The Elusive CRM Magic Quadrant

Published: 3 April 2015

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Gartner does not provide one, all-inclusive CRM Magic Quadrant for analyzing application providers in this space. This research explains our approach, and points out how IT application leaders supporting CRM should use the many different, detailed Magic Quadrants relevant to CRM.

Key Findings

- CRM is a business strategy that can be supported by many different CRM technologies.
- Gartner used to have a CRM suite Magic Quadrant to cover application suites with the broadest set of functionality; today, only two vendors would be on that Magic Quadrant if it still existed. From Gartner's experience, no transformational CRM initiative succeeds using only one CRM application.
- CRM has evolved to the point where multiple solutions are required to effect cross-departmental transformational changes in the organization — something that only 20% of the CRM projects started in 2014 were aiming to achieve.
- Gartner categorizes CRM applications into more than 100 types; no vendor offers functionality in more than 75% of these types.

Recommendations

- Focus on the business strategy and business requirements first before selecting CRM technologies.
- Do not dogmatically select a single CRM vendor and then struggle to improvise with the vendor to satisfy business needs or worse redefine the strategy to accommodate the vendor.
- Do not select vendors solely because they are Leaders in a Magic Quadrant. Often, the most suitable solution is from a Challenger, Visionary or Niche Provider.
- Use all 17 of Gartner’s Magic Quadrants covering the multiple CRM categories to get a complete landscape view of CRM; however, focus on one or two that provide the most relevant insight for your specific project.
Analysis

Many clients inquire about the availability of an all-inclusive CRM Magic Quadrant; however, Gartner doesn't have one. Instead, we offer a set of Magic Quadrants designed to cover the most popular submarkets of CRM. The three most common questions that Gartner clients want answered that relate to a CRM Magic Quadrant are: Why is there no single CRM Magic Quadrant? What CRM Magic Quadrants does Gartner have? Which vendors cut across the most Magic Quadrants? This research answers these questions.

Why Is There No Single CRM Magic Quadrant?

Magic Quadrants offer visual snapshots of a market’s direction, maturity and participants, accompanied by analysis on vendors. There are insufficient unifying characteristics to allow us to define and position a single market for CRM applications in the context of the Magic Quadrant framework. A CRM Magic Quadrant would be the equivalent of a Magic Quadrant for auto manufacturers, rather than looking at the market for SUVs or coupes. A single CRM Magic Quadrant would fail to help with a purchasing decision, because specific customer requirements would not be reflected. It is not that Gartner hasn't tried to create one and support it; we published a unified CRM Magic Quadrant in 2001 titled "CRM Suites Magic Quadrant 2001: Only One Leader," but it caused more problems for buyers than it solved.

Gartner follows more than 1,000 CRM application vendors (see "The Gartner CRM Vendor Guide, 2015"). Because of the breadth of applications provided by these vendors, Gartner is unable to capture all the functionalities and solutions provided by them in one Magic Quadrant. More than 80% of client calls to Gartner about CRM application and vendor selection are focused on a specific business requirement for one department, rather than the selection of a CRM suite to address multiple requirements. Thus, the shortlist of vendors is different from inquiry to inquiry due to this level of focus. What is important to one client that is looking at field service management will generate a very different vendor shortlist than for another client also looking for a field service management application, because of the number of users, required functionality, geographies for deployment, scalability requirements, existing application and technology architecture, and the costs of the solutions.

Gartner constantly monitors and reviews the functionality that clients inquire about most often. We only produce Magic Quadrants when the volume of inquiries and interest justifies a review, and where the market is clearly defined and demonstrates momentum. We have retired the Social CRM Magic Quadrant. The reasoning is explained in "Tracking Social CRM Without a Magic Quadrant."

Which Vendors Cut Across the Most Magic Quadrants?

The main desire of those looking for a unified CRM Magic Quadrant is to see whether a single vendor can be used for all CRM functionality. A single vendor does not exist. However, a valid follow-up question is to ask how much can be achieved with one vendor, even if the gaps have to be plugged with other vendors' technologies.

Three vendors stand out in terms of frequency of occurrence across different Magic Quadrants: IBM, Oracle and SAP. These vendors each appear in 12 Magic Quadrants, respectively, out of the
17 listed below. They are, therefore, the three most evaluated CRM vendors for breadth of coverage, having the widest-ranging collection of integrated CRM functionality. It should be noted that three of the Magic Quadrants that IBM appears on are for CRM services, so they are on 9 of the software Magic Quadrants. The breadth of these three vendors has benefits particularly for the IT organization charged with integrating a portfolio of CRM applications. However, as seen from the Magic Quadrants listed below, IBM, SAP and Oracle have a series of functions in which they are Leaders; commonly they appear as Challengers; in some cases, they are Niche Players; and, in other cases, they don’t meet the minimum requirements (see “Evaluate SAP CRM Applications for Each Business Domain Based on Required Process Capabilities”).

Salesforce and Microsoft Dynamics CRM, the first and fourth largest vendors by revenue, appear in only six and five Magic Quadrants respectively. They have been the fastest growing in recent years and are the most commonly assessed in two of the biggest CRM markets: sales force automation and customer engagement centers. These two vendors approach the market in a different way, providing a core of CRM functionality and then each promoting itself as a platform for partner applications to add to (AppExchange and Marketplace).

There are deep trade-offs in choosing between one vendor and a best-of-breed collection. Often, we see organizations aiming for as much functionality as possible from one vendor to keep integration and upgrade complexity down, but supplemented with best-of-breed vendors that meet specific, essential needs. Increasingly, the distinction is between competitively differentiating processes and nondifferentiating processes. If not a differentiating process, then a large vendor’s process is adopted as much out of the box as possible. If a differentiating process, then a specialist best-of-breed vendor is bought, there is heavy customization or, in some circumstances, we see a return to custom-built applications for the differentiating processes. No organization achieves support for CRM with just one vendor.

Depending on the situation, analysts might advise clients to go with one of the four biggest vendors in terms of revenue (Salesforce, SAP, Oracle and Microsoft Dynamics), or might recommend purchasing solutions from other vendors as the primary solution in a broad category such as Adobe in marketing or a specific vendor in a type of CRM such as Marketo in lead management. Call the Gartner analyst team to discover what is recommended for your organization. Most innovation tends to come from vendors not present on any Magic Quadrant. To learn about newcomers, look at the CRM Cool Vendor reports and at Gartner Pace Layer CRM research for details on how to incorporate them into your planning.

What CRM Magic Quadrants Does Gartner Offer?

To address the informational requirements of decision makers, Gartner has produced a comprehensive set of Magic Quadrants for reference in evaluations. Following is a list of Magic Quadrants as they pertain to technologies employed for supporting CRM business strategies.

Marketing

"Magic Quadrant for CRM Multichannel Campaign Management" — The level of performance that multichannel campaigns must attain to engage customers continues to rise. We'll show you the
strengths and weaknesses of providers and how they’re adapting to these new demands. IBM, SAS, Teradata, Oracle and Adobe are leaders.

"Magic Quadrant for Marketing Resource Management" — We evaluate vendors providing applications that support the management of marketing resources, such as plans, people, budgets, projects, tasks, assets and cycle times. Teradata, Infor, SAS, SAP, IBM and BrandMaker are leaders.

"Magic Quadrant for Integrated Marketing Management" — We evaluate vendors that provide applications that integrate executional, operational and analytical marketing processes. Companies seeking a solution that integrates campaign management, marketing resource management and analytics should review this research. IBM, SAS, Teradata and SAP are leaders.

"Magic Quadrant for Digital Marketing Hubs" — CMOs and digital marketing leaders are under pressure to engage individuals on increasingly fragmented and unpredictable terms, driving the need for a common pool of profile data, analytics, workflow and content resources enabled by a digital marketing hub. Adobe, Salesforce and Oracle are leaders.

Sales

"Magic Quadrant for Sales Force Automation" — Sales application managers will find that improvements in the viability of SAP and Oracle cloud offerings underscore the evolution of traditional on-premises vendors to SaaS. Salesforce and Microsoft Dynamics CRM are Leaders.

"Magic Quadrant for CRM Lead Management" — Investment in lead management continues to be healthy, but market consolidation has lengthened evaluation and sales cycles. Leaders in marketing and IT need to assess vendors’ visions of a single marketing automation suite against their own tactical and strategic business requirements. Oracle and Marketo are Leaders.

"MarketScope for Configure, Price and Quote Application Suites" — The CPQ market has moved beyond supporting traditional sales configuration to support self-service, e-commerce, contact center and partner channels. Sales leaders should know the key CPQ application vendors, including best-of-breed and enterprise application suite vendors, and what they now offer. The highest rated vendors on the MarketScope were Big Machines (now Oracle), IBM, Oracle E-Business Suite, Oracle Siebel and SAP.

"Magic Quadrant for Sales Performance Management" — Sales performance management (SPM) vendors had several notable accomplishments in the last year, as evidenced by clients’ successes with incentive compensation, training and onboarding processes. However, IT leaders who plan to invest in SPM should still temper expectations and plan for a long-term path to productivity. CallidusCloud, Xactly and IBM are Leaders.

Customer Service

"Magic Quadrant for the CRM Customer Engagement Center" — This Magic Quadrant reflects the slow emergence of globally scalable, consumer-facing customer support applications in a multitenant cloud model. Consequently, many CIOs will favor an emphasis on CRM applications
and projects for self-service, mobile, social engagement and real-time analytics. Salesforce, Pegasystems, Microsoft and Oracle (Service Cloud) are Leaders.

"Magic Quadrant for Customer Engagement Center Workforce Optimization" — The two established Leaders still dominate the market overall, but increasing pressure is being applied by the up-and-coming contact center infrastructure (CCI) vendors that are gaining mind share due to their broader value proposition. Analytics is now integral to most new workforce optimization (WFO) investments. Verint Systems and Nice Systems are the Leaders.

"Magic Quadrant for Contact Center Infrastructure" — As the contact center infrastructure market continues to consolidate, some lesser-known offerings may warrant strong consideration. Companies should evaluate vendors’ technology and ability to deliver in relevant regions. Avaya, Cisco, Genesys, Interactive Intelligence are Leaders.

"Magic Quadrant for Field Service Management" — The field service management market continues to evolve and mature in response to new technology developments in the areas of SaaS and mobility. We assess the major vendors that enable field service organizations to schedule and execute field service to support and improve overall service. ClickSoftware Technologies, Oracle (TOA Technologies), ServiceMax, SAP and IFS are Leaders.

Cross-CRM

"Magic Quadrant for Intelligent Business Process Management Suites" — This iBPMS Magic Quadrant positions 14 vendors that are focused on the maturing iBPMS market, where process participants, including people and systems, are supported by greater intelligence to ensure improved process outcomes. Pegasystems, Appian and IBM are Leaders.

"Magic Quadrant for Master Data Management of Customer Data Solutions" — Vendors’ integrations of acquired business process management software have progressed modestly over the past year, and functionality to integrate MDM and big data, though unproven, is now the norm. This Magic Quadrant will help information management leaders find the right vendor for their needs. IBM, Informatica, Oracle and Tibco Software are Leaders.

Digital Commerce

"Magic Quadrant for Digital Commerce" — We see continuing strong demand for digital commerce as organizations invest to improve the customer experience and extend the infrastructure required for the creation of new digital business designs. Business and IT leaders and C-level executives can use this Magic Quadrant to guide their decisions. SAP (Hybris), IBM WebSphere Commerce and Oracle Commerce are Leaders.

Service Providers

"Magic Quadrant for CRM Service Providers, Worldwide" — Customer experience implementation services continue to be in high demand, fueled by front-office and digital business transformation. This Magic Quadrant positions the largest customer experience and CRM implementation service
providers to help enterprises identify providers that best fit their needs. Deloitte, Accenture, IBM Global Business Services and PwC are Leaders.

"Magic Quadrant for Customer Management Contact Center BPO" — Gartner’s Magic Quadrant for customer management contact center business process outsourcing services evaluates a dynamic and transforming provider landscape. Sourcing managers need to know that providers are fast evolving due to changing markets, technology and customer needs. Convergys, Teleperformance, Atento, Sitel, Sykes Enterprises, Sutherland Global Services, Xerox, West, Concentrix, TeleTech Holdings and Serco are Leaders.

"Magic Quadrant for Global Digital Marketing Agencies" — As CMOs and digital marketing executives continue to influence and lead strategic growth plans, particularly those available from a connected economy, a new type of agency — which blends business strategy, creative services, experience design and technology — continues to evolve and mature. Razorfish, SapientNitro, IBM Interactive Experience, AKQA, R/GA, iCrossing and Isobar are leaders.

Recommended Reading

Some documents may not be available as part of your current Gartner subscription.

"Magic Quadrants and MarketScopes: How Gartner Evaluates Vendors Within a Market"

"Use Gartner’s CRM Application Functionality Starfish to Evaluate Your CRM Requirements"

"Vendor Rating: Microsoft"

"Vendor Rating: Oracle"

"Vendor Rating: Salesforce.com"

"Evaluate SAP CRM Applications for Each Business Domain Based on Required Process Capabilities"

"Microsoft Dynamics CRM 2013 Offers Improved Usability, Some Mobility"

"Moving On Up: Microsoft, Oracle, Salesforce.com and SAP’s Social Applications for CRM"

"How to Get an Approximate Initial Estimate of the Cost of a CRM Project"
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