



Software Provider Adopts CRM in the Cloud to Simplify and Accelerate the Business

Overview

Country or Region: United States

Industry: Manufacturing—High tech and electronics manufacturing—Software publishing

Customer Profile

Magma Design Automation is an innovative, globally operating provider of electronic design automation software, enabling customers to innovate and reach markets rapidly.

Business Situation

The company was unable to fit a solution from Salesforce.com to its business and incurred high costs and complexities in trying to make the system work, eventually prompting a decision for change.

Solution

Magma Design Automation engaged with Hitachi Consulting to implement Microsoft Dynamics CRM Online as a hosted solution for its worldwide organization.

Benefits

- Low cost of ownership with substantial savings
- Faster solution delivery to customers
- Increased sales and marketing productivity
- Sound decision making and insightful business planning

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Vickie Flores, Vice President, Information Services, Magma Design Automation

As a provider of electronic design automation software, Magma Design Automation aims to release products to customers as rapidly and efficiently as possible. Magma Design Automation adopted Salesforce.com as its customer relationship management system but found that the software was not able to scale to the business’s complex requirements and caused high support workloads and costs. To address these challenges, Magma Design Automation engaged with Microsoft Gold Certified Partner Hitachi Consulting to transition its global organization to Microsoft Dynamics CRM Online. With the new solution, Magma Design Automation reduced customer support by 50 percent, saved more than 70 percent in software-licensing costs, cut IT support by two-thirds, and expects a 50 percent boost in sales productivity. Executives are confident that Microsoft Dynamics CRM Online will scale to the growing business.

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Situation

[Magma Design Automation](#) is a leading, fast-growing provider of electronic design automation (EDA) software. Semiconductor manufacturers around the world use products from Magma Design Automation to design complex, high-performance integrated circuits. Founded in 1997, the company is headquartered in San Jose, California, and has 18 globally distributed offices. Magma Design Automation employs approximately 700 people, of which about 80 percent are in research and development (R&D).

As Vickie Flores, Vice President, Information Services at Magma Design Automation, explains, “We develop and offer software to help our customers make chips faster.” For the company’s customers, being the first to market with a new product is critical in maintaining a competitive advantage. Magma Design Automation aims to help customers succeed by providing EDA software tools that help them meet their time-to-market objectives, improve chip performance, and handle multimillion-gate designs.

Disparate ERP and CRM Systems

Since the company’s inception, Magma Design Automation used technology to help manage its business and serve customers as efficiently as possible. Magma Design Automation deployed an enterprise resource planning (ERP) system from SAP and, for almost eight years, used a hosted software solution from Salesforce.com to support sales, marketing, R&D, finance, and customer relationships. Insight and ideas from Magma Design Automation employees contributed to the development of this software environment. However, because the SAP and Salesforce.com systems did not integrate directly, the company used an integration appliance from Cast Iron that provided a one-

directional connection between them. Sales representatives could create new opportunities in Salesforce.com and request a quote through SAP, but the finance expert creating the quote was not able to send the information back into Salesforce.com. Representatives had to enter quote detail in Salesforce.com in a separate step.

Difficulties in Accessing Information

As Magma Design Automation grew, the customer relationship management solution was unable to keep up with the company’s need for meaningful information, strategic reporting, and efficient operations. Says Flores, “We had problems getting data out of the system and were unable to gain a 360-degree view of our customers. Managers, sales account executives, and R&D team members need to see what customers’ and prospects’ concerns are, where leads come from, and how the sales department moves them through the purchasing cycle. It was impossible to gather this information in a single report, so people exported information from Salesforce.com into Microsoft Excel spreadsheets or Microsoft Access databases for analysis. This required too much time and decreased productivity for them and for us in IT who needed to support their efforts.” Magma Design Automation kept three full-time IT administrators busy supporting the solution.

Inefficient Search and Lack of Workflow Capabilities

Without easy access to current information, managers found it difficult to plan and control the business effectively. Also, it was not possible to share reports with a selected group of people. Over time, more than 15,000 different reports amassed in the system, causing a significant administrative burden for the IT group.

Limitations in the system's search function added to Magma Design Automation's information management challenge. "It was impossible to save a search," explains Flores. "If you edited your search criteria, you had to start over. It took up to 15 minutes to perform a detailed search. Search complications were one reason that engineers and sales representatives stopped using the solution."

In addition, Magma Design Automation employees did not find it easy to build workflows in the Salesforce.com system. Instead, they wrote more than 10,000 scripts outside of the system by using the Salesforce.com application programming interface (API). "When a script stopped working properly, it could take weeks to find that script and repair it," says Flores.

High Expenses and Needless Software Functionality

When Salesforce.com introduced Chatter, a collaboration utility that also serves as a tool for companies to interact with customers, Magma Design Automation employees did not want to adopt it, because they felt Chatter was too intrusive and they preferred other communication channels. However, the company was unable to deactivate this feature, causing some awkwardness in customer communications.

Magma Design Automation also felt that the yearly price increases of Salesforce.com were not commensurate with solution enhancements. The Salesforce.com AppExchange offered some of the additional capabilities the company sought, but Magma Design Automation wanted to avoid incurring the cost of acquiring up to 600 licenses for these add-in solutions. Instead, Flores and the leadership team began looking for another customer relationship management system.

Solution

Magma Design Automation reviewed several available customer relationship management offerings from leading providers. Says Flores, "We looked at Siebel and PeopleSoft Enterprise, both from Oracle; Microsoft Dynamics CRM; and other products. We immediately noticed that most of these software tools were very complex to administrate, with the exception of Microsoft Dynamics CRM. You don't need to have a lot of specialized training to be a successful, competent administrator of Microsoft Dynamics CRM."

When Magma Design Automation took a closer look at [Microsoft Dynamics CRM](#), Flores and her team found the reliability of the solution remarkable. "In my more than 20 years of IT experience, I have yet to find a system I cannot break," states Flores. "We tried our best to break Microsoft Dynamics CRM before we made our purchase decision, because we thought it sounded too good to be true. When we couldn't damage this solution, that's when I became a true believer."

Conducting a Smooth, Global Deployment

Already familiar with Microsoft Gold Certified Partner [Hitachi Consulting](#) through hardware projects, Magma Design Automation engaged with the partner to deploy Microsoft Dynamics CRM. With a Microsoft data center providing the hosting services, Hitachi facilitated the needed data migration from Salesforce.com and deployed [Microsoft Dynamics CRM Online](#), a hosted solution, for close to 600 employees. Flores comments, "The go-live event was smooth, without any issues whatsoever. We felt a hosted solution gave us optimal flexibility and great support on the Microsoft infrastructure. If we decide to bring Microsoft Dynamics CRM in-house, it

Fast Facts: Magma Design Automation and Microsoft Dynamics CRM Online

Reduction in IT administrative workload Two-thirds

Reduction in customer support calls 50 percent

Reduction in internal support tickets 80 percent

Savings in software licensing costs More than 70 percent

Savings in support costs \$200,000

Expected increase in sales productivity 50 percent

will be easy to do so without customers even being aware of it.”

Facilitated by Hitachi Consulting, Magma Design Automation rolled out the new solution at the same time to all company offices worldwide in their local languages, including Chinese, German, French, Japanese, Korean, and Spanish. Employees in North America, the United Kingdom, and India access the English-language version of the solution. To prepare for a successful deployment project, Magma Design Automation worked with Hitachi Consulting to offer 35 training classes for the company’s global employee group. In addition, the two companies offered 15 software demonstrations to help people understand the capabilities in Microsoft Dynamics CRM Online and to make them comfortable with the solution. Many of the training classes specifically targeted certain roles, such as sales or finance. The company recorded the classes and concise user guidance on video so that current employees can refresh their skills and new hires can get up-to-speed with the functionality of the solution. With the exception of the human resources and facilities teams, everybody at Magma Design Automation works with the solution.

Applying Key System Integrations

In the Magma Design Automation deployment, Microsoft Dynamics CRM Online integrates with other key technology that the company uses, including:

- **SAP.** With bidirectional integration, sales representatives can note information from the customer relationship management system directly in the ERP system, and finance team members can advance ERP details directly into Microsoft Dynamics CRM Online. Sales representatives, for example, rely on this integration if they need help with quotes

that require ERP data. Finance administrators can ensure that the representatives can see in Microsoft Dynamics CRM Online when customer orders are booked.

- **Microsoft Outlook.** Says Flores, “Microsoft Dynamics CRM looks like Outlook, which made adoption very easy. People were immediately comfortable with the solution. What’s even better is that representatives can create contacts and opportunities, convert contacts to leads, and do much more by accessing Microsoft Dynamics CRM Online from within Outlook.”
- **Molten.** Through the company’s external website and a customer portal called Molten, customers can create support tickets, review ticket status, add comments to tickets, and download resources with helpful information. When a customer creates a support ticket through Molten, Microsoft Dynamics CRM Online receives the information and notifies a representative, who can take action.
- **ExactTarget.** With close integration between Microsoft Dynamics CRM Online and ExactTarget, the email-marketing tool for campaigns and other customer-directed communications, Magma Design Automation employees can develop and broadcast content from within the customer relationship management solution. “We don’t export contacts and then import them into another tool the way we used to,” says Flores. “We saved that step to make marketing more efficient.”

Replacing Complexity with Consistency and Simplicity

By deploying Microsoft Dynamics CRM Online, Magma Design Automation replaced the many thousands of scripts and informal processes with approximately 30 customer relationship management entities

and 250 workflows for important, frequent tasks that the company wants to manage consistently. Such workflows, for example, incorporate a number of criteria to determine which support representative receives a new support case a customer creates in Molten, and notify the right person. The company has also developed workflows to provide a productive response to new sales leads, depending on how the new prospects interact with the company. "We use a scoring system based on the three initial interactions of a new prospect with the company, assigning the proper representative by additional criteria such as location and interest," says Flores. "By using the tools in Microsoft Dynamics CRM Online, it's very easy to adjust this scoring system."

In the wake of the successful global deployment, employees who had previously stopped using Salesforce.com requested access to Microsoft Dynamics CRM Online. Magma Design Automation acquired an additional 50 licenses to bring the total to 650.

Benefits

At [Convergence 2011](#), the global event for Microsoft Dynamics customers and partners, Magma Design Automation won the Microsoft Dynamics CRM Overall Excellence Award, honoring the company's achievements with the solution. At the same time, the company keeps looking for additional opportunities to create a greater yield from the technology. Says Flores, "There is much more we can do with the solution to make our sales, marketing, and R&D more effective as the company grows. Adjusting to our business and offering extreme scalability, Microsoft Dynamics CRM generates a fabulous return-on-investment. It has made our lives much easier. I can even take time off now!"

Low Cost of Ownership with Substantial Savings

By implementing a customer relationship management solution that demands little administrative support, integrates with existing systems, is easy to work with, and comes with comparatively low licensing fees, Magma Design Automation has generated substantial savings. "We are very happy with the low cost of ownership of Microsoft Dynamics CRM Online," states Flores. "What's more, the return-on-investment on the solution is simply amazing."

From an IT management perspective, Microsoft Dynamics CRM Online is highly efficient for Magma Design Automation. "System administration is very easy," says Flores. "We only need one IT team member to support the solution—not three of them, as we did previously. We developed all of the new workflows in a little more than a day and can maintain them with great efficiency. And, of course, we avoided supporting thousands of scripts and the employees can easily understand information and the solution itself. We've already reduced the number of internal support tickets by 80 percent and saved at least \$200,000 so far."

The company generated additional savings with direct integration between Microsoft Dynamics CRM Online and SAP, eliminating the Cast Iron integration appliance along with the associated licensing and support costs. In addition, Magma Design Automation finds that the licensing fees for the hosted customer relationship management solution contribute to cost control. As Flores describes, "Our licensing costs with Microsoft Dynamics CRM Online are more than 70 percent less than what we used to pay."

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Faster Solution Delivery to Customers

Molten is Magma Design Automation’s integrated customer portal that interacts with Microsoft Dynamics CRM Online and provides customers with more direct ways to communicate with the company. Because customers can now take care of business on their own, download software patches, and obtain fast responses from the company’s representatives, Magma Design Automation was able to reduce customer support calls by 50 percent.

Working with the new customer relationship management solution, R&D team members and account executives can easily adjust business processes and workflows to ensure rapid delivery of validated solutions to customers. And, because R&D groups now have access to the voices of the customers, reflected in Microsoft Dynamics CRM Online, it is much easier for them to create new product features or fixes of great relevance. Says Flores, “In our customers’ industry, the first to market wins. By using Microsoft Dynamics CRM Online, we are helping our customers succeed and deliver early. We are even ahead of schedule with our next product release.”

Increased Sales and Marketing Productivity

The sales and marketing groups at Magma Design Automation now have more effective tools to direct their efforts for best results. With information and resources available in local languages and formats, the company’s global teams are in a better position to drive Magma Design Automation’s growth. “We now have a complete view of our customers,” says Flores. “And, with integration between Microsoft Dynamics CRM Online, Microsoft Outlook, and ExactTarget, it’s easy to plan and assess campaigns, based on actual prospect and customer data. We improved

our marketing execution, which greatly helps sales and the success of the business.”

To help sales efforts, Flores and her team included a number of formulas and custom pages in the customer relationship management solution, connecting opportunities with products and business groups, including R&D. This capability was unavailable in Salesforce.com. “We’ve wanted to build a more targeted lead and prospect flow for 10 years, and now we finally have it,” she says.

In addition, representatives no longer spend time exporting data into Access databases or Excel spreadsheets, eliminating what used to be a significant IT support load. States Flores, “We expect a 50 percent increase in sales productivity, because the representatives have more time to interact with customers. The representatives can stay in their preferred software environment to work with data. And, with the new quote system and ERP integration, they can immediately give customers reliable information and easily verify order status for them.”

Sound Decision Making and Insightful Business Planning

The search and reporting capabilities of the new customer relationship management solution provide Magma Design Automation employees with the insight they need. “In Microsoft Dynamics CRM Online, you can refine queries until you see what you’re looking for, save queries as views, and always rely on real-time results,” Flores explains. “It only takes a minute to obtain a meaningful answer.”

The solution also benefits the decision-making and planning activities at Magma Design Automation. Says Flores, “We can build a report in five minutes or less, but

For More Information

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www.microsoft.com

For more information about Magma Design Automation products and services, call (408) 565-7500 or visit the website at:

www.magma-da.com

For more information about Hitachi Consulting products and services, call (877) 664-0010 or visit the website at:

www.hitachiconsulting.com

most employees simply develop their own. They can easily share it with the people who need to see it, and IT can avoid managing reports and cleaning up large amounts of reports that nobody needs anymore. In a recent sales-planning meeting, setting goals for the quarter and the year was an easy accomplishment for the first time, because everybody referred to the same, reliable information from Microsoft Dynamics CRM Online.”

Additional Resources

- [Read a Microsoft press release](#) from the launch of Microsoft Dynamics CRM Online, with statements by Vickie Flores and other customers.
- [Watch Vickie Flores discuss her experience with Microsoft Dynamics CRM.](#)
- [Review other Microsoft Dynamics CRM customer videos and case studies.](#)

Microsoft Dynamics

Microsoft Dynamics is a line of integrated, adaptable business management solutions that enables you and your people to make business decisions with greater confidence. Microsoft Dynamics works like familiar Microsoft software such as Microsoft Office, which means less of a learning curve for your people, so they can get up and running quickly and focus on what's most important. And because it is from Microsoft, it easily works with the systems that your company already has implemented. By automating and streamlining financial, customer relationship, and supply chain processes, Microsoft Dynamics brings together people, processes, and technologies, increasing the productivity and effectiveness of your business, and helping you drive business success.

For more information about Microsoft Dynamics, go to:

www.microsoft.com/dynamics

Software and Services

- Microsoft Dynamics
 - Microsoft Dynamics CRM Online

Partners

- Hitachi Consulting