

NETAPP'S CUSTOMER EXPERIENCE OFFICE

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May 2021
An IDC Perspective

IDC #EUR147698121



IDC PERSPECTIVE

NetApp's Customer Experience Office

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EXECUTIVE SNAPSHOT

FIGURE 1

Executive Snapshot: NetApp's Customer Experience Office

This IDC Perspective discusses how NetApp manages CX activities facilitated by its CXO. NetApp has made a long-term investment to deliver superior CX through staff and business partners. This is now bearing fruit in the form of strategic CX differentiation from larger rivals, closer and more intimate relationships with its clients, and greater responsiveness and agility in adapting to changing market conditions — as evidenced by NetApp's resilient business performance during the pandemic.

Key Takeaways

- NetApp is reaching a CX maturity level that should be the envy of most companies. This has been achieved by direct investment in a dedicated team of CX professionals that are well resourced and supported and have earned strong endorsement across NetApp's operating units.
- NetApp has created a cultural CX engine that delivers balanced data-driven decision making augmented by intimate and collaborative partnership relationships with clients and partners.
- By listening aggressively to clients' needs and responding with relevant enhancements to products and services, NetApp has earned customer trust and brand loyalty that will secure its future growth and success.

Recommended Actions

- Invest in a dedicated CX unit that has top management support and adequate funding.
- Make voice of customer (VoC) data the fundamental building block that provides data-driven proof points that support future CX investments.
- Make listening to the customer an ongoing program (rather than a one-off survey) using digital processes such as telemetry to continually take the pulse of the customer's health.
- Be a friendly mentor, facilitator, and orchestrator to help operating units to achieve improvements in CX — a prescriptive "carrot and stick" approach will not be welcomed.
- Continually search for CX quality improvements — CX needs to be proactively driven to deliver consistent differentiating value for customers.

Source: IDC, 2021

SITUATION OVERVIEW

NetApp Profile and CX Vision

NetApp is a global cloud-led, data-centric software company that provides systems, software, and cloud services to enable enterprise customers to run their applications from datacenter to cloud, whether they are developing in the cloud, moving to the cloud, or creating their own cloud-like experiences on premises. Since its founding in 1992, NetApp has been obsessed with simplifying storage technology customer experience (CX).

The importance of CX to NetApp is clearly stated in its most recent statutory financial report, in which it says, "We focus on delivering an exceptional customer experience to become our customers' preferred data partner. We believe our competitive advantage also includes the nature of the relationships we form with our customers and partners worldwide. We strive to deliver an outstanding experience in every interaction we have with our customers and partners through our product, service, and support offerings, which enable us to provide our customers with a full range of expertise before, during, and after their purchase."

How the CX Office Came to Be

The primary vehicle for delivering this commitment to CX is the NetApp CX Office, called internally "the CXO." There is a small central team of 15 in the CXO that manages 150 people globally. "We started noticing our customers were expecting more of a cloud-like experience," says Biren Fondekar, head of the Customer Experience Office at NetApp.

To deliver a native cloud-like experience, NetApp brought together all those internal groups with a direct impact on CX. "We saw the technology shift from on premises to cloud as an opportunity," says Fondekar. "We wanted to meet our customers where they wanted to be, rather than look at the world from our own perspective. We have been a lot more nimble and agile by letting our customers drive our priorities and they told us that hybrid cloud was the future."

The primary goal of the CXO was to deliver a simpler, more dynamic customer experience and ease of use. NetApp wanted to reduce complexity for its customers and help them to navigate change – notably in their transformations from on-premises to cloud-based storage solutions.

NetApp wanted to create a brand perception of being easy to do business with, having innovative cloud technology, and being a strategic business partner with solutions and services that meet customer needs. The CXO was tasked with facilitating the delivery of superior CX, most importantly by actively listening to customers and responding in an agile way to meet their rapidly evolving needs. "CX is a manifestation of our DNA for simplicity and ease of use," says Fondekar. "We look at CX from the 'outside in,' putting ourselves in the customer's shoes and looking at their journey and experience through the customer journey."

Voice of Customer Activities

FIGURE 2

NetApp's CXE Programs

	Focus	Frequency	~Participants / Yr
Customer Experience Survey (CES)	NPS and customer satisfaction across the journey	Bi-annual	2000
Touchpoint Listening Program (TLP)	Support case and services feedback	At close of Support case or services engagement	5000
Product Surveys	Product experience	Bi-annual	1700
Partner Relationship Survey	Partner experience	Annual	900
Insight to Action (I2A) Panels / Interviews	Special research topics	Determined by project objectives and scope	Varies based on project
Customer, Partner, and Technical Advisory Boards	Strategy, roadmap, products, and services	Annual in-person board meetings and monthly virtual sessions	200
Executive Sponsor and Engineering Liaison	1:1 engagements with top customers	As needed	100

Source: NetApp, 2021

NetApp has invested significantly over the past eight years in an enterprisewide "voice of customer" (VoC) system that provides continuous CX management insights from an integrated set of seven primary customer research CXE programs. This customer feedback provides the bedrock for all of NetApp's CX activities. The output of these programs informs business decisions, priorities, and actions that improve the customer experience.

CX Metrics

Culturally NetApp is engineering led and lends itself to being very data driven. "The only way to convince someone in NetApp to do something differently is to show them the data," says Fondekar. This cultural imperative encouraged the team to start building a sound customer data foundation first off, and then use that data internally to drive change through data-driven CX decision-making and management actions. Today CX metrics such as NPS, CSAT, Product NPS, customer journey satisfaction, and brand attribute measures go directly to the executive staff to drive change within NetApp, and leaders are held accountable for improving CX metrics.

Customer Journey Management

NetApp measures experience across an eight-stage customer journey model that measures end-to-end CX across the discovery, evaluation, purchase, deployment, use, support, renewal, and refresh phases. Each external customer journey stage is broken down into its component parts to drive internal actions and behaviors. Customer journeys are measured product by product, and end-to-end customer journeys are scored. Currently customer journey satisfaction is at 84% with an overall "simplicity" score of 88%. NetApp notes that scores have continuously improved over the past few years and current satisfaction targets are 90%.

FIGURE 3

NetApp's Eight-Stage Customer Journey Model



Source: NetApp, 2021

Customer journeys are built to map to customer personas. For example, storage admin managers want a very different customer journey than do senior executives. NetApp derives these desired customer journeys from deep customer persona interviews, and then A/B tests the customer journeys it puts in place.

NetApp's annual customer experience surveys provide insights into different customer needs across different geographies. A key question used is: How can NetApp make it easier for you to do business with us? NetApp's annual customer experience survey provides insights into key brand attributes like innovation, ease of doing business, customer trust, and strategic relationship building.

For NetApp, customer journeys are always end to end. Most customers are hybrid cloud in nature and are going through both digital and on-premises customer journeys. Customer journeys were created from research interviews with 350 customers, partners, and internal personas rather than by using assumptive internal perceptions. Customer journey mapping is understood by all staff as a fundamental NetApp way of doing business – every NetApp stakeholder should understand the customer journey, and where and how they are contributing.

Telemetry

NetApp telemetry captures 250 billion data points from customer use of NetApp's equipment every day. 400 terabytes of telemetry data are processed by NetApp per month. This gives NetApp unique insights into customer use of its equipment and services. Telemetry data drives operational CX change and informs R&D of potential product enhancements and new product innovations required by customers.

Telemetry enables NetApp to see data patterns and alert specific operating groups to potential CX non-conformances feeding data back into the most appropriate part of the organization. Customer issues are detected digitally – for example, a configuration can be benchmarked against other similar customer deployments to identify optimization opportunities. The role of the CXO is as a consulting partner, identifying and providing expertise and advice in the data patterns that are emerging, and how the appropriate team can potentially address the issue.

The NetApp Active IQ (AIQ) Platform incorporates deep AI/ML capabilities that helps NetApp to identify early product defects and execute preventive corrective actions. AIQ's telemetry data provides CX insights for NetApp's Support and Services group, inputs into engineering product road maps, and pre-sales insights. AIQ enables:

- Automated problem resolution, prediction, and detection of issues and configuration sizing
- Understanding of product usage and consumption to identify product/support/services improvements required
- Designing, prediction, and simplification of add-ons, technology refreshes, and renewals

AIQ and customer health monitoring are now bundled into support contracts. NetApp uses cohort analysis or "community wisdom" to measure user engagement over time, and sends signals to customers of experience issues if they are not getting the right level of product performance. Issues are handled in a timely manner either via self-service or via direct support intervention.

Operational CX

Supporting Internal CX Actions

NetApp wishes to measure customer success both internally and externally and has a single CRM system used across all customer-facing operations. All first-party NetApp customer data is housed there, and the IT department is focused on delivering a 360-degree customer view of customer data in a single repository. This real-time customer data is made available to the marketing, sales, service, and customer success operations. NetApp has globally dispersed customer success managers, many of which are focused exclusively on NetApp cloud customers.

NetApp uses a "soft touch" CX approach, focusing on listening and collaboration rather than on being prescriptive and enforcing CX discipline. The CXO partners with operating groups to deliver better CX and wants to persuade and convince staff that CX is a good thing both internally and externally. "What we do in the CXO is put data behind CX decision making. For us, CX is also about relationship building – we want to motivate our people to take CX actions," says Fondekar.

This soft-touch approach is working. Operating units proposed around 75 operational CX programs to the CXO in 2020. Marketing, sales, and service operations regularly feed back CX requirements to the CXO that are routed to the right place within NetApp for corrective action. Close working relationships with staff ensures high response rate and honest feedback to surveys and other requests so that the CXO is working with real, valid CX data as the basis for decision making.

NetApp believes that by improving the employee experience this will translate into better customer experience for a double win-win. NetApp treats its staff in the same respectful way that it treats customers, and measures employee experience using the same CX metrics.

Relationship-Based CX for Partners

NetApp has a joint go-to-market approach with its business partners, and being aligned on CX is key. The Partner Experience Office (PXO) is a new dedicated organization to facilitate a joint approach to customer and partner experience.

These partners have access to Explore, a modern digital selling platform for CX and partner experience that includes self-service assessments, and partner and customer portals. NetApp wants its partners to learn from NetApp's own CX journey to speed the delivery of joint high-quality CX. NetApp is now facilitating joint solution selling and CX education and training of partners.

The annual partner relationship survey measures the partner journey. Feedback is used to improve the partner experience with NetApp and partner-based community input to NetApp's CX initiatives. The CXO and PXO continue to work closely together to cross-fertilize ideas and share CX/PX best practices.

Customer Advisory Boards and Executive Sponsorship Programs

Communities of customers and partners provide deep qualitative inputs that augment the hard data points gathered from telemetry, surveys, and other data gathering mechanisms. These interactions validate NetApp strategies and are instrumental in initiating new NetApp innovations. As Fondekar says, "A really good and deep perspective of the customer goes beyond just a number."

The goal is to have "high touch" advocacy through CX, and customer advisory boards and executive sponsorship programs are key enablers. Advisory boards have been operating since 2012 and are now a global representation of NetApp customers. Advisory boards include cloud executive, core executive, and technical tracks. Technical tracks focus on road map improvements and innovation, while senior executive tracks are focused on high-level customer business strategy and needs. Customer board members on executive tracks dialog directly with NetApp executives and provide feedback on strategy, vision, brand, and other key business areas.

Technical advisory boards have early access to product road maps and have direct connections with specialist NetApp technical staff so that subject matter experts can connect. Executive sponsorship programs, where named NetApp executives are paired with named customer executives, have been shown to improve the customer's experience and drive incremental NetApp product portfolio adoption. NetApp has built a virtual digital platform for all its advisory boards that enables digital networking and priority access to NetApp knowledge and best practices.

Future Initiatives

CX Maturity Modeling

FIGURE 4

NetApp's Six-Stage Internal CX Maturity Model



Source: NetApp, 2021

NetApp has developed a six-stage internal CX Maturity Model that spans "Unaware of how CX impacts business decisions" (stage 1) to "Embedded customer centricity" (stage 6). A CX maturity rating and stage assessment will be assigned to each stakeholder group across the business. Each internal department and operating unit will be evaluated on its CX stage of maturity.

The goal is to take the whole NetApp organization to a stage 6 "Embedded customer centricity" standard. This is when customer centricity becomes a core company value that is prioritized in strategy and is reviewed by leaders regularly. NetApp aims to have CX as a critical function within all the NetApp operations with dedicated CX resources and CX accountability, where leaders review CX progress regularly on their departmental road map to ensure a CX focus is maintained.

Governance will be applied to the CX Maturity Modeling process to create CX discipline and ensure scalability and sustainability, and a new CX Governance Board will design and funnel voice of customer insights into tangible action points across the company.

Communications

NetApp employees need to better understand what the customer journey is and how it impacts NetApp's business. This will require NetApp-wide internal marketing, education, and training. Internal and external CX communication will be ramped up to provide wider visibility into the breadth and depth of NetApp's CX activities.

Externally NetApp wants to be recognized as having an industry-leading CX program to position NetApp as a customer experience leader and to "externalize" NetApp's CX capabilities. CX is a powerful public relations (PR) message that will encourage new clients to evaluate NetApp's

products and services. Moreover, the commitment to CX and customer centricity will benefit customers by improving their experience.

Continuous Development of CX Competencies and Capabilities

NetApp will continue to develop:

- Capabilities to enable NetApp to deliver simpler and more consistent experiences for its cloud, on-prem, or hybrid customers and partners by leveraging CX data
- Simplified product and support offerings for configurations and more onus on easing the renewal process through single page quotations, and flat and predictable support, point of sale and renewal pricing
- Embedding a CX culture into the NetApp business to enable the delivery of a consistent customer experience across all NetApp and partner touchpoints
- Advocacy, loyalty, and strong client relationships by nurturing customer and partner communities, especially for cloud customers, with voice of customer insights

ADVICE FOR THE TECHNOLOGY BUYER

Modern cloud subscription businesses need to deliver excellent customer experiences to prosper for the long term. If your cloud suppliers do not show a deep commitment to CX then you need to question their potential longevity. In CX, actions speak louder than words. Ask yourself whether your suppliers give the impression of wanting to "sell you stuff" or are they sincerely interested in investing in a strategic partnership with your company? Do they really care about your company's individual needs or are they just in a features and functions race with their competitors? Are they obsessed with value delivery against desired customer outcomes or just "doing deals"?

NetApp has built its CX orientation from the ground up. Starting with a focus on customer service experience it has continued to build its CX capabilities year on year, gradually increasing the CXO's scope to include NetApp data, staff, partners, communities, and individual customers. NetApp now has a fully functioning CX ecosystem that is powerfully self-reinforcing. Getting to this level of CX functionality and maturity requires long-term commitment and endeavor. The best CX is never built in a day.

Technology buyers are advised to consider NetApp as a role model for CX persistence and sustainability. Look for vendors with a shared value around CX and a similar long-term CX build mindset with which you can strategically partner and grow deep and intimate relationships based on mutual trust. These are the technology brands that will endure.

LEARN MORE

Related Research

- *How Salesforce Manages Its Own Customers' CX* (IDC #EUR146267520, May 2020)
- *Experience Maturity and Positioning to IT Buyers* (IDC #EUR246273120, May 2020)
- *CX Survey Results: Customer Journey Management Must Foreground End-to-End Experience* (IDC #EUR247449221, February 2021)

Synopsis

This IDC Perspective discusses how NetApp organizes its operations to deliver superior CX. By investing early in a dedicated central hub or center of excellence (CoE) for CX – called the Customer Experience Office (the CXO) – NetApp has built an impressive array of voice of the

customer (VoC) quantitative data analysis capabilities augmented by deep qualitative feedback from committed customers.

This gives NetApp holistic data-driven CX decision making combined with an emotional "hearts and minds" view of its customers, partners, and internal staff communities. This IDC Perspective reveals the process NetApp undertook to develop a corporate asset that continues to underpin its sustained revenue growth.

"NetApp is a standout example of a technology company wholeheartedly committing to CX as a cultural and operating imperative," said Gerry Brown, research director, IDC European CX. "There is much that all corporations can learn from its experiences and innovative approach to building its CX capabilities into a significant strategic competitive advantage."

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