companies have realized more and more that they should really focus on their core competency. And they focus on their core competency and they build an ecosystem of partners and vendors that really service them.

And so, if you’re a vendor working with the customer, it’s inevitable that there’s going to be a set of other vendors that really help that customer as well. And when you can actually reach out and choose vendors as partners, collaborate and actually make it easier for the customers to do business with all of you, then it’s going to be a much, much more powerful value proposition. And that’s exactly what we see happening with our customers.

They have partners like Accenture that are already in there advising them on their – whether it’s their go to market strategies, whether it’s helping them build new digital experiences, whether it’s helping them implement different backend and infrastructures, they can continue to be nimble. They’re already there.

And so, it behooves us to really sit down and do our part to reach out to these partners, strike a conversation, see how we can collaborate, but always keeping in mind that customer success is really the North Star that’s driving all of this.

KEVIN DOBBS: And I mean different kinds of partners, I mean different companies have different roles and even Zuora, obviously, you’re very focused on a part of the infrastructure. You need other partners as well. Your customers will need them as well.
Do you see part of your role is kind of introducing or bringing other partners into the mix to kind of help with the transformation as companies are moving more towards subscription?

TIEN TZUO: Well, there’s many different types of partners. I mean ours certainly being a core billing and subscription management system often has a central position or role across all the different applications. And so, as a central system, we’ll pull in a tax vendor like Avalara or Vertex. We’ll pull in payment gateways. We’ll pull in ecommerce systems, whatever it happens to be.

Now, some of these things we can actually cookie-cut out of the box rather than cookie-cut integration with (inaudible) as an example. But there’s a lot of things where you’re putting different pieces together and how they’re put together really depends on what that company is trying to do.

And so, a lot of times, we look at ourselves and we say, well, we’re not the - to use a construction analogy, we’re not the general contractor. We’re the experts in our part of the system, but there’s a general contractor, overall project designer that has to come in that really understand the customer’s needs and put all the different pieces together. There’s a CRM piece, there’s a manufacturing piece, there’s often a cloud or a big data piece. And that we see Accenture really playing a big role in that about being a general contractor that puts it all together and we can certainly be part of that overall ecosystem.

KEVIN DOBBS: So when you think about partners and you’ve talked about different industries, the partners are different in the industries, right, because they need to have a certain specialization, but companies like your company plays in a lot of different industries. What is it more the infrastructure people can play cross industry and then there are different partners who play in industry?

TIEN TZUO: No, I mean even the infrastructure, we’ll definitely see partners in the media space or content management partners are very specific to the media industry. Even when you look at taxes, there are some tax vendors that specialize in telco taxes, telecom taxes is a regulation that tend to be very, very different instead just generic sales tax.

And so, there’s always going to be a tapestry or a patchwork of partners. And even with system integrators, there’s system integrators, some of them specialize for the strength in specific industries and then there’s regional aspects as well. And so, a lot of the work we do with the companies say like, SMECF will be, the same exact type of industry here in the U.S. that we would partner with a company like Accenture.

KEVIN DOBBS: And are you seeing kind of this – we were talking about building these resilient models. Are you seeing this in all different regions or is it kind of concentrated in North America or how’s that working?

TIEN TZUO: The subscription economy is definitely a global trend and we see this in all our surveys. We do surveys in Australia and Japan and in Europe and it makes sense because I think digital services is universal. We all have phones. The penetration of the iPhone and the Android is pretty much universal, application is universal, internet access is universal and these are really the things that are driving towards a subscription economy.

I’d say though that there are a lot of new ideas. I mean one of the things I know that we’re doing with Accenture is how can we actually help Accenture build a recurring business for themselves? So there’s membership organizations, for example, that I know are working with Accenture on the same. Accenture will go ahead and take a CRM application, take our applications, take an ERP application and it might sound in the old days, you might call it a BPO, but this is more of taking these applications together and then making sure it all
works and fits and then offering that as a Service to a membership organization. So it goes way beyond simply a BPO and to be a technology infrastructure as well. And we think that’s a really exciting possibility for the future.

KEVIN DOBBS: Yeah. We did too. I mean I think a lot of companies who are trying to get started in this, one of the objectives is how do we go faster? So these kind of ideas of kind of pulling together the components and making it available much more in a recurring revenue format seems to be gaining a lot of popularity from the companies we’re talking to.

One other area I was going to talk about is so you do a lot of pulling data together kind of as a partner. One of the things that we hear a lot is benchmarking. You know, I really want to benchmark myself. But, Zuora’s done a really interesting job about that. You gather a lot of data and you use that with your customers, but you probably could do it with your partners as well. Tell us a little bit about what you’re doing with data and how you are doing benchmarking?

TIEN TZUO: Well, we realize that today we have 12 years of data despite our leading data set in companies in the subscription economy, in many ways, even Wall Street will look at us as a portfolio play of the subscription economy because it’s really all we focus on and our customers represent companies from around the world in all different industries. And so, it really is a good data set.

A few years ago, we started publishing something we call a Subscription Economy Index and we publish it twice a year and we showed, for example, the subscription businesses on average grow 5 to 8 times faster than say, companies in the S&P 500. And so, you can really see that this is a big, big growth engine.

But for the company, we slice that data up into, well, how are different regions growing? Is growth better in big companies versus companies? What industries are growing faster?

And we got more sophisticated in looking at, okay, is growth really coming from customer acquisition or the rise in revenue per customers? We call it quantified average revenue per account.

And the last few months, given just the amount of change that’s going around us, we’ve been publishing a COVID-19 impact report based on the same data set on a monthly basis. And we do that after March, after April and after May and we really showed the subscription businesses are resilient. So 4 out of 5 companies during this time have actually seen their subscriber acquisition rates continue to grow compared to the previous 12 months. And so, it really showed the resiliency of this business model.

And we’ve also started being able to – because it’s in an anonymized data set to share that with partners that are even more research oriented than us to mine that data and then publish trend and best practices really for the rest of the industry.

And as the data set grows, we also want to get it to a point where we can actually start to benchmark it. And so, you can compare a specific company to how you’re doing against say other companies in your industry, in your region or company size. So it’s a pretty exciting initiative and it’s something we’re going to continue to do.

KEVIN DOBBS: Yeah, and it’s something that I see a lot of companies looking for is that outside in perspective as they’re trying to build this model. I’m sure as you’re talking to CEOs and board of directors, I mean they’re looking for data. They’re trying to understand kind of where they fit, what the market opportunity is and so, I think that’s another role partners can kind of play in the transformation is providing kind of that outside in data set that they can use decisions.

TIEN TZUO: Well, I’ll give you a good example. I might have two. The first example is we looked at the companies. We looked at how many the subscription changes. And so, we found that
companies – we took the company where there’s no subscription changes, basically you set it and forget it, $10 a month or $100,000 a year with no change. And then we looked at companies that where on average 1 out of 10 customers come back and make some subscription change to be more users, upgrade me, whatever it happens to be and they grew twice as fast.

And then we pushed it further and we looked at companies on average where every customer comes back at least once a year and make a subscription change and they grew three times faster than that control set.

And so, the data seems to show that more customer interactions are better. And then, of course, that’s a great place that we can say, partner with a company like Accenture to say, okay, well, what are the things that we can do or what are the things that we can encourage, do we redo your pricing model, do we come up with additional services, do we create an ecommerce portal that allows them to dial up and dial down their services based on their own needs? And ultimately recognizing that’s going to increase stronger customer engagement and stronger growth.

KEVIN DOBBS: So kind of concluding, if we think about maybe I’m a partner today, let’s say, my company isn’t really engaged in the subscription economy, are there things that, as a partner, you want to do to be more kind of be able to embrace or change your model to kind of plug into a platform or more than one platform to kind of grow your business?

TIEN TZUO: Well, we’re talking to some of the biggest companies in the world. I think about recent conversations with a major, major luxury brand and you can imagine in the last 90 days with the shutdown of the retail industry, the brand’s fantastic. The brand’s resilient, but the revenue suffered. And so, they were thinking about a subscription service. And so, they can recognize, well, the brand that we have and because we’re playing in the marketplace, we could probably create $1,000 a year memberships. We could probably create $10,000 a year memberships, right. Now what is it for? Well, we have to explore.

Is it going to be access to our stores and be early access in inventory? Is it going to be special products that nobody else gets unless you’re a member? And there’s all sorts of things that we can do, but how do we get started? And so, we’re ready with the infrastructure. I mean we can get them up and running in like 60 to 90 days, especially for a simple, simple launch.

But the work actually to sit down with them and figure out what is it that you want to launch? Is there an app that’s part of it? Accenture’s done massive investments in the Accenture Digital to create an expertise to help companies model out user interactions, model out app flows and so on and so forth. And so, you can think of, hey, is there a partnership that goes to these types of companies and say, look, we can get you up and running in 90 days. Let’s do a fast, fast prototyping session and let’s figure out something to launch and let’s launch it. But let’s also recognize that that first launch is just a learning opportunity. We’ll actually go after that launch what we need to do. But let’s just get something in the marketplace, let’s get customers playing with it. It’s not going to cost that much, but let’s start down our journey to turn our customers into subscribers.

And so, every company today just seeing the resiliency of the subscription business model in recent times and seeing customers weave in on more subscription services and wants and onboarding and onramp in the subscription economy, this is where a partnership can really, really help these companies do that.

KEVIN HOBBS: Fantastic advice and guidance. And we’re really fortunate to have you today to talk to us and I love all your customer examples. That always helps. I know I’m out talking to companies, that’s probably the number one thing that they want to know is what are other people doing? So thank you so much for sharing all
those experiences. It was really fantastic, Tien.

TIEN TZUO: Of course. Thanks, Kevin. Thanks for having me.

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