

# IBM's Adoption of Sugar: A Lesson in Global Implementation

**IBM's agile, collaborative, user-centered approach wins over 45,000 sales people**

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## SUMMARY

### Catalyst

At CeBIT 2014, Gary D. Burnette, VP of sales transformation at IBM, gave some insight into why and how IBM had deployed Sugar from SugarCRM to support a global sales force of more than 45,000 sellers within 12 months of a successful pilot. IBM's successful approach provides a valuable lesson for organizations embarking on major multi-country or global customer relationship management (CRM) deployments.

### Ovum view

CRM implementations, especially where they touch the sales force, have proved to be an adoption graveyard for many organizations. Most failures can be traced to management looking at CRM in the wrong way. In these instances, the desire to command and control the wildcats of sales takes precedence over the fundamental purpose, which is to help sales people foster deeper bonds with customers to drive greater lifetime value, as well as increased customer relevance. Cause and effect are ignored as management seeks the effect – better sales pipeline visibility – with minimal thought for the underlying causes of more enduring customer relationships: trust, reliability, and the delivery of relevant value.

### Key messages

- Have a clear objective from the outset.
- Focus on enabling first and managing second.
- Develop an agile partnership approach to design, build, and deployment.

- Enroll the leadership in change management.
- Weave enterprise social networking and predictive analytics into the platform.
- Develop and execute a master data strategy in parallel.

## **HAVE A CLEAR OBJECTIVE FROM THE OUTSET**

### **IBM had a clear objective focused on sales force enablement**

IBM's sales practices have had to evolve to keep up with the demands of enterprise customers facing accelerating change and volatility in global markets. Meeting rising customer expectations and the increasingly complex demands on enterprises requires a collaborative, team-based approach, greater transparency, and mobility allied to realtime insight. IBM's primary objective was to provide the support platform to enable its sales force to succeed in this more complex environment. IBM has a matrix approach to selling, with industry and application or technology specialists collaborating on more complex deals.

## **FOCUS ON ENABLING FIRST AND MANAGING SECOND**

### **Visibility into the sales pipeline should be a natural outcome**

Fundamental to any successful CRM deployment is working from the customer back. For sales force automation, a component of CRM, this means making it easier for the sales person to engage with the customer more knowledgeably and fruitfully.

Visibility into the sales pipeline and improved forecasting is a natural outcome of IBM's approach. Putting the end user (sales person) at the center of design promotes greater adoption and as a result improves the quality of data for forecasting and pipeline management.

### **Put the sales person at the heart of the design**

Critical to IBM's success was putting the sales person at the heart of the design. To do that the sales "persona" was used to gain a better understanding of what sales people needed, which included:

- more time to sell and get to know the customer, with minimal administration
- rapid access to resources – expertise, data, and insight
- greater visibility into what is happening around clients and the network of relationships
- mobile access
- a simple, elegant, and intuitive interface
- integration with back-office systems so that sales people can answer queries accurately
- integration with the email client, IBM Notes, with access to Sugar data from within the client.

Pipeline management is still important, but is a by-product of work in progress rather than the focus for design of the application.

## **DEVELOP AN AGILE PARTNERSHIP APPROACH TO DESIGN, BUILD, AND DEPLOYMENT**

### **IBM developed a highly collaborative and agile approach to design and development**

Agile development is not new, but to gain the benefits, collaboration between the business, IT and the vendor is essential – especially on a project of this global scale.

IBM started the design of the platform in early 2012 and launched the pilot in August that year; the pilot included nine countries and 4,000 sales people. Within 12 months the platform, referred to as Sales Connect, was rolled out globally to over 45,000 sales people.

Burnette's team adopted an agile and iterative approach to the design and development of the platform, and collaborated closely with the pilot sales teams to ensure that it would meet their needs. This partnership approach also makes the sales personnel responsible for being ready, which includes taking the training on time.

#### **Ensure appropriate representation for the pilot**

To foster collaboration, IBM adopted a tiered approach, with senior-level executives, country-level executives, and 1,000 sellers around the globe providing feedback. This was intended to ensure that when the platform was deployed it would have buy-in from sales people, which is essential for high adoption rates. Burnette also used a scorecard with the sales community; this highlighted their readiness based on commitments fulfilled. Because Sugar provides the core application at the heart of the platform, close collaboration with the SugarCRM development team was also essential. This approach ensured that key stakeholders were properly represented and the right skills were available to speed up the entire development cycle.

## **ENROLL THE LEADERSHIP IN CHANGE MANAGEMENT**

### **IBM ensured key stakeholders were part of the change management solution**

Given the scale of the project, change management was essential. Burnette recognized that to win the hearts, minds, and commitment of the sales force, regular and timely communications from their senior executives, rather than just from him or IT, was critical to success. Senior executives have a stake in a successful outcome, and having them communicate directly with the sales teams made it very clear how vital the project was to everyone's success. This approach also established expectations, clarified responsibilities and dependencies, and fostered commitment.

# **WEAVE ENTERPRISE SOCIAL NETWORKING AND PREDICTIVE ANALYTICS INTO THE PLATFORM**

## **IBM Connections woven into the Sugar platform**

High-value solution selling that is focused on delivering the outcomes desired by its customers is very complex. For this reason, ensuring access to and the mobilization of relevant expertise from across IBM was an essential requirement.

IBM's enterprise social networking (ESN) platform IBM Connections provides a vital collaboration medium for team selling and for reaching out to experts associated with the sales opportunity. At the core of the Sales Connect platform, Sugar was integrated with IBM Connections. This enables the sales teams to collaborate on complex deals and identify critical expertise to help move the opportunity forward to closure. Instant messaging, Twitter feeds, and the ability for sales to hashtag items in ways that are meaningful to them provide additional realtime collaborative features.

## **Predictive analytics from IBM Cognos supports resource optimization**

In addition to a wide variety of out-of-the-box Sugar analytics and reports, IBM also brought its predictive analytics from IBM Cognos SPSS to bear in order to optimize sales and supporting expertise on the most promising opportunities. Burnette described this process as propensity analytics, and it allowed IBM to divide opportunities into quintiles, from "most likely to close" to "least likely to close," and to use the insights to redirect efforts from long shots to more promising opportunities. Forecasts can also be rolled up at the desired level for discussions on pipeline forecasts by managers or senior executives as required.

## **Integration with back-office systems ensures that all relevant information is available**

As part of the remit to enable the sales force to have more meaningful and relevant customer interactions, Sales Connect also integrates with IBM's back-office, financial, and support systems. This provides a 360-degree customer view.

## **Rapid adoption was evidenced by a variety of activities**

Anyone running a project on such a grand scale will hope for signs of rapid adoption, as the culmination of the many weekends sacrificed to meet ambitious timelines. Burnette cited several statistics which provided a good indication that the adoption rate was high. These included:

- 2 million opportunities present in the system soon after the global roll-out, which was completed over a six-week period
- 308,000 meetings recorded in the system, with an average of 15,000 new ones each week
- 2,500 files shared per week between individuals within sales teams

- 120,000 tagged items, growing at over 10,000 per week, demonstrating real ownership of the platform by sales teams.

## **DEVELOP AND EXECUTE A MASTER DATA STRATEGY IN PARALLEL**

### **IBM's master data strategy and data cleansing ensured readiness for switch over to the new sales platform**

By developing a master data strategy in parallel with the solution-development phase, issues of poor data – whether from duplication, obsolescence, mis-recording, or other causes – can be resolved prior to the switch over to the new system.

By the time IBM was ready to deploy globally, all the data issues had been resolved, country by country. Trust in data is essential to foster adoption of CRM systems, and by resolving any data issues in advance IBM removed this potential barrier to adoption.

## **SUMMARY GUIDELINES**

### **Best practice for enterprises**

IBM's experience of a global adoption of a new SugarCRM platform, augmented by IBM Connections and predictive/propensity analytics to support sales, provides some useful guidelines for enterprises considering undertaking a similar process. These can be summarized as follows:

- Establish a clear objective focused on your desired business outcomes.
- Focus on enabling first and managing second, which means paying deep attention to the needs of the end user, both in the office and while mobile.
- Simplify the user experience to promote rapid adoption and to make the task of onboarding new sales personnel easier in the future.
- Use agile development approaches in collaboration with key stakeholders and vendor experts.
- Make the business leadership part of the change-management process through timely and frequent communications.
- Increase the collaborative footprint by integrating ESN.
- Take advantage of predictive analytics to enhance the overall solution.
- Develop and execute a master data strategy in parallel and in readiness for full deployment.

In addition to these lessons from IBM's adoption of Sugar, Ovum suggests the following:

- Ensure the platform selected to form the core of any customer-related project has the capacity for broader and deeper adoption. In IBM's case the focus was on the sales force, but Sugar can also be used far more widely as a foundation for broader adoption across marketing and service, as well as deeper within the enterprise to ensure a 360-degree view of the customer.
- Given the needs for seamless interactions across any and all channels the customer prefers to use, modern CRM applications have become the customer hub. The adjacent applications that support omnichannel interactions need to be integrated with this hub.

- Use the customer-adaptive enterprise maturity model shown in Figure 1 as a checklist to identify the critical attributes the organization needs in order to remain relevant to its customers.

**Figure 1: A maturity model for customer-adaptive enterprises**

	Level 1 Tactical	Level 2 Integrated	Level 3 Augmented	Level 4 Customer- adaptive
<b>Leadership vision</b>	Cost focused	Transactional	Experience focused	Experience and innovation focused
<b>Workforce engagement</b>	Lacks empowerment	Efficiency focused	Takes ownership of the customer problem	Fully engaged
<b>Collaboration</b>	Siloed	Limited to “task forces”	Interdepartmental collaboration is expected	Broad collaboration across the ecosystem
<b>Sensing – insight and foresight</b>	Business intelligence (BI) for departmental performance	BI for revenue and profitability	Realtime intelligence and established VoC	Predictive and observational plus horizon scanning
<b>Customer experience</b>	Fragmented and siloed	Lacks context but has transaction history	Experience is monitored and rewarded	Seamless, integrated, with no loss of context irrespective of channel
<b>Continuous innovation</b>	Ad hoc, infrequent, commoditized	Incremental, driven by competition	Customer experience drives experimentation	Continuous, collaborates with ecosystem
<b>Connected processes</b>	Fragmented, overly complex	Main processes are connected, limited transparency	Customer journey is mapped, with no silos	Simplified connected processes across the value chain/network
<b>Adaptive enterprise architecture</b>	Held back by legacy systems	Driven by lines of business	Suites of apps replace best-of-breed point solutions	Clear visualization of how an organization delivers its mission

Source: Ovum

IBM's deployment of Sugar, augmented with IBM Connections, IBM Cognos SPSS predictive analytics, and integration with back-office systems, exhibits several of the level 4: customer-adaptive attributes. These include: better engagement of the workforce, improved collaboration, and enhanced sensing capabilities in support of increased customer relevance and value.

## RECOMMENDATIONS

### Recommendations for enterprises

Irrespective of the scope of any CRM project, the guidelines outlined above provide a useful starting point for planning. Being able to sense, anticipate, respond to, and adapt to changes in customer expectations and their behaviors, wants, and needs requires the careful orchestration of resources. The traditional perspective on CRM enterprise applications – that they are little more than front-office support applications for sales, marketing, and support – is inadequate for today's volatile, customer-driven market. A more holistic perspective is necessary, as outlined in Ovum's report *A Maturity Model for Measuring the Customer-Adaptive Enterprise*.

### Recommendations for vendors

The larger CRM vendors have already repositioned CRM as part of an overall customer engagement portfolio of applications. Other vendors should use the customer-adaptive enterprise maturity model to assess the level of ambition and maturity of their prospects. This will help them to focus on those with a higher propensity to engage the vendor as part of a transformation project. Organizations that have more limited tactical aspirations are unlikely to respond or care about the wider customer engagement portfolio.

Vendors should read Ovum's recent *Enterprise Application Software Market Forecasts* to identify growth opportunities in different geographies and industries.

## APPENDIX

### Further reading

*A Maturity Model for Measuring the Customer-Adaptive Enterprise*, IT020-000016 (April 2014)

*Enterprise Application Software Market Forecasts*, IT025-000001 (February 2014)

### Definitions

#### Customer-adaptive enterprise

Ovum defines a customer-adaptive enterprise as an organization with the capabilities to sense, anticipate, adapt, and respond to rapid change that influences customers, their behaviors, wants, and needs, at the right frequency to remain persistently relevant to them. It does this by harnessing eight critical attributes:

- visionary leadership
- an engaged workforce
- collaboration within and beyond the enterprise
- acute sensing capabilities that generate insight and foresight

- a superior customer experience
- continuous innovation
- connected and frictionless processes across its value network
- an enterprise architecture that provides insight into the business operating model and supports rapid adaptation.

## Methodology

This report was written based on a combination of a variety of primary and secondary research and the author's observation of a CeBIT speech by Gary D. Burnette, IBM's VP of sales transformation.

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