

Gainsight

# THE STATE OF AI IN CUSTOMER SUCCESS 2024





# INTRODUCTION

If we had to pick the “word” of the year for 2024, it would have to be artificial intelligence. Almost every news story, tech product release, group chat, and even dinner table conversation eventually gets around to AI.

And rightly so: AI is already changing how we do business—and how we live—more quickly than any technology before it.

At Gainsight, we believe in what we call human-first AI. The question we’re always asking ourselves: How do you create systems where AI is working with you, enabling humans to do the work they love and do it even better?

It’s becoming clear that for customer success orgs in particular, integrating generative AI into their workflows has the potential to be a total gamechanger. But is CS ready to take the leap? We wanted to find out.

For our second edition of “The State of AI in Customer Success” report, we surveyed CS pros at 175 companies across the globe to see how they’re currently using Generative AI, what their plans are for the near future, and what they think are the greatest opportunities—and challenges.

## What is Generative AI?

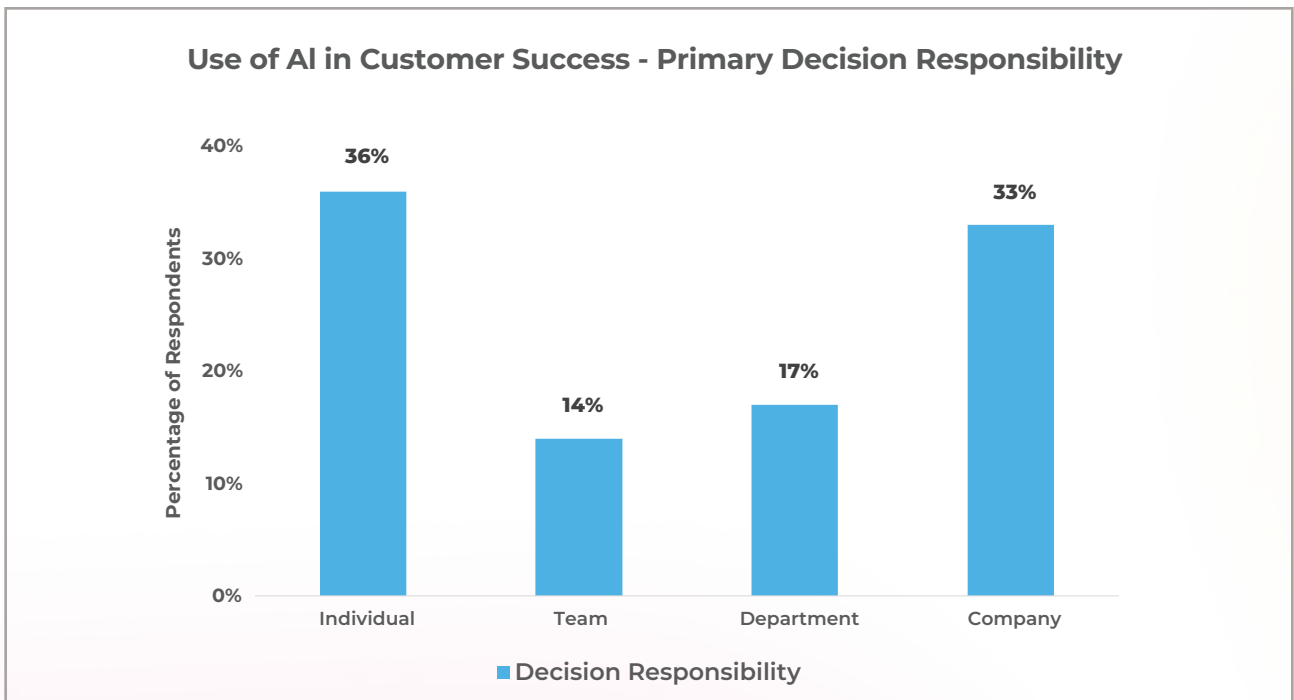
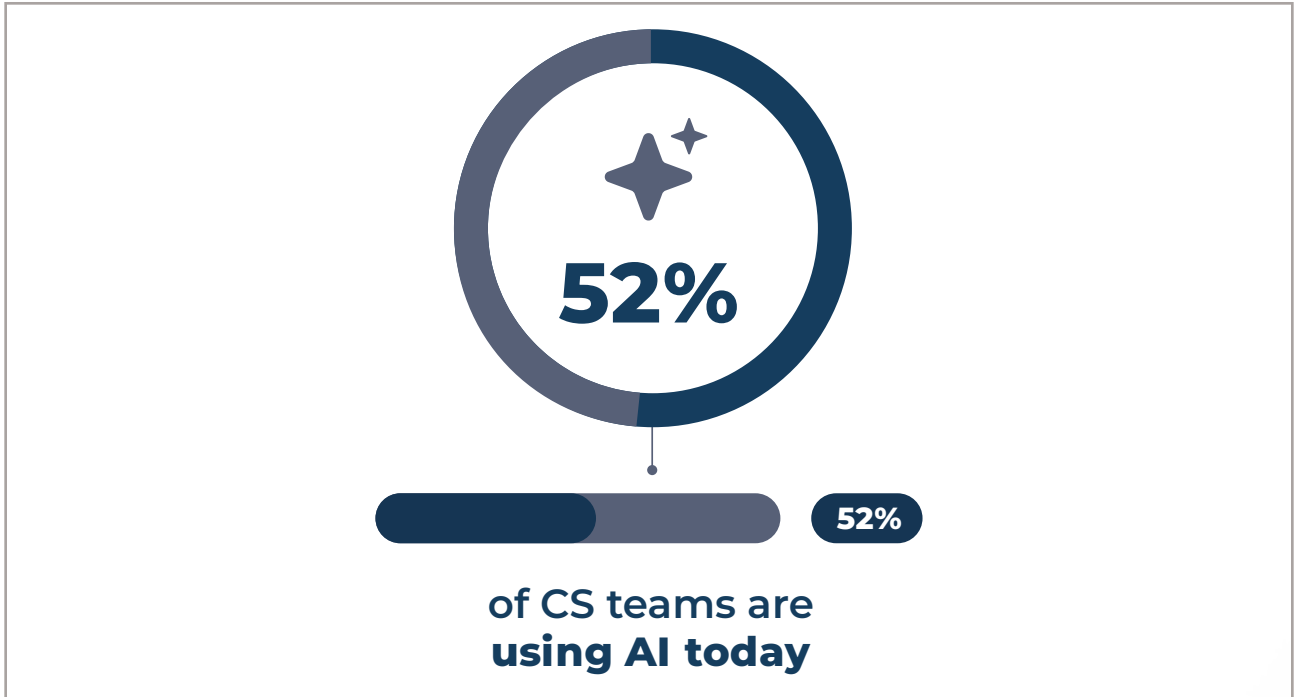
Generative AI leverages advanced machine learning techniques to analyze patterns in data and create entirely new content, including text, video, and audio. Unlike predictive AI, which focuses on analyzing, automating, and classifying existing data, generative AI excels at producing original material. In Customer Success, automation is merely the starting point. Generative AI empowers CSMs and other customer-facing team members to enhance their efficiency, effectiveness, and creativity, enabling them to craft more engaging and personalized customer experiences.



# TAKEAWAY 1

More than 50% of CS orgs are currently using AI, but it's not a "must have"—yet.

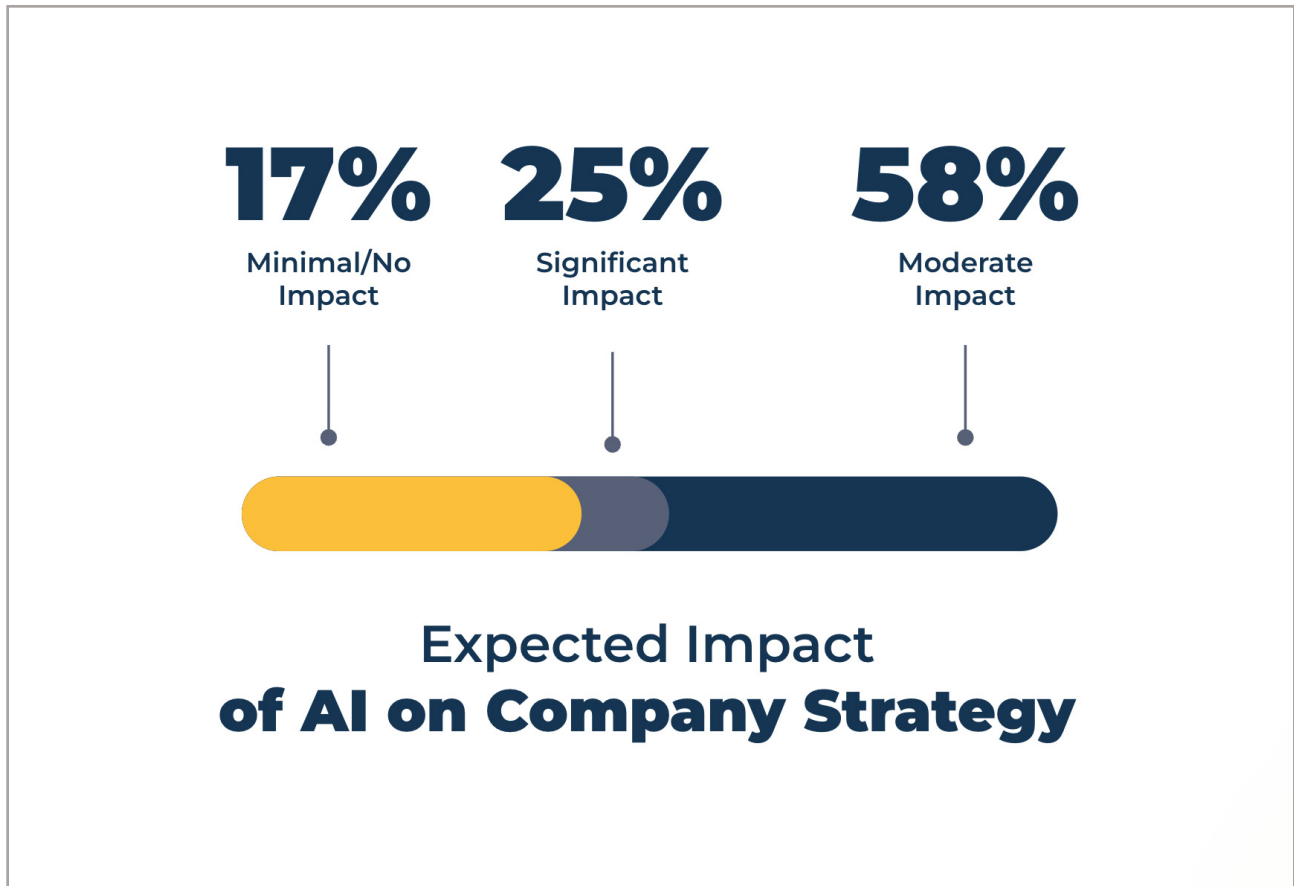
Generative AI is now in a majority of CS orgs, but just barely. We're not surprised, since AI is still primarily a "bottom-up" tool that employees are using for their own personal productivity. AI adoption is moving at lightning speed, so we expect this figure to increase a lot in our next report as the apprehension some feel towards AI gives way to trust and as the industry sees AI applied in more human-first ways.



## TAKEAWAY 2

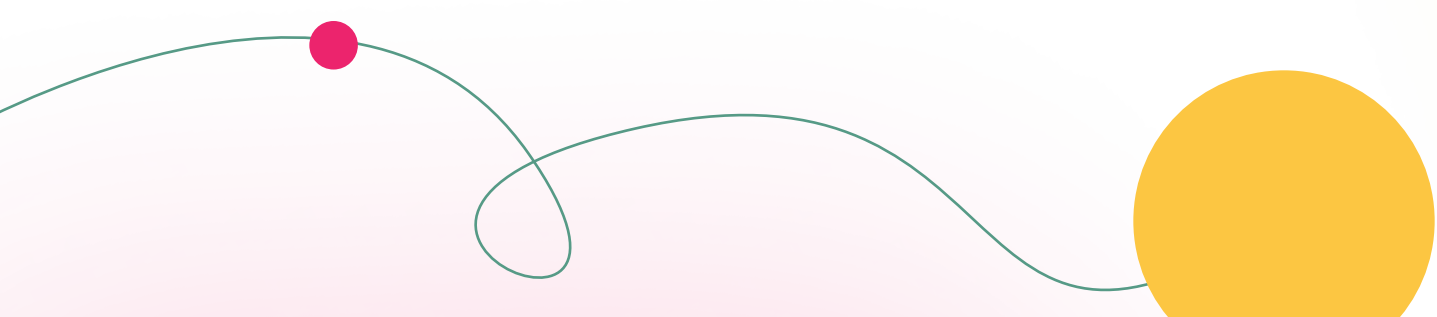
### AI is seen as a tactical—versus strategic—tool in CS orgs

Since the majority of AI utilization today is by individuals, not leadership, we're seeing that companies are still viewing AI as a tactical tool to increase team members' productivity versus a strategic lever to increase company performance.



#### Denise's Take

"The AI hype cycle led people to believe AI would transform everything overnight. AI is transformative, but even as fast as it's moving, we have to remember there's a learning curve. We're still getting smarter about how to best use it as a tool for improving customer success."

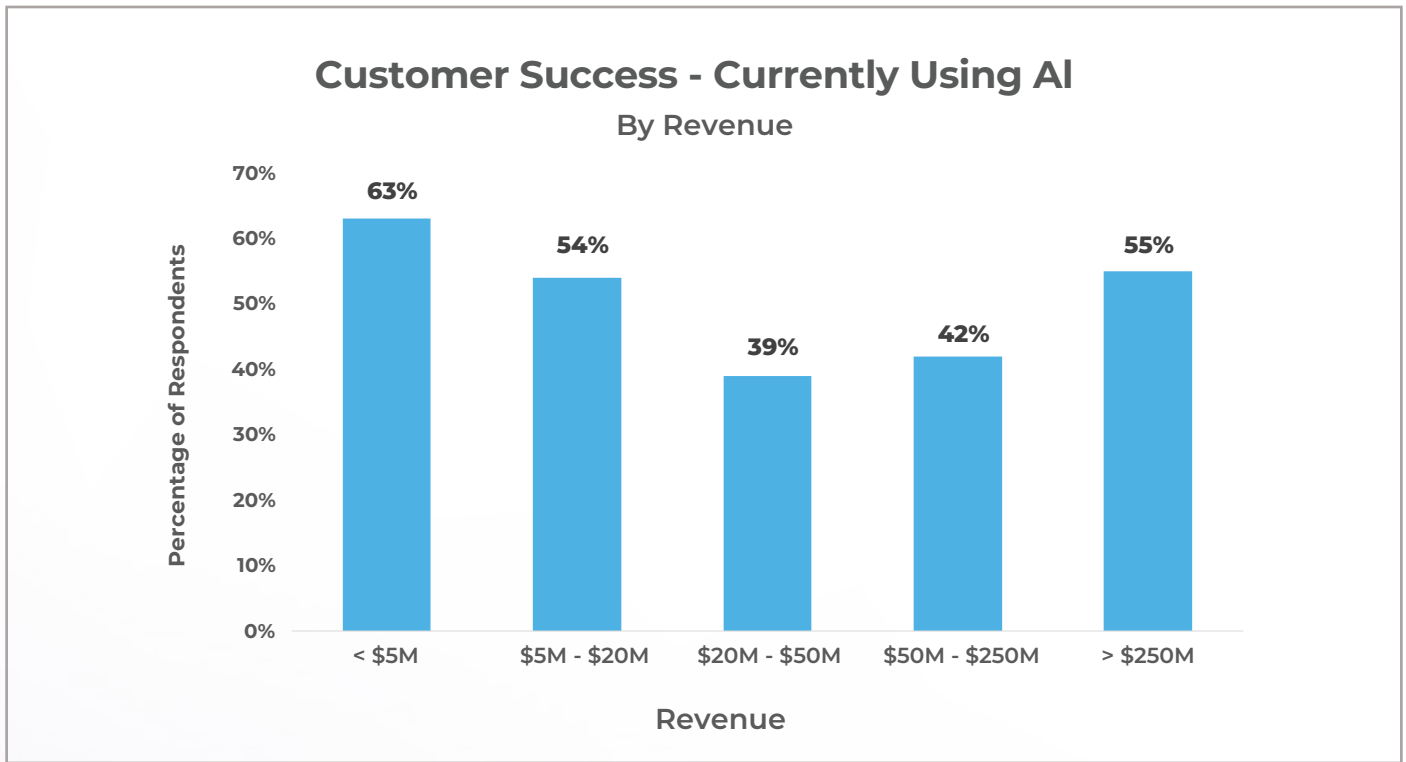




# TAKEAWAY 3

## The smallest—and the biggest—companies are leaders in CS AI

When it comes to adopting new technologies, lean startups with fewer compliance processes are often the first to jump in on novel tools. We're seeing that in this data. What we're also seeing is a spike at the other end of the spectrum with enterprise-level companies. These companies are much more likely to have both the budgets and the experienced teams to test and implement generative AI.

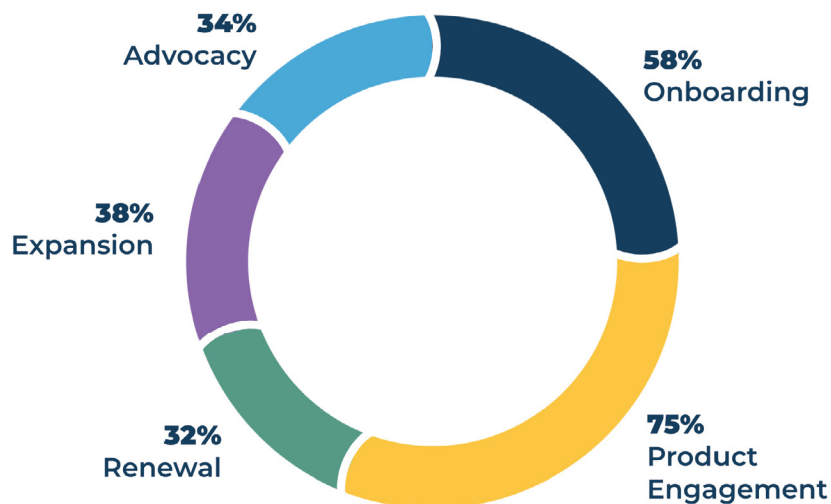


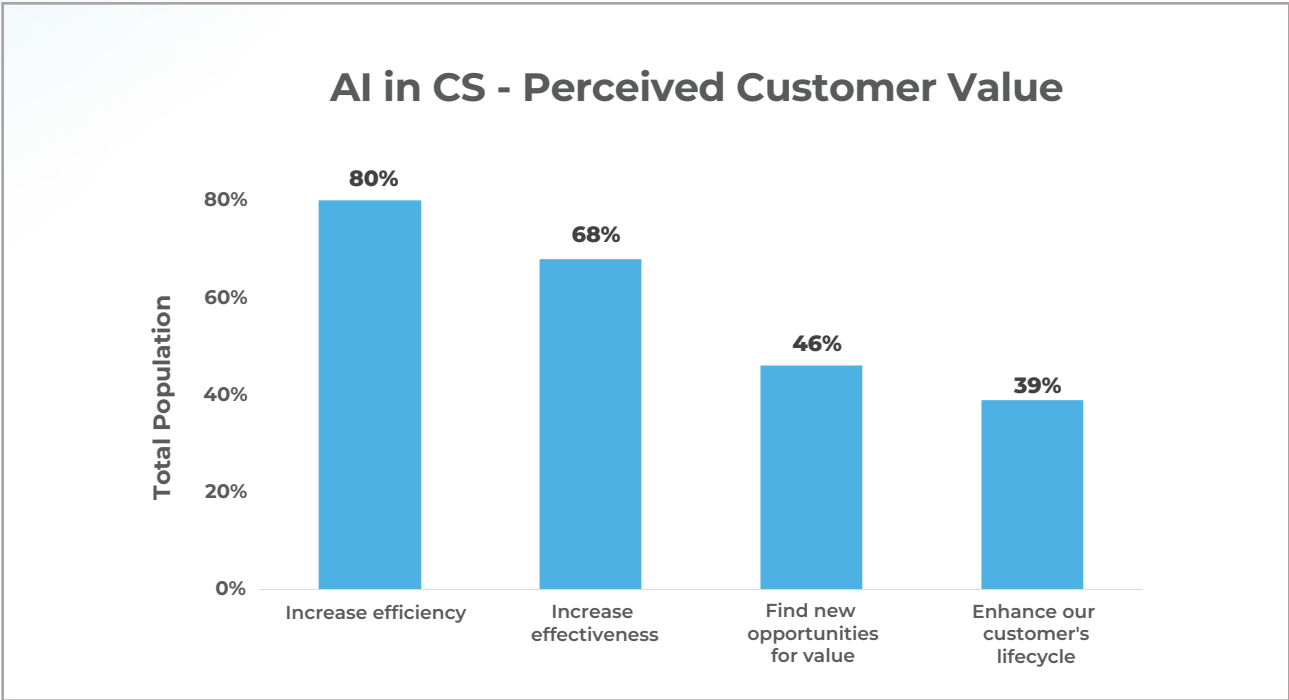
## TAKEAWAY 4

### AI has the most potential to enhance customer success onboarding and the most value in increased efficiency

This makes sense to us. Onboarding and engagement are two CS functions that include a lot of repeatable, structured processes, which is a perfect use of AI enabled efficiency. And even in our personal lives we've seen how AI can save us time, so increased efficiency for CS tracks. But we think there's a disconnect between the perceived benefits of AI and the areas where companies could actually utilize it. For instance, identifying customers at risk was seen as a significant opportunity, but more companies are more focused on using AI for back-office tasks like data and analysis than for using it for renewals and expansions. "Customer success more broadly, and CSMs in particular, view customer relationships and at a business level renewal and expansion as their primary job," says Ray Rike, founder and CEO of Benchmarkit, the market research firm who conducted the survey. "There is likely hesitancy to involve AI in these human-centric programs." We believe that as AI familiarity grows, confidence in it as a partner, not a replacement, will grow, too.

#### CSMs Predict Most AI Productivity Potential





### Denise's Take

“AI stands to make customer-facing roles like CSMs even more effective. Rather than sifting through huge amounts of data, AI helps surface the most relevant insights quickly. More natural language interfaces open up complex data queries and analysis to non-technical users, making data-driven decision-making more effective and accessible to a broader range of people.”

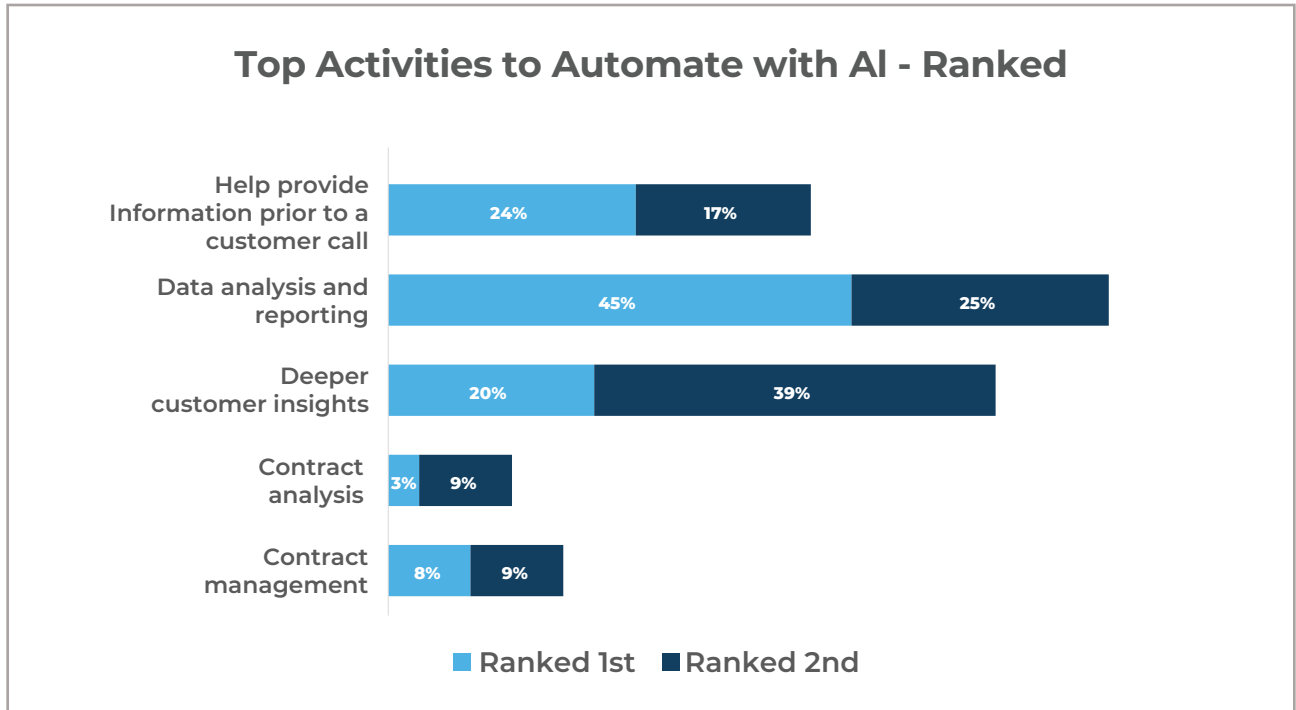




# TAKEAWAY 5

## In terms of automation, AI will be most helpful in data analysis and reporting

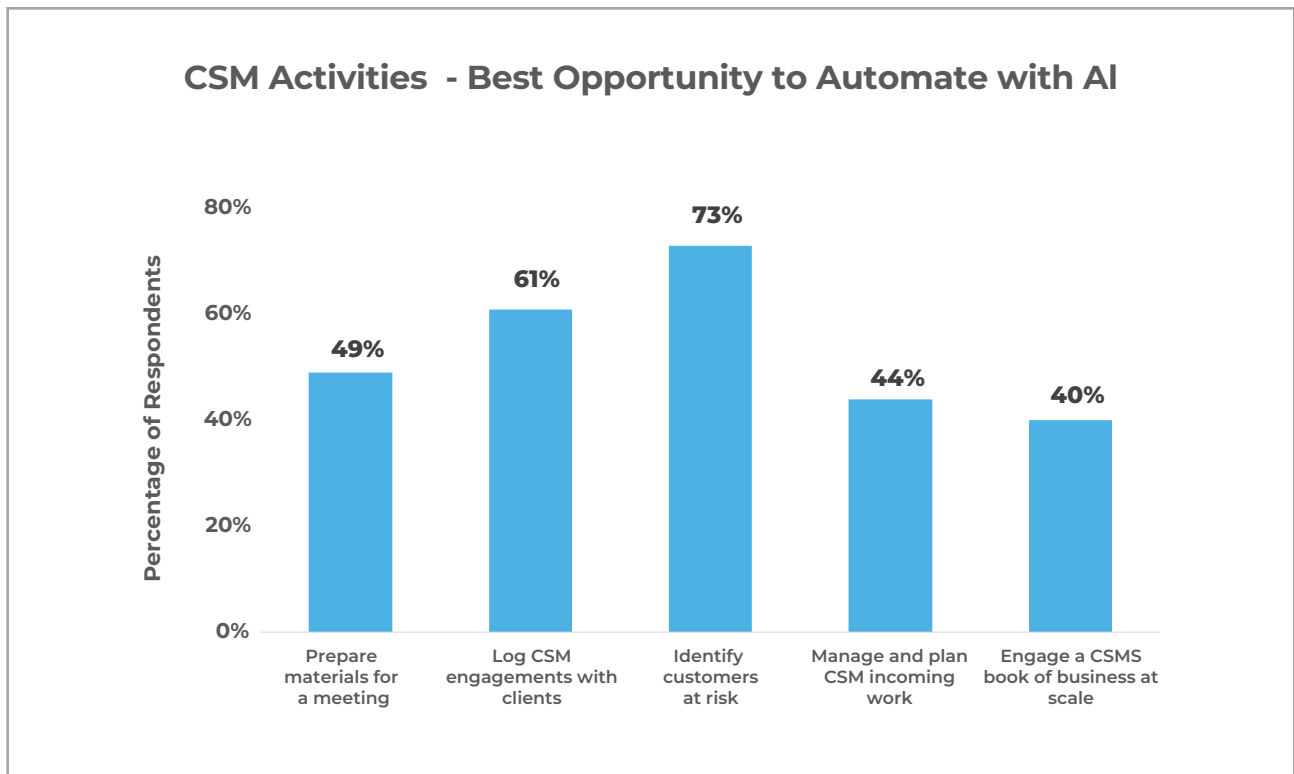
AI has the power to sift through vast amounts of data far faster than manual human efforts and to identify patterns among that data that we might miss. Because AI excels in data and information processing, it's logical that this is the primary use case. As a result of this AI-driven analysis, the second-ranked activity is gaining deeper customer insights.



# TAKEAWAY 6

## AI will be most helpful for CSMs in identifying at-risk customers

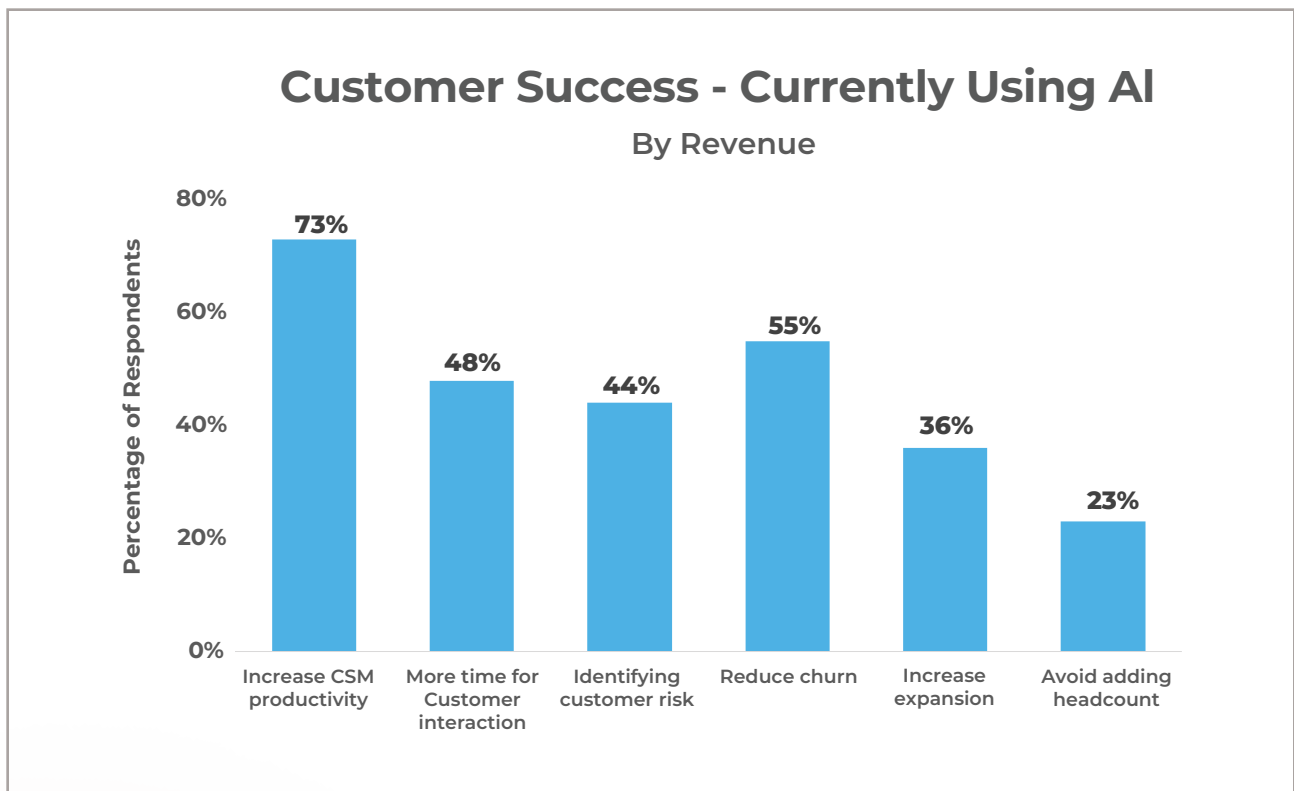
As we all know, keeping an existing customer is a lot cheaper and easier than getting a new one. So using generative AI to analyze customer sentiment and flag potential churn risks earlier could be a massive benefit. AI can identify risk earlier from a wider data set, such as customer tone, voice patterns, or visual cues from call recordings, giving us an opportunity to address risk when we see the smoke instead of waiting until there's a full fire. Additionally, based on risk signals, AI can learn to suggest preventative actions a CS team can take to improve renewals



# TAKEAWAY 7

## Increased CSM productivity ranks as the top benefit CS orgs will be measuring

It's interesting that while data analysis and reporting are considered the top opportunities for using AI, increasing CSM productivity is perceived as the number one benefit. It's important to measure the impact of any new strategy, and AI is no different. Although increased CSM productivity is the biggest immediate benefit, we expect that long-term measures such as reduced churn, increased expansion, CS cost-per-customer, or ARR will become more prevalent. These revenue-centric measurements are top candidates for showing ROI in AI as it becomes the norm in CS organizations.

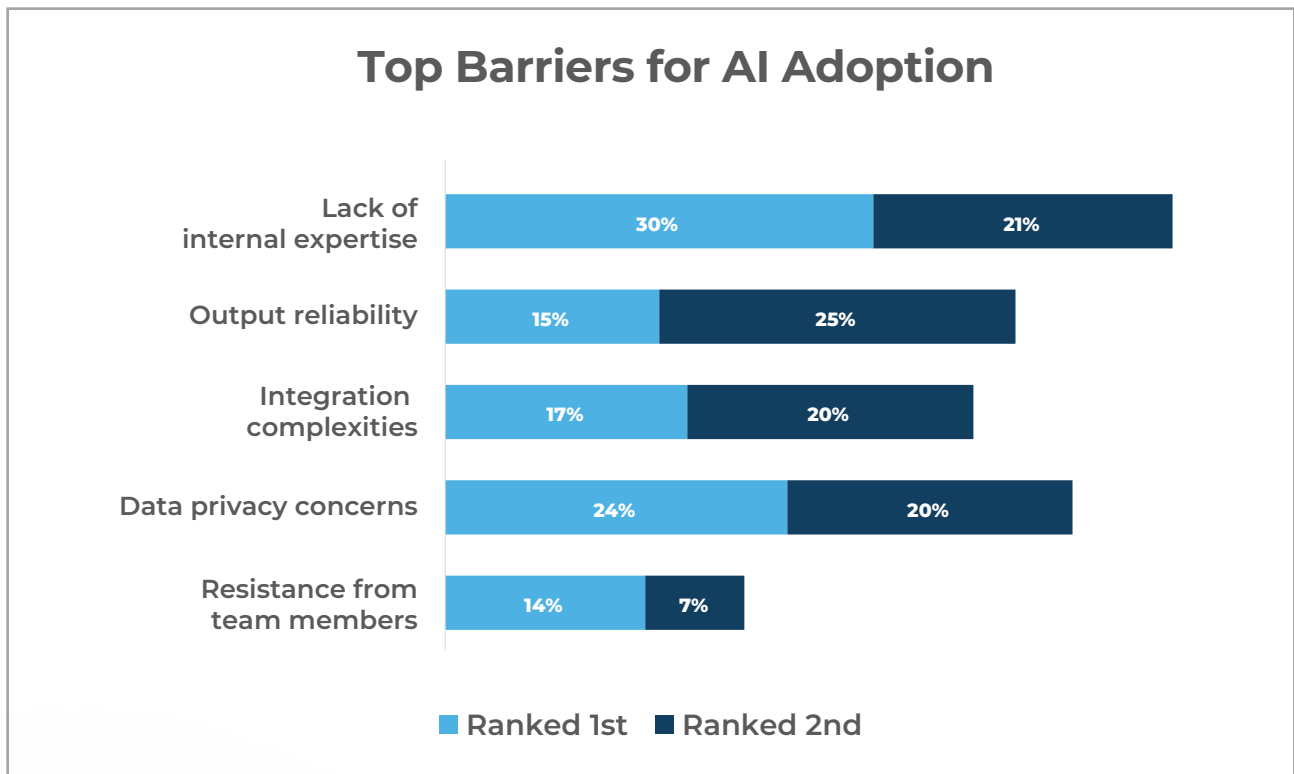




## TAKEAWAY 8

### Lack of experience and expertise is the number one barrier to broad-scale AI adoption

As we've discussed, generative AI is still an immature technology, albeit one that is "growing up" at record speed. It's natural, then, that companies see lack of experience and expertise as a barrier to broad scale adoption and value creation. But we believe there's something else at play here. The majority of companies have not yet produced solid data compliance policies around AI, so CS—and other teams—are often nervous to formally roll out the use of a new technology, especially one that could use customer data without corporate approval.



#### Denise's Take

“Despite its technological roots, AI is a path to more human-centric interactions. So we’re working to ensure that AI enhances rather than replaces human connections. Because at the end of the day, humans are still best at navigating nuanced conversations. You need that skill to truly get the most value. AI is going to radically make customers and customer success better.”



# RESEARCH METHODOLOGY

Gainsight conducted the survey from March 11-April 8, 2024 to understand the state of AI in Customer Success.

We surveyed 175 companies throughout North America and Europe across a wide range of company sizes, annual contract values, industry segments, and geographic locations. Participants included every level of management, including C-level Executives, VPs, Directors, and Customer Success Managers.

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-  **Meeting Action Items**
- Discuss with customers about merging activities to avoid duplicates
  - Introduce upcoming meetings and process meetings on timeline