
More CRM Vendors Consolidate In Hopes Of Having It All

DigiMine Inc., which makes and manages tools to automate customer interactions on the Web, is hoping to join other niche-market eCRM players as they try to leap to full application-vendor status.

This week the 1-year-old company, which has 100 employees, will reveal the acquisition of CoRelation, a 12-person shop that has been developing data mining tools since 1999. By integrating CoRelation's data mining services to its electronic customer-relationship management software, DigiMine expects to be able to provide a full view of customer actions and make recommendations for providing a unique customer experience, such as real-time Web site personalization and customized of cross sells, where a customer is presented with specific items based on previous purchases. "We found that CoRelation's technology looks at the consumer's history and interactions with the business and makes recommendations that are truly meaningful to the customer," says Nick Besbeas, VP of marketing at DigiMine.

The deal is the latest example of CRM vendors consolidating in order to provide businesses with a fuller suite of applications that promise to provide a complete view of the customer. Last week, Broadbase Software Inc., an analytic applications and marketing automation company, said it would merge with Kana Communications Inc., which makes Web-based marketing, sales, and service applications in a \$75 million deal.

Analysts such as the Yankee Group's Brian Jones expect more consolidation within the CRM market as smaller companies struggle to survive in a dismal economic climate that favors larger vendors, such as Siebel Systems Inc. and Oracle. But David Daniels, an analyst with Jupiter Media Metrix, notes that small vendors can be called on for point solutions when businesses aren't necessarily looking for full application packages. "I don't necessarily subscribe to the notion that there's no room for niche players," Daniels says. Companies "have different approaches to customer service, so there are a handful of companies doing innovative things" that have a place in the market.

Financial details of the deal weren't disclosed.
