

Five Key Themes from the Pulse 2017 Conference

An Overview by

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Now in its fifth year, Gainsight's Pulse 2017 conference brought together over 4,000 Customer Success community members in Oakland for a global networking and learning conference. At this year's conference, Waterstone served as a sponsor, facilitated multiple sessions, and held discussions with 25+ clients and other industry participants. Furthermore, our team participated in over 60 of the wide-ranging sessions with industry experts and leaders to gain insight into the latest technologies, trends, and top-of-mind challenges for growing Customer Success capabilities. Below we have boiled down the Waterstone team's collective learnings into five critical themes to keep in mind as you develop and evolve your Customer Success strategy and roadmap.

1. Customer Expectations Continue to Evolve, and Value Needs to Be Continuously Substantiated

Customers' relationships with their technology providers have fundamentally changed over the years. Customers have become increasingly knowledgeable about the offerings they invest in, including the value they expect to receive. As such, they want to make sure they get the most out of their purchase, and they look to the provider to build an ongoing relationship that facilitates this continuous value-fulfillment journey. This enhanced relationship should help customers achieve faster time to value, maximum ROI on their investments, and delivery of key business outcomes. For technology providers, this means that they need to substantiate value to help customers justify their investments and increase overall adoption.

"The Software business is all about value substantiation."

Managing Director, VC Firm

- **Value Substantiation Must Be Apparent, Measurable, and Ongoing**

Software is looked at as an asset for a company. Providers need to continue to show how a customer gets the most out of a product as it evolves. For example, the cadence for educating a customer needs to reflect / be aligned to changes in the value the product delivers. So, if your offering has continuous upgrades and fast release cycles, you need to communicate these changes and insights to the customer in real time. You can't just expect to wait until the next quarterly business review to educate your customer.

- **Business Value Discussions and Success Planning Help Ensure Success for Your Customer**

Engaging with your customers up front about their goals and the value they hope to achieve with your solution can be extremely insightful for both parties. CSMs should make a concerted effort to align on the customer goals and measure progress / value achieved against those goals throughout the customer

relationship. This can help customers better assess the value realized with their investment (and thus help justify future investments), while also giving CS an ongoing perspective on client success and the likely health of the overall relationship.

2. It Takes a Village to Deliver an Exceptional Customer Experience

As the transition to recurring revenue models continues, technology providers must rely on increased cross-functional collaboration to deliver an exceptional customer experience. As one of the presenters stated, “the customer engagement process owns the customer.” This collaboration includes alignment on goals / KPIs across the customer lifecycle, clear roles and responsibilities across functions, and well-defined handoffs.

“Customer Success is a Services motion with a Sales result.”

**J.B. Wood, President & CEO,
TSIA**

- **Customer Success Promotes the Cross-Functional Alignment Needed to Deliver the Ideal CX**

Convergence is needed across the organization to deliver your target customer experience, and Customer Success is critical to achieving this convergence. Functions need to be thinking more holistically about the broader customer journey and the company’s corresponding strategic intent. Furthermore, individual business units should recognize the value that can be derived from leveraging insights from other internal stakeholders. While the placement of CS within an organization may vary, there is no denying its impact both to the customer and across the organization.

- **Governance Matters**

Whether the CSM is looked upon as the owner or facilitator for the overall customer experience, someone must make sure that disparate functions are working towards established objectives and KPIs to deliver the target experience. The owner of this process also needs the requisite influence within the organization to enable others and hold them accountable.

- **Getting the Customer Journey Right Is Still Key**

Redefining the engagement model starts with defining your customer journey and aligning the organization on a target customer experience. Companies should also understand what the adoption path for a customer looks like to understand when and how customers are looking to derive value from the product. Customer Success obviously plays a fundamental role in delivering on this customer journey.

3. Partners Are an Effective Lever for Delivering Services Across the Lifecycle at Scale; Enablement Is the Key to Their (and the Provider's) Success

The business challenge of enabling and supporting Customer Success through channel partners is clear: vendors take a risk when they rely on their partners to represent their brand and deliver their product. However, when executed well, the partner channel can expand the available market for a product, drive revenue with limited touch and support, and provide scale for the provider.

- **Partner Enablement and Governance Can Lead to Substantial Results**

Enabling partners with best practices and tools to successfully deliver lifecycle services is key. While many companies invest a lot in their own internal enablement (playbooks, automated reporting, one-to-many tools, etc.), it is important to think about a consistent experience from the customer's perspective. Sharing tools and best practices your company leverages internally with your delivery partners can help to ensure that the customer experience is optimized. This enablement may come in the form of inter-company training, template development, technical certifications, and easy-to-use portals, which are all critical components. As one conference presenter stated, "the best vendors make it easy on their partners by putting everything they need to learn and certify in one place."

It is also important to establish a corresponding governance model that is in line with the business outcomes and customer experience you want to drive for the company as a whole. Some ways that companies can effectively govern their partners are through establishing a regular cadence to review performance, establishing financial targets in line with business objectives, and identifying goals along the customer journey that are linked to incentives (e.g., tied to product margins offered from vendor to partner). It is critical to establish the right performance measures and incentive model to effectively manage partner performance and economics.

4. Customer Success Operations Is Becoming a Must-Have as Opposed to a Nice-to-Have

From CS leaders who have launched multiple teams, the message was clear—invest early and often in Customer Success operations, which is consistent with Waterstone's experience with our own clients. Establishing a CS Ops function is critical to enabling your CSMs to best serve their customers, scaling your practice, and driving continuous improvement of your CS org. To smoothly launch CS Ops, the roles and processes need to be centered around the success of the CSMs.

- **A Clearly Defined CS Ops Function Creates Accountability for the Role and Generates Mechanisms to Iterate and Improve**

CS Ops manages the business needs of Customer Success, such as reporting and analytics, segmentation, playbook codification, and system management. CS Ops can also help to drive the continuous improvement of CS as a whole. This can be done by establishing a process that includes feedback from the entire CS team, launching a cadence for review, and driving the related change management.

- **CSMs Should Be Considered “the Customer” for CS Operations**

The goal of the CS Ops function is to establish processes to scale and optimize the efforts of the CSMs. Signs of customer health for CS Ops are when CSMs support and adopt the tools, processes, and initiatives of the operations team. Furthermore, CS Ops KPIs should align to the broader CS team and factor into their compensation. CSMs can also include partners who are handling post-sale delivery.

- **Leverage Ops to Evolve Lifecycle Services as You Would a Product Feature Set**

Increasingly, CS program leaders recognize the need to fine tune practices based on what works best for their unique customer needs, and that a test-and-measure approach is critical to finding the right customer engagement strategies. As such, many companies are establishing a platform that allows for rapid experimentation, including ideating on different ways to engage with customers, adopting A/B testing practices, and measuring the impact of the changes. CS Ops can be leveraged to drive innovation and testing of best practices in an ongoing and systematic fashion.

“Build the service like a product, know what is working and the impact of your changes.”

**Program Lead, Large Consumer
& Enterprise Software Co.**

5. Predictive Analytics, Machine Learning, Data Democratization, and Process Automation Are the New Catalysts in Driving Cross-Functional Coordination and Proactive, Valuable Customer Engagement

- **2017 Is Indeed the Year of the Bot for Customer Success Software**

Nowhere was this trend more apparent than with Gainsight itself. Gainsight introduced a new AI-powered bot Sally at Pulse. Sally integrates with Slack and other collaboration tools to share data and bring Customer Success to the entire organization, not just to the licensed users with Customer Success in their title.

- **Data Democratization and the Use of APIs Are Necessary for a Great Integrated Customer Experience**

To create a seamless customer experience, the wealth of customer data now available needs to be integrated to gain deep customer insights and generate predictive analytics. For example, Hubspot integrated its customer data in order to automate workflow, reduce friction in customer communications, and have more valuable data on the effectiveness of their operations. Through its customer portal, Hubspot engages customers proactively throughout the lifecycle, and then tracks customer engagement with those notifications or calls-to-action.

- **Machine-Learning Technology Is Improving the Customer Experience for Scaled Customer Success**

With growing preference for web self-service, AI-powered search and channel integration (case deflection) produce effortless, relevant help and a compelling ROI. Salesforce was able to improve self-service success from 0.5 percent to 30 percent with the implementation of Coveo intelligent search.

- **Trigger-Based Automation of Notification, Consumption, and/or Action Can Streamline, Personalize, and Scale all Customer Journeys, Regardless of Segment**

For example, Gainsight was able to automate the delivery of weekly usage reports through their own platform, decreasing manual weekly work from 8 hours to 4 hours while increasing distribution from 100 to 1,000 recipients.

While the Customer Success field may still be considered in its infancy, its adoption and impact on company growth reaches an ever-increasing range of companies, from hypergrowth start-ups to enterprise organizations. Pulse 2017 provided an invaluable opportunity for companies with varying levels of CS maturity to share their successes, challenges, and insights. Across the spectrum of company size and Customer Success maturity, many companies have found success by moving quickly and iterating on their processes and technology, while expanding a well-defined Customer Success framework throughout their organization and partners.

If you have questions on these themes or would like to discuss any other trends that you are seeing in Customer Success, please feel free to reach out to us at asingh@waterstonegroup.com and aliu@waterstonegroup.com.