

Oracle CRM: It's Really Better Than Salesforce.Com...When You Do It Right

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Prologue

Like most medium-sized business-to-business service providers space, my organization brought itself up by its own bootstraps. We began with 6 people in 1998 as an entirely self-funded organization, and by 2005 we had employed over 400 people and had clients in over 60 countries. Lots of people, of course, made this happen. But in terms of sales, this growth was fueled by the sheer determination and dogged perseverance of our sales staff.

As the company looked to consolidate its growth, one thing became apparent. We needed to find a way to better harness our sales team's energy. The answer of course was a robust CRM solution. The question was which CRM software package?

At first, the answer seemed obvious – Salesforce.com. But the obvious answer is frequently not the right answer, and that was the case with us. After a lot of internal deliberation and a lot of back and forth between sales and IT, we settled on Oracle CRM. After using Oracle CRM for over a year, we can say for certain that Oracle E-Business Suite users would be very wise to choose Oracle CRM over Saleseforce.com, and this paper tells you why.

Introduction

Sales are the motor that drives business. A company of course must produce good products and/or deliver quality services, but an organization depends on sales to bring these products to the market. Today's Customer Relationships Management software gives businesses an incredible array of options for calibrating their sales strategies and integrating these with world-class retention and customer service plans. The purpose of this white paper is to help business and IT leaders from companies that operate on an Oracle platform better understand the CRM options they face.

Understanding which CRM package is right for you begins with understanding the real meaning of CRM. True CRM is about much, much more than simply automating as many sales functions as possible. A genuine CRM solution is one that gives you a 360° view of your customer, and this paper will help you understand how to get there.

While there are dozens of CRM software packages on the market, Oracle E-Business Suite users frequently find themselves choosing between one of Oracle's CRM options and Salesforce.com. As indicated in the prologue, Salesforce.com offers a lot of advantages, and it is very, very popular. But that does not make it the right solution, as a point by point comparison of Oracle CRM and Salesforce.com reveals.

Finally, this paper concludes with tips for solving the CRM puzzle. These “dos and don'ts” are all real case studies of companies that have had to work through this issue before.

Need for a CRM system

A good CRM system provides enterprise-wide visibility into the entire customer lifecycle. But just what does this mean, and how do you achieve this? First, any CRM system has got to help accurately forecast future sales. A quality CRM solution will go beyond simple forecasting capabilities, and allow you to establish a dynamic sales pipeline where you can track a lead from its initial acquisition to final booking. The best CRM systems take this process a step further. They allow you to synergize your lead-generation efforts and sales pipeline with your supply chain, inventory, and delivery processes.

This last point is of particular importance to Oracle end-users. Obviously any CRM system is going to need to have some level of integration with an ERP system such as the Oracle E-Business Suite. Determining the right level of systems and business integration is a key question that organizations face because sales activity sends ripples throughout the organization. These ripples go beyond the sales and manufacturing-delivery lifecycles; they also touch functions such as finance, human resources, accounts receivable, accounts payable, etc. There are many examples of this, and a simple one demonstrates the value of a CRM solution that is integrated with a company's ERP systems. Think of two different sales people who both get calls from a frustrated customer whose order arrived without all of the necessary parts. The first sales representative's CRM system provides real-time access to the customer's payment and order history and a master item list. The second sales representative has to look up that information on multiple applications that may or may not have updated data. Which sales person is better equipped to handle this situation?

When you take these factors into consideration, deploying a true CRM solution is more complex than simply rolling out a sales automation system. The question that logically follows is "How do I know if my needs justify choosing a complex CRM system or a simple sales automation tool?" The answer in large part is determined by how integrated your systems are and/or how integrated you anticipate your platform becoming. Organizations that have highly heterogeneous platforms, ones that perhaps use Oracle for Financials, SAP for manufacturing, and PeopleSoft for human resources, are probably best served by Software as a Service (SaaS) systems. On the other hand, organizations that are fully dedicated to using the Oracle E-Business Suite are far better served by Oracle CRM.

Advantages offered by Salesforce.com

Salesforce.com is an incredibly popular CRM software solution that offers a lot of apparent advantages. Salesforce.com is accessible and user friendly. Salesforce.com's deployments are measured in days or weeks, not weeks and months. It has a state of the art graphic user interface that is simple, intuitive, and engages the user almost instantly. On top of these benefits, Salesforce.com, at least initially, offers an organization the chance to obtain a robust sales pipeline forecasting solution for a very reasonable investment.

Salesforce.com also offers out of the box reporting capabilities that are far more robust and accessible to the average user than comparable solutions, including Oracle CRM. Moreover, these reports are available from day one, so there's no expensive report customization and no time lost to report development. Salesforce.com has something else going for it: Street credibility. A big reason why so many companies use Salesforce.com is because both sales representatives and salespeople love Salesforce.com. They love it because it is an easy to use solution that gives them a real-time view of individual and corporate sales pipelines. It helps them to sell. Moreover Salesforce.com's out of the box reports give sales managers the tools they need to easily track potential customers from the moment they make contact with the company to the time when the sale is booked.

What is a sales person, and what do they actually do?

When our organization went shopping for an enterprise CRM solution, our sales team immediately pushed for Salesforce.com. We had little doubt that Salesforce.com was going to be an excellent point sales

automation solution. Given Salesforce.com's low cost and rapid deployment time, we were ready to purchase Salesforce.com until we asked ourselves a simple question.

What is a sales person?

Obviously a sales person is someone who helps a customer establish a transaction with a company. But if you dig a little deeper, you'll see just how large a sales person's footprint leaves on an entire organization.

- First, a salesperson is an employee, which means that his or her salary, benefits, and vacation data needs to be stored. A salesperson's salary depends in large part on performance-based commissions and variable income. Likewise when sales representatives take vacation, they're not selling. This impacts corporate sales forecasts and revenue projections, just as vacations need to be factored into the individual reps' quarterly or monthly quotas, which in turn may or may not affect payroll disbursements
- Second, salespeople make promises and proposals to clients. To do this effectively they rely on accurate inventory data, and fulfilling these promises also impacts the supply chain.
- Third, sales people spend money meeting with clients, and these expenses must be budgeted, tracked, and approved.
- Finally, sales success results in bills that need to be issued and collected

Obviously, a salesperson's footprint creates multiple data points across an entire company. Each of these is going to be tracked and stored. The more we looked at the issue, the more it became clear that all of these data points needed to be integrated and centrally accessible if we were to have the complete CRM solution we were seeking.

As figure 1 reveals, adopting Salesforce.com would have forced us to accept some undesirable with some difficult choices.

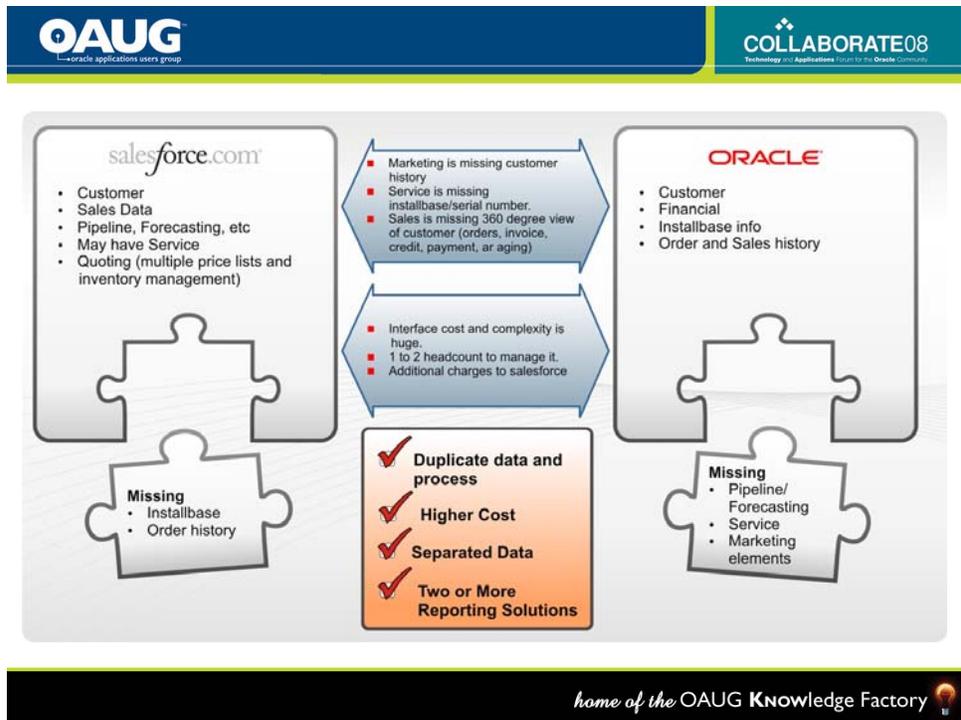


Figure 1

Information Reconciliation is Key

Salesforce.com's benefits are real, but so are its drawbacks. While Salesforce.com would have given us an excellent sales automation solution to handle the front-end of our sales footprint, we would be on our own for the back end. In other words, Salesforce.com might have given our sales team some good tools to sell with, but it lacked the integration needed to be a true CRM solution.

We faced an important choice. Going with Salesforce.com implied that we'd have to accept:

- The existence of duplicated and/or inconsistent data
- The need for two or more reporting strategies
- The need to build and interface to push Salesforce.com data into Oracle.
- High annual costs, both in terms of licenses and system maintenance

On the other hand, Oracle CRM was an attractive option for several reasons. First, the Oracle E-Business Suite supports our entire organization, from Finance to HR, and even to our website. Long before we arrived at the point where we decided to adopt an enterprise CRM solution, we had decided to centralize as many business functions in Oracle as possible.

The simple motive for basing as many business functions in Oracle as possible is because Oracle provides One Source of Truth for all business data. This makes Oracle CRM an especially attractive option for organizations that run all or most of their business processes on the Oracle E-Business Suite. Oracle CRM allows you to integrate all the data points that make up the sales footprint, and deploy a dynamic sales funnel.

Oracle CRM is a tool for building and managing a dynamic sales funnel. CRM gives you the ability to track the entire sales lifecycle. From the moment you load a lead into CRM, you can classify and qualify that lead. After this, CRM gives you the ability to focus on leads with the greatest potential for conversion to opportunity.

Up to this point, Oracle CRM's benefits are similar to those you'd get from Salesforce.com. However, Oracle CRM's added value becomes readily apparent after leads have been converted into opportunities. Because Oracle CRM is already part of your existing E-Business Suite, you can dynamically relate your sales pipeline projections to corporate revenue projections.

Pipeline management is further enhanced by Oracle CRM's ability to link sales forecasts with supply chain and inventory data. This functionality of course allows a salesperson to make accurate quotes about product availability to prospective customers. It also allows businesses to plan production schedules with greater precision.

Oracle CRM takes pipeline forecasting and production planning to another level by integrating this information with Finance, Order Management, and Inventory. With Oracle's detailed analytics functionality, an opportunity's revenue-generating potential is translated into projected revenue based on its anticipated close date, its win probability, and the opportunity's anticipated delivery date. This gives decision makers the information they need to plan proactively. For example, sales/revenue projections might reveal that an organization might have several deals that are projected to close soon, but that will not actually begin billing revenue until much later. Seeing this imbalance between project long-term and short-term revenue projections, a sales manager can focus efforts on short-term revenue generating opportunities. Moreover, Oracle CRM gives sales staff greater visibility into each transaction by allowing them to automatically calculate gross profit margin.

90° vs. 360° View of Your Customer



90° vs. 360° View

Salesforce.com



Oracle CRM



Figure 2

As Figure 2 illustrates Oracle CRM gives you a 360° view of your customers, whereas Salesforce.com only gives you a 90° view. This is particularly important for salespeople, as they are frequently the first point of contact between a client and a service provider. When a customer calls with a service issue, Oracle CRM gives the sales representative automatic access to the customer's service history, invoice numbers and service request status. Sales representatives have instant access to a client's entire order history, payment history, and all of the service requests they have made; moreover, they can use Oracle CRM to make quotes and offers from a central price list. Likewise, when salespeople are called in to help collect outstanding accounts receivables, they will also have instant access to AR Aging reports.

Comparative Analysis

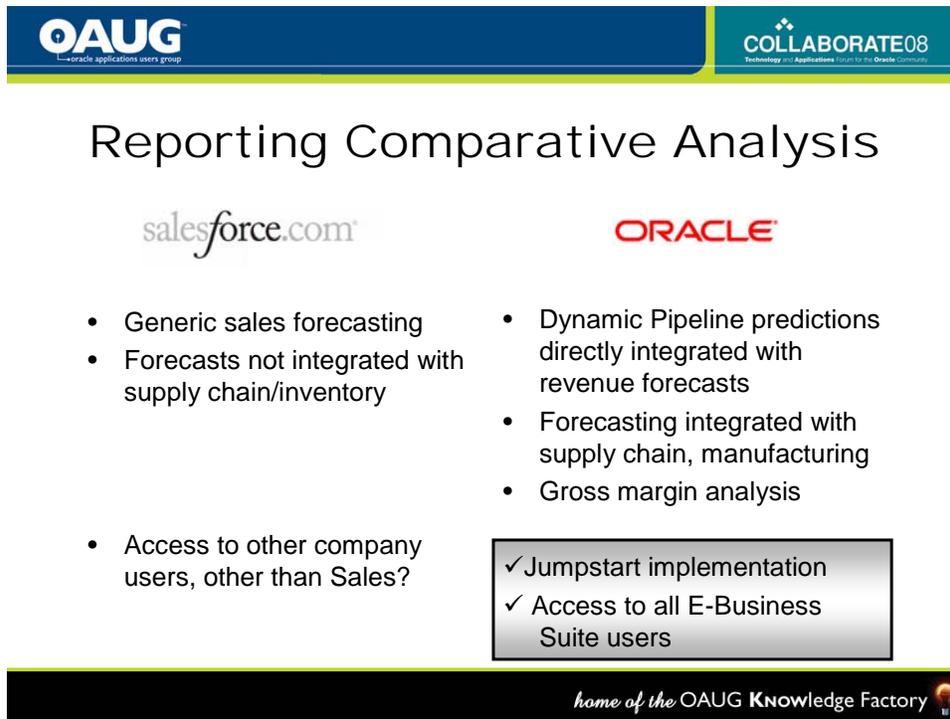


Figure 3

Figure 3 provides a comparative analysis of Oracle CRM’s pipeline forecasting functionalities with those of Salesforce.com. As a sales automation solution, Salesforce.com does provide excellent sales forecasting capabilities. However, these forecasts are all “generic” whereas CRM-generated forecasts are dynamic because they can be linked with revenue projections and production plans. Moreover, with Oracle CRM, any Oracle user can be granted access to relevant sales data. For example, payroll specialists can monitor sales projections and plan bonus payments accordingly. Accounts receivable staff can monitor customer service requests to time collection efforts around potentially troublesome issues.

Of course, arrangements can be made with Salesforce.com to provide non-sales staff with access to this information for an additional cost.

Cost Comparison



Cost Comparison

salesforce.com

- Low initial buy-in
- Shorter (cheaper) initial deployment
- Higher cost of Ownership
- Outrageous Data storage cost

ORACLE

- Need to buy additional licenses for sales staff
- Longer initial deployment
- Licensing
- Easier to maintain



Figure 4

One of Salesforce.com's most attractive points is its low cost and ease of deployment. There is little doubt that, during the initial stages, Salesforce.com can be deployed more quickly and for less money than the Oracle CRM. While these initial low front-end costs are enticing, a decision to adopt Salesforce.com comes with additional back-end costs that can skyrocket quickly.

It is true that a vanilla, out of the box implementation of Salesforce.com is very inexpensive, and this is particularly true for smaller organizations. Likewise, an organization that needs little in the way of customization because it does not need a high-level of data integration will not incur many back-end costs using Salesforce.com. By the same token, this organization will probably not need to store large amounts of data.)

However, it is important to ask the question, how likely is this scenario of occur and/or how long would it persist? Or is it more likely that at some point someone will decide that they want to integrate sales projections with order management. Such a request would first require a customization, between Salesforce.com. This customization would then need an interface between Salesforce.com and Order Management. Then there is the issue of how often data between the two interfaces would need to be updated. The more frequently the data updates, the better prepared the sales team would be. But such frequent updates would create a massive amount of data that would need to be stored, and Salesforce.com's storage data storage fees make storing large volumes of data cost-prohibitive. On top of all of this, these interfaces and custom applications would also require IT staff to monitor and maintain, further adding to the cost.

This is just one example of how Salesforce.com's back-end costs tend to add up. It is also quite logical to expect that when an organization grows to a certain size its executives will need to integrate sales forecasts

with revenue projections. Accomplishing this would require another interface between Salesforce.com and various Oracle Finance modules, thus initiating the same cycle of customizations, interfaces, new data storage needs, and the additional head count needed to monitor and maintain all of this.

By choosing Oracle CRM, Oracle E-Business Suite users face none of these integration or data storage costs. Likewise, Oracle E-Business Suite users can cost-effectively acquire the additional licenses they will need for their sales team to use CRM. And unlike Salesforce.com, Oracle end user licenses do not need to be renewed annually.

Conclusion: Oracle CRM – A Single Integrated Solution that Results in One Source of Truth

With Oracle, you keep all of your data in one central location. That means that when someone in marketing or production changes a price, that price is universally changed every time that product's item master appears. Sales commissions can be based on revenue booked as it is recognized in the General Ledger – eliminating disputes that arise when sales, accounts receivable, and payroll all have separate sets of revenue numbers.

It is on this type of integrated, centralized information that an organization can build true business intelligence. Oracle CRM will allow you to build a dynamic sales pipeline, fully integrating lead generation, qualification, and conversion efforts with opportunity management and revenue projections.

Over the long-haul, Oracle CRM also offers a lower total-cost of ownership. While Oracle CRM's initial investment might be high, even for E-Business Suite users, it does not require interfaces that will be costly to both build and maintain, and it carries no additional storage costs. In this sense, Oracle CRM is a solution that can be scaled up as your organization, and your sales, scales up.

Finally, because Oracle CRM is integrated with the rest of your E-Business Suite, it provides a 360° view of the customer that is accessible to your entire company. That means that every person that interacts with a customer has real time access to the tools and the information they need to deliver top quality services. After all, the purpose of CRM packages is to build strong, long term relationships with your customers, and the comprehensiveness offered by Oracle CRM allows you accomplish this objective.