



Customer Success

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Hanish Patel: I'm Hanish Patel, and this is User Friendly, the show where we explore emerging trends in tech, media, and telecom and how they impact business operations and the world around you.

We know that technological advances are driving fundamental market shifts and a new way of digital-driven disruption, but customers increasingly seeking always-on, performance-based, and integrated solutions may be an even greater catalyst.

Customer expectations and demands are creating critical challenges, as well as opportunities for professionals across a number of business functions. What do tech, media, and telecom companies need to do in order to successfully ride the wave of change and maximize value provided to their customers? Here today to dive into the exciting topic of customer success are Deepak Sharma, managing director in Deloitte's Customer Success practice, and Chris Jones, senior vice president of customer success at SAP.

Deepak and Chris, it's a pleasure to have you both on the pod, and welcome to the episode.

Chris Jones: Thanks for having me here. Great to be here. Thanks.

Deepak Sharma: Thanks, Hanish. Great to be here. Looking forward to it.

Hanish: Sounds good. So let's just dive straight into it. Deepak, when I read your latest perspective on customer success,

I thought, that is a fantastic topic and we need to get him on the pod. So for our listeners who may not have had a chance to read your article yet, let's start with the basics. What do we mean by customer success?

Deepak: Yeah, that's a really good question, Hanish. I mean—and I'll try to keep it simple and break it down into two things—I think where customer success started originally was in the software-as-a-service world. And if you think, we all have today so many different kinds of subscriptions, whether it's Amazon membership, Netflix, whatever. And the question of customer success 10, 12 years ago was how to make sure that we don't lose the subscription of the customer we have. So focus on retention and reducing the churn rate, and that's where it started.

Where it's gone today is really fascinating, and customer success has now become kind of the engine in a lot of B2B companies, whether it is software or hardware or complex offerings, to really make sure that their customers are getting full value from what they bought. So if you break it down simply, let's say you sell something that in the customer's mind has 100 points of value, and the dimensions of value can be different. The question then becomes, when companies are selling complex offerings, how does the customer get those 100 points? They may get to 60 or 80 points of value, but would struggle to get to the full 100, and that is where customer success comes in. The customer success capability or function in organizations, their job is to make sure that the customer can get the full value. And the reason companies do this is because now it's been proven that if you help your customers do that, then all sorts of good things happen on both sides. The customers get to their outcomes faster and get better business results, and for you, the customer stays longer with you, buys more with you, actually costs less to support, and becomes a brand advocate. And so that's the definition of customer success, and how you implement this has many faces and forms across the companies today.

Hanish: So firstly, thank you for that, Deepak. That absolutely sounds like a no-brainer. So let me stay on that point of value and journey, and see if you guys can help me . . . Tell me the difference between the two of these—because sometimes I hear both of these, and I'm sure our listeners are going to ask the same question—customer support versus customer success.

Chris: I have a fairly simplistic view of this. I think, for me, customer support is, in nature, a more transactional relationship between the vendor and the customer. So that the customer feels the need, for whatever reason, to open a . . . They have an issue with the platform, they have a question about usage of the platform, there is some reason that precipitates the need for them to open a support ticket, and that is opened as a case. It is assigned to a support engineer, it is closed, hopefully resolved, and that is closed as a transaction, and the support engineer moves on to their next case. There is often little context for the customer in why they've opened that case and how it impacts their use of the platform.

Customer success, or if I look at it, the role of the customer success manager in that particular instance—from a support perspective, we are there to do two things, and I'm talking here about our customer success specifically, Hanish—and that is provide additional context on behalf of the customer around that support case to make sure that the case is handled to the specific needs of that particular customer or that particular instance. And then secondly, we look at that relationship far more holistically. So how is the relationship with support trending—are there more of those cases, fewer of those cases, more higher criticality of those cases, etc.—so that we can then dig deeper into that to understand how we improve that experience for the customer. That could be onboarding around how to get the best out of support. That could be a customer education issue, where we spend more time focused on educating around the use of the platform.

Hanish: Perfect. Now that really helps understand and draw out the difference between the two. So one thing's for sure: When I think about customer success as a function, it's clearly evolved. And with regard to that evolution, Chris, can you tell us a little bit more about some of the key changes that you're seeing and what's really the factors that are impacting that shift, and something for those in tech, media, and telecom to really think about.

Chris: Yeah, so I think you're absolutely right, Hanish. The discipline of customer success, the function of customer success, it has evolved. But it continues to evolve. It is . . . Compared to many other functions in an organization like SAP, it's a relatively immature one. So we are constantly looking for ways and investing very heavily in how we improve the experience for our customers.

I think where it's evolved most notably over the last few years is . . . We operate, typically, two models. For some of our biggest, most complex customers, we have very much a high-touch model, where they have a more intimate relationship with what we call our customer engagement executive. That is the post-sales account manager for their relationship with SAP. We're increasingly seeing the shift to a digital and a tech touch for our customers. So for them to have a lot more access to self-help, to self-enablement, to learn from the experience of other customers and some of the obstacles they faced along that journey and how they've overcome them, sharing best practices, sharing knowledge, sharing content, sharing deliverables in a tech or digital-touch way.

We've seen that if we do that much more effectively—the path to onboarding a customer, the path to enablement, that path to go-live, the post-go-live adoption—the more we can help customers help themselves along that journey, the faster path to value, the faster path to value realization. So I think we've seen a huge weight of momentum behind helping the

customers along that journey, both through the high-touch model, but especially, I think, through that tech-touch or that digital-touch model.

Deepak: One of the things I see in the customer success discipline as it's evolving is, it needs to be a C-suite role, because it has a huge cross-functional implication across an organization, so you need that level of kind of seat at the table, and you need that level of influence to drive the changes that are needed based on the insights that come. And B, given the focus on value on both sides of the equation, creating more value for the customer and also ensuring that you're capturing value back in terms of whether it's better renewals or higher NPS or lower support cost, this is a topic that needs to be elevated into the boardroom agenda. It's a topic that requires a constant effort of top management to ensure that the culture and the DNA is actually moving in the right direction.

Hanish: But I mean, also, if I kind of join it, it sort of talks to where you talked about your kind of two-pronged model, right? And in terms of just really thinking through what the business value is, what they want as customers. And clearly, it sounds like it needs to be much more up-front in the conversation cycle, as opposed to an afterthought.

Chris: Here's the way I look at it. I think, back to your question around the evolution of customer success, I talked to quite a few of our customers at an advisory board meeting, and I think that the shift has to continue to be in the direction of doing what is right for the customer, not what is right for us, the vendor. We have to get that balance right. And I think for us, we're much more focused, to your point, Hanish, earlier in the life cycle, when we take the hand over from the sales organization. For us, it really gets interesting when we're helping the customer. Of course the path to go-live is critical, right, and we'll work with customers around whether we go with a sort of MVP-type deployment or a minimal viable product, where we get something live to start driving user consumption.

And we're increasingly of that mind where we can demonstrate value to the customer, right? Whatever outcomes they set out to achieve from the start, we can achieve them earlier by focusing on how do we get user adoption? How do we drive platform consumption? And so, to your point, that earlier in the life cycle, rather than waiting . . . By the time that you get to renewing your contract, it's too late. If the customer hasn't derived that value—back to the early part of the conversation—if we're unable to measure it, if we're unable to show that value realization, then they won't renew, right?

So for us, that initial focus is very much on adoption and consumption. You know, if you can drive that adoption, you can drive the platform consumption, you create a level of customer advocacy around the use of the platform, their relationship with us as a vendor partner, and then the renewal is a sort of frictionless process.

Hanish: So, I mean, it's clear in terms of some of those real tangible benefits that any one of your clients, Deepak, your clients can get through customer success. I want to ask a two-pronged question in relation to that. One, what are some of the common elements of companies that are really leading in the space of customer success? So what does good look like? And then two, how are you seeing the impact of the shift to customer outcomes play out for customer success as a discipline or a practice, if you will?

Deepak: I would say that besides kind of the differences . . . One big difference in leaders versus those who are still evolving their customer success discipline is in the benefits that they see. So we are clearly seeing a difference in those who have a more mature kind of CS organization. The results are far better. So I would say when we look at the industry, almost 60 percent of the companies that are in, let's say, the leader bracket are seeing double-digit improvements in key metrics like NPS scores, customer satisfaction scores, or even the renewal rate. To Chris's point

about the renewal becoming frictionless, right? If you get customer success right, you kind of see that. Now what does good customer success look like? In my mind, it starts off as a function, but once you get it to be more of an approach and a mindset that permeates all areas of your organization, that is when you kind of start really seeing the power of customer success. And what I mean by that is, customer success, if you think about how it works, actually becomes the central hub that gathers and has a lot of great insight around how different parts of the organization should work to provide that better experience. So they see patterns where support could change things. They see feedback on features where products should maybe rethink some of the features they're doing and how to make that work.

Chris: I'll pick up on a couple of points, Deepak. So for me, I think, you talk about mindset. I would say I'd agree with that. We talk about it as culture. As I referenced early on, when I talked about those kind of two-tiered approach, technology is a key factor in us creating the right customer experience. But for us, we . . . Instilling that customer-first mentality, that culture, amongst all of your employees, if we're successful in doing that, we deliver a much more consistent experience for our customers. So culture is a huge part of it. I think at SAP, we focus on . . . We're in this for the long haul. Our relationships with our customers tend to last years, and in many cases, decades. And so, customer experience and customer success is a long game for us. That is a critical factor. So we're having strategies that take very much a long-term approach to our partnership with a customer and their successful outcomes and try and be consistent throughout that journey.

We talk about being able to measure customer success at SAP. We talk a lot about experience economy with our customers. So really advising them, if you will, and talking to them about solutions that create a different experience for their customers. This isn't something that's new, but it's been becoming increasingly reality.

A lot of our customers are . . . They deliver best-of-breed products or services in their respective marketplaces. But it's not just about the best goods and services, but delivering the best experience. You can go and source books, clothes, toiletries, etc., from a number of different online services. You get the same product. But how is that experience different? How have a company like Amazon, for example, being able to drive the kind of scale and success they have, they wouldn't have achieved that without the right experience.

Hanish: So then, in relation to a question I asked earlier about the evolution, and clearly, as both of you articulated, how things have evolved over time from either customer success as a discipline and exactly to where you're going with that culture view, the experience economy, and the overall longevity of the view, if now we shift to that evolution and we've seen those changes, as we look forward and even to this current day, what are some of the challenges that are being faced by customer success teams as they make the shift towards embracing, let's say, this experience economy and more customer-centric outcomes?

Chris: I think from our perspective, there are probably two or three key areas. One is scale. And I'd ally that with consistency, Hanish—I mentioned that talking about the last point—I think how do you keep that consistency as your customer base grows and scales? As their expectations continue to evolve? As we touched on earlier on, this is still quite an immature discipline within business. So I think not being complacent, continuing to really kind of evolve at scale, and drive consistency in that experience for our customers, that's something that that we're certainly focused on. So that would be a key area for me is, how do you keep that consistency at scale, that consistency of experience at scale?

Hanish: So then with that, a question to the both of you around just kind of final takeaways. As a company or an organization who's in the tech or the media/telecom

space that's maybe even dipping their toe, or thinking about customer success, what do they really need to be thinking about as they move to an organization that's really putting customer-centric view to work?

Chris: So I think, to me, it starts with one key attribute, and I guess it comes back to that topic of culture, Hanish, and that is, you have to look at this thing from your customer's perspective. It starts with empathy. What does that experience look like today? And if telecommunications and media companies are looking at this from the point of view of, you know, should they invest further, what is their anticipated outcome? Why are they doing that? To understand what their relationship with the customer feels like today, and where they would like it to be, how they'd like it to evolve to. And to me, that starts with empathy. You have to be able to look at this through the same lens as your customer. And I think that's where it started with us. And then that helps kind of underpin that cultural change, that cultural evolution. But understanding this through the lens with which your customer looks at it, it has to start there.

Deepak: Yeah, and I would just build on that, Hanish, to say that starting there is a fundamental thing, but then aligning it with the vision and the outcomes you want to drive, I think, connecting those two. In some ways it goes back to the X plus O connection that SAP talks about in terms of . . . You start with the experience, you say what you want, but then you need to really think through what does that mean operationally? So really connecting that desired experience to the capabilities that need to be activated within the organization. And then customer success kind of becomes the connective tissue that helps to do that and do that at scale.

Chris: Yeah, just make one point, Hanish, I think, which is really interesting, right? And I think if you . . . We actually did a survey earlier this year at SAP with a number of C-level executives and asked them the question around how they

rated the customer experience for their customers. And around 80 percent of the C-level execs asserted that their organizations excelled at customer experience. We found that about 8 percent of their customers agreed with that assertion.

So I think that the key point here is, again, come back to that point of empathy, to look at it through the lens of your customer, not through your own lens, and not to be complacent about it. I think, again, intrinsically linked to that topic of culture, you cannot afford complacency about this, right? You have to be able to put yourself in the position of the customer and see it from their perspective. So that was a very eye-opening data point for us as we launched our . . . what I talked about early on with this focus on the X and O data. That was a really telling data point and was quite shocking to the audience and participants in that survey.

Hanish: No doubt. That's a real startling difference between 80 to eight. It's just, yeah, two ends of the spectrum.

Chris: If you're selling mobile telephony plans, it's increasingly difficult, in a very competitive market, to differentiate. And so that differentiation, the opportunity to do that through just experience and not through the product or the service, I think that has to be something at the forefront of that marketplace in particular. We work with pretty much all of the major mobile companies, wireless companies, in the US, and they are increasingly focused on the experience for their user. Not just . . . Because look, at the end of the day, how do you differentiate when they're all selling the same phones from the same vendors? How do you differentiate when, you know, there's only so creative you can be with a plan? It has to be the entire experience.

But that's true of many industries, right? There are industries that innovate faster than others, that are prone to more innovation than others, and then it's harder where it's the regular industries where

it's highly competitive, where the user is very agile in their decision-making, and it's increasingly difficult to innovate, and that innovation can't just be on the product or the service. It has to be on the experience.

So I think you can look at many examples across media, communications, etc. Media is another great example. The one that everybody quotes is Netflix, right? And look at the companies they've left in their wake: bricks-and-mortar media rental companies that no longer exist because of the way Netflix innovated and the experience they created along the way. It's so much easier to consume that content than it was 10 years ago. So I think you can think of countless examples across many industries. And again, that market . . . Now Netflix have made a market, but it's competitive. They compete with the likes of Amazon in that space. They compete directly with some of the content creators, and there are new entrants frequently. So again, it will come increasingly about not just the content they create, but also the entire experience, about how users can consume that media and that content. So as I say, across every imaginable market, there's that increased focus on that experience economy.

Hanish: To embrace customer centricity, B2B organizations should ensure that customer success becomes a part of the

enterprise muscle, and from what we heard earlier, also part of the C-suite. By ensuring that customers maximize the value from their purchase and achieve their outcomes, leaders can focus and give direction to overall digital transformation. So I really want to thank Chris Jones and Deepak Sharma for joining me for today. Really great discussion, so thank you both for joining us today.

Chris: Thank you, Hanish.

Deepak: Thank you, Hanish. Thank you, Chris. I really appreciate it.

Chris: Thanks, Deepak. My pleasure.

Hanish: And until next time, happy listening.

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