1. **What market forces will affect sales business processes during the next five years?**

2. **What selling models will address the challenges imposed by market forces during the next five years?**

3. **How will selling and technology be integrated in the next generation of selling models?**

4. **What application architectures will support a sales-oriented vision of SFA?**

5. How will enterprises build and implement the most-effective SFA systems?

6. Which vendors will significantly affect the SFA marketplace during the next five years?

Limited resources among the majority of sales force automation (SFA) vendors will cause user organizations to function as integrators to a significant degree. Customers must assume total responsibility for the long-term viability of SFA projects.

Sales organizations that continue to download marketing analysis and administrative functions to salespeople will lose sales force productivity. Organizations that take a traditional approach to customer marketing, as well as eliminate non-value-added sales administrative activities, will better prepare themselves for SFA implementation.

The overwhelming tendency to embody selling differentiation in custom applications will continue to cause SFA vendors to remain niche oriented. User organizations should instead differentiate sales prowess through selection, education and motivation of sales personnel.

Although worldwide SFA expenditures will reach $2.5 billion in 1995 (0.6 probability), only 50 percent of implementations will result in measurable benefits. Successful sales forces will measure SFA benefits through increased success rates (effectiveness), decreased sales cycle times (efficiency) and increased profits.

What market forces will affect sales business processes during the next five years?

Source: Gartner Group

Organizations are faced with a number of daunting market forces that must be addressed for successful selling through the year 2000. Customers and consumers are demanding greater value. "Value," however, has become a difficult term to define. Quality, selection and availability (all at the best price) constitute the new value equation. This demand for value has caused many organizations to experience loss of market share and profits. Recent attempts to reduce personnel have not solved the long-term problems and served only to provide a short-term balance sheet fix. Customers continue to increase their expertise in marketing, manufacturing, distribution and logistics, enabled in part by a growing sophistication in the use of IT. The pressure to partner with customers has never been greater; leading organizations are making supply chain management issues central to account relationships. In addition, as customers consolidate and control larger market share, the selling interaction becomes customer controlled.

Leading organizations therefore will implement (or modify) SFA project plans after an evaluation of which market forces will have the greatest effect on the selling environment during the planning horizon.

By 2000, the demand for customer value will require that 80 percent of customer buying decisions will be made based upon fact-based presentations (0.8 probability).
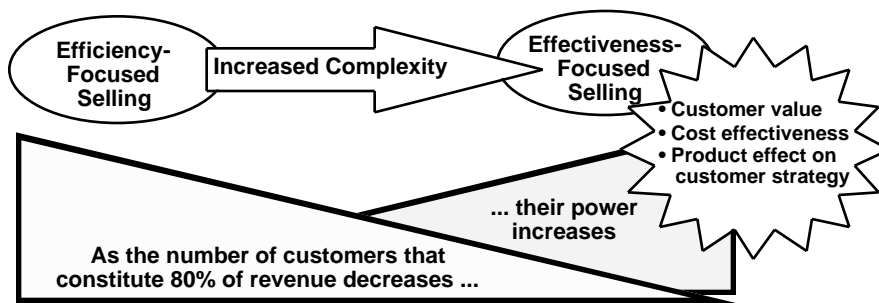
Today	2000
• Relationship selling	• Fact-based selling
• Broad sales coverage	• 80/20 rule
• "Push" focused	• "Push" and "pull" focused
• Revenue driven	• Profit driven
• Customer as buyer	• Customer as partner

... causing customers to ask:

How can suppliers assist customers to maximize profits?

Efficiency-Focused Selling → **Increased Complexity** → **Effectiveness-Focused Selling**

• **Customer value**
• **Cost effectiveness**
• **Product effect on customer strategy**

... their power increases

As the number of customers that constitute 80% of revenue decreases ...
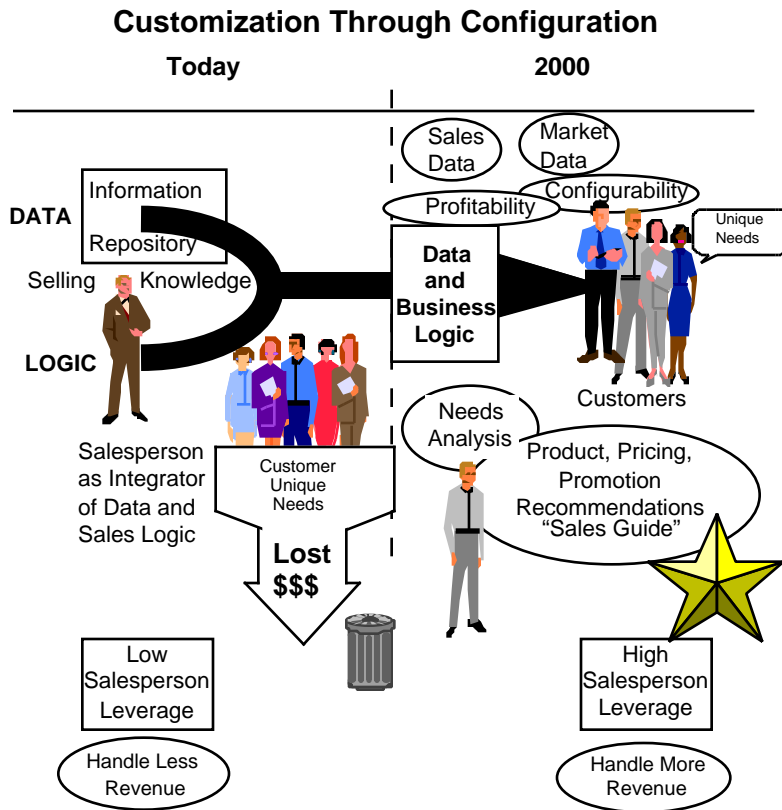
Source: Gartner Group

Key Issue: What market forces will affect sales business processes during the next five years?

By 2000, successful selling will depend upon the ability of the salesperson to prove the value of products and/or services. Customers define value as quality, selection and convenience, all at the right price. Applications that assist a salesperson to present these data to buyers becomes part of the winning sales interaction. Leading organizations will prepare salespeople to deliver compelling presentations of products and services, armed with information often acquired today from experts within other parts of the company. The ability to compile information "on the fly" to satisfy customer objections and address customer needs is important. However, the complexity of the selling interaction increases and, conversely, the content of information used during customer interactions increases in richness. Fact-based selling becomes more interactive, with presentations consisting of graphics, text and, more frequently, multimedia. The leading organizations will deploy SFA to move from efficiency-based selling (number of calls) to one where effectiveness on every call is the focus.

By 2000, organizations that enable customization of offerings at the point of sale will decrease costs and hence, increase margins by 10 percent (0.6 probability).
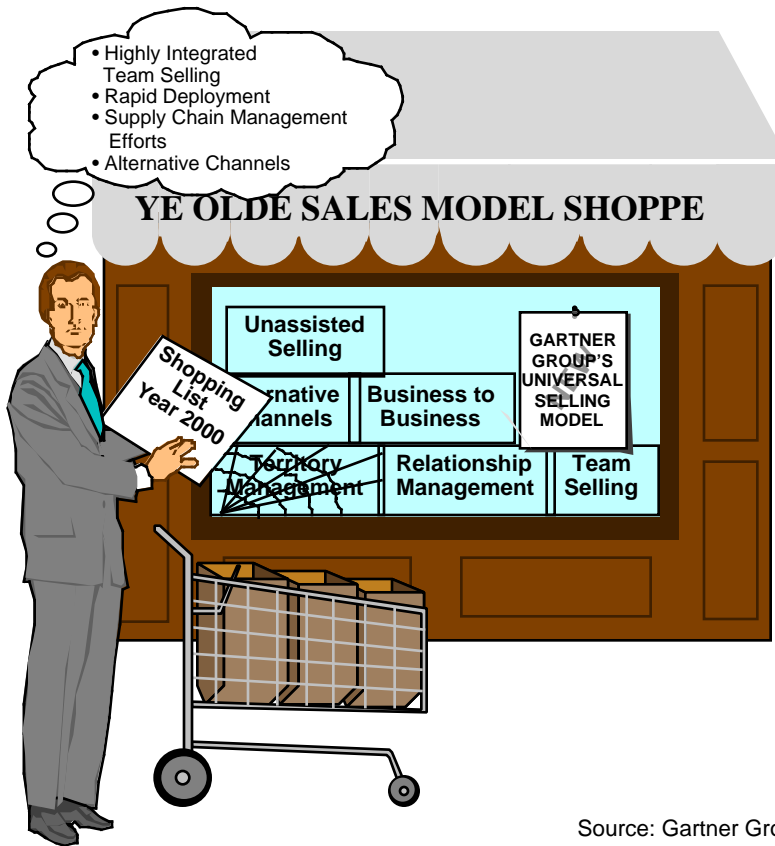
Reader Notes

Customization Through Configuration

Today | **2000**

DATA

Information Repository

Selling   Knowledge

LOGIC

Salesperson as Integrator of Data and Sales Logic

Sales Data

Market Data

Profitability   Configurability

Unique Needs

Data and Business Logic

Customers

Needs Analysis

Customer Unique Needs

Lost $$$

Product, Pricing, Promotion Recommendations "Sales Guide"

Low Salesperson Leverage

High Salesperson Leverage

Handle Less Revenue

Handle More Revenue

Source: Gartner Group

Key Issue: What market forces will affect sales business processes during the next five years?

As sales organizations shrink, salespeople are responsible for higher levels of revenue and corporate profits. As responsibility increases, so does sales complexity. For manufacturers, success will depend upon implementing tools in the hands of salespeople that assist in combining information with logic to produce acceptable scenarios. Whether to assist a customer in choosing the optimal product mix to maximize cost-effectiveness (or profitability, if the customer is a reseller) or to optimize profitability while configuring a complex product bundling contract, sales success will hinge upon performing these tasks accurately and rapidly. The sales organizations that can empower the sales force to manage complexity while with the customer will gain a competitive edge. Organizations that can combine successful sales configuration with quality products, effective procurement, manufacturing, distribution and logistics will emerge as industry leaders. SFA designs therefore should enable data and logic to be combined, which enables the salesperson to manage greater levels of revenue and profit.

What selling models will address the challenges imposed by market forces during the next five years?

• Highly Integrated
  Team Selling
• Rapid Deployment
• Supply Chain Management
  Efforts
• Alternative Channels

YE OLDE SALES MODEL SHOPPE

Unassisted Selling

GARTNER GROUP'S UNIVERSAL SELLING MODEL

Alternative Channels

Business to Business

Territory Management

Relationship Management

Team Selling
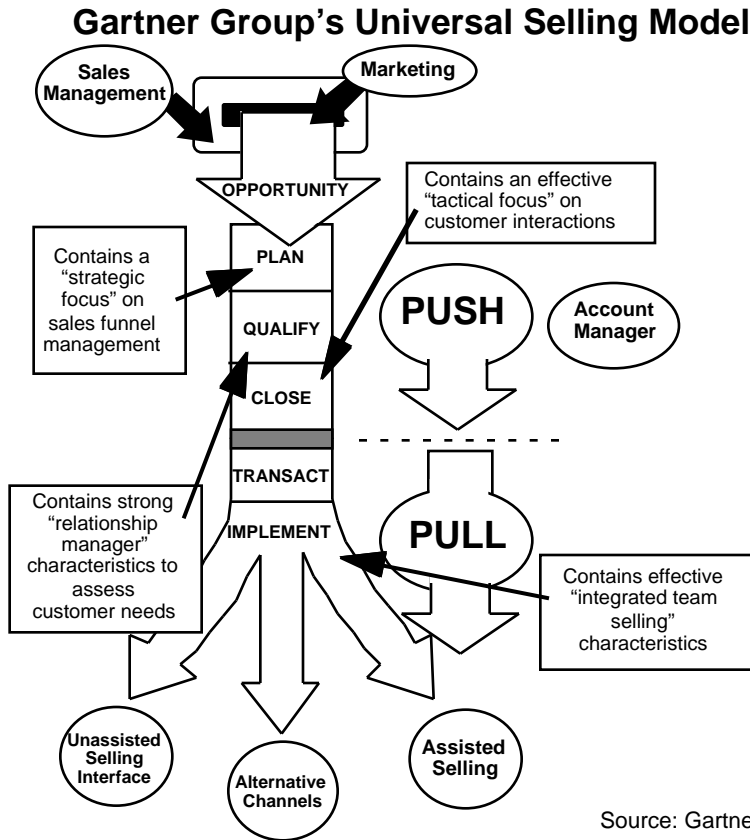
Shopping List Year 2000

Source: Gartner Group

Many organizations, after reducing their sales personnel, are realizing that fundamental selling model changes need to occur to continue productivity growth. Leading organizations are considering selling models that are technology enabled yet seek solutions that can be implemented rapidly, supported easily and deliver value. Yet, many organizations, by choosing to implement highly customized applications, will force the entire organization to stay locked into a sales process that may change before the application is amortized. Organizations should consider as part of the SFA project realization: "How are we similar in selling model to others?" as well as "How are we unique?" Leading organizations will seek as much leverage by not only reinforcing uniqueness that drives competitive advantages, but by finding SFA solutions that may bring about sales process re-engineering.

To sell successfully in the year 2000, organizations will consider which selling models best provide the conditions that enable customers to buy. Then, SFA investments should be made to deliver the infrastructure that enables selling (whether assisted or unassisted) to occur.

By 2000, 75 percent of sales organizations will employ a universal selling model (0.7 probability).

Gartner Group's Universal Selling Model

Sales Management

Marketing

OPPORTUNITY

Contains an effective "tactical focus" on customer interactions

PLAN

Contains a "strategic focus" on sales funnel management

QUALIFY

PUSH

Account Manager

CLOSE

TRANSACT

IMPLEMENT

Contains strong "relationship manager" characteristics to assess customer needs

PULL

Contains effective "integrated team selling" characteristics

Unassisted Selling Interface

Alternative Channels

Assisted Selling

Source: Gartner Group

Key Issue: What selling models will address the challenges imposed by market forces during the next five years?
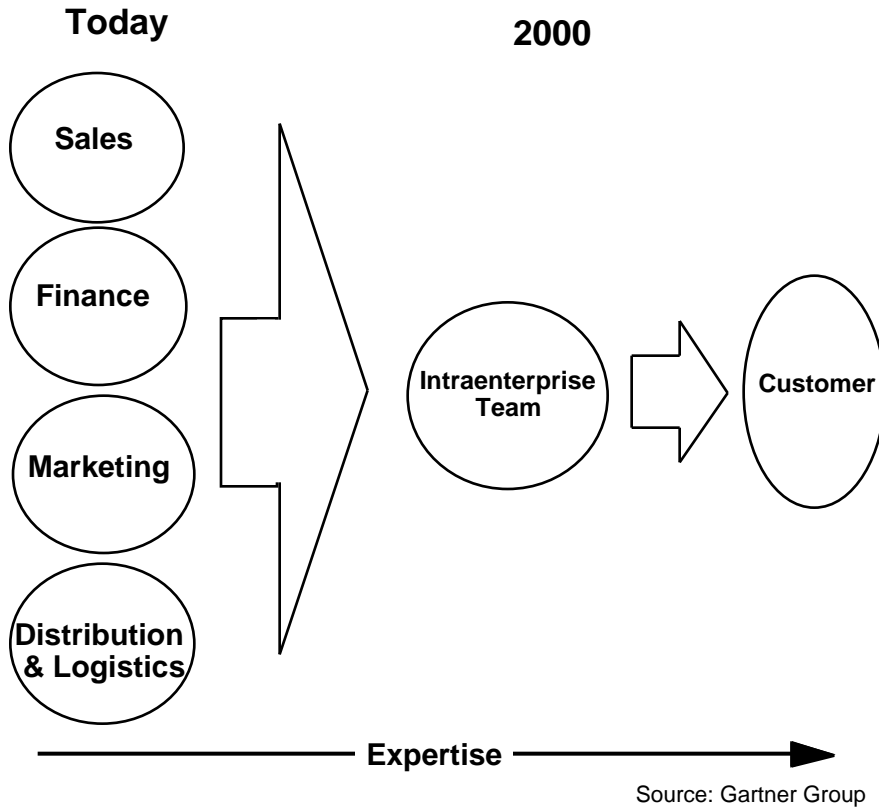
By the year 2000, we expect 50 percent of the revenues of the 1,000 largest companies in the world to be sold through sales teams tightly integrated around customers. Those sales teams will primarily consist of key account managers and sales representatives. The account manager is responsible for calling on a central buying group and operates in the "push" phase of the sales cycle. Account managers will possess a high degree of industry and selling skills, with profitability being a basis for compensation, along with revenue. The assisted as well as the unassisted sales interfaces in the year 2000 will focus on the "pull" phase of the sales cycle. Their role is to ensure that the product can be pulled through, or sold into, the customer organization so that revenue can be recognized.

SFA system design should consider what successful attributes to bring forward, which attributes to borrow from other industries and which are outmoded and should be left behind. Organizations that can standardize on a selling model will provide themselves with greater SFA application choices.

By 2000, 40 percent of organizations will utilize SFA to organize intraenterprise expertise into customer-focused teams (0.8 probability).

Today　　　　　**2000**

Sales

Finance

Marketing

Distribution & Logistics

Intraenterprise Team

Customer

Expertise

Source: Gartner Group

Key Issue: What selling models will address the challenges imposed by market forces during the next five years?

Partnering with customers requires a coordinated team approach among various organizational disciplines. Yet management teams within organizations often have separate management teams for each function as well as a separate management team between account managers and sales representatives. Combined management will enable intraenterprise teams to implement joint marketing efforts, supply chain management efforts as well as electronic commerce initiatives with customers. These efforts will require authority and expertise placed closer to the customer (physically or virtually) to marshal resources from various disciplines to solve customer issues.

Leading organizations will utilize SFA investments to enable intraenterprise team selling. Organizations not structured for maximum flexibility, speed and the lowest possible cost will place themselves at a competitive disadvantage.

By 2000, 40 percent of organizations will pursue alternative selling interfaces to enable interenterprise selling (0.6 probability).

Selling Interface Categories

	Assisted		Unassisted	
	Outside Sales	**Inside Sales**	**Outside Sales**	**Inside Sales**
Order Only	Route delivery	Freephone telemarketer	Stock trading telephone response unit	Hospital supply order terminal
Consultive Only	Pharmaceutical representative Merchandiser	Customer service	Music CD kiosk	Automotive purchase promotional diskette
Order and Consultative	Technology industry salesperson	Stockbroker	Travel services kiosk	World Wide Web page and ordering

Source: Gartner Group

Key Issue: What selling models will address the challenges imposed by market forces during the next five years?

Companies that aggressively pursue new selling interfaces will be the most successful at developing new selling models and opening new selling channels. Salespeople as well as electronic selling interfaces will be able to develop pricing and promotions "on the fly" according to the specific situation, in addition to using what marketing groups have developed. The chart above represents all possible selling interfaces. Depending on such factors as the maturity of the sales process and pricing pressures, companies choose to exist in a particular row and column, and can exist in several. Each box requires certain technologies to support operation. If the selling interface should move from one box to another (e.g., a shift from direct sales to placing kiosks at customer sites), technology investments may not survive. Companies must look at the long-term future of selling relative to their competitive environment and industry trends. Leaders will go directly to customers with unassisted selling and direct to consumers with marketing messages consistent with local promotions/deals.

How will selling and technology be integrated in the next generation of selling models?

GOALS:

"Increase Sales"

"Keep Customers Happy"

"Train Salespeople"

"Motivate Salespeople"

Customized for Business

GOALS:

"Protect Information Resources"

"Maintain Standards"

"Control Costs"

Packaged for Maintenance

Sales Organization

Technology Organization

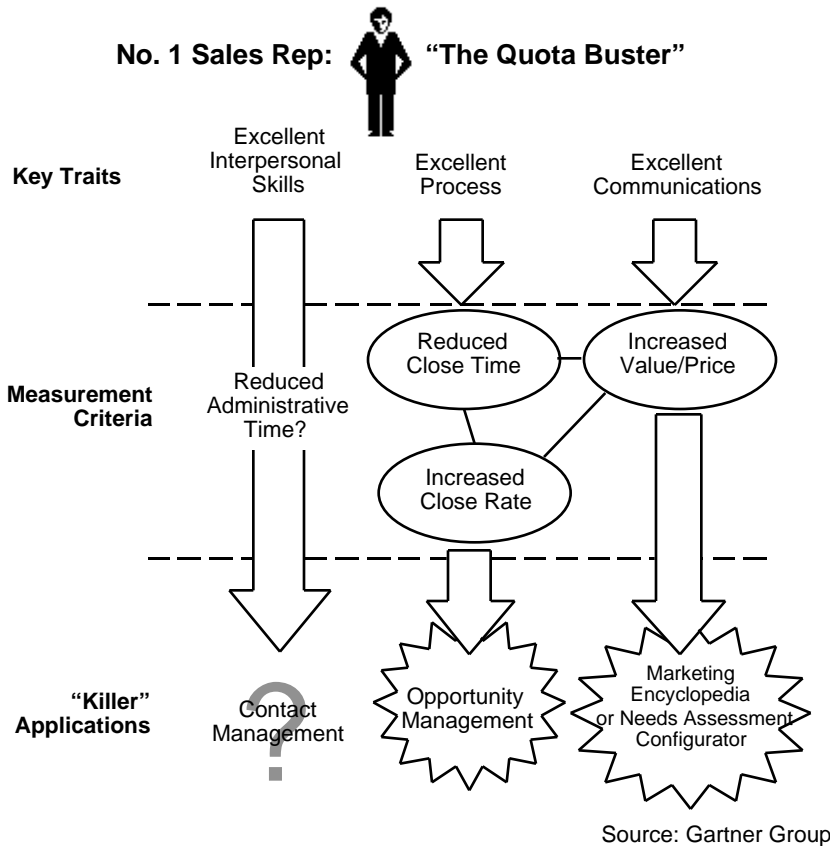**SALES EFFECTIVENESS**

Source: Gartner Group

Sales and automation have coexisted in name only. One of the major reasons that more than 50 percent of SFA implementations fail to produce any measurable benefit has been a lack of focus on the business objectives (vs. the incorrect focus on the technology objectives). The SFA marketplace is dominated by about 500 small vendors, each attacking some component of the sales function. Why has this unfocused approach occurred in SFA? Manufacturing, in contrast, has at least 10 vendors of well more than $100 million in revenues each. The Key Issue is that technology has not yet been strategically aligned with the basic goals of selling. Sales and sales management want to increase sales, keep customers buying and train and motivate salespeople. The technology side of the organization, the IS department, is doing what it does best: connecting users to data sources, either for storage or retrieval of information. IS departments also have a standards perspective and a focus on efficiency vs. effectiveness.

Sales automation efforts must combine business focus with technology savvy. Sales and IS organizations must work to align their goals. Custom software is a dead end, while "shrink wrapped" solutions have provided no measurable long-term benefits.

SFA implementations that reinforce the key traits of successful salespersons will show measurable ROI (0.8 probability).

Reader Notes

No. 1 Sales Rep: "The Quota Buster"

Key Traits

Excellent Interpersonal Skills

Excellent Process

Excellent Communications

Measurement Criteria

Reduced Administrative Time?

Reduced Close Time

Increased Value/Price

Increased Close Rate

"Killer" Applications

Contact Management

Opportunity Management

Marketing Encyclopedia or Needs Assessment Configurator

Source: Gartner Group

Key Issue: How will selling and technology be integrated in the next generation of selling models?

Successful SFA cannot occur unless the art and methodology of selling are married to the science of technology. Our research has discovered an initially puzzling trend: often, the top sales performers refuse to use automation. Automation has failed to assist with the most important transaction in sales, the face-to-face meeting. Instead, SFA has focused on cutting costs or gathering marketing data rather than supercharging the selling effort, a mistake that must be corrected to improve adoption rates.
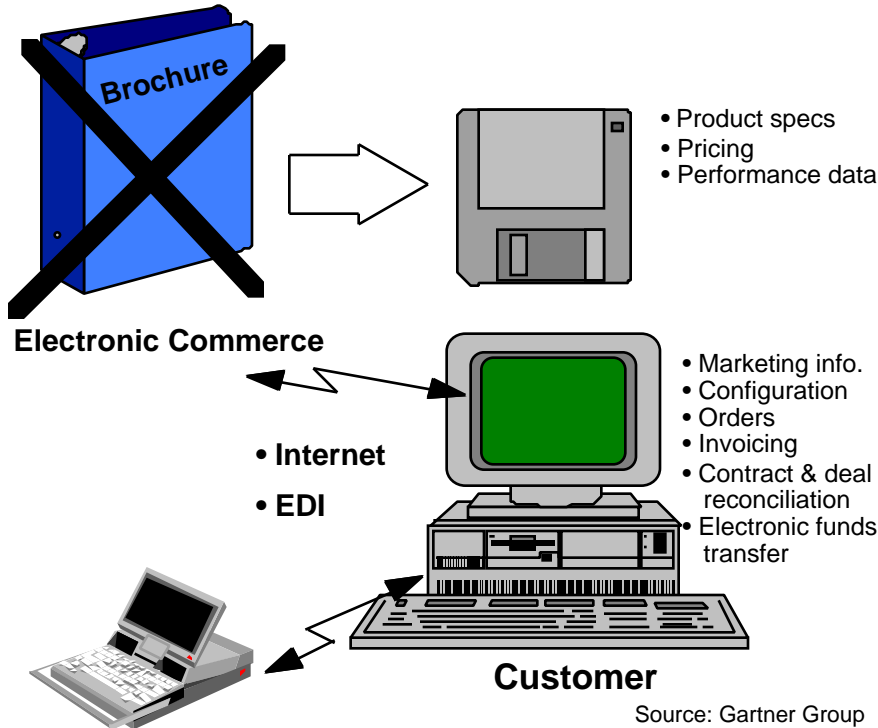
A successful salesperson has the three important traits shown above. These traits do not necessarily need to be supported by automation, and one trait, interpersonal skills, can be supported only indirectly. We have tied the other two traits, the ones that can be most influenced by automation, to new measurement criteria that are more directly related to selling. These measurement criteria should be the key selection criteria for SFA and can be directly enabled by the SFA building blocks additionally discussed in this presentation: the opportunity management system (OMS), the marketing encyclopedia system (MES) and the sales configuration system (SCS).

By 1998, 30 percent of sales organizations will employ technology to sell beyond the sales call (0.8 probability).

Reader Notes

Unassisted Selling

Electronic Leave-Behinds

Brochure

• Product specs
• Pricing
• Performance data

Electronic Commerce

• Marketing info.
• Configuration
• Orders
• Invoicing
• Contract & deal reconciliation
• Electronic funds transfer

• **Internet**

• **EDI**

Customer

Source: Gartner Group

Key Issue: How will selling and technology be integrated in the next generation of selling models?

Selling generally occurs when the salesperson and the customer are in contact. But technology enables unassisted selling, selling when there is no salesperson present. Instead of a leave-behind brochure, leading companies are using technology to leave behind a diskette that contains a proposal and enough logic so that customers can manipulate the proposal to their liking. Other companies are either using EDI or the emerging technologies of the Information Superhighway to transmit product information, accept orders, send invoices and transfer funds. This method of sharing information represents an entirely new sales channel that companies should consider because of its low cost, high information content and customer adaptability. This channel should be integrated within traditional marketing mix of channels such as direct mail, telesales and direct sales. SFA designs should address the issue: "How will customers interact with the system?"

What application architectures will support a sales-oriented vision of SFA?

Gartner Group's Universal SFA Architecture
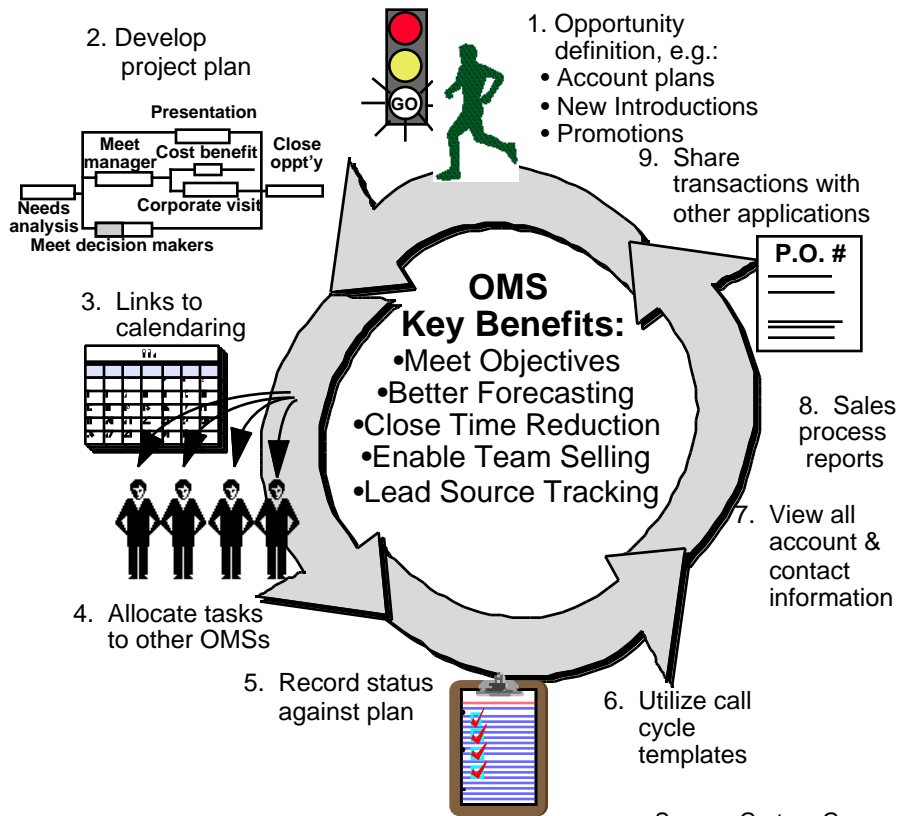

Source: Gartner Group
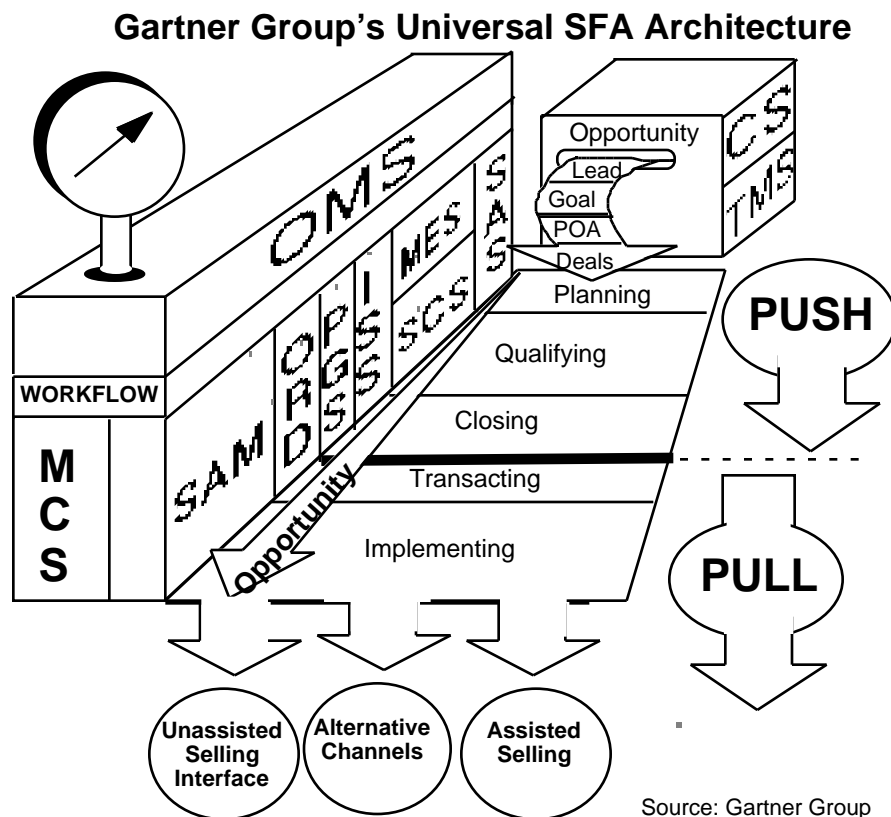
The technology architecture for the sales system in the year 2000 will be radically different from ones used today. Unlike the office automation systems, around which much of the SFA efforts have been implemented today, sales functions require access to limitless amounts of information, yet are connected only through expensive, slow communications links. They are continually connected and disconnected from the network due to their mobility. Selling emphasizes breadth of knowledge vs. the depth aspect valued at corporate headquarters. Salespeople may use five applications vs. the one application used by a corporate user in the same time period. This places a high learning load on people who do not see computers as key to their business existence. Technology must offload this administrative burden from the sales function, leaving it with simple requests to accomplish what is required. The OMS is tied to the sales process, the framework for any SFA design. All other applications are subordinate to the OMS. Transactions flow from the OMS to other applications on the users' portable computers. Applications can be integrated among vendors. Users will choose architectures and applications for their interoperability along with end-user functionality. Workflow ties the OMS to other users systems and to customers and sales partners.

The OMS will be adopted by 75 percent of sales organizations by 2000 (0.7 probability).

2. Develop project plan

Presentation

Meet manager **Cost benefit** **Close oppt'y**

Needs analysis

Corporate visit

Meet decision makers

1. Opportunity definition, e.g.:
• Account plans
• New Introductions
• Promotions

9. Share transactions with other applications

P.O. #

3. Links to calendaring

OMS Key Benefits:
•Meet Objectives
•Better Forecasting
•Close Time Reduction
•Enable Team Selling
•Lead Source Tracking

8. Sales process reports

7. View all account & contact information

4. Allocate tasks to other OMSs

5. Record status against plan

6. Utilize call cycle templates
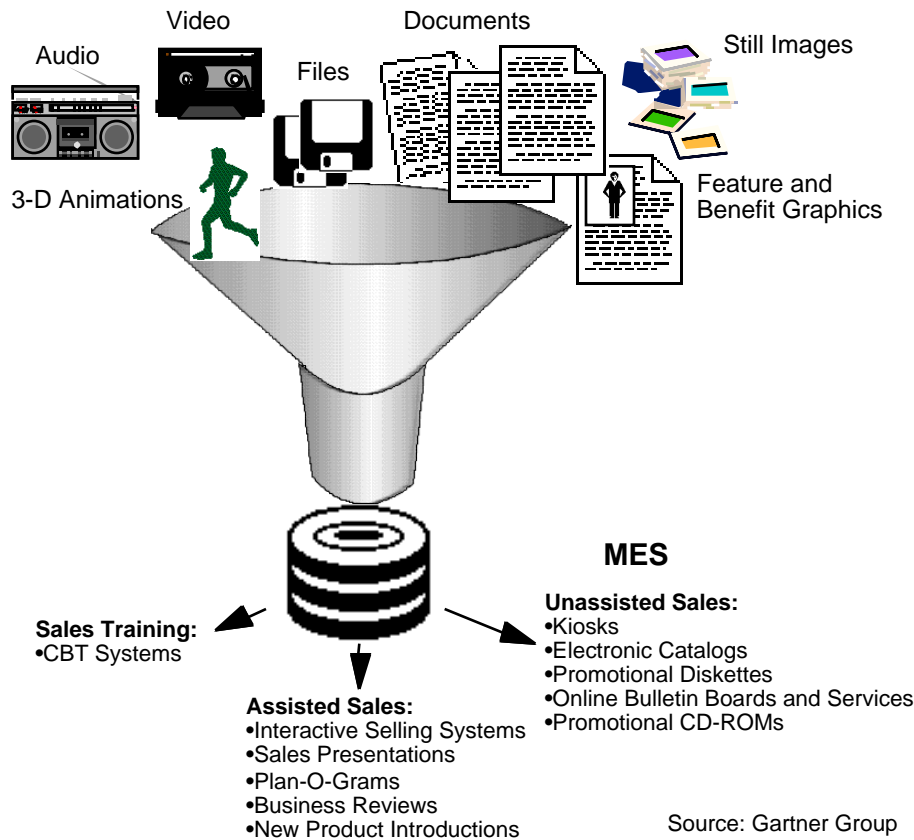
Source: Gartner Group

Key Issue: What application architectures will support a sales-oriented vision of SFA?

Today, the sales process is often computerized by using an electronic territory management system or contact management system. The problem with such systems has been their *contact* vs. *selling opportunity* focus and their inability to provide the required functions for sales process management. We have introduced the OMS alternative for all selling. The OMS assists users in organizing all information around the "opportunity" such as "gain acceptance of a new product" or "close account A on deal X by Y date." The OMS enables a user to set the milestones for the sales plan and, enabled by workflow, track its completion. An OMS ties easily into measurement criteria (e.g., reducing the sales cycle and increasing close rate) since the start and completion of an opportunity can be easily tracked. An OMS should enable the user to display the status of performance against objectives. Integrated with calendaring and to-do lists, this list translates into action items for each day. SFA designs should include each of the nine features of an OMS described above.

MESs will be adopted by 50 percent of sales organizations by 2000 (0.6 probability).

Video

Audio

Documents

Still Images

Files

3-D Animations

Feature and Benefit Graphics

MES

Sales Training:
•CBT Systems

Unassisted Sales:
•Kiosks
•Electronic Catalogs
•Promotional Diskettes
•Online Bulletin Boards and Services
•Promotional CD-ROMs

Assisted Sales:
•Interactive Selling Systems
•Sales Presentations
•Plan-O-Grams
•Business Reviews
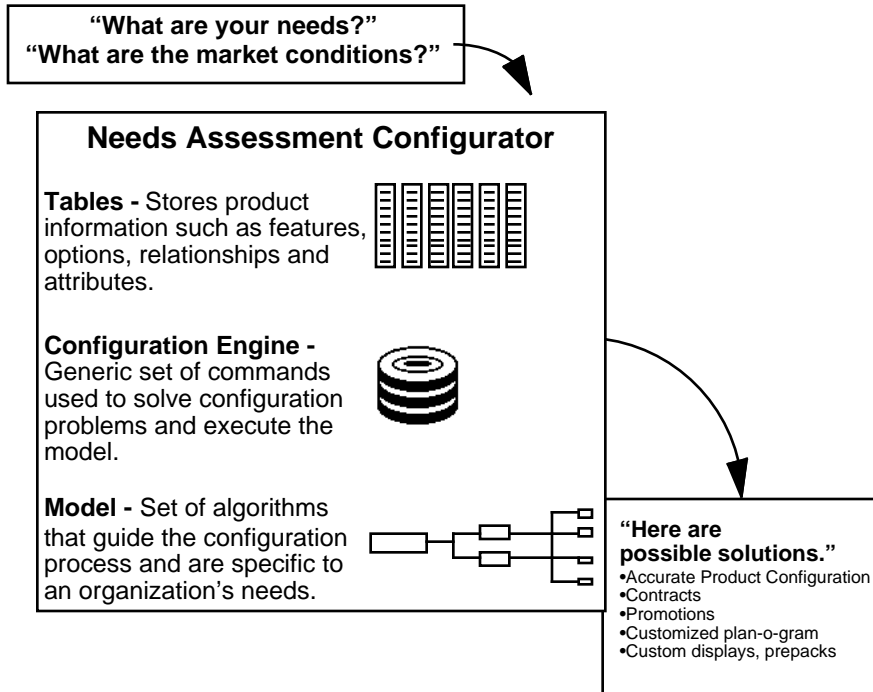•New Product Introductions

Source: Gartner Group

Key Issue: What application architectures will support a sales-oriented vision of SFA?

MESs electronically distribute and consolidate up-to-date marketing information into an easy-to-use, highly cross-referenceable, single-source repository. An MES enables users to quickly locate and display information (e.g., product information, pricing, plan-o-grams, case studies, commercials and advertisements), thus shortening sales cycles and decreasing printing and distribution costs. An MES contains a database capable of storing all types of information that will be incorporated into the system (e.g., audio, video, sound, text and graphics). The database must be compact and deliver fast access to meet the needs of salespeople while interacting with customers. The system should have the capability to be used unconnected to a server and should include a remote communications mechanism for electronically downloading and uploading information. Once a company develops an MES, it represents an asset that can be leveraged as it is the foundation for building CBT systems, kiosks, electronic brochures and interactive selling systems.

Companies that implement sales configurators and bypass headquarters-based configurators will achieve a 10 percent competitive pricing advantage over their competitors. Companies that do not address field-based product configuration will continue to be plagued with accuracy and timeliness issues (0.7 probability).
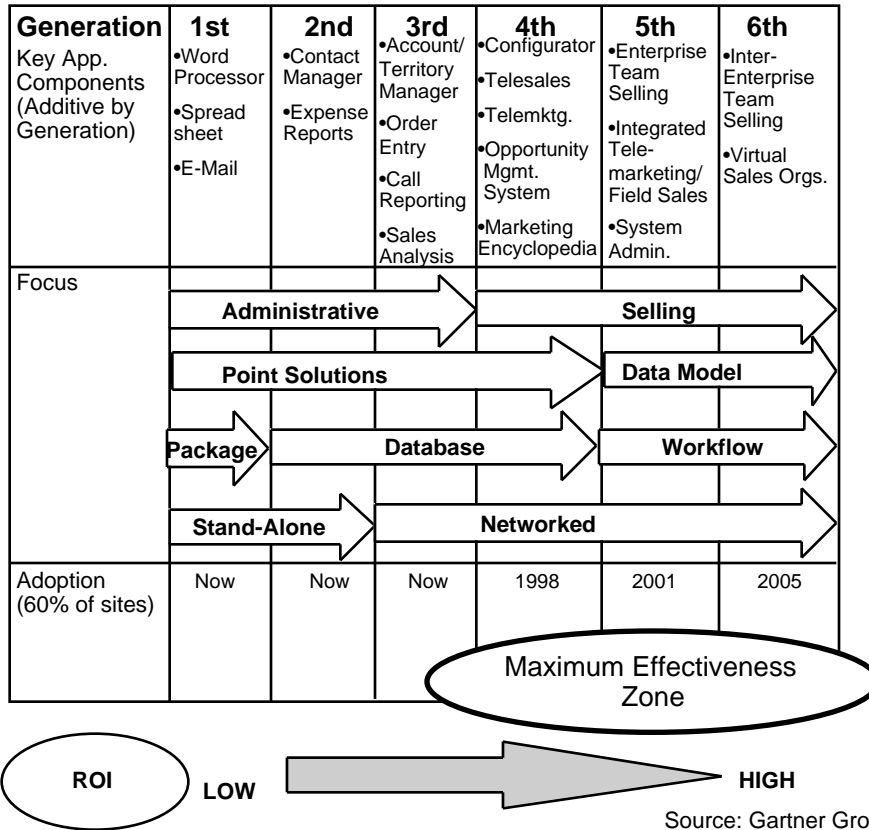
Reader Notes

```
"What are your needs?"
"What are the market conditions?"
```

Needs Assessment Configurator

Tables - Stores product information such as features, options, relationships and attributes.

Configuration Engine - Generic set of commands used to solve configuration problems and execute the model.

Model - Set of algorithms that guide the configuration process and are specific to an organization's needs.

"Here are possible solutions."
•Accurate Product Configuration
•Contracts
•Promotions
•Customized plan-o-gram
•Custom displays, prepacks

Source: Gartner Group

Key Issue: What application architectures will support a sales-oriented vision of SFA?

Configurators are one of the hottest, highest-ROI SFA applications. Most companies have placed configuration of products, contracts, promotions and the resulting order entry deep inside their companies; however, many layers remain between the customer and the order commitment. At each level lies a high likelihood that errors will be introduced. Companies have increased the functionalityof in-house configurators but have not been able to effect adequate improvements in supply chain processes. Placing configuration in the hands of field personnel is the best answer. Fortunately,the computational and communications capability is readily available. Configuration is not only for complex hard goods. It equally applies to configuration of bundles of products, services as well as configuration of contracts, promotions and deals. The ability to manage complexity in the field through the use of a sales configurator will become a competitive advantage.

Eighty percent of all SFA systems will be between first- and fourth-generation through 1998. Of those, only fourth-generation systems will produce industry leaders (0.7 probability).
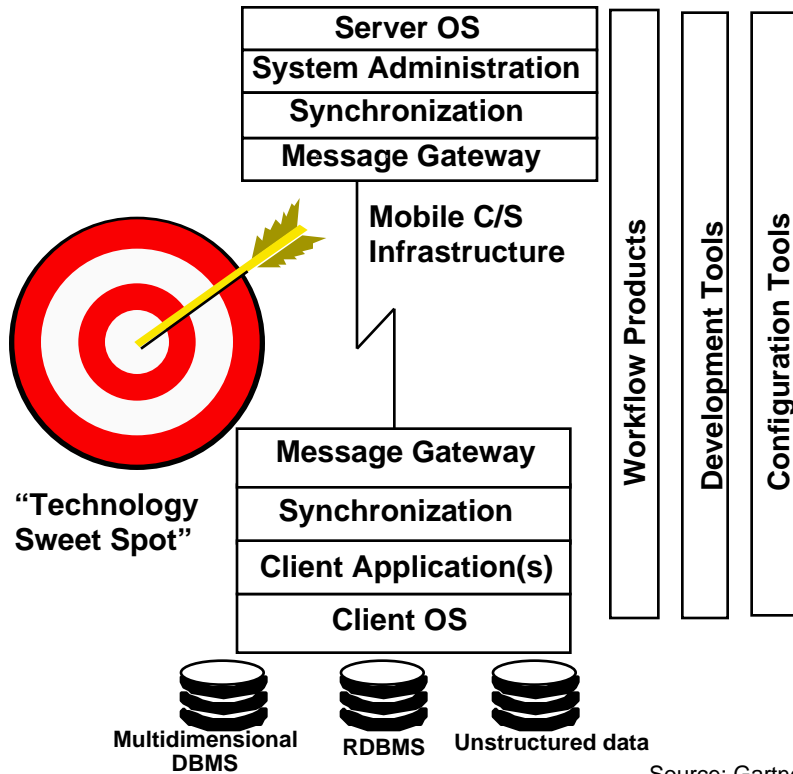
Reader Notes

Generation	1st	2nd	3rd	4th	5th	6th
Key App. Components (Additive by Generation)	•Word Processor •Spread sheet •E-Mail	•Contact Manager •Expense Reports	•Account/ Territory Manager •Order Entry •Call Reporting •Sales Analysis	•Configurator •Telesales •Telemktg. •Opportunity Mgmt. System •Marketing Encyclopedia	•Enterprise Team Selling •Integrated Tele-marketing/ Field Sales •System Admin.	•Inter-Enterprise Team Selling •Virtual Sales Orgs.
Focus		Administrative →			Selling →	
		Point Solutions →			Data Model →	
	Package →		Database →		Workflow →	
	Stand-Alone →		Networked →			
Adoption (60% of sites)	Now	Now	Now	1998	2001	2005

Maximum Effectiveness Zone

ROI — LOW → HIGH

Source: Gartner Group

Key Issue: What application architectures will support a sales-oriented vision of SFA?

We expect sales automation to go through at least six generations before a true enterprisewide solution is realized. More generations will be required as other departmental systems evolve, requiring integration with the sales department applications. Most companies are in first and second generations because of a lack of understanding of the true SFA goals. These solutions are short lived and require total restructuring of the SFA effort once the organization in which they are deployed learns their limitations. Third-generation systems, which is where 60 percent of organizations are today, are found in organizations that have made networked systems a priority. However, most companies that have deployed them are challenged to find either measurable results or broad acceptance by sales professionals. Generations four and above strategically align with the selling process. Organizations with early-generation solutions will jump to advanced generations to accrue greatest gains in sales effectiveness.

User organizations that stay within the "technology sweet spot" will provide themselves the greatest choice of SFA applications (0.8 probability).

Server OS
System Administration
Synchronization
Message Gateway

Mobile C/S Infrastructure

Workflow Products

Development Tools

Configuration Tools

"Technology Sweet Spot"

Message Gateway
Synchronization
Client Application(s)
Client OS

Multidimensional DBMS

RDBMS

Unstructured data

Source: Gartner Group

Key Issue: What application architectures will support a sales-oriented vision of SFA?

Companies will retain the most flexibility whether they choose to build or buy if they remain in the "technology sweet spot" as defined above. Given that so many SFA vendors are small and unstable, risk is heightened when an organization moves outside the sweet spot. Windows is the OS of choice for client systems. Unix and Windows NT are the dominant back-end platforms. Sybase and Oracle are the best bets on the back end. Microsoft Access and Watcom SQL are good choices for the client database. C++ and Visual Basic are the best development tools for the client and C++, and PowerBuilder is best for the back end. Message transports are the best options for communication, although specialty vendors such as Xcellenet and TDS will work as well. Active (vs. passive) workflow will be key to achieving truly integrated enterprise and interenterprise team selling. Standard E-mail and workgroup solutions, because of their passive nature, will fade as active workflow products emerge. Users should be wary of vendors that developed proprietary development tools in the '80s and insist on carrying those forward past the '90s. And, vendors without effective configuration tools will sacrifice their ability to quickly deliver enriched application content.

- SFA project teams must understand what market forces will alter the selling model, and determine the sales process through the planning horizon.

- Sales systems should be designed to enable customers to buy easier. Customers' input must be a key factor in determining the future sales process.

- Sales applications must be structured to affect the sales line of profit and loss statements vs. the expense line. A 10 percent increase in sales is more effective than a 10 percent decrease in expenses.

- Sales applications must be viewed in the same strategic light as commissions and other sales incentives.

- Unique advantages (e.g., flexible pricing and configurations) will be the real competitive edge in the long run.

- In-house C/S architectures will be challenged by messaging for the role of the single communications conduit between host systems and the user.

- Clients should beware of the risks associated with implementing SFA applications outside mainstream technology.

- Implementation teams should avoid downloading marketing and sales administration functions to the sales organization.

- Clients should start with measurable returns identified, build computer literacy, develop a long-term plan and always focus on the needs of the representative and on selling.

- Users should be concerned about the longevity of their vendors and should require adequate safeguards against loss of their vendor.