



# Gartner Customer Relationship Management Summit 2009

3 – 4 March 2009 | London, UK

The annual Gartner Customer Relationship Management Summit was held on 3-4 March 2009, at the Royal Lancaster Hotel in London. Marking its 10th anniversary, the Summit drew more than 300 attendees from across Europe, bringing together business and IT professionals from a cross-section of organizations and industries.

The 2009 Gartner survey of 1,600 global CIOs has revealed that customer focused issues remain high on the list of CIO's priorities. In the current environment, retention has become the most pressing customer goal for most organizations.

“CRM remains a major focus for business executives, because the goals of acquiring, developing and retaining customers in a profitable manner are timeless,” said Ed Thompson, vice president and distinguished analyst at Gartner. “These goals are as applicable today as they were ten years ago when Gartner launched its first European CRM Summit, and they will continue to predominate during the next 10 years”

At this year's summit, Gartner took the opportunity to look back on a decade of CRM best practices, to focus on the issues that organizations must address now to navigate through the economic crisis, and to prepare for the CRM trends and technologies of the future. This year's key takeaways and predictions can therefore be grouped into three categories – past lessons, current imperatives and the future trends of CRM.

## SNAPSHOT OF ATTENDEES

On the morning of 3 March, more than 300 attendees walked through the doors of the Royal Lancaster. The seniority of this year's delegates demonstrated the ever-higher priority given to CRM within organizations. The industry breakdown showed the core of the audience coming from financial services, professional services, healthcare/pharma and manufacturing. Delegates from over 33 countries attended, giving the event a truly global flavour.

## Summit Highlights

### KEYNOTES

#### **Gartner Keynote:** **Customer Relationships During and After the Economic Crisis**

Mark Raskino, VP and Gartner Fellow, **Gartner**

We are on a roller-coaster ride and perched on the downward edge, looking at further economic downturn. The good news is that there's no need to panic! For business leaders, the first response can be summed up in three words:

- **Reconsider** your previous assumptions.
- **Re-analyze** your customers' attitudes and spending patterns.
- **Restructure**, because your business cannot sustain itself through an extended downturn as it was previously configured.

The next step is to focus on the customer – how will they try to shelter from the economic storm, what are their new concerns, what do they want right now, where are they right now, what are their new expectations of you?

Even in this economic climate, business leaders will continue to invest in CRM. Why? Because integrated, interactive multimedia marketing can sustain business tactically and because deeper CRM strategies sort winners from losers strategically.

So what can you do over the next two years to help your organization survive, and then thrive?

- **Rebalance** priorities between acquisition and retention
- **Reassess** rapidly changing customer needs and opportunities
- **Utilize** the information assets and CRM tools you already have
- **Find** lower cost and price propositions whilst maintaining value integrity
- **Exploit** social communications to create 360 degree interaction
- **Accelerate** electronic customer self-service penetration.

#### **Guest Keynote:** **A Trip to the Future**

Ian Pearson, Futurologist, **Futurizon**

What does the future look like? What technologies are engineers working on, right now? How will you as a business person use these new technologies?

Technology has refined Maslow's hierarchy of needs to a point where the real expenditure and growth today is in entertainment and self-actualization, with a growth of 6.5% - 7%, even during recessionary times.

CRM is right in the middle of this. The web has moved on and critical mass is already here, contributing to the boredom level with existing offers. What is left for businesses is the social network where ordinary people make choices themselves.

Technology is changing so quickly nowadays that companies need to stay ahead of the game. From a CRM perspective, we will start treating human beings in the future as a complete data source, enabling them to develop and mesh-up both physical and virtual worlds to meet their needs, and tapping into their brains to deliver what they want at any point in time.

Whatever the future brings from a technology perspective, customer relationships will rely on trust, respect and thus loyalty from the consumer. It is important for future businesses to respect the privacy of their customers, to put the customers at the heart of the business and to stay on the right side of the privacy issue divide.

#### **Panel Discussion:** **The Past, Present and Future of CRM**

Brad Wilson, General Manager, **Microsoft Dynamics CRM**; Martin Woodson, Vice President, EMEA, **Salesforce.com**; Steven Thurlow, CTO, **Sword Ciboodle**

This panel session examined some of the leading providers' thoughts on the past, present and future of CRM, and compared them to the opinions of 14 Gartner analysts. In some cases there was broad consensus and in others a wide range of opinions emerged:

- **Business Value:** Over the past 10 years, only 20% to 30% of organizations have managed to accurately measure the ROI from CRM. There was broad agreement on this issue, with panelists feeling that organizations have traditionally struggled with the basics of CRM, have been unable to establish baselines, and therefore have had a hard time in measuring the impact. However, with new models emerging and several decades of experience, this is starting to change.
- **Implementation:** Gartner analysts believe that the most challenging of Gartner's "8 Building Blocks of CRM" has been organizational collaboration. Opinions varied amongst the panelists. Processes were identified as the most challenging building block by one panelist, as most organizations have invested heavily in technology, but have fallen down in their execution of the processes that support this technology. Other panelists felt that challenges around disparate sources of information and customer experience have traditionally provided the biggest stumbling blocks for organizations.
- **Architecture:** The panelists and analysts agreed that the percentage of SaaS-based CRM will grow significantly in the next ten years. The big driver will be the sheer number of CRM projects. The cloud computing model is democratizing CRM, allowing smaller organizations to start investing in CRM, and enabling new types of CRM projects.
- **Analytics:** The percentage of open source-based CRM deployments in 2008 was less than 1%, and panelists were of the opinion that this will not grow significantly in the next 10 years. Organisations will prefer to take advantage of the increased robustness and innovation that the vendors offer. Open source will be present at the small end of the market and for small volume sales force automation and will become a commodity here, but it will not grow significantly in the business applications space.
- **Collaboration:** Where will Facebook be in 2020? Panelists felt that Facebook, in its current guise, will not exist in 2020, but that the leading social networking application of the time could potentially have billions of members.

## Closing Keynote

The closing presentation of the summit sought to distill the key pieces of insight and advice from throughout the summit into a concise action list that will help you to take your CRM initiatives to the next level. The advice of the 10 Gartner analysts who delivered this session can be summarized as follows:

- **Past Lessons:** Focus on change management rather than technology to do better at CRM than your competitors.
- **Current Imperatives:** Focus relentlessly on the customer now to ensure loyalty and accelerate growth when the good times return.
- **Future Trends:** Embrace the customer even more closely or go out of business.

## Selected Takeaways and Predictions

### Getting Business Value from your CRM Strategy

Companies have invested a lot on CRM technology, but customer satisfaction remains flat and business value and ROI are hard to prove. This is primarily due to a lack of CRM vision and strategy and to poor alignment of metrics to business strategy.

So how do you develop a CRM Strategy that will deliver business value and how do you measure that value? "Without a CRM vision and strategy, there is no roadmap of where you have been or where you want to go" said Kimberly Collins, Managing VP, Gartner. "And without metrics there is no ability to build a business case, measure business value or alter course. CRM leaders should develop a CRM vision based on their primary goals and understanding of how their customers will help to meet those goals. Make CRM an iterative process of bottom-up analysis and top down strategy. And make sure you monitor your strategy and don't be afraid to shift it when your primary goals change".

### The Revolution in CRM Architectures and Technology

The momentous changes that CRM architectures and technologies will undergo in the next five to ten years, will present both great opportunities and great challenges. CRM architectures, technology platforms and applications will evolve to embrace SOA and BPM, enabling the model-driven applications of the future. "Organizations and vendors alike will have to evolve their CRM applications to embrace the new technologies", said John Radcliffe, Research VP, Gartner. "Look for opportunities where BPM technology can improve the customer experience and add business value. Ensure your SOA strategy recognizes and explicitly adopts MDM as part of its critical information infrastructure strategy".

However, embracing new architectures and technologies is not just going to be a technology challenge, there will be a major skills challenge too. For example, one aspect that will change dramatically with Web 2.0 is the skills required of a Web- and cloud-oriented workforce. One way to tackle this is by identifying how the skills portfolio should change, along with specific steps for identifying the right gap closers.

So what should you do now to prepare for the revolution? John Radcliffe recommends that you should "Brainstorm what trends will be important, assess the likely value, assess the risk, and then prioritize".

### The Impact of Communities and Web Advertising on Marketing

*Strategic Planning Assumption: By 2011, the online community will directly influence one-third of all business-to-consumer purchases online and offline, up from 9% in 2008.*

Understanding and harnessing the power of the new global communities, and how to interact with and influence them, are essential skills for the 21st century organisation. Gene Alvarez, Research VP, Gartner, recommended that organizations should ensure that their 2009 sales and marketing initiatives retain piloting of innovative social software to enable new communication channels for improving customer acquisition, retention and growth. "The first step is to determine a mutual purpose, both from the consumer side - what is their motivation for participating - and from the company side - what is the measurable business need". "Then over the next 12 months, make sure that when you harness socialization technologies, you align with the customers' buying process. You should also start to allocate significant budget to recruit skills in social sciences and the online gaming industry".

### How will CRM Evolve to Satisfy the 2020 Customer?

Prepare for the radical shifts in consumer power — from the enterprise managing customer relationships, to 2020 when the customer will, to a great degree, manage relationships with the enterprise on their own. "Organizations must immediately start to identify how this trend will disrupt their CRM strategies" said Michael Maoz, Research VP and Distinguished Analyst. The world of 2020 will be very different, and will pose challenges to businesses that fail to keep track of the pace of change. Every person will carry a mobile device, 60% of all people will be connected to a network at all time, and online reputations will be more powerful than political leadership. This has significant implications for the skill sets required by CIOs. By 2020, most of today's CIOs will have lost their jobs due to insufficient credentials to lead the business to customer-centricity. The changes in consumer relationships will also have had a major impact on vendors by 2020. Even in the next three years, the proportion and variety of externally sourced functionality in the application portfolio will at least double, requiring radical redesign of management processes. CRM architectures will shift in popularity from 2009 to 2020 toward more use of social CRM components and model-driven approaches.

## Your 10 Point Action Plan for CRM Success

- 1 Understand the four main customer-centric strategies** to get business value from your CRM Strategy. This will help you to plan and prioritize your investments appropriately, improving your chances of success. (See session G1 by Kimberly Collins for details)
- 2 Revamp operational reporting** to capture a view of the customer experience for free, and identify those technologies already deployed in-house that can also assist in helping to understand the customer experience. (Session G19, Jim Davies)
- 3 If your customer experience is poor** compared with competitors, then avoid blaming the customer service department and focus on getting the basics right in pricing, supply chain delivery and product design first. (Session G19, Ed Thompson)
- 4 A successful sales technology acquisition strategy** will identify critical key sales processes and tasks to be automated to confirm the functional scope of projects before a vendor evaluation. Undertake a sober self-assessment of your readiness and willingness to introduce new technology to your sales teams. (Session G13, Michael Dunne)
- 5 Organizations need to analyze their single-view-of-the-customer requirements** and, for each requirement, determine which form of integration is needed and where the integration should take place. (Session G10, John Radcliffe)
- 6 The Digital Natives are coming!** Think about the opportunities and risks of social networks in the organization. How can they improve *your* workplace? How can you take advantage of this trend? (Session G2, John Radcliffe)
- 7 Stop thinking only about individual channels.** The customer views the firm as a single entity with multiple contact points, and you must do the same, presenting a unified set of offers to the customer, and a similar experience regardless of channel. (Session G7, Kimberly Collins)
- 8 Customers want to personalize the customer experience**, and they also want the organization to proactively do some of this for them. Adopt a proactive customer interaction model that is driven by your customers selecting what interactions they will allow you to make on their behalf. (Session G21, Gene Alvarez)
- 9 IT organizations need to address fragmented operational collaborative and analytic capabilities.** Budget for a multiyear evolution to a more-integrated CRM architecture. (Session G4, Michael Maoz)
- 10 Firms must conduct scenario planning** to estimate how future social trends might impact products, services or working practices. (Session G8, Scott Nelson)



Play. Stop. Rewind.

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**SEE YOU NEXT YEAR!**



The **Gartner Customer Relationship Management Summit 2010** will be held on March 16 and 17, in the Royal Lancaster Hotel, London. We hope to see you again!

**Gartner**  
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