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Case-Study Exercise: Module One

Case-Study Exercise: Overview

Purpose

This exercise will test the following knowledge and abilities:

Basic understanding of customer success management: Your knowledge of what customer success management is, why it is important and how it works

Knowledge of the role of customer success manager: Your understanding of the tasks involved and the knowledge, skills and experience needed to fulfil the CSM role

Understanding the needs of stakeholders: Your ability to determine what information is relevant to stakeholders

Creating presentational information: Your ability to create presentational content to explain key concepts and important information to others

Communication and influencing: Your ability to impart complex information in a simple to understand and persuasive manner

Instructions

First read the 'Task', making sure you absorb and understand it fully. Then turn to the 'Scenario' to read the background information that relates to the task, again making sure you absorb and understand it fully. Once you are sure you have fully understand both task and scenario, complete the task using the information provided within the scenario to help you.

The task should take you a minimum of 45 minutes to complete. Some students may find they need longer in order to complete the task thoroughly.

Once you have completed the task, turn to the 'Model Answer' and compare your own response with that within the model answer. Note that the model answer is simply one possible response to the task, and does not provide either a 'best' or a 'definitive' response to the task, since there may be multiple ways in which information contained in the scenario and tasks might be interpreted, and multiple ways in which problems might be approached and/or challenges might be overcome, that would all yield an equally positive result.

Case-Study Exercise: Challenge

Task

Create a presentation for delivery to the *Tambosoft* senior leadership team that answers the following questions:

- What is customer success?
- What is customer success management?
- How does customer success management work?
- How might customer success management help our customers?
- How might customer success management help us?
- What types of activities do customer success managers do?
- What types of skills and knowledge do customer success managers need to have?
- Would you recommend customer success management as a sound investment for us, given what you know about our company, our strategies, our services and our customers?
- If so why, or if not why not?

Your answer can be in any format – for example it could be in the form of a written document, or a PowerPoint presentation, or anything else. Your answer does not need to “look good” in the sense of formatting or branding, it is purely the actual content that is important, not the way in which that content is presented.

Scenario

A friend of yours is a mid-level manager in a medium sized software company called *Tambosoft*, specializing in developing and providing sophisticated software that interrogates multiple data sources and provides simplified management decision making information based upon complex criteria and using mathematical algorithms to simulate and analyse various potential future situations.

The software they produce runs on a standard platform which they refer to as their *Data Engine*, but each customer’s needs are different, so there is a very large element of customization work that needs to be specified and then developed separately for each customer.

Until recently, the company charged a single, large upfront fee for the entire software package including customization, which the customer could then either host on their own corporate servers, or have it hosted for them by *Tambosoft* for an appropriate annual fee, or find a third party service provider to host the software for them. This effectively gave customers an enterprise wide, perpetual user license for the software, meaning that any number of employees could be given access to use the software, and the company could continue using the software version they had originally purchased for as long as they wished without incurring additional cost.

Aside from hosting, ongoing revenues from existing customers came from the provision of support services which had three levels (the basic level being free for the first twelve months). Additional future revenues from existing customers were obtained when customers decided they either wanted to upgrade to the latest version of the *Data Engine* or if they had new customization requirements.

This model worked well for larger customers, but when *Tambosoft* tried to attract more mid-sized companies to become customers your friend's company found that a lot of these smaller sized organizations lacked the funds to be able to afford purchasing the software as a one-off capital investment, and/or were put off by the risk of doing so and then finding that the software did not deliver as much value as they hoped.

In addition, *Tambosoft* were finding it increasingly difficult and expensive to provide high quality support to their customers, since during the twelve years they had been going, they had released many different versions of their *Data Engine* and some early adopter customers were still using earlier versions, with one or two (government department) customers even still using the original version. It was realized that it would be far better to get all customers to adopt the latest version of the *Data Engine* but many customers proved stubborn in refusing to do so, even when they were offered the upgrade for a very low fee.

For these reasons, *Tambosoft* decided to change their business model and offer their software to all new customers as a fully managed, hosted service, paid for on an annual renewable licence fee based upon the total number of unique users who needed access to the system, plus a still sizeable but nevertheless vastly reduced one-off customization fee at the start, which was kept as small as possible by charging just enough to cover the development costs. This of course meant that *Tambosoft* itself was always in control of the *Data Engine* version and could upgrade all customers at the same time or in phases as they desired, with customers simply "logging in" to access their service as usual. They would also offer an incentive to get as many as possible of their existing customers onto the new as-a-service platform as possible and gradually phase out support for older software versions with two year advance warnings to prepare customers for this.

The renewal fees were calculated to be roughly 20% of the non-customizable portion of the previous large, upfront capital payment method, meaning that for *Tambosoft* to break even with the new model in comparison to the old way of selling, they had to ensure that customers renewed for an average of five years.

This meant that *Tambosoft* were taking a risk, since they would be taking a massive drop in upfront payment revenues in the first few years, on the hope that they could entice more new customers to purchase access to the service than before, and also entice existing customers to renew for at least five years on average.

Currently, *Tambosoft* is trying to work out how best to make sure that as many as possible of existing customers do indeed renew and continue to renew their contracts. The idea of providing a customer success management service at no charge to customers has been suggested as one way to achieve this objective.

Your friend knows that your work involves customer success management and that you have some knowledge and experience in customer success management strategy, benefits and best practices.

They recently suggested to their senior management team that the company might benefit from a discussion with you to pick your brains on the topic of customer success management and to try to

understand what it is, how it works, and what benefits it might provide both to their customers and to their own business. The senior leadership team thought this was a good idea and have invited you in for an informal conversation with them.

MODEL ANSWER

Warning: Do not review until after you have completed the exercise

Case-Study Exercise: Model Answer

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Customer Success at Tambosoft

What is Customer Success?

Customer Success is a term used to describe the relative value that customers attain as a return on their investment in a product, service or solution

Customers who attain a high quality return on their investment are said to have received “customer success”

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Customer Success at Tambosoft

What is Customer Success Management?

Customer Success Management is a term used to describe the process of helping customers to be (and to be more) successful through the use of their purchases

It is in the interests of suppliers to help customers become more successful because in doing so they are more likely to renew service contracts and purchase additional services

How does Customer Success Management Work?

Customer Success Managers (CSMs) are assigned to customer engagements.

Within each engagement the CSM helps the customer with the processes of **onboarding, adoption and value realization**

Because the CSM has previous experience with their company's products and services, they are able to provide best practice advice and guidance to their customers.

How Might Customer Success Management Help our Customers?

Onboarding: Helping customers to understand what they have purchased, how it will help them, and what needs to be done to use it

Adoption: Helping customers to identify what will change within their business and who will be impacted by it, and then assisting the business to prepare users for this change

Value Realization: Helping customers to determine outcomes and milestones and to take measurements that act as KPIs to determine and report on progress towards outcome attainment

How Might Customer Success Management Help Tambosoft?

Contract Renewals: An important part of Tambosoft's revenues now comes from annually renewable contracts. It is therefore essential for Tambosoft to do all it can both to increase the number of existing customers who renew their contracts at the end of each contract period, and also to renew at the same or at higher revenue levels (ie by purchasing additional licenses or features)

Advocacy: An additional benefit is that by enhancing the customer experience, customers are more likely to provide advocacy, leading to further sales opportunities from new prospects

What Types of Activities do Customer Success Managers do?

Customer Meetings: Meeting with customer stakeholders to discuss their requirements and provide advice and guidance

Customer Research: Researching and analyzing customer needs

Product/Service Research: Researching and understanding features and functionality of products and services, and understand training and support for them

Reporting: Taking measurements and creating and presenting reports on progress made to date and recommendations for actions to be taken

What Types of Skills and Knowledge do Customer Success Managers Have?

Technical Understanding: Ability to understand what each product or service works and how they function, to a basic level

Stakeholder Management: Ability to form trust relationships with customer (and internal) stakeholders and influence and negotiate outcomes with them

Project Management: Ability to manage complex, multi-phased and multi-people projects to a successful conclusion

Business Awareness: An understanding of how businesses work, including familiarity with business outcomes, capabilities and management practices

Is Customer Success Management a Sound Investment for Tambosoft?

Yes!

If so Why?

The ability to maximize renewal rates is essential for revenue growth and indeed critical even to Tambosoft's survival, now that Tambosoft has moved to a software-as-a-service model

Case-Study Exercise: Your Score

Scoring

Once you have finished, and for your own benefit only, compare your own response to the response within the *Model Answer* and rate your response from 0 (low) to 5 (high) for each of the following:

- *Completeness*: how complete was your response compared with the model answer?
- *Accuracy*: how accurate was your response compared with the model answer?
- *Quality*: How high a quality level was your response compared with the model answer?

Completeness	
Accuracy	
Quality	
Your TOTAL Score	

If you rated yourself at a total of 6 out of 15 or lower your score is lower than ideal, and we recommend you review the module again and then retry the exercise to see if you can improve upon that score.

If you rated yourself at from 7 to 9 out of 15 your score is within acceptable boundaries of competence, although it might indicate perhaps less understanding or experience in the role than a higher score would have done.

If you rated yourself at from 10 to 12 out of 15 your score reveals a good standard of competence that indicates you have understood the task and can perform it well.

If you rated yourself at 13 out of 15 or higher your score reveals a very high level of achievement for this task that indicates your mastery of the topic.