

# Forrester Consulting

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## **Business Managers Say Customer Relationships Is No. 1 Business Issue**

But IT And Human Capital Investments Tell A Different Story

*The following is a commissioned study conducted by Forrester Consulting on behalf of Microsoft.*

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## Executive Summary

Microsoft commissioned Forrester to conduct a custom study that examines how companies are investing in IT and human capital to improve customer relationships. On behalf of Microsoft, Forrester Consulting undertook a Web-based survey of 630 business process owners and business managers and a phone survey of 205 senior IT decision-makers in November of 2006 and February and March of 2007. Survey participants were in the US, Europe, and Asia. We selected business managers and business process owners who were responsible for managing customer relationships, establishing and/or managing partnerships, managing innovation, improving operational efficiency, contributing to strategic planning, recommending or evaluating technology investments, managing a team of information workers, or specifying the types of training employees receive. Nearly half of the business managers we surveyed (47%) had responsibility for managing customer relationships. The vast majority of senior IT leaders we selected were responsible for setting IT budgets (81%) and contributing to corporate strategic planning (79%).

In this study, Forrester found that more than half of respondents (55%) ranked customer relationships as the number one issue for their organizations and another 21% ranked it as the number two issue. Respondents' values and company initiatives support this finding, as does their focus on innovation as a means of positively impacting the customer experience. Nearly half of the respondents (43%) said they strongly agree that their organizations highly value innovations that positively impact the customer experience. More than a third (37%) said their organizations measure themselves against specific customer service metrics on an ongoing basis. More than one third (37%) said that all the company's employees take great pride in the service they provide to customers. And only 15% said their organization outsources customer-facing business processes like service and support, which indicates that most consider customer relationships to be strategic.

But we also found a gap between the strategic importance of customer relationships and IT and human capital investments in this area. Only 32% selected customer relationships as the top priority for IT spending and only 35% selected it as the top priority for human capital investments in 2006 — compared with 55% ranking it as the number one business issue. Of the 199 survey respondents that selected customer relationships as the top priority for their organization, only 51% say their organization has implemented CRM software, 41% have implemented a basic customer tracking system, and only 38% have implemented a knowledgebase. Even fewer have implemented more advanced technologies like automated, skills-based routing and agent collaboration.

Based on the study the disconnect between perception of strategic importance and spending is: 1) many organizations lack discipline in the area of customer experience; 2) it is easier for most project teams to build a business case for technology and human capital investments that result in operational efficiency than it is to make improvements to customer relationships; and 3) many business and IT executives do not feel that the business benefits achieved with CRM investments met their expectations and or that they were able to quickly realize value from the applications.