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## Siebel Hopes Government Will Choose Its Software for the War on Terrorism

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If a product doesn't work as billed in the everyday corporate wars of the business world, is there any reason to think it will work any better in the war on terrorism?

No, but that hasn't kept a lot of Silicon Valley companies from trying to unload on a free-spending federal government the same stuff they are having an ever-harder time selling to regular customers.

One example is [Siebel Systems](#) Inc., the top maker of what is known as "CRM software." CRM stands for customer relationship management, and it's one of those trends that regularly sweep through American business.

The premise behind CRM is that -- hold on to your hats -- customers become even better customers when they are treated well. CRM software might, for instance, allow a company to coordinate the operations of a call center handling customer queries and complaints.

But the real news about CRM is its decidedly mixed reputation in the tech world. Some studies show that half of all CRM projects never work out, despite the hundreds of millions of dollars companies sometimes spend on them. The title of a February Harvard Business Review article, "Avoid the Four Perils of CRM," was typical in the cautionary tone it took.

It turns out that despite the often-facile predictions of CRM suppliers, having good relations with customers isn't just a matter of new software. Instead, it involves adopting all sorts of painful internal changes that companies often don't want to make. Some CRM vendors, in other words, don't do a very good job managing their own customer relationships.

Siebel was founded in 1993 by Thomas Siebel, a veteran of software maker [Oracle](#) Corp. ORCL -0.05%, who is often described in the same terms, such as "brash," as Oracle CEO Larry Ellison. Siebel has grown quickly, and now has 7,400 employees and \$2 billion in annual sales.

Lately, though, the company has found itself in the same funk as other onetime tech wunderkind; its stock is more than 75% off its record high. With its big corporate customers growing disillusioned with the sorts of giant technology projects represented by CRM, the billions of dollars being spent by the federal government to nab terrorists starts to look mighty inviting.

Mr. Siebel himself has leapt in, testifying before a congressional committee in February about the steps government should take to fight terrorism. One of his top recommendations: Change government purchasing practices so that the feds can quickly and easily buy off-the-shelf software -- just like the stuff his company sells!

And in case people need a little persuading along the way, Siebel has a political action committee standing by. In fact, the \$2.1 million it raised last year was more than any other technology company's PAC took in -- even more than Microsoft's, according to tray.com, a Web site that tracks campaign finance.

In explaining what a customer-tracking company has to offer the security field, Siebel's logic is simplicity itself: "You have a different type of customer: a terrorist," says Matthew S. Malden, Siebel's vice president for homeland security.

The company has put together a PowerPoint presentation about how its terrorist-tracking software would work, and has been giving the presentation in scores of Washington offices in recent weeks. (One nice thing about having a big PAC: It makes it easy to get on someone's calendar.)

It is an impressive demonstration, using the people and events that led up to Sept. 11 to show how the attacks could have been prevented. In it, an FBI agent sits at his Siebel-equipped PC and starts to wonder about Mohamed Atta, whose picture he sees on the screen.

During the course of several weeks, simulated in the demo, e-mails arrive and databases are queried; all manner of serious-looking charts and maps get drawn. Patterns begin to emerge, and connections and plots are uncovered. Finally, thanks to Siebel, the agent is able not only to unmask the entire operation, but he is also able, on the morning of Sept. 11, to order the arrests of the terrorists before they board their planes. (There is even a handy "Detain" button on his screen that lets him do this.)

With Siebel software, it seems, exposing even the stealthiest terrorist plot is scarcely more difficult than ordering a book from Amazon. And not only is the software effective, it would be easy to install; Siebel promises that such a system could be up and running at the FBI in 18 months, tops.

Fat chance. The only place in the world where software works like this is in the movies. Indeed, some industry professionals who viewed the Siebel presentation at Boom Town's request were appalled at what they considered its grossly exaggerated promises -- which, in fact, are precisely what has gotten CRM into so much trouble in the first place.

The presentation makes it seem that Siebel had solved some of the world's most profound data-processing challenges, such as finding hidden patterns in mountains of complexity. In real life, even the savviest companies can barely manage a fraction of what Siebel promises. (Besides, preventing the precise events of Sept. 11 is easy after Sept. 12, thanks to hindsight; the hard thing is predicting what's coming next.)

"For such an important problem, it's extremely unfortunate they swept so many fundamental and well-known issues under the rug," said Usama Fayyad, president of digiMine Inc., which makes the sort of "data mining" technology that the Siebel system would rely on.

Dick Lee, a CRM consultant who helps big companies implement Siebel software, said Siebel's terrorism-tracking program was essentially a standard Siebel corporate package, modified with some largely cosmetic terrorism-related changes to the user

interface. "It's a shameless attempt to use a national tragedy for corporate gain," Mr. Lee said. Were the government to actually buy such a system, "we'd soon be hearing about it on NBC's 'Fleecing of America' segment," he added.

When read the above quotations, Siebel's Mr. Malden stood his ground, saying that Siebel software solves complicated problems all the time. "We understand there will be naysayers along the way," he said. "But this company has no more important mission than to build this product."

If Siebel does get the go-ahead for this "mission," however, ultimately it will be dealing with another type of customer: a taxpayer.

As for the terrorists -- well, who knows where they will be.

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