

**WHITEPAPER**

# CRM Technologies Market Analysis in Australia

(Salesforce & MS Dynamics)



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# Background

This study is based on the synthesis, analysis, and interpretation of information about the Australian CRM market collected from specialized sources. Through secondary research, we have tried to present the precise state of CRM in Australia, which will aid all the stakeholders to get a clear view about the market. This report will act as a ready reckoner guide for all the Salesforce and Microsoft Dynamics partner agencies in Australia, to assess the competitive scenario in the region. It will also aid the new companies which aim to establish their presence in the Australian CRM marketplace in understanding the driving forces, challenges, and opportunities about the market. This will enable them to take more informed decisions going forward.

## The study involves:

### Qualitative Analysis

- It constitutes of market trends, drivers and restraints, competitive mapping, comparison of Microsoft and Salesforce CRM features, and partner programs
- The secondary sources for qualitative analysis include annual reports, SEC filings, company websites, secondary databases, product and services catalogues, social media portals, and tech magazines
- The secondary sources for CRM statistics and market trends also include surveys and statistics by agencies like Capterra, ASIC Statistics, CRMSearch.com, articles, news feeds, industry journals, and publications

### Quantitative Analysis

- It involves estimating the overall market size of CRM in Australia and forecasting the trend for the next five years. It also involves estimating the overall contribution of different CRM technologies in terms of market share and customer count. We referred to annual CRM publications from various technology research agencies like Gartner, Forrester, and IDC to arrive at the final estimations



# Executive Summary

Australia is a mid sized developed economy with a superior growth rate compared to its western counterparts. Despite being a part of the APAC region, the economic traits of the country are quite similar to countries in North America and Europe. The Australian economy is heavily dominated by the service sector, comprising 61% of its GDP. Being a service oriented economy, the country has witnessed a rapid adoption of CRM in various industry verticals. Australian business institutions have similar CRM expectations to the other countries, wherein they use the same ROI metrics used elsewhere, and want to leverage the latest social media advancements to provide real-time information to mobile employees. However, while choosing a CRM, these institutions have a specific set of priorities. For instance, the CRM should be industry specific and the CRM vendor should have a local development and support base.



The genesis of the CRM market in Australia can be traced back to early 2000s, when deregulation forced companies to compete in customer service. Starting with the government and energy & utilities sectors, the CRM adoption grew manifold in other industries like BFSI, education, healthcare, and manufacturing. Various driving factors like mature infrastructure for cloud/SaaS deployments, budget-friendly SaaS subscription packages, and extensive investments by CRM giant Salesforce, have resulted in the overall market size of USD 2.2 billion in Australia. The market sentiments are positive and with a projected annual growth rate of 22%, there is plenty of scope left as the overall penetration of CRM is only 2.3%, among Australian enterprises.













Since there has been a rapid rise in the number of SMEs in Australia with limited budgets, there has been a burgeoning demand for locally developed CRM technologies. There are almost 200 independent CRM technology vendors in the country, giving tough competition to the international players. Out of the international CRM technologies, Salesforce, Microsoft Dynamics, and Oracle CRM are the most popular ones, with Salesforce accounting for the maximum number of customers, followed by Microsoft. Salesforce is a preferred choice among the large enterprises, whereas MS Dynamics is more popular in SMEs and the manufacturing and mining industries, as it offers twin CRM and ERP functionalities through its latest Dynamics 365 suite. There are numerous third-party service providers specializing in MS Dynamics and Salesforce CRM. The competition is high in case of Dynamics CRM services due to its easier partnership norms and requirements, compared to the Salesforce CRM.



# CRM Technologies Market Estimations

CRM market size in Australia is approximately USD 2,200 million, growing at an accelerated pace of 22% per annum

## CRM Technologies Market Overview 2017 - Australia

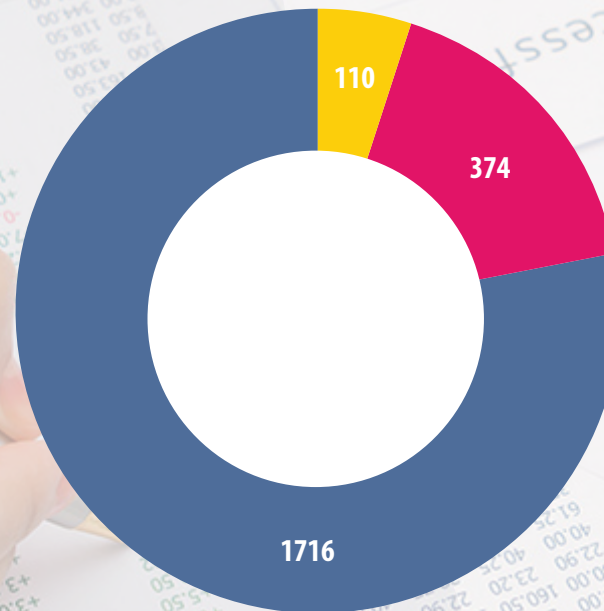
Measurement Name	Microsoft Dynamics	Trend	Salesforce CRM	Trend
Market Stage (Nascent, Growth, Mature)	Growth		Growth	
Market Growth Rate Forecast (Next 5 years)	18% - 20%		19% - 21%	
Customer Price Sensitivity (scale of 1 to 10)	7		6	
Degree of Technological Change (scale of 1 to 10)	5		6	
No. of Vendors	90 - 100		75 - 80	
Market Concentration (% market held by the technology)	Approx. 5%		Approx. 17%	

Trend: Increasing    Decreasing    Stable



Source: Gartner, IDC, &amp; Forrester Predictions, and Analyst Opinion

## Australia CRM Market Size (USD Million) - 2017



■ Microsoft Dynamics CRM ■ Salesforce CRM ■ Others



# Key CRM Statistics in Australia

200+

Total no. of CRM technologies in Australia

2,551,778

Registered companies in Australia

60,000

Companies using CRM in Australia

2.3%

Percent traction of CRM in Australia

## Top CRM Technologies, by Customer Base

	CRM	Customers		CRM	Customers
	Salesforce	7000 – 8000		SAP	700 – 800
	Microsoft Dynamics	3000 – 3500		Hubspot Dynamics	600 – 650
	Oracle	2400 – 2600		Adobe Marketing Cloud	500 – 550
	Zoho	1200 – 1300		Sugar	300 - 350
	Act!	900 – 1000		Sage	120 - 130

Note: Customers above refer to companies (Small, Medium & Large) | Source: Capterra, ASIC Statistics, CRMSearch.com, Annual Reports, Blogs, and Analyst Approximations



# Key Industry Verticals

- Information & Communications
- Government
- Healthcare
- Manufacturing
- Financial services





## Information & Communications

Information & Communications has gradually developed into a strong sector in Australia as the MNCs started establishing their regional bases in the country. This sector attracts decent traction of CRM in Australia. CRM software imbibes the capability of managing and controlling customer turnover among the telecommunications operators. CRM solutions for the telecommunications industry also provide telecom companies with competitive ability by supplying the tools to identify and withhold profitable customers. CRM systems assist in controlling customer churn, as they study data gathered from other functional spheres like sales and service. Salesforce, MS Dynamics, and Oracle are the leading CRMs for telecom players in Australia with functionalities like mobile and social CRM, automation and analytics for industry-specific applications, and well-designed user interfaces.



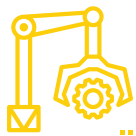
## Government

Using CRM, the Australian Government is inventing new ways to engage and empower citizens and employees, without significant up-front investments in the IT infrastructure. The Australian government and public sector is among the most advanced ones, often comparable to the European countries. Governments in Australia are committed to driving digital transformations and have always been at the forefront of adoption of new technologies. Salesforce offers dedicated CRM solutions for the Australian government sector, and many small and medium scale agencies are providing only government and public-sector specific CRM solutions. This offers a major opportunity to newer vendors. However, the only constraint is that greater preference is allotted to the indigenous companies with major chunk of their operations based in Australia.



## Healthcare

Healthcare is the fourth biggest contributor in Australia's GDP and was ranked as the second best in the developed world, in a 2017 Commonwealth Fund report. Healthcare and social assistance employs over 1.5 million people in the country. In this industry, CRM is usually leveraged as Patient Relationship Management (PRM) which helps set the focus of healthcare organizations on meeting the patients' needs. Salesforce has a specific offering for the Life Sciences segment, which helps medical devices and pharmaceutical companies collaborate across all ecosystems, bring new products into the market faster, turn valuable data into actionable insights, and revolutionize patient care. Traction of MS Dynamics is more substantial compared to the other CRMs in Australia, due to its user friendliness, ease of implementation, diverse applications and cost effectiveness. For instance, Silver Chain, one of Australia's largest providers of personal healthcare services, has implemented Dynamics 365 Field Services for its nursing staff to deliver essential care to patients across Australia. So, this industry presents opportunities galore for targeting new customers for the company.



## Manufacturing

Manufacturing is a reeling sector in Australia with decelerating growth in the past few decades. However, the adoption of CRM is still popular in this sector as it adds value by creating a leaner organization that anticipates customer demand and meets it quickly and efficiently. MS Dynamics 365 is a popular choice among the Australian manufacturing companies as it provides twin functionalities of CRM and ERP to them.



## Financial Services

Australia's Financial services sector is the largest contributor to the national economy, contributing around \$140 billion to its GDP, and employing more than 450,000 people. The top four Australian banks are among the world's largest banks by market capitalisation, and rank in the top 25, globally, for being the safest banks. The CRM software for banks provides tools that can use relevant customer information to segment and deliver the right product or service at the proper time. Amidst the tough competition in developed economies like Australia, the banks are choosing to compete through superior customer relating capabilities, based largely on the CRM programs deployed. Although the sector has a mature adoption of CRM, there is, still a considerable scope of penetration due to consistent tendency of the financial institutions to look for better offerings at a competitive price.



## Mining

Mining has also been a traditionally strong sector in Australia contributing almost 7% to its GDP. CRM, for the mining companies, acts as an Information Management System and removes information asymmetries about clients, governments, and regulators. The traction of CRM in this sector is still limited and can be targeted for newer revenue streams.

# Trends & Drivers

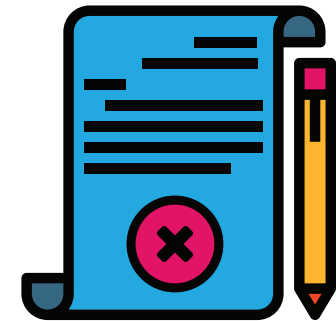






**Infrastructure for cloud/SaaS deployments in Australia is more mature** and comparable to the countries in Europe and North America. These days, the bulk of the CRM deployment is on cloud rather than on premise. Also, among the Australian companies, **the focus of customer retention and acquisition is increasing** rapidly as the market is slowly transforming into “red ocean” owing to the increasing competition in almost all the sectors. This is a prime factor which has driven the revenue and customer base of Salesforce and Microsoft, the CRM heavy weights in Australia.

**Deregulation of various sectors like BFSI, energy, and manufacturing in late 90's and early 2000** forced the Australian companies to compete in customer service. This was the stepping stone for the evolution of CRM in the country and as a result, many vendors established their bases to leverage the “blue ocean” market and subsequently expanded in the APAC region.



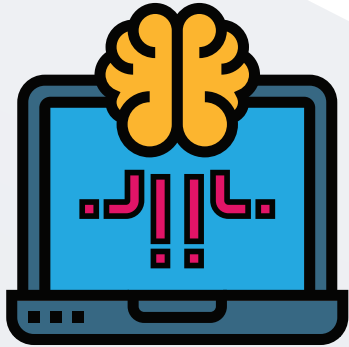




In spite of being the regional base of several large multinational firms, the Australian economic landscape is still commanded by SMBs. Choosing the right digital technology early is a prime factor for the survival and growth of SMBs across Australia and New Zealand. Expenditure on digital technologies can be significant for SMBs, amounting to an average of \$52,100 per year, according to a recent study of Trend Micro in Australia and New Zealand. Many companies with tight budgets, looking for advanced digital tools like predictive analytics, CRM, and marketing automation resort to giants like Microsoft and Salesforce with **budget-friendly SaaS subscription packages**.

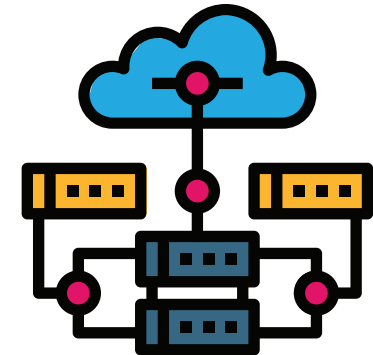
**The Australian government and public sector** is among the most advanced ones, often comparable to the European countries. It has been a pioneer in its digitization initiatives of all the countries, across the globe. The traction of CRM in public and non-profit sectors is such that many agencies have specialized in offering customized CRM solutions and services specific to these two segments.





**The popularity of vertical specific CRM solutions coupled with latest AI capabilities** is gaining momentum in the Australian market. Almost all the leading CRM vendors have been investing in the internal development and integration of machine learning and AI capabilities in their CRM portfolio. AI tools like Einstein by Salesforce, Intelligent Cloud Applications by Oracle, and Sensei by Adobe offered with the CRM portfolio are driving the adoption of CRM among enterprises in Australia.

**Salesforce's aggressive target to scale up its revenue to \$20 billion by 2022** has resulted in significant infrastructural investments in Australia by establishing **new data centres** and opening new offices. The company has pumped fresh funds in its Australian operations as it considers it a hub to further penetrate in the high potential APAC region. This will boost the adoption of Salesforce CRM in the country and present a plethora of opportunities for Salesforce partners.



# Inhibitors & Challenges





**Many companies and organizations in Australia are now opting for onshore vendors**, that have their development and support teams stationed locally for CRM implementation, consulting, and integration. Their rationale is to ensure trustworthiness and quick problem resolutions. This poses a big challenge for many offshore CRM agencies as the expenditure to maintain an entire onshore team erodes their profit margin. The possible solution to it can be the deployment of a small team of onshore developers and support personnel in Australia, that is ably backed by offshore workforce in the native country of operations.

Unlike other developed countries, such as Singapore, the businesses in Australia have **constrained budgets and spending capabilities**. Also, apart from MNCs, the local businesses have fewer employees and limited transactions, due to which these organisations believe that they know their business and customers well enough to not require a shared or sophisticated CRM system. As per a recent Salesforce survey, 59% of the businesses cited that their existing system is good enough, and 27% cited budget constraints for not adopting CRM. Convincing these businesses is a major challenge faced by both the CRM vendors and their partner agencies.





Australia is a developed nation with a GDP growth rate comparable to Europe and U.S. The **population of the country is small and there are limited opportunities to expand**, once a market matures in the region. It is a big challenge for small companies looking to enter and scale their operations quickly and requires a substantial amount of patience and experience.

The CRM marketplace in Australia is more mature compared to other countries, like Singapore, and has a good number of partner agencies for both Salesforce and MS Dynamics. The pricing offered by these is quite competitive since many of them are offshore service providers. Therefore, it is quite challenging for companies to fend off this competition and continuously introduce innovation in its existing set of offerings.



**On the similar lines of GDPR, the Australian government has launched a Notifiable Data Breaches (NDB) scheme** in February, 2018, to safeguard public data security which has posed a new challenge for CRM adoption in Australian companies. The companies in the current scenario would be quite apprehensive to adopt a CRM, in case they are not NDB compliant, as it comprises of sensitive customer data, the failure to safeguard which may result in severe legal repercussions.

# About Grazitti

Grazitti Interactive is a global digital services provider leveraging cloud, mobile and social media technologies to reinvent the way you do business. Since 2008, Grazitti has been helping companies power their business with its Market Research & Consulting services by devising the most relevant and beneficial course of action for its clients .

As a global consultancy, we have strategic partnerships with technology pioneers like Alteryx, Marketo, Salesforce.com, Adobe, Optimizely and Jive. We combine these new platforms with our innovative approaches to provide effective solutions to our clients. Doing this has allowed us to help hundreds of companies to transform their business and save millions.

**Get in touch** with our trained and experienced team of experts who provides fact-based insights and advice that are supported by a thorough analysis.

For more info, drop us an email at [info@grazitti.com](mailto:info@grazitti.com).