

Premise vs. Cloud CRM: Which is Right for you?

With all the recent attention on Cloud on-demand, or software-as-a-service (SaaS) CRM solutions, it might seem like this is the future of software. On the surface, it sounds attractive. The CRM vendor houses the application and your data, and your employees access it via the Web.

With on-premise software, you install the application on your own servers and desktops, maintaining and controlling it in-house. As such, you retain your data on site and users access it via client-server or the Web.

Though many are jumping on the on-demand bandwagon, many are also jumping off. Churn rates for on-demand are as high as 30 percent while renewal rates with on-premise software fall in the 80 percent range. There must be a reason an increasing number of organizations that tried on-demand applications have returned to an on-premise solution. In fact, we can think of 10:

#1: An on-demand solution will cost more in the long term.

At first look, an on-demand solution may seem more cost effective, especially without on-site implementation. However, over the long run, the costs of on-demand solutions can add up to a higher total cost of ownership.

That's particularly true with some of the more popular on-demand solutions today, with high per-user costs that customers get locked into for the duration of the contract term. Plus, there are hidden expenses in attempting to integrate on-demand solutions with other applications. In fact, although some users of one of the leading on-demand solutions have achieved ROI, it's a longer payback period, and one-third would consider moving to another solution with better functionality or a lower price.

GoldMine® software typically pays for itself in eight to 12 months.

#2: You're locked in.

On-demand solutions typically require you to sign a contract in one-year increments. Then, if you choose to switch to another solution, it's a complex and costly process to get your own data back. And once you're locked in, there can be unexpected expenses for customization, integration and storage. Customers often start with one module, but realize they need the professional module instead of the basic.

With GoldMine, you buy the software once, get the full feature set and own your data. You also pay one upfront cost, then lower annual renewals, giving you greater flexibility.

#3: On-demand doesn't always play well with others.

Chances are, you will want to integrate your CRM application with other solutions, such as databases, quoting and accounting. On-demand solutions do not have a reputation for simple integration with other business-critical systems. Customers often need to purchase additional middleware, or invest in extensive coding, to integrate their on-demand CRM with other solutions – increasing the payback period.

GoldMine has an open architecture that allows you to easily link to or view other systems.

#4: You can't easily customize your own CRM.

It's critical that your CRM solution fits your specific workflow and business needs. However, on-demand solutions typically cannot be configured easily out of the box and as your needs change.

GoldMine, as an on-premise solution, allows you to customize your own fields and accomplish other customizations much more easily.

#5: Implementation is only a few days faster than on-premise.

On-demand solutions tout rapid ramp-up, without onsite implementation time. In reality, you still have to enter your data, requiring at least a few days.

GoldMine implementation time averages about 10 days – a relatively short amount of time for a business-critical application that will be in place for years. And while you may be able to use your on-demand CRM a few days sooner, you're likely to be hit with more ongoing costs than with GoldMine.

#6: Your data is held hostage.

By the nature of on-demand applications, the vendor stores your contact data. When the day comes that you want to migrate to another solution, your vendor may not readily give up your data, or might deliver it in a format that requires considerable manipulation.

With GoldMine, you have the peace of mind that you control your own data.

“One of our clients implemented a leading on-demand CRM application; however, the company soon discovered that the costly solution lacked critical capabilities for its needs. The complex structure and interface lengthened call times and the application did not integrate easily with the company's Oracle database – all for high monthly subscription fees. The company moved to GoldMine to manage the full lifecycle of customer relationships. Customer service and credit staff input data faster than before, and the flexible application is customizable and easily integrated with Oracle. This increased functionality comes at one quarter the cost of the on-demand application. In three years, the company will save over 86% or approximately \$150,000 over previous the solution, and expects the software, implementation and training to pay for itself in less than one year.”

— Damian Schwarz, CEO, ACW Solutions

#7: You may be missing key automation.

World-class sales and support organizations have best practices built into and automated in their CRM applications. Some on-demand applications lack this critical functionality, forcing users to modify dropdown menus as they complete steps. The result: process gaps and bottlenecks.

GoldMine offers powerful, built-in automation for marketing, sales, and customer relations.

#8: Data accuracy and quality may be compromised.

It's important that your organization controls the information that end users enter in the CRM system to support marketing, sales, communications and reporting. Leading on-demand applications have limited controls over the accuracy and quality of the information that sales representatives can enter into the system.

With GoldMine, you have complete control over the fields on the interface and which fields are "required" for data input, ensuring that users enter the data you need.

#9: Cumbersome interfaces may require more training and slow users down.

Gaining employee buy-in to a new CRM system depends on an easy user experience. However, some leading on-demand applications are not known for their simple interfaces, creating end-user resistance. Users may be forced to scroll and toggle back and forth between screens, taking multiple clicks to find or enter the information they need.

With GoldMine, users access all information from fields and tabs on a single screen.

#10: You're at the mercy of the vendor's own reliability issues and disaster recovery decisions.

Employees touch your CRM application every minute of every day, making uptime essential. On-demand applications have been known to go down, which means your data and information are completely inaccessible and your employees unproductive. It's also critical to understand the on-demand vendor's disaster recovery strategy. Is your data safeguarded from attacks or disasters?

As an on-premise solution, GoldMine doesn't leave you at the mercy of an external application that may go down, and leaves you in control of your disaster recovery/backup.

So, while an on-demand solution may offer a slightly faster ramp-up, it ultimately increases costs and reduces the long-term benefits of CRM. GoldMine partners can help ease implementation and any customizations to give you the CRM solution you need and own yourself – at a fraction of the cost of an on-demand solution.

About GoldMine

GoldMine is a leading provider of mobile relationship management solutions designed for small businesses. With over 1 million users managing over 1 billion relationships, the GoldMine CRM application is one of the most widely used relationship management technologies in the world.

The GoldMine solution enables organizations to build enduring relationships which enhances business performance through the improvement of employee productivity, customer and partner loyalty and better management of the entire business ecosystem. GoldMine is a division of FrontRange Solutions and is headquartered in Pleasanton, Calif.

To learn more about GoldMine CRM small business software for contact management and customer management, visit us at www.goldmine.com or call:

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