POLITECNICO DI TORINO

Department of Management and Production Engineering

Masters' Thesis

Customer Success in SaaS Industry - what is it and how can it be achieved?

Supervisor:
Prof. Emilio Paolucci

Author:
Vinitkumar Kshatri
S274074

March 2022

Abstract

Customer success has recently become one of the trending topics specially in the SaaS industry. Customers hold a lot of power in the SaaS industry as they could terminate the platform subscription at any point, and it is absolutely critical for SaaS companies to make sure that their customers keep using their software over the long term (Skok, 2010). As a result, terms such as customer experience, success & retention have come into spotlight. This Thesis follows a qualitative approach to understand how improvement of customer success processes in B2B SaaS industry increases the retention of customers and revenue streams.

It also clarifies the root causes of why SaaS firms lose out on customers in a long run and how best they could retain them. This study is centred around customer success and investigates how customer experience has an impact on retention. Methodology used for this case study is in-depth interview of stakeholders composed of employees of SaaS firms. The observations made in this case interview are analysed in the context of existing literature from fields related to customer success. The result is a set of propositions that are presented as a starting point for further exploratory research and empirical testing.

Acknowledgements

I would like to express my most sincere gratitude towards my academic supervisor, **Prof. Emilio Paolucci** of the Department of Management and Production Engineering (DIGEP) of the Politecnico di Torino, whose guidance and instant support have been invaluable throughout this study. I would also like to thank everyone in the below table for their time and detailed explanation which allowed me to complete this thesis.

Name	Designation	Company
Vinay Srinivas Prasad	Customer Success Manager	Wingman
Akshay Nadkarni	Customer Success Manager	Whatfix
Harshitha Lahari	Customer Success Specialist	Freshworks
Vignesh Raghunathan	Senior Project Manager – Global Consulting	Whatfix
Ankit Girwal	Customer Success Manager	Sprinklr
Jeremy Donaldson	Team Lead, Customer Success	Totango
Akshay Kiran	Customer Onboarding Manager	Container xChange

Table of Contents

List of Tables & Figures

List of Abbreviations

CS – Customer Success

CSM – Customer Success Management

CX – Customer Experience

AIDA – Attention, Interest, Desire, and Action model

POS - Point of Sale

ROI - Return on Investment

AI - Artificial Intelligence

CRM - Customer Relationship Management

Chapter 1: Introduction

Customer success is currently one of the key focus areas in SaaS industry. There is a magical equation proposed by Gainsight, it looks like this – CS = CX + CO; where CS is literally Customer Success, CX is Customer Experience and CO is Customer Outcomes. Most SaaS companies are already integrating the creation of superior customer experiences in their strategy and trying to make it one of their principal competitive advantages. By providing memorable customer experiences companies hope to consolidate and grow customer base by increasing brand loyalty. In simple words CS is the overall success of the customer and CX refers to the experience the customers have working with company as a vendor. There are plenty of companies that have a product that delivers value, but they are also challenging to work with. In SaaS industry, where there are lot of competitors waiting in the wings to scoop up unsatisfied customers, companies can't ignore their customer experience. Customer Outcomes is simply about whether the customers derive intended value from the products. For example, if a company sell glue, the question for the customer is whether the glue has enough amount of adhesiveness for their use. What if the glue the company sell doesn't keep the furniture together, and frequently fails? Not a great outcome. Now, think of this concept with regard to the product. What if a company promise that it will increase revenue? The customer will be looking to see if there is any increase in revenue.

Across all parts of the equation, the underlying question of value is also looming. Does the product and the experience a company delivering justify the price its' customers are paying? Outcomes are easy to understand though tough to measure. But what about Customer Experience? Are there ways to measure this, or is it too theoretical to evaluate objectively? It's still a bit of both. Client Outcomes and Customer Experience are yin and yang to a certain degree. One is highly measurable and operational while the other is more subjective and harder to measure. Overall, the equation basically leads to success of the customers by increasing the value derived to them by the product they are paying for which results in higher revenues and increased retention.

While there is a big gap in research on customer success management (CSM), it is a relatively established concept in business practice with people and teams working in roles for customer success. The customer success trend began when software-as-a-service (SaaS) companies began to face profitability challenges due to high customer acquisition costs combined with having increasingly complex software that was leading to high churn, and they started building teams to help customers obtain more value from the offerings (McKinsey & Company, 2018). One could even argue that the more complex a product or a service is, the more difficult the adoption process is, whereas the higher lock-ins can be created, as people have limited time to invest into learning new things. Today customer success is not only something seen in SaaS, but it is generally linked with subscription model businesses (McKinsey & Company, 2018), where the incentive to keep to customer close is obvious. Additionally, an increasing number of businesses have been compelled to change their business models from selling one-off to more of a lifecycle selling (McKinsey & Company, 2018). This means that CSM is becoming increasingly relevant, and important to understand better.

Study Objectives and Research Questions

The study will examine how SaaS companies could increase retention and revenue by following top notch customer success processes. To achieve this, customer success managers will be interviewed to understand their perspective on three major themes: Customer experience, Customer retention and Churn causes. The information collected from the experts will then be gauged with the existing literature on the said themes and then would be collated thematically as a set of possible solutions for the challenges which could be used for further research and empirical testing.

These are the following research questions that would be focused on thematically:

a. What is your role as a CSM in the SaaS start-up? How do you (your team) contribute towards customer experience?
   This study will help understand the role of a CSM in deep and the processes that leads to improvement of customer experience. It also examines how customer experience acts as a factor for retention and growth.
b. What is your (your teams') recipe for retention?
   This study will examine how SaaS firms operate to increase customer retention and take proactive measures to reduce churn.
c. What do you think are the root causes for customer churn and how do you tackle them?
   This study will help understand the major root causes for churn and how SaaS firms could foresee it and take corrective measures.

Study Structure

The study is made up of five chapters. The first chapter titled Introduction presents the objectives and research questions to be answered. The second chapter is a Theoretical Background with three subchapters 1) SaaS Business Model 2) Customer experience and 3) Customer Success. The third chapter, Data and Methodology, focuses on the methodology used in the study for data collection and data analysis approaches. This chapter also describes the expert panel in short. In the chapter, Findings & Thematical Analysis, the answers from the interviews are analysed and the findings are postulated thematically. The last chapter, Conclusion, summarizes the findings of the study and proposes possible managerial implications and further related research topics.

Chapter 2: Theoretical Background

Now, to understand in deep what Software-as-a-service business model is, followed by detailed description of customer experience and customer success by breaking them down to their core units.

Cloud Computing and Software-as-a-Service Business Model

Cloud computing refers to the delivery of hosted services over the Internet (Armbrust et al. 2010) and has transformed the IT industry in recent years. Based on this technology, three distinct service models have emerged: Infrastructure-as-a-Service (IaaS), Platform-as-a-Service (PaaS) and Software-as-a-Service (SaaS). While IaaS refers to hardware-related services such as servers, storage and database management, a PaaS offering consists of software and product development tools. SaaS, the service model this thesis will focus on, refers to prebuilt end-user applications, ranging from HR management software to enterprise resource planning tools (Mahmood 2011).

The way software is delivered makes up the key difference between the SaaS business model and the traditional model, referred to as on-premises software. While on-premises software is installed and runs on computers on the premises of the customer using the software, SaaS applications are hosted by the SaaS vendor and are accessible from various client devices through a web browser (Mell and Grance 2011). This new SaaS delivery model provides several advantages to customers explaining its rapid growth: As the underlying cloud infrastructure is remotely hosted and managed by SaaS vendors, customers do not need to worry about common concerns of IT, such as storage, operating systems, servers, networks, or single application capabilities. As a result, customers face lower IT infrastructure cost and increased operational flexibility. Furthermore, since SaaS applications are no longer installed locally on a user's desktop computer, they can be easily upgraded to the latest version, thereby providing the customer immediate access to new features and innovations (Bhardwaj, Jain, and Jain 2010).

Besides the new delivery model of SaaS, the software payment model has changed as well: In contrast to the classic software license model in which the customer paid the software upfront, software is now licensed on a subscription, rental basis. Customers pay an annual or monthly fee, often dependent on how many users use the software. It is obvious that this new payment model is attractive for customers as it removes the large upfront costs associated with the old license model (Bhardwaj, Jain, and Jain 2010). For SaaS providers, too, the subscription model is advantageous as it provides a recurring stream of revenue. This, in turn, gives certainty and predictability to the SaaS business, delighting potential investors (Dempsey and Kelliher 2018).

Customer Experience

As mentioned before customer experience is whether the clients like to work with a brand or not. To make sure a SaaS company has a good CX there are various management processes and tools they could adopt and are mentioned further.

Definition of Customer Experience

Customer experience is becoming a popular element to focus on in business strategies as providing superior experiences serve as a differentiating factor (Srivastava & Kaul, 2014). It should not be a shapeless concept, but something that can be sold or integrated into the original offering, just like any good or service (Pine & Gilmore, 1998). “Customer experience encompasses every aspect of a company’s offering” (Mayer & Schweger, 2007, p. 1).

To understand the concept, first we need to know how customer experience is formed. Customer experience is created through communication (between the customer and the service provider) via different human and non-human channels, therefore customer experience is always interactional (De Keyser et al. 2015). Others think further, stating that not only interaction is a deciding factor in customer experience, but that it defines the perceived value as well (Prahalad & Ramaswamy, 2004).

Marketing practitioners have lately started to recognise the importance of decoding customers’ brand experiences to create working marketing strategies (Brakus, Schmitt & Zaratonello, 2009). Researchers have defined the concept of customer experience in various ways. Lemon and Verhoef (2016) defined customer experience as a complex phenomenon consisting of the cognitive, emotional, behavioural, sensorial, and social reactions of a customer during their buying journey. According to Meyer & Schwager (2007 p. 2) customer experience is “the internal and subjective response customers have to any direct or indirect contact with a company".

In the past, many companies have been measuring customer satisfaction, that resulted in the availability of considerable amount of data. However, to understand the way to create sticking customer experiences it is not enough only measure customer satisfaction, as that is the essence of many customer experiences altogether (Meyer and Schwager, 2007). Brand experience, that is complementary to other similar brand related constructs, such as brand attitudes, brand attachments or brand involvement (Brakus, Schmitt & Zaratonello, 2009). Based on these definitions, customer experience can be an evolving concept that contributes to customer satisfaction. Customer experience is present throughout the entire customer journey that progresses along with time. That is the reason, why customer experience might not be easily quantified.

Historical Developments in Customer Experience

To continue exploring the concept further, its origin needs to be established. Historically, the research on customer experience is considered to have started in the 1960s. Up until today, the research has gone through different phases focusing on similar themes to customer experience (Lemon & Verhoef, 2016).

a. **Customer buying behaviour process models**
   Earlier, research focus was directed on the psychology of organisational purchases. The model of industrial behaviour, for example starts from the identification of decision makers, analyses their background, motives, and expectations. Already here, the satisfaction with past purchases is present as an influencing factor (Sheth, 1973). In the field of advertising research, the use of AIDA-model and related models was promoted where research was trying to discover different drivers of purchase (rational, emotional, and motivational) (Lavidge & Steiner, 1961).
b. **Customer satisfaction and loyalty**
   Later, focus shifted to the importance of customer satisfaction and how it affects loyalty. Bolton (1998) found that experiences in the earliest stages of the customer relationship have the highest weight when it comes to deciding to continue a contract with a service provider. She also identified that customer satisfaction cumulatively influences retention and advised managers to try to eliminate or minimize pitfalls in

customer relationships, especially in the beginning. From the 1970s, it has become common to measure customer satisfaction, though over time the analysis of other related metrics has also become widely accepted (Lemon & Verhoef, 2016).

c. Service quality

In the 1980s, service quality has become one of the research projects focuses related to customer experience. Service quality is a complex idea made up of the technical and the functional quality. Perceived service quality is the overall result of a customer's understanding of a product or service during and after the sales process that is compared to the anticipated service quality, prior getting into conversation with the company. To aid discovering weaknesses, the service quality model was developed (Grönroos, 1984) which was then refined further by other researchers. With the expansion of software-as-a-service businesses, the service quality model has been modified slightly to fit the needs of the industry. This resulted in the creation of the SaaS-QUAL scale. SaaS service quality is proven to be an important influencing factor on the intentions to continue using the SaaS software as well as on the customer satisfaction (Benlian & Koufaris & Hess, 2010).

d. Relationship Marketing

During the 1990s, the term relationship marketing has become more widespread both among marketing researchers and industry professionals. Focus of relationship marketing was the evolution of relations between buyers and sellers (Lemon & Verhoef, 2016). Research shows that relationship marketing efforts (if executed well) have positive effects on company revenue (Palmatier, Gopalakrishna, and Houston, 2006). Social exchanges between the parties are considered focal events that provide a platform to the seller to examine the social network, motives of the buyer as well as and evaluation of the current environment of the buyer. Major relationship development factors are trust, commitment, and disengagement. Various relationship marketing techniques include performance metering (communication with and gaining knowledge about the customer's priorities), conflict management and raising exit barriers (Dwyer, Schurr & Oh, 1987).

e. Customer relationship management

Marketing professionals have realised that not all customer relationships contribute to the company's bottom line the same way, so gradually started to shift marketing focus from products and brands to customers (Reinartz, Krafft & Hoyer, 2004).

f. Customer centricity and customer focus

Around the turning of the millennium, research professionals realised, that relationship marketing concentrates too heavily on operationalised relationships, it might not be able to deliver enough customer value. By focusing on the customer experience, on the other hand the company is more probably will create experiences of higher quality, because customer experience as a concept better combines the brands, its relationships, and its service quality (Palmer, 2010).

g. Customer engagement

During the 2010's main research focus was on the engagement between the brand and the customer. Customer engagement tries to capture those behaviour models and attitudes that are outside the basic buying journey (Lemon & Verhoef, 2016).

Customer Experience Management

Customer experience management is the pursuit of ensuring the best possible experience of the customer at the respective moment, instead of focusing on the past relationship of the customer. One drawback needs to be noted that providing excellent customer experiences require considerable amount of human and financial resources (Verhoef et al., 2009), so companies need to ensure to incorporate these experiences into their strategies efficiently (Mittal & Tsiros, 2007). The role of customer relationship management is undeniable above a certain business revenue; however, it might not be the ultimate tool to help companies create outstanding experiences. While customer relationship management deals with historical data to manage day-to-day operations with existing customers, customer experience management dives deeper into investigating customer's feelings, thoughts to prepare data for future product and service development (Meyer & Schwager, 2007). Table 1 represents the comparison of the two concepts.

	Customer Experience Management	**Customer Relationship Management**
What?	What a customer thinks about the company	What the company knows about the customer
When?	At customer touch points	After the creation of the customer interaction

How is it monitored?	Surveys, targeted and observational studies	POS data, sales tracking, website tracking, market research
Who uses the information?	Business decision-makers to create better products and services for the customers	Sales, marketing, customer service to make the current offering more efficient
Relevance to future performance?	Leading	Lagging

Table 1, Customer Experience Management versus Customer Relationship Management (Meyer & Schwager, 2007)

Organisations can manage customer experience by setting up the key clues along the customer journey (Berry, Carbone & Haeckel, 2002) and examining different capabilities of customer touchpoint journeys, such as touchpoint design, monitoring and adaptation (Homburg et al., 2015). Customer experience management needs to be implemented in the whole organisation, starting from the service operations, IT and marketing (Lemon and Verhoef, 2016).

Customers can be served on different levels and firms can decide to provide certain level of experience according to their availability of customer data and company resources. Nevertheless, the prerequisite of long-lasting partnerships is a functional product and sharing of the necessary information to serve the basic needs of customers. Once this strong foundation has been established, the company can move on providing higher level experiences. On the highest level on the scale is providing such superior experiences, that customers feel empowered, and they receive higher control (Pemberton, 2019). Any firm taking steps to enhance customer experience is putting themselves into an advantageous position that can be hard to replicate (Berry, Carbone & Haeckel, 2002).

Customer experience management is not so different in a business-to-business and business-to-consumer context as both strive for delivering excellent customer experience and want to have long-lasting satisfied customers. The goal of a business-to-business company is to identify how they can help their customers as a business partner to improve how they are doing business and provide value more efficiently or with less cost. The difference between the two markets is that while in B2B context the main goal is to provide a smooth and reassuring experience, in B2C business the focus is on providing a thrilling experience and customer delight (Meyer & Schwager, 2007).

Three main factors can influence successful customer experience management: creating a customer-centric focus inside the company as a base-value, involving all key departments to support the creation of customer experience; customer analytics and maintaining efficient partner management network (Lemon & Verhoef, 2016). Once these principles have been established, the company can start to take steps to improve customer experience. A thorough experience audit can help to shed light on current experiences (Berry, Carbone and Haeckel, 2002), extract rich insights on customer perspectives and identifying how customers participate in co-creating the value along with the firm (McColl Kennedy et al., 2019). After the conduction of the experience audit, the company needs to define their experience motif. Experience motif provides a guiding line when reforming processes for better managing customer experiences and it answers the question, how the company wants their customers to feel. Upon that answer the company can define the clues during the customer journey that they would like to provide to evoke that feeling or emotion (Berry, Carbone and Haeckel, 2002). Developing customer experience management also means establishing a churn-risk segment in the portfolio, that should receive distinguished attention; collection of emotional and cognitive responses from customers and spotting and preventing decreasing sales (McColl-Kennedy et al., 2019). To refine customer experience, the firm needs to be ready to re-evaluate their decisions along the customer journey and be open to possible new technologies that can support the change. It is beneficial to start by redesigning the pre-purchase stage so customers can enjoy better experience in later stages (Lemon and Verhoef, 2016).

Factors Influencing Customer Experience

Customer experience, being a complex construct, has several influencing factors (Stein & Ramaseshan, 2016). Verhoef and colleagues (2009) in their research about customer experiences in retail business argue that social environment, branding and customer experience dynamics shape the customer experience.

a. **Social environment and customer experience**

   One concept that is mostly disregarded by marketers and researchers alike is the benefit of building connections between customers, beyond building a relationship between the firm and the customer. Ambassadors (customers with high knowledge of the product or service) can act as advocates for other customers, thus participating in the creation of the customer experience. Therefore, it is highly beneficial for the company to enhance and incentivize these exchanges. Bringing this construct further, companies that create a portfolio of "compatible customers" – made up of both helper and help-seeker individuals, who have the same interest and who might even make friends over time – can result in higher customer satisfaction and higher switching cost for the customers (Verhoef et al., 2009).

b. Branding and customer experience

Customer experience may be influenced by brand perceptions (Verhoef et al., 2009) as customers' expectations about a brand (stated before the purchase) can have critical effect on the evaluation of the after-sale experience and the company itself (Ofir & Simonson, 2007).

c. Customer experience dynamics

Customer experience is not completely limited to the times of physical encounters of the company representatives (Verhoef et al., 2009), but it extends and develops over time after the purchase (Neslin et al., 2006). Verhoef and colleagues (2009) conclude that future expectations are significantly affected by the current customer satisfaction. Hence, it can be stated that past customer experiences influence future customer experiences.

d. Moderating factors

Research shows that the customer's dynamic environment and macro level factors, such as economic situation (expansion or recession) or crises have a notable effect on customer experience (Lemon & Verhoef, 2016).

How to Measure Customer Experience

It is essential for a company to understand the behaviours, opinions, and needs of their customers to provide the best service possible. A business's relationship with its clientele is a foundational necessity, and just like any other relationship, if one side does not understand the other, the partnership is destined to fail. By measuring customer experience, companies can easily become more educated about customer behaviours and opinions. This information can, in turn, influence product updates, customized offerings, and internal workflows. It is important that companies collect this valuable voice of customer data, and then use it to best leverage results into effective action.

By measuring product experience, as a facet of customer experience, companies can view how their clients interact with their product daily and the level of satisfaction their clients get with their service. Once these metrics are recorded, companies can use this information to proactively engage customers and meet their clients' needs in a more personalized way. This helps create a customer-centric culture within the company that prioritizes positive interactions and high customer satisfaction throughout the journey from onboarding to renewal. By tracking product experience to understand the customer experience, companies can gain valuable insight into their customers' day-to-day with their services, including:

1. How much the clients understand their product?
2. How comfortably the clients can integrate the product into their daily workflow?
3. How easily the clients can access support/educational materials?
4. How well the product meets the clients' needs?

There are a variety of surveys and metrics companies can use to measure the above elements:

a. **Net Promoter Score (NPS)**

   This industry-standard measurement revolves around how likely the customers are to recommend the product to their peer. There is an index that scores customer satisfaction on a scale of zero to ten. NPS divides customers into "promoters" (those who rank high at nine-to-ten), "neutral" (seven-to-eight), and "detractors" (zero-to-6). Generally sent to customers right after onboarding or other key events, this data can be utilized to leverage success by:

   i. Helping the company perfect their onboarding process.
   ii. Following-up with detractors to solve their dissatisfaction and establish an action plan based on their business goals and monitored feature usage.
   iii. Anticipating which customers are viable candidates for upsell/cross-sell opportunities.
   iv. Tracking the progress of customer satisfaction to judge the success of proactive measures.
   v. Asking promoters to participate in a case study, serve as a reference, or speak at an event.
   vi. Offering the clients features relevant to their industries and their usage patterns (e.g., expanded license caps, training opportunities, storage capacity, etc.).

Additionally, this information can be useful for identifying patterns between what makes a highly satisfied customer and what makes a deeply unsatisfied customer. Do their industries play a significant role in their satisfaction? Does the stage of the customer journey make a difference? Did certain features play a part? Is there a connection between using older software and lower satisfaction? Periodically evaluating these metrics can make the company more aware of their customers' needs and, if necessary, pivot in a timely manner.

b. Customer Satisfaction Survey (CSAT)

While NPS focuses on general satisfaction with the company/product, CSAT scores are related to specific interactions and are generally administered after training, an online purchase, or on a monthly basis, to name just a few. Especially pertinent to customer service, these scores reflect elements such as agent responsiveness during a support call or how helpful/accurate the delivered information was. You can leverage CSAT scores to do the following:

i. Alert a CSM to customers who might need extra support and a follow-up.
ii. Identify bottlenecks in the customer journey.
iii. Gauge the effectiveness of the customer education touchpoints.
iv. Develop training modules to address weak points, as well as fix software bugs.

Consistently reviewing these scores allows companies to pinpoint common areas of dissatisfaction and work on improving them.

c. Customer Effort Score (CES)

Generally deployed after onboarding, CES measures how much effort a customer had to exert before finding a solution to a problem or access to a service. As opposed to measuring general feelings, CES aims to form a picture on specific issues—was a customer able to easily contact an agent to resolve an issue? Was their request completed in a timely manner? Were there resources readily available? Generally, measured with effort scores (e.g., the task required "low effort" vs. "high effort"), these scores can point towards difficult processes or demonstrate how effective the onboarding process was. Additionally, the tracking of these scores enables companies to reach out to customers who have been experiencing trouble to provide personalized assistance.

Touchpoints

In the current digital age, companies are expected to manage customers through different channels parallelly. Successful customer management means planning, executing, and coordinating all existing channels and making sure that customers get the same value on any of those touchpoints (Neslin et al., 2006). Touchpoints are the building blocks of the customer journey, and they can be categorized differently along different parameters. For example, a contact point between the brand and the customer can be direct or indirect in nature. Direct contacts are interactions connected to the purchasing of the product or service and later to the usage of it, while indirect contacts are accidental, such as word-of-mouth, online reviews, or advertising (Meyer & Schwager, 2007).

Customer experience touch points can be categorized into four different types based on who has the most influence on them. Brand-owned touchpoints are interactions with the customer over which the brand itself has full control, while partner-owned touchpoints are touchpoints jointly controlled by the existing partners of the brand. In addition, there are customer-owned touchpoints controlled fully by the customer and external touchpoints that can influence customer's or potential customer's perception freely without any specific control. Good example for external touchpoints is peer recommendations or other significant information sources (Lemon & Verhoef, 2016). Customer experience can be influenced by different touchpoint elements to certain extent. These elements can be atmospheric, technological, communicative, process, employee-customer interaction, customer-customer interaction, and product interaction elements (Stein & Ramaseshan, 2016).

Customer Success

An enterprise cannot survive without satisfied customers to support it. This has always been true, but never has it been truer than in the era of customer-centricity that we now live in. As competitors become more customer-savvy and customers continue to raise the bar of their expectations, keeping customers happy is no longer the icing on the cake—it is now a main and necessary ingredient for business success, and it comes about primarily through the creation of customer value. Investing in, and effectively managing, customer success is vital to ensuring the long-term stability and growth of your enterprise. The question is, what is customer success?

What is Customer Success?

"Customer success" refers to the way companies help their customers derive the most value possible from their products or services. It means prioritizing customers' satisfaction and ensuring they are always progressing toward their goals. Customer success revolves around the idea that a win for a customer is a win for the enterprise, too.

Customer success is often mistakenly conflated with other business methodologies, so it is important to know the difference and what sets customer success apart.

Customer Service Vs. Customer Success	**Customer service** is reactive and focuses on addressing specific customer problems swiftly and effectively. **Customer success** takes a proactive approach that involves utilizing customer data to address potential problems and needs before they arise.
Customer Experience Vs. Customer Success	**Customer experience** focuses on specific interactions and revolves around how easy and enjoyable it is for customers to use the product. **Customer success** focuses on the customer journey as a whole and puts CX into the context of the customer's overall needs and business goals.
Account Management Vs. Customer Success	**Account management** tends to involve reacting to upcoming contract end dates, customer feedback, and account health, and focusing on encouraging renewal and expansion. **Customer success** also involves working toward renewal and expansion but focuses on identifying overarching trends and patterns in data to predict future needs and optimize customer outcomes.

Table 2, Distinguishment between the customer facing roles and their processes

Creating Value for Customers

Making the customers successful is ultimately about delivering value—companies can create value for their customers by placing their customers in a position to grow the customers' enterprise through the efficient use of their product to meet the customers' business challenges.

In strict business school translation, value is benefit minus cost. In a real-world sense, however, value is the potential for success a customer gains by partnering with companies and products. Creating value for customers depends on companies' ability to deliver on their promise of value through their product.

The SaaS and subscription markets have many choices available, and low overheads and customizable conditions make switching between business solutions effortless. Customer value is the key to maintaining customer relationships and maximizing customer lifetime value under such conditions. Customers are loyal to the ongoing value companies provide them. Customers seek out the product as a solution to a problem and a path to growth, and companies' ability to deliver on that promise, right from the outset, is key to ensuring customers stay satisfied and continue growing their relationship with the company through repeated renewals and upsells. If companies fail to deliver value at any stage of the relationship, customer retention will decline. To increase customer satisfaction and retention, value must be delivered from the very beginning during the evaluation and purchasing stages, during onboarding, and continue throughout the customer journey. Creating value for customers should involve:

a. **Starting Early in the Customer Journey**
   The shorter the time to value (TTV) a customer experience, the quicker they will gain trust in the product and begin to see value from their investment. More than ever, customer expectation of value begins before they even buy the product. In the post-sales journey, onboarding is the first step toward helping the customer use the product to achieve customers' business goals. Onboarding is the first chance to implement a practical, data-driven approach to customer engagement. The goal is to get them to first value by educating the customer on the product. Companies can follow their progress through their customer success metrics (for example, time to onboarding completion or adoption usage), and intervene to encourage optimal usage through prepared campaigns and action steps linked to early-warning triggers. This focus on using customer data to

drive goal-focused outcomes continues throughout the customer journey, as companies work to help customers maximize their potential.

b. **Anticipating Opportunities**

Every stage of the customer lifecycle brings opportunities for delivering value. The nature of that value will change over time as product awareness improves, customer priorities change, and the customer experiences growth.

While the nature of the value delivered might change, the process of creating it does not. At each stage, companies must create positive business outcomes by collecting and analysing customer data to anticipate present and future needs.

During the adoption phase, when the customer is using the product independently, companies will want to monitor how the customer uses the product, which features they engage, and how successfully they exercise its potential. If companies see a drop-off in usage rates or little follow-through toward business goals, they need to intervene and get the customer back on track. If things are going well, companies can use the customer insights to capitalize on potential expansion opportunities that can push the customer to new heights of value.

Customer Journey Mapping

A customer journey map shows the steps a customer undergoes during their interactions with the company. Mapping out customer journey helps companies optimize each step in the process to improve customers' experience and promote more sales and repeat business. Companies can create a customer journey map by identifying milestones that mark the customer's progress in their relationship with themselves. Mapping out these milestones helps companies make more effective use of customer engagement strategies and analytics tools.

In a modern customer journey map, the buyer's journey doesn't end with onboarding. There are many stages throughout the customer lifecycle. To lower customer churn, maximize revenue and promote advocacy, companies need to establish a Customer Success strategy that manages their customers throughout the entire lifecycle with their product or service. This means mapping out the ideal path to recurring value for their customer and recurring revenue for the organization.

When viewed as a holistically, the complete customer journey encompasses eight stages:

a. Awareness: a prospect encounters a brand through one of the companies' marketing promotions, initiating awareness of the value proposition. A prospect may also encounter a brand through word-of-mouth or a customer referral.
b. Consideration: the curious prospect interacts with the website, searching for solutions to their needs and evaluating whether that brand offers the expertise, information, and tools they need.
c. Conversion: based on customers' perceived value of a brand and its' products and services, the prospect either makes an initial purchase and becomes a paying customer or moves on to competitors.
d. Onboarding: The new customer begins their post-sales journey with the brand, either completing the initial steps necessary to begin using their purchase or becoming frustrated and abandoning the onboarding process. Sometimes onboarding can also begin in the presales process.
e. Adoption: The customer either learns how to actively use the product and integrate it into their workflow in order to derive practical value from their purchase, or else they lapse into inactivity.
f. Renewal: The customer evaluates whether or not the value they've derived from their initial purchase warrants renewing their license or subscription.
g. Expansion and growth: The customer either increase the value they receive from their initial purchase by adopting advanced product features and buying additional products or upsell offers, or they remain, one-product users.
h. Loyalty and advocacy: The satisfied customers become loyal repeat buyers who advocate the brand to others, while dissatisfied customers seek other vendors and spread negative word-of-mouth.

At each of these stages, customers face decision points that may lead them in different directions, either progressing further along their journey or ending their journey with your brand. At the same time, customers at any given stage in the process may simultaneously engage in another stage. For example, a customer's frustration with their onboarding process may already be influencing their decision-making about what they will do when it's time to renew their subscription.

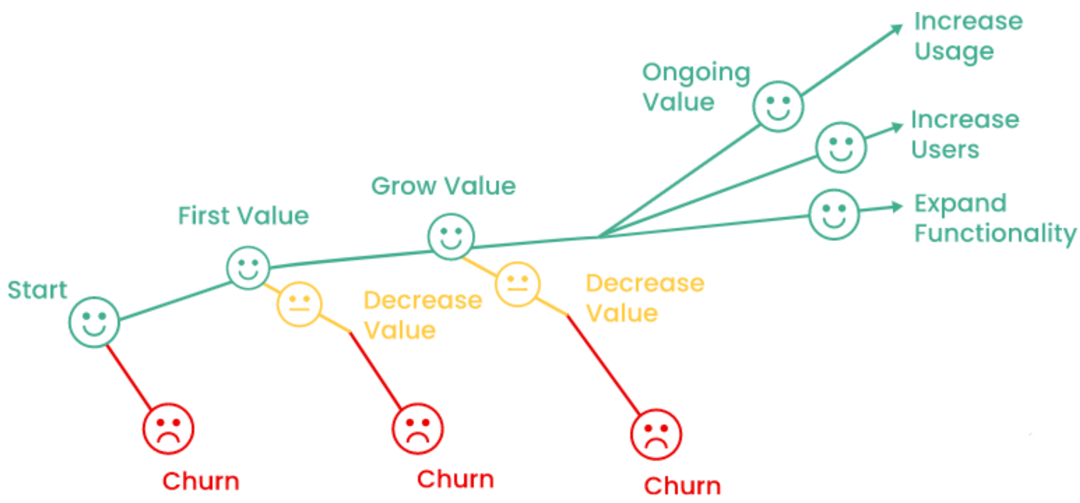

Figure 1, Customer value journey, adapted from Totangos' article

Customer Engagement

Customer engagement refers to the level of interaction between companies and customers across all channels over the course of the entire relationship. It can refer to what customers do to interact with companies as well as how loyal they feel about the brand. Companies can gauge customer engagement by what actions their customers take to interact with their brand and how frequently the customers exhibit those behaviours. In a digital context, brands usually measure customer engagement in terms of specific behaviours such as website visits, sales conversions, and downloads.

There are several reasons why customer engagement is important. Engagement levels affect retention, referral, and revenue rates. Customers who are actively engaged with the company and are deriving value from it are more likely to renew their subscriptions. They are also more likely to refer the product to others. Both these factors directly impact the revenue. In this way, customer engagement can predict profits. This makes it prudent to proactively manage and boost customer engagement levels. Tracking the customer engagement metrics forms a starting point for increasing companies' performance. By monitoring current performance, companies can identify and quantify where the engagement strategy is falling short. Companies can then set measurable customer engagement objectives and adjust improve their performance.

Customer Onboarding

Customer onboarding refers to the action's companies take immediately after a customer buys a product. A customer's post-purchase experience sets the tone for their future relationship with the brand. A positive experience can motivate the customers to become loyal lifetime buyers, while a negative experience can drive them to competitors. The onboarding process naturally unfolds through a series of predictable steps. By optimizing these steps, companies can improve their customer's experience with their brand and promote customer loyalty and retention. Companies can optimize their customer onboarding process by following best practices, imitating companies with exemplary onboarding procedures, and using key performance indicators to track the onboarding performance.

The specifics of the onboarding process will vary with the nature of each product, but in general, the process divides into 3 stages:

a. **New Customer Welcome**
   This stage entails thanking the customer for their purchase and directing the next steps in the process. Essential actions can include introducing the next person of contact and previewing the phases to come or including a digital onboarding message offering next steps or in-app guidance. During this stage, a successful handoff from the sales team to your customer success team is vital. To accomplish this, the CS team needs a holistic view of the customer, with data from a variety of sources, to ensure that the goals in the implementation timeline align with the client's business needs and the CS team has the full context of where the customer is at. For example, the CS team should know if a client is part of a paid account so that CSMs can adjust messaging accordingly and promote the appropriate benefits.
b. **Expectation Setting**
   Informed by the handover from sales to CS, onboarding focuses on establishing first value and building a plan to achieve the rest of the client's objectives as they move forward. By establishing first value during onboarding, the client quickly sees the benefit of the product, potentially reducing churn during this critical phase. During onboarding, it is also important to outline client needs and desired outcomes. Building on this information, companies can introduce the key performance indicators that will be tracked to measure effective implementation.

c. **Training**

In the training stage, customers are guided through the learning process they need before they can begin experiencing the value of the product. For maximum satisfaction, the training process should be as easy and short as possible. It should also highlight how the product helps the customer with their needs and how it impacts the KPIs which are used to measure successful implementation. During this stage solicit feedback from the customers on the value they are getting out of the product and any challenges they are having with implementing the product. This stage can also include supporting customers in implementing advanced features or integrations of the product with its competitors.

Product Adoption

Product adoption is a stage in the customer journey, not a point in time. It is the process of continuing to derive ever-more value from the products and services. This experience of value is critical to the health of the customer relationship, so companies need a customer success adoption plan. The adoption stage is the longest part of the customer journey. It is where the customer begins to use the product regularly. Success in adoption is determined by how often and how effectively the customer uses the product.

The customers will spend most of their journey in the adoption phase. It's the point when the promises of the sale and the lessons from the onboarding process are leveraged into everyday value. This phase leads into the renewal and upsell process. The adoption phase is an opportunity to nurture the customer relationship and establish a recurring revenue cycle driven by a commitment to customer growth. That's why it's sometimes referred to as the growth stage. Companies focus on the adoption phase should be finding out three key questions:

a. **Is the Customer Using the Product?**

Once the customer enters the adoption phase, companies want them to start seeing value as soon as possible. And to achieve value, they must be incorporating the product or service into their everyday working lives. Regularly monitoring customer uptake is the easiest way to tell if the customer understands and is happy with the product.

b. **Is the Customer Getting Value from the Product?**

Customers achieve value when they maximize the features and functionalities of the offering within their unique environment. Knowing, for instance, that the customer is regularly accessing only three of four key features produces a behaviour-based opportunity to foster direct engagement and a more rewarding customer experience.

c. **Is the Customer Enjoying a Positive and Trusted Relationship with the Company?** A key component of driving lifetime customer value is building and maintaining a trusted relationship. Using the data insights from a customer success metrics and adopting a customer-centered approach across the business should enable companies to maintain an active dialogue with their customer which, in turn, generates more customer information to shape future engagement. Ultimately, the best way to build trust with a customer is to deliver valued ROI. Companies should keep that priority at the forefront by consistently engaging customers with goal setting and achievement, reminding them of their progress, and employing targeted campaigns.

Churn in SaaS

Customer churn is the percentage of customers lost over a given time frame, typically a month. It is sometimes called customer attrition, customer turnover or customer defection. Customer churn can be seen as the opposite of customer retention. Customer retention is the percentage of customers who remain with the company over a given period. Any customers companies don't retain contribute to churn. The higher the retention rate, the lower the churn. Companies strive for lower churn to increase customer retention and revenue.

Customer churn can be quantified by using mathematical equations. The simplest approach is to divide the number of churned customers over a given period by the initial number of total customers:

$$Churn\ rate\ = \frac{churned\ customers}{total\ initial\ customers} \times 100$$

However, it can be difficult to interpret when churn changes rapidly due to accelerated customer growth. One way to deal with this is by modifying the basic formula by using the average number of customers over a given time period. Instead of dividing by total initial customers, it should be divided by total average customers, a number, companies can determine by taking the number of customers they had at the beginning of a period and the number they have at the end and dividing in half:

$$Churn\ rate = \frac{churned\ customers}{\left[\frac{total\ initial\ customers + total\ final\ customers}{2}\right]}$$

For even greater accuracy, companies such as Shopify have developed more advanced churn formulas which use average number of customers per day. Advanced formulas are also used to predict future churn.

Voluntary vs Involuntary Churn

A distinction can be drawn between churn which is involuntary and churn which is voluntary. Involuntary churn occurs when a customer would like to buy from the same company again but is prevented from doing so through reasons beyond their control. This can happen for several reasons, including:

a. Customers forgot that it was time to renew their contract with the company.
b. Customers can’t log into their account to renew a subscription or make a purchase because of a lost password.
c. Customers are struggling to get a demo of the product.
d. Customers’ automated renewal failed because their credit card information is outdated.
e. Customers can’t afford the product any longer.
f. Market fluctuations is impacting their business, e.g., covid.

Voluntary churn indicates that customers chose not to continue doing business with the same company for reasons such as:

a. Customers didn’t get the benefit they were hoping for when they purchased the product or service.
b. Customers didn’t find the product design user-friendly.
c. Customers don’t utilize all of their licenses to justify continuing on.
d. Customers had a bad experience with the customer success team.
e. Customers decided to buy from a competitor instead.

Revenue vs Client Churn

Client churn refers to the percentage of customers companies lose over a given period; revenue churn refers to the percentage of revenue companies lose because of lost customers over a given period. Likewise, whereas client churn is measured by the ratio of customers lost to total customers for a given period, revenue churn is the ratio of revenue lost through customer churn to total revenue. This can also include customers who have downgraded their subscription. From these definitions, one can see that revenue churn and customer churn are distinct concepts. At the same time, they are closely related. The higher the customer churn, the more revenue will be lost from departing customers. Conversely, retaining customers maintains and increases revenue.

Customer Retention Management

Customer retention management is about keeping customers interested and invested in what companies have to offer. An environment where the customers feel satisfied, supported, and inspired will keep them coming back to same company for more great solutions instead of turning to one of the competitors in hopes of finding something better. Customers look for quality above all else. The customer success team's priority should be to ensure that the customers consistently experience the best of what their company have to offer. This includes the client's experiences with the team as well as with the products or services customers purchase. The better the customers feel about their relationship with the enterprise, the more likely they are to renew time and time again.

While it still takes work to keep customers coming back, it is nothing compared to the cost of bringing first-time customers into the fold. In fact, new leads can be up to 25 times more expensive to acquire than existing customers are to retain. Losing customers is just as bad—in the U.S. alone, it is estimated that companies have lost up to $1.6 trillion due to customers leaving them for competitors offering better service. That is not to say that there is no value in drawing in new customers. Every first-time customer is also a potential long-term customer. Even if a customer does not return companies should strive to ensure they leave with a good impression. A company may not be a perfect fit, but if it provides excellent service, customers may still recommend the enterprise to others, potentially bolstering the reputation and increasing sales.

Chapter 3: Research Questions & Methodology

This chapter presents the chosen research questions and methodology, data collection. Moreover, this chapter explains in depth how the interview was carried on, what were the outcomes.

Case Study as Research

In the field of industrial marketing, case study is one of the most attractive research methods (Easton, 2010) and case studies are often used in social studies to analyse and interpret social behaviour (Kvale, 1996, Zainal, 2007). This study concentrates on customer success and related concepts in SaaS business, so for this purpose the case study was conducted with the chosen SaaS companies. This Thesis at core is revolving around three points, customer experience, customer success and retention. It strives to find out how customer success managers play a vital role in maintaining/improving customer experience, what processes they follow to predict churn and in-turn resulting in customer retention. It also explores best possible processes, new trends, in customer success.

This case study employed two different methods to obtain valuable data about customer success. One qualitative methodology used was thematic in-depth interviews with Customer Success Managers from various SaaS companies. The obtained information from the interviews constituted the backbone of the research. Additionally, secondary data was collected from various books, articles, websites and podcasts on business development, customer success and SaaS industry.

Data Collection

The CSMs and the companies were chosen such that there is good balance of perspectives with respect to experience level of CSMs, company age, size of the company and company operating geography. CSMs chosen have professional experience varying from 2 to 15 years. The companies chosen are mostly Grown-Ups, some have already gone Public and are listed on stock markets. The names of the interviewed CSMs, their employers and duration of the interview can be found in table.

Name	Interview Duration
Vinay Srinivas Prasad	33
Akshay Nadkarni	48
Harshitha Lahari	60
Vignesh Raghunathan	65
Ankit Girwal	44
Jeremy Donaldson	32
Akshay Kiran	31

Table 3, Interview Panel

The thematic interviews with the CSMs specified above were designed and conducted in accordance with the seven stages of interview investigation (Kvale, 1996).

Phase	Description
1. Thematizing	The process of define the purpose of the research interview by specifying the why, what and the how
2. Designing	Form the frame of the research, keeping in mind the interconnectedness of the seven stages, focusing on the acquisition of the intended knowledge and the ethical concerns of the study
3. Interviewing	The process of conducting the interviews with the help of a prepared interview guide
4. Transcribing	The processing of the recorded material for later analysis, regularly converting the tape recordings to written text
5. Analysing	The process of choosing the appropriate methods to analysing the interview material
6. Verifying	The process of ensuring that the findings of the research interview is generalizable, reliable, and valid.
7. Reporting	The process of documenting the findings of the research according to scientific criteria

Table 4, Seven stages of the interview investigation (Kvale, 1996)

Qualitative research aims to be experiential, as the researcher's main goal is to provide insights that are in tune with the reality, they aim to be naturalistic and empirical, focusing on the perceptions of the subjects. The study describes the answers' context in detail and focuses on unique and specific objects and activities (Stake, 2010). Based on the literature review in the previous chapter and the research model, three core themes were identified that is covered during the interviews:

a. Customer experience.
b. Customer retention.
c. Root causes for churn.

Chapter 4: Findings & Thematical Analysis

Case studies are usually made about one single case and are specific by nature, therefore establishing general findings is challenging (e.g., Aaltio & Heilmann, 2010).

All the conducted interviews were recorded, which were then transcribed to be used in the analysis. In case of each theme all relevant answers were collected, and the most prominent statements were chosen to be analysed and reported in points thematically. Each question and the following answers provided by the experts were analysed, verified, and linked with the existing literature in the real world. The results and findings are reported thematically further.

Customer Experience

How do Customer Success Managers contribute towards customer experience?

According to statistics, consumers value customer experience so highly that they are willing to pay a price premium of as much as 7% to 16% more across different industries for products and services which come with great customer experience and one in three customers will leave after just one bad experience. So, it absolutely critical to make sure companies provide a great experience for their customers.

Every customer that invests in a product is really investing in their own future. They believe that product will help them achieve their goals and ultimately deliver growth. Following are five points that companies/customer success departments could implement/improve to achieve great customer experience:

a. **Understand your customers**
   The first step when enhancing the enterprise customer experience is to know the customer's wants and needs. Companies must learn about their customer's goals before they can evaluate how well they've delivered that value. As such, companies need to meticulously gather and track customer data. This way, companies can gather relevant data and make sense of it in order to drive the right actions and engagements. It's also important that companies optimize the onboarding stage so that they are able to gather all the info they need about your customers. Companies need to sit down and figure out their goals and expectations so that they can effectively meet customers' needs.

b. **Connect with your customers on an emotional level**

Companies should make an impact on their customers on an emotional level and forge a bond with them. One way of doing this is by having a relevant brand identity that resonates with the customer base. Companies should gather the information learnt about the customers and use those insights to form a relevant brand identity. For instance, are the customers primarily large businesses or smaller ones? If many of the customers work in, say, the financial field, what features will be particularly relevant to them? In order to establish a strong bond with the customers, companies should keep an eye on their customer's health at all times. Engage with them on important occasions, such as their one-year anniversary working with the company, to add a personalized touch. Companies should reach out when relevant events occur, such as goal completion or the addition of a new feature. By demonstrating that they really care about their customers, companies can promote loyalty and high satisfaction rates.

c. **Turn customer hopes into personal goals**

What the customer wants must remain front-of-mind in every engagement and decision CSMs make throughout their partnership with the company. Their overall goals and reasons for selecting a particular solution should be captured during the sales process and then built upon and shared among every team within the enterprise as they progress through the customer journey. Customer goals should become companies' goals, and they should guide companies' everyday actions. The product knowledge determines which features and what amount of engagement is necessary to drive value for the customer, and the customer success efforts should then go toward making sure these targets are hit.

d. **Anticipate in order to add extra value**

When companies know where their customer are going, it should be possible to give them a few shortcuts. This kind of proactive, unexpected value, such as completing onboarding early or incorporating advanced product features ahead of schedule, builds loyalty-boosting confidence. Companies need to be prepared to speak to their customer of the next phase of their growth and development and have a range of resources on hand to push them along, including webinars, videos, training materials. The only thing better than proving the value is doing it sooner than expected.

e. **Prioritize escalations and cherish feedback**

The customer-centered economy created by the rise in SaaS and subscription services places the customer firmly in control of their partnership, so when they speak, companies must listen. Direct Voice of Customer information usually arrives in two forms; in response to feedback requests and through escalations. In both cases, the most important thing to do is to acknowledge the customer's effort to contact companies and to respond as soon as possible with a personalized message. Customers love to be heard and few things make them happier than the feeling that companies are acting on their information. Even escalations are a chance to demonstrate the customer commitment and build loyalty, but only if companies act quickly and are open about the process and duration of finding a solution.

f. Learn from previous experience

No Voice of Customer information occurs in a vacuum. Things companies learn from one escalation or survey response can be relevant to the experience of other customers, especially those of similar size, value, or industry. The more mature the technology and CS processes become, the more agile the team will be and the better they will be able to receive and implement feedback. If a customer finds a particular onboarding module difficult to follow, it may need to be rewritten, moved within the order of presentation, or dismissed altogether. On the positive side, a user interface change that helps one customer might also benefit others.

g. Stay close to your customers

All these customer experience tips depend on companies' ability to stay close to their customers throughout the customer journey. After all, customers who view the organization as a partner, not just a vendor, are more likely to work with the company on a long-term. That requires the use of customer success team that is able to capture and organize information from a range of sources and turn it into real-time metrics that reveal the customer experience. The information can be combined with sound business algorithms to create a highly visible customer health score. This score is an effective account of the customer's current mood. It can be used to create an early warning system to prompt action to capitalize on renewals and upsells, or to prevent churn. It's a way of visualizing customer happiness across segments so companies can prioritize actions.

h. Deploy automation and artificial intelligence

In a digital environment, customer experience revolves around technology, making automation and artificial intelligence some of the most important tools for enhancing experience. Automation allows companies to optimize customer experience by planning digital workflows which guide customers through desired outcomes at each stage of their customer journey, from onboarding to renewal and beyond. AI increases the efficiency of automation by allowing companies to monitor customer data and trigger workflows when specific criteria are met. For example, if data indicates that a customer has not completed their account profile, a workflow can be triggered which sends the customer a reminder and a link to a tutorial on how to finish their profile.

Customer Retention

What is the recipe for customer retention in SaaS business?

According to statistics, the probability of selling to an existing customer is 60–70% while the probability of selling to a new prospect is 5–20% and 80% of your future business will come from 20% of your current customers. So, it absolutely critical to focus on Retention. Majority of the interview panel replied retention is the result of great customer experience and product fit with the customer when asked about their recipe for retention.

Customer retention is the process of retaining customers over a specific period of time. A robust customer success strategy needs to involve the entire customer journey – not just onboarding or renewals. Essentially, there are stages companies should follow to generate repeat business from existing customers, to retain them. These stages focus on ensuring customers remain engaged with the product and invested in what the brand offers. To maximize customer value, all stages need a specific plan to ensure customers get the right level of engagement at the right time. The three primary stages that affect customer retention, which are explained in-depth further, include:

1. Customer onboarding strategies aim to provide the customers with a positive experience of the brand during the initial stage of the relationship immediately after they buy the product. For best results, companies should aim to deliver value to customers as soon as possible after their purchase. Strategies to achieve this objective include:
    a. Companies need to standardize the onboarding procedure which allows them to systematically reproduce successful results. Companies can standardize the procedure by breaking it down into steps that define what to do at each stage of the onboarding process. Steps companies should cover include key items such as:
        i. The right processes need to be put in place to make sure companies can monitor progress and know where each customer is during onboarding. It is

important to identify the processes upfront, so companies can plan them accordingly.

ii. Once onboarding starts, it is vital to know exactly how the customers are making progress. Consistently monitoring the status of the customers will help to know if more proactive measures need to be taken.

iii. Key milestones are a necessary prerequisite to develop a tight timeframe for the customer onboarding. Milestones are quantifiable, such as the number logged in users, usage of key features, specific business outcomes, etc. and are used to show if customers are seeing value during onboarding.

iv. To drive adoption during onboarding, it's good practice to employ nurture campaigns. Establish automated, relevant messages, and content that is based on measurable goals specific to onboarding customers.

v. It's always best practice to track business outcomes and create reports for management or customers to see if there are issues during onboarding that need to be resolved. This is critical if there is a need for executive support or buy-in to resolve an issue. Using active, real-time monitoring will help to identify any bottlenecks quickly or even prevent them from happening in the future.

vi. Companies need to create usage report and adoption list so they can see which customers are adopting the different modules of the product. It also helps to identify when a key contact has stopped using the product or a key product feature.

b. Companies need to set onboarding goals in order to frame customer expectations of what a successful relationship with the product and company should look like, set goals with the customers during the onboarding process. These goals should align with the customers' business goals in order to underscore the practical value derived from using the product. They should also be measurable so they can be tracked objectively. Companies need to set up a meeting with new customers to elicit their goals and review how the product can help their customers attain their objectives.

c. Companies need to identify KPIs for onboarding so that they can gauge how effectively they have achieved key business objectives. Similarly, for onboarding, a customer success department needs to ensure they have their onboarding KPIs so that they can evaluate their success at reaching goals. The KPIs include:

i. Time to complete onboarding

ii. Usage after onboarding

2. After customers have been onboarded and begin seeing value from the product, adoption strategies seek to deliver added value. Companies can deliver additional value in several major ways:
   a. After onboarding, customers may encounter various issues that require support. These can range from challenges using product features to technical problems to billing issues. The better support companies deliver in response to these concerns, the more value the customers will experience from the product and brand. Companies need to optimize their support procedures in order to help customers consolidate the value their customers experience from the initial purchase with their company.
   b. During the onboarding process, customers begin learning the basics about using the product. As they continue using the product, they can experience additional value by learning to use advanced features and applications. By providing advanced training and support, companies can point customers towards ways they can derive additional value from the product. Companies can deliver this type of ongoing training through means such as online tutorials, email tips, and suggestions volunteered during support tickets.
   c. When customers explore applications of their initial purchase, they may encounter situations where they would benefit from purchasing additional products. Companies can help customers access this additional value by promoting cross-sells geared towards meeting the needs of customers who have already purchased from the company. Cross-sells involve the purchase of products that complement a customer's initial purchase. For instance, offering customers an app integration for a software product would be a cross-sell.
3. During the renewal phase of customer retention, you invite your customer to continue your relationship with you. This invitation can take the form of offering a subscription or license renewal, or it can take other forms such as offering an opportunity to upgrade. You can increase a customer's inclination to accept your invitation by implementing proven renewal strategies. These strategies each involve their own tactics, procedures, and best practices.
   a. Companies need to standardize their Renewal Process just like standardizing the onboarding process allows to reproduce successful onboarding experiences. Map out the steps that are involved in your customer renewal process and create detailed

procedures for each step. Companies can then use these procedures as a checklist to ensure a smooth renewal process. Typical steps may include:

   i. Automated renewal reminders
   ii. Automated renewal billing
   iii. Notifications of changes to service agreements or pricing
   iv. Invitations to upgrade or purchase add-ons

b. Companies need to expand the relationship with an upsell as customer upsell opportunities are not timeline-based, but rather a function of three different scenarios; One being the customer is approaching full utilization capacity, or perhaps the company is launching a new product or feature that aligns with the customers' use case or business goals and lastly, the customer may be seeking functionality that only an upsell could assist with. Upsells could (and should) happen any time there is a customer need.

Root Causes for Churn

What are the root causes for customer churn and how can SaaS firms tackle them?

There could be a multitude of reasons why customers cancel, but sadly many companies don't catch on until it's too late to save the account. The following are the top reasons for churn and possible solutions that were collated from the interview with the CSMs.

1. Customers not seeing ROI on their investment after purchase. It could be buyer's remorse or maybe their expectations were too high. Companies could predict such scenario by looking out for decrease in usage or straight up inactivity after sign-up.
   Solution: Review the customers' goals set with the product and guide them throughout the onboarding/adoption phases so they aren't left to their own devices early on.
2. Solution not implemented in time. Customers can't determine ROI if they're not up and running nor fully evaluate the solution. Companies need to look if the account is fully set up or not.
   Solution: Companies need to establish an internal customer journey map and use it to help guide users through the optimal adoption plan and lead them towards value.
3. Loss of key user or advocate or champion.

Solution: Companies need to offer switchover training for new users and make sure they know more than one person/champion on the team where possible. It's important to maintain high-level visibility to keep management onboard.

4. Customers get at poor utilization and/or adoption. Companies need to look out for low usage or usage drop, user engagement is stagnant.

   Solution: Companies should ensure successful adoption by guiding customers through the process and understanding their goals. Then internally define clear parameters that would help identify what is considered "poor adoption/utilization" to allow the CSMs to proactively go on a rescue mission.

5. Customers not realizing the value proposition. Sometimes customers may need a bit of encouragement to show and remind them of the ROI from the product. However, if the support isn't timely or helpful or have issues with billing or have a hard time working with someone from companies' side, they might not see value. Companies need to look out for number of support tickets, question value of investment.

   Solution: Help benchmark the accounts' engagement over time to show customers where they are improving. Present them with some statistics to show the positive impact of their investment.

6. Lack of features in the product. Many SaaS customers will cancel simply because other (competing) services are adding new features and moving forward. They're going to want the latest and the greatest, not 2012. Companies need to look out for feature requests or feedback from users.

   Solution: CSMs need reach out to customers periodically to source feature requests or even during their check-in calls. It is helpful to get their feedback if companies are monitoring their usage within certain modules and then proactively asking them what they think. Then the feedback has to with the product team to let them know what really matters to the customers.

7. New management. This is one of the most common challenges, when new management comes in assessing why we're using this or that. This opens the door to justifying the expense of the current solution and why not another. Companied need to look out for Information about management change.

   Solution: CSMs need to Proactive call to introduce self and solution to new management and offer training.

8. Buggy product. Companies need to look for increase in support tickets or calls for help.
   Solution: Companies to be knowledgeable, empathetic, and offer solutions/alternatives in a timely fashion. Then make sure to tell the development team to fix the bugs!
9. Customers outgrow solution or they downsize. Companies need to look for advance feature requests or lower fee structure.
   Solution: CSMs need to share this feedback internally. There might be options to scale up or down on the product. Communication is key.
10. Product is not a right fit. Companies need to look for Customer's understanding/expectations of the product are not accurate.
    Solution: CSMs could participate in the tail end of sales discussions and offer a clear path for implementation/onboarding to set clear expectations.

Chapter 5: Discussion & Summary

At this point, the three research questions have been answered, and a greater understanding of what customer success management is, has been reached, as well as how the value is created to both the company and the customer. The key takeaway from all the research and discussion is that: This is the era of customers; the only way companies can grow best is by leading with customer value at their core. To simplify this in a nutshell, marketing teams within companies need to seek for more quality leads instead quantity i.e., they need to create demand from ideal customer persona (ICP) targeting high success and revenue potential. This in turn leads to higher conversion rates as well lower churn and customer acquisition cost (CAC). Hence, customer success teams will no longer be firefighters but help customers realise the value they would derive from the products with a dedicated customer success program. Dedicated customer success programs trigger a sense of fulfilment and accomplishment within customers when they achieve their initial goals and this in turn would result in high motivation to refer the product to others, the willingness to pay more for advanced features, which opens new paths for up-sells and cross-sells. But all this is said easier than done. It could only be achieved by a certain set of mindsets.

a. **Building value over just managing customers:**

   Many customer-facing organizations take a customer management approach to customer success. They seek to nurture long-term relationships with customers for the purposes of selling more products and services by providing good service and answering customer questions. But if organizations simply answer questions and give people the help they need, they can be blind to whether customers are achieving the business outcomes they expect. Customers are likely to churn even if they give the organization high satisfaction scores for every interaction.

   Best-in-class customer-centric companies should not only satisfy customers in the moment. They have to create value for customers in the long run—whether that value is tangible (e.g., lower costs, operational efficiencies, or time savings) or intangible (e.g., deepening a relationship or building trust in the organization).

   Companies should create ongoing value by proactively working with customers across the post-sale customer lifecycle. They should work with customers to determine their business priorities and desired outcomes, map out the steps necessary to achieve those aims, and help unlock value from product to bring those outcomes to life.

Because a customer's definition of success can easily change over time, they should also keep in touch with customers and proactively address ever shifting requirements. For example, if the customer indicated that decreased process time was a key driver during the sales process, the company might ask how long the process takes today. If the customer has achieved that goal, the company would identify additional objectives the customer now hopes to pursue.

b. Creating a customer maturity model:

For customer-centric companies, Customer Success shouldn't just be a once-and-done deal. These organizations should clearly define a customer maturity model to proactively improve the value customers achieve from their products or services. This maturity model shouldn't just cover traditional CS activities. It should be aligned across the organization, rather than operating in silos, and should be operationalized to ensure strong execution with the right tools, processes, and organizational structures.

The most advanced customer maturity models should operate across the entire organization, not just the customer facing teams, to systematically move the customer to greater levels of adoption. These models: 1) Should start with an incredible product that truly satisfies market demands. 2) Should ensure that the marketing team knows exactly what niche they serve and how best to present the product to that market. 3) Should help customers become intentional about how they use the product to ensure they're immersed in it. 4) Should help get customers to where the product becomes integrated into their daily operations. 5) Should help customers innovate with the product—and become true advocates.

c. Mining data for granular insights:

It is vital is to have strong domain expertise in the customers' industries. Domain expertise allows companies to come up with solid theories about what features, and services will provide value to their customers. But they need mine and interpret the data to determine exactly what customer actions and behaviours indicate that they're achieving value and stickiness.

The trouble is that companies are awash in data. Contracts, survey responses, satisfaction scores, demographic data, help desk tickets, logged interactions between customers and support, product usage tracking data, all provide tantalizing clues that teams across the organization can mine to find ways to increase customer value. Yet all too often, this data is not easily accessible. Or it is available in aggregate, but not at a granular level.

Customer-centric companies should use technologies that provide visibility across existing data sources and deliver detailed information at the right time to the right person to provide insights into every phase of the customer journey.

For example, granular, real-time data about what customers are doing with a CRM product can show a customer-centric company whether a user is using a specific feature, such as reporting. If she isn't using that feature, she may not be sharing the information she's gathered with the executive team, and the customer won't see the full value from the product. With fine-grained data about individual users, companies can determine when value gaps arise and proactively address them.

d. Nurturing and engaging every customer:

Most companies segment customers to determine the level of investment and effort they should devote to them. But just because a customer only spends tens or hundreds of dollars doesn't mean that they don't have high expectations of value from a product or service. And when taken in aggregate, customers paying even a few dollars a month can have a significant impact on the top line.

Companies should help all customers achieve success with appropriate levels of investment. For high-value accounts, companies should assign an account manager to speak directly with customers during and after the sales process to determine what value customers are looking for and to track markers of whether the customer is achieving that value.

With customers that represent a lower dollar value, companies should offer a similar level of service and experience with the help of strong domain experts, content, and technology. Domain experts should identify the concerns of the market. And then the company should use technology to send the right information at the right time and to track measures of customer value, thereby scaling its engagement model at an affordable cost. As a result, companies could have the wherewithal to nurture all customers, not just high value ones, and support all users, not just buyers and decision makers.

e. Engaging contextually not just periodically:

Instead of checking in with customers periodically to see how they're doing and answer questions, the companies should check in intentionally and strategically. They must understand that the customer journey has different phases (such as onboarding, adoption, and evolution) and that within each phase, customers have different priorities and expectations—and engage accordingly.

For example, during onboarding, the product must be configured correctly, delivered on time, and meet customer needs. Moving towards adoption, the customer should be using the product, achieving business value, and becoming delighted. During evolution, customers are looking at what's next—how they can derive even greater value.

Customer-centric companies should identify customer expectations across this spectrum and take their engagement cues from where the customer is on the journey. Rather than being premature or too late, these organizations should give the customer exactly what they need when they need it.

How should companies gather information about customer expectations and priorities in different phases? By doing their homework. They should ask customers about their expectations for each stage in the customer lifecycle and then make those expectations their priorities. In addition, they should also ensure that engineering, sales, marketing, and all other departments across their own organization understand and align with customers' priorities.

And finally, truly efficient customer success processes are research-oriented when it comes to creating relationships with customers and continually evolve the processes. Relationships with customers could be developed by a method called relationship mapping. Relationship mapping allows these companies to clearly outline what they're looking to achieve and how they plan to achieve it, how they can leverage relationships to achieve their goals, who can hurt their efforts and how, and how people within their company and the customer's company are affected by their actions. With this information, they then develop more effective strategies for achieving goals and ultimately strengthen ties with customers.

Suggestions for Further Research

While this research has been quite explorative, utilising data from experts from variety of SaaS companies, more research could be done specifically on digital transformations such as automating majority of the tasks using artificial intelligence and machine learning in customer success management. Scenarios such as pandemics, changed the market patterns and companies that had been hesitant about embracing digital transformation realized the need to prioritize a digital-first customer success approach. According to stats, a drastic increase in the number of accounts managed per CSM with 17% of respondents stating that the typical CSM managed more than 200 accounts (up from 5% in 2020). As the pandemic has forced many organizations to do more with fewer resources, a digital-first customer success approach has become necessary.

Though, Artificial intelligence in customer success is no longer an innovation but an established best practice. Deeper exploration on how artificial intelligence and machine learning could further help customer success management to smoothen the processes and achieve better results is one of the ways to go ahead.

References

Aaltio, I. & Heilmann, P. 2010. Case Study as a Methodological Approach. In Mills, A. J., Durepos, G. & Wiebe, E. (Eds) Encyclopedia of case study research. Thousand Oaks, CA: SAGE, 67-77.

Armbrust, Michael, Ion Stoica, Matei Zaharia, Armando Fox, Rean Griffith, Anthony D. Joseph, Randy Katz, Andy Konwinski, Gunho Lee, and David Patterson, et al. 2010. "A View of Cloud Computing." Communications of the ACM, 53(4): 50–58.

Benlian, A., Koufaris, M., & Hess, T. 2010. The role of SaaS service quality for continued SaaS use: Empirical insights from SaaS using firms. Presentation. ICIS 2010 Proceedings 15.12.2010, St. Louis, MO.

Berry, L., Carbone, L. & Haeckel, S. 2002. Managing the Total Customer Experience. MIT Sloan Management Review 43 (3).

Bhardwaj, Sushil, Leena Jain, and Sandeep Jain. 2010. "An Approach for Investigating Perspective of Cloud Software-as-a-Service (SaaS)." International Journal of Computer Applications, 10(2): 44–47.

Bolton, R. 1998. A Dynamic Model of the Duration of the Customer's Relationship with a Continuous Service Provider: The Role of Satisfaction. Marketing Science 17 (1), 45-65.

Brakus, J., Schmitt, B. & Zarantonello, L. 2009. Brand Experience: What Is It? How Is It Measured? Does It Affect Loyalty? Journal of Marketing 73 (May), 52– 68.

Customer Success Resources by Totango https://www.totango.com/library/customer-success-resources?utm_source=google&utm_medium=cpc&utm_term=totango&utm_campaign=Branded&utm_content=a651f9ab-63a4-4eb4-bc7f-b6f8a229da98&gclid=Cj0KCQiA9OiPBhCOARIsAI0y71C7W5goUEo9pHFbsuZvZd-yzeJUfoz0psetE7i7Cx6HnpRc6Fccte4aAo_IEALw_wcB

De Keyser, A., Lemon, K., Klaus, P., & Keiningham, T. 2015. A framework for understanding and managing the customer experience. MSI Working Paper Series, 15-121.

Dempsey, David, and Felicity Kelliher. 2018. Industry Trends in Cloud Computing. Cham: Springer International Publishing.

Dwyer, F., Schurr, P., & Oh, S. 1987. Developing Buyer-Seller Relationships. Journal of Marketing 51 (2), 11-27.

Easton, G. 2010. Critical realism in case study research. Industrial Marketing Management 39 (1), 118-128.

Farm Don't Hunt The Definitive Guide to Customer Success by Guy Nirpaz

Gainsight - Ebook The Customer Success Playbook to Customer Experience. Available at https://info.gainsight.com/customer-success-playbook-to-customer-experience-ebook.html

Grönroos, C. 1984. A service quality model and its marketing implications. European Journal of Marketing 18, 36-44.

Homburg, C., Jozic, D. & Kuehnl, C. 2015. Customer Experience Management: Toward Implementing an Evolving Marketing Concept, Journal of the Academy of Marketing Science 45, 377-401.

Kvale, S. 1996. Interview Views: An Introduction to Qualitative Research Interviewing. Thousand Oaks, CA: Sage.

Lavidge, R. J. & Steiner, G. A. 1961. A Model for Predictive Measurements of Advertising Effectiveness. Journal of Marketing 25 (6), 59–62.

Lemon, K. N., & Verhoef, P. C. 2016. Understanding Customer Experience Throughout the Customer Journey. Journal of Marketing 80 (6), 69–96.

Mahmood, Zaigham. 2011. "Cloud Computing for Enterprise Architectures: Concepts, Principles and Approaches." In Computer Communications and Networks, Cloud Computing for Enterprise Architectures, ed. Zaigham Mahmood, and Richard Hill, 3–19. London: Springer London.

McColl-Kennedy, J. R., Zaki, M., Lemon, K. N., Urmetzer, F., & Neely, A. 2019. Gaining Customer Experience Insights That Matter. Journal of Service Research 22 (1), 8–26.

Mell, Peter, and Timothy Grance. 2011. "The NIST Definition of Cloud Computing. Recommendations of the National Institute of Standards and Technology." National Institute of Standards and Technology. http://faculty.winthrop.edu/domanm/csci411/Handouts/NIST.pdf.

Meyer, C. & Schwager, A. 2007. Understanding Customer Experience. Harvard Business Review 85 (2), 117–26.

Mittal, V. & Tsiros, M. 2007. Customer loyalty in electronically mediated environments. In Evanschitzky, H. & Gopalkrishnan R., I. (Eds) E-Services: Opportunities and Challenges, New York, Wiesbaden: DUV-Gabler–Springer, 79-109.

Neslin, S. A., Grewal, D., Leghorn, R., Shankar, V., Teerling, M. L., Thomas, J. S., & Verhoef, P. C. 2006. Challenges and Opportunities in Multichannel Customer Management. Journal of Service Research 9 (2), 95–112.

Ofir, C., & Simonson, I. 2007. The effect of stating expectations on customer satisfaction and shopping experience. Journal of Marketing Research 44 (1), 164- 174.

Palmatier, R. W., Gopalakrishna, S. & Houston, M. B. 2006. Returns on Business-to-Business Relationship Marketing Investments. Marketing Science 25 (5), 477–493.

Palmer, A. 2010. Customer experience management: a critical review of an emerging idea. Journal of Services Marketing 24 (3), 196-208.

Pine, B. J. II., & Gilmore, J. H. 1998. Welcome to the experience economy. Harvard Business Review 76 (4), 97-105.

Prahalad, C. K. & Ramaswamy, V. 2003. The New Frontier of Experience Innovation. MIT Sloan Management Review 44 (4), 12-18.

Reinartz, W., Krafft, M. & Hoyer, W. 2004. The Customer Relationship Management Process: Its Measurement and Impact on Performance. Journal of Marketing Research 41, 293-305.

Sheth, J. N. 1973. A Model of Industrial Buyer Behavior. Journal of Marketing 37 (4), 50–56.

Skok, D., 2010. SaaS Metrics – A Guide to Measuring and Improving What Matters. For Entrepreneurs [online] Available at http://www.forentrepreneurs.com/saas-metrics/

Srivastava, M., Kaul, D. 2014. Social interaction, convenience and customer satisfaction: The mediating effect of customer experience. Journal of Retailing and Consumer Services 21 (6), 1028-1037.

Stake, R. E. 2010. Qualitative Research: studying how things work. New York: Guilford.

Stein, A., & Ramaseshan, B. 2016. Towards the identification of customer experience touch point elements. Journal of Retailing and Consumer Services 30, 8-19.

Verhoef, P. C., Lemon, K. N., Parasuraman, A., Roggeveen, A., Tsiros, M., & Schlesinger, L. A. 2009. Customer experience creation: Determinants, dynamics and management strategies. Journal of Retailing 85 (1), 31-41.

Zainal, Z. 2007. Case study as a research method. Jurnal Kemanusiaan 5 (1).