

VALOIR 2024 PREDICTIONS

A VALOIR INSIGHT BRIEF

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As 2023 comes to a close, Valoir takes a look ahead at the key technology trends that will shape customer, employee, and technology user experiences in 2024. We're looking at how economic factors will impact both company valuations and technology buying decisions, how artificial intelligence (AI) will impact the world of work and software, and emerging areas of opportunity where organizations will invest to improve efficiency and customer and employee experiences.

Consolidation picks up

Consolidation in the customer experience (CX) and customer relationship management (CRM) space will accelerate in 2024. As venture firms seek exits and acquisitions become more affordable, acquirers will take advantage of bargains to build out their portfolios. Although most of these acquisitions will be relatively small compared with pre-pandemic buys, they'll take less due diligence than before, because many of the acquirees will already be a part of the acquirers' ecosystems.

We'll see more acquisitions in the human resources (HR) and human capital management (HCM) space as well, for the same economic reasons – as well as the need for core vendors to add new capabilities in emerging areas to their portfolios.

The CX-EX crossover

Although there have always been parallels between customer and employee experience (EX), we'll see more of a melding of the two worlds in 2024 as CX vendors in decelerating and crowded spaces seek new addressable markets and people data (HR) companies with rich data sets look for new ways to leverage them. We'll also see vendors that play in both markets – like contact center vendors with workforce management capabilities – take advantage of their data and experience to make more measurable links between CX and EX.

The CRM data play

In 2024, CRM leaders will address the age-old CRM data problem by stopping the old practices of carrots and sticks to get data into systems and instead resort to data integration and artificial intelligence (AI) – and this means adoption of modern customer data platforms (CDPs). Finally, we find that the real business benefit of the CDP is not to get marketers what they want but to drive meaningful sales conversations, data-driven forecasts, and fewer swivels for service agents. With real data about buying history, availability to promise, and repair and replace trends in the mix, both sales and service teams can act more intelligently. CDP vendors will be on the hook to do the heavy lifting with things like real industry data schemas and models, and streamlining the integration of data from other business systems so they can help their sales, service, and marketing champions know what they don't know about data beyond the CRM application.

Although CDPs have been around for years, the push for CDPs will be fueled by recognition that without integrated, normalized, and reliable data AI simply doesn't work, or does more harm than good.

The death of the survey

Whether it's "voice of the customer" or "voice of the employee," most surveys stink. As real-time voice and sentiment analysis enable us to understand what customers and employees actually think, in the moment, when it matters, smart CX and EX teams will reduce the survey burden on customers and employees. Companies will look to less biased and burdensome ways to gather insights from their customers, and customer service teams will analyze sentiment and interaction quality directly from the context of conversations instead of asking customers to tell them what they've already told them. On the employee front, no more backward-looking data gathering efforts for self-congratulatory or self-flagellatory reports. Instead, more regular personalized touchpoints and data gleaned from conversations will provide greater insights in the moment.

AI's spectacular fail

Although artificial intelligence (AI) will deliver great benefits in productivity and automation in 2024, more notable will be some dramatic and highly publicized failures. Lack of mature technology, appropriate policies and procedures, and adequate training and safeguards are creating the perfect storm for AI accidents far more dramatic than just hallucinations. Expect public fails, lawsuits, and executive shakeups at both technology vendors and AI adopters when things go awry.

A focus on the ROI from employee well-being

In 2024 HR will re-examine its portfolio of benefits and technologies to ensure they're investing in employee welfare where it delivers clear returns.

A key part of employee retention is employee well-being – and that takes more than a meditation application subscription and some recognition rewards. For HR, this means having the data to identify top performers and their needs. It also means taking a data-driven approach to other benefits that can reduce stress and increase wellness – like mental and financial health (including on-demand pay) benefits, recognition and education programs, and coaching and mentoring. Although these types of benefits have often been seen as “nice to haves,” vendors that have made clear ROI a part of their business proposition can help HR prove their value and their place in the 2024 budget.

Skills get real

Recruiting and retaining talent continues to be HR’s biggest challenge, and it will be a key area of investment for HR leaders in 2024 as they seek to take a more data-driven, marketplace approach to managing talent at all levels. 2024 will see organizations get real about skills and look to technology to support their evolution to a more skills-based (rather than role-based) approach. Europe has long been ahead of North America given the structure of its labor markets, but 2024 will see North America playing catch up.

There are a couple of key reasons why this is happening now. First the rise of AI is making building and updating dynamic skills ontologies easier and cheaper. Second, the growth in investments in skills-focused HR technologies means vendors are developing more mature products for the North American market, and using sales and marketing dollars to raise visibility for their solutions. Third, one fallout from the great resignation was the recognition that organizations needed to have a better handle on the real skills their talent had at a more granular level to ensure business continuity and succession. Finally, the rise of AI, and the expectations that AI will replace all or part of many employees’ jobs, mean HR needs to determine now what skills are ripe for replacement and what roles are impacted to determine how to plan training for adjacent and next-level skills to keep those employees fully productive.

The hybrid work fallout

In 2024 we’ll begin to see the downstream impact of hybrid work policies – or the lack thereof – in North America, with a rise in hybrid or remote employees going to HR or the courts with claims they’re not being treated fairly. This will be particularly present in organizations without clearly codified hybrid policies or those where departments are left to a manager’s discretion. Although some claims will be spurious, they will highlight the need for clear and consistent policies and practices that ensure employees have equal opportunities for advancement.

A return to value

A number of factors will drive closer scrutiny of pricing and pricing models in 2024, including the unpredictable and evolving cost of AI-related compute power and the need for new pricing models to address new business models where per-seat pricing doesn't work anymore.

Optimizing the use of resources has never not been a thing, but 2024 will drive it home with new demands from technology customers that put vendors on the hook for the actual returns their solutions deliver. Those returns will be measured by telemetry and data on an ongoing basis, not with ad-hoc anecdotes at quarterly business reviews. The reality is that the pace of new feature delivery by many cloud application vendors has made just digesting and adopting new features – let alone maximizing value from them – a challenge. The advantage of cloud applications is that vendors have all the data on how and how often they're being used. Those confident in their value proposition will be increasingly exposing that data to their customers so they can make informed decisions about how their solution portfolio is being used and how and where they can extract more benefit.

Valoir is a technology analyst firm providing research and advisory services with a focus on the value technology delivers. With deep expertise in CRM, HCM, customer and employee experience, and enterprise applications, Valoir helps clients understand and maximize the value of technology. For more information, contact Valoir at www.Valoir.com or 1-617-515-3699.