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Thought Leadership Paper
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Look To Customer Success To Drive Growth



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Project Director:

Andia Tonner,
Market Impact Consultant

Contributing Research:

Forrester's Customer Experience
research group

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To ensure customers receive maximum value from new digital offerings, companies must adopt customer success programs to proactively support the customer relationship post-sale.

Executive Summary

In the age of the customer, companies that don't put the customer at the forefront of their strategy lose business. To put customers first and better serve their evolving demands, companies are shifting to digital services. Customer success (CS) strategies can ensure these new services hit their mark and deliver differentiated value to customers. Companies that do not invest in technological infrastructures and organizational structures that support customer success activities will struggle to implement these strategies, which help customers achieve their goals.

In October 2018, Gainsight commissioned Forrester Consulting to evaluate the importance of CS in serving customers and the changes companies need to make to effectively deliver customer success. To explore this topic, Forrester conducted an online survey with 160 respondents with responsibility for the net renewal rate or customer relationships after the deal is closed.

KEY FINDINGS

- › **Digital business requires customer success.** Digital services support key business initiatives, such as growing revenue and improving customer experiences, by creating new offerings and leveraging the interconnectedness of these services. It doesn't end there: 96% of firms say digital services are imperative to better serve customers. But to ensure customers are receiving maximum value from these new digital offerings, companies must adopt customer success programs to proactively support the customer relationship post-sale.
- › **Customer success programs are a valuable piece to the digital puzzle.** Companies across the board see the value of a customer success program. Those that already have one see the value for their business and their customers — nearly 70% said it has improved retention. Those without it believe their clients suffer through issues that could be prevented or reduced with a customer success program. And 68% believe CS could have a high positive impact on their business and client outcomes.
- › **Customer success requires cross-organizational changes.** To implement an effective customer success program, companies must create a cohesive strategy across their people, processes, and technology. Companies that already have customer success plan to increase investments in staffing (78%), alignment (88%), processes (83%), and technology (75%) to have a fully functional CS program.

Customer Success Is Necessary For Digital Business

Digital disruptors have blindsided companies in a range of industries like media and entertainment, healthcare, finance, and high technology. Unlike traditional business models, these upstarts offer new, innovative digital services to both consumers and business customers, changing how individuals live and companies work. To compete, businesses of all stripes are digitizing products and services.

Forrester defines digital products or services as “software-driven or software-supported offerings that are sold as a subscription service and which customers can access through internet-connected devices.”

In surveying 160 US enterprises, we found that:

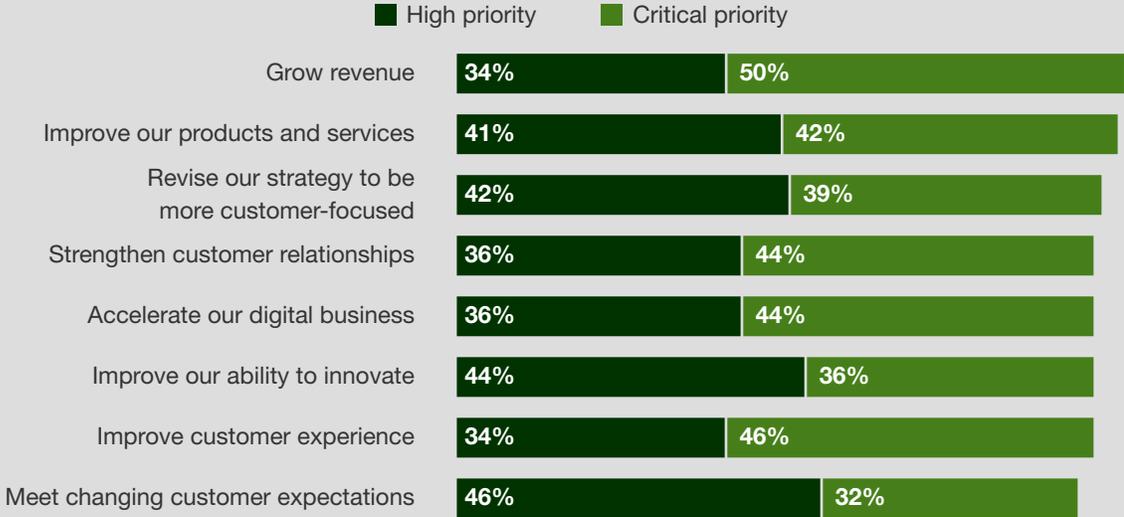
- › **Digital business is table stakes.** Much like the individuals in consumer markets, business buyers expect to leverage digital services to inexpensively and effectively address business challenges. As a result, more than three-quarters of companies are currently offering or expanding their digital services or products, and another 18% are planning to offer these services within the next 12 months.
- › **Digital services support critical business priorities.** Business leaders view growing revenue, improving customer experience, and strengthening customer relations as their top critical priorities over the next 12 months (see Figure 1). Digital services can support all of these imperatives by creating new, valuable offerings and, by leveraging the connected nature of these services, can help the business gather greater insights into what clients need from the business.



Customer success helps support post-sales customer relationships by orchestrating onboarding processes, aggregating customer feedback and engagement data, reporting on customer health and risk factors, and promoting enrichment opportunities within existing customers.

Figure 1

“How much of a priority are the following for your company over the next 12 months?”



Base: 160 customer success decision makers at US enterprises
 Source: A commissioned study conducted by Forrester Consulting on behalf of Gainsight, September 2018

› **Customers – and the bottom line – benefit from digital services.**

There's nearly universal agreement on the importance of digital services: 96% of firms said digital services are important or very important to better serve customers. Those that offer digital services or products told Forrester they have seen improved customer engagement, satisfaction, and retention as a result (see Figure 2).

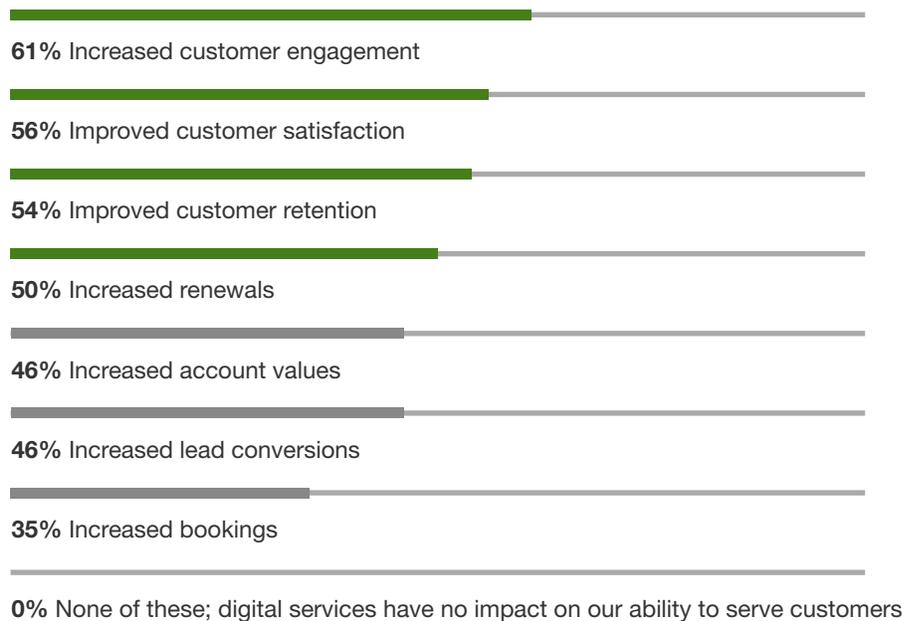
For digital services to make a difference for customers, companies must proactively support the customer relationship post-sale. Customer success strategies provide such an approach, ensuring a business's clients are receiving maximum value from these new digital offerings. Forrester defines customer success as:



“An entity that helps support post-sales customer relationships by orchestrating onboarding processes, aggregating customer feedback and engagement data, reporting on customer health and risk factors, and promoting enrichment opportunities within existing customers.”

Figure 2

“How have digital services improved your business?”



Base: 121 customer success decision makers at US enterprises who offer digital services

Source: A commissioned study conducted by Forrester Consulting on behalf of Gainsight, September 2018

Customer Success Is Valuable, But Companies Require The Proper Resources To Implement It

As companies put new digital products and services on the market, customer success programs can acclimate their clients and ensure retention and upsell and cross-sell opportunities. To determine the value of such a program, we split the sample of this study into two groups: those that have already implemented customer success and those that have not, but plan to do so. Here's what we found:

- › **Companies with customer success programs see value for their business.** Almost all of the respondents (99%) indicated that customer success has provided operational benefits to their organizations. Beyond that, close to 70% said customer success has improved retention, and over half have experienced increased account values and improved renewal rates.
- › **Companies with customer success programs see value for their customers.** The respondents almost universally agreed (99%) that customer success improves the customer experience. These benefits include a higher return on the customers' investments and a partnership that helps customers achieve their business goals; access product road maps, development plans, or product teams; get personalized service; and achieve a faster time-to-value.
- › **Companies without customer success also acknowledge the value of these programs.** Close to 70% of those without a customer success program believe it could have a high positive impact on their business and client outcomes. The respondents also recognized the negative consequences of not having a customer success program: 91% said their clients suffered from issues that customer success could prevent, like sporadic vendor contacts and awareness of product updates.



99% of companies with customer success see the value of the program for their business and their customers.



91% of companies without customer success believe their clients suffer through issues that could be prevented or reduced with a CS program.

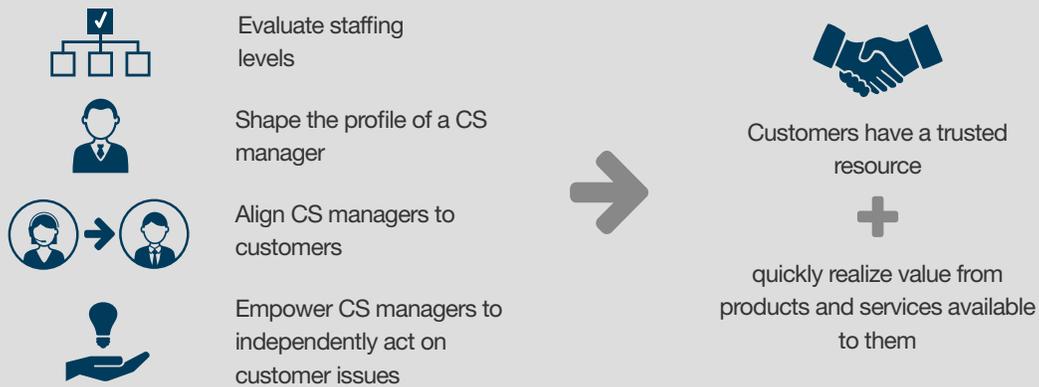
Building a customer success program can be difficult. Ninety-seven percent of respondents without a customer success program said organizational hurdles like poor staffing and strategy held them back from implementing a program. An effective customer success program requires organizations to make changes in key areas (see Figure 3):

- › **People.** To optimize customer engagement, companies must start by evaluating their staffing levels, shaping the profile of a customer success manager, and determining how to align them to the customers they'll be supporting.¹ Once the basic structure is set up, customer success decision makers from our study told us that organizations must empower individuals to independently act on customer issues. Doing so ensures customers have a trusted resource to help them quickly realize value from the products available to them.²
- › **Processes.** A sound customer success program has specified workflows that kick off when customers express specific needs at critical moments in the customer life cycle, and can funnel information from these interactions back into the business.³ This study shows that those implementing a customer success program — which includes building these processes — are also revamping the product development and product management processes, both of which benefit from the direct customer feedback that CS managers gather from those key customer moments.
- › **Technology.** Customer success programs must carry out activities like ensuring continuous customer engagement, evaluating the health of the customer relationship, and monitoring customer behavioral changes to trigger customer success staff activities. Seventy-five percent of those without a customer success program told us that technology and software investments are necessary to stand up a program that can meet these demands. Similarly, of those with a CS program, 80% invested in technology and software to manage the customer success process and deliver value.

An effective CS program requires changes to people, processes, and technology.

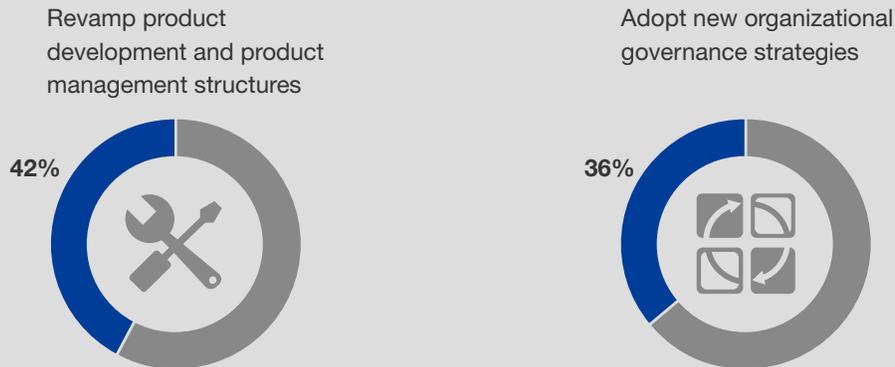
Figure 3

CHANGES TO PEOPLE



Base: 121 customer success decision makers at US enterprises who offer digital services
Source: A commissioned study conducted by Forrester Consulting on behalf of Gainsight, September 2018

CHANGES TO PROCESSES



Base: 121 customer success decision makers at US enterprises who offer digital services
Source: A commissioned study conducted by Forrester Consulting on behalf of Gainsight, September 2018

CHANGES TO TECHNOLOGY



*Base: 77 customer success decision makers at US enterprises who have not established customer success practices at their organization
†Base: 83 customer success decision makers at US enterprises who have established customer success practices at their organization
Source: A commissioned study conducted by Forrester Consulting on behalf of Gainsight, September 2018

Effective Customer Success Requires Concurrent Organizational And Technological Changes

Forrester’s research shows that customer success is directly correlated to customer experience.⁴ In fact, these practices share common goals of promoting customer loyalty by delivering effective, reliable, and trustworthy experiences. And delivering on these goals ultimately translates to business success. Companies that already have customer success continue to invest in it — because it’s working.

So, where are they investing? We found they’re focusing on these four categories:

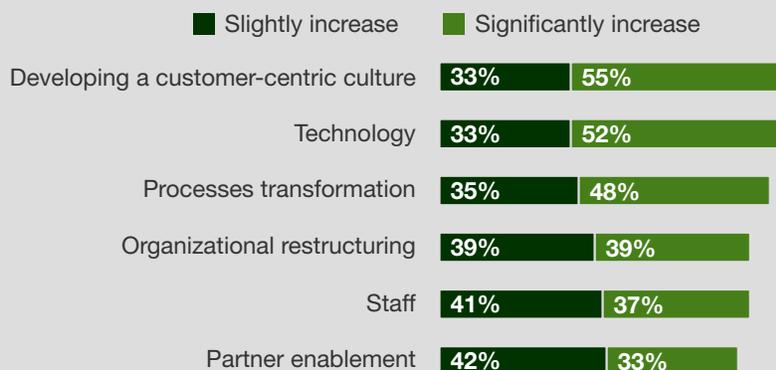
- › **Staffing.** Seventy-eight percent will increase investment in restructuring their organization and staffing the new roles.
- › **Alignment.** Eighty-eight percent plan to increase investment in creating a customer-centric culture, which Forrester defines as “a system of shared values and behaviors that focus employees on delivering great customer experiences.”
- › **Processes.** Eighty-three percent plan to invest more in transforming processes.
- › **Technology.** This is the primary consideration when establishing a customer success program. Eighty percent of companies with CS programs invested in technology and software to manage their customer success programs. Of those with established customer success programs, 75% said they plan to increase investment in technology and software in the next three to five years (see Figure 4).



Customer success enables effective, reliable, and trustworthy client experiences. And delivering on these goals ultimately translates to business success.

Figure 4

“Thinking about each of these areas of your customer success program, how do you expect your company’s investment level to change in the next three to five years?”



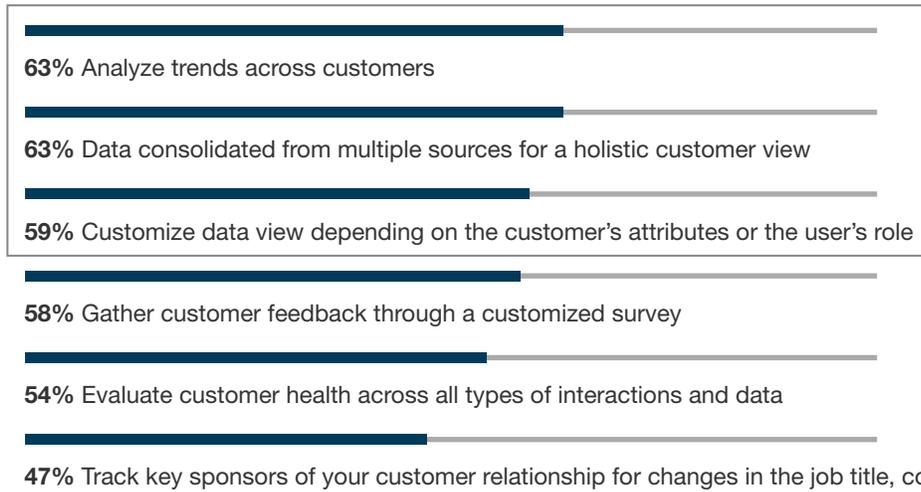
Base: Variable customer success decision makers at US enterprises who have established customer success practices at their organizations
Source: A commissioned study conducted by Forrester Consulting on behalf of Gainsight, September 2018

What do customer success leaders need from this technology? It comes down to a clear view of customer behavior. While companies place importance on many capabilities, the most valued features include 1) analyzing trends across customers, 2) consolidating data from multiple sources for a holistic customer view, and 3) customizing the data view depending on the customer's attributes or the user's role (see Figure 5).

Figure 5

“How important are these features in a customer success platform?”

(Only “very important” responses are shown)



Base: Variable customer success decision makers at US enterprises who have established customer success practices at their organizations

Source: A commissioned study conducted by Forrester Consulting on behalf of Gainsight, September 2018

Key Recommendations

Digital services and customer success management go hand-in-hand. The latter ensures customers get the most out of their investment with a business and opens the door to deeper, more profitable relationships. How should you think about building and sustaining a customer success organization?

Forrester's in-depth survey yielded several important recommendations:



Identify the challenges your clients face. Customer success management allows companies to prevent problems before they occur, or quickly address them once they do. You can help your business find these issues through surveys, in-depth interviews, observations, and other customer research techniques. To ensure the business accepts the results, engage key stakeholders in different customer-facing functions during the research process by having them participate in the customer research, as well as directly interviewing them on their thoughts.



Determine what your clients need from you. Once you've identified the key customer issues, develop the services and processes that will intervene when the customer needs support. Building customer journey and ecosystem maps can aid in this process as they will give you a sense of the steps a customer takes to get to these critical moments, as well as overlay the business ecosystem that supports customers in those steps. In examining the ecosystem around these key customer journeys, you should be able to identify the types of services — like advisories, education, and consulting — that will best meet customer needs.

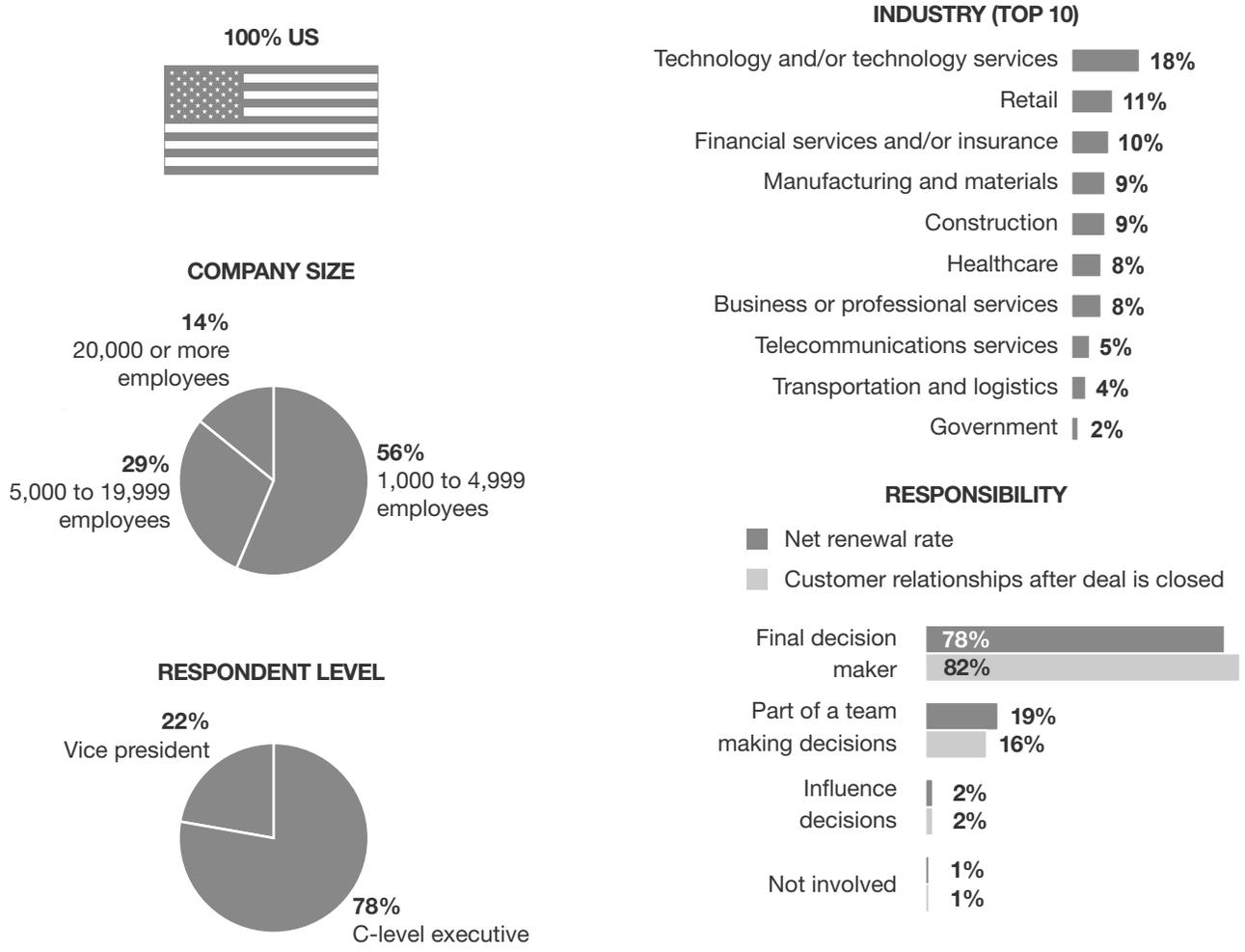


Outline the capabilities and tools you will need. Using an outline of the key services and processes you need to serve customers, you can begin to evaluate the business' existing assets and capabilities. You must ask, "What do we need internally to make our clients successful?" This requires a business capabilities assessment grounded in those processes and services you've outlined. This will help you determine if you have the appropriate and necessary people, processes, and technologies to support your customer success program, or if you need to build or acquire them.

Appendix A: Methodology

In this study, Forrester surveyed 160 US enterprises in a variety of industries to evaluate customer success practices. Survey participants included decision makers in net renewal rate and customer relationships after the deal is closed, both indicative of a customer success role. Respondents were offered incentives as a thank you for time spent on the survey. The study began and was completed in September 2018.

Appendix B: Demographics/Data



Base: 160 customer success decision makers at US enterprises
 Note: Percentages may not total 100 because of rounding
 Source: A commissioned study conducted by Forrester Consulting on behalf of Gainsight, September 2018

Appendix C: Supplemental Material

RELATED FORRESTER RESEARCH

“A Customer Success Management Program Is Good For You And Your Clients,” Forrester Research, Inc., September 20, 2018.

“How To Build A Customer Success Program,” Forrester Research, Inc., May 16, 2018.

“Customer Success Management Is The Key To Outstanding B2B Customer Experiences,” Forrester Research, Inc., January 5, 2017.

Appendix D: Endnotes

¹ Source: “How To Build A Customer Success Program,” Forrester Research, Inc., May 16, 2018.

² Source: “How To Build A Customer Success Program,” Forrester Research, Inc., May 16, 2018.

³ Source: “How To Build A Customer Success Program,” Forrester Research, Inc., May 16, 2018.

⁴ Source: “Customer Success Management Is The Key To Outstanding B2B Customer Experiences,” Forrester Research, Inc., January 5, 2017.