



## CRM, customization and the cloud

By cbucholtz

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Reading Dion Hincliffe's blog on cloud computing's imminent impact got me back to thinking about the implications of the trend and about the term. A lot of SaaS vendors – CRM vendors included – have been proclaiming themselves to be cloud computing pioneers. Insofar as SaaS has been incorporated as part of the underlying makeup of cloud computing (and it must be true, since Wikipedia said so!), they're right – although I think that SaaS CRM companies crowing about being part of the cloud is a little like a stereo component manufacturer proudly declaring they're part of the car. Sure, there are stereos in cars, but there are stereos other places, too, and those stereos didn't make the cars happen. The technologies evolved in parallel, and then some smart people brought them together.

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Thinking about the cloud from a user's perspective is the best way to think about it. If I can minimize my infrastructure, my need for on-site software and my worries about backup and security, suddenly I can commit more resources to my real business – which is probably not building, maintaining and running an IT environment. Martin Schneider, the director of product marketing at SugarCRM, likes that view and has an analogy of his own. "100 years ago, if you wanted electricity in your plant you had to have a generating system right on site," he said. "Now, the idea of doing that yourself instead of relying on a utility to do it for you seems ridiculous. It will be the same way for computing functions in the future."

Of course, electricity is something of a commodity – the kind of electricity you use does not bring a competitive advantage, the way software does. If it were possible to switch electricity vendors easily (darn you pesky wires!), there would probably be a lot of churn in the power industry. It's less easy to treat CRM products like "utility" solutions when their unique features map to business needs. The other thing preventing the cloud/utility metaphor from coming completely true for CRM is the current lack of standardization, which makes it tougher to audition software products.

The other differentiator for CRM - and this is actually a very good thing - comes in the form of vertically-optimized customizations, which Martin was more than happy to point out can stem from things like Sugar's Datacenter Edition (DCE). That version allows those customizations to be made and hosted on a partner's chunk of "cloud." That approach allows the partners to deliver essentially a customized cloud application – one which combines the best aspects of cloud computing with unique features tailored to an individual customer's needs. The partner can take those customizations and use them in other vertically-oriented solutions. I suspect that is going to be a real winning approach, because it confers the benefits of the cloud and customization on the user and allows the partner to apply his work to other engagements with little additional cost.

The cloud is cool, but it's the combination of the cloud with other things that promises to make it really useful. Can you think of any other applications that could double the potential value of cloud-based CRM?

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