

DZ benchmark

the point where cooperation takes root



NTT Com Highlights

benchmarking an evolving
culture of cooperation



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Hybrid Networks

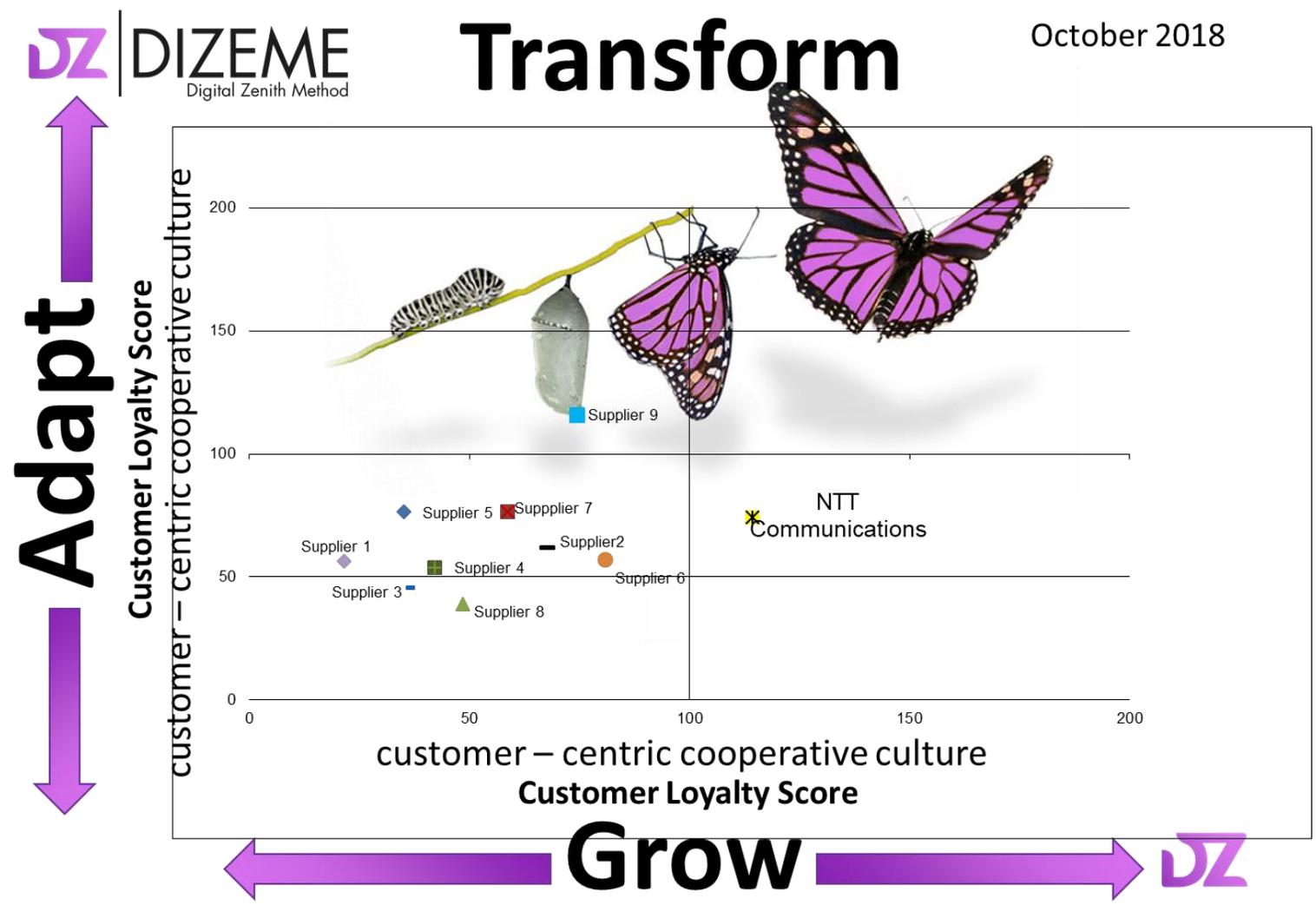
The global network service providers are changing. They are seeking to provide cost reduction, resilience, agility, cloud-readiness and cloud-migration as demanded by their global business enterprise customers. They are seeking to do this through building trusted partnerships and from the introduction of Software-defined networking (SDN) and Network Functions Virtualisation (NFV).

In the evolution process, it is the combination of MPLS and Internet VPN, known as hybrid networks, that is proving compelling to customers, presently.

Zenith Choice

We identified six critical times when customers have the opportunity to either **'stay loyal to their supplier'** or **'defect to the competition'** We call this the zenith choice.





Customer Loyalty Score

The single variant that favours loyalty over defection is 'the embracing of a customer-centric 'culture of cooperation' across the depth and breadth of the organisation by the service provider.

A DZ score (Customer Loyalty Score) is calculated for the categories Adapt and Grow. These DZ scores can be plotted on a matrix to show relative positioning of the service providers on these two variables.

Adapt

NTT Com, DZ=74 (66 last year)

Best in Class, DZ = 116 (88 last year)

Growth from customer satisfaction

NTT Com, DZ=114, Best in class.

Culture

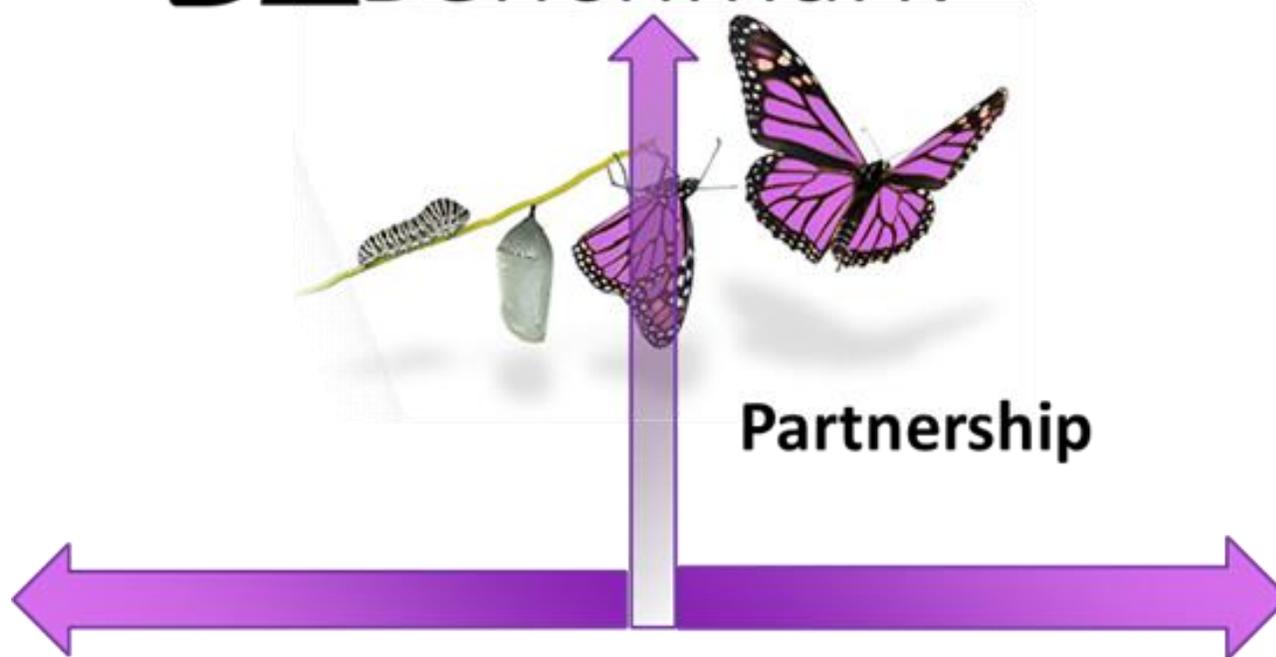
Each interaction with a company, its products or its services leaves an impression; whether intentional or not. Over time these impressions, along with the associations they bring to mind, accumulate to form a "living memory" in the minds of individuals and a "collective perception" across a wider spectrum of people. The unique sum of impressions associated with a particular company, product or service defines the user experience. By looking at decisions made by users, at critical times in the business cycle, it is possible to gauge the degree that operators are evolving as **trusted partners** in the digital transformation. Summarized in a single number, the Transform Score illustrates the **degree of customer-centric culture** that has evolved through the process of cooperation.

- We identified six critical times when customers have the opportunity to either '*stay loyal to their supplier*' or '*defect to the competition*'
- We determined that the single variant that favours loyalty over defection is '*the embracing of a customer-centric 'culture of cooperation*' across the depth and breadth of the organization by the service provider.
- We calculated a customer-centric cooperation coefficient, which we named dizeme and denoted by DZ. The way this coefficient works is easy to understand. If DZ is greater than one hundred, then like associates with like – a positive assortment or clustering. If DZ is less than one hundred, then the opposite occurs and there is a negative assortment. In a mixed population of 50% defectors and 50% cooperators DZ=100, which is the benchmark.
- DZ can be used to help assess the evolution of a cooperative culture or service orientated organisation.

What is the Dizeme Benchmark?

Soft transformations are much harder to effect than the development and deployment of new technology, as every company knows.

Customer Loyalty **DZ** Benchmark



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Benchmark DZ = 100

DZ > 100 = evolving culture of customer-centric cooperation

A DZ score above 100 earns the 'valued partner' accolade.

an evolving customer-centric culture

CONSIDER

Customer-Centric Evolution

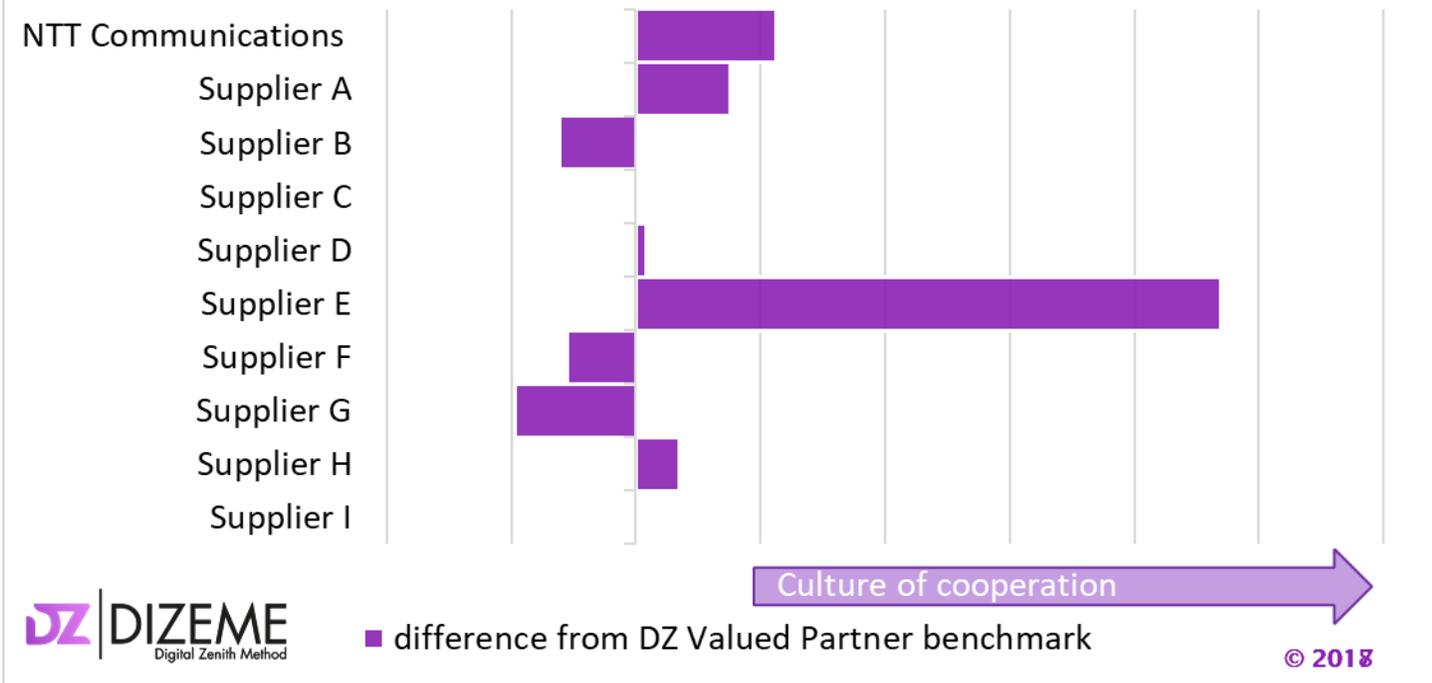


Chart reflects the extent that multi-national customers consider suppliers prior to purchase.

an evolving customer-centric culture

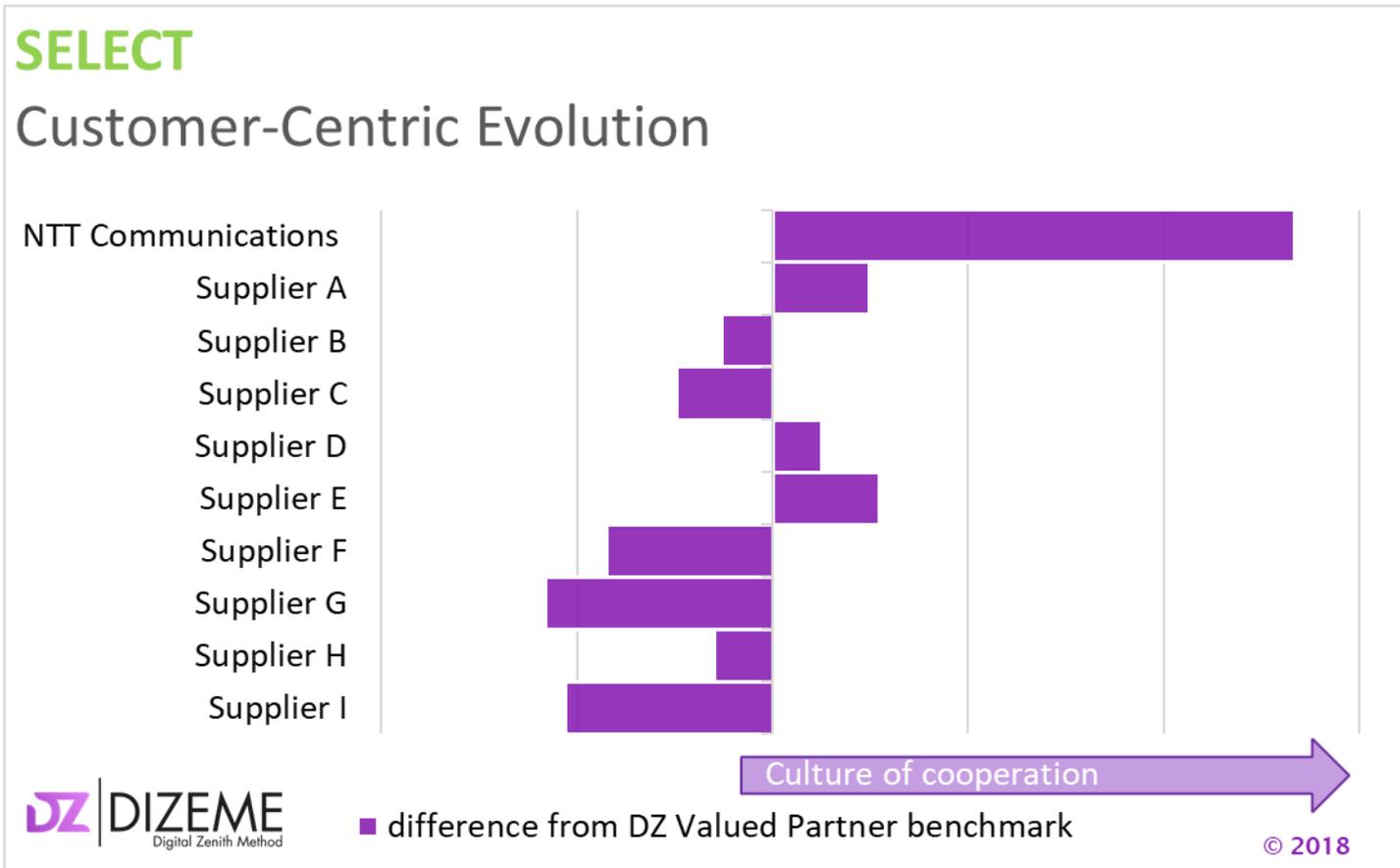


Chart reflects the extent that suppliers and customers are working in partnership to cooperate during the purchase process.

an evolving customer-centric culture

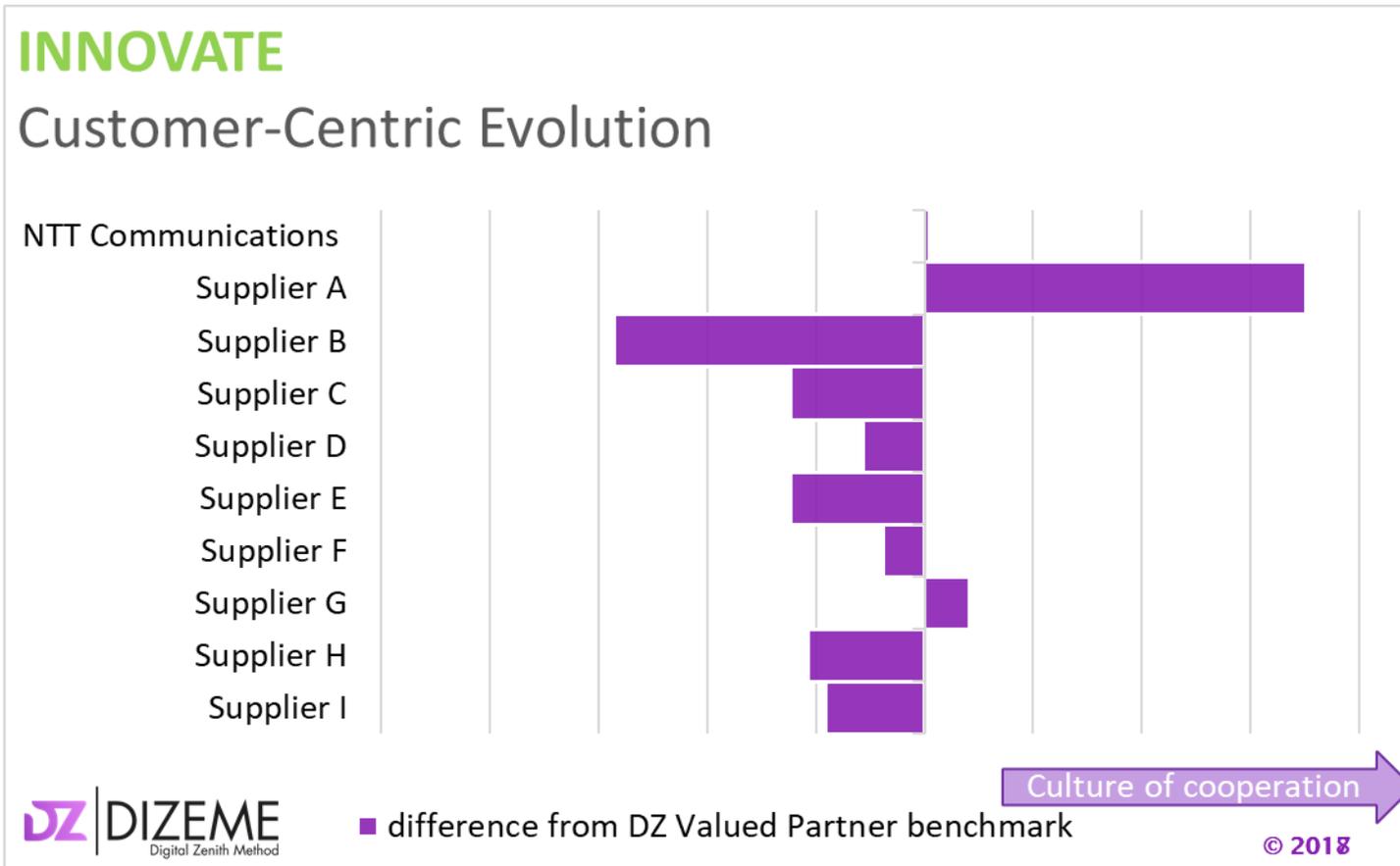


Chart reflects the extent that suppliers and customers are working in partnership to cooperate with innovation.

an evolving customer-centric culture

FIRST PURCHASE

Customer-Centric Evolution

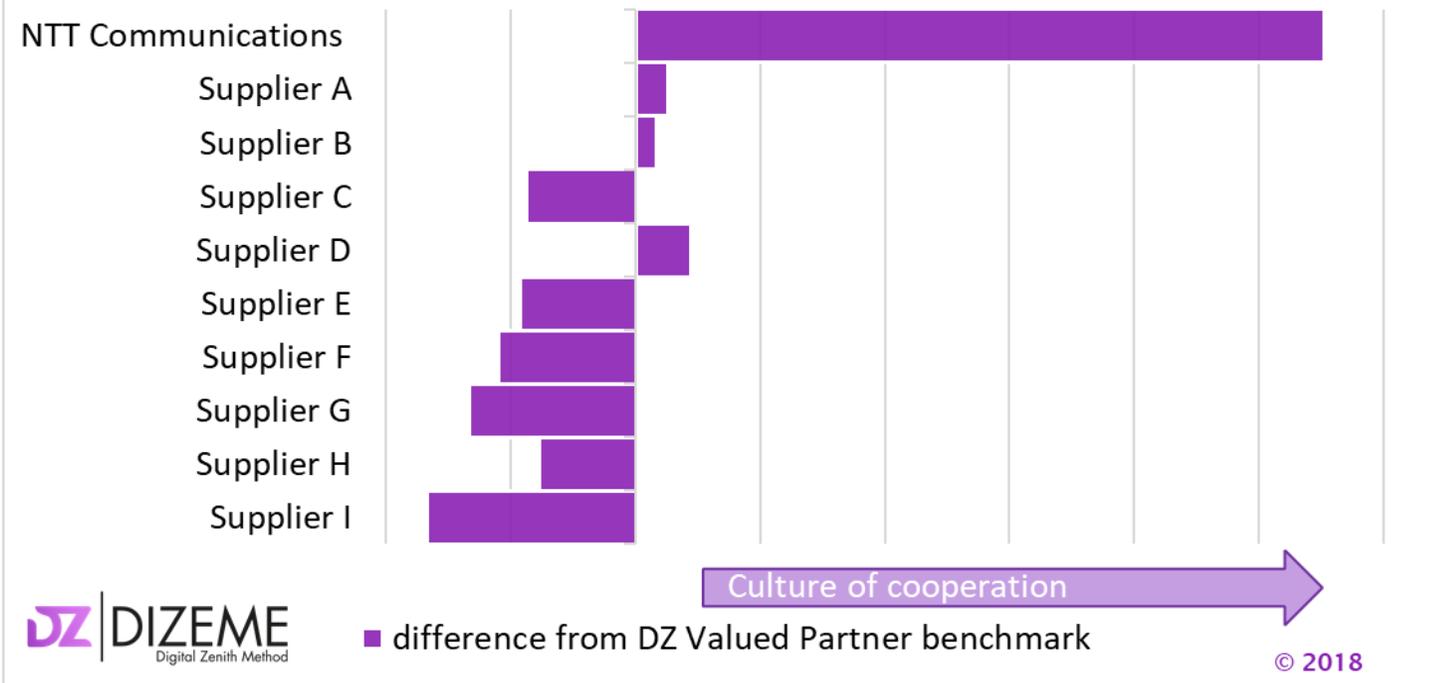


Chart reflects the extent that customers are satisfied with their first purchase experience.

an evolving customer-centric culture

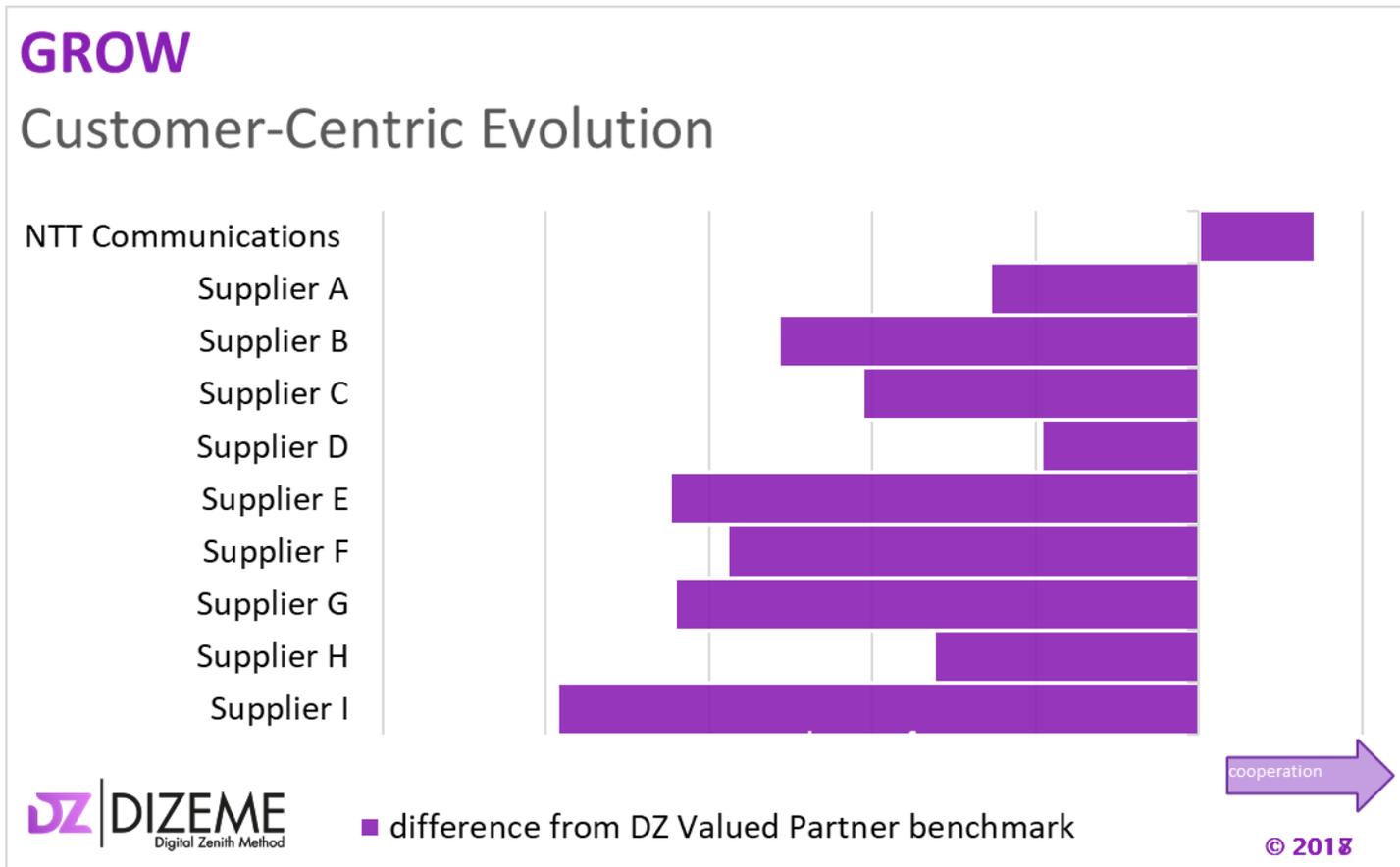
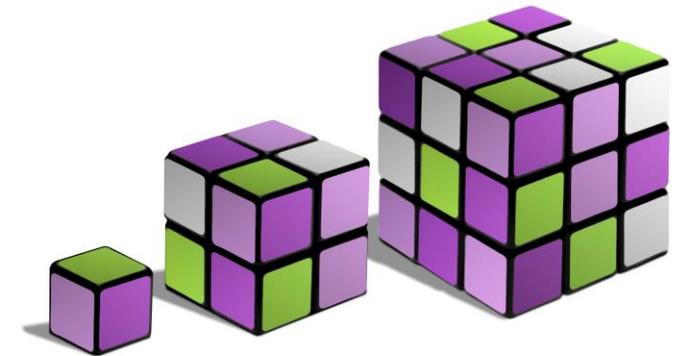
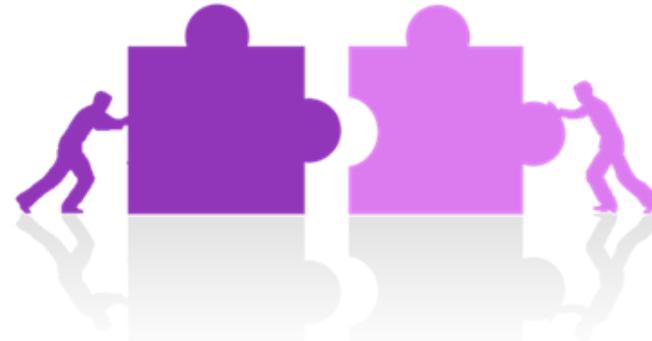


Chart reflects the extent that customers are satisfied with their pre and post-purchase experiences.

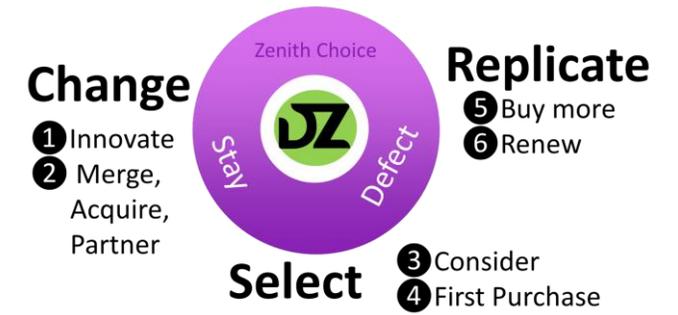


The payback from cooperation is a growth multiplier for both supplier and customer



Digital Zenith Method

Adapt & Grow



Methodology

What is the Digital Zenith Method?

- The Digital Zenith Method was developed by Ocean82 following demand from customers to address ‘the culture of change’.
- The common thread among global services providers is the desire to be trusted partners in the digital transformation.
- The larger problem faced by all the providers is evolving a customer-centric culture, no easy task, despite the huge potential payback for getting it right.
- The launch of SDN-WAN and NFV to address customer requirements for agility, speed, flexibility, cost reduction as well as the deployment and growing acceptance of hybrid networks and cloud services, provides the technological capability for multi-nationals to embark on their own transformations.
- Evolution requires change, selection and replication.
- Ocean82 identified six critical areas where customers can either choose to stay loyal or defect, namely: innovation, new ventures (merger, acquire, partner), supplier consideration, first purchase, buy more and renew contract. It devised a questionnaire and gathered responses to help to predict behavior based on user answers. It designed a questionnaire to evaluate the perceived level of adoption of a customer-centric culture by suppliers, as seen from the customer perspective.
- The decision of customers to cooperate or defect is multi-factorial. In competitive environments where an alternative is viable users will look at risk versus reward as well as how effectively the service providers are likely to be at meeting expectations.
- Each interaction with a company, its products or its services leaves an impression; whether intentional or not. Over time these impressions, along with the associations they bring to mind, accumulate to form a "living memory" in the minds of individuals and a “collective perception” across a wider spectrum of people. The unique sum of impressions associated with a particular company, product or service defines the user experience or branded customer experience. A culture that strives, at each point of interaction, to provide a positive customer experience is likely to build commitment and trust.
- Ultimately user perceived value over time is the choice driver. The decision to cooperate or defect we call the zenith choice.
- Ocean⁸² determined that the single variant that favors loyalty over defection is ‘the embracing of a customer-centric ‘culture of cooperation’ across the depth and breadth of the organization.
- The data was analyzed using an algorithm to calculate a cooperation coefficient that we named dizeme, and which is denoted by DZ. The way this coefficient works is easy to understand. If DZ is greater than one hundred, then like associates with like – a positive assortment or clustering. If DZ is less than one hundred, then the opposite occurs and there is a negative assortment. In a mixed population of 50% defectors and 50% cooperators DZ=100, which is the benchmark.
- DZ can be used to help assess the evolution of a cooperative culture or service orientated organization. It can be followed over time to see the evolution or not of a customer –centric organization.
- In summary, in evolving populations, a dizeme score of more than 100 means that cooperation takes root and flourishes. Conversely a dizeme score less than 100 means cooperation declines and eventually ceases. This is true for every type of population.

CUSTOMER EXPERIENCE

Six critical times when customers have the opportunity to either **‘stay loyal’** to their supplier or **‘defect’ to the competition’**

1. Supplier Innovation –try new product/service

2. Supplier Merger, Acquisition or new Partnership(s) – consider value and benefits you gain from new organization/new offers

3. Consider first purchase - review requirements, brand, products & offerings, recommendations, prior experiences, price

4. Make first purchase of new innovative service - decide who to buy from and why

5. Buy more products and services (new and/or existing),- consider requirements, prior experiences, convenience and price

6. Renew contract - prior experiences, price, risk of change

Customer Decision

Stay loyal

to current supplier

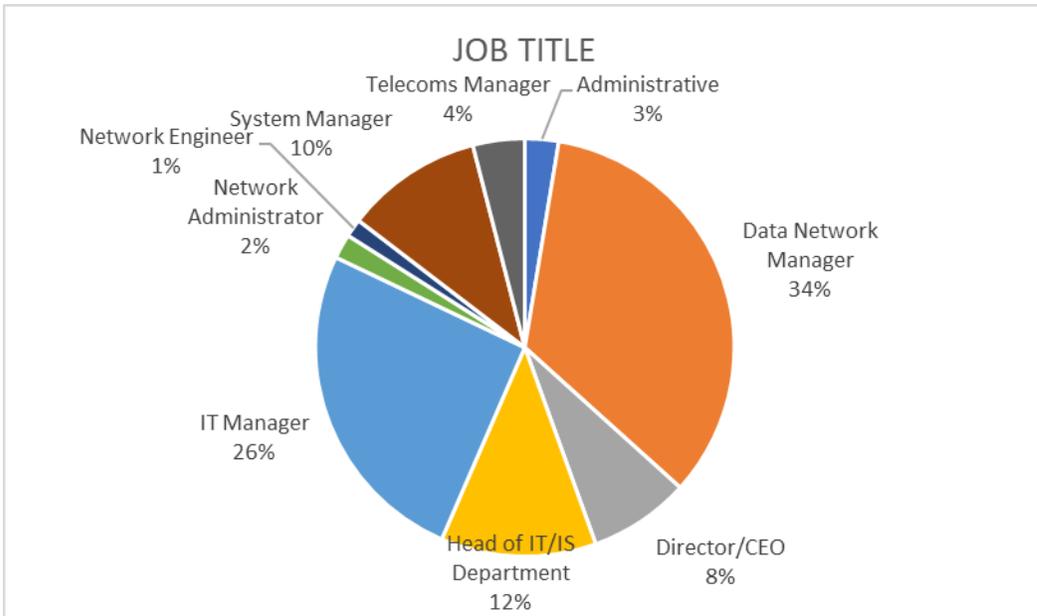
Defect

to competition



Respondents

Interviewed people from 644 companies, located across 28 countries across four continents, who work for large and multi-national enterprises, about their experiences with global service providers.



Respondent qualification.

Decision makers, influencers and users of major global service providers, usually with a high percentage of MPLS and related data VPN offerings.



This report contains positive extracts taken from the 2nd edition of Digital Zenith Benchmark. These extracts highlight the ‘valued partner’ results obtained by NTT Com. Please refer to the full report for a complete dashboard of results.

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