



XAAS FILES PODCAST EPISODE 13 : ARE YOU IN THE MAJORITY OR THE MINORITY?

AUDIO TRANSCRIPT

Introduction [00:00:00] Welcome to Accenture is XaaS a service files the podcast for business leaders helping their companies transform using innovative digital business models. Here, you'll learn from some of the industry's leading movers and shakers, senior executives from companies around the globe who are changing the way the world works and plays by delivering all types of compelling subscription services. Join your host Kevin Dobbs Accenture as XaaS service managing director who brings 20 plus years of experience as an entrepreneur, CEO and senior executive to the table. Kevin has led dozens of as a service business transformation for some of the largest technology and industrial companies globally. Now let's get to today's episode.

Kevin Dobbs [00:01:03] Thanks for tuning in today to our X-as-a-Service Files podcast. My name is Kevin Dobbs and I run our revenue acceleration practice here at Accenture. So today we're hoping to learn the secrets behind building a world class experience for your customers as part of your digital business. And I'm really excited to have Leslie Stretch, the CEO from Medallia joining us. Leslie was formerly the president and CEO of Callidus Cloud, which is acquired by S&P, and he's also worked at Sun Microsystems and Oracle. Leslie, welcome.

Leslie Stretch [00:01:36] Kevin, Thank you very much for having me.

Kevin Dobbs [00:01:39] Pleasure. So, you know, just to give things kind of started, you definitely have a unique perspective on running several successful businesses and understand the

importance of building strong customer relationships. One of the critical building blocks when you're building an as-a-service business is the experience. Why do you think that's so important today as maybe compared to 10 years ago?

Leslie Stretch [00:02:05] Well, I think it's important that every single company, whether you're a recurring revenue model, a subscription model, which is the more honest business model that we like in our software businesses today, because it's a renting model. And if you're not successful and not delivering what you promise, people don't renew. And so we like that model, but it doesn't really matter what the business model is. Your future depends on, in our view, treating customers in a certain way, but also treating your employees as customers. Ritz Carlton, Marriott, one of our great customers, they talk about treating their employees like guests. And I think that there's a revolution underway, a huge dramatic revolution of shift in power underway, shifting power to customers and employees that we need to serve through our digital platform that we have built over time. And that's what we're all about. We're totally tuned in to that way of thinking about the world. Customers are everything you need to be connected to them constantly. And that implies big digital, big knowledge base capabilities and your employees are customers too. Always and that's a shift in the last 10 years in particular. And so that's what's going on. Obviously, things have been exacerbated. Well, that's an understatement. We affected in the pandemic. So, this is a super exciting time to be in this



business and to see how companies are becoming more enlightened about this imperative to their future.

Kevin Dobbs [00:03:42] Yeah, and if we think about it, you know how the economy and Covid and all the things that are happening right now, what do you think some of the major drivers are that are having companies kind of rethink their business, kind of pivoting their business model to kind of is rethinking and redeploying what they're doing? What are the big drivers out there?

Leslie Stretch [00:04:05] Well, I think the drivers have all changed or accelerated or compounded and become more intense. So, if you think about the physical customer journey today, literally a journey, talking with the CEO of Delta at Bastion just yesterday, you think about the physical journey of a travel experience, things that were taken for granted, safety in the cabin, health and safety in the cabin, simple transactions of checking in. If you think about how these simple steps in a journey have suddenly become more intense emotionally, much more intense for people, more challenging, more things to think about. And so in the physical world, people have started to think about that. Obviously, if you look at the retail experience, completely transformed curbside pickup and the overwhelming growth and that activity, again, at different, totally different type of customer journey. And then, of course, the digital first world, you know, everything has become digital first, there's no doubt about digital first is key. This week I talked to three CEOs of different customers already on Wednesday, and that is my typical week. And they are transforming their businesses to digital first businesses and they're seeing huge growth and huge uptake. But along with that, customer loyalty has been massively impacted. Customer loyalty and loyalty-based systems that used crude mechanisms to engender loyalty points, based systems, MYLIE systems, those have fallen into the gutter. They've gone by the wayside. Customer loyalty is completely disrupted. So how do you think about that? How do you create an agenda? Customer loyalty and our conviction is it's through fabulous experiences and we have a ton of research and data to support that idea and we're just beginning to bring these notions to market.

Kevin Dobbs [00:06:01] That's great, because I think one of the things that our clients are always talking about is what are the capabilities required to build a successful business like this. So obviously, making sure you're focusing on loyalty, you know, other things we hear as we need to be more resilient. So that goes back to the customer experience as well. I can't have sort of a choppy experience. I mean, something where I've got the infrastructure to deliver consistency and make sure that the customer feels like, you know, I'm dependable. The idea that experience is you lead with experience because a lot of our clients and a lot of the people, the execs I talked to, they want to do it. It's just hard to do. Any thoughts around, kind of tips around what a successful motion might look like for them around experience.

Leslie Stretch [00:06:48] Yeah, and, you know, it's actually easy to do. And I think it's a perception and it's a strong perception and a well-grounded myth that is hard to do. Yesterday, I talked with the CEO of one of our newer customers, a great, great, great US retail fashion brand. And I talked with them and we've gone live with an experienced platform for them. We come from contracts alive and in about thirty-five, forty days, the response rates that they're getting from customers versus their prior simple basic survey technology have gone up four times because we're collecting unsolicited data, we're collecting the voice of the silent majority. We're not just collecting explicit post experience surveys. So it's actually easy to do once you've made the mental leap to understand what's going on today and this revolution and balance of power that's shifted to customer and to employee. And one of the stories I always tell people is the European Story, my great brand from years ago I was there was a commercial that went around the world. It was a beer, it was a lager, a Carlsberg Lager. And the commercial was of a man and a pete hat sitting behind a glass door with a dusty telephone, complete silence reading his newspaper. And as the camera panned out, the sign on the door said Carlsberg Complaints Department, the phone never rings because it's the best, probably the best lager in the world. And brands 10, 20 years ago were resting on their laurels and they had loyalty and customers had limited choice. Now choice is everywhere in every dimension. There



Is no one of anything, no one of anything anymore. And so loyalty and trying to get loyalty through simple crude steps like simple basic loyalty systems and point systems has failed. And what's going to succeed is this intimate, constant dialog at scale with customers. And, you know, there's a ton of research which we can give you the clear data on, if you would like, and give your listeners a clear data on, that tells us that even when a product is not available in a store or on a website and we don't fulfill the customer's needs, they're much more likely to return and purchase again and they will spend up to four times as much if there is a solicited, but more importantly, an unsolicited interaction with a human, the human factor, the step into the digital channel to help someone who's finding it hard to navigate, to purchase the approach in the store, helping somebody to solve a problem. Maybe we haven't got the product that they wanted to purchase, but that unsolicited interaction is worth three to four times the traditional purchase metrics. And so, the human factor informed by digital technology is huge. And the companies that get it, the brands that get it, and they are legion now, but still a minority, still minority. There are still Fortune 500 companies that have no connection with their customers. They think they do, but they don't. And so once you get it, it's actually easy to do technically it's very easy to do. And there are informed partners, Accenture, amongst others, that are able to help our customers get to that first simple step. It's actually much easier than people think.

Kevin Dobbs [00:10:16] That's great. And you know, the other thing that you've touched on a couple of times, which I think is really important, is and when we talk to clients about this is how do I bring my employees along in the journey? And one of the things that we see right now, as you know, we've heard about the great resignation. Right. Everybody's rethinking what they're doing. So, I think it's hard to pull off one of these transformations if you don't have your employees actually engaged in driving and almost retooling them to this new models. Thoughts around that. Obviously, you've mentioned that a couple of times. But I mean, I think that that's an absolutely critical component in kind of pivoting to these new models.

Leslie Stretch [00:10:58] Well, I think it's

absolutely key. And, you know, I totally agree, Kevin. I think that what we see again and again is great brands who start with customer and they provide their customers with the best possible tools an iPhone. They provide their customers with the best possible tools to interact with them. Meanwhile, back at the ranch, their employees are getting first generation technology. That's a huge mistake. And also people, you know, the old world. And for many great brands, it's changed, which is which is wonderful. You know, I look at my team who are the key to our success. There's no doubt about it. I look at my team and I think we have people in the company who were customers of Medallia. We have people who will leave their company and go and work in customers of Medallia. And if you have a false face in the way that you treat customers and then you treat your employees in a different way, that inconsistency is going to cause a big disruption in your business. The mass resignations that you know, the stories that are going on about that at the moment, those how real it is, it doesn't really matter. There's definitely something going on. It's exacerbated by the virtual world that we're living in today. The virtual world is making things, is compounding perceptions, changing perceptions. So, if you don't treat your employees as guests or customers or at least as good as, you're in trouble, you might not know it. You might have taken a bullet and you're still walking. You might not know it. And I see that again and again.

Kevin Dobbs [00:12:30] Yeah. The last question I ask you, and you mentioned this earlier about how you position Medallia is kind of a platform. Is that that's the other thing I talk to companies about, is that they need to think of what they're building as kind of a platform. And and I'm sure you know about this as well as like data is critical to that. So it's like, you know, what are the signals that we're getting from the market, from our customers, maybe our employees that inform us to create better experiences? What advice would you give a company is starting to go down this path in terms of thinking about a platform and making sure you get the right data?

Leslie Stretch [00:13:08] So I think this is a key theme. And this is we've talked so far about the philosophical view of the world and the position that we think great brands take and why they



succeed. Our job is to underpin that with time. I think about the future all the time. It's my favorite subject and by bar none. And what we're thinking about is how do we create this high fidelity signal from our customers and our employees? How do we really know what's going on? You know, 80 percent of the data in our platform is not survey data. Survey data is a human biased interaction. It captures the voice of the vocal minority, the voice of the vocal minority. It's very important to ignore at your peril is critical to market research, is critical to long term customer relationships. But 80 percent of the data that matters is very much unsolicited. And our job is to synthesize these signals, physical signals, digital signals and be open to any source, navigation on a website, any kind of a bit stream, be open to any source and have an open platform that can capture almost any signal and that today is a thousand times easier than it was five years ago. And so, I would encourage companies that feel it's daunting to capture this real insight, real innovation insight and actionable insight from customers. Through this unsolicited spectrum. You can create a very high fidelity signal, a very clear understanding of a very large customer base very quickly. So why wouldn't you do it? And why would you market to customers or talk to a customer without understanding their sentiment? And through this platform, through our data capture, we were able to see years of recorded sentiment for an individual. So that level of one-to-one marketing to an individual context sensitive to their past and their view of you as a brand, the company or product, is in my view, transforms your chance of success if you understand that before you make a sales or marketing move. And that's where we get into our B2B customers like Palo Alto Networks, like fewer stores like HP and so on, they're totally tuned in to that customer sentiment over time. It's transformational in their business. And they are they are thought leaders in this data world that we live in. And so that's that's absolutely critical to us. And so, I think the philosophical disposition of treat your employees as customers, treat customers as customers and partners for life, whatever the interaction needs to be. That's backed up by this digital platform that we've spent. We spent a billion dollars plus building this platform so that you don't have to so that our customers don't have to. And that's what we're all about.

Kevin Dobbs [00:16:07] Great insights. Leslie, really appreciate it. So thank you. And we'll look forward to kind of continuing the conversation.

Leslie Stretch [00:16:16] My pleasure, Kevin.

Closure [00:16:19] Thank you for listening to Accenture XaaS Service files. Please be sure to visit our podcast Web site at Accenture.com slash XaaS service files that's Accenture dot com slash x a a s dash f i l e s. Where you can listen to more conversations with other industry leaders about their vision and perspectives on innovative digital business models. You'll also find more great insights from these leaders on our blogs that accompany each episode. And of course, we always appreciate it when you rate and review the show. Be well and we'll catch you again on the next episode of the XaaS files where we'll learn about the next venture in the digital transformation business journey. Disclaimer: Copyright © 2021 Accenture. All rights reserved.

Disclaimer: This makes descriptive reference to trademarks that may be owned by others. The use of such trademarks herein is not an assertion of ownership of such trademarks by Accenture and is not intended to represent or imply the existence of an association between Accenture and the lawful owners of such trademarks.

Disclaimer: This document is intended for general informational purposes only and does not take into account the listener's/reader's specific circumstances, and may not reflect the most current developments. Accenture disclaims, to the fullest extent permitted by applicable law, any and all liability for the accuracy and completeness of the information in this presentation and for any acts or omissions made based on such information. Accenture does not provide legal, regulatory, audit, or tax advice. Readers are responsible for obtaining such advice from their own legal counsel or other licensed professionals.

Copyright © 2021 Accenture
All rights reserved.

Accenture and its logo
are registered trademarks
of Accenture.