

# *Innovator of the Year Finalist*

## *Customer Maturity Index*



***Boaz Maor***

*VP Customer Success*  
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*platinum sponsor*



Your Customer Health Score may be quite useless...

Comments and feedback are very welcome

Please tweet with:  
#CS100Summit  
#CustomerMaturity

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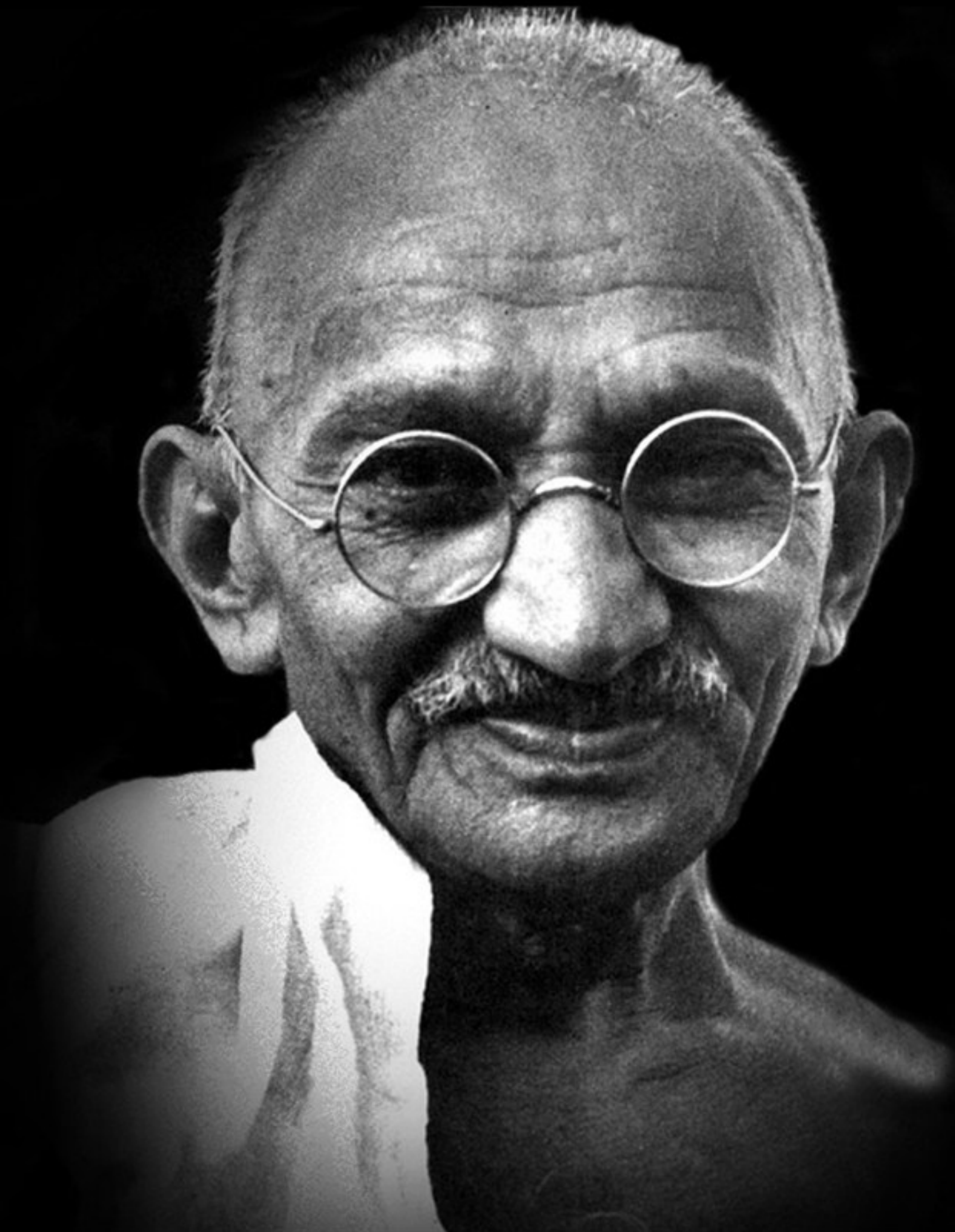
Boaz S. Maor – VP Customer Success  
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A Kiwi and an Israeli walk into  
a café in Silicon Valley...





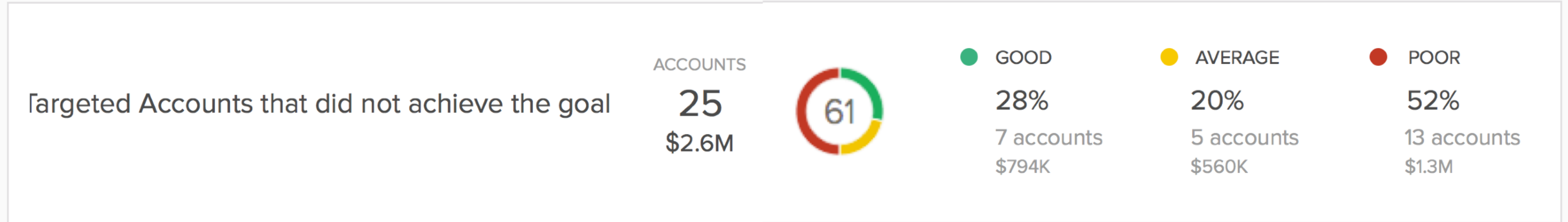
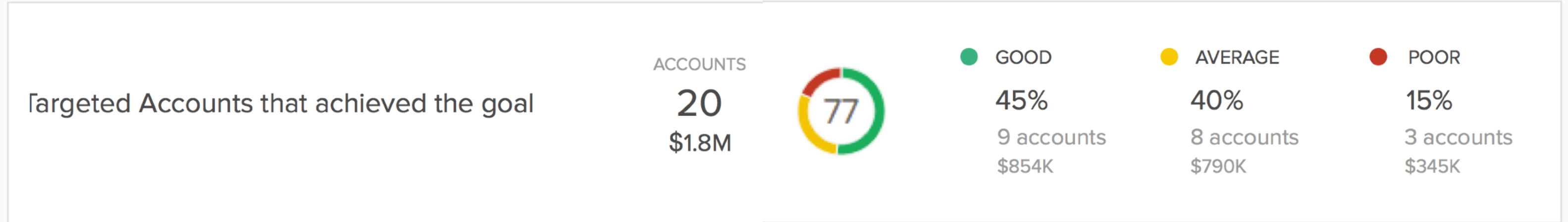
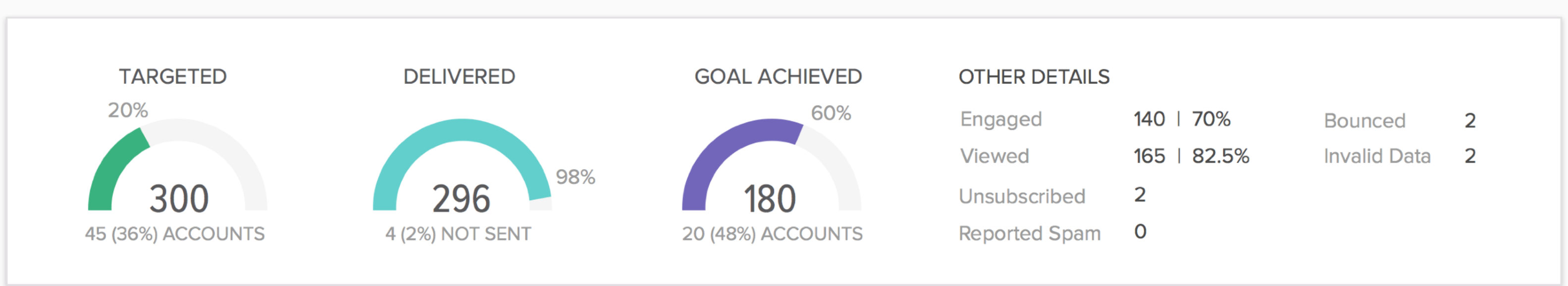
The customer is the most important  
part of our business.

They are not dependent on us;  
We are dependent on them.

They are not an interruption in our work;  
They are the purpose of it.



# Customer Health Score (CHS)



1. Identify Challenges and Opportunities
2. Determine an Action Plan
3. Forecast Expected Outcomes





1. Stage
2. Size
3. Location
4. Industry
5. Use Case



But, even with segmentation,

Your Customer Health Score may be quite useless...



- Large enterprises (Size)
- West-Coast based (Location)
- Relations for multiple years (Stage)
- Very high usage
- Strong relationships
- Repeat expansion
- High CSAT





## Customer A

- A single office
- A single business
- Grew organically
- A very strong team of highly professional people
  
- Focus with us on features, service levels and execution

## Customer B

- Multiple offices nationwide
- Three very different businesses
- Grew by acquisitions
- Team had varying degrees of technology understanding
  
- Focused their energy on consolidating their businesses



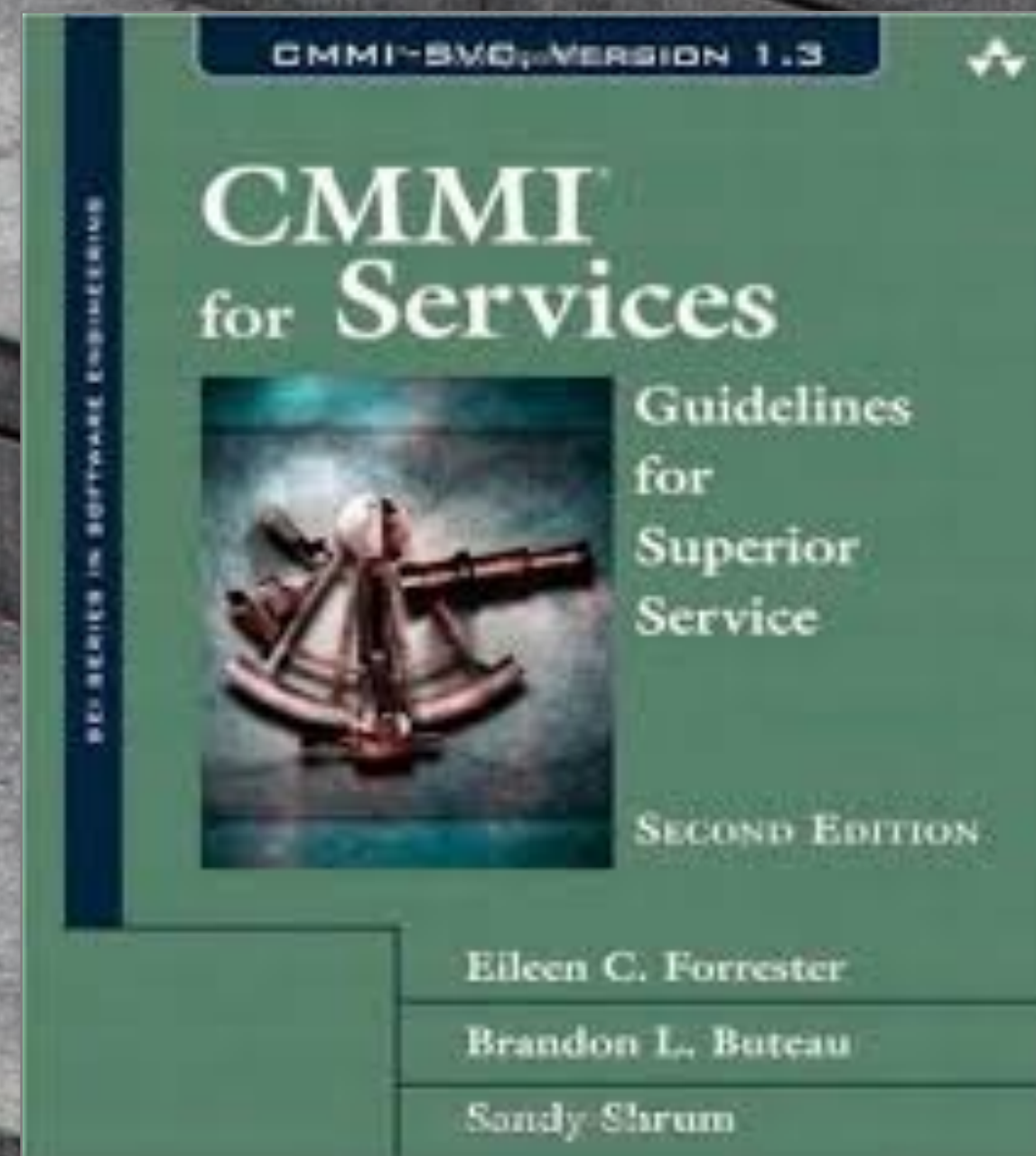
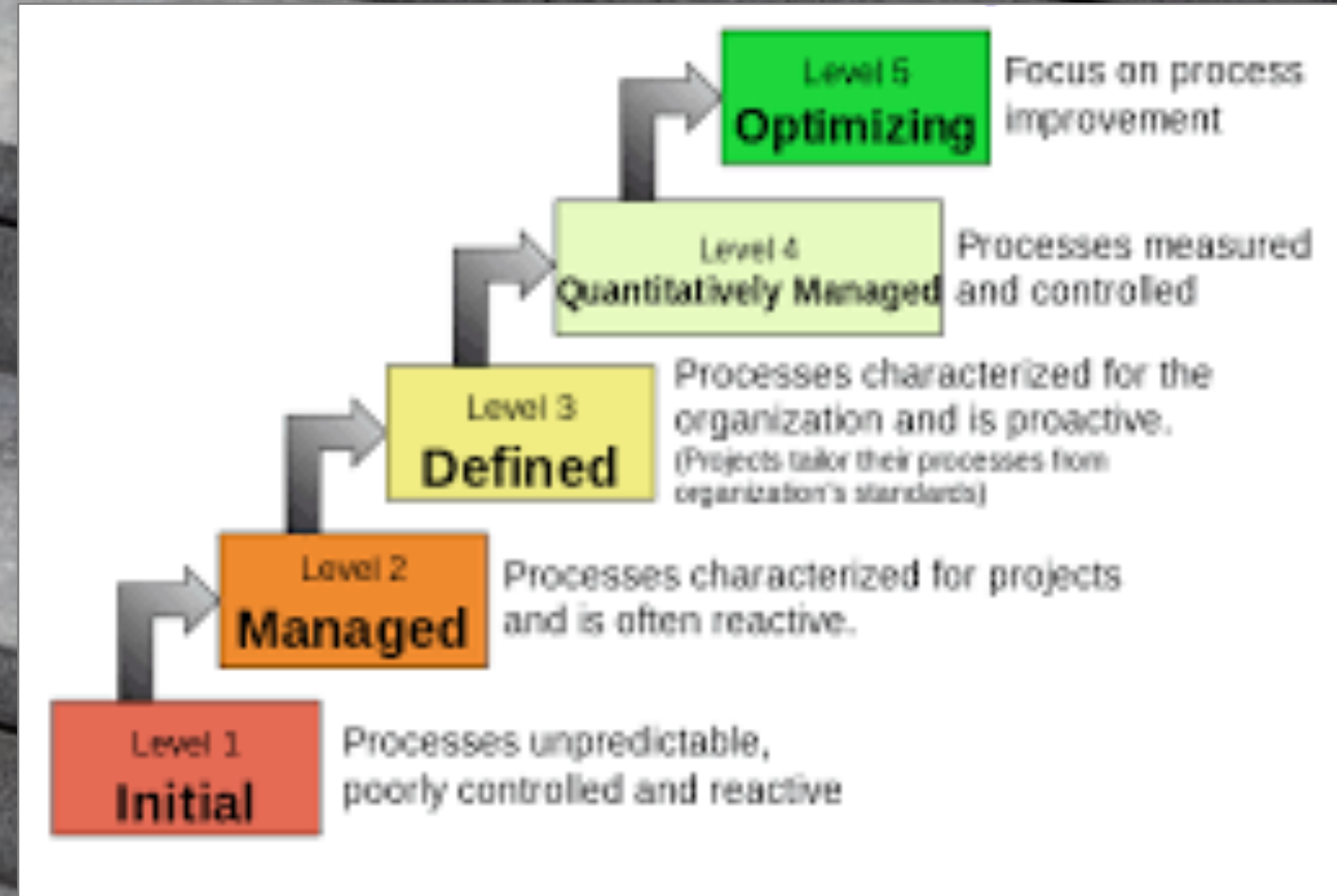




# MATURITY MODELS

The Capability Maturity Model  
Guidelines for Improving the Software Process

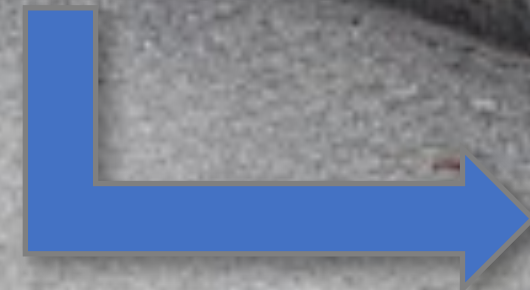
Carnegie Mellon University  
Software Engineering Institute







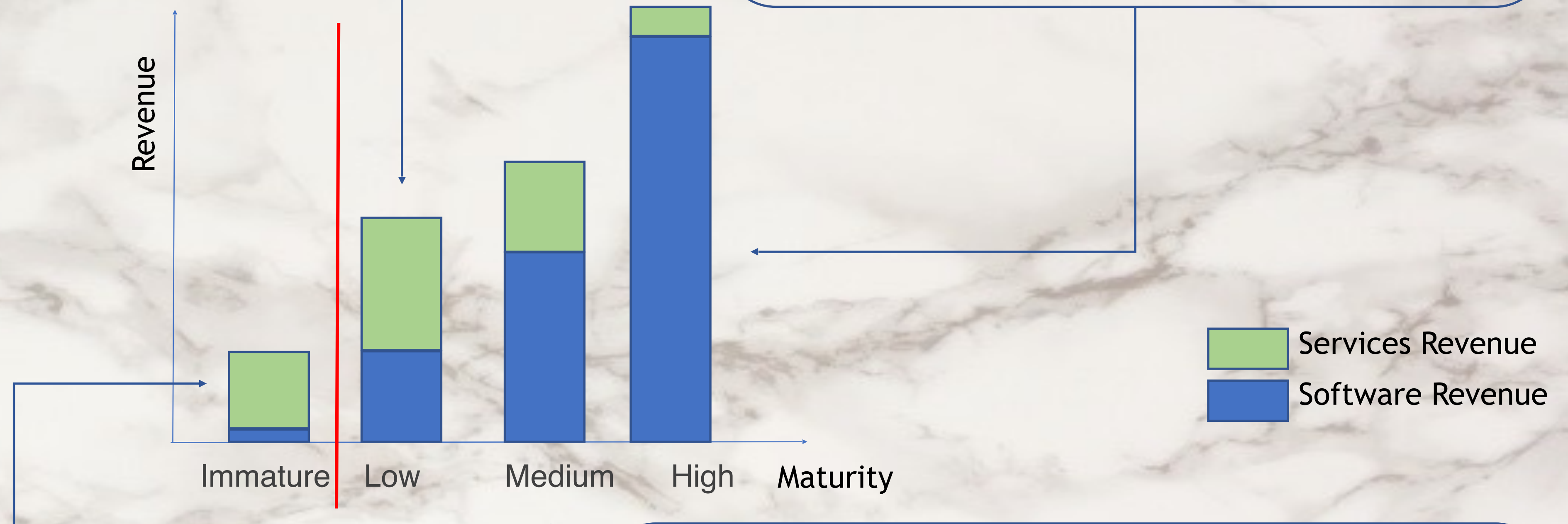
- |                  |  |
|------------------|--|
| <b>Budget</b>    | • Do they have the ability to spend?                                     |
| <b>Authority</b> | • Do we know who the decision maker is?                                  |
| <b>Need</b>      | • Does the prospect have an urgent business problem and pain to address? |
| <b>Timing</b>    | • Do we know a timeframe in which they will need a solution?             |
- (image courtesy salesbenchmarkindex.com)





- Customer requires a lot of consulting to help business
- Software use is basic, sporadic
- Software fees are low

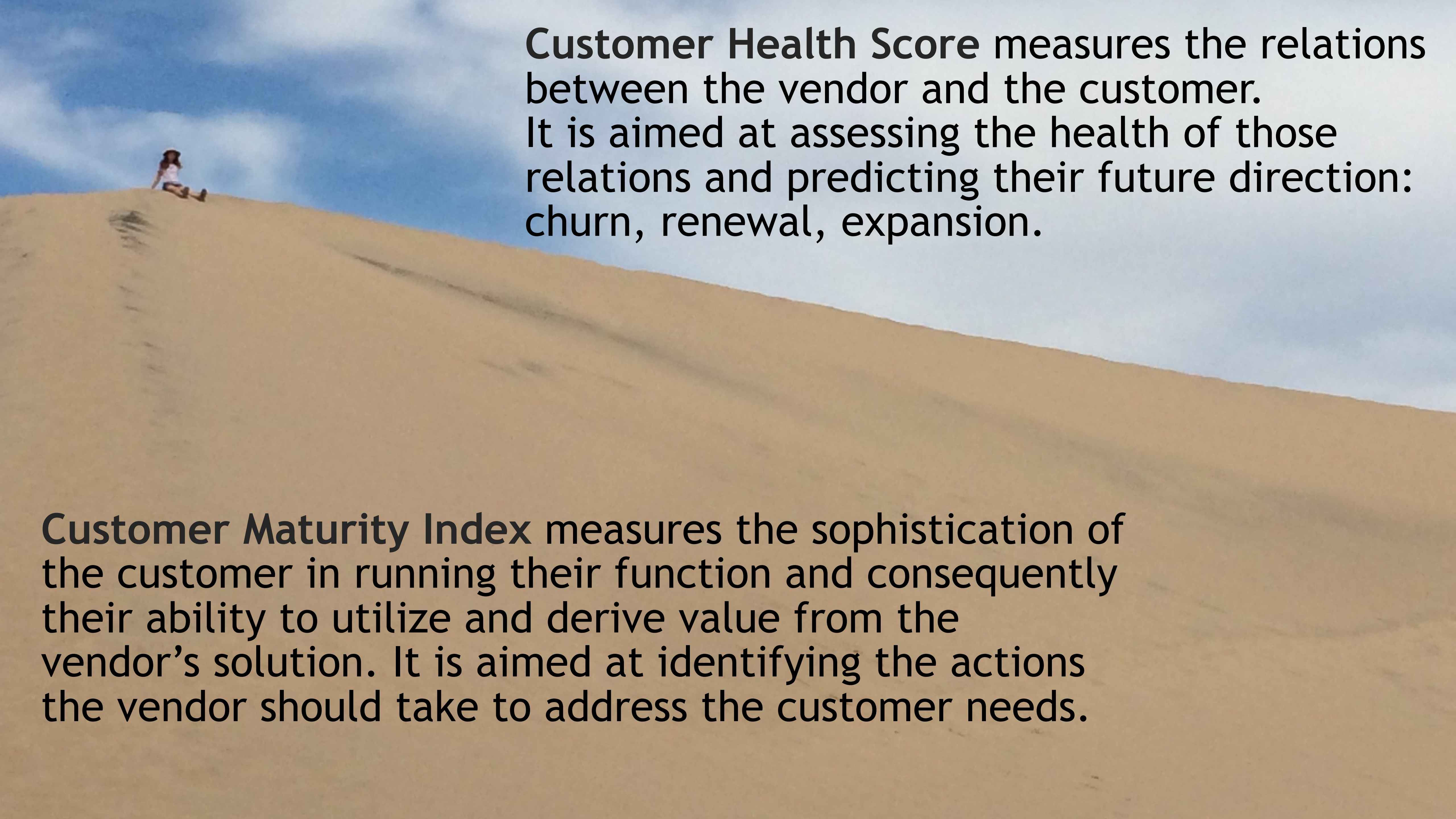
- Need for services diminishes
- Software usage is high
- Pressure for advanced features
- Vendor can increase software fees



- Customer requires lots of consulting
- Software use is basic and minimal
- Gross margin is low, CAC Ratio too long
- Conclusion: Do not sell or serve (**unqual**)

- Need for consulting declines
- Need for training on software increases
- Use of advanced features increases
- Software fees can be increased



A person is sitting on the crest of a large sand dune. The dune is a smooth, golden-brown slope that dominates the foreground and middle ground. The sky above is a clear, bright blue with a few wispy white clouds. The overall scene is serene and expansive.

**Customer Health Score** measures the relations between the vendor and the customer. It is aimed at assessing the health of those relations and predicting their future direction: churn, renewal, expansion.

**Customer Maturity Index** measures the sophistication of the customer in running their function and consequently their ability to utilize and derive value from the vendor's solution. It is aimed at identifying the actions the vendor should take to address the customer needs.





Cust. Mat. Index  
*recipes*  
for CSMs





# A Suggested Customer Maturity Framework

<b>Charter</b>	Clarity of Charter	How well is the function defined?
	Breadth of Influence	How wide is the influence of the function (project, BU, company-wide)?
	Title of Functional Head	Is the title of the functional head appropriate for the function?
<b>People</b>	Sophistication of Team	How strong and sophisticated are the team members?
	Size of Team	Does the team have enough people to do its job?
	Success Track Record	How successful has the team been?
<b>Process</b>	Quality of Processes	How well are processes defined?
	Knowledge Management	How well is knowledge captured?
	Integration with Other Teams	How well is team working with other teams?
<b>Technology</b>	Use of Tools	How well does the function use technology?
	Use of Reports	How well are reports used by the team?
	Complexity of Environment	How complex is the business and/or technology environment the team needs to



# A Suggested Customer Maturity Framework (Detail)

				Low				High
<b>Charter</b>	Clarity of Charter	How well is the function defined?	Between very simplistic, preliminary idea of what to do to very well flashed out and sophisticated scope and charter for the function	1	2	3	4	5
	Breadth of Influence	How wide is the influence of the function?	Between one-off project responsibility to full company wide influence with support of executive management	1	2	3	4	5
	Title of Functional Head	Is the title of the functional head appropriate for the function?	Between way too junior (not enough influence) to perfectly appropriate (atmost responsibility and ability to influence)	1	2	3	4	5
<b>People</b>	Sophistication of Team	How strong and sophisticated are the team members?	Between very junior and/or low skilled/motivation to high effective, strong and sophisticated team	1	2	3	4	5
	Size of Team	Does the team have enough people to do their job?	Between ad-hoc team of people who volunteer part of their time, through dedicated, but under-staffed team to fully dedicatd and adequately staffed for the job	1	2	3	4	5
	Success rack Record	How successful has the team been?	From a team with track record of failure and problems, through no data yet to justify to a highly regarded team for their repeated success	1	2	3	4	5
<b>Process</b>	Quality of Processes	How well are processes defined?	Between undocumented processes to well docuemented and well repeated processes	1	2	3	4	5
	Knowledg Mgt	How well is knowledge captured?	Between individuals improve over time, but no knowledge is captured systhematicly, to a well structured system to capture and disseminate knowledge among the team and other teams	1	2	3	4	5
	Integration with Other Teams	How well is team working with other teams?	From a complete stand-alone team doing only their own thing, to a highly integrated team with clear hand-offs and integration to and from other teams	1	2	3	4	5
<b>Technology</b>	Use of Tools	How well does the function use technology?	From no tools are available work is done manually or with generic tools like spreadsheets), to a large set of well deployed and used dedicated tools to aid the team	1	2	3	4	5
	Use of Reports	How well are reports used by the team?	From no clear reports are issued, to a large set of well structured reports that are issued automatically and shared across the org.	1	2	3	4	5
	Complexity	How complex is the business and/or technology environment the team needs to work at/with?	From a simple structure (single office, single infrastructure, etc.) to a highly complex environment that makes the team's task much harder to act on	1	2	3	4	5



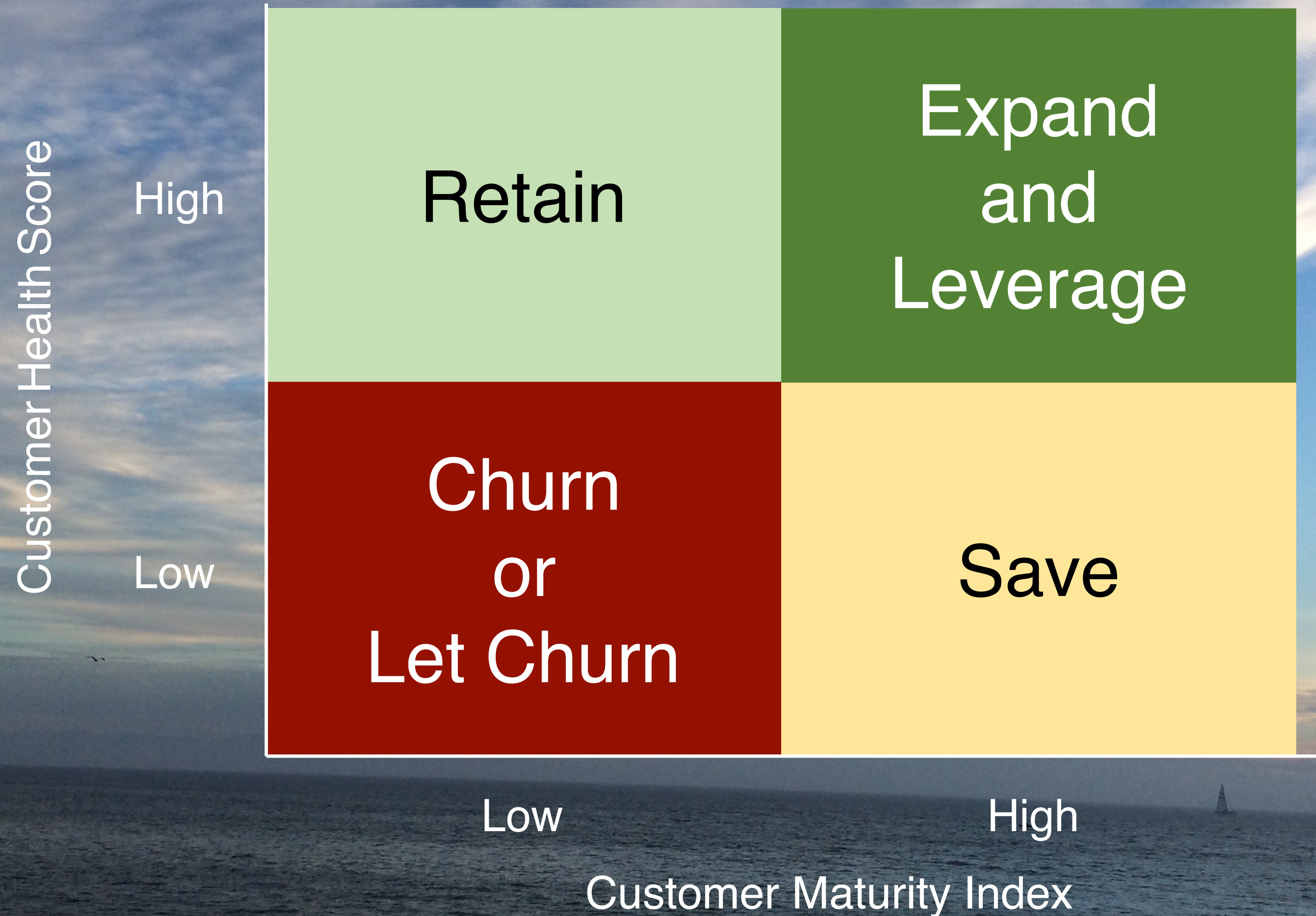
# A Suggested Customer Maturity Framework (example)



				Weight
<b>Charter</b>	Clarity of Charter	3	<b>2.3</b>	40%
	Breadth of Influence	1		
	Title of Functional Head	3		
<b>People</b>	Sophistication of Team	3	<b>4.0</b>	20%
	Size of Team	4		
	Success Track Record	5		
<b>Process</b>	Quality of Processes	2	<b>1.7</b>	30%
	Knowledge Management	1		
	Integration with Other Teams	2		
<b>Technology</b>	Use of Tools	1	<b>1.3</b>	10%
	Use of Reports	2		
	Complexity of Environment	1		
<b>Customer Maturity Index</b>			<b>2.4</b>	100%

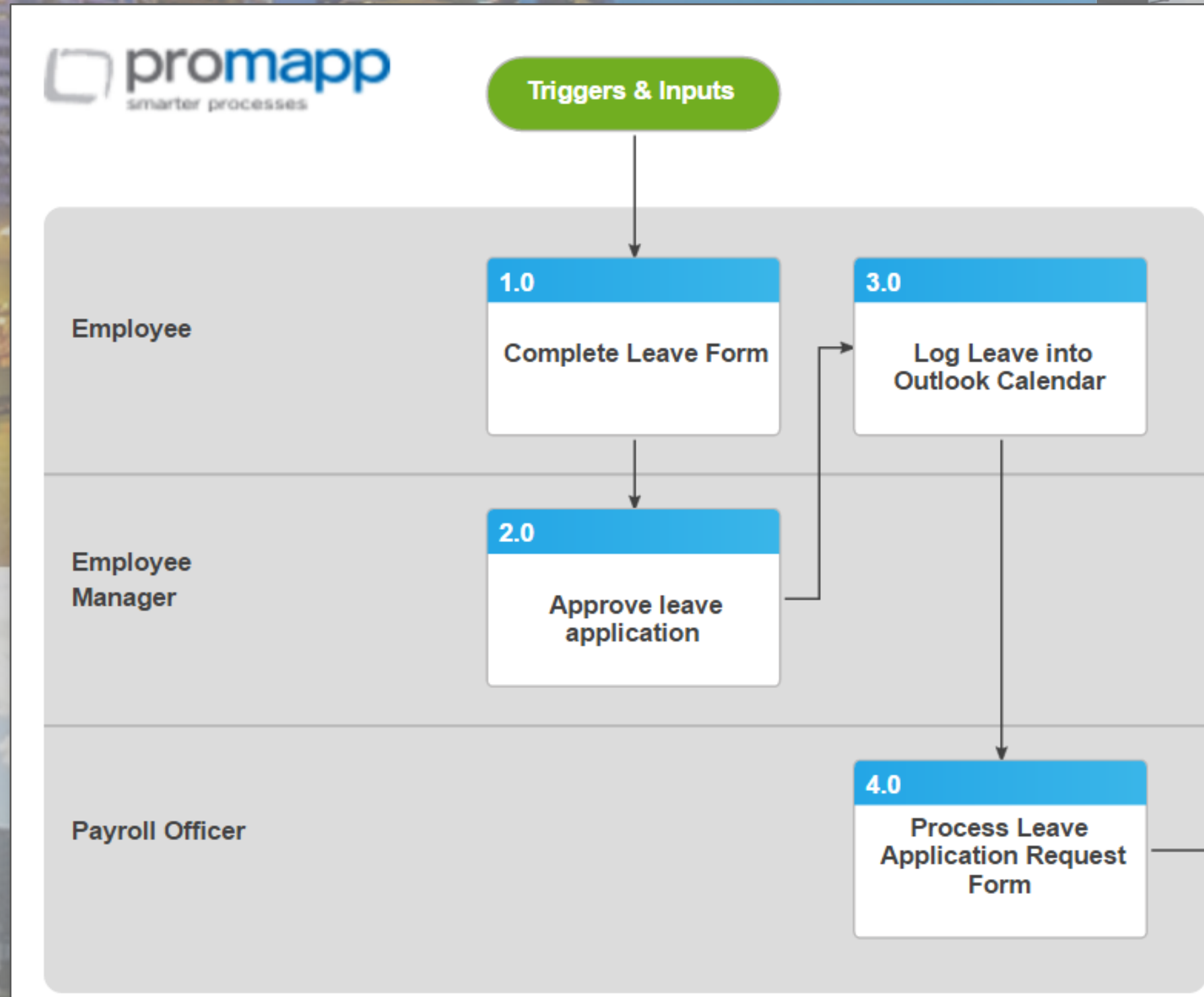


# A Suggested Customer Maturity Framework (Implications)





# CMI in action at Promapp Solutions



- Software to manage process maps
- Manage continuous improvement
- Manage risk management initiatives



# CMI in action at Promapp Solutions

End of 2015 – 10% Churn

- Interviewed select customers
- Insight to value for customer
- Created framework for Customer Maturity Index (CMI)
- Analysed CHS vs CMI scenarios
- Invested in a consulting service offering to lift CMI



# CMI in action at Promapp Solutions

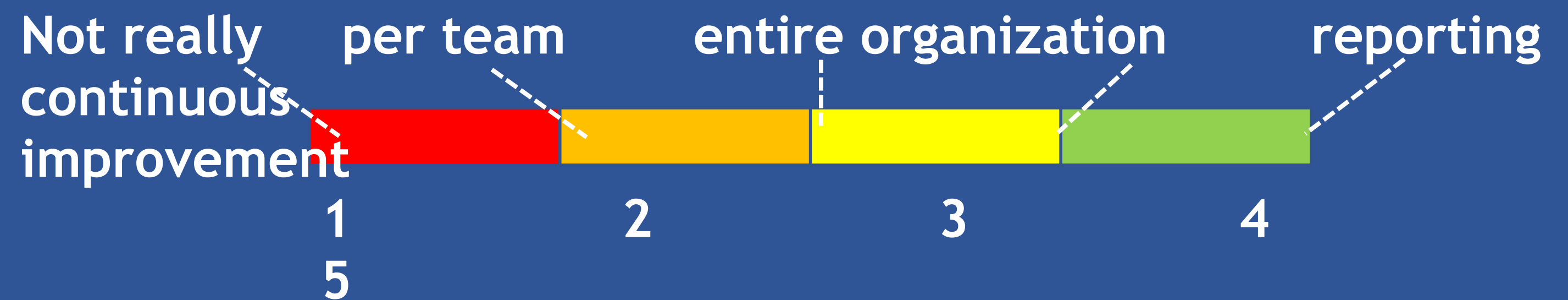
Simplified  
Survey

Ranking 1-5

1. Strategic Direction, Process Charter



Description: The motivation and justification of this project? The expected outcome and how to measure it? How to engage other teams? Is the process charter “public”?



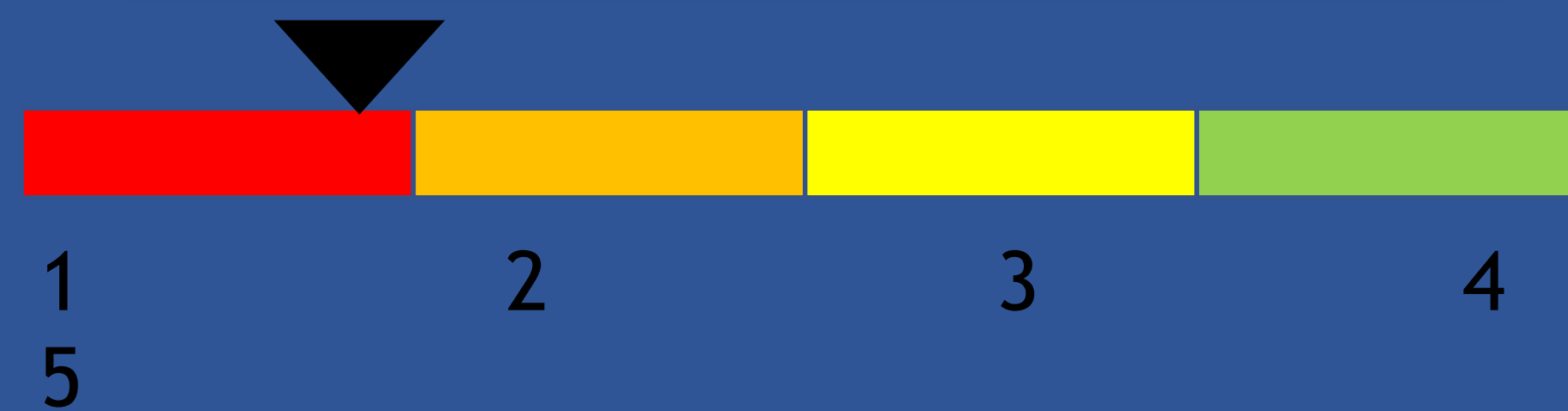


# CMI in action at Promapp Solutions

Simplified Survey

Ranking 1-5

## 1. Strategic Direction, Process Charter





# CMI in action at Promapp Solutions

Customer Health Score

High

Consult on  
process  
governance

**HAPPY**  
52%  
Expand business

Low

“At risk/weak”  
9%  
Let go ???

Increase product  
usage by tailored  
training

Low High  
Customer Maturity Index



# CMI in action at Promapp Solutions

Customer Health Score

High

Low

HAPPY 52%  
Expand  
business

## Processes

- Aiming for higher CSAT
- Allowing variations
- Forcing standardization
- Using shared services
- Addressing legal obligations
- Linking to risk management

Low

High

Customer Maturity Index



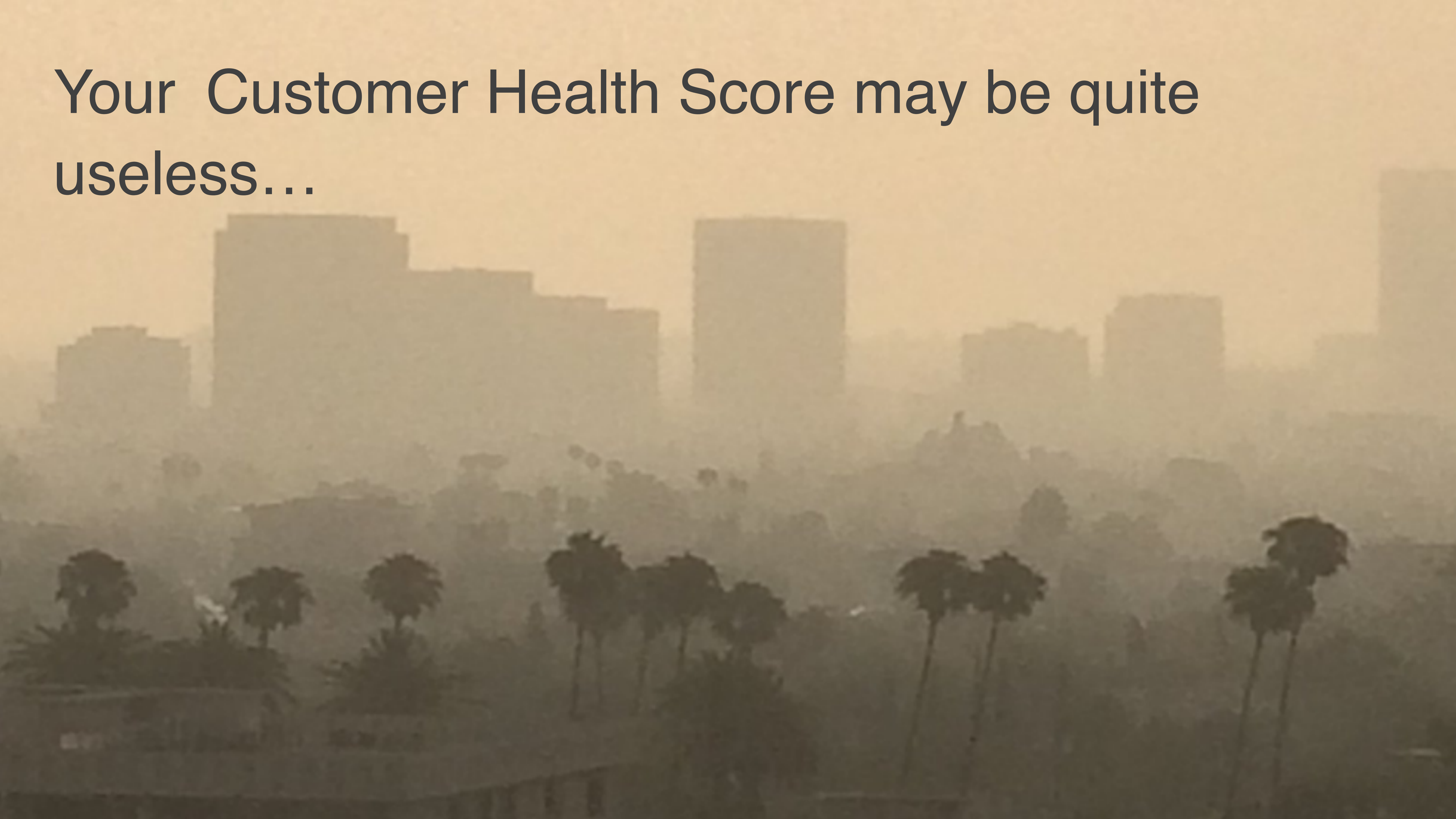
# CMI in action at Promapp Solutions

End of 2016: 2.2% Churn

- Simplify CMI framework (done)
- Design customer survey (done)
- Identify use cases and create playbooks (WIP)
- Review segmentation of customers in light of CMI (planned)
- Uplift team knowledge (WIP)



Your Customer Health Score may be quite  
useless...





# Available Resources on Customer Maturity Index

	Title	Resource Description	Link
1	Why Your Customer Health Score May Be Quite Useless	Blog on LinkedIn	<a href="http://bit.ly/2m9Wcza">http://bit.ly/2m9Wcza</a>
2	Why Your Customer Health Score May Be Quite Useless - Part 2 (There is a solution: it's called Customer Maturity Index)	Blog on LinkedIn	<a href="http://bit.ly/2mkDkxR">http://bit.ly/2mkDkxR</a>
3	Why Your Customer Health Score May Be Quite Useless - Part 3: Your Framework to Calculate CMI	Blog on LinkedIn	<a href="http://bit.ly/2mobiND">http://bit.ly/2mobiND</a>
4	WHY YOUR CUSTOMER HEALTH SCORE MAY BE QUITE USELESS: YOUR FRAMEWORK TO CALCULATE CMI	Blog and free templates on OpenViewLabs	<a href="http://labs.openviewpartners.com/customer-maturity-index/#.WbjOZ9OGOMI">http://labs.openviewpartners.com/customer-maturity-index/#.WbjOZ9OGOMI</a>
5	Customer Maturity Index Interview with Boaz Maor	Video on Successfully.io	<a href="http://www.successfully.io/single-post/2017/06/12/Boaz-Maor-Customer-Success-Executive-and-Advisor">http://www.successfully.io/single-post/2017/06/12/Boaz-Maor-Customer-Success-Executive-and-Advisor</a>
6	Why Your Customer HealthScore is Useless and How to Overcome It	Slide deck on SlideShare	<a href="http://bit.ly/2rKnSu0">http://bit.ly/2rKnSu0</a>



# Your Customer Health Score may be quite useless...

but ...

## Customer Maturity will make it useful!

Ralf Wittgen - Chief Customer Officer  
Promapp Solutions, Auckland (NZ)  
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Boaz S. Maor – VP Customer Success  
OpenGov, Redwood City, CA  
[@BoazMaor](#)





CS Innovation of The Year Candidate

Customer Maturity Index



# A Suggested Framework for Measuring Performance

Mainly Value  
to Customer

**1. Adoption**

**2. Program Expansion**

**3. Value to Customer**

**4. Relations**

Mainly Value  
to You

**5. Non-Monetary Value to  
You**

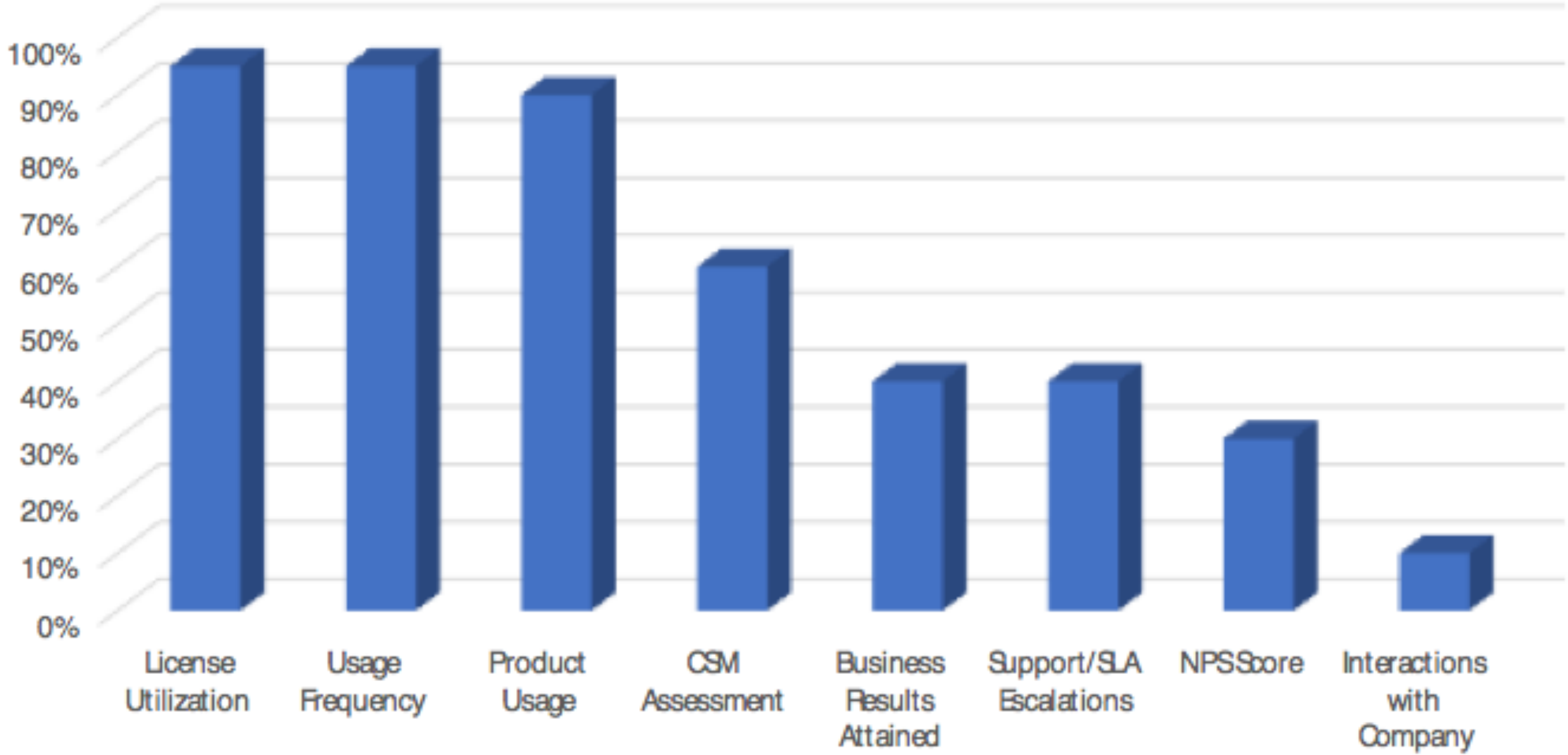
**6. Monetary Value to You**

Leading  
Indicators to  
Monetary  
Value



# What Do Other Companies Do?

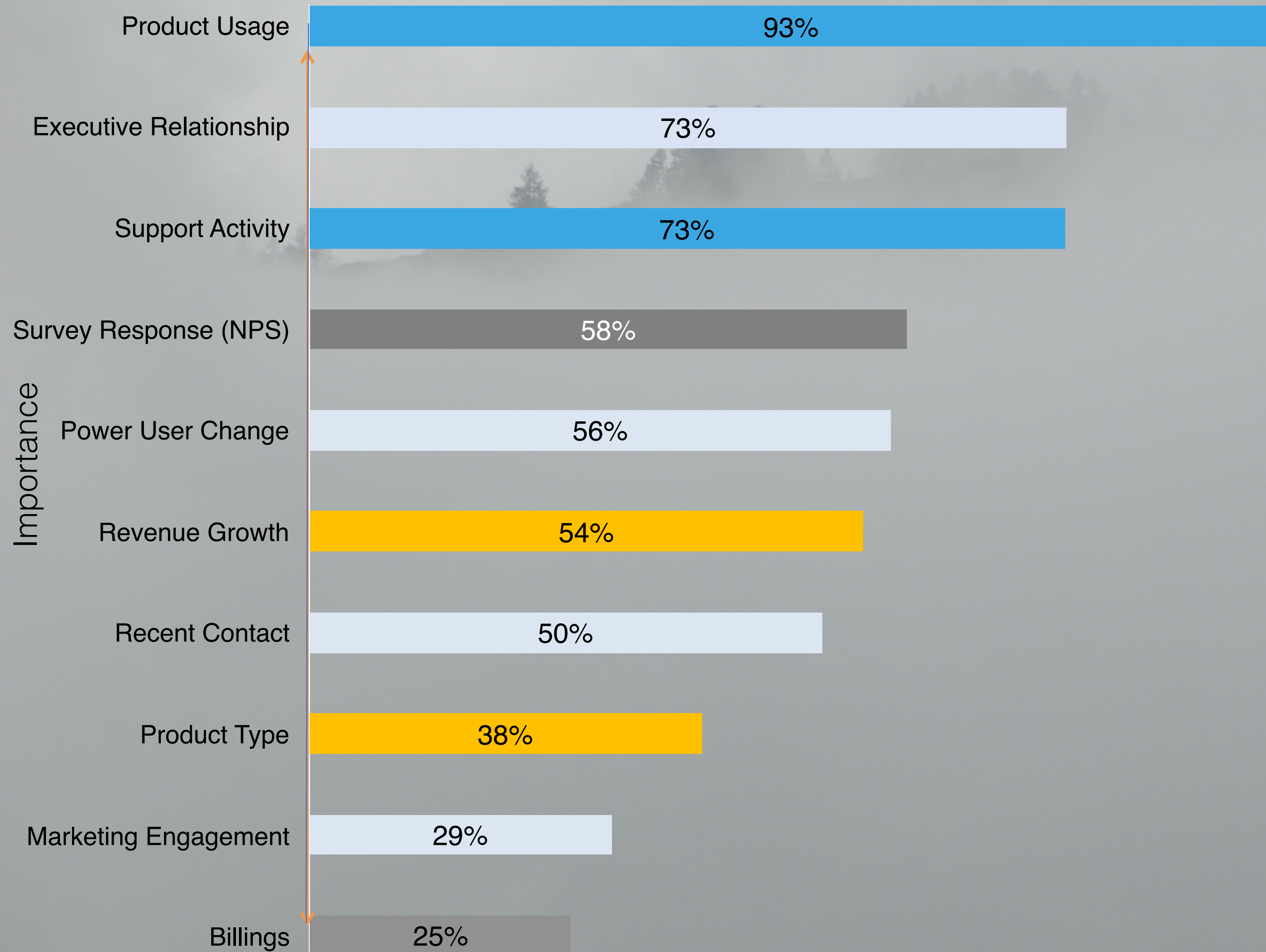
### Most Common Factors Impacting CHS





# What Do Other Companies Do?

*The below chart shows the most common customer health criteria according to a survey conducted by Gainsight in 2016*



Adoption
Product Usage: at what frequency and which parts of the solution are being used?
Support Activity: is the customer experiencing technical challenges and getting the help required?
Engagement
Executive Relationship: how strong is the alignment between decision-makers at both organizations?
Power User Change: what is the state / position of the end user that has the deepest understanding of the product and its value?
Recent Contact: when was the last time you spoke to the customer?
Marketing Participation: how willing is the customer to conduct a case study or reference call?
Financial Investment
Revenue Growth: is the customer continuing to invest in your solution?
Product Type: how mission-critical is the solution to the customer's business process?
Billing: does the customer renew / pay on time?
Satisfaction
Survey (NPS): would the customer recommend your solution to a friend or colleague?



# A Suggested Customer Maturity Framework (Implications)

Customer Health Score	HIGH	Retain	Promote Maturity	Expand and Leverage
	Medium	?? (LTV, GM)	CORE	Promote your Solution
	Low	Churn or Let Churn	?? (LTV, GM)	Save
		Low	Medium	HIGH
		Customer Maturity Index		



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