AJ (Adam Joseph): Can you tell us more about your background?

JT (Jeff Tostado): I started with ServiceSource back in 2000 when it was myself and the three founders. What attracted me to the company was their business model; back then it was a sellers' environment where a lot of the technology companies were just selling "products". They weren't paying attention to this very high margin revenue stream called "renewals".

What has happened with the industry as it has evolved is that it has become a subscription model and no longer are the renewals based on the long-term where you are just selling the product, on-boarding the customer and then you wait for the renewal event, now it's more a seller's market where they want to see the value and as quickly as possible. **The subscription model allows the customer easy entry and exit into your product and so you have to make sure that the customer is being taken care of from day one.** The acquisition is really important, but it still only the first step in the customer life-cycle journey. With the subscription model, the acquisition is the smaller monetised event, while the subscription and keeping the customer as long as possible is where you are really seeing the value of that customer.

AJ: Given the diverse nature of any customer base, how do you go about putting together a Customer Success framework?

JT: Great question! I like to look at this from a viewpoint of the "**Six Pillars of Customer Success**" ***(scroll down on the web-page to see a full infographic and audio description of the "Six Pillars")***.

AJ: What are the critical customer health metrics verses what's "nice to know"?

JT: **Looking at the customer health-side first, make sure that you're evolving – just like your business. Start out simple; look at key events within the first year that the customer must achieve as part of the customer journey.**

The first and foremost one is "*can the customer use the product?*" - the on-boarding event should be something that's common within any company. Can the customer engage your product and do they see immediate value? Having that kind of information at your finger-tips that allows that, which is either on-line or whether the customer downloads an app, or if there's an actual implementation process (i.e. because it's an enterprise) and you have to deal with users but you want to make sure that the customer is seeing value. You look at what kind of data will tell you that information. **You don't want to say "give me all of the data and then I'll try and figure it out", put your customer journey together for the first year and then identify what are the data points that you need to actually provide that information to you**.

I like to tell my clients to keep it simple at the beginning because as you get more experience and evolve, that you can start layering on other data elements that you might find useful and then decide whether they are providing you the right information or not, because some might be a "red-herring" or it's providing information that's not really telling you what you need to know about your customer.

AJ: Where do you find great people to work in Customer Success?

JT: You might have heard the term "Hunter" or "Gatherer". Giving (Customer Success responsibility) to the Sales Rep who did the acquisition of the product doesn't really suit that kind of skill-set, because a true sales person has a "Hunter-type" mentality and they lose interest after the acquisition and there is a dip in customer satisfaction.

What you need is more aligned with the Account Management type-persona. Customer Support is really built for a "break-fix" model and they are not there to nurture the customer because of all their metrics are around issue resolution. You need that "Nurturer" who has both of the skill-sets but are more aligned to the Sales-side. This is closer to the "Farmer" – who is there to get yield from the amount of land that they have and so like a good farmer, a good CSM should get maximum yield from that particular customer. That's why, from my point of view, an Account Management persona has worked best in that role.

AJ: How do you segment your customers given that they are all going to be at different points in their journey with your solution?

JT: There are two dimensions to this; every company is different (meaning that not every company is selling the same product) and every customer has a different reason for buying a product. **Ensure that you understand it from not only the first year (which is the highest point where a customer would churn) but also what does the second year look like, third year, and so on**. You need to understand that in detail because if you don't, then you are going to let customers churn. The big gauntlet is to get zero churn from customers and so you want to make sure that you trying to avoid that as much as possible.

As a company, you need to stratify your client base (or prospective client base) to understand how to create a customer journey so that you are not creating an individual specific customised journey but you have maybe three/four (depending on your customer segmentation). As you look into your customer base you'll probably see a good delineation between customer segments and how that journey would look like for each one of those.

AJ: What do you think a CSM's prime goal should be, churn mitigation or identification of potential new business opportunities?

JT: I would say that it is a 50/50 split; I think they're both equally important and they should have the attention of the CSM. Going back to the customer journey, if it's a first year customer you want to make sure that they are seeing immediate value because that's the highest time for the customer to churn. Look for the churn indicators (e.g. healthchecks, data-driven usage, on-boarding etc) and that they understand the product, that they're actually using it, and they don't have any questions regarding training. Creating some "How-To" documents always helps make sure that they understand the capabilities of a product and using it to maximise its value.

As you get further into the customer journey (e.g. second year) it should be more focused on expanding and maximising. However, who's to say that during the first year and when you review usage data that you see the customer is using it very frequently and in ways that you identify other areas (or other product lines) that they might be interested in. So you shouldn't singularly focus on one or the other, but you should always balance it depending on where they are in the journey.

AJ: Do you have any other advice to CSMs to help them drive engagement but also help identify new business opportunities?

JT: **The main things I like the CSMs to focus on are on-boarding, healthchecks, the renewal event and then anytime there is a cross-sell or an upsell opportunity**. I think the on-boarding is that one-time event when the customer buys the product, healthchecks should be on-going, the renewal event is based on a contract term (or if the customer is on a subscription) and cross-sell/up-sell (that goes hand-in-hand with the healthchecks or the renewal event). You're seeing an opportunity to expand the footprint of the client then you should always be taking that but in order to do that, a CSM must understand the client's business needs (i.e. their drivers, objectives, what their trying to do with the product) so you can be their trusted advisor.

AJ: Can you tell us more about your partnership with Gainsight and in particular, your joint venture – "Outcome360"?

JT: We went into partnership with Gainsight in November 2016, which was called "Outcome360". What that partnership entailed was that we as an organisation, use Gainsight for our Customer Success Managers and we also deploy Gainsight for our clients. That partnership is twofold; we will provide Managed Services in deploying our Customer Success teams for those particular customers plus we use the Gainsight product suite to help enable our CSMs to actually deliver a high quality Customer Success experience.

What we've being doing is when Gainsight has their own customers and are more aligned on developing their product, they also ask us to help deploy to their customer base as well. We're actually doing two things; we're providing a Professional Services organisation to help deploy their product and then we're providing Managed Services organisation if the customer wants to have that domain expertise on Customer Success coupled with a team that can provide and deliver the results that they need.