



# **Maximizing Benefits from Salesforce.com via Integration with On-Premises Applications**

**White Paper**



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## Benefits of On-Demand CRM

On-demand Customer Relationship Management (CRM) applications such as [Salesforce.com](http://Salesforce.com) are an example of the burgeoning number of solutions that can be categorized under the term Software-as-a-Service (SaaS). (According to [Gartner](#), 25% of new business software will be delivered as SaaS by 2011).

In the case of Salesforce.com, on-demand simply means that companies get subscribed access, via the Web, to tools that would normally be the exclusive domain of companies with bigger budgets, and larger workforces.

The advantage of CRM lies in its ability to automate many of the previously labor-intensive tasks involved in running a company's sales, marketing and customer services. CRM also centralizes customer data – enabling a sales team to focus less on administrative tasks and more on helping their customers achieve profitability. For a monthly charge, a business of any size can now leverage the power of CRM.

Some of the main advantages of the on-demand CRM model include:

- Instant access – because on-demand CRM is Web-based, all data, whether it's customer information, marketing collateral or analytics are available any time, anywhere. A salesperson can provide information to his/her customer at the touch of a button, with no need to call back later.

- Live data – Once a salesperson speaks to a client, the next time the customer account is viewed, any employee is immediately aware of the previous conversation with the client. Updates to marketing collateral are made instantly available, as are price lists, analytics or campaign results.
- Lower risk – With on-demand CRM, companies have a choice in how they want their CRM to be delivered. They can base their decision according to their particular needs and company size, thus reducing the risk of purchase. If this decision criteria change as the company grows, then they are free to change the model of delivery.
- Faster ROI – on-demand CRM models tend to bundle together all software, hardware, and system configurations into one package designed to fit the customers' specific needs which results in a low capital investment for the customer. In addition, because the software and hardware is all based at a centralized, remote location, there are no installation and maintenance costs to worry about. The customer's costs are directly related to usage rather than deployment and capital investment. This result in a much quicker time-to-market, lower overall cost and faster ROI.

## Growing Adoption

When one looks at the wealth of solutions offered today in the area of on-demand CRM services, vendors such as Salesforce.com, are building the demand for integration with on-premises back-end systems, such as enterprise resource planning systems (i.e. SAP, Oracle, JD Edwards, etc.). The growth of the on-demand CRM model may well be a precursor of what is

to come as it represents the quintessential prototype of a SaaS solution with wide appeal and a high rate of adoption, even by multiple departments within a single company. What company (or department, for that matter)—regardless of industry—would not want to adopt a proven, off-the-shelf solution that can be quickly configured, with minimal investment and setup, to match its needs?

Businesses adopting Salesforce.com see it as an opportunity to meet their business needs quickly, avoiding familiar IT constraints of bottlenecks and priorities. In addition, on-demand CRM adopters also perceive that they have:

- saved money by avoiding expensive, up-front development costs
- experienced very fast implementation
- garnered immediate business value rather than waiting through a longer application development or implementation lifecycle
- increased their business agility

Salesforce.com foregoes the traditional on-premises application model, leaving some in IT nervous and fearful that what has previously been their turf is now being challenged—and quite successfully—as department after department bypasses (or more likely didn't even think about consulting) IT in selecting the applications.

## The Challenge to Implementation: Integration and Security

Despite the benefits of on-demand CRM, industry analysts are in agreement that the main challenges to implementation in the minds of potential users, are integration and security — and to some extent, both of these concerns have validity. It is important to note, however, that even when a company (most likely the IT department) is voicing these concerns, adoption of on-demand CRM applications is still happening at the departmental level, driven by the business users, often without the knowledge or oversight of IT. It is IT that is justifiably raising these concerns when viewing from the perspective of the entire organization.

There is no question that the increase in the number of on-demand applications today raises security issues. Putting a company's applications (and more to the point, the company's customer data) on a remote server at a vendor location can be worrisome. Yet it's important to realize that more and more, company ERP/CRM applications that integrate with external systems and databases over the Internet are not much different in their security concerns.

Thus, more and more, a company's "internal" systems are looking and acting more and more like Internet-based applications. The very same precautions that we implement to protect these internal systems—two-factor authentication, backup and recovery, high-availability, employment of standards—will be the same techniques that secure on-demand applications. In fact, the case has been made that large SaaS providers have more

elaborate security, backup, recovery and high availability infrastructure and expertise than most mid-size companies can afford. With SaaS, security concerns are usually more a matter of using due diligence in evaluating the SaaS providers security standards compliance than it is of actually needing to implement additional security solutions before adopting an SaaS application.

But, while security concerns can, to a large extent, be allayed with some dispatch, integration is a different story.

Integration, and beyond that, Business Process Management (BPM), is an even more important area for potential action. [Forrester Research](#) concurs that one of the reasons that some organizations give for not adopting SaaS is the difficulty that they have integrating on-demand solutions with their in-house applications, especially when real-time integration is necessary. While integration may not be much of a concern during the initial evaluation stage, when choosing an on-demand CRM that will run stand-alone without touching the company's other systems or databases, taking a broader view of the solution that will become a strategic component of the corporation forces us to confront the integration challenge head-on.

In the case of on-demand CRM solutions, SaaS software can, and often does, run as a silo. In fact, in many cases this can be viewed as a set-back to the process-driven enterprise, working in opposition to the goals of enterprise architects and business process analysts. Using salesforce.com as a stand-alone application, sales staff certainly enjoys many benefits, including a view of their daily work. But the sales manager will find it harder to combine the data the sales staff provides about their leads with the number of

orders/invoices they enter in the order entry system of their on-premises ERP package.

Once a sales lead matures and turns into a sales opportunity, information about that opportunity has to be shared with a company's on-premises accounting, internal sales, the implementation team, and more. If the affected systems are not integrated with the Web-based Salesforce.com solution, the customer data, contact data, order status, etc. will not be enriched, or be in synch with the data in the on-demand system. At this point, Salesforce.com may begin to lose its charm in the same way that traditional departmental software did in the past—and it may even create a situation that was more complicated than before (if the IT department lacks familiarity with the kinds of integration solutions that can reduce or eliminate these problems).

Integration, then, is where the greater value lies: tying these pay-as-you-go solutions into the business infrastructure, having them work together with company databases and applications in a way that gives them significantly more power and scope. "Integration", though, is a word that tends to scare off many Salesforce.com users and IT staff alike. Can an on-demand CRM application be transformed from a tactical solution to an organization's core strategic asset without a lengthy and expensive integration process? Where would we find the resources to accomplish this in a smaller sized company that has adopted Salesforce.com? Wouldn't an effort like this deplete already limited staff resources?

Just as important is the question of how the new breed of on-demand CRM applications can be integrated with the decidedly old breed of applications—those old-but-not-retired mainframe, midrange and networked applications that often represent so much of the company's investment and information in existing applications.

## **Solving the Integration Challenge – with SOA-Based Tools for Fast and Simple Integration**

While Salesforce.com is sometimes considered to be an “IT-less” solution, integration is definitely an IT-based activity. While one of the primary benefits of Salesforce.com is its low up-front cost, the initial costs of integration projects using traditional integration tools may threaten to outweigh the benefits before a project gets off the ground. How can we resolve these seeming dichotomies?

Those companies who have resisted an integration effort should take another look at the integration software marketplace. There's good news—with products and solution accelerators tailored specifically to Salesforce.com and legacy integration.

The state-of-the-art approach to integration is based on a service-oriented architecture (SOA). In fact, many modern SaaS applications offer some kind of an SOA-enabled interface that uses Web Services. Using similarly advanced SOA-based integration solutions, the challenge becomes much less daunting.

A major concern of those looking at making Salesforce.com a strategic component of the company IT plan is the degree to which an integration project will be costly, risky or require a vast store of resources not available to most businesses. However, the integration process does not need to be long or costly. One should look for solutions that allow users to continue to use their on-premises applications with no change while seamlessly integrating with their on-demand CRM model.

## A Typical Scenario

Organizations are often running different applications such as on-premises ERP (i.e. SAP, Oracle, JD Edwards), email systems (i.e. MS Exchange, Lotus Notes) and Salesforce.com as individual and isolated islands. By bridging the islands with a pragmatic approach to integration, these organizations can share data and business processes across systems and bring combined added value to the organization.

To understand better the importance of integration in the SaaS environment, let's look at a typical scenario.

Customer A is running a blend of old and new applications including:

- On-premises ERP system
- An email and calendar application
- On-demand CRM system – Salesforce.com

Using a code-free business integration suite, such as [Magic Software's iBOLT™](#), Customer A can supply its sales reps with a 360-degree view of customer-facing processes through a comprehensive work environment that will enable straightforward work processes, eliminating errors and wasted time. Such a solution enables business analysts and architects to achieve full integration for their users in a matter of days with no need for coding. Data from the accounting system is easily retrieved, and services exposed from the legacy environment are wrapped as Web Services that enable synchronous, easy-to-use integration between Salesforce.com and Customer A's internal systems. These services are then easily reused for any future interface with practically zero overhead.

A deeper look at Before/After snapshots shows a marked difference:

Prior to Integration	Results after Integration
<b>Operations issues</b>	
<ul style="list-style-type: none"> <li>• Accounting data is not in synch with Salesforce.com data</li> <li>• Users are updating data in different systems</li> <li>• Invoices are sent to the wrong destinations</li> <li>• Manually administered batch jobs are required</li> </ul>	<ul style="list-style-type: none"> <li>• Automatic synchronization between Salesforce.com and ERP, with email workflow approval, is in place</li> <li>• Changes are populated from one system to another</li> <li>• Updates are executed in real-time without administrator intervention</li> <li>• Sales staff and operations staff have common customer naming and language, and the manual updates, mistakes, and workflows are gone</li> <li>• Sales and accounting audit checks run smoothly</li> </ul>
<b>Account Management Issues</b>	
<ul style="list-style-type: none"> <li>• Salesforce.com users are not online with customers' current financial status and history</li> <li>• Mistakes exist in account management</li> </ul>	<ul style="list-style-type: none"> <li>• Salesforce.com users view the complete financial status and history of the customer within their Salesforce.com interface</li> </ul>

<p>processes and in the manual processes of gathering information</p> <ul style="list-style-type: none"> <li>• General faults in sales automation</li> </ul>	<ul style="list-style-type: none"> <li>• Sales reps are empowered while talking with the end customer</li> <li>• Salesforce.com users can create sales processes based on financial data</li> </ul>
<p><b>Collaboration Issue</b></p>	
<ul style="list-style-type: none"> <li>• The “all” process of the calendar is performed manually</li> <li>• There are problems with the accuracy and concurrency of the calendars</li> <li>• Email users are not part of the collaboration</li> </ul>	<ul style="list-style-type: none"> <li>• All the calendars are synchronized online with internal users using their Salesforce.com interface</li> <li>• External sales partners and field sales staff are coordinated</li> <li>• Overlapping meetings are minimized</li> </ul>

In short, this integration process:

- Enables a smooth sales operation, regardless of which back-office application was managing which activity.
- Allows re-use of existing systems without any change to the user experience.
- Cuts down on processing time and the amount of manual work required.
- Decreases errors, with a positive influence on both customer service and a decrease in operational costs.

## From Challenge to Reality

These are very challenging times for IT departments facing the task of bringing order to an increasingly chaotic enterprise software environment. While on-demand CRM offers benefits to organizations that cannot be ignored, careful security considerations and deliberate integration approaches are



required in order to ensure smooth-running business processes and consistent information flow across the organization.

Make no mistake. On-demand CRM, including Salesforce.com, will play a major part in tomorrow's reality. And integration will not be an option for those who wish to keep pace – it will be an integral part of that reality. Fortunately, integration need not be difficult to achieve, even (or perhaps especially) for medium-sized businesses who until recently had no affordable integration alternatives.

## About Magic Software Enterprises

Magic Software Enterprises (NASDAQ: MGIC) is a leading provider of business integration, application development and deployment tools with over 20 years of experience. The company's award-winning solutions give its partners and customers the power to leverage existing IT resources, enhance business agility, and focus on core business priorities. With thousands of customers, and hundreds of ISV's and system integrators worldwide, Magic Software's technological approach, product roadmap and corporate strategy are recognized by the leading industry analysts. Magic Software has 500 employees, offices in 3 continents, and strategic alliances with global IT leaders including Salesforce.com, SAP, Oracle and IBM.

For more information on Magic Software Enterprises and its products and services, visit [www.magicsoftware.com](http://www.magicsoftware.com).