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Inside Outsourcing™



INTERVIEWED BY LARRY JANIS

Inside with:

Jay Ackerman, Executive Vice President, of Client Care & Development, ServiceSource

ServiceSource founded and leads the service performance management industry. They focus exclusively on growing service share - producing maximum service revenue by increasing the number of customers who buy services and the amount they spend on those services for leading high-tech companies such as Adobe, AT&T, GE Healthcare, Microsoft, Motorola and Sun Microsystems. ServiceSource has four global service centers that serve technology and healthcare customers in over 100 countries and 26 languages.



LJ: You have been in the Outsourcing Industry for several years in different capacities. What changes have you seen in the industry?

JA: The industry has evolved considerably and the pace of change keeps quickening. Customers are now much more sophisticated and therefore demanding in their supplier expectations. What's most notable for me is that over the last 15-20 years, we've seen companies move from outsourcing single non-core processes to now outsourcing critical revenue and customer facing functions. In our business we now have customers who entrust us with managing multi-million dollar end-user relationships. They are willing to move in this direction because performance reporting is much more robust, multi-dimensional and real-time. When I started in outsourcing, the reporting period would end and you would spend days, perhaps weeks pulling together performance numbers to be delivered 3 to 4 weeks after the reporting period closed. Now, we are able to provide a view on performance real-time with our secure customer-portal that our customers can customize on their own and import directly into their internal reporting packages.

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FROM THE EDITOR

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Inside Outsourcing's goal is to provide you with articles of interest and with a forum for the exchange of information in this rapidly evolving industry.

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LJ: Our readers may not be familiar with Service Source; would you give us a brief overview of your firm?

JA: ServiceSource is the global leader in Service Performance Management. The company, established in San Francisco in 1999, is a specialized sales organization focused on increasing service share for high-tech and healthcare client companies in over 100 countries across 26 languages. We grow service share for our customers by increasing the number of customers they have a services relationship with and increasing the amount of dollars their customers spend on these services each year. Customers such as Microsoft, Adobe, Juniper, Sun Microsystems, Symantec, AT&T and GE Healthcare benefit from our solution with increased revenue, profits and earnings per share. Our marquee client base is supported from operations in San Francisco, Denver, Nashville and Dublin, Ireland. We are profitable, privately held and are fortunate to include General Atlantic and Benchmark Capital as significant investors.

LJ: Are your clients' expectations on the advantages/expectations of Outsourcing/BPO changing?

JA: Yes, our clients expectations are continually changing. This pressure helps us improve our performance. You always work harder when pushed by your customers and competitors. Initially clients just looked to us to drive surplus revenue in the maintenance stream. Now our more mature clients are challenging us to drive revenue as always but in addition are looking for us to provide tighter quarterly forecasting on performance and business insights regarding their installed base. Why are customers renewing or not renewing? How is a competitive offering impacting their business? How is Channel Partner A performing against Channel Partner B. How is our entitlement policy supporting or hurting our service renewal efforts. As the leader in this marketplace, handling over 300,000 transactions a year, we are in a unique position to provide insights that literally no one else in the industry can. Our database is vast and allows us to deliver powerful business information to the Sales organization, Channel Mgmt, Product Marketing and Finance. We recently assisted one of our software clients in redefining their entitlement policy based on clear information about their customer base and a comparison of performance against a defined peer group. The net result for the company will be enhanced revenue and earnings.

LJ: Your firm has some very large corporations such as Alcatel, Motorola and GE as clients. How were you able to win their confidence and subsequent business relationships?

JA: We're fortunate to include technology leaders such as Sun, Symantec, Adobe and Juniper, in addition to those you mentioned, as customers. Our first customer, Alcatel, is still with us and recently recommitted to a new three-year relationship.



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We earn the trust of our customers in two key ways: (1) by delivering on the business results we promise and (2) by focusing on their end-customers as if they were our own. Our model is variable cost and we only get paid for the successful results we generate. We conduct an exhaustive Service Performance Analysis on the front-end of our relationships to determine if a business case exists. We segment their opportunity by dollar value, product, and region to identify performance gaps and strategies to boost performance. There is little financial risk in this decision for the buyer. If we don't deliver we don't make money. This makes us hungry to drive performance and ensure that every single sales opportunity is pursued. But we do this in a way which is a focused, high-quality customer touch. This focus has obviously influenced our service center strategy. As mentioned above, our operations are in the US and Ireland. Markets where we can hire high-quality, well-educated service sales representatives that are interested in building their sales skills and establishing a long-term career with the market-leader.

LJ: How would you define Service Sources' competitive advantage in the marketplace?

JA: Our competitive advantage centers around 3 core competencies: sales excellence, relationship excellence and operational excellence.

- **Sales Excellence:** We hire strong raw talent that we shape with our proprietary training program at ServiceSource University. In fact, each of our trained sales representatives receive over 100 hours of classroom and web-based training. They learn such skills as value selling, objection handling, and managing a sale through a multi-tier distribution model. In addition, we have global capabilities with native speakers of more than 26 languages who understand how to sell in markets where most companies just don't have the expertise to sell services effectively.
- **Relationship Excellence:** We talk to more than 300,000 service customers every year, about much more than maintenance and renewals. We understand what they're doing with your products, how they're using your services, and how satisfied they are. We help those customers gain value from your services, so they gain value from your products, and they buy more of both.
- **Operational Excellence:** And under all of this is a global technology platform purpose-built to drive service results. Since this all that we do, we invest every R&D dollar into building a world-class operational platform that includes CRM, business intelligence, closed loop campaigns and transaction processing applications. We have an operational machine that now supports over \$3B in annual service sales contracts.



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LJ: You have achieved a great deal in your career, what do you attribute your success to?

JA: I have been fortunate enough to be involved with a number of successful companies including: Exult and WNS Global Services before ServiceSource . I would credit my success to three things. First, I have chosen to work with strong leadership teams that are not content with the status-quo and who push one another each and every day to challenge business assumptions. Talent of the people around me has always been the #1 influencer in what I do and where I chose to do it. Second, I have been given the resources to hire top-notch talent to work with me. As a colleague shared with me early in my career, "heroes don't scale." The team I have now assembled around me at ServiceSource is outstanding and is responsible for managing one of the lowest customer attrition rates I have ever seen in the outsourcing marketplace. Lastly, be responsive and flexible with your customers. Customers in the outsourcing marketplace have more and more choices each and every day. If we're not listening to them, adjusting and refining our value proposition, and ensuring that we are continually driving an economic benefit to them and their organization, we will not retain the relationship long-term. I credit this customer focus to spending the first-half of my career in a consulting practice that was new, small and competed for the attention of the Fortune 100 against the likes of McKinsey, and Booz Allan.



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Integrated Search Solutions Group

We are a retainer based executive search firm with over a decade of experience in successfully attracting top talent in the areas of Outsourcing (IT, BPO and BPM), Consulting (Strategy & Technology) and traditional corporate functions (CIO, CTO, CFO, etc). We have worked effectively with major corporations as well as venture capitalized start-ups. Executive recruiters typically pride themselves in their ability to recruit top executives, irrespective of the industry. Leaders tell us a different story; they value what we do because we understand their business.

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