



WHITE PAPER

Supporting Success: Bundling Technical Support with Cloud Services



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It's no secret that happy customers are good for business. Common sense tells us that a satisfied customer will return to a company for additional products and services, while a dissatisfied customer will look for other options.

That feeling is backed by hard data: 89 percent of customers have stopped doing business with a company after experiencing poor customer support.¹ Moreover, once they leave, it can be very difficult to get customers to come back. One survey found that it takes 12 positive customer interactions to make up for one negative experience—assuming you can get them to stick around for that long in the first place.²

For companies that do manage to retain their customers, the payoff can be big. According to Bain & Co., just a 10 percent increase in customer retention levels results in a 30 percent increase in company value.³ Clearly, a focus on customer retention can make a huge impact on a company's bottom line.

Regardless, the fact remains that most companies are not hitting the mark when it comes to customer support. Just seven percent of customers say that the support experiences they have with companies typically exceed their expectations.⁴

When you add in the fact that attracting new customers costs six to seven times more than retaining the ones you already have, the stakes become even higher.⁵ It is critical for companies to deliver a superior customer support experience, including technical support, not only to keep customers satisfied, but to boost retention, lower the cost of acquisition, drive revenue, and increase company value.

DISCUSSION AREAS

- › The High Cost of Poor Customer Support
- › The Unique Customer Retention Challenges of Cloud Services
- › The Human Element and Effective Technical Support
- › Focus on IoT: A New Frontier for Technical Support
- › Bundling to Help Both Customers and Providers Succeed
- › Partnering to Deliver a Superior Support Experience

1 "Customer Experience Impact Report," RightNow, 2012

2 Infographic: The Financial Impact of Customer Service," Parature, 2013

3 Bain & Company Insights: Loyalty [<http://www.bain.com/publications/business-insights/loyalty.aspx>]

4 Echo 2012 Global Customer Service Barometer

5 "18 Interesting Stats to Get You Rethinking Your Customer Service Process," Salesforce.com, 2013



This white paper explores the challenges that service providers in particular face when it comes to providing first-rate technical support. The paper also delves into customer support preferences, and why the human element—live help from professionals—is so critical to customer satisfaction. Finally, it examines the benefits that bundling support with software can deliver, as well as how to quickly implement a best-in-class, human-focused support organization.

Attracting new customers costs six to seven times more than retaining the ones you already have.

The Unique Customer Retention Challenges of Cloud Services



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Providing effective customer technical support is often easier said than done, especially for companies that offer digital goods and services like software. In the digital marketplace, there are unique factors that can complicate technical support. For one, the online shopping experience—where buyers can quickly evaluate multiple providers—makes comparison shopping much easier, even after a purchase is made. In other words, today's customers are constantly on the lookout for a better deal at a better price.

Accenture, a global consulting firm and thought leader in the digital customer experience, calls these restless buyers “Nonstop Customers.” As their analysts recently wrote: “Enabled by technology... today's Nonstop Customers find it easier to compare a provider's promise with its delivery and how the overall customer experience meets their own expectations.”⁶

Often, the comparison is not a positive one, leading customers to jump to new providers much more quickly than in years past. In fact, six in 10 customers say that they are more likely to switch digital providers today than 10 years ago.⁷

Customer dissatisfaction is also opening the door to greater disruption across industries. In a troubling turn, nearly half of customers, 44 percent, said that they would be willing to consider products and services from non-traditional providers. For example, 23 percent would consider buying insurance products from Google if the search giant offered them.⁸ Poor support means you not only risk losing customers in your own industry, but you may also be blindsided by upstarts in surprising verticals.

All of these facts and figures point to a steady decrease in customer loyalty. This trend has left a massive amount of revenue—\$6.2 trillion dollars worldwide—up for grabs.⁹ How can companies regain their share or capture new portions of this massive opportunity? Providing high-quality, effective technical support experiences is an important first step.

6 “Customer 2020: Are You Future-Ready or Reliving the Past?” Accenture, 2014

7 Ibid.

8 Ibid.

9 Ibid.



The Human Element and Effective Technical Support

Whether you look at devices or software, today's technology is built to be user friendly and largely self-service. However, sometimes even the best intentions of engineers, software developers, and user experience designers don't translate well to customers. One survey found that 83 percent of customers needed some degree of support while making an online purchase, one of the most fundamental actions of digital commerce.¹⁰

To make matters worse, the self-help tools that companies offer don't offer much help at all. Only about half of customers who use self-help tools—like online knowledge bases or support forums—are satisfied with them, and one-third end up escalating their issue to live professional help after trying to self-serve and answer their own questions.¹¹

Today's technology customers still prefer one-on-one help from trained customer support specialists to solve their technical problems, and the majority, 61 percent, prefer to receive support over the phone. Email is a close second, with 60 percent of customers preferring this method of communication.¹²

Most customers, 61 percent, prefer to receive support over the phone, followed closely by email, with 60 percent.

Live chat, where customers can click a button and start chatting with a support representative in real time, is also popular; 57 percent of customers prefer this type of support. A relatively new support method, click to call—which allows customers to click a button on a website and call a support agent—is preferred by 34 percent of customers.¹³

The common element that connects all of these popular support methods is the human element, or easy access to live, expert support professionals. Relying heavily on knowledge bases, FAQs, forums, and other self-serve tools may be cost effective in the short term, but they are an uncertain bet for long-term customer satisfaction and retention.

THE IMPORTANCE OF FIRST CONTACT RESOLUTION

No matter which support channels customers prefer, it is critical to resolve their issues the first time they contact your company. A recent survey found that, of the customers who switched to another provider due to poor customer service, 80 percent said they would have stayed with the company if their issue had been solved during their first contact with customer support.¹⁴

Despite the high number of retainable customers, most companies are not making first-contact resolution a priority. First-contact resolution is the top frustration factor for customers, and less than half of them, 45 percent, are satisfied with the

¹⁰ "83% of online shoppers need support to complete a purchase: stats," eConsultancy.com, 2013

¹¹ "Next Generation Support: Driving IoT Adoption," Parks Associates, 2015

¹² "83% of online shoppers need support to complete a purchase: stats," eConsultancy.com, 2013

¹³ Ibid.

¹⁴ "Customer 2020: Are You Future-Ready or Reliving the Past?" Accenture, 2014





way that companies handle the issue.¹⁵ The message here is simple: Customers can be understanding—up to a point. Technical support issues are a fact of doing business; how companies handle them is what's most important.

Eighty percent of customers say they would have stayed with a company if their issue had been solved during their first contact with customer support.

Focus on IoT: A New Frontier for Technical Support

The Internet of Things (IoT)—physical objects embedded with sensors and powered by software that can connect them and share data—is growing with amazing speed. By 2019, it's predicted that there will be almost 40 billion connected devices worldwide.¹⁶

The impact of the IoT wave is already being felt in the consumer market, with fitness trackers, smart thermostats, and other devices growing in popularity. Today, the average broadband-connected household in the United States has more than seven connected devices, up from four in 2010.¹⁷

The majority of consumers take a do-it-yourself approach to their connected device technology: 84 percent set up their own “traditional” devices, such as DVRs, while 60 percent set up smart home devices by themselves.¹⁸

Not surprisingly, those devices are generating a lot of support calls. More than half of users experience a problem with at least one of their devices every month, a fact that currently leads to seven million support requests per year. By 2019, connected devices are predicted to generate 11 million support requests every year.¹⁹

As more households use more devices, fast, effective customer support will be a key differentiator for both device makers and the developers who create the applications that power them.

Bundling to Help Both Customers and Providers Succeed

One of the best ways to ensure that technology buyers are satisfied with their services and devices is to make support available and easily accessible from the instant a customer makes a purchase. Bundling support with technology products and services from the outset ensures that customers can get help when they need it without thinking twice about where and how to access it.

This is especially important for cloud-based software, where the customer can only experience the true value of an application after the initial sale by activating



¹⁵ Ibid.

¹⁶ “Report: IoT devices to smash 40 billion barrier by 2020,” CRN, July 28, 2015

¹⁷ “Next Generation Support: Driving IoT Adoption,” Parks Associates, 2015

¹⁸ Ibid.

¹⁹ Ibid.



the program and using it. With proactive customer support, some providers see activation rates up around the 90 percent mark.²⁰ (For a quick comparison, best-in-class SaaS companies see about a 25 percent activation rate.²¹)

Moreover, businesses that use multiple cloud services are often stuck relying on the support services of each application vendor. Aside from being a hassle, it can also subject those customers to support resources and experiences that vary widely from vendor to vendor.

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Bundled support isn't only good for customers; it can also deliver impactful results for providers. Two cases in point: A major telecommunications company based in the United States was able to increase its average revenue per user (ARPU) by \$10 to \$12 per month by bundling customer support with its services. In a different vertical, a global media provider offering bundled support realized almost \$1.4 million in gross margin per year in that area of its business.²²

For many companies, the benefits of bundling customer support with technology products are not in doubt. Offering centralized technical support across multiple applications can be a major point of competitive differentiation, as well as a big draw for customers looking for a simplified experience. The question for providers is not if they should bundle support with their offerings, but how.



Partnering to Deliver a Superior Support Experience

Whether bundled or not, providing high-quality technical support with a focus on the human element can be a daunting challenge for even the most resource-rich companies. When you add up the cost of headcount, training, technology solutions, setting up and running contact centers, and other associated activities, the numbers can quickly become unmanageable.

Even if a company has an established support center, legacy systems can get in the way of effective issue resolution. Recent research has shown that 42 percent of support agents can't efficiently resolve customer problems due to disconnected systems, old user interfaces, and too many applications.²³

One way to quickly overcome these obstacles is to work with a third-party technical support provider. These companies hire support professionals and train them on the latest devices and leading cloud-based applications, such as Microsoft Office 365, or specialty applications that a provider sells.

With a third-party provider handling support, your team can concentrate on other business-critical activities, like new customer acquisition. Moreover, since support providers focus on a single business aspect—support—they can deliver faster, better, more effective customer service.

20 AppDirect proprietary data

21 "2012 SaaS Conversions Benchmark," Totango.com

22 Radialpoint proprietary data

23 "Customer 2020: Are You Future-Ready or Reliving the Past?" Accenture, 2014



Conclusion

Many companies have a difficult time providing high-quality customer support, but digital services companies, like software providers, can have an especially tough time. Today's savvy customers are highly sensitive to delays in issue resolution and are always on the lookout for providers who can serve them faster and better.

Service providers need to deliver technical support in a way that customers prefer, which today means live, expert, one-on-one help. But how can resource-strapped providers offer human-focused support services at scale?

The best option may be to work with a third-party technical support services provider to bundle support with software services. Providers like these can provide a high-quality, seamless support experience while driving high first-contact resolution rates, NPS scores, and other key measures of customer satisfaction.

Almost every business could do a better job delivering customer support. A solution that enables companies to offer expert help powered by the human element can be a cost-effective way to make rapid changes that have a huge impact on your bottom line.

Working with the Industry Leader in Premium Technical Support

Radialpoint by AppDirect is a leader in providing superior customer support experiences. Our expert support professionals and advanced technology platform ensures that customer issues are resolved quickly and effectively. We have achieved a 93 percent first contact resolution rate, as well as a 78 Net Promoter Score (the software industry average NPS is 30²⁴).

We offer premium technical support for leading cloud services, including Microsoft Office 365, as well as all home technology from PCs, smartphones, wi-fi routers and other peripheral devices, to gaming consoles and all the latest connected smart home devices. Our flexible model helps ensure that we can rapidly scale to support the largest global providers.

All premium support services can be distributed and acquired through a service provider's existing point-of-sale and point-of-need channels, and can be offered as a stand-alone service, bundled with other cloud services or bundled with core services.

For more information, please visit info.appdirect.com/services.

ABOUT APPDIRECT

AppDirect is the leader in cloud service commerce making software accessible globally. The AppDirect Cloud Service Commerce Platform unites providers, developers and consumers of cloud services into a single ecosystem. This makes it easy for businesses to find, buy, and manage cloud services from a central location and delivers new opportunities to distribute, sell, and market cloud services.

AppDirect-powered marketplaces, billing and distribution, and reselling services help providers—including Telstra, ADP, Vodafone, Deutsche Telekom, Cloud Foundry, Rackspace, and others—connect millions of businesses to solutions from Google, Box, DocuSign, Intel Security, and more.

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