Consolidation of customer service functionality is redefining the CRM CEC. Artificial intelligence and increased investment in digital engagement are top priorities on vendors’ roadmaps. We researched 16 vendors to help application leaders navigate this increasingly complex landscape.

**Strategic Planning Assumptions**

By 2022, 50% of large organizations will have still failed to unify engagement channels. This will result in the continuation of a disjointed and siloed customer experience that lacks context.

By 2023, 30% of customer service organizations will deliver proactive customer service using artificial intelligence (AI), process orchestration and continuous intelligence.

By 2025, customer service organizations that embed AI in their multichannel customer engagement platforms will elevate operational efficiency by 25%.

By 2023, over 40% of field service management (FSM) deployments will include mobile augmented reality collaboration and knowledge sharing tools, up from less than 10% in 2019.

**Market Definition/Description**

The current reshaping of the customer engagement center (CEC) market is characteristic of the consolidation of the customer service technology market. Customer service and support organizations must deliver consistent, effortless, intelligent and personalized customer service to their customers. The ability to orchestrate customer requests with assisted service, as well as with self-service, is one of the four pillars of great customer service within a leading customer service and support operation.

The four pillars of great customer service are:

1. **Getting connected**
2. **Process orchestration**
3. **Resource management**
4. **Analytics and insights**

These four pillars have represented discrete areas of investment, but there has been limited alignment between them. In order to deliver optimized, more intelligent, consistent, personalized and effortless customer service experiences, alignment is necessary. This alignment is starting to gain momentum (see “Prepare for the Impact of a Consolidating Customer Service Technologies Marketplace”).

Last year, Gartner updated its definition of the CEC market to reflect this need for alignment:

Gartner defines the CEC market as the market for software applications used to provide customer service and support by engaging intelligently — both proactively and reactively — with customers by answering questions, solving problems and giving advice.

The orchestration of intelligent customer service processes through a CEC application is built around a case management record and process. It may include advisory services, problem diagnostics and problem resolution, account management, insurance claims handling, servicing of banking interactions, provisioning and returns management, among other things. Workflow is an important CEC component, in terms of an organization being able to orchestrate the processing of customer engagements for the best outcomes in an effortless, effective and timely way. Some organizations require intelligent business process management (BPM) capabilities. In addition to case and workflow management, knowledge — and management — of how to enrich and personalize customer engagements is crucial.

In 2020, next to the core functionality mentioned in the definition above, we emphasize:

- Scalable cloud-based systems
- Unification of digital and voice touchpoints
- Real-time and predictive customer service analytics
- Agent guidance and navigation
- Proactive messaging to customers
- Automation using AI
- Digital workflow/BPM support
- Use of contextual knowledge management
- Social engagement management
- Internet of Things (IoT) connections
Participating ecosystem for functional enrichment

In addition, we look for emerging capabilities that demonstrate innovation of the customer relationship management (CRM) CEC solution in the following categories:

- Voice of the customer (VoC)
- Workforce engagement management (WEM)
- Multiexperience engagements
- Conversational orchestration
- Customer success management (CSM)
- Field service management (FSM)
Vendor Strengths and Cautions

Appian

Appian is a Niche Player in this Magic Quadrant, and was a Niche Player last year. Its Intelligent Contact Center (ICC) solution is targeted mostly at contact center operations. Appian focuses on
low-code application development and intelligent BPM markets, and provides case-centric applications. Its solution addresses the increasing demand for flexible and customizable prebuilt solutions. Appian has a global presence. Large organizations, especially in the financial services sector, looking for a scalable, heavily case-management-centric CEC solution, and that require the use of omnichannel capabilities, should consider Appian.

**Strengths**

- **Shared code:** Appian’s CEC offering is built on the same codebase as its low-code BPM platform as a service (PaaS). It benefits from a highly capable suite of tools for both professional and citizen developers for case management, workflow and real-time orchestration of hybrid processes (processes extending to on-premises and cloud environments).

- **Large marketplace:** The Appian AppMarket offers more than 500 accelerators, tools and extensions built on the platform by Appian or its partners.

- **The Appian Guarantee:** Appian states that new cloud customers can deploy their first application, including the ICC offering, in just eight weeks. It also guarantees that customers’ technical resources can become certified, productive Appian developers in two weeks.

**Cautions**

- **Limited changes:** Gartner has observed only limited expansion of ICC’s capabilities by Appian, other than its planned marketing and sales focus in 2020. The vendor has mostly focused on BPM/platform enhancements, which are inherited by the ICC offering.

- **Do it yourself:** Appian does not have a native CEC offering with an attached software release cycle. It provides a framework with regular updates. Customers are expected to customize the solution using Appian’s low-code development tools to deploy the solution while looking after the coding themselves.

- **Narrow sector appeal:** Appian is best suited to the financial services, healthcare and government sectors and those companies with a strong preference for DevOps technology deployments.

**Creatio**

Creatio (formerly bpm’online) is a Niche Player in this Magic Quadrant, and was a Niche Player last year under its previous name. Creatio provides CRM capabilities through an intelligent service management, low-code platform, which is part of a bigger solution for sales, service and marketing. The company promotes the “Everyone is a developer” concept for seamless business-IT alignment. Its .NET-architected application is favored because of its self-customized business processes and business logic. It provides features for testing, modifying and improving processes for faster alignment to changes. Two-thirds of Creatio’s clients come from EMEA. In 2019, the company invested mostly in new features to enhance its intelligent CRM, low-code and process automation capabilities.
Strengths

- **Simple to use:** Creatio's product is easy to configure and modify. For the second year in a row, it received the highest reference customer scores out of all vendors evaluated for “ease of use of all the products.”

- **Deployment flexibility:** Creatio’s product supports both on-premises and cloud-based configurations.

- **BPM:** Creatio offers organizations a strong low-code BPM platform, together with CRM capabilities that confer the agility to change customer-facing processes.

Cautions

- **Limited choice of system integrators:** Although Creatio has many smaller professional service partners worldwide, customers may have a limited choice of professional services for consulting and integration for large-scale and complex projects across regions.

- **Weak support:** In conversations with Gartner about Creatio, some customers of this vendor have expressed concerns about its training, documentation and project planning.

- **Data and integration:** Surveyed reference customers for Creatio indicated that they have experienced challenges in terms of data migration and real-time integration with complex environments on a large scale.

**CRMNEXT**

CRMNEXT is a Niche Player in this Magic Quadrant — the same as last year — as it mainly operates in the Asian market. It offers its CEC solution, CRMNEXT Service Management, as part of a complete platform that includes customer service, sales, marketing and digital journey capabilities. CRMNEXT Service Management can be purchased and implemented with or without other platform capabilities, according to customer needs. Key industries supported include retail banking and insurance. CRMNEXT believes that CRM CEC solutions will need to be more aware and intelligent by marrying data science, AI and decisioning to create more autonomous servicing. This is the philosophy that is driving the vendor’s roadmap. Organizations should consider CRMNEXT when looking for a scalable solution with a strong presence in Asia/Pacific.

Strengths

- **Geographical edge:** CRMNEXT has good presence in India, Hong Kong and Singapore in terms of offices, employees and customers. It also has access to parts of the Middle East and Africa.

- **Customization:** CRMNEXT has created an application framework that enables organizations to design their own business flows. The involvement of its customers in design considerations and code-free modeling shows promise.

- **Easy to grow:** The CRMNEXT solution can easily scale. The vendor’s largest customer has over 300,000 daily users.
Cautions

- **Narrow reach**: Prospective clients outside of the Asia and GCC regions should do their due diligence when considering CRMNEXT. The vendor has little traction in the U.S. or in Europe, and this creates challenges to deploy for North American and European-based multinational corporations.

- **Narrow sector appeal**: CRMNEXT is best suited for financial services, but has limited reach beyond this sector.

- **Change management**: Reference customers reported a need for improvements to the vendor’s change management process and technical integration approach.

**eGain**

eGain is a Niche Player in this Magic Quadrant; the same as last year. Its product, eGain Solve, offers a suite of customer engagement solutions. It focuses on digital-first engagement combined with knowledge management, AI and analytics capabilities. eGain has a worldwide presence. Its customer base includes mostly large enterprises and midmarket companies, especially in the financial services, retail, government, telco, healthcare and utility sectors. Enterprises and midsize organizations looking for strong digital customer engagement capabilities, including knowledge management and B2C-oriented CEC desktop capabilities, should evaluate eGain.

Strengths

- **Digital pioneer**: eGain is one of the first companies to provide and specialize in digital engagement channels. It has a broad digital channel offering, including email, chat, chatbot, virtual assistant, social and messaging support (such as for Apple Business Chat), co-browsing and notifications.

- **Attractive offerings**: eGain’s proactive customer success program, eGain 3-1-1, and its eGain Innovation in 30 Days program, provide the vendor with a successful sales strategy to interest and engage customers.

- **Simple setup**: Reference customers complimented eGain on its simple and highly configurable UI for agents.

Cautions

- **Partner issues**: Competency and responsiveness of third-party implementation partners remain an issue, according to reference customers, who scored these services low. eGain needs to expand its professional services to meet the needs of its growing customer base.

- **Desktop replacement**: Gartner rarely sees clients select eGain’s all-in-one desktop version as a replacement for a customer service system with case management capability. They often instead contribute to an incumbent vendor.
Lack of marketplace: eGain lacks a formal ecosystem with third-party solutions to enrich the solution. Against market trends, eGain does most of its development itself, which slows growth.

Freshworks

Freshworks is a Visionary in this year’s Magic Quadrant; last year, it was a Niche Player. Its Freshdesk omnichannel solution for small businesses and midsize enterprises is deployed in over 120 countries, with the bulk of Freshworks' customers in the U.S., the U.K. and Western Europe. Freshworks shows vision with its expansion into workforce engagement management, customer success management and field service management, and its integration of acquisitions in recent years. Midsize organizations focusing on innovation for customer engagements and looking for a customer-for-life vision should consider Freshworks.

Strengths

- **Collaboration:** Freshworks’ vision for the Freshdesk product is to enable better customer conversations, with a focus on internal collaboration beyond agents. The vendor continues to expand its case management basics with innovative features from the acquisitions of AnsweriQ and Natero.

- **Customer growth:** As Freshworks’ portfolio has matured, Gartner has observed a growing number of larger-scale Freshdesk deployments contributing to almost 50% of the vendor’s current revenue.

- **Large marketplace:** The Freshworks Marketplace has over 1,000 apps and connectors to support the company’s products, which opens up an ecosystem for developers, customers and partners. Many apps are published by Freshworks and are available free of charge.

Cautions

- **Narrow use case:** Reference customers shared that they did not yet see Freshworks as a platform vendor.

- **Limited integration:** Gartner has not seen clients select Freshdesk for support organizations if they have complex business process needs with five or more integration points and with live data from legacy systems.

- **Weak analytics:** Reference customers cited analytics as a weak area of the Freshdesk solution, which limits the customer’s ability to influence the customer experience.

Kustomer

Kustomer makes its debut as a Niche Player in this Magic Quadrant, as it focuses on digital customer service and has fewer case management capabilities than other vendors evaluated. Its platform strategy places AI and machine learning (ML) in its digital customer service and support solution, and embeds these technologies across its products. Robotic process automation (RPA) and process automation adoption will increase to become an even bigger part of its solution. Kustomer has two-thirds of its clients in the U.S. and 25% in EMEA. B2C organizations looking to
move away from traditional customer service tickets and case management in favor of more first-contact resolutions should consider Kustomer.

Strengths

■ **Conversations:** Kustomer is one of the new vendors in the market to transition from a case-management-driven customer service model to one that is conversation driven.

■ **Modernization:** Kustomer provides a modern customer service platform, connecting interactions and platform-based events and external events.

■ **Reliable and usable:** Reference customers indicated that Kustomer delivers on the fundamental essentials with a high degree of reliability and usability.

Cautions

■ **Complicated to change:** The inability to create and modify workflows without coding experience limits users’ capacity to rapidly respond to needed changes.

■ **Poor analytics:** Reference customers said that the real-time analytics and reporting was poor in terms of the ability to customize.

■ **Case management:** The focus on conversations rather than tickets limits Kustomer’s capabilities in case management.

Microsoft

Microsoft is a Leader in this Magic Quadrant; the same as last year. It offers CEC capabilities via its Dynamics 365 Customer Service solution (v.9) and in its Dynamics 365 Customer Service Insights, Power Virtual Agents, and Power Automate applications. Collectively, these apps unite the standard functionalities of a customer service solution — case management, knowledge management and multichannel engagement — with AI-driven insights built on a single platform that unifies tech stacks and customer data. Microsoft offers its service worldwide, mostly to enterprises. Consider Microsoft if you are looking to provide multichannel support for your front-office customer service teams, or if you are looking for a more standard back-office case management or ticketing system for internal or external service needs. Otherwise, consider it if the use of related apps such as Microsoft 365, Power BI, Power Apps, or other Dynamics 365 apps are key to your customer service strategy.

Strengths

■ **Advancing platform:** The Dynamics 365 CEC offering builds on the same codebase as the Microsoft Power Platform, which is a low-code platform that spans Microsoft 365.

■ **Intelligent customer service:** One of Microsoft’s focus areas is on bringing AI capabilities like Azure Cognitive Services, Microsoft Bot Framework and Power Virtual Agents together to provide more intelligent customer service experiences for both customers and agents.
Integration and automation: Dynamics 365 Customer Service provides extensive support for the integration of multiple line-of-business applications. Customer engagements are supported by a unified agent view and rich RPA capabilities for end-to-end customer service.

Cautions

Digital engagement capabilities: Microsoft has made strides over the past year to reduce dependency on third-party integration for digital channels, but the feature set is new and not market-tested. This year, Dynamics 365’s digital engagement capabilities received the lowest scores out of all vendors evaluated.

Support team synergies: Reference customers reported that Microsoft appears to be siloed and resource-constrained between the Azure and Dynamics teams. Companies that are shortlisting Microsoft and expecting greater synergies between its offerings should fully investigate what these component capabilities actually bring.

Solution layering: Reference customers gave the Dynamics 365 solution layering a low score because of application life cycle management practices for migration of customer solutions between test, UAT and production environments.

Oracle

Oracle is a Leader; the same as last year. For this Magic Quadrant, we evaluated Oracle CX Service — a set of customer service applications that is part of the Oracle CX suite. Reference customers identified Oracle as one of the three vendors most commonly mentioned by those looking for a customer service solution. Primary enhancements in the past year have been to channels, digital assistants and embedded service experiences. Oracle CX Service should be considered by B2C organizations that have complex processes and require strong integration capabilities. It is also used by B2B organizations, most notably in the high-tech and manufacturing industries. Oracle operates worldwide.

Strengths

Vision: Oracle demonstrates continuous delivery of innovations, with a focus on predictive service in the CEC market. Its channel proliferation and convergence, ability to connect visual experiences and commitment to digital customer service are leading edge.

Oracle Intelligent Advisor (OIA): OIA (previously known as Oracle Policy Automation or OPA), paired with strong integration capabilities, provides smart advice that determines and delivers the right decisions to its users with self-service and new conversational channels.

Knowledge management: Oracle offers one of the most scalable and functional knowledge management solutions among service suite vendors. In 2019, Oracle continued to innovate with an emphasis on how knowledge is consumed by both human and automated conversational agents.
Cautions

- **Licensing and contracts:** Reference customers said that they found Oracle’s license structure and matrix complex and their entitlements difficult to forecast. They also said that Oracle could be difficult to contract and negotiate with because its processes are stringent and the approval for contracts is lengthy.

- **Chatbot automation:** Oracle scored low in the automation of engagement category in the reference customer survey. Clients admitted to finding the technical migration to the new Oracle Digital Assistant challenging.

- **Migration:** When trying to migrate from Siebel CRM to Oracle Service Cloud, Gartner clients reported insufficient clarity of communication about how to do so, both from Oracle and its partners.

Pegasystems

Pegasystems is a Leader in this Magic Quadrant; the same as last year. It specializes in customer engagement and case workflow automation capabilities, which are part of its Pega Infinity Customer Service solution. Pega has a worldwide presence, with two-thirds of its customers coming from the U.S. Most are large enterprises. Pega has transitioned its business to the cloud. It has enhanced its digital engagement capabilities and self-service offering, and has lowered the total cost of ownership for customers. Pega has also invested in rapid deployment with Pega Express Methodology. Consider Pega Customer Service when you need the ability to make frequent changes to highly innovative customer service processes. Otherwise, consider it where a verticalized solution is of particular importance.

Strengths

- **Easy integration:** Pegasystems’ low-code-supported innovation makes it simple to extend its solution, and to combine third-party technologies, customer touchpoints, workflows, AI and RPA to deliver differentiated, end-to-end customer experience journeys.

- **Scalable:** The Pega Infinity platform has been proven to scale for large deployments of 5,000 or more users.

- **Automation:** Pega focuses on automating fulfillment of service requests and improving the customer satisfaction and agent experience. An example of this focus is its introduction of a “start my day” RPA feature, which makes it easier for advisors to prepare for the first customer engagement interaction of the day.

Cautions

- **Complexity:** Pegasystems’ portfolio of apps and developer-focused solutions can be difficult to relate clearly to specific business objectives. In addition, Gartner clients have indicated that initial implementation can be complex.
- **Knowledge management**: Pega received a significantly lower score for knowledge management than other vendors in this Magic Quadrant. Clients should carefully investigate their knowledge management needs and investigate their options.

- **Complicated platform**: Reference customers mentioned that they had difficulty understanding Pega’s platform. This understanding was crucial before they could properly determine their implementation choices.

**Salesforce**

Salesforce is a Leader in this Magic Quadrant; the same as last year. About two-thirds (64%) of prospective CEC customers with whom Gartner has contact shortlisted Salesforce Service Cloud as their first, second or third choice (its nearest competitor in this regard was shortlisted by 35% of customers). Over the last 12 months, Salesforce has added more than 125 new features and enhancements to Service Cloud, including WhatsApp, real-time AI-based case classification, skills-based routing and next best action. Worldwide, both B2C and B2B midsize companies and large enterprises should consider Salesforce for its CEC solution.

**Strengths**

- **Vision**: Salesforce’s global presence, market impact and vision to transform customer service is unmatched so far by other vendors in this market.

- **Voice services**: The introduction of Service Cloud Voice (general availability planned for 3Q20) will give customers the option to bring new, preintegrated voice services through Amazon Connect. This will be in addition to the vendor’s ability to integrate with other contact center voice offerings.

- **Platform add-ons**: Being part of the extensible Salesforce platform, complemented by the AppExchange marketplace, the Ignite customer innovation program and the Trailhead learning platform and community, helps Salesforce differentiate its Service Cloud product with more features and functions.

**Cautions**

- **Diffuse products**: Customers continue to struggle with the lack of native integration, and with the architectural differences between the different Salesforce Clouds.

- **Inconsistent service providers**: Service providers implementing Salesforce functionalities show inconsistent capabilities, which leads to troubled implementations and loss of agility in the speed of deployment.

- **Prices and contracts**: Reference customers for Salesforce expressed concerns about high prices and vendor lock-in after integrating multiple Salesforce components or adding third-party components for industry-specific implementations, interactive voice response and telephony infrastructure.
SAP

SAP is a Challenger in this Magic Quadrant; the same as last year. It offers SAP Service Cloud, a multitenant SaaS solution, and supports multiple delivery models. SAP is continuing with its transformation to deliver the next generation of CEC solutions by means of its Intelligent Enterprise and Experience Economy strategies. SAP roadmap highlights for 2020 concentrate around UX investments, ML investments, and the expanded integration with SAP Field Service Management and SAP S/4HANA. The company works globally with an even spread of customers across the world. Large organizations with complex processes and integration requirements should consider SAP. Organizations that have a relationship with SAP, as well as those planning to use SAP technologies, should consider shortlisting this vendor, but be prepared to fill in product gaps in the short term.

Strengths

- **Third-party connectors:** SAP Service Cloud has over 200 connectors to third parties, called Cloud Elements OEMs, and continues to put strategic independent software vendor (ISV) partnerships in place to enrich customer service functionality.
- **Intelligent enterprise:** SAP continues to take a holistic approach toward transformation with the Intelligent Enterprise and use of its Intelligent Technologies.
- **End-to-end service management:** Native integration with SAP ECC and SAP S/4HANA results in lower integration costs and smarter end-to-end processes.

Cautions

- **Vision:** SAP still has the potential to be a Leader in this market but lacks a clear vision of the market and how to move forward in it.
- **Value proposition:** Reference customers rated SAP’s overall value proposition and cost to value of the software as relatively low in comparison to the competition.
- **Work in progress:** Reference customers said that the SAP Service Cloud product is “unfinished” and “immature” in some areas and felt uncertain about the product roadmap to help them be successful.

ServiceNow

ServiceNow is a Leader in this Magic Quadrant; it was a Visionary last year. The ServiceNow Customer Service Management (CSM) product helps companies unite back-office teams to resolve issues, fix problems before customers know they have them, and simplify engagement to quickly take care of customer requests. In September 2019, ServiceNow introduced the Now Platform New York release, enhancing its case management and knowledge management functionality. ServiceNow operates worldwide, with two-thirds of its clients U.S.-based and 26% coming from EMEA. Consider ServiceNow if you are a technological, asset-intensive and case-centric service organization with a need for flexible and elaborate workflow options.
Strengths

- **AI:** ServiceNow has strengthened its AI capabilities on the platform, as well as in the CSM solution.

- **Focus on customer success:** ServiceNow has a good vision and execution on customer success. Its co-delivery model drives predictable business outcomes and platform adoption, and brings value to customers.

- **Compatible platforms:** As ServiceNow’s product is built on the same codebase as its PaaS platform and core service management solutions, customers report it is of high quality with very few bugs.

Cautions

- **Complicated:** Reference customers scored ServiceNow lower than its competitors for ease of configuring and modifying the system, and for usability.

- **Licensing:** ServiceNow’s licensing model is still described by reference customers as complex and confusing.

- **B2C product:** While ServiceNow has a number of large B2C customers, reference customers indicated that the solution still feels at times like a B2B product in a B2C customer service market.

SugarCRM

SugarCRM is a Niche Player in this Magic Quadrant; the same as last year. Its primary CEC solution is Sugar Serve, part of the Winter ‘20 release, which was introduced for the first time mid-2019 as a stand-alone offering, breaking out of Sugar Enterprise. SugarCRM strengthened its ecosystem portfolio with integrations with the likes of Genesys, 8x8 and Amazon Connect to enhance its customer service proposition. Seventy-five percent of Sugar Serve customers are from the Americas and 16% from EMEA. Consider SugarCRM if you represent a midsize support organization looking for a capable customer engagement solution, or if you are already using, or planning to deploy, sales automation.

Strengths

- **Simple to use:** SugarCRM is easily configured and customized. No special training or proprietary scripting languages are needed to achieve results.

- **Integration:** SugarCRM demonstrates focus on the ability to integrate with contact center platforms and legacy contact center environment technology.

- **Customer support:** Reference customers showed consistent satisfaction with the vendor and its dedication to its customers during deployment.
Cautions

- **Growing pains**: Sugar Serve is a young solution that needs to be expanded, as currently several gaps can be identified in digital engagement and case management capabilities.

- **Small marketplace**: SugarCRM’s application marketplace offers very few technology partner solutions. Sugar Enterprise will not meet the needs of customers that require a robust, self-service-based CRM application ecosystem, as provided by some other CEC competitors.

- **Customer support**: Reference customers reported that SugarCRM could improve its capabilities for maintenance and customer support.

Verint Systems

Verint Systems is a Niche Player in this Magic Quadrant; the same as last year. Verint Engagement Management 15.3 FP8 — the company’s flagship CEC solution — is an omnichannel platform with centralized knowledge, case, workflow and customer history features. Verint delivered well against its product roadmap from last year, especially around AI and analytics. In 2019, Verint introduced Unified Experience, which integrates all Verint and third-party experience data sources. Verint works globally with most customers in the U.S. Consider Verint Systems if you are looking for a new cloud or hybrid CEC solution that combines intelligent digital self-service, case management and workforce engagement management.

Strengths

- **Knowledge management**: With the acquisition of Transversal for cognitive intelligence and automation, Verint has improved its knowledge management capability.

- **Change support**: Verint shows great vision on how to support the reshaping of customer service operations.

- **Ready to improve**: Clients benefit from Verint’s good development organization, relative to those of many competitors, which provides a base for future product and service enhancements.

Cautions

- **Limited visibility**: According to Gartner’s survey for this Magic Quadrant, only a small percentage of clients shortlisted Verint Engagement Management in a competitive situation. Verint’s CEC solution has only limited visibility in the market.

- **Slow implementation**: Reference customers said that implementations take a lot of time and effort from the customer side.

- **Performance lags**: Verint’s overall performance is a concern for customers. In terms of performance, the vendor scored lower than its competitors in categories like responsiveness of third parties and fulfilling promises made regarding the software.
Zendesk
Zendesk is a Leader in this Magic Quadrant; the same as last year. Zendesk Support is part of the Support Suite, which combines a customer communication hub strategy with engagement orchestration features to form the basis of the vendor’s CEC application. Zendesk acquired Smooch, now Sunshine Conversations, a messaging platform for conversational business, and launched Zendesk Gather, a community experience product, and Zendesk Duet, a combined sales and service offering. Zendesk works globally, often with midsize customers and increasingly with enterprises. Consider Zendesk if you expect user adoption to be a particular challenge, if a SaaS-based application is the most suitable, or if an industry-specific solution is not essential.

Strengths
- **Innovation:** Zendesk continues to innovate at a significant pace. It launched several key products and features in 2019 like Zendesk Duet, Gather and Sunshine Conversations.
- **Easy to use:** Reference customers continue to appreciate the ease of use of the product and find benefit in the fast time to value and agility it delivers to customers.
- **Public cloud:** Zendesk offers a public cloud solution, Zendesk Sunshine, with an extensive application ecosystem. Its app marketplace offers over 950 easily added apps.

Cautions
- **Enterprise customers:** Zendesk has made strides toward meeting the needs of true enterprise customers but is still continuing to develop its solution. Reference customers said that the solution is inconsistent, particularly when it comes to stability and quality.
- **Need for complexity:** Zendesk’s focus on simplicity has resulted in large customer service centers finding its interface less intuitive when trying to manage significant numbers of advisors. Only a small percentage of Zendesk’s customers have 500 or more seats.
- **Pricing and contracts:** Zendesk’s complex and inflexible pricing and contract options concern Gartner’s enterprise clients.

Zoho
Zoho makes its debut in this Magic Quadrant as a Niche Player. It offers the enterprise scale of a global SaaS-plus-PaaS provider, mostly used by small and midsize businesses (SMBs). Zoho provides Zoho Desk to the customer service market. It has invested in its product roadmap to handle high-complexity customer support operations. Improvements were made to agent productivity, it rolled out multidepartment data management, unified activity tracking, upgrades to self-service capabilities, and added new channels for digital engagement. About 50% of Zoho’s customers are in the Americas, with 25% in the U.K. and Europe. Consider Zoho if you are an SMB organization in need of low-code platform capabilities with a breadth of customer service functionality.
Strengths

- **Great value:** Reference customers rated Zoho Desk as one of the best solutions when it comes to the cost to value of the software.

- **Easy to implement:** Implementing Zoho Desk is easy and straightforward. Customers love the amount of customization and integration options built into the product, and how it allows customers to customize the way they support their clients.

- **Integration:** Zoho Desk can contextually be integrated with other Zoho products in the portfolio like Zoho CRM, Creator, Forms and Analytics. The solution is also integrated with several popular products like Atlassian Jira and Trello, Microsoft Teams, and Slack.

Cautions

- **Learning curve:** Reference customers expressed concern about how long it takes to learn how to use the desktop agent.

- **Privacy:** Gartner clients and reference customers shared their concerns about Zoho’s privacy-specific management capabilities.

- **Differentiation:** Zoho lacks competitive differentiation in the CRM/CEM market, with delivery solely via the ZohoCX platform.

Vendors Added and Dropped

- **Added**
  
  - **Kustomer.** This vendor is representative of the new digital customer service vendors in the market (see “Market Guide for Digital Customer Service and Support Technologies”) that are innovating the CEC vendor landscape.
  
  - **Zoho.** This organization has made significant strides in the last few years. With the growth of the business, the brand awareness, the expansion of the solution and market recognition in terms of revenue and customer base, Zoho made the inclusion criteria for this Magic Quadrant.

- **Dropped**

  No vendor was dropped from last year’s Magic Quadrant, although one vendor changed its name from bpm’online to Creatio.
Inclusion and Exclusion Criteria

For Gartner clients, Magic Quadrant and Critical Capabilities research identifies and then analyzes the most relevant providers and their products/services in a market. Gartner uses by default an upper limit of 20 vendors to support the identification of the most relevant providers in a market. On certain occasions, the upper limit may be extended by Gartner Methodologies if the intended research value to our clients might otherwise be diminished.

The inclusion criteria represent the specific attributes that analysts believe are necessary for inclusion in this research. Each vendor may submit one product or suite.

Market Presence and Momentum

Factors that affect our evaluation are the presence that a vendor has in the market, and the observed momentum of its growth. A vendor with stagnant sales or an ineffectual marketing organization should concern prospective buyers in this rapidly growing space. Gartner’s criteria specify that vendors provide the following:

- **References**: Each vendor should provide reference customers for the primary product or product suite being submitted to this Magic Quadrant research, as follows (note that Gartner may instead choose to source other customers as references):
  - **Covering at least two regions**: Provide a minimum of 15 new CRM CEC customers that began using the solution for the first time during the past four quarters of 2019 covering at least two of the following markets: North America, Latin America, EMEA, Asia/Pacific and Japan.
  - **Midsize or large, stabilized deployments**: Provide a minimum of five new CRM CEC referenceable (that is, willing to complete an online survey) customers that have had in production the latest major version of the software for between six and 18 months.

- **Revenue traction**: Each vendor must provide evidence of revenue growth year over year, and be able to demonstrate that it would equal or exceed the previous four quarters of business results in the upcoming four quarters. It must show revenue of at least $8 million in CRM CEC software licenses for core customer service and support in the customer engagement center from new clients, per GAAP or IFRS, during the four fiscal quarters that ended closest to 31 December 2019 and no earlier than September 2019. Representations must be confirmed in writing by an appropriate finance executive within the vendor’s organization (such as a CFO). The following must be well-represented and supported:
  - Large or midsize businesses (average deal size above 100 customer service representatives).
  - Two major geographical markets (out of North America, Latin America, EMEA, and Asia/ Pacific and Japan).
  - Three industries (examples being utilities, telecommunications, high tech, oil and gas, manufacturing, aerospace and defense, automotive, financial services and insurance, chemicals, medical devices, and healthcare).
Alternatively, revenue traction requirement can be satisfied by providing:

- Confirmation from five customers sold since December 2018 that are live with over 1,000 customer service licenses each.
- Confirmation of 20% revenue growth year over year.

**Functional breadth:** Each vendor’s submitted product must include at least five of the following seven categories of functionality, plus integration, analytics and extensibility:

- Case management
- Knowledge management
- Workflow or business process management (BPM) capabilities
- Digital service support channels
- Real-time continuous intelligence
- Mobile-enabled support
- Automation of engagements

**Market awareness:** Each vendor must be recognized by the market, as evidenced by regular appearances on client shortlists, by appearances at tradeshows, regular mentions in Gartner client inquiry, and by references as a competitor by other vendors.

**Market following:** Each vendor must provide thought leadership, which is adopted by customers in live operations, through webinars, market-related white papers, blog articles and user communities. It must have the technology to support an extension to cross-channel customer service, without the need to code in a new development environment, including mobile and social media.

**Short-term viability:** Each vendor must provide evidence of:

- **Funded operations:** Sufficient cash to fund 12 months of operations at the current burn rate.
- **Onboard professional services capacity:** of sufficient professional services to fulfill customer demands during the next 12 months.
- **Additional professional services capacity:** A practice and ecosystem with sufficient third-party consulting and integration firms to grow at a double-digit pace for five years.
- **Sales pipeline:** Demonstrate a pipeline of prospective customers and an adequate sales team to drive growth in new business.
- **Revenue forecast:** Provide evidence that results for the upcoming four quarters (from 1 October 2019) will exceed the previous four quarters’ results.
Evaluation Criteria

Ability to Execute

**Product/Service:** We evaluate each vendor’s breadth and depth of products and features across the software development life cycle. The solution must control the customer-service-related master data. A product that does not control the customer-service-related master data during the customer interaction will not be a Leader, but could be a Challenger, Niche Player or Visionary. The CEC application must also be designed for a common platform with the applications used by customers.

The core capabilities of CEC are as follows:

- **Case management.** How does the application support the capture of customer issues, requests and/or notifications and see it through resolution or throughout a conversation?

- **Knowledge management.** How does the application support, manage and improve the delivery of contextual knowledge through self-service or assisted service?

- **Workflow.** How does the application support design, orchestration and monitoring of customer service tasks and processes?

- **Digital engagement.** How does the application support a breadth of digital engagement channels to enable consistent, persistent and seamless interactions to orchestrate customer experience?

- **Real-time continuous intelligence (previously real-time guidance).** How does the application support real-time analysis of current and historical data in order to allow for smarter real-time decision making?

- **Mobile applications.** How does the application support a variety of mobile app types and mobile development?

- **Predictive customer analytics.** How does the application provide built-in or tightly integrated predictive customer analytics to enrich customer engagement?

- **Automation of engagements.** How does the application leverage cloud AI services to automate customer engagements?

- **Platform ecosystem and integration.** How does the application incorporate third parties and deal with integration of data?

- **Usability.** How does the application support an effortless use for employees and contribute to the employee experience?

- **Globalization.** How does the application support international expansion and deal with local legislation and requirements?

**Overall Viability:** Viability includes an assessment of the overall organization’s financial health, and the financial and practical success of the business unit. Viability also includes the likelihood that the individual business unit will continue investing in the product; that it will continue offering the product; and that it will advance the state of the art within the organization’s portfolio of products.
**Sales Execution/Pricing:** The vendor’s capabilities in all presales activities and the structure that supports them. This includes deal management, pricing and negotiation, presales support, and the overall effectiveness of the sales channel.

**Market Responsiveness/Record:** Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor’s history of responsiveness.

**Marketing Execution:** The clarity, quality, creativity and efficacy of programs designed to deliver the organization’s message to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the minds of buyers. This “mind share” can be driven by a combination of publicity, promotional initiatives, thought leadership, word of mouth and sales activities.

**Customer Experience:** Relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, service-level agreements, and so on.

**Operations:** The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure, including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

**Table 1. Ability to Execute Evaluation Criteria**

<table>
<thead>
<tr>
<th>Evaluation Criteria</th>
<th>Weighting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product or Service</td>
<td>High</td>
</tr>
<tr>
<td>Overall Viability</td>
<td>Medium</td>
</tr>
<tr>
<td>Sales Execution/Pricing</td>
<td>High</td>
</tr>
<tr>
<td>Market Responsiveness/Record</td>
<td>High</td>
</tr>
<tr>
<td>Marketing Execution</td>
<td>Medium</td>
</tr>
<tr>
<td>Customer Experience</td>
<td>High</td>
</tr>
<tr>
<td>Operations</td>
<td>Medium</td>
</tr>
</tbody>
</table>

Source: Gartner (June 2020)

**Completeness of Vision**

**Market Understanding:** The ability of the vendor to understand buyers’ wants and needs, and to translate those into products and services. Vendors that show the highest degree of vision listen to and understand buyers’ wants and needs and can shape or enhance those with their added vision.
Marketing Strategy: A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the website, advertising, customer programs and positioning statements.

Sales Strategy: The strategy for selling products that uses the appropriate network of direct and indirect sales, marketing, service and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

Offering (Product) Strategy: The vendor’s approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature sets as they map to current and future requirements.

Business Model: The soundness and logic of the vendor’s underlying business proposition.

Vertical/Industry Strategy: The vendor’s strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including vertical markets.

Innovation: Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or preemptive purposes.

Geographic Strategy: The vendor’s strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the “home” or native geography, either directly or through partners, channels and subsidiaries as appropriate for that geography and market.

Table 2. Completeness of Vision Evaluation Criteria

<table>
<thead>
<tr>
<th>Evaluation Criteria</th>
<th>Weighting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Understanding</td>
<td>Medium</td>
</tr>
<tr>
<td>Marketing Strategy</td>
<td>Medium</td>
</tr>
<tr>
<td>Sales Strategy</td>
<td>High</td>
</tr>
<tr>
<td>Offering (Product) Strategy</td>
<td>High</td>
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<tr>
<td>Business Model</td>
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</tr>
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<td>Vertical/Industry Strategy</td>
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<td>Innovation</td>
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<td>Geographic Strategy</td>
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</tr>
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Source: Gartner (June 2020)
Quadrant Descriptions

Leaders

Leaders demonstrate market-defining Completeness of Vision and Ability to Execute, as manifest in products, services, sales figures and solid new references for multiple regions and industries. Clients report that Leaders deliver high levels of value and ROI. These vendors’ development teams have a clear vision for the emerging area of digital customer engagement, the growing influence of AI and the building of a solid ecosystem. They engineer flexible products along the lines of Gartner’s vision of the Future of Applications. They factor in the impact on customer service requirements of automation of engagements, advanced analytics, social media engagement and the use of the IoT.

Clients look to Leaders for clues about how to innovate in customer service, in areas such as continuous intelligence, designing around a system of continuous engagement, sensors embedded in other equipment and mobile support. Leaders do not necessarily “lock in” customers, but rather may provide open access to an ecosystem. Clients indicate that Leaders’ products have improved their organization’s competitive position and helped lower costs.

The Leaders in this Magic Quadrant each demonstrated at least $50 million in sales to new customers during 2019.

Challengers

Challengers demonstrate a high volume of sales in their chosen markets — that is, more than 30% of their new business comes from more than one industry, and more than 50% comes from sales to the broader installed base. Challengers understand their clients’ evolving needs but might not lead them into new functional areas with a strong vision and technology leadership.

Challengers often have a strong presence in other application areas, but they have not demonstrated a clear understanding of how to win business in the CRM CEC market beyond their installed base. Therefore, they may not be well-positioned to capitalize on emerging trends. Without a SaaS-architected cloud model, for example, a vendor cannot be a Leader (however well it performs in terms of other criteria), but it can be a Challenger.

Challengers frequently lack a strong worldwide presence and deployment partners. Often, their product development resources are split across multiple offerings.

Visionaries

Visionaries are ahead of many competitors in terms of delivering innovative products and delivery models. They point the way ahead. They anticipate emerging and changing needs for customer service and move into the new sectors associated with them. They have strong potential to influence the direction of the CRM CEC market, but they are limited in terms of execution or track record. Typically, their products and market presence are not yet complete or established enough to challenge the Leaders.
Startups and new entrants from adjacent markets are typically found in the Visionaries quadrant.

**Niche Players**

Niche Players have important products with unique CRM CEC functions, or offerings for industries or geographic areas. They may offer complete portfolios but exhibit weaknesses in one or more important areas — they may, for example, be regional experts with limited ability to meet global needs. They may focus on supporting a small number of large enterprises or a large number of small and midsize businesses.

The Niche Players in this Magic Quadrant each demonstrated at least $7 million in new software license sales to new customers across two regions, for at least two industries and business models in 2019.

**Context**

A great customer service experience is expected to be trusted, effortless and personalized while translating directly into better ROI and business outcomes. With a shift of power to connected customers, customer service organizations must do better. Several key changes and approaches will influence the future of the customer engagement center, such as:

- **Transition to a full customer engagement hub (CEH):** This is an architecture framework that allows organizations to experiment with a customer journey by connecting the traditional functions of marketing, sales and customer service. It addresses the growing need to orchestrate a continuous customer experience across channels, systems and departments.

- **Multiexperience and channel-free mindset:** This promotes channel-agnostic design, seamless integration and customer experience innovations. The term “multiexperience” refers to the various permutations of modality (touch, voice and gesture, for example), device and app with which users (both customers and agents) interact on their digital journeys across diverse touchpoints. Multiexperience development involves creating fit-for-purpose apps based on touchpoint-specific modalities, while at the same time ensuring a consistent user experience across web, mobile, wearables, conversational and immersive touchpoints.

- **Extreme self-service:** Organizations will take a self-service and automation-first approach or go completely without assisted service. This is referred to as extreme self-service. Not all products and services are suited to this approach, and some organizations will need to determine which products and services to start with.

- **Digital customer service ecosystems:** These rapidly growing and open opportunities are starting to expand the customer service footprint beyond organizations' borders. They support emerging customer service models (such as pay-as-you-go or subscription-based models) to give easy access to casual and partner customer service resources.

- **Customer data privacy protection by design:** This involves interacting with customers using new ways to mitigate security and privacy risks. It is compounded by the power of emerging
technologies like AI and the IoT, and is especially relevant to organizations that need to comply with new regulations such as the EU’s GDPR.

Organizations that are building out their CEC capabilities should be aware of the expected next generation of customer engagement centers. Based on our scenario planning, Gartner expects that there are two trends that are most likely to create disruption over the next five years:

- **Degree of focus on broader customer service ambitions**: From transactional to mission-critical, the degree of focus on broader customer service ambitions will influence the scale and capabilities needed for customer service technologies including CEC. One of the most critical factors in customer centricity is organizational culture. Organizations that deploy CRM technology in such a way that it reflects empathy with the customer are three times more likely to fend off a digital disruptor. At an extreme, certain organizations may decide to empower their entire workforces to support customer service.

- **Degree of participation in customer service ecosystems**: Gartner defines business ecosystems as a dynamic network of entities (people, businesses and things) that interact with each other to create and exchange sustainable value for the participants. Some organizations will create and run powerful ecosystems; others will participate in them. From being self-sufficient without an ecosystem to running your own ecosystem, the degree of collaboration will influence the people, process and technologies in the context of CEC.

More about the next generation of CECs can be learned in “The Future of Customer Engagement Center.”

**Market Overview**

Customer service and support organizations must deliver consistent, effortless, intelligent and personalized customer service experiences (see “Customer Service and Support Technology Primer for 2020”). In order to fulfill that ambition, they should use the four technology pillars of great customer service — **getting connected, process orchestration, knowledge and insight**, and **resource management**.

In this rapidly changing customer service and support market, prospective buyers of CRM CEC technology regularly encounter four issues that reflect the market’s complexity:

1. Connected thinking across all four pillars of great customer service has been limited, resulting in CRM CEC offerings that lack expected functionality. The upshot is that CEC vendors are increasing the value of their solutions by offering capabilities typically found in adjacent technology areas like the contact center, RPA, analytics and WEM.

2. The complexity of the information required to support customers, plus the business rules and processes that frame the steps within each interaction, is increasing. The vendors in the market show difference in maturity. This may help prospective buyers to know that:
For simpler customer service process models, the vendors that dominate Gartner’s conversations with clients are Microsoft, Salesforce, SugarCRM and Zendesk. However, we also regularly discuss Freshworks and Zoho.

For more complex business rules and processes, we tend to discuss Appian, CRMNEXT, Pegasystems, Salesforce and SAP, but sometimes also Oracle.

3. The third issue concerns the availability and applicability of cloud-based solutions. As a delivery model for CRM CECs, SaaS is being accepted and preferred by many organizations. However, in many parts of the world, as well as in some industries and environments, cloud-based customer service business applications are not yet preferred, due to issues of data residency and latency. These areas, industries and environments include:

- Regions where there are concerns about data privacy, latency and application availability. Notable examples are Central and Eastern Europe, many parts of Asia (including India and China) and South America.
- National and federal government organizations and healthcare organizations subject to strict regulations.
- Complex environments with high call volumes, high transaction volumes and real-time integration with legacy systems, which can slow performance.

4. Prospective buyers will see a differentiation in the digital unified engagement capabilities. For more specialist functions for consolidated agent desktops, mobile engagement, digital customer engagement and self-service, we often discuss the following vendors for use by customer service agents: Conversocial, eGain, Helpshift, Khoros and Sparkcentral. (Note: The companies listed above are in alphabetical order.)

In our evaluations in this Magic Quadrant, we indicate when we see potential challenges for a product in view of these factors.

Gartner Recommended Reading

Some documents may not be available as part of your current Gartner subscription.

“2019 Strategic Roadmap for Customer Service and Support Technologies”

“Customer Service Channel Strategy Trends and Impact on Self-Service Deflection Rates”


“Predicts 2020: CRM Customer Service and Support”


“How Markets and Vendors Are Evaluated in Gartner Magic Quadrants”
Evaluation Criteria Definitions

**Ability to Execute**

**Product/Service:** Core goods and services offered by the vendor for the defined market. This includes current product/service capabilities, quality, feature sets, skills and so on, whether offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria.

**Overall Viability:** Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood that the individual business unit will continue investing in the product, will continue offering the product and will advance the state of the art within the organization's portfolio of products.

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