



Customers For Life

How one technology company drove **profitability and revenue** by adopting a Customers for Life strategy.

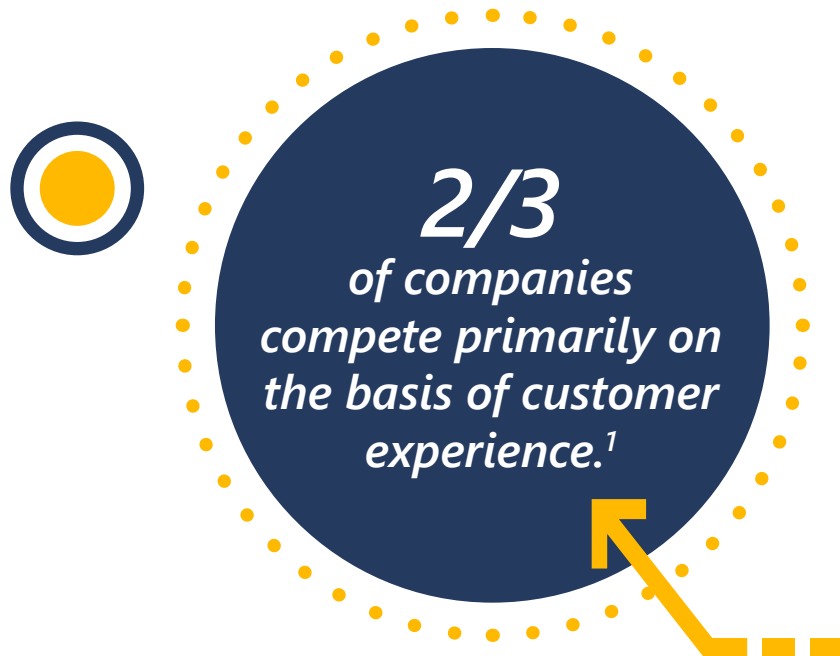
When Relecloud, a fictional software company, saw declining revenues and limited customer engagement, the company's leadership took on a bold new approach to keeping Customers for Life.



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Meet Relecloud

Relecloud started in Atlanta during Olympic fever in 1996, where it served for a number of years as a software reseller for small to mid-market businesses.

As the company evolved, it formed a strong partnership with Microsoft, selling products like SharePoint, Exchange, Windows Server, and SQL Server.

Now in its third decade of business, Relecloud has added Office 365 to the mix, but they will need a bigger strategic change if they want to offset recent growth struggles.

The Dilemma

Annual revenue was in a slow, but steady decline for the last three quarters, and in the past year alone, two of their best customers left.

Relecloud's CEO, Rajesh Vandapalli, knew his leadership team had some work to do at their upcoming strategic offsite. When he received the latest financial data, his concerns only deepened.

Relecloud was in the beginning stages of digital transformation, and had yet to realize lower operational costs.

Meanwhile, customer expectations were proving exceedingly difficult to meet. Competitors who offered more flexibility, a wider array of solutions, and greater value were chipping away at Relecloud's core business.

Rajesh knew he had to take a bold new approach if Relecloud was going to grow, and even thrive, in the decade to come.



The Offsite

Rajesh gathered his senior leadership team around a conference table during their strategic offsite in September.

"Hey team, as you are all aware by now, we really need to change our strategy if we're going to turn things around in the next year. I asked our rep from Microsoft, Rebecca, to walk us through success strategies for partners. Rebecca, they're all yours!"



"Thanks, Rajesh. Hey team! First I want to say that our goal is to help Partners drive reliable revenue and increase profitability. And **we've found that the number one driver of Partner success is the ability to retain and stay relevant with high value customers.** So we created the 'Customers for Life' program, which is a set of strategies and tactics that help increase customer satisfaction and overall profitability."

Rebecca finished her presentation and left Relecloud's leadership team energized and ready to implement the **Customers for Life** program.

Creating a Customers for Life Culture

The strategic offsite left Rajesh with a good feeling. He sent his leadership team off with a tangible list of action items to take the Customers for Life program to the next level.

Did you know?

By 2020, **customer experience** will overtake price and product as B2B businesses' key differentiator.²

Rajesh's responsibility was to create the master plan for shifting his company's culture so that it follows a "customer-first" mindset.

But when he sat down to crank out new company guidelines, he was left with only a blank Word document.

"Sure, I know that customers should come first," he thought to himself, "but what more can we do aside from offering good customer service?" Annoyed by the blinking cursor in front of him, Rajesh let his mind wander to the vacation he took with his family that summer.

The magical theme park had enthralled his daughter and son, but the impression he had left with was how easy everything was.

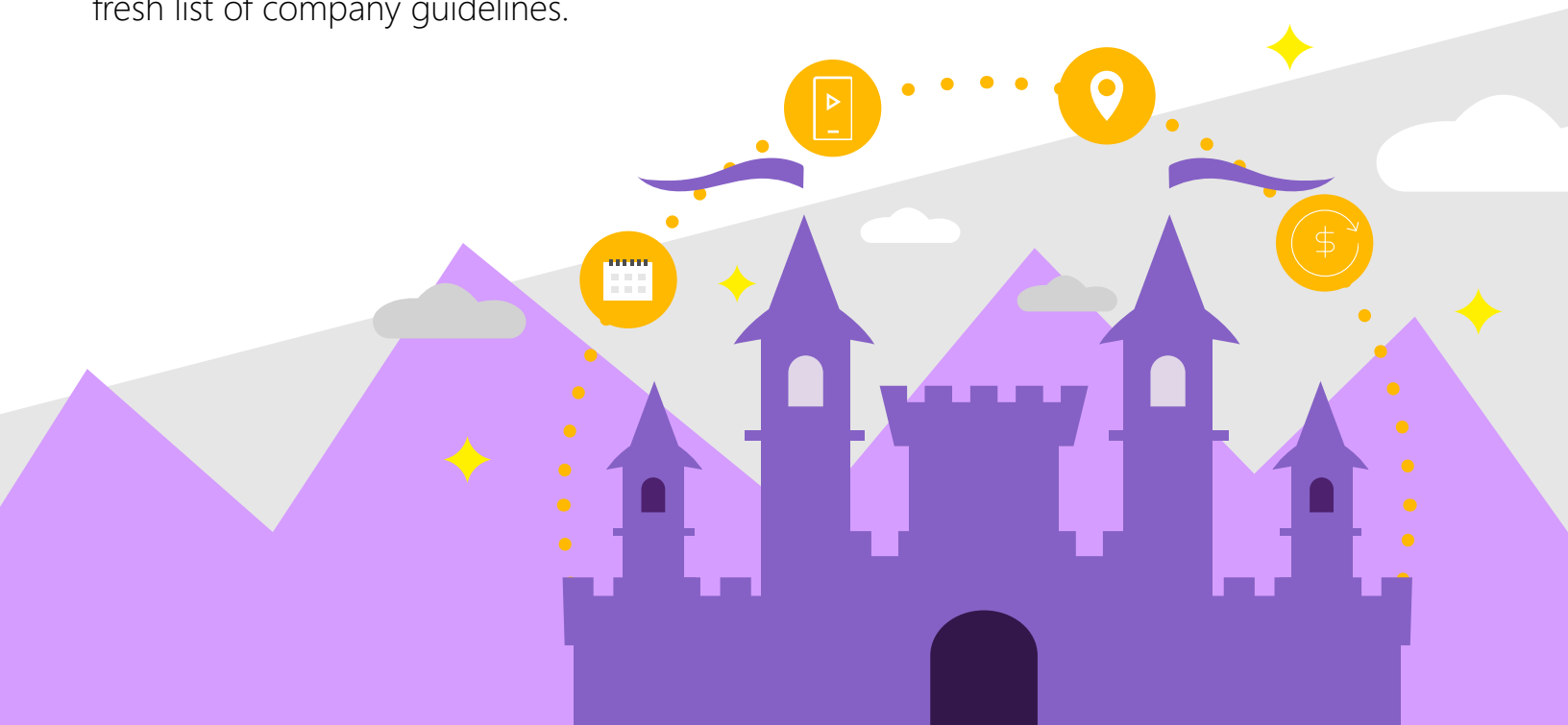
From the moment he searched for tickets online, every step seemed catered to his family.

The website showed details of every ride and restaurant in the park, so he could do ample research before the trip. When they arrived, the hotel staff greeted them by name and whisked their luggage away to their rooms. And as the week progressed, Rajesh was impressed to find the same level of service in every corner of the park. He remembered that when it was time to check out, there was a mysterious charge on his account. When he brought it up to the concierge, she was able to dismiss the charge – no questions asked.

“This company really made me feel valued and understood,” he thought, with new ideas brimming and excitement bubbling.

“This must be what it means to have a customer-first mindset—tailoring experiences to each individual customer, anticipating their needs, and empowering every employee, from the entertainers to the concierge, to satisfy their requests.”

Rajesh’s mind raced as he typed out a fresh list of company guidelines.



Relecloud's Customers for Life Culture Guidelines

1 Empower every employee to be a Customer Success Manager

Relecloud's customers interact with people across our entire organization on any given work week. Relying on the customer service department to manage every single interaction leads to miscommunication. When a customer comes to you with a request or complaint—whether it's relevant to your job function or not—it is your responsibility to resolve their problem, or connect them with someone who can.

2 Prioritize customer feedback on all accounts

Account managers will set up regular interval meetings with clients so they can ask questions, make suggestions, and offer any other feedback that will help us improve our services and processes. Remember, if we're willing to listen, our customers will tell us exactly how we can improve their experience.

3 Use our customers' products and services when it makes sense

The best way to stay relevant in the eyes of our customers is to build mutually beneficial relationships. Seek out opportunities for Relecloud to use our customers' products and services, create charitable campaigns together, or trade technologies and best practices.

Treat our customers as well as we treat prospects

4

Closing the sale is not a one-and-done operation. We should continue to treat our customers the way we would if we were still looking for their business, *because we are!* If marketing runs a special promotion, make sure to offer it to current customers as well. If a client has purchased one of our products, ask them what other needs they have.

Collaborate with colleagues across departments

5

We are one company, and we should speak with one voice when we interact with customers. Go out of your way, every week, to talk with someone in a different department, learn what kind of work they do, and find out if there's a way to collaborate and improve our systems or processes for delivering exceptional customer experiences.





The Customer Success Manager

Meagan, Relecloud's Vice President of Human Resources, was hard at work fulfilling her action item—creating a new "Customer Success Manager" role—when she received an email marked 'important' from Rajesh.

"Please review the following company guidelines and distribute to all employees"

At first overwhelmed by the sweeping changes Rajesh was suggesting, Meagan quickly realized the value of the new guidelines.

"This will be great," she thought, "even though every employee will now be a customer success manager, our new CSM role will be able to oversee these changes and create processes around our new goals.

I should get this out to Julie first thing, since she's working on our new value proposition."



Redefining Value

Julie was squeezing a stress ball when she received the ping in Teams from Meagan: “Heya Ms. Marketing Veep, thought this might help with the value prop!”

Julie glanced at the recycling bin full of wadded up legal paper with relief. “I don’t think it can fit any more generic, wishy-washy paragraphs at this point,” she thought.

Thankfully (for the recycling bin’s sake) Meagan’s message was just what Julie needed. “Now THIS is what we can differentiate on,” she exclaimed. The abandoned value propositions were full of industry jargon and vague promises, but now Julie had some meat to work with. When she polished her new version she called up her trusted friend to get his advice.

“Hey Mikey, I’m going to read you another value prop and I want your honest opinion.”

“Another one? Alright, shoot,” he responded.

“Relecloud has helped southeast businesses leverage the full impact of business technologies. With a wide array of offerings that are tailored to our customers’ every need, we’re known nationwide for our:

- suite of advanced collaboration software
- corps of brilliant system architects
- and rich history solving unique challenges

If we can’t solve your most challenging problems, we’ll connect you to one of our 30 partners who can.

“Wow, you really nailed it with this one. You have specifics about your geography, service offering, and company culture. This definitely makes me want to do business with Relecloud!”





Aman, Relecloud's CTO, was tasked with creating a new CRM tool that could help marketing and sales identify customers with a high-propensity to purchase add-on services.

Identifying High-Propensity Customers

"Before you get to work on the new CRM, I think we should redefine our target audience," Julie mentioned to Aman in their monthly meeting.

"We're talking about reshaping our product portfolio, so we should be targeting customers with the highest propensity to buy our new SaaS and cloud-based services."

"I take your point, but that may mean accepting a certain level of churn."

"Yes, but by driving more engagement with customers, nurturing them throughout the entire sales cycle, and then onboarding them fully, we can successfully manage that churn," responded Julie.

"That reminds me of one of Rajesh's new guidelines: treat our best customers..."

"...as well we treat prospects!" Julie finished. "Exactly. With your CRM tool in place, we can easily communicate the value we're adding to prospects and customers alike, while identifying those with the greatest need for additional services."

"Then I'll get to work," Aman said.



Shifting to Subscription

**“Did you see these new revenue goals from Lucas?”
Demetri, Relecloud’s VP of Sales asked Artemis,
the COO, in an email.**

“Yeah, those look steep”

“True, but I’ve been looking at new SaaS products we can leverage and I can’t believe we haven’t taken this opportunity before. We’ve owned the collaboration space in our region for a while now, but I think it’s a good idea to add more cloud services, like Microsoft 365 and Azure.



We could start by upgrading Office 365 licenses to Microsoft 365. That could open the door for project services to expand our clients’ usage of collaboration tools like Teams & Security. Then, we can top it off with managed services, using Azure for client backups, disaster recover, and device management. This way, we can bring in a lot of the recurring revenue that Lucas is after. And with the new CRM tools that Aman is promising, my teams shouldn’t have a problem making the shift.”



“That’s great, Demetri,” answered Artemis. “Then I’ll get to work creating an onboarding program for these new services. If we can help our customers get the most out of our products, they’ll be more likely to continue doing business with us. We should probably look into retraining our existing customers too, so we can get them invested in the process and ease their transition to the cloud.”

“You read my mind. That will go a long way to reducing churn!”

Forging New Opportunities

“Fresh off the press,” Lucas, Relecloud’s CFO, exclaimed as he distributed his Q1 ARPU report to each member of the leadership team.

“So what is ARPU again?” asked Aman.

“Average Revenue Per User. It’s basically a metric that helps us measure growth on a per-customer level and make decisions about customer segmentation,” answered Lucas.

“And the key learning from this report is that we need to create a more tailored offering for our SMB clients. If you look at page 3, you’ll see the enterprise plan is driving most of our account-specific revenue.

Many of our SMB customers are actually choosing our enterprise plan. It has some exclusive features they need, but it also has features they don’t use, which is why some of them have left us for competitors. If we restructure our pricing plan, we can better align with SMB clients’ organizational goals and more effectively manage churn.

“This is great work, Lucas,” responded Rajesh. “Speaking of, how are we doing on expanding our recurring revenue customer base, Demetri?”



“Well, with Aman’s new CRM tool, we’ve been able to create a clear and sophisticated sales strategy and marketing plan,” Demetri answered.

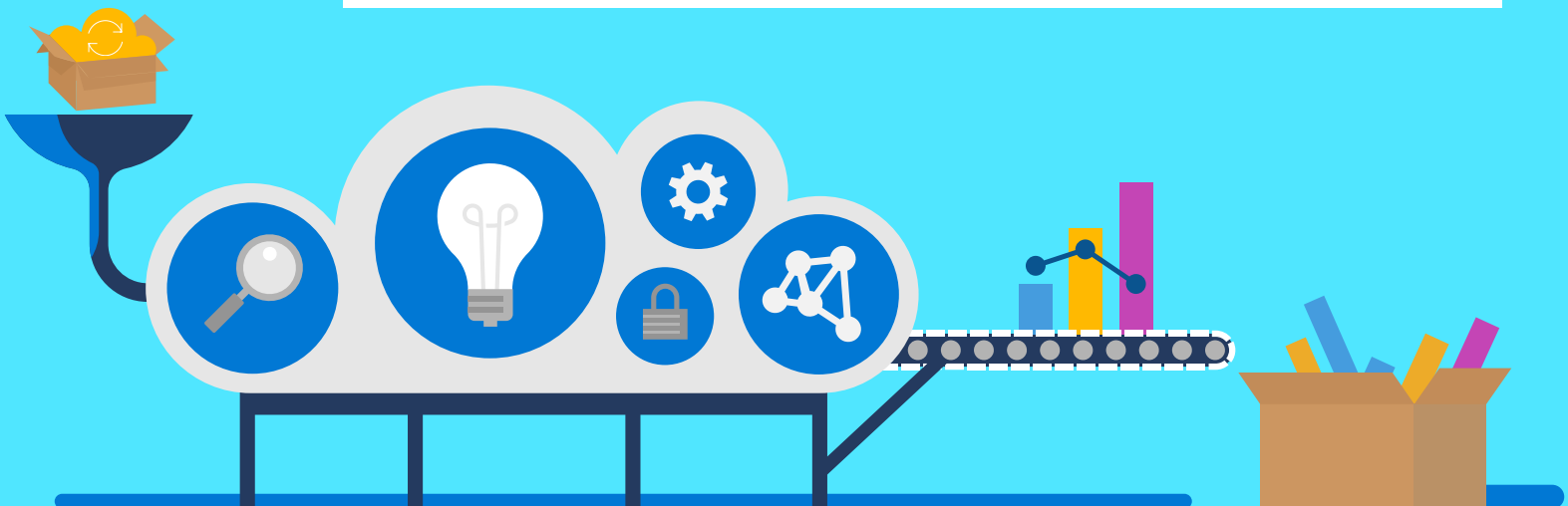
“We now have a single view of a prioritized list of prospects and customers who have expressed interest in purchasing specific solutions. The tool then populates recommended actions based on their propensity to buy.”

“So,” Julie added, “if the prospect is still in the evaluation stage of the customer journey, the CRM tool recommends sending them a nurture sequence, comprised of three emails—the first includes a one-page summary of the solution, the second includes an eBook that shows the benefits of the solution in action, and the third offers a promotion to help move them to the purchase stage.”

“Exactly, and if they’re a current customer that may be interested in managed services or other solutions, the CRM recommends specific cross-sell or upsell opportunities that our sales teams can leverage to expand our footprint in their business,” Demetri finished. “In fact, we’re about to close deals on cloud-based services with 20 of our existing accounts.”

“With 11 more in the funnel,” added Julie.

“Well these early results are promising,” admitted Rajesh, “but let’s see how our new strategy plays out for the rest of the fiscal year.”



The Results

Promising indeed. A full year after their tense strategic offsite, Relecloud's leadership is prepared to announce remarkable quarter-over-quarter growth.

Some of the results were expected—higher ARPU, 28% subscription-driven revenue, and better scores from the new customer satisfaction survey. But Rajesh never considered the side effects of their new Customers for Life strategy.

7 of their oldest customers were now referring new business—"they said they were happy enough before, but now they're so impressed with the value they're receiving that they couldn't help but share," Julie told Rajesh.



An actual Partner raised their revenue per deal by 25-40% by combining Microsoft cloud offerings with their own services and end user devices.⁴

Relecloud's employees were as happy as their customers—"they feel empowered now that they can actually help resolve customer conflicts," the new Customer Success Manager reported. "Rachel, an assistant in billing, even saved an entire account when a PO failed to process. She noticed it before anyone else and proactively emailed the client to let them know about the error and that it would be resolved."

Rajesh was proud of his team. Together, they created the same magical experience for their customers that his family had experienced the summer before. With one foot in the cloud and an energized team at his back, Rajesh knew that Relecloud was ready to soar.

Begin Your Own Customers for Life Journey

How can you find the same success as Relecloud?

It starts with a Customers for Life strategy:

- 1 Communicate your unique value and focus on your best customers' needs.
- 2 Retain and engage customers to better manage churn.
- 3 Drive recurring revenue through subscription products and services.
- 4 Land and expand with relevant cross-sell and upsell opportunities.

Microsoft is prepared to help you in your Customers for Life endeavor, standing by with tools and resources designed for partners just like you.

For more information about the Customers for Life program, watch our webinar series at aka.ms/customersforlife, or contact us with any questions at smbin@microsoft.com.

¹"Customer Experience in Marketing Survey." Gartner. 2017.
²"Customers: The Future of B-To-B Customer Experience." Walker. 2013.
³"Experience is everything: Here's how to get it right." Pwc. 2018.
⁴Combest, Brent. "4 ways owning the entire customer lifecycle makes you more profitable." Microsoft. September, 2015.

Scenarios described herein are based on fictional circumstances.