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# Achieving Subscription Success through Customer Journey Mapping

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Perspective by  
Waterstone  
Management Group

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Dhaval Moogimane, Partner  
Steven Michalkow, Associate

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Chicago | San Francisco  
(877) 603-1113  
[www.waterstonegroup.com](http://www.waterstonegroup.com)

## Achieving Subscription Success through Customer Journey Mapping

The subscription economy continues to push its way into our everyday lives. It's highly likely that nearly everyone reading this paper has a subscription to Netflix, Spotify, or Peapod, or even a subscription for stylish personal shopping services like Trunk Club. People have grown more comfortable with a fundamental move away from owning products and closer to being a part of a continuous service experience.

This shift towards an ongoing service experience isn't just a phenomenon in consumer technology. Enterprise technology providers are also transitioning to a service-centric business model. The SaaS segment of enterprise software will grow at an aggressive 18 percent CAGR over the next three years, and will represent approximately 31 percent of the total software economy by 2018.<sup>1</sup> The telecommunication industry is also jumping on board, with providers beginning to overhaul their core infrastructure away from high-cost equipment boxes to software running on low-cost commodity servers, storage, and switching. These providers, having taken cues from the developing subscription economy, are making these packages available as both SaaS and license offerings.

## The Importance of Delivering a Superior End-to-End Customer Experience

Building a subscription business from scratch is no easy feat. It is even more daunting for a technology provider with a history of product-based selling and delivery to transition to this type of model. Product-based businesses, whether they sell actual physical items or software licenses, have traditionally been built around a transactional customer engagement model.

Engagement effort is frontloaded around closing the deal, getting the software up and running, and providing some support before leaving the customer out of sight and out of mind until the renewal date.

This type of customer engagement isn't sufficient in an environment where customers pay a recurring fee for these services.

Subscription businesses at their core are built around fostering a continuous, long-term relationship with customers. The longer customers keep their subscriptions, the more profitable they become. In fact, depending on a provider's upfront customer acquisition costs and investments, it can take several months to several years for a customer account to break even.<sup>2</sup> As a result, ensuring the customer experience remains remarkable throughout the entire lifecycle is a priority-one mission.

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**Subscription businesses are built around fostering a continuous, long-term relationship. Ensuring your customer has a remarkable experience throughout the entire lifecycle is vital.**

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<sup>1</sup> IDC Reports, Waterstone Management Group Analysis

<sup>2</sup> <http://a16z.com/2014/05/13/understanding-saas-valuation-primer/> and <http://www.forentrepreneurs.com/saas-metrics-2/>

## Empathetic, Cohesive, and Continuous Engagement Is Critical

To achieve an exceptional subscription-based customer experience, two golden rules of engagement must be followed:

1. Maintain empathetic and cohesive engagement with the customer across all functional areas and touchpoints, including sales, day-to-day account management, training, support, etc.
2. Leverage your domain expertise and service capabilities to enable your customer's business success instead of simply teaching them how to use your product.

Though these principles are easy enough to grasp on paper, making them operationally tangible and real in a customer's eyes is easier said than done. Providers must think very differently about their entire organization and make the necessary investments in processes, human capital, tooling, etc. This is often when we see companies having to overcome a lot of friction in making the change to a subscription business. Many companies don't have a "one-team" culture cohesive enough to proactively put forth a singular vision of an exceptional customer experience. Long-established providers tend to have many functional silos in their organization, with separate and distinct presales, professional services, and support groups. This creates multiple hurdles to overcome, including:

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**Functional silos and the lack of a cohesive one-team culture complicate the organization's ability to design and execute on an exceptional end-to-end customer experience.**

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- **Lack of Holistic View of Customer Experience:** No one (outside of a few members of the C-suite) has a holistic view of the customer experience. Functional teams know where a customer comes into their silo, what to do for the customer once there, and where to push the customer next. When faced with a question or request outside of their area of responsibility, they inevitably respond, "Sorry, I can't help you. You need to speak to this other function group." Not only does this leave the customer with the impression of a less-than-harmonious corporate structure at work, it demonstrates a lack of empathy for the customer and what they need to achieve. These types of responses are death knells to customer experience-building.
- **Difficulty Gaining Traction on Initiatives:** End-to-end customer experience initiatives have a difficult time gaining traction within the organization. Suppose a more traditional enterprise tech provider decided to implement a Customer Success manager program. The question "Where should the Customer Success program reside organizationally?" can become hazardous very quickly. Each functional area might show resistance to the very idea of the extra responsibility, or may even lack the experience to make the program truly capable of delivering an end-to-end experience for the customer. It might simply absorb the program back into the known quantity of the functional silo, resulting in a glorified account management support role if left in sales, or an escalation manager by another name if housed in support.

Without a culture of collaboration, it will be very difficult to achieve success with a subscription business.

## Harnessing the Full Power of Customer Journey Mapping

One method of driving toward a broader sense of customer empathy and customer-centric, cross-functional collaboration is to undertake a customer journey mapping exercise. Customer journey mapping is a hot topic in business strategy these days, with multiple points of view and definitions being employed.

At Waterstone, we see a customer journey map as a view of the complete customer lifecycle with a provider, from the point of creating interest to a seamless renewal process and everything in between. Each potential touch point with the customer provides an opportunity for the provider to really shine and deliver a remarkable experience for the customer. This can be anything from a rich and intuitive demo during the initial buying stage to a training session that effectively demonstrates how the offering will enable a customer’s business success. Identifying these opportunities to shine, or “moments of truth,” is critical to establishing the end-to-end customer experience the provider should strive to deliver.

### Waterstone View on What Journey Mapping Is

- ✓ Cross-functional, collaborative design and execution
- ✓ Visionary, but focused on operational change opportunities that are actionable and measurable
- ✓ Agile, ongoing process; target near- and mid-term horizon (ideally no more than 18 months) to build a desired end state followed by continued enhancement
- ✓ An outside-in-driven process

### Sample Customer Journey Stages for an Enterprise Software Company



#### Example Moments of Truth: What Customers Should Be Saying About Their Experience

- |   |   |  |   |  |
|---|---|--|---|--|
| <ul style="list-style-type: none"> <li>✓ I had an immersive intro to your offering and was completely sold on your value prop (via. rich demos, engagement sessions, etc.)</li> <li>✓ I am excited to buy into your value prop</li> </ul> | <ul style="list-style-type: none"> <li>✓ You made every effort to make sure I rapidly realized the value of the software in my business</li> <li>✓ I got easy access to training when I needed it, delivered how I wanted it</li> </ul> | <ul style="list-style-type: none"> <li>✓ You proactively engage with me as a business partner and continue to show me new ways your offering can help me realize measurable and impactful business value</li> <li>✓ You give me the flexibility to self-manage my account at a level that works best for me</li> </ul> | <ul style="list-style-type: none"> <li>✓ Your support proactively works to keep my systems running smoothly</li> <li>✓ You help me engage with my fellow user community, and I'm energized to discover the new ways they leverage your offering in their businesses</li> <li>✓ Your new releases and updates arrive painlessly for me, while still delivering fresh new value to my business</li> </ul> | <ul style="list-style-type: none"> <li>✓ Your renewal process is a breeze</li> <li>✓ I walked away from renewal with a clear sense of value and accomplishment that I can't wait to tell my peers about</li> </ul> |
|---|---|--|---|--|

## Bringing Your Customer Journey Map to Life

Many proponents of journey mapping end the exercise after mapping the moments of truth. This can result in the journey map becoming siloed into a singular thought piece at high risk of not being effectively leveraged. Waterstone believes the core reason for engaging in a journey mapping exercise is to bring the identified goals and aspirations to life by making them operationally real. Done right, the journey map becomes a customer experience-focused guide to identifying the operational imperatives necessary to deliver on those moments of truth.

Building a journey map and using it as a driver to transform the operating model isn't easy. To do so successfully requires collaborative engagement across the entire organization during the process. There is incredible transformative value in busting the functional teams out of their silos and gathering them all together in a room to map out the customer journey and the moments of truth. It affords the often-insulated functional groups a chance to actually see the end-to-end customer experience for perhaps the first time, with "a-ha" moments emerging quickly thereafter. The realization of what is needed operationally to transform the company becomes a very real thing when the whole team can respond and engage with each other's functional expertise. This cross-functional collaboration must be sustained in order to execute the identified operational imperatives and achieve the transformed organizational vision.

**Waterstone Management Group helps technology companies drive growth within their subscription businesses, including defining, operationalizing, and improving their customer engagement models. To learn more about best practices in this area, including using customer journey mapping to identify moments of truth and pinpoint the operational imperatives needed to deliver on them, please contact:**

**Dhaval Moogimane, Partner**

(877) 603-1113

[dmoogimane@waterstonegroup.com](mailto:dmoogimane@waterstonegroup.com)

**Steven Michalkow, Associate**

(312) 508-6172

[smichalkow@waterstonegroup.com](mailto:smichalkow@waterstonegroup.com)