Demonstrating Value

Keys to Maximizing Opportunities for Boosting Customer Retention and Revenues
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**About This Document: Developed by the CA Service Provider Center of Excellence**
Executive Summary

One of the most common challenges many service providers face is how to stay top of mind with customers when everything is going smoothly. When the service provider delivers as expected, it’s easy for the customer to not pay much attention. Further, it can be difficult to ensure the clients’ decision makers ultimately understand and see the value delivered. When it comes to customer satisfaction, the perception is the reality. That’s why it’s important to not just deliver, but to demonstrate value. This paper offers practical insights into the key opportunities service providers have for demonstrating value to clients—and it offers a number of pointers for making the most of these opportunities.

Introduction

As a service provider, the hard reality is this: Doing great work and delivering exceptional value to clients isn’t enough—it’s the baseline. If clients, particularly key decision makers, don’t experience the value being delivered on a consistent basis, your foothold within the account can be more easily challenged. If the only thing a budget ratifier sees of your work is the monthly invoice that gets routed, your services may be deemed expendable, no matter how much benefit your company is actually delivering.

Following are a few reasons why the topic of demonstrating value is so critical to service providers:

- **Short organizational memories.** Within client organizations, leadership will change over time. The managers that approve your invoices and renewals today may not remember the criteria that led to you being selected as their provider. New executives that step in may not understand the intricacies of your services or the intangibles your team brings to the mix. These realities underscore the importance of demonstrating value—and why this is an effort that has to be sustained over the long term.

- **Cost concerns.** Particularly if things are going smoothly, executives may not see the effort and expertise your team applies to keep things that way. They may just see an invoice and wonder whether the cost is justified. Further, it’s common for many in management to wonder why, given the price of other line items, such as hardware, continues to drop, the fees for managed services don’t follow suit. Delivering services in not a commodity like hardware; it is important to continuously connect the dots between your organization and the value delivery to reinforce this reality.

- **Competitors.** Your customers are constantly being courted by competitors. It’s important to always remember that a good customer for your business will be a highly prized target for your competitors. To win the customer’s business initially, you had to do the heavy lifting, conveying the validity of your services, your team and your model. All a competitor has to do is demonstrate that they’re faster or cheaper, and they could potentially take your business away. Demonstrating value is key to building loyalty and trust, which is critical to combating competitive threats.
The Six Venues for Demonstrating Value

There are six fundamental ways your service provider business can demonstrate value to customers:

- Reports
- Dashboards
- Portals
- Superior customer service
- Strategic meetings
- Tactical meetings

Each is a component that represents an opportunity for the service provider. Beyond technical delivery of the services themselves, demonstrating value across these areas is all about the subjective customer experience. For example, when it comes to reporting, numbers can be binary. You either met your service level agreement (SLA) or you didn’t. A server is either performing optimally, or not. In this case, demonstrating value is a matter of how the numbers get delivered. Are they delivered in the way the customer wants? Do they ultimately provide the client with the insights they need to make better business decisions? Do they convey how your efforts are helping the business? It is in these respects where the value starts to be conveyed.

Likewise, in interacting with customers, fixing issues and closing tickets may be the job at hand. How the interaction is handled, for example, if the analyst is prompt and gracious, will play a determining role in whether the customer understands and appreciates the quality of the service delivered.

In the following sections, we look at each area in detail, outlining some key principles to apply to ensure your business is maximizing the opportunity to demonstrate the value your business is delivering.

Reports

When it comes to demonstrating value through reports, the focus here is less on the tactical and more on the strategic. For example, providing a customer’s administrator with a server’s CPU utilization metrics or a router’s queue size may be an important ongoing requirement. However, we’re focusing on the strategic reports that the service provider can use to demonstrate the value of what they’re doing rather than how equipment is performing.

When it comes to reporting, customer preferences and requirements can run the gamut. Some customers may want to have a traffic report delivered to their inbox every morning. Other customers may only want a high level SLA attainment report delivered at the end of each month.

Ask customers about their information needs, deliver on what they’re looking for and iterate as needed over time. This is an area where customer needs and preferences will vary, and you should endeavor to meet and—to the extent feasible—exceed these demands. If an executive wants a dashboard that features a rollup of the status of three key metrics, do what it takes to deliver that dashboard. Whether this reporting ultimately is something you bill extra for or not is ultimately a factor of the value of the customer’s contract, and the nature of the reporting requested, but often this would be delivered as part of the existing service. While standardization is a good objective throughout the service provider business, reporting is an effort that must be tailored to each customer. Leveraging automation wherever possible is key.
Keep in mind, customer preferences and requirements may evolve. For example, a customer may realize that a daily report is overkill and decide a weekly recap would suffice. Others may be better served by a dashboard that can be accessed when needed, rather than receiving a static report. Continue to get feedback from your customers, and adjust accordingly.

**Key report elements**

When delivering reports, following are some key elements to include:

- **Account team.** It's important to include the names and contact details of the relevant members of the account team, including the customer success manager, executive sponsor and the sales representative. Having the details for the whole team adds an extra level of accountability; customers know that there are others they can follow up with if their primary contact isn't available.

- **Value-based metrics.** Reports should feature metrics that demonstrate quantifiable value. This can include metrics like service tickets created, SLA attainment and projects completed.

- **Quantitative metrics.** For high-level systems and services, quantitative values can also be provided. While these may fall into the “speeds and feeds” category, they can cover such areas as user experience monitoring and uptime percent of a Web server infrastructure.

- **Warranty expirations.** Consider specifying the instances in which warranties of systems are expiring within a 180-day period. This can be a useful way to help customers prepare for renewal, or, if a renewal isn't available, start working on finding a replacement.

Generally, reports shouldn't include financial information, unless this is a specific request of the customer. This is particularly true with such details as billed hours and other metrics that can potentially raise a lot of questions for the customer. Ultimately, managed services is an industry based on delivery rather than time, and reporting should reflect that.

**Dashboards**

Where reports are typically created to cover a specific time period, dashboards tend to provide in-the-moment status of specific metrics. Dashboards should be continually updated, and enable users to immediately assess specific trends and topics. Dashboards can be a very gratifying and useful mechanism for many of your customers. Often, people enjoy being able to click on a link and view details in real time. These dashboards can provide transparency and ultimately represent another way for your customers to see the results of the work your team is doing.

Dashboards should be developed to meet the needs of specific users. If you’re providing user-experience reporting, a dashboard recapping measurements of synthetic transactions can be useful for a business user. For technical teams, it is helpful to provide dashboards that provide at-a-glance views of specific systems, coupled with capabilities for drilling down to get more detailed metrics. Other dashboards could be created that may be useful to the entire end user community, such as graphs that display numbers of tickets open and average hold time.
Customer portals

Customer portals function as an online archive for all reports and dashboards available to the customer. Portals provide a central, unified way for users to access the information they need. Because they provide self-service access to users, customer portals can be a great way for your business to reduce the time it would otherwise spend on gathering and distributing reports. However, it can be important to implement user, role or group-based permissions to ensure users only get reports they’re authorized to access. This can be especially critical in cases where financial reporting is provided.

Further, customer portals should offer access to all relevant service desk functions. Once logged in to the portal, users should be able to create new tickets, view ticket histories, get updates on open ticket status and close existing tickets.

Customer service

Delivering superior customer service helps ensure customers are happy with your company, and it helps build up political capital, so if things should go awry for any reason, they’ll be more accommodating. Following are the three pillars of excellent customer service:

- **Humility.** When a service provider analyst solves an issue that the customer couldn’t address, that individual will often be very appreciative and effusive in their praise. It’s important for representatives to remain humble; in the end, they’re doing the job they’re being paid to do. Also, they should always express their gratitude for any praise that comes their way.

- **Consistency.** Each agent, each interaction, your organization should demonstrate a consistent set of attributes, including timeliness and professionalism. Customers should have a consistent set of expectations for what they’ll experience when they interact with your team, and those expectations should be met every time.

- **Politeness.** This is a case where it may seem obvious, but it bears repeating and can be easier to say than to do. Be polite and considerate at all times. For front-line service desk analysts, individuals whose days are often filled with complaints and issues, it isn’t easy to stay positive all the time. However, it’s nevertheless incumbent upon all representatives to be courteous, work with a smile and mean it.
Strategic meetings

Strategic meetings represent an important opportunity, both because of the role they play in customer satisfaction, and also because they are revenue-generating opportunities. Following are some examples of strategic meetings you should be having with clients:

• **Quarterly business reviews.** On a quarterly basis, it’s important to have meetings with clients, ideally in person. These meetings should focus on assessing prior activities and discussing higher-level trends. Outline what your team accomplished in the prior quarter, and discuss the client’s new opportunities and projects. While graphs can be provided, this isn’t necessary, as most relevant graphs would already be provided on a monthly basis. The goal of these meetings is to focus on higher-level objectives and planning. Finally, don’t let this meeting get derailed by troubleshooting or discussing specific issues. Do whatever you can to make sure any open issues are addressed or at least recapped for the client before the meeting so you can keep the focus on strategy.

• **Annual meetings.** These are the most forward-looking meetings you’ll have with clients. These meetings should provide a high-level recap of past accomplishments but should largely be focused on planning and setting budget. Toward that end, the annual meeting should ideally take place one or two quarters before the annual budget cycle begins, so you can most effectively ensure they’ll have budget set aside for new initiatives. Work with your customers to discuss their objectives and how you can help to achieve them.

In these meetings, look for opportunities to reduce negative events or problematic components, so you can provide better service, and help the customer avoid unexpected budget hits or service issues. By conducting these strategic meetings on a consistent basis, you get the continuity needed to spot issues occurring on a monthly basis, discuss them during quarterly reviews and implement the planning to proactively mitigate the reoccurrence of these issues.

It is in these strategic meetings that your team can deliver and demonstrate value. Rather than simply reporting that everything’s fine, these meetings are an opportunity to truly demonstrate the nature of the partnership they have with your organization, and show that you’re committed to helping them grow and
accomplish goals over the long term. Not all service providers conduct these kinds of meetings, but they can be an extraordinarily effective way to strengthen loyalty, boost customer retention and deepen account penetration.

A core objective for your business should be to win an increasing percentage of your customer’s IT expenditures. To do so, you have to get engaged in the customer’s planning process. Bear in mind that bigger and more costly projects will require longer lead times. If a customer is looking at implementing a new CRM or ERP application, building a customer portal or another project similar in scope, a longer lead time will be required. The sooner you get involved, the better the likelihood that you’ll win the project.

As you help with their planning, you can demonstrate expertise, and truly become a trusted advisor that’s increasingly indispensable. Just remember, you’re never done: Even once you reach that trusted advisor status, you need to stay engaged, and repeat on an ongoing basis. As an added plus, as you build your presence within client accounts, you get a stable income and a more solid platform on which to build your business.

**Tactical meetings**

Tactical meetings can be conducted in response to specific one-time cases, or they can take place on a regular basis. For example, over the course of a significant technology migration that spans two months, you may want to have tactical meetings scheduled on a weekly basis. You may also be asked by the customer to attend ongoing status meetings with relevant teams.

**Conclusion**

Success in managed services requires both science and art. Customer service, how you deliver that service, the offerings you choose to deliver and the service level agreements you establish represent the science—the objective, measurable tactics you need to execute to fulfill your obligations. Demonstrating value represents the art of managed services. It isn’t enough to deliver great service and hope your customers recognize the value. The most successful service providers are the ones that strike the right balance between the science and art of managed services, and recognize the value of both to a happy customer.
About This Document: Developed by the CA Service Provider Center of Excellence

This document has been written by the CA Service Provider Center of Excellence team and is intended to provide our service provider partners with the guidance they need to address some of their most pressing challenges. Our team has rich expertise in service provider businesses, strategic consulting, technical deployments, sales and marketing. Our documents are informed by the Center of Excellence team’s extensive experience over the past ten years in helping build successful service provider businesses and by interviews with some of our most successful service provider partners. This document is provided for informational purposes only and on an as-is basis. The guidance and results described herein are based on the unique experiences of our staff and partners, and may not be applicable to all organizations.

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