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5 Steps for Switching Hosted CRM Vendors

Understanding your motives, your contracts and your options is critical to a hassle-free move.

By **Pam Baker** on **February 13, 2007**

Changing **hosted CRM** vendors is a trickier business than most companies realize. "Those companies looking to swap vendors are finding it hard to do," said William Band, vice president of CRM applications at Forrester Research Inc. "Small print in contracts and data transfer are just two of the obstacles companies run into."

Given that **hosted CRM** service is relatively new, Band says that few companies are planning to switch **vendors** any time soon. Even so, there are some companies out there trying to make a change in light of an expanding field of **vendor choices** and to rectify mistakes they made in choosing a vendor the first time around. While these companies have stumbled over some serious obstacles, they have also provided a road map of sorts for those that follow. Here are five things clients and vendors say that a company most needs to do before making the leap.

1. Know Thyself

"Ask yourself, 'Will this really solve my problem or just replace my old problems with new ones?'" advised Bret Weinraub, founder of Ckuru LLC, an integrator in Golden, Colo.

Examine your reasons for making a change closely — not only to determine whether a change will really make a difference to your company, but also to help you identify what you are looking for in a new vendor.

"I switched myself some years ago from one on-demand provider to the other, and before that from a client/server platform," said Frans Coenen, founder and owner of Win Result SL, a solution provider headquartered in Barcelona, Spain. "My advice is to first determine why you want to switch. In most cases it's a money issue. But there are more costs to consider than just the initial price tag."

2. Read the Fine Print

"Read your existing contract very closely. Some vendors make it exceedingly difficult to leave them or even to turn the service off," warned Band.

If your existing contract does not pose this problem, a new contract might. So take a hard look at contract language before you sign on the dotted line. Often, vendors obfuscate true costs by charging for disk space, backups, additional functionality and much more. Keep asking until you get all the answers in detail.

"Not everyone is skilled at negotiating with a vendor, and that can be costly getting out of or into a licensing agreement," said Band.

Additionally, beware of assumptions, added Band. "Don't assume you can easily move your business later to another vendor or to a different product by the same vendor. [Oracle Corp.'s] Siebel On-Premise and Siebel OnDemand, for example, are related but not identical products, and there is no easy path to change between them. SAP, on the other hand, offers completely compatible on-premise and on-demand products. Don't assume, look into it," he said.

3. Know Your Options

The fanfare surrounding any new vendor is exciting and enticing — but it's also biased. Sort out which hosted CRM solution is right for you, so that you don't switch and find that your company still doesn't have the features it needs.

Make sure that the **selected vendor** provides the necessary flexibility to run your business. Is the vendor multitenant or multi-instance? Does the vendor provide **database** access? Is there access to the application source? Are there defined APIs (application programming interfaces)? What are the interfaces, and do they ease or add to your workload? The flexibility for customizations can vary greatly from one vendor to the next, so make sure that you fully understand the details.

Be sure to examine the future strategy and **SLA (service level agreement)** of the new company and review the practicalities or issues of importing current data and old archives.

Keep in mind the impact any transition may have on your sales pipeline and training of staff. And finally, do limited trials before you commit.

4. Expect the Unexpected

"Leave the old site up during burn in. Guaranteed, somebody's got something buried in there that they've forgotten about," warned Weinraub.

There are tons of details waiting to foul things up that are difficult to think of when you start the changeover process.

"Prepare yourself for the sound of breaking glass. You'll take a beating for awhile after going live with the new system ... plan for it," advised Weinraub.

5. Protect the Data Transfer

"You need to figure out exactly how to **transfer your data**," said Band. "It's a technical challenge since the data is usually stored in the vendor environment."

"It is very important to find out if you can export the data from your current vendor in a format the new vendor can import. Can you keep the links between the contact, the companies, the opportunities or any other type of information? Or will you have to manually reassociate those elements?" stated Adrien O'Leary, business-development manager at INES SAS.

Make sure that you have **help onboard** to address these and other issues as they pop up.

"Find someone you can trust who can drive the effort. No tool in the world can replace the detail-oriented technician who can analyze the intent of your customizations in the source system and translate those into the destination. This could include data, code or both," added Weinraub.

"Test it before you release the dogs. Oh, yeah — and test it again," he quipped.

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