



The Industry CRM Impact In Financial Services

FEATURING RESEARCH FROM FORRESTER

How To Adopt Industry CRM



THE INDUSTRY CRM IMPACT IN FINANCIAL SERVICES: FASTER TIME-TO-VALUE AND LOWER COSTS

Achieving business objectives in Financial Services is becoming increasingly dependent on using the right technology. Leading Banks, Wealth Managers, and Insurers are turning to technology to take revenue growth to the next level, personalize customer engagement, and lower operating costs. Industry-specific CRMs are best-positioned to partner in delivering expedited business outcomes.

By nature, industry-specific CRMs are aligned to an industry and its unique needs and priorities. As the technology landscape continues to evolve, industry-specific CRMs are making new technology available, creating prebuilt industry use cases, and adhering to industry-specific nuances like compliance. Forward-thinking companies are adopting emerging technology faster and gaining stronger competitive advantages.

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About Salesforce

How Salesforce Can Help

It's become even more important for companies, especially in Financial Services, to partner with a CRM provider that specializes in their industry. At Salesforce, we've seen many customers switch from horizontal CRM providers to our industry clouds, like Financial Services Cloud, because they could capitalize on features and capabilities specific to their industry.

Here are a few of the top reasons customers are choosing an industry cloud:

- Get insights from proven best practices. Salesforce invests time in collaborating with business leaders across Financial Services organizations and invests in bringing their best practices into the product.
- Future-proof your investment. Financial Services Cloud benefits from three release cycles per year, so you can focus on your core competencies while staying ahead of the competition.
- Reduce your total cost of ownership. Our solution reduces the need for customization, helping our customers avoid large, time-consuming and costly development projects. Our comprehensive approach to CRM also reduces the reliance on point-solutions, which can carry significant additional costs while also complicating the tech-stack.
- Accelerated time-to-market. Financial Services Cloud helps you go live with new solutions faster than ever. It comes with out-of-the-box solutions for the industry, for instance, frameworks for onboarding new wealth clients, transaction dispute management for retail banks, and streamlined underwriting processes for insurance. It can also be customized to meet your specific needs, even with low/no code configuration options.

Forrester recently recognized Financial Services Cloud as a leader in CRM for financial services in the 39-criterion evaluation, The Forrester Wave^(TM): Financial Services CRM, Q2 2024.

HOW TO REPORT

How To Adopt Industry CRM

Adoption Patterns, Migration Strategies, And Technical Challenges To Consider

April 8, 2024

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Summary

Industry CRM provide packaged workflows, data models, and experiences that are purpose-built for the needs of a specific industry vertical. They offer a clear path to value for enterprises, allowing them to focus resources on creating brand differentiation instead of supporting commoditized industry functionality. However, adoption is slow and often requires a tipping point, such as a compelling business or IT need to transform operations. This report explores these forcing functions and outlines how to adopt industry CRM.

Slow Adoption Impedes Value Realization From Industry CRM

Industry customer relationship management (CRM) is an increasingly important IT priority. In [Forrester's Business And Technology Services Survey, 2023](#), 67% of services decision-makers said that increasing the adoption of industry clouds would be a high or critical priority for their IT organization in the coming year. Enterprises adopt them in order to: speed transitions to the cloud; allow IT resources to focus on brand differentiation instead of commoditized industry functionality; and drive better CRM adoption for the front office. In addition, industry CRM vendors deliver innovation several times a year, allowing enterprises to retire customizations. This lowers operating costs and increases the long-term agility and flexibility of their CRM.

Forrester defines industry-specific CRM as:

Cloud CRMs that offer user experiences, workflows, data models, intelligence, and regulatory compliance purpose-built for the needs of an industry vertical. They also support packaged adapters to core industry back-office applications.

Industry CRMs are at the center of an extended ecosystem that includes application marketplaces, independent software vendors (ISVs), and third-party service providers. Collectively, they extend the core reach and power of these solutions to last-mile capabilities like note transcription for medical providers, secure telehealth experiences for patients, or computer vision to optimize shelf restocking of consumer packaged goods.

Industry CRM Reaches Its Moment Of Truth: Adoption Is Not Straightforward

Enterprises have been slow to adopt industry CRM despite its benefits. Not all [industry clouds are equally mature](#), and many vendors currently offer lightweight or incomplete solutions, with plans to round them out over time. Industry CRM is also often more expensive than its horizontal counterparts and requires specialized resources to install, manage, upgrade, and service.

Lawrence Coppin, VP Salesforce Healthcare & Life Science Offerings at Virtusa — a global services provider with a Salesforce Health Cloud practice — explains the adoption dilemma: “Customers are worried about missing out on new features which are only compatible with Health Cloud, such as virtual care. They are worried about the cost to migrate to Health Cloud and the impact on the business in terms of disruption in doing it. Instead, many enterprises choose to customize their horizontal CRM, which






grinds their ability to innovate and to consume new product releases to a halt.”

Start Your Migration Journey: Identify Your Tipping Point For Industry CRM

Each industry faces specific market headwinds. For manufacturing, they include continued supply chain disruptions, rising energy prices, and growing commitments to sustainability. For healthcare, they include an aging population, increased rates of chronic diseases, and consumer demand to make healthcare records portable. These market headwinds put pressure on enterprises to scale and build new products, services, and experiences. This, in turn, puts pressure on IT teams to provide technology that boosts real business results — such as revenue, profit, customer satisfaction, or employee engagement — while delivering innovation within operating cost and investment constraints (see Figure 1).

Figure 1

Innovation Pressures Drive Industries To Offer New Experiences Via New Technologies

	Industry	Legacy business model	Innovation pressure
	Automotive	Dealer-centric sales and service	<ul style="list-style-type: none"> • Online sales supporting personalized configuration, ordering, and tracking • Onsite servicing
	Healthcare	Payer, provider frameworks	<ul style="list-style-type: none"> • Telehealth and neighborhood clinics • Home care monitoring and treatment
	Retail	In-store only	<ul style="list-style-type: none"> • Online sales • Direct-to-consumer sales • Social commerce
	Industrial manufacturing	Assets purchased as a capital expense Reactive service of assets	<ul style="list-style-type: none"> • Subscription models, with usage-based pricing • Predictive maintenance
	Financial services	In-branch/kiosk banking	<ul style="list-style-type: none"> • Digital, branchless banking

Adapted from Oracle

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Consider IT And Business-Driven Tipping Points

There is a critical point that enterprises reach where they can no longer get by with their current horizontal CRM. Even though the pressures that cause enterprises to reach this tipping point are varied, the result is the same — the enterprise can't innovate fast enough. And, if they can't innovate, they risk obsolescence. This is the point at which to consider industry CRM. Craig Halterman, CIO of Cohu — a manufacturer of products for the semiconductor industry — said this was the exact situation that Cohu experienced. It had grown by acquisition and reached a point where it was [impossible to align business strategy with operations](#). You must be cognizant of these forcing pressures as they are either IT- or business-driven (see Figure 2). Assess how close you are to this significant decision. These pressures typically encompass the need to:

- **Increase effectiveness — modernize core applications.** Many enterprises rely on homegrown legacy CRM or industry-specific CRM designed for on-premises data centers. Enterprises often “wrapper” these solutions with SaaS business applications to extend their life and to offer competitive customer self-service and digital experiences. This approach is costly and inflexible. IT leaders evaluate industry CRM as a strategy to modernize CRM and derisk a cloud migration to a compliant infrastructure in accordance with industry regulations.

[Wellstar, a not-for-profit healthcare provider, wanted to pursue broader goals](#) of early disease detection and prevention in addition to treating patients. Clinical records were originally stored in an Epic electronic health record system; however, it was difficult to access that data to alert patients of tests, or to encourage preventive measures. Wellstar adopted Microsoft Cloud for Healthcare to break down data silos and maintain data privacy, thereby enabling personalized patient outreaches. This more individualized approach is expected to increase preventive care, improve patient outcomes, and decrease administrative overhead.

- **Increase effectiveness — reduce total cost of ownership while preserving agility.** Most enterprises refresh core CRM systems every decade. During this timeframe, software assets harden and enterprises miss out on new CRM features, thereby increasing costs. Rob Smith, a VP of technology at OSF Digital, says: “A lot of homegrown solutions outlive their lifespan and are creaking at the seams. They are expensive to rebuild. Vertical solutions include everything you need, but you have to keep up with the new features.”

Standard Bank — headquartered in South Africa — had custom-built extra functionality on their Salesforce platform which required continued maintenance. They migrated to Salesforce's Financial Services Cloud to utilize out-of-the-box

capabilities to support financial accounts, relationship maps, and customer goals. Relationship managers are now able to access a full customer 360 including customer bank account balances, investment market values and holdings, and insurance policies. As a result, Standard Bank has rolled out the Financial Services Cloud to over 19,000 users across 20 countries in Africa and four business units.

- **Accelerate performance — differentiate through CX.** Many companies have a fractured CRM ecosystem. They struggle to create a single view of the customer and connect customer journeys across departments. Moving to an industry cloud allows companies to deliver consistent customer experiences.

HDFC Bank, India's largest private sector bank, supported hundreds of integrations to unify fragmented tech investment that led to a fractured CX. Using [BUSINESSNEXT's financial services CRM](#), Vaibhav Samant, senior executive VP, states that it was able to decommission over 25 applications and arm its front office with a single user experience. Similarly, the US-based First Tech Federal Credit Union relied on disjointed systems that eroded CX. Using [a CRM from Pegasystems](#), it converted more than 100 manual service forms into automated workflows, leading to: a 20% improvement in its [Net Promoter ScoreSM](#); a 40% reduction in its call handle time; and domestic wire transfer processes reduced from 105 steps to five.

- **Transform operations — unlock new revenue streams.** Business leaders seek more insights to make business decisions, with data often difficult to extract or trapped in legacy systems. Industry CRM allows enterprises to mine broader and more reliable data sets to reveal new insights. Companies use these insights to create and monetize new services for customers, including demand marketing campaigns, onboarding, and service workflows to support products end-to-end.

Cumberland Mutual, a mutual property and casualty insurance company, adopted Salesforce's Financial Services cloud in order to shift toward a customer-centric approach to policy, billing, and claims details — a significant departure from their previous policy-focused model. The company also digitized payment processes, saving customer service operations over 50 work hours per month. They introduced new agent services, such as a new legal and compliance application, and are planning to extend Salesforce's remit within their organization to enhance account relationship visibility for their insurance agency partners.

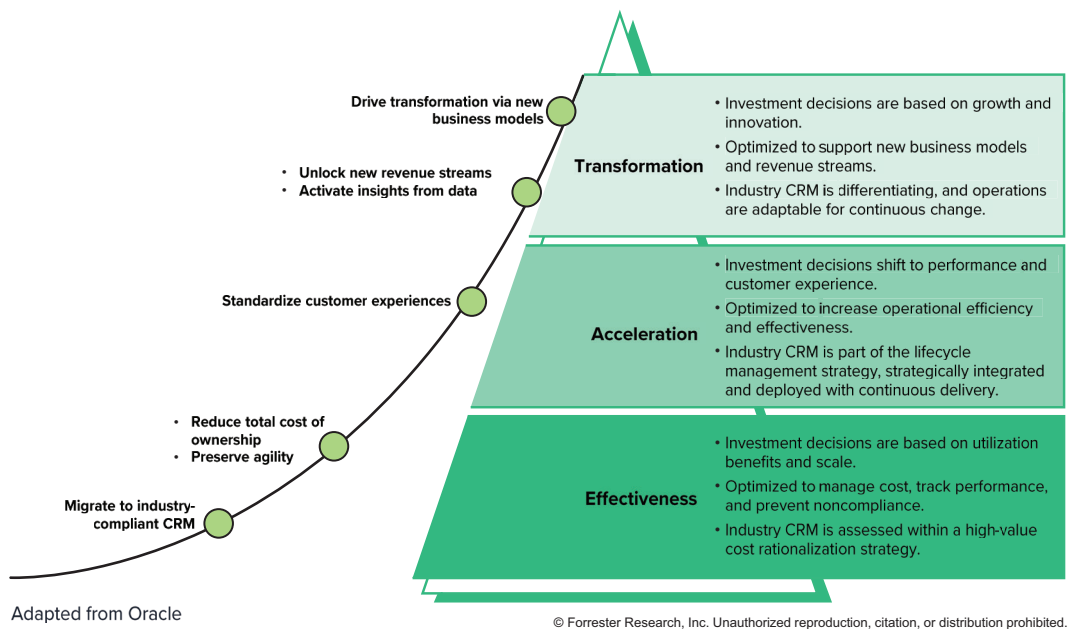
- **Transform operations — enable new business models that drive market differentiation.** Today's fastest-growing companies didn't get where they are by using the same business models as their competitors or incrementally innovating.

They jumped on trends, pioneered new digital models, and offered novel products and services that differentiate with insight. **Sports Basement** deployed SAP’s consumer packaged goods solution, increased its sales by \$500,000 with a new stock checker app, and gained 2,000 customers in 2 hours after launching its loyalty application.

Jeff Wartgow, VP product management CX service at Oracle, gives another example: “A utility provider managed complex account relationships within a regional footprint. Key account managers couldn’t quickly look up billing status by account because of data model limitations and relied on complex spreadsheets. It adopted industry CRM because billing, instead of account, was a core CRM object. This allowed account managers to better manage revenue streams and unlock growth opportunities within accounts.”

Figure 2

Value-Based Approaches For Adopting Industry CRM



Use A Five Step Approach To Migrate To Industry CRM







There is no easy way to migrate to an industry CRM, although vendors do offer a limited set of migration tools and accelerators to ease the process. These consist in part of prebuilt application programming interfaces (APIs), integration templates, and prescriptive architecture to speed up the time to market and codify best practices. Though these accelerators are helpful, your migration strategy requires a human touch for understanding business processes, creating roadmaps, and making decisions at every step of the process.

- **Step 1: Educate yourself about your options.** When considering an industry CRM solution, take time to perform due diligence on the [players in the market](#). Investigate the depth of product verticalization and alignment with your requirements. Include in your research the highly verticalized solutions from niche players that focus on a singular industry. Next, evaluate the vendor's reputation for success and customer references. Ask questions about the size of deployment that the vendor is most comfortable supporting, its partner ecosystem, and its track record of success. Consider our assessment criteria when making your decision (see Figure 3).
- **Step 2: Evaluate the scope of the project.** Document existing workflows, custom code, existing integrations to back-office systems, and marketplace applications. Compare these to what is offered via industry CRM solutions and see whether you can adapt your workflows to what is available from the industry CRM. Pay attention to data model changes and define how fields will map. Many industry clouds have significant foundational data model differences from horizontal CRM.
- **Step 3: Identify your migration strategy.** Will this be a migration of the full customer base and a retirement of the existing CRM application? Will migration be done in a phased approach or only for a subset of customers/product? Other migration options include migration based on occurrence of an event that triggers the migration of data: for example, migrating a customer's data during their next billing cycle. Use this as an opportunity to review and clean up the data as part of the migration process so that your end users have higher-quality data at the end of the process. It is likely some data transformations — such as field types or lengths — will be required, so be prepared for this.
- **Step 4: Define your org strategy.** Decide what your future org strategy will be — that is, do you migrate to a new org or do you upgrade existing orgs. For example, consider the level of tech debt incurred and whether you need an opportunity to

start afresh. Also consider the level of integrations you have and the cost to redo these if you need to migrate to a new org.

- **Step 5: Plan for change.** [Planning for change](#) includes identifying an executive sponsor that will lead the project, commit resources, and drive the change management initiative. This last step is often overlooked. Leaders must commit resources to support the change, including continued stakeholder communication, employee reskilling, and training. It also includes measuring progress against change effectiveness goals to measure adoption of the new industry CRM as well as getting feedback from users to incorporate into continual improvement efforts.

Figure 3
Look Beyond Product Capabilities When Selecting An Industry CRM

Assessment criteria	Details
 Scope of transformation	Consider: <ul style="list-style-type: none"> • Architectural standards • Departmental vs. enterprisewide transformation • Current CRM footprint and gap assessment
 Maturity of industry solution	Consider: <ul style="list-style-type: none"> • User experiences • Completeness of prepackaged workflow • Industry data model support • Industry-AI models • Prepackaged adapters to core systems • Regulatory compliance
 Maturity of marketplace	Assess breadth and depth of marketplace add-ons
 Maturity of partner ecosystem	Assess geographic presence, domain expertise, customer success in your industry
 Cost	Consider cost of vertical solutions against provided value measured by time to market, agility, and ability to unlock new opportunities
 Vendor expertise	Consider: <ul style="list-style-type: none"> • Value alignment with vendor • Domain expertise, breadth of customer references

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Supplemental Material

Companies We Interviewed For This Report

We would like to thank the individuals from the following companies who generously gave their time during the research for this report.

BUSINESSNEXT

Oracle

OSF Digital

Pegasystems

Salesforce

SugarCRM

Tech Mahindra

Virtusa

Vymo

West Monroe

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ABOUT SALESFORCE

Financial Services Cloud is a Salesforce CRM built exclusively for Banks, Wealth Managers, and Insurers. With Financial Services Cloud, you can grow revenue, onboard customers, provide excellent customer service, and personalize financial engagement with pre-built solutions. It also helps financial services customers stay compliant and reduce risk.