



Rethinking Business with Customer success

Customer Success Management: The Key to Success in the Subscription Economy

The global marketplace has evolved in recent years, becoming more utility-based than ever before. The rise of the subscription economy has been one of the major developments to illustrate this change.

The subscription model, under which companies shift from selling products to selling services, has many advantages over traditional business models. While the trend was initiated by B2C companies, the subscription-based model is now being adopted in earnest by many B2B enterprises.

The Emergence of the B2B Subscription Model

Simply put, the subscription model allows customers to pay periodically for the product functionality they need without having to buy products in full.

B2B subscription-based business models have been around for a while now, especially in the software space. Today, with the rise of the on-demand economy, business customers have come to expect anything as a service (XaaS). Subscriptions make it cost-effective and efficient for businesses to access resources without having to invest the capital to own them outright. It promotes agility, and positions businesses to leverage the rapidly advancing world of technology.

Subscription models are equally alluring to B2B enterprises selling services. By investing optimally, you can provide high-end products to your customers for a periodic subscription fee, ensuring consistent revenue and recovering investments steadily. Rather than chasing one-time sales, this model allows you to bring in a predictable, stable revenue in each billing period. Moreover, by providing exceptional services and experiences during the course of service contracts, you can build brand loyalty and protect your revenue stream over the long term.

However, subscription models can be tricky to implement. In subscription-based sales, deal sizes are smaller and typically accrue only around 16% of lifetime revenue in the first year, versus 52% in the case of traditional sales. Customer acquisition costs are roughly five times that of customer retention costs, so it pays to ensure continuous value delivery to minimize churn and maximize customer lifetime value.



Customer loyalty must be won daily in the subscription economy, as revenue is staggered over time instead of being front-loaded.

To achieve success with the subscription model, you need to focus on the following key elements:



All the above comes under the purview of the Customer Success function, which is fast emerging as the key to fueling growth in the subscription economy.

What is Customer Success?

Realizing value in the cloud requires more than technology. Customer success has emerged as a way to address the specific challenges of enterprises operating in the subscription economy. Customer Success Management (CSM) helps customers attain the value they expect from your product or service. In turn, it helps you deliver value consistently, maximizing customer retention and generating more revenue.

Customer success programs help you increase repeat transactions by cementing long term relationships with your subscribers. Common functions include:

- Managed onboarding and long-term account health
- Strategic initiatives to maximize product adoption and advocacy
- Reduction in churn by proactive monitoring and optimizing customer health and behavior
- Boosting Customer Lifetime Value (CLV) through seamless renewals, active lifecycle management, and ongoing value addition
- Account expansion by up-selling and cross-selling to customers most likely to convert

How Does Customer Success Work?

As an organization looking to implement CSM, you need to focus on key functions such as insightful workflows, customer health assessment, engagement planning, and continuous improvement. The right strategy is essential, for which you need to understand your customers' business objectives and desired outcomes. Ideally, you should categorize accounts based on priority, health, and potential to grow, and create customized success plans as required.

Standardized engagement processes come next, as you need to develop the best practices for customer success across the customer lifecycle. You should leverage customer data sourced from your sales and service functions and use analytics to identify critical insights for your CSM programs. Hiring resources with CSM capabilities and arming them with the right tools is a huge factor in achieving the desired results.

Today, technology platforms like Gainsight, Strikedeck, and Natero make it possible to automate standard customer success activities, optimizing the work of your CSM team. Utilizing best-in-class customer success tools, processes, and resources is essential for strong CSM.

However, there are some challenges when it comes to cracking the customer happiness code.



Typical Challenges Faced while Adopting Customer Success

While analyzing your customer journeys, you cannot overlook customer education. When customers don't know how to use your product to its full potential, they're far more likely to have a negative experience.

Lack of engagement with specific customers is another challenge that can lead to incorrect churn predictions. There are times when customers become "invisible," and you must have a proactive playbook in place to identify them in order to minimize churn. Improper segmentation and inappropriate prioritization are some of the top issues that affect ARR, because they lead businesses to focus on the wrong problems at the wrong time.

Lack of knowledge on the initiation and implementation of CSM is one of the biggest issues faced by tech enterprises, which is why many firms choose to work with a specialized CSM partner that is better equipped to handle these challenges.

Working with a CSM Partner

When you work with a specialized partner, you get a tailored CSM plan with defined goals and expectations, ensuring you stay focused on the most important activities. They streamline and simplify the CSM process for you, from strategy, development, and delivery, to performance and monetization.

A CSM partner can also help you measure success accurately using the appropriate metrics. Measuring the right business outcomes helps you identify and prepare for future initiatives, while timely insights can help you review and validate existing programs to ensure they deliver maximum value.

CSM experts also bring innovative ideas to the table for increasing retention by empowering customers and building loyalty and trust. Proactive engagement ensures customers receive a personalized experience, leading to enhanced customer success and helping to reduce churn.



Conclusion

Growing customer expectations have compelled companies to make a gradual shift from selling products to selling subscriptions. While the subscription model has several advantages for B2B enterprises—including consistent cash flow and increased business resiliency—it also offers subscribers a chance to use high-end solutions without having to pay in full for them upfront.

However, there are challenges associated with the subscription model, and organizations must implement customer success programs to ensure customers receive maximum value from solutions. When this is done well, it leads to reduced customer churn, increased Annual Recurring Revenue (ARR), and a substantial rise in Customer Lifetime Value.



Sunil Mittal

EVP & Chief Sales and Marketing Officer at CSS Corp

Sunil has over two decades of IT industry experience across multiple horizontals and geographies. He has a spectacular track record of developing new markets, winning new logos, partnering with clients, creating & winning advisor led deals and building teams & businesses. His experience in setting up sales processes with special focus on "Social Selling" is second to none.

As the CSMO at CSS Corp, Sunil is responsible for driving business growth focusing on IT Services, Technology Support Services, Application Services & Infrastructure Management Services. He provides strategic leadership to the Sales, Account Management, Marketing, Solutions Engineering, Deal Advisory, Inside Sales, Alliances and Bid Management teams.

For more information, **contact info@csscorp.com**