WHITE PAPER

Next-Generation CRM: Driving Productivity with End-to-End Cloud Services

Amplifying the Power of Productivity with Microsoft Dynamics CRM and Microsoft Cloud Services

Sponsored by: Microsoft Dynamics CRM

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EXECUTIVE SUMMARY

There's a profound transformation under way in how the world's technology is built, bought, delivered, and consumed. "Cloud computing" is known by various names (such as public cloud or cloud IT services), but the idea is the same: Software is becoming a service. And for business users and IT decision makers, the appeal is huge.

The newest wave of customer relationship management (CRM) applications is helping to lead this new era of cloud computing and offers options for delivery models including services being called and delivered within the application. Next-generation CRM services are fundamentally cloud aware, with open interfaces for integrating with other related services, such as collaboration; content, such as product specifications, or customer data; and network information, such as device location and user presence (whether a user is online and available to help solve problems). The net goal is to deliver simple and immediately useful technology that supports natural human interactions for end users, that can be easily managed by IT, and that drives continuing business value. Whether they are delivered as pure cloud services or a hybrid combination of cloud delivery and on-premise deployments, next-generation CRM applications can be far more than the sum of their parts.

Cloud applications (also called software as a service, or SaaS) can be deployed moments after purchase, giving users quick access to innovation as it is developed. The delivery model provides near-infinite capacity for scaling up or down based on changing requirements, so businesses pay for what they use, and utilization can be matched with real business requirements. For IT managers, access to cloud applications and platforms means they can match their onsite datacenter resources with components that are cloud sourced to provide a more complete technology portfolio for their users. Most importantly, the cloud means IT organizations have a powerful new asset to help them keep promises to their most important customer — their business units.

Cloud computing is not just about applications; platform and infrastructure software can also be delivered as services. In this document, software as a service (SaaS) refers to applications, platform as a service (PaaS) refers to platforms, and infrastructure as a service (IaaS) refers to infrastructure, each delivered through the cloud. This shorthand is a simple way to convey a powerful message. Together, these components make up the spectrum of public IT cloud services, which IDC projects will be a US$70 billion market by 2015, accounting for nearly 17% of information and communication technology (ICT) spending worldwide.

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When these attributes are focused on a particular area of functionality, such as CRM, business users and IT departments can directly benefit from improved productivity and more meaningful customer engagement. Microsoft Dynamics CRM Online, in combination with the Microsoft portfolio of cloud services, offers the benefits of next-generation CRM to its customers.

SITUATION OVERVIEW

The evolution of SaaS is just beginning. IDC sees a long-term future in which a hybrid combination of software and services expands on the benefits of desktop applications by adding a context-aware Web 2.0 always-on service connection to technology providers so that users can collaborate better, have access to data on the fly, and enable technology mashups. In other words, combining what traditionally would be regarded as packaged or "finished" applications with complementary or enhancing "callable" applications for a more complete, real-time, extensible user experience. The future of application delivery will likely be a hybrid of pure cloud software and services with on-premise applications and hosted application management, allowing new combinations of IT and business benefits.

SaaS, PaaS, and IaaS: What's It All About?

The "as a service" model is fast becoming a mainstream method for delivering applications to business. SaaS has its roots in time sharing and in hosted application management — outsourced management of packaged applications. However, the unique architectural and business model characteristics of SaaS allow for a richer set of benefits that make SaaS-based delivery attractive to companies of all sizes as well as to IT providers. Today, a significant number of choices are available in the three major categories of cloud services, and nearly all major IT product manufacturers are making plans to offer their products in the SaaS model (see Figure 1):

☑ **SaaS** (software as a service) refers to applications such as CRM, enterprise resource planning (ERP), and collaboration tools, which are delivered as a service. SaaS applications are built on a "utility" service delivery model, serving unrelated business customers (that is, multiple tenants) who share a common application and infrastructure hosted and managed by an independent software vendor (ISV) or a third-party service provider.

☑ **PaaS** (platform as a service) includes the data tier, middleware, testing and development tooling, business logic, and application deployment capability for enterprises to develop and provision cloud-based applications. PaaS is a natural complement to SaaS, supporting the very common IT activity of developing custom applications, modifications, objects, and integrations to use alongside packaged applications. As applications move to the cloud, so too does the ancillary development and hosting requirement, and PaaS gives IT organizations (and business users) the tools they need to cost-effectively and rapidly build, host, and connect cloud-based services in a unified, standardized resource environment. IDC anticipates that commercial SaaS developers will be key future users of PaaS, such as the Windows Azure platform, to plan, build, test, and provision their new SaaS businesses. IDC also predicts that a broad range of

commercial SaaS ISVs will want to take advantage of the standardized security, storage, and user provisioning tools as a means to get quick access to powerful hosting infrastructure, development tools, and eventually, in PaaS with marketplace front ends, customers.

☒ **IaaS** (infrastructure as a service) is the cloud-based infrastructure from which both SaaS and PaaS operate, and it shares the same service delivery characteristics as SaaS. The biggest element of IaaS is the underlying datacenter capability. Other elements are the related security, governance, and access capabilities as well as the infrastructure and hardware required to operationalize the PaaS and SaaS offerings for clients.

FIGURE 1

Mapping Public Cloud Services to IDC's IT Product Taxonomy
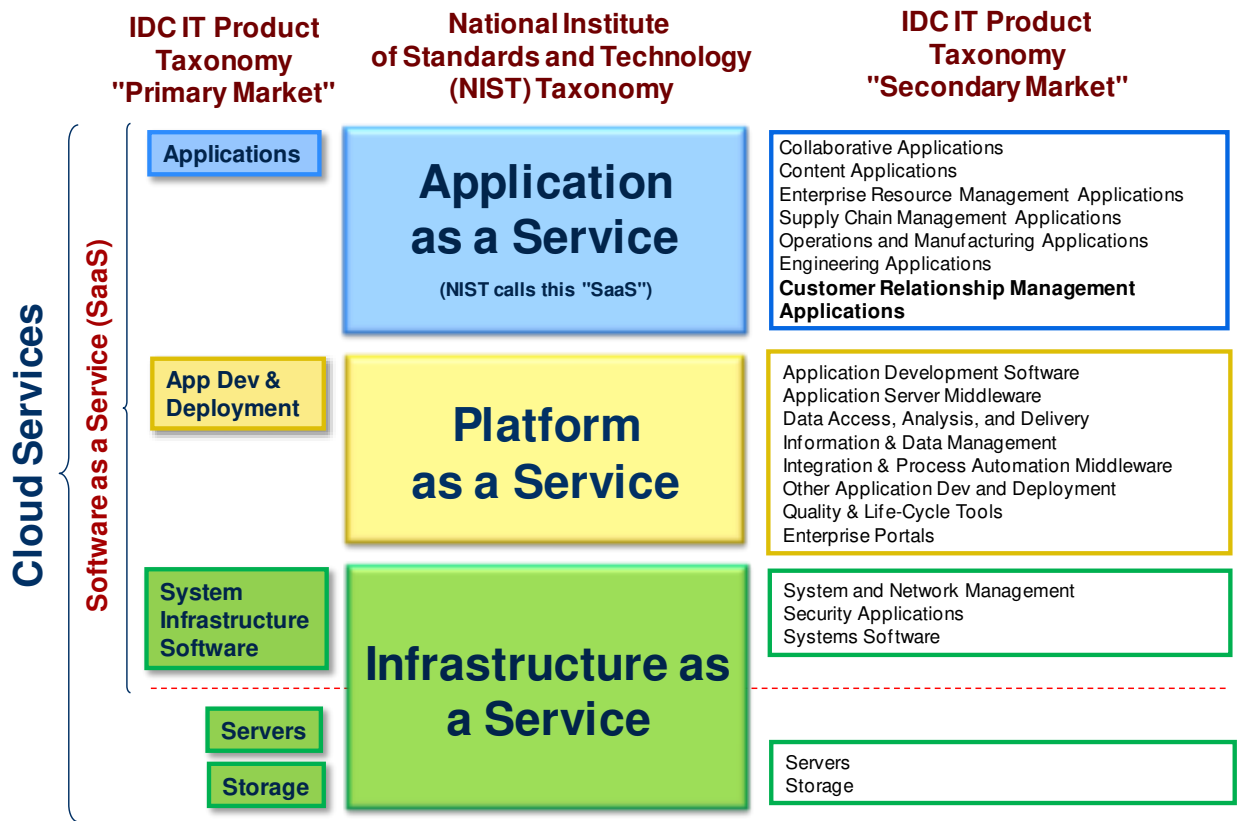
Source: IDC, 2011

Benefits of Cloud Computing

IT software functionality delivered as a service can provide tremendous additional benefits of scale and efficiency, lower cost, access to innovation, and higher utilization among employees. In fact, cloud services are already changing the way businesses license, deploy, and use mission-critical applications. Some benefits of cloud computing are as follows:

☑ **Streamlined architecture, with zero infrastructure on the customer's site.** SaaS-based applications are hosted by a service provider in an optimized datacenter. Therefore, customers generally do not need to maintain their own hardware and databases onsite. In addition, users access the application through a secure Internet connection, so there is no client software to install. Finally, SaaS customers are assured of running the most recent version of the software because the applications are updated and upgraded for them on an ongoing basis.

☑ **Faster time to value for a quicker return on investment (ROI).** Given the application's deployment mode (that is, no software to install and configure onsite), architecture, and service characteristics, SaaS implementations are generally quicker and less expensive than those for conventional solutions. It is important to note that vendors offering SaaS cannot book revenue until the implementation is complete — and therefore buyer and seller are equally incented to decrease the "time to value," or the period of time between purchase and business benefit.

☑ **New (re)focus on core business IP and differentiating tasks.** Applications enable people to provide the real differentiating value — the collaboration, creation, and commerce — in a company. Applications have to be supported by highly optimized infrastructure, and outsourcing that component to experts, bound by a meaningful service-level agreement (SLA), is one way to help business managers, developers, and IT operations staff focus on what they do best.

☑ **Lower up-front and (typically) lower ongoing costs.** IT buyers should do the math comparing the cost of cloud services to managing licensed applications locally. When factoring in all the variables, many organizations have come to the conclusion that the cost to deploy a SaaS solution, based on subscription licensing, can be lower than the cost of buying a conventional on-premise solution. SaaS vendors charge a subscription fee, which provides an "all in" cost for the right to use the application service, maintenance (upgrade path), and support. From a total cost of ownership (TCO) perspective, enterprises have learned that SaaS really presents them with an opportunity to be flexible about how they account for their software purchases and, importantly, remove most hardware and many labor costs from the equation.

The benefit of low up-front capital costs (that is, no large up-front license purchase) is often an enabler for many companies to go with a SaaS solution, sometimes starting with a smaller deployment and expanding as the need and value are proven. Traditional licensing often makes this difficult to do with packaged applications.

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- ☑ **Ability to conserve operating expense (opex) versus capital expense (capex).** As opposed to the up-front capital expense of licensing on-premise software, a SaaS subscription is considered an operating expense. This difference can be attractive to organizations whose capital budgets are constrained or frozen. It also allows individual departments to tap their operating budgets and get access to the application functionality they need without having to procure or maintain the infrastructure to support it.

- ☑ **Easy to scale up and down.** The annual subscription contract for SaaS services typically has more flexibility than conventional software license agreements. Contracts can be adjusted as a customer's needs change, helping to ensure a rightsized application environment over time and to eliminate the "shelfware" (software that has been paid for, but is not being used) often associated with conventional software.

Demand for SaaS

SaaS is now a mainstream model for creating and delivering software services, and most major software vendors have already built or are working to create a means to deliver their traditional products as a service. SaaS has evolved considerably over the past few years, bolstered by mainstream adoption and an expansive partner ecosystem for distribution, service, and support that provides a variety of SaaS-enabled integration services. IDC expects that by 2014, about 34% of all new business software purchases will be consumed through SaaS, and SaaS delivery will constitute about 14.5% of worldwide software spending across all markets. According to IDC's most recent forecast, SaaS revenue growth from 2010 to 2014 is expected to be over six times the rate for traditional packaged software (see Figure 2). A recent survey from IDC indicates that 82% of U.S. organizations use at least one SaaS service, with new buyers adopting SaaS every day (see *Worldwide Software as a Service 2010–2014 Forecast: Software Will Never Be the Same,* IDC #223628, June 2010). In 2010, 24% of SaaS subscribers were first-time buyers, pointing to an expanding user base and not just new sales into early adopter customers.

Buyers of SaaS CRM services spent US$2.7 billion in 2010, representing approximately 16% of today's total CRM applications market. Overall CRM applications revenue is forecast to grow at a 17.9% compound annual growth rate for the period from 2010 to 2014, with most of the incremental growth in this mature market coming from SaaS CRM services. Traditional licensed CRM products for this same time period will grow at a lower projected rate of 3.8% as the market shifts to SaaS CRM products, which will represent nearly 25% of the total market by 2014.

IDC estimates that in support of end-user demand for SaaS offerings, just over 80% of net-new software companies coming to market in 2011 will be built around offering a service delivered from the cloud, as opposed to physical media to be installed in a local datacenter.

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Worldwide On-Demand and On-Premise CRM Applications
Revenue, 2005–2014
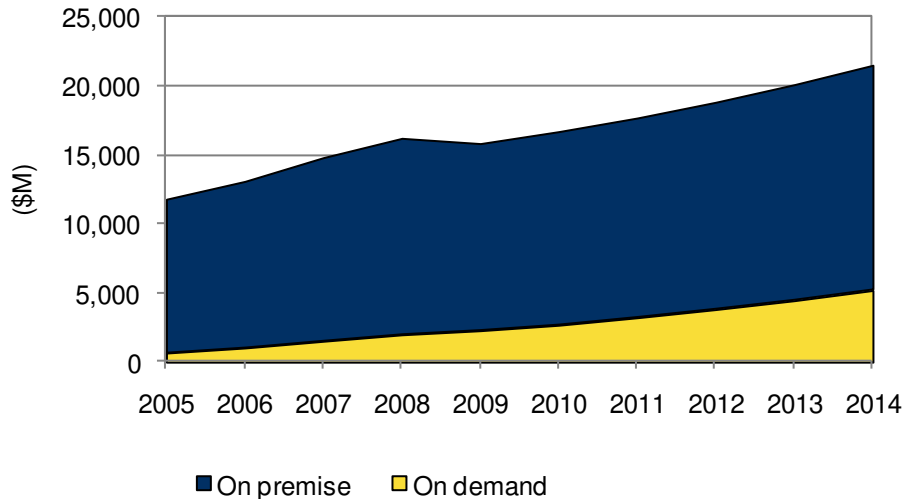
Source: IDC, 2011

Three years ago, nearly 80% of the revenue earned in SaaS delivery came from "pure-plays" — new companies organized around SaaS-only delivery. In 2010, that number was about 45%, and getting smaller, as companies with established traditional products built out SaaS product lines to sell new products, reach new customers, or create integration and extensibility for their selling and technology partners. This adds to the proof of concept for SaaS delivery and means far more choice and flexibility for business customers, making the evaluation of SaaS-based products and suppliers a necessity for any new purchase or major upgrade.

New Requirements for SaaS

Greater cloud adoption and use means that IT organizations are becoming more involved in the purchase decision and more savvy in evaluating how they want to purchase and consume SaaS. IDC advises that organizations evaluating SaaS options should look for services and providers that have the following capabilities, among others:

☑ Full lineup of cloud services — Provides multiple components of cloud services including SaaS, PaaS, and IaaS

☑ Complementary SaaS-based solutions — Offers multiple cloud services that can be easily provisioned and used together at a reasonable price

☑ Global support — Provides technical support and implementation services globally as well as strong localization support for the most commonly used languages

- ☑ World-class datacenters — Datacenters that have strong physical, network, and data security; failover; and fault tolerance and are certified for enterprise cloud services (SAS 70, ISO 27001, etc.)

- ☑ Multitenancy support — Architecture that allows providers to offer multiple instances of their cloud service, but centrally manage it from an IT standpoint

- ☑ Strong price-to-value equation — Offers competitively priced cloud applications/services that provide business value pricing without hidden fees for feature/function level

- ☑ Financially backed service-level agreements — SLAs for cloud-based software that meet the requirements for speed, uptime, redundancy, and scale

- ☑ Proven expertise with multiple cloud deployment options (such as public cloud, private cloud, or hybrid cloud)

Next-Generation CRM

CRM encompasses the customer-facing business processes within an organization irrespective of industry specificity. These processes include sales, marketing, and customer service both within and outside a contact center. Collectively, the applications that automate these functions serve to manage the entire life cycle of a customer — including the conversion of a prospect to a customer — and help an organization build and maintain successful relationships.

The first generation of cloud-based CRM applications liberated CRM applications from their delivery model. The next generation of CRM applications is at hand. These new applications represent the next significant usage paradigm for CRM, which is based on the benefits that cloud-based architectures are bringing to the CRM applications space. This next generation capitalizes on the broader cloud proposition.

The CRM applications market is one of the earliest applications segments to move to cloud-based offerings. Many of the new companies that were founded during the dot-com explosion were CRM-focused companies that used the new architecture as a means to quickly build and deploy applications to customers. What they experienced was that customers likewise could more easily and rapidly consume their applications. Web analytics, marketing automation, and sales force automation applications were early adopters of this new value proposition.

CRM in a Cloud World

Inherently, the purpose of CRM within an organization is to provide automation to core customer-facing processes — including marketing, sales, and customer service — to drive internal efficiencies while enabling organizations to deliver an enhanced customer experience. For many industries today, superior customer interactions are competitive differentiators. The CRM applications market is now a market in which cloud-based applications and on-premise applications coexist and offer distinct value propositions whether used independently or in a hybrid environment. The value propositions for

cloud-based CRM applications are similar to those for the broader cloud applications market, but within CRM, the benefits become more apparent, as follows:

☑ **Access to the latest CRM releases, services, and innovations.** The more frequent upgrade cycles associated with SaaS CRM applications enable applications to incorporate changes and distribute changes more quickly. Release cycles for CRM functionality within a cloud environment are typically semiannual, allowing for updates of the latest technology advances on a continuous basis. Access to online data sources for customer information and insight, integration to public and private forums, and integration to real-time productivity and communication tools over the Web are just a few examples of cloud technologies that can be used in conjunction with CRM. Having access to these additional data sources and cloud-based tools through a services construct along with CRM brings added customer insight and increased productivity around their core CRM business process.

☑ **Flexibility for CRM user access.** Employees are more mobile today and often work in a flexible environment. Direct employees such as sales or customer service employees can access the same application and furnish updates remotely, but remote employees can be provisioned easily without typical IT burdens or security implications. Examples include temporary marketing consultants and strategic business partners. The annual subscription agreements of most cloud-based CRM systems allow organizations to easily scale up or down the number of users as their business needs change.

☑ **Ease of use for core and casual CRM users.** SaaS-based CRM applications use familiar Web constructs and user interface (UI) paradigms. In essence, the delivery of CRM via the cloud has forced SaaS providers to optimize the user experience. As more employees within organizations are being provisioned with CRM software beyond the traditional roles of front-line sales or customer service agents, the time savings in terms of training has a multiplicative effect.

☑ **Better use of IT staff to develop CRM business case uses.** Because cloud-based CRM applications are more easily consumed, due to both their design and their provisioning, IT staff members are freed from low-value work, such as maintenance and upgrades. These costly and in-demand skilled staff members can instead be deployed to focus on higher value-added work such as tailoring CRM to meet the organization's specific needs. This shift in focus puts the emphasis on increasing CRM's relevancy to and ultimately its success in the organization.

☑ **Platform for CRM cloud enhancements.** The leading innovations in technology today are happening in cloud-based architectures. The cloud has enabled innovative developers to focus on their product offerings and not the infrastructure to support it. The "marketplace" concept (online repository of cloud-based solutions and applications), in conjunction with cloud-based CRM solutions, enables organizations to easily extend out and use other cloud-based solutions with CRM for improved business insight and efficiencies.

- ☑ **Better CRM price/value equation.** The price/value proposition of cloud-based CRM can't be overlooked. Aside from the obvious "opex versus capex" benefits, organizations are also realizing that by not having to pay for expensive hardware, upgrades, and IT maintenance, they can use that money to provision CRM to more of their employees. The finance, product development, strategic planning, and administrative staff, to name a few, all have requirements for customer insight to perform their job function. Cloud-based CRM offers a lower price point in addition to a broad functionality footprint, which enable affordable provisioning of CRM to a wider number of employees.

MICROSOFT CLOUD VALUE PROPOSITION

Microsoft as a SaaS, PaaS, and IaaS Provider

As a preeminent technology provider, Microsoft is bringing a wealth of capabilities to the CRM SaaS user experience. Microsoft's SaaS and general cloud-based offerings are broader than purely a CRM focus, but this discussion focuses on what these components bring to a next-generation CRM-centric implementation.

The Microsoft Cloud Services Portfolio

While cloud services offer end-user organizations significant advantages in terms of ease of use, innovation, and accessibility, the technology and the infrastructure to enable cloud computing are sophisticated. Done right, cloud computing provides the foundation to a powerful computing experience. Microsoft has made cloud computing a top priority over the past several years, not in isolated pockets of the organization but as a comprehensive initiative viewing the cloud as the predominant computing architecture for the next stage of enterprise computing. The Microsoft investment in cloud computing to date includes over 40,000 engineers and a US$2.3 billion datacenter investment. Microsoft has also changed its development process within its CRM line of business with a commitment to develop its cloud-based services first in order to deliver innovation to the market more quickly. The key components of Microsoft's cloud services portfolio are as follows:

- ☑ **Microsoft PaaS: Windows Azure.** The Windows Azure platform includes a cloud services operating system and a set of developer services, which provide the functionality to build applications that span both consumer Web services and enterprise application scenarios. The Windows Azure platform provides developers with on-demand compute, storage, relational database, networking, and content delivery capabilities to host, scale, and manage Web applications on the Internet through Microsoft's datacenters.

- ☑ **Microsoft IaaS: Datacenters.** Microsoft offers highly secure datacenters for hosting Windows Azure–based applications and services, as well as Microsoft Dynamics CRM and Microsoft Office 365. Microsoft offers datacenters in North America, Asia, and Europe that are ISO 27001:2005 and SAS 70 Type II compliant.

⊡ **Microsoft SaaS: Microsoft Dynamics CRM Online and Microsoft Office 365.** Microsoft has extended its portfolio of applications, both productivity-focused and enterprise applications, to offer a variety of cloud-based options. The combination of Microsoft Dynamics CRM Online and Microsoft Office 365 is an example of next-generation CRM enablement, in which the mix of cloud technologies within the specific business process flow (such as CRM) demonstrates the range of the value proposition of cloud-based services and applications.

❑ **Microsoft Dynamics CRM Online.** A key component of the software-as a-service strategy from Microsoft is CRM, Microsoft's cloud-based CRM service. Microsoft Dynamics CRM Online delivers a global, cloud-based subscription offering from Microsoft's datacenters. Released in January 2011, Microsoft Dynamics CRM Online now supports 40 markets and 41 languages. In addition to being designed to work with Microsoft Office 365, it enhances productivity with native Microsoft Outlook integration, a new streamlined user interface, analytic capabilities, and performance management features.

❑ **Microsoft Dynamics Marketplace.** Supporting the Microsoft Dynamics CRM Online environment is the Microsoft Dynamics Marketplace. The marketplace is a centralized online repository of solutions and applications for Microsoft Dynamics CRM developed by Microsoft partners. The marketplace is a key component of extending the value proposition for users by providing complementary capabilities. Cloud-based solutions and extensions through partners will allow customers to easily add functionality through cloud services. This could be by region, function, or industry.

❑ **Microsoft Office 365.** Microsoft Office 365 is the next version of the Microsoft Business Productivity Online Suite (BPOS), providing the core Microsoft Office suite of productivity applications known as Office Web Apps. Additionally, it bundles Microsoft Exchange Online, SharePoint Online, and Lync Online.

The New Cloud-Based Next-Generation Desktop and CRM

SaaS offers a new computing paradigm that enables a new user experience, giving a Web 2.0 usability to familiar applications, like CRM. The boundaries between different functionalities are erased in a way that, from a user's perspective, gives users flexibility and access to what they need when they need it. The average worker jumps between tasks and therefore between applications. Often, these tasks require information from one application to be shared with another application, or the functionality from one to be used in support of the task being completed in another. Cloud-designed applications support this usage model by allowing organizations to cost-effectively and rapidly use features from multiple cloud applications. And as more software is written as a service, or as services, the choice broadens for end users in how they consume and use software.

As observed earlier, when the cloud services proposition is applied to an application area such as CRM, it offers that segment a new model of absorption and usage specific to its requirements. For CRM, a cloud-based product is more easily adoptable, and it allows organizations to extend and broaden CRM capabilities, enabling better context for CRM work processes with the goal of increasing productivity.

From a software acquisition perspective, it also allows organizations to acquire cloud-based solutions and functionality easily and with minimal up-front investment and lower IT involvement.

How Microsoft's Cloud Portfolio Brings It All Together

The Microsoft cloud portfolio demonstrates this changed interaction paradigm. While Microsoft Dynamics CRM Online can stand alone within the CRM applications market and be evaluated based on its own merits, when used with the other Microsoft cloud and desktop offerings, it brings an additional level of usability, flexibility, and productivity to the environment. This is an example of the whole being greater than the sum of its parts.

The end user is able to navigate between Outlook and Microsoft Dynamics CRM Online, pull or post information from SharePoint Online, engage in a video conference call through Lync Online, or draw in profile information from social media Web sites such as LinkedIn to augment a customer record. All of that is possible because the cloud offerings enable functionality to be available as services. The combined end-to-end cloud offerings rationalize for users the various tools and capabilities they are accessing to get their job done within a cloud-based next-generation desktop.

Imagine a salesperson preparing for a presentation with a prospect. He sees a reminder in his Outlook calendar for the upcoming presentation. This information is reflected on the Outlook calendar from Microsoft Dynamics CRM Online. The salesperson needs some inspiration for this meeting and decides to look for other accounts in this industry. He searches Microsoft Dynamics CRM Online from within Outlook and finds several accounts in the same industry that might be helpful and the names of the account representatives. He has met one of the other sales representatives before and looks in Microsoft Lync Online to see if she is online. Finding her online, he initiates a chat asking for help. The second representative is busy at that moment but points him to a Microsoft PowerPoint document stored in SharePoint Online that was her sales presentation to the account. She suggests that the sales representative use this document as a base, make changes, and then meet in a Lync Online video session to critique the impending pitch. The first salesperson accepts, sends a meeting invitation to secure the time slot, and directly edits the existing document on the SharePoint site. At the meeting time, Outlook reminds both salespeople about the Lync Online meeting. The sales representatives open the meeting and are launched into a video session. The first salesperson makes his pitch in a mock presentation, receives input, makes changes, and saves the document. In this case the software was an intrinsic aid to the process and greatly enhanced the salesperson's ability to sell to a prospect. He was able to find the information he required and act on it in a timely and effective manner.

Corefino Services

Corefino Services LLC (Corefino) is a Silicon Valley–based provider of outsourced accounting services. Corefino also evaluated Microsoft Dynamics CRM Online because founder and CEO Karen Watts is a firm believer in cloud-based technologies. While Microsoft was initially considered because of its cloud-based offering, it still had to pass an internal review. At the end of the evaluation, the salespeople unanimously voted for Microsoft after being impressed with the native Outlook experience and ease of use. For the full profile, see page 14.

Sandri Companies

Sandri Companies (Sandri), the largest marketer of petroleum products in the northeastern United States, chose Microsoft Dynamics CRM Online because it did not want to make the investment in an on-premise product. It also did not want to worry about securing the data within its own facility or about something happening to its offices. For Sandri, keeping the data in the cloud, and in a Microsoft facility, ensured that the data was highly secure. In this way, Sandri is taking advantage of the Microsoft SLA that offers high security in the datacenter and a financially backed 99.9% uptime guarantee. However, the real driver for the purchase of Microsoft Dynamics CRM Online was to automate its sales force. With an acknowledged low level of automation within the sales process, Sandri needed some way to manage its prospects and leads in a more effective manner. Microsoft Dynamics CRM Online allows the company to see into the pipeline for how its individual sales representatives are performing out in the field. The company has also achieved visibility into the effectiveness of its marketing campaigns, enabling it to fix problems and determine how it can improve moving forward. For the full profile, see page 16.

CHALLENGES/OPPORTUNITIES

Organizations that haven't yet moved to the cloud, and specifically cloud-based CRM, should evaluate cloud options as a fit with their organization as they evolve their business, internal applications, and computing architecture. While SaaS can offer many key benefits, every organization must decide for itself what elements of cloud computing are most appropriate.

SaaS may be an appropriate fit in several prime situations, including for organizations that:

☑ Wish to modernize their architecture and applications with Web 2.0 features

☑ Want to rapidly use enterprise software applications across their organizations with minimal capital expense

☑ Require easy-to-use applications that can easily connect and leverage other cloud-based applications in conjunction with CRM to improve overall productivity

☑ Have a "land and expand" application modernization plan with goals to minimize IT burden and focus on high-value activities such as tailoring CRM to their evolving business requirements

- ☒ Have virtual workgroups requiring virtual software that can scale to their business and easily provision software for remote employees

- ☒ Require control over which people can securely access information anytime and on any desired device (laptop, smartphone, or smart tablet)

- ☒ Have underutilized applications or are running legacy applications that are at the end of life

- ☒ Own on-premise applications that are expensive to maintain and do not work as well as required

CONCLUSION

IDC sees the next three to five years as a period of time in which cloud-based applications will increasingly take their place within enterprise architectures. Organizations now have the unprecedented opportunity to quickly and cost-effectively buy and connect multiple cloud-based services, in turn increasing the power of CRM and enabling greater productivity potential. The Microsoft set of cloud-based solutions offers end-user organizations a single source for cloud-based CRM enhanced with services-based productivity and collaboration applications and infrastructure support. Organizations looking to modernize their CRM applications would do well to evaluate the Microsoft cloud solutions.

CASE STUDY: COREFINO

Corefino is a Silicon Valley–based provider of outsourced accounting services. Corefino offers its customers an outsourced accounting solution that combines accounting expertise, cloud-based technologies, and Corefino's own best practices workflow framework to help customers connect anytime through the Web, achieve sustained audit readiness, and conform with industry best practices.

Challenges and Solution

Corefino's search for a CRM solution was driven by its need to automate its sales, marketing, and service processes. However, the company faced an even bigger challenge in selling its accounting end users on the upgrade. As Corefino's founder and CEO Karen Watts stated, "The accounting team doesn't like upgrading at all."

The marketing department was the key driver for obtaining CRM functionality, as it had no technology support in place. Before implementing Microsoft Dynamics CRM Online, Corefino was using Act! for contact management. It also needed a system for customer service. "Managing customer service through the accounting system restricted our ability to track and respond to customer issues," said Watts.

Initial Evaluation and Selection

Corefino specializes in outsourced accounting. In addition to providing its clients with skilled people, Corefino also provides SaaS accounting application capabilities. As such, outsourcing, SaaS, and low-to-no IT staff are in its DNA. When it came time for Corefino to look for a CRM solution, cloud computing was the only option. CEO Watts is a firm believer in cloud-based technologies. The value proposition is simple to Watts, and the use of cloud-based applications fits with her view of the world: You should let people do what they are good at. As an accounting services company, Corefino knows that its value proposition is in delivering accounting services and not in maintaining servers. As Watts put it, she is the "queen of efficiency. Let Microsoft have the servers in the cloud."

Microsoft was selected as one possible solution for its cloud offering because the technology team preferred it for integration reasons. The sales personnel, however, had a strong preference for an alternative leading cloud-based solution with which they were already familiar. Watts conducted a formal evaluation of Microsoft Dynamics CRM Online and the competing solution. In this way, it could be a decision based on equal input.

It was also very important to Watts that Corefino have a CRM solution that could be used across the company. In this way, it could be sure of capturing vital information at every stage of the business. As Watts said, "If you can't get the data into a system, you can't get anything out of it."

At the end of the evaluation, the salespeople unanimously voted for Microsoft. The product had the core capabilities that Corefino needed, and there was also broad consensus among users that the interface was the easiest to use. The marketing department also voted strongly for Microsoft because the competitor didn't offer a robust marketing module.

Results

Microsoft Dynamics CRM Online enabled the marketing team to track ROI for marketing campaigns. The product allows Corefino to conduct campaigns, view the funnel, and understand the flow of business. In the case of trade shows, the company is able to see the leads and what eventually turned into new business. In this way, it is able to compare the results with its email campaigns and view ROI. As Watts stated, "The ability to view ROI is what it is all about. Microsoft Dynamics CRM Online gives us that ability."

With the success in the marketing department, Corefino went on to add another 20 users in the sales department. This was followed with an expansion to customer service, replacing the use of the accounting system as a customer service platform.

Upgrading to Microsoft Dynamics CRM 2011

When Microsoft opened the beta of Microsoft Dynamics CRM 2011 Online to customers, Corefino looked at the feature list to make sure it made sense for the company but didn't feel the need to conduct another formal review. With the successful adoption rate that Corefino had experienced, particularly among the sales staff, Watts had no doubts in upgrading to the new version.

Benefits

Ease of Use

For Corefino, an ongoing benefit of the Microsoft Dynamics CRM Online service offering is that it uses an easily understood paradigm for CRM. Some of the other applications that were evaluated required the user to learn a new vernacular and process for the CRM module. Watts' perspective is that to be successful in the cloud, you have to provide accessible applications that are easy to use, under the assumption that the application is being absorbed by smaller organizations. Given that these organizations don't have a CRM system or the resources to support it, it needs to be intuitive. In her view, Microsoft successfully achieved this in Microsoft Dynamics CRM Online.

The synergy between the Microsoft Outlook client and Microsoft Dynamics CRM is another key benefit of Microsoft Dynamics CRM Online for Corefino. Members of the accounting staff are not required to learn a new application. They are able to use Microsoft Dynamics CRM Online entirely through Microsoft Outlook. When an email message comes in, it is automatically tagged so that data gets into the system and is usable.

Value of Cloud

The reduced out-of-pocket expense of using the cloud was also a benefit to Corefino. The cloud brings both the price and the functionality down a level, making the total solution more accessible.

The Stack

Corefino uses Microsoft SharePoint Online services, Microsoft Office 365, and Microsoft Dynamics CRM Online to provide a full range of cloud-based capabilities, along with the Windows Azure technology platform to link the pieces together. While each component provides Corefino with significant benefits on its own, as Watts said, "You get a lot more benefit by adding all these things together."

Words of Advice

For those potentially evaluating Microsoft Dynamics CRM Online, Watts has no hesitation in recommending the product.

CASE STUDY: SANDRI

A.R. Sandri Inc. (Sandri), founded in 1931, is a family-owned energy company and the largest marketer of Sunoco petroleum products in the northeastern United States. With headquarters in Greenfield, Massachusetts, Sandri employs approximately 400 people across its various business entities. Its product lines include fossil fuel offerings (gas stations, home heating oil, motor oils), renewable energy solutions (wood pellets, solar, geothermal), Clean Burn waste oil heaters, commercial and industrial lubricants, and HVAC installation and repair. Sandri is aggressively building itself to be an "energy company of the future" with the goal to provide its customers with options for all energy needs. To this end, it is expanding its products to include the brokering of electricity and natural gas.

Challenges and Solution

The impetus for Sandri to seek and implement a CRM application came through an interesting route. As a marketer of Chevron lubricants, Sandri was invited by Chevron Corporation to join a program called Project Transform in June 2009. The comprehensive program was designed to provide participating organizations with guidance and resources to build internal efficiencies and to be better able to identify and execute on selling opportunities. As part of the program, Sandri reorganized a portion of its sales process to migrate its transactional customer base into an inside sales process, leaving the outside sales force better able to focus on larger accounts. Members of Sandri's sales force learned to better identify and understand cross-selling opportunities with the goal of increasing share of wallet within their customer accounts. They also entered into a deep analysis of their customer base to help determine which accounts should be migrated to inside sales. The program also endorsed the use of a CRM system if none was in place. CRM was recommended because it would allow the newly formed inside sales department to deliver results that could be easily monitored and also be a tool for the outside sales force to track the share of wallet within their remaining larger accounts and work cross-selling opportunities. It was through this process that Sandri President Tim Van Epps grew to appreciate the strategic importance of a CRM application: "CRM was important to helping us achieve our long-term goals of cross-selling within our various product lines."

Sandri had both business process and technical requirements for the CRM solution. From a business process standpoint, the company had multiple problems: It operated in silos among the various product lines; it had no sales data hygiene or control; it had no established sales process; and it had no visibility into the success of its various marketing programs.

To fit Sandri's technical needs, a CRM solution had to meet several requirements. Foremost, the company wanted a SaaS product for security, flexibility, and cost reasons. The investment in an on-premise server for the application was deemed too cost-prohibitive for the company. Second, integration to Sandri's petroleum industry-specific ERP product, Advanced Digital Data Systems (ADDS), was also essential. The ADDS platform is the core record keeping system for the company, managing both revenue-based information and customer interaction history. At the time, Sandri was very dependent on the product.

Chevron introduced Sandri to salesforce.com as well as several Microsoft partners. Sandri decided to implement a Microsoft solution through Ledgeview Partners, based in Appleton, Wisconsin. Sandri chose Ledgeview because it was able to offer Sandri a version of Microsoft Dynamics CRM 2011 customized for the petroleum industry, called Microsoft Dynamics CRM for Energy Distributors. Sandri liked the idea of having a CRM solution that came out of the box with functionality that was designed around its needs. In addition, Ledgeview was able to answer the integration requirements of the back end with prebuilt capability, something that was left unclear in the discussions with salesforce.com.

Results

Currently, Sandri has approximately 40 seats of Microsoft Dynamics CRM Online and estimates that it will be upward of 50 over time. The sales and management team are the primary users, in addition to the customer service manager. After integration with the back-end ADDS program is complete, allowing for a complete data sync containing all customer history information to Microsoft Dynamics CRM Online, the remainder of the customer service staff will be added. Additionally, two externally located inside sales personnel are using the same instance in an outsourced sales model.

The sales staff immediately adopted the new Microsoft Dynamics CRM Online solution. As longtime users of Microsoft Outlook, the employees had immediate comfort with the Microsoft Dynamics CRM 2011 interface. As Van Epps noted, "The existing sales force was used to working with Microsoft Outlook, so they just 'got it.'"

Implementing the CRM system simultaneously with its involvement with Project Transform allowed Sandri to work from the ground up on its sales processes. It realigned the sales force to include the outsourced sales personnel located at the implementation partner's location. Using a hosted solution allows the outsourced inside sales representatives to use the same CRM system while enabling Sandri to have full access to their activity records. In this way, Sandri is able to maintain a comprehensive view of the customer account activities and visibility into the outsourced sales representatives' accounts.

Additionally, by storing its data in a Microsoft facility through Microsoft Dynamics CRM Online, Sandri gained the high levels of security it sought, as well as a 99.9% uptime SLA with Microsoft.

Benefits

Visibility

The level of visibility for the entire business, as well as within individual processes, has increased significantly. Van Epps said, "From a management perspective, we can see across all of the business entities. With the integration to ADDS, we can now view the entire company performance from within Microsoft Dynamics CRM." Van Epps can look at any transactional or financial history that he wants. He not only can see history but also is now able to look forward into the pipeline and help with the sales process if he sees requirements for his input.

On the marketing side, Sandri also has gained visibility into the effectiveness of its marketing campaigns. By tracking campaign responses within Microsoft Dynamics CRM, the company is now able to tell if a marketing effort has been successful or not. In this way, it can evaluate what it did wrong, enabling it to determine how it can refine the process moving forward. At the time of this interview, Sandri was engaged in several marketing programs that were taking the company outside its comfort zone, but with visibility into the process, it is able to watch and learn.

Sales Process and Cross-Selling

The primary driver for Sandri's purchase of Microsoft Dynamics CRM Online was to automate its salespeople and formalize its sales process. Sandri's COO Mike Behn acknowledged the low level of automation within the sales process: "They were using shoeboxes, notebooks, and matchbook covers to track their sales process." Sandri needed some way to manage its prospects and leads in a more effective manner. The ease of use and Microsoft Outlook interface and integration with Microsoft Dynamics CRM Online led to its high rate of adoption by the sales team. As a result, the data is getting into Microsoft Dynamics CRM Online, allowing the sales team to visualize how it is doing and also giving individual sales representatives out in the field visibility into the pipeline.

With the implementation of Microsoft Dynamics CRM Online, Sandri has formalized a five-step sales process, enabling it to understand its business better and in real time. The management team can watch opportunities developing through this process, which Van Epps believes will give the company a competitive edge.

The new system, in combination with team-building exercises and extensive training of the staff, has resulted in a culture change around the process of selling and CRM discipline. Cross-selling capability was of high importance to Sandri. As Sandri moved into new lines of business, individual silos of data, operating units, and sales teams evolved. Now, the sales staff has been trained to look for cross-selling opportunities, and not just within the lubricants line of products. With Microsoft Dynamics CRM Online, the salespeople can identify cross-business opportunities and can easily signal to others in the organization where they can collaborate. For example, if a

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lubricant sales representative becomes aware that one of his accounts is currently purchasing heating oil from a different provider, the sales rep can alert the heating oil department of the opportunity by indicating it in the account's share of wallet area. Or, that customer might be interested in adding solar electric to the new facility it just built, and the sales rep can open up an opportunity for the renewable energy department. In this way, the organization is driving toward increasing share of wallet within the client base. The Microsoft Dynamics CRM Online solution enables the sales personnel to sell all products across all of Sandri. Behn summed it up by saying, "Its compatibility with Microsoft Outlook and the back-office system is second to none."

Facility Management

As an additional benefit of implementing Microsoft Dynamics CRM Online, Sandri has taken advantage of the Microsoft xRM application framework that underlies Microsoft Dynamics CRM. The xRM framework allows access to the data structure and variable relationships. Through the use of an abstracted user interface layer, customers can apply the application logic to other data management constructs, not necessarily CRM. Sandri is using this capability to manage its physical facilities around the Northeast. For the 105 gas station/convenience stores around the region, it is able to track pumps, underground inventory, environmental compliance, POS equipment, and physical store inventory. The company is able to pull the information into Microsoft Dynamics CRM Online and view it easily. This represents a total transformation from the maintenance of individual spreadsheets for each location and multiple employees keeping data on the same location in several different places. The system is currently under development with Ledgeview. Van Epps is looking forward to this capability coming online, saying, "It will be really exciting to pull up a location in Rutland, Vermont, and see what's going on in that location in real time."

Future Plans

The journey for Sandri is not over, neither from a corporate nor from a CRM applications perspective. As Van Epps said, "The more we get into CRM, the more we see how we can utilize it in many aspects of our business." The system has become so central to the company's operations that one of the marketing department employees has recently assumed full-time responsibility for the CRM system from the business side.

With the addition of outsourced sales representatives located in Appleton, Wisconsin, Sandri no longer has local contact with all its sales personnel. Van Epps anticipates using Microsoft Lync Online as a way of including those outsourced sales representatives in the workflow of Sandri and helping to build a team rapport.

Other technologies under consideration include tablets for the sales force, the addition of ecommerce to the Web site, and a possible change to the back-end system to potentially move to a Microsoft Dynamics ERP product.

Final Comments

The combination of Microsoft Dynamics CRM and Ledgeview's expertise has created a solution that fits the industry-specific requirements that Sandri had for its CRM implementation. The company not only automated key processes but also reinvented its culture and business processes supported by the CRM technology. Van Epps said, "Overall, Microsoft has been great to work with, and I want to pat Ledgeview on the back. From our perspective, they are the face of Microsoft, and they have gone above and beyond."

DEFINITIONS

IDC breaks the broad set of services being offered in the public cloud (offerings designed around multitenancy, built for Web delivery to an entire market) into five categories: applications; application development and deployment (often called platform as a service, or PaaS); system infrastructure software (security, system management, network management); servers (often called "compute"); and storage.

Because they are service extensions of well-understood software products that customers have been buying for years, the first three groups (applications, application development and deployment, and system infrastructure software) are together called software as a service, or SaaS. Servers, storage, and infrastructure software combine into infrastructure as a service, or IaaS. Others view applications as SaaS, development and deployment software as PaaS, and system management, servers, and storage as IaaS.

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