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The State of the CRM Market 2019 –

AN SME PERSPECTIVE

We recently surveyed mid-sized firms in the UK and US about their use of CRM platforms. This survey produced some interesting results, not only for those who have already begun their CRM journey but also for those who are yet to start.

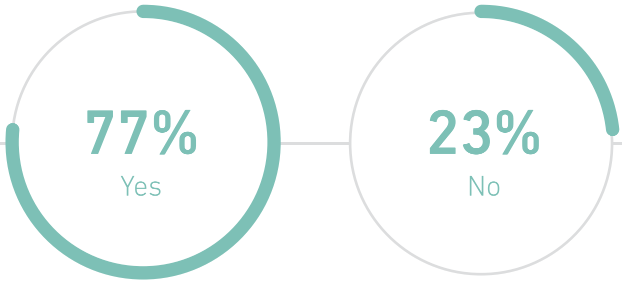
It offers insight into what drives these mid-sized firms to invest in CRM, what they look for in a platform, what benefits they have gained from their implementation and what they have learnt from the experience. In short, it's a look at the state of the market, but it's also a guide to getting it right from the people best placed to offer that advice.

> This year's report demonstrates that the CRM market continues to mature, with organisations increasingly swapping CRMs because they aren't happy with their current provider. This should be a wake-up call for CRM providers to ensure their clients are getting real value from their investment in CRM or run the risk they will switch vendor.

John Cheney
CEO,
WORKBOOKS ONLINE LTD.

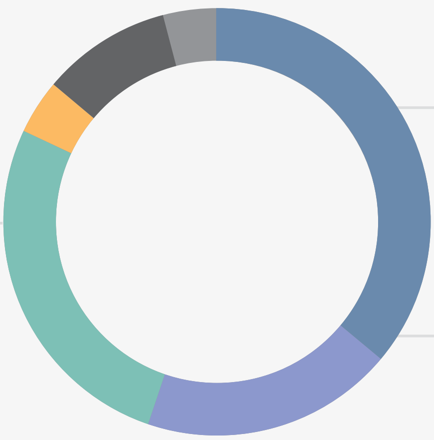
Take-up rate AND REASONS

DOES YOUR ORGANISATION USE A CUSTOMER RELATIONSHIP MANAGEMENT (CRM) SYSTEM?



In the UK more than **77%** of respondents currently use a CRM platform, which is a slightly higher percentage to last year. Over **50%** of respondents started using CRM more than five years ago, while **10%** have adopted CRM in the past 12 months, suggesting we're seeing an ongoing and steady flow of organisations recognising the value CRM can bring, and taking the decision to invest in one.

WHEN DID YOUR ORGANISATION FIRST DEPLOY CRM?



36%
10 years +

4%
Within the last 2 years

19%
6-10 years

10%
Within the past year

27%
3-5 years

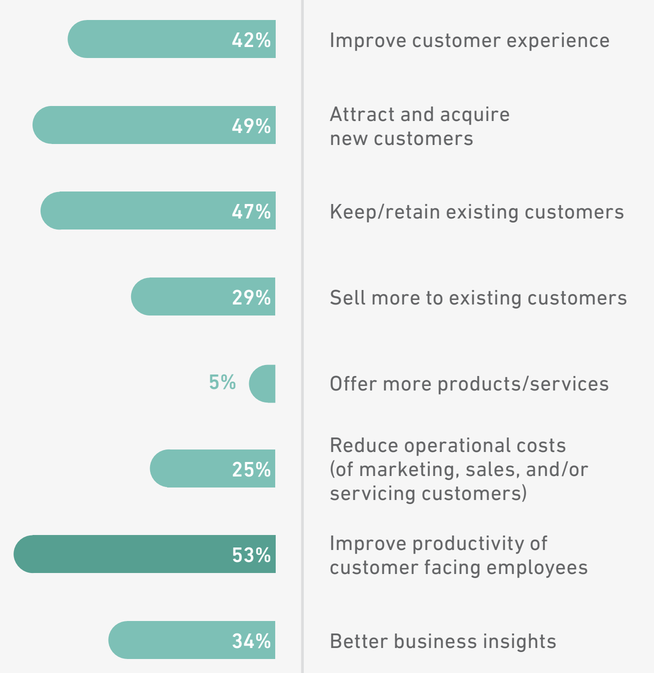
4%
I don't know

The primary motivation to implement a CRM platform remains improving productivity of customer facing staff. Last year a full two-thirds of respondents cited that reason while this year it's fallen to one in two. With the average UK worker producing **16%** less than counterparts in other G7 countries, staff productivity is a critical issue for many organisations.

CRM is a proven way to improve that productivity. It is one of the first and clearest benefits firms gain. Where in the past customer-facing employees had to trawl through multiple spreadsheets or databases or even paper files to find a prospect or customer's details and history, with CRM they can simply pull it all up at the click of a button. With CRM, organisations can access data and insights anywhere, anytime.

The second most popular reason for investing in CRM is attracting and acquiring new customers, and the third is keeping and retaining existing ones, with improving the customer experience down to 4th place.

WHAT WERE/ARE THE TOP 3 PRIORITIES OF YOUR CRM IMPLEMENTATION?



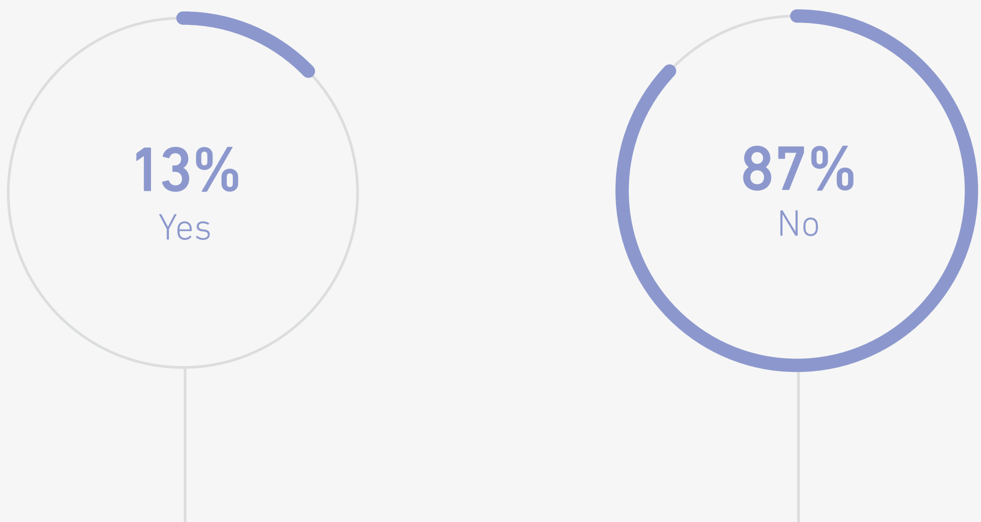
Interestingly, very few of our UK respondents cited the reduction of operational costs as a motivating factor in their decision to invest in CRM. It certainly delivers that benefit - reducing waste, driving greater efficiency and increasing profitability - and in the US that seems to be a more important factor; but in the UK either CRM vendors are not getting that message across strongly enough, or buyers are less interested in cost savings than they are in retaining and growing revenue.

Stateside, the CRM market among mid-sized firms appears more developed. More than **95%** of respondents there currently use a CRM, and all of the respondents currently without a CRM platform plan to implement one in the next six months.

Selection process AND CRITERIA

Larger firms tend to involve consultants in the selection of a CRM platform but SMEs prefer to build requirements and choose a vendor themselves. In the UK **87%** of respondents did without the services of a consultant, and this preference was somewhat similar in the US, where **78%** of respondents gave the same answer.

DID YOU USE A CONSULTANT TO HELP DEFINE YOUR REQUIREMENTS AND SELECT A SUPPLIER?



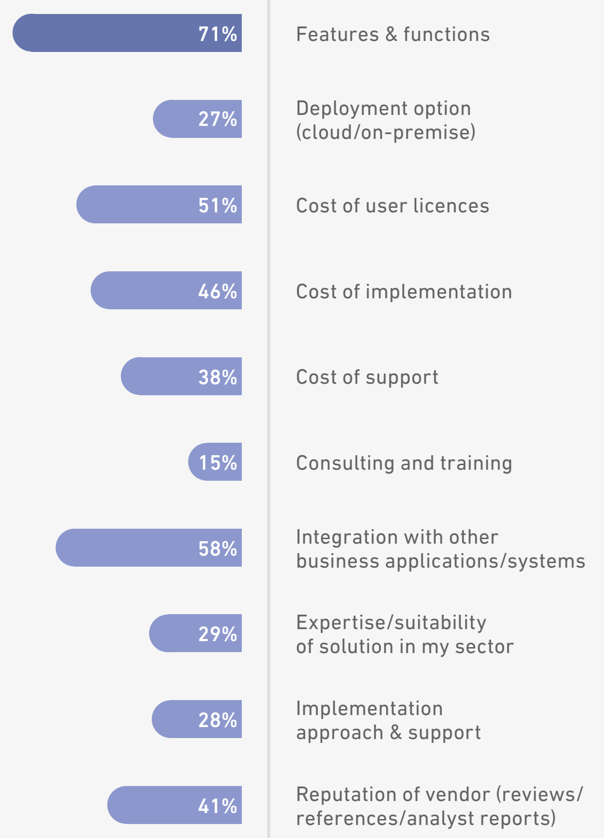
Interestingly, features, functions and the ability to integrate with other applications remains a far more important consideration for respondents than cost. Features and functions were again the number one selection criteria for a CRM, cited by **71%** in the UK and **59%** in the US. Integration came second again, with around half of the respondents seeing it as important.

It seems as though CRM buyers still look at headline cost rather than considering the total actual cost.

51% said the cost of the licence was a factor, while **46%** look at the cost of the implementation and only **38%** are concerned by the cost of support. The picture is fairly similar in the US, suggesting that SMEs on both sides of the Atlantic could benefit from a closer look at the true cost of this investment.

It was also striking that the reputation of the vendor comes in the middle of the list with **41%** factoring it in. While reputation matters to some extent, vendors are wise to be cautious about it. A big reputation may be reflected in an equally large price tag, and getting a solution that is right for your business and your needs is far more important than simply picking the best known vendor.

ON WHAT CRITERIA DID YOUR ORGANISATION CHOOSE YOUR CURRENT CRM PROVIDER?



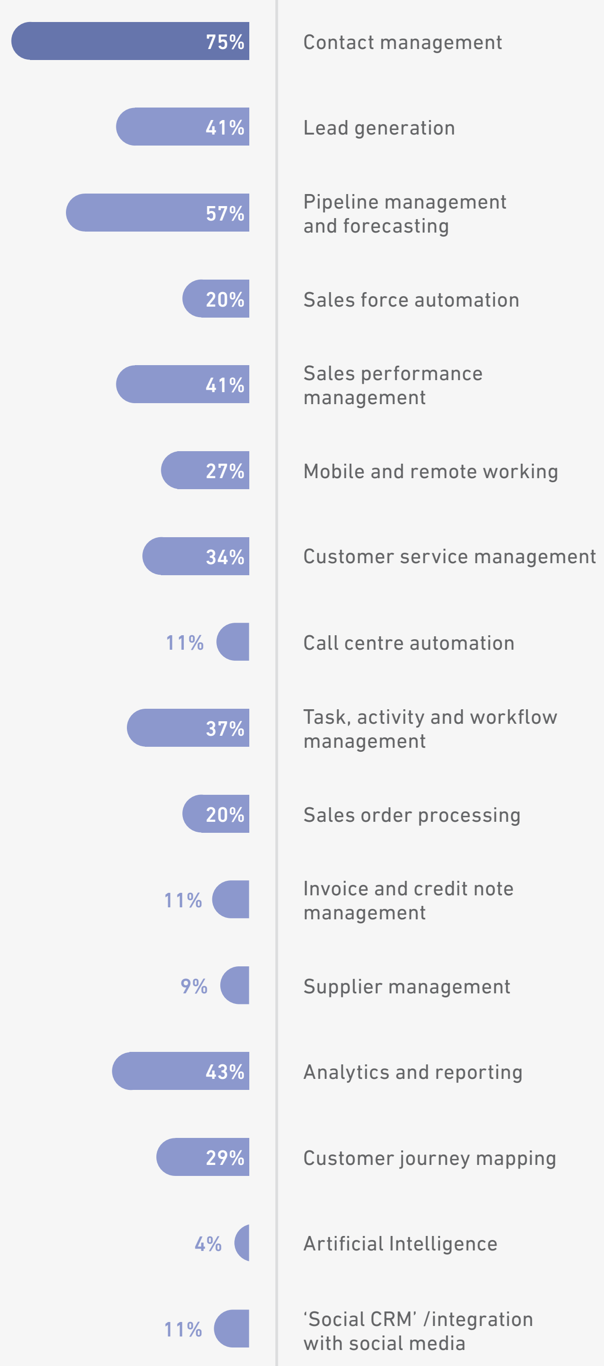
Although the best in class CRM platforms now offer functionality and benefits to the entire organisation it is still the sales function that tends to lead the way when it comes to CRM. So it makes sense that the key functionalities they are looking for are contact and pipeline management. **75%** of our respondents pointed to contact management and **57%** to the pipeline.

Analytics and reporting comes in third position. By tracking Key Performance Indicators, performance and opportunities as they go through the various stages of the sales cycle etc. CRM gathers the sort of information that helps you make better decisions. When you have the power to interrogate data from across the business, glean patterns and trends or identify issues, you obtain insights that drive innovative thinking.

The other functions such as scoring, task management, lead generation, and customer service management are mentioned by some, indicating that they matter, but not as much as the headline two of contact and pipeline management.

Artificial Intelligence functionality was mentioned by very few respondents, but we may see this change in the years ahead. For now, perception seems to be that there is still a long way to go before CRM investment in AI bears fruit. It requires CRM implementation across an entire enterprise rather than in just one department. And there has to be a corporate culture that understands that the days for data silos have passed. Organisations are clearly focused on getting those basics in place first.

WHICH FUNCTIONALITIES ARE THE MOST IMPORTANT TO YOU?



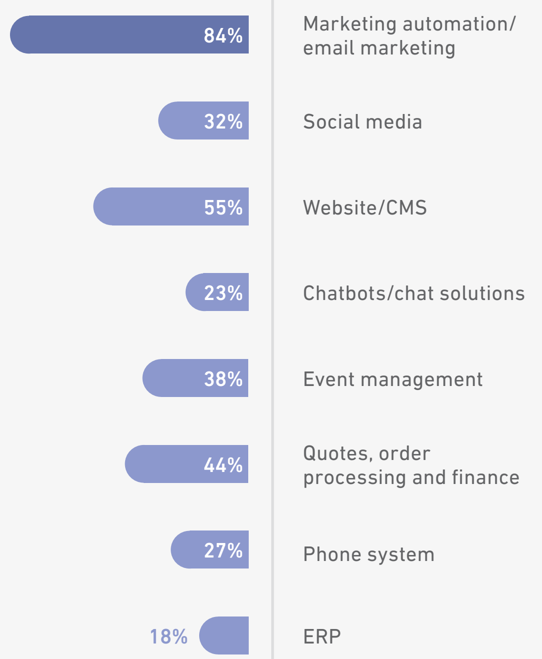
Mid-sized firms are clear about what they want from their CRM platform: it has to be easy to use. The days of inflexible, complex CRM platforms are gone; today's CRM needs to be tailored to the organisation and be as intuitive and simple to use as the consumer applications we use outside of work.

Integration with other apps is important, and increasingly so. The ability to integrate with a marketing automation platform remains a key concern in both the UK and US (**84%**). Indeed, this has become so widely expected that many of the best CRM platforms now offer a fully integrated marketing automation and CRM. The benefits of the two combined are compelling and include better-qualified leads into the sales funnel, extended visibility in both directions, execution efficiency and far greater marketing and sales alignment.

Integration with other apps is important, and increasingly so.

In the UK more than half of respondents looked for a CRM platform that would integrate with their website for lead generation purposes, while **44%** expected it to integrate with their quotes, finance, accounting, and order processing systems. In the US this prioritisation is reversed with more buyers expecting financial integration. This may reflect the greater maturity of the US market, with finance teams as likely as sales teams to engage with the CRM platform, eliminating duplicate keying of data, prompt and efficient order processing and a seamless process for the customer too.

IN YOUR OPINION, WHAT INTEGRATION(S) ARE CRITICAL FOR CRM?



Implementation

When it comes to the eventual choice of vendor, in the UK there is no clear favourite. Microsoft Dynamics seems to be popular, while Salesforce appears to be seen as somewhat expensive and so more suitable for enterprises than for small and medium-sized businesses. There is a large number of vendors and platforms cited. In the US the picture is very different with Salesforce selected by more than a third of respondents (**37%**).

Ask anyone who has been involved in a CRM implementation and they will tell you that data migration is usually the most challenging part of the process. Typically organisations need to pull together data from a range of diverse sources and align it, they need to decide what to keep etc. Doing this is highly valuable for most organisations, but it is undeniably difficult. Indeed, it was again the number one obstacle encountered by our respondents.

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Supercharging the adoption of CRM is an important element to the digital transformation of all industries and sectors and key to increasing overall productivity and economic growth across the UK. The good news is there continues to be a steady flow of organisations beginning to recognise the value of CRM. However, many that still have not. We must do more to promote the positive benefits and opportunities of CRM technologies while also continuing to identify and overcome remaining concerns and barriers to adoption, such as data migration and user resistance.

Katherine Mayes
PROGRAMME MANAGER,
TECHUK.

WHAT OBSTACLES HAS YOUR CRM IMPLEMENTATION(S) ENCOUNTERED?

Other concerns such as the availability of resources to get things done alongside the day job, or resistance to change among users were mentioned but to a much smaller extent. Particularly encouraging was that only one in ten pointed to a lack of buy-in from leadership or an inability to see the value of CRM as obstacles to overcome.

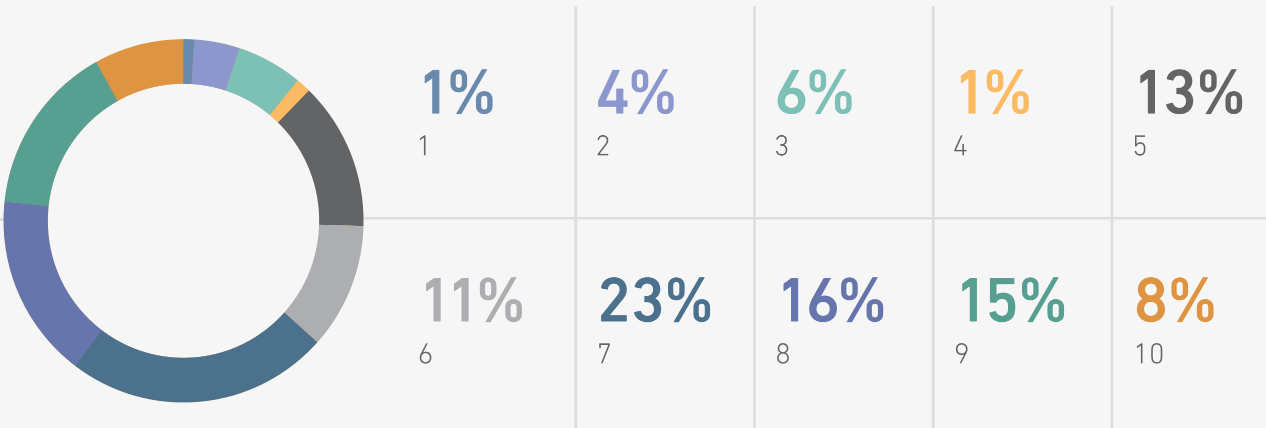
It is noteworthy that in the US the picture is different. There the biggest obstacle is user resistance, with **44%** citing it, and data migration is seen as less troublesome with only one in four finding it a problem. Nearly one in three also highlighted a lack of guidance and support from their vendor.

Nearly half of all UK respondents said that GDPR has had an impact in the way they deal with data. Some have introduced procedures and policies around data collection, data ageing and data removal, security measures and so on. Others have set up secure portals to communicate with customers and partners or have moved to an opt-in model. Many have given training to their staff around the proper handling of data. Putting all these systems in place has been resource-intensive but the result will be greater consent and engagement from customers, and that can only be a good thing in the long run. Many have leveraged their CRM platform to underpin their GDPR processes and procedures and track the required compliance information.

Outcomes AND LEARNINGS

Our respondents were confident that CRM platforms are delivering value. Asked to rate their confidence level between one and ten, with ten being total confidence, the UK respondents scored it an average of 6.7. Less than one in four gave it a score of five or lower, and **8%** rated it an impressive ten out of ten.

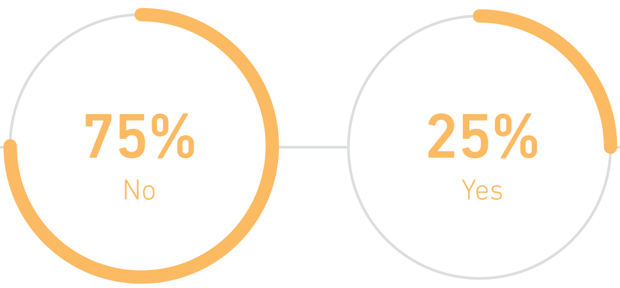
ON A SCALE 1 TO 10 (1 BEING LOW – 10 BEING HIGH), HOW CONFIDENT ARE YOU THAT YOUR CRM IS DELIVERING VALUE TO YOUR BUSINESS?



This is a strong and positive indication of how well CRM is working. However, three quarters of respondents reported that so far they have not been able to calculate the return on their CRM investment. Clearly they can see the value but are struggling to quantify it. Interestingly US respondents reported a similar level of confidence in the value delivered by CRM, but an overwhelming **85%** of respondents said they are unable to quantify that value. There are no inherent reasons why value should be harder to measure in the US than the UK, and so it seems likely that this finding is a function of the reliance on Salesforce in that market.

Overall, we should not be too dismayed that organisations find it so hard to measure return on investment in CRM. Very often this is because CRM allows the firm to do things it never could before it had CRM. So, there is no baseline to compare activity against. They can see it has made the business better, but it's just impossible to quantify it. And maybe there is work for vendors to do to help their customers make ROI calculation easier.

HAVE YOU BEEN ABLE TO CALCULATE THE ROI ON YOUR CRM INITIATIVE?



When we asked our respondents to look back at what they might learn from their experiences a few interesting themes emerged. In terms of what mattered most they pointed to adoption, reporting and support. Choosing a platform that is easy to use, delivers useful reports - from which you can draw valuable insight - and one that is supported by a proactive and engaged partner appears to be critical to success.

There was also a degree of consistency on what they would do differently. Greater integration with broader business processes was mentioned by many, as was the related theme of tying it into the longer-term business strategy, and nailing down the business processes more fully at the outset.

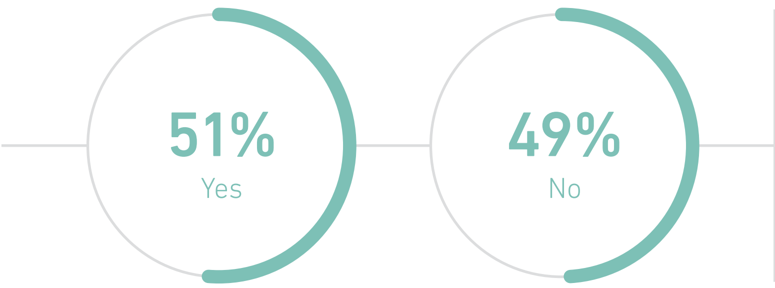
This reflects the fact that at many organisations there is one pioneering department that tends to initiate the CRM journey but soon the business realises its potential is far greater. They then need to either expand the scope or find a new solution that will give them the full range of CRM benefits right across the organisation. Many look back and wish they had taken a broader view at the outset and invested in a platform that works across their organisation and caters for the needs of all customer facing departments.

Other than that, the most significant learning was the importance of planning partly around people - for staff training, adoption, change management – and partly around data. And several said they wished they had looked more closely at what the vendors were offering. With such an important step as CRM, time spent planning, engaging colleagues and selecting the right partner will always be time well spent.

Many organisations regret not having thought about CRM from a business-wide perspective.

Not if, BUT WHEN

In the UK half of respondents told us they have already switched CRM providers. In the US the figure is **33%.** The main reason for switching is the same for both: poor fit of CRM to their needs and scalability.



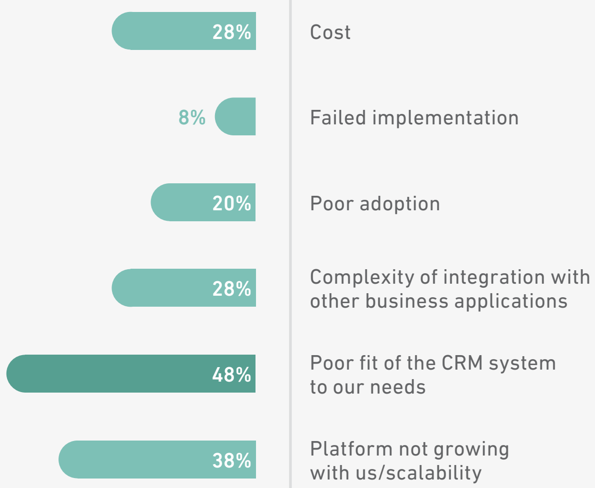
HAVE YOU EVER SWITCHED/ REPLACED YOUR CRM SYSTEM?

These numbers are surprisingly large, with many reasons for switching: legacy CRM platforms failing to move with the times, solutions missing the required functionality to grow with the business, issues with the vendor lacking the level of support required, failed implementation, cost etc.

In the US cost is markedly important in the decision to switch, further reinforcing the view that the US is a more mature CRM market. In the US, CRM is already becoming commodified, and we might expect to see this in the UK before too long.

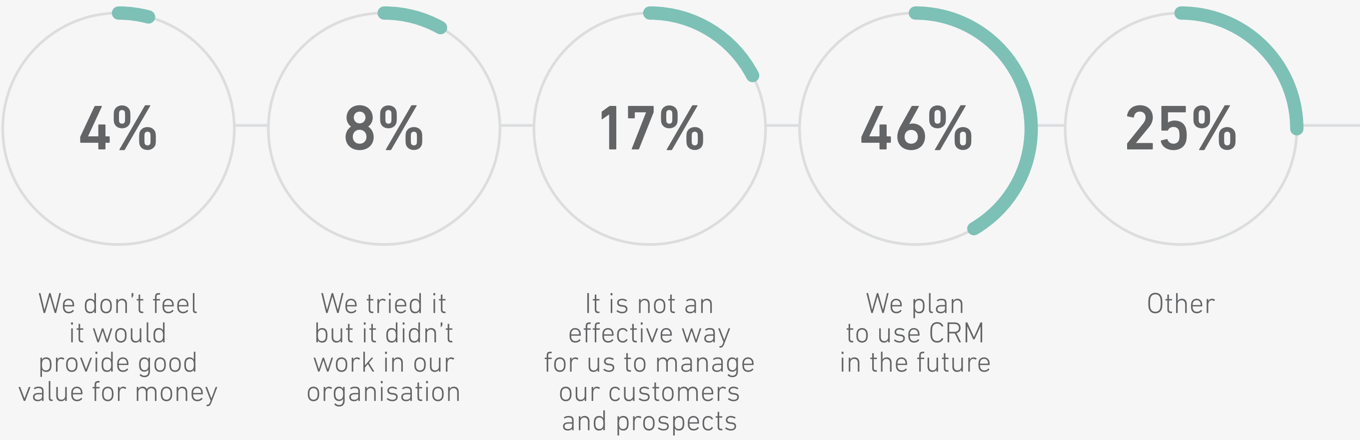
The responses show that there is much to consider when looking at CRM including business strategy, technology, budget, change management etc. One strategy sure to cripple any CRM initiative is focusing purely on the technology and not the legitimate business case for its implementation. CRM is a journey of improvement and organisational change and technology is the enabler. A CRM project requires a focus on technology, people and processes; only when all three are in harmony will you truly maximise your ROI.

IF YES, WHAT WAS THE REASON FOR THE CHANGE?

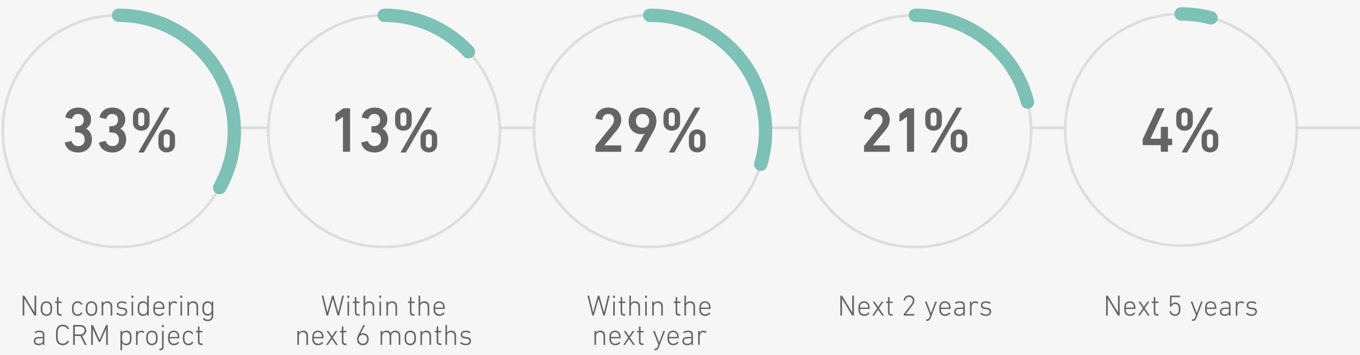


As for the **23%** of respondents who do not currently have a CRM platform in place, **46%** of them said that they plan to implement one in the future. The majority are considering implementing one within the next two years.

WHY DOES YOUR ORGANISATION NOT USE A CRM SYSTEM?

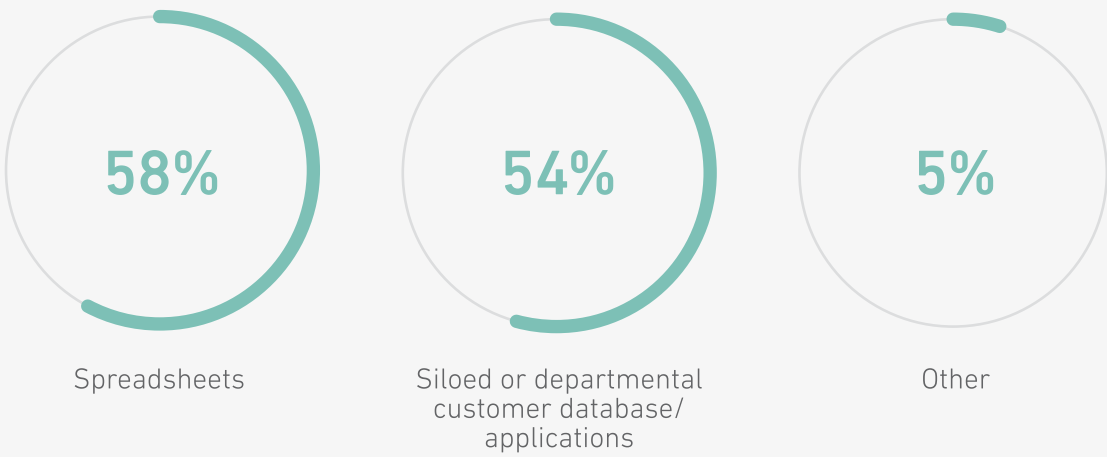


IF YOUR ARE CONSIDERING CRM, WHEN ARE YOU PLANNING TO START THE PROJECT?



Given that more than half (58%) of respondents without CRM still hold their data mainly in spreadsheets, the sooner they make the transition to a CRM platform the better.

WHERE IS YOUR CUSTOMER DATA HELD?



CRM will help them deliver a far better experience to their customers, driving up both acquisition and retention rates. If they choose a platform that integrates across the entire business it will give them vital information on their businesses, helping them to make better strategic decisions.

Clearly the firms that have adopted CRM are reaping the benefits, and their peers who are yet to make the leap have noticed this and are making plans to follow suit and start reaping all of those benefits. Indeed, for most it is not a matter of if, but when.

What would you HAVE DONE DIFFERENTLY?

- Purchasing an enterprise-wide CRM solution
- Considering more carefully our long-term business strategy
- Training staff more on the new platform
- Inter-department training so each member of the team is aware of how 'what they do' affects the work of their colleagues
- Nailing down the business processes better
- Giving ourselves more time for development
- Widening input from the broader business earlier in the process
- Clearly defining the business requirements and in-house adoption process
- Extending the reach of the decision and implementation team
- Integrating to other systems sooner
- Doing more research / demonstrations / and talking with other customers using the software
- Data cleansing the old data better
- Checking the costs in more detail (not just licences)
- Working more and earlier on adoption /culture change
- Investing in CRM earlier
- Finding a way to better migrate our outdated billing and contract management systems to enable us to have everything in one platform

Success factors
OF CRM IMPLEMENTATION

- User adoption strategy
- Automation
- Consolidating and simplifying the way we use customer data across customers and prospects, and developing business processes and workflows from Telemarketing, Bid Management, New Business and Account Development
- Integrating internal revenue data and ordering systems with CRM
- User training and buy-in
- Visibility of data across multiple functions, centralisation of data where previously data could be found across multiple systems - removing silos
- Integrations with other systems and processes to obtain a single view of the customer
- Ease of use for daily tasks across the whole team
- Good partner / vendor relationship
- Integrating CRM with corporate website
- Management buy-in / executive sponsorship

Respondent DEMOGRAPHICS

This report is based on an online survey conducted in the Summer of 2019. The objective of the survey was to review the adoption of CRM technology within UK SMEs. There were 130 responses from Business Executives, and professionals in Marketing, Sales, Operations, Finance, Customer Service and IT.

ROLE

Marketing	25%
Sales	28%
Finance	5%
Business Executive/MD/CEO	17%
IT	17%
Other	8%

INDUSTRY

Banking, Finance & Insurance	5%
Trade Associations, Charity and not for profit	3%
Public Sector incl. Healthcare	8%
Education & Training	3%
Energy	4%
IT & Telco	16%
Manufacturing & Engineering	19%
Media & Publishing	11%
Services	27%
Wholesale & Retail	4%