

CASE STUDY · SEPTEMBER 22, 2021

Billing and Monetization as Strategic Enabler - Garmin Case Study

In 2016 Garmin purchased DeLorme, the maker of the inReach two-way satellite communication devices popular among outdoor adventurers. This acquisition gave Garmin a complementary product extension with a loyal customer base. Even more importantly, the DeLorme acquisition proved to be transformative to Garmin, for it brought with it an agile subscription and usage billing management platform with a broad set of monetization capabilities. The impact was strategic and long-lasting as it enabled Garmin to inject the subscription management expertise into other areas of its global business. Further, having a robust monetization platform during the pandemic enabled Garmin to retain its customers while allowing them to temporarily downgrade their service levels. This Case Study highlights Garmin's strategic view of monetization as a core business capability and details how it supports the company's premium market position.

GARMIN AT A GLANCE

Garmin Ltd. is a US-based, innovation-driven multinational technology company founded in 1989 by Gary Burrell and Min Kao. Since 2010 the company is incorporated in Schaffhausen, Switzerland. Garmin makes products that are engineered to help customers make the most of the time they spend pursuing their passions. With more than 16,000 associates in 82 offices around the world, a multiplicity of global channels and a mix of B2C and B2B customer relationships, Garmin brings GPS navigation and wearable technology to five key verticals globally - the automotive, aviation, marine, outdoor and fitness markets.

Evolution of Garmin Towards Digital Services

Originally largely a device and hardware company, Garmin had only a limited number of digital services until relatively recently.

DeLorme, for its part, developed the inReach two-way satellite communication technology in 2011 and introduced it along with a subscription-based service. Since then, the inReach device has become highly popular amongst outdoor enthusiasts in areas not covered by traditional cellular service.

Garmin purchased DeLorme in 2016, and in doing so gained the inReach technology and the subscription billing platform DeLorme had developed based on technology from agile billing software provider LogiSense. The acquisition provided DeLorme with resources to roll out the LogiSense monetization capabilities in the US and around the world. When Garmin began to integrate the monetization capabilities of DeLorme within its IT portfolio, it opened the window to transforming what used to be one-time purchases into an on-going subscriber relationship that needs to be nurtured and grown. That proved to be a pivotal point in Garmin's evolution towards an as-a-service strategy.

From that point on, Garmin began to acquire critical skills and capabilities to move into ongoing customer relationships and it matured as a company to support the processes and tools needed for effective subscriber acquisition, engagement and retention. The acquisition of DeLorme delivered to Garmin the product, the installed base, an agile monetization platform, and a critical set of skills and best practices to nurture long-term customer experience.

Garmin aims to deliver superior quality products and best value for customers. This premium product and service approach enables Garmin to command premium prices.

In return, Garmin customers expect and receive a premium experience. Many of the Garmin products and services have usage that varies seasonally and customers have grown accustomed to having an easy ability to dial their services up and down via self-service. Garmin has discovered that giving agency to the customer increases loyalty.

Garmin's monetization platform built upon LogiSense billing and monetization technology is now being extended across all of its hardware and software solutions. The company now has the ability to support its multi-channel sales motions – the customer has a consistent experience whether she buys through a dealer, direct on the web, or even via an OEM. And on the backend, operationally Garmin can manage a relationship from activation through the subscriber's journey – initiation/provisioning of service, payments, providing marketing messages within the invoices, etc.

More Than a Subscription

For an organization with a true omni-channel sales model, having the ability to support direct sales, channel sales (via distributors and dealers), OEMs, and via the website was critical for Garmin. They leverage a range of sales partners, particularly for selling the hardware. The software and support selling motion, however, is oriented towards a direct one-to-one relationship between Garmin and its end customer.

Garmin strives to deliver a seamless, premium value experience for its customers so being able to handle a wide range of billing scenarios beyond subscriptions was important. Equally important was the ability to manage and control critical operations associated with the customer – e.g., managing provisioning and (de)activations across the subscriber journey. Whether it is handled via reseller or directly with Garmin, every Garmin customer can expect to easily manage their plan, payment

updating, and access their invoices and statements. Given the high volume of sales that flow through channel partners, it's vital for Garmin to give its partners a high degree of confidence that provisioning and billing are smooth. In fact, some OEMs are provided a demo account to experience the end-to-end subscriber journey before they push any updates or changes to their customers.

The Garmin products lend themselves to a wide range of billing and monetization models, with subscriptions just one of the many that are supported. Whether in a B2C or B2B context, Garmin is able to deliver a variety of billing models and often it is a mix that is bundled together – e.g. a customer has a range of subscriptions (monthly/annual), a data usage plan, and a one-time charge. These can be sold via a partner, managed by the customer (e.g., the customer has the agency to dial the service up or down) and Garmin is able to support them directly.

Billing - Key Enabler of Customer Intimacy and a Brand Enhancing Asset

As a premium brand with a very loyal customer base, Garmin is mindful of maintaining strong brand values. Many of its products and services are used in critical moments. The inReach product, for instance, can be used to send an SOS message from a remote wilderness location. Customers depend on Garmin to deliver. From Garmin's perspective, trust and confidence have to be part of the entire customer experience – not just on the high seas or in the outback.

The billing experience is expected to match the quality, reliability, and precision of the hardware and software services the customer has come to rely on. Just as Garmin products give customers the freedom to roam in the wild, its services and overall customer experience are required to inspire confidence.

Garmin refers to its approach to support as “intentional support.” No detail is left out – just as the engineering precision of the products are held to a high standard, the end-to-end customer experience has to meet or exceed the exacting demands of the business. By giving its sales and distribution partners and customers agency with regards to provisioning services and billing, it reflects positively on the core brand values of the company. The entire subscriber lifecycle is consistent, with each step in the journey reinforcing the overall brand proposition.

The Pandemic Puts Garmin to the Test

In the early days of the COVID-19 pandemic, Garmin was expecting a spike in cancellations, thinking customers would tighten spending during the lockdown period. Garmin decided to get in front of its customers and adopt a “we are all in this together” approach.

Internally Garmin's support, billing, and marketing teams came together to adjust their policies and their website – it took less than a week. The fact that their billing system could adjust quickly gave the Garmin team confidence to reach out to its customers and offer month to month plans and waive certain usage and contract fees (contract remainder fees) – and it gave customers the ability to suspend or cancel their services without a penalty.

With some of its subscriber base on contracts with non-cancellable, minimum-contract commitments, Garmin chose to anticipate customer needs and allay any fears or financial stress – even though it could have enforced its contracts. Internally, the billing, support, and sales teams reached out to subscribers and proactively offered options to change or cancel plans without penalty. It also allowed subscribers to suspend services without charge.

Garmin felt it critical to embrace its subscribers and communicate as much as possible, letting customers know that this was an unprecedented time during which Garmin would stand behind them – even at the risk of losing the customer (and revenues). Of course, it's one thing to announce changes to a subscription, and it's something entirely else to operationalize it quickly.

Thanks to the flexibility of its monetization platform, Garmin was able to initiate the changes and put them into place quickly. If a customer called to cancel, the website and call center had scripts communicating the options immediately.

The customer reaction was overwhelmingly positive – Garmin turned a potential negative into an opportunity to generate long-lasting customer goodwill. But none of this would have been possible – at least not with such speed and precision – without a robust monetization platform on the backend.

WHAT'S NEXT

Due to its positive impact during the early days of the pandemic, Garmin extended its use of the LogiSense billing platform during 2020, and rolled it out to two more business units. The agility demonstrated by the platform during Covid reinforced what Garmin was aiming for – the ability to create a superior customer experience through its products and services – including billing and support.

Having an adaptable, flexible billing solution is not simply a back-office requirement, it's an essential component of Garmin's overall brand promise.