

# The State of Support Services 2014



## Table of Contents

<b>Introduction.....</b>	<b>2</b>
<b>Evolution of Services Offerings .....</b>	<b>3</b>
<i>Figure 1: Emerging Supplier Models .....</i>	<i>4</i>
<b>Adoption and Outcome-Based Services .....</b>	<b>4</b>
<i>Figure 2: Service Portfolios that Deliver Outcomes for Customers.....</i>	<i>5</i>
<b>From Reactive Support to Customer Success Support .....</b>	<b>6</b>
<b>Knowledge Is Power.....</b>	<b>7</b>
<i>Figure 3: Requirements for Moving from a Level 2 to a Level 4 Supplier .....</i>	<i>8</i>
<b>The Connected Product.....</b>	<b>8</b>
<b>Level 2 Support Capabilities .....</b>	<b>9</b>
<b>Support Services Capabilities.....</b>	<b>10</b>
<b>2014 Support Services Capability Heatmap .....</b>	<b>11</b>
<i>Figure 4: Support Services Capability Heatmap .....</i>	<i>11</i>
<b>Closing Comments.....</b>	<b>12</b>
<b>About LogMeIn Rescue.....</b>	<b>12</b>

### Contact Information

TSIA  
17065 Camino San Bernardo  
Suite 200  
San Diego, CA 92127  
USA  
P: 858-674-5491  
F: 858-674-6794  
[info@tsia.com](mailto:info@tsia.com)  
[www.tsia.com](http://www.tsia.com)

LogMeIn  
320 Summer Street  
Boston, MA 02210  
P: 800-993-1790  
F: 781-437-1803  
USA  
[info@astea.com](mailto:info@astea.com)  
[www.astea.com](http://www.astea.com)

## INTRODUCTION

2014 has already proven to be an incredibly challenging and exciting year for customer support. With the backdrop of the changes TSIA identified in the new world of B4B, and all the traditional pressures faced by support services organizations, we are witnessing a pace of change that the majority of us has never experienced in our professional careers. Many organizations are making fundamental changes to their organizational structures, delivery models are changing, support organizations are adding new capabilities, and mission statements are changing at breakneck speed. Our support organizations are adding new services, taking on new roles and responsibilities, engaging in different ways with their customers, and consolidating many operational functions to create a scalable delivery model that is focused on customer success and outcomes within a cost structure that meets the company's revenue, cost, and margin goals. This report will explore some of these issues, and how support organizations can make the shift needed to meet their customers' needs.

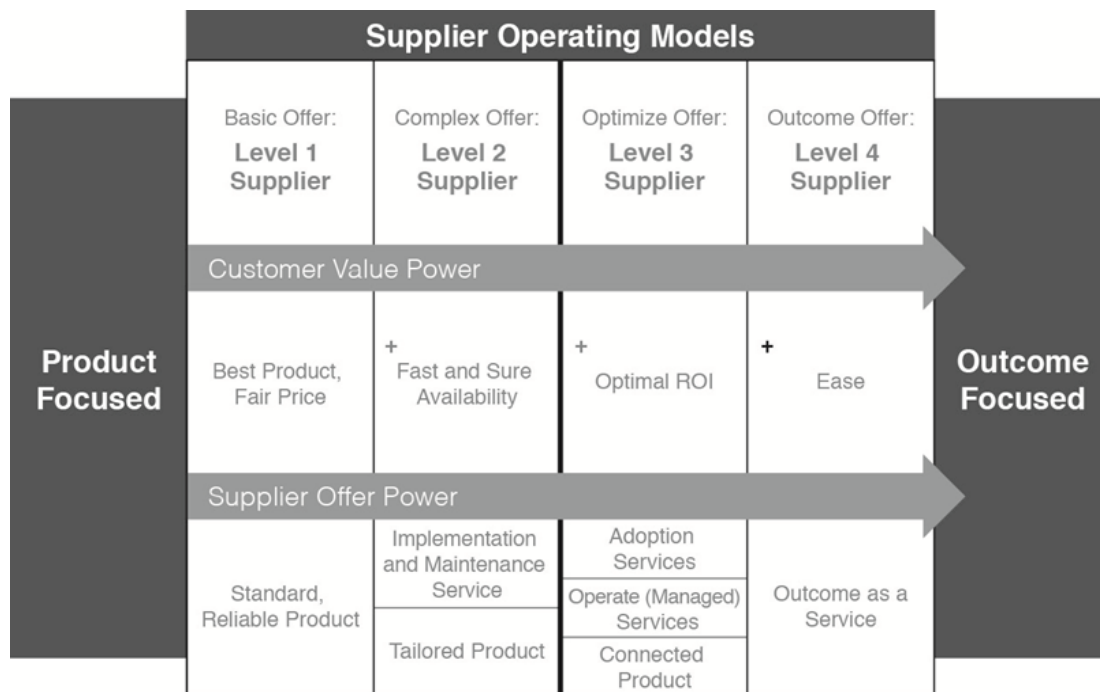
## EVOLUTION OF SERVICES OFFERINGS

Over the past several years, support organizations have been adding more and more service offerings to their services portfolio. They are typically designed to provide faster service, offer access to more experienced support personnel, provide various degrees of account or technical account management, etc. These services are typically targeted toward those companies that not only have a need for these services but also those companies that the supplier believes has the ability to pay for them. The target market for the vast majority of these services has more to do with who can afford them versus defining a compelling value proposition that can justify incremental performance improvement at an acceptable cost for a greater population of the customer base. The reality is that most of the supplier's customers could benefit from these services, but a majority of the customers are under extreme cost pressures and can't see enough business value in purchasing these services.

Unfortunately, this approach to developing, marketing, and pricing support services is one of our fundamental problems. We have services that every customer can benefit from, to some degree or another, but our delivery model and the way we structure the support offerings have an inherent cost structure that makes the price of the service only affordable by a small percentage of the customer base. This dynamic has as much to do with the current state of our offers as anything else. It also fits right into the basic framework laid out in *B4B*. We have traditionally offered only those services that are mostly reactive in nature and designed to enable our customer to be better users of the products and technologies. Our companies are great trainers, teachers, and stewards of our products and technologies, but we haven't crossed the line and taken any real ownership or responsibility for a customer's success or the outcomes they are looking to achieve with the solutions they have purchased.

Figure 1 shows the B4B framework with the supplier on one end of the spectrum and the customer on the other end. The white space in the middle represents the services the supplier has in their portfolio to help get the product in working condition and the effort required by the customer to achieve the outcomes they hoped to realize when the solution was purchased. Traditionally, suppliers only provided services to the customer up to Level 2. They largely ignored the area represented in the Level 3 and Level 4 stacks. Suppliers would occasionally get dragged into the Level 3 space, but it was extremely costly for both the supplier and the customer, and in many cases the customer's degree of success was only temporary. All of this changes in the new world of B4B. Customers are now demanding that their suppliers take a more active role in their success and outcomes. Suppliers are scrambling to create services that help customers achieve the levels of success and outcomes that are promised with the solutions they purchase.

Figure 1: Emerging Supplier Models



## ADOPTION AND OUTCOME-BASED SERVICES

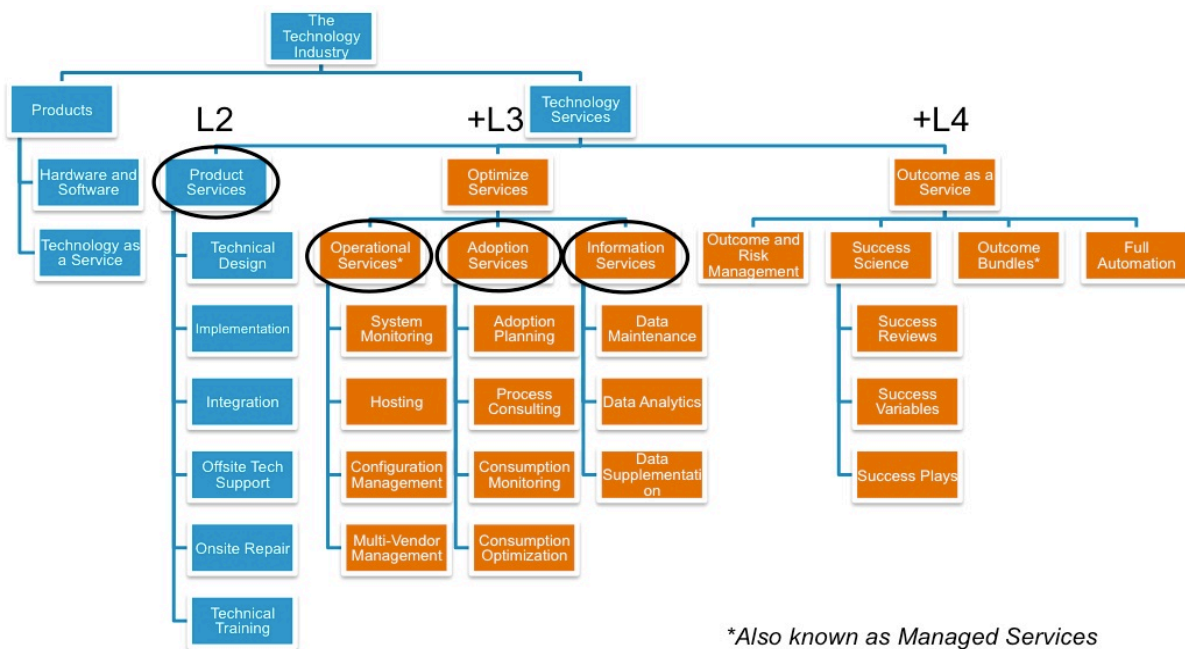
The Level 2 supplier-customer relationship is mostly about deflecting and reacting to customer inquiries while driving more and more efficiencies into the support delivery model. It's not really focused on engaging with the customer, helping the customer achieve certain levels of optimization with the product, or partnering with the customer to achieve a successful outcome with the solutions

they have purchased. The Level 3 and Level 4 supplier models fundamentally change the relationship between the supplier and the customer. These suppliers have recognized that the customer's expectations of them have changed and they are rapidly creating new services offerings to address these new requirements. Customers are demanding that their suppliers take a more active role in their success or they will take their business elsewhere.

We see this dynamic play out in the cloud services models every day. The churn rate for cloud providers is an incredibly important metric to manage, and can change much faster than it can for traditional, perpetual licensed-based companies. The costs associated with switching from one cloud supplier to another are extremely low. SaaS suppliers have recognized this reality and have dedicated resources and organizations that focus on customer consumption, engagement, outcomes, and success. The non-cloud providers have been experiencing this same change in customer expectations both at sales and renewal time. Many of their customers are also customers of cloud services. These customers are demanding these same cloud optimization and outcome-based services from their non-cloud suppliers.

Figure 2 shows how TSIA has defined the service portfolio framework for Level 3 and Level 4 suppliers. These are new services that are designed to increase customer consumption, optimize the solution, drive outcomes, and lead to the customer's success with the purchased solution. TSIA continues to build out this framework and has identified many of the services that suppliers are in the process of delivering to their customers right now.

Figure 2: Service Portfolios that Deliver Outcomes for Customers



## FROM REACTIVE SUPPORT TO CUSTOMER SUCCESS SUPPORT

In the past year, TSIA has experienced a dramatic increase in the number of inquiries related to customer satisfaction, customer loyalty, customer experience, and the voice of the customer. What the majority of these inquiries are really trying to understand is how the supplier can get a better understanding or line of sight into the likelihood that their customer will renew their maintenance contract or subscription. While these customer feedback metrics are very important, we are seeing a new trend of metrics that provide suppliers with a much better indication of if the customer will renew when the time comes. These metrics come in the form of what we are calling “customer success metrics.”

In order for a supplier to create customer success metrics, they need to answer a set of very basic and fundamental questions, such as:

- What does success look like for my customer?
- How does my customer define success?
- How will both of us know when they have achieved success?

Many suppliers are defining customer success only from their vantage point. They never take the time to ask their customers what success means or looks like to them. Some suppliers believe success is achieved if the initial implementation project is “successful.” Others look solely at the customer’s annual maintenance contract or subscription renewal rate. A vast majority of other suppliers look at NPS and CSAT scores. The problem with these views is that many suppliers look at these metrics individually. Each metric is reviewed mostly on its own, so as to defend the achievements and purpose of each functional area. The supplier doesn’t consolidate this information in a cohesive fashion to get a broader view of their customer’s experience and success with the product. These metrics tend to only gauge the customer’s satisfaction with particular pieces of your service and don’t really provide the supplier with an accurate indication of if the customer has been successful in achieving ROI or any of the expected benefits from your solution.

The growing trend within technology companies is to take a look at the customer from a more holistic perspective and determine what success means to both your customers and your company. This is one of the fundamental principals in the B4B framework. It’s about creating the win-win relationship between the supplier and their customers. If the supplier has a better understanding of what the customer’s success looks like, then they have a better chance to create a model that ensures their customers will be successful. There are suppliers today that are building product, constantly re-organizing, and changing business models, but they still don’t know who their customer is and what will make them successful.

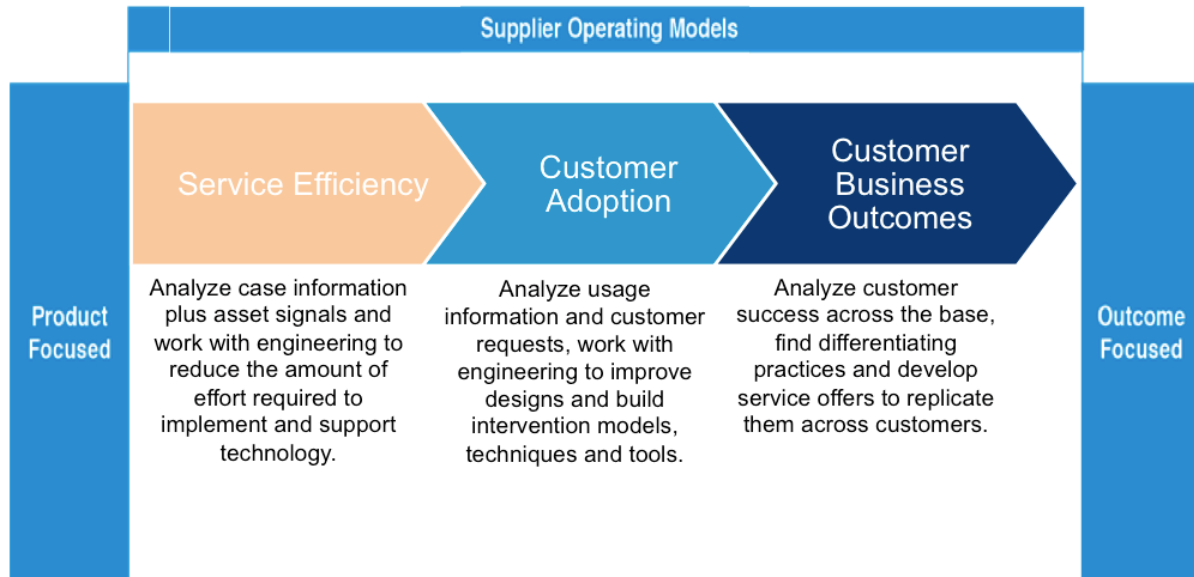
Today the industry is very confused as to what customer success capabilities they should be building. Companies are struggling with roles and responsibilities, lack of qualified talent, shortcomings of the infrastructure, ill-defined measures of success, how to move the dials toward success, and organizational responsibility and structures. The good news is that there has been a tremendous amount of work being done within TSIA and its member companies to define what customer success really means to both the supplier and the customer.

## **KNOWLEDGE IS POWER**

The old saying “knowledge is power” has never been more appropriate in the new world of adoption and outcome-based services. Suppliers need to know what metrics matter, why they matter, how to calculate them, what actions will move them (both positively and negatively), and how to present them to various stakeholders within both the business and the customer’s organization. As we mentioned previously, gauging, reporting, and managing customer success is dependent on generating those key metrics that show the stakeholders if the customer is achieving the appropriate levels of success and outcome. Without this information, management is merely using their gut instincts to determine if their customers are achieving success-based outcomes.

TSIA member companies are developing consumption-based analytical frameworks that evaluate their current analytical capabilities as well as determine what metrics are required to successfully implement adoption and outcome-based services. *Figure 3* displays the metrics framework at a very high level. It displays the type of metrics that are required as the supplier moves from Level 2 to Level 4 services offerings.

Figure 3: Requirements for Moving from a Level 2 to a Level 4 Supplier



## THE CONNECTED PRODUCT

Having a line of sight to how and what your customers are doing with your product and services is a must-have capability for all technology companies. As daily consumers of technology, we know this all too well. Cell phone providers know how and when you use your device. Taking all they know about your historical and future consumption patterns, they then offer you services or advertisements for products that they believe you will be needing or thinking about acquiring in the future. Believe it or not, some companies know your buying and spending patterns better than you do.

This is the same approach many B4B companies are taking with their customers. The more you know about how and what your customers are doing with your product, the better informed you are to service them in their time of need. One of the key capabilities required to enable this practice is to have access to data that shows what your customers are doing with your products and services. In B4B, this is what is referred to as "the connected product." Suppliers must create the capability to have that line of sight into product usage and consumption so they know what the customer is, or is not, using. Once you have that information, you can then determine what successful product and consumption usage looks like. You can build out those successful profiles, compare them against your entire customer base, identify customers that are lagging, and offer services and/or additional products to help them achieve higher levels of success and outcomes.



TSIA member companies have varying degrees of this visibility today. Hardware companies have been building this capability in their products for years. SaaS companies, however, are already sitting on their customers' data. They have a very clear line of sight as to what their customers are, or are not, doing with the product. With this insight, they are in a very good position to create successful customer profiles and use this data to predict customer success and outcomes. The biggest challenge that all our member companies face is working with product management and engineering to prioritize these "customer success" features ahead of traditional product features and functions. This is a challenge that support organizations have been struggling with for a long time. They have, however, created a process to build compelling business cases that result in high levels of customer success and tangible ROI for both the customer and the business.

TSIA recommends that support organizations change the dialog when lobbying for these types of product features. There is a very big distinction between what is commonly referred to as "serviceability" features, versus what "customer success" product capabilities really are. These success capabilities aren't necessarily features the customers will use. They will however provide the supplier access to data that will determine levels of customer usage, consumption, and behavior patterns, along with providing the capability to solve customer issues faster and in a more efficient way.

## LEVEL 2 SUPPORT CAPABILITIES

With the rapid shift taking place toward standing up and delivering consumption and outcome-based services, we must not forget that the foundation for all of this activity is our Level 2 support capabilities. Companies will never be successful with Level 3 and Level 4 service offerings if they have not already mastered the capabilities necessary to deliver outstanding Level 2 services. They must become more efficient in the delivery of Level 2 offerings, while building the capabilities to move to a customer success-based delivery organization. Companies will be leaning heavily on existing infrastructure and capabilities to minimize the costs associated with creating and delivering these new services. Below are the top five Level 2 capabilities that support organizations must leverage in order to deliver outstanding Level 2-, 3-, and 4-based services and achieve operational excellence.

- **Self-Service Capabilities.** Companies must continue to invest in customer self-service technologies and capabilities to support the move to Level 3 and Level 4 services. A self-service strategy that integrates knowledge assets from the entire company will be a key component in delivering successful adoption and outcome-based services.
- **Integrated Systems Infrastructure.** An integrated systems infrastructure is another critical capability for any company that will be delivering adoption and outcome-based services. A well-designed, integrated infrastructure will provide the foundation to build a platform that enables the successful delivery of these new services.
- **Operational Best Practices.** It is critically important that member companies continue to improve the overall efficiencies of the support organization and include these new roles and

responsibilities into their quality, audit, and certification programs. Organizations that have a high-achieving repeatable support and services model will be better positioned to deliver these new services at acceptable cost levels.

- **Customer Feedback and Communication Programs.** Customer satisfaction, NPS, loyalty, and customer experience programs play a very important role in the Level 3 and Level 4 supplier model. It is important that support organizations continue to stay connected to their customers and ask for their feedback regarding existing and new services.
- **Employee Development Programs.** The pressure of meeting cost-control objectives has either diluted or entirely eliminated many employee development programs. The addition of these new roles and responsibilities required to deliver adoption and outcome-based services will require support organizations to develop robust training and employee development programs.

## SUPPORT SERVICES CAPABILITIES

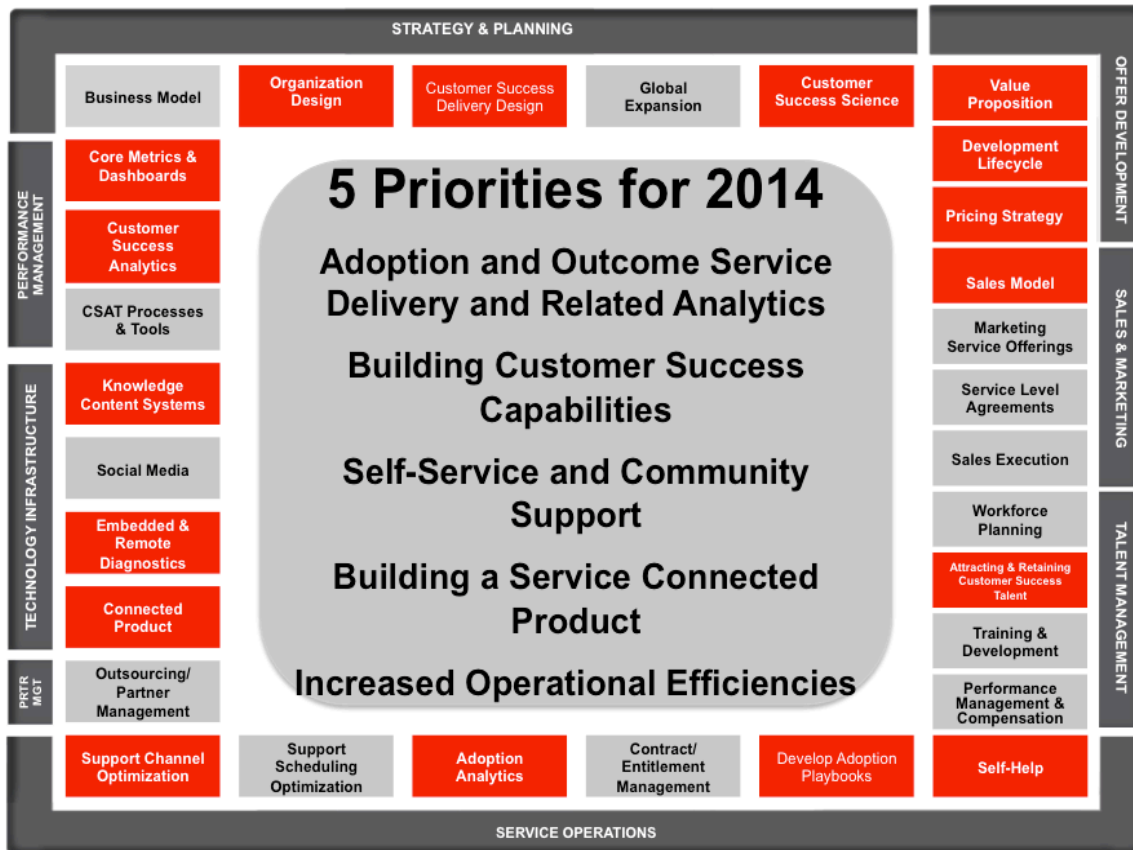
TSIA defines organizational capabilities as “*the ability to perform actions that achieve desired results.*” TSIA maps the capabilities required by all service organizations into the following eight categories:

1. Strategy and Planning
2. Offer Development
3. Sales and Marketing
4. Talent Management
5. Service Operations
6. Partner Management
7. Technology Infrastructure
8. Performance Management

In each of these categories, there are capabilities that a service organization must master in order to scale and optimize its business. TSIA tracks and researches hundreds of service capabilities across the service disciplines of field services, education services, service revenue generation, professional services, managed services, and of course, support services. For support services, the capabilities we’ll be tracking in one way or another in 2014 are defined in the Support Services Capability Heatmap shown in *Figure 4*.

## 2014 SUPPORT SERVICES CAPABILITY HEATMAP

Figure 4: Support Services Capability Heatmap



The 2014 Support Services Capability Heatmap contains many new capabilities. New capabilities such as Customer Success Delivery Design, Customer Success Science, and Connected Product are emerging as support organizations begin to take on the delivery responsibility for adoption and outcome-based services. TSIA is building out our capability mapping for Level 2, Level 3, and Level 4 supplier models. It is extremely important that organizations identify the capabilities that are critical to successfully delivering Level 3 and Level 4 services offers.

## **CLOSING COMMENTS**

It is crystal-clear that the technology industry is shifting to more of a services-led business model than ever before. TSIA asserts that it's the type of services suppliers need to be delivering that will make the biggest impact on the overall success of the customer's and the supplier's businesses. Adoption and outcome-based services are much different than what suppliers have delivered in the past. It is also TSIA's opinion that support services organizations are in the best position to deliver a vast majority of these services. Support organizations already possess many of the foundational capabilities that are critically important to successfully deliver these new services. It is critical that companies leverage and build upon their support organization's current infrastructure, talent, operational excellence, and cost structure rather than stand up new organizations. Using what you have and building upon those capabilities is the ultimate way to success.

## **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. To learn more or start a free trial, visit [www.LogMeInRescue.com](http://www.LogMeInRescue.com).