DONNA **WEBER**

Customer Success Glossary

Overview

This glossary provides you an overview of Customer Success terms and valuable financial terms.

Customer Success Terms

- **Churn:** A regular, quantifiable process or rate of change that occurs in a business over a period of time as existing customers are lost and new customers are added
- **Cost of Onboarding plus Cost of Acquisition (COCA)**: Cost of Onboarding plus Cost of Acquisition (see the metrics below)
- **Cost of Customer Onboarding (COCO):** The time and labor plus additional costs to onboarding new customers
- **Cost of Customer Retention (CORE)**: The cost to retain existing customers
- **Cost to Serve**: Time, labor, and other costs to serve existing customers
- **Cross sell:** Sell a different product or service to existing customers
- **Customer Acquisition Costs (CAC)**: The cost associated in convincing a customer to buy a product/service
- **Customer Health Score:** Includes a number of criteria which are leading indicators to accurately assess the current state of accounts.
- **Gross Retention Revenue (GRR)**: Amount of dollars retained from a previously defined cohort of customers/contracts
- **High touch**: Providing a very close relationship with customers, generally at a one-to-one level when assisting them with implementations and solving

customer problems

- **Initial / first value:** The moment when customers first realize the value of your product

- **Lagging indicators:** Usually includes renewal rates, net retention, and total lifetime value, which may take several months or years to calculate

- **Land and expand:** Land an initial small deal within a company, then continue to sell into different organizations with the company with additional projects and usage

- **Leading indicators:** Metrics along the customer journey like product usage, customer satisfaction, services received, used to predict lagging indicators

- **Lifetime value:** A prediction of the net profit attributed to the entire future relationship with a customer

- **Low touch**: Providing a one-to-many relationships with customers where services are delivered at scale

- **Net retention revenue (NRR)**: The percentage of recurring revenue retained from existing customers in a defined time period, including expansion revenue, downgrades, and cancels. Companies with greater net retention grow faster.

- **Recurring revenue**: Revenue compounds month over month, or year over year, leading to huge profits when customers keep renewing; Companies user monthly recurring revenue (MRR) or annual recurring revenue (ARR)

- **Renewal**: Granting or obtaining an extension of the subscription

- **Subscription**: An arrangement for providing, receiving, or making use of something of a continuing or periodic nature especially on a prepayment plan

- **Tech touch**: Automating services with customers so individuals at your company are not directly involved with customer interactions

- **Upsell:** When a customer signs a bigger consumption contract than the last one they signed. Upsells drive NRR.

Valuable Financial Terms

- **Attach rate**: Measures how many add-on products your business sells with each license deal. For example, when it comes to selling premium packages, attach rate measures the percentage of deals sold that include the services offering. The higher the attach rate the better for enabling customers.

- **Bookings:** The amount customers commit to spending money with your company. You track the bookings amount when a deal closes. However, at this time, the money is likely not collected or recognized by accounting.

- **Cost Center**: A cost center is a department within a company that does not directly add to the profit of a company. While cost centers contribute to a company's profitability indirectly, they add operating costs to the business bottom line. Margins are negative in a cost center.

- **Cost Recovery Center**: Also known as a "break-even" center, is a department within a company with the intention of having a zero profit. So, rather than being a cost to a company the goal is to invest all profits back into the department, to keep the organization growing.

- **Margin**: Refers to the difference between the cost to create a product and the selling price. Margins appear as percentages of net sales revenues. A positive margin means you are making a profit. A negative margin means you are incurring costs. A zero margin means you are breaking even.

- **Profit and Loss Center**: A profit and loss center (P&L) is a department within a company that contributes to profitability directly through its actions. It is treated virtually as a separate, standalone business, responsible for generating revenues and earnings. The profit and losses are calculated separately on accounting balance sheets, with a goal to have positive margins.

- **Revenue**: The money actually received for products.

- **Revenue recognition**: The revenue is officially recognized when the product is delivered or when the service is actually provided. In subscription offerings revenue is often ratable, which means the accounting team recognizes revenue for a one-year license over 12 months, 1/12th each month.