BLUENOSE
MAKE YOUR CUSTOMERS LAST A LIFETIME™

THE METRICS DRIVEN SAAS BUSINESS

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The Metrics-driven SaaS Business

THE METRICS-DRIVEN SAAS BUSINESS

My first serious lesson in the criticality of SaaS metrics was about six years ago when I was unexpectedly stumped in a board of directors meeting. I had just presented the booking plan for the year and one of the Director's in the meeting said that the plan was good, but we really needed to increase our booking rate.

My first reaction was something like: "Well our current booking rate is pretty strong and we're a SaaS business, so even with no immediate improvement to bookings we'll continue to pile up revenue quarter after quarter, right?" Wrong! I had totally neglected the impact of churn.

At the time, SaaS investors and executives were still getting their heads around the SaaS recurring revenue business model, so there were very few resources to turn to for support. Yet as the person in the room primarily accountable for the top line, I had to have the answer.

Fast forward to today. In 2014, we not only have a much better understanding of the financial levers that drive SaaS business success, we are on the verge of a metrics revolution in the way SaaS businesses are managed. Unlike licensed enterprise software, the SaaS recurring revenue business model offers a much higher degree of stability, measurability and predictability. These three factors form a foundation that enables SaaS executives to take a much more analytical approach to driving driving SaaS business success. SaaS business executives are uncovering new operational metrics that connect SaaS Customer Success to SaaS financial success, and in the process are creating recurring revenue machines.

Today we are witnessing the emergence of The Metrics-Driven SaaS Business.

> ***"The Metrics-Driven SaaS Business is a Recurring Revenue Machine"***

THE SAAS METRICS MANDATE

Why are metrics so uniquely important in SaaS? Every business tracks some relevant set of financial and operational metrics. What makes a SaaS business different? A SaaS business is different because of the recurring revenue subscription model.

In fact, most of what follows applies equally well to any subscription business. The economics of a subscription-based business are fundamentally different from those of a transaction-based business. That difference derives from a simple probability. In SaaS, today's customers will probably be tomorrow's customers, as long as we keep them happy. In a transaction-based business, no such probability exists.

SaaS Business Stability

The recurring revenue subscription model creates business stability. As recurring revenue accumulates, short term bookings have less and less impact on short-term revenue. Short-term revenue and costs alike become a function of long-term historical bookings. The feast-or-famine, deal-centric nature of licensed enterprise software gives way to a stable recurring revenue stream and a process-centric business operation.

When you know you will have customers tomorrow, you can invest in the support of those customers, as well as the acquisition of anew customers, with a much higher degree of confidence. Operations become more reliable and predictable, lending themselves to standardized processes that can be continuously improved. SaaS businesses are recurring revenue machines, and machines are best managed by metrics.

SaaS Business Measurability

SaaS businesses are also uniquely measurable. The SaaS product creates an always-on, communication channel between the company and the customer that allows for direct measurement of customer interaction. This link gives SaaS businesses unique access to operational metrics that provide a much more detailed view of the customer relationship than simple financial metrics alone. Every business can count cash, but only a SaaS business can count customer clicks inside the product.

Product usage data is an operational goldmine when properly collected and analyzed, enabling a SaaS business to improve Customer Success, reduce churn and increase upsell. Moreover, a SaaS business can integrate its business processes and communications directly into its SaaS product, giving product-related metrics new meaning that goes well beyond the number of times a customer logged in today. The more a SaaS business embeds its business operations into the product, the more measurable its business becomes.

SaaS Customer Success metrics is the key cog that connects SaaS Customer Success to SaaS financial success to create a SaaS recurring revenue machine.

SaaS Business Predictability

Together, stability and measurability give rise to a new level of predictability. The mass amounts of historical, financial, operational and behavioral data available to SaaS businesses enable predictive analytics that are virtually unheard of in B2B companies. B2C companies have always had the law of large numbers working in their favor, enabling a wide array of statistical methods for planning and forecasting.

B2B companies have always suffered from a dearth of data for planning purposes, forcing an overreliance on ad-hoc information and the subjective judgments of managers. In the mature Metrics-Driven SaaS Business, financial forecasting is a science grounded in customer success metrics and predictive analytics.

THE SAAS METRICS UNIVERSE

In the SaaS business model, the ongoing customer relationship is a continuous source of revenue, cost, business activity and risk. This contrasts sharply with traditional software where the short-term sales transaction has always taken center stage. A traditional licensed software vendor makes and sells software copies, whereas a SaaS business makes and rents ongoing service subscriptions.

Each new SaaS customer brings a new thread of recurring revenue and costs which are woven into the larger tapestry of customers to create the total SaaS recurring revenue stream and associated SaaS total cost of service. This fundamental shift in the unit of value from copies to customers turns the economics of licensed software upside down.

Customers Form the Center of the SaaS Universe

In traditional licensed software, value is equated to the intellectual property of the code, and is monetized using copyrights in a fashion similar to books, music, and movies. It's a product. Product volume is measured in copies sold and product value is measured by the price of a copy.

In the SaaS business model, service volume is measured by the number of customer subscriptions and service value is measured by the recurring revenue of each subscription. A software vendor invests in developing code, and then operates a sales and marketing infrastructure that scales to sell more copies. A SaaS business invests in acquiring customers, and then operates a service delivery capability that scales to service customer subscriptions. Mathematically, the contrast looks as follows:

Software profit = (price per copy – cost per transaction) x copies sold – R&D costs

SaaS profit = (avg recurring revenue - avg recurring cost) x current customers - avg acquisition cost x new customers

Customers are the fundamental unit of measure in the SaaS business model, not transactions. Whereas profitable transactions drove financial success in licensed software, profitable customers drive financial success in SaaS. SaaS Customer Success is SaaS business success.

Connecting SaaS Customer Success to SaaS Business Success

Measuring and monitoring SaaS financial metrics are essential to managing a SaaS business. If SaaS executives don't understand recurring revenue, acquisition cost, churn and upsell, then they have no ability to grow the business. As important as they are though, financial metrics only measure the ends, not the means. They say nothing about how those results were achieved, or how those results can be improved upon in the future.

A smart SaaS CFO can construct a SaaS business forecast based on historical SaaS financial metrics. Reduce churn from 20% to 15%, improve upsell by 20%, reduce acquisition cost by 10% and next year looks great! Unfortunately, such a high-level model provides no insight into how to make the forecast a reality.

> ***"SaaS Customer Success is SaaS Business Success"***

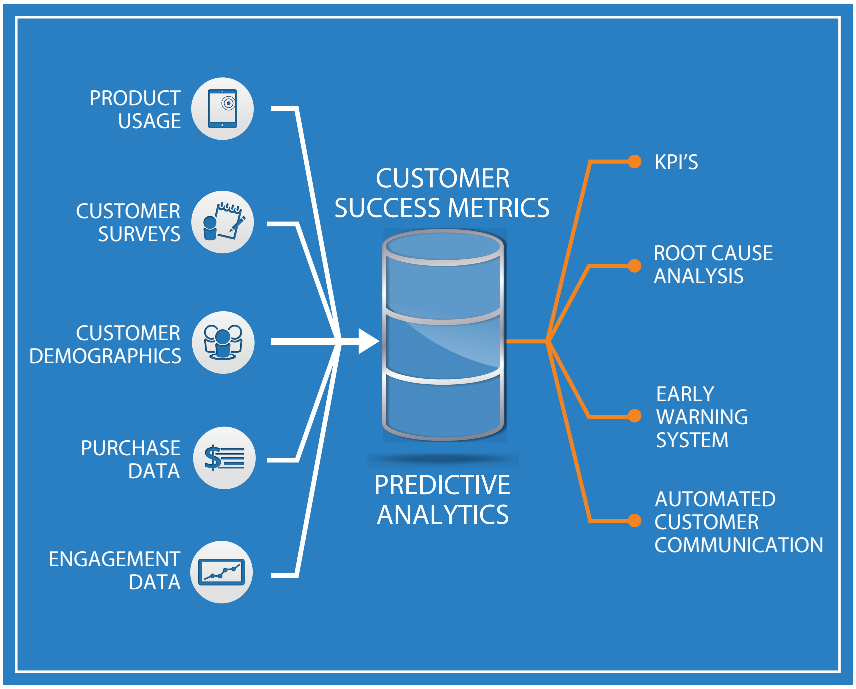
The emerging Metrics-Driven SaaS Business digs beneath well-worn SaaS financial metrics to uncover the operational levers that drive SaaS business success. For example, it's a verifiable fact that customers that use your SaaS product are less likely to churn than customers that don't. So, if you want to get serious about churn reduction, then you have to get serious about measuring product use. At a minimum, you will get a better understanding of what causes customer churn. At a maximum, you will discover patterns and predictive analytics that enable you to take preventative action before they do. Customer-centric operational SaaS metrics, or simply SaaS customer success metrics, provide the glue that connects SaaS Customer Success to SaaS financial success. Together, SaaS financial metrics and SaaS Customer Success metrics provide the foundation for building the Metrics-Driven SaaS Business.

We are witnessing the evolution of SaaS metrics beyond simple, historical financial measures toward sophisticated SaaS Customer Success metrics and predictive analytics.

> ***"Customer Success Metrics are the Foundation of the Metrics-Driven SaaS Business"***

An Ocean of Customer Success Data

The promise of Customer S uccess metrics is immense. Unfortunately, so is the challenge of developing them. From the initial capture of a prospect's email address to the final cancellation of a churning customer account, the Metrics-Driven SaaS Business collects and analyzes customer data. At the very beginning of a SaaS customer's lifetime, a cookie is dropped and the usage clock starts ticking as web visits turn into trial accounts. That initial email is complemented with profile information captured on sign-up forms and augmented by third-party databases. Sales and marketing kick in and engagement activities are recorded in CRMs and marketing automation systems. Finally, a purchase is made and the ecommerce engine captures the transaction and forwards it to the financial systems for future billing. Then, the real action starts. Customers log in to the product again and again. Every important click is recorded and every Customer Success activity is logged.



The SaaS Customer Success metrics challenge is a big data problem, requiring powerful data collection engines and sophisticated statistical models.

Collecting the data, unfortunately, is not even half of the battle. The Metrics-Driven SaaS Business must make good use of it, turning data into information and information into action. Compared to the SaaS metrics challenge of previous years where all we had to do was master a relatively short list of SaaS financial metrics, the SaaS Customer Success metrics challenge is truly daunting–a bona fide big data problem. There is just no way to make sense of these volumes of data without powerful data collection engines and sophisticated descriptive and predictive statistical models. Simply defining the relevant Customer Success metrics is a difficult problem onto itself. But for the very first time, we have the law of large numbers tilting in our favor and the benefit it offers for reducing churn and accelerating customer acquisition far outweigh the costs.

DRIVING SAAS CUSTOMER SUCCESS WITH METRICS

A quick analysis of the SaaS profit equation above shows the five key financial levers of SaaS businesses, the two volume drivers: current customers and new customers, and the three units of value: recurring revenue per customer, recurring service cost per customer, and acquisition cost per customer. As SaaS executives, our financial goals are very simple: make business decisions that push these financial levers in the right directions to increase revenue and reduce costs.

The challenge of maximizing SaaS profit is easily divided between the ‘current customer’ half of the calculation and the ‘new customer’ half. SaaS business organizations and operating plans are often similarly divided into servicing current customers and acquiring new customers. As mentioned earlier though, pushing these financial levers is much easier said than done.

Planning to increase revenue by increasing current customers with a 30% reduction in churn is easy. Reducing churn by 30% is hard. The following sections take a look at each of these financial levers and the principal role of SaaS Customer Success metrics in creating and executing operating plans that actually push them.

> ***“Customer Success Metrics are the Foundation of the Metrics-Driven SaaS Business”***

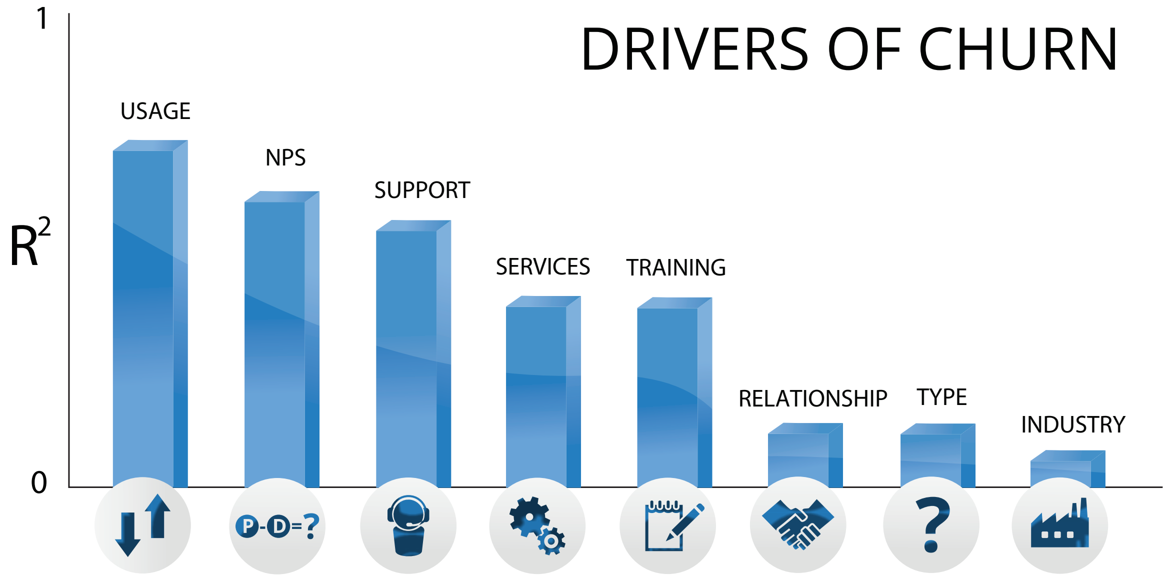
Leveraging Root Cause Analysis to Reduce SaaS Churn

By far the lowest hanging fruit of SaaS Customer Success metrics is their use in “SaaS churn reduction. For a SaaS business of any reasonable size, churn uniformly represents the largest financial drain on SaaS growth and profit. Its simple math, ‘current customers’ is almost always the largest number in our SaaS profit equation above. SaaS churn is also a great place to start our exploration of SaaS Customer

Success metrics, because at its heart, SaaS churn is a statistical concept, so modeling it operationally is fundamentally a statistical problem.

> ***"SaaS Churn is a Statistical Concept, so Modeling it is Fundamentally a Statistical Problem"***

SaaS churn represents the probability that a customer will cancel in a given period. That probability is determined by a number of factors: the value the customer sees in your SaaS product, the customer's reliance on your SaaS product, the potential value of competitor offerings, and the internal priorities and politics within the customer's organization. The Metrics-Driven SaaS Business gathers and analyzes information on all of these predictors. Customer profiles in CRMs and accounting systems combined with direct product usage data go a very long way in describing the first two, whereas the less visible ones can be tackled through Customer Success surveys and expert ratings by executives, sales reps, support reps, and Customer Success reps.



With an ocean of Customer Success data and the law of large numbers on our side, we can apply well known statistical methods to identify the root causes of churn.

Once we have collected the relevant information, we can apply well known statistical methods to identify the root causes of churn. There are a number of descriptive statistical methods that apply from simple cross tabulation of churn cohorts to more advanced methods like logistic regression and survival analysis.

Statistics aside, we expect to find insights, such as customers in healthcare are more likely to churn than customers in financial services. If a customer has not logged in in the last 30 days, it is at severe risk of churn. Customers that use our reporting module frequently are our best advocates, and so forth. With the right data and the right analytics, root causes of churn can consistently be identified and addressed, a significant improvement over simply reducing churn from 15% to 10% in our financial forecast without having a clue as to how it will be achieved.

Predictive Analytics with SaaS Customer Success Metrics

Once we have a better understanding of why past customers churn, we can create models that predict the risk that a specific current customer will churn in the future. With sound predictions, the Customer Success organization can take action to prevent SaaS churn before it happens.

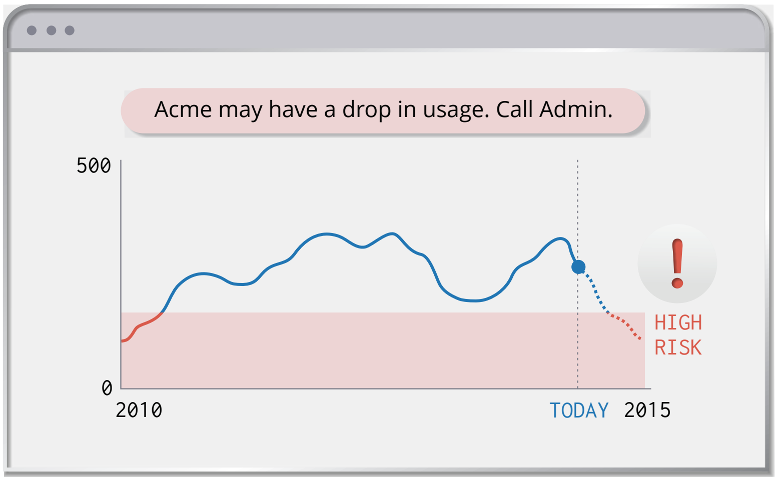
At its heart, most of these statistical methods are simply scoring systems that estimate the probability of a given event, in the case of churn it is the probability that a customer will cancel. The predictors in our models and the models themselves can therefore be used to create key performance indicators (KPIs) for Customer Success that are tracked on a regular basis for each and every customer. For example, we may find that customers that stop using our product for a two week period are at a higher risk of churn, and that the risk increases the longer they do not use the system. This metric and the regression that produced it can both be used to create KPIs.

SaaS Customer Success Metrics and Product Use

Customer Success metrics based on product usage data are the secret sauce within the Metrics-Driven SaaS Business. In a sense, churn is simply the opposite of use. The more a customer uses your SaaS product, the less likely the customer is to churn.

Not only does use indicate how much the customer values your product, prolonged use correlates strongly with switching costs. Customer Success metrics that track inadequate use are key indicators of churn, while those that track deep and frequent use are strong indicators of customer advocacy. One of the smartest applications of Customer Success metrics based on product use is driving product use itself. By identifying customers that are struggling with your product, you can uncover opportunities to improve the user experience, offer help and education, and of course reduce churn.

PREDICTIVE ANALYSIS



Product usage data is the secret sauce within the Metrics-Driven SaaS Business.
In a sense, churn is simply the opposite of use.

Improving SaaS Customer Success Efficiency Through Metrics

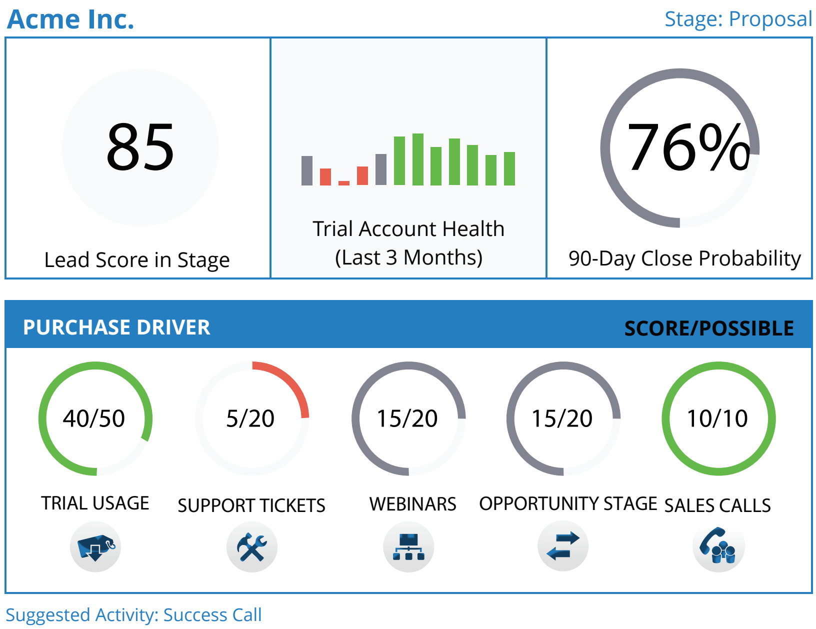
The same KPIs that we use for churn reduction can be applied to improve the efficiency of the Customer Success organization and thereby lower cost of service. They key is to go beyond simply monitoring and modeling Customer Success metrics to embedding them in the daily workflow of Customer Success reps.

From the preceding example, if we know that customers that have stopped using our product for two weeks are in need of immediate attention, then we can use this information to create dashboards and alerts for Customer Success reps. The primary goal is to direct the attention of Customer Success reps to customers where the reps can have the greatest impact on financial results. Conversely, the secondary goal is to not waste time on Customer Success activities that have no influence on the success of a customer.

The beauty of SaaS Customer Success metrics over SaaS financial metrics is that they apply at the individual customer level. Moreover, they can be rolled up along any dimension, such as time, customer type, product module, Customer Success rep, etc. to create a detailed picture of our Customer Success operation.

At the individual account level, they can be used to create a scorecard or health index for every single account to help Customer Success reps monitor and manage their territories. At the aggregate level, they can be used to design the Customer Success territories themselves, so that Customer Success reps are deployed to customer accounts in the right numbers and with the right mix of skills. Customer Success managers are usually familiar with a straightforward small, medium and large account approach to territory design, however, it might just be that your large accounts have the least risk of churn and the least potential for upsell!

SaaS Customer Success metrics provide much stronger guidance and many more dimensions from which to choose for territory design.



Customer Success metrics are equally applicable to SaaS customer acquisition, because prospects are merely future customers whose success lies in purchase.

Driving Upsells with SaaS Customer Success Metrics

SaaS Customer Success metrics can also improve upselling to increase average recurring revenue per customer, the next financial lever in our SaaS profit equation. By applying the same types of statistical models we used in churn reduction to analyze past upsell purchases across customer demographics, product usage data, and so forth, we can develop predictive models and scores for upselling.

Again, we can embed these models and KPIs into the daily activities of Customer Success reps or account managers to direct them to the accounts with the greatest upsell potential at any given time. Finally, we can use the predictive models within the product itself to automatically trigger communications with high potential customers and facilitate purchase.

ACCELERATING CUSTOMER ACQUISITION WITH SUCCESS METRICS

The previous section demonstrated the clear value of Customer Success metrics for increasing SaaS profit through churn reduction and Customer Success efficiency. But what about the other half of the profit equation? Is it possible to apply SaaS Customer Success metrics to customer acquisition?

The answer is most emphatically “yes”! Prospects are merely future customers, and their success lies in the purchase of your SaaS product. It’s a SaaS best practice to provide a seamless customer experience from visiting your website to trial to purchase to use, therefore the metrics used to describe this process should be seamless as well. In all cases, the goal is to help customers become happy users of your SaaS product, i.e., successful customers. SaaS customer acquisition is merely SaaS prospect success.

Improving Trial Conversions

Marketing automation vendors built an entirely new software category based on the idea of facilitating purchase by helping B2B companies engage more effectively online with B2B buyers. Unfortunately, marketing automation products focus all their attention on trying to get prospects to read your content, not use your product. Reading content is good, using product is better.

Online trial is a foundational SaaS best practice and improving trial conversion is strategically important to many SaaS vendors. Fortunately, SaaS Customer Success metrics offer as much potential to increase trial conversion as they do to reduce churn.

The same statistical methods used in Customer Success can be applied to customer acquisition, only we are looking for drivers of purchase rather than drivers of churn.

Trial is the moment where the SaaS vendor establishes that always-on communication channel to the SaaS customer through the product. Prior to trial login, customers are just cookies. After trial login, product usage can be monitored and every click can be associated with an individual customer. Trial forms also collect key customer demographics that can be used in predictive models. In fact, The Metrics-Diven SaaS Business uses these same models to decide exactly what questions should be asked on a trial form, i.e., the ones that can be used to best predict and facilitate purchase! Using SaaS product usage data to create predictive purchase models is lead scoring done right.

Reducing Acquisition Costs Through Metrics

Moving along our SaaS profit equation, we come to one of the most important SaaS financial metrics for every SaaS vendor: customer acquisition cost. Keeping customer acquisition cost in line is essential to the financial success of every SaaS business, because customer acquisition eats cash. The lower your customer acquisition cost, the sooner you get repaid for your upfront investment in acquiring a customer, and the sooner you can reinvest that money in acquiring yet another one.

> ***"SaaS Customer Acquisition is SaaS Prospect Success"***

By now you should be able to guess exactly how SaaS Customer Success metrics can be applied to reduce customer acquisition costs, because they are essentially similar to the methods for improving identify the key predictors of purchase. For example, our analysis of product usage data may indicate that prospects that use the product every day of the free trial can usually be converted with a single phone call, whereas those that stop using it within the first week are twice as likely to convert if we can get them to attend an instructional webinar. Now what SaaS account manager wouldn't love to have that little jewel of information?

As with our Customer Success organization, the key to reducing acquisition costs is to embed our predictive models into the daily sales activities. The process is the same. First we create descriptive models to identify the root causes of why prospects do and don't purchase our product. Then, we use these models to create KPIs at the trial account level that reps can use to guide their daily activities. We can also create alerts when specific trigger events require a reps attention, such as increased or decreased product use of a particular kind. And, finally, we can automate communications within the product itself to facilitate purchase.

Improving Onboarding with Customer Success Metrics

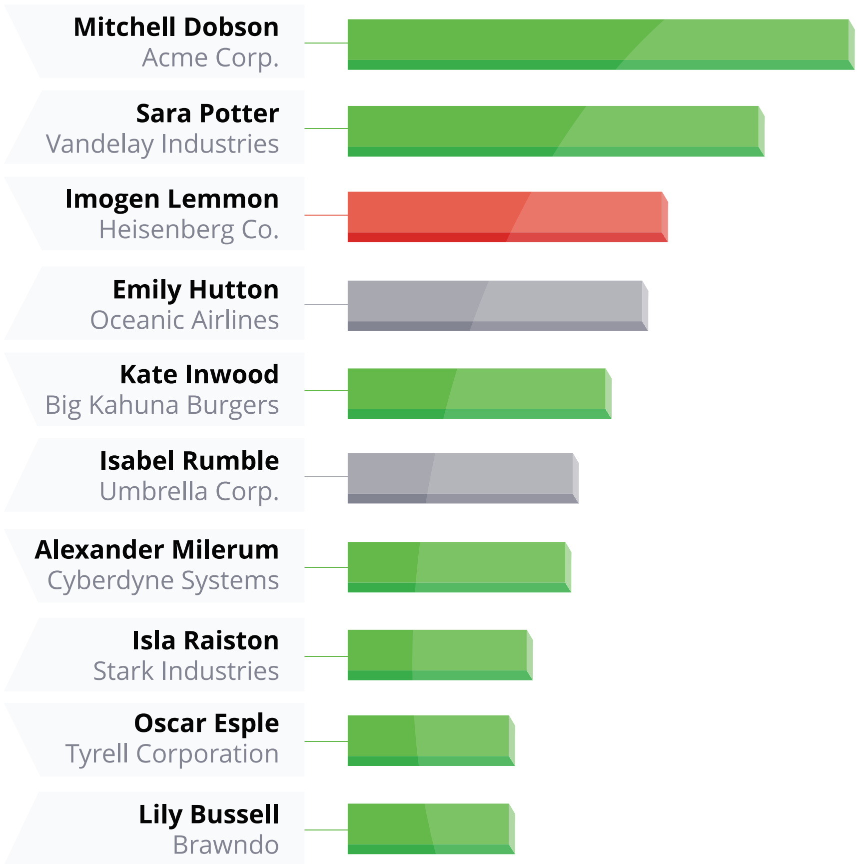
Onboarding a new customer is where customer acquisition and Customer Success meet. Most SaaS Customer Success professionals will tell you that inadequate onboarding at the beginning of a contract is one of the key drivers of churn at the end of the contract. In addition, onboarding can be an expensive and time-consuming task for more complex SaaS products. The Metrics-Driven SaaS Business understands the strategic impact of onboarding and applies SaaS Customer Success metrics to streamline the onboarding process and reduce onboarding costs.

Where are your new customers getting stuck? This is the primary question of the onboarding challenge, and I can think of no better indicator than product usage data. Whereas acquisition and churn KPIs were largely focused on predicting future events, onboarding Customer Success metrics are looking at the here and now, as in “Why is this customer stuck right here, right now?” By drilling down on this question, we can identify root causes and predictive indicators of onboarding failure that can be used by both Customer Success reps and product managers to streamline the onboarding process.

Driving Customer Advocacy and Viral Growth Through Metrics

At the beginning of the SaaS customer lifecycle, SaaS customer acquisition and SaaS Customer Success first meet in onboarding, but at the end they meet again in viral growth, where life begins anew. Up until now, we've explored a number of ways SaaS Customer Success metrics can be applied to eliminate problems: stopping churn, reducing service costs, improving trial conversions, etc.At the top of the capability pyramid, The Metrics-Driven SaaS Business uses SaaS Customer Success metrics to create opportunities, not just resolve problems.

TOP REFERRERS BY ACCOUNT HEALTH



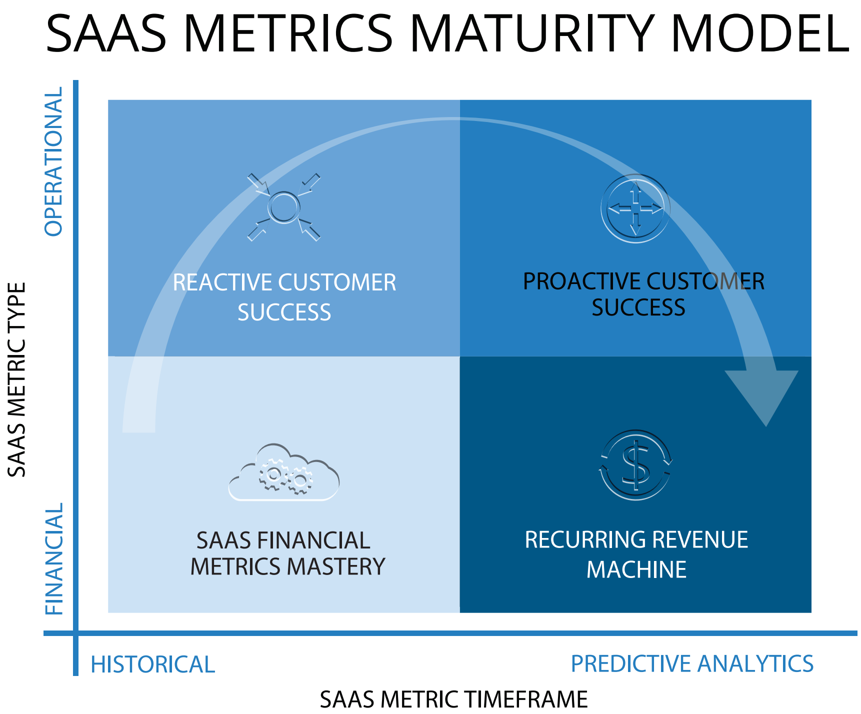
By applying SaaS Customer Success metrics to identify advocates, we can improve our bank of potential sales references, customer testimonials, case studies and user group leaders.

The same techniques we used to identify customers who might churn can be used to identify customers that will never churn, customers that love us, and customers that will recommend us! By applying SaaS Customer Success metrics to identify advocates, we can improve our bank of potential sales references, customer testimonials, case studies and user group leaders. Many organizations use methods like Net Promoter to measure customer advocacy, and these are good ideas for SaaS businesses as well, but only SaaS businesses can complement these qualitative measures with quantitative customer advocacy metrics based on actual product use.

Enabling viral growth through sharing is a common SaaS product design best practice. The main idea is to encourage customers to create work products, such as documents, charts, projects, etc. that are integral to the SaaS product experience, and then share those work products with non-customers with whom they need to collaborate. Understanding and facilitating the activities that lead to sharing is strategic goal of the Metrics-Driven SaaS Business, because viral sharing leads to viral revenue growth.

THE SAAS METRICS MATURITY MODEL

Becoming a Metrics-Driven SaaS Business is no easy task. It takes time, commitment and plenty of customers. However, the financial rewards of moving beyond standard SaaS financial metrics to SaaS Customer Success metrics and ultimately to sophisticated predictive analytics are significant. Each step toward SaaS metrics greatness builds upon the last. The stages of development can be classified into a natural progression of increasing SaaS business understanding from financial stability to operational measurability to revenue predictability outlined at the very beginning of this series. These stages define a SaaS Metrics Maturity Model that provides a SaaS metrics roadmap along with benchmarks at each stage of development for SaaS companies that aspire to become a Metrics-Driven SaaS Business.



The SaaS Metrics Maturity model provides a SaaS metrics roadmap along with benchmarks at each stage of development for SaaS companies that aspire to become a Metrics-Driven SaaS Business.

Stage 1: SaaS Financial Metrics Mastery

The first step along the path to becoming a Metrics-Driven SaaS Business occurs when a SaaS business achieves a stable SaaS business model that allows management to monitor the key SaaS financial metrics, including recurring revenue, customer acquisition cost, churn, growth and cost of service. Financial plans and targets are produced using these now standard financial metrics. In addition to the basic financial metrics, more advance metrics such as the customer lifetime value, churn cohorts and the various SaaS magic numbers may also be calculated.

The stage one SaaS business has a solid understanding of SaaS economics grounded in SaaS financial metrics. As the use of SaaS metrics becomes the company standard, they are pushed out into departmental plans. Sales is compensated on recurring revenue and avoids discounts based on total contract value. Marketing makes demand generation plans around revenue, upsell and acquisition cost targets. Customer Success focuses on churn reduction. And, executive compensation is based on non-GAAP SaaS financial goals.

Stage 2: Reactive Customer Success with Customer Success Metrics

At stage 2, The Metrics-Driven SaaS Business gets serious about Customer Success and discovers the panacea of information available from product usage data complemented by customer demographics, transaction history, engagement tracking and primary customer research such as surveys and focus groups. It starts to delve into descriptive models and statistical methods to better understand the root causes of churn, upsell, trial conversion, purchase and onboarding. These models produce Customer Success KPIs and benchmarks than uncover operational opportunities for improving SaaS Customer Success.

Stage 2 is an important transition stage for the Metrics-Driven SaaS business. Most companies enter stage 2 out of churn frustration. The SaaS financial metrics mastered in stage 1 give the perils of churn very high visibility, but they offer no guidance for reducing it. This motivates management to explore new operational metrics and approaches to Customer Success. The need for account-level financial information and product usage data within the Customer Success organization becomes obvious, but CRM systems, marketing systems, accounting systems and the product itself often don't provide easy access. Stage 2 is a struggle.

Stage 3: Proactive Customer Success with Predictive Analytics

In stage 3, the perseverance to slug through stage 2 really begins to pay off. The SaaS Customer Success metrics discovered in Stage 2 become standard KPIs that are used to construct predictive analytics. These predictive models help The Metrics-Driven SaaS Business get out in front of churn and acquisition in a systematic way. Health indexes and alerts are incorporated into the daily routines of Customer Success reps and sales reps to increase revenue and reduce operational costs. Predictive models are plugged directly into the SaaS product to automate communications that facilitate purchase, use and upsell.

The stage 3 Metrics-Driven SaaS Business is becoming a master of the SaaS metrics domain, moving from art to science. However, predictive analytics in SaaS is a big data problem that only a few companies could conceivably tackle on their own. It is virtually impossible to succeed in stage 3 without significant investment in new Customer Success systems, as well as the integration of those systems to the product, CRM and accounting system.

Stage 4: The SaaS Recurring Revenue Machine

Finally, the stage 4 Metrics-Driven SaaS Business has a complete top-to-bottom understanding of the drivers of SaaS financial success. Financial planning goes beyond simple what-if spreadsheets that have no basis in operational reality. Financial goals are linked directly to operational goals using SaaS Customer Success metrics and predictive analytics. Targeted churn reductions are tied directly to root causes and operational initiatives with predictable results. Growth plans are based on specific improvement programs with well understood impacts on trial conversion, purchase, churn, and the productivity of sales and Custom Success reps.

Success in stage 4 requires an integrated management approach, especially between finance and Customer Success, two departments that have historically had little to do with each other. The finance, Customer Success partnership is essential to the Metrics-Driven SaaS Business, because it links continuous operational improvement to financial goals through SaaS Customer Success metrics. The stage 4 Metrics-Driven SaaS Business is a well-oiled recurring revenue generating machine.

ABOUT THE AUTHOR

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Joel York is SaaS executive, entrepreneur and startup advisor with expertise ranging from freemium to enterprise. He has managed global marketing, product, sales and support organizations serving over 50 countries.

He is a well respected SaaS blogger at www.Chaotic-Flow.com where he writes about SaaS business strategy, sales, marketing and metrics.

ABOUT BLUENOSE

Bluenose provides customer success software for SaaS businesses to increase revenue, using predictive analytics to engage at-risk customers and identify drivers of churn.
For more information, **visit www.bluenose.com.**

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