

March 25, 2008

# Topic Overview: Customer Relationship Management 2008

by William Band

for Business Process & Applications Professionals



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by **William Band**

with Chip Gliedman, Peter Marston, Suresh Vittal, Bruce D. Temkin, and Sharyn C. Leaver

### EXECUTIVE SUMMARY

Forrester's customer relationship management (CRM) research helps CRM professionals embrace best practices — from process optimization to technology implementation — to improve the customer experience and drive top-line growth. Our research spans marketing, sales, customer service, customer analytics, data management, and how the rise of the social Web is affecting the way customers buy from and interact with organizations of all types. Key topic areas include anticipating and exploiting customer and technology disruptions, strategizing to pinpoint quick wins, justifying CRM investments to prove value, selecting the right CRM solutions, and optimizing customer processes through adoption of best practices.

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### NOTES & RESOURCES

Forrester compiled its most pertinent research on customer relationship management to provide an overview of its research and perspectives on this subject.

#### **Related Research Documents**

["The CRM 2.0 Imperative"](#)

March 10, 2008

["CRM Best Practices Adoption"](#)

January 10, 2008

["Forrester's Best Practices Framework For CRM"](#)

August 24, 2007

["The Forrester Wave™: Enterprise CRM Suites, Q1 2007"](#)

February 5, 2007

["Using Technology To Improve Your Customer Experience"](#)

May 1, 2006

## WHY CRM MATTERS

Here's the bad news for CRM professionals who support their organizations' customer-facing business processes: Your capabilities for targeting, acquiring, serving, and retaining customers may be a lot worse than you think. Our research shows that a significant percentage of executives, across both business-to-business (B2B) and business-to-consumer (B2C) industries, feel that their customer management capabilities are poor/below average. Thirty-seven percent of the companies we surveyed reported that their marketing abilities were poor, and 36% and 35% are discouraged by a lack of strength in their customer analytics and customer service practices, respectively. In addition, 33% evaluated their indirect sales capabilities as subpar, as did 17% for their direct sales efforts (see Figure 1).<sup>1</sup>

Here's the good news: Twenty-two leading global organizations told us that they've reaped demonstrable benefits by investing to improve their customer-facing business processes. They report benefits in four areas: sale growth, cost reduction, demonstrable ROI, and strengthened competitive position.<sup>2</sup>

- **CRM contributed to sales growth.** Enterprises typically look to CRM to deliver increased revenues.

“By providing a transparent view of the customer, we will achieve an estimated increase of 1% in revenue (\$20 million) by the end of 2005.” (Global logistics management company)

“We achieved a measurable increase in sales and got a payback in two years.” (Retail bank)

“We now are able to make cross-sell offers to inbound customer calls for service; about 50% of the calls lead to an offer being made.” (International wireless communications services provider)

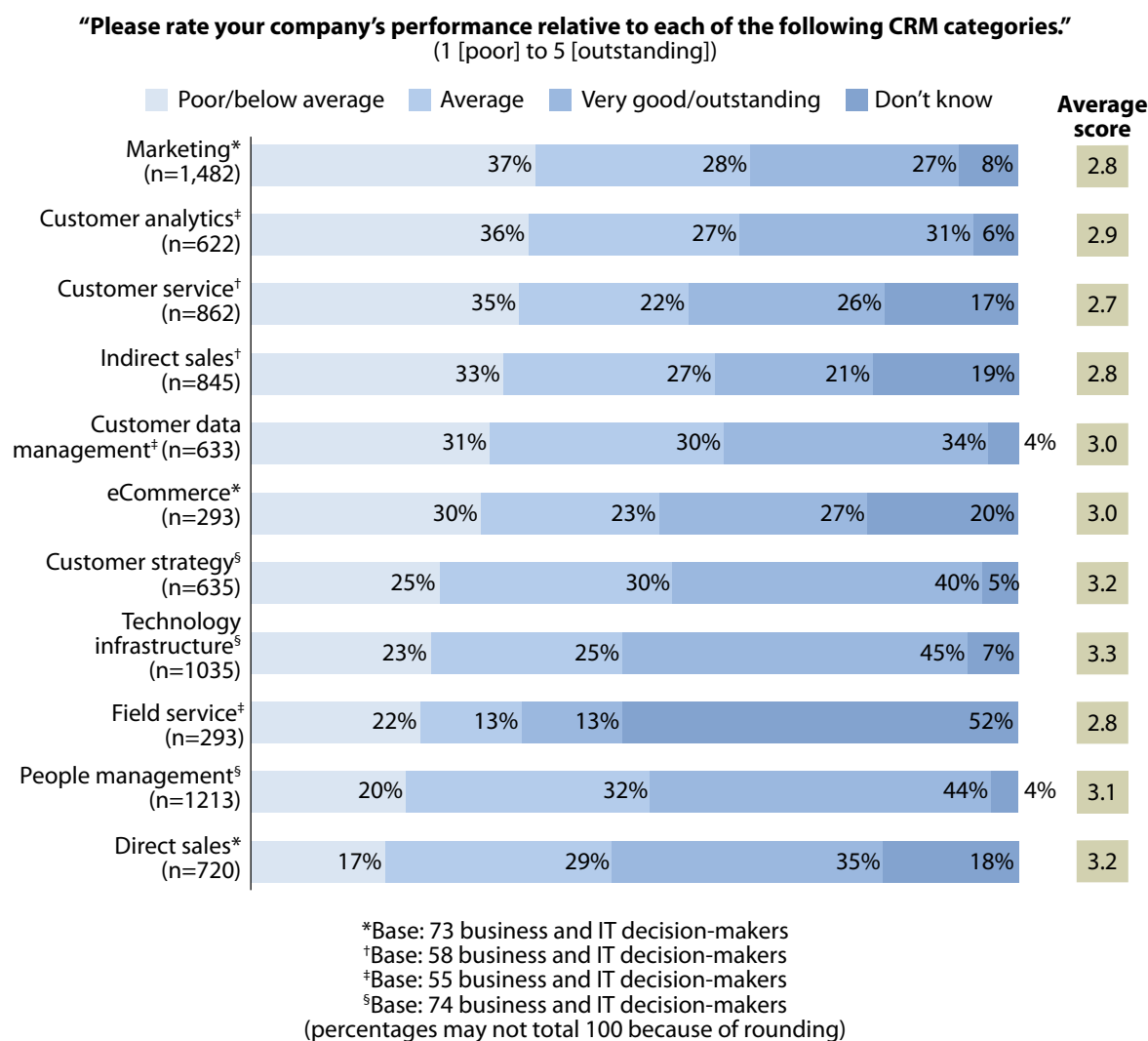
- **CRM achieved cost savings.** The CRM leader companies achieved reductions in costs and the resources needed to serve customers.

“We needed only 30% more employees to handle three times the workload.” (Regional telecommunications services company)

“Most of our justification was taking out costs — reducing headcount in the call center. We successfully moved hundreds of people as a result of the implementation.” (Global office equipment company)

“Initial implementation saved us \$4.5 million. Beside the cost savings, it was imperative that we upgraded technologies to support our service business, which is the fastest-growing part of the company.” (International telecommunications equipment supplier)

**Figure 1** Strength Of Best Practices Capabilities For CRM



Source: January 10, 2008, “CRM Best Practices Adoption” report

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Source: Forrester Research, Inc.

- **CRM delivered high ROI.** The executives interviewed said that they earned benefits well above their investment.

“We did an ROI study using an independent consulting firm. We achieved an IRR (internal rate of return) of 23% over three years based on quantifiable measures such as reduced transaction time for billing, marketing campaign results, and reduced system support and administration costs.” (European energy utility)

“We achieved 15% to 20% ROI based only on ‘hard measures’ like more sales, time savings, lower infrastructure costs, less people.” (Financial services company)

“We expected a 2 to 1 return: \$20 million return on a \$10 million cost. We are actually getting a 4 to 1 return.” (Insurance claims processing company)

- **CRM helped strengthen competitive position.** CRM is at the core of the competitive strategy of successful enterprises.

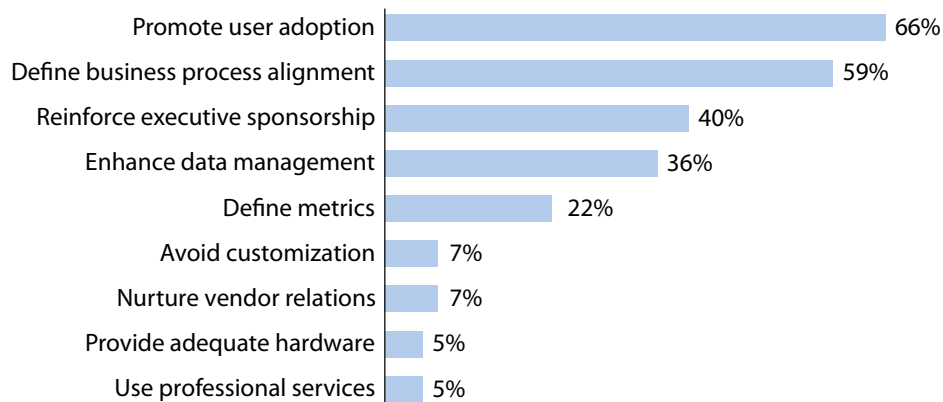
“We went from No. 10 (last) to No. 3 in our industry. We reduced call volumes by 10% to 15% by improving first-call resolution. Repeat calls are down by 15% to 20%. Response times to written complaints have been reduced by 40%.” (Regional water utility)

“CRM is a ‘gotta-have’ in our industry. It was critical to helping to standardize our sales processes and customer information in the wake of the mergers we went through.” (International commodity chemicals producer)

So what do you need to do to be a winner with CRM? Follow the proven success patterns for strategizing, selecting, and deploying CRM solutions. These include keeping a strong focus on user adoption, re-engineering underlying business processes, putting in place strong executive sponsorship, implementing sound data management practices, and tracking the right metrics (see Figure 2).<sup>3</sup>

**Figure 2** Most Frequently Mentioned Best Practices For Getting Value From CRM

**“What best practices are you implementing to get more value from your investment in CRM tools and technology?”**



Base: 58 CRM decision-makers  
(multiple responses accepted)

Source: June 27, 2007, “Best Practices: Getting The Most From Your CRM Deployment” report


## FORRESTER'S TAKE ON CRM

Forrester defines CRM as: the set of processes and supporting technologies used to acquire, retain, and enhance customer relationships. CRM has moved from an era of overhyped expectations, past a period of exaggerated pessimism, to become a core element of enterprise competitive strategy.

By 2010, Forrester expects worldwide spending on CRM to increase by 30% to \$11 billion (see Figure 3).<sup>4</sup> The key drivers behind this high level of investment are fostering innovation and top-line growth, improving the customer experience, re-engineering customer-facing business processes, and boosting the productivity of customer-facing workers.<sup>5</sup>

Looking ahead, you face a changing market technology landscape, including significant changes in the vendor landscape; the rise of the “social Web” and its effect on customer behaviors; a requirement for end user mobility; the greater availability of business process management-centric solutions; the continuing challenge of customer data management; and the requirement to adapt to global standards and service-oriented architecture (SOA). There are five steps you should take to make sure your company gets the most value from investment in CRM:

**Figure 3** Forecast: Global CRM Software Market, 2003 To 2010

 The spreadsheet detailing this forecast is available online.

	2003	Actual 2004	2005	2006	2007	Forecasted 2008	2009	2010
<b>License revenues</b>	\$2,301	\$2,597	\$2,661	\$2,714	\$2,606	\$2,684	\$2,737	\$2,765
% growth	—	13%	2%	2%	-4%	3%	2%	1%
% of total	37%	36%	34%	32%	30%	29%	27%	25%
<b>Maintenance revenues</b>	\$2,039	\$2,486	\$2,727	\$3,000	\$3,180	\$3,370	\$3,539	\$3,716
% growth	—	22%	10%	10%	6%	6%	5%	5%
% of total	33%	35%	35%	36%	37%	36%	35%	34%
<b>Subscription revenues</b>	\$135	\$312	\$514	\$750	\$1,050	\$1,470	\$1,911	\$2,389
% growth	—	132%	65%	46%	40%	40%	30%	25%
% of total	2%	4%	7%	9%	12%	16%	19%	22%
<b>Services revenues</b>	\$1,727	\$1,770	\$1,872	\$1,891	\$1,770	\$1,856	\$2,037	\$2,071
% growth	—	2%	6%	1%	-6%	5%	10%	2%
% of total	28%	25%	24%	23%	21%	20%	20%	19%
<b>Total revenues (US\$ millions)</b>	<b>\$6,202</b>	<b>\$7,165</b>	<b>\$7,773</b>	<b>\$8,354</b>	<b>\$8,605</b>	<b>\$9,380</b>	<b>\$10,224</b>	<b>\$10,940</b>
<b>% growth</b>	<b>-1%</b>	<b>16%</b>	<b>8%</b>	<b>7%</b>	<b>3%</b>	<b>9%</b>	<b>9%</b>	<b>7%</b>

Based on company reports and Forrester estimates

Source: October 20, 2006, “CRM Market Size And Forecast, 2006 To 2010” report

1. **Anticipate and exploit customer and technology disruptions.** The concepts and definitions of CRM are changing.<sup>6</sup> The social Web is altering consumer behavior and new technologies are emerging to enable organizations to interact and collaborate with customers in new ways. CRM professionals need to expand their thinking beyond traditional solutions and consider new ones based on Social Computing principles (see Figure 4).
2. **Strategize to pinpoint quick wins.** Smart companies are selective about how and where they invest resources and focus their CRM investment on the most critical business capabilities required to meet business goals. To succeed, you need to be an effective change agent: recognizing the need for change; leading change; becoming part of the change; and sustaining change (see Figure 5).<sup>7</sup> Start by assessing the strength of your capabilities in four areas: customer strategy, process, technology, and people (see Figure 6).<sup>8</sup>
3. **Justify CRM investments to prove value.** Although it's hard to find executives who don't endorse having robust customer relationships in *theory*, it's equally hard to get funding for projects that will turn theory into reality. That's not surprising because overhauling customer-facing processes can cost hundreds of thousands, if not millions, of dollars. The answers? Do the math that demonstrates ROI for CRM, and put in place the right metrics to instill the discipline required for success (see Figure 7).<sup>9</sup>
4. **Select the right CRM solution.** CRM vendor-selection decisions can have far-reaching and long-term consequences. Vendor solution comparisons should be rigorous and transparent. To determine the best fit for your organization, establish a clear set of evaluation criteria that includes vendors' product functionality, vendors' future strategy and road maps, and vendors' market presence and strength of customer references (see Figure 8).<sup>10</sup>
5. **Optimize customer processes with best practices.** CRM professionals must help their organizations adopt a business-process-centric mode of thinking and follow sound deployment approaches. The critical success factors for CRM deployment include: defining a strong governance structure, attending to process changes before applying technology fixes, putting in place strong customer data management practices, investing sufficient effort to promote user adoption, and simplifying your customer management technology platform (see Figure 9 and Figure 10).<sup>11</sup>

**Figure 4** Differences Between Current And Next-Generation CRM Thinking

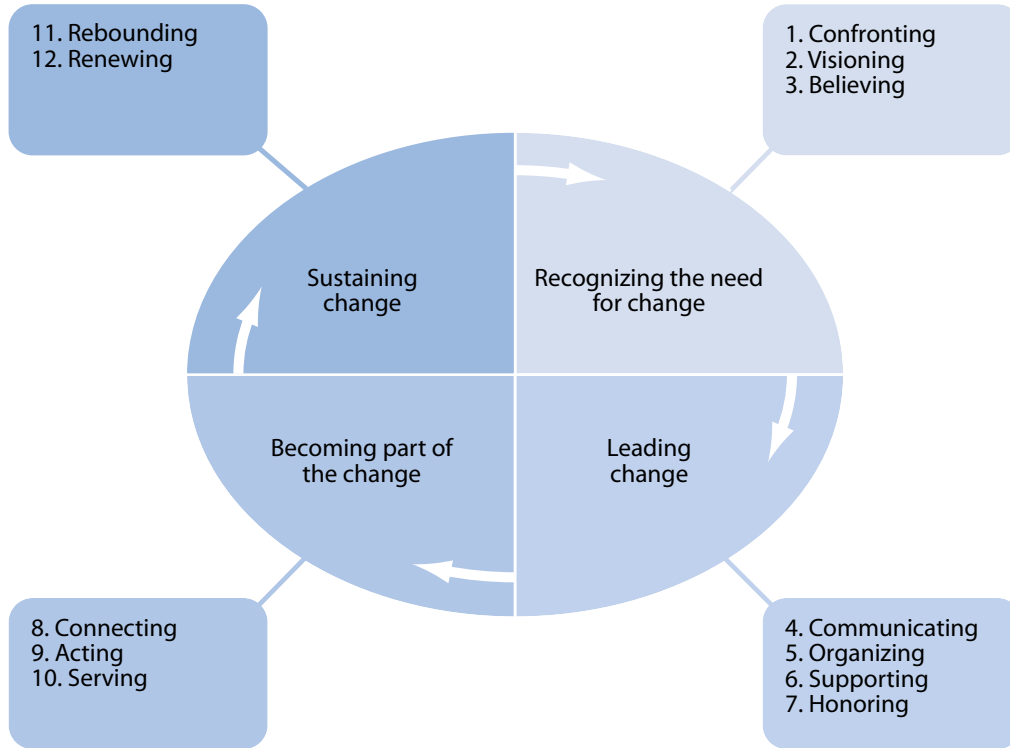
Characteristic	Current CRM	“Next-generation” CRM
<b>Strategy</b>		
The role of customer management in the enterprise	<ul style="list-style-type: none"> <li>• CRM is tactical and operational.</li> <li>• Customer strategy is part of the corporate strategy.</li> </ul>	<ul style="list-style-type: none"> <li>• CRM is strategic.</li> <li>• Customer strategy is at the core of corporate strategy.</li> </ul>
How value is created	<ul style="list-style-type: none"> <li>• The business produces products and creates services for the customer.</li> <li>• Value is created in a corporate business ecosystem.</li> </ul>	<ul style="list-style-type: none"> <li>• The business is an aggregator of experiences, products, services, tools, and knowledge for the customer.</li> <li>• Value resides in a customer ecosystem.</li> </ul>
The way the enterprise-to-customer relationship is defined	Focus is on the company-to-customer relationship.	Focus is on all iterations of the relationships [among company, partner(s), and customer(s)]; identifying, engaging, and enabling the “influential” nodes in a social network.
<b>Process</b>		
The way business processes are defined	<ul style="list-style-type: none"> <li>• Customer processes are modeled from the company point of view.</li> <li>• Processes comprise only customer-facing functions, such as sales, marketing, and support, isolated from the back office and supply chain.</li> </ul>	<ul style="list-style-type: none"> <li>• Processes are modeled from the customer point of view.</li> <li>• Processes integrate into an enterprise value chain that includes the customer.</li> </ul>
<b>Technology</b>		
How business solutions are architected	<ul style="list-style-type: none"> <li>• Focus is on transactional solutions for automating internal business functions.</li> <li>• Solutions are architected for efficiency, effectiveness, and security.</li> </ul>	<ul style="list-style-type: none"> <li>• Solutions integrate social media tools into apps/services: blogs, wikis, podcasts, social networking tools, and user communities.</li> <li>• Processes are architected for adaptability for an ever-changing customer landscape.</li> </ul>
<b>People</b>		
How the customer experience is defined and delivered	Customer experience is defined primarily through utilitarian, functional, and operational characteristics.	Utilitarian, functional, and operational characteristics are important, but style and design and social interaction are the drivers of differentiating experiences.
How innovation is nurtured and outcomes are protected	<ul style="list-style-type: none"> <li>• Innovation stems from the designated sources from within the enterprise.</li> <li>• Intellectual property is protected through all means available.</li> </ul>	<ul style="list-style-type: none"> <li>• Innovation is derived from both internal and external sources.</li> <li>• Intellectual property is created and owned together with the customer, partner, and supplier as joint problem solvers.</li> </ul>
The role of conversation and dialogue in the customer relationship	The role of frontline employees is to communicate approved, targeted corporate messages to the customer.	The role of frontline employees is to engage customers in activity and discussion — observing and redirecting conversations among customers.

Source: Adapted from the CRM 2.0 Wiki

Source: Forrester Research, Inc.

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**Figure 5** The 12 Tests Of Leadership

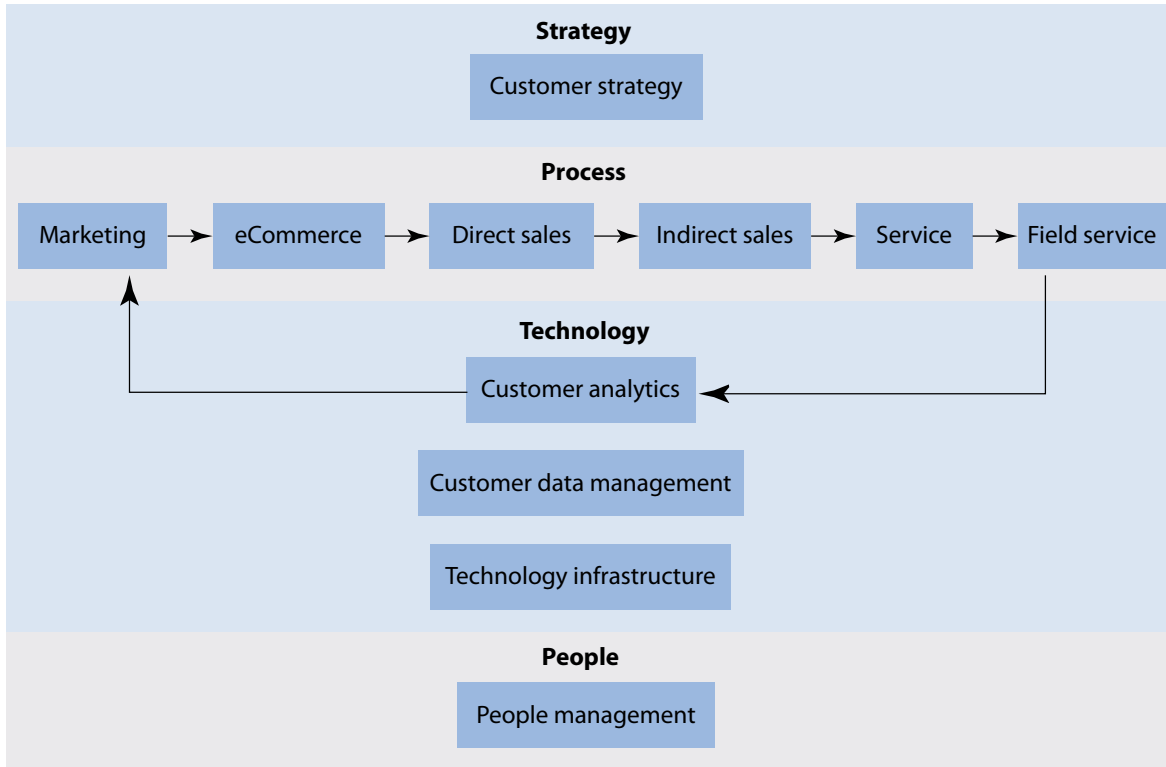


Source: August 22, 2006, "Twelve Steps To Experience-Based Differentiation" report

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Source: Forrester Research, Inc.

**Figure 6** The Forrester FastForward Best Practices Framework For CRM



Source: August 24, 2007, "Forrester's Best Practices Framework For CRM" report

45138

Source: Forrester Research, Inc.

**Figure 7** Examples Of CRM Metrics

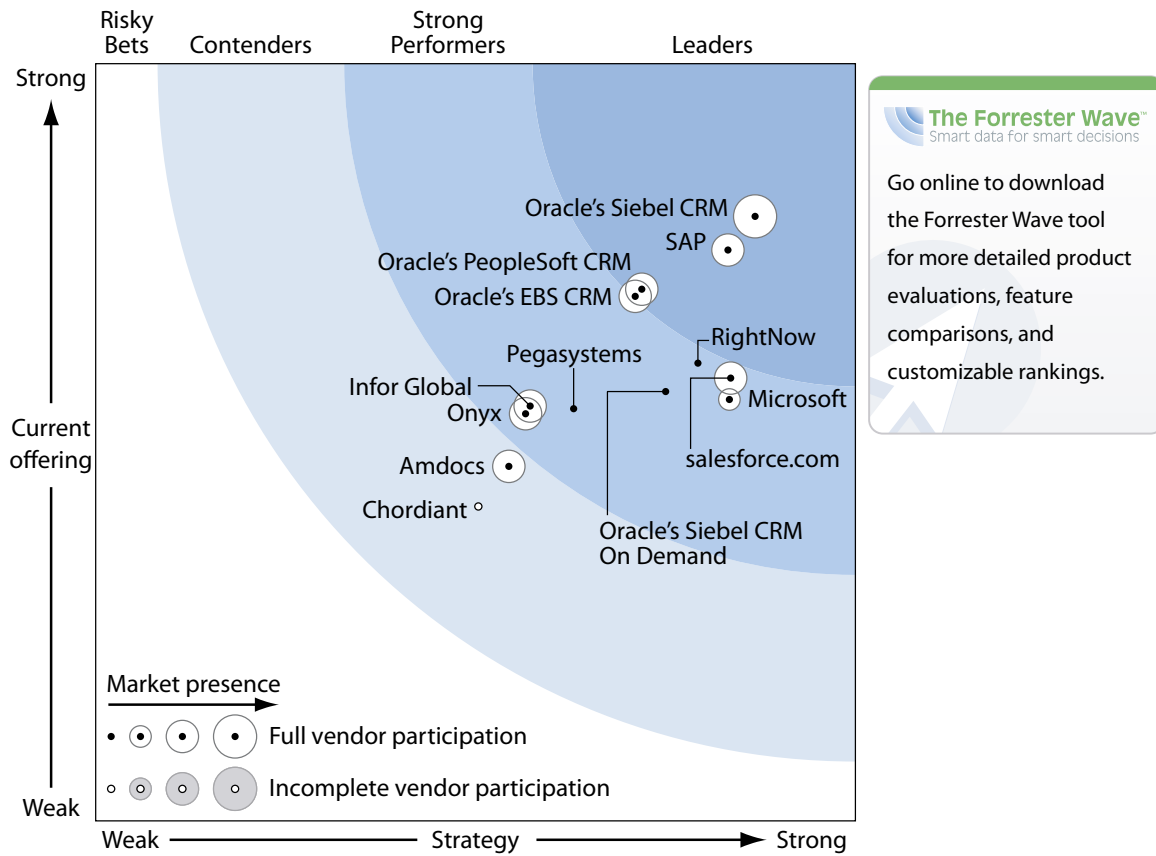
Marketing metrics	Sales metrics	Service metrics
<ul style="list-style-type: none"> <li>• Number of campaigns</li> <li>• New customer retention rates</li> <li>• Number of responses by campaign</li> <li>• Number of purchases by campaign</li> <li>• Revenue generated by campaign</li> <li>• Cost per interaction by campaign</li> <li>• Number of new customers acquired by campaign</li> <li>• Customer retention rate</li> <li>• Number of new leads by product</li> <li>• Number of customer referrals</li> </ul>	<ul style="list-style-type: none"> <li>• Number of prospects</li> <li>• Number of new customers</li> <li>• Number of retained customers</li> <li>• Number of open opportunities</li> <li>• Close rate</li> <li>• Renewal rate</li> <li>• Number of sales calls</li> <li>• Number of sales call per opportunity</li> <li>• Amount of new revenue</li> <li>• Amount of recurring revenue</li> <li>• Time-to-close by channel</li> <li>• Margin</li> <li>• Sales stage duration</li> <li>• Sales cycle duration</li> <li>• Number of sales calls made</li> <li>• Number of proposals given</li> <li>• Competitive knockouts</li> </ul>	<ul style="list-style-type: none"> <li>• Cases closed same day</li> <li>• Number of cases handled by agent</li> <li>• Number of service calls</li> <li>• Average number of service requests by type</li> <li>• Average time-to-resolution</li> <li>• Average number of service calls per day</li> <li>• Percentage compliance with service-level agreement (SLA)</li> <li>• Percentage of service renewals</li> <li>• Customer satisfaction level</li> <li>• Complaint time-to-resolution</li> <li>• Propensity for customer defection</li> </ul>

Source: October 1, 2007, "The Right CRM Metrics For Your Organization" report

45138

Source: Forrester Research, Inc.

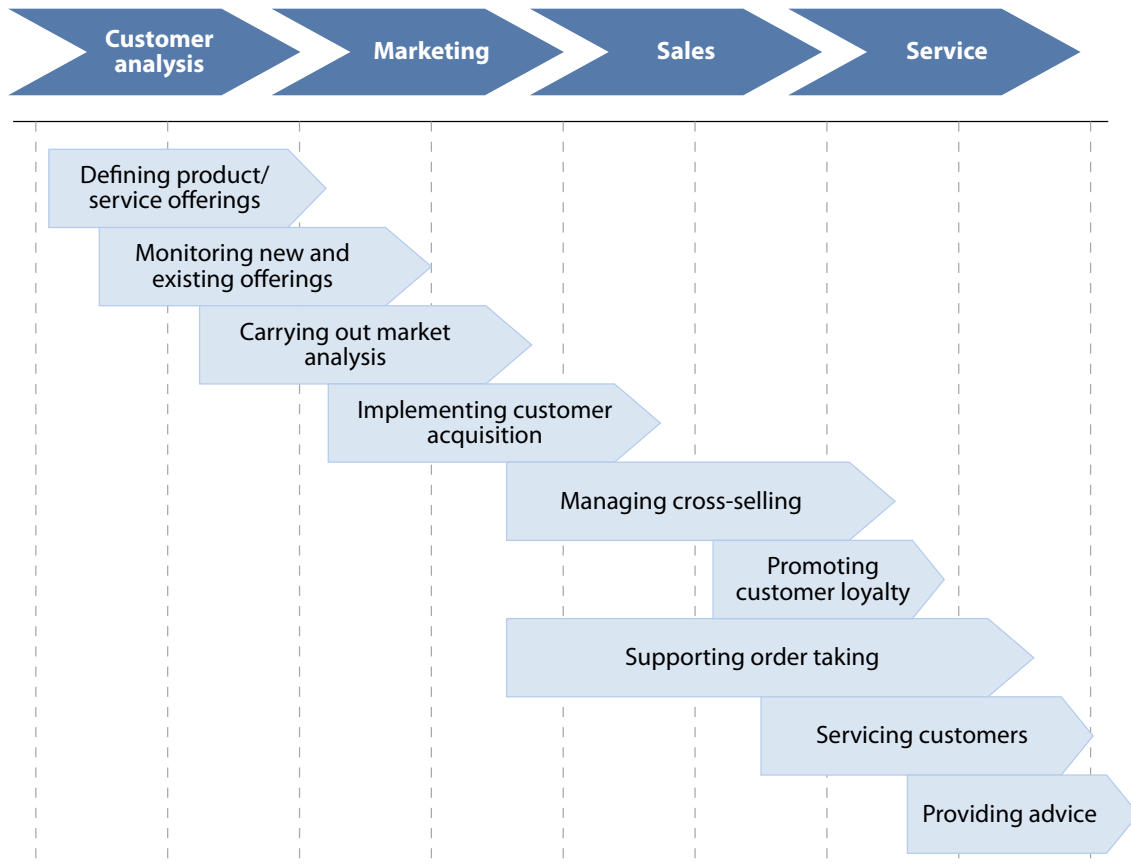
**Figure 8** Forrester Wave™: Enterprise CRM Suites, Q1 '07



Source: February 5, 2007, "The Forrester Wave™: Enterprise CRM Suites, Q1 2007" report

Source: Forrester Research, Inc.

**Figure 9** Customer Process Management Framework



Source: December 16, 2005, "Use Business Process Management Thinking To Evaluate CRM Solutions" report

45138

Source: Forrester Research, Inc.

**Figure 10** Forrester's CRM Deployment Scorecard

Best practices	Company capability (circle appropriate score)	Score
1. Build strong executive sponsorship	Low - 1 2 3 4 5 - High	<input type="text"/>
2. Require that business executives lead CRM, with support from IT	Low - 1 2 3 4 5 - High	<input type="text"/>
3. Put in the right governance structure	Low - 1 2 3 4 5 - High	<input type="text"/>
4. Define objectives and processes first, then apply technology	Low - 1 2 3 4 5 - High	<input type="text"/>
5. Follow a realistic pace for rollout	Low - 1 2 3 4 5 - High	<input type="text"/>
6. Define data requirements and data quality management approaches early	Low - 1 2 3 4 5 - High	<input type="text"/>
7. Strive for high user involvement	Low - 1 2 3 4 5 - High	<input type="text"/>
8. Place a high priority on software usability	Low - 1 2 3 4 5 - High	<input type="text"/>
9. Simplify the CRM platform	Low - 1 2 3 4 5 - High	<input type="text"/>
10. Actively manage the vendor relationship	Low - 1 2 3 4 5 - High	<input type="text"/>
<b>Total</b>		<input type="text"/>

Source: February 1, 2006, "How To Evaluate Your CRM Deployment Strategy" report

45138

Source: Forrester Research, Inc.

## BEST PRACTICES

### Anticipate And Exploit Customer And Technology Disruptions

CRM is evolving from its traditional focus on optimizing an organization's customer-facing transactional processes to include the strategies and technologies that support an enterprise's ability to participate in the "social Web" — comprised of collaborative connections with customers, suppliers, and even competitors. In this new world, traditional CRM solutions will continue to be important to enable organizations to aggregate customer data, analyze that data, and automate workflows to optimize business processes. However, conventional solutions have limitations: They are hard to use, inflexible and difficult to change, and do not foster strong intra-organization and customer collaboration. CRM professionals need to expand their thinking beyond traditional solutions and consider new ones based on Social Computing principles.

▶ [CRM Market Size And Forecast, 2006 To 2010](#)

William Band

▶ [Future Of Enterprise Applications](#)

Sharyn C. Leaver

- ▶ [Open Source CRM Continues To Gain Momentum But Isn't Enterprise-Ready](#)  
Liz Herbert
- ▶ [The CRM 2.0 Imperative](#)  
William Band
- ▶ [The Dynamic Business Applications Imperative](#)  
John R. Rymer, Connie Moore
- ▶ [Top Enterprise Web 2.0 Predictions For 2008](#)  
G. Oliver Young
- ▶ [Top Social Computing Predictions For 2008](#)  
Charlene Li, Jeremiah K. Owyang, Peter Kim
- ▶ [Trends 2007: Customer Relationship Management](#)  
William Band
- ▶ [Web 2.0 Social Computing Dresses Up For Business](#)  
Rob Koplowitz, G. Oliver Young

### Strategize To Pinpoint Quick Wins

Transforming your company to become more customer-centric requires a strong vision and leadership. But you also need pragmatic thinking about the specific business capabilities that need to be improved to achieve your customer-facing goals. To avoid wasting your time and money on ill-conceived CRM programs, beware of the two most common pitfalls of CRM plans: no strategic focus on business value and a lack of attention to business process and people issues. A successful approach to CRM requires laser-like attention to four sets of capabilities:

- **Strategy.** Your customer strategy identifies the customers the organization intends to serve and articulates the desired customer experience to be delivered.
- **Process.** Business processes are comprised of the practices associated with major customer-facing business functions in the organization. For example, marketing, eCommerce, direct sales, partner sales, customer service, and field service.
- **Technology.** Your technology environment plays an important role in enabling the CRM business processes and is comprised of customer analytics, customer data management, and technology infrastructure.

- **People.** How people are organized and led has a large role in determining success with CRM. You must pay attention to the organization's corporate culture, leadership practices, collaboration methods, training programs, and performance measurement approaches.

- ▶ [Forrester's Best Practices Framework For CRM](#)

William Band

- ▶ [Forrester's FastForward CRM Capabilities Best Practices Self-Assessment](#)

William Band

- ▶ [People Plus Technology Determines CRM Success](#)

William Band

- ▶ [Twelve Steps To Experience-Based Differentiation](#)

William Band

- ▶ [Using Technology To Improve Your Customer Experience](#)

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### Justify CRM Investments To Prove Value

CRM projects must not only be technically sound, but they must stand up to the question, "What will we get for our money?" Project leaders need to build their business cases correctly or risk launching initiatives with a low chance of delivering demonstrable business results. CRM professionals should ensure that their projects address four critical questions: What are the business benefits? What is the impact on IT or project costs? Is future flexibility increased or decreased? How will risks be mitigated?

- ▶ [Build The Right Business Case For CRM](#)

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- ▶ [Best Practices For CRM Deployment](#)

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- ▶ [The Right CRM Metrics For Your Organization](#)

William Band

- ▶ [The ROI Of Interactive Chat](#)

Chip Gliedman

## Select The Right CRM Solutions

CRM applications are the business software that enables customer-facing business processes such as lead generation and cross-sell (marketing), opportunity management, forecasting and quoting (sales), customer support and repair (service), collaborative channel management (partner channel management and eCommerce), customer data analytics, and customer data management. The set of vendor choices is complex. There has been consolidation of traditional on-premise license solutions vendors, but there are a rising number of specialty solutions offered through the software-as-a-service (SaaS) deployment model. Vendor product comparisons should be rigorous using three sets of evaluation criteria:

- **Current offering.** Look at the breadth of vendors' product offering(s), global capabilities, and adaptation to specific industry requirements. Evaluate the vendors' customer data management abilities and usability, and take into consideration cost and the strength of vendors' technology platform and tools.
- **Strategy.** Evaluate the strength of the vendors' product strategy and vision and how they intend to be leaders in the enterprise CRM market. Understand the methods vendors use to deliver a satisfactory application ownership experience to their customers and how long it takes customers to realize value from their solution.
- **Market presence.** Gauge the size of the vendors' customer base and evaluate the depth of human and financial resources available to enhance their products and serve customers.

▶ [How To Select A CRM Software Vendor](#)

William Band

▶ [The Forrester Wave™: Customer Service Management Software, Q1 2007](#)

Chip Gliedman

▶ [The Forrester Wave™: Enterprise CRM Suites, Q2 2007](#)

William Band

▶ [The Forrester Wave™: Enterprise CRM Suites For Financial Services, Q1 2007](#)

Mary Pilecki

▶ [The Forrester Wave™: Midmarket CRM Suites, Q1 2007](#)

Liz Herbert

▶ [The Forrester Wave™: Partner Relationship Management Tools, Q2 2007](#)

William Band

- ▶ [The Forrester Wave™: Sales Force Automation, Q2 2007](#)

Liz Herbert

- ▶ [Use Business Process Management Thinking To Evaluate CRM Solutions](#)

William Band

### **Optimize Customer Processes With Best Practices**

Successful companies focus on five fundamentals for CRM success: 1) promoting user adoption; 2) focusing on business processes; 3) establishing executive sponsorship; 4) practicing sound customer data management; and 5) defining the right metrics. Attention to discipline in execution is what sets CRM winners apart from the well-publicized failures. Benchmark your company against 150 best practices capabilities using Forrester's FastForward CRM Best Practices Framework.

- ▶ [Best Practices: Getting The Most From Your CRM Deployment](#)

William Band

- ▶ [CRM Best Practices Adoption](#)

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- ▶ [Customer Analytics Best Practices Adoption](#)

William Band

- ▶ [Customer Data Management Best Practices Adoption](#)

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- ▶ [Customer Service Best Practices Adoption](#)

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- ▶ [Customer Strategy Best Practices Adoption](#)

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- ▶ [Direct Sales Best Practices Adoption](#)

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- ▶ [eCommerce Best Practices Adoption](#)

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- ▶ [Field Service Best Practices Adoption](#)

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- ▶ [How To Evaluate Your CRM Deployment Strategy](#)

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- ▶ [Indirect Sales Best Practices Adoption](#)  
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- ▶ [Marketing Best Practices Adoption](#)  
William Band
- ▶ [People Management For CRM Best Practices Adoption](#)  
William Band
- ▶ [People Plus Technology Determines CRM Success](#)  
William Band
- ▶ [Technology Infrastructure For CRM Best Practices Adoption](#)  
William Band

## RELATED TOPICS

Effective CRM initiatives enhance the customer experience; however, the rise of Social Computing is challenging organizations of all types to rethink how they can more effectively collaborate with customers via the social Web. Marketing, sales, and service, of course, all play critical roles in building effective customer relationships, and you can benefit from the skills and expertise of CRM management consultants and systems integrators. Our research addresses all of these topics.

## Customer Experience

Forrester's customer experience research helps customer experience professionals and interactive marketing professionals compete effectively in a world where empowered consumers are getting harder than ever to win and keep. Our research spans multiple channels like Web sites, interactive voice response (IVR) systems, phone agents, email communications, kiosks, and packaging. We look across a variety of industries from both a B2B and B2C perspective, including financial services, healthcare, manufacturing, retail, and travel. Key topic areas include benchmarking customer experience, building the business case for change, and transforming organization, culture, and process.

- ▶ [Culture And Process Drive Better Customer Experiences](#)  
Maira Dorsey, Kerry Bodine
- ▶ [Obstacles To Customer Experience Success, 2008](#)  
Bruce D. Temkin
- ▶ [The Chief Customer/Experience Officer Playbook](#)  
Bruce D. Temkin

- ▶ [The Customer Experience Index, 2007](#)  
Bruce D. Temkin
- ▶ [Topic Overview: Customer Experience](#)  
Harley Manning
- ▶ [Using Technology To Improve Your Customer Experience](#)  
William Band

### Social Computing

Peer-to-peer (P2P) technologies like user review sites, discussion forums, and blogs are contributing to a new era called Social Computing that empowers individuals at the expense of institutions like governments, the media, and financial services firms. Our Social Computing research examines the impact of this profound shift in consumer behavior.

- ▶ [How Consumers Use Social Networks](#)  
Charlene Li
- ▶ [Marketing On Social Networking Sites](#)  
Charlene Li
- ▶ [Objectives: The Key To Creating A Social Strategy](#)  
Josh Bernoff
- ▶ [Social Computing](#)  
Chris Charron, Jaap Favier, Charlene Li
- ▶ [UK Social Computing Flourishes](#)  
Rebecca Jennings

### Marketing

Forrester's research about marketing addresses how marketers use business technologies to better understand, target, and communicate with their customers. Forrester refers to these technologies as the Marketing Technology Backbone and tracks key trends and vendors in this sector.<sup>12</sup>

- ▶ [Eight Marketing Technologies That Enable Customer Centricity](#)  
Suresh Vittal
- ▶ [Email Can Start Your Social Computing Engine](#)  
Shar VanBoskirk

- ▶ [How Marketers Buy Technology](#)  
Elana Anderson
- ▶ [Marketing Technology Adoption 2007](#)  
Elana Anderson
- ▶ [The Direct Marketing Services Ecosystem](#)  
Dave Frankland
- ▶ [The Enterprise Marketing Software Landscape](#)  
Suresh Vittal

### Direct And Indirect Sales

Forrester's sales research helps CRM professionals in large companies, as well as smaller businesses, improve sales processes, select effective sales support technologies, and understand sales compensation tools. We research best practices for companies using both direct sales and/or indirect sales models.

- ▶ [Capitalizing On Banks' Sales Opportunities](#)  
Mary Pilecki
- ▶ [Fifteen Vendors To Bridge Your SFA Gaps](#)  
Pete Marston
- ▶ [Firms Streamline Complex Sales Processes By Adding Business Process Management To SFA](#)  
Liz Herbert
- ▶ [Incentive Compensation: Enterprise Vendors Consolidate, New Players Target Midmarket](#)  
Liz Herbert
- ▶ [Market Overview: SFA And PRM Solutions](#)  
Pete Marston

## Service

Forrester's customer service and support research addresses how organizations manage post-sales activities including face-to-face, mail, telephone, and the Internet. We cover traditional customer service as well as field service best practices.

- ▶ [2007: Contact Centers Prioritize The Customer](#)  
Elizabeth Herrell
- ▶ [Develop An Executable Customer Bill Of Rights](#)  
Chip Gliedman
- ▶ [First-Contact Resolution Metrics Can Be Your Friend — Or Your Enemy](#)  
Chip Gliedman
- ▶ [Improving Contact Center Performance](#)  
Elizabeth Herrell
- ▶ [Increase — And Measure — The Depth Of Customer Interactions](#)  
Chip Gliedman
- ▶ [Self-Service Initiatives For Contact Centers](#)  
Elizabeth Herrell
- ▶ [Trends 2007: eService Is Customer Service](#)  
Chip Gliedman
- ▶ [Twenty-Three Best Practices For The Customer Service Center](#)  
Chip Gliedman

## Customer Data/Analytics

Customer data hubs and analytics represent the intersection of technology solutions and a category of packaged application software that operationalizes the acquisition, distribution, and management of customer information for use in both CRM and other systems. Our research covers the important trends in customer data management, analytics, and reporting.

- ▶ [CDI: A Path To Continuous Customer Management](#)  
Erin Kinikin
- ▶ [Continuous Customer Management](#)  
Erin Kinikin

- ▶ [Data, Data Everywhere!](#)  
Boris Evelson
- ▶ [In The Oracle-Siebel Acquisition, CDI And Component Assembly Bring Unexpected Benefits](#)  
R"Ray" Wang
- ▶ [It's Time To Reinvent Your BI Strategy](#)  
Boris Evelson
- ▶ [The Forrester Wave™: Customer Data Integration, Q2 2005](#)  
Erin Kinikin
- ▶ [The Forrester Wave™: Customer Hubs, Q4 2006](#)  
R"Ray" Wang
- ▶ [Trends 2006: Master Data Management](#)  
R"Ray" Wang, Kyle McNabb

### CRM Consulting/Systems Integrators

CRM professional services providers such as consultants and system integrators often play an important role in helping enterprises enable more profitable interactions with customers and partners. Forrester's research provides guidance on how CRM professional services should be engaged and managed.

- ▶ [Best Practices For Sales Performance Management RFPs](#)  
Liz Herbert
- ▶ [Clients Prefer Integrators Over Product Vendors To Lead Major Implementations](#)  
Christine Ferrusi Ross
- ▶ [Consulting Project Cost Estimator](#)  
Sean Sweeney, Christine Ferrusi Ross
- ▶ [Global CRM PSPs Deliver A Full Range Of Services But May Not Provide Best Value](#)  
William Band
- ▶ [How To Evaluate Your CRM Professional Services Provider](#)  
William Band

- ▶ [How To Select A CRM Professional Services Provider](#)  
William Band
- ▶ [Market Overview Of CRM Professional Services](#)  
William Band
- ▶ [Which Service Provider Is Right For Your Supply Chain Project?](#)  
Patrick M. Connaughton

### UPCOMING RESEARCH

“Market Overview: Mobile CRM”

Pete Marston

Q2 2008

“CRM SaaS Implementation Best Practices”

William Band and Pete Marston

Q2 2008

“Forecasting And Capping Your Total Cost Of Ownership For Packaged Apps”

R “Ray” Wang

Q2 2008

“Next-Generation Customer Service Architectures”

Chip Gliedman

Q2 2008

“The Forrester Wave™: Enterprise CRM Suites Update, Q3 2008”

William Band

Q3 2008

“The Forrester Wave™: Midmarket CRM Suites Update, Q3 2008”

Pete Marston

Q3 2008

“The Forrester Wave™: Direct And Indirect Sales Management Tools, Q4 2008”

Pete Marston

Q4 2008

## FOR MORE INFORMATION

### Analysts To Watch

Forrester is continuously researching, analyzing, and writing about changes and new developments in technology. To keep abreast of future Forrester research on the subject of CRM, you may want to watch for new research coming from the following Forrester analysts:

- **William Band.** Bill is a vice president who primarily contributes to Forrester's offerings for the business process and applications professional. He is a leading expert on customer relationship management topics. His research focus is helping organizations establish and validate CRM strategies; prioritize and focus CRM projects; build executive consensus; facilitate CRM vendor selection; and plan for project success.
- **Josh Bernoff.** Josh is a vice president at Forrester. In 2007, Josh began work on a book, *Groundswell*, which describes how people with social technologies like blogs, wikis, MySpace, and YouTube will threaten institutions of all kinds, and how companies can succeed in the face of this change. Josh's co-author for *Groundswell* is Charlene Li, the primary Forrester analyst researching social media.
- **David Frankland.** Dave is one of the primary analysts behind Forrester's offerings for direct marketing professionals. His research agenda covers database marketing and marketing services and focuses on helping organizations better leverage customer data to improve marketing performance.
- **Chip Gliedman.** Chip is a vice president who researches using management processes, technology architectures, business applications, and external service providers to provide the maximum value to internal customers of IT through the service desk and external customers of an organization through customer service and contact centers.
- **Elizabeth Herrell.** Elizabeth is a vice president covering IP communications, unified communications (unified access, conferencing, messaging, presence, mobility, and speech), contact center operations and applications, and speech technologies. Her current research is directed at leading trends, technologies, and best practices for converged voice and data communications, customer contact for premise-based and outsourced solutions, and multiple channel customer interactions.
- **Pete Marston.** Pete primarily contributes to Forrester's offerings for the business process and applications professional. His focus is on sales force automation (SFA) and mobile CRM. As part of his CRM coverage, he also researches partner relationship management and SaaS.

- **Laura Ramos.** Laura is a vice president who primarily conducts research for Forrester's clients who are B2B marketers, namely technology product management and marketing professionals and marketing leadership professionals. Her key research areas include tracking overall B2B marketing trends and issues, the integration of traditional and digital B2B marketing tactics, and emerging B2B marketing trends in social media use
- **Bruce D. Temkin.** Bruce is a vice president and one of the driving forces behind Forrester's offerings for customer experience professionals. He is a leading expert in how companies build differentiation with customer experience through corporatewide strategies and initiatives. His research focuses on the business strategies, operational processes, and organizational structures required to create and sustain superior customer relationships.
- **Suresh Vittal.** Suresh primarily contributes to Forrester's research for direct marketing professionals. His research focuses on the confluence of technology, data, and analytics and the impact on marketers. His research agenda focuses on enterprise marketing technologies, database marketing strategies, customer analytics, and technologies that make customer insight operational.

### Research Help Desk

Research specialists in Forrester's Research Help Desk collaborate with Forrester analysts to compile these Topic Overviews for selected areas of Forrester's coverage. If you have additional questions about this topic, please contact us at [researchhelpdesk@forrester.com](mailto:researchhelpdesk@forrester.com), and we will respond to your question within 36 hours.

### Research Alerts

To be notified when a new document is published about CRM or by any of the analysts listed above, [set up a Research Alert](#).

### ENDNOTES

- <sup>1</sup> Organizations continue to spend heavily on customer relationship management (CRM) — \$11 billion annually by 2010 — to grow the top line, improve the customer experience, and boost the productivity of customer-facing workers. To better understand how enterprises can get the most value from this investment, we surveyed 260 business and technology decision-makers and influencers to discover their strengths and weaknesses in adopting 11 sets of CRM capabilities consisting of 150 best practices. We found that adopting CRM best practices is a big challenge for many organizations. See the January 10, 2008, "[CRM Best Practices Adoption](#)" report.
- <sup>2</sup> Forrester interviewed 58 business and IT executives to uncover best practices for wringing more value from CRM deployments. Successful companies focus on five fundamentals: promoting user adoption, focusing on business processes, establishing executive sponsorship, practicing sound customer data management,

and defining the right metrics. Attention to discipline in execution is what sets CRM winners apart from the well-publicized failures. See the June 27, 2007, “[Best Practices: Getting The Most From Your CRM Deployment](#)” report.

- <sup>3</sup> Organizations spend heavily to improve customer-facing processes, but they still struggle to achieve satisfactory returns on their effort. Despite these challenges, CRM leaders are learning what it takes to succeed. They use 10 best practices to address five critical issues: governance, process management, data management, user adoption, and technology. As a result, these businesses have captured four types of benefits: increased revenues, lower costs, higher return on investment, and improved competitive strength. See the December 13, 2005, “[Best Practices For CRM Deployment](#)” report.
- <sup>4</sup> The market for customer relationship management (CRM) solutions has changed significantly during the past 18 months. Consolidation of leading CRM vendors (Epiphany/Infor Global Solutions, Onyx Software/M2M Holdings, Oracle/PeopleSoft/Siebel), intensified competition from well-capitalized business applications players (SAP and Microsoft), and the rise of new software-as-a-service (SaaS) deployment options (salesforce.com, RightNow) means that enterprises must rethink their CRM solution strategy. Enterprises will continue to make significant investments to improve their customer-facing capabilities. However, the need to extract additional value from past expenditures and a lack of game-changing innovations from vendors will result in moderate market growth. See the October 20, 2006, “[CRM Market Size And Forecast, 2006 To 2010](#)” report.
- <sup>5</sup> Customer relationship management (CRM) is now a core element of enterprise competitive strategy. Organizations of all types are striving to improve their customer experience. Decisions about new spending on CRM must take into account significant changes in the vendor landscape. In 2007, important considerations driving customer-facing process improvement include: 1) getting more value out of CRM technology; 2) coping with the rise of Social Computing; 3) meeting increased demand for end user mobility; 4) making greater use of business process management-centric solutions; 5) resolving customer data management challenges; and 6) adapting to global standards and service-oriented architecture (SOA). Enterprise buyers should invest selectively in high-value upgrades, focus on customer-process optimization, and demand vendor support to optimize existing CRM infrastructures. See the March 1, 2007, “[Trends 2007: Customer Relationship Management](#)” report.
- <sup>6</sup> Customer relationship management (CRM) is evolving from its traditional focus on optimizing customer-facing transactional processes to include the strategies and technologies to develop collaborative connections with customers, suppliers, and even competitors. In this new world, traditional CRM solutions will continue to aggregate customer data, analyze that data, and automate workflows to optimize business processes. But CRM professionals must find innovative ways to engage with emerging “social consumers,” enrich the customer experience through community-based interactions, and architect solutions that are flexible and foster strong intra-organization and customer collaboration. How? First, you must define who you’re trying to reach, what you’re trying to accomplish, and how you plan to strengthen your relationships with the new social customer. Then you can expand your thinking beyond traditional CRM solutions and consider new ones based on social Web principles. See the March 10, 2008, “[The CRM 2.0 Imperative](#)” report.

- <sup>7</sup> Experience-based differentiation (EBD) strategies can create desperately needed distinction in the market; 60% of recently surveyed organizations tell us that it is “critical” that their firm improve customer experience. But only 24% had an executive (other than the CEO) responsible for the “whole customer experience.” To make a difference, follow the example of executives at MegaFon-Moscow and build the skills required to lead EBD transformation initiatives. EBD leaders face 12 tests of leadership, comprised of four challenges: 1) recognizing the need for change; 2) leading change; 3) becoming part of the change; and 4) sustaining change. Executives leading EBD strategies must: challenge the process, inspire a shared vision, enable others to act, model new behaviors, and encourage the heart. See the August 22, 2006, “[Twelve Steps To Experience-Based Differentiation](#)” report.
- <sup>8</sup> Forrester developed a framework that includes 150 best practice CRM capabilities, organized into four categories: strategy, process, technology, and people. The framework is based on interviews with more than 100 user companies, in-depth analysis of 33 vendor solutions, and discussions with 29 CRM professional services providers. To help understand how your organization stacks up against these best practices and to identify where you can best achieve quick wins, we created the Forrester FastForward self-assessment for CRM. Use the framework and self-assessment to improve your current CRM initiative or to jump-start new projects. See the August 24, 2007, “[Forrester’s Best Practices Framework For CRM](#)” report.
- <sup>9</sup> Forrester interviewed 58 executives about their best practices for getting more value from customer relationship management (CRM). They told us that it is critical to set clear CRM objectives and establish the right metrics before making a technology purchase. How? By following a four-step approach to establish the correct measures for your organization: 1) Define and quantify business goals; 2) formulate CRM strategies and tactics; 3) establish appropriate CRM measures; 4) link CRM goals, strategies, and metrics. Firms also need to adopt CRM metrics best practices, including establishing metrics early in the CRM deployment initiative, measuring what is important to customers, and using metrics to guide employees. See the October 1, 2007, “[The Right CRM Metrics For Your Organization](#)” report.
- <sup>10</sup> Forrester evaluated leading enterprise CRM suites vendors across 493 criteria and found that Oracle’s Siebel CRM and SAP’s mySAP CRM are the clear Leaders. They offer broad and deep functional capabilities, industry specialization, and the scalability to support global organizations. Nevertheless, these Leaders are challenged by a diverse set of Strong Performers. First, Oracle’s E-Business Suite CRM and Oracle’s PeopleSoft CRM offer good options for buyers who value comprehensive suite integration. Next, Oracle’s Siebel CRM On Demand, RightNow, and salesforce.com offer software-as-a-service (SaaS) deployment with excellent usability, low upfront costs, and quick time-to-value, albeit with some functionality limitations. Meanwhile, Microsoft Dynamics CRM provides a growing breadth of functionality and the opportunity to leverage the Microsoft platform to lower total cost of ownership (TCO), and Pegasystems’ Customer Process Manager provides native business process management (BPM) tools for buyers who need to design and manage unique customer-facing processes. Infor Global’s acquisition of the assets of Epiphany and M2M Holding’s purchase of Onyx — both with modern process-centric architectures — help secure these two solutions a spot in our Strong Performers category. Amdocs CRM finds success with buyers as a Contender solution for service-intensive industries with custom needs but lacks extensive packaged CRM functionality. See the February 5, 2007, “[The Forrester Wave™: Enterprise CRM Suites, Q1 2007](#)” report.

- <sup>11</sup> Customer demand, market dynamics, and technology are driving the convergence of CRM functionality to be more easily integrated with the capabilities associated with enterprise resource management (ERP) and supply chain management (SCM) to better support end-to-end business processes. Today, CRM-oriented solutions are offered primarily in four categories of functional capabilities: marketing, sales, service, and customer data and analytics. These categories form the traditional basis for software vendor feature/function comparisons. However, CRM solution buyers should move away from this framework and evaluate CRM capabilities using a customer process management perspective. There are nine customer-facing processes to consider when evaluating solutions to create a differentiated, “branded” experience for your customers. Companies shopping for CRM software should determine which vendor best supports the business processes being addressed by current initiatives as well as how well the vendor solution can support business process improvements anticipated for the future. See the December 16, 2005, “[Use Business Process Management Thinking To Evaluate CRM Solutions](#)” report and see the December 13, 2005, “[Best Practices For CRM Deployment](#)” report, and see the February 1, 2006, “[How To Evaluate Your CRM Deployment Strategy](#)” report.
- <sup>12</sup> Marketing is in a state of crisis. New consumer behaviors, interactive channels, pressure to improve the ROI of marketing spending, and the challenges of integrating marketing programs require that companies rethink marketing’s role. See the August 17, 2006, “[The Marketing Technology Backbone](#)” report.

# FORRESTER®

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## Headquarters

Forrester Research, Inc.  
400 Technology Square  
Cambridge, MA 02139 USA  
Tel: +1 617.613.6000  
Fax: +1 617.613.5000  
Email: [forrester@forrester.com](mailto:forrester@forrester.com)  
Nasdaq symbol: FORR  
[www.forrester.com](http://www.forrester.com)

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