

2016 TSIA Member Technology Spending Report Customer Success

2016 Technology Adoption and Spending Report:
Customer Success

Adoption, Satisfaction, and Planned Spending for
Customer Success Technology

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EXECUTIVE SUMMARY

TSIA's 11th annual global technology survey is complete, documenting member adoption, satisfaction, and planned spending across 42 categories of technology used by customer success, education services, expand selling, field services, managed services, professional services, service revenue generation, and support services. This report will highlight the data for customer success. Two new categories were added to the survey this year for customer success, content marketing and video content management. Adoption levels of customer success technology were high, with a growing number of firms adopting technology to monitor customer consumption of technology and to automate the subscription or maintenance renewal process. Satisfaction with technology was low again this year; the highest average score from customer success respondents was 3.8 for recurring revenue, upsell/cross-sell, and web collaboration tools, using a 5-point satisfaction scale (1 being very unsatisfied; 5 being very satisfied).

Planned spending is high for 2016-2017, with double-digit percentages of members planning additional purchases in every category covered by the survey. Top spending categories for customer success include CRM, consumption analytics, and reporting/analytics. Customer success organizations considering additional investments in technology and services should identify areas in which peers have already adopted solutions in order to avoid losing a competitive edge due to lack of technical sophistication.

Technology Adoption

The categories tracked by the 2016 TSIA Global Technology Survey and used by customer success are listed in *Table 1* in alphabetic order.

Table 1: 2016 Technology Categories for Customer Success

Category	Description
Communities/Enterprise Collaboration	Online customer communities and enterprise collaboration for employees are designed to enable peer-to-peer support and share information internally and externally. This includes discussion forums, expertise tracking, reputation models, moderation, etc. The communities/collaboration category is applicable to all disciplines.

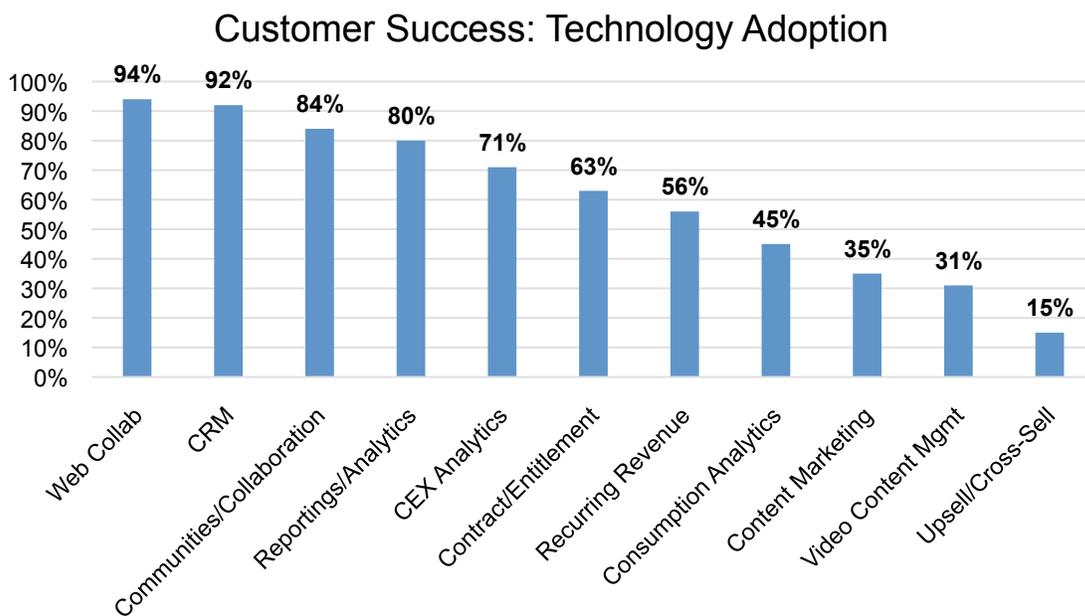
Category	Description
Consumption Monitoring/Analytics	Consumption monitoring/analytics are tools used to measure and monitor customer consumption of technology, gauging how quickly customers are adopting new tools, common process flows, top-used features, number of users, and length of session time. Consumption monitoring is a key piece of shifting toward outcome-based services. The consumption monitoring/analytics category is applicable to all disciplines.
Content Marketing	Content marketing systems manage the entire process of creating, managing, promoting, and analyzing customer consumption of marketing and field sales materials. Analysis tools allow companies to understand how content is changing or enhancing conversion rates, engagement, loyalty, or other KPIs and, ultimately, consumer behavior. The content marketing category is applicable to the customer success discipline.
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 ensuring you are meeting response/resolution time commitments. The contract management category is applicable to the field services, managed services, customer success, support services, service revenue generation, and expand selling disciplines.
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, also known as case management, service requests (SRs), or trouble tickets, is used to track an occurrence of a customer question or problem through to resolution. The enterprise CRM/incident management category is applicable to all service disciplines.

Category	Description
Customer Experience Analytics	Customer experience analytics, also known as customer journey analytics, includes survey and reporting tools used to track transactional, periodic, and project customer satisfaction, Net Promoter Scores, and Customer Effort Scores. In addition to customer survey tools, customer experience analytics includes quality monitoring for agent performance, as well as voice and text analysis of assisted and unassisted support and social interactions, and any marketing, sales, or service interactions. The customer experience analytics category is applicable to all service disciplines.
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. The recurring revenue management category is applicable to the field services, managed services, service revenue generation, and customer success disciplines.
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. The reporting platform category is applicable to all service disciplines.
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. It can also track offer extensions and accepts. Upsell/cross-sell enables seamless selling during support interactions. These upsell and cross-sell technologies also assist renewal specialists and account managers with “expand selling” strategies with existing customers. The upsell/cross-sell category is applicable to the field services, managed services, customer success, support services, expand selling, and service revenue generation disciplines.
Video Content Management	Video content management systems manage, schedule, and/or automate video distribution to customers, tracking key metrics such as open rates, viewing time, etc. This technology helps companies manage their video library, identifying top-used content as well as unused content that may need updating or archiving. The video content management category is applicable to the customer success, support services, and education services disciplines.

Category	Description
Web Collaboration/ Desktop Sharing	Web collaboration/desktop sharing is a collection of web-based tools used to enable collaboration between employees and customers. This can include screen sharing, online meetings and training, and webcasts. The web collaboration category is applicable to all disciplines.

In Figure 1, the percent of customer success members using each of these technologies is shown.

Figure 1: Customer Success Technology Adoption



Source: 2016 TSIA Global Technology Survey.

Customer success organizations have three primary profiles: measuring and boosting adoption of technology by customers, renewing subscriptions and maintenance agreements, and expand selling, and all three of these are represented by technology categories, i.e, consumption monitoring, recurring revenue management, and upsell/cross-sell. With the majority of success organizations reporting that increasing customer consumption is a primary objective, TSIA Research was surprised that less than half of success teams, 45%, have technology in place for consumption monitoring and analytics. However, tools in this area are relatively new, and with high planned spending, the adoption level should sharply increase in 2016. Also, the current consumption monitoring tools are cloud-centric, meaning companies with on-premise technology can't take advantage of them. There are new tools

emerging to fill this void, leveraging the Internet of Things (IoT) and analytic tools to access remote log files and identify usage patterns within the enormous amount of content captured in system logs.

In their first year in the survey, the content marketing and video content management categories saw adoption by about a third of members, used by 35% and 31% of customer success respondents, respectively. As the marketing prowess of success organizations mature, these adoption numbers will rise.

Satisfaction with Technology: Lower Than the Industry Average

According to the TSIA Benchmark, customer satisfaction with enterprise software averages 4.3 on a 5-point scale (with 1 representing very unsatisfied and 5 representing very satisfied). It is troubling, then, that the satisfaction scores from customer success members for the categories covered in the TSIA Global Technology Survey range from a low of 3.4 to a high of 3.8—all categories are under the industry average of 4.3. While there are many excuses (service managers are tough customers, IT sometimes forces technology on business users, lack of user training), the fact remains that service technology is not meeting or exceeding customer expectations for average satisfaction scores to be so low.

The categories with the highest satisfaction were recurring revenue automation, upsell/cross-sell, and web collaboration, receiving an average satisfaction scores of 3.8. The customer success category with the lowest score was contract and entitlement management, receiving an average satisfaction score of 3.4. Satisfaction scores for all categories can be seen in *Figure 2*.

Figure 2: Member Satisfaction with Technology by Category



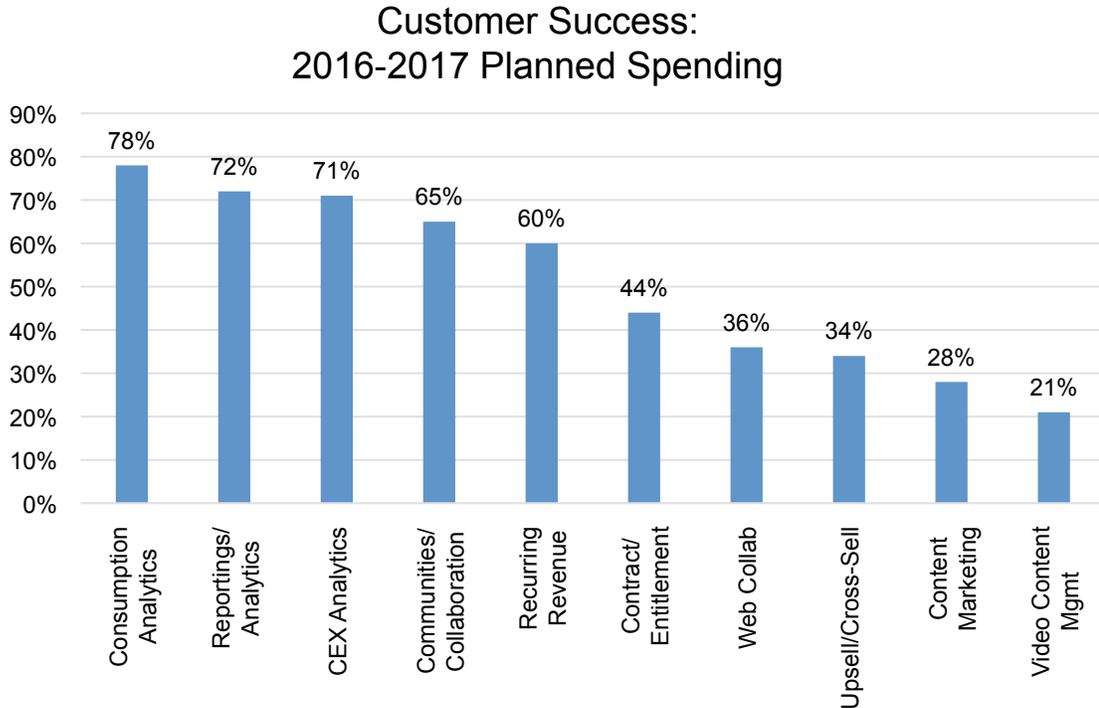
Source: 2016 Global Technology Survey.

TSIA Research does not publish satisfaction scores for individual vendors or products, but we do have the information available. If you are trying to narrow down your list of possible vendors, open an inquiry via your member services representative or the TSIA website, and we will provide the satisfaction scores for the products you are considering, if available.

Consumption Monitoring/Analytics Emerges as Hot Spending Area

The area of the TSIA Global Technology Survey that garners the most interest from members, partners, and the media is planned spending: in what areas do members have budget allocated for additional technology or services in the next 12 to 24 months? Planned spending has been high for the last five years as companies overhaul legacy systems and embrace new approaches to automation. Planned spending remains high again this year, with every category covered by the survey seeing planned spending by double-digit percentages of members. *Figure 3* shows the percentage of customer success members planning a purchase in each technology category in 2016-2017.

Figure 3: Planned Spending 2016-2017 by Category



Source: 2016 Global Technology Survey.

The areas with the highest planned spending by customer success are:

- **Consumption analytics.** With customer success organizations charted to improve customer adoption of technology, it is no surprise that the top spending area is consumption analytics, a nascent technology area. A total of 38% of respondents are planning an investment in 2016, and an additional 40% are planning an investment in 2017, meaning a full 78% of companies will be selecting and implementing consumption monitoring tools in the next two years.
- **Reporting/analytics.** Today's service organizations have oceans of data across multiple systems, and 72% of customer success organizations are investing in additional reporting and analytic capabilities in 2016-2017 in order to identify trends amid the noise. There is particular interest in dashboards that can help model customer behavior and processes to identify outliers who may pose problems with their next renewal, or understand which customers could reach business value faster if they made an additional investment in your products and/or services.

- **Customer experience (CEX) analytics.** A full 71% of customer success respondents say they are planning an investment in customer experience analytics, also known as voice of the customer tools, in 2016-2017. This reflects the growing interest in tracking metrics impacting customer success, such as Customer Effort Scores, as well as the complexity of harnessing the voice of the customer, as conversations are occurring in a larger number of channels, including social media.

TSIA RECOMMENDS

With the increased complexity of today's products and the ever-growing number of customer interactions, clearly, investments in service and support technology are a primary avenue to meet and exceed customer expectations for service levels. But knowing where to start is difficult, with many different products offering a similar ROI story. When deciding where to make incremental investments, TSIA Research recommends:

- **Benchmark your technology footprint against other members.** How does your company compare to the adoption numbers shown in *Figure 1*? If you are missing technology that more than half of companies are currently using, maybe it is time to revisit how that technology can assist you in meeting your quality, optimization, and revenue-generation goals. Also, be sure to evaluate what best-of-breed technology offers today compared to homegrown systems, particularly for knowledgebase and self-service technology.
- **Beware the law of diminishing returns.** Service organizations with high-performing employees and strong, streamlined processes are unlikely to see the same ROI for a technology purchase as a poorer-performing company looking to standardize. Be realistic in expectation setting, and talk to the success organization of the vendor about typical outcomes. When trying to determine where to start with a series of projects, benchmarking is a good first step—identify the key metrics you would like to improve, and then target technology with a successful track record of impacting those metrics.
- **When in doubt, ask.** TSIA Research is here to help. Members can submit an inquiry on any topic and we will do our best to answer within 48 hours. To submit an inquiry, send an email to your membership development director or to support@tsia.com and one of our service representatives will respond to you as quickly as possible.