

AMR Research Finds That 40% of Companies Are Using Hosted CRM Applications

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Research Advisory Firm Predicts Customer Relationship Management Budgets Will Increase 8% This Year

Today, AMR Research projected that 40% of companies are using hosted Customer Relationship Management (CRM) applications. The hosted model differs from traditional licensed software because applications are served over the web from an off-premises provider. Software companies such as salesforce.com and more recently Siebel, with its *On-Demand* product, have popularized this model for customer management. According to an AMR Research survey of over 200 companies, the use of hosted CRM is rapidly growing, even among larger organizations.

AMR Research's findings challenge the assumption that SMBs are responsible for the vast majority of hosted application engagements: 28% of large companies (5000+ employees), 39% of mid-tier companies (1000 - 4,999 employees), and 41% of small-to-medium sized businesses have planned deployments over the next 12 months.

Hosted applications have emerged as a growing and extremely viable delivery method for CRM applications, even among larger organizations.

- 49% of all companies will use hosted sales or e-commerce applications within the next 12 months. This includes almost half (47%) of large companies
- The deployment of hosted sales force automation applications is more prevalent among larger organizations (31%) than SMB companies (22%)

"In the past, hosted CRM has been considered prevalent mostly in the SMB market." said Rob Bois, senior research analyst at AMR Research. "Our research shows that companies of all sizes are now using hosted applications as revenue generation becomes a top priority. This, coupled with shorter implementation times, makes the hosted model very attractive."

Additionally, AMR Research expects robust growth in 2006 CRM budgets. 50% of companies surveyed plan to increase their customer management software budgets in 2006 and total customer management budgets will increase 8.2% on average from 2005 to 2006.

Companies looking for ways to quickly increase revenue and customer service quality without a lengthy software deployment are investing in the hosted model. AMR Research advises these technology buyers on how to incorporate hosted applications into their broader business strategies. The firm also works with application vendors that are considering broadening their product offerings to include a hosted option. For more information on these services or for a copy of the upcoming report, please visit www.amrresearch.com or call (617) 542-6600.

About AMR Research:

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