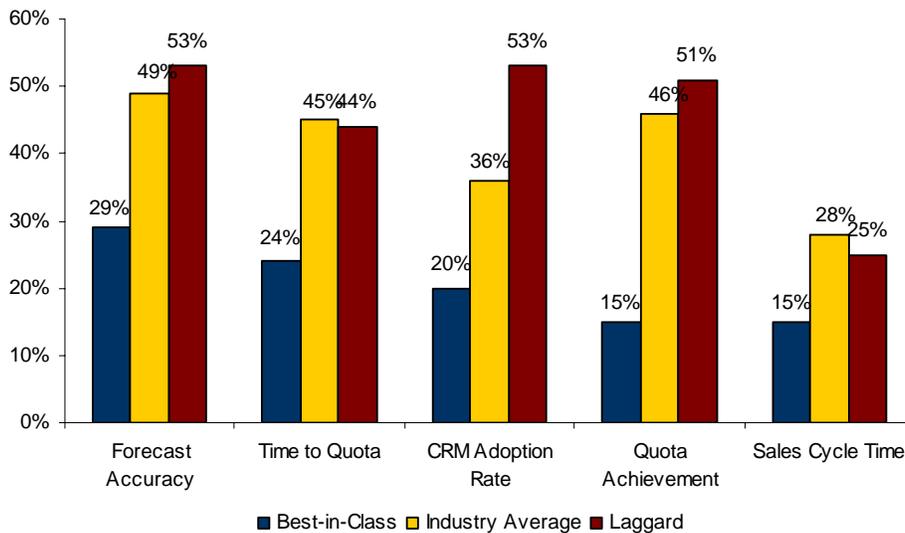
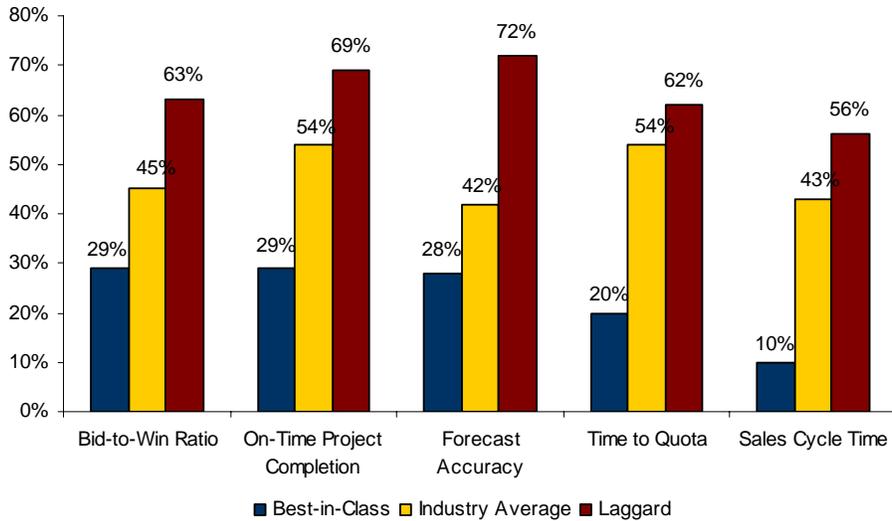

Source: Aberdeen Group, January 2008

Only 15% of the Best-in-Class indicated they don't know or don't measure current performance in quota achievement, compared to 51% of Laggards. Understanding current performance is a prerequisite to achieving Best-in-Class status, since year-over-year performance improvement is the determinative measure.

Best-in-Class companies are also more likely to know their year-over-year improvement in other metrics as well (Figure 5). Sales cycle time and time to quota are important for the Best-in-Class to measure not only to determine whether individual sales reps are meeting par, but also for corporate revenue forecasting and calculating missed revenue from sales force turnover. Best-in-Class companies are able to measure their results because they have the process capabilities and technology deployed that provide ready access to relevant drivers.

"I like being able to access the CRM via a web browser because I can use standard keyboard shortcuts, and I also don't need to be tied to a laptop, I can use my home computer."

~ Beth Cail, Sales Representative, OneSource

**Figure 5: Don't Know or Don't Measure Year-over-Year Performance**

Source: Aberdeen Group, January 2008

Aberdeen Insights — Technology

Comparing the pressures facing the Best-in-Class using SaaS to those Best-in-Class companies using on-premise, it is clear that the reasons companies choose one model over the other are very different (Figure 6). Best-in-Class companies using on-premise solutions are more pressured by data concerns than the Best-in-Class using SaaS, where SaaS are focused on providing remote access. Companies using on-premise solutions also rate providing remote access as a top pressure; however they accomplish this objective differently, with a higher reliance on mobile devices than the Best-in-Class using SaaS (63% versus 38%).

Figure 6: SaaS vs. On-Premises Best-in-Class Top Pressures

Source: Aberdeen Group, January 2008
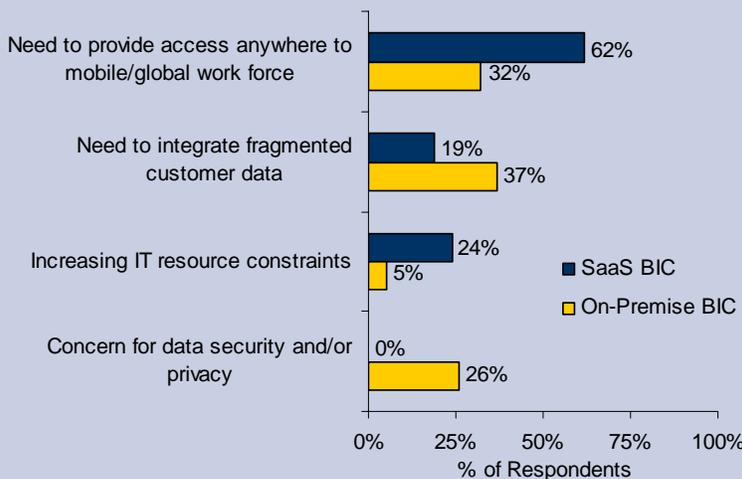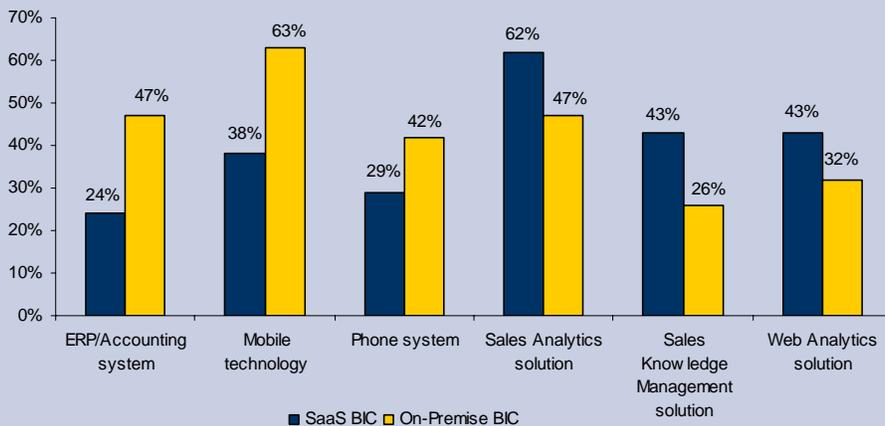

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Best-in-Class companies are more likely than other respondents to integrate many technologies into their CRM to achieve their goals. For example, the Best-in-Class using SaaS are 2.5-times as likely as Laggards using SaaS to integrate a sales analytics solution to provide sales reps with the intelligence necessary to choose the best actions to maximize their commission payouts. This technology integration helps Best-in-Class companies more effectively address their pressures.

Since the Best-in-Class using SaaS and the Best-in-Class using on-premise are under different pressures, it is not surprising that they have different technologies integrated into their CRM systems. The Best-in-Class using on-premise primarily integrate back-office technology such as ERP and phone systems. Given the need to join data from the ERP and tie an automated dialer or phone system data into the CRM, it makes sense that these companies chose an on-premise solution. The Best-in-Class using on-premise are far less pressured by constrained IT resource, with staff 3-times larger on average (21 versus 7).

In contrast, the Best-in-Class using SaaS are more likely to require integration with analytics and knowledge management, which are likely also delivered via SaaS.

Figure 7: SaaS versus On-Premise Best-in-Class Integration

Source: Aberdeen Group, January 2008

"It really didn't occur to us to consider an on-premise solution. We're in the SMB segment and have historically tried to maintain a minimal in-house IT footprint for almost all our applications."

~ Peter A. Hazen, Vice President, Phena Partners LLC

Chapter Three:
Required Actions

Whether a company is trying to move its performance in CRM from Laggard to Industry Average, or Industry Average to Best-in-Class, the following actions will help spur the necessary performance improvements:

Laggard Steps to Success

- **Implement CRM project management guidelines and processes**. Unlike the Best-in-Class, Laggards plan to decrease reliance on IT as a strategy to increase their CRM solution efficiency. Best-in-Class companies are 60% more likely than Laggards to have the ability to measure and track CRM project timelines (71% versus 44%), and are 50% more likely to be able to calculate ROI and TCO for CRM initiatives (38% versus 25%). By adopting project management methodologies, Laggards will be on track to reduce the size of their IT support staff to Best-in-Class levels (7 versus 10.5).

- **Increase CRM remote access availability**. Though Laggards claim that the need to provide access anywhere to their mobile / global work force is the top factor driving CRM deployment decisions, only 6% chose providing remote access as a top strategy. A majority of Laggards are currently able to provide remote access, however they are still far behind the Best-in-Class (95% versus 72%). To meet Best-in-Class performance in CRM adoption, Laggards need to close the gap in CRM availability, whether via VPN, mobile devices, or secured web access.

- **Integrate marketing technology into CRM**. Like the Best-in-Class, Laggards' top strategy is to integrate front-end processes, which allows for a customer-centric selling environment and a 360-degree view of the customer. However, Laggards are 50% more likely than the Best-in-Class to be pressured by fragmented customer data and (unlike the Best-in-Class) rate data integration as a top pressure. Best-in-Class companies are 70% more likely than Laggards to integrate lead management (71% versus 41%) and marketing automation (48% versus 28%) solutions. Automating data sharing between sales and marketing technology will reduce Laggards' CRM admin burden and help the move toward Best-in-Class performance levels.

Industry Average Steps to Success

- **Refine and document sales processes**. Industry Average companies are less pressured than the Best-in-Class by complex sales processes (7% versus 24%). Regardless, the top actions Industry Average companies plan to take are all related to improving their sales processes. It is critical that the Industry

Fast Facts

√ 90% of Best-in-Class supplement CRM with individual contact management

√ 71% of Best-in-Class integrate lead management technology with CRM

"Our goal was to provide a scalable, cost-effective solution that was easy for end-users. I've become a SaaS aficionado as it meets all these needs."

~ Steve Glangé, International Business Development, Datacenter Luxembourg

Average follow through with these actions, as less than half currently have documented business processes in place, compared to two-thirds of Best-in-Class. Industry Average companies will increase their CRM adoption rate and reduce their sales non-selling time by deploying a CRM solution that mirrors existing business processes. Use of the technology will then become a natural part of the sales person's routine instead of a required end-of-day chore.

- **Centrally manage sales force information**. The Best-in-Class are 60% more likely than the Industry Average to have a repository for sales force information such as territory and quota assignments (86% versus 54%). Like the Best-in-Class, Industry Average companies are heavily pressured by the need to provide access to customer information anytime and anywhere to their mobile and global work forces (62% versus 51%). Even the best sales processes will not produce Best-in-Class results unless the sales force information is in an accessible central repository. Managing customer and prospect information is not enough; the correct territory and quota assignments are also necessary for seamless execution that lead to Best-in-Class performance.

- **Supplement CRM with sales analytics**. Best-in-Class companies are nearly twice as likely as the Industry Average to have a sales analytics solution integrated with their CRM (62% versus 32%). Sales analytics provides the sales force with easily digestible performance summaries, such as dashboards with colored icons to represent areas for improvement. In addition, a sales analytics tool can be used to provide actionable recommendations for each sales rep to achieve top results. Thirty-nine percent (39%) of Industry Average companies are not even planning to add this functionality to their CRM. If the Industry Average do not show their sales force where they can boost their production, it will be difficult to move up to Best-in-Class status.

"Our system was fairly 'vanilla' when I started, but I've been able to make changes to dashboards and reports based on end-user feedback, without having to hire a consultant."

~ Alan Russo, Director of Sales Operations, Bloom Energy

Best-in-Class Steps to Success

- **Integrate business intelligence with CRM to provide insight to executive management**. Only one-third of Best-in-Class companies currently integrate a business intelligence tool with their CRM. Management needs to understand the revenue pipeline and its alignment with budgetary commitments. A business intelligence tool takes sales analytics one step further and combines the extensive sales data housed in the CRM solution with the corporate goal-setting information to show not only where results might differ from projections, but also *why*. Understanding whether product mix, pricing, or territory distribution is contributing to gains (or losses) from plan is essential for the business to stay on track; therefore integrating CRM's valuable information into the BI toolset enhances CRM's return on investment.

- **Invest in interdepartmental training**. More than half of Best-in-Class companies indicated that integrating front-end processes is a vital strategy for success, but less than half of the Best-in-Class currently have a formal training program in place. Developing customer-centric processes is important, but even more crucial is that each role knows how their piece fits into the overall picture. This understanding means more than just complying with the established rules; it results in proactive collaboration among customer-facing groups to gather the information necessary to maximize customer value and customer satisfaction.

- **Deploy a collaboration tool**. Best-in-Class companies overwhelmingly pointed to the need to provide remote access to their mobile and global work force as the top pressure they are facing, even though 95% are currently able to provide it. The factor many Best-in-Class companies are missing that will alleviate this pressure is providing remote collaboration. Currently only 29% of the Best-in-Class have a collaboration tool integrated with CRM, but 38% plan to integrate in the future. With sales reps around the globe, Best-in-Class companies have an average of one office with management and operations for every three to four offices with inside or outside sales reps. Even if these offices do work the same business hours, having some type of collaboration tool is essential for effective processing of customer proposals and other documents.

Aberdeen Insights — Summary

Companies choosing on-demand CRM delivery are more pressured to provide remote access than those that choose on-premises CRM. A built-in benefit of SaaS is being able to log in to the system through any web browser. The potential downside, however, is the threat of login credentials falling into the wrong hands, and sensitive customer information being exposed. Best-in-Class companies are more likely than Industry Average or Laggards to have CRM security processes in place, regardless of deployment model (Figure 8), but this still leaves a big gap open for phishing scams or other unethical practices. Additionally, on-premises respondents are more likely than SaaS respondents to have CRM security processes, regardless of where they fall in the competitive framework.

The higher security capabilities of on-premises respondents makes sense given that only 2% of respondents using SaaS are highly concerned with data security and privacy, compared to 40% of respondents using on-premise solutions. At this point, the necessity of providing access to the information necessary for sales to succeed is outweighing respondents' using SaaS concern for their data, but companies should still provide employee training on keeping login credentials safe from prying eyes, and take other appropriate security measures.

Aberdeen Insights — Summary

Figure 8: Formalized CRM Security Processes

Source: Aberdeen Group, January 2008

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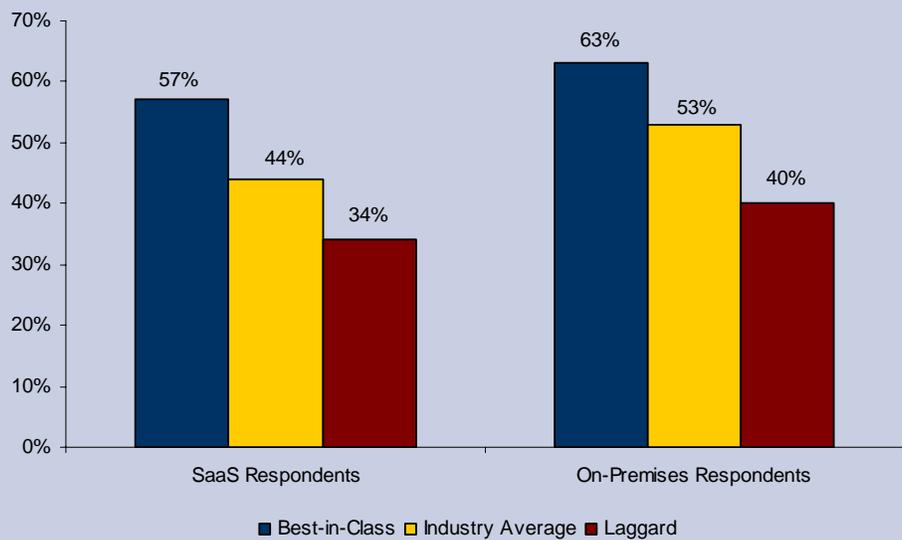
Appendix A:
Research Methodology

Between December 2007 and January 2008, Aberdeen examined the use, the experiences, and the intentions of more than 260 enterprises using Customer Relationship Management (CRM) in a diverse set of enterprises.

Aberdeen supplemented this online survey effort with telephone interviews with select survey respondents, gathering additional information on CRM deployment strategies, experiences, and results.

Responding enterprises included the following:

- *Job title / function:* The research sample included respondents with the following job titles: C-level executive (29%); vice president or director (38%); manager (18%); staff, consultant and other (15%).

- *Industry:* The research sample included respondents from the following industries: high technology / software (42%); finance / banking / accounting (8%); telecommunications (6%).

- *Geography:* The majority of respondents (67%) were from North America. Remaining respondents were from the Asia-Pacific region (9%) and Europe (22%).

- *Company size:* Fifteen percent (15%) of respondents were from large enterprises (annual revenues above US $1 billion); 24% were from midsize enterprises (annual revenues between $50 million and $1 billion); and 57% of respondents were from small businesses (annual revenues of $50 million or less).

- *Headcount:* Forty-six percent (46%) of respondents were from small businesses (headcount between 1 and 99 employees); 28% were from midsize enterprises (headcount between 100 and 999 employees); and 23% of respondents were from large enterprises (headcount greater than 1,000 employees).

Solution providers recognized as sponsors were solicited after the fact and had no substantive influence on the direction of this report. Their sponsorship has made it possible for Aberdeen Group to make these findings available to readers at no charge.

Study Focus

Responding executives completed an online survey that included questions designed to determine the following:

√ The degree to which CRM is deployed in their operations and the resulting implications of the technology

√ The structure and effectiveness of existing CRM implementations

√ Current and planned use of CRM to aid operational and customer-facing activities

√ The benefits, if any, that have been derived from CRM initiatives

The study aimed to identify emerging best practices for CRM deployment models, and to provide a framework by which readers could assess their own management capabilities

Table 4: The PACE Framework Key

Overview
Aberdeen applies a methodology to benchmark research that evaluates the business pressures, actions, capabilities, and enablers (PACE) that indicate corporate behavior in specific business processes. These terms are defined as follows: **Pressures —** external forces that impact an organization's market position, competitiveness, or business operations (e.g., economic, political and regulatory, technology, changing customer preferences, competitive) **Actions —** the strategic approaches that an organization takes in response to industry pressures (e.g., align the corporate business model to leverage industry opportunities, such as product / service strategy, target markets, financial strategy, go-to-market, and sales strategy) **Capabilities —** the business process competencies required to execute corporate strategy (e.g., skilled people, brand, market positioning, viable products / services, ecosystem partners, financing) **Enablers —** the key functionality of technology solutions required to support the organization's enabling business practices (e.g., development platform, applications, network connectivity, user interface, training and support, partner interfaces, data cleansing, and management)

Source: Aberdeen Group, January 2008

Table 5: The Competitive Framework Key

Overview	
The Aberdeen Competitive Framework defines enterprises as falling into one of the following three levels of practices and performance: **Best-in-Class (20%) —** Practices that are the best currently being employed and are significantly superior to the Industry Average, and result in the top industry performance. **Industry Average (50%) —** Practices that represent the average or norm, and result in average industry performance. **Laggards (30%) —** Practices that are significantly behind the average of the industry, and result in below average performance.	In the following categories: **Process —** What is the scope of process standardization? What is the efficiency and effectiveness of this process? **Organization —** How is your company currently organized to manage and optimize this particular process? **Knowledge —** What visibility do you have into key data and intelligence required to manage this process? **Technology —** What level of automation have you used to support this process? How is this automation integrated and aligned? **Performance —** What do you measure? How frequently? What's your actual performance?

Source: Aberdeen Group, January 2008

Table 6: The Relationship Between PACE and the Competitive Framework

PACE and the Competitive Framework – How They Interact
Aberdeen research indicates that companies that identify the most influential pressures and take the most transformational and effective actions are most likely to achieve superior performance. The level of competitive performance that a company achieves is strongly determined by the PACE choices that they make and how well they execute those decisions.

Source: Aberdeen Group, January 2008

Appendix B:
Related Aberdeen Research

Related Aberdeen research that forms a companion or reference to this report includes:

- *Software as a Service Buyer's Guide*; August 2006

- *Delivering Actionable Information to the Enterprise: Does On-Demand BI Solve the Skill Set Shortage?*; July 2007

- *Demand Generation: Kick-Start Your Business*; September 2007

Information on these and any other Aberdeen publications can be found at www.aberdeen.com.

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