Magic Quadrant for the CRM Customer Engagement Center

Published 15 June 2021 - ID G00733930 - 51 min read

By Analyst(s): Nadine LeBlanc, Jim Davies, Varun Agarwal

Initiatives: Customer Service and Support Technology

> COVID-19 demanded immediate action from customer service organizations and accelerated demand for, and adoption of, CECs at scale. This Magic Quadrant evaluates 16 CRM CEC vendors to help application leaders find the solution that best meets their current and long-term needs.

This Magic Quadrant is related to other research:

View All Magic Quadrants and Critical Capabilities

Market Definition/Description

Gartner defines the CRM customer engagement center (CEC) market as the market for software applications used to provide customer service and support (CSS) by engaging intelligently — both proactively and reactively — with customers by answering questions, solving problems and giving advice.

The orchestration of intelligent customer service processes through a CEC application involves both assisted and self-service moments within customer journeys. A CEC is typically built around case management records and processes, but also extends to emerging approaches such as conversation-based customer engagement (see Market Guide for Digital Customer Service and Support Technologies). CEC applications must be designed for a common platform with the applications used by customers. Leading CEC applications are expected to control customer master data during customer interactions.

Built around a CEC application's support for case management, workflow management and knowledge management, are other features and functions:

- Digital engagement channels

- Voice-of-the-customer functionality

- Proactive (digital) engagement through continuous intelligence

- Predictive customer service analytics

- Adaptive business rule engines

- Automation of engagements

- Internet of Things (IoT) connections

The evaluations in this Magic Quadrant also reflect the importance of:

- Scalable cloud-based systems

- Unification of digital and voice touchpoints

- Customer success functionality

- COVID-19 response propositions and contingency plans

- Proactive messaging to customers

- Composability of CEC applications

- Workforce engagement management (WEM) components

- Use of contextual knowledge management

- An ecosystem for functional enrichment

- Integration with robotic process automation (RPA) tools

The COVID-19 pandemic demanded immediate action from organizations to stabilize themselves, recover and prepare for renewed growth. Many CEC technology vendors, including those evaluated in this Magic Quadrant, provided vital help to their customers in terms of navigating the disruption and uncertainty. In this report, Gartner also acknowledges CEC vendors who seized the opportunity to reshape the future of work within and beyond the customer service function in order to improve resilience and achieve optimal performance.

Magic Quadrant

Figure 1: Magic Quadrant for the CRM Customer Engagement Center

Source: Gartner (June 2021)

Vendor Strengths and Cautions

Appian

Appian is a Niche Player in this Magic Quadrant. Appian for Customer Engagement Operations (previously Intelligent Contact Center) is a framework supporting customer service use cases as part of the vendor's low-code automation platform. Appian focuses on low-code application development and intelligent business process management markets. It provides case-centric applications addressing demand for flexible and customizable prebuilt solutions. Although smaller than many of its competitors, Appian is a publicly traded company, and many enterprise customers and government agencies run its platform. Appian has a global presence. Large organizations, especially in the financial services and public sector, looking for a scalable, adaptable and heavily case-management-centric CEC solution should consider Appian.

Strengths

■ **Platform capabilities:** Appian offers a rich, process-driven application development platform with full-stack automation capabilities, including native RPA and prebuilt no-code integration with various artificial intelligence (AI) services that can handle complex cases, workflows and business rules.

■ **Implementation support:** The Appian Guarantee states that new cloud customers can deploy their first application, for customer engagement, among other purposes, in just eight weeks. It also guarantees that customers' technical resources can become certified, productive Appian developers in two weeks.

■ **COVID-19 response:** In March 2020, Appian launched a set of prebuilt solutions to help organizations manage the return-to-work process during the COVID-19 pandemic. These covered case management, mobile health screening, contact tracing, capacity planning and vaccine tracking. Appian's rapid response illustrates its Ability to Execute.

Cautions

■ **Do-it-yourself approach:** Appian does not have a native CEC offering with an associated software release cycle. It provides a framework with prebuilt solutions and modules for customer engagement. Customers are often expected to customize the solution themselves using Appian's low-code development tools, which are more suitable for professional developers.

- **Partial CEC replacement**: Appian's offering is typically not used as a customer service system of record — it is best suited to consolidating data from multiple sources. Appian's case management framework, Appian Records, allows data to stay in other systems, while allowing data caching for analytics and processing. Appian's offering typically complements, rather than replaces, customer service systems of record for enterprise use cases.

- **Industry-specific focus**: Although Appian is used in diverse industries, it is best suited to the financial services, healthcare and government sectors, and to companies with a strong preference for DevOps technology deployments.

Cherwell

Cherwell, which was acquired by Ivanti in March 2021, makes its debut in this Magic Quadrant as a Niche Player. The Cherwell Service Management solution is designed to help midsize and large organizations, especially in the B2B sector, that have fewer than 250 customer service users provide CEC capabilities, along with enterprise service management functionalities. It offers both cloud and on-premises deployment options. Cherwell's SaaS data center and direct sales presence are limited to North America, Western Europe and Australia. It has only a small customer footprint outside these regions.

Strengths

- **Product functionality**: Users of Gartner's client inquiry service and reviewers on Gartner's Peer Insights platform have praised Cherwell's flexibility, customization and service management features, such as ticketing, form creation and automation.

- **Pricing**: Users of Gartner's client inquiry service and Peer Insights reviewers have praised Cherwell for its competitive pricing and total cost of ownership (TCO). The cost-to-value ratio falls due to the concurrent licensing model.

- **COVID-19 response**: In April 2020, Cherwell launched a set of prebuilt solutions to help organizations manage the return-to-work process during the COVID-19 pandemic. It included a crisis management solution and a remote employee management solution. Cherwell has also been flexible about payment terms.

Cautions

- **Lack of digital engagement channels**: Cherwell's platform has few built-in native digital engagement channels. For example, voice touchpoints and messaging are not currently supported.

- **Learning curve:** Users of Gartner's client inquiry service and some Peer Insights reviewers have expressed concerns about the UI of Cherwell's product, and have indicated that additional training is needed during user onboarding.

- **Viability:** Cherwell lacks momentum outside the U.S. market. It also lacks experience outside its core target industries (healthcare providers, pharmaceuticals, insurance and automotive).

Creatio

Creatio (formerly bpm'online) is a Niche Player in this Magic Quadrant. It provides a customer service product on the same architecture as its business process management (BPM) platform, as well as sales, marketing and digital commerce products. Creatio has a global presence. Its customer base primarily includes process-intensive B2B/B2C midsize organizations but also, increasingly, large enterprises. In 2020, it offered free product access to organizations fighting the COVID-19 pandemic. It also extended its presence beyond its home region of EMEA and expanded its global network of partners, which now includes more than 700 organizations. The Service Creatio product supports both on-premises and cloud-based configurations. Creatio recently extended its platform with Angular-based UI/user experience and microservice technologies. Further such extension is planned.

Strengths

- **Ease of use:** Users of Gartner's client inquiry service and Peer Insights reviewers have praised Creatio for its product's usability. Creatio's product is aimed at citizen developers with limited technical skills.

- **Product functionality:** Users of Gartner's client inquiry service and Peer Insights reviewers have praised Creatio's case management and analytics features, such as its comprehensive dashboards for analyzing the effectiveness of case resolution and service process efficiency.

- **Industry offerings:** Creatio provides many native, industry-specific solutions, out-of-the-box best-practice processes and third-party components for vertical implementations.

Cautions

- **Availability of specialists:** In conversations with Gartner about Creatio, some existing customers and prospective customers of this vendor have expressed concerns about a lack of support specialists in the market. Organizations evaluating Creatio should investigate its regional presence and the support available from local partners.

- **Integration support:** Analysis of Gartner client inquiry calls indicates that Creatio customers have experienced challenges in terms of real-time integration with complex environments on a large scale.

- **Regional focus:** Nearly half of Creatio's clients come from EMEA. Creatio is, however, expanding its presence in other regions.

CRMNEXT

CRMNEXT is a Niche Player in this Magic Quadrant. It offers its CEC solution, CRMNEXT Service Management, as part of its platform, which also includes sales, marketing and digital journey functionality. CRMNEXT has a strong presence in India, Hong Kong and Singapore. It also has access to parts of the Middle East and Africa, and it recently gained a presence in North America. Key industries supported include retail banking and insurance. CRMNEXT's CEC solutions support real-time continuous intelligence with data science, AI and decisioning to enable more autonomous servicing. Organizations should consider CRMNEXT if they are looking for a vendor with a scalable solution and a strong presence in Asia/Pacific.

Strengths

- **Professional services:** Users of Gartner's client inquiry service and Peer Insights reviewers have praised CRMNEXT for its professional services team. They especially appreciate the vendor's personalized customer journey maps and implementation services.

- **Customization:** CRMNEXT has created an application framework that enables organizations to design their own business flows. Its involvement of customers in the design process and code-free modeling show promise.

- **Scalability:** CRMNEXT's solution can scale easily. The vendor's largest customer has over 300,000 daily users.

Cautions

- **Region-specific focus:** Prospective clients outside Asia and the Gulf Cooperation Council states should do their due diligence when considering CRMNEXT. The vendor has little traction in the U.S. or Europe, and this poses deployment challenges for North America- and Europe-based multinational corporations.

- **Industry-specific focus:** CRMNEXT is best suited to the financial services sector — it has limited reach beyond this. Prospective customers in other sectors should ask to speak with reference customers from a similar industry and of similar size.

- **Lack of marketplace:** CRMNEXT lacks a formal ecosystem for third-party solutions that could enrich its solution. Against market trends, CRMNEXT does most of its development work itself, which slows its growth.

eGain

eGain is a Niche Player in this Magic Quadrant. This vendor is a pioneer of digital-first engagement, and its product, the eGain Digital Customer Engagement Suite, includes customer engagement solutions and knowledge management, AI and analytics capabilities. eGain is a public company with a worldwide presence. Its customer base includes mostly large and midsize enterprises, especially in the financial services, government, healthcare, telco, retail and utility sectors. Despite its relatively small size (it has 600 employees), eGain supports complex contact center integrations, often in partnership with large contact center as a service (CCaaS) and CRM vendors. B2C-oriented organizations looking for strong digital customer engagement capabilities, supported by AI, knowledge management and CEC desktop capabilities, should evaluate eGain.

Strengths

- **Customer success programs:** eGain's proactive customer success program, eGain 3-1-1, and the eGain Innovation in 30 Days program, provide the vendor with a successful sales strategy for interesting, and engaging with, customers.

- **Automation and AI:** The eGain Virtual Assistant automates customer engagement across all digital and voice channels with natural conversation. Notable features include eGain Virtual Assistant for Agents' monitoring of conversations in real time, to facilitate proactive decision support and compliance, and third-party bot orchestration.

- **COVID-19 response:** eGain responded quickly to the pandemic by releasing offerings such as the Fast Track Virtual Assistant in just seven days. Other notable innovations include the digital-first eGain Telehealth solution and the eGain Virtual Financial Coach application, launched in partnership with GreenPath.

Cautions

- **Geographic focus:** eGain's customers are mainly in the U.S. and Western Europe. It has only a small customer base outside these regions. Prospective customers in other parts of the world should ask to speak with reference customers from a similar region and industry.

- **Partial CEC replacement**: Gartner rarely sees clients select eGain's all-in-one desktop version as a replacement for a customer service system with case management capability. Instead, they often implement it as a complement to an incumbent vendor's solution that controls the customer master data.

- **Lack of marketplace**: eGain lacks a formal ecosystem for third-party solutions that could enrich its solution. Against market trends, eGain does most of its development work itself, which slows its growth.

Freshworks

Freshworks is a Visionary in this Magic Quadrant. Its Freshdesk omnichannel solution is deployed in over 120 countries, but most of Freshworks' customers are in the U.S. and Western Europe. Freshworks shows vision with its expansion into digital customer service (including voice service), workforce engagement management, customer success management and field service management, along with its established IT/HR support solutions and the recent launch of the Freshworks Neo platform. Notable COVID-19 responses include discounts and free products for impacted industries, as well as temporary reductions on licenses for customers and relief on their invoices. Midsize organizations looking to fulfill a "customer for life" vision with a focus on collaboration should consider Freshworks.

Strengths
- **Total cost of ownership (TCO)**: Users of Gartner's client inquiry service and Peer Insights reviewers have praised Freshworks for its TCO, which reflects compelling pricing and a fast time to value.

- **Customer growth**: Freshworks' portfolio continues to mature, and Gartner has observed a growing number of larger-scale deployments, which generate almost half this vendor's revenue.

- **Large marketplace**: The Freshworks Marketplace has over 1,155 apps and connectors to support the company's products, and opens up an ecosystem for developers, customers and partners. Many apps are published by Freshworks, and many are available free of charge.

Cautions
- **Reporting and analytics**: Users of Gartner's client inquiry service have had mixed results with Freshworks' reporting and analytics capabilities, which, for some, limit their ability to maximize Freshworks' feature set and adoption.

- **Limited complex integration:** Gartner is aware of few clients that have selected Freshdesk for their support organizations if they have complex business process needs with five or more integration points and live data from legacy systems.

- **Vertical product strategy:** Freshworks' vertical product strategy is limited, compared with the strategies of Leaders in this Magic Quadrant. This is a consideration for customers looking for solutions with embedded functionality that reflects industry best practices, especially for highly regulated industries.

Microsoft

Microsoft is a Leader in this Magic Quadrant. It offers CEC capabilities via its Microsoft Dynamics 365 Customer Service, Power Virtual Agents, Power Automate, and Dynamics 365 Customer Insights applications. Microsoft has added hundreds of new features and enhancements to its CEC offering over the past year, including the Microsoft Dynamics 365 Voice offering (for which general availability is planned for 3Q21). Microsoft offers its service worldwide, mostly to enterprises. In response to COVID-19, Microsoft Dynamics 365 Customer Service was made available free of charge for up to six months for COVID-19-related implementations; the vendor also offered FastTrack support, discounted pricing and extensions of certain offers. Organizations should consider Microsoft for multichannel support, a case/ticketing system for customer service, and for internal or external service teams. They should also consider it if they are expanding a Microsoft technology footprint.

Strengths

- **Overall viability:** Microsoft competes strongly in the CEC market, aided by strong year-over-year revenue growth in 2020. This growth was fueled in part by increased adoption of its CEC software in response to COVID-19 and the complementarity of cloud offerings, such as Microsoft Power BI, Office 365 and Azure, and collaboration products, such as Microsoft Teams.

- **Product strategy and vision:** Microsoft's strategy emphasizes key application capabilities with Power Platform, Dataverse (a unified data model previously called the Common Data Service), and AI capabilities such as those of Azure Cognitive Services and the Microsoft Bot Framework.

- **Platform capabilities:** Microsoft's Dynamics 365 CEC offering builds on the same codebase as the Power Platform (Power BI, Power Apps and Power Automate), a low-code platform that underpins all Dynamics products and Microsoft-related systems. The platform is well-suited to citizen development.

Cautions

- **Learning curve:** Users of Gartner's client inquiry service and Peer Insights reviewers have expressed concerns that deeper training and support are required in order to maximize the benefits of Microsoft Dynamics 365 Customer Service's broad feature set. However, Gartner finds that new customers of Microsoft Dynamics 365 Customer Service are often unaware of the available implementation resources, such as FastTrack for Dynamics 365.

- **Support team synergies:** Users of Gartner's client inquiry service have reported mixed results when working with Microsoft's support services. They indicate lower levels of user satisfaction with the resolution of support requests involving Microsoft Azure and Dynamics.

- **Varied partner-led implementation experience**: More than 8,000 partners provide Power Apps and/or Dynamics 365 services, but they vary widely in expertise and scale. Users of Gartner's client inquiry service have reported mixed implementation experiences and that professional services are of variable quality. Prospective customers should undertake a thorough review before selecting a Dynamics 365 partner and keep abreast of Microsoft's improvements to its partner training and certifications for Dynamics 365 Customer Service.

Oracle

Oracle is a Leader in this Magic Quadrant. Oracle offers CEC capabilities via Oracle Service — a set of customer service applications that is part of the Oracle Advertising and Customer Experience suite. Oracle is one of the vendors most commonly mentioned by users of Gartner's client inquiry service who are looking for a CEC solution. In response to the COVID-19 pandemic, Oracle Service enabled both private and public organizations to adapt quickly, sometimes in less than two weeks. Worldwide, B2C organizations supporting complex customer journeys and integration should consider Oracle for its CEC solution. Oracle is also used by B2B organizations, most notably in the high-tech and manufacturing sectors, for high-touch service interactions with a focus on collaborative account management.

Strengths

- **Vision:** Oracle demonstrates continuous delivery of innovations, with a focus on proactive and predictive service in the CEC market. Its channel proliferation and convergence, ability to connect visual experiences and commitment to digital customer service are leading-edge.

- **Oracle Intelligent Advisor (OIA):** Oracle has received praise from Gartner clients for features of its OIA (previously known as Oracle Policy Automation [OPA]). OIA, paired with strong integration capabilities, provides smart advice via self-service and conversational channels (including native digital voice and video channels).

- **Knowledge management:** Among service suite vendors, Oracle offers one of the most scalable and functional knowledge management solutions. During the past year, Oracle continued to innovate, with an emphasis on how knowledge is consumed by both human and automated conversational agents.

Cautions

- **Licensing and contracts:** Users of Gartner's client inquiry service have reported that they find Oracle's licensing structure and matrix complex. They also find that Oracle can be difficult to negotiate with because its processes are stringent and the approval process for contracts is lengthy.

- **Learning curve:** Users of Gartner's client inquiry service and Peer Insights reviewers have expressed concerns about the learning curve associated with Oracle Service and the ramp-up time needed to develop, support and administer the solution. Gartner clients frequently say that Oracle needs to offer more timely access to support resources and improve its product documentation.

- **Migration:** Gartner clients have reported insufficient clarity of communication about how to migrate from Siebel CRM to Oracle Service, both from Oracle and its partners.

Pegasystems

Pegasystems is a Leader in this Magic Quadrant. It offers customer engagement and case workflow automation capabilities within its Pega Customer Service solution. Pegasystems has a worldwide presence. Two-thirds of its customers are in the financial services, government and healthcare sectors. In the past year, Pegasystems has transformed its sales and go-to-market strategy with a focus on the client experience, customer success, growth of revenue channels and attracting partners in new verticals. Notable pandemic responses include the COVID-19 Employee Safety and Business Continuity Tracker app and delivery of critical service solutions in less than a week. Organizations should consider Pega Customer Service when they need to make frequent changes to highly innovative and proactive customer service processes and journeys.

Strengths

- **Digital transformation partner:** Pegasystems has grown steadily as a public company for many years and has a solid track record of impactful implementations at scale. Users of Gartner's client inquiry service and Peer Insights reviewers, particularly large enterprises, have praised Pegasystems for its involvement as a partner in their digital transformation initiatives supported by CEC technologies.

- **Focus on integration:** Pegasystems' low-code-supported approach to innovation makes it relatively easy to extend its solution, and to incorporate third-party technologies, customer touchpoints, workflows, AI and RPA to deliver differentiated, end-to-end customer experience journeys. Additionally, Pegasystems has extended its voice/interactive voice response integrations with connections to mainstream CCaaS vendors.

- **Focus on automation:** Pegasystems focuses on automating fulfillment of service requests and on improving customer satisfaction and the agent experience. This is shown, for example, by its introduction of a "start my day" RPA feature, which makes it easier for advisors to prepare for the first customer engagement interaction of the day.

Cautions

- **Intricate product offering:** Users of Gartner's client inquiry service and prospective Pegasystems customers with whom Gartner has had contact have said they had difficulty understanding Pegasystems' platform, and that this understanding was crucial to identify the most suitable type of implementation. In addition, Gartner clients have indicated that initial implementations can be complex.

- **Accessibility of specialists:** Some customers and prospective customers of Pegasystems have expressed frustration about the difficulty of finding Pegasystems specialists with relevant technical and industry experience. Organizations considering Pegasystems should ensure they have an appropriate strategy to mitigate the potential risks of staffing and skills gaps.

- **Business model:** Pegasystems has a higher proportion of professional service revenue associated with its CEC business than its competitors. Although some of these services are associated with transformational activities, users of Gartner's client inquiry service have highlighted a need for prospective customers to budget for professional services to ensure successful CEC deployment.

Salesforce

Salesforce is a Leader in this Magic Quadrant. Over two-thirds (68%) of the prospective CEC customers with whom Gartner has had contact have shortlisted Salesforce Service Cloud as their first-, second- or third-choice product (its nearest competitor was shortlisted by 42%). During the past 12 months, Salesforce has added over 230 new features and enhancements to Salesforce Service Cloud, including Service Cloud Voice (a preintegrated voice service available through Amazon Connect) and the ability to integrate with other contact center voice offerings. Across the world, midsize B2C and B2B companies and large enterprises should consider Salesforce's CEC solution.

Strengths

- **Vision**: Salesforce's global presence, market impact and vision to transform customer service is unmatched by other vendors in this market. The continuing growth of Salesforce Service Cloud (revenue up 20% from 2019 to 2020), now the largest revenue-generating product for Salesforce (FY21 revenue was $5.38 billion), contributes to this vendor's long-term viability and supports continuous innovation.

- **Industry-specific offerings**: Salesforce continues to invest in extending and deepening its industry-specific offerings via native development, acquisitions and an ecosystem of partners. The acquisition of Vlocity in February 2020 extended Salesforce's industry solutions for the communications, media and entertainment, energy, utilities, insurance, health and government sectors.

- **COVID-19 response**: Salesforce launched Work.com in Spring 2020 and Vaccine Cloud in September 2020 — two suites of solutions that draw on Salesforce Service Cloud's capabilities. Over 100 state and local governments, healthcare companies and private sector businesses have adopted these solutions. Salesforce's response to the pandemic illustrates its Ability to Execute.

Cautions

- **Pace of execution**: Some Gartner clients have expressed frustration at the pace of execution of Salesforce's vision for addressing the diffuseness of its products, as well as the confusion about which aspects of the Salesforce customer data platform (previously known as Customer 360 Truth) are available. For example, users of Gartner's client inquiry service and Peer Insights reviewers have expressed concerns about the need for data integration and about the architectural differences between the different Salesforce Clouds.

- **Overcustomization:** Users of Gartner's client inquiry service and Gartner Peer Insights reviewers have expressed concerns about service providers and technical resources when implementing Salesforce functionality. Although Salesforce has expanded its partner programs, Gartner observes inconsistent capabilities, overcustomization and loss of agility in terms of speed of deployment.

- **Pricing:** Despite Salesforce having shown some pricing flexibility in response to the COVID-19 pandemic, users of Gartner's client inquiry service and some Peer Insights reviewers have expressed concerns about high prices and contract inflexibility. Organizations considering Salesforce should be sure they have an appropriate strategy to mitigate the risk of vendor lock-in, especially when adding third-party components.

SAP

SAP is a Challenger in this Magic Quadrant. It continues to pursue its transformation to deliver the next generation of CEC solutions with SAP Service Cloud by means of its Intelligent Enterprise and Experience Economy strategies. SAP's roadmap highlights for 2021 focus on user experience and machine learning investments, and the extension of native digital channels and partnerships, such as that with Microsoft to integrate with Microsoft Teams. SAP works globally, with an even distribution of customers across the world. Notable COVID-19 responses have included new RPA solutions and accelerated deployment of contact tracing, vaccine production and distribution implementations for SAP customers. Large organizations with complex CEC processes and integration requirements, as well as organizations with an existing relationship or plans to use other SAP technologies, should consider SAP for their CEC.

Strengths

- **Geographical reach:** SAP has the most geographically distributed customer base of any vendor evaluated for this Magic Quadrant. It has a robust partner network with thousands of authorized technology and implementation partners.

- **End-to-end service management:** Supporting its Intelligent Enterprise vision, SAP Service Cloud has native integrations, hundreds of third-party connectors (called Cloud Elements), as well as partnerships with independent software vendors for smarter end-to-end processes. Users of Gartner's client inquiry service have mentioned that the native integration of SAP Service Cloud with SAP ERP Central Component (ECC) and SAP S/4HANA results in lower integration costs and enriched customer service functionality.

- **Industry focus:** In 2020, SAP launched its Industry Cloud offering — a platform on which SAP and its partners will develop industry-specific applications under common data models, starting with industries such as energy and utilities, retail, consumer products and automotive. SAP's industry strategy extends to all industries, so it should be expected to announce other industry-specific products in future.

Cautions

- **Strategic focus on SAP installed base:** SAP's vision for the CRM CEC forms part of its overall Intelligent Enterprise strategy, which is logically focused on addressing the needs of its existing 400,000 customers. As such, SAP's CRM CEC application continues to be of less relevance to organizations outside SAP's installed base.

- **Work in progress:** In conversations with Gartner about SAP, customers of this vendor have expressed concerns that the SAP Service Cloud product is "unfinished" and "immature" in some areas. They have also indicated uncertainty about how the product's roadmap can help them succeed.

- **Market presence:** Despite having strong brand recognition, SAP does not appear on Gartner clients' CEC shortlists as regularly as its main competitors. SAP lost CEC market share in 2020, which has slightly weakened its Ability to Execute.

ServiceNow

ServiceNow is a Leader in this Magic Quadrant. The ServiceNow Customer Service Management (CSM) product helps companies unite customer-facing teams and communication channels with back-office teams, processes and systems to resolve issues, proactively identify and fix problems, and simplify engagement in order to quickly handle customer requests. ServiceNow offers strong case management and knowledge management deeply integrated with digital products and services monitoring. ServiceNow operates worldwide. The majority of its CEC clients are U.S.-based, but it has a growing presence in EMEA. ServiceNow should be considered by organizations that are, or are becoming, technological, asset-intensive and case-centric service organizations with a need for flexible and elaborate workflow options.

Strengths

- **Overall viability:** ServiceNow serves more than 80% of the Fortune 500 companies. In the CEC market, it continues to show strong year-over-year revenue growth, having grown by 76% in 2020, according to Gartner's estimate.

- **Platform capabilities:** ServiceNow offers a robust platform with key capabilities within its IntegrationHub, and for asset management and real-time monitoring. This vendor's platform is also embedded into RPA workflow actions (via partnerships and the pending acquisition of Intellibot). Notable 2020 enhancements included a Process Automation Designer supporting cross-enterprise workflows, and IoT threshold monitoring for customer service and field service management use cases.

- **COVID-19 response:** ServiceNow launched a safe workplace suite in May 2020, followed, in December 2020, by a vaccine administration management solution using its low-code platform and agile delivery methods. ServiceNow's response illustrates its Ability to Execute.

Cautions

- **Complexity of customization:** Users of Gartner's client inquiry service and Peer Insights reviewers have expressed concerns about the complexity of configuration, and that development requires the help of professional developers or other additional support. However, such help can enhance the value clients derive from ServiceNow's product.

- **Licensing:** Users of Gartner's client inquiry service and some Peer Insights reviewers have reported that they find ServiceNow's licensing model complex and confusing. Some have also expressed concerns about the contract negotiation process, which can be lengthy. Prospective customers evaluating ServiceNow should ask for the latest solution pricing.

- **Industry-specific focus:** Although ServiceNow's IT service management products are adopted by customers from various industries (including many of the world's largest companies), ServiceNow CSM is best suited to the technology, service and government sectors. Prospective customers in other sectors should ask to speak with reference customers of similar size from the same or a similar industry.

SugarCRM

SugarCRM is a Niche Player in this Magic Quadrant. Its primary CEC solution, Sugar Serve, was introduced in mid-2019 as a stand-alone offering (it was formerly part of the original Sugar Enterprise offering). The vendor has a presence in over 120 countries, but about half its Sugar Serve customers are from the Americas and one-quarter from EMEA. SugarCRM continues to strengthen its ecosystem portfolio with integrations with the likes of Amazon, Genesys and Twilio. Notable COVID-19 responses by SugarCRM have included accelerated migration of customers from on-premises solutions to SugarCloud. Midsize support organizations that are looking for a capable customer engagement solution, or that are already using, or planning to deploy, sales automation, should consider SugarCRM.

Strengths

- **Ease of implementation:** SugarCRM's solution is easily configured and customized. No special training or proprietary scripting languages are needed to achieve results.

- **Focus on integration:** SugarCRM focuses on the ability to integrate with contact center platforms and legacy contact center environment technology. It now offers integration platform as a service (iPaaS) capabilities with hundreds of connectors. It has also launched SugarLive, a new integration with Amazon Connect voice, chat and text messaging.

- **Customer support:** Users of Gartner's client inquiry service have shown consistent satisfaction with SugarCRM and its dedication to customers postdeployment.

Cautions

- **Limited visibility:** Only a small percentage of Gartner clients have shortlisted SugarCRM (for Sugar Serve) in a competitive situation. The vendor's CEC solution has limited visibility in the market, in contrast to its Sugar Sell solution.

- **Innovation:** In the past year, SugarCRM's releases have focused on improvements to its core product set, and fewer cutting-edge technologies, compared with the Leaders in this Magic Quadrant. Consequently, its built-in native digital engagement channels, for example, remain limited, as do its AI-based predictive analytics, although enhancements are on its short-term roadmap.

- **Application marketplace:** SugarCRM's application marketplace, though growing, offers few CEC add-ons, extensions and third-party solutions that could enrich Sugar Serve. This limits the ability to derive more value from its solution.

Verint

Verint is a Niche Player in this Magic Quadrant. The Verint Customer Engagement Cloud Platform is an omnichannel platform with centralized knowledge, case, workflow and customer history capabilities. Verint is a large, established, U.S.-based provider best known for its workforce engagement management offering, which accounts for more of its revenue. Verint executes globally, but most customers are in the U.S. Verint's COVID-19 response introduced QuickStart programs: a set of 14 offers with discounted pricing and accelerated deployment times. Verint should be considered by organizations that want a new cloud or hybrid CEC solution that combines intelligent digital self-service, case management and workforce engagement management capabilities centered on knowledge management.

Strengths

■ **Knowledge management**: Verint innovates in the field of knowledge management from a solid foundation of strategic acquisitions, with an emphasis on contextual knowledge, cognitive intelligence and automation.

■ **Workforce engagement management**: Verint's CEC offering is complemented by the company's leading WEM solution, which enables optimal alignment, and interplay, of these two key building blocks of a customer service suite.

■ **Product capabilities**: Users of Gartner's client inquiry service and some Peer Insights reviewers have identified Verint's real-time analytics and reporting capabilities as key to supporting end-to-end customer journeys. Gartner sees other Verint applications, such as Verint Desktop and Process Analytics and Verint Speech Analytics (including real-time speech analytics), adopted in the more mature Verint implementations.

Cautions

■ **Limited visibility**: Only a small percentage of Gartner clients have shortlisted the Verint Customer Engagement Cloud Platform in competitive situations. Verint's CEC solution has limited visibility in the market.

■ **Cloud architecture**: Several components of Verint's portfolio rely on containerization and the use of Kubernetes to repurpose existing code and make it available as a cloud offering.

■ **Limited growth**: Verint's nominal growth in CEC and WEM revenue, partly due to its transition to the cloud and the associated deferral of revenue, combined with the requirement to enhance and better integrate its wide customer engagement portfolio, could curb its CEC ambition.

Zendesk

Zendesk is a Leader in this Magic Quadrant. Its Zendesk Support application is part of the larger Zendesk Suite (also known as Zendesk for Service), which combines a customer communication hub with the engagement orchestration features that constitute the vendor's CEC offering. With 170,000 customers, Zendesk has the largest customer base of the vendors in this Magic Quadrant. The vendor works globally, often with midsize customers, but increasingly also with large enterprises. The past year has brought notable pricing improvements from Zendesk in the form of prebuilt packages inclusive of omnichannel support, as well as new add-on options. Zendesk is known for high user adoption rates, an easy-to-use interface and SaaS-only deployment focused on the customer experience. Zendesk does not offer industry-specific solutions. It is suitable for organizations that do not require industry-specific customizations.

Strengths

- **Overall usability:** Users of Gartner's client inquiry service and Peer Insights reviewers appreciate the overall usability of Zendesk's offering — they have praised its ease of use, customization and administration. Zendesk customers derive benefit from the fast time to value and agility that it delivers, which enable them to serve customers better.

- **Innovation:** Zendesk innovates rapidly. In 2020, it launched key features in areas such as automated conversation orchestration across channels, with a mix of native and third-party bots and workforce management (through a partnership with Tymeshift). A notable roadmap item is Zendesk Integration Services, which is currently in preview for partners.

- **COVID-19 response:** Zendesk has received praise from Gartner clients for its partnership with them and for the customer experience it has offered during the pandemic. The vendor's response to the pandemic has included licensing relief, faster availability of digital customer service capabilities, and the release of a remote support bundle and the Zendesk Vaccine Management Solution (in partnership with TCS). Zendesk's response illustrates its Ability to Execute.

Cautions

- **Support for larger enterprise customers:** Zendesk has made progress toward meeting the needs of larger enterprise customers, and is still developing its solution. However, Larger enterprise users of Gartner's client inquiry service and prospective Zendesk customers with whom Gartner has had contact have expressed concerns about Zendesk's ability to support complex business processes and integration needs.

- **Product strategy for UI complexity:** Zendesk's CEC offering has been architected to ensure customers see fast initial time to value and find innovations easy to use. The vendor has a growing number of customers, with more than 500 users balancing the trade-offs of migrating to a more intuitive UI. However, larger customer service centers managing significant numbers of advisors and/or with intricate UI requirements are finding Zendesk's offering less intuitive and, in certain cases, limited.

- **Vertical product strategy:** Zendesk's vertical product strategy is limited, compared with the product strategies of other Leaders in this Magic Quadrant. This is a consideration for customers looking for solutions with embedded functionality that reflects industry best practices, especially for highly regulated industries.

Zoho

Zoho is a Niche Player in this Magic Quadrant. It offers the enterprise scale of a global SaaS-plus-PaaS provider, but is mostly used by small and midsize businesses (SMBs). For the customer service market, Zoho offers Zoho Desk. Zoho has invested in its product in order to handle high-complexity customer support operations supported by relatively small teams (those with fewer than 50 users), a segment underserved by other vendors. Notable COVID-19 responses have included free Zoho Desk licenses for government agencies and departments leading pandemic-relief initiatives. Most of Zoho's customers are in the Americas, the U.K. and Europe. Zoho should be considered by SMBs that need low-code platform capabilities and broad customer service functionality.

Strengths
- **Value for money:** Users of Gartner's client inquiry service have praised Zoho for the value they derive from Zoho Desk, relative to its cost. In addition, Zoho does not impose long-term contracts and offers refunds to customers dissatisfied with its service.

- **Ease of implementation:** Implementing Zoho Desk is easy to use and straightforward. Peer Insights reviewers have praised Zoho for the number of customization options built into its product. Zoho appeals to a wide range of developer personas, from citizen developer to professional developer, thanks to its low-code application platform (Zoho Creator).

- **Ease of integration:** Zoho Desk can be integrated with other Zoho products in the vendor's portfolio, such as Zoho CRM, Zoho Creator, Zoho Forms and Zoho Analytics. Additionally, the solution is integrated with popular products like Atlassian Jira and Trello, Microsoft Teams and Slack.

Cautions

- **Limited visibility:** Only a small percentage of Gartner clients have shortlisted Zoho in competitive CEC situations. Zoho has limited visibility in the CEC market.

- **Differentiation:** Despite its innovation in the low-code application platform market, Zoho shows limited innovation in terms of CEC-specific capabilities and lacks competitive differentiation. Prospective customers should expect to have to customize the solution to their own advanced CEC requirements using Zoho's low-code development tools and/or Zoho marketplace extensions.

- **Vertical product strategy:** Zoho's vertical product strategy is limited, compared with the strategies of Leaders in this Magic Quadrant. This is a consideration for customers looking for solutions with embedded functionality that reflects industry best practices, especially for highly regulated industries.

Vendors Added and Dropped

We review and adjust our inclusion criteria for Magic Quadrants as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant may change over time. A vendor's appearance in a Magic Quadrant one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. It may be a reflection of a change in the market and, therefore, changed evaluation criteria, or of a change of focus by that vendor.

We review and adjust our inclusion criteria for Magic Quadrants as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant may change over time. A vendor's appearance in a Magic Quadrant one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. It may be a reflection of a change in the market and, therefore, changed evaluation criteria, or of a change of focus by that vendor.

Added

- Cherwell

Dropped

- Kustomer

Inclusion and Exclusion Criteria

Gartner Magic Quadrants and associated Critical Capabilities reports identify and analyze the most relevant providers in a market and their products or services. By default, Gartner limits the number of vendors included to 20, to assist identification and evaluation of the most relevant providers. On certain occasions, however, this upper limit may be raised if the intended value of the research would otherwise be diminished.

The following inclusion criteria represent the specific attributes that Gartner analysts deemed necessary for vendors to have in order to be included in this research. Each vendor was permitted to submit one product or suite for evaluation.

Market Presence and Momentum

Among the factors that affect our evaluations of a vendor are its presence in the market, and its observed growth momentum. A vendor with stagnant sales or an ineffectual marketing organization should concern prospective buyers.

Gartner's inclusion criteria were as follows:

References: Due to the COVID-19 pandemic in 2020, Gartner did not require vendors to identify reference customers. Instead, other sources of information were used, such as Gartner client inquiries and Peer Insights reviews (www.gartner.com/reviews) collected between 1 January 2020 and 19 February 2021.

Revenue Traction: Representations had to be confirmed in writing by an appropriate finance executive within the vendor's organization (such as the CFO). They had to:

- Confirm a minimum of $30 million in total revenue, as of 31 December 2020, composed of revenue from concurrent licenses, named-user licenses and application consumption.

- Confirm that revenue in the upcoming four quarters would equal or exceed the previous four quarters of business results in the upcoming four quarters.

- Confirm revenue of at least $10.0 million in CRM CEC software license revenue for core CSS from new clients, per generally accepted accounting principles (GAAP) or International Financial Reporting Standards (IFRS), during the four fiscal quarters that ended closest to 31 December 2020 (but no earlier than September 2020).

In addition, the following had to be well represented and supported:

- Large or midsize businesses (an average deal size of above 100 customer service representatives)

- Two major geographical markets (out of North America, Latin America, EMEA, and Asia/Pacific and Japan)

- Three industries (examples being utilities, telecommunications, high tech, oil and gas, manufacturing, aerospace and defense, automotive, financial services and insurance, chemicals, medical devices, healthcare).

Functional Breadth: The product had to provide at least five of the following seven categories of functionality, plus integration, analytics and extensibility:

- Case management

- Knowledge management

- Workflow or BPM

- Digital engagement support channels

- Real-time continuous intelligence

- Mobile-enabled support

- Automation of engagements

Platform: The vendor had to have the technology to support an extension to cross-channel customer service, without the need to code a new development environment, including mobile and social media.

Market Awareness: The vendor had to be recognized by the market, as evidenced by regular appearances on client shortlists, by appearances at tradeshows and by mentions as a competitor by other vendors.

Market Following: The vendor had to provide thought leadership, which was adopted by customers in live operations, through webinars, market-related white papers, blog articles and user communities.

Short-Term Viability: The vendor had to provide evidence of:

- *Funded operations:* Sufficient cash to fund 12 months of operations at the current burn rate.

- *Onboard professional services capacity:* sufficient professional services to fulfill customer demands during the next 12 months.

- *Additional professional services capacity:* a practice and an ecosystem with sufficient third-party consulting and integration firms to grow at a double-digit pace for five years.

- *Sales pipeline:* a pipeline of prospective customers and an adequate sales team to drive growth in new business.

- *Revenue forecast:* evidence that results for the upcoming four quarters (from 1 October 2020) would exceed the previous four quarters' results.

Evaluation Criteria

Ability to Execute

- **Product or Service:** Core goods and services offered by the vendor for the defined market. This includes current product and service capabilities, quality, feature sets, skills and so on, whether offered natively or through OEM agreements and partnerships, as defined in the market definition and detailed in subcriteria.

- **Overall Viability:** This includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood that the individual business unit will continue to invest in the product, will continue offering the product and will advance the state of the art within the organization's portfolio of products.

- **Sales Execution/Pricing:** The vendor's capabilities in all presales activities and the structure that supports them. This includes deal management, pricing and negotiation, presales support, and the overall effectiveness of the sales channel.

- **Market Responsiveness/Record:** The ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor's history of responsiveness.

- **Marketing Execution:** The clarity, quality, creativity and efficacy of programs designed to deliver the organization's message to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the minds of buyers. This "mind share" can be driven by a combination of publicity, promotional initiatives, thought leadership, word of mouth and sales activities.

- **Customer Experience:** Relationships, products, services and programs that enable clients to be successful with the product evaluated. Specifically, this includes the ways in which customers receive technical support or account support. It can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, service-level agreements and so on.

- **Operations:** The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure, including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

Table 1: Ability to Execute Evaluation Criteria

Evaluation Criteria ↓	Weighting ↓
Product or Service	High
Overall Viability	Medium
Sales Execution/Pricing	High
Market Responsiveness/Record	High
Marketing Execution	Medium
Customer Experience	High
Operations	Medium

Source: Gartner (June 2021)

Completeness of Vision

■ **Market Understanding:** The ability of the vendor to understand buyers' wants and needs and to translate that understanding into products and services. Vendors that show the highest degree of vision listen to and understand buyers' wants and needs, and can shape or enhance those wants and needs with their added vision.

■ **Marketing Strategy:** For this criterion we look for a clear, differentiated set of messages consistently communicated throughout the organization and externalized through the website, advertising, customer programs and positioning statements.

■ **Sales Strategy:** The strategy for selling products that uses an appropriate network of direct and indirect sales, marketing, service, and communication affiliates that extend the scope and depth of a vendor's market reach, skills, expertise, technologies, services and customer base.

- **Offering (Product) Strategy:** The vendor's approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature sets as they map to current and future requirements.

- **Business Model:** The soundness and logic of the vendor's underlying business proposition.

- **Vertical/Industry Strategy:** The vendor's strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including vertical markets.

- **Innovation:** Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or preemptive purposes.

- **Geographic Strategy:** The vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, either directly or through partners, channels and subsidiaries, as appropriate for that geography and market.

Table 2: Completeness of Vision Evaluation Criteria

Evaluation Criteria ↓	Weighting ↓
Market Understanding	High
Marketing Strategy	Medium
Sales Strategy	High
Offering (Product) Strategy	Medium
Business Model	High
Vertical/Industry Strategy	High
Innovation	Medium
Geographic Strategy	Medium

Source: Gartner (June 2021)

Quadrant Descriptions

Leaders

Leaders demonstrate a market-defining ability to execute their vision through products, services, customer experience, and solid business results in the form of revenue and earnings. Leaders typically respond to a wide market audience by supporting broad market requirements in multiple regions and industries. However, they may not necessarily meet certain specific needs of vertical markets or other more specialized segments. They demonstrate product leadership by delivering new enhancements and innovations to a consistent schedule. These vendors' development teams have a clear vision for emerging areas such as digital customer engagement, the growing influence of AI and the IoT, and the building of a solid ecosystem. They engineer flexible products along the lines of Gartner's vision of the Future of Applications. Their size and financial strength enable them to remain viable in challenging times. Clients indicate that Leaders' products have improved their organizations' delivery of high levels of value and ROI.

Challengers

Challengers demonstrate a high volume of sales in their chosen markets. — that is, more than 30% of their new business comes from more than one industry, and more than 50% comes from sales to the broader installed base. Challengers understand their clients' evolving needs, but might not lead them into new functional areas with a strong vision and technological leadership. Challengers often have significant size and financial resources and a strong presence in other application areas, but they have not demonstrated a clear understanding of how to win business in the CRM CEC market beyond their installed base. Therefore, they may not be well-positioned enough to capitalize on emerging trends. Over time, large vendors may fluctuate between the Challengers and Leaders quadrants as their product cycles and market needs shift.

Visionaries

Visionaries are ahead of many competitors in terms of delivering innovative products and/or delivery models. They point the way ahead. They anticipate emerging and changing needs for customer service and move into the new sectors associated with them. They have strong potential to influence the direction of the CRM CEC market, but are limited in terms of execution or track record. Typically, their products and market presence are not yet complete or established enough to challenge the Leaders, which places them in a higher-risk/higher-reward category. Whether Visionaries become Challengers or Leaders may depend on whether customers accept new technology or whether the vendors can develop partnerships that complement their strengths.

Niche Players

Niche Players have important products with unique CRM CEC functions, or offerings for certain industries or geographic areas. Certain Niche Players do well in a particular segment of a market, or may have a limited ability to innovate or to outperform other vendors in the wider CRM CEC market. They may offer complete portfolios but exhibit weaknesses in one or more important areas — they may, for example, be regional experts with limited ability to meet global needs. They may focus on supporting a small number of large enterprises or a large number of SMBs. Niche Players may not have means to keep pace with the market's broader demands, however, can often offer the best solutions for the current needs of particular customer service organizations, considering the price-to-value ratio of their solutions.

Context

Customer Service Technologies and the COVID-19 Pandemic

The global upheaval caused by COVID-19 will continue to have varied short-term and long-term impacts on application leaders supporting customer service, with uncertain timing across industries, markets, channels and products. These application leaders need to reassess their customer service strategy to factor in imminent disruptions and prepare their organizations better to fulfill their long-term ambition to deliver an effortless and value-based customer experience (see 2021 Strategic Roadmap for Customer Service and Support: 10 Dilemmas).

Understand the Current Disparate (and Confusing) Customer Service Technology Landscape

Engaging well with your customers is a mission-critical requirement. As such, customer service software segments are converging as organizations continue to invest significantly in digital strategy. The customer service technology landscape includes a myriad of vendors and offerings in areas such as the CEC, contact center applications, WEM and field service management. Although a unified customer service suite spanning these domains does not yet exist, the market is gradually shifting in that direction. In the meantime, organizations face a challenge to adapt to an increasingly overlapping application landscape that continues to grow in complexity.

Invest in Transitioning to Proactive Customer Services Aligned With Your Future Scenarios

Customer service organizations are largely set up to wait for customers to engage. This reactive approach results in experiences involving a high degree of effort from customers and limited self-service effectiveness and profitability, especially as customers often switch channels or use multiple channels concurrently. Gartner therefore recommends preemptively contacting customers — where possible, using automation technologies — to deliver what many customers will see as an enhanced level of service. For your top service requests, evaluate the feasibility of automation (including its ability to detect events) and the potential impact of proactive contact in advance of customer requests.

Organizations that are building CEC capabilities should be aware of the expected next generation of CECs. The evaluation criteria used in this Magic Quadrant emphasize the requirements for future success and assess vendors' progress to support one or many of the future scenarios described in The Future of the Customer Engagement Center. In addition, based on our research and inquiry with clients, we identify five use cases that we believe appropriately reflect most of the decisions organizations need to make with regard to a CRM CEC:

- **Global:** This use case focuses on complex global-scale infrastructure, cloud elasticity, latency, multicountry security and local business rule support.

- **Business-to-business**: B2B organizations typically have fewer customers but deeper customer insight. There is a wider need for personalization, persistent storylines and customized advice.

- **Business-to-consumer:** B2C organizations typically have large customer bases and rely heavily on direct customer engagement in the channels they provide.

- **Public sector:** This use case represents public sector organizations that engage with citizens, with often intensive integration into the back-end system and processes.

- **Digital customer service:** This use case focuses on the need for customer service managers to rapidly change the setup of the customer service environment, with an emphasis on orchestration of continuous conversations across multiple digital engagement channels.

Market Overview

The $22.9 billion CRM CSS software market, of which the CEC market is part, will grow at a five-year compound annual growth rate of 10.3% in U.S. dollars through 2024 and remain the largest subsegment of the customer experience/CRM market (CSS's proportion of the CRM market was about 34% in 2019). Although forecast growth rates in 2020 dropped from about 17% (2018 to 2019) to 5% (2019 to 2020), in common with other CRM subsegments, CSS revenue is somewhat protected as organizations prioritize CSS technology. Moving into 2021, growth rates are expected to improve to 12%. (Source: Forecast Analysis: CRM Customer Service and Support Software, Worldwide)

Competition in the CSS market is intense but highly fragmented. The bulk of this CSS market is held by the top 10 vendors, which together command a 57% share. The core CSS technology is the CEC, which accounts for about 63% of the CSS market. The leading CRM CEC vendors by revenue are, in descending order, Salesforce, Oracle, SAP and Zendesk. The CEC market also includes a host of smaller vendors, particularly those with upcoming technologies supporting AI, chat, analytics and self-service. (Source: Market Opportunity Map: Customer Service and Support and Digital Commerce, Worldwide)

Key Findings for Application Leaders

The current reshaping of the CEC market is characteristic of the consolidation of the customer service technology market. CSS organizations must deliver consistent, effortless, intelligent and personalized customer service to their customers. The ability to orchestrate customer requests with assisted service, as well as with self-service, is the second of the four pillars of great customer service:

- Getting connected

- Process orchestration

- Resource management

- Analytics and insights

These four pillars have represented discrete areas of investment, but there has been limited alignment between the investments. To deliver optimized, more intelligent, consistent, personalized and effortless customer service experiences, alignment is necessary. It is starting to emerge (see Customer Service and Support Technology Primer for 2021).

Since the beginning of the pandemic, Gartner's customer service team has seen significant growth in the number of inquiries from clients about CRM CEC applications. Two key findings emerge from the hundreds of conversations that Gartner has had with application leaders about the rapidly changing CSS market.

1. **The Traditional Reactive Customer Service Paradigm Is Broken**

Service organizations have introduced digital channels in the expectation that this would reduce cost and improve the customer experience. But the result has been added cost without improvement in customer experience quality.

From the 1960s until the start of the pandemic in 2020, individual customer service representatives (CSRs) worked primarily in isolation, albeit beside other CSRs seated at row after row of office desks, and resolved customer issues across a restricted set of channels using scripts and a narrow skill set. But when the pandemic hit, CSRs faced a different form of isolation in mandated work-from-home environments that were not always part of a connected ecosystem. Gartner expects the surge in working from home to moderate, but that it is unlikely to fall back to prepandemic levels — the average organization expects more than half (51%) of its CSRs to continue working primarily from home. An exponential rise in digital interactions is also breaking traditional sales models. Channel-agnostic buyers are forcing sales, marketing and service leaders to build adaptive sales models and rethink their functional alignments, roles and responsibilities. (See further Survey Analysis: Customer Experience Maturity and Investment Priorities, 2020.)

2. **Customer Service Must Be Resilient and Flexible**

Efforts to forecast the "new normal" after the pandemic must be paired with efforts to increase resilience and flexibility in order to deal with increased levels of uncertainty. To survive the crisis and emerge stronger, organizations must seize innovative opportunities to make long-term improvements. Customer service organizations need to accommodate uncertainty by understanding how to approach change across multiple channels, departments and systems. It may be possible to rebuild customer journeys, processes and interactions using existing approaches, but new approaches may be required for new behaviors (see CIOs Need to Embrace Radical Flexibility to Drive the Post-COVID-19 Work Experience).

Vendors in the CRM CEC market differ in the maturity of their support for the complexity of information required to serve customers, and for the business rules and processes associated with the steps comprising each interaction within a customer journey. It may help prospective buyers to know that:

- For simpler customer service process models, the vendors that dominate Gartner's conversations with clients are (in alphabetical order): Microsoft, Salesforce and Zendesk. However, we also regularly discuss Freshworks, SugarCRM and Zoho.

- For more complex business rules and processes, we tend to discuss the following vendors (listed in alphabetical order): Appian, CRMNEXT, Oracle, Pegasystems, Salesforce and SAP.

Evaluation Criteria Definitions

Ability to Execute

Product/Service: Core goods and services offered by the vendor for the defined market. This includes current product/service capabilities, quality, feature sets, skills and so on, whether offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria.

Overall Viability: Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood that the individual business unit will continue investing in the product, will continue offering the product and will advance the state of the art within the organization's portfolio of products.

Sales Execution/Pricing: The vendor's capabilities in all presales activities and the structure that supports them. This includes deal management, pricing and negotiation, presales support, and the overall effectiveness of the sales channel.

Market Responsiveness/Record: Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor's history of responsiveness.

Marketing Execution: The clarity, quality, creativity and efficacy of programs designed to deliver the organization's message to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the minds of buyers. This "mind share" can be driven by a combination of publicity, promotional initiatives, thought leadership, word of mouth and sales activities.

Customer Experience: Relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, service-level agreements and so on.

Operations: The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure, including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

Completeness of Vision

Market Understanding: Ability of the vendor to understand buyers' wants and needs and to translate those into products and services. Vendors that show the highest degree of vision listen to and understand buyers' wants and needs, and can shape or enhance those with their added vision.

Marketing Strategy: A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the website, advertising, customer programs and positioning statements.

Sales Strategy: The strategy for selling products that uses the appropriate network of direct and indirect sales, marketing, service, and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

Offering (Product) Strategy: The vendor's approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature sets as they map to current and future requirements.

Business Model: The soundness and logic of the vendor's underlying business proposition.

Vertical/Industry Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including vertical markets.

Innovation: Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.

Geographic Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, either directly or through partners, channels and subsidiaries as appropriate for that geography and market.

Document Revision History

Magic Quadrant for the CRM Customer Engagement Center - 4 June 2020

Magic Quadrant for the CRM Customer Engagement Center - 11 June 2019

Magic Quadrant for the CRM Customer Engagement Center - 16 May 2018

Magic Quadrant for the CRM Customer Engagement Center - 8 May 2017

Magic Quadrant for the CRM Customer Engagement Center - 4 May 2016

Magic Quadrant for the CRM Customer Engagement Center - 27 April 2015

Magic Quadrant for the CRM Customer Engagement Center - 24 April 2014

Magic Quadrant for the CRM Customer Engagement Center - 13 May 2013

Magic Quadrant for CRM Customer Service Contact Centers - 12 April 2012

Recommended by the Authors

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

How Markets and Vendors Are Evaluated in Gartner Magic Quadrants

Magic Quadrant for the CRM Customer Engagement Center

2021 Strategic Roadmap for Customer Service and Support: 10 Dilemmas

Transcend Omnichannel Thinking and Embrace Multiexperience for Improved Customer Experience

3 Direct Impacts of Composable Applications on the Customer Engagement Hub

4 Steps to Successful SaaS Negotiations and Vendor Lock-In Prevention

The 8 Building Blocks of Customer Service and Support

Table 1: Ability to Execute Evaluation Criteria

Evaluation Criteria ↓	Weighting ↓
Product or Service	High
Overall Viability	Medium
Sales Execution/Pricing	High
Market Responsiveness/Record	High
Marketing Execution	Medium
Customer Experience	High
Operations	Medium

Source: Gartner (June 2021)

Table 2: Completeness of Vision Evaluation Criteria

Evaluation Criteria ↓	Weighting ↓
Market Understanding	High
Marketing Strategy	Medium
Sales Strategy	High
Offering (Product) Strategy	Medium
Business Model	High
Vertical/Industry Strategy	High
Innovation	Medium
Geographic Strategy	Medium

Source: Gartner (June 2021)