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# True Stories of Customer Service ROI:

The real-world benefits of Zendesk

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## Introduction

Any manager whose business thrives when customers are happy immediately understands the value of excellent customer service. The connection between customer satisfaction and future revenue is well established. The business challenge lies in providing exceptional customer service while at the same time maintaining cost-effective operations. The system used to support customer service has a significant impact on both business outcomes and costs.

Based on in-depth interviews with Zendesk customers, this paper investigates the value that customers have received from their investments in Zendesk, a cloud application for better customer service.

These customers reported significant, measurable operational savings from their use of Zendesk, in addition to gaining a wide range of qualitative business benefits. Frequently reported areas of quantifiable value include:

- Increased agent productivity
- Decreased ticket volume
- Avoided costs for in-house deployment

This paper also considers other key benefits experienced by Zendesk users including increased visibility, accountability, better customer service, and flexibility.

## Quantifying the ROI of Zendesk

Many customer service organizations that want to invest in their systems must build a business case to justify the cost. Typically that business case must include detailed financial impacts. The goal of this paper is to identify the most straightforward monetary impact of Zendesk in order to support business case development.

It should be mentioned that monetary savings are not the first thing that customers talk about when they discuss the value they receive from Zendesk. It can be hard to put a clear dollar value on the most important benefits: increased customer satisfaction, management visibility, data that informs better business decisions, happier agents, and so on.

“Quantify the ROI of Zendesk? That would be the same as the ROI for oxygen. Our customer service team, and our business, can’t live without it.”

That said, it is very easy to make a numbers-based case for Zendesk by focusing on the easily calculated metrics of agent productivity, service ticket volumes, and total solution costs.

### 1. The ROI of Increased Agent Productivity

Headcount is the biggest cost for customer service organizations. While the companies in this study understood the need to deliver excellent customer service, there was not an unlimited pile of money to hire their way to excellence. Managing headcount costs while maintaining the highest standard for customer service is a key driver for the Zendesk investment. As one participant said, “We can’t just continue to hire and hire to help our customers. Zendesk provided clear ways to improve our processes and be more efficient without sacrificing excellent service.”

Zendesk customers report their biggest and most immediate cost savings from simply making it easier for an agent to answer a ticket. Although Zendesk has several features that increase productivity, two features came up consistently as particularly impactful when customers discussed the system’s ROI.

First, customers realized tremendous savings from using the built-in workflows with automated actions. Reducing the number of steps to resolve a customer inquiry allowed the same number of agents to handle many more tickets.

This feature was particularly appreciated by customers who had experience with other customer service solutions before purchasing Zendesk. Other products require an agent to jump through many unnecessary and time-consuming steps: go to a queue, click an item, read some details, click again to assign it, click to save the assignment, then to go their own ticket list, click again, open another page to type a response, and so on and so on.

The Zendesk interface was thoughtfully designed to enable the same response in only a few steps. Customers frequently reported that they went from 8–12 steps to resolve a typical service request in a prior product to only 2–3 steps in Zendesk.

“It took eight minutes to log a ticket in the old system; with Zendesk it takes two minutes to do the same thing. It’s a massive benefit in terms of time and efficiency.”

The second Zendesk capability mentioned frequently in ROI discussions was the ability to easily create a ticket from any channel of inquiry—website, phone, email, chat, or even social media. This capability streamlined responses to customers who communicate with multiple methods, as well as reducing the need to manually log inquiries.

“Before Zendesk, customers could call or send emails to any of 24 different departments. We discovered more than one instance when we had 10 different responses to the same inquiry! Now Zendesk creates one ticket owned by one agent.”

“All our service channels automatically feed into Zendesk. You can tie calls in and generate tickets. This is so much better than manually logging calls, which is just not fun for anybody.”

The ways in which Zendesk delivered dramatic increases in agent productivity was clear to customers, and this clarity enabled a straightforward calculation of financial impacts. Actual productivity gains depended heavily on what was being done before. In cases where Zendesk was the first system, productivity typically increased by 50–70%. When Zendesk replaced another system, typically productivity gains were reported at 30–35%.

“We had a solid 35% increase in the number of cases we could handle with the same team, just by cutting the manual clicking and typing.”

“Our business has grown so much during the last six months that without Zendesk we would have needed to hire 3 or 4 more people in addition to the 12 we have on the team now. We’ve been able to keep headcount flat.”

“Before Zendesk, we were averaging six contacts per hour per agent. Now we’re at eight. I want to be clear that we’re not trading off speed for quality. Our single-contact resolution has actually increased at the same time.”

## PROJECT METHODOLOGY

Zendesk commissioned Dimensional Research to interview active customers in order to obtain in-depth feedback on the actual value received. Dimensional Research conducted telephone interviews with Zendesk customers, and this report is a summary of those conversations.

Zendesk secured the participation of customers for the interviews, then passed their contact information to Dimensional Research. Zendesk did not participate in the interviews. All content in this report was taken from interview transcripts, although some quotes have been edited for grammar and readability.

Participants were not compensated for participating in this research project, although as a token of appreciation for their time, a donation was made to a charity of their choice. To encourage honest and unfiltered feedback, participants were ensured anonymity.

## PARTICIPANT PROFILE

The participants are all responsible for managing customer services teams and actively use Zendesk as their main customer support solution. The end customers supported by these teams included consumers, businesses, and internal employees.

The customers worked in a wide range of industries including retail, real estate, education, software, hospitality, non-profit and more. This global study included participants from the United States, Europe, and Australia.

To assign a dollar value to these productivity gains, Zendesk customers used a simple calculation: productivity gains multiplied by headcount costs.

For example, without Zendesk one participant would have needed to hire more than four agents to handle increased business. With Zendesk, he was able to stay at his existing count of 12 agents. His calculated savings just from agent productivity was the fully loaded cost of four additional agents, which for his business would have been around \$200,000.

# of agents without Zendesk	16
# of agents with Zendesk	12
<u>Headcount hiring avoided</u>	<u>4</u>
Fully loaded agent annual cost	\$50,000
<u>Annual agent productivity savings</u>	<u>\$200,000</u>

Another participant applied a “% improvement in productivity” calculation to quantify savings. With Zendesk, each agent could handle 33% more tickets per hour. When multiplied by the total headcount costs, the annual agent productivity gain from Zendesk has a value of over \$350,000.

Annual headcount costs	\$1,100,000
<u>% productivity gains with Zendesk</u>	<u>33%</u>
<u>Annual agent productivity savings</u>	<u>\$366,300</u>

## 2. The ROI of Decreased Tickets

All customers in this study felt they could justify their investments in Zendesk based only on agent productivity gains. However, another important and easily measurable area of savings is proactively preventing tickets, called “ticket deflection.” These savings are enabled by two key Zendesk Help Center capabilities:

- A self-service knowledge base
- Customer feedback and recommendations

“Using Zendesk, you can really pinpoint things you shouldn’t have your people dealing with anymore.”

For most companies, their first efforts at self-service and ticket deflection create an initial impact of a 5–25%

ticket reduction, then ongoing, smaller reductions as they continued to address their biggest issues.

“Zendesk powers our external support page. Implementing the support page with the knowledge base, we immediately saw a 7–10% reduction in incoming contacts. Now we have an ongoing philosophy of finding new ways to reduce tickets and streamline workflows. You’re never done with this process, and we’re always getting better.”

However, savings in this area varied widely depending on the business. Gains from ticket deflection could be significantly higher, as seen by one Zendesk customer, a software company that had just released a new product. They used Zendesk to gather customer feedback and recommendations that led to new knowledge base articles and even product changes that ultimately reduced tickets by 70%.

“We didn’t have much in place to handle issues proactively and the ticket load was getting out of control. It was getting to the place where we couldn’t do anything but customer support. So we used Zendesk’s recommendations for topic suggestions and 70% of tickets dropped almost overnight. The remaining requests were the real issues we wanted to spend time on.”

To calculate the savings from decreased tickets or “ticket deflection,” customers used this simple calculation:

*Cost per ticket times # of tickets prevented*

For service departments that serve consumers, the cost per ticket was frequently lower, but the volume of tickets that could be prevented with Zendesk was very high.

Cost per ticket (B2C)	\$9
# of tickets prevented (B2C)	50,000
<u>Savings from ticket prevention (B2C)</u>	<u>\$450,000</u>

For customer service departments in B2B companies, the number of tickets to be deflected was lower, but the cost per ticket was often much higher, resulting in similar savings.

Cost per ticket (B2B)	\$35
# of tickets prevented (B2B)	5,000
Savings from ticket prevention (B2B)	\$175,000

### 3. Cost Avoidance for Implementation and Maintenance

On their own, the metrics for productivity gains and ticket deflection more than justified the Zendesk investment for all participants. However, one other savings metric was also important when comparing Zendesk to other solutions: the cost of purchasing, implementing, and maintaining in-house systems. Customers mentioned a few areas where Zendesk offered lower total cost of ownership than alternative solutions including:

- Very low implementation costs
- No cost of ongoing IT maintenance
- Savings from use of existing integrations

Participants who had experience with other customer service solutions were quick to emphasize that Zendesk had the lowest implementation costs of any solution they had reviewed. Several participants were able to do the entire implementation with in-house resources, and those who did pay for consultants described several days of time with Zendesk, compared to weeks or months with other solutions they considered.

“It took just over a day to set up Zendesk for our environment. There was no additional cost except a bit of time, and you don’t have to be a technical person to set it up.”

“We had a consultant in for two days and we were ready to go. So much easier than our last experience, when we spent over \$20,000 and it took three months to get the system up and running.”

These lower costs continued past the initial implementation through the full ownership cycle for

the product. Anytime new functionality was required, each new Zendesk capability was considered very inexpensive to implement.

“With our prior product, I had to work with the admin plus a programmer to do something as basic as getting a better report to view the types and timing of tickets coming so I could build out our scheduling. And even then it would take two months to get it done. I was able to do the same thing with Zendesk in four minutes.”

Integration with other products was another area where customers avoided significant costs by using Zendesk. As a rule of thumb, participants budgeted at least \$5,000 for each integration they wanted to use. With Zendesk, these integrations were already written and freely available.

“We recently got the Salesforce integration from the apps forum. It took us 30 minutes to be integrated.”

“Integrations are a big part of the value. Zendesk has an enormous library of pre-written integrations that just plug in. Every integration we’ve tried has been up and running in just a few hours at the most, and we haven’t spent a single dollar on consultants to do integrations.”

When considering ROI, several participants compared Zendesk to an existing on-premises solution. Part of the ROI calculation was the ability to eliminate current costs of hardware, software, and labor for the servers that hosted their customer service solution.

“Because Zendesk is a SaaS-based product, you don’t have to worry about simply keeping the lights on. Take administration costs out of your proposal and zero out the line items for professional services and consulting.”

The calculation comparing the cost of Zendesk to an on-premises solution typically looked something like this:

	<b>Zendesk</b>	<b>On-premises</b>
Consultants - implementation	\$2,000	\$30,000
Servers	\$0	\$15,000
<b>Year 1 Total</b>	<b>\$2,000</b>	<b>\$45,000</b>
Year 1 Zendesk Savings		\$43,000
Consultants - annual ongoing	\$0	\$5,000
Annual system maintenance	\$0	\$5,000
<b>Ongoing Annual Total</b>	<b>\$0</b>	<b>\$10,000</b>
Ongoing Annual Zendesk Savings		\$10,000
<b>Total Zendesk Savings</b>		<b>Year 1: \$43,000; then \$10,000/year</b>

If the comparison of Zendesk was to a different hosted solution, the calculation would look like this:

	<b>Zendesk</b>	<b>Other hosted</b>
Consultants - implementation	\$2,000	\$30,000
Consultants - annual ongoing	\$0	\$5,000
<b>Total</b>	<b>\$2,000</b>	<b>\$35,000</b>
<b>Zendesk savings</b>		<b>Year 1: \$28,000; then \$5,000/year</b>

## Bonus: The Non-Quantifiable Benefits of Zendesk

Participants reported they were easily able to demonstrate a substantial return on their Zendesk investment with just a few key metrics. However, participants were consistently unwilling to limit the ROI discussion to a conversation just about the numbers. While our original line of questioning focused very specifically on hard ROI, the customers in this study went out of their way to emphasize the softer, qualitative benefits of using Zendesk including:

- Increased visibility
- Accountability
- Better customer service and increased revenues
- Flexibility

### Increased visibility

Customers were very enthusiastic about the operational visibility that Zendesk reports offer in several key areas. Customers frequently mentioned the ability to make better decisions as a result of better information.

“Before Zendesk I didn’t have data. Now I have data. I make better decisions. I know how many tickets employees can handle. I know who is most efficient and which of my people are better. I have the knowledge to assign the right people.”

“I use Zendesk data to be a much better manager. I look at how productive everyone is on a daily and weekly basis and if a person is a rock star. I do incentive schemes and measure agents on both the quantity and quality of their results.”

## Accountability

Visibility also leads to accountability. Having clear ownership of issues, along with documentation of what has been done, leads to better customer service. Participants emphasized that the accountability enabled by Zendesk helped the reputation of the service organization since they could also demonstrate their accountability.

“Simple things like having a fact-based conversation. If a VP calls and asks us about a customer, we can say ‘we did these three things on these dates and had this reply.’ We get right down to business issues now instead of arguing about who did what and when.”

“Our customers are very happy with Zendesk. Before we implemented it, customers felt that submitting a ticket was just a black hole. Now they can submit issues easily and track what is going on with them.”

“In the past, we had problems with the perception of the team. Zendesk has changed those perceptions. That alone justifies the subscription fee in my book.”

## Better customer service and increased revenues

The customers in our study cared deeply about their customers’ experience and genuinely believed that their teams did a better job with Zendesk. Problems don’t get lost, the teams can be more proactive, and results can be measured.

“Zendesk gives us instant insight into what is going on. We don’t have jobs sitting in a queue or staff that doesn’t know where stuff is anymore.”

“One of the features I appreciate most in Zendesk is seeing immediately the problems that haven’t been resolved. We can be proactive and escalate ourselves, which is a much better conversation to have with a customer.”

No participant in the study was able to say quantifiably that business growth was the direct result of this better customer service, but they all instinctively knew that it played an important part.

“We’re growing faster and doing better customer service. I can’t measure the impact, since we’re doing other things as well to drive business. But the entire business is confident that excellent customer service gives us an edge.”

“We have \$14 million more in revenue since adopting Zendesk. Marketing has done some things too of course, but we know we have had an impact.”

“I can’t tell you the exact impact using Zendesk has had on revenue, but we do know our customer satisfaction ratings have gone way up, and we know better customer satisfaction means more business.”

## Flexibility

Having a hosted customer service solution allowed customers to consider supporting new and flexible employee arrangements, for example, working from

home. These conversations came up as businesses evolved or needed to handle emergencies.

“After Hurricane Sandy hit the East Coast, we had a lot of agents who couldn’t get to the office. We got through it because they could use Zendesk from home.”

“As our business grew and we extended our support hours, I didn’t want someone leaving the office by themselves at 2:00 a.m. Zendesk lets our late shift work in the safety of their homes, which makes them and me feel better.”

## Conclusion

The participants in this study consistently reported that Zendesk’s solutions deliver real and substantial benefits, although approaches to evaluating ROI varied depending on the specific business needs of

each company. Specifically, Zendesk customers saw clear, hard ROI in the following areas:

- Higher productivity levels for agents resulting from the Zendesk built-in workflows, automated actions, and streamlined user interface
- Fewer tickets due to implementing self-service capabilities, identifying additional topics for the knowledge base, and product improvements based on customer feedback
- Lower ownership costs from Zendesk’s simpler implementation, integration, and maintenance

In addition, participants saw many benefits that were harder to quantify including:

- Increased visibility into customer service operations
- Accountability for service issue ownership
- Better customer service through measurable service activity
- Flexibility for telework and disaster recovery

“There is no way not to justify a solution that lets you be on top of your customer service game.”



## Example of Zendesk ROI – B2C

Zendesk Savings				
# of customer service agents				12
Fully loaded annual cost of service agent				\$62,000
Productivity savings from using Zendesk				30%
<b>SAVING: Annual agent productivity savings</b>				<b>\$223,200</b>
Number of tickets annually				32,000
Cost per ticket				\$10
Ticket reduction using Zendesk				10%
<b>SAVING: Annual ticket deflection savings</b>				<b>\$32,000</b>
Zendesk Cost of Ownership				
Zendesk Enterprise annual license costs				\$18,000
Services required for configuration and training				\$2,000
Additional support costs, additional module costs, hardware costs, maintenance costs				\$0
	<b>Total Investment</b>	<b>Total Savings</b>	<b>Net Savings</b>	<b>3-Year ROI</b>
<b>Zendesk 3-year ROI</b>	<b>\$56,000</b>	<b>\$765,600</b>	<b>\$709,600</b>	<b>1267%</b>

## Example of Zendesk ROI – B2B

Zendesk Savings				
# of customer service agents				5
Fully loaded annual cost of service agent				\$120,000
Productivity savings from using Zendesk				20%
<b>SAVING: Annual agent productivity savings</b>				<b>\$120,000</b>
Number of tickets annually				10,000
Cost per ticket				\$120
Ticket reduction using Zendesk				20%
<b>SAVING: Annual ticket deflection savings</b>				<b>\$240,000</b>
Zendesk Cost of Ownership				
Zendesk Enterprise annual license costs				\$7,500
Services required for configuration and training				\$3,000
Additional support costs, additional module costs, hardware costs, maintenance costs				\$0
	<b>Total Investment</b>	<b>Total Savings</b>	<b>Net Savings</b>	<b>3-Year ROI</b>
<b>Zendesk 3-year ROI</b>	<b>\$25,500</b>	<b>\$1,080,000</b>	<b>\$1,054,500</b>	<b>4135%</b>

## About Dimensional Research

Dimensional Research provides practical market research services that help technology companies make smarter business decisions. Our researchers are experts in technology and understand how corporate IT organizations operate. We partner with every client to deliver actionable information that reduces risk and increases customer satisfaction. Our research services deliver a clear understanding of customer and market dynamics. For more information visit [www.dimensionalsearch.com](http://www.dimensionalsearch.com).

## About Zendesk

This paper was commissioned by Zendesk, the leading provider of cloud-based customer service software. For growing organizations, Zendesk is the fastest way to enable great customer service. More than 30,000 Zendesk customers, including Gilt Groupe, Box, and Disney, trust Zendesk with their most valuable assets: their customers, partners, and employees. Learn more at [www.zendesk.com](http://www.zendesk.com).