EVALUATION OF FREE CRM SOLUTIONS FOR SMALL E-BUSINESS OPERATIONS IN BULGARIA

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Abstract

CRM plays a key role in the development of e-commerce. Online retailers, owners of small online stores cannot afford expensive CRM systems, so it is necessary to apply a method for evaluation of free CRM solutions available on the market. The present article offers a comparative analysis of free CRM systems, based upon an own system of evaluation criteria. A solution applicable to small online stores in Bulgaria is being suggested.

Introduction

Customer satisfaction is a major factor in the development of e-commerce and a guarantee for a growing public interest in it. Changes in customer needs are seen as crucial for the e-business sector thus placing a special emphasis on the management of customer relationships (CRM) and the way it could be further improved.

In Bulgaria, the CRM systems are not so popular which creates opportunities for the development of a potential niche market in the future. If implemented in small e-stores[1] throughout the country, CRM software will be able to significantly help their market operations and ensure longer viability and future demand.

In view of the above, the purpose of the present article is to justify the need to implement a CRM software in small e-store operations in Bulgaria and to propose adequate evaluation and selection criteria <u>towards</u> a free CRM solution. To achieve the above goal, we shall discuss the basic features of CRM systems and their use in on-line trade activities, and we shall compare some of the free software solutions that are applicable to small e-stores but also present new options for improvement of customer relationship management in terms of e-commerce in the country.

Indeed, similar research has been done by scientists in other countries (Bucholtz, n.d.), (Wallen, 2013), (Guay, 2014), (Bdc.ca, 2015), (G2crowd.com, 2015), but due to the relatively low popularity of CRM systems in Bulgaria, none of them is specifically designed around the operations of small e-stores in the country.

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1. **Main characteristics of CRM systems used in e-commerce**

In specialized literature, customer relationship management (CRM) outside the specific area of application can be defined as a **continuous process** on the strength of which, customer information is transformed into positive relationships with customers (Wittenmann & Ables, 2011, p. 5). CRM strategies are applied to e-trade via the electronic systems for customer relationship management (or e-CRM systems, also called "CRM systems", seen as their derivative). Every e-store interacts with a number of external systems (Ruskov), which are used to handle the business processes of on-line vendors, the CRM system being one of them (see fig.1).
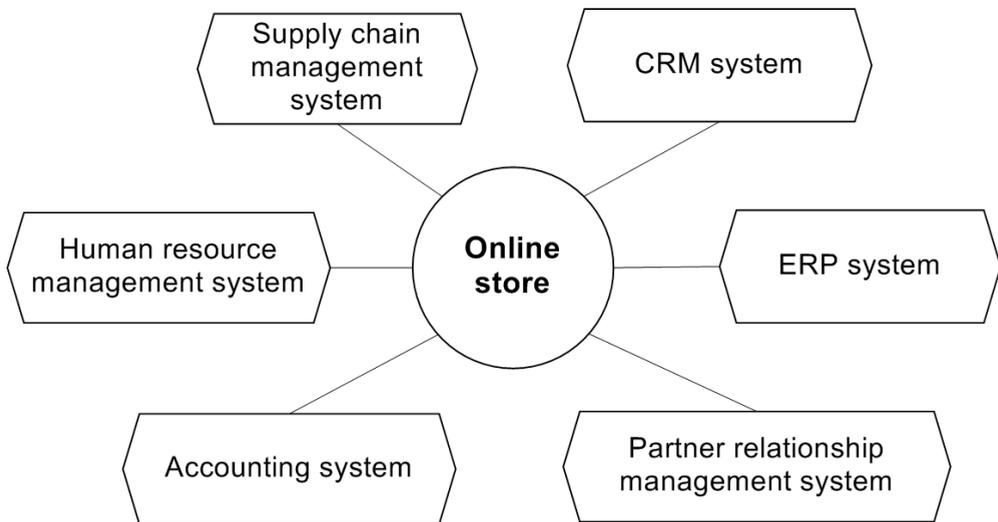

**Fig. 1. E-store relationships with external systems needed
to sustain its operations**

CRM systems can be seen as a combination of operating and analytical software where the operational software serves to extract and store data collected on customers, markets etc., whereas the analytical software serves to process data collected, different techniques for market segmentation, and compare data and reading protocols. The functional framework of CRM systems can be defined in relation to the following areas: **marketing, sales, service, strategies and analysis**.

CRM solutions that are applicable to e-store operations shall integrate features such as managing advertising campaigns, cross sells and multi-channel marketing.

For the purpose of processing orders, CRM systems need to integrate tools for control over service efficiency that are capable of automating and shortening the sale cycle.

Among key CRM system functions we shall highlight the following: managing customer databases and interfacing data received through available communication channels with a specific client's profile, not to mention that accurate customer data is seen as crucial in building CRM strategies. Of key importance for e-store operations and their success is the integration of a package that helps manage and effectively track relationships with key business partners and maintain business contacts on a long-term basis.

CRM plays a key role in e-commerce as it helps improve customer service and quality of service which gives us reasons to believe that existence of small e-stores on the on-line market is directly related to CRM system integration. CRM software is of crucial importance for the development of e-commerce although its role has not been fully recognized by on-line vendors in Bulgaria – only 4% of the hundred leading retailers are using CRM software (Балкан Сървисис, 2015). Despite existing problems and limitations, raising awareness of the need to implement CRM systems in the operations of small e-stores in Bulgaria, can be seen as an important step in managing customer relationship and e-commerce as a whole.

Faced with a number of problems such as raising start-up capital, lack of necessary staff capacity, concerns about covering expenses and return on investment within short periods, and limited interest on the part of foreign investors due to high risk, on-line vendors operating small e-stores cannot afford to buy a paid CRM solution which is a hitch in managing their customer relationships properly.

Problems with CRM, arising from the business external environment are as follows: finding customers and keeping them on a long-term basis, adapting the product portfolio to the dynamic changes in customer preferences and interests, building e-store social profile or brand and maintaining it in order to help win over customers trust and loyalty.

Problems with CRM arising from the business internal environment are mainly associated with the provision of a quality service (recruitment of qualified staff can be hard if company resources are limited), loss of information in the process of communication with customers, etc.

The outlined problems with CRM often arising from the inability of on-line vendors to purchase and integrate a paid CRM software are indicative of the need to improve management of customer relationship in terms of small e-store operations in Bulgaria.

Under conditions of financial instability, the owners/operators of small e-stores are experiencing a number of problems which encumber integration of CRM software

in their e-stores. An independent survey conducted at the end of 2014 in Bulgaria shows that among the top 6 500 revenue generating companies, representing 58 of the leading industries in the country, less than 10% have an integrated CRM system (CBN Pannoff, Stoytcheff & Co., 2014). And out of the 125 leading companies, only 6% can boast a working software for managing customer relationships. In comparison, in most European countries the percentage of companies using CRM solutions for their operations is 28% (Eurostat, 2015). This is indicative of the extremely low popularity of CRM systems in Bulgaria which could be attributed to the impact of certain factors acting as deterrents to the initiation and approbation of innovations. The most difficult to overcome is that **the price of today's complex CRM systems often goes over the budget of small e-stores** (see Table 1). A 2013 survey shows that only 12% of respondents are prepared to invest in a CRM system providing they are not backed by an EU funded project. (ФТС България, 2013).

Table 1

Monthly costs incurred by using paid CRM systems (CRM Switch, 2013)[2]

Salesforce		Microsoft Dynamics CRM		SAP	
Performance	$300	Professional	$65	Enterprise SCM	$199
Enterprise	$125	Basic	$30	Enterprise Standard	$149
Professional	$65	Essential	$15	Team User CRM Sales	$89

CRM software has limited popularity among on-line operators or vendors in Bulgaria which can be explained with the fact that they lack the resource and capital to invest in software development and CRM software in particular. Access to paid CRM solutions developed by leading publishers of CRM software is expensive and hard to fit into the limited budget of small e-store operators which in turn, hinders development of customer relationship management. As earlier mentioned, only 12% of the companies are prepared to invest in a CRM system, while using data from the same survey, 76% of respondents believe that integration of a CRM system in their business operations will give them a competitive edge. In this line, we can say that development of CRM in Bulgaria can be driven by the implementation of a free software satisfying the needs of small on-line operators of e-stores.

Having discussed the need for a simple free CRM solution for on-line operators of small e-stores in Bulgaria, we shall further discuss certain systems that can match the scale and specific nature of their business.

As free versions of CRM systems are often confused with the open source systems, it is important to draw a line and highlight differences between these two software types.

A free CRM solution is the one which does not involve any charges for the acquisition, installation, integration and functioning of the application, (Meeker, 2008, p. 21 – 22).

Solutions of the open source type give users access to the code and freedom to modify it, but this does not necessarily mean that the software comes free and that its software developers will maintain and develop it free of charg (Opensource.com, n.d.) e.

Therefore, having in mind the limited budget of small e-store operators in the country, we can opt for the **free CRM software as a suitable solution to serve the purposes of managing customer relationships**. This definition covers the following types of software solutions – free CRM systems, limited CRM systems and adapted solutions[3].

- **Free CRM systems** are those that can be stored on a server – property of the CRM supplier, or a server - purchased from an on-line vendor.

The first type is a web-based hosted software, which cannot be accessed by the e-store operator. Its major disadvantages are related to data security, service reliability and poor maintenance.

The second type of free CRM systems represents web-based hosted applications purchased by the vendor. With this type of system, the on-line retailer has the freedom to make adjustments to the code and the way the system functions. This type helps avoid certain problems with data security and leads to a better efficiency, since high level of security is a major requirement in the realization of buying and selling on-line (Illiev, 2011, p. 33 – 35). And as Bulgarian clients are still suspicious about Internet sites specializing in e-commerce, we think that web-based, hosted CRM solutions can come in handy.

- **Limited software** – this type of solutions offer limited possibilities to on-line retailers in its free version. One of the weaknesses is seen in the limited number of users that can use the system.
- **Adapted solutions** – software solutions that are adapted/customized and used by the on-line retailer for the purposes of CRM. Thus for example, electronic tables in MS Excel, Google Sheets and others can be used as data bases for gathering information on consumers. Their shortcomings relate to the need of preliminary adaptation to the activities of e-stores/ e-store operations and their limited functionality as they provide a software operation only partially.

2. Evaluation of free CRM solutions

On-line retailers lack competence in the area of free solutions which makes their choice difficult. They are not familiar with systems offered on the software market and their characteristics. A solution within a given functional range may be appropriate for one owner of a small on-line store in terms of the specific needs of the business but it does not make it a universal solution. Thus for example, while a given CRM system offers advanced capabilities for sales management another CRM can be better developed for software support of marketing activities, which discourages on-line retailers and confuses their choice.

Thus, we arrive at the conclusion that it is necessary to establish a system of criteria which is to provide the evaluation basis for available free CRM solutions and help small e-store owners to get easily orientated and find a solution that best meets their individual needs. Evaluation criteria can be much more precise and detailed but as our analysis is not aimed at developing a CRM software but to ease on-line retailers in their choice, we think that if we break down the terms of comparison in the following groups, they can be comprehensive enough to meet this goal:

- **Software coverage** –evaluates system coverage in terms of sales management, marketing activities, etc.
- **Extended features** – defines the scope of functions which can be used by employees of e-stores to facilitate their work processes, including features such as the ability to extract reports with variable structure, create forms and others.
- **Social engagement** – evaluates possibilities to integrate with social networks, which is of prime importance for the operations of small e-stores as it multiplies communication channels.
- **Technologies** – reflects an aggregate of technical aspects such as type of hosting, data base, etc.
- **Integration** – shows features for system integration with some of the most commonly used software products by on-line retailers such as e-mail clients and others.
- **Customer support** – it focuses on a set of tools which will help ensure customer support.

In order to achieve more clarity in order to decide to what extent free CRM solutions help the work processes of small e-stores, we formulated evaluation criteria (grouped under the functional headings above) and compared their capabilities (see Table 2). Pooled data are based on the results of some of the most

popular and efficient free CRM systems on the software market in the last years, according to a number of studies in this area. (Bucholtz, n.d.), (Wallen, 2013), (Guay, 2014), (Bdc.ca, 2015), (G2crowd.com, 2015).

Table 2

Comparing the capabilities of free CRM systems

№	Criterion	Civi CRM	Compiere	Concursive	Open Taps	Splendid-CRM	SugarCRM	vTiger	XRMS	Xtuple
I	**Software coverage**									
1	Sales automation	▨	■	■	■	■	■	■	■	■
2	Easy marketing	■	■	■	▨	■	■	■	▨	■
3	Customer support	▨	■	■	▨	■	■	■	■	■
4	Managing partner relationships	■	■	▨	□	□	■	□	□	□
5	Mobile access	▨	▨	■	■	■	■	■	□	■
II	**Extended features**									
1	Management boards	□	■	■	■	■	■	■	■	■
2	Data warehouses and on-line analytical processing of data (OLAP)	□	■	■	■	□	□	■	□	■
3	Reports with variable structure	□	■	■	■	■	■	■	□	■
4	Form building tools	□	□	■	□	□	■	■	□	■
5	Design tools for work processes	▨	▨	▨	□	▨	▨	▨	▨	▨
III	**Social activity**									
1	Creating vendor or on-line retailer portal	■	■	■	□	■	■	■	□	■
2	Capabilities to create a third-party portal	■	□	■	□	■	■	■	□	■

3	Integration with social networks	□	■	■	□	□	■	□	□	□
IV	**Technologies**									
1	Saas	■	■	■	■	■	■	■	■	■
2	Saas SLA (service license agreement)	□	□	□	□	□	■	□	■	□
3	Web based hosted CRMs (storing the retailer hosting)	■	■	■	■	■	■	■	■	□
4	LAMP	□	□	□	□	■	■	□	■	□
5	SQL	■	□	■	■	■	■	□	■	□
6	MySQL Server	□	□	□	■	■	■	□	▨	□
7	Oracle RDBMS	□	■	□	□	□	□	□	□	□
V	**Integration**									
1	Outlook	□	□	■	■	■	■	■	□	■
3	Google Mail/Calendar	□	□	□	■	□	□	□	□	□
4	iPhone synchroni-zation	□	□	□	□	■	■	□	□	■
5	Android synchro-nization	□	□	□	□	□	□	□	□	□
6	Integration with ERP packages	□	■	□	■	□	□	□	□	■
VI	**Customer support**									
1	Help Desk	□	■	■	□	□	■	■	□	■
2	24/7 customer support	□	□	□	□	□	■	▨	□	□

Legend:

□ *Functionality is not supported/maintained?*

▨ *Functionality is partly supported*

■ *Functionality is keptIn the first criteria group, under the heading '**Software coverage',** the scores are almost similar. Of lower standing are OpenTaps and XRMS, while the least sup-ported criteria in the group is that of Partner Relationship Management.*

In view of the criteria in the **Extended features** group, CiviCRM and XRMS exhibit weaker capabilities, especially in relation to data warehouses and on-line

analytical processing of data, generation of report with variable structure and form building tools (drag and drop form builder). The remaining products meet the criteria with relatively similar or approximating scores.

In terms of criteria regarding **Social Engagement**, two of the products stand out with very good support, namely Concursive and SugarCRM (Community Edition). Integration with social networks is one of the major significance criteria when choosing a CRM system for small e-store operations. OpenTaps and XRMS products however, fail to demonstrate strong capabilities in this group which automatically excludes them as a possible choice for a CRM solution that can be applied in small e-store operations.

In the fourth criteria group entitled **Technologies**, Compiere and Xtuple are among the solutions with the least capabilities. Offering the product as a service, maintaining SQL and MySQL Server, and storing the retailer hosting are criteria supported by only three products. These are SugarCRM, Splendid CRM and\ XRMS.

The fifth criteria group called **Integration** is of extreme significance for the running of work processes of small e-stores, including work with an e-mail client, integration with ERP packages, etc. CiviCRM and XRMS are among applications exhibiting poor capabilities while Splendid CRM and Xtuple tend to demonstrate a better degree of integration.

The last criteria group **Customer Support** also plays a key role in CRM systems finding application in e-commerce. Here, the only possible solution meeting both criteria is SugarCRM.

In view of the comparative analysis based on own system of evaluation criteria organized under different headings for developing free CRM systems potential, it becomes possible to outline the following main features: **integration with social networks and external systems and applications needed in the work of on-line retailers; use of a wider range of tools to manage customer data; generation of queries, reports and forms**. From collected data we can draw the conclusion that no free CRM solution is able to meet all the above criteria. Indeed, systems developed for one functional area tend to exhibit faults in another which prevented us from finding a universal solution to be adopted by all small e-stores. Nevertheless, **the proposed system of evaluation criteria can be used to guide on-line retailers/vendors in their choice of a free CRM software**.

Notwithstanding the above outlined areas of improvement, free CRM software remains a viable solution for on-line retailers and owners of small e-stores, therefore in view of the tested indicators we have grounds to conclude that SugarCRM Community Edition is the software with better capabilities than other available free software systems.

Conclusion

In the present article we have discussed the concept of CRM systems and their implications and significance for e-commerce operations. Also, we have outlined some of the problems which owners of small e-stores in Bulgaria have been faced with and pointed to the need of implementing free software solutions. On the basis of a comparative analysis using a system of evaluation criteria classified under six major groups, we were able to identify the main strengths and weaknesses of free CRM solutions available on the market today. In relation to the CRM systems that can be implemented for small e-stores operations in Bulgaria we can recommend the use of SugarCRM Community Edition in combination with some extra applications orientated towards on-line vendors and their needs which go outside the scope of the system, in the form of tailor-made solutions. The above solution is seen as suitable for the operations of small e-stores in Bulgaria.

In view of analysis conducted on free CRM systems we arrived at conclusions that might help on-line retailers in their choice of solutions applicable to the scope and specific needs of small e-store operations.

Being aware of CRM and its significance for small on-line operations, we have reasons to believe that this type of software discussed in the context of e-commerce has a great potential for development in Bulgaria.

End Notes

1. The term 'small e-store' is not commonly used or explicitly defined. The present article focuses on a type of e-store characterized by an annual income below 50 000 BGN, staff employed – around 15 or less and number of product portfolio items – up to 4000.
2. The above data reflect the prices of different versions of CRM systems (Salesforce, Microsoft Dynamics CRM and SAP) per month for 1 user.
3. By "adapted solutions"we shall understand software products, whose functionality could be adapted and applied for the purposes of CRM in the operations of small e-stores.

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