

What separates leaders from followers in the services economy?

A research study focused on the differing characteristics and opportunities for market success



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Can you run your business
with certainty?

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The global economy is increasingly dominated by services, with some estimates identifying a nearly fifty-fifty divide between services and product-led business.

Yet many organizations are in the dark about how to compete effectively, let alone lead, in the services economy. This report uses data-driven insights to analyze what defines services leaders and identifies concrete steps underperformers can take to improve their services offerings and drive certainty into their business..

The data in this report was gathered through an MGI Research Services Economy Study conducted online and in-person with more than 100 Certinia customers. In addition to questions about best practices for customer success and the services economy, survey respondents were asked whether their company is considered a services economy leader or services economy follower. This report compares the survey responses of leaders vs. followers to uncover key components, capabilities, and business strategies that companies can utilize to improve their services offerings, increase customer retention, and, in turn, grow their revenues.

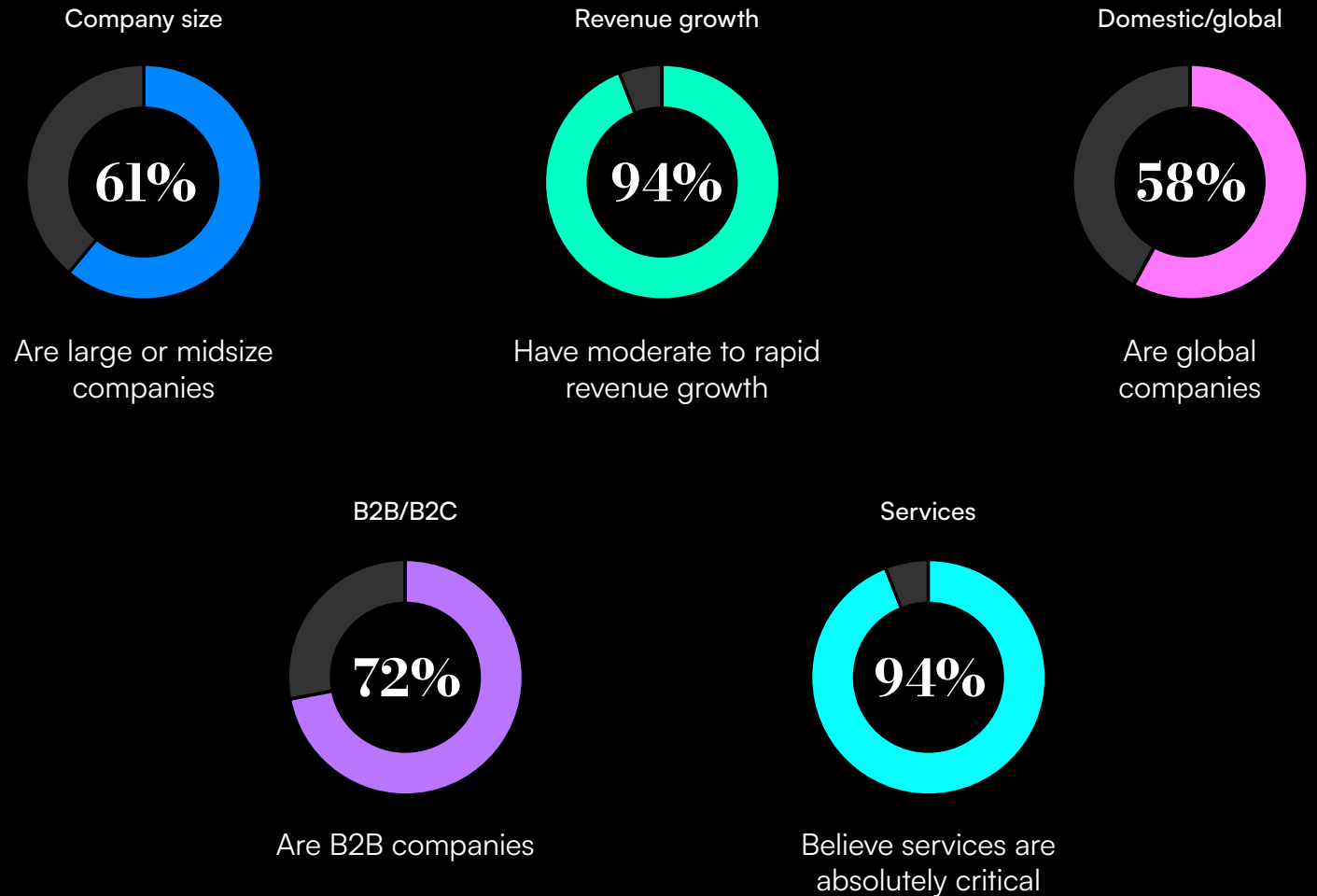
Overall, the data collected from this survey highlight five key takeaways:

1. Leaders have already solved core challenges and have moved on to more valuable improvements.
2. Leaders create valuable leverage by using dynamic playbooks to systematize their customer success approach.
3. Leaders fuel their growth and success with the right automation tools at double the rate of followers.
4. Leaders are twice as likely as followers to invest in dedicated customer success teams.
5. Followers are ten times more likely to leave customer success responsibility in the hands of existing executives that have other core responsibilities.

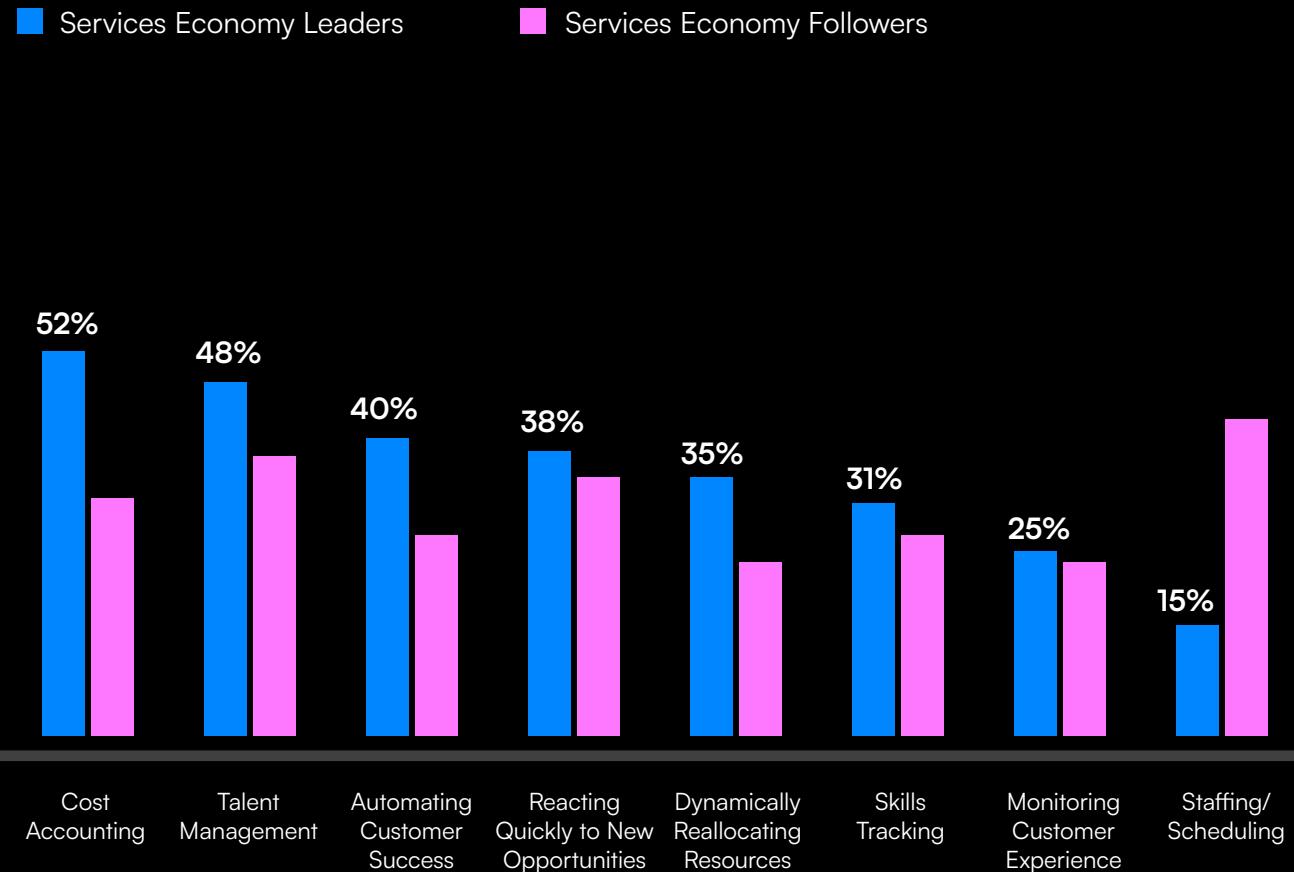
Who are the services economy leaders?

Essentially half (49%) of Certinia customers were identified as leaders of the services economy. 61% are large or midsize companies. 94% have moderate to rapid revenue growth. The majority (58%) are global companies. 72% are B2B companies. 94% believe services are absolutely critical to their success.

What do services economy leaders look like?



What are the critical components for achieving success in the services economy?



Identifying a single source of truth is critical to success in the services economy

65% of surveyed services leaders said a single source of truth is the most critical component to achieving success in the services economy. Disorganization and lack of ownership of vital information can cause a domino effect of errors and wasted resources in any organization. It is particularly perilous for professional services, where complexity tends to be much higher than in product-led businesses. Meanwhile, services economy followers were split fairly evenly among their responses, failing to identify a component that stands out from the rest.

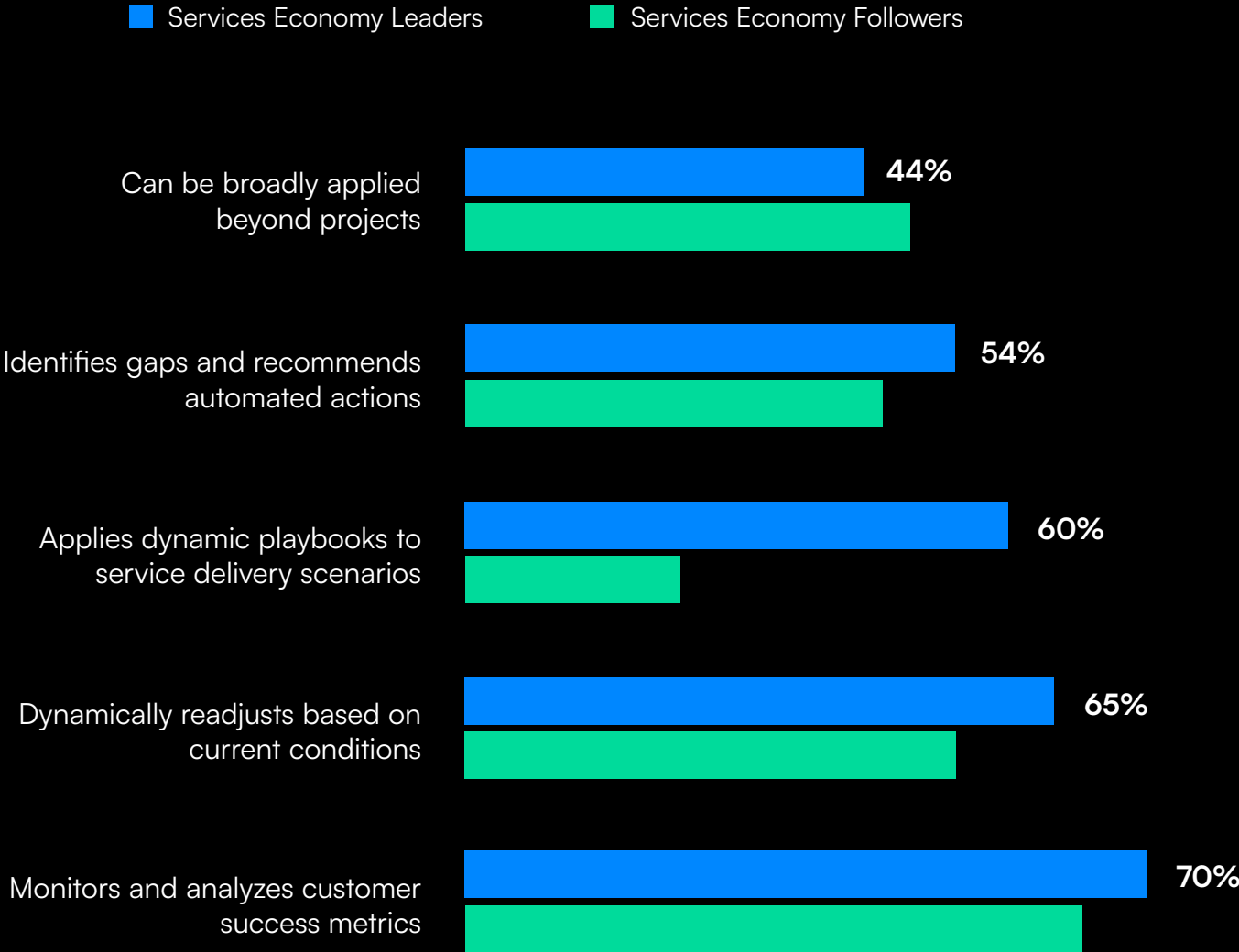
The areas with the greatest variance between leaders and followers was staffing/scheduling automation, something evidently considered table stakes by the former. Followers dedicate more attention to this fundamental business operation, while leaders have already solved the challenge and moved on to higher-value projects.

Leaders see value in robust tools, while followers overvalue the basics

Services economy leaders and followers agree that their customer success tools should be able to monitor and analyze metrics, dynamically readjust based on market conditions, identify gaps and recommend solutions, and have broad applications beyond special projects. These are core capabilities — a customer service automation tool that lacks them is not a competitive option.

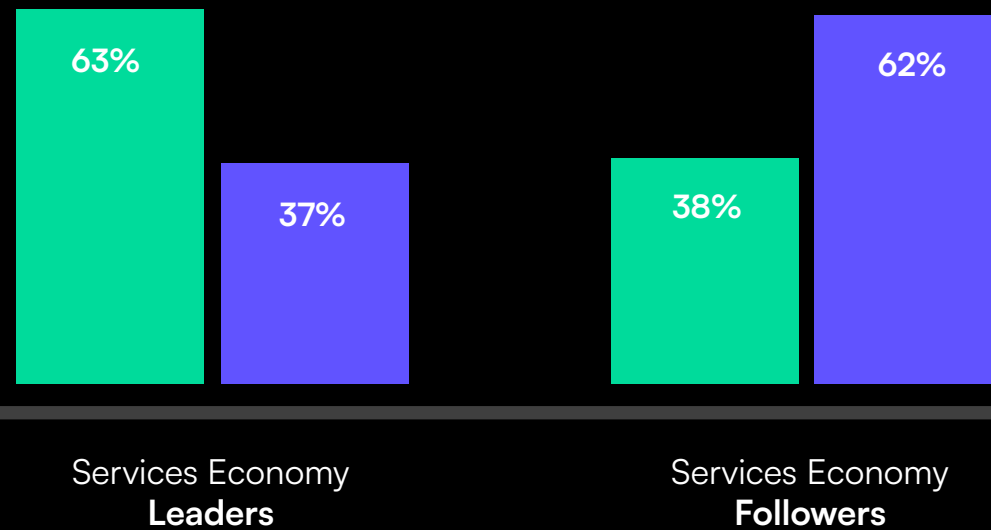
However, leaders create valuable leverage in their customer success programs by applying dynamic playbooks to services delivery scenarios. This is a robust capability — building on the ability to identify challenges to the processes needed to meet them. The ability and willingness to invest in capabilities that create systematized (and demonstrably effective) customer-facing processes is a key differentiator between services economy leaders and followers. Leaders view automation as a way to innovate and differentiate themselves, while followers view automation as a means to keep their heads above water.

What should a robust capability for customer success management include?



Do you have the right tools to automate your business?

■ Agree ■ Disagree



Followers believe they have insufficient automation tools, leaders aren't far ahead

While nearly two in three leaders believe they have the right automation tools in place, roughly the same proportion of followers report that they do not. This is a major distinction: holistic platform automation is key to ensuring that a business can address the full scope of disparate processes that are necessary for professional services.

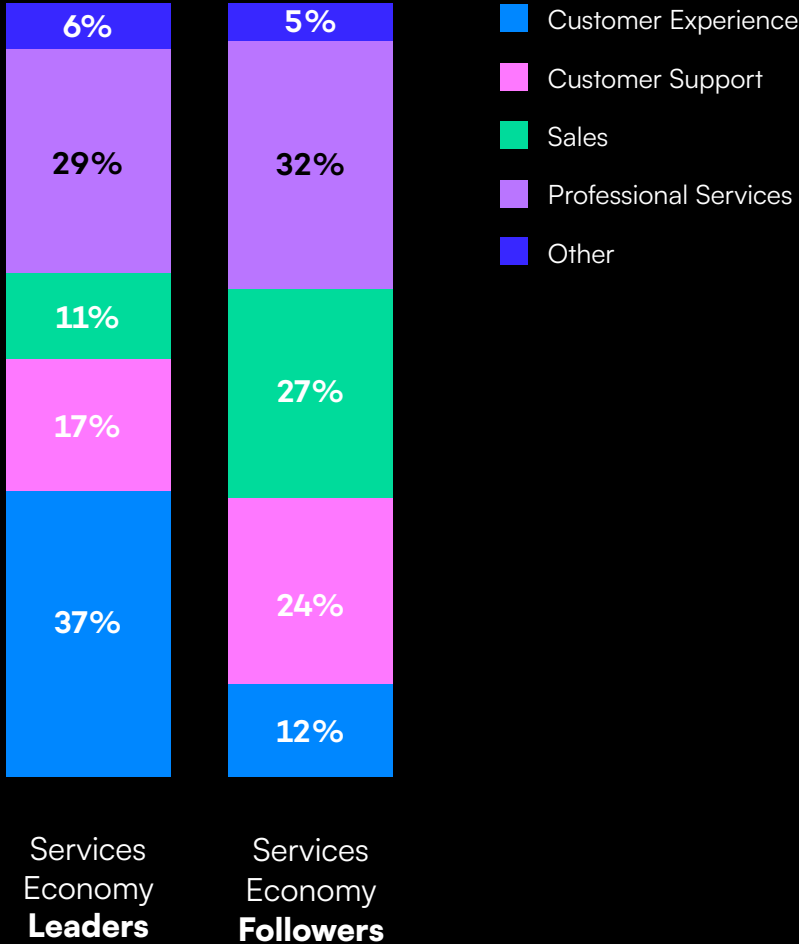
All of the critical components identified — particularly the options chosen by the majority of services leaders, such as single source of truth, project quoting, cost accounting, talent management, and automating customer success — are impossible to accomplish in an accurate, timely, and transparent way without the use of automation tools. If a professional services business is operating without real-time visibility into daily business performance, without intelligent analytics that test and prove forecasts and strategic scenarios, and without the ability to access a comprehensive, integrated overview of resource capacity and ongoing projects, they are operating at a massive competitive disadvantage.

Both leaders and followers understand the need for a dedicated customer success team but still have work to do

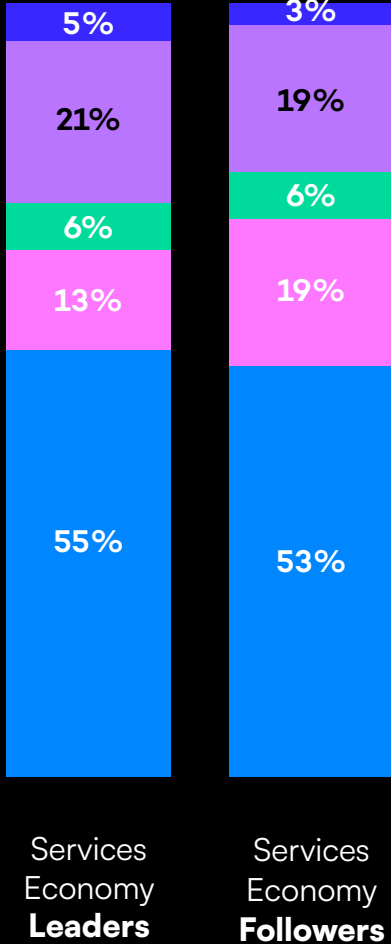
The majority of professional services leaders and followers agree that providing a high-quality customer experience is best achieved by creating a dedicated customer success team. However, services economy leaders are much closer to matching their own expectations for customer success with a gap of only 18% between expectations and reality (55% believe customer success should be a discrete function, while 37% report their customer success actually does operate that way). In contrast, followers are much farther from meeting their own expectations of customer success — 53% of services followers agree with the leaders on the need, yet only 12% say their business organization is constructed as it should be.

The shortfall is largely explained by a greater reliance on sales and support teams within follower organizations. While the passive activities of support may fall only a little short of proactive customer success teams, expecting sales to manage customer experience to a positive outcome is unrealistic: misaligned incentives represent a significant threat to satisfaction, and therefore to customer retention and renewals.

Customer success lives here:

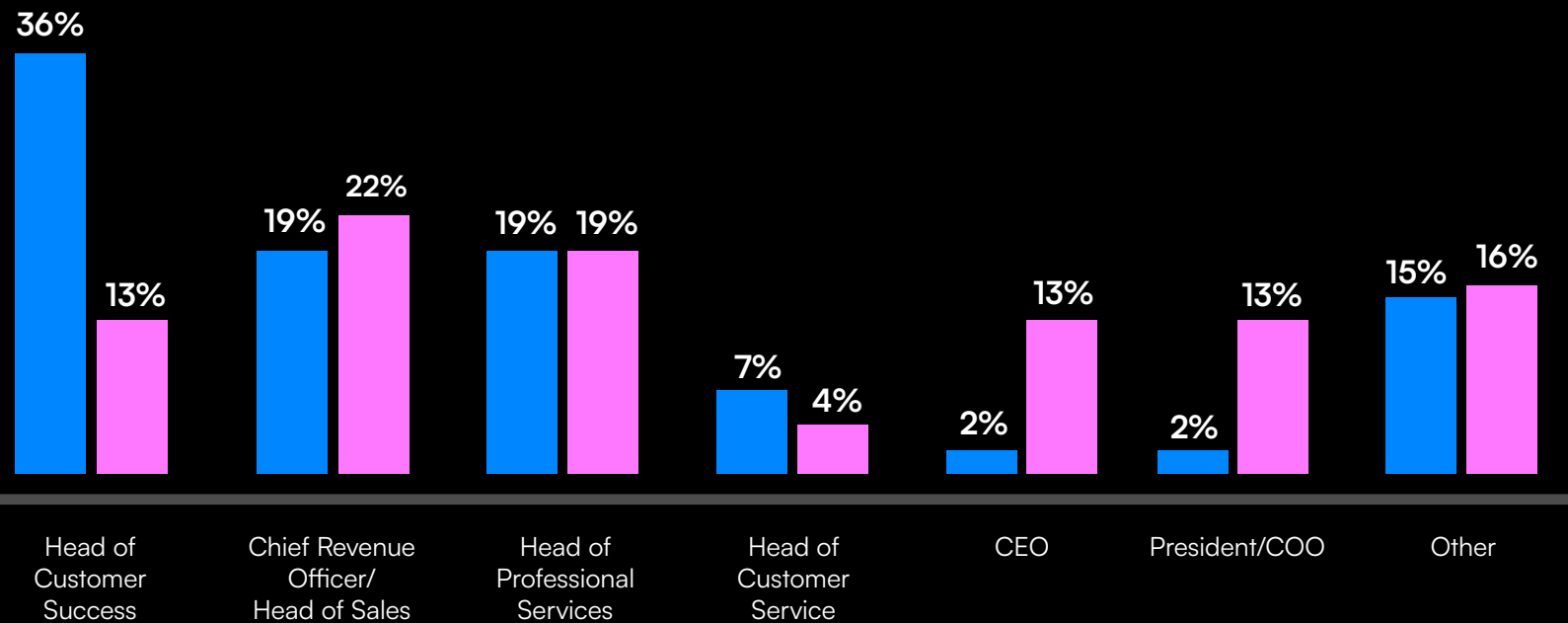


Customer success **should** live here:



Who owns customer success in your organization?

■ Services Economy Leaders ■ Services Economy Followers



Services economy leaders are 3x more likely to understand that customer success requires dedicated leadership

36% of services economy leaders say that customer success has its own dedicated leader within the organization, whereas only 13% of services economy followers can say the same — a stark difference. An even bigger difference is the expectation that the CEO or the President/COO will own customer success, an approach followers are more than ten times likelier to take. Lumping customer success in with the already extensive duties of a CEO, President, or COO is a surefire way to guarantee it will end up de-prioritized. Even in a small start-up, top-level executives have many pressing responsibilities on their plates and are extremely unlikely to allocate time and resources to focus on customer success strategies.

Leaders and followers can almost certainly improve customer success by investing in a dedicated customer success team with an experienced division head. Followers, however, must concentrate especially on devolving responsibility from the CEO, COO, or President of the company if they are to effectively transform customer success into a competitive advantage that can positively affect customer retention and renewals.

The data from this survey uncovered several key distinctions between Certinia customers considered services leaders, and those identified as followers in the services economy.

To reiterate, these insights can be boiled down to five key takeaways:

1. Leaders have already solved core challenges and have moved on to more valuable improvements.
2. Leaders create valuable leverage by using dynamic playbooks to systematize their customer success approach.
3. Leaders fuel their growth and success with the right automation tools at double the rate of followers.
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Professional services organizations can use this information to take several clear steps toward improving their levels of business certainty. They should invest in a comprehensive suite of automation tools — reducing the burden of solving table-stakes challenges like scheduling so they can improve in other, more differentiating ways. They should invest in automation tools with robust capabilities that support the use of dynamic playbooks to delivery scenarios, as this both introduces leverage and promises measurably improved customer satisfaction. They should also establish dedicated customer success teams and invest in improving the customer experience. Finally, they should support this valuable team with focused, experienced, properly-incentivized leadership, committed to building, executing, and constantly improving the strategies and plans needed to create durable competitive advantage.

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