

Hype Down, CRM Software Up

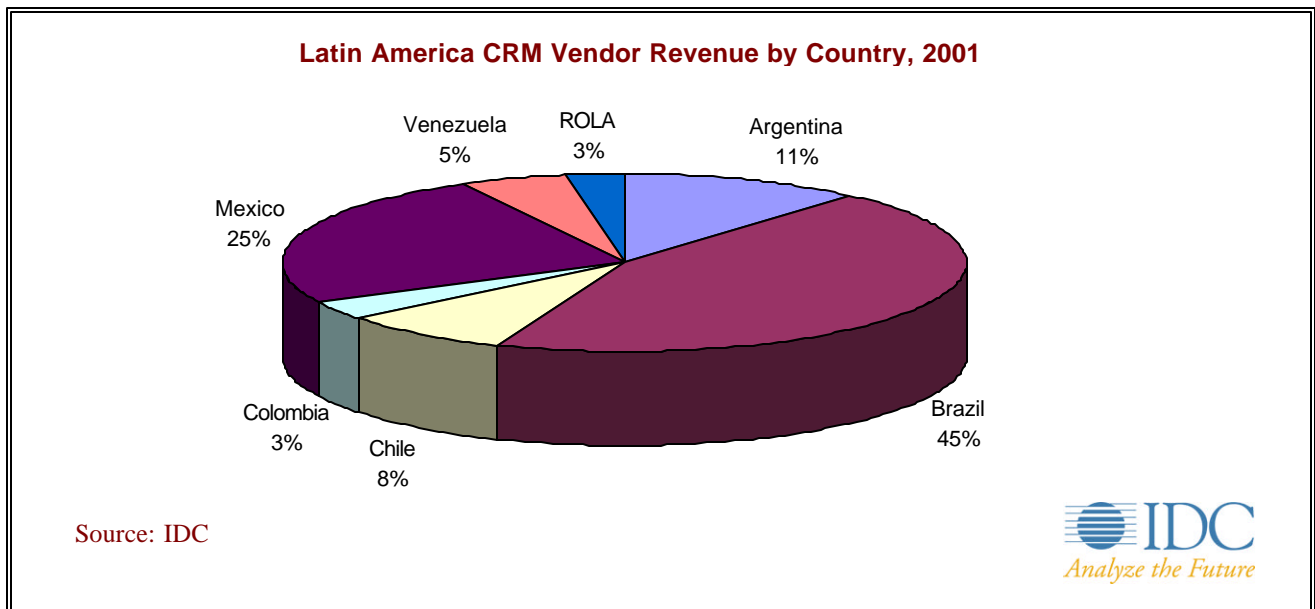
The Customer Relationship Management (CRM) market held up well in Latin America in 2001, despite a worldwide IT downturn and political and socio-economic strife in the region. To be sure, the results did not live up to the hype of 2000, when CRM software vendors entered the market en masse. Nonetheless, overall revenues for CRM licenses, maintenance, and upgrades rose 15%--from US\$79 million in 2000 to US\$91 million in 2001.

The uptake was driven by large companies, particularly in telecommunications and finance, which continued to be major buyers of CRM solutions.

Brazilian is Big

Brazil remained Latin America's largest single country market for CRM software in 2001, though CRM revenues there actually declined year-to-year because of an energy crisis, a weakening currency, and a general economic downturn. A number of companies in Brazil postponed CRM implementations due to revenue shortfalls. Nonetheless, vendors booked new sales in manufacturing, food and beverages, and pharmaceuticals.

In addition to its size, Brazil stands out in Latin America for the strength of its local software vendors. In most Latin American countries, the software market is consolidated among a handful of international vendors. In Brazil, however, local players have for some time shown strength in software segments such as ERM. More and more local names are expected to introduce CRM packages in the near term.



In addition to analyzing the CRM marketplace in Brazil, Latin America CRM Market Forecast and Analysis, 2001-2006: Looking Beyond the Hype looks at CRM in Mexico, Argentina, Chile, Colombia, and Venezuela. To take just one example, the report notes the strength of Xnear, one of a handful of local CRM vendors, in Chile, as well as the relative strength of Chile's CRM market, which has benefited from a relatively stable social and political environment. Chile may

soon surpass Argentina as the third largest country-market for CRM solutions in the region, especially if Argentina's many problems continue to linger, as most analysts expect.

Siebel the Brazil of CRM Vendors

Siebel Systems once again proved itself to be the Brazil of CRM vendors, capturing the top spot in this marketplace in each of the six countries surveyed, and expanding its overall marketshare. However, despite its first-mover advantage and its single-minded focus on CRM, Siebel does not have a lock on the market.

In addition to full-suite vendors such as SAP, Peoplesoft, and Oracle, which all posted significant CRM revenues in 2001, there are a variety of new players to watch in 2002. They include J.D. Edwards, which acquired CRM vendor YOUcentric in August 2001, and Microsoft, which in February 2002 announced the launch of a new CRM product, Microsoft Customer Relationship Management, as part of its .NET initiative. That product could have a major impact on the currently under-served small and medium-sized company segment in short order.

Forecast: Beyond Early Adopters

In addition to its country-by-country and vendor-to-vendor analysis, Latin America CRM Market Forecast and Analysis, 2001-2006: Looking Beyond the Hype includes detailed analysis of vertical market trends. It also contains a five-year forecast, which sees CRM revenues expanding to nearly US\$166 million by 2006.

One reason for IDC Latin America's optimism about CRM's future is an education gap that will no doubt be filled going forward. Many large companies in the region still do not understand exactly what CRM technology does, while many small and medium-sized companies are confused about the differences between real CRM solutions and the rudimentary software tools they already have in place. As vendors educate companies of all sizes about the benefits of CRM technology, the market should expand quickly beyond early adopters.

Along with its 2001-2006 forecast, this report offers a series of analyses of future trends, exploring matters such as consolidation and the role of local vendors like Brazil's Microsiga and Chile's Xnear. One key to CRM's future in the region and worldwide is the battle between the pure-play "best of breed" solution and the full suite. This report analyzes the costs and benefits of each of those approaches too.

-- Barbie A. Cordero

For more information regarding Latin America CRM Market Forecast and Analysis, 2001-2006: Looking Beyond the Hype (#LA1245J), or to obtain the complete study, which includes an Excel-based spreadsheet tool containing pivot tables with data offered by country, software module, industry, and company size, please contact Barbie Cordero of IDC Latin America at bcordero@idc.com or (305) 351-3131.

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