

How to Build a Customer Health Score by customer lifecycle stage.

ONBOARDING

Defining the Onboarding Stage



The customer onboarding lifecycle stage focuses on delivering on time to value promises and getting your product champion set up with your product. This stage sets the tone for their whole relationship with your product & company. Done well, it sets your customers up for success and clearly demonstrates the value of your product. Onboarding Health Score calculations should be geared toward product champions and will be focused less on usage and much more on setup.

Product Champion Engagement Health Score (15%)

During the onboarding stage, you should be focused on time to value and ensuring that your product champion is engaged throughout the setup process. Your product champion is the most influential user of your product, and not tracking their actions can lead to a false reading of customer health and a missed chance to ID a churn risk.

Metrics that make up your engagement Health Score during onboarding should track:

- What is the CSM's Pulse? — CSM Pulse is a subjective grade that your CSMs give each account they manage. Think of it as a human "gut check" on the happiness of your customers.)
- How frequently is the product champion connecting with their CSM during the onboarding stage?

Implementation Health Score (45%)

The implementation Health Score is exclusive to the onboarding stage. The focus is on actions required for setup, not your differentiating features. Not performing these actions during onboarding is a clear sign of churn risk, regardless of how many people are using your product.

Metrics that make up your implementation Health Score during onboarding should track:

- If the setup checklist has been completed
- How long it took to complete the setup checklist — Is it in line with how long it should take?
- When your product champion last connected with their CSM

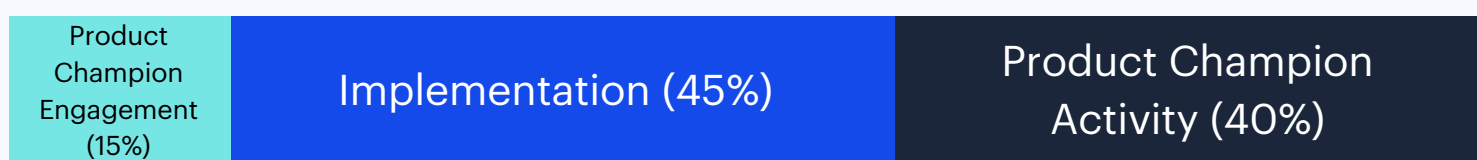
Product Champion Activity Health Score (40%)

During onboarding, the user activity score is focused on how active your product champion is, as opposed to all users within an account—that comes during the adoption stage. You'll want to ensure that your product champion is spending time 'turning on the lights' in their instance of your product.

Metrics that make up your activity Health Score during onboarding should track:

- How frequently the product champion is logging in during the onboarding stage
- How much time the product champion is spending in your product during onboarding — Tracking engagement during this fixed period of time can also reveal any kinks in your onboarding process/reveal how intuitive your product is to new users.

Calculate an Overall Health Score for Onboarding Segment:



Why create different Health Scores for different segments?

Each customer segment is unique, so why score them all the same way? To most effectively understand the health of your customers throughout their journey, Health Scores should ideally be calculated and weighted distinctly for each stage of the customer lifecycle.

Weighting Your Health Scores

Using a weighted average of the metrics in your customer Health Score will make that score a much better predictor of customer behavior. Why? Because some metrics naturally hold more 'weight' than others.

With Vitaly's Customer Success platform, you can automate key factors of your customer Health Score model like segmentation, weight calculations, changes over time, and so much more.

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ADOPTION

Defining the Adoption Stage



The adoption lifecycle stage focuses on getting all other users up and running in your product. Health scores should focus on how frequently and effectively your customers are using your product and the progress of their relationship with their CSM. Now that the focus is shifted to all users at an account, make sure to normalize usage rates for population. If you don't normalize for population, you'll incorrectly interpret the health of a user and miss a potential churn signal.

Customer Engagement Health Score (25%)

During the adoption stage, you should be focused on when engagement last occurred as opposed to the quantity of engagements within a defined time period. You should also continue to track product champion engagement separate from overall customer engagement.

Metrics that make up your customer engagement Health Score during adoption should track:

- Last communication/interaction with CSM — This is entirely based on how your CS team communicates with customers, so this could be last meeting, last email, etc.
- CSM Pulse for both users and product champion — May also track NPS for product champion
- Week 1 Engagement — Of the assigned licenses/seats, how many users are using the product?

Product Usage Health Score (35%)

The product usage Health Score can be made up of just about any metric that tracks user interaction within your product, so avoid information overload and just choose metrics that indicate that a user is using your product to get up and running. Don't forget to normalize usage rates for population!

Metrics that make up your product usage Health Score during adoption should track:

- Usage frequency — How often are customers using your product? Every day? A few times/week?
- Feature usage/exploration — Are users engaging with key features? Are they exploring all of the features available to them?

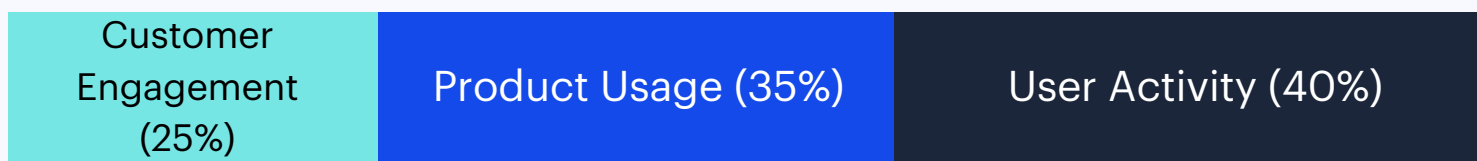
User Activity Health Score (40%)

During adoption, the user activity score shifts from focusing on how active your product champion is to all users within an account, however you should continue to track product champion activity separately. You'll want to ensure that all assigned licenses/seats are spending time 'getting up and running' in your product.

Metrics that make up your user activity Health Score during adoption should track:

- Number of events per seat — What type of activities are considered 'events' in your product?
- Rate of events over a specific timeframe — How long should users stay in adoption? What percent of users within an account have carried out X number of events during that time?

Calculate an Overall Health Score for Adoption Segment:



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MATURITY

Defining the Maturity Stage



The maturity lifecycle stage can also be thought of as your 'default' customer Health Score. Customers in the maturity stage have been with you for the long term, and are now focused on optimizing and customizing their instance of your product to meet their unique business needs. Additionally, while renewal/expansion is in a lifecycle stage of its own, the road to renewal starts in the maturity stage.

Customer Engagement Health Score (20%)

During the maturity stage, you should be focused on both user and product champion sentiment, meeting frequency and quantity, as well as trends and changes over time, not just the current state.

Metrics that make up your customer engagement Health Score during maturity should track:

- CSM Cadence — This should capture CSM Pulse, # of interactions with CSM, QBRs are being held
- User NPS and CSAT; Product Champion NPS and CSAT
- Customer Advocacy (score) — Assign a scoring system to customer advocacy; are they raising their hand/participating in case studies? Beta testing? customer user groups?

Product Usage Health Score (40%)

Similarly to the adoption stage, the product usage Health Score in the maturity stage can be made up of just about any metric that tracks user interaction within your product. To avoid information overload, choose metrics that indicate that a user is optimizing and customizing their instance of your product. Don't forget to normalize usage rates for population and track changes over time.

Metrics that make up your product usage Health Score during maturity should track:

- Feature usage — The number of users using a specific feature of your product.
- Feature adoption rate — Divide # of feature monthly active users by # of user logins in a given period, and multiply by 100

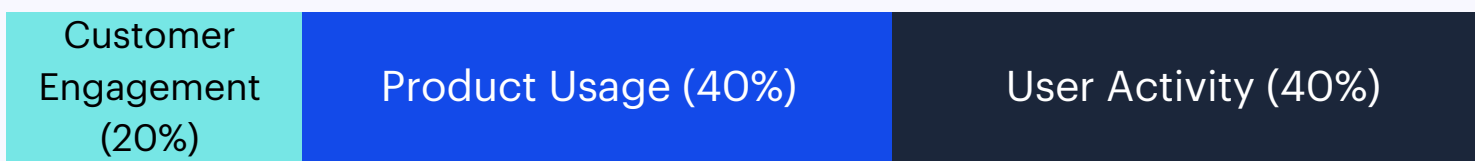
User Activity Health Score (40%)

During the maturity stage, you should continue to track both user and product champion activity. You'll want to ensure that all assigned seats/licenses are spending time in your product, and product champions and admins are spending time optimizing and customizing their product instance.

Metrics that make up your user activity Health Score during maturity should track:

- Number of events per seat/per session — Tracking the number of key events a user performs during each session will tell you if users are getting value from your product.
- Stickiness — Your daily active users (DAU) divided by your monthly active users (MAU).
- Time spent using your product

Calculate an Overall Health Score for Maturity Segment:



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RENEWAL

Defining the Renewal/Expansion Stage



The renewal lifecycle stage starts 90 days before contract renewal, made up of the steps immediately leading up to your customer's decision whether or not to renew their subscription or license. However, the decision to renew or churn is likely made much earlier. The groundwork needs to be laid in previous lifecycle stages. Having a dedicated Health Score in this stage will help prepare your team with the information they need to help customers feel confident in their decision to continue investing in your product.

Customer Engagement Health Score (35%)

During the renewal stage, your customer engagement Health Score should be comprised of both subjective and objective metrics. Subjective criteria will be related to sentiments of the CSM and key stakeholders, while objective criteria will mainly consist of quantifiable customer feedback.

Metrics that make up your customer engagement Health Score during renewal should track:

- CSM Sentiment — is there anything your maturity/default health score is not capturing?
- Product champion NPS & CSAT — Does your product champion feel as good about your product today as they did they day they purchased?
- User NPS & CSAT — How does user NPS & CSAT compare to product champion/key stakeholders?

Product Usage Health Score (35%)

A Product Usage Health Score in the renewal stage is where you should focus when it comes to identifying expansion and upsell opportunities. Don't forget to normalize usage rates for population.

Metrics that make up your product usage Health Score during renewal should track:

- Change in feature usage — Track feature usage trends since last renewal/adoption.
- Change in time spent in product — Track time spent in product since last renewal/adoption.
- Seat utilization/inactive users — Is your customer approaching their account/seat/license limit? Are they under/over the limit? Have seats been claimed, but are no longer in use?

User Activity Health Score (30%)

A User Activity Health Score in the renewal stage should focus on historical data and trends in user activity over time (this could be month over month or week over week depending on your product). No matter what activity metric you're looking at, the real story is in the trend, not the current state.

Metrics that make up your user activity Health Score during renewal should track:

- Enabled and disabled integrations — Disabling an integration it could be a potential churn signal.
- Change in stickiness — Track stickiness (daily active users/monthly active users) since last renewal/adoption.

Calculate an Overall Health Score for Renewal Segment:

Customer Engagement (35%)	Product Usage (35%)	User Activity (30%)
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