

● ONLINE

13.10.2022

WEBINAR

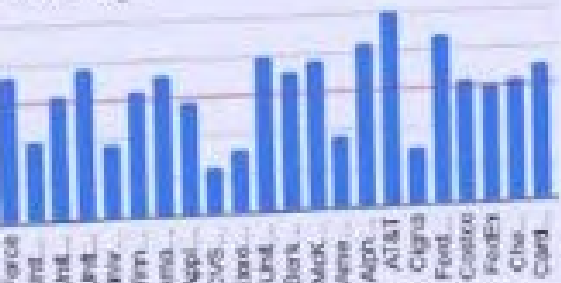
# TOP 5 METRICS TO PREDICT CUSTOMER CHURN

Best Practices

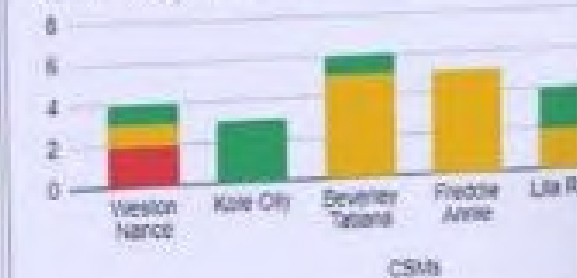
REVOS

## Health Score Dashboard

& Average



CSM Assignments



Health	Product Usage (35%)	Support (20%)	Sentiment (25%)
6.3	7.6	5.0	6
5.9	9.1	2.0	6
6.5	0.0	10.0	4
3.9	0.0	8.0	0
5.5	6.7	7.0	6
5.7	0.0	10.0	0
5.3	6.6	10.0	4
7.4	9.9	10.0	2
4.0	6.4	10.0	2
6.3	6.0	10.0	6
7.7	7.1	8.0	6

# Agenda

- ☑ Introduction
- ☑ Why Customer Health Scoring?
- ☑ Top 5 Metrics to predict customer churn
- ☑ Challenges with the traditional approach
- ☑ Modern trends and approaches
- ☑ Conclusion



Founder and CEO of RevOS.ai

Entrepreneur, Engineer, Father of 3.

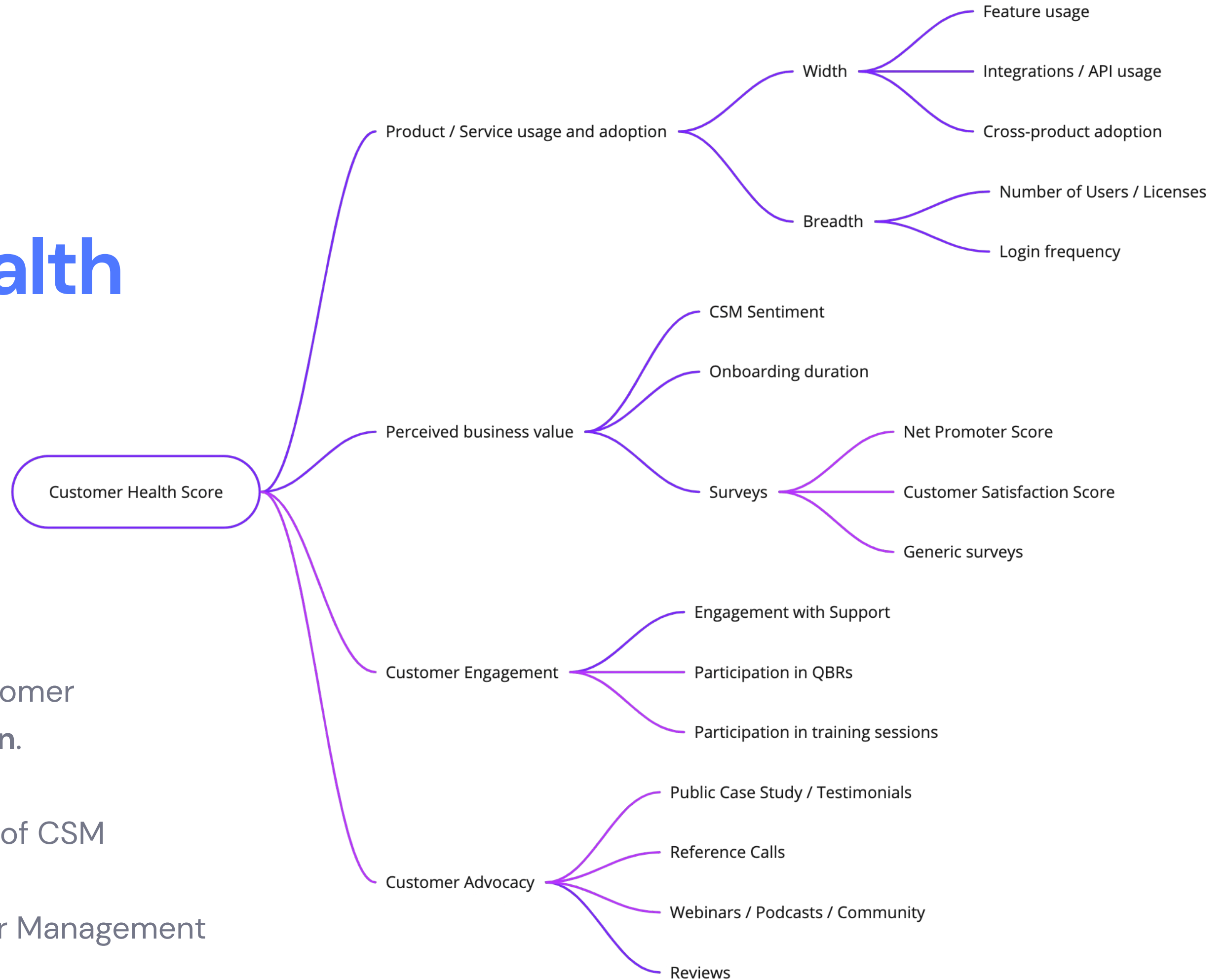
- before RevOS.ai I was a Founder & CEO of elastic.io, exited to mVISE AG in 2021
- Building & leading successful teams (50+ FTEs) in Germany, Europe and United States
- Complex selling, customer success and expansion of 7-digit B2B into medium and large companies in DE, EU and USA
- Strategic product and portfolio management aligned with Go-to-Market strategy



# Why

# Customer Health

# Scoring



Should show a likelihood of a customer to **grow, stay consistent, or churn.**

Foundation for **proactive** actions of CSM

Easy to grasp high-level metric for Management



# Top 5 Metrics



# 1. MAU, DAU, WAU

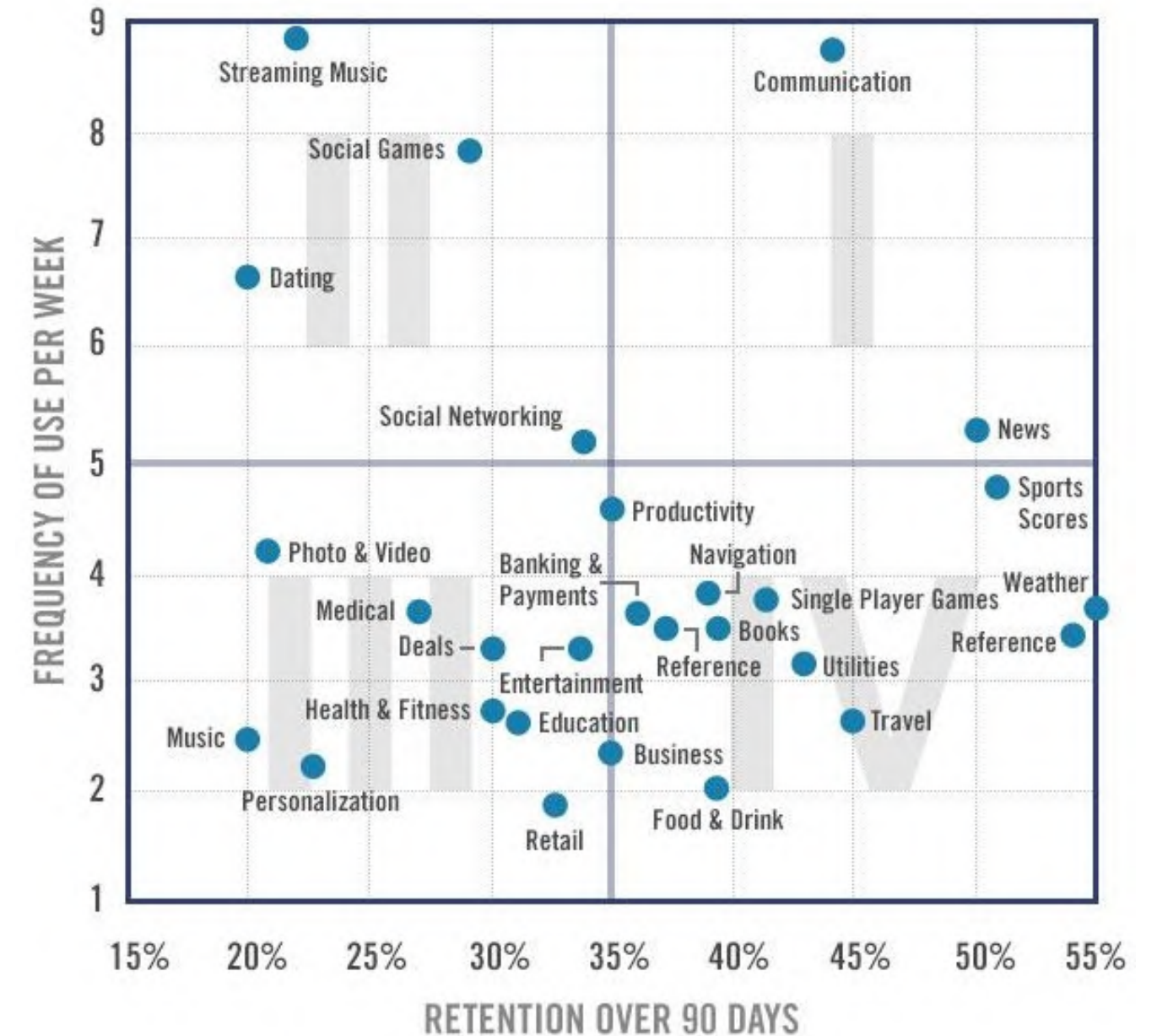
- One of the most basic user engagement metrics for SaaS / Online tools
- Frequently used as a ratio such as DAU/MAU Ratio or WAU/MAU Ratio
- Frequently used in as a ratio to number of licenses / seats

## Pro

- Simple, easy to understand
- Great tooling support, e.g. in Mixpanel, Pendo, Amplitude etc.

## Contra

- Not universal (weekly, monthly, quarterly usage?)
- Different roles and scenarios
- W1/M1 retention may be treated differently



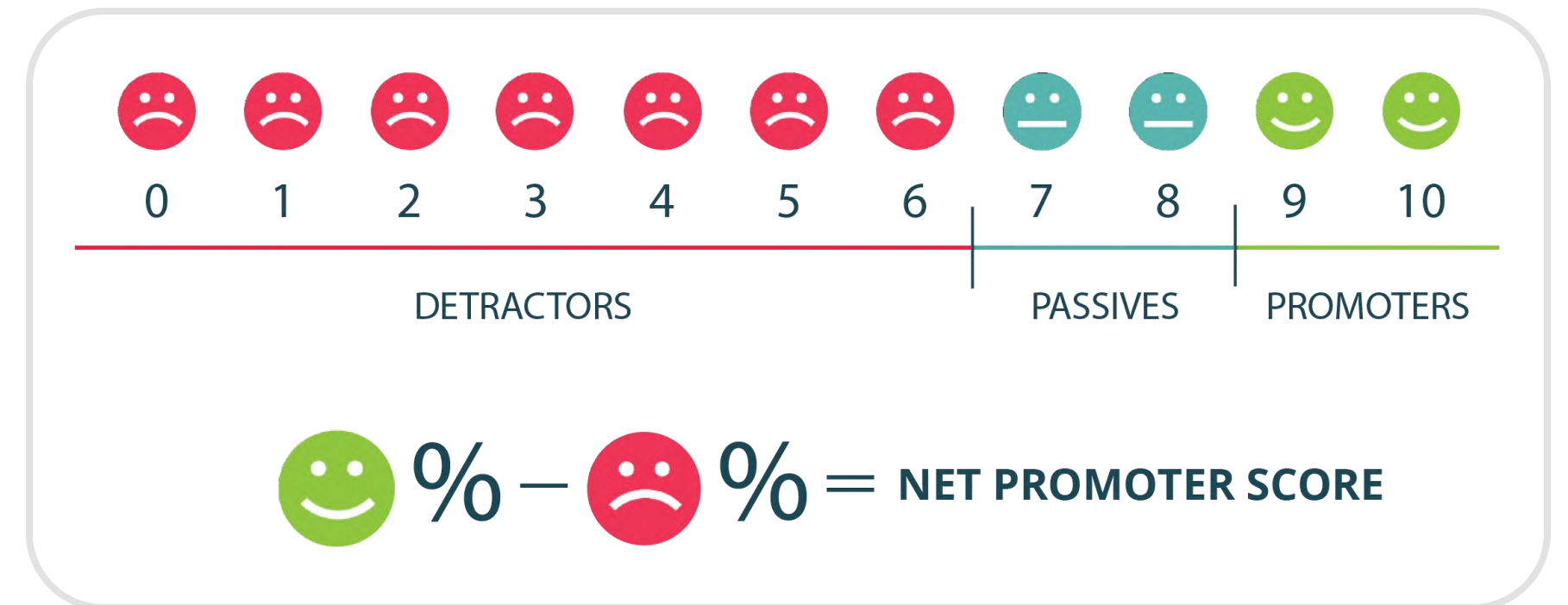


## 2. Net Promoter Score®

- Survey question asking respondents to rate the likelihood that they would recommend a company, product, or a service to a friend or colleague
- Originally developed by Bain & Company, simple and transparent methodology

### Pro

- Simple to understand and easy to do
- Build-in in many SaaS tools and universally applicable without any customizations

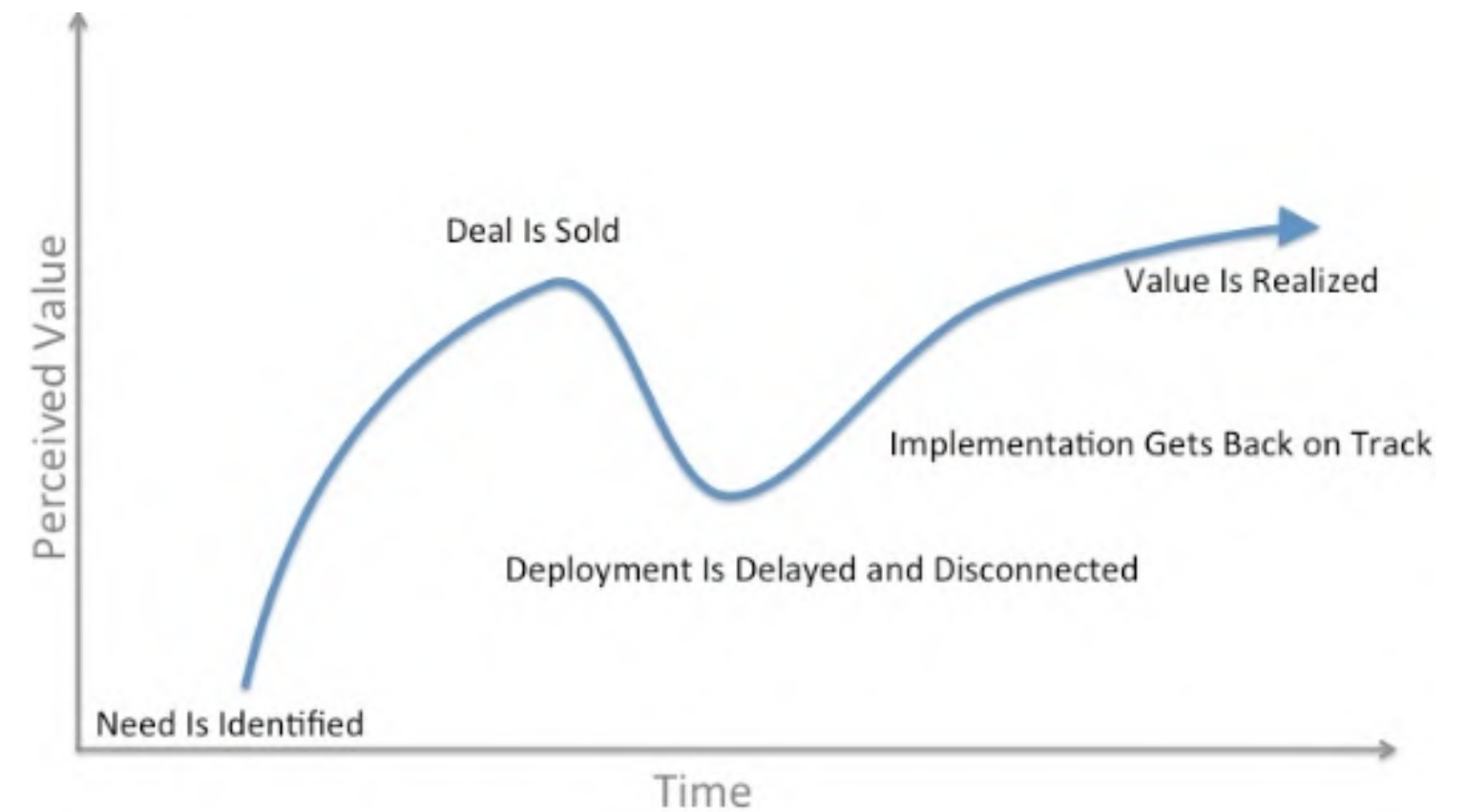


### Contra

- Like any survey statistical relevance only with high number of participants
- Not always easy to apply to 'account' level (e.g. 30% participation rate)
- High variance in results on non-cohesive groups

# 3. Activation trigger(s) / TTV

- Presence and/or frequency of a specific event (or events) in the customer lifecycle which indicates a generated value of the product
- Examples are 'aha moments' like showing a presentation (here at Pitch)
- Closely related to 'Time to Value', basic & exceeded.



## Pro

- One of the best predictors of churn and/or expansion
- Can be collected automatically (for SaaS) or manually

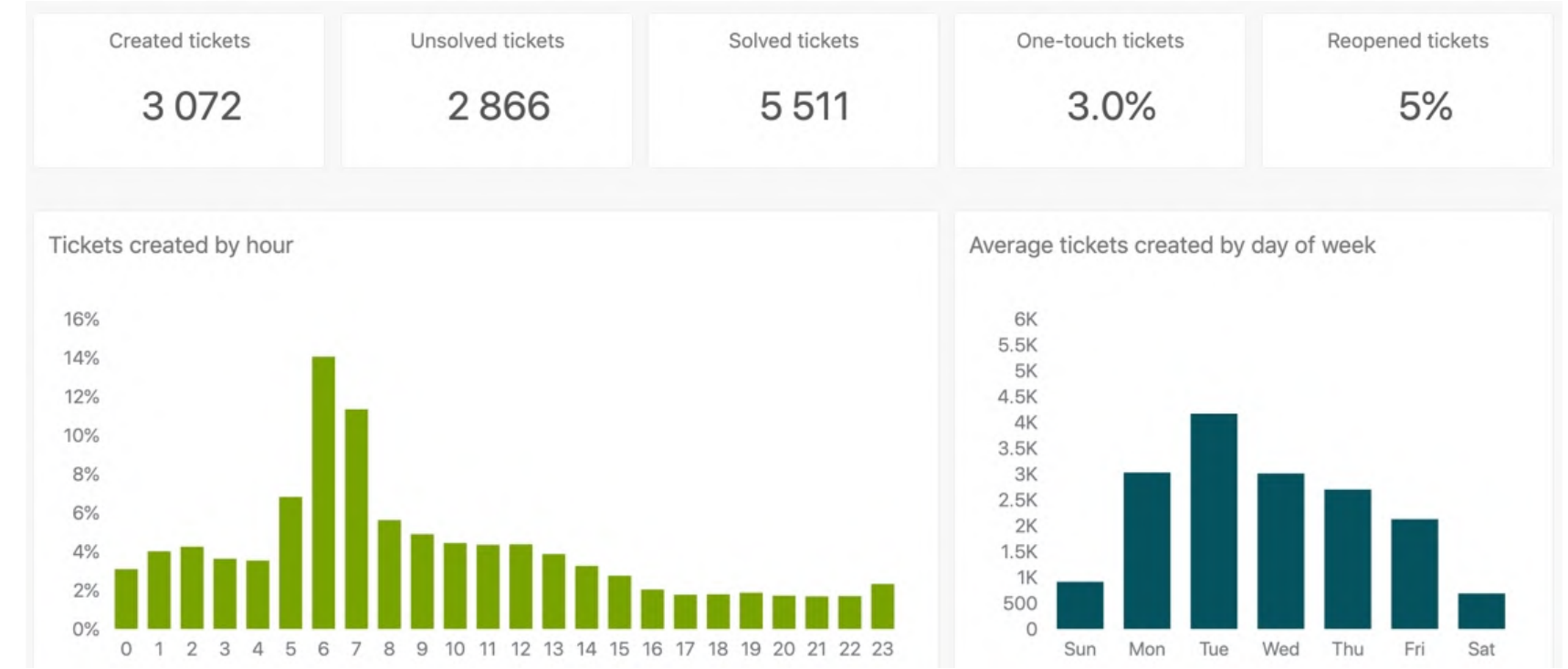
## Contra

- Not universal – specific for each application and/or service offering
- Tracking can be tricky on account level where multiple personas are involved



# 4. Support KPIs

- Various support KPIs can be used like **Number of Open Tickets**, number of **SLA violations**, **Time to First Reaction**, **Time to Full Resolution**
- Used as absolute values of trends on median values over time



## Pro

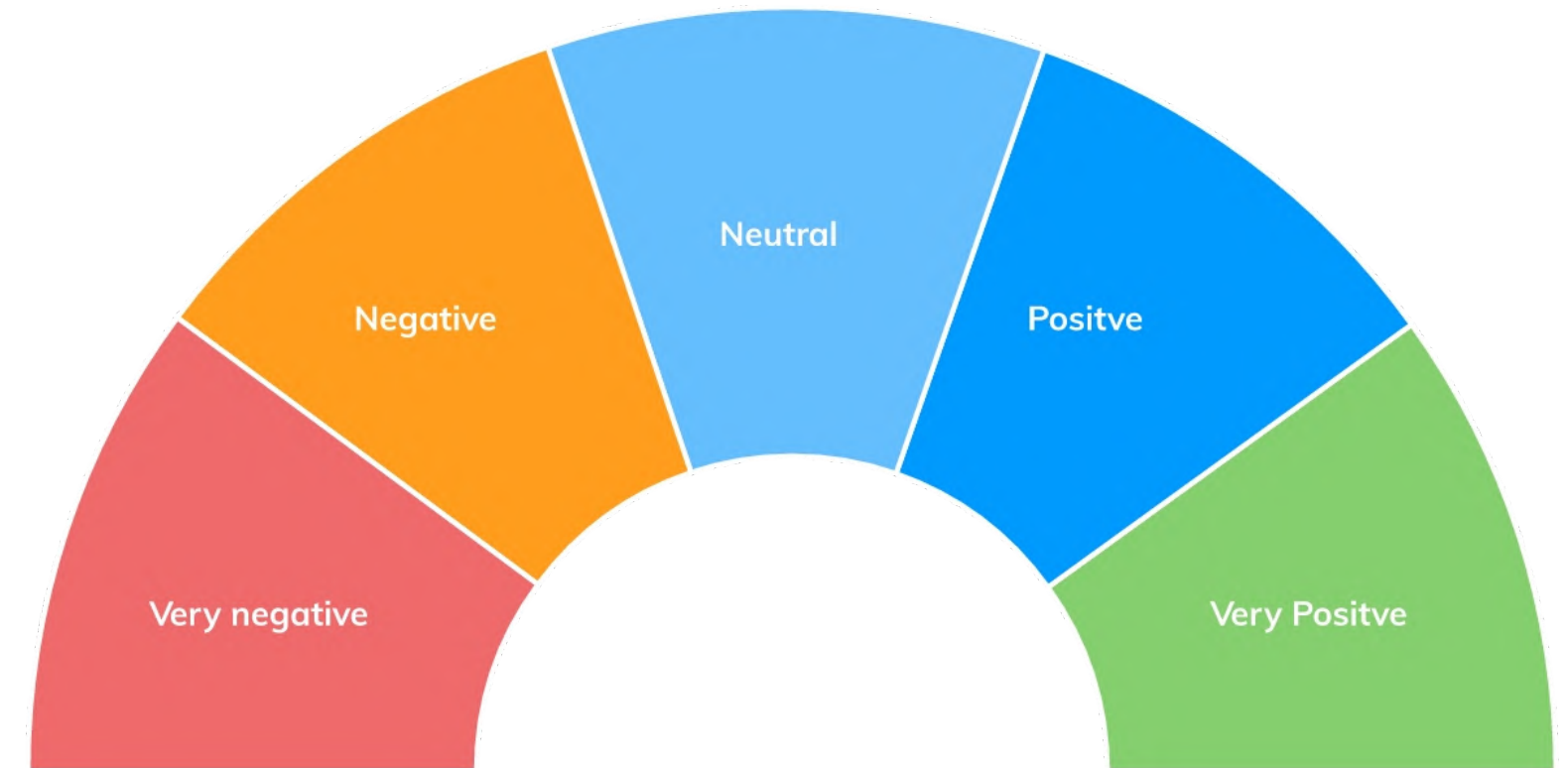
- Simple to understand and track values
- Basic KPIs are supported by major tooling providers like out of the box

## Contra

- Aggregating on account may lead to lower statistical relevance hence high variance
- Health scoring of absolute values might be misleading

# 5. CSM Sentiment

- Manual assessment of individual Customer Success Manager based on simple sentiment scale from Very Negative to Very Positive
- De-facto basis for assessment of quality of any customer health score model



## Pro

- Simple, easy to understand
- Easy to collect with required consistency

## Contra

- Subjective and can be biased
- Consistency can be affected by fluctuation in CSM team structure

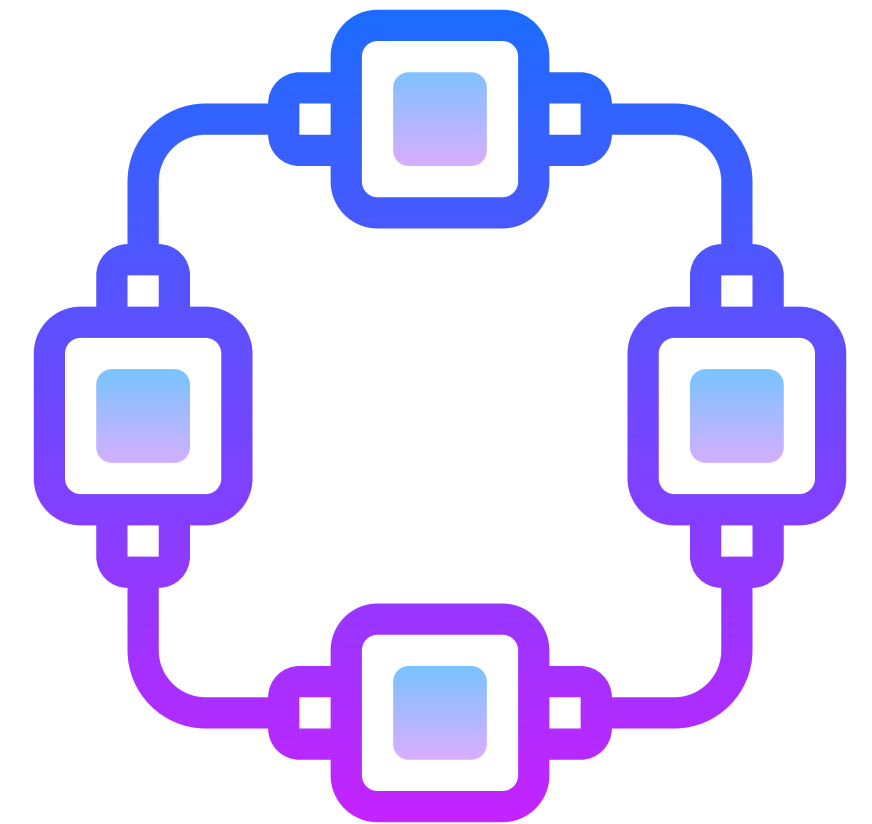
# Challenges with traditional approach

- Low quality of data or low statistical relevance may affect relevance of health scoring
- Even simple calculations require complex implementation and integration projects
- Even with limited number of systems number of KPIs can be overwhelming
- Every prediction model require a regular maintenance, which can be complicated when do manually



# Modern trends and approaches: Health Scoring with ML Models

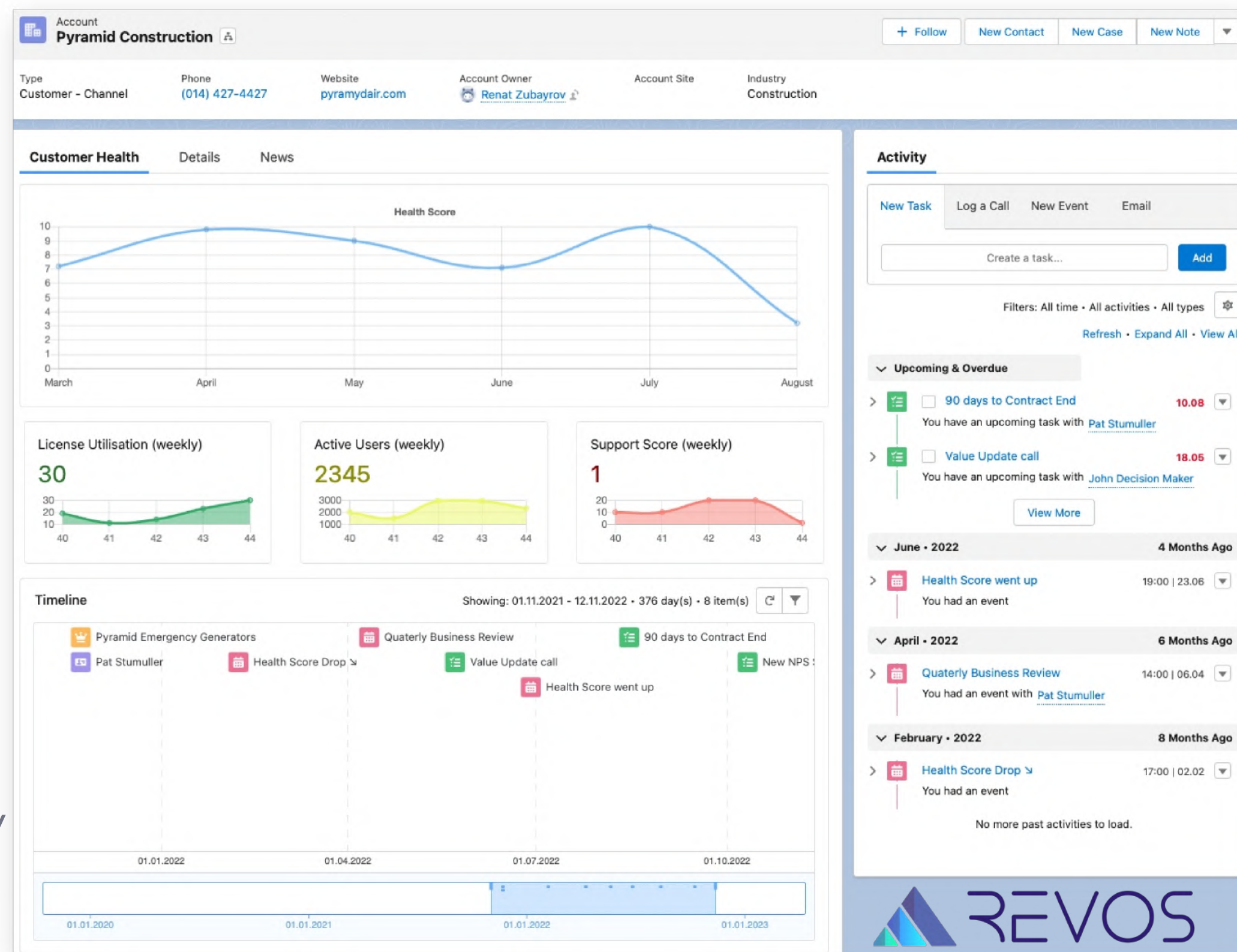
- Machine Learning is a branch of artificial intelligence (AI) and computer science which focuses on the use of data and algorithms to imitate the way that humans learn, gradually improving its accuracy.
- Advantages of ML for Customer Health Scoring
  - ☑ Less tolerant to low data quality and/or missing data
  - ☑ Adopt and learn over time – capturing data in time dimension
  - ☑ Automatically select most relevant criteria that affect predicted outcome
  - ☑ Automatically adjust formula (aka. model weights) based on the new data



# Want to try it?

RevOS.ai is a first **no-code AI platform** for Sales, Marketing and Customer Success

- **Simple and fast connectivity** with connectors to your CRM, DWH, Product and Support systems
- **Pre-defined models** for customer, pipeline, lead scoring. Sales and customer expansion forecasting and many more.
- **Engagement modules** for deploy model predictions right into your CRM
- **Automated activity capture** to continuously train and improve your model(s)





Schedule your demo today

<https://calendly.com/revos/demo>

