

vmware®

Customer Advocacy



2013 Annual Report



Eric Wansong

Vice President, Customer Advocacy



VMware Customer Advocacy Highlights

In 2013, the VMware Customer Advocacy team focused on our mission to **“create experiences and solutions our customers and partners love.”** To that end, we actively solicited and listened to our customers, partners, and employees through a variety of ‘listening posts’. Most importantly, we leveraged this feedback, taking action to improve the customer experience. The team is dedicated to working with stakeholders across the company to promote experiences that set VMware apart. In doing so, we progress towards our ultimate vision, **“to have our customers and partners recommend VMware above all others.”**

Working with our executives and employees, the Customer Advocacy team helps focus the company on taking actions that impact the top drivers of customer satisfaction and loyalty. Examples include rolling back vSphere vRAM pricing, revised product testing methods, improving the accessibility of corporate strategy and product direction materials, a number of ‘ease-of-doing-business’ initiatives, and various region specific initiatives undertaken by our field teams. Our goal is to empower every VMware employee to be a customer advocate, creating a culture of customer-centricity.

The cornerstone of our team culture is integrity, supported by the pursuit of excellence, personal accountability, and personal discipline. Our behavior and passion for our customers is contagious. Employees, partners, and customers are taking notice of our efforts and joining with Customer Advocacy to drive continuous improvements.

We are continuing our customer-centricity focus and working across the company to improve the customer experience throughout 2014 and beyond. It’s a privilege to support this team, and I’m proud of VMware’s commitment to our partners’ and customers’ success.

Best regards,



Enabling a Customer-Centric Culture



Insights

Our customers, partners, and employees are rich sources of insight into how our products and services are performing, what it's like to interact with VMware, and where we need to improve. Our mission is to capture, prioritize, and share those insights across VMware, so that we can continually improve the experiences our customers and partners have with us.

Listening is one of our strengths.

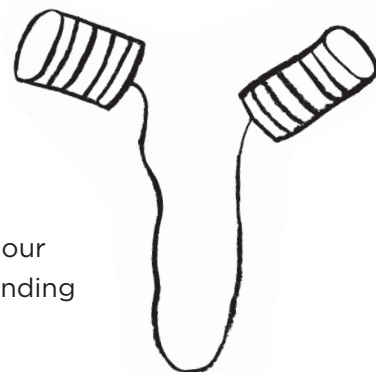
When asked how we can improve, our customers and partners often take the time to offer thoughtful and detailed responses that help us pinpoint needed actions. We are grateful for these insights, and offer sincere thanks to everyone who contributed. To ensure that we capture the most actionable feedback, we have developed a number of formal and informal listening posts. These include:

- **Surveys**

We employ formal relationship surveys, topical surveys, and event-driven surveys designed to capture key metrics and identify performance improvement opportunities.

- **In-Person & Telephone Interviews**

We meet regularly with customers and partners to augment our quantitative efforts. Why? Action planning requires understanding business context. There's no value in hiding behind surveys.



- **Workshops**

We conduct collaborative working sessions with our customers and partners, helping us to understand their needs and getting to the root of improvement opportunities.

- **Secondary Research**

We work with third party consultants to focus and independently validate our findings and actions while also gathering valuable industry benchmark data.

- **Social Media**

We monitor feedback on social media, comparing it with other sources of insight for an even more comprehensive picture.

In each of these listening posts, we seek to understand how others perceive our brand, services, and products. We capture and faithfully represent what we hear, taking care not to make assumptions about concerns or preferences. We then channel these insights to the rest of the company, working closely with teams across VMware to champion customer-focused behavior.

Listening post feedback from customers:

“It is very commendable VMware is making an effort to listen to the customers.”

“Your idea to survey your customers shows quality leadership.”

“Keep listening to and implementing feedback from end-users and partners.”

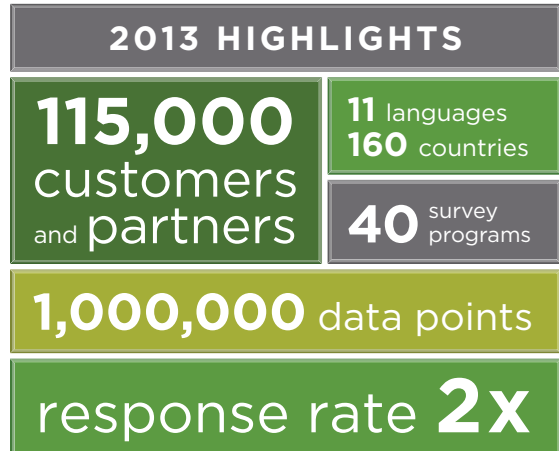
“If I were a CEO, I would want to know these things and make a plan to accommodate if possible, so thanks for listening, and I applaud your efforts.”

“The fact that VMware listens to its customers is very refreshing. Many companies do not. Keep listening!”

“This is a great survey. I’m going to suggest our sales teams do the same thing with our customers.”

Insights Highlights from 2013

- Captured feedback from 115,000 customer and partner individuals
- Administered more than 40 individual survey programs to customers, partners, and employees
- Collected more than 1M data points of feedback
- Deployed surveys in 11 languages in 160 countries
- Ensured representation from all regions, all demographics
- Doubled response rates from 2012 by improving awareness, optimizing the invitation process, and redesigning distribution methods



Customer and Partner Insights Influence Priorities

What we hear influences what we do. The insights we gathered in 2013 led us to develop the following priorities:

Our Roadmap

Company strategy and our product plans need to be more clear, more coordinated, and more broadly communicated, facilitating alignment with our customers and their plans.

Our Products

Continue to deliver on the promise of product quality across all of our offerings and make our products easier to use.

Our Operations

We could be easier to do business with, our pricing and licensing options could be clearer, and changed less frequently. License suites and bundles could be more easily understood, implemented, and managed.

Engagement

Hiding out in 'corporate' is no way to truly understand the customer and partner experience. Customer Advocacy has a select number of globally distributed staff residing within our three regions. This team is focused on educating regional leaders on country-specific customer feedback, driving region-specific action planning, and handling exceptional situations. Our goal is to build advocates across the entire company, in every location around the world.

An empowered team.

We advise and empower our teams on how to listen to customers and partners, and how to prioritize and facilitate change. Our mission is to serve our customers more effectively, so that their loyalty and satisfaction with VMware continues to grow.

Based on direct field experiences, we amass best practices and key resource information into a Field Resource Guide designed to empower our employees to better serve our customers.



Engagement matters:

We don't measure our own success – the people we serve on a daily basis do.

“Thanks to Customer Advocacy, our customer is now satisfied because we listened to their issues, clearly explained next steps, and resolved the issues without involvement from multiple groups.”

– VMware Employee

“I'm very grateful to be part of an organization with people like you in Customer Advocacy, who truly make a difference.”

– Manager of Inside Sales, VMware

“Your help here has been invaluable – I was not getting anywhere until you stepped in. I really appreciate it, and the customer is very happy with the result.”

– Enterprise Account Manager, VMware





Discovery

We use customer feedback as a tool to understand where we shine — and uncover areas where we can improve. We initiate conversations across the company about the challenges we face, and how we can work together to deliver improved solutions and experiences.

We're digging deeper.

To solve the right problems, we are very strategic in how we organize our discovery efforts. Our process has three main components:

- **Find patterns**

We look at customer experience trends to find themes, systemic issues or emerging issues, such as broken or missing processes.

- **Look for causes**

Using objective data, we probe deeper into the most prevalent issues to determine their root cause. As a result, we often uncover improvement opportunities we didn't even know were possible.

- **Develop solutions**

Once root cause has been determined, we share our learnings with the proper business units, develop recommendations, and create a plan of action.

Discovery is a journey - and we're learning at every step of the way. It gives us the opportunity to understand what needs to change, and how we can use that knowledge to bring often-disparate teams together to take necessary actions.

Transformation

We don't just want to solve problems — we want to positively transform and evolve VMware to be progressively more customer-centric. From process changes to product usability, we take every opportunity to focus company priorities and resources on strategies that will make the biggest difference for our customers.

It's all about the customer.

With the help of our executive sponsors, we define a strategy focused on the top three drivers of customer loyalty and satisfaction by managing a customer loyalty scorecard that tracks key company-wide projects and programs. For 2013, customer feedback generated the following focus areas: **1. Awareness of and alignment with our company strategy and product plans** **2. Product quality and ease of use** **3. Ease of doing business**

SCORECARD FOCUS AREAS

ROADMAP	PRODUCT	EASE OF DOING BUSINESS
<p>Our Strategy: Awareness, Clarity and Alignment</p> <p>Our Focus Areas: Transparency, Content, Enablement</p> <p>We are actively working to:</p> <ul style="list-style-type: none">• Communicate our vision & strategy more broadly across our customer base• Drive consistency and clarity throughout our product roadmaps• Incorporate customer input into content development process	<p>Our Strategy: Consistency</p> <p>Our Focus Areas: Quality, Install/Upgrade, Usability, Interoperability, Serviceability</p> <p>We are actively working to:</p> <ul style="list-style-type: none">• Continue delivering on the promise of product quality, across all of our offerings• Improve usability across our products, with initial focus on install & upgrade processes	<p>Our Strategy: Simplify</p> <p>Our Focus Areas: Streamlined Business Processes, Customer Experience, Product Packaging, Metrics & Models, Install Base</p> <p>We are actively working to:</p> <ul style="list-style-type: none">• Improve our ongoing business interactions with customers• Provide clarity by simplifying our licensing transfer processes• Set strategy of additional processes for simplification and improved ease of use
<p>INITIATIVES</p> <p>○ <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p>	<p>○ <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p>	<p>○ <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p>
<p>HOW WE MEASURE SUCCESS</p> <p>We measure the success of key initiatives and work streams with our Customer Loyalty Scorecard. We continue to gather feedback from our customers, partners, and employees to refine initiatives or adjust our approach based on what we learn.</p>		

Change is good.

As a result of customer and partner input, we made the following transformations in 2013:

- **Strategy and Product Plans**

We publicly clarified our company strategy, and communicated three main focus areas: software defined data center, hybrid cloud, and mobility.

- **Product Quality**

We renewed our focus on the quality of our products, initiating modified ‘real world’ testing methods that better leverage our own IT infrastructure. Our core product development life cycle was extended to allow more time and development for ‘ease of use’ attention.

- **Business Processes**

We reviewed and improved a number of business processes in 2013 and continue to prioritize new ‘ease-of-doing’ improvement initiatives as part of our 3-year strategic plan.

Project Simplicity — Case Study

On July 17, 2013, we launched Project Simplicity. Our goal was to simplify the entire license transfer experience.

Our customers and internal VMware employees told us that the license transfer process was lengthy, frustrating and confusing. After investigation, here’s how we addressed a number of their concerns:

- **Greater Clarity**

Published clearer usage distinctions between our internal processes, and removed outdated and unnecessary forms.

- **Better Expectations**

Published clear process acceptance criteria.

- **Improved Process Transparency and Accountability**

Leveraged a unified and automated process designed to consolidate and track requests and activities across all participating teams.

- **Simplified Processes**

Reduced the number of necessary process steps between internal departments.

Project Simplicity allowed us to:

- Establish clear customer expectations at the start of each transfer
- Reduce process error rates from 30% to 15%
- Reduce the number of license transfer escalations by 86% (2012 vs. 2013)
- Handle license transfers consistently across all departments

With no license transfer escalations since Project Simplicity has gone live, we're pleased to announce that this project is meeting its goals. Here's what team members had to say:

“ I have not had a single escalation regarding an LATF since the new process was implemented. I can say with certainty that it has decreased sales rep involvement and cycles significantly. ”

— *Joshua Lingenfelter, VMware Americas Territory*

“ Everything is clear and understandable. There is no need to send a follow-up email for an update; all documents are attached in the case. This is a good thing for us as a team, as well as for our customers. ”

— *Agata Laptus, VMware Licensing*



Experience

The experience people have with our commercial websites affects how customers and partners feel about VMware. Our mission is to create experiences that are memorable, gratifying, and productive. By getting to know our customers, partners, and internal business owners, we can better understand their needs and expectations.

We take our customers seriously.

We use collaborative design sessions, surveys, usability studies, and more to ensure a cohesive digital experience across all our online applications.

Highlights from 2013

Our user experience team accomplished much in 2013, including:

- **Improvements across the board**

We enhanced the My VMware site with license management, reporting, and software download experience improvements.

- **New apps and resources**

We created a new My VMware mobile app, and created a 'Patterns Library' that provides VMware and its development teams resources to create compelling and consistent digital user experiences.

- **Better functionality for cloud services**

We designed functionality for our new cloud management service, and created two partner portals to support VMware's new cloud services business.

What customers are saying:

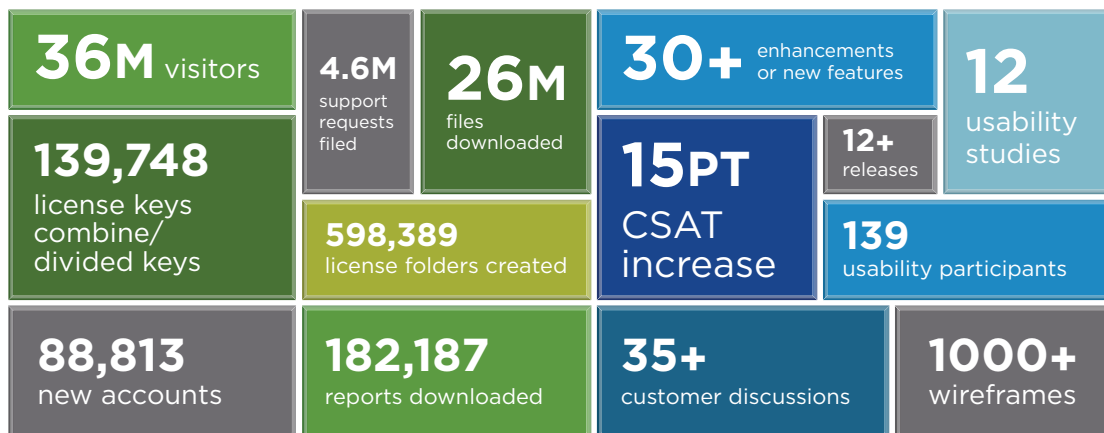
Here's what we heard about the experience improvements made in 2013:

“I am extremely pleased with the new licensing interface. It is very easy for a manager to order and maintain licenses for employees. Good job!”

– VMware Customer

“I'm extremely impressed with the changes to the VMware download process between vSphere 5.1 and 5.5.”

– VMware Customer





2014 Customer Advocacy Priorities

Looking ahead to 2014, we'll continue to focus on the key drivers of customer loyalty and satisfaction:

- **Communicating our strategy and product plans**
- **Maintaining our commitment to product quality & ease of use**
- **Streamlining our business operations**

We will continue to listen to our customers, and reconcile company priorities based on the feedback we receive. Our work is always changing — and we know there are always opportunities for improvement.

We exist for our customers, partners, and our VMware family. We're delighted that you participate so enthusiastically in our programs, and we encourage you to continue to voice your opinions to us. You are central to our plans.

Hello

Meet our Customer Advocacy team. We're here to help.



BACK ROW:

Michael Kopcsak – Director, User Experience
Nikki Narang – Senior Strategist, Customer Experience
Eric Wansong – Vice President
Kate Woodcock – Director, Customer Advocacy
Patricia Patzack – Senior Manager, Regional Customer Advocacy, CEMEA
Debbie Rouiller – Manager, Regional Customer Advocacy, Americas
Colm Coakley – Senior Manager, Regional Customer Advocacy, EMEA
Greg Daly – Senior Director, Customer Advocacy
Steve DiLiberto – Director, Customer Advocacy, Americas
Brian Hodges – Senior Manager, Regional Customer Advocacy, Americas

FRONT ROW:

Beth Lawson – Senior Administrative Assistant
Razz Cortes-Maceda – Senior Strategist, Customer Experience
Alicia Gray – Senior Program Manager, Insights
Michelle Clopton – Senior Manager, Communications
Gab Dracopoulos – Senior Manager, Regional Customer Advocacy, APJ
Shveta Aneja – Principal Designer, User Experience
Yaping Xie – Senior Designer, User Experience
Joy Yang – Senior Manager, Insights
Sandy Keys – Senior Manager, Regional Customer Advocacy, Americas
Kathleen Bean – Director, Customer Advocacy
Sudha Vallabhaneni – Senior Program Manager, Transformation
Vivian Choi – Designer, User Experience
David Loughlin – Senior Strategist, Customer Experience

MISSING FROM PHOTO: **Stephanie Chen** – Principal Designer, User Experience; **Robbie Clark** – Senior Manager, Customer Advocacy; **Cheryl Davis** – Director, Customer Advocacy, APJ; **Laurie Harris** – Senior Program Manager, Transformation; **Jill Lengre** – Senior Strategist, Customer Experience; **Rocky Liu** – Senior Customer Advocacy Manager; **Itsuko Nakano** – Senior Customer Advocacy Manager