

The Journey to AI-Powered CRM

Prioritise Data and Trust to Find Success with AI-Powered CRM Software

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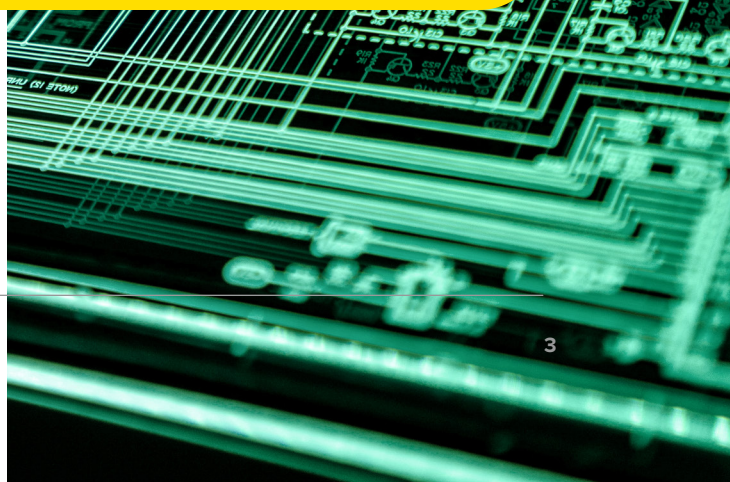
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Executive Summary

In the face of rapid technological advancements, global organisations are racing to implement AI-driven capabilities across their business. The accelerated adoption of AI is driven by the realisation that AI is not only a technological advancement but also a strategic imperative. Businesses are investing in AI for increased operational productivity, cost savings, more effective customer experiences (CX) and increased competition.

Given that customers are the backbone of every business, CRM has emerged as a springboard for AI-led transformation across the enterprise. Businesses are rapidly integrating AI-powered experiences in sales, marketing, service and ecommerce use cases. However, for AI investments to meet expectations, they must be grounded in strong data practices and trust. Data readiness (i.e. an organisation's preparedness to access and use quality data across their business) is a key component in driving successful outcomes with AI, as is the ability to trust that AI won't result in data-security concerns or incorrect outcomes. Most companies lacked the mature data practices needed for successful implementation of more advanced AI capabilities, such as generative AI (genAI), and expressed significant trust concerns; but often, the imperative to advance results in continued AI investments.

In August 2023, Salesforce commissioned Forrester Consulting to evaluate how organisations are thinking about AI-powered CRM software. Forrester conducted an online survey of 773 global business decision-makers with responsibilities for their organisation's CRM and AI. We found that many are embracing AI-powered CRM without ensuring they have the necessary data infrastructure, making them more vulnerable to undesirable outcomes.



Key Findings

The need for AI capabilities within CRM has grown significantly.

Eighty-nine per cent of respondents said AI strategy and capabilities are important when partnering with a CRM vendor. This number has increased by 112% since 2021. Understanding the criticality, respondents are actively implementing AI-features in their organisation's CRM.

Low data readiness poses challenges for AI implementations, including genAI. Data readiness is pivotal to successfully integrating AI capabilities into CRM. However, most respondents noted their organisation has low data readiness and reported data as a barrier to using AI effectively across their CRM.

Respondents from organisations with higher data readiness find more success implementing AI. Companies with mature data readiness practices have a data strategy that is integrated across the business, as opposed to siloed strategies. The data showed that respondents from organisations with mature data readiness have a better understanding of AI concepts and implemented more AI use cases.

The top barrier to genAI adoption is concern for data security. Overall, respondents lack trust in AI and are not fully confident in their employees' ability to use AI. Even so, respondents found it critical to invest in AI-powered CRM software and are doing so in spite of their concerns. One way they are mitigating this cognitive dissonance is by partnering with vendors who can alleviate their trust concerns when implementing AI features.

Organisations Recognise the Need for AI-Powered CRM

As companies increasingly implement AI across various technologies, CRM is emerging as a crucial foundation for business transformation driven by AI. Customer interactions produce large volumes of unstructured data from emails, meeting transcripts, phone conversations and more. AI has the ability to summarise this data into key insights and actionable next steps, thus easing employee workflows and improving customer interactions. Today's CRM customer is eager to utilise an AI-powered CRM to personalise front office content, answer questions and summarise customer interactions.¹ As a result, customers are rapidly integrating AI across most CRM use cases. Forrester's research found that:

- **The importance of AI capabilities has grown.** Eighty-nine per cent of respondents said AI strategy and capabilities are important when partnering with a CRM vendor today. This number has increased by 112% since 2021, when only 42% of respondents in the survey then said advanced capabilities were important.
- **Respondents are investing in AI-powered CRMs.** Respondents are implementing AI features across their organisation's CRM with the goal of staying competitive by improving their CX and increasing operational efficiency. Over half of respondents have already implemented AI in marketing and sales use cases, such as executing complete online commerce transactions and creating white space analysis for marketing outreach (see Figure 1). In the next six months, respondents plan to expand AI into their customer service use cases, such as offering personalised product recommendations and routing customer service enquiries, which will differentiate their organisation's CX.

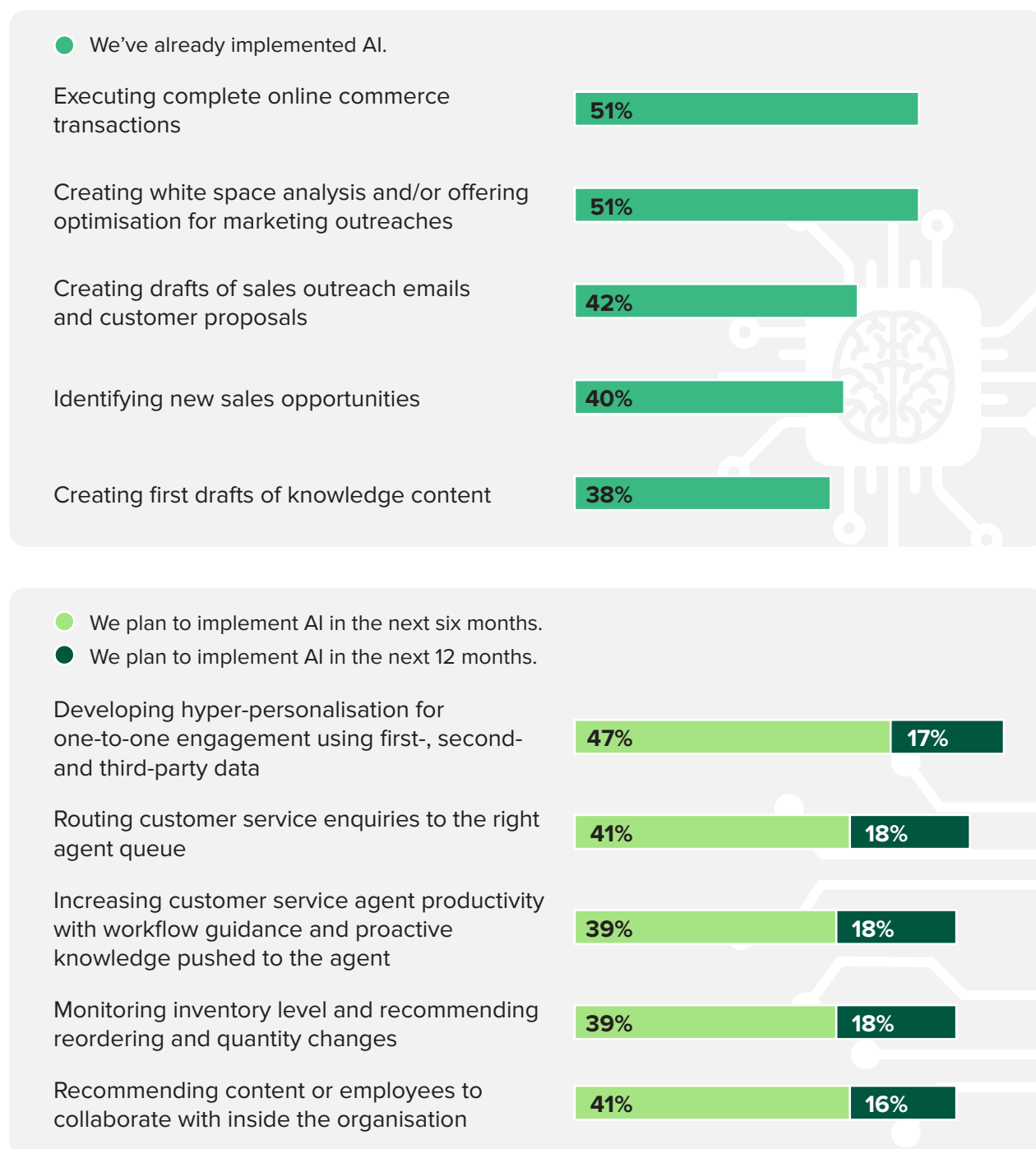
89%

of respondents said AI strategy and capabilities are important when partnering with a CRM vendor.



FIGURE 1

Respondent's Plan to Implement AI Across the Following CRM Use Cases



Base: 773 global decision-makers at the director level and above, with responsibility for their organisation's AI and business processes and technologies

Source: A commissioned study conducted by Forrester Consulting on behalf of Salesforce, September 2023

CRM Needs Data Readiness to Successfully Implement AI-Powered Features

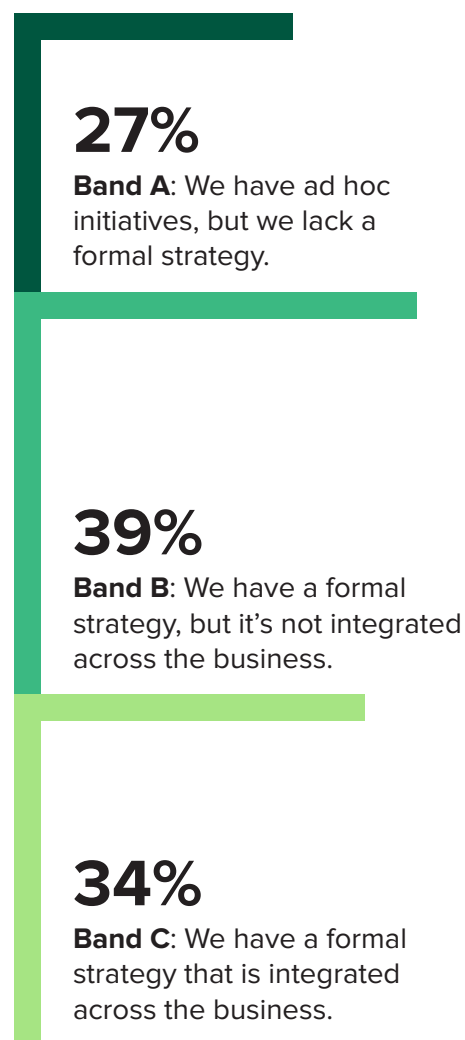
Data readiness is pivotal to successfully integrating AI capabilities into CRM. AI-powered CRM rely heavily on data to make informed predictions, offer personalised recommendations, and automate various tasks such as capturing and following up on leads and opportunities. Without high-quality, well-structured and clean data, AI algorithms will struggle to deliver meaningful insights and outcomes. Respondents understand the criticality of data readiness: 92% believe a strong data strategy is critical to AI success. But even with this knowledge, respondents are joining the rush to implement AI before they are ready.

- **Data readiness practices are low.** We asked respondents to rank their organisation's level of data readiness based on three bands: A, B and C. Twenty-seven per cent indicated that their organisation has ad hoc data initiatives and lacks a formal strategy, thus falling in band A. Thirty-nine per cent said their organisation has a formal data strategy, but it is not integrated across the business, which relegates them to band B. Only 34% said their organisation has a formal strategy integrated across the business, which places them in band C (see Figure 2).

Data readiness is critical for AI-powered CRM. If data is not complete or reliable, AI models might be inaccurate and incomplete, thus risking worse outcomes.

FIGURE 2

Respondent's Organisation's Level of Data Readiness



Base: 773 global decision-makers at the director level and above, with responsibility for their organisation's AI and business processes and technologies
Source: A commissioned study conducted by Forrester Consulting on behalf of Salesforce, September 2023

- **Data is a primary CRM challenge.** Respondents indicated that their top challenges with their organisation's CRM are data quality issues, a reliance on manual processes to synthesise data, and a lack of data skills (see Figure 3). It should be noted that this is not a new challenge: Data has been core to most digital transformation initiatives, including predictive AI and genAI. GenAI specifically requires a significant amount of data, which makes it critical to ensure strong data practices before incorporating genAI features into an organisation's CRM.

FIGURE 3

Top Technical Challenges Respondents' Organisations Face with their Current CRM System(s)



47%
Data quality issues



44%
Reliance on manual processes to synthesise data



40%
Reliance on IT to set up, make changes and/or update



34%
Poor integration with third-party data sources

Top Organisational Challenges Respondents' Organisations Face with Their Current CRM System(s)



33%
Lack of data skills (i.e. inability to derive insights from CRM data)



32%
Lack of skills regarding analytics, data science and/or machine learning



30%
Lack of IT resources (e.g. for update implementation)

Base: 773 global decision-makers at the director level and above, with responsibility for their organisation's AI and business processes and technologies

Note: Showing top responses for each challenge type.

Source: A commissioned study conducted by Forrester Consulting on behalf of Salesforce, September 2023

DATA READINESS DRIVES SUCCESS

As respondents rapidly adopt AI features for their organisation's CRM, they should focus on data readiness. Data readiness directly impacts their ability to implement AI-powered CRM. Forrester found that respondents who prioritise data readiness have better outcomes when implementing AI-powered features into their CRM. Respondents can also look to vendors to boost their data readiness and AI capabilities — but trust is a top consideration.

- **Respondents from organisations with higher data readiness understand AI concepts better.** Respondents from organisations in the most mature data readiness band, band C, can more accurately define generative and predictive AI (see Figure 4). This understanding will help them utilise AI in their CRM more efficiently. Furthermore, respondents from organisations within band C are significantly more likely to have implemented AI within their organisation's CRM, compared to respondents from organisations in bands A or B.
- **Respondents with higher data readiness have more advanced CRMs.** Not only do respondents from organisations in band C leverage more AI-enabled use cases, but they are more likely to use a unified CRM (i.e. utilising one integrated CRM across the business). This helps these companies achieve greater front-office productivity, increase creativity and focus on tasks that impact revenue and customer satisfaction.

96%

of respondents
said that trust is
critical or important
when considering
an AI vendor.

FIGURE 4

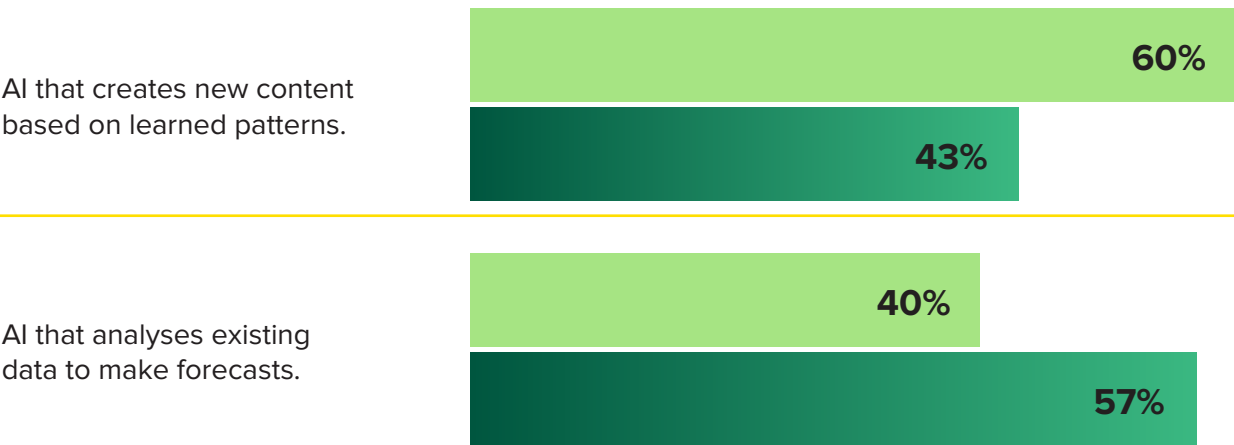
“Please match the term to its definition.”

● Band A and B ● Band C

TERM 1: PREDICTIVE AI



TERM 2: GENAI



Base: 773 global decision-makers at the director level and above, with responsibility for their organisation’s AI and business processes and technologies
Source: A commissioned study conducted by Forrester Consulting on behalf of Salesforce, September 2023

Organisations are Looking for Partners that Provide Trust

To successfully utilise AI-powered CRM systems, it is imperative that both your workforce and customers are well informed on and trust the fundamental concepts of AI. Educating your workforce empowers them to understand the value of data and leverage it effectively in their roles. Simultaneously, educating customers about how their data is handled fosters trust. Currently, many are not fully confident in the concepts surrounding AI-powered CRM software, and they lack overall trust with AI. However, trust issues are not preventing respondents from investing in AI-powered CRM software. Instead, they are prioritising vendors who can mitigate these concerns as they continue to adopt AI features. Forrester's research found:

- **There is a lack of understanding around AI concepts.** Only half of respondents could accurately identify the definition of generative and predictive AI. This signals that there is an opportunity for education around the value of AI-powered CRM, the specific use cases that AI enables and the business outcomes that enterprises can expect from these use cases, before implementing AI into CRM use cases.
- **Trust remains a concern for genAI.** Respondents said the main barriers to purchasing genAI at their company are security concerns, such as unintentionally exposing private customer data, infringing copyright or violating data regulatory compliance requirements. They also voiced concerns over trusting the output quality of genAI content, which can be very convincing, but technically inaccurate. Exposing customers to AI without human review and correction could damage brand reputation.
- **Trust is a primary concern with AI-powered CRM software.** Respondents' main concerns with AI-powered CRMs include data security and AI features that could erode trust with their end customers. A main fear for data security is the leakage of Personally Identifiable Information (PII) and/or company-confidential data — such instances would incur regulatory non-compliance penalties and damage brand reputation.

- **Respondents prioritise trust in a vendor partner.** Trust is a main concern when adopting an AI-powered CRM. As a result, 96% of respondents said that trust is critical or important when considering an AI vendor. Specifically, they are seeking a vendor who can provide security protections, detect and mask sensitive data and offer the use of AI features embedded in their CRM (see Figure 5).

FIGURE 5

Top Most Important Dimensions of Trust in the AI Capabilities and Functionality Provided by a Vendor



Base: 773 global decision-makers at the director level and above, with responsibility for their organisation's AI and business processes and technologies

Source: A commissioned study conducted by Forrester Consulting on behalf of Salesforce, September 2023

Key Recommendations

Today's customers know what they want: engage with companies that provide personalisation and value at every step of their journey. Companies must meet these customer expectations to garner their satisfaction, which drives engagement, conversion, loyalty and ultimately revenue.

AI is the most transformative technology to impact customer engagement. AI-fuelled CRM software off-loads rote tasks and allows the front office to focus on creativity and building customer relationships to drive revenue. Companies must evolve to strategically adopt AI. Specifically, companies that effectively embed genAI into their CRM system will see benefits such as faster customer service response times, new innovative marketing campaigns and a differentiated CX.² Forrester's in-depth survey of 773 global business decision-makers with responsibilities in AI and CRM yielded several important recommendations:

Start with clean, unified data.

Depending on your AI use case, your organisation will have to leverage different kinds of data, such as CRM content, transcripts of customer conversations and third-party data. Prioritise cleaning up your CRM data first instead of all enterprise data. Start by eliminating data silos for customer data to ensure you have a true 360 view of your customers. Then anonymise private customer data and ensure that your data complies with privacy regulations.³ Prioritising your data management and metadata practices will allow you to produce more grounded, accurate and auditable outputs from the model. This, in turn, will help you to develop and deploy use cases more quickly.

Extend data management practices to AI outputs.

Managing the outputs in genAI is as crucial as managing data inputs. For example, pass generated content through a toxicity filter that flags bias. Ensure that your AI outputs are auditable so data lineages can be tracked in case of issues. Extend your governance framework that oversees strategy,

policies and procedures to mitigate risk and validate outcomes. Add roles responsible for legal compliance or brand management to shape company policy when using AI models.

Leverage external capabilities from trusted vendors.

Customised AI initiatives are more flexible, but building AI models requires considerable time and resources. Buying an existing application reduces the need for in-house specialists and makes it easier to keep up with rapid technological changes.

Cultivate talent with an understanding that the field is constantly evolving.

Continuous up-skilling and training was the second most popular choice after data quality improvement, in terms of necessary organisational changes to benefit from AI-powered CRM. Organisations must provide training for developing and implementing AI into CRM applications. Start tactically by training employees to create and refine prompts. Ensure that you have corporate policies and processes in place that educate your employees to evaluate outputs for accuracy, bias, toxicity and harm before using generated content.

Rethink collaboration and team productivity.

AI will make your front office more efficient, and you may ultimately need less talent. But before adjusting your staffing levels, rethink how you will evolve your workforce. You will need to fill new roles such as prompt engineers or large language model (LLM) managers. These are natural career paths for customer service generalists and Tier 1 agents.

Appendix A: Methodology

In this study, Forrester conducted an online survey of 773 global decision-makers to evaluate their implementation of AI into their organisation's CRM use cases. Survey participants included decision-makers at the director-level and above, with responsibilities in AI and CRM. Respondents were offered a small incentive as thanks for time spent on the survey. The study began in August 2023 and was completed in September 2023.

Appendix B: Demographics

REGION	
United States	13%
The Netherlands	7%
India	7%
United Arab Emirates	7%
Poland	7%
Japan	7%
Germany	7%
Brazil	7%
Australia/New Zealand	7%
United Kingdom	7%
Israel	7%
France	7%
South Africa	6%
Singapore	6%

COMPANY SIZE	
100 to 499 employees	15%
500 to 999 employees	35%
1,000 to 4,999 employees	28%
5,000 to 19,999 employees	14%
20,000 or more employees	8%

POSITION	
C-level executive	15%
Vice president	32%
Director	53%

TOP 4 INDUSTRIES	
Financial services and insurance	18%
Technology and/or technology services	17%
Construction	10%
Manufacturing and materials	9%

TOP 4 DEPARTMENTS	
IT	59%
Finance/accounting	9%
Digital operations/commerce	8%
Business operations	7%

BUSINESS MODEL	
B2B	30%
B2C	20%
B2B2C	21%
Multiple, combined models listed above	29%

Note: Percentages may not total 100 due to rounding.

Appendix C: Endnotes

¹ Source: “[How Generative AI Will Transform CRM](#),” Forrester Research, Inc., 18 September, 2023.

² Ibid.

³ Source: “[A Privacy Primer on Generative AI Governance](#),” Forrester Research, Inc., 7 July, 2023.

The background features large, flowing, organic shapes in various shades of green and black. A dark green shape occupies the top left, while a lighter, yellowish-green shape flows from the top right towards the center. A large black shape dominates the bottom right and bottom center, creating a sense of depth and contrast.

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