Hype continues to grow around social CRM, with a burst of merger and acquisition activity. To survive and thrive, social CRM vendors will increasingly have to show the economics of how their social data and systems are used in multiple CRM use cases: marketing, sales and customer service.

**Market Definition/Description**

Social CRM is a business strategy that generates opportunities for sales, marketing and customer service, while also benefiting online communities.

To be successful with social CRM, organizations need to be much less focused on how an organization can manage the customer, and much more focused on how the customer can manage the relationship. Therefore, social CRM applications must incorporate a range of customer engagement levels, from low (customer and prospect voting mechanisms) to high (customer brand or product creation through rich media). All social CRM applications should:

- Encourage many-to-many participation with customers, prospects, selling partners and internal staff.
- Capture and share user-generated data and content.
- Cede control to the community by providing varying levels of autonomy and engagement levels.
- Demonstrate a mutual, balanced purpose for company and community use.

Social CRM works only if users voluntarily participate in communities, and they will do so only if they receive benefits. At the same time, the enterprise needs to realize measurable benefits; otherwise, it makes no sense to expend resources on social CRM. For the enterprise, social CRM applications increase profitability or another measure of customer value by:

- Building trust
- Gaining customer insight
- Differentiating products or services
- Increasing sales
- Improving upselling or cross-selling
- Gaining word-of-mouth advocacy
- Improving the overall customer experience
- Lowering the cost of service

Social CRM applications should:

- Make customers feel more involved in their own decisions (such as the buying process, which includes information gathering, evaluation and post-purchase access to competent customer support).
- Give customers access to more and better information on products and services.
- Give them more control in their dealings with the enterprise, such as by managing their online persona and reputation, and deciding what personal information gets used.
- Improve customers’ self-esteem, level of respect, feeling of belonging and friendships.
- Gartner acknowledges that there are other tools of interest for social CRM that are occasionally used by marketing, sales and customer service, and are tracked in other Magic Quadrants (such as multichannel campaign management, e-commerce and Web content management), although those tools are not primarily designed to serve the Gartner-defined social CRM market.

**Magic Quadrant**

*Figure 1. Magic Quadrant for Social CRM*
Artesian

Artesian has been added to the Social CRM Magic Quadrant for 2012 as a Niche Player, due to its strong growth and the evidence of benefits to sales organizations.

**Strengths**

- **Growth:** Artesian has grown strongly in 2011 and 2012, winning a number of big-name accounts, particularly in banking. Gartner estimates revenue of $10 million for 2011 and believes Artesian to be sufficiently venture-capital-funded for future growth.

- **B2B social sales vision:** Gartner estimates that more than 85% of Artesian use cases are used by sales. Artesian also integrates well with traditional sales applications. The remaining use cases are in customer service and marketing. Therefore, Artesian has a good understanding of the unique aspects of B2B social CRM. It is most proven for prospecting, lead management, social data augmentation, competitive analytics and social analytics.

- **Industry taxonomies:** Artesian has spent time building industry-specific taxonomies for social monitoring and analytics that are then tailored to a customer's specific industry requirements, and then tailored further by providing text mining, natural language processing (NLP) and ranking heuristics to individual salespeople for better relevance and higher adoption.

**Cautions**

- **Functional breadth:** Artesian lacks social CRM breadth and has not focused on delivering support for uses cases, such as peer-to-peer external communities, ideation, social campaign management, product testing or launching, product reviews, and social shopping.

- **Geographical coverage:** The vendor has a limited presence outside Europe, and is only available in English so far.

- **Potential acquisition target:** With B2B social CRM set to grow faster than business-to-consumer (B2C), and a limited number of proven sales-focused social CRM vendors, the likelihood of acquisition is high during the next two to three years.

Attensity

Attensity remains a Visionary in this year's social CRM Magic Quadrant, as it continues to outpace its customer service and marketing-focused engagement competitors in the area of analytics.

**Strengths**

- **Analytics expertise:** Attensity is one of the strongest social analytics players in the social CRM Magic Quadrant with proven abilities in text analytics, NLP, semantic understanding, pattern recognition, and data filtering and cleansing. Attensity's semantic understanding spans 32 languages.
Customer service value proposition: Attensity’s near-real-time social analytics are ideal for customer service processes. Support for case management; the addition of complementary communication channels, including email (from another product line) and chat (due in 2013); and the ability to monitor agent’s social dialogues to ensure compliance further broadens its customer service value proposition.

Integration capabilities: Attensity integrates directly with CRM systems, such as Oracle Siebel, SAP, salesforce.com and Microsoft CRM. Attensity is in the early stages of expanding this list to include domain specialists outside of customer service.

Cautions

Social sales functionality: While we view Attensity as a social CRM Visionary, it is not optimized for clients looking for a social commerce solution, because there is no peer-to-peer community or product review functionality. In addition, it does not act as the core CRM customer record, limiting future capabilities.

Market penetration: Although Attensity tends to focus on large accounts, the vendor currently has only approximately 150 customers, of which just 25% are non-English speaking. As the market begins to look to vendors with a broader customer interaction footprint, Attensity will find things more challenging, focusing on a narrow, but best-of-breed strategy.

Market awareness: Relative to its closest competitors (such as Radian6), there is a general lack of awareness in the marketplace. This is accentuated by the size and global reach of the company’s marketing and professional services organizations.

Bazaarvoice

Bazaarvoice remains a Challenger in this year’s social CRM Magic Quadrant for its strong financial performance and steady expansion of social CRM use cases, both in and outside of product reviews.

Strengths

Viability: Bazaarvoice is now a public company with relatively large revenue, a large customer base and global presence. In 2011, Bazaarvoice purchased its closest product review competitor, PowerReviews, which expanded its network of retailer customers.

Social strategy: Bazaarvoice’s strategy is to dominate use cases that encompass product reviews for e-commerce and then expand into other use cases for social CRM around marketing and customer service. For instance, its community product engages customers to post questions, contribute answers and launch personal blogs, and its new Bazaarvoice Media product leverages curated reviews for use in paid media. In customer service, Bazaarvoice has now partnered with CRM vendors, such as salesforce.com, to support the identification of issues within reviews and questions, and to create a service case for resolution. To support its strategy, Bazaarvoice's partnerships have been rapidly expanding.

Social analytics development: Bazaarvoice provides structure to the vast volumes of data associated with transactions, products, ratings and individual consumer profiles. Bazaarvoice now has more advanced social analytics capability through text mining and NLP, and is showing the ability to make some “guided procedures” around what to do with the data it is monitoring.
Cautions

- **Limited breadth of social CRM use cases:** Bazaarvoice's value proposition still revolves around product reviews for e-commerce, but use cases are expanding. Bazaarvoice will need to continue to grow beyond the product reviews space, as well as in areas outside of e-commerce long term, but it does not yet have the makings of a social CRM platform without partnerships.

- **Pricing:** Pricing has been simplified, but references still consider it expensive.

- **Functional maturity:** Bazaarvoice does not have the means to extract consumer sentiment linked to its customers' products from outside its own product review and community environments.

Demand Media

Demand Media returns to the social CRM Magic Quadrant as a Niche Player fulfilling marketing, e-commerce and customer service use cases.

Strengths

- **Creative:** The Demand Media Pluck solution puts more emphasis on the branding and creative components of its community than any other vendor in this year's social CRM Magic Quadrant. As the product is primarily sold to digital marketing, branding and e-commerce professionals, this strategic approach is a very appropriate one.

- **Use Case Packaging:** Pluck has 14 distinct community applications, including blogs, reviews, comments, polls, forums, media galleries, profiles and contests, which it packages to meet clients' needs around specific use cases.

- **Flexibility:** Pluck's applications and other features are served up to existing Web pages as embeddable widgets and are operational on the Web, mobile and Facebook. What makes this unique is not only being able to serve up widgets, but also being able to introduce social elements to existing pages while reflecting a client's branding.

Cautions

- **CRM integrations:** Demand Media has made a strategic choice not to offer out-of-the-box integrations with legacy CRM vendors. Clients can use Pluck's APIs, accessible via six corporate programming language software development kits (SDKs), but Demand Media does not offer such integrations standard. As a result, clients will have to take it upon themselves to align with legacy processes and technologies, like multichannel campaign management and customer service applications.

- **Customer service and social media monitoring:** Demand Media is one of the few vendors in the social CRM Magic Quadrant that doesn't offer a social media monitoring solution. Also, while Pluck is a community solution, it is not a community solution primarily targeted at peer-to-peer support, as Gartner traditionally sees it. Pluck supports this use case, but is most frequently deployed in support of marketing and commerce initiatives — something to note when comparing community vendors.

- **Internal to external collaboration:** Demand Media’s Pluck is not a solution for organizations looking to leverage internal employee collaboration to orchestrate externally facing community activity.
Get Satisfaction

Get Satisfaction enters this year’s social CRM Magic Quadrant as a Niche Player with a history in serving small or midsize businesses (SMBs) and large enterprises with its community functionality.

Strengths

- **Brand:** Get Satisfaction is well-known in the peer-to-peer community world, and its brand focus on creativity and simplicity is said to be reflected in a perky and clean user interface (UI).
- **Pricing:** Get Satisfaction has a tiered pricing structure accommodating Web walkup users, SMBs and large enterprises, all with the opportunity for a free trial of the product before they invest.
- **Widgets:** Gartner believes in the importance of incorporating and embedding social into existing user experiences to ease the onboarding process of social for business use. For example, Get Satisfaction has the ability to easily set up and embed widgets for community, comments, reviews and Q&A.

Cautions

- **Viability:** We estimate Get Satisfaction’s revenue at $10 million, significantly smaller in scale to top community competitors, such as Lithium, Jive and Telligent — so much so that Get Satisfaction is not often seen in the same deals. Get Satisfaction will need to experience significant growth to operate independently (i.e., to not be acquired).
- **Global preparedness:** Get Satisfaction has proved itself as a community player in North America and the U.K.; however, it will need to expand into developing markets within the next 12 months to remain competitive with its larger-scale, American-based peers, as well as with emerging community vendors in Europe, Latin America and the Asia/Pacific region.
- **Noncommunity functionality:** Get Satisfaction has established itself in the community space during the past two years, and has most recently incorporated service listen-and-respond functionality, but it will need to prove its competence with this product.

Jive

Jive remains a Leader in this year’s social CRM Magic Quadrant, and continues to gain enterprise-scale customers through its broad use of social and continued substantial market visibility.

Strengths

- **Strong revenue and growth:** Jive is now a public company and continues to experience strong growth. Jive reported $78 million of deferred revenue as of December 2011. Gartner believes this is third only to salesforce.com and Bazaarvoice in terms of social CRM revenue.
- **Broadening partnerships:** Jive’s partnership program is more developed than most competitors, with big consulting and agency names (such as IBM, Capgemini, Cognizant, PwC and SapientNitro).
- **Jive’s vision:** Jive’s vision for social is strong and broad. Jive’s vision is wider than just CRM and enables it to embrace new major use cases within its existing customer base. Jive says it is making a "big shift" toward packaged solutions, as opposed to being a platform. In 1Q12, Jive launched Social Intranet, Social
Customer Service, and Social Marketing & Sales Enablement, and will build out more-specific solutions over time in those areas. The vendor also released Jive Anywhere, which contextually recognizes Web-based applications or Web pages and pulls relevant people, conversations and content from Jive, filtered via social graph analysis so that it is contextual and relevant to what you are doing. For example if you are viewing a customer opportunity in salesforce.com, then it will pull information relevant to that opportunity if it exists in Jive.

Cautions

- **Variability of depth of use case support:** Jive is somewhat fragmented in terms of use case focus — some are very strong, like peer-to-peer communities for customer service, and some are relatively weak, like social media monitoring for marketers. The vendor’s strongest focus is on internal collaboration uses, regardless of department.

- **CRM integration and global presence:** References specifically mentioned the need for improved integration with CRM, content management systems and lead automation products, as well as improved internationalization capabilities.

- **Social analytics:** Although it is already leveraging its investments in Proximal Labs in areas like Jive Find (social-graph-filtered search results) and through channels like Jive Anywhere, Jive's more-advanced uses for adaptive intelligence are a potential differentiator and will not be available until 2013.

Kana

Kana remains a Niche Player in this year’s social CRM Magic Quadrant, following its recent acquisition of Sword Ciboodle, which is primarily serving its traditional customer service audience to listen and respond with some developing use cases in marketing. Kana is owned by Accel-KKR, a technology-focused private equity firm.

Strengths

- **Customer service focus:** Kana's focus on customer service extends beyond social CRM, making its social CRM solution part of a broader customer service suite, which has its biggest strength in Web self-service. Managing all customer service interactions from this one space helps ensure a consistent cross-channel experience and visibility of customers' cross-channel activities.

- **Viability:** Gartner estimates that Kana will recognize 2012 revenue of $130 million to $150 million, following the acquisitions of Overtone, Trinicom and Sword Ciboodle. With the acquisition of Sword Ciboodle, we expect total social CRM revenue for the year to be $10 million.

- **Pre-existing user base:** Kana has an existing user base to which it can market its Social Experience. Currently, Kana’s Social Experience user base is 50 pre-existing Kana customers and 10 new customers.

Cautions

- **Limited social CRM breadth:** While Kana is able to demonstrate select examples of marketing use cases, marketers should know that Kana is primarily focused on developing its overall customer service solution, and that is where it will continue to develop its Social Experience. Kana does not currently support social sales use cases.
- **Cohesive solution:** The vendor is tasked with integrating three other products into its solution, following the acquisitions of Overtone (which we noted last year), Trinicom and Sword Ciboodle. The unified road map and how it impacts the social experience is still unclear thus far.

- **Lack of momentum:** The social CRM market is rapidly growing, evolving and consolidating. Kana has yet to entwine itself in the buzz around the space, and its social revenue and customer base are dwarfed by those of social CRM Magic Quadrant Leaders, Challengers and Visionaries. This can affect Kana’s ability to acquire new social customers.

**Lithium**

Lithium remains a Leader in the social CRM Magic Quadrant for 2012 due to the breath of its social CRM use case, continued strong growth and emphasis on measurable social CRM outcomes.

**Strengths**

- **Growth and momentum:** Lithium continued its strong growth in 2011. Gartner believes that the vendor is in the top five in terms of revenue for social CRM for this Magic Quadrant.

- **Use case breadth:** Lithium provides hosted peer-to-peer communities with advanced reputation/moderation functionality as well as support for external social networks, such as Facebook. Lithium has a wide range of use cases in customer service, marketing and sales, but recently is focusing on customer service and adding customer service workflow, such as prioritization and escalation.

- **ROI:** Lithium assigns success managers and even moderators to help clients establish goals and extend and measure success factors for community-positive business outcomes. Lithium offers ROI models for clients, and benchmarks have been written into contracts and tied to renewals.

**Cautions**

- **Limited prescriptive actions:** Lithium’s analytics identify, report and alert influencers, but do not suggest prescriptive actions to take when things change, such as when a superfan drops in engagement level.

- **Marketing integration:** Lithium should continue to strengthen marketing use case vision within and outside of Facebook, including integration with marketing applications such as multichannel campaign management.

- **Social sales and product review use cases:** Evidence for these use cases are limited.

**Oracle**

Oracle, a Challenger in this social CRM Magic Quadrant, has launched an aggressive acquisition program in 2012 to catch up in the world of social media and social CRM. The overall product strategy includes internal R&D, leveraging Oracle Fusion Middleware, including Oracle Social Network and Oracle Fusion CRM, as well as acquired assets, such as RightNow Technologies, Collective Intellect, Vitruce and Involver. Oracle has put in place the beginnings of an integrated development team and an integrated product marketing team to integrate the products and keep defining the vision. We expect that during the next 15 months Oracle will extend its sales, marketing and professional services capabilities, as well as unify various assets through Oracle Fusion Middleware.
Strengths

- Oracle’s social relationship management platform will have good appeal to the Oracle installed base seeking to consolidate social media applications around fewer vendors.
- Given proper execution around the evolving vision, the combination of products of the acquired companies (RightNow Technologies, Vitru, Collective Intellect and Involver) could put Oracle in a position to assemble a well-rounded social CRM suite.
- The enormous size and distribution of the Oracle installed base of customers gives the vendor unparalleled access to prospects for the product.

Cautions

- The assembled pieces of the Oracle social CRM management platform (Social Relationship Management Suite) are not yet tightly integrated out of the box in Oracle Cloud. The result is a good direction for the vendor and a potential challenge for Oracle customers that need to decide between superior stand-alone, best-of-breed social media tools versus the benefits of purchasing from a single provider.
- From an IT perspective, Gartner believes that the market has not had time to understand the value of the combination of Oracle’s existing CRM business applications and the newly acquired social CRM applications and their impact on resource planning or application planning.
- Oracle will gradually mature a global team of professional services experts to assist with social CRM needs. During the next 18 months, clients are advised to seek out references that have engaged Oracle professional services in deployments similar to their own.

QuestBack

QuestBack is a Niche Player in this social CRM Magic Quadrant, and is a rapidly growing European company with a heritage in surveying and enterprise feedback management. Its social vision centers around enabling personalized social engagement.

Strengths

- Personalized social engagement: QuestBack provides a combination of social media monitoring and community features designed to facilitate social engagement, customer understanding and ongoing communication for a variety of use cases that range from peer-to-peer support to campaign testing to co-creation to general market research.
- Global momentum: QuestBack has numerous offices across Europe, a growing direct presence in America and various new reseller partnerships within the Asia/Pacific region. The vendor generated more than $48 million in 2011 and forecasts 20% growth in 2012. Of this, $10 million is from social CRM use cases.
- CRM integration: QuestBack’s established Enterprise Feedback Management solution provides out-of-the-box integration to several leading CRM systems and other operational platforms, to ensure the optimal delivery of personalized, event-driven surveys. This built-in ability now ensures that each customer receives a personalized social experience.
Cautions

- **Social CRM suite completeness:** QuestBack has no traction within social sales/e-commerce and, not being a CRM vendor, lacks core customer process functionality.

- **Long-term independence:** The venture capital investor behind QuestBack has an aggressive growth strategy, which has included the recent acquisition of various complementary vendors, most recently Globalpark. At some point (potentially within the next three years), this investment will need to be recouped through the profitable sale of this aggressively growing company.

- **Social analytics:** Although improvements are cited on the company’s development road map and the open API allows for use of third-party analysis tools, the current solution lacks its own advanced social analytics capabilities, such as sentiment analysis (beyond keywords), predictive/trending analysis and text mining.

**salesforce.com**

Salesforce.com remains a Leader in this year’s social CRM Magic Quadrant by continuing to place big bets with aggressive acquisitions and a push to unlock more use cases for social CRM.

Strengths

- **Growth and momentum:** Gartner believes salesforce.com has the second largest amount of social revenue in this year’s Magic Quadrant. Its acquisitions will likely make it the lead vendor in terms of revenue within the next 12 months, as its sales force organization ramps up with cross-selling.

- **Vision:** Salesforce.com demonstrates a strong vision for social. Calling it “social enterprise,” the salesforce.com vision is broader than CRM (but inclusive of it), and covers areas like human capital management as well as internal collaboration for the workforce.

- **Multiple use case** Salesforce.com has the broadest number of social CRM use cases (idea management, brand and reputation monitoring, social campaigns, service listen and respond, social sales collaboration, etc.) that we’ve seen in this market, although they are not of equal depth. Continued Chatter development efforts are focused on adding depth and filling gaps.

Cautions

- **Integration work:** Aggressive acquisitions also mean creating a coherent whole from the many different social starting points (Jigsaw, Buddy, Chatter, Radian6, Heroku, etc.).

- **Hosted community management:** Salesforce.com does not yet have its own platform for managing communities. This is something the vendor will need if it seeks to build out a more complete offering.

- **Analytics depth:** Salesforce.com needs to add more-advanced forms of social analytics that Radian6 is missing. At the moment, the vendor relies on an array of partners to fill this gap. Other vendors, such as Attensity, NetBase, Collective Intellect and Jive, are already offering advanced forms of social analytics, or are starting to offer them.
Telligent

Telligent remains a Visionary in the social CRM Magic Quadrant, with use cases spanning marketing, customer service and employee-facing social engagement.

Strengths

- **Functionality:** Telligent has advanced community capabilities directed at externally facing audiences and social CRM (Telligent Community 7.0), and at workforce implementations (Telligent Enterprise 4.0). In addition, Telligent has a broad range of capabilities for document sharing, rich editing and full email integration, and seven types of user profiles with reputation scores. Recent enhancements include richer content management through an OEM agreement with Sitecore, deeper SharePoint integration, improved analytics (both for historical and near-real-time reporting) and information filtering.

- **Flexibility:** Aside from winning via strength in partnerships, which we documented last year, Telligent wins deals on its flexibility in hosting and integrations. Telligent offers its solutions on-premises, in private cloud and public cloud, and both single and multitenant-hosted. Telligent is also flexible on pricing, offering both subscription-based and perpetual license options.

- **Viability:** Gartner estimates that Telligent grew its sales to $22 million overall in 2011.

Cautions

- **Analytics:** Clients have mentioned that Telligent Analytics 3.x can be a bit buggy, which is problematic in an environment where analysis and insights are king.

- **Focus:** Telligent is really good at several use cases, giving it functional breadth, but we have yet to see that the market considers it best at any one use case, although communities are the closest bet.

- **Acquisition target:** While Telligent continues to grow by double digits year over year, it is still sized below $50 million, a target we believe it needs to reach to survive independently. Telligent continues to prove its strength in the community marketplace, but its reliance on integrations and its smaller scale, along with the continued consolidation of the social CRM market, will likely continue into the social customer service space, making peer-to-peer community support vendors such as Telligent an acquisition target.

Visible Technologies

Visible Technologies reappears on this year’s social CRM Magic Quadrant as a Niche Player serving both marketing and customer service departments with response and analytics capabilities.

Strengths

- **Consumable analysis:** Visible Technologies is able to present social network analysis, employee efficiency metrics and outside system analysis in a visual and consumable dashboard using VIQ. This increases the ability of employees who are not traditional market researchers to extract insight from the data.

- **Intuitive interface:** An effort has been made to make the vendor’s interface similar in appearance to popular free engagement tools, making the learning curve less steep for less mature social CRM adopters, such as general business users.
**Doubled size:** Visible Technologies' acquisition of social analytics vendor Cymfony has led the company to double in size during the past year.

**Cautions**

- **Pricing:** Clients have told Gartner that Visible Technologies is expensive, compared with competitors in the social media monitoring and engagement space.
- **Lack of social CRM breadth:** The vendor does not offer solutions for sales and e-commerce at this time. Its offering is a social media marketing or customer service monitoring, engagement and analysis solution — not a community offering.
- **CRM integrations:** Visible Technologies has developed an integration for Oracle Siebel, but it has not yet been deployed and there are no other CRM integrations planned as out-of-the-box offerings.

**Vendors Added or Dropped**

We review and adjust our inclusion criteria for Magic Quadrants and MarketScopes as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant or MarketScope may change over time. A vendor appearing in a Magic Quadrant or MarketScope one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. This may be a reflection of a change in the market and, therefore, changed evaluation criteria, or a change of focus by a vendor.

**Added**

The following vendors were added to the 2012 social CRM Magic Quadrant because they met at least the minimum criteria for inclusion:

- Oracle
- Artesian
- QuestBack

Several vendors, like NetBase, were not included this year because they could not meet the minimum requirements (such as revenue), but they are still notable and will likely appear in the next year or two, due to their unique strengths. They will also be tracked and mentioned in our social CRM vendor guide. Future social CRM Magic Quadrants are also likely to see more large, traditional vendors (such as Adobe, Cisco, IBM and SAS) added.

**Dropped**

The following vendors were dropped from the 2012 social CRM Magic Quadrant, because they did not meet the minimum requirements for inclusion:

- Alterian
- Converseon
In addition, PowerReviews was bought by Bazaarvoice, Globalpark was bought by QuestBack, RightNow Technologies was bought by Oracle and Cymfony was bought by Visible Technologies.

Inclusion and Exclusion Criteria

To be included in the social CRM Magic Quadrant, the social CRM application vendor must meet the following minimum requirements. Our cutoff date for new information was 11 July 2012:

- The primary use and marketing of the application must be in at least two out of the three areas of CRM: sales, marketing and customer service support. This includes users and/or customers, prospects, and partners of the organization.
- Vendors must demonstrate use in at least four out of the 12 examples documented in "Social CRM: Top Use Cases and Benefits for 2012."
- The vendor must have at least five client references from 2011 that Gartner can speak with that are in live production use of the product(s) in multiple areas.
- The vendor must have had a 20% revenue growth rate or higher in 2011.
- The vendor must have appeared on at least 20% of Gartner client shortlists for social CRM evaluations in the past 12 months.
- Functionality should include capabilities that assist marketing, salespeople or customer service departments, including (but not limited to):
  - Social monitoring and social analytics
  - Tools to foster peer-to-peer customer communities
  - Functionality for fostering customer interaction via social networks
  - Integration with traditional, operational CRM applications, such as multichannel campaign management, a customer service knowledgebase or a sales lead application

Evaluation Criteria

Ability to Execute

Product/Service: The functions we look for include social network analysis, wiki spreadsheets, social tagging, social bookmarking, social search, general analytics, expertise location, group formation based on common
interests, content and people ratings, alerting mechanism, and people and content recommendations. Also, as part of the overall score, we take into account the maturity of the product (the number of versions released and how long it has been available) and any evidence of large-scale deployments.

**Overall Viability (Business Unit, Financial, Strategy, Organization):** Key aspects of this criterion are the vendor's financial health (including funding — who is investing in and backing its activities), profitability, overall size of the collaboration and social software business (in particular, dedicated employee numbers), and the degree to which the vendor is committed to this part of its business.

**Sales Execution/Pricing:** The vendor must sell to large enterprises, have transparent pricing and a straightforward sales process, show consistent revenue growth during the past 12 to 24 months, and have an opportunity to convert existing customers to products with new or additional capabilities.

**Market Responsiveness and Track Record:** A vendor must be able to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. We look for evidence of this agility in the history of the product (for example, acquisitions, development and updates) and in the actions and comments of the product management team.

**Marketing Execution:** We look for evidence of mind share, thought leadership and brand recognition, and for any specific marketing initiatives (for example, white papers, events and microsites) that may have helped to promote the vendor. Senior executives must actively participate in ongoing online conversations via their blogs or comments. We also take into account the size of the marketing organization. In this research, marketing strategy and marketing execution scores were combined into a single criterion (marketing execution) for all vendors.

**Customer Experience:** We look for customer feedback from vendor-supplied references, Gartner inquiries and other customer-facing interactions, such as Gartner conferences. Customer experiences are rated based on the vendor's ability to help customers achieve positive business value, as well as sustained user adoption, quality implementations and ongoing support. We also take into account the percentage of users still under maintenance, the mix of customers (large, as well as smaller, enterprises), overall customer numbers and evidence of outstanding customer successes.
Table 1. Ability to Execute Evaluation Criteria

<table>
<thead>
<tr>
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<tr>
<td>Product/Service</td>
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<tr>
<td>Overall Viability (Business Unit, Financial, Strategy, Organization)</td>
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<td>Sales Execution/Pricing</td>
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<tr>
<td>Market Responsiveness and Track Record</td>
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<td>Marketing Execution</td>
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<td>Customer Experience</td>
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</tr>
<tr>
<td>Operations</td>
<td>no rating</td>
</tr>
</tbody>
</table>
**Vertical/Industry Strategy:** The vendor should emphasize industry-specific solutions and display industry expertise.

**Innovation:** The vendor must invest in R&D to develop its tools and demonstrate creative energy, such as by:

- A commitment to new browser-based client technologies, browser-based rich authoring, Web-native formats and any work on microformats
- Adoption not just of a service-oriented architecture, but also one with a strong Web-oriented architecture
- Offline support
- Movement toward full access to internal data via REST interfaces and XML data streams
- Social network analysis
- Participation metrics and analysis
- Activity tracking
- Adaptive people and content recommendations

**Geographic Strategy:** The vendor’s strategy must lead it to direct resources, skills and offerings to meet the specific needs of regions outside the corporate headquarters location, directly or through partners, channels and subsidiaries, as appropriate for that geography and market.

**Table 2. Completeness of Vision Evaluation Criteria**

<table>
<thead>
<tr>
<th>Evaluation Criteria</th>
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<td>Geographic Strategy</td>
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Source: Gartner (September 2012)
Quadrant Descriptions

Leaders
Leaders in the social CRM Magic Quadrant will exhibit two characteristics. First, their software must benefit both company and community. Leaders show benefits to enterprises by demonstrating ROI and supporting key performance indicators (KPIs), and Leaders' software convinces users that they will get something valuable by participating in a conversation or community. Second, Leaders' offerings demonstrate support for multiple CRM processes, and have substantial revenue coming specifically from their social CRM offerings.

Challengers
Challengers are vendors that offer solutions that are poised to move into a leadership position, but have not yet done so. They have strong products, as well as the market position and resources to become Leaders, but may not have the same functional breadth, marketing strategy or rate of innovation as those in the Visionaries quadrant. Challengers have an established presence, credibility and viability, and once their products become good enough, they will likely cross-sell to their customer base to leapfrog others into the Leaders quadrant at some point in the future.

Visionaries
Visionaries demonstrate a strong understanding of current and future market trends and directions, such as the importance of a flexible and transparent collaboration environment, as well as the value of mutual reinforcement between tools that encourage user contribution and tools that encourage bottom-up group and structure formation. Their products and product road maps exhibit innovation, especially in architecture and lightweight integration. The Visionaries in this market have not exhibited the scope of delivery of the Challengers, but have demonstrated vision across a range of capabilities.

Niche Players
Niche Players provide useful, focused technology; understand changing market dynamics; and are working toward evolving their product capabilities. However, some can be held back by narrow functions, limited product road maps or a lack of an innovative growth strategy. Many of the smaller vendors may enjoy success relative to their size, but need to grow and establish their positions before their competitive differentiation erodes in 2012.

Context
Hype around social applications by sales, marketing and customer service departments has exploded during the past two years as companies implemented social applications mostly as experiments or for tactical purposes. Actual use cases are still diverse, narrow in scope and unevenly diffused across companies, with experimentation that, most times, forgoes measuring business benefits. Most vendors remain relatively small and unprofitable. Successful social CRM vendors will provide clear benefits for companies and communities, with multiple use cases for sales, marketing and customer service processes.
Market Overview

Three years ago, Gartner put together a social CRM Magic Quadrant. This was to reflect the high proportion of social use cases in marketing, customer service and sales, and was in response to demand by Gartner clients. At the time, there were a set of approaches to the social CRM market in areas such as social media monitoring, peer-to-peer community, social campaigns, enterprise feedback management systems and product reviews. We expected a rapid series of mergers and a set of social CRM applications to emerge that would support multiple social CRM use cases, and then, in following years, the acquisition of social CRM applications by more-traditional CRM vendors. During the subsequent two years, this did not happen; rather, the fragmented nature of the various social CRM tools remained and Gartner’s social CRM Magic Quadrant seemed to wait in anticipation of consolidation in comparison with more mature markets.

However, in the past 18 months, the anticipated mergers and acquisitions have indeed accelerated:

- Salesforce.com-Radian6 (in March 2011; see "Salesforce.com to Buy Radian6 to Expand its Capabilities in Social CRM" [Note: This document has been archived; some of its content may not reflect current conditions.])
- Oracle-RightNow Technologies (see "Oracle to Acquire RightNow Technologies, Boost Cloud Portfolio" [Note: This document has been archived; some of its content may not reflect current conditions.])
- Visible Technologies-Cymfony
- Oracle-Vitrue (see "Oracle Agrees to Buy Vitrue to Expand Capabilities in Social CRM")
- Salesforce.com-Buddy Media (see "Buddy Media Deal Will Help Salesforce.com Focus Its Marketing Cloud Offerings")
- Bazaarvoice-PowerReviews (see "PowerReviews Buy Sets Up Bazaarvoice for Social CRM Market Expansion")
- Oracle-Collective Intellect (see "Oracle Steps Into Social Analytics With Collective Intellect Deal")
- Oracle-Involver (see "Involver Deal Will Extend Oracle’s Social Strategy to Developers")
- Telligent-Leverage Software
- QuestBack-Globalpark (see "QuestBack Acquires Globalpark to Strengthen European EFM Leadership")

We anticipate that there will be more merger and acquisition activity, and we expect our original expectations regarding the evolution of this market will be realized, albeit two years delayed.

In this year’s Magic Quadrant, we have raised the bar for inclusion. We have retained the $10 million revenue requirement, because there are many hundreds of vendors with poor evidence of viability (see "Consider Viability When Evaluating Social Monitoring Vendors"), but we specified the need to demonstrate support for four or more social CRM use cases (see "Social CRM: Top Use Cases and Benefits for 2012"). This has meant that vendors that solely focus on social media monitoring (such as NM Incite), ideation (such as Spigit) or social intelligence (such as IBM Coremetrics) have been excluded. This does not mean that these vendors should be excluded from
evaluation if only a social media monitoring application, an ideation application or a social intelligence tool is being sought (see "The Concise Social CRM Vendor Guide, 2012").

The purpose of this Magic Quadrant is to highlight vendors that have sufficient financial muscle to survive this dynamic market and the ability to support enough use cases that their products can be used successfully by businesses without the need to purchase 20 different technologies.

### Evaluation Criteria Definitions

**Ability to Execute**

**Product/Service:** Core goods and services offered by the vendor that compete in/serve the defined market. This includes current product/service capabilities, quality, feature sets and skills, whether offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria.

**Overall Viability (Business Unit, Financial, Strategy, Organization):** Viability includes an assessment of the overall organization’s financial health, the financial and practical success of the business unit, and the likelihood that the individual business unit will continue investing in the product, will continue offering the product and will advance the state of the art within the organization’s portfolio of products.

**Sales Execution/Pricing:** The vendor’s capabilities in all pre-sales activities and the structure that supports them. This includes deal management, pricing and negotiation, pre-sales support and the overall effectiveness of the sales channel.

**Market Responsiveness and Track Record:** Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor’s history of responsiveness.

**Marketing Execution:** The clarity, quality, creativity and efficacy of programs designed to deliver the organization’s message to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the minds of buyers. This "mind share" can be driven by a combination of publicity, promotional initiatives, thought leadership, word-of-mouth and sales activities.

**Customer Experience:** Relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, service-level agreements and so on.

**Operations:** The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure, including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.
Completeness of Vision

**Market Understanding:** Ability of the vendor to understand buyers’ wants and needs and to translate those into products and services. Vendors that show the highest degree of vision listen to and understand buyers’ wants and needs, and can shape or enhance those with their added vision.

**Marketing Strategy:** A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the website, advertising, customer programs and positioning statements.

**Sales Strategy:** The strategy for selling products that uses the appropriate network of direct and indirect sales, marketing, service and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

**Offering (Product) Strategy:** The vendor’s approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature sets as they map to current and future requirements.

**Business Model:** The soundness and logic of the vendor’s underlying business proposition.

**Vertical/Industry Strategy:** The vendor’s strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including vertical markets.

**Innovation:** Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.

**Geographic Strategy:** The vendor’s strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the “home” or native geography, either directly or through partners, channels and subsidiaries as appropriate for that geography and market.