Gainsight

The Customer Success Index

2024

While the post-Covid recession we were all dreading didn't materialize and interest rates have started inching down, this year has still been challenging for many companies striving for growth.

Our still-uncertain economic waters mean businesses are relying on Customer Success (CS) orgs more than ever to not just reduce churn, but also grow their customer base, keep up with customer demands, and prove ROI.

Our third annual Customer Success Index Report, created in partnership with Benchmarkit, shows that in 2024, Customer Success experienced remarkable growth and maturation and is ready to meet these demands.

While our 2023 Customer Success Index saw CS at an inflection point, this year's data clearly shows that CS has evolved into a sophisticated, strategic discipline. In fact, Gartner, the preeminent research and advisory firm, recently confirmed this in their first-ever Magic Quadrant for Customer Success Management Platforms. We believe the Gartner report from October 2024 validated what we've known for years: CS is a critical need for businesses with recurring revenue models.

And this year's CS Index Report marks the first time we're seeing CS expand far beyond its original scope. While CS remains a cornerstone of B2B technology companies' go-to-market strategy (an incredible 95% have established CS functions), other industries are rapidly adopting CS principles and practices, benefiting from over a decade of proven best practices from the tech sector.

Another trend we're seeing this year is with new logo acquisition slowing down, CS is becoming a more central go-to-market function and moving under the Chief Revenue Officer (CRO) as retention and expansion become critical to growth and scale.

The other big reveal from this year's data? While AI is still relatively new, today's sophisticated (and still evolving) tools are now fully recognized as the key to scaling CS so companies can achieve the growth they need to succeed. Our recent report, The State of AI in Customer Success 2024, showed the power and possibility of AI to help solve persistent CS challenges, and we're seeing it at Gainsight in terms of risks flagged, hours saved, and money better spent.

As we reflect on this data from 2024, it's clear that CS has grown up, and we're proud and excited to be part of the Customer Success evolution into a proactive, data-driven engine for growth.

In the coming pages, we'll dig into the insights from this year's data to help you understand where the industry stands today—and where it's headed tomorrow.

Brent Krempges
Chief Customer Officer
Gainsight

Your Cheat Sheet to This Year's Defining Trends

AI Is Changing the Game for Customer Success

Though we're technically still in the early days of AI for CS, it's already completely reorienting the industry. It's increasing efficiency in team workflows, providing better early warning systems, and giving us much deeper, more nuanced insights into customer behavior. But AI in CS is not just about better access to clean data (though that's critical). It's providing the strategic support needed to better tie CS actions to outcomes, helping us pinpoint where human actions (which are still critical) are driving the most value, and revealing where and how to spend our resources wisely.

Digital Tools Are Boosting Success Without Busting Budgets

Gone are the days when adding more CS headcount was the path to success. To scale efficiently while maintaining effectiveness, organizations are leveraging digital CS tools to fundamentally change how they engage with customers. This shift comes at a crucial time. In today's market where product differentiation is increasingly difficult, the customer experience delivered through CS has become a critical differentiator.

Expanded Insights, Expanded Responsibilities

CS teams are now taking on expanded revenue responsibilities, particularly around customer expansion. This year's data shows that Customer Success Qualified Leads (CSQLs) continue to increase in importance; as acquiring new customers becomes more challenging, CS teams are increasingly expected to identify upsell and cross-sell opportunities.

Retention Still Reigns Supreme

Whether it's Gross Revenue Retention (GRR), Net Revenue Retention (NRR), or logos, retention is still a holy grail objective for CS, and we don't see that changing anytime soon. In Europe, specifically, logo retention is a lead metric (95%) whereas in North America, GRR has become the standard (89%). But no matter what retention metric you're looking at, remember that putting your retention metrics in the context of Annual Contract Value (ACV) is key.
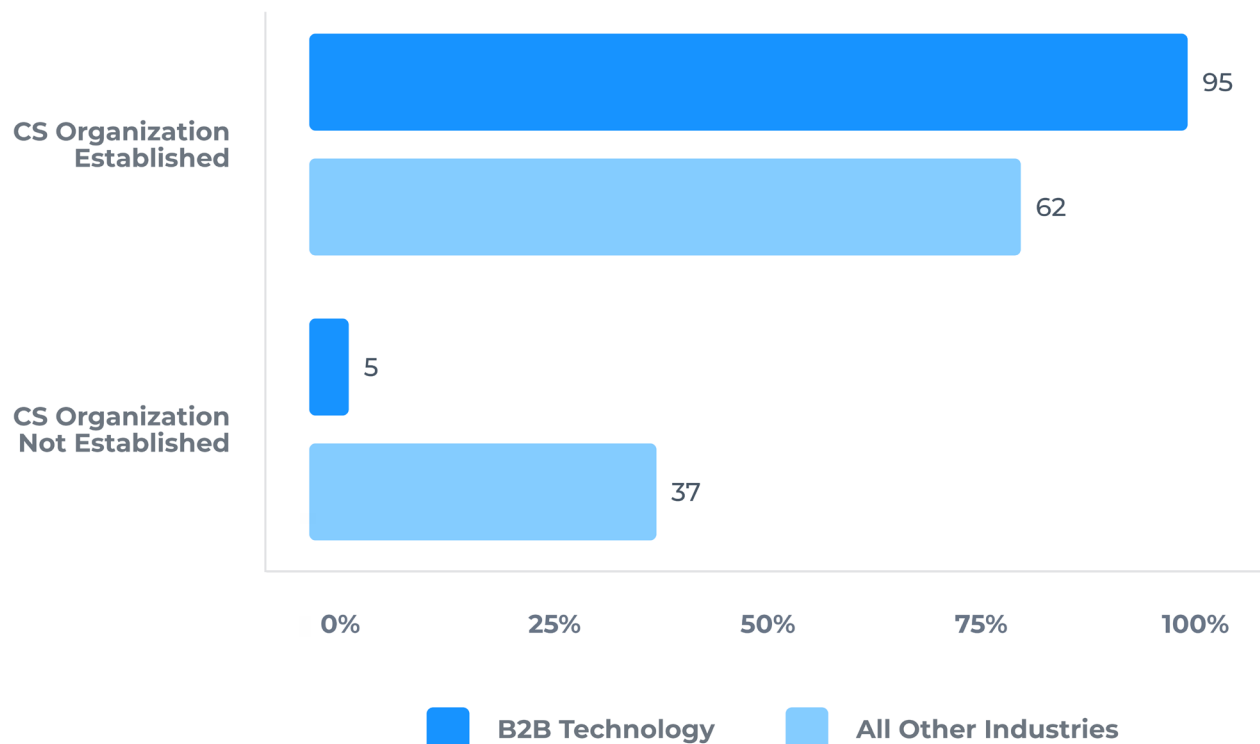
Customer Success Moves Beyond Its Traditional Borders

Our report shows that CS is no longer being confined to a single department—or to B2B tech for that matter. Organizations increasingly recognize that Customer Success influences the entire customer lifecycle, so we're seeing unprecedented collaboration as Product, Marketing, and Sales teams integrate CS strategies into their playbooks. This expansion is supported by evolving tool sets that create a holistic CS ecosystem for all to use, from product analytics to in-app communications to education to community building.

Customer Success is All Grown Up

B2B Led the Way to Global CS Adoption

Organizations with Established CS Function

CS Organization Established
- B2B Technology: 95
- All Other Industries: 62

CS Organization Not Established
- B2B Technology: 5
- All Other Industries: 37
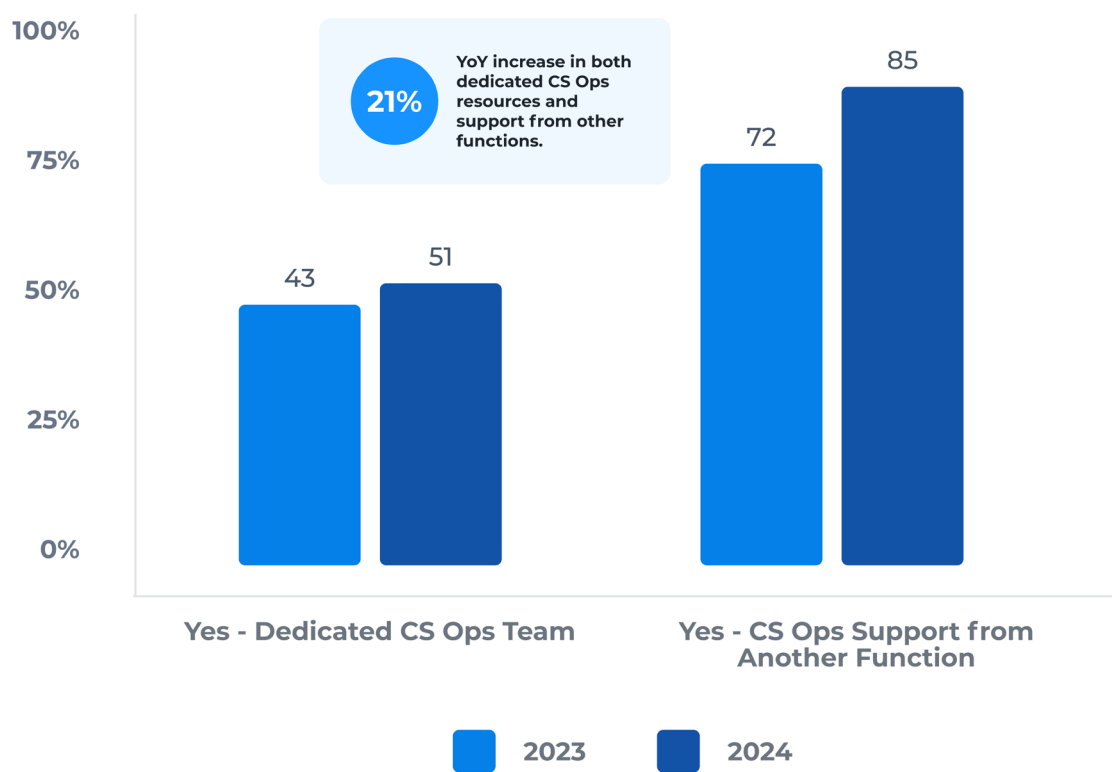
Legend: ■ B2B Technology ■ All Other Industries

Brent's Breakdown

This is the first year we've seen notable responses to our survey from companies outside B2B tech where CS departments are more established. Though B2B tech companies still adopt CS strategies much more broadly, we're seeing the evolution of the Customer Success function across industries. But questions remain around how CS organizations will be impacted with companies switching to consumption models (a big trend in and outside of SaaS), those without recurring revenue, and other scenarios.

CS Operations Is Fully Embedded in Most B2B Companies

Organizations with CS Ops Resources Established

21% YoY increase in both dedicated CS Ops resources and support from other functions.

Yes - Dedicated CS Ops Team: 43 (2023), 51 (2024)

Yes - CS Ops Support from Another Function: 72 (2023), 85 (2024)
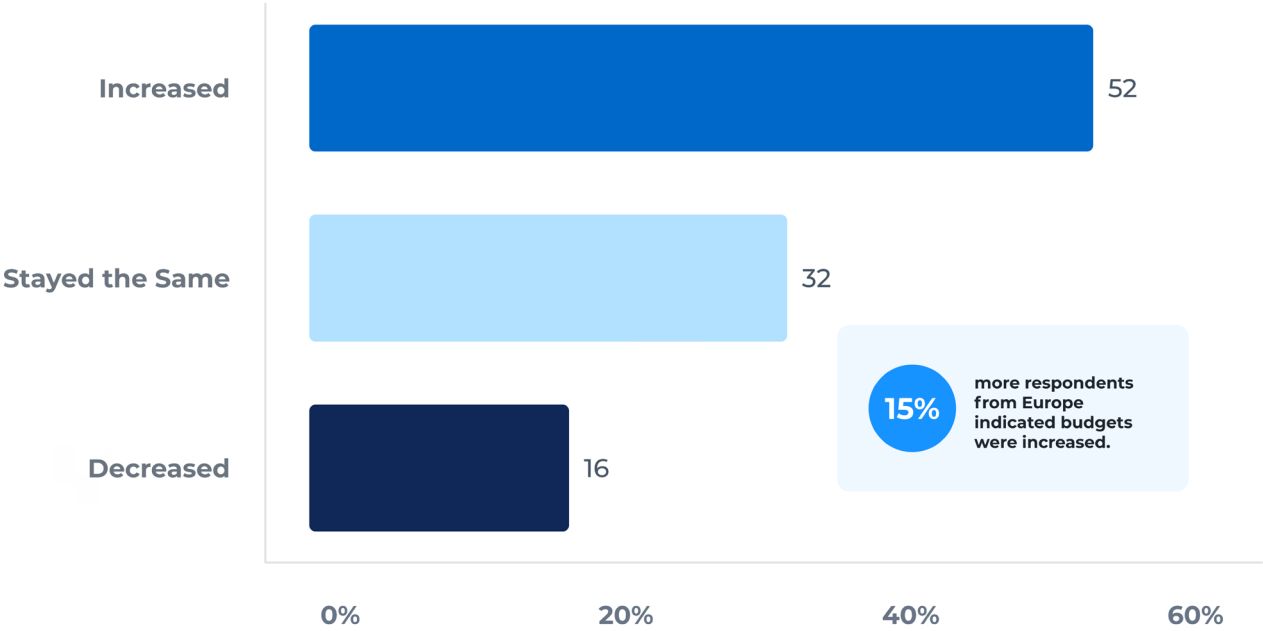
■ 2023   ■ 2024

Brent's Breakdown

As more organizations look to stop throwing people at the problem of scaling CS, increasing investments in CS Operations (CS Ops) is helping CS teams to codify and automate more programs. We're seeing a continued year-over-year increase in CS Ops, which typically covers programs like automated journeys, creating effective dashboards and reporting for CS teams, and managing Customer Success Platform (CSP) installations. We're also seeing Ops teams cross over into Digital CS programs in many cases. Our prediction is that we'll likely see a continued focus on Digital CS and AI, translating to a continued focus on CS operations.

CS Budgets Are *Not* on the Chopping Block

CS Budget Change in the Last 12 Months

Category	Value
Increased	52
Stayed the Same	32
Decreased	16

15% more respondents from Europe indicated budgets were increased.

0%   20%   40%   60%

Brent's Breakdown

What we're clearly seeing in this year's data is that CS is here to stay and scale. Despite economic headwinds, 84% of B2B tech companies are maintaining or increasing their CS budgets. Digging a little deeper into the data, we're watching a trend where budget isn't necessarily going to headcount, as it may have in the past, but is now being split between headcount and tools like Digital CS and AI to scale. This shift shows that companies are figuring out a way to better serve their customers while keeping their overall costs in check.

CS Expenses Are Inching Up

CS Expenses % of Total Revenue

Chart data — CS Expenses % of Total Revenue

| Year	25th	Median	75th
2022	3	6	12
2023	5	8	15
2024	5	9	10
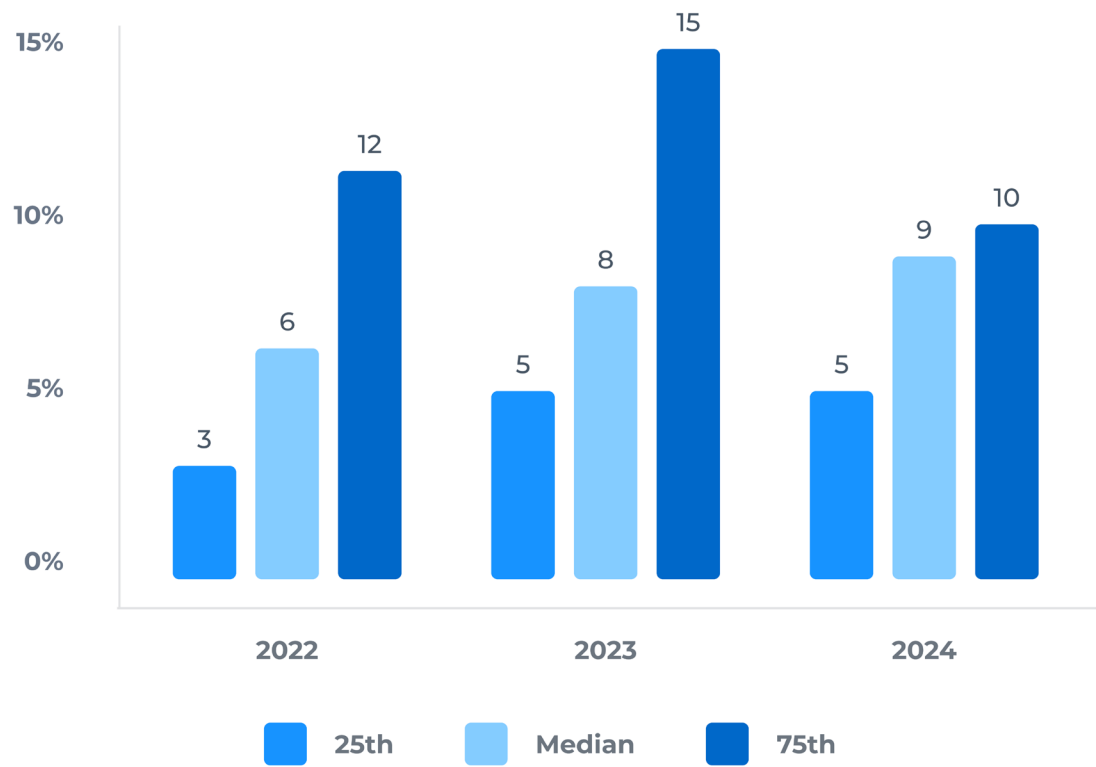
Brent's Breakdown

Since we ran our first report in 2022, we've seen a slow-and-steady increase in CS as a growth lever for companies and in CS earning company-wide investment—including more scalable and efficient tools as new logo acquisition slows. Though variation was high in 2022, we're now seeing that spend is normalizing as CS becomes a more central and standard part of company investment.

Customer Success Responsibilities

Customer Outcomes Are Priority #1

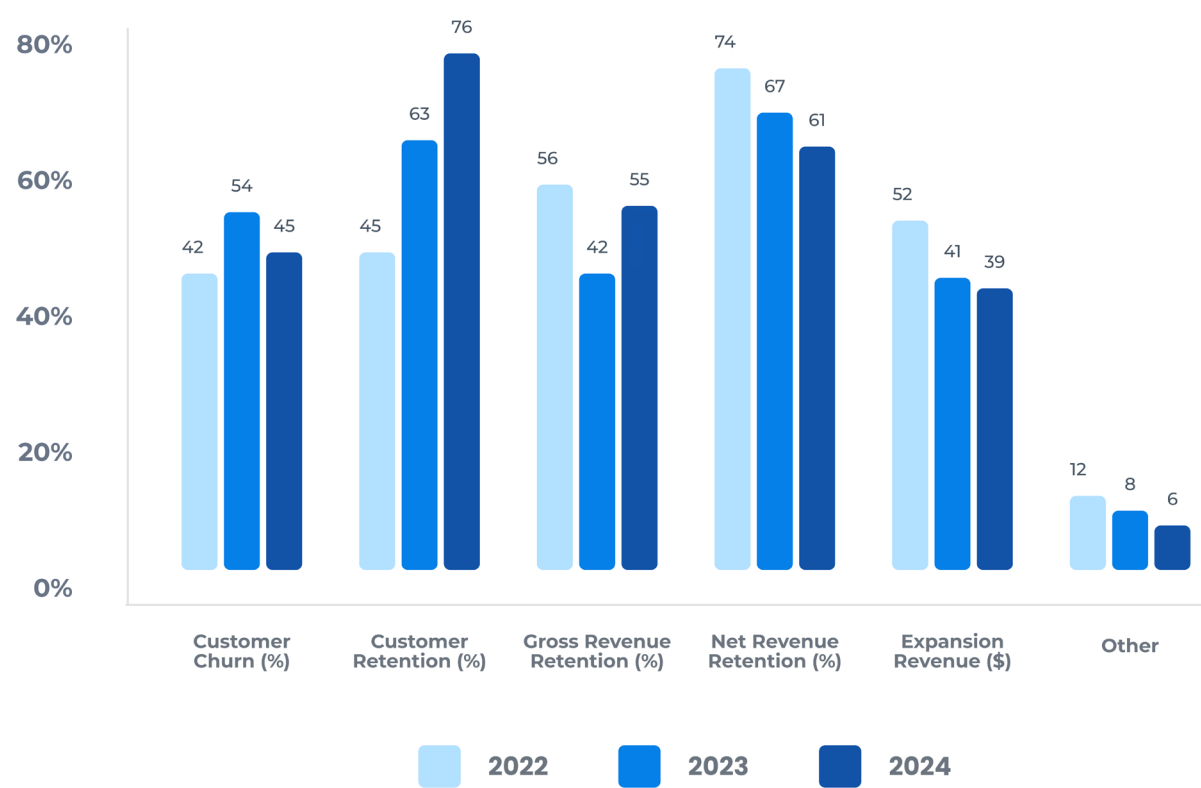### Customer Success - Primary Responsibilities
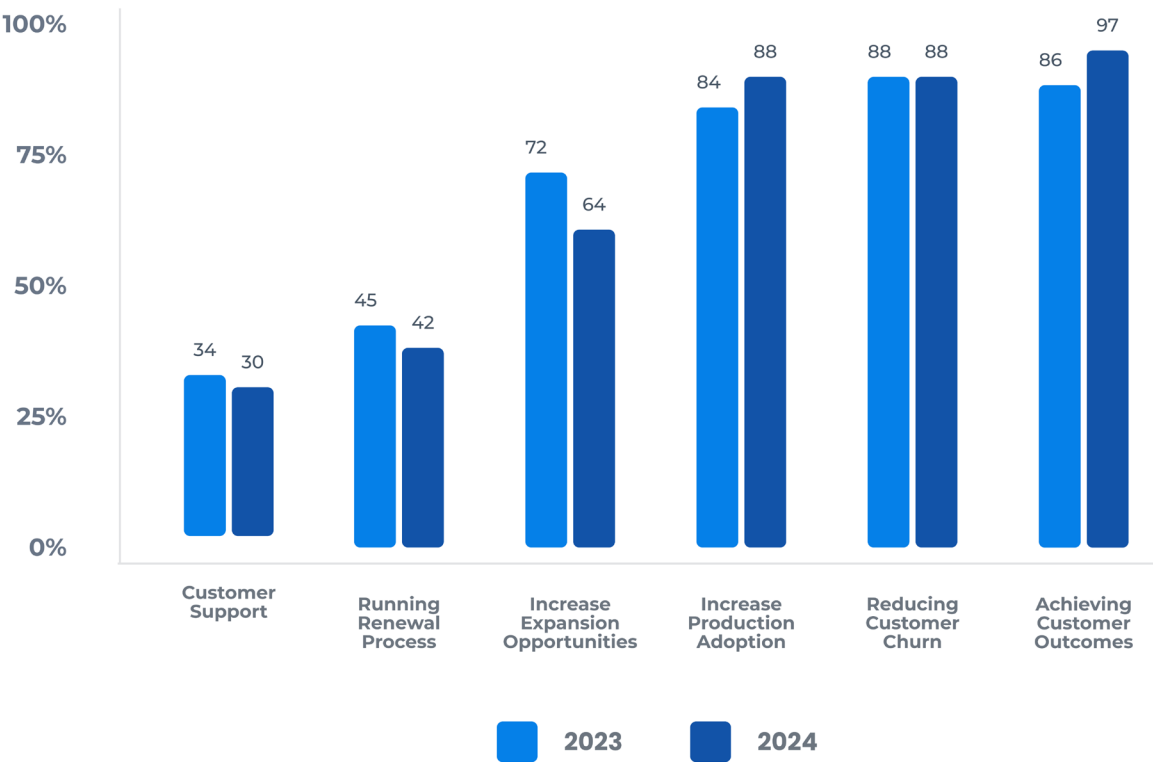
Brent's Breakdown

We're not surprised that typical CS responsibilities—outcomes, churn, adoption—are holding more or less steady, but there's some interesting trends in this data to unpack. The first is that outcome achievement has pulled ahead as the number one focus of CS teams. As realizing value becomes even more critical to keeping customers in today's market, this trend is likely to continue. We're also seeing a continued decrease in time CS teams spend on support, as self-service, automation and AI take on more of these basic how-to questions. We were interested to see a slight decrease in renewal and expansion ownership for CS this year, possibly due to moving these responsibilities to account managers and sales following the alignment of some CS orgs under the CRO. Survey data is showing that that 54% of CS teams identify the expansion opportunities in some fashion, but hand these opportunities off to other teams to close.

Customer Success Metrics

A Slow Shift Away from NRR

CS - Primary Revenue Metrics Utilized

Chart data: Customer Churn (%): 2022 = 42, 2023 = 54, 2024 = 45. Customer Retention (%): 2022 = 45, 2023 = 63, 2024 = 76. Gross Revenue Retention (%): 2022 = 56, 2023 = 42, 2024 = 55. Net Revenue Retention (%): 2022 = 74, 2023 = 67, 2024 = 61. Expansion Revenue ($): 2022 = 52, 2023 = 41, 2024 = 39. Other: 2022 = 12, 2023 = 8, 2024 = 6.
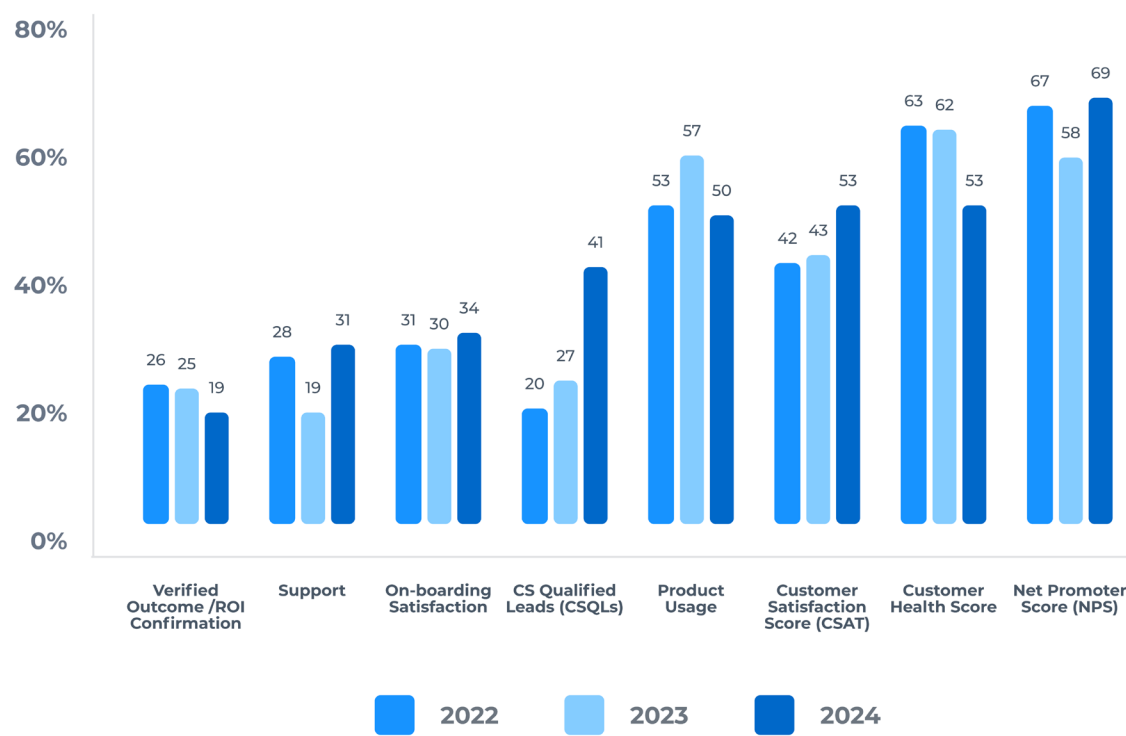
Legend: 2022, 2023, 2024

Brent's Breakdown

Though revenue retention—Net Revenue Retention specifically—has long been the north star for subscription companies, we've noticed a shift in the last year away from relying on NRR alone. This chart shows that Gross Revenue Retention has become a leading metric. Last year only 42% of companies reported GRR as a top measurement; this year 55% of companies did. This makes sense to us because NRR measures revenue alone, while GRR, which takes into account losses from churn, shows a fuller, more accurate picture of where you stand as churn continues to be a key focus.

No One Metric Defines CS Success

CS - Primary Non-Revenue Metrics Utilized

Chart legend: 2022, 2023, 2024

| Metric	2022	2023	2024
Verified Outcome /ROI Confirmation	26	25	19
Support	28	19	31
On-boarding Satisfaction	31	30	34
CS Qualified Leads (CSQLs)	20	27	41
Product Usage	53	57	50
Customer Satisfaction Score (CSAT)	42	43	53
Customer Health Score	63	62	53
Net Promoter Score (NPS)	67	58	69

Brent's Breakdown

This year's data shows that key customer sentiment metrics, including Net Promoter Score (NPS) and Customer Satisfaction Score (CSAT), haven't changed drastically in CS. However CS teams are no longer relying on any one metric to showcase success. They're keeping an eye on overall customer impact and outcomes. Customer health is actually dropping as a key focus (as it's often not a good measure if it only scratches the surface) in favor of a balanced measure of CSQLs, onboarding, usage, and other metrics that better speak to the full experience. We've seen time and again that surprise churn is often the result of poor health scores not reliably capturing customer sentiment or placing the wrong weights on key customer actions and outcomes.

AI In Customer Success

Half of B2B Companies Use AI in CS Workflows

CS Teams Using AI

44%
October 2024

52%
April 2024
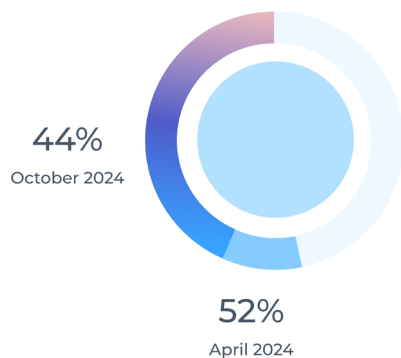
Brent's Breakdown

If you've got a pulse, then you know that AI is the leading business story of the year. And for CS, it's the same. We released our State of AI in Customer Success Report in Q2 of 2024, but we had never asked our CS Index respondents about AI before this year. While we saw a slight decline in teams using AI between surveys, our observation is that there has been a shift from experimentation by individuals, to standardization by teams of solutions that scale. We expect teams to establish those standardized tools in 2025 with in order to achieve targeted outcomes.

Overall though, the trend is crystal clear: Almost 50% of B2B tech companies are using AI in their CS org. We expect this percentage to keep rising in the years ahead.

AI + CS: A Love Story

It's official: Companies are no longer experimenting with AI—they're using it to solve real problems and deliver measurable outcomes. Over the past year, what started as hype around AI is now changing the game in Customer Success, transforming how teams work and delivering real ROI.
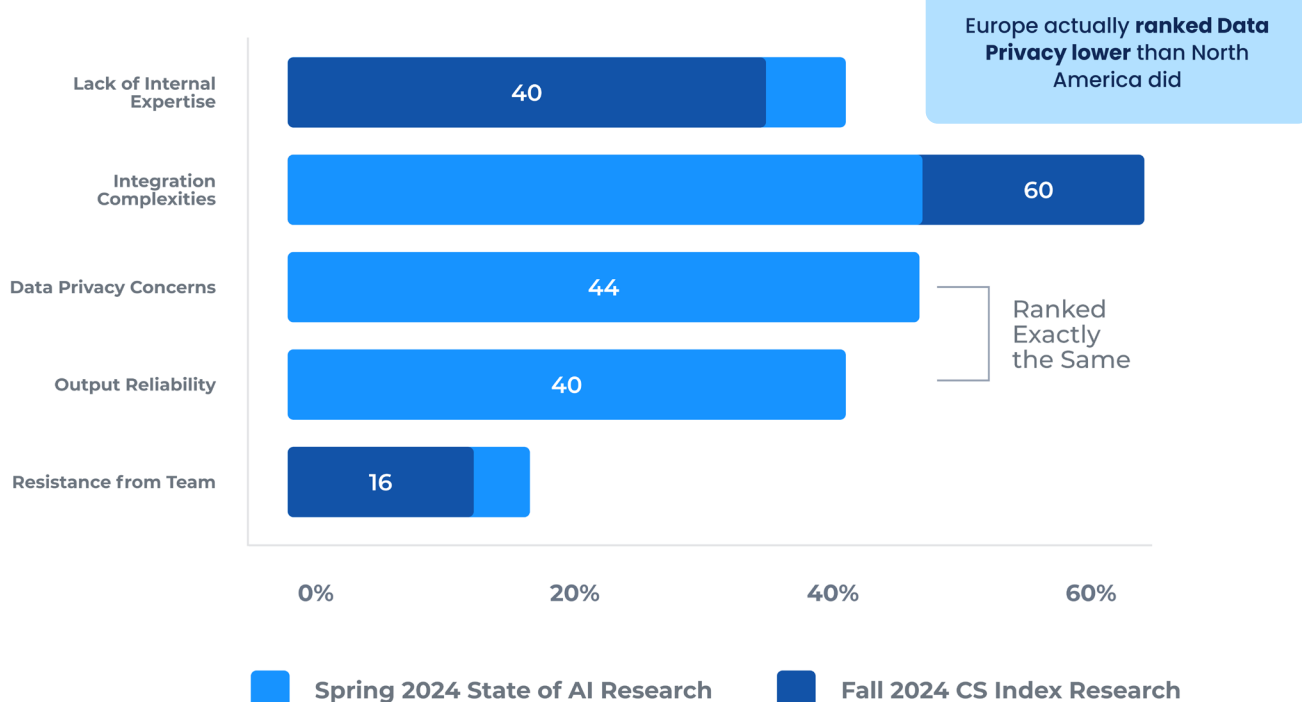
By automating grunt work like data entry and churn detection, AI is saving CS teams 10 plus hours per week, helping uncover deeper customer insights to predict churn months earlier, and enabling proactive customer engagement at scale.

Gainsight's (and the CS industry's) approach to AI has been distinctly Human-First, designed to amplify, not replace, the value of CS teams. It frees up post-sales professionals to focus on what they do best—building customer relationships, navigating complex conversations, and driving strategic impact. This isn't about replacing humans; it's about unleashing their full potential.

Looking ahead, we believe AI will play an even bigger role in scaling Customer Success while keeping the human touch at the center. AI is rewriting the rules of how we approach Customer Success, from how we monitor risk to how we measure sentiment and health to how we engage customers based on their specific goals. And the cherry on top? We get all of these benefits while giving CS teams more time to be human with our customers.

Integration Complexities Is #1 AI Adoption Barrier

Top Barriers to AI Adoption

Europe actually **ranked Data Privacy lower** than North America did

Lack of Internal Expertise — 40

Integration Complexities — 60

Data Privacy Concerns — 44

Output Reliability — 40

Resistance from Team — 16

Ranked Exactly the Same

0% 20% 40% 60%

■ Spring 2024 State of AI Research   ■ Fall 2024 CS Index Research

Brent's Breakdown

Though AI is quickly becoming indispensable for CS, there are some speed bumps to full adoption, with integration complexities being the top concern. In our spring publication, The State of AI in CS Report 2024, lack of internal expertise in AI was the number-one concern, but since April, that's already been downgraded to number two. We expect that metric to decrease in the coming year as the AI flywheel continues to gain momentum. If you're looking for ways to improve your AI adoption, choose systems that address both of these issues. It's interesting to note that data privacy concerns are a much lower barrier to AI adoption in Europe than in North America. This is likely due to Europe's more comprehensive regulations around data privacy in general.

How AI Is Affecting Company Strategy

9%

Minimal/No Impact

28%

Significant Impact

63%

Moderate Impact
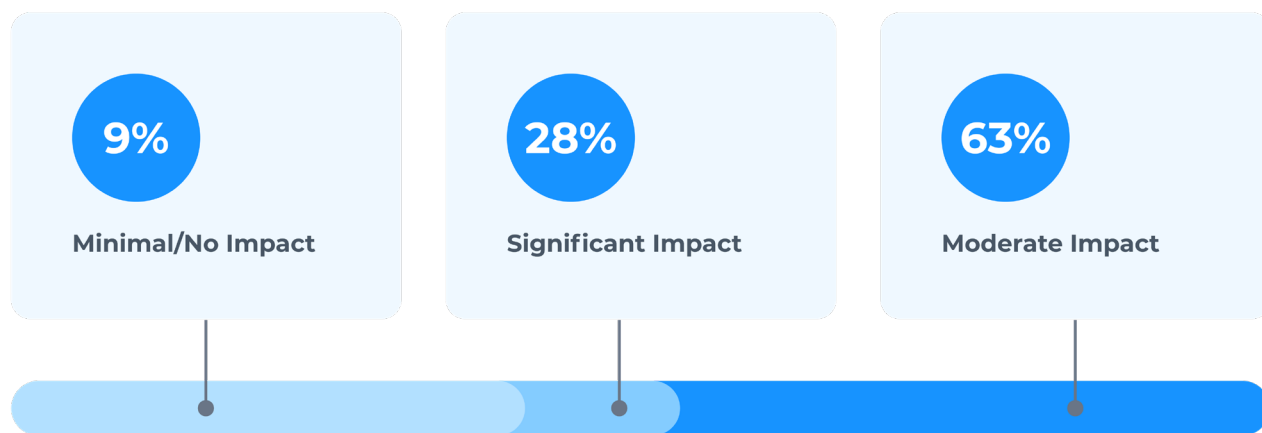
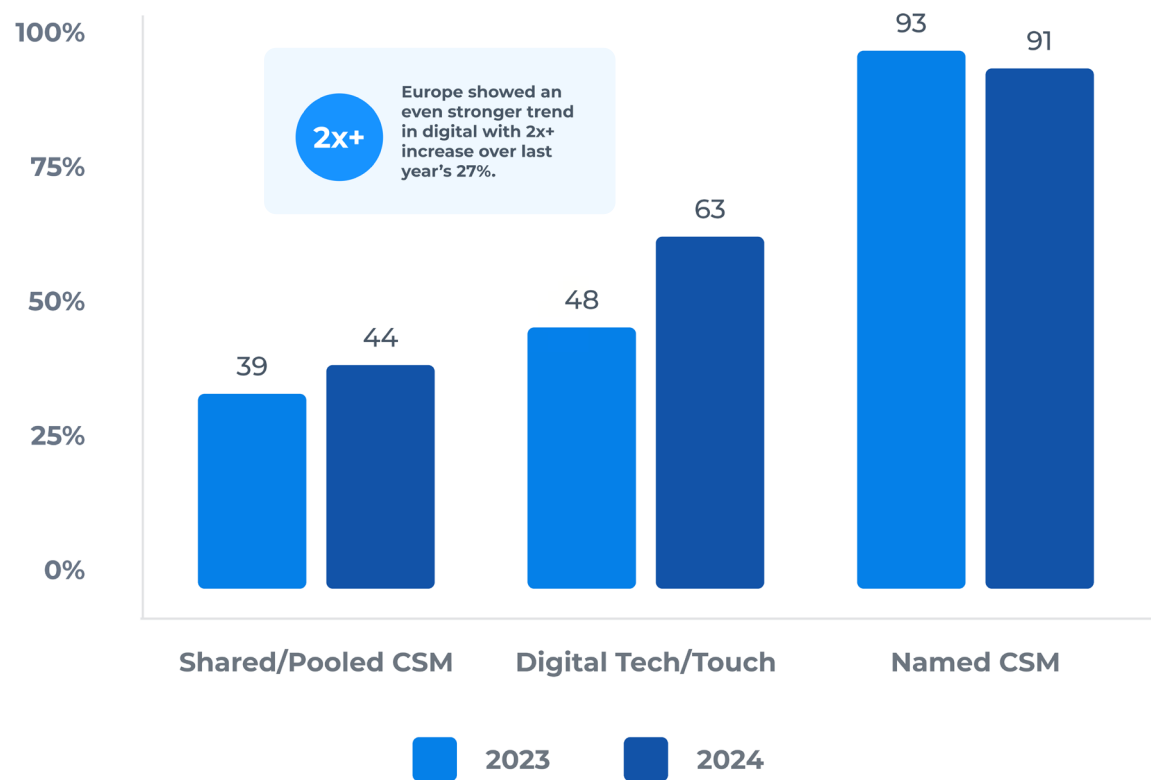# Expected Impact of AI on Company Strategy

Brent's Breakdown

It's clear that AI will change how we think about CS, changing our company strategy and how we deliver CS programs in both the near and distant future. Case in point: In just the few months between our AI survey and our CS Index survey, there was an 8% increase in companies saying AI was having a moderate-to-significant impact on their CS strategy.

Customer Success Digital Platforms

Digital CS Is Here to Stay

CS Delivery Models Utilized

2x+ Europe showed an even stronger trend in digital with 2x+ increase over last year's 27%.

Shared/Pooled CSM: 2023 = 39, 2024 = 44
Digital Tech/Touch: 2023 = 48, 2024 = 63
Named CSM: 2023 = 93, 2024 = 91

Legend: 2023, 2024

Brent's Breakdown

In last year's report, the move to Digital CS as a way to increase efficiency was a clear trend, and this year's report makes it even more clear that Digital CS is here to stay, increasing 15% year over year. We're also seeing that CS teams are applying digital touch more widely across segments, so even named Customer Success Managers (CSMs) still leverage digital resources that automate repetitive tasks and digital outreach tools that give them time back. As CSM headcount remains a hurdle, we believe the shift to digital and pooled CS models is not going away—and will likely keep increasing.

CS Owns Digital

Digital CS Cross-Functional Involvement

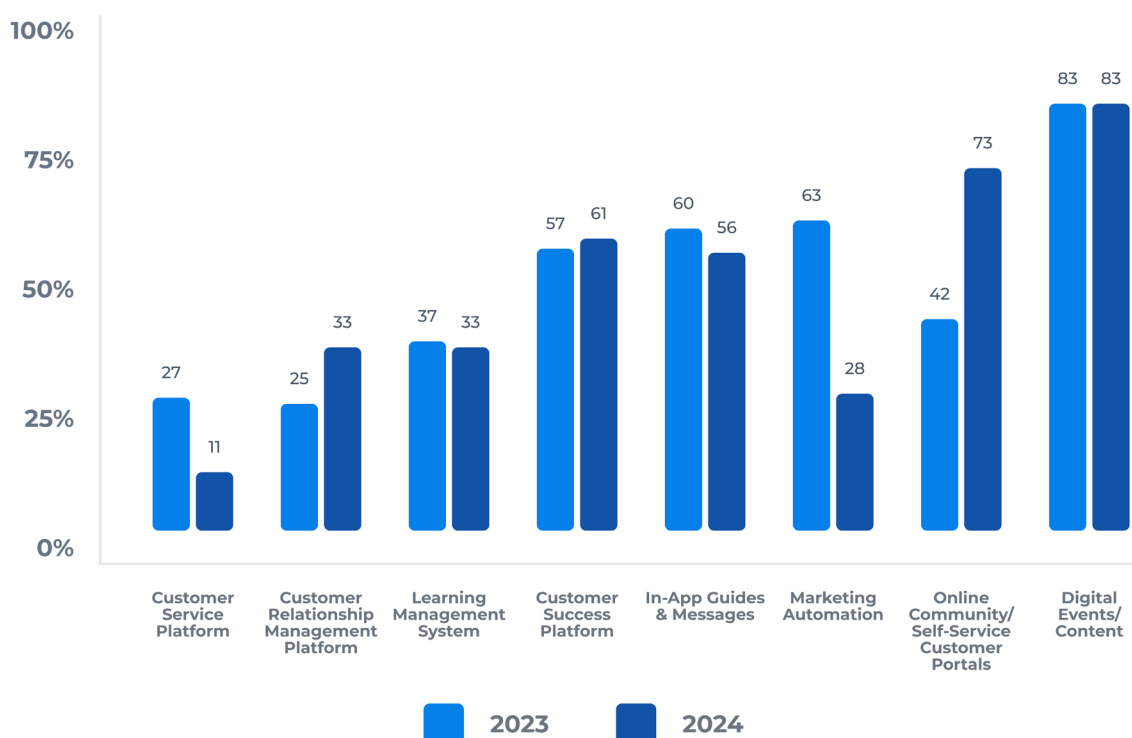Bar chart showing: Operations 32, Product 32, Support 35, Marketing 50, Customer Success 100.
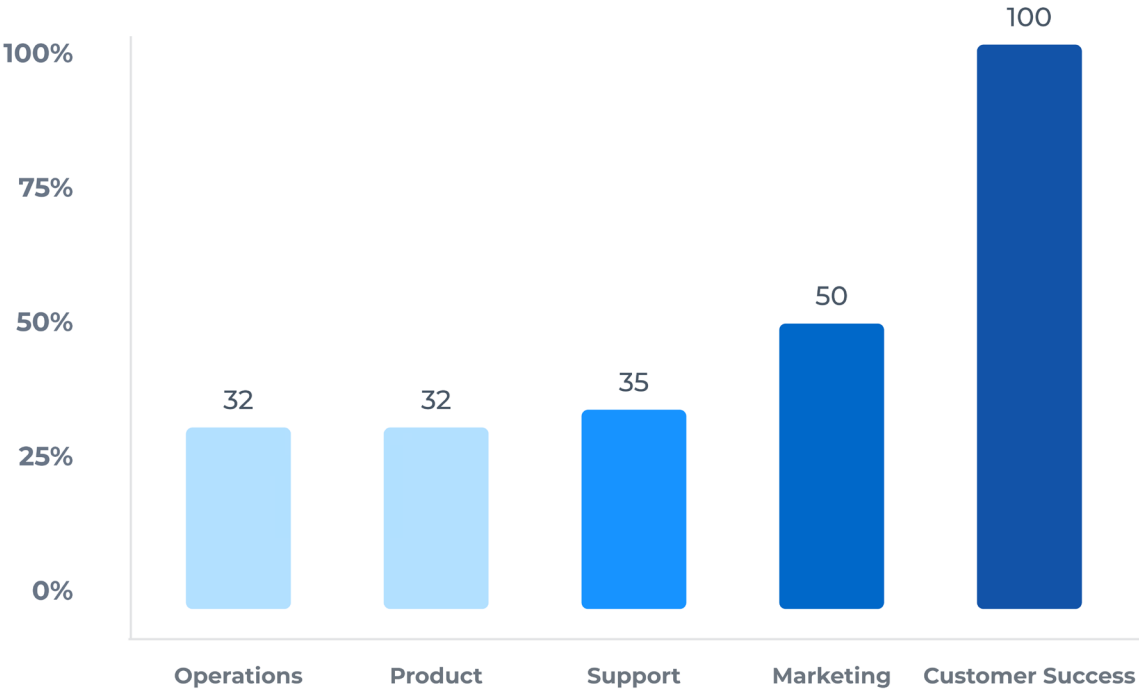
Brent's Breakdown

In 2024, it became official: CS is the absolute driver of Digital CS in B2B tech companies. The execution and stake in digital customer programs, however, is often a shared goal, particularly across teams like Marketing and Product, where investments in tools like community and product analytics support CS outcomes. Marketing—most specifically Customer Marketing and Product Marketing—often supports CS in creating an experience that drives adoption and growth.

Communities & Customer Portals Dominating in Digital CS

Digital Adoption and Engagement Tools In-Use

Chart values:

| Tool	2023	2024
Customer Service Platform	27	11
Customer Relationship Management Platform	25	33
Learning Management System	37	33
Customer Success Platform	57	61
In-App Guides & Messages	60	56
Marketing Automation	63	28
Online Community/Self-Service Customer Portals	42	73
Digital Events/Content	83	83

Legend: ■ 2023 ■ 2024

Brent's Breakdown

There are some very interesting things to look at in this chart comparing last year's results to this year's. To deliver digital programs, CS teams have turned to a variety of tools to automate and scale both content and engagement, with clear jumps in two places over the last year. The first, a more than 50% drop in marketing automation tools, shows the recognition that dedicated CS systems are necessary to deliver customer communications, and typical marketing tools built for lead generation just don't cut it. We're also seeing a dramatic increase in organizations delivering Digital CS through online communities and customer self-service portals, as CS teams continue to invest in tools that help scale engagement—up from 42% in 2023 to 73% this year.

Digital CS Measurements
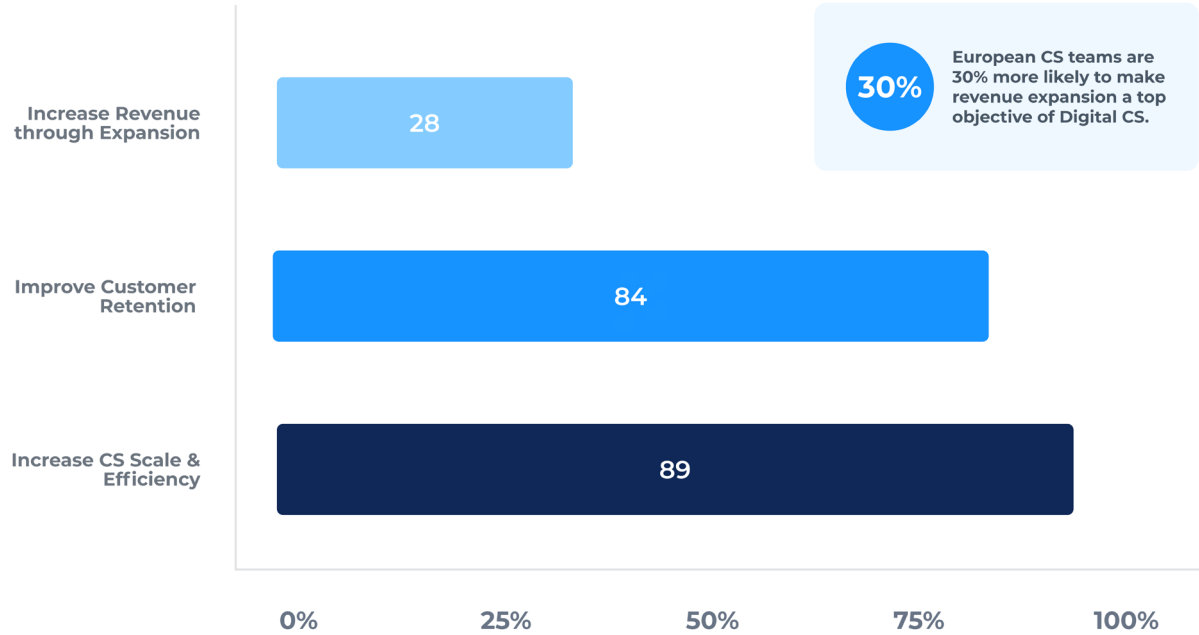
Digital CS Metrics
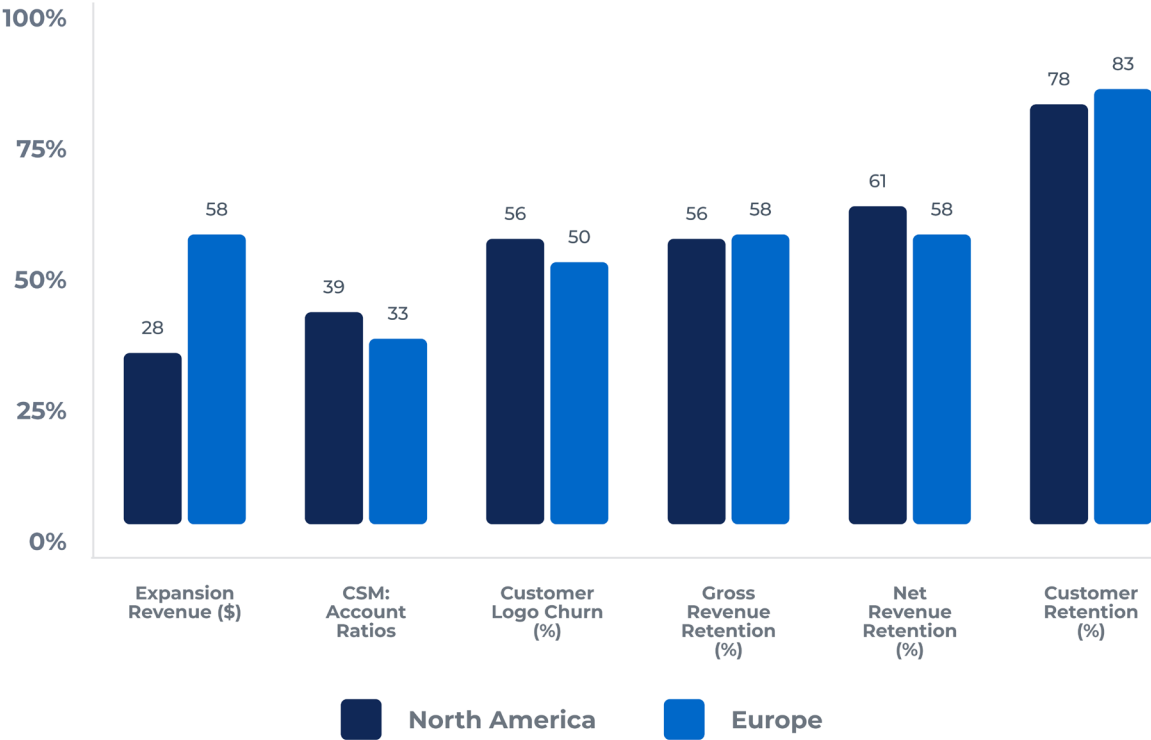
Brent's Breakdown

This year's data shows that CS teams in European B2B tech companies have matured from experimentation to measurement of the business impact of Digital CS. European companies are *much* more likely to measure expansion revenue as a top metric for Digital CS (58%) versus their North American counterparts (28%). While it's a priority for all companies to efficiently scale CS programs, in Europe more companies are looking at Digital CS to drive revenue to a higher degree than in North America.

Top Objectives of Digital CS

Top Objectives of Digital CS

Increase Revenue through Expansion: 28

Improve Customer Retention: 84

Increase CS Scale & Efficiency: 89

30% — European CS teams are 30% more likely to make revenue expansion a top objective of Digital CS.
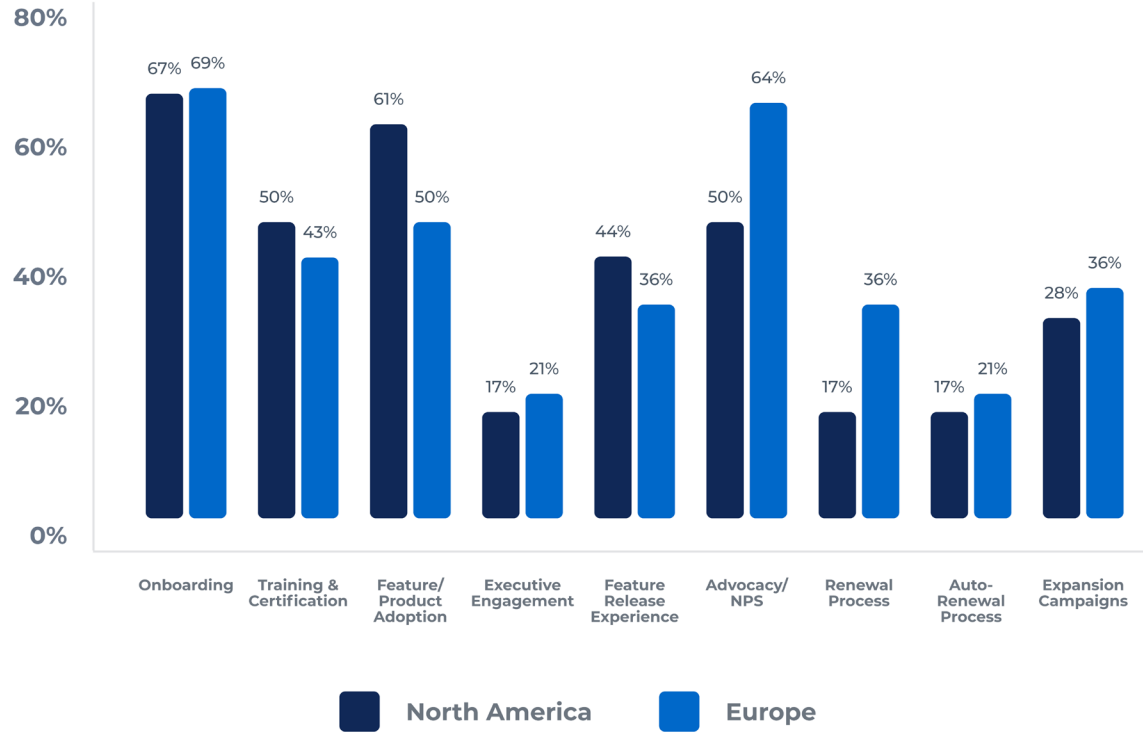
0%   25%   50%   75%   100%

Brent's Breakdown

This year's data is showing us that companies are more focused on retention and GRR, so they're dialing in their efforts to keep current customers without dramatically increasing cost to serve; expansion is now more of a secondary goal.

Digital CS Boosts Onboarding Efforts

Programs Utilized in Digital CS Approach

Bar chart showing percentages by region (North America, Europe):

Program	North America	Europe
Onboarding	67%	69%
Training & Certification	50%	43%
Feature/Product Adoption	61%	50%
Executive Engagement	17%	21%
Feature Release Experience	44%	36%
Advocacy/NPS	50%	64%
Renewal Process	17%	36%
Auto-Renewal Process	17%	21%
Expansion Campaigns	28%	36%

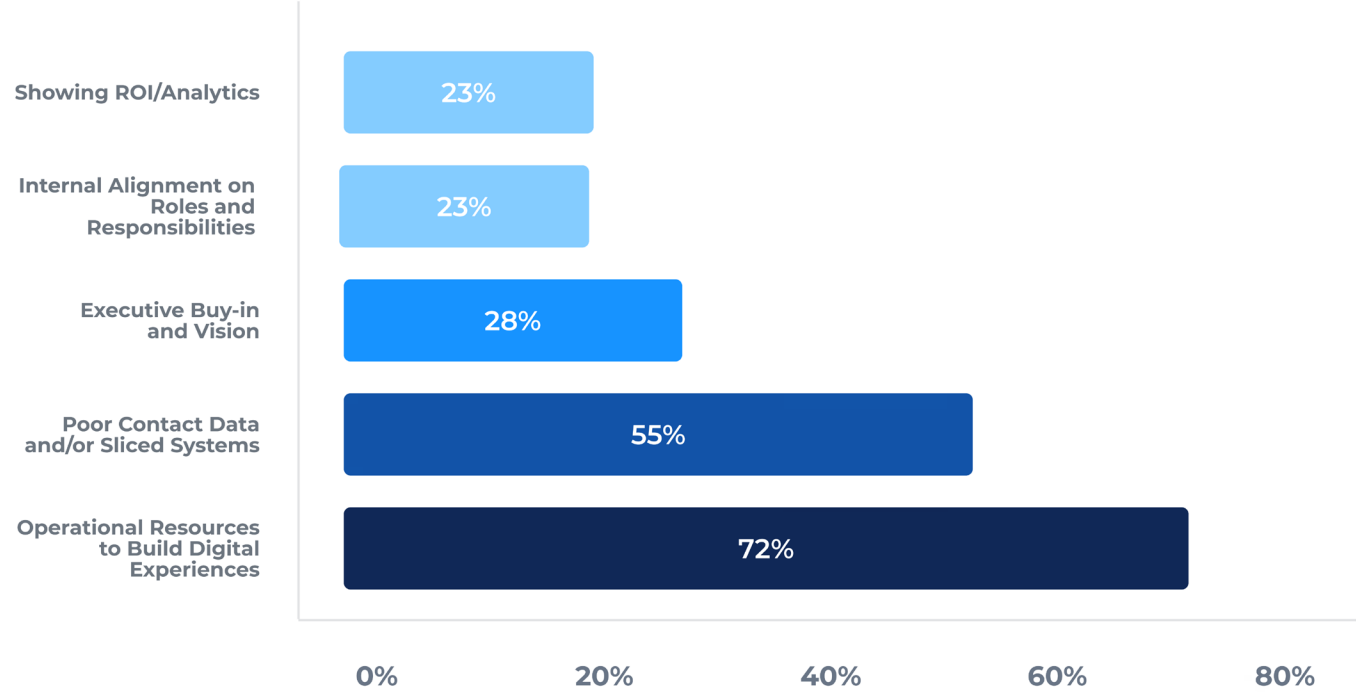■ North America   ■ Europe

Brent's Breakdown

We're seeing more targeted investments at specific and impactful customer journey touchpoints—onboarding, customer education, and product engagement. We're also seeing differences in Europe and North America in how they're leveraging Digital CS throughout the customer lifecycle. Europe is leveraging Digital CS for onboarding, renewal, and advocacy; North America is focusing on using Digital CS for engagement, including training and feature releases.

Digital CS Challenged by Lack of Resources

Challenges in Scaling Digital CS

Challenge	Percentage
Showing ROI/Analytics	23%
Internal Alignment on Roles and Responsibilities	23%
Executive Buy-in and Vision	28%
Poor Contact Data and/or Sliced Systems	55%
Operational Resources to Build Digital Experiences	72%

Brent's Breakdown

While Digital CS continues to explode, there are still some blockers. The top challenge in scaling Digital CS is, as in every part of business, resources. As companies shift from traditional one-to-one CS models to integrating digital tools, they need to invest in CS Ops and hire the people who can support their digital motions. They also need to invest in upskilling their teams to most effectively deploy these digital programs both within the CS org and cross-functionally within Marketing and Product teams (and more). It is important to note that behind these incremental investments, these tools give companies a level of scalability that's never been available before, so the ROI is solid.

Final Thoughts

In this year's Customer Success Index, the message is unmistakable: Customer Success has matured into a fundamental business discipline. As companies face increasing pressure to retain and grow their existing customer base, CS has become the strategic linchpin for sustainable growth.

In fact, CS has become a company-wide mindset rather than a siloed department. We're seeing unprecedented collaboration as Product, Marketing, and Sales teams integrate CS strategies into their playbooks. This shift is particularly evident in how companies are approaching Digital CS, where 94% of organizations report CS teams leading digital initiatives, but with significant involvement from Marketing (48%), Product (30%), and Operations (24%).

The rise of AI in CS represents another transformative trend. That's because organizations are now focusing on AI implementations that deliver real ROI and impact, particularly in eliminating blind spots in customer health and automating routine tasks to free up CS teams for strategic work.

Looking ahead, we expect the convergence of Digital CS, AI, and traditional human-led CS to accelerate. The most successful organizations are those that blend digital efficiency with human touch to meet your customers where they are with the right approach at the right time. We're seeing this particularly in companies that use digital programs for scale while enabling their CS teams to focus on high-value strategic activities.

This year's data shows that CS is here to stay, and those with strong customer programs will thrive. The companies that don't embrace CS as a strategic driver of growth—especially as tech gets less differentiated and the premium is put on customer experiences—won't.

So whether you're just beginning your CS journey or leading a mature CS organization, the opportunity is clear: Having the right CS mix of human expertise, digital capabilities, and AI-driven insights will give you the best chance possible to succeed.

METHODOLOGY

Gainsight, in partnership with Benchmarkit, conducted research in July through September 2024 to benchmark: the Customer Success organizational structure; measurements; digital and AI Customer Success presence; and key performance indicators, including NPS and NRR.

We surveyed more than 250 companies throughout North America and Europe across a wide range of company sizes, Annual Contract Values, industry segments, and geographic locations. For the first time this year, we saw notable participation by companies outside B2B tech, including healthcare, life sciences, media, entertainment, financial services, manufacturing, and retail. Participants included every level of management, including C-level executives, SVPs, VPs, and Directors, both in and outside the Customer Success organization.

SEE THE FULL REPORT DATA