Grow your business with technology subscriptions and customer success teams
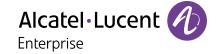
Alcatel·Lucent

Enterprise

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Technology subscriptions for a changing world

The trend for enterprises to pay a monthly or yearly fee for access to technology solutions rather than purchase hardware and software has been underway for several years now. But, like many other areas of our personal and professional lives, global events suddenly and significantly altered the trajectory of the trend.

As enterprises raced to better support remote employees and customers, subscriptions to cloud-based technologies became the fastest, easiest and most cost-effective way to digitalise their operations. By some estimates, the adoption rates of digital and digitally enabled products accelerated by seven years in 2020 alone.[1] Two years later, prominent author, speaker and Strategic Business and Technology Advisor Bernard Marr said technology-as-a-service "is now the go-to business model for software and computing providers."[2]

The new technology provider

With the shift to technology subscriptions, enterprises are no longer looking for technology providers that simply help them choose hardware and software solutions. They're looking for expert technology partners that can engage with them and accelerate their digital transformation over the long term.

Instead of purchasing a solution and managing its usage themselves with no guarantees of business benefits, enterprises need a technology partner that commits to efficiency increases, proves return on investment (ROI) and enables new flexibility to optimise business benefits and limit expenses. To ensure the enterprise is confident in the value being provided and will renew their subscription, the tangible business benefits must be tracked and confirmed over the solution life cycle.

These shifts imply that it's now business owners rather than IT teams that are making enterprise technology decisions and are the ones to be convinced of subscription benefits. However, IT teams are still very much involved in the process. It's the relationship that's changed. Instead of a pure sales relationship, technology providers must now adopt a consulting relationship with IT teams.

1 - The digital reinvention of enterprise tech go-to-market. McKinsey & Company, August 2022.
2 - Everything-As-A-Service: Why All Brands Must Consider Subscription Models. Forbes, May 2022.

Agility and efficiency

It's easy to see why enterprises are increasingly choosing technology subscriptions. Companies that transition from on premises, hardware-based solutions to cloud-based, primarily software solutions can:

- Quickly and easily adopt new, more flexible ways of working to solve business problems with no need to plan and execute on complex deployments, or to pay for solutions that are only partially used
- Streamline cash flows with predefined monthly or yearly payments rather than sporadic but massive capital expenditures
- Reduce the need for enterprise IT teams to maintain, update and support technology solutions so they can focus on more strategic initiatives
- Easily upgrade and change technology solutions to meet evolving business needs and new business objectives
- Access digital transformation expertise they may not have in-house

New value and opportunities

Enterprises' changing needs and expectations create important new opportunities for technology providers. Delivering technologies in a subscription model creates a predictable, recurring revenue stream that helps strengthen the business. It also allows technology providers to raise their value by becoming a strategic partner that focuses on solving customer problems and enabling business goals rather than simply selling products and solutions.

Technology providers that take advantage of these opportunities are well-positioned for growth. Enterprises that see their technology provider as a valuable partner are less likely to switch to another provider. And new customers will be attracted by their ability to enable efficient and cost-effective digital transformation. It's a winning combination. Between 2012 and 2021, businesses that offered subscriptions grew nearly six times faster than the S&P 500.[3]

However, it's not enough to simply offer technology subscriptions to enterprises. As Salesforce famously demonstrated, to enable their own success, technology providers must also play an active role in their customers' success.[4] To increase customer loyalty and reduce churn, technology providers must build customer success teams and embrace the role of the customer success manager.

These new requirements are driving technology providers to increase their understanding of their customers' businesses, and to adapt their value and solutions to enterprise needs. To stimulate new conversations with customers and ensure business benefits over the duration of the customer relationship, technology providers are creating new roles in their organisations, such as customer success managers who deliver on the business benefits and commitments, accompanying customers throughout their transformation journey.

3 - Subscription Business Revenue Grows 437% Over Nearly a Decade as Consumer Buying Preferences Shift from Ownership to Usership. Business Wire, March 2021.
4 - The 1 Word That Saved Salesforce From Certain Doom. Inc., August 2017.
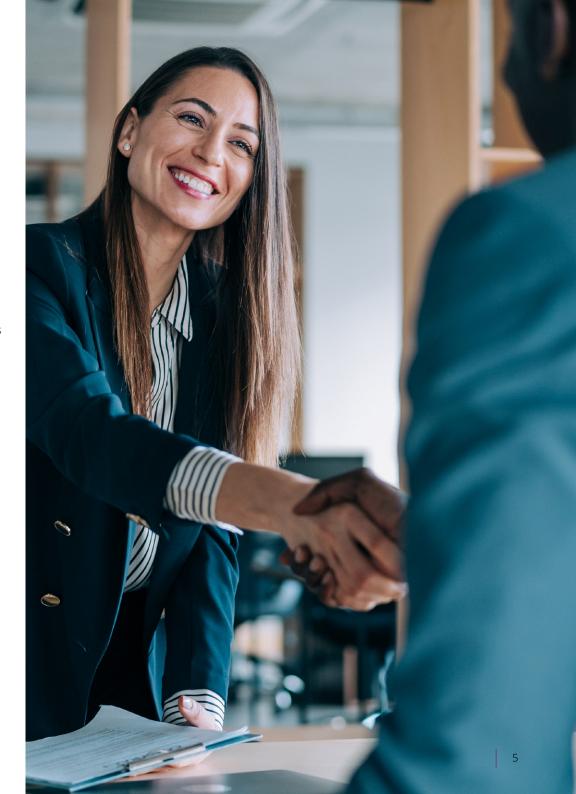
Customer success managers are key

Customer success managers act as business advisors who help customers optimise their use of technologies to increase business benefits and achieve objectives. They take ownership of the success criteria agreed to during pre-sales discussions with business owners, initiating activities with the customer to improve their experience and ensure they benefit from the technology.

With their proactive, criteria-driven approach, customer success managers play a very different role than the customer support and customer service managers many technology providers already employ to interact with enterprise IT teams.

Putting customer success managers to work

In addition to different approaches to managing customer requirements, there are various ways customer success teams contribute to company growth. For example, customer success teams use their deep understanding of an organisation's environment to help identify the business benefits of new opportunities related to the customer subscription. As customer success managers provide guidance and support, they can also discuss the advantages of:

- Adopting newly available or additional technologies that will enhance the customer's current operations
- Renewing subscriptions early and for longer periods of time, using KPI data to substantiate the value the customer is receiving from the technology provider
- Sales proposals, by answering questions and providing information about short- and long-term benefits and the ability to help customers smoothly transition to the new technologies

Creating a team

There is no single best approach to creating a customer success management team. Each technology provider must build the team that's best suited to its industry and technology focus, target markets, customer base and business goals. However, there are seven steps all technology providers can follow as they define the approach that's best for their organisation.

1. Create a strategic roadmap

Start with the big picture. Determine how quickly subscription models will be introduced, whether specific industries or customer types will be targeted, and what percentage of revenues will ideally come from subscriptions in the short and long term. Setting up a customer success team is a long-term activity from a financial perspective, so it's important to balance return on investment (ROI) expectations with the speed at which the team grows. If the team gets too big too fast, profits may suffer. If growth is too slow, customers may not receive the attention and care needed to increase loyalty and minimise churn.

2. Define the customer journey

Outline the role of customer success managers at each stage of the customer journey, starting with the handoff from the account representative. Consider the tasks that must be performed, the personalised content that must be developed and shared, and opportunities to strengthen customer relationships through solution usage and KPI monitoring, requests for feedback, and other proactive activities.

3. Coordinate internal processes

The way internal teams interact affects the customer experience. In addition to defining the handoff process from the account rep to the customer success manager, it's important to determine exactly how customer success managers will interact with post-sales teams, such as training, technical support and professional services. In every case, customers must feel they're being supported by a cohesive group of professionals who understand their unique situation and requirements, rather than simply being transferred from group to group.

4. Establish the subscription offerings

To appeal to the widest variety of customers, most technology providers offer different levels of subscriptions with additional services included at higher price points. The services that are included at each level determine how the customer success management role is monetised. For example, online training may be provided free with all subscriptions while premium services such as in-person training and KPI analysis are only available at the highest price subscription or for an additional fee.

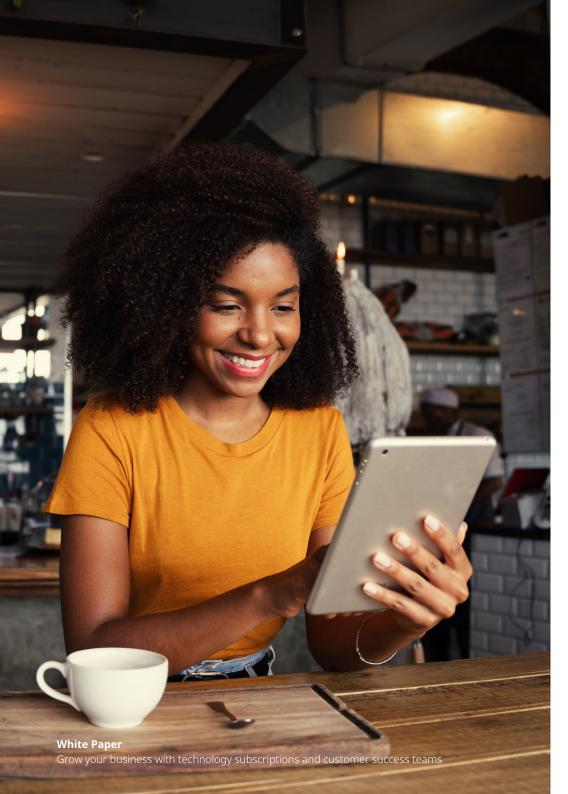## 5. Assess investment priorities

Each technology provider's investment priorities will vary based on their strategic roadmap, business objectives, and customer base. If the program is focused on a high-touch model, investing in regular, face-to-face visits and analytics platforms will be a priority. In a high-volume approach, investing in a customer success automation platform will take top priority. Technology providers with highly diverse customer bases will likely need to invest in both types of customer success management but must carefully consider the timelines of their investments.

6. Identify success metrics

While qualitative feedback from customers can help guide the evolution of customer success management programs, metrics are the only quantifiable way to determine whether the program is meeting business objectives. Metrics to consider tracking include numbers, types, and lengths of subscriptions over time, ROI progress, and customer churn data.

7. Select and train resources

In some cases, it will make sense to transfer existing resources into the customer success manager role. In other cases, new hires will be required. In every case, team members must be trained in their role and how they can bring value to customers, the tools that help them deliver that value, and the processes to be followed. Training requirements may include certifications in customer success management best practices and in using customer success management tools.

Enabling the technology transition

Let's consider a case where an enterprise is shifting from desktop phones to unified communications and collaboration software with built-in softphones. The customer success manager guides and participates in each stage of the transition to ensure the end-to-end transformation is smooth and efficient, and everyone at the customer organisation enjoys a positive experience.

Before the transition to the new technologies, the customer success manager helps the enterprise communicate to employees that the change is coming, clearly explain what the new technologies mean for them, and outline the steps in the rollout. For example, customer success managers can help the enterprise:

- Develop a strategic communications plan for the technology rollout
- Write emails and other explanatory content that is customised for different departments and roles within the company
- Develop frequently asked questions (FAQ) content
- Organise and participate in town hall meetings and Q&A forums for employees with questions or concerns

Because customer success managers are familiar with the technologies and the optimal transition process, they know what information employees need and can anticipate questions and concerns.

As the technology rollout begins, the customer success manager helps ambassador users within the enterprise understand the solution and their role in helping co-workers make the transition. They train employees to use the solution through in-person and online sessions, using instructions that are tailored for the enterprise's business operations.

When the transition to the new technologies is complete, the customer success manager monitors the enterprise's use, maintaining an open feedback loop at all times. This helps ensure the technologies are being used to their maximum benefit and prevent issues before they negatively affect the business or employee usage.

The customer success manager tracks key performance indicators (KPIs) to confirm that success criteria and business outcomes are being achieved. For example, the enterprise may have been aiming to reduce internal email volumes by a certain percentage within a defined time period through increased use of instant collaboration and messaging technologies.

Tailored service for all customer profiles

The level and types of engagement between customer success managers and customers varies widely. However, there are two primary approaches to the role.

In a high-touch approach, each customer success manager is fully dedicated to a single, often large-sized, customer or a few strategic customers. Global and nationwide enterprises, government departments, universities, colleges, and healthcare organisations typically benefit from a high-touch approach. In these cases, the customer success manager understands the business, likely visits the site, and participates in quarterly business reviews.

The customer success manager is also knowledgeable about the industry and can suggest solutions to achieve specific goals. For example, customer success managers who are partnered with healthcare organisations can use their understanding of available technologies, processes and local regulations to increase the amount of time nurses spend at patient bedsides. Because these customer success managers have multi-faceted knowledge, they're able to recommend the optimal way to combine mobile devices, real-time notifications, and applications such as asset tracking to help the organisation achieve the targeted time savings.

In a high-volume approach, a customer success manager is responsible for many — sometimes thousands — of small- and medium-sized business (SMB) customers. Customer communications, tasks, and processes are typically automated, yet personalised for each customer. The customer success manager uses predictive analytics and customer health data to identify those who appear to be struggling to use the technologies or are about to end their subscription. They can then target their efforts accordingly.

SMBs like technology subscriptions because they typically don't have the time or money to invest in IT infrastructure and resources. They see communications and collaboration capabilities as a commodity they need to do business, and it's extremely important that the technology "just works". With the right approach to automation and analytics, technology providers can meet high SMB demand for simplified access to technologies while still providing personalised services and optimising use of their own resources.

Winning in a subscription-driven world

Alcatel-Lucent Enterprise recognises the benefits subscription models bring to technology providers, enterprises and our own business. To optimise our ability to drive success for technology providers and enterprises as they transition to subscription-based models, we're investing to transform our operations and the way we deliver solutions.

We're making strategic changes to enable our customers to simplify their shift from traditional on premises infrastructure to hybrid solutions, and to fully cloud-based communications technologies. From a technology perspective, we have a unique advantage as we are one of the few technology developers that can provide the converged solutions needed to flexibly resolve almost any business issue — from networking and Wi-Fi, to business telephony, video and text collaboration, asset tracking and other applications. We provide solutions in a way that makes it easy for our Business Partners to:

• Package hardware and software solutions to meet the needs of each enterprise
• Offer their own value-added services on top of our technology solutions
• Support enterprise customers of all types and sizes, across all industries, through high-touch and high-volume approaches to customer success management

To ensure we bridge the gap between business needs and technology value, we're consolidating our business consulting practice, our technology portfolio and our industry expertise. We're also building a team of Partner success managers with the expertise and understanding to help technology providers and enterprises smoothly and efficiently transition to subscription models and acquire the skills and tools they need. Our Partner success managers are available to deliver all of the benefits described in this paper.

Finally, we're developing an end-to-end process that aligns with the customer journey and ensures our technology provider and enterprise partners have access to the right technologies and materials at the right stage of evolution. Several of our Business Partners are already trialing the process through our Rainbow™ by Alcatel-Lucent Enterprise cloud communications platform and are providing feedback that's being used to validate the model and finetune processes.

Learn more

Get more information about Alcatel-Lucent Enterprise products and solutions.

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