10X CS Maturity Improvement Leads to 40% Increase in Net Retention for Aruba

CASE STUDY

"If somebody came to me and asked for advice on how to get started, I'd say call ESG."

- Carlos Quezada, Head of Customer Success, Aruba

Aruba Networks got its start as a hardware manufacturer, but today they are a complete solution provider for mobile enterprise networks. In 2015, Aruba became a Hewlett Packard Enterprise company, cementing its reputation as a reliable source for cutting-edge networking technology, delivering both cloud-based management software and secure connectivity for mobile and IoT. Aruba is the leader in unified mobility technology. Their goal is to empower IT professionals to build nimble networks that keep up with ever-changing trends and user behaviors. Aruba's cloud products offer an intelligent cloud-based platform for managing wireless networks across the globe.

Aruba was well-positioned to expand into SaaS (Software as a Service) subscription business, given the evolution of consumer demand and their authority in the networking space. Still, digital transformations aren't easy, and shifting into a hybrid business model meant taking on an entirely new customer dynamic. Fortunately, the forward-looking team at Aruba noticed another emerging trend that would pave the way to a bright digital future: Customer Success. The concept of CS was catching on in software companies, but didn't yet have the same track record of implementation in larger manufacturing firms like Aruba. They were starting from square one.

Aruba turned to ESG for expertise in swiftly building a successful CS framework for their specific landscape. Since working with ESG, Aruba has progressed from a 4% Customer Success Maturity Score to 40% in less than a year, experienced a 20-point improvement in churn rates, and increased net retention by 40%.

HIGHLIGHTS

Business Challenge:
Engineering a new Customer Success organization during a major digital transformation at mobile enterprise networks giant, Aruba Networks.

Objective:
Develop a thriving CS organization with the potential to expand into other critical areas of the business.

Results:

▲ 10X improvement in CS maturity

▼ 20-point reduction in customer churn

▼ 44% reduction in cost of CS delivery

▲ 40% increase in net retention

"Without the help of ESG, you actually end up taking on a lot of initial over-head, and maybe realize that you didn't need to spend as much in specific areas. Or you find yourself doing a lot of the work by yourself and just wracking your brain, and not be able to take advantage of some of the best practices already out there."

- Carlos Quezada,
Head of Customer Success, Aruba

A Crucial Piece of the Customer Engagement Puzzle

Carlos Quezada, Head of Customer Success at Aruba, came onboard in 2017 to survey the landscape of Aruba's digital transformation and find ways to improve operations. As he looked into the percentage of customers purchasing extended support, he realized that subscription renewals were flying largely under the radar. "We had a general idea of the correlation but hadn't collected the hard numbers to track attach rate and churn rate," he recalls.

Because of Quezada's discovery, he initially sought out ESG to assist with higher volume, lower dollar renewals. But there was more going on beneath the surface than just missed opportunities for recurring revenue.

Quezada's extensive background in developing service models gave him insight into the problem. "The initial intent was to clean up the data to give it to ESG so they could act on it. When we saw that the churn rate was higher than we expected, we had to figure out what was happening. We found two things. We had a number of customers that were never activating their tokens. So, they were obviously churning because they never used it. On the other hand, we had customers that were churning because they had no idea they were even expired. They weren't getting any communication at all. That's when we decided to work with ESG on a more comprehensive plan."

Aruba didn't have the clarity of data then that they have today. Quezada discovered that they were not ready to begin a program focused on customer renewals, so they needed to start at the very beginning of the customer journey. "We'll work on the renewals, but we said, let's get onboarding right because if we do onboarding right then a year from now, those onboarded customers will have a renewal experience. Stop the bleeding, treat the wound."

To adequately cover their total install base, Quezada calculated that he would need many Customer Success Managers (CSMs) to support Aruba's install base. As he was still in the early stages of proving the need for CS to leadership, he could not justify bringing on such a large team. So, Quezada got creative.

"ESG got me consultancy, platform management, and staff augmentation, all in one. I was able to really accelerate my time to market, with this smaller footprint. My initial investment was hiring a CS Operations Manager, and then I signed with ESG. The output of the work of those two has enabled us to have more clarity in how many CSMs we really need in order to scale and what the right CSM profile looks like. All of that came out of the work we've done with ESG."

Engineering a Robust Customer Success Organization from the Ground Up

Critically at this stage, Quezada worked to educate key executive stakeholders about the significance and value of CS. He knew that he needed leadership's buy-in to ensure the long-term success of the whole undertaking. Once he had incorporated their feedback into his new CS charter, he determined the best place to begin – Aruba's Cloud Products. "It was the most data-ready CS-friendly solution we had in our portfolio. It helped us understand what plumbing we needed to make all this happen."

One of the biggest challenges that large, more traditional companies like Aruba face in building and implementing a Customer Success program is narrowing their focus. Done properly, CS strategy reaches across the whole company, elevating every department it touches. With such big-picture goals, it's easy to fall into a cycle of spinning your wheels trying to figure out the first steps to take. Aruba worked closely with ESG to solve this early-stage problem. The result: Minimum Viable Product (MVP) for CS. An agile approach to finding your CS footing quickly so you can hit the ground running.

"We didn't have the answers for everything," Quezada remembers, "so we couldn't go in and tell you by phase how everything was going to fall. Once we started adopting this agile approach, it became okay to not have answers for everything beyond the next MVP or the next release. That allowed us to at least start taking baby steps." ESG's Customer Success Plan for Aruba enabled the team to implement new processes and rapidly reach tangible results.

A Customer Success Maturity Assessment at the beginning of the partnership scored Aruba at just 4%, in extremely early stages of CS development. This analysis gave the team an objective score to build upon as the new program advanced.

> **"One of the things I lean on quite a bit is the Maturity Model exercise that ESG executes. I recommend you do a Maturity Assessment to figure out how you line up to where you need to be. Once we did the CS Maturity Assessment, it allowed us to understand what gaps we had and really focus on those gaps to move forward."**
>
> **- Carlos Quezada, Head of Customer Success, Aruba**

ESG built a customized Customer Success Plan specifically for Aruba, based on these early discoveries. Defining Aruba's customer segmentation and digital-first engagement model, and generating an end-to-end customer journey map for each segment, CSM playbooks, and all digital assets required to effectively communicate with customers, the partnership achieved a comprehensive solution to drive Aruba's cloud customers through onboarding, adoption, and renewal.

How Aruba Utilized the MVP Model as a Blueprint for CS

Executing the MVP initiative provided Aruba with a framework of actionable steps to guide them through the engineering of their Customer Success operations. ESG was Aruba's partner every step of the way, to ensure successful transformation and provide a stable foundation upon which Aruba built their CS team. Collectively, the ESG and Aruba team focused first on the onboarding of new customers to build a strong foundation, and then in turn, applied the same methodology to the remaining phases of the customer journey. Using the MVP model, the team delivered:

Customer Analysis, Segmentation, and Engagement Models
The first challenge was defining the attributes that determined Aruba's customer segmentation model, and then determining the best way to match each of those segments to the right level of engagement. Because Aruba's products are sold largely through channel partners, visibility into

customer purchase behavior was blurry. So, ESG and Aruba segmented the install base by the number of device tokens each customer purchased and quickly discovered that an overwhelming majority of customers were high volume, low ACV. This quickly led the team to take a digital-first approach to Customer Success.

Customer Journey Maps
An overarching customer journey map was designed containing three phases: Onboarding, Adoption/Maintain, and Renewal. The team designed a thorough schedule of digital messaging, status checks, CSM actions, and processes for each of the three customer segments, and mapped each touchpoint (digital or human) throughout their journey.

CS Technology and Playbooks
ESG helped Aruba to select and deploy a CS technology platform, and the tool was incorporated into the broadening digital-first program. Automated email templates served as the primary communication vehicle with customers, and they were developed and deployed via the CS tool. Playbooks also included decision/status checks, CSM tasks and actions, and customer survey and feedback processes.

KPIS and Metrics
Along the way, ESG and Aruba established the metrics critical to evaluating and managing Customer Success operations. Health score calculations were used to indicate how well a customer was progressing through each phase of the customer journey map. These at-a-glance, colored scores allowed CSMs to step in if a customer was trailing behind. Developing KPIs and metrics like these was vital to revealing gaps in communication and customer knowledge, as well as providing an illustration of the team's progress to executive stakeholders at Aruba.

Virtual Customer Success Managers
ESG's virtual Customer Success Managers (vCSMs) supported Aruba and drove progress of MVP initiatives. Our vCSMs utilized an incubation model to test and optimize new processes as they were developed during each MVP cycle. In the first year of ESG's partnership with Aruba, two major new processes were tested and rolled out through this incubation model: Customer Success Plans (CSPs) and Renewals.

Aruba's Customer Success Plans (CSPs) follow a relatively common definition: a proactive account plan developed for Aruba customers. ESG's vCSMs piloted the execution of the newly built CSPs, defining and documenting the processes, meeting mutually agreed upon completion goals, and making recommendations based on their discoveries.

By focusing a renewals incubation on a group of customers who were set to renew within a specific timeframe, ESG's vCSMs utilized an incubation model to test out newly developed pre-renewal messaging and processes to increase renewal rates within this group.

Strengthening and Streamlining Customer Success at Aruba

Aruba's customers needed a clearer understanding of the benefits of using their cloud-based network management platform. Without formal onboarding, customers would not realize the value of the product as quickly. Without ongoing support and proactive communication, customers would risk their subscriptions expiring. Over the course of a year, ESG worked closely with Aruba to build a CS solution to fit the specific needs of their business and their customers, incorporating CS best practices along the way. Through this insight and new innovations developed along the way, the team has created what will become the Customer Success Center of Excellence for all of Aruba.

At the beginning, Quezada had the goal of building an enduring, global CS enterprise. "I had drawn out this vision of Customer Success. CS isn't a silo services organization. CS is an umbrella, and under that umbrella you have Onboarding, Professional Services, Training, TAC, CSMs, Renewals. All these roles should be part of a CS operation." Through the partnership with ESG, this vision is rapidly becoming a reality.

"The MVP methodology is something that now other [internal] groups are adopting because of its demonstrated effectiveness. Now, my team is starting to assist with a larger services transformation. How can support change the way they engage with our customers? The first step is walking through the customer journey. Where are all the friction points that we know? Where are the ways we can improve? CS capabilities have the opportunity to creep in there and deliver some value to the customer."

Today, over two-thirds of Aruba's cloud customers have been onboarded onto the CS framework developed in partnership with ESG. Customer churn has been reduced by 20 points, and time to activate new customers is down by 36%. The number of non-activated customers has been reduced by 11% and net retention has increased by an astounding 40%. All accomplished with a much smaller Customer Success team than originally planned, saving an estimated 44% in cost of CS delivery.

Customer Success has become a much more visible and critical element of business in part because large companies like Aruba are embracing the benefits of implementing their own CS programs. As Aruba scales CS across their global enterprise, they continue to lean on ESG for support and guidance. Looking ahead, Quezada shares, "Our next scalability point is enabling our channel partners to drive their own Aruba-led success journeys. We are currently working out how to take the telemetry and health and insights that we have and make that available to the partner community so they can go and drive those renewal motions."

Now that a successful framework is in place, we look ahead to rolling out Customer Success initiatives to assist their channel partners and other internal organizations that can benefit from the methods developed by the Aruba/ESG team.