

Can Service Organizations Drive Corporate Growth?

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Satmetrix mission: to create loyal customers with the world's leading companies

- Co-developer of Net Promoter®
- Technology and expertise
- Ten years linking loyalty to financial results
- Global deployments with Fortune 1000 clients



Introduction

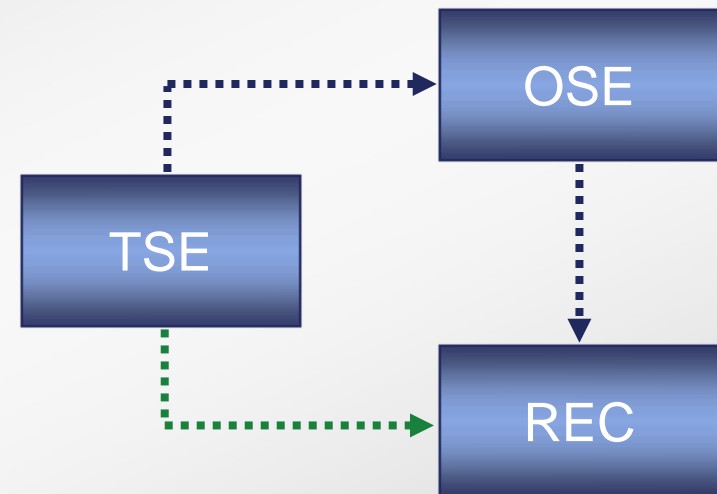


- **What role do service and support organizations play in driving the corporate bottom line?**
- **Study 1: Can service and support drive customer loyalty? If so, how?**
- **Study 2: Can we quantify the value of investing in support & service in order to optimize customer satisfaction and loyalty?**

Study 1: Connecting Transactional Service Experiences and Customer Loyalty

Does transactional support experience influence customer loyalty?

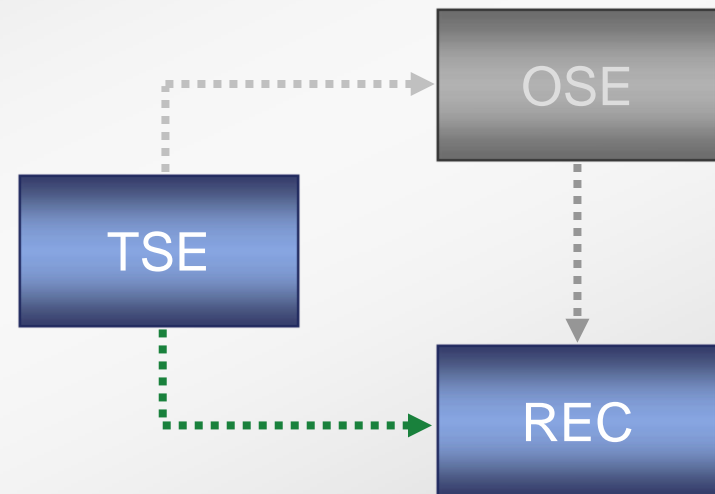
- Four companies from four different industries were selected
- Questions:
 - Does transactional support experience influence broader perceptions of support and the company?
 - Does its influence extend beyond support recipients?
 - What aspects of transactional support can be leveraged to create a more customer-centric organization?
- Can the support organization contribute to overall customer loyalty, and thus help drive business growth? If so, how?



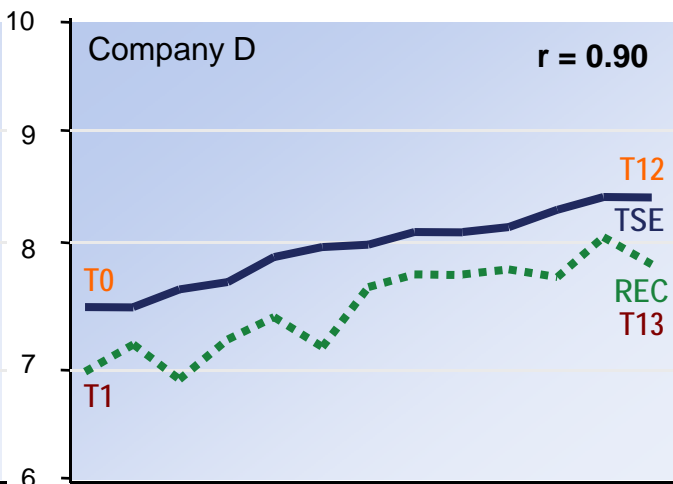
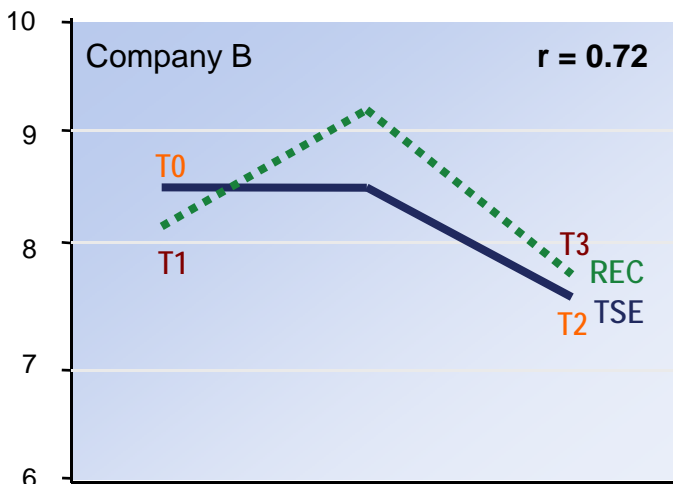
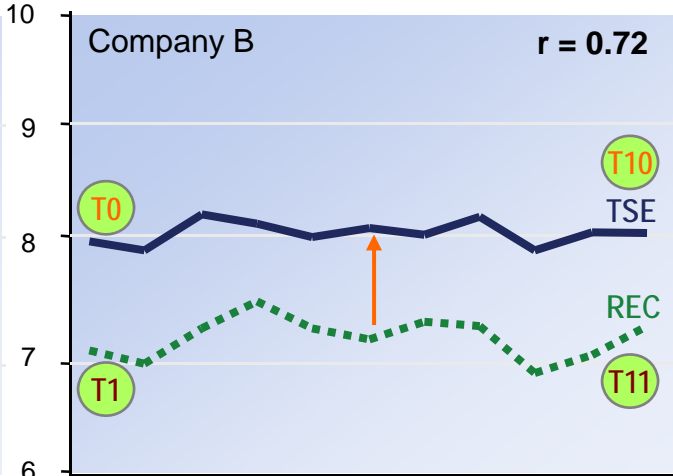
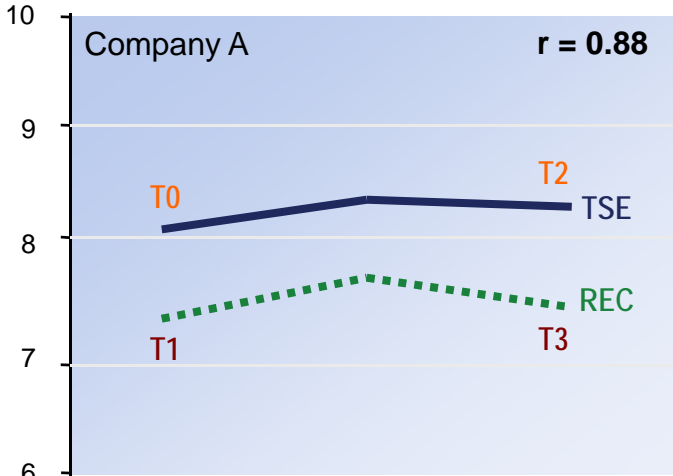
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Transactional Support Leads Likelihood to Recommend by One Quarter

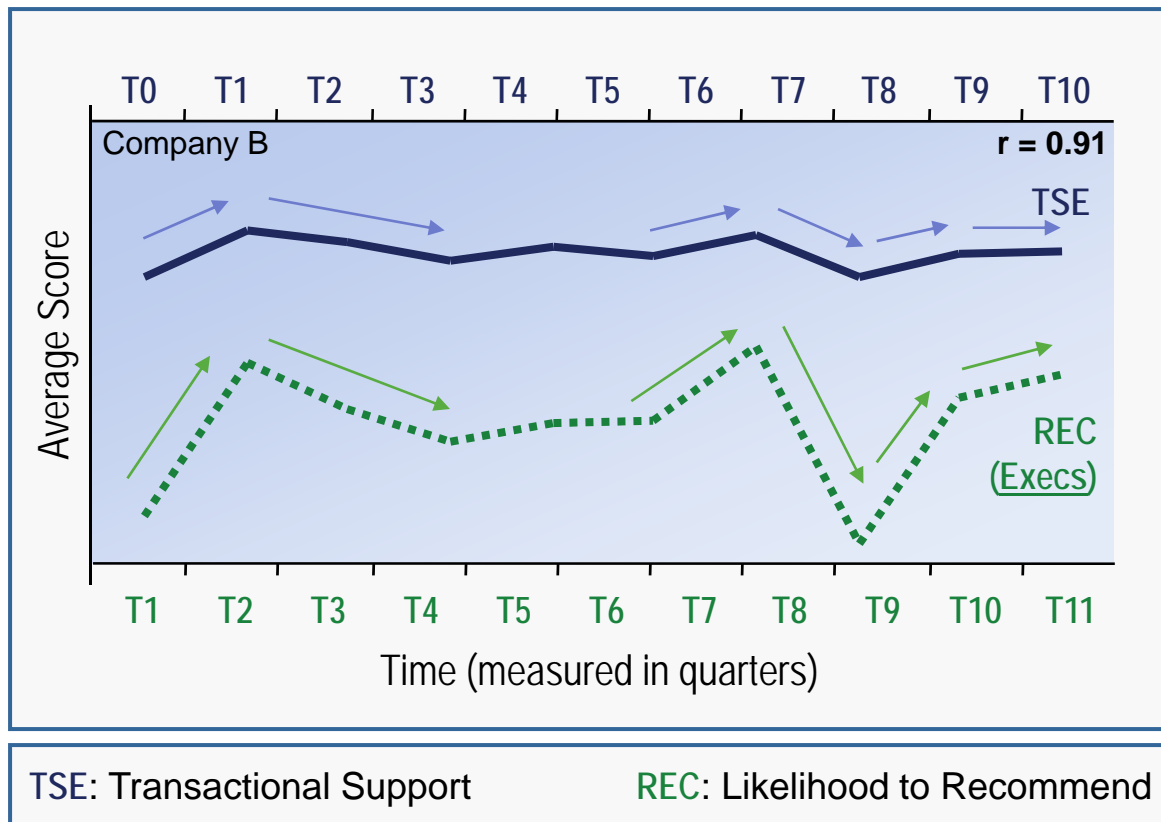


- All 4 companies show a similar pattern
- Transactional support scores are generally higher than recommend scores
- Recommend scores move in sympathy with changes in transactional support scores
- Transactional support changes lead recommend by one quarter

TSE: Transactional Support

REC: Likelihood to Recommend

Executive 'Recommend' Sensitive to Changes in Transactional Support Satisfaction

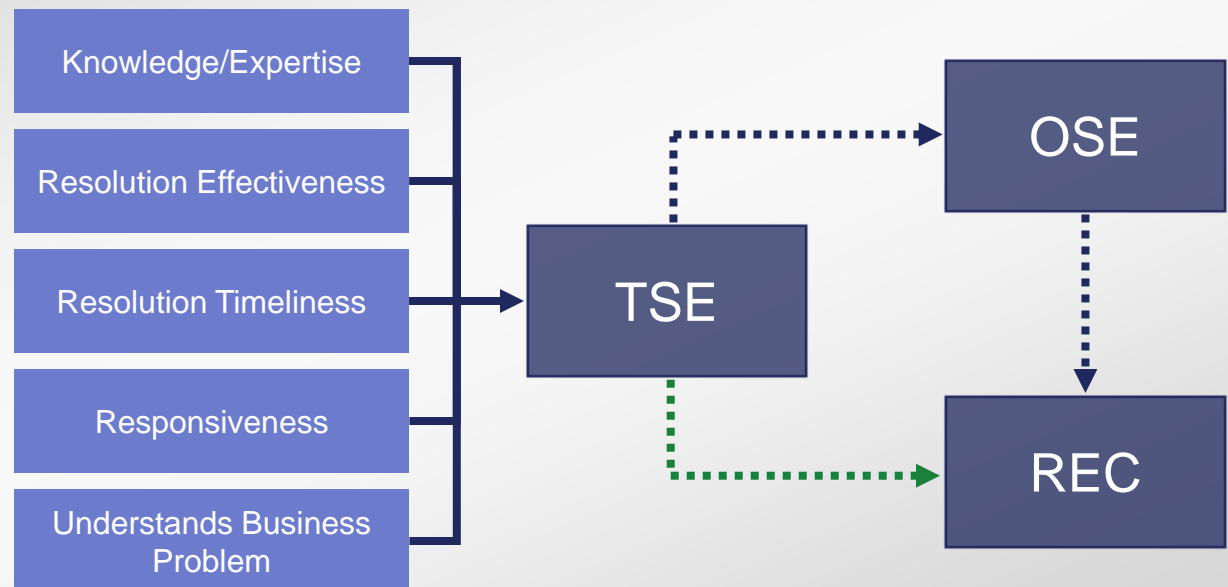


- A quarterly decline or improvement in Transactional Support is typically followed by a more extreme pattern of declines or improvements in executive recommend
- Internal / organizational influencers exert an impact on executive perceptions

Identifying Support Levers

What levers can be pulled to improve transactional support and drive a more customer-centric organization?

- Common levers that can drive transactional support include rep knowledge level, ability to solve problems effectively and on time, and understanding of the business problem/impact
- Implications for training/coaching and balancing resolution quality with speed



Summary of Findings



- **Service experiences do exert an impact on overall customer loyalty**
 - Changes in customer perceptions of services execution is an “early warning” of changes in loyalty
 - Effect can be seen in as little as 3 months
- **The influence of support “crosses the boundary” from the frontline to executives**
- **Support organizations can improve the transaction experience, and thus impact loyalty, by concentrating on those areas that maximize support satisfaction**

Striking a New Balance

Optimize Customer
Experience & Loyalty

CEM

- Optimize service levels
- Increase customer retention
- **Enhance growth**

Optimize
Operational Metrics

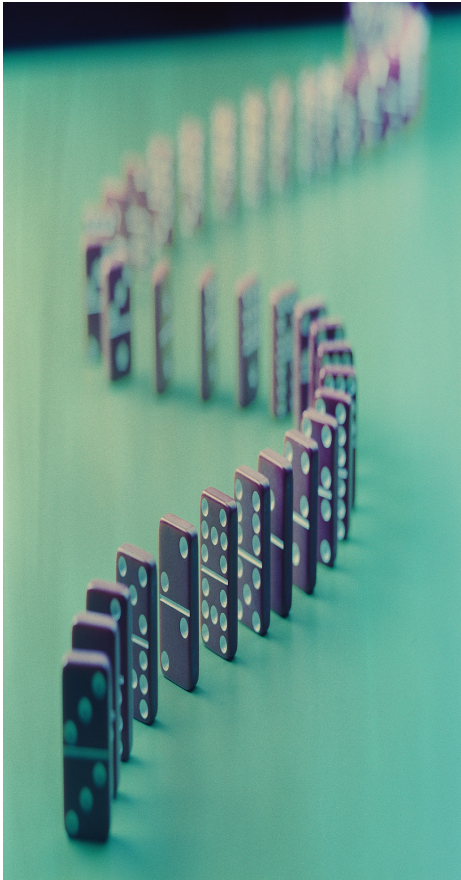
CRM

- Reduce costs
- Maximize return on customer

Customer



Study 2: Linking Services, Loyalty, and Financial Impact



- Objectives:
 - Develop a quantitative model to capture the full economic benefits of maintenance & support
 - Provide a model approach for service and support organizations seeking to build a business case for investment in services
- Steps:
 - Validate the connection between customer loyalty and financial outcomes
 - Determine the strength of the relationship between transactional support satisfaction and overall customer loyalty
 - Identify key drivers of support satisfaction to prioritize opportunities for greatest financial impact

Partner Profile: Novell



Global B2B Software
and Services Company

52,000 customers

4,700 employees

\$1B revenue

Novell Technical Services

9 Global Support Centers

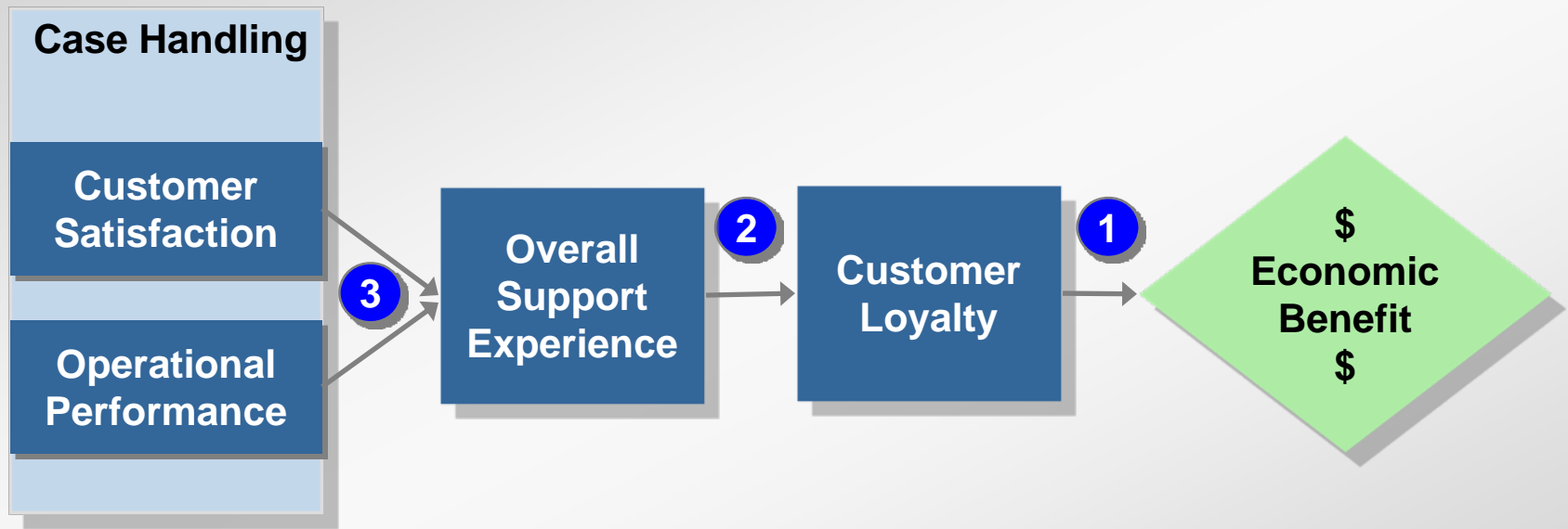
70,000 Incidents Annually

700+ trained Support Engineers on Linux & Open Source technologies

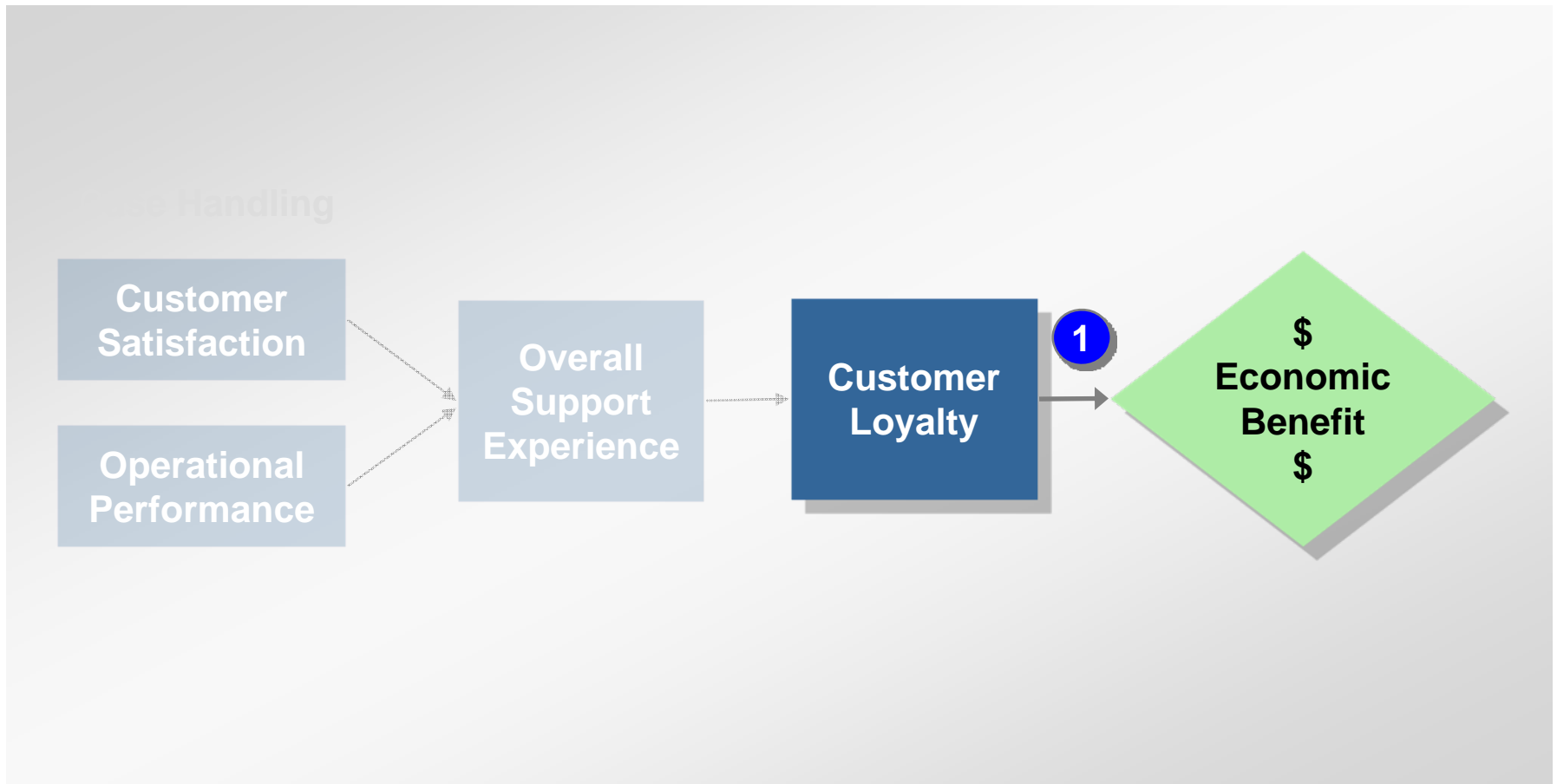
On-site and dedicated support engineers



Linking Support Experience, Loyalty, and Financial Outcomes

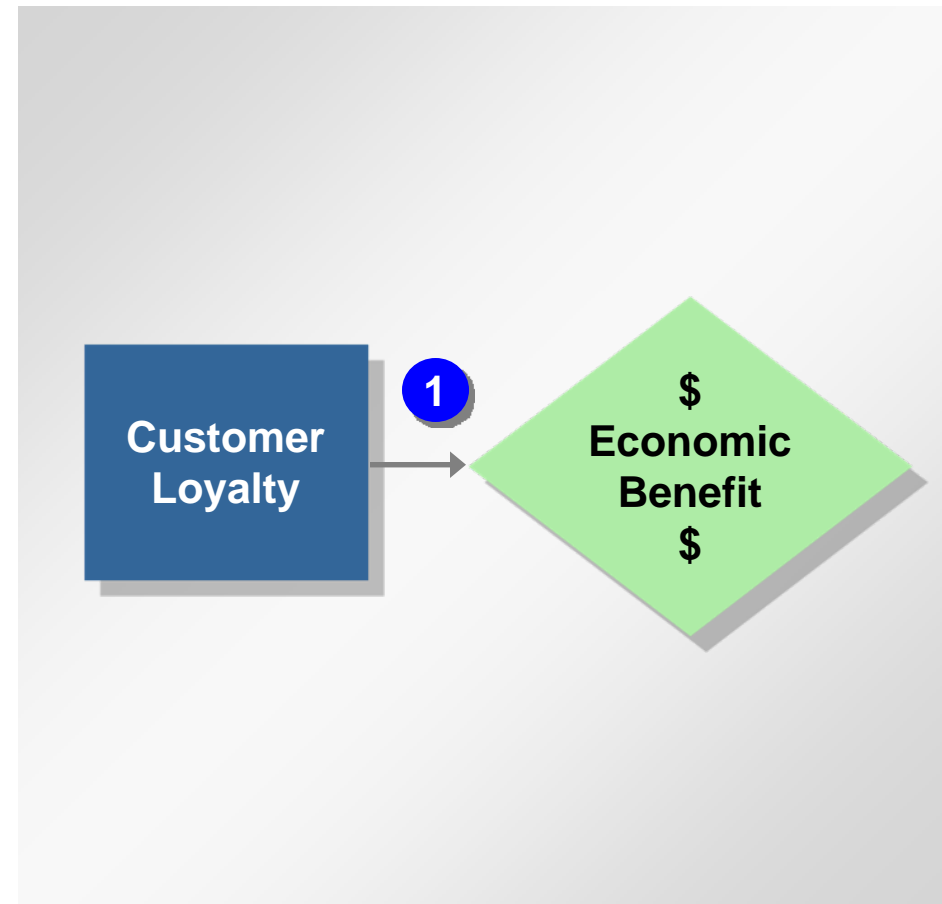


Linking Customer Loyalty and Economic Benefit



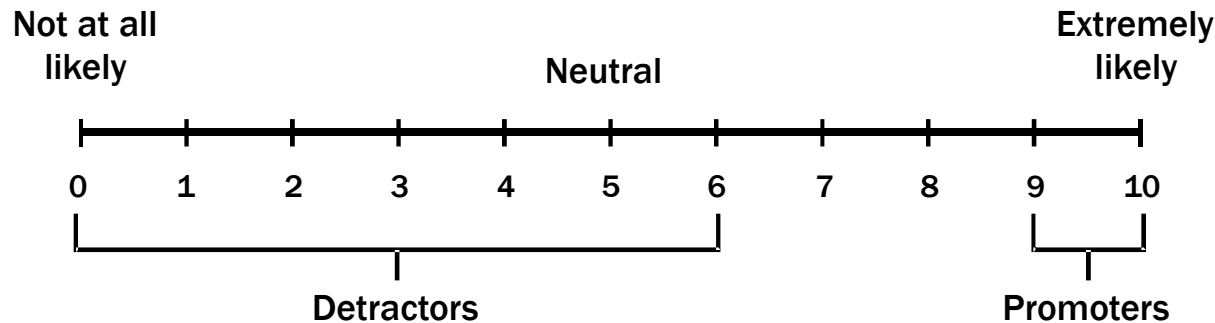
Establishing ROI: Approach

- **Sample**
 - Mix of key and regional, premium and non-premium support accounts
- **Method**
 - Loyalty metric used as a leading indicator (1 quarter lag)
 - Financial growth averaged over 4 quarters to produce *annual* averages
 - Segmented accounts by average loyalty score, mapped segments to financial growth



What is Net Promoter®?

How likely are you to recommend to a colleague or friend?



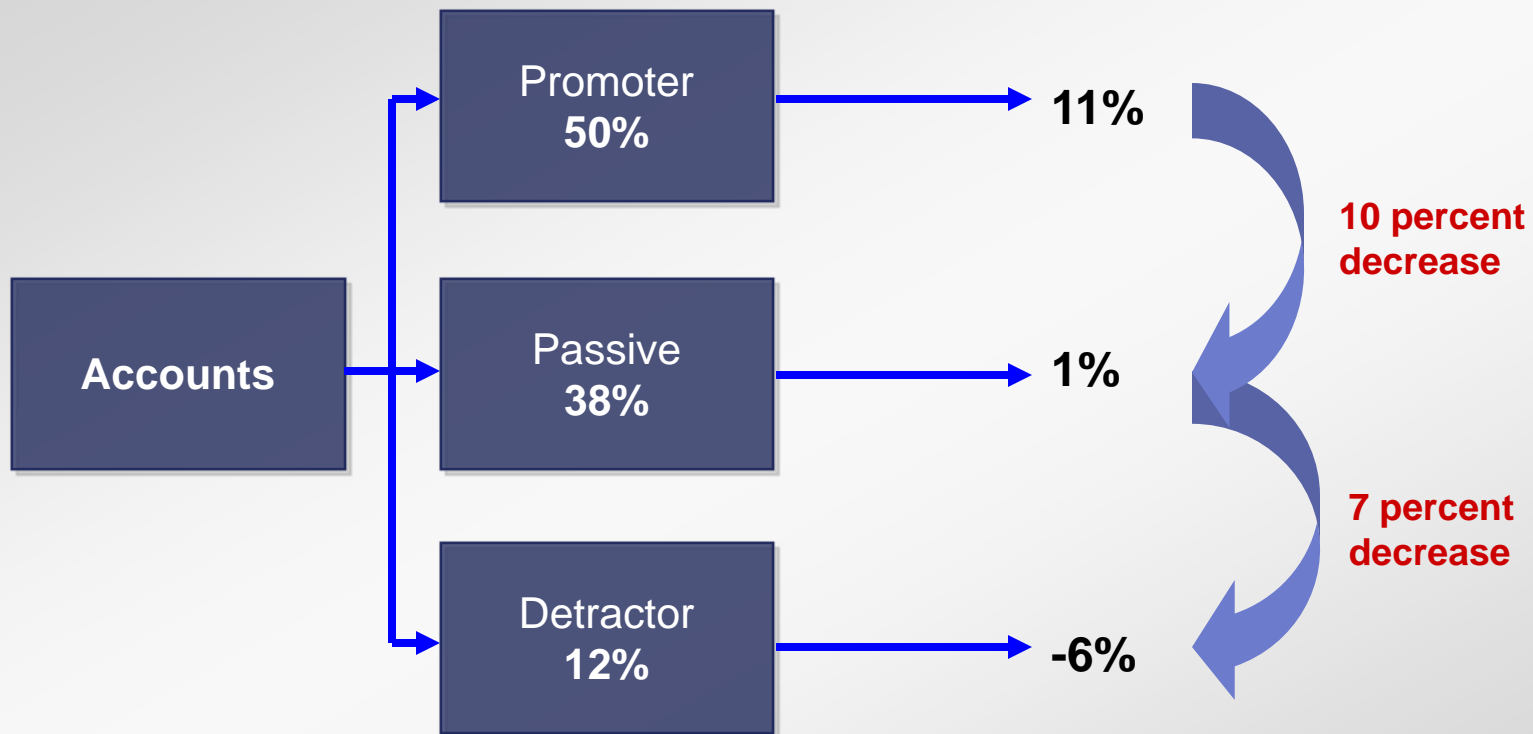
- Open standard
- Ease of adoption
- Actionable
- Proven correlation to growth

% of 9s and 10s

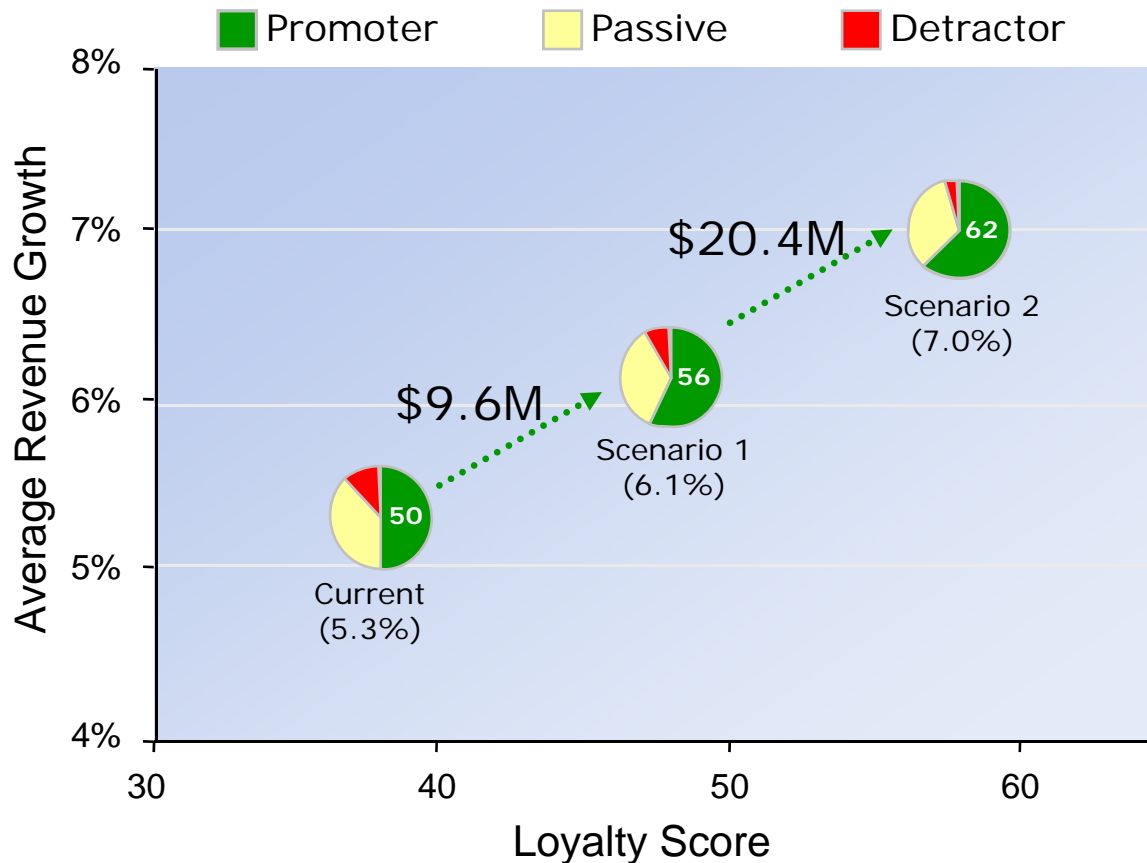
- % of 0 through 6

= Net Promoter %

Customer Loyalty and Economic Value

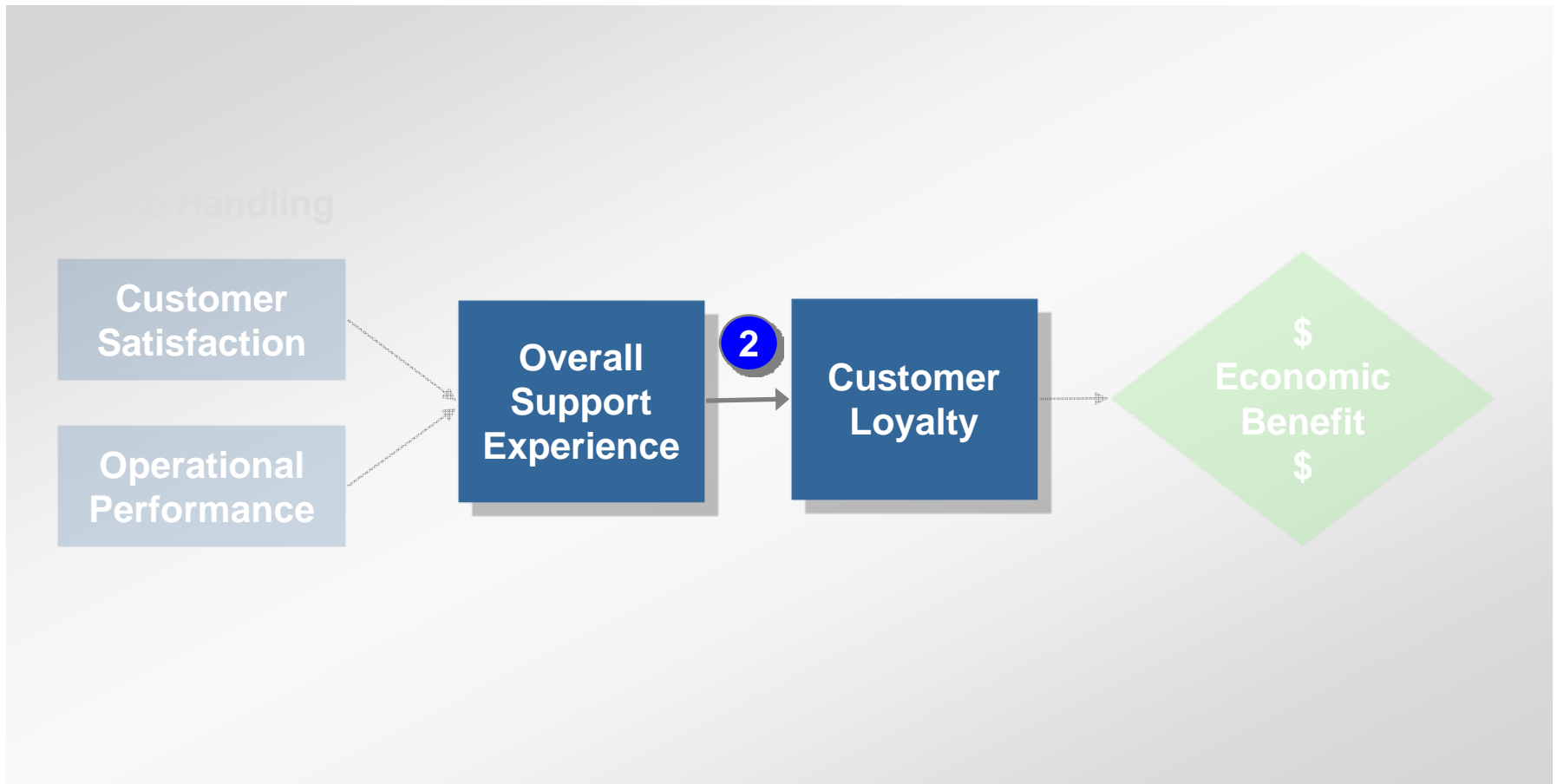


Scenario Planning – Economic Impact of Improving Loyalty



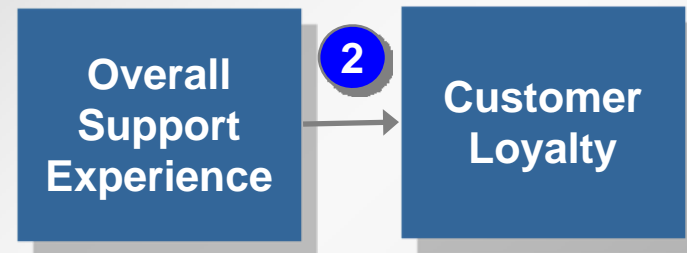
- Maximizing Promoter and minimizing Detractor segments has demonstrable economic benefits
- First step in driving improvement is to identify performance areas which most impact loyalty

Linking Overall Support Experience to Customer Loyalty



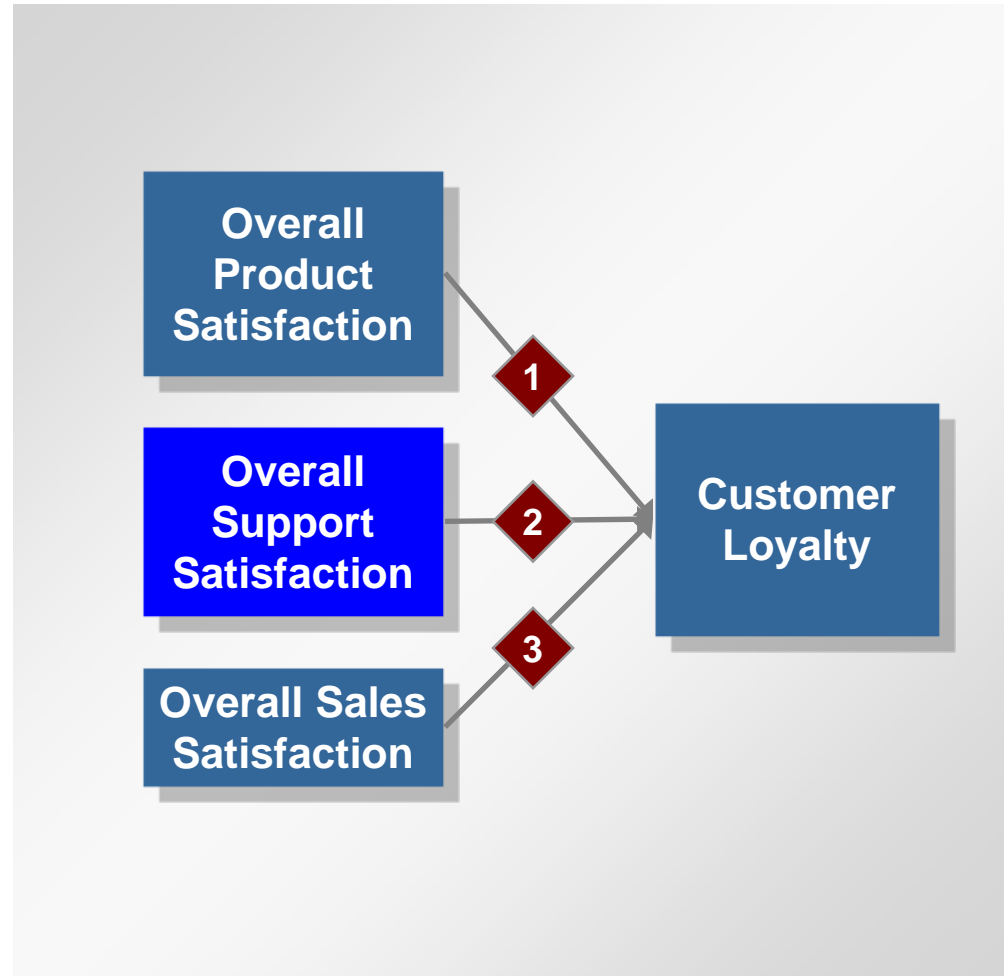
Approach

- **Sample**
 - Premium Support customers
- **Method**
 - Created satisfaction indices for Marketing, Sales, Product, Consulting, Training, Overall Support Experience
 - Linked indices to loyalty via regression
 - Selected final model elements based on significance of relationship with loyalty



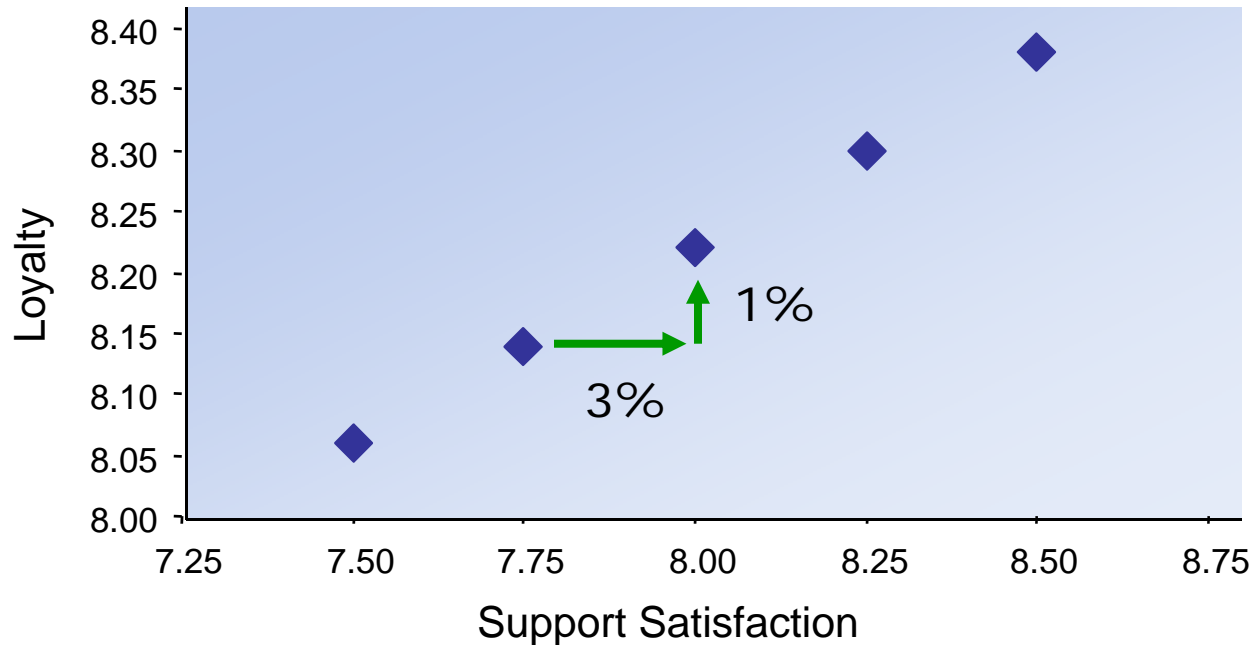
Identifying Key Drivers of Loyalty

- Drivers of Loyalty include Product, Support and Sales Satisfaction
- Product Satisfaction has the greatest impact on Loyalty, followed closely by Support Satisfaction
- Sales more weakly associated with loyalty
- Other touch points– Marketing, Design and Implementation, Training– were not significant

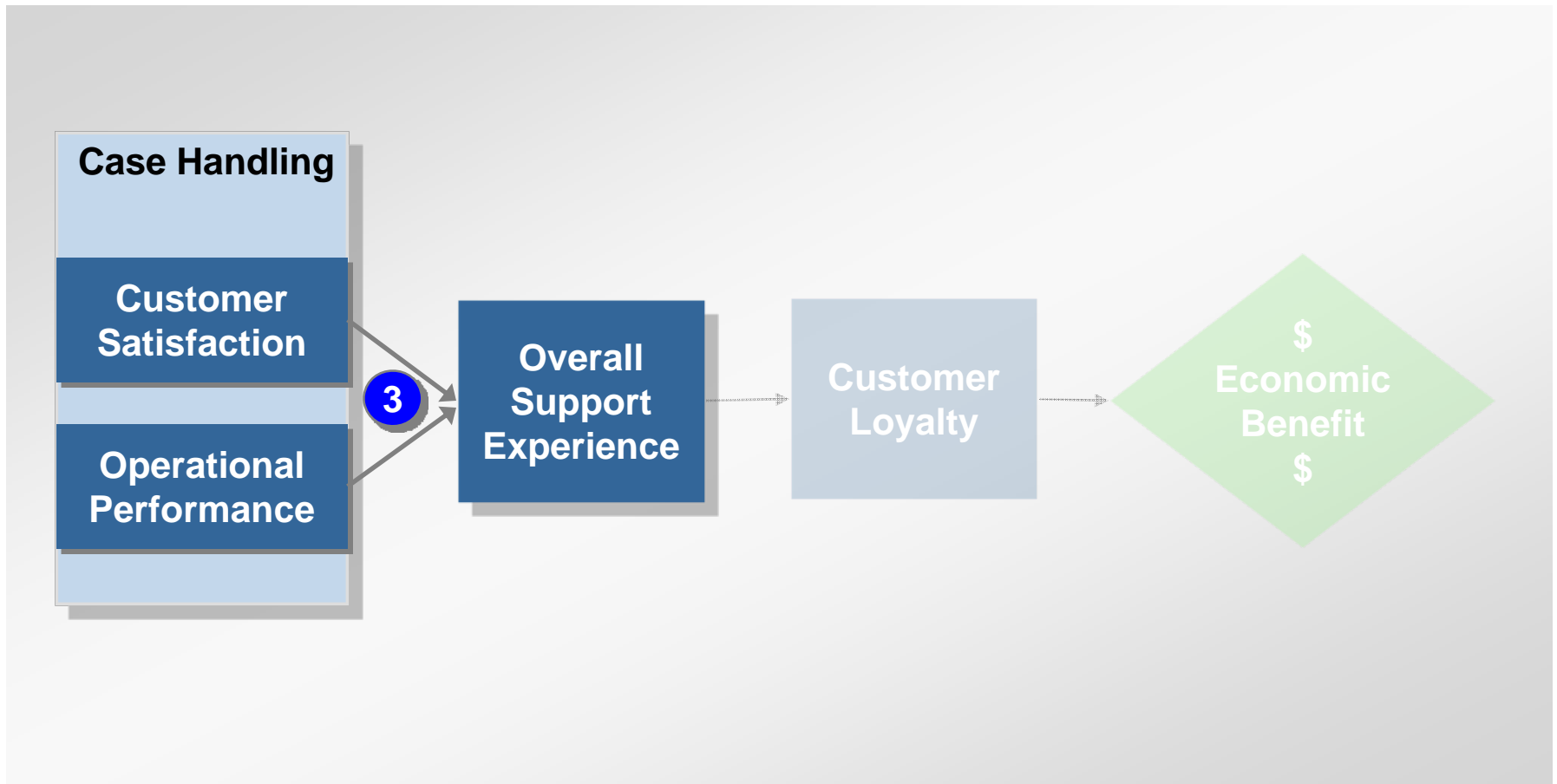


Scenario Planning – Impact of Improving Overall Support Experience on Loyalty

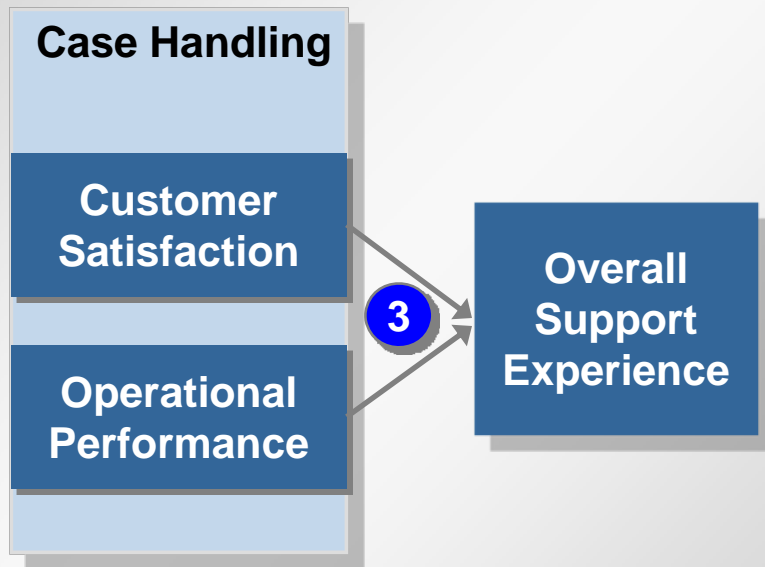
Increasing Overall Support Experience by approximately 3% results in a 1% increase in Customer Loyalty



Linking Case Handling to Overall Support Experience

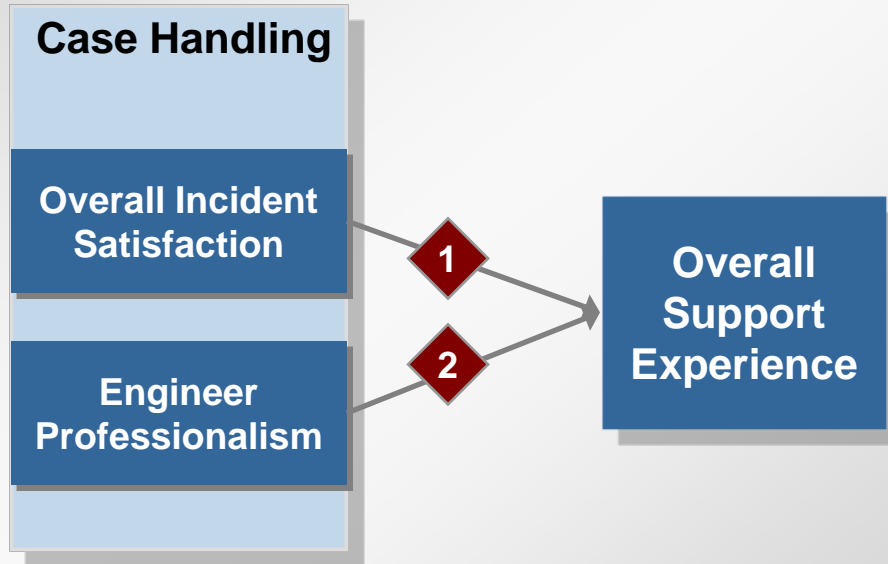


Approach



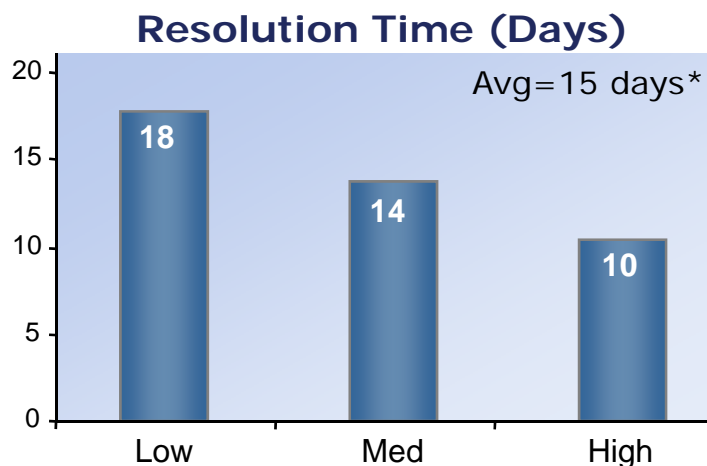
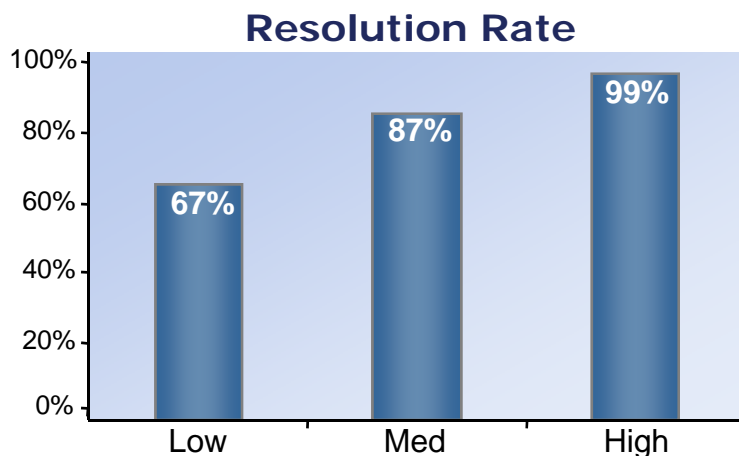
- **Sample**
 - Premium Support customers
- **Method**
 - Case Handling metrics used as a leading indicator (1 quarter lag)
 - Linked case handling metrics to overall support experience via regression
 - Selected final model elements based on significance of relationship with overall support experience

Uncovering Overall Support Satisfaction Drivers



- Overall Support Experience is most impacted by overall incident satisfaction and engineer professionalism.
- Overall incident Satisfaction may be a catch-all category for other elements in model, as well as areas not explicitly evaluated (e.g., communication, speed of resolution).

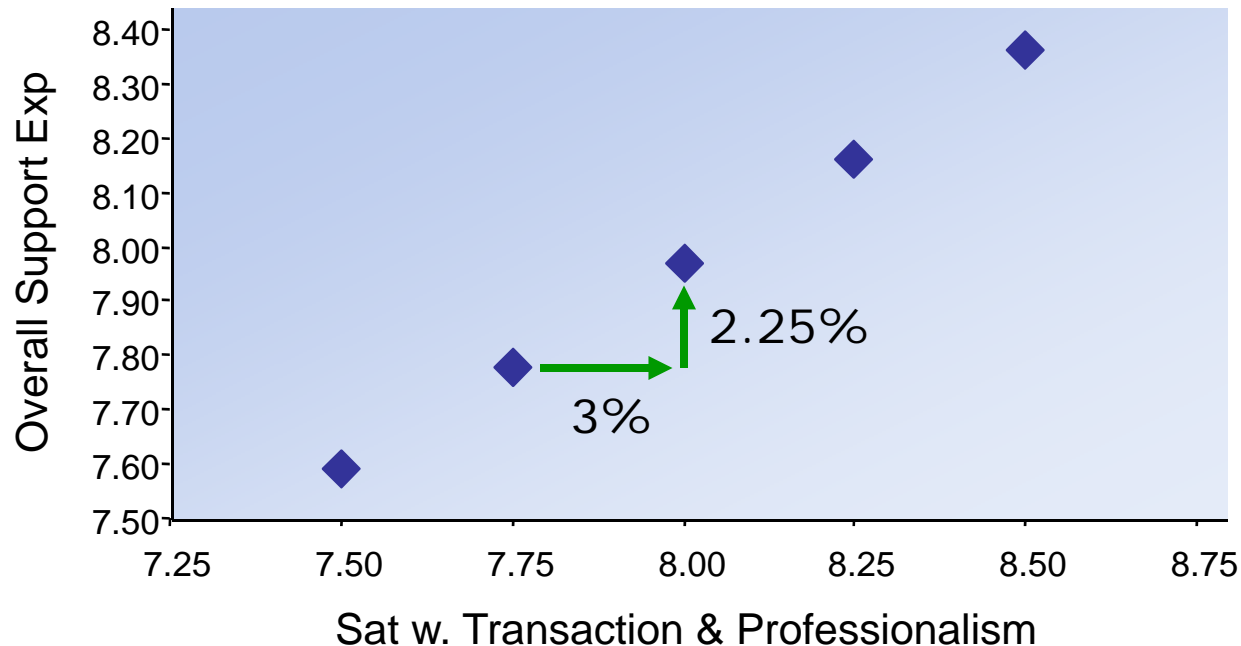
Role of Operational Performance in Overall Incident Satisfaction



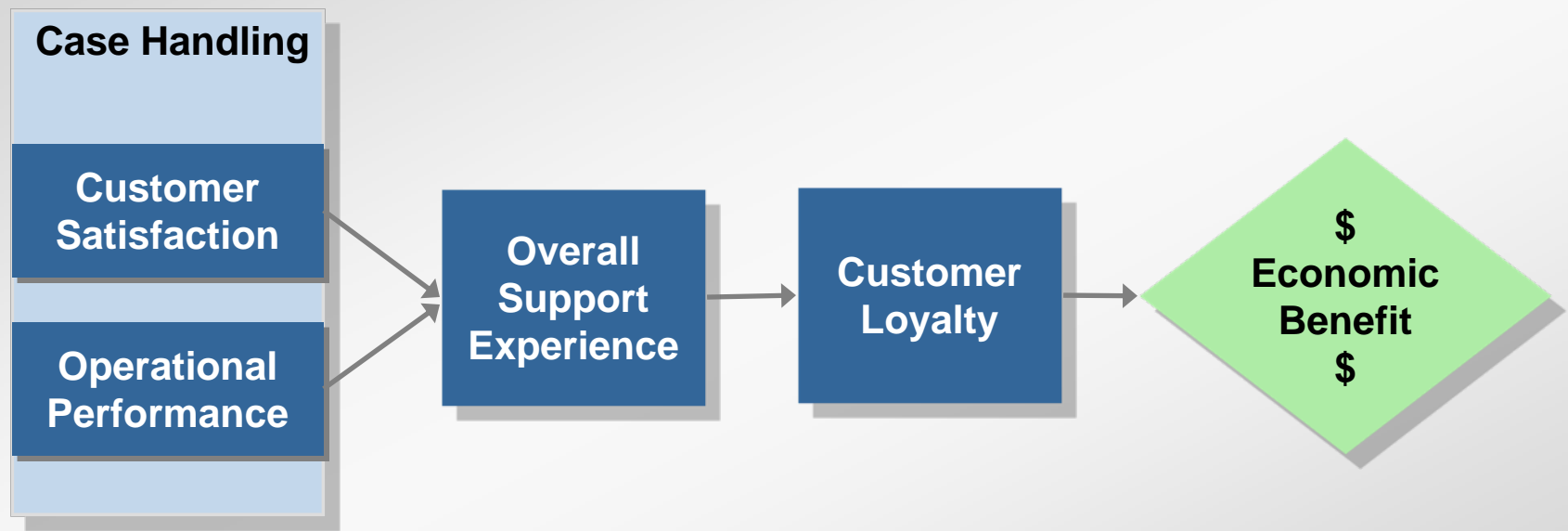
- Overall Incident Satisfaction may act as a proxy for operational metrics (e.g., Resolution Rate, Resolution Time).
- Customers with low Overall Support Experience Satisfaction show lower resolution rates and higher resolution times
- Customers with high Overall Support Experience show extremely high resolution rates and below average resolution times

Scenario Planning – Impact of Improving Case Handling on Overall Support Experience

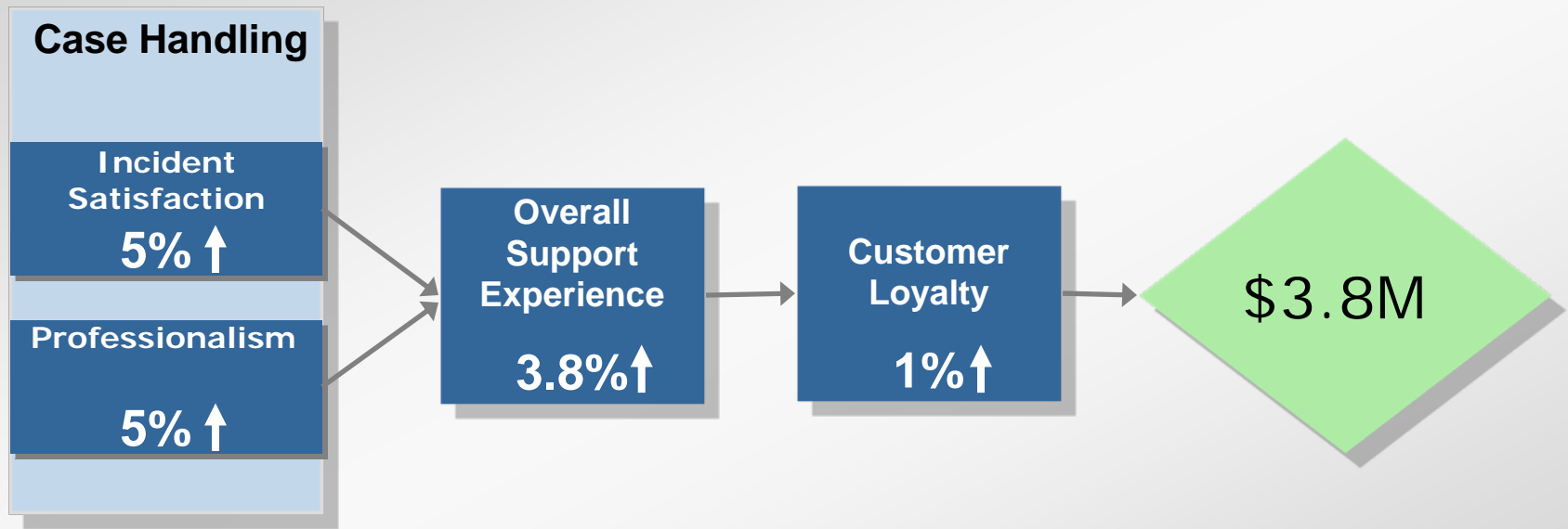
Increasing both Overall Incident Satisfaction and Professionalism Satisfaction by 3% results in roughly a 2.25% increase in Overall Support Experience



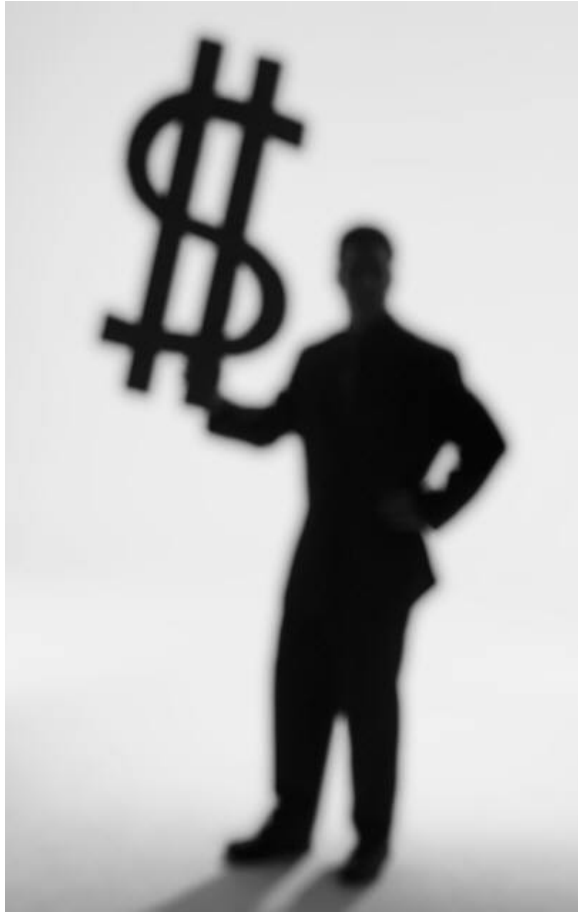
Linking Support Experience, Loyalty, and Financial Outcomes



Demonstrating Value: Linking Support Performance and Revenue



Summary of Findings



- **Customer loyalty contributes directly to revenue growth**
- **Overall Support Experience– second only to Product Experience– plays a key role in shaping customer loyalty**
- **Incident experience exerts a significant impact on Overall Support Experience**
- **Investing judiciously to optimize operational processes can have a cascading effect on value creation which reaches beyond the services organization**

Q&A

Thank You

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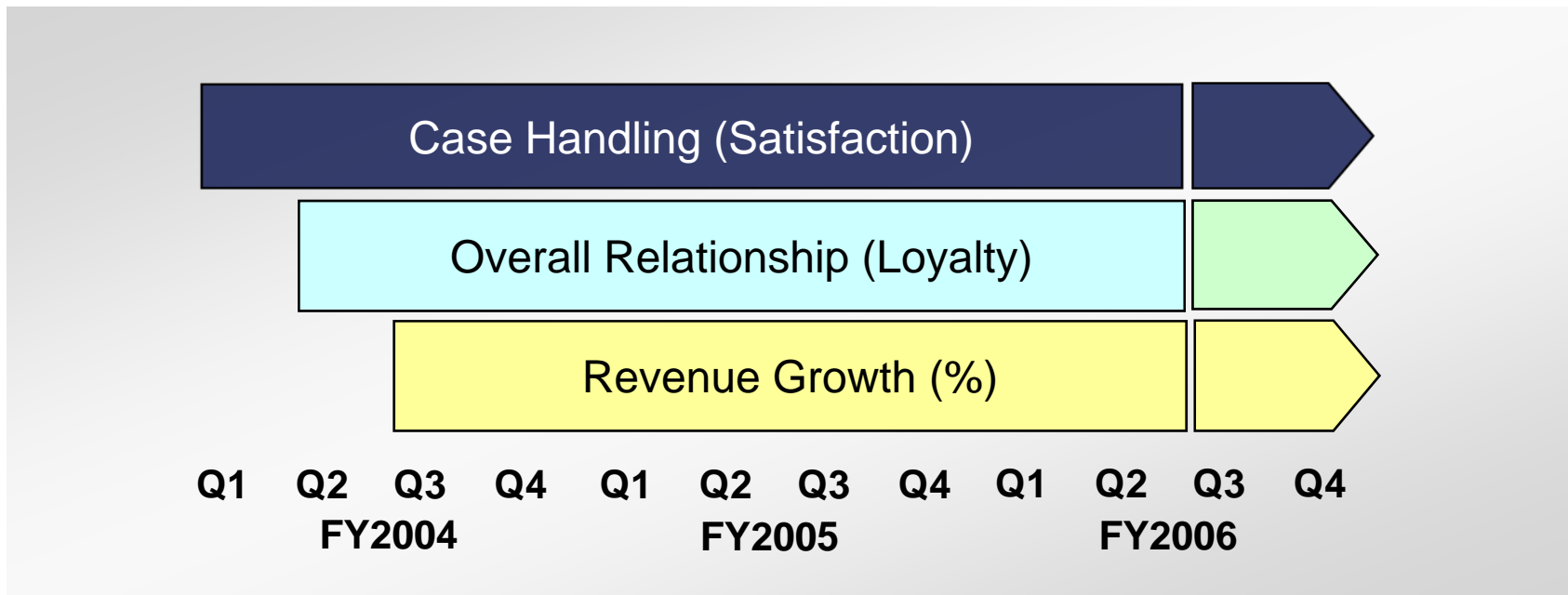
Fax : +91.471.401.6701

Next Steps: Key Ingredients for Linking Support and Value

- **Start with demonstrable ROI**
 - Corporate financial outcomes, not simply support and services P/L
 - Revenue by category, total revenue, growth
- **Assess loyalty on an ongoing basis**
 - Target executives, key decision makers, budget holders
 - Include overall relationship (loyalty) and performance along key touch points
- **Assess post-incident satisfaction continuously**
 - Target direct recipients of support
 - Integrate operational metrics and customer perceptions

Next Steps: Measurement Window

- **Target all metrics by account, by quarter**
 - Change over time— in incident satisfaction, in loyalty, in financial outcomes— is key



Next Steps: the Enterprise View

