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Magic Quadrant for CRM Customer Service Contact Centers, 2007

Michael Maoz

Three factors — market consolidation, business demand for support of end-to-end customer processes and real-time insight — have shifted vendor selection weightings for customer service applications that enable contact center agents.

WHAT YOU NEED TO KNOW

Customer service appears as a key business factor that will drive CIO decision making during the next 24 months. The contact center, which integrates and synchronizes post-sale customer interactions, is the most critical flashpoint for the customer relationship. A contact center integrates Internet interactions and call center interactions, with the goal of providing a consistent customer experience. When an enterprise succeeds in satisfying the customer's intent for the service interaction, the result is a reinforcement of the brand promise. When the interaction fails to meet the customer's expectations, it costs the enterprise money and credibility. However, each industry, and each business or organization, has its own unique customer service processes and service channels, making it unlikely that a single software vendor will dominate any given industry. The Magic Quadrant for CRM Customer Service Contact Centers, 2007 reflects this reality.

It is unusual to find two vendors providing comparable products, despite the marketing literature using the same words and concepts. The best approach to finding the most appropriate shortlist of potential vendors for a customer service contact center is to ask the vendor to respond to a request for information (RFI) or request for proposal (RFP) according to the specific needs of your organization, rather than completing a set of functionality and technology check boxes. A long RFP is no replacement for a product proof of concept (or in-house) pilot for the top two contenders from the RFP process.

Changes in consumer and business needs in the area of collaboration, support of user communities and partners, and customer data integration will help launch entirely new niche providers not covered in the Magic Quadrant. Advances in software architectures, particularly advances in service-oriented architectures (SOAs), Web 2.0 requirements and software as a service (SaaS, or on demand) delivery models, will further complicate user choice. By the second half of 2009, Microsoft and Salesforce.com will emerge as the most influential powers in the customer service application market (0.7 probability). We continue to see a great need for advanced decision support and complex knowledge-management capabilities, customer feedback management, an interest in creating composite applications through a combination of in-house development, and best-of-breed customer support system (CSS) vendors.

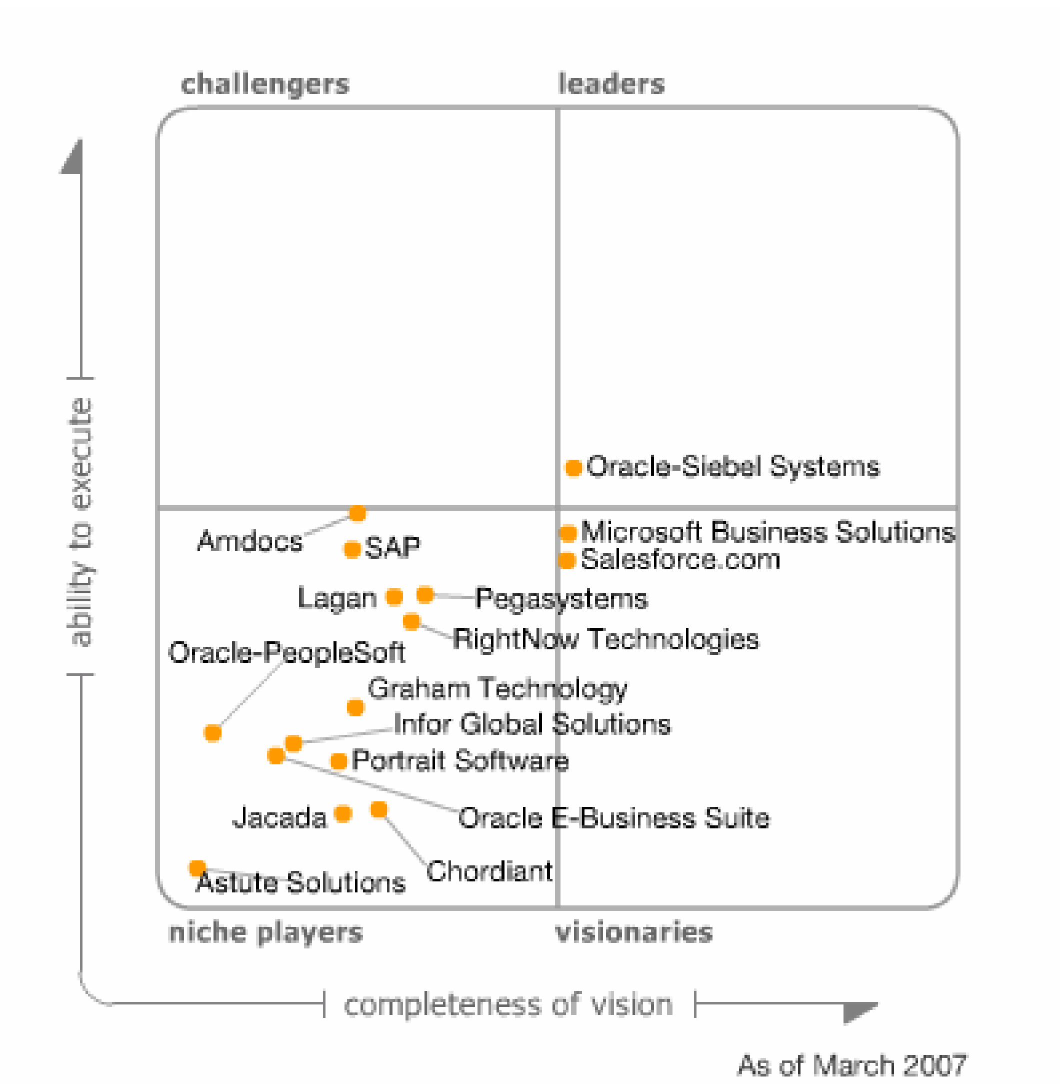
Gartner's Magic Quadrant for CRM Customer Service Contact Centers, 2007, like all Magic Quadrants, is not intended as the sole tool for creating a vendor shortlist. Use it as part of your due diligence and in conjunction with discussions with Gartner analysts.

STRATEGIC PLANNING ASSUMPTION(S)

By the second half of 2009, Microsoft and Salesforce.com will emerge as the most influential powers in the customer service application market (0.7 probability).

MAGIC QUADRANT

Figure 1. Magic Quadrant for CRM Customer Service Contact Centers, 2007



Source: Gartner (March 2007)

Market Overview

The market for CSS applications for the contact center is split into four major areas:

- Desktop tools to enhance agent capabilities: ATG, eGain, eGlue, InStranet, Kaidara, Kana and Talisma
- Industry vertical solutions: Amdocs, Chordiant and Pegasystems
- Extensions of enterprise business applications: Microsoft, Oracle and SAP

- Software as a service (SaaS) and desktop productivity: Jacada, RightNow Technologies and Salesforce.com

Microsoft Dynamics CRM, RightNow Technologies, Salesforce.com and a host of small vendors are at the forefront of a fragmented and still unstable market for customer service contact center solutions. A further wave of acquisitions will persist through 2008. There is still no business process platform for the customer service contact center (see "A Business Service Repository Provides the Foundation for a Business Process Platform") nor are the enterprise application suites appropriate as platforms for customer service business applications. Vendors such as Salesforce.com are using their ecosystems to create solutions made up of multiple vendors. No vendor has yet demonstrated this technology to date to integrate processes in an SaaS model, and it is not clear when or whether this technology and approach will be viable in the contact center.

The pressure is on vendors to respond to organizational desire to move away from a narrow "call center" focus for customer service and adoption of enterprise customer service. This is cross-department, cross-enterprise and often moves beyond the enterprise to embrace channel partners. The applications lag far behind user needs. Analytics and business rule engines as well as collaboration technologies will be essential to connect employees, customers and partners as part of the service experience. Few of these new collaboration (and community-supporting) technologies will come from enterprise CRM application providers other than Microsoft. Customer service technology innovations will come mostly from best-of-breed vendors delivering useful leading-edge technologies and applications. The most significant evolution will be the increasing incorporation of customer service process modeling into contact center applications. Packaged customer service applications from the large enterprise application vendors will mainly involve retooling, and these applications will have little effect on improvements in an organization's customer service or customer support operations.

The Role of SaaS or On-Demand vs. On-Premise Software

Through 2008, customer service capabilities delivered in the SaaS model (or applications on demand) will be the most prominent in the business-to-business (B2B), low-volume call/contact center. Software providers that have targeted this market, within whose definition the midsize enterprise also falls, must have an SaaS model to compete as visionaries (see "Software as a Service for Contact Center CRM: Limited but Promising"). For more-complex environments, SaaS is not yet an accepted standard nor will it be during the next three years. In our evaluations, we point out when we foresee a potential challenge for a product based on this qualification. By 2013, at least 75% of customer service centers will use a form of SaaS (0.7 probability). Through 2011, fewer than 10% of organizations will select SaaS for complex business process support (0.7 probability). Through 2008, SaaS offerings for the contact center will not serve high-volume and high-complexity processes (0.8 probability). Weigh the benefits of the SaaS model (faster time to deploy and, hence, time to benefit) against the rationale behind demonstrating a more specific total cost of ownership (TCO) analysis.

The desktop tools to enhance agent capabilities augment the contact center agent desktop. These vendors make key contributions to the customer service contact center space. The complexity of managing the customer's intentions and expectations in a cross-channel environment is straining the capabilities of core customer service applications and making the use of these agent-knowledge-augmentation solutions a critical feature in most contact centers.

Market Definition/Description

In addition to case management, problem diagnostics and resolution, account management and returns management, CRM customer service contact center software solutions may include business process modeling, knowledge-enabled service resolution (such as advanced search tools), community management, offer management and service analytics dashboards. They are designed to enable employees or agents of a company to support clients directly, usually within a call or contact center, whether the product is a consumer good or other durable good, or a business service, such as financial services, customer service (for example retail banking, wealth management or insurance), hospitality, telecommunications, government, utilities or travel. Contact center technical-support software is specifically built to enable employees or agents of a company to support the clients directly, usually within a call or contact center, typically focused on clients' product use, implementation and problem resolution.

Inclusion and Exclusion Criteria

Market traction and momentum:

- Vendor has 15 customer references for CSS functionality in the contact center.
- Vendor has at least five new customers for CSS in the past four quarters.
- Vendor has generated at least $10 million in new software revenue for CSS from new clients during the past four quarters.
- It is likely that the previous four quarters of business results will be equaled or exceeded in the upcoming four quarters.

Short-term viability:

- Vendor has sufficient professional services to fulfill current and future customer demand during the next six months, and at least enough cash to fund a year of operations at the current burn rate.
- Vendor has a customer base and operations on at least two continents.
- Technology supports extension to cross-channel customer service without the need to code in a new development environment.

Trendsetter or market mover:

- The software provider is moving markets based on its software and strategy.

Added

- Astute Solutions
- Chordiant
- Infor (Epiphany)
- Lagan
- Microsoft Dynamics CRM

Dropped

- ATG
- InStranet
- Onyx Software

Evaluation Criteria

Ability to Execute

Product/service functionality. A robust customer service solution will be a combination of several subsystems. The implication is that a key evaluation criterion is the existence of an SOA. The SOA, based on Web services standards, will simplify integration with other applications. The CSS application should have out-of-the-box functionality, which means a strong set of industry and process-specific business logic and data. Through process design or functionality breadth, the system must support end-to-end customer service processes for the chosen market. Published application programming interfaces are critical to connect (or expose) an application's customer service functionality with that of another system or process. Vendors will be measured on the ability of the current product release to support customer service, and the technical support of a multichannel and cross-channel environment. The vendor rating is developed by weighing specific functionality: case management (10%), problem/service resolution (10%), offer management (15%), intent-driven business rules and business rule engine (15%), knowledge management (15%), integrated e-mail response management system and collaboration tools (5%), multisource search and authoring (10%), predictive customer analytics (10%) and support of online communities (10%). The vendor must have a stable product development team for each product module that it sells, or a demonstrated partnership.

Overall viability/financial viability. The ability of the vendor to ensure continued vitality of a product, including a strong product development team to support current and future releases, as well as a clear road map regarding the direction that the product will take until 2010. The vendor must have the cash on hand and consistent revenue growth during four quarters to fund current and future employee burn rates and to generate profits. The vendor is also measured on its ability to generate business results in the CSS market.

Sales execution. The ability of the vendor to provide global sales and distribution coverage that aligns with marketing messages. It must also have specific experience selling its CSS to the *appropriate* buying center. The strength of the management team is key as well.

Market responsiveness. The ability to perceive evolving customer requirements and articulate that insight back to the market, as well as create the products for readiness as demand comes online.

Marketing execution. The ability of the vendor to consistently generate market demand and awareness of its CSS solution through marketing programs and press visibility. In an ideal world, marketing execution ought to be less critical than some other factors; however, the business reality is that marketing success can fuel future growth and improvements.

Customer experience. The vendor must produce a sufficient number of quality clients and references with varying levels of sophistication to prove the viability of its product in the marketplace. References are used as part of the evaluation criteria for the ability to execute and create a vision for how customers could improve customer service. Included in this are implementation and support. The vendor must be able to provide internal professional-service resources or partner with systems integrators with vertical-industry expertise, CSS domain knowledge, global and localized country coverage, and a broad skill set (such as project management or system configuration) to support a complete project life cycle. The critical point on customer experience is to ascertain the degree of change management that accompanied the implementation. Oftentimes the end user experiences discomfort not from the new software, but from the change processes that were introduced with the new system.

Customer support. The vendor's customer support organization must also be able to provide satisfactory, prompt service to its customers in all regions of the world.

Operations. Pricing and implementation costs: The ability of the vendor to offer consistent and comprehensible pricing models and structures, including contingencies such as failure to perform as contracted, or mergers and acquisitions. The vendor is measured on its flexibility to support multiple pricing scenarios, such as on-premise licensing, as well as application on-demand offerings, such as hosted and multitenant. The vendor must have sufficient professional services, either in house or through third-party business consultants and systems integrators, to meet evolving customer requirements.

Table 1. Ability to Execute Evaluation Criteria

Evaluation Criteria	Weighting
Product/Service	high
Overall Viability (Business Unit, Financial, Strategy, Organization)	standard
Sales Execution/Pricing	standard
Market Responsiveness and Track Record	standard
Marketing Execution	high
Customer Experience	standard
Operations	low

Source: Gartner (March 2007)

Completeness of Vision

Market understanding. The market for customer service is highly diverse because of the multichannel nature of customer interaction and the wide range of processes that need to be supported. To succeed, a vendor must demonstrate a strategic understanding of current and future CSS opportunities unique to its target market. This may be new application functionality, evolving service models or inline analytical capabilities for unique customer segments.

Market Strategy. The vendor can describe its go-to-market strategy as something other than as growing until it is acquired by a larger company. Even with this as the end game, it must be clear how prospects will be protected or even benefit from such a strategy. We look for a well-articulated strategy for revenue growth and sustained profitability. Key elements of the strategy include a sales and distribution plan, internal investment priority and timing, and partner alliances.

Product strategy. Specific vision criteria include business process management (supporting a threaded service task across functional areas, regardless of channel) and providing for the creation of content about the most likely customer intentions and how to solve for them, based on continuously variable business scenarios. Continuously variable means that, depending on the business context of the interaction, the steps and decisions in a service procedure may vary. The vendor openly communicates to its customers and Gartner a statement of direction for the next two product releases that keeps pace or surpasses Gartner's vision and our clients' vision of the CSS market. The vendor has a sufficiently broad set of products to ensure the success of the product over time. Without an advanced SaaS product plan (realizable within 12 months), a vendor cannot be considered visionary.

Business model. To be a leader through 2009, the vendor will have an SaaS and an on-premise application option. Application modules are tightly integrated and have business process modeling capabilities and advanced workflow. The company has a strategy to appeal to its key vertical industries — that is, it integrates with systems unique to an industry, as well as delivering packaged functionality and workflows for an industry (such as those for the telecommunications, automotive and consumer goods industries) and B2B as well as business-to-consumer interactions.

Innovation. Innovative vendors will begin to incorporate concepts that extend out to consumer technologies, service avatars and customer service functions embedded in virtual worlds (such as the more than 3.5 million participants in the online site, Second Life [see www.secondlife.com]). The vendor understands major technology/architecture shifts in the market and communicates a plan to use them, including migration issues it may cause for customers on current releases. The architecture is built to operate in an SaaS delivery model, and the application integrates or includes e-mail, chat and Web collaboration systems. We examine how well the vendor articulates its vision to support service-oriented business applications. Applications must fully support SOA and have aspects of a smart client by the end of 2007. They must be designed to collect data to supply a feedback loop for corporate performance management. They will help optimize a predictive customer analytics system. These predictive analytics alert management when service patterns are detected that might signal the need to adjust a business strategy or direction, or indicate that the likelihood of a particular business scenario occurring has changed (for example, customers responding to a notice on defective parts, an accident or financial news). The vendor will be measured on the ability of its architecture to support global rollouts and localized international installations. The vendor must have tools for IT and business users to extend and administer the CSS application.

Geographic strategy. The vendor understands the needs of the three largest markets — the European Union (EU), North America and the Asia/Pacific region — and knows how to build a strategy to focus on aspects of the overall market.

Market focus. The company delivers products and services in line with the needs and capabilities of the buying centers. For this Magic Quadrant, the product must be appropriate for large and midsize business and for at least three industry verticals.

Table 2. Completeness of Vision Evaluation Criteria

Evaluation Criteria	Weighting
Market Understanding	standard
Marketing Strategy	standard
Sales Strategy	standard
Offering (Product) Strategy	high
Business Model	high
Vertical/Industry Strategy	high
Innovation	standard
Geographic Strategy	standard

Source: Gartner (March 2007)

Leaders

Leaders demonstrate market-defining vision and the ability to execute against that vision through products, services, demonstrable sales figures and solid new references for multiple geographies and vertical industries. A characteristic of a leader is that it does not drive a customer necessarily toward vendor lock-in, but rather provides openness to an ecosystem. When asked, their clients reply that this product has affected the organization's competitive position in their market.

Challengers

The vendors in the Challengers quadrant demonstrate a high volume of sales in their chosen market, balanced across at least three industry verticals. They understand their clients' evolving needs, yet may not lead customers into new functional areas with their strong vision and technology leadership. They often have a strong market presence in other application areas, but they have not demonstrated a clear understanding of the CSS market direction or are not well-positioned to capitalize on emerging trends. They may not have strong worldwide presence or deployment partners.

Visionaries

Visionaries are ahead of potential competitors in delivery of innovative products and/or delivery models. They anticipate emerging/changing customer service needs and move into the new market space. They have a strong potential to influence the direction of the CSS market, but they are limited in execution or demonstrated track record. Typically, their products and market presence are not yet complete or established enough to challenge the leading vendors.

Niche Players

Niche players offer solid products for customer service and support functionality components or vertical subsegments. They may offer complete portfolios but demonstrate weaknesses in one or more important areas. They could also be a regional expert with little ability to extend globally. They are focused on and can support the large enterprise, rather than small and midsize businesses.

Vendor Strengths and Cautions

Amdocs

Strengths

- Worldwide reach of product group and professional services for selling and deploying software, as well as consulting services.
- Strong commitment to product, targeted at the installed Amdocs customer base in telecommunications service providers, with excellent set of products for billing, fulfillment/order management and customer interaction.
- Version 7 has a new integration framework and Amdocs process manager (APM). The APM is a unified tool to coordinate and synchronize workflows. It orchestrates multiple application processes. This allows for the support of end-to-end processes, including those developed in third-party business process modeling tools.
- Strong financials and ability to attract software partners.

Cautions

- Amdocs is not focused on markets outside of telecommunications. Gartner estimates that fewer than 5% of new 2006 customer service software revenue was generated outside of telecommunications (0.8 probability).
- Reliance on partners for best-of-breed offer management, decision support, knowledge management, e-service and mobile field service.

- Limited traction in growing third-party external service providers for consulting and implementation services.
- Not yet recognized for its established tools for designing business process or for its integrated service environment (see "Magic Quadrant for the Integrated Service Environment Market, 2006").

Astute Solutions

Strengths

- Strong knowledge of customer service processes in vertical markets such as restaurant, hospitality, consumer goods and retail (nonbanking or other financial services).
- The ePowerCenter product has been successfully deployed across the U.S. and U.K., mostly in small-scale customer service centers (15 to 30 agents), but also in some large-scale centers (100 to 300 agents).
- As a best-of-breed application, it does not require an investment in a platform (for example, Oracle EBS, SAP and Microsoft). The system has easy-to-modify basic screen features, and the graphical user interface is flexible and easy to navigate.

Cautions

- A small company (fewer than 100 employees, and Gartner estimates year-end 2007 revenue will be less than $18 million) will find itself struggling with better financed and better positioned rivals such as RightNow Technologies.
- The lack of a software partner ecosystem or functional breadth will make it difficult to scale the company.
- Does not have a multitenant SaaS offering.
- The company lacks vertical industry breadth and a strong external service provider (for example, Accenture, Capgemini and IBM) to bring it larger accounts or to build new industry capabilities.

Chordiant

Strengths

- A wide range of products supports customer interactions across retail financial marketing, sales and customer service.
- Multiple interactions, such as branch, teller, Internet and contact center, are supported.
- Its scalable product has embedded business process modeling and predictive analytics.
- Good SOA, based on J2EE, supports WebSphere, OpenSource and WebLogic.

Cautions

- Despite a relatively good revenue stream, the company needs to put together four profitable quarters to convince prospects of continued growth and viability.

- The solution is appropriate for a narrow set of industry vertical industries, primarily retail banking and insurance, and requires a very strong financial and resource commitment from a prospective buyers.

Graham Technology

Strengths

- Multichannel customer service for telecommunications providers and utilities that value business process modeling.
- The product, ciboodle (GT-X 7), has a strong technology with an SOA, with an application that includes an expanding set of customer service functionality. It is a good tool to design, orchestrate and execute a company's customer service processes on top of established back-end systems.
- Extends customer service into broader processes, such as billing, debt collection, upselling, lead generation and support of marketing campaigns.

Cautions

- Graham has limited sales and support reach (primarily U.K., South Africa, Ireland, Australasia and continental Europe).
- Third-party consultancies, systems integrator resources and application partners are limited. The solution is too complex for smaller organizations with standard service processes (that is, outside of banking, telecommunications and utilities).

Infor Global Solutions

Strengths

- Infor's Epiphany CRM customer service product has a good combination of functionality to assist with multiple channels (Web and contact center) as well as a holistic set of customer-facing/assisting activities: customer service, inbound and outbound marketing, and sales.
- Access to a broad installed base.
- Good opportunity for the Infor client base to add CRM and specifically customer service capabilities. The Epiphany Service Suite v.6 and later have good B2C contact center capabilities for the hospitality vertical and other service businesses.

Cautions

- Prospects outside of the Infor installed base should focus on new references (the second half of 2006 or more recent) in their industry and business models as the impact of two acquisitions, first by SSA Global and more recently by Infor, have affected the creation of a software ecosystem outside of Infor. If a systems integrator is required, check that the resources have recently been involved in contact center projects in the particular industry and for the particular business model.
- The functional road map is unclear to the general market, and prospects should weigh this when reviewing Infor CRM Epiphany.

- Microsoft-centric companies, or those looking for an SaaS or on-demand option, should look first to alternative solutions.

Jacada

Strengths

- Jacada WorkSpace is an alternative for specific types of service organizations: those with B2C contact centers and a requirement to create a standardized customer-service desktop for a single view of the customer, while not replacing back-end and front-end systems. It could be a complementary system in some instances rather than a competing product.
- Integrated development environment is available in Eclipse for IBM WebSphere compliance.
- Proven solutions for telecommunications, banking and outsourced call centers in the U.S. and EU, where there is a heavy reliance on legacy data.
- Scalability, with careful optimization, into the 1,000-to-2,000-seat plus range.

Cautions

- Immature partnerships with systems integrators and consultancies limit the business process improvement capabilities of the company.
- Despite good growth (Gartner estimates 2007 revenue of $24 million), Jacada's execution will be hampered as businesses weigh the risks of large-scale investments. Until this happens, results will be mostly tactical deployments and an elevated likelihood of eventual replacement in key accounts.
- There is an overall lack of CRM functionality beyond basic customer service functionality and a need to tweak the system for performance at high scale.
- Weaknesses are present in business process modeling, knowledge management and Web self-service.

Lagan

Strengths

- With a single-industry focus in government, Lagan is dominant in U.K. for local government citizen customer service contact centers, with good momentum in the U.S. and high marks for product usability.
- It has strong focus on developing solutions for its chosen vertical, government, and is successfully tapping into the trend for more-responsive e-government on the local level.
- There is strong growth of the installed base and of revenue (Gartner estimate for 2007 is $35 million), and solid funding for expansion.
- Good underlying J2EE and SOA and rich functionality for chosen market. Proven scalability is in the current version 6.1.1, with expanded abilities expected with the release of version 7.0 near the third quarter of 2007.

Cautions

- The company has a narrow geographic reach, predominately in the U.K. and to a lesser extent the U.S.
- With a specific vertical market in government, Lagan is largely unproven in national or federal governments, and it will need to develop its partnerships with the large integrators to penetrate into these broader areas.
- Despite a strong SOA and foundation product (Lagan G2PP 2.0 platform), Lagan has yet to launch its SaaS (on demand) option, which during the next five years will emerge as a factor of critical importance.

Microsoft Business Solutions

Strengths

- Microsoft has tremendous financial viability, support of management and investment in product development.
- Its worldwide installed base, and value-added resellers and partners for sales, implementation and hosting are rapidly selling and deploying the solution with an on-premise or hosted offering.
- Atop a simple set of CSS functionality, Microsoft is working on end-to-end process support by integrating (through SharePoint and other middleware) the CRM products with, for example, Outlook, BizTalk, Exchange, MapPoint, Instant Search and Office, to foster tight integration, internal collaboration around the customer and, later, to support customer communities.

Cautions

- Microsoft CRM Dynamics 3.0 has little demonstrated ability in areas such as role-based case assignment, integration with logistics or legacy systems, multichannel capabilities or for complex contact centers (see "Software as a Service for Contact Center CRM: Limited but Promising").
- No industry-specific capabilities are demonstrated by references, or predictive analytics, real-time offers or integrated marketing.
- More seamless integration with knowledge management systems is required, and the product has only rudimentary search or case-authoring capabilities.
- By 2009, a global version (bidirectional, Double-Byte Character Set, multicurrency, with accompanying documentation) of the multitenant architected Microsoft CRM Dynamics SaaS product will be available (0.7 probability).

Oracle-PeopleSoft

Strengths

- A good shortlist product for the installed base of PeopleSoft clients, with plans to continue using PeopleTools, specifically for service-centric organizations (for example, financial services) and higher education.
- Strong financial backing and viability.

- Prepackaged integration with Oracle customer data hub and EBS r.12.
- Strong SOA and Web services; excellent interface in versions 8.9 and 9.0.

Cautions

- Declining support by large integrators or business consultancies: less than 8% of customer service implementations involved PeopleSoft customer service applications, according to Gartner Dataquest surveys of large integrators/business consultancies.
- Limited references for the new product anywhere in Asia.
- No marketing and sales focus or strategy to sell actively outside of the installed PeopleSoft base.
- Narrow industry coverage (financial services and higher education in the PeopleSoft base) is moving forward because of Siebel and EBS product lines.
- PeopleSoft CSS is not a multitenant SaaS product offering (see "How to Evaluate SaaS Architecture Model Choices").

Oracle-Siebel Systems

Strengths

- Siebel 7.8 and 8.0 have high product viability, deep industry knowledge, demonstrated scalability and are supported by strong Web Services.
- Built-in customer service analytics with dashboard of real-time contact center metrics.
- Combination of deployment options: on premise or hosted, with option of bundled telephony infrastructure.
- Solid financial position and will serve as the basis of the majority of Oracle Fusion Customer Service functionality in a business-to-consumer (B2C) environment.

Cautions

- Unlike lower-end solutions, product complexity places high demands on IT or requires consulting partners. When end-to-end process design and significant customization are required, a strong commitment to training dedicated resources must be made by IT and the business.
- The SaaS offering has little traction. Organizations preferring a subscription model with SaaS will find that the multitenant version of the customer service application, Siebel CRM OnDemand, is not yet highly referencable as an enterprise (large call volume, complex process support, large agent pool) solution. Siebel CRM OnDemand is a separate product from the Siebel version 7.8 and Siebel 8.0, and the implications on product richness, industry versions, as well as integration with the core Siebel systems and Oracle EBS must be carefully evaluated. We do not see it as a robust, highly customizable contact center customer service application. It is still an emerging market presence.
- Prospects wishing to build a solution in an IBM WebSphere/DB2 will need to drill into the implications on TCO in choosing an Oracle software solution.

Oracle E-Business Suite

Strengths

- Oracle E-Business Suite (EBS) r.12 TeleService is a part of the Oracle EBS. It includes a broad offering for Oracle EBS customers (for example, extensions are available for enterprise search, e-mail, scripting, iSupport, Contracts) and is also an add-on to the ERP and supply chain management base.
- Oracle has a firm understanding of business processes in B2B capital/high-tech equipment vertical markets.
- Oracle product developers win high marks from clients for responsiveness.

Cautions

- Gartner Dataquest surveys of large integrators/business consultancies demonstrated that less than 12% of customer service implementations involved Oracle EBS customer service applications. Oracle professional services are competent, but adherence to project timelines must be monitored.
- References did not list predictive real-time offer management, business process modeling or inline marketing as core functionality.
- The future of the Siebel product makes it highly unlikely that the EBS customer service product will be the lead product for B2C environments or high-volume contact centers.
- Oracle EBS CSS is not a multitenant SaaS product offering (see "How to Evaluate SaaS Architecture Model Choices”).

Pegasystems

Strengths

- During 2006 and 2007, Pegasystems displayed the highest ability to transfer customer service process knowledge into reality of any major software provider in the customer service space. Its customer service solution moves the discussion from an IT debate about data to one about customer interactions and process improvement.
- Pegasystems greatly increased the packaged industry/process specific functionality available for customer service, especially within the healthcare insurance vertical market.
- Highly scalable solution (1,000+ concurrent users) with good support from Pegasystems.

Cautions

- Gartner observes tactical rather than strategic relationships with large systems integrators such as Accenture, Capgemini and IBM.
- Better capabilities for Advanced search capabilities and knowledge management are required.
- Computer-telephony integration (CTI) can be difficult to set up and deploy.

- Pegasystems offers a less-relevant offering where business process modeling is not of high value (for example, to B2B service processes in the industries focused on capital equipment). Prospects outside of the U.S. should carefully examine local professional services and support capabilities.

Portrait Software

Strengths

- Portrait provides tools and applications to solve a range of CRM business problems: a process platform (Portrait Foundation), horizontal applications (for example, Portrait Interaction Optimizer), industry vertical applications built atop the Portrait Foundation through partners (for example, Fiserv Aperio, which is the Portrait product set as the engine for Fiserv's customer interaction management solution).
- Good industry knowledge in retail banking and other financial services.
- Good partnerships with Fiserv and Unisys, core product built on Microsoft .NET.
- Portrait Quadstone real-time engine can be combined with rules from Portrait, as well as delivering data mining and visualization.

Cautions

- Despite profitability and good growth (Gartner estimates $30 million for year-end 2007), the company supports a broad range of products focused on complex problems, placing a strong drag on the development organization in creating new products.
- High dependence on partners and resellers may cast them as a product company rather than a solutions company and limit future growth.
- The availability of professional-service resources should be carefully weighted. Prospects in North America in retail banking, government (emergency services) and insurance who are not EDGE customers should examine delivery capabilities and ask for local North American references that have recently deployed a solution from Portrait.

RightNow Technologies

Strengths

- B2C customer service contact centers, except highly transactional retail financial services (for example, not retail banking or insurance), with a sweet spot in the 50-to-250-seat range.
- Improved partnerships to deliver reliable back-end integration and workflow.
- Strong improvements in voice response and speech recognition linked to customer service, as well as good knowledge management, chat and e-mail response capabilities.
- RightNow Technologies has an SaaS delivery model with subscription pricing, which lowers a prospect's IT resource requirements and upfront capital expenditure.

Cautions

- Limited third-party professional-service resources for organizations requiring significant change management as part of an engagement.

- Unproven for complex, large-scale contact centers (see "Software as a Service for Contact Center CRM: Limited but Promising").
- Few references in the B2B customer service contact center (for example, trouble ticketing/depot repair where parts and logistics are critical), and lack of emphasis on business process modeling or advanced workflow.

Salesforce.com

Strengths

- B2B, low-call-volume customer service and support centers as an extension to the Salesforce.com installed base.
- Excellent graphical user interface, simple design and intuitive navigation.
- Strong corporate investment in future customer service products.
- Low upfront IT investment required, and SaaS delivery model.

Cautions

- Unproven in retail, B2C contact centers (that is, large-scale, high-volume call centers) (see "Software as a Service for Contact Center CRM: Limited but Promising").
- Limited industry vertical knowledge (for example, retail mortgage processes, loan origination, insurance policy administration, bill processing and fraud management).
- There is limited attractiveness for companies that would like to have an offline data repository and custom-built objects available in offline mode. Some clients have perceived that the company does not have a good view into the overall IT environment.
- The five-year total cost of ownership (TCO) of the SaaS model is difficult to model against an on-premise system that is bundled with an application suite (for example, Oracle EBS, SAP and Microsoft).

SAP

Strengths

- Strong understanding of the B2B customer service processes of the mySAP installed base in manufacturing and logistics services, improving in utilities.
- Long-term commitment to improving product, backed by recruitment of key resources and executive sponsorship.
- Support of end-to-end processes, such as prospect-to-cash-to-retention, all on one application platform.

Cautions

- SAP does not offer a multitenant SaaS customer model (see "How to Evaluate SaaS Architecture Model Choices"), and their hosted offering (offering a subset of the core product capabilities) so far has been shown suitable for low-volume and low-complexity contact centers. There were insufficient references to create a separate product rating on the Magic Quadrant.

- Unproven advanced agent desktop tools (case-based reasoning, knowledge management, enterprise feedback management, advanced e-mail response).
- Performance in high call volume, large contact center environments, and where voice over IP and CTI are required, is very limited (that is, large-scale, high-volume call centers). (See "Software as a Service for Contact Center CRM: Limited but Promising.")

RECOMMENDED READING

"Magic Quadrants and MarketScopes: How Gartner Evaluates Vendors Within a Market"

Vendors Added or Dropped

We review and adjust our inclusion criteria for Magic Quadrants and MarketScopes as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant or MarketScope may change over time. A vendor appearing in a Magic Quadrant or MarketScope one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. This may be a reflection of a change in the market and, therefore, changed evaluation criteria, or a change of focus by a vendor.

Evaluation Criteria Definitions

Ability to Execute

Product/Service: Core goods and services offered by the vendor that compete in/serve the defined market. This includes current product/service capabilities, quality, feature sets, skills, etc., whether offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria.

Overall Viability (Business Unit, Financial, Strategy, Organization): Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood of the individual business unit to continue investing in the product, to continue offering the product and to advance the state of the art within the organization's portfolio of products.

Sales Execution/Pricing: The vendor's capabilities in all pre-sales activities and the structure that supports them. This includes deal management, pricing and negotiation, pre-sales support and the overall effectiveness of the sales channel.

Market Responsiveness and Track Record: Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor's history of responsiveness.

Marketing Execution: The clarity, quality, creativity and efficacy of programs designed to deliver the organization's message in order to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the minds of buyers. This "mind share" can be driven by a combination of publicity, promotional, thought leadership, word-of-mouth and sales activities.

Customer Experience: Relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, service-level agreements, etc.

Operations: The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

Completeness of Vision

Market Understanding: Ability of the vendor to understand buyers' wants and needs and to translate those into products and services. Vendors that show the highest degree of vision listen and understand buyers' wants and needs, and can shape or enhance those with their added vision.

Marketing Strategy: A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the Web site, advertising, customer programs and positioning statements.

Sales Strategy: The strategy for selling product that uses the appropriate network of direct and indirect sales, marketing, service and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

Offering (Product) Strategy: The vendor's approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature set as they map to current and future requirements.

Business Model: The soundness and logic of the vendor's underlying business proposition.

Vertical/Industry Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including verticals.

Innovation: Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.

Geographic Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, either directly or through partners, channels and subsidiaries as appropriate for that geography and market.

REGIONAL HEADQUARTERS

Corporate Headquarters
56 Top Gallant Road
Stamford, CT 06902-7700
U.S.A.
+1 203 964 0096

European Headquarters
Tamesis
The Glanty
Egham
Surrey, TW20 9AW
UNITED KINGDOM
+44 1784 431611

Asia/Pacific Headquarters
Gartner Australasia Pty. Ltd.
Level 9, 141 Walker Street
North Sydney
New South Wales 2060
AUSTRALIA
+61 2 9459 4600

Japan Headquarters
Gartner Japan Ltd.
Aobadai Hills, 6F
7-7, Aobadai, 4-chome
Meguro-ku, Tokyo 153-0042
JAPAN
+81 3 3481 3670

Latin America Headquarters
Gartner do Brazil
Av. das Nações Unidas, 12551
9° andar—World Trade Center
04578-903—São Paulo SP
BRAZIL
+55 11 3443 1509