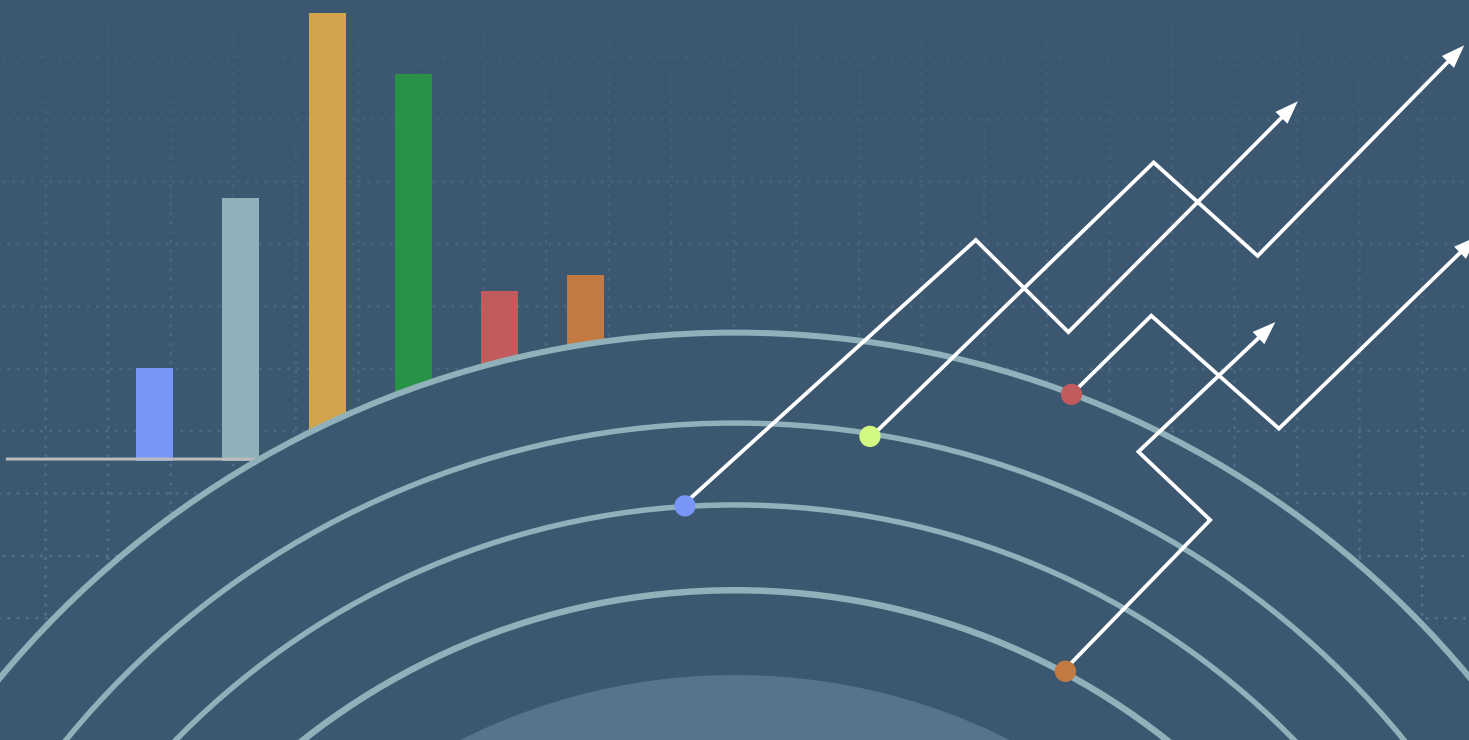




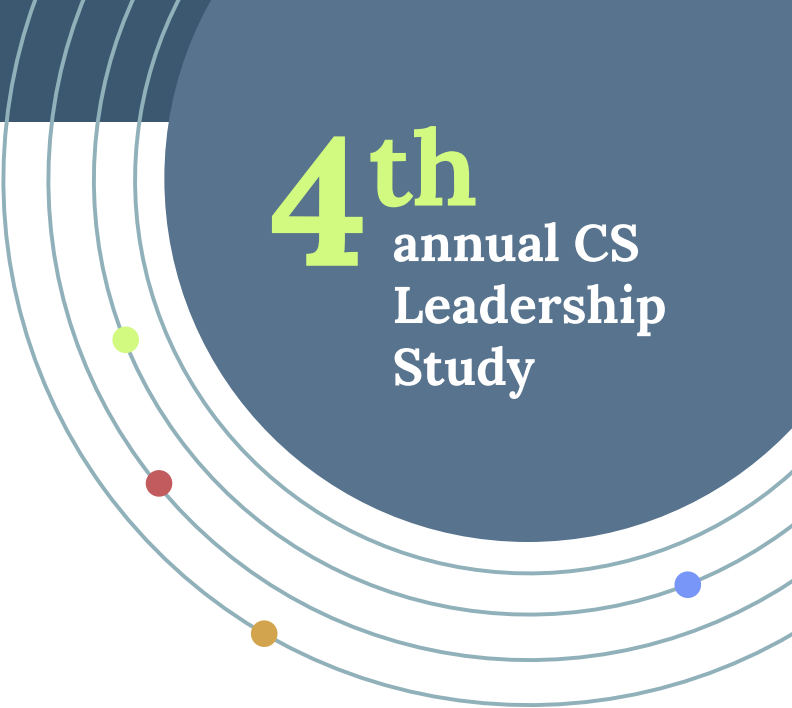
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2023

# Customer Success Leadership Study



**4<sup>th</sup>** annual CS  
Leadership  
Study

# Introduction

Welcome to the 2023 Customer Success Leadership Study, brought to you ChurnZero, ESG, SaaStr, and HubSpot.

The mission of this report is to bring greater awareness, understanding, and support to the growing customer success (CS) community by providing research that enables a better understanding of the evolving CS landscape based on the firsthand experience of those leading the way.

This year, more than 1,250 customer success leaders participated in the survey, a 17% increase over last year.

As in previous years, most respondents are directors or senior directors in customer success, working at companies with 51 to 200 total employees and annual revenue between \$10 million to \$50 million.

## What's changed

Due to the explosive entrance of AI into the marketplace, we added AI into the tech stack to determine current usage and included a question about the overall adoption of AI in customer success.

Two questions were added about which teams get compensation for renewals and expansions, and a third was added to determine how often CS teams visit their customers in person.

We combined the questions “What is the highest title in your CS department?” and “To whom does the CS team report to?” into a two-part question—“Tell us about your CS team’s organizational structure”—that allowed participants to match the highest ranking CS leader directly to the title of the person they report to, allowing for the option of a chief customer officer to be the highest ranking CS title, and a member of the C-suite that a VP or director of customer success (who is the highest ranking CS leader) may report to.

To improve readability and clarity, we are using whole percentages—in 2022 we included the tenth decimal place—and have consolidated revenue bands from eight to five.

## Research process

ChurnZero and ESG conducted the survey between May 23, 2023, and July 15, 2023. The survey was emailed to our respective databases of customer success professionals. It was promoted across social media and industry newsletters.

All responses are voluntary, and all data is self-reported by participants.

# How we organized the 2023 Customer Success Leadership Study

Like previous years, we focused on four key focus areas for customer success:

**1**  
Influence within  
the organization

**2**  
Organizational  
alignment

**3**  
Operations

**4**  
Goals and  
aspirations

# Top takeaways

Customer success teams report to the **highest levels** of their organizations.

CS leadership titles are **moving up the hierarchy** in larger organizations.

CS teams are still **small** in relation to CSM-to-customer-ratio benchmarks.

Team and budget growth **stagnated** in 2023.

**55%** of teams reduced or maintained headcount.

**62%** of CS leaders decreased or maintained their non-headcount budget.

Economic uncertainty slowed progress. **65%** of CS leaders are delaying purchase and business decisions for three to six months.

The percentage of CS teams that own the renewal process **is trending downward**, with dedicated renewal teams picking up the difference.

**There is an uptick** in the adoption of customer success technology.

For the first time in four years, more than half of CS teams are using customer success software.

**78%** of companies say they have adopted or will adopt artificial intelligence (AI) in the next 12 months.

**77%** of all companies meet with some segment of their customer base face-to-face during the year.

Key CS metrics and charters have shifted, with teams putting **more focus on churn rate, renewals, and expansion revenue**.

More than half of CS teams are using purpose-built CS software.

Total participants

1,263

# Participant snapshot

All responses are voluntary, and all data is self-reported by participants.

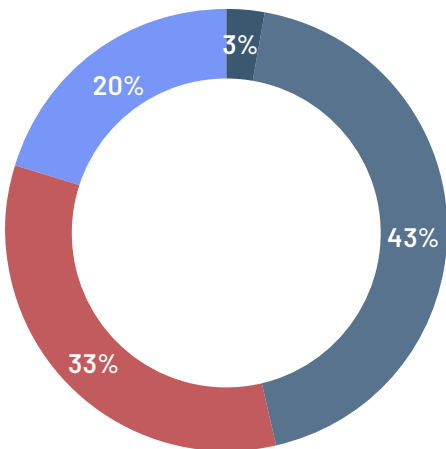
<b>Title</b> <b>Director or Sr. Director*</b>	<b>Company size</b> <b>51–200 employees*</b>
<b>Tenure in the CS profession</b> <b>1–5 years*</b>	<b>Company age</b> <b>6–10 years*</b>
<b>Reporting structure</b> <b>51% report to the CEO</b>	<b>Average ACV</b> <b>\$25,000–\$99,999</b>
<b>Revenue</b> <b>\$5M–\$49M**</b>	<b>NRR</b> <b>101%–110%*</b>

\* Same as last year.

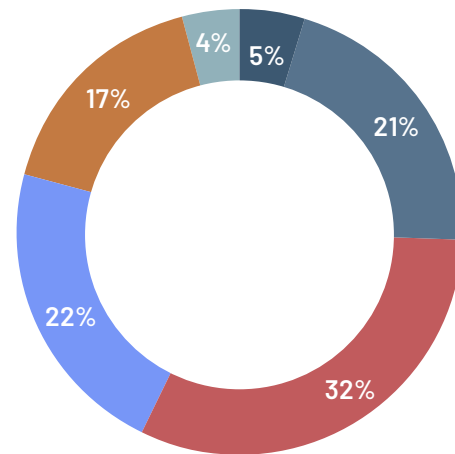
\*\* Revenue bands were modified this year for readability. However, the current band is consistent with last year's results.

## Respondent titles

### Tenure in CS profession

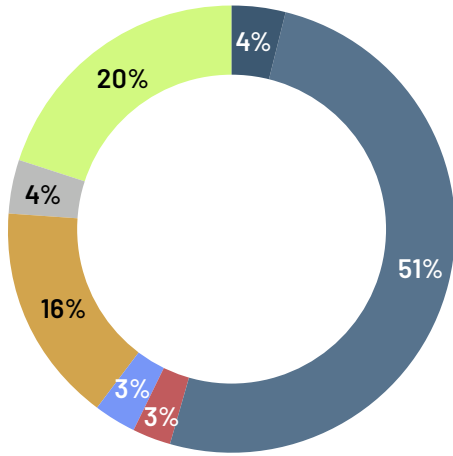


- Less than 1 year
- 1-5 years
- 6-10 years
- More than 10 years



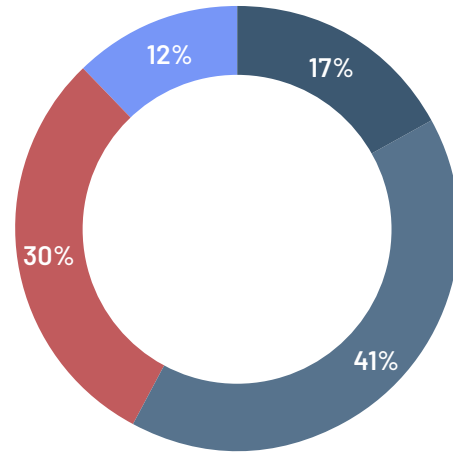
- C-level
- VP, SVP, or EVP
- Director or Sr. Director
- Manager or Sr. Manager
- Customer Success Manager
- Other

### Customer success team reporting structure



- Chief Customer Officer (CCO)
- Chief Executive Officer (CEO)
- Chief Financial Officer (CFO)
- Chief Marketing Officer (CMO or equivalent)
- Chief Operating Officer (COO)
- Chief Product Officer (CPO or equivalent)
- Chief Revenue Officer (CRO or equivalent e.g., Head of Sales)

### Title of CS leader

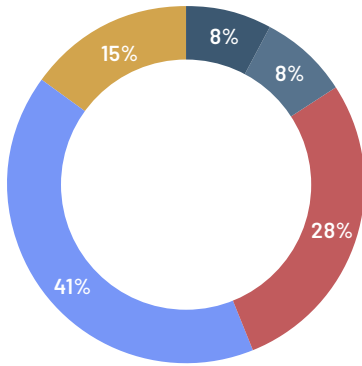


- C-level (including Chief Customer Officer)
- Director or Sr. Director
- Manager or Sr. Manager
- VP, SVP, or EVP



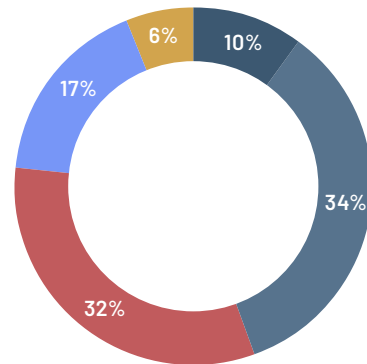
# Business details

### Revenue



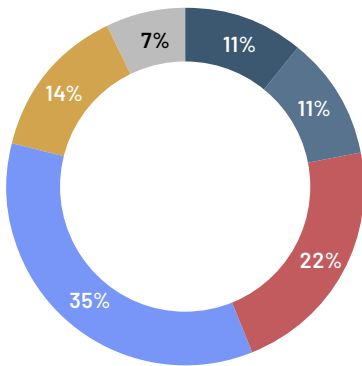
- \$500M+
- \$250M - \$499M
- \$50M - \$249M
- \$5M - \$49M
- Less than \$5M

### Net revenue retention (NRR)



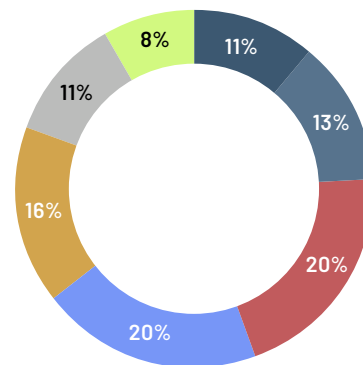
- 111% or more
- 101-110%
- 91-100%
- 81-90%
- 80% or less

### Number of employees



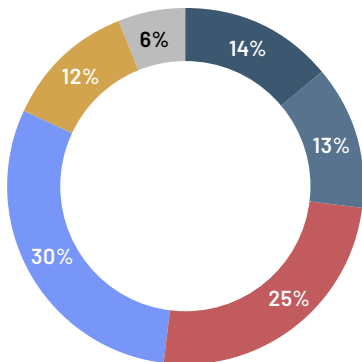
- 1000+
- 501-1000
- 201-500
- 51-200
- 21-50
- 1-20

### Average annual contract value (ACV)



- \$250,000 +
- \$100,000 - \$249,999
- \$50,000 - \$99,999
- \$25,000 - \$49,999
- \$10,000 - \$24,999
- \$5,000 - \$9,999
- Less than \$5,000

### Company age



- 21+
- 16-20
- 11-15
- 6-10
- 4-5
- 0-3

# Section 1: Influence within the organization

After four years of this survey, we have seen a consistent pattern of customer success leaders reporting to the highest levels of the organization, firmly establishing the function's key role within the business.

In 2023, 51% of CS teams indicated that they report directly to the CEO. That is a 15-point increase from 2022.

Of course, other factors such as budget and team growth, reporting structures, business charters, and leadership seniority are also critical indicators of how customer success is valued.

In 2023, we saw a decline in both team and budget growth and a slight shift in CS organizational charters. However, these changes appear to be a direct response to the economic uncertainty of the last two years rather than an indication that CS teams are losing influence within the organization.

## Key findings:

- Customer success teams report to the highest levels of their organizations.
- 41% of CS teams are led by EVPs, SVPs, or VPs.
- CS teams are still small in relation to CSM-to-customer ratio benchmarks.
- Team and budget growth stagnated in 2023.
  - 55% of teams have maintained or reduced headcount.
  - Only 38% of leaders' non-headcount budgets are growing this year, with 62% maintaining or decreasing their non-headcount budget.
- Economic uncertainty slowed progress.
  - 65% of CS leaders are delaying purchase and business decisions for three to six months.
- More than one-third of CS teams have veto power over bad-fit customers.



## Reporting structure is shifting.

Data from this year’s survey reveals shifts in reporting structures.

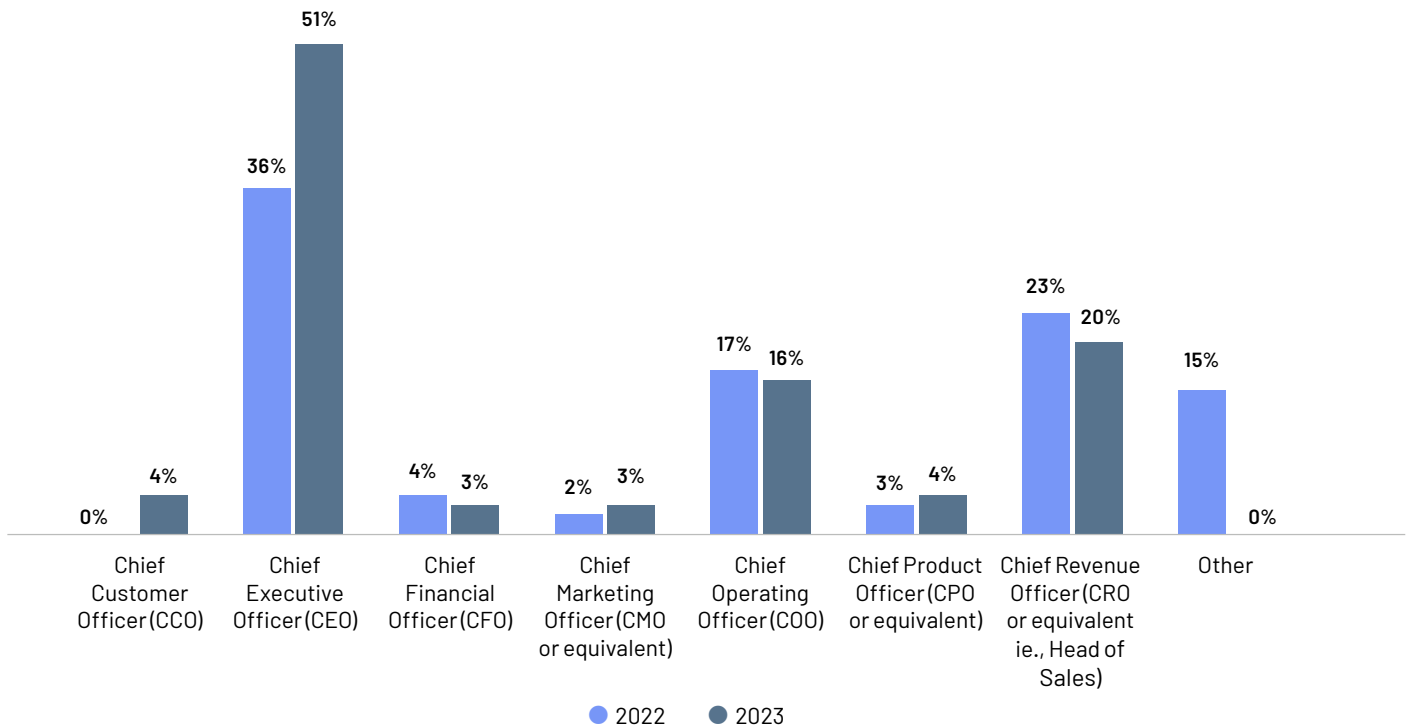
Anecdotally, we have heard from CS teams that more people are reporting to the CRO. However, the data shows that is not the case. This year, 51% of CS teams responded that they reported to the CEO. While 2022 and 2023 data is fairly consistent, we think the increase in reporting to the CEO may be due to the change in the way the question was worded, no single title made up the majority of responses in “Other” in 2022. (See how the question was changed on page 2.)

In the largest companies (\$500+ million in revenue), 20% of CS teams report to the chief customer officer (CCO), which we added as an option to the reporting question this year, and 17% to the CEO, while reporting to the CRO dropped 9 points compared to last year.

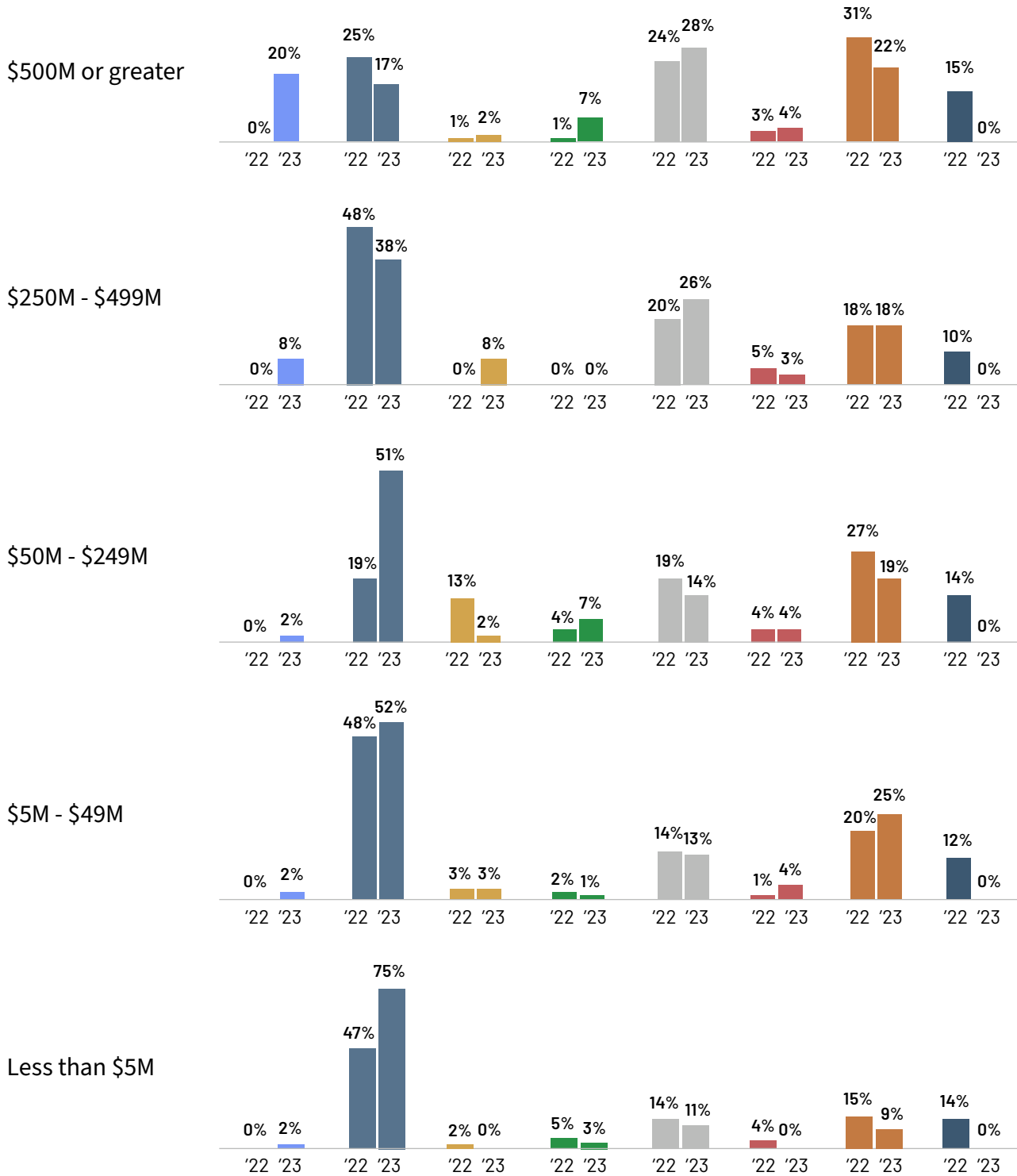
Companies with \$50 million to \$249 million in revenue saw a 32-point increase, year over year, in teams reporting directly to the CEO.

Teams with \$5 million or less in revenue saw a 28-point increase year over year in CS teams reporting to the CEO.

### Reporting structure (2022-2023)



## Reporting structure by revenue (2022-2023)



- Chief Customer Officer (CCO)
- Chief Executive Officer (CEO)
- Chief Financial Officer (CFO)
- Chief Marketing Officer (CMO or equivalent)
- Chief Operating Officer (COO)
- Chief Product Officer (CPO or equivalent)
- Chief Revenue Officer (CRO or equivalent ie., Head of Sales)
- Other

## Customer success titles continue to rise in larger companies.

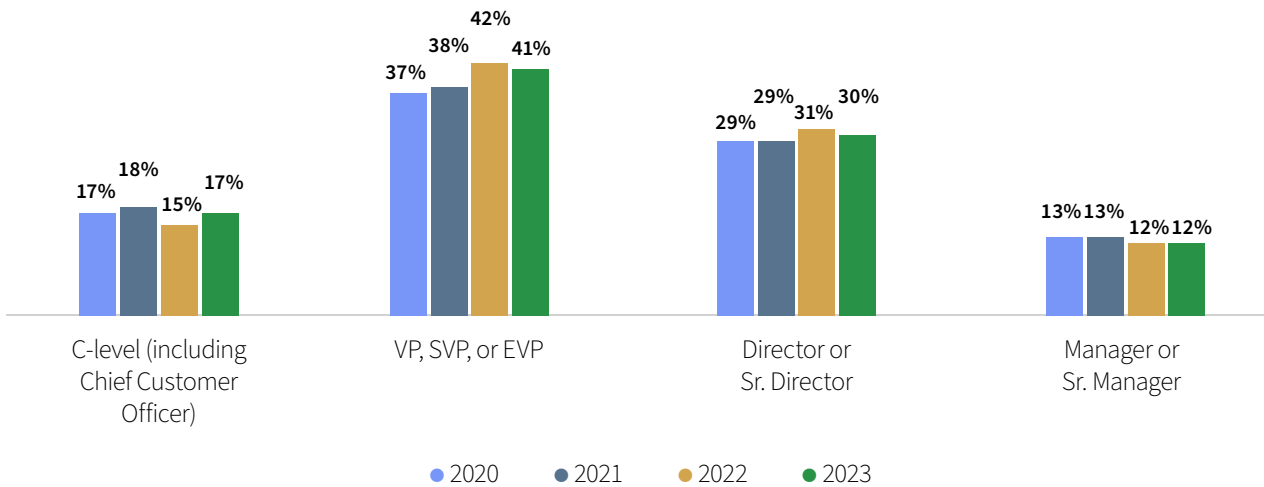
In 2022, we saw few changes in the highest titles in CS leadership at the macro level.

A review of the data by revenue bands, however, shows some interesting shifts in titles.

Companies with \$250 million to \$499 million in revenue saw a 26-point increase in EVP, SVP and VP titles in 2023, and a 32-point dip in senior director/director titles.

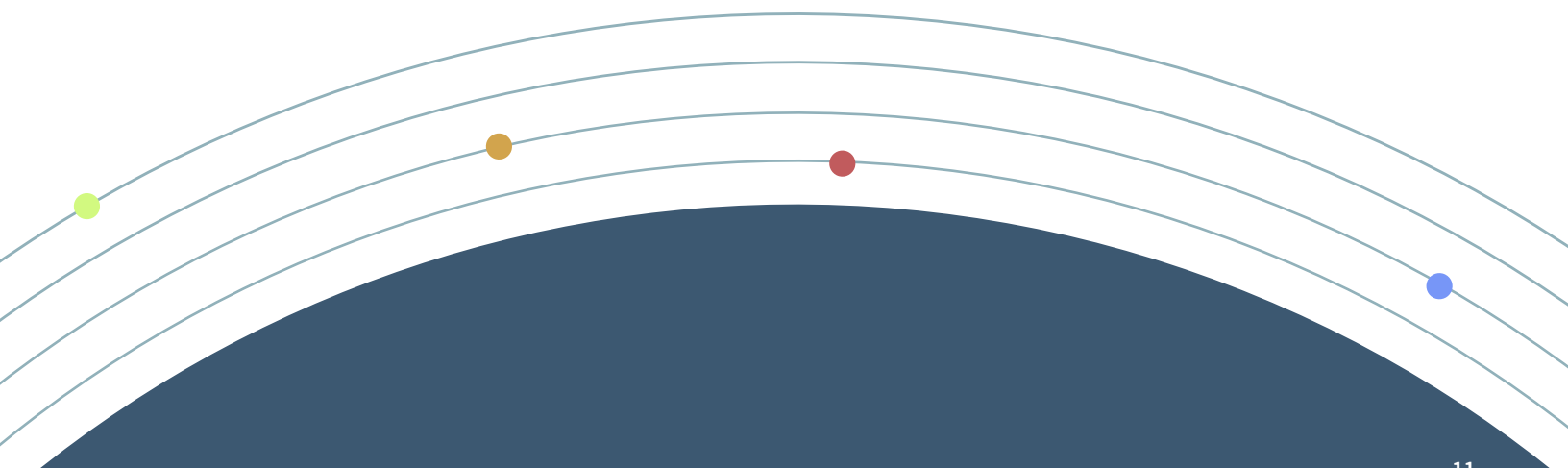
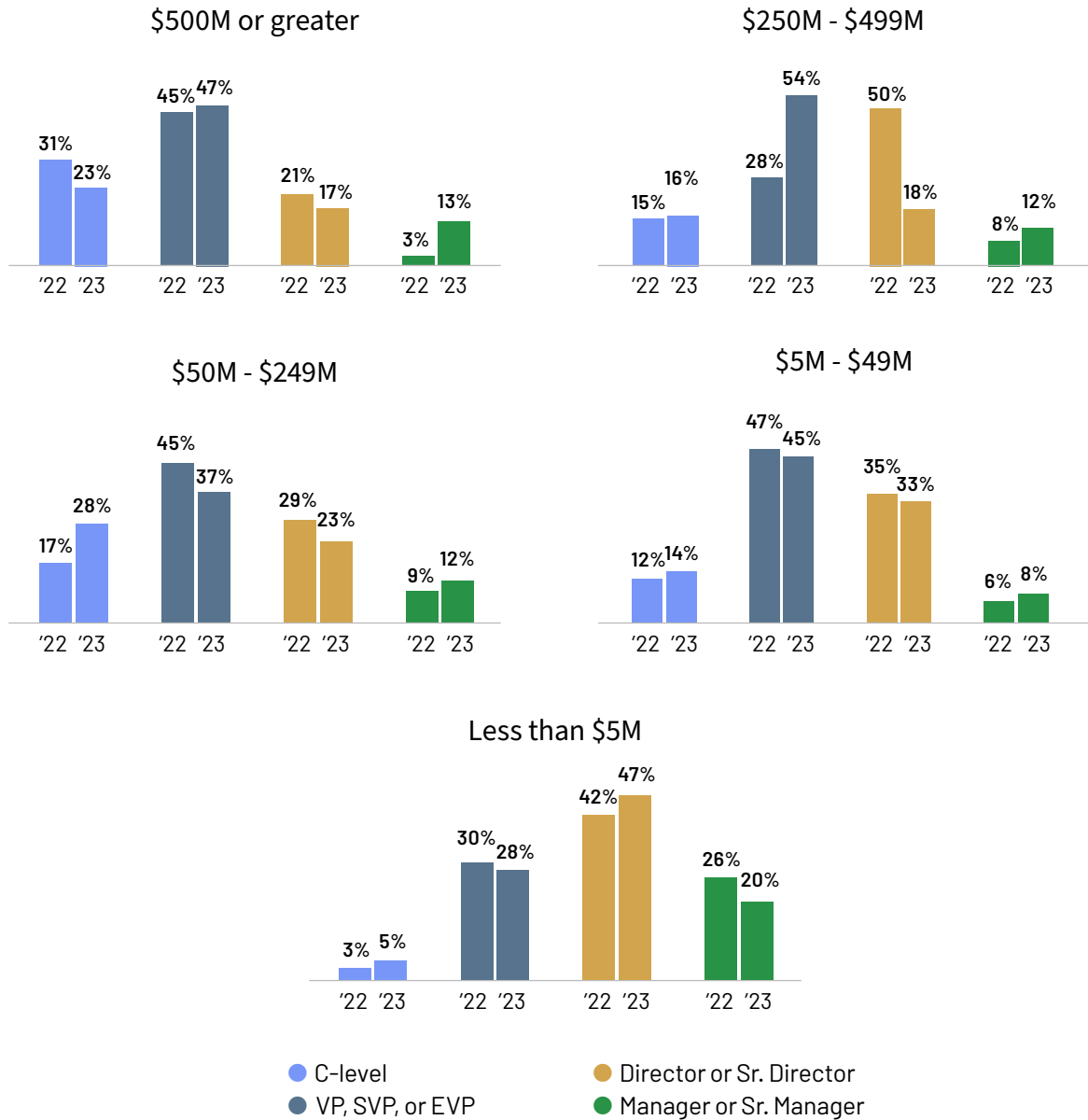
Companies with \$50 million to \$249 million in revenue saw an 11-point increase in C-level titles.

### Highest title of customer success leader



**41%** of CS teams are led by EVPs, SVPs, or VPs.

## Highest title of customer success leader by revenue (2022-2023)



80%

of companies have CS teams with less than 50 people.

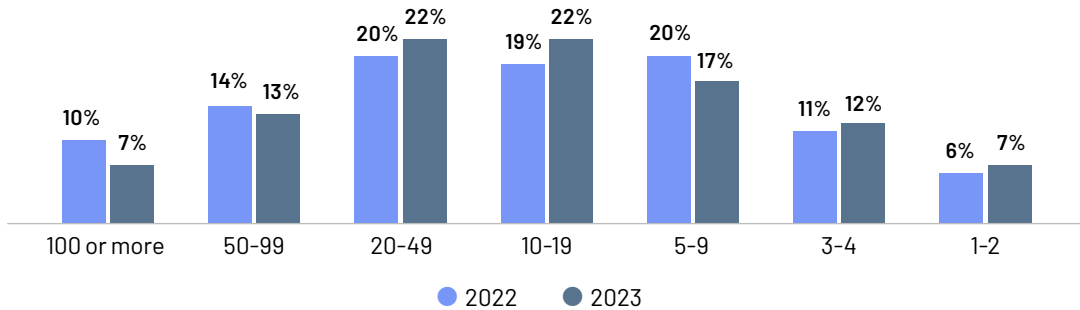
## Customer success teams are small compared to benchmarks.

CSM account coverage differs from company to company. We recommend using a bottom-up approach—factoring in customer segments and touchpoints in the customer journey—to determine the right team size. In last year’s report, we based our analysis of companies with mature or scaled CS departments on the common benchmark of one CSM per \$1 million to \$2 million in annual recurring revenue (ARR). In following this benchmark, we found that almost all customer success departments in 2022 fell below (or well below) these standards.

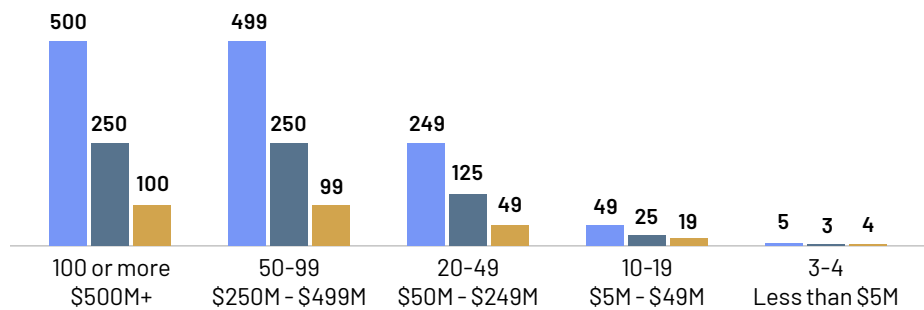
This year is no different, as the highest team size reported in each revenue band still falls below common benchmarks.

On average, 93% of all customer success teams are under 100 people, 80% are under 50 people, and more than one-third are under 10 people.

### Customer success team size (2022-2023)

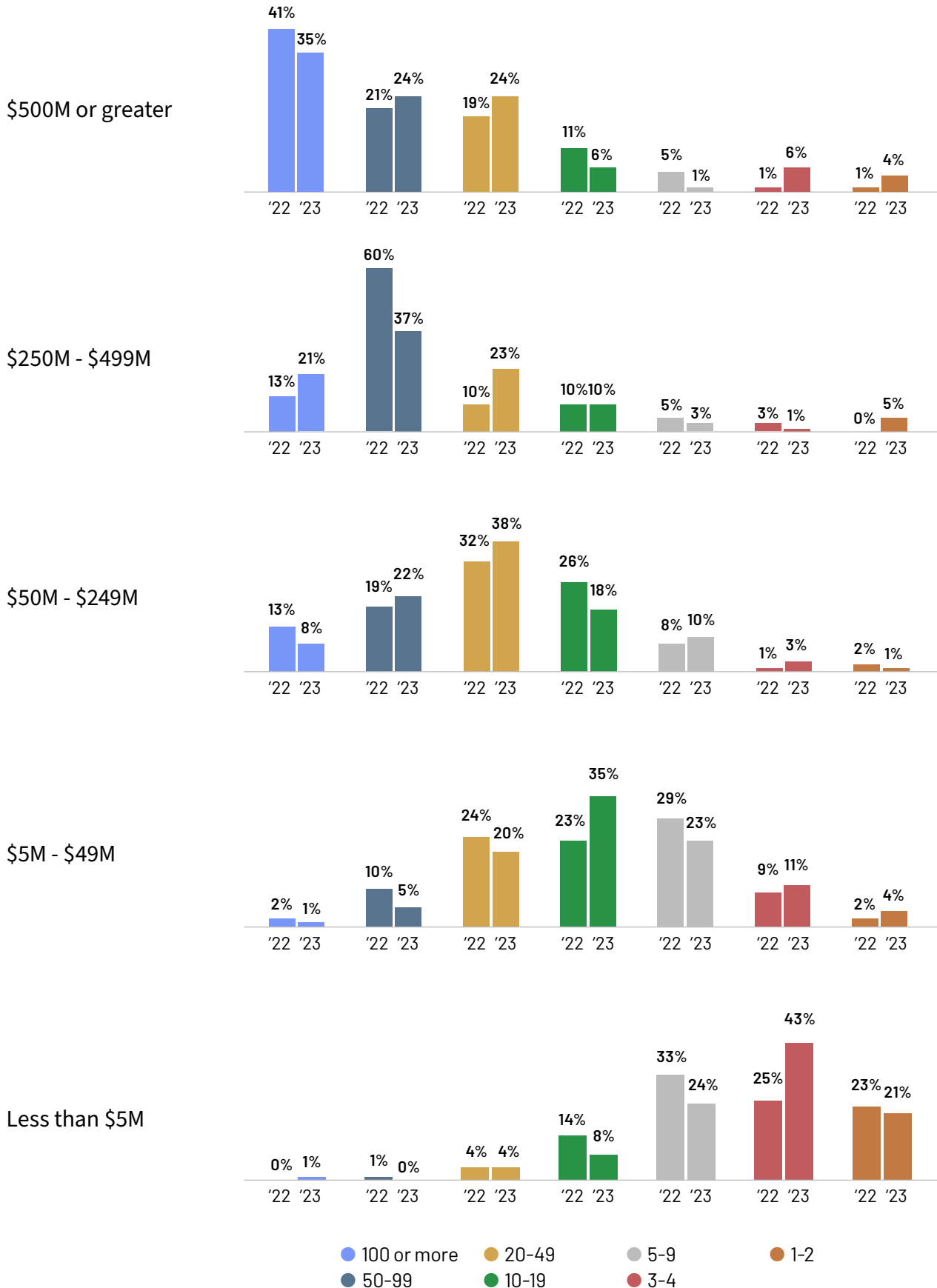


### Team size by benchmarks (1 CSM per \$1M in revenue, and 1 CSM per \$2M in revenue)



- Benchmark: Team size if staffed by 1 CSM for every \$1M in revenue
- Benchmark: Team size if staffed by 1 CSM for every \$2M in revenue
- Survey data: Highest team size from the largest represented sample in each revenue band

### Team size by revenue (2022-2023)





**Customer Success team changes (2023)**

**45%**

Growing (we are hiring)

**13%**

Shrinking (we are letting people go)

**42%**

Staying the same

**55% of teams have maintained or reduced headcount.**

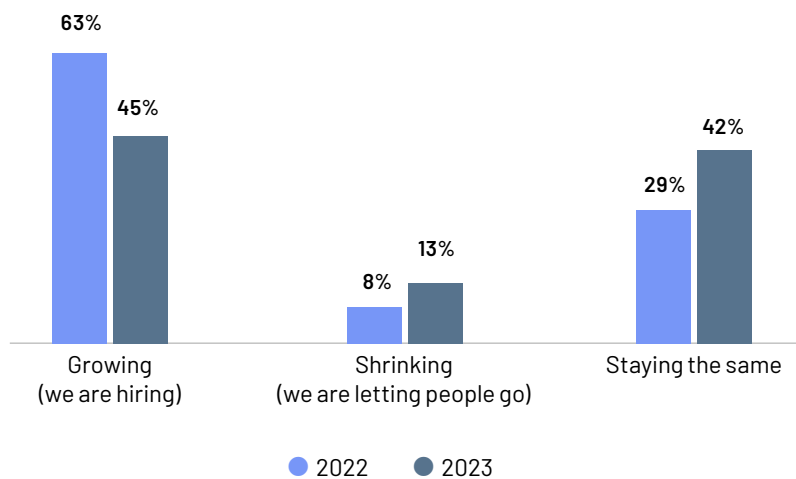
The growth of CS teams stalled in 2023, with 42% of respondents citing that their CS teams have stayed the same size as the previous year, and unfortunately, 13% reporting that their teams were downsized. This is likely due to a combination of the growth these teams experienced in 2022 with the deepening economic uncertainty of 2023.

Companies in the larger revenue bands (\$50 million-\$500+ million) saw the biggest decreases in team size.

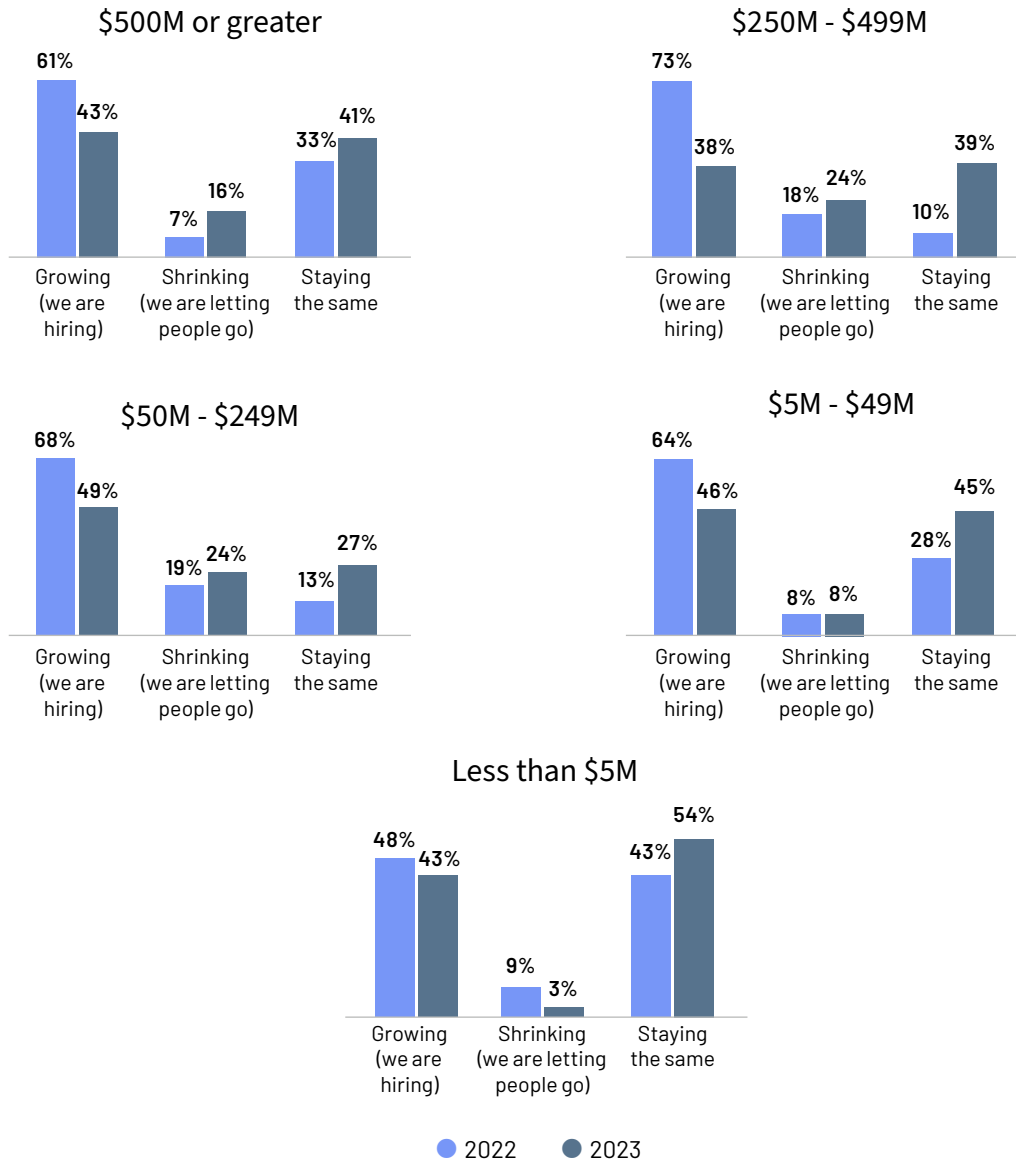
Twenty-four percent of companies with \$50 million to \$249 million in revenue decreased their CS team size in 2023, with companies in the \$250 million to \$499 million revenue band reporting the same reduction. Sixteen percent of companies with more than \$500 million in revenue downsized their CS team.

The companies with the largest headcount (more than 1,000 employees) had the sharpest increase in layoffs, with 15% reporting a reduction in CS staff, compared to 4% from last year.

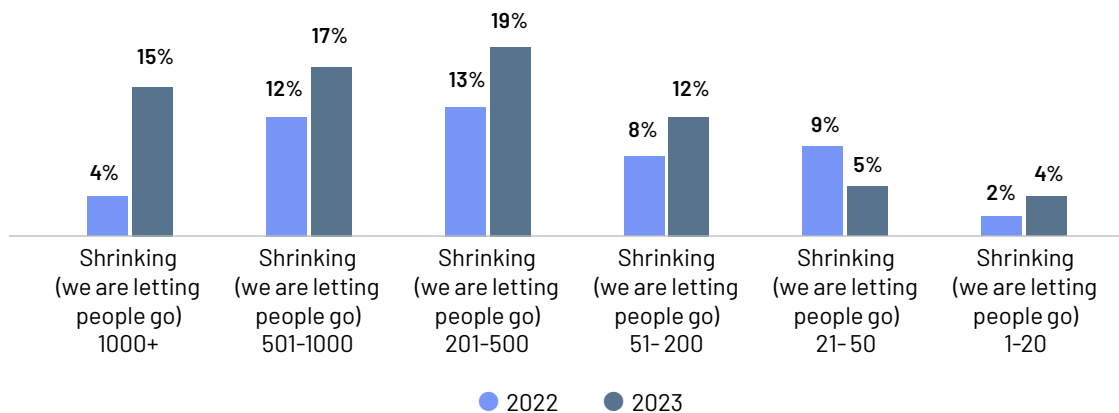
**Customer success team size changes**



## Headcount changes by company revenue



## Teams reducing headcount by company size (number of total employees)





## Non-headcount budget growth has slowed.

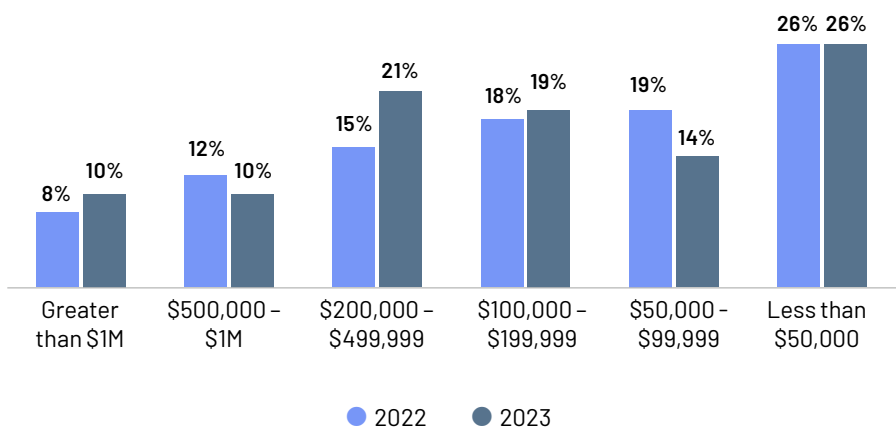
Customer success non-headcount budgets tend to be a much smaller percentage of revenue than those of sales or marketing, as most CS funds are allocated to headcount, not infrastructure. However, with that said, last year we found that the majority of CS teams' non-headcount budgets accounted for 0.5% of revenue or less—an allocation that's far too low for teams to increase efficiency and scale.

This year is no different.

Just 38% of CS leaders reported that their non-headcount budgets were growing this year, with 62% decreasing or maintaining their non-headcount budget. There were no budget increases in any revenue bands. Companies with \$250 million to \$499 million in revenue saw the biggest jump in budget cuts at 28 points year over year.

**62%**  
of CS teams reported that their budgets stayed the same or decreased in 2023.

### Non-headcount budgets (2022–2023)

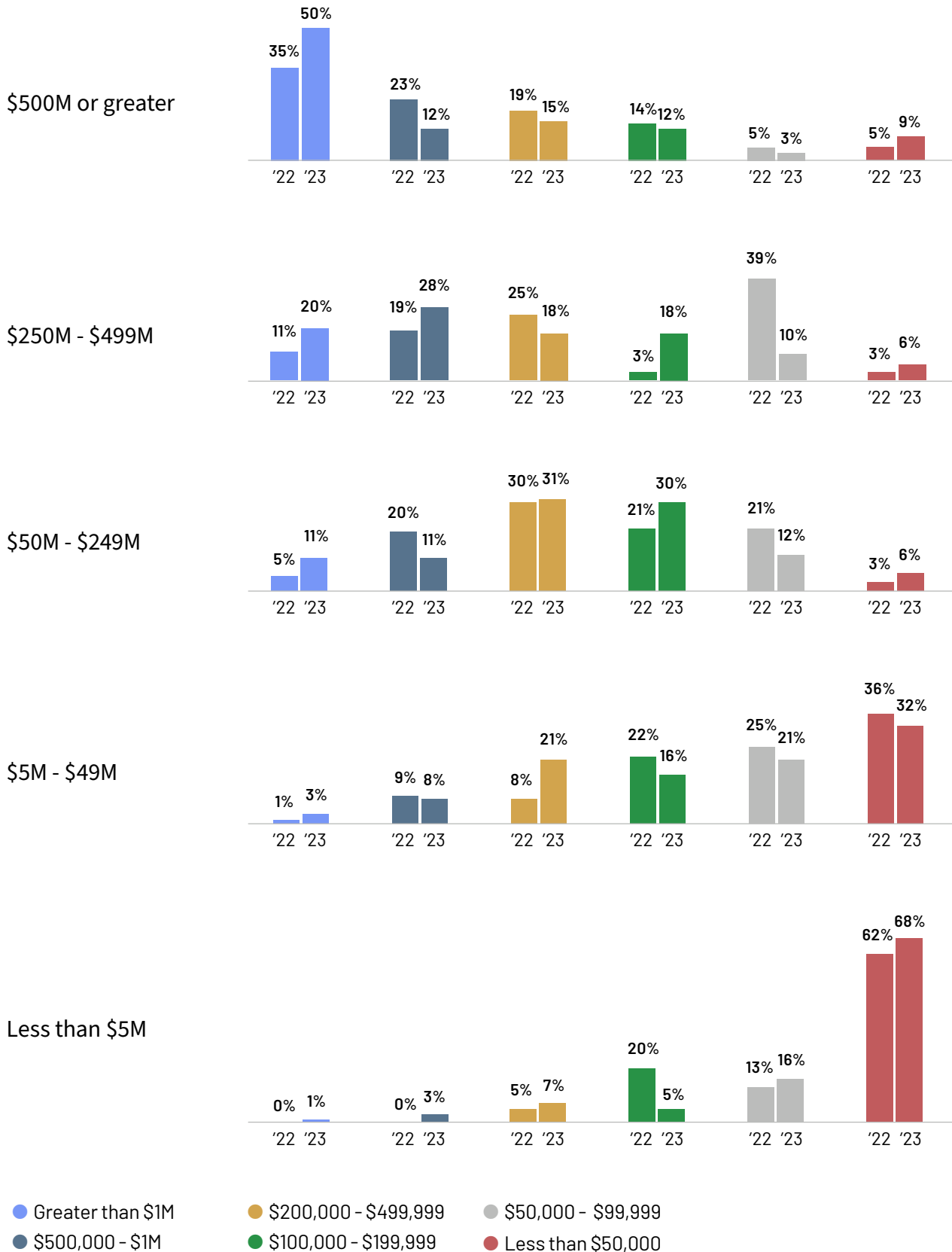


## Non-headcount budgets as percentage of revenue.

To determine the percentage of budget to revenue, we used the highest possible revenue in each band to compare high-, mid-, and lowest-levels of reported revenue. CS non-headcount budgets range from 0.08% of revenue to 0.2% of revenue, except for smaller companies with less than \$5 million in revenue.

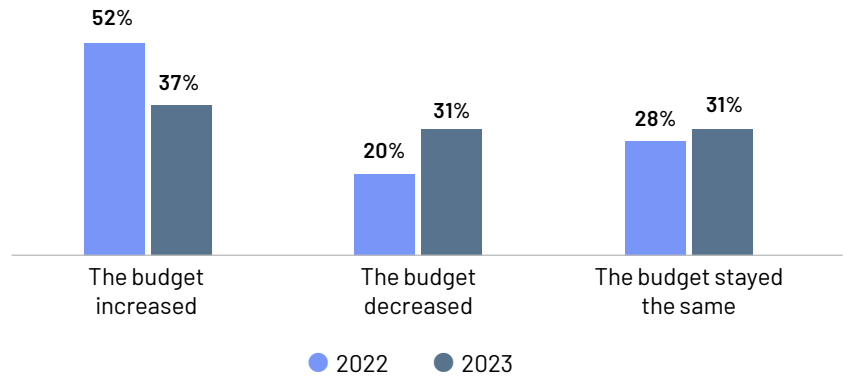
Highest revenue	Budget ranges	Highest budget	Mid-range budget	Lowest budget	2023	Budget percent to revenue (highest budget/highest revenue)	Budget percent to revenue (highest budget/mid revenue)	Budget percent to revenue (highest budget/lowest revenue)
500,000,000	Greater than \$1M	1,000,000	1,000,000	1,000,000	50%	0.20%	0.20%	0.20%
500,000,000	\$500,000 – \$1M	1,000,000	750,000	500,000	12%	0.20%	0.15%	0.10%
500,000,000	\$200,000 – \$499,999	499,999	350,000	200,000	15%	0.10%	0.07%	0.04%
500,000,000	\$100,000 – \$199,999	199,999	150,000	100,000	12%	0.04%	0.03%	0.02%
500,000,000	\$50,000 - \$99,999	99,999	75,000	50,000	3%	0.02%	0.02%	0.01%
500,000,000	Less than \$50,000	50,000	50,000	50,000	9%	0.01%	0.01%	0.01%
499,999,999	Greater than \$1M	1,000,000	1,000,000	1,000,000	20%	0.20%	0.20%	0.20%
499,999,999	\$500,000 – \$1M	1,000,000	750,000	500,000	28%	0.20%	0.15%	0.10%
499,999,999	\$200,000 – \$499,999	499,999	350,000	200,000	18%	0.10%	0.07%	0.04%
499,999,999	\$100,000 – \$199,999	199,999	150,000	100,000	18%	0.04%	0.03%	0.02%
499,999,999	\$50,000 - \$99,999	99,999	75,000	50,000	10%	0.02%	0.02%	0.01%
499,999,999	Less than \$50,000	50,000	50,000	50,000	6%	0.01%	0.01%	0.01%
249,999,999	Greater than \$1M	1,000,000	1,000,000	1,000,000	11%	0.40%	0.40%	0.40%
249,999,999	\$500,000 – \$1M	1,000,000	750,000	500,000	11%	0.40%	0.30%	0.20%
249,999,999	\$200,000 – \$499,999	499,999	350,000	200,000	31%	0.20%	0.14%	0.08%
249,999,999	\$100,000 – \$199,999	199,999	150,000	100,000	30%	0.08%	0.06%	0.04%
249,999,999	\$50,000 - \$99,999	99,999	75,000	50,000	12%	0.04%	0.03%	0.02%
249,999,999	Less than \$50,000	50,000	50,000	50,000	6%	0.02%	0.02%	0.02%
49,999,999	Greater than \$1M	1,000,000	1,000,000	1,000,000	3%	2.00%	2.00%	2.00%
49,999,999	\$500,000 – \$1M	1,000,000	750,000	500,000	8%	2.00%	1.50%	1.00%
49,999,999	\$200,000 – \$499,999	499,999	350,000	200,000	21%	1.00%	0.70%	0.40%
49,999,999	\$100,000 – \$199,999	199,999	150,000	100,000	16%	0.40%	0.30%	0.20%
49,999,999	\$50,000 - \$99,999	99,999	75,000	50,000	21%	0.20%	0.15%	0.10%
49,999,999	Less than \$50,000	50,000	50,000	50,000	32%	0.10%	0.10%	0.10%
5,000,000	Greater than \$1M	1,000,000	1,000,000	1,000,000	1%	20.00%	20.00%	20.00%
5,000,000	\$500,000 – \$1M	1,000,000	750,000	500,000	3%	20.00%	15.00%	10.00%
5,000,000	\$200,000 – \$499,999	499,999	350,000	200,000	7%	10.00%	7.00%	4.00%
5,000,000	\$100,000 – \$199,999	199,999	150,000	100,000	5%	4.00%	3.00%	2.00%
5,000,000	\$50,000 - \$99,999	99,999	75,000	50,000	16%	2.00%	1.50%	1.00%
5,000,000	Less than \$50,000	50,000	50,000	50,000	68%	1.00%	1.00%	1.00%

### Non-headcount budget by revenue (2022-2023)

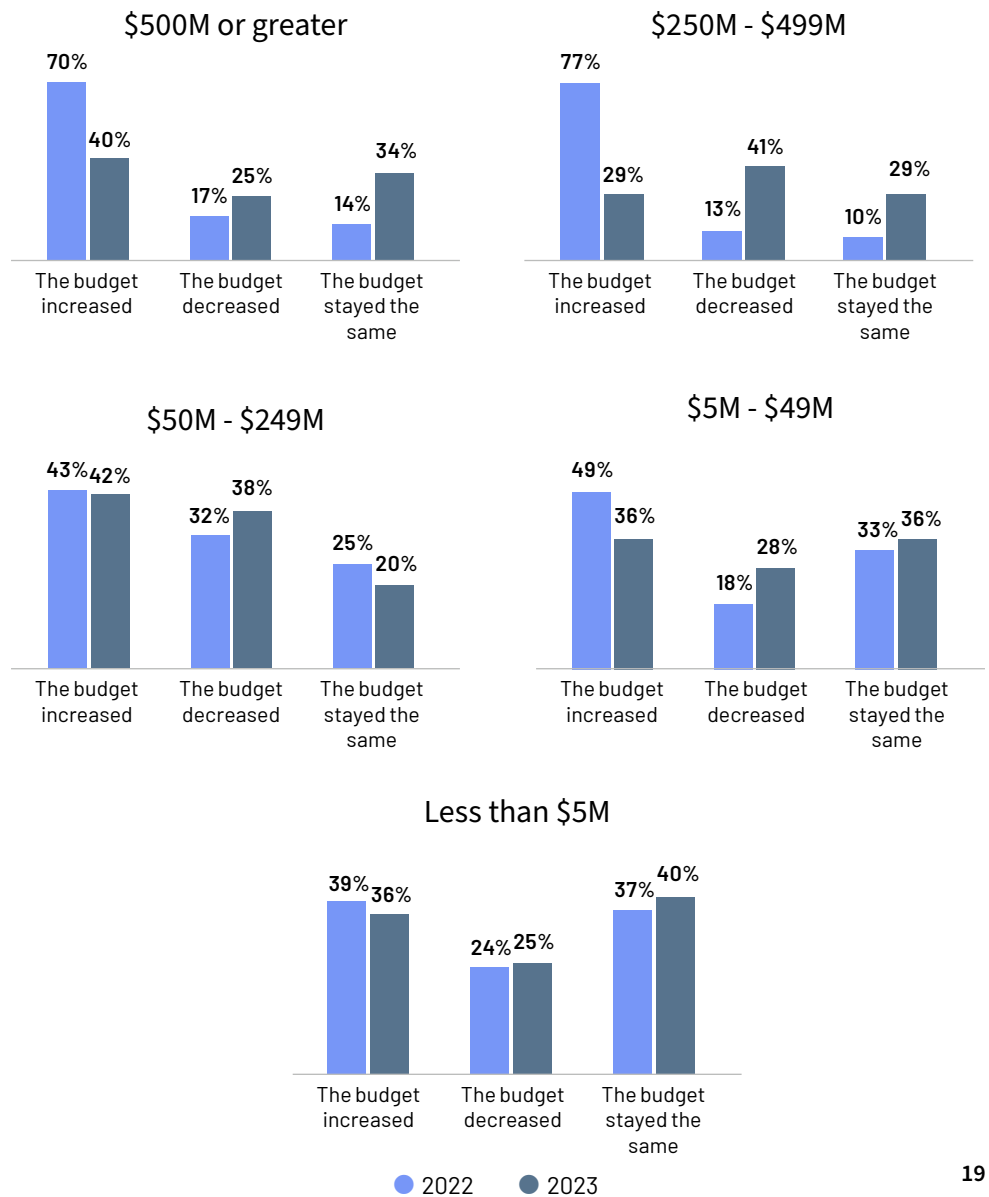


Budgets decreased in nearly one-third of CS teams.

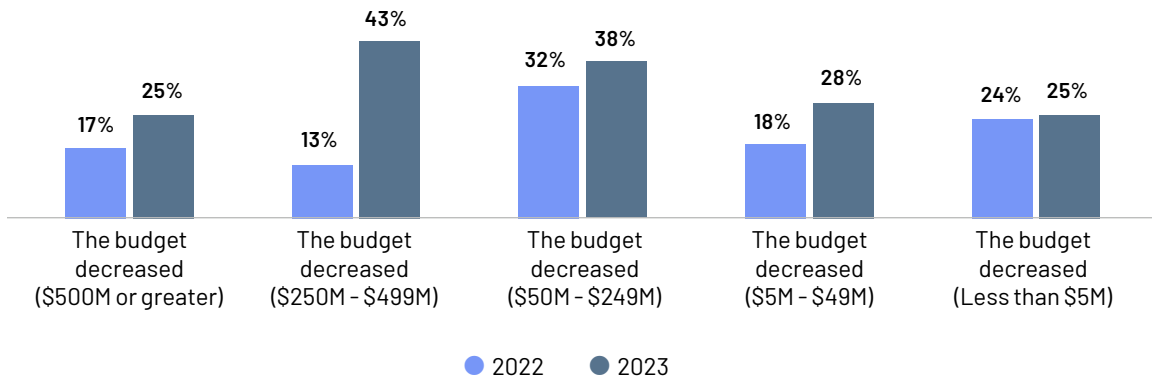
### Non-headcount budget changes (2022-2023)



### Non-headcount budget changes by revenue (2022-2023)



## Non-headcount budget decreases by revenue (2022-2023)



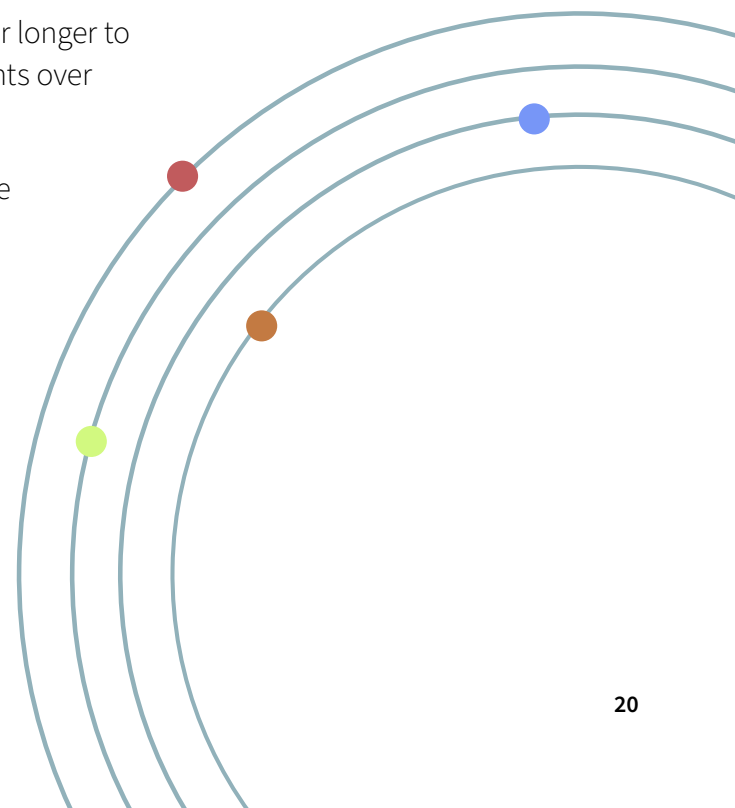
## Economic volatility is delaying purchasing and business decisions at 65% of companies.

Financial uncertainty in the market over the last two years has impacted businesses worldwide.

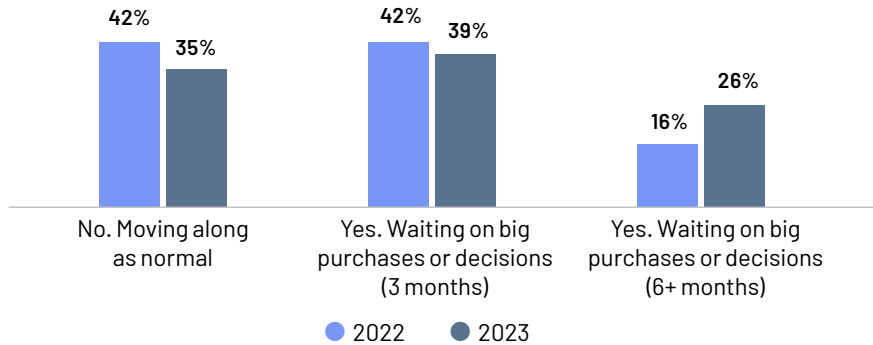
Sixty-five percent of all respondents said that economic conditions were delaying their company’s purchasing and business decisions by three months or longer.

Twenty-six percent of companies reported waiting six months or longer to make purchasing or business decisions — an increase of 10 points over last year.

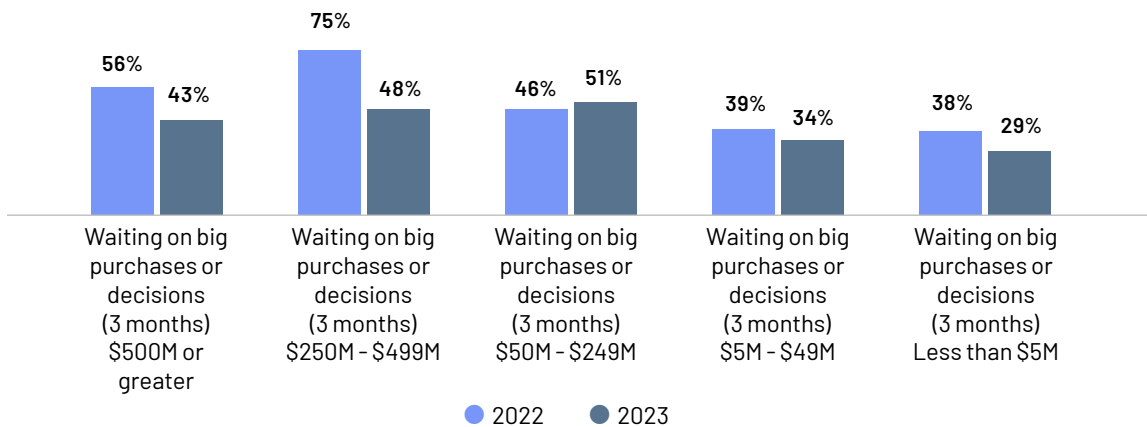
Twenty-eight percent of companies in the \$500+ million revenue range are waiting six months or longer to make purchasing or business decisions (a 12-point jump year over year) with 23% of companies in the \$250 million to \$499 million revenue range (a 15-point jump year over year) and 29% of companies in the less than \$5 million revenue range (an 8-point jump year over year) also delaying.



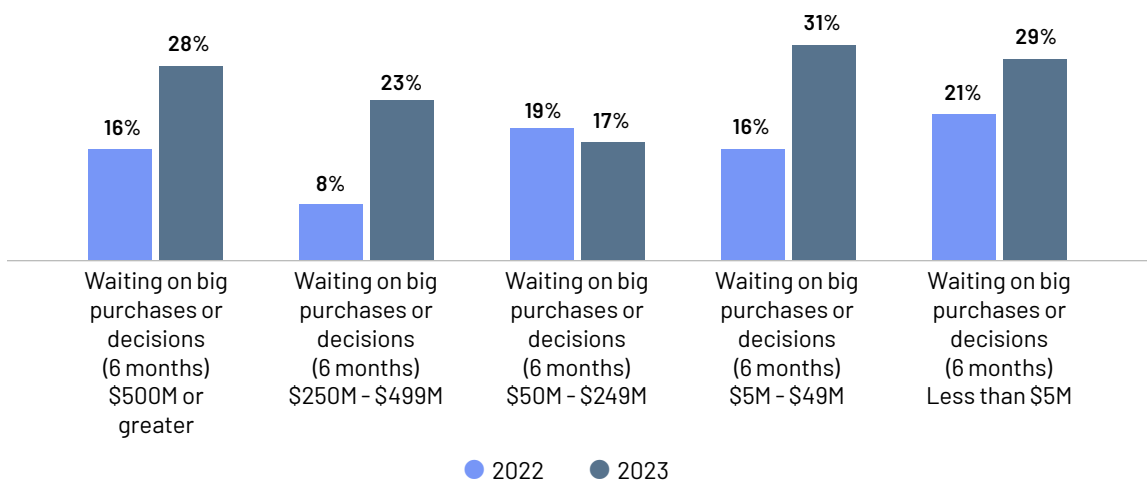
## Is economic volatility impacting purchasing or business decisions?



### Waiting on purchases and decisions 3+ months (2022-2023)



### Waiting on purchases and decisions 6+ months (2022-2023)



**65%** of all respondents said that economic conditions were delaying their company's purchasing and business decisions by three months or longer.

## One-third of CS teams have veto power over bad-fit customers.

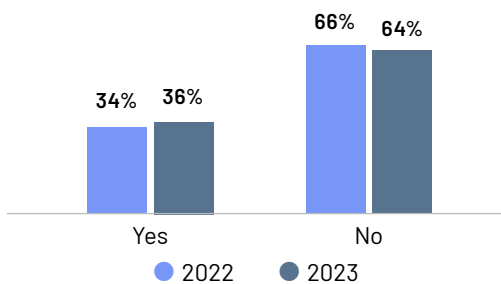
Another indication of the rising influence of customer success teams is their ability to influence sales. Currently, 36% of CS departments have veto power over bad-fit customers.

This year, veto power decreased by 9 points in companies with \$500+ million in revenue, 16 points in companies with \$250 million to \$499 million in revenue, and 12 points in companies with \$5 million to \$49 million in revenue. The \$50 million to \$249 million revenue band appears to be an outlier, as the CS team’s ability to veto in that segment increased to 53%.

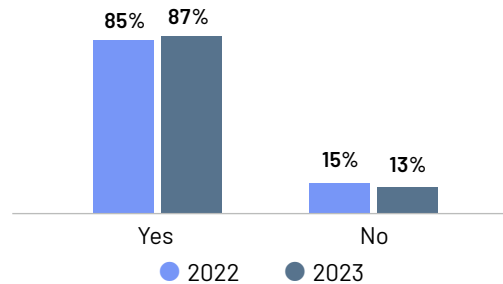
We analyzed the data removing the \$50 million to \$249 million revenue band, which resulted in an overall 10-point drop in the CS team’s ability to veto bad-fit customers. This is to be expected in tough economic times when companies are working to get every deal through the door.

With regard to companies’ ACV, we saw a shift from 2022 where we noted that the higher the ACV, the more likely the CS team can veto. This year, mid-market (ACV of \$25,000–99,999) CS teams saw an increase in veto power over bad-fit customers compared to teams in organizations with larger individual sales (ACV of \$250,000+), which saw a decrease of 15 points.

### CS teams with veto power over bad-fit customers (2022-2023)



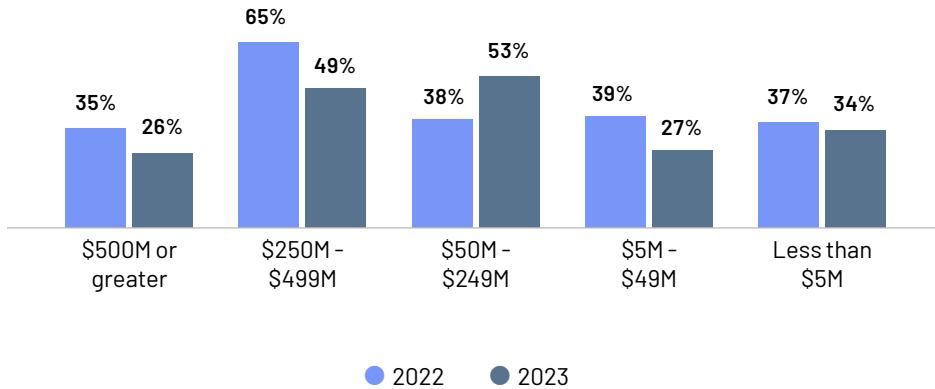
### Sentiment of whether customer success teams should have veto power (2022-2023)



36%

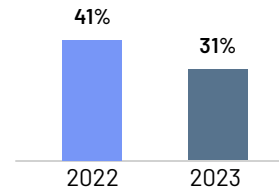
of CS departments have veto power over bad-fit customers.

### CS teams with veto power over bad-fit customers by revenue (2022-2023)

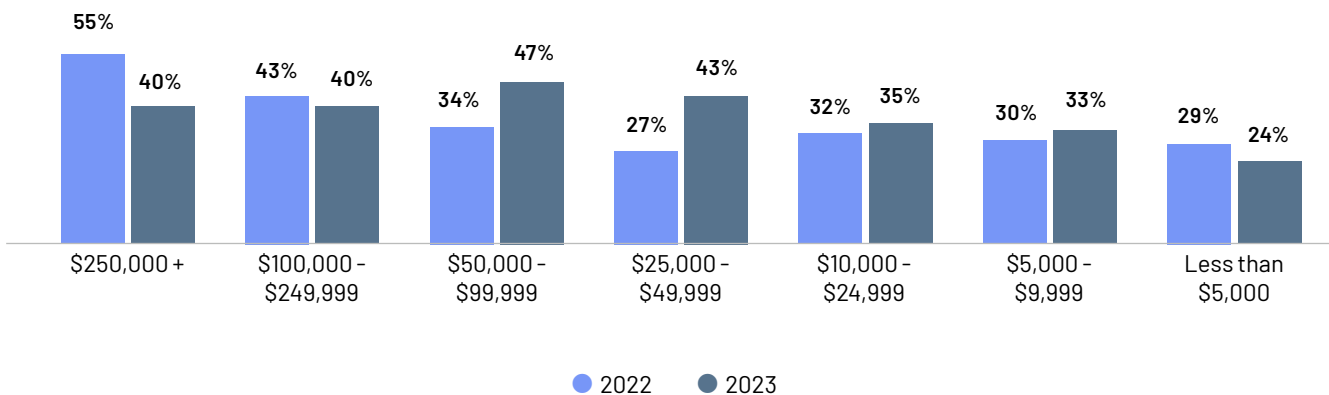


As the \$50 million to \$249 million revenue band seemed to be an outlier in the data (the only revenue band where veto power grew, and grew exponentially) we removed the band from the analysis to see overall changes. Removing the band from both years resulted in a 10-point drop in the CS team’s ability to veto bad-fit customers. Not surprising given the difficult economic times.

### CS teams with veto power removing the \$50 million - \$249 million revenue band (2022-2023)



### CS teams with veto power over bad-fit customers by ACV (2022-2023)





# Section 2: Organizational alignment

Each year, we look at the organizational alignment of CS teams, which includes organizational charters, the ownership of renewal and expansion activities, and interdepartmental collaboration.

## Key findings:

- Charters are shifting, with renewals becoming more important than engagement.
- CS teams owning the renewal process continues to trend downward, with dedicated renewal teams picking up the difference.
  - 48% of CS teams own the renewal process while 57% of CS teams get compensated for renewals.
- CS teams owning expansions remains steady.
  - 43% of CS teams own expansions while 61% of CS teams get compensated on expansions.
- 77% of all companies meet with customers face-to-face during the year.
- Collaboration with other departments continues to decrease year over year.

## Organizational charters shift slightly toward renewals.

The most important building blocks of a customer success foundation are the CS team's organizational charters.

Consistent with the last two years, customer onboarding is the most common organizational charter with product adoption following behind. However, unlike previous years, renewals beat out engagement—ranking as the third most important priority for all CS teams, and the second priority in companies with \$5 million to \$49 million in revenue. This shift is likely a response to the need to retain revenue as new sales slowed due to the economy.

### 2023 organizational charters

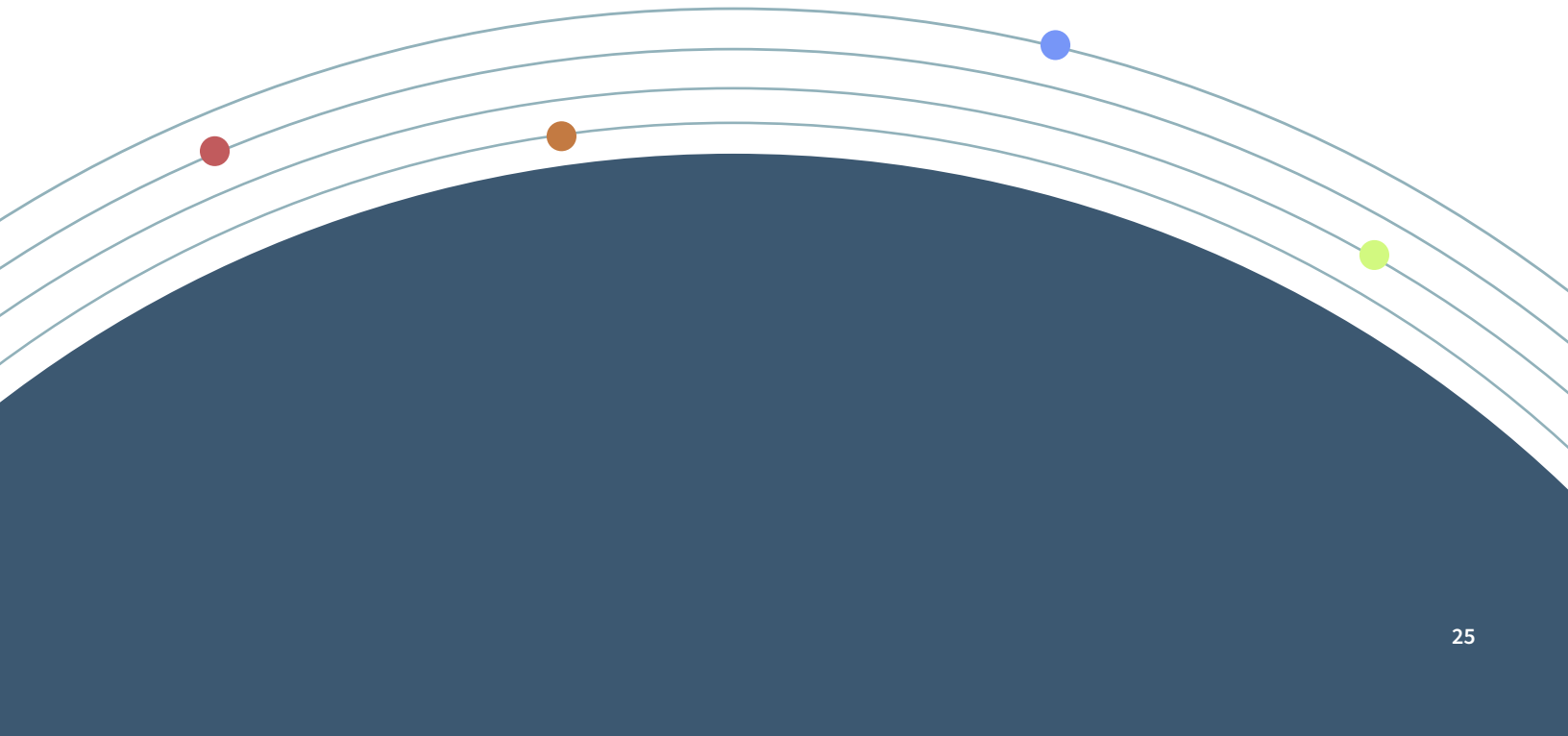
- Onboarding
- Adoption
- Renewals
- Engagement
- Expansion

## Customer success organizational charters (2021-2023)

2021	2022	2023
Onboarding	Onboarding	Onboarding
Adoption	Adoption	Adoption
Engagement	Engagement	Renewals
Renewals	Renewals	Engagement
Expansion	Expansion	Expansion

## Customer success organizational charters by revenue (2022-2023)

\$500M+		\$250M - \$499M		\$50M - \$249M		\$5M - \$49M		Less than \$5M	
2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Adoption	Onboarding	Adoption	Adoption	Adoption	Adoption	Onboarding	Onboarding	Onboarding	Onboarding
Onboarding	Adoption	Renewals	Onboarding	Onboarding	Onboarding	Adoption	Renewals	Adoption	Adoption
Engagement	Renewals	Onboarding	Renewals	Renewals	Renewals	Renewals	Adoption	Renewals	Renewals
Renewals	Engagement	Engagement	Engagement	Engagement	Engagement	Engagement	Engagement	Engagement	Engagement
Expansion	Expansion	Expansion	Expansion	Expansion	Expansion	Expansion	Expansion	Expansion	Expansion



## Even though renewals rank higher in CS charters, CS ownership of the renewal process declines; expansion ownership stays steady.

Only 48% of CS teams own the renewal process, which is the lowest percentage in the last four years. This year, there is a marked five-point jump in dedicated renewals teams owning the process, which, when combined with overall economic conditions, suggests there is a greater emphasis being placed on retaining revenue.

CS teams in small and midsized companies have the greatest influence over renewals, with 75% of CS teams owning the process in companies with less than \$5 million in revenue, and 59% in companies with \$5 million to \$49 million in revenue.

Dedicated renewals teams grew in every revenue band except those companies with less than \$5 million in revenue. These companies also have the smallest staff. Companies with \$250 million to \$499 million in revenue saw the largest spike (23 points) in the growth of a dedicated renewals team, with a larger decline in account management ownership (26 points).

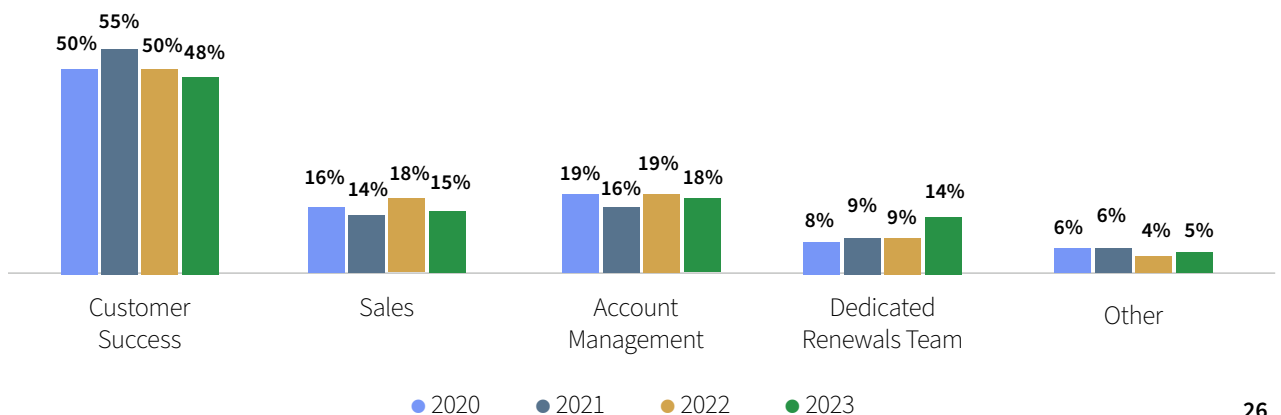
Despite the decrease in ownership, the majority of CS teams (57%) are compensated for their role in the renewal process, and the same percentage for expansions. This question was added this year, and respondents could choose all teams that received compensation.

Ownership of expansions has held steady. In companies with lower revenue, customer success is the most frequent owner of renewals. Larger companies tend to have these functions owned by sales, account management, or a dedicated renewals team.

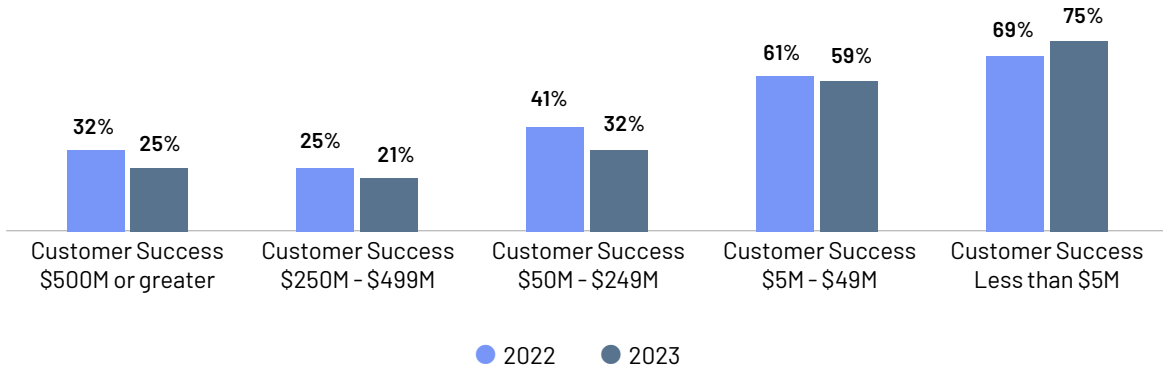
### Renewal process ownership (2020-2023)

“Other” write-ins included a series of shared ownerships between sales and CS, account management and a dedicated renewals team, and account management and support.

### Who owns the renewal process (2020-2023)



### CS ownership of the renewal process by revenue (2022-2023)



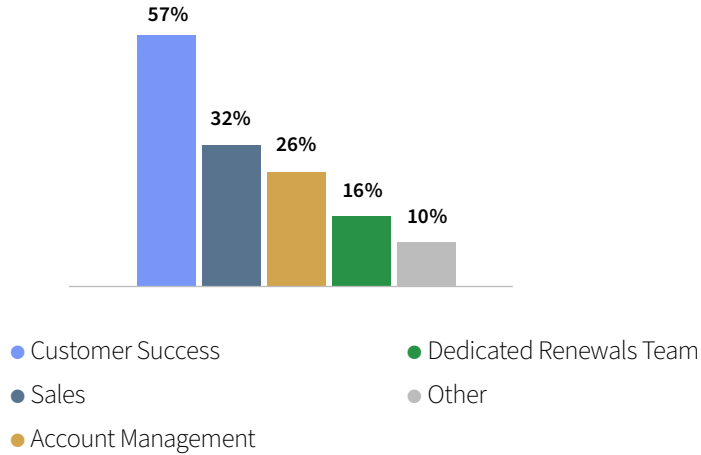
### Non-CS team ownership of the renewal process by revenue (2022-2023)



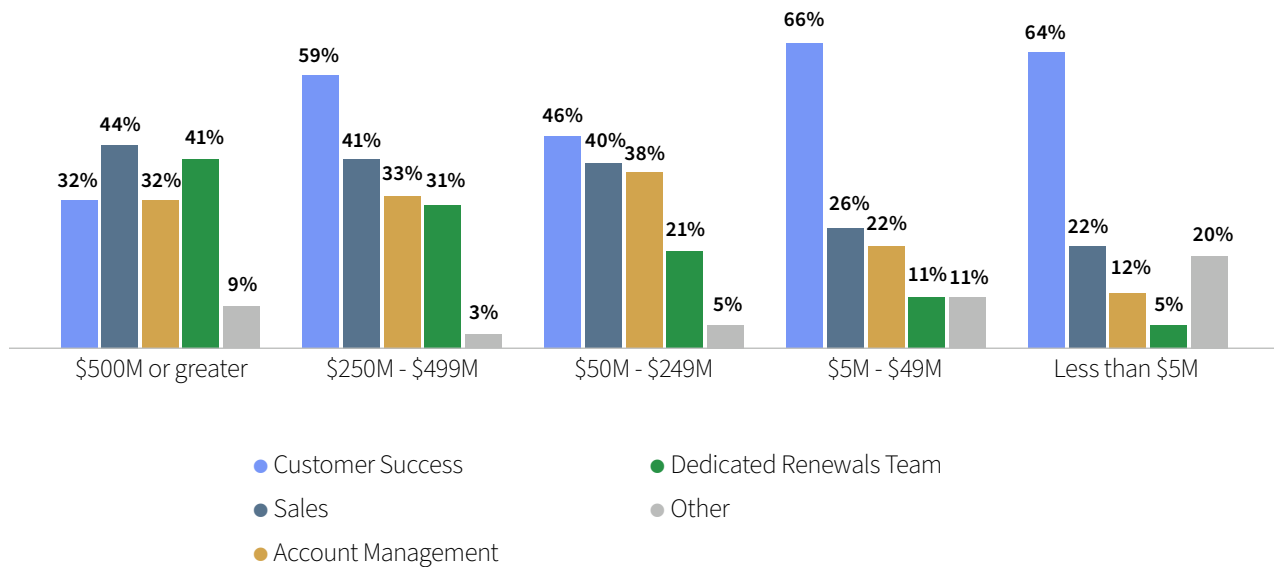
## Renewal compensation (2023)

The most common write in response for “other” was that no one gets compensated for renewals.

### Which teams are compensated for renewals (2023)



### Renewal compensation by revenue (2023)

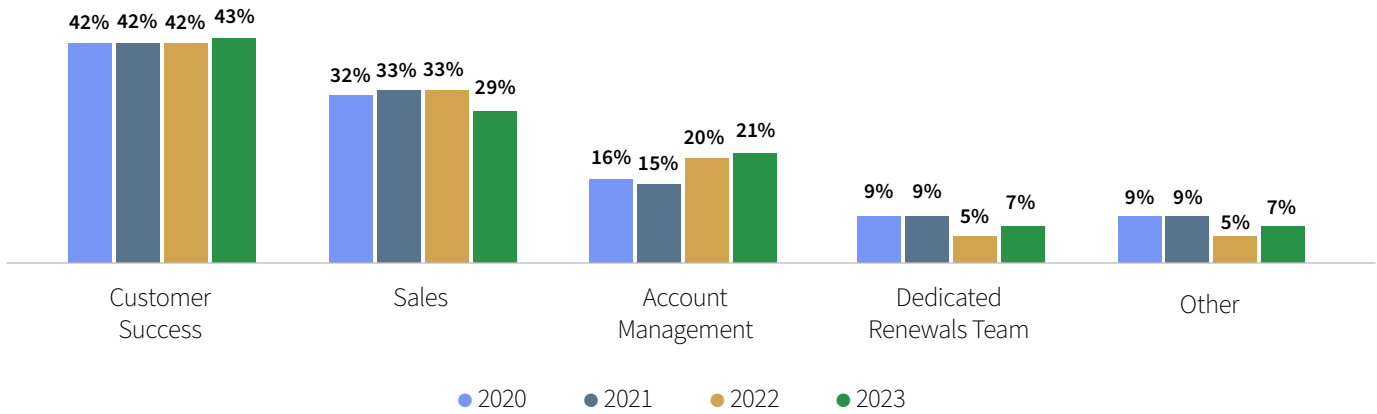


## Expansions

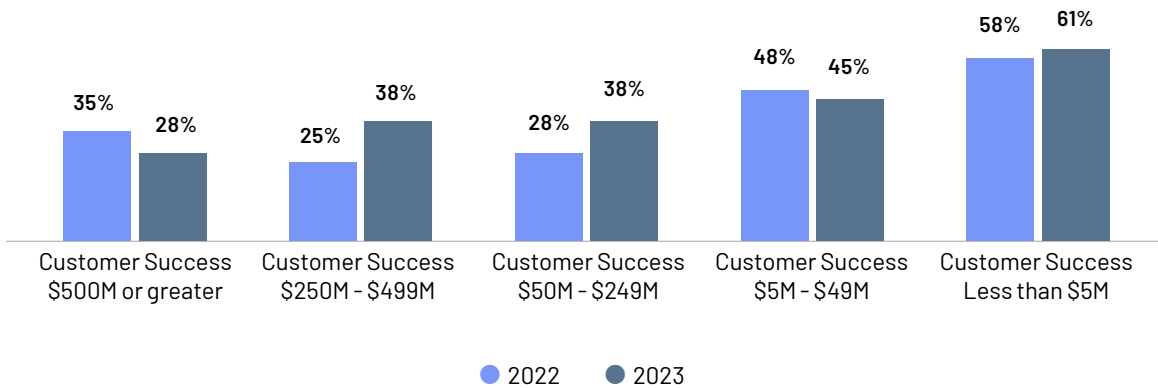
### Ownership of expansions (2020-2023)

The most common write-in response to “other” was a combination of sales and CS owning expansions, with some variations including CS and account management, a dedicated growth team, and account management and sales.

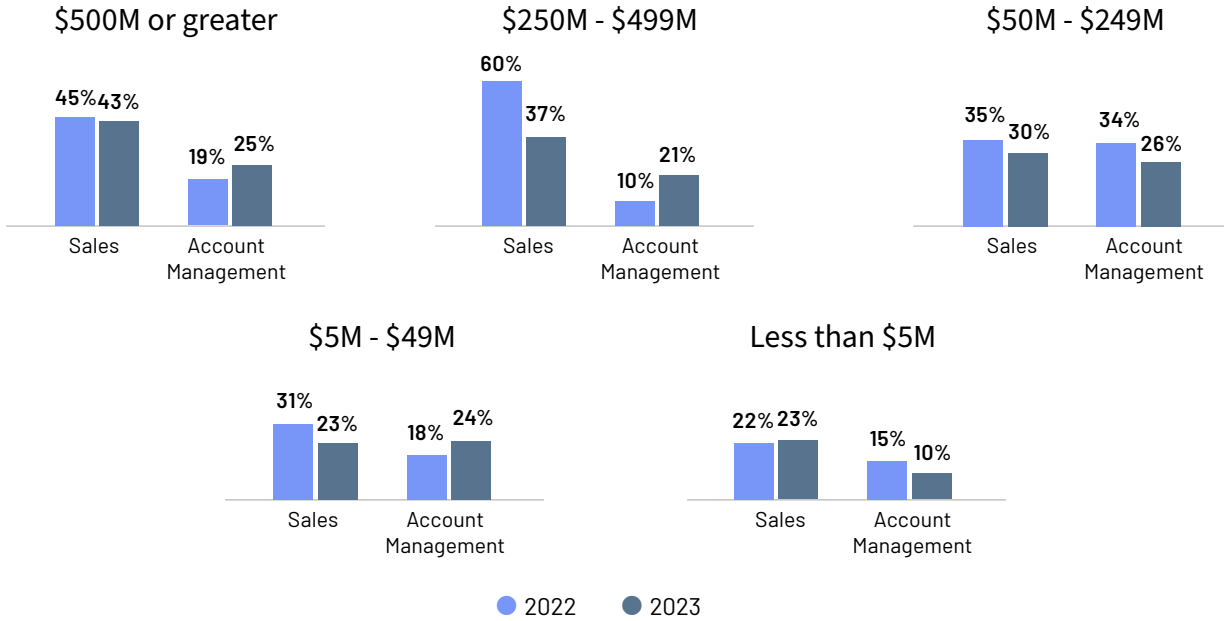
### Who owns expansions (2020-2023)



### Customer success ownership of expansions by revenue (2022-2023)



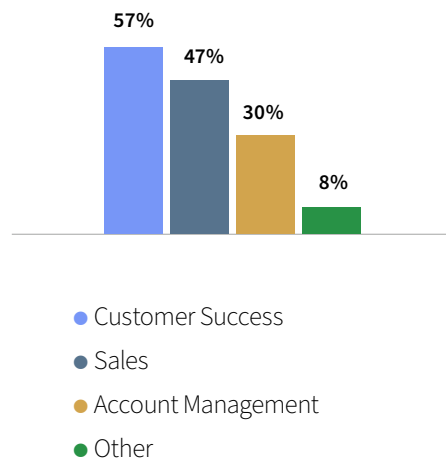
## Non-CS teams that own expansions by revenue (2022-2023)



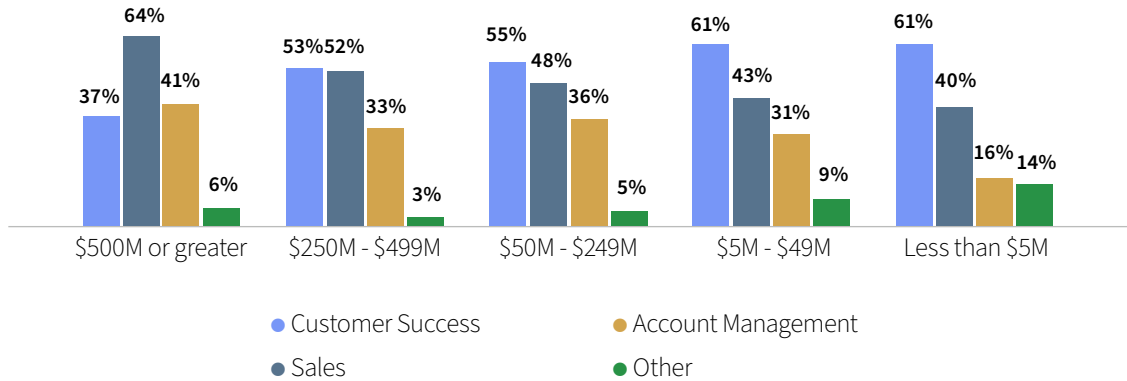
## Expansion compensation (2023)

Most write-in entries for “other” named the account management team.

## Which teams are compensated for expansions (2023)



### Expansion compensation by revenue (2023)



Only **48%** of CS teams own the renewal process, which is the lowest percentage in the last four years.





**77%**

of CS teams meet with their customers face-to-face at least once a year.

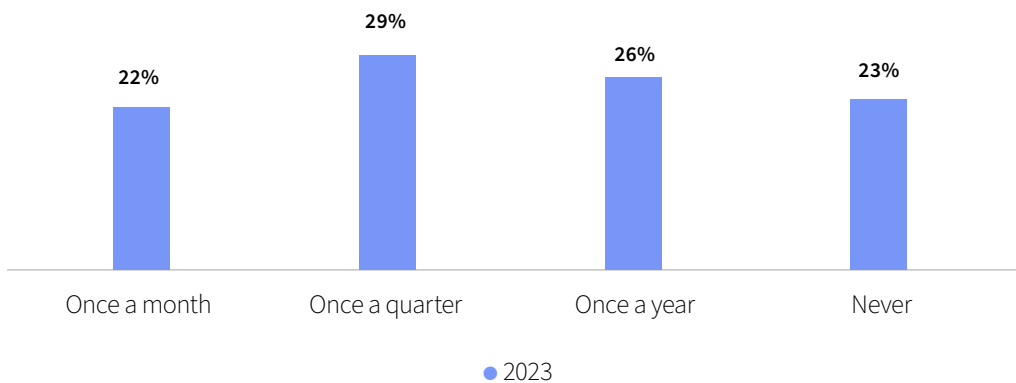
**29%**

of CS teams meet with their customers face-to-face four times a year.

## Face-to-face meetings still matter.

This year, we added a question to determine if CS teams were meeting in-person with their customers (either all or specific segments) each year. Seventy-seven percent of companies meet with their customers face-to-face at least once a year, with 29% meeting them four times a year.

**How frequently do CSMs meet with customers in person (2023)**



## How frequently do CSMs meet with customers in person by revenue (2023)

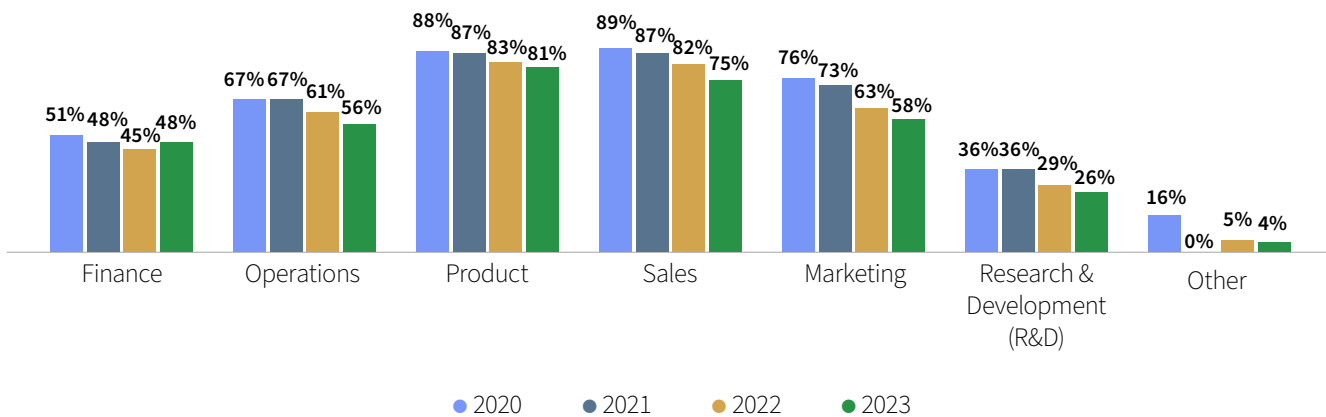


## Interdepartmental collaboration among CS teams continues to trend downwards.

Interdepartmental collaboration has continued to trend downwards, an alarming sign, especially for companies trying to create or maintain a customer-centric culture and a remote working environment. A lack of collaboration can impede the sharing of customer data and negatively impact the overall customer experience.

Once again, the economic environment may be showing its impact with the slight increase of collaboration between the CS team and the finance team.

### Which departments do you work with regularly to meet your objectives? (2020-2023)



# Section 3:

# Customer success operations

Customer success operations encompasses everything from strategy, processes and planning, to analysis, communication, enablement and platforms. Customer success operations can and should be the steady foundation on which your customer-facing team members stand.

## Key findings

- There is an uptick in the adoption of customer success technology.
  - For the first time in four years, more than half of all CS teams are using customer success software.
- 78% of companies say they have adopted or will adopt AI in the next 12 months.
- More than half of CS teams have a customer operations role.
- Measurement is changing, with more emphasis being placed on churn rate and expansion revenue.
- The implementation of strategies holds steady.

## Customer success departments are using purpose-built tools.

This year's data shows an uptick in the adoption of tools in the CS tech stack. Most notably, CX/Survey software saw a 9-point jump over 2022, and customer success software is now being used in 53% of respondent organizations.

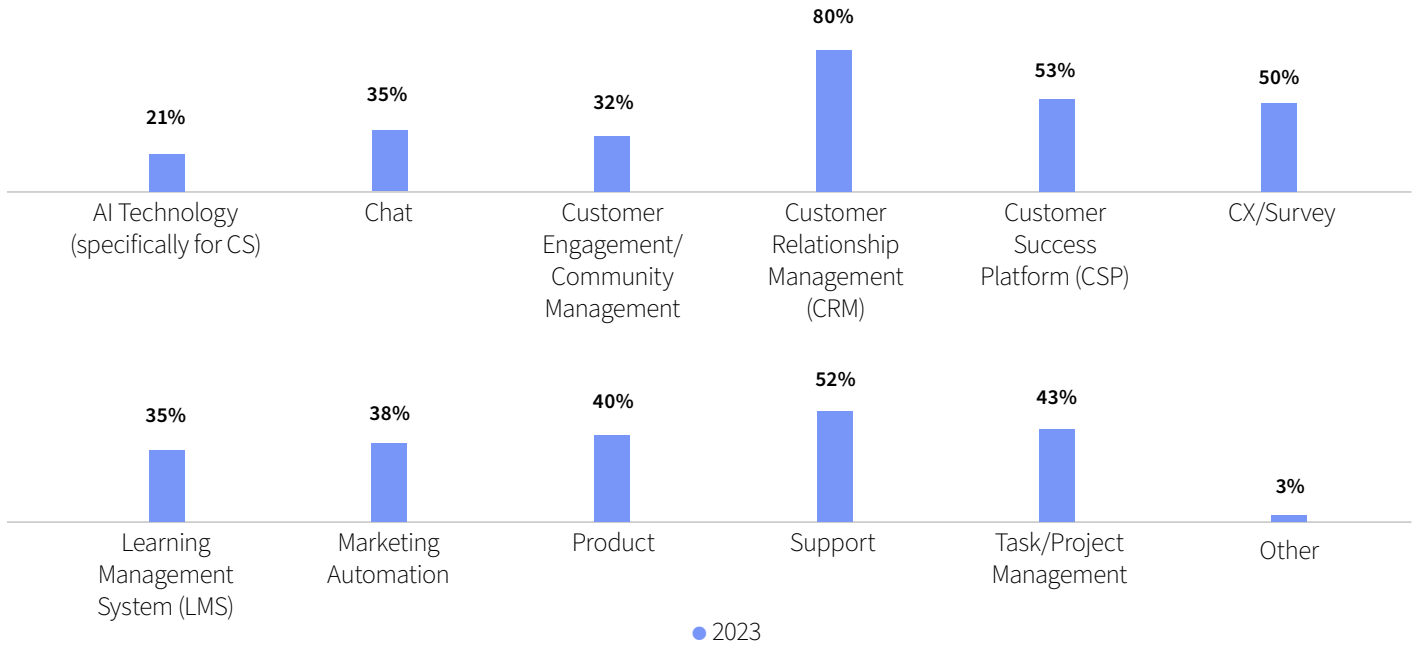
Not only that, but almost all CS technologies saw marked upticks in adoption including community software, learning management systems (LMS), marketing automation software, product software, and project management software.

AI is being quickly incorporated into the tech stack with 21% of companies including AI in their CS toolkit. Seventy-eight percent of companies say they have adopted or will adopt AI in the next 12 months.

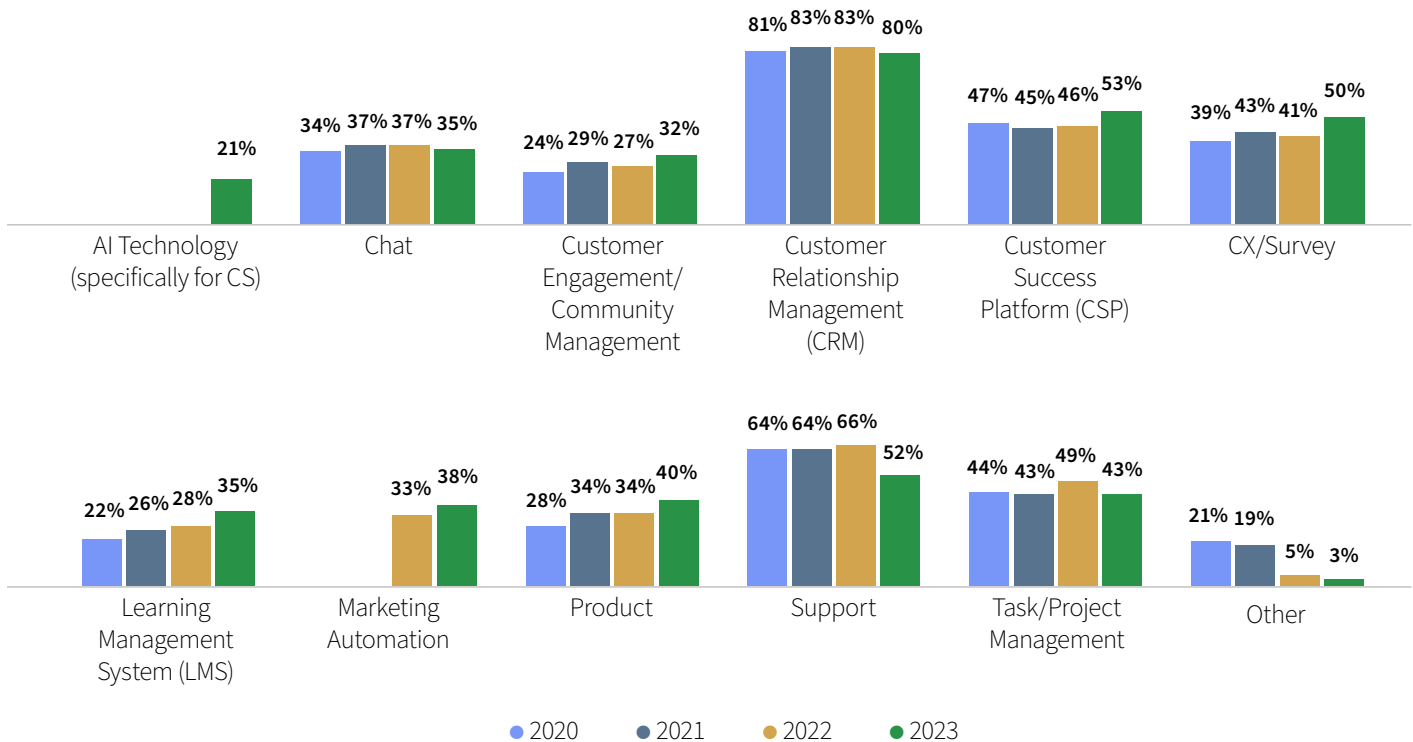
When it comes to the most used technologies, community software was up 7 points and customer success software was up 4 points. Support software saw an 11-point decline.

This data suggests that customer success is maturing, with companies recognizing the need for purpose-built software to succeed, versus modified sales or marketing tools. It may also suggest that CS teams are turning to technology to compensate for staff losses over the last year.

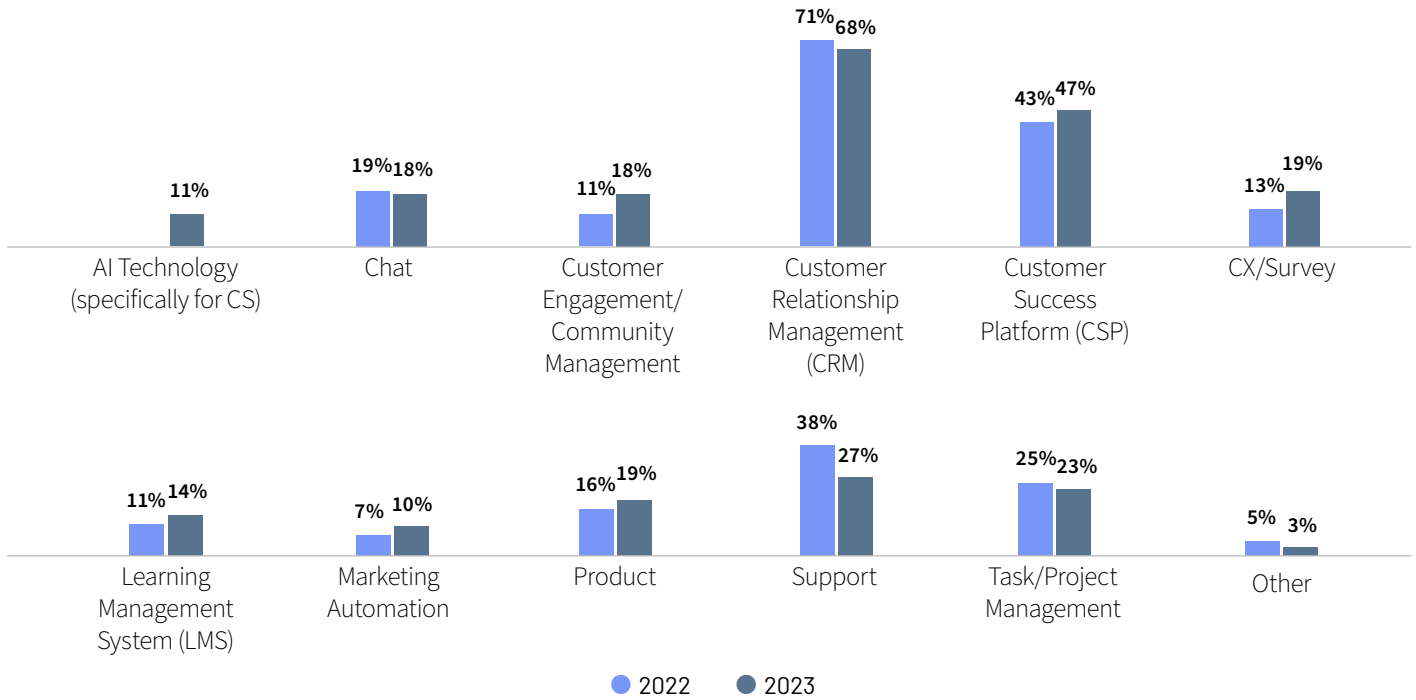
### Customer success tech stack (2023)



### CS tech stack over time (2020-2023)

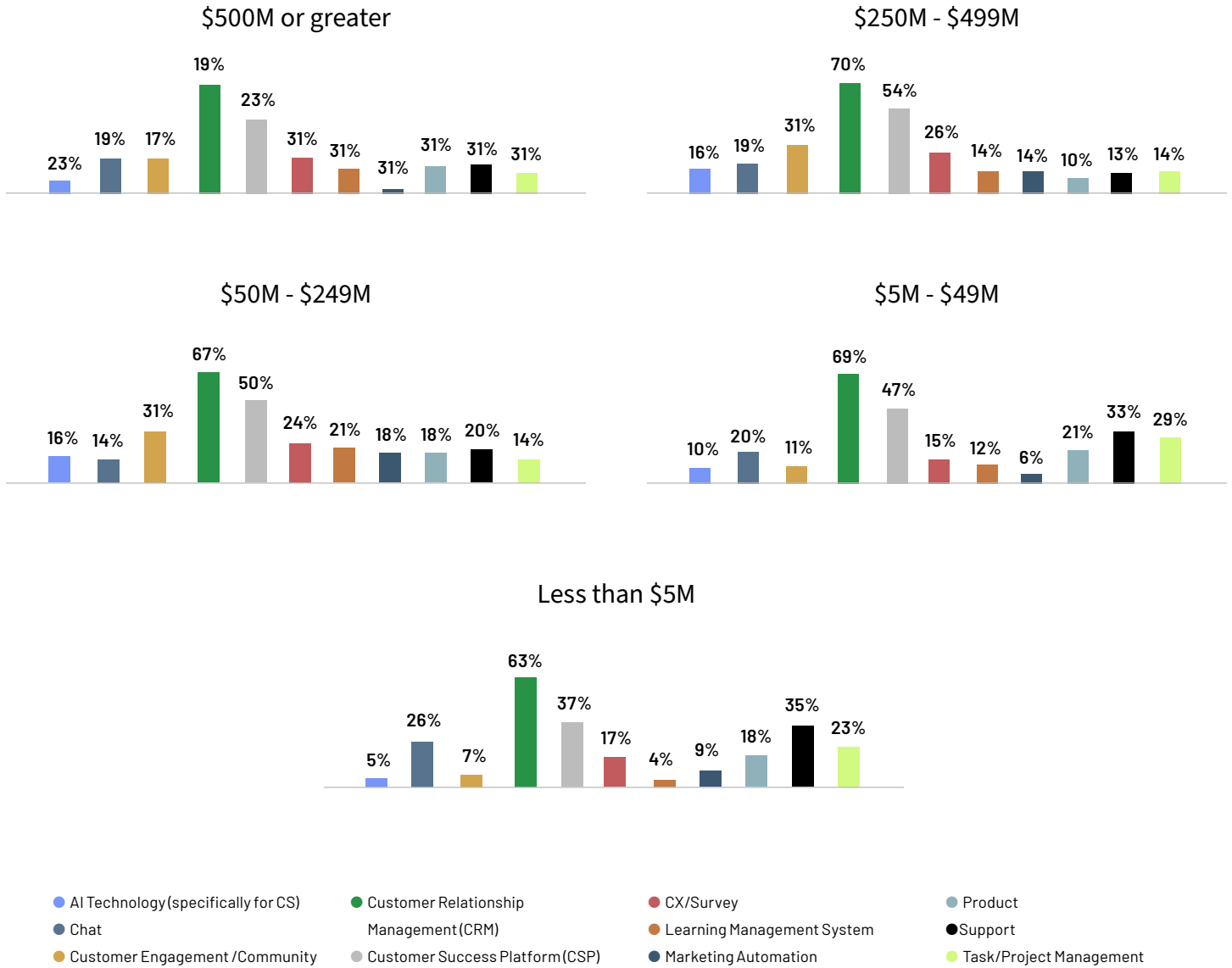


### Most used technologies (2022-2023)



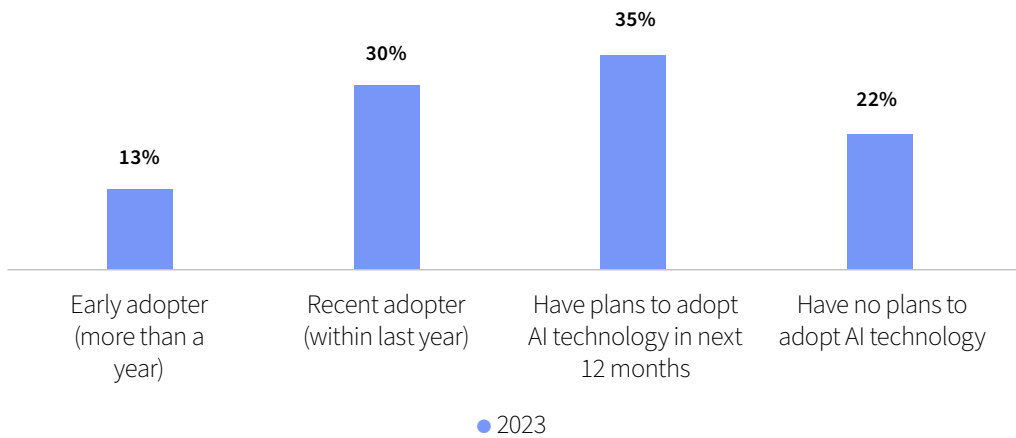
Almost all CS technologies saw marked upticks in adoption including customer success software, community software, CX/survey software, learning management systems (LMS), marketing automation software, product software, and project management software.

## Tech stack by revenue (2023)

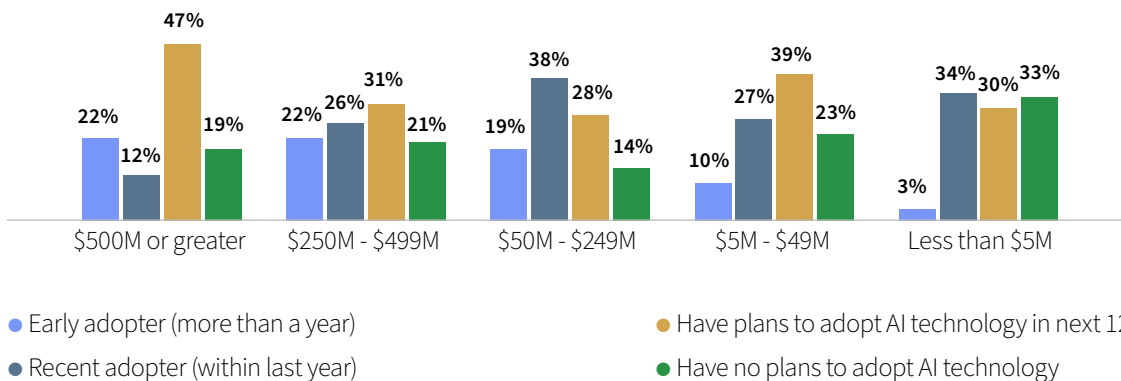




### AI adoption (2023)



### AI adoption by revenue (2023)

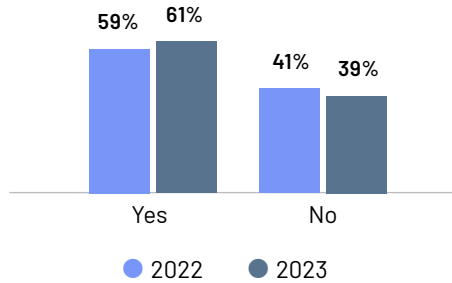




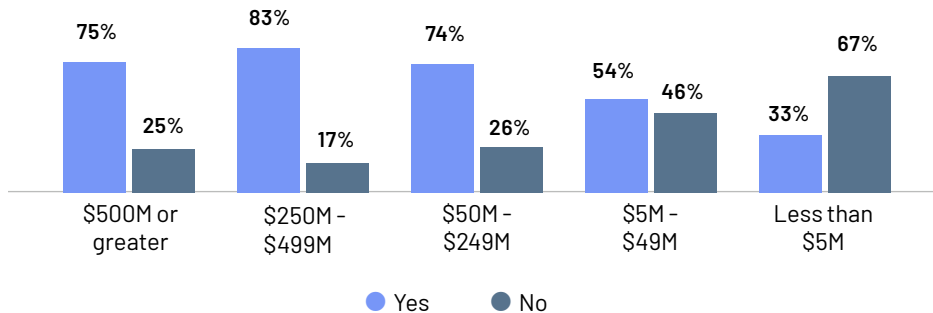
## Customer success operations roles are here to stay.

Sixty-one percent of respondents have a dedicated position for customer success operations. Larger organizations continue to show higher percentages of customer operations roles. This dedicated role shows investment in customer success and a greater level of maturity in the function.

### Dedicated CS operations role (2022-2023)



### Dedicated CS operations role by revenue (2023)

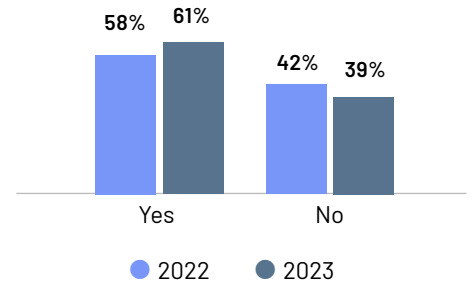


## Most companies have a customer marketing function.

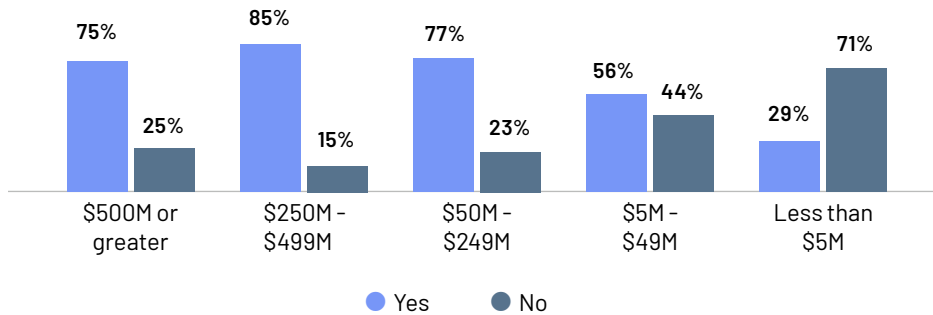
Specialized roles in customer marketing followed similar patterns to that of customer success operations, with 61% of respondents reporting having this function. Like customer success operations, representation is higher in companies with higher revenue, larger customer success teams, and a customer success platform.

Sixty-two percent of respondents who have a customer marketing role have that role reporting to the larger marketing organization. However, the number of customer marketing roles reporting to the customer success department more than doubled (from 7% to 15%). Twelve percent report to the product team, a 4-point jump over last year, while teams reporting to sales declined by four points.

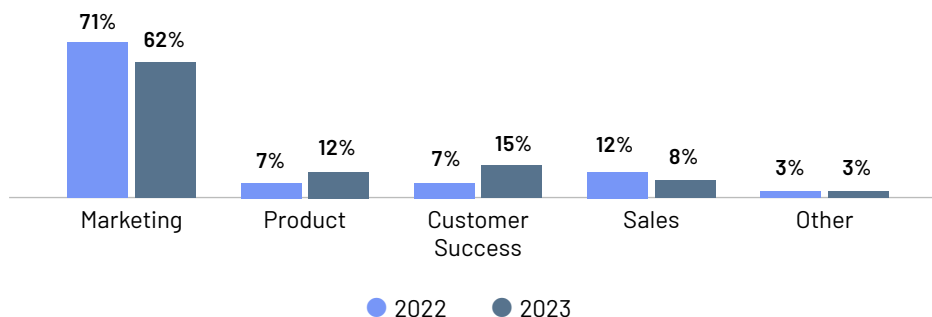
### Customer marketing role (2022-2023)



### Customer marketing role by revenue (2023)



### Customer marketing reporting structure (2022-2023)



## Metrics are shifting, with greater emphasis being placed on churn rate and expansion revenue.

Net revenue retention (NRR) is still considered the top customer success metric. NRR is the percentage of recurring revenue retained from existing customers over a given period (usually monthly or annually). It considers income from upgrades, cross-sales, downgrades, and cancellations. If your customer success organization is in the minority not using NRR as a key measurement, it's time to start. This metric's ability to connect customer success to revenue is critical, especially amidst today's economic uncertainty.

However, metrics are beginning to shift, once again likely due to market changes. This year, we saw a rise in CS teams measuring performance by churn rate and expansion revenue as well—numbers that matter when every customer counts.

### How customer success teams measure success (2022-2023)

2022	2023
Net revenue retention (NRR)	Net revenue retention (NRR)
Gross revenue retention (GRR)	Churn rate
Churn rate	Expansion revenue
Logo retention rate	Gross revenue retention (GRR)
Expansion revenue	Health scores
Health scores	Logo retention rate
Customer lifetime value (CLV)	Net Promoter Score® (NPS)
Net Promoter Score® (NPS)	Customer lifetime value (CLV)
Earned growth rate	Earned growth rate

## Success measurements by revenue (2023)

\$500M+		\$250M - \$499M		\$50M - \$249M		\$5M - \$49M		Less than \$5M	
2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Net revenue retention (NRR)	Net revenue retention (NRR)	Net revenue retention (NRR)	Net revenue retention (NRR)	Net revenue retention (NRR)	Net revenue retention (NRR)	Net revenue retention (NRR)	Net revenue retention (NRR)	Net revenue retention (NRR)	Net revenue retention (NRR)
Gross revenue retention (GRR)	Churn rate	Gross revenue retention (GRR)	Gross revenue retention (GRR)	Gross revenue retention (GRR)	Churn rate	Gross revenue retention (GRR)	Churn rate	Churn rate	Churn rate
Churn rate	Expansion revenue	Customer Lifetime Value (CLV)	Churn rate	Expansion revenue	Expansion revenue	Churn rate	Gross revenue retention (GRR)	Gross revenue retention (GRR)	Health scores
Logo retention rate	Health scores	Logo retention rate	Expansion revenue	Logo retention rate	Gross revenue retention (GRR)	Logo retention rate	Expansion revenue	Logo retention rate	Logo retention rate
Net Promoter Score® (NPS)	Net Promoter Score® (NPS)	Churn rate	Logo retention rate	Churn rate	Customer Lifetime Value (CLV)	Expansion revenue	Logo retention rate	Expansion revenue	Expansion revenue
Customer Lifetime Value (CLV)	Logo retention rate	Expansion revenue	Net Promoter Score® (NPS)	Customer Lifetime Value (CLV)	Net Promoter Score® (NPS)	Health scores	Health scores	Customer Lifetime Value (CLV)	Net Promoter Score® (NPS)
Health scores	Gross revenue retention (GRR)	Health scores	Health scores	Net Promoter Score® (NPS)	Health scores	Net Promoter Score® (NPS)	Net Promoter Score® (NPS)	Health scores	Gross revenue retention (GRR)
Expansion revenue	Customer Lifetime Value (CLV)	Net Promoter Score® (NPS)	Customer Lifetime Value (CLV)	Health scores	Logo retention rate	Customer Lifetime Value (CLV)	Customer Lifetime Value (CLV)	Net Promoter Score® (NPS)	Customer Lifetime Value (CLV)
Earned growth rate	Earned growth rate	Earned growth rate	Earned growth rate	Earned growth rate	Earned growth rate	Earned growth rate	Earned growth rate	Earned growth rate	Earned growth rate

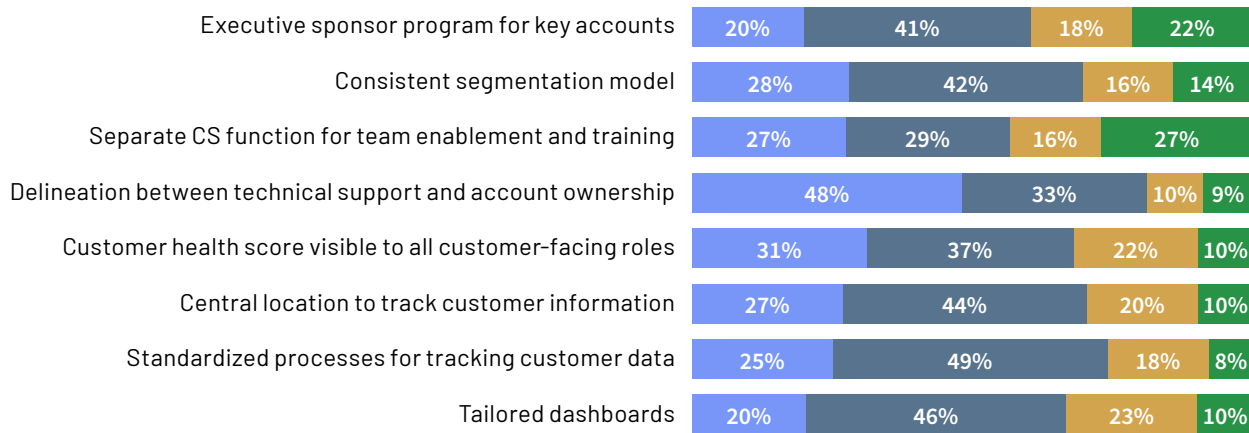
## Measurement by NRR (2023)

111% or more	101%-110%	91%-100%	81%-90%	80% or less
Net revenue retention (NRR)	Net revenue retention (NRR)	Net revenue retention (NRR)	Net revenue retention (NRR)	Net revenue retention (NRR)
Gross revenue retention (GRR)	Churn rate	Churn rate	Churn rate	Churn rate
Expansion revenue	Expansion revenue	Expansion revenue	Gross revenue retention (GRR)	Expansion revenue
Churn rate	Gross revenue retention (GRR)	Gross revenue retention (GRR)	Health scores	Gross revenue retention (GRR)
Health scores	Logo retention rate	Logo retention rate	Logo retention rate	Customer lifetime value (CLV)
Net Promoter Score® (NPS)	Health scores	Health scores	Expansion revenue	Health scores
Logo retention rate	Net Promoter Score® (NPS)	Customer lifetime value (CLV)	Customer lifetime value (CLV)	Logo retention rate
Customer lifetime value (CLV)	Customer lifetime value (CLV)	Net Promoter Score® (NPS)	Net Promoter Score® (NPS)	Net Promoter Score® (NPS)
Earned growth rate	Earned growth rate	Earned growth rate	Earned growth rate	Earned growth rate

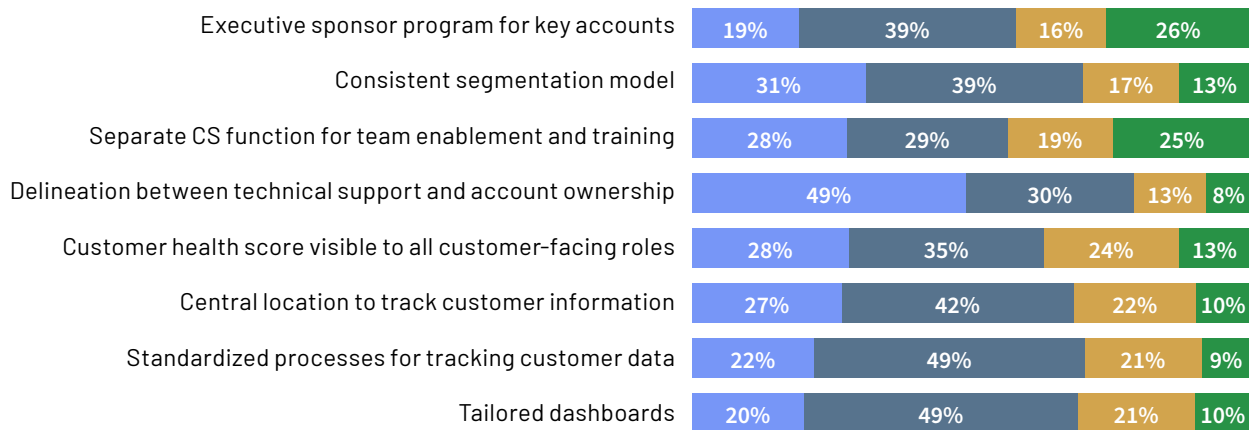
## CS strategies are maturing incrementally.

In our fourth year of asking respondents to share the implementation status of the same eight key strategies, we continue to see mostly consistent incremental movement, with little year-over-year change in implementation.

### CS strategy implementation (2023)



### CS strategy implementation (2022)



- Fully implemented
- Partially implemented
- Planned in the next 12 months
- Not implemented

# Section 4: Goals and aspirations

Every year, we ask CS leaders their priorities for the coming year and what they would like to be doing differently.

## Most common priorities:

- Increase adoption
- Improve customer retention, reduce churn
- Automate processes
- Implement CS platform/tool
- Improve expansion, renewals and upsells
- Develop customer health score
- Scale customer success
- Enhance communication and engagement
- Use AI and automation
- Improve customer data and metrics
- Optimize customer journey

## What could we be doing better?

- Enhance negotiation skills
- Improve CS software utilization and integration
- Increase community engagement and participation
- Implement more timely risk actioning
- Adopt and use technology
- Improve customer onboarding processes
- Improve customer renewal and expansion processes
- Improve CS alignment within the organization
- Incorporate AI and automation into processes
- Develop better communication strategies

### About ChurnZero

ChurnZero is the platform and partner for customer success, dedicated to helping subscription businesses grow and succeed at scale. ChurnZero's [customer success software](#) provides automation, in-app communication, health scoring, actionable reporting, revenue forecasting, and Customer Success AI™ to help customer success teams work efficiently, deliver greater customer value, and drive more revenue. The ChurnZero team prides itself on being a top-rated partner, consultant, and coach to customer success teams worldwide who use ChurnZero to increase and scale their impact. Founded in 2015, ChurnZero is a remote-first company with headquarters in Washington, D.C., and an office in Amsterdam. Learn more at [churnzero.com](https://churnzero.com).

### About ESG

ESG delivers Customer Success as a Service® (SaaS), enabling technology companies to build, operationalize, and transform their CS organization. We're here to improve metrics and accomplish the ultimate goal of reduced churn and increased retention. Our services combine consultation, process development, people, and automation to increase the capabilities of customer success organizations. Learn more at [esgsuccess.com](https://esgsuccess.com).

### About SaaStr

SaaStr is the world's largest community of SaaS executives, founders, and entrepreneurs. Our goal is to help everyone get from \$0 to \$100m ARR with less stress and more success. We do that with a combination of industry-leading content and community connections. The SaaStr Annual is the largest non-vendor event in the industry, with 15,000+ attendees from all across the world coming together each February in the SF Bay Area. And SaaStr Europa brings 3,000+ SaaS execs, founders and VCs together to Paris every June. SaaStr has been named one of the Top 100 Blogs for Entrepreneurs by Forbes and one of the 50 Best Websites for Entrepreneurs by Inc. Magazine, and a Top Writer on Quora six times. Jason Lemkin has been named by Business Insider to the 32 Most Powerful People in Business Technology. Learn more at [saastr.com](https://saastr.com).

### About HubSpot

HubSpot (NYSE: HUBS) is a leading customer relationship management (CRM) platform that provides software and support to help companies grow better. The platform includes marketing, sales, service, operations, and website management products that start free and scale to meet our customers' needs at any stage of growth. Today, more than 167,000 customers across more than 120 countries use HubSpot's powerful and easy-to-use tools and integrations to attract, engage, and delight customers. Named Glassdoor's #2 Best Place to Work in 2022, HubSpot has been recognized for its award-winning culture by Great Place to Work, Comparably, Fortune, Entrepreneur, Inc., and more. HubSpot was founded in 2006 and is headquartered in Cambridge, Massachusetts. The company's thousands of employees work across the globe in HubSpot offices and remotely. Learn more at [hubspot.com](https://hubspot.com).