
Executive Survey

The Indian CRM Market

An Icicle Report
September 2001



An Icycle Report

Executive Survey: The Indian CRM Market

September 2001

By **Sandeep Mittal**

With

Amit Sharma

Praveen Wicliff

For feedback and clarifications:

sandeep@icycleconsultancy.com

Published by

Icycle Consultancy
Row House #2, Customs Colony
Military Road, Marol
Andheri (E), Mumbai – 400059
INDIA

Tel. +91 22 8501145

Email:
research@icycleconsultancy.com

Website:
<http://www.icycleconsultancy.com>

This report can be downloaded for use at the Icycle Consultancy website. If you wish to be mailed a copy, please send in your request to :
research@icycleconsultancy.com

© 2001, Icycle Consultancy All rights reserved. Information published in this report is based on responses to a questionnaire. Inferences and opinions are on the basis of available information at the time and are subject to change.

Research Scope

This report is an Executive Survey of about 70 CRM Consultants, Users, and Vendors involved with CRM practices and technology in India. The report is restricted to the Indian market, and the purpose is to give an overview of the market before investigating different aspects in further depth in subsequent research programs.

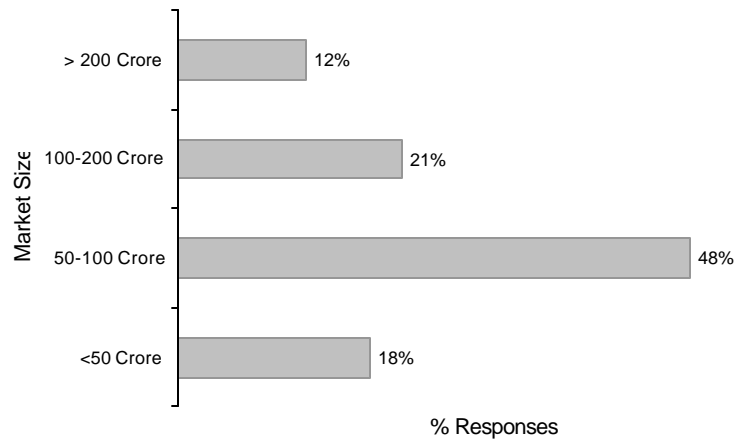
1. **The CRM Market Size...** page 3
 - The Market can be sized at Rs. 50-100 Crores
 - Outsourced CRM Services forms the largest segment
 2. **Market Prospects...** page 6
 - Buyers are either low-awareness or unconvinced
 - The market shall show slower than expected growth
 3. **Drivers and Inhibitors...** page 8
 - Need for improved customer service shall drive service-oriented industry sectors to adopt CRM
 - High cost and poor customer-orientation hold back acceptance
 4. **Use Sectors and Vendors...** page 10
 - Banking, Insurance, and Financial Services sectors are best-fit sectors for CRM
 - Siebel, Oracle and Talisma emerge top-of-mind vendors
-
5. **Respondent Profile...** page 12
 6. **Icycle Research...** page 13
 7. **Benefit...** page 14

CRM Market Overview

Quick Glance

- The Indian CRM Market can be sized at Rs. 50-100 Crores
- The CRM Market can be segmented into the market for Software and Services
- The Services segment includes Outsourced CRM Services, Integration, Training, and Consultancy
- The market for CRM Services is considerably larger than the market for CRM Software

Chart 1. Sizing the Indian CRM Market



Percentages may not total 100 because of rounding

Observations and Inferences

- A clear majority of our respondents size the Indian CRM Market at the Rs. 50-100 Crore range but with 33% of our respondents putting the market at a size greater than Rs. 100 Crore; there could be a higher benchmark for the market size applicable than the Rs. 100 Crore mark.
- Our findings are in agreement with the figure most published in the media stated by Denis Collart, the global head of PWC's CRM practice who, in an interview in November 2000, stated that the Indian Market for CRM Software and Services would grow to about Rs. 100 Crore by 2001.¹

1. "The CRM market in India is expected to grow to Rs 100 Crore by 2001"; The Financial Express; Tuesday, November 14, 2000

Chart 2. CRM Market Segments

The market segments for CRM can be broadly out as the Software, Services, and Hardware market. Our study has been restricted to the Software and Services markets.

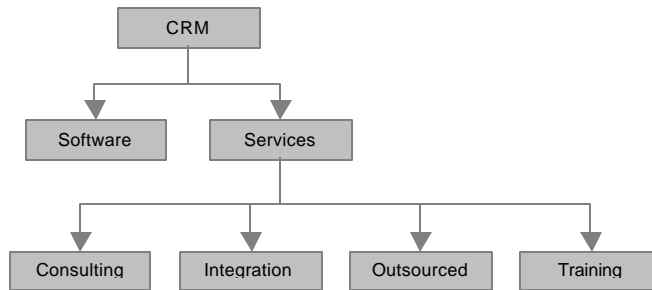
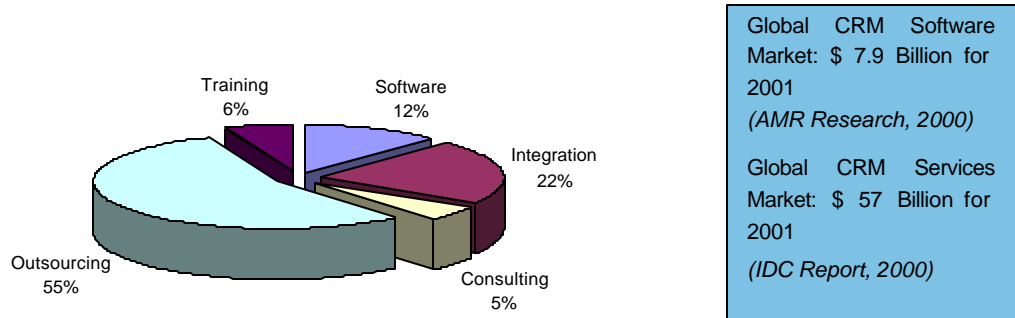


Chart 3. Breakup of the Global CRM Market

This chart gives the breakup of the Global CRM Software and Services market. The projected revenues for each of the segments for the year 2001 from past research have been used to arrive at the relative percentages. This breakup is merely indicative, as the revenue projections have been taken from more than one source.



Observations and Inferences

- The breakup between revenues from various segments in the Indian context is not expected to vary from global market to a significant degree. With this assumption, the size of the market for CRM implementations (including Software, Integration, Consulting and Training) in India lies in the 40-60 Crore range.
- Given the small market, a local vendor looking for business is going to find himself up against tough competition. Majority of the CRM solution providers in India do not have a product but act as consultants and integrators for software like Siebel, Oracle, SAP etc. providing consulting, software deployment and integration, and training.
- Outsourced CRM Services has the maximum potential for growth, but the number of players entering this market is growing at a significant rate. Telemarketing Firms, Direct Marketing Firms, Data Collection firms, Market Research firms, and even Advertising Agencies have begun to add the CRM tag to their services. With the Call Center market finding the international market tough going, they are increasingly turning to the domestic market to supplement revenues.

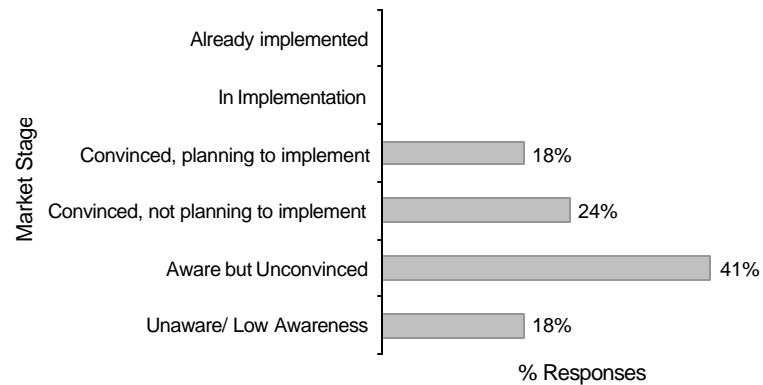
Market Prospects

Quick Glance

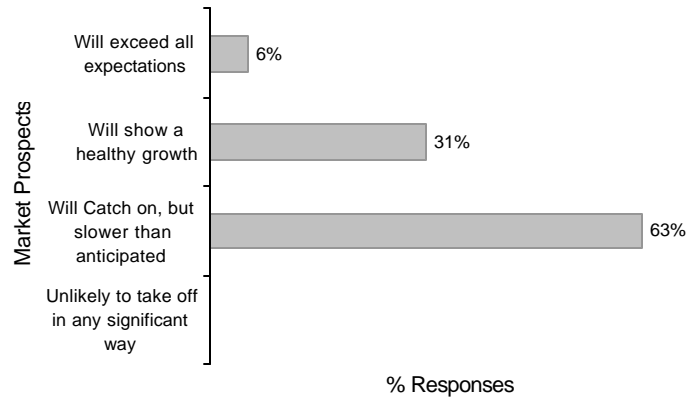
- Indian firms are aware of CRM, but are yet to take concrete steps towards implementation
- The market is expected to catch on, but slower than anticipated
- The overall sentiment is 'wait-and-watch'

The next two charts indicates what our respondents feel is the stage of evolution of the Indian CRM market and what they feel are the market prospects.

Chart 4. Stage of evolution of the Indian Market



Percentages may not total 100 because of rounding

Chart 5. CRM Market Prospects

Observations and Inferences

- While there has been a great deal of attention on CRM technology and practices in recent times, when it comes to putting it in practice, the market is in a very early stage of evolution. Most respondents felt that the Indian firms were either unaware, or unconvinced about the benefits and applicability of CRM.
- The overall sentiment when it comes to growth prospects is upbeat in the sense that people are convinced that it shall take off, albeit slower than anticipated. Signals for Solution and Service providers are that they are going to have to stick through this early stage till the market matures in terms of awareness and acceptance, and the number of implementations increase.
- Media reports have put the annual growth rate for the CRM Software market in India at 25-30%, and Services market at about 50-60%. Our respondents however feel the going shall be slower than projected.

Market Drivers and Inhibitors

Quick Glance

- The need for improved customer service and high global adoption shall drive the Indian CRM market
- The high cost of implementation and low awareness of benefits is going to prove a major deterrent

The next two charts indicate the factors our respondents feel will drive acceptance of CRM in India, and the factors that will hold back acceptance.

Chart 6. Market drivers

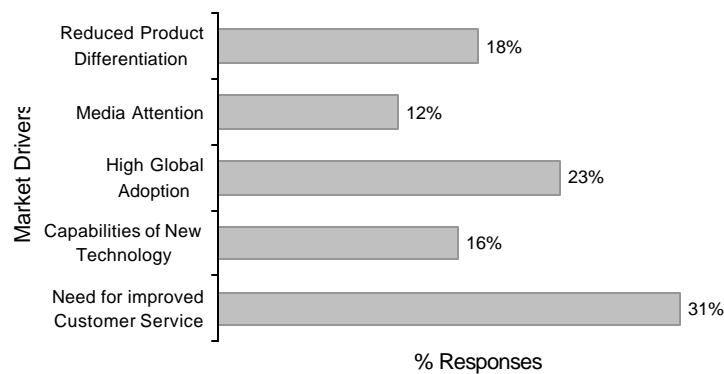
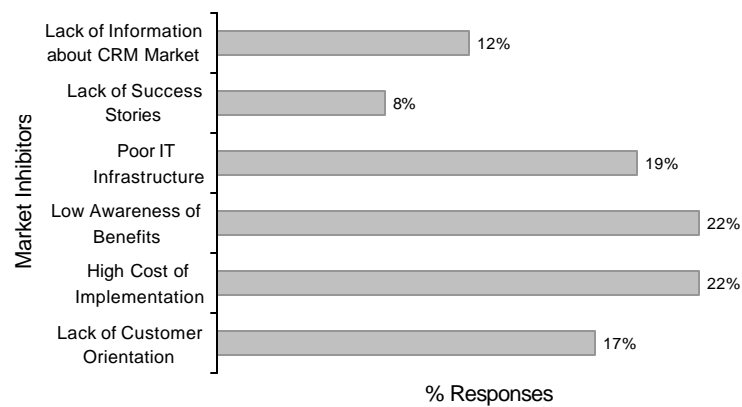


Chart 7. Market Inhibitors



Observations and Inferences

- A need for improved Customer Service shall be the main driver for Industry sectors that depend on the quality of their customer interactions to retain existing customers and win new ones. High Global adoption is likely to drive the MNCs to adopt CRM first in line with Global implementations.
- While the first hurdle holding back the market is a lack of awareness, respondents have put high cost of implementation as the main inhibitor. Complete and comprehensive CRM packages such as those of Siebel and Oracle costing in the range of Rs. 1 to 2.5 Crores (and more) are too expensive for most Indian firms. However, with software vendors bringing down prices and offering relatively affordable packages bundled with integration and consulting services, this could soon change.
- In the Indian context, lack of customer orientation and poor existing IT infrastructure can prove major factors. Firms need to evolve their customer thinking by a significant extent before they accept CRM as the strategic imperative it is, and internal systems and database management practices need to be upgraded before CRM software can be used to any effect.
- Another major inhibitor indicated by respondents was that Indian firms lack the skills and strategic vision required to successfully implement CRM.

Buyer Sectors and Vendor Recall

Quick Glance

- Banking, Insurance, and Financial Services are the sectors that shall benefit most from CRM practices and technology
- Siebel emerges as the most top-of-mind CRM package, followed by Oracle and Talisma

Chart 8. Best-fit sectors for CRM practices and packages

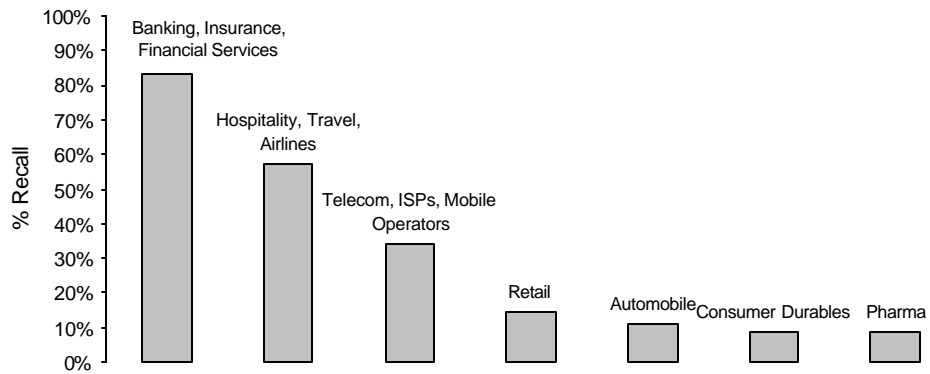
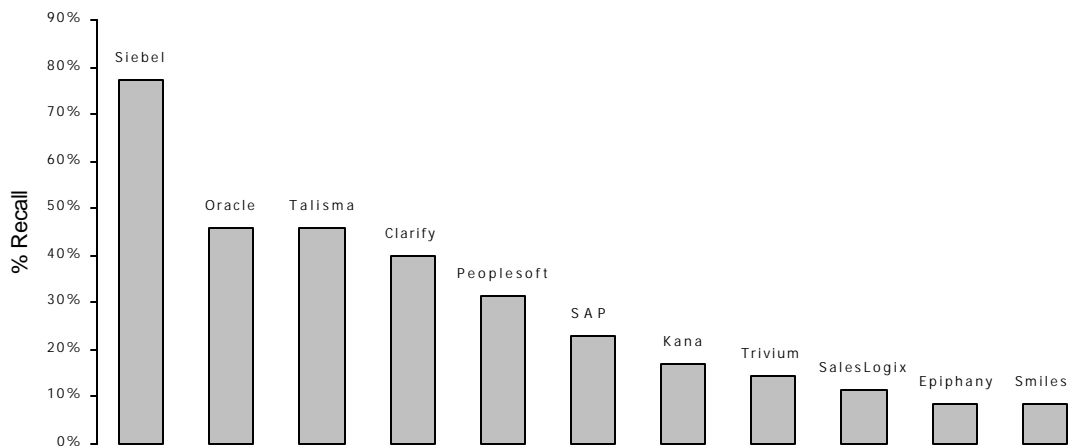


Chart 9. Top-of-mind CRM Packages



Observations and Inferences

1. Our respondents voted overwhelmingly in favor of the Financial Services sector as the best fit sector for CRM. Recent implementations in the banking and financial services sector, especially those of ICICI and Citibank, have clearly grabbed attention.
2. Sectors such as Airlines, Retail, Petroleum Products, and Hospitality have been making investments in CRM through loyalty programs, channel promotions etc. Such strategic investments highlight the initiatives that firms have taken to improve their customer relationships without investing in CRM software.
3. Siebel is the global leader when it comes to CRM software and has clearly grabbed mindshare in the Indian market as well. While 77% of the respondents mentioned Siebel as a known CRM vendor, Siebel was the **first** CRM package that came to mind for 64% of the respondents.
4. SAP and Oracle have recently entered the Indian market with aggressive plans targeting the SME market in particular. Both firms are targeting a growth in the market for their products of about 30%.²

2. "SAP, Oracle target SMEs with off-the-shelf CRM offerings"; Rediff.com; April 30, 2001

An Icycle Report

Executive Survey: The Indian CRM Market

September 2001

By **Sandeep Mittal**

With

Amit Sharma

Praveen Wicliff

For feedback and clarifications:

sandeep@icicleconsultancy.com

Published by

Icicle Consultancy
Row House #2, Customs Colony
Military Road, Marol
Andheri (E), Mumbai – 400059
INDIA

Tel. +91 22 8501145

Email:

research@icicleconsultancy.com

Website:

<http://www.icicleconsultancy.com>

This report can be downloaded for use at the Icicle Consultancy website. If you wish to be mailed a copy, please send in your request to :

research@icicleconsultancy.com

© 2001, Icicle Consultancy All rights reserved. Information published in this report is based on responses to a questionnaire. Inferences and opinions are on the basis of available information at the time and are subject to change.

Respondent Profile

Chart 10: Respondent Profile

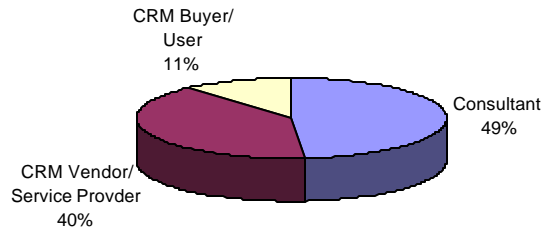
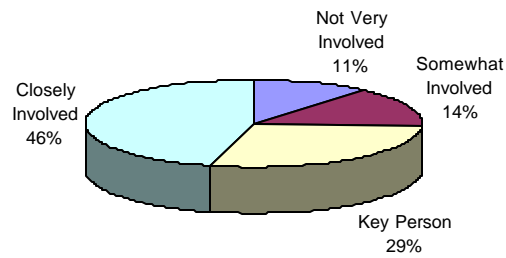


Chart 11: Respondent Involvement with CRM



Total Respondents: 71

An Icycle Report

Executive Survey: The Indian CRM Market

September 2001

By **Sandeep Mittal**

With

Amit Sharma

Praveen Wicliff

For feedback and clarifications:

sandeep@icycleconsultancy.com**Published by**

Icycle Consultancy
 Row House #2, Customs Colony
 Military Road, Marol
 Andheri (E), Mumbai – 400059
 INDIA

Tel. +91 22 8501145

Email:

research@icycleconsultancy.com

Website:

<http://www.icycleconsultancy.com>

This report can be downloaded for use at the Icycle Consultancy website. If you wish to be mailed a copy, please send in your request to :

research@icycleconsultancy.com

© 2001, Icycle Consultancy All rights reserved. Information published in this report is based on responses to a questionnaire. Inferences and opinions are on the basis of available information at the time and are subject to change.

Icycle Research**Our Research Products:**

- **Executive Surveys**

Icycle explores the views and opinions of top industry executives to gauge the pulse of the industry and test current assumptions and projections on the use and prospects of technology, and its role in business.

- **Case Studies**

Icycle provides deep insight into the strategies, strengths and weaknesses, and best practices of top industry players through detailed, but focused case studies.

- **Industry and Sector Analysis**

Icycle carries out Industry and Market studies in order to ascertain buyer and vendor side information including vendor offerings and comparison, buyer requirements and usage patterns, competitive analysis, and forecasts to give a complete view of the sector.

- **Technology and Product reviews**

Icycle takes a close look at new technologies and products, their strengths and weaknesses, the competition and how they hold up against it, the target markets, and the prospects.

Research Areas

- Enterprise Technologies
- CRM and Relationship Management
- Knowledge Management
- B2B and B2C Commerce
- Broadband and Wireless

An Icycle Report

Executive Survey: The Indian CRM Market

September 2001

By **Sandeep Mittal**

With

Amit Sharma

Praveen Wicliff

For feedback and clarifications:

sandeep@icycleconsultancy.com

Published by

Icycle Consultancy
Row House #2, Customs Colony
Military Road, Marol
Andheri (E), Mumbai – 400059
INDIA

Tel. +91 22 8501145

Email:

research@icycleconsultancy.com

Website:

<http://www.icycleconsultancy.com>

This report can be downloaded for use at the Icycle Consultancy website. If you wish to be mailed a copy, please send in your request to :
research@icycleconsultancy.com

© 2001, Icycle Consultancy All rights reserved. Information published in this report is based on responses to a questionnaire. Inferences and opinions are on the basis of available information at the time and are subject to change.

Benefit

Contact us

- To receive a copy of an Icycle Report
- To give us feedback or request clarifications on any Icycle Report
- To suggest a research area you feel requires exploration
- To request research for your organizations specific needs

Partner with us

- In our knowledge sharing program
- To collaborate on research initiatives
- To participate in our research programs
- To receive restricted reports and special insights

For further details please contact us at:

research@icycleconsultancy.com