



NUCLEUS
RESEARCH

HOW AI WILL BE THE NEXT BIG DRIVER OF CRM VALUE

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THE BOTTOM LINE

Nucleus has observed a 37 percent decline in CRM ROI over the last decade, dropping from \$4.90 to \$3.10. However, the emergence of artificial intelligence (AI), particularly generative AI and large language models (LLMs), offers a solution to this decline. These technologies are shifting CRM systems from passive data repositories to proactive tools capable of providing actionable insights and automating complex tasks. By taking advantage of AI capabilities within CRM systems, organizations can optimize operations, improve customer engagement, and achieve measurable ROI. Early adopters have shown that AI-enabled CRM systems enhance efficiency and offer significant advantages in today's competitive landscape.

OVERVIEW

The customer relationship management market is undergoing a critical shift. After years of declining ROI, AI, specifically generative AI and LLMs, has emerged as the next potential driver of value for end users. The move from on-premise to cloud-based systems initially delivered value, but that momentum has stalled. For the last three years, the value of CRM systems has been largely stagnant, with most platforms offering incremental improvements rather than transformative change. This has led to a plateau in ROI, as organizations struggle to expand upon the benefits of their existing CRM investments. However, the introduction of generative AI and LLMs promises to break this stagnation. These AI capabilities are now the technology poised to reshape the CRM landscape. New AI-enabled capabilities extend beyond data management, offering predictive insights, automation, and personalized interactions. These advanced AI tools are set to reinvigorate CRM by enabling more dynamic and responsive platforms that can adapt to the needs of both organizations and their customers. By driving real-time decision-making, automating routine processes, and improving overall system performance, AI can provide new value in CRM that was previously out of reach. While AI adoption still presents challenges, such as data security concerns and integration complexity, organizations that implement AI-driven CRM systems will be better positioned to extract greater value from their investment in CRM technology.

**AI in CRM can improve
employee productivity
by as much as 30%**

THE VALUE OF AI IN CRM

Nucleus assessed the impact of AI in CRM by examining the experiences of five organizations that have successfully integrated AI features in sales, service, and marketing. These cases illustrate the measurable benefits of generative AI and LLMs in driving operational improvements and increasing ROI potential.

SALES

New AI-driven capabilities are enhancing sales processes by automating data analysis, improving lead prioritization, and enabling more accurate sales forecasting. Sales teams using AI-driven CRM systems can focus on strategic activities such as relationship

management and deal execution, rather than routine data entry and analysis. Predictive models help identify which leads are most likely to convert, improving resource allocation and shortening sales cycles. Nucleus found that AI integration in CRM systems has increased sales productivity by 30 percent, resulting in higher conversion rates and improved revenue outcomes.

SERVICE

In customer service, AI-enabled CRM systems streamline operations by automating routine inquiries and improving the efficiency of support teams. AI tools such as Zendesk AI have led to a 23 percent increase in automated resolution rates and a 16 percent reduction in response times. By providing agents with relevant information and real-time guidance, AI enhances the speed and accuracy of issue resolution. This allows service teams to address more complex cases while maintaining high levels of customer satisfaction and operational efficiency.

MARKETING

Generative AI and LLMs are reshaping marketing strategies by optimizing campaign management, enhancing customer insights, and enabling personalized outreach. AI tools allow marketing teams to analyze large datasets and predict customer behaviors, leading to more effective targeting and improved campaign performance. Nucleus found that AI-driven features have contributed to a 12 percent increase in conversion rates and a 90 percent improvement in lead generation. As marketing budgets shrink, AI enables teams to operate more efficiently by automating content creation and delivering personalized experiences at scale.

BEST PRACTICES

To effectively integrate Generative AI and LLMs into CRM systems, organizations should focus on a few critical best practices will drive success and mitigate potential challenges. In conversations with organizations that are utilizing this new technology successfully, Nucleus identified the top four best practices:

- **Start With Clear Objectives.** Before deploying AI, organizations should define specific business goals that align with the intended outcomes of using generative AI and LLMs. Pinpoint areas within CRM, such as customer support, sales automation, or marketing personalization, where AI can add the most value. Clear objectives

ensure that AI adoption is focused and outcome-driven, preventing unnecessary experimentation.

- **Ensure Data Quality and Governance.** Data quality is the foundation of effective AI. Organizations must prioritize the accuracy, relevance, and consistency of customer data within their CRM systems. Strong data governance practices, covering data collection, storage, and analysis, will help ensure that AI outputs are reliable, actionable, and aligned with an organization's needs.
- **Integrate Human Oversight.** To ensure AI complements rather than replaces human workers, establish processes where employees review and validate AI outputs, particularly in areas that impact customer interactions. This maintains a balance between automation and personalization, alleviating concerns about job displacement and ensuring that AI-driven actions enhance customer relationships.
- **Invest in Employee Training and Development.** The success of AI adoption depends on employees' ability to work alongside new technologies. Investing in training programs to help staff understand, manage, and collaborate with AI systems is crucial. This minimizes resistance to AI adoption and ensures employees are equipped to maximize the benefits of generative AI and LLMs in their roles.

LOOKING AHEAD

AI, particularly generative AI and LLMs, represents the next phase of growth for CRM systems. By automating processes, providing predictive insights, and improving system intelligence, these technologies offer organizations a way to reverse the decline in CRM ROI. AI is repositioning CRM from a static data tool into a system that drives value across sales, service, and marketing. For vendors, AI represents a critical opportunity to differentiate their offerings and meet the evolving demands of the market. Those that successfully integrate AI capabilities into their CRM platforms will be able to offer more sophisticated, adaptive solutions that appeal to a broader range of customers. For end users, AI enables a deeper level of engagement with their data, providing actionable insights that lead to more effective decision-making and streamlined operations. The market as a whole will experience a shift as AI-driven CRM solutions become the standard, raising expectations for performance and adaptability. Moving forward, AI will not only reshape how organizations use CRM but also redefine the competitive landscape, pushing vendors and customers alike to innovate and embrace the future of intelligent CRM systems. For organizations looking to remain competitive and maximize the value of their CRM investments, AI integration is not just beneficial, it is essential for long-term success.