

Gainsight®

# THE CUSTOMER SUCCESS INDEX EMEA 2023







## INTRODUCTION

If this past year has shown us anything, it's that companies with the most agility and a strong focus on the customer are the ones that are poised to thrive in a constantly shifting and uncertain economy.

But what does this evolution actually look like in the real world? And more specifically, what does it look like in the EMEA market?

We created this report in partnership with Benchmarkit, a B2B SaaS research firm, to find out. We surveyed nearly 200 companies throughout Europe, across a wide range sizes, annual contract values, industry segments, and geographic locations.

And in this year's Customer Success Index for 2023 (what many refer to colloquially as the "state of the Customer Success (CS) industry" report), we learned something big: We're at an inflection point.

Customer Success has evolved well beyond "firefighting" and defense; it's now a critical way to maintain and drive revenue growth. Challenging economic times have only reinforced and accelerated this trend. Listen to any public SaaS company earnings call, and the mantra is growth from current customers through retention and expansion—and Customer Success is the key to unlocking this growth.

In the coming pages, we've highlighted the most interesting takeaways from this year's survey so you can see where your company measures up—and what areas you need to focus on in the coming year.

And though I'm burying the lede a bit here, the other big story from this year's CS Index is that Digital Customer Success (Digital CS) is where all the action is. If you've been looking for a way to scale your CS efforts in a way that's efficient and contributes to your revenue, there's lots of good news for you here.

One final thought: At Gainsight, we believe that you can win in business while being human first. And we're so excited to see technology and the CS industry evolving in ways that help us be more human, because that's really the bottom line, isn't it?



**Tyler McNally,**

SVP, Customer Experience &  
Customer Success Operations, Gainsight

# THE CHEAT SHEET

## Customer Success Has Matured—And Is Growing

A whopping 98% of companies are maintaining or increasing their investment in CS, and we're seeing that the important role of CS operations is becoming more common in companies with more than 20 customer success managers (CSMs). Companies are also recognizing the value of CS operations to drive efficiency and further ROI from the CS organization: the number of companies with a dedicated CS Operations organization has more than doubled: from 20% in 2022 to 41% this year.

## The Responsibilities of CS Hold Steady

Like in previous reports, CS continues to have the same primary responsibilities: customer retention, customer outcomes, product adoption, and expansion. One interesting point: these responsibilities don't always align with what a company measures. Dig into the charts to learn more.

## CS Measurements Have Room to Grow

The most common CS measurement is customer retention, followed by Net Revenue Retention (NRR). Although more companies are starting to factor in how CS orgs contribute to expansion, this measurement has the smallest presence in our survey. Only 26% of companies measure CS on gross revenue retention, even though GRR is one of the two primary components of NRR, which is a top two metric (at 53%).

## Keep Your Eye on Digital Customer Success

Though only 28% of participants currently have some level of formal Digital CS programs and teams, we've seen this number grow. Digital CS is gaining the most ground in companies at the lower end of revenue (\$1M-\$10M) and at the higher end (\$100M+). We only expect Digital CS to grow as companies continue to strive to do more with less, without losing the human touch.





## KPIs Still in Their infancy with Digital CS

While only 29% of companies with a Digital CS program have well-established KPIs, 59% report their KPIs are currently “under construction.” An interesting finding: Companies that do have Digital CS KPIs are using the same metrics as they do for human-led CS (renewal rates, NRR, logo churn). At first glance, this makes sense. The ultimate goals of Digital CS programs should be the same: driving adoption, retention and expansion. However, the leading indicators for Digital CS programs are much different, and there is often little to no human assessment of risk or opportunity. Teams need to increase their focus on collecting and acting on signals from user engagement with your products, 1:many campaigns, and self-serve assets.

## Net Promoter Score for the Win (NPS)

Net Promoter Score is the number one non-revenue measure of CS organizations in Europe (64%), with Product Usage and Customer Health Score close behind at 62%. NPS can be a polarizing topic. And it's not a panacea. Mature CS organizations use NPS as an early signal of risk or opportunity. Are you immediately driving advocacy off promoter NPS? Why not? Further, they confirm the validity of NPS on lagging outcomes to ensure NPS scores are not mischaracterizing the customer situation.

## Expansion Revenue Responsibilities Still Up for Grabs

Of our participants, 54% report that CS is responsible for renewals, while 33% report Account Management is, and 13% say that Sales owns renewals. Important to note that these findings are closely correlated to company size and ACV, so make sure you factor those things in when you're looking at your own company. In our conversations, we hear a lot more discussion and planning around CSMs “owning their number” for expansion. Next year, look for CSMs with expansion responsibility to shoot up.

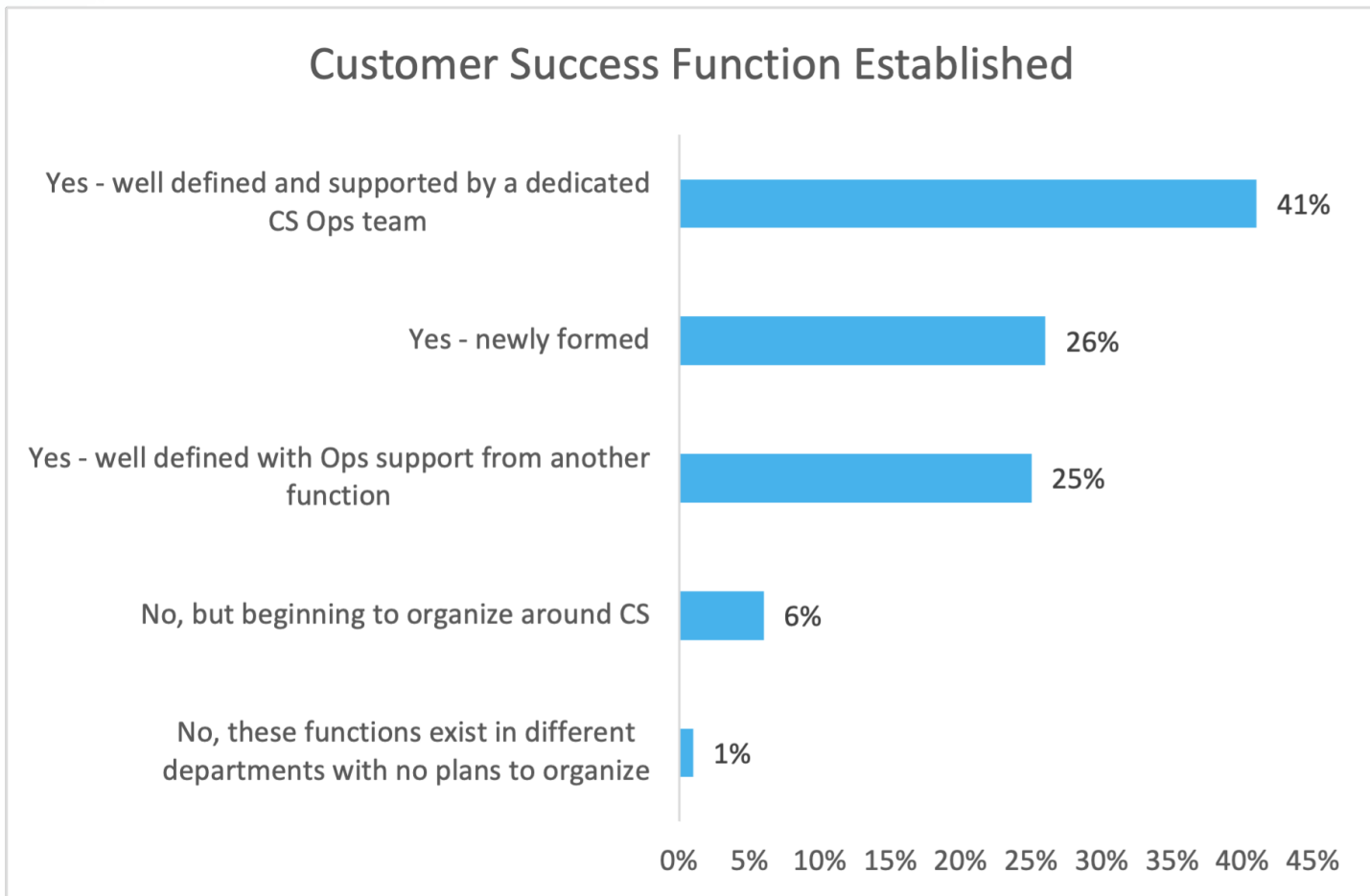
Score History (Last 18 weeks)



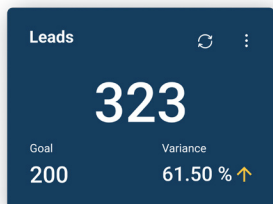


# THE GROWTH OF CUSTOMER SUCCESS

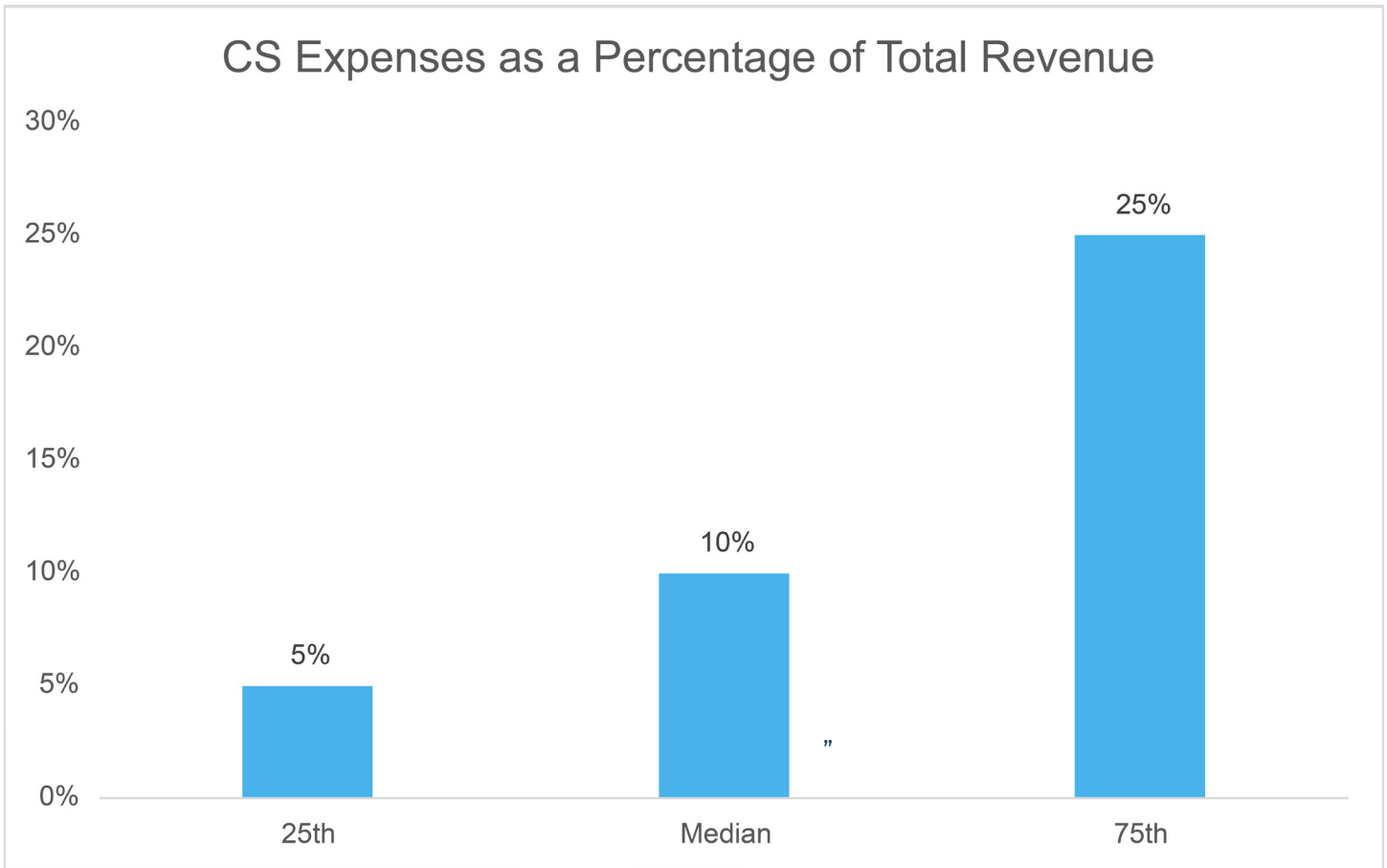
## Customer Success Has Matured to Drive Revenue Growth



**98% of companies are maintaining or increasing their investment in customer success.**

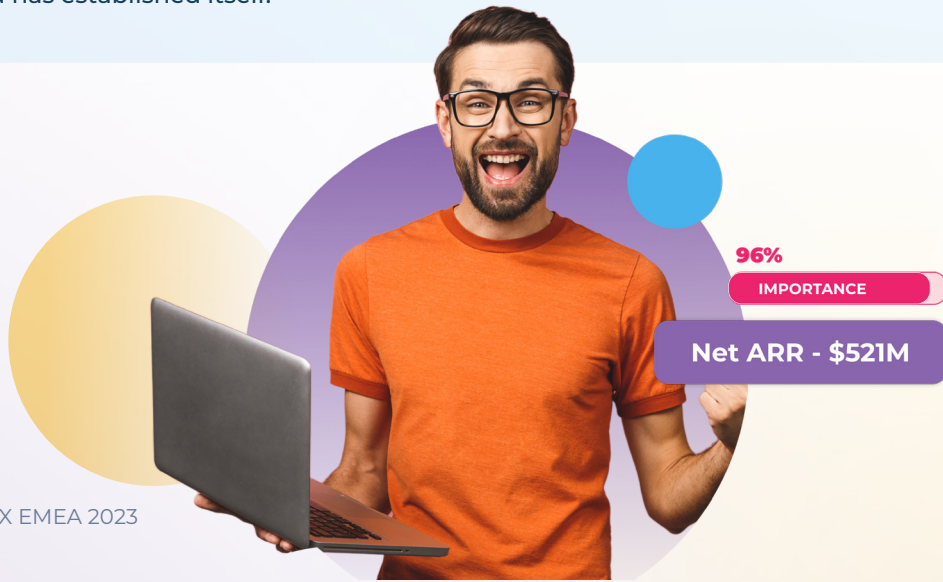


## Companies Are Investing in Customer Success



### Tyler's Take

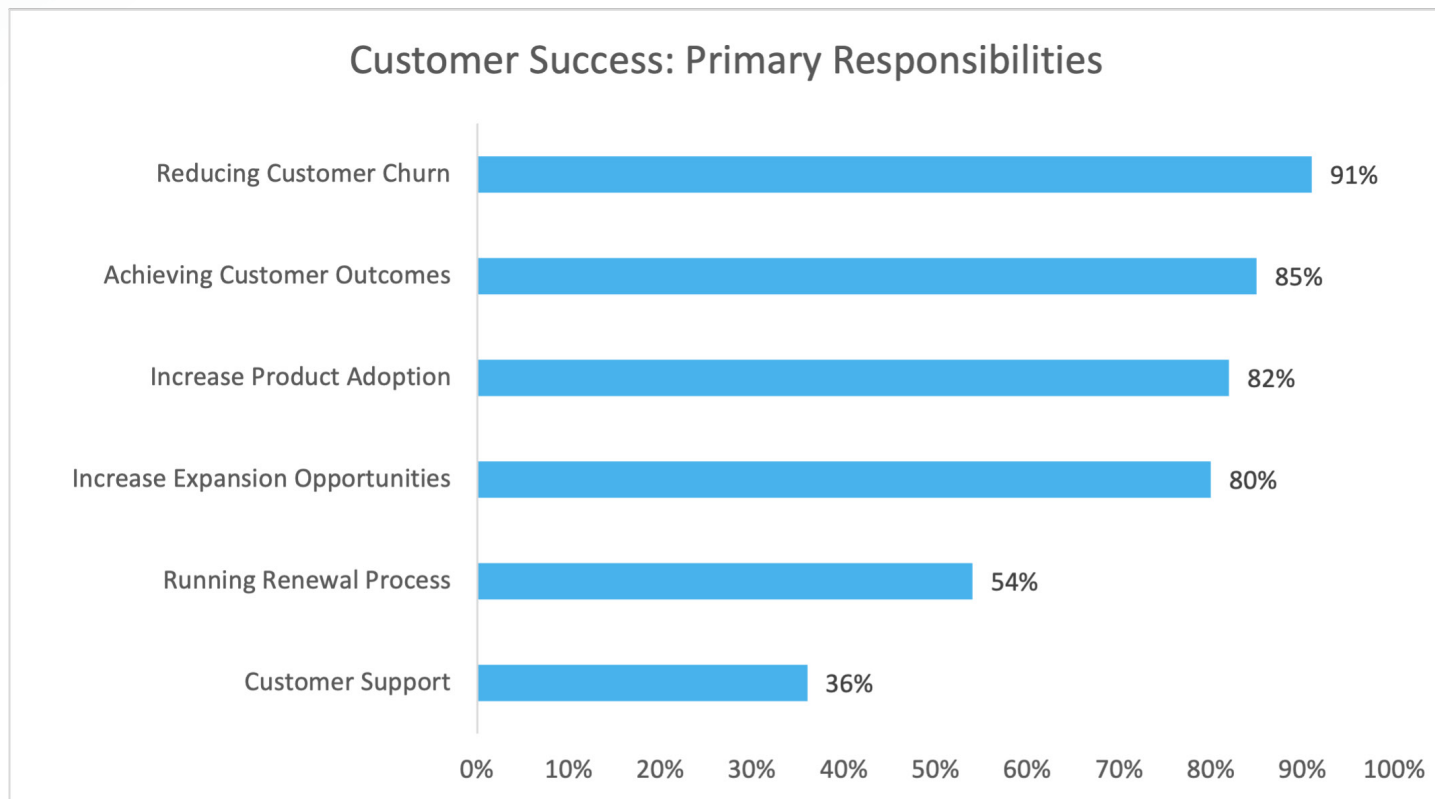
"When you combine these two charts, it's crystal clear that Customer Success is core to growth—nearly all companies have a CS function and most are investing a meaningful amount (up to 10% of ARR) to drive retention, advocacy, and expansion. This is the reason Customer Success was created and has established itself."





# THE ROLE OF CUSTOMER SUCCESS

## The Responsibilities of CS Teams Are Expanding



Reducing churn, achieving customer outcomes, increasing product adoption, and increasing expansion opportunities all vied for top honors in CS responsibilities.

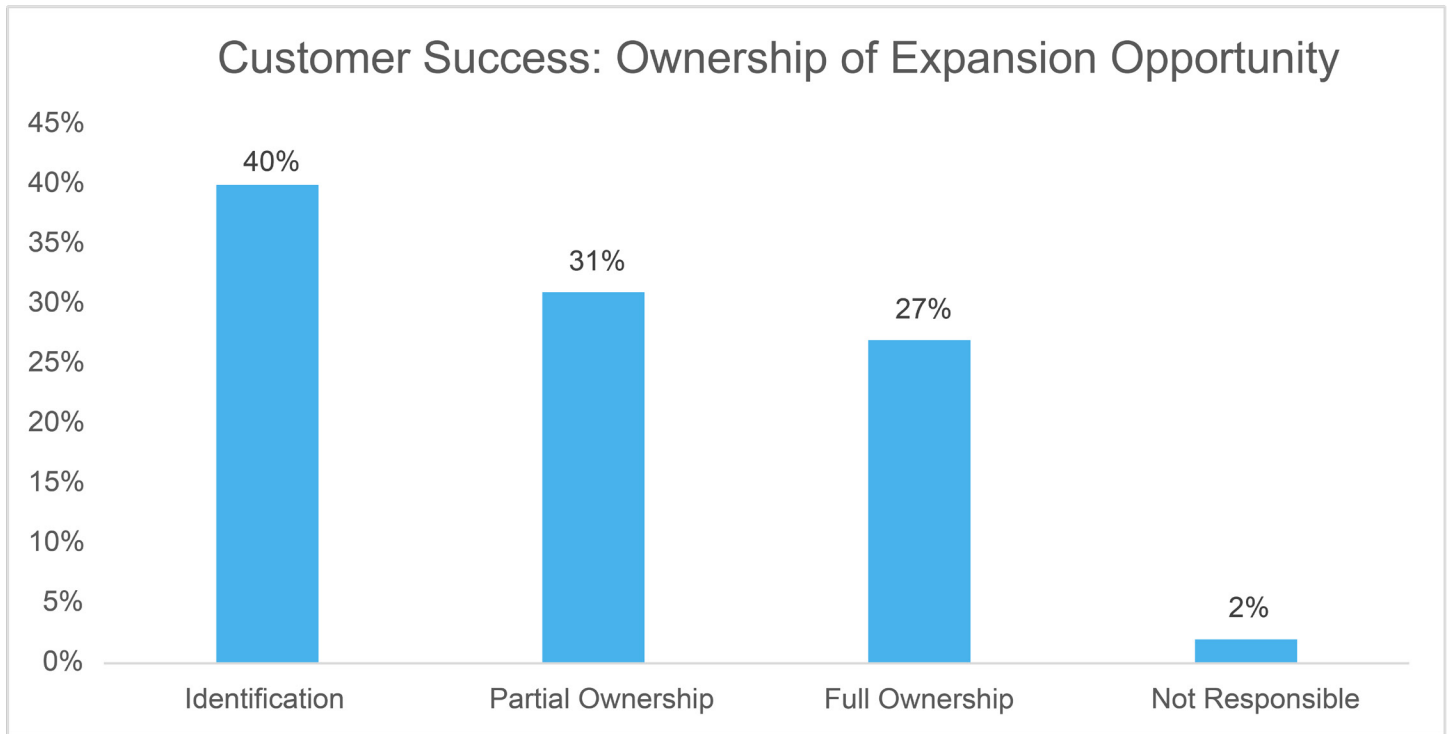


### Tyler's Take

"This chart illustrates the core charter for CSM teams. In other words, it highlights \*how\* CS teams drive growth—proactively driving customers to adopt, addressing risk situations, and ensuring customer outcomes are achieved. There are two changes in the charter to call out. The percentage of CSMs responsible for Customer Support is going down. Several years ago, this number would have been 50% or higher. Instead, CS is shifting to a more commercial charter. We'll talk about the second change with the next chart."



## Customer Expansion Will Continue to Fall Under CS Teams



**27% of CS organizations report owning the customer expansion process all the way to closing.**



### Tyler's Take

"The second change is just how many CS orgs have Expansion responsibility of some kind. The CS org—via CSMs and Digital CS programs and data—is the subject matter expert on each customer's needs and how your product suite specifically meets those needs. They are best positioned to identify and qualify expansion opportunities. Look for these numbers to continue to increase over time!"



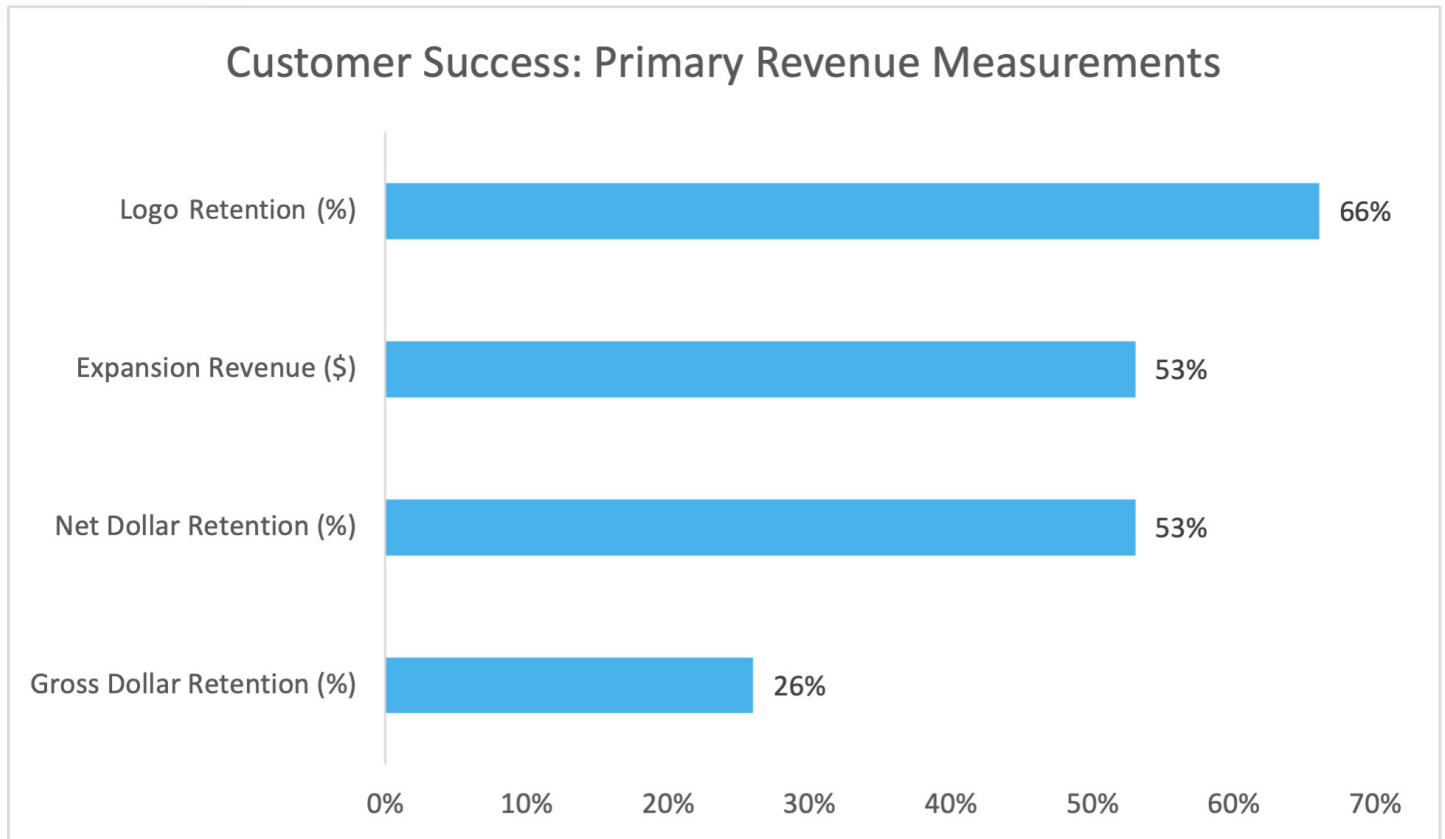
▼ Expansion (2)

○ Cross Sell Opportunity



# MEASURING CUSTOMER SUCCESS

## CS Measurements Are Becoming More Sophisticated



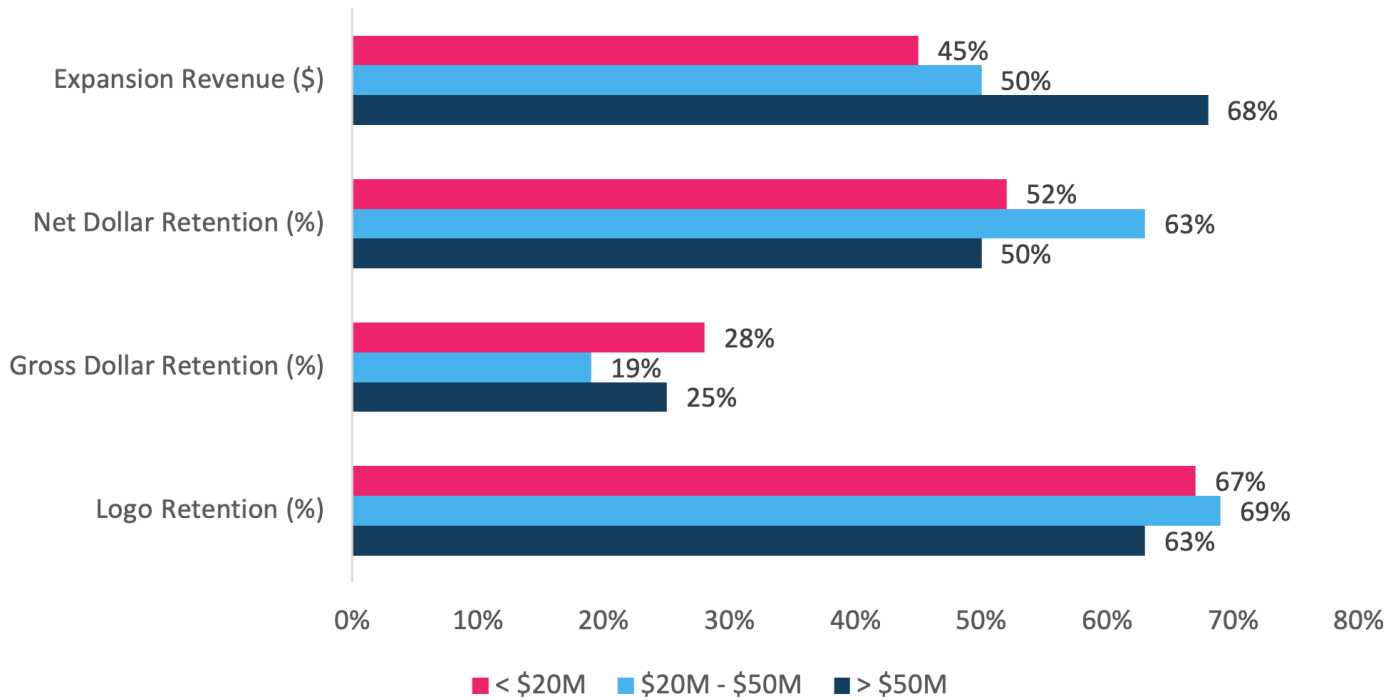
**66%** of companies primarily measure their CS organizations on customer Retention, with Expansion coming in second.



### Tyler's Take

"Retention is where CS got started. It's critical for early and mid-stage companies to get to a predictable retention model. Logo retention and dollar retention provide two different lenses to confirm product-market fit in combination with a high-performing CS organization. Expansion revenue and Net Dollar Retention (NDR) increase in importance as companies mature, shift to multi-product, and start generating most revenue from existing customers."

## Customer Success: Primary Revenue Metrics (By ARR)



### Tyler's Take

“The bigger the company, the more things you have to sell to existing customers, who are much more likely to buy from you and much more quickly, than a prospect. You have derisked the purchase for customers. So it’s crucial that CS shifts from a focus on customer retention to expansion opportunities. Whether the CSM role with expansion consists of CS Qualified Leads, direct support of the expansion process, or full ownership, we see lots of opportunities for cross-functional alignment here.”

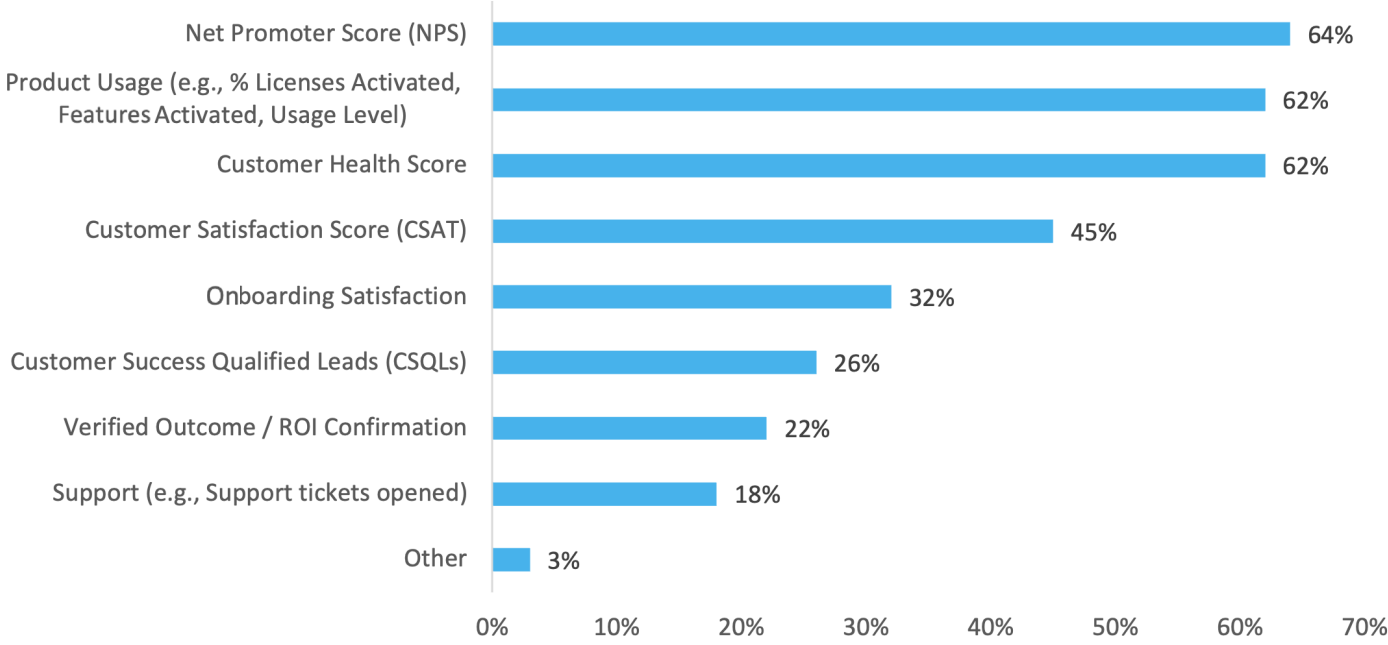
### Feature Adoption Analysis Report







## Customer Success: Primary Non-Revenue Measurements



**64% of companies say that the Net Promoter Score is the number one non-revenue measure of CS organizations. Product Usage and Customer Health Scores are tied in second place.**

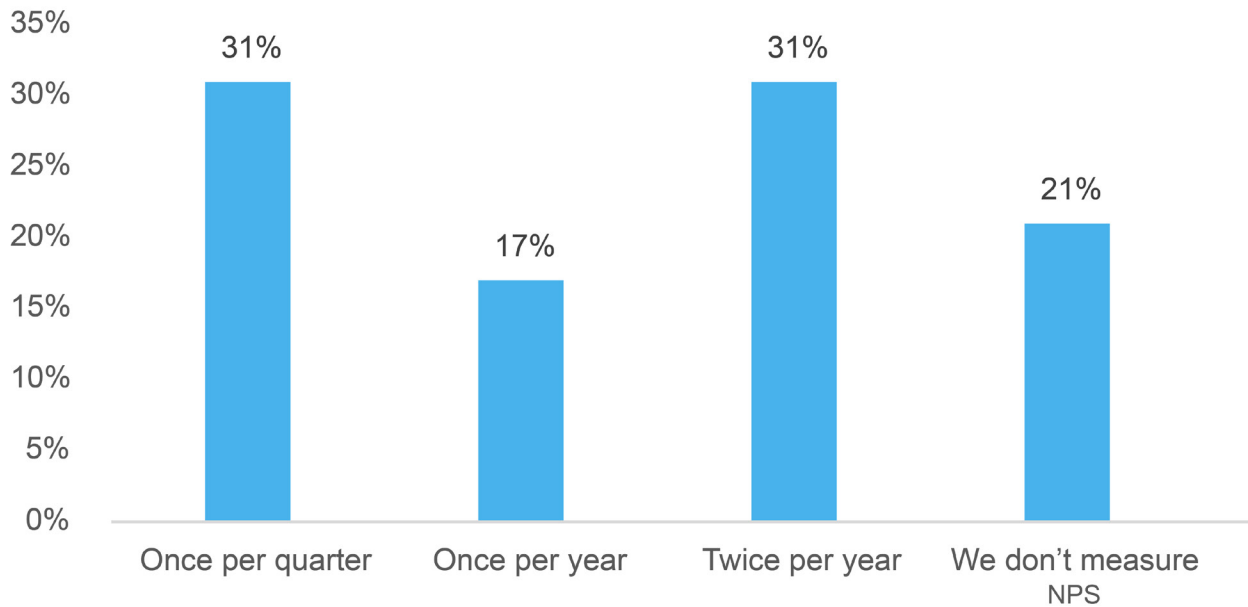


### Tyler's Take

“Ask two people about NPS and you will get five very strong opinions. We believe NPS is an incredibly valuable signal to guide customer-facing activities. You can use it to drive advocacy by immediately guiding promoters to leave a review, provide a case study, or be a reference. And use it to identify potential risks with key stakeholders. But NPS is one of the broadest measures of Customer Success that exists—and it’s focused on the experience a stakeholder is having with your company. Customer Success is the combination of achieving Customer Outcomes with an appropriately high-quality experience (CS = CO + CX!). Measuring product usage and ROI achieved capture the CO part of the equation. Mature CS orgs are able to bring these KPIs together into a predictive Customer Health Score that guides teams and digital programs to address risk and action opportunities.”



## Customer NPS Survey Frequency



**31% of companies measure NPS once a quarter.**



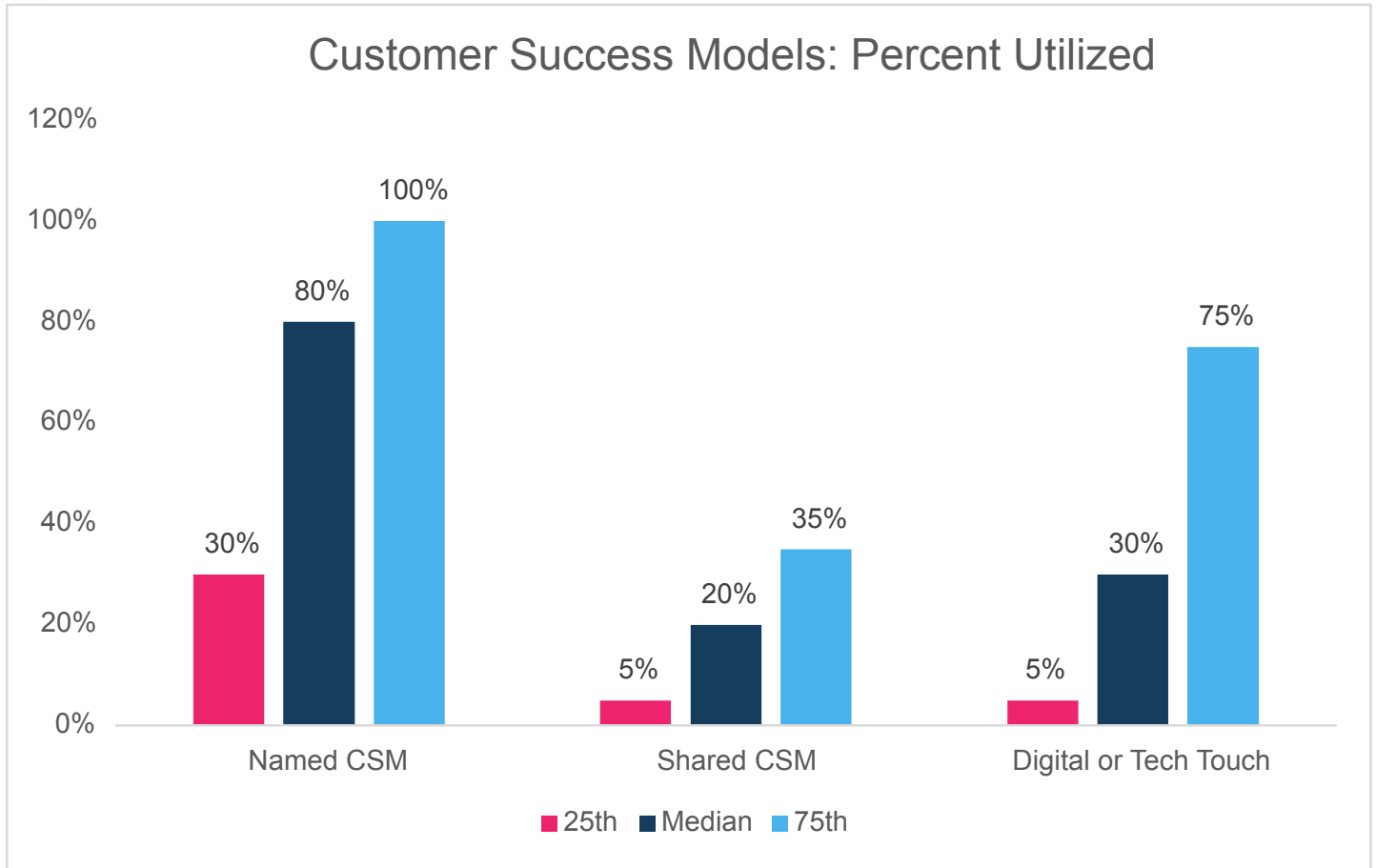
### Tyler's Take

"There is no "rule" about NPS survey frequency—the data shows that companies take different approaches. But there are good rules of thumb. Balance the value of the signal with survey fatigue—how many times would you respond to an NPS survey from a vendor? Avoid surveying around the renewal period if you are actively engaging with stakeholders, as they are already providing you direct feedback through those discussions. An NPS survey right before or after a renewal event can frustrate customers who may feel they already gave you their input. Finally, use the survey as an early signal. If you got a detractor within 2 weeks before renewal, could you do anything meaningful to turn around the situation? At Gainsight, we measure NPS twice a year, with at least three months prior to the renewal."



# THE RISE OF DIGITAL CS—FOR ALL

Digital CS Is Growing As Companies Continue to Strive to Do More with Less, Without Losing the Human Touch



**30% of European participants report using some level of Digital Customer Success.**



#### Portfolio Summary

Distribution by Health

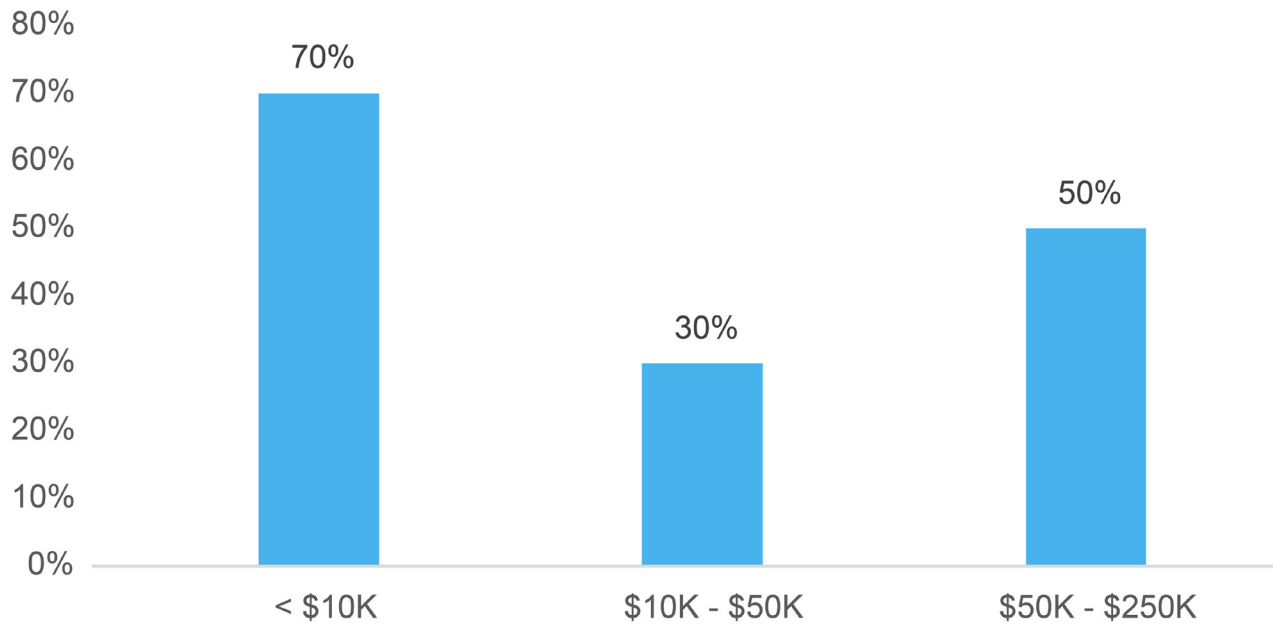


ARR

USD 27.24M



## Customer Success Models: Percent Utilized Digital Tech Touch by ACV (Median)



### Tyler's Take

"It's clear that you have to be low-touch, digital-first when you have products under \$10K. You just can't afford enough CSMs to effectively manage \$10K accounts. But Digital CS has now become a crucial component of achieving scale with CS, no matter what size your company is. It elegantly and efficiently helps customers solve problems on their own, which, by the way, many prefer. It's not surprising that higher ACV products have meaningful Digital CS programs—they are becoming the standard operating model for all companies."



#### Measure Group

Outcomes Health 33

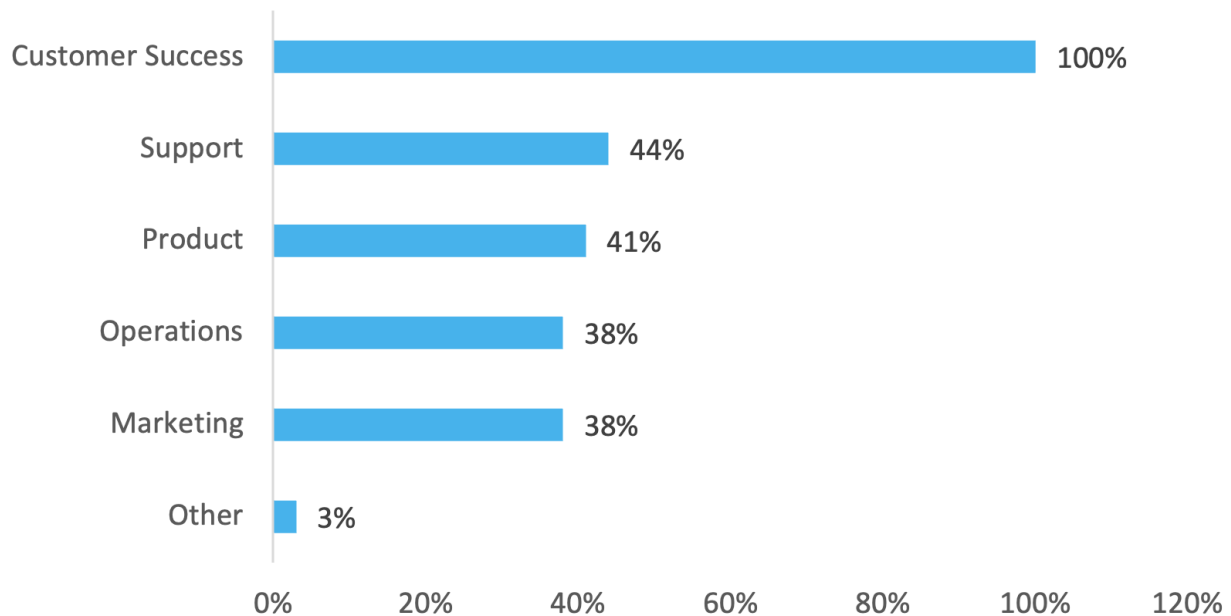
Experience Health 48

Support 52



## Digital CS Is Starting to Become a Company-Wide Priority

### Digital CS: Shared Goals Across Functions

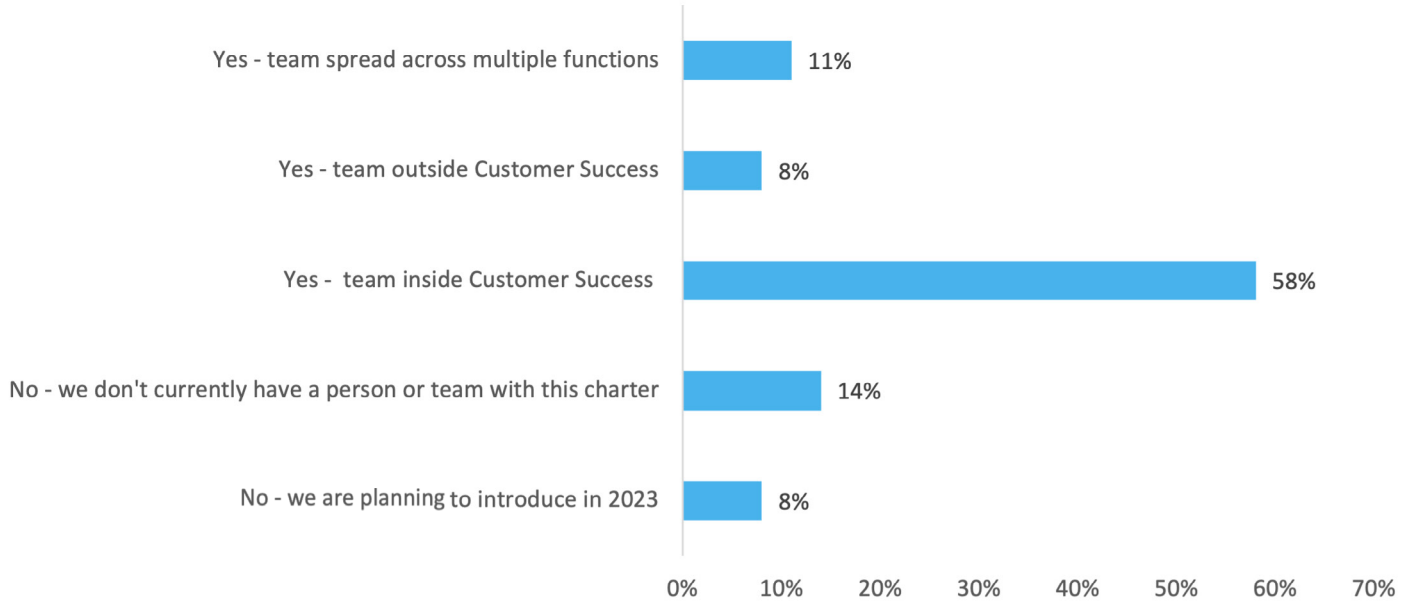


#### Tyler's Take

"CS is taking the lead on driving Digital CS in companies in EMEA; that's no surprise. But what I think is the more interesting story from the data is that CS is the hub, the center of driving Digital CS, and other functions are the spokes that are plugging into the hub in an aligned way to drive it further. It's better for the company—and the customers—if all the teams are connected, using the same data, and aligned in their customer-facing activities. You need to weave digital and human experiences from all functions into a coherent, blended journey that drives users to adopt the parts of your products most aligned to the goals defined by your buyer."



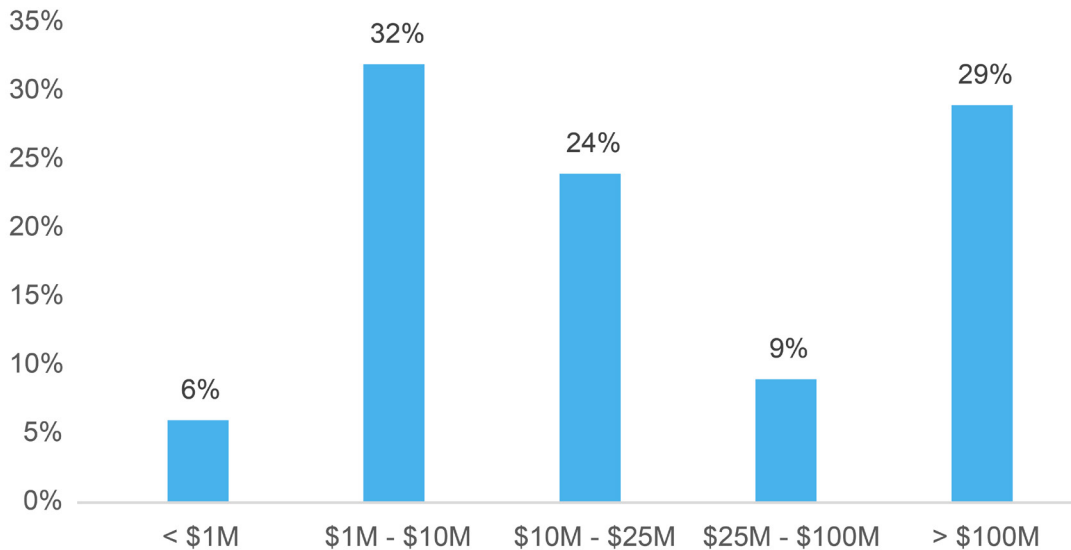
## Customer Success: Dedicated Digital Resource



### Tyler's Take

"Only 14% had no plans to have a digital resource, which fits with what we're seeing as the growth of Digital CS, whether it's in CS or outside. Investments are only going to go up here."

## Digital CS: Company Size When First Introduced



**38% of companies are introducing Digital CS early in their growth curve.**

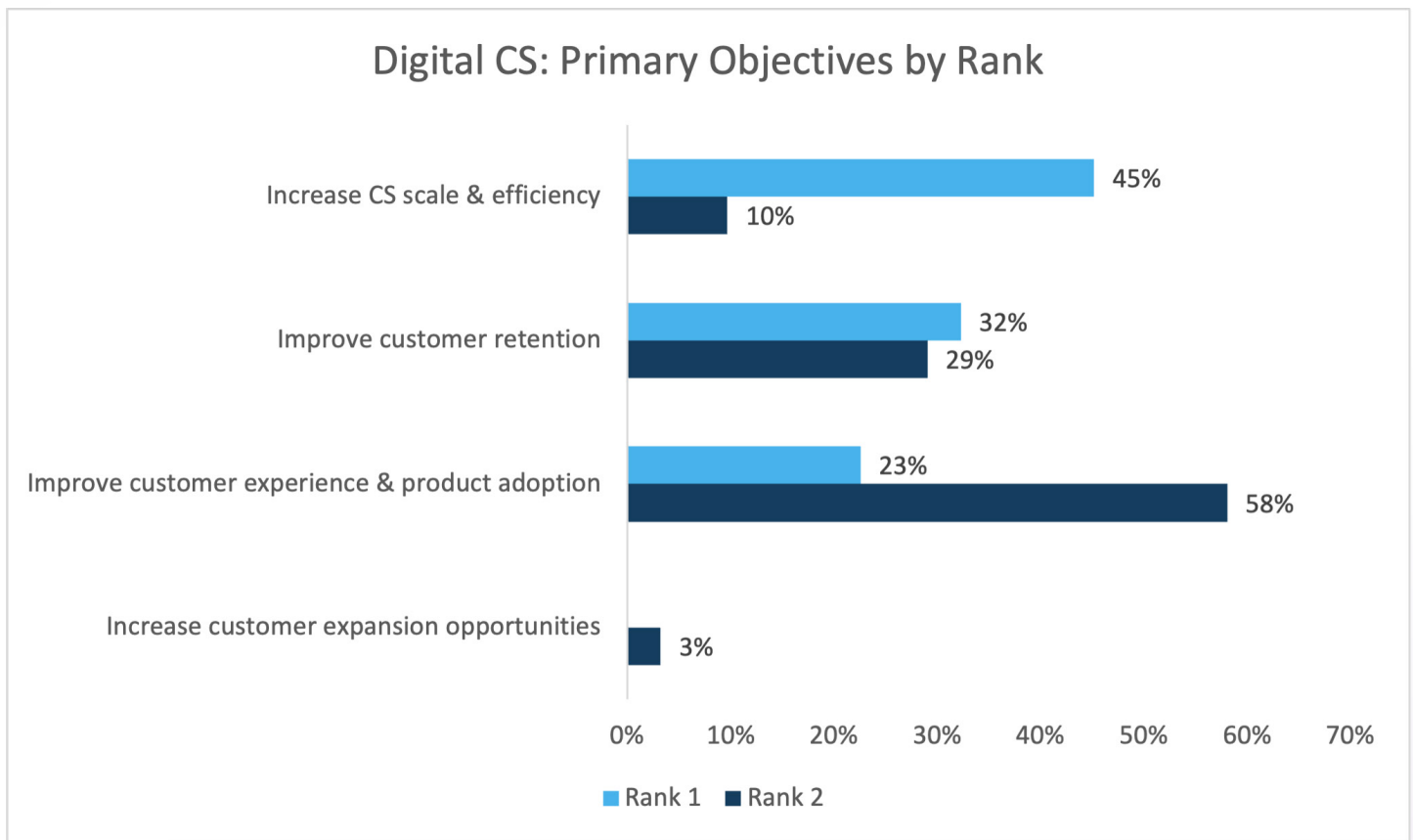




### Tyler's Take

"We're now at a point where if you're starting a company today, you're digital first. And at the other end of the spectrum, the biggest companies realize they need digital to make their numbers work for shareholders (or in preparation for an IPO). Where we expect to see growth in digital are the companies in the middle, who are in transition and will be needing to layer on Digital CS."

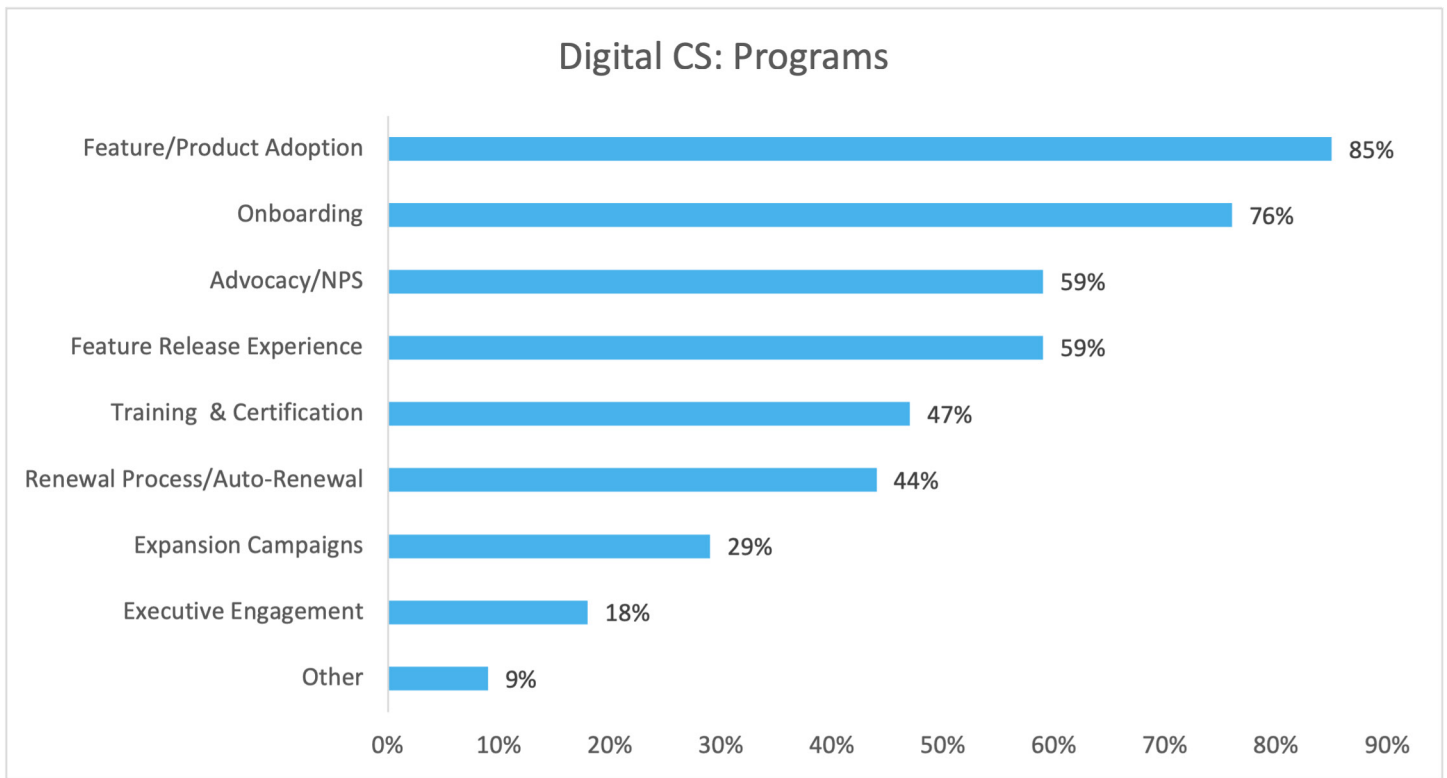
## #1 Objective for Digital CS Is Increasing CS Scale and Efficiency



### Tyler's Take

"The key driver of Digital CS is retaining customers and keeping costs low. As market pressures to show profitability rise, increasing CS scale and efficiency naturally becomes a top priority. However, we expect to see much more focus on expansion as digital programs mature. Just as the charter for CSMs has expanded to include expansion activities, Digital CS programs will follow suit."

# Digital CS Is Being Used to Drive a Wide Range of CS Programs



## Tyler's Take

"It makes sense that product adoption is the number one thing companies are using Digital CS for, but this data shows that there is so much more Digital CS can help companies do. We believe companies should be doing digital-led onboarding and using Digital CS to automate programs like advocacy, reference matching, training, renewals, and expansion."

▼ Lifecycle (4)

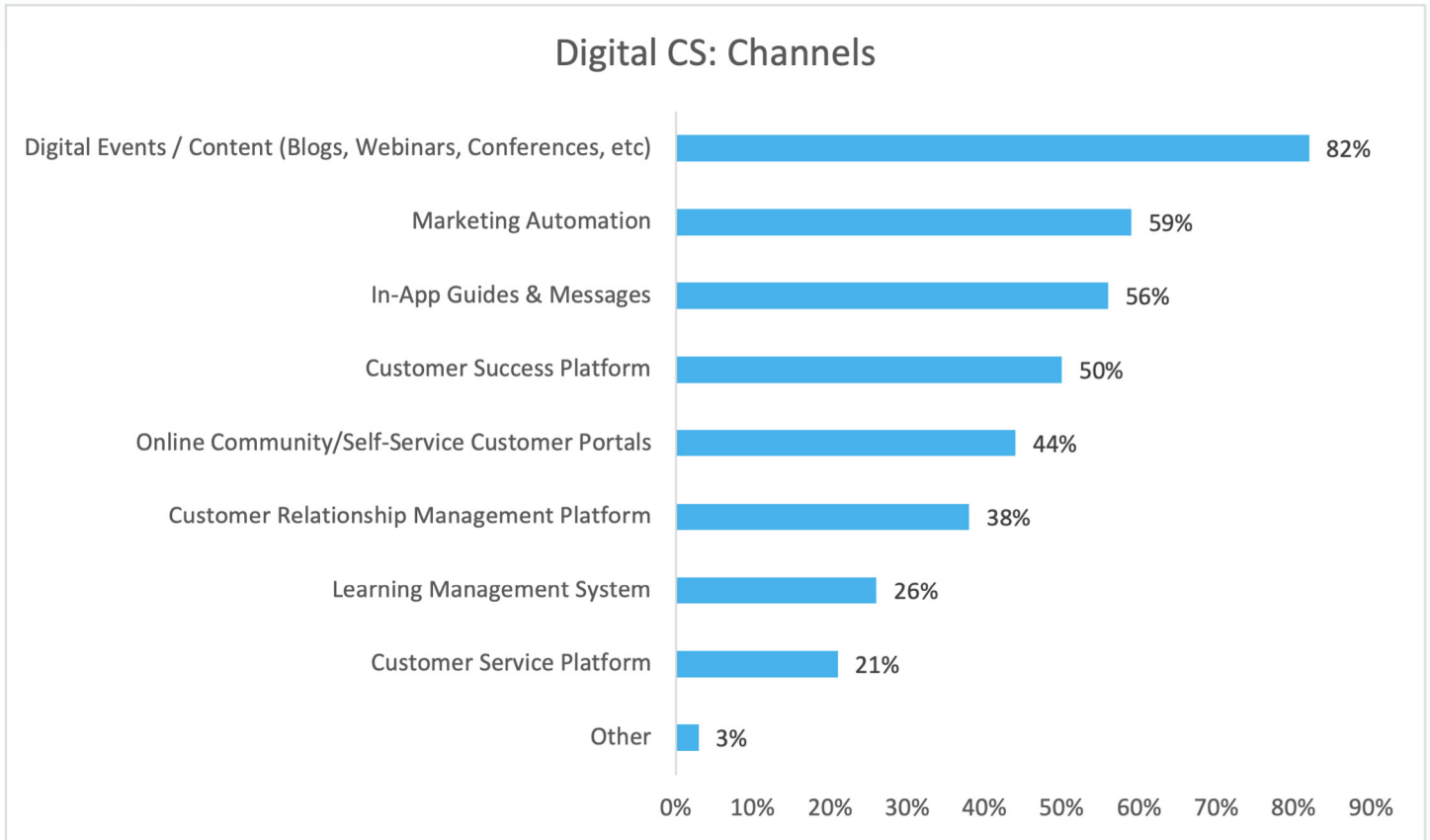
Verified Outcome Expiring	New
Quarterly Business Review	
Renewal In 120 Days	In Progress
Upcoming Executive Business Review	

6.2  
Average NPS

Usage analysis completed  
Successfully detected

Modules	Features
19	20

## Digital CS Simplifies—and Amplifies



### Tyler's Take

"If current trends continue, companies are going to be overwhelmed by the number of distinct tools they're using to run their digital programs. With 10 different tools and 10 different teams, they'll struggle to deliver on their digital success; it's just not sustainable. We see a big opportunity to condense the stack and have a smaller number of more capable platforms that are deeply integrated down to the data model—dramatically reducing integration time and cost. And, critically, ensuring that all customer-related data can be easily used with AI capabilities."

## Personalized Customer Communications Is the Next Big Thing

	Proactive Self Service	Personalized Programs + Experiences	Predictive Interventions
<b>Optimized w/ Measurable ROI</b>	6%	3%	3%
<b>Demonstrated Success - Investing More</b>	35%	21%	13%
<b>Just Getting Started</b>	68%	71%	69%
<b>Not a Focus</b>	3%	9%	19%

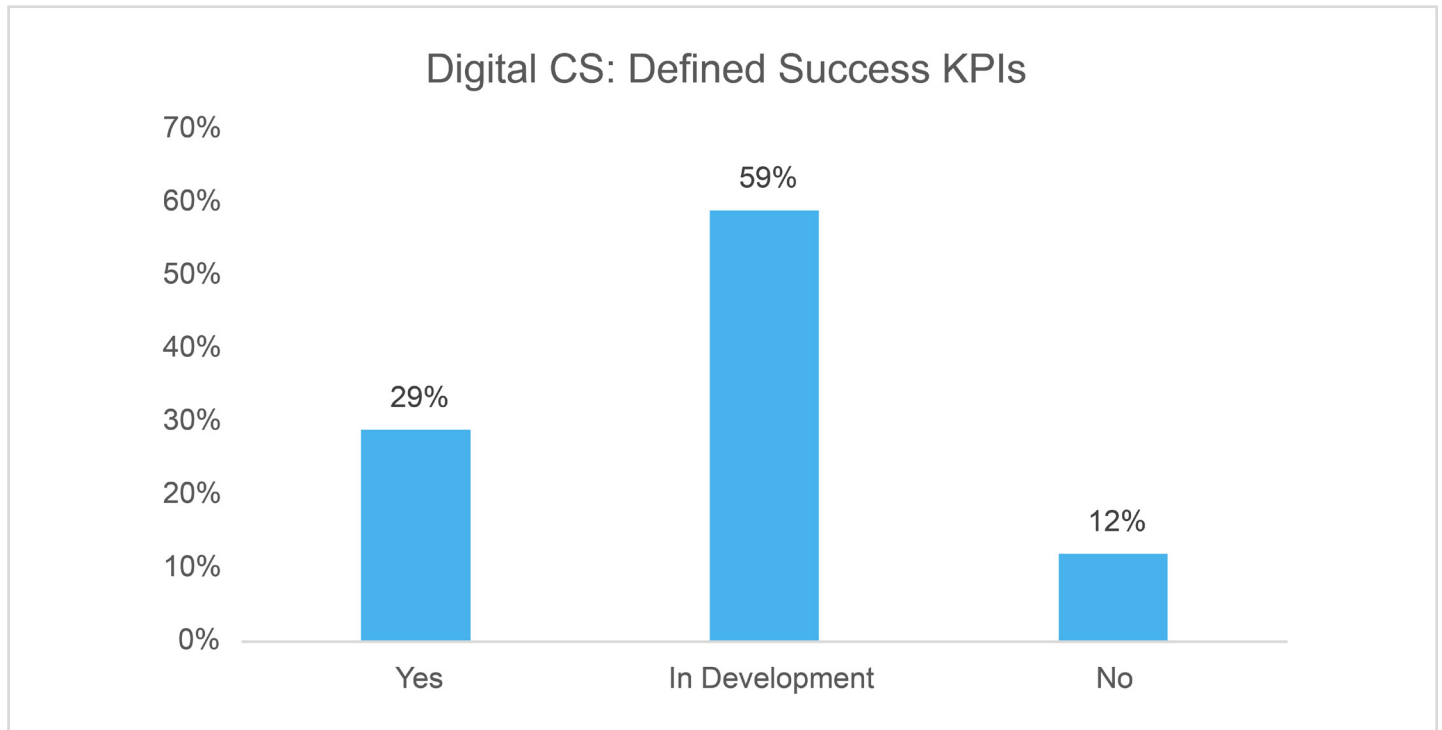




### Tyler's Take

"Not moving to Digital CS is not an option. While the majority of responders are getting started, a large portion have demonstrated success and are investing more. Be sure to check out our [Digital CS Maturity Model](#) to learn more about making the leap to Digital!"

## Digital CS KPIs Are Yet to Be Defined



### Tyler's Take

"We're seeing in the data that 30% already have it and another 60% are working on it. You want to have goals defined for your Digital CS programs, just like you do for your other CS investments. It's just like building the CSM team. You're focused on achieving financial outcomes for your business, so it makes sense that the metrics are very similar. As mentioned earlier, there are specific Digital CS metrics, which look a lot more like marketing or growth KPIs that track the signals that lead to high retention, expansion, and advocacy."



# FINAL THOUGHTS

In this state of the industry report for EMEA, it's clearer than ever that Customer Success isn't just a "nice to have" any more; it's business critical. And as we face continuing global economic and political challenges, we're seeing that CS is more important than it's ever been.

Here's why.

In addition to a shift in owning a company's most important metrics, including retention and expansion, CS's "identity" in companies has evolved. CS is no longer merely a function; it's now becoming a company-wide endeavor that brings teams together to improve the entire post-sales customer journey, from onboarding to customer education, from retention to community.

One trend we're seeing in this report that bodes well for this full-journey approach to CS is the increase in the use of Digital Customer Success. That's because Digital CS allows teams across an organization to collaborate seamlessly and efficiently by using a "single source of truth." What we're seeing in the data is that even the smallest companies who don't have headcount for CS (or who don't have a lot of headcount) can use Digital CS to improve how they take care of their customers. And it's just as helpful for enterprise-level companies, too, because it allows them to scale as their customers' needs grow, while freeing up their teams for higher-value tasks.

Other research we've conducted confirms another indicator that Digital CS is becoming more important: 67% of users prefer self-service over human interaction. Now, we would never promote removing the human touch from CS, but through predictive automation, hyper-personalization, and self-service capabilities, Digital CS allows companies to get even closer to their customers. That's why we predict that in five years, Digital CS will be table stakes. Now is the time to bring in Digital CS if you haven't already.

One specific issue the EMEA market is facing more than the US is data privacy. Europe has stricter rules on what information you can collect on users, how long you can retain that information, and even just a different level of cultural acceptance of tracking overall. It's critical for EMEA companies to partner with other companies that can help manage customer data effectively and securely, ideally in an integrated way. It's much easier to manage one tool that's touching customer data than it is to manage five. Consolidating your stack makes it a lot easier to maintain privacy and address GDPR concerns.

No matter what size your company is—and how deeply you've invested in CS—the news from this report is that there is much opportunity to reap the rewards of a scalable and intentional CS organization. The US may be slightly ahead of EMEA in capturing this opportunity, but we believe that EMEA is poised to become a leader in CS, capitalizing on the trends we see in this report to make business better for everyone.





# METHODOLOGY

Gainsight, in partnership with Benchmarkit, conducted research in February and March 2023 to benchmark the Customer Success organizational structure, measurements, digital customer success presence, and key performance indicator benchmarks including NPS and NRR.

More than 200 companies throughout Europe participated in the research across a wide range of company sizes, annual contract values, industry segments, and geographic locations. Participants included every level of management including C-level executives, SVPs, VPs, and directors, both in and outside the Customer Success organization.

This report is specific to participants in Europe, and all company profile attributes were collected in US dollars and company cohorts were created based upon US dollar values.

**Gainsight** | **benchmarkit**

