



2009 Competitive Battlecard

ACT! by Sage v. Salesforce.com

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TWENTY QUESTIONS FOR OPPORTUNITY QUALIFICATION

1. What are your prospect's headline functional requirements: Contact management? Sales force automation? Marketing automation? Customer service automation?
2. To what extent do departments in your prospect's organization need to collaborate with each other?
3. Does your prospect operate primarily in B2B or B2C markets?
4. Does your prospect's staff need to access information and capabilities over the Web?
5. Does your prospect's staff need to access information and capabilities over mobile devices?
6. What is your prospect's budget per user?
7. How many of your prospect's users need to access the system initially?
8. How scalable does your prospect need the new system to be?
9. Does the prospect need to customize the solution to meet company-specific or industry-specific needs?
10. Would your prospect prefer to have the application managed by a 3rd party?
11. If **marketing automation** capabilities are required by your prospect, what features will users need: Planning? Budgeting? List management? Marketing templates? Response tracking?
12. If **sales automation** capabilities are required by your prospect, what features will users need: Lead management? Forecasting? Pipeline management? Proposal generation?
13. If **customer service automation** capabilities are required by your prospect, what features will users need: Case management? Knowledge base? SLA management?
14. Does your prospect need workflow capabilities?
15. Does your prospect require dashboards?
16. Does your prospect need to produce reports?
17. Does your prospect need to use information which is contained in other applications such as an ERP solution?
18. What is your prospect's incumbent IT environment? Do they use Exchange? Do they use SQL? Do they use Windows Server?
19. How many internal IT staff does your prospect have?
20. How soon does your prospect need to go live?

SALESFORCE SALES STRATEGY

SFDC'S KEY SALES TACTICS

1. Highly aggressive and well-funded sales and marketing operations.
2. World-class on-boarding process.
3. 30-day sales cycle which is primarily inside sales driven.
4. Capture at headline price point, then up-sell and cross-sell extensively.
5. Ease-of-use and high user adoption promoted extensively.
6. Emphasis on ease-of-deployment and on-going administration.
7. Pitched as low-cost, pay-as-you-go service.
8. Selling to Business Decision Maker (BDM); sales function primarily, and using SFA as a bridgehead to other departments.
9. Impact from VisualForce, Apex, Adwords integration, dashboards, and Ideas.
10. Will try to circumvent Technology Decision Maker (TDM) where possible.
11. Master Distribution Agreement is its secret weapon.
12. Customer data is the leverage in any dispute.
13. Two-year commitment with payment upfront unless expressly pre-approved at VP-level.
14. Highly dismissive and duplicitous view of on-premise applications.
15. Relies on short term TCO messaging.
16. Applications fund platform-as-a-service aspiration.
17. Expanding aggressively in enterprise.

RECOMMENDED SALES STRATEGIES SUMMARY

Strategy	Tactic	Key Points to Position / Demo
1. Compete on the basis of cost	Expose the incremental cost of service additions in SFDC	<ul style="list-style-type: none"> ☑ SFDC levies additional charges on its customers for incremental service additions; in many cases services that should be included within the standard service offering. ☑ Examples include: offline access and extra storage. ☑ Offline access is particularly important in the case of on-demand applications and should be included as standard across all SFDC editions, or at least at a reasonable price. ☑ Offline access is not available in the case of SFDC Group Edition. ☑ Offline access for SFDC Professional Edition increases the cost of the application from \$65 to \$90 per user per month. ☑ Storage costs are punitive, and while SFDC claims that it has increased allocations in recent releases, these increases only apply to users of SFDC Content; another extra cost service.
	Educate your prospect on the true timeline for	<ul style="list-style-type: none"> ☑ Gartner estimates that the average lifetime for a CRM application is 5 to 7 years.

	TCO comparisons	<ul style="list-style-type: none"> ☑ SFDC competes on the basis of upfront cost (Year 1), rather than TCO. ☑ The Year 1 cost of SFDC Professional Edition is roughly equivalent to the Year 1 cost of either ACT! Premium (EX) or (ST) Editions. ☑ Beyond the 1st year, the TCO of SFDC Professional Edition accelerates rapidly in comparison to ACT!. ☑ By carrying out a TCO comparison of ACT and SFDC (Professional Edition or above) over 3 to 5 years, the significant, additional cost of SFDC becomes very difficult to justify.
	Use real cost comparisons to back up your assertions	<ul style="list-style-type: none"> ☑ Use the ACT! v SFDC TCO Calculator comparison model to carry out real cost comparisons with your prospect. ☑ Demonstrate the following scenarios: <ul style="list-style-type: none"> - The lack of license scalability in the case of SFDC Group Edition which means that the cost per user jumps from \$8.25 to \$65 per month as soon as a company adds a 6th user or more to their SFDC deployment. - The impact of offline access on the TCO of Professional Edition (\$90 per user per month). - The impact of additional storage on the cost of a Group or Professional subscription.
	Highlight higher market rates for SFDC professional services	<ul style="list-style-type: none"> ☑ Even though SFDC is an on-demand application, companies will still be reliant on professional services companies to carry out project scoping, data migration, configuration, customization, and other activities. ☑ The limited availability of SFDC consulting services or implementation partners means that companies will pay above the market rate to roll out their new application.
2. Compete on the basis of risk	Highlight SFDC deployment risk	<ul style="list-style-type: none"> ☑ Customers can install and manage ACT! at their own offices as an on-premise application, or they can elect to outsource the hosting/management to a Sage partner or ACT! Certified Consultant. ☑ By only providing its application as a vendor-hosted, on-demand service, SFDC restricts its customer's ability to select the most appropriate deployment model for their business needs. ☑ SFDC does not provide for companies that deem their customer data to be too sensitive to be hosted off-site. ☑ By choosing SFDC, companies are compelled to accept the specific risks and considerations associated with hosting business-critical applications and customer data off-premise and using the Internet to access them. ☑ SFDC uses 3rd party data centers and customers have no direct contractual relationship with these companies. ☑ SFDC does not provide for customers who, due to changes in their business environment, wish to move from an on-demand deployment to on-premise deployment at some point in the future. This may be due to legislative changes particular

		<p>to the customer's industry for example.</p> <ul style="list-style-type: none"> ☑ In larger deployments, companies frequently use SFDC's 'no software' mantra as the basis for circumventing their IT department and not planning / budgeting effectively to roll-out the solution. This has serious implications for the long-term success of the deployment.
	<p>Highlight SFDC contract risk</p>	<ul style="list-style-type: none"> ☑ The SFDC Master Subscription Agreement (MSA), along with other commercial practices by the company, exposes SFDC customers to significant commercial risk. ☑ Without express, prior approval from a senior SFDC executive, all subscriptions must be paid in advance for a minimum of 1 year and 2 years more generally. ☑ SFDC reserves the right to modify its fees and charges and introduce new charges at any time. ☑ Companies are deemed to have accepted the terms and conditions of the SFDC MSA when they click on the 'I agree' button during sign up to a trial subscription. ☑ SFDC contracts automatically renew for the same period again unless the customer expressly notifies SFDC of its intention to discontinue the service. ☑ If a customer does not carry out this notification, it will be liable for the full cost of the renewed contract ☑ SFDC subscriptions cannot be reduced in number until the expiry of the contract period. ☑ The customer's data is used as leverage in any commercial dispute, particularly in relation to the payment of fees, and this is specifically provided for within the SFDC MSA. ☑ Outside of any dispute, it is generally difficult to get customer data out of SFDC in any meaningful format. ☑ Apart from the very largest organizations, SFDC customers do not benefit from any service level agreement in relation to the availability of their application. They have no recourse in the event of service outages.
	<p>Highlight SFDC support risk</p>	<ul style="list-style-type: none"> ☑ The success of CRM deployment; regardless of on-premise or on-demand, is due to the availability of qualified, experienced and cost-effective consulting and support providers on the ground. ☑ SFDC's direct model has failed to deliver the necessary coverage on-the-ground to cater for its customer's needs. ☑ SFDC's attempt to roll-out a channel-based, implementation and consulting model has also failed with only 127 companies signing up globally and that number falling off to only 35 companies in recent times. ☑ This contrasts sharply with the expertise and experience provided by the large network of ACT! Certified Consultants throughout the world who work on a local basis with ACT! customers

		<p>to ensure that they leverage maximum benefit from their deployment.</p>
<p>3. Compete on the basis of a superior user experience</p>	<p>Highlight market focus risk</p>	<ul style="list-style-type: none"> ☑ SFDC is focused on addressing the needs of enterprise-sized organizations rather than the small-to-mid market. ☑ It now positions itself as an enterprise cloud computing provider. ☑ This means that more SFDC R&D will be devoted to meeting the needs of enterprise-sized organizations rather than small-to-medium sized businesses. ☑ By contrast, Sage recognizes that small and mid-sized organizations have unique contact management needs. They require a solution which provides unparalleled ease-of-use, a competitive price point, along with the flexibility to provide a highly personalized user experience. ACT! addresses these needs comprehensively.
	<p>Highlight issues in relation to SFDC application availability</p>	<ul style="list-style-type: none"> ☑ Field-based employees require access to their contact management application, regardless of location or access scenario. ☑ SFDC is dependent on Internet connectivity for the delivery of its applications, and its offline client; Force.com Offline, is merely a poor workaround to an issue that its users face on a regular basis. ☑ Offline and online SFDC applications use different interfaces. ☑ Custom objects are not available in Professional Edition or below. ☑ Outlook integration is not available when offline. ☑ User must manually synchronize before going offline. ☑ User-level filtering is complex to use. ☑ An account created offline is uploaded to SFDC during an update, however, the account must meet the user's Briefcase criteria / profile; otherwise the account will be removed from their Briefcase during the update. ☑ Only accounts, contacts, opportunities or leads can be brought offline; other areas such as campaigns or customer cases cannot. ☑ By contrast, ACT! users benefit from an on-board database for their laptop and a full desktop client which means that they can continue to benefit from a seamless user experience while disconnected. All updates can be synchronized upon re-connection. ☑ SFDC application availability is also affected by the fact that its customers are forced to undergo application upgrades according to SFDC's schedule rather than their own. ☑ SFDC customers are still prone to full or partial service outages.
	<p>Highlight other advantages that ACT! provides for the user</p>	<ul style="list-style-type: none"> ☑ Outlook integration <ul style="list-style-type: none"> - ACT! provides for complete and easy-to-use synchronization between the ACT! application and Microsoft Outlook. This

		<p>enables ACT! users to: (1) access any contact data in Outlook, (2) synchronize between Outlook and ACT! automatically without the need to re-input contacts, (3) send e-mails from within ACT ! or Outlook, (4) capture full Outlook e-mail history for important communications in ACT!; including attachments, and (5) benefit from calendars and task entries are always in sync.</p> <ul style="list-style-type: none"> - By contrast, The SFDC Outlook synchronization process regularly results in the erroneous deletion of records. Many SFDC implementation partners recommend clients enable the e-mail copy function and disable contact, task, and calendar integration. This demonstrates the very low level integration with Outlook, and represents a real frustration for SFDC users. - Outlook e-mail attachments cannot be attached to the contact record or tracked within SFDC. - If the user chooses to send an e-mail from within SFDC, attachments will be sent to the recipient as a link. This link expires within one month of the e-mail being sent. If the recipient, therefore, has not downloaded and saved the file within a one month period, they will be unable to access the attachment thereafter. <p><input checked="" type="checkbox"/> Mail-merging</p> <ul style="list-style-type: none"> - Carrying out a mail-merge in SFDC is a complex process which involves generating reports, exporting and re-importing. - It takes a SFDC user 17 clicks to carry out a mail-merge compared to only 8 in the case of ACT!. - When users carry out a mail-merge in SFDC, they are e-mailed with a .zip file containing all of the merged documents. These merged documents are not added automatically to the relevant contact record. This would have to be done manually if required and this is a lengthy and cumbersome task. - By contrast, ACT! provides users option to attach merged message body and/or file attachments to the relevant contact record. <p><input checked="" type="checkbox"/> Usage restrictions</p> <ul style="list-style-type: none"> - Even for its more costly editions, SFDC imposes a wide range of restrictions on vital areas such as mass e-mail capabilities. - The net result of these restrictions is to limit, and potentially penalize, customers who wish to maximize the use of their CRM application. - Such arbitrary restrictions are not imposed on ACT! users. - Out-of-the-box, ACT! provides a context-based tab structure; a central, fully
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		<p>configurable activity area; action buttons and main menu items.</p> <ul style="list-style-type: none"> - ACT! can also be highly personalized to reflect the individual requirements of the user. - By contrast, the SFDC interface presents a number of challenges for the user out-of-the-box which means that the user will have to scroll up and down the interface repeatedly in order to access information and carry out tasks. And while Force.com Builder and VisualForce provide additional customization tools and capabilities, these have additional IT services implications. - ACT! also provides a significant productivity advantage over SFDC when it comes to common tasks such as carrying out mail-merges.
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COMMON OBJECTIONS AND HOW TO OVERCOME THEM

(1) 'ACT! is not true CRM. It is primarily a low cost contact manager, which is only a small part of CRM. It does not deliver on key capabilities that companies need to effectively manage customers.'

- As the leading supplier of contact management and CRM solutions to SMB organizations globally, Sage has a unique perspective on this important segment of the market. Accordingly, we understand that even within the SMB segment itself, a one-size-fits-all approach; such as the one taken by SFDC, does not deliver the best fit for our customers.
- ACT! is part of the Sage CRM Solutions family of products which also includes Sage CRM and Sage SalesLogix.
- ACT! is specifically designed for organizations or workgroups that interact with their customers on one-to-one or one-to-many basis. It provides strong contact management capabilities along with tools for sales and marketing automation. ACT!'s principal strength lies in its ease-of-use and ability to provide a highly personalized user experience. It is tightly integrated with commonly used productivity applications such as MS Office and Outlook and can be deployed and maintained on a low complexity, low cost basis.
- Sage addresses more complex customer requirements through its Sage CRM and Sage SalesLogix products.
- Sage makes it easy and cost-effective for companies to migrate their deployment between Sage products in line with changing business needs.
- ACT!'s suitability for its target market is validated by the fact that over 48,000 customers and 2.8 million users have chosen it as their preferred solution because of the combination of price, performance, and functionality that it provides them.

(2) 'SFDC leads the industry in terms of customer and revenue growth.'

- SFDC has one of the lowest levels of profitability of any provider in the global business applications market with a net margin of only 2.5% according to 2008 accounts.
- Notwithstanding the fact that company will celebrate its 10th anniversary this year, this level of profitability would be

more likely to be found in an early stage start up

- Revenue and customer growth at SFDC are driven by aggressive sales and marketing spend; proportionately more than any of its industry peers by a significant factor.
- Each net new customer acquired by SFDC during 'FY08 incurred a staggering \$34,181 cost of sale.
- This model is unsustainable; particularly in the current economic climate, and it is likely that customer subscriptions charges will have to increase as a result.
- SFDC's operational cost base is significant, and its reliance on 3rd party data centers will make it difficult to reduce over the medium term.
- Financial viability is even more important in the case of pure play on-demand providers given that they are responsible for maintaining their customer's data.

(3) 'Traditional on-premise software is expensive and risky.'

- Sage has demonstrated that its range of CRM applications consistently provide a lower TCO when compared to comparable SFDC offerings over the lifetime of the system.
- SFDC imposes punitive charges on its customers for basic service additions such as additional storage, carrying out backups, accessing the SFDC API and utilising the SFDC Sandbox test environment.
- Gartner estimates that companies looking to move from a tactical to a strategic deployment of SFDC will incur significant professional services costs for customisation and integration requirements.
- The SFDC Master Distribution Agreement and other commercial practices by the company expose its customer's to significant commercial risk.

(4) 'Traditional, on-premise software is complex to deploy and administer.'

- Sage CRM Solutions provide significantly more flexibility for its customers with regard to deployment and on-going administration across desktop, Web, and mobile clients—connected or disconnected.
- With the option of a Web client across all Sage CRM Solutions, customers can benefit from comparable ease of deployment, user provisioning, and administration as SFDC customers; along with far greater flexibility when it comes to integration with other line-of-business application and customization.

(5) 'Sage lacks a compelling product vision.'

- While SFDC struggles to create a compelling platform as a service offering, Sage is already delivering world-class, fully integrated, front-to-back-office business applications environments which work out-of-the-box and offers a low risk, low cost proposition for its SMB customers.
- Sage published *Sage CRM Solutions 2010 Strategy* in 2008 which offers a comprehensive and compelling trajectory for the three applications within the Sage CRM Solutions family of products. As a result of deep market and customer research, this product vision centers on the areas of solution interoperability, anywhere workforce experience, and front-to-back-office integration. Sage has already begun to deliver against this vision in highly practical terms through recent product releases.

(6) 'Sage is just a holding company for a portfolio of regional business applications which lacks unified R&D and product direction.'

- Product strategy, R&D, development, product management, and product marketing for Sage's three CRM products are all managed by a single, worldwide organization which is headed by a single general manager.

(7) 'Sage operates a multi-product strategy with overlap between solutions.'

- Sage maintains a singular focus on SMB applications. However, even within in the SMB market, Sage does not take a "one size fits all" approach to its products. Sage CRM Solutions has three distinct product lines; providing true freedom of choice, each suited to a particular set of business needs.
- SFDC attempts to address enterprise and SMB customers with the same offering with capabilities arbitrarily turned off to suit price segmentation.

TEN QUESTIONS FOR YOUR PROSPECT TO ASK SALESFORCE

1. Can they pay for their SFDC subscription on a monthly basis?
2. What happens if they want to reduce the number of subscriptions?
3. Is SFDC committed to serving the CRM application needs of small and mid-sized companies? If so, why is the company now positioning itself as an enterprise cloud computing platform?
4. What happens if they need to move their customer data on-site due to changing business or regulatory requirements?
5. Can they use the product in the same way, regardless of whether they are connected or disconnected to the Internet?
6. Is offline access included as standard with Group or Professional Editions?
7. At the end of their contract, how will their data be supplied back to them and in what format?
8. How many implementation partners are certified members of the SFDC global partner program?
9. Are they provided with service level assurances in relation to the performance and availability of the CRM application?
10. Is SFDC a self-install system? If not, are roll-out services included in the monthly subscription cost?

Sage ASIA (Regional Office)

210 Middle Road
IOI Plaza #06-04
Singapore 188994
+65 6336 6118

www.sageasiapc.com

Sage Australia & New Zealand

Suite 5, Ground Floor, 23-27
Scarborough Beach Rd Scarborough
6019

Western Australia
+61 8 9245 0600

www.sagesoftware.com.au

Sage Austria

Business Software GmbH
Primoschgasse 3, A-9020 Klagenfurt
+43 (0) 463 3843-0

www.sage.at

Sage Belgium/Luxembourg

Sage Bob Software
Excelsiorlaan 3
1930 Zaventem, Belgium
+32 070 22 21 20

www.sage.be

Sage China

Suite 2605 Liu Lin Tower
No. 1 Huaihai Zhong Rd
Shanghai 200021
+86 21 6385 0097

www.sagechina.cn

Sage France

10 rue fructidor
75834 Paris, Cedex 17
France
+33 (0)825 825 603

www.sagecrm.fr

Sage Germany

Sage Software GmbH & Co. KG
Emil-von-Behring Str. 8-14
60439 Frankfurt am Main
Germany

+49 (0)69 500076300

www.sage.de

Sage India

100, Okhla Industrial Estate Phase-
III 1st Floor
New Delhi-110020

+91 11 40712488

www.sagesoftware.co.in

Sage Ireland

3096 Lake Park Drive
Citywest Business Park
Dublin 24
Ireland

+353 1800 255300

www.sage.ie

Sage Middle East

Office No. 211, Building 12
P O Box 500198
Dubai Internet City, Dubai
UNITED ARAB EMIRATES

+971 (4) 3900180

www.me.sage.com

Sage North America

56 Technology Drive, Irvine
California 92618-2301
+1 866 996 7243

www.sagenorthamerica.com

Sage Poland

Sage Symfonia ul Berna 89
01-233 Warsaw, Poland
+48 (0) 22 455 56 00

www.symfonia.pl

Sage Portugal

Edifício Olympus II
Av.D.Afonso Henriques, 1462-2
4450-013 Matosinhos
+351 22 120 24 00

www.sage.pt

Sage South Africa

Softline
Softline Technology Park
102 Western Services Road
Gallo Manor Ext 6, 2191
South Africa

+27 11 304 1000

www.softline.co.za

Sage Spain

SP Grupo Sage S.A
Calle Labastida, 10-12
28034 Madrid
España

+34 91 837 35 05

www.sagecrm.es

Sage Switzerland

Sage Schweiz AG
Oberneuhofstrasse 3
CH 6340 Baar
Switzerland

+41 41 769 68 68

www.sageschweiz.ch

Sage UK

North Park
Newcastle Upon Tyne
NE13 9AA

+44 (0)800 44 77 77

www.sage.co.uk

About Sage CRM Solutions

Sage CRM Solutions is a portfolio of market-leading applications consisting of ACT! by Sage, Sage CRM, and Sage SalesLogix. Over 56,000 organizations and 3.1 million users worldwide rely on Sage CRM Solutions to develop profitable, long-term business relationships.

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