



# The State of the CRM Market 2021- An SME Perspective



## A world gone remote

2021 saw countries around the world entering their second year of the COVID-19 pandemic, with nationwide lockdowns remaining in force for most of the year in many countries.

As people moved from the office to the home, as well from in-store to online, the resulting step change in buying behaviours forced businesses to rethink their way of working.

The shift to remote working also brought with it a move towards asynchronous communication, changing not only the way people collaborated, but also the way they consumed.

In the UK, the rollout of a nationwide programme of coronavirus vaccinations in the first half of the year enabled the gradual lifting of travel restrictions in the second half.

For many businesses, this meant a return to the office, with the benefits conferred by remote working resulting in the rise of hybrid working as people split their time between home and office.

All of this has resulted in an inexorable acceleration of digital transformation strategies, in which CRM software is a key plank, in a world gone remote.

In November 2021, we carried out our third annual survey of SMEs on the state of the CRM software market. 200 respondents across the UK and US gave us their views on their challenges.

The findings in this report are drawn from their responses and should be of interest to anyone who has invested or is considering an investment in CRM.

*// Welcome to Workbooks' third annual report on the state of the CRM software market. This year's findings have highlighted CRM's importance in helping organisations adapt to the changes in the business landscape over the last two years, but they also emphasise the real need for organisations to take a different approach to CRM – one that starts with the business outcomes they want to achieve //*

John Cheney CEO  
Workbooks



## Challenges

In terms of our respondents' current biggest challenges, for most this fell into two areas – 41 (21%) reported automation/digital transformation and 40 (20%) reported staff shortage. This highlights the fundamental shift in ways of working over the last couple of years as businesses have moved online, together with furloughs, layoffs, and resignations.

After the WHO declared the COVID-19 outbreak a pandemic in March 2020, Microsoft CEO Satya Nadella reported "two years of digital transformation in two months", as businesses around the world were forced to adapt to "a world of remote everything".

18 months later, having accelerated the digitisation of their processes over the last 18 months, businesses are now leveraging the data from them to improve the way they work.

An alternative conclusion that we can draw from these results is that businesses are automating their processes in response to staff shortages, using technology to improve productivity, collaboration, and consistency to work better, together and in the right way.

Where we asked about respondents' future challenges, it was a slightly different story – while automation/digital transformation was still top of mind for most people, with 45 (23%) identifying it as their biggest challenge in future, 35 (18%) pointed to changing customer demand as the biggest challenge facing them in the months and years to come.

Together with a changing commercial landscape for most businesses, customers have also seen a change in the way they buy, with the pandemic driving a similar shift in buying behaviour itself already informed and influenced by the experience provided by Amazon and other online retailers. This change in behaviour is forcing many businesses to re-evaluate how they serve customers in a world that has moved online.

It's worth noting that staff shortage is still on the minds of many businesses, with 29 (15%) citing it as a future business challenge. This suggests that businesses will need to do more with less by standardising and automating their processes using software in response to a shortage of staff.

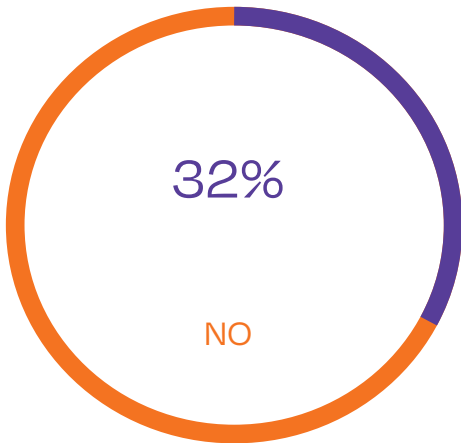
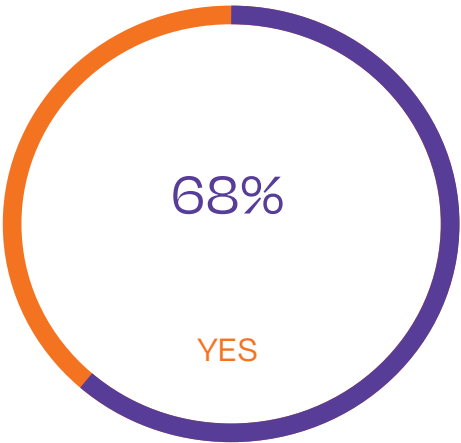


Does your organisation use a Customer Relationship Management (CRM) System?

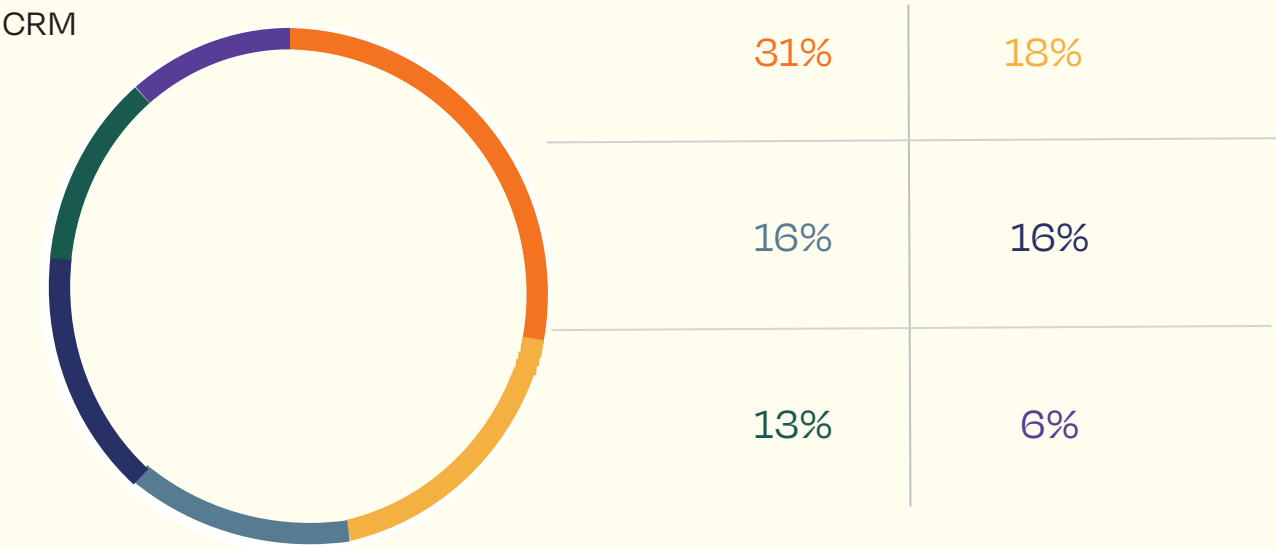
Of the 200 respondents to this year’s survey, 135 (68%) already had a CRM in place. Of those, the highest percentage (31%) had Implemented CRM before the pandemic, with a further 13% having implemented in 2020.

One conclusion we can draw from this is that, following the lockdown in March 2020, businesses quickly recognised the need for greater digitisation of their way of working, with CRM as a key component of the broader ‘system of systems’ in helping to run their day-to-day operations in an increasingly online world.

65 (32%) didn’t already have a CRM in place, although of those, the highest percentage (38%) planned to implement a CRM in future. Of respondents who didn’t already have a CRM in place, most use spreadsheets to manage their data.



When Did Your Organisation First Deploy CRM



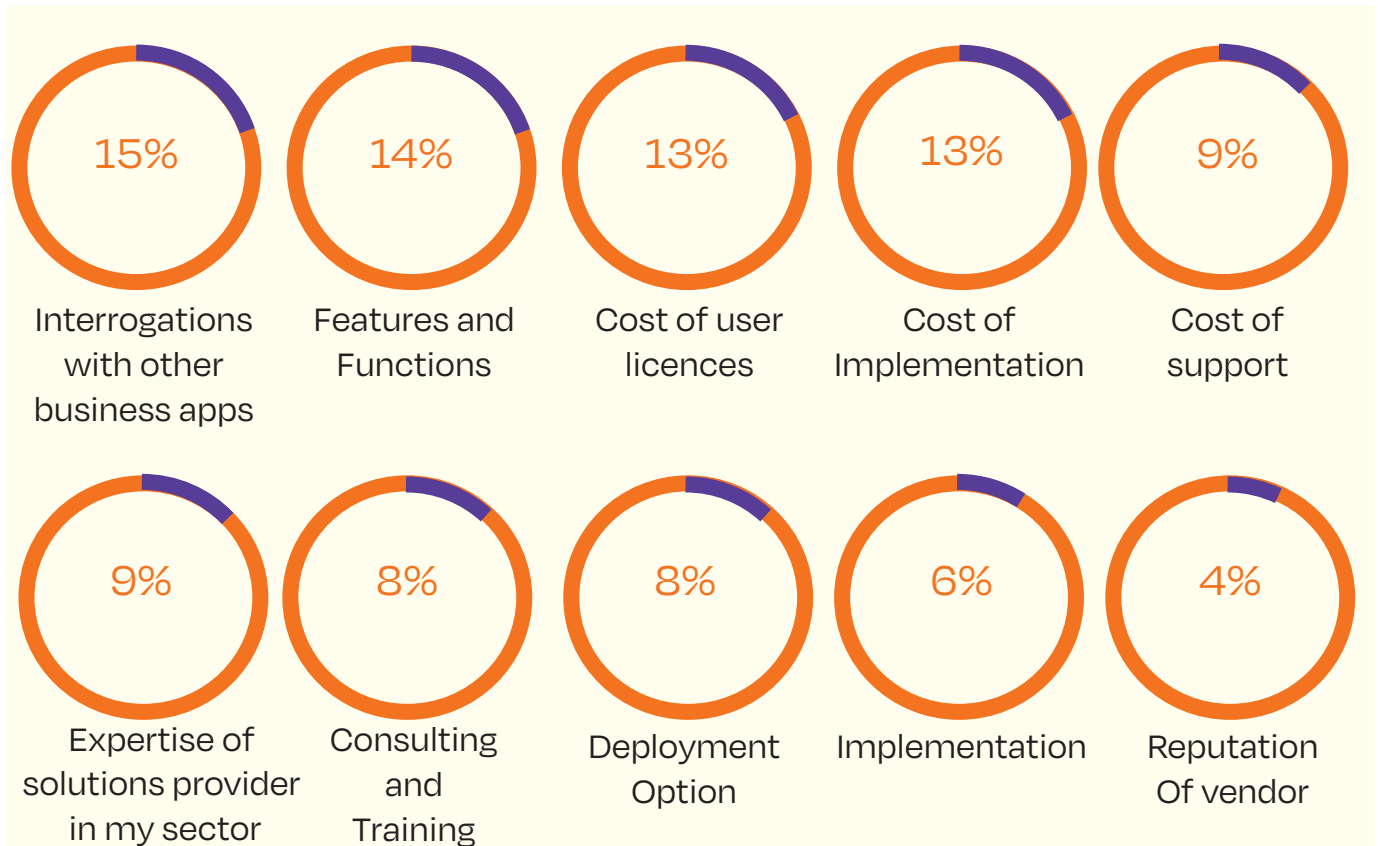
In terms of top priorities for implementing a CRM, 18% reported the need to retain existing customers, with 17% citing the need to acquire new customers. Improving the productivity of customer facing staff, together with improving the customer experience were next in line, with selling more to existing customers coming in close behind.

These results speak to CRM's core use case in supporting marketing and sales in increasing revenue, but also its ability to help improve the customer experience.

What were / are the top 3 priorities of your CRM Implementation?



// *With CRM rapidly approaching commodity status, in that many CRMs on the market are becoming indistinguishable in terms of features and functionality.* //



Of the criteria for choosing a CRM, features and functionality remains firmly near the top of the list for the professionals we surveyed this year. With CRM rapidly approaching commodity status, in that many CRMs on the market are becoming indistinguishable in terms of features and functionality, businesses' focus on these forms a remarkable throughline in the last three years of our survey.

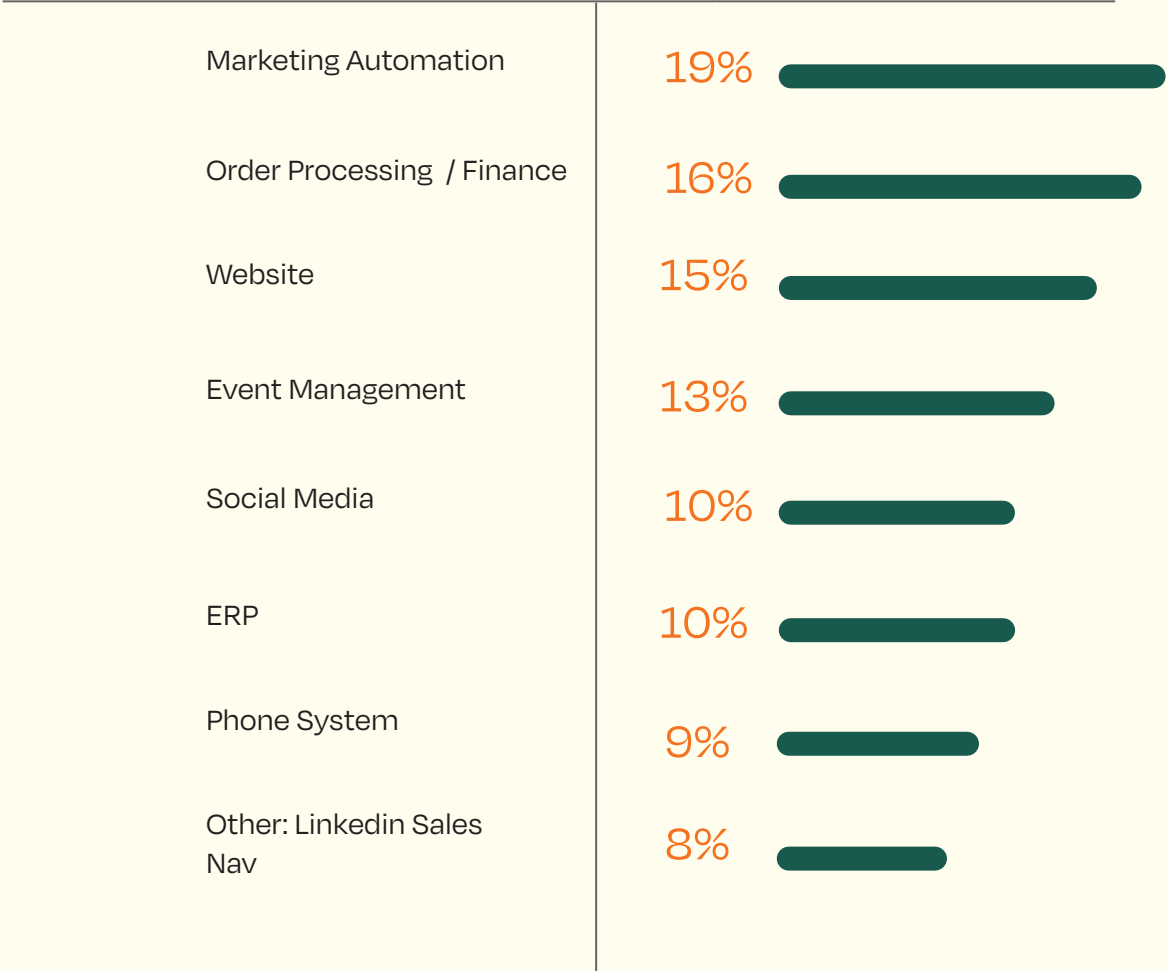
Lower on the list of criteria this year, but still among the most important for respondents were the costs of user licences and implementation. These results point up the way in which the CRM market works, where software vendors sell licences and third-party implementation partners sell professional services.

This can often be made worse where businesses only have budget for the CRM project in the first year and either can't or don't want to ask for more money in the second or third year. As a result, many businesses front-load their CRM project with everything they think they might need in future and then try to implement it all in the first year, which increases the risk of their CRM project failing.



Integration with other business applications was the most important criterion for choosing a CRM for our respondents, which reinforces the theme we've already seen here and elsewhere in this report – CRM and its data's importance to the day-to-day running of the business.

In your Opinion, what integrations  
are Critical for CRM?



# Features and Functions

In terms of CRM capabilities, our respondents reported customer service management as their most important consideration – a significant shift in focus from last year where customer service management was strictly second tier for respondents. This perhaps reflects CRM's growing role both in giving customers a better experience and in retaining existing customers – especially over the last two years, during which interactions between many businesses and customers have moved online.

Contact management remains among the most important capabilities our respondents looked for in CRM, together with pipeline management and forecasting. This result consolidates contact management as the core critical capability for CRM among our respondents, which is consistent with responses in previous years.

Taken in tandem with the rise of customer service management as a priority, this year's results seem to show an increasing application of CRM from pre-sales to post-sales.

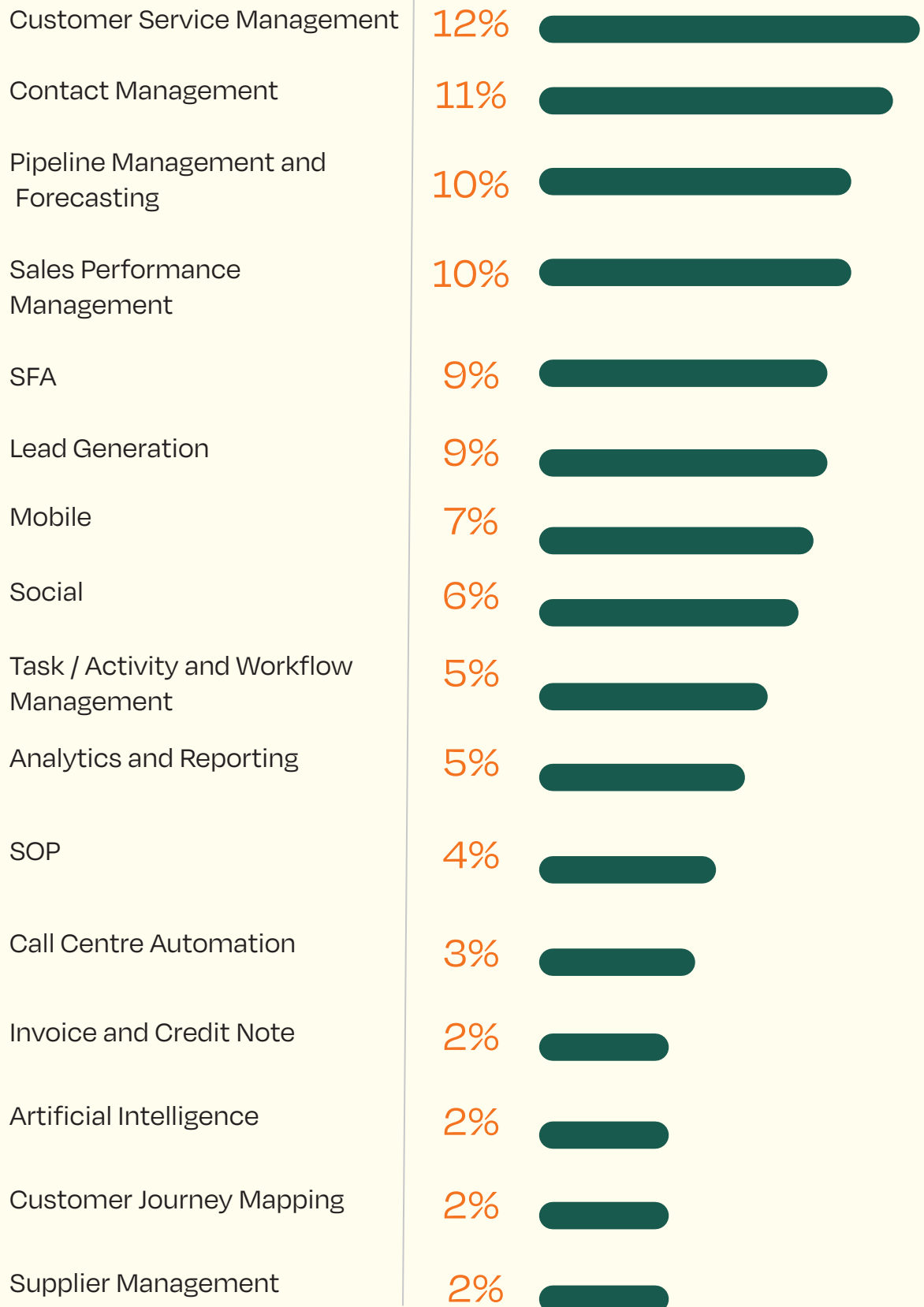
Sales force automation and sales performance management both come a close third in our respondents' most important capabilities, which have seen a similar shift in focus from last year as customer service management and speak to respondents' reported need to acquire new customers.

As we've seen in previous years, analytics and reporting remain a lower priority for our respondents. Together with the importance placed on integration elsewhere in this report, this result suggests that respondents don't view CRM as the platform on which they carry out data analysis or reporting.





## Which Functionalities are the most important to you?



# Implementation

In terms of obstacles to implementing a CRM, this year's responses tell a similar story to previous years, with resistance to change being the biggest obstacle for most.

This points to a need for CRM to be part of a broader strategy, in which everyone affected by the implementation of CRM can be involved in its selection. This makes sure that businesses can get buy-in from everyone involved and enable greater adoption throughout the business. Where CRM is misperceived as 'just another software application', businesses will find it difficult to get commitment and participation from those who don't understand its benefits.

*“Taking a technology-first approach is a fast track to failure in finding the right CRM – organisations first need to identify the business outcomes that they want to achieve from their investment. It's only when they've been able to define and prioritise business outcomes that organisations can really understand their requirements for CRM and be able to set clear expectations for implementing it.”*

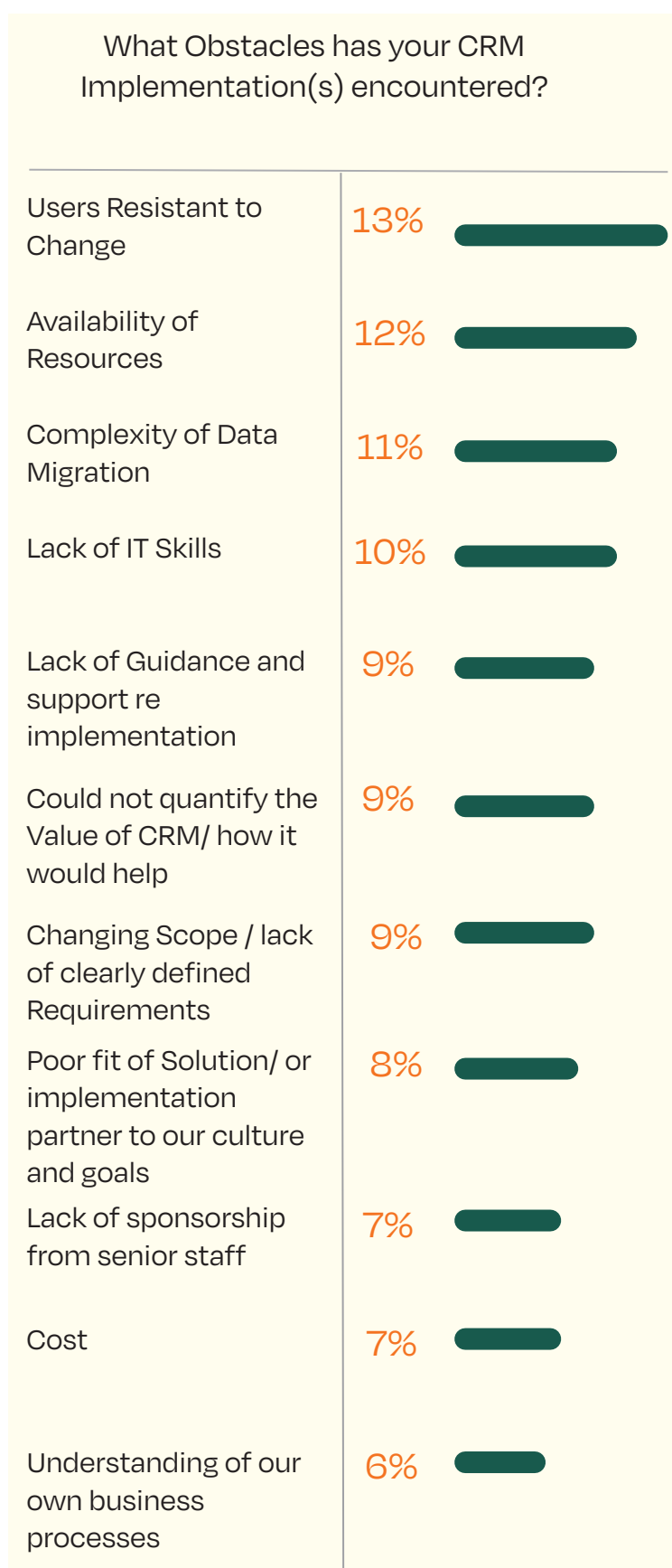
John Cheney  
CEO  
Workbooks



Many respondents reported a lack of resources available to implement CRM in addition to carrying out their own roles and responsibilities. This again seems to suggest that businesses are implementing CRM separately from the way in which the business works, requiring the diversion of resources rather than its integration into the day-to-day running of the business.

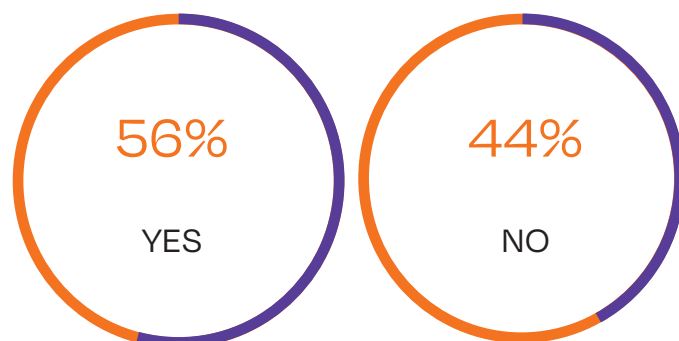
Another conclusion that we can draw is that the accelerated timescale to which many businesses have been working over the last two years in terms of digital transformation has resulted in the implementation of CRM being just one of many competing priorities within the business.

The complexity of data migration and/or integrations was the next biggest obstacle for many, which emphasises CRM's role as a key component of a wider 'system of systems' exchanging information within a business – and, more importantly, the value of data held in the CRM itself, both to the business processes supported by CRM, as well as other processes and systems that make use of information gathered and analysed by the CRM.

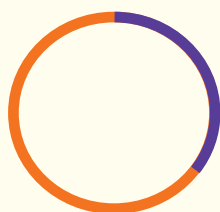


Of the 135 respondents who reported already having implemented CRM, more than half reported having switched CRM in the past.

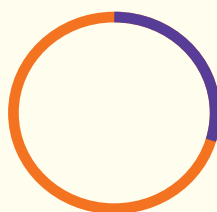
### Have You Switched CRM Systems?



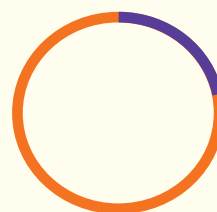
Of the reasons for the switch, 19% reported difficulty with the complexity of integration with other business applications. This suggests a recurring theme – that of CRM's importance, or else of the importance of the data that it gathers and analyses – to other systems and processes within the business. Whether the difficulty reported by respondents is caused by the CRM itself or by other systems, our results highlight SMEs' need for systems to push and pull data between each other in supporting business processes effectively.



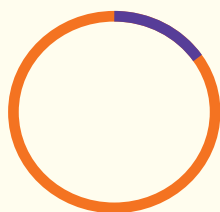
28%  
Poor fit to needs



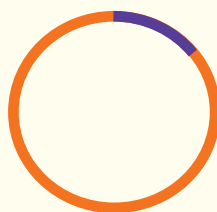
26%  
Complexity of integration  
with other business apps



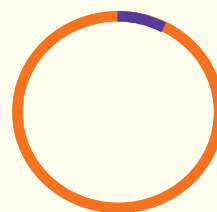
22%  
Poor adoption



19%  
Failed implementation



17%  
Platform not growing  
with our needs

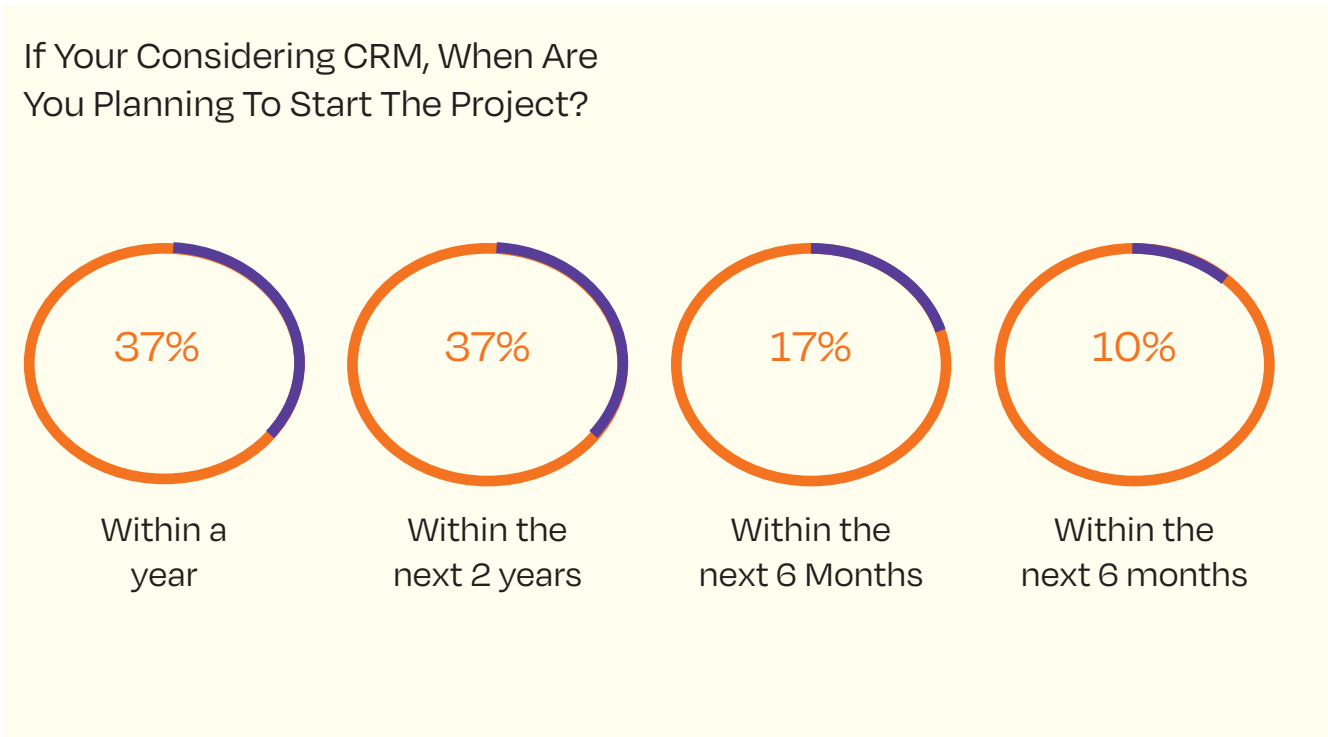


5%  
Cost





Of the respondents that didn't already have a CRM in place, 46% were considering implementing it, with 74% planning to do so within the next two years. These results suggest that respondents already see the value CRM can add to their business, as well as the importance of implementing it in the short term.



# CRM is a journey

The acceleration of digital transformation over the last couple of years means that it's never been more important for businesses to give everyone the tools they need to work where and how they need.

When it comes to CRM, businesses can lower the risk of losing focus on their goals and make it more likely that software can help to achieve them by approaching CRM as a process – a journey – rather than a project.

Before they invest in software, everyone involved needs to understand and agree the business' goals in implementing CRM. This means businesses can align the systems and teams that will be integrated and involved with CRM to achieve a shared vision of success.

In addition, businesses should choose their company on their CRM journey carefully. Rather than buying twice from a software vendor and an implementation partner, businesses can lower the cost and risk of failure of their CRM project by buying once from a vendor that provides both software and services.

To lower both the cost of implementation and the risk of failure even further, vendors that provide both software and services may also offer co-funded implementation services. These make it more likely that businesses can right-size their implementation and create the conditions for the long-term success of their CRM project.

In being able to do so, this makes choosing and implementing a CRM that meets the needs of the business easier, which in turn makes attracting and retaining customers easier. And with a shared understanding of the goals that CRM is helping to achieve, businesses can more clearly see a return on their CRM investment.

