Customer outcomes: The cornerstone of exponential growth

How pivoting to a customer outcome-centric strategy accelerates growth and increases customer lifetime value
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The increased growth and adoption of cloud-based technologies has shifted expectations for the business-to-business (B2B) customer experience. Customers are shifting from evaluating technology providers solely on the basis of product features to a more nuanced criteria of how the provider’s product can enable them to maximize their business outcomes. As cloud technologies and as-a-service subscription model’s lower barriers to switching providers, technology provider must differentiate based on experience to encourage customers to remain loyal to their products and services and focus on how their product and service offerings can help customers realize intended business outcomes. This will eventually enable technology providers to further expand their footprint with customers and convert them into loyal advocates and ambassadors of the provider’s solutions.

Delivering on a premier customer experience requires collaborative orchestration across a number of functions, and companies that are successful at this have been able to drive higher retention and growth in their customer base by enabling customers to realize their intended business outcomes. More and more companies, in fact, are starting to monitor net dollar retention (NDR), which measures the percentage of revenue retained from existing customers over time and serves as a key indicator of customer lifetime value and the ability to deliver on customer outcomes. The market, too, has begun to track—and reward—companies with strong NDR in recent years, as illustrated by a strong
Customer outcomes: The cornerstone of exponential growth | Customer Outcomes: Recognized by All, Realized by Few

A 2021 Deloitte Study on B2B customer expectation gaps found that B2B buyers are 34% more likely to buy and 32% more likely to renew a contract with leading suppliers that master customer experience, though the meaning of “mastering customer experience” is changing rapidly. Swift resolution of issues is no longer enough. Enterprise customers are increasingly looking at technology companies not just as solution providers, but as partners who will help them realize value throughout the life cycle, from initial exploration, through purchase and implementation, and ultimately through to value realization.

In response, most technology companies have invested in customer success capabilities to proactively support customers to maximize usage and realize their desired outcomes. Because customer success orchestrates value across the customer journey, this requires that all functions are aligned and working toward this objective. Thus, this has increased the need for close collaboration between customer success and other functions, such as product, marketing, sales, services, and support. However, most organizations are far from achieving their desired level of focus on customer-centricity. A 2021 Deloitte study of chief customer officers (CCOs) in the technology industry found that 88% of CCOs strongly agree that a focus on customer outcomes is the next business model evolution. However, only 15% stated that they have the right level of maturity to deliver on this strategy. This vision-execution gap aligns with our customer success study, where we found that while 90% of enterprise customers discuss their desired business outcomes with their technology providers, more than 50% note that the solutions, once implemented, do not deliver fully on these outcomes.

So, the message is clear—customers are no longer happy hearing, “We will help and guide you toward success.” They should be able to trust that success will be delivered, that value will be realized, and that the experience will exceed expectations. However, guaranteeing success is not something that can be done by a standalone customer success function. It involves orienting the entire organization toward outcomes, and all stakeholders, processes, tools, and enablers should play their part in understanding the customer experience and translating customer insights into action to ensure that the customer achieves the outcome desired.

While it is evident that demonstrating tangible results with respect to customer outcomes is the way forward, we are faced with the obvious questions: How do we do this? What is the secret sauce? Is it simply about working with the customer throughout the life cycle? Is it about strengthening internal functions to better serve customers? Is it about innovative business models, or cutting-edge technology and data-driven insights? Is it about translating those insights into action?

The answer: a bit of all of this... and more.

This article, the first in a series, explores the integrated strategy and operating system that must be in place to deliver on customer outcomes and support customers in value realization. Subsequent articles will delve into each area of the operating system in greater detail, beginning with a second article focused on operationalizing value delivery along the journey.
The Integrated Customer Outcomes Acceleration System

Our market experience, research, and data have demonstrated patterns of how leading organizations are increasing the focus on customer outcome delivery. The following framework can be thought of as an integrated system to close the vision-execution gap and define elements required to craft and operationalize a customer outcomes strategy, integrating all key functions across the organization. This integrated system can be visualized as a “customer outcomes galaxy,” with customer outcomes at the center around which everything else revolves:

To achieve a customer outcome orientation, a provider should deliberately construct an organizational system that addresses the following questions:

1. **Value**: What are the customer’s desired outcomes?
2. **Customer journey**: How will the customer’s journey be proactively orchestrated toward outcomes, at each step?
3. **Collaboration and experience**: How will internal and external stakeholders come together to translate customer insights into action and deliver outcomes?
4. **Enablement**: What foundational systems, process, talent and operational models must be put in place to enable an outcome-based approach?
5. **Company impact**: What are the dimensions of value that the provider—in return—can capture for themselves?
Elements of the Integrated Customer Outcomes Acceleration System

1. Value: What are the customer’s desired outcomes?

The first step in developing an integrated system for customer outcome delivery is to define the customer’s desired outcomes and how success will be measured—particularly through the lens of value delivered to the customer. A 2021 Deloitte study of CCOs in the technology industry validates that most organizations’ “customer health score” components are defined through an inside-out lens (e.g., growth of an account), rather than an outside-in lens (e.g., time between onboarding and first value delivered to the customer). As companies transition to becoming outcome-centric, the value equation must become more balanced to include value delivered to the customer and measured through a customer lens. This includes efficacy of the product, experience during interactions with the provider, and tangible financial benefits provided by the solution. Therefore, it is necessary that all functions within the solution provider’s organization are clearly aligned on the definition and scope of value. This definition should also be aligned with customer’s expectations since the meaning of value may vary across customers.

In Deloitte’s 2020 customer success market study, enterprise customers validated that value has three primary dimensions: the value add to a customer’s business, the efficacy and performance of the solution, and the customer’s experience with the product and services. Thus, broad categories of “value” are business value, performance value, and experience value.

- **Performance value**—Value derived from the solution in terms of quality of the product, utility of features, solution compatibility, user interface, and uninterrupted usage without issues, errors, or bugs. In fact, 85% customers increase spending with their providers when their solution feedback is incorporated.

- **Business value**—Value derived from the solution provider’s offerings that help customers achieve quantifiable business outcomes (e.g., decrease total cost of ownership, increase revenue, improve operational efficiency, reduce technology debt), and justify their investment in the solution.

- **Experience value**—Value derived from the quality of experience delivered, ease of doing business, and depth of relationship established during various touchpoints and interactions (both pre- and post-sales). In fact, the number of customers who advocate their provider’s solutions more than doubles when there are regular business reviews in place throughout their experience with the provider.

In addition to delivering on value through the lens of customer experience, providers must also think about value through the lens of the employee and partner experiences, as well. This relentless, collaborative focus on the outcome-driven experience ecosystem is required for companies to stand out amidst the competition, and in fact, companies that focus on employee and partner experience are twice as likely to outperform their peers.
2. How will the customer’s journey be proactively orchestrated toward outcomes, at each step?

To deliver a differentiated and outcome-driven experience, it is essential to put the customer at the center of the customer journey and corresponding customer engagement model. Leading solution providers apply human-centric design thinking to reimagine and craft customer journeys that reflect the customer’s desired experience, personalized needs, and expectations of value along each journey stage. This begins by identifying individual customer personas, including their unique preferences and expectations. These persona profiles are combined with the needs defined across the three value dimensions of performance value, business value, and experience value, to provide distinct insights into each persona’s definition of success.

Armed with these persona-based customer insights, providers must then define an end-to-end customer journey that maps key interaction points and moments of value realization throughout the entire customer life cycle. The journey design should also incorporate customer engagement preferences, as today’s customer expects flexible and consistent engagement alternatives along the journey:

- **Understand me**: Enable personalized and customized interactions and engagement based on the customer’s unique situation and individual needs
- **Enable me**: Create robust self-service capabilities that unlock customer access to information, tools, and resources that are tailored to their business needs
- **Work for me**: Utilize technology, automation, and cognitive insights to provide proactive, predictive, and personalized solutions
- **Empower me**: Operationalize a customer-first mindset through all interactions with a focus on individual empowerment through insights, data, and feedback mechanisms

The next step in customer journey design is to identify critical engagement points (CEPs) along the customer journey, that reflect high-impact points of customer interaction, critical adoption milestones, specific customer outcomes, and points of value realization along the customer journey. For each CEP, providers should articulate the customer’s definition of success, identify cross-functional teams involved, and define measurement criteria to track, analyze, and improve the effectiveness of each CEP over time.

By understanding these moments that matter, solution providers can align otherwise-siloed functional teams around a shared purpose of delivering a defined customer outcome. Here it is also critical to incorporate the desired employee experience and define how various cross-functional teams will leverage systems, tools, and data to maintain internal alignment and help orchestrate the customer to achieve the desired outcome.

Mapping out the customer journey from both the perspective of the customer and their objectives, as well as the provider and their responsibilities, helps to identify whether or not the provider is performing the right activities—and equipped with the necessary capabilities—to exceed customer expectations.

Solution providers next must identify the necessary operational, financial, and customer sentiment data-capturing mechanisms to capture holistic information about the customer’s experience at each critical engagement point. Many organizations are evolving traditional Voice of the Customer (VOC) activities toward more comprehensive experience management programs that incorporate journey-based listening—ingesting customer data from multiple sources, aggregating that data, and generating insights.

The final step is to then ensure that a closed feedback loop is in place to route customer insights to the appropriate function or resource to take action. Establishing this insights-to-action motion is imperative to ensuring that organizations take action on the proliferation of data that can be captured across the customer journey to deliver an enhanced, personalized, and improved customer experience.
3. Collaboration and experience: How will internal and external stakeholders come together to translate customer insights into action and deliver outcomes?

Once a common journey has been established, the next step is to identify the specific internal stakeholder groups and roles that will collaborate to deliver on the customer experience. Every stage of the life cycle has various subfunctions shouldering the responsibility of assigned tasks that are relevant for the stage, while working toward one common objective. In many organizations, these subfunctions can sit closely together and often report to the same leader. This requires all the teams to work collaboratively toward closing the “customer value loop” across all the above life cycle stages, instead of working in silos. For example:

- **Product**: Products must be instrumented to capture necessary customer insights in order for post-sales functions to validate whether or not the customer is realizing value. In turn, insights captured can be passed back to the product teams to prioritize features and conduct sprint-based development based on specific customer needs—a more agile approach.

- **Marketing**: This is typically the first channel through which a customer forms an impression about the provider. Marketing teams must have an understanding of value to be delivered to the customer and can benefit from a closed feedback loop from post-sales functions to incorporate value realization insights into future campaigns.

- **Sales**: More than discussing product features, sales teams must be able to articulate the performance, experience, and business value that can be derived from the provider’s solution(s). 90% of customers are looking for customer success support in the pre-sales’ stages, suggesting an opportunity for sales and customer success to have a more collaborative motion upfront to support value articulation and ensure a seamless hand-off with mutual understanding of the customer’s desired outcomes.

- **Partners**: With the majority of revenue derived from channel partners must be enabled by providers such that customer outcomes remain at the forefront of the conversation. More and more organizations are investing in partner-driven customer success capabilities to ensure that customer experience is consistent, and outcomes are not compromised.

- **Customer experience**: The customer experience function oversees the end-to-end relationship with the customer along their journey with the solution provider. That includes identifying managing the critical engagement points with a customer, or those...
moments when the customer forms an impression of their experience with the business. Many VOC programs are nested within the customer experience function and focus on ensuring that the right listening programs are in place (e.g., customer surveys or product, financial, and operational data) to collect customer insights and ensure a closed feedback loop with other internal, cross-functional teams.

- **Customer success**: Customer success focuses on proactive orchestration of customer outcome delivery, ensuring successful adoption, usage, and value realization, mitigating account risk, and driving toward renewal and expansion. This naturally requires orchestration across post-sales functions to monitor customer health and engage the appropriate resources to support outcome delivery and risk mitigation as required.

- **Services and support**: Typically responsible for post-sale delivery, operations, and issue resolution, services and support functions play a direct role in supporting customers to realize their desired objectives. They provide expertise to monitor progress toward adoption and consumption and can identify opportunities to increase effectiveness and, ultimately, value delivered to the customer. Services can include professional services, field services, managed services, and learning services.

Overcoming the collaboration challenges involves a unified approach, where all internal and external stakeholders in the provider’s organization work together, with well understood role boundaries, metrics, and guidelines in place to avoid conflict and redundancy, while utilizing synergies across the teams.

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4. **Enablement:** What foundational systems, process, talent and operational models must be put in place to enable an outcome-based approach?

While various functions and roles can collaborate to maximize value across the different customer life cycle stages, a number of enablement mechanisms must be in place to achieve this. These enablement mechanisms should span **talent and culture, data and cognitive insights, operations and process, tools, and platforms, and offers and monetization.**

- **Offerings and Monetization**

  The first enabler in the outcome-based approach is the business and monetization model of the
service offerings used as the vehicles to deliver customer outcomes. While providers offer some services free of cost, others offer services through a “for-fee” model through core subscription models, packaged in tiered service bundles, or as standalone offerings. However, organizations that offer standalone services have a more difficult time selling those services, as they typically have lower margin and do not convey the value of a holistic customer outcomes approach. In contrast, the next step in the evolution of offerings and monetization models is to explore bundling services into outcome-centric offerings, such as promise of uptime or guaranteed performance levels—yet another step in the journey toward a more customer-centric and outcome-focused approach.

b. Talent and Culture

At the heart of driving customer outcomes is establishing a customer-centric culture and talent base across the organization. Organizations are beginning to elevate customer outcomes as a focal point, with a dedicated leader to encourage this focus and drive a consistent customer experience. An emerging practice among technology companies is the integration of services teams—including customer success, technical support, professional services, managed services, field services, and learning services—under the role of the CCO or equivalent to further drive this consistency. Outside of their direct influence, CCOs also play a critical role in influencing the rules of engagement with sales, marketing, product, and engineering. In fact, leaders who agree that their sales and customer success teams are seen equal peers are more than twice as likely to agree that they are organizationally mature enough to drive customer outcomes.\textsuperscript{13}

Finally, companies are beginning to adopt outcome-focused metrics as a way to incentivize cross-functional teams, including introducing consumption-focused metrics as incentives for sales and services teams to increase the focus on customer outcomes delivery.

c. Data and Cognitive Insights

A proliferation of data is generated at every stage of the life cycle, and a customer-focused solution provider will effectively collect, store, secure, analyze, and use the data to help customers achieve their desired outcomes. Increasingly, companies are beginning to leverage data as proactive and predictive indicators of customer experience and propensity to churn. This manifests itself through early warning systems or calls to action that can notify the solution provider of specific customer behaviors. For example, if a customer does not reach a predefined threshold in terms of number of licenses activated, this could notify a customer success manager that adoption levels are low, increasing the risk for renewal or expansion. Furthermore, companies are beginning to invest in more robust VOC programs, focused on combining traditional indicators of customer experience (e.g., Net Promoter Score (NPS), Customer Satisfaction (CSAT)) with product and operational data for a more comprehensive view of outcome delivery that helps create a case for action.\textsuperscript{14}

d. Operations and Processes

From an operational perspective, clear processes and hand-offs must be in place to drive a frictionless experience for the end-customer. However, in a recent Deloitte study, only 24% of organizations strongly agreed that their company faces no “cross-functional friction” in driving customer outcomes.\textsuperscript{15} Many organizations are beginning to take steps to evolve their internal processes, including increasing information sharing across functions to increase collaboration, tailoring incentives to promote cross-team collaboration, and experimenting with new operating models that allow for more dynamic teaming and engagement. A leading practice across many technology organizations is enabling an insights-to-action motion, ensuring the right processes are in place to route customer insights to the appropriate party with enough lead time for the party to take action in tangible ways to improve the customer experience.

e. Tools and Platforms

In addition to having the right processes in place, organizations
must also have the right tools and platforms required to facilitate cross-functional collaboration. Investing in a comprehensive customer outcomes technology stack can help ensure that the right data collection, consolidation, analytics, and reporting platforms are in place and woven around customer experience and outcomes. This has become increasingly important as customer outcomes organizations start to shift to a “digital-first,” mindset.

Technology is being leveraged to drive digital customer interventions to provide the customer with guidance and support or drive the customer to a certain action. As companies look to scale their customers outcomes capabilities, technology is being positioned as the key strategic enabler for customer outcomes across all segments, with human touch reserved for critical accounts and engagement points. A future article will explore the topic of the need for a comprehensive customer outcomes technology stack in greater detail.

5. Company Impact: What are the dimensions of value that the provider—in return—can capture for themselves?

While customer outcomes sit at the center of the galaxy, around which everything else revolves, a comprehensive outcome-based approach must ensure proportionate value delivered for the customer and for the enterprise. If an organization is orchestrated in the right way to maximize customer outcome delivery, it should ultimately impact the company positively. It is imperative for any CCO to define, measure, and report on the value delivered to the enterprise to help measure the return on investment for enabling customer outcomes and elevate the impact of customer-centricity to the board room agenda. This value realization is beginning to garner more attention from executive leadership, with 58% of CCOs now reporting directly to the CEO. Furthermore, out of a set of surveyed companies, 79% agree that the conversation with the executive leadership team has shifted from just profit and revenue toward customer value, as this, in turn, has proven itself to drive longer-term financial benefits for the provider. With the growing focus on customer outcomes, this purpose has become clearly defined in terms of metrics, including the aforementioned customer lifetime value and NDR. Additionally, companies embracing customer success see more than 10% higher upsell and cross-sell revenue and more than 20% higher annual recurring revenue. As the outcome’s galaxy begins to function, companies start to realize impact across three parameters:

- Economic value: Value realized by the provider for delivering offerings that have a positive financial impact on the company’s operations, as measured by new revenue growth, customer lifetime value, cost to serve, and NDR
- Brand advocacy: Value realized by the provider for delivering experiences that lead to increased customer advocacy, as measured by number of referrals or references, customer advocacy activities, and customer satisfaction (e.g., NPS and CSAT)
- Market Eminence: Value realized by the provider in the form of elevation in market perception and recognition as an industry leader by major analysts and peers, including analyst ratings, analyst mentions, and CCO industry recognition

Developing the underlying components of the customer outcomes galaxy should only be pursued following the definition of a clear investment case. This should articulate the expected return on investment and quantitative case for change. This articulation will support the case for elevating the focus on customer outcomes, and the economics behind the investment will resonate with the cross-functional leadership required to support the organization on this journey.
Conclusion

The previous decade witnessed a disruption in terms of the evolution of priorities to a more customer-centric approach. However, this evolution continues, and the approach must now be tailored toward a focus on outcome delivery to the customer. This will ensure that customers achieve their desired business outcomes using a provider’s products, services, and solutions. Eventually, this helps the provider retain and grow their customer pool, while continuously multiplying value and improving key metrics, including customer lifetime value and NDR.

While the discipline of customer success—and now customer outcomes—emerged from the Technology industry and software-as-a-service in particular, we are starting to see the evolution of customer outcomes into new paradigms, including health care, industrial products, telecommunications, payments, and more. This is largely due to the rise of Internet of Things, the proliferation of customer data, and the ongoing shift toward everything-as-a-service business models. Characteristics of companies that may be candidates for a more intense focus on customer outcomes are:

- An ecosystem of products, services, and/or solutions
- Products with a high level of complexity that require heavy involvement on behalf of the provider to manage and achieve full value for the customer
- Business models that derive value from customers as a function of how much and how well the end customer uses the product or service
- Business models that necessitate measuring performance as a function of product onboarding, consumption, expansion, adoption, and/or renewals
- Customers who benefit from receiving greater insights with the addition of each product that they adopt and seamlessly integrate
- Customers who have high switching power among providers of these solutions

Navigating this shift toward customer outcomes will require a deep-dive into following questions:

- How will customer value be defined?
- What the customer needs are along the journey and how value can be delivered?
- How can stakeholders come together to translate customer insights into action and drive an experience focused on outcomes?
- What systems, processes, and operational models need to be in place to support?
- How the provider will—in return—capture value for themselves?

Subsequent articles will delve deeper into various components of the customer outcomes galaxy, which will continue to be updated over time as we continue to witness evolving practices and priorities in the market.
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