

CHEAT SHEET

Health Scoring

What is health scoring?

Health scoring is the process of evaluating a customer's overall engagement and satisfaction with a company and its product or service with a simple score. Companies can score in many ways: assigning points, implementing rankings such as A, B, C, or D, or using a color coding system such as green, yellow, or red to indicate a ranking of good, average or poor health. Regardless of which method you chose, health scoring methodologies need a combination of several data types and sources to be an effective KPI.

What is a health score?

A health score is a value that indicates the likelihood that a customer will renew their subscription or service with your company.

What is a churn rate?

A churn rate is the percentage amount of customers or revenue who cut ties with your service or company during a given time period. These customers have "churned."

Tips for Leveraging Health Scores

- ✓ Quickly assess overall health of accounts.
- ✓ Prioritize upcoming customer renewals.
- ✓ Segment your customers based on health.
- ✓ Set up proactive alerts for your Customer Success team.
- ✓ Incorporate health score as triggers in your automated engagement campaigns.

Factors in a strong health score

Quantitative Health Score Factors

Product Usage

Login history, time-in app, engagement with sticky or new features.

Support History

Support ticket volume, SLA issues, open bugs duration, severity of cases.

Service Utilization

Use of purchased services, use of online resources and training.

Customer Loyalty

Length of time as a customer, net promoter scores, product survey results, support survey results.

Qualitative Health Score Factors

Relationship Quality

Responsiveness, affinity, engagement with processes.

Team Feedback

Quality of support/service engagements, CSM sentiments.

Satisfaction

Perceived ROI, level of customer advocacy.

Risk Rating

Customer maturity, customer fit, competitor risk, feature requests.

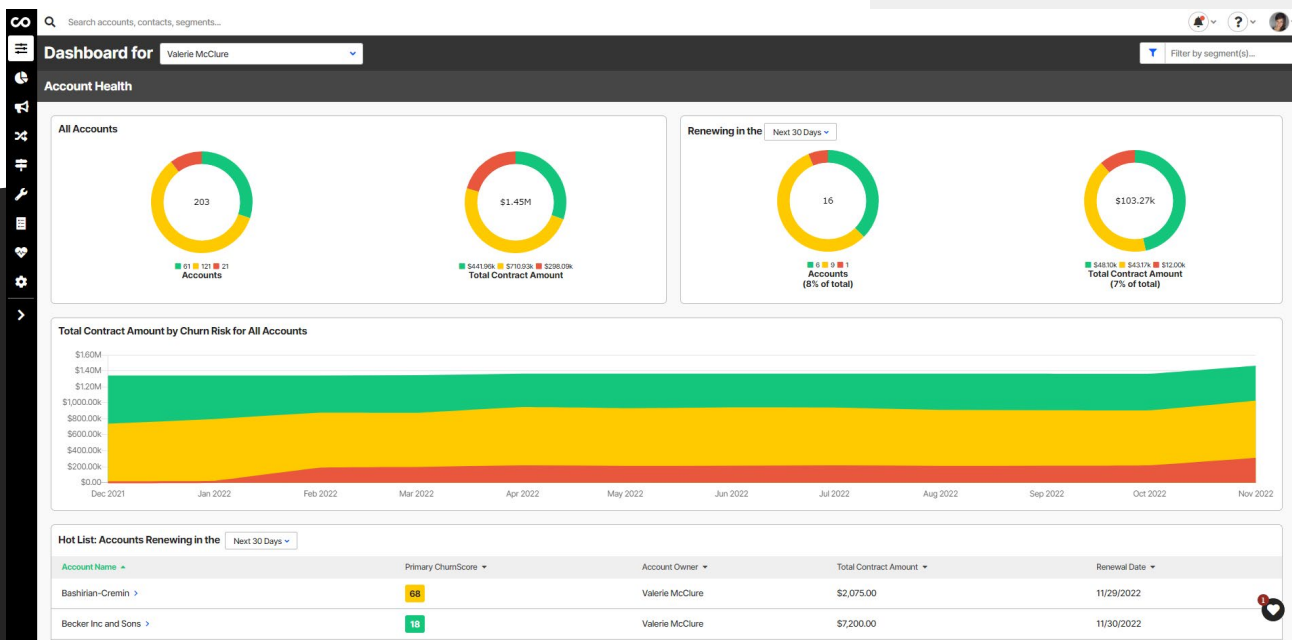
Tips for Optimizing Health Scores

- ✓ Review scores of renewed accounts. Were these scores where they should have been for these loyal customers?
- ✓ Look at customers that had high scores but did not renew. Could scoring be improved to have a clearer indicator of churn risk?
- ✓ Not all customers are created equal. Consider customizing scoring based on segmentation using lifecycle stage, company size, or industry.
- ✓ A single account can have multiple scoring models. Explore weighting factors differently for greater insight into a certain product or service.

How Health Scores Look in ChurnZero

Customer Churn Statistics

- ✓ Reducing churn by 5% can increase profits by 25-125%.
- ✓ The probability of selling to an existing customer is 60-70%. The probability of selling to a new prospect is 5-20%.
- ✓ It costs 6x more to acquire new customers than it does to keep current ones.
- ✓ Loyal customers are 5x as likely to repurchase, 5x as likely to forgive, 4x as likely to refer, and 7x as likely to try a new offering.
- ✓ It's 10x easier to upsell existing customers than to win new ones.



About ChurnZero

ChurnZero is a real-time Customer Success Platform that helps subscription businesses fight customer churn. For more information on how we can help you expand your current accounts, increase product adoption and optimize the customer experience, please visit us at www.churnzero.net or contact us at (703) 721-4988.