Making Customer Success a Part of Your DNA

Transform the Buying Experience, Empower Your Sales Force

March 2, 2017
10 a.m. Pacific Time

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CONFIGURE, PRICE, AND QUOTE CLOUD

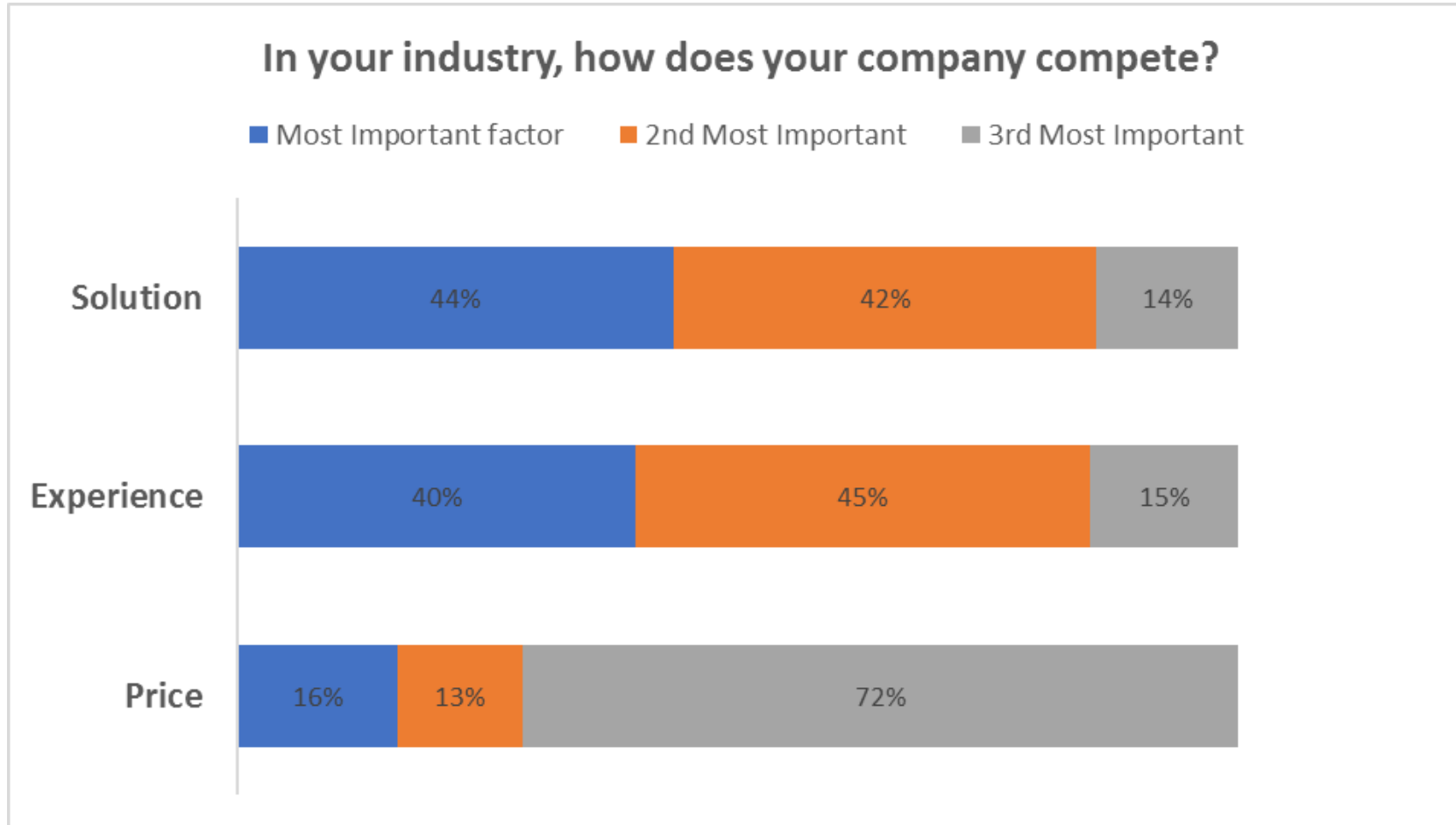# Making Customer Success a Part of Your DNA
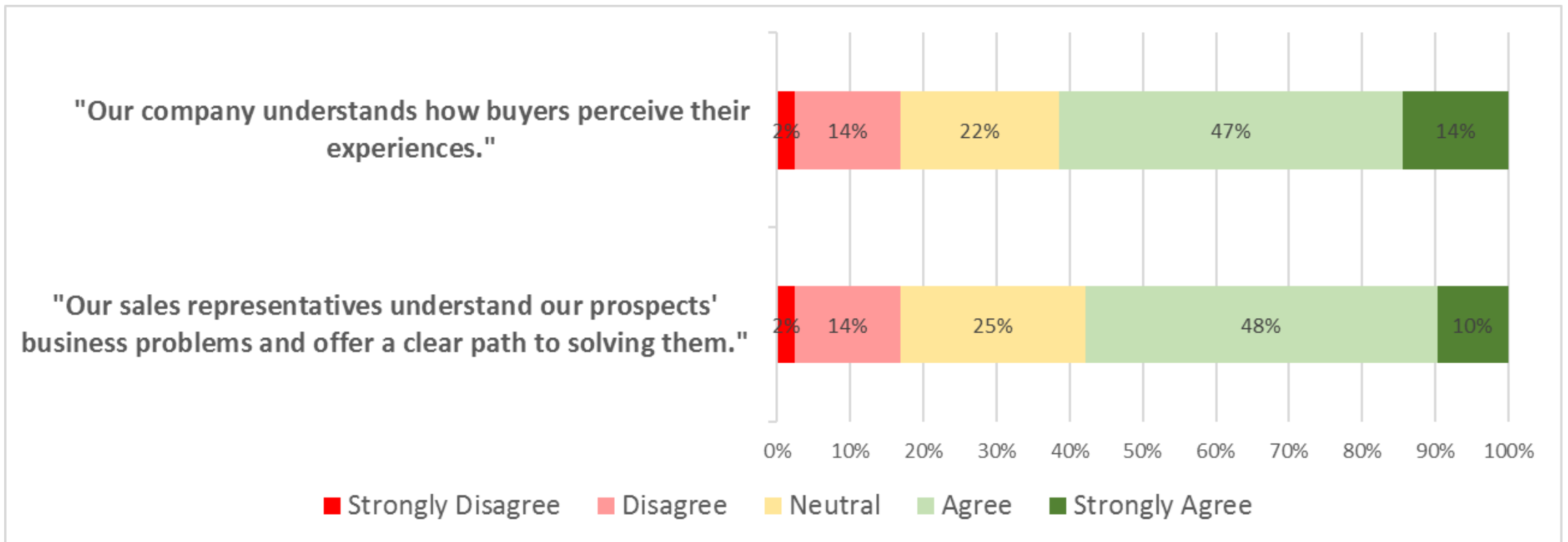## Speaker

Amir Hartman
Executive Director, Customer Strategy at Oracle

A leading authority on corporate and technology transformations, Amir works with customers to help develop and execute customer success strategies. He is an international best-selling author and has served on the Business School faculty at Berkeley, Columbia, and Harvard Business School Interactive. A frequent speaker, he is the author of several influential books, most recently *Competing for Customers* (2016).
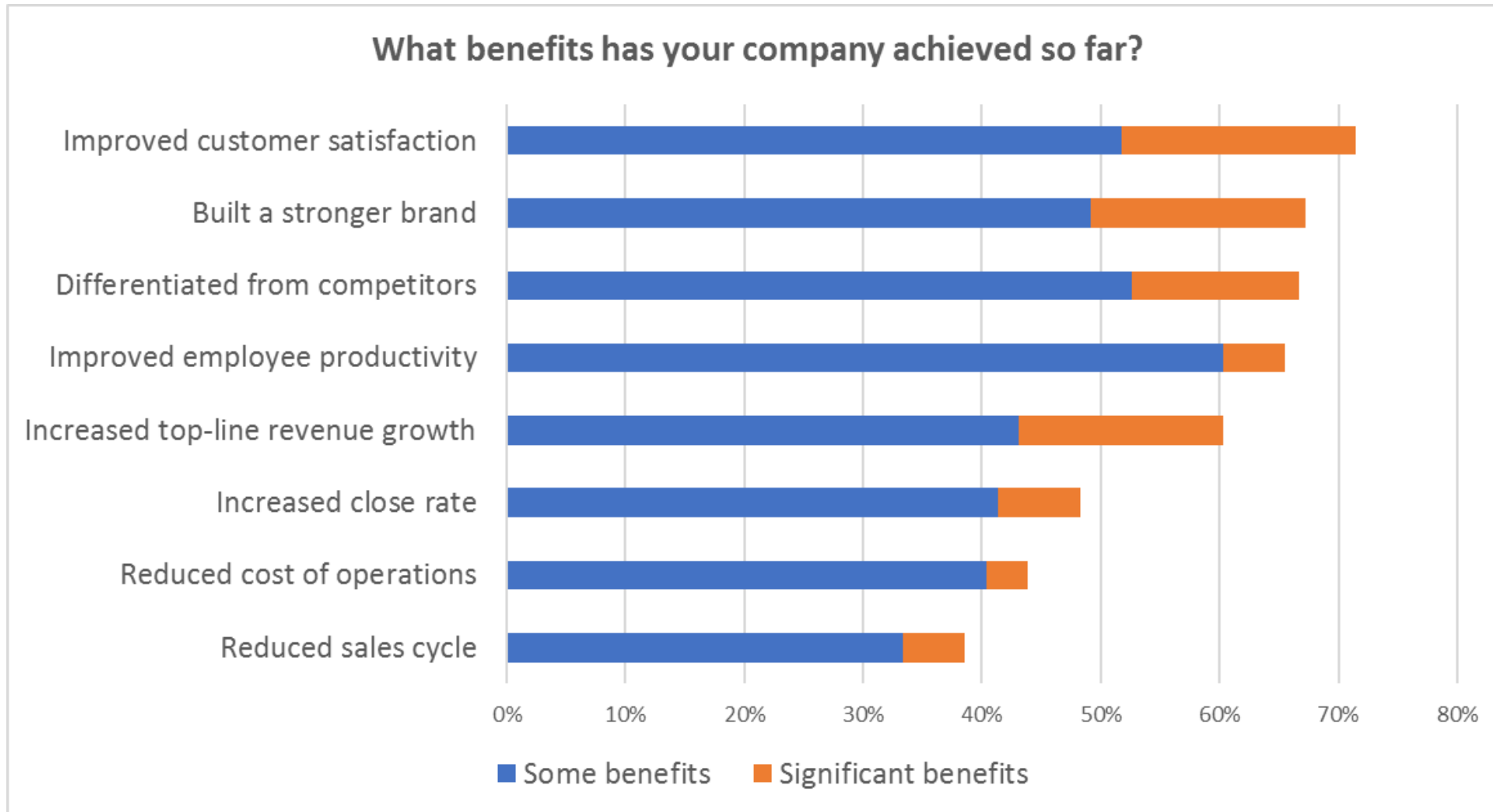
Solution and Experience are Equal Partners in Competitive Strategy

In your industry, how does your company compete?

■ Most Important factor   ■ 2nd Most Important   ■ 3rd Most Important

	Most Important factor	2nd Most Important	3rd Most Important
Solution	44%	42%	14%
Experience	40%	45%	15%
Price	16%	13%	72%

customer THINK

Many Find it Hard to Walk in Their Buyers' Shoes

"Our company understands how buyers perceive their experiences."
- 2% — Strongly Disagree
- 14% — Disagree
- 22% — Neutral
- 47% — Agree
- 14% — Strongly Agree

"Our sales representatives understand our prospects' business problems and offer a clear path to solving them."
- 2% — Strongly Disagree
- 14% — Disagree
- 25% — Neutral
- 48% — Agree
- 10% — Strongly Agree

Legend: ■ Strongly Disagree ■ Disagree ■ Neutral ■ Agree ■ Strongly Agree

customer THINK

40% "Making Progress"

What benefits has your company achieved so far?

- Improved customer satisfaction
- Built a stronger brand
- Differentiated from competitors
- Improved employee productivity
- Increased top-line revenue growth
- Increased close rate
- Reduced cost of operations
- Reduced sales cycle

0% 10% 20% 30% 40% 50% 60% 70% 80%

■ Some benefits ■ Significant benefits

customer
THINK

Only 20% Are Achieving Clear ROI

Which of these are major issues preventing your company from delivering more effective buying experiences and achieving revenue goals?
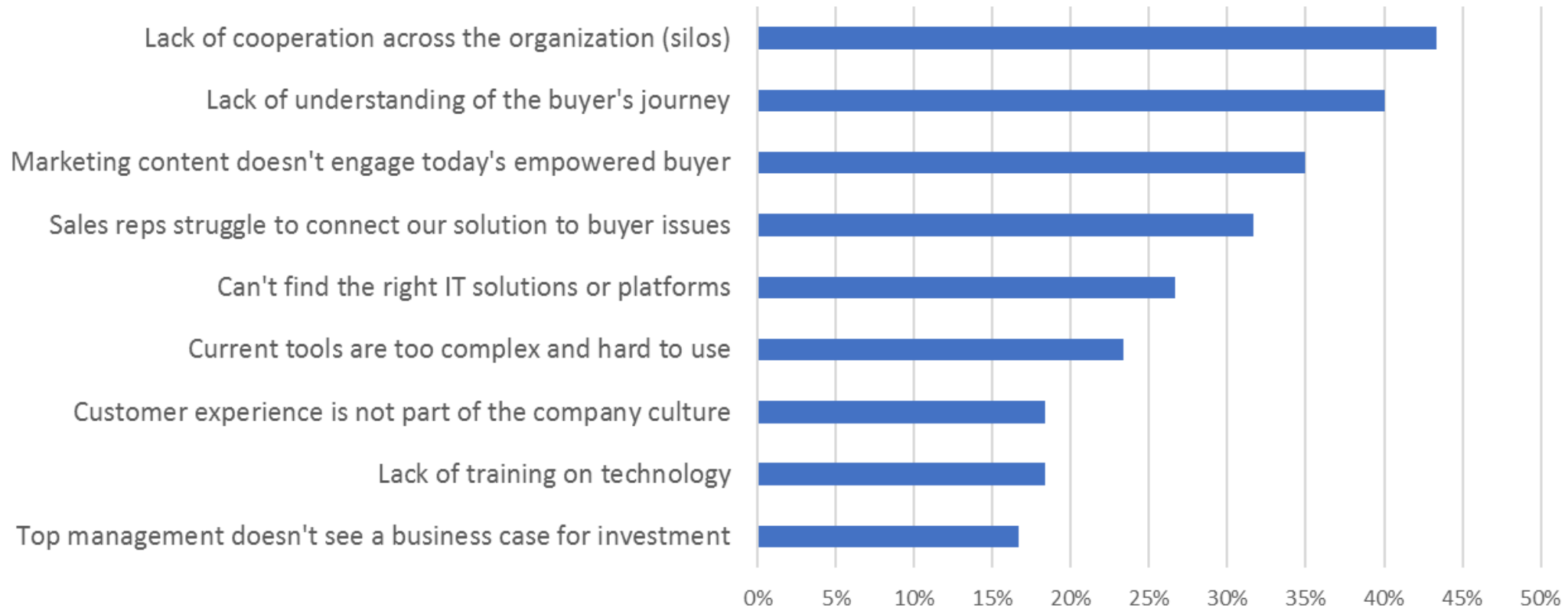
customer
THINK

Market Trends Facing B2B Organizations

More Demanding

Customers want **a clear picture** of the value you will deliver

More Diverse

decision makers are part of the buying process

More Sophisticated

buyers have **access to knowledge** across diverse channels to help the buying process

#1 reason customers leave is that *they do not perceive results* from your solution

Buying cycles are now **22%** *longer* than they were five years ago*

Close to **70%** of buying cycle takes place *before* buyers engage with a live sales person*

*SiriusDecisions

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The Subscription Economy

The Negative Impact of Churn Can Be Quantified

95%
retention rate
- Acquired 600 customers
- Lost 30

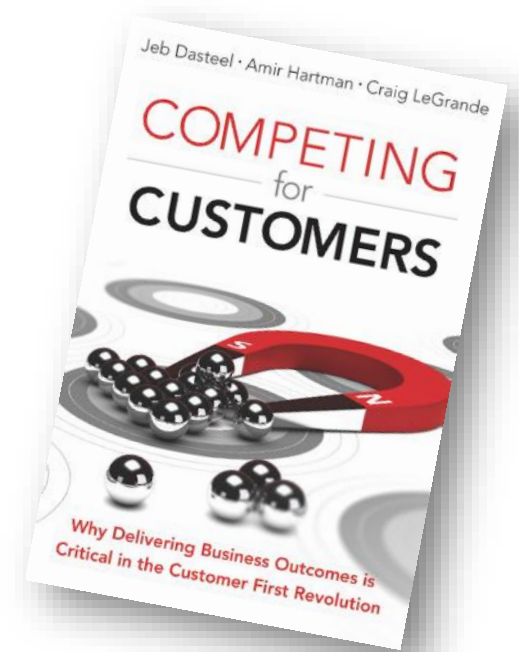**$2M** difference

80%
retention rate
- Acquired 600 customers
- Lost 120

Revenue

Time
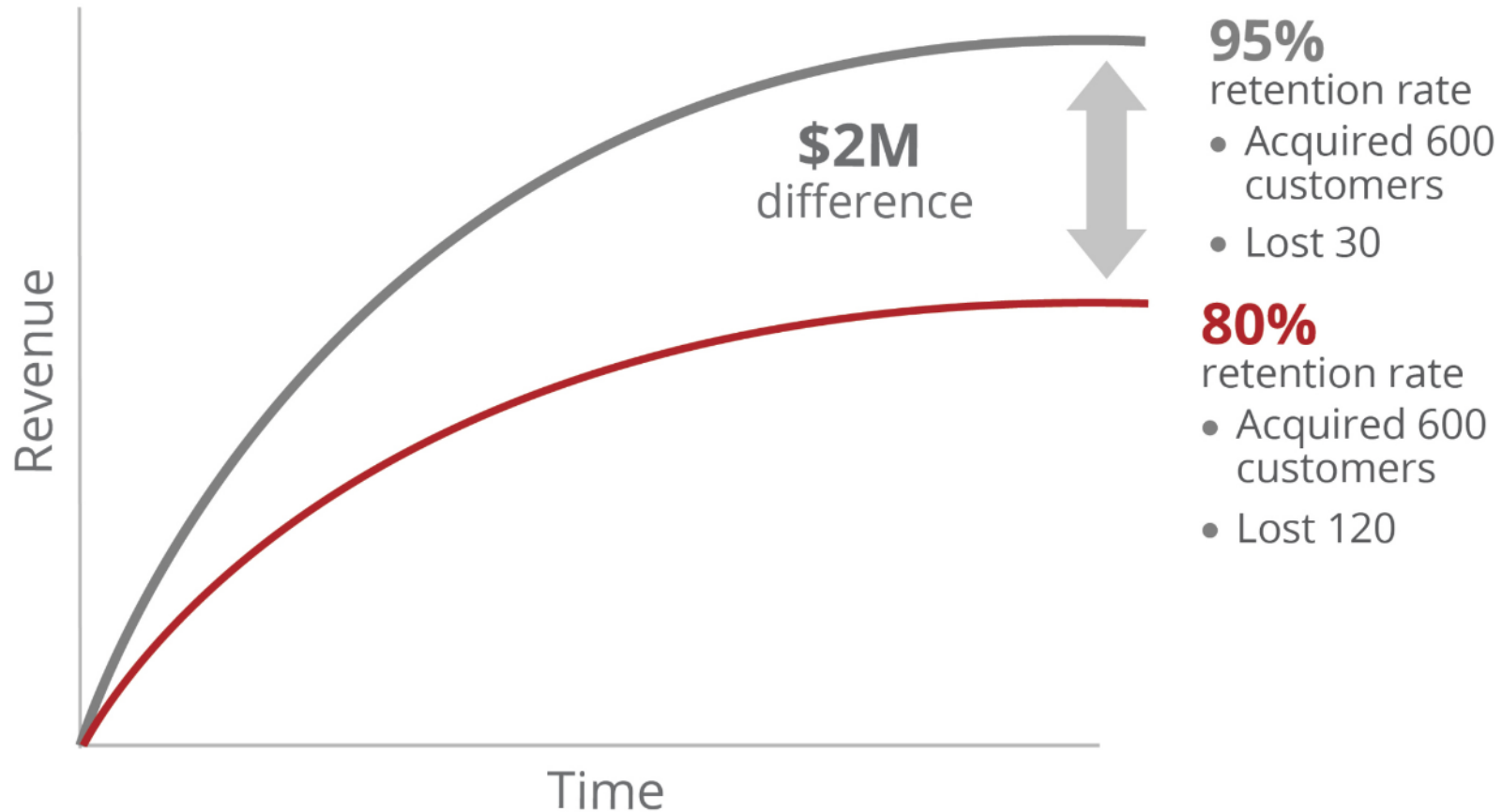
# Hypothesis: Customer Success

What Do We Mean by Customer Success?

The set of activities and resources an organization provides to its "customers" throughout their journey, with the purpose of increasing the likelihood that they achieve their desired business outcomes.

Business Outcomes are the
Most Important Customer Experience

Are our customers achieving the full potential from their investments?
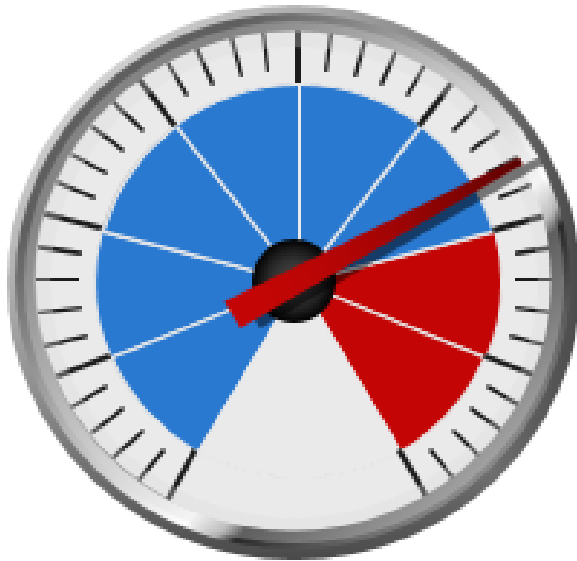
#1 — *The **#1** reason for customer dissatisfaction is they do not perceive value.*

4X — *Disciplined approaches to transform efforts are **4X** more likely to succeed.**

50% — *Two-thirds of companies reported receiving **50%** or less of expected information technology transformation benefits.**

Sources: McKinsey and Boston Consulting Group

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Audience Poll

- Our customers see us as a strategic partner and involve us on planning efforts?

- For our top 100 customers we regularly present the measurable value we have delivered?

- We regularly help customers realize the full value of our solutions.

- Our marketing and sales collateral is business outcome focused versus feature/product focused.
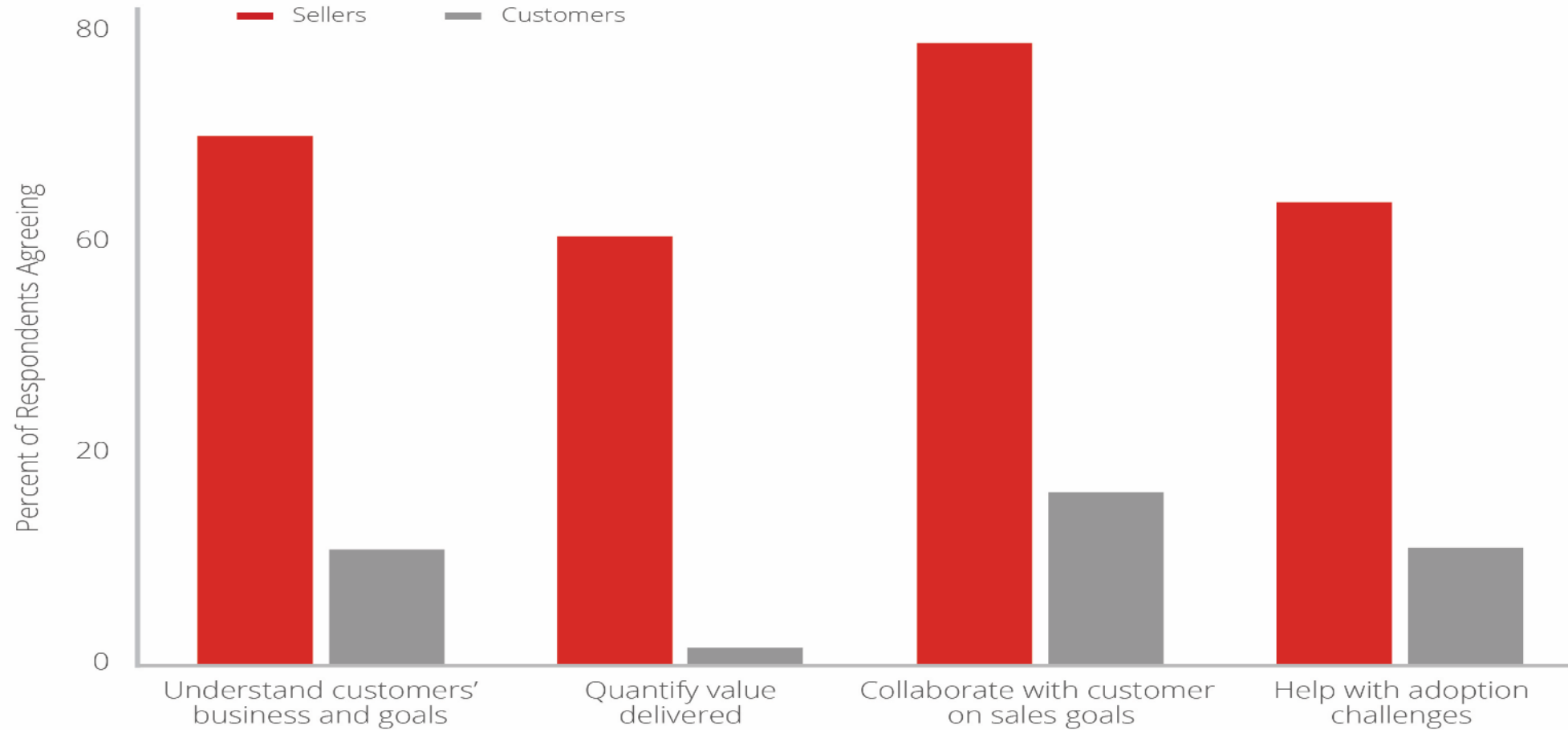
If you can't answer "**yes**" to these questions, your organization is at risk!

We're Not As Good As We Think We Are

Sellers	Buyers
61% say they jointly develop strategic account plans with their customers.	Less than 20% of my providers develop their strategic account plans with us.
77% say their teams understand their customers' business and how they are measured.	7% of providers/vendors understand our business needs and provide us valuable insights.
55% say they provide on-going guidance to realize value.	Nobody helps me assess value realized.

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The Perception Gap Is Profound

Differences in Seller vs. Customer Perceptions of the Seller

Legend: Sellers (red), Customers (gray)

Y-axis: Percent of Respondents Agreeing (0, 20, 60, 80)

Categories:
- Understand customers' business and goals
- Quantify value delivered
- Collaborate with customer on sales goals
- Help with adoption challenges

Accelerating Customer Success

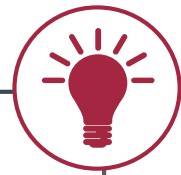From Contact...   ...to Opportunity...   ...to User...   ...to Advocate

Marketing

Deliver a **Connected Customer Experience** that is highly engaging and demonstrates value throughout their journey.

Procurement

Deliver an **Accelerated Buying Experience** that makes purchasing simple and fast.

Customer Care

Deliver a **Superior Ownership Experience** that drives customer success and generates lifetime partnerships.
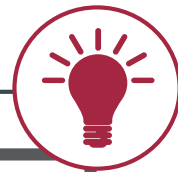
Accelerating Customer Success

From Contact…   …to Opportunity…   …to User…   …to Advocate

Marketing

From: pipeline focused, feature centric activity

To: journey focused, outcomes centric
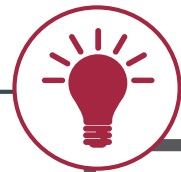
Procurement

Customer Care

Is your CRM Investment Driving Sales Revenue?

Less than 50% user adoption

Only 1 in 5 include automated processes and integrated systems

<1/3 rep time is spent "value selling"

>$1M lost to sales quote **errors and inefficiencies**

Final deal size is often **50% off list price**

1 out of every 2 reps DON'T MAKE QUOTA

Source: Gartner

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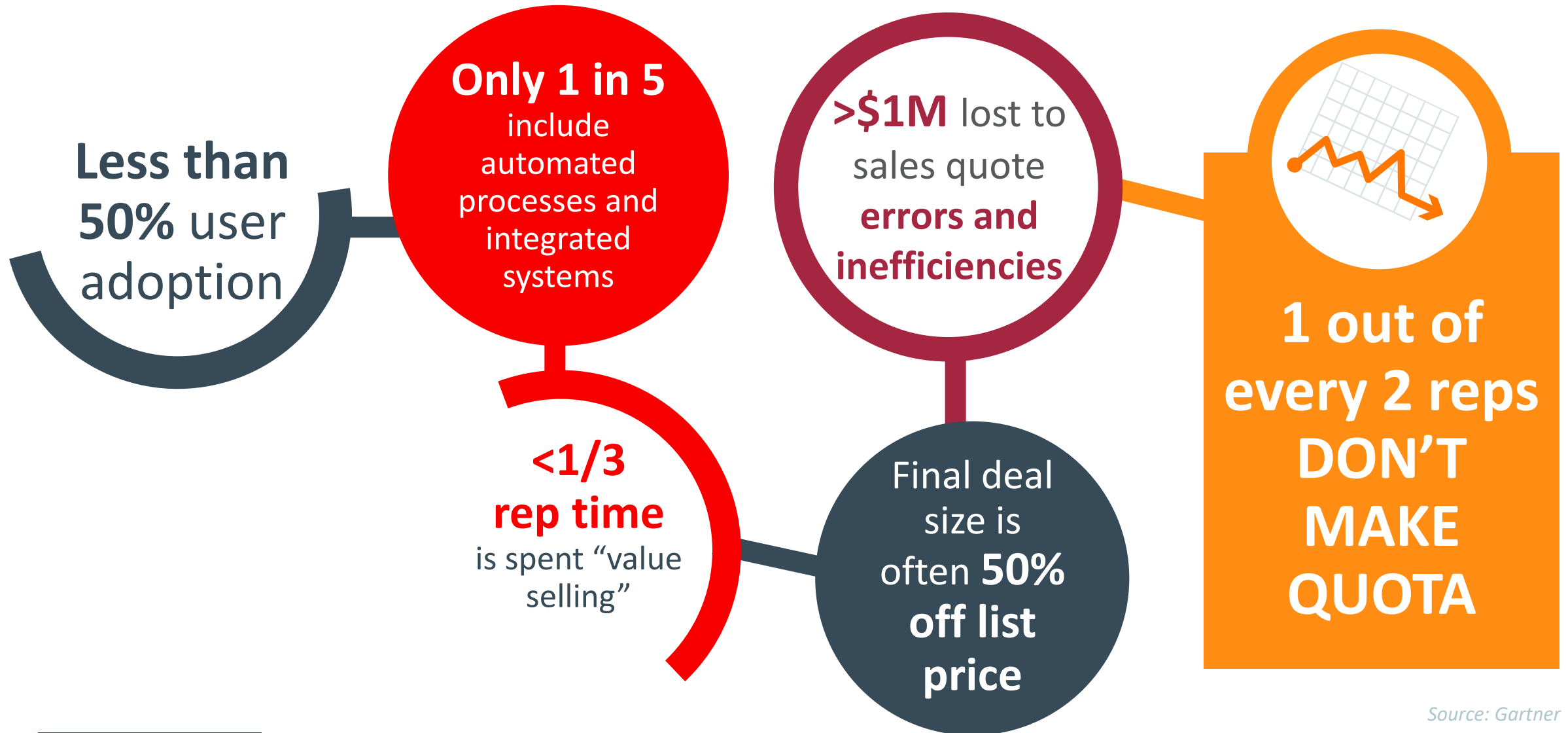
CPQ: Addressing Buying Experience Challenges
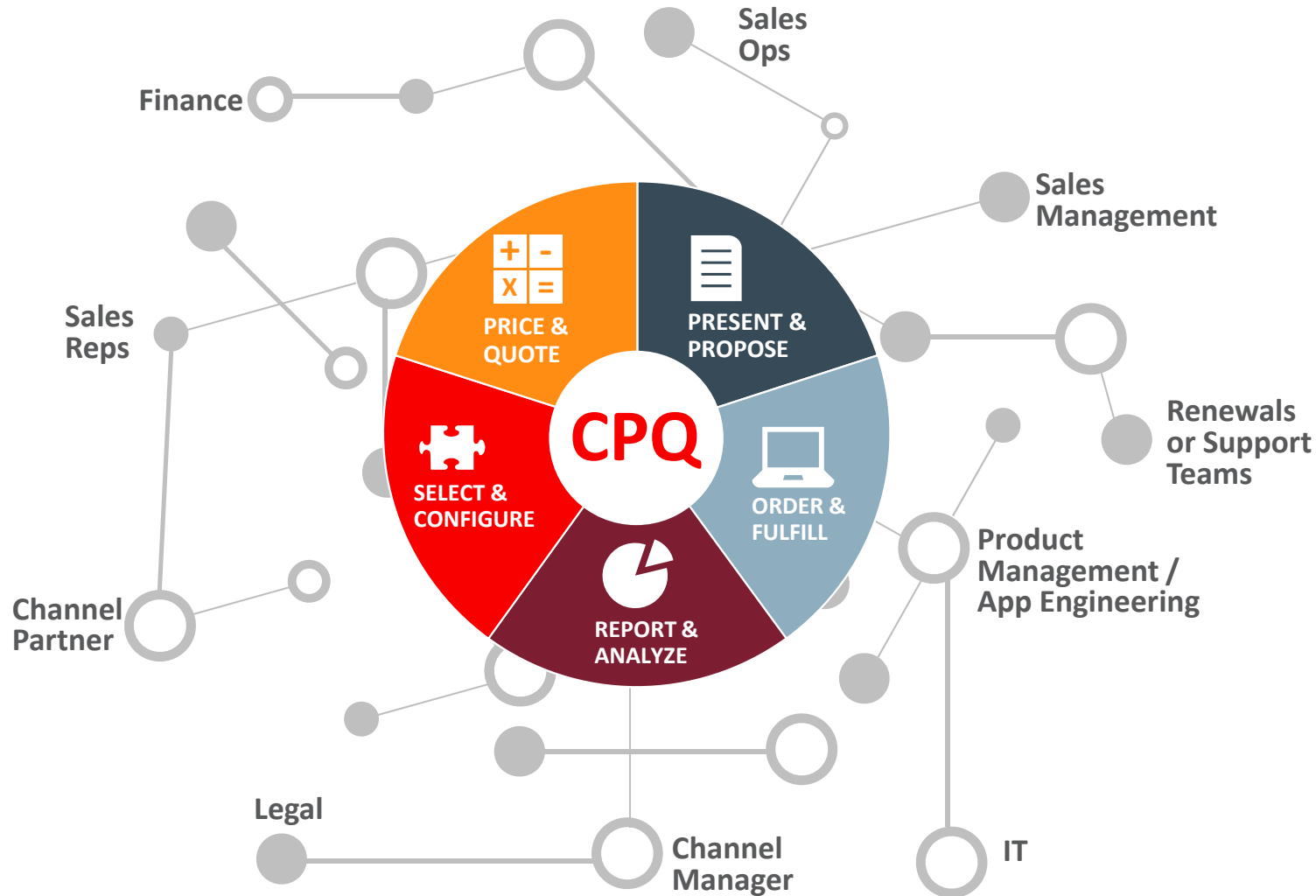
- Difficult to find product / pricing info

- Selling activity and quoting managed outside the system

- Slow to launch new products or promotions to reps or channels

- Not responding fast to custom requests

- Slow to analyze deals and P&L for approval

- T&C templates are difficult to maintain

- Renewals need co-termination / pro-rating

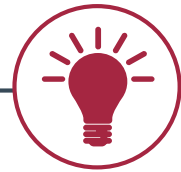- Disconnected tools with security and performance gaps

Accelerating Customer Success

From Contact...   ...to Opportunity...   ...to User...   ...to Advocate

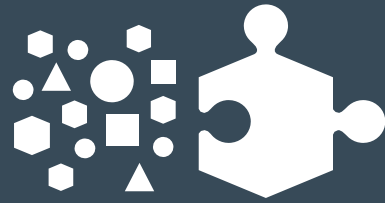**Marketing**   **Procurement**   **Customer Care**

From: Break/fix focused; reactive

To: Adoption services, value realization

Ensuring Success: Adoption Services & Value Realization

Plan and manage adoption to increase the likelihood of program success

Identify KPIs to track and measure (short term and longer term)

Identify areas to improve the initiative and achieve it's "full potential"

Assess and measure the customer's realized value

Communicate in a language that is going to resonate with key stakeholders

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Impact of Customer Success

Marketing

Least to Highest Level of Maturity

 Retention marketing, promoting business outcomes

 Customer engagement

 Focusing on leads to opportunities to deals

 Presenting features and functions

Impact of Customer Success

Marketing
Least to Highest Level of Maturity

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Sales
Least to Highest Level of Maturity

Sell outcomes

Sell solutions

Sell features

Take orders

Impact of Customer Success

Marketing
Least to Highest Level of Maturity

Retention marketing, promoting business outcomes

Customer engagement

Focusing on leads to opportunities to deals

Presenting features and functions

Sales
Least to Highest Level of Maturity

Sell outcomes

Sell solutions

Sell features

Take orders

Services
Least to Highest Level of Maturity

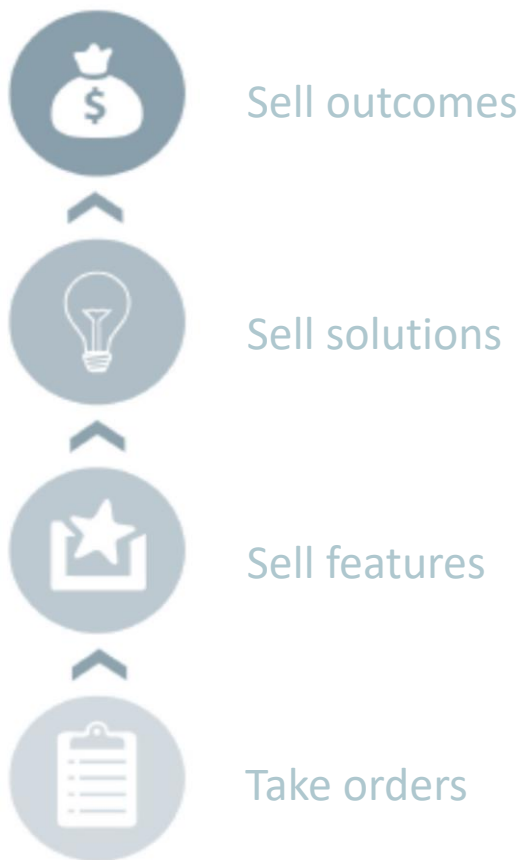Drive value realization/ business outcomes

Drive adoption and change management

Managed Services

Implement and train

Making the Case for Customer Success

Customer Success Benefits

Preserving Revenue from Existing Customers

✓ **Lower Customer Churn**
Lower customer churn provides a revenue and growth rate advantage

✓ **Greater Efficiency**
Reduction in cost to serve drives improved margin in order of 10-20% over 5 years

Expanding Revenue from Existing Customers

✓ **Increased Upsell/Cross Sell**
Customer success practices help increase upsell by 10% during lifetime of customer

✓ **Lower Customer Acquisition Cost**
Customer success practices help reduce cost of sales to existing customers by 50-80%

Referral Revenue from New Customers

✓ **Sales Acceleration**
Sales cycle reduction by 20-30% through ROI evidence from existing customers

✓ **Lower Cost of Sales**
Customer success practices help reduce cost of new sales by 50%

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Results We're Seeing at Oracle

Increased Engagement = Higher Spend

Incremental Revenue

- Transactional: $7
- Collaborative: $21 ↑ 200%
- Partnership: $32 ↑ 52%
- Advocacy: $67 ↑ 110%
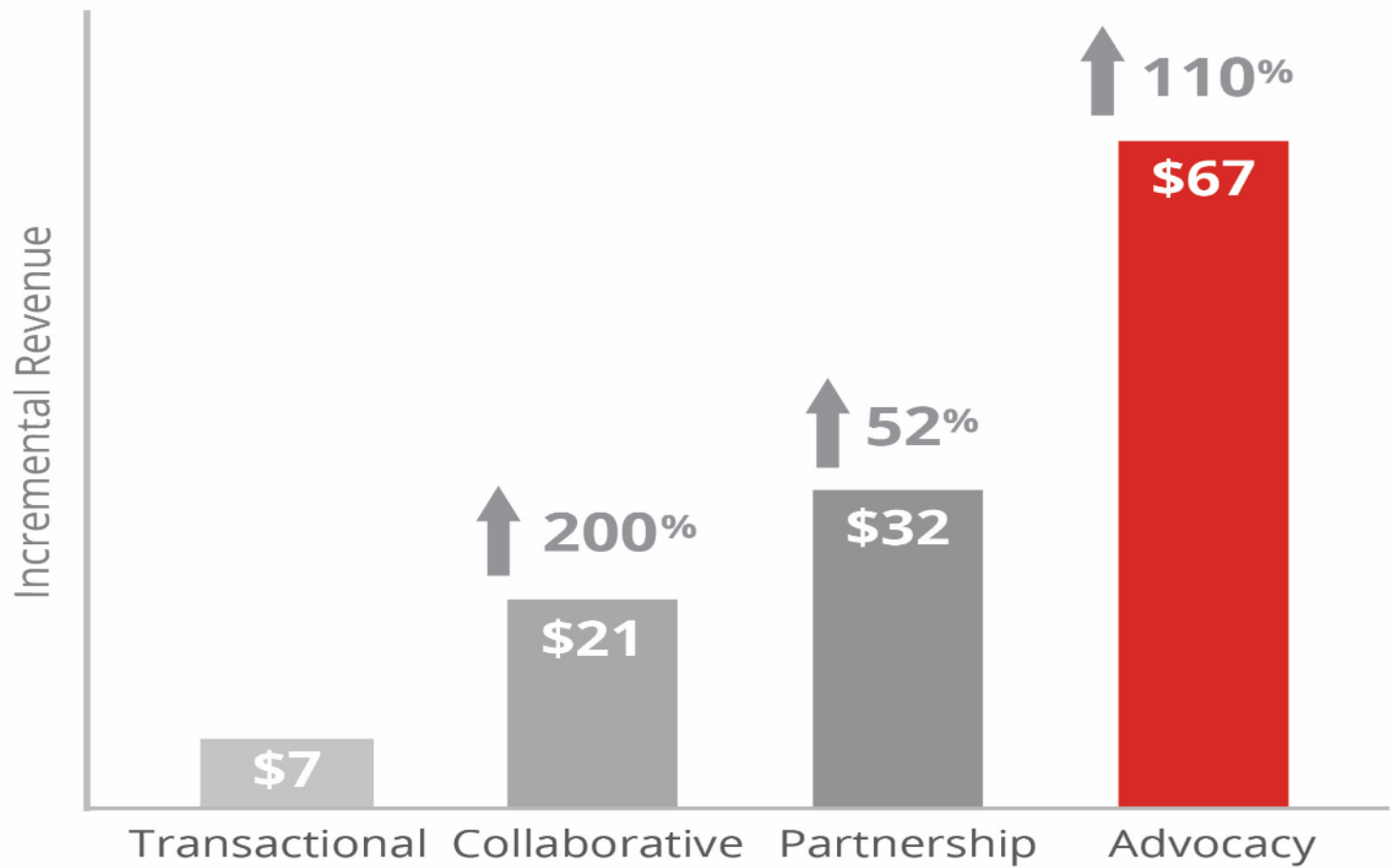
* All Values shown are averages in $M USD

6 Lessons Learned

1. Great buying experience is not enough – what matters most is **"achieving desired business outcomes"**

2. Identify areas throughout the customer journey where you can **increase the likelihood of their success**

3. Ensure that >70% of your marketing and sales content is **business outcomes focused**

4. Demand that marketing spend get allocated to **customer retention**

5. Require that your sales organization (direct, inside, or channel) can have **executive conversations that matter**

6. Get serious about **value realization!**
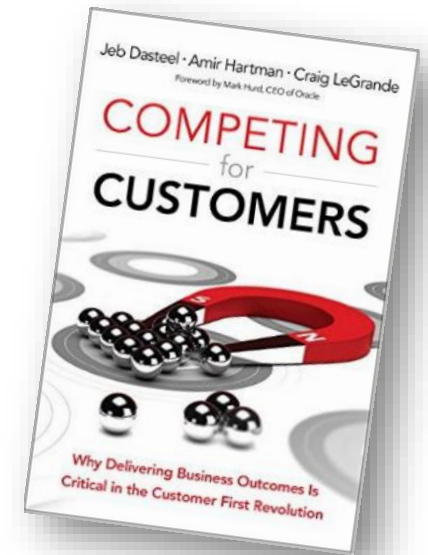
Q&A

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