It's not me.
It's you.

Don't Get Stuck in a Dysfunctional CRM Relationship.
Understand the Hidden Costs of Salesforce Before it's Too Late.

SUGARCRM

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Sometimes you just don't know what you're in for. Everything starts fine… He's so charming. She's so alluring. The whole thing seems so promising. It will be beautiful. Intimate. Lots of give and take. A real partnership.

But then things start to turn a little cold and sour. There are limits you never heard about back in the early days. It seems like everything has to be their way. You can't do this. You can't do that. Or if you do, they really make you pay. Finally, it's just take, take, take. And why put up with it? Because now it's too painful to change.

Don't let Salesforce draw you into a dysfunctional CRM relationship. Look before you leap. Read our guide to the hidden costs of Salesforce. And hold out for better: Sugar.

Take a little relationship advice from a friend.

We've spent some time researching the true costs of Salesforce, and we'd like to share. Check out the price comparisons below.

Salesforce Pricing

Salesforce is delivered solely as a SaaS offering, which means customers do not pay server fees or annual maintenance charges. The subscription fee is inclusive of maintenance, and some (but not all) of the editions include full mobile access, a Microsoft Outlook Plugin, reporting, as well as customization and integration capabilities.

The breakdown of subscription list prices for the various Salesforce editions are as follows:

Edition	Monthly per-user cost	Annual per-user cost
Salesforce Professional	$75	$900
Salesforce Enterprise	$150	$1800
Salesforce Performance	$300	$3600

Since this TCO study looks at deployments of more than five users, we are only going to review pricing for Salesforce Professional, Enterprise and Performance editions. In addition, when seeking "full service" CRM covering core sales, marketing and support needs—only Salesforce's Enterprise and Performance editions offer this functionality. Users of all other editions must pay between $75-$150 per user, per month to add Service Cloud customer support features; and users of other editions seeking core and advanced marketing capabilities pay additional monthly fees, which can amount to thousands of dollars in additional monthly or annual costs.

Based on the facts to the left, in our "comparable editions" three-year TCO analysis, we will use Salesforce's Enterprise edition, as it most cost-effectively meets the core requirements of including full service CRM and mobile capabilities.

Hidden Costs

While many CRM systems are sold via a subscription model, customers of Salesforce often pay significantly more than the quoted monthly subscription fee due to hidden fees and other limitations that can increase the total cost of ownership.

Salesforce pricing includes upcharges for system usage, which are often very hard to calculate and budget. Just as companies start to realize the business benefits of CRM, the costs start to grow exponentially. Upcharges include API calls, which equate to connections to other data sources. Storage-based fees can balloon when storing large files such such as PDFs or presentation slide decks in the system. In addition, complete mobile access for some versions can cost as much as $50 additional per user, per month. Also, building custom mobile applications on the Salesforce platform can cost an additional $300 per application per month. Base subscription fees also do not include access and consumption fees for Salesforce's Data.com offering.

As the chart shows, adding user licenses only slightly increases the amount of API calls, thus making a Performance edition upgrade seem the best path to adding API access rights. Therefore, for implementations with integrations to additional data sources, Performance Edition is the most cost-effective solution with unlimited API calls. This upgrade will increase an organization's total annual subscription costs by 140 percent.

STORAGE COSTS

Organizations that need more storage capacity are subject to Salesforce's additional storage costs which can be as much as $12,000/year for just 10 GB. That's not all— storage for a 10 GB file costs $500 extra.

ADD-ON CHARGES

With Salesforce, every additional feature costs extra. Mobile costs an additional $50/user/month, even for Enterprise users; Knowledge Base is $50/user/month; Offline access is $25/user/month; using Salesforce's Visual Workflow environment; accessing partner and community portals and more all add extra costs to the base subscription price. Salesforce's Wave Analytics is also not included in the monthly subscription fee, even with their Unlimited or Performance Editions. Analysts estimate that Wave Analytics can add as much as $480,000 to the annual cost of Salesforce.

API CHARGES

When connecting to external data sources, such as accounting or social media streams, Salesforce sets a limit on the number of times users can send and receive information between systems. Each time a user checks the accounting records of a customer, or augments the prospect information with Dun & Bradsteet data, for example, the system underneath executes an application programming interface (API) call. If Salesforce users go over the maximum allowed number of calls, they are forced to either add more user licenses, or upgrade ALL users to its most expensive Performance edition. The chart below illustrates how hitting API limits can sharply increase total cost of ownership for 100 users of Salesforce Enterprise edition. (Note: full access to Salesforce's API is only available to Enterprise users.)

Salesforce User Licenses	Total API Calls Allowed	Annual License Costs
100 Enterprise	100,000	$180,000
110 Enterprise	110,000	$198,000
150 Enterprise	150,000	$270,000
Performance Edition Upgrade (100 users)	Unlimited*	$360,000

*Note: While Performance edition claims API and other customizations are "unlimited," company guidelines reveal there are limits to all user activities in the system. A Salesforce representative can outline these limitations in more detail.

A Better Choice: SugarCRM

Sugar is offered under a subscription model, similar to Salesforce, but with some important differences. SugarCRM's PurePrice[SM] pricing model means the subscription fee is inclusive of maintenance, and includes mobile access, a Microsoft Outlook Plugin, reporting, customization and integration capabilities. SugarCRM aims to limit the "hidden fees" that some CRM providers do not include in their base license costs.
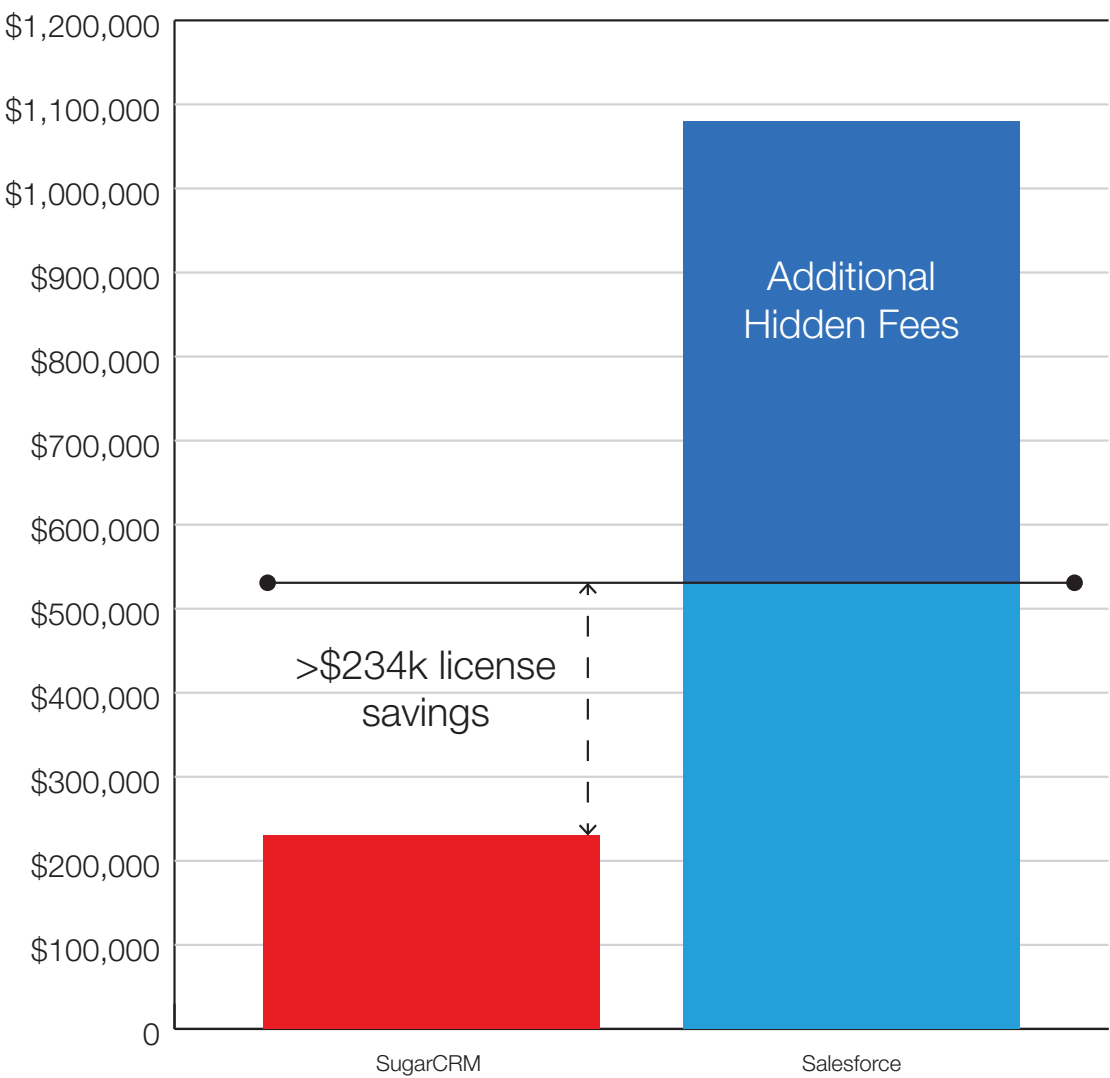
In addition, Sugar can be deployed either as an on-demand or SaaS deployment, or on the user's own servers. Sugar can also be deployed on a number of public clouds, including Amazon EC2, Windows Azure, Rackspace and IBM GTS cloud. Sugar partners also deploy customer instances in their private clouds. In contrast with other CRM vendors who may offer a choice in deployment, Sugar is priced the same, regardless of deployment option.

Sugar comes in three subscriptions: Professional, Enterprise and Ultimate. Pricing for Sugar editions is the same regardless of deployment model. You can consult **http://www.sugarcrm.com/pricing** for more information around the differences in these versions. Pricing is as follows:

Edition	Monthly per-user cost	Annual per-user cost
Sugar Professional	$40	$480
Sugar Enterprise	$65	$780
Sugar Ultimate	$150	$1800

While Salesforce claims to differentiate on its mobile capabilities, it has gaps in device support (e.g., Android, Windows Phone). On the other hand, Sugar offers a ubiquitous experience across most popular mobile devices, and is optimized for use on devices of any size. In addition, Sugar offers market-leading offline capability to eliminate any connectivity challenges—all included in the price.

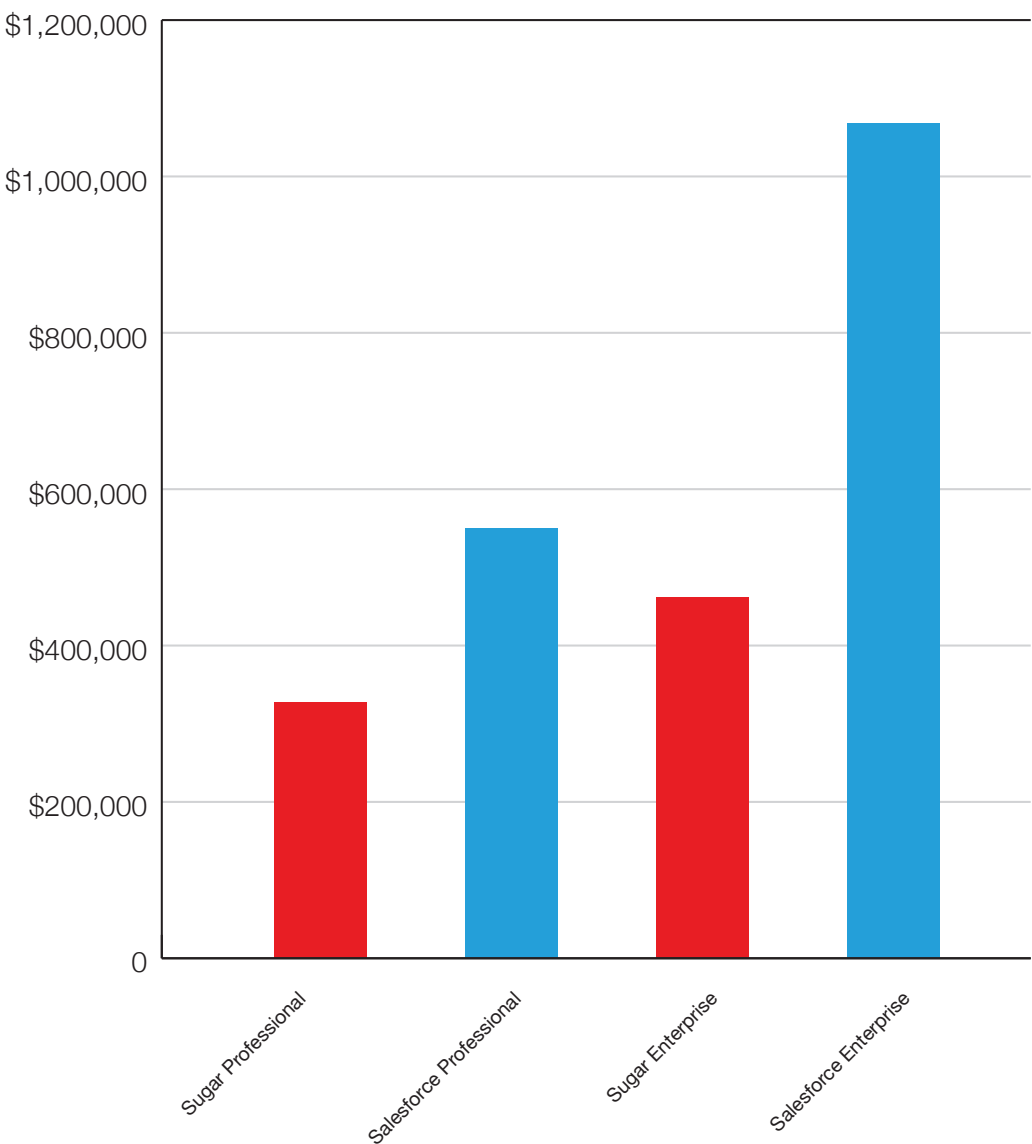# Three-Year TCO Including Hidden Fees: Sugar vs Salesforce*

Chart showing Three-Year TCO comparison. Y-axis ranges from $0 to $1,200,000 in $100,000 increments. SugarCRM bar (red) reaches approximately $234,000. Salesforce bar reaches approximately $1,080,000 with the upper portion labeled "Additional Hidden Fees." The gap between the two bars at the ~$530,000 level is labeled ">$234k license savings."

* Based on costs for Sugar Enterprise Edition compared to Salesforce Enterprise Edition (100 users)

It is important to factor in the hidden fees that may accrue when using a product like Salesforce. This chart compares the three-year TCO of SugarCRM and Salesforce, with the hidden fees included. In addition to a significant subscription difference, the cost gap widens even more significantly when hidden fees are factored into the TCO.

Remember, when being forced to upgrade to a more advanced edition, these additional prices are not one-time server fees—they are annual fees that must be paid each year in order to access company data and the CRM system in the manner you see fit. It is important to look at these fees, expanded and long term use cases, and data access and storage needs in order to make an informed decision when comparing the true costs of ownership.

Three-Year Subscription Cost for Comparable Editions (200 users)

Bar chart showing three-year subscription costs: Sugar Professional (~$330,000, red), Salesforce Professional (~$555,000, blue), Sugar Enterprise (~$465,000, red), Salesforce Enterprise (~$1,070,000, blue). Y-axis ranges from $0 to $1,200,000.

Users of Salesforce Sales Cloud Professional edition consistently feel a price crunch as the organization looks to broaden the scope of the CRM initiative. The additional customization capacity, workflow and added marketing and case management requirements typically require either a migration or an upgrade to the far more expensive Enterprise edition. Compare Salesforce Professional and Enterprise Editions to Sugar Professional and Enterprise. Sugar Professional offers greater functionality at a much smaller price; and Sugar Enterprise offers complete functionality for a growing enterprise at a fraction of the cost of Salesforce Enterprise.

NOTE: This comparison does not include the hidden fees already discussed. Inclusion of those fees yields an even more dramatic difference between the two solutions.

Three-Year Subscription Cost at Scale
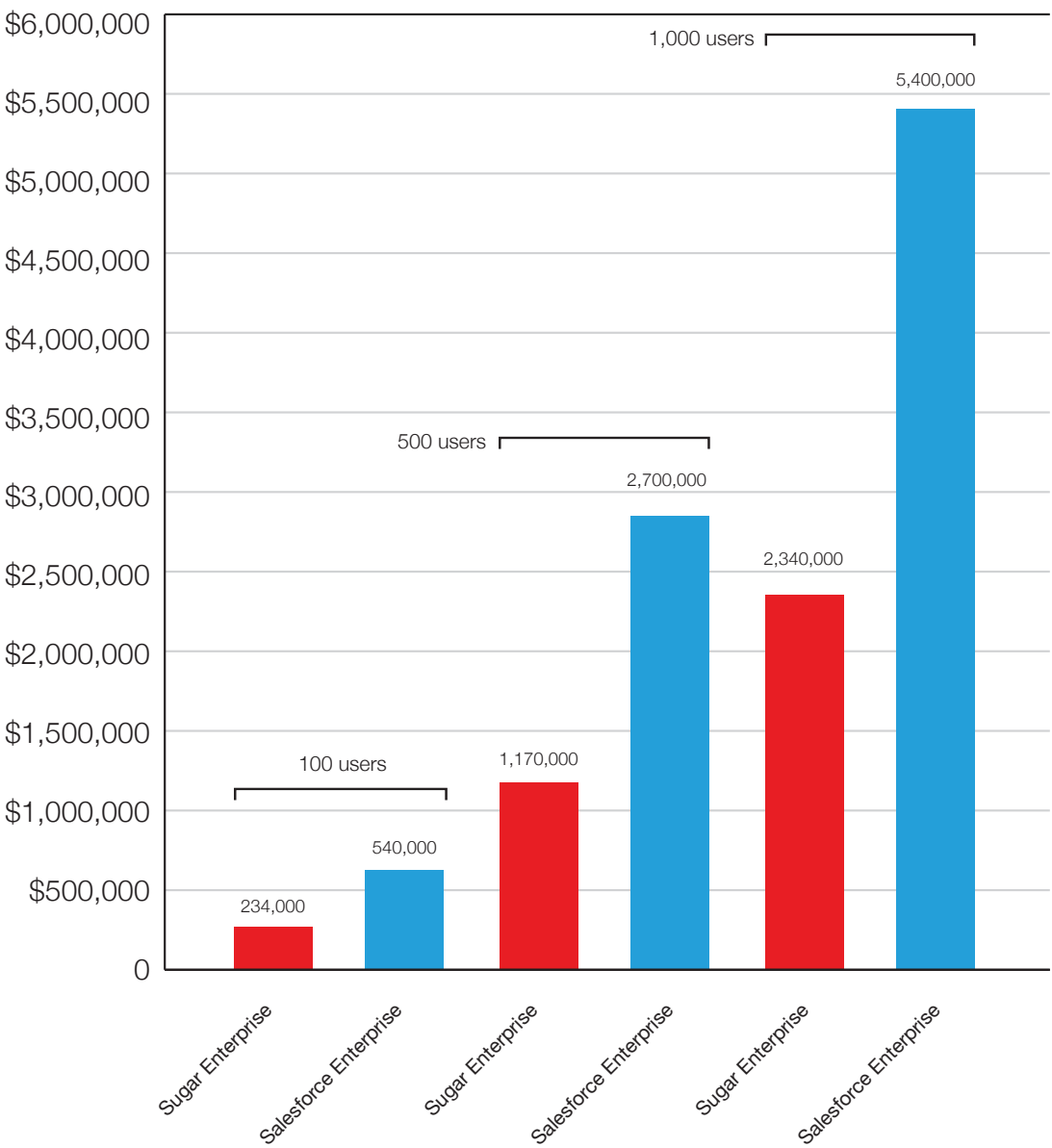
This chart shows the three-year cost for Sugar Enterprise and Salesforce Enterprise editions for 100, 500, and 1,000 users. The chart shows that the value gap between Salesforce and Sugar becomes more pronounced as the scale and scope of the CRM initiative increases.

NOTE: This comparison does not include the hidden fees already discussed. Inclusion of those fees yields an even more dramatic difference between the two solutions.

Conclusion

Choosing the right CRM for your business includes many factors. Total cost of ownership is just one. However, the importance of reasonable, predictable TCO increases when considering the lifecycle of the CRM deployment. Choosing an inexpensive CRM may seem a smart choice, 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 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 the pressing 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.

Methodology

For this analysis we looked at the annual end-user (named user) subscription fees. Each solution had to provide mobile access, integration with Microsoft Outlook, a customizable reporting engine and configuration and customization capabilities either as an included feature or available additional add-on purchase.

We consider these requirements to be "table stakes." Any successful modern CRM deployment will need these capabilities in order for the most basic usage and ROI goals to be met. For all editions, we also factored in the cost for 24-7 customer phone support, or substituted the list costs associated with Salesforce's most analogous technical support offering.

We looked at three year TCO (total cost of ownership) for 100 users for Sugar Enterprise and Salesforce Enterprise. We also compared three-year costs for 200 users of Sugar Professional and Enterprise with Salesforce Professional and Enterprise. Finally, we compared subscription costs for 100, 500 and 1,000 users for Sugar Enterprise and Salesforce Enterprise. For each solution, we assumed storage requirements of 15GB per account. We used standard list pricing as available in May, 2016. Term, volume and other discounts have not been considered.

SugarCRM

SugarCRM's market-leading Customer Relationship Management (CRM) platform is an indispensable tool for every individual who engages with customers. From sellers, marketers and customer support agents, to receptionists and executives, Sugar provides enhanced intelligence around every user, helping employees make better decisions and create extraordinary customer relationships.

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