WHITE PAPER

Building Fully Connected Service Provider Customers

Three Simple Actions Can Improve Revenue

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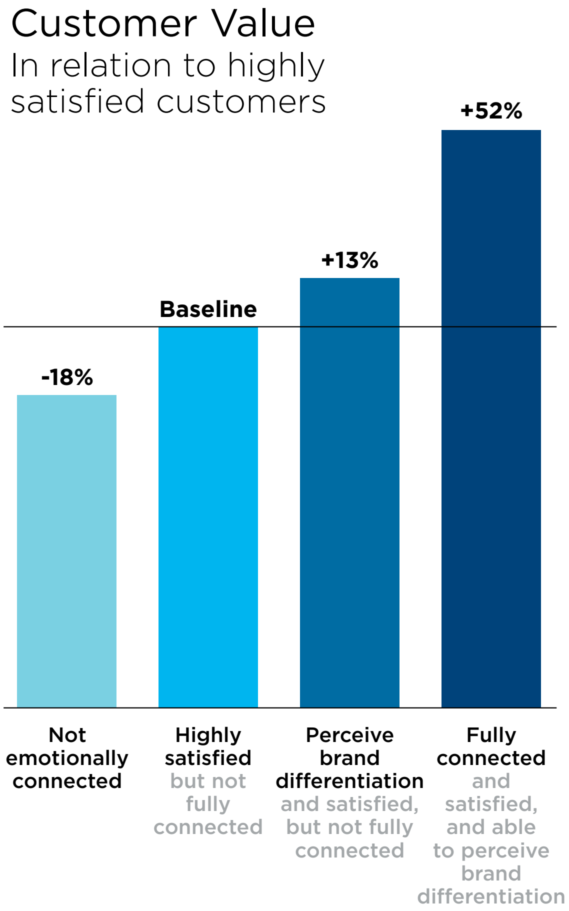
Being a cloud and hosting service provider, these days can be difficult. Technology advances are fleeting, and location differences can offer advantages until someone else moves in. However, there are some good old-fashioned ways to set your cloud and hosting business apart and gain a competitive advantage.

These common but frequently overlooked tactics are:

- Make a good first impression.
- Make it easy for your customers to spend their money with you.
- Help your customers maximize their return on investment in your services.

How do these seemingly simple actions help differentiate you? First, in these times of application and web-interface-driven IT solutions, companies that are and are not buying from AWS, Google, Azure, or Alibaba need and want support. This doesn't mean that automation and orchestration aren't valued, but that there is more than that to deliver. You need to connect with customers, not just satisfy them.

As the following graphic shows, the impact of emotionally connecting to your customers is enormous. In fact, being "fully connected" can result in 52% more customer value, as measured by metrics such as purchases and frequency of use.



According to the Harvard Business Review article The New Science of Customer Emotions[1],

> Our research across hundreds of brands in dozens of categories shows that it's possible to rigorously measure and strategically target the feelings that drive customers' behavior. We call them "emotional motivators." They provide a better gauge of customers' future value to a firm than any other metric, including brand awareness and customer satisfaction, and can be an important new source of growth and profitability.

The authors of the article identified hundreds of "emotional motivators" that drive consumers' behavior. Some of the most important are:

- Stand out from the crowd.
- Have confidence in the future.
- Enjoy a sense of well-being, freedom, belonging, security, and success.

The three tactics listed earlier can help you connect emotionally with your customers and increase your value.

Create a Good First Impression

As the saying goes, you only have one chance to make a first impression. With service providers, however, there are multiple opportunities to make a first impression throughout the sales process, including during implementation and incident resolution. Of course, that first impression starts with being on time for pre-purchase meetings, phone calls, and other scheduled meetings. The message you are sending to the person is that he or she is valuable and that you respect his or her time.

Quoting

The most important first impression is quoting, because it is the first process/business-based interaction with the customer–and one that can be a challenge for many service providers. Standard pricing that can be presented on demand is a must.

In the sales cycle, it's easy to get caught up in the ever-present IT answer of "it depends." Here's an example of a clear answer to a common question:

Question: How much would it cost to run our three-tier web architecture for an e-commerce site that does about 20,000 transactions per month?

Answer: Well, based on our other customers with similar deployments, it would probably cost between $X and $Y.

Quick and efficient response to pricing inquiries is important. Let the customer know the parameters of the service being quoted and move forward with discussions of the business outcomes you have delivered to other customers.

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[1] Scott Magids, Alan Zorfas, and Daniel Leemon. "The New Science of Customer Emotions," Harvard Business Review, November 2015

In addition to the standard price list, go the extra step to track standard pricing deviations and create a custom pricing sheet to address those variations.

Example: The service provides three tiers of performance because it is easy to understand, but you actually have a total of ten tiers of standard pricing that are available for quoting if the customer requests a deviation.

Implementation and Incident Management

Each phase of customer interactions usually involves different IT teams and both service provider and customer stakeholders, and therefore presents multiple opportunities to make a first impression, favorable or unfavorable.

It's crucial to review all processes from the customer's perspective. For example, make sure that any escalations that occur during an incident response include a thorough hand off so the customer doesn't have to explain the situation all over again when transferred to a new person.

The goal of all first-impression encounters is to leave the customer feeling supported (knowing what will happen, when, and by whom, and with regular progress updates). That support helps the customer connect to your business on a personal level with trust and confidence.

Make It Easy for Your Customers to Spend Their Money with You

Users of hosted services often complain that pricing is too complex, with too many hidden charges, and is constantly changing, making budgeting difficult.

This situation does not appear to be improving. According to Gartner's 2018 Magic Quadrant for Public Cloud IaaS[2], "Customers should be aware of the fact that it is easy to get started with AWS but optimizing it for performance and cost is increasingly getting complex."[3]

The problem is that cloud services pricing from the major providers is based on complex tables that merely provide an estimate of total cost of ownership (TCO). Clients don't find out the actual cost until after the fact, often when they are presented with their first invoice. This can affect the customer's confidence in the future.

Complicated pricing and packaging plans, the purview of hyperscalers like AWS, Azure, and Google, represent an opportunity for your company to reverse this impact and build a fully connected customer. Make it easy for customers to understand what their costs are and how they will be billed, and then follow through.

Keep in mind that that it should be easy for customers to upgrade or buy more from you. Get the additional services in place as quickly as possible with immediate quoting. Some services, like additional storage capacity on a multitenant platform, can be handled with a call to the help desk. Then orders can be processed for signature. Capital expenditure-based services usually require more time but again, quoting should happen quickly.

Build your process with the primary goal of having your customers feel a sense of belonging, then after that is accomplished, apply corporate risk mitigation practices.

Help Your Customers Get the Most Out of Your Services

There's no better way to instill confidence in the future with your customer than to help them maximize their return on investment in your services. Whether that return is financial or qualitative or both, it's important to understand what outcomes need to be achieved and to help the customer build a plan to meet them.

Service providers should identify opportunities that help customers get better results than anticipated and offer a path for achieving these opportunities. Here are some methods to accomplish this goal:

- Provide examples of best practices that have worked for others.
- Schedule regular checkpoints with customers to ensure that the desired outcomes are being realized.
- Conduct business reviews on a regular schedule, such as monthly or quarterly.

Service providers have the opportunity to use their services to help enterprises achieve their business outcomes. Being able to extract the best practices or lessons learned and help the next customer or customers is extremely valuable. For example, understanding the specific needs around three-tier web architectures for e-commerce sites can help you guide your customer down the path to success.

This kind of success does not happen automatically; it requires intentional planning, thought, and action. But every service provider has at least one area where they can begin building their expertise and then create additional parallel expert tracks.

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[2] Gartner 2018 IaaS Magic Quadrant as depicted on ZDNet

[3] Forbes - #inthecloud

Summary

The three elementary but powerful customer approaches discussed in this paper can help you differentiate your company in the market place. If you plan to be one of the hyperscalers, then these approaches may not be so important. But if you are working to attain your “unfair share” of the market, then having a fully connected customer is crucial, and these approaches are necessary.

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