In search of a new value for the support operation

By **David Crawford** & **Sarabjit Singh Baveja**

Technical support operations – the help desks companies rely on to keep them "always on" – have traditionally suffered from benign neglect.

IT vendors' customers largely ignored technical support until the inevitable moment of crisis. Within their own companies, technical support fared little better, being considered back-office cost centres and, therefore, a necessary overhead.

But as IT budgets continue to rise, the support side of the equation has received growing scrutiny from all quarters. The result has been increased focus and better management discipline, with some significant benefits to both customers of help desks and the companies that run them.

So what do customers want?

First, they have become more demanding: they are beginning to define performance standards, speed, accuracy and consistency. They are looking at benchmarks and setting specific targets for service partners. The best technology companies have responded with better training, skill-based call routing and other process improvements designed to solve customer problems quickly.

But this is just the price of admission. More and more CIOs are looking to technology vendors as business partners, and seeking their guidance on how to control costs and manage complexity in their own businesses.

When purchasing new equipment they look for remote monitoring, diagnostics and self-healing. They expect a tailored and flexible portfolio of support offerings – ranging from low-cost options accessed via a website or e-mail, to assigning an engineer to be "on call".

Finally, many customers have come to expect a new level of technical support through data mining and root cause analysis. These processes allow technology suppliers to fine-tune proactive and predictive support offerings – in a sense, solving customers' problems before they occur.

So are technology companies worrying over the increased cost of delivering these new levels of service to key customers?

Quite the opposite in many cases: the best of them have embraced these challenges and are reaping business benefits from giving support operations a "seat at the table". How do they do it?

First, they can change the way they view support, starting by attaching a value to service events, missed opportunities, and the broad array of support activities. Many companies shy away from taking a profit and loss view of their service organisation, mainly due to concerns that it will shift focus away from customer satisfaction.

But some have learned the opposite is true: measuring service profitability provides one the clearest and most unforgiving lenses with which to view satisfaction. Following this model, some companies have turned their support divisions into profitable businesses, increasing earnings by as much as 10 to 30 per cent and making support a strategic partner in the executive dialogue.

For example, satisfied customers renew their service contracts at much higher rates than neutral or dissatisfied customers. Renewal rates, in turn, are one of the biggest drivers of support profitability. Bain analysis indicates that an increase in renewal rates of between 1 to 2 per cent can result in a 10 to 12 per cent increase in revenue.

While confirming customer satisfaction ratings is notoriously difficult to measure accurately – poorly designed surveys, low completion rates and a host of other issues that can mask critical information – customers voting with their wallets is an unambiguous signal.

The shift to a P&L posture can transform technical support, even at companies that already excel at it or don't view services as a major business line. Support operations at Cisco, for instance, had a decade-long legacy of continuous improvements in customer loyalty and productivity. But gains flattened in recent years as Cisco expanded its range of products and added new customer segments.

That prompted support managers to conduct a P&L analysis of their operations, which gave a detailed view of profitability and demand at four levels: customer, contract, product and geography. It showed that while Cisco was supporting dozens of products, four were much more costly to support, hurting customer loyalty as well as profitability in those segments.

Armed with this information, Cisco redoubled its efforts to improve on-board diagnostics and refine engineer training and documentation for those products.

Once the visibility of a full P&L for technical support is in place, companies can tune support. Some of Cisco's customers oversee high-end financial services networks and encounter million-dollar-per-minute penalties for downtime. Others merely want to configure relatively simple networks. Pleasing such a mix requires a balancing act.

The key is separating customers into segments that are clear and well-understood. The most useful segmentation is based on three things: customers' technical capabilities, how they use the product, and what type of service contract they have.

Good segmentation is practical enough to build into the business operations of technical support. It should provide ways to organise, train, measure and automate the operation.

For example, some customers want to get on and off the phone quickly. For them, a specific group of technicians monitored for productivity and quick problem-solving will be most effective. Other customers expect to be notified proactively when a problem arises. Supporting them requires on-site technicians or engineers with extensive customer relationship skills, collaborative work environments, and performance measures geared to dedicated support.

Support must also adjust and adapt over time, so flexibility is crucial. For some companies, that means outsourcing at least some low-end support functions –

often the best way to provide basic service at low cost. But it is vital to be specific and strategic about what, how and when to outsource. Here again, clear customer segmentation is an important guide.

The most effective support operations play a vital role across the entire organisation by capturing and distilling insights from daily interactions with customers and partners. Cisco, for example, has identified service operations as one of the major "customer touchpoints" in its organisation and makes sure that the data generated in the thousands of daily interactions is captured.

In one instance, customer feedback on a new voice over IP product was fast-cycled back to the product design team, who implemented five critical changes to the next generation product, resulting in a 17 per cent decrease in support calls and a sharp increase in sales.

The amount of available information flowing into support centres is massive. To have an impact on the rest of the organisation, this insight must be presented in a way that is clear and provocative to executives. That means using P&L language, and banishing the "back-end complainers" reputation associated with many support operations.

Data from technical support should translate into a language that product, sales and partner groups can understand and act upon. It should be tailored for various audiences and offered with a call to action.

When executives across the business start requesting regular updates from technical support, it is a clear sign that support is becoming strategic.

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