



Customer  
Advisory

# A new model for maximizing value from MarTech

Improve return on investment and the quality of customer experiences with a holistic approach to managing marketing technology.

KPMG Customer Advisory

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## Introduction

For a decade, companies have been identifying, selecting, and managing their marketing technology (MarTech) based on expedience rather than long-term sustainability. That's not surprising, given the constant change in MarTech. Recent research shows 63 percent of marketing leaders indicated that they are anticipating increasing MarTech spend in the next 12 months<sup>1</sup> even though utilization of existing MarTech capabilities has decreased.<sup>2</sup> Currently, marketers only utilize 42 percent of their existing MarTech capabilities.<sup>3</sup> This has left marketers with significant investments in technology that often yield limited returns.

There's no shortage of advice on how to fix MarTech problems. Unfortunately, most recommendations rely on a traditional approach to MarTech selection and management that is too narrowly focused and exposes companies to risks of poor adoption rates, duplicative functionality, inconsistent customer data, poor customer and employee experiences, and marginal return on investment (ROI). The problems marketers face today will only increase if they do not move toward an entirely new model for selection and management of marketing technology—a model that facilitates getting the greatest return possible from MarTech investments.

**In this paper, we offer four principles for a holistic approach to MarTech management and steps organizations can take to implement them.**

Successful MarTech selection and management must be anchored in business strategy with a clear value proposition. It also needs to address MarTech's rapid expansion and the interdependence of MarTech with the whole enterprise. That's why we recommend a holistic model."

—Jason Galloway, KPMG

# 63%

of marketing leaders indicated that they are anticipating increasing MarTech spend in the next 12 months.

# 42%

of existing MarTech capabilities that marketers have utilized.



## Current state of MarTech

Today, marketers tend to seek niche tools and capabilities to drive competitive advantage, make siloed purchase decisions, work with point solutions from multiple vendors, neglect user adoption and training, and consider and finance MarTech investments through the marketing operating budget, often without building a supporting business case.

It is imperative that you consider not only the total cost of ownership when selecting a piece of marketing technology but also the opportunity cost. You need to know what revenue or customer experience opportunities you miss out on when selecting one MarTech platform over another.”

—Craig Rutkowske, KPMG

60%

of MarTech leaders believe that they lack the technical skills within their marketing team to operate some of the technologies in our stack.

27.4%

of B2B businesses say their MarTech stack is fully integrated and can pass data seamlessly between solutions.

This approach often results in duplicative functionality—the overlap of software and capabilities across MarTech solutions—and inefficient utilization of MarTech capabilities. Based on a recent Gartner survey, **60 percent of MarTech leaders** believe that they lack the technical skills within their marketing team to operate some of the technologies in our stack.<sup>4</sup> When functionality is duplicated, the quality of customer experience and employee experience declines. Conflicting data models inhibit a 360-degree view of the customer. Employee training takes longer, and siloed customer data and customer experience (CX) tools are laborious and frustrating for marketers to work with.

On the business side, marketing organizations are often unable to effectively identify and measure key performance indicators (KPIs), forecast costs to deal with data and processing, or calculate an ROI on a MarTech solution. Compliance and risk issues arise, and lack of transparency

is commonplace. For example, only **27.4 percent of business-to-business (B2B) companies** say their MarTech stack is fully integrated and can pass data seamlessly between solutions, which means firms with siloed MarTech ecosystems deal with lack of data consistencies and inefficient workflows.<sup>5</sup>

Nevertheless, with this current backdrop, some broad changes are occurring. Customers are requiring a more connected and personalized cross-channel experience. C-level executives are calling for a greater return from MarTech activities and investments, as on average, CMOs have allocated a quarter of their entire marketing expense budget to MarTech in 2022.<sup>3</sup> MarTech is evolving toward cloud-based and Software-as-a-Service solution, with less customization and easier upgrades to deploy new capabilities.



## Four principles of MarTech sourcing and management

A new holistic model—founded on four principles for sourcing and managing MarTech—addresses the challenges of continuous technology change aligned to organizational goals. It facilitates rational and analytical MarTech decision-making and draws insights from diverse stakeholders.

The holistic model is accountable to the organization, helping to ensure that business cases for MarTech investment are strong and ROI is measured. Finally, it seeks to integrate solutions to reduce costs and create efficiencies.



## Principle #1: Take a holistic marketing technology perspective

A holistic perspective puts a stronger focus on management across the technology lifecycle. It can help a marketing organization address the full solutions landscape, from improving usability and performance to identifying solutions that are underperforming. Marketers can look at their entire stack and understand the value it brings to the customer and the business. They can **actively assess the stack** on a continuous basis and retire or replace solutions that are not adding value.

Ryan Walser, a Managing Director at KPMG, says that managing across the technology lifecycle is the **“foundation of the holistic approach.”**

Managing MarTech starts with ensuring that needs are identified. With an in-depth understanding of organizational needs, you can consider existing tech before sourcing new components. If new technology is deemed necessary, then a cross-functional team can be established to define requirements that take all parts of the organization into consideration. The original organization needs will serve as a guidepost on how the organization proceeds through evaluation and deployment. With the end goal of meeting the need, you can establish performance measures that can be monitored and reevaluated on an ongoing basis to help ensure you get the most value out of your investment.



## Principle #2: Integrate marketing technology

Integrating the technology stack increases operational simplicity, which can create an overall better experience internally for the organization and externally for the customer. It can reduce the cost of ownership with open application programming interface (API) connectivity and middleware, such as integration platform as a service.

Integrating can also reduce costs by extending capabilities to enable the software to do more—with webhooks, for example. Middleware and open APIs support both integration and governance of data, workflow, and User Experience and User Interface.



### Reconcile integration efforts with best-of-breed solutions

**Marketers will continually need to reconcile integration efforts with deployment of best-of-breed solutions.** For example, in selecting new marketing resource and campaign management tools, a global telecommunications firm opted for two best-of-breed solutions. Upon deployment, the company had excellent capabilities in workflow, review, and campaign initiation processes. However, the company did not understand or fully consider the complexity of integrating these two best-of-breed solutions.

In the end, campaign IDs were different in each system, requiring a manual effort to match and copy campaign IDs from one system to the other. The matching/copying process not only consumed hundreds of resource hours a year but also was extremely prone to error, undermining campaign tracking and reporting.

# 66%

**of MarTech leaders** believe that they lack the technical skills within their marketing team to successfully integrate their technology stack.



## Principle #2: Integrate marketing technology

While striving for a simplified ecosystem and the advantages of specialty tools, it is crucial to address the technical skills gap within the marketing team. As highlighted by a recent Gartner survey, **66 percent of MarTech leaders** believe that they lack the technical skills within their marketing team to successfully integrate their technology stack.<sup>4</sup> This underscores the importance of ensuring that the team possesses the necessary expertise to effectively implement and integrate the chosen marketing solutions.

For most companies, the goal is a simplified ecosystem combined with the benefits of specialty tools. Each of the global telecommunications company's best-of-breed software vendors had the capabilities the other vendor provided, though not at the top of its field.

**A holistic approach would have considered whether customers and internal marketers could have been better served with one core application rather than two best-of-breed but incompatible applications.**



### Integrate in context

**The existence of an open API doesn't necessarily mean a tool will easily integrate into your platform.** An effective integration depends on understanding the context—what needs to be achieved and the amount of effort that may have to go into it. Likewise, open APIs can mean many things, and software vendors can have varying degrees of integration capability. It is of utmost importance to be aware of the maturity of a vendor's API integration capabilities.

As part of the evolving context, middleware solutions—as well as low-code or no-code solutions acting as middleware—provide new ways for a marketer to join systems or technologies more quickly and easily. The telecommunications

## Principle #2: Integrate marketing technology

company that ran into trouble with its workflow and campaign tools might have used middleware to plug both tools into a single interface, accessed them from one spot, and passed data back and forth, thereby obtaining all the benefits of a best-in-breed solution without integration challenges.

As integration opportunities continue to evolve, marketers will do well to focus on being very clear about what they're buying, what they want it to do, and how they want it to interact with the rest of the technology stack. That's how marketers can ask the right questions about integration, whatever the context.



### Get the data right

**Even if integration facilitates data access, if it's not connected, contextual, accurate, or timely, it's not going to give you the insights you need.**

For example, a global electronics and high-tech firm had allowed countries and product lines to grow independently, resulting in a proliferation of marketing platforms and solutions. What brought this proliferation to a crisis point was not the extensive duplication and waste of functionality, but the request for consistent reporting across the regions and product lines by the new global chief marketing officer (CMO).

With so many different marketing systems, each with different data models, the marketers were unable to produce consistent, apples-to-apples data across the globe, and attempts to manually standardize and normalize the raw data were very difficult to achieve. Obtaining a single source of truth for marketing data required the firm to undertake a multiyear, global effort to replace existing systems with a new single platform and data model. The effort was productive but extensive, as the firm had waited 20 years to reconcile its MarTech stack.





## Principle #3: Establish new metrics

Today, metrics associated with MarTech selection and management are often minimal and very high level.

When KPIs exist, they often measure **platform technical performance** rather than MarTech's contribution to business goals and strategy. A new set of detailed KPIs that measures business impact as well as platform efficiency and effectiveness is needed.

**Specific KPIs will depend on the marketing technology solution and its objectives, but all MarTech KPIs should include performance, activity, outcome, and impact measures.**



Performance measures, such as uptime, outages, page load time, query response time, etc., show system responsiveness and reliability.



Activity metrics, such as resource utilization, indicate whether marketers and customers are engaging with the technology as intended.



Outcome metrics indicate whether the technology is supporting the appropriate response in the marketplace, such as successful customer interactions or a satisfactory customer experience.



Impact metrics indicate whether the technology-supported experience is being converted into financial business value, such as revenue lift.

When you identify new metrics, you invest significant time and effort in selecting the data, creating the KPI, and getting the KPI in front of marketers. A KPI can help drive a particular type of behavior, so it's important to validate that you are actually measuring the type of performance or outcomes you're looking for.

### Principle #3: Establish new metrics

**Metrics enable active management of global platform impact.** For example, effectively understanding which technologies are driving marketing efforts can result in reducing waste, such as duplicative or unused technology. Duplicative and unused technology not only increases expenses, but companies also incur “technical debt” for their ownership, which is more difficult to measure.

According to Ryan Doubet, a managing director at KPMG, “Technical debt includes all the peripheral time and costs that come along with a solution, such as vendor communication/coordination. Establishing new metrics can enable better management of the technology currently in place, reducing peripheral costs.” If a MarTech platform is not driving business impact, it should be reevaluated to determine if the shortfall is based on user skills adoption or if the technology is not aligned to core business strategies.



## Principle #4: Establish cross-functional selection teams

MarTech selection is complex and requires support and expertise beyond marketing organizations. By 2025, **70 percent of new applications** developed by organizations will use low-code or no-code technology. **The rise of low-code application platforms (LCAPs) is driving the increase in function of business technologists** who report outside of IT departments.<sup>6</sup> However, more than a third (35 percent) of marketers suffer from having multiple technologies that don't integrate properly.<sup>5</sup>

Cross-functional teams are crucial in the process of design, selection, and implementation of software. Not involving the right stakeholders, such as IT or Procurement, to support in making informed decisions on software can expose an organization to unnecessary risk and lead to lack of credibility for executive support and approval.



# 70%

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of marketers suffer from having multiple technologies that don't integrate properly.

Cross-functional selection teams, with all stakeholders represented, make a holistic approach to marketing technology possible. The cross-functional team can help ensure new technology is aligned with business strategy, critical adoption, and skill, and data issues are addressed to increase their likelihood of succeeding. It can support viewing and managing the MarTech stack as a portfolio.

Optimizing future marketing technology decisions requires a cross-functional team comprising core and associated constituencies (cross-functional teams may include outside agencies as well.)

**But how do you engage the right players while also keeping the team lean and agile?** You must clearly identify the primary and secondary stakeholders to involve in the process. Then, it is critical to align on a RACI model for efficient decision-making. This will not only help ensure you have the right people at the table but can also **show progress and move quickly**.





## Function

## Responsible for

### Marketing

- Required features and functionality
- Role in CX or process optimization
- System administration
- Business use case development
- Cost/benefit case development

### Procurement

- Vendor viability
- Contract compliance
- Cost competitiveness
- Vendor performance evaluation
- Purchase process and effectiveness

### IT

- Ongoing monitoring and maintenance of infrastructure
- Data and system integration
- Data security and management
- Engagement with Marketing to create cohesive vision of MarTech
- Support in managing tech stack and ensuring requirements are met

### Finance

- Review of business case
- Identifying break-even and ROI simulations

### Legal

- Compliance with regulations and firm/industry standards and policies

### Analytics

- Evaluation of embedded models' efficacy and transparency

### Customer Service and/or Sales

- Evaluation of impact on customer service and/or sales

### Executives

- Leadership buy-in
- Ensuring alignment with corporate strategy



## Getting started

To help ensure competitiveness, a better ROI, and quality customer experiences, it is critical that organizations move toward a new process for selecting and managing marketing technology.

We advocate making iterative waves of changes to move toward a holistic approach to marketing technology lifecycle management. Moving forward effectively will require the establishment of a cross-functional team and the following actions:

### 1 Establish a vision

Identify the strategic goals for marketing and be clear on what your organization wants to support over the next three to five years. Defining the KPIs used to measure success is an integral part of this vision.

### 2 Assess your existing MarTech

Document and understand your existing technical capabilities, architecture, and key gaps. This will serve as the baseline for developing go-forward recommendations.

### 3 Develop a strategic plan to reach desired outcomes

Develop a detailed multiyear roadmap that defines key capability and integration enhancements while balancing the impact of these enhancements with your organization's business goals, appetite and ability for change, and ROI requirements.

## How KPMG can help

The KPMG MarTech Advisory team can help you build robust MarTech capabilities and solutions and address gaps in process, data, technology, organizational coordination, and skills. Our holistic approaches address the entire MarTech management value chain, and we anchor our recommendations in quantifiable financial measures.

In parallel with knowledgeable resources, KPMG brings assets and accelerators to each engagement to help improve speed to value.



Comprehensive MarTech strategy and roadmap tailored to your organization's goals and objectives



Extensive view of technology landscape and which vendors are appropriate for your unique situation



Robust business models to quantify the ROI from changes to your marketing technology stack



Data expertise to help empower decision-making with data and insights



Inventory of MarTech benchmarks and leading practices to improve efficiency, agility, and market differentiation



A multifunctional framework to identify, evaluate, select, deploy, manage, and monitor marketing technology to increase return on investment

Our team has collaborated with organizations across industries to help them enable their strategic vision. We help our clients optimize for today while positioning themselves for tomorrow.

**If you are interested in a more effective marketing technology, KPMG is interested in working with you. Let's start the conversation.**

## Related KPMG thought leadership

1. LXA, "CMOs Plan to Increase MarTech Spending in 2023," November 21, 2022
2. Gartner, "Marketing Technology and Emerging Trends," September 6, 2022
3. Gartner, Press Release, October 3, 2022
4. Gartner, "The Gartner 2022 Martech Survey: New Insights to Maximize ROI," October 21, 2022
5. Emarsys, "More than a quarter of marketers have too many tools in their MarTech stack," Emarsys, March 1, 2022
6. Gartner, Press Release, November 10, 2021





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## About KPMG Customer Advisory

KPMG Customer Advisory helps some of the world's leading marketing, sales, and service professionals make the right investments that deliver meaningful, sustained growth. At every step, we deliver insights that help you make decisions with precision and confidence. Together, we'll turn opportunities into tangible, transformative results. Let's start the conversation.

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