MICROSOFT LAYS OUT LINKEDIN CRM STRATEGY

ANALYSTS
Kelsey Anspach, Rebecca Wettemann

THE BOTTOM LINE

Earlier this spring, Microsoft announced the Microsoft Relationship Sales solution, which combines Microsoft's Dynamics 365 for Sales and LinkedIn's Sales Navigator Enterprise edition, scheduled for availability July 1. Nucleus found the new solution can drive a productivity increase of 12 to 15 percent for sales people while accelerating time to close.

•••

OVERVIEW

In April, Microsoft announced the Microsoft Relationship Sales solution which combines Microsoft's Dynamics 365 for Sales with LinkedIn Sales Navigator. Sales people will have access to information from the world's leading professional network that will make it easier for them to find prospects and strengthen relationships. The solution offers:

- Access to 500 million LinkedIn professional profiles including photos, current roles, and work history. With this, sales people can both gain a better understanding of their current customers and use the network to identify new leads.

- Recommendations for users' next-best action within Dynamics 365 based on combined signals from e-mail, customer relationship management (CRM) software, and LinkedIn. Suggested actions are artificial intelligence (AI) based and include suggestions for introductions and connection requests, as well as suggestions for sending InMail and messages.

Users also receive suggestions for icebreakers, such as news articles and shared connections, for when they engage with new customers.

- Notifications on buyer relationship health including upcoming meetings, how many e-mails have been exchanged, their level of engagement, and identifies email messages that may be waiting for a reply from the seller. Users may also gauge relationship health through user activity on both the sales team and the customer side through trends within that activity such as the number of e-mail opens, attachment views, and link clicks.

- Notifications on updates such as news mentions and job changes. This allows users to tailor the conversations for each specific buyer in real time throughout the account lifecycle.

On July 1st, 2017, Microsoft and LinkedIn sales teams will begin selling the Microsoft Relationship Sales solution at a list price of $135 per user per month.

WHY IT MATTERS

With Microsoft's $26.2 billion acquisition of LinkedIn in December 2016, Microsoft joined the trend of software vendors acquiring and integrating data as a service (DaaS) into their platforms, and with it, Microsoft positioned itself to have LinkedIn's data significantly impact Microsoft's CRM capabilities (Nucleus Research *q114 – Microsoft Acquires LinkedIn*, June 2016). Dynamics 365 with LinkedIn Sales Navigator represents that impact.

Some time ago, Nucleus found that adding social collaboration capabilities to CRM delivers an 11.8 percent productivity boost (Nucleus Research *m13 – The Value of Mobile and Social for CRM*, March 2012). In analyzing the past two year's CRM ROI case study data, and the experiences of Sales Navigator users, Nucleus found sales users could expect even more – a 12 to 15 percent productivity boost – from the Microsoft integration.

> ### Nucleus found sales users could expect even more – a 12 to 15 percent productivity boost – from the solution.

Already, Dynamics 365 for Sales has the advantage of providing current Microsoft customers with the ability to combine Office 365 with their sales software and other Microsoft applications and services such as PowerBI.

Meanwhile, LinkedIn Sales Navigator is a strong tool for finding prospects in that it allows users to save leads, provides users with tailored recommendations, and notifies users with real-time updates. Now, Microsoft has the potential to gain an advantage in the CRM market by providing sellers with both the data from LinkedIn and its AI-driven sales recommendations and relationship coaching.

THE COMPETITIVE LANDSCAPE

Obviously integrating social data with CRM is not new, with most leading vendors in the market having existing comparable (if albeit less data-rich) offerings:

- Salesforce, for example, has both data.com and SalesforceIQ (from the RelateIQ acquisition in 2014), which automates data capture from e-mails, suggests next-best actions for deals that need attention, provides visibility into team members' interactions with a prospect, and provides analytics for performance coaching. SalesCloud Einstein, although still in early days for adoption for sales users, shows promise as well.

- Oracle continues to expand its DaaS offering (supplemented by the Datalogix acquisition in 2014) as well as its sales coaching capabilities within Sales Cloud, and Nucleus expects it will continue to layer AI and data-cloud capabilities into Sales Cloud along with its Adaptive Intelligent Apps strategy.

- SugarCRM, through its TrustSphere partnership, provides relationship graphs for both internal and external social networks to help sales identify relationships to a prospect and how they can be leveraged. It also provides capabilities to quickly update CRM records based on social network data. Additionally, Sugar is making a significant investment in other organic capabilities to better enable and inform sellers, such as Hint (Nucleus Research *r121 – SugarCRM Announces Hint*, June 2017).

Clearly Microsoft has an advantage with the sheer volume and granularity of business relationship data within LinkedIn. However, key to broad adoption of any salesforce automation (SFA) solution is usability that drives individual sales effectiveness. Nucleus expects that further investments from vendors will focus on more integrated suggestions and a more seamless experience for sales users.

On the pricing front, Microsoft is certainly competitive with a list price of $135 per user per month and an estimated volume discount price of $97 per user per month for licensing between 1,000 to 5,000 seats.

With volume discounting, Microsoft is likely to fall below Salesforce pricing but still somewhat above Sugar's, which goes for a list price of roughly $85 per user per month for a package combining both Sugar's CRM and Hint (Nucleus Research *r121 – SugarCRM Announces Hint*, June 2017).

LOOKING AHEAD

Customers considering a new SFA investment today should be looking at both data and AI capabilities within their vendors' product and roadmap to ensure not just that they exist, but that they can be easily and effectively adopted by sales people. With AI-driven intelligent sales capabilities being integrated into most SFA solutions today, Microsoft and others will highlight the comparative advantage sales people gain through more intelligent selling, bringing intelligent selling into the core of SFA checklist items.