

BUYER CASE STUDY

SYSPRO: Differentiation Through a Customer Experience Go-to-Market Strategy

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IDC OPINION

This IDC Buyer Case Study features SYSPRO, an enterprise resource planning (ERP) solution provider for small and midsize manufacturers and distributors. While SYSPRO's state-of-the-art technology maintains the company's viability against much larger competitors, buyers are often more compelled by the company's culture and the infusion of a holistic "customer experience" (CX) perspective into that culture. IDC notes that in the ERP supplier selection process, the software/services industry feature/function matrixes are often fairly consistent based on the product maturity of most leading vendors; increasingly, competitive differentiation can be found in vendor-customer relationships. Far beyond the traditional attention to measurement of customer satisfaction with software installation/maintenance, customer experience is made up of a six-part spectrum: culture, strategy, and processes; products and services; people; information; access; and technology. With the rapidly changing technology landscape, where usage (e.g., mobile) and delivery (e.g., cloud-based offerings) models are dominating industry headlines and preoccupying both end customers and vendors, IDC advises solution buyers to do the following:

- Provide equal and perhaps even greater weighting to the experience/relationship quotient of a purchase
- Evaluate vendors for their commitment internally to the execution of CX
- Consider the contribution that the technology delivers to the internal customer experience strategy in terms of end-to-end processes and for ease of integration with the existing architecture

IN THIS BUYER CASE STUDY

This IDC Buyer Case Study features SYSPRO, an enterprise resource planning (ERP) solution provider for small and midsize manufacturers and distributors. Manufacturing and distribution organizations are under increasing pressure in a multitude of areas, including the following:

- Increased (low price) global competition
- Changing supply and supplier dynamics
- Fluctuating energy costs

- ☒ Changing regulatory environment
- ☒ Squeezed (lack of experienced) labor pools
- ☒ Smaller operating margins
- ☒ Uncertain market (buyer purchase intentions)
- ☒ Unpredictable economic variables

Technology solutions that have for decades provided dependable operational support are being questioned for their efficacy in meeting current and (as yet unknown) future requirements. And as with the earlier foundational platform shifts (from mainframe to minicomputer to PC networked to client/server to Web-based solutions), ERP solution buyers are deluged by an avalanche of technology messages on cloud and mobile computing platforms/requirements/differentiators, making the selection of an appropriate supplier/business partner a challenging proposition.

In its coverage of customer experience, IDC is writing a series of case studies that highlight end-user organizations that exemplify one or more of the six components of IDC's CX taxonomy. This Buyer Case Study features SYSPRO, an ERP solution provider for 14,500+ small and midsize manufacturers and distributors, as an example of a company that exemplifies the "culture, strategy, and processes" component of IDC's CX taxonomy. Specifically, it focuses on SYSPRO's long-standing customer experience paradigm — threading and extending from SYSPRO internal administrative and management employees out to the company's channel partnerships, which account for 90% of sales.

SITUATION OVERVIEW

Customer Experience — A Definition

The "century of the customer" has centered on increasing customer experience and, powered by social media, is motivating organizations to invest in their customer-handling infrastructure. The imperative to interact with customers "when, where, and how" they want is changing the go-to-market strategies of many organizations. Technology is now a requirement that enables suppliers to deliver consistency at scale. The act of placing the customer at the center of business decisions and working from that framework is at the heart of a CX-driven organization.

IDC defines customer experience as follows:

The entire process relating to the interaction between a customer and an organization with which they engage over the lifetime of the relationship. In this context, customer experiences can range from a single transaction to an ongoing relationship over a period of many years.

Customer experience management complements the business CX go-to-market strategy and incorporates the methodology for the execution of the CX strategy. Customer experience management includes the following elements:

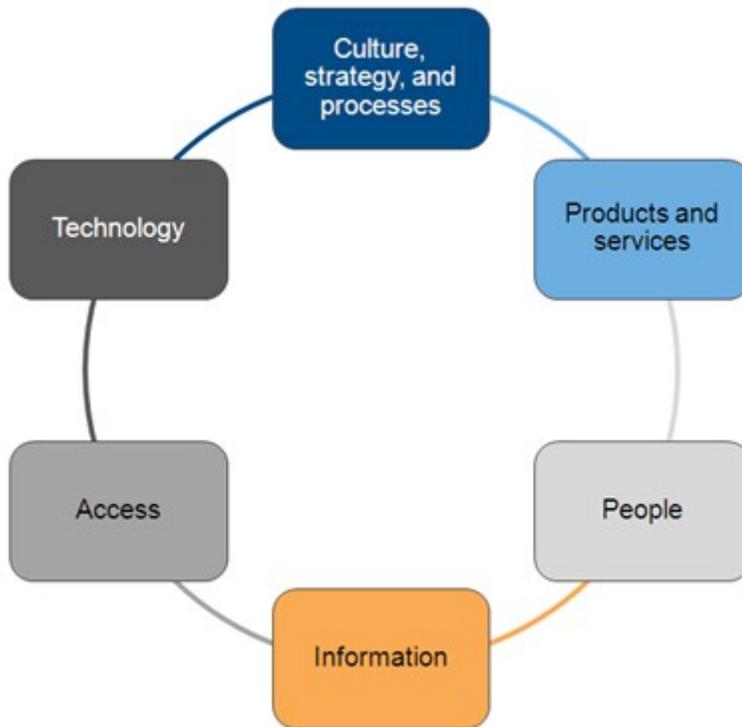
- ☒ Alignment of the corporate goals of the organization to create an experience (including the product/service) for the customer that meets the expectations of that customer in those engagements and results in customer satisfaction.
- ☒ Orchestration of internal business processes to create a flow that is planned and architected in a manner that makes interaction from the customer's side as easy, quick, transparent, positive, and full featured as possible, through any customer journey.
- ☒ Allows businesses to provide for, manage, and optimize customer experiences end to end, from the moment the customer becomes aware of the product or service offered to the moment the customer decides to make a purchase to managing the customer's experiences in order to improve customer retention and gain greater leverage over the relationship.

IDC has identified six components that are essential in building a complete CX strategy (see Figure 1). All organizations have a degree of each of these components. In detail:

- ☒ **Culture, strategy, and processes.** What does it mean to put a customer at the center of the company? The culture of the organization is central to making a CX strategy work. Leadership must show support for the initiative as the ripple effect through the organization is profound. The instantiation of this cultural directive is then found in the strategy and processes that support it.
- ☒ **Product and service.** The product or service that the company offers is obviously intrinsic to the satisfaction of the customer base. It needs to fulfill a need or demand.
- ☒ **People.** When speaking about CX, it is often easy to focus on customers, which are obviously at the center. But the company's employees are just as important as the customers, since employees actually deliver the customer experience. Employees are the advocates and the evangelists for the company. Also in the same category are partners and their execution of the CX ethos.
- ☒ **Information.** Information includes all of the content, data, and analysis that are distributed among the customer and the organization, by employees to other employees, and to partners that support or pertain to the delivery of the product or support the customer through any customer-related process.
- ☒ **Access.** Access includes all the touch points through which a customer experiences an organization.
- ☒ **Technology.** Technology, including both hardware and software that support and automate the CX environment, is a supporting pillar.

FIGURE 1

IDC's CX Framework



Source: IDC, 2013

SYSPRO — A Model for CX "Culture, Strategy, and Progress"

IDC selected SYSPRO as a company that offers an example of excellence to illustrate the "culture, strategy, and processes" component of IDC's CX taxonomy. It should be noted again that all companies possess some amount of each of the six components constituting IDC's CX taxonomy, to a greater or lesser degree, as does SYSPRO. For SYSPRO, building a CX culture is a corporate focus emanating from the highest offices and infused throughout the organization.

Many sources cite customer experience as the single most important aspect in achieving success for companies across all industries. Companies like Starbucks and Nordstrom are textbook examples of companies that spend hundreds of millions of dollars to create differentiated customer experiences. The *New York Times* bestseller *The Discipline of Market Leaders*, by Michael Treacy and Fred Wiersema, describes three kinds of market leaders:

- Product innovators
- Process excellent

☒ Customer intimate

In each case, leadership accrues as a direct result of company/organizational culture being tied to one of those areas of core competency. SYSPRO is an organization that has infused a customer-intimate model into its cultural core since its founding in 1978 as one of the world's first PC-based providers of ERP software.

How could a \$73 million ERP vendor (with a \$300 million extended footprint) possibly survive and thrive in a market of outsized, \$1+ billion competitors? What's more, how could it successfully distinguish its wares not only technologically but through a model where customer experience is its primary differentiator, particularly when the company sells primarily through a channel model, so ostensibly it sits one step removed from the customer?

Organization Overview

With 14,500+ global customers and 30+ years' history of delivering customer-focused value-based solutions, SYSPRO, founded in South Africa, has primary offices around the world, its U.S. headquarters (SYSPRO USA) is in Costa Mesa, California. The company's natively built software modules are installed in a broad spectrum of manufacturing/distribution industries, with extended features/functionality for the food, medical devices, electronics, and machinery and equipment industries.

More recently, SYSPRO also heightened its focus on the automotive and energy industries and has extended its reach into retail-facing manufacturers/distributors looking to bypass traditional third-party retail channels by offering a suite of operationally integrated point-of-sale solutions. In 2012, SYSPRO introduced release 7, which includes powerful new mobile, business process management (BPM), data integration/aggregation, and business intelligence (BI) capabilities.

But more important than the company's technological soundness and advancements are the customer experiences about SYSPRO reported by companies like Vanns Spices, based in Baltimore, Maryland. Vanns, a 32-year-old company with about 800 customers, manufactures a full line of spices, spice blends, beans, grains, rice, salad dressings, and condiments. While Vanns is a classically defined SMB (small/midmarket business) company, many of Vanns' U.S. and Canadian restaurant and grocery chain customers are quite large and have been showcased by high-profile TV chefs such as Martha Stewart. Vanns has grown its revenue by 15% and its gross profit by 39% in a challenging market since installing SYSPRO three years ago. But that's not what the company executives rave about.

"Lots of companies have great technology, but there's an intangible with SYSPRO," says Vanns Spices president Mick Whitlock. "The customer experience is really exceptional. Let me tell you a story about this ... on the second day we had SYSPRO, a problem occurred on our own server ... which had nothing to do with the SYSPRO application. We accidentally deleted an important file, and it could have been another insane day for us. Now remember, we're in Baltimore, but our support team was on the West Coast, so there was a three-hour time lag. Yet by 10 a.m. Eastern time — 7 a.m. Pacific time — we had their assistance to get us up and running again, with the

backed-up file and their complete attention. I maybe had one hour of worry, and then sanity was restored."

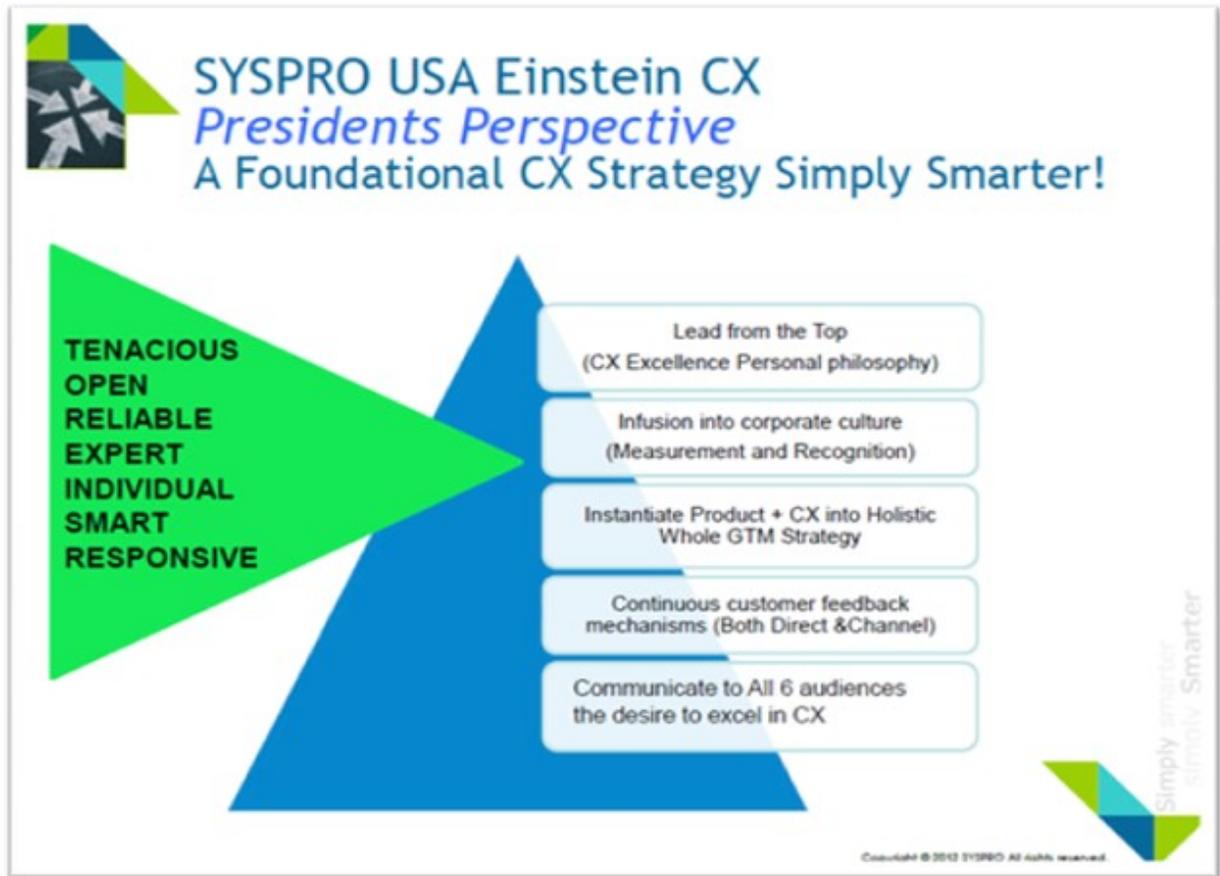
Challenges and Solutions

Early in the company's history, SYSPRO determined that the keys to the ERP buyers' kingdom would be lost for some smaller competitors against giants in the industry unless there were compelling reasons to look outside of a pure R&D and marketing spend. Instead, SYSPRO company executives started from the bottom up inculcating an internal/external organization matrix focused on a superior customer experience from the start and decades before the current "new millennium" articles began appearing on customer centricity/experience.

Specifically, SYSPRO began building a pyramid-style bottom-up and top-down approach to customer experience — later encased in the SYSPRO USA Einstein "simply smarter" messaging — as shown in Figure 2.

FIGURE 2

SYSPRO's Pyramid-Style Approach to CX



Source: SYSPRO, 2013

Specifically, SYSPRO built an internal paradigm extending to its extensive partner community, embodying the following principles:

- Lead from the top each day (Executives visibly demonstrate the customer experience focus by example.)
- Infuse the example into the corporate culture through employee/partner measurement and recognition
- Instantiate customer experience into a holistic product and go-to-market message
- Use multiple channels (verbal, written, social, etc.) and mechanisms for continuous customer feedback

- ☒ Ensure that all SYSPRO audiences (employees, partners, prospects, customers, influencers) understand the focus to excel in customer experience

Further, SYSPRO USA identified that an optimum customer experience cannot only be a priority; it has to be an integral part of the corporate culture. SYSPRO took the following actions:

- ☒ Created a customer experience handbook
- ☒ Created a standalone customer experience department
- ☒ Made the customer experience department report to SYSPRO USA President Joey Benadretti
- ☒ Stated its priority of "protecting the customer investment and ROI"
- ☒ Stated the additional priority of not only building a great customer experience but *maintaining it*

Additionally, SYSPRO believes that happier customers build reputations (and margins); products change, but values don't; and all R&D initiatives are built first around customer (versus profit) desires.

An Interview with Joey Benadretti

A conversation with SYSPRO USA President, Joey Benadretti, eloquently demonstrates the passion of the organization and how committed SYSPRO is to the CX philosophy.

On Strategy

- ☒ "When we talk about strategy, we are talking about that true customer partnership."
- ☒ "The first level is: you lead from the top. In any organization, a culture is driven by the people that run it or the people that own it, and you cannot get away from that."

On Customers

- ☒ "To truly deliver on a CX strategy, the ethos needs to be in place, and the methodology needs to be there to support it."
- ☒ "On the accountability side, on delivering on promises ... when you look at it from a customer perspective, I'm a firm believer that at the end of the day a documented approach to things and giving your customers visibility of where you are saves them money, saves them aggravation, and certainly involves better references and a strong working interaction. So I think that's critical."
- ☒ "At the end of the day, you've really got to be suited to your customers because I really do believe that you gather the types of customers around you, typically, that like your culture, that like your mind-set, that like who you are. And there's

always going to be outliers. There always will be people that disagree with something or the other, but the bulk of your customers, if you treat them right, will stay with you because you're doing the right things."

On Employees

- ☒ "The door to come into a company should be very, very narrow, and the door to go out should be very big."
- ☒ "Our people are a reflection of the management and the way this company is run from the top. The people that you gather around you have got to have the same value system. Otherwise it's not going to work. And I think you infuse that into others."
- ☒ "On the education side, this is another place where I'm really, really big. We sent all of our managers on a year's training course through Crestcom Leadership Training. The whole purpose of that was to make our management team focused, going in the same direction, and understanding customers. Understanding small things like rapport ... because it's just one aspect."

Results

While many organizations, and customers, believe in customer experience in principle, does it deliver bottom-line results? SYSPRO, with a three-decades proof statement on how to thrive in a competitively challenging market, is a live example that customer centricity is not a soft concept. SYSPRO attributes the following measures of the company's overall success as evidence that it delivers a tangible business differentiator to the organization. In SYSPRO's view:

- ☒ The ROI that accrues to not only win but sustain customers has been proven: SYSPRO has been profitable every year of its existence.
- ☒ SYSPRO shows that it's a lot less expensive organizationally to build customer centricity from the bottom up than to recuperate lost revenue or expend incremental management cost to recover at-risk customers.
- ☒ Total license/maintenance payments over the life of an ERP deployment are likely \$1 million (or many millions for larger companies) — so keeping good customers for as long as possible is a large net win.
- ☒ Satisfied customers are a sustainable engine for growth: repeat business accrues benefits not only in and of itself but through the extensive reference process to other prospects.

Specifics

In addition to viewing the overall success of the business as evidence of its customer experience, SYSPRO seeks to statistically measure the business impact of its top-down/bottom-up CX framework. Many organizations have various measures in place to attempt to assess customer health such as "csat" — customer satisfaction, typically conducted through surveys — and "VoC" — voice of the customer metrics, which

involves phone call recording in call centers. Standard ERP and CRM industry metrics include measures relating to installation satisfaction and service ticket resolution. Since its inception, SYSPRO has regularly conducted pulse surveys, which the company internally calls SNAP — SYSPRO NEEDS ANSWERS PLEASE! The SNAP surveys are sent out to both the customer and the partner sets (average completion rate is 80% of base) to gain fast regular point-in-time (snap in time) measurable knowledge of the types of experiences customers are having with any aspect of the SYSPRO solution.

The areas of business impact measured are:

- SYSPRO's CX impact on go-to-market strategy
- SYSPRO's CX impact on business processes
- SYSPRO's CX impact on "doing more with less" (resource utilization)

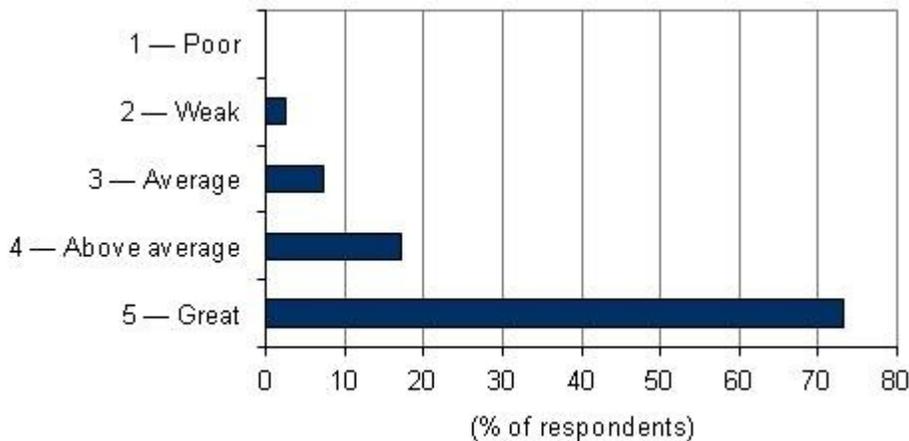
The most recent SYSPRO SNAP survey results (May 2013) measure customer experience results tied expressly to business impact in these three areas.

As shown in Figure 3, SYSPRO's culture of CX is assessed by 73% of customers/partners as overall having a "Great" impact on their own go-to-market strategy. According to SYSPRO, the culture of CX has been consistently assessed by over 80% of customers/partners as overall having a "Great" impact in all three of the business impact areas.

FIGURE 3

Impact of SYSPRO CX on Customers' Go-to-Market Strategy

Q. *To what extent does the SYSPRO culture and SYSPRO customer focus assist your organization with your go-to-market strategy?*



Source: SYSPRO's SNAP Survey, May 2013

ESSENTIAL GUIDANCE

Achieving great customer experience involves proper attention to customer expectations, experience, and satisfaction. Loyalty and advocacy deliver measurable business value on multiple levels. And organizations that respond consistently across their organization — through multiple internal/external resources and across all operational processes — will win.

The new customer relationship management technologies are designed to facilitate communications, build product and brand requirements, and create vehicles for upselling, cross-selling, and reference selling. New business intelligence capabilities and analysis teams, social and collaborative software, and new mobile platforms will take companies only part of the way there.

For organizations wanting to create customer experience leadership excellence, four key insights can be gleaned from the SYSPRO ERP example:

- ☒ Establish and communicate — from the bottom up to the top down — the customer experience priorities
- ☒ Create highly integrated programs and business processes that are repeatable and sustainable
- ☒ Leverage technology resources (i.e., social/mobile/BI) to streamline and optimize customer experience programs
- ☒ Measure on multiple levels — customer expectations, motivations, feelings, concerns — and address any barriers to achieving customer satisfaction

The SYSPRO example demonstrates the triangulation between what occurs internally within SYSPRO from a strategic perspective, what occurs within SYSPRO operationally, and what occurs within the customer and partner communities. Many organizations undertake one or two of these perspectives as indicators of organizational or customer health. However, it is when the multiple dimensions are combined that a complete view is created, which in turn allows decisions to be made that affect the whole and ensure consistency. For SYSPRO, the instantiation of the CX initiative in the culture with management support and focus enables the strategy to become actionable on all levels.

Specific measurements are highly contingent on the stated goals of any organization. In the SYSPRO example, measurement is happening on its customer's perception of how well the CX strategy in particular contributes to the customer's own success.

For organizations getting started on a measurement program, IDC recommends the following measurements to be used in *combination*:

- ☒ Internal business measures — time to delivery, COGS, and so forth for organizational tracking
- ☒ Customer satisfaction and voice of the customer programs at the point-of-delivery level for program-specific tracking

- ☒ Strategic customer/partner perception results tied to organization goals

LEARN MORE

Related Research

- ☒ *Worldwide Applications 2013 Top 10 Predictions* (IDC #239745, March 2013)
- ☒ *Customer Experience: The Only Strategy That Matters* (IDC #DR2013_T2_MW, March 2013)
- ☒ *Top 10 Social Business Predictions for 2013 — Moving to Integration* (IDC #WC20130220, February 2013)
- ☒ *Converting Social Software into Business Value* (IDC #239195, January 2013)
- ☒ *Market Analysis Perspective: Worldwide CRM Applications, 2012 — Customer Intimacy Driving Investments in Social, Analytics, and Customer Experience* (IDC #238557, December 2012)
- ☒ *The Future of Customer Care Services: Social, Mobile and Virtual* (IDC #WC20121206, December 2012)
- ☒ *Reading the "White Space" with Social: The Missing Piece of Customer Experience* (IDC #238117, December 2012)

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