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Salesforce.com Buys Radian6: Meet CRM 3.0

– David Taber, CIO

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CRM systems have a long heritage of contact management and call center interaction tracking. The big CRM systems captured lots of dry data about contacts, demographics, purchases, and call history. CRM 1.0 provided a mostly parametric profile of the prospect and customer.

In the last few years, CRM systems' databases have become much richer, as they may now hold Web visit and download sequences, email blast histories, and the vertical marketing campaigns from Marketing Automation systems. They may also include chat histories and email exchanges related to customer service cases. They should include both marketing and customer service survey responses. They may even include transcriptions of voicemails. CRM 2.0, which really started to take hold about 3 years ago, added the behavioral profile of the target to the parametric profile that was already in the system. When done correctly, a CRM 2.0 system lets you understand a lot more about your customers and prospects as individuals, and begin to model and predict their behavior.

Of course, the technology and sales promises get ahead of operational reality. Most CRM shops are just now getting the know-how and internal processes to leverage CRM 2.0. Guess what: the CRM vendors have been working on the next generation — social CRM.

Social CRM systems work with prospects as members of groups / tribes / communities of interest, rather than just as individuals. The sales rep gets a new way to understand and reach out to the best prospects. The Marketing folks get an actionable way to identify and work market segments. The customer support people get a new way to harness and manage customer feedback. Welcome to touchy-feely CRM.

[Integrating Social Media Is Hard to Do](#)

Several vendors have taken up the mantle of Social CRM, even if you don't think of the vendor as having been in the CRM category. A whole new generation of vendors started up in the social media monitoring and measurement categories, from providers of community infrastructure (think Lithium or Telligent), to social media monitoring (a couple of dozen companies like SocialRadar, BazaarVoice, BuzzLogic, or Radian6), to reputation management (think Reputation Defender). All these products have been innovating in new ways, but they did not focus on providing traditional CRM features.

CRM 3.0 Heats Up

Salesforce.com has been beating the drums really loud about Chatter, their initial foray into Social CRM. Chatter has several use-cases, but in almost all situations its main users are your employees. Chatter is about collaboration and problem solving (get the sale, solve the case, etc.) Customers and partners can certainly join in the fun, but the conversations in Chatter are about your company and its pursuits. If Chatter is Twitter for the Enterprise, its ecosystem doesn't really include random prospects

in the marketplace.

This week's acquisition announcement of Radian6 adds a completely different dimension to salesforce's Social CRM story. Radian6 has been focused on monitoring and managing the conversations "out in the wild" of the blogosphere, Twitterverse, Facebook, and other online media. These data are extremely valuable for the very beginning of the pipeline (measuring and improving awareness and attitudes about your company) and after the end of it (gauging customer happiness and referencibility). Radian6 gives Salesforce outward-facing Social Media functionality.

While it will be a daunting technical challenge to integrate the objects of social media (which tend to be represented as networks and hierarchies with many-many relations) with those of traditional CRM (which tend to look a lot more like relational tables with object overlays), every CRM 3.0 vendor will face that challenge.

In terms of M&A mechanics, this deal is different from what Salesforce has done in the past. Most of their previous acquisitions were of early-stage technology companies with smallish deal sizes. This one is much larger, acquiring an established player using some CRM stock as currency to boost the valuation. It's also geographically farther afield than most of Salesforce.com's previous acquisitions, with Radian 6 headquarters in eastern Canada. The integration will be technologically deeper than what Salesforce has done before, as Radian6 has its own platform and APIs.

What it all Means to You

As I've written [before](#), the footprint of CRM systems is expanding to include bits of marketing automation, order management, and other adjacent systems. Several CRM vendors are expanding into the social media side of CRM as well, which means that the system features will get more ambitious and their database sizes will grow dramatically. More than ever, integration and extension of the core CRM will be a critical success factor.

Will this actually make for better business results? Only time will tell. But one thing's for sure: your marketing and PR teams will need to become much better versed in CRM and customer analytics now that CRM 3.0 is on the way.

David Taber is the author of the new Prentice Hall book, "[Salesforce.com Secrets of Success](#)" and is the CEO of [SalesLogistix](#), a certified Salesforce.com consultancy focused on business process improvement through use of CRM systems. SalesLogistix clients are in North America, Europe, Israel, and India, and David has over 25 years experience in high tech, including 10 years at the VP level or above.

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