

# *Experience Radar 2013*

Lessons from the U.S. Enterprise  
Software industry

*Locating the sources  
of value behind truly  
exceptional customer  
experience*

*April 2013*



*volume 3*

**pwc**

# *Experience matters.*

It's never been about the bits and bytes.



The business-to-business software industry is not only highly dynamic but also one of the most relationship dependent anywhere today. Gone are the days of large-scale sales and implementations. Cloud, mobile, new sales models and quick service/support are just a few of its emergent dynamics. This is also a business that has traditionally depended on relationships, although these were about sales and not end user needs.

In today's empowered customer world, Enterprise Software vendors must rethink their value propositions and the experience they deliver. Juggling transformation and satisfying diverse groups of stakeholders through tailored experiences are key. In many ways, Enterprise Software is leading the way for other industries to follow.

During the period of Y2K, technology vendors were able to dictate terms in a demand-driven environment. As a result, the bulk of these vendors' revenue flowed from maintenance contracts and license renewals. They were in the business of selling their software features, not delivering on real customer needs.

The culture of old-school relationship-based selling no longer appeals to customers—and nor do simple transactional sales. Customers want someone who understands their business challenges, a partner to help them solve problems. That shift points to a more consultative sales approach. At the same time, the converging forces of cloud, social media,

mobile and big data are reshaping how work is done. Creating experiences to help customers navigate this changing landscape is a critical part of the partnership that they seek.

Vendors must remain relevant to stay in the game. And to do that, they need to employ the attributes of experience (e.g., convenience, quality, support) to deepen relationships with customers and offer exactly what they value. It's never been about the bits and bytes.

Experience Radar helps you locate two elements critical to pleasing your customers and growing your business: **experience segments** and **experience enhancers**.

- **Experience segments** are those natural groupings of consumers that appear once survey respondents are categorized by the features they value, their demographics and behavioral profiles. They're who you can build a business around.
- **Experience enhancers** are those market insights that—when translated into practical actions—can create value for B2B customers. They're what you might do to grow your revenue.

Experience Radar points the way to value—and profits—by identifying ways to serve all your customers, but particularly those seeking an experience that's second to none.

Best,

**Paul D'Alessandro**  
PwC U.S. Customer Impact Leader

**Patrick Pugh**  
PwC U.S. Software and Internet Leader

# Consumer insights for the U.S. Enterprise Software industry

*PwC's Experience Radar helps businesses find the often-hidden sources of value that drive exceptional, differentiated customer experience.*

*By helping Enterprise Software vendors rank their product and service features, Experience Radar locates opportunities to create value and thereby bolster top-line growth and bottom-line results.*

*This year's series of studies measures the experiences of about 6,000 U.S. consumers across multiple industries.<sup>1</sup> The Experience Radar assigns value to a broad set of customer experience attributes broken down into industry-specific elements and then ranked by what target segments value most.*

*Our methodology employs a conjoint survey technique to reveal insights that can be honed to improve precision. Other, more traditional customer experience studies typically do not tie to "hard economics" like value measures, price elasticity and churn metrics. Experience Radar does.*

*While the results outlined in this report are at the industry level, PwC can use this same methodology to develop an Experience Radar that is customized to your business.*

<sup>1</sup> Retail Banking, Enterprise Software, Media & Communications, Grocery, Airlines, Pharmaceuticals and Home Services.

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# Enterprise Software challenges and opportunities

The digital revolution has transformed the Enterprise Software sales process. Today's consumers (including decision makers and end users) are better informed than ever before. As a result, they expect the next-generation sales experience to be uniquely tailored—both to their requirements and to the pace at which they do business.

Enterprise Software providers who are unable to meet these higher consumer expectations are at a marked disadvantage. After all, customer-oriented industries have raised the bar for everyone.

Enterprise and small-and-medium-sized (SMB) businesses face the same threats and have the same rich opportunities for growth. Customization, adaptability and multichannel access are critical. The advent of new user interfaces (e.g., tablets, more advanced smart-phones) is driving the focus toward interaction with the end user. Gone are the days of green-screen terminals and form-based applications.

## Threats

- Nontraditional players (e.g., Amazon's cloud and supply offerings) entering the space
- Online business models reshaping the Enterprise Software sales process
- Demand for free trials and usability studies (look/touch/feel experience) prior to purchase
- Lower margins due to vertical integration of the stack (e.g., companies playing in the back-end and front-end software space)
- Delivery of the lowest TCO (total cost of ownership) in the cloud

## Opportunities

- Engage customers as social media promoters
- Design software to function any time, anywhere, and on any device or interface
- Tap into the increasing volume of unstructured data to meet ever-changing consumer demands
- Build R&D capabilities to shorten time to market
- Rely on partners (e.g., system integrators, consultants) to provide a more holistic solution

The momentum behind big data will drive Enterprise Software providers to change their underlying data models. Social, collaborative and multiple-device applications used to be far out on the horizon. Now customers view them as table stakes. And they expect to be able to configure their software on their own rather than relying on IT staff.

# *Experience Radar measures the experiences of thousands of consumers*

We use an advanced primary research technique<sup>1</sup> to assign values to these attributes at an industry level.

## The **5** core attributes of the Enterprise Software customer experience



Performance and  
value received



Friendliness and  
ease of obtaining  
help



Anytime, anywhere  
access



Aesthetics,  
arrangement of  
offer



Customer's  
personal brand and  
connections with  
others

<sup>1</sup> Adaptive Choice-Based Conjoint.

# *Putting the Enterprise Software customer first*

In the past, this business has been all about transactions. Now, experiences based on connection and relationship drive customer choices.

Peel back the onion. Get to the core of what your customer is and values.

## **Experience Radar can help you:**

- Build experiences that matter to your customers using a variety of levers such as presentation, community and human service
- Figure out whom to target and how to market experience-based offerings
- Set yourself apart as a partner who can help companies move through—and find opportunities in—technological upheaval
- Inspire engagement and brand ambassadorship
- Offer what your customers value

A man in a dark suit, white shirt, and patterned tie is smiling and looking towards the camera. He is standing in a modern office hallway with glass partitions and other people in the background.

While the insights in this report focus on the Enterprise Software industry, many of the lessons are applicable to customer experience management across industries.

## 2013 experience segments

### Experience Radar's Enterprise Software customer segmentation

The **6** experience  
segments

#### What is it?

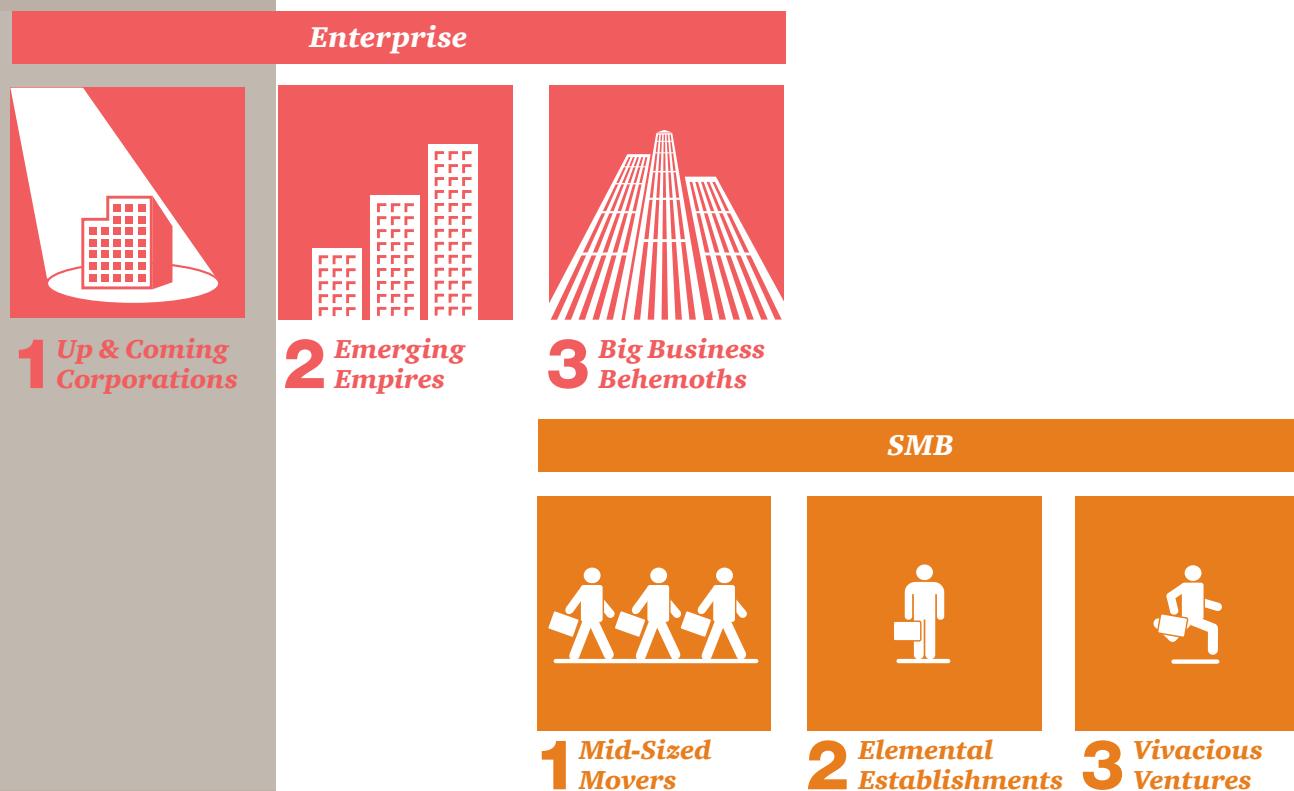
This schema uncovers which customers value experience and what they want.

#### How's it different?

Traditional market segmentation is usually based purely on demographics. In contrast, we segment Enterprise Software customers by the features they value, firmographics and their behavioral profiles.

#### What is its value?

This segmentation provides direction on whom to target and how to market experience-based offerings. Use it to complement the work you are already doing with customer segmentation and voice of the customer.

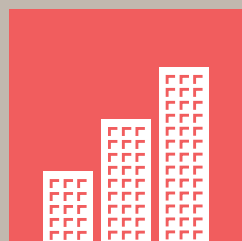




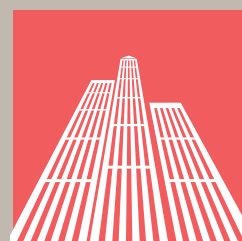
# Snapshot of Enterprise segments



**1** Up & Coming Corporations



**2** Emerging Empires



**3** Big Business Behemoths

## Up & Coming Corporations **1**

## Emerging Empires **2**

## Big Business Behemoths **3**

### Who is this segment?

Least number of employees and smallest revenue of the Enterprise segments

Mid-sized, with >5,000 employees and revenue of \$1bn–\$10bn+

Large, with >10,000 employees and revenue >\$10bn

### What does this segment value?

Engaged and interested in experience, companies in this segment interact with experts to learn what is new on the horizon. Vendors that tailor products to meet specific business needs are highly valued.

Currently in a stable growth state, companies in this segment tend to make smaller software purchases to bridge gaps in existing systems. They are frequently in the market for software.

These companies have complex needs characteristic of large organizations. Vendor representatives play an important role throughout the customer journey.

### How socially vocal is this segment?

- Most vocal Enterprise segment
- Most likely to repurchase and tell colleagues and peers about a good experience
- Most likely to share bad experiences and discourage purchases as a result

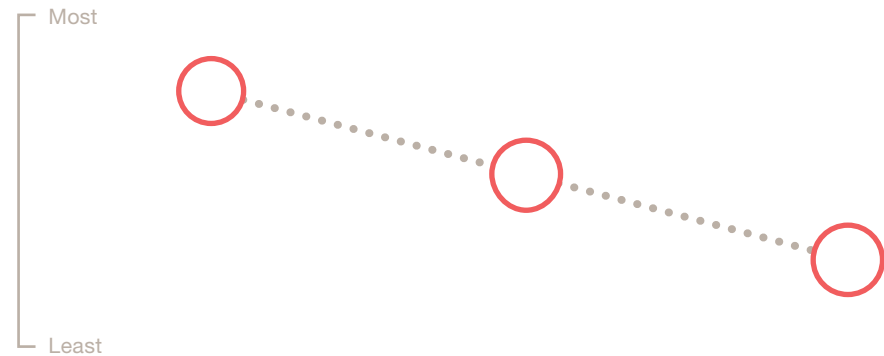
- Tend to keep to themselves
- Will stop spreading good word of mouth after just a month
- Least likely to discourage others after a bad experience

- Tend to focus on positive interactions
- Most likely to recommend after a great experience
- Will continue to recommend for years to come



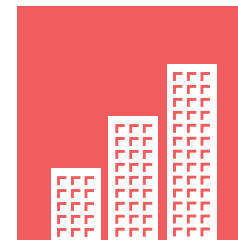
# Comparing the Enterprise segments

Which segment has the greatest lifetime value?



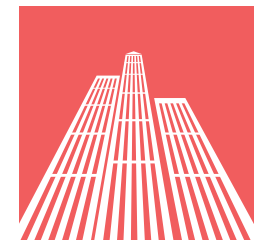
## **1 Up & Coming Corporations**

- Leverage good word of mouth to attract new customers with similar profiles.
- Evaluate value and feasibility of tailoring to meet the needs of a specific company.



## **2 Emerging Empires**

- Encourage engagement and participation in online communities.
- Recognize importance of support to this segment.



## **3 Big Business Behemoths**

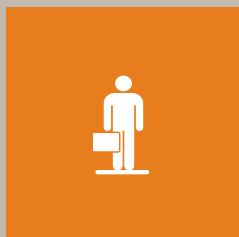
- Provide an excellent installation experience.
- Minimize downtime throughout the business relationship—issues with delivery are one reason for dissatisfaction.

How to serve them

# Snapshot of SMB segments



**1** *Mid-Sized Movers*



**2** *Elemental Establishments*



**3** *Vivacious Ventures*

## *Mid-Sized Movers* **1**

## *Elemental Establishments* **2**

## *Vivacious Ventures* **3**

### Who is this segment?

Largest SMB segment, with the most employees and most income

Second-largest SMB segment, <50 employees and revenues <\$1mn

Smallest SMB segment, <50 employees and revenues between \$1mn–\$10mn

### What does this segment value?

The least price sensitive, ease of use—not cost—is the segment's leading purchase driver. Offer products that require little to no downtime and can be accessed by multiple devices.

Due to their size and budget, companies in this segment have simpler needs. Their requirements will evolve with growth, so keep an eye on them. For now, offer products that can help them manage costs and reduce overhead.

These are small and nimble companies that want software to meet their specific—and ever-changing—needs. Now is the time to offer products that can enable the workforce, front and back office, to flourish.

### How socially vocal is this segment?

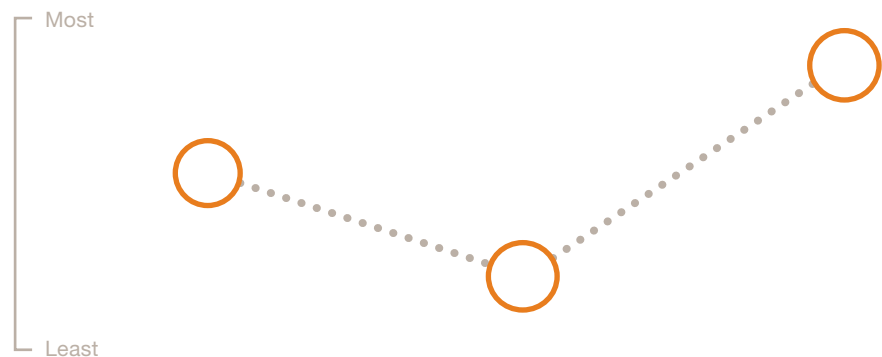
- Most likely to recommend after a great experience
- Will continue to share good experiences for years

- Least likely SMB to share experiences with peers
- Least likely to recommend
- Most likely to fail to tell a vendor of a bad experience—which translates into lost sales because they are least likely to repurchase afterward

- Most likely to share their memorable experiences, both good and bad
- Will continue to share bad experiences for years

# Comparing the SMB segments

Which segment has the greatest lifetime value?



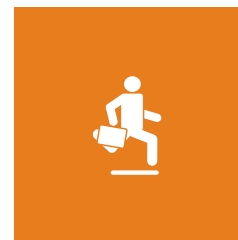
## 1 Mid-Sized Movers

- Keep abreast of their specific needs in order to provide the most value—this segment looks for the best vendor fit, regardless of any existing relationship.
- Deliver best-in-class access across multiple devices.



## 2 Elemental Establishments

- Reduce cost to serve by providing self-service options.
- Keep lines of communication open.
- Suggest tools that increase their employee mobility.



## 3 Vivacious Ventures

- Provide excellent end-user training.
- Take advantage of the segment's preference for self-service through most of the customer journey.
- Ensure online customer service is easy and reliable.

How to serve them

## *2013 experience enhancers*

Building (and growing) your business by designing and delivering exceptional customer experience



The five behaviors that Enterprise Software vendors can adopt to enhance customer experience and create value are:

**1**

***Deliver***

what matters most

**2**

***Infuse***

the human touch

**3**

***Promote***

agility

**4**

***Own***

the issues

**5**

***Turn***

advocacy into action

# Deliver what matters most

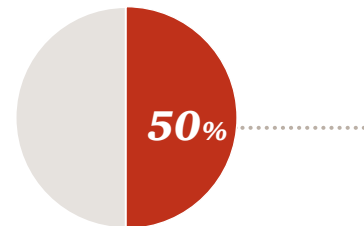
Stable, easy to use and hassle free—these are key. Look across the product lifecycle, and ensure you deliver a consistently strong experience. Drop the extra frills that add complexity but little value.

“It should be  
*intuitive*  
...I’m looking for something  
that is more plug-and-play.”

## Delivering on the basics is easier said than done.

An important step in creating great experiences is to focus on the customer’s goals and usability expectations. When companies look beyond their own feature

lists, they’ll find that customers yearn for simplicity—and they will open or close their wallets based on the experience they receive.



Only half of software features are widely used, which means most enterprise software is much more complex than the typical user needs.<sup>1</sup> Extra features can negatively affect a user’s experience.

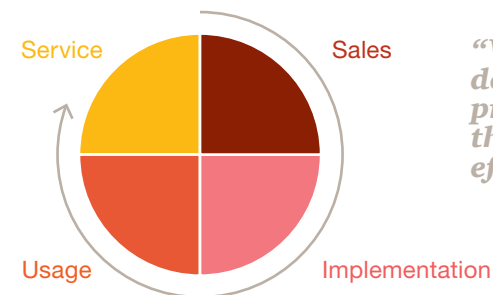
Who wants to waste time flipping through user manuals? Along with cost and scalability, ease of use is a top purchase driver.

Usability isn’t only about the software. Customers want a straightforward experience from purchase to service.

Ease of use drives purchase

# 2.5x

more than customization.



*“Vendor produced and delivered an exceptional product ahead of time that optimized company efficiency.”*

<sup>1</sup> IT Adoption Insight, Rep. Neochange, 2012. Web. 11 Oct. 2012.

# Deliver what matters most

Stable, easy to use and hassle free—these are key. Look across the product lifecycle, and ensure you deliver a consistently strong experience. Drop the extra frills that add complexity but little value.

“Both servers  
*crashed*  
...on my busiest day!”

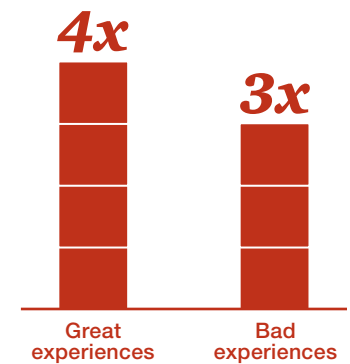
## The purchase is just the beginning.

Companies pour time and resources into choosing systems, but implementation is what customers remember the most. Receiving the

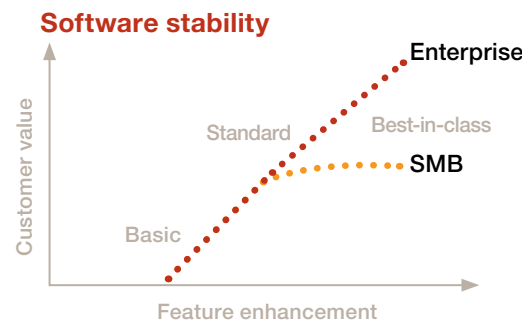
value expected from a software investment creates a deep sense of satisfaction.



*Implementation creates many more memories than additional features.*



Downtime costs customers big money. Smaller firms lose around \$70,000 annually, and large firms lose more than \$1 million.<sup>1</sup> Keeping systems stable is top of mind for both SMBs and Enterprises.



**2x**

Enterprises, with their larger IT budgets, are willing to pay twice as much for best-in-class stability.

<sup>1</sup> Harris, Chandler. "IT Downtime Costs \$26.5 Billion in Lost Revenue," InformationWeek, May 24, 2011.

## ***Deliver what matters most***

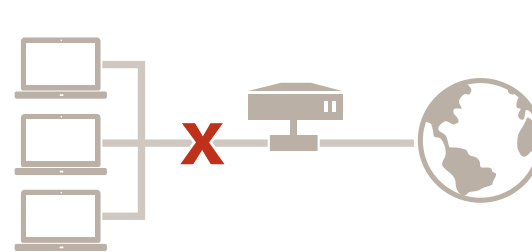
Stable, easy to use and hassle free—these are key. Look across the product lifecycle, and ensure you deliver a consistently strong experience. Drop the extra frills that add complexity but little value.

# 7 out of 10

cite technical issues and difficulties with access as the top reason for vendor interaction.

### **Building sustainable relationships requires regular, positive interactions.**

Yet 7 out of 10 customer interactions are due to technical issues or difficulties with system access.

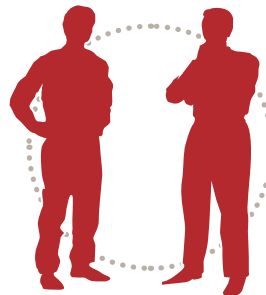


# #1

Frequent, unplanned outages and technical difficulties are the top driver of churn.

Unwavering attention to the basics across the customer journey is a cornerstone of experience. Delivering consistent performance fends off attrition.

Customers want a software partner—and they want to interact with that partner in other ways besides complaining about performance. Ensuring that products work properly makes room for these kinds of relationship-building interactions.



*“Having a rep in the area who visits to see how things are is helpful, especially somebody whom we know personally and can reach out to.”*






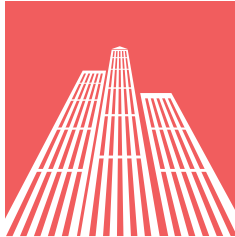
# Deliver what matters most

Stable, easy to use and hassle free—these are key. Look across the product lifecycle, and ensure you deliver a consistently strong experience. Drop the extra frills that add complexity but little value.



<sup>1</sup> Links to 2013 Enterprise Software Experience Radar SMB segments of Mid-Sized Movers (highest revenue and size), Elemental Establishments (neighborhood stores with low revenue), Vivacious Ventures (vocal and mid-revenue earners) and Enterprise segments Up & Coming Corporations (most vocal experience seekers), Emerging Empires (mid-sized and least price sensitive) and Big Business Behemoths (largest employee base with highest software spend).

## Highlight on segments<sup>1</sup>

Ease of use	Software stability	Implementation performance
 <b>Mid-Sized Movers</b> Most likely of all segments to base purchase decision on ease of use	 <b>Vivacious Ventures</b> Most valued feature, ranked #1 more often than by other SMB segments	 <b>Up &amp; Coming Corporations</b> Cause of more good and bad experiences for this segment than for any other
	 <b>Big Business Behemoths</b> Most valued feature, ranked #1 more often than by other Enterprise segments	

# *Deliver what matters most*

Stable, easy to use and hassle free—these are key. Look across the product lifecycle, and ensure you deliver a consistently strong experience. Drop the extra frills that add complexity but little value.



## Recommendations

*You need to:*

*Focus on* **dependable** *performance*

Prioritize performance over bells and whistles to deliver the most value to your customer. Make sure key functions work smoothly

before focusing on the latest trends. Level set with customers early on so they do not have unrealistic expectations.

*Keep the* **end goal** *in mind*

Discuss customer-specific needs and your product's functionality. Work with the customer to separate the key functions from the add-ons. Customers may not realize they

are putting too much emphasis on a frill. Educate them, and focus your resources on improving the main functions of your product.

*Partner with* **system integrators**

Help your customers that prioritize easy-to-use, hassle-free products and implementation. Partner with system integrators to achieve a smooth installation. That way, you gain immediate access to

capacity while minimizing the financial risks to the company. Ramp system integrator resources up or down as the project demands.

*Some hidden truths  
surfaced in this year's  
Experience Radar*

The *big* question:  
What might this mean  
for the future of your  
business?

***Access*** via multiple devices is vital.  
Businesses will pay almost 2x more for  
multidevice access.

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***Social*** is the vehicle for customer  
references.  
80% of customers are likely to recommend  
their vendor through social media.

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***Reliability*** seems basic, but is too  
often missing.  
Over 1 in 3 bad experiences are due to  
unreliable vendors.

## Infuse the human touch

The channel landscape is changing fast—which is one reason to ensure human interactions are a consistently large part of the customer experience. Substantial returns can be gained by listening and responding to customer needs every step of the way.

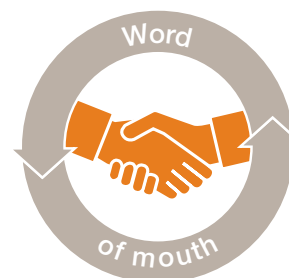
# 63%

tell everyone about a great experience.

### Interaction is the gatekeeper of exceptional experience.

New technologies give customers a multitude of channels. But human communication is still critical to delivering top-notch experiences. Effective and efficient experiences

can drive results that impact the bottom line—but only **24%**<sup>1</sup> of Enterprise Software vendors take customer experience into consideration when prioritizing investments.



## 63%

tell everyone after a great experience with vendor representatives

*Every interaction provides an opportunity to create memorable moments...*



...but over **1 in 4** customers do not remember an outstanding experience with a vendor

<sup>1</sup> Clear Action, B2B Customer Experience Management Study, September 12, 2012 (<http://www.clearaction.biz/>).

## Infuse the human touch

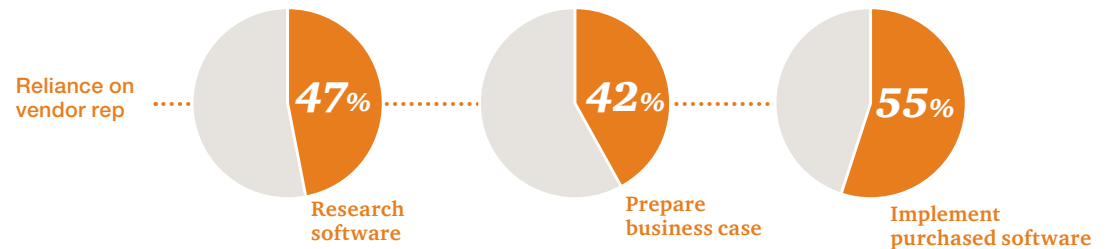
The channel landscape is changing fast—which is one reason to ensure human interactions are a consistently large part of the customer experience. Substantial returns can be gained by listening and responding to customer needs every step of the way.

“The vendor answered our questions  
*upfront*  
...instead of just verbal assurances, the vendor actually created examples.”

### Understanding how customers want to interact is key to delivering experiences that will keep them coming back.

Most SMBs are comfortable with self-service. However, as the business relationship develops, they become more reliant on human support. Post-purchase, for example, the tendency to self-service declines.

#### Importance of vendor representative



Mid-Sized Movers<sup>1</sup> do not fit this SMB pattern. Even early in the customer journey, they value interactions with vendor repre-

sentatives. This is in line with Enterprises, which also rely on such access from the very beginning.



Nearly **3 out of 5**  
pre-purchase interactions with  
Enterprises involve vendor  
representatives

<sup>1</sup> Links to 2013 Enterprise Software Experience Radar SMB segments of Mid-Sized Movers (highest revenue and size), Elemental Establishments (neighborhood stores with low revenue), Vivacious Ventures (vocal and mid-revenue earners) and Enterprise segments Up & Coming Corporations (most vocal experience seekers), Emerging Empires (mid-sized and least price sensitive) and Big Business Behemoths (largest employee base with highest software spend).

## Infuse the human touch

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“I enjoyed the training we were given

*hands on, one-on-one.”*

### Vendor representatives play an important role throughout the customer lifecycle.

Hands-on help is often the choice after purchase.

**65%**

want both classroom and online options when learning how to use the software

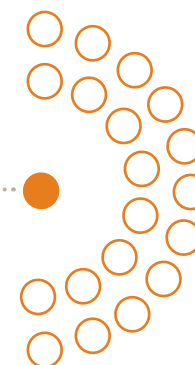
It's the classroom setting, not in-depth content, that customers want. They can learn from each other as well as from the instructor.

The vast majority—**88% of SMBs** and **83% of Enterprises**—say a generalist is adequate as a trainer. The added cost of bringing in a specialist is not highly valued.

Customers are demanding instruction, not online assistance. Investing in robust training creates positive experiences. It can also improve operational efficiency by reducing call volume.

**50%**

cite calling vendors for simple “how to” information as a top reason for interaction.



## Infuse the human touch

The channel landscape is changing fast—which is one reason to ensure human interactions are a consistently large part of the customer experience. Substantial returns can be gained by listening and responding to customer needs every step of the way.

“The rep provided  
*everything I asked for*  
quickly and easily, along with  
answering my long list of questions.”

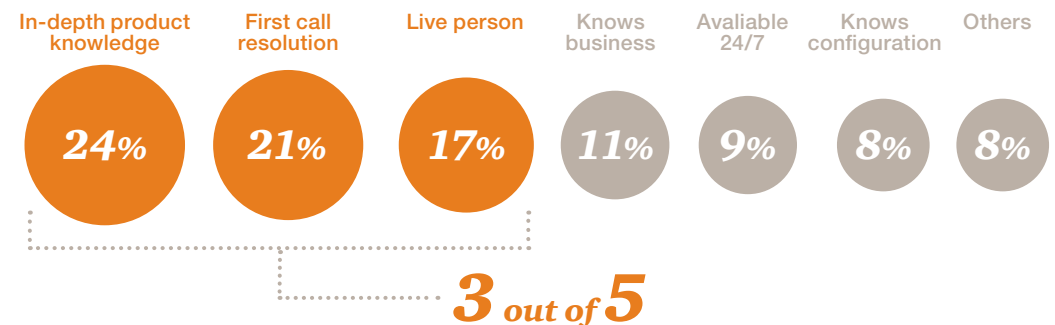
At critical moments, customers prefer vendor assistance to self-service.

Likelihood of customers selecting vendors over self-service for issue resolution



Focus on the types of customer experience that really matter. A straightforward **frontline response** can go a long way.

Top expectations of live support



customers are satisfied by knowledgeable representatives who quickly resolve issues






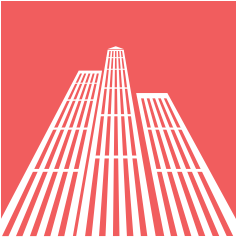
# Infuse the human touch

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## Highlight on customer segments<sup>1</sup>

Interaction	Good experience	Sharing
		
<b>Mid-Sized Movers</b> Most likely of all segments to interact with company representatives across their customer lifecycle	<b>Elemental Establishments</b> Least likely SMB segment to have had a good experience	<b>Up &amp; Coming Corporations</b> Most likely to tell everyone after a good experience
		
	<b>Big Business Behemoths</b> Least likely Enterprise segment to have had a good experience	

# Infuse the human touch

The channel landscape is changing fast—which is one reason to ensure human interactions are a consistently large part of the customer experience. Substantial returns can be gained by listening and responding to customer needs every step of the way.



## Recommendations

*You need to:*

### *Build a lasting* **relationship**

Begin each customer relationship with the goal of a long-term partnership. Know how your product is being used and what the customer expects. Plan on providing personalized support when issues arise.

Create consistently strong experiences to win over segments such as Up & Coming Corporations<sup>1</sup> and Mid-Sized Movers.<sup>1</sup> These segments tend to be influencers and can serve as brand advocates.

### *Focus on* **training**

Training is a win-win. With a strong training program in place, customers become more self-sufficient and better informed. Their frustration drops, they call customer service less, and their satisfaction level rises. Use training and live demonstrations as an

opportunity to strengthen relationships with segments such as Elemental Establishments<sup>1</sup> and Vivacious Ventures<sup>1</sup>—small businesses need to keep up on the latest features to stay ahead of the curve.

### *Invest in* **employees**

Customers depend on your employees for support. Give your employees the training and resources they need to deliver a first-rate customer experience. A representative with in-depth knowledge of the product and the

ability to resolve an issue on the first call will exceed customer expectations over **60%** of the time. Ensure employee incentives are aligned to deliver an experience that meets customer needs.

<sup>1</sup> Links to 2013 Enterprise Software Experience Radar SMB segments of Mid-Sized Movers (highest revenue and size), Elemental Establishments (neighborhood stores with low revenue), Vivacious Ventures (vocal and mid-revenue earners) and Enterprise segments Up & Coming Corporations (most vocal experience seekers), Emerging Empires (mid-sized and least price sensitive) and Big Business Behemoths (largest employee base with highest software spend).

## Promote agility

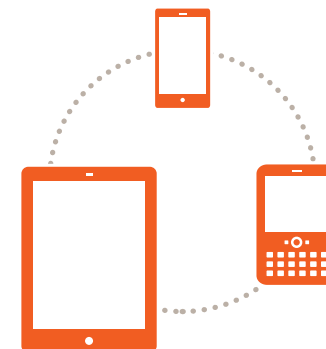
Companies are creating agile, streamlined environments—and they want software to support these new ways of working. In this “bring your own device” (BYOD) world, a whole new level of flexibility is required.

# 3 out of 5

want access through multiple devices.

### Today, rich experiences are flexible and multichannel.

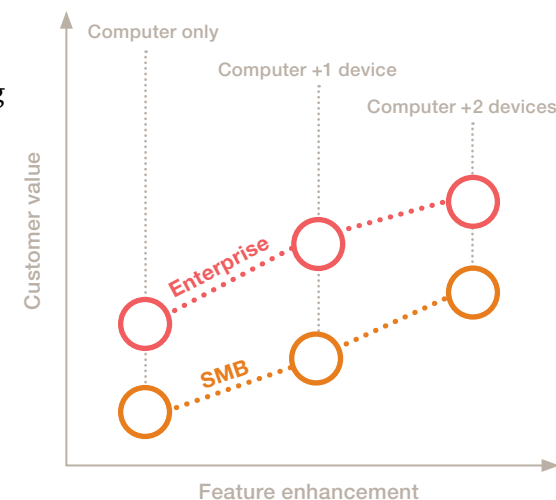
Customers are working everywhere, often outside the confines of office walls. They want easy access to applications, regardless of their location. And they want software features that keep pace with their evolving business models.



Mobility is table stakes now. **78%** of companies have a BYOD policy, and customers are holding meetings, sharing data and collaborating using a range of devices. At 3 out of 5 companies, one device simply isn't enough anymore.

## 2x

Enterprises and SMBs are willing to pay twice as much for access on multiple devices.



<sup>1</sup> "CTEMS® Research: 78% of Enterprises Allow Bring Your Own Device (BYOD)." Marketwire, July 24, 2012.

## Promote agility

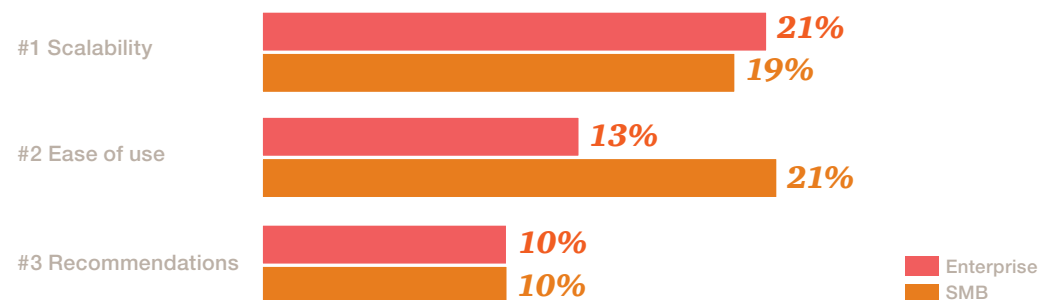
Companies are creating agile, streamlined environments—and they want software to support these new ways of working. In this “bring your own device” (BYOD) world, a whole new level of flexibility is required.

“We were able to  
*customize*  
the software to meet our specific needs!”

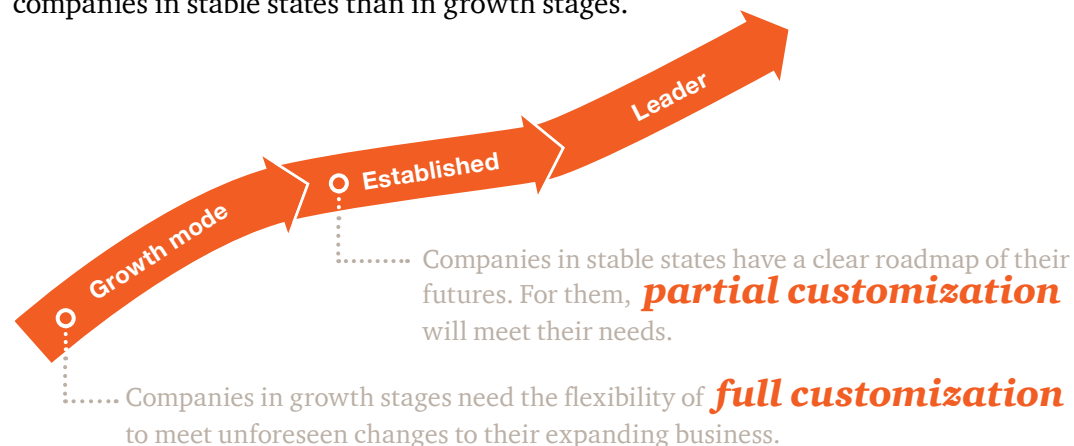
### Besides cost, scalability is a leading purchase driver.

Both SMBs and Enterprises value software that can evolve with their business. Ease of use is particularly valuable to SMBs.

#### Top purchase drivers



Customization is also crucial to meeting new challenges. It is less important for companies in stable states than in growth stages.



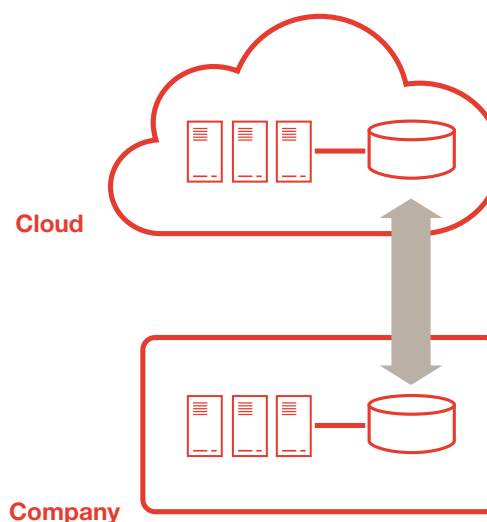
## Promote agility

Companies are creating agile, streamlined environments—and they want software to support these new ways of working. In this “bring your own device” (BYOD) world, a whole new level of flexibility is required.

Nearly **25%**  
of smaller businesses see  
the cloud as critical to their  
strategic vision.

### The days of the traditional IT data center are numbered.

Companies are moving away from traditional IT infrastructures to more flexible hybrid models that support features of cloud computing.



**3 out of 5**

support a hybrid IT model. As data demands grow and speeds increase,<sup>1</sup> pure cloud computing will grow in relevance, particularly for SMB companies.

**5x**

SMBs envision a cloud model more than Enterprise companies. In the U.S., SMBs will allocate more than \$49 billion to cloud in 2015<sup>2</sup>—nearly double the size of the market today.

<sup>1</sup> “Cloud Drivers For Adoption.” CloudTweaks.com, Web. September 13, 2012

<sup>2</sup> Kevin Casey, “SMB Cloud Computing To Double By 2015,” InformationWeek, May 13, 2011.

# Promote agility

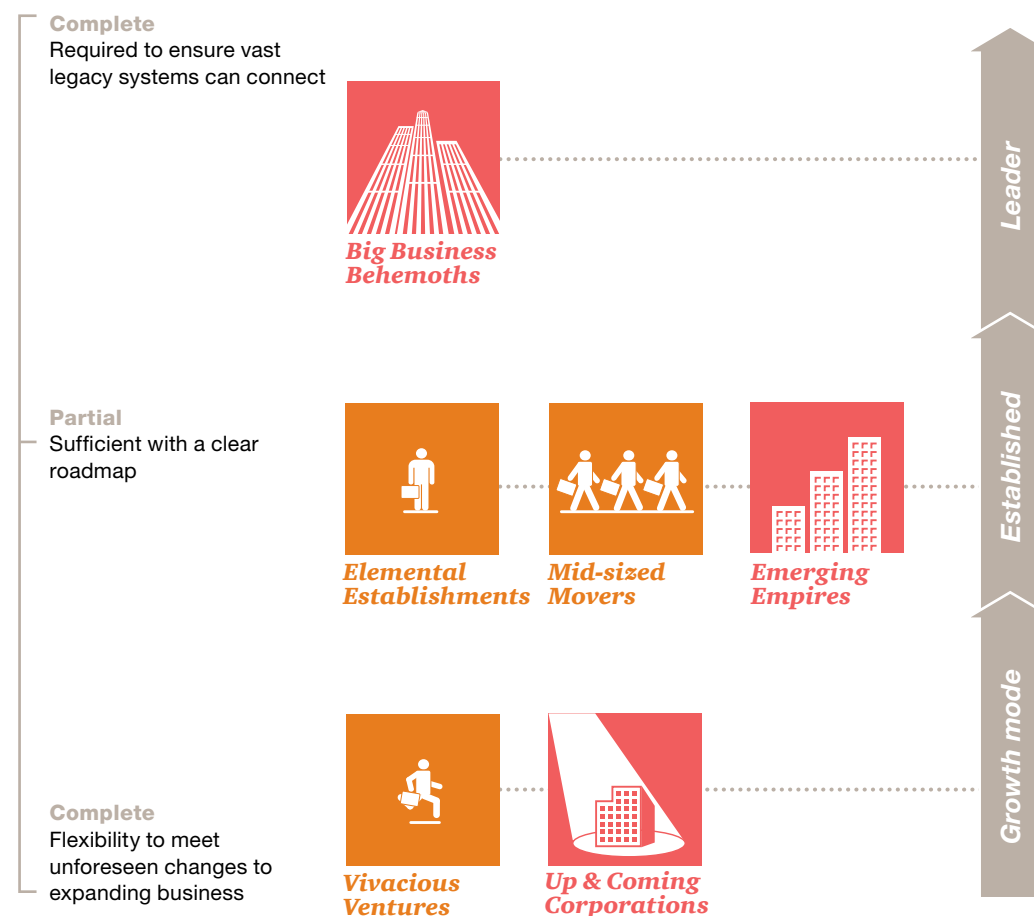
Companies are creating agile, streamlined environments—and they want software to support these new ways of working. In this “bring your own device” (BYOD) world, a whole new level of flexibility is required.



<sup>1</sup> Links to 2013 Enterprise Software Experience Radar SMB segments of Mid-Sized Movers (highest revenue and size), Elemental Establishments (neighborhood stores with low revenue), Vivacious Ventures (vocal and mid-revenue earners) and Enterprise segments Up & Coming Corporations (most vocal experience seekers), Emerging Empires (mid-sized and least price sensitive) and Big Business Behemoths (largest employee base with highest software spend).

## Highlight on customer segments<sup>1</sup>

Look closer at how the demand for customization dips as companies move from growth stages (like Vivacious Ventures) to stable states. The largest companies need full customization for a different reason—connecting legacy systems.





## Promote agility

Companies are creating agile, streamlined environments—and they want software to support these new ways of working. In this bring your own device (BYOD) world, a whole new level of flexibility is required.

### Recommendations

*You need to:*

## Selectively expand *to new devices*

Your products probably function better on certain platforms or devices than others. Do the research required to understand the tradeoffs across products and platforms.

Make sure you do not compromise performance in the name of multidevice access.

## Offer *options*

The most comprehensive solution is not always the answer. Sometimes customers just want simplicity. Customization options will attract different segments. Vivacious

Ventures<sup>1</sup> are experiencing rapid change—and as a result, they need a full range of options to meet fluid sets of requirements.

## Build the right *cloud capabilities*

An increasing number of customers want access to all of their information anytime, anywhere. Provide access to key applications and data through cloud storage and Software-as-a-Service (SaaS) programs. With the right IT investments, customers can

get the convenience they seek while saving money on storage costs and IT support staff. The additional mobility will draw in Vivacious Ventures while the cost savings will attract Elemental Establishments.<sup>1</sup>

<sup>1</sup> Links to 2013 Enterprise Software Experience Radar SMB segments of Mid-Sized Movers (highest revenue and size), Elemental Establishments (neighborhood stores with low revenue), Vivacious Ventures (vocal and mid-revenue earners) and Enterprise segments Up & Coming Corporations (most vocal experience seekers), Emerging Empires (mid-sized and least price sensitive) and Big Business Behemoths (largest employee base with highest software spend).



## Own the issues

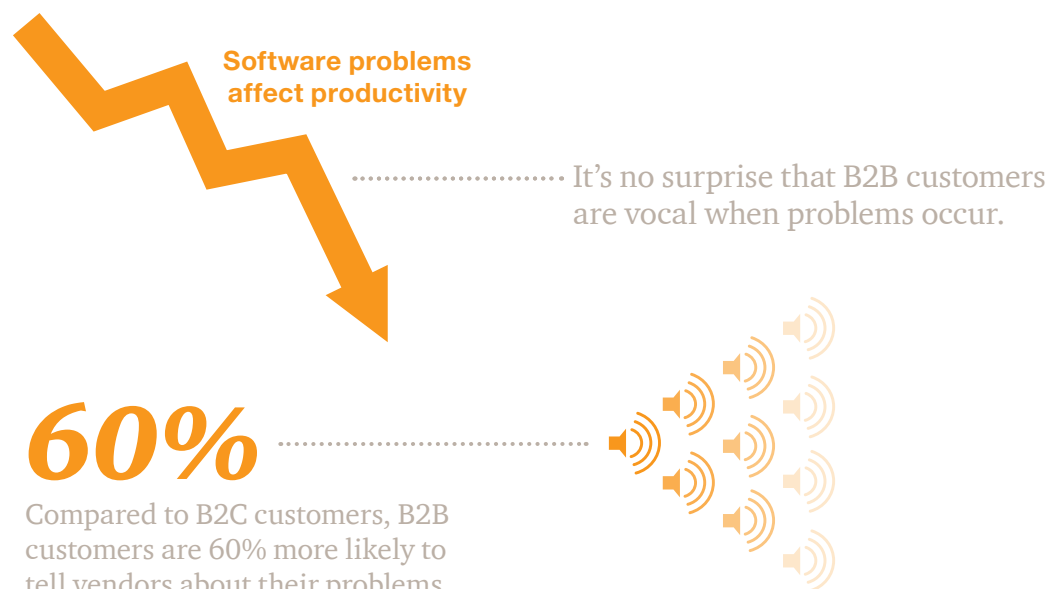
Issues will inevitably arise. How you handle them is the difference between being a vendor and a partner. Find ways to turn problems into good experiences that build the relationship.

*“Lack of updates and proper performance*

*caused us to part ways before our contract was up.”*

### Customers are asking for more digital options.

When problems occur with software, the impact can be felt across the firm. Take swift action to manage the resolution process and make things right.



**3 out of 5**  
will switch vendors after a bad experience

## Own the issues

Issues will inevitably arise. How you handle them is the difference between being a vendor and a partner. Find ways to turn problems into good experiences that build the relationship.

“Lack of updates and not keeping the software performing properly caused us to...

Figure out where you are failing to meet customer expectations.

That way, you can prevent similar problems in the future.



Bad experiences with products or services have far-reaching impacts. Customers defect significantly more often due to these experiences than due to price increases.

**2x** Dissatisfaction with product performance or service drives customers to leave a vendor over twice as often as price increases do

A simple fix is not enough. Vendors need to remedy the source of the issue quickly and effectively to prevent the issue from occurring again.



## Own the issues

Issues will inevitably arise. How you handle them is the difference between being a vendor and a partner. Find ways to turn problems into good experiences that build the relationship.

# 24 hours

Window in which most customers want issue resolution

### Time is money.

Customers want issues handled with urgency. The vast majority prefer immediate resolution in less than a day.



# 85%

prefer to wait less than a day for issues to be solved

Indeed, nearly a quarter want the potential causes of issues identified and resolved even before a problem occurs. Proactive support is particularly

important to Big Business Behemoths.<sup>1</sup> With their large operations, they want a guarantee that their systems will run flawlessly around the clock.



Large business



Other company segments

# 30%

Large businesses value proactive support more than other segments

<sup>1</sup> Links to 2013 Enterprise Software Experience Radar SMB segments of Mid-Sized Movers (highest revenue and size), Elemental Establishments (neighborhood stores with low revenue), Vivacious Ventures (vocal and mid-revenue earners) and Enterprise segments Up & Coming Corporations (most vocal experience seekers), Emerging Empires (mid-sized and least price sensitive) and Big Business Behemoths (largest employee base with highest software spend).

## Own the issues

Issues will inevitably arise. How you handle them is the difference between being a vendor and a partner. Find ways to turn problems into good experiences that build the relationship.

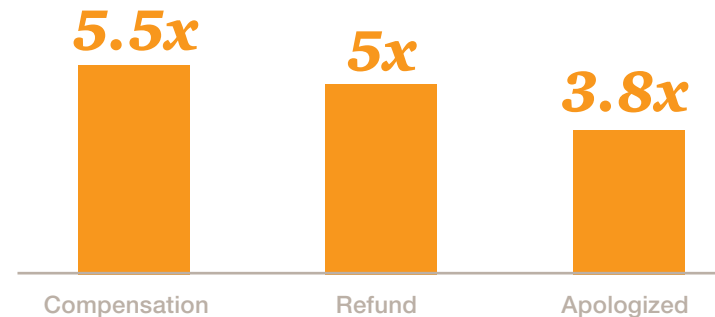
# 2X

more customers will remain loyal when vendors take action to remedy issues.

### Fixing the problem is just the first step.

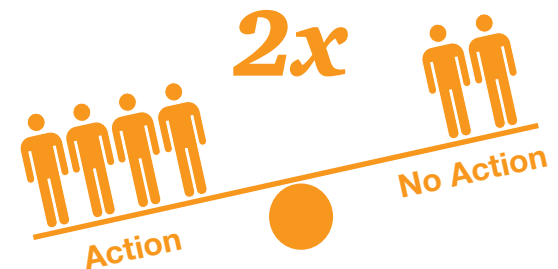
Immediately acknowledge the issue, and take action to make customers feel whole again.

Likelihood that customers will be satisfied if a vendor takes action, versus no action



Satisfaction directly impacts customer retention. Tip the scales in your favor by taking action. This is a powerful opportunity to create value and cement your customers' loyalty—and customers are 2x as likely to repurchase when you take action than when you don't.

### Repurchase after a bad experience







# Own the issues

Issues will inevitably arise. How you handle them is the difference between being a vendor and a partner. Find ways to turn problems into good experiences that build the relationship.



<sup>1</sup> Links to 2013 Enterprise Software Experience Radar SMB segments of Mid-Sized Movers (highest revenue and size), Elemental Establishments (neighborhood stores with low revenue), Vivacious Ventures (vocal and mid- revenue earners) and Enterprise segments Up & Coming Corporations (most vocal experience seekers), Emerging Empires (mid-sized and least price sensitive) and Big Business Behemoths (largest employee base with highest software spend).

## Highlight on customer segments<sup>1</sup>

Sharing	Bad experience	Proactive support
		
<b>Mid-Sized Movers</b> Most likely SMB segment to tell their vendor about a bad experience	<b>Elemental Establishments</b> Most likely SMB segment to be burnt by a bad experience and never repurchase after they have had one	<b>Big Business Behemoths</b> Value proactive support for issues far more than all the other segments to ensure limited issues arise
		
	<b>Up &amp; Coming Corporations</b> Most likely Enterprise segment to be burnt by a bad experience and never repurchase after they have had one	

## Own the issues

Issues will inevitably arise. How you handle them is the difference between being a vendor and a partner. Find ways to turn problems into good experiences that build the relationship.

### Recommendations

*You need to:*

## Get the basics right *to avoid mistakes*

Focus on the most important things first. Conduct root-cause analysis on service issues and invest in processes and technology to minimize errors. For segments like Big

Business Behemoths,<sup>1</sup> which want vendors to identify problems proactively, leverage predictive analytics to enhance their experience.

## Develop an *issue resolution* procedure

Errors are inevitable. Do not stop at troubleshooting the technical issues. Create an escalation process that ensures all customers are satisfied after problems occur.

Track all issues until they are resolved. Offer frontline staff a mix of resolution methods to quickly and effectively make customers feel whole again.

## Create a *long-term relationship*

Customers are looking for reliable partners whom they can trust with their business. Take ownership of problems and work with the customer to resolve issues quickly. Instead of generic resolutions, offer

personalized solutions that satisfy specific needs. Build credibility through reliable products and support to create a long-term partnership with customers.

<sup>1</sup> Links to 2013 Enterprise Software Experience Radar SMB segments of Mid-Sized Movers (highest revenue and size), Elemental Establishments (neighborhood stores with low revenue), Vivacious Ventures (vocal and mid-revenue earners) and Enterprise segments Up & Coming Corporations (most vocal experience seekers), Emerging Empires (mid-sized and least price sensitive) and Big Business Behemoths (largest employee base with highest software spend).



# Mapping attributes to segments

What does this mean for how you build customer experiences?



## Quality 1

Performance and value received



## Support 2

Friendliness and ease of obtaining help



## Convenience 3

Anytime, anywhere access



## Presentation 4

Aesthetics, arrangement of offer



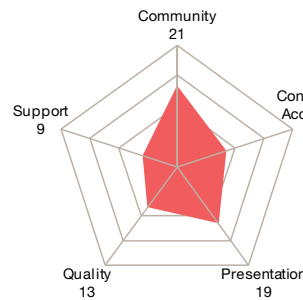
## Community 5

Customer's personal brand and connections with others

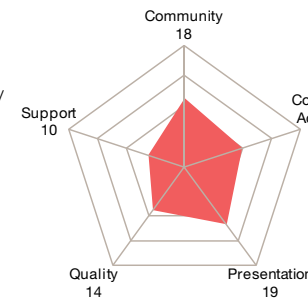
Community is the most important attribute across all Enterprise Software segments. Software stability and personal software support are vital in making sure a customer's experience is exceptional.

### Enterprise

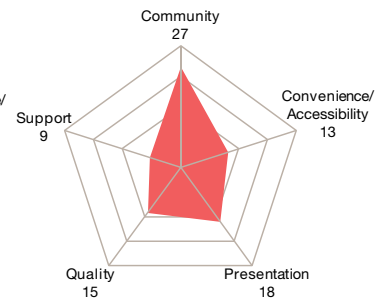
#### Up & Coming Corporations



#### Emerging Empires

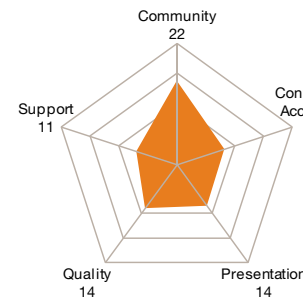


#### Big Business Behemoths

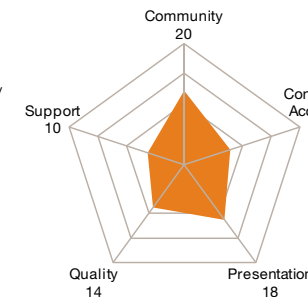


### SMB

#### Mid-Sized Movers



#### Elemental Establishments



#### Vivacious Ventures



<sup>1</sup> Links to 2013 Enterprise Software Experience Radar SMB segments of Mid-Sized Movers (highest revenue and size), Elemental Establishments (neighborhood stores with low revenue), Vivacious Ventures (vocal and mid-revenue earners) and Enterprise segments Up & Coming Corporations (most vocal experience seekers), Emerging Empires (mid-sized and least price sensitive) and Big Business Behemoths (largest employee base with highest software spend).



## Turn advocacy into action

Let customers do the work for you. Identify key influencers among them to serve as your brand advocates. Build community among your customers so they can help each other.

“The vendor was prepared with a good understanding of our business...they offered us interesting use cases *beyond what we requested.*”

### Blow satisfaction standards out of the water.

Encourage customers to share their experiences. Turn brand advocates into sales people and socially savvy self-service pros.

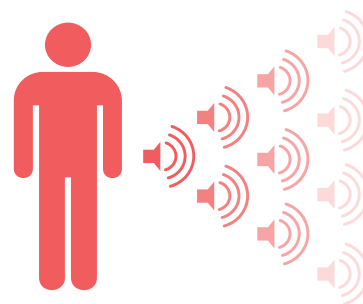
Strong reputations lead to bottom line results. With customers **3.5x** more likely to purchase from highly regarded companies,<sup>1</sup> a proven track record makes business sense.



**Proven  
track  
record**

**94%**

prefer a vendor that is well established



**84%**

will recommend a vendor after a great experience

<sup>1</sup> Reputation Institute, “Navigating the Reputation Economy,” September 10, 2012 (<http://www.reputationinstitute.com/thought-leadership>).

## Turn advocacy into action

Let customers do the work for you. Identify key influencers among them to serve as your brand advocates. Build community among your customers so they can help each other.

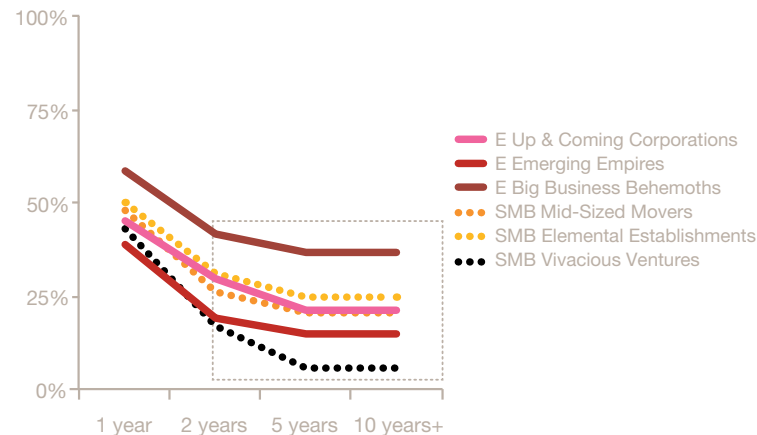
# 2x

more than other segments, Big Business Behemoths share good experiences for years to come

### To leverage great experiences, you have to know who is talking.

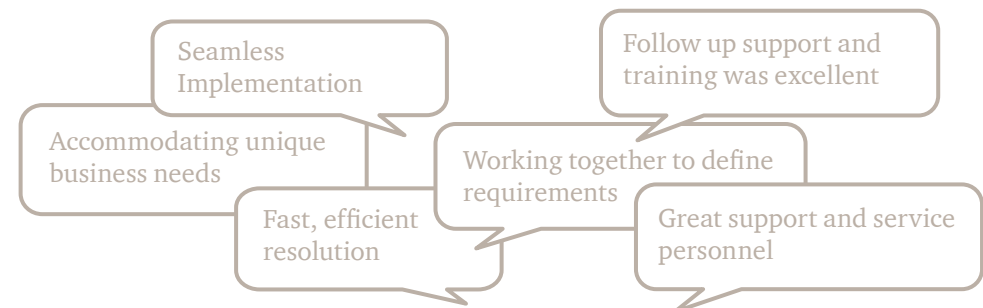
Big companies are good long-term bets, but all segments share similarly after a month.

#### Long-term sharing of great software experiences



Feedback loops are a powerful tool. Make it possible for customers to share and take action through engagement at various points after experiences.

Listening to your customer will help identify the types of experiences that make them want to share. Act on what you learn to build brand ambassadors.



## Turn advocacy into action

Let customers do the work for you. Identify key influencers among them to serve as your brand advocates. Build community among your customers so they can help each other.

“Look at community forums...you can literally post your question, and people with similar things, *they'll respond to you.*”

### Enabling conversations is easier with social media.

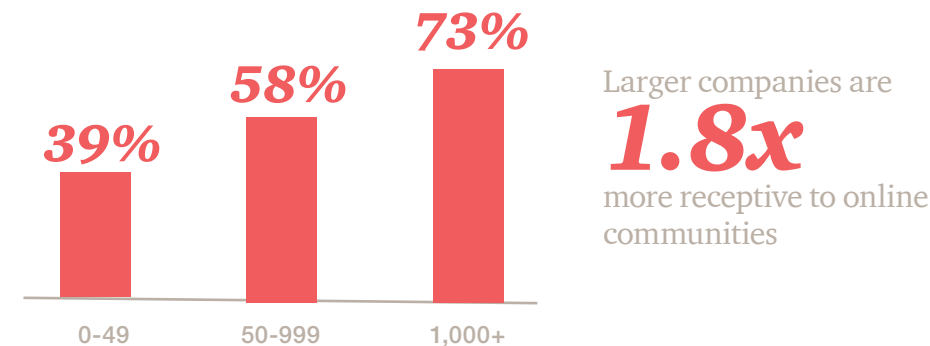
1 in 3 B2B firms participate in social activities every day.<sup>1</sup>

#### Likelihood to recommend online



Online communities are an opportunity for customer-driven self-service. Users can learn, collaborate and share.

#### Interest in online communities preference



<sup>1</sup> Matthew S. McKenzie, “B2B Buyer Survey Reveals Impact Of Social Media On Vendor Selection Process.” Demand Gen Report. 11 Sept. 2012.

# Turn advocacy into action

Let customers do the work for you. Identify key influencers among them to serve as your brand advocates. Build community among your customers so they can help each other.

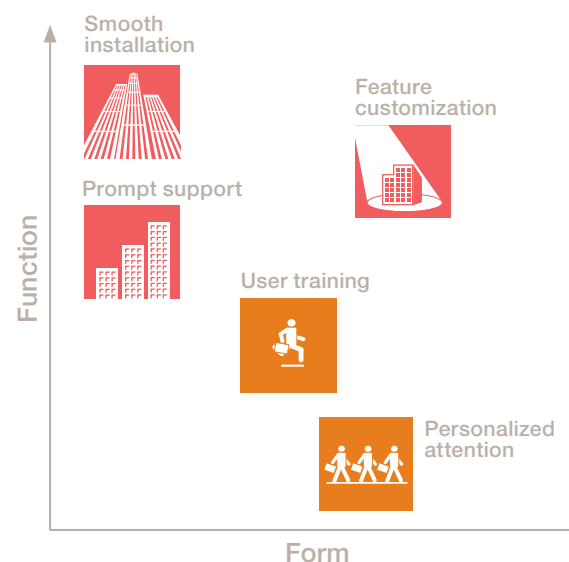


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## Highlight on customer segments<sup>1</sup>

Turn customers into key influencers. Build great experiences using the drivers they care about. Each segment's definition of "great" is different. You have plenty of opportunities to make a great impression.

### Top drivers of great experience



*What defines a great experience drastically varies across segments.*



**Mid-sized Movers**

Seek personalized attention. **20% of great experiences** come from pairing with clear explanations



**Big Business Behemoths**

Require smooth installation—a good first impression drives **35% of memories**



**Vivacious Ventures**

Value **training** in such high regard it influences 20% of positive interactions



**Up & Coming Corporations**

Value customization, a tailored experience creates **23% of memorable moments**



**Emerging Empires**

Seek prompt support, which drives **almost a quarter** of great experiences

# Turn advocacy into action

Let customers do the work for you. Identify key influencers among them to serve as your brand advocates. Build community among your customers so they can help each other.

## Recommendations

*You need to:*

*Let the customer* **do the talking**

Find key influencers and deliver the experience they want to broadcast to their networks. Give customers ample opportunities to share and help them become

brand advocates. This is a particularly important tactic for segments that are vocal with good and bad experiences.

*Offer an array of* **great experience**

Do not define great experience too narrowly. Understand that segments have different definitions of great experiences. You need to tailor experiences to fit each

segment's unique circumstances. Apply what you learn about great experiences to meet and exceed customer expectations.

*Take part in the* **conversation**

Monitor your brand online to see what people are saying. Discover issues early and resolve before they escalate. Understand

customer opinions and proactively incorporate these ideas during upgrades and new product development.

<sup>1</sup> Links to 2013 Enterprise Software Experience Radar SMB segments of Mid-Sized Movers (highest revenue and size), Elemental Establishments (neighborhood stores with low revenue), Vivacious Ventures (vocal and mid-revenue earners) and Enterprise segments Up & Coming Corporations (most vocal experience seekers), Emerging Empires (mid-sized and least price sensitive) and Big Business Behemoths (largest employee base with highest software spend).





## More about our methodology



This year's Experience Radar study measures the experiences of about 6,000 US consumers across multiple industries.<sup>1</sup> PwC conducted on-line field work from May through July 2012. The study was designed to uncover experience “recipes,” pricing options and linkages to customer loyalty.

We probe into the consumer responses through the lens of “experience attributes.” These attributes include:

- Quality—Performance and value received
- Support—Friendliness and ease of obtaining help
- Convenience—Anytime, anywhere access
- Presentation—Aesthetics, arrangement of offer
- Community—Customer's personal brand and connection with others.

By using adaptive choice-based conjoint analysis, Experience Radar reveals customer trade-offs between different sets of experiential features and the value and

willingness to pay consumers place on each feature. It also probes into other areas such as purchase behavior, moments of truth (MOT), and word-of-mouth marketing within each industry. The study combines and assesses these data elements to create a set of experience-based insights and a segmentation schema for each industry.

Our methodology employs an advanced conjoint survey technique to pinpoint insights. Other, more traditional customer experience studies typically do not tie to “hard economics” like value measures, price elasticity and churn metrics. Experience Radar does.

While the results outlined in this report are at the industry level, PwC can use the same methodology to develop an Experience Radar study that is customized to your business and identifies business accelerators.

<sup>1</sup> Retail Banking, Enterprise Software, Communications & Media, Groceries, Airlines, Pharmaceuticals and Home Services.





# Up & Coming Corporations



## How to interact with Up & Coming Corporations

Up & Coming Corporations provide a great opportunity for software vendors, since they are engaged and value experience. They like to interact with the experts to learn what is new on the horizon and highly value vendors that can tailor products to meet their business needs.

Since Up & Coming Corporations are vocal in sharing experiences with colleagues and peers, software vendors can leverage this good word of mouth to attract new customers with similar businesses profiles.

## Characteristics

- 39% of SMB population
- 1,000–4,900 employees
- Annual earnings of \$100mn–\$10bn
- Typical software purchases \$500–\$999k
- IT decisions makers within IT departments

## Preferences

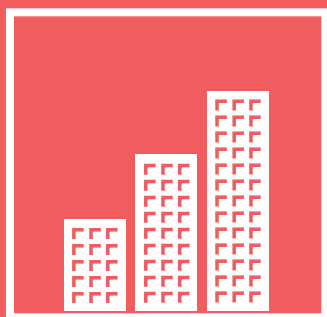
- Software stability: 65% seek top tier option (45 minutes of downtime per month)
- Feature customization: Top-tier option with open API standards
- Envisions a cloud model almost 2x more than other enterprises

## Behaviors

- Most vocal enterprise segment
- Most likely to repurchase and tell colleagues and peers after a good experience
- Most likely to discourage others and share with peers for years to come after a bad experience

# Emerging Empires

ENTERPRISE  
SEGMENT **2**



## How to interact with Emerging Empires

Emerging Empires are currently in a more stable growth state and tend to make smaller software purchases that can help them bridge gaps in their existing systems. Although they make less expensive purchases than other Enterprise segments, these companies are frequently in the market for software.

Since Emerging Empires prefer to keep their opinions to themselves, encourage these firms to become more engaged in other ways. Prompt support is their top driver of experience, so help them participate in groups like online communities. These firms will appreciate getting answers from other users, and they will provide assistance to others as well.

## Characteristics

- 31% of SMB population
- 5,000 employees, a portion over 10,000 and
- Annual earnings of \$1bn–\$10bn+
- Majority of software purchases >\$500k
- IT decisions makers throughout the organization

## Behaviors

- Tend to keep to themselves
- Will stop spreading good word of mouth after just a month
- Least likely to discourage others after a bad experience

## Preferences

- Feature customization: 90% satisfied with partial customization
- Software stability: Majority prefer middle-tier option (3-5 hrs monthly downtime)
- Multi-device availability: Split between middle and top-tier options (1 additional vs. multiple devices)

# Big Business Behemoths

ENTERPRISE  
SEGMENT **3**



## How to interact with Big Business Behemoths

Big Business Behemoths have complex needs characteristic of large organizations. Vendor reps play an important role for this segment throughout the customer journey. Help them minimize the downtime in the business relationship—issues with delivery are the reason for dissatisfaction.

Since Big Business Behemoths are vocal when it comes to good experiences, provide them with plenty to talk about by being on top of your game during installation. They will reward you with good word of mouth for years to come.

## Characteristics

- 30% of SMB population
- Over 10,000 employees
- Annual earnings over \$10bn
- Majority of software purchases between \$1–\$10mn
- IT decisions makers within IT departments

## Preferences

- Software stability: 88% seeking top tier option (45 minutes of downtime per month )
- Feature customization: Top-tier option with open API standards

## Behaviors

- Tend to focus on positive interactions
- Most likely to recommend after a great experience
- Will continue to recommend for years to come

# Mid-Sized Movers

SMB  
SEGMENT 1



## How to interact with Mid-Sized Movers

Experience matters to Mid-Sized Movers. Because these firms are the least price sensitive, ease of use—not cost—is their leading purchase driver. This segment looks for best vendor fit, regardless of any existing relationship, so keep abreast of their specific needs in order to provide the most value.

Offer Mid-Sized Movers products that require little to no downtime and can be accessed by multiple devices. Deliver great experiences, and they will thank you with recommendations for years to come.

## Characteristics

- 36% of SMB population
- 50–249 employees, with a portion over 500
- Annual earnings from \$10mn–\$100mn up to \$1bn for larger firms
- Software purchases range from \$50–\$500k
- IT decisions makers within IT departments

## Behaviors

- Tend to focus on positive interactions
- Most likely to recommend after a great experience
- Will continue to share for years to come with peers at other companies

## Preferences

- Software stability: Majority seeking top-tier option (45 minutes of downtime per month)
- Multi-device availability: Best-in-class access across multiple devices preferred

# Elemental Establishments



## How to interact with Elemental Establishments

Elemental Establishments have simpler needs due to their size and budget. Keep an eye on them, however, as their needs will evolve with growth. They're not the most vocal segment, so be proactive with recommendations when the time is right.

For now, offer products like cloud-based solutions that can help them manage costs. Also, suggest tools that increase their employee mobility, as flexible work environments can reduce overhead.

Reduce your cost to serve these firms with self-service options—this segment is comfortable with do-it-yourself.

## Characteristics

- 33% of SMB population
- Fewer than 50 employees
- Annual earnings >\$1mn
- Average software purchases >\$50k
- IT decisions makers are senior management

## Preferences

- Software stability: Over 55% satisfied with middle-tier option (3–5 hrs monthly downtime)
- Multi-device availability: Top-tier option (works across multiple devices)
- Cloud usage almost 2x more than that of other SMBs

## Behaviors

- Keep to themselves and least likely among SMBs to share experiences with peers
- Least likely to recommend
- Most likely to not tell their vendor about bad experience. This translates into lost sales as they are also the least likely to repurchase afterward

# Vivacious Ventures



## How to interact with Vivacious Ventures

Vivacious Ventures are small and nimble companies that want software to meet their specific—and ever-changing—needs. They see big things in their future and envision an IT infrastructure that can grow with them.

Offer these firms products that can enable their workforce, front and back office, to flourish. Build your relationship with these companies by teaching employees how to best use new software—user training is their top driver of experience.

Take advantage of this segment's desire to self-serve throughout most of the customer journey. However, be sure the online experience is designed for usage.

## Characteristics

- 31% of SMB population
- Fewer than 50 employees
- Annual earnings \$1mn–\$10mn
- Typical software purchases >\$50k
- IT decisions makers are in operations

## Preferences

- Multi-device available: 75% seeking top-tier option (across multiple devices)
- Feature customization: Top-tier option with open API standards
- Envisions the cloud as a part of their near-term strategy 2x more than other SMBs

## Behaviors

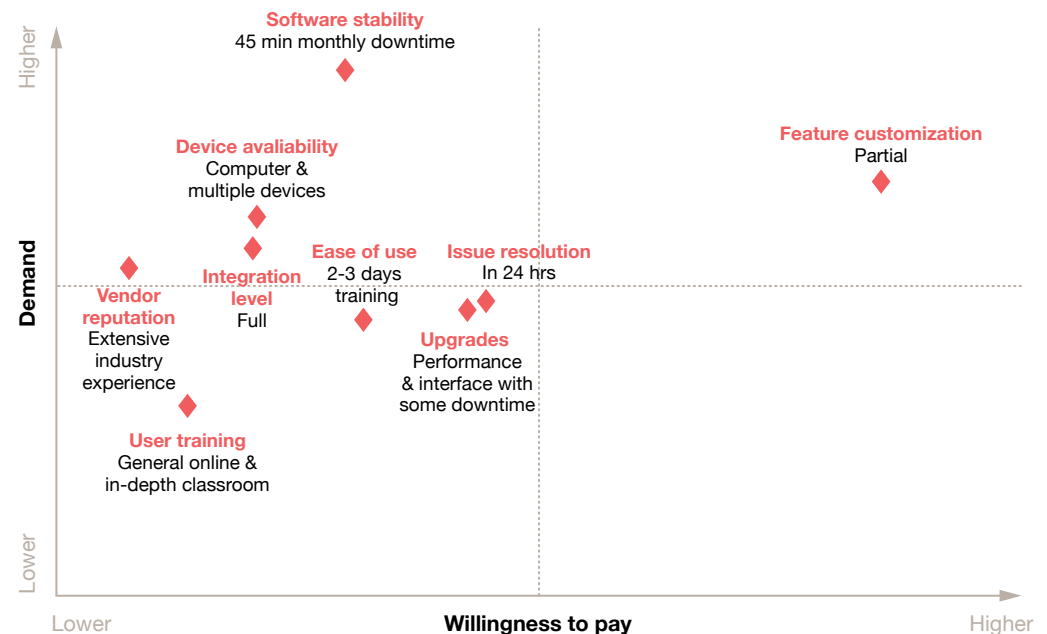
- A vocal segment, most likely to share their memorable experiences, both good and bad
- Continue to share bad experiences for years to come

# Overall, what do Enterprise customers value in Enterprise Software?

High-quality customer experience is a defining feature for Enterprise software customers. Given their size, Enterprise customers are overwhelmingly willing to pay for customized packages that are tailored to their unique needs. Extremely quick issue resolution and limited software downtime are top features—and businesses are willing to pay for the convenience.

Customers seek out solutions that are easy to learn and that require only a few days of training in person or online. Stable software is essential—customers expect it and they aren't willing to pay extra for it.

## Customer value for top features<sup>1</sup>



<sup>1</sup> **Axis Labels**—Demand-Relative feature importance assigned by customers; Willingness to Pay-Incremental feature willingness to pay

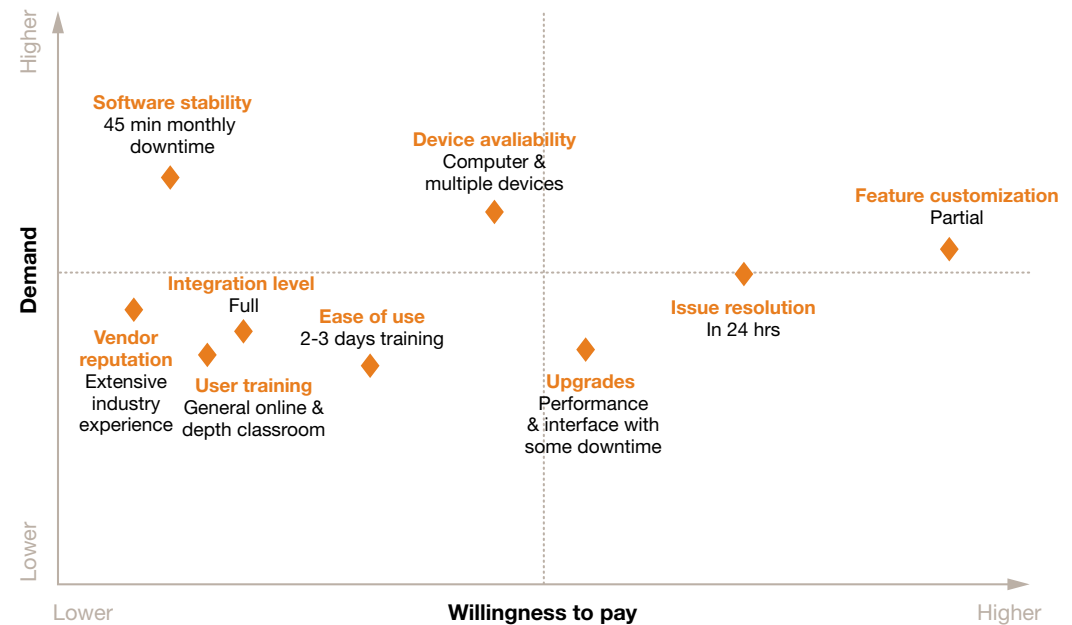
**Other Figure Comments:** Does not display Pre-Sale Support feature due to insignificant customer value relative to feature set

# Overall, what do SMB customers value in Enterprise Software?

High-quality customer experience is a defining feature for SMB software customers. Many are willing to pay for customized packages that fit their unique needs, quick resolutions to keep their software up and running, and consistent upgrades. Given the number of employees on-the-go and working remotely, access from multiple devices is valued.

SMB customers seek solutions that are easy to learn and that require only a few days of training in person or online. Stable software is essential—customers expect it and they aren't willing to pay extra for it.

## Customer value for top features<sup>1</sup>



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**Other Figure Comments:** Does not display Pre-Sale Support feature due to insignificant customer value relative to feature set



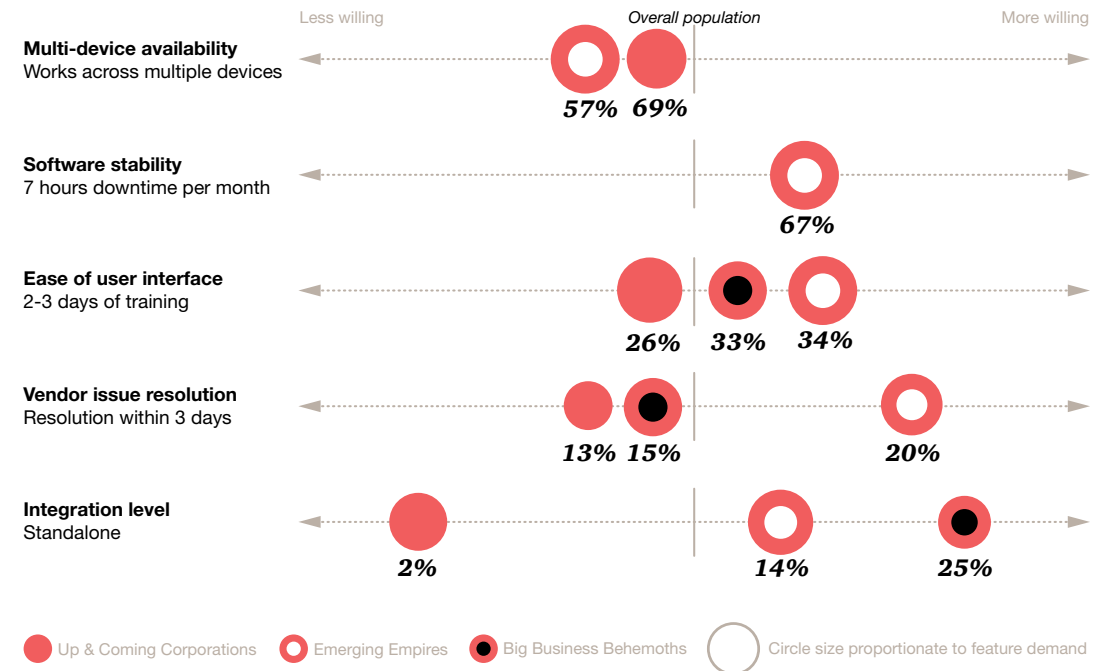
# Comparatively, how do Enterprise segments value features?

Across Enterprise segments, Up & Coming Businesses<sup>1</sup> will pay the most for 24-hour issue resolution. Emerging Businesses<sup>1</sup> and Big Business Behemoths<sup>1</sup> value multidevice access to software and solutions that are easy to operate and use—they will pay almost twice more for these features than Up & Coming Businesses will.

In addition, Big Business Behemoths stand alone in their willingness to pay for feature customization as well as performance upgrades to ensure their software is constantly top of the line.

<sup>1</sup> Links to 2013 Enterprise Software Experience Radar SMB segments of Mid-Sized Movers (highest revenue and size), Elemental Establishments (neighborhood stores with low revenue), Vivacious Ventures (vocal and mid-revenue earners) and Enterprise segments Up & Coming Corporations (most vocal experience seekers), Emerging Empires (mid-sized and least price sensitive) and Big Business Behemoths (largest employee base with highest software spend).

## Feature willingness to pay premium for top features



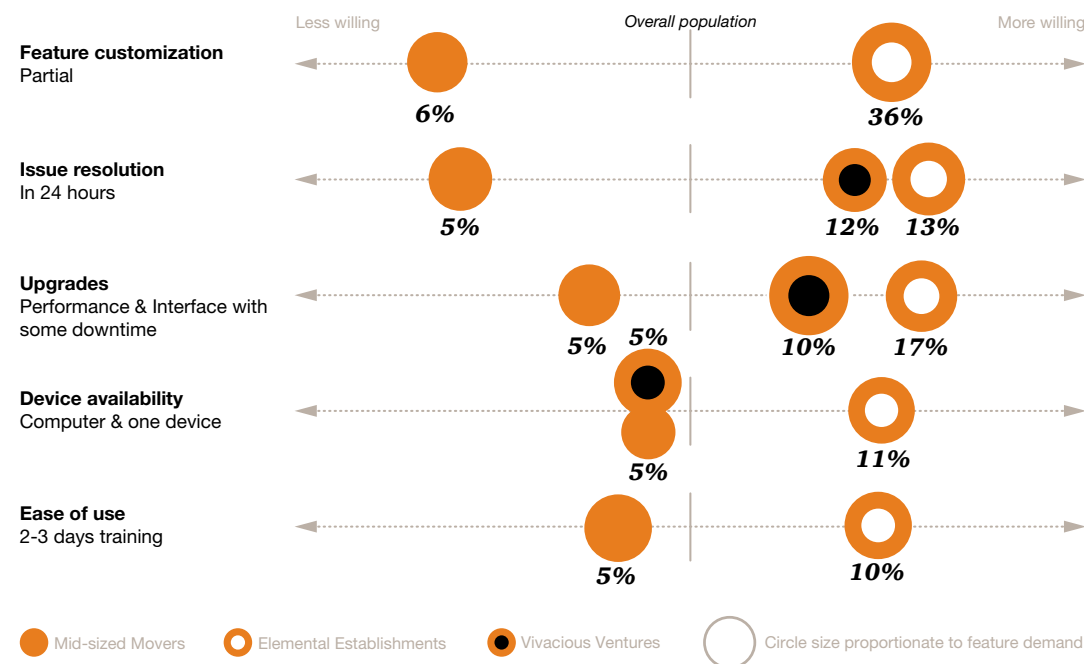
This chart compares segments' demand for individual features<sup>1</sup> as well as their willingness to pay for the feature. The percentages indicate the size of the premium that the segment is willing to pay for an enhanced experience with that feature. The size of the bubble indicates the demand for the feature.

# Comparatively, how do SMB segments value features?

Mid-Sized Movers<sup>1</sup> value certain features—but they are only willing to pay slight premiums across the board. Elemental Establishments,<sup>1</sup> on the other hand, have the budget and the desire to pay higher premiums for features that increase personalization and convenience.

<sup>1</sup> Links to 2013 Enterprise Software Experience Radar SMB segments of Mid-Sized Movers (highest revenue and size), Elemental Establishments (neighborhood stores with low revenue), Vivacious Ventures (vocal and mid-revenue earners) and Enterprise segments Up & Coming Corporations (most vocal experience seekers), Emerging Empires (mid-sized and least price sensitive) and Big Business Behemoths (largest employee base with highest software spend).

## Feature willingness to pay premium for top features



This chart compares segments' demand for individual features<sup>1</sup> as well as their willingness to pay for the feature. The percentages indicate the size of the premium that the segment is willing to pay for an enhanced experience with that feature. The size of the bubble indicates the demand for the feature.

*We hope these insights  
prove useful to your  
business*

While the results outlined in this report are at the industry level, PwC can use the same methodology we've used here to develop a customized Experience Radar study and uncover opportunities to accelerate your business.

*If you'd like to discuss these findings or how PwC can help you apply them to your business, contact:*

***Paul D'Alessandro***

312 298 6810

[paul.dalessandro@us.pwc.com](mailto:paul.dalessandro@us.pwc.com)

***Patrick Pugh***

206 398 3008

[patrick.pugh@us.pwc.com](mailto:patrick.pugh@us.pwc.com)



