

The Future Of CRM

TREND REPORT

CRM Technologies Are Core To Customer And Employee Engagement

Summary

CRM is a strategic technology that underpins customer obsession and employee engagement. There has been a steady progression of CRM technology bleeding into adjacent software categories as it aims to support all things “customer” and front-office “employee.” AI and automation are at the heart of CRM, driving optimized interactions throughout the customer journey, heightened employee engagement, and collaboration. Insights, derived from using CRM, help coach and upskill the front-office workforce as the nature of work changes. This report highlights the forces that elevate the importance of CRM and the future of this technology.

CRM Technology Is Heightened To A C-Suite Priority

CRM is a foundational technology that enables customer obsession — a significant spend of \$500,000 to \$5 million a year for most companies. Enterprises originally deployed CRM to provide operational efficiencies for sales, marketing, and customer service organizations. Today, CRM is experiencing a second wave of adoption aimed at transforming experiences, where it's used more broadly to support customers throughout their end-to-end journeys. It enables companies to access 360-degree views of customers in real time, driving trusted, personal experiences along the customer journey.

Modern CRM empowered the City of Los Angeles to distribute \$36 million to those most affected by the pandemic within three weeks of the shutdown. It enables Dayton Children's Hospital to provide holistic patient care and achieve national rankings for best US hospitals. It allows the American Red Cross to mobilize teams to provide emergency relief after a catastrophe. With CRM, "we can exploit technology to revolutionize how we understand and respond to people's needs," says Jes Staley, Barclays Group's CEO.

CRM Underpins Enterprise Transformation

CRM is at the heart of every business. According to research data, 82% of software decision-makers at enterprises and 73% of software decision-makers at small and medium-size businesses say their firm plans to use or uses CRM as a sales and fulfillment technology. New purpose has reshaped its enterprisewide value (see Figure 1). Specifically, CRM:

- **Is growing into a C-level business imperative.** CRM is breaking out from its organizational silos to become a broad company initiative sponsored by executive management, with its progress reported to Wall Street. The New Zealand Trade and Enterprise government agency relies on CRM to generate more trade deals, expand the national economy, and improve the lives of New Zealanders. New C-level constructs emerge, such as chief revenue officers responsible for revenue management or chief customer officers responsible for postpurchase customer engagement. These roles own larger swaths of the customer journey and, being

more tech savvy than their functional leaders, force broader process and technology alignment across organizations.

- **Provides structure to tangible customer value.** CRM metrics move away from rote productivity measures to measures of quality and strength of relationship. “There is a relentless focus on value,” says an executive who is part of the Salesforce practice at a major consulting firm. “Value must be justified every quarter.” This behavior is fueled by changing business pressures: subscription-based business models and more emphasis on near-term financial goals. The success of these practices and underlying technology also becomes more visible as C-suite executives look to make their careers on the success of these programs. As a result, CRM licensing pivots from being based on SKU to consumption and outcomes, where software vendors and partners collaborate and cocreate solutions that deliver real value.
- **Engineers a connected experience.** Larry Ellison, CTO and chairman of the board at Oracle, says that “as the market matures, we move from selling one-off [CRM] products that cover bespoke processes like sales with simple integrations to complete suites, linked together, where all the pieces fit together.” CRM success is about supporting the end-to-end customer journey, which spans digital and human-assisted engagement. CRM technologies increasingly become deeply integrated or unified with tight coupling to back-office applications that support journeys such as lead to cash or managing warranties, including recovering costs from suppliers.
- **Empowers front-office employees to anticipate needs.** Onboarding and training workflows for the front office can now be embedded into CRM, facilitating just-in-time learning, where new capabilities are unlocked based on competence and skill. “Instead of the service rep knowing exactly where to find the information themselves, CRM informs the service rep with the information they need and helps them anticipate and improve customer experiences,” says Al Jenkins, general manager and managing partner of IBM Consulting’s business. CRM will recommend just-in-time coaching based on real-time user performance gleaned from conversational insights.
- **Delivers unique journeys.** CRM is not a singular technology, but a collection of composable technologies that encompass a swath of capabilities dependent on deployment size, business model, and industry vertical. Curated marketplaces of

applications extend CRM. Low-code/no-code platforms allow citizen developers to build applications that deliver unique experiences. Saskatchewan Blue Cross streamlined its CRM processes using the low-code/no-code functionality to create a custom solution for bid proposal management that increased employee efficiency by 25%.

- **Supports industry needs.** Industry CRM promises rapid time-to-deployment, end-to-end process support, and easy integration into broader ecosystems, while benefiting from the continuous improvement of software as a service (SaaS). Industry CRM offers nascent capabilities at every layer of the stack: infrastructures for regulated industries, industry data and AI models, workflows, marketplaces, and partner extensions.

Figure 1

New Purpose Reshapes CRM's Enterprisewide Value

Customer obsession	Then	Now
Strategy	Departmental mandate	<ul style="list-style-type: none"> • Companywide mandate • C-level priority
Ownership	Led by IT	Joint IT-business ownership
Success measures	Efficiency, productivity metrics	Customer retention, satisfaction, and growth
Personalization	Geared to broad segments	Hyperpersonalized
Processes	Optimized for a department	Supports end-to-end customer journeys
Pricing	Based on SKU	Based on consumption and outcome
Empowered employees	Then	Now
User experiences	<ul style="list-style-type: none"> • Role-based • Predefined 	Targeted to the user and their performance
Automation	<ul style="list-style-type: none"> • Limited • Rules-based 	<ul style="list-style-type: none"> • Pervasive • Fueled by AI
Process guidance	<ul style="list-style-type: none"> • Rules-based • Limited to predefined scenarios 	<ul style="list-style-type: none"> • Next best actions embedded in all workflows • Adaptable and continuously optimized
Insights	Limited	<ul style="list-style-type: none"> • Pervasive • Driving real outcomes
Learning	<ul style="list-style-type: none"> • Scheduled • Role-based • Structured 	<ul style="list-style-type: none"> • Just in time • Performance based • Gamified
Collaboration	Limited	Pervasive for all teams and workflows
CRM access	Limited to desktops and mobile	Embedded in all applications
Agility and resiliency	Then	Now
Extensions	Limited applications that integrate with CRM	Curated marketplace
Customization	IT-led customization	<ul style="list-style-type: none"> • Business tooling for customization • Low-code/no-code platform
Industry editions	Lightweight templates	<ul style="list-style-type: none"> • Highly verticalized workflows, data models, extensions • Packaged integrations into core systems

The CRM Technology Landscape Consolidates And Unifies

There are over a thousand vendors within the sales tech category alone, with even larger numbers for marketing and customer service; most offer features — not full products. Three forces serve to consolidate these point solutions into a unified CRM:

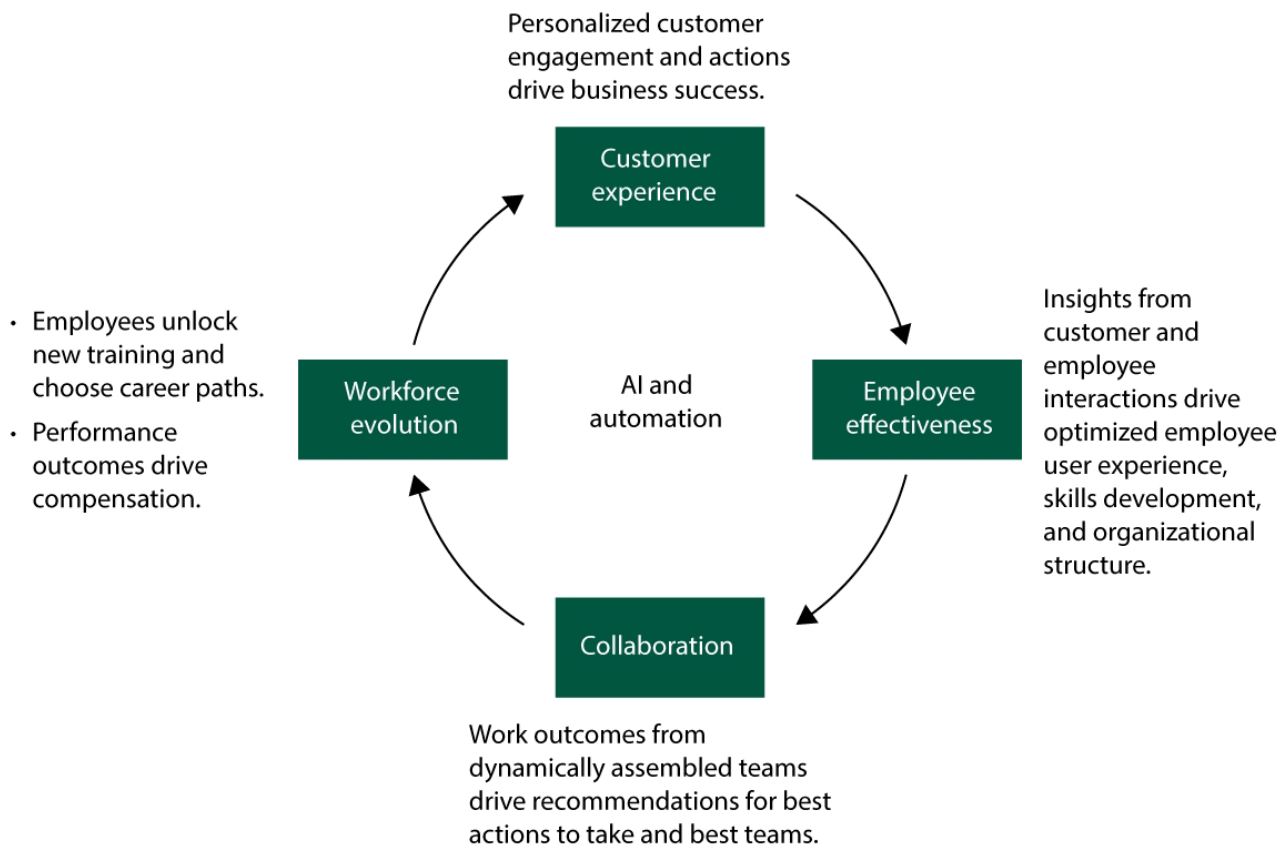
- **Customer behaviour has reached a point of digital first, no divide.** Customers buy online and pick up in-store, or they configure and price products with the help of a seller and complete their purchase online. Similarly, customer-facing roles increasingly overlap. The front-office employee of the future must be supported by a unified CRM that offers role-based experiences accessing the same underlying data, content, and processes.
- **Huge swaths of technologies are equally applicable to all CRM roles.** Sales, success teams, and customer service agents represent the front line of customer interactions. They use the same technologies — like chat and knowledge management. Employees in these roles must be coached, resourced, and managed, and they have similar needs for learning, development, and quality management.
- **Companies of all sizes demand faster time-to-value.** According to research data, technology modernization is one of the top five initiatives for software decision-makers in the next 12 months. Companies demand simpler, more unified tooling, business-led configuration, quicker deployment, and easier procurement. Ultimately, few companies require best-of-breed capabilities.

CRM Will Be Core To Customer And Front-Office Employee Engagement

CRM bleeds into adjacent software categories as it aims to support all things “customer” and front-office “employee.” How? CRM is the foundational technology that enables front-office work, the context in which work is done, and its outcomes. AI and automation at the core of CRM learn from work outcomes to drive optimized customer interactions, employee engagement, collaboration, and the evolution of your workforce, creating a flywheel of continuous improvement (see Figure 2).

Figure 2

The AI-Driven CRM Flywheel Of Continuous Improvement



Customer: CRM Technology Will Consolidate Into Broader Engagement Ecosystems

CRM technologies evolve beyond unification to better support companywide customer obsession strategies. They support customer interactions over channels and touchpoints, owned or not owned, such as the newer messaging channels. CRM technologies accomplish this by leveraging the vast amounts of interaction and transaction data needed to deliver connected, contextual experiences that add value to the customer and preserve value for a company's brand. Specifically, CRM technologies will:

- **Anticipate actions and uniquely personalize experiences.** CRM will monitor workflows and repetitive tasks to recommend strong candidates for automation. It will embed insights to allow true one-to-one interactions. Insights and dynamic

guidance for CRM users will become interconnected in a flywheel of continuous improvement — like what is already happening with AI sales forecasting. Similarly, CRM user experiences will evolve from being role based to being truly unique for each CRM user. This will be accomplished by tracking and learning from each user’s work style, familiarity with the application, and performance.

- **Fuel true customer-centricity via headless constructs.** CRM data and processes will be embedded not only in collaboration technologies like Microsoft Teams and Slack, but also in a huge swath of business applications. This will allow CRM users to swarm around an account or a case to better align around the customer’s needs. This will also allow non-customer-facing employees to understand the customer’s value to their company, facilitating organizations to align around and orchestrate actions that benefit the customer.
- **Coalesce with DXPs into a composable customer engagement ecosystem.** Every customer journey is a mix of digital and human-assisted engagement. The proportion of digital engagement in a customer journey is dependent on the complexity of the products purchased or needing service. As CRM evolves to support more digital interactions, CRM and digital experience platform (DXP) ecosystems will collide and unify into a greater customer engagement ecosystem.

Front-Office Employee: CRM Technology Will Underpin Employee Interactions And Success

CRM will ultimately be all things for “people” — your customers and your front-office employees. CRM is not just a foundational front-office technology. It has the power to support core employee experiences that elevate your workforce into a strategic business asset maximized with the right investment and management. CRM will:

- **Fuel critical employee workflows.** CRM will encroach on the traditional span of human capital management solutions. Talent recruitment is a specialized use case for sales and marketing workflows like Bullhorn’s applicant tracking system, which is built on its CRM foundations. Similarly, workflows to reserve office space or to comply with safety policies are no different than those for customer service. CRM technologies from leading vendors already support core employee workflows —

employee experience portals, HR service desk management, and workplace management — and will continue to evolve in this direction.

- **Recommend ideal organizational constructs.** CRM will use front-office employee skills, prior performance, user presence, and behavioral attributes to dynamically assemble highly performant teams — like how field technicians are dynamically allocated to work orders. In the future, CRM will track work outcomes and recommend formal organizational hierarchies, roles, and responsibilities that drive peak performance.
- **Transform employee career paths.** CRM will train users and unlock new career paths by tracing user actions and identifying next best actions for coaching and learning. Onboarding workflows will unlock more advanced functionality as novice CRM users gain competency; users will unlock new training paths to uplevel their skills and open opportunities for advancement. As every CRM action is captured, user performance management will become in the moment and continuous — able to match performance outcomes to employee incentive programs and even compensation.

Modern CRM Drives Behaviour That Impacts Company Growth

According to The State Of Customer Obsession 2021, respondents at customer-obsessed companies report 2.5x higher revenue growth and 2.2x better customer retention and employee engagement than non-customer-obsessed firms. And 99% of customer-obsessed firms invest in the latest technologies, such as CRM, to provide better experiences for customers — compared with 28% of customer-aware firms.

Three forces reshape the role and remit of CRM:

- **A relentless focus on customers.** This matters even more as you look ahead to adapting to any instability in your business with customers or employees. Customer expectations for easy, effective, empathetic experiences have only increased since the pandemic.

Choose modern CRM technology to enable every front-office employee to understand the customer, their immediate context, what stage they're at in their journey, and their next best action. Use the data exhaust from every customer interaction captured in a CRM to better understand your customer's behavior, sentiment, intentions, and actions. Utilize this intelligence to hyperpersonalize CRM content, offers, journeys, and connections even in unstable conditions.

- **Empowered employees inspired to make an impact on customers.** Half your workers are Millennials and Gen Zers — generations that have come of age constantly learning and adapting to new technology. They want to do work that matters to the customer. They rely on technology to be more effective and are comfortable with emerging technologies like AI.

Modern CRM will allow employees to succeed in this mission. Choose CRM infused with automation that offloads common repetitive actions, allowing users to focus on and anticipate customer interactions and emotions. Use AI-fueled process guidance and decisioning within CRM to guide users through the best actions and conversations. These capabilities embedded within CRM will allow management to become more strategic. Prashanth VK, head of market strategy and thought leadership at Zoho Corporation, says that "supervisors must become enablers of quality rather than drivers of efficiency."

- **Adaptivity and resiliency to business turbulence.** The COVID-19 pandemic catalyzed the need for change across business models, ways of working, and risk insight and planning. Leaders of the most adaptable enterprises spend more time

than their peers exploring the risks that test a company's overall resilience. At firms led by customer-obsessed leaders, 69% of respondents say that proposed innovation ideas are enacted very quickly — almost double the rate of average organizations.

Choose modern CRM that delivers measurable value — and consider new consumption- and outcome-based pricing models. Use cloud CRM for extreme scalability, for rapid deployment and configuration, and for team collaboration and communication so that teams can quickly react to the altered economy. And act now. As Bill McDermott, CEO of ServiceNow, says: “Over several decades, enterprises have invested trillions into on-premises and first-generation SaaS applications. These applications satisfy the business process needs of the 20th century. Today, new business models require a fully connected value chain. Legacy environments are not adaptive enough to enable this change.”

Supplemental Material

Research Methodologies

The State Of Customer Obsession 2021 survey was fielded in January and February 2021. This online/CATI (computer-assisted telephone interviewing) survey included 1,163 respondents in Germany, India, the UK, and the US who hold senior positions at the director level or above at enterprise companies with an annual revenue of \$100 million or more.

Companies We Interviewed For This Report

We would like to thank the individuals from the following companies who generously gave their time during the research for this report.

Accenture

Creatio

Deloitte

Freshworks

HubSpot

IBM

Oracle

Pegasystems

Salesforce

Sprinklr

SugarCRM

Zendesk

Zoho Corporation