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How can a Software as a Service (SaaS) company develop customer success processes to be a source of sustained performance?

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Abstract

The Software as a Service (SaaS) business model has become one of the leading ways for operating in the software business sector in today's world. Building a SaaS business that succeeds in the long term can be particularly challenging as most of the SaaS companies operate in high-velocity software industries where reaching sustained performance requires constant and rapid innovation. A core characteristic of the SaaS business model is its interdependence on customers both on the demand side in ensuring sales, but also on the supply side as a source of critical information for sustaining the fit of the business model to the external environment. Thus, business functions such as customer success that aims at giving customers their desired outcomes by adequately interacting with them can be vital for sustaining company performance. Traditionally, service providers tended to invest to support the demand side of their business model. However, it appears that it is equally vital for companies to utilise their customer success function's customer interactions to support the company's supply side to renew their routines and build new capabilities. Due to this, building a customer success function in a way that serves such a strategic purpose can be challenging for companies.

In this thesis, I explore the challenges companies operating within the SaaS business model may encounter in designing their customer success function to foster their capability of reconfiguring their operational routines and organisational resources and thus sustain the company's performance. I ground this inquiry within the theoretical framework of dynamic capabilities and its intersection with knowledge management. I contextualise the study in the case of a Finnish SaaS company that sought to develop a customer success function with the intention to sustain its long-term performance. I adopted the inductive research approach and used qualitative research methodology in a single case study of a Finnish SaaS company.

The results of the study suggest that customer success business function can be developed to be a source of sustained performance in SaaS companies. The customer success function should act as an interface between the company and customers and allow the company to capture knowledge from the interactions with customers and integrate the customer knowledge into the company's capabilities and learning processes. The study suggests that in this way the company can keep reconfiguring its routines, resources, and capabilities over time, and so remain innovative and ahead of its competitors. As a theoretical implication, the thesis further expands the Easterby-Smith and Prieto's (2008) model of linking dynamic capabilities and knowledge management. In addition, concrete recommendations for developing customer success function in the case company are drawn from the empirical data.

Keywords sustained performance, reconfiguration, dynamic capabilities, knowledge management, customer success, Software as a Service

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Tiivistelmä

Software as a Service (SaaS) -liiketoimintamalli on muodostunut yhdeksi johtavista tavoista tehdä ohjelmistoliiketoimintaa. SaaS-liiketoimintamallin hyödyntäminen on yleistynyt, mistä johtuen lukemattomat johtajat ympäri maailmaa yrittävät tavoitella pysyvää suorituskykyä heidän SaaS-liiketoiminnalleen. Pysysvä suorituskyky on hyvin laajasti tutkittu aihe ja akateemikot ovat muodostaneet kaksi johtavaa lähestestymistapaa asian ratkaisemiseksi. Nämä ovat dynaamiset kyvykkyydet ja tiedon johtaminen (Easterby-Smith and Prieto, 2008). Pysyvää suorituskykyä ei ole ennen tutkittu juuri SaaS-liiketoiminnan näkökulmasta eikä aiheesta ole tehty aikaisempaa akateemista tutkimusta.

Tämä työ pyrkii selvittämään, miten SaaS-yritys voisi saavuttaa pysyvän suorituskyvyn määrittämällä asiakasmenestystä hallinnoivan yksikkönsä uudelleen. Asiakasmenestys on valittu työn näkökulmaksi, jotta aihe saadaan rajattua diplomityöhön sopivaksi. Pysyvän suorityskyvyn tutkiminen yrityksen tietyn funktion näkökulmasta on myös laajasti käytetty tapa aikaisemmissa akateemisissa tutkimuksissa (Schilke, Hu, and Helfat, 2017).

Tämän tutkimuksen tulokset viittaavat siihen, että SaaS-yrityksen asiakasmenestysprosessi voidaan kehittää olemaan pysyvän suorituskyvyn lähde. Asiakasmenestysprosessin pitäisi toimia tehokkaana rajapintana yrityksen ja sen asiakkaiden välillä, mikä mahdollistaa tiedon keräämisen asiakkaalta. Asiakasmenestysprosessin pitäisi myös integroida kerätty asiakastieto sen omiin rutiineihin, kyvykkyyksiin ja oppimisprosesseihin. Tällä tavalla SaaS-yritys pystyy jatkuvasti kehittämään sen rutiineja, kyvykkyyksiä ja tiedon johtamiselementtejä, minkä ansiosta se pystyy pysymään innovatiivisena ja olemaan kilpailijoitaan edellä pitkällä aikavälillä.

Avainsanat pysyvä suorituskyky, uudelleenmäärittäminen, dynaaminen kyvykkyys, tiedon johtaminen, asiakasmenestys, Software as a Service

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Abbreviations and definitions

AM   Account manager
CRM   Customer relationships management software
CSM   Customer success manager
SaaS   Software as a service

Customer success	Customer success is a customer centric approach to handling customer interactions with a company. Customer success can be defined as a circumstance when a customer achieves their desired outcome through their interactions with the company (Murphy, 2018). Customer success changes the old company centric approach to customer centric approach. The company centric approach means that customer interactions are driven by churn reduction and revenue increase objectives. This is the way that is usually used by companies having account managers. Customer success approach is not driven by churn reductions and upselling but rather the objective of customer interactions is to reach the desired outcome of the customer. This will decrease the churn and increase the lifetime value of the customer as the customers are happy and they gain the value suitable for each of them.
Software as a service	Software as a service (SaaS) is a business model for software business in which software is licensed on a subscription basis and is centrally hosted (Ziff Davies, Encyclopedia). This business model has become a standard delivery model for many business applications including all the major software business of today, and it is one of the most used business models of the software start-ups (Fox, Patterson, and Joseph, 2014). SaaS is enabled by the development of IT technology and the internet which enable centrally hosted cloud-based software services to be supplied globally with no technical limitations.

1 Introduction

This thesis studies how a business function, sush as the customer success function, can help a Software as a Service (SaaS) company to reach sustained performance. There are two parts in this thesis. In the first part, the thesis reviews extensively existing literature on how business functions can enable companies to develop dynamic capabilities by advancing the companies' knowledge management and reconfiguration processes. In the second part, the focus is on empirically investigating in a single company case study how the development of a customer success process can enable the company to reach sustained performance.

The objective of this chapter is to introduce the research background and objectives of the thesis. First, I outline the background and motivation of the study. Next, I introduce the research problem and the study's objective in detail, followed by the scope of the study. I conclude this chapter by presenting the structure of the thesis.

1.1 Background and motivation

SaaS is a business model for software business in which software is licensed on a subscription basis and is centrally hosted (Ziff Davies, Encyclopedia). This business model has become a standard delivery model for many business applications including all the major software businesses of today, and it is one of the most used business models of the software start-ups (Fox, Patterson, and Joseph, 2014). For this reason, it is essential that the academic research related to sustained performance would cover SaaS business and could give guidance for the numerous managers working to achieve it with their SaaS companies every day.

Companies face the continuous challenge of sustaining their innovative capability and competitive advantage over time. This challenge is even more timely for SaaS companies because most of the software businesses are developing with high-velocity. To sustain their performance and innovative capabilities, SaaS companies may resort to the access they have to customers to accumulate knowledge regarding their needs. Such knowledge has the potential to enable companies to improve their learning processes, and in turn to enable the reconfiguration of their routines, resources, and capabilities over time (Easterby-Smith and Prieto, 2008). For this to happen, companies need to establish efficient interface with customers in the markets they are operating or planning to expand to. The interface between the company and customers has to enable two critical functions: a process that captures knowledge from the interaction with customers, and integration of the customer knowledge into the company's routines, capabilities, and learning processes (Eisenhardt and Martin, 2000). These two functions are essential means for the company to renew and transform its routines, capabilities, and processes in a way that it stays innovative over time and has a chance to reach sustainable performance as a SaaS business.

Customer success processes act as the interface between the company and the customers in the SaaS business model. This means that customer success could play a crucial role in the innovation process of a SaaS company and so in achieving sustained performance. However, existing literature in the fields of dynamic capabilities and knowledge management has not explored how a SaaS company can develop a customer success process that genuinely enables the two functions needed for innovation and sustained performance in a SaaS company.

Strategic management scholars have long studied the companies' efforts to sustain performance (Helfat & Peteraf, 2009; Teece, 2014). Within this stream of literature, a particular emphasis has been on the knowledge management abilities of companies and dynamic capabilities that are used to create operational capabilities needed to run companies' day-to-day businesses (Easterby-Smith and Prieto, 2008).

Easterby-Smith and Prieto (2008) linked these two approaches in their study and created an integrative framework that tries to explain the sustained performance of a company. Their study presents a conceptual connection between dynamic capabilities and knowledge management through reconfiguration of organisational resources and operational routines. Further, Easterby-Smith and Prieto (2008) argue that a company can reach a sustained performance by using its dynamic capabilities and knowledge management elements to reconfigure its organisational resources and operational routines continuously.

However, Eaterby-Smith and Prieto's model does not provide any empirical evidence to support the argument that linking dynamic capabilities, knowledge management, and reconfiguration over time would result in sustained performance for a firm. The strategic management research has been conducting empirical evidence to support this argument in recent years, and there have been significant improvements on the empirical side of this study field (Schilke, Hu, and Helfat, 2017).

As dynamic capability is a broad and quite vague phenomenon, researchers conducting empirical studies related to the topic are usually narrowing the study topic by focusing only on one business perspective. For example, Wamba et al. (2017) conducted an empirical study focusing on big data as a dynamic capability and how this links to the sustained performance of a company. For this reason, the empirical results of the studies can often be used only among a specific set of businesses, and they are only showing if a specific dynamic capability affects the sustained performance of a company. Thus, the empirical studies related to this topic are having a generalisation problem in the context of dynamic capabilities and knowledge management overall.

This generalisation problem is causing the research gap of this study as the effect of linking dynamic capabilities, knowledge management, and reconfiguration to the sustained performance of a company has not been studied by academic research in the context of SaaS business and its customer success business function.

This study aims at closing the research gap related to SaaS business and its customer success business function. The customer success business function is an important revenue generator and growth opportunity for the SaaS business, but the effect of this on the sustained performance of SaaS companies has not been studied. The holistic understanding of sustained performance in SaaS business would make it easier for both companies and researchers to focus on the topic more profound, and thus develop the practical and academic knowledge further related to the subject.

The topic of this study is relevant because it aims at giving practical guidance to the development of strategically important functional processes that can help a company to reach a sustained performance in SaaS business. The research related to this field has been lacking practise-oriented studies and managers will appreciate and understand the value of linking dynamic capabilities, knowledge management, and reconfiguration better if

academic literature can offer concrete steps for developing this process (Schilke, Hu, and Helfat, 2017). Thus, this study will be relevant for SaaS business managers interested in developing their companies to reach sustained performance and to academics who will be researching process-oriented approaches for linking dynamic capabilities, knowledge management, and reconfiguration in the future.

1.2 Objective and research problem

The objective of this study is to extend the knowledge related to how SaaS companies can develop their essential functional processes to drive them toward sustained performance. The thesis aims at uncovering mechanisms for developing these functional processes. The study focuses on customer success process in the case company and strives to reveal how this business function can become a source of sustained performance for the case company.

The theoretical objective of the study is to extend the understanding related to dynamic capabilities, knowledge management, reconfiguration of capabilities over time, and how these all link together and drive the sustained performance of a company. These topics are widely researched individually, but their interconnections and accumulative effect on sustained performance have received less attention from researchers. For this reason, the study builds on a comprehensive review of relevant literature to synthesise current knowledge level related to the interconnections of dynamic capabilities, knowledge management, and capability reconfiguration and their accumulative effect on sustained performance. This is done because it is hard to grasp the general view from current studies as their topic are scattered, and the terminology has not yet been standardised. Moreover, the study aims at developing the current theory further based on the empirical findings of the study and give suggestions for future research.

The practical objective of the study is to provide recommendations for the case company on how they can develop their customer success process to become a source of sustained performance. The goal is to understand how a SaaS company can effectively develop their essential business function. These learnings will provide valuable information for SaaS companies about customer success development and highlight the practical importance of this business function.

The above background and motivation section built the foundation for the research problem. The introduced research gap will be studied with the main research question:

> *How can a Software as a service (SaaS) company develop its customer success process to become a source of sustained performance?*

The research structures the main problem based on Easterby-Smith and Prieto's (2008) model of linking dynamic capabilities and knowledge management to gain a deeper understanding of the mechanisms affecting the sustained performance in a company. Thus, the main research question is further divided into four sub-questions (SQ):

> *SQ1: How can a SaaS company build its customer success process in such a way that could ensure the development of its dynamic capability?*

SQ2: What social and technical elements of knowledge management should be taken into account when creating an effective customer success process within a SaaS company?

SQ3: Which operational routines and organisational resources are needed to orchestrate the development process of a customer success process within a SaaS company?

SQ4: How can a SaaS company reconfigure its customer success process over time?

The sub-questions aim at discovering mechanisms for developing customer success process related to dynamic capabilities, knowledge management, operational routines and organisational resources, and reconfiguration, respectively. After examining the sub-questions separately, the study aims at synthesising its findings to provide practical suggestions for the case company related to reaching sustained performance.

1.3 Scope of the study

As the customer success function's and, overall any business function's, relation to the company's sustained performance is not widely researched topics, it is required to disclose the limitations of the study to clarify the scope of the thesis. This study aims at researching how a critical business function can enable a company to reach sustained performance. The customer success function is used as the business function in this study because it is an emerging field in SaaS business and is vitally important for these companies. The scope of this study is limited only to customer success business function. While other functions, such as new product development or human resources could have also been considered, their inclusion in this study would have broadened up too much the scope and likely undermine the feasibility of the master's thesis.

Further, studying the effects of a customer success function on sustained performance would have required the adoption of longitudinal research design. However, this is not feasible given the limited time frame of a master thesis. Thus, the focus of the thesis is on the early stages of designing an effective customer success function. This limitation is also reflected in the selection of the case company.

As the research is conducted as a single case study, it is natural that the scope is limited to the case company's business and geographical location. The case company is a Finnish SaaS company. Thus, the findings can reasonably be applied only to similar SaaS companies in Nordic countries and not to different businesses from other cultural backgrounds.

The empirical findings of the study are mainly practical recommendations for the case company. However, in order for the company to utilise the recommendations and hence possibly reach the sustained performance, it has to be able to implement all the changes successfully. The implementation of the recommendations is left outside of the scope of this study as it would have required additional interviews focusing on the implementation which was not the objective of the study.

1.4 Structure of the study

The study has five chapters: introduction, theoretical background, research methodology, findings, and discussion. After the introductory chapter is reviewed relevant academic literature for the research topic. This is done to produce a coherent foundation and understanding of the research phenomenon. This theoretical background chapter focuses on understanding the features of dynamic capabilities, knowledge management, and reconfiguration over time, and how all these are linked to each other in the previous studies.

In Chapter 3 is done a comprehensive presentation of the research methodology of this study. First, the research approach is explained in detail. Next, the data collection process is disclosed to ensure that the study can be repeated with a similar data collection method. Lastly, the data analysis process is illustrated in detail to ensure that the reader will understand how this study ended up with its findings.

In Chapter 4 is introduced the empirical findings of this study. This chapter is structured based on the research questions, thus first is presented the findings on how can a SaaS company build customer success process to be a dynamic capability? Then the findings on what social and technical elements of knowledge management should be taken into account when creating customer success process that can lead to sustained performance? Next, the findings on which operational routines and organisational resources are needed to orchestrate this customer success process? Finally, the findings on how can customer success process be reconfigured over time?

The final Chapter 5 discusses the practical recommendations that are drawn from the empirical findings for the case company, what theoretical implications do the findings have, and what new directions should future research take based on these implications. In this chapter, the findings are also critically evaluated, and the limitations of the study are disclosed. Finally, the concluding remarks are presented to conclude the study.

2 Theoretical background

In this chapter, I present the theoretical background of the thesis. The main focus is on theories explaining sustained performance in today's complex and fast-paced environment of global competition. My objective in this chapter is to build the theoretical foundations for the empirical part of the study and link this thesis to existing academic literature. In this thesis, I draw on the dynamic capabilities and knowledge management literature. I divide this chapter into three main parts. In the first part, I review relevant literature in the field of dynamic capabilities. In the second part, I review the literature from the knowledge management field, and I integrate it with the dynamic capabilities framework. Finally, I explore the tensions and limitations that the existing literature fails to address, by concluding that we know little of the challenges companies face when they need to develop new capabilities to explore new opportunities and simultaneously renew their knowledge management processes to enable the new capabilities to be built. I use the Easterby-Smith and Prieto's (2008) model to synthesise knowledge management and dynamic capabilities and to show how existing literature suggests that linking the two theories can lead to sustained performance.

2.1 Dynamic capabilities framework

The dynamic capabilities framework has gained popularity among strategy scholars over the last two decades (Schilke, Hu, and Helfat, 2017). It has been used to explain a firm's performance in today's dynamic and fast-paced global competitive environment. In this subchapter, I first present the origin and definition of dynamic capabilities, and then I move on to evolute and critique of the framework.

2.1.1 Origin of the dynamic capabilities framework

The dynamic capabilities framework was first introduced by Teece, Pisano, and Shuen (1997). They wanted to build a better theory to explain the performance of firms in environments of rapid technological change as the existing theories were only explaining firms' performances in more traditional and stationary environments.

During 1980's one of the most dominant theories in the field was the competitive forces by Porter (1980). This theory explains a firm's performance with external forces that shape the competition in the firm's industry. Another popular theory of the early 1990's is a strategic conflict approach (Shapiro, 1989) which complements the competitive forces theory as it recognises a firm's ability to manipulate its market environment. This theory utilises the tools of game theory and examines how a firm can capitalise on a strategic conflict to manoeuvre itself to a preferred position in an industry. The main problem of these theories is that they treats industries as constant as they mostly have been in the past. However, this does not fit well to today's technology industries where the only constant is rapid change. These theories also does not explain why different companies in the same industry can perform so differently.

The previous two theories share the view that a firm's performance is based on advantaged product market position which makes sense in stagnant industries where the product can remain the same for years or even decades. However, these theories do not seem to explain why the performance of firms differ in industries where the product market fit changes rapidly as it does in many technology industries.

Another branch of strategic management research explains sustained performance with firm-level efficiency advantages like technological and organisational efficiency advantages. This class of research has its roots in a much older debate of strengths and weaknesses of a firm (Teece, Pisano, and Shuen, 1997). One leading arm of this research branch is called research-based approach, which highlights the firm-specific capabilities and assets and argues these to be the fundamental source of firm performance (Rumelt, 1984; Teece, 1984). Barney (1991) developed this branch further by introducing the resource-based view framework which argues that firms' different resource mixes can explain the differences in their performances. Thus, by possessing and creating resources that are valuable, rare, hard to imitate, and possible to adapt a firm can reach the competitive advantage.

Teece, Pisano, and Shuen (1997) developed the dynamic capability approach based on resource-based view when they tried to explain how firm capabilities can be developed, deployed, and protected in order to reach competitive advantage. The approach highlights firm's ability to develop management capabilities and challenging to imitate organisational, functional, and technological skills over time. The dynamic capability approach argues that this ability explains the differences in firms' performances. For this reason, dynamic capabilities approach can be seen as suitable for this study as customer success process is hard to imitate functional process of a SaaS firm. Thus, in theory it could be a source of sustained performance. Dynamic capabilities are defined as capabilities that can influence the change in firm's existing resource base, its strategy, and external environment (Schilke, Hu, and Helfat, 2017).

2.1.2 Evolution and critics of dynamic capabilities theory

Dynamic capabilities quickly evolved to a popular approach in strategic management research after Teece, Pisano, and Shuen (1997) introduced the approach. The reason for this is probably that dynamic capabilities may offer a path to sustainable performance under changing conditions which can see as a virtual Holy Grail of strategic management research (Helfat and Peteraf, 2009).

Dynamic capabilities approach is a broad phenomenon, and it has evolved towards multiple dimensions. Because of this, multiple ways of dimensionalising the dynamic capabilities have been constructed by researchers. Teece, Pisano, and Shuen (1997) introduced coordinating, learning, and reconfiguring dimensions, Teece (2007) used sensing, seizing, and transforming as dimensions for dynamic capabilities, Collis (1994) used the hierarchy of capabilities, and Eisenhardt and Martin (2000) dimensionalised the dynamic capabilities based on the functional domain in which the capabilities apply. Majority of dynamic capability articles use functional typology to study specific business function within a firm (Schilke, Hu, and Helfat, 2017). Also, this study utilises the functional domain dimensionalisation and focuses on SaaS company's dynamic capability creation related to customer success business function.

Teece, Pisano, and Shuen (1997) used coordination, learning, and reconfiguration as dimensions of dynamic capabilities. Coordination refers to managers coordinating and integrating operations and activities inside and outside of a firm. For example, coordinating production inside a firm is an example of a dynamic capability of coordination. Likewise, technological collaboration can be seen as external coordination dynamic capability. Learning means repetition of tasks and experimentation processes which enable a firm to

perform better and faster. Further, dynamic capabilities of learning are the capabilities that enable a firm to sense new opportunities related to its business. Reconfiguration refers to a firm's capability to reconfigure a firm's assets and to achieve transformation internally and externally based on sensed opportunities and threats. This is especially valuable in rapidly changing environments (Amit and Schoemaker, 1993).

Teece (2007) introduced sensing, seizing, and transforming as dimensions for dynamic capabilities. These dimensions can be seen as a result of further research after Teece, Pisano, and Shuen's (1997) initial dimensionalisation. Sensing capability refers to the firm's ability to sense and shape new opportunities and threats. In practice, this often means investments to research and development and active probing of new technologies and customer preferences. Seizing capability describes the ability of a firm to seize the opportunities which are realised through the sensing process. In practice, this usually means the creation of a new product, service, or process and investments to commercialisation activities like the business model, sales network, product marketing et cetera. Without functioning seizing capability, a firm cannot capitalise on the sensed opportunities. Transforming refers to a firm's capability to maintain its competitiveness through reconfiguring its intangible and tangible assets. This re-orchestration is hypothesised to enable a firm to continuously innovate and capture high performance in long-run. This thesis uses Teece's (2007) dimensionalisation in its empirical part and utilises these dimensions as a basis for the interview structure.

Collis (1994) segments capabilities to zero, first, second, and higher order capabilities based on how concerned with the change they are, in other words, how dynamic they are. Zero-order capabilities are the once that a firm needs to receive their revenue in the short term. First order capabilities are the once that enable a firm to extend, transform and create zero order capabilities. Collis termed these as dynamic capabilities. Second order capabilities are the once that are used to transform and create first order capabilities. The order grows as the order of modified capability grows. This dimensionalisation does not contradict with the once done by Teece, Pisano, and Shuen (1997) and Teece (2007) as it leaves the concept of dynamic capabilities open. Any capability that is used to create other capabilities can be labelled as a dynamic capability based on Collis' (1994) hierarchy.

Dynamic capabilities have often been dimensionalised based on the functional domain they relate to by researchers. For example, Eisenhardt and Martin (2000), and Danneels (2008) used new product development as functional domains. Further, Schilke (2014) studied dynamic capabilities related to alliancing business functionality and Bingham, Heimeriks, and Schijven (2015) researched mergers & acquisitions and used this as the functional domain for dynamic capabilities. The empirical part of this thesis uses the customer success business function in a SaaS company as the functional domain for dynamic capabilities.

Researchers have also been criticising the dynamic capabilities approach. There can be seen four primary sources of the criticisms: lack of a coherent theoretical foundations (Arend and Bromiley, 2009), lack of empirical knowledge of the phenomenon (Kraatz and Zajac, 2001), unclear practical implications (O'Reilly and Tushman, 2008), and lack of studies integrating dynamic capabilities to other theories (Easterby-Smith and Prieto, 2008).

Lack of coherent theoretical foundations is an apparent problem for dynamic capability theory. It is widely researched, and there is no single leading dimensionalisation or perspective that most researchers would be using. As a result, there are multiple different definitions, theoretical assumptions, theoretical integrations, and dimensionalisations used by different researchers which leads to complex theoretical foundations that is hard to conceive. (Arend and Bromiley, 2009.)

Lack of empirical knowledge is argued to be one of the most significant problems of the theory (Kraatz and Zajac, 2009). Dynamic capabilities are a popular explanation for firm-level differences in performance but there are not many empirical studies that can support these statements. Even less there are empirical studies suggesting that by mastering dynamic capabilities a firm can reach sustained performance.

It has been hard for researchers to define what are the practical implications of dynamic capabilities for the managers of firms. Empirical studies have not really been able to answer how a firm can construct and maintain dynamic capabilities in reality. This is the reason why unclear practical implications are seen as one of the main problems for the dynamic capability theory. (O'Reilly and Tushman, 2008.)

Dynamic capabilities relate with other strategic management theories, and especially learning and knowledge management are often raised to be essential parts of dynamic capabilities. However, there are only a view studies integrating dynamic capabilities with knowledge management and other theories. This is seen as a problem as dynamic capability is not a stand-alone phenomenon that can explain the sustained performance of a firm by itself. (Schilke, Hu, and Helfat, 2017.)

Fortunately, recent studies of dynamic capabilities have been addressing the criticisms. For example, Schilke, Hu, and Helfat (2017) reviewed the current state of dynamic capability theory to create a more coherent view of it as a whole, Lee and Kang (2015), and Karna et al. (2016) studies aimed at increasing the empirical knowledge of dynamic capabilities, and Easterby-Smith and Prieto (2008) conducted a model that links dynamic capabilities to knowledge management. There have also emerged empirical studies that aim at explaining the practical implications of dynamic capabilities (Karimi and Walter, 2015; Fainshmidt et al., 2016). Thus, there are clear signs that the researchers are aiming to tackle the criticisms and it can be concluded that dynamic capabilities theory has evolved significantly over the last two decades.

This thesis aims at expanding the dynamic capability theory by empirically testing and developing further Easterby-Smith and Prieto's (2008) model of linking dynamic capabilities and knowledge management to reach sustained performance. The objective is to expand our knowledge related to all three primary sources of dynamic capability criticism by increasing the empirical knowledge we have about dynamic capabilities, further linking dynamic capabilities to other theories like knowledge management, and by finding mechanisms for a SaaS company to build and reconfigure dynamic capabilities related to its customer success business function over time.

2.2 Knowledge management theory

Knowledge management theory is another popular theory in the strategic management field. Its importance and popularity have expanded as the awareness of the importance of knowledge for firms have developed. Technical development related to IT that enables

firms to store and manage an increasing amount of knowledge requires a theory that guides firms in practice with these new capabilities. In this subchapter, I first introduce the history and origin of knowledge management. Then I present how it has evolved and what kind of critics it has gotten. Finally, I describe the relationship between knowledge management and dynamic capabilities.

2.2.1 Origin of knowledge management theory

Kogut and Zander (1992) are widely considered to be the first ones to explore knowledge management related to strategic management research field (Di Stefano, Peteraf, and Verona, 2010). In their view, the central competitive dimension of a firm is how to create and transfer knowledge efficiently within an organisational context. They explain firm's growth and survival with its capability to do knowledge creation and transferring which also can be called as management of knowledge. This is seen to be the central idea of knowledge management in the strategic management context.

Kogut and Zander (1992) built their views by trying to answer Michael Polanyi's (1966) fundamental puzzle of how it can be that individuals seem to know more than they can explain. They also aim at explaining the reason for the existence of firm as a concept. This is done by arguing that a firm can share and develop knowledge of individuals and groups within an organisation in a more efficient way than markets can do it between individuals. As the theory sees the development of knowledge the ultimate source of growth, it is natural that individuals form firms while they are trying to reach the growth. Further, this naturally leads to knowledge management's explanation for sustained performance which states that a firm which shares and develops its knowledge in a more efficient way than its competitors will gain competitive advantage and can reach the sustained performance if the firm can do this over time (Kogut and Zander, 1992).

Kogut and Zander (1992) focused on knowledge creation in their initial knowledge management theory. However, Grant (1996) highlight how knowledge application is equally important to knowledge creation. Firms have to be able to both create new and apply existing knowledge in order to develop and utilise capabilities that enable competitive advantage. Longevity of this advantage depends upon inimitability of the capabilities that trigger the advantage (Grant, 1996). Inimitability can be advanced by broadening the scope of knowledge needed to utilise the capability. If a broad range of knowledge is needed, it is likely that competitors have to first create new and then apply the new with existing knowledge in order to imitate capability that leads to competitive advantage. This is not an easy task to do. Thus, capabilities that require a broad range of knowledge are seen as the source of competitive advantage.

2.2.2 Evolution and critics of knowledge management theory

Knowledge management has evolved significantly since the 1990s, and one can say that the focus on knowledge related to the theory of a firm and the design and management of organisations is causing prosperity in organisation and strategic management literature (Grant, 2011). In order to understand knowledge management theory further, it is important to distinguish knowledge from the management process of it.

Knowledge management theory uses organisational knowledge as a term to describe the knowledge that an organisation like a firm possess. It contains both explicit and tacit knowledge. Explicit knowledge can be written, or some other way codify and so can be

easily articulated, captured, and distributed. On the other hand, tacit knowledge is associated with personal or group experience and skills. Thus, it cannot be easily codified, articulated, and distributed. (Polanyi, 1967.) Knowledge management theory argues that organisational knowledge is formed by integrating explicit and tacit forms of knowledge (Nona-ka and Takeuchi, 1995). Many researchers believe that the primary challenge in the field lies in better understanding tacit knowledge, how it is formed, and how it can be processed (Tsoukas, 2003).

Knowledge management as a term is used to describe actions of identifying, developing, and leveraging knowledge in organisations. These actions are performed to ensure that the organisation's knowledge is enabling it to compete effectively. (Alavi and Leidner, 2001). Knowledge management is often divided into two parts in the literature: technical elements and social elements (Easterby-Smith and Araujo, 1999). Technical elements refer to technical solutions for information processing which are intended to manage the organisation's knowledge. Key technical elements include cloud storages, server ecosystems, virtual learning centres, and technical procedures for management. On the other hand, social elements focus on cultural factors, social relations, and other sense-making behaviours of individuals and groups related to handling organisational knowledge. These two parts of knowledge management are mainly seen as complementary rather than exclusive which means that firms have to integrate these two elements in order to master their knowledge management mechanisms (Pan and Scarbrough, 1999).

The knowledge-based view has evolved to be a popular perspective in the knowledge management field. The knowledge-based view is developed further from the resource-based view of strategic management literature (Grant, 1996). This view sees knowledge to be the critical resource of a firm and proposes that if a firm possesses knowledge that is valuable, rare, imperfectly imitable, and non-substitutable, the firm can gain competitive advantage as a result of having this knowledge as a resource. However, the knowledge-based view does not fix any of the shortcomings of resource-based view related to high-velocity environments and so cannot be effectively applied to many of today's fast-paced industries.

Another important distinction of perspectives in knowledge management literature is the explicit separation of concepts of knowledge as possession and knowledge as practice. Knowledge as possession means that knowledge is understood to be something that individuals, groups, and organisations can have. Whereas, knowledge as practice means that knowledge is understood to be something that individuals, groups, and organisations can do. It is important that both forms of knowledge are considered as both of them have a role to play in firm's knowledge management mechanism depending on the situation, environment, and perspective that are in question (Easterby-Smith and Prieto, 2008).

Knowledge management theory has also been criticised in academic literature. The first critic concerns the definition of knowledge itself. Quintas, Lefrere, and Jones (1997) asked what the conceptualisation of knowledge is and argued that it is kept broad and vague to ensure that it can be used to explain almost anything related to organisation management. Second, many academics are concerned that managing knowledge efficiently is an immoderate perspective that cannot be done by organisations (Vera and Crossan, 2003). The last major critic relates to a point that most of the research has focused on more natural concepts of explicit knowledge and technical elements of knowledge management and neglects tacit knowledge and social elements as they are much harder and more complex to research. For this reason, there is a lack of empirical

studies explaining management mechanisms for tacit knowledge and how social elements of knowledge can be managed in organisations. (Easterby-Smith and Prieto, 2008).

2.2.3 Overlaps of knowledge management and dynamic capabilities theories

Knowledge management and dynamic capability theories are overlapping in several ways. This means that these theories relate to each other and that there are potential synergies between them even though their roots are distinct. The first overlap is that both theories recognise learning as an important supporting mechanism (Eisenhardt and Martin, 2000). The second overlap also relates to the learning process and to a fact that both theories recognise exploration and exploitation as the two mechanisms for learning (Levinthal and March, 1993). The last overlap is that both theories have identified similar knowledge resources that are important for the competitiveness of a firm (Tidd, Bessant and Pavitt, 1997).

There is a broad consensus in the strategic management literature that learning acts as a source for dynamic capabilities which act as a source for operational capabilities which can be the source for competitive advantage (Easterby-Smith and Prieto, 2008). On the other hand, learning can be defined as the process of knowledge creation, retention, and application, and knowledge management is argued to provide solutions to these learning-associated processes (Vera and Crossan, 2003). Thus, learning processes are related to both dynamic capability and knowledge management theories and provide an opportunity to unify these two research fields further.

Both study fields of dynamic capabilities and knowledge management have produced many studies related to exploration and exploitation learning processes. This can be seen as an apparent overlap of the two fields, and this further builds on the importance of learning processes as the integrative field between dynamic capabilities and knowledge management. (Easterby-Smith and Prieto, 2008.)

The last overlap recognised by the existing literature relates to knowledge resources that the two research fields have identified to be important for sustained competitiveness. For example, Lawson and Samson (2001) identified personal knowledge and skills, technical systems, organisational and managerial systems, and cultural values and norms as vital knowledge resources for building dynamic capabilities. Whereas, Malhotra and Segars (2001) identified human, technological, structural, and cultural factors as crucial elements for successful knowledge management framework that can support creation, retention, and application of knowledge in an organisation.

2.3 Integarting literature of the dynamic capabilities and the knowledge management

Dynamic capabilities and knowledge management researches have acknowledged the significance of each other for a long time. Learning and knowledge management is seen as an essential aspect of dynamic capabilities, and the nature of these capabilities can often be described in terms of knowledge management (Eisenhardt and Martin, 2000). Further, some scholars have started to investigate empirically how knowledge management could be used to facilitate dynamic capabilities (Cepeda and Vera, 2005; Gold, Malhotra and Segars, 2001; Haas and Hansen, 2005; Sher and Lee, 2004). However, Easterby-Smith and Prieto (2008) were the first ones to introduce a conceptual connection between these

two research areas. In this subchapter, I first present the theoretical reason for the link between dynamic capabilities and knowledge management research areas. After this, I present Easterby-Smith and Prieto's model of linking knowledge management and dynamic capabilities in detail.

2.3.1 Theoretical background for the linkage

Already, Teece, Pisano, and Shuen (1997) used learning as one dimension for dynamic capabilities. This implies that the dynamic capabilities approach relates deeply to the concept of learning and further to knowledge management. Further, Teece (2007) introduced sensing as an important dynamic capability where a firm learns new opportunities and by managing these learnings can seize the opportunities and reach competitive advantage. This implies that even though the dynamic capabilities approach has evolved over the years, the aspect of learning and managing the learned information is at the core of dynamic capability theory.

On the other hand, Kogut and Zander (1992), who are widely considered to be the founders of knowledge management approach related to strategic management research (Di Stefano, Peteraf, and Verona, 2010), explained a firm's performance with the cumulative knowledge it possesses and how well the firm manages its knowledge. Their research implies that a firm can grow and have competitive advantage if the firm can acquire new skills and knowledge and manage them in a meaningful way. Further, they argue that firms learn new skills by dynamically reconfiguring their current capabilities. This means that Kogut and Zander (1992) are suggesting the same source for sustained performance as dynamic capability approach, they are just explaining the construction of dynamic capabilities based on learning and management of firm's knowledge.

This implies that the dynamic capabilities approach and knowledge management approach are explaining the source of sustained performance in the same way. The only difference is that dynamic capability approach does not specify means for constructing and re-configuring dynamic capabilities whereas knowledge management suggests that dynamic capabilities are built and managed by advancing the information and know-how of the firm. For this reason, it seems evident that these two research areas can be linked together. Based on existing literature it seems promising that by linking the two areas we may advance our understanding of sustained performance and how a firm could reach it.

2.3.2 Easterby-Smith and Prieto's model of linking dynamic capabilities and knowledge management

Easterby-Smith and Prieto (2008) were the first ones to introduce a model that links dynamic capabilities and knowledge management in a conceptual way. Later there have emerged other studies building the linkage of these research areas further like Denford's (2013) article that developed a typology for knowledge-based dynamic capabilities. Easterby-Smith and Prieto's model can be seen as an essential first step to combine the two research areas in a way that could explain the sustained performance of firm. In this section, I present the model in detail. First, I focus on the linkage between dynamic capabilities and knowledge management. Second, I present the role of the learning process as an integrator shortly, but no further focus is given to it as it does not relate to the empirical part of this study. Finally, I describe how the link between dynamic capabilities and knowledge management relates to the sustained performance of a firm. Figure 1 presents

Easterby-Smith and Prieto's model of linking knowledge management and dynamic capabilities.

Figure 1. *Easterby-Smith and Prieto's model of linking knowledge management and dynamic capabilities.*
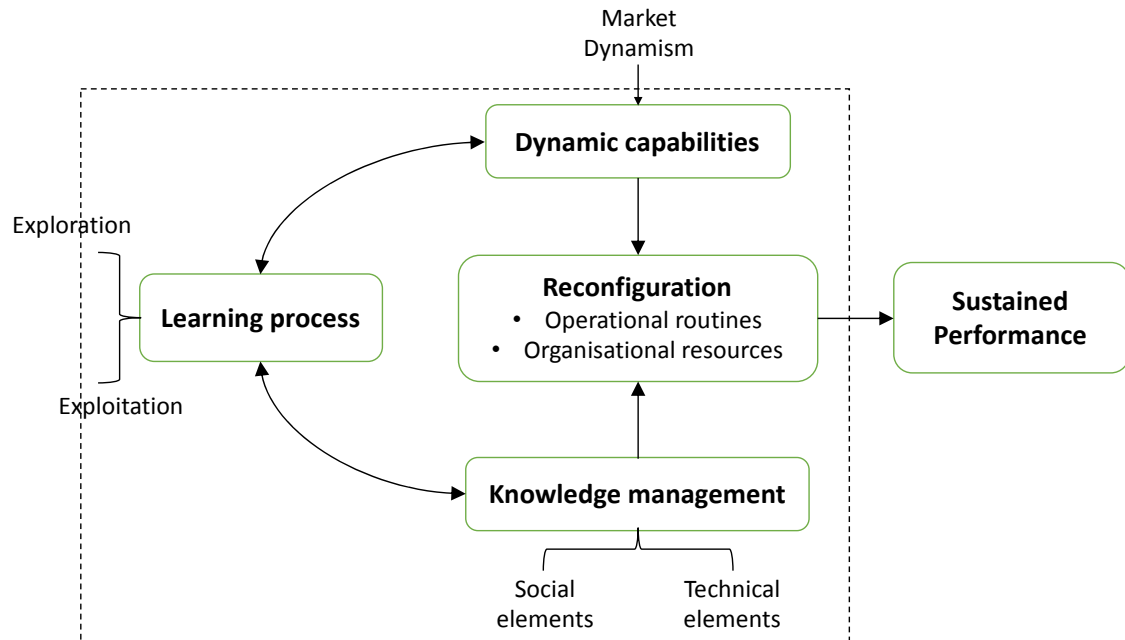
In the middle of the model are operational routines, which include functional capabilities, and organisational resources, which include knowledge. These routines and resources can be seen as firms' zero-order capabilities as presented by Collis (1994) and they are required to carry out firms' day-to-day business operations. However, firms' operational environment is changing all the time, especially in many technology industries. This requires firms to reconfigure their base of operational routines and organisational resources in order for it to stay in business. In order to achieve this, firms have to establish reconfiguration mechanisms that allows them to renew their zero-order capabilities. This renewal process can be triggered by internal organisational conditions or by external market conditions. Either way, firms need to have dynamic capabilities as reconfiguration mechanisms for the organisational resources and operational routines. Otherwise, their zero-order capabilities will quickly become outdated, and they run out of the business. Faster the change is in a firm's industry, more important the reconfiguration process becomes.

The lower part of the model describes the relationship between knowledge management and the reconfiguration process of organisational resource and operational routines. Similarly to Gold, Malhotra, Segars (2001), the model presents that knowledge management acts as a first-order capability that contributes to building and reconfiguring zero-order routines and resources. Knowledge is on its own a resource which has to be reconfigured over time by managing it appropriately. Operational routines are build based on the knowledge that the organisation has about functional domains like production, customer success, and marketing which means that in order to renew these routines the functional knowledge has to be managed in a way that enables this reconfiguration mechanism.

Knowledge management theory identifies both social and technical elements to be important constituents for building dynamic capabilities that can orchestrate the reconfiguration of routines and resources (Lawson and Samson, 2007). Technical elements are

technical solutions and systems that are used to store and manage the knowledge an organisation possess. Usually, these include cloud storage systems, customer relationship management software, and other IT-based tools. Social elements include personal and team skills, management processes, cultural values and norms, and all other non-technical factors that firms need in order to utilise technical knowledge management solutions efficiently. These two element groups have to be in balance so that dynamic capabilities can be built and utilised (Prieto and Easterby-Smith, 2006). Technical systems are the first requirements that are necessary to manage the vast amount of knowledge that a business organisation possess, but these technical solutions are useless if the organisation is not motivated and capable of using them. This is why many researchers highlight the importance of the social elements in knowledge management process as the real enabler of the reconfiguration process of firm's resources and routines (Robey, Boudreau, and Rose, 2000).

On the left side of the model is located learning process that connects dynamic capabilities and knowledge management. The model presents learning as a second-order capability that contributes to the development of dynamic capabilities and knowledge management. The arrows between the learning process, dynamic capabilities, and knowledge management are bidirectional as these three mechanisms have mutual interaction between each other. This means that the learning process is used to renew dynamic capabilities and knowledge management, but simultaneously dynamic capabilities and knowledge management allows a firm to build and renew its learning processes. Exploration and exploitation are the two main learning process where exploration allows a firm to explore external learning venues and create new knowledge, and exploitation allows firms to develop its existing knowledge more efficiently. It is crucial for firms to have a balance between these two learning processes as they both are needed to develop dynamic capabilities and knowledge management in an efficient way (Teece, Pisano and Shuen, 1997).

Many scholars argue that firm performance does not come from dynamic capabilities themselves but from the up to date configuration of operational routines and organisational resources that enables the firm to gain competitive advantage at a given point of time (Eisenhardt and Martin, 2000; Winter, 2003). Sustained performance is a result of continuous reconfiguration process of organisational resources and operational routines that enables firm's zero-order capabilities to be the source of competitive advantage over time. The reconfiguration process is enabled by dynamic capabilities and knowledge management elements that act as mechanisms of change for the zero-order capabilities. As the internal and external environments of firms change, they have to build new and renew old dynamic capabilities and knowledge management elements. This can be done by utilising exploration and exploitation learning processes and existing dynamic capabilities and knowledge management elements. (Easterby-Smith and Prieto, 2008.)

Learning processes act as second-order capabilities that are used to reconfigure first-order dynamic capabilities and knowledge management elements. These first-order capabilities are further used to reconfigure zero-order organisational resources and operational routines which favourable configuration is the source of competitive advantage at a given point of time. Sustained performance can be reached if reconfiguration processes of first- and zero-order capabilities can keep the firm's resources and routines as a source of competitive advantage over time. This means that there needs to be alignment and coordination between learning processes, dynamic capabilities, and knowledge management, and this alignment should bring forward a capability of resource and routine reconfiguration as a holistic process.

There is not much empirical research studying this alignment and how it can enable re-configuration processes in firms over time. This thesis aims at tackling this research gap by answering the main research question:

> *How can a Software as a service (SaaS) company develop its customer success process to become a source of sustained performance?*

In order to answer this question, the empirical part of this study aims at revealing more about aligning dynamic capabilities and knowledge management in the context of SaaS company's customer success functional domain. In this chapter, is reviewed dynamic capabilities and knowledge management frameworks and literature integrating them to present the theoretical background needed to fully understand the main research question and how the empirical part aims at answering to it.

3 Research methodology

This chapter describes the methodology and research process used to answer the research questions. First, I introduce and justify the research approach and design for this study. Next, I present the applied data collection method, and finally I presented the employed data analysis approach.

3.1 Research approach

Dynamic capabilities, knowledge management, and their relations to sustained performance are broadly studied fields in management research, but the linkage between dynamic capabilities and knowledge management, and how this affects the sustained performance has gotten much less attention from researchers. As the topic has not been researched before extensively, an inductive research approach is appropriate to be adopted (Saunders, Lewis and Thornhill, 2008). That means that the intention of this study is not to test existing theory by testing hypotheses set *a priori.* Rather, the intention is to build and develop the theory by conducting an intensive study, based on the case company employees' and managers' opinions and views. The objective is to unfold the fundamental mechanisms through which a SaaS company could develop its customer success process to become a source of sustained performance.

I conducted an empirical study in a Finnish Software as a Service company, Aurora.com (pseudonym), which in mid-2018 was in the process of developing further their customer success business function. The study was conducted using a single case study method because I was required to go deep into Aurora.com's situation in order to close the research gap of this study. I selected Aurora.com to be the case company for three reasons. First, the company was in the early stages of developing their customer success process which made it natural and motivating for them to participate in a study that aims at guiding the development process. This also enabled me to collect real-time data regarding the considerations the managers and employees of the company went through in developing a process that would enable the company to develop new capabilities. Second, the company, at the time for the study, was only five (5) years old and so did not have legacy processes in the way of customer success development as the company had not been developing this kind of capabilities before. This allows employees to take a broad perspective to the research topics and have fresh ideas as the current ways of working are not limiting their thinking. Lastly, I had a good relationship with the company which allowed me to interview a wide range of people from many different business functions and hierarchy levels.

I adopted a qualitative research methodology where the focus was to interview a range of employees and managers with different fields of expertise and from different ranks within the case company. Involving multiple respondents from within the same company enabled for triangulation (Eisenhardt, 1989; Saunders, Lewis and Thornhill, 2008). Further, it allowed me as a researcher to develop a more comprehensive and robust base of knowledge, which helped to study a phenomenon with inadequate previous insights. Also, many researchers are supporting the utilisation of more open and qualitative methods when studying emerging mechanisms and theories as done in this study (Eriksson and Kovalainen, 2008).

As the customer success is an emerging business function in companies, it has not been recognised before in academic research. This is also the reason why there are not true experts in this field and a reason for this study to lean on a broad set of interviewees from different business functions. This selection aims at gathering knowledge from multiple perspectives to enable finding new patterns related to customer success that are linking multiple areas of expertise and could not have highlighted by individual experts of customer success.

The inductive approach is used as the primary research design. This means that the findings of this study will indicate a degree of support for the conclusion but do not guarantee it. As the studied topic is nascent, it will not be possible to study the concept in a collectively exhaustive way within the limits of this study. However, this study aims at bringing some light to the topic and arrive in proper conclusions related to both theory and practise.

3.2 Data collection

Semi-structured, in-depth interviews were the primary method used to collect data in this study. Two main groups of respondents were interviewed. First, I interviewed ten (10) employees and managers from the case company, who have had vast experience in multiple software-as-a-service business fields including sales, customer relationship management, service operation, data and analytics, design, and product management. I interviewed them with the intention to gain insights related to the development of customer success business function. Second, I conducted five (5) interviews the case company's customers to validate the findings highlighted by the case company interviewees.

The semi-structured interview approach was adopted as it gives flexibility for the interviewer to focus on perspectives that individual interviewees had the most expertise about during the separate interviews. This approach allowed me to use most of the interview time to the topics that an interviewee had enough knowledge to raise up new valuable insights and further advance the iterative research process. Further, this approach allowed me to ensure a consistent understanding of the interview topics throughout the interviewees' expertise range. (Eriksson and Kovalainen, 2008). Another significant advantage of the semi-structured interview approach is that it is an appropriate interview format for the research questions of this study. As Gioia, Corley, and Hamilton (2013) argued, the semi-structured method is suitable for research attempting to discover mechanisms that are emergent and not well established as this study does. Thus, the method is suitable for the study.

The interviews were structured based on the thesis's research questions. The sensing and seizing capabilities constructs from the dynamic capabilities framework were used to divide the interview into two main parts. In each part of the interview, I inquired how each capability relates to elements of knowledge management, operational routines, organisational resources, and reconfiguration. Interviews were conducted in English as it is the language used by everyone in the case company. A copy of the interview guide can be found in Appendix 1. The interview guide was used as a guideline for the interviews, and all the topics were discussed with all interviewees. However, to keep the interviews efficient and conversational the order of the questions was not always followed, and further questions outside of the guide were used to enable the interviewees to elaborate further on topics that appeared of relevance during the interviews.

Fifteen (15) interviews were conducted during April-May 2018. Interviewees were selected based on their knowledge levels and motivation towards customer success development in the case company. The diversity of the interviewees was secured by selecting people from different customer and functional teams, and from different levels of the hierarchy. The interviewees were conducted in English as this is the official business language of the case company and many interviewees do not speak Finnish. It was made sure that the interviewees were comfortable with the language selection. This ensured their capability to explain any ideas and opinions they had related to the research topics. The language selection also further secured that the interviewees understood all essential concepts and definitions as these terms were all English-based.

The interviews ranged in length between 45 and 90 minutes and were facilitated at the case company's office as one-to-one meetings between the interviewer and the interviewee. All interviews were recorded with permissions from interviewees. Notes were taken by the interviewer during and after the interviews to codify any important points or ideas that were not explicitly mentioned during the interview and so would not be in the transcript. Note-taking is seen to be important in the development of a new theory (Eisenhardt, 1989). All interview records were transcribed after interview sessions to enable a proper analysis of the data. The interviews were transcribed anonymously as agreed with the interviewees. This was done to protect interviewees identity and allow them to express their opinions during the interviews freely. Further description of the interviewees is presented in Table 1 below.

Table 1. *Descriptions of the interviewees.*

#	Job description	Category
1	Head of agency business	Team lead
2	Head of customer team	Team lead
3	Head of business function	Team lead
4	Senior sales manager	Expert
5	Head of customer team	Team lead
6	Head of business function	Team lead
7	Product manager	Expert
8	Senior customer success manager	Expert
9	General Manager	Executive
10	Product designer	Expert
11	Executive	Customer
12	Head of business vertical	Customer
13	Head of business function	Customer
14	Team lead	Customer
15	Manager	Customer

3.3 Data analysis

This study followed inductive reasoning as a research approach that enabled simultaneous and interactive engagement with data collection (interviews) and data analysis. Hence, the data analysis started immediately after the first interview was transcribed from audio

to digital notes. The process followed a grounded theory development analysis of interview data (Gioia, Corley, and Hamilton, 2013) which included four main stages: transcription; categorisation and codification; comparison and combination; and synthesis and interpretation.

The thematic analysis method was used to uncover patterns from the transcripted notes. This is the most widely used analysis approach for qualitative semi-structured interview data (Burnard, 1991). The thematic analysis allows the researcher to move from a broad review of the data to discovering conjunctive patterns and themes. Appropriate encoding is used to structure the emerging patterns and themes (Hirsjärvi and Hurme, 2004). The Gioia Methodology's main principles were followed to develop the encoding (Gioia, Corley, and Hamilton, 2013). First, the new information collected from the interviewees is structured to 1st-order codes. Next, the 1st-order codes are combined into 2nd-order themes which are linking the interview information to the theory. Finally, the 2nd-order themes are merged into aggregated theoretical dimensions. Emerged codes, themes, and aggregate dimensions are organised into a data structure that is the basis for formulating the findings of this study.

The analysis process was started with open coding (Strauss and Corbin, 1998). This means going through the interview notes and codifying the important content of the interviews to the 1st-order codes. This stage was crucial as many initial categories appeared which allowed the interviewer to focus more on the emerged topics during the following interviews.

Next phase of the analysis was to start structuring the distinguished 1st-order codes. The objective was to note both similarities and differences between the 1st-order codes which allowed the interviewer to conceptualise the similar codes to a more theoretical level and so combine them into the 2nd-order themes. Dissimilar codes were further examined during the upcoming interviews to clarify their position in the data structure. The process followed the axial coding described by Strauss and Corbin (1998). During this stage, many irrelevant 2nd-order themes emerged. Thus, the themes were observed from the theory point of view and only relevant themes for the study where codified to the data structure.

The last phase of the data analysis was to unify the 2nd-order themes into aggregate dimensions (Gioia, Corley, and Hamilton, 2013). The objective was to consider all 2nd-order themes and include only the ones that might help to explain the research phenomena.

This analysis process was iterative, and all stages were visited multiple times when the interviews progressed further. This data analysis resulted in the data structure that is explained in the findings chapter in more detail. Separate data structures for all sub-questions were developed to clarify the structure of the findings. The full data structure is presented in Appendix 2.

4 Findings

In this chapter, I present the results of this study. First, I introduce the findings on how a SaaS company can develop their customer success process to be a dynamic capability for the company. Second, I present the social and technical elements of knowledge management that the respondents suggest should be considered when a customer success process is created and reconfigured. Third, I outline the operational routines, and organisational resources that the respondents suggest are needed to orchestrate the development and reconfiguring of a customer success process. Lastly, I present the findings on other factors that the respondents suggest need to be in place to reconfigure a customer success process in the long term. Overall, with these findings, I aim at answering the main research question of how a SaaS company can develop their customer success process to be a source of sustained performance.

4.1 Factors that contribute to building a customer success process to be a dynamic capability

The interviewees described various factors that they perceived as necessary in building a customer success process that could enable the company to develop dynamic capabilities. During the interviews, the respondents identified that in building the new customer success process the company could develop capabilities in sensing and seizing new opportunities. The interviewees also highlighted and reflected on a series of potential blockers that could prevent dynamic capability building from happening. In the following three subchapters, these findings are presented under three aggregate dimensions: factors that enable building a sensing capability for the company, factors that enable building a seizing capability for the company, and potential blockers of the capability building processes respectively. Figure 2 depicts the data structure of the factors that could enable building a customer success process to be a dynamic capability.

Figure 2. Factors that contribute to building a customer success process to be a dynamic capability for sensing and seizing opportunities.

1st order concepts	2nd order themes	Aggregate dimension
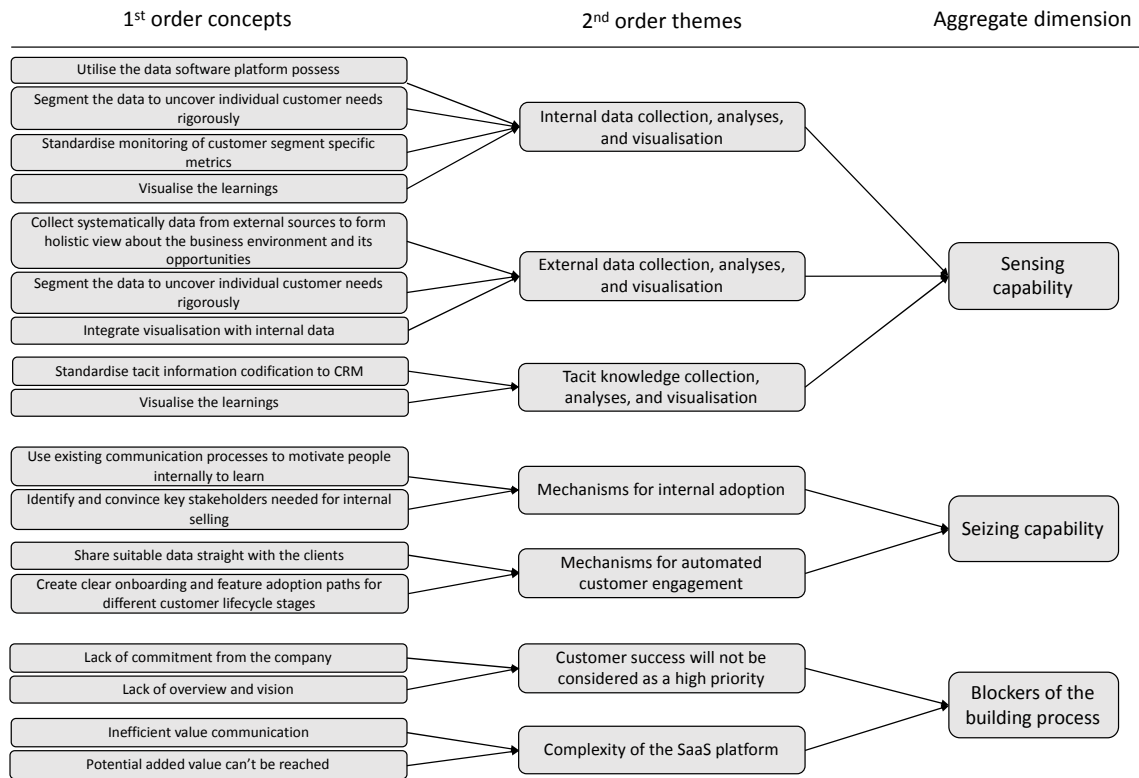
4.1.1 **Building the sensing capability**

All interviewees agreed that efficient customer success process needs to enable a company to sense opportunities and threats related to customers and prospects effectively. The interviewees raised multiple mechanisms that would allow a company to achieve the development of the sensing capability of new opportunities. These mechanisms are separated into three second-order themes: internal data collection, analyses, and visualisation; external data collection, analyses, and visualisation; and tacit knowledge collection, analyses, and visualisation. Figure 2a depicts the data structure of the findings related to building a sensing capability.

Figure 2a. *Factors that contribute to building a sensing capability.*
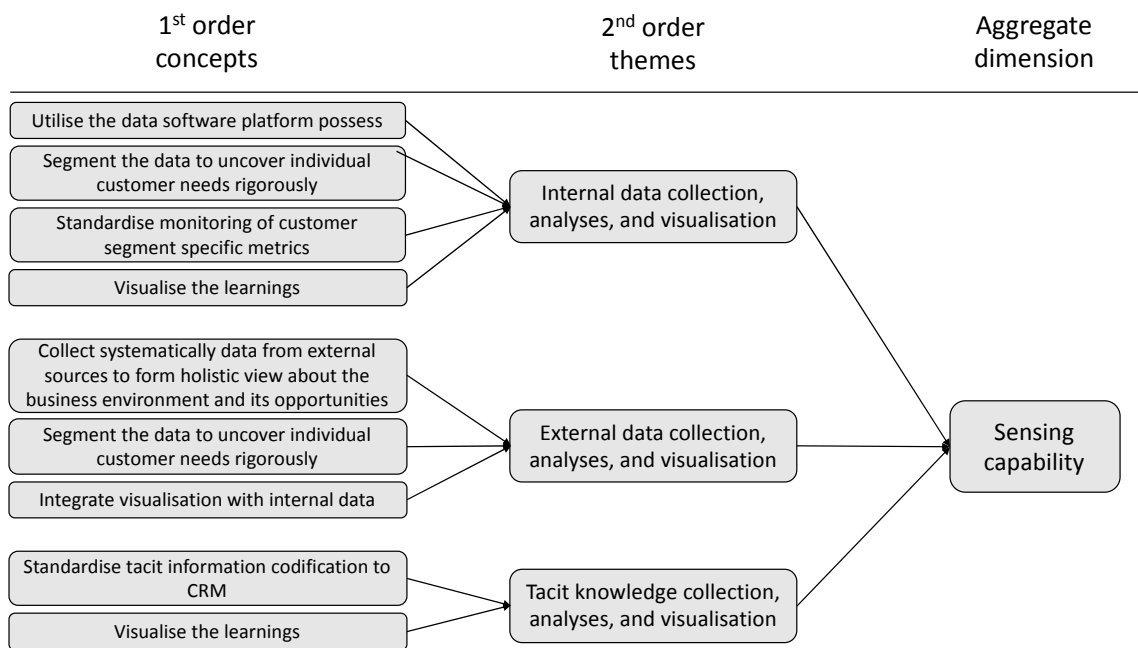
Internal data collection, analyses, and visualisation: The interviewees highlighted that it is essential to utilise the internal data company's software platform possesses. Company's SaaS platform is browser-based solutions which collect a significant amount of data about the platform usage by design. Thus, this was seen as one of the primary customer data sources by the interviewees. One interviewed customer team manager described this as follows:

> *"We as a company poses all that information in our platform. So, it's not something in people's head. Not like intentions, it's hard data in the platform. Explicit data that something has happened in terms of investing more budget to new functionalities. And that should trigger something for me as the first point of contact."*

However, the interviewees described how it is not enough to collect internal data and save it to a database unless the data is transferred to useful knowledge for the customer teams. Many of the interviewees explained that it is important to segment the data in an easy-to-use way to uncover individual customer needs rigorously or otherwise the data cannot be used in the sensing process efficiently. Two regional customer team managers presented their views on this as follows:

> *"I think we should have enough of data already, it's just a matter of putting that all together and understanding that data. We have data of the verticals, when they've started using us, where their spend development or featured option has been in the past, then it's just there's a lot of data, and then it's just a matter of turning that data into knowledge and slicing it in a way that we can actually make sense of it."*

> *"So, all of those metrics need to be aligned with the company and the team and the product. Then it needs to be grouped on a high-level, but it also needs to go really down to the granular level otherwise it's not useful. So, the structure needs to be there, and it has to be easy to use."*

Furthermore, the interviewees highlighted that it is common to segment clients and collect data about them, but this does not strengthen the sensing process if the different customer segments are not understood profoundly and monitored in a standardised way based on segment specific business metrics. This was explained by one customer team manager as follows:

> *"Our customer teamwork should be further automated but yeah it's highly likely that people will use the data in multiple different ways and the customers are very different, different verticals are different like agency product adoption should trigger different things than a gaming client. So that needs to be taken into account when developing such a solution. We should understand the segments better and have a standardised way of measuring each of them."*

All the interviewees highlighted the importance of visualising sensed opportunities and threats. The underlining argument that was put forward was that none of the previous factors will contribute to an efficient sensing process if the knowledge is not visualised in a way that customer team members can easily access it and can use and interpret the information further in their day to day work. This was described by one customer team manager as follows:

> *"The question is not so much about shooting that information to us but how to present it in a way that it actually makes sense to take that part of my weekly activities. So, it has to be clear dashboard or clear snippet or something."*

External data collection, analyses, and visualisation: The interviewees emphasised that forming a holistic view of the business environment and its opportunities by utilising company external data is a critical factor in building the sensing capability. The interviewees saw that this can be done by collecting external data in a systematic way related to market research, competitors, business partners, legislation, and funding rounds done in the industry. Head of one functional team described this as follows:

> *"Obviously we should follow market researches and what the competitors are doing and share this knowledge with our customer teams."*

> *"And then, what our partners are doing, what is the legislation for example? What are the changes there? That those are kind of like what we should be weekly following. And I think people are following them, but I think it's not still formalized in a sense that we don't have, for example, anybody to check like responsible of following competitors, following partners. And kind of also aggregating that information, and then following up with the whole organization about that."*

An experienced customer success manager who has been working years with SaaS companies raised a point related to the external data importance as follows:

> *"In my previous job, for example, part of my job was also scouting, like knowing what's going on in the industry. Who are the key players in the industry? Figuring out who has just been funded. What rounds of investment have gone in because after a round of investment, usually, they're going to spend big on marketing. We should also gather this kind of information and share it between our customer teams."*

The interviewees further highlighted that in addition to segmenting customers and prospect based on internal data it is vital to include external data to this customer segmentation and thus combine internal and external data sources to form a holistic view that allows us to do sensing more efficiently. One customer team manager highlighted this:

> *"Basically, we need to understand the customers and their behaviour better, so we should try to segment the data we have from our tool and from external sources to find patterns of certain actions so that we know where they are, what they are trying to get, and what do we need to do in order to close that gap in our customers' needs."*

However, most interviewees agreed that combining internal and external data for customer segmentation is not enough to make the sensing process efficient if this information is not appropriately visualised. It was emphasised that visualisations have to be easy to use and valuable for the customer team members or otherwise the created knowledge will not be used to sense opportunities efficiently. Functional team manager emphasised this as follows:

> *"We should definitely combine the internal and external data and show it together for customer teams and everyone. This would make it actionable and give much more holistic view about our customers."*

Tacit knowledge collection, analyses, and visualisation: A point that was raised up by multiple interviewees was the utilisation of tacit information. The interviewees felt that related to customer success process this should be done mainly through customer relationship management system (CRM) and by a standardised process of codifying customer team members' tacit information to the system. The interviewees felt that standardising this process throughout the organisation would be a way to translate this tacit information to more explicit format. An argument that the explicit information could be then used to sense opportunities and threats among customers and prospects was repeatedly voiced. One experienced customer success manager explained this through an example:

> *"My earlier company ditched Salesforce and built their own CRM with their own recommendation engines, like email templates being built. (The CRM was) analysing campaign performance and suggesting new features, like of sales and automated performance improvements. It really could do a lot through automation. It was the best one I had seen. Again, the data was always correct because the process of saving information there was standardised, and everyone followed it."*

Another factor that was given prominence by the interviewees was that the CRM should be used to improve the visualisations of data. They presented an idea that the CRM software should be the place where customer success manager can get all the information they need in effectively visualised format to do the sensing. Head of one functional team described this as follows:

> *"If the information would be in CRM, where the account manager actually sees the customer and their data, where all the data is actually visualized for them, then the account manager wouldn't need to open a separate system for that. He would already be in the place where he starts his work day."*

These were the main factors highlighted by the interviewees that are needed when building efficient sensing process which will help to identify opportunities and threats related to the company's customers and prospects.

4.1.2 Building the seizing capability

The interviewees emphasised how it is not enough to only sense the opportunities and threats related to customers and prospects as there has to be also an efficient process to seize these realised opportunities to capitalise on the sensing process. Building this seizing capability is the second main mechanism highlighted by the interviewees to translate a customer success process to be a dynamic capability for a SaaS company. The seizing process related findings are divided into two second-order themes: mechanisms for internal adoption and mechanism for customer engagement. Internal adoption mechanisms emphasised by the interviewees are focusing on how a SaaS company can internally make sure that sensed opportunities and threats are being capitalised and customer engagement mechanisms highlighted by the interviewees are concentrating on external factors which are enabling a company to capitalise the sensed opportunities. Figure 2b represents the data structure of the findings related to building a seizing capability.

Figure 2b. *Factors that contribute to building a seizing capability.*
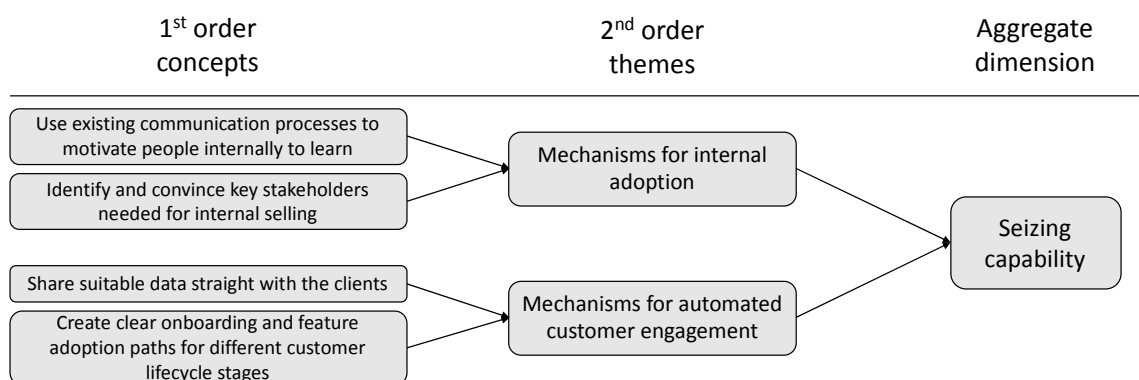
Mechanisms for internal adoption: The interviewees thought that identifying and convincing key stakeholders from the company's organisation to support sensing and seizing capability building is one significant activity. It was felt that this is a way to spread these new processes across the customer teams globally and ensure the adoption internally. One customer team manager commented this activity as follows:

> *"First selling the idea for team leads, even one by one or then separately EMEA at one meeting and APAC in one and US in one. You have to have a commitment from each team lead after which they can start to sell it to the team members."*

> *"That's the change management part, and that's where we need that kind of communication, leadership sponsorship, and buy-in from every single account manager, and most importantly the team leads and/or whoever is the dedicated customer success implementation person in the team, that they need to be convinced."*

After convincing the key stakeholders in the organisation, interviewees thought that it is essential to motivate people to learn the new processes. The interviewee noted that people

can start following the new processes only after getting motivated and gaining the understanding of the value they bring for the company. The case company has proper existing communication processes in the form of two companywide meetings every week and extensive knowledge share and training practices. These sessions are always recorded and shared globally. The interviewees emphasised that these existing communication channels should be utilised extensively by highlighting the value of sensing and seizing capabilities. The interviewees felt that this would motivate people to learn the new capabilities. One customer team manager summarised this idea well in his comment:

> "I think we have good internal tools for sharing information and motivating people to learn like Monday and Friday companywide meetings, all knowledge shares are recorded and shared with everyone, Flowdock flows (internal communication software) are available for everyone etc. So, we should just utilise these existing processes to motivate people about customer success and to learn these new customer success processes we are building."

Mechanisms for automated customer engagement: The interviewees underlined that to build efficient seizing process a company should automatically engage customers based on sensed opportunities and threats. They highlighted that this will allow a company to seize opportunities with fewer resources as customers could change their behaviour based on automatic engagement thus customer team resources are not always required during the seizing process. One highlighted way to do the automatic engagement is to create clear onboarding and feature adoption paths for different customers' lifecycle stages. These paths would be built-in to the software platform, and the platform would guide the customer automatically to the right path based on the segment a specific customer belongs. One design manager described this in her comment:

> "In overall we should build proper onboarding and lifetime feature adoption paths for different customer types so that the tool would guide them through the process and would make them tool experts without AM doing all the teaching."

The interviewees also highlighted that this guiding should be taken even further by sharing the company's data automatically with the customer when appropriate. The interviewees felt that this would motivate customers to adopt new features on their own. This would automatically push customers further on their lifecycle path. Two customer team managers commented on this as follows:

> "If we can bring product adoption benchmarks on vertical level inside the tool, we are actually doing a big automation. Because then we're actually already showing it to the customer first, not first internally and then AM has to do an action to make it visible for the client, but we're automatically making it visible for the client that 'Hey, in travel vertical, clients are using automation further than you are at the moment.' Which is a clear signal for the client that now you're lagging from the competition, you should do something. We should show them that, 'Hey, you are actually way-beyond or way-above the average in your vertical.' That would be a strong message to show."

> "Too many times I think we find best practices and we write it in confluence which is our internal Wiki. So, it say its there, customer teams still have to spend time to read it, learn it, then build themselves the material to make it happen. But only for the top clients because there's no time for everybody. But if we would just

launch the features and share the adoption metrics with the clients, they would start asking us questions like, 'Hey hey, what is this metric and what can we do?' They would have the buy-in faster than us just showing it."

Interviewees who are doing more sales described that sharing internal data with customers can help to sell the SaaS product inside a customer's organisation further. Salespeople described who often there is a situation where not all possible parties in a large customer organisation are using the SaaS product thus there would be additional revenue opportunity if the product can be sold better inside the organisation. Sharing valuable information with a customer was seen to make it easier for customer teams to sell the SaaS products value. The interviewees felt that this can also help the customer to sell the product further within their organisation. One experienced customer success manager described this as follows:

"When I deal with agencies because when I go to an agency leader or a team lead, I'd like to show him that, Hey, your team is actively using this, and trust us." You need to be able to report at a higher level to say, "Hey, you see? I mean, we're billing you money, and you guys are using our platform and, obviously, seeing the benefits. Why wouldn't you onboard us also to this and that account?"

When a customer's marketing executive was asked about further information sharing between the SaaS provider and the customer, she replied:

"It would be great to see standardised repots about our usage of your product in hours and how much time savings you give us. This would make it much easier for me to make to investment decision and recommend you to our other divisions."

These were the main factors emphasised by the interviewees that are needed when building efficient seizing process that will help a company to capitalise the sensed opportunities related to the company's customers and prospects.

4.1.3 Possible blockers for the capability building process

All interviewees raised up concerns related to the dynamic capability building and highlighted blockers that can prevent the case company from developing such capability related to customer success. These blockers are divided into two second-order themes. First, the customer success is not realised to be important for the business and thus is not considered as a high priority in the company. Second, the growing complexity of the SaaS platform prevents the sensing and seizing capabilities from being efficient. Figure 2c illustrates the data structure of the potential blockers of the capability building processes.

Figure 2c. *Potential blockers of the capability building processes.*
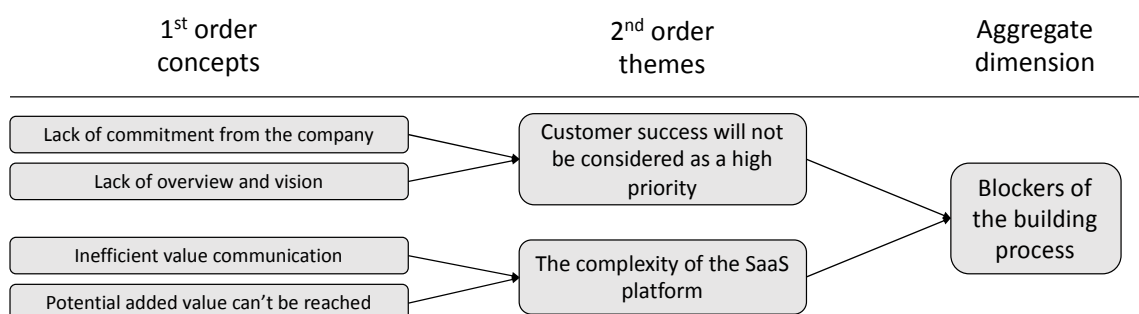
Customer success will not be considered as a high priority: Multiple interviewees highlighted the lack of commitment from the company as one of the primary blockers for the capability building. It was seen as a common problem that in a SaaS company sale operation gets overemphasized priority because that is the leading source for growth, especially for young SaaS companies. However, the interviewees described that when operating with a recurring revenue business model reducing customer churn becomes quickly important source for growth. Developing customer success process was felt to be the main way for a SaaS company to reduce customer churn. Thus it should be a high priority for a recurring revenue SaaS company. One customer team manager summarised this in his comment:

> *"First of all, it's going to be important that the whole company acknowledges that this is something that we need to do, from leadership to AMs and engineers we need to understand the importance of customer success development. Otherwise this development will never properly start."*

The second blocker that was highlighted is the lack of overview and vision related to customer success. The interviewees described how currently in the case company no-one is responsible for the building the process of customer success and there is no prior experience of customer success development. The interviewees were concerned that this can lead to a situation where the customer success development will not happen, or it happens but without a vision guiding it to the right direction. One customer team manager disclosed this as follows:

> *"Practically speaking, it requires its own team. A team that sees the overall view, what is actually happening in the company and a team that can from a prober vision for the customer success development. Vision that can be communicated throughout the company so that everyone would know where we are heading. Currently we are just stumbling in the dark with this."*

The complexity of the SaaS platform: Case company's product is getting increasingly complex and this raised concerns among the interviewees. The complexity is seen as a blocker especially for the seizing capability because there have already been cases where the SaaS products value could not be communicated to prospects due to the complexity of the offering. The interviewees felt that if the complexity increases further, it will be increasingly hard to keep customers and prospects aware of the value the SaaS product brings to different customers. One functional team manager commented on this as follows:

> *"The problem is more about that we are not communicating that value creation clearly enough. Our tool is really complex and it's getting more and more complex all the time and our value communication just can't follow this development currently. We should aim to keep the product understandable and focus on communicating the value better."*

Further, the interviewees raised up concerns related to the value delivery in case of increasing product complexity. If the value cannot even be communication to a prospect due to the complexity, the interviewees were asking how could it be then delivered either? Customer cases were already described where customers churn because they could not reach the added value even though they understood the possibilities of the SaaS platform.

The interviewees explained that these cases happened because customers did not see extensive efforts to learn the complex tool or they did not have required knowledge level to unveil the potential added value. If the product complexity grows, it was felt that these customer cases will become increasingly common and can prevent sensing and seizing capabilities from being efficient. One functional team manager described this blocker in his comment as follows:

> *"It seems that even if we have been able to communicate our value well enough during the trial there still are many cases where this value can't be delivered because the onboarding of a client doesn't work out. Our tool is too complex and requires too much time and knowledge from the client so that the onboarding process fails and the client churns."*

These were the main blockers of the dynamic capability building process underlined by the interviewees.

4.2 Important social and technical elements of knowledge management

The interviewees described various knowledge management elements that should be considered when creating customer success process that can lead to sustained performance. These elements are divided into two categories: social and technical elements of knowledge management. During the interviews, the interviewees also emphasised and reflected on the blockers that can prevent the company from utilising these knowledge management elements and thus potentially prevent the company from reaching sustainable performance. In the following three subchapters, these findings are presented under three aggregate dimensions: social elements, technical element, and blockers of efficient knowledge management. Figure 3 depicts the data structure of the social and technical elements related to knowledge management that need to be considered when building the customer success process.

Figure 3. *Elements of knowledge management that should be considered when building a customer success process that can lead to sustainable performance.*
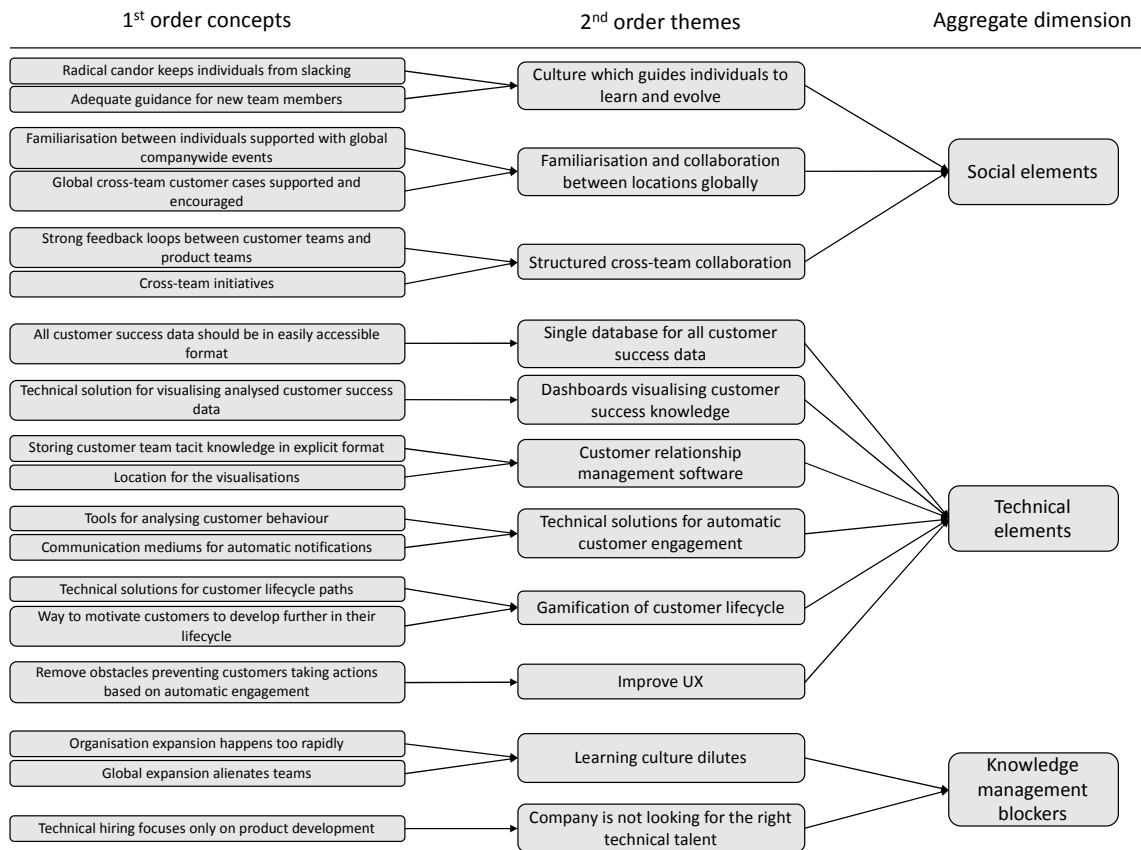
4.2.1 The social elements

Most interview participants underlined that the social elements of knowledge management play an essential role in the company's customer success development. These elements are divided into three second-order themes: a culture which guides individuals to learn and evolve, familiarisation and collaboration between locations globally, and structured cross-team collaboration. Figure 3a represents the data structure of the critical social elements of knowledge management.

Figure 3a. *The data structure of the social elements of knowledge management.*
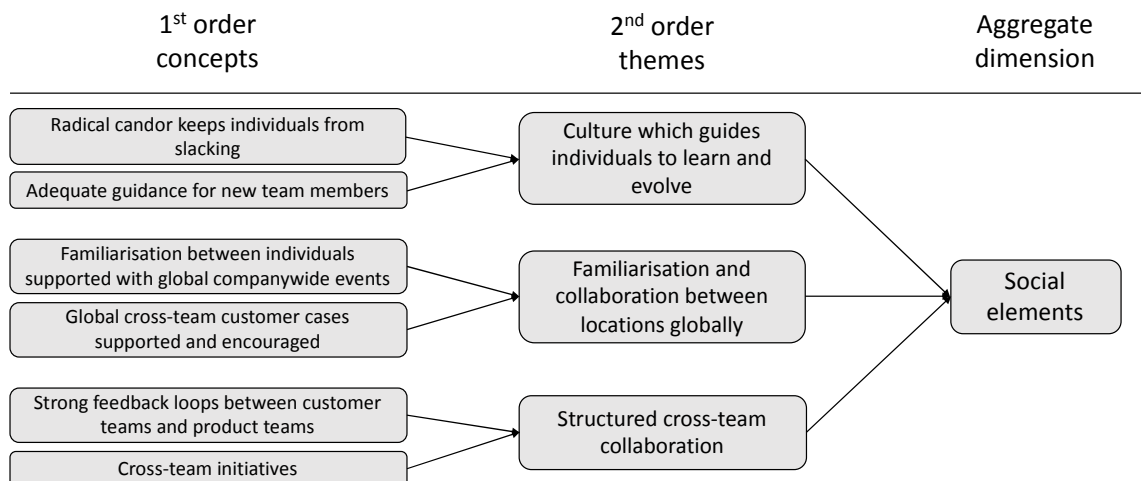
Culture guiding individuals to learn and evolve: Multiple interviewees highlighted that the company should ensure effective feedback loop between individuals which would keep employees from lacking related to learning. The interviewee felt that the company should facilitate so-called radical candor feedback which means that feedback should be personally caring and directly challenging. It was emphasised that this way individuals would get caring feedback about their lack of knowledge directly when they face a situation where they should have known more. The interviewees were sure that this way social pressure would motivate employees to keep learning and evolving all the time. One experienced customer success manager described this as follows:

> "So basically, the solution for this should be our culture. So basically, AM's feel pressure to learn things because they are expected to know them and that's their job. And if they don't then feedback from co-workers will take care of the learning. So, they will get feedback like, 'hey, you need to know this, learn.' So, then they kind of have to learn because that's what expected."

The interviewees thought that the onboarding of a new team member is a critical part of the company's culture building. The interviewees described that new team member has to get adequate guidance from the teams and their mentors to adopt the learning culture properly. It was expressed that new things should not be shown to them straight but rather a new person should be directed to a right direction, and then they should learn by testing stuff on their own. The interviewees felt that this would help new employees to adopt a continuous self-learning culture that is needed for efficient customer success process. Further, the interviewees emphasised that new persons also have fresh perspectives on product features and company processes thus they should be encouraged to give feedback. This was thought to help the company to evolve and not get stuck on inefficient ways of working. A customer success manager who has been mentoring multiple new team members commented on this as follows:

> "As an AM, you need to test it out. You really need to sit down and try to learn it for an hour. I remember that when a new team member started in one of our offices and the video templates came out and she was like, can you show how this feature works? And I'm like, no. Just try it out. Here are the instructions. Please try it yourself. Because trying it out yourself brings so much more value than if someone tells you what you could do with it."

Familiarisation and collaboration between locations globally: The interviewees highlighted that the company should encourage and support global cross-team customer cases in every way it can because these are usually the cases bringing the most significant impact to the business and they drive both product and customer success development forward. The interviewees felt that the company leadership should encourage customer teams to do more global cross-team cases by communicating the importance of these cases during companywide meetings and the leadership should support the cases by actively participating to them. An experiences customer team member commented on this as follows:

> "Often our biggest impact cases are totally global which means that one customer team can't handle them. Rather we need to form a global team to handle these cases like with Uber. This kind of global cases should be supported and encouraged in every way because they are the way to make biggest impact to our business."

Another element that was raised up during the interviews was that it is important for people to know each other's on a personal level to work together efficiently. The interviewees highlighted that customer cases with the most substantial impact on the business requires global teams and if people are familiar with each other on personal level already, starting to work together globally will be much more efficient than without knowing each other beforehand. The interviewees thought that familiarisation between individuals should continue to be encouraged in companywide events and through lottery meetings which are weekly meetings between random team members organised by the company. This was emphasised to be an efficient way to ensure familiarisation between individuals when the company grows. Here is a comment from one customer team member who has been involved with multiple global customer cases:

> *"It is super important that people know each other's on personal level even though tools for global collaboration are good nowadays. This makes the collaboration between global customer teams so much more efficient and easier. I love our regular companywide events because during them you will always get to know AMs from different offices and after these events it's so much easier to work with these people remotely."*

Structured cross-team collaboration: Multiple interviewees highlighted feedback between customer teams and product teams as an essential social element that has to be considered when creating customer success process that can lead to sustained performance. The interviewees felt that a strong feedback loop between the teams can create a continuous improvement cycle which drives both product and customer success developments further. One product manager commented this as follows:

> *"In our case it's also important that the AM's focus on the feedback and give us the feedback further because we cannot talk to all of our 600 customers. So AM's in that case are really important although they don't have the feeling that they aren't in my opinion. But they are because if they don't give me the feedback I don't know what question even to ask the client sometimes. So that's very important that that comes from AM side."*

And the comment continued:

> *"It is also super important other way around. Product management should give feedback also to AMs more so that they understand their importance and know what is going to happen in our product development. I think this is critical for both product and customer success development in our company."*

Another vital element highlighted by the interviewees that should be considered when developing a customer success process is cross-team initiatives. The interviewees stressed how it is essential to build customer success in collaboration with multiple teams thus cross-team initiatives are a significant way to structure this collaboration in a more manageable and organised form. It was emphasised that there should be a clear structure and a process for cross-team initiatives so that everyone would know how they can contribute and start their initiative when they are innovating something new. One customer team leader highlighted this in her comment:

"We need cross-team initiatives where there is clear owner of the project and skills from multiple teas are needed to achieve the goal. This way we can break the silos between teams and global locations and develop our customer process and product better."

These were the main social elements that should be considered when building a customer success process that can lead to sustainable performance highlighted by the interviewees.

4.2.2 The technical elements

All interviewees highlighted multiple technical elements of knowledge management which they thought will play an important role in the company's customer success development. These elements are divided under six second-order themes: a single database for customer success related data, customer success dashboard, customer relationship management software, automatic customer engagement, gamification of the customer lifecycle, and user experience improvement. Figure 3b presents the data structure of the technical elements of knowledge management.

Figure 3b. *The data structure of the technical elements of knowledge management.*
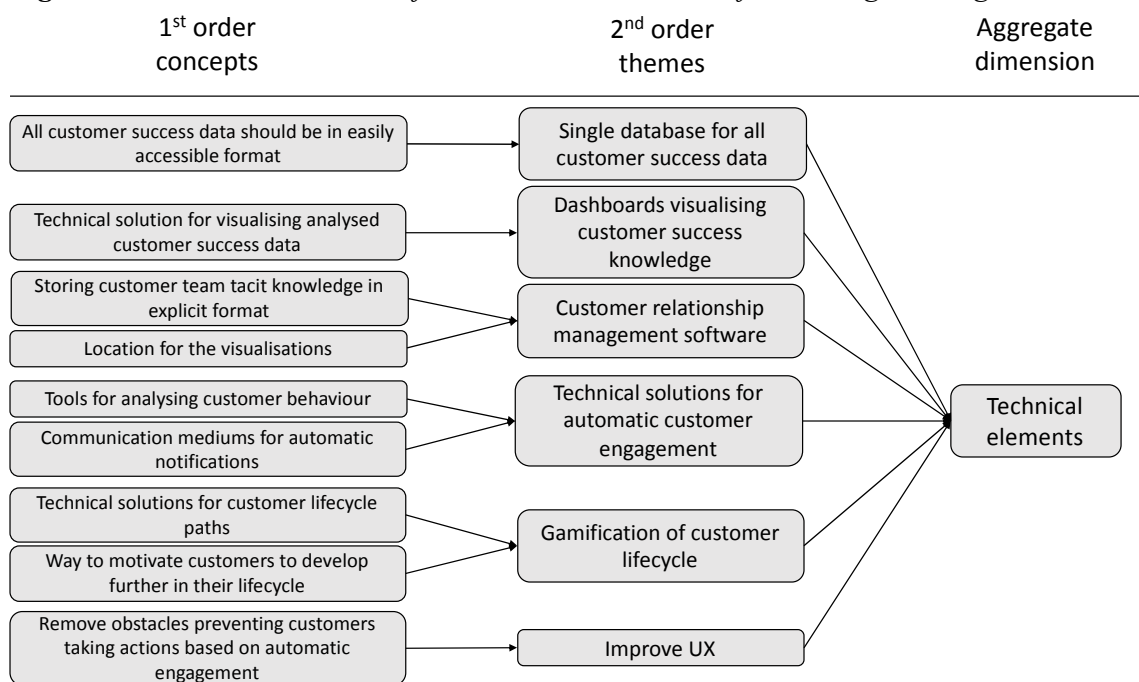
Single database for all customer success data: All interviewees emphasised that the company has to ensure that all customer success data that is gathered through the sensing process will be in a single database where it is easily accessible for everyone. It was felt that it wouldn't be possible to create effective customer success process if the data would be scattered around different locations. One customer team lead commented this as follows:

"I have discussed for long about some kind of a customer success database that we should bring all the relevant data in one place from where it could be turned into knowledge and understanding what the customers are trying to do. So it's great that we finally have one. Without it building our customer success process further would be almost impossible."

Dashboards visualising customer success knowledge: All interviewees highlighted that visualising the knowledge that is created about customer success plays a crucial part in the customer success building process. It was felt that without making the knowledge easily accessible, people are not going to adopt the new customer success process truly. This is why the interviewees underlined that the technical solution for these visualisations has to be chosen carefully. One customer team's vertical leader commented this as follows:

> "I think that our customer process should be more automated, more proactive and the knowledge we have should be visualised much better than it is now. Simple and actionable dashboard should be created to visualise the information and all AMs should know how to use them."

Customer relationship management software (CRM): Several interviewees thought that CRM would be the technical solution for codifying customer teams' tacit knowledge into a more explicit format. They highlighted that if this knowledge would be in the CRM, it could be analysed collectively further which would support the customer success development. One functional team leader stated:

> "It would be important that all AMs would write down their notes to one place so that this data could be analysed further to gain customer insights."

It was also felt that a CRM could be the location for the customer success knowledge visualisations. It was explained that especially customer teams already use the CRM extensively in their work. Thus, it would be a natural place for the customer success data and visualisations. One functional team leader noted:

> "To me it seems that our CRM is be the best location for this data and visualisations because AMs already use it and there the data is easily accessible for further analyses."

Technical solution for automatic customer engagement: The interviewees underlined that the technical solutions for automatic customer engagement are crucial for the customer success development. It was described that it is essential to have a technical solution for analysing customer behaviour to gain understanding about what kind of automatic engagement there should be. One customer team lead commented:

> "I think we should build further automation, so that even without any action from the AM side from the customer team side, there would be an automatic notification visible for the client. We don't have the tools and processes for this yet so we should focus on building them. First we need to have a way to analyse the customers so that it can be decided what kind of automatic messages we should show to them."

Further, the interviewees described that after understanding what automatic engagement would be suitable for different customers it is vital to select the technical solution for the communication medium so that the user experience is as enjoyable as possible. It was emphasised that without well-functioning communication medium the automatic engagement will be useless as the customers will not receive the messages. One customer team leader described this as follows:

"We should spot any kind changes in the data, that should then trigger some kind of an automated action, whether that is an action to the customer, some kind of an automated action, message, something, or then a ping to the account manager whose responsible and should take some kind of an action. Communication mediums for this should be tested and decide which ones work the best for us. Is it email, in app messages, or what."

Gamification of the customer lifecycle: All the interviewees felt that identifying different customer lifecycle paths and combining this knowledge with automatic customer engagement is a large part of efficient customer success process. It was highlighted that there should be a technical solution that would do guide customers through their lifecycle automatically. This was felt to be a crucial way to reduce customer team's workload thus improve the efficiency of the customer success process. One functional team leader had a comment about this:

"Of course, the UI and UX should be so that it already guides you to the right path, but would it be then tool tips or pop-up messages that will guide you like, 'Okay, hey, please go here, click this link, enable this.' We should test and decide which technical solutions we want to us for this because they effect straight to the experience. If something is difficult to use, customer will use it less often. And if something is too difficult to use, customer might not even use it at all. So, if some feature needs hand-holding by the account manager, then that's an expensive feature, because most customers won't enable it on their own."

Multiple interviewees highlighted gamification of the customer lifecycle as an important technical element. It was felt that the gamification would motivate customers to learn more about the tool on their own and they would progress further in the lifecycle path quicker. It was also mentioned that this could be used to track the experience level of the tool users both by customer teams and customer's management. One senior customer success manager commented this as follows:

"Gamification of customer lifecycle would be great way to engage customer without AMs. They should get messages like 'enable this feature and your Smartly experience will improve to the next level'. I've already requested our design team to design a t-shirt that would be like, "We're the golden users of Smartly," in my location. So, I want to send out 10 or 20 t-shirts saying, "You guys are the champion," and then tell them, "Okay. Post that on LinkedIn, please." Because there are really some champions that deserve industry recognition. Gamification could automate this now manual process."

And one customer's paid social executive noted:

"Gamification of the onboarding and feature adoption sounds great. Or at least there should be some kind of experience levels for our users so that I would know which of my team members has actually based your experience level tests. This would definitely make it easier for me to manage my team and also request suitable trainings from you guys."

Improve user experience: The last important technical element highlighted by the interviewees was that all possible technical obstacles preventing customers from taking actions based on the automatic engagement should remove. It was felt that this should be a high priority for all product teams and the user experience should have an overall owner in the company. One senior customer success manager noted:

> *"We need to automate the workflows. Like, "What do you want to do today? Some apps say, "Hey," you know, like, "Welcome," and then they point you to number one here. This is where you're going to find that. This is where you're going to find this or whatever, one, two, three, four, and having wizards and tutorials built in, but we also should if we are planning to automate things at scale, it's like at the moment the automation is not an automation of processes. It's an automation of single features. We should aim to remove all the obstacles customers have in their way to do thing on their own in our tool and improving our UX is the biggest thing to fix here."*

These were the main technical elements raised up by the interviewees that should be considered when building customer success process that can lead to sustainable performance.

4.2.3 Possible blockers of efficient knowledge management

All interviewees raised up also concerns related to the knowledge management and highlighted blockers that can prevent the company from reaching knowledge management level required for sustainable performance. These blockers are divided into two second-order themes: learning culture dilutes, and the company is not looking for the right technical talent. Figure 3c presents the data structure of the potential blockers for the knowledge management.

***Figure 3c.** Potential blockers for the development of knowledge management.*
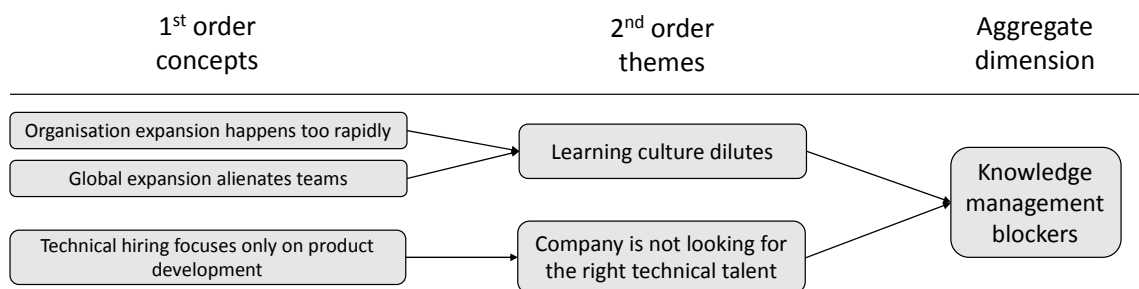
Learning culture dilutes: The interviewees were concerned about the company's learning culture when it expands globally, and the organisation grows. The dilution of learning was seen as one of the possible main blockers for knowledge management development, and the interviewees argued that this can prevent the company from reaching sustainable performance in overall. One customer team leader stated:

> *"Our business environment changes so rapidly that we need to be extremely fast and grow fast. However, this speed brings problems and if we expand our organisation too quickly globally we will most certainly hire increasing number of mismatches to just fill the gaps we have in our resources. This will slowly then weaken our culture and our ability to be successful."*

Further, the interviewees saw that the global expansion had alienated customer teams which have led to different ways of doing customer success. This was emphasised to be a problem when the customer success process is developed further, and everyone should align their ways of working. One customer team leader commented:

> *"It's getting harder and harder to align customer teams globally and ensure that our core values are followed everywhere. Problems will arise when our different offices have totally different ways to serve our customers. This will make collaboration between offices and the development of customer success hard."*

The company is not looking for the right technical talent: Multiple interviewees were concerned about the hiring priorities of the case company. It was seen that there are not enough efforts to hire technical expertise related to internal data analytics and customer behaviour analytics. The company is only focusing on hiring product developers. These analytic areas were felt to be essential fields that the company does not have knowledge about, and without more resources, this gap was seen as a blocker for the knowledge management and the whole customer success development. One functional team leader noted:

> *"We have to focus highly on hiring product development related technical talent to stay competitive in long run, but this doesn't mean that it can be our only hiring priority. Our churn is high, and our understanding of our customers isn't that great, so we need to also hire technical talent that can fix these problems. Otherwise our customer success will never improve to desired level."*

These were the main blockers of the knowledge management development underlined by the interviewees.

4.3 Operational routines and organisational resource needed to orchestrate efficient customer success process

The interviewees underlined multiple operational routines and organisational resources that are needed to orchestrate a customer success process which can lead to sustained performance. The interviewees also highlighted and reflected blockers that can prevent a company from utilising the routines and resources. In the following three subchapters, these findings are presented under three aggregate dimensions: the operational routines highlighted by the interviewees, the organisational resources stressed by the interviewees, and lastly the blockers related to the routines and the resources which were emphasised by the interviewees. Figure 4 illustrates the data structure of the findings related to the operational routines and the organisational resources.

Figure 4. *The data structure of the operational routines and the organisational resources necessary to orchestrate a customer success process that can lead to sustainable performance.*
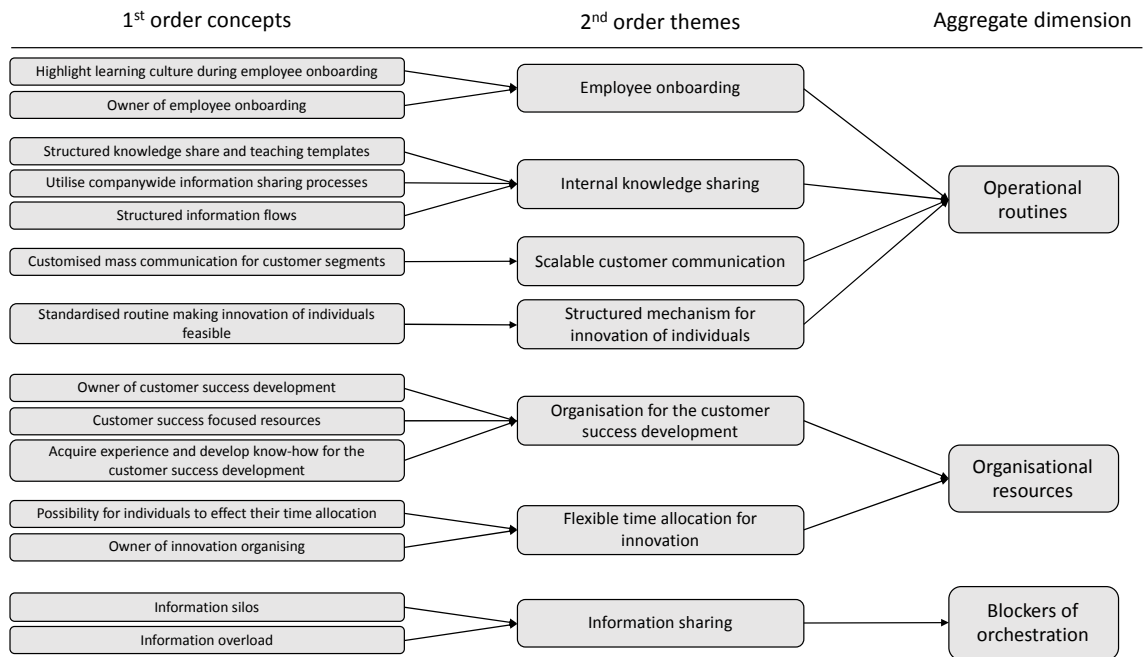
4.3.1 The operational routines

All interview participants emphasised that there are multiple operational routines which are critical when the company develops its customer success process. These routines are arranged under four second-order themes: employee onboarding, internal knowledge sharing, scalable customer communication, and structured mechanisms of innovation of individuals. Figure 4a depicts the data structure of the operational routines needed to orchestrate a customer success process that can lead to sustained performance.

Figure 4a. *The data structure of the operational routines needed to orchestrate the customer success process.*
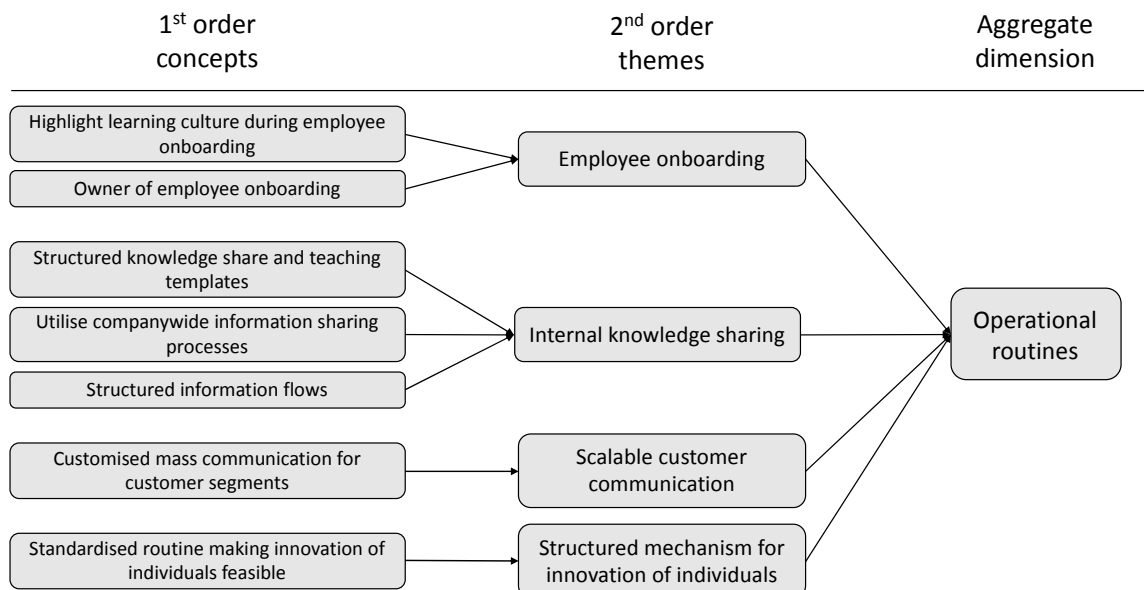
Employee onboarding: The interviewees highlighted how crucial it is to stress the company's learning culture during the employee onboarding and make sure everyone will adopt the continuous learning routine by themselves. If this is not done correctly, the interviewees felt that people will not enjoy working at the company in the long term and will leave eventually. One functional team lead noted:

> *"Of course, the idea is to hire only people who really want to learn new things and develop but this isn't enough. We need to also highlight the importance of learning companywide all the time and make sure everyone understands this during the onboarding. The onboarding needs to guide everyone to this continuous learning track or otherwise they will drop off and leave the company."*

Other underlined way to improve the employee onboarding routine is to have a clear owner of the employee onboarding. It was felt that this is the only way to develop the onboarding process holistically and ensure that all new employees will adopt the learning culture needed to prosper in the company. One executive of the case company commented this as follows:

> *"I think the first thing is we need to have somebody that owns it, that owns learning or owns training or owns knowledge, because our onboarding process is pretty bad. So, I think if you really want to build a culture of learning, you have to have formal training, formal development coaching, learning modules, learning programs, training programs. The only way you'll really do that is to formalize it and give somebody ownership for it."*

Internal knowledge sharing: The importance of internal knowledge sharing was underlined as one of the main routines that are needed to orchestrate an efficient customer success process. The reason for this was mentioned to be that for the new customer success process to become effective it has to be learned by the customer teams which requires a lot of internal knowledge sharing. The interviewees underlined that the internal knowledge sharing needs to be well structured and there should be templates for people who are planning to organise a session so that these knowledge shares can be organised quickly and held efficiently. One customer team leader noted:

> *"It's great that we have companywide knowledge shares and teaching sessions. It's just that they aren't always organised that well. It seems that everyone is starting from scratch when planning a knowledge share session which is stupid. We should have good templates and examples how to organise a great knowledge share. This could improve the quality of these sessions and make our learning ability better."*

The interviewees further stressed that the company should have multiple communication channels and these channels need to be utilised effectively when sharing knowledge internally. The communication channel utilisation was mentioned to be one of the main routines that the company has to focus on when adopting the new customer success process and developing it further. One functional team lead commented this as follows:

> *"We have such a great information sharing channels like Monday and Friday company meetings, internal wiki, Flowdock that we should just utilise those better and make is more structured how we share the information through these channels."*

While it was stressed to be important to have multiple communication channels, it was highlighted further that how to use these channels should be crystal clear for everyone. Everyone should know what information should be shared through which channel and people need to know where to find different information instantly. One executive underlined this:

> "We need to be really clear (on our communication). We should have only three places for information and all of these in same tool. One is industry news, one should be people learning, or people growth, or organizational, and then one should be sort of product and technology. We just need to be a little bit more organized (with our communication). Super simple things, but really important."

Scalable customer communication: The interviewees highlighted that scalable customer communication is a significant way to scale up the efficiency of the customer success process thus this was seen as one of the routines that are needed to orchestrate the customer success process which can be lead to sustainable performance. One functional team lead noted:

> "We should do customized messaging based on our app data. That would be super useful and would definitely drive our feature adoption."

Further, one customer team lead commented on this as follows:

> "We could customize that product messaging, do segmentation and then push different kind of change suggestions to the groups that we have recognised. We have the technical tools for the mass communication we just aren't utilising them efficiently."

Structured mechanisms for innovation of individuals: The last routine highlighted by the interviewees was a standardised way for individuals to take their innovations further. This was underlined to be an excellent source of new ideas related to the customer success and also an essential way of motivating people to think beyond their day-to-day tasks. One senior customer success manager commented this as follows:

> "I don't think our initiative development is in such a good shape. It seems that everyone is just doing something, hustling on their corners, and it's really hard for regular AM to star developing something. I think that we're a lot in a transfer phase in that how do we kind of keep the sweet spot of the fact that people can start these projects really autonomously, and we have autonomous teams and you actually can start developing something cool and impactful, because for example why I joined the company, one of the things was that I really liked the fact that you actually can have an impact on the company, sort of how the company's built and not just like a role, like you're kind of just recruited for, like here is your list of tasks you'll be working on. We should have a clearer process for initiative taking because now it is really hard for AMs."

These were the main operational routines raised up by the interviewees that are necessary for building a customer success process that can lead to sustainable performance.

4.3.2 The organisational resources

The interviewees underlined that there are organisational resources which are essential for the customer success process orchestration. These resources are organised under two second-order themes: customer success organisation and flexible time allocation for innovation. Figure 4b illustrates the data structure of the organisational resources needed to orchestrate a customer success process that can lead to sustained performance.

Figure 4b. *The data structure of the organisational resources needed to orchestrate the customer success process.*
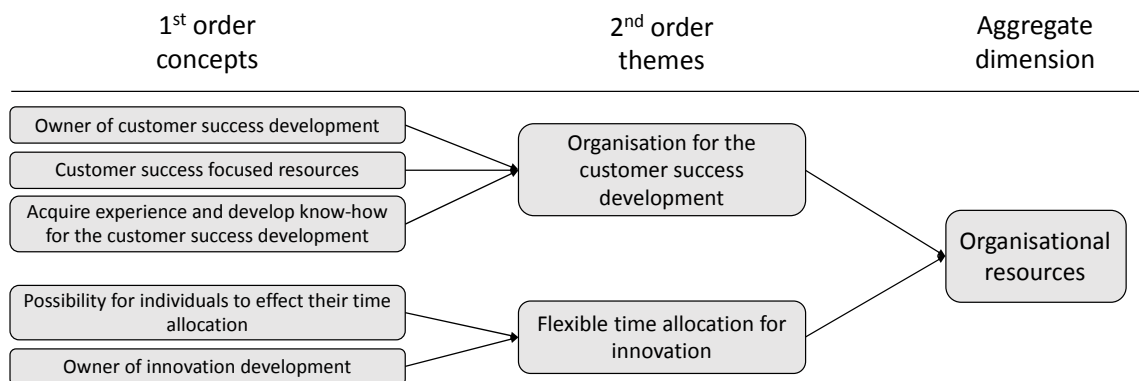
Customer success organisation: The interviewees highlighted that it is crucial to allocate proper human resources to the customer success development. Having an owner of the process was seen to be an especially important resource. Otherwise, the interviewees felt that there would not be a transparent customer success process that all employees are familiar with, and the process would become inefficient. One product manager noted:

> "We should have some kind of service management having the overview of our customer success. It would be organized better so that everyone knows what others are doing and then if you want to act on some initiative then you could be guided to the right direction."

Further, it was underlined that it is not enough to have an owner of the process, but there needs to be also human resources allocated to this who can work to establish and maintain the process. It was described that these employees should focus solely on customer success development and not do it as a side job. One customer team manager commented:

> "Development requires more resources, and now I'm looking at human resources especially, and these resources should be focused on developing only customer success and not trying to do twenty other things simultaneously as our initiative developers usually currently do."

Another highlighted resource was that the company should acquire customer success specialists who will boost the development speed of the process. The interviewees described how it is not enough to allocate existing human resources to the customer success if these resources do not have a way to learn knowledge needed to improve the customer success process. One executive noted:

> "I don't think everyone in the company needs to be the same, and I believe massively in similarity of spirit and diversity of strength, and at the moment we have a lot of generalists who are good in lots of areas, and what we need to have is

specialists who are brilliant in one or two areas. Customer success is good example of this. We should actively hire and develop specialist for this field."

Flexible time allocation for innovation: The interviewees emphasised how it is important to give employees a chance to innovate and develop their ways of working by allowing them to allocate part of their time to this kind of innovation projects. It was stressed that a lot of innovation potential will be missed if people are too busy and will not have the change to do this kind of bottom-up innovating. Flexible time allocation for innovation was highlighted to be also an excellent source of motivation. One senior customer success manager stated:

"With the AM work, it's more kind of this constant battle of not losing. So that's why I have been already saying that we should introducing these, Google style, 20% projects. They would be really good, because then individual time allocation would be more flexible, and people would actually have time to think how to do things smartly and not just repeat the same things over and over again. With this time, you could also show impact in totally different way, which would be good opportunity and motivating."

Owner of innovation development: The interviewees emphasised that allowing people to allocate part of their time to innovate would be a great way to improve the customer success process, but this was seen as an inefficient process without proper guidance. It was stressed that the company should have an owner for the innovation process, a person who would facilitate the different innovation processes and would help people to work together when their projects would be overlapping. It was felt that in this way the company could get an overview of different development projects and make sure that employees are using their innovation time to solve issues that are relevant to the company. One customer team lead explained this as follows:

"Chief innovation officer is something that is established in many corporations, but the way how it works, is that you need to ask permission from she or he to do something, so I don't think we should do that. What we should have is some kind of coordinator who is not actually owning the initiatives that are happening, but people can just ask help from her to organize the actual initiative and gather needed resources, and he or she can't say that can you do it or not. She will just make the development more feasible and have an idea of the big picture so that it can be communicated throughout the company more efficiently. So, the job would be coordinating, like all of this, how much we have all these initiatives going on, that it would be just really beneficial that at least somebody would know, what is everything that is going on."

Another comment related to this came from one senior customer success manager:

"I really see there a role for a person, and then I also think that there would be a lot of people who would be very motivated of that kind of a role. That's also one way to kind of make it more official that you actually have someone who is going to be more in the lead, or like a lead of internal projects position."

These were the main organisational resources raised up by the interviewees that are necessary for building a customer success process that can lead to sustainable performance.

4.3.3 Blockers of the orchestration of the customer success process

All interviewees reflected on concerns related to the customer success process orchestration and underlined blockers that can prevent the company from effectively orchestrating the process. These blockers are arranged under one second-order theme: information sharing. Figure 4c presents the data structure of the potential blockers for the customer success process orchestration.

Figure 4c. Potential blockers for the customer success process orchestration.
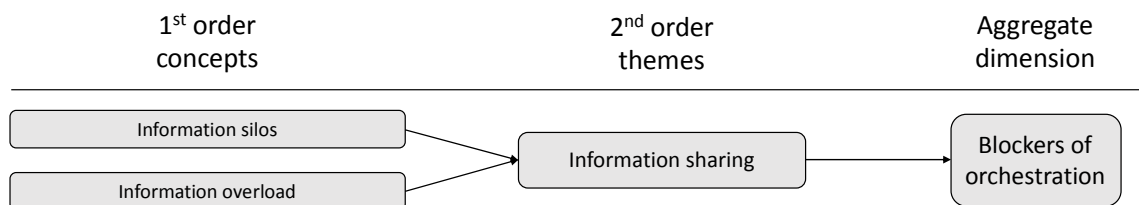
Information sharing: The main highlighted blockers of customer success orchestration were related to information sharing. The interviewees emphasised that information is already getting siloed to different teams. It was felt that if this development continues, it can prevent the company from orchestrating the customer success efficiently because people will do overlapping work and repeat others' mistakes. One customer team lead noted:

> *"Information silos has become definitely a threat for our customer success reconfiguring. Currently lots of important information gets siloed to different customer teams because of bad learning, codification, and communication routines. This causes customer teams to do overlapping work and repeat mistakes others has done earlier."*

Another information related blocker highlighted by the interviewees was information overflow. It was mentioned that the company is transparent and shares almost all information with its employees. This was felt to cause a problem related to finding the right information. When everyone receives loads of information from multiple channels all the time, it was described to be hard and time-consuming to find the relevant information. This was seen as a potential blocker for the customer success orchestration because if employees are not able to find the relevant information related to the customer success process, they will not be able to learn it and act based on it either. One senior customer success manager commented this as follows:

> *"One of the things that I always get a little bit frustrated about, when we talk a lot about sharing information. We see sharing information as we should just document it somewhere and then ping everyone in Flowdock. Then you've kind of done your job, or then you've shared information, but I think the bigger problem is how you actually adjust and read all the information. How do I, okay, like let's say that I have 100 pings a day, and then maybe actually two or three of them would be something that I really should have read, or it's like something that I could actually learn about. How do I then find these two or three out of hundred? So it's basically this constant information overload, and then you need to navigate. Your job is a lot about prioritizing information. And I see this can prevent at least some of us from learning things that they should."*

One functional team leader reflected this:

"One big problem we have is just information overload. There is too much random information, and this prevents us doing thing efficiently sometimes."

These were the main blockers of the customer success orchestration highlighted by the interviewees.

4.4 Reconfiguring of the customer success process over time

The interviewees highlighted several reconfiguring factors that are needed to keep the customer success process relevant in the long term. The interviewees also highlighted and reflected blockers that can prevent a company from achieving this reconfiguring. In the following two subchapters, these findings are presented under two aggregate dimensions: reconfiguring factors of customer success process and reconfiguring blockers. Figure 5 presents the data structure of the findings related to the customer success reconfiguring.

Figure 5. *The data structure of the customer success reconfiguring factors.*
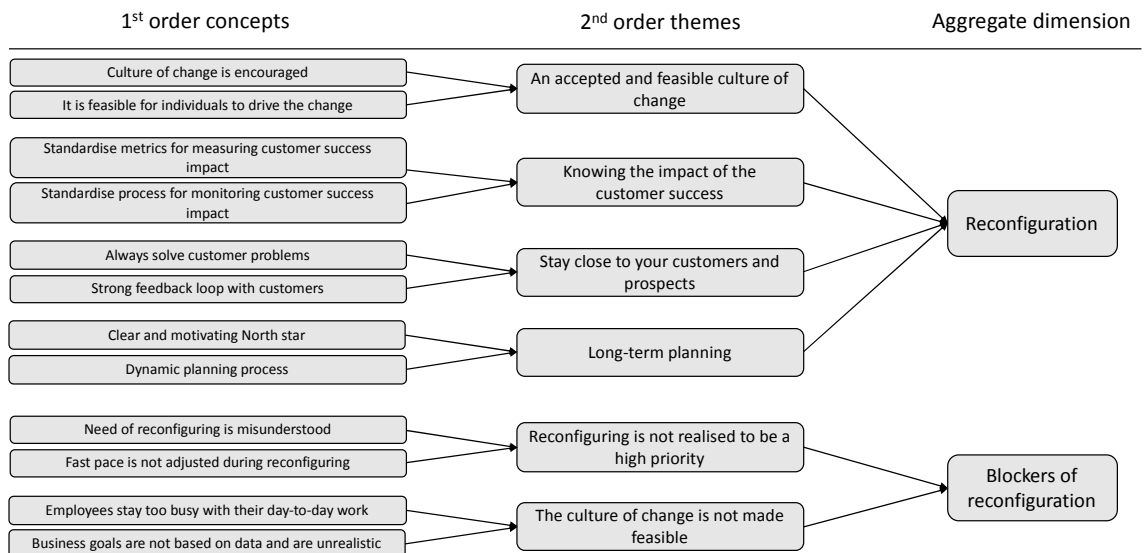
4.4.1 Reconfiguring of the customer success process

The interviewees underlined multiple factors that the company has to consider when re-configuring the customer success process. These factors are organised under four second-order themes: accepted and feasible culture of change, understanding the impact of customer success, stay close to the customer, and long-term planning. Figure 5a illustrates the data structure of the reconfiguring factors needed to keep the customer success process relevant over time.

Figure 5a. *The data structure of the reconfiguring factors needed to keep the customer success process relevant over time.*
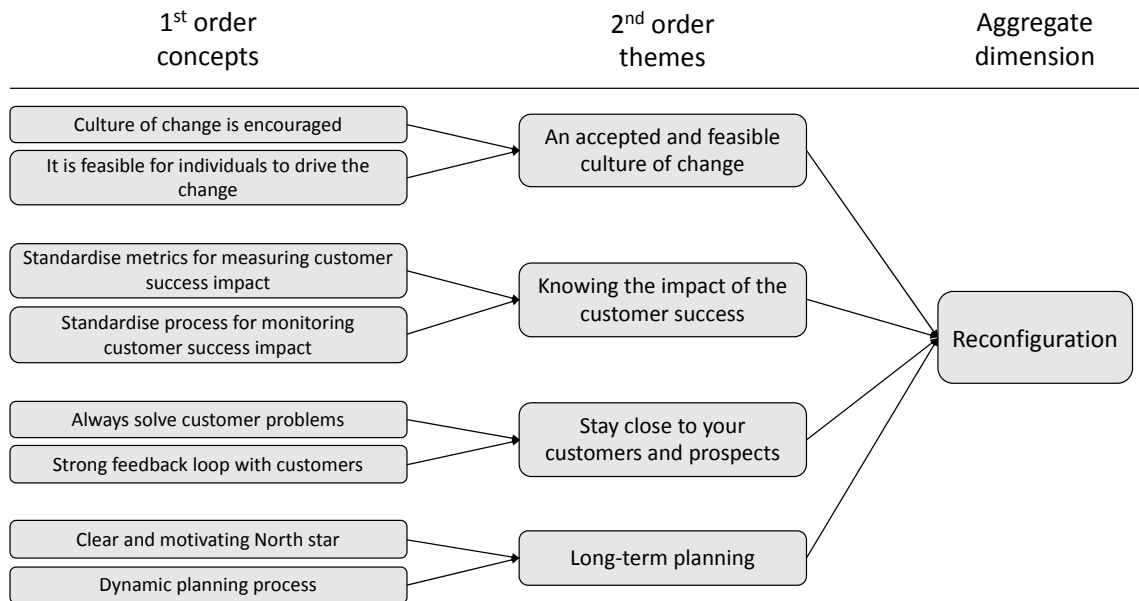
An accepted and feasible culture of change: The interviewees stressed that reconfiguring requires that the company has a proper culture of change. They felt that change should be encouraged every way possible and all employees should be comfortable to work in this kind of environment. One customer team lead noted:

> *"It is essential for reconfiguring capability that we heavily boost culture of change in the company. We have to be always looking for new solutions and ways of working and be ready to change always. This is mostly cultural thing and should continue to be communicated everywhere possible. I think we have this now, but it can't be lost in the future."*

It was highlighted further how it is not enough to accept the culture of change if it is not feasible for employees to act based on this culture. The interviewees emphasised that it is crucial that employees really can change freely their ways of working when they feel it is necessary. This way especially new employees can bring new perspectives to the company and the reconfiguring can happen over time. One senior customer success manager commented this as follows:

> *"I think it's a lot about kind of getting that into the culture so that it would be like, hey guys, just block one day from your calendar, that's totally fine, and work with these two and change the way we do this thing now."*

Knowing the impact of the customer success: The interviewees underlined that the measurement of customer success impact has to be done in an effective and standardised way so that the development can be followed, and changes can be done if the results are not where they should be. The interviewees emphasised that the first thing needed is to standardise the metrics that are used to measure the customer success. This is a way to measure the process over time which enables data-based reconfiguration. One executive noted:

"Okay, so how could we improve our customer success capability now? In terms of customer success, we need to define what is our customer success measures and make sure we know what they want to achieve, right? I think we've become quite rigid and inflexible. I think this improvement has to be about internal process, to be able to use feedback to drive product adoption and measure this whole process in standardised way."

One customer team lead commented this as follows:

"The main metric that they should be looking at and maximizing is customer lifetime value, which it includes the churn already. We should have standardised customer success metrics we are following, and which enables us to build proper monitoring process for this."

After standardising the metrics of customer success, the interviewees underlined that the whole measurement process should also be standardised. They described how it has to be clear to everyone when and how these customer success metrics are used and what does the success look like in terms of these metrics. One customer team lead commented:

"Another important thing is that we need to have a standardised process for monitoring our customer success process to see if there is impact. Otherwise, we have no way to know if we are doing right things or not."

One functional team lead commented on this further:

"Customer success process should be evaluated constantly, that we are actually doing the correct things. And, of course, changing the direction if necessary."

Stay close to the customers and prospects: The interviewees underlined that to reconfigure the customer success process the company has to be able to solve customers' problems better than its competitors. It was described to be important that the company stay close to the customer and prospects so that it has a clear view of the problems that they are facing. This was emphasised to be the only way to stay relevant over time and reach sustainable performance. One product manager noted:

"In highly competitive businesses like ours everything depends on customers. What they need and how you can increase their value. It is so easy to change SaaS provider that if you don't provide more value than your competitor your customers will leave you. It's as simple as that. So, in order to reconfigure and stay relevant in the future this is the main thing to do. We have to provide more value to our customers than our competitors by solving our customers' problems better than others."

The interviewees felt that one crucial factor that is needed to facilitate the customer success reconfiguring is a strong feedback loop with the customers and potential customers. It was emphasised that the company has to be able to continuously gather feedback from the prospects and customers and communicate back the value of its offering. This was seen to be the way to reconfigure the customer success process in long-term. One product manager stated:

"The thing we really need to keep up is the feedback loop. From us to customers, from them to us. Good example, I mean continue inviting people to our headquarters. And that makes them feel special and we'll connect with them better during the visits."

One senior customer success manager commented on this further:

"To keep our service relevant in five years and reconfiguring the process overtime we should always challenging our ways of doing the service and then get as much feedback as possible from the community, either through support, from the events, AMs talking to them, anyone talking to them. I think we can keep our service relevant if we then just utilise this feedback properly and actually change our ways of doing things."

Long-term planning: The interviewees underlined that to reconfigure the customer success process the company has to have a clear, motivating, and ambitious customer success goal. This so-called North Star was felt to be the guiding light in the darkness and is a way for the company to ensure that the reconfiguring of the customer success process is done in a valuable way. One executive commented:

"With anything that we ever do, we always need to start with what does good look like and what does success look like, because then you've got criteria against which to evaluate your process. These goals need to be clear and motivating for people or otherwise people are confused and don't care about them."

She continued further:

"I think the thing that's missing here is the longer-term planning, the picture of success for 2019, and although it goes against everything that's been talked about here, is time that we need to allocate time for this."

The last reconfiguring factor that got highlighted by the interviewees was a dynamic planning process. It was underlined that when the company sets meaningful North Star plan, it still has to be able to adjust this plan if necessary. Because no-one can predict the future correctly, it was highlighted to be crucial to change the goal if the situation changes so that the current North Star is not clear, motivating, or ambitious anymore. One functional team lead explained this as follows:

"When we do longer term planning for our business we need to make sure that the goal is dynamic and so can be adjusted if needed. It's not motivating at all if we now set some kind of a goal for a year and then after 6 months we realise that there is no way we can hit that goal. People will just stop caring about the goal and continue working without a proper direction. This is why I think we have to be able to admit to ourselves that something isn't happening and adjust our goals."

These were the main reconfiguring factors highlighted by the interviewees that are needed to keep the customer success process relevant over time.

4.4.2 Blockers of the customer success reconfiguring

All interviewees underlined blockers that can prevent the company from reconfiguring the customer success process and keeping it relevant in long-term. These blockers are arranged under two second-order themes: reconfiguring is not realised to be a high priority, and the culture of change is not made feasible. Figure 5b presents the data structure of the potential blockers for the customer success reconfiguration.

Figure 5b. *Potential blockers for the customer success reconfiguration.*
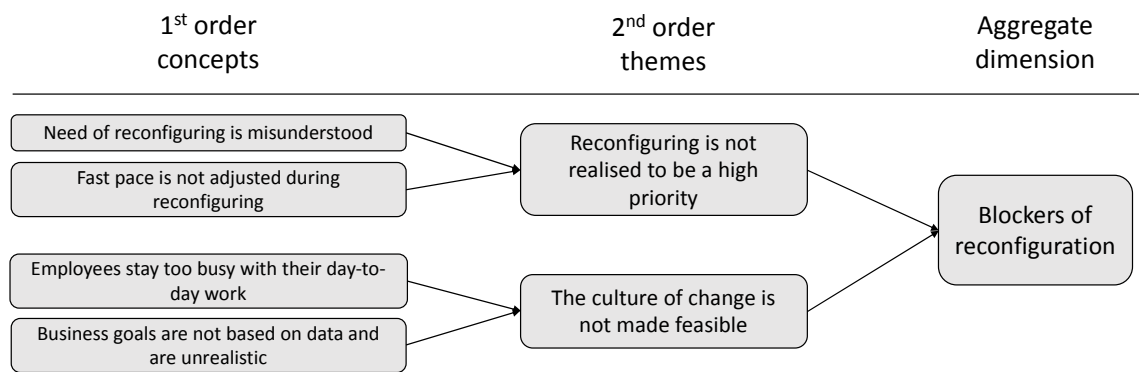
Reconfiguring is not realised to be a high priority: The interviewees highlighted that a possible blocker for the customer success reconfiguration is that it is not understood to be a high priority and the company continues developing customer success without taking a step back and thinking how the company can stay relevant in the long run. One executive commented on this:

> *"So, I think with the reconfiguration it's about knowing it's okay just to take a breath and look at the broader picture for a while. We need to understand the importance of this as a company, otherwise it won't happen."*

The second blocker underlined by the interviewees was that the company does not lower its fast development speed during the reconfiguration and noting actually gets reconfigured. It was emphasised that this can happen even if the reconfiguration gets high priority in the company. One executive noted related to this:

> *"The speed as a habit is great, I get it. We don't want to lose that, but we also need to make sure that we understand the consequences of that speed, and so 2018 is all about building infrastructure, building process, building the business, to ensure that 2019's an incredible year. If we continue to push incredibly hard without building those things, that infrastructure, that process, those processes, then we'll just hit the wall in 2019. We're just kicking the can down the road."*

One senior customer success manager commented on this further:

> *"This is also something that I see that is in the core of making us a better company, or making us better in serving our clients, because then I think that right now, we are kind of in this kind of a block or a situation, that we are just so busy serving our clients that we don't even realize that we could be doing it so much smarter, and that we could be growing the scale and everything would be more efficient."*

The culture of change is not feasible: The interviewees underlined that currently, the culture of change is accepted in the company, but it is not feasible for employees to act based on this culture. The interviewees saw that employees are so busy with their day-to-day work that they do not have time to drive the change that is needed, and this was seen as a severe blocker for the reconfiguring. One executive stated:

> *"You talk about when the AMs just having no time, then that's absolutely true, and what we have to do is to create that time by just almost pausing and saying, well, what does the organization need to look like, it's like, what does business want to be in December 2019? If this isn't done, then everything will just stay the same."*

He noted further:

> *"You just have to free people up from clients, and you have to hire people in to take on the client management and free people up."*

One senior customer success manager commented on this further as follows:

> *"I'm so many times just joking that it's so funny when we're like (to our customers), have more time, automate your work and get back your nights and weekends. Well, hopefully we have our weekends still, but nights at least we are working. Then we are like, more time for strategic thinking, and then I'm just, Oh, Smartly needs our own Smartly so badly."*

The last reconfiguration blocker highlighted by the interviewees was that the business goals are subjective and not based on real data. They emphasised that the business goals have to be realistic and based on real data so that they can be used to guide the reconfiguration process to a relevant direction. If the business goals are not based on real data, they cannot be used as a guide, and this can prevent the company from doing the reconfiguration at all. One senior customer success manager stated:

> *"I think that for example our H1 revenue planning was quite a failure because it was already early clear that we aren't going to get to the new sales target level and when the new sales target graph just got further and further away we just stopped following it because it wasn't realistic. There is no use of doing bottom-up sales planning if in the end the target revenue is just calculated by some regional growth target given by general manager, as we are doing for H2 again. This just unmotivates customer teams when they already know at the beginning that in order to hit the target they should first exceed their already optimistic sales plan and on top of this get some magical extra revenue from somewhere. To really motivate people the plan should be done by a team and the team should feel that this is something we can achieve if we do well. This way people would feel that they are responsible of delivering the numbers they actually promised. If our leadership thinks that the revenue we would get from this kind of plans isn't enough they should figure out a proper plan to get that extra revenue and not just push the responsibility to customer teams without a plan. Isn't that the actual job of leadership team anyway?"*

These were the main blockers of the customer success reconfiguring highlighted by the interviewees.

5 Discussion

In his chapter, I discuss and interpret the research findings in further detail, while making linkages with the existing literature. First, I provide theoretical implications for strategic management research. Then, I interpret the findings further and draw practical recommendations for the case company. Lastly, I conduct a critical evaluation for the findings, discuss the limitations of the study, and provide directions for future research.

5.1 Theoretical implications

This study was conducted based on the theoretical framework of reaching sustainable performance presented in Chapter 2. The study was conducted by examining the framework's different factors in the context of the case company's customer success. In the light of the study results, the framework is revised, and blockers of reconfiguration are augmented to the framework as a new factor.

The original model is combining dynamic capabilities with knowledge management and the linking factor between these two is presented to be the company's learning process. The model argues that when dynamic capabilities, knowledge management, and learning process are contributing to the resource and routine reconfiguration, the outcome can be sustained performance. Figure 6 is presenting the simplified original model.

Figure 6. *Simplified model of linking dynamic capabilities and knowledge management.*
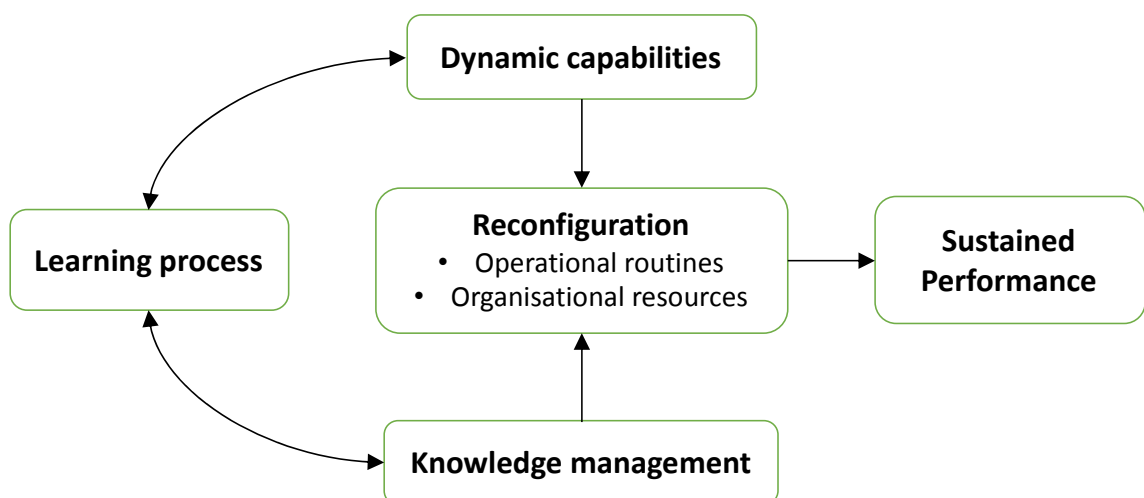
This study raised up factors that the current model does not consider. Thus, the model is revised to describe the case company's situation in a more realistic way. Figure 7 is presenting the revised model.

Figure 7. The revised model of linking dynamic capabilities and knowledge management.
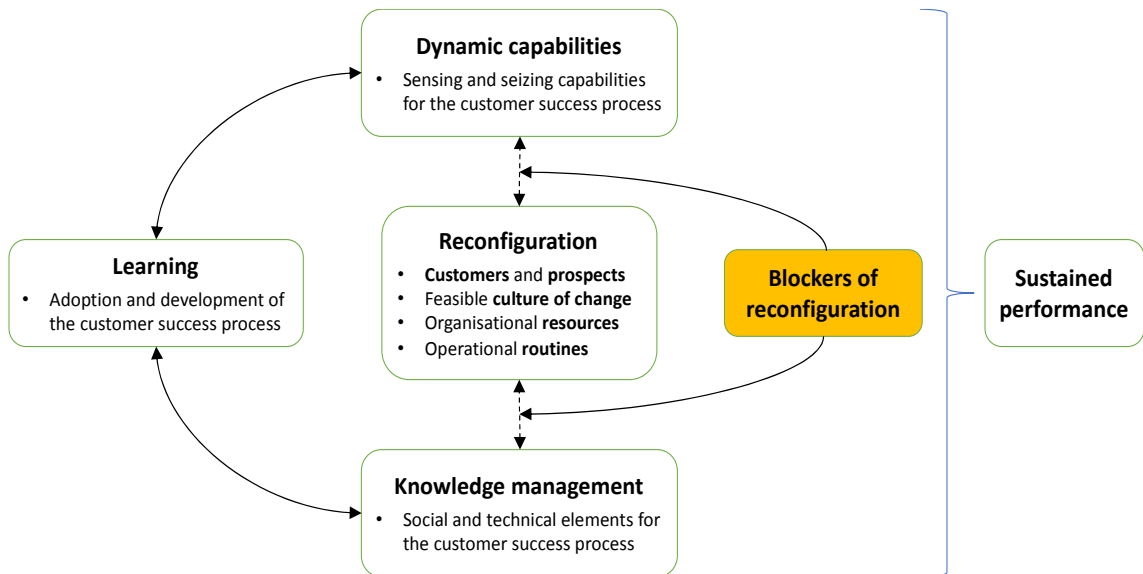
The first addition to the original model is that the reconfiguration process appears to also affect the dynamic capabilities development and knowledge management processes of companies. This is presented with the two-headed arrows between reconfiguration and dynamic capabilities and knowledge management. The empirical study emphasises how the reconfiguration processes force changes to occur over time on how a company has configured its dynamic capabilities and knowledge management elements. The data suggest that this is essential when the company aims at staying competitive in the long term.

The empirical data raises up the second adjustment which relates to the point that to reconfigure over time the company should be able to continue creating value for its customers and prospects better than its competitors. This is why customers and prospects are added as a factor to the reconfiguration process.

The third modification to the original model is the feasible culture of change factor in the reconfiguration process. The interview data highlights how it is crucial to have a culture that guides employees to drive the change and reconfiguration of processes, but this seems not to be enough. The data emphasises how it has to be also feasible for the employees to do the change or otherwise the reconfiguration will not happen even when the culture guides people towards it.

The blockers of reconfiguration seem to play such an essential role that they are added to the model. The blockers are yellow because their impact is opposite to all other factors in the model because if they are not mitigated, they will prevent a company from reaching sustained performance. The blockers can obstruct the link between the dynamic capabilities and reconfiguration process, and knowledge management and reconfiguration process, so the two-headed arrows between these factors are presented with dashed lines.

The last modification to the original model is that the sustained performance seems not to be a result of the reconfiguration process but a result of the whole model. The model consists of dynamic capabilities that are linked to knowledge management through the learning process, dynamic capabilities and knowledge management which have two-way interaction with the reconfiguration process, the reconfiguration process ensuring that the

company stays relevant over time, and the blockers of reconfiguration that should be mitigated to a level where they do not prevent the reconfiguration from happening. The data suggests that only when a company is able to master all the parts of the model, they have a chance to reach the sustained performance. This is why the sustained performance is presented after a curly bracket which demonstrates that it is a result of the whole model and not only the reconfiguration process.

The revised model of linking dynamic capabilities and knowledge management is the main contribution of this study to the management theory. The revised model deepens our understanding of how a company can reach towards the sustained performance and which factors are essential in this process. The study also emphasises how the revised model can be used to assess and develop separate business functions of a company. Customer success is used in the study as an example of this development process. Overall, the study extends the original model and links it to the practice through an empirical study of customer success development in the case company.

5.2 Recommendations for the case company drawn from the results

As different companies are in different stages in their customer success development, there cannot be drawn universal recommendations for all companies based on this study. Thus, the practical recommendations provided for the case company are case-specific and are given based on further analysis of the findings and the literature addressed in this study. These recommendations are presented to provide further value for the case company and to enable it to reach sustainable performance.

Assimilate the customer success as an essential part of the company's future growth: The case company should understand that the customer success plays an essential role in the SaaS company's sustainable performance. Thus, the case company should give high importance to it in its strategic planning and resource allocation.

It is vital that the company sees customer success including all the aspects of the model presented in this study including sensing and seizing capabilities, social and technical elements of knowledge management, learning, and reconfiguring the process based on customers' needs by utilising organisational resources, operational routines, and the culture of change. Moreover, all these aspects have to be addressed in the company, and the blockers of the process have to be mitigated for the customer success to enable sustainable performance for the company.

Find a talented and motivated owner for the customer success: The company has product managers responsible for developing the product in a valuable way and to reasonable direction, but there is no-one responsible for the customer success development which accounts for the service part of the SaaS offering. This can result in a situation where the product is developed to be superior, but there is no proper process for helping customers to gain the success with the product. This is why the customer success should be assigned an owner who has the motivation and talent to develop the process based on the findings described in the previous chapter. This owner should have enough power to conduct the required change in the current process and promote the change throughout the whole organisation.

Revise the company's innovation process: The company's current innovation process is top-down focused where the leadership dedicates resources to innovation initiatives, and the ownership of these initiatives is diffused to lower levels of the organisation. The four models of corporate entrepreneurship by Wolcott and Lippitz (2007) suggest that the company's approach related to innovation falls into the enabler model where the resource authority is dedicated to the leadership of the company and organisational ownership is diffused among suitable people in the organisation. The results of this study agree that the enabler model is the best one for the case company, but the company should revise the innovation process by changing its resource authority to accept also ad hoc resource allocation when appropriate and even further diffused organisational ownership so that more people would be involved to the innovation process. Figure 8 presents how this shift would move the case company's position in the four models of entrepreneurship matrix.

Figure 8. *Change in the case company's position on the four models of corporate entrepreneurship matrix by Wolcott & Lippitz (2007).*
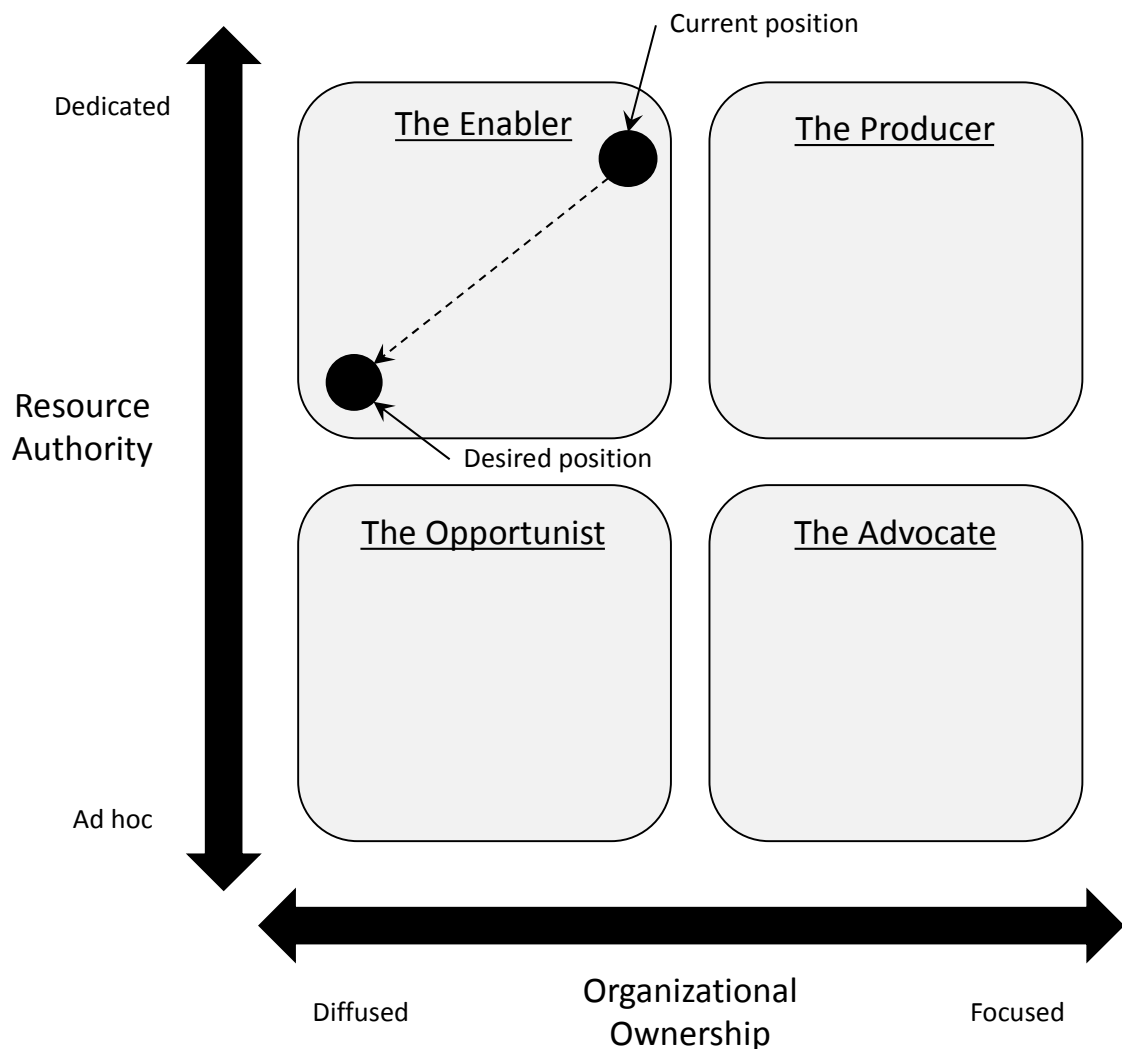
The new position supports better a bottom-up innovation process highlighted by the empirical study. The interviewees highlighted that the company needs to make the culture of change feasible and utilise the bottom-up innovation process to motivate people and to make the innovation process more efficient. The adjustment in the company's position in the figure represents the change in the innovation process as the company should not

abandon its current practices but rather adjust them to allow everyone to innovate and take ownership of initiatives. The desirable model would be a hybrid between top-down and bottom-up approaches and would make the culture of change feasible. The ad hoc part of the resource allocation could be the more flexible time allocation of individuals and when-ever these resources are not enough to develop the initiative further; resources should be acquired from the leadership. This way the organisational ownership would become even more diffused as everyone has an opportunity to start a small-scale initiative on his or her own time and still the majority of the resources would be dedicated for the leadership who can keep the control over the company development in the broader picture.

Rebalance engineering mindset versus design mindset: The case company has been heavily engineering focused on the past, and this has been driving the success the company has achieved. However, the company is now reaching a scale where serving only clients who are comfortable using complex and highly technical product is not enough. To reach sustainable performance the case company has to be able to adapt its product to be great for mainstream companies who are not comfortable using highly technical and sophisticated products. This change requires the case company to shift the mindset of product development and customer success from engineering-driven towards design driven mindset. The primary goal is to start focusing heavily on the user experience (UX) and try to make it as enjoyable as possible for these mainstream customers to use the product. The interviewees explained that without the mainstream customers, the company would not be able to continue growing fast enough, and the sustainable performance cannot be reached.

The empirical study highlighted that this rebalancing between engineering and design mindset could be done if the leadership would be focusing more on this. The interviewees highlighted that the main thing to focus on would be recruitment and leadership expressing the need for recruitment in the product design field. The company should focus on hiring a head of product design and more product design resources to the engineering teams. One interviewee noted:

> *"Do we need head of design and product design team? Yes, for sure. That's how it's going to be an that's how it should already be organised. We should have a product designer inside every developer team. So, every developer team should have a designer to whom they can always go to and discuss things."*

Another interviewee highlighted the importance of spreading the design thinking inside the company's organisation. She stated:

> *"The UX improvement would be more noticeable if we had more design minded people because really I believe that if we would have two more designers, the overall effect would seem more that we have four of them. Because if you just have more design thinking people in the company, it starts to spread, and you start to have more leverage of how things actually work. Spreading the design mindset is really important for us when we want to scale our business further from here."*

These were the four main recommendations for the case company based on the findings of this study and the literature. The company should assimilate the customer success as an essential part of the company's future growth, find a talented and motivated owner for the customer success, revise the company's innovation process, and rebalance engineering

mindset versus design mindset. The empirical study suggests that by following these recommendations, the case company could create a customer success process that supports sustainable performance, improve the innovation process, motivate employees, and continue growing through mainstream customers.

5.3 A critical evaluation of the findings, limitations of the study, and directions for future research

This study combines dynamic capabilities, knowledge management, and process reconfiguration with customer success business function and the resulted model provides a step forward in understanding the potential of customer success in SaaS business and how this potential could be utilised. Naturally, research like this has limitations, and its findings need to be critically assessed which are done in this subchapter. First, the results are critically evaluated, then are introduced the future research topics revealed by the study, and lastly, are presented the limitations of this study.

Critical evaluation of the findings: The first critic is that the study is done using single case method which naturally causes generalisability problem for the results. All the findings relate to the case company's specific situation and cannot be generalised to other cases based on this study.

The second critic is that this study does not have any proof that the customer success can result in sustained performance. The study bases its sustained performance argument only on Easterby-Smith & Prieto's (2008) model of linking dynamic capabilities and knowledge management. Thus, there is not any empirical proof that SaaS companies can reach sustained performance through customer success.

The third critic is that the study treats customer success as a separate business function even though in reality it is highly dependent on other business functions of the company. The study argues that customer success itself can result in sustained performance even though in reality other business functions are also needed. For example, the product is often a critical function of for a SaaS business which needs to be well connected to the customer success function. If the product is not competitive, it is likely that the company cannot reach sustained performance even if its customer success process would be advanced.

The fourth critic is that the case company is not advanced in the field of customer success and the interviewees have only a little experience with the topic. This is why the findings based on the interviews can be objected as they might not be effective activities to do in reality as no previous experience nor empirical results are backing them up.

The last critic for the findings is that the used model oversimplifies the situation and so it does not consider many important factors that a SaaS company could need to reach sustained performance. The situation is looked only through the learning process, dynamic capabilities, knowledge management, and reconfiguration with organisational resources and operational routines. The study is missing essential management topics like change management, and so the results can be argued to be deficient.

These critics are not responded in this study because they are outside of the study scope. Thus, they should be addressed by future research.

Directions for future research: The first new direction for future research is that the scope of this study should be extended by conducting multi-case researches to verify the findings of this study in broader circumstances. These studies should also broaden the scope outside of the SaaS business to investigate if the importance of customer success could be generalised to a broader set of businesses.

The second new direction for future research is that reaching sustained performance with customer success should be further validated with empirical studies. It would be important to do long-term case studies to see if customer success helps SaaS companies to reach sustained performance or is this just theoretical phenomenon.

The third new future research direction would be to link customer success to other business functions to find out the dependencies between these functions. This would help to gain a deeper understanding of the importance of customer success as a separate business function, which other functions are crucial for SaaS companies, and how the functions should be linked to each other.

The fourth new research direction would be to validate the findings of this study further by replicating this study with customer success experts and with an advanced customer success SaaS company. This would deepen the knowledge related to factors resulting in sustained performance and would allow comparison between companies who are in different customer success development stages.

The last direction for future research is that the model developed in this study should be expanded further to take SaaS business into account in a more holistic way. Future research should try to link the model with other important management research topics like change management to build a more comprehensive model that could eventually be used also with all kind of companies.

Limitations: Four (4) criteria are used to assess the limitations of this study. These criteria are based on Gibbert, Winfried and Wicki (2008) article that suggests internal validity, construct validity, external validity, and reliability to be commonly used to assess the rigour of field research, such as single case study like the one in question. Summary of the study limitations is presented in Table 2 below.

Table 2. Summary of the study limitations.

Limitation category	Level
Internal validity	Medium
Construct validity	Low
External validity	High
Reliability	Low

Gibbert, Winfried, and Wicki (2008) described internal validity to denote the causal relationships between variables and results. Smallbone and Quinton (2003) defined it as the level of consistency between observations and concepts. As this is an empirical case study where the data comes from qualitative interviews, internal validity can be seen as a notable limitation. Interview data matching with prior research results are done subjectively by the researcher which decreases the internal validity of this study. Overall, the internal

validity is argued to be on the acceptable level in this study, but future research should further validate this.

Construct validity relates to the quality of the conceptualisation of the relevant concept (Gibbert, Winfried and Wicki, 2008). In other words, it means how well the research represents an accurate perception of the reality. This research follows a clear path through the research questions which are designed to express a clear chain of evidence for the findings. The path is based on Easterby-Smith & Prieto's (2008) model. This path was made explicit throughout the study to enhance the construct validity. However, the construction of the research path is always affected by the author's bias and subjectivity which lowers the construct validity. For example, the interviewees' low expertise level on customer success might have caused them to describe the situation unrealistically which would create a construct validity problem for the study. Overall, the construct validity level is argued to be on the acceptable level as the research path is based on well-recognised prior research.

External validity also known as generalizability relates to how the findings of the study can be shown to account also in other settings than in which in which they were studied (Gibbert, Winfried and Wicki, 2008). Construct validity and internal validity are a precondition for external validity (ibid). This study has significant limitation related to external validity as single case method was used which meant that the results cannot be generalised to other settings based on the data of this research. As Eisenhardt (1989) argued, a cross-case analysis should involve four to 10 case studies to provide a reasonable basis for generalisation. However, this was outside of the scope of this research. Thus, future research should utilise cross-case analysis to generalise the findings of this study further.

Reliability regards to the absence of random error. Research has high reliability if it can be repeated by following the same steps again and the new study will arrive at the same insights again (Gibbert, Winfried and Wicki, 2008). Reliability problem was mitigated by improving the transparency by disclosing the steps of the case study in Chapter 3. Further, the replication of the study was enhanced by accumulating all interview data to one common database where they are easily accessible. However, it is always difficult to replicate all the steps of interview-based research as the knowledge sharpens further when the study proceeds. Also, the expertise and motivation of interviewees affect the results when semi-structured interviews are used as was in this study. These factors naturally decrease the reliability of the study.

5.4 Concluding remarks

This thesis studied how customer success process could be developed to be a source for sustained performance in a software as a service (SaaS) company. The objective was to provide a holistic understanding of the phenomenon in the case company's circumstances: how the SaaS company can develop a customer success process to be a dynamic capability, what knowledge management elements the SaaS company should consider when developing the customer success process, which operational routines and organisational resources are needed to orchestrate the customer success process, and how the process can be reconfigured over time. A vast body of literature regarding dynamic capabilities, knowledge management, and linkage between these two research areas was synthesised, and based on that, a conceptual framework for reaching the sustained performance was formed. In the empirical part, the case company's customer success process was examined

and evaluated with the single case method. Finally, the findings of the study were discussed with relevant literature, and concrete recommendations were given for the case company to develop the customer success process to be a source of sustained performance.

Customer success is a significant revenue source and growth opportunity for SaaS companies, and a functional process like it could even become a source of sustained performance for the company as this study described. These two points make it clear that SaaS companies should give a high priority to the customer success process and with the findings of this study, these companies are better equipped to leverage the full potential of it in their businesses.

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Appendix 1. Interview guide

Interview guide

Main research question:
- How can a Software as a Service (SaaS) company develop customer success process to be a source of sustained performance?

Sub-questions:
- How can existing and prior knowledge be utilized to develop a customer success process that enables a company to sense and seize new opportunities related to prospects and existing customers?
- What social and technical elements of knowledge management should be taken into account when creating customer success process that can lead to sustained performance?
- Which operational routines and organisational resources are needed to orchestrate this customer success process?
- How can this process be reconfigured over time in order to keep it relevant in long term?

Interview agenda:

Intro
- Person introduction and the background of the topic

- Main themes and the flow of the interview
    - **Part 1:** Sensing opportunities and threats.
    - **Part 2:** Seizing opportunities and threats.

Part 1: Sensing opportunities and threats
- How could we sense opportunities and threats related to our prospects and customers more efficiently?
    - What kind of data and organizational knowledge we need to access in order to achieve this?
        - Is this knowledge explicit or tacit?
        - Does this knowledge already exist, or do we need to create it first? (exploration, exploitation)
            - Do we have access to the existing knowledge so that it can be utilized already?
    - What kind of technical solution we need for managing this process?
    - What kind of social solutions we need for managing this process?
    - What kind of resources we need to allocate or create for this sensing process and its development?
    - What kind of routines we need to have or create related to this?
    - How will this process be different from the current processes we have to sense opportunities and threats?
    - Can you foresee any challenges or inhibitors that could undermine the development of the sensing process?
    - How this sensing process can be reconfigured over time in order to keep it relevant in long term?

Part 2: Utilizing (seizing) the best opportunities and preventing threats
- How could we seize these opportunities and prevent threats from being realized?
    - What kind of technical solution would help us to manage this process?
    - What kind of social solutions we need for managing this process?
    - What kind of routines we need to have or create to achieve this?

- What kind of resources we need to allocate or create for this seizing process and its development?
- Is there some additional data and organizational knowledge we need to have related to this seizing process?
    - Is this knowledge explicit or tacit?
    - Does this knowledge already exist, or do we need to create it first? (exploration, exploitation)
        - Do we have access to the existing knowledge so that it can be utilized already?
- How does this new process of exploiting, building new opportunities will differ from the existing processes we have?
- Can you foresee any challenges or inhibitors that could undermine the development of the seizing process?
- How this seizing process can be reconfigured over time in order to keep it relevant in long term?

Appendix 2. The full data structure

1st order concepts	2nd order themes	Aggregate dimension

Utilise the data software platform possess

Segment the data to uncover individual customer needs rigorously

Standardise monitoring of customer segment specific metrics

Visualise the learnings

→ Internal data collection, analyses, and visualisation

Collect systematically data from external sources to form holistic view about the business environment and its opportunities

Segment the data to uncover individual customer needs rigorously

Integrate visualisation with internal data

→ External data collection, analyses, and visualisation

Standardise tacit information codification to CRM

Visualise the learnings

→ Tacit knowledge collection, analyses, and visualisation

→ **Sensing capability**

Use existing communication processes to motivate people internally to learn

Identify and convince key stakeholders needed for internal selling

→ Mechanisms for internal adoption

Share suitable data straight with the clients

Create clear onboarding and feature adoption paths for different customer lifecycle stages

→ Mechanisms for automated customer engagement

→ **Seizing capability**

Lack of commitment from the company

Lack of overview and vision

→ Customer success will not be considered as a high priority

Inefficient value communication

Potential added value can't be reached

→ Complexity of the SaaS platform

→ **Blockers of the building process**

1st order concepts	2nd order themes	Aggregate dimension

Radical candor keeps individuals from slacking

Adequate guidance for new team members

→ Culture which guides individuals to learn and evolve

Familiarisation between individuals supported with global companywide events

Global cross-team customer cases supported and encouraged

→ Familiarisation and collaboration between locations globally

Strong feedback loops between customer teams and product teams

Cross-team initiatives

→ Structured cross-team collaboration

→ **Social elements**

All customer success data should be in easily accessible format

→ Single database for all customer success data

Technical solution for visualising analysed customer success data

→ Dashboards visualising customer success knowledge

Storing customer team tacit knowledge in explicit format

Location for the visualisations

→ Customer relationship management software

Tools for analysing customer behaviour

Communication mediums for automatic notifications

→ Technical solutions for automatic customer engagement

Technical solutions for customer lifecycle paths

Way to motivate customers to develop further in their lifecycle

→ Gamification of customer lifecycle

Remove obstacles preventing customers taking actions based on automatic engagement

→ Improve UX

→ **Technical elements**

Organisation expansion happens too rapidly

Global expansion alienates teams

→ Learning culture dilutes

Technical hiring focuses only on product development

→ Company is not looking for the right technical talent

→ **Knowledge management blockers**

1st order concepts	2nd order themes	Aggregate dimension

Highlight learning culture during employee onboarding
Owner of employee onboarding
→ Employee onboarding

Structured knowledge share and teaching templates
Utilise companywide information sharing processes
Structured information flows
→ Internal knowledge sharing

Customised mass communication for customer segments
→ Scalable customer communication

Standardised routine making innovation of individuals feasible
→ Structured mechanism for innovation of individuals

→ Operational routines

Owner of customer success development
Customer success focused resources
Acquire experience and develop know-how for the customer success development
→ Organisation for the customer success development

Possibility for individuals to effect their time allocation
Owner of innovation organising
→ Flexible time allocation for innovation

→ Organisational resources

Information silos
Information overload
→ Information sharing
→ Blockers of orchestration

1st order concepts	2nd order themes	Aggregate dimension

Culture of change is encouraged
It is feasible for individuals to drive the change
→ An accepted and feasible culture of change

Standardise metrics for measuring customer success impact
Standardise process for monitoring customer success impact
→ Knowing the impact of the customer success

Always solve customer problems
Strong feedback loop with customers
→ Stay close to your customers and prospects

Clear and motivating North star
Dynamic planning process
→ Long-term planning

→ Reconfiguration

Need of reconfiguring is misunderstood
Fast pace is not adjusted during reconfiguring
→ Reconfiguring is not realised to be a high priority

Employees stay too busy with their day-to-day work
Business goals are not based on data and are unrealistic
→ The culture of change is not made feasible

→ Blockers of reconfiguration