

In Search of Efficiency: Software Options for Analyst Relations

by Peggy O'Neill

Executive Summary

Based on interviews with leading edge AR programs such as Cisco, Microsoft, Oracle, Infor and Infosys; this paper examines the pros and cons of all software options available for managing AR programs including 1) not using any software 2) custom software applications 3) generic packaged software such as off-the shelf – CRM and PR applications and 4) AR specialty software. The report concludes that not using any software is no longer an option in today's dynamic and information intensive AR profession. Companies' experience with custom solutions is littered with failures. Generic applications (PR or CRM solutions) are hard to customize, require too many resources and are very expensive to develop and maintain. AR specialty applications clearly are the most economically and operationally effective solutions. The paper also examines the practices of the PR firms providing AR services and concludes that without an AR specialty application the firms are passing on the high costs of their internal inefficiencies to their clients.

Introduction

Analyst relations professionals are under constant pressure to respond to analyst requests, provide internal guidance, and produce metrics, all while struggling with new demands such as social media and bloggers. Below are some typical scenarios that an AR manager might face on any given day.

Scenario 1: A regional AR manager in Sydney receives an e-mail from the Asia general manager, forwarding a request from a U.S. analyst who contacted the executive directly. The request is time-sensitive, and the executive wants guidance.

Scenario 2: An analyst relations manager covering for a colleague is staffing a briefing between an analyst and a substitute spokesperson when the analyst references a previous request and asks for an update.

Scenario 3: The AR team receives an urgent e-mail from the chief marketing officer for a list of all analyst interactions in the last year.

All of these common scenarios highlight key pain points in analyst relations. AR practitioners will attest that the function is inherently politically-charged and time-sensitive, requiring AR to show a consistent front to analysts and their own organization.

Leading edge AR programs look for ways to mitigate the problem of analyst interaction history and metrics, given that AR managers travel, are in all-day consulting days, and others need access to interaction information. As the AR profession matures, more AR programs will look to software to solve some of these problems. This paper will survey the spectrum of software platforms that AR teams are using to run their programs today.

A Day in the Life of An Analyst Relations Manager

7:00 – 7:55 am: Briefing London-based analyst.

7:55 am: As call ends, analyst references something negative from previous briefing nine months ago.

8:02 am: Annoyed e-mail from executive on briefing asking what analyst was referring to.

8:02 – 9:10 am: E-mail fire breaks out as product teams all react/pile on to what spokesperson and analyst said. Call previous AR manager who handled briefing 9 months ago for help.

9:15 am: E-mail reply-all to everyone and try to douse the e-mail fire.

9:16 – 9:30 am: Call annoyed executive and apologize. Call manager to provide heads up about incident.

9:30 – 10:00 am: Drive into the office, return calls from yesterday.

10:00 – 10:45 am: Prepare briefing backgrounder for analyst meeting next week. Look up last 6 months of interactions in e-mails and notes; look up all analyst research in past year. Find analyst bio on firm Web site. Send to all participants.

10:45 – 11:00 am: Take call from new, unfamiliar analyst, requesting major update briefing. Promise to consider, will respond tomorrow.

11:00 – noon: Internal meeting to prepare for consulting day planned in a month.

Noon – 12:30 pm: Research new, unfamiliar analyst, decide whether to accommodate.

Benefits of AR Software

Before diving into an assessment of software options, it's worth first posing the question of whether software is needed at all, and what benefits AR software provides.

While spreadsheets, e-mail, and institutional memory may be sufficient for young AR programs in the short term, the push for metrics, the reality of staff turnover, and the need to prioritize time inevitably take their toll long term. AR managers who seek to transition from reactive to proactive inevitably look to software to save time, scale, and streamline.

The most common benefits cited by users of AR platforms include the following:

- Easy metrics reporting
- Saving time on repetitive tasks such as e-mail blasts or creating briefing books
- Maintaining an institutional memory
- Prioritizing AR activities
- Collaboration and communications across the AR team

"There is so much grunt work associated with AR. AR is so short of time in general, that anything that can help you is a godsend."

Carter Lusher
SageCircle

All AR managers interviewed for this paper regard software as mission critical to their success. Once exposed to the productivity benefits, no one advocates a return to spreadsheets and e-mail.

A Day in the Life of An Analyst Relations Manager (continued)

12:30 – 12:47 pm: Eat lunch at desk, do e-mail.

12:48 pm: Receive urgent request to produce metrics for AR program by tomorrow morning for new CMO.

1:00 – 1:30 pm: Inquiry with analyst to discuss agenda and goals for upcoming consulting day.

1:30 – 2:06 pm: Back to e-mail, review analyst research published that day.

2:07 pm: Draft of Gartner Magic Quadrant report comes in.

2:07 – 2:20 pm: Read draft; send e-mail to internal team asking for comment on draft.

2:20 – 2:30 pm: Back to e-mail.

2:30 – 3:30 pm: Briefing with analyst.

3:30 – 4:30 pm: Standing monthly internal meeting with product marketing to stay abreast of new product and campaign initiatives that may be worth communicating to analysts.

4:30 – 5:10 pm: Work on gathering metrics.

5:10 – 5:30 pm: Take phone call from spokesperson asking about tomorrow's briefing.

5:30- 6:00 pm: Drive home.

AR Software Characteristics

Four basic components are needed in order for an analyst relationship management system to be effective.

Analyst contact information

The foundation of the application is an analyst database which typically includes:

- Analyst biography and/or picture
- Analyst contact information
- Analyst research coverage

The key challenge with in-house or generic packaged applications is maintaining this information or adding new and unknown analysts to the database when an AR program's footprint changes.

Entering and tracking analyst interactions

The ability to enter interaction information is critical, as history of the interactions is what gives the application value over time.

Ideally the analyst relationship management system allows AR managers to easily enter all types of interactions - briefings, inquiries, e-mail exchanges, social events. More advanced systems allow meeting notes, attachments, e-mails and perception ratings.

Reporting and trending data

The ability to easily report and trend data is vital, as it helps AR programs produce metrics and manage their priorities.

An analyst relations management system should allow users to conduct ad hoc queries such as "How many briefings have we given Gartner as a whole in the last 3 months?" and also be capable of producing canned reports such as weekly analyst activity by geography or business unit.

E-mail and calendaring synchronization

If the application is not synchronized with the AR manager's e-mail and calendaring software, then AR managers will be forced to do double entry on their interactions. Automatic population encourages AR managers to keep their entries current.

Productivity Gains from AR Software

Time savings from software, using example of AR manager's typical 10-hour work day

- 90 minutes scrambling for analyst history
- 45 minutes creating analyst backgrounder
- 30 minutes dealing with unfamiliar analyst
- 40 minutes gathering metrics

Total: 3 hours and 25 minutes savings if using AR software, or 34% efficiency improvement

Assuming 10-hour work days and \$150,000 for full-time employee (compensation, benefits, facilities, insurance, etc), this translates into savings of \$51,000 per employee per year.

This estimate does not include additional valuable "soft" benefits such as increased employee morale, better ammunition to fight political battles internally, and the benefits of additional AR initiatives that are possible with more time.

AR Specialty Applications

The market for analyst relations-specific software is nascent, with only three players that consistently appear on short lists. All three offer Web-based solutions, allowing for fast implementation, but functionality and maturity vary widely.

Analyst Profiles

Analyst Profiles is a database of analysts and analyst firms that is maintained by Tekrati, Inc. As it lacks interaction, reporting, and e-mail synchronization capabilities, Analyst Profiles falls short of being a full-featured analyst relations application.

Among the three players, Tekrati has the fewest resources devoted to maintaining and updating its database. It tracks about 3,400 analysts, compared to 4,080 analysts for AR Intranet and 6,416 analysts for ARchitect.

AR Intranet

Launched in 2003, the AR Intranet product is owned by the London-based analyst relations consultancy Lighthouse Analyst Relations.

Built on the Intranets.com platform, which was acquired by WebEx in 2005, the application boasts all four components critical to an analyst relations system. However, as the platform is owned by WebEx this application is dependent on WebEx for feature developments and product enhancements. In addition, as Lighthouse's primary source of revenue is services rather than software, it does call into question how much of a priority the application is for the company.

According to executives at Lighthouse AR, most clients of AR Intranet are using the application to look up information about little-known analyst firms and boutique analysts, particularly in emerging markets. AR Intranet claims to track more than 800 analyst firms, higher than the 655 firms that ARchitect has in its database or the 500 firms for Analyst Profiles.

Lighthouse executives admit that few customers are on the platform, with only 35 users at its peak.

Adoption of AR Intranet is likely hampered by the fact that Lighthouse is a well-known AR services provider, and other AR consultancies would be reluctant to recommend a rival.

ARchitect

With millions of dollars in development since its inception in 2001, it is no surprise that ARchitect is the most robust solution on the market today.

Developed by former Gartner analysts, ARchitect resembles a robust CRM system geared toward analyst relations. It has the most widespread adoption among analyst relations professionals, at more than 400 users and 40+ customers.

ARchitect enjoys more industry partnerships than Analyst Profiles or AR Intranet; has the most number of analysts in its database; and employs the most development resources to support the application.

Its large user base gives ARchitect developers new ideas for functionality on a regular basis resulting in advanced features. One such feature the "Word Briefing Book" lets customers produce completely custom Word documents (briefing books) that populate with any group of analysts and their relationship history from the ARchitect database. This employs one-to-many merging capabilities not ordinarily possible with Microsoft Office.

Longtime users of ARchitect, such as Infor and Infosys, say the application is mission critical to their analyst relations programs.

"It allows me to work smarter, I know where everything is, I don't have to spend time looking for information."

Sharon Sulc
Director, Global Analyst Relations
Infor

Sharon Sulc, who heads analyst relations at Infor, has been using ARchitect for nearly five years. Thanks to the application, she can have an AR program that includes regional analysts even though she lacks resources on the ground in Europe and Asia.

ARchitect allows her to find, target, and build relationships with regional analysts. With only three people on the AR team at Infor, headcount is precious and software allows her to be strategic with staff and still execute a sound program.

Fellow ARchitect customer Sunder Sarangan at Infosys echoes these sentiments. Infosys is a large, sprawling company and analyst relations is executed by dozens of people in multiple business units across the company.

Infosys wanted to create a federated analyst relations organization, where a small core group of corporate AR managers would coach dozens of marketing managers in the business units to all do AR as part of their jobs. The company didn't want to build a large team dedicated to AR – it wanted AR to be the joint responsibility of the marketing leads for specific industries and horizontal solutions, enabled by a small core AR team. In order to scale this way, ARchitect plays a critical role.

The application ensures communications and consistency so that multiple groups can interact with the same analyst and stay abreast of what their colleagues are doing. More than 70 people at Infosys across different go-to-market initiatives based on industry, horizontal, and solutions enter their analyst interactions into ARchitect regularly, and the company is in its fourth year of use.

Infosys also relies heavily on ARchitect to prioritize its AR initiatives. Sarangan has the ability to go into the application and check if certain business units have been too quiet or over-relying on briefings instead of inquiries, for example.

“ARchitect has helped us with the scalability of our program, enabling a wider pool of AR managers. It also really improved the level of metrics.”

Sunder Sarangan
Associate VP of Marketing
Infosys Technologies Limited

At Cisco Systems, the need for insightful metrics was one of the key reasons for adopting ARchitect. Cisco had previously used a custom application that was so unpopular with its AR team that over time no one was using it.

Now, with about 30 people relying on ARchitect, director of analyst relations Melissa Selcher is able to provide metrics easily to her management. Like Infosys, she also uses the tool from a management standpoint, ensuring that her team is focused on the priorities that count.

“AR has never been able to produce solid metrics – we look to ARchitect to help us provide solid metrics of our activity.”

Melissa Selcher
Director, Analyst Relations
Cisco Systems

Custom Solutions

Cisco's decision to abandon its homegrown custom application in favor of a packaged AR solution is not surprising, given that the company struggled to upgrade and maintain the application.

“It was an archaic system that was not integrated with our systems and not very user friendly. More importantly, the system hadn't grown with our function,” Selcher explained. “We learned it's not cheap to evolve a homegrown application over time. ARchitect is so open to enhancements, design updates, everything we need to support and drive our function moving forward. We continue to test and push the boundaries and ARInsights has proven willing to take on every challenge.”

Cisco's experience with its custom AR application is typical of many homegrown software development projects. Custom solutions frequently struggle with support, ongoing enhancements and upgrades, and seldom deliver what the original scope of the project called for.

Standish Group, a well-regarded research company, has been doing studies about the software development challenges for years and its latest results should strike a cautionary chord with AR teams who are considering the custom path.

“This year's results show a marked decrease in (software development) project success rates, with 32% of all software projects succeeding, 44% were challenged, which were late, over budget, and/or with less than the required features and functions, and 24% failed. This year's results represent the highest failure rate in over a decade.”

Jim Crear
Standish Group CIO
CHAOS Research Study, April 2009

Oracle, like Cisco, built a custom analyst relations application from the ground up in 2004 and was limited in time and resources to extend it over time with functionalities that truly differentiate its AR program.

The analysts relations team hired summer interns to enhance the application to improve efficiency and foster internal collaboration. Unfortunately the application was prone to being buggy, which is more likely to occur with custom applications in general as they don't enjoy extensive testing in different customer situations that one finds with packaged software.

The software giant gave up and moved its analyst relations team to packaged software in 2009. Instead of AR-specific applications, it decided to go with the popular CRM package Siebel OnDemand as both a collaboration tool amongst the team and an analyst partnership management system. It was also an opportunity to showcase its own technology (Oracle acquired Siebel in 2006).

Prior to adopting ARchitect, Infosys pondered building its own AR application or adapting around their CRM system but did not pursue them due to concerns about ongoing support and functionality.

“ARchitect was also a direct fit to what we did, functionality wise, and if we had to take the CRM system and change it, we would be mainly using it as a contact system, there would be no intelligence on the analyst background and their recent reports.”

Sunder Sarangan
Associate VP of Marketing
Infosys

It's striking that Infosys, which is widely known as a leader for using the global delivery model to build and deploy applications, decided this route didn't make sense. When talented giants such as Cisco and Oracle try and fail, it's a clear lesson that building a custom application is not a viable option.

Even Microsoft, the largest software vendor in the world, outsources its custom application development to its PR agency rather than tackle it in-house.

“Microsoft has a CRM offering, so there is pressure to ‘eat our own dog food’ before looking outside for packaged software. Our agency also takes a lot of our notes and monitors follow up actions, so it's often easier to use their system vs. going through the steps to customize a package solution.”

Kent Cook
Director, Corporate Analyst Relations
Microsoft

Microsoft uses a custom application to manage its AR program – a solution called WExView that is built and maintained by its PR agency Waggenger Edstrom Worldwide. A few hundred people use the application at Microsoft and Waggenger Edstrom, and over 50% of Waggenger Edstrom's other clients use it as well.

The first version of the application was a Pivotal solution, based on Pivotal's CRM platform. But Waggenger Edstrom found that it wasn't able to get Pivotal to make the customizations it wanted, so the agency decided to build its own solution in 2003.

Based on Microsoft technology (SQL Server and .NET platform), the application requires two to six developers to support and upgrade it. It has gone through four major functionality upgrades since 2003.

WExView does possess all four components critical to an analyst relationship management system but the list of influencers and analysts that populate the application comes from a third-party that is updated weekly.

Waggenger Edstrom is a services company and it doesn't sell WExView as a standalone software solution. Development could arguably be uneven because Microsoft is such a large client that its needs could drown out other client requests. But Waggenger Edstrom disagrees with that view, pointing out that it solicits feedback from all of its clients and it works to ensure all features and functionality will benefit clients large and small.

To its credit, Waggenger Edstrom is ahead of most of its PR rivals who also offer analyst relations services but have no software to help automate processes and pull metrics.

“If you're going to pay someone to do AR, are you going to pay them to comb through e-mails to find information? If your agency has a system that tracks that already, your budget is going to go farther.”

David Kohn
Director, Web Solutions
Waggenger Edstrom Worldwide

AR teams who rely heavily on outside PR agencies would do well to pose the question of how the agencies create briefing books, gather metrics, enter and track analyst interactions. Spreadsheets, e-mail, and no systems means the agencies are slogging through these tasks manually and charging their clients for this inefficiency.

Agencies typically bill by the hour so most lack financial incentive to adopt software for efficiency. AR teams who use agencies that have some kind of software infrastructure will see more of their budget dollars go to influencing the analysts rather than back office functions.

Generic Applications

In between the two ends of the spectrum of AR packaged software and custom solutions are generic applications such as CRM systems or PR applications. They offer the reliability and scalability of packaged software but tend to come up short on AR-specific functionality and are not as flexible, given that they were designed for other functions and AR teams' requests are dwarfed by other customer requests.

The AR teams that adopt generic applications usually do so because the licenses are "free" and paid for by their PR colleagues or in the case of SAP, Oracle, and Salesforce.com, their companies own the software and there is motivation to promote their own technology.

At SAP, the analyst relations team uses SAP's CRM OnDemand tool. They implemented it two years ago, and it has been a huge timesaver. Prior to that, AR managers were limping along on spreadsheets and e-mails.

"The primary way to differentiate is through engagement models. And while core processes are commoditized, relationships with stakeholders and influencers can't be automated. The ability to have time for strategic relationships cannot be underestimated."

Jennifer Bartolo
Vice President, Analyst Relations
SAP

SAP's remarks are echoed by its chief competitor Oracle, who also uses its CRM system, Siebel OnDemand for its AR system.

"We needed a solution that allows us to focus on our strategic partnerships while fostering real-time collaboration within the team. Siebel OnDemand gives a single dashboard for managing multi-dimensional interactions across products, verticals, and geographies, for sharing notes, and for reporting on our metrics. That way we can free up more time to support our sales organizations."

Claire Dessaux
Senior Director, Analyst Relations
Oracle Corporation

Both SAP and Oracle took an organizationally convenient route in using their own software. However, both companies admit that they had to "tweak" their CRM systems and get their teams to adopt CRM vocabulary in place of AR. The database of analysts they track must also be manually updated by the teams as analyst coverage shifts or contact information changes.

While some Oracle AR managers are still adjusting to some mouse-click intensive transactions, moving to Siebel was a dramatic difference in collaboration, reporting, and calendaring functions.

At Symantec, the AR team has also had to "tweak" PR-based applications such as Vocus and Cision in order to serve its needs. The application is financed from PR resources which is the primary reason the AR team uses it.

"I'm a freeloader. If I ever had to use my budget to finance an application, I would look at something like ARchitect. Even though we've had access to Vocus and now Cision, it takes a lot of customization to use it for our efforts. I still have to custom build a template for AR. It is not geared toward AR."

Dean Whitehair
Sr. Director, WW Industry Analyst Relations
Symantec

Whitehair goes on to observe that sometimes PR-based applications such as Vocus and Cision don't differentiate between financial analysts and industry analysts, and lack the support and expertise required for AR interaction tracking.

"They're very PR oriented, that's their heritage," he explained. "When you go talk to them about AR needs, they don't really seem to understand why we want certain categories included for interactions or measurements."

Analyst Relations Software Options

	Cost	Functionality	Support	Flexibility	Comments
AR Specialty Applications	Low	High	High	High	The best option for AR teams.
Generic Applications (i.e. CRM/PR)	Low	Low	Low	Low	Primarily used by vendors who own their own CRM technology or AR teams heavily dependent on PR resources. Expect customization and data management headaches.
Custom Solutions	High	Varies	Varies	Med	The most expensive software option.
No software	High	Low	None	Low	No longer a sustainable option for any AR program.

Differentiation in AR?

Can software differentiate an AR program? What constitutes competitive differentiation in AR? There are no secret recipes or exclusive suppliers in AR. The talent pool of AR managers is mobile. No laws or patents apply that raise competitive barriers. The analyst firms force standard processes when working with vendors to ensure a level playing field. In being evaluated in a Gartner Magic Quadrant, for example, vendors all go through the same process with Gartner.

Can you differentiate as a vendor on interactions such as briefings, inquiries, and consulting days? Not really—again, standard policies from the firms limit creativity here.

Relationships are the competitive differentiator. A superior relationship means the analyst will help your company over your competitors. Does software help you with that? Metrics, entering interactions, building briefing books do not concern the analyst community. Yet they are table stakes for AR. These back office functions are akin to having a computer, electricity, e-mail.

AR teams that use software to handle these back office functions will have more free time to do strategic things – lobby for budget, fight internal political battles, do more briefings, attend more conferences, plan better consulting days, whatever the case may be.

Conclusion

The AR profession is still immature and many departments aren't using anything but spreadsheets and e-mail to manage activities. Unless they come from a sales background, most AR managers lack experience with relationship management systems. They may know how to buy research, but they lack experience in using or buying software tools.

The best option is deploying an AR specialty application, with ARchitect clearly being the best choice. The next best option is using some generic packaged software such as a CRM or PR application, even with the customization headaches. Custom applications don't make sense because of the cost and maintenance associated with them, and usually they don't offer sufficient competitive differentiation.

The worst option of all is no software of any kind. It may seem that programs are saving money by not paying for software but it costs a lot more in program inefficiency. Unfortunately this is where most AR teams are today.

The good news is that because the market is still so underpenetrated, early adopters of AR specialty software applications are still enjoying an advantage over their competitors.

About the author

Peggy O'Neill currently serves as a board member for the Institute of Industry Analyst Relations. A former industry analyst, she covered business intelligence and data warehousing at Gartner and Internet trends at Nielsen NetRatings. In 2008, she headed Hill & Knowlton's U.S. analyst relations practice. She led Oracle's analyst relations department from 2001 – 2007. While at Oracle she oversaw the development of a custom analyst relations application and later advocated abandoning it.