

# Technologies for CRM and the Emerging Customer Engagement Hub

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## Summary

Increased focus on driving growth through customer experience will shape IT strategies for building a customer engagement hub. To be successful, IT application leaders will need to bridge organizational gaps and orchestrate multiple systems to ensure a consistent customer experience across channels.

## Overview

### Impacts

To build an integrated customer experience, IT application leaders will need to build a customer engagement hub.

To build an engaging customer experience, IT application leaders will need to overcome departmental barriers and politics.

## Recommendations

IT application leaders should:

Think of the customer engagement hub as a business strategy linked to a technology framework, rather than a product for sale.

Prepare for extensive system integration of products from multiple vendors to achieve business value.

Use the customer engagement hub to deliver a consistent, orchestrated, cross-channel customer experience supporting customer journeys that span all customer engagement channels.

Collaborate with marketing, digital commerce, customer service and the customer experience team to gather data that demonstrates the need for a new approach to customer engagement.

Identify the journey gaps that lead to customer dissatisfaction, defection and low spending.

Conduct substantial reference checks before accepting a new solution or maintaining an existing system.

Create a unified picture of current technologies, identify new functionalities required and technology convergence from different software, and calculate the business case for the investment.

## Strategic Planning Assumption

By 2018, 60% of large organizations will architect a customer engagement hub, yet only 20% will select the correct technologies to make it work.

## Analysis

From the perspective of the customer, the lack of consistent treatment across communication channels is frustrating. Customer satisfaction with the customer care function has hardly improved in the past decade, and this undermines marketing efforts. Unintegrated departmental initiatives to create customer journeys, and to sell and support, lead to incompatible processes and software systems. From a pace-layer perspective, complex legacy applications drive up costs while failing to improve business metrics.

The idea of building a complete customer engagement hub that ties together the communication infrastructure, business rules, relevant information and analytics is gathering momentum. Although social media and CRM are powerful incentives to become innovative, the customer engagement hub is held back because it is not a system that can be bought, but rather is a system of systems that need to be synchronized to deliver more intentional outcomes for the business and the customer. Several departments manage parts of the customer journey, but not in an orchestrated fashion. Many decision makers purchase these supporting systems from a wide variety of vendors.

Over the next three years, large organizations will relook at their existing CRM applications, mobile development tools and Web technologies, to architect a customer engagement hub. This will be used by all departments including marketing, sales, digital commerce, customer services, logistics and others. This research looks at how IT application leaders can work with business leaders in marketing, sales and customer services to assemble the multiple parts to create a dynamic customer engagement hub.

## **Begin With Organizational Change to Meet Customer Expectations**

Businesses see individual departments (such as marketing, sales and customer care in general, and the customer engagement center specifically), as isolated functional groups within the enterprise. This is driven by the conflicting business metrics by which each is measured. The trend is turning toward seeing them not as departments, but rather as one orchestrated entity, and an extension of corporate strategy to drive growth.

As customers obtain more-pervasive personal analytics and communication capabilities through which to interact with the enterprise, the enterprise divides between IT, marketing, sales, logistics and customer support will fall in order to better adapt to the new customer reality.

Without coordinated planning, it will be difficult for an enterprise to exploit the advantages of new channel capabilities. For example, the work required for current customer self-service systems to integrate with order-processing systems is point-to-point. The Web process and technologies are different from the mobile processes, which are becoming the predominant engagement medium. To add another communication channel (such as chat or telephone-based applications) the work has to be repeated. This is costly and difficult to maintain, and puts the consistency of the customer experience in jeopardy.

The value of the customer engagement hub is that any new channel can be added as a solution for the enterprise, while maintaining the business rules and knowledge base. With such a hub, current tools and solutions can be extended and applied to new channels.

A customer's perception of the enterprise is profoundly shaped by interactions with employees or partners outside sales and customer services, such as those in logistics, shipping, billing and technical support. Yet, businesses quarantine the knowledge, insight and content – as well as the rules by which individual customers should be treated – in isolated departments, such as marketing, or in secluded channels, such as the call center (the precursor to the customer engagement center). This poses a fundamental challenge to the enterprise, and will increase the pace of deployment of independent (siloed) channels. It also creates a gap between customer expectations and the enterprise's ability to meet the expectations.

The inability to meet customer expectations is an organizational, as well as a technological, challenge. The challenge can only be addressed after processes are in place to determine who owns the customer. To improve customer processes, leading businesses will carefully select the key customer business processes and business monitoring activities. They then will determine integration points that map the engagement channels to the business process. From there, the enterprise can define the shape that the CEH will take.

**Figure 1.** Top Impacts and Recommendations for IT Application Leaders

To build an integrated customer experience, IT application leaders will need to build a customer engagement hub.

- Think of the customer engagement hub as a business strategy linked to a technology framework, rather than a product for sale.
- Prepare for extensive system integration of products from multiple vendors to achieve business value.

To build an engaging customer experience, IT application leaders will need to overcome departmental barriers and politics.

- Collaborate with marketing, digital commerce, customer service and the customer experience team to gather data that demonstrates the need for a new approach to customer engagement.
- Identify the journey gaps that lead to customer dissatisfaction, defection and low spending.
- Conduct substantial reference checks before accepting a new solution or maintaining an existing system.
- Create a unified picture of current technologies, identify new functionalities required and technology convergence from different software, and calculate the business case for the investment.

Source: Gartner (November 2015)

## Impacts and Recommendations

### To build an integrated customer experience, IT application leaders will need to build a customer engagement hub

The idea of building a complete customer engagement hub that ties together the communication infrastructure, business rules, relevant information and analytics is gathering momentum. Over the next three years, large organizations will look at the existing applications they use for customer engagement, and introduce a working concept of a customer engagement hub, which can be used across all departments including marketing, sales, digital commerce, customer service, logistics and others.

The customer engagement challenge goes beyond an enterprise merely handling communication and interactions – telephone conversations, emails, texts, requests from embedded devices in machines (the Internet of Things), Tweets and responses on social media (such as Facebook, WeChat), or from websites or mobile apps. The challenge is to harmonize and synchronize these interactions. When asked to evaluate multichannel capabilities, more than 90% of Gartner clients report that these are not integrated functions.

The requirement of engaging customers in a cross-channel and multichannel scenario brings unique challenges:

Experiences vary by the channel selected, and are inconsistent with other channels.

Multiple channels are each managed in isolation.

The delivery of the customer context accurately on all interaction channels – digital and human – is difficult.

There are other forces at work to make advances in consistent engagement happen. They are a result of the seismic negative shifts in customer sentiment (for example, trust in institutions worldwide is low), the advancement of digital marketing technologies (for example, event-driven campaign management) and behavior (turning to peers and communities for advice), and the radical shift to mobile devices. These will drive the change in enterprise thinking from supporting interactions to encouraging consistent and profitable customer engagement.

The customer engagement hub is unique in three fundamental ways because it has:

1. A greater emphasis on the explicit two-way exchange of value between customer and enterprise.
2. Built-in internal collaboration and channel routing tools to connect employees across departments, employees with customers, and customers with their peers.
3. Several layers of analytics to manage optimized and personalized customer interaction.

We believe that the established communication technologies should work together to enable the management of multiple communication channels as a single channel, and be integrated with the business applications. However, until 2018, most will integrate with, but remain separate from, business applications.

IT application leaders and CRM leaders will need to examine the justification for the customer engagement hub, and the timing of the technology purchases and integrations that will enable them to deploy it.

The hub will most likely include, among others, these general-purpose tools and applications:

CRM sales, marketing and customer service and support functionality, including self-service.

Email, Web and mobile campaign tools.

Web content management (including video).

Business process modeling and rule servers.

Real-time decisioning engines.

Multichannel interaction routing engines.

Mobile platforms for customer support.

Social CRM tools, such as social engagement and peer-to-peer community support applications.

Knowledge management.

A number of analytics solutions (such as Web analytics, interaction analytics and customer journey analytics).

The customer engagement hub will sometimes include these general-purpose tools and applications:

Digital commerce platforms.

Personalization engines.

Digital personalization engines for commerce.

Voice-of-the-customer solutions.

Expertise and presence management.

Web conferencing, collaboration and co-browsing technologies.

Advanced search.

Natural-language processing engines.

Customer communications management solutions (for generating letters and bills).

Virtual customer assistants.

There will be many other middleware components for mobile and Web development to consider, such as:

Integration.

API frameworks (see "Magic Quadrant for Application Services Governance" (<http://www.gartner.com/document/code/270248?ref=grbody&refval=3167017>) )

Identity and access management.

Content authoring and content repositories.

Portal development and functionality (including persona modelers, interaction pattern analysis, and customer journey builders).

There will be tight collaboration between IT and data specialists to construct a single, logical customer profile.

Most hub components will not be bundled as a suite. However, the issue of siloed customer engagement is gaining the attention of business and IT leaders. Businesses are struggling to design the graphical user interfaces (GUIs) of customer services, or any types applications used while engaging customers to accommodate sharing customer information and context within their organization and with their customers and partners.

We anticipate that new capabilities will gradually change the shape of the GUI, such as:

A co-managed customer profile. This type profile will have restrictions, but will allow end customers to post information about themselves directly into their profiles.

Status update. The end customer and the customer service representative will see updates to the account at a glance (for example, new purchases, change in terms and conditions, status of returns and pending actions).

Feeds from Web analytics. The customer's visited pages, and the most relevant sites for the customer will be listed.

Feeds from campaigns. The customer's response to email, mobile and Web campaigns.

Links to user groups. It will be possible to understand customer Web behavior and preferred sources for information and how they form opinions.

Connectors to the customer's social applications. These open APIs will enable IT to send business rules from within the customer support system out to Facebook, a community site, or another mobile social application.

Social content. In addition to enterprise content, the new GUI will bring in search-refined and personalized, crowdsourced content.

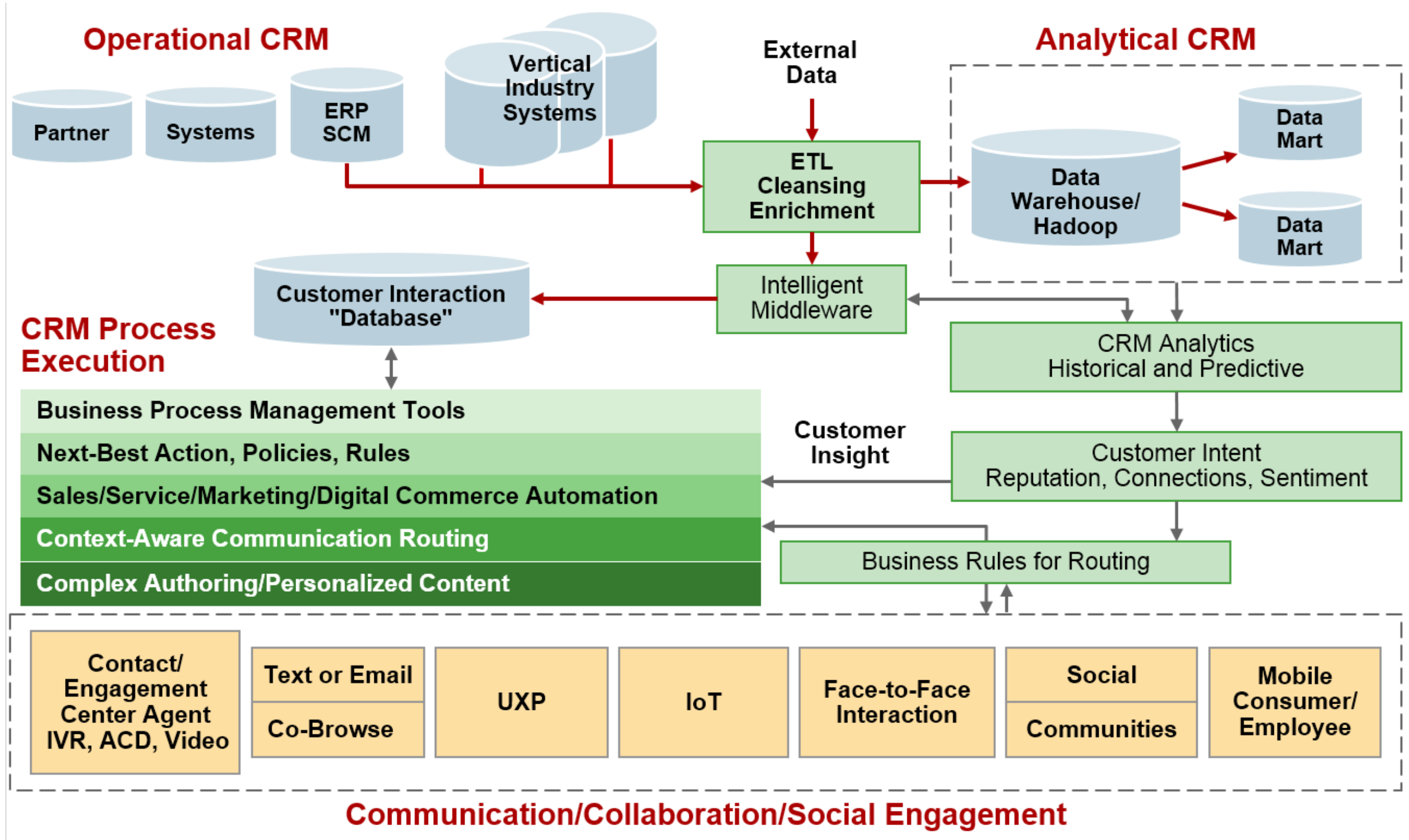
Sharing model between customer and business. These are controls that will allow for secure access by the customer to a portion of the customer information.

A clear view of the effectiveness of the customer journey (single customers and groups of customers).

The status of customer sentiment (single customers and groups of customers).

Through 2018, we anticipate a continued absorption of the best-of-breed software providers into broader customer engagement hub systems (see Figure 1).

**Figure 2.** The Customer Engagement Hub



ACD = automatic call distribution; CEC = customer engagement center; CRM = customer relationship management; ERMS = email response management system; ERP = enterprise resource planning; ETL = extraction, transformation and loading; IoT = Internet of Things; IVR = interactive voice response; SCM = supply chain management; SMS = Short Message Service  
Source: Gartner (November 2015)

The systems will consist of four component architectures, or subsystems, rather than one single system:

- Operational CRM.** These are the supply chain, financial, logistics, e-commerce and account management systems that contain information about the customer and their formal business with the customer.
- Analytical CRM.** This system is a series of subsystems. Some analyze historical data about the customer offline. The result is fed to a system that looks for any clues in real time that were not included in the back-end analysis. This result is then matched with a business rule. A business rule could be about marketing, selling or providing the correct customer care. Basically, this spans historical, descriptive, predictive and prescriptive analytics (see "Advancing Business With Advanced Analytics" (<http://www.gartner.com/document/code/277713?ref=grbody&refval=3167017>)).
- CRM process execution.** These systems will deliver the rules that determine the specific action to be taken with the customer. In 2016, most systems will launch processes that cannot reconcile other application processes, such as campaign management versus a business process management platform versus an online offer to a customer – each today is separate.

In the future, we will want to reconcile and integrate one of more of the following activities:

Selection of the next best action (based on the analytical systems it takes/suggests action based on that selection).

Conformance to a procedure or policy.

Personalization engines for best response to customer in context.

Selection of the correct knowledge artifact.

Rendering of the most relevant content.

Initiation of campaign activities.

4. **Communication/collaboration/social engagement.** The communication infrastructure allows for seamless escalation of a customer conversation from mobile app to website to phone and over to social media. We do not fully understand how the Internet of Things (IoT) will impact communication and other functions.

#### *Recommendations:*

Think of a customer engagement hub as a framework, rather than a product for sale. A practical problem for the enterprise is that the hub is a combination of specific business applications (for example, sales, marketing, service or resource planning), general-purpose information systems, analytics and communication/social collaboration technologies. The information systems and communication technologies are general-purpose and lack the customer's intelligence or knowledge that is built into marketing, customer service or sales applications.

Prepare for extensive system integration of products from multiple vendors to achieve business value. Even if a business has mapped the communication channel to the customer-facing process, fulfilling the specific functionality requirements (for example, sales/service) and process (for example, alerts, workflow, escalation or prioritization) will call for extensive system integration of products from multiple vendors to achieve the business value. The endless combination of business models will make the appearance of a standard customer engagement hub product an impossibility.

The customer engagement hub will be the result of advances in service architectures tying together smaller suites – for example, collaboration suites, customer service suites and knowledge management suites. Many of the critical elements of the hub exist today as general-purpose and stovepiped applications.

## **To build an engaging customer experience, IT application leaders will need to overcome departmental barriers and politics**

Four organizational challenges will slow the transition to a CEH. Overcoming these challenges will depend largely on the mindset of the enterprise. To understand organizational readiness to improve the customer experience, see "The Gartner Customer Experience Management Maturity Model." (<http://www.gartner.com/document/code/217544?ref=grbody&refval=3167017>)

### **Challenge No. 1**

Lack of conviction that a customer engagement hub is necessary. For a small business, the decision-making power surrounding the replacement of customer-facing technologies is often up to one or two individuals. Once they conclude that change is necessary, the wheels are set in motion to realize that change. For large organizations, this is not possible, because there are layers of decision making.

Each division of a business may have its own IT group. Each of these may receive shared services from a central IT group. The end users of IT systems for customer interaction may never be in a position to procure the systems they require. It is not uncommon for two years to elapse between the articulation of a technology need from the customer service area, and the eventual delivery of the underlying software. The more complex the system replacement, the longer it is likely for it to be replaced.

#### *Recommendation:*

The customer service or customer experience team should gather data that demonstrates the need for a new approach to customer engagement. The team should listen carefully to the CIO or other executives about business objectives and embed those ideas in presentations. That might mean discussing metrics, such as call deflection, or improved Net Promoter Scores, lower customer defection, average revenue per unit, brand loyalty, or salary and technology spend in the customer service department.

## Challenge No. 2

The decision making required to build a customer engagement hub does not rest in the hands of the people who most want it. Because IT is focused on business continuity, security, compliance and other core functions, it may not have the passion for such a program.

### *Recommendation:*

IT should work together with marketing, sales and customer service to identify the journey gaps that lead to customer dissatisfaction, defection and low spending (this will be different for higher education and public-sector organizations). Explaining the need to foster deeper customer engagement from a business perspective will help raise the profile of a customer engagement hub initiative.

## Challenge No. 3

Vendors are not partners. This challenge is a major impediment to technology refresh. For many forms of customer service and support systems, the availability of alternative products is so low as to constitute a monopoly. Waves of acquisitions in the CRM space for packaged applications have left the market for a CRM desktop for customer care, for example, without serious competition for large-scale, highly complex needs. The same limited choice is true in the workforce optimization market. The result is that vendors charge high prices for their software, add high yearly maintenance fees, and limit the availability of upgrades. In theory, consolidation is good, because it reduces integration; but look under the covers of supposed suites to see if this is true.

### *Recommendation:*

Before accepting a solution, conduct substantial reference checking. This includes site visits to vendor clients that have a similar use case as yours, and an evaluation of the software that the vendor is proposing.

## Challenge No. 4

The customer engagement hub is not a product for sale, but a long-term process and technology initiative. This makes prioritizing projects difficult.

### *Recommendation:*

IT application leaders should create a unified picture of current technologies, identify new functionalities required, investigate technology convergence from different software, and calculate the business case for the investment. This will help CIOs gain approval for a customer engagement hub program.

## Gartner Recommended Reading

"Nine CRM Projects to Do Right Now for Customer Service" (<http://www.gartner.com/document/code/271453?ref=ggrec&refval=3167017>)

"Market Guide for Digital Personalization Engines" (<http://www.gartner.com/document/code/262995?ref=ggrec&refval=3167017>)

"Magic Quadrant for the CRM Customer Engagement Center" (<http://www.gartner.com/document/code/262757?ref=ggrec&refval=3167017>)

"Drive Customer Engagement With Advanced Analytics" (<http://www.gartner.com/document/code/277298?ref=ggrec&refval=3167017>)

"How to Build a Mobile App Maturity Model for Digital Customer Engagement" (<http://www.gartner.com/document/code/279463?ref=ggrec&refval=3167017>)

"Gartner CRM Vendor Guide, 2015" (<http://www.gartner.com/document/code/271753?ref=ggrec&refval=3167017>)

### **Additional Recommendations Outside Your Current Gartner Subscriptions**



## Document Revision History

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