7 Hidden Costs of Online CRMs

What you need to know before you buy

Questions to be sure to ask your vendor before you spend your hard earned cash

Hosted, online, web-based or Software as a Service (SaaS) Contact Management or CRM systems are a hot trend in managing marketing and sales in small and medium sized businesses. There are some great reasons:

- Scalable
- Low requirement for internal IT infrastructure and expertise
- Lower total costs when compared with locally installed systems

I should know. I'm the President of a provider of online contact management system. Recently, I've been stunned at the things many vendors aren't telling you about what it really costs to reach your goals with an online Contact Management or CRM system.
So, we've put together this list of hidden costs and unpleasant surprises you need to be aware of and questions you need to be sure and ask the vendors you consider.

Migrating Existing Data – most everyone has contact data they want to put into their new contact management or CRM system when they get started. It may come from your accounting software, your website, ACT!, Goldmine or even Outlook but, I bet you're not planning on typing in all your existing customers one at a time. What you need to know is that importing this data is NOT included in the setup of most online contact management or CRM systems. You'll probably have two options – import a simple spreadsheet of basic contact data (names, phone #s, emails, addresses) yourself or pay a 3rd party consultant the vendor will contact you with. **Cost - $1,500+**

Question – My contact data is currently in *(insert your format here)* format, will you import ALL of that? If yes, is there a charge? Example – if you're currently using ACT!, be sure to ask if they'll import all your notes, histories, activities, sales opportunities, groups and custom fields.

Database and Screen Customization – This is key. In order to get your team to use the system consistently, you've got to make it fit your business and their workflows. Your sales team is much more likely to use the system if they see that you've built it around the best practices of your top producers. Believe it or not, most vendors limit the number of additional fields you can add to the database and give you almost no control over where those fields are placed on the screen. This leaves you with mission critical information about your customers

scattered all over the place. This can kill productivity and user adoption. Again, if you want to get this right, you're likely to be connected with a 3rd party consultant. **Cost - $2,000+**

Question – How many fields can I add to the database myself and can I control their appearance and placement on the screen?

Standard vs. Premium Support – we've all had the experience of waiting on hold for hours and still never getting to talk to someone that can help. Unfortunately, many vendors will not take support calls or only commit to a 48 hour response time. I don't know about you, but when I need answers to keep my sales team running, 48 hours it too long. Some vendors offer "Premium" support as an option. **Cost - $160 per user per year or more**.

Question – What's are the average response and resolution times to phone calls, emails and chats? What does it cost to get access to a "priority support queue"?

Implementation Time – most vendors will tell you to allot 30 days or more for implementation. I bet that's not what you had in mind. In fact, isn't the whole idea that web-based systems should be easy to set up and start using productively? The worst part is that you're going to have to invest a lot of time during that implementation phase to either do the work or guide the consultants. **Cost - $7,000+**

Question – How long will it take to get the system configured to my workflows including fields, screen layout, campaigns and reports? How much of my time will I need to invest?

Contract Term – the most common contract for online contact management and CRM vendors is one year. Guess what, once you're in, you can't get out. You pay up front for the year and you can't get a refund if you want out. **Cost - $624 per user per year**.

Question – Can I terminate the contract early? What kind of a refund do I get in that case?

Getting Your Data Back – when you're ready to move on, you'll find most vendors aren't very interested in helping. When you want to get YOUR customer information so you can use it somewhere else, you'll be told to download it yourself. But wait! When you do download it, you'll find that all you get is the basic contact info (name, phone, email, address). Your download won't include the notes, sales opportunities, calendar reminders or custom fields that you purchased the system to manage. If you need all that information, it's going to cost you. In many cases, even after you pay the vendor to get YOUR data back, all you get is a bunch of SQL database tables. Then you'll need a skilled database technician to make it useful again. **Cost - $1,500+**

Question – When I want my data back, can I get all the notes, calendar items, sales opportunities, custom fields (EVERYTHING)? In what format? What will that cost? How long will it take?

Sending Emails – many systems now offer the ability to "blast" emails to a list of contacts. However, there are normally limits on how many you can send. You can't send over a certain amount at one time (as low as 100) and there's a cap on the total number sent in a month. If you're planning to use the email broadcasting capabilities, you'll either spend a lot of time working around the limitations or pay a per email charge when you go over those limits. **Cost - $0.05 per email**.

Question – How many emails can I blast at one time and is there a limit on the total number I can send in a month? What are the charges if I exceed those limits?

OK, well, I hope I haven't totally scared you away from online hosted contact management and CRM systems! The fact remains that it's most often a more affordable way to get your marketing and sales processes automated and manage client and prospect information. Its important that you go into a relationship regarding your critical client information with your eyes wide open. Knowing the full extent of the investment and time required to reach your goals will greatly increase your chance of success!

Click here for a side by side comparison of SalesNexus and several popular online contact management and CRM systems.

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