TECHNOLOGY SERVICES INDUSTRY ASSOCIATION

The State of Customer Success 2016

A Joint White Paper from LogMeIn and TSIA

TSIA-02807

April 12, 2016

The State of Customer Success: 2016

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INTRODUCTION

Customer success as a corporate practice and organizational entity continues to spread at a rapid pace across the technology industry. And while most companies are not yet in a position to say they have perfected all the various aspects of customer success organizational design and delivery, at the end of 2015 many could say that they had at least embarked on a journey to build out some required capabilities. Whether it has the complete support and endorsement of the executive leadership team and board is another question altogether. Perhaps this is due to the still-evolving definition of customer success and the varied opinions of what is meant by the phrase *driving success with customers*. For example, companies have a number of organizations that can truthfully argue that the programs they execute and the results they produce do drive some success with clients. Customer support fixes problems and gets the business applications back up and running. Education enables and strengthens the client's ability to utilize their investment. Services implements, supplements, and customizes the solutions and gets clients to a different level of capability and functionality. All of these are successful outcomes, but they are discrete. They do not on their own determine what it means for a customer to realize full value from their investment.

The argument should boil down to how holistic the supplier's approach is, as seen from the customer's point of view and, if it is not, how does a multi-pronged but dissociated effort address their overall sense of value from the investment and the relationship? Does the customer consider their success, and their opinion of the supplier, as being the result of a set of discrete activities from a number of people? Or would it be better for the customer to view their success as being the result of the ability to fully leverage their solution investment via a supplier's coordinated approach, an approach that is governed by a single organization? We believe more customers wish for the latter, and that is why customer success is an initiative that continues to grow and evolve. Customer success should be defined as a set of organizational and operational capabilities that are governed by an entity that is charged with driving consistently successful outcomes with clients. That said, much of the discussion in companies is around the practical application of a customer success initiative, its purpose and value for both vendor and client, and if it were to be established, where it should fit. Our 2015 Customer Success Baseline Survey showed that it is now becoming more of a common practice for firms to have a dedicated customer success organization. This makes sense when it is understood that moving customers consistently toward the achievement of their business goals necessitates the participation and coordination of specialized services and teams. It needs some mechanism or group to govern that process. That's where we saw customer success land at the end of 2015, with it being increasingly seen as an all-encompassing, post-sales organizational capability.

THREE INDUSTRY TRENDS AFFECTING CUSTOMER SUCCESS

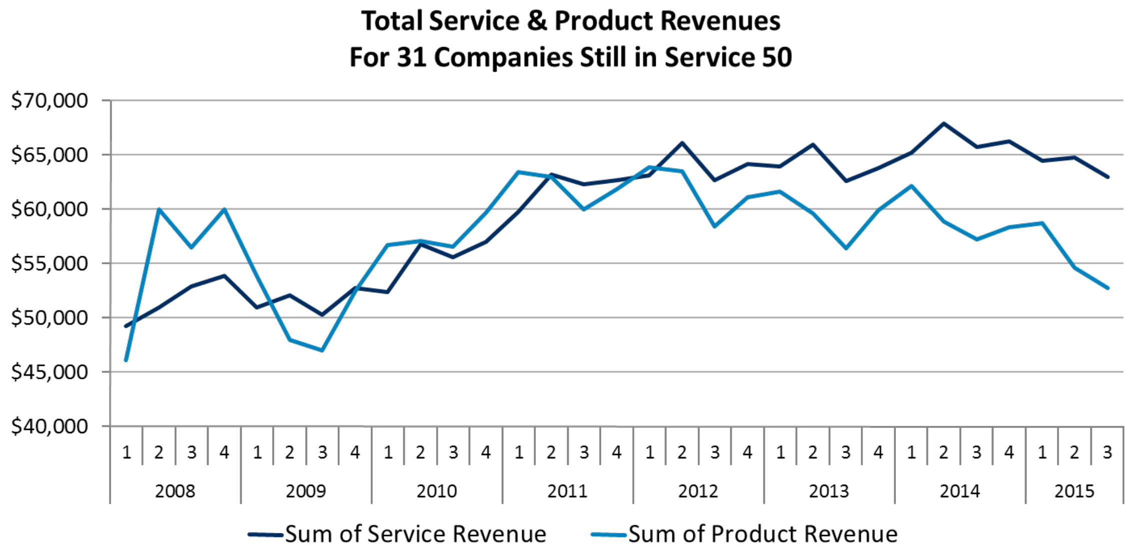
The growth of customer success is being fueled by major financial trends playing out in the technology industry. In this paper we will place the spotlight on the following three:

- The switch to subscription revenue streams is forcing tech companies to become better at driving adoption.
- The high cost of sales is forcing technology companies to rethink account coverage models.
- The pressure to make XaaS business models profitable.

Before we discuss these, it may be helpful to familiarize the reader with the LAER (land, adopt, expand, renew) model and the downside that's being played out due to the historical tendency of companies to pay much more attention to the land phase than any of the others.

The strategy to view revenue through a prism skewed heavily toward the front-end of the supplier-customer relationship worked for decades. Suppliers found they could make lots of money by getting the customer to contractually commit to multi-year agreements, and then subsequently ease up on seriously worrying about them until the agreement neared expiration. Any assessment of value received by the customer was typically left until the waning months or weeks before the renewal date. More often than not, the customer was presented with a renewal quote that was built around assumptions of value they likely received and an explanation of the potential for more in the years ahead. Landing customers equaled revenue, which equaled increased share price, which equaled success. This is how sales, and indeed Wall Street, defined what it meant to be successful in the technology industry. Something was missing from that equation though: the customer. Once they moved from being a buyer to being a customer, they slipped in strategic importance until it came time to renew the arrangement. We're now witnessing a swift collapse of that equation, and credit belongs to the subscription pricing model that's forcing significant change in the technology industry. Nothing forces upheaval more than when tables are flipped, and in this case, the customer has taken over much of the control. They are making buying decisions that are based on perceptions of the value they may or may not have seen from their past investment with the supplier. This collapse is represented in *Figure 1*.

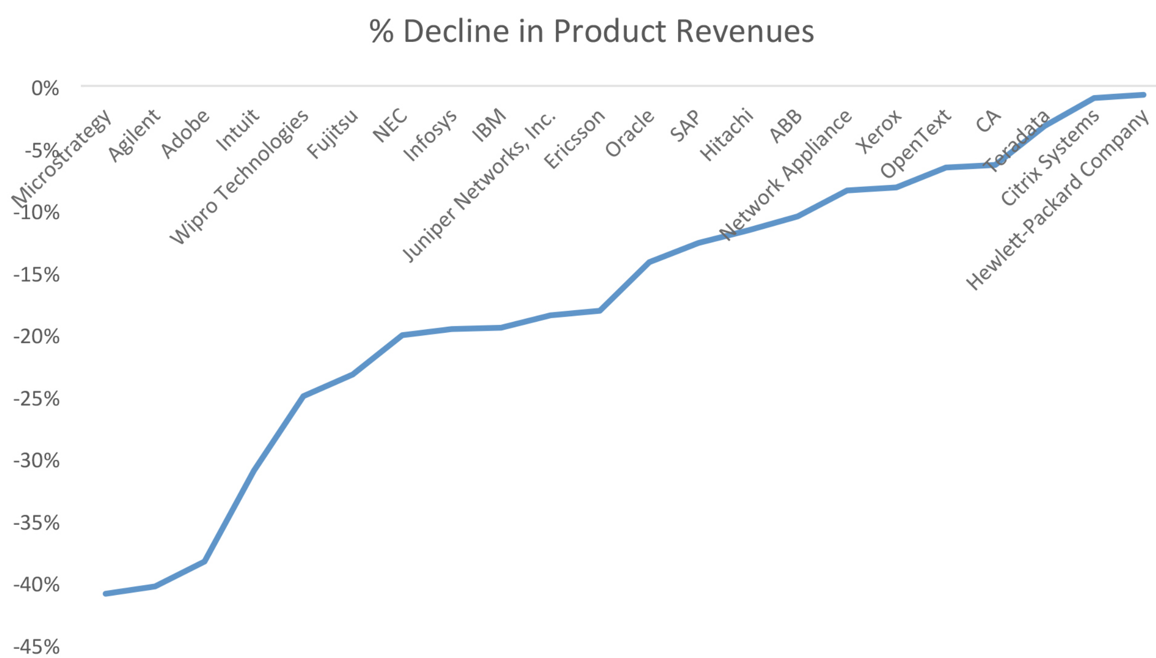
Figure 1: Product and Service Revenue Trends



Source: Technology & Services 50 Index.

The contraction of product revenues has been stunning. Companies like Adobe and Autodesk began aggressively migrating customers from license to subscription models. Yet, other product companies simply experienced shrinking product revenues. *Figure 2* documents declining product revenues experienced by a number of companies midway through 2015.[1]

Figure 2: Decline in Product Revenues

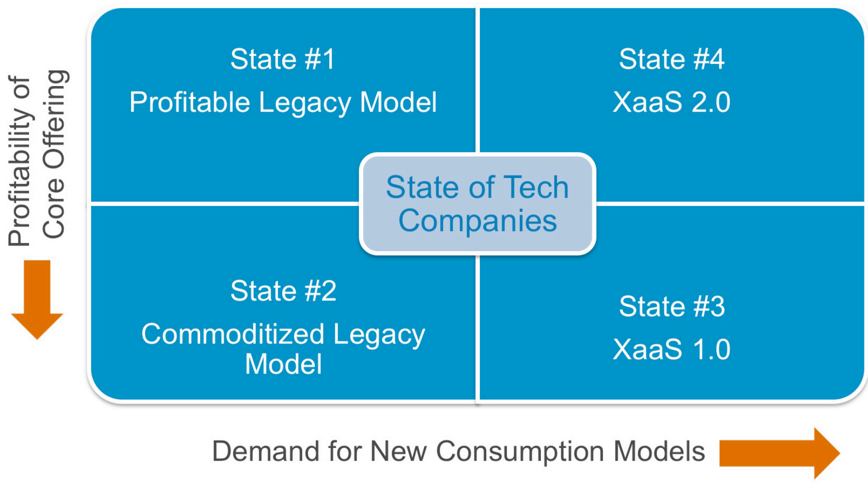


At this point in 2016, every company in the technology industry is in one of four states:

- **State #1:** Legacy offerings are not yet under pressure from commoditization or new consumption models.
- **State #2:** Legacy offerings have commoditized, and new, profitable offers that adhere to the new consumption models have not been put in play.
- **State #3**: New offers have been put in play but they are not yet profitable.
- **State #4:** New offers are in play and they are now profitable.

These four states are mapped in *Figure 3*.

Figure 3: Potential State of Tech Companies



Obviously, every technology company would desire to be in State #1 or State #4. But what is the reality? In 2014, we began using the TSIA Technology & Services 50 (T&S 50) Index data to assess how companies are adjusting to these megatrends of commoditization and new consumption models. From the public record, we can leverage three key financial results:

1. Product Revenue Growth
2. Service Revenue Growth
3. Operating Income

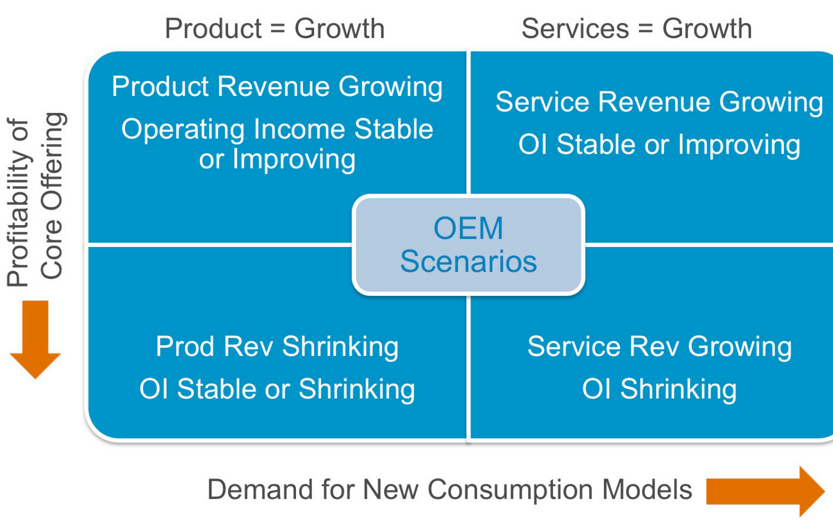
Here is how these metrics can be applied to determine what state a company is current operating in:

- If product revenues are growing at a healthy pace, let us say 10% or greater, than it is a fair assumption to say that the trend of new consumption models is not yet impacting a company. Customers still prefer to buy technology as an asset.

- If operating incomes are stable or improving, it is fair to say that commoditization is not yet impacting a company.
- If service revenues are outgrowing product revenues, than it is a fair assumption that the trend of new consumption models is indeed impacting a company.
- If the company has fast-growing service revenues and they have a stable or improving operating income, it is fair to say the company is successfully navigating toward a profitable, technology-as-a-service business model.

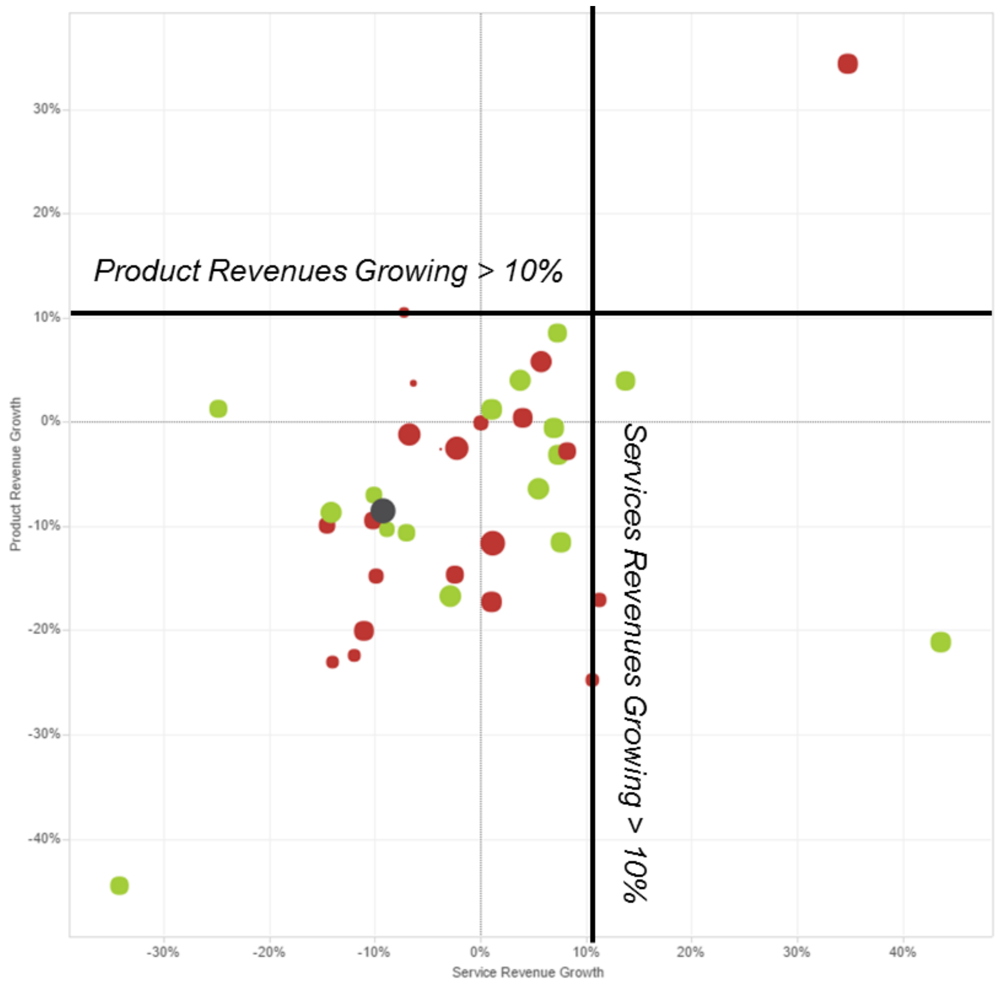
Returning to our two-by-two graphic, we can use these three results and roughly plot the state of any given technology company, as shown in *Figure 4*.

Figure 4: Plotting the State of Technology Companies



Taking legacy hardware and software companies from the most recent snapshot of the TSIA T&S 50 Index, we can map how company performance on the three metrics of product revenue growth, service revenue growth, and operating income are trending compared to the same quarter the previous year. In *Figure 5*, we map the performance 36 major product companies. A green-colored dot equates to operating incomes that are stable or improving. Grey or red dots equate to declining operating incomes. As can be seen, no product companies are comfortably in State #1 (healthy product revenue growth and stable or improving operating income).

Figure 5: Performance of Companies in the TSIA Technology & Services 50



Using the companies in the TSIA T&S 50 as a proxy for the state of the broader industry, TSIA estimates the vast majority of companies in the technology industry (70% to 80%) are currently in State 2. Companies are feeling the pain of the industry transition, but they have not yet jump-started new offers that will put wind in their revenue sails. TSIA predicted 2015 would be a challenging year for tech. Unfortunately, we were right. When reviewing current data streams, we predict 2016 is setting itself up to be another year of change and challenge.

SERVICE BUSINESS CHALLENGES

The dramatic industry transition we've been describing is reflected in the inquiries TSIA receives on a daily basis. In 2015, TSIA received over 3,000 inquiries from member companies—another new annual record. This continued growth in member inquisitiveness provides ever-better visibility into the topics that are most critical to technology organizations. TSIA maps every inquiry we receive to a specific organizational business challenge. Employing this technique, TSIA has documented over five hundred distinct business challenges faced by technology companies. *Table 1* is a list of some of them.

Table 1: Service Business Challenges

2015 Ranking	Business Challenge	Theme
1	Benchmarking Support Services Organizations	*Defining Success*
6	Key Performance Indicators (KPIs): Support Services	*Defining Success*
8	Customer Satisfaction Metrics for Support Services	*Defining Success*
10	Metrics that Matter for PS	*Defining Success*
17	Latest Field Service KPIs and Metrics	*Defining Success*
18	Subscription Model Definition	*Defining Success*
4	Best Practices for Creating Customer Success Capabilities	*Driving Customer Growth*
14	Adoption Monitoring and Scoring	*Driving Customer Growth*
26	Customer Success Science	*Driving Customer Growth*
3	Support Organizational Structures	*Operational Optimization*
7	Top Trends for Self-Service	*Operational Optimization*
9	PS Organizational Structure	*Operational Optimization*
15	Knowledge Management Best Practices	*Operational Optimization*
16	Optimizing PS Compensation Structures	*Operational Optimization*
19	Building a World-Class Services Engineering Capability	*Operational Optimization*
2	Support Offerings and Pricing Methodologies	*Service Revenues*
5	Market Rates for PS	*Service Revenues*
11	Benchmarking Service Revenue Growth	*Service Revenues*
12	Building Premium/Platinum Support Offerings	*Service Revenues*
13	Defining Market-Focused MS Offers	*Service Revenues*
17	Developing New PS Offerings to Exploit the Cloud	*Service Revenues*
12	Creating and Launching New Service Offerings	*Service Revenues*
20	Free versus Fee-Based Education Offerings	*Service Revenues*

What are the top business challenges for customer success?

- Development of clearly defined and sustainable funding models.
- Organizational design and structure.
- Implementing well-defined adoption frameworks.
- Development of effective analytics capabilities.
- Driving customer success at scale (serving mid-size/small accounts).

These business challenges likely point the way to what we can expect to see as 2016 unfolds. But as 2015 has taught us, we will also likely see some newly emerging challenges as companies delve deeper into their respective initiatives.

SERVICE CAPABILITIES

TSIA also maps every business challenge to an organizational capability required to address that business challenge. In other words, what does a company have to master in order to address that specific business challenge? TSIA defines organizational capabilities as “the ability to perform actions that achieve desired results.” We’ve organized what we believe are the critical capabilities required for customer success organizations in 2016 in *Table 2*.

Table 2: Organizational Capabilities

Category	**Service Capability**	**Description**	**Business Drivers**
Operations	User Adoption KPIs	We have identified the key KPIs for assessing if customers have successfully adopted a technology.	Need to understand if customers are successfully adopting technology. Prerequisite to account growth in subscription business models.
Go to Market	Customer Engagement Models to Drive Revenue Growth	We have optimized how we have defined and engaged our roles across the customer engagement model of land, adopt, expand, and renew to accelerate revenue growth cost efficiently.	Flat top-line revenue growth.

Category	Service Capability	Description	Business Drivers
Operations	Consumption Analytics	We analyze actual customer usage data to determine new service and product offerings.	The need to predict the success of the effort required to drive successful renewal contracts, reduce churn, nurture advocacy, and drive additional adoption-related services.
Product	Data Handshake to Enable New Offers	We have identified the key data streams required to enable new adoption and outcome-based offers.	Service organizations must successfully engage product engineering to prioritize features that accelerate adoption and create new revenue opportunities.

THE SWITCH TO SUBSCRIPTION REVENUE STREAMS FORCES ADOPTION FOCUS

Driving solution adoption with existing customers is the most significant way that suppliers can improve their chances of addressing the impact caused by the switch to subscription revenue streams. If customers see proof that leveraging the supplier's technology is enabling them to achieve their objectives, they will be more likely to stay with and grow the relationship. This is especially critical in the world of subscriptions, which are typically of much shorter duration than previous models. Therefore, within the context of customer success we offer a simple proposition. That is, companies should focus on running and nailing the basic adoption plays first. Before trying to completely fill the gaps (adoption, expansion, and renewal) that exist in their reality of the LAER model, companies should first develop consistency and realize efficiencies around the adoption phase before dipping their toes in the water of having their customer success organization become accountable for revenue-related activities (renewals, cross-sells, upsells). The odds of higher rates of renewal, which in a best-case scenario should also mean zero revenue churn for those renewals, and the ROI for efforts around nurturing a customer relationship to the point they are amenable to increasing the investment, will be much greater if the customer feels they have achieved significant value from their initial investment. This means that adoption phase excellence (the ability to systematically and accurately measure and drive improvements for a client's rate of solution adoption) will not be achieved until your team and its processes have successfully driven measureable solution adoption across a significant percentage of the customer base; measureable to the extent that the customer feels they are achieving their desired business goals. This strategy to focus on developing strength and excellence around adoption fundamentals of customer success will then dictate how the organization is organized, staffed, engages with customers, is measured, and is compensated.

Figure 6: How Customer Success Managers Spend Their Time

Adoption: Ensure that customers are adopting and leveraging our technology solution	40.28%
Retention/Renewal: Ensure that customers will renew their financial relationship with our company	36.41%
Expansion: Increase the amount of money specific customers spend with our company	14.03%
Other	9.53%

The TSIA Customer Success Baseline Survey data shown in *Figure 6* indicates that currently, companies are attempting to do many things through their customer success organizations. You can see from *Figure 6* that activities related to driving adoption are reported as the majority of what a CSM does by 40.28% of the survey group, while 36.41% of the survey group reported that their team spends most of its time on activities related to driving successful renewals. There is nothing inherently wrong with having teams work at driving multiple yet distinct outcomes, but our assertion is that the benefits will be greater for everyone if, given the still-evolving state of customer success in the technology industry, such organizations were to instead focus on addressing LAER in a stepped fashion.

What we also found in the Baseline Survey may be a signal that many companies are beginning to put the right structure in place to make sure this happens. Fifty-five percent reported that the in-charge customer success executive is in line with other business unit leaders, all reporting directly to the CEO. This should ensure that the one individual who is responsible for governing the ability of the customer to get the most value from their investment has an equal voice at the executive table. Lessons learned from other reporting arrangements that have the customer success in-charge executive report up through another executive are that the customer success organization struggles to accomplish its mission of executing proactive customer engagements. Their ability to keep their organization focused on driving iterative milestone achievements of customers' business goals often ends up compromised because they spend too much time on reactive activities. To illustrate this we have included *Figure 7* that was taken from the 2015 Customer Success Baseline Survey.

Figure 7: Customer Success Manager Activities

Execute individual "get well" plans for accounts at risk	79.5%
Conduct quarterly business reviews	76.9%
On-boarding	69.2%
Monitoring adoption	66.7%
Value visioning (working with the customer to define what success will look like after a successful implementation and the customer is achieving the full potential of your products and services)	66.7%
Provide customer best-practice material	56.4%
Customer training	43.6%
Provide oversight for initial product implementation	28.2%
Creation of case studies/customer reference materials	28.2%
Customer benchmarking	25.6%

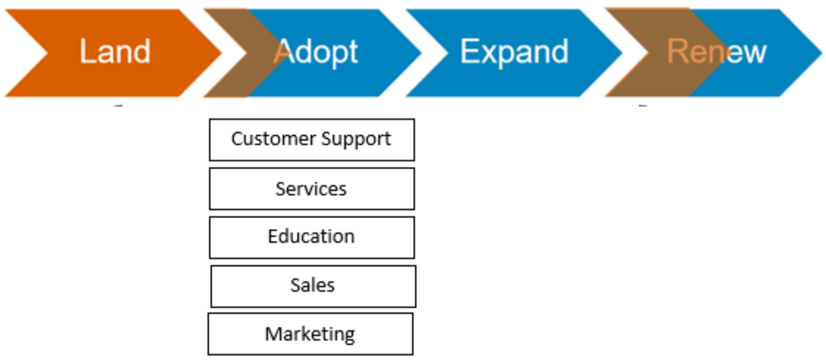
The companies that responded to the survey were able to make as many selections as they wanted from a drop-down menu to answer to the following question: *How are your CSMs spending their time?* An immediate red flag for us is that the biggest item on this list is executing "get well" plans, which must be seen as a reactive activity. If the customer was healthy, there would be no need for such plans. Other items on the list fall into the bucket of proactive activities that CSMs should indeed be focused on, but even within that bucket there are opportunities to prioritize. For example, customer benchmarking can be an exercise of significant value for customers and should be a core activity of customer success. Likewise, value visioning needs to be seen as a mandatory and early step in the relationship with the customer. Whether the information is captured live via an on-site visit or over the phone or even in an asynchronous way via a questionnaire, it is critical that a customer's goals be captured so that the most appropriate plan for solution adoption can be developed.

Customer success needs to be able to control the list of activities that its CSMs execute against and prioritize those that are proactive, which will produce longer-term benefits over those that are reactive and that often do not address underlying and persistent inhibiting issues. Having the in-charge customer executive aligned in a peer-to-peer relationship with in-charge sales, marketing, and product executives better enables the customer success organization to more confidently execute proactive and prescriptive approaches to driving successful customer plans and outcomes. Strong leadership is essential to ensuring that customer engagement takes their entire life cycle into consideration and that their feedback makes its way systematically and proactively into product development. A related theme is outlined below.

Organizational reach is a concept that speaks to the scope of responsibility for customer success. Should customer success be a narrowly defined organization that focuses only on driving solution adoption and perhaps renewals, or should it encompass more or all of the post-sales interactions that customers have with vendors? If it is a narrowly defined organization, how does that impact their ability to marshal the necessary resources (education, support, services, sales, and product teams) to address the ongoing requirement and core responsibility to drive successful customer outcomes? Should customer success be defined as encompassing all activities after a contract is signed? If it is a broadly defined organization and constitutes all the post-sales responsibilities, how does that impact the vendor's overall culture, morale, collaborative capabilities, and organizational make-up? 2015 saw this begin to play out in many companies. Our view of this is that any activity that will positively benefit a customer's ability to achieve their business goals as they pertain to their solution investment with the vendor should be accessible to and directed by the customer success organization. This becomes even clearer if one takes the view of the customer. From where they sit, they want the simplest, most dependable, and most accurate interaction with the vendor at any given moment. It is best if those moments are delivered by an individual or process that has a mandate and a history of focusing on the achievement of the customer's business goals.

Figure 8 depicts the typical organizations that are called upon during the period of time when the customer is attempting to adopt the solution they purchased. More often than not, these organizations have inconsistent or absent communications, let alone process flows between themselves, and as a result act at cross-purposes in their efforts to address customer need. Each organization, despite their authentic desire to drive a great experience for the customer, operates blindly because they are missing critical information about the customer's history, their skill level, their plans, the pressures they face, and the reasons they invested in the solution in the first place. Organizational reach is an acknowledgement that these worthy efforts require coordination and context if they are truly going to make lasting positive impact on customers.

Figure 8: The Adoption Players



Organizational reach is inseparable from organizational design, because in order to effectively stretch and be able to organize and coordinate service delivery for customers, the in-charge executive has to have a broad license.

HIGH COST OF SALES FORCES TECHNOLOGY COMPANIES TO RETHINK ACCOUNT COVERAGE MODELS

2015 was also the year when big data exploded across all sectors of the economy. It ushered in and popularized the notion of the Internet of Everything (IoE). Suddenly, companies found themselves urgently needing to understand how they might leverage their vast amounts of collected data to better understand their customers and markets. Customer success should be seen as a willing and necessary participant and, indeed, leader in this story. Due to its proximity and access to the customer and its concomitant knowledge of the customer's goals, progress, and engagement level, it is difficult to argue with the conclusion that no other organization is better equipped to leverage data to drive stronger outcomes.

Year over year, technology becomes ever more important to customer success organizations. Scale is increasingly a critical goal, and coupled with the imperative to understand the customer more deeply, while at the same time expanding to reach many more of them, there is a consensus being reached that the customer success mission can only be truly realized through more assertive use of technology. Probably the most exciting development we've seen over the last year is the rapidly maturing ability that is built within some customer success tools to create and manage complex process workflows that cover many classic use cases and that offer the promise of delivering the sort of elusive productivity gains to which management teams strive.

From a stack point of view, various platforms and applications are required to understand customer history, engagement and advocacy, account contracts, entitlement, and consumption;

to manage the renewals process; and to model and monitor product adoption and outcomes. TSIA has identified 10 separate application categories recommended for highly productive, scalable success teams, including core infrastructure technology, productivity tools, and tools to understand and track customer behavior and sentiment. In the 2016 “Customer Success Technology Stack” report, TSIA Research defines the recommended technology stack for customer success, as well as listing the top installed vendors in each technology category. Customer success executives should understand which enabling technology components are already well adopted, as well as emerging tools that may provide a boost to operational and financial metrics.

TECHNOLOGY CATEGORIES RELEVANT TO CUSTOMER SUCCESS

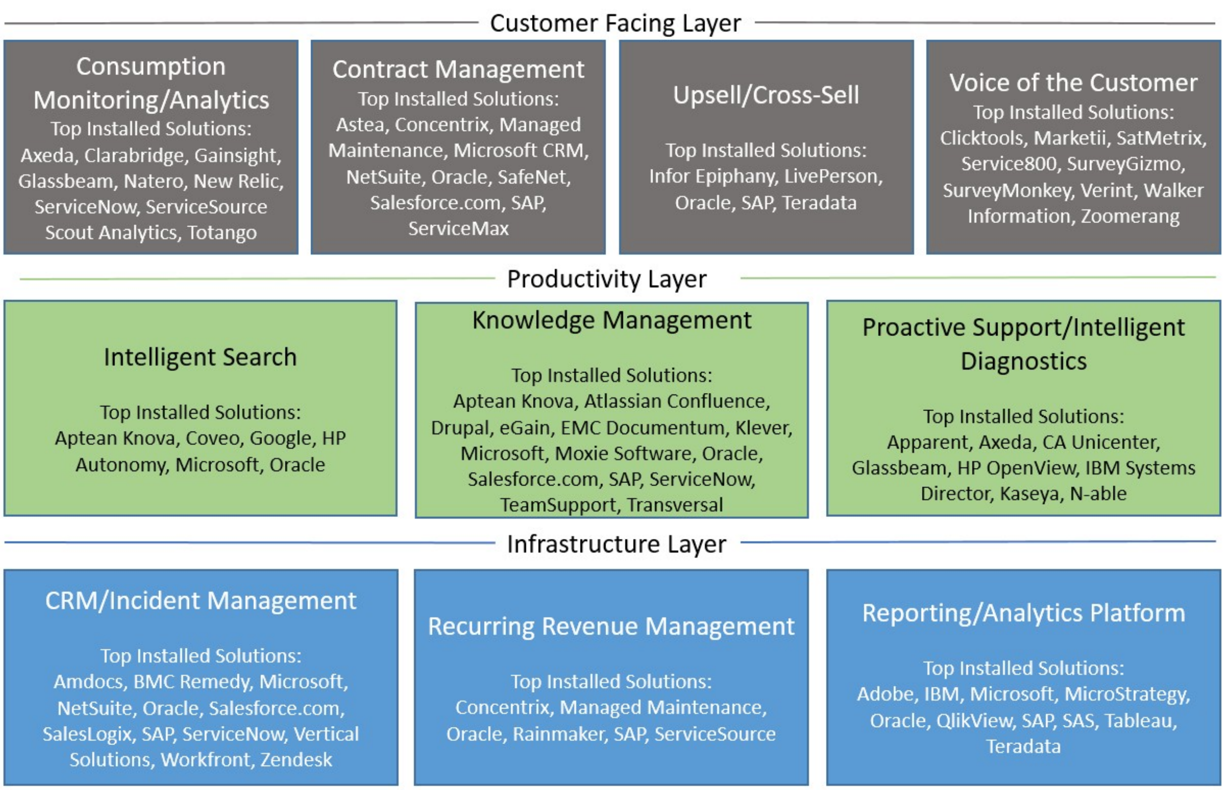
TSIA tracks adoption, satisfaction, and planned spending for technology specific to service operations. Based on the 2016 Global Technology Survey, the following technology categories were identified as relevant to customer success.

- **Consumption Monitoring/Analytics.** Consumption monitoring/analytics are tools used to measure and monitor customer consumption of technology, gauging how quickly customers are adopting new tools, common process flows, top-used features, number of users, length of session time, etc. Consumption monitoring is a key piece of shifting toward outcome-based services.
- **Contract/Entitlement Management.** Contract/entitlement management is a suite of tools that tracks which customers have current warranties, service contracts, or maintenance agreements with your company. This includes the ability to easily check if a customer has a current contract in place, i.e., that they are entitled to service, as well as features to automate contract renewals.
- **Enterprise CRM/Incident Management.** Enterprise CRM is an enterprise deployment of CRM (customer relationship management) across sales, marketing, and service. This platform tracks leads, opportunities, campaigns, accounts, and contact history. Incident management is used to track an occurrence of a customer question or problem through to resolution; also known as case management, service requests (SRs), or trouble tickets.
- **Intelligent/Enterprise Search.** Intelligent/enterprise search is a linguistic-based search platform, including analytics for sophisticated reporting; allows content in any format or location to be indexed and searched.
- **Knowledge/Content Management.** Knowledge management or content management technology is used to capture, maintain, and reuse knowledge.
- **Recurring Revenue Management.** Recurring revenue management tools are used by service professionals to manage the sales and renewals processes for maintenance and support contracts. Functionality includes automating renewals, renewal dashboards, and analytics that predict likelihood of renewal and manage profitable contract/maintenance programs.

- **Reporting/Analytic Platforms.** Reporting/analytic platforms are analytic-based reporting platforms used to do sophisticated trend reports and create reporting portals such as a services dashboard.
- **Voice of the Customer.** Voice of the customer technology includes survey and reporting tools used to track transactional, periodic, and project customer satisfaction. In addition to customer survey tools, voice of the customer technology includes quality monitoring for agent performance, as well as voice and text analysis of assisted, unassisted, and social interactions.
- **Upsell/Cross-Sell.** Upsell and cross-sell technology is a set of tools that prompt support techs and call center agents with personalized offers to present to customers during an assisted support session; tracks offer extensions and accepts. Upsell/cross-sell enables seamless selling during support interactions.

Figure 9 shows each of these technology categories as part of the customer success technology stack, categorized by customer-facing tools, productivity tools, and infrastructure.

Figure 9: Customer Success Technology Stack

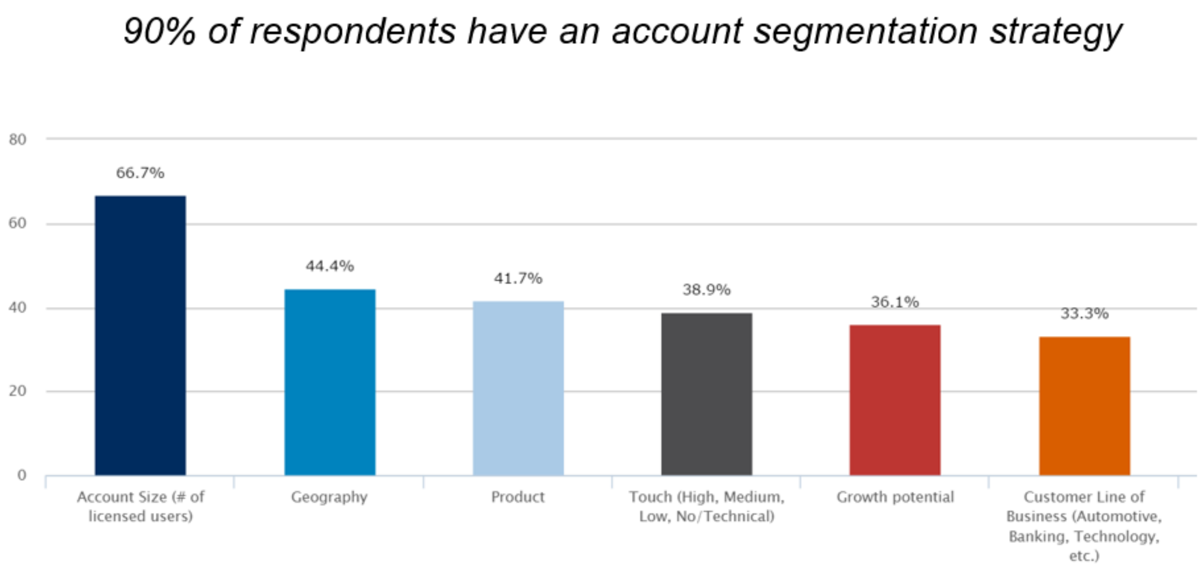


TSIA believes that the combination of analytics and the deployment of technology that provides a customer success management framework offers the best prospect for significant scale and the foundation for more precise and objective measurement of health along with enabling more repeatable processes for individualized and timely content distribution and action workflows. Let's dive into each of these interrelated items.

Scale is a much-discussed and much-hoped-for goal for customer success organizations. Given that customer success is a relatively youthful practice in the technology industry, we should not be surprised that scale is something that is by and large a work in progress. More accurately, while scaling a basic low-touch model is more common in the SaaS world of customer success, it's still mostly at the idea stage in the customer success world of on-premise software solutions (solutions installed at the customer site). In the former, technology is often used by customer success managers to send content that approximates where the customer *should* be in their journey, and it's sometimes based on rudimentary modeling and profiling. But true scale should be defined as how widely you can extend, from the customer's point of view, those things that you do well now and that are positively impacting their ability to materially achieve their business goals with your solution. Scale is being able to replicate that across a much larger percentage of your customer base. So if you believe your customer success organization has developed process and outcome excellence around on-boarding, gauging the health of key clients, understanding and capturing their business goals, developing action or success plans to drive toward and achieve milestones, and nurturing and building advocates, and all of that is producing measureable progress for customers, then that should be how customer success at scale (across a majority of your clients) should look for you. Most firms, though, acknowledge they cannot set such a lofty target. In their defense, the technology platform required to enable such scale is only now emerging, and the required organizational alignment to participate and contribute still needs to happen.

Until customer success technology develops even more sophistication (to achieve the type of scale described above), the next best strategy is account segmentation because it allows the vendor to categorize and prioritize effort and scope according to business imperatives. See *Figure 10* to understand how TSIA member companies are segmenting their customer base.

Figure 10: Account Segmentation

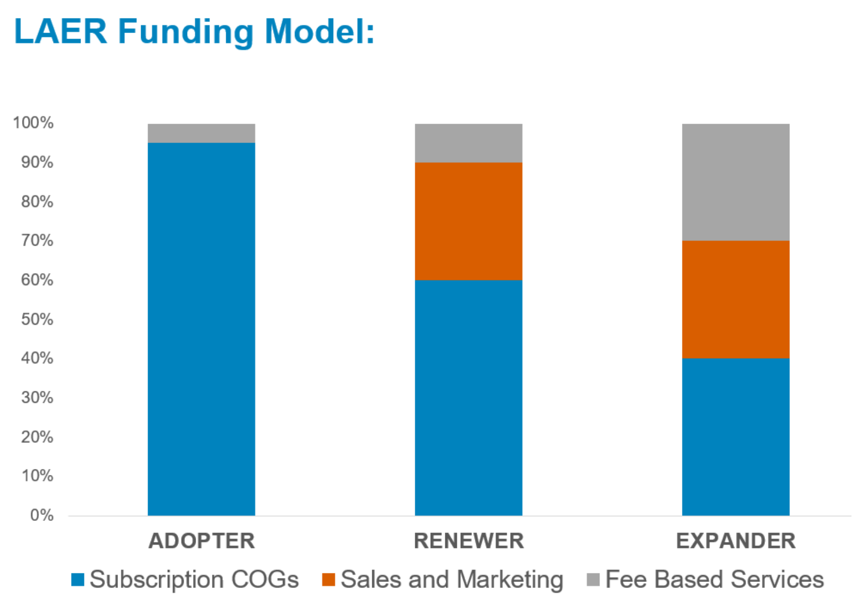


For obvious reasons, it is a good practice to first focus on developing excellence around driving success with your most strategic accounts. The sub-sorting of the client base according to important considerations like product and level of touch will then allow you to assign effort in a way that optimizes your available customer success resources, but don't be fooled into thinking this is a viable long-term strategy. While you are wisely nurturing your most revenue-valuable customers, your competitors, some of whom you may not yet be aware of, are going after those customers who you cannot find the means to yet touch and influence. Ultimately, all your customers will require a consistent approach that is meaningful and that positively impacts their business.

PRESSURE TO MAKE XAAS BUSINESS MODELS PROFITABLE

2015 was also the year during which companies made significant decisions around developing more permanent funding models for customer success. It should not come as a surprise that a few years after having made the decision to fund the new customer success initiative and organization from existing customer support, sales, or services budgets, many companies are now expecting that organization to find ways to fund itself. This is a natural business development and should serve as further proof that customer success is a permanent addition to the design of modern companies. See *Figure 11* that shows the TSIA member community deploying a mixed bag of methods for funding their customer success initiatives. Keeping in mind that we have sorted the survey responders into adopter, retainer, and expander categories, we are seeing interesting variations in the way companies are funding customer success. It is logical, for example, that the companies who are devoting more of their customer success effort toward expanding the financial relationship with customers would fund much of that effort from existing sales and marketing budgets. We see that as a short-term phenomenon that is driving some good expansion results but does not replace the need to develop stronger expansion skills and the ability to drive expansion conversations from a more modern holistic and relationship-based approach.

Figure 11: Funding Customer Success



RECOMMENDATIONS

Remember what we said at the beginning about the industry trends that are fueling the intense focus on customer success? Here are three recommendations to consider.

- **Accelerate the effort to "industrialize" customer success.** Take the best attributes of your most effective relationship-based CSMs (innate ability to understand the customer point of view, a strategic mind that can incorporate large business objectives into tactical plans, ability to connect the digital dots, collaborative aptitude, communications excellence, and leadership) and marry those with software to build a platform of productivity and scale. Workflows can be designed to make it easier to mimic how your best CSMs relate to, develop credibility and trust in front of, and grow the comfort and capability levels of their customers. Driving adoption requires these traits. Driving adoption at scale requires these traits at technological speed and consistency.

- **Your company should begin to expand its definition of account ownership.** The historical model of sales having ownership and control is underserving the customer and affecting long-term revenue sustainability. The quid pro quo has to be for the post-sales organizations to raise their leadership game. Think of accelerating this organizational maturation by bridging the way these groups interact. Integrate their process workflows to drive better teaming and knowledge sharing.
- **Focus on creating the streamlined and efficient outcomes your customers need and what they had hoped for when they purchased your solution.** If historical revenue engines are idling or failing, new engines need to be developed to adapt to the changing business environment. Your existing customers should be viewed as a ready and willing participant in your growth. They and the services they need can be a new engine.

CONCLUSION

A year ago we said that customers were expecting companies to provide customer success as part of the relationship with vendors, and we encouraged companies to begin building such organizations and capabilities. A year later we can say that many companies have embraced the idea and are, to varying degrees, on their way to establishing customer success as a distinct and over-arching practice meant to comprehensively understand and positively impact the customer experience, to help them achieve higher rates of success, and to help the supplier drive higher rates of revenue.

Process efficiencies and technology utilization are becoming key focus areas for customer success. A consensus view is emerging of what it requires to have an enabling technology platform for customer success, with companies leveraging homegrown solutions alongside a large array of functional groupings of mostly nonintegrated vendor-provided solutions. The vendors have recognized opportunity and are competing to improve the capabilities of their solutions with the aim to broaden the value proposition from basic alerting and simple actions to complex workflows. They hope to eventually provide the means for gaining a deeper understanding of, and the ability to predict, customer behavior. Driving efficient, and often automated, customer success process workflows is the end game. There is still a long way to go before we see fulfillment of that vision, which must include integrations with a large number of data sources, and it will likely require a considerable amount of time and financial commitment.

To effectively manage and exploit the growth of these enabling platforms, strong and broadly skilled customer success professionals will be required—people skilled in not just reacting to customer needs but who are, more importantly, interested and curious about understanding what it takes to drive programs that offer those customers key guidance before they are even aware they might be in need—customers receiving guidance just ahead of time. That value proposition is the future we see for suppliers who are aggressively pursuing more reach, more data, more automation, and more overall sophistication in how they proactively address their markets.

ABOUT LOGMEIN RESCUE

LogMeIn Rescue delivers powerful on-demand remote support to users and devices anywhere, anytime, and from more devices than any other remote support solution. Intuitive, innovative, and customizable remote diagnostic tools provide a seamless user experience and enable technicians to tackle both simple and complex issues easily and effectively. Rescue is an enterprise-grade cloud platform, built with the power, security, scalability, and reliability a large professional help desk expects, with 99.99% uptime.

ADD A NEW TOOL TO THE TOOLBOX

Rescue Lens is a feature of LogMeIn Rescue via which end users can use their smartphone or tablet cameras to stream live video back to the support technician.

Running both Android 4.4+ and iOS 7+, Rescue Lens is included with Rescue v7.6 and above, all your end users have to do is quickly download an app from Google Play or the iOS App Store, enter a pin code to ensure security, and start the camera rolling.

With this new information stream, your support technicians will be able to diagnose and resolve issues, without having to rely on inefficient (and often erroneous and incomplete) verbal and written descriptions of what's going on. Its real-time interactive video gives your technician a clear view of the problem at hand, and the ability to help a customer solve it by leveraging:

- Smart Whiteboarding: Support technicians can annotate on screen, on any device. This annotation stays in place, even if the device is moving.
- Adaptive Video Quality: Streaming remains fluid, regardless of the strength of the Internet connection.
- Auto Focus: Support technicians can easily focus on exactly what needs their help.

And best of all, Rescue Lens is fully integrated into LogMeIn Rescue. Your technicians get another view of a support situation, and the Rescue Lens session is captured along with all of the typical session details, including video recordings when needed. In addition, all of the information can be synced into any integrated ticketing systems.

To learn more or start a free trial, visit www.LogMeInRescue.com.

ENDNOTES

[1] Q2 2015 snapshot from TSIA Technology & Services 50. Comparing product revenues from Q2 2014 to Q2 2015.