Customer Health Score Guide

1

What Is Customer Health Score?

A customer health score is a **metric that helps a SaaS business assess the relationship with a customer**—whether they're in danger of churning or, on the contrary, ready to upgrade to a higher plan.

91%

Along with customer success as a core philosophy, calculating health scores has become the default for SaaS companies. That's because, in most cases, **customer success directly depends on how your customers use your product** (i.e., which features they use and how often). If they don't access specific features, they're not getting the full value out of your product and are therefore susceptible to churning. The signs of churning can be visible months before the actual churn happens.

That's why it's crucial to **analyze interaction at every touchpoint and determine which behaviors lead to churn.**

> *We determine what actions (or lack of them) are the most common in the users that churned and we react each time the pattern starts. It gives us a great edge and we can win back more customers. It also helps us to engage our trial users into the app, as we have a dedicated onboarding based on what the user has done vs the ideal scenario."*

Szymon Gołyski,
CMO at Channels

Keep in mind that the most important health scores are always tied to the value a product provides (this is almost never "how often do my customers log in?", despite the fact that this is a good secondary metric to measure).

1.a. Why Do You Need a Customer Health Score?

The importance of customer health score can be summed up like this:

> *When their needs are met and their expectations are exceeded, your customers are the best marketers in the world."*

Think of a time a company or product has exceeded your expectations—how did that make you feel? Did you feel the need to tell all your friends about it?

The same thing happens in the SaaS industry, as well. When a customer is happy with the service you provide, not only do they want to stay with you forever, but they want to recommend you to their peers.

Striving to ensure your customers have a high health score by identifying and addressing pain points not only helps you **improve retention, but also increases acquisition of new customers** through referrals. [Customer referral is a very powerful marketing tactic](), and it's particularly useful if the service you provide is expensive or requires a long-term commitment.

> " *Customer health scoring is the key to providing remarkable service. Once you have set up your system and obtained the required data, you will have the valuable insights you need to resolve each customer's issues— which will bring you the benefits of higher retention, less churn, improved acquisition of clients, and overall sustained growth,"*

Colin Matthews,
founder and CEO of Cookwared

Because you're analyzing your customers' every interaction with your product, health scoring can also help you determine when they're having trouble using a specific feature so you can reach out and help. **Educating your customers** on how to use your service to gain maximum value **will go a long way towards ensuring they stay with you for a long time.**

1.b. Why Customer Health Scores Are Perfect for SaaS

Let's take a look at what a typical customer journey looks like. Usually, **a SaaS customer goes through acquisition, onboarding, retention, and upselling.**

During the onboarding period, your main goal is to provide early value (keep in mind that, for most SaaS businesses, the bulk of their [churn happens in the first 90 days after signing up)](). Then, your goal becomes delivering constant value to prevent churn. Finally, your goal changes to identifying unmet needs that will allow you to upsell or cross-sell.

At each stage, you need a signal that lets you know that your customer is ready for the next step in the customer journey. That signal is **product usage**. Here's why:

- If we look at billing, you know a customer is in poor health when they cancel their subscription. But this is a lagging indicator, as you only find out after they've churned.

- If we analyze customer satisfaction, a low Net Promoter Score (NPS) or customer satisfaction score (CSAT) are good indicators of poor customer health, but they're lagging as well, because you wait until your customer gets frustrated and gives you a low score to react.

By tracking things like low usage, on the other hand, you can identify declining active users, which is a leading indicator of account health. And this is where customer success software and health scores can help. They enable you to track which features your customers use, how often they use them, and alert you when the level of engagement is decreasing.

> *A customer health scoring system helps you get important stats on your customer base. Monitoring customer health scores helps me predict engagement opportunities over my client's lifetime as well as which clients are likely to churn."*

Julien Raby,
founder and CEO of Thermogears

SaaS, by its very nature, is perfect for the use of customer health scores. Within a SaaS product, it's possible to track nearly every interaction between your customer and your product. That's why customer success and customer health scores are most often seen within the SaaS market.

2
Why There Are Multiple Customer Health Scores

I've discussed health scores with more than 250 customer success leaders and determined that it's important to

- have multiple health scores, all easily visible in a dashboard for each customer;
- have the ability to weigh health scores according to their importance;
- have a final score that encompasses these individual scores according to their weight.

24%

91%

56%

> *I like having as much detail as possible when it comes to customers' relationships with my products. By breaking down the health score into multiple components, I'm able to see variables that can help me make business decisions,"*

Ravi Parikh,
CEO of RoverPass

roverpass

That's because health is a very generic term, not a metric that you can just measure. Think of your own health, for example. There's physical health, mental health, emotional health, spiritual health—they all come together to form your overall health.

The same applies in the case of SaaS businesses—there's no single health score. Instead, you have multiple signals (your product's features) that you track and measure.

Our customers have, on average, seven to ten customer health scores. Some even have 15 or 20—that's not a crazy number to have!

One of the reasons why having a single health score is inefficient is because **this doesn't reveal the reason behind the score.** For example, let's say one of your customers has a health score of 44%. That's below 50%, so it's really bad.

But do you know why?

Most Customer Success tools on the market require you to set up a formula for calculating a single health score that takes into account multiple factors. But the problem with defining account health that way is that, if the score is low, you don't know which factor in your formula is the leading indicator for the bad score; you'll need to dig deeper every time.

At Custify, we do things differently. We allow you to define what a healthy customer looks like based on how they use your product. This is typically one of the first steps during our onboarding phase.

The best way to start is to look at your pricing page, which usually lists all the product features and functionalities that matter to both your customers and your business. Having these features measured individually as health scores will help you understand the health of each one of your customers.

As you saw above, in the end, these individual health scores can be combined into a global health score that reflects the overall relationship with the customer.

However, it's very important that you're able to see the individual ones, as well. I'll touch upon this later in a bit more detail.

> *Having easy access to customers' health scores allows me to focus on value added tasks and focus my attention to customers that need it most."*
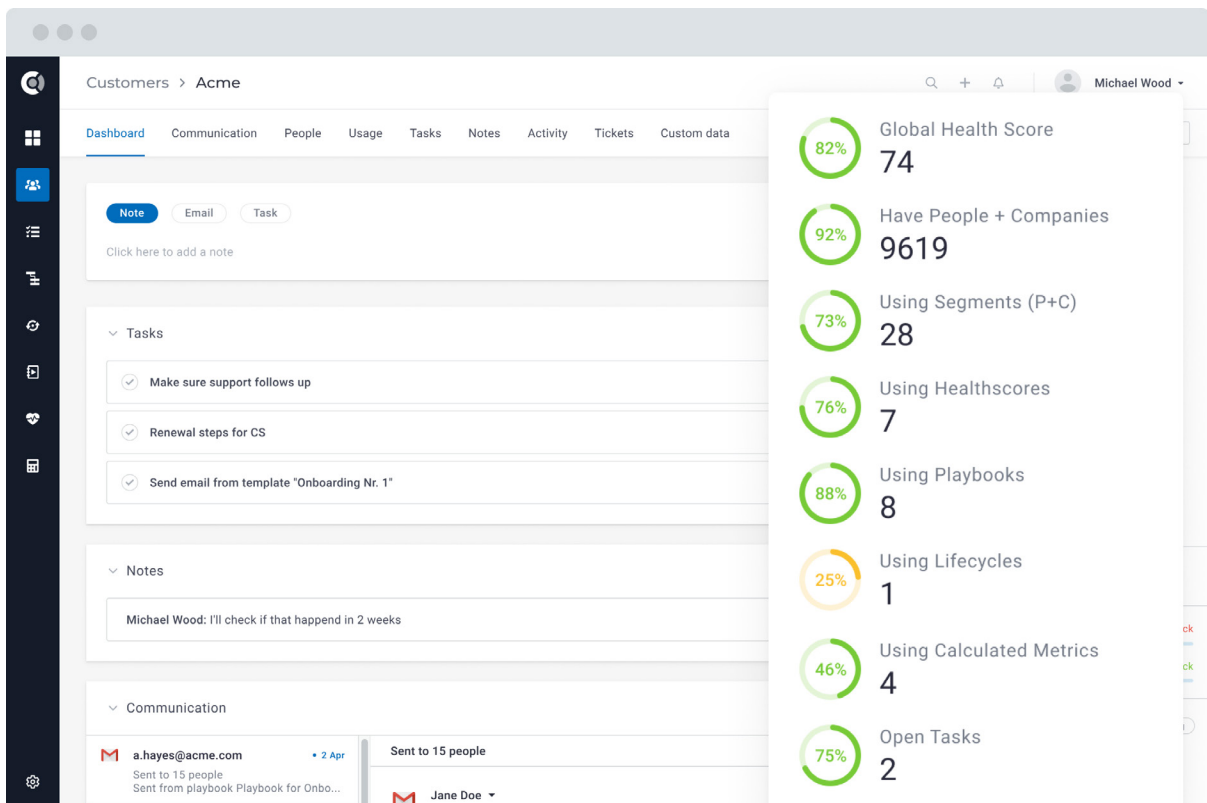
Márcia Monteiro,
Senior CSM - Podsmart

prodsmart
the heartbeat of your factory

Let's take an example to see how we at Custify define health scores for our own customers:

Custify has different functionalities, including

- segments,
- health scores,
- playbooks,
- lifecycles,
- calculated metrics, and
- tasks.

All these features need to be used in order to get the full value of the Custify platform, so we've defined a health score for each one of them. Also, some are more important than others—so we gave the important ones more weight.

There are some other health scores besides feature adoption and usage. For example, we look at the number of accounts added to Custify by our customers during their onboarding process. If they don't add their customers to Custify, they

can't start using the platform. So we also measure that as a health score.

Notice how we don't take into account things like the number of logins. That's because, as I've previously mentioned, account health is directly **tied to product usage.** Tracking logins will let you know how often someone accesses your product, but that's about it. You don't know whether they're successful or not. Also, in Custify's case (and probably in your product's case), if a user doesn't log out, they'll stay logged in for a long period of time. Measuring logins wouldn't get us anywhere.

Going back to the screenshot, in Acme's case, they're not using lifecycles successfully. That's an indicator for the assigned customer success manager that we should reach out and see if they want us to explain that functionality once more or help them to set up some lifecycles together with them.

As you can see, by tying health scores to product usage, you get actionable information on what your customers do well and where they're stuck so you can reach out to them and help.

The example above also shows why you need to monitor individual health scores. If we hadn't done that, we'd be completely in the dark about their suboptimal usage of the lifecycles function within Custify—which is one of our core functionalities! The global health score of 82% could be misleading without the individual scores.

However, the health score measuring the lifecycles usage indicates that we need

> " *At Spectre, we use both a Global Health Score and an Individual Health Score. The Global one is great for grasping our customers' status at a glance, but often, they're not enough. Having Individual Health Scores linked to our features has helped us avoid a lot of unnecessary churn.*"

Daniel Hobson,
CSM at Spectre

SPECTRE

to reach out to see what's going on and maybe teach them how to use the feature. Even using a playbook that automatically sends an email with a tutorial is better than no engagement; more on that later.

2.a. The Global Customer Health Score

Not all features are equally important—almost all products have some main features (that users must absolutely use to get value) and some secondary features (nice-to-haves). Because of this, not every health score has an equal weight.

I've mentioned previously that Custify calculates a **global health score—a weighted average of the other health scores.** That's because the usage of the main features should weigh more in the calculation of the global health score than the usage of the secondary ones.

Having a global health score helps CSMs see the overall status of an account's health, but it's still the individual health scores that provide in-depth information. Let's take another example:

Here, Custify shows that Acme has a very poor global health score and that they're
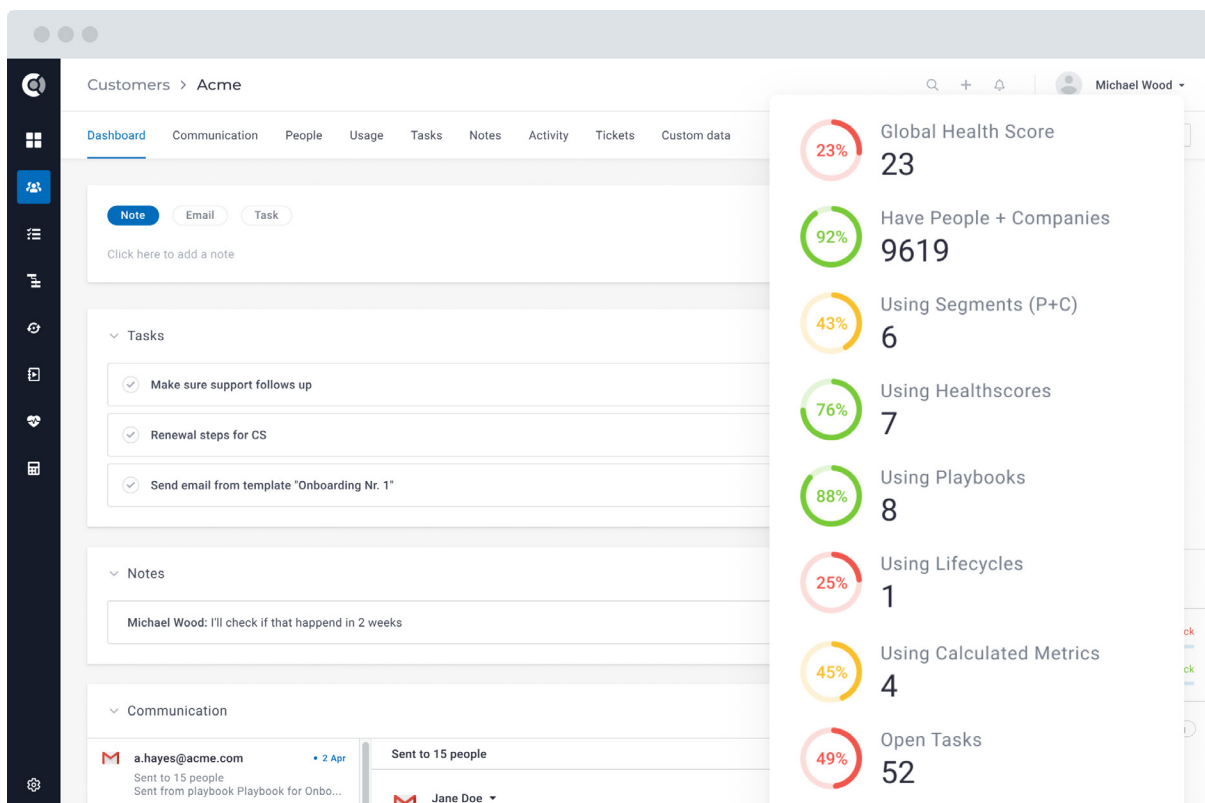
in danger of churning. If we look at the individual health scores, we see they're having trouble with lifecycles and open tasks (although segments and calculated metrics don't look great, either).

Having one lifecycle but multiple playbooks signals that something's definitely off—maybe there's a misconfiguration or they're using these features incorrectly. Either way, we now know we need to reach out to them.

Having too many open tasks, in particular, is even worse, because this means they're collecting lots of tasks, but they're not working on them (so their customers must not be satisfied with Acme and in danger of churning). On the other hand, having zero open tasks means they're working on their tasks all the time (or maybe they don't even use Custify!).

How to Measure & Calculate Your Customer Health Scores

In the previous chapter, I've talked about how you should have multiple individual health scores and one global health score that enables you to determine the status of your relationship with a customer at a glance.

> *"This is a common practice and is done by gathering a number of different dimensions of the customer metrics. These can then be viewed individually or lumped together into a single representation for an overall score. Having multiple health scores helps to add more dimensions to the insights that you're gathering about your customer and, as they say, information is power."*

Cristina Boartes,
Sales & Customer Experience Manager

smartbill

Now it's time to get into the thick of it and discuss how you select and calculate these health scores.

3.a. Determining Your Customer Health Score Metrics & KPIs

Before you get into calculations, you must first **establish some categories for your health scores.** A health score is more or less the same as a KPI that you define, and that shows you if a customer ranks well or not.

Each health score can show you different things, like the risk of churn, the readiness for upgrade, how satisfied a customer is at a given time, or the usage of your product, to name just a few.

The health scores you should select depend on the unique circumstances of your company. For example, if you have retention problems, many of your health scores should focus on that topic and alert you when a customer is close to churning so you can reach out and re-engage them.

Alternatively, if you don't have a churn problem, you can use health scores to expand the revenue earned from your existing customer base by predicting any

opportunity for an upsell or cross-sell.

Determining how health scores will fit into your overall customer success strategy will help you choose the right behavior metrics you should monitor to accurately measure customer health.

> *At Chartmogul, we use Health Scores to determine which customers have the potential to become promoters and focus on helping them achieve that status. We get many of our new customers from referrals, so having people actively promoting our product helps a lot"*

Ingmar Zahorsky,
VP of Customer Success

ChartMogul

3.b. Defining What a Healthy Customer Looks Like

Health scores vary significantly by industry and how you calculate them for your customers depends on the metrics you find most relevant for your business. Here are some examples:

- Product usage depth of usage (the percentage of your product a customer uses), and breadth of usage (the number of licenses they have).

- Usage of your product's core features and activity in the product.

- Growth of the account (whether they've upgraded over time).

- Length of the relationship.

- Number of renewals completed (and also if there are frequent payment problems).

- Number of support tickets.

- Product feedback metrics.

- Marketing participation (whether they recommend you to other businesses or if they're willing to create a case study with you).

You can easily add more metrics to this list, because there are many things that could impact customer health. As you can already guess, you'll need many different data points to get a full picture—not something you'd want to manually collect for each of your customers all the time. This is where customer success software like Custify can help with automating the process.

What Does a Healthy Customer Look Like to You?

It all starts with your features and/or pricing page—you'll often find most of the KPIs you need to track here. Healthy customers will likely use all or almost all of your product's features. Then, you need to look at how much they use those features and/or how often (how many customers they've added to the platform, how many projects/tasks they have, things like that).

Additionally, you might also need to **include some true/false or yes/no questions in the calculation of your global health score.**

Here's how we do this for Custify:

I've mentioned that segments are one of our core features, and, in our experience, having a minimum of 10 segments is a sign of a healthy customer. So, knowing that a customer isn't using the segments feature enough (if they use three or four, for example), we can see that they need to increase their usage to get the full value out of our product.

How do you determine that minimum? This is where you need to trust your gut. The thing is, **in the beginning, it's hard to know that exact number. So you just make some hypotheses.**
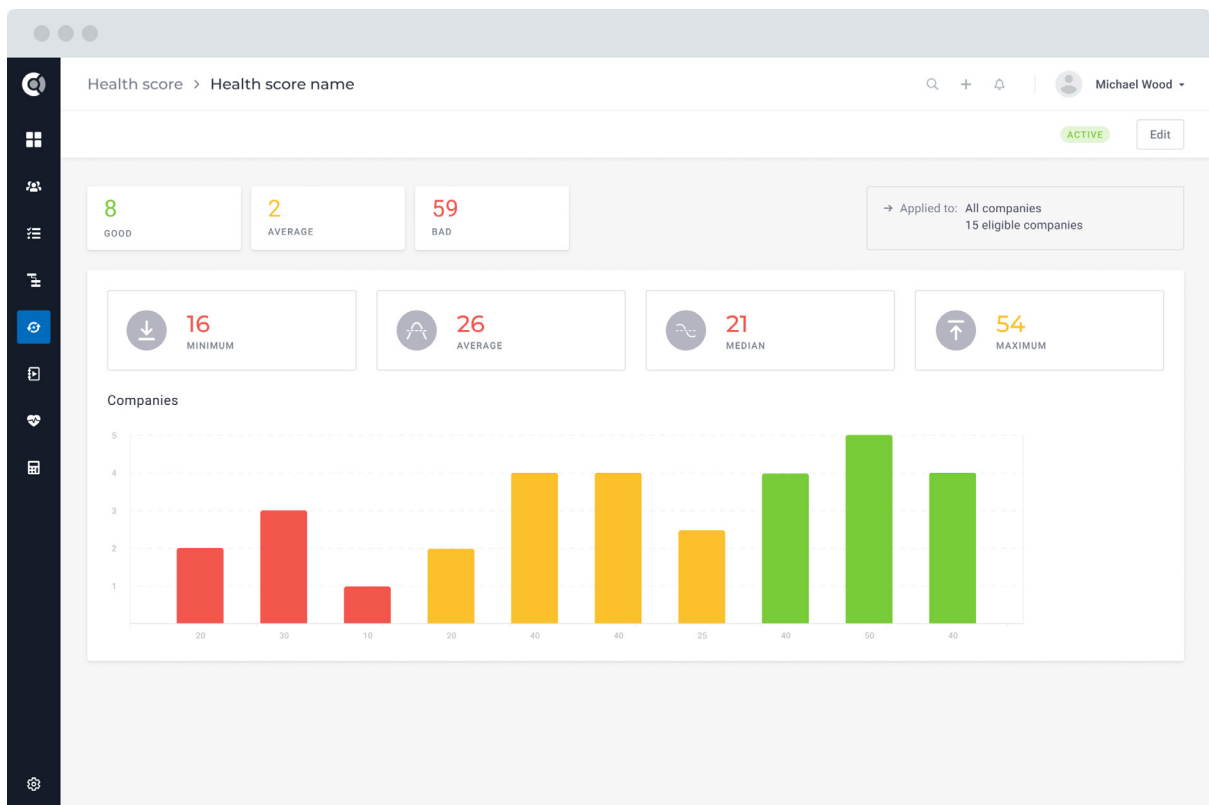
If we presumed that our customers need to have at least 20 or 25 segments to be healthy, then, probably, most of them would be flagged as unhealthy. This is impossible, because we know for sure that at least some of them are not in immediate danger of churning. So we know we need to adjust that number until we get a pretty even distribution of healthy, potentially unhealthy, and unhealthy customers.

Like these examples below:

You can see here that most customers are healthy, but there are also a few unhealthy and potentially unhealthy ones. If your distribution looks something like this, then you know you balanced your customer health score correctly. You also should look at some of them in detail and judge if their scoring reflects what you would expect it to be.

This is something that you'll be able to determine in time, as you get to know your customers and their behavior better and learn what leads to churn and what could make them champions. This also means that it is perfectly normal that your health scores adapt and change over time as you gain more experience.

Customer Health Score Weighting

I've mentioned before that not all health scores are equally important—remember the logins example? In my experience, every CSM I've talked to wants to track logins, but the thing is this: no one buys your product to log in.

There are very few products where you do get value by logging in (Chartmogul is one example; they generate a chart that you can see in your dashboard when you

log in), but for a majority of products, that's not the most important thing to track.

Nonetheless, it's still a useful metric to consider. If your customers don't even log into your product, they're definitely not getting value out of it and are in danger of churning (all their other health scores should be zero also).

Because not all health scores are equally important, they shouldn't have the same weight in the calculation of the global health score.

In the next graphics, you can see that in Custify, we let you choose the impact of a particular health score on the calculation of the global health score. Any individual health score can have low, medium, high, or no impact on the global health score.

A metric like logins should have no or low impact on the calculation of the global health score, while a metric like file uploads should have a medium or high impact, depending on how crucial it is for your product.

Often, it also makes sense to differentiate health scores based on the customer's lifecycle stage. As customers go through different phases (onboarding, adoption, basic usage, advanced stage), their expected behavior changes.

Some metrics could be crucial to track during onboarding and could have a high impact on the global health score, but as the customer moves to the next stage, other metrics could become more prominent.

Determining the Distribution of Health Scores

In the example above, you can see that Custify has a section called "Score Distribution". How does it help?

We have defined that, for our file upload feature, the best value to have is 50—so, if our customer has 50 or more files uploaded into Custify, we consider them very healthy. But what about all the values between zero and 50?

This is where the distribution slider comes in handy, allowing you to clearly differentiate between at-risk, potentially at-risk, and healthy customers for any given health score.

Let's say, for our example, that 10 file uploads or less mean a risk of churn, the yellow area is between 10 and 30 file uploads (not great, could be better), and

customers in the green have over 30 file uploads.

By distributing the weight this way, each individual health score can signal when a customer is healthy or unhealthy.

Segmented Health Scoring

In most cases, a SaaS product will have different plans with different features and only the most expensive plan gives users access to all the features. If this applies to you, you should **segment your customer base and apply health scores to each segment.** That's because it's not helpful to assign a health score to a feature your customers don't even have access to—the health score tied to that feature will always be zero, which will negatively impact the global health score.

In fact, you should consider always applying health scoring on specific segments instead of your entire customer base—this will allow you to have a different strategy for each segment (you'll be more specific in addressing customer needs), which will bring better results.

> *Our Health Scores are different for segments of new and existing customers. Because a good onboarding to our product is essential, we target our Health Scores to a proper configuration of the tool, in the first segment. And as soon as a customer enters the 'Live' segment, the scores are more about the effectiveness and results of the customer's usage of our tool. Keeping track and making sure they get the most value out of our product, eventually prevents them from churning."*

Michiel Nicolai,
Head of Operations at ChannelEngine

channelengine
partner

Let's look at **more examples** of when it makes sense to have different test scores.

Let's assume your customer base consists of both **SMBs and enterprises.** For the same feature (open tasks, for example), you can expect different usage patterns. So, for SMBs, you could define a health score where, if they have more than 100 open tasks, they would be unhealthy. For your enterprise customers, however, you could define the same health score but flag them as unhealthy if they have more than 1,000 open tasks.

That's because SMBs probably have just one or a few users in your product—they shouldn't have many open tasks. In enterprises' case, there could be tens of people using your product simultaneously, and therefore considerably more open tasks at the same time.

By segmenting your customer base this way, you get very granular with your health scoring.

A more advanced way to achieve the same goal is to normalize the number of open tasks and create a new metric that divides that by the size of the account, resulting in an "average number of open tasks per user" metric. Equipped with this, you can apply the same measurements to all of your customers.

The third example where segmenting your customer base makes sense is for **each stage in the customer lifecycle.** For example, during onboarding, it's unrealistic to expect a new customer to use every single feature your product has. You should narrow it down to a few core features and calculate account health based on that.

Then, when they move to the adoption phase, you could have another set of features you will use in the calculation of your health scores (maybe the ones from the onboarding plus some extra ones). As users move through the customer lifecycle, the health scores will take into account more and more features and KPIs.

Creating a Global Health Score

If you've closely followed all the previous steps, you have all the tools you need to create a global health score for each of your customers.

What you need to do at this point is check to see if all the individual health scores and weights are set up correctly so the global health score reflects reality. This is where your experience as a CSM will play a huge role—if a customer has a global health score of 90, but by looking at their account, you get a feeling they're not healthy and the score should be lower, you should trust your intuition and make the necessary adjustments so the global health score is as accurate as possible.
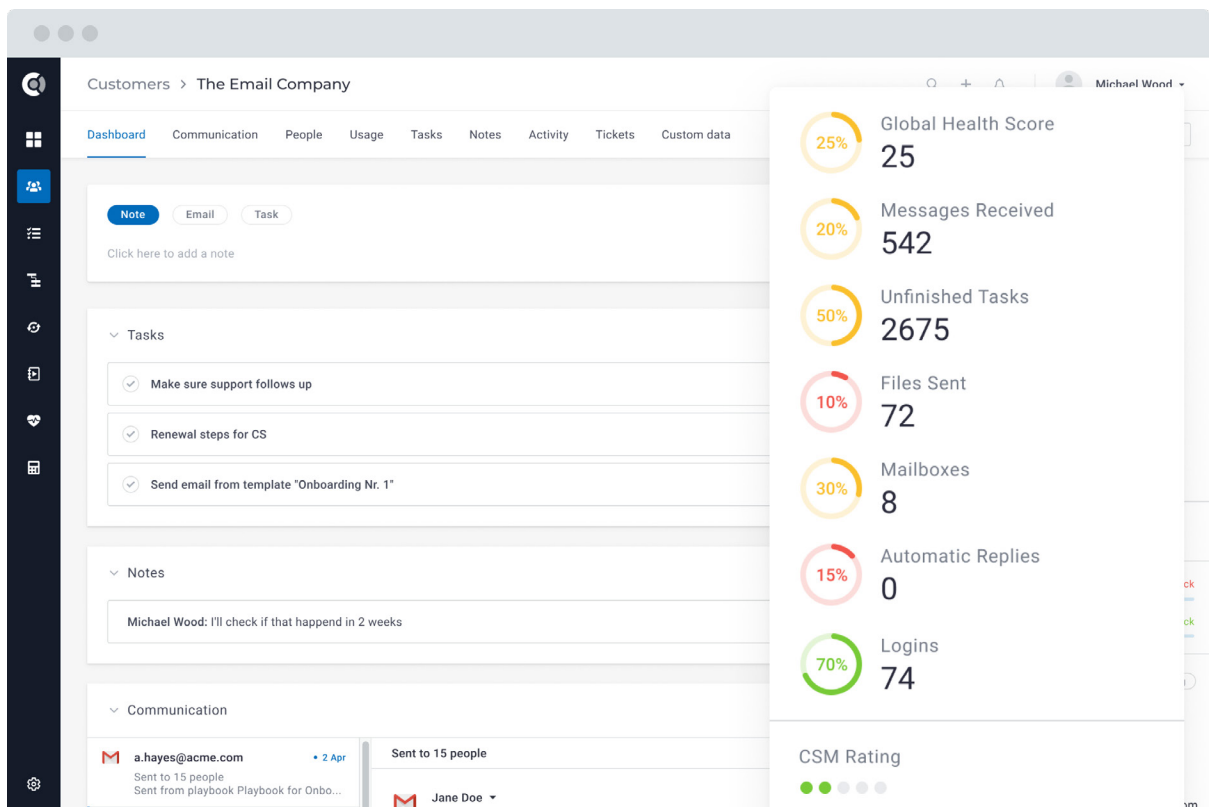
Adding a Custom CSM Rating

At Custify, we also use a CSM rating metric that can outweigh the global health score for two reasons:

1. If the customer is suddenly unhealthy, we reach out to them and ask them what happened. Sometimes, this drop in account health has nothing to do with satisfaction—maybe this month they're simply too busy to use our product, or the person in charge left their company, but they're coming back next month. So there's no problem there, even if the global health score states otherwise.

2. We still regularly check in with very health accounts to see if there's any risk they might leave us soon. This usually happens when the person in charge changes. They will not drop your product from day one, so the global health score can't help you anticipate this outcome, but they will be thinking about it if they're not a fan of your product or want to use a competitor instead.

3.c. Examples of Customer Health Scores and Weighting in Use

We're finally done with all the theory. How about we look at some examples so you can better understand what your health scores should look like? I've prepared three examples for you: an at-risk account, a potentially at-risk account, and a healthy account.

Example of an at-risk account

Formula for the example above:

$$\frac{[(3(20) + 1(50) + 2(10) + 1(30) + 3(15) + 1(70)]}{11} = \begin{array}{c} 25 \\ \text{global health score} \end{array}$$
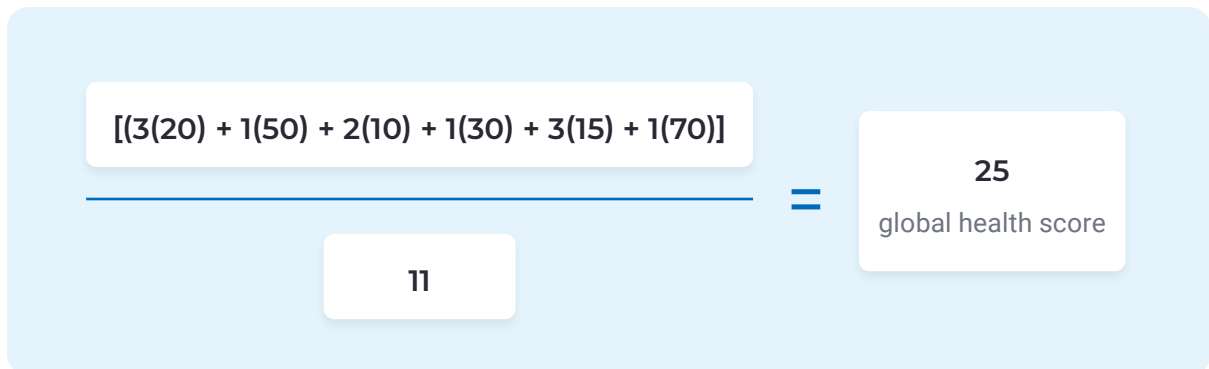
Let's explain the example above! There are two ways our example company may have set these health scores up in Custify:

1. **The first** is one in which you select either low, medium, high, or no impact on the global health score. Low means we count a health score once, medium means we count it twice, and high means we count it three times ("none" means it's not counted at all). We typically

recommend this one to customers first, as it is an easier approach to weighting and a great entry point to customer health scoring.

Health score › New health score

2. **The second** is a more advanced approach to weighting where you can give any percentage weight to the individual health scores (31%, 24%, 90%, whatever you'd like). We recommend this approach to experienced CSMs only and therefore we won't go into specifics here.

Now, for the formula above:

- The messages received score (20%) is of high importance, so it's counted three times.

- The unfinished tasks score (50%) is of low importance, so it's only counted once.

- The process repeats in the background for all the other scores.

- The result of the entire formula is a sum of all the health scores multiplied by their importance factor (1, 2, or 3) and then divided by the total number of factors (for the example above, it's **1 + 1 + 2 + 1 + 3 + 1 = 11**).

This example shows you why tracking logins is not a very reliable way of

determining an account's health.

As you can see, their customers log into their product plenty of times (it's the only good individual health score they have), but they have many unfinished tasks, a suboptimal usage of the mailboxes feature, and no automatic replies set up—these are core features for an email product. Because these features are vital, they have a bigger impact on the global health score, which, in their case, indicates that they're in danger of churning.

Example of a potentially at-risk account

Formula for the example above:

$$\frac{[3(96) + 2(52) + 2(27) + 1(0) + 1(57)]}{9} = \underset{\text{global health score}}{56}$$
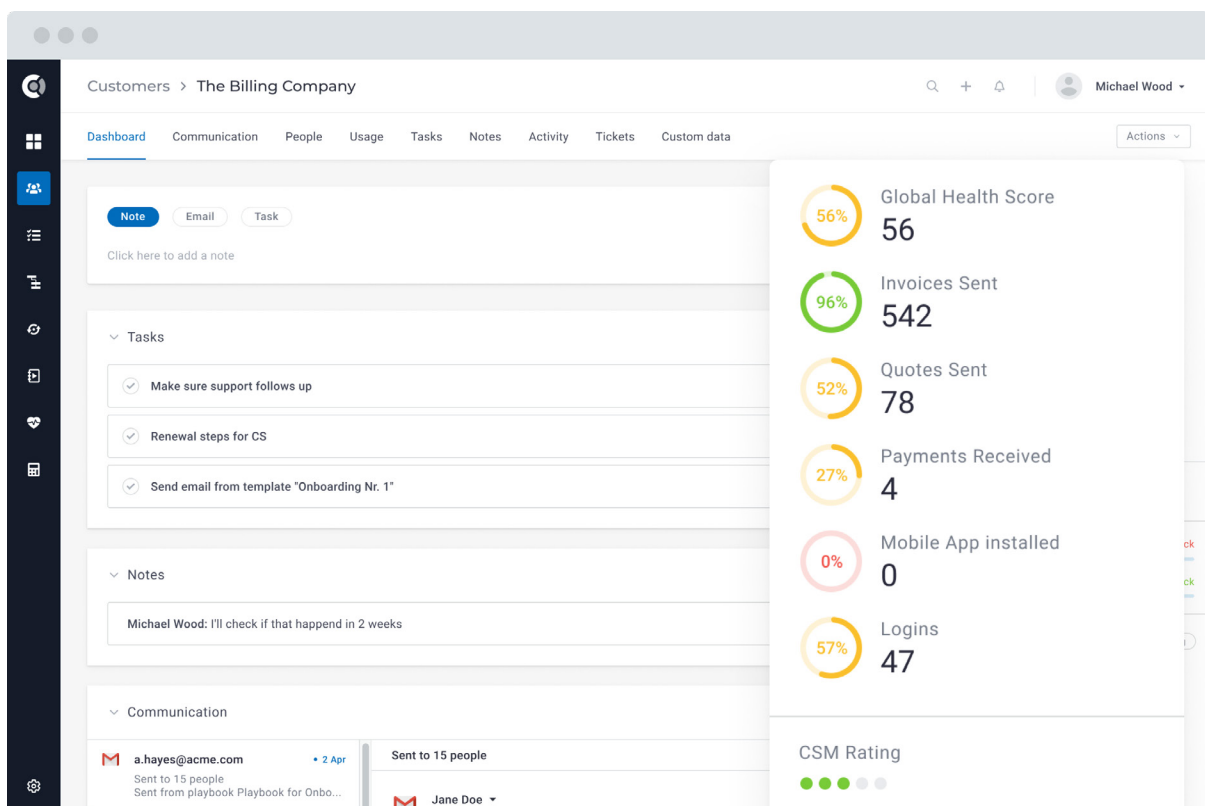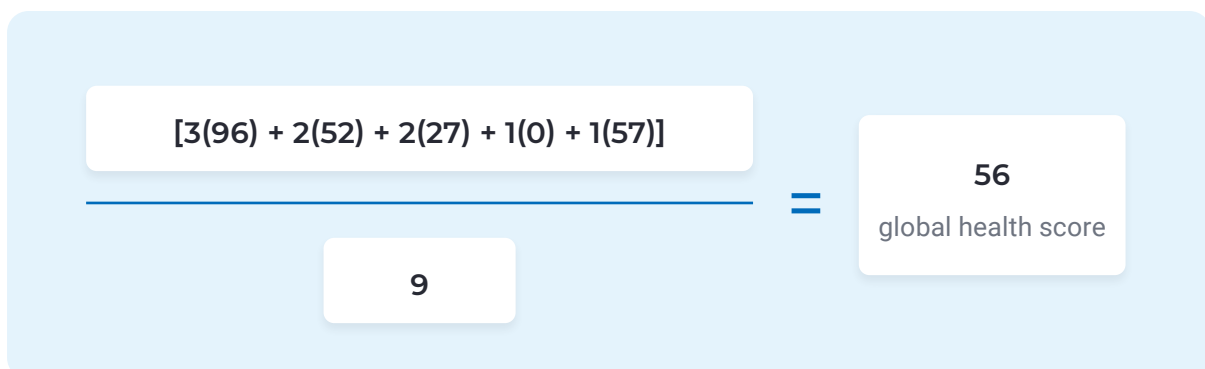
In the example above, we have a completely different company that chose to prioritize the number of invoices sent and deprioritize their mobile app and logins. They're looking significantly better as a result, yet still not ideal.

This billing company's customer is not in immediate danger of churning, but they're not getting the full value out of the product either (most individual health scores are just average). They have a good CSM Rating, which means they have a good relationship with the company, so the assigned CSM could reach out to them and explain the undervalued product features one more time and help them with the setup.

The customers will get more value out of this billing product the more they use it. This will increase health scores, as well.

Example of a healthy account
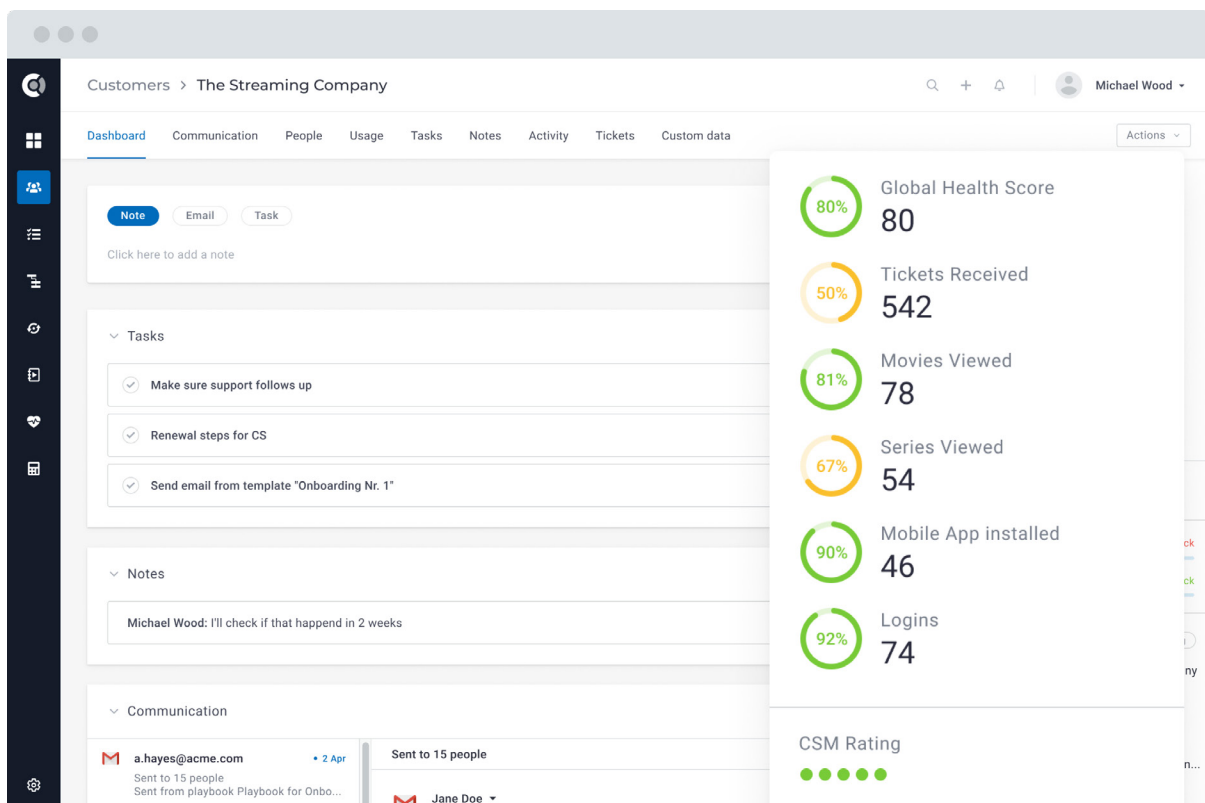
Formula for the example above:

$$\frac{[1(50) + 3(81) + 1(67) + 3(90) + 1(92)]}{9} = 80 \text{ global health score}$$

Finally, for our third example, we're looking at a streaming app company, which logically prioritized the health scores for movies viewed and mobile app installations while deprioritizing everything else. Because they set up their goals properly, the global score looks significantly better.

This is how a healthy account should look. As you can see, their customers use the streaming product a lot, which means they understand and receive its value. That's why I always emphasize that account health is closely tied to product usage.

However, they have a very large number of support tickets submitted, which could mean that the product could be improved—maybe it's not intuitive enough, and customers have a hard time following the workflow, or maybe the features don't work as intended and they have to perform the same action multiple times, which causes friction.

If you look at the formula again, you can see they are also not prioritizing the tickets, which means that sooner or later those will become a very dangerous churn factor. This is why it's important for CSMs to closely analyze their health scores and investigate, even if an account appears healthy overall.

You Determine Your Customer Health Score Formula!

We've reached the end of this chapter. I know you've probably come here looking for that one perfect formula that can accurately measure your customers' health, but, as you can see from all the previous sections, this magical customer health

score formula doesn't exist. Instead, you create this formula from scratch when you analyze and combine the metrics that matter most for your product.

Every business and SaaS product is different. They all have their own particularities, so there's no one-size-fits-all customer health score formula that will work for all products like some customer success tools lead you to believe.

By simply going through the process of creating customer health scores inside a CS tool like Custify, you will eventually reach an ideal formula for your business. Or maybe your perfect setup involves several ideal formulas, one per customer stage (onboarding, discovery, regular, long-term, and so on). The particulars of your health score make that formula work for you. You might be inspired by others, but in the end, only you can know for certain how your healthy customers look.

4 Ways to Visualize Customer Health Scores

There are multiple ways customer health scores can be represented, and choosing one methodology over the other depends on how your customer success team operates.

At the end of the day, the main purpose of a health score is to let all your team members know the status of a particular customer.

Here are a few examples of how you can display Customer Health Scores:

1. Color codes (the red, yellow, green strategy we've exemplified above)—this is simple to implement and interpret, yet very effective.

😃 **Doing Well**	The customer is doing well!	Continue ongoing, standard customer nurturing to grow customer
😐 **Take Notice**	The customer is somewhere in between. Left unchecked they might deteriorate to Poor health	Monitor customer and continue driving towards more product value
☹️ **Requires Attention!**	The customer is not doing well. Left unchecked they will likely cancel their subscription at the next renewal event	Define & execute get well plan immediately

2. Percentage scale—instead of an overall score, you rate each behavior metric individually. This way, major events like upgrades can hold more weight than other events like marketing participation.

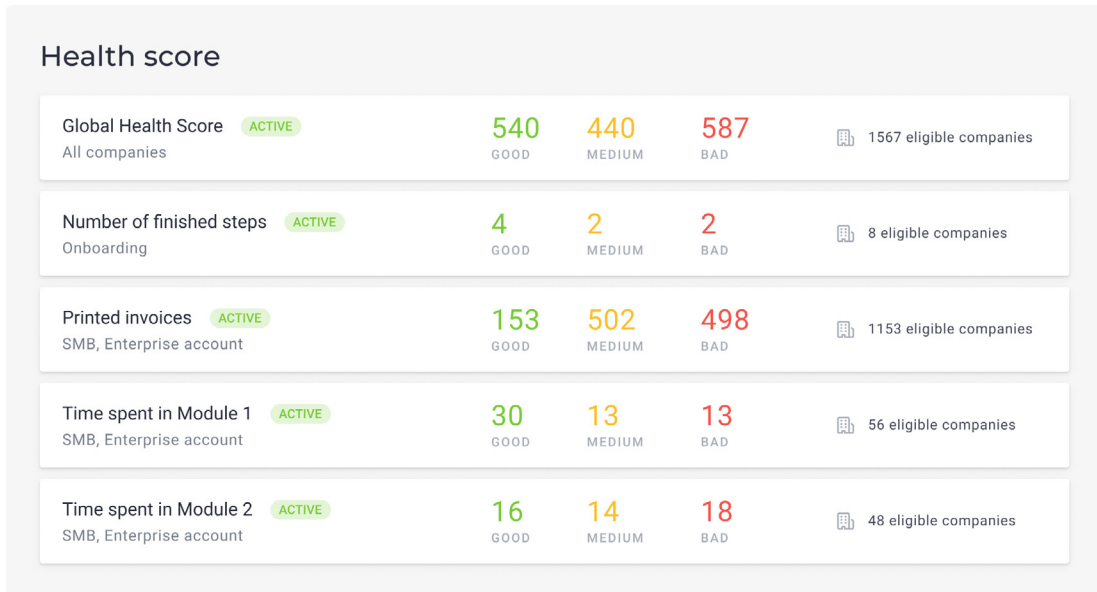| What	Score	Definition
Bugs	15%	Did they experience any this month?
Adoption	15%	How quickly do they adopt the software into their business/adopting new modules or features?
Usage	15%	How much do they use it? Overall usage of software, module usage and active users
Support	15%	How often do they talk to support? How reliant are they on us?

3. Alphabetical scale—this one is similar to color coding, but by implementing more segments, you increase your chances of addressing the right customer needs.

Score	Letter	Status	Action
0 - 19	F	Very Poor	Reach out immediately. Try to add more value to this customer's experience before they churn.
20 - 39	D	Poor	Engage this customer more and keep an eye out for any increases in support cases. This user may not be getting as much out of the product as they should be.
40 - 59	C	Average	While this customer isn't an immediate risk of churn, we could certainly improve their experience. Look for areas to add more value in the future, but there's no immediate need to reach out.
60 - 79	B	Good	Continue to nurture these relationships; They're on the path to brand loyalty and customer advocacy.
80 - 100	A	Excellent	These customers love our brand. They're extremly valuable and should be treated as such. While they show no signs of churn now, we should continue to maximize their delight

4. Ranking scale—this helps you organize your customer base by health. This way, you know exactly who your best and worst customers are and who you should spend more time with.

84		New (53.7 hrs)	$48.00	Current	
76	+6	Stable (21.8 → 28.8 hrs)	$6.67	Current	Previous
72	+8	Positive (24.6 → 36.3 hrs)	€39.00	Current	Previous
69	-28	Negative (64.6 → 34.1 hrs)	$80.00	Current	Previous
63	-1	Stable (37.0 → 34.8 hrs)	$99.00	Current	Previous
60	+10	Stable (6.6 → 8.4 hrs)	$160.00	Current	Previous
55	-2	Stable (8.7 → 10.5 hrs)	$42.00	Current	Previous
55	-1	Stable (9.3 → 7.9 hrs)	$140.00	Current	Previous

5. Absolute number scale—at Custify, we combine options one and two to create a numerical scale.

Health score

		GOOD	MEDIUM	BAD	
Global Health Score `ACTIVE` All companies		**540**	**440**	**587**	🏢 1567 eligible companies
Number of finished steps `ACTIVE` Onboarding		**4**	**2**	**2**	🏢 8 eligible companies
Printed invoices `ACTIVE` SMB, Enterprise account		**153**	**502**	**498**	🏢 1153 eligible companies
Time spent in Module 1 `ACTIVE` SMB, Enterprise account		**30**	**13**	**13**	🏢 56 eligible companies
Time spent in Module 2 `ACTIVE` SMB, Enterprise account		**16**	**14**	**18**	🏢 48 eligible companies

Using Health Scores to Drive Customer Success

Customer health scores are undoubtedly crucial to customer success efforts.

By regularly monitoring these scores, early signs of increased friction or declining customer engagement become easier to identify.
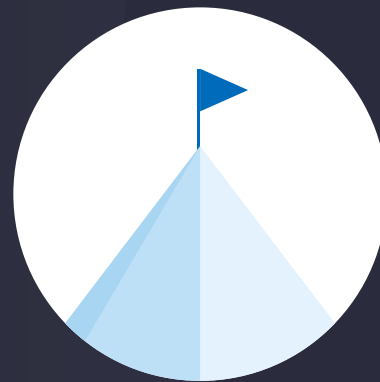
Most of the actions that influence your relationship-building efforts benefit from being well-timed with your customers' progress. Here are a few examples:

- Proactively reaching out on a regular basis

- Checking in after a problem was solved

- Following up on previous interactions

- Identifying up- and cross-selling opportunities

- Providing information on new features or events

If you truly want to drive customer success, it's critical to constantly keep an eye on your customers' lifecycles in order to make informed decisions that drive value. Analyzing every interaction with your product will help you determine when customers face issues with a specific feature so you can jump in and reach out to them with the solution they need.

You'll get the chance to address issues before they cause churn and your product will stay top-of-mind. You'll capitalize on opportunities and increase adoption rates. It'll undoubtedly bring value in the long term. But it gets difficult to efficiently keep track of all these metrics without the **help of playbooks and automation.**

5.a Creating Playbooks Based on Customer Health Scores

Playbooks help you improve your customers' loyalty, adoption, conversion, and churn rates while they move through their lifecycle stages.A playbook is basically a set of tactics that helps you achieve customer success by pinpointing the exact stage the customer is at so you can adapt your overall customer engagement strategy to that and follow a customer-centric approach that drives additional revenue.

To start setting up a playbook for your company, you need to **make sure you're tracking the right KPIs first.** Then, you'll have to segment your customers so you can use custom outreach tactics and other means of engaging them effectively

throughout the customer journey.

Once you segment your customer base, you'll be able to prioritize outreach and address each segment individually as needed. Thus, by fostering communication, tracking interactions, setting up notifications, and integrating as much software as possible, your customer success team will get the most out of your tools.

Let's look at an example to see how we go about using playbooks here at Custify:
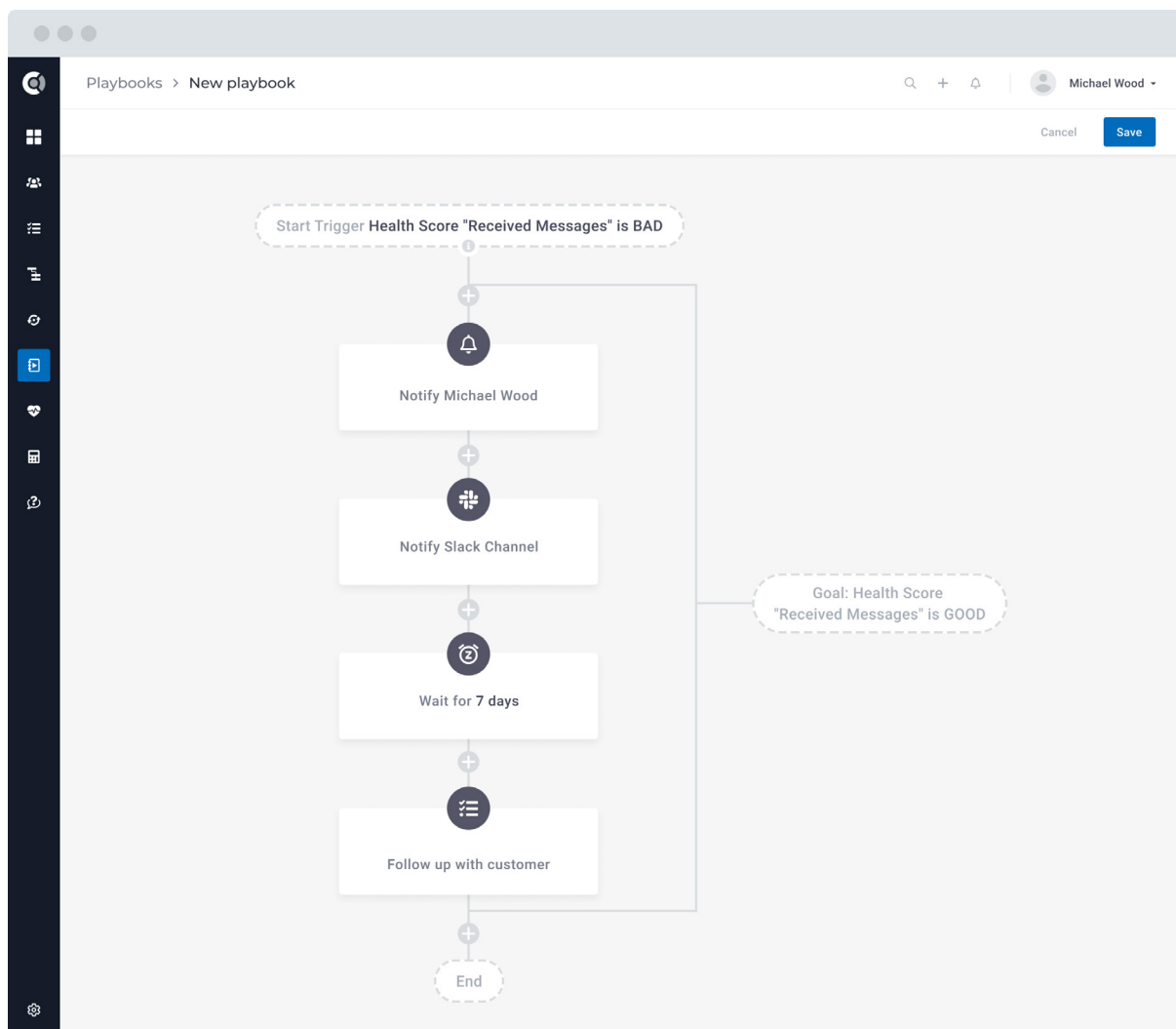
Let's first assume two things:

1. That your SaaS product has a functionality that allows your customers to receive messages. Obviously, this functionality is a main product feature, but not a key one. If it were a key feature, you wouldn't wait for

seven days before sending out this notification, you'd probably move along way faster than that.

2. That you've set up a customer health score that measures that exact functionality.

In the example above, the CSM Michael Wood is notified if the health score for returned messages is going down and the customer success team's Slack channel will receive a notification to ensure the information doesn't get lost along the way.

As this received message functionality is not a key feature, the customer success team from the example above decided to first wait a week and see if things improve. Sometimes a customer is just on summer break or sick leave. However, if their health score still remains bad after one week, a CSM (Michael Wood) will get a notification to call or reach out to that customer.

Lastly, let's say one week goes by and that specific customer still hasn't used that received message functionality. With the help of the playbook, a CSM will get in touch with them. So the customer will feel taken care of before they even consider opening up a support ticket.

These notifications are therefore crucial in creating a **great customer experience**. And they ensure that your customers get their problems solved in a timely manner.

Having a customer playbook not only prepared but also visible to your CS team is a great way to make sure your customers are set up for success.

5.b Proactively Use Customer Health Scores with Automations

Having information about churn likelihood, product usage, lifecycle phases, and other KPIs can help take your CS program to the next level.

Automation will be a big help here. For example, after a customer support ticket is closed, you can send an automated notification to the associated customer

success rep a week later, reminding them to follow up.

> " *When clients reach certain health score limits, we send automated playbooks with emails and SMS designed to help them upgrade to new plans. The emails are customized with their data points like number of orders or number of online payments. This is great for two reasons: we take some of the load off our CSMs and we never miss an upsell opportunity.* "

Oliver Auerbach,
CEO at GloriaFood

GloriaFood

Besides helping your team collect and disseminate real-time information about your customers, **automation drives proactive, personalized engagements that create a more consistent experience and ultimately increases renewals and reduces costs.**

Based on your customer health scores, you're able to create playbooks that will automatically trigger a number of actions, including

- assigning accounts to team members (for example, problematic customers to more experienced CSMs),
- sending messages to customers with low engagement,
- notifying you if certain health scores drop under a defined value,
- creating tasks for CSMs to proactively get in touch,
- identifying up- and cross-sell opportunities, and
- filtering for very healthy customers that are good candidates for referrals, case studies, or testimonials.

You can enjoy nearly endless automation possibilities if you implement a flexible workflow.

One of the biggest advantages of automating your playbooks is that it will allow you and your CSMs to have a **clearer standardized path to approaching your customers exactly when they need it the most.** It takes away ambiguity and leaves more room for creating a consistent customer experience.

Aligning your business goals with your customers' needs and objectives helps you create a **customer-driven model** which has been proven to be 60% more profitable than traditional digital or personal systems.
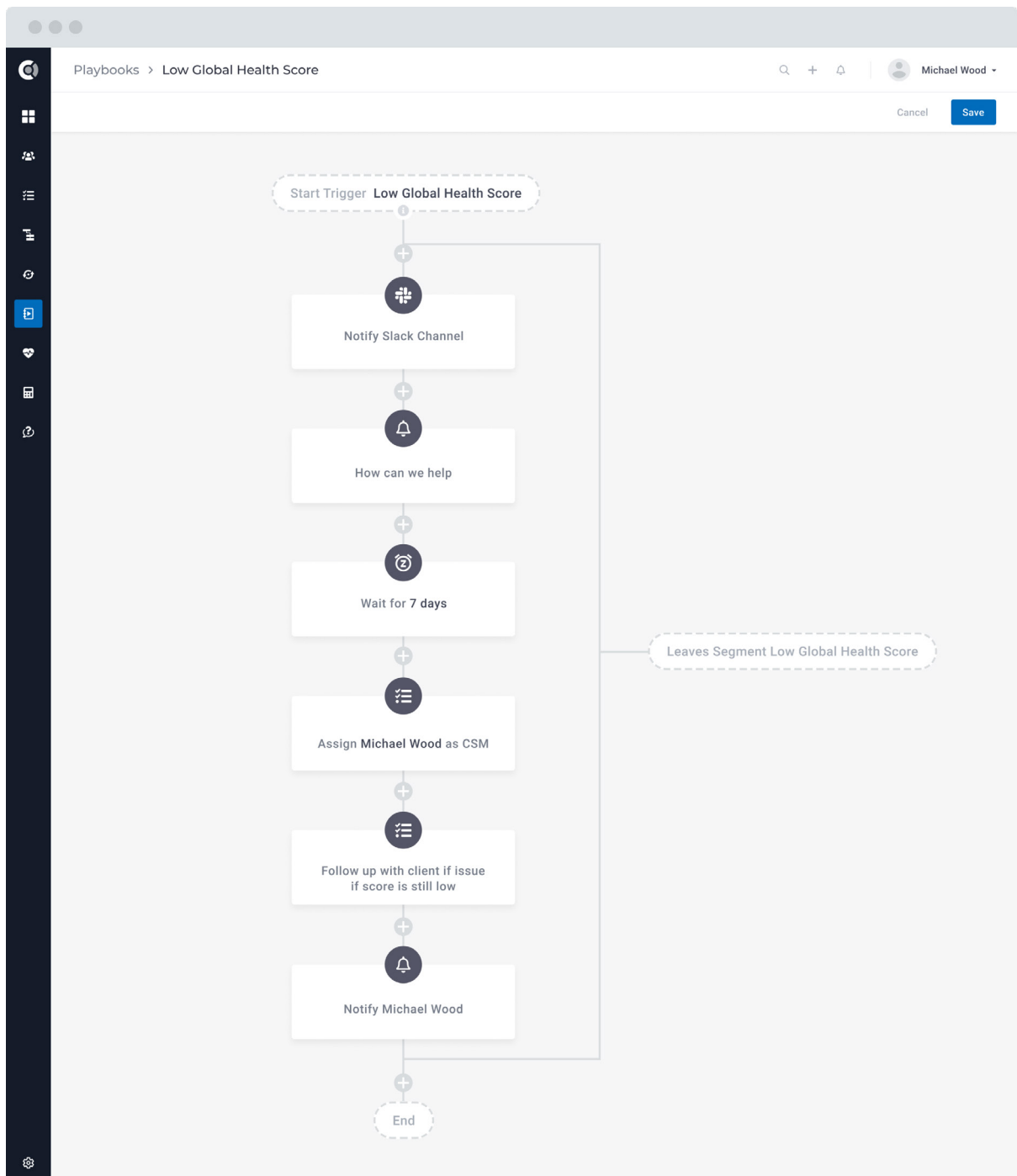
What makes automation so effective? Timing. Automation helps your customer success team reach out at **the right time** in the lifecycle by taking into consideration account health. Here are a few things you can automate with playbooks:

- Send [email sequences](#)
- Trigger surveys
- Send handoff reminders and alerts
- Create customer health warnings
- Adjust workflows and create tasks

To effectively use automation for your customers' health, you'll want to look at as much **customer data** as possible. You may ask the following questions, for example:

- What do customers do or not do before they churn?
- What are the churn warning signs?
- How many times have churned customers used a specific feature?
- Is someone overusing a feature? Is it because they like it or because it's not working?
- Are customers paying for features they're not using?

Combining and integrating all this data with proven business algorithms will enable you to create a highly visible indication of every customer's health. In turn, this will allow your CS team to accurately assess their portfolio in a flash, leaving them more time to act on the opportunities they've identified while your business keeps on growing.

As with most of the customer success strategies we recommend, it comes back to understanding **what success means to your customer (which ties in with having a good onboarding process)** and doing whatever you can to support that goal.

So what's the benefit of it all? Staying in close contact with your customers. That's

a core principle of customer success.

By using automation together with customer health scores, you'll be able to allocate more time to building valuable and long-term relationships with your customers by taking care of any repetitive and time-consuming tasks that are usually part of your customer success efforts.

> *As with everything in Customer Success, timing is everything, so we want to make sure we reach out to our customers with a subscription renewal proposal when they're as happy as they can be. If their Health Score is above a specific threshold, they get an automated email notifying them their subscription is about to expire; but if their Health Score suddenly drops, the CSM is notified, and we won't proceed with a renewal proposal before we solve the issue."*

Razvan Visan,
Co-Founder - SocialInsider

How Your Other Tools Can Be Used for Customer Health Scores

You probably already use several tools to run your business—a CRM, a support ticketing system, a billing solution, etc. Within those tools, typically, there's also data that can be used for health scores—you should therefore integrate all these tools with your CS platform.

Why? Because **the more integrated your tech stack is, the more processes you can automate and the more data you can track afterward.** And that's a big help to all the teams in your company.

Using customer health scores that integrate with your other tools and software will enable you to exponentially increase both the value you get from them and the success of your customers.

For example, you can maximize the probability of renewals, upsells, and user success by integrating solutions for your payment and billing, helpdesk and support, or any other software you use. Let's go through some examples below:

6.a. For Payment, Account, and Billing Software

Your payment, account, and billing software helps you manage your recurring billing and payments for the products and services you're offering along with keeping track of insights and analytics.

By integrating it with your CS tool, you'll be able to add revenue-related data to your overall customer view. This will provide you with the possibility to create adapted health scores, segments, and playbooks. Also, you could define specific health scores in your CS platform based on monthly recurring revenue (MRR), the number of due invoices, or the total income values tracked. Here are some examples of things you can do:

- Segment your customers based on data like total income or number of due invoices.

- Define lifecycle stages based on renewal dates and make sure customers stay on track by creating tasks and alerts when changes to certain metrics are detected.

- Build segments and customer success playbooks based on revenue and invoices.

- Create health scores based on payment issues.

When you integrate your payment processing solution, customer success health scores can be related to unpaid invoices. As a rule, you should never have unpaid invoices. Therefore, health score ratings can be related to potential payment problems. If your customers don't pay their invoices, they're not healthy customers, and they'll churn soon enough. There's a reason why they don't pay.

6.b. For Helpdesk Software

Customer support and helpdesk software helps you manage and monitor any customer requests, queries, and other service-related matters. These tools are generally used to facilitate and track interactions between your support agents and customers. Usually this happens through support ticketing. Integrating this with your CS tool will help CSMs resolve tickets faster without crossing wires with your customer support teams by quickly accessing them and deploying necessary actions.

When using this type of software to set up customer success health scores, you'll be able to accurately see how your customers are being taken care of by your support teams. The health scores ratings can be therefore related to the number of open support tickets your customers have at a certain point in time. The more open and unresolved support tickets there are, the lower that customer's health score rating will go. See the third screenshot in chapter 3.c. for an example.

Here are some ideas to do more for your customers by integrating your helpdesk solutions:

- Segment your customers based on support requests.
- Make sure customers stay on track with tasks and alerts.
- Build customer success playbooks based on ticket status.
- Create health scores based on data like open and solved tickets.
- Create alerts if certain KPI thresholds are exceeded.

These are just two examples of the types of software you're able to integrate with

your CS platform. But you can do so much more.

Custify, for example, offers you the ability to link to [Zapier](#).

Zapier is an automation tool that does a lot of heavy lifting for business owners or developers, as it helps them achieve a more streamlined workflow overall. By having the option to connect over 3,000 apps, you can add many processes to health score playbooks and even create some health scores based on them. For more details about further integrations, you can check out the [list of apps that work with Zapier](#).

Zapier lets you connect almost any established software to Custify, from Trello and Asana to Google Sheets and Outlook. They can all be easily integrated with our platform. You can use all these connected apps to build your own Zaps (automated actions) or use the pre-built Zaps from Custify and link them to different steps from your playbooks and certain KPIs.

Besides this, there are a lot of other different tools you can easily integrate with your CS platform and link to use with your health scores and health-score-based playbooks.

If you integrate your internal **chat software,** you'll be able to get personalized notifications if a particular health score drops under a specified level. For example, you might opt to receive notifications based on the number of daily sign-ins a customer has registered during a period or an increase in open support tickets.

For **website chat apps like Intercom**, you can send automated messages to customers based on specific playbooks.

In the case of **CRM tools**, besides building customer success playbooks based on deal data, you'll also be able to host your calculated health scores and customer success metrics from Custify directly within your CRM for your team to see and access quickly.

Let Custify counsel you

I know that measuring account health is a long, arduous, and ever-changing journey, and the concepts I've described above can be overwhelming. However, I promise you, the results are well worth it.

To recap, by implementing Customer Health Scores, you can

- reduce churn,
- improve new customer acquisition through referrals,
- increase your revenue through upsells and cross-sells,
- improve your product over time,
- get to know your customers better, and
- educate them on how to best use your product.

Fortunately, you're not alone in this. Customer success software like Custify can help you measure account health easily and, to get you started, we also offer SaaS businesses a personalized concierge onboarding. Throughout your first weeks with us, we'll use our years of experience to help you get the most out of our product.

We know every customer is different. So we make sure you always see the full picture, whether that means problems with the product, during onboarding, or with your team.

At Custify, we focus on helping SaaS businesses achieve

- a 360° view of customers;

- a churn rate under 2%;

- renewal, growth and upsell opportunities;

- proactive customer issue resolution; and

- automated outreach.
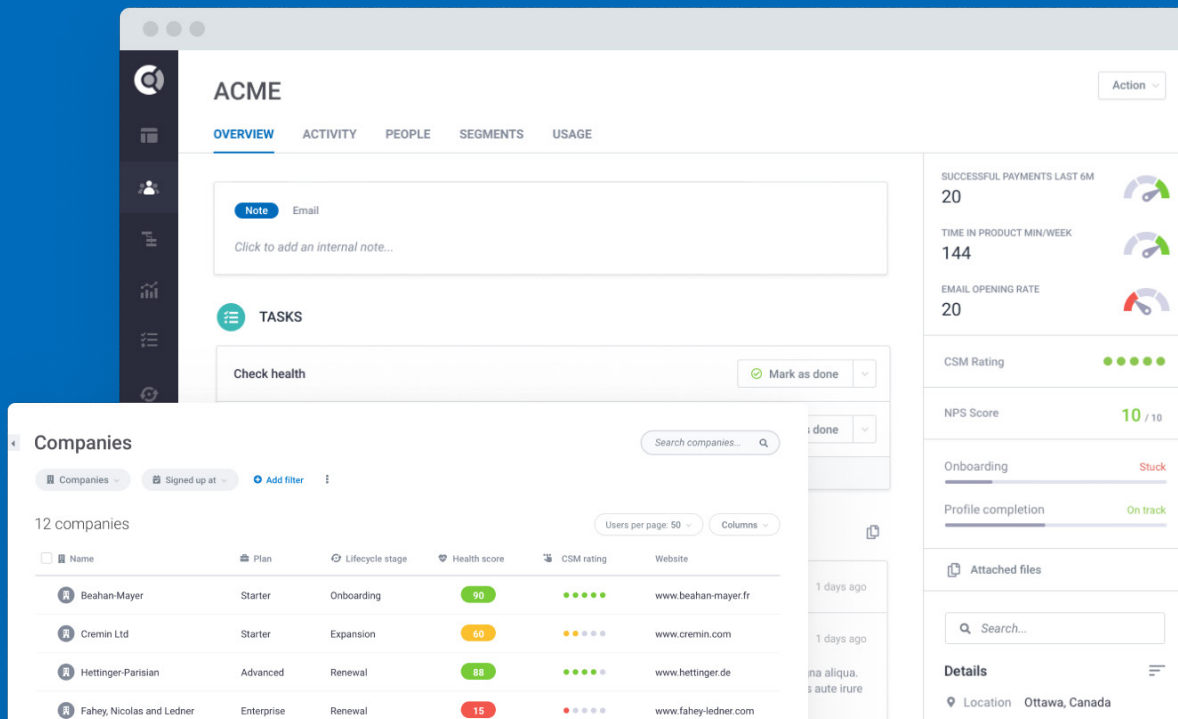
Do you want to understand why your customers are leaving?
See if Custify is right for you. You'll be set up in minutes.

Schedule a quick call

Free trial and 90-day money-back guarantee—try it without risk.