

Magic Quadrant for Social CRM

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Gartner's first Magic Quadrant for Social CRM responds to the growing interest and investment in social applications to support sales, marketing and customer service business processes. Social CRM application spending will grow at a faster rate than traditional CRM spending.

WHAT YOU NEED TO KNOW

Social CRM comprises applications with very different approaches for supporting communities of internal users, customers, partners and other stakeholders to assist with sales, marketing and customer service processes for the mutual benefit of enterprises and their customers. The main subcategories of social CRM applications include social monitoring, customer- and partner-hosted communities, enterprise feedback management (EFM), product reviews and sales contacts. Over 100 vendors have social CRM offerings; many are not profitable, and most generate annual revenue of less than \$1 million. Mergers and acquisitions, new entrants and exits of software vendors are and will be common, and we expect rapid consolidation and simplification of the market to continue during 2010 and 2011. Spending by buyers has increased substantially, with most vendors growing revenue by 50% to 100% in 2009, but social CRM remains a small subset of the total CRM application market.

MAGIC QUADRANT

Market Overview

Interest has exploded in using social software for marketing and customer service departments, and, to a lesser extent, in sales organizations. Inquiry volumes on social software for CRM have spiked well over 50% in the last 12 months. The number of social CRM vendors has expanded rapidly; the market in mid-2010 has just over 100 vendors. Few vendors address the whole social CRM market yet. Most have annual revenue of less than \$1 million and are not profitable. However, spending has significantly ramped up since 2008, and a few vendors grew revenue by more than 100% in 2009. This financial growth has accompanied a rise in mergers and acquisitions, such as RightNow and HiveLive, Attensity and Biz360, and salesforce.com and Jigsaw. Acquisitions will continue rapidly in 2010 and 2011 as the market shakes out. However, Gartner assessed over 240 social use cases during 2009, and found that 80% of those were related to improving customer relationships (or "social CRM").

Social CRM vendors tend to start in one of four ways:

- Hosting and supporting a branded or private-label community, and providing the surrounding functions
- Monitoring, listening to and surveying private-label or independent social networks
- Facilitating the sharing of common B2B or business-to-consumer (B2C) contacts through the use of an internal community
- Community product reviews to facilitate the online sales process

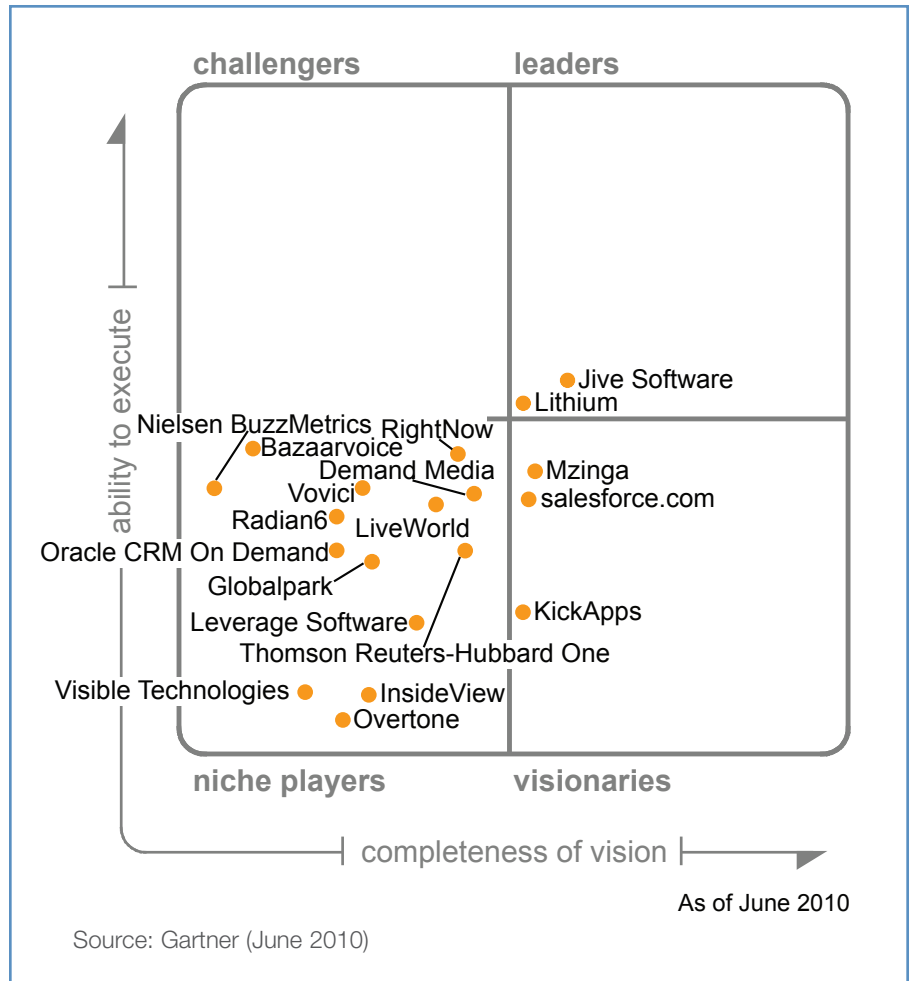
Vendors that can assemble the full social CRM suite and make progress in two or more of these areas will reap the biggest success. Gartner believes that by year-end 2011, these disparate approaches will combine to form social CRM suites. Moreover, we expect that by 2014, these functions will be integrated into traditional big CRM applications from vendors such as SAP, Oracle, salesforce.com, Microsoft, Amdocs, ATG, SAS, IBM and RightNow.

Today, vendors differentiate themselves on the basis of functions, analytics, ease of use or superior experience delivered through professional services. Over time, vendors will find it harder to gain an advantage by providing unique core functions for social CRM.

Four other factors will then also differentiate vendors:

- The ability to seamlessly interoperate between public social networks and private communities
- The ability to integrate processes with traditional, operational CRM applications
- The ability to prove the ROI of the social CRM application
- Partnerships with global system integrators, or digital or interactive agencies and consultants, to promote and deploy the applications

Figure 1. Magic Quadrant for Social CRM



B2C or business-to-business-to-consumer enterprises account for over 90% of spending on social CRM. Thus, the internal users tend to come from marketing and customer service, rather than sales. Nonetheless, social spending from B2B companies is increasing and will account for a growing percentage through 2015.

Market Definition/Description

Social CRM applications encourage many-to-many participation among internal users, as well as customers, partners, affiliates, fans, constituents, donors, members and other external parties, to support sales, customer service and marketing processes. Social CRM works within each of these domains, for example, to provide a social enterprise feedback mechanism in the service domain, or social monitoring or product development in the marketing domain. Social CRM applications engage customers in use cases such as:

- Sharing ideas for innovation
- Codeveloping new products or services
- Enabling customers to get help from other customers
- Generating brand awareness and visibility
- Offering price comparisons and enabling customer-generated reviews for customers
- Increasing Web traffic and advertising income
- Capturing indirect feedback from customers on social networks and communities
- Assisting the selling process by sharing contacts in a community

Social CRM applications can be used:

- Only by internal employees, such as salespeople, to collaborate on a process or in sharing contacts
- By both internal and external users, but in a community that is operated by an enterprise (known as a branded, private label, private or closed community)
- By internal and external users to listen to or interact with an independent, public social network or community, such as Facebook, Xing, LinkedIn, Orkut, MySpace or Twitter

Social CRM applications typically have some or all of the following types of functions for customers:

- Discussion forums
- Message boards
- Comments
- Polls and voting
- Surveys
- Reviews
- Ratings
- Chat

- Blogs
- Wikis
- Bookmarking
- Tagging
- Search

Social CRM applications use techniques such as scoring, filtering, matching, social profiling and alerting to underpin these functions. Social CRM applications typically have the following types of administrative tools for enterprises:

- Moderation
- Reputation management
- Dashboards
- Reports
- Event management
- Privacy management
- Video management

Social CRM applications can be delivered via software as a service (SaaS), on-premises, outsourced or hosted models.

During 2009, the social-software market started to split into three areas of focus: vendors that target users outside the enterprise, vendors that target users inside the enterprise and vendors that target CRM processes. These three markets attract different sets of vendors – with some overlap, of course – and the dynamics differ because the needs of the three groups of users differ, so the one-size-fits-all model does not work in these markets. Social CRM applications differ from externally facing social software, which consist of general-purpose products to support communities where most participants are outside the enterprise.

Inclusion and Exclusion Criteria

Social CRM providers must meet the following minimum inclusion requirements:

- Offer a social application that primarily supports one or more of the following: (1) internal sales, (2) marketing, (3) customer service users, (4) customers, (5) prospects, and (6) partners outside the enterprise.

- Appear on at least 25% of Gartner clients' shortlists for social CRM evaluations.
- Have at least eight accessible client references using the product to support sales, service or marketing processes.
- Have enough cash to fund a year of operations at the current burn rate.
- Have Gartner-estimated annual revenue in the \$5 million or above range.

The minimum functions of social CRM application include:

- Support for one or more sales, marketing and service processes (such as campaign management, word-of-mouth marketing, brand management, sales force support, call center, customer feedback, lead-to-sale process, customer value analysis, churn and propensity-to-buy analysis)
- A measurable business use case, key performance indicators (KPIs) and a process workflow for engaging with customers in an interactive customer process
- Places or destinations for customers, prospects and community managers to participate in by posting questions, comments, reviews and by voting
- Roles, permissions, and user access control and subscription capabilities for supporting multiple moderators and community input
- Reputation management with multiple engagement capabilities and community-controlled guidelines
- Search and filtering mechanisms
- Ability to incorporate findings or solutions into CRM operations, such as a customer service knowledge base, multichannel campaign management tool or a sales-effectiveness application

Other functions may include:

- Social tagging and bookmarking
- Support for partners in sales, marketing and customer service processes
- Analytics (such as of customers, prospects and brands), including mining structured and unstructured data
- Offer management and the ability to make offers within a social application

Vendors in this Magic Quadrant included the following categories: social-media monitoring, hosted communities, product reviews, sales contacts and EFM.

Evaluation Criteria

Ability to Execute

Product/Service: The functions we look for include social-network analysis, wiki spreadsheets, social tagging, social bookmarking, social search, general analytics, expertise location, group formation based on common interests, content and people ratings, alerting mechanism, and people and content recommendations. Also, as part of the overall score, we took into account the maturity of the product (the number of versions released and how long it has been available) and any evidence of large-scale deployments.

Overall Viability (Business Unit, Financial, Strategy,

Organization): Key aspects of this criterion are the vendor's financial health (including funding, who is investing in and backing its activities), profitability, overall size of the collaboration and social-software business (in particular, dedicated employee numbers), and the degree to which the vendor is committed to this part of its business.

Sales Execution/Pricing: The vendor must sell to large enterprises, have transparent pricing and a straightforward sales process, show consistent revenue growth over the last 12 to 24 months, and have an opportunity to convert existing customers to products with new or additional capabilities.

Market Responsiveness and Track Record: A vendor must be able to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. We look for evidence of this agility in the history of the product (acquisitions, development and updates, for example) and in actions and comments of the product management team.

Marketing Execution: We look for evidence of "mind share," thought leadership and brand recognition, and for any specific marketing initiatives (white papers, events, micro sites) that may have helped to promote the vendor. Senior executives must actively participate in ongoing online conversations via their blogs or comments. We also take into account the size of the marketing organization.

Customer Experience: We look for customer feedback from vendor-supplied references, Gartner inquiries and other customer-facing interactions, such as Gartner conferences. Customer experiences are rated based on the vendor's ability to help customers achieve positive business value, as well as sustained user adoption, and quality implementation and ongoing support. We also take into account the percentage of users still under maintenance, the mix of customers (large, as well as smaller, enterprises), overall customer numbers and evidence of outstanding customer successes.

Table 1. Ability to Execute Evaluation Criteria

Evaluation Criteria	Weighting
Product/Service	high
Overall Viability (Business Unit, Financial, Strategy, Organization)	high
Sales Execution/Pricing	standard
Market Responsiveness and Track Record	standard
Marketing Execution	standard
Customer Experience	high
Operations	no rating
Source: Gartner (June 2010)	

Completeness of Vision

Market Understanding: The vendor must demonstrate a strategic understanding of collaboration and social-software opportunities, such as an understanding of the business value of social interactions and of related capabilities (content, portal and communication services), an urgency to pre-integrate them, a tolerance and acknowledgement of related technologies from other vendors, and an overall vision of the space that focuses more on supporting people-centric activities and less on a formal, process-centric view of collaboration.

Marketing Strategy: The vendor's marketing approach should align with emerging trends and the overall direction of the market. In particular, we look at the use cases promoted in the vendor's marketing messages, its online activities, and any programs for educating and priming the market around social interaction (for example, "try before you buy," open-source versions and hosted versions).

Sales Strategy: We look at the level of channel activity, and any strategy for converting large numbers of early adopters to high-end or broader deployments.

Offering (Product) Strategy: The vendor's product road map should reflect demand trends and opportunities to create demand in the market and fill current gaps or weaknesses. We also look at interoperability with communication services (e-mail, instant messaging, presence, Web conferencing and IP telephony), mobile support, the neutrality of infrastructure dependencies (operating system, directory and security), and the alignment with related products from the same or other vendors (specifically for content management, portals and search).

Business Model: We look at the levels of investment needed to achieve profitability and revenue growth, the balance of service and license revenue, evidence of success with repeatable revenue

(subscription licensing, for example), and low-cost distribution, development and support (for example, using open-source licensing).

Vertical/Industry Strategy: The vendor should emphasize industry-specific solutions and display industry expertise.

Innovation: The vendor must invest in R&D to develop its tools and demonstrate creative energy, such as by:

- A commitment to new browser-based client technologies (in particular, Ajax), browser-based rich authoring, Web native formats, and any work on microformats
- Adoption not just of a service-oriented architecture, but one with a strong Web-oriented architecture
- Offline support
- Movement toward full access to internal data via representational state transfer (REST) interfaces and XML data streams
- Social-network analysis
- Participation metrics and analysis
- Activity tracking
- Adaptive people and content recommendations

Geographic Strategy: The vendor's strategy must lead it to direct resources, skills and offerings to meet the specific needs of regions outside the corporate headquarters' location, directly or through partners, channels and subsidiaries, as appropriate for that geography and market.

Table 2. Completeness of Vision Evaluation Criteria

Evaluation Criteria	Weighting
Market Understanding	high
Marketing Strategy	standard
Sales Strategy	standard
Offering (Product) Strategy	high
Business Model	standard
Vertical/Industry Strategy	low
Innovation	high
Geographic Strategy	standard
Source: Gartner (June 2010)	

Leaders

Leaders in the social CRM Magic Quadrant will exhibit two characteristics. First, their software must benefit both company and community. Leaders show benefits to enterprises by demonstrating ROI and supporting KPIs, and Leaders' software convinces users that they will get something valuable by participating in a conversation or community. Second, Leaders' offerings demonstrate support for multiple CRM processes, not just one domain, and have substantial revenue coming specifically from their social CRM offerings.

Challengers

Challengers are vendors that offer solutions that are poised to move into leadership, but have not yet done so. They have strong products, as well as the market position and resources to become Leaders, but may not have either the same functional breadth, marketing strategy or rate of innovation as those in the Visionaries quadrant. Challengers do have an established presence, credibility and viability, and once their products become "good enough," they will likely cross-sell to their customer base to leapfrog others into the Leaders quadrant at some point in the future.

Visionaries

Visionaries demonstrate a strong understanding of current and future market trends and directions, such as the importance of a flexible and transparent collaboration environment, as well as the value of mutual reinforcement between tools that encourage user contribution and tools that encourage bottom-up group and structure formation. Their products and product road maps exhibit innovation, especially in architecture and lightweight integration, while their marketing and R&D efforts are boosted by their alignment with the open-source "ecosystem." The Visionaries in this market have not exhibited the scope of delivery of the Challengers, but have demonstrated vision across a range of capabilities.

Niche Players

Niche Players provide useful, focused technology, understand changing market dynamics and are working toward evolving their product capabilities. However, some can be held back by narrow functions, by limited product road maps or by the lack of an innovative growth strategy. Many of the smaller vendors may enjoy success relative to their size, but need to grow and establish their positions before their competitive differentiation erodes in 2011.

Vendor Strengths and Cautions

Bazaarvoice

Bazaarvoice is a Niche Player in the social CRM Magic Quadrant that harnesses the community for social commerce, including product reviews and selling.

Strengths

- **Viability:** Bazaarvoice has a strong retail client base using its core product, and many clients are also adopting its Ask & Answer and Stories capabilities. Bazaarvoice has partnered with many e-commerce vendors.

- **Functions:** Bazaarvoice's SaaS offering enables clients to have product reviews on their websites. The offering includes a workflow process that manages the incoming flow of product reviews and the posting of reviews to ensure that they are not offensive or violate an online code of conduct. Ask & Answer enables enterprise customers to post answers to questions during the sale process. Stories allows customers to post their experiences with the product or services that the enterprise is selling.
- **Strategy:** Bazaarvoice helps retailers drive sales with user-generated content. The vendor's product road map continues to focus on social commerce.

Cautions

- **Acquisition:** Bazaarvoice is a niche solution focused on product reviews, and could become an acquisition target, particularly for larger e-commerce vendors and/or community hosting vendors looking to enhance or add these capabilities. Therefore, clients seeking only product reviews, questions and answers, and customer stories should have Bazaarvoice on their shortlists.
- **Niche offerings:** Bazaarvoice is primarily focused on social commerce CRM, which is the use of social capabilities to drive an uplift in sales.
- **Vision:** Bazaarvoice needs to broaden its product vision into areas of social customer service and marketing. This would require Bazaarvoice to add social customer service functions like discussion threads, which are currently in development, with no scheduled release date, and workgroup communities and social marketing capabilities (such as wiki support).

Demand Media

Demand Media acquired Pluck in 2008 to become a Niche Player in social CRM, offering a community platform largely for marketers and publishers.

Strengths

- **Viability:** Demand Media has more than \$350 million in funding from a variety of investors. Gartner estimates social revenue of between \$5 million and \$10 million, and growth of 40% from 2008 to 2009.
- **Functions:** Demand Media focuses largely on B2C social applications that can be integrated into enterprises' external websites to provide consumers with blogs, forums, product reviews and other social CRM capabilities. (Internal users focus almost exclusively on marketing or e-commerce, and are interested in influencing, analyzing and understanding consumer behavior.) Pluck can integrate with several social-media sites, including Facebook, LinkedIn, Twitter and YouTube.

- **Industry focus:** Demand Media focuses on the consumer goods, publishing and media, retail, travel and financial services sectors. The company mentions partnerships to add social monitoring and text mining analysis as being on its road map for 2010.

Cautions

- **Lack of B2B and internal user focus:** Demand Media is focused primarily on B2C companies, and does not appeal to most enterprises that need to support internal users.
- **Integration with traditional CRM:** Demand Media-Pluck provides limited prebuilt integration with packaged CRM or other social CRM applications and services. Companies that have standardized on an enterprise CRM or marketing automation application will need to consider Demand Media's integration points carefully.

Globalpark

Globalpark is a Niche Player in the social CRM Magic Quadrant. It is one of the leading international EFM vendors for listening to customer feedback across multiple channels, and for focusing on communities.

Strengths

- **Viability:** Globalpark generated \$15 million in 2009 (Gartner estimate) and continues to grow in 2010. Globalpark has over 330 active survey customers and 120 panel customers, of which half use the complementary community capabilities.
- **Functions:** Globalpark's EFM suite provides a single platform for managing surveys, panels and communities across the enterprise. The community features within version 7.0 enable customers to create and manage communities with features such as profile sharing and searching, push/pull with social media, blogs, real-time chat, multithreaded forums, wall postings, and rating systems. The company's mature panel offering, which has proven scalability of over 1 million members, allows CRM data to be used to segment panelists to obtain more-granular insights.
- **Strategy:** Globalpark has a strong vision and is committed to developing the solution in line with evolving customer needs. For example, a recent functional enhancement helps to coordinate the physical meeting of subsets of community members with similar interests through invites and calendar planning. Globalpark is transitioning from a tool to a solution company. The vendor's 2011 development road map will include a timeline for the launch of various modules, such as social marketing.

Cautions

- **Analytics:** Globalpark does not have an in-house text or broader data mining capability; its partner Attensity provides it.
- **Social CRM processes:** The offering currently lacks specific functions to facilitate socially driven sales and marketing.
- **References:** References cited their overall satisfaction with the technology and support, but non-EMEA customers and prospects expressed worries about second-level support and development being staffed in Germany, because of the time difference.

InsideView

Founded in 2005, InsideView is a Niche Player focused on capturing, aggregating and delivering information originating on the Web to support salespeople with frontline research, prospecting and account monitoring.

Strengths

- **Viability:** InsideView is growing rapidly, and generated approximately \$8 million in annual revenue in 2009 (as estimated by Gartner).
- **Strategy:** InsideView distinguishes itself as one of the few vendors in social CRM focused on sales processes. With an emphasis on usability, the vendor has promoted a compelling vision for applying search and relationship mining technologies to aid salespeople with key informational needs around sourcing contacts and leads, as well as monitoring business events and personnel within accounts.
- **Functions:** With the SalesView product, InsideView has acquired notable technical experience with compiling news, firmographic details, management profiles, social graph information and so forth from the Web, including identifying relationships among organizations, individuals, events, historical data, etc. The system is relatively easy to set up and personalize to specific needs (i.e., list building, lead generation, lead qualification, precall research in prospecting, account research, etc.). A recently released Buzz tab enables users to search and extract information from social networks like Twitter and LinkedIn. InsideView enriches contact information with social profiles, and uses triangulation algorithms to ensure and enhance the accuracy of contact information that is available from traditional sources.
- **Market visibility:** With over 2,000 clients and 35,000 users, the vendor has gained an initial measure of mind share disproportionate to its size with firms interested in SaaS-based software tools for their sales forces. The vendor has also integrated its technology with leading CRM systems like Oracle CRM On Demand, Microsoft Dynamics and salesforce.com, which should help expand InsideView's addressable market.

Cautions

- **Functions:** InsideView doesn't host communities or offer associated social moderation or social expertise location services, and has only just released social-monitoring capabilities for capturing details from social sites relevant to specified contacts, accounts and leads.
- **Global presence:** InsideView's operations and client base are predominantly located in North America.
- **Lack of B2C focus:** InsideView primarily markets to the sales buying center, buying within B2B companies, with process support concentrated around providing information for lead management, list building, prospecting and account management.

Jive Software

A Leader in this Magic Quadrant, Jive has managed to win several large corporate customers, some of whom have multi-million-dollar investments in Jive software and services. Its core Jive SBS platform can be deployed either on-premises or as a hosted single-tenant SaaS option. The low-end Jive Express product is also available via cloud deployment.

Strengths

- **Viability:** Jive is one of the largest and best-known independent social-software vendors, with 250 employees, 2009 revenue of \$30 million (Gartner estimate) and 85% growth from 2008 to 2009. The company has a strong and experienced management team with success in scaling software companies, and a focused go-to-market strategy around social software and social business processes. Jive has accumulated a large number of major clients and has 15 million active internal and external users.
- **Functions:** Jive delivers integrated blogs, wikis, ratings, rankings and voting, user profiles, dashboards and user interfaces, and a broad range of social capabilities, which enable it to serve both internal and external users. Jive has integrated social-media monitoring and can connect to content repositories and enterprise applications. Jive also recently announced plans for its own apps market, a Jive developer community, and an agreement with Twitter to license Twitter's Firehose for use within its analytics product. Jive also provides the ability to bridge conversations between internal and external communities.
- **Vision:** Jive promotes the use of open-social standards and the development of interoperability standards between social vendors. Jive provides LDAP integration with corporate directory standards, and connectors for Microsoft Office and

SharePoint. The company also recently announced several technology relationships, including Google and Twitter; plans for its own apps market; and reaffirmed its support for the OpenSocial framework.

Cautions

- **Distinct user interface and user experience:** Jive does not own the customer directory or the product record, or control the business rules for employees in their interactions with customers. It provides its own application environment and interface, which provides a social CRM experience for internal users that is distinct from installed corporate CRM, ERP or enterprise applications.
- **Global presence and partnerships:** For a leader, Jive has a limited sales and support presence in EMEA and the Asia/Pacific region; its partner ecosystem is also limited. Jive may be at a competitive disadvantage to larger vendors that sell into the IT infrastructure. Although these larger vendors may lack Jive's social capabilities, they have a broader and deeper presence in global enterprises.
- **Integration with traditional CRM:** Jive provides limited prebuilt integration with packaged CRM.

KickApps

KickApps is a Visionary for its highly configurable, quick-to-implement, flexible approach to B2C community hosting.

Strengths

- **Viability:** Gartner estimates KickApps generated revenue in 2009 of \$6 million to \$7 million, double the prior year. KickApps seeks to become profitable by year-end 2010. The vendor has 90 employees and reports over 10 million active community members.
- **Functions:** KickApps includes a flexible, configurable community platform, commenting and rating, user-generated content (photos, blogging, video and audio uploads), contests, polls, games, widgets, and event management. KickApps' App Studio allows customers to package this media into shareable, embeddable Flash widgets, which can be shared on Facebook, MySpace or any blog or website that accepts HTML embedding. KickApps also offers a highly configurable dashboard for community management and insight into engagement.
- **Strategy:** KickApps' strategy is to provide a highly flexible, quick-to-implement community. KickApps' road map for 2010 includes the ability for KickApps to act as a Facebook app container and enable users to create widgets and applications that can be published on Facebook.

- **References:** References mention customer support and pricing as strengths.

Cautions

- **ROI metrics:** KickApps only recently started focusing on marketing (it historically focused on publishers, fan-type pages and general-purpose communities). KickApps will need to deliver more-specific KPIs, such as marketing metrics and ROI, into CRM processes that are already noted in the company's future plans.
- **References:** References mentioned that KickApps requires time for setup and configuration, rather than running right out of the box.
- **Integration with traditional CRM:** KickApps provides limited prebuilt integration with packaged CRM.

Leverage Software

Leverage Software, a Niche Player, provides a variety of SaaS components for social networks, such as blogs, wikis, ratings and status updates. This offering targets both internal (employee) and external (customer) applications across a variety of industries.

Strengths

- **Viability:** Leverage has a broad range of functionality, but is still relatively small, making it a logical acquisition target for a larger vendor seeking to quickly establish a presence in this market.
- **Functions:** Leverage offers a wide variety of functions. Ease of use and SaaS deployment enables enterprises to get up and running quickly. References indicate that Leverage has provided them with extensive suggestions and best practices about driving user engagement with the social platform.
- **Strategy:** References report that Leverage has shown considerable interest in their ideas for product enhancements.
- **Customer support:** References give positive feedback about the support team on both business and technical issues.

Cautions

- **Metrics and analysis:** References indicate that the out-of-the-box reporting and analysis is weak, particularly for customer networks where analytics is important. A June release of Leverage v.7.4 that focuses on analytics may address this, but has not yet been evaluated by Gartner.
- **Wiki:** References indicated a specific search capability within their wiki offerings as being an area that needed improvement.

- **Integration with traditional CRM:** Leverage provides limited prebuilt integration with packaged CRM.

Lithium

Lithium, a Leader in the social CRM Magic Quadrant, provides a hosted community and associated applications primarily to host private-label social networks for an equal mix of B2B and B2C organizations.

Strengths

- **Viability:** Lithium grew over 100% in 2009, and Gartner estimates that it generated revenue of \$20 million. It is attracting new management talent.
- **Strategy:** Lithium has strengths in the video game industry and community-based customer service for the high-tech industry, and it is now expanding into consumer goods, telecommunications, industrial manufacturing and other sectors. Lithium has expanded its range of processes into idea capture for new products, community moderation and social-media monitoring, in part through the acquisitions of Keibi Technologies and Scout Labs.
- **Measurement of ROI:** Lithium has been the strongest at measuring ROI and the health of a social network or community. Its case studies and reference customers show measurable business results.

Cautions

- **Integration:** Lithium has acquired strong moderation capabilities and social-monitoring capabilities, but is still in the process of integrating these into its main community platform.
- **Interoperability:** Lithium has lagged behind several competitors in interoperating with public social networks, such as Facebook and Twitter. It recently launched a Facebook application in June 2010 to address this caution, but Gartner has no reference checks to verify its capabilities yet.
- **Integration with traditional CRM:** Like most other community platforms, Lithium's stand-alone application needs more integration with other customer service, sales or marketing processes (for example, in the contact center).

LiveWorld

LiveWorld is a Niche Player in the social CRM Magic Quadrant, providing "white label" social CRM community platforms used by companies for brand extension, community creation, content distribution, and the integration and delivery of campaigns through established social-networking sites. LiveWorld applications are used by both B2C and B2B enterprises for marketing to external customers.

Strengths

- **Viability:** LiveWorld has positive cash flow, is profitable and has been in business for 15 years, supporting communities across 70 languages. It has experienced management and professional services teams.
- **Functions:** LiveWorld makes more than 50% of its revenue from providing moderation services, and has an advantage over competitors in its moderation technology for engaging with participants. Its experience in the business shows particularly in its ability to increase community participation. In the consumer goods industry, LiveWorld can show quantifiable increases in marketing objectives achieved through its offerings. LiveWorld's tools can be used with other social CRM platforms, and it will release a further set of moderation technologies soon that provides a centralized site through which a marketing team can moderate and respond to company, product or brand issues on public social sites.
- **Interoperability:** LiveWorld's Community Center 3.0 and applications such as LiveBar offer strong interoperability among social-network applications and sites. LiveWorld's strong development environment and rich API enable customers to embed or customize their sites to a greater degree than they could with competitors.

Cautions

- **Software-to-services ratio:** LiveWorld generates more than half its revenue from professional services, rather than from software licenses or subscriptions. This is, in part, due to its use of internal implementation resources instead of partners, and is an indication that these solutions have a fair degree of customization associated with them. As the vendor grows, its reliance on services will dissuade partners from building skills in the software, because they will face competition from LiveWorld's services team.
- **Measuring ROI:** As this market matures, buyers will seek a proven ROI and move from the anecdotal to measuring benefits systematically – LiveWorld can do much more to document best practices in measuring the ROI of social CRM.
- **Strategy:** LiveWorld has less of a clear vision than its competitors. LiveWorld needs to focus on a strategy of where it would like to be in five years. In addition, LiveWorld's outward-facing orientation and outward-facing capabilities do not appeal to companies looking for a single platform for both internal and external users.

Mzinga

Mzinga, a Visionary in the social CRM Magic Quadrant, provides a platform and applications needed to host and manage a community through internal and external-facing communities in sectors such as consumer goods, retail, healthcare and high tech.

Strengths

- **Scale:** Mzinga is used by 40 million users across 15,000 communities in 160 countries. Over 60% of its use cases are for sales, marketing and customer service roles.
- **Functions:** Its offering, OmniSocial, allows midmarket and enterprise businesses to engage with multiple constituents (employees, customers, consumers and partners). Mzinga has a wider range of applications than any other similar provider, including 30 applications, 40 widgets, and multiple dashboard reports and benchmarks. The applications include discussions, blogs, comments, ratings, polls, surveys, events, chat, social profiles, mobile support, video and event management.
- **Strategy:** Mzinga is starting to invest in interoperating between private-label and public social networks, such as Facebook – for example, integrating its blogs and discussions with Facebook and SharePoint.

Cautions

- **Viability:** Gartner estimates that Mzinga's total revenue was \$30 million to \$35 million for 2009, up by approximately 15% in 2008, but substantially below the average of its direct competitors. Gartner believes this is due to the combined effect of rapidly growing social-software revenue and declining e-learning social-software revenue.
- **Interoperability:** Interoperability with public social networks lags behind that of the market leaders.
- **Metrics:** Mzinga has not proven the ROI of its applications as well as its direct competitors have.
- **Integration to traditional CRM:** Integration of its application with those of traditional CRM vendors is nascent.

Nielsen BuzzMetrics

Nielsen BuzzMetrics, a Niche Player in the social CRM Magic Quadrant, provides best-of-breed services and technology for listening to comments about products, brands and competitors in social networks, as well as business process/organization redesign and consulting options for businesses looking to unlock the value of social media across their organizations. These services, and BuzzMetrics' domain expertise, appeal to marketing organizations.

Strengths

- **Viability:** Nielsen's ownership – and now McKinsey's co-ownership – gives BuzzMetrics strong resources and channels to market across multiple industries and geographies.
- **Functions:** BuzzMetrics has deep expertise in the area it focuses on, with a variety of metrics to help enterprises

understand how their brand is perceived in the market. References cite BuzzMetrics' reports as key when selecting the vendor.

- **Strategy:** BuzzMetrics' strategy is focused on delivering "an enterprise listening solution" that provides an end-to-end solution combining self-service monitoring and a supporting service, integrating social-media data into core business processes/applications and delivering KPIs. It plans to continue to expand its range in these areas through the second half of 2010 with its launch of its Engage functionality into its My BuzzMetrics reporting tool; rollout of research services in new markets; and the development of new consulting-oriented service lines focused on product launch, marketing effectiveness and customer service.

Cautions

- **Flexibility:** References cite concerns about the lack of flexibility that BuzzMetrics brings to engagements, specifically the timeliness of report delivery.
- **Focus:** BuzzMetrics' emphasis on consulting or service offerings will not appeal to enterprises seeking in-house deployments.
- **Integration with traditional CRM:** BuzzMetrics provides limited prebuilt integration with packaged CRM.

Oracle CRM On Demand

Oracle, a Niche Player in the social CRM Magic Quadrant, commenced investing in social CRM capabilities in 2008, with a focus on point solutions for B2B processes, but investment in product development and marketing had since lagged. However, Oracle recently produced a product road map that will lead to the introduction of new functionality, mainly in the 2011 time frame.

Strengths

- **Viability:** In terms of overall revenue (regardless of product lines), Oracle is one of the large participants in the social CRM space, possessing substantial resources for potential R&D crash programs and funding future acquisitions.
- **Functions:** Oracle has easy-to-use user interfaces that mimic Flickr, Evite and the iTunes carousel to encourage collaboration. Oracle originally focused on sales processes, but now intends to extend process coverage to managing relationships with partners. The vendor has also initiated efforts to develop social-media monitoring capabilities (through a partnership with Radian6 and with a future application called "Listening Post").
- **Strategy:** Oracle focuses on salespeople in B2B businesses; it offers one of few social CRM applications with a strong B2B focus. Oracle's applications – Sales Prospector, Sales Library,

Sales Campaigns and Deal Manager – all aim to improve sales by making salespeople more productive. The applications are stand-alone and delivered as SaaS, with no dependency on Oracle CRM On Demand or Siebel.

Cautions

- **Limited adoption:** Although a large enterprise software vendor, and despite marketing efforts dating to Oracle OpenWorld 2008, the number of actual customers that adopted Oracle's social CRM applications remains small, estimated by Gartner to comprise about 20 organizations.
- **Vision:** Although Oracle is enabling issues and insights from customer communities and forums to be routed to customer service agents, and updating the customer service knowledge base, it has not yet delivered a community platform, and will not deliver social-media listening capabilities before 2011. It also hasn't outlined how it will support processes such as idea management for new product development. At a tactical level, users noted the inconvenience of the lack of support for PDF formats in Sales Library.
- **Sales execution:** Feedback from end users and clients that evaluated Oracle's social CRM software collectively indicated that the vendor ranked below average in comparison to competitors, with regards to clarity of marketing messages, understanding stakeholders' requirements and demonstrating a compelling track record in areas of concern.

Overtone

Overtone is a Niche Player in the social CRM Magic Quadrant for its text mining analytic capability for categorizing, aggregating and routing social mentions and feedback. Consider Overtone when your marketing department and customer service department seek text mining customer analytics for companies with strong brands.

Strengths

- **Viability:** Gartner estimates Overtone as having around \$10 million in revenue, with good growth in 2009. The average deal size is SaaS-based at around 100,000, and there were between 15 and 20 new customers in 2009.
- **Functions:** Overtone's Open Mic product takes sources from direct channels (such as surveys, review sites' community platforms, forums, etc.). The contextual data gathered moves beyond keyword sentiment, and instead focuses on Natural Language Processing and sentiment algorithms tuned to specific customers/industry lingo, and the ability to report sentiment by topic, author and source. Overtone can highlight statistically significant conversations and create business rules enabling reporting, notification and routing of records.
- **Strategy:** Overtone focuses on marketing departments and customer service domains seeking text mining customer

analytics for companies with strong brands. References mentioned the ability to scrub text data from different sources as a key strength for Overtone.

Cautions

- **Competition:** Social-monitoring vendors and other text mining analysis vendors are competing in this important, but niche, area. Larger vendors, such as SAS, are also entering the market with offerings.
- **Market positioning:** Overtone and social-monitoring companies say they complement each other with their respective offerings. Overtone must continue to differentiate and justify the expense over other social-monitoring vendors.
- **Functional narrowness:** Overtone lacks a hosted community platform that possesses richer opportunities for customer engagement.

Radian6

Radian6 is a social-monitoring provider positioned as a Niche Player in the social CRM Magic Quadrant. Radian6 has become highly visible for its social-monitoring capability for aggregating and engaging in external social activities. The offering appeals to marketing and customer service departments in companies with strong brands, and to salespeople needing to augment lead data.

Strengths

- **Viability:** Gartner estimates Radian6's annual revenue to be \$30 million, and it reports profitability. Radian6 has 1,500 customers, mostly in North America, and around 140 employees.
- **Functions:** Radian6 can monitor blogs, forums, online news, Twitter, FriendFeed, LinkedIn and Facebook, and over 500 video and image-sharing sites. Products include Radian6 Dashboard and Radian6 Engagement Console. Functions include community data aggregation and capture, filtering and configurable dashboards showing activity such as engagement levels, vote count, and links comment count. Radian6 has automated sentiment analysis, which helps to identify positive or negative mentions within activity. Workflow for engagement includes participation assignments, audit trails, triggered alerts through e-mail and instant messaging, and the ability to integrate with CRM applications, notably salesforce.com.
- **Strategy:** Radian6 differentiates itself from other social-monitoring services by offering more self-service functions than professional services – viewed favorably by reference customers. Radian6 targets companies with large brands and has gained traction in consumer packaged goods, high tech, healthcare and financial services since the end of 2009. The company's road map for 2010 includes additional APIs to work with call centers for monitoring and applications to promote engagement.

Cautions

- **Acquisition:** Although we expect 90% of the social-monitoring vendors in this space to exit or be bought as the market consolidates, Radian6 will likely be a top consideration for CRM and larger social CRM vendors.
- **Functional narrowness:** Radian6 doesn't host a community, but can partner with those that do.
- **Integration with traditional CRM:** Radian6 has limited prebuilt integration with packaged CRM.

RightNow

RightNow is a Niche Player in the social CRM Magic Quadrant. The offering appeals to customer service for community-based knowledge management and for marketing departments to extend brands and campaigns.

Strengths

- **Viability:** RightNow was the tenth-largest CRM vendor in 2009, and the second-largest SaaS CRM vendor. Revenue is growing at a 20% annual rate, and will achieve nearly \$200 million in revenue in 2010; the vendor makes a profit. Gartner estimates its revenue from social CRM to be less than \$5 million in 2009.
- **Functions:** RightNow has a platform with tools for building a wide range of social CRM applications, including peer-to-peer customer care, crowdsourcing for idea capture, brand and reputation monitoring, and community ratings and reviews, but not many live customers. Customers primarily use RightNow for B2C community-based customer service and idea capture. RightNow has social CRM applications with tight process integration to its traditional operational B2C CRM applications in customer service and marketing.
- **Strategy:** RightNow focuses on creating communities of consumers to extend brands and campaigns, and to gain product insight. It also focuses on monitoring and responding to consumers through integration with social-networking sites. RightNow's background is in Web and contact center customer service and support. It is a leader in Web self-service. RightNow's customer wins in 4Q09 and 1Q10 have primarily come in community-based customer service.

Cautions

- **Innovation:** RightNow's functionality is not yet breaking new ground in social CRM, although it is adopting social functionality quickly. Customer references said there are still some pain points about how the social processes are used and integrated, and that RightNow is still "learning to embrace the gaming mechanics used by its competitors."

- **Customer base:** RightNow has over 2,000 customers, of which 150 have social products. Cloud Monitor, the social-media monitoring technology developed and launched before acquiring HiveLive, is used by 105 customers. There are 40 customers using the social community platform, which is based on HiveLive, which supports approximately one million participants.
- **Lack of B2B focus:** RightNow will not likely appeal to companies that require a single platform for external and internal users, or B2B functions.

salesforce.com

Salesforce.com is a Visionary in the social CRM Magic Quadrant for its plans to harness social tools like Chatter, Ideas and Jigsaw in support initially of sales processes, as well as eventually for other, complementary B2B CRM processes like field marketing. Jigsaw, acquired in May 2010, accounts for most of salesforce.com's social CRM revenue, while Chatter, its other social tool for internal collaboration, is still in the process of emerging from its beta program.

Strengths

- **Viability:** Salesforce.com is the third-largest CRM vendor, with \$1.3 billion in annual revenue, over 75,000 customers and more than two million users. Jigsaw generates annual revenue of \$20 million (Gartner estimates). Salesforce.com possesses considerable mind share in the market, as well as highly effective sales and marketing operations, and has already demonstrated aggressive promotion of Chatter in key accounts.
- **Strategy:** Salesforce.com is one of few vendors focusing on B2B social CRM, and is now the leading, vocal proponent of embedding social capabilities in CRM applications.
- **Functionality:** Salesforce.com has introduced social tools for sales via a two-track approach, providing in-process sales support and necessary data services. The vendor has embedded social capabilities within its existing CRM applications, particularly for sales, to support internal collaboration and less-structured communications between different parties (leveraging personal profiles and real-time feeds from contacts and applications). In addition, the Jigsaw acquisition for data cleansing services leverages a community encouraged to create and update contacts.
- **Data service:** With the acquisition of Jigsaw, salesforce.com can provide data services that help salespeople maintain up-to-date contact information vital to prospecting and account management. The Jigsaw offering is based on a community of 1.2 million members that are offered free access to information in return for maintaining the cleanliness of business contact data for approximately 21 million contacts\profiles. About 36% of these customers elect to share data under this arrangement. Jigsaw has extremely high accuracy rates and completeness of information compared with other business contact data providers.

Cautions

- **Maturity:** Flagship capabilities with Chatter are still in beta, although over 5,000 companies have participated in the beta program at the time of this evaluation. It is released for general availability in June. Salesforce.com will require a period of learning through engagement with clients in order to master applying social tools to improve both structured business processes and unstructured sales work practices.
- **Lack of B2C focus:** Salesforce.com does not offer a platform for supporting public communities with some measure of autonomy from corporate sponsors. The vendor also lacks social listening capabilities to track commentaries on the public Web – it has partnerships instead. In addition, the vendor does not yet show commitment to supporting B2C marketing and service requirements.
- **User fatigue:** Users of the Jigsaw service initially add many contacts and spend time cleaning data in return for credits, but may grow tired of the effort over time. While the service grows rapidly, new users mask the rate of drop off of old users. Similarly, evaluators of Chatter have expressed concern over users becoming overwhelmed and distracted by volumes of streamed information, alerts, threads and entries.

Thomson Reuters-Hubbard One

A Niche Player in the social CRM Magic Quadrant, Thomson Reuters-Hubbard One's ContactNet product focuses almost exclusively on law firms for B2B interactions. It monitors e-mail logs, IM, address books, phone logs, time and billing systems, social networks (such as LinkedIn) and other communications traffic. It enables attorneys to find, use and grow relationships with clients by sharing contacts with each other and by identifying who has the strongest relationship with a client or prospect. Users are typically in marketing, business development and relationship management, or are practice heads.

Strengths

- **Viability:** We estimate that Hubbard One, which is part of Thomson Reuters, achieved social CRM revenue of \$10 million in 2009, and has over 130 customers.
- **Functions:** The product is strong in relationship scoring algorithms, taxonomy, matching contacts and filtering, privacy access layer, relationship search and analytics. The application is quick to install, easy to use and has high adoption rates in enterprises that use it – often above 75%.
- **Strategy:** The product is one of few applications with a strong B2B social CRM focus.
- **Customer base:** Eighty-one customers use the application, with the biggest customers tracking over 1 million contacts and over 4 million relationships across tens of thousands of companies.

Cautions

- **Legal industry only:** Thomson Reuters has located ContactNet inside Hubbard One, and, therefore, limited the focus of the product to the legal industry. The application could apply to other B2B industries, such as corporate and commercial banking, construction and consulting.
- **R&D investment:** Limited R&D investment slows the addition of new functions, compared with the rest of the market, making it less competitive and visionary.
- **Privacy:** Analysis of e-mail traffic logs may raise concerns over privacy, an ongoing concern within the legal industry. Hubbard One will need to continue to manage and ensure that no adverse events or perceptions arise over privacy that could hinder adoption or produce defections.
- **Skills:** Consulting and professional service skills are limited with partners.

Visible Technologies

Visible Technologies is in the Niche Players quadrant, because it focuses exclusively on social-media monitoring, analysis, and engagement technology and services to enable corporations to monitor, build, and manage their brands online by aggregating social conversations.

Strengths

- **Viability:** Gartner estimates that Visible Technologies generated \$15 million to \$20 million in revenue in 2009, with strong growth. The vendor has around 100 employees and about 200 customers. Visible Technologies targets Global 2000 companies.
- **Functions:** Visible Technologies offers software and professional services. The functions of its truCAST software suite include social-media monitoring and response workflow,

collection and engagement tools, which capture configured keywords as well as full posts and threaded comments for context. TruCAST has dashboarding, reporting and analytics, including sentiment analysis and influence metrics. Additionally, Visible offers online reputation management services under the truREPUTATION offering. This service provides consulting services around search-engine optimization, protecting and shaping a company brand in primary search results.

- **Strategy:** The road map for 2010 includes, most notably, a major release in the third quarter with expanded global automated sentiment, investments in its proprietary relevance ranking, crawling and “ingestion technologies,” as well as ROI integration (leveraging an ROI calculator completed this summer). They will also be integrating with more partners and adding standard APIs for social data with both agencies and third-party partners.

Cautions

- **Depth:** References mentioned some limitations to data access, exporting and the ability to drill down in certain areas of the data. However, references said improvements were expected in the new version this summer, as well as with the addition of key languages beyond English, including more global sentiment scoring.
- **Functional narrowness:** Visible lacks a hosted community platform that possesses richer capabilities for customer engagement and analysis.
- **Focus:** Twenty-five percent of Visible Technologies’ revenue comes from professional services, which will not appeal to companies wanting more of a prepackaged, self-service solution.

Vovici

Vovici is a Niche Player in the social CRM Magic Quadrant. It is a leading global EFM vendor that helps enterprises engage with customers through listening across multiple channels, including communities.

Strengths

- **Viability:** Vovici generated \$20 million in revenue in 2009 (Gartner estimate) and is growing rapidly. The company is developing a network of regional partners (such as Oracle and Verve) to extend its global reach. Vovici's multichannel EFM offering provides a scalable and proven platform for managing all of an enterprise's surveying activities. Vovici has over 2,000 active survey customers, 450 panel customers and 50 community customers.
- **Functions:** Vovici allows enterprises to capture, analyze and act upon the customer voice. Vovici's community builder enables customers to create and manage communities that support all common features, such as forums, voting, surveys, blogs, profiles, multimedia, search, tag clouds, groups and wikis. Panel integrates with CRM platforms to allow customer segmentation and intelligent surveying of consumer thoughts within context. This same intelligence also helps with community creation and management. The alignment of survey and CRM data enables an enterprise to perform more-holistic customer analysis, and the embedded workflow capability drives actions via business rules.
- **Strategy:** Vovici is committed to the social CRM market, and has various developments planned, including integration to Facebook, Twitter and LinkedIn, to facilitate embedded surveying, tighter text analytics integration, and improved self-service for online communities.

Cautions

- **Analytics:** Vovici does not have an in-house text mining capability, and relies on partnerships with Attensity and Clarabridge to provide it.
- **CRM processes:** Vovici's offerings lack functions to facilitate socially driven sales and marketing.
- **Immaturity in some functions:** References cite a need for additional features that would make it easier to create and manage communities, and the ability to integrate with third-party enterprise systems on a more dynamic basis.

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 and skills, 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 that the individual business unit will continue investing in the product, will continue offering the product and will advance the state of the art within the organization's portfolio of products.

Sales Execution/Pricing: The vendor's capabilities in all presales activities and the structure that supports them. This includes deal management, pricing and negotiation, presales 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 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 initiatives, 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 and so on.

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 to 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 products 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 sets 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 vertical markets.

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.