Customer Relationship Management Buyers Guide

Software Provider and Product Assessment

iSG Research™

Customer Relationship Management

Customer Relationship Management (CRM) systems have long served as vital tools for enterprises, helping them gather and manage information about prospective customers, sales activities, customer accounts and post-sale services. These systems are designed to centralize and streamline customer interactions and data points, making them accessible and usable for various organizational roles. CRM systems can be broadly categorized based on three main functions that they primarily enable: marketing, sales and service.

> **CRM systems help enterprises understand and target potential customers through data-driven marketing and sales strategies.**

ISG defined CRM as the processes and activities that enable an enterprise to manage and operate customer relationship across marketing, sales and service. CRM systems help enterprises understand and target potential customers through data-driven marketing and sales strategies. This involves segmenting customers based on demographics, behavior and preferences to deliver personalized marketing campaigns. CRM aids in lead generation and nurturing, ensuring that marketing efforts are effective and lead to higher conversion rates.

In the sales domain, CRM systems manage interactions with potential and existing customers. They track sales activities, automate processes like follow-ups and updates, and provide insights into sales forecasts and performance. This helps sales teams manage their pipeline more efficiently, prioritize leads and close deals faster.

Post-sales service is crucial for customer retention. CRM systems provide service teams with the tools to manage customer inquiries, complaints and support requests through a unified platform. This ensures timely responses, consistent communication and satisfactory resolution of issues, ultimately enhancing customer satisfaction.

Historically, while the term "Customer Relationship Management" suggests a comprehensive management system, early CRMs primarily functioned as methods to capture information. They enabled marketing, sales and service teams to access and organize relevant information but provided limited intelligence and predictive capabilities. The structure of most early CRM systems was straightforward: they essentially functioned as siloed applications and underlying databases, allowing users to query and retrieve information as needed and providing forms to input new data.

The scope of CRM systems has expanded to include service and support, and the rise of digital commerce has required that they integrate with finance, human resources, manufacturing, fulfillment and delivery software. Enterprises have looked for enhanced, low-cost integrations and the ability to automate processes across departments and teams to improve the

customer experience. Providers have also responded with low-code and no-code orchestration and workflows, plus more productized integration and connection capabilities.

In the last decade, CRM systems have evolved significantly, particularly with the integration of artificial intelligence (AI). Many AI tools are built around improving the management of data. Marketing teams now utilize AI to score leads more effectively, identify which potential customers are most likely to convert, generate running email campaigns, record results and segment the market to fine-tune messaging. Sales teams and managers use AI to assess the quality of deals, allowing for better pipeline management and prioritization. Teams must understand the current pipeline, particularly the likelihood that a lead will result in a positive conclusion based on the progression of the sales process. AI tools have introduced more sophisticated ways to understand and manage sales pipelines utilizing predictive analytics and insights that help in forecasting.

> **CRM ensures that all customer-facing teams have access to up-to-date information, facilitating consistent and information customer interactions.**

Utilizing a CRM system offers numerous benefits. By having detailed and organized customer information, businesses can better understand and meet their customers' needs. Automation of routine tasks and centralization of customer information leads to improved operational efficiency. CRM ensures that all customer-facing teams have access to up-to-date information, facilitating consistent and informed customer interactions. CRM systems also provide valuable insights through analytics and reporting, helping businesses make informed decisions.

Despite these benefits, the effectiveness of CRM systems has come under scrutiny in recent years. One of the fundamental issues is that CRMs do not actually help individuals sell, which has led to the growth of a number of different technologies that sit on top of the CRM to improve both the management and sales capabilities. CRM providers and third-party "add-ons" have introduced new features to improve the ability of the system to provide relevant, actionable insights—especially in sales engagement. However, the efficacy of these advancements depends heavily on the quality of the original base data, including customer information and activity records.

Many enterprises use CRM systems that have become outdated over time and that no longer align with current business processes. These systems often rely on manual entry of data as part of the sales process, and manual verification that account and customer data is current and up to date. When users find it challenging to locate information or do not perceive that they themselves will benefit, there is little motivation to keep the data updated. Consequently, some enterprises develop parallel processes outside the CRM system, relying on individual ingenuity to extract and report data. Although sales and customer service continue, these

workarounds consume unnecessary resources and lack the benefits of data-informed analytics, relying instead on intuition and guesswork. These inefficiencies can limit revenue growth. By 2026, more than one-half of enterprises will recognize that modernizing processes and SFA systems will be needed to enable new data-driven features that aid in maximizing sales effectiveness to achieve revenue targets.

> **New data-driven AI technology is necessary to gain market and competitive insights and enable sales professionals to adapt selling motions to engage effectively for optimal outcomes.**

Enterprises face a critical decision: reimplement the existing system or shift to a new provider. New data-driven AI technology is necessary to gain market and competitive insights and enable sales professionals to adapt selling motions to engage effectively for optimal outcomes, but due to outdated CRM and SFA processes and system design, many enterprises will be unable to deploy the latest AI technology, thus limiting revenue growth. When faced with this roadblock, enterprises may default to maintaining the status quo, prioritizing immediate sales and revenue targets over long-term system improvements. Change requires top-down leadership and buy-in from both sales and IT teams to ensure CRM systems evolve with the business.

As new data-driven features continue to be developed by software providers, it is important that CRM implementations are reviewed at regular intervals, both by sales and revenue leadership and the CIO's office. These reviews should ensure that the CRM system aligns with evolving business models and incorporates the latest functional improvements from providers. Failure to adapt can lead to increased reliance on unnecessary tools, manual workarounds and customizations, incurring additional costs and putting sales teams at a competitive disadvantage.

During challenging economic times, executives focus more on sustaining profitability than merely driving revenue growth. Understanding profitability at the point of sale has become crucial. Modern CRM systems should support integrated prospect and customer engagement, standardized processes and automated data collection. Features like configure, price, quote (CPQ) applications help manage prices and margins, providing the potential for dynamic and personalized pricing advantages based on the sales channel and model.

Change may be challenging, but enterprises slow to adapt risk not only falling behind competitors but also will likely struggle with internal inefficiencies. To stay competitive, continuous alignment of CRM systems with business needs is imperative.

The journey of CRM from being a simple data repository to a complex, AI-driven system underscores the technological advancements in this field. Today's CRMs are not just about storing and retrieving data; they are intelligent systems that aid in ensuring that marketing

sales and service teams are focused on the achieving overall company and individual objectives through optimizing customer interaction, and ultimately driving business growth. As we continue to advance technologically, the functionalities of CRM systems are expected to evolve, offering even more integrated and intelligent solutions for managing customer relationships effectively

The ISG Buyers Guide™ for Customer Relationship Management Buyers Guide evaluates products based on applications covering sales, marketing and service, along with underlying platform. In addition, orchestration of processes that involve data from both within and without the CRM system puts a premium on integrations as well as workflow and process automation. CRM software providers who have a broad focus tend to perform better in the evaluation.

This research evaluates the following software providers that offer products that address key components of customer relationship management as we define it: HubSpot, Microsoft, NetSuite, Oracle, Salesforce, SugarCRM and Zoho.

Buyers Guide Overview

For over two decades, ISG Research has conducted market research in a spectrum of areas across business applications, tools and technologies. We have designed the Buyers Guide to provide a balanced perspective of software providers and products that is rooted in an understanding of the business requirements in any enterprise. Utilization of our research

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methodology and decades of experience enables our Buyers Guide to be an effective method to assess and select software providers and products. The findings of this research undertaking contribute to our comprehensive approach to rating software providers in a manner that is based on the assessments completed by an enterprise.

The ISG Buyers Guide™ for CRM is the distillation of over a year of market and product research efforts. It is an assessment of how well software providers' offerings address enterprises' requirements for CRM software. The index is structured to support a request for information (RFI) that could be used in the request for proposal (RFP) process by incorporating all criteria needed to evaluate, select, utilize and maintain relationships with software providers. An effective product and customer experience with a provider can ensure the best long-term relationship and value achieved from a resource and financial investment.

In this Buyers Guide, ISG Research evaluates the software in seven key categories that are weighted to reflect buyers' needs based on our expertise and research. Five are product-experience related: Adaptability, Capability, Manageability, Reliability, and Usability. In addition, we consider two customer-experience categories: Validation, and Total Cost of Ownership/Return on Investment (TCO/ROI). To assess functionality, one of the components of Capability, we applied the ISG Research Value Index methodology and blueprint, which links the personas and processes for CRM to an enterprise's requirements.

The structure of the research reflects our understanding that the effective evaluation of software providers and products involves far more than just examining product features, potential revenue or customers generated from a provider's marketing and sales efforts. We believe it is important to take a comprehensive, research-based approach, since making the wrong choice of CRM technology can raise the total cost of ownership, lower the return on investment and hamper an enterprise's ability to reach its full performance potential. In addition, this approach can reduce the project's development and deployment time and eliminate the risk of relying on a short list of software providers that does not represent a best fit for your enterprise.

ISG Research believes that an objective review of software providers and products is a critical business strategy for the adoption and implementation of CRM software and applications. An enterprise's review should include a thorough analysis of both what is possible and what is relevant. We urge enterprises to do a thorough job of evaluating customer relationship management systems and tools and offer this Buyers Guide as both the results of our in-depth analysis of these providers and as an evaluation methodology.

How To Use This Buyers Guide

Evaluating Software Providers: The Process

We recommend using the Buyers Guide to assess and evaluate new or existing software providers for your enterprise. The market research can be used as an evaluation framework to establish a formal request for information from providers on products and customer experience and will shorten the cycle time when creating an RFI. The steps listed below provide a process that can facilitate best possible outcomes.

1. Define the business case and goals.

   Define the mission and business case for investment and the expected outcomes from your organizational and technological efforts.
2. Specify the business needs.

   Defining the business requirements helps identify what specific capabilities are required with respect to people, processes, information and technology.
3. Assess the required roles and responsibilities.

   Identify the individuals required for success at every level of the enterprise from executives to frontline workers and determine the needs of each.
4. Outline the project's critical path.

   What needs to be done, in what order and who will do it? This outline should make clear the prior dependencies at each step of the project plan.
5. Ascertain the technology approach.

   Determine the business and technology approach that most closely aligns to your enterprise's requirements.
6. Establish software provider evaluation criteria.

   Utilize the product experience: Adaptability, Capability, Manageability, Reliability and Usability, and the customer experience in TCO/ROI and Validation.
7. Evaluate and select the technology properly.

   Weight the categories in the technology evaluation criteria to reflect your enterprise's priorities to determine the short list of software providers and products.
8. Establish the business initiative team to start the project.

   Identify who will lead the project and the members of the team needed to plan and execute it with timelines, priorities and resources.

The Findings

All of the products we evaluated are feature-rich, but not all the capabilities offered by a software provider are equally valuable to types of workers or support everything needed to manage products on a continuous basis. Moreover, the existence of too many capabilities may be a negative factor for an enterprise if it introduces unnecessary complexity. Nonetheless, you may decide that a larger number of features in the product is a plus, especially if some of them match your enterprise's established practices or support an initiative that is driving the purchase of new software.

Factors beyond features and functions or software provider assessments may become a deciding factor. For example, an enterprise may face budget constraints such that the TCO evaluation can tip the balance to one provider or another. This is where the Value Index methodology and the appropriate category weighting can be applied to determine the best fit of software providers and products to your specific needs.

Overall Scoring of Software Providers Across Categories

The research finds Salesforce atop the list, followed by Oracle and Zoho. Companies that place in the top three of a category earn the designation of Leader. Salesforce has done so in seven categories; Oracle in six; HubSpot in five; Zoho in two and Microsoft in one category.
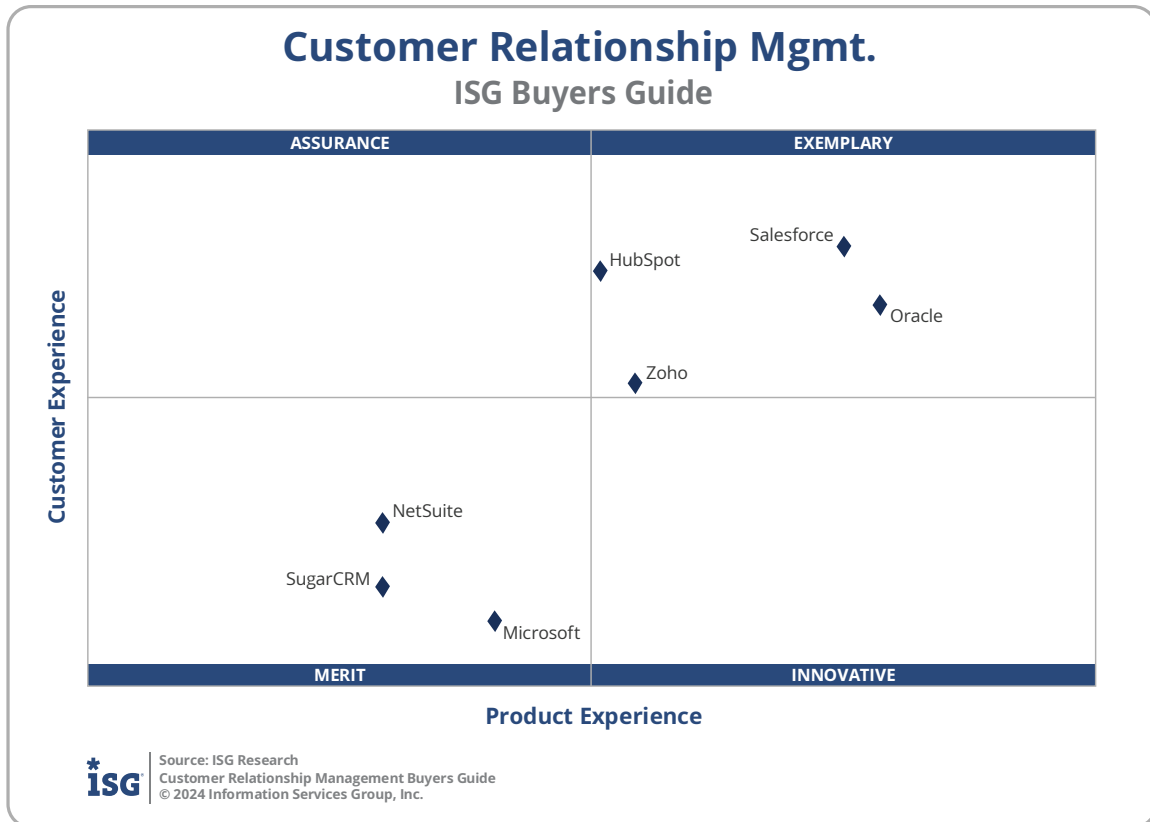
The overall representation of the research below places the rating of the Product Experience and Customer Experience on the *x* and *y* axes, respectively, to provide a visual representation and classification of the software providers. Those providers whose Product Experience have a higher weighted performance to the axis in aggregate of the five product categories place farther to the right, while the performance and weighting for the two Customer Experience categories determines placement on the vertical axis. In short, software providers that place closer to the upper-right on this chart performed better than those closer to the lower-left.

Customer Relationship Mgmt.
Overall

Providers	Grade	Performance
Salesforce	B++	Leader 81.0%
Oracle	B++	Leader 80.8%
Zoho	B+	Leader 72.0%
HubSpot	B+	71.7%
Microsoft	B	64.4%
SugarCRM	B-	60.8%
Netsuite	B-	60.7%

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The research places software providers into one of four overall categories: Assurance, Exemplary, Merit or Innovative. This representation classifies providers' overall weighted performance.

Customer Relationship Mgmt.
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Exemplary: The categorization and placement of software providers in Exemplary (upper right) represent those that performed the best in meeting the overall Product and Customer Experience requirements. The providers rated Exemplary are: HubSpot, Oracle, Salesforce and Zoho.
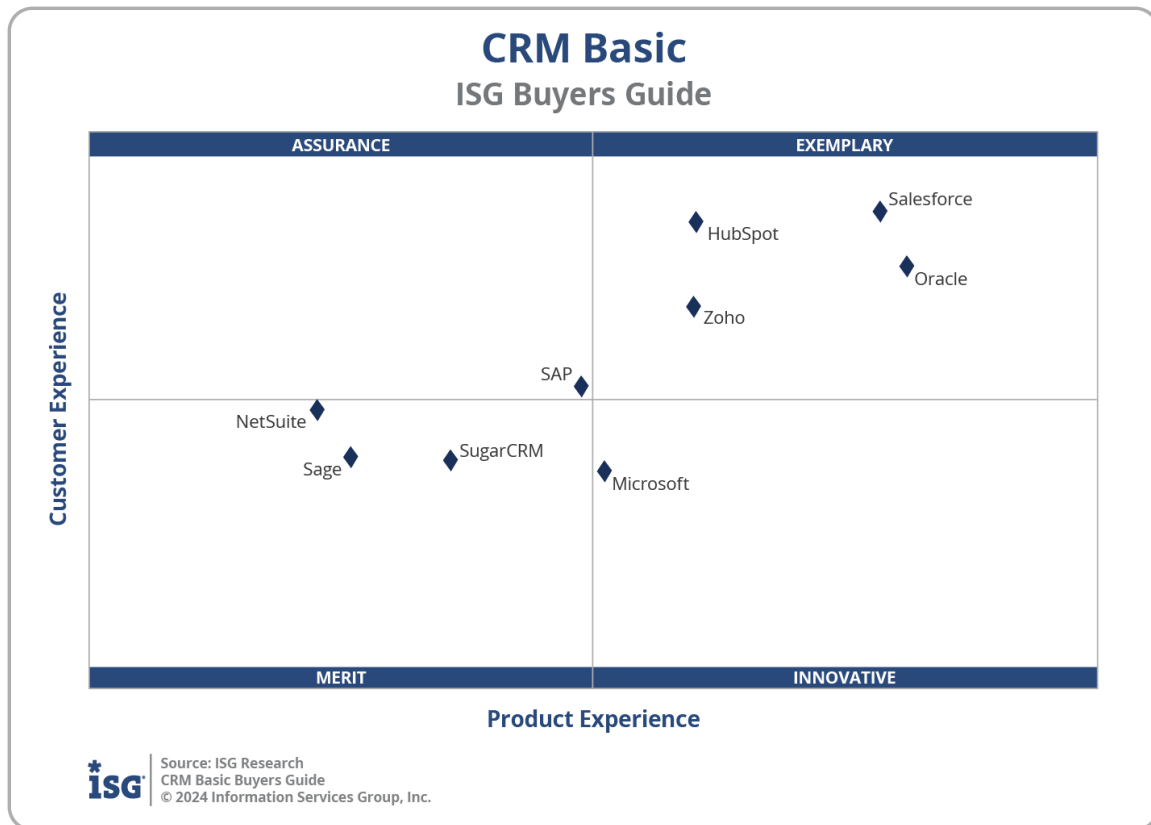
Innovative: The categorization and placement of software providers in Innovative (lower right) represent those that performed the best in meeting the overall Product Experience requirements but did not achieve the highest levels of requirements in Customer Experience. No providers are rated Innovative in this Buyers Guide.

Assurance: The categorization and placement of software providers in Assurance (upper left) represent those that achieved the highest levels in the overall Customer Experience requirements but did not achieve the highest levels of Product Experience. No providers are rated Assurance in this Buyers Guide.

Merit: The categorization of software providers in Merit (lower left) represents those that did not exceed the median of performance in Customer or Product Experience or surpass the threshold for the other three categories. The providers rated Merit are: Microsoft, NetSuite and SugarCRM.

A subset of the overall CRM evaluation requirements was established to examine the most basic need for CRM across marketing, sales and service without an extensible platform. The software providers were then weighted to these specific needs and rated.

CRM Basic
ISG Buyers Guide

Source: ISG Research
CRM Basic Buyers Guide
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Exemplary: The categorization and placement of software providers in Exemplary (upper right) represent those that performed the best in meeting the overall Product and Customer Experience requirements. The providers rated Exemplary are: HubSpot, Oracle, Salesforce and Zoho.

Innovative: The categorization and placement of software providers in Innovative (lower right) represent those that performed the best in meeting the overall Product Experience requirements but did not achieve the highest levels of requirements in Customer Experience. The providers rated Innovative are: Microsoft.

Assurance: The categorization and placement of software providers in Assurance (upper left) represent those that achieved the highest levels in the overall Customer Experience requirements but did not achieve the highest levels of Product Experience. The providers rated Assurance are: SAP.

Merit: The categorization of software providers in Merit (lower left) represents those that did not exceed the median of performance in Customer or Product Experience or

surpass the threshold for the other three categories. The providers rated Merit are: NetSuite, Sage and SugarCRM.

We warn that close provider placement proximity should not be taken to imply that the packages evaluated are functionally identical or equally well suited for use by every enterprise or for a specific process. Although there is a high degree of commonality in how enterprises handle CRM, there are many idiosyncrasies and differences in how they do these functions that can make one software provider's offering a better fit than another's for a particular enterprise's needs.

We advise enterprises to assess and evaluate software providers based on organizational requirements and use this research as a supplement to internal evaluation of a provider and products.

Product Experience

The process of researching products to address an enterprise's needs should be comprehensive. Our Value Index methodology examines Product Experience and how it aligns with an enterprise's life cycle of onboarding, configuration, operations, usage and maintenance. Too often, software providers are not evaluated for the entirety of the product; instead, they are evaluated on market execution and vision of the future, which are flawed since they do not represent an enterprise's requirements but how the provider operates. As more software providers orient to a complete product experience, evaluations will be more robust.

Customer Relationship Mgmt.
Product Experience

Providers	Grade	Performance
Oracle	B++	Leader 64.7%
Salesforce	B++	Leader 64.0%
Zoho	B+	Leader 56.7%
HubSpot	B+	55.2%
Microsoft	B	53.3%
Netsuite	B-	48.4%
SugarCRM	B-	48.4%

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The research results in Product Experience are ranked at 80%, or four-fifths, of the overall rating using the specific underlying weighted category performance. Importance was placed on the categories as follows: Usability (10%), Capability (25%), Reliability (15%), Adaptability (10%) and Manageability (20%). This weighting impacted the resulting overall ratings in this research. Oracle, Salesforce and Zoho were designated Product Experience Leaders.

Customer Experience

The importance of a customer relationship with a software provider is essential to the actual success of the products and technology. The advancement of the Customer Experience and the entire life cycle an enterprise has with its software provider is critical for ensuring satisfaction in working with that provider. Technology providers that have chief customer officers are more likely to have greater investments in the customer relationship and focus more on their success. These leaders also need to take responsibility for ensuring this commitment is made abundantly clear on the website and in the buying process and customer journey.

The research results in Customer Experience are ranked at 20%, or one-fifth, using the specific underlying weighted category performance as it relates to the framework of commitment and value to the software provider-customer relationship. The two evaluation categories are Validation (10%) and TCO/ROI (10%), which are weighted to represent their importance to the overall research.

The software providers that evaluated the highest overall in the aggregated and weighted Customer Experience categories are Salesforce, HubSpot and Oracle. These category leaders best communicate commitment and dedication to customer needs.

Customer Relationship Mgmt.
Customer Experience

Providers	Grade	Performance	
Salesforce	A	*Leader*	17.6%
HubSpot	A-	*Leader*	17.4%
Oracle	A-	*Leader*	16.8%
Zoho	B++		15.9%
Netsuite	B+		14.2%
SugarCRM	B		13.0%
Microsoft	B		12.7%

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Software providers that did not perform well in this category were unable to readily provide sufficient customer case studies to demonstrate success or articulate their commitment to customer experience and an enterprise's journey. The selection of a software provider means a continuous investment by the enterprise, so a holistic evaluation must include examination of how they support their customer experience.

Appendix: Software Provider Inclusion

For inclusion in the ISG Buyers Guide™ for Customer Relationship Management in 2024, a software provider must be in good standing financially and ethically, have at least $100 million in annual or projected revenue verified using independent sources, sell products and provide support on at least two continents, and have at least 100 customers. The principal source of the relevant business unit's revenue must be software-related and there must have been at least one major software release in the last 12 months.

Inclusion in the overall CRM evaluation required that the software provider have products that are part of a suite and require marketing, sales and service, along with an underlying CRM platform.

The research is designed to be independent of the specifics of software provider packaging and pricing. To represent the real-world environment in which businesses operate, we include providers that offer suites or packages of products that may include relevant individual modules or applications. If a software provider is actively marketing, selling and developing a product for the general market and it is reflected on the provider's website that the product is within the scope of the research, that provider is automatically evaluated for inclusion.

All software providers that offer relevant CRM products and meet the inclusion requirements were invited to participate in the evaluation process at no cost to them.

Software providers that meet our inclusion criteria but did not completely participate in our Buyers Guide were assessed solely on publicly available information. As this could have a significant impact on classification and ratings, we recommend additional scrutiny when evaluating those providers.

Products Evaluated

Provider	Product Names	Version	Release Month/Year
HubSpot	HubSpot Customer Platform	n/a	August 2024
Microsoft	Microsoft Dynamics 365	2024 release wave 1	August 2024
NetSuite	NetSuite CRM	2024.2	September 2024
Oracle	Oracle CX	24C	August 2024
Salesforce	Salesforce Customer 360	Summer '24	August 2024
SugarCRM	SugarCRM, Sugar Sell	14.0	August 2024
Zoho	Zoho CRM, Zoho One	n/a	August 2024

Providers of Promise

We did not include software providers that, as a result of our research and analysis, did not satisfy the criteria for inclusion in this Buyers Guide. These are listed below as "Providers of Promise."

Provider	Product	# of Categories	Revenue	Customers	# Continents
Creatio	Creatio CRM	No	Yes	Yes	Yes
Freshworks	Freshworks	No	Yes	Yes	Yes
Pipedrive	Pipedrive	No	Yes	Yes	Yes
Monday.com	monday CRM	No	Yes	Yes	Yes
Zendesk	Zendesk Sell	No	Yes	Yes	Yes

About ISG Software Research

ISG Software Research provides authoritative market research and coverage on the business and IT aspects of the software industry. We distribute research and insights daily through our community, and we provide a portfolio of consulting, advisory, research and education services for enterprises, software and service providers, and investment firms. Our premier service, ISG Software Research On-Demand, provides structured education and advisory support with subject-matter expertise and experience in the software industry. ISG Research Buyers Guides support the RFI/RFP process and help enterprises assess, evaluate and select software providers through tailored Assessment Services and our Value Index methodology. Visit www.ventanaresearch.com to sign up for free community membership with access to our research and insights.

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