

This client success story explores:

- The challenges that faced HP's sales organization in meeting the company's aggressive growth objectives
- The constructs of RAP and its adoption by HP sales
- The positive impact from RAP on customer performance measures
- The critical success factors in making RAP an essential tool for HP Sales' customer relationship development and growth process

Satmetrix Solution Enhances HP Relationship Assessment Process

Relationship Assessment Process Helps HP Optimize Relationships with its Customers, Supporting Accelerated Revenue, Share of Wallet Growth and Improved Customer Loyalty

The Goal:

Hewlett-Packard (HP) challenged its sales teams to develop stronger and more valuable relationships with both its existing and new customers by drawing new synergies from the companies recently acquired via its merger and acquisition (M&A) strategy.

The Solution:

HP has supported its sales force's relationship management activities through a program called Relationship Assessment Process (RAP), leveraging the Satmetrix for Account Management (SAM) Solution. HP's RAP:

- Provides the sales teams with a pre-arranged, structured feedback mechanism to assess the working relationship between HP and the customer
- Enables the sales teams to better align their priorities and resources to meet their customers' needs
- Provides HP management with an aggregate view of customer relationships, exposing trends and other valuable insights.

The Result:

RAP has provided HP's sales leadership with a robust analysis engine generating new customer insights to build stronger, more valuable and profitable customer relationships.

- Our research found that a sample of HP sales teams proactively leveraging RAP were able to achieve revenue growth of 33% over the FY 2004 to FY 2006 period, while HP's TSG business unit grew 15% during the same period. These sales executives have also seen significant advances across a number of other sales performance metrics:
 - » **Sales Funnel** - 100-150% growth
 - » **Trusted Partnership** - 15% improvement
 - » **Vendor Performance** - 13% improvement
 - » **Customer Loyalty** - 8% improvement

¹ RAP interviews were conducted by Mainstay Partners, the leading ROI advisory firm, with a cross-section of ten Enterprise sales executives across multiple regions and industries. Participants were selected for their proactive use of the RAP process in supporting their efforts to build greater relationship value with their customers. HP TSG business unit revenue estimates were derived from the 2004-2006 HP 10k reports.

Executive Summary

According to Baseline Magazine, Hewlett-Packard (HP) has now overtaken IBM as the number one IT vendor for Enterprise customers. One of the significant drivers of HP's success has been its focus on improving customer loyalty. By proactively managing elements of the business relationship in an effort to improve customer loyalty, HP account managers have found their customer base expanded and uncovered larger and more strategic opportunities as well. A key program in raising HP's customer loyalty scores is a customer relationship development and growth initiative started over a decade ago called the Relationship Assessment Process (RAP). At its foundation, RAP is managed through the Satmetrix for Account Management solution (SAM), which enables companies to create actionable customer loyalty programs. Satmetrix for Account Management includes flexible, Voice-of-the-Customer technology that makes it easy for HP's sales organization to collect customer feedback on a global scale. HP sales use RAP results to explore and act on customer satisfaction, loyalty and other important customer relationship dimensions. The RAP program is currently being used with most of HP's top 1000 Enterprise accounts and has become an integral part of the sales process. Interviews with HP's global sales executives provided valuable insights into how their account teams have leveraged RAP to build more strategic relationships with their customers. These sales executives discussed improvements across key account performance measures including revenue growth, sales funnel growth, customer satisfaction/performance ratings and customer loyalty scores.

Customer Profile

Hewlett-Packard (HP) is a technology company that operates in more than 170 countries around the world. HP explores how technology and services can help people and companies address their problems and challenges, and realize their possibilities, aspirations and dreams. HP's business groups focus on three core technology areas:

- The Personal Systems Group -business /consumer PCs, mobile computing devices and workstations
- The Imaging and Printing Group -Inkjet, LaserJet and commercial printing, printing supplies, digital photography and entertainment
- The Technology Solutions Group -business storage and server products/services, managed services and software

The Challenge

Improving Customer Loyalty to Support HP's Strategic Growth Goals

The high tech industry has seen unprecedented consolidation over the past five years as globalization trends intensify and the sector matures. In addition to pursuing an innovative organic growth strategy, HP has maintained its competitive position with aggressive merger and acquisition initiatives acquiring such market leaders as Compaq, VoodooPC, Peregrine, Mercury Interactive and Opsware. With many of HP's products and services already occupying leading positions in their respective markets, the company sought to build customer loyalty by ensuring synergies gained from its M&A activity benefited its customers.

In many important ways, HP's sales organization is the front line in achieving its growth goals -- providing the main communication channel to its customers. To that end, HP's leadership challenged its sales organization to drive new levels of customer loyalty to help build more strategic relationships and differentiate its capabilities from its competition.

"What better opportunity than providing customers the right opportunity to tell you how they expect to be sold to. RAP is a great way to listen to your customers."

--Michel Cloutier, Worldwide RAP

Practitioner for HP Strategic Accounts.

The Solution

A Consistent, Best-in-Class Customer Management Program for HP Sales

To support the sales organization's transformational efforts, HP established a strategic business program called the Relationship Assessment Process (RAP). RAP was designed to measure and drive increased sales effectiveness by focusing account management behaviors in areas that provide the most compelling value to HP customers.

RAP has leveraged best-in-class methodologies, tools and analytics supported by the Satmetrix for Account Management (SAM) solution to drive sales performance across three major areas of B2B customer relationships:

- **Service Level Performance:** Doing the fundamentals well by ensuring that the account is properly serviced to create positive impacts for the customer.
- **Competitive Positioning:** Providing differentiated performance by focusing activities in the most valued areas for the customer.
- **Customer Loyalty and Satisfaction:** Ensuring long-term benefits for the customer that build a set of referenced success stories to demonstrate the strategic nature of the relationship.

HP sales teams use the pre-arranged, structured collection and feedback methodologies provided by RAP to assess the account relationship across these three focus areas. RAP delivers these capabilities through a team of sales support resources and the Satmetrix for Account Management solution which automates much of the collection, analysis and reporting requirements of the program.

RAP's Use of the Satmetrix for Account Management Solution

HP deployed the Satmetrix for Account Management solution to deliver a customer relationship toolkit that was easy for its sales teams to adopt. This simplicity allowed RAP to quickly become a "best practice" with progressive account managers. These sales leaders shared an interest in conducting structured dialogs with their customers about other subjects than HP products and services.

The RAP program takes advantage of Satmetrix for Account Management's web-hosted technology platform, giving RAP the flexibility to gather global feedback through face-to-face interviews or via the Internet. RAP also leverages the solution's multi-lingual capabilities to provide a single solution across HP's many geographic regions. Over the years, HP has worked closely with Satmetrix to improve its customer assessments by addressing the many dimensions of its account relationships, including:

- Service priorities
- Satisfaction
- Loyalty
- Gaps in understanding
- Performance vs. competitors
- Future customer and industry priorities

In addition to assisting the individual account teams, historical customer feedback is available online, which allows HP to aggregate and analyze macro trends. Sales management applies these insights to identify and validate systemic issues across accounts so that strategies, priorities and resources can be adjusted in a more timely fashion.

"I knew what the account thought of HP prior to RAP so I was skeptical at first. After my first review of RAP results, I found the insights to be so powerful that I made RAP a part of my sales teams' DNA."

--HP Global Business Manager, Global Banking Institution

Business Impact

RAP Customer Insights Drive Revenue, Share of Wallet and Loyalty Improvements for HP

Interviews conducted with ten senior sales executives provided an interesting sampling of the impact RAP provides to HP and its customers. These sales executives demonstrated how RAP-led insights, action plans and initiatives resulted in positive customer responses such as:

- Higher trust and loyalty scores
- Broader strategic sales opportunities
- Revenue growth
- Enhanced share of wallet

"We've seen numerous examples of account teams that have uncovered new customer insights through RAP," says Brian Smith, HP's RAP Program Manager. "RAP combined with the Satmetrix for Account Management solution has allowed our sales executives to quickly analyze and turn customer feedback into action plans that generate results." Smith adds that RAP provides sales executives with a robust analytical framework from which they can measure the health of business relationships amongst HP's most valued customers.

"The RAP program helps account teams identify gaps and challenges and then develop action plans to manage their customer relationships more effectively. As a result, the program has helped HP sales teams transform our status from simply being an IT vendor into a strategic partner with that account. This has improved our sales funnel and helped us to win more business. In addition, it has allowed HP to gain access to a broader set of business and IT executives. Ultimately, these insights will enhance HP's ability to fulfill our commitments to customers," says Smith.

Accelerating Revenue Growth at HP

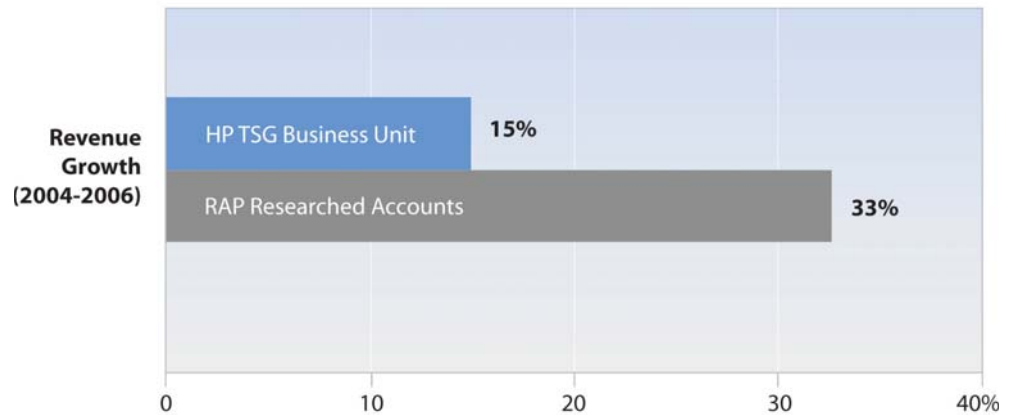
Independent research from Mainstay Partners, the leading authority in measuring the business value of technology solutions, found that RAP was a contributing factor in delivering an average revenue growth of more than double that of HP's TSG business unit (33% vs. 15%) for those ten accounts investigated (see Chart 1). These sales executives cited several key drivers for these outstanding top-line results:

- **Winning More Business** - 88% of sales executives (8 out of 9) confirmed that RAP had facilitated new executive relationships, or helped to strengthen existing relationships leading to winning more business for HP.
- **Building Customer's Knowledge of HP Solutions** - sales teams can more effectively educate their customers, demonstrating HP's capabilities to strategically advance their customers' business agendas.

"RAP provided our team with an insightful lens into the customer's view of HP. Given the domestic success we've had with the program, we are aggressively expanding our use of RAP internationally."
--HP Global Business Manager, Global 1000 Financial Services Company

Mainstay believes revenue acceleration at these accounts will likely continue due to the significant increase in sales funnel activity reported by HP, paired with evidence of an increase in closing more business. For the researched accounts, Mainstay found the average sales funnel to have grown between 100 - 150% between FY 04 and FY 06.

Chart 1: HP TSG Revenue Growth Comparison

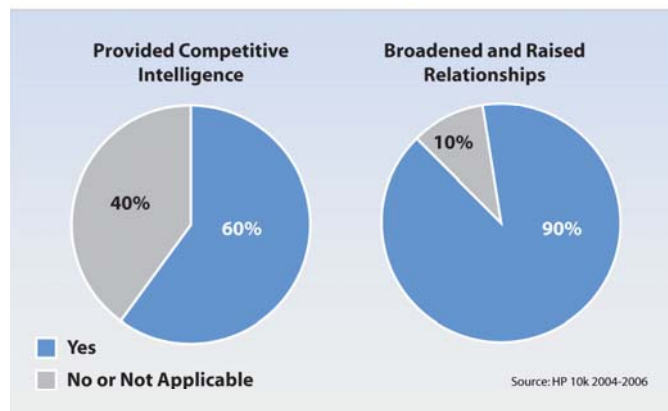


Source: 2004-2006 HP 10k reports; Technology Services Group (TSG) revenues include Enterprise Storage & Servers (ESS), HP Services (HPS) & Software business lines

Expanding HP's Share of Wallet

Supported by the customer insights gained from RAP and the Satmetrix Account Management Solution, HP sales teams were able to expand their customer relationships internationally, gain access to new opportunities, and continue on the journey to move HP from an "IT vendor" to a "strategic partner". Of those insights provided by RAP (see Chart 2), 60% of the account teams stated that they were able to gain knowledge about unsuspected competition through feedback captured during the RAP process.

Chart 2: RAP Account Management Benefits



In one example, at a large industrial products customer, RAP provided insights into HP's traditional and non-traditional competition. These insights helped the account team take actions to educate the customer on HP's comprehensive print-management solutions (vs. supplying printers) gaining access to a \$150M-\$200M services opportunity. At that same customer, HP also gained access to an international MRO support opportunity that would not have been on HP's radar screen prior to the RAP process.

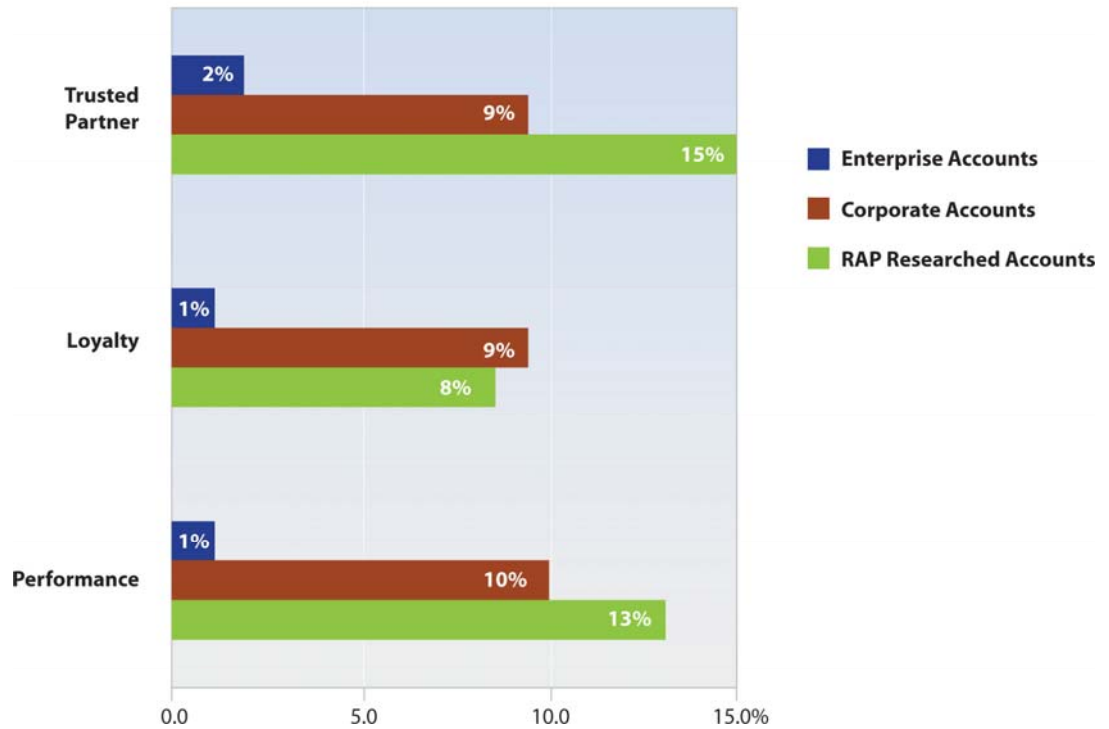
"The RAP process allows my team to gather feedback and gain access to all management levels at my customer."

*--HP Global Business Manager,
European Consumer Products Company*

HP's Loyalty Effect

Three key measures --customer loyalty, performance and trusted partner (see Chart 3) -- were markedly improved through insights gained from sound RAP practices. HP sales teams were able to take discernable actions based on RAP insights. These actions helped mitigate past relationship troubles and were critical in crafting "get well plans" with their accounts.

Chart 3: Relationship Performance Improvements
(Researched Accounts between 2004-2006)



Critical Success Factors

HP found that maintaining the ability to effectively gather and act on customer feedback requires continual improvements in RAP. Beyond ensuring the right questions are being asked, the RAP team found it equally important to guarantee the assessment tool remains easy to use. Simplicity has facilitated both customer and HP sales adoption and continued support for the entire process.

Another critical success factor for HP has been the relationship and service commitment provided by Satmetrix. HP views Satmetrix as a key contributor to the ongoing evolution of the RAP program. Both HP and Satmetrix continue to learn and obtain new perspectives from each other on how to improve RAP - demonstrating Satmetrix's commitment to collaborate, understand, anticipate and respond to HP's needs. This commitment has helped HP and Satmetrix make the RAP program a state-of-the-art customer retention and growth process.

About This Case Study

Research and analysis for this study was conducted by Mainstay Partners, the leading independent advisory firm specializing in assessing the business value for technology solutions. Mainstay works with leading information technology providers including Oracle, SAP, Microsoft, Dell, HP, BearingPoint, EMC, Network Appliance, EDS and Satmetrix. This case study was based on interviews with HP sales executives, review of project planning documents and searches of industry literature.

Information contained in the publication has been obtained from sources considered reliable, but is not warranted by Mainstay Partners.

About Satmetrix

Satmetrix is the leading global provider of on-demand software applications and consulting services to measurably improve customer loyalty and link these results to financial benefits. As the co-developer of Net Promoter® the company's solutions enable companies to gather trustworthy data on customer experience, derive actionable insights, integrate this information into the daily work flow of employees, and establish an ongoing dialogue within the customer community. The company has deployed more than 700 enterprise solutions in 40 languages. Some of our customers include Alcatel-Lucent, AOL, BearingPoint, and Symantec. For more information visit www.satmetrix.com, or call 1.650.227.8300 in the US or +44 (0) 845.371.1040 in the UK and Europe.

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