

SWOT Assessment: SugarCRM v7

Analyzing the strengths, weaknesses, opportunities, and threats

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SUMMARY

Catalyst

CRM software is often used as a management tool to keep the sales force under control in an attempt to improve forecasting. One of the key trends identified in the Ovum report: 2014 Trends to Watch: Customer Relationship Management is that leaders of organizations have woken up to the need for a more penetrating customer strategy that involves everybody, not just the usual triumvirate of sales, marketing, and service.

SugarCRM CEO, Larry Augustin, has long espoused a far deeper use of CRM software, but until now the firm has struggled to get its message across. With its new SVP of marketing, Jennifer Stagnaro, a new release of SugarCRM (version 7) backed up with a more targeted brand-positioning campaign, and \$40m from Goldman Sachs, Augustin's vision has received a shot in the arm.

Key messages

- The enterprise-wide CRM vision is now more relevant as organizations seek to deliver a better customer experience (CX).
- Version 7 supports the mobile worker with a more engaging and immersive user experience (UX).
- SugarCRM's pricing strategy supports wider adoption.
- SugarCRM targets the SME market.
- SugarCRM supports a variety of deployment models.
- Momentum is building as growth accelerates by 80% year-on-year.

Ovum view

The timing is right for Augustin's broader vision for CRM. The customer experience (CX) movement has been gathering momentum for several years now, and one of the key barriers to enabling smart

connected interactions has been fragmentation of customer data across disparate systems including tactical CRM deployments. With the latest release, SugarCRM has addressed two common barriers for broader adoption. The first of these is price, which is often an impediment to broader deployment, and the second is poor user experience that prevents wholehearted adoption.

A final element of SugarCRM's ability to convert vision into sales is a more clearly defined go-to-market strategy.

RECOMMENDATIONS FOR ENTERPRISES

Why consider SugarCRM?

SugarCRM as reported in Ovum's CRM Decision Matrix 2013 is one of the leading enterprise CRM applications, and the new release has made it a strong candidate for organizations with a broad-based customer-engagement strategy that are looking for a more modern and appealing UX at an attractive price. A CRM platform integrated with back-office applications that ties together relevant realtime customer information at the point of need provides a good foundation for a wider CX capability. Although SugarCRM has decided to focus its marketing efforts on the SME market, large enterprises can turn to IBM to take advantage of SugarCRM.

SWOT ANALYSIS

Strengths

Product strengths

Version 7 supports the mobile worker with a more engaging and immersive UX

SugarCRM release 7 augments a functionally rich CRM application with a more appealing UX that can be delivered to any mobile device in a way that suits the device being used. The consumer-like UX is delivered by presenting information in an intuitive way. On a tablet or PC the user will see relevant information to support their particular role, presented in three panels. A context panel displays customer information in a business-card format or list of contacts, opportunities, cases, or campaigns. A collaboration panel enables individuals to share information. This is also automatically updated by all those collaborating, and includes feeds from enterprise social networking software. An intelligence panel provides the latest analysis relevant to the customer record being viewed.

SugarCRM's pricing strategy supports wider adoption

SugarCRM offers Sugar PurePrice, a commitment to transparent pricing, with no hidden fees or forced upsells to more expensive solutions. There are three editions depending on the level of functionality required by the business. This ranges from \$35 per month for Sugar Professional, \$60 per month for Sugar Enterprise, and \$150 per month for Sugar Ultimate.

SugarCRM supports a variety of deployment models

SugarCRM supports on-premise, private and public cloud, and white-label OEM deployments, as well as those through key cloud platform partners such as Amazon, Rackspace, Windows Azure, and VAR partners that deliver hosting options such as Cynergy Solutions and Epicom.

Vendor strengths

Rapid growth and visionary leadership

SugarCRM is growing rapidly aided by its partnerships, especially with IBM for large enterprise and its recent investment of \$40m by Goldman Sachs out of a total \$116m invested by VCs. Augustin is a visionary CEO who has always seen CRM in a more holistic light than the typical triumvirate of sales, marketing, and service. The company recently posted results showing 80% year-on-year revenue growth, which shows an upswing from the creditable 60% growth the previous year. SugarCRM now has more than 7,000 customers globally and is profitable.

Growing ecosystem of partners

IBM has integrated many of its adjacent enterprise applications, most notably Unica for digital marketing management, IBM Connections to provide cross-organizational collaboration, and IBM Cognos for BI. SugarExchange has more than 200 ISVs adding extensions to SugarCRM. Through its partnerships SugarCRM supports a variety of industry verticals with the appropriate taxonomy and specialized workflows.

Weaknesses

Market perceptions must be addressed

SugarCRM has been perceived as a niche player with its open source heritage. SugarCRM's new positioning as a mid-market CRM vendor needs to be amplified, leaving IBM to focus on the large enterprise market with SugarCRM as a preferred component within its Smarter Commerce proposition.

Opportunities

All sectors, sizes, and geographies, but the sweet spot is the mid-market

SugarCRM is highly scalable, functionally rich, extensible, and attractively priced. This gives it the potential to serve a broad range of enterprise sizes from small through to large in both the private and public sectors and in all regions of the world. The large enterprise market can be addressed through its partnership with IBM and as part of an OEM-branded offering. The mid-market can be addressed through the company's growing number of resellers in all regions.

Threats

SugarCRM faces stiff competition from other CRM vendors

SugarCRM faces stiff competition from the heavyweight CRM vendors Microsoft and Salesforce.com in the mid-market, each of which has also adopted a mobile first UX design. Smaller vendors such as NetSuite and Sage CRM are also strong competitors in the mid-market, the latter having a well-developed global reseller channel. In Ovum's opinion, SugarCRM is well placed to compete head on in the mid-market, where its visionary message should be attractive to rapidly growing and ambitious organizations seeking a scalable CRM platform.

Risk of dilution has receded

Now that SugarCRM has clarified its go-to-market strategy and is focusing its marketing efforts on the mid-market, the threat of being pulled in too many directions simultaneously has receded.

DATA SHEET

Key facts about the solution

Table 1: Data sheet

Product name	SugarCRM	Product classification	CRM
Version number	7	Release date	November 2013
Industries covered	All	Geographies covered	Global
Relevant company sizes	50 to 2,000 employees	Platforms supported	Open source, Microsoft stack, IBM I-series, others
Languages supported	26 total	Licensing options	n/a
Deployment options	Private and public cloud, on-premise, white label	Route(s) to market	OEM, reseller, direct
URL	www.sugarcrm.com	Company headquarters	Cupertino, US
European headquarters	Munich, Germany		

Source: Ovum

APPENDIX

Further reading

Ovum Decision Matrix: Selecting a Customer Relationship Management Solution, 2013–14, EI015-000010 (July 2013)

2014 Trends to Watch: Customer Relationship Management, IT015-001893 (November 2013)



Methodology

Ovum SWOT Assessments are independent reviews carried out using Ovum's evaluation model for the relevant technology area, supported by conversations with vendors, users, and service providers of the solution concerned, and in-depth secondary research.

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We hope that this analysis will help you make informed and imaginative business decisions. If you have further requirements, Ovum's consulting team may be able to help you. For more information about Ovum's consulting capabilities, please contact us directly at consulting@ovum.com.

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