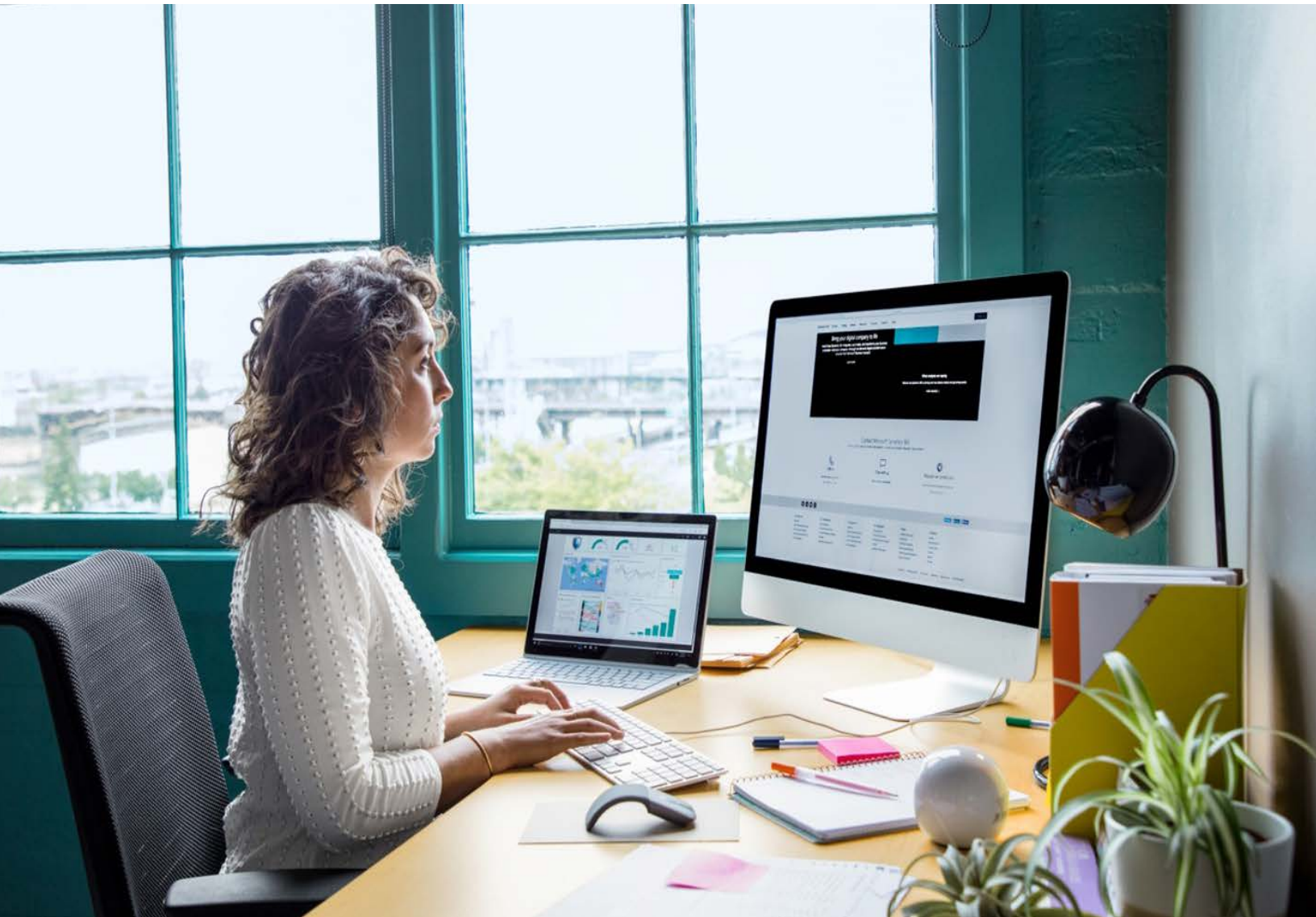


# The customer data platform advantage:

## How CDP compares to CRM and DMP



By now, most organizations recognize that successfully leveraging customer data to support a personalized customer experience is essential in today's competitive environment. In fact, two-thirds of companies now report they are competing on customer experience, up from just 36 percent back in 2010.<sup>1</sup> Customers are generating enormous volumes of data at every interaction, putting pressure on organizations to find the right tools and processes to manage and derive value from that data. The challenge is connecting siloed data coming in from different points of engagement throughout the customer journey and efficiently unifying that data to generate the holistic customer profiles and insights necessary for effective personalization.



Without data-driven insight into the core of the business, decision-making is limited and less effective, and customer experience falls flat. It no longer rests solely on the shoulders of marketing teams, either. It is a whole organization effort that requires coordination and distribution of insights across all lines of business.

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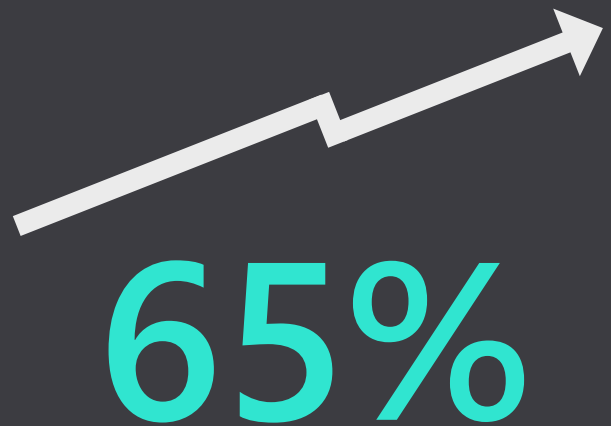
# Customer data platform

Among the available solutions for aggregating and managing customer data, the newest player to the game is the customer data platform (CDP). The CDP industry grew 65 percent last year alone, reaching \$740 million in revenue<sup>2</sup> and is expected to hit \$3.2 billion by 2023.<sup>3</sup> A CDP is packaged software that first centralizes customer data from all channels, sources, and systems of engagement, then aggregates the data for a 360-degree view of customers and to derive actionable insights. Accessible to other systems, CDPs

can surface those insights directly within business applications to support personalized, omni-channel engagement across all lines of business to help drive acquisition and retention.

While there are other solutions similar to CDPs that help organizations leverage their data, like customer relationship management (CRM) and data management platforms (DMP), they each achieve very different goals. It can be challenging to understand exactly what each platform does, where are the gaps, and which one (or combination thereof) best fits your organization's needs. Let's take a closer look at the capabilities and strengths of the most common platforms and how they compare to a CDP.

The CDP industry grew **65 percent** last year alone, reaching **\$740 million** in revenue



# Customer relationship management

CRM systems started out as contact management tools but have evolved to do much more. CRM systems can now also track and manage relationships with customers using automation to increase the effectiveness and efficiency of marketing, sales, and service. They help organizations



collect and store information about their customers, like records on customer interactions, preferences, and historical data. CRM systems can collect a range of first-party customer data like leads, opportunities, account and contact information, quotes, cases, and purchasing history, which can be leveraged to manage customer relationships.

## What can it do

- Centralize all first-party information, records, and actions pertaining to a customer's interactions in one location for quick access, easy sharing across teams, better reporting, and analysis capability
- Automate repetitive tasks to save time and effort, including lead capture, proposals and quotes, meeting follow-up, relationship tracking, case resolution, or reporting
- Connect with external tools for the ability to gather additional data, building a more complete record of the customer over time and supporting more informed decisions
- Retrieve historical customer information, like past purchases, preferences, etc., when engaging with a customer for better, more intuitive service

## How it differs from CDP

While CRMs are primarily used for tracking and managing first-party customer information, preferences, and transactional records internally, they don't match and merge data across various sources. CRMs are not optimized to handle large data sets in real time, which an enterprise-grade CDP can support. CRM systems are usually built on SQL databases while a CDP is built on data lake architecture optimized for big data processing. CDPs can ingest and unify first and third-party customer data in real time across many systems, resolving customer identities and surfacing unified customer profiles and predictions directly to systems of engagement. CRM systems can work well in tandem with a CDP, acting as a significant data ingestion source and adding to the complete view of customers.



## Data management platform

DMPs help organizations collect, organize, and activate data from various sources, translating it into a usable form. Though they're primarily used for collecting third-party, non-personally identifiable information, DMPs can help solve the challenge of collecting and managing these complex unstructured data sets. They can also analyze the data to derive rich audience segments for targeted digital advertising campaigns and connect directly with third-party ad networks or exchanges. DMPs are primarily leveraged by digital marketing

agencies or in-house marketing teams to identify audiences by categories like demographic, behavior, or location in order to better target digital advertising campaigns.

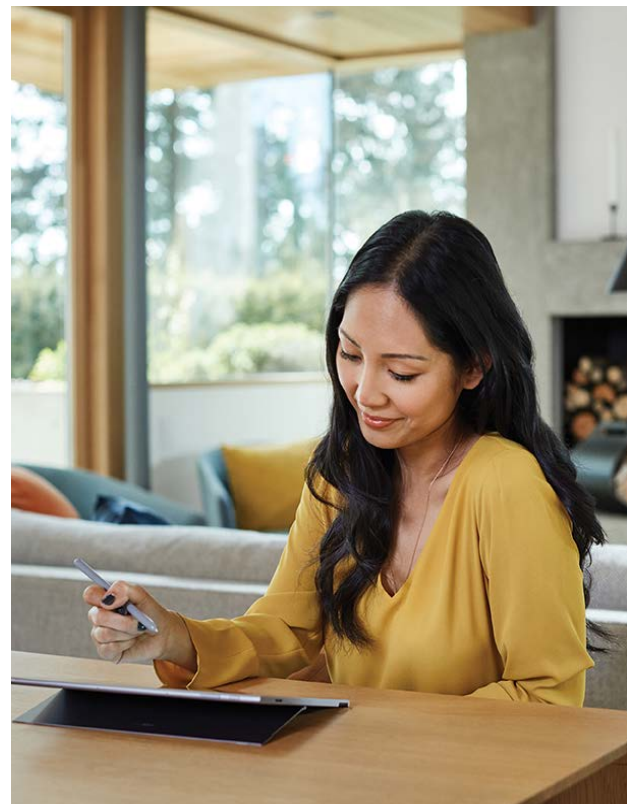
## What can it do

- Ingest and work with data from various third-party sources, primarily anonymous data
- Identify audiences for positioning targeted ads directly to the customers who will be most impacted
- Support development of segmented content and engagement targeted at particular audiences, primarily online customers
- Integrate with ad platforms and exchanges to purchase targeted ad placements
- Purchase, collect, and analyze third-party data, or sell owned data as second-party data

## How it differs from CDP

Because DMPs are used mostly for targeted digital advertising, they use primarily third-party and cookie data that provide anon-

ymous identifiers. This means they can enable highly targeted segments but lack the complete data set to enable one-to-one engagement. CDPs, on the other hand, can ingest first-party, personally identifiable information (PII) data, along with third-party data, and perform identity resolution. This enables CDPs to create more complete customer profiles that enable delivery of personalized experiences across marketing, sales, and service. While DMPs are focused specifically on digital advertising, CDPs optimize the entire customer journey by activating insights throughout all internal and external channels.



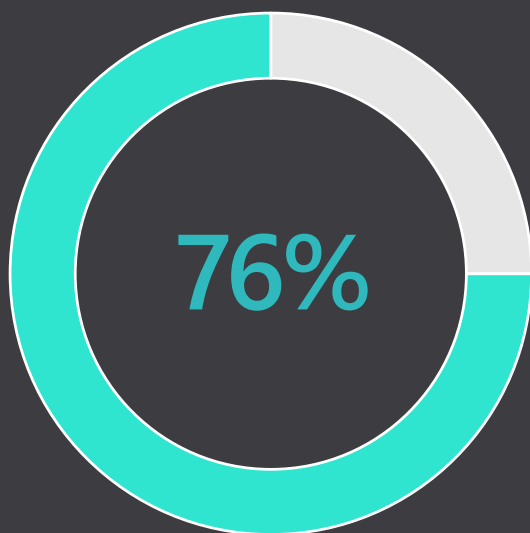
# CDP and the future of customer data

Widely recognized as the next big step in marketing technology, the customer data platform provides the answer to disconnected customer data and experiences. With more than 76 percent of today's buyers reporting their preference to do business with companies that offer personalized experiences<sup>4</sup>, the CDP is rapidly becoming an indispensable tool for powering the precise, omni-channel engagement today's economy demands.

Synchronizing all types of data from all systems and sources, including data from CRMs and DMPs, the CDP is key to delivering the right engagement for the right person at the right time, and enabling end-to-end personalization.

## Key CDP capabilities

- Provides business users self-service access to data and insights, leveraging packaged, prebuilt software that is configured for implementation without heavy lifting from IT
- Unifies a wide variety of first, second, and third-party customer data, including anonymous, historical, contextual,



**of today's buyers report they prefer to do business with companies that offer personalized experiences**

demographic, transactional, and behavioral information

- Utilizes personally identifying information (PII) to perform identity resolution and generate holistic customer profiles
- Discovers new audiences with AI-driven segment recommendations
- Leverages built-in analytics and AI to derive insights that drive informed action

and personalized engagement

- Integrates with internal and external destinations, enabling real-time personalization across the customer journey
- Provides a central, accessible, and useful source of customer data that can be utilized by multiple departments
- Ensures data privacy, security, and compliance with GDPR

## Quick-reference feature comparison

	<b>CDP</b>	<b>CRM</b>	<b>DMP</b>
<b>Purpose</b>	Unifies customer data for omni-channel personalization to drive acquisition, retention, and increased customer lifetime values	Automates marketing, sales, and service processes to increase effectiveness and productivity	Enables targeted audience segments primarily leveraged for digital ad campaigns
<b>Data sources</b>	First, second, and third party	First party	Third party
<b>Data types</b>	Transactional, behavioral, demographic, firmographic, and social data related to prospects/customers	Transactional and relationship data sourced from interactions between the organization and prospect/customer	Behavioral data related to prospects
<b>Customer lifecycle</b>	Anonymous and known	Known	Anonymous
<b>Activation</b>	Delivers consolidated data and insights for use by analytics or execution systems like CRMs	Execution system for marketing, sales, service processes	Generates insights to inform media buying
<b>Ownership</b>	Business-led	Business-led	Business-led
<b>Users</b>	Marketing, sales, service professionals	Marketing, sales, service professionals	Digital marketing teams, in-house or agency



# Dynamics 365 Customer Insights

In a world where customer experience can determine the success or downfall of an organization, it is imperative to have the right tools to not only leverage the vast types of customer data, but also make it easily accessible and actionable. Microsoft's real-time, enterprise-grade customer data platform, Dynamics 365 Customer Insights, is a pre-assembled, self-service solution designed for business users, helping them discover insights and take immediate action across all lines of business with minimal reliance on IT.

Organizations can effortlessly connect data from all sources to gain a single source of truth and surface insights directly within the business applications employees use every day. Customer Insights utilizes a wide range of first and third-party data enrichment sources and out-of-the-box AI templates to create the most comprehensive, 360-degree customer profiles with actionable insights. Customer data is protected by industry-leading security and standards, ensuring that the data is collected, stored, and used in accordance with GDPR regulations.

Leveraging turnkey integrations with third-party and Microsoft applications, organizations can activate real-time insights on destinations including analytics, email marketing, advertising, and customer engagement platforms. Customer Insights can be adapted and extended by connecting to Microsoft Power Platform to conduct advanced analysis, build custom apps with embedded customer insights, and trigger workflows in response to customer signals.

Creating custom machine learning models with Azure Synapse Analytics, organizations can tap into a limitless analytics service with unmatched time to insight. Combining customer data with enterprise data like financial, operational, unstructured IoT, and real-time/live streaming data generates powerful insights that feed back into Customer Insights, contributing to ongoing optimization and actionability.



To learn more, visit the Dynamics 365 Customer Insights [website](#).

- [1.Gartner](#)
- [2.CDP.Institute](#)
- [3.Research.and.Markets](#)
- [4.Statista](#)