Forrester Opportunity Snapshot: A Custom Study Commissioned By Freshworks | September 2018

Riding The Next Wave Of SaaS CRM

Buyers And Users Must Align Goals To Choose The Right Solution

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Overview

Many organizations have invested a lot of time and resources into their SaaS CRM systems, but they are struggling to make the most of their investment. CRM buyers are frustrated by high costs and long time-to-value while CRM users (or customer-facing employees using CRM to engage with customers) struggle with bloated, overly complex solutions that do not help them deliver more efficient and effective customer experiences. Many organizations are poised to replace their SaaS CRM within the next two years, but they must choose the right solution that overcomes the challenges of both buyers and users for their investment to truly translate into business value.

In August 2018, Freshworks commissioned Forrester to conduct a study exploring the adoption, challenges, and investment plans for SaaS CRM solutions. The study surveyed 300 SaaS CRM buyers and users in midmarket and small enterprise firms in US, Germany, and UK in the technology, retail, travel and hospitality, eCommerce, education, and nonprofit industries.

Geographies
› Germany: 33%
› UK: 33%
› US: 33%

Company size (employees)
› 250 to 499: 49%
› 500 to 999: 27%
› 1,000 to 1,999: 24%

Departments
› IT: 12%
› Marketing/advertising: 22%
› Sales: 26%
› Customer service/CX: 40%

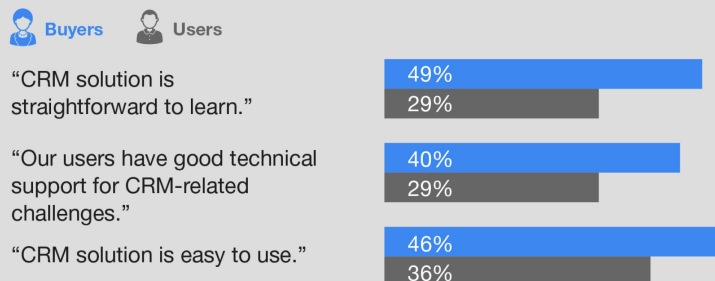**Responsibility**
› CRM buyers: 49%
› CRM users: 51%

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CRM Buyers And Users Don't See Eye To Eye Regarding SaaS CRM Effectiveness

CRM is a foundational technology that enables customer-facing employees to better engage with customers and empowers them to deliver a better customer experience. Differentiated customer experiences are directly correlated with better customer retention, average customer lifetime value, and brand advocacy — all of which positively impacts top-line revenue and shareholder valuation.

To make customer relationships matter, CRM users need a solution that is easy to learn and use and allows them to concentrate on the customer's situation instead of data entry. However, our survey shows that while buyers think their current systems deliver these capabilities, users are less bullish on their SaaS CRM. While close to half of buyers say their SaaS CRM is straightforward to learn and easy to use, just 29% and 36% of users agree respectively. The result? Only 49% of CRM buyers and just 34% of users are very satisfied with their SaaS solution.

Significant Differences In Usability And Support Attitudes Between Buyers And Users

👤 **Buyers** 👤 Users

"CRM solution is straightforward to learn."
- 49%
- 29%

"Our users have good technical support for CRM-related challenges."
- 40%
- 29%

"CRM solution is easy to use."
- 46%
- 36%

Base: 300 CRM users and buyers in the UK, US, and Germany
Source: A commissioned study conducted by Forrester Consulting on behalf of Freshworks, August 2018

"How satisfied are you with your current SaaS CRM solution?"
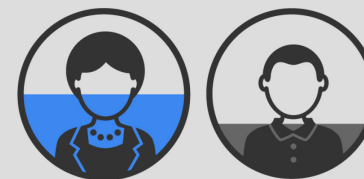
49% of CRM buyers are very satisfied with their SaaS solution, compared to just **34% of users.**

Base: 319 CRM buyers and users in UK, US, and Germany
Source: A commissioned study conducted by Forrester Consulting on behalf of Freshworks, August 2018

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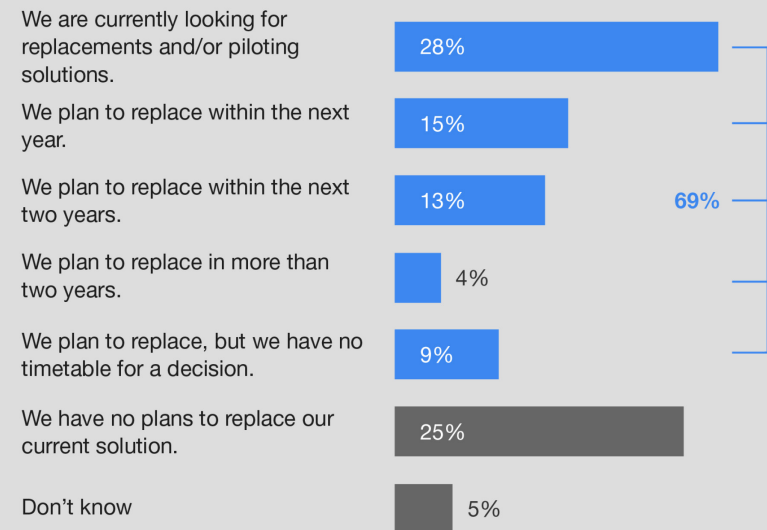## Organizations Are Ready For The Next Wave Of SaaS CRM

SaaS CRM has been on the market for over two decades. What started as a lightweight system that was focused on the business user has grown in complexity over time. Today's common solutions are chock-full of features that bloat the product and confuse the user experience with too much unnecessary data. But a new wave of SaaS CRM is on the horizon, promising innovations around productivity and efficiency.

Over half of CRM buyers we surveyed are planning to replace their SaaS CRM solution within the next two years. And 28% are already on the hunt for a new solution or piloting one today. These results suggest that while overall satisfaction with CRM among buyers is higher than that of users, firms are nonetheless willing and preparing to adopt new solutions in the near term.

In total, 69% of survey respondents are planning to replace their current SaaS CRM solution.

"Are you considering replacing your current SaaS CRM solution? If so, when?"

We are currently looking for replacements and/or piloting solutions.	28%
We plan to replace within the next year.	15%
We plan to replace within the next two years.	13%
We plan to replace in more than two years.	4%
We plan to replace, but we have no timetable for a decision.	9%
We have no plans to replace our current solution.	25%
Don't know	5%

69%

Base: 156 CRM buyers in the UK, US, and Germany
Source: A commissioned study conducted by Forrester Consulting on behalf of Freshworks, August 2018
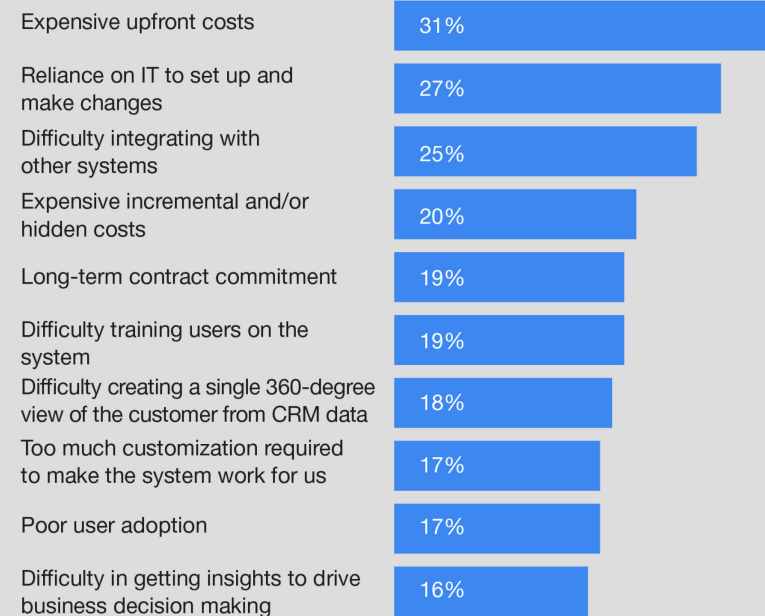Note: Percentages may not total 100 because of rounding.

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CRM Buyers See Challenges With Total Costs And Setup

Buyers think that their current SaaS CRM solutions are costly. Many times, licensing for SaaS CRM is complex and buyers are pushed into higher tiers of licenses due to specific feature requirements. Current CRM systems are also hard to set up as they need IT involvement to configure and customize. The result? CRM solutions cannot deliver the value expected by the business.

When asked about what is wrong with their current SaaS CRM, buyers talk in terms of dollars and cents. Three of the top 5 challenges CRM buyers listed have to do with the total cost of their current solution, including both upfront and incremental and/or hidden costs of ownership.

Next in priority for CRM buyers are the challenges associated with the set up and integration of their solution and their reliance on IT to make the needed changes. Buyers are looking for solutions that are easier to manage from an overhead cost and use standpoint. User challenges are further down the list for buyers — training and user adoption are not top concerns today, but Forrester's research indicates this is an emerging trend as onboarding and quick time-to-value become increasingly important.

"What are the top challenges with your current SaaS CRM solution?" (Select up to 5)

Challenge	%
Expensive upfront costs	31%
Reliance on IT to set up and make changes	27%
Difficulty integrating with other systems	25%
Expensive incremental and/or hidden costs	20%
Long-term contract commitment	19%
Difficulty training users on the system	19%
Difficulty creating a single 360-degree view of the customer from CRM data	18%
Too much customization required to make the system work for us	17%
Poor user adoption	17%
Difficulty in getting insights to drive business decision making	16%

Base: 156 CRM buyers in the UK, US, and Germany
Source: A commissioned study conducted by Forrester Consulting on behalf of Freshworks, August 2018

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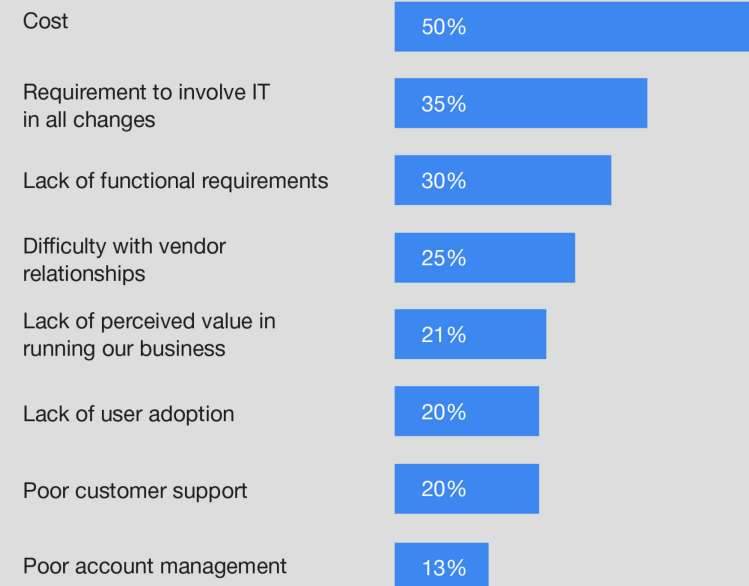## Value Is The Primary Driver For SaaS CRM Replacement

Buyers expect SaaS CRM to deliver fast time-to-value. This means that those solutions must be easy to set up without heavyweight support from IT, be intuitive enough so that it is easy to onboard users, and have features that make it easier for customer-facing workers to better support customers.

Mirroring perceived challenges, buyers cite cost as the dominant driver for replacing their current SaaS CRM solution. Half of surveyed buyers say cost is a key driver. The next closest driver is IT's involvement in changes with their current CRM — buyers are looking for a solution that works out of the box and does not require IT to set up and modify as requirements change. Third on the list is missing functionality. User adoption is a key driver for only 20% of surveyed buyers.

Half of surveyed buyers say cost is a key driver for replacing their current SaaS CRM solution.

"What are the key business drivers for replacing your current SaaS CRM solution?" (Select all that apply)

Driver	Percentage
Cost	50%
Requirement to involve IT in all changes	35%
Lack of functional requirements	30%
Difficulty with vendor relationships	25%
Lack of perceived value in running our business	21%
Lack of user adoption	20%
Poor customer support	20%
Poor account management	13%

Base: 109 CRM buyers in the UK, US, and Germany
Source: A commissioned study conducted by Forrester Consulting on behalf of Freshworks, August 2018

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CRM Users Are Most Frustrated By Their Complicated CRM

Unlike buyers, users are focused on challenges that make it difficult to do their jobs. The vision of CRM is to capture relevant customer-, account-, and interaction-related data, and surface the right information at the right time to help users better engage with customers. However, SaaS CRM users struggle to do this with solutions that are difficult to learn and use. They are frustrated that they cannot use the solution on mobile devices, which is of paramount importance to salespeople and field agents. They need to access other systems to complete CRM tasks, which is disruptive to their flow and adds time to interactions, thereby bringing the real value of CRM into question. They also are challenged by a lack of automation with simple or routine tasks, which creates unneeded latency and complications when trying to best serve customers. Because of these difficulties, CRM users don't use CRM in the way they should — limiting the value of the solution and jeopardizing the end-customer experience.

"What are the top challenges with your current SaaS CRM solution?"

Training on the system is insufficient.
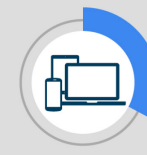
Product does not run on all the devices I use (mobile, tablet, etc.).

I need to access other systems to complete CRM tasks.

There is no automation to streamline routine tasks and make me more productive (e.g., capturing email addresses).

It is missing needed functionality.

Base: 163 CRM users in UK, US, and Germany
Source: A commissioned study conducted by Forrester Consulting on behalf of Freshworks, August 2018
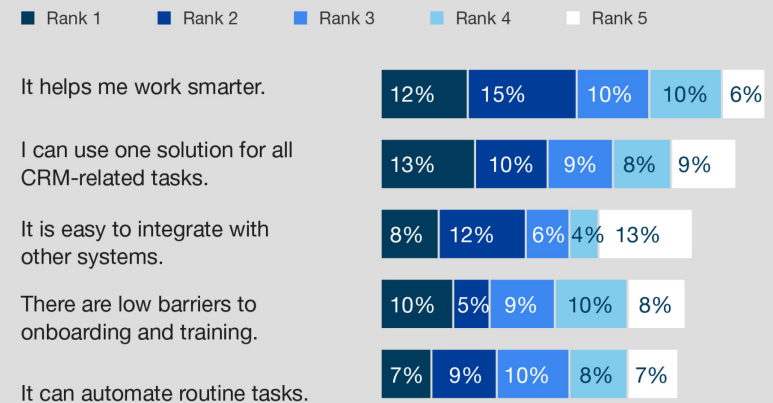
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Buyers Must Find A CRM Solution That Empowers Customer-Facing Employees

Users want a CRM solution that will enable them to become better, more efficient workers above all else. To best serve their workers, and as a result provide better customer experiences, CRM buyers should look for a SaaS CRM solution that:

- Provides one solution for all CRM-related tasks.

- Easily integrates with other systems to provide a 360-degree view of the customer.

- Is easy to learn and use — delivering fast time-to-value and lowering barriers to adoption.

- Enables automation for routine tasks, freeing up user time to provide a differentiated customer experience.

"What are the most important qualities of an ideal CRM system?"

■ Rank 1   ■ Rank 2   ■ Rank 3   ■ Rank 4   □ Rank 5

	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5
It helps me work smarter.	12%	15%	10%	10%	6%
I can use one solution for all CRM-related tasks.	13%	10%	9%	8%	9%
It is easy to integrate with other systems.	8%	12%	6%	4%	13%
There are low barriers to onboarding and training.	10%	5%	9%	10%	8%
It can automate routine tasks.	7%	9%	10%	8%	7%

Base: 163 CRM users in UK, US, and Germany
Source: A commissioned study conducted by Forrester Consulting on behalf of Freshworks, August 2018

Your Next SaaS CRM Solution Needs To Combine Buyer And User Needs To Better Serve Customers

Customer expectations for engagement has never been higher. Businesses are under increased pressure to deliver differentiated experiences that keep their customers satisfied and loyal. CRM is a foundational technology that is used to deliver these experiences.

The next wave of SaaS CRM buying is on the horizon with a focus on innovation around automation to make users more productive, so they can keep up with the speed of business, and free their salespeople and service agents from repetitive tasks that keep them from investing in building customer relationships. Most firms are already planning to replace their current SaaS CRM solutions. Buyers are looking to these solutions to deliver greater value, based on a combination of lower costs, easier implementation and maintenance, and better functional capabilities. However, to deliver the best customer experience with their next SaaS CRM, buyers must understand the challenges and needs of those who directly interact with their CRM and customers. The goal is to find a single solution for all CRM-related tasks that can: 1) easily lower barriers to adoption; 2) flexibly adapt to how customer-facing workers use the system; and 3) automate routine tasks and provide guidance for more complex tasks.

METHODOLOGY

This Opportunity Snapshot was commissioned by Freshworks. To create this profile, Forrester leveraged its existing research on CRM. Forrester Consulting supplemented this research with custom survey questions asked of 300 SaaS CRM buyers and users at US, DE, and UK midmarket and small enterprise firms in the technology, retail, travel and hospitality, eCommerce, education, and nonprofit industries. The custom survey began and was completed in August 2018.

Project Director:

Andrew Magarie, Market Impact Senior Consultant

Contributing Research:

Forrester's Application Development & Delivery research group