Customer Success as a Profit Center

This paper examines how the Customer Success (CS) function represents an untapped area of opportunity for B2B companies. It explains how to update the Customer Success model to avoid lost revenue and profits, and how to achieve exponential growth by delivering greater customer impact.

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Summary Points

- Customer Success should be thought of and modeled as a profit center, not a cost center
- When managed properly, the Customer Success team delivers exponential growth, not just additive growth
- Lower churn and higher upsell leads to greater customer lifetime value without additional acquisition costs
- By focusing on higher frequency upsell opportunities, companies can increase their revenue from existing accounts by more than 40%
- By basing the number of accounts per CSM on the time required for each account to be successful, rather than on revenue ratios, companies can double revenue from existing accounts
- CS and company leadership should focus on maximizing profitability rather than productivity, in order to achieve exponential growth.

Customer Success, Misunderstood

Recurring revenue models are not new. Consider the auto mechanic who performs regular oil changes, the stylist with clients who books services every month, or the wireless service provider that charges customers each month. Software-as-a-Service (SaaS) companies did not invent the recurring revenue model. But they did institutionalize how companies manage customers within these recurring revenue models: this management model is the deployment of Customer Success (CS) teams.

Vantive Corporation, a CRM company founded in 1990, launched the first-ever Customer Success team in 1996. [Ref. 1]. The Vantive CS team was introduced to reduce customer churn during implementation in an industry that, up to that point, had seen a high failure rate [Ref. 2]. Vantive set the precedent for the use of the CS function - and based on their approach, CS was treated as a new cost center by businesses. Under this cost-center mentality, CS was initially deployed only when a company was likely to lose a customer, rather than to manage every customer relationship. Over time, however, the scope and responsibility of the typical CS team evolved and grew. And in the past decade, the Customer Success Manager (CSM) role has become foundational to nearly every software and cloud-based company [Ref. 3].

A Shift In Perspective: Cs As The Driver Of Higher Lifetime Value

Customer Success teams typically operate using a revenue model that follows an additive approach, whereby net retention is the sum of a mathematical equation, as demonstrated in Figure 1. It shows that net revenue is the result of adding new revenue and subtracting lost (or churned) revenue; this model is very similar to the method laid out by Vantive in 1996. However, this traditional approach fails to recognize the full opportunity for growth in customer lifetime value (CLV). For instance, an increase in CLV could be driven by quantitative impact, including periodic revenue growth, reduced churn, increased profitability and lower cost-to-serve. CLV can also be increased through qualitative impact, including actionable and cost-effective product and experience feedback, competitive insights, and positive word-of-mouth, such as customer references and product ratings. [Ref. 4].

By recognizing the full potential of existing customers to contribute to growth, CS can shift from cost center to significant revenue driver and profit center. As we delineate below, leaders and companies that embrace this modern approach to Customer Success (CS 2.0) can realize far greater growth compared to those who maintain the historical view of CS as a cost center [Ref. 5].

By taking into account the many avenues for growth in CLV, we see the model is not simply additive. Rather, the CS model operates as a multiplier because it can accelerate revenue growth beyond what results from new logo sales.

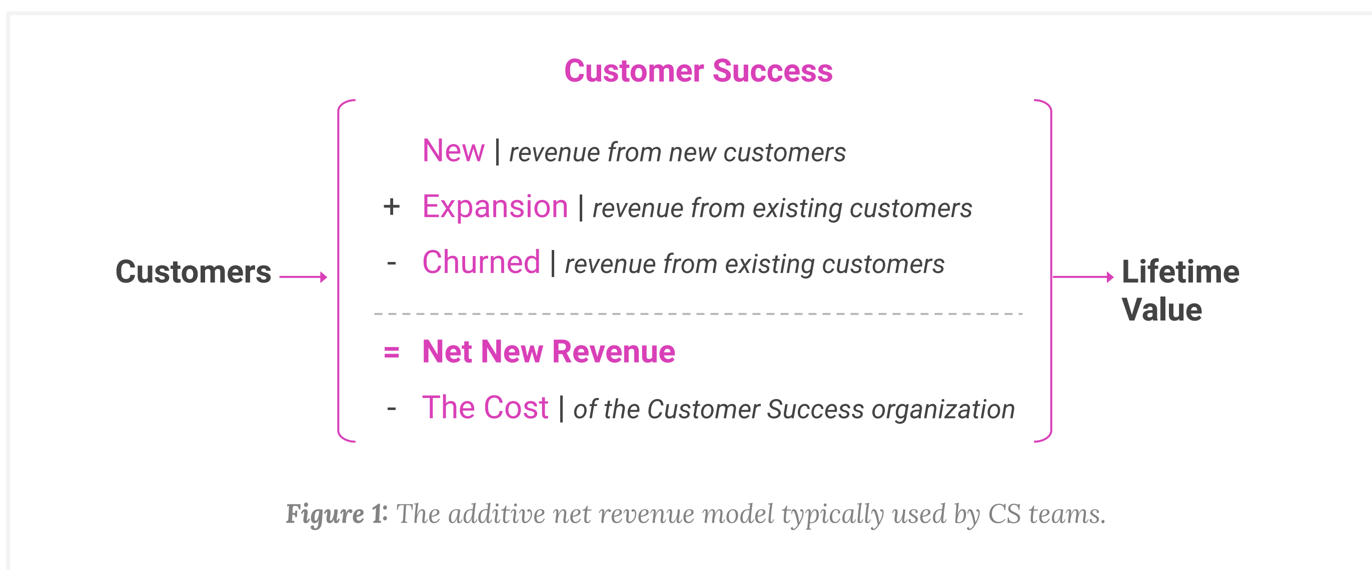


Figure 1: *The additive net revenue model typically used by CS teams.*

In sales metrics, we multiply the number of leads by a series of conversion rates across stages to get to a total number of closed-won customers. And we know from Sales that small improvements at each conversion point can have an exponential impact on results [Ref. 6].

What happens when this model is applied to CS? By improving conversion rates through post-sale lifecycle stages, overall customer retention and expansion deliver similar exponential impact. Consider this: A five percent increase in retention results in an estimated 25 percent to 95 percent increase in revenue [Ref. 7].

CS is able to drive this larger revenue impact, while Sales is more limited by its linearity. A sales cycle is finite, with a clear beginning and end. When a prospect becomes a customer, the seller typically hands off that customer to another team, so the seller can continue hunting for more new customers. After that initial sale, CS has the potential to hold onto that account in perpetuity through ongoing renewals. Taking this further, consider the opportunities for growth while customers are in the hands of CS, because revenue potential is not limited to renewals alone. There is also potential for upsell and cross-sell revenue, including new buying centers or product lines. This ongoing opportunity is what makes the growth potential driven by CS truly exponential.

Just as in Sales, it is essential to understand the conversion points that CS manages. As depicted in Figure 2, the recurring impacts in CR6 (retention) and CR7 (expansion) are important for businesses to track and measure. This understanding allows leaders to see a perspective on what Customer Success is and the impact it can deliver in a recurring revenue model.

A New Operating Model for CS 2.0

To get the rewards of CS as a revenue driver, we must first understand how to measure the CS function and how it supports customers.

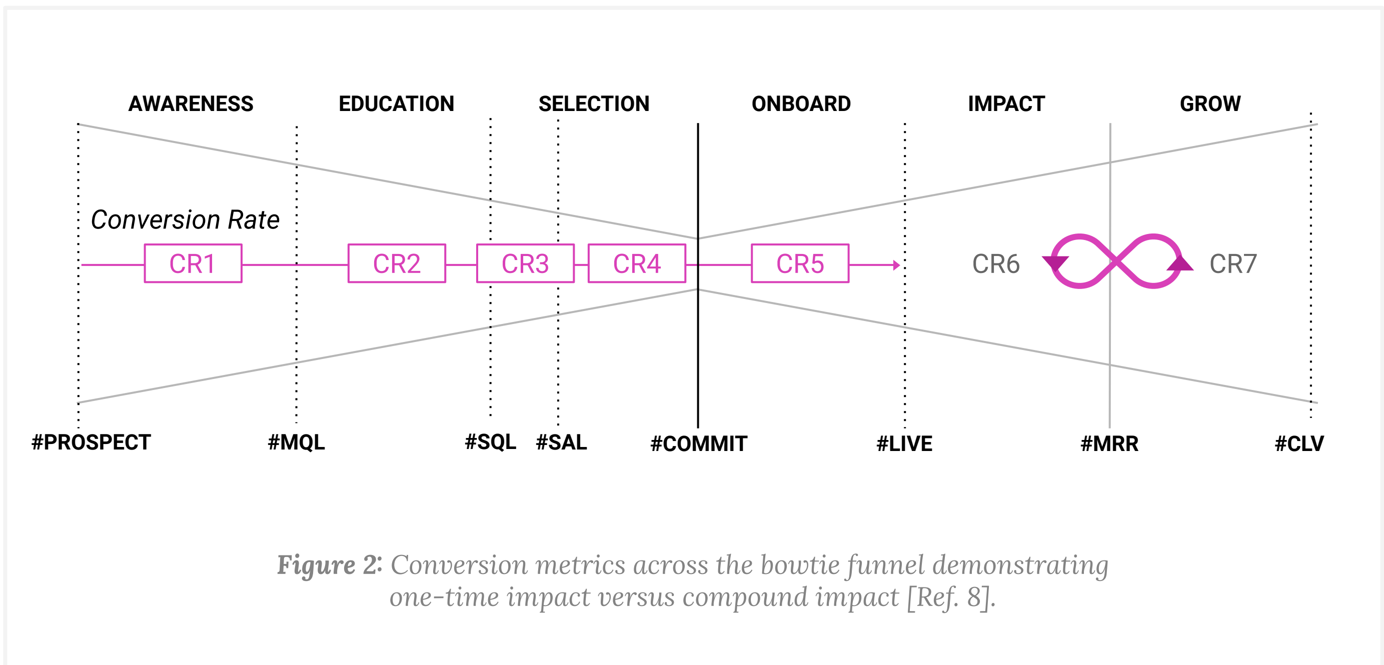


Figure 2: *Conversion metrics across the bowtie funnel demonstrating one-time impact versus compound impact [Ref. 8].*

At its core, Customer Success supports at least three objectives: Onboard (CR5), Retain (CR6) and Expand (CR7). Each of these objectives contributes to revenue growth and profitability, showing both how effective a team is at helping customers move through these stages, as well as the impact of each on revenue.

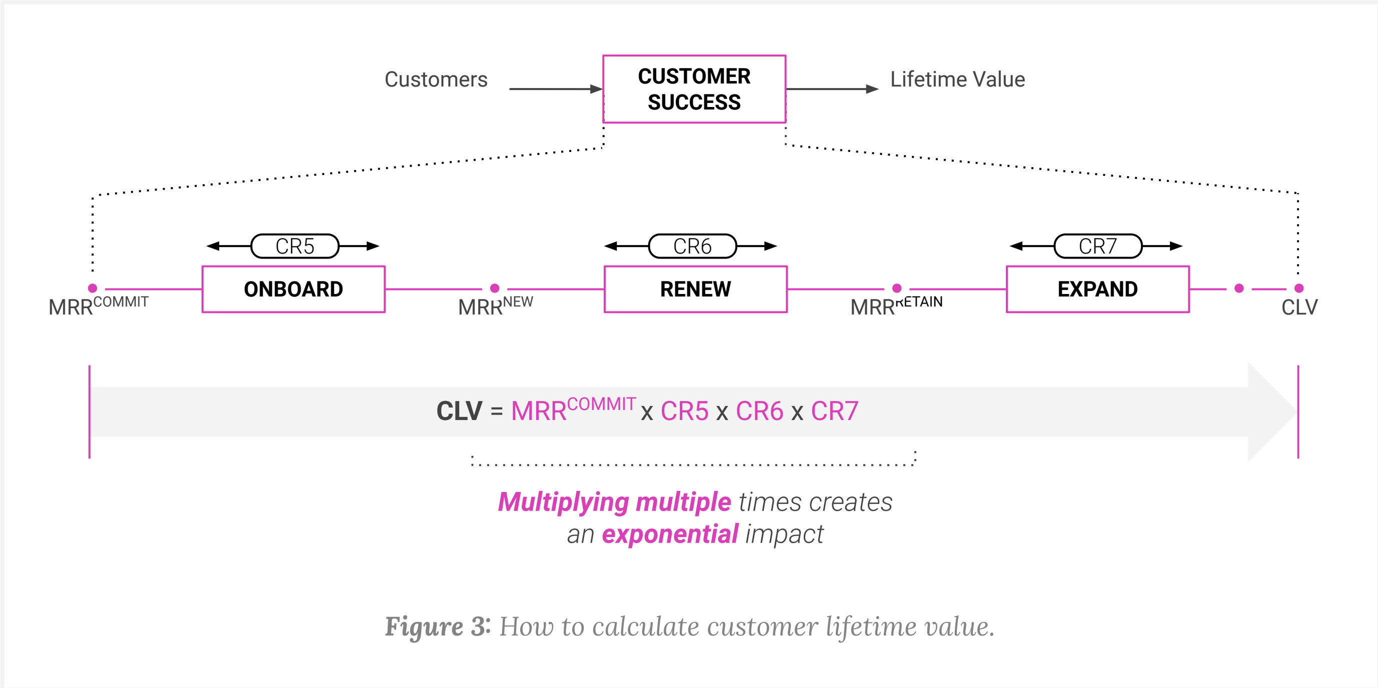


Figure 3: How to calculate customer lifetime value.

Albert Einstein reportedly said, "Compound interest is the eighth wonder of the world. He who understands it, earns it. He who doesn't, pays it" [Ref. 9]. As demonstrated in Figure 4, CR6 and CR7 operate on a continuous loop (either monthly or annually depending on contract length). By constantly multiplying CR6 and CR7, exponential revenue impact is created. This never-ending loop means that CLV is compounded: a one percent increase or improvement in one metric creates an enormous difference when it is applied over an extended period of time. For example, a one percent gain every day for one year would result in an overall gain of 3778% (1.01^{365}).

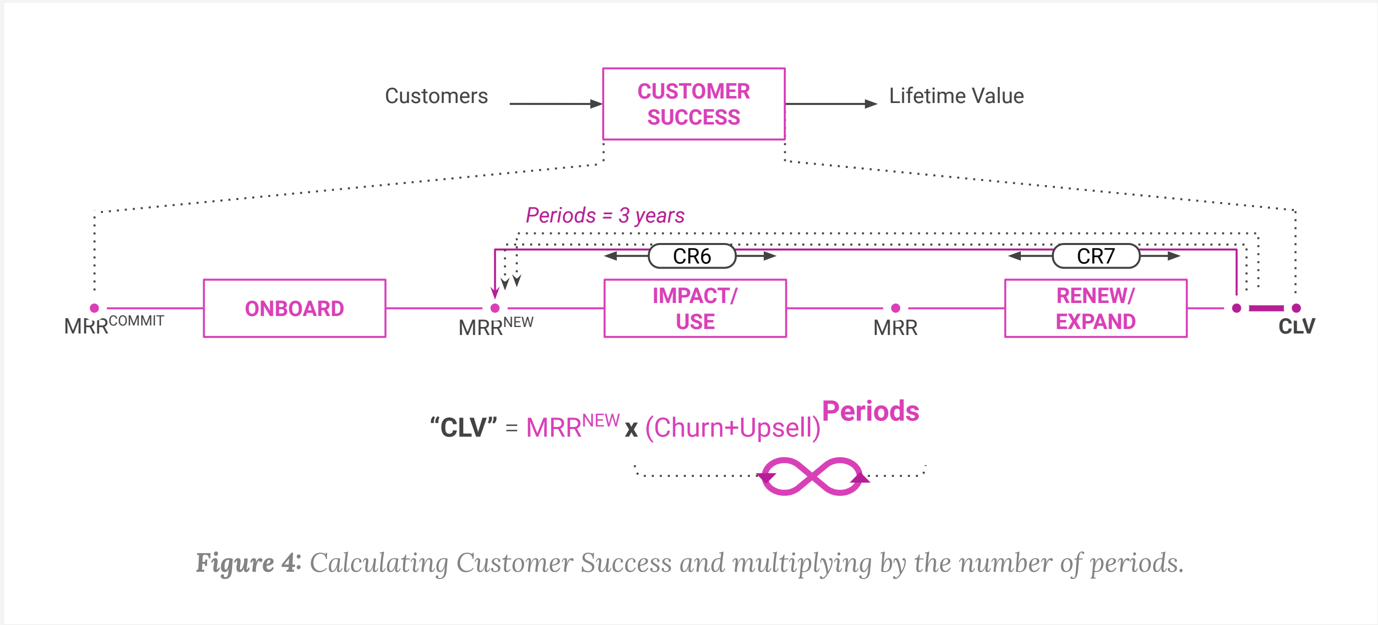


Figure 4: Calculating Customer Success and multiplying by the number of periods.

While an improvement of this overall magnitude may seem unlikely, a one percent improvement in each area of CS is generally a modest, achievable goal, and those improvements add up to substantial impact over time.

How do we see this play out in other scenarios? Consider the British Cycling Team. At the beginning of 2003, they had only one gold medal and no Tour de France wins to show for 110 years of competition. To change those results, the 2003 team looked at the typical methods of training and strengthening used by professional athletes, but they also looked for less obvious areas that could deliver small improvements. For example, they replaced the bike seats to make them more comfortable so riders would focus on the race and not the seat. They encouraged proper hand washing to prevent the team from getting sick. After ten years of these small improvements, the team set nine Olympic records, seven world records, and achieved Tour de France wins in five of the next six years [Ref. 10]. Small changes can lead to big wins.

How to Calculate Exponential Impact Potential

Now that we have established the exponential impact opportunity for CS, we will establish the elements of exponential impact. How we think about these elements then influences the decisions that companies make when defining, enabling, and staffing the CS function.

First, it's important to define the relatively simple mathematics that govern this value potential. By expanding an account just a small amount during each contract cycle, the lifetime value of that customer grows exponentially, just like the British Cycling Team's success.

To understand how exponential growth (Figure 5) is calculated, we examine the four key metrics that should be measured after the initial sale:

1. Average contract value (ACV) of a group of customers (MRR^{COMMIT});
2. Onboarding (CR5): The amount of revenue represented by the customers who successfully make it through onboarding (MRR^{NEW});
3. Retention (CR6): Determines how much revenue is recurring (MRR^{RENEW})
4. Expansion revenue (CR7) (upsell or cross-sell) over a period of time $(MRR^{EXPAND})^{\#PERIODS}$.

These four metrics are used in three key equations to calculate and quantify the exponential impact from CS:

Eq 1. $MRR^{COMMIT} \times CR5 \text{ (onboarding)} = MRR^{NEW}$

This equation represents monthly recurring revenue from customers who have successfully made it through the onboarding process and reached the point of first value. For some companies, this number will be 100 percent, especially in the Enterprise segment. This is because buying cycles are significantly longer and there is much higher commitment to the purchase during the buying process. In scenarios of lower contract value and faster buying cycles (such as in a Product Led Growth (PLG) model), buyers have less risk from the transaction, and we see an onboarding rate closer to 90 percent [Ref. 11].

Eq 2. $MRR^{NEW} \times CR6 \text{ (Retention)} = MRR^{RENEW}$

In the equation above, the revenue from onboarded customers who have achieved impact will renew, resulting in monthly recurring revenue from renewals.

Eq3. (MRR^{RENEW} x CR7 (Expansion) =(MRR^{EXPAND})

This equation begins to demonstrate the compound impact of revenue that comes from existing customers. As shown in Figure 5, when customers begin to upsell and continue to renew each period, the revenue compounds.

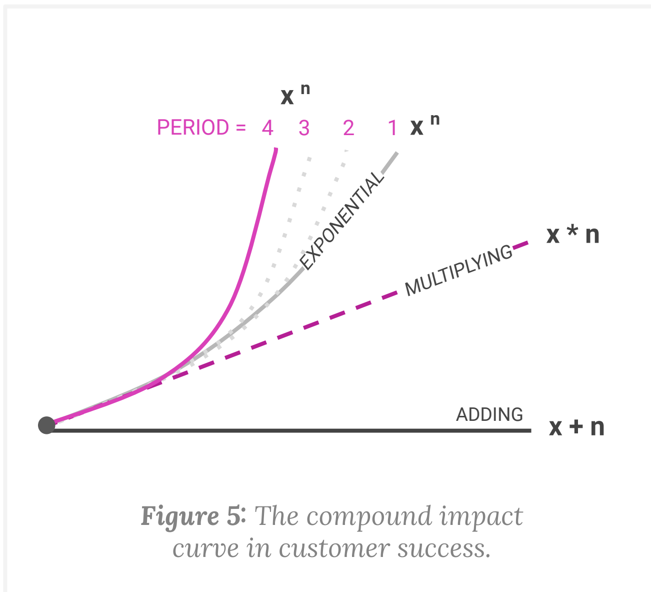


Figure 5: The compound impact curve in customer success.

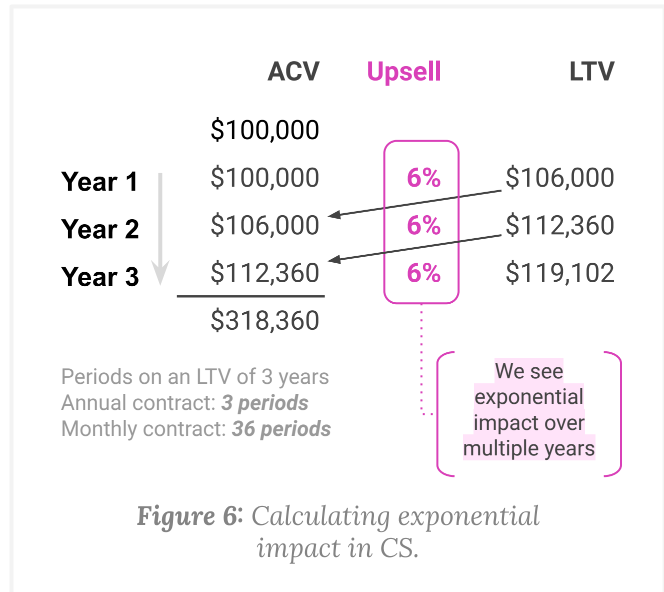


Figure 6: Calculating exponential impact in CS.

As an example, let's look at the value of one customer over a three year period. Consider the customer with an initial ACV of $100,000 and an upsell potential of 6% annually. The initial CLV is $300,000, but in delivering the right impact year over year, the CLV of this account becomes $318,360 over three years (a 6.12% gain in CLV), as demonstrated in Figure 6.

Now consider a complete book of business for a CSM who is managing 20 accounts, with an ACV of $100,000 for each account. The upsell percentage remains at six percent annually, and consider that only 50 percent of those customers upsell annually over three years. These metrics, which are fairly conservative for most companies, represent $367,254 or 5.8% in upsell revenue at the end of three years. The total CLV for these 20 accounts is $6,367,254. This is equivalent to 3.5 new logos, but with virtually no acquisition cost.

What impact does this have? Assuming that the customer acquisition cost (CAC) payback period is on average 10 months [Ref. 12], it means that

What impact does this have? Assuming that the customer acquisition cost (CAC) payback period is on average 10 months [Ref. 12], it means that if a customer churns in its first year, the impact is the equivalent of losing money on that sale. This negative impact increases when you consider Cost to Serve (CTS), which is often 10 to 20 percent of revenue [Ref. 13]. When we want to deliver profitability, we can consider that after a customer's first year, their CAC has been paid back and costs are limited to ongoing CTS. As demonstrated in Figure 7, the longer a customer stays, the more profitable that customer becomes for your company, even without an increase in revenue.

How to Increase Exponential Impact Potential

While renewals may have limited flexibility around timing of revenue, the same is not true of expansion revenue. Most companies miss a significant opportunity to increase the compounding effect by not looking for cross- or upsell transaction potential outside of predetermined annual renewal periods. Because most CS leaders focus their CSMs only on the renewal date, they miss opportunities to grow revenue from expansion deals throughout the year.

the previous example), the revenue impact more than doubles to $760,922 or 11.3 percent expansion revenue. This is the equivalent of adding eight new logos, but without the CAC.

While this might seem like a small difference, this example looks at just one metric for one CSM's book of business. You can quickly begin to see how this same practice, applied to multiple conversion rates over the company's entire book of accounts, can yield very significant results.

For a different example, let's look at a mid-market CSM with 70 accounts and an average ACV of $36,000 for each. The total

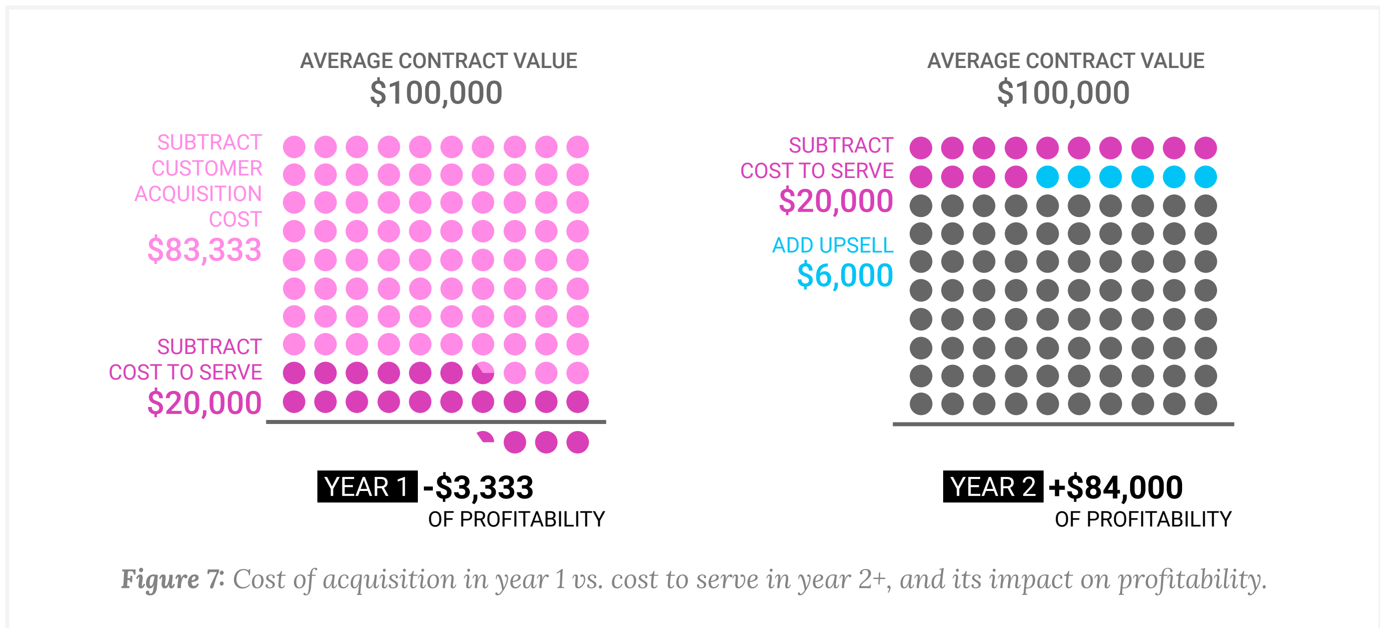


Figure 7: *Cost of acquisition in year 1 vs. cost to serve in year 2+, and its impact on profitability.*

Most companies look to increase revenue from an existing customer by increasing the number of users from that customer or by adding additional features or modules. If 50 percent of customers can be upsold by adding new users or product features, at six percent quarterly plus a standard six percent price increase upon annual renewal of the entire contract, the potential for revenue growth is quite substantial. Even if this is possible only for half of a CSM's managed accounts, or 10 logos annually (continuing from

managed revenue for that CSM would be $2.52M annually. Consider three different scenarios for revenue after three years:

1. No upsell and no churn = $7.56M
2. Annual upsell of 4% and churn of -2% = $7.71M
3. Monthly upsell of 4% and churn -2% = $10.92M

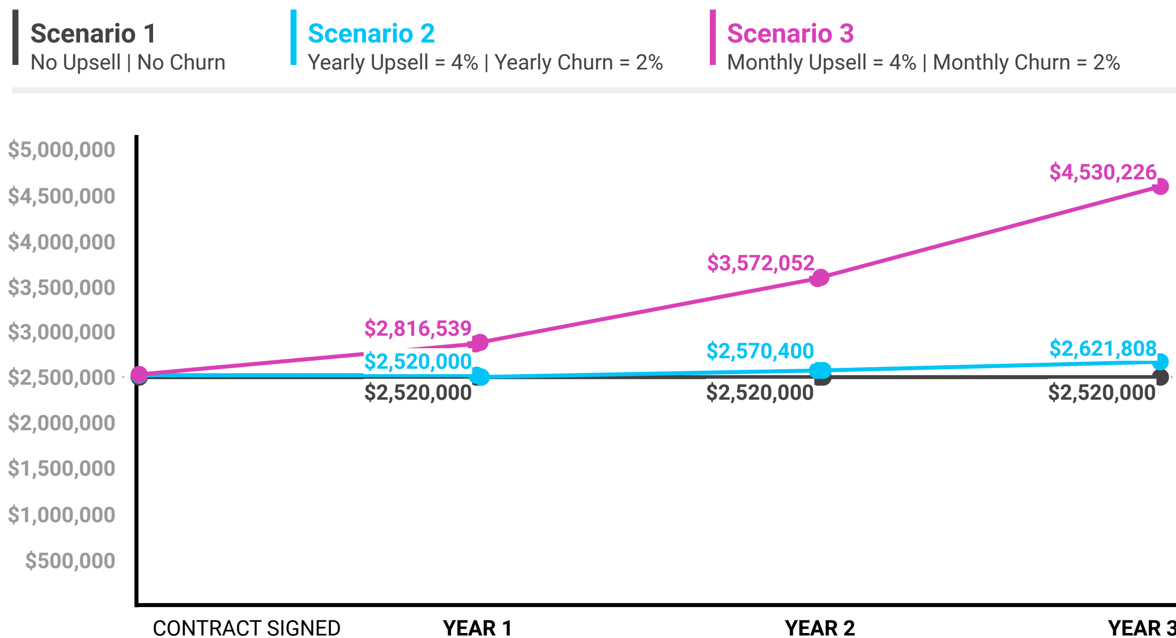


Figure 8: *Growth metrics comparison over 3 years, considering annual vs. monthly upsell.*

When you factor in the same upsell and retention metrics, yet focus on monthly increases, even with monthly churn calculated in as well, revenue potential increases by 41.6 percent over 3 years, if done on an annual basis.

CSMs typically manage their accounts with a primary focus on annual renewals; if they were to shift their focus to uncovering expansion opportunities that can be transacted throughout the year rather than only at contract renewal, a far greater impact on revenue can be realized.

Beware of Negative Impact Potential

While the compounding nature of CS means small gains can lead to big growth over time, we must also be aware of potential negative impacts this model can create. The same principle also applies to small losses, which can compound to become big losses over time. As demonstrated above, reducing churn is an essential and traditional component of the CS function. Exponential growth is only possible by managing and limiting churn, which begins with understanding where churn begins and how to prevent it.

While a company can continue to grow when revenue from new business or expansion is greater than revenue loss from churn, studies have shown that the fastest growing SaaS companies have a net revenue churn that is 14-23 percent lower than the mean [Ref. 14]. These fast-growing companies therefore have a more stable revenue base from which to grow.

Some financial analysts and researchers argue that company valuation is better done by examining customer retention. This type of analysis is referred to as customer-based

corporate valuation [Ref. 15]; this method works for both contractual and non-contractual businesses [Ref. 16]. The methodology has not escaped the attention of investors: at least one company (Blue Apron) had a 10 percent drop in value the day after research using this method was made public [Ref. 15].

This principle (that small gains lead to significant growth over time) has only recently been embraced by more SaaS companies in terms of how they structure their CS functions and CSM roles. Most SaaS companies try to manage churn on a reactive or exception basis. When a customer has a bad experience or a renewal reaches at-risk status, many expect CSMs to go into emergency mode. Because the issues are often larger than what CSMs can resolve on their own, the emergency plan often requires executives, sales reps, and product team members to jump in and try to "save" key accounts. This reactive motion results in a chain of events that involve many team members spending large amounts of time performing non-scalable actions. Typical examples include quick product improvements, contract changes, team changes, and general promises to improve things moving forward. This has the dual negative effect of spending too much time and effort saving these accounts, as well as other accounts being ignored and becoming churn risks themselves.

Instead, companies should map out a series of proactive actions that best set up a customer to achieve impact. Preventing customers from having issues, and providing engagement that keeps them on the positive path to impact, is a more efficient way to mitigate churn and grow.

To get started on this proactive approach, we return to our exponential growth model. As we've noted, small improvements yield big impact over time. Companies should begin their customer journey improvement by looking at which post-sale conversion rates point to problem areas, and then using that to find any quick wins. These quick wins are likely to come in the form of how actions are being performed today. For example, managers can look at how new customers are transitioned from Sales to CS, how various types of customer calls and meetings are conducted, what information is being used to monitor customer activity, and what resources are being used to handle common issues. While not game-changing on their own, small improvements can provide early impact that compound over time.

Next, companies can perform an analysis to identify which actions and what levels of engagement correlate to customer renewals and expansion. By understanding what the data shows about the path that works best for customers who achieve impact, it is easier to define a series of proactive actions that are proven to be linked to positive customer outcomes. It is also useful to compare that data with cases of customers that do not renew and expand. For example, it may be the case that customers whose onboarding is delayed or not completed churn at a higher rate than those who are onboarded promptly after signing the contract.

This foundation will allow CS leaders to develop

a specific set of actions to take that can be measured and monitored. When customers veer off the positive path, it becomes far easier to take action before they are too far on the road to churn. It also allows for leaders to take small steps over time that show up in conversion rates sooner, without having to wait for a more substantial organizational or process transformation.

Determining CSM Headcount Needs

Defining the right proactive approach will also provide a data foundation to estimate how many CSMs are required to support that optimal engagement path. By determining the amount of time it takes a CSM to take these actions for each account, CS leaders can then determine the proper number of accounts each CSM should be managing. When companies perform this exercise, many will find they do not have the right number of CSMs in place to handle all of their accounts, especially in their highest value segments. It may also point to a disconnect in the company's overall go-to-market model, where overly optimistic assumptions may have been made about the level of support required for customers to achieve impact. This disconnect often happens because companies typically define the ideal ratio of accounts per CSM by simply looking at expected revenue per CSM; they have a number they need or want to hit, and staff accordingly. This method fails because it doesn't consider the level of engagement required to get customers to impact, or the revenue potential that results from increasing the length of a contract or seizing expansion opportunities. Therefore, designing the ideal ratio of accounts per CSM requires calculating the optimal number of hours required to successfully manage and grow an account.

A classic result of what happens when companies make this miscalculation is the CSM who is assigned too many accounts. The CSM does not have sufficient time to focus on each account, which in turn increases the likelihood of churn and decreases the likelihood of expansion opportunities. Growth is only possible when CSMs have time to manage growth as well as limit churn.

To refine the calculation of how many hours a CSM has for both of these activities, start by thinking about each account as requiring a certain number of meetings. There are four main types of meetings CSMs should have with customers:

1. **Monthly meetings** help drive usage and impact throughout the year and address any concerns the customer may have. These meetings also strategically uncover new initiatives or changes happening with the customer that might impact their use of services or products they purchased. Typically these meetings are with the main users of the product.
2. **Executive Business Reviews (EBR)** discuss what happened in the previous period and discover what changes or critical events in the organization might impact how they are using the products or services they purchased. This meeting generally involves the decision maker as well as the main users of the product. The EBR can also be used to uncover expansion opportunities.
3. **Workshops** occur to discuss major milestones, such as renewals, or discover expansion opportunities with the client. For larger customers, a workshop can be conducted to involve other business units and lay the foundation for cross-sell opportunities.
4. **Ad-hoc** meetings are typically unplanned and happen when a specific trigger occurs, such as a change in champion, service issue, or upsell opportunity. Ad-hoc meetings often require additional preparation to properly diagnose the situation and plan out the right course of action, sometimes involving additional people from the organization.

As demonstrated in Figure 8, a CSM's time can be broken down into the number of hours required for the proper number of meetings with each customer each year, and the number of hours required to prepare for and follow up on those meetings. These hours can be summed and then multiplied by the average productivity of CSMs, which is typically around 70 percent (and may be less) [Ref. 17]. As shown in the example in Figure 8, the ideal number of large enterprise accounts with an average ACV of $100,000 is around 20.

For smaller accounts with an average ACV of $36,000, there are typically fewer meetings required, with less time needed per meeting. Therefore, the proper number of accounts per CSM is closer to 70 accounts (Figure 9). However, this is just a starting point: the correct number of accounts per CSM may vary from company to company based on other factors. For example, the number of CSMs for larger accounts may need to increase to give each of those accounts adequate attention if they have more complex requirements and larger teams to engage [Ref. 11].

Average Meeting Time and Account Ratios for $100,000 ACV Account

	Prep time (hrs)	Meeting time (hrs)	# needed per year	Total hours
Monthly	0.5	1	12	18
Quarterly	2	1	4	12
Bi-annual	5	2	2	14
Ad-hoc	3	3.5	4	26
			Total	70
Work hours/year		2000	70%	1400
			Accounts	**20**

Figure 8: Example of calculating the number of accounts that a CSM should manage, with an ACV of $100,000.

Average Meeting Time and Account Ratios for $36,000 ACV Account

	Prep time (hrs)	Meeting time (hrs)	# needed per year	Total hours
Monthly	0.5	1	0	0
Quarterly	2	1	2	6
Bi-annual	1	1	1	2
Ad-hoc	1	2	4	12
			Total	20
Work hours/year		2000	70%	1400
			Accounts	**70**

Figure 9: Example of calculating the number of accounts that a CSM should manage, with an ACV of $36,000.

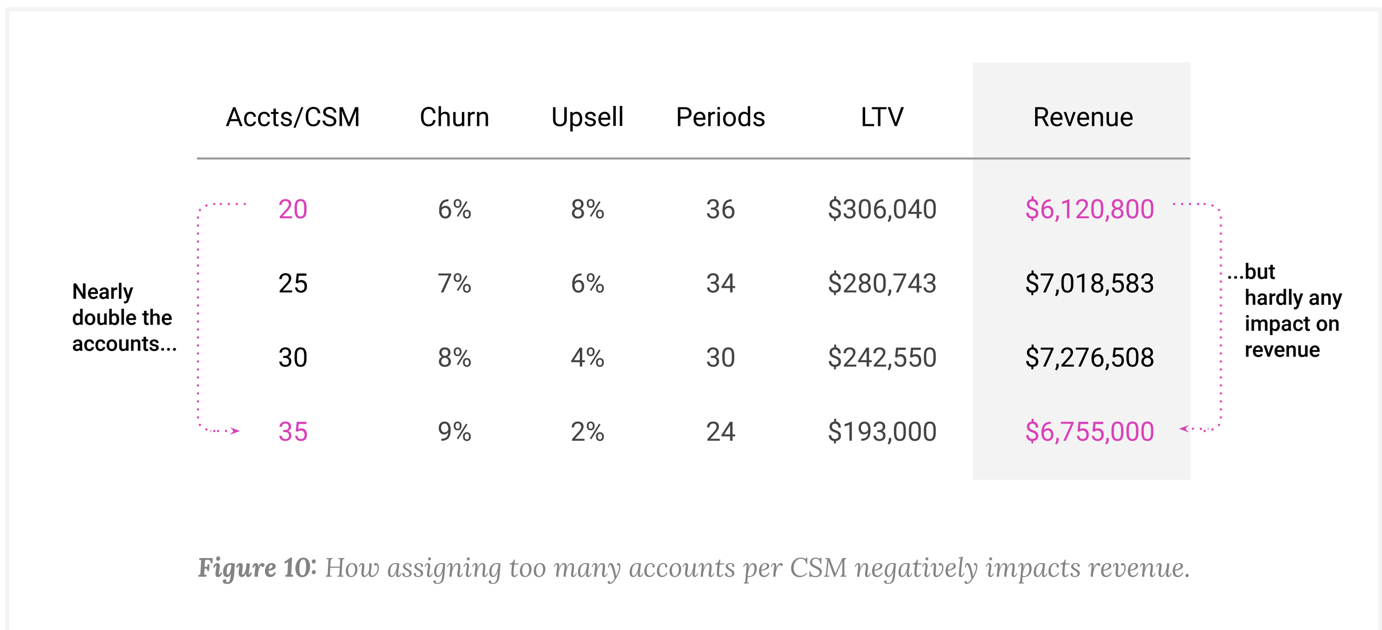
Calculating The Revenue Impact Of Changes To The CSM : Account Ratio

When a CEO is looking to cut costs, Customer Success is typically one of the first places they look. They often incorrectly assume that decreasing headcount will deliver cost savings, when in fact, it will ultimately decrease revenue by far more than the savings achieved from headcount reduction. Based on our model, reduction to the CS team creates an enormous negative impact on churn and CLV.

Given what we know about the math involved, it is now easy to understand how this occurs:

1. Fewer CSMs means that each CSM will need to handle more accounts;
2. CSMs will not have enough hours each week to properly serve all of those accounts;
3. Lower engagement and impact leads to increased churn from accounts that are now getting less CSM attention and less time dedicated to upsell motions;
4. Average contract lengths will shorten, as the CSM is less able to stay on top of and align with the customer's corporate changes over time to secure renewals and expansion.

This is another scenario with potential for negative effects of compounding, stemming from less retention and expansion conversion. Due to the compounding nature of the effect of all these problems that result from understaffed CS teams, seemingly small changes create a disproportionate impact on CLV. Rather than the expected cost savings that the CEO was looking to achieve, the result instead is reduction in company revenue and profitability that only continues to compound. Cutting headcount without understanding the mathematics behind the revenue can result in opportunity costs as well, when the CS team starts to experience employee churn and lower engagement that impacts performance quality (Figure 10). It is crucial to understand these mathematical principles first; companies should be wary of chasing productivity at their own expense.



Accts/CSM	Churn	Upsell	Periods	LTV	Revenue
20	6%	8%	36	$306,040	$6,120,800
25	7%	6%	34	$280,743	$7,018,583
30	8%	4%	30	$242,550	$7,276,508
35	9%	2%	24	$193,000	$6,755,000

Figure 10: *How assigning too many accounts per CSM negatively impacts revenue.*

Key Findings

This paper demonstrates how Customer Success can be a crucial value driver for company growth, particularly in B2B SaaS companies and other recurring revenue models. We also explain why most companies leave this opportunity for exponential revenue growth on the table. By focusing only on the operational metrics of Customer Success, they treat CS as a cost center, rather than the growth driver that it has the potential to be. By understanding the mathematical principles delineated above, leadership at companies looking for sustainable growth will quickly see how the CS function has the potential to drive far more revenue than the Sales function over time.

Once that realization occurs, business leaders will see why it makes far more sense to optimize CS by measuring on revenue metrics such as CLV, upsell rate, and new revenue growth through cross-sell and advocacy influence. This is in contrast to traditional measures such as loyalty scores (e.g., NPS, C-SAT), CS headcount costs, and churn rate, which do not focus on the impact and growth potential that CS can deliver [Ref. 19].

CS leaders have the responsibility for reframing their own thinking beyond the traditional use of the function, and showing their executive teams that CS has immense, untapped value ready to be contributed to the business. Those companies with CS leadership that understand these principles, and implement them with proper staffing, skill training, and strategic direction, will ultimately be able to drive significantly more value than their competitors and drive greater value for their customers.

The findings below illustrate the required shift in mindset and how to apply it for growth.

FINDING 1.

CS is exponential, not additive.

In addition to driving retention, CS drives expansion, and other revenue benefits for adjacent departments through need recognition, product expansion, and value proposition.

FINDING 2.

Small improvements have a large impact.

A one percent improvement every day results in a 3778% gain over one year. Companies that consistently focus on these small improvements see significant gains.

FINDING 3.

Managers as coaches will improve performance and results.

Managers can significantly drive performance through consistent coaching with call reviews and role plays.

FINDING 4.

CS has a significant impact on net revenue.

Not only can a five percent increase in retention can result in a 25 to 95 percent increase in revenue, but when focused on small upsells throughout the year and not just at renewal, you can double revenue.

FINDING 5.

A well defined, proactive process is the best approach to driving retention and expansion.

Shifting to a proactive approach to managing customers as opposed to responding to “red” accounts will increase customer retention. While responsiveness is a key to customer satisfaction, proactive outreach is needed to resolve customer issues before they become problems.

FINDING 6.

Cutting costs in CS by cutting headcount can have a massively negative impact on revenue.

Cutting headcount leads to reactive CSMs who don’t have time to focus on every account, making them less effective, not more productive.

Customer Success and the Fear Of Selling

The profession of Customer Success has a paradox to deal with: most of those who take on the role do so because they want to help customers, but they do not want to “be in sales.”

And yet, there are two realities that make the most effective CS functions look very similar in nature to their Sales counterparts:

1. The most effective CSMs have the exact same thing to offer their customers as the most effective salespeople: they are consultative, they provide guidance from the unique and helpful perspective of their field, and they help their customers solve problems [Ref. 18];
2. When the CS group functions according to the mathematical principles outlined here, it has the potential to drive far more revenue than the Sales function over time.

This, in turn, means that CS leaders need to meet the challenge of training their CSMs on the proper skills needed to drive revenue through account retention and expansion, while simultaneously helping them feel that they are not “selling”. In the same way that successful salespeople help their customers to buy rather than focusing on helping themselves to sell, CSMs should be taught the skills for how to solve their customers’ problems at the key moments in the customer lifecycle. By learning how to help their customers achieve the desired impact, CSMs will be able to both fulfill the role they want to have, and contribute successfully to business goals at the same time.

Suggested Actions

Action 1. Optimize your Customer Success process to proactively support the actions needed to help customers get to impact and choose to renew and expand.

Action 2. Develop a data model based on the actions and meetings required to drive successful outcomes to determine your CSM:Account Ratio.

Action 3. Create a customer journey that includes a focus on micro moments to drive expansion opportunities throughout the year, not the contract renewal date.

Action 4. Measure the success of your customers based on engagement and revenue as opposed to loyalty or satisfaction metrics.

Action 5. Invest in small improvements that can have a big impact over time, such as training your managers to be coaches so they can help to improve the skills of their teams.

Definitions

Asynchronous. Not happening at the same time.

Average Contract Value "ACV". The recurring value of a customer contract over any 12 month period. ACV excludes one time revenues.

Churn. The rate at which customers stop doing business with an entity, for example, the percentage of service subscribers who discontinue or do not renew their subscriptions within a given time period.

CLV. Popular abbreviation for Customer Lifetime Value. An estimate of the average revenue that a customer will generate throughout their lifetime with the entity.

Cost Center. A department within a business that does not directly add to profit but still costs the organization money to operate.

CS. Customer Success.

CSM. Customer Success Manager

Customer Acquisition Cost (CAC). The costs associated with winning a new customer.

Cost to Serve (CTS). Often referred to in SaaS as Cost to Serve are the direct costs associated with the production and delivery of goods sold by your company.

Executive Business Review. A meeting between the business and their customer which is often held quarterly but can be held at any frequency.

Health score. A metric used by Customer Success teams to determine whether an account is healthy or at-risk.

Impact. Effect or influence. A change, which is a result or consequence of an action or other cause.

Implementation. The process of putting a decision or plan into effect so that it becomes a reality. Often a way to explain the customer onboarding process.

Net Revenue. The gross sales of an entity, adjusted by subtracting direct selling expenses such as returns, discounts and commissions.

Onboarding. The action or process of integrating a new customer with the products and services after purchasing.

SaaS. Popular abbreviation for either "Software as a Service" or "Sales as a Science".

SMB. An abbreviation for small and medium-sized business, sometimes seen as small and midsized business typically with under 100 employees.

Mid Market. Businesses that often have 100-999 employees.

Enterprise. Businesses that often have over 1000 employees and/or are on the fortune 500 list.

Upsell. Upselling is a sales technique used to get a customer to spend more by buying an upgraded or premium version of what's being purchased.

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