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Cisco Ties Partner-Delivered Customer Experience to Service Strategy

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As the technology market transitions to service-based models, customer experience (CX) is becoming paramount as a value proposition. Vendors across the industry are exploring how to incorporate CX into their existing channel models. At the forefront of this trend is Cisco, whose customer experience program is compelling partners to go beyond active engagement with customers by becoming anticipatory.

Cisco is helping partners use the data intelligence derived from services to anticipate customer needs and take proactive measures. In other words, Cisco is enabling partners to fix problems and suggest improvements before the customer is even aware of the need. Cisco CX operates on the premise that the more a partner is engaged in service delivery, the better the customer's experience.

Background

Cisco Systems, founded in 1984 as a network switch and router manufacturer, retained its identity as a hardware supplier well into the 2010s. That started to change in 2015, when Chuck Robbins (a former channel chief) became Cisco's CEO. In 2017, Robbins unveiled a strategic shift to software and subscription services.

In 2018, Robbins recruited Salesforce Customer Success veteran Maria Martinez as Cisco's Chief Customer Experience Officer. Martinez, Salesforce's former president of Global Customer Success, was tasked with transforming Cisco's service and customer success functions to distinguish the

CISCO™

◉ **Website:** cisco.com

◉ **Year founded:** 1984

◉ **Headquarters:** San Jose, Calif. (United States)

◉ **CEO:** Chuck Robbins

◉ **Channel chief:** Oliver Tuszik, SVP of Global Partner Sales

◉ **Partner CX lead:** Denzil Samuels, VP of Global CX Partner Practice

◉ **Revenue:** $49.3 billion (USD)

◉ **Product segments:** Networking, security, collaboration

company's subscription offerings. In refining Cisco's "Lifecycle Advantage" approach, Cisco sought out a partner-centric customer engagement strategy that would drive customer success and promote customer retention, stopping the ongoing leak in the recurring-revenue bucket.

Change Imperative

At the time of this writing, Robbins has been CEO of Cisco for six years. In that time, the company's software subscription revenue has grown 253% – from $3.4 billion in 2015 to $12 billion in fiscal-year 2021, which ended July 31. Software now accounts for about 30% of Cisco's revenue, and the company aims to bring that percentage up to 50% by 2025. With software and subscription sales, however, comes the challenge of customer retention – the very challenge that led Cisco to the concept of customer experience as a driver of new and renewal revenue. Partners are Cisco's primary means of selling and supporting customers, and the company prides itself on a "partner-centric" approach. Recognizing the importance of partners in servicing customers, Cisco made CX a centerpiece of its service go-to-market model.

Solution

Martinez distinguishes customer experience from customer success by saying that the former is "proactive," while the latter is "reactive." While a customer-success focus involves responding to customer needs as they occur, a focus on customer experience is all about anticipating needs and taking action before they arise.

Cisco's CX program leverages data intelligence to guide its partners in this "proactive" approach. The program relies on two platforms for the collection and analysis of data: its CX Cloud platform and its PX (Partner Experience) Cloud platform, which encompasses CX Cloud. The portals allow Cisco to receive real-time information from customers and partners, which it can then use to educate partners, sharing insights with them and suggesting action options.

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Cisco's Customer Experience Lifecycle – sometimes referred to as a "racetrack," with reference to the infinity symbol-shaped diagram that Cisco uses as its illustration – defines various "touch points" in the customer experience, starting before the actual purchase ("Need," "Evaluate," "Select") and continuing into renewal. The illustration implies a natural continuity in customer experience that leads to renewal and repetition of the cycle.

Results

While Cisco is making customer experience through partners a priority, the initiative is nascent. Cisco believes its philosophy, strategy, and enablement around partner-driven customer experience are winning propositions that will result in higher renewal rates and total contract values (TCVs). Observers should watch Cisco's customer attrition (or churn) rate to see if the strategy and program are working as intended.

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CHANNELNOMICS PERSPECTIVE

The success of services sold on a recurring-contract or subscription basis depends on two factors: the acquisition of new customers and the retention of existing customers that maintain or expand consumption. The reliability and predictability of the recurring-revenue model destabilize with inconsistent customer retention.

Cisco is correct that customer experience is a prime factor in the service and recurring-revenue model. Passive engagement with customers does little to demonstrate the value of their service expenses. Even the traditional active model, in which vendors and partners provide activity reporting, does little to bolster customer perceptions.

By compelling partners to deliver services proactively, Cisco is looking to ensure that the recurring revenue flowing to and through partners remains consistent and persistent. In the process, Cisco is looking to provide partners with a competitive differentiator, a value attribute above the underlying technology of the service.

Cisco isn't the only technology and service vendor looking at customer experience as a pillar of the channel go-to-market expectation. Other vendors are looking to incorporate the customer experience delivered by partners as a key metric of performance and value. Cisco is on the leading edge of this trend, providing an example for other vendors to emulate.

About Channelnomics

Channelnomics is a business strategy and research firm focused on connecting channel professionals with the people and insights that enable them to continually evolve and operationalize their strategy.

Our industry experts work with clients to provide the economic evidence they need to validate and structure their strategy. Our clients, in turn, benefit from improved GTM performance, faster time to market, and better return on partner relationships. By looking at the technology market from the viewpoint of vendors, partners, and end users, Channelnomics is uniquely positioned to develop route-to-market strategies with an innovative, insightful, and inspired flair.

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