

The State of the CRM Market 2018 - AN SME PERSPECTIVE

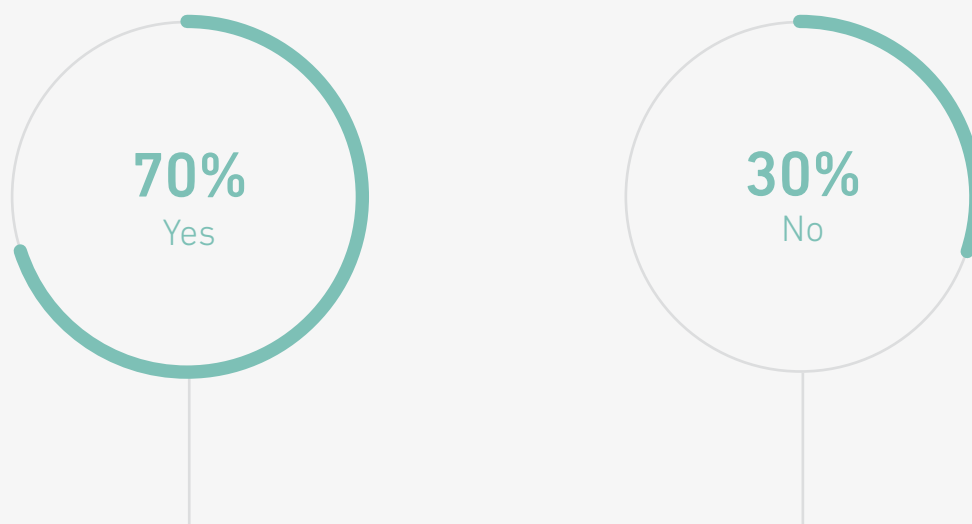




SMEs are lagging behind.

We recently surveyed SMEs (£5M to £250M revenue) across the United Kingdom and found that **30%** of them still do not have any CRM technology in place. CRM deployment has picked up pace in recent years, but with almost a third of SMEs lagging behind, a large number of firms are missing out on the benefits a CRM can offer.

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



We probed a little deeper, finding out what stops that **30%** from adopting CRM and also what benefits the **70%** are gaining from having it. Perhaps most crucially we found out from those **70%** what they have learnt from their implementations and what advice they would offer other SMEs on how to get it right first time.

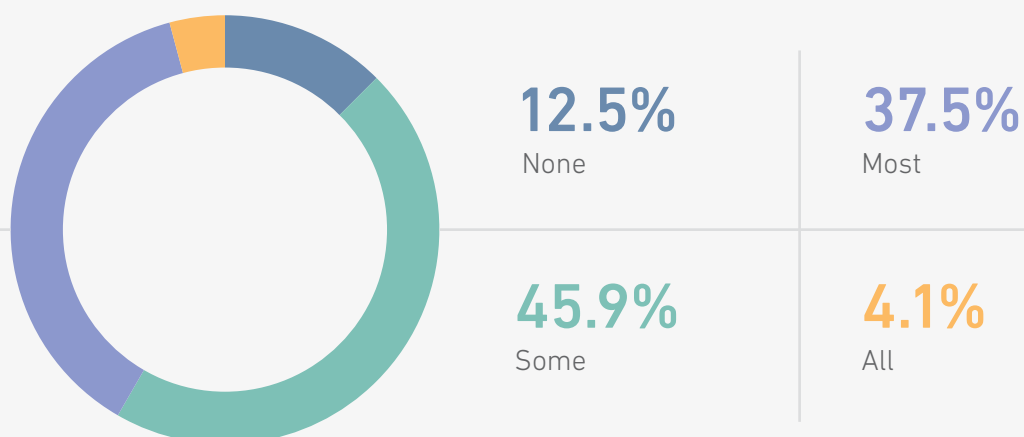


The benefits of CRM TO SMEs

CRM platforms allow organisations to gain a single, real-time 360° view of each customer.

For organisations without a CRM tool, **87%** told us that spreadsheets are still the main tool to manage customer data. A CRM platform takes the information out of this web of ad hoc spreadsheets and salespeople's heads and unifies it all in one platform that everyone can access from anywhere any time.

HOW MUCH OF YOUR CUSTOMER DATA IS BEING MANAGED IN SPREADSHEETS TODAY?





For almost any organisation, this immediately streamlines processes, enhancing the customer experience, and making the workforce both happier and more productive. Our respondents are clearly experiencing those primary benefits. **66%** of them described the primary driver for CRM as improving the productivity of customer facing employees, **62%** as enhanced customer experience, and **49%** of reducing operational costs.

Yet organisations report many more benefits than these initial few. To give a few examples: CRM allows for better targeting of marketing campaigns, as you can segment your data cleverly and feed back information from the sales team on past campaigns to inform future ones; it allows you to streamline interactions between sales, operations and finance; and it provides data and insight to the management team so they can make better decisions about resource allocation and company direction.

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



All too often SMEs see CRM as purely an IT tool when in fact, as these potential benefits highlight, it is a strategic business tool. It was therefore encouraging to see that respondents to our survey came from right across the organisation – **21%** from sales, **20%** from IT, **19%** from marketing, **18%** CEOs, **7%** customer service. The IT team is important in validating and recommending the right technology, and in implementing it, but it ought to be sales, marketing and senior management leading the charge for CRM.

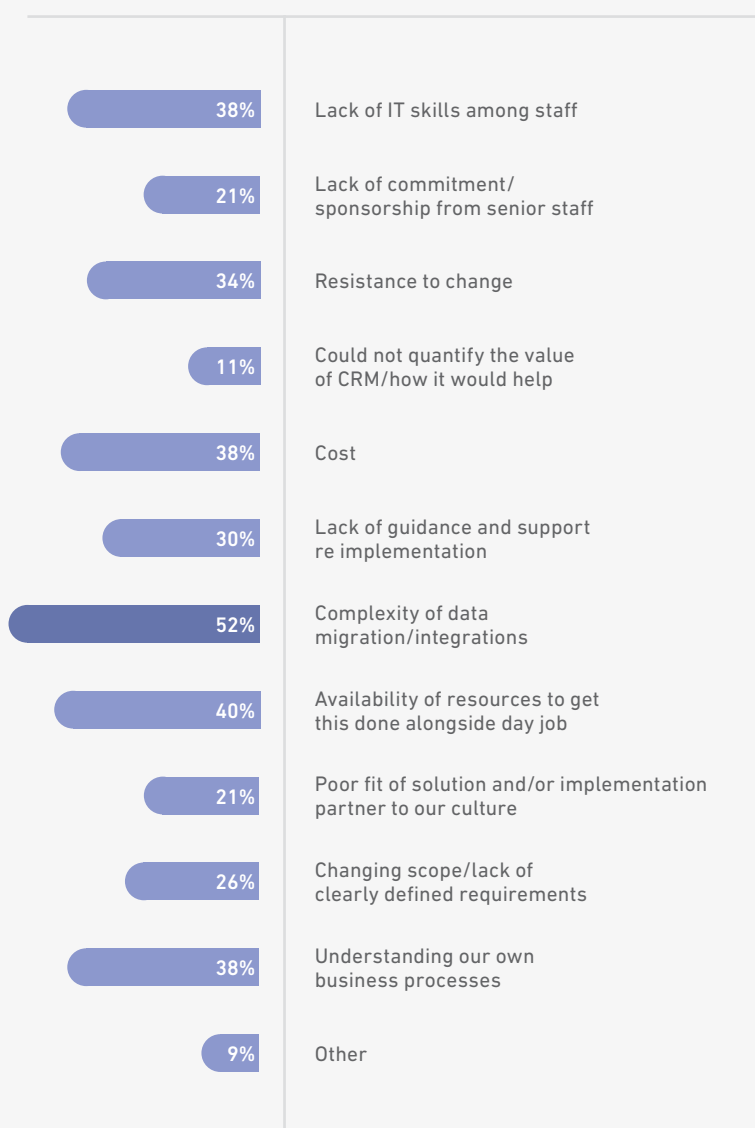




Obstacles TO OVERCOME

Given these many potential benefits of CRM, what stops more SMEs adopting it? For more than half, the greatest obstacle is migrating and integrating data. The adoption of a CRM platform is an opportunity to pull all of your data into one place and to be able to see it through one lens. However, to get it to that place you need to invest resource into aligning an often dizzying array of data sources. It can be done, and the benefits that accrue from having done it are game-changing, but there is no avoiding the fact that it is a sizeable, complex task, and one that is enough to deter many SMEs.

WHAT OBSTACLES HAS YOUR CRM PROJECT ENCOUNTERED?



There are other obstacles for SMEs. **40%** lack resources to get things done. **38%** lack the IT skills needed for this type of implementation. **38%** admitted they lack a true understanding of the processes underpinning their businesses. These are all issues most SMEs face around most major decisions, and they are all areas where vendors are able to provide guidance and solutions.

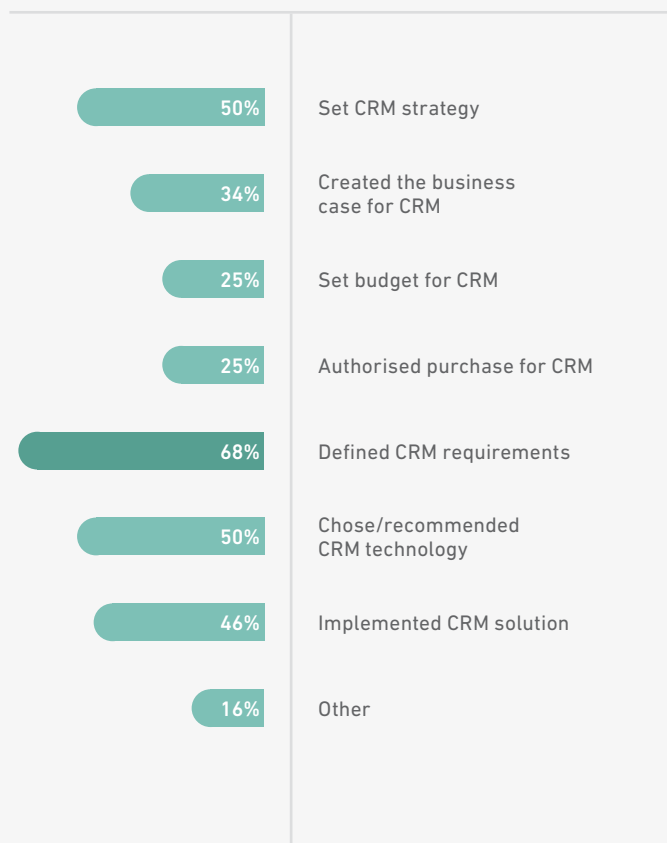
Then there is cost. **38%** report it as an issue. Specifically, the problem is that the cost of many CRM projects escalates. Too many vendors under-quote for the implementation and then, once the project is underway, start to ratchet up costs. This should not happen, and SMEs need to look very carefully into the details of the proposed implementation before committing to any vendor.

Finally, **34%** cite resistance to change as an obstacle. This is not unique to SMEs, and is entirely normal. The best way to overcome it is to get users involved early in the process so they are part of the decision-making and can see first-hand how it will streamline processes and help them work more efficiently.



Creating a CRM STRATEGY

HOW HAVE YOU BEEN INVOLVED WITH RESPECT TO YOUR ORGANISATION'S CRM INITIATIVE?

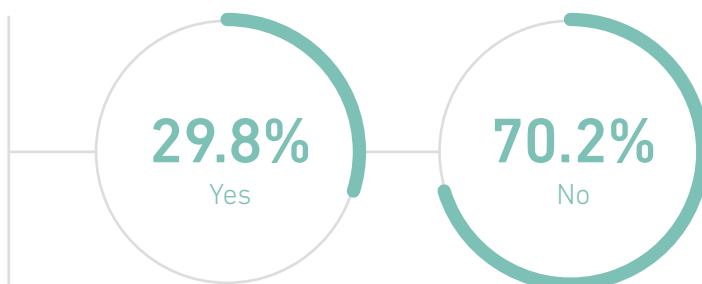


The first step to any successful CRM implementation is to set the right strategy. Crucially this has to involve the heads of the business, so it was encouraging to see that nearly **70%** of our respondents had been involved in defining CRM requirements.

70% of respondents do not use independent consultants to help them define their requirements and select a supplier. As a rule, SMEs prefer to do their own research, going online to find information, looking at comparison sites, reviewing vendor sites, and using all this information to define their CRM requirements internally.

Most businesses will get the executive sponsors and operational stakeholders in a room together to discuss and understand why they are investing in CRM, how they will achieve those outcomes, and what features and functions they will need to get there. A standard process for SMEs is to first understand the outcomes they want to get out of their CRM initiative, build a business case, define a set of business requirements and scope the project. Vendors should be able to help along the way, particularly in the business requirement and scoping part of the process.

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





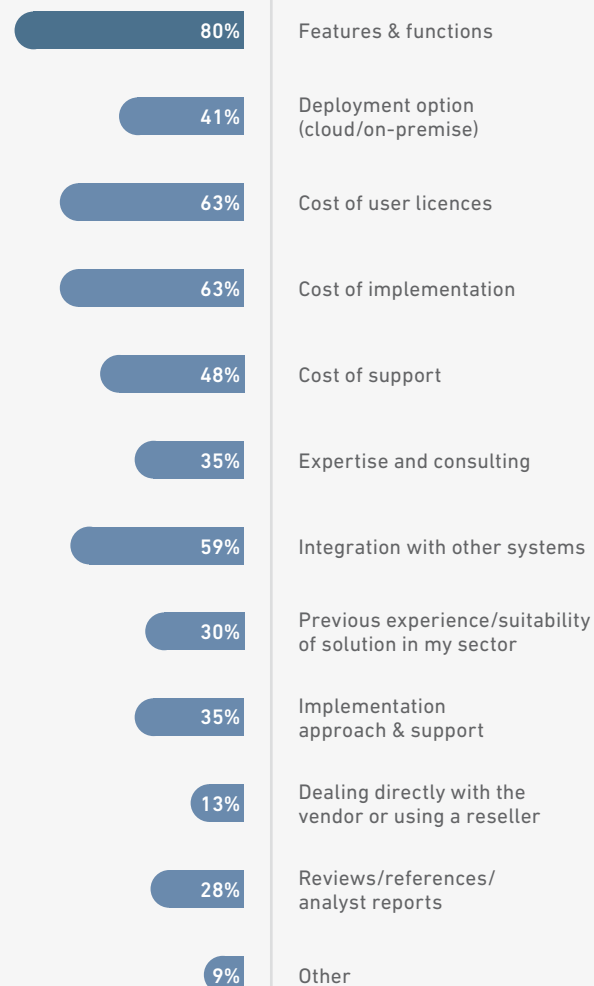
Selecting a PLATFORM

Armed with a plan, they are ready to select a platform. There is a wide array of vendors from which to choose. Microsoft and Salesforce are the dominant players in this market, but they are very expensive and rely on a network of implementation partners to deliver value. Beyond these two American corporations the market is wide open with many vendors, some local, that offer a wide range of functionalities at a lower price point. Defining how important price, functionality, look & feel, vendor support, vendor fit, etc. are to you will help you make the right choice for your business.

SMEs tend to look first and foremost for features and functions.

80% describe it as the main criterion when selecting a vendor. The functions they look for reflect the value CRM offers as a tool for marketing and sales.

ON WHAT CRITERIA DID YOU CHOOSE YOUR CRM PROVIDER?





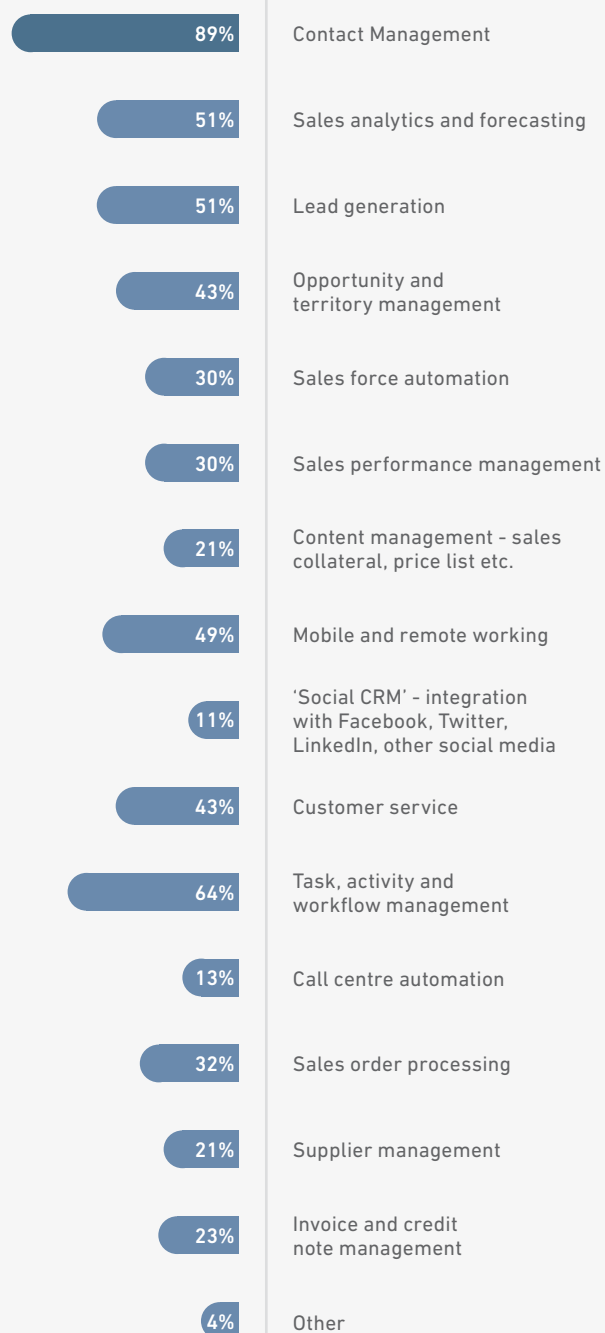
SMEs need to make sense of all the data they are gathering.

It is little surprise that **89%** look for contact management functions given that these can transform an organisations' ability to manage its data, profile its customers, and deliver effective, personalised communications.

Yet this is by no means the only functionality SMEs look for in CRM. In second place is reporting and dashboards. SMEs need to make sense of all the data they are gathering for sales analytics and forecasting. A CRM platform allows them to move from data to insights, to understand who and what is performing well, and so to make genuinely informed business decisions. This insight puts them back in control of their business.

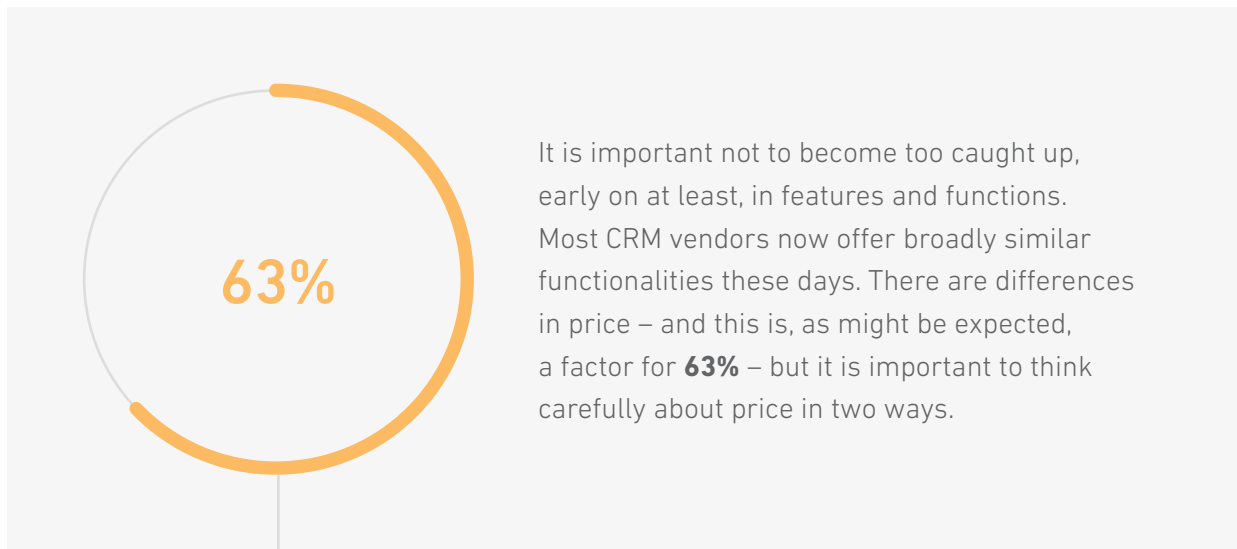
Nearly half now want mobile access, while almost a third want sales order processing. It is interesting to see customer service is rising up the priorities list, with **43%** citing it as an important feature. For a growing number of businesses, customer experience is becoming a major differentiator and CRM plays a vital role in enabling that. Finally, only **11%** look for social media functionality, perhaps reflecting the low perceived value of those channels.

WHICH DO YOU THINK ARE THE MOST IMPORTANT FUNCTIONALITIES OF CRM?





Beyond FEATURES



Firstly, make sure you see the total cost of licences, ongoing support and initial implementation. Do not be drawn in by a low headline price that will later increase. Secondly, the old adage about getting what you buy is true more often than not. Ensure you invest enough in implementation. The implementation is a vital element that guarantees the success or failure of the project, and when you consider that your CRM platform will become the data hub for the business – the single view of the truth – it is an important tool worthy of proper investment.

Equally, ensure you buy a solution that will be easy for your team to use. It needs to be intuitive so that adoption is rapid and widespread. The cheapest option is not necessarily the best value option if it is badly implemented and little used.

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Ensuring INTEGRATION

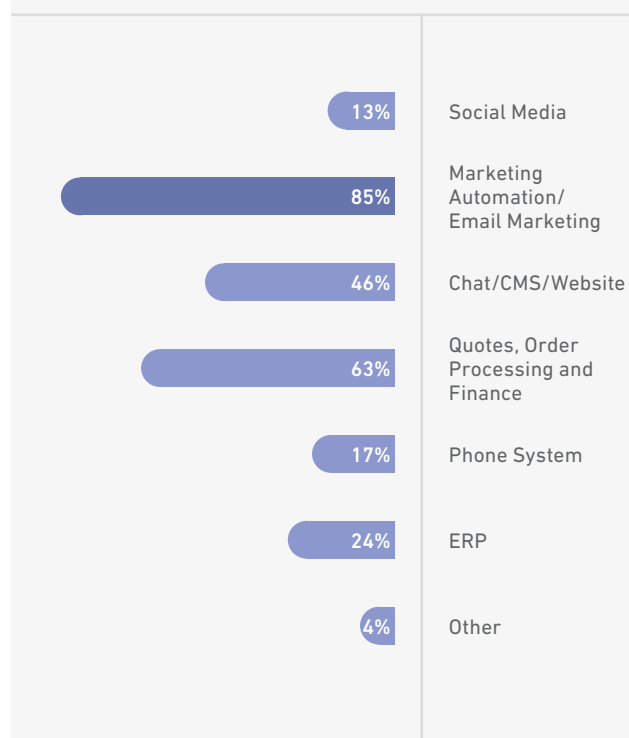
The most successful CRM implementations are those that are integrated widely across the organisation and where the CRM platform becomes the data hub for the business. Indeed, the more closely a business achieves integration between CRM and other business applications, the more it is able to provide value and insight and so to drive ever greater efficiencies.

So, **85%** of our respondents want their CRM platform integrated with their marketing automation. This integration is now so widely expected that the new breed of CRM platforms like Workbooks offer a fully integrated marketing automation and CRM solution as standard.

The next most important integration for respondents is with finance, reflecting the benefit SMEs see in streamlining the hand-off from sales agreements to invoicing. They are able to process sales orders and raise quotes in the CRM platform, which then integrates seamlessly with the accounting or finance software where the finance team can pick it up and manage the financial aspect. Again, tight integration is important to avoid re-keying of information, workflows to happen automatically and a holistic view across the business.

24% of respondents – mostly manufacturers – look for an ERP integration. A growing number of manufacturing firms are discovering the potential of a Customer Relationship Management platform (CRM) to streamline processes, enhance the customer experience, make the workforce more productive, and provide better reports and forecasts. These benefits are enhanced when the CRM platform is integrated

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



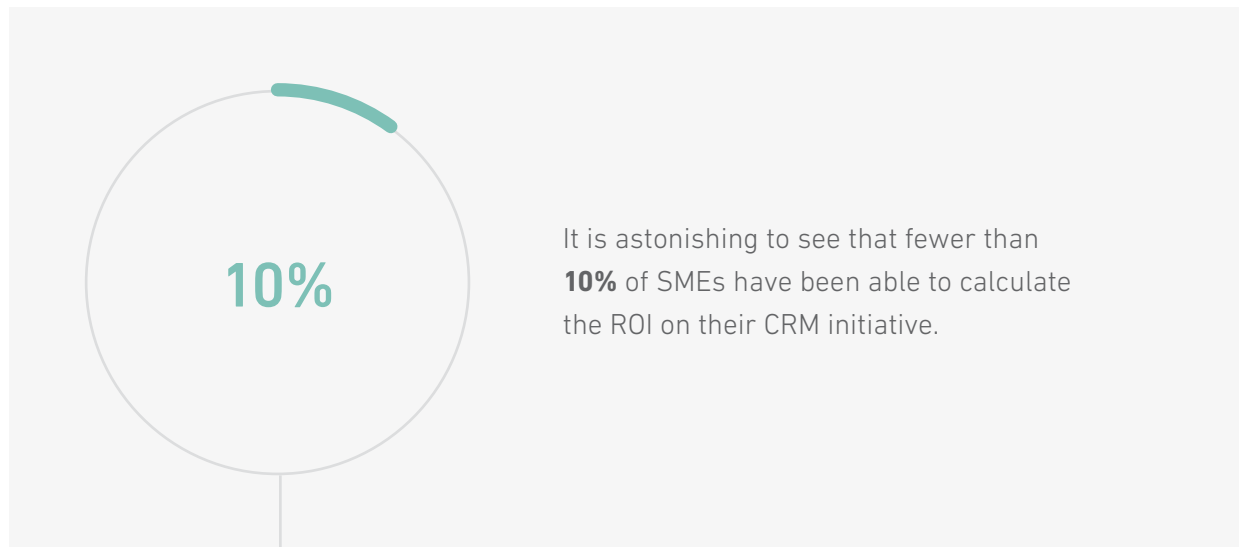
with an Enterprise Resource Planning platform (ERP). Where the first helps bring in revenue, the second helps the organisation deliver the orders more profitably. For manufacturers that get it right, it can be truly transformative.

Given the importance of the website as a sales channel it is little surprise to see integration with webchat as the third most important integration, but with only **13%** social media integration remains a low priority.



Build confidence **THROUGH MEASUREMENT**

The foundation of any technology investment is to set up measures of return on investment.



It is likely that this lack of attention to measurement causes the lack of confidence we saw among respondents. When we asked how confident they are, on a scale of one to ten, that CRM is delivering value, they averaged out at **5.75**. The market is split. The broad view is that it does deliver value but they are not overly confident they could prove it or articulate it clearly - this is hardly a surprise if so few are putting measures of success in place.

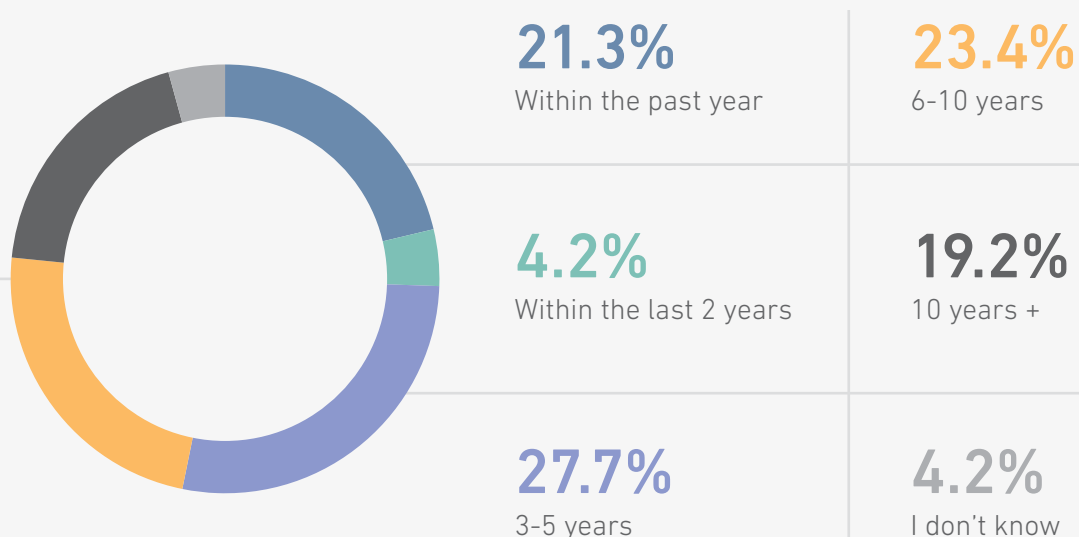
CRM is a significant investment of time and resources for any SME and one that should produce an impressive return. Make sure you put that measure in place, and again your vendor should be able to help you do this.



Act NOW

Out of the organisations that have embraced CRM, more than **50%** have deployed CRM in the last 5 years. **21%** have taken the plunge in the last year alone.

WHEN DID YOUR ORGANISATION DEPLOY CRM?



CRM has gathered momentum amongst SMEs.

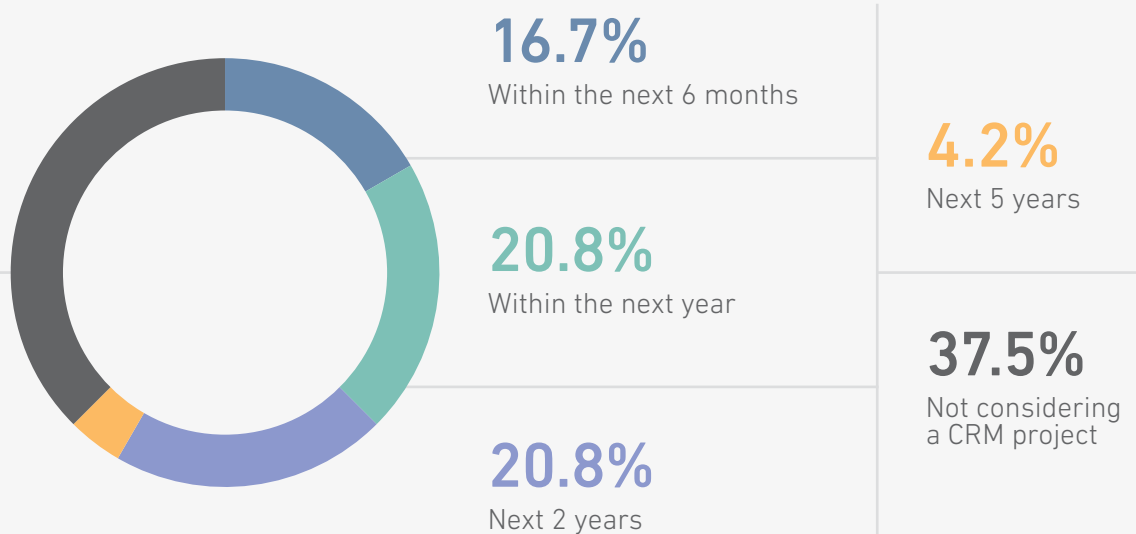
Of the respondents currently without a CRM platform, **62.5%** of them are planning to implement one in the future. Most of them plan to implement within the next two years, with more than **60%** going ahead in 2018.



Where once it was seen as a nice-to-have technology, CRM is now seen as an essential tool for successfully running a business.

What is more, as a growing number of businesses in all sectors and of all sizes make the investment in a CRM and start realising the benefits, so those without CRM risk being left behind. For more and more SMEs there has quite simply never been a better time to act on CRM.

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





Lessons from THE FRONTLINE

We asked respondents to tell us what they would have done differently with the benefit of hindsight. Here's what they told us:

- "We should have focused more time on how we were going to get users to adopt the new tool. We should have got buy-in from users ahead of time so that they accepted the new tools and embraced them. Getting them involved in the requirements definition phase would have helped."
- "Have it properly set up. Not trying to do it on the cheap and try and do everything ourselves. You do not know what you do not know and implementation is key to success."
- "Spend more time focused on cleaning the data and planning the data migration. It's a vital task."
- "Start small, then expand. Focus on one goal initially. Don't try to boil the ocean in one go."
- "Look at all your integration needs now and in the future. Once the system is in place, it is too late."
- "More training and staff enablement."



Appendix:

RESPONDENT DEMOGRAPHICS

This report is based on an online survey conducted in December 2017. The objective of the survey was to review the adoption of CRM technology within UK SMEs (£5M to £250M revenue). There were 98 responses from Business Executives, and professionals in Marketing, Sales, Operations, Finance, Customer Service and IT.

INDUSTRY

Education & Training	5.1%
Financial Services	4.1%
Government/Public Sector	2.1%
Health, Pharmaceutical & Biotech	7.2%
IT & Telecommunications	18.6%
Manufacturing	16.5%
Media, Publishing & Entertainment	5.1%
Non-Profit incl. Trade Associations & Professional Bodies	11.3%
Real-Estate & Construction	3.1%
Retail, Wholesale & Distribution	8.3%
Services	4.1%
Travel, Recreation & Leisure	2.1%
Other	12.4%

ROLE

Marketing	18.8%
Sales	20.8%
Operations/Sales Order Processing	3.1%
Finance	1%
Customer Service	7.3%
Business Executive/CEO/MD	17.7%
IT	19.8%
Other	11.5%