CRM Vendor Pricing: A Comparative Analysis

Executive Overview

The way companies use and pay for customer relationship management (CRM) applications is changing. Moving from a predominantly perpetual license-based system, where companies paid a large up-front sum and then smaller annual maintenance fees, CRM software providers are now moving towards monthly or annual subscription fees to access CRM software on the Internet.

The various pricing schemes can create confusion among buyers as they try to assess the total cost-of-ownership (TCO) of different CRM services priced under various schemes. For example, there are still several companies offering license-based pricing models. Also, some companies offer both a subscription option in addition to a perpetual license option.

The following analysis provides a comparative price analysis of leading CRM providers. It takes into consideration several costs, including user license or subscription costs, as well as potential server licenses and other additional cost considerations such as mobile access to the CRM data and system. In some instances, maintenance of the system is an additional charge to consider as well.

Hardware costs, such as servers, security firewalls, and other associated costs such as human capital, which are needed to maintain these systems, have not been included in this cost analysis. This is due to the fact that several of the CRM solutions listed here are offered under a software-as-a-service (SaaS) or cloud-computing model, and hardware is not needed to run these systems. Instead, this paper will focus mainly on the fees associated with licensing and deploying the following CRM offerings.

All price information is sourced from reputable web sites and referenced throughout the analysis.

CRM Vendors Considered
- Act!
- SageCRM
- Sage SalesLogix
- Microsoft Dynamics CRM
- Salesforce.com
- SugarCRM

Individual Product Cost Analysis

Act!
While many consider the Act! product offered by Sage Software to be a contact management tool and not a full-fledged CRM system, it is still a very popular tool for sales agents. Act! can be purchased off the shelf for as little as $229.95 per user. This product is designed for individual use and will not be considered in this study. However, for the purpose of this analysis, the cost analysis will cover only the five-user bundles sold through the Sage reseller channel.

Five user bundles of Act! are priced as follows:

- Basic Act! offering — $999
- Act! Premium — $1,849
  (Includes mobile access and basic reporting tools)

Annual per-user pricing when bundled:

- Act! — $199 per user
- Act! Premium — $369.80

While contact management is a strong solution for individuals and very small organizations, once a businesses' needs grow beyond simple contact tracking and into full sales, marketing and support automation, Act! becomes an insufficient tool. It is important to consider where your company lies along its maturity lifecycle. If Act! will soon become obsolete in terms of functionality, beware of the low initial costs, which may involve an additional cost of data migration when you choose your next full-fledged CRM system.

Sage CRM

SageCRM comes in three distinct versions: SageCRM.com; SageCRM 100 and SageCRM 200. SageCRM.com is the SaaS offering in the product line. SagecRM 100 and 200 editions offer increasing scalability and functionality. All three cover basic sales, marketing and customer support functions, with limited customization capabilities. However, SageCRM 100 has a limit of 30 users, after which organizations must either migrate to SageCRM 200, or to another CRM offering, which raises server and user license costs significantly.

SageCRM.com is priced on a monthly, per-user subscription basis. Pricing is as follows:

- Monthly: $69 per-user
- Annualized cost: $828 per-user

SageCRM 100 and 200 editions are priced on a different scale. All users of these products must first pay a server license, on top of named user license fees, as well as maintenance fees that amount to 18 percent of the total user license fee. Support is offered at $1500 per account.

Here is a breakdown of the per-user pricing for both SageCRM 100 and 200 editions.

Edition	Server Fee	Named User Lic.	Maintenance	Support
SageCRM 100	$1495.00	$595	18% of total cost	$1500 (account)
SageCRM 200	$3,995.00	$795	18% of total cost	$1500 (account)

Sage SalesLogix

SalesLogix is the top of the line CRM offering from Sage Software, and as such comes in a variety of flavors: Standard, Advanced and Premier. Like the SageCRM product line, deploying SalesLogix involves a number of different cost points. These include the server fee, user license fee as well as a 20% maintenance fee.

The breakdowns for the typical server, user license and maintenance fees for SalesLogix editions are as follows:

SalesLogix Edition	Server Fee	User License fee	Maintenance and Support
Standard	$2995.00	$795.00	20% of total cost
Advanced	$5995.00	$995.00	20% of total cost
Premier	$8995.00	$1,095.00	20% of total cost

Additional Costs

Due to the older nature of the SalesLogix application architecture, in order to access your CRM data from Blackberries or other smart devices, you will need to deploy additional software. This, of course, involves additional costs and impacts your TCO.

SalesLogix mobile platform is priced similarly to server pricing, in that a one-time fee is assessed. This fee, it should be noted, will impact your total annual maintenance costs as well. In addition, SalesLogix users can purchase additional "mobile-only" users.

Pricing for Mobile Platform and Mobile-Only Users:

- Advanced: $3995.00
- Standard: $2995.00
- Mobile User License: $395

Integration and Email Synchronization

In addition to server and license fees, SalesLogix also requires a fee if users plan to integrate the product with other systems, such as back office accounting software. Also, syncing your Microsoft Exchange server with SalesLogix in order to synchronize your sales or marketing emails with the CRM system involves an additional fee as well.

The fees are broken out as follows:

- DynaLink Integration Server: $5995.00
- Exchange Server Link: $2995.00

Other costs do arise, such as for advanced reporting (as high as $5995.00) and for notification and alerting tools (as high as $3995.00). Be sure to explore these potential costs before making a purchase decision.

Microsoft Dynamics CRM

Microsoft Dynamics CRM is a full suite of CRM solutions focusing on sales, marketing and customer support. Similar to SageCRM, Microsoft Dynamics CRM can be purchased monthly as a SaaS deployment, or requires server and license fees. However, only Microsoft certified partners are able to offer SaaS versions of Dynamics CRM, and prices vary significantly, so On-Demand pricing will be left out of this evaluation as it is not a stable pricing model at this time.

Microsoft Dynamics breaks its main editions into two versions: Professional and Enterprise. While there are no user limits in Professional, it is limited for use inside a single organization. Enterprise enables users more flexibility in terms of multi-organization, or multi-server deployments.

The breakdown of server, user license as well as maintenance and support fees are as follows:

Edition	Server Fee	User License	Maintenance and Support
Professional	$2113.00	$1055	20% of total cost
Enterprise	$5284.00	$1055	20% of total cost

In addition, an integration tool called an External Connector License which enables linking Dynamics CRM to other systems has a list price of $5284.00.

Salesforce.com

Salesforce.com is delivered solely as a SaaS offering, which means that unlike SageCRM, SalesLogix or Microsoft Dynamics CRM, there are no server fees or additional maintenance charges. On the surface, there is only a simple, monthly subscription fee levied on a per-user basis. Salesforce Contact Manager and Group Edition are not considered as they cannot be used by more than five users. The breakdown of subscription list prices for the various Salesforce.com CRM editions is as follows:

Edition	Monthly per-user costs	Annual costs per-user
Professional	$65.00	$780.00
Enterprise	$125.00	$1500.00
Unlimited	$250.00	$3000.00

Also unlike the offerings from Sage and Microsoft, Salesforce's subscription model means that these fees are charged annually, versus only the maintenance being a recurring fee with Sage and Microsoft products. It is important to perform several-year cost analysis (see below) when calculating the true TCO of a CRM purchase.

Hidden Costs

Like the Sage family of products, Salesforce.com offering also have some hidden charges. For example, adding mobile access to the CRM system for users of Group, Professional and Enterprise editions costs an additional $50 per user, per month. Also, integration capabilities to popular products from technology providers such as SAP or Oracle can cost $12,000 a year.

Remember, these additional prices are not one-time server fees—they are annual fees that must be paid each year in order to access your data and CRM system in the manner you see fit.

SugarCRM

SugarCRM is offered under a subscription model, similar to Salesforce.com, but with some important differences. The subscription fee is inclusive of maintenance, but also includes mobile access, customization and integration capabilities. In short, SugarCRM aims to limit the "hidden fees" that some CRM providers do not include in their base license costs.

In addition, Sugar can be deployed either as an On-Demand or SaaS deployment, or on the user's own servers. Sugar is priced the same, regardless of deployment option.

Sugar comes in two editions: Professional and Enterprise. You can consult www.sugarcrm.com/editions for more information around the differences in these versions. Pricing is as follows:

Edition	Monthly User Fee	Annual Cost Per User
Sugar Professional	$30.00	$360.00
Sugar Enterprise	$50.00	$600.00

Again, SugarCRM's subscription fees are inclusive of basic support, maintenance, as well as mobile user access and complete access to integration toolkits.

Three Year TCO Analysis

No two CRM solutions are the same, and of course pricing varies as well. Because of the wide difference between the up-front and continuing costs across product offerings, a single user or single year cost analysis is incomplete. Instead, it becomes necessary to compare the total costs associated with On-Demand or SaaS products versus on-site or server-based solutions over time.

For this analysis, we have taken a three-year cost of ownership view for a typical 15-user CRM deployment. This cost analysis includes user license fees—either the perpetual costs or the sub-scription fees in SaaS instances. For server-based solutions, the up-front server costs are included in year one. Maintenance, where applicable, is added to all three years. All prices are based on posted list prices by the vendor, and do not incorporate any antic-ipated discounts or promotions.

Three Year Breakdown
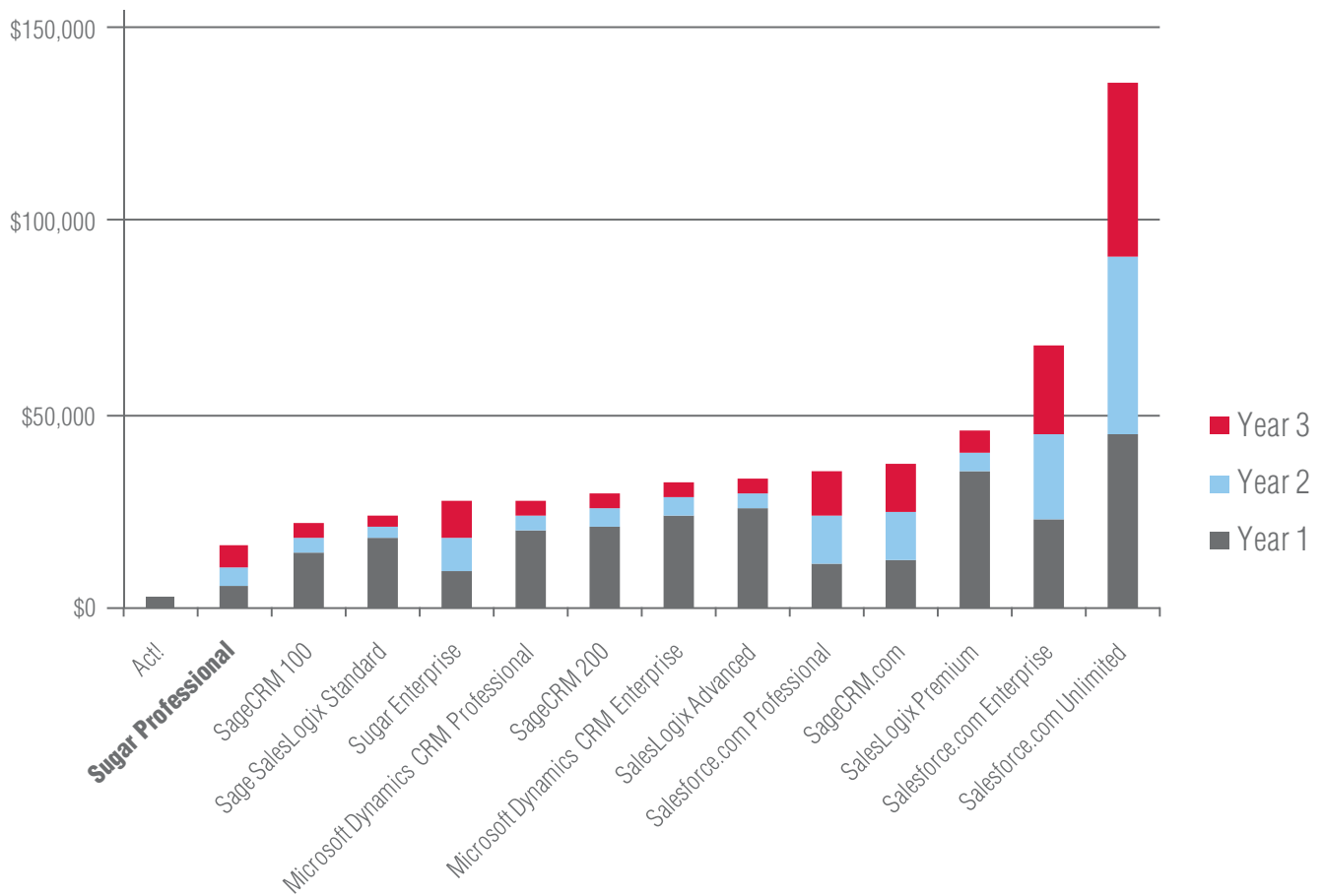
Conclusions

Choosing the right CRM for your business includes many factors. Total cost of ownership is but one of these factors. However, the importance of low TCO increases when considering the lifecycle of the CRM deployment. Choosing an inexpensive, entry-level CRM may seem a smart choice now. But if that system cannot scale as your business grows, the deployment can prove more costly in the long run. Also, while some products seem to be licensed at a certain price, be sure to ask deep questions regarding additional fees to integrate that CRM tool with other systems, or for mobile access.

This short analysis provides some basic insight into the costs of buying and maintaining a CRM system. Several pricing and deployment models exist—and it is important to understand which model best addresses your business issues. Before making any decision, be sure to plot out the value to be generated from the deployment, including but not limited to the hard dollar costs.

Appendix/References

List Pricing for Act!:
www.act.com/products/2010/act/

List Pricing for SageCRM:
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List Pricing for SugarCRM:
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