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Maximizer Software Limited

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Maximizer Software Limited is the wholly owned (by Maximizer Software Inc in Canada) and UK based company responsible for the sales and marketing of Maximizer products in Europe, the Middle East and Africa. Service to the End User in the EMEA region is exclusively through business partners.

Maximizer Software itself is based in Vancouver, Canada and has over 200 employees worldwide. The company is listed on the Toronto Stock Exchange under the symbol 'MAX'. Maximizer's history dates back to 1987 which makes it one of the longest established companies in the CRM area. With such a long history of producing essentially contact management software the company can claim a very large installed user base of over 1,500,000 users.

Maximizer evolves to meet the challenge of the Mid market

Throughout its existence Maximizer has concentrated on and succeeded in supplying software to the small-midmarket, although significant penetration of large companies at departmental level is also evident. Maximizer's proposition has always been to meet an internally focused need for better contact management with customers, together with the functionality associated with the management of salesforces. Over the last six years, by contrast, Enterprise companies have adopted sophisticated, multi-channel CRM that has increasingly placed the external customer at the heart of the system. This adoption has been at considerable cost, with complex delivery and sometimes questionable Return-on-Investment. However, the business demands of Enterprise companies are essentially no different to the midmarket and 2004 will see a rapid increase in the implementation of multi-channel, customer centric systems in the midmarket – a process accelerated by the presence of Microsoft CRM.

Providing the right depth of functionality together with the delivery of both sales and service at an affordable cost is a challenge. The challenge is made greater by the sheer size and diversity of the midmarket. In the view of Hewson Group, six software vendors are well placed to meet the needs of the market and to succeed in a significant way. We believe that those companies, for different reasons, are likely to be Peoplesoft, SAP, Sage, Salesforce.com and Microsoft. The sixth is Maximizer which, with version 7.5 has the right software and crucially, the biggest and most experienced CRM channel in EMEA with which to service the market.

Hewson Highlights

- Version 7.5 of Maximizer will move the company into the area of most demand. Customer centric CRM software for the midmarket.
- Maximizer has extensive channel management skills.
- The Maximizer channel has 94 resellers and is the most experienced CRM channel in deployment within the EMEA area
- Maximizer has annual revenues of around $16m and has been profitable for the last three quarters. The EMEA region has been profitable for six of the last seven quarters which is a singular achievement in the market conditions prevailing in 2002/3
- The EMEA operation is responsible, via its channel, for over $15m pa in revenue from end users making Maximizer Software Limited one of the most significant of European based CRM vendors.
- Maximizer is one of six vendors most likely to succeed in the midmarket

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Midmarket CRM – the challenge for both vendors and end users

The midmarket for any software application is an extremely large entity and very hard to define. It probably extends at the low end from companies with about 30 employees, to companies with maybe 2000-3000 employees at the higher end of the market. It might even include departments or divisions of the very largest companies. Confusingly, it is also known by a number of different acronyms: SME (Small Medium Enterprises), SMB (Small Medium Businesses) and MSB (Midsize Businesses) are just three of these. In Europe, the number of midmarket businesses can be counted in many tens of thousands and the demands of those businesses for IT infrastructure and applications will vary greatly according to size, sector and geography.

What is clear, and this agreed upon by most analysts, is that the big IT investment cycle in ERP systems, CRM and web channels that ran from the mid 90s to around 2001, was fueled mainly by activity within what is known as the Enterprise sector. In the UK this would approximate to the top 300 companies. Generally speaking, the midmarket did not invest at the same proportionate rate during this period. It is certainly true that investments were made but these were on a more fragmented basis and many midmarket companies now find themselves, in systems terms and in ability to execute, at a competititive disadvantage with their larger competitors.

World's biggest vendors enter the Market

It is also a fact that in the last few years solutions suitable for the midmarket have not been readily available, at least not from big name vendors. Part of the reason for this was the more compelling attraction of the enterprise sector, which was easier to reach and more susceptible to very large and unqualified investment. The other part of the reason was the sheer difficulty of providing complex solutions at a reduced price and within much shorter and more demanding timeframes. The situation is however, changing very rapidly indeed. Both SAP and Peoplesoft have major ERP based initiatives in the midmarket - SAP with Business One and Peoplesoft (following the JD Edwards acquisition) with Peoplesoft Enterprise One. Siebel has acquired Upshot and announced other CRM initiatives based around a more accessible ASP (Application Service Provider) based solution. Oracle has an associate company, Netsuite, which is also offering an ASP based system and Microsoft has acquired both Navision and Great Plains and has developed its own CRM system aimed specifically at the midmarket.

All this means one thing. The World's biggest software companies are targeting the midmarket and there will be unprecedented activity, market making, competition and choice over the next few years. On the face of it this should mean the end of the road for many smaller application vendors and undoubtedly there will be casualties. However, Hewson Group believes that many opportunities will be created and that some highly competent companies with the right attributes will be extremely successful. This is almost certainly more true where the business case centers around the customer facing area, rather than within back office functions.

Customer Expectations continue to rise

Customer management philosophies have come a long way in the last five years and despite some adverse publicity, CRM applications offer very significant capability to execute tasks within the customer management regime. No competent board anywhere in Europe can fail to understand that customer expectations in terms of product, service, accessibility and indeed in terms of the 'right' attitude are anything other than more and more demanding. It will not be enough in the future to have contact management systems and believe that this meets either the customer's needs or indeed, the needs of the company to market itself.

Whilst some midmarket companies (in finance for example) have developed quite sophisticated customer management capacities, the majority have fragmented systems incapable of competing with larger competitors. Investment will be mandatory in multi channel capabilities that also offer far better business intelligence. Much is talked of having the data to give a 360° view of the customer but of more importance is being able to provide the right end-to-end experience for the customer. This will require the right processes and the correct understanding of the needs of the relevant market sector. Midmarket managers who have had the luxury of seeing CRM successes and failures to date will readily understand that it is this area, together with the management of the people involved, that will determine achievement and Return-on-Investment.

It was apparent in 2003 that the market acknowledged and rewarded those vendors with domain knowledge together with their ability to deliver sharper, faster and more appropriate solutions. This trend will become more and more apparent in the next two years. Certainly, implementing CRM of any complexity without the right partner is a very brave and probably, on historical precedent, foolish thing to do. In the opinion of Hewson Group, the number of 'right' partners is limited in absolute terms. Of those companies that have the requisite channel to address the midmarket, most have experience heavily weighted to back end products, processes and cultures. Others, who have easily acquired ASP solutions may well prove suitable for specific business requirements, but may lack the specific processes and integration to provide true front-to-back solutions. Microsoft, who has the capacity to fulfill almost any criteria, needs to develop both their product and the business consulting capacity of their channel. This will undoubtedly happen but may take some time yet.

Maximizer established as a key player in Europe

The most important software companies globally are deeply committed to midmarket. It may take them two to three years to truly achieve traction. This leaves a substantial gap that will need to be filled. Successful companies that are exploiting their knowledge and ability to work with their markets are becoming apparent. AIT, Lagan, Firstwave and RightNow are examples of this. However, our reason for picking Maximizer as a key player in the European midmarket is based on the fact that Maximizer has probably the biggest and most capable CRM channel this side of the Atlantic and a product that is rapidly approaching the sophistication needed by the higher – and most difficult to service – part of midmarket. There are some caveats: the product has made a long journey from an internally focused contact management system to complex, customer centric abilities; not all of the channel has made the journey too. Culturally and attitudinally most of the channel is focused on customer management issues, and given the right support by Maximizer should accelerate into competency far faster than a channel experienced in back office or ERP type procedures.

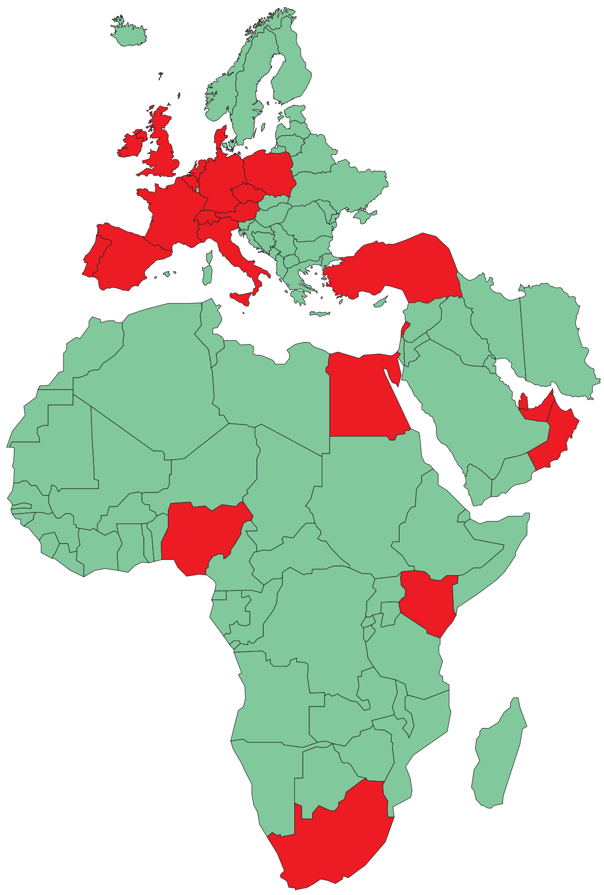
Company Capability

This Profile is primarily concerned with capability of Maximizer in Europe but clearly some of the key influences, particularly around product derive from the parent company in Canada. In Canada, the company pursues a 'Two Brands for Two Markets' approach with Maximizer Enterprise being sold into more complex projects and Maximizer, the original contact manager still being sold into those situations with simpler requirements. Globally, the 'Enterprise' product now sells more seats than the contact manager and this trend will continue as the company positions itself as a vendor of multi channel, customer centric CRM.

Hewson Group estimate that overall revenues for the company are likely to be in the region of $16m for 2003 with a small margin of profitability for the year. The EMEA region has recorded profit in six out of the last seven recorded quarters.

Overall, the company generates about one third of its revenues from the channel but in the EMEA region this figure rises to 100%. There are, in fact, 94 resellers within the EMEA region of which 41 are in the UK. Revenues in Maximizer EMEA are c. $3.5m pa, but when combined with channel uplift and service revenues then a figure more comparable with other vendors emerges of something like $15m. This certainly makes Maximizer one of the top 10 CRM vendors operating in the EMEA region.

Maximizer EMEA believe that their future lies firmly with the Enterprise product and evidence of this can be seen in the fact that average deal size has increased 51% in 2003 as compared with 2002. This is very significant and suggests that Maximizer is already pushing quite hard into a different market from the contact management space with which they are most commonly associated. It is a fine achievement to appoint, maintain and develop a 94 strong reseller channel that displays both loyalty and provides profitability. Hewson Group see no reason why this success should not be repeated in 2004, although increased revenues from the Enterprise product set will be partially offset by the increasing need to invest in channel knowledge and capabilities.



Maximizer Resellers

Maximizer resellers are distributed throughout the EMEA region as far apart as Eastern Europe and Nigeria. Undoubtedly the strongest representations are in the UK with 41, France with 15, South Africa with 8 and the Middle East with 6.

The Maximizer Product

Maximizer has two products: 'Enterprise' which is a multi-channel CRM product and the original Maximizer which is a long established and respected contact manager. This Profile is only concerned with the 'Enterprise' product which will undoubtedly form the backbone of the company's marketing and revenue in the next three years.

The current release of 'Enterprise' is 7.5.

Maximizer Enterprise uses Microsoft's .NET Framework for application development using the .NET application model. The .NET application model consists of three layers.

1. The data access layer
2. The business process layer
3. The presentation layer

each layer may consist of multiple modules.

Maximizer Enterprise 7.5 Features

Sales

Account Histories
Lead Distribution
Appointment Scheduling
Task Assignment
Template based Quotes and Proposals
Sales Procedure Definition
Opportunity Management
Collaborative Working

Customer Service and Support

Incident Management
Event Escalation
Workflow
Prioritisation
Audit Trail
Knowledge Base and FAQs
Customer Self Service
Partner Self Service
Tracking of Customer Service Levels

Marketing

Target Profiling
Email and Direct Mail Capacity
Campaign Tracking
Company Library for Share of Marketing Materials
Web Based Profiling

Web and e-Commerce

Customer Portal
Partner Portal
Employee Portal
Wizard Driven Webforms
Lead Assignment
Online Customer Self Service
Assignation and Management of Partner Leads

Outlook Integration

Interchangeable with Outlook email
Saving of Messages to Customer Files
Access to Outlook Address Books
Calendar Synchronisation

Call Centres

(Using Panasonic CTI)
Screen Popping
Auto Dial
Rule Based Call Control
CLI with Automatic Data Retrieval
Scripted Response

Analytics

Via Crystal Reports (now Business Objects)
100 + Pre-Formatted Reports

Maximizer Customers

Maximizer has 2780 Enterprise customers in the EMEA region with a total of 32,400 seats installed. Implementations cover all sectors, including the public sector, and there is over 140 customers with 50 plus users. Projects range from 5 user systems in quite small companies to substantial projects with well known brands such as Scottish Water and Waitrose.

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Hewson Group Assessment

The test of whether a contact manager has become a proper CRM product lies with its ability to deal with an external customer (or partner) through all the channels of interaction. How responsive can it be to customers wishing to access the company and transact with it? On the other side of the coin how well can the company take its products and services to market and know and understand that market?

Maximizer Enterprise provides a high degree of functionality for a relatively low licence and delivery price. It is, not surprisingly, very strong in areas where the company has many years experience, such as account management and opportunity management. Critically, the integration with Microsoft Outlook is comprehensive and well proven and deals with the reality that most target customers will have a significant day-to-day reliance on Outlook. The Service and Support module is also comprehensive by the standards of mid-market CRM. We consider the marketing functionality to be no more than satisfactory although it is unlikely that most mid-market companies will want to go beyond the boundaries it offers.

We were particularly impressed with the ability offered by the web portals for customer, partner and employee interaction. For most users these portals will significantly extend the envelope of how they manage employees and partners in particular. In the call centre the alliance with Panasonic bestows a cost effective means of getting significant functionality at an acceptable cost – thus complying with imperative that midmarket applications must be both affordable and deployable. For some companies it may be the case that they wish to go further than the functionality offered by Maximizer in the call centre. We certainly foresee Maximizer business partners developing more sophisticated telephony solutions in 2004, and given the technology available we see no reason why Maximizer cannot be used effectively in call or contact centre scenarios other than dedicated very high volume.

Overall, we consider that Maximizer Enterprise passes the 'Customer Centricity' test with some distinction. The transition has been made from the contact manager background. The product is adaptable and configurable with the capacity to integrate with most back end systems. In most business situations it will be down to the business partner to understand the customers strategic requirement and process needs. Where the business partner is competent, especially around domain issues, Maximizer Enterprise should help fill an extremely large gap in the market.