



Customer Success

**YOUR TIME
TO SHINE**

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INTRODUCTION

In today's recovering economy, Customer Success teams deserve more of the spotlight. While it is common knowledge that for a business to be successful, it needs to acquire new customers, businesses are extremely cautious in making an investment in today's uncertain economy. Yes, things are looking better today than a year ago. But organizations are putting greater emphasis on retaining and growing existing customers. These duties, of course, fall on Customer Success teams who are tasked with revenue quota to grow business from existing customers and drive the top-line.

While organizations put a lot of effort and resources into their Marketing and Sales teams to attract and acquire revenue from new customers, retaining and growing that revenue is just as important. In fact, it's five times more costly to acquire new customers than retain existing ones¹. Customer Success teams help companies retain revenue from their existing base by assisting customers, driving product usage and engagement, and ensuring high levels of satisfaction. Furthermore, Customer Success teams work to expand existing engagements over time, thus driving more revenue from the base.

Customer Success teams work with active subscribers/customers to make sure they are able to communicate the value of the product. Customer Success differs from Customer

Support in that the former proactively and strategically assists customers as a partner to achieve business outcomes while the latter focuses on reactive and tactical solutions to issue resolution. Customers love this kind of attention and proactive problem solving from Customer Success because it helps reap the full benefits of your offerings.

Regrettably, Customer Success teams are often inundated with too many customers to serve effectively. It's not uncommon for a single Customer Success Manager (CSM) to oversee 50 or even 100 customer accounts.



The average Customer Success Manager manages 50+ accounts for an average ARR of \$2 million.²

INTRODUCTION (CONT'D)

With only so many hours in a day, it is impossible for even your highest-performing employees to give every customer the attention they deserve. Capacity issues require Customer Success Managers (CSMs) to pick and choose which customers to prioritize over others. Those with high-value accounts or the proverbial squeaky wheels getting the most attention while the vast majority of customers sporadically receive only impersonal and sometimes irrelevant tech touches. This results in inconsistent customer experiences and lower engagement rates, which ultimately leads to missed expansion opportunities, churn, and a negative impact on Annual Recurring Revenue (ARR).

Due to these capacity challenges, Customer Success teams frequently feel like they lack the resources necessary to do their jobs effectively. An additional frustration for Customer Success teams is that they are often left out of important decision-making within their organizations when compared to other revenue-generating teams such as Sales and Marketing. This is unfortunate because Customer Success teams hold valuable insights on how customers are actually using your products and services as well as first-hand tips for improvement and recommendations.

This eBook covers a **scalable strategy for customer retention** by taking into account the **capacity challenge facing Customer Success teams** and **how Conversational AI helps retain and grow revenue from your existing base at scale**. As Customer Success teams level up their ability to engage customers and generate revenue, organizations will naturally include Customer Success leaders in decision making.

Get excited, Customer Success. It's your time to shine!



Customer Success	Customer Service
Proactive	Reactive
Customer Goal Achievement	Issue Resolution
Driving Customer Value From Products and Services	Driving Customer Satisfaction With Product or Service
Long-term Perspective	Short-term Perspective
Revenue Generation	Cost Deflection
Cross-Team Effort (Between Sales, Support, Service, and Product)	Owned by a Single Function

ESSENTIALS FOR CUSTOMER RETENTION AND EXPANSION

To positively affect customer outcomes, Customer Success teams must understand a customer's pain points, challenges, and struggles in order to solve them. It's all about being "customer-obsessed" in manners big and small to ensure the customer feels heard and valued. This strategic process begins with customer onboarding and continues as long as they remain a customer in order to retain and even expand revenue from the base.



A High-Performing Customer Success Team:



- 1 Successfully onboards new customers and enables them to use the product
- 2 Sets goals and helps customers achieve those goals
- 3 Drives product adoption and usage which are indications of customer health
- 4 Motivates customer expansions
- 5 Nurtures customer advocates and champions

ESSENTIALS FOR CUSTOMER RETENTION AND EXPANSION (CONT'D)

Onboarding New Customers



They say first impressions last a lifetime. But for Customer Success, first impressions impact how long a customer's lifetime lasts.

Customers expect a good onboarding experience. This means educating them about your offerings, answering questions, and making sure they are ready to use your products or services for themselves. The more seamless this process is, the better.

A poor onboarding experience forces customers to question if they made the right decision in selecting you as a strategic vendor. Worse still, they will likely lack the education necessary to use your products or services properly, thereby deflating their results, increasing frustration, and risking churn.

Next, build a success plan that walks customers through what comes next. Success isn't a destination, it's a process. Customer Success teams ought to establish a plan to guide their customers, complete with regular check-ins. This empowers businesses and their clients to adjust strategies, troubleshoot issues before they become problems, and make customers feel engaged in their own success.

A good, strategic onboarding process reduces the likelihood of churn and lost revenue.

Set Achievable Goals



Be sure to set realistic expectations. Your customers look to Customer Success for guidance. They want to know what kind of results they can expect from your offerings and how long it will take to get them there; known as "time to value." The worst thing you can do is overpromise and underdeliver. Talk to your customers through their first use case and launch process so they see the product in action from end to end. This serves as a vital example for future use cases they add themselves.

Share relatable case studies with your customers. This provides real-world examples of how a company of similar size, industry, or use case got from point-A to point-B leveraging your offerings. While there will never be a perfect one-to-one comparison, case studies help build customer confidence.

If your customers are leveraging your offerings improperly, they will likely experience a disconnect between what's been promised and what results they are seeing. If these issues are caught quickly, they are hardly noticeable. If they are left to fester, it can spoil a customer relationship.



ESSENTIALS FOR CUSTOMER RETENTION AND EXPANSION (CONT'D)



Driving Customer Health

Customer Success teams need to keep up the pulse of communication if they are going to drive customer health and retain revenue.

Organizations tend to flood prospects with marketing and sales messages as they try to convert leads into customers. But once that customer converts, that stream of information turns into a trickle, and customers are left confused and out of the loop—at least until it's time to renew the contract. This is a big turn-off for customers.

Instead, Customer Success teams need to keep a close eye on customer health to drive product usages and help foster positive outcomes. Without proper customer account management, there exists a gap between what your product can accomplish and what your customers actually use it for.

As part of this strategic relationship, CSMs should define and monitor product usage and engagement. Keep an eye on product metrics and determine if customers are actively using your offerings, adding new use cases, or spending time to optimize their results. A well-connected CSM works with customers to get the most out of these opportunities.

On the flip side, Customer Success teams need to get ahead of low usage issues. Why aren't your customers using your products or services? Are they ready to churn? Are they dissatisfied with your offerings? Are they unaware of how your solution works and need more education? It could also be

indicative of a bigger problem. If your CSMs can step in early, they can prevent complications before they arise.

Know that Customer Success is more than just customer happiness. Obviously happiness matters, but customers are making an investment in your offerings. Customer Success Managers need to strategically drive successful outcomes—which naturally leads to good feelings.



Motivating Customer Expansion

Customer Success teams don't just retain revenue. They also identify opportunities to expand engagements with their current customers.

Despite the lagging economy, customers are still willing to make additional investments. But it must be the right kind of investment. The key for Customer Success teams is to best identify what existing customers need now and in the near future. Maybe the customer would benefit from increased capabilities or an upgraded package. If you're selling to a business, maybe your organization sells services best fit for another team within the company.

Identify strategic opportunities to promote upsells, expansions, or cross-sell opportunities. Good recommendations lead to increased revenue and even better relationships with customers; many of whom might become customer advocates and champions helping to attract new customers or continue expansion within their own organizations.

THE CAPACITY CHALLENGE FACING CUSTOMER SUCCESS TEAMS

Customer Success Managers love working with customers—and they are good at it too. Part of their job is helping to build strong relationships, solve problems, and grow engagements over time. By regularly and proactively engaging with their base, CSMs can identify what’s working for their customers and help them derive even more value, or conversely, identify what’s going wrong and correct course before issues turn into problems.

But there is one major complication facing Customer Success teams—capacity issues and an inability to scale. Considering that customer-to-CSM ratios can be as high as 50:1 or even 100:1, it’s virtually impossible for Customer Success teams to give every customer the same

level of attention. This forces Customer Success teams to prioritize some customers over others.

Perhaps unsurprisingly, Customer Success teams prioritize a small percentage of high-value customers by delivering personalized touchpoints

while relegating much larger swaths of lower-value customers to impersonal tech touches. As organizations bring on new customers, it becomes more difficult for Customer Success teams to scale their operations to meet the needs of their growing base.

Things That Weigh on Customer Success Teams



- 1 Inability to Scale
- 2 Inconsistent Customer Experience
- 3 Unexpected Churn and Missed Expansion

THE CAPACITY CHALLENGE FACING CUSTOMER SUCCESS TEAMS (CONT'D)

These inconsistent customer experiences result in a number of **leading indicators** and **lagging indicators**. Leading indicators include a lack of product adoption, lack of customer engagement, and low NPS/CSAT scores. Lagging indicators are lack of renewal, customer churn, and lack of expansion. When customers churn, a lagging indicator, it's too late for organizations to do anything about it. That revenue is lost.

As you can see, there is a cascading effect from CSM capacity issues, leading to inconsistent customer experiences, and ultimately resulting in unexpected churn and missed expansion opportunities.

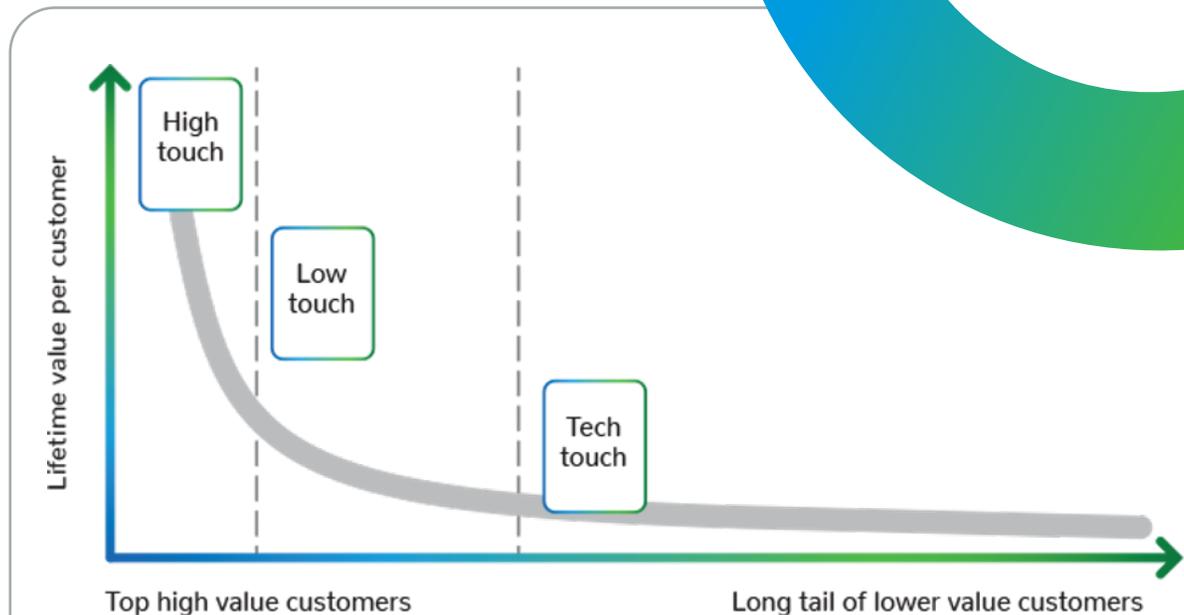
The #1 reason for churn is a lack of customer engagement which is directly related to the capacity issue facing Customer Success teams. More than half (66%) of customers churn follow a bad experience². Even worse, the vast majority of customers will churn expectedly without giving any warning to their CSM.

Per **loss aversion theory**³, the pain of losing a customer is higher than the joy of winning a new customer. This feeling is intensified during difficult or uncertain situations (like the COVID-19 pandemic) when organizations have a harder time acquiring revenue from net-new customers due to longer sales cycles⁴.

Even if your organization is experiencing a boom in popularity, that might not be enough. The truth of the matter is that there is a difference between **expensive revenue** and **lean revenue**. Attracting and acquiring

new customers requires large investments in Marketing and Sales. You might not even turn a profit within the first year of customer acquisition. Lean revenue, on the other hand, comes from retaining or growing revenue from an existing customer. If your business cannot scale its Customer Success operations, the gains you make in new customers could be lost before the first renewal.

Despite the best efforts of Customer Success team members, there is often more work than hands. Recognizing the capacity challenges facing CSMs, organizations would do well to adopt a tech solution that delivers personalized outreach at scale in hopes of longer and more profitable customer lifecycles.



Don't expect customers to tell you when they are unhappy.

Only 1 in 26 customers will complain about their experiences with a CSM.⁴

HOW CONVERSATIONAL AI HELPS CUSTOMER SUCCESS TEAMS DO WHAT THEY DO BEST

Needless to say, as the organization primarily responsible for helping customers achieve business outcomes, the Customer Success teams have a lot to manage. But if Customer Success leaders can solve the capacity problem, they can help their teams make strides to improve customer experiences and ensure revenue retention and expansion.

Fortunately, there's a new and innovative way to drive scale and efficiency, improve customer experiences, and ensure retention and expansion by hiring an **Intelligent Virtual Assistant (IVA)**.

An Intelligent Virtual Assistant, also known as an **AI Assistant**, is a form of **Conversational AI** that engages customers in human-like, two-way conversations at scale. By combining the scalability of intelligent automation with Natural Language Processing (NLP), AI Assistants can autonomously craft and deliver messages to customers, while also understanding and responding to them.

Conversational AI satisfies customers and Customer Success Managers alike. By automating personalized communications at scale, customers are afforded more attention and consistency

from the AI Assistant. Meanwhile, CSMs are able to offload repetitive tasks such as scheduling meetings and writing personalized emails which allows them to focus on strategy, creative problem-solving, and building relationships with customers.

Communications from an AI Assistant are always prompt, persistent, and polite. So even if it takes multiple attempts to push a customer in the right direction, the AI Assistant never gives up and never gets frustrated.



The aim is to make Customer Success scalable and predictable by automating it for better outcomes.



HOW CONVERSATIONAL AI HELPS CUSTOMER SUCCESS TEAMS DO WHAT THEY DO BEST (CONT'D)

By adopting Conversational AI to deliver a personalized touch to your customers at scale, you solve the capacity challenge facing Customer Success teams. Better still, you give customers the attention they need to succeed by automating regular touchpoints driving customers in the right direction. This includes encouraging product adoption and motivating usage. The aim is to make Customer Success scalable and predictable by automating it for better outcomes.



AI Assistants can:

Drive Scale and Efficiency:

CSMs can't do it all. But they can leverage AI Assistants to scale themselves. Acting as an extra pair of virtual hands, AI Assistants can take on repetitive tasks that occupy a CSM's capacity. This helps Customer Success teams boost efficiency and enjoy more time to act as superheroes for their customers.

Improve Customer Experience:

Customers crave attention and direction. AI Assistants work alongside CSMs to keep the pulse of communication, motivate product usage, and drive customer health. This means better customer experiences and better outcomes, which gives your customers a reason to keep spending.

Ensure Retention and Expansion:

AI Assistants solve the #1 reason customers churn—a lack of engagement and attention. But they don't stop there. AI Assistants renew existing customers as well as drive interest in capacity expansions, upgrades to existing products, or cross-sell opportunities.

By strategically matching AI Assistants to crucial steps in the customer lifecycle, Customer Success teams can retain and expand revenue from the base.



“Our biggest focus is automating what we are doing. Conversica gives us an extended arm for our Customer Success Management team.”

Victoria van Antwerpen-Spencer
 Director of Customer Experience &
 Strategy, Oracle Digital EMEA

CUSTOMER SUCCESS, IT'S YOUR TIME TO SHINE

As AI Assistants enable Customer Success teams to better engage, retain, and grow customers, the results will speak for themselves:

- Conversational AI for Customer Success empowers higher scale and efficiency as AI Assistants specifically increase CSM-to-customer ratios.
- Conversational AI reduces cost and risk by delivering consistent engagement with every customer without adding headcount.
- Conversational AI increases revenue and retention through higher cross-sell and upsell opportunities, while also driving down churn rates.

This is how Customer Success teams earn their seat at the table with the other key decision-makers.

The objectives of Customer Success naturally align with the objectives of the company as a whole. That's because Customer Success isn't just a team or function, it's a way of doing business that puts the customer first.

Customer Success occupies a special place in any organization. Namely, working directly with customers who use your products or services regularly. CSMs collect feedback from customers including recommendations for new features, necessary improvements, and complaints about what doesn't work as it should. This provides valuable data points for decision-making at the highest levels of your organization.

Think of Customer Success as a competitive advantage; not only in how it aids customer outcomes but also in how to replicate success from one customer or industry to another.

By holding the company accountable to customer outcomes, Customer Success teams help improve your company's offerings, reputation, and ROI over time.

It's all about creating a flywheel for Customer Success. It starts with augmenting CSMs with the help of an AI Assistant to give customers the attention they need to drive better outcomes, which leads to a seat at the table with other decision-makers.

Customer Success, it's your time to shine!



END NOTES

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- 3 Scientific American, "What Is Loss Aversion?", Claus Schittenhelm and Russell A. Poldrack, Jul. 2016. <https://www.scientificamerican.com/article/what-is-loss-aversion/>.
- 4 Conversica, "How to Retain Customers with Intelligent Virtual Assistants During the Current Economic Climate," May 2020. <https://www.conversica.com/resources/ebooks/how-to-retain-customers-with-intelligent-virtual-assistants-during-the-current-economic-climate/>.



About Conversica

Conversica is the leading provider of Conversational AI solutions that help enterprise marketing, sales, customer success, and finance teams attract, acquire and grow customers at scale across the customer revenue lifecycle. Conversica AI Assistants serve as digital team members and autonomously engage contacts, prospects, customers, or partners in human-like, two-way interactions at scale to drive towards the next best action, whether that's scheduling a sales meeting, gauging interest to buy additional products or services, or politely but persistently collecting overdue payments.

Processing over a billion interactions, the Conversica Conversational AI platform integrates natural language processing (NLU & NLG), decision & policy management, business process automation and deep learning capabilities to drive customer engagement across multiple digital communication channels and languages. The Conversica platform supports over 50 integrations into the most popular MAP and CRM platforms and offers an open API for custom integration.

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