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Introduction

Decoding rising expectations of technology customers

Today’s enterprise technology environments have been disrupted by the shift to subscription and other as-a-service model solutions (referred to as subscription throughout this paper). Enterprise customers now have greater flexibility in how they access, consume, and pay for services. Today’s business customers are also more demanding: When not satisfied with the product or the experience, they can shift from one technology solution provider to another with relative ease. New born-in-the-cloud players are also entering the enterprise segment, so the market is more competitive than ever before. This new dynamic in the enterprise environment has led technology solution providers to increasingly focus on driving successful outcomes and value for customers.

Until recently, enterprise customers were limited by few options and high switching costs, and they had set a low bar for the value they could derive from technology solutions. Providers were only required to build a “good enough” product and convince their customer prospects to purchase the solution. However, today’s customers have a different set of expectations of their technology providers. In addition to having access to an effective product, customers demand holistic services and dynamic engagement across the different stages of the solution life cycle from purchase to adoption and renewal.

In an effort to meet rising customer expectations, it’s no surprise that most technology solution providers have launched Customer Success (CS) initiatives—structured services that go above-and-beyond traditional support and training services to deliver a distinctive experience and enable customers to derive desired outcomes.

Part 1 of Deloitte’s Enterprise Customer Success Study and Outlook, published in the spring of 2019, explored several key CS topics from the technology solution providers’ vantage point: how they have set up and organized the CS function within their organizations, the impact delivered to customers, and solution provider’s organization, and the common challenges faced.

In this first-of-its-kind study, we explore these CS initiatives from a customer’s point-of-view. We surveyed over 300 senior executives within organizations that are customers of technology solutions to obtain a frontline perspective on the existing CS initiatives offered, understand their emerging needs and preferences, and explore the impact of these services on business outcomes. In the process, we have outlined what Customer Success leaders at technology organizations should do to drive additional value for their customers.
Executive Summary

In a first-of-its-kind survey exploring Customer Success (CS) services, Deloitte Consulting surveyed over 300 enterprise buyers of technology solutions across six major industries around the globe. The study was designed to explore the CS services the organization receives, evaluate the impact delivered, and gain a better understanding of unmet needs and emerging preferences.

Key findings are highlighted below:

• **CS service penetration is on the rise:** Each CS service (onboarding services, success planning, adoption services, usage optimization services, advanced customer services) is being offered to at least 50 percent of respondents at different stages across the purchase, implement, use, and renew stages of their journey.

• **However, customer value and outcomes have not been truly maximized:** Only one-third of the customers are satisfied with the current level of services delivered. And although 90 percent of customers discuss business goals and objectives with solution providers, nearly 50 percent of customers say that purchased solutions only partially deliver desired outcomes.

• **Adoption and optimization are the most valuable CS services:** More than half the respondents indicate that these services are critical to driving sustained and pervasive product usage and enable a faster value realization. Nearly 50 percent of customers are willing to pay for these services.

• **Customers seek CS involvement across pre- and post-sales phases to receive consistent services and be continuously engaged:**
  – While 90 percent of customers seek CS involvement in pre-sales phases to define a business case and evaluate potential solution ROI, only 20 percent of customers actually receive any form of structured pre-sales services from tech providers today.
  – Nearly 80 percent of customers depend on technical support from solution providers. However, only 61 percent are “highly” satisfied with the services. Greater involvement of CS teams is often sought to enable proactive resolution of issues and align product roadmaps with customer needs.

• **Developing customer trust and advocacy requires robust mechanisms to track and demonstrate value:** A mere 25 percent of customers today consider solution providers to be their trusted advisors. A deeper dive into the findings indicates that CS teams that hold regular business reviews with customers and help them track value are twice as likely to be trusted and earn the advocacy of their customers.
Survey methodology

The survey was targeted to buyers of technology solutions who regularly interact with Customer Success representatives (or those in equivalent roles) in the technology solution provider’s organization.

We explored a broad range of topics and asked critical questions regarding their observations and experiences with CS services, value realized, and best practices. We surveyed over 300 IT and business decision makers who are either a part of the IT organization or specific business functions that drive purchasing decisions for technology solutions.

The respondent set was spread across multiple geographies, revenue ranges, and industries (Figures 1-3). More than 25 percent of the leaders surveyed belonged to businesses with revenues of more than $10B annually. We sought input from customers that utilize both subscription and non-subscription contracts to account for the various business models that solution providers offer (Figure 4).
Value realization is on every customer’s mind

Customer Success functions have been making significant strides by introducing new services to meet increasing customer expectations. However, the survey results indicate that there is room for solution providers to improve the design and delivery of these services to enhance the overall experience and maximize value for their customers.

Key takeaways from the survey:

• Customer Success (CS) is increasingly becoming more mainstream: All five major CS services (onboarding, success planning, adoption, usage optimization and advanced customer support) are being offered to at least 50 percent of the respondents.

• Nearly all respondents agreed that business value is the top priority for their organization.

• About 40 percent of the customers believe that CS services are either ‘highly important’ or ‘important’ for successful product adoption and usage, which in turn drives business outcomes and value realization.

• Over half of surveyed customers are willing to pay for CS services that help enable value realization.

However...

• Customer satisfaction levels with existing services is poor. On an average, only about 30 percent of the customers are ‘very highly’ or ‘highly’ satisfied with CS services.

• Only 60 percent of technology providers actively measure and track value delivered to customers, and even fewer meet their customers’ value expectations.

• Only a small fraction of customers are willing to unconditionally trust and advocate for their technology providers; unsurprisingly, these are the ones with whom CSMs actively engage often.
Traditionally, measuring the value delivered by the solution has been highly subjective and based on customers' perception. Solution providers have typically relied on conventional methods of asking end users questions like: “Do you believe in the product's efficacy?” or “Do the perceived benefits equal or outweigh the price?”

However, in the age of ubiquitous customer data and increasing transparency from digitized processes and telemetry, relying purely on perceived value to measure customer value is inadequate. The value measurement needs to be more objective and rooted in the customer's ability to realize maximum benefit from the technology provider's product and service offerings.

To more effectively measure the value delivered by customer success, Deloitte classifies value delivered to end customers into three broad pillars: business value, experience value, performance value.

- **Business value (BV)** – The value derived from the solution provider’s offerings that help customers achieve quantifiable business outcomes (e.g. decreased total cost of ownership, increased revenue, improved operational efficiency, etc.), and justify the investment in the solution.

- **Experience value (EV)** – The 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). This value is reflected in metrics such as NPS/CSAT scores, number of customer referrals, and increased renewal rate.

- **Performance value (PV)** – The value derived from the solution in terms of quality of the product, utility of features, solution compatibility, user interface and experience, and uninterrupted usage without issues, errors, or bugs. Metrics such as reduced downtime, number of issues faced, and number of new features incorporated based on customer feedback are indicators of Performance Value.

Through this survey, Deloitte gathered customers' inputs on their needs, expectations, and level of satisfaction across each of the three value pillars.
Business value: Customers are willing to pay for services that enable better business outcomes

Business value focuses on the ability of providers to drive measurable business goals and objectives and realize a higher return on investment.

Overview
An overwhelming 90 percent of customers surveyed indicated that they discuss their requirements and business objectives with their technology providers either prior to or immediately following the purchase of a solution. However, nearly 50 percent of customers surveyed noted that the solutions, once implemented, do not deliver fully on desired business outcomes.

CS services help customers realize business value
Customers today are offered a wide range of CS services by technology solution providers. The five major CS services include (Figure 6): onboarding, success planning, adoption services, usage optimization services, advanced customer support.

Survey results indicate that each of the major CS services are being offered to at least 50% of the respondents.

Onboarding is the most widely received CS service. Nearly three quarters of participants indicated that they receive onboarding services with over 30% receiving them at no additional cost. The popularity of these services among technology providers can be attributed to the fact that they provide an initial platform for post-sales teams to interact with the customers. If ably executed, these services establish a gateway for future interactions with customers and an opportunity to up-sell / cross-sell additional products and services.

Figure 6. Percentage of respondents offered various CS services

<table>
<thead>
<tr>
<th>Service</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Onboarding</td>
<td>74%</td>
</tr>
<tr>
<td>Success planning</td>
<td>51%</td>
</tr>
<tr>
<td>Adoption services</td>
<td>61%</td>
</tr>
<tr>
<td>Usage optimization services</td>
<td>58%</td>
</tr>
<tr>
<td>Advanced customer support</td>
<td>66%</td>
</tr>
</tbody>
</table>
A majority of respondents indicated that adoption and optimization services have the most impact on business outcomes (Figure 7). This observation was consistent across different industry segments and usage models. While onboarding services are important to help familiarize customers with products and key features, measuring and tracking adoption across key user groups is critical to driving sustained and pervasive product usage. Providing advisory services around usage optimization can help enable faster business value realization for customers.

However, despite the fact that customers consider adoption and optimization services key to achieving desired outcomes, less than one-third of them are satisfied with the efficacy of existing CS services in helping them achieve their objectives (Figure 8).

Multiple siloed service teams with disparate goals, coupled with lack of pervasive customer-centricity across the organization, often result in boilerplate services that are not customized to drive the specific outcomes desired by customers. All teams involved in the customer lifecycle should have a common understanding of customer needs and demands and must align their goals and objectives towards maximizing the value and outcomes delivered to customers.

Figure 7. Percentage of respondents who believe CS services have an impact on business outcomes

- **26%** Onboarding services
- **63%** Adoption services
- **55%** Usage optimization services
- **37%** Technical support services
Nearly 50 percent of customers indicated that they are willing to pay for better quality services that are critical to enabling successful business outcomes, such as adoption and optimization services (Figure 9). However, when it comes to specialized services such as facilitating change management, customers tend to have lower levels of acceptance—nearly one-third of the customers either do not want them or are not willing to pay for them. Change management services are critical enablers for product adoption and usage within an organization. Poor reception of such services is likely because customers believe providers lack expertise in those areas and may rather choose to do it internally or through other consulting service providers.

**Figure 8. Percentage of respondents satisfied with adoption and optimization services**

- Adoption services: 31%
- Optimization services: 29%

**Figure 9. Percentage of respondents willing to pay for CS services**

- Adoption services: 47%
- Optimization services: 48%
Customers seek CS involvement in pre-sales customer lifecycle stages

While most of the CS services today are focused on post-sale activities, 90 percent of customers are looking for CS support in pre-sales stages to help them define a business case and evaluate the potential ROI from the solution before purchasing it.

Although pre-sales support is important to customers, only half of them indicated that they spoke to a Customer Success executive during the pre-sale stages, and just 20 percent of the customers received structured pre-sale CS services. Among the customers who were offered pre-sale CS services, less than 20 percent of the customers believe that the pre-sale CS services were adequate and helped them realize better business outcomes (Figure 10).

The above survey data indicates that there is a lack of CS focus on pre-sale activities, specifically in supporting customers in their solution evaluation and decision-making processes.

A possible reason for this can be attributed to a myopic focus on closing the sale, a focus that is incongruent with the core CS philosophy of maximizing value and enabling successful outcomes for customers.

Here, an opportunity exists for CS leaders to deliver differentiated value to customers by tying together pre- and post-sale CS services and helping customers realize the value that was promised to them at the time of solution sale.

Figure 10. CS involvement in pre-sales process
Gap between subscription and perpetual license customers is closing

On a positive note, the gap between subscription and perpetual license (a license offering indefinite use) customers in terms of their need for CS services is shrinking—the difference in CS services adoption is less than 10 percent between these two customer groups. Interestingly, the perpetual license customers are also more inclined to pay for CS services than subscription customers; the percentage of perpetual license customers who are willing to pay for adoption and optimization services is 12 percent more than that of subscription customers. This increased willingness to pay is driven by the unmet need for continued long-term assistance from the provider with usage optimization and other services during the lifetime of the product.

The fact that providers are designing and offering services for both usage models indicates that they are interested in forging long-lasting business relationships with both subscription and perpetual license customers.
Experience value: CSMs shape customer experiences and advocacy

*Experience value focuses on the quality of the provider’s relationship with customers. These relationships are formed via human and digital interactions, exchanges, and overall experience of doing business across the lifecycle.*

**Overview**

Only one-fourth of the customers surveyed said that they consider their service providers to be trusted advisors and would advocate for them without any caveats. CS leaders within technology organizations must not only offer outcome-oriented services, but also focus on timely and proactive customer engagements during pre- and post-sales activities to ensure consistent human experience and higher overall satisfaction with the provider.

**Proactive value tracking drives more satisfaction, increased trust, and advocacy**

Customers who are helped by their CSMs to track the value of the solution had a significantly higher satisfaction rate (~66 percent) than customers who were tracking the value themselves (~40 percent). Customers who don’t actively track the value, but only rely on the perception of value delivered by the solution reported an even lower satisfaction rate (36 percent). These results suggest that customers tend to significantly undervalue the solution if they are not supported with appropriate guidance (Figure 11). Customers may undervalue the solution because they are unsure about the metrics that demonstrate value or they do not know where to look for and how to track these metrics.

**Figure 11. Percentage of customers that are satisfied with the business value realized**

- **66%** Customers who are helped by their providers in tracking the solution’s value
- **40%** Customers who track solution’s value themselves
- **36%** Customers who do not track value
Our survey indicated that CSMs who conducted periodic business reviews to track business outcomes and value delivered by the solution had more customers who were unconditional advocates. And, in addition to being advocates, these customers displayed greater trust and higher revenue potential when compared to customers of CSMs who did not conduct period business reviews (Figure 12).

Figure 12. Impact of continuous engagement on customer trust, advocacy, and revenue potential

- Of the remaining 28%
  - 12% Unconditionally advocate their provider's solution and service
  - 41% Agree that their CSM acts as a trusted adviser
  - 76% Are planning to increase the spend on the provider's solution

- Of this 72%
  - 26% Customer advocacy
  - 58% Trust in CS services
  - 81% Higher sales revenue

72% of customers are supported with regular business reviews
Deeper product knowledge and more in-person engagements differentiate

Customers also noted that interactions with CSMs, both pre- and post-sales, played an important role in influencing the overall customer experience. Nearly three-fourths of the customers indicated that a deep knowledge of the product and a sound understanding of the customer’s business needs were the most important CSM attributes.

Nearly 60 percent of the customers also indicated that they prefer in-person, live meetings with the CSM compared to video conferencing, telephone, or email. The human connection makes a significant difference in driving the overall customer experience (Figure 13).

**Figure 13. CSM expectations**

- **62%**
  - Customers prefer in-person, live meetings with the CSM compared to video conferencing, telephone or email

- **74%**
  - Customers feel that deep understanding of the solution by CSMs is imperative to drive successful outcomes
Performance value: Maximize product and support quality

Performance value focuses on the ability of the technology providers to meet or exceed customer demands of solution quality — usability, stability, compatibility, availability, etc.

The utility of the product features, the user interface and the experience, reliability and stability of the product, performance speed, uptime, and other features are indicators of performance value.

Focus on closing the loop

While enhancing support services is important, the product should be continuously improved to drive maximum value and impact and to reduce frequent need for support.

Solution providers who continuously seek feedback from their customers and incorporate this feedback into the product design and roadmap see a significant increase in customer advocacy, trust, and revenue potential when compared to providers who do not incorporate the feedback (Figure 14).

Interestingly, nearly 75 percent of the customers surveyed indicated that they believe their provider incorporates some of their feedback into product development. However, the growing demand for post-sale technical support indicates that there is room to improve the comprehensiveness of this feedback loop. As CSMs are embedded in guiding and monitoring solution usage by customers and improving support levels, they are likely to build a treasure trove of customer feedback that can be fed into the product planning and roadmap definition stages to bridge this gap.

Figure 14. Impact of feedback loop on revenue potential

Customer’s feedback is incorporated into product development roadmap

- 75% of customers report that their technology provider incorporates some of their feedback into product development
- Of these 75%, 85% are planning to increase their spend on the technology provider’s solutions
- Of the remaining 25%, only 62%
Willingness to pay for better service levels of technical support

Nearly 80 percent of the customers surveyed indicated that they are highly dependent on technical support services provided by their solution providers to help address issues and drive tangible business value. In addition, there's an increasing demand for participation of CSMs in actively supporting (42 percent) or monitoring (53 percent) these support services.

This consistent need for better technical support points to gaps in the product performance that prevents uninterrupted use of the product.

Customers are actively seeking better technical support services to fix product gaps, and nearly 67 percent of the customers indicated that they are willing to pay for support services that provide them with a friction-less experience (Figure 15).

While nearly 80 percent of the customers frequently use technical product support services, about 61 percent of them were not 'highly' satisfied with the quality of the services being provided (Figure 15). This gap is too high for a service that should be table stakes. Enhancing the support services from being predominantly reactive to being built-in, automated, and proactive can help curtail lost time and efficiency and lead to better satisfaction.

**Figure 15. Technical support services feedback**

- **Highly satisfied**: 39%
- **Not highly satisfied**: 61%
- **Willing to pay**: 67%
- **Unwilling to pay**: 33%
Maximizing customer value requires a fundamental shift in the way the CS services are delivered today. Providers need to increase their involvement in pre-sales stages to clearly define value expectations, and they need to identify and customize the right services to meet these expectations during the post-sale stages. CS service providers should proactively monitor and report the value delivered, instead of allowing customers to track the value themselves or relying solely on the value perception created. Classifying value into distinct pillars or areas of focus and identifying key metrics across each pillar can help drive a more holistic measurement of value delivered. It is also important for providers to close the value loop by incorporating customer feedback into the product roadmap and work continuously to deliver better value.

This report represents a portion of the responses captured in our study. If you are interested in a deeper dive, please contact the authors.

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