



THE MICROSOFT DIGITAL TRANSFORMATION SERIES

Part 2: Engaging Customers

Aligning customer engagement strategies for success on the digital journey

An IDC eBook, Sponsored by Microsoft



Table of Contents

3 Introduction

The Microsoft Digital Transformation Series.

4 Customer Engagement in the Digital Age

- » Customer buying behavior has evolved and how partners engage with customers must evolve accordingly
- » Successful partners reach, inform and engage with prospects using online and social media technologies

6 The Customer Experience Lifecycle

- » Customers go through a process of engagement for digital solutions that encompass three pre-sales/sales stages and three post-sales stages

9 Core Elements of Digital Customer Engagement

- » Sophisticated partners continually invest to modernize sales and marketing activities and ensure that their customers receive value from their solutions over time
- » Marketing efforts are long-term, nurturing prospects and customers across the full engagement lifecycle
- » Demonstrate your proven capabilities, expertise, and leadership in planning, delivering, and supporting leading solutions
- » Support customers beyond the delivery of solutions by actively participating in their business strategy development efforts

13 Customer Lifetime Value

- » Customer success is critical to the adoption of digital transformation
- » Establishing your credibility as a digitally sophisticated business reflects your own level of transformation and mirrors your customers' digital ambitions

16 Key Attributes of Success

- » More effective engagement requires defining key personas, building out content, and leveraging existing technology and skills
- » Build internal capacity for strategic marketing activities that scale and enable you to stand out throughout the sales cycle

19 Partner Investment as Digital Catalyst

- » Digitally mature partners invest more in customer success staff, marketing systems, external media buys, and other staff

21 Gaining Your Customer's Confidence

- » The engagement or customer success manager roles are instrumental in driving additional business opportunities

23 Recommendations and Next Steps

Introduction

The Microsoft Digital Transformation series is a collection of five eBooks outlining the business opportunity to build or accelerate your digital transformation practice.

Learn how Microsoft partners have developed cloud technologies to evolve their digital transformation practices and deliver innovative services and solutions to customers. Understand how Microsoft's digital transformation pillars are your roadmap to align solutions and customer transformation needs.



eBook #1: The Digital Transformation Opportunity

Gain insight into the opportunity and size of the rapidly growing digital transformation market, the digital maturity of your end-customers, and the business attributes for success. Align your business strategy to the digital transformation market opportunity.



eBook #2: Engaging Customers

Understand how partners are engaging customers across the transformation lifecycle and integrating customer centricity across the business and through data driven insights. Align your customer engagement strategy to help customers succeed on their digital journey.



eBook #3: Empowering Employees

Learn what partners are doing to recruit, train, and develop digital-savvy skills across their organizations. Understand how partners are building modern work environments with self-service and simplified processes leveraging data and insights to aid decision making.



eBook #4: Optimizing Operations

See how partners are transforming their operations to be more adaptive, agile, and efficient by harnessing technology and digital platforms. Identify where and how you can make improvements to your business through automated processes and governance.



eBook #5: Transforming Products

Learn how partners develop and capitalize on their products and owned intellectual property (IP), leverage data to enter new markets, revise business models to prioritize agility, and make customers their business partners on the joint digital journey. Understand the breadth and value of owned IP, and where your strategy should align.

IDC research shows that **65% of B2B buyers engage a sales rep only after they've already made a purchase decision.**

Customer Engagement in the Digital Age

Customer buying behavior has evolved and now provides an exceptional new opportunity to engage, nurture, and maintain customer value and loyalty.

Successful partners are optimizing this customer engagement lifecycle by using online and social media technologies to reach, inform, and engage with prospects and customers. These sophisticated partners leverage the data to deliver insights and analytics to better understand the customer and deliver content that drives deeper engagement.

Simultaneously, customers are evolving how they buy, taking the exploration stage of their purchasing journey online – researching, self-educating, and assessing options before, during, and after the sale. Decisions are often made before customers engage with sales people, and this engagement extends beyond the sale into a continuous relationship where loyalty and nurturing are critical to maintaining and renewing those relationships.

Differentiating your offerings in the digital age is critical to driving profitability, building success, and increasing customer acquisition. Focused and specialized offerings that address industry-specific vertical and horizontal business solutions allow you to stand

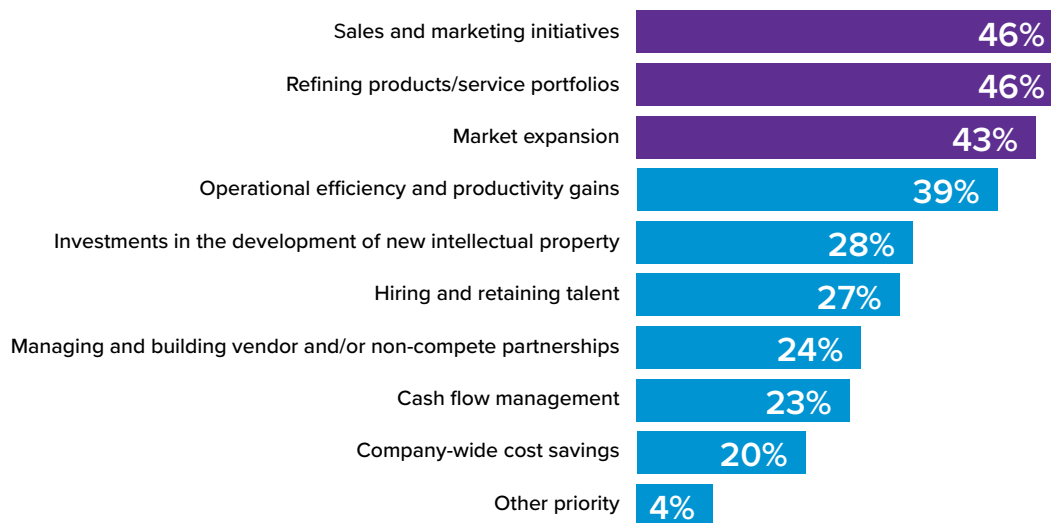


Digitally integrated partners leverage their data to deliver insights and analytics to better understand the customer and drive deeper engagement.

out as an expert. Work with your technical and sales teams to refine your business focus and demonstrate success with marquee customers. Understand how to leverage technology to convey your unique value to an expanded range of purchase decision-makers – from IT to CIE and LOB to CEO – and ultimately shorten your sales cycles and optimize your close and win rates.

According to a recent IDC global partner survey, refining product/service portfolios, sales and marketing initiatives, and market expansion are the top business priorities in today’s hyper competitive environment.

Business Priorities



Source: IDC Global Partner Survey, Dec 2017, n=639

“The competitive landscape is now one of digital warfare, and unless you’re competing at the very highest level, you’re going to be left behind and beat by anyone else who is more disruptive than you are.”

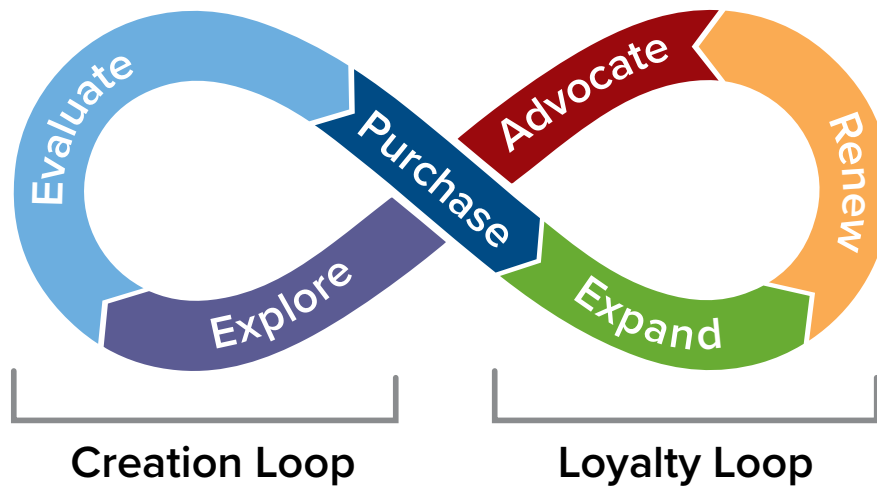
—Mitchell Feldman, CDO, Red Pixie

The Customer Experience Lifecycle

IDC research shows that customers go through a process of engagement that encompass six key stages: three in pre-sales/sales and three in post-sales. These stages are defined as the creation and loyalty loops, respectively. Until recently, more attention and investment has been on the creation loop of transaction selling, but it's the loyalty loop where true customer lifetime value drives profitability in today's market.


Understanding the customer lifecycle is critical to effectively strategizing opportunities to engage with customers throughout their stages of the decision-making process. To optimize your engagement opportunity, ensure that your platform and messaging targets the interests and needs of your customers and addresses potential stages of the customer experience lifecycle.

IDC's Customer Experience Lifecycle




Source: IDC


» **Explore:** Prospects are looking for solutions to business problems, so your solution needs to have a competitive differentiation and unique value proposition.

-  Convey your relevance through online and social media technologies, garner interest through keywords that match segment and vertical industry taxonomies, and highlight your capabilities with clear messaging that resonates with the customer's business problems.


» **Evaluate:** Prospects are validating their short lists of sellers, further researching with technical demonstrations and trials.

-  Establish prominence as a thought leader with white papers, videos, and best practice testimonials. Reach prospects, engage in community discussions, and gather information about your prospects to optimize the opportunity to further your engagement.


» **Purchase:** Prospects have made the purchase decision, completed the creation loop, and are now a customer.

-  Facilitate the purchase and deployment of your solution with relevant resources to ensure a successful implementation such as through training, operations, and management.


» **Expansion:** The customer is using your solution and beginning the loyalty loop. Ensure customer success by nurturing and continuing to drive engagement, consumption, and growth.


-  Reinforce best practices and features and demonstrate opportunities to enrich your solution with additional services in cross- and up-sell motions.

» **Renewal:** Your relationship with the customer continues to grow, providing deeper understanding of their personas, and expanding your customization and up-sell opportunities.

-  The customer's trust and satisfaction increases your opportunity to deliver recurring services on a subscription basis.

» **Advocacy:** Your best customers become your best promoters, recommending your solutions and services to their friends and associates.

-  Recruit them to be your spokespeople with mutually-beneficial testimonials, case studies, and social media amplification.



“ This is a journey with no end. Anyone who thinks there is a defined box that you play in is not the right person to be in this business. ”

— Alex Brown, CEO, 10th Magnitude

Core Elements of Digital Engagement

Sophisticated partners understand how to engage prospects and customers at each stage of the customer lifecycle.

They continually invest to modernize their sales and marketing activities, track customer engagement metrics, and ensure their solutions deliver value over time.

Digital Technology Platform

Transformed partners leverage technology and the data insights available through analytics to better understand customer needs and their purchasing behavior. Having insight into how customers are making choices, what products and services they are using, and where they are finding the most value, is critical to making informed decisions.

A digital marketing platform enables you to convey a strong profile and brand that draws a range of potential prospects into your content. Inbound marketing techniques such as search engine optimization and pay-per-click advertising makes it easy for prospects to find you. Outbound marketing techniques, such as e-mail and telemarketing, enable you to proactively educate prospects about your company's solutions.


- » **Develop engaging personal and company profiles** online and through social media channels to initiate the process of engagement to bring anonymous viewers into your content.
- » **Transition expensive offline activities** such as live demos and seminars to automated online activities and enable prospects and customers to engage in a self-serve manner at their convenience.
- » **Leverage paid social advertising mediums** such as banner ads and registration features for gated access to resources such as webinars or publications to convert an anonymous viewer into a named prospect.
- » **Generate quality leads by identifying prospects** who indicate interest in your products and services via their behavior (e.g., website visits, clicks, downloads).

Bridging the technical capabilities of online marketing and data insights allows you to deliver focused lead generation, targeted sales and marketing, and solution development

Digitally mature businesses have evolved as much as 60% of their selling cycle online.

The ability to guide your choice of customers and for the right customers to find and choose you leads to results. UK partner Red Pixie, as an example, more than doubled its pipeline of business from £3 million to £7 million within six months by working with line-of-business executives in customer organizations to implement packaged solutions that felt customized.

By analyzing response data to your digital content, you can track prospects through a customer relationship management (CRM) tool, from first engagement to the close of any business. Use lead scoring to assess metrics such as website visits, content downloads, and opened e-mails or newsletters; then use these metrics to optimize timing for contacting prospects. Access massive data stores in the cloud and modern intelligent technology to analyze buying behavior and adjust interactions based on online activity, purchase history, and your own sentiment analysis. Leverage tools or design apps like chatbots to enable real-time interaction, deliver a quality experience, and improve the overall customer engagement.




Leverage data, analytics, and insight to effectively engage, reach, and target customers. Develop earlier and deeper relationships with prospects and customers through quality, measured, and informed sales and marketing approaches.

Messaging Across the Lifecycle

Your communication style must evolve to reach prospects and customers across the customer lifecycle. What you say is as important as how, when, and to whom you say it. Marketing efforts can no longer be short-term tactical campaigns to support sales and drive leads. Instead, businesses should think long-term, nurturing prospects and customers across the full engagement lifecycle.

Customers are no longer seeking solutions that merely solve technical problems, so your messaging can no longer be limited to features and functionality. Market-driven messaging must address business problems and industry pain points. By understanding key personas across line-of-business decision makers and IT leadership, you can create segmented marketing with vertical specificity that will resonate with their passions and pain points and help customers understand that your solution has benefits that extend beyond the immediate problems solved.

Successful marketers have established themselves as authoritative thought leaders delivering relevant content for each stage of the buying journey – content that educates, informs, and delights customers along the way. They immerse themselves in their customer communities and contribute back via blogs, meetups and social.



“We have certain activities that really capture the voice of the customer at certain points in their lifecycle. We have our customer success teams, we also have account management teams and then we have partner teams. So, we’re all aligned to the customer, we know which points to capture, at which part of the experience.”


—Michelle Revsbech, VP of Channel Alliances, Qorus

Industry Focus and Specialization

To build profitability and maintain sustainable differentiation, partners are increasing their domain expertise and creating solutions optimized for vertical industries, and horizontal functional solutions such as human resources portals or call center analytics dashboards.

Partners with the highest win rates, shortest close cycles, and lowest cost per sale are the ones who target specific industries and solution offerings. Understanding the challenges and pain points that customers in an industry vertical or horizontal segment enables you to create unique value and stand out as an expert.

Demonstrating domain expertise in industry-specific digital transformation and practice specialization increases your relevancy and credibility; it also increases the value of your offerings while reducing price-competition, allowing you to charge premium rates for your services.



IDC research shows that business functional areas are now involved in 64% of IT decision making and LOB funds 45% of tech projects.

Customer Lifetime Value

Customer lifetime value is the revenue from a customer over the lifetime of the relationship with you. The role of sales and marketing is pivotal in promoting and engaging with prospects in the early stages of the selling cycle through continued post-sales engagement with the customer.

Investing in a marketing process that converges with sales is critical to the success of organizations in developing relationships and solutions that engage customers for life. This means a shift from selling to nurturing at every stage to build long-term customer lifetime value.

Digital marketing allows you to dedicate resources across all stages of the customer journey. Marketing content aimed at generating loyalty and advocacy via user groups, online and in-person, and providing guidance around best practices, enable you to continue to build and deliver value to your customers.

Building customer lifetime value into your practice is paramount for achieving the recurring and renewal-based revenue streams discussed in the first book of this series, [The Digital Transformation Opportunity](#). Customers who buy on a recurring basis represent great opportunities for upselling and cross-selling additional products and services.



Digital marketing allows you to dedicate resources across all stages of the customer journey.

Drive Customer Success

Customer success is critical to the adoption of digital transformation. Many customers are uncertain about transformation and its implications now and in the future. New Signature, a Washington, D.C.-based consulting and managed service provider places customer success at the heart of its company values. Its approach to consulting and services is to collaborate on a strategy to build solutions that align IT with business requirements. This requires deep intimacy and knowledge of the customer business, which is enhanced over time by layering in learning and adoption experiences.

As highlighted in [The Digital Transformation Opportunity](#), customers are at various stages of maturity and may define success differently depending on their immediate needs. Partners, therefore, need to be prepared to enter the relationship at different phases, which requires agility and adaptability.

Building Credibility

Establishing your credibility as a digitally sophisticated business reflects your own level of transformation and mirrors your customers' digital ambitions. Demonstrate your proven capabilities, expertise, and leadership in planning, delivering, and supporting leading solutions by highlighting your own success first.

It's crucial that you engage with prospects at the right time, taking them on a journey even before they become customers; ideally, engagement starts even before prospects are identified. Once a prospect becomes a customer, support that customer beyond the delivery of a solution by actively participating in their business strategy development. This enables you to engage more deeply with the account and continue to build and deliver value that has a positive impact across the breadth of the customer's business.

Chicago-based 10th Magnitude is a partner focused on delivering services and solutions exclusively on Azure. CEO Alex Brown understands that the company's top priority is aligning engagement strategies to maximize success with customers on their transformation journey. This requires, among other things, delivering capabilities from adoption through to renewals and valued solution extensions.

“

The most important KPI for social media is leads. We have analysis that shows how many leads came in, and the cost per lead for every channel, and we do this every month.”

”

— Isidoros Sideridis, CEO, Sieben-Pobuca

Key Attributes of Success

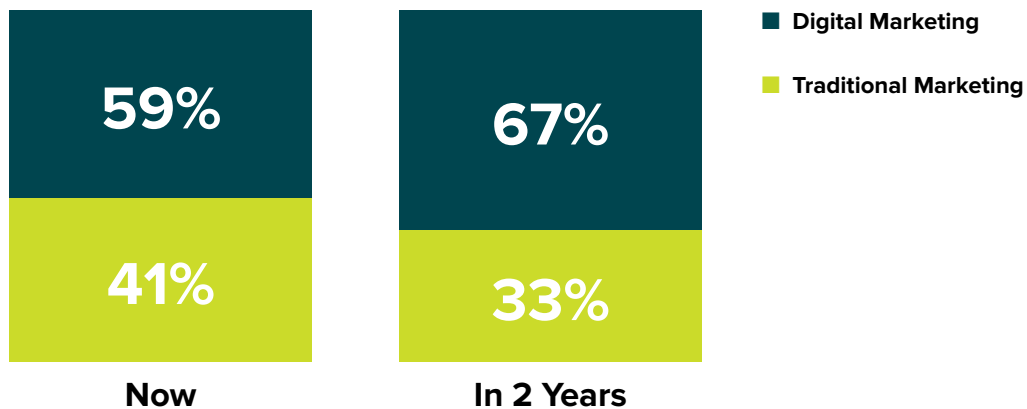
To more effectively engage with prospects and customers in their transformation.

1. Define key personas that will influence the buying decision and target assets that are specific to those personas
2. Build out your content using thought leadership to create valuable marketing assets that educate prospects during the buying cycle
3. Leverage existing technology and skills to automate the marketing process and build long-term customer relationships

To increase their maturity in marketing and engaging customers, partners must re-evaluate the following aspects of their businesses:

» **Marketing budget:** With digital marketing taking over more of the pre-sales activities, partners need to allocate more financial resources to these activities. According to an IDC global partner survey, partners spend more on digital marketing today, and plan to increase that spend the most in the next two years.

% Allocated on Marketing Budgets



Source: IDC Global Partner Survey, Dec 2017, n=639

- » **Personnel:** It takes greater team capacity to effectively market across digital media and services. Ensure necessary resources are in place to deliver proactive and customized content for audience personas, rather than reactive and horizontal messaging. Build an internal capacity for strategic marketing activities that can scale and enable you to be discoverable and stand out early in and throughout the sales cycle. According to an IDC global partner survey, a higher proportion of sophisticated partners have made major investments in online marketing capabilities, especially in marketing systems and customer success staff.

- » **Sales focus:** When partner activities are tactically focused on acquiring new customers, marketing is used to sell. To build long-term relationships and maximize customer lifetime value, your marketing must also educate and build trust. In transforming markets, your focus is selling to line of business decision makers and IT leaders. Shift from selling features and functionality. Engage technical teams in presales, sell solutions, and focus your messaging on business outcomes.

According to an IDC global partner survey, a higher proportion of transforming partners have made major investments in online marketing capabilities, especially in customer success staff.

“ We’re making sure that our company has not just the capability but also a personality. That personality is natural and sincere, but it’s crafted around the target audience. ”

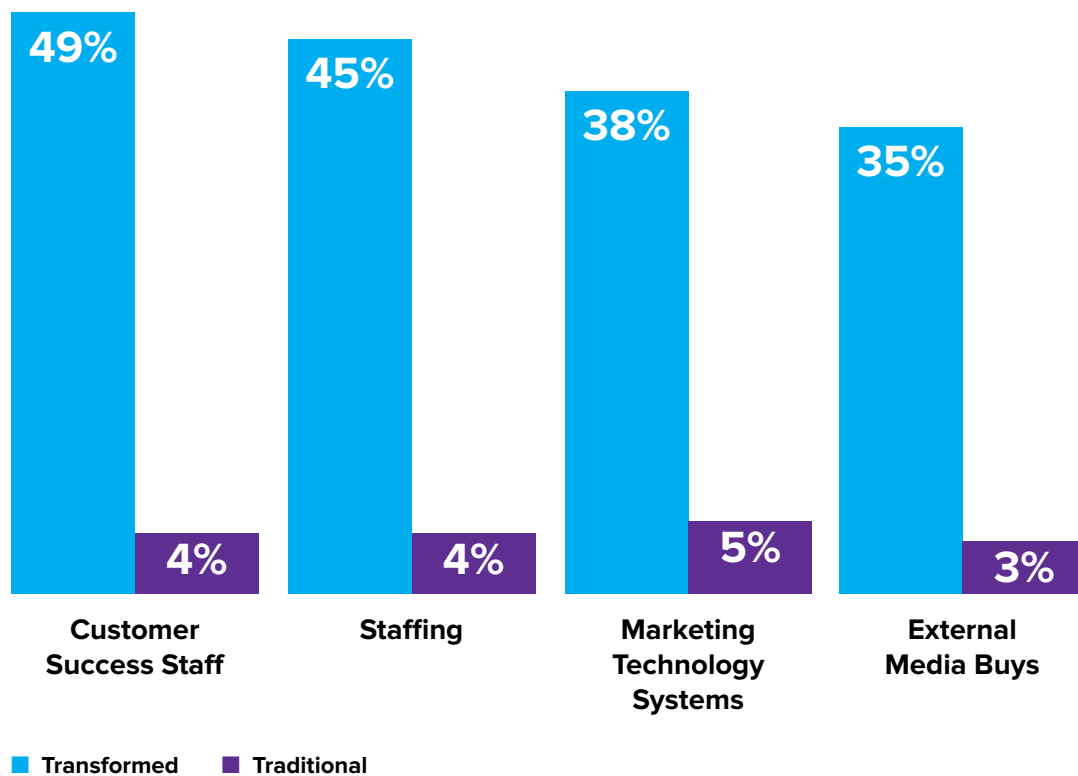
— **Lenny Vercruysse, CEO, BeCloud**

Partner Investment as Digital Catalyst

Partners are investing to meet the needs of customers across the engagement lifecycle.

According to an IDC partner survey, close to 50% of digitally transformed partners reported making major investments in the last year in customer success staff, marketing systems, external media buys, and other staff to advance their transformation capabilities. At the same time only 4% of traditional partners – those that have not yet started on their digital strategy – made major investments in these areas.

Major Investments Made In Digital Capabilities

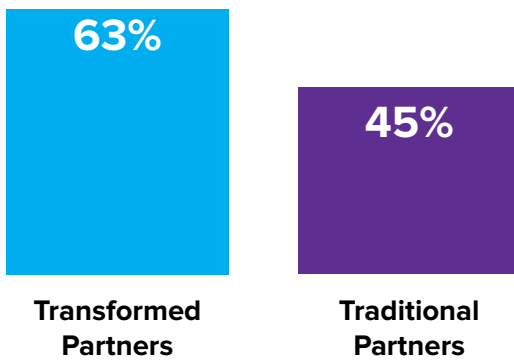


Source: IDC Global Partner Survey, Dec 2017, n=639

Digitally transforming partners also have a much higher number of marketing staff compared to the average, with 89% having dedicated marketing personnel, while only 62% of traditional partners have any marketing staff.

According to an IDC global survey, partners report a shift in investment to digital marketing, allocating an average of 59% of marketing budgets to digital marketing, and 41% to traditional marketing activities. Partners also report that their digital marketing allocation is expected to increase to 67% in the next two years.

% of Marketing Budget Spent on Digital Marketing



Source: IDC Global Partner Survey, Dec 2017, n=639

89% of transformed partners have dedicated marketing personnel, while only 62% of traditional partners have any marketing staff.

Gaining Your Customer's Confidence

The customer engagement model to support new business opportunities with digital and emerging market solutions is also transforming. The role of engagement or customer success managers are instrumental in nurturing the integration experience, furthering adoption, and gaining trust.

Additionally, the role of technical pre-sales is increasingly influential in addressing customer pain points and envisioning new technological solutions for success. An envisioning session enables you to better understand and in turn help your customer realize how technology capabilities can address their business issues, and to understand the fundamentals of what and how that can be accomplished. This is particularly effective with emerging market solutions such as artificial intelligence and IoT. Lead with a consultative approach in the sales cycle to drive early alignment and engagement.

It's important to realize that customer personnel can feel threatened or be confused by transformation, which can impede your ability to get the proper levels of engagement. To proactively address barriers to adoption, you need to have a highly collaborative and communicative model, which includes the role of engagement or customer success managers. The mandate of this individual is to manage the client post sale on expectations and internal alignment with the solution.



Hiring and/or developing customer engagement or success personnel can help you ensure successful adoption, anticipate needs and expand consumption of your services.

South Africa-based partner Dimension Data has created many roles and touch points to help accelerate its customers' "digital ambitions." Focused on enablement for its global customers, the company's Ambassador Program has created thought leaders with consistent messaging from the CEO through client managers and technical engineers, and its customer onboarding managers have reduced the onboarding process from 4-12 weeks to 12 days.

Another new role for Dimension Data is the customer success manager. The company tested the role with some key accounts, and its value has been proven through increased revenue, client satisfaction, and retention. The role's success at Dimension Data has led to its global adoption.

Dimension Data claims the cost of customer engagement or success personnel should pay for itself through greater customer alignment that leads to deeper engagements and business growth.

Customer interactions are increasingly defined by your digital channels and engaging customers strategically is a core pillar of modern partner strategy. To do so means owning and extending the customer lifecycle and nurturing customers throughout their transformation journey.

Your ability to connect with prospects and customers in unique and helpful ways paves the way for delivering services that enable your customers to transform their own customer engagements. Your facility in the social universe, deep domain expertise, and data-driven customer analytics provide greater reach and personalization and fosters deeper customer intimacy.

Digitally mature partners are investing more in all stages of the buying cycle and have a deep commitment to customer success. They've identified key customer personas and target content that educates and converts. Establishing your credibility now as a thought leader and agent of transformational change will differentiate your practice and drive ongoing business.

Recommendations

Customer engagement in the digital age provides exceptional new opportunities to engage, nurture, and maintain customer value and loyalty. Transformation is an imperative in your growth strategy that expands your ability to reach and inform prospects and customers and to drive differentiation, specialization, and expertise.

1. Engage throughout the customer lifecycle

Understand the stages of customer engagement for digital solutions and develop strategies to move your prospects and customers through their transformation journey. Engage technical pre-sales in addressing customer pain points and envisioning new technological solutions. Leverage technology to engage, nurture, and maintain your customer relationships and develop deeper customer lifetime value.

2. Make the right investments

To compete in a digital world, focus more investment on digital marketing staff and capabilities, customer success staff, and automated systems such as CRM and LinkedIn. Harness technology and the data insights available through analytics to better understand customer needs and their purchasing behavior. Combine online marketing and data insights to make informed decisions and optimize your leads and solution offerings.

3. Embrace social selling and marketing

Identify key personas and immerse your business in the process of social selling and marketing. Clearly define your strategy and internal and external messaging of how your strategy addresses the digital requirements of your customers. Convey a strong profile and brand that draws a range of potential prospects into your content.

4. Build credibility with industry focus and specialization

Transforming your own business builds trust in your ability to shepherd customers through a similar transformation. Demonstrate your expertise and leadership through your own success. Specialize in vertical industries and horizontal functional solutions to deliver unique value and differentiate yourself as an expert. Work with your technical and sales teams to refine your business focus and demonstrate success with marquee customers.

5. Ensure customer success

Provide a high level of customer engagement in the form of technical pre-sale and customer success managers. Anticipate needs and address barriers to adoption in a programmatic way to expand consumption.

What's Next In This Microsoft Digital Transformation Series

This eBook is one in a series of five that will be published throughout 2018. Each eBook seeks to explore the digital maturing of the partner ecosystem relative to partners' ability to address the digital requirements of their customers. In addition, the eBooks examine how partners work with Microsoft to address key attributes aligned to the digital transformation pillars.



eBook 1: The Digital Transformation Opportunity



eBook 2: Engaging Customers



eBook 3: Empowering Employees



eBook 4: Optimizing Operations



eBook 5: Transforming Products

Research Methodology

The content in this eBook series was developed through a combination of 16 in-depth interviews with forward-thinking Microsoft partners, and a survey of 600 partners worldwide. The goal of the research is to understand the partner view of the digital transformation opportunity, and the steps they're taking to position themselves for success with their customers. For more complete description of the methodology please refer to the Appendix in eBook 1 [found here](#).

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