

# *Account Behavior Formula*



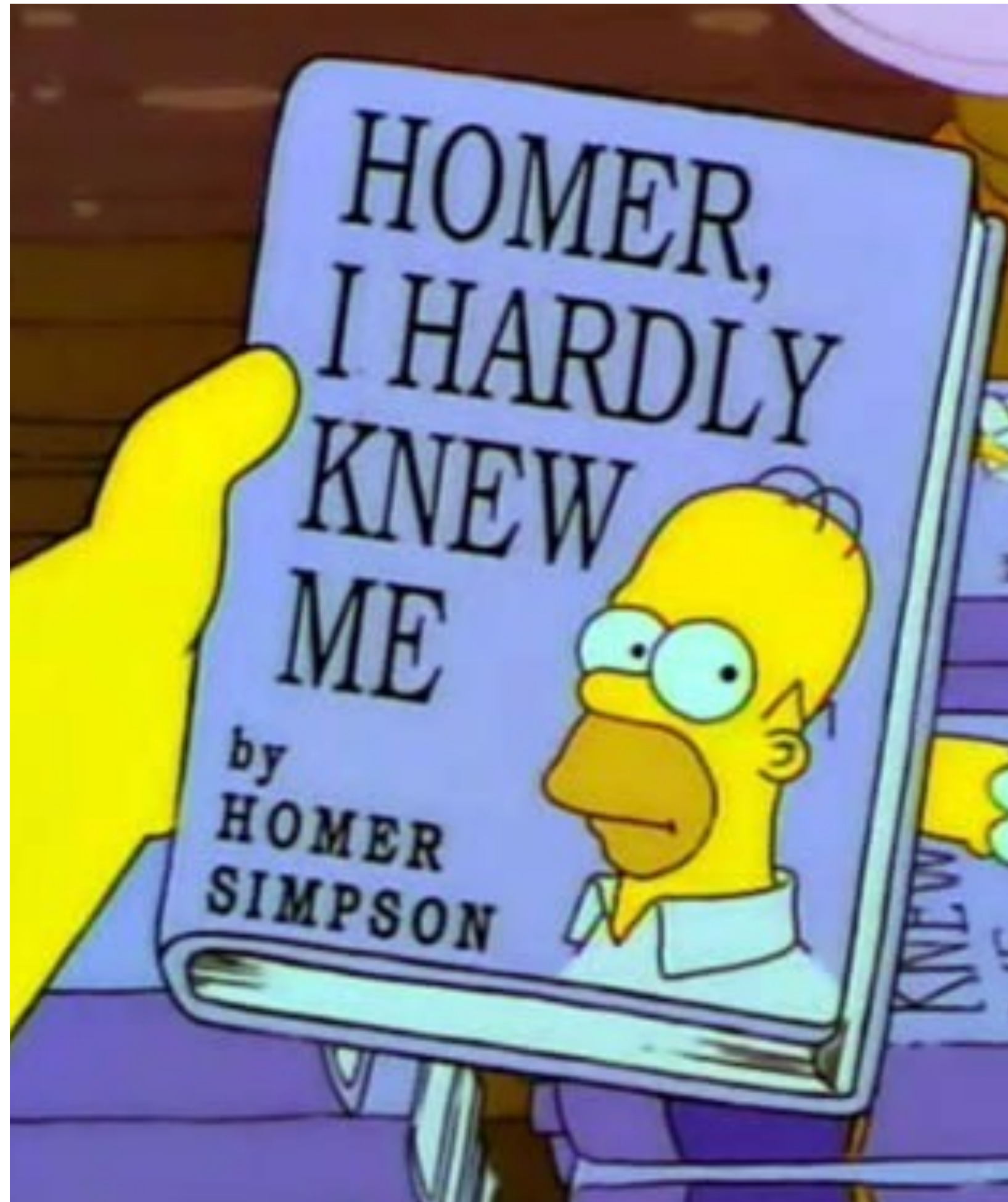
**Ben Winn**

*Lead, Customer Success  
SeamlessMD*

*brought to you by*

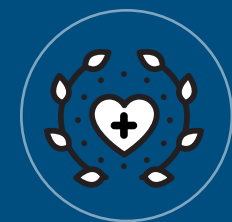
client**success**

# About Me



- Simpsons Trivia competitor
- Customer Success speaker and writer
- Originated and built the Customer Success team at SeamlessMD
- Currently manage strategic projects with C-Suite
- Co-founder of the Venture Out conference
- Advisor for the AskAI event series
- Announcing new eBook *The Beginner's Guide to Customer Success* in September for early-stage startups
- Launching event series in Toronto on September 20 for tech startups focused on deep-diving into Customer Success problems, solutions, and best-practices

# About SeamlessMD



Pre-op Optimization /  
Prehabilitation



Enhanced Recovery After  
Surgery (ERAS)



Readmissions prevention  
& remote monitoring



Integrated Care Pathway  
Delivery



Patient-Reported  
Outcomes (PRO) Data  
Collection



Bundled Payments  
Management



Bariatric



Colorectal



Cardiac



Hepatobiliary



Thoracic



Orthopedics



Obstetrics



Gynecology

# **My Innovation**

**Why do we measure customer health scores?**

**To understand and predict account behaviour**

# Problem

When I first began at SeamlessMD...

Health Score (/10)	Readiness / Ideal Fit	Company	Happiness	Implementation / Process	Support	Usage and Value	Product	Bugs
8.75	2	5	5	5	5	4	5	4
8.75	2	5	5	5	5	4	5	4
9.00	2	5	4	5	5	5	5	5
6.25	2	1	2	3	5	4	3	5
8.75	2	5	5	5	5	4	5	4
7.25	2	5	3	5	4	4	3	3
7.75	3	5	5	4	4	4	3	3
7.00	2	5	4	1	5	1	5	5
9.50	5	5	5	5	5	3	5	5
8.50	5	5	4	4	3	5	4	4
6.25	3	3	3	3	4	2	2	5
9.50	4	5	5	5	4	5	5	5
9.00	5	4	4	5	5	3	5	5
8.25	4	5	5	4	4	4	4	3
8.00	3	5	5	4	4	4	2	5
8.75	4	5	4	4	5	4	4	5
8.75	5	5	5	4	5	3	4	4
8.00	5	4	5	3	5	1	4	5

# Problem

## Researching other companies' health scoring systems

- Overall usage of your product (obviously)
- Usage of the stickiest features of your product (not as obvious)
- Depth of usage - % of product used
- Breadth of usage - # of licenses
- Growth of the account (could be \$\$ or licenses)
- Length of time as a customer (especially if you are trying to predict renewal)
- Discount level
- # of renewals completed
- # of upsells completed
- % of spend that is non-recurring (are they spending \$\$ to become a better customer through training and services?)
- Survey results
- How often do they call Support?
- Marketing participation – references, speaking engagements, case studies
- Product feedback
- Community involvement
- Invoice history
- Length of time between end of onboarding and first renewal (for new customers)
- Executive relationship
- Overall relationship
- Are C-level execs users of your solution?



# Problem

## Good Health

- Usage Frequency at least Weekly
- Engagement  $\geq 60$
- License Utilization  $\geq 50$
- Active Clients  $\geq 3$
- Invoices/Month  $\geq 15$

## Poor health

- Usage frequency is inactive
- Engagement  $< 10$
- License Utilization  $< 20$
- Active Clients  $\leq 1$
- Invoices/Month  $\leq 3$



### Good Health

A customer is considered in good health when **ALL** of the following conditions are met:

- Attribute 'Active Clients' at least 3
- Usage Frequency is at least Weekly
- Attribute 'Invoices/Month' at least 15
- License utilization is at least 60 percent in last 14 days
- Engagement is at least 60
- Overall time spent is at least...

[Edit Good..](#)



### Average health

A customer is considered of Average health if they do not classify to either poor or good health



### Poor health

A customer is considered of poor health if **ANY** of the following conditions are met:

- Usage Frequency is no more than inactive
- Engagement is no more than 10
- License utilization is no more than 20 percent in last 14 days
- Attribute 'Active Clients' no more than 1
- Attribute 'Invoices/Month' less than 2
- Overall time spent is no more than...

[Edit Poor...](#)

# Problem

What if they use it weekly because their boss is making them?

What if they know their logins are tracked, so they log in and out multiple times per day?

What if their business is going through a slump?

What if they are spending lots of time on your system, but not recognizing real value?

What if the users love it, but the funder doesn't?

# Solution

My solution was to create a formula that would reduce these complex weighted health scores to 2 simple factors, with equivalent or better accuracy.

It is called the **Account Behaviour Formula (ABF)**

The **Account Behaviour Formula** predicts whether a given account will

- A.** Renew and/or grow their contract,
- B.** Go to a competitor
- C.** Inform you they are considering churning
- D.** Churn without any notice.

It's calculated using two simple factors: a **quality of relationship (QOR)** score, and **return on investment (ROI)** score, and best of all, no software is required.

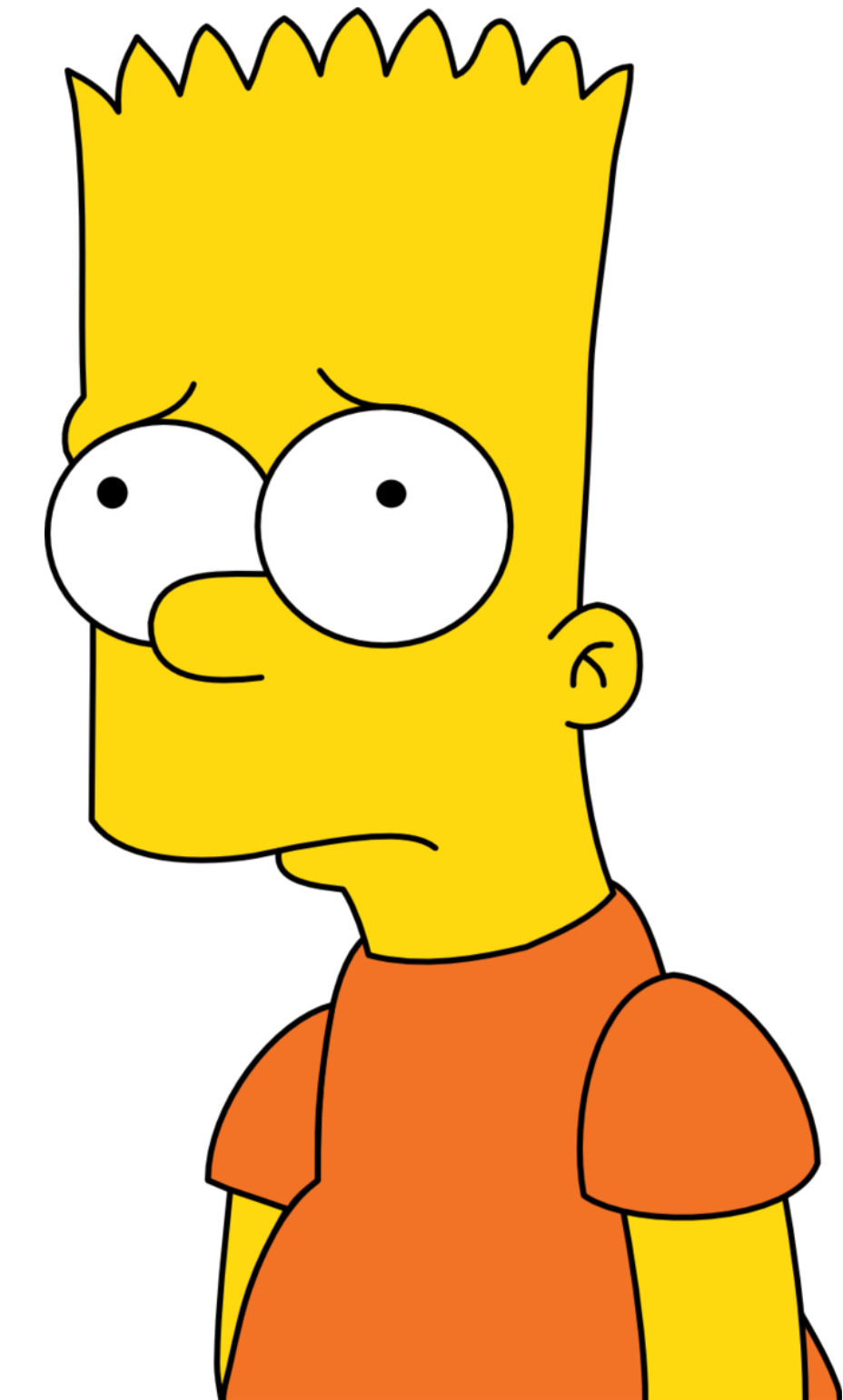
# SeamlessMD Results

## Before using the ABF:

✘ 0% ARR Growth (from existing customers)

! 2.2% Churn

☁ NPS = 61 (Good)



# SeamlessMD Results

**The past 12 months (after implementing the ABF):**

- ✓ 150%+ ARR Growth (from existing customers)
- ★ 0% Churn
- ♥ NPS = 71 (Excellent - top tier)

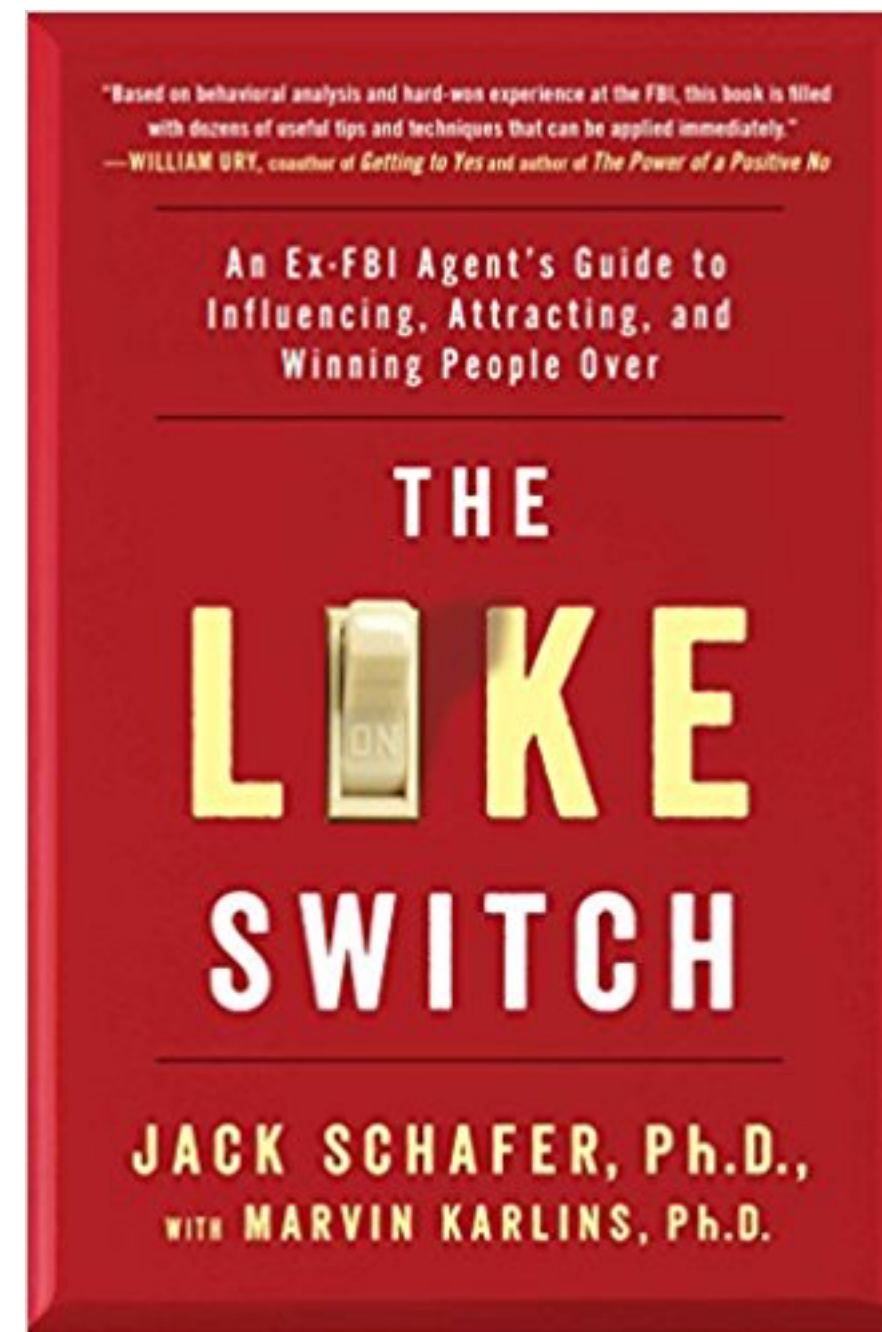


**How does it work?**

# Quality of Relationship (QOR) Score

Based on Jack Schafer's Friendship Formula (*The Like Switch*):

Proximity + Duration + Frequency + Intensity = **Quality of Relationship**



**Proximity** - The physical distance between you and another person. For example, if you sit right next to someone at work, you will have a better chance of connecting with them than if they sit on the other side of the room.





**Frequency** - The number of encounters between you and the other person. If you go to the same grocery store every Saturday and see the same checkout clerk, you two will create more of a relationship than the clerk you see at Target once a month.



**Duration** - The length of time you spend with the person each time you see them. You're more likely to build a stronger connection with the person sitting next to you if you're at your desk for 8 hours a day instead of 3 hours.



"Thanks for being my friend, Wayne."

**Intensity** - how well you are verbally and non-verbally connecting (physically and psychologically) with the other person, and the emotional depth of your interactions.



# Quality of Relationship (QOR) Score

Based on Jack Schafer's Friendship Formula (*The Like Switch*):

Proximity + Duration + Frequency + Intensity = **Quality of Relationship**

**To determine a client's QOR score:**

- Use a 5-point Likert scale for each variable, and assign points accordingly
- Add them together, and your QOR score is the result out of 20

**Very low**

**1**

**Low**

**2**

**Medium**

**3**

**High**

**4**

**Very high**

**5**

# Return on Investment (ROI) Score

Varies based on business model and available data.

How much value has the client realized?

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**To determine a client's ROI score:**

- Use a 5-point Likert scale and assign points accordingly

**Very low**

**1**

**Low**

**2**

**Medium**

**3**

**High**

**4**

**Very high**

**5**

**The ROI *you* know/think the client has derived is irrelevant.**

**All that matters is the ROI *they* feel has been derived.**

# Interpreting the Results

There are **four** potential outcomes of the ABF:

1. Churn with no notice

1. (QOR < 12, ROI < 4)

2. Risk of churn with notice

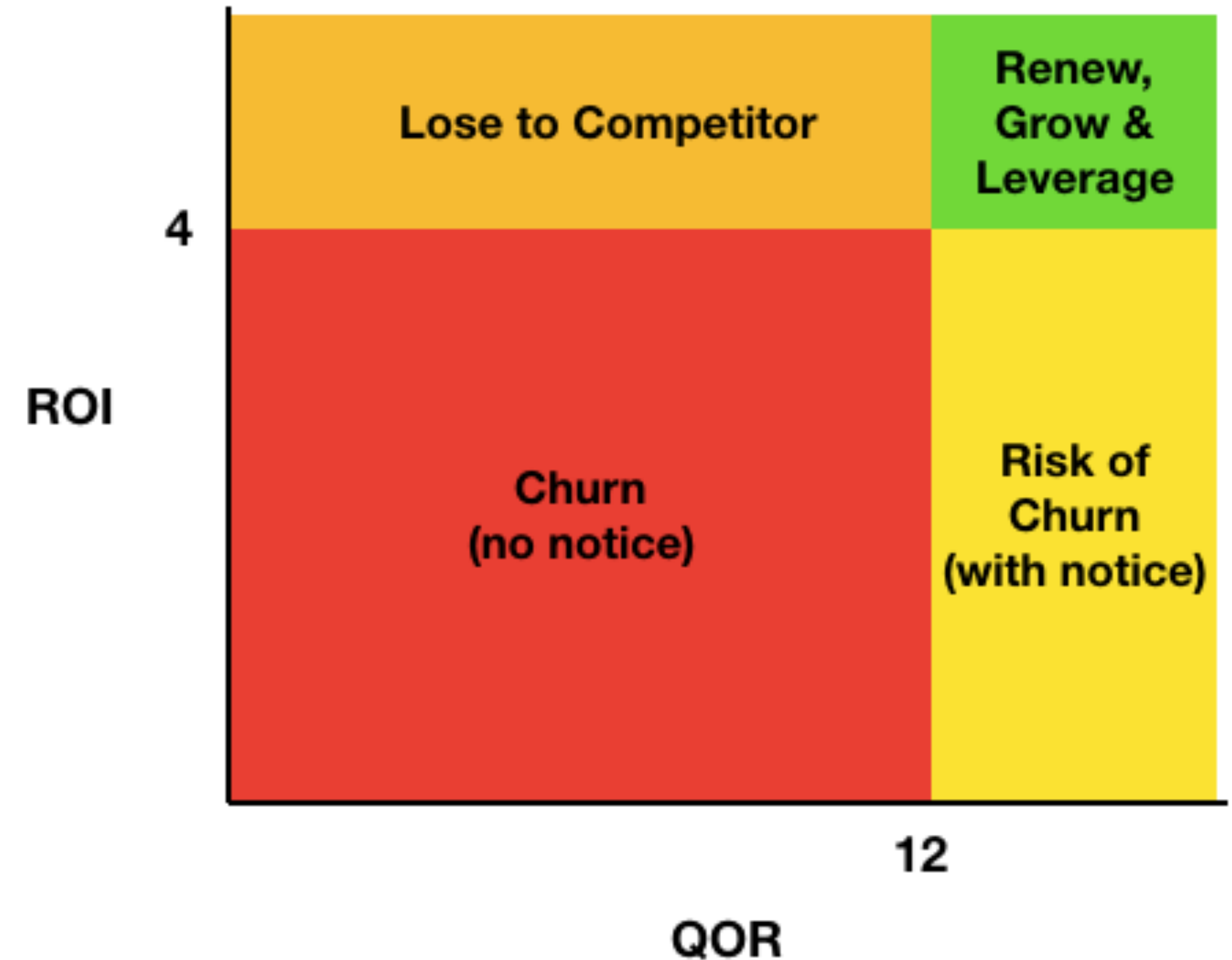
1. (QOR ≥ 12, ROI < 4)

3. Customer goes to competitor

1. (QOR ≤ 12, ROI ≥ 4)

4. Customer will renew/grow contract

1. (QOR ≥ 12, ROI ≥ 4)



These conclusions tell you what you need to know in order to make important decisions, very quickly.

# Impact

**By using hard data to accurately predict the behaviour of our customers, I was able to simplify health score generation and demonstrate:**

- Amount of ARR at risk (churn)
- Amount of ARR we were leaving on the table (upsell opportunities)
- Number of passives & detractors that could be turned into promoters
- Where more investment would yield the highest ROI (relationship, product, etc.)

**We then:**

- Invested in boosting our lower-scoring accounts
  - Onsite visits (proximity)
  - Increased touchpoints (frequency)
  - Spent more time working with them (duration)
  - Set hard goals and deadlines (intensity)
- Invested in capitalizing on on top-scoring accounts
  - Requested referrals, gathered quotes/testimonials, etc.



# High Touch vs. Low Touch

## High Touch

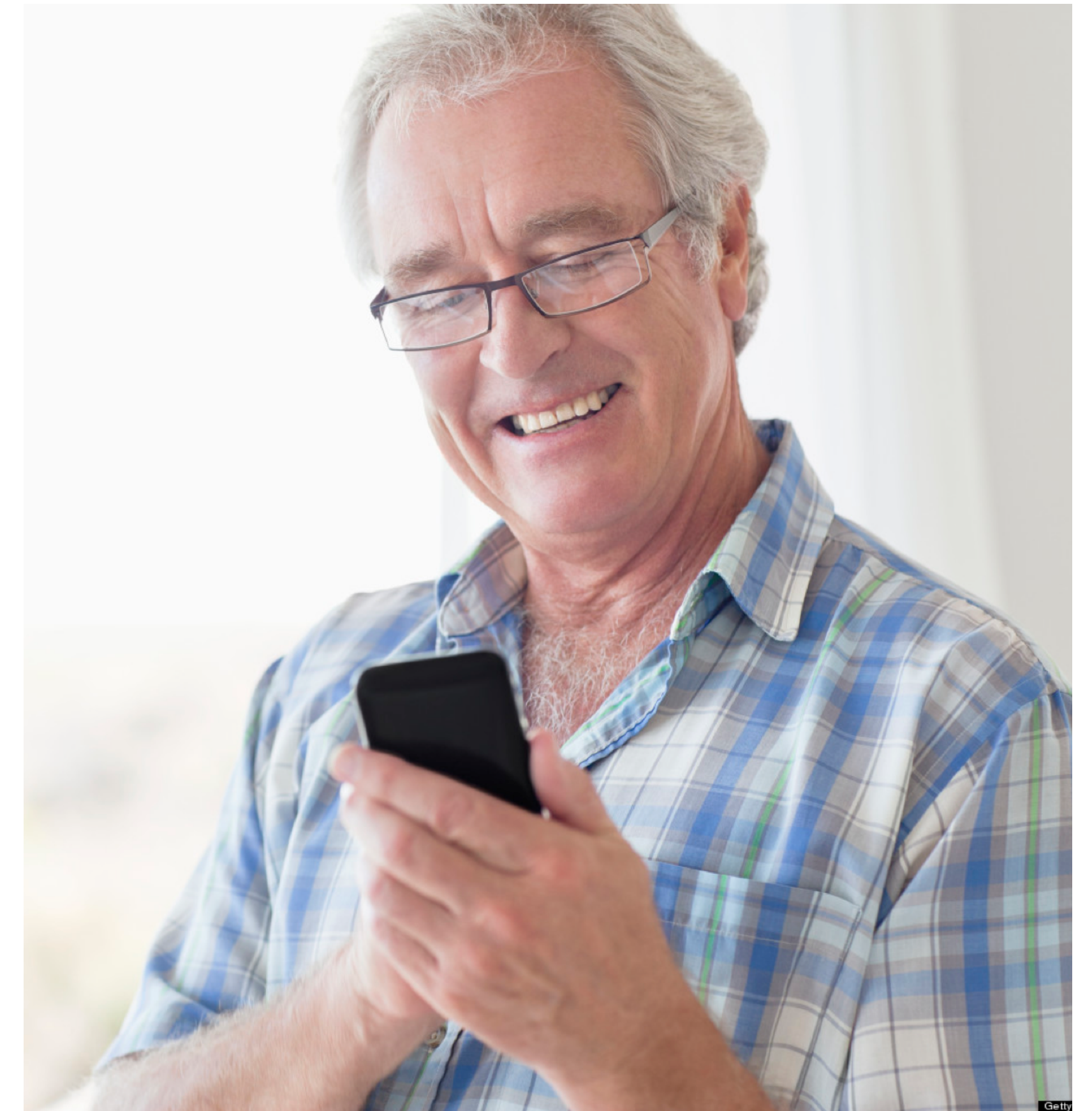
Evaluate the relationship between the CSM and key stakeholder(s)/decision-makers

(ex. SeamlessMD CSM & Hospital CFO or Chief of Surgery)

## Low Touch

Evaluate the relationship between the customer and your product

(ex. You and your Uber app)



# Example - High Touch

**Company:** SeamlessMD

**Customer:** Hospital X

**Proximity** - 2/5 (Far away, but close proximity when on site)

**Duration** - 4/5 (Because of distance, visits are longer)

**Frequency** - 3/5 (Quarterly onsite)

**Intensity** - 3/5 (They've invested time, money, and energy)

**ROI** - 3/5 (Results are strong, but baseline data was not provided)

\*\***ABF** indicates they are at risk of churn, but will work with us to increase ROI

# Example - Low Touch

**Company:** Spotify

**Customer:** Me

**Proximity** - 5/5 (Phone is always with me)

**Duration** - 5/5 (I listen to music almost all day)

**Frequency** - 5/5 (I listen to music every day)

**Intensity** - 2/5 (Very little depth of interaction)

**ROI** - 5/5 (SaaS model makes much more sense for me than alternatives)

\*\***ABF** indicates I will continue to renew my Spotify contract

\*\*Segment customers, and use smaller samples as representatives of each segment

**How often do you perform this analysis?**

**Every 6 months or as needed**  
(staff changes, expansions, new competitors, etc.)

# Use Cases

1. You don't have a health scoring system in place and need something easy to implement (early stage startups)
2. You have a health scoring system in place, but it is too complicated to easily understand and target root causes.
3. You have a complex health scoring system that works, but you want to use this as a complementary tool to help dive even deeper into understanding your customers.

# Adoptability

The **ABF**:

- is easy to implement
- is easy to understand/interpret
- has no cost
- is not limited by industry
- can be used by any SaaS company
- can be used in conjunction with Customer Maturity Index



# Conclusion

## ABF Goals:

- To simplify unnecessarily complicated processes
- To enable startups to grow and scale in a more agile way
- To empower customer success teams with high quality data





**Thank you for your consideration!**

# Appendix

# Low-Touch Application

In this case, the relationship is not with YOU but with your PRODUCT.

How to measure:

- QOR
  - Proximity
    - Do customers interact with your product at work? at home? on-the-go? all 3? Instead of proximity to *you*, use the proximity to your product
  - Duration
    - How long has a given customer been using your product?
      - If it's 1 month, you probably get a 1 out of 5 here, but if it's 1 year, you're probably at a 4 or 5 out of 5
  - Frequency
    - How often does the customer interact with your product?
      - How often does it provide them value?
  - Intensity
    - What kind of interactions are your customers having with your product?
      - Ridesharing is more intense than checking the weather
      - Making a sale is more intense than ridesharing
      - Getting a diagnosis is more intense than making a sale

# Low-Touch Application

## How to calculate:

- QOR
  - Proximity
    - Segment your customers (if there isn't one answer for all) and then create segmented scores
  - Duration
    - Use your CRM or customer analytics to determine this and segment customers by launch/signup date
  - Frequency
    - Hopefully you have customer analytics that tell you things like: number of logins, actions completed, etc.
  - Intensity
    - What are customers using your product for? How important is it to them? What impact does it have?  
Measure this through surveys and customer interviews
- ROI
  - *Real or perceived* ROI can be measured through surveys or real data (if available)

# Low-Touch Application

## How to take action:

- QOR
  - Proximity
    - If this is low, can it be increased? (i.e. creating a mobile app for something that began as a web app)
  - Duration
    - This is a fixed metric that can't be directly expedited
  - Frequency
    - If this is low, how can you increase frequency without being bothersome? Can you create a more engaging UI/UX? Can you add a new feature that people will want to engage with repeatedly?
  - Intensity
    - If this is low, how can you increase intensity for hundreds or thousands of users? Yelp increased its intensity by sending push notifications when it knows you're in a new area and it has recommendations of where to eat
- ROI
  - If you don't have a solid measure of this, your immediate next action is to create a measurement and tracking system

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