

2019 Trends to Watch: Customer Engagement Platforms

Move over, CRM. It's time for the customer engagement platform

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Summary

Catalyst

Customers' rising expectations and increasing power are shaping the CRM landscape.

At a minimum, consumers expect a fluid and relevant experience throughout all interaction journeys. They expect to be recognized as existing customers yet, at the same time, be in control of their data. Trust is fundamental to relationships, and firms that let them down will lose their business forever. These expectations are also carried back into their places of work, and business buyers now expect companies they deal with to understand them more deeply and to make it easy to find the information they need to support their buying decisions. Trust is also essential to collaboration between businesses, particularly in the co-development of products and services, as reputations are at stake. Provenance of supply is another aspect of trust that will impact the CRM landscape in consumer, B2B, G2C, and even not-for-profit markets.

CRM in its 2019 guise will be vastly different from the old days when CRM was a system of record providing a modicum of support for sales, marketing, and service. Indeed, the retirement of the acronym is long overdue, not least because to support today's demanding customer, enterprises must develop systems of engagement, not just record.

Welcome to the customer engagement platform.

Ovum view

In Ovum's *2018 Trends to Watch: Customer Relationship Management*, we classified CRM into two types – static and adaptive. While this provided some differentiation between traditional CRM as a system of record and signaled the move to a more advanced, hybrid system of record and engagement, it lacked immediate comprehension. In 2018 we renamed it customer engagement platform (CEP) to get across two essential concepts:

- **customer engagement** – a unified capability that transcends front-office departments to support customers throughout every interaction journey
- **platform** – to provide a coordinated and consistent engagement capability that spans the entire value chain and is deeply connected to back-office, supply, and fulfillment

In August 2018, Ovum evaluated 10 CEPs in the *Ovum Decision Matrix: Selecting a Customer Engagement Platform, 2018–19*. This emerging category included seven CRM heritage vendors – Adobe, Bpm'online, Oracle, Pegasystems, Salesforce, SAP, and SugarCRM – and three vendors with an analytics and service automation background – NGDATA, TTEC, and Usermind. In 2019, we expect this list to expand to include classic CRM vendors such as Microsoft and other vendors with a strong customer analytics and automation pedigree, as they reimagine their offerings to target this emerging category.

An internet search on customer engagement platforms reveals a more extensive list, but the majority provide only limited capability, typically in support of marketing or service automation. They do not address the fundamental need to enable an enterprise to deliver a positive customer experience across all customer journeys, which has implications throughout the value chain – from demand to

fulfillment and supply, onboarding, use or ownership, and ongoing support. Standalone, traditional CRM solutions are ineffective in this complex multichannel and enterprise-wide environment.

This report explores this concept in more detail and highlights the emerging trends we can expect to see in 2019, including the role of CEPs, big data technologies, voice plus artificial intelligence, and microservices, in a variety of business scenarios.

Key messages

- Move over, CRM; it's the age of the customer engagement platform.
- Data management becomes a top priority to fuel AI-assisted customer engagement.
- The rise of ABM will drive vendors' CEP developments in B2B environments.
- Voice plus AI will become the "must have" UI for employees and customers.
- Microservices come of age as enterprises seek to differentiate and adapt faster.

Recommendations

Recommendations for enterprises

To keep pace with rising customer expectations and to prevent disruption from competitors, whether cloud native or traditional, enterprises must pick up the pace of their digital business transformations. Fundamental to progress is to change the dynamics of the business from a traditional product-centric and linear value chain perspective to a more adaptive and coherent business centered on the customer. It is vital that departmental silos are replaced by a more coherent and fast-moving organization that can orchestrate the experience customers receive throughout their various journeys and across any channel, digital or physical. The old piecemeal approach to CRM applications will reinforce operational silos. Rather than invest in a mix of enterprise applications that may or may not work together effectively, adopt a CEP. To gain the real benefits from AI, data must be brought under control, and adhering to a coherent enterprise-wide strategy is essential to ensure that data flows and can be ingested by a network of connected AI to improve performance and relevance to the customer.

Enterprises operating in high-volume B2C environments should also consider the potential value of CEPs that use graph databases that are more suited to high-volume and many-to-many relationship environments. Graph databases are effective for tracking and querying the many-to-many relationships that often best represent customer relationships in the real world (e.g., that they are members of and have different relationships with multiple tribes, not to mention products and product communities). Enterprises operating in B2B markets or B2B2C should look toward CEP vendors that can support account-based marketing (ABM) and extend this to customer service to foster deeper relationships focused on helping their customers gain the outcomes they seek.

Voice as a UI supported by AI and automation will help eliminate time-consuming manual activity; however, enterprises that are still at the early stages of transformation should focus first on CEPs to create a foundation for a positive customer experience. The bells and whistles can be added later.

The same goes for microservices, and before considering them to add new functionality quickly, ensure that DevOps and continuous integration/continuous delivery (CI/CD) disciplines are in place.

Enterprises that have already made substantial transformational progress should consider microservices as an essential contributor to rapid adaptation.

Recommendations for digital service providers

In addition to the recommendations for enterprises, DSPs should look at CEPs not just as a mechanism for coordinating and orchestrating the customer experience, but as a route through which to deliver new services to customers. Some of these will be co-developed with ecosystem partners, and a CEP provides a potential platform to foster more rapid collaboration between partners.

Recommendations for vendors

Vendors that address the needs of B2C enterprises, especially high-volume businesses, will need to extend machine learning (ML) capabilities from localized value to help orchestrate interactions across all customer journeys. In the short term, a combination of rules-based approaches and localized ML support may help add value to the more common customer journeys, such as onboarding, order to cash, and basket abandonment, but the most advanced CEP vendors are already making big strides to create a more connected and dynamic AI environment, where the outputs from one set of ML algorithms provides input to others to support the variety and complexity of omnichannel-delivered customer experiences. Dynamic orchestration must happen in real time to be effective and be supported by databases that are better at connecting and streaming data, such as graph databases, or by harnessing data lakes and data pipelines to fuel AI.

Vendors more focused on B2B enterprises must get on board with ABM, either by extending and adapting current functional capabilities or through relevant partnerships.

All vendors must provide support for voice as a UI supported by AI, as this will become the norm very quickly. A clear microservices strategy supported by an ecosystem of developers will become essential, as microservices become the default for adapting existing capabilities.

Vendors should look for opportunities to consolidate and migrate existing customers from old CRM systems onto a more modern unified CEP. Migration services and a solid business case should show that customers will reduce costs as well as accelerate their transformation journeys. It will also help protect the business from other vendors.

All vendors need to make pricing more transparent and less complex. This will encourage broader CEP adoption.

Move over, CRM; it's time for the customer engagement platform

The CEOs of Adobe, Microsoft, and SAP agree it is time to move on from CRM

At Microsoft Ignite on September 24, 2018, Microsoft CEO Satya Nadella announced the Open Data Initiative as a first step to unlocking the value of customer data to fuel customer outcomes and provide a positive customer experience. Nadella was joined on stage by the CEO of Adobe, Shantanu

Narayan, and Bill McDermott, CEO of SAP, who first suggested the initiative (for more details, see "The Open Data Initiative bodes well for end-to-end customer engagement"). Toward the end of the keynote, discussion among the three turned to a new category of customer engagement solution that would transform the enterprise's customer engagement capabilities. They called it the customer experience management platform. It is essentially the same as a CEP. Ovum considered this as a potential title for this new category back in January 2018. After careful consideration and discussions, including with vendors, Ovum decided to drop the term management as it sends the wrong signal of the enterprise "managing" the customer, which smacks of the same philosophy that wrongly took hold in the CRM solution category, where "customer" and "relationship" were all too often subordinated to "management." We also prefer the term "engagement" over "experience," as it reflects the fundamental business need to keep customers engaged with the enterprise, and customer experience is a means to that end. It is a platform that supports customers throughout whatever journey they are on, and in whatever channels, digital and physical, that they choose to use.

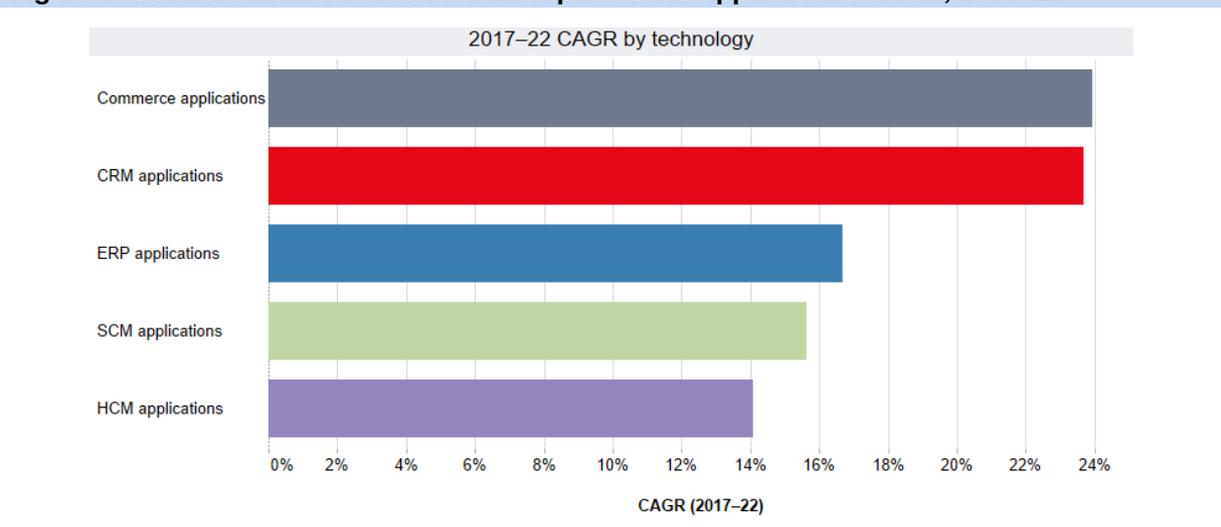
Mutual value is crucial, whatever you call the platform

Ovum defines a CEP as a platform that enables an enterprise to coordinate and intelligently orchestrate all customer engagement activities across its value chain in a way that delivers a symbiotic set of outcomes: superior experience for customers and profitable growth, improved operational efficiency, and lower costs for businesses.

Investment in customer engagement capabilities exhibits the fastest growth

We are seeing a marked shift in how enterprises are investing in customer engagement solutions. In 2018, there has been an increase in enterprises investing in customer engagement platforms rather than point solutions to support a specific functional need. SaaS-based CRM and commerce applications are growing at similar rates up to 2022 (CAGR of 23.7% and 23.9%, respectively); see Figure 1.

Figure 1: Software Market Forecasts: Enterprise SaaS applications CAGR, 2017–22



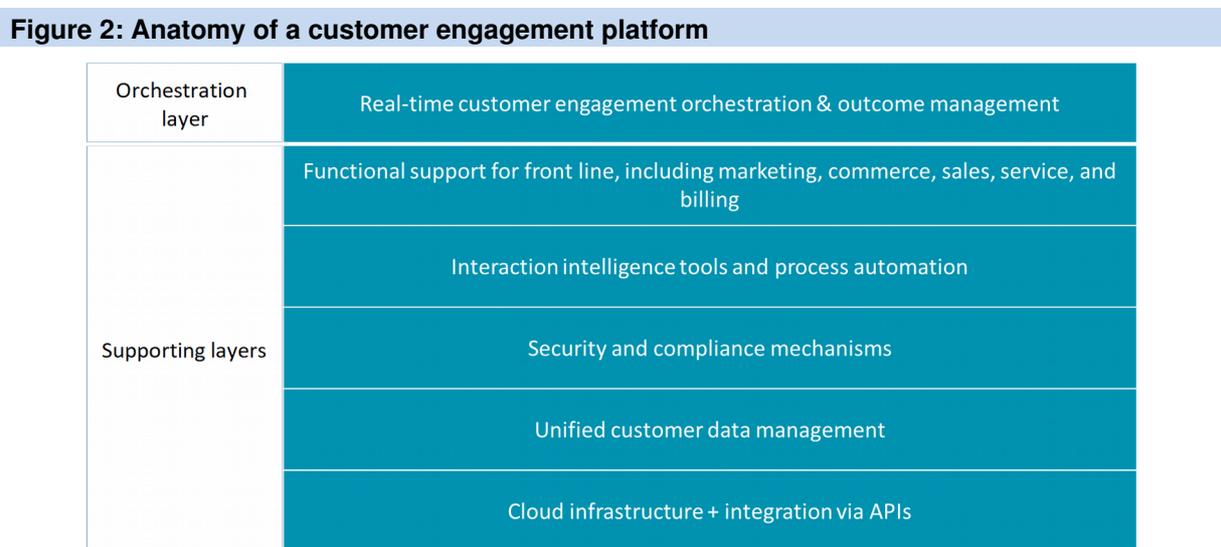
Source: Ovum Software Market Forecasts: Enterprise Applications, 2017–22, July 2018

At a modular level, the marketing automation segment is forecast to grow the fastest, at a CAGR of 15.86%, compared to the customer service automation segment, with a CAGR of 14.37%, and the sales force automation (the most mature CRM application) segment, with a CAGR of 10.83%. This

reflects a desire for growth through customer acquisition and, once acquired, customer retention. Customer engagement is also central to digital transformation because CEOs increasingly recognize the critical importance of delivering on customer expectations to drive growth. Overall, the fastest growth rates are in industries where competitive intensity and the fear of disruption are greatest. Across all CRM modules, growth rates in industries such as retail, retail banking, insurance, telecommunications, media and entertainment, and professional services are 1 or 2 percentage points above the average for all industries. While many enterprises have opted for point solutions in the past, customer engagement is increasingly seen as a platform play, either by investing in solutions that are designed to work with existing CRM systems or by replacing legacy CRM systems completely with a CEP. To deliver on the promise of a positive customer experience, a CEP must be integrated, typically via APIs, into back-office, supply, and fulfillment systems.

The anatomy of a CEP consists of five enabling technology layers, culminating in a sixth orchestration layer

The six layers are outlined in Figure 2.



Source: Ovum

The ability to orchestrate the customer experience in real time depends on five enabling "layers" culminating in the orchestration layer. These layers are illustrative, and the configuration of vendor CEPs will differ.

- **Real-time customer engagement orchestration layer:** Connects all interactions and data and delivers personalized content or next best action through every touchpoint. In B2C environments, this is often an individual consumer, whereas in B2B, a decision-making unit comprising different individuals and roles throughout the buying cycle, sometimes over many months, may be involved.
- **Functional support layer:** For CEPs to be effective, they must either provide direct functional support for customer-facing business units (CRM heritage vendors) or real-time input in support (customer intelligence and analytics heritage vendors). This includes support for marketing, sales, service, and, depending on the nature of the business, commerce and subscription billing to support subscription businesses, which can include the emerging

product-as-a-service business model, where products are rented, not owned. The CEP vendor may partner with other vendors to support this capability, but it must be integrated to support real-time customer interactions and provide essential functional support to employees interacting with the customer.

- **Interaction intelligence tools and process automation layer:** This layer includes intelligent tools (predictive and behavioral analytics, machine learning, natural language processing, robotic process automation, virtual assistants, etc.) to analyze, predict, and contextualize the data and infer customer intent. It also provides the automation capabilities to trigger a relevant response at the exact moment the customer interacts.
- **Security and compliance layer:** This layer provides the security and governance measures and business tools necessary to protect sensitive customer data, particularly important in multitenant environments, and ensure compliance with any local, regional, or industry-specific regulations. Examples of regional and local regulations include the EU's General Data Protection Regulation (GDPR) and the California Consumer Privacy Act of 2018.
- **Unified customer data management layer:** The unified customer data management layer brings together, either virtually or in a single data store, existing transactional and contextual interaction data, third-party data sources, big data, and IoT data, where relevant. It monitors and synthesizes the data to create unified customer profiles, essential for effective personalization or relevant and timely actions. Data quality is critical to fuel real-time intelligent orchestration capabilities.
- **The cloud infrastructure and integration layer:** Given the speed of change, a cloud-based platform provides the optimum environment for customer engagement platforms. This may be a combination of SaaS and PaaS. The ability to integrate with existing enterprise applications, typically via APIs, is also essential to enrich the customer profile data and to trigger activities in adjacent systems – for example, fulfillment or supply systems.

Don't think CRM; think CEP

Classic CRM thinking and investing in CRM applications a department at a time will not lead to a coherent customer engagement capability. This approach to investment is still far too common, but it only proliferates silos and the fragmentation of data. Businesses must keep their eyes on the prize, delivering a positive customer experience that encourages repeat engagement to drive profitable growth. To succeed in today's volatile, uncertain, complex, and decidedly ambiguous environment, organizations must be highly connected and able to sense and respond to change faster than ever. A customer engagement platform developed along the lines outlined in the six-layer model provides the essential mechanism to create consistently positive experiences for every customer. It provides the means to sense, respond, and adapt to ensure continued relevance. In short, to be customer-adaptive.

Data management becomes a top priority to fuel AI-assisted customer engagement

Customer engagement demands a high level of data management, especially in high-volume B2C environments

Data and its quality are critical to fuel AI-assisted customer engagement. In most enterprises today, customer data is fragmented across multiple departments and systems. The complexity and volume of variables in an omnichannel customer engagement environment makes it nigh on impossible to develop business rules, and even customer journey mapping, at best, provides a poor proxy for reality. This is where machine learning has a major role to play, but it demands high volumes of accurate data to learn and optimize interactions over time. Data must also be accessible to ML algorithms in real time, to deliver an instant response or trigger the most relevant action.

This is a universal requirement irrespective of industry, sector, or business model.

Ovum identified four core principles that are essential to effective customer engagement:

- **Recognize the customer** or persona by being able to identify the customer throughout any interaction and create a unique ID for use by all interaction and develop a profile.
- **Orchestrate the experience** based on implied intent and previous interaction and buying history.
- **Adapt to behavioral** or preference changes.
- **Protect the customer** in terms of personal data, consent to use of that data, and cybersecurity and offline practices.

Each principle requires good customer data management practices. Figure 3 outlines these four principles and 13 attributes that require accurate and timely data and a range of AI and automation capabilities driven by this data. Without the ability to recognize the customer or detect the nature of the individual attempting to interact with the organization, personalization is impossible. The 13 supporting attributes reflect the need to provide a connected and consistently positive experience to individual customers throughout any customer journey.

Figure 3: True omnichannel management – core principles and attributes

Source: Ovum

Converting customer journey chaos into real-time engagement orchestration is complex in high-volume B2C environments

Very few established enterprises can match Amazon or Alibaba in providing a connected and relevant customer experience across all channels and customer journeys. Most major retailers that have adopted online commerce to complement their traditional retail stores struggle to deliver a consistent and positive customer experience. Operational and data silos create barriers to customer engagement, and this is still the norm. The millions of daily interactions in high-volume B2C environments and countless customer journey permutations paint a picture of apparent chaos. ML can help make sense of this chaos and trigger the right action, content, and guidance required in the context of each individual customer's journey.

Dynamic orchestration of the customer experience relies on the ability to sense and respond to the customer's context, often in real time. Customer data must include traceability of the live interaction journey and any historical transactional information and stated preferences. Customers expect to choose how they want to interact and through which channel, digital or otherwise. Subject to permissions, journey data must flow from one interaction point to another. This presents a challenge where multiple systems are used to support individual departments – for example, marketing, sales, service, or commerce. In this scenario, data is not only locked away in system silos, but often

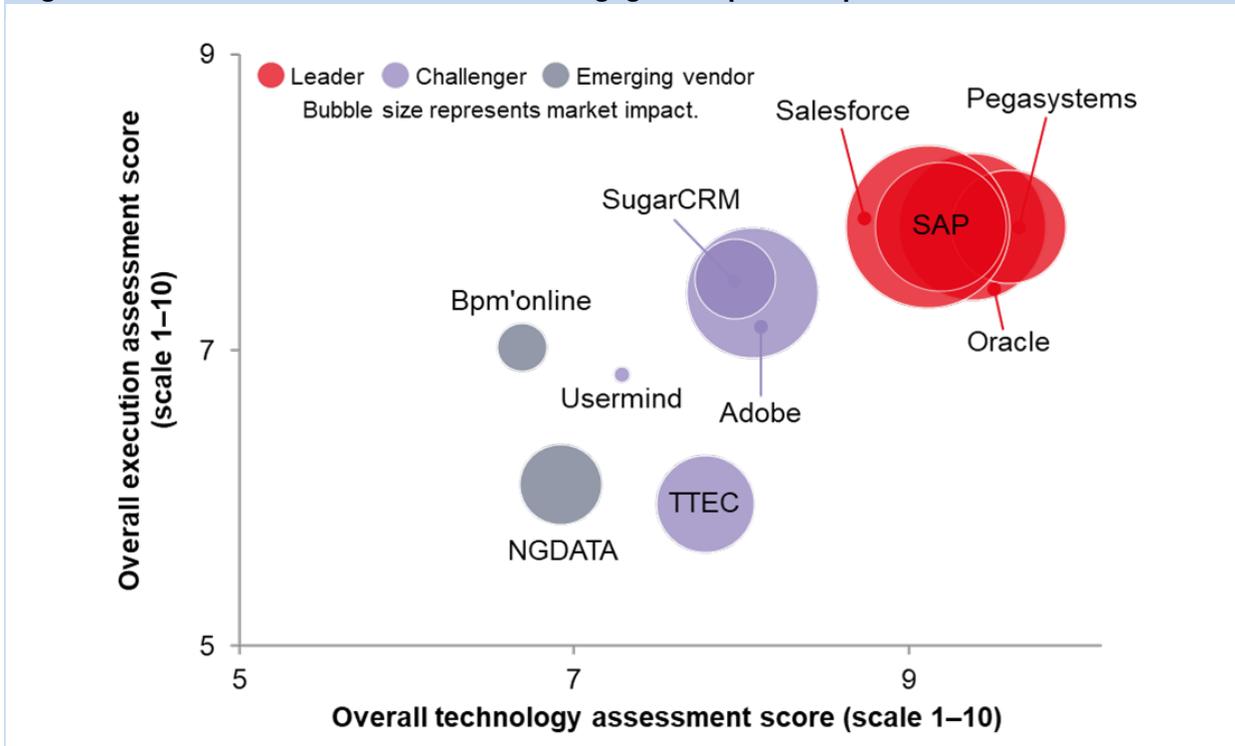
recorded in different ways. Customers may be subscribers to newsletters in marketing automation systems, cases in customer care systems, and customers in commerce systems.

The same customer might interact via the web, respond to an email campaign, and contact customer care to resolve a query or issue. Where customer data is fragmented across multiple systems, a mechanism is needed to recognize that it is the same individual in each interaction, not three distinct people. Relational databases rely on predetermined schemas, and if systems from different vendors are used to support the various departmental functions, the likelihood is that the view of the customer will be fragmented, making a relevant contextual response unlikely. Integration of systems can be hardwired, but this is expensive and does not solve the customer identity and recognition problem. The challenge is massively magnified in high-volume B2C environments.

With one or two exceptions, most of the CEP vendors are still trying to solve this challenge. This is one reason AI use cases have been limited to the specific applications being supported, such as guided selling for sales people, A/B testing and attribution in marketing, or a prioritized list of answers for a self-service application using NLP. The CEP vendors that have made the most progress with AI have a more unified portfolio of technology that more easily supports cross-cloud use cases.

The *Ovum Decision Matrix: Selecting a Customer Engagement Platform, 2018–19* placed Pegasystems' Pega Infinity as the leader based on its progress with AI to support dynamic orchestration across the customer journey and, from an enterprise perspective, across multiple departments. At its heart is the Customer Decision Hub, built on the Apache Cassandra open source database, to handle extremely massive scales of structured and variably structured data (see Figure 4).

Figure 4: Ovum Decision Matrix: customer engagement platform providers



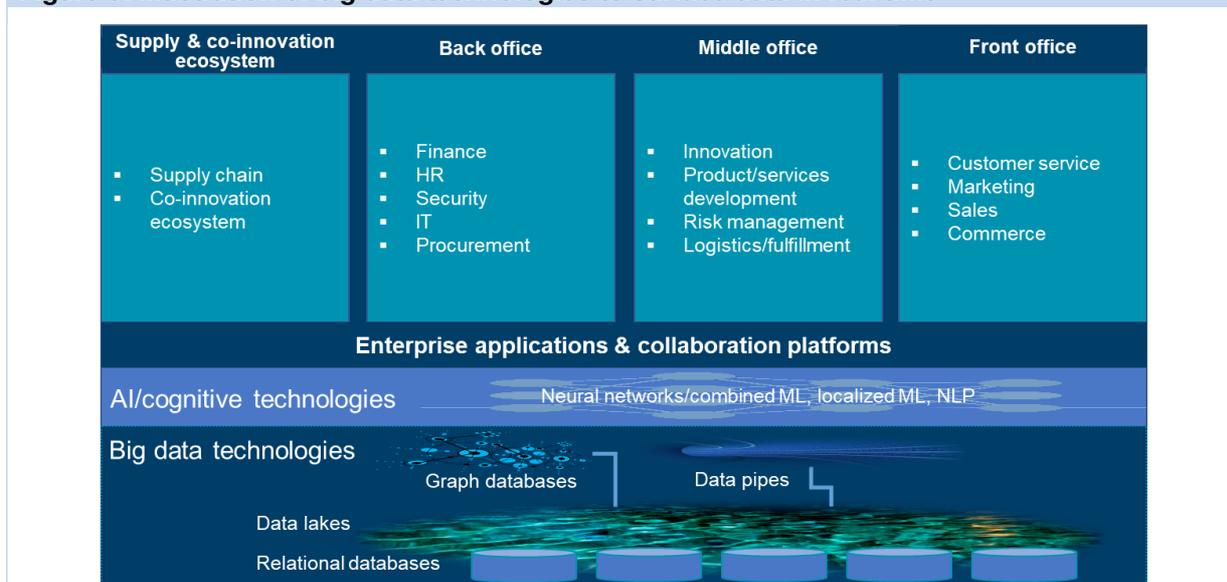
Source: Ovum

Big data technologies are being adopted to solve the challenges of customer recognition and experience orchestration

Examples of big data technologies, outlined in Figure 5, that are helping solve the real-time challenges associated with massive interaction scale include

- graph databases
- data pipes
- data lakes.

Figure 5: Illustration of big data technologies to surface data in real time



Source: Ovum

Graph databases are suited to many-to-many relationships

Graph databases, unlike relational databases, are particularly suited to many-to-many relationships. A graph database consists of nodes and edges or vertices. The nodes provide the data records and contain a list of relationships (edges), organized by type and direction. The edges are the connections between the nodes. A query on a graph database scans only the nodes that are relevant to the query and results are returned in an instant, whereas with relational databases, the entire database would be searched, which is both compute-intensive and time-consuming. Graph databases are good for sampling the problem and performing customer segmentation in high-volume omnichannel environments, where responses must be delivered in near real time. They are, however, still in their infancy, and with few exceptions, graph databases do not scale well. TigerGraph is one such exception that, through its Native Parallel Graph, creates a model where all customer data, static or dynamic, is stored, connected, linked, and integrated. Its Deep-Link Analytics enables real-time customer intelligence in support of a seamless omnichannel experience.

Figure 6: How graph databases work

Source: Neo4j

CEP vendors adopt the graph

Most of the major CEP vendors are using or planning to use graph databases, particularly for identity management and the development of customer profiles based not just on their transactional history (which is what CRM systems do) but also their interactions across multiple channels and customer journeys. These profiles containing behavioral data can then feed machine learning algorithms to understand behavioral patterns and trigger the most relevant action.

Oracle ID Graph is at the heart of the Oracle Data Management Platform. The Oracle ID Graph establishes and validates connections between IDs for the purposes of targeting or measuring applications. Linkages are algorithmically validated and scored on a continuous basis. Only linkages that are considered valid are included. A massive volume of IDs gleaned from cookies, logins, emails, and responses to mobile advertising, for example, is processed daily or weekly. While the initial focus was to beef up its consumer marketing capabilities through much better targeting and personalization, the ID Graph can also be used by adjacent Oracle systems.

In September 2017, SAP acquired Gigya, which is built on a graph database. The vendor has fully incorporated the product into its Customer Data Platform and integrated it with SAP Customer Identity, SAP Customer Consent, and SAP Customer Profile solutions, ensuring that customers are recognized and their consent is recorded in line with the provisions of the EU's GDPR, thereby protecting the customer.

At Dreamforce 2018, Salesforce announced Customer 360, which addresses the first principle – recognize the customer – and tees up the potential to orchestrate the customer experience across channels and functions. Creating a unique ID for each customer also improves security. Customer 360 acts as an identity hub between Salesforce Clouds, creating a unique ID from multiple enterprise systems that customers interact with during the course of their journeys.

The graph database not only ensures that customers are recognized whenever they interact with a firm, but it also provides the foundation for relevant and personalized responses in high-volume B2C environments.

Data pipes surface real-time data

A data pipeline is a set of data processing elements connected in series, where the output of one element provides the input of the next one in the series. The elements of a pipeline are often executed in parallel or in time slices.

Apache Kafka, a popular platform for streaming data, has three main roles:

- to publish and subscribe to streams of records, similar to a message queue or enterprise messaging system
- to store streams of records
- to process streams of records as they occur

It is used to build real-time streaming data pipelines to get data reliably between enterprise applications and systems, and to build real-time streaming applications that can react to the streams of data, such as multipath customer interaction journeys.

Data lakes can store structured and unstructured data at a massive scale

Data lakes can store transactional data from enterprise applications and nonrelational data from IoT devices, commerce sites, mobile apps, social media, which, unlike data warehouses, do not have a predefined schema but are written at the time of analysis. Data can be accessed in real time, allowing ML to create predictions or trigger events on the fly. Vendors such as Amazon, Google, IBM, Microsoft, and Oracle offer data lake-as-a-service solutions.

Given the vast volumes of data generated by millions of interactions a day in large B2C environments, and the continued reduction in the cost of storage, data lakes are a viable proposition and provide a rich store of data to train ML algorithms.

Fueling AI to generate the right results must be underpinned by good data governance practices, not just technology

One of the positive consequences of GDPR has been to shine a light on how customer data is used, managed, and protected. Apart from the reputational damage that is done when data breaches occur, and the destruction of trust, breaches can also carry severe financial penalties. In the most serious cases, they can be as much as €20m or 4% annual global turnover – whichever is higher.

If that is the stick, the big carrot is to create a disciplined data management environment where data is properly governed, made available at the point of need, and transformed into realizable value through AI – whether that be by providing timely insight to identify new revenue sources or on a day-to-day basis triggering the most relevant response at each point of the customer journey. No wonder then that we have seen the rise of the chief data officer at many large enterprises, to help the organization make decisions driven by accurate data. Without this, AI will deliver the wrong results and potentially damage the reputation of the business or worse.

The rise of account-based marketing will drive vendors' CEP developments in B2B environments

ABM is gaining B2B adherents

The underlying principle of ABM was an attempt to deliver on the promise of one-to-one marketing, espoused by Don Peppers and Martha Rogers in their 1993 book *The One to One Future: Building Relationships One Customer at a Time*. The fundamental idea, which also spawned the CRM IT market, was that the key to growth is to understand the value of a customer to a firm and how the organization can bring value to the customer. It is a symbiotic relationship that benefits both parties.

ABM is an attempt to provide this one-to-one marketing capability and to create a team effort between marketing and sales to more deeply penetrate targeted customer accounts. ABM is an adjunct to key account management, which shifts the focus from customer sales to developing deeper insights to help customers achieve their specific aims. This is something that good salespeople have always done, but what is different is the level of cross-functional collaboration that is brought to bear, with marketing and sales acting as a tight unit to achieve revenue goals as a result of delivering greater value to the customer. When well executed, this longer-term view of key account customers through ABM improves the corporate reputation; expands and deepens relationships, resulting in tighter bonds; and generates revenue growth.

ABM goes mainstream and attracts more vendors

In many respects, ABM is an incarnation of omnichannel management in a B2B context. The same core principles apply, although, in complex, high-value product or services markets, a network of relationships on the buyer's side and the seller's side will be involved.

Although ABM has been around since 2004, until recently, the idea was restricted to key accounts, as human resources constraints made it impossible to scale. That has changed.

In April 2016, Demandbase, an ABM platform developer founded in 2007, launched the ABM Leadership Alliance. It consisted of a group of technology vendors, including founding members Oracle, Optimizely, Bizible, Radius, Bound (formerly Get Smart Content), and LookBookHQ, developing technologies to support ABM. The alliance's constituents have since changed and now include

- **Engagio** – account-centric analytics and orchestration of outbound interactions
- **PathFactory** – content insight and activation platform to identify the right content throughout the buyer's journey
- **Certain** – event automation software to capture attendee insights at events
- **Salesforce Pardot**
- **Sigstr** – embedding call-to-action signatures in emails
- **PFL** – marketing automation and print services for collateral
- **ON24** – for webinar marketing campaigns.

Outside the alliance, several other vendors also are converging on this opportunity, including Marketo (acquired by Adobe) and a raft of specialist niche vendors that offer components on the ABM technology stack identified in Figure 7.

Figure 7: ABM technology stack



Source: ABM Leadership Alliance

Expect to see more ABM focus from CEP vendors

CEP vendors with a strong B2B heritage are also either planning or expected to offer more complete ABM capabilities in 2019.

Adobe acquisition of Marketo opens a more direct route to ABM

The acquisition of Marketo, a B2B and ABM marketing platform, allied to Adobe Experience Cloud, presents an opportunity to bring the companies' complementary strengths to bear and to provide a more compelling ABM solution.

Bpm'online has potential to offer ABM in midmarket companies

Although Bpm'online has written the odd blog post around ABM, it has yet to signal its intention to exploit this opportunity more purposefully.

Oracle was a founding member of the ABM Leadership Alliance and has one of the most complete offerings

Oracle was a founding member of the ABM Leadership Alliance but is no longer included on the ABM Alliance website as a member. This may indicate that it feels able to offer a complete ABM solution. As a B2B CEP, Oracle already has most of the critical components to deliver an effective ABM environment, with a unified view of the customer, AI, and data augmentation capabilities via its DaaS platform. Customer service case history can also be included in the mix to deliver a more complete account-based engagement capability.

Pegasystems and Idio announced a partnership in February 2018 to deliver ABM capabilities

Pega Infinity and Idio's demand orchestration platform for B2B marketing provide an effective combination for ABM in larger and complex B2B environments. The Customer Decision Hub at the heart of Pega Infinity will also surface customer service case history, so ABM has the potential to evolve into ABE – account-based engagement – broadening the scope of ABM.

Salesforce already provides AI support in a unified platform

Salesforce, although a member of the ABM Leadership Alliance through Salesforce Pardot, offers a compelling solution supported by Einstein AI. The unified data model in B2B provides Einstein with a broad spectrum of account-based data to ingest. Most of the focus has been very pragmatic, helping salespeople focus on the most promising opportunities and aligning sales and marketing resources for deeper account penetration.

SAP will announce enhanced ABM capabilities in the first half of 2019

SAP has spent the last couple of years significantly boosting its B2C credentials under the previous SAP Hybris umbrella. At an October 2018 SAP C/4HANA conference in Barcelona, Spain, it became clear that the fundamental driver for SAP product development is to shoot for what it calls the Intelligent Enterprise. This has galvanized development of all of its cloud solutions and, given its strong B2B heritage, attention has now turned toward ABM. The firm will reveal more in the first half of 2019.

SugarCRM–Accel-KKR partnership will accelerate development

In August 2018, SugarCRM announced that Accel-KKR, a leading technology-focused private equity firm, made a strategic and significant investment in the company. CEO Larry Augustin said that this would accelerate growth, both organic and through strategic acquisitions. We can expect ABM to figure in product developments in 2019 and investment in AI.

Voice + AI will become the "must have" UI

Voice will aid productivity

Alexa, Google Home, Cortana, and Siri have made interaction through voice normal in the home and while on the move. While voice recognition has reached a state of maturity and usefulness in our personal lives, to add value in a business setting, it must do much more than play a tune, look up a recipe, or provide guidance on nearby restaurants.

What we are now seeing is a shift to conversational support in the business environment that harnesses AI in shape of NLP and ML, as well as voice recognition. When connected to enterprise applications, it can be used to retrieve information as well as update systems of record, or even trigger process by command. This goes beyond simple convenience for mobile workers, who can update records remotely via voice following a meeting with a customer or client. It can boost productivity by eliminating time that would otherwise be spent updating records, and it will increase the accuracy of information gathered, immediately following an important meeting, while it is fresh in the mind of the salesperson or field engineer. As it becomes more pervasive and integrated with enterprise applications, which we can expect in the near term, office and home workers will also benefit and start to use voice to get useful in-context guidance or as a simple mechanism for updating records and triggering or scheduling follow-up activities. We can also expect to see it embedded in self-service apps, so that customers can ask for support through voice.

- Salesforce announced Einstein Voice at Dreamforce 2018 and gave a demonstration of how a salesperson can use voice to get reminders of upcoming meetings, record memos following sales meetings, automatically update records, and trigger follow-up events.
- Oracle has focused on the use of conversational AI through its Digital Assistant to provide support for customer self-service for less complex queries, and to automate hand-offs to customer service agents if the inquiry proves more complex. It also supports use cases across a variety of enterprise applications, such as HCM, ERP, and SCM.
- SAP is also embedding voice-activated digital assistants in its portfolio of enterprise applications and its Digital Boardroom via SAP Analytics Cloud, harnessing Alexa.

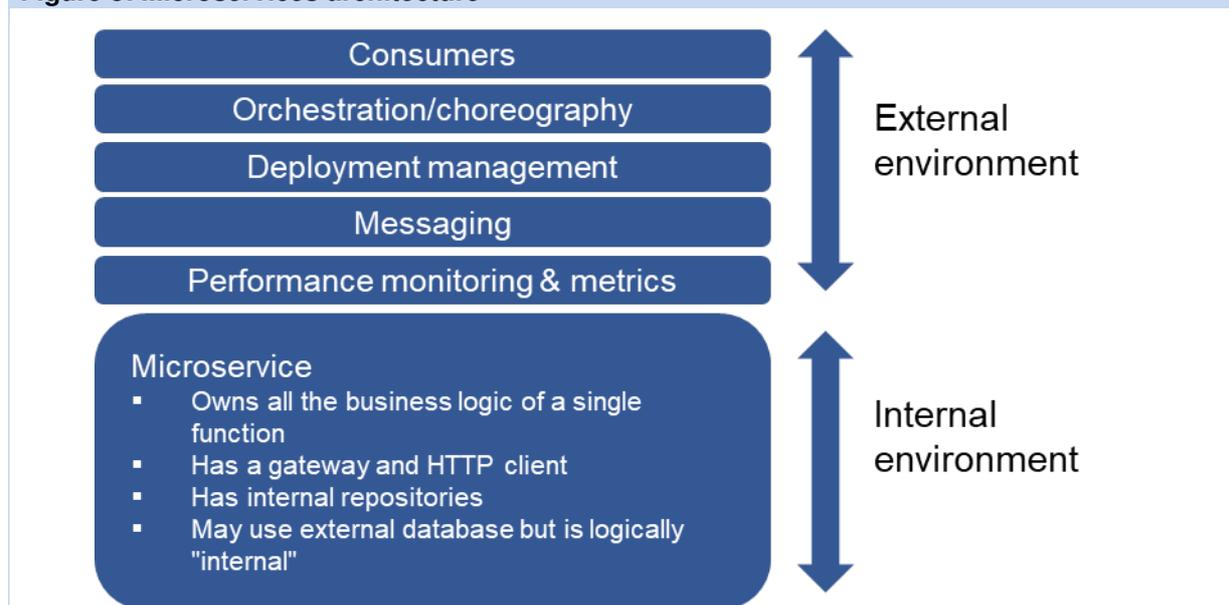
By the end of 2019, use of voice in the more modern cloud applications will be considered normal.

Microservices come of age as enterprises seek to differentiate and adapt faster

Microservices offer adaptability and speed

The rise of the CEP offers a big step forward for enterprises to engage with customers in more consistent, relevant, and helpful ways, across their various interaction journeys. Most enterprises are still at the early stages of digital transformation and are laying the foundations for the more agile and adaptive enterprise. Once the foundation is in place, these enterprises will have to catch up quickly with the rising expectations of their customers. Reliability and consistency must be augmented with relevant differentiation to deliver an augmented customer experience.

Some may also seek to change their business models and to add new capabilities at speed. The advantage of microservices is that these self-contained functional applications can be added to existing systems via APIs, usually via a PaaS as an extension. Figure 8 provides an architectural view of microservices.

Figure 8: Microservices architecture

Source: Ovum

Microservices also foster experimentation. New functionality can be tested, and if it fails, it will not impact the integrity of existing systems. However, Ovum cautions not to consider microservices until the essential DevOps and CI/CD disciplines are in place.

Enterprises increasingly are adopting the more agile development disciplines, and major vendors are creating their own microservices ecosystems and extension platforms to make it easier to find and consume the most promising and relevant microservices. At SAP's Customer Experience Live event in September 2018, the vendor announced the launch of its SAP Cloud Platform Extension Factory and Kyma, an open source project designed natively on Kubernetes. It allows enterprises to extend and customize cloud-based and on-premises enterprise applications in a cloud-native way, using serverless computing or microservice architecture.

We can expect more vendors to support microservices and provide practical support to help enterprises extend the value of CEPs.

Appendix

Methodology

A combination of primary and secondary research was used to support the conclusions and guidance in this report.

Further reading

Customer Engagement Platforms: Optimizing the Enterprise for Growth, INT001-000102 (October 2018)

Ovum Decision Matrix: Selecting a Customer Engagement Platform, 2018–19, INT001-000088 (August 2018)

"The Open Data Initiative bodes well for end-to-end customer engagement," INT001-000098
(September 2018)

A Customer-Adaptive Architectural Approach for Digital Business Transformation, INT001-000040
(April 2018)

A Fusion of ABM, CSM, and Omnichannel in B2B Markets – A Synergistic Combination for Growth,
INT001-000019 (January 2018)

2018 Trends to Watch: Big Data, INT002-000012 (November 2017)

Omnichannel Management, IT0020-000240 (January 2017)

Apache Kafka: Enterprise Messaging in a Scale-Out World, IT0014-003276 (June 2017)

Microservices Workshop, IT0022-000724 (August 2016)

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We hope that this analysis will help you make informed and imaginative business decisions. If you have further requirements, Ovum's consulting team may be able to help you. For more information about Ovum's consulting capabilities, please contact us directly at consulting@ovum.com.

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