In a World Where Customer Experience is Everything, Platform Strategy is Key
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INTRODUCTION

Prior to 2020, digital transformation was already accelerating at an exponential pace. The way we work, live, and play have all seen massive disruption, as experiences became more instantaneous thanks to the advent of boundless connectivity.

The COVID-19 pandemic accelerated this very shift. Forcing laggards to move faster, and for all businesses to rapidly add more digital solutions to their vast technology stacks — these solutions had to work together seamlessly.

Customer service and the larger Customer Experience (CX) became a focal point amidst the pandemic and the solutions took center stage as companies fought hard to retain customers and grow business in an environment that had shifted to digital at an unprecedented pace. When customers’ expectations were not met, customer service had to be there to pick up the slack.

The digital acceleration of the pandemic has forced companies to rethink their CX stacks for a very different world than the one they had been operating in before. New features including scaling on demand to be able to handle a higher volume of tickets, integrating new capabilities like machine learning and AI into customer service tasks and processes, incorporating more smart task automation to build more operational efficiency into the model, and offering flexible and scalable platform-agnostic compatibility up and down the stack, have all become critical to win the customer experience battle now and into the future.

In this paper, our team at Futurum Research will explore the Zendesk platform as part of our larger recommendations for IT leaders seeking to better understand the critical considerations for CX investments. We will evaluate their platform strategy, and enterprise readiness, and provide insights into how the platform can fit into the modern IT stack.
EXECUTIVE SUMMARY

As digital transformation spend continues to grow across the enterprise, and BI and CRM solutions continue to mature, IT decision-makers are signaling that their next area of investment focus is Customer Experience (CX) platforms. Part of this transition towards CX can be attributed to CRM’s success in managing some aspects of the customer lifecycle. More importantly, CX plays a significant role in digital transformation efforts throughout the enterprise.

This renewed focus on CX investments is driven in part by the realization across the enterprise space that customer retention can no longer be an afterthought in a mobile digital economy that has all but removed traditional barriers to competition — like geography, hours of operation, inventory, and personalized service. With nearly two-thirds of consumers reporting that they would switch companies after a single poor customer service experience, business leaders now understand that customer retention is paramount to the long-term success of their enterprise, and are now eager to treat customer service as a priority. The focus on CX spend is also driven by the arrival of more powerful, intuitive, flexible CX platforms that promise to not only improve customer service outcomes but also simplify and accelerate implementation, lower Total Cost of Ownership (TCO), and enable IT departments to build best-in-class solution stacks on their own terms rather than being locked into burdensome and often inflexible ones.

One such CX solution is the Zendesk platform, which sets itself apart from other premium-tier enterprise solutions through its open, no-code, build-your-own-stack approach to solutions integration. The deep enterprise breadth of its API footprint, native integrations with AWS, and low TCO are also key components of the Zendesk value proposition. Our evaluation of the platform will highlight some of the key reasons why IT decision-makers should seriously consider incorporating Zendesk into their CX ecosystem.
STATE OF CX, AND IT INVESTMENT

In today’s customer-centric business environment, successful digital transformation requires a laser focus on Customer Experience. That’s because great CX equates to bottom line dollars.

That’s why it’s important to frame CX operations not as a cost center, but as a driver of business development and revenue generation. The better the customer service organization a company has, the more it can increase customer retention, loyalty, and lifetime value, to say nothing of organic net new customer acquisitions through word-of-mouth recommendations. This is exactly why companies are prioritizing IT investments in solutions that help manage all aspects of the customer lifecycle, from customer service and customer support to customer experience and CRM.

Our research shows there is a clear and consistent focus by businesses on improving customer experience, customer retention, and customer development through their IT solutions investment priorities. In our 2020 Digital Transformation Index 44% of some 400+ IT leaders surveyed reported they anticipated their budgets specific to CX solutions would increase in 2021, and another 18% either expected their spend to remain the same or weren’t yet certain. That’s a significant focus on CX, and one that we expect will continue.

In another study we did in partnership with SAS amidst the pandemic and ensuing economic disruptions, we asked respondents to respond to the following question: “We are currently accelerating, adapting, and investing in our customer engagement strategy to include support for the following technologies of features sooner than anticipated.” Their responses were indicative of the importance of CX in the enterprise.
IN A WORLD WHERE CUSTOMER EXPERIENCE IS EVERYTHING, PLATFORM STRATEGY IS KEY

Respondents shared they are aggressively focused on the implementation 24 to 36 months sooner than planned:

- 40% are focused on implementing a holistic customer data management strategy that enables customer insights and engagement.
- 38% are focused on AI-driven optimization to facilitate future interactions and fine-tune campaigns, content, and brand experience promotions.
- 37.5% are focused on customer journey analytics that deliver customer interactions in the context of a relationship and in the entire journey.
- 37.5% looking to implement unified orchestration and real-time decisioning. To process customer signals across the customer life cycle in real-time.
- 36% were focused on identity resolution to each customers’ privacy and security concerns.

For organizations focused on speeding up implementation within 12 to 24 months and/or a year sooner than planned, in every category above, on average 50% of respondents shared that they are all in on quickly making forward progress in CX strategy and technology investments.

This focus suggests that businesses understand the ROI of customer relationships and are getting serious about customer retention — and IT leaders are focused on delivering.

**CHALLENGES WITH CURRENT CUSTOMER SERVICE INVESTMENTS**

Best-in-class technology solutions used to improve CX today are designed with customer expectations and the customer journey in mind, with a view toward quickly and easily identifying and resolving problems, delivering an optimal experience. Next-gen cloud based CX platforms can make massive differences in; reducing response and resolution times, smarter routing and escalations, reacting to cart abandonment, and reducing customer churn. The ability to do so in real time and at scale, while also cutting overall operational costs, is especially important at a time when customer expectations leave very little room for error.

The difficulty in achieving these objectives is often the result of compounded operational challenges which Business leaders are working to solve. These include siloed customer data, which limits the effectiveness of customer service agents, as well as disconnected workflows. Interoperability complexities can create friction between adjacent solutions that need to work seamlessly together. The impact of which can directly be felt in analyzing wasted person hours and duplicative licensing costs.

Another considerable challenge is vendor lock in. We find that most IT teams haven’t yet adopted a best-in-class approach and are instead stuck — locked in with vendors who don’t provide them the flexibility to build a best-in-class stack. This ‘use what we give you’ philosophy rather than a ‘build the technology stack which best serves the unique needs of your organization’ often means that one wrong decision can drastically impede the organization’s progress as a whole. The companies who select companies who do not value interoperability and open standards will be at a serious disadvantage.
Looking at CS, CX, and CRM we can identify some of the most critical operational objectives that an effective solution should aim to address. At the top of that list is frustrated customers, who don’t want to add to their initial frustration by having to endure cumbersome journeys and experiences while they attempt to access support.

Another pain point, this time on the organization’s side, is the cost of providing customer support. Any solution that can minimize support costs essentially pays for itself.

A CX platform that helps balance these requirements is therefore solving two critical challenges. It allows teams to speed up first response and resolution times, shorten ticket backlog, and help agents create more remarkable customer experiences by eliminating data silos. It streamlines workflows, and integrates AI-based insights, APIs, and apps. These essentials hold the key to enabling customer service organizations to reduce churn, improve customer retention, develop customer loyalty, and grow customer lifetime value for the companies they serve.

**ZENDESK SOLUTION OVERVIEW: HOW BEING OPEN, FAST, AND FLEXIBLE SETS ZENDESK APART**

Zendesk, founded in 2007, is one of the most mature customer service tools on the market. The company has had more time than most to figure out how to best serve organizations with their customer service needs and there’s a reason the platform has captured so much market share. Originally founded as an alternative to the types of heavy, complicated, ineffective ticketing systems that enterprises had to endure before digital transformation changed the IT landscape into what it is today, Zendesk has likewise evolved with its customers and their needs.

Its mission from day one was to make customer service operations run more smoothly, and with minimal friction across platforms and adjacent IT solutions. This has been a core element of Zendesk’s DNA from the beginning. That mindset is evident in Zendesk’s near-obsessive focus on continually evolving, and making itself more flexible, more open, and faster than otherwise similar solutions in the market. Its results have spoken for themselves, being the leader in the digital native customer set, with customers including Uber, Airbnb, Box, Expedia and Shopify.

Often overlooked is the ability for Zendesk to manage enterprise scale and complexity. The platform’s unique ability to quickly and painlessly scale up during periods of unexpected growth, manage com is as important in the enterprise as it is in the small to midsize space. And that capability was never more important, or more in demand, than when organizations the world over began navigating a global pandemic.

Zendesk’s balances its enterprise capabilities for customization with a mature ecosystem of pre-built solutions in their marketplace. These apps provide CS agents with the critical data visibility and the actionability they need to begin every interaction on the best possible foot. The platform also enables extensibility in channel selection, by allowing agents to reach out to customers wherever they are, regardless of medium or platform. The Zendesk customer service solution automates a wide range of critical CS and customer intelligence processes, workflows, alerts, and even touchpoints, seamlessly across all departments, connecting everything across the business as a whole. Zendesk also provides performance insights, trend analysis, and other intelligent analytics to help organizations maximize their outcomes.
On the IT implementation side of the enterprise, the breadth of Zendesk’s integration capabilities are compelling. Zendesk takes an overall open approach to integration, including a vast catalog of prebuilt capabilities, rich APIs, and native public cloud connectors. Zendesk has created an impressive scope of platform capabilities allowing for programmatic access to the entire Zendesk solution, allowing organizations to tie into Zendesk and treat it as a “CX Engine.” Indeed the design philosophy at Zendesk is API first - meaning major features are all released with corresponding APIs. These features clearly set the platform apart from other less agile competitors.

Zendesk seems deliberately built to make life easier for IT leaders by providing a near-frictionless, interoperable solution that integrates smoothly into pretty much every type of existing IT environment without compromising on features or capabilities. It is precisely Zendesk’s open integration strategy that makes the platform so uniquely effective, both on the implementation and management side of the enterprise and among the scores of customer service agents who have learned to depend on it.

**KEY FEATURES OF THE ZENDESK PLATFORM**

Key features of the Zendesk platform include:

**From pro-code to no-code.** Low-code and no-code offerings are rapidly becoming prevalent in every technology solution. Zendesk does not disappoint on that front. The Zendesk platform allows organizations to integrate relevant customer data using powerful integration options with both code and no-code functionality.

The Zendesk platform’s no-code capabilities include: **Zendesk Marketplace**, which provides thousands of apps installed with just a click. At the core of Zendesk, no-code automation and triggers capability which manages ticketing workflows without exposing the underlying code.

Zendesk’s pro-code option centers around APIs, which can be used to integrate across the entirety of Zendesk. The Zendesk Application Framework (ZAF) allows admins to create their own apps, and SDKs allow organizations to bring the Zendesk experience to mobile apps and websites.

**How Zendesk leverages apps to maximize operational efficiency.** Zendesk’s library of apps is extensive, enabling IT teams to add custom functionality to their Zendesk ecosystem and also smoothly integrate critical channels, systems, and data.

Zendesk also allows organizations to build their own custom apps through the Zendesk Apps Framework. Zendesk takes a fundamentally different approach to custom development — one that is more open than the rest of its peers. Zendesk does not require the use of a proprietary language or technology. Simple apps can be quickly deployed using Zendesk’s infrastructure with HTML, CSS, or JavaScript. For complex apps, users can build apps using the web tech stack of their choice and create apps with complex logic that run outside of the agent interface. The pervasiveness of apps and ability to surface them throughout Zendesk’s UI enables deep and complex customization of the Zendesk agent experience.
Channel apps connect agents to non-native channel types like Google Play, YouTube, and Instagram. Sidebar/modal apps improve agent productivity by surfacing contextual data and functionality from other critical apps like Mailchimp, Shopify, Jira, Trello, and Salesforce through a support interface. Ticket editor apps augment and streamline agent conversations by surfacing within Zendesk’s rich text editor. Lastly, background apps run in the background to perform automated and silent tasks.

Adding to its pro-code options, Zendesk Integration Services (launching in Q3) gives customers enormous flexibility to build custom integrations that run on Zendesk, and are tightly integrated with the rest of an organization’s tech stack.

**The power of seamless messaging integrations.** Zendesk’s objective is both simple and strategic — empowering customer service organizations to meet customers wherever they are. On a basic operational level, that means web, phone, email, SMS, mobile, and chat environments. The Zendesk CX platform also enables a plethora of popular social channels like Facebook, Facebook Messenger, Twitter, and Whatsapp, in addition to over 50 marketplace channel integrations. Zendesk also provides robust capabilities for customers to create custom channels. These include: channel frameworks, where organizations can create new channels to allow agents to respond asynchronously to customers in third party sites and apps; and Sunshine Conversations, where organizations can connect customers, agents, and bots in custom channels to surface conversations natively in Zendesk.

**Simplified APIs.** Zendesk’s API-first development methodology means that users have access to a best-in-class library of standards-based APIs that lets them seamlessly integrate Zendesk with other systems. This comprehensive API footprint provides developers incredibly granular access to data and functionality across Zendesk. We believe this is an extremely useful capability that enables powerful and efficient cross-system integrations — like programmatically creating and updating tickets, and keeping user data in sync across multiple systems.

**Public cloud connectors.** Zendesk’s public cloud connectors are designed to simplify complex integrations and workflows. Organizations can, for instance, easily connect Zendesk to AWS and hundreds of SaaS apps by using pre-built Zendesk connectors, simplifying traditionally complex, multi-app integrations.

An example of a public cloud connector is Zendesk Event Connector, which is a scalable and secure way to stream Zendesk events to AWS for building event-driven applications and performing analysis. This functionality can help organizations unlock customer information with real-time access to CX data across the company, and gain deeper insights using AWS services. This type of event-driven architecture is designed to react quickly to events and automatically route them to the appropriate place so they can be handled with maximum efficiency.

Use cases for this include automated translation with AWS Translate, sentiment analysis with AWS Comprehend, and trend analysis and alerts with AWS Quicksight, among others. This functionality can enable IT leaders to scale operations and quickly expand to new markets at a lower cost. The ability to identify trends and anomalies, react quickly to global incidents, and move data to the BI tool of choice, like Tableau, PowerBI, etc., is also a high priority for IT pros.
CONCLUSIONS AND RECOMMENDATIONS

For IT leaders entering the various consideration phases of investment and implementations we believe that Zendesk is building a platform that meets these needs. The flexible and scalable solution meets the technical complexities and the user experience demands of exponential growth in digital customer service interactions.

Our assessment is based upon broad considerations of the current CX technology landscape. However, our recommendations are driven less by what the competition is or isn’t doing and more by the critical areas of investment and capability enhancements delivered in Zendesk’s solutions.

Much the way the market has shifted toward hybrid cloud, yielding a significant shift in modern architecture for enterprise hardware, the landscape for CX software must be built with integration and flexibility in mind. In particular, the solutions must be seamlessly interoperable with the existing application environment in the enterprise.

The APIs, connectors, and integrations also must be workflow-centric to incorporate rapid innovations in intelligent automation to deliver on the promise of the next-generation customer experience workflow. The inclusion of such technologies impacts how a customer support ticket navigates through a complex ecosystem of hardware and applications to seamlessly yield a measurably faster and/or more accurate response to meet customer requirements with the highest rate of successful resolutions and the lowest attrition rate.

To conclude, we assess that Zendesk has effectively met these requirements through its best-in-class approach to CX and its scalable building-block approach to incorporate systems, applications, and processes that exist outside of Zendesk but are critical integrations in the modern enterprise customer experience workflow.
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ABOUT ZENDESK
Zendesk started the customer experience revolution in 2007 by enabling any business around the world to take their customer service online. Today, Zendesk is the champion of great service everywhere for everyone, and powers billions of conversations, connecting more than 100,000 brands with hundreds of millions of customers over telephony, chat, email, messaging, social channels, communities, review sites and help centers. Zendesk products are built with love to be loved. The company was conceived in Copenhagen, Denmark, built and grown in California, taken public in New York City, and today employs more than 4,000 people across the world. Learn more at www.zendesk.com.

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