



Louis Columbus, Contributor
CRM, Cloud Computing, Enterprise Software

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Gartner's Magic Quadrant for Social CRM and the Social Enterprise

The best CRM systems change a company and its relationships for the better. Implemented well, CRM systems can take a business into entirely new markets while solidifying leadership in existing ones.

Add in the easy-to-use nature of social networks, and the potential value of CRM accelerates even faster.

The Social [Enterprise](#) as defined by [Salesforce.com](#), heavily promoted at their DreamForce event last month in [San Francisco](#), capitalizes on these factors which are critical for any CRM system to succeed.



Combining the urgency for measurable results and a sleek, streamlined, adoption strategy along with a breadth of applications across marketing, sales, and service makes the Social Enterprise a compelling vision. What energizes this vision is the opportunity to better connect with and serve customers, getting them to their goals faster than before.

Vision Meets Reality: The Magic Quadrant for Social CRM, 2012

Relationships, not technologies, are what make CRM strategies successful. They connect people and get work done, deliver value, solve problems and gain insight into how better to serve customers in the future.

The [Gartner](#) Magic Quadrant for Social CRM appears to put technologies ahead of the more challenging aspects of CRM, which are getting the system adopted and used to better serve customers. While it is an excellent analysis at the technical level, it needs more balance with the real value of CRM in changing companies by changing people and relationships.

By not having that balance, the quadrant misses out on major trends occurring in Social CRM today. [Mitch Lieberman](#) has a great post on this titled [Gartner Social CRM MQ Misses Big](#).

The reality of Social CRM is that many enterprises aren't finding what they need with existing vendors. So they are quietly building their own CRM systems. It's all about using technology to support and streamline relationships not control them.

The [Magic Quadrant for Social CRM, 2012](#) is shown below:

Magic Quadrant for Social CRM



Source: Gartner (September 2012)

During Dreamforce I met with product managers from one of the ten most valuable companies in the U.S. (as measured by market capitalization) who are leading the development of their own CRM system. They spoke with many of the vendors in the Magic Quadrant, yet none could completely meet their internal requirements and customer-facing needs. Being software engineers, they decided to build their own. Within six weeks they had a simulator of the CRM application for their sales team to work with. They were at Dreamforce looking for enhancement ideas for their own social CRM application.

There is a lot more experimentation going on in the enterprise than many analyst firms are talking about right now. If the quadrant had been more customer-centric they may have seen the build-your-own Social CRM revolution happening right now in many of the world's largest companies.

How The Quadrant Is Defining Social CRM [Leaders](#)

The following four factors differentiate the top-ranked vendors in the latest Magic Quadrant for Social CRM. In future iterations of the quadrant it would be great to see a more relationship-driven context as well.

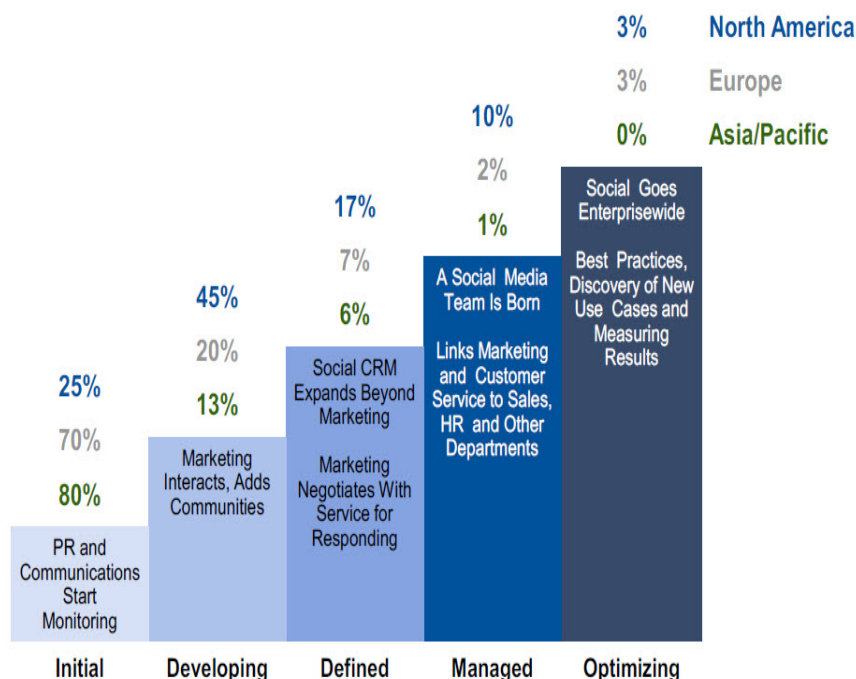
1. **Use cases that show breadth of analytics, marketing, selling and service expertise.** Jive, Lithium and Salesforce.com are cited as having the broadest base of use cases that span the sales, marketing and service areas in the Gartner analysis. Having visited their booths at Dreamforce, it's clear that each of these companies market themselves exceptionally well. Each has learned how to make use cases part of their marketing and selling strategies too.
2. **Depth of Analytics Expertise.** Attensity, with its years of expertise in text analytics, Natural Language Processing (NLP), semantic understanding, pattern recognition, data filtering and cleansing is considered of the strongest analytics vendors in this market. Their applications are available in 32 languages. I've been following this company for years, they've made major strides in social analytics. Bazaarvoice, Collective Intellect, Jive and NetBase have advanced social analytics as well.
3. **ROI of Social CRM Strategies.** Lithium leads on this dimension, as the company has success managers that generate ROI models for clients. They also use benchmarks for evaluating performance against contracts.
4. **Customer-driven Integration.** Social CRM vendors who build their integration options for ease of customer adoption, rather than internal efficiency or convenience, are getting beyond experimentation to enterprise-level wins.

Oracle's Social Relationship Management Suite needs to speed up the integration efforts internally, and produce customer wins if they are going to win against Salesforce in the enterprise. Today at Oracle OpenWorld, David Vap, Group Vice President at Oracle and formerly Chief Product Officer of RightNow Technologies, said the company's roadmaps are driven by integration points to create best-in-class customer experience management platforms.

Market Forecast Key Take-Aways

- Social CRM will be approximately 8% of all global CRM spending in 2012, up from around 4% in 2010. This equates to \$1B spent on social CRM compared with the Gartner global forecast of \$12.9B being spent on CRM in 2012.
- Social CRM grew 30% in 2011 in revenue terms and is 7% of total CRM spending globally as of 2011. 90% of Social CRM spending is originating in Business-to-Consumer (B2C) organizations with the remaining occurring in B2B.
- According to Gartner, CRM spending grew 13% last year, fueled analytical, operational and social CRM growth. Operational CRM represents 80% of all CRM spending.
- Spending on enterprise CRM software will grow globally from \$12.9B in 2012 to \$18.4B in 2016.
- Social CRM's greatest potential is in attaining very high adoption rates throughout enterprises. Of the many companies competing in this market, Salesforce.com has an edge here given their product strategy that emphasizes ease of customization and use.
- 80% of companies follow the five stages of Social CRM Adoption, with social media monitoring by PR and communications firms being the most common starting point. The majority of the companies (70%) have are in the Initial and Developing stages of this maturity model.

The Five Stages of Social CRM Adoption



Source: Gartner (October 2011)

Industry Leaders Shaping Social CRM

If you're interested in keeping current on CRM in general or Social CRM

specifically, the following people have deep expertise in both areas. Their blogs, presentations and Twitter feeds deliver valuable content daily on this topic. They are the brain trust many of the vendors in the magic quadrant turn to in striving to make applications companies can use.

- [Vala Afshar](#) - Chief Customer Officer at Enterasys and author of [The Pursuit of Social Business Excellence](#). Be sure to follow him on Twitter at [@ValaAfshar](#).
- [Paul Greenberg](#) – Owner, The 56 Group, LLC and Management Consulting Consultant and one of the leading experts on Social CRM. He blogs both on his own site and also for ZDNet at [Social CRM: The Conversation](#). His best-selling book [CRM at the Speed of Light, Fourth Edition: Social CRM 2.0 Strategies, Tools, and Techniques for Engaging Your Customers](#) is a great read; it has a wealth of insight into CRM and Social CRM strategies that are delivering results today. You can find Paul on Twitter at [@pgreenbe](#). He also just authored the [Grande Guide to Social CRM](#) with Brian Vellmure. It's a great read.
- [Esteban Kolsky](#) – Leading customer strategist, researcher, speaker and consultant in addition to Principal and Founder of [ThinkJar LLC](#). Esteban regularly presents at industry events and shared the results of his research. He is a prolific writer and researcher. You can find him on Twitter at [@ekolsky](#).
- [Mitch Lieberman](#) – CEO and Founder, Comity Technology Advisors and former Vice President of Marketing at Sword Caboodle (now part of KANA). You can follow Mitch's blog [here](#) and also on twitter at [@mjayliebs](#).
- [Brent Leary](#) – One of the first analysts to see the value of social media and networks with CRM, Brent Leary began covering the needs of customers in this area years ago. [Brent's Social CRM blog](#) is excellent. You can follow Brent on Twitter at [@BrentLeary](#).
- [Denis Pombriant](#) – CRM and Social CRM thought leader, Denis is CEO and founder of Beagle Research and a frequent presenter at CRM industry events. You can follow him on Twitter at [@DenisPombriant](#).
- [Brian Vellmure](#) – Executive, Analyst, Consultant, Keynote Speaker, Writer & Blogger specializing in customer experience management, social CRM and CRM strategies, Brian is considered a leading expert in customer experience and relationship management. You can find his [blog here](#) and also follow him on Twitter [@BrianVellmure](#).
- [Ray Wang](#) – One of the most respected enterprise software analysts globally, Ray Wang is Principal Analyst & CEO at [Constellation Research](#). You can follow Ray on Twitter at [@rwango](#) and his blog, which provides a wealth of information, [A Software Insider's Point of View](#).

Bottom line: Social CRM's potential lies in communities, collaboration, communication, and relationships based understanding and serving customers. The greatest challenge of any CRM implementation is adoption, and that begins by setting up customers to be the rock stars, not the technologies used to serve them.

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<http://www.forbes.com/sites/louiscolumnbus/2012/10/02/gartners-magic-quadrant-for-social-crm-and-the-social-enterprise/>