

GCCRM **evaluation guide**

Siebel + Oracle > SAP?

An Independent Research Study on Siebel, Oracle and SAP

evaluation. best practices.

About Us

GCCRM

Vision

ROADMAP CRM BEST PRACTICE through the collaboration of global intelligence on evaluation and benchmarking.

GCCRM is an independent CRM evaluation organization founded in 2001. Through evaluation, enhancement and benchmark with best practices, GCCRM helps to roadmap organizations' CRM - where they are, where to go and how to get there. GCCRM preaches the belief of "CRM Success Beyond Software™" via awards, methodology, research & portal.

GCCRM Evaluation Guide

It is a 360-degree, vendor-independent, easy-to-read evaluation guide for management and decision makers. Since the launch in 2002, the guide (previously named as China CRM Solution Guide) is the most influential CRM solution guide book in the region. Ten-of-thousand copies have been downloaded at GCCRM.com. An upgraded version will be launched in Q3 2005, including the latest survey results on CRM software vendors, outsourcing call center vendors, and CRM consulting vendors. Vendors will be featured and analyzed from four different angles: global perspective from world-renowned analysts, China perspective from local research team, survey perspective from the online and offline research findings and user perspective from interviewing the vendors' clients.

Contact Us:

Ms Alice Tse
Operations Director
GCCRM

Email: alice@gccrm.com

URL: www.gccrm.com

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Preface

Oracle just announced to acquire Siebel. Technically speaking, this will make Oracle the number one CRM vendor in the world, even though the official legitimization has to wait until early 2006. There is however, another saying that SAP is catching up fast that she will likely replace Siebel as the CRM leader one day or the other. Would Siebel + Oracle > SAP in CRM in the coming years? We don't know yet. But it makes sense to have an individual review on each of them to see how they are doing so far and listen to what 443 survey respondents have talked about their image and product.

In this document, we are going to give **Siebel, Oracle and SAP** a comprehensive review including **Global Perspective** by world-class CRM expert, Mr. Paul Greenberg, author of the best selling "CRM at the Speed of Light" and Executive VP of CRM Association US, **China Perspective** by GCCRM Research Team and **Survey Perspective** derived from 443 valid responses collected via online and offline survey by GCCRM. Readers could have a better grasp of where does each of the three vendors stand in the market and insights could be there on how they are going to play in the future battlefield.

Global Perspective From Paul Greenberg, author of the best selling "CRM at the Speed of

Light" and Executive VP of CRM Association US

Siebel Systems, Nexus and an Uncertain Future

Siebel is a mass of contradictions. The shift in leadership for the second time in under a year with George Shaheen assuming the helm in May 2005, triggered a number of key players departure (most notably, Eileen McPartland, their recently anointed and then quickly deposed head of Professional Services). It also indicated the heavy hand of Tom Siebel was back in the mix again. Mike Lawrie, when he was grabbed from IBM, was a breath of fresh air for Siebel, providing many analysts and industry pundits like me with some hope for Siebel's future. He was willing to honestly deal with Siebel's culture head on and make the changes that had to be made. In a series of meetings I had with Siebel senior executives at their user conference in October 2004, I was duly impressed with their talent and sincerity and still am. Among these are Kevin Nix, Group VP of Product Development and Peter McCullagh, head of the CRM Strategy Services group and several others. But I have to question their motivation since the ostensible reason for Lawrie's "resignation" was that they had a bad quarter – once – scarily akin to what I thought was a former Siebel policy of getting rid of the lower 10% of the salespeople every quarter regardless of reason.

Shaheen himself was a choice that was questionable. He was known for two things as a corporate leader. He ran Andersen Consulting a.k.a. Accenture and created their "difficult" culture – not all that different than Siebel's; and he was CEO of the Webvan internet-based grocery delivery service which was a money burning fiasco. This means that he is fighting to salvage his reputation, which could be a good thing – because here is a CEO who DOES have a lot to prove to the world he's chosen to inhabit.

That said, what is undeniable, despite the red flags that have to be re-raised with Siebel is that they have some good and some great products. There is no question of the caliber of Siebel CRM OnDemand as a SaaS product that provided a significant growth sector for Siebel in 2004 and continues as one for 2005 with several deals in the hundreds of seats completed. Additionally, their field service applications and their customer service applications have been ranked in the upper right hand leader quadrant by Gartner Group in 2005 and as Enterprise leaders and SaaS leaders by Nucleus.

But ultimately, Siebel is resting its future on two things:

1. CRM OnDemand
2. Its Nexus technology

CRM OnDemand

This has been one of Siebel's modest and growing success stories – and good for them. Under the direction of Bruce Cleveland, this was one of Siebel's growth spots during the down first quarter of 2005 and represents a strong entry into the hosted services world. The joint venture between IBM and Siebel, doesn't seem to have lost any luster despite the ousting of former IBM executive Lawrie mentioned above.

One of the Siebel OnDemand great benefits is that it can scale to the hundreds and there are several (that have to remain unnamed) customers who use it that way – often in conjunction with the on-premise Siebel Enterprise. With recent upgrades focused on collaboration, the ability to remain within a single interface and increased speed (10-20 percent faster), Siebel claims an over 50 percent success rate in deals that they go head to head with salesforce.com. In fact Nucleus Research named them and RightNow the top hosted solution based on criteria of ease of deployment, adaptability, need for internal support, potential benefit and the vendor's track record.

This is an area that they are clearly gaining in and thus, they have plans to provide OnDemand versions of all their applications in the enterprise.

Nexus & Siebel 8.0

While the current Siebel version 7.8 is architecturally the same as its past versions, Siebel is banking a big chunk of the future on the new architecture that will be the core of Siebel 8.0's release. This year, preceding that release, Siebel will unveil Nexus, a new component assembly technology that will underlay their new architecture. Nexus is being co-developed in conjunction with Microsoft Corp., IBM and BEA Systems Inc. to the tune of a \$250,000,000 U.S. investment. What is interesting is that it is both .NET *and* J2EE (Java 2 Platform, Enterprise Edition) compatible, something that I would never think that Microsoft would have an interest in, but the pull of service oriented architectures as the future of the enterprise software/services business is that great. Nexus components and Siebel 8.0 will run on both .NET and Java-based application servers and for the first time will not need Siebel proprietary services to do so. What makes Nexus revolutionary for Siebel (not necessarily in the industry), is that there will be hundreds of pre-built processes for the classic sales, marketing, and services that can be shuffled, organized and used in a myriad of ways and that will snap together for a sort of pre-fabricated customization. It will have embedded analytics and also will integrate "automatically" with Microsoft Office, Outlook and SharePoint. In fact they've already announced a pre-version of Nexus that is associated with both release 7.8 and IBM. At the end of June 2005, Siebel and IBM jointly released the first pre-Nexus toolset, the Siebel 7.8 Web UI Dynamic Developer Kit, a developer's toolkit that would allow for customized uses of web services. It is based on the IBM WebSphere Application Server and IBM WebSphere Portal platforms and is designed to allow organizations to provide access to Siebel applications to internal or external users through portals and custom Web applications using some pre-built components. Merely step one in the major overhaul scheduled later.

Siebel is banking that they have intercepted the future with this, though how Siebel executes on this remains to be seen. They thought the same with their last integration platform, their Universal Application Network (UAN) and that was not exactly a success, because the marketplace couldn't figure out why Siebel was positioning themselves as an enterprise applications vendor because of the UAN. A failure between message and reality that the crowd was smart enough to realize. There is a lot of risk and a lot of competition in this space so it should be an interesting 2005-2006 for Siebel. Good luck.

Oracle and the Fusion Framework

Oracle – what can you say about Oracle that hasn't been said? They, as represented by their primary stockholder and founder, Larry Ellison, are ruthless, it has been said. They are trying to own the industry with the purchase of PeopleSoft and then beating out SAP for Retex, the 2,300 member retail buying consortium.

Actually, when it comes to Oracle CRM, quite a bit. Though Oracle's rivals want to shove Oracle into the "its 85% a database company" which is true, that doesn't mean that Oracle isn't poised to make a major impact in the CRM world. It has and is.

What has characterized Oracle throughout its past, present and presumably will be influential in its future is its culture. The culture is not a business focused culture but a technology focused one. Developers and user interfaces and labs and programming and data are at the heart of what makes Oracle tick, but not what makes Oracle successful. With Larry Ellison at the helm, Oracle's ambition to be THE world dominant development outfit knows no bounds. Their approach to realizing this "vision" has been by acquisition, most notably the PeopleSoft acquisition recently. According to the Nicholas Carr's weblog, Rough Type, their approach to integrating PeopleSoft has been the ruthless mechanical approach that GE usually took. Two companies merge, and over a 30 day period, redundancies are "eliminated." Ellison told Business Week, "People don't eliminate duplication of effort. We wanted to get the economies immediately." That might work for awhile, but the lack of concern for the employee as a customer of the company, will ultimately bite back. Especially when the merger of cultures involves PeopleSoft's culture – one that, despite the recent Oracle-like years of Craig Conway, was a culture built around its humanism in combination with sound business planning. Keep in mind, too, that PeopleSoft was still in the midst of what was turning out to be a difficult integration with J.D. Edwards, their key acquisition in 2004. That and trying then to merge with Retek's culture could create a situation that even Oracle might not be able to handle that well. This leaves SAP with a lot of room to take over the leadership of the market with Siebel floundering.

Technologically, this "merger" of Oracle and PeopleSoft is the Project Fusion framework announced by Oracle in May 2005. This complete integration of Oracle, PeopleSoft and J.D. Edwards is oriented around Oracle's approach to a SOA. "The key," said John Wookey, SVP of Application Development at Oracle in a recent EWeek article, "Is adding business intelligence and adaptive business process capabilities found in the application server layer to the applications themselves, making process manipulation much easier." This functionality will remain in the suite that emerges from Project Fusion.

To jumpstart this, Oracle surprised much of the technology world by deciding to give away developers tools to Oracle and Java developers to work on the extensions for this SOA approach. The JDeveloper 10g toolkit was formerly \$995.00 U.S. a seat - now free because of the fierce competition. Note that Oracle is not developing their SOA around .NET because they consider Microsoft one of their two main rivals for high tech world domination (SAP is the other).

So what does all this mean for Oracle? It means that they've recognized that the Internet is now an infrastructure. It means that they understand that the customer requirements are such that a personalized

experience is the only way that Oracle's potential customers will be able to retain their own customers. That means in their culture of development, Oracle sees itself providing the technology tools and the business insight tools that will be able to support the personalized customer experience. It also means that because of the culture of development and dominance that they are going to continue to acquire and develop and acquire and develop until they are the primary platform for databases, for applications, and for services. While fraught with the trials that Project Fusion will bring, I wouldn't put it past them to succeed, though there are a huge number of obstacles in their path.

SAP

Drama was never SAP's forte. Rather than the super bold, circus-like pronouncements of several of its competitors, SAP always preferred to use its muscle in research and finances to push its way to market leadership. Typical of SAP's thinking is this comment from CEO Bill McDermott in an interview with SearchCRM in May 2005: "...when you have more than a billion that can go into R&D, there's no doubt that whatever (salesforce.com) does, SAP can do better." In other words, use that money for R&D and there is no competition – at least as far as they see.

Under Bill McDermott's and SAP Executive Board member Shai Agassi's leadership, SAP is making what seems to be a radical, yet rational shift in its recent historic strategy. Through 2004, the focus seemed to be SAP having two strategic pillars – enterprise applications (along with their vertical process maps) and the application-agnostic integration platform NetWeaver. With 2005 and beyond, SAP is moving toward a unified strategy – using ESA – Enterprise Services Architecture, a true SOA that they are looking to bring on in 2007, as a means of tying together businesses of varying stripes and hues. Unlike NetWeaver, ESA links corporate business processes, workflow and rules to real time use of web services and data when necessary, providing a theoretically highly effective and efficient architecture for fast-moving 21st century businesses. How well they execute on this is up to them.

At least SAP isn't claiming that they have a rich SOA at this point. That honor probably goes to only Rearden Commerce in the U.S. which has recently attracted some heavy hitting industry veterans such as Jeff Pulver of Siebel and Cary Fulbright from salesforce.com. However, SAP's commitment to the ESA is both palpable and potentially very dicey. The question is can SAP succeed in a platform war which at this point seems to include salesforce.com and down the road, perhaps Oracle? While they have the research muscle behind them – far more than any other company to date – this doesn't guarantee success because they are dealing with a business world, including many of their partners, at their own admission, who don't understand the benefits of a service-oriented architecture. That means as McDermott calls it "heavy lifting" to educate a channel as to why the adoption strategy has to include ESA.

SAP isn't going to put all their eggs into one basket, though. They have wisely and happily partnered with Microsoft for one stated, and I suspect, one hidden reason. The customer-friendly technological reason is that they can uniquely combine SAP's advanced functionality with Office's day-to-day requirements, creating sophisticated automation tools for an everyday worker. I also think that both developing what is a sound partnership with Microsoft, they are possibly able to contain Microsoft downstream to the small, perhaps up to \$100-\$150 million company – Microsoft's sweet spot, according to McDermott. This also is an entrée for SAP into Microsoft's market space when the opposite doesn't necessarily apply. Regardless of their reason, developing interoperability between SAP applications and Microsoft Office is a very important step toward opening up SAP's enterprise applications and platform to many companies that would otherwise not be inclined to it.

China Perspective From GCCRM Research Team

Siebel

Target Market: Large Enterprises + SMEs

Modules: SAF, Field Service, Self Service, Contact Centre, MA, Workflow, Analytics (various industries as well as generic), content management, PRM, ERM, Hosted CRM.

Selective Customers: Shanghai GM, Shanghai Roche, Lenovo, Panasonic, HK China Gas, Shengzhen Xiang Long, CNC Netckon, China Mobile, China HP, Matora, IBM China

Web Site: www.siebel.com

As a leading CRM application vendor, Siebel has been making enormous progress in the past 10 to 15 years. Its contribution to the overall CRM development has also been widely regarded by the industries. Siebel has been an innovator in CRM and today is still undoubtedly a leader in the arena of CRM market. Its products have been very much a study model in terms of horizontal functionality as well as vertical industries applications. One of the important features of its complete CRM suite, which has been reasonably recognized by the CRM community, is that Siebel can provide a seamless "Single Customer View" across all business process in a company by using its various CRM applications. As a matter of fact, if you want to learn any new development of CRM software, go to Siebel, you will get much of the answer. Saying so, after many years of development, the CRM, as a software product is reaching its maturity phase as there are very limited new technical threads in the product itself. Today it is actually more about integration, customization and some marginal add-on value. This particular market trend has put Siebel into a 'cross road' type of situation. Siebel will have to make a decision on its next source of 'Cow Milk'. However, like any other companies who undertake a strategy shift, Siebel's choices won't be as straightforward as it sounds. Compared with other top software players like HP, IBM, Oracle or SAP, Siebel may still be a young boy, the options beyond CRM will be limited. Entering into other areas such as ERP or SCM in order to offer a total eBusiness solution may still be a way to go, but the road to success will be hardly smooth because the marketplace is already crowded with fierce competition. The opportunity in CRM's hey day a few years ago may never come out again. No matter what Siebel decides to do in the future, the investors will definitely have to adjust their expectations. The sudden step down of its former CEO Michael Lawrie may reflect the 'internal struggling' to some extent, implying Siebel is really working hard to maintain its momentum. However, Siebel is still very rich, with an allocable cash of US\$2.2 billion. It can certainly just find the next "fish" to be taken, but before it spends the money, it has to know what he is going to do.

In the past few years, Siebel has tried to answer the strategic question, but a final answer doesn't seem to be on the table yet. There are two major initiatives of Siebel in the period; they are hosted solution OnDemand and its generic analytical applications apart from the CRM application specific analytics. The OnDemand 7.7 is certainly broadening its CRM offering, giving the customers a hosted alternative. Version 7.7 provides SFA and Contact Centre online rental choice, with a competitive price. This is now being seen as neck to neck competition with salesforce.com. Siebel's intensive marketing campaigns for its OnDemand service since it was released can be somewhat interpreted as a signal that Siebel is seriously taking its OnDemand as the next expected growth area, and also as a new approach to gain the

once neglected middle market customers. With a broad alliance with IBM, Siebel is supposed to utilize a total of 6000 resellers globally for its ondemand product. It gives customers 90 days of free trial. It seems to be certain that OnDemand offering will be the major focus of Siebel in the coming years. Based on Siebel's rich CRM functionality as well as being more of "Single Customer View" design structure, Siebel is expected to share the CRM ASP market with salesforce.com. For the time being, Siebel is a late runner in hosted solutions, and salesforce.com is leading the way with its large number of online users as well as more mature integration, customization as well as administration tools. However, the difference in these areas will certainly be less and less with Siebel's efforts. At this stage, Siebel's OnDemand users are mainly from its top customers, who use it to extend the CRM coverage, such as remote and mobile users. In the middle market, the functionality may not as desirable as those big customers, a "must have" feature for large enterprise may become a "nice to have" for medium company. Saying so, the price of Siebel is very close to other hosted competitors such as salesforce.com and NetSuite, giving customers an incentive to process "nice to have" and future scalability. But still by all means, Siebel won't have superior competitive edges in middle market as like the top market. In marketing efforts in SMEs, Siebel has been late, it is not clear whether it is willing to dramatically mobilize its sales force to middle market, but selling through its channel network would have certain disadvantages compared those of direct sales, in terms of customer relationship building. Generally speaking, on the top market, Siebel is feeling more and more Oracle and SAP's competition, on the medium and low end, salesforce.com as well as many other in-house players will give Siebel a hard time, the road ahead won't be as smooth as before.

In Chinese market, Siebel, in people's mind is somewhat like a "foreign intelligence", which means you may occasionally hear that Siebel has touched the land but most of time it is too far away. Since the year 2000, Siebel has been maintaining a small, simple and very quiet sales team in China, without any valid media exposure or any type of marketing activities that Chinese business community can take a chance to visualize this CRM guru. It might be the same in many SMEs in overseas market, but in China, there is almost "zero" marketing. This impression could be somehow a result of Siebel's prioritized marketing strategy, which only focus its important customer groups. This however has its own right, a company needs to allocate 80% resources to 20% most important customers, while for Siebel, the rate maybe is as high as 95% to 5%. In other words, 95% small or middle businesses may feel Siebel is not caring about them at all.

According to one of the Siebel staff in China, Siebel is now planning to expand its sales workforce to 50 staff; it will also adjust the pricing to fit better into Chinese market. But a long term marketing strategy for Chinese market is still desirable by many Chinese businesses; otherwise, even in 10 years time Siebel will still be on its "foreign intelligence" status to China CRM marketplace.

Oracle CRM 11i.10

Target Market: Large Enterprise

Modules: SFA (Sales Force Automation), Field Service, CTI integrated Call Centre, self-service iSupport, Marketing Automation, Workflow, Middleware, Analytics, Partner Relationship Management, Product & Price Configuration, Industries Applications.

Selective Customers: Shanghai Hitachi, Beijing Luccent, Guangming Milk, Qingdao Guo Ren Group, Tianjing Economic Development Zone, Star Computer, Jia Du International, Fangzheng Electronics, Shengzhen Elaks.

Web Site: www.oracle.com

Oracle provides a wide range of software products, which include DBMS (Database Management System), ERP (Enterprise Resources Planning), CRM, and Application Server. Compared with Siebel's CRM, Oracle is late runner. Tom Siebel used to be President of Direct Marketing of Oracle. It was only when Siebel's CRM has made a great success that Oracle started catching up. Oracle's making a big push into the verticals as is seen with her recent purchase of Retek and ProfitLogic which gives her serious traction in retail and she will be a major challenger in retail to SAP. But she is in the process of attempting to dominate the verticals, but is not by any stretch near there yet. Oracle has a huge customer base of its database product, according to a report released by IDC in March 2005, its global database market share has reached the top 41.3%. Making best of its own relationship with these customers, Oracle will certainly present a tough competition to other CRM players.

Oracle eBusiness Suite 11i.10 is a total solution based on its newest 10g database management system. Like SAP, Oracle is not trying to draw clearly the boundary of ERP and CRM applications; it would rather offer an end-to-end solution to the customer. Oracle 11i.10 CRM fully covers automation areas of Sales, Service, Marketing, as well as sophisticated Business intelligence. Its price configuration, data mining tools and field service are among the best that market can offer. Oracle also provides industry solutions, but it seems lacking a clear promoting strategy to make it independently available, with a contrast to SAP and Siebel.

Oracle's CRM is using Java J2EE architecture, claiming to be thinner and more OS independent than its main competitor Siebel. Using so called "Discoverer modeling Technology", its Business Intelligent offering are one of the most sophisticated for analytical purpose.

As early as 15 years ago Oracle entered Chinese Market with its popular database system. Over the years of cultivation, Oracle has been recognized as one of the top brands in Chinese software market. Benefit from its wide range of software products, most existing ERP Oracle users in China, especially in banking and finance sectors will likely extend naturally to its CRM offerings. However, for those non-Oracle users, Oracle's CRM is hardly attractive as an independent installation. This is of course much of the same logic to all the ERP-oriented CRM vendors, but the Chinese users are more readily adopting CRM products from the same ERP vendor than its overseas counterparts because of the fact that the top player Siebel is simply not as much present in China. If the price and functionality between CRM vendors are closing the gap, the Oracle ERP users won't have much reason choosing other vendors' CRM, with a

risk of more painful integration process.

CRM in China has been going through a downturn these years since 2003, when the SARS hit the country. Unfortunately CRM market has not been able to recover as much as other lines. This has caused almost all none purely CRM vendors in China making a shift back to their core ERP business. Oracle has, after all, won a number of CRM customers during the years, showing that Oracle was at least spending some marketing efforts on CRM. To most of Chinese companies Oracle is still a database and ERP vendor, its CRM has not yet gained enough branding elements. Oracle CRM's industry applications seem to be vague in definition. Its marketing efforts in Chinese middle market also seem to lag behind those of SAP. Clearly presenting its product lines to customers instead of "can do all" approach will help Chinese business community understand more about Oracle and therefore bring more tangible success to Oracle's China penetration.

MySAP.com

Target Market: Large + SMEs

Module: SFA(Sales Force Automation), Marketing Automation, Contact Centre, Analytics, wireless clients, Netweaver web service integration, eBusiness, PRM, Field Service, Portal Application.

Selective Customers: N/A

Web Site: www.sap.com

For long SAP has been regarded as the leading ERP (Enterprise Resource Planning) vendor in the software market. Through many years of ERP adoption among companies, especially in large enterprises, ERP as a software product has entered a mature stage. Companies had to find a new way to become more competitive and CRM, driven by Tom Siebel's innovation, came to the software playground. Over the years of CRM battle, SAP has been trying its best developing CRM applications in a bit to safeguard its own customer base from Siebel's intrusion. After a number of years of hard work, SAP's CRM suite has become one of most sophisticated in functionality, with less and less difference from its competitors like Siebel and Oracle. Its industry applications cover all the lines on the list, well matching those of Siebel's. In the eyes of SAP ERP customers, MySAP CRM has always been at the advantage of being easier integrated to the backend system, with a total "All in One" or in other words "End to End" solution. SAP then becomes one of the few vendors, like Oracle, who can provide the full range of eBusiness solutions, including ERP, SCM, and CRM, which gives SAP the desired flexibility when marketing its blended products. Selling the well bundled solution, SAP is at a better position to ease customer's concerns of integration and maintenance such as upgrade issues in the software life cycle. However, this would further lock in customers into one single SAP basket, and make them much harder to escape. Choose non-SAP products in the long run will become much a reluctant step unless there are considerable advantages both in functionality and economic terms.

SAP's NetWeaver, is an effort to keep its CRM suite independent from ERP products. By 2007, according to SAP's senior management, NetWeaver will be superseded by ESA (Enterprise Services Architecture), a fully realized SOA. NetWeaver has become an interim integration solution and their move toward an SOA is considered a huge part of their new strategy to become a platform for all applications, whether SAP or not (also part of salesforce.com's strategy). This will have good contrast to the Siebel's UAN (Universal Application Network) architecture. The latter has not yet gained enough industry acceptances ever since its announcement a few years ago.

The current software market is going into the "one fits all sizes" stage, which means the big players traditionally on top markets are stretching more and more resources into the SMEs. This will certainly squeeze hard into the already highly competitive SME market. This is especially true in Chinese software market. Over the years, SAP China has steadily increased its marketing share in the SMEs. Its "Business One" SME product has received very positive message from business sectors since it was pushed into China market. This suite includes all SME company needs, include Accounting, Sales, Purchase, Inventory, CRM, MRP, Cost, Service as well as HR. Compared with its typical months of implementation in big companies, the Business One normally takes only a few weeks. With the many applications available off from the shelf, the business data of enterprise can then be better shared and integrated, avoiding the

redundant IT investment. It is also quite an open suite; customer can extend the application using the provided SDK (software development kit), giving the tools to integrate other IT applications.

Like Oracle, most of the SAP customer in China will be expected to be the loyal CRM users. As when CRM functionality tends to be indifferent, integration will be the main factor in customer decision metrics. Many SMEs in China see SAP as the top brand vendor; therefore, locking themselves in tends to be less worried. In this volatile market when merging scenarios came out as more and more surprises, no company is said to be there forever. Even Siebel is now rumored to be taken by Oracle, or by even SAP? Anything is possible, especially when Siebel is at its difficulties. Saying so, it would be a long time before Chinese customers are ready to treat SAP as a CRM vendor. This again proves to be true of the "ERP first, CRM second" adopting logic, especially in China.

In developed countries, the ERP adoption rate is much higher than China, especially in middle market. China is still going through an ERP stage in various sizes of businesses. SAP has seen high growth rate of 53% in 2004 in China with its ERP products, contributing to its increased SMEs market share. At the end of 2004, SAP has about 12 All-in-One solution partners targeting SMEs, 4 national partners in Business one. In the next few years, SAP will steadily increase and improve its network throughout China, while maintaining good quality of partnership. This will help establish SAP brand recognition in SMEs. Once SAP has placed its hands on the greater number of SMEs, exerting "cross selling" will be a natural step. Other pure CRM vendors like Siebel and even Microsoft won't have this "go first" marketing advantage. Siebel's slow and hesitating approach to Chinese market has, to some extent, failed to establish the "leading CRM vendor" like other markets. As the CRM product itself has been quite mature, Siebel's functionality won't be a driving issue in the vendor selecting process. All these factors are expected to place SAP in a competitive advantage in the overall China's eBusiness market in more years to come, even though SAP today doesn't pay much attention to its CRM in China.

Survey Perspective From 443 Valid Survey Respondents

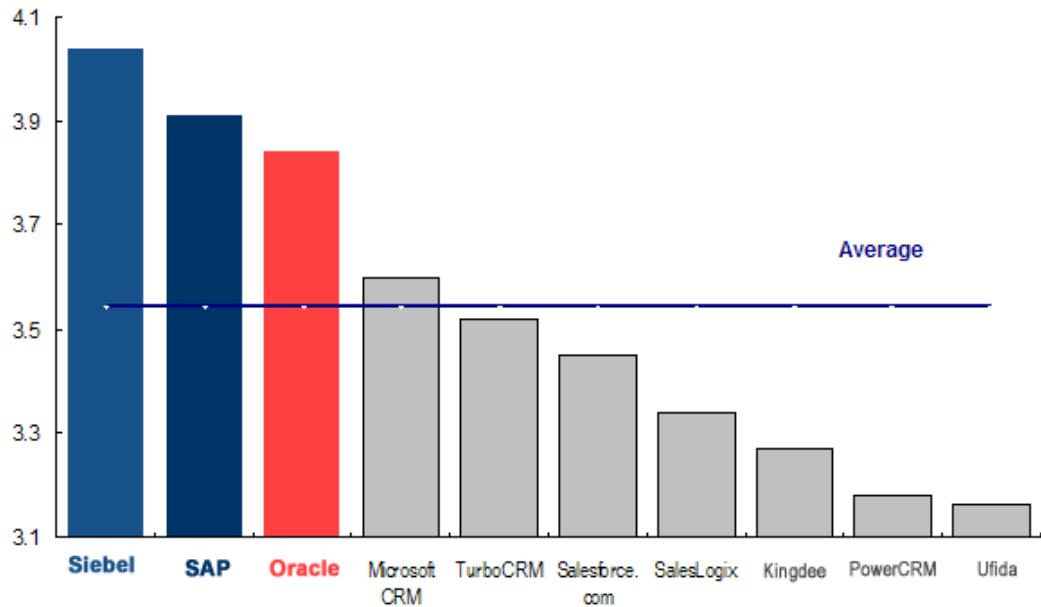
In order to listen to the pulse of the Chinese CRM market and uncover the macroscopic picture of how the market operates, GCCRM conducted the "China CRM Software Vendor Survey". Ten vendors were selected for evaluation, namely, Siebel, SAP, Oracle, SalesLogix, Microsoft CRM, Salesforce.com, Kingdee, Ufida, PowerCRM and TurboCRM. The survey was conducted between Feb 17 to May 25, 2005, with online and off-line survey comprised of rating scale and open-end questions. The findings were based on 443 valid questionnaires, with 95% confidence level.



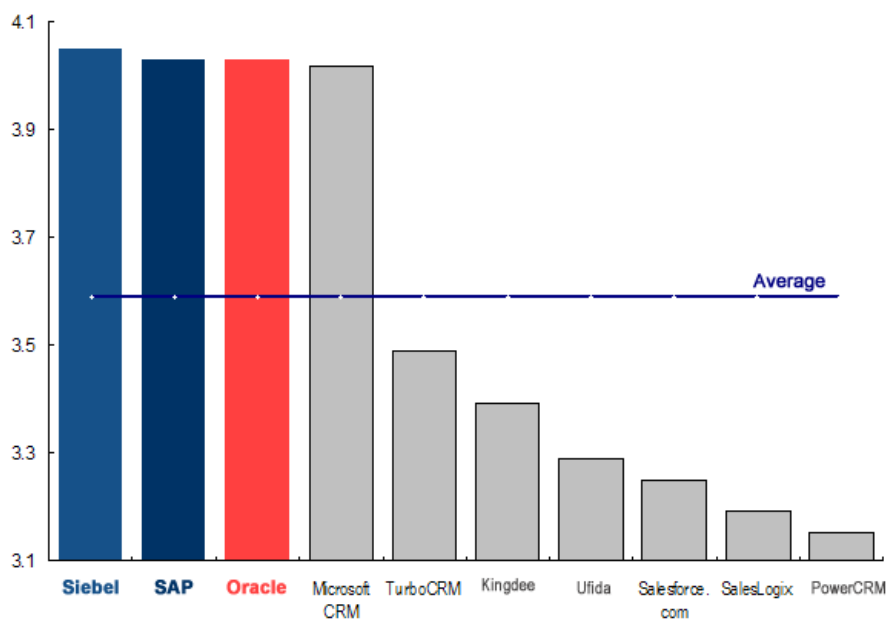
All in all, as the Scatter Diagram above says, Siebel leads the market, and then SAP and Oracle follows. The three CRM giants from overseas have embraced the Chinese market by their cutting-edge products and brand images. However, to sustain their marketplace dominance respectively is not an easy task, that's to say, more effort should also be made, and gap between them can be caught too. Siebel is the market leader now while SAP is keeping on catching the lead, as well as Oracle. It's still uncertain that how they will play in the future? Let's fix a close eye on.

In the following paragraphs, we can see how Siebel, Oracle and SAP are rated in the categories of Product, Brand Image, Most Preferable Choice and Least Preferable Choice.

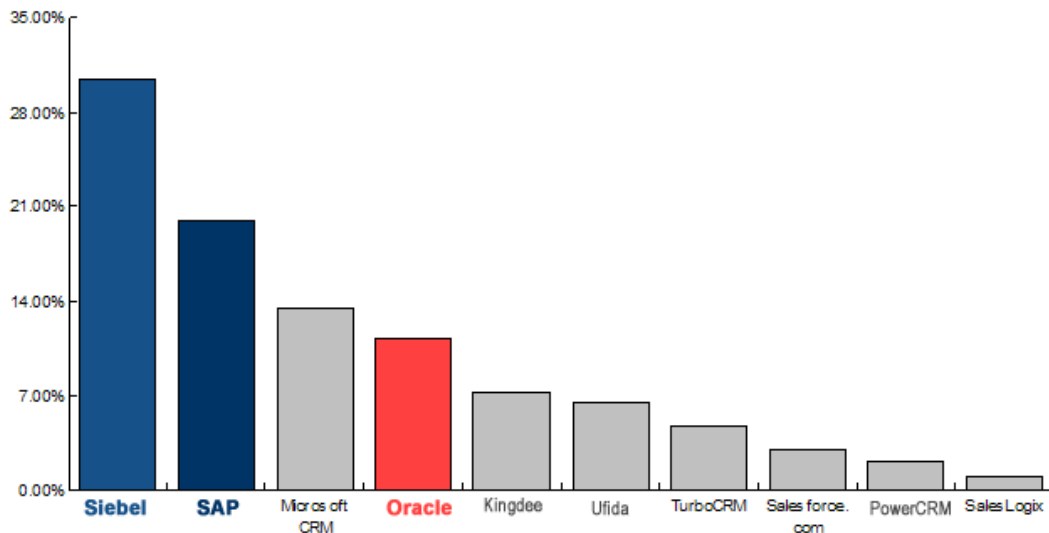
(1) In **Product** ranking, as shown in the figure below, Siebel has the highest score of 4.04 among the ten selected CRM vendors; SAP comes second with a score of 3.91 whereas Oracle ranks third with a score of 3.48. Siebel, SAP and Oracle secure the top three positions by their solid product capacities; their scores are 14%, 11% and 9%, respectively, higher than the mean score of 3.53.



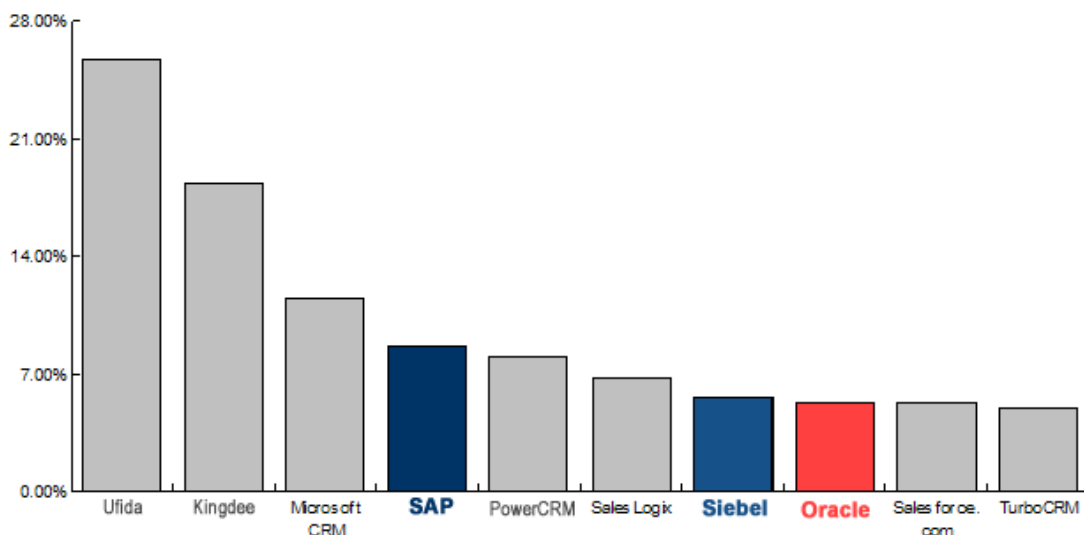
(2) In **Brand Image** Ranking, The overall ranking of Brand Image is consistent with that of the Product Ratings. Siebel, SAP and Oracle, again win the top three positions, receiving a score of 4.05, 4.03, and 4.03 respectively, and are 12.8%, 12.3% and 12.3% higher than the mean score (mean: 3.59) respectively, just as the figure below says.



(3) In Customers' **Most Preferable Choice** Ranking, as the figure below shows, Siebel leads the market with distinguished privilege, Siebel remains to be the market leader and prevails over other CRM vendors on Customers' Most Preferable Choice by receiving the highest percentage of 30.34%, leaving its rivals far behind, including, SAP (19.94%) and Oracle (11.24%).



(4) As the figure below says, in Customers' **Least Preferable Choice** ranking, SAP, Siebel and Oracle are also on the list. As some of the respondents explained, "CRM vendors from overseas fail to provide tailor-made products aiming at different industries and it's impossible for them to fully understand the situation in China in a short time because CRM is not simply just software, it has to integrate with various interface in implementation."



(For full version of "China CRM Software Vendors' Evaluation – Survey Perspective", 24 pages, please click here: http://www.greaterchinacrm.org:8080/eng/content_details.jsp?contentid=1863&subjectid=1, other vendors including SalesLogix, Microsoft CRM, Salesforce.com, PowerCRM, Kingdee, Ufida and TurboCRM are also reviewed and compared)