



Net Retention + Expansion: Your **Customer Success** **Revenue Partners**

ESSENTIAL TOOL



Measuring Success and Driving Expansion

If you are a Customer Success Manager at a B2B SaaS company, it is important to know how to measure success and drive expansions. This guide will teach you how to calculate Net Recurring Revenue (NRR), about the four types of expansion opportunities, and how to build a strategic account action plan.

- ✓ Net Recurring Revenue Rate
- ✓ The Four Types of Expansion
- ✓ Strategic Account Action Plan



Net Recurring Revenue Rate

	Equation
NRR =	$\frac{(\text{Monthly Recurring Revenue (MRR)} + \text{Expansions} - \text{Downgrades} - \text{Churn})}{\text{MRR}} \times 100\%$
95% =	Example $\frac{(100,000 + 20,000 - 10,000 - 15,000)}{100,000} \times 100\%$

MRR = \$100,000 **Expansions** = \$20,000 **Downgrades** = \$10,000 **Churn** = \$15,000

An NRR rate of over 100 percent means that your business has a huge potential for growth. 90% is good for NRR small and medium SaaS businesses, and 125% is good for large corporations.

Source* <https://www.calqulate.io/blog/net-revenue-retention>

The Four Expansion Opportunities

Who on your team needs to be involved in these conversations?

- Same buyer or new buyer?
- New product added?
- Same or new department?
- More seats?

Same Buyer Expansion



Renew



Upsell

New Buyer Expansion



Resell



Cross-Sell

Building Your **Expansion Playbook**

Assess your Current Relationships

- What is the health of your relationship?
- Who can I ask for an introduction?
- Am I investing my time in developing the right relationships?
- Am I **“multi-threaded”**?



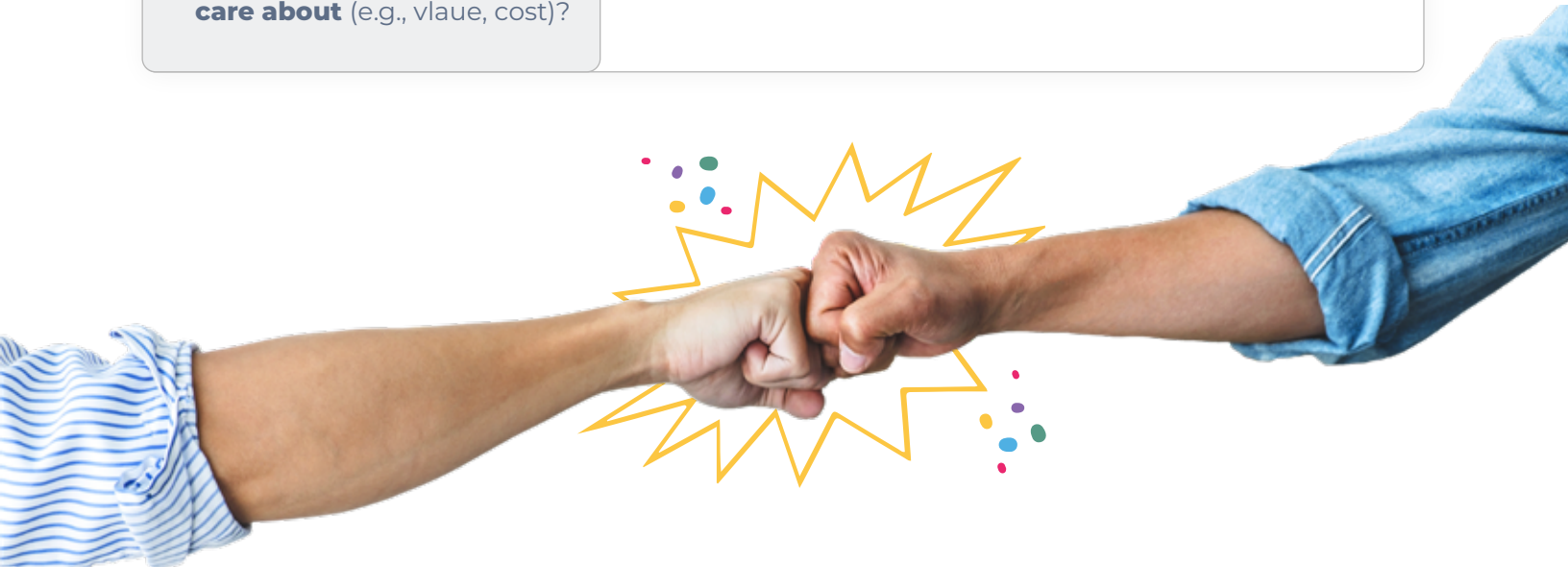
Map Out your Current Relationships by Filling in Each Category Below

Decison Makers	Blockers	Executive Sponsors	Targets
 <ul style="list-style-type: none">- Name/Title- Name/Title	 <ul style="list-style-type: none">- Name/Title- Name/Title	 <ul style="list-style-type: none">- Name/Title- Name/Title	 <ul style="list-style-type: none">- Name/Title- Name/Title

Championship Relationship Building

- Who are the **decision makers**?
- Who can influence **major buying decisions**?
- What do they **care about** (e.g., vlaue, cost)?

_____	_____
_____	_____
_____	_____



CSM Strategic Account Action Planning Tool

		Customer A	Customer B	Customer C
CSM	Strategic Theme	Cross-sell Expansion		
Customer	Core Issues	Highly acquisitive company; Dispersed data		
	Strategic Implication	Centralized data visibility & standardized processes		
	Solution	Homogenized SOPs via all divisions on same tech stack		
CSM	Desired Outcome	License Expansion		
	KPIs	ARR increase of 20%		
	Timeline	By end of Q1		
	Owner(s)	Queen Elsa of Arendelle		

Find more essential tools from Gainsight at <http://www.essentials.gainsight.com/resources>.