



SUTHERLAND

Software and Subscription Provider companies:

Solving the biggest challenges of today's
Software & Subscription market through
service transformation

Introduction

The Software & Subscription industry faces multiple challenges as the industry continues to evolve and customer expectations continue to increase. This is even more critical today than in the past. As Software has moved to an ‘as-a-Service’ model’ it is imperative for companies to minimize their financial vulnerability, protect their customer base, increase customer acquisition/sales, and reduce churn. These issues put pressure not only on the parent product manufacturer company but also all adjacent business units, i.e. Sales & Mktg., R&D, and business providers and partners.

Drive transformation across three key areas

While there are multiple areas that need to be investigated, they fall under three major categories software and subscription companies should focus on for transformation to meet the needs of a changing market.

1. Pressure to shift to cloud: Heavy investments in sales and technology
2. Retention Challenges & Customer Lifetime Value (CLTV) impact
3. Analytics as a driver of software growth

This Point of View paper looks at how Software and SaaS companies can leverage the power of advanced technology platforms and services to enable holistic transformation of business processes, sales and service delivery models, and relationships with business partners to realize superior outcomes.

How Sutherland addresses the top challenges of software and SaaS companies

Sutherland assists clients with these challenges through a combination of technology and processes, delivering solutions catered to the emerging needs of software and SaaS providers. The solution stack has grown into a holistic platform with multiple components, which continues to evolve with new capabilities as trends and future challenges are identified.

1. Pressure to shift to cloud: Heavy investments in sales and technology

With the move of software products from on premise to cloud based solutions, the importance of improving the products and services mix became, and continues to be, extremely important for software and SaaS companies. This mix includes R&D investments to make products more competitive and feature additions that help customers do more and derive greater value. Additionally, organizations must improve sales and marketing efforts to increase the customer base and reduce both the cost to acquire and serve.

While organizations do their best to meet reduced cost requirements, Sutherland developed solutions that offer approaches to offset support costs by increasing sales and generating additional sources of revenue streams. These solutions help generate extra revenue that can be invested in sales and technology and improve the quality of service and customer perception, which in turn increases ‘word of mouth’ economics and brand value in the market.

The perception of value and pricing associated with SaaS/cloud models also causes another concern as newer pricing models are more attractive to customers than paying for professional services for software implementation.

Sutherland research has shown that an increasing number of companies are providing “as-a-service” offerings, with 67 percent of participating companies offering both hosted and on premise solutions; and 30 percent bundle on premise and “as-a-service” offerings.

Solve multiple device interoperability issues

In today’s world, whether in the home or a corporate environment, multiple devices and software from various brands are in play. It’s rare to find a setup where all products belong to one specific company or brand. This mix of hardware and software working together creates a new scope of support which doesn’t belong to one specific brand, but among multiple brands. Standard support may not include resolving interoperability issues and this support ends once the native product is

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SUCCESS STORY

A leading SaaS Security Provider with changing customer service expectations wanted to launch Pay-4-Support, increase satisfaction, and generate new revenue

Challenges:

- Improve customer service without increasing cost-to-serve
- Create new revenue stream

Results with Sutherland:

- Reduced call volume by 30 percent, handle time by 60 percent with pre-emptive, self, assisted and extended support
- Improved satisfaction by 10 percent, generated \$45M in new revenue from Pay-4-Support

working. Sutherland addresses this by owning these interoperability issues to support the customer with a ‘Pay for Support’ approach.

This model assumes responsibility for customers beyond the client’s standard scope and transfers those interactions to highly trained individuals who are experts in dealing with interoperability issues. They diagnose and resolve issues at a nominal fee, streamlining the process and saving the customer time and effort. The revenue generated is shared with the client, generating an extra revenue stream for their P&L.

Solve issues with least customer effort

The support world must account for varying customer comfort in resolution and proficiency levels, which creates a need to truly understand the customer and provide solutions requiring the least customer effort.

With technology advancements, human intervention is no longer needed to investigate every aspect of software and hardware to determine the root cause of a symptom or predict potential issues. Code can pinpoint root causes on complex machines then present this information in layman terms, making it easier to understand issues. In some cases, this diagnosis helps solve issues, mitigating potential future issues via scheduled maintenance.

Resolution is the next step and, like diagnostic scripts, Sutherland has built automation tools which help solve non-

hardware malfunction root causes. These automated diagnostics and repair tools provide higher accuracy, reducing or eliminating the need to depend on a skillset to solve most problems.

Customers benefit from this as they no longer need to follow complex instructions over phone or chat to resolve the issues. Support individuals benefit as their effort levels per issue decrease and their accuracy of solution delivery increase. Clients benefit from reduced customer complaints, increased satisfaction, and lower operating costs to serve with reduced transaction cycle times.

Solve old to newer product migration issues

Every product has a “shelf life” and with increasing demands and more feature sets, software companies continuously release newer versions with advanced capabilities. However, as customers develop their expertise using a specific application version, their impetus to upgrade to the latest release is negatively impacted by a fear of change and uncertainty of the new version’s interoperability with their current workflow and environment.

One approach to help customers along the upgrade path is to rely on marketing campaigns to broadcast features and benefits, however; the results are significantly higher when support staff engage with customers. This touchpoint, coupled with an analytical understanding

Sutherland’s expertise helps increase Monetization

Sutherland’s Business Process Transformation services include developing, documenting, and leveraging an understanding of all customer segments, their differentiated needs and specific product usage. This provides solutions that resolve multiple device interoperability issues, delivers reduced customer effort, and assists through product migration for an improved customer experience, new revenue opportunities, and increased customer satisfaction, loyalty and lifetime value.

of specific migration support needs, proves to be helpful and successful in customer migration. Sutherland has helped major software companies successfully migrate their software clients to “sunset” products using a risk-reward model, supporting these companies’ customers through the complete migration and setup process.

These solutions are integrated under the SmartLeap™ platform, which is unparalleled in the process transformation landscape. It includes multi-tier components which can be deployed either as point solutions or a holistic platform for flexibility based on client need and desired outcomes.

2. Retention Challenges & Customer Lifetime Value (CLTV) impact

Customer experiences are formed at two critical stages – while starting out with a new product and during product usage. The initial onboarding experience can be leveraged to explain:

- Migration from old to new versions
- Features, advantages and benefits
- Support entitlement
- Frequently asked questions or commonly seen issues and resolution
- Support channels and access

These interactions help in setting the tone for customer success and reduce support costs by educating the customer on resolving common issues and setting expectations for support access.

At the time of purchase, support teams assist the customer with set up, identifying

the best times to reach a customer for needed assistance. Teams then contact the customer at those pre-determined times to help with pre-install preparation, actual installation, usage education, data migration, configuration, and support channel explanation - self-serve, online, and assisted support. This leads to pre-emptively answering questions that may have surfaced later in the customer lifecycle, proactively resolving issues, creating a seamless customer experience with the new product for increased productivity.

During the usage stage, helping customers to achieve productivity is vital to increase “stickiness.” Driving higher adoption and usage is accomplished by understanding customer use patterns over time and profiling customers by needs. Need based profiling helps to align and position the right feature sets and products. A combination of support alignment and advanced analytics fuels these interactions between support and the customer.

Support teams evangelize from first hand product use and personal experience, resulting in a different approach to product benefit discussions. Increased adoption through evangelism leads to additional revenues and a strong ROI for the investments associated with enabling support and analytics. There are two pivots to facilitate evangelism discussions with customers – existing product based and current issue based. These pivots help support teams engage customers with relevant talking points on how can the customer achieve more productivity given the product they are using or issue they are encountering.

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SUCCESS STORY

A leading Internet & Networking Communications company with shrinking SMB client retention wanted to retain and grow this Line-of-Business

Challenges:

- Reduce churn rate, increase retention, and recapture revenue
- Improve use of platform and adoption

Results with Sutherland:

- Analytics-enabled pro-active retention and statistical models, coupled with “white glove” approach to customer service
- Reduced churn rate by 50 percent, increased sales conversion by 230 percent, average order size by 66 percent, and sales value by 400 percent

Sutherland’s capabilities improve Customer Retention and Success

Sutherland’s Customer Experience Transformation capabilities provide end-to-end solutions to support the entire customer lifecycle. These services incorporate expertise (product knowledge, evangelism), specific processes (self, assisted, automated, remote, and guided support), and technology platforms (analytics, single view of the customer) to support the customer from onboarding to renewal and every stage in between.

3. Analytics as a software growth driver

'Information is power' – as the amount of data generated by systems has exponentially increased, this adage has never been more relevant. Data comes from a multitude of sources – telephony, chat tools, sales information, order processing, customer interaction transcripts, issue logs, logistic reports, usage reports, and more – making it difficult to sift through and extract meaningful information and actionable insights. Insights can be very powerful to influence business models, customer treatment, and engagement steps.

These data points are scattered in disparate systems and databases across multiple business units making correlations extremely difficult and complex.



Information is power—this adage has never been more relevant

SUCCESS STORY

A leading Entertainment Company wanted to build differentiated customer experiences in a commoditized industry through a state-of-the-art loyalty program

Challenges:

- Understand behavior tied to preferences hidden in years of data needed to revise program

Results with Sutherland:

- Analyzed data, uncovered specific preferences, and revised offerings for national relaunch of Loyalty Program
- Achieved 80 percent growth in active membership in six months – 2.7M vs. 4M and an 11x increase in the rate of year-over-year program enrolment

Sutherland's analytics uses Big Data for Customer Insights that drive Growth

Sutherland's Analytics platform and capabilities connect disparate data sources from multiple operational systems to run analytical models and surface actionable insights for improved decision making. This solution significantly improves the customer experience, enhancing lifetime value, and long-term brand loyalty to uncover opportunities for revenue generation and growth.

Marketing Mix Optimizer (MMO)

Sutherland's cloud-enabled MMO provides an accurate analysis of the performance of campaigns and media spend across traditional and digital channels. Drawing on both internal and external data sources and leveraging predictive modeling and dynamic algorithms, MMO delivers a high-impact solution tailored to specific market conditions. Insights from MMO help drive an increase in sales, market share and marketing ROI.

Features of Marketing Mix Optimizer include:

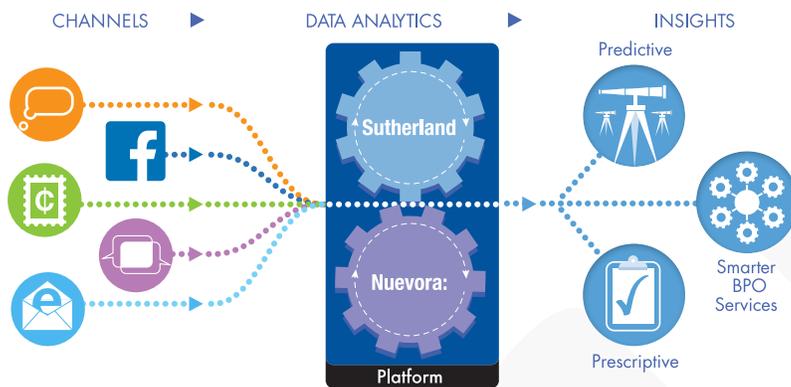
- Multi-source data integration
- Slice & Dice Tools
- Sales Drivers Analysis
- Marketing Budget optimization Tool
- 'What-If' Scenario Simulations

Cross-Channel Attribution Modeling App

Sutherland's Cross-Channel Attribution Modeling App gathers granular information about the customer path to conversion across multiple channels and touch-points, scientifically optimizes campaign channel mix, and automatically understands how to shift spend across channels to maximize ROI for marketers to truly understand the performance of their marketing channel choices and quickly act upon these insights.

Cross Channel Attribution Modeling helps in more proactive and agile marketing, improved online traffic, and efficient digital marketing. Its primary data sources are: transaction, promotions, advertising, sales, and campaigns.

Organizations that generate meaningful insights by applying intelligence, reimagine design of intuitive products and services, and enhance customer experience, will be in a stronger position to drive sustainable growth and competitive advantage.



¹The Software Industry: Pricing benchmark results <https://www.pwc.com/us/en/technology/publications/assets/pwc-technology-institute-software-industry-pricing-report.pdf>

² Five Sources of Software Pricing Pressure <http://sandhill.com/article/five-sources-of-software-pricing-pressure/>

Cross Channel Attribution Modeling helps in more proactive and agile marketing

For more information on how we can help you transform your processes, visit us at www.sutherlandglobal.com, email us at sales@sutherlandglobal.com or call 1-800-388-4557 ext. 6123.

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As a process transformation company, Sutherland rethinks and rebuilds processes for the digital age by combining the speed and insight of design thinking with the scale and accuracy of data analytics. We have been helping customers across industries from financial services to healthcare, achieve greater agility through transformed and automated customer experiences for over 30 years. Headquartered in Rochester, N.Y., Sutherland employs thousands of professionals spanning 19 countries around the world.

