

# MICROSOFT DYNAMICS CRM COMPETITIVE GUIDE

Designed for Microsoft Dynamics Partners



## Competitive Situation

ACT! by Sage, initially created in 1987 by Interact Software, is part of Sage CRM solutions. This guide addresses ACT! by Sage 2006, released first in the U.S.A. in September 2005. As a contact and customer management solution, it targets mostly small business organizations. Even so, it can enable connection of up to 50 users in its premium version running on Microsoft® SQL Server™ 2000. This guide is designed to help Microsoft Dynamics™ CRM partners compete more effectively against ACT! by Sage 2006.

## Key Messages

**Microsoft Dynamics CRM 3.0** is Microsoft's customer-relationship-management (CRM) solution for small- to mid-sized companies, and large enterprises. It provides a complete suite of powerful marketing, sales, and service capabilities, all with a familiar and consistent user experience based on Microsoft Office and Microsoft Outlook®.

**Works the Way you do** - Microsoft Dynamics CRM 3.0 is designed to drive high user adoption by delivering roles-based CRM capabilities within a native Microsoft Office and Outlook experience. Users can choose to use a rich Outlook client or access the system through a browser-based client or a mobile device. Additionally, because most organizations are familiar with Microsoft Outlook and other Microsoft productivity tools, Microsoft Dynamics CRM 3.0 is designed to provide you with a minimal need for training, a broad user adoption, less application switching, and high productivity while helping you facilitate a rapid return on investment (ROI).

**Works the Way your Business does** - Microsoft Dynamics CRM 3.0 is designed to easily adapt to each company's unique needs. Powerful event-driven workflow capabilities can drive consistent process execution across the organization, and powerful reporting and analytics based on Microsoft Excel® and SQL Server™ Reporting Services are designed to give real-time visibility into every business process and customer interaction. Microsoft Dynamics CRM 3.0 is also designed to allow typical customers to easily tailor it to their specific line of business to achieve a high degree of operational efficiency to target resources and process disciplines to the business areas of greatest return.

**Works the Way Technology should** - Microsoft Dynamics CRM 3.0 is designed to work the way an information technology (IT) staff expects it to, because it's based on proven, industry-standard Microsoft technology that's designed to be easy to learn and work with. Microsoft Dynamics CRM 3.0 is designed so that customers can enjoy a rapid, low-cost deployment and a highly flexible and configurable platform built on Web Services and other standard tools and technologies to help protect and enhance the business value of an organization's entire IT portfolio.

## Microsoft Dynamics CRM Quick Facts

- Available in 53 countries worldwide, supports 23 languages.
- More than 50% of Microsoft Dynamics CRM customers are from outside the U.S.
- Over 7,500 customers and over 250,000 users worldwide as of September, 2006.
- Supported by 1,500+ solution providers on a global scale.
- Available via solutions partners, on-premise, on-demand, or hybrid, allowing customers to choose which options best fit their business needs.
- There are hundreds of Microsoft Dynamics CRM Independent Software Vendor (ISV) solutions partners globally.
- Microsoft Dynamics CRM 3.0 scales up to thousands of concurrent users per instance.

## Who is Sage?

**The Sage Group plc** [www.sage.com](http://www.sage.com)

North Park, Newcastle Upon Tyne, NE13 9AA, United Kingdom  
Tel: +44 (191) 294 3000 | Fax: +44 (191) 294 0002

**Ownership:** Public (LSE: The Sage Group plc) **Founded:** 1981 <1>

**Employees:** 10,500 <1>

**Customers:** 5 million worldwide. <1> 2.5 million CRM users and 38,000 companies. <2>

**Sage Distribution Model:** Licenses and services are sold indirectly through resellers. <3>

**Partners:** 23,000 reseller partners and 40,000 accountants worldwide. <3>

In 2005, Sage launched a WW CRM strategy "Sage CRM solutions" based on ACT! by Sage, Sage CRM, and Sage CRM SalesLogix, under the trademark slogan "Freedom of Choice." <3>

**International Offices:** Offices in 16 countries <3>

**Key Markets:** U.K., Ireland, Main Europe, North America, South Africa, and Australia. <3>

**Key Segments:** Industrial sectors: manufacturing, construction, real estate, distribution, accounting, non-profits/charities, schools, and hospitals. <2>

**Research and Development (R&D):** 10.5%, (based on Fiscal Year 2005 turnover of £776.6 and R&D of £8m). <3>

| Company Earnings <2>         | 2005      | 2004      | 2003    | 2002    | 2001    |
|------------------------------|-----------|-----------|---------|---------|---------|
| <b>Annual Sales Revenues</b> | \$1,435.3 | \$1,231.0 | \$896.7 | \$810.4 | \$697.7 |
| <b>Annual Net Income</b>     | \$265.2   | \$226.9   | \$166.7 | \$130.9 | \$120.7 |

All figures in \$ Millions U.S.D.; original figures were converted from British Pounds using the average exchange rate for each fiscal year. Sage's fiscal year ends September 30.

## What is ACT! by Sage 2006?

- Released in 09/2005. <4> 1. ACT! by Sage 2006 (1-10 users), 2. ACT! by Sage Premium for Workgroups 2006 (5-50 users, up to 100,000 contacts recording capability, automatic database synchronization, server installation, 5 users security levels. <5>); 3. ACT! by Sage Premium for Web 2006 (hosted Web solution). Released in 05/2006. 4. ACT! by Sage Premium for Real Estate 2006 (the first vertical product). <4>
- New features (compared to ACT! v6): group/customer/contacts tree structure, relational-database-management-system (RDBMS) capabilities, PDA link, reports, Outlook and Lotus Notes synchronization, new code base in Microsoft Visual Studio® .NET using C#. <5>
- Database supported: Microsoft SQL Server 2000 and Microsoft SQL Server 2000 Desktop Engine (MSDE) for version 1.
- Operating System (OS): Microsoft Windows® 2000/2003/XP
- Connector with SMB Sage accounting applications
- To migrate data from ACT! By Sage to Sage CRM or SalesLogix: Sage Migrator (fee applies) was released in 05/2006.

## Target Market and Characteristics

- ACT! by Sage provides contact management software for 2.5 million individuals and users inside 35,000 corporate accounts. <6> It is sold through resellers. <2>
- Core target: SMBs who may not need marketing and service features, which are not present in ACT!.  
ACT!'s user base is coming from versions older than ACT! by Sage v6 so Sage's challenge is to migrate them to this newer version.
- ACT! by Sage is mainly sold in North America, but has started expansion into international market segments, they now have German, Italian, French, and (planned) Dutch versions of the product as well as European resellers. <7>
- ACT! by Sage is sold across most industries, in particular professional services. During 2005, ACT! by Sage launched its first industry solution for real estate agents, called ACT! by Sage Premium for Real Estate.

## Competitive Points

### Competitor Strengths

- Financially viable company which invests into a worldwide (WW) CRM strategy and creates Front- to Back-Office application connectors which capitalize on its 5 million customer base.
- ACT! by Sage is a proven product and has a very large installed base of 35,000 10-user-plus customers. <4>
- Sage claims to have 60 third-party solutions to ACT! by Sage, in, for instance, specialized marketing. <8>
- ACT! by Sage Premium for Real Estate customers promises on a new vertical focus and more is expected (U.S. only). <4>
- Well-received contact-management functionality. <9>
- ACT! by Sage is priced significantly lower than Microsoft Dynamics CRM. <10>

### Competitor Weaknesses

- ACT! by Sage is a point solution for sales management and does not include functionality for marketing and customer service.
- Customers wanting a full CRM solution may upgrade to SalesLogix or Sage CRM, migrating data using the Sage Migrator tool.
- The ACT! by Sage customer base is predominantly in the U.S. According to a leading analyst, it has limited recognition and mindshare in Europe.
- ACT! works on top of Microsoft products but clients have to go to Microsoft for support for Microsoft products.
- Partner solutions are generally generic as opposed to industry-specific.
- Sage relies on vendors to provide add-on solutions. A typical customer may have to deal with several vendors to get the desired set of functions. This can be a challenging process which may create another layer of risk.
- The new product code base requires new IT skills for implementation, and there may be no proof of reliable migration from the older version.

## Microsoft Dynamics CRM Differentiators

- Microsoft is a solid, viable vendor with extensive resources. Microsoft has a strong and meaningful commitment to research and development—and clear support for small- and mid-sized businesses as well as large enterprises.** Microsoft invests approximately \$5 billion dollars a year in research and development.
- Microsoft provides a clear roadmap for the development of its product lines and their convergence into a single code base.**
  - The successful release of Microsoft Dynamics NAV 4.0 in 11/2004 marked the beginning of the Microsoft Dynamics Wave 1. The release of Microsoft Dynamics NAV 5.0 will complete the delivery of the Wave 1 breakthrough innovations.
  - The software release of Wave 2, which is scheduled to begin shipping in 2008, improves upon a model-driven approach to business processes.
- Microsoft Dynamics CRM is designed to offer modern, scalable architecture and to be highly customizable.**
- Microsoft Dynamics CRM is engineered to provide full CRM solution coverage, as opposed to a point solution.**
- Microsoft Dynamics CRM is globally available through a broad ecosystem of local, knowledgeable solutions partners. It offers global coverage for multi-national customers.** There are hundreds of Microsoft Dynamics CRM ISV partners worldwide and Microsoft Dynamics CRM it is supported by 1,500+ solution providers on a global scale.
- Microsoft Dynamics CRM is designed to offer a native Microsoft Outlook experience and provide full integration to sales, marketing, and customer service from one centralized access point for all customer interactions and relationships.** Most organizations are familiar with Microsoft Outlook and other Microsoft productivity tools. For this reason, Microsoft Dynamics CRM can provide minimal training, broad user adoption, less application switching, high productivity, and a potentially rapid return on investment.
- Microsoft Dynamics CRM is designed to provide “out-of-the-box” integration with Microsoft Dynamics ERP solutions in Q2 and Q3 Fiscal Year 2007, and is tightly integrated with Microsoft Windows SharePoint® Services, SQL Server Reporting Services, and other Microsoft technologies.**

## Handling Sales Objections

### ACT! by Sage Objections

- The ACT! by Sage contact-management functionality is better and deeper than in Microsoft Dynamics CRM solution.
- Due to its acquisitions, Sage has a deep understanding of local country markets as opposed to Microsoft's global approach.
- ACT! is much more affordable than Microsoft Dynamics CRM.
- ACT! by Sage is an established and awarded product since 1987, whereas Microsoft Dynamics CRM is immature.
- Microsoft Dynamics CRM only works with Outlook, but ACT! by Sage supports Lotus Notes and Outlook.

### The Microsoft Dynamics CRM Response

- ACT! is a contact-management system missing key areas of CRM within marketing automation, lead management, and customer service. Microsoft Dynamics CRM is a complete CRM system that offers sales, marketing, and service functionality.
- Microsoft Dynamics CRM is available in 23 languages and sold in 53 countries world wide. The global partner base of Microsoft CRM and the local Microsoft resources help ensure that Microsoft Dynamics CRM has a deep understanding of local markets.
- Microsoft's vision for business solutions is focused on breakthrough innovation designed to deliver rich functionality with high adaptability at low costs.
- According to the Gartner Group [<11>](#), it is likely that Microsoft Dynamics CRM's new license sales will grow well beyond 2005's 82 percent annual growth rate. Gartner expects Microsoft Dynamics CRM to be the fastest growing CRM product in 2006 and 2007 due to its ability to work with Microsoft Outlook, its pragmatic and basic solution, and a sales focus in more countries and in more languages than its competitors. Microsoft Dynamics CRM added 50,000 users in the second quarter of 2006 alone. By mid-September, its numbers had grown to 7,500 customers and over 250,000 users.
- Microsoft Dynamics CRM gives the user a native Outlook experience making ease of use a key differentiator to other systems. Microsoft Dynamics CRM partners have built integration add-on solutions to Lotus Notes which have been installed at several companies.

## Questions a Prospect should ask Sage?

- How does Sage plan to build a global organization that similarly supports ACT! by Sage, Sage CRM/Sage CRM.com, Sage CRM SalesLogix, features, functions, patches, and localizations?
- How does Sage plan to organize a global research and development (R&D) initiative on Sage Migrator, when they are used to local R&D initiatives and are also dealing with three products with different code-base origins?
- How much will this integration cost?
- How well does ACT! by Sage integrate with Sage Back Office applications and beyond Sage products?
- What additional software products are needed to support integration?
- What is the risk that I will outgrow ACT! in terms of functionality and scalability?
- What is the cost in terms of licenses, re-implementation, and re-training if I outgrow my ACT! solution?
- How long will it take before Sage is able to support ACT! globally?
- How well is ACT! suited for your business processes and industry?
- How good is the partner coverage in my country and industry?
- How well can I extend this solution, and customize (e.g. entities) or integrate ACT! with other systems?
- How is reporting done in ACT! and how can I build my customized reports?
- Can you show me how work flow is an integral part of ACT!?

## Key Customer Success Stories

### Integration with Microsoft

Microsoft Dynamics CRM 3.0 is designed to work like and with Microsoft Office programs. For more information on integration with Microsoft Office Outlook, Microsoft Office Word, Excel, and others, please visit:  
<http://www.microsoft.com/dynamics/crm/product/crmandoffice.msp>

### Integration with Data-sharing

Microsoft Dynamics CRM 3.0 is designed to work effectively with powerful data-sharing tools such as Microsoft Windows SharePoint Services and SQL Server Reporting Services.

### Microsoft Dynamics CRM – Service Plans

Microsoft complements the support services of local channel partners with a variety of service plans that include corporate support. Depending on your needs, support plans from basic to advanced are available, as well as 24-hour a day, everyday, access to online self-support information. For more information on Microsoft Dynamics CRM support plans, please visit:  
<http://www.microsoft.com/dynamics/crm/support/default.msp>

### Data Management Framework

Extracting and migrating data can be a complex undertaking. The Microsoft Dynamics CRM Data Migration Framework provides a framework for migrating data from any source into Microsoft CRM. For more information, please visit:  
<http://www.microsoft.com/downloads/details.aspx?FamilyID=3D36AC8E-B485-4F0C-9DEC-C9BACBAD1A73&displaylang=en>

### System Requirements

The Microsoft Dynamics CRM 3.0 Implementation Guide provides detailed information about the installation and implementation requirements for Microsoft Dynamics CRM 3.0. For more information, please visit:  
<http://www.microsoft.com/dynamics/crm/product/systemrequirements.msp>

### Training

Microsoft Dynamics provides a wealth of training opportunities designed to increase company and user knowledge, and productivity. From classroom training to Internet-based learning, Microsoft Dynamics provides high quality training. For more information, please visit:  
<http://www.microsoft.com/dynamics/using/training.msp>

## Additional Resources

**Microsoft: "Microsoft Dynamics CRM information" (Web site)**

<http://partner.microsoft.com/global/productsolutions/business/businesscrm>

**Microsoft: "Microsoft Dynamics CRM 3.0 Recognized by Top Industry Influencers" (09/19/06)**

<http://www.microsoft.com/presspass/press/2006/sep06/09-20CRMIndustryInfluencersPR.msp>

**Microsoft: "Microsoft Announces Continued CRM Momentum and Outlines Roadmap for New Microsoft Dynamics CRM Live Service" (Web site)**

<http://www.microsoft.com/presspass/press/2006/jul06/07-11CRMLivePR.msp>

**Microsoft: "Microsoft Dynamics CRM 3.0 Adds Thousands of Seats in Enterprise-Scale Deployments" (March 2006)** <http://microsoft.com/presspass/press/2006/mar06/03-14CRMDeploymentsPR.msp>

**Microsoft: "Microsoft Dynamics CRM Customer Evidence" (Web site)**

<http://members.microsoft.com/CustomerEvidence/Search/AdvancedSearchResults.aspx?Flag=0&AndTaxID=19822>

**Microsoft: "Microsoft Dynamics CRM Datasheet" (Web site)**

<http://download.microsoft.com/download/7/9/6/7964e46a-fa0d-4e46-8640-84d35d7b3709/CRM30Datasheet.pdf>

**Nucleus Research: "Microsoft Dynamics ROI" (Web site)**

<http://www.msftroi.com/>

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<http://www.zoomerang.com/survey.zgi?p=WEB225YKKSZCV7>

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- <6> CRMToday: "ACT! by Sage Corporate Customers Grow To 35,000" (Web site) <http://www.crm2day.com/news/crm/118858.php>
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- <9> CRM Daily: "Sage Software ACT 2006" (Web site) [http://www.crm-daily.com/story.xhtml?story\\_id=002000001P2C](http://www.crm-daily.com/story.xhtml?story_id=002000001P2C)
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- <11> Gartner: "Status Report on Microsoft Dynamics CRM 3.0" (08/17/06) <http://mediaproducts.gartner.com/reprints/microsoft/article9/article9.html>

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