

**Adam Joseph (AJ):** *Can you tell us more about Hornbill?*

**Gerry Sweeney (GS):** We sell cloud-based solutions to businesses that need to manage services to their employees. 10 years ago, we were selling IT Service Desk solutions to IT Teams that wanted to be ITIL compliant. Today, Enterprise Service Management is much broader and we provide a “Service Catalogue” – a single portal for employees who want to know anything from how much holiday they have left, whether they have an IT problem, etc. The essence of our solution is efficient and automated customer service.

**AJ:** *Given how much your business has changed, has your relationship with your customers evolved?*

**GS:** Hugely – when we started in the 90’s and early 00’s, people were buying technology from us as a tool that they could use to write code in and create whatever they wanted to. Today, our proposition is a service – we have moved into the world of SAAS – **and as a result we take much more responsibility for the service that we deliver in supporting our customers.** A very different relationship today than we had 20 years ago.

**AJ:** *What learnings have you made along the way?*

**GS:** Our mix of customers and users range from traditional IT Support to Customer Services; it’s hard to know where the organisation sits until your work with them. **We have had to adapt our Customer Success strategy to embrace all of that.**

**AJ:** *Do you have a dedicated Customer Success Team?*

**GS:** Yes, and it’s more than just one team, it’s several teams – **Customer Success for us is an umbrella encapsulation that wraps up every person in our organisation that interacts with customers.**

We do some pretty interesting things that are fairly unique to our industry which are all built around Customer Success. For example, in a typical scenario a customer would go through a sales cycle and then sign up for three to five years. We don’t do that; we don’t have a contract tie-in – so a customer could sign up and walk away at any point in time – we just shake hands and call it a day – **there’s no contractual obligation. We do that because that means that we have to serve our customers every day. We have to make sure that we are doing the right thing for each and every customer – and each customer is different.**

Another thing we do which is quite different is that during a sales cycle we implement the solution for free (a full broad implementation) which gives the customer an opportunity to understand what we do and how well it suits their needs in a real live and practical environment.

Our Customer Success structure is everything from the people that implement, support and sell; ***we don't have a traditional Sales structure anymore – we have changed that so that we have Relationship Managers who focus primarily on fostering a good working relationship with each customer which means we understand their individual needs.*** Interestingly, the way that we do that is that we don't have a commission-based structure. ***Our commercial people work closely with existing customers and are not primarily motivated by selling more things to them; they are motivated and measured in different ways – by Customer Success and customer feedback primarily.***

***AJ: Has this business model given you the positive results?***

**GS:** Yes, we actually moved the entire implementation cycle into the Sales cycle. In other words, we only actually ask a customer to sign up to our service after we have implemented it. That means for the last part of the sales cycle, the Sales person steps back so that there is no commercial pressure to get the deal closed. ***We would rather our customers choose us then we choose our customers.*** In fact, we have engineered out all that behaviour completely. It's a very different model and has it delivered the benefits? Yes, it has – ***over 95% of customers who go through this process, signs up and becomes a very happy customer so on that basis for a pure new business point of view I think we have a very good sales qualification process.***

***AJ: Can you give us some further insight as to why you moved to this business model?***

**GS:** It really came about as a result exactly because of Customer Success. When we were selling in a more traditional route we would do a great job in the sales cycle, we'd get the purchase order and the signed contract yet we would not yet engage with the people that would be using the solution. The implementation could then go on for a year and a half as we were drawn into each customer's own "go-live" cycle which got incredibly complicated and difficult. We were measuring ourselves being successful having signed an order but not having the customer live and getting value from the system. That was why we changed our model. The new model works really well; it is unique however there is risk of course but this is leaned towards us and taken away from the customer.

Even though for practical purposes we tend to bill annually (most of our customers are not set up to deal with monthly billing), if a customer goes through an implementation and then decide to leaves, then we write them a cheque for the outstanding months. We don't keep their money if they haven't used the service; we've removed the risk for customers.

If a customer signs up but they are not ready to go live (which is quite common) then they sign up for minimal cost on our basic package and then as they work through their processes towards their "go-live" state they will add subscriptions as they go. ***This puts the customer firmly in control. In some cases, customers are like "rabbits in headlights" – they're not quite sure why we are so kind!***

**AJ:** How do you know whether your customers are getting value?

**GS:** There's a whole bunch of stuff that we do. As a SAAS based solution we have lots of internal metrics to see how our customers are using our software. For example, we look at how often they using certain areas of our application.

We also do a lot of "in-app" training as we evolve and change our software which can be anything from a small pop-up which highlights a new button to a new feature that's been added. We have a cartoon character called "Harry Hornbill" which pops up with useful information. This is part of our Customer Success strategy as it's really important that our developers are able to communicate with our customers directly whether that be release note content or answers to the community forum questions. "Harry Hornbill" provides a nice bridge between our developers and our customers. Every time we show in-app training we ask for feedback from our customers which goes out to our entire company for increased visibility.

We also have a dedicated Support Team which is looking at all of the feedback and orchestrating what needs to be prioritised and then routes that to the correct team. We have a very active community forum which is a very important part of our Customer Success strategy and gives us a really good balance. ***The general feedback is that our customers are pretty impressed that we can do as much as we do, as quickly as we can, whilst maintaining a high level of quality. This breeds a symbiotic culture between us as a supplier and our customers as users of what we create.***

We also have a Customer Success Team and organise our support into 3 tiers. The first is an entry-level tier which every customer receives and includes access to the community forums to help with the "How do I?" questions. The next tier is "Premier Success" which is a paid-for annual service and includes direct access to Support and committed SLAs. The third tier is a concierge service which is expensive but has "you shout and we do" type-levels of support.

We also do something else to help customers get value which as a consumer, I think anyone can relate to this – it’s called “Priced for Life”. This means that when you subscribe as a customer your pinned to our price list and we never change this. If we increase our list price (due to product improvements or inflation) that doesn’t impact our existing customers. ***The reason why we do this that I am strong believer in the idea that a SAAS company should attain economies of scale and these should be passed back to the customer.*** From a customer loyalty perspective, the “price for life” means that the longer the customer remains a subscriber they get an ever bigger financial discount. It also means we never need to have an account management conversation with our customers to say that your prices are going to go up. ***We know that most of our competitors in this space are on average, increasing their SAAS pricing by 10% every three years. We opt not to do this in our business model; our growth comes purely from new business so it’s even more critical that our existing customers are successful because if they’re not they won’t help us sell to the next organisation that wants to buy from us.***

***AJ:*** *What kind of background do the people that you hire come from?*

**GS:** Most of our people have come from traditional backgrounds (e.g. Support, Technical experts, Sales, etc) and then we have turned their world upside-down by changing a lot of the roles and the titles. In the old model, we would have had 1<sup>st</sup> level Support, 2<sup>nd</sup> level Support, 3<sup>rd</sup> level Support/Senior Developers, Consultants, Senior Consultants and Solution Consultants. We now have one title – “Product Specialist” - so that we do not create old-fashioned “boxes”. We used to find that people would “throw stuff over the fence” and say that tasks were the responsibility of other teams and nothing would ever get done. The only people that would suffer would be our customers. This was launched three years ago and was a big turning point for our company. It completely transformed our business but it was hard; we had to change the behaviours of people – some people adapted and some didn’t. Now three years on, our people understand and can see the benefit and it has worked extraordinarily well.

***AJ:*** *What are the biggest lessons that you have learned along the way?*

**GS:** So many lessons learned and so many things we could have done better. I think the biggest hurdle for me in terms of looking at Hornbill at a very high level was changing the behaviour of our organisation. We are not a huge organisation (we had about 110 people at the time) so it shouldn’t have been so hard to change but it was; it was incredibly difficult. People are set in their ways and couldn’t see the three-year vision and how the company could look; there was a lot of internal battles.

*AJ: What are the new initiatives that you will be working on in the short and medium term?*

**GS:** Interestingly for us Service Management is undergoing a massive transformation and I am looking forward to the next five to ten years. I think there is going to be a time, at least in some organisations, where the concept of a Service Desk will be removed. That's a pretty significant thing for our customers to have to deal with and we as a provider in that space must provide technologies and solutions of ways of making that possible. For me, it's our customers and where they're going and that transition from traditional IT to enterprise service management that are big areas for us to focus on and tackle. As far as Hornbill, the path that we are on is a really good one; we are getting really good results. ***We need to build on our Customer Success framework which is starting to ramp and as we start to scale this we need to ensure that we can stick to the same ethos, follow the same rules and not get attracted or distracted by more traditional ways of going about things in the SAAS world.***