

Customer Success Definitions, Calculations, and Lingo...Oh My!

Customer Success has gone from a nice-to-have to a need-to-have in every SaaS company. As an industry, we've adopted a slew of terms, acronyms, and buzzwords over the years. And while the role of Customer Success teams may vary from company to company, the terms that we use as CS professionals generally remain the same.

If you're new to the CS industry, you'll want a single place with all these terms consolidated in one spot for you to reference as you learn the ropes.

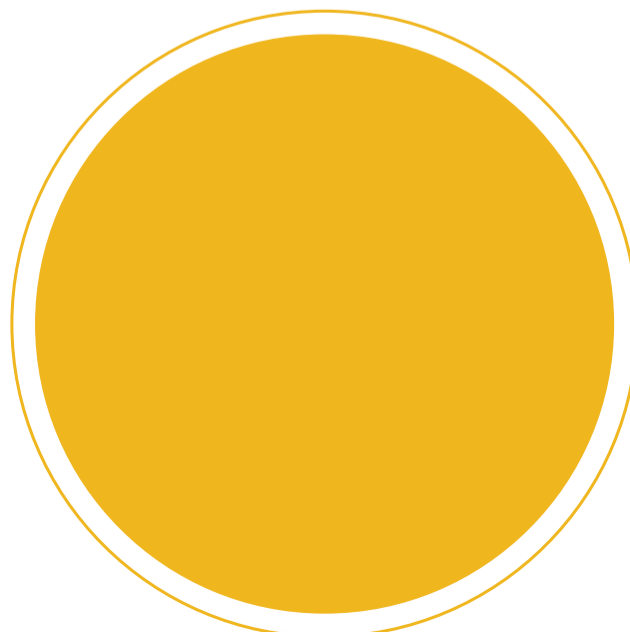
And even if you're a seasoned CS professional, you're bound to hear an acronym that you've not heard before every now and again, and you'll want to add it to your vocabulary.

We've got you covered! We've compiled these definitions, calculations, and lingo into one A-Z dictionary for rookie and seasoned CS professionals alike.



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A

Account Contraction

When the revenue of a customer account shrinks to a lesser amount. Reasons may vary, but for example, the removal of some user licenses could be a reason for losing a portion of revenue from a particular account.

Account Executive (AE)

Commonly used as a job title for sales representatives in technology and SaaS businesses. These individuals are typically responsible for the business/financial relationship between their company and customers.

Account Expansion / Account Growth

Generating additional revenue through existing customers/accounts. Growing the existing customer base is between 5 - 25 times more cost effective than acquiring new customers.

Account Manager (AM)

Can be used in place of Account Executive, or can signify a role responsible solely for cross-sells/upsells with existing customers.

Account Team

The team assigned to a customer. This could include roles such as AE, AM, CSM, Onboarding Specialist, etc. This team is in charge of ensuring customer, supporting their goals and business objective attainment, progressing issue resolution, and enabling renewals and cross-sells/upsells.

Adoption / Product Adoption

The customers' use of your product and their ability to incorporate it into their day-to-day tasks.

Adoption Rate (AR)

The percentage of users or accounts that are utilizing the critical features of your product.

$AR = (\# \text{ of new users} \div \text{total} \# \text{ of users}) \times 100$

Advocacy / Brand Advocacy

Public support for or recommendation of your company, product, and/or brand by your customers.

Annual Contract Value (ACV)

Includes the value of all subscription revenue, normalized across one year.

$ACV = \text{Total Contract Value (TCV, excluding one-time fees)} \div \text{total years in contract}$

Annual Recurring Revenue (ARR)

Total dollar value of revenue earned from a customer in one year.

$ARR = (\text{total} \$ \text{ amount from monthly subscriptions} + \text{total} \$ \text{ amount gained from new customers, upgrades, and add-ons in month} - \text{total} \$ \text{ amount lost from downgrades and churn in month}) \times 12$

Application Program Interface (API)

Used for integration builds. Can be thought of as the interacting program to create and develop the integrations to allow software applications to speak to each other.

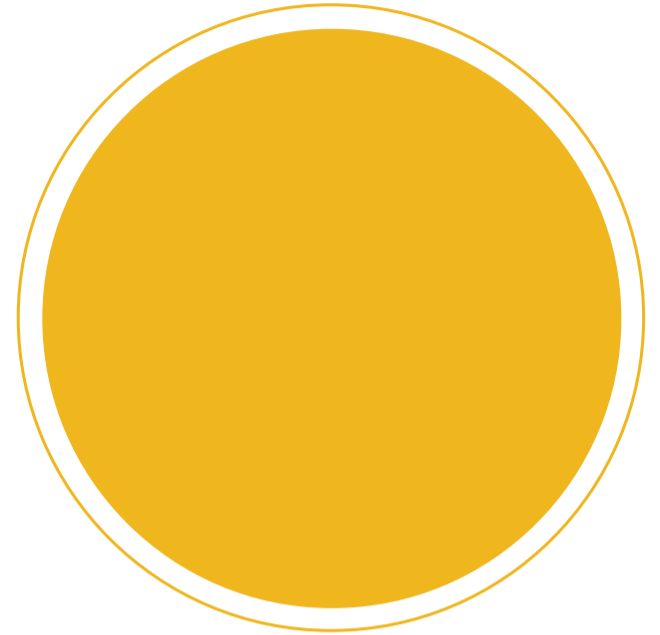
Auto-Renewal

Contracts that don't require an approval or signature to renew, as they do so automatically. This type of contract is most common in a subscription model.

Average Revenue Per User (ARPU)

This refers to the average dollar amount brought in per user.

$ARPU = \text{total (monthly or yearly) revenue} \div \text{total number of customers in that duration}$



B

B2B

Abbreviation for "Business-to-Business" - when a company sells products or services to other businesses.

B2C

Abbreviation for "Business-to-Consumer" - when company sells directly to individual consumers.

Best Practices

The recommended way to solve a problem, use a solution/product, or build a process, that has been proven successful in similar environments.

Brand Awareness

The measure of how memorable and recognizable a brand is to its target audience.

Business Development Representative / Sales Development Representative (BDR / SDR)

A sales role responsible for bringing new leads to the sales team. The BDR typically spends a majority of their time making cold calls and emails in order to pass "warm leads" to the AE.

Business Objective(s)

Long term goals identified by a company. Through the duration of a customer relationship, the goal is to help customers achieve business objectives.

C

Call to Action (CTA)

A statement designed to get an immediate response from the person reading it. In CS, CTAs can be used for both internal and external audiences. Internal example: an alert or reminder email may go to CSMs on a quarterly basis with a CTA to schedule their upcoming QBR/EBR with a customer. External/customer-facing example: an email is sent to customers to notify them about a new product update, with a CTA to watch an overview video of the changes.

Capacity Planning

A process to realistically determine what resources to hire or acquire to efficiently scale. Looks at the customer coverage model based on account assignment criteria: how CSMs are spending their time and the revenue that is generated based on how they spend their time. The model then outputs an efficiency variable that leadership can use to adjust CSM assignments/expand account coverage. This can also be used to look at forecasts for the new year and, based on current status, predict the number of new Customer Success Managers (CSMs) to hire if capacity is already high.

Capital Expenditure (CapEx)

Money spent by a business or organization on acquiring or maintaining fixed assets, such as land, buildings, and equipment.

Case Study

A piece of content published by a company, that outlines their success or effectiveness in dealing with a client. It's commonly used as a piece of marketing content and can be incredibly useful since it helps would-be clients understand how the company has excelled in the past.

Cases

Support tickets are often referred to as cases. For each support ticket, there is an associated case number. This is how Support teams keep customer issues organized and up-to-date.

Champion

The person at the customer company who is the biggest advocate of your product or service and impacts decisions.

Churn

The loss of a customer account; also called attrition or turnover. Can be applicable to logo, revenue, licenses, solution, product, etc.

Churn Rate

The annual percentage rate at which customers are lost.

Churn Rate = (lost customers ÷ total customers at the start of time period) x 100

Closed Lost

References losing a deal during the sales process, so new business is not closed.

Closed Opportunities

Closed Won and Closed Lost deals/opportunities, combined.

Closed Won

References closing new business by receiving a signed contract.

Cloud

Storing and accessing data and programs over the Internet instead of your computer's hard drive. Advantages of the cloud include ease of installation, fewer up front costs due to subscription models, and the ability access information/systems on any device with an Internet connection.

Contract

An agreement signed by the customer and vendor that states the terms of the customer's purchase of your solution(s), service(s), and/or product(s).

Contract Terms

Any provision forming part of a contract. Examples include length of contract, billing/invoice requirements, payment schedules, includes and excluded product(s) or service(s), etc.

Conversion

Transitioning a potential customer into a paying customer.

Cost to Serve

The measurement of cost factors that go into the servicing of a customer, or the production of a product. When paired with revenue, cost to serve analysis enables you to accurately calculate profitability by customer, product types, production lines, facilities, processes.

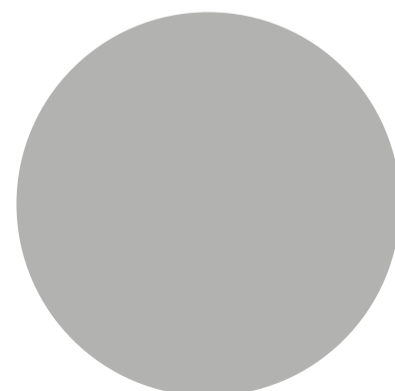
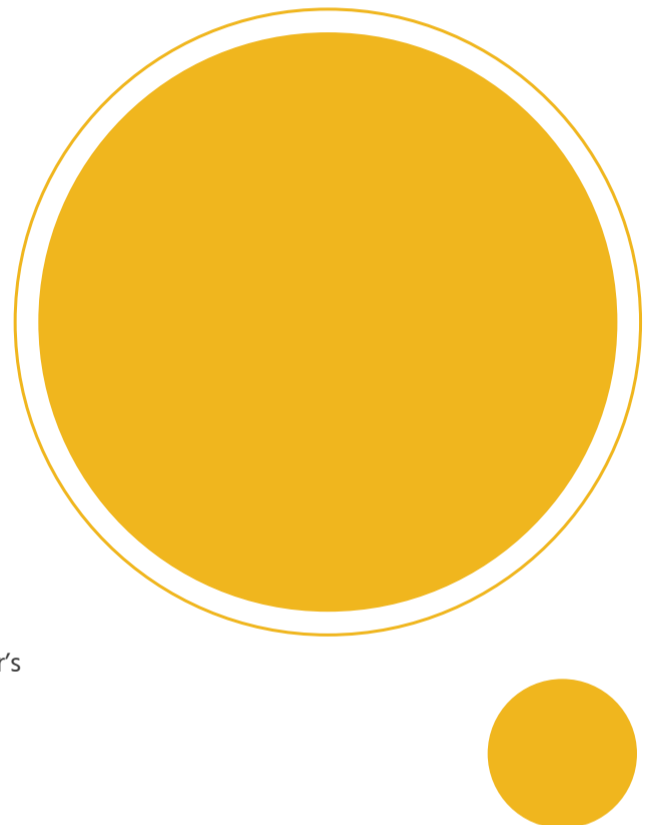
Cross-Sell

When a different product or service is sold to an existing customer.

Customer Acquisition Cost (CAC)

Measures the cost to a company for acquiring a new customer.

CAC = sales & marketing expenses ÷ # of new customers acquired



Customer Effort Score (CES)

A metric related to customer experience that measures easiness of a customer doing business with your organization. Commonly used in a Support setting to measure the effort required from the customer during a specific interaction and used to identify challenges or low points in the customer experience. This is measured with a CES survey and utilizes a rating scale of 1 to 7 or 1 to 5, where 1 indicates a high level of effort required and the highest number indicates that the interaction was easy for the customer.

Customer Experience (CX)

Your customers' holistic perception of their experience with your business or brand. Often used to describe the customer feedback initiatives within a company.

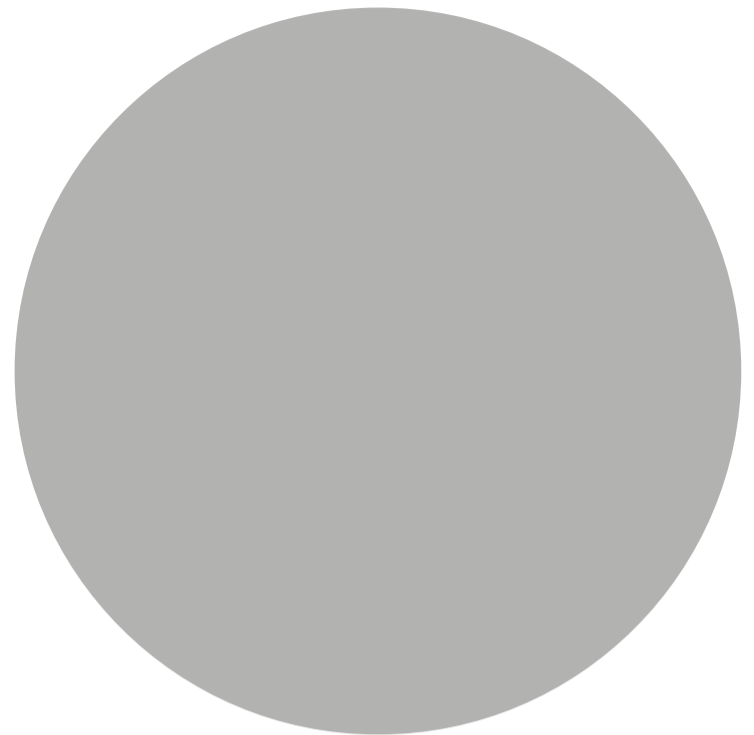
Customer Experience Management (CEM / CXM)

The processes used by a company to collect, track, organize, and oversee interactions between your brand and the client base. The end goal is to meet or exceed customer expectations.

Customer Growth Rate (CGR)

The rate at which your customer base grows during a period of time.

$CGR = (\text{this month's \# of customers} - \text{last month's \# of customers}) \div \text{last month's \# of customers}$



Customer Journey Map / Journey Map

A visualization of every engagement your customer has with your company, from first interaction, through a long-term relationship. Journey maps are represented from the customer's point of view and is useful to create a cross-functional shared vision of the ideal customer journey and a list of gaps that must be filled in order to consistently create those experiences.

Customer Lifecycle

Describes the progression of steps a customer goes through when considering, purchasing, using, and maintaining loyalty to a product or service.

Customer Lifecycle Stages / Phases

The distinct chapters a customer goes through while building a relationship with a company. Typically broken down into four or five stages/phases, but terminology can vary by company or industry. Examples include "reach, acquisition, conversion, retention, and loyalty," "discovery, education, purchase, post-purchase engagement, and advocacy," or "acquisition, service, growth, retention." The customer lifecycle requires the effort of a number of teams such as Marketing, Sales, Customer Success, Customer Support, etc.

Customer Lifetime Value / Lifetime Value (CLV / LTV)

The total value a company can realistically expect from a single customer over the span of the relationship. Can be calculated using actual individual customer data to document past trends, or using averages to predict future behavior.

$LTV = \text{customer's revenue per year} \times \text{customer relationship duration}$

Customer Loyalty

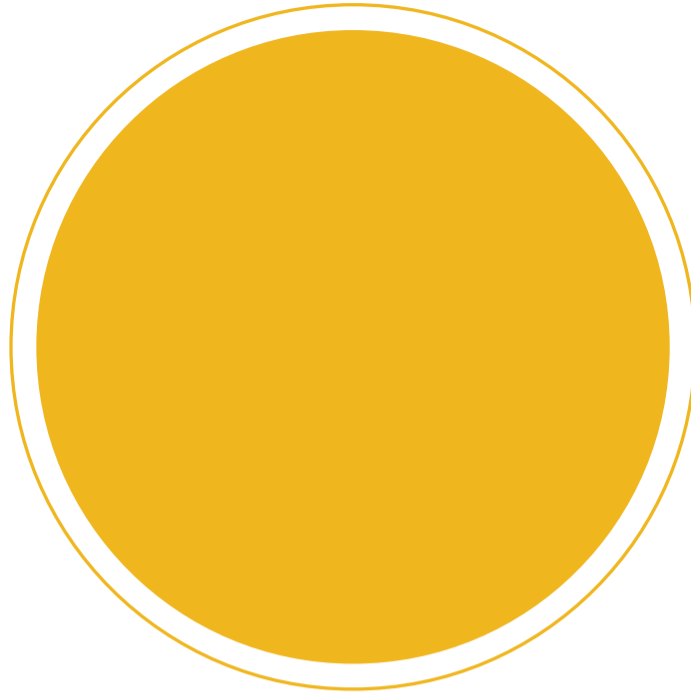
Describes an ongoing emotional relationship between you and your customer, manifesting itself by how willing a customer is to engage with and repeatedly purchase from you versus your competitors. Loyalty is the byproduct of a customer's positive experience with you and works to create trust.

Customer Relationship Management (CRM)

A technology for managing all your company's relationships and interactions with potential customers, typically primarily used by Sales teams, but often viewed as the "single source of truth" when it comes to customer data. Salesforce.com is the most common CRM.

Customer Satisfaction Score (CSAT)

A customer loyalty metric used to measure how satisfied a customer is with a company's products, services, and capabilities. It is measured with a CSAT survey and utilizes a rating scale from "Very Satisfied" to "Very Unsatisfied." This type of survey can be used to rate either a particular interaction or overall experience, and can help a company identify areas of needed improvement.



Customer Sentiment

A KPI indicating how customers feel about your company, product(s), and/or service(s). Often measured through surveys (NPS, CSAT, CES, etc.). Can also be measured through social media monitoring, CSM or Support Rep notes, etc.

Customer Stickiness

The propensity of customers to remain a customer, return to your product, or use it frequently.

Customer Success (CS)

A business methodology ensuring customers achieve success, as defined by their desired outcomes while using your product or service. CS activities typically take place after the sale of a product or solution and are focused on the growth, expansion, and retention of customers. Specific areas of focus include onboarding, business objectives, renewals, expansion, and enablement of product adoption.

Customer Success as a Service® (CSaaS)

A term trademarked by ESG to describe our unique service model of strategic planning and tactical execution. CSaaS combines consultation, process development, people, and automation to increase the capabilities of Customer Success organizations.

Customer Success Automation (CSA)

Any technology that provides value to customers or assists customers with common tasks, sometimes replacing the involvement of humans, to improve customer interactions and help them drive towards their success criteria.

Customer Success Manager (CSM)

A CSM's role is to support a company's customers as they transition from Sales to actively using your product(s) or service(s). They are focused on long-term goals, specifically driving adoption and customer loyalty, deepening relationships, delivering value, and ensuring ROI, to ultimately lead to customer retention.

Customer Success Operations (CS Ops) / Customer Success Enablement

An evolving, collaborative discipline focused on providing everything needed by Customer Success Managers and teams to consistently achieve desired customer outcomes.

Customer Success Organizational Charter

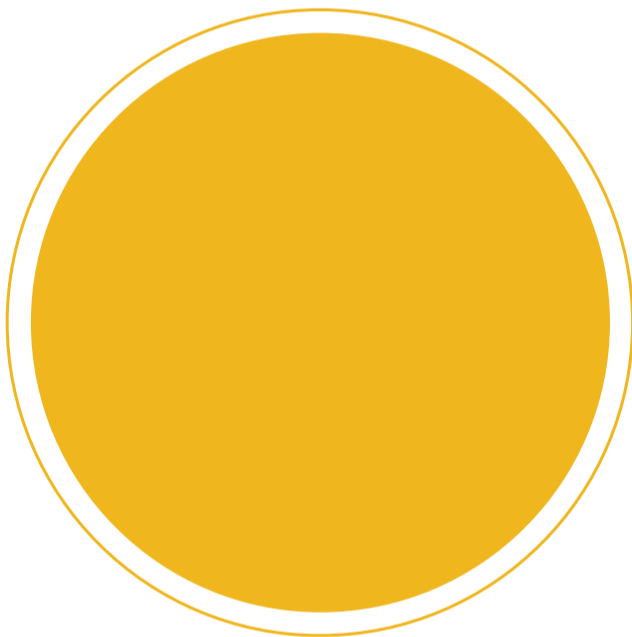
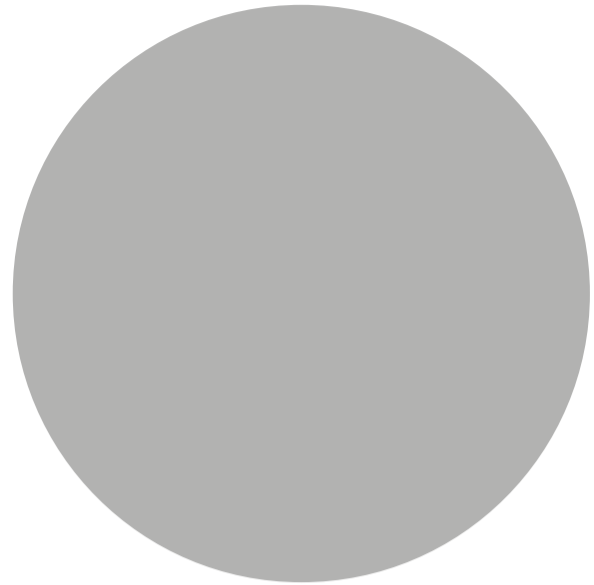
A formal document that encompasses the mission, goals, roles, and responsibilities of a CS organization. It serves as the “north star” for what the organization is intended to be and accomplish.

Customer Success Platform (CSP)

Also known as Customer Success Management Software, these tools provide a unified view of customer relationships with a business throughout the entire customer journey. Similar to a CRM for a salesperson, CSPs act as a “single pane of glass” for CSMs to manage their day and their customers.

Customer Success Qualified Lead (CSQL)

A vetted opportunity that CSMs pass to the sales team.



Customer Success Roadmap

A medium to long-term view of organizational goals and plans, including required capabilities and resources, projected impact, potential risks, and dependencies. Ideally, roadmaps provide a view 2+ years in the future and are created collaboratively with cross-functional teams.

Customer Success Return on Investment (CS ROI)

Measures the value that Customer Success provides to the business by comparing cost versus revenue.

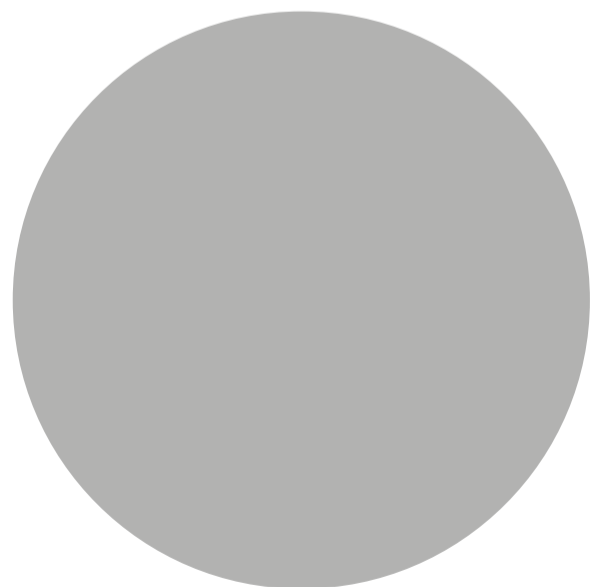
CS ROI = total CS cost (employment cost of CS team + CS automation/tools + customer loyalty program, etc.) - total CS revenue (customer retention revenue + account expansion revenue + customer referral revenue, etc.)

Customer Success Stories

Describes the customer’s experience working with a brand. The story describes a customer’s business challenges along with the solution/product selection and how it has made a positive impact to help the customer achieve desired business outcomes/goals.

Customer Support / Customer Service

A more reactive motion than Customer Success, the primary role of Support is to address customer issues and resolve them in a timely and efficient manner. Support Reps interact with customers on a variety of channels such as phone, email, and social media, and ensure that all valid customer concerns are being dealt with immediately.



D

Daily Active Users (DAU)

The measurement of the number of people that log in and engage with your product on a given day.

Dark

A term used to describe when a prospect or customer is no longer engaging with you or has stopped responding to outreach efforts.

Dashboard

A reporting mechanism that aggregates and displays metrics and key indicators so they can be examined at a glance by all possible audiences. Dashboards provide CSMs and leaders with an “at a glance” view of your most critical data points.

Decision Maker

Can also be referred to as an Economic Buyer. Someone who has authority to make decisions, sign contracts, and has authoritative power to make progress on potential deals on behalf of a company.

Demand Generation

Marketing initiatives focused on brand awareness and product education to drive awareness and interest in a company’s products or services.

Detractors

Customers who have responded to an NPS survey with a score between 0 and 6. These customers may be unhappy and are considered less likely to buy from your company again.

Digital Customer Success

An approach to Customer Success Management that prioritizes automated digital interactions and leverages digital processes and data in order to help customers achieve desired outcomes.

Discovery Call

The first conversation with a prospect after they show initial interest in your product. The primary goals of this call are to learn about them, their business, their goals, and uncover potential opportunity to work together.

Dollar Churn Rate / Revenue Churn Rate

The rate at which revenue is leaving the company this period compared with the last period, looking at the same customers, over time.
Dollar Churn Rate = $\frac{((\text{MRR beginning of month} - \text{MRR end of month}) - \text{MRR in upgrades during month})}{\text{MRR beginning of month}} \times 100$

Downsell

The revenue lost if a renewal occurs at a lower amount in comparison to the existing contract. Downsellings commonly occur when customers decrease the number of licenses or users, or remove one of a group of products they have purchased.

Dynamic Engagement

Represents the alignment of human and digital resources to cost-effectively deliver against the promise of your company’s technology and service offers. The foundational principle of the dynamic engagement model is to put the right resources at the point in the customer’s journey that delivers the best possible experience, but in the most cost-effective manner.

E

Empathy

The ability to understand and share the feelings of another. This is a key trait of high performing CSMs

Engagement

Interaction or communication between your company and your customer(s), including the frequency with which that occurs.

Enterprise Customer

Large corporations, typically with over 1,000 employees and over \$1 billion in annual revenue. These organizations typically have complex organizational structures with multiple stakeholders and several office locations domestically and/or internationally.

Enterprise Resource Planning (ERP)

Technology that automates business processes and provides insights and internal controls, drawing on a central database that collects inputs from departments including Accounting, Manufacturing, Supply Chain, Sales, Marketing, and Human Resources.

Escalation

A scenario where a customer is not pleased with an employee interaction and wants someone at a higher level within the company to resolve the complaint, or the process of bypassing those involved by contacting upper management. It involves raising awareness of the context to the right people in order to resolve a challenging situation.

Executive Business Review / Quarterly Business Review (EBR / QBR)

Can also simply be referred to as a Business Review. A strategic meeting with your customer where the intention is to review the impact of your product on the customer's business as well as discuss future goals. These meetings should be held on a regular cadence (most often quarterly, but can be bi-annually or annually if necessary). An EBR aims to demonstrate to the Economic Buyer the value they are getting in their partnership.

Expansion

Additional revenue obtained from your existing customer base by way of cross-selling or upselling additional solutions/products.



F

Feature Request

A comment, message, or ask from a user, outlining specific ideas to implement a new or improved feature into your product that they feel will make the product better.

Feedback Loop

The practice of responding to customers when they provide feedback and acting upon that feedback.

First Call Resolution / First Contact Resolution (FCR)

Typically used in Support, FCR is a metric that measures a contact center's ability for its agents to resolve a customer's inquiry or problem on the first call or contact. It is one of the most commonly watched metrics in the call center industry, as successfully achieving FCR is a positive customer experience due the quick relief it can bring to an acute problem.

First Value / First Value Delivered (FVD)

The initial success your customer has with your product or service, according to the customer's definition of success.

First Value Review

A meeting held or document shared with a customer that outlines the initial success your customer has had with your product or service, according to that customer's definition of success.

Forecasting

The process of estimating future revenue by predicting the amount of product or services a sales unit (which can be an individual salesperson, a sales team, or a company) will sell in the next week, month, quarter, or year.

Frequently Asked Questions (FAQ)

A document (typically posted on a website or shared in PDF format) that provides answers to a list of typical questions that users might ask regarding a particular subject.

G

Gatekeeper

Anyone who blocks the way between you and the key decision maker within an organization. Gatekeepers are often receptionists, secretaries or administrative assistants whose job it is to screen unwanted or irrelevant calls from reaching their bosses.

Go To Market (GTM)

A plan that details how an organization can engage with customers to convince them to buy their product or service and to gain a competitive advantage. A GTM strategy includes tactics related to pricing, sales and channels, the buying journey, new product or service launches, product rebranding, or product introduction to a new market.

Goals

Predetermined targets or milestones that a business or individual plans to achieve in a set period of time. These goals are often split into short-term goals and long-term goals. Business goals can be general and high level, or they can focus on specific measurable actions. CSMs will aid their customers in achieving these milestones throughout the partnership.

Go-Live

The time at which something becomes available for use. In software development, for example, go-live is the point at which code moves from the test environment to the production environment. It is also commonly used at the end of the Onboarding phase, when a customer's software licenses and instance are up and running.

Gross MRR Churn Rate

The percentage of total monthly revenue lost from the canceled customer contracts.

Gross MRR Churn Rate = $(\text{MRR churn} \div \text{total MRR for the month}) \times 100$

Gross Renewal Rate (GRR)

Measures the amount of renewable revenue that has been renewed during a given period without including benefits from expansion revenue or price increases. GRR is expressed as a percentage and cannot exceed 100%, but the higher the better.

GRR = $((\text{renewal revenue renewed} - \text{expansion revenue}) \div \text{revenue up for renewal}) \times 100$

Gross Revenue Retention (GRR)

Measures annual revenue lost from a company's customer base, not including any benefits from revenue expansion (including cross-sales, upsells, or price increases). GRR shows a company's success in retaining its existing customers.

GRR = $((\text{MRR at start of month} - \text{churn} - \text{contractions}) \div \text{MRR at start of month}) \times 100$

Growth Rate (GR)

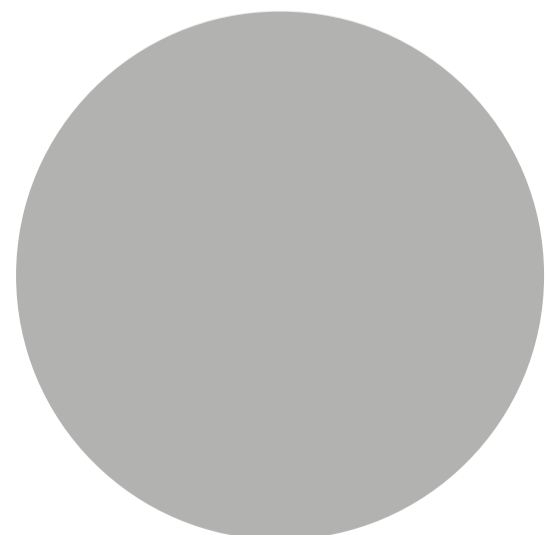
Shows a company's revenue increase over a certain period.

GR = $((\text{current period revenue} - \text{past period revenue}) \div \text{past period revenue}) \times 100$

H

Health Score

A metric used by Customer Success teams to determine whether customers are healthy or at-risk, typically displayed with a red-yellow-green indicator and/or scored on a scale of 1 - 10 or 1 - 100. The formula will be unique to each organization based on key metrics and behaviors that are most predictive of churn in your unique customer base. Health scores should help a CSM determine where their intervention is required to either accelerate a customer's progress or remove an obstacle to success.



High-Touch

An engagement model that involves regular one-on-one interaction between a customer and a dedicated Customer Success Manager (CSM), who is responsible for maintaining direct, personal, and frequent contact with their accounts. This model is commonly used for strategic or high-value customers that are often more complex and require one-on-one engagement.



Ideal Customer Profile (ICP)

Hypothetical description of a customer or company that would realize the most value from using your product(s) or solution(s). These companies tend to have the quickest, most successful sales cycle, the greatest customer retention rates, and the highest number of evangelists for your brand.

Install(ed) Base / User Base

Those customers who are currently using a company's products.

Internet Of Things (IoT)

The network interconnection of everyday objects, which are often equipped with some kind of intelligence. Physical objects that are embedded with sensors, processing ability, software, and other technologies that connect and exchange data with other devices and systems over the Internet or other communications networks. Common everyday examples include smart thermostats or home appliances, wearable health monitors, and AI voice assistants.



Key Account Management (KAM)

The process of building long-term relationships with your company's most valuable accounts. These accounts make up the majority of the business' income. To turn buyers into business partners, a Customer Success Manager (CSM) or Key Account Manager (KAM) typically provides dedicated resources, unique offers, and periodic meetings.

Key Accounts

Your company's most valuable customers. These customers represent a disproportionate percentage of your revenue, refer new prospects to your company, give you credibility in their space, or any combination of the above.

Key Performance Indicator (KPI)

A quantifiable measure used to evaluate the success of an organization, employee, team, etc., in meeting objectives for performance.



Lead Generation

The marketing process of stimulating and capturing interest in a product or service for the purpose of developing a sales pipeline, which allows companies to nurture targets until they're ready to buy.

Lead Scoring

A methodology used by Sales and Marketing departments to determine the worthiness of leads, or potential customers, by attaching values to them based on their behavior relating to their interest in products or services.

License

A document that gives end users the right to access and use a software product. Also commonly referred to as a user seat.

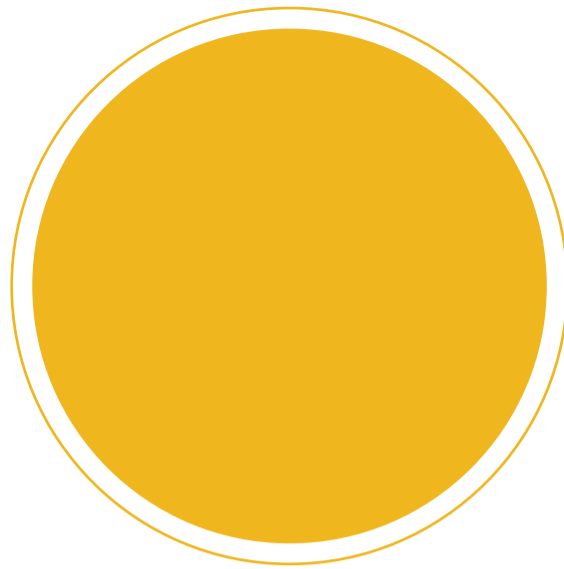
License Expansion

Increasing the number of licenses, or adding more users, to an existing contract.

Logo Churn / Customer Churn

A calculation of how many customers cancel or fail to renew their subscription during a given period of time.

Logo Churn = (# of logos/customers lost during the period ÷ # of logos/customers at the start of the period) x 100



Low-Hanging Fruit

The obvious or easy thing that can be most readily done or dealt with in achieving success or progress towards an objective. Also known as Quick Wins.

Low-Touch / Tech-Touch

An engagement model that is largely self-serve in nature but uses data such as product usage, engagement, and health scores to respond to customers at risk. In this model, communication with the customer is usually done digitally. Typically used for low dollar customers, particularly if there is a high volume of this customer type.

LTV:CAC Ratio

A metric that compares a customer's lifetime value to the amount of money you spent on acquiring them. Ideally, what you are spending on acquiring a new customer (CAC) is approximately three times less than the lifetime value of that customer (LTV).

$LTV:CAC \text{ Ratio} = LTV \div CAC$

M

Management by Objectives (MBO)

The process of defining top company goals and using them to determine employees' objectives. This management concept framework was popularized by management consultants based on a need to manage business based on its needs and goals.

Marketing Qualified Lead (MQL)

A potential customer that has been reviewed by the Marketing team and satisfies the criteria necessary to be passed along to the Sales team.

Metrics

A quantifiable measure businesses use to track, monitor and assess the success or failure of various business processes.

Minimum Viable Product (MVP)

Traditionally defined as a version of a product with just enough functionality to be usable by early customers who can then provide feedback for future product development. When used in Customer Success, an MVP produces the minimum functionality needed to deliver a desired experience for customers.

Monetization

Charging a premium fee for services you are delivering to your customer. Successfully monetizing Customer Success is considered a sign of high CS maturity.

Monthly Active Users (MAU)

The measurement of the number of people that log in and engage with your product on a given month.

Monthly Recurring Revenue (MRR)

The predictable total revenue generated by your business from all the active subscriptions in a particular month. Includes recurring charges from discounts, coupons, and recurring add-ons, but excludes one-time fees.

$MRR = \text{total \$ amount from monthly subscriptions} + \text{total \$ amount gained from new customers, upgrades, and add-ons in month} - \text{total \$ amount lost from downgrades and churn in month}$

Month-over-Month (MoM)

Shows the change in the value of a specific metric as a percentage of the previous month's value.
MoM Change = (any metric ÷ same metric in previous month) - 1) x 100

MoSCoW

An abbreviation for "Must have, Should have, Could have, Won't have." A prioritization methodology for understanding and managing priorities within the timeline of a project. Simpler priority classification methods (like high, medium, or low) are less defined and often leave room for indecision and/or debate. The MoSCoW methodology provides a clear indication of each project item and expectations for its completion.

N

Net MRR Churn Rate

The percentage of total monthly revenue lost from canceled contracts, modified by any additional revenue from upgrades or service expansions from your remaining customers.

Net MRR Churn Rate = (($\$$ MRR churn - $\$$ expansion MRR) ÷ $\$$ total MRR at the start of the month) x 100

Net Promotor Score (NPS)

A customer loyalty and satisfaction measurement taken from asking customers how likely they are to recommend your product or service to others on a scale of 0-10, with 0 being very unlikely and 10 being very likely. Customers who respond between 0 - 6 are considered Detractors, 7 or 8 are Passives, and 9 or 10 are Promoters.

Net Revenue Retention (NRR)

The percentage of recurring revenue retained from existing customers over a given period (usually monthly or annually). It takes into account income from upgrades, cross-sales, downgrades, and cancellations.

NRR = ((MRR at start of month + expansions + upsells - churn - contractions) ÷ MRR at start of month) x 100

O

Objectives & Key Results (OKRs)

A collaborative goal setting framework used by individuals, teams, and organizations to define measurable goals and track their outcomes. In this framework, Objectives tell you the end goal, and several Key Results are the milestones required to achieve your Objective.

Onboarding / Customer Onboarding

The process that new users go through to get set up and start using your product. It is the first stage of the customer journey after a contract has been signed, and often includes elements such as user setup, software tutorials or training, online documentation, and correspondence via email, phone, or in-person. The Onboarding experience can define the customer's relationship with your company, and is therefore considered one of the most critical phases of the customer lifecycle.

One-to-Many

Communication that a company utilizes to reach many customers at once. For example, emails, webinars, social media, and surveys. Often used interchangeably with the terms Low-Touch or Tech-Touch.

On-Premise(s)

Can be abbreviated as On-Prem. Software that is installed and runs on computers on the premises of the person or organization using the software, rather than at a remote facility or in the cloud.

Open Ended Question

Questions that cannot be answered with a simple "yes" or "no," and instead require the respondent to elaborate on their points.

Operational Expenditure / Operating Expense (OpEx)

Money spent on the ongoing costs of running a business or organization, such as employee wages, rent for office space, equipment, or inventory costs.

Opportunity

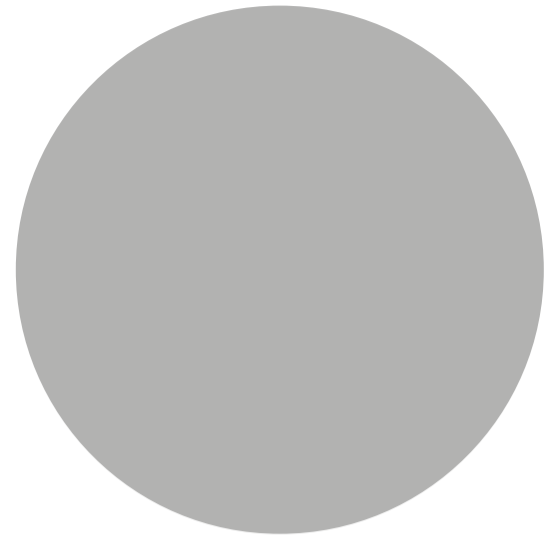
Describes a potential customer once they have engaged with a member of the Sales team. A possible increase or addition to an existing contract can also be considered an opportunity.

Organizational Design

A methodology that identifies the dysfunctional aspects of your systems and workflows and remodels them to fit current business realities.

Organizational Structure

The method by which work flows through an organization, laying out the official reporting relationships that govern the workflow of the company.



P

Pain Points

Specific problems faced by current or prospective customers in the marketplace. These may be identified during any phase of the customer journey, and it often falls on Customer Success Managers (CSMs) to alleviate that pain for their customers.

Partner Success

The process of enabling channel partners to deliver business outcomes for customers, while strengthening the financial health of those partners.

Passives

Customers who have responded to an NPS survey with a score of 7 or 8. These customers are considered "neutral" and therefore relatively inconsequential - their attitudes toward a company are neither strongly negative or positive.

Perpetual License

The "traditional" model used to purchase software, where a software license is paid up-front and the user has the right to use it indefinitely. Product updates are typically not included in perpetual licenses.

Persona / User Persona / Buyer Persona

A semi-fictional representation of your ideal customers' motivational factors: demographics, behavioral patterns, fears, desires, pains, purchasing habits, internal/external influences, challenges, and personal beliefs. These should be utilized by CS, Sales, and Marketing teams to create a shared vision of your customer base.

Playbooks

Also known as Customer Success Playbooks. The plans you have in place for Customer Success Managers (CSMs) to engage with your customers proactively with specific goals in mind. Playbooks should act as a guide for CSMs, letting them know that if x happens, do y.

Point of Contact (POC)

The individual who represents a business for a particular task. This individual is the person at a customer company that a Customer Success Manager (CSM) meets with regularly.

Product Engagement Score (PES)

A metric that measures the level of engagement of your customer(s) in relation to a specific solution or product.

$PES = (Adoption Rate + Stickiness Rate + Growth Rate) \div 3$

Product Lifecycle Management (PLM)

The process of managing a product's lifecycle from inception, through design and manufacturing/development, to sales, service, and eventually retirement. Like the Customer Lifecycle, the phases in this lifecycle can be identified by various terminology. For example, "ideation, design, development, deployment, termination/disposal" or "development, introduction, growth, maturity, decline."

Product Roadmap

A shared source of truth that outlines the vision, direction, and progress of a product over time.

Project Charter

The scope, objectives, and people involved in a project. It provides a big picture overview of the project and often does double-duty as the business case, by organizing and documenting a project's needs and expected outcomes.

Promoters

Customers who have responded to an NPS survey with a score of 9 or 10. These customers are typically loyal and enthusiastic customers who could be strong candidates for Customer Success stories, case studies, testimonials, and or referrals.

Public Sector (PubSec)

The part of the economy composed of both public services and public enterprises, such as the military, law enforcement, infrastructure, public transit, public education, and healthcare. Can also be referred to as the State Sector.

Q

Qualitative Data

Data about categorical variables or "types," which may be represented by a name, symbol, or code.

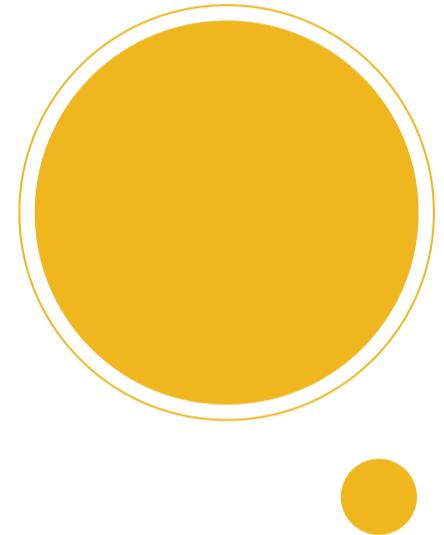
Quantitative Data

Measures of values or counts that are expressed as numbers.

Quarter-over-Quarter (QoQ)

Shows the change in the value of a specific metric as a percentage of the previous quarter's value.

$QoQ\ Change = ((any\ metric \div\ same\ metric\ in\ previous\ quarter)) - 1) \times 100$



R

RASCI

An acronym that stands for Responsible, Accountable, Supportive, Consulted, Informed. A well-established management technique that provides an easy way to delineate stakeholder roles and responsibilities on an initiative. A version without the "Supportive" role is also commonly abbreviated as RACI.

Recurring Revenue

The portion of a company's revenue that is expected to continue in the future. This term is typically associated with a subscription model as the company is obtaining repeated revenue from their customer base.

Red Yellow Green (RYG)

Represents the common indicators of customer health. (green = healthy, yellow = potential risk, red = high risk).

Referral

A word-of-mouth growth tactic that encourages customers to advocate on behalf of your brand. By asking customers to think about people who would benefit from your product or service, they'll refer leads that are a good fit for your company.

Relational Survey / Relationship Survey

These types of surveys ask customers to consider the overall experience and satisfaction they have with a company and are typically carried out at regular intervals (e.g., quarterly, half-yearly, or yearly).

Renewal

The process of extending the period of a license, subscription, or contract. Renewals are most commonly done on an annual basis in XaaS models, but can also be done monthly or on a multi-year basis.

Resolution Rate (RR)

The rate at which your company fulfills service requests.

$RR = (\# \text{ of solved/closed tickets} \div \# \text{ of tickets received}) \times 100$

Response Time

The average time taken (in days, hours, or minutes) to respond to a customer after receiving a request or complaint. Most often used in a Call Center or Customer Support environment.

Retention

A company's ability to turn customers into repeat buyers and prevent them from switching to a competitor.

Return on Investment (ROI)

A performance measure used to evaluate the efficiency or profitability of an investment. ROI should be objective in nature, measuring increased revenue, time savings, etc., This can be difficult to measure effectively, so the term is commonly incorrectly used to refer to more subjective factors, like work quality.

$ROI = (\text{net profit} \div \text{cost of investment}) \times 100$

Risk / Churn Risk

A customer's likelihood to cease using your product and switch to another company. In relation to customer health, low to medium potential risk is typically indicated as yellow and high risk indicated as red.

Run Rate

Measurement of a company's projected earnings (annually or monthly) based on past financial performance. Similar to ARR or MRR, but includes one-time fees.

Annual Run Rate = revenue in period x # of periods in one year

S

Sales Enablement

The process of providing the Sales organization with the information, content, and tools that help salespeople track, forecast, and sell more effectively.

Segmentation

The process of dividing customers into groups based on common characteristics such as industry/vertical, number of employees, geographic location, annual revenue, contract size, etc. This should be done in a data-driven manner, and will inform a company's engagement models.

Sentiment Analysis

The process of determining whether a piece of writing or a conversation is positive, negative or neutral. Text such as social media posts, emails, survey responses, online reviews, chatbot conversations, as well as audio sources such as phone or video call recordings can all be analyzed to determine customer sentiment.

Service Level Agreement (SLA)

A contract that establishes a set of deliverables that one party has agreed to provide another. This agreement can exist between a business and its customers, or one department that delivers a recurring service to another department within that business.

Single Sign-On (SSO)

An authentication method that enables users to securely authenticate with multiple applications and websites by using just one set of credentials. It is generally considered to be a more secure method of accessing software and is common in the technology space.

Small Medium Business (SMB)

A company with fewer than 100 employees and annual revenue between \$5 - \$10 million.

Small Medium Enterprise (SME)

Also known as Mid Market or Commercial. Typically defined as a business with 101-500 employees and annual revenue between \$10 million- \$1 billion.

Software as a Service (SaaS)

A software licensing and delivery model in which software is licensed on a subscription basis and is centrally hosted. Less commonly known as "on-demand software" or "web-based/web-hosted software."

Stakeholder

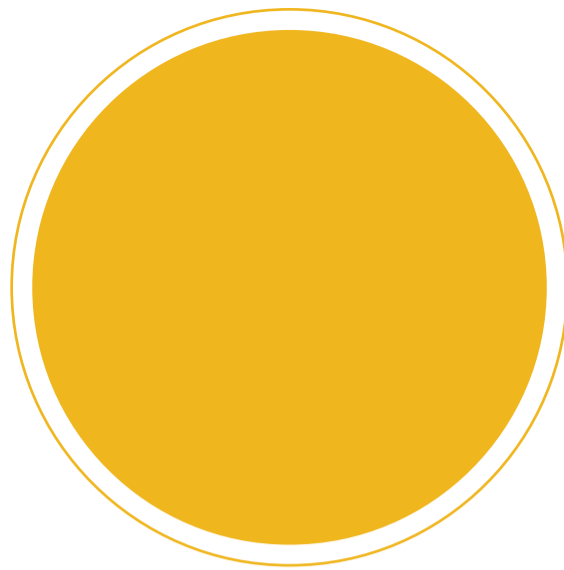
An individual or group that has an interest in any decision or activity of an organization. Stakeholders in a corporation may include investors, employees, customers, and suppliers.

Standard Operating Procedure (SOP)

A set of step-by-step instructions compiled by an organization to help employees carry out operations. SOPs help organizations document and stick to best practices to improve efficiency and consistency.

Statement of Work (SOW)

A legally binding document that captures and defines the various aspects of a project. It defines the scope of the work being provided, project deliverables, timelines, work location, and payment terms and conditions.



Stickiness

The propensity of customers to return to your product or use it more frequently, typically displayed as a monthly rolling average of active users. This is particularly important in an increasingly competitive SaaS environment.

Stickiness = Daily Active Users ÷ Monthly Active Users

Subject Matter Expert (SME)

A person who is an authority with deep expertise in a particular area or topic. For example, with a deep understanding of a job, process, department, function, technology, machine, material or type of equipment. Internal team members typically rely on this person and refer to them for information.

Subscription Economy

A business model where customers pay a recurring fee at regular intervals (weekly, monthly, yearly, or just based on a customer's usage) to access a product or service. This model has become increasingly more common and popular among businesses and consumers alike over the last 10 - 15 years.

Success Criteria

The standards by which a targeted goal, target, or objective is considered successful.

Success Plan

A document that lays out what success looks like in the eyes of an individual customer, and how you'll help your customers achieve that success. It serves as the roadmap that Customer Success teams use to operate and uses the achievement of specific criteria to measure and define "success" for your customer.

Support Tickets

A term popularized by support software to describe an interaction between customers and support teams. When customers have problems, they open support tickets. Service representatives interact with customers by responding to support tickets. When the issue is resolved, the ticket is closed.

SWOT Analysis

Abbreviation for "Strengths, Weaknesses, Opportunities, Threats." A framework used to evaluate a company's competitive position and to develop strategic planning. SWOT analysis assesses internal and external factors, as well as current and future potential.

T

Telemetry

The collection of user and usage data from a product or software. Telemetry data is used to improve customer experiences, monitor security, application health, quality, and performance.

Termination

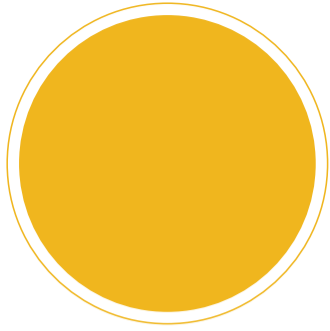
The ending of a contract or agreement, typically prior to it being fully performed by the parties.

Testimonial / Customer Testimonial

A recommendation, quote, or personal anecdote from a satisfied customer, typically in written or video format, that affirms the value of a product or service by demonstrating how it has helped them or made their life easier.

Time to Onboard (TTO)

The amount of time it takes to fully onboard a new customer after contracts have been signed.



Time to Value / Time to First Value (TTV / TTFV)

The amount of time it takes a customer to get real, tangible value from using your product after completing onboarding, when they begin to experience the benefits of your product first-hand.

Total Addressable Market / Total Available Market (TAM)

The total market demand for a product or service, calculated in annual revenue, used to reference the revenue opportunity available.

Total Contract Value (TCV)

The total value of a contract including fees and recurring revenue for the period defined by the contract.

Total Quality Management (TQM)

A system of management based on the principle that every staff member must be committed to maintaining high standards of work in every aspect of a company's operations.

Touchpoint / Customer Touchpoint

Any time a customer or potential customer comes in contact with your brand, before, during, or after they purchase something from you. These are critical interactions within the customer journey that help define key moments in the process which can build or erode customer trust.

Touchpoint Map / Service Blueprint

A visualization of every engagement your customer has with your company, represented from your company's perspective. This map type serves as the internally focused counterpart to an externally focused customer journey map.

Transactional Survey

This type of survey investigates the experience a customer has had within a particular transaction, interaction, or touchpoint, in order to optimize those processes.



Upsell

The sale of additional licenses or a more premium version of their existing product(s) to existing customers.

Usage

How and how much a customer is leveraging your solution(s)/product(s).

User Acceptance Testing (UAT)

The testing of a software by the user or client to determine whether it can be accepted or not. This is the final testing performed before the system is considered "live." Sometimes called Beta Testing or End-User Testing.

User Experience (UX)

How a user interacts with and experiences a product, system or service. It includes a person's perceptions of utility, ease of use, and efficiency.

User Interface (UI)

The means by which the user and a computer system interact, in particular the use of input devices and software.



Value Proposition

Often called Value Prop in shorthand. A promise of value to be delivered, communicated, and acknowledged. It is also a belief from the customer about how value will be delivered, experienced and acquired. A value proposition can apply to an entire organization or parts thereof, customer accounts, or products and services.

Value Realization

The process through which customers start with a value expectation, engage with a product or solution, and then actually realize business value for their organization.

Voice of the Customer (VoC)

Describes your customer's feedback about their experiences with and expectations for your products or services and the process of gathering and analyzing that feedback. It focuses on customer needs, expectations, understandings, and product improvement.

Voice of the Employee (VoE)

Informally known as Employee Voice. The opportunity for employees to express ideas, grievances, concerns, and suggestions in the workplace.

W

Welcome Call / Kickoff Call

The first call with a customer to welcome them into Customer Success and embark on a partnership together. This is a great way to transition from Sales to Customer Success.

White Label

A fully supported product or service that's made by one company but sold by another. Many companies offer a white label version of their products, which increases the use and expansion of their solution or product indirectly.

Win / Loss Ratio

The ratio of won opportunities to lost opportunities.

Win/Loss Ratio = # of opportunities won ÷ # of opportunities lost

X

X as a Service / Anything as a Service / Everything as a Service (XaaS)

Describes a general category of services related to cloud computing and remote access. It recognizes the vast number of products, tools, and technologies that are now delivered to users as a service over the Internet due to the subscription economy.

Y

Year to Date (YTD)

A term that covers the period between the beginning of the year and the current (present) date. YTD covers the first day of the year in question up to the day of calculation. It can apply to fiscal or calendar years, where the fiscal year might not begin on January 1.

Year-over-Year (YoY)

Shows the change in the value of a specific metric as a percentage of the previous year's value.

YoY Change = ((any metric ÷ same metric in previous year) - 1) x 100

Z

Zealous

Filled with or showing a strong and energetic desire to get something done or see something succeed. Customer Success Managers (CSMs) are frequently described with this term.