

## Customer Success & Services Compensation

Go-to-Market Series

July 2023



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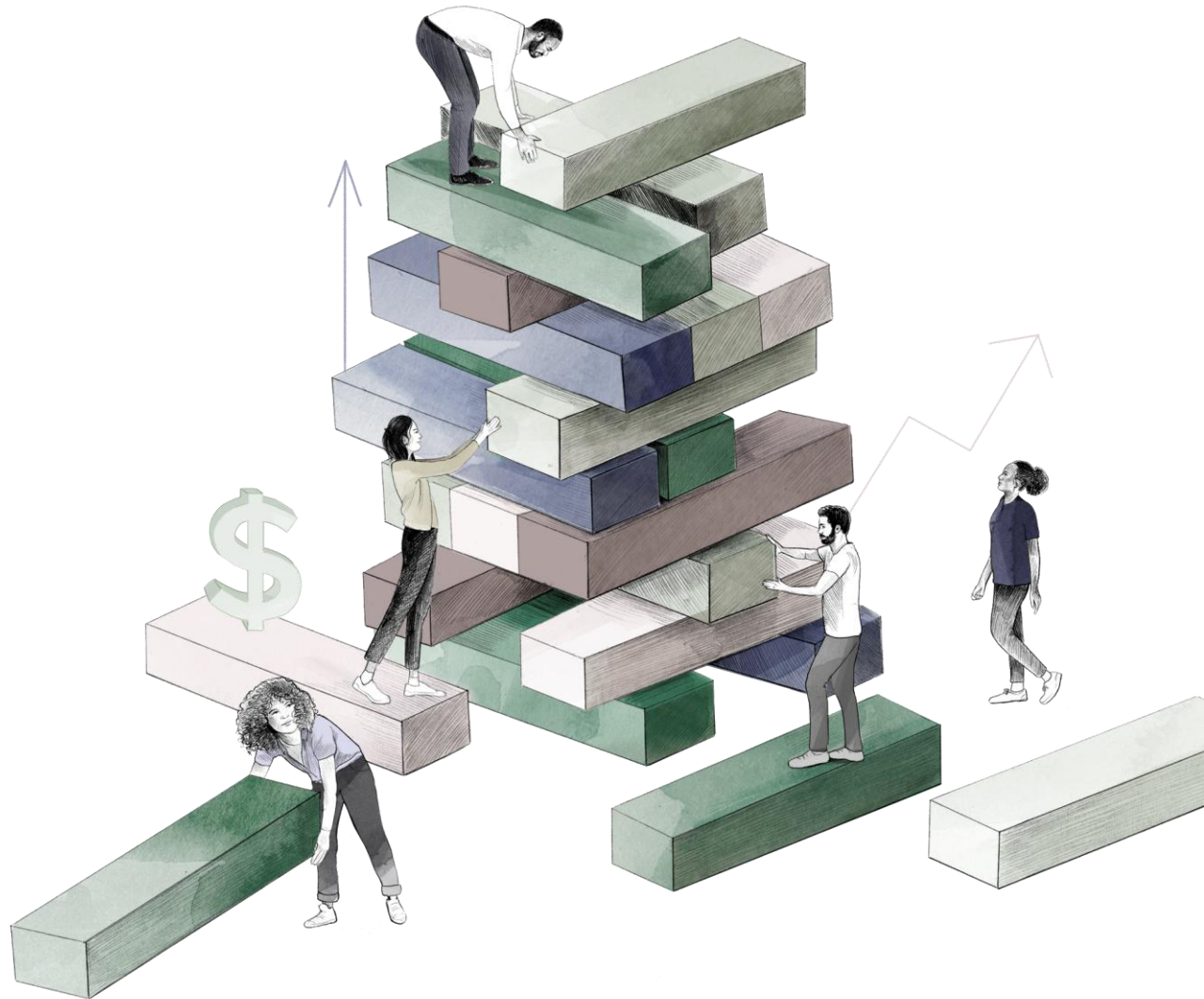
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# About the research

Explore the series

A holistic and well-executed go-to-market strategy is one of the key pillars that drives sustainable, long-term growth for software companies. Regardless of your organization's growth motion, effective go-to-market teams represent the voice of the customer and serve as critical feedback loops for product and engineering.

## *In this series*

we use organizational data and industry perspectives to **provide detailed answers to the key go-to-market questions** we receive from B2B SaaS leaders.

We will examine myriad topics across GTM compensation, incentives, org structure, roles and responsibilities, forecasting, and enablement, in order to share best practices and proprietary benchmarks to help you scale your organization.




## *This report*

details **compensation structure for key employees of a customer success (CS) and services organization**, including **customer success managers, professional services, and customer support**. Incentives and compensation structures are a critical component of go-to-market strategy, helping to align your go-to-market teams towards shared business objectives.

# About the Go-to-Market Series

ICONIQ Growth’s GTM series provides detailed answers to key questions across the following operating topics utilizing proprietary data and industry perspectives from 230+ B2B SaaS leaders.

Access the full Go-to-Market Series

Compensation & Incentives		<a href="#">Sales Compensation</a>	<a href="#">Marketing Compensation</a>	<a href="#">Customer Success Compensation</a>	 Interactive Dashboard <i>Portfolio Only</i>
		<i>Blog Post</i> <a href="#">Re-designing sales incentives in 2023</a>	<i>Blog Post</i> <a href="#">Account executive compensation 101</a>	<i>Blog Post</i> Sales incentive in greenfield territories	
Team, Org Structure, Roles & Responsibilities		<a href="#">Building Go-to-Market Teams</a>	<a href="#">Hiring a Head of Sales</a>	<a href="#">Hiring a Head of Marketing</a>	 Interactive Dashboard <i>Portfolio Only</i>
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# Supporting founders through pivotal milestones and various stages of growth

## Executive Hiring

Talent and Leadership Advisory

Guidance to attract and unlock the power of talent through advisory, connections and research

“ICONIQ delivered the best reference check I’ve ever seen, overnight.”



**Eleven Labs**

Mati Staniszewski  
Co-founder and CEO

## Product and Go-to-Market Strategy

Technical Advisory and Go-to-Market Boards

Strategic advisory from industry leaders with hands-on experience in technology, digital innovation, go-to-market, and more

“It has been so valuable to lean into ICONIQ’s expertise, network, and advice. What you do is a total game changer.”



**PIGMENT**

Eléonore Crespo  
Co-founder and CEO

## Revenue Acceleration

Portfolio Operations  
Digital and Growth Advisory Boards

Strategic and commercial connections across industries to support global expansion goals

“The customer introductions have been incredibly valuable. ICONIQ’s relationships are truly deeper.”



**SIERRA**

Bret Taylor  
Co-founder and CEO

## Category Leadership + Operational Optimization

Analytics and Insights

Data-driven insights to support decision making across business operations and strategy

“Working with ICONIQ has been a dream partnership, they’ve gone above and beyond at every step.”



**WRITER**

May Habib  
Co-founder and CEO

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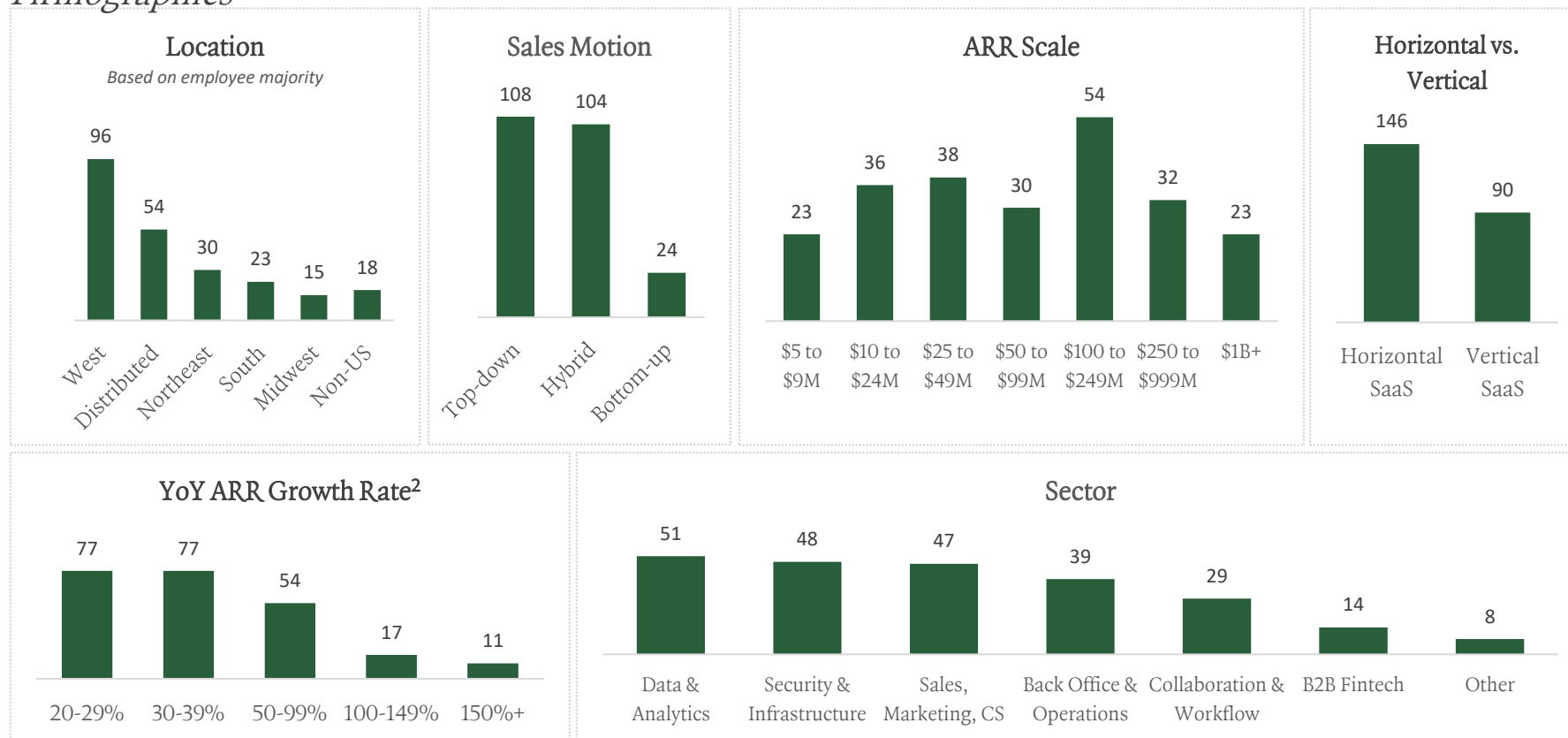
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# Data Sources & Methodology

This study summarizes data from a March 2023 survey of **236 GTM executives** at B2B SaaS companies, including heads of sales, marketing, and customer success.<sup>1</sup>

Where relevant, we compare results to a March 2021<sup>1</sup> survey conducted by ICONIQ Growth to a similar cohort of 200+ GTM executives.

## Firmographics

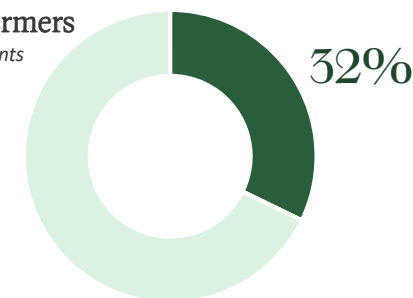


## Methodology

In this series, select companies are referred to as “top performers” because they meet the following criteria:

- **Scale:** Annual Recurring Revenue (ARR) > \$10M
- **Growth:** 2022 YoY ARR growth >50%
- **Retention:** Annual net dollar retention 120%+
- **Efficiency:** ARR per FTE \$150,000+

**Top Performers**  
% of respondents



<sup>1</sup> Surveys included responses from some but not all ICONIQ Growth portfolio companies as well as companies not part of ICONIQ Growth's portfolio

<sup>2</sup> YoY ARR Growth Rate between 2021 and 2022



# Collaborators & Industry Perspectives

Throughout this report, we also weave in **perspectives, insights, and best practices from go-to-market executives** in the ICONIQ Growth B2B SaaS portfolio and network.

Perspectives were gathered via interviews with the following collaborators as well as other generational leaders via ICONIQ Growth communities and events.

All industry perspectives shared in this report have been anonymized to protect company-level information.



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VP, Strategic Services



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**Brad Lochman**  
Chief Sales Officer



**Relativity**  
**Peter Kim**  
Chief Sales Officer



**yapi**  
**Jack Montgomery**  
CFO, Head of Sales & Marketing

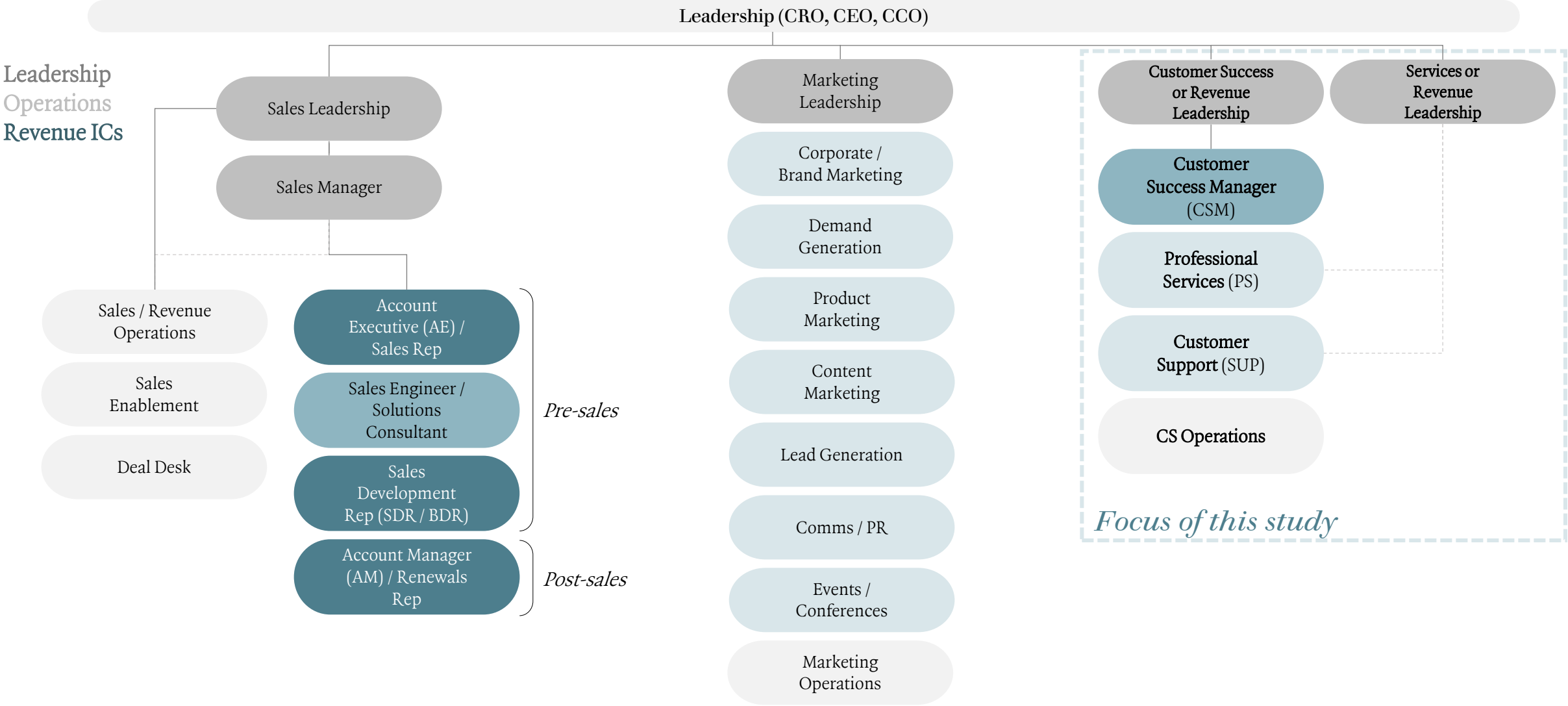
*And additional insights from go-to-market leaders from:*



Trademarks are the property of their respective owners. None of the companies illustrated have endorsed or recommended the services of ICONIQ. Not all companies on this page are ICONIQ Growth portfolio companies. For a complete list of ICONIQ Growth portfolio companies, please see the appendix. Insights from some but not all ICONIQ Growth portfolio companies as well as companies not pat of ICONIQ Growth's portfolio.

# The Go-to-Market Org

*Illustrative*



This is an illustrative GTM organization framework; not all organizations will have each role shown here depending on maturity and some may benefit from a different reporting hierarchy than the one shown

# Customer-facing role archetypes

In terms of individual contributors, there are generally two archetypes for key customer-facing teams, each with a unique set of responsibilities. Any combination of these roles can exist within an organization, and incentive structures differ across these archetypes

## Customer Success Manager (CSM)

### Relationship

CSMs are primarily focused on being **the strategic advisor for a customer** by managing and nurturing a high-touch relationship. They are ensuring the customer is getting value from the product and acting as the voice of the customer in the product feedback loop.

### Commercial

CSMs are primarily focused on **closing renewals and expansion opportunities**. Commercial CSMs have a similar profile to sales account managers or renewals representatives - they are more likely to have variable compensation, quotas towards expansion revenue, and goals against retention metrics.

## Professional Services (PS)

### Advisory

Professional services employees are focused on **strategic applications of services** across the customer base. This type of work is often packaged as managed services, meaning they are ongoing consulting-type services that a customer pays a recurring fee for.

### Delivery

Professional services employees are focused on delivering functionality in the product via **implementation and onboarding**. This could also include ongoing delivery of more tactical services such as data maintenance and integration upkeep.

## Customer Support (SUP)

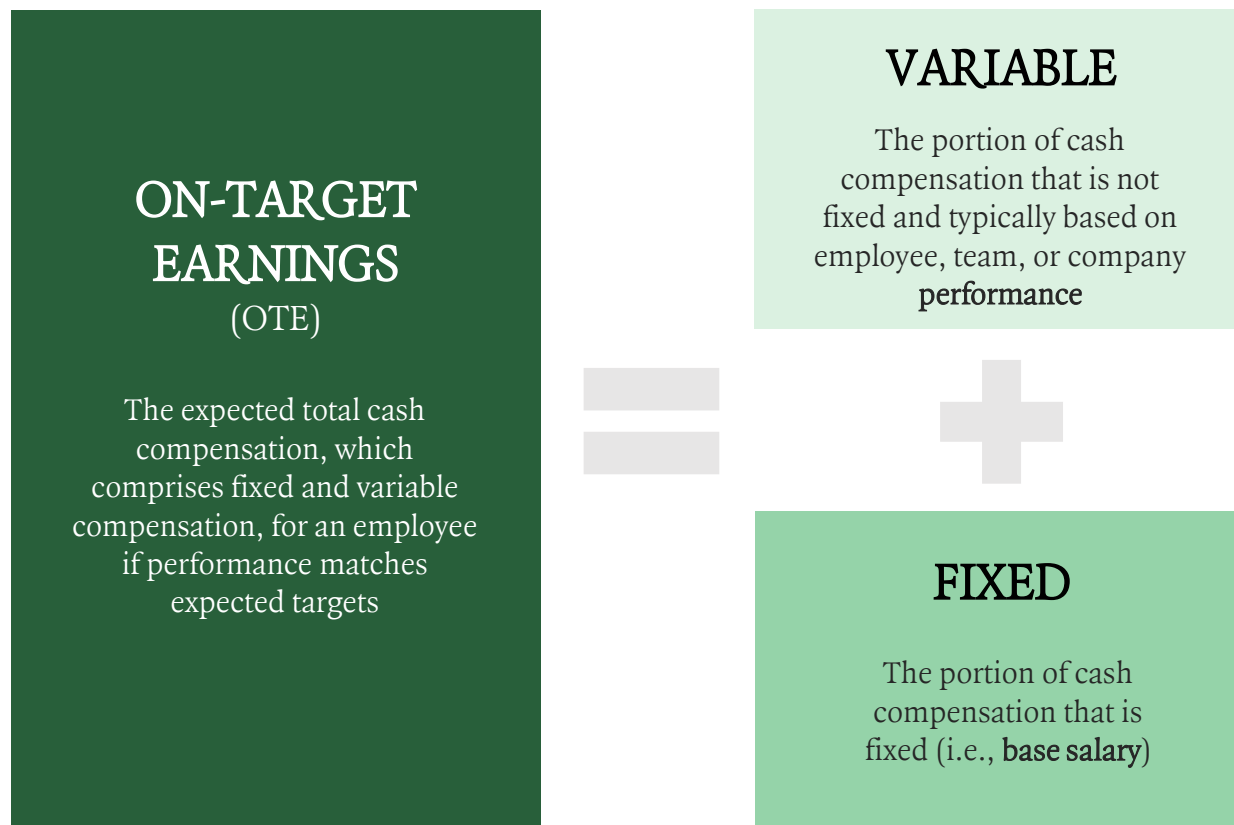
### Premier

Assigned / named support resources with dedicated service level agreements. Premier support is more **proactive in nature** by providing real-time issue identification and resolution. Access to support is not limited by service level limitations or business hours.

### Basic

Access to support resources and communication with support employees, usually via some form of **helpdesk**. Basic support is primarily **reactive in nature** and can have service level limitations imposed such as slower response times and support access limited to business hours.

# GTM Cash Compensation



Variable compensation is most common in sales incentive plans, where variable earnings are tied to performance against revenue targets.

Many companies **also utilize variable compensation to incentivize customer-facing teams** such as customer success, professional services, and customer support.

# The Buyer's Journey

There are many ways to design your buyer's journey and many different naming conventions for its stages and sub-stages. This is an archetype of the buying cycle that we commonly see across sales-led B2B SaaS, but there is no “one-size-fits-all” approach

Referenced in this study

Not referenced in this study

## Sales Qualified Lead (SQL)

Leads that meet your ideal customer profile and are engaged in the buying cycle (e.g., a **meeting/call with a sales rep is booked** or has been held). At this point, the SQL is trying to understand a problem or gap and educate themselves on available solutions. The sales rep is identifying need and other opportunity criteria. This stage typically includes a handoff from SDRs to account executives

## Opportunity / Pipeline

**Leads that convert to pipeline dollars.** An SQL becomes an opportunity when the lead confirms your product and/or service could provide a viable solution to their problem and decides to continue the sales process to evaluate in more detail. An opportunity will typically have around 5 sub-stages that align to the buyer's decision-making process

## Closed Won / Revenue

When an agreement is signed, and **pipeline converts to new revenue in various forms** (bookings, recurring revenue MRR, ARR or CARR, services revenue, etc.). Depending on your org structure, this stage can involve a handoff between sales and customer success and/or account management

## Renewal

**A customer is up for renewal when the subscription end date is reached**, usually 1-3 years after the subscription start date for enterprise SaaS. Renewals can be “flat” wherein the sale price stays the same for the next term. More often, renewals come with either a positive price change, or “expansion”, or a negative price change, or “downsell / downgrade”.

## Expansion

Customer expansion revenue comes from **increases in a customer's existing sale price** in various forms. An **upsell** happens when a customer expands the scope of existing product or service (e.g., adding new users / seats, increasing consumption, activating certain features) or hits a contractual price increase, while a **cross-sell** refers to when an existing customer is sold a different product or service.

## Advocacy

An important component of long-term success with your customer base, the advocacy stage attempts to foster additional opportunities for **customer engagement, connection, and referenceability**. Companies will often create **customer communities, user conferences, and referral campaigns** to enable this phase of the customer lifecycle and invest in reviews and ratings to inspire the inflow of new logo and upsell pipeline.



# Metrics Glossary

This study also references the following key metrics related to GTM employee incentives. For additional SaaS metrics, formulas, and considerations, we invite you to read our [SaaS glossary](#)

<i>Metric</i>	<i>Description</i>	<i>Formulas<sup>1</sup></i>
<b>Net Dollar Retention</b> NDR	Measures how well you are retaining existing revenue and upselling existing customers, making it a robust measure of growth efficiency. We typically like to look at NDR as a last twelve-month customer cohort analysis	$\frac{\text{Beginning ARR} + \text{expansion} - \text{gross churn}}{\text{Average of beginning ARR} + \text{ending ARR}}$
<b>Gross Dollar Retention</b> GDR	Measures the dollars retained from your existing customer base by comparing revenue lost due to churn or downsell versus total revenue	$1 - \frac{\text{Logo churn} + \text{downsell}}{\text{Average of beginning ARR} + \text{ending ARR}}$
<b>Renewal Rate</b>	Measures the number of customers that renew out of the number of customers up for renewal (i.e., logo retention)	$\frac{\text{Customers renewed}}{\text{Customers up for renewal}}$
<b>Net Promoter Score</b> NPS	Considered a strong measure of customer health and product market fit, NPS measures the likelihood of a user to recommend your product to another potential user	$\% \text{ of promoters} - \% \text{ of detractors}$
<b>Customer Satisfaction</b> CSAT	A measure of customer experience related to the customer's satisfaction with a specific product, service, or customer support interaction	$\frac{\text{Number of satisfied responses}}{\text{Total responses}}$
<b>Customer Effort Score</b> CES	A measure of customer experience related to the ease with which customers interact with a specific product, service, or customer support experience	$\frac{\text{Sum of customer effort scores}}{\text{Total responses}}$
<b>Customer Acquisition Cost</b> CAC	Measures the unit economics of the cost to acquire new customers versus the number of customers acquired (most relevant in the context of payback period and LTV)	$\frac{\text{S\&M\&CS operating expenses}}{\text{Gross new customers}}$
<b>Payback Period</b>	Measures the amount of time needed to pay back any customer acquisition costs, effectively showing you break-even point	$\frac{\text{CAC}}{(\text{ARPU or MRR}) \times \text{gross margin}}$

<sup>1</sup> There are multiple formula methodologies for many of the metrics shown. The formulas shown are examples of formulas we commonly see across our B2B SaaS portfolio

# 2

## Executive Summary & Overview

Executive Summary

Macro backdrop & recent trends in CS incentives

GTM responsibilities & incentives

Cash compensation within the CS org

Key compensation differentiators for customer-facing roles



# Executive summary

(1 of 2)

## Macroeconomic backdrop & recent trends in customer success incentives

Since mid-2022, macroeconomic conditions have required B2B SaaS companies to **rely on customer expansion revenue to drive growth more than ever before**, which is changing how organizations structure and incentivize their customer-facing teams. Via interviews and industry perspectives, we identified four key trends in customer success incentives:

- **Bring customer success metrics closer to revenue:** measure performance against metrics that have proximity to revenue, such as net and gross dollar retention
- **Incentivize CSMs on renewals:** pay your CSMs for renewal effort, either the number of logos renewed or renewal rate for the companies they cover
- **Increase the portion of variable incentives for CSMs:** tie CSM compensation more to performance against renewal and expansion goals to drive commercial behavior
- **Implement expansion quotas for CSMs:** tie a component of variable compensation to specific expansion ARR quotas

## Customer success manager (CSM) incentives

### *Incentives & compensation*

- **Most companies incentivize CSMs with variable compensation**, which is typically between **15-25% of total cash compensation**. Companies with primarily commercial CSMs and bottom-up growth motions are more likely to have performance-driven CSM compensation
- Both commercial and relationship CSMs most commonly have goals against **customer expansion revenue, net dollar retention, and renewal rate**. While incentivized towards the same metrics, a commercial CSM has a compensation profile closer to that of a sales account manager, with **20-30% variable compensation and higher OTE**
- CSM OTE and variable mix also depends on market segment. OTE for SMB to mid-market CSMs ranges between **\$85-\$115K**, while OTE for enterprise and strategic CSMs ranges between **\$120-\$175K**, with a **larger proportion of variable compensation** on average
- On average, **CSM cash compensation has increased 5-10% since 2021**. The increase has been most noticeable for early-stage companies, which have seen a 10-15% increase in CSM compensation, while later-stage companies have seen a 0-5% increase

### *Productivity & capacity*

- Some organizations assign expansion quotas to CSMs, which vary by segment. The average **expansion quota to OTE ratio for CSMs is 3.8x**, but ratios range from 0.6x for SMB CSMs to 4.3x for enterprise and strategic CSMs
- Some organizations also assign renewal quotas to CSMs, which are tied to ARR per CSM. **ARR per CSM increases significantly as companies scale:** at early-stage companies, CSMs cover **\$1-\$1.5M ARR each**, which increases to **~\$2M-\$3M ARR each** at later-stage companies

# Executive summary

(2 of 2)

## Professional services incentives

- Advisory- and delivery-led professional services archetypes are also equally common across B2B SaaS. **Delivery services are more common for companies with enterprise implementations**
- While delivery service teams are focused on metrics like **CSAT, attach rate, and time to implement**, advisory service incentives are more aligned with customer success and sales via renewal and expansion metrics like **expansion ARR, net dollar retention, and gross dollar retention**
- Services roles are commonly outsourced or moved offshore – especially delivery services. Median OTE for companies with primarily in-house services employees is **\$130K vs. \$94K** for companies with primarily offshore services employees
- Most later-stage companies offer a **small portion of variable compensation** to their professional services employees, typically **<10% of total compensation** and tied to the sale of, delivery of work for, and customer satisfaction with service-level agreements (SLAs)

## Customer support incentives

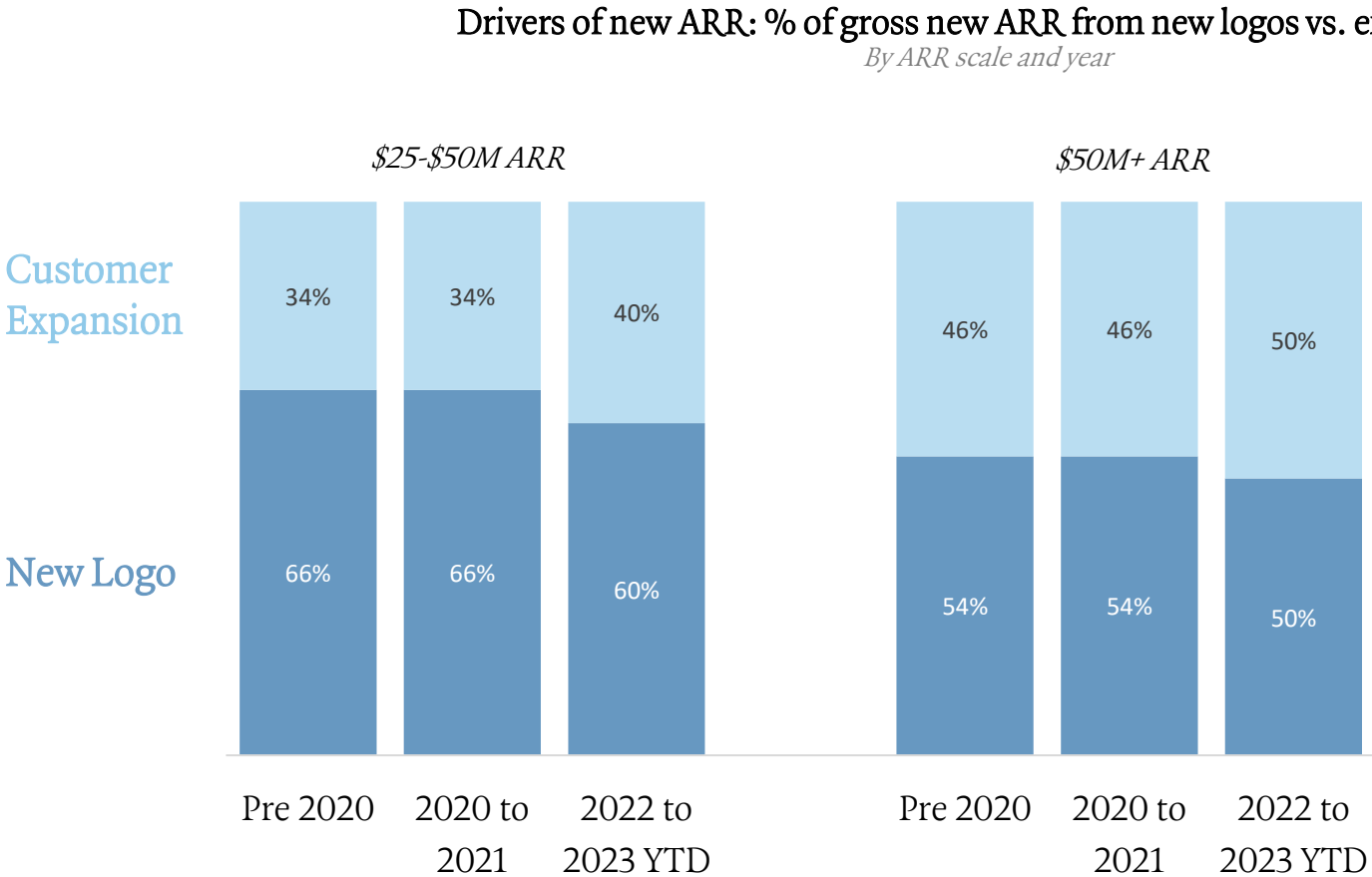
- Like service teams, “basic” and “premier” support teams are often incentivized on different metrics. Basic support teams measure performance on helpdesk-related metrics like **reply time and resolution time**, while premier support teams focus on **service level agreement rates** and customer sentiment metrics like **net promoter score**
- Around half of companies offer a small portion of variable compensation (<10%) to their customer support employees. Companies with the **premier support archetype tend to have more performance-driven incentives** for customer support employees, as do later-stage companies
- Like services, support roles are often moved offshore or outsourced, which meaningfully impacts cash compensation. Median OTEs for companies with primarily in-house support roles range from **\$75-\$105K vs. \$45-\$85K** for companies with primarily offshore or outsourced support resources

## Customer success leadership incentives

- Customer Success leadership (VP and above) are primarily incentivized based on company-wide performance against **net dollar retention, expansion ARR, and gross dollar retention**
- CS leadership, like sales leadership, will often have OTEs in proportion to the ICs they manage. CS manager OTE is typically 10-15% higher, CS director compensation is 35-45% higher, and CS VP compensation is 130%+ higher than that of CSMs
- While the proportion of variable compensation decreases as companies scale for CS managers and directors, it increases to **30-35% of total compensation** for customer success and professional services VPs

Overview | How macro trends are changing the role of customer success

Since mid-2022, macroeconomic conditions have required B2B SaaS companies to rely on customer expansion revenue to drive growth more than ever before



“The primary role of a customer success team is to make sure customers are getting value from what they bought. **Right now, it’s hard to get new logos. That means our whole organization is focused on keeping our existing customers**, and we’re trying to get closer to the customer than ever. I predict more companies will start incentivizing CSMs on renewals and expansion as a result.<sup>2</sup>

*Customer Leader  
Data & Analytics  
Late-stage (\$250M+ ARR)*

1 Quarterly operating data from ICONIQ Growth portfolio companies; where data is available as of June 2023  
2 Perspectives from the ICONIQ Growth network



This is changing the way organizations think about structuring and incentivizing their customer-facing teams. Via interviews and industry perspectives, we identified four key trends in customer success incentives:

## 1 Bringing customer teams closer to revenue outcomes

“

Some customer-focused teams are myopically focused on a certain customer health stat like NPS or CSAT. But are these metrics going to drive revenue and increase retention? **A metric's proximity to revenue is incredibly important for customer teams** – net and gross dollar retention are the only metrics my customer teams are focused on.<sup>1</sup>

*Customer Leader  
Infrastructure & Security  
Growth-stage (\$50-\$250M ARR)*

## 2 Incentivizing CSMs on renewals

“

The primary role of a customer success team is to make sure customers are getting value from what they bought. Right now, it's hard to get new logos. That means our whole organization is focused on keeping our existing customers, and we're trying to get closer to the customer than ever. **I predict companies will start incentivizing CSMs on renewals as a result.**<sup>1</sup>

*Customer Leader  
Data & Analytics  
Late-stage (\$250M+ ARR)*

## 3 Increasing proportion of performance-driven compensation for CSMs

“

For my customer success managers, I'm a big fan of tying variable compensation to gross dollar retention. **Our CSMs used to be on a 5% variable plan, and I shifted them to a 25% variable plan.** This has also opened a career path for CSMs wanting to move towards sales, as after I made this shift, some of my CSMs became account managers.<sup>1</sup>

*Customer Leader  
Infrastructure & Security  
Growth-stage (\$50-\$250M ARR)*

## 4 Implementing expansion quotas for CSMs

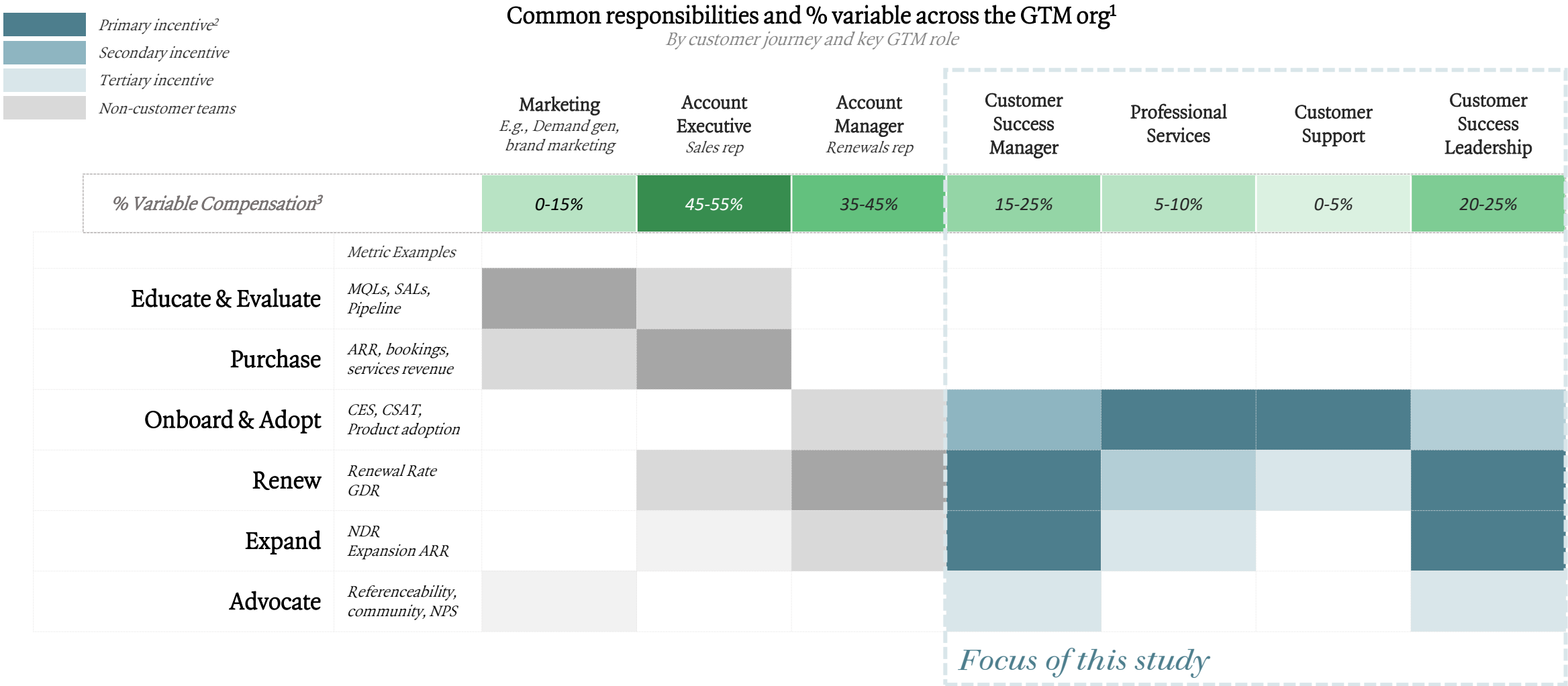
“

Last quarter, we implemented higher commission rates for expansion revenue. **We're now rolling out expansion quotas for our customer success managers.** The macro has impacted our new logo velocity, and we've decided we need to focus aggressively on expansion this quarter so we can see results in future quarters.<sup>1</sup>

*Founder  
Data & Analytics  
Early-stage (<\$50M ARR)*

**Overview |** Incentives & responsibilities across the GTM org

In terms of team structure, SaaS GTM organizations have roles dedicated to each stage of the customer lifecycle and align incentives to metrics and business outcomes within each stage. Customer teams are mostly focused on customer onboarding, engagement, retention, and expansion

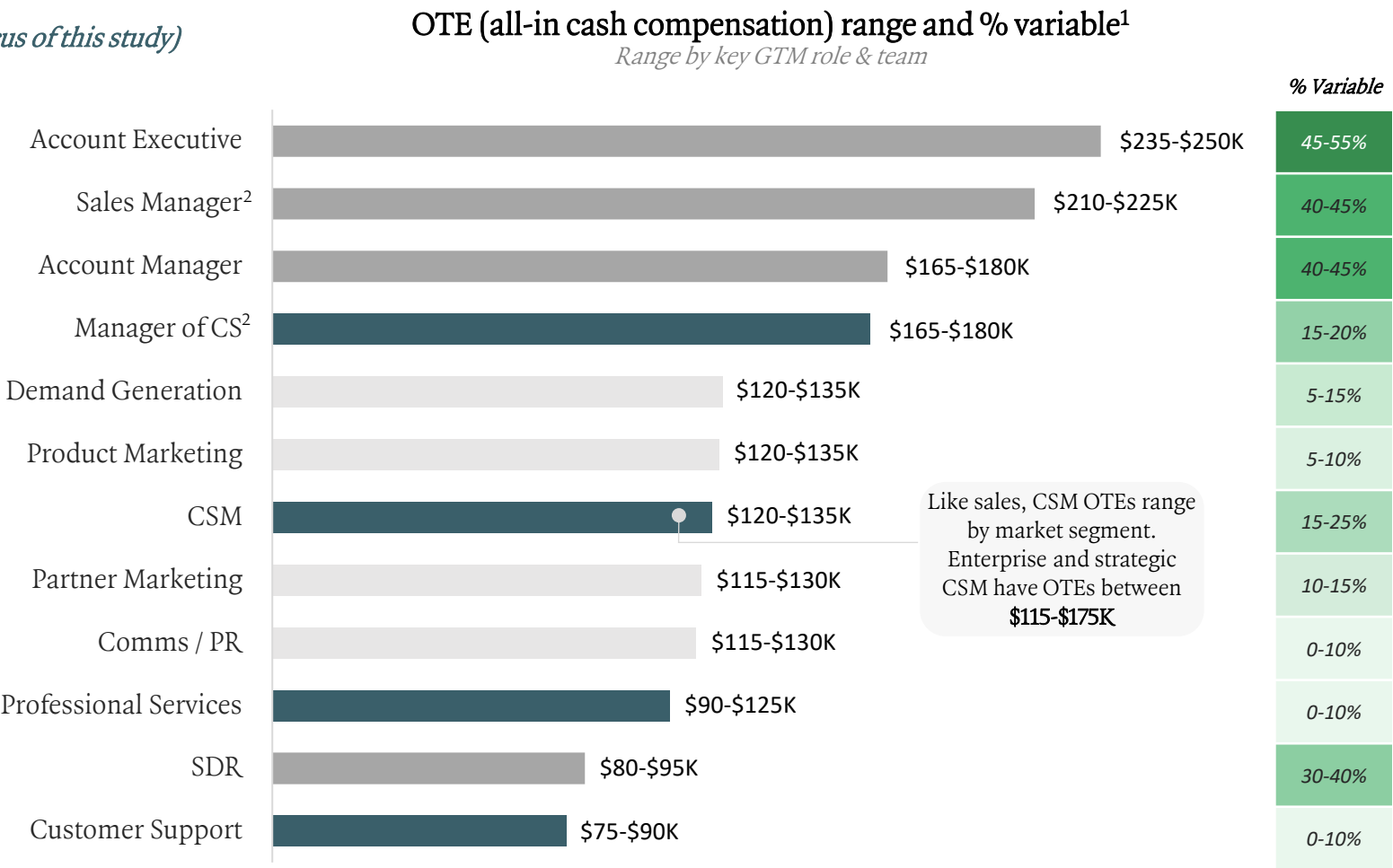


Overview | Cash compensation across the GTM org

Differences in incentives across GTM teams are mainly driven by portions of variable compensation, and the metrics that variable compensation is tied to. Customer success employees typically have 15-25% variable compensation, while support and services employees have <10% on average

Customer Teams *(focus of this study)*

Sales  
Marketing

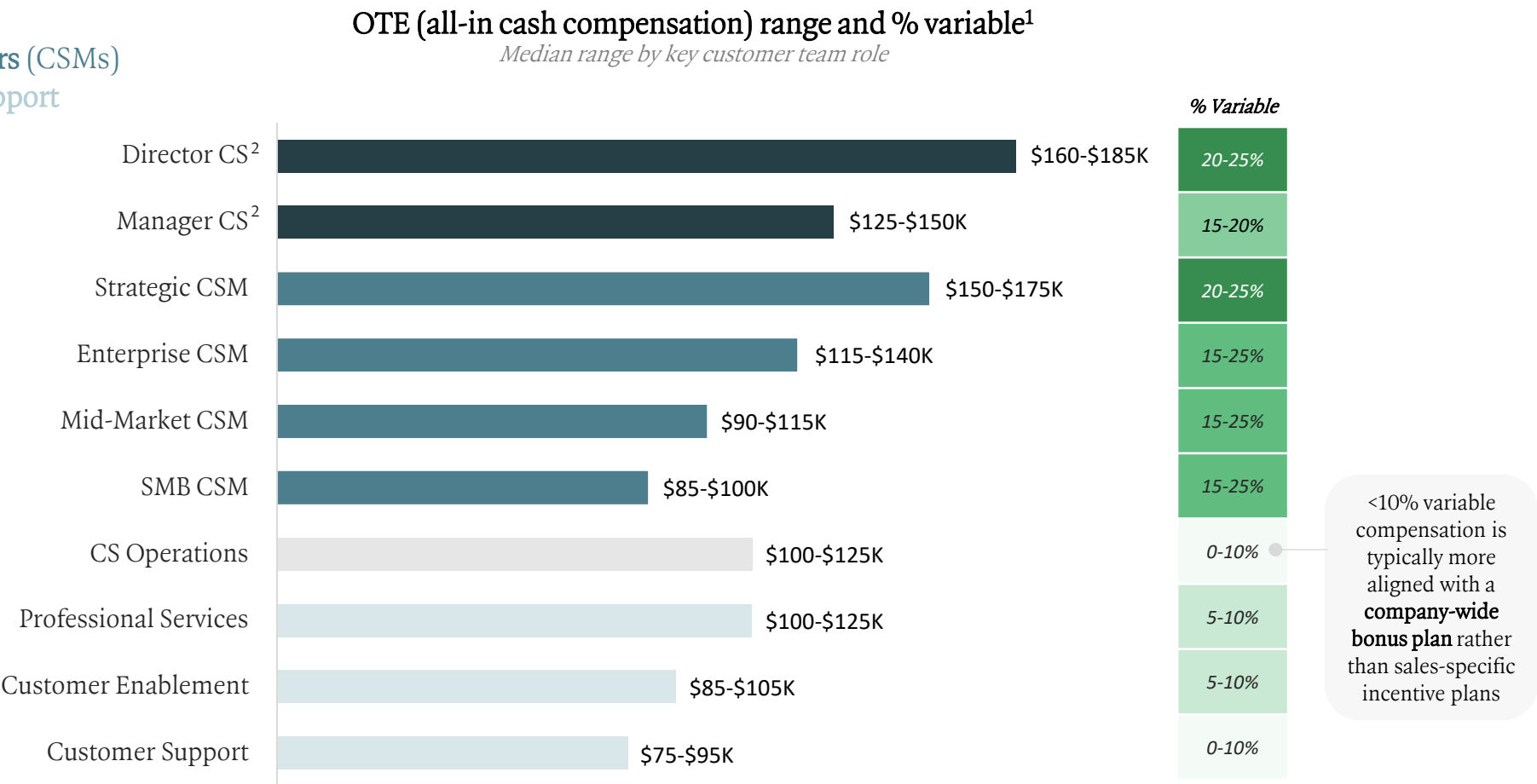


1 ICONIQ Growth Proprietary Survey of GTM Leaders (Mar 2023)  
2 Apart from sales manager and manager of CS, all roles represent individual contributors

Overview | Cash compensation within the CS org

Within the customer success organization, on-target earnings are composed of 15-25% variable compensation for managers, directors, and CSMs. Services and support employees are more tied to company-wide incentive plans than revenue performance, with <10% variable

CS Leadership  
Customer Success Managers (CSMs)  
Professional Services & Support  
Other CS Role

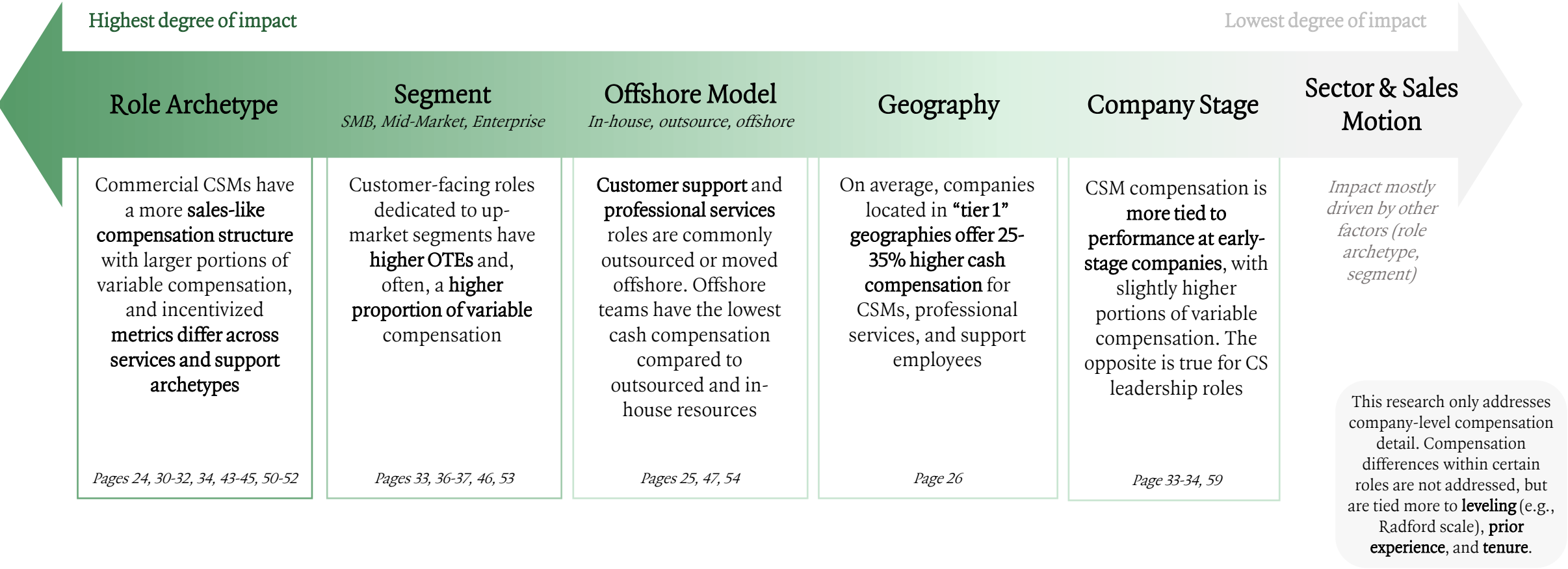


1 ICONIQ Growth Proprietary Survey of GTM Leaders (Mar 2023)  
2 Apart from director of CS and manager of CS, all roles represent individual contributors

Overview | Key compensation differentiators for customer-facing roles

Within a given customer-facing role, incentive structures vary primarily by role archetype, segment, offshore model, geography, and company stage. Other variables such as sector and sales motion have less of a direct impact on incentive structures and total compensation

Drivers of differences in compensation for customer-facing roles across companies<sup>1</sup>  
*Summary*



<sup>1</sup> ICONIQ Growth Proprietary Survey of GTM Leaders (Mar 2023)



Overview | Incentive structures by role archetype

Role archetype is one of the most important drivers of incentive structures for customer-facing teams, as employees in these roles often have different scopes of responsibility. Commercial CSMs have a more sales-like compensation structure, and performance metrics differ across services and support archetypes

[Read more about these archetypes on page 11](#)

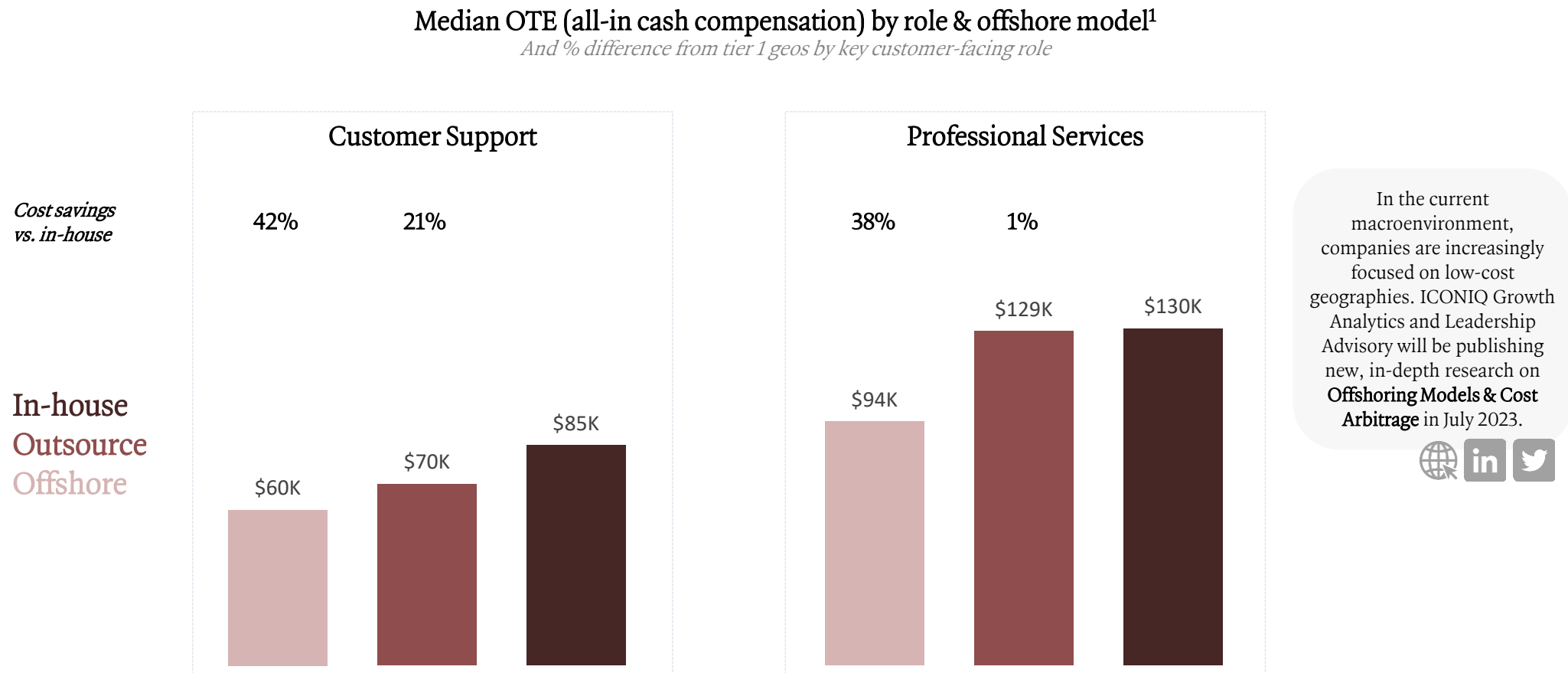
Incentive structure by key customer team archetype<sup>1</sup>  
*Summary of metrics and median ranges for OTE and % variable*

Role	Primary Archetype	Primary Metrics	OTE <i>Median cash compensation</i>	% Variable	
Customer Success	Relationship	Expansion ARR Net dollar retention Renewal rate	\$90-\$115K	5-15%	Pages 29-32; 34
	Commercial	Expansion ARR Net dollar retention Renewal rate	\$120-145K	20-30%	
Professional Services	Advisory	Net dollar retention Renewal rate Product adoption	\$115-\$150K	10-15%	Pages 43-45
	Delivery	Time to implement Attach rates Services gross margin	\$100-\$115K	5-10%	
Customer Support	Premier	Service level agreement rate Customer effort score CSAT	\$75-\$130K	0-20%	Pages 49-52
	Basic	CSAT Response time Time to resolution	\$60-\$90K	0-10%	

1 ICONIQ Growth Proprietary Survey of GTM Leaders (Mar 2023)

Overview | How offshore model impacts support and services compensation

Support and services are two of the most common roles outsourced or offshored, which also impacts compensation expenses. Companies with offshore service models have 35-45% lower median cash compensation for support and service employees than those with in-house models



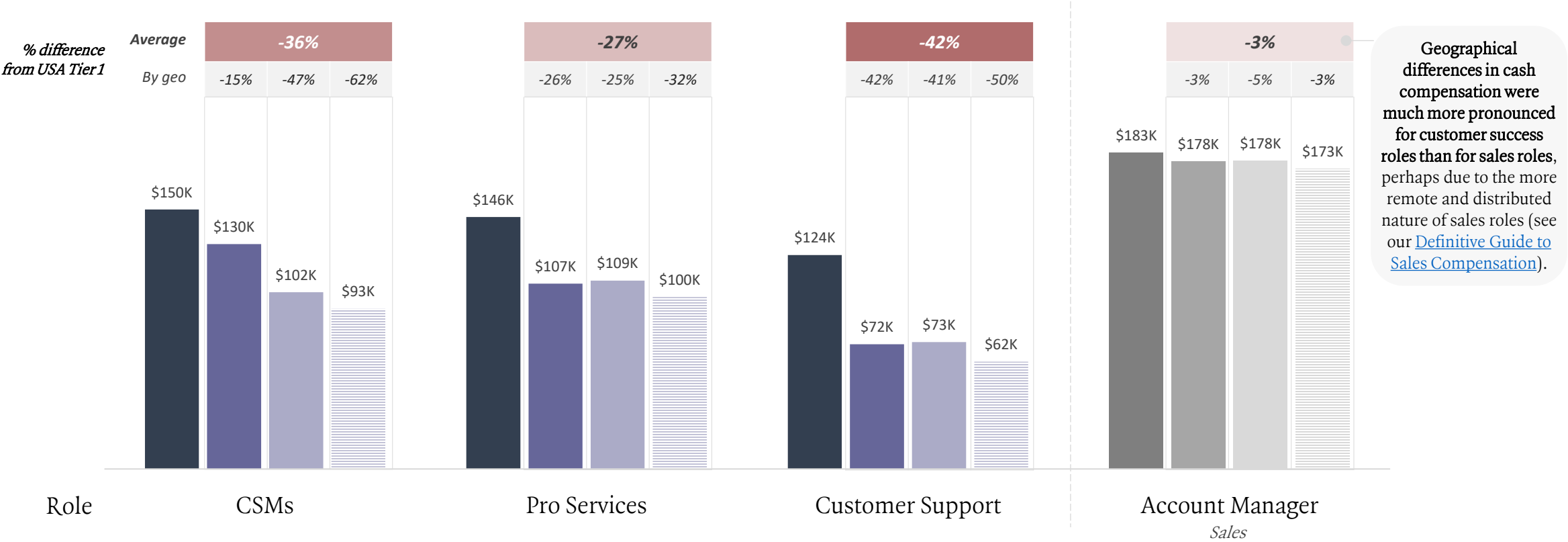
<sup>1</sup> ICONIQ Growth Proprietary Survey of GTM Leaders (Mar 2023)

Overview | How geography impacts customer-facing role compensation

There is also a large difference in compensation within customer-facing roles based on geography. Companies located in “tier 1” geographies have ~35% higher OTE on average for CSMs and ~25% higher OTE on average for professional services employees

USA Tier 1: West, Northeast  
USA Tier 2: South, Midwest  
Evenly Distributed: USA, Remote  
Canada & Europe

Average OTE (all-in cash compensation) by geography<sup>1</sup>  
And % difference from tier 1 geos by key customer-facing role



1 ICONIQ Growth Proprietary Survey of GTM Leaders (Mar 2023)  
2 Geographies tiered based on cost of living; see appendix for tier categories

# 3

## CSM Incentives Structure

CSM Archetypes

Overall incentives and responsibilities

Prevalence of variable compensation

Cash compensation detail by

Archetype

Segment

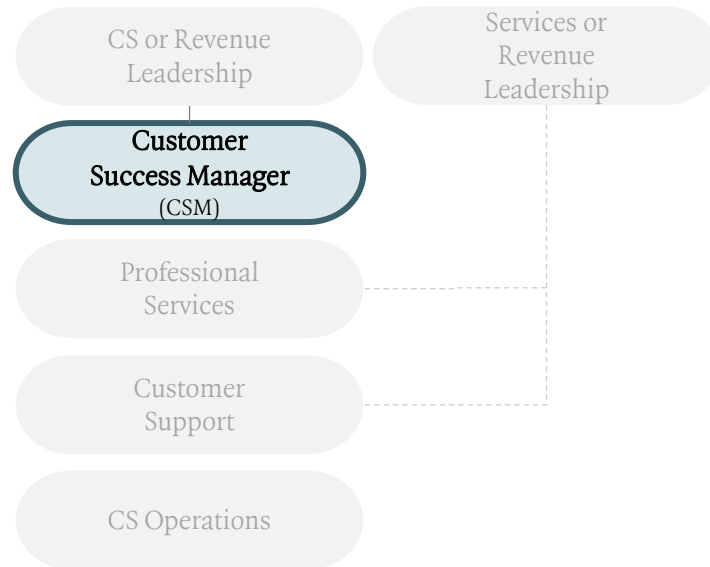
Company stage

Quota & OTE ratios

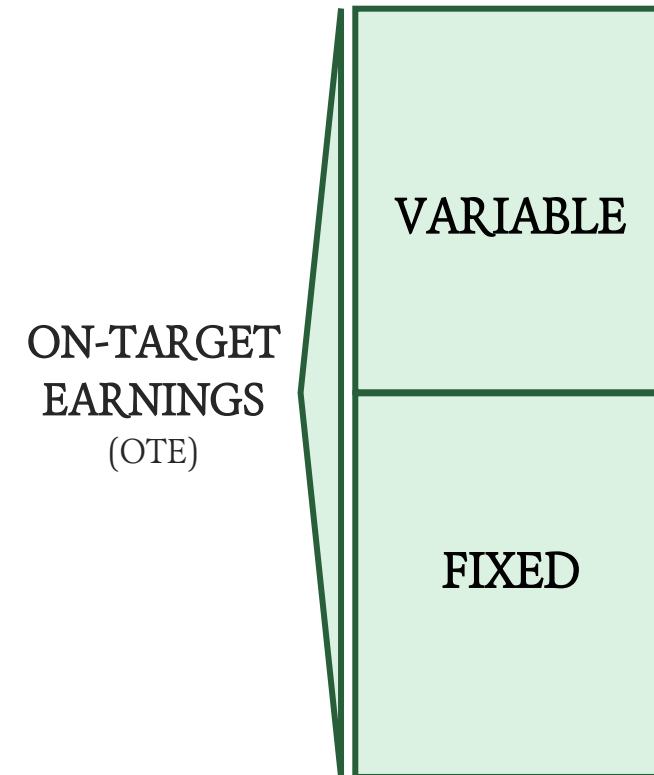
CSM vs. Account Manager incentives



## Typical CS Org Structure



## Key Components of Compensation

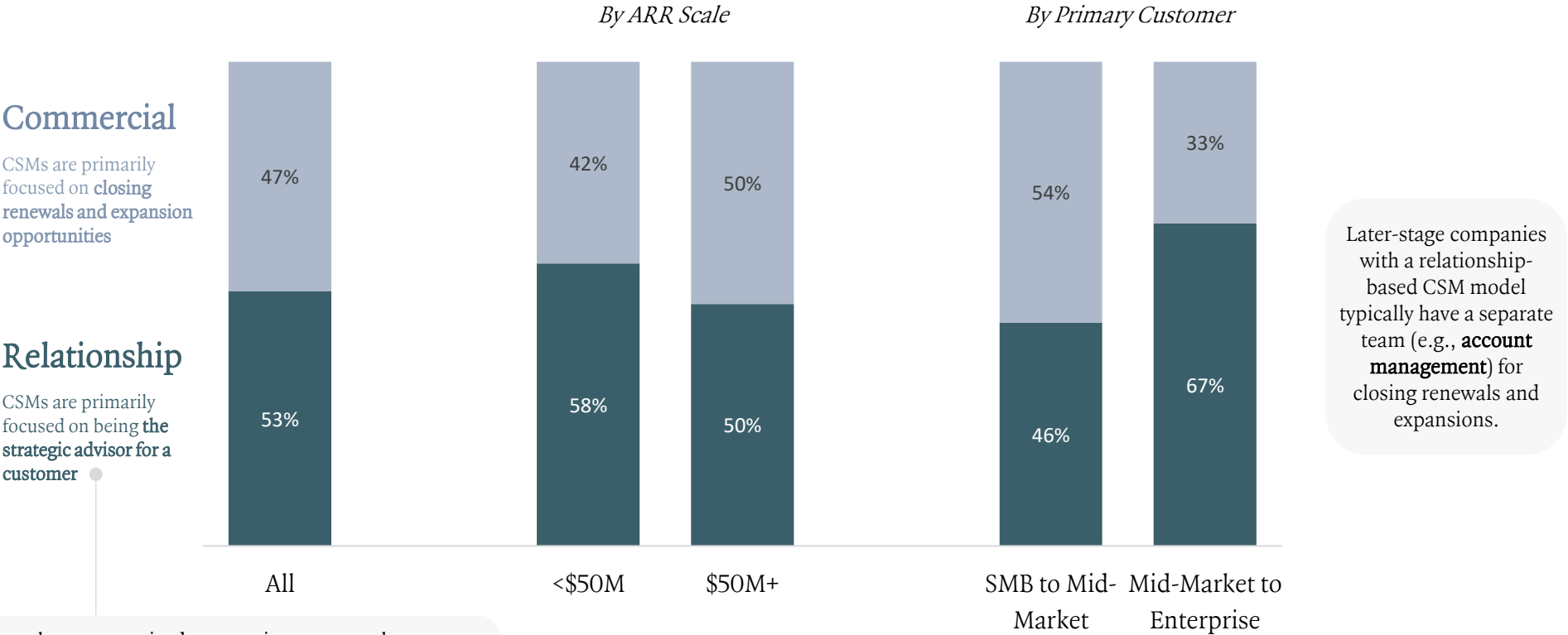




There is a near 50/50 split between relationship- and commercial-led CSM models in B2B SaaS. Companies move towards more commercial CSM models as they scale; however, companies targeting enterprise customers favor the relationship model

CSM	VARIABLE
PS	
SUP	
MGR+	FIXED

Primary customer success manager archetypes & their prevalence<sup>1</sup>  
*% of Respondents*



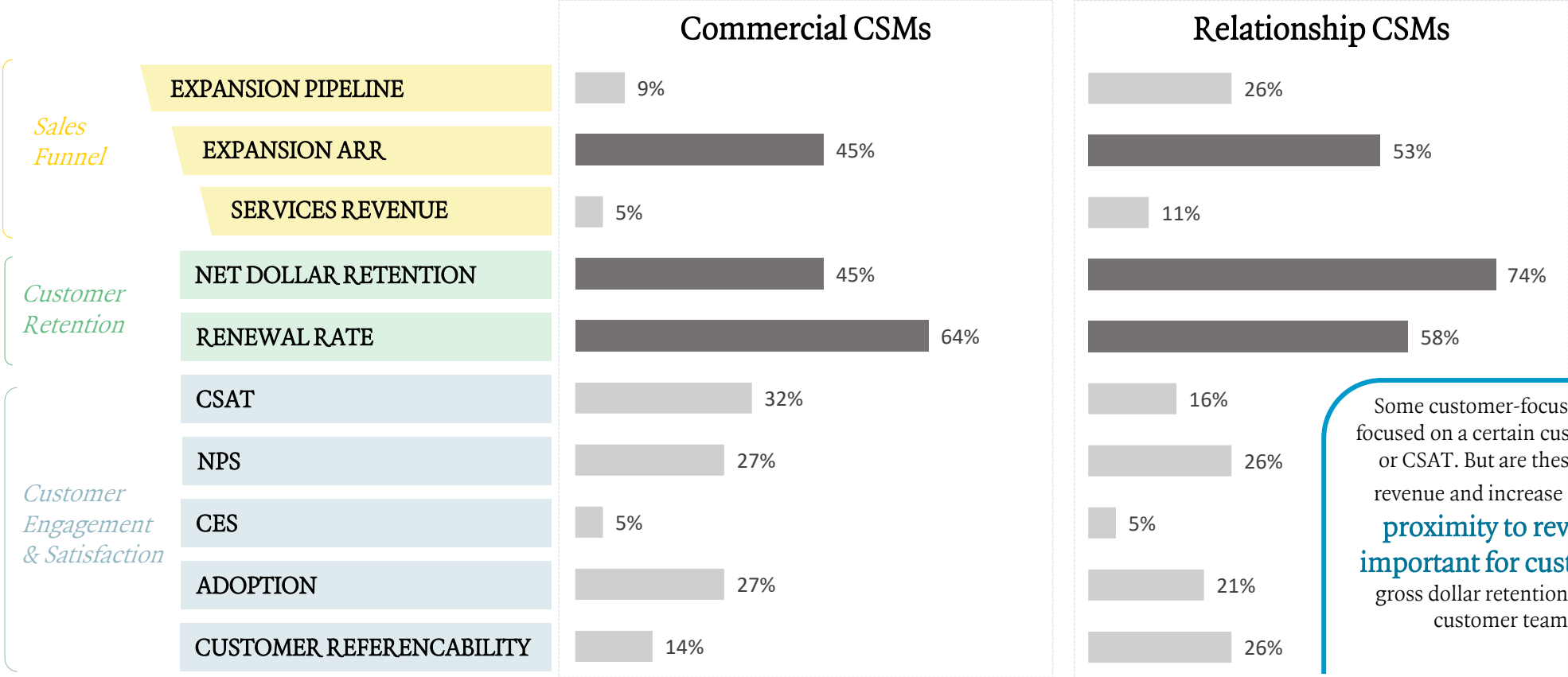
For the purposes of this study, we have categorized companies as one archetype or another based on their *primary* profile. **However, both archetypes can exist within a company.** For example, a later-stage company could have commercial CSMs dedicated to their SMB customers and relationship CSMs dedicated to their enterprise customers.

Regardless of archetype, CSMs are primarily incentivized to focus on customer expansion and retention. Both commercial and relationship CSMs most commonly have goals against customer expansion revenue, net dollar retention, and renewal rate

CSM	VARIABLE
PS	
SUP	
MGR+	FIXED

Top Metrics  
Other Metrics

Metrics tied to variable customer success manager compensation<sup>1</sup>  
*% of respondents by CSM archetype; select all that apply*



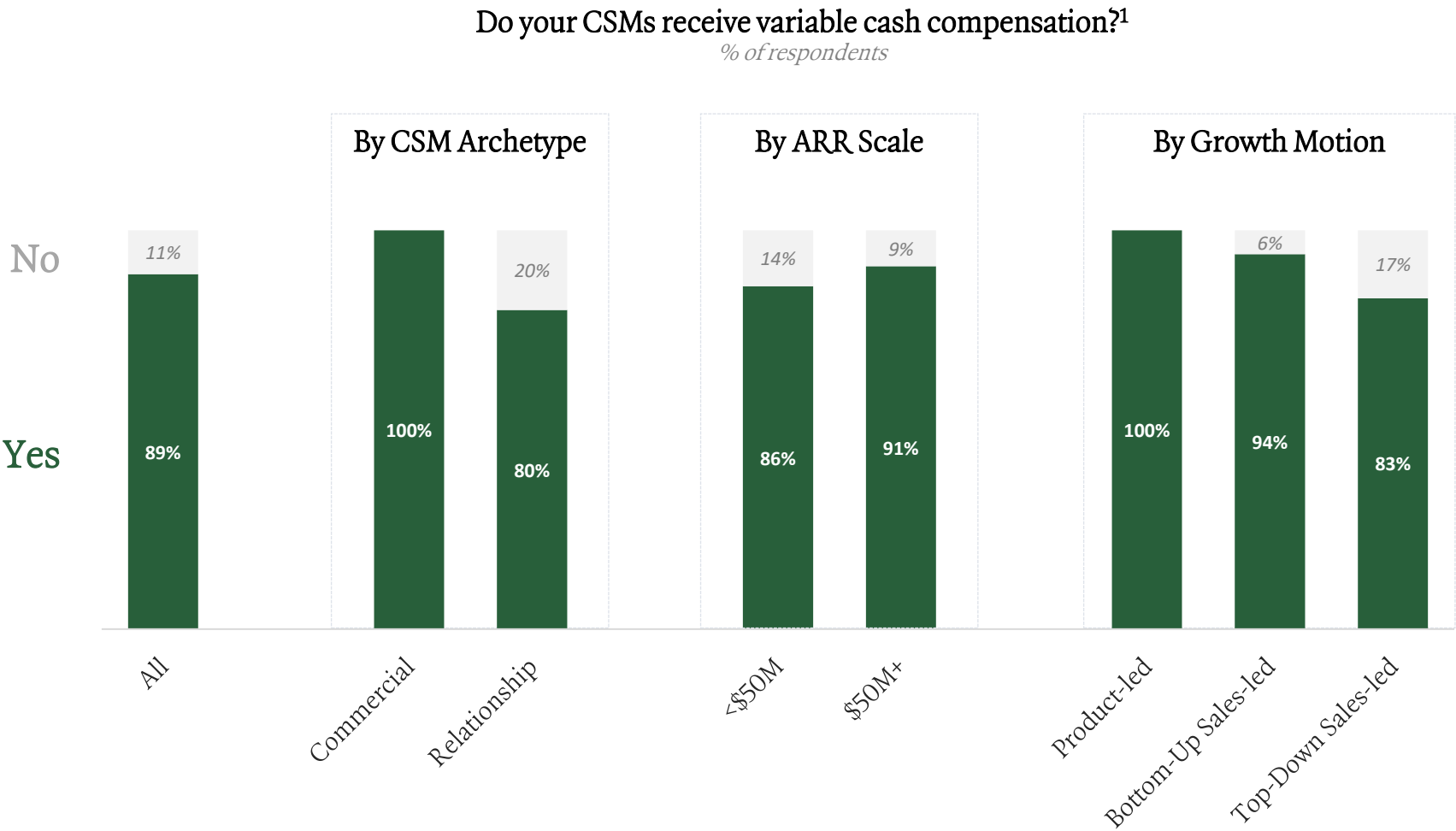
Some customer-focused teams are myopically focused on a certain customer health stat like NPS or CSAT. But are these metrics going to drive revenue and increase retention? **A metric's proximity to revenue is incredibly important for customer teams** – net and gross dollar retention are the only metrics my customer teams are focused on.<sup>2</sup>

*Customer Leader  
Infrastructure & Security  
Growth-stage (\$50-\$250M ARR)*

1 ICONIQ Growth Proprietary Survey of GTM Leaders (Mar 2023)  
2 Perspectives from the ICONIQ Growth network

Most companies incentivize CSMs with variable compensation. Companies with primarily commercial CSMs and product-led or bottom-up growth motions are more likely to have variable compensation, with more of a sales-like incentives profile

CSM	VARIABLE
PS	
SUP	
MGR+	FIXED



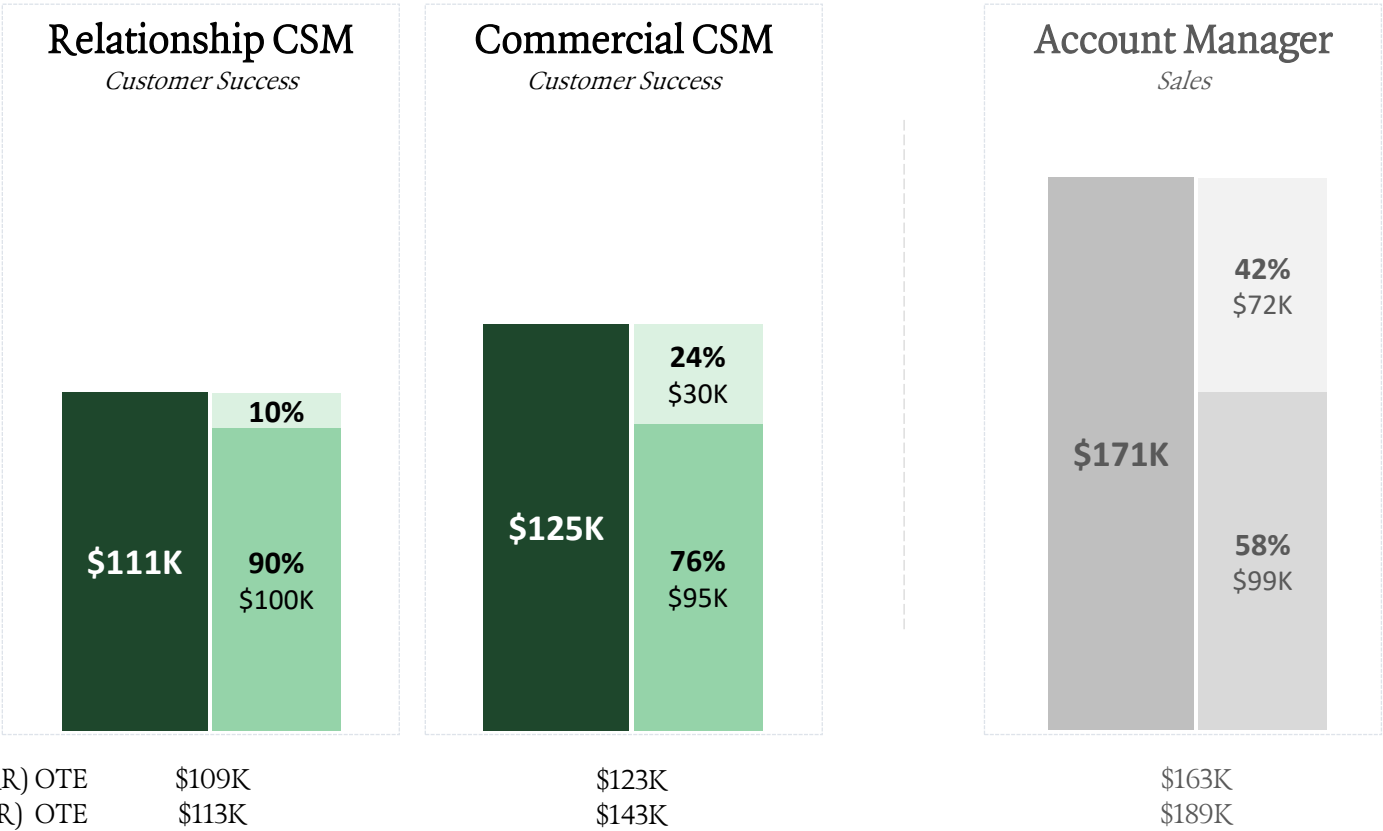
CSM | Cash compensation by archetype

While incentivized towards the same metrics, commercial and relationship CSMs have different cash compensation structures. Commercial CSMs compensation profile is closer to that of sales account managers, with 20-30% variable compensation and higher OTEs

CSM	VARIABLE
PSS	
SUP	
MGR+	FIXED

ON-TARGET EARNINGS (OTE)	VARIABLE
	FIXED

OTE, variable, and fixed compensation for CSMs vs. account managers<sup>1</sup>  
*Median by CSM archetype and company stage*



“ Our customer success team falls strictly under this relationship category. Our product and our sector is very complicated, so our CSMs need to be product and customer specialists, and they need to be focused on technical adoption. **When you have an easier product, your CSMs can be generalists and more commercially-minded – and they can be incentivized more like sales reps.** ”

*Revenue Leader  
Vertical SaaS  
Late-stage (\$250M+ ARR)*

1 ICONIQ Growth Proprietary Survey of GTM Leaders (Mar 2023)  
2 Perspectives from the ICONIQ Growth network

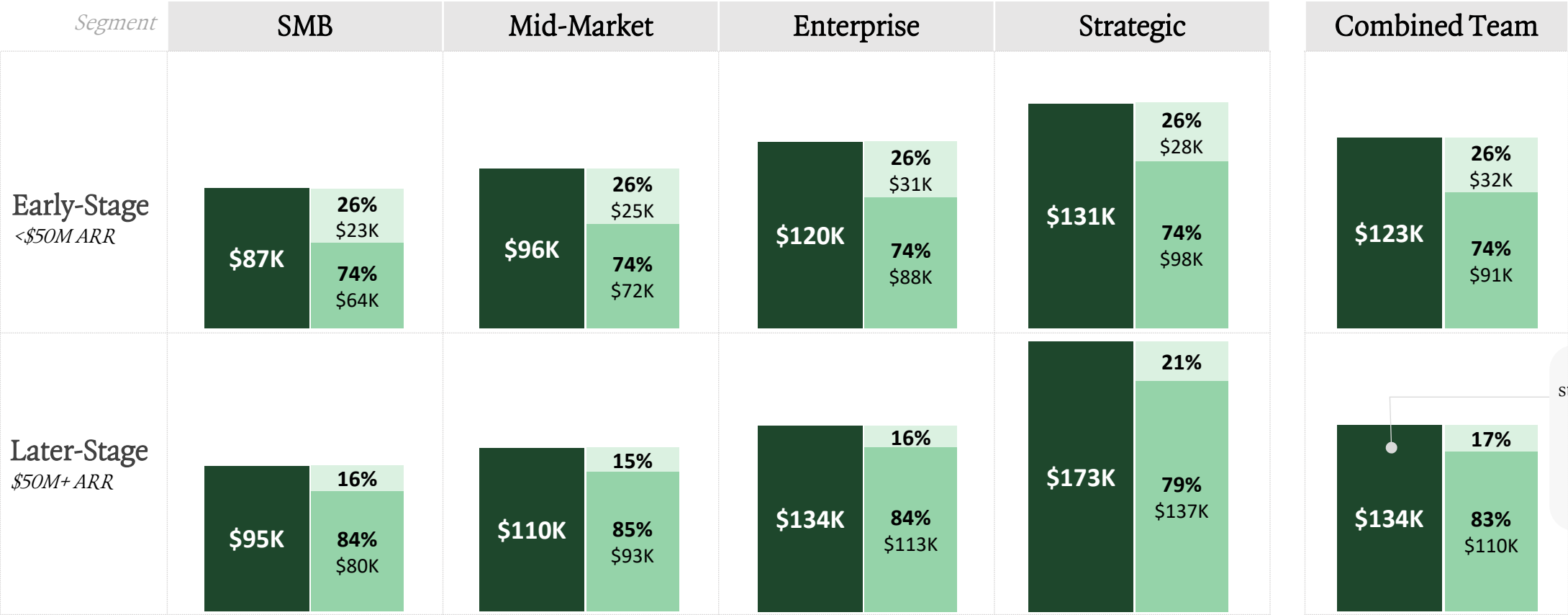
CSM | Cash compensation by segment

CSM OTE and variable mix also depends on market segment. OTE for SMB to mid-market CSMs ranges between \$85-\$115K, while OTE for enterprise and strategic CSMs ranges between \$120-\$175K with a larger proportion of variable compensation

CSM	VARIABLE
PSS	
SUP	FIXED
MGR+	

ON-TARGET EARNINGS (OTE)	VARIABLE
	FIXED

Average OTE, variable, and fixed compensation for CSMs<sup>1</sup>  
*By rep segment and company stage*

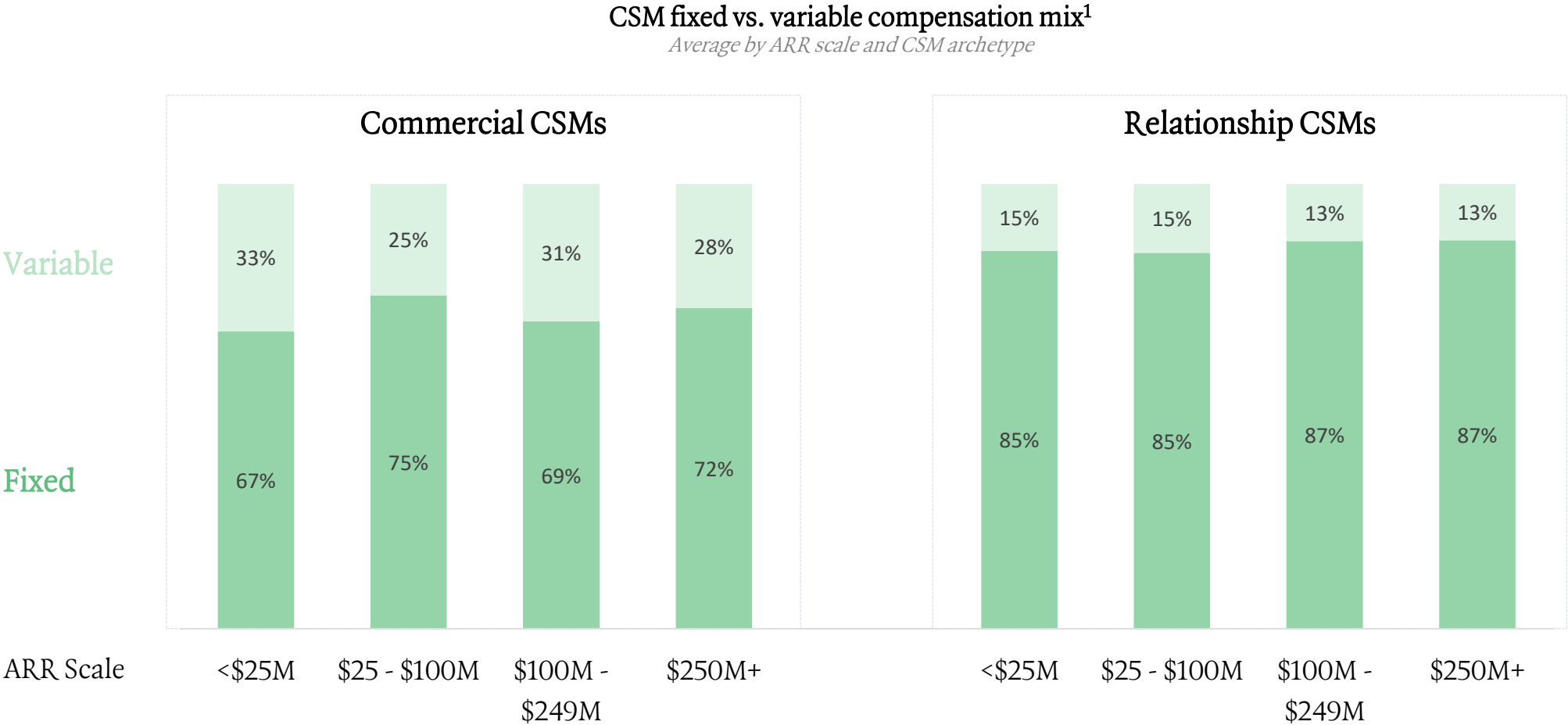


CSMs at later-stage companies have 5-10% higher OTEs than those at early-stage companies

CSM | How stage impacts CSM compensation

As with sales ICs, CSM compensation is more tied to performance at early-stage companies. On average, the proportion of variable compensation for CSMs decreases as companies scale for both commercial and relationship archetypes

CSM	VARIABLE
PSS	
SUP	FIXED
MGR+	



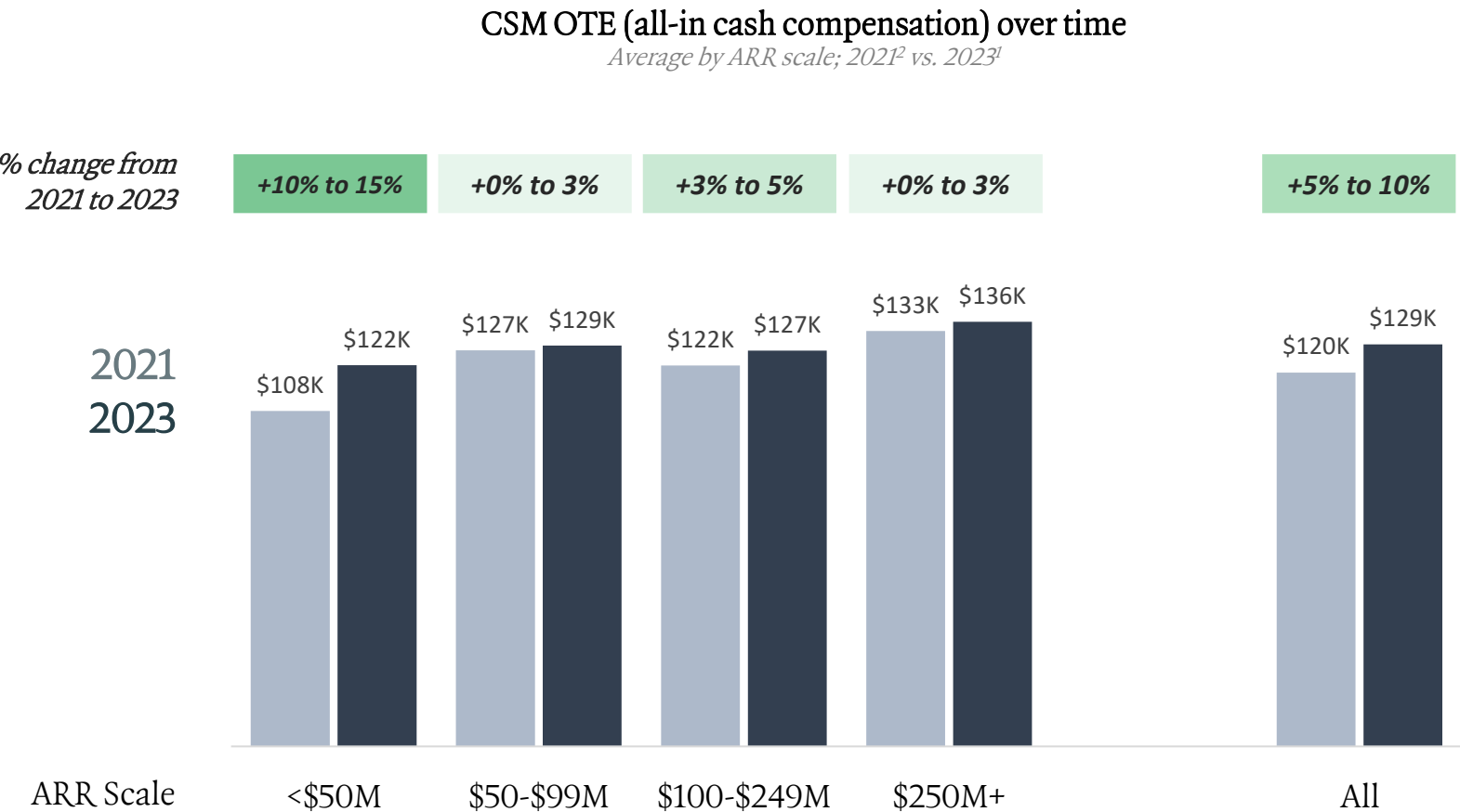
1 ICONIQ Growth Proprietary Survey of GTM Leaders (Mar 2023)



CSM | How CSM compensation has changed over the last few years

On average, CSM cash compensation has increased 5-10% since 2021. The increase has been most noticeable for early-stage companies, which have seen a 10-15% increase in CSM compensation, while later-stage companies have seen a 0-5% increase

CSM	VARIABLE
PSS	
SUP	FIXED
MGR+	



1 ICONIQ Growth Proprietary Survey of GTM Leaders (Mar 2023)  
2 ICONIQ Growth Proprietary Survey of GTM Leaders (Mar 2021)

Some organizations assign expansion quotas to CSMs, which vary by segment. SMB to mid-market CSMs have a 0.5x-2.0x quota to OTE ratio, while enterprise and strategic CSMs are expected to generate more revenue vs. earnings at a 4.0x-4.5x ratio

CSM	VARIABLE
PSS	
SUP	FIXED
MGR+	

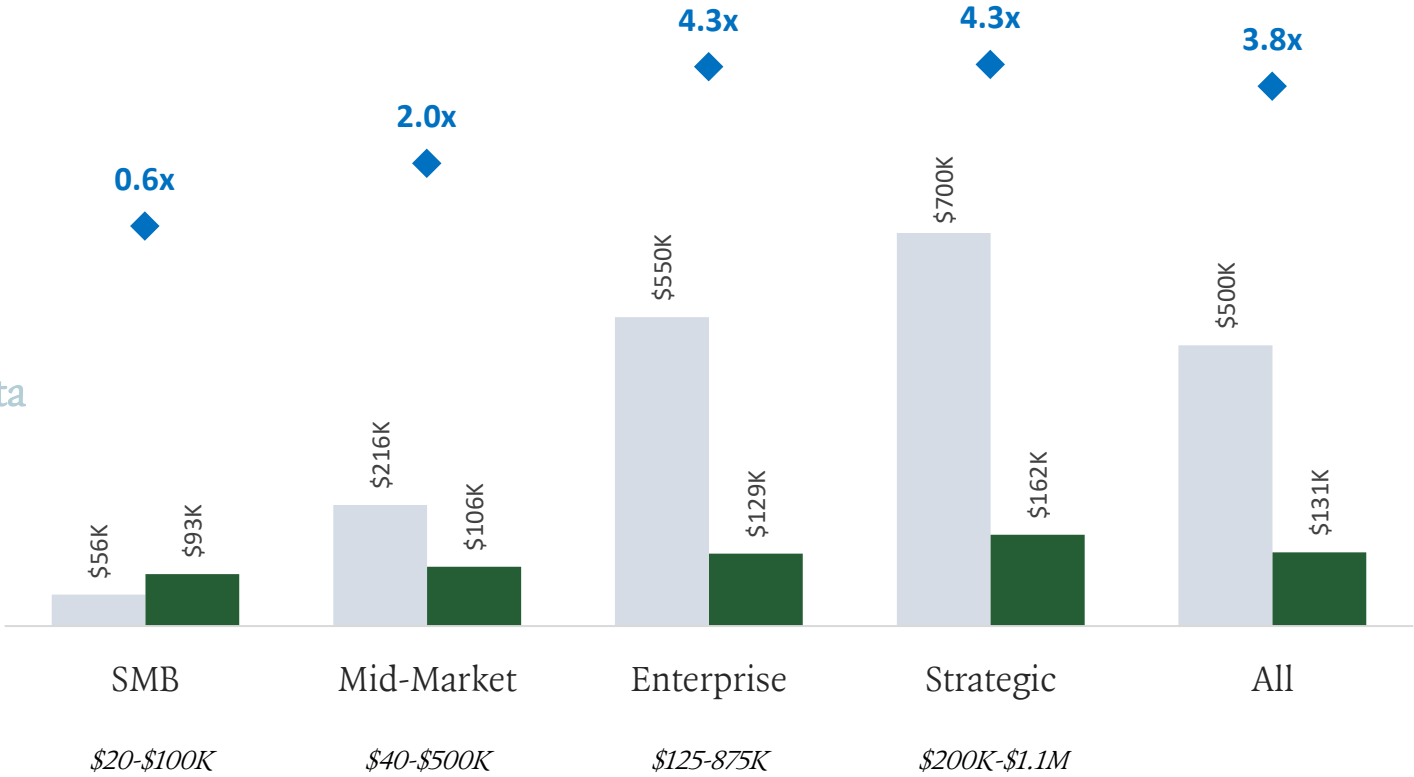
Median customer expansion quota, OTE, and quota ratio for CSMs<sup>1</sup>  
*By rep segment and company type*

Expansion  
Quota to  
OTE Ratio

Expansion Quota  
OTE

Segment

Expansion  
Quota Range



“ Last quarter, we implemented higher commission rates for expansion revenue. **We’re now rolling out expansion quotas for our customer success managers.** The macro has impacted our new logo velocity, and we’ve decided we need to focus aggressively on expansion this quarter so we can see results in future quarters.

*Founder  
Data & Analytics  
Early-stage (<\$50M ARR)*

1 ICONIQ Growth Proprietary Survey of GTM Leaders (Mar 2023)  
2 Perspectives from the ICONIQ Growth network

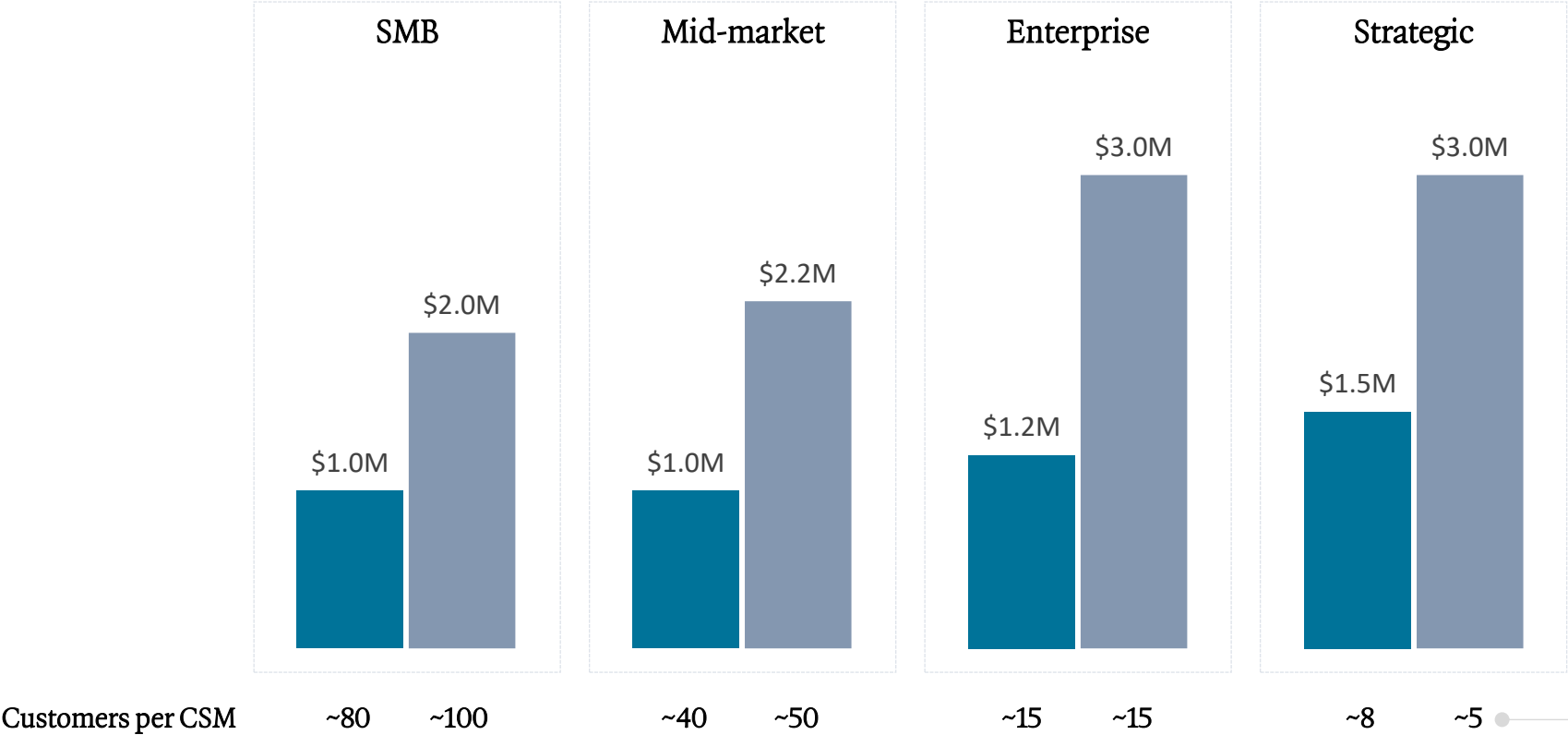
CSM | Quota & OTE ratios for renewals

Some organizations also assign renewal quotas to CSMs, which are tied to ARR per CSM. At early-stage companies, CSMs cover \$1-\$1.5M ARR each, which increases to ~\$2M-\$3M ARR each at later-stage companies

CSM	
PSS	VARIABLE
SUP	
MGR+	FIXED

Early-Stage <\$50M ARR  
Later-Stage \$50M+ ARR

Existing ARR per CSM and customers per CSM<sup>1</sup>  
*Median by rep segment and company stage*



While SaaS companies scale, their customer base is also moving up-market. **Increasing ACVs in the enterprise and strategic segments lead to higher ARR productivity** while logo productivity stays constant or declines.

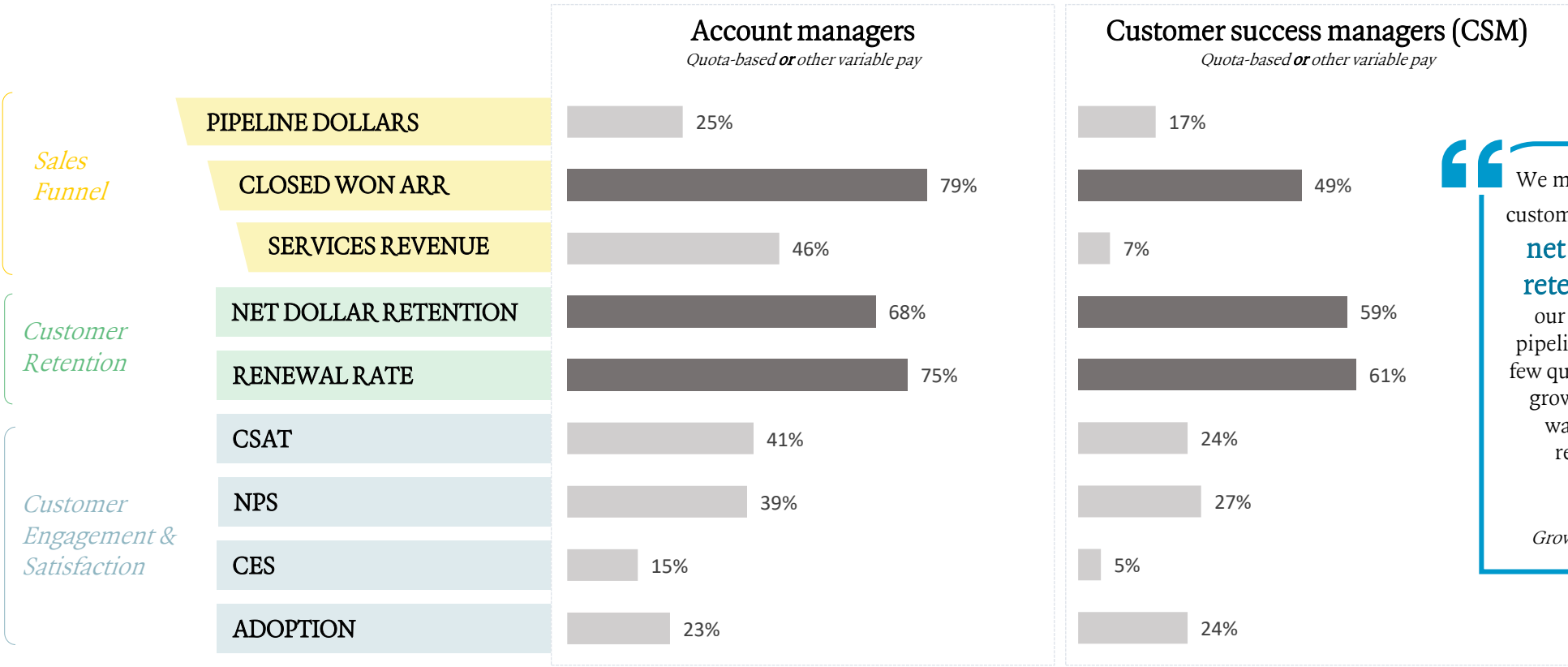
<sup>1</sup> ICONIQ Growth Proprietary Survey of GTM Leaders (Mar 2023)

We often get questions about the differences between account managers (typically sales employees) and CSMs. Both roles are incentivized on the same primary metrics: customer expansion revenue, net dollar retention, and renewal rate

CSM	VARIABLE
PSS	
SUP	
MGR+	FIXED

Top Metrics  
Other Metrics

Metrics tied to account manager vs. customer success manager compensation<sup>1</sup>  
*% of respondents by quota-based vs. other; select all that apply*



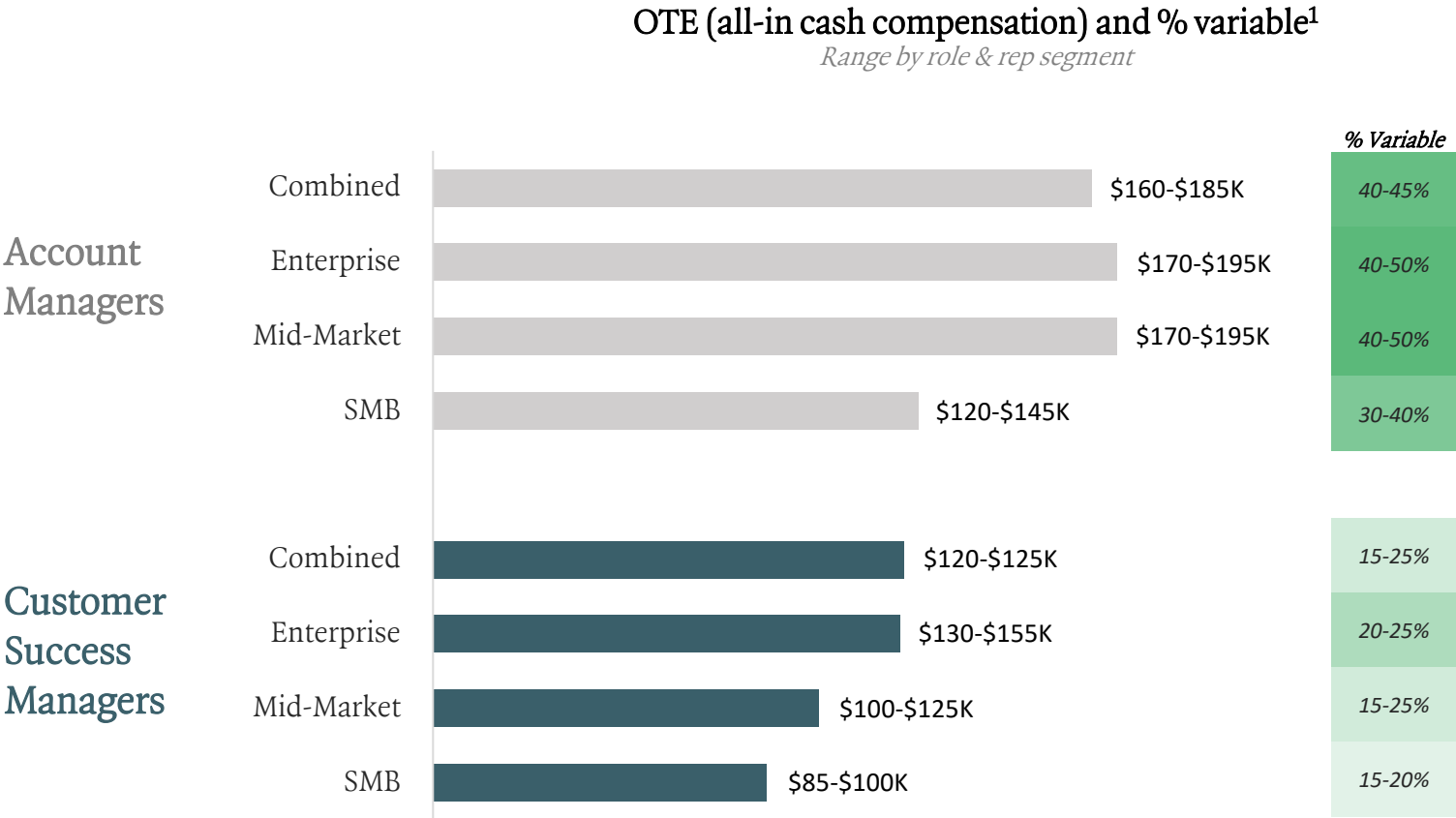
“ We may begin orienting our customer teams around **both net and gross dollar retention**, as we’ve seen our customer expansion pipeline diminish in the last few quarters. While customer growth may slow, we still want to be focused on retaining our base.<sup>2</sup> ”

*Revenue Leader  
Dev Ops  
Growth-stage (\$50-\$250M ARR)*

CSM | vs. Account Manager cash compensation

However, account managers are more quota and performance-driven than CSMs. While account managers have 35-45% variable, CSMs have 15-25% variable, which is more often tied to MBOs or team-wide goals rather than specific quotas

CSM	VARIABLE
PSS	
SUP	FIXED
MGR+	



I see **value in combining account management and CSM roles** for some segments, and I think more companies will start incentivizing CSMs on renewals. However, there’s a delicate balance. The customer should always feel like they have a trusted advisor and it’s hard to find people that can do the job of consulting, nurturing, and selling at the same time.<sup>2</sup>

*Customer Leader  
Data & Analytics  
Late-stage (\$250M+ ARR)*

# 4

## Services & Support Incentive Structures

Professional services & support archetypes

Overall incentives & metrics

Prevalence of variable compensation

Cash compensation detail by

Archetype

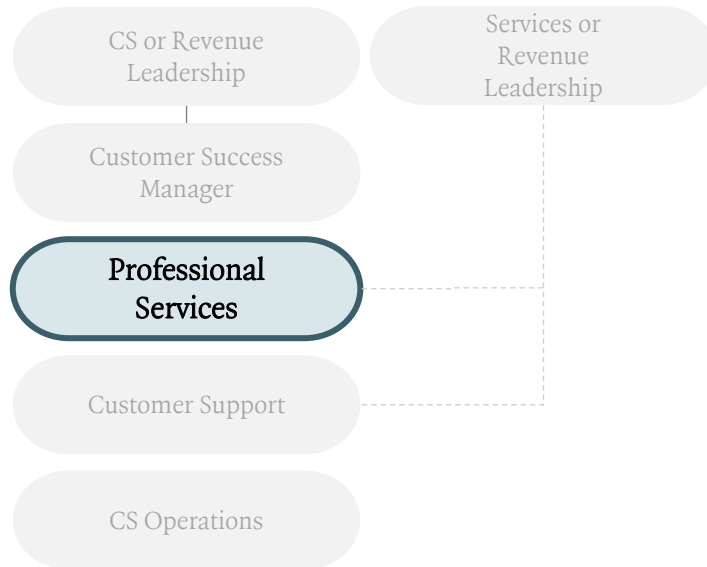
Segment

Offshore model

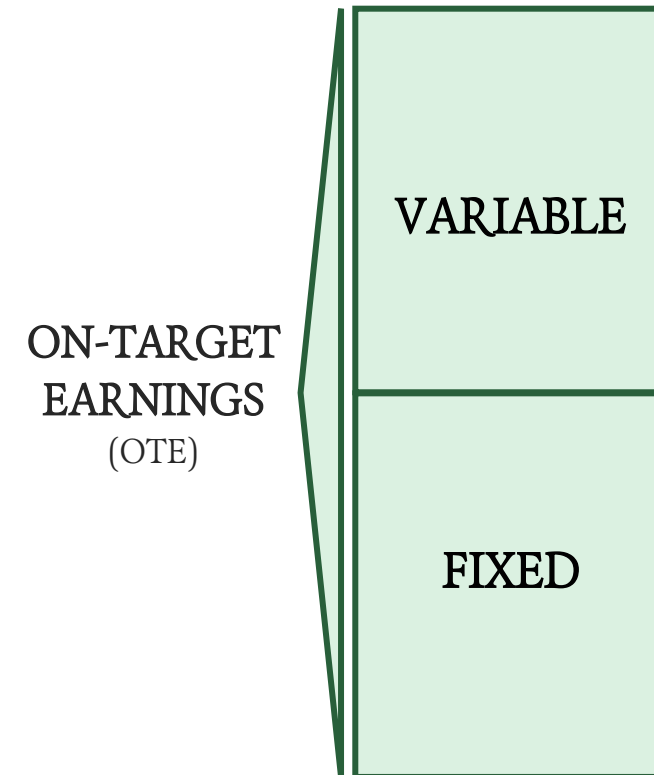




## Typical CS Org Structure

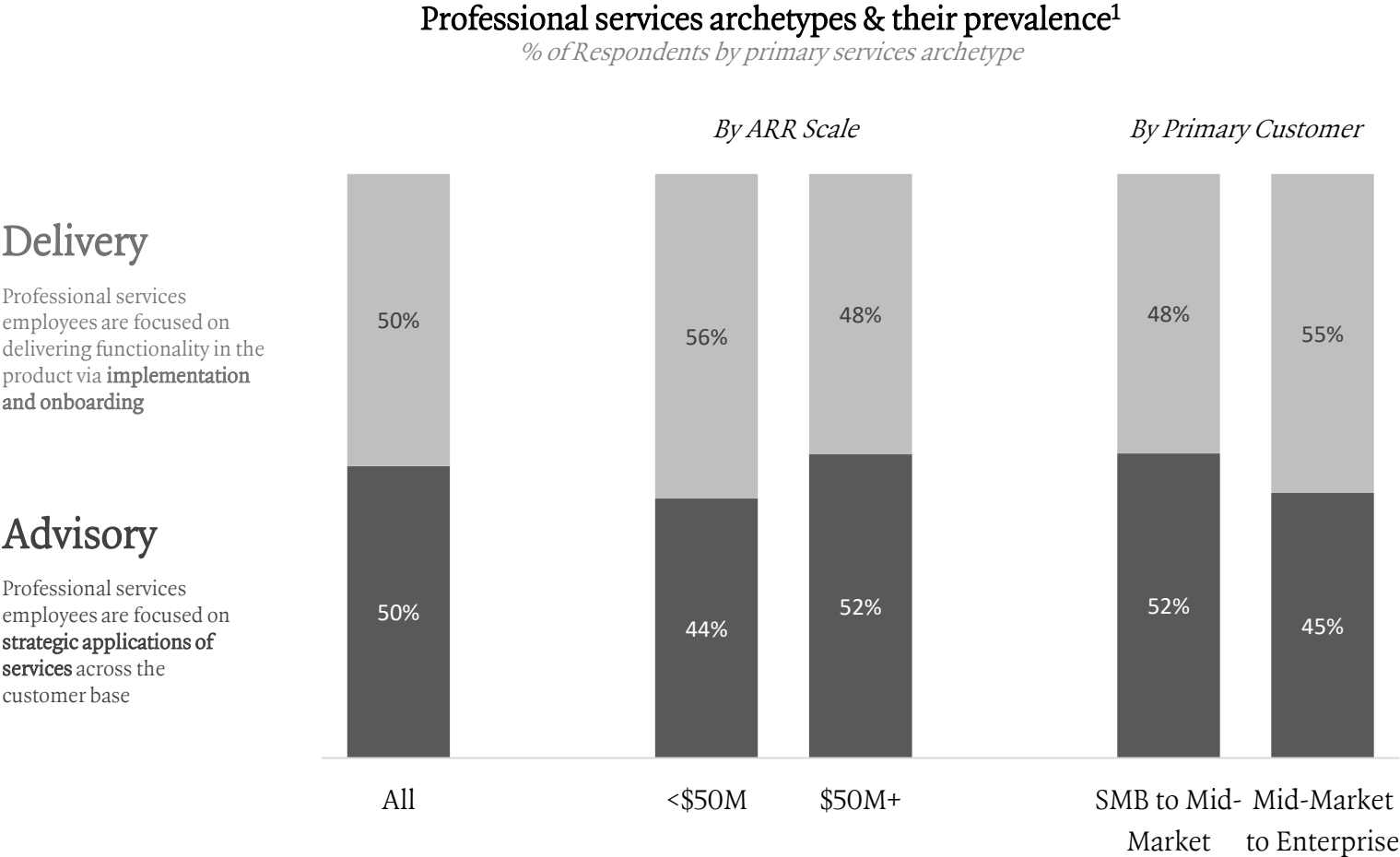


## Key Components of Compensation



The professional services archetypes are also equally common across B2B SaaS. Advisory services become more common as companies scale, and delivery services are more common for enterprise implementations than SMB implementations

CSM	VARIABLE
PS	
SUP	FIXED
MGR+	

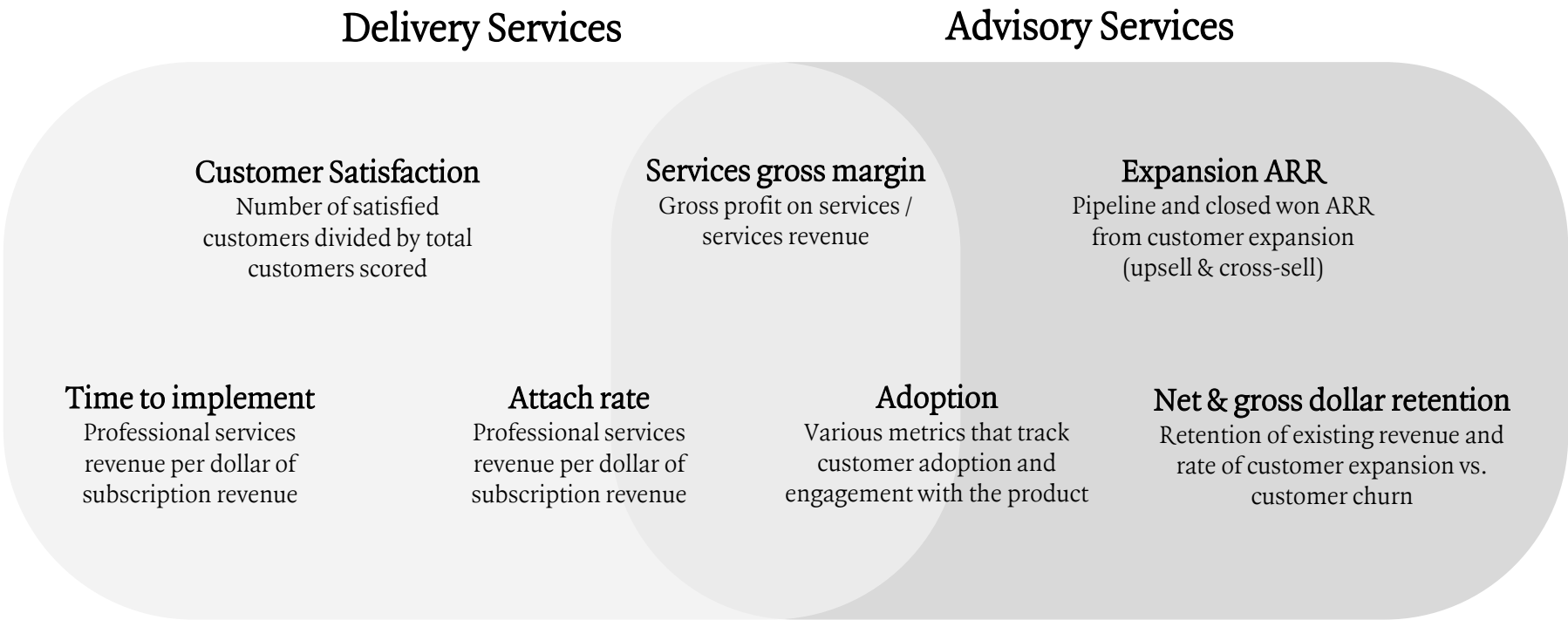


1 ICONIQ Growth Proprietary Survey of GTM Leaders (Mar 2023)

Delivery and advisory service teams tend to be incentivized on different metrics. While delivery service teams are focused on metrics like CSAT and time to implement, advisory service incentives are more aligned with customer success and sales via renewal and expansion metrics

CSM	VARIABLE
PS	
SUP	FIXED
MGR+	

Incentives & metrics for professional services teams<sup>1</sup>  
*By archetype*



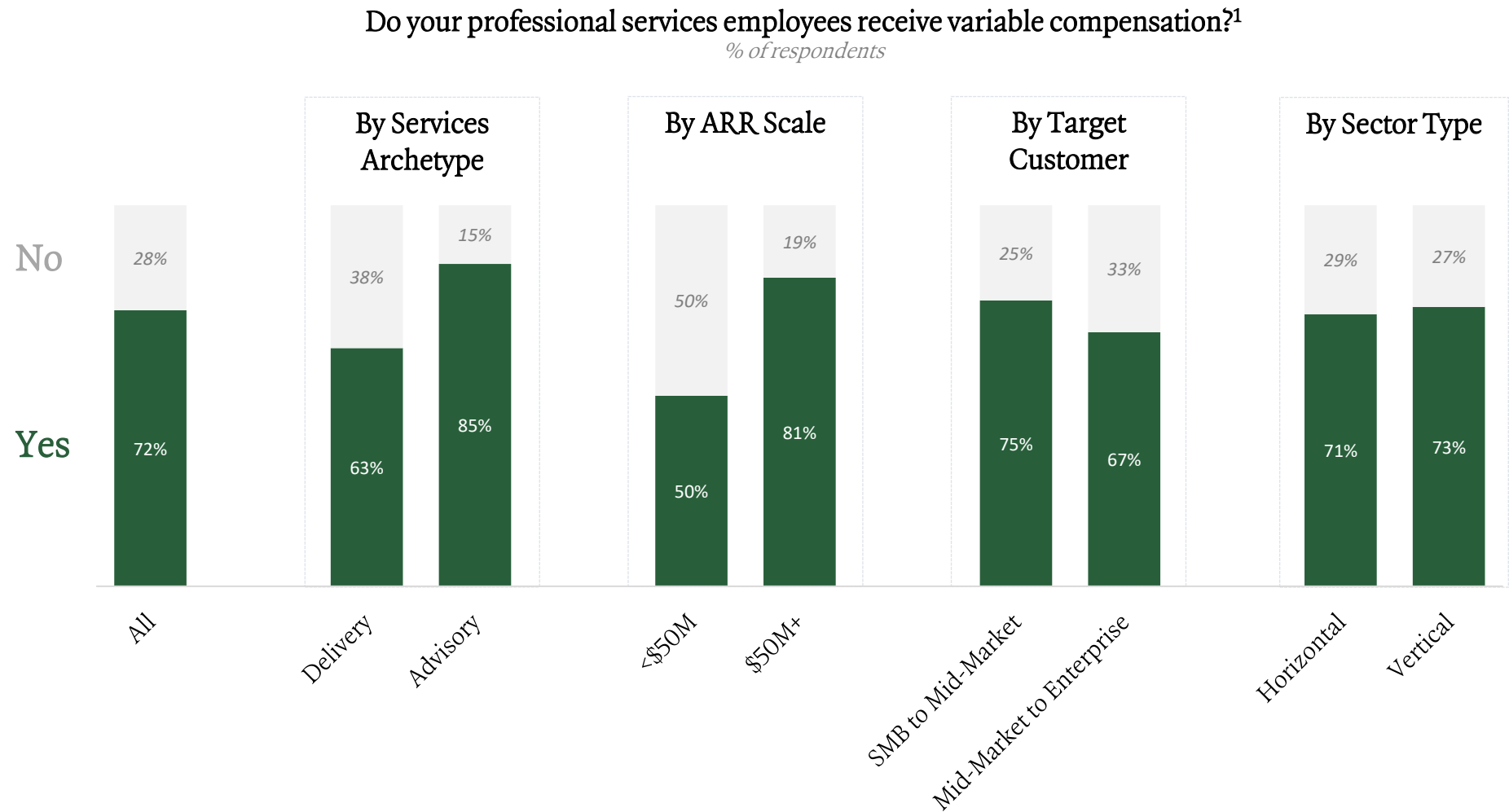
“A good way to think about strategic services is the ultimate goal of an **advisory service team is primarily to drive subscription revenue**, rather than services revenue.<sup>1</sup>”

*Services Leader  
GTM & Operations  
Growth-stage (\$50-250M ARR)*

<sup>1</sup> Perspectives from the ICONIQ Growth network

Most later-stage companies offer a small portion of variable compensation to their professional services employees, typically based on the sale and delivery of work against and customer satisfaction with service-level agreements (SLAs)

CSM	VARIABLE
PS	
SUP	FIXED
MGR+	



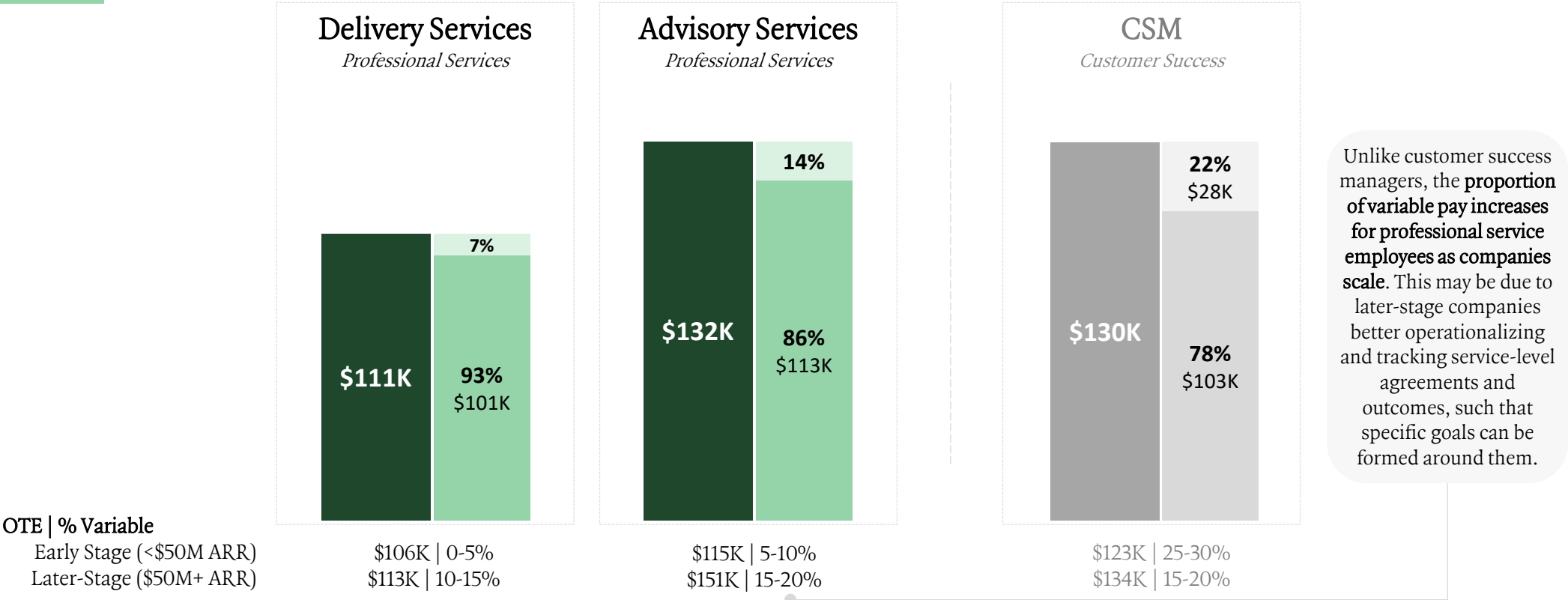
Professional Services | Cash compensation detail by archetype

Professional service employees that fit within the advisory archetype are compensated similarly to customer success managers, with higher OTEs and 10-20% variable compensation versus <10% variable compensation for delivery service employees

CSM	VARIABLE
PS	
SUP	FIXED
MGR+	

ON-TARGET EARNINGS (OTE)	VARIABLE
	FIXED

Average OTE, variable, and fixed compensation<sup>1</sup>  
By role and professional services archetype



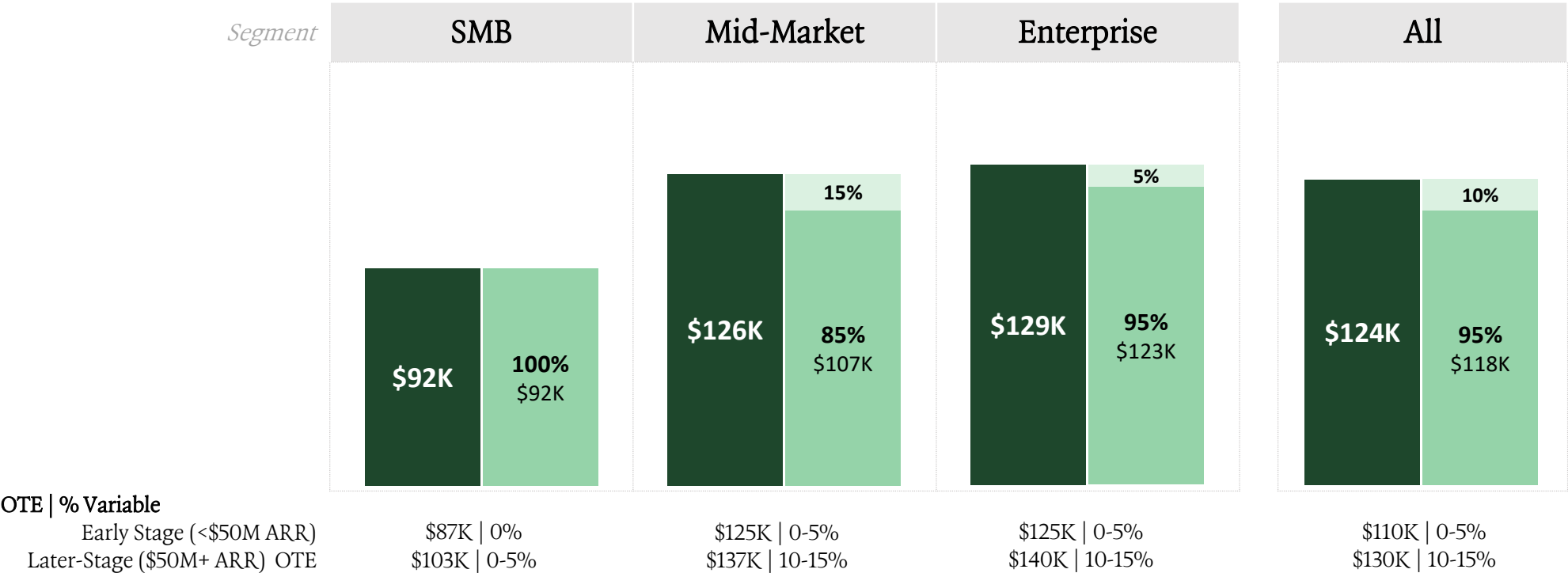
Professional Services | Cash compensation detail by segment

Professional service OTE and variable mix also depends on market segment. Organizations targeting SMB customers have service employees with little to no variable compensation and lower OTEs than those targeting mid-market to enterprise customers

CSM	VARIABLE
PS	
SUP	FIXED
MGR+	

ON-TARGET EARNINGS (OTE)	VARIABLE
	FIXED

Average OTE, variable, and fixed compensation<sup>1</sup>  
By customer segment





Professional Services | Cash compensation by offshore model

Finally, professional services roles are commonly outsourced or moved offshore. Median services OTE for companies with primarily in-house service employees is \$130K, vs. \$94K for companies with primarily offshore service employees

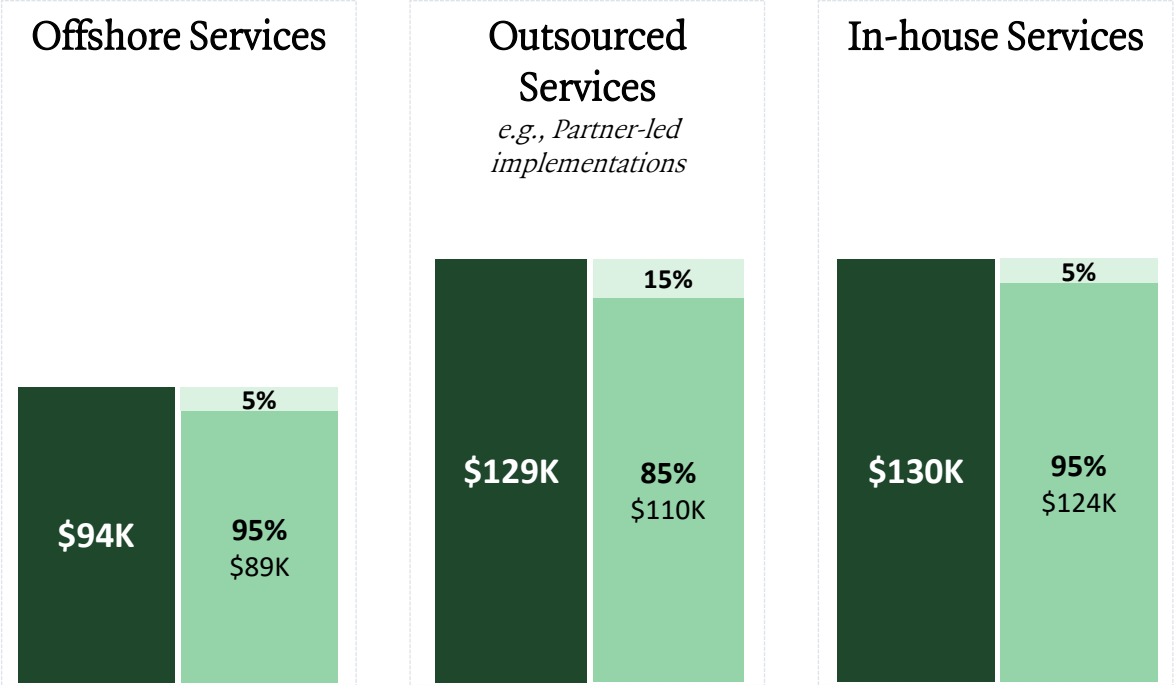
CSM	VARIABLE
PS	
SUP	FIXED
MGR+	

ON-TARGET EARNINGS (OTE)	VARIABLE
	FIXED

Average OTE, variable, and fixed compensation<sup>1</sup>  
*By services in-house vs. offshore model*

ICONIQ Growth Analytics and Leadership Advisory will be publishing new, in-depth research on **Offshoring Models & Cost Arbitrage** in July 2023.

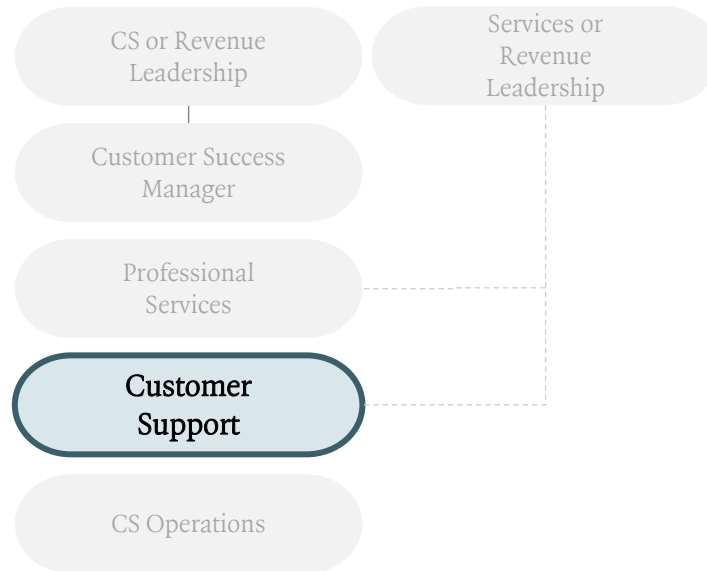


When building a strategic or advisory services team, **start with an in-house team that can figure out this motion internally, then move towards a partner model** so you can scale the parts of that motion off your books.<sup>2</sup>

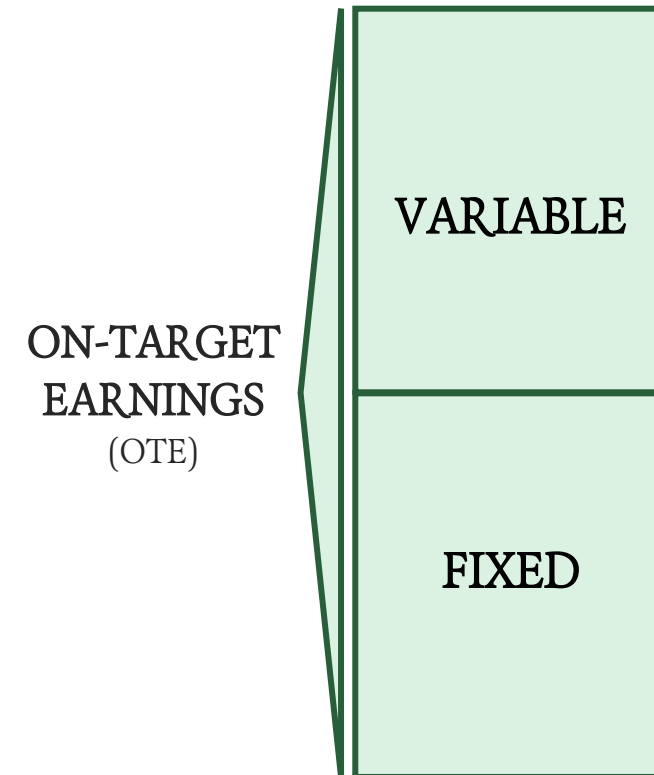
*Strategic Services Leader  
Sales Enablement  
Growth-stage (\$50-\$250M ARR)*

1 ICONIQ Growth Proprietary Survey of GTM Leaders (Mar 2023)  
2 Perspectives from the ICONIQ Growth network

## Typical CS Org Structure

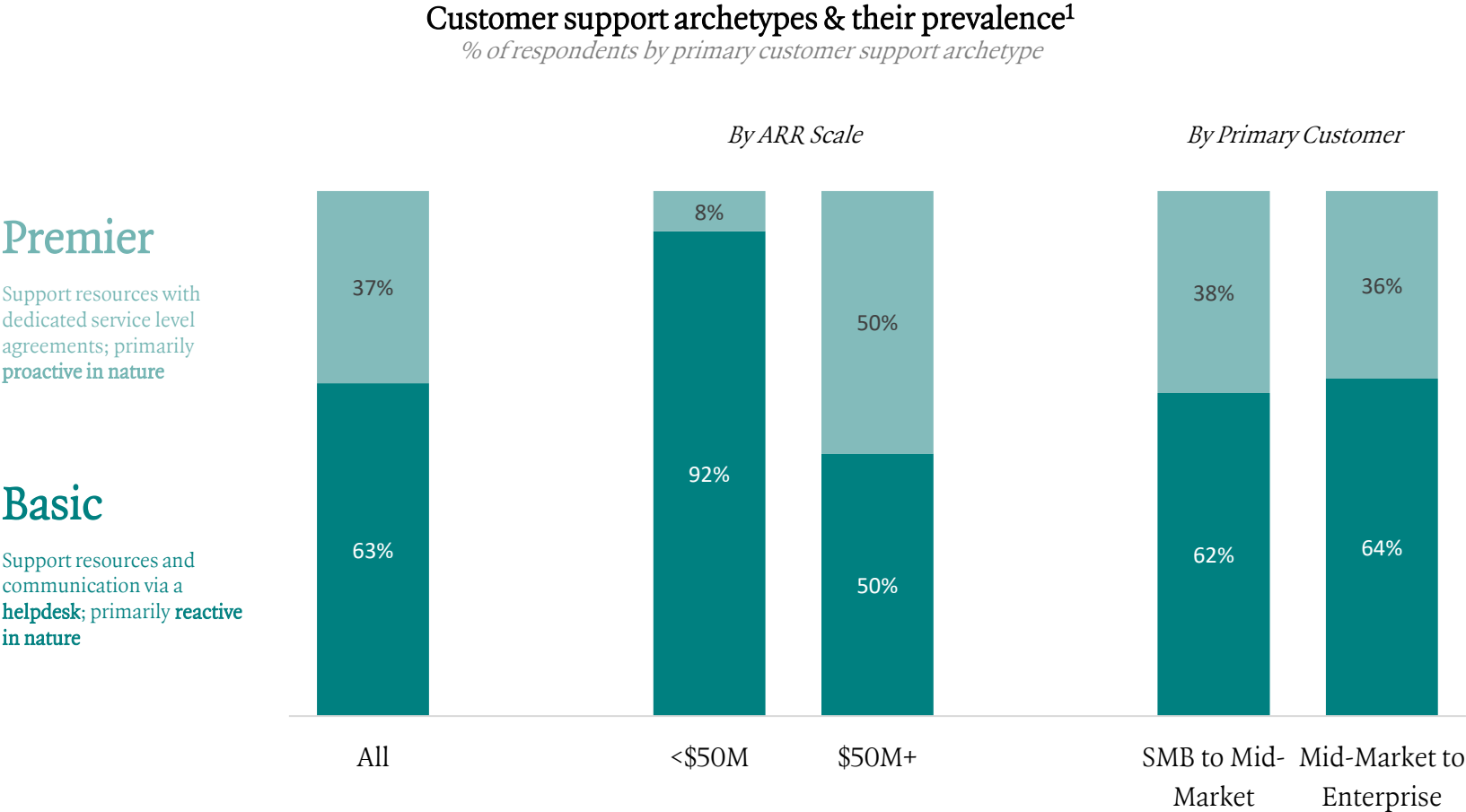


## Key Components of Compensation



The basic support archetype is most common across B2B SaaS, especially for early-stage companies. Later-stage companies begin to build out more premier support capabilities across the customer base, regardless of segment

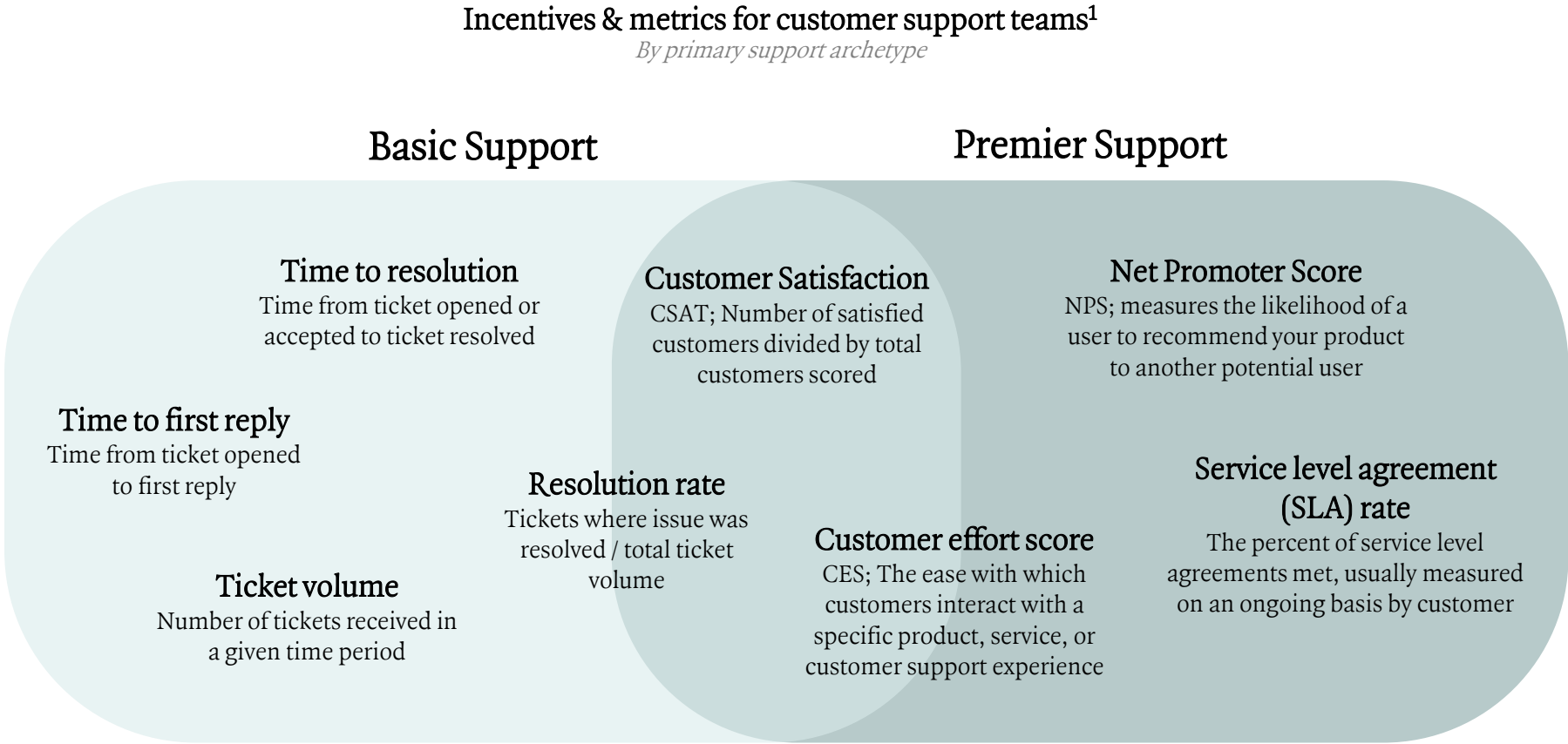
CSM	VARIABLE
PS	
SUP	FIXED
MGR+	



1 ICONIQ Growth Proprietary Survey of GTM Leaders (Mar 2023)

Like service teams, basic and premier support teams are often incentivized on different metrics. Basic support measures success on helpdesk-related metrics like reply and resolution time, while premier support focuses on customer sentiment and service level agreement rates

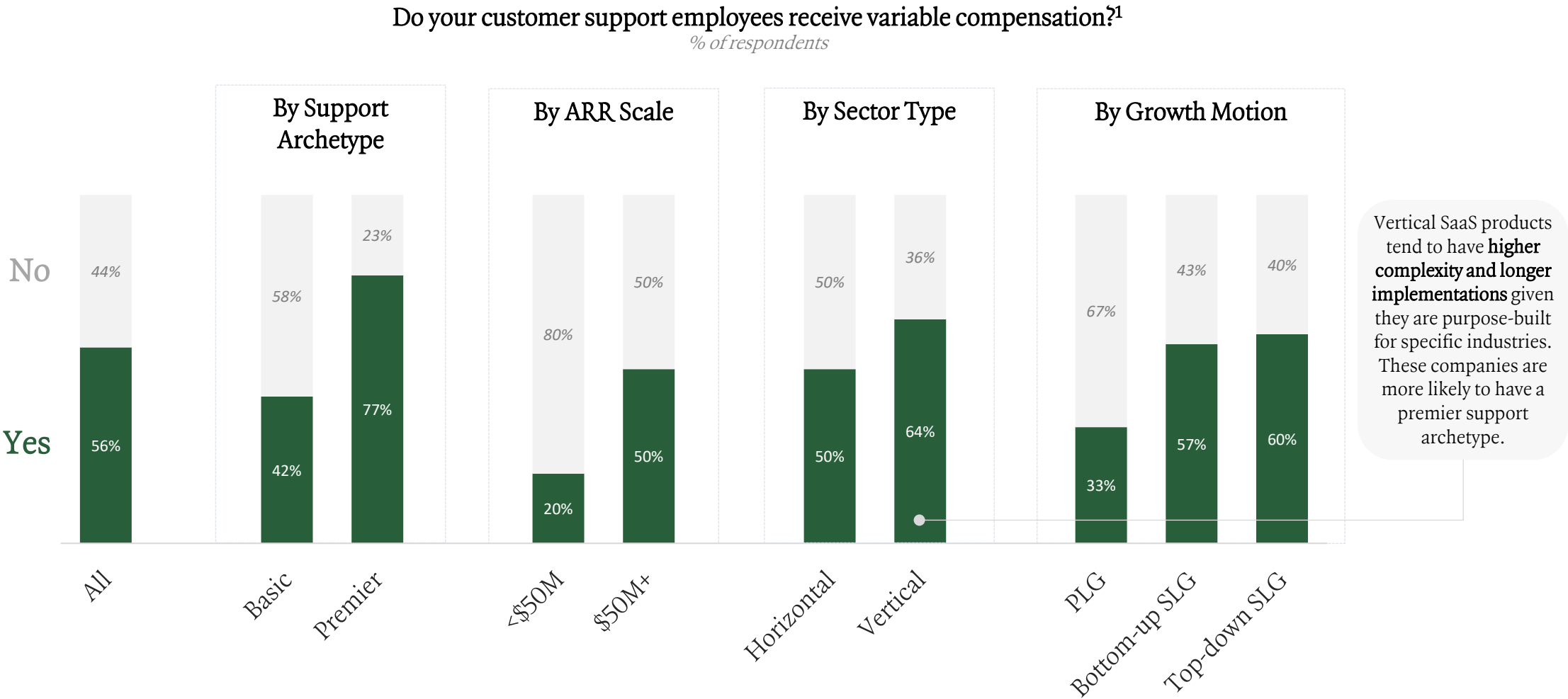
CSM	VARIABLE
PS	
SUP	FIXED
MGR+	



1 Perspectives from the ICONIQ Growth network

Around half of companies incentivize customer support employees with a small portion of variable compensation. Premier support archetypes tend to have more performance-driven support incentives, as do later-stage companies

CSM	VARIABLE
PS	
SUP	FIXED
MGR+	



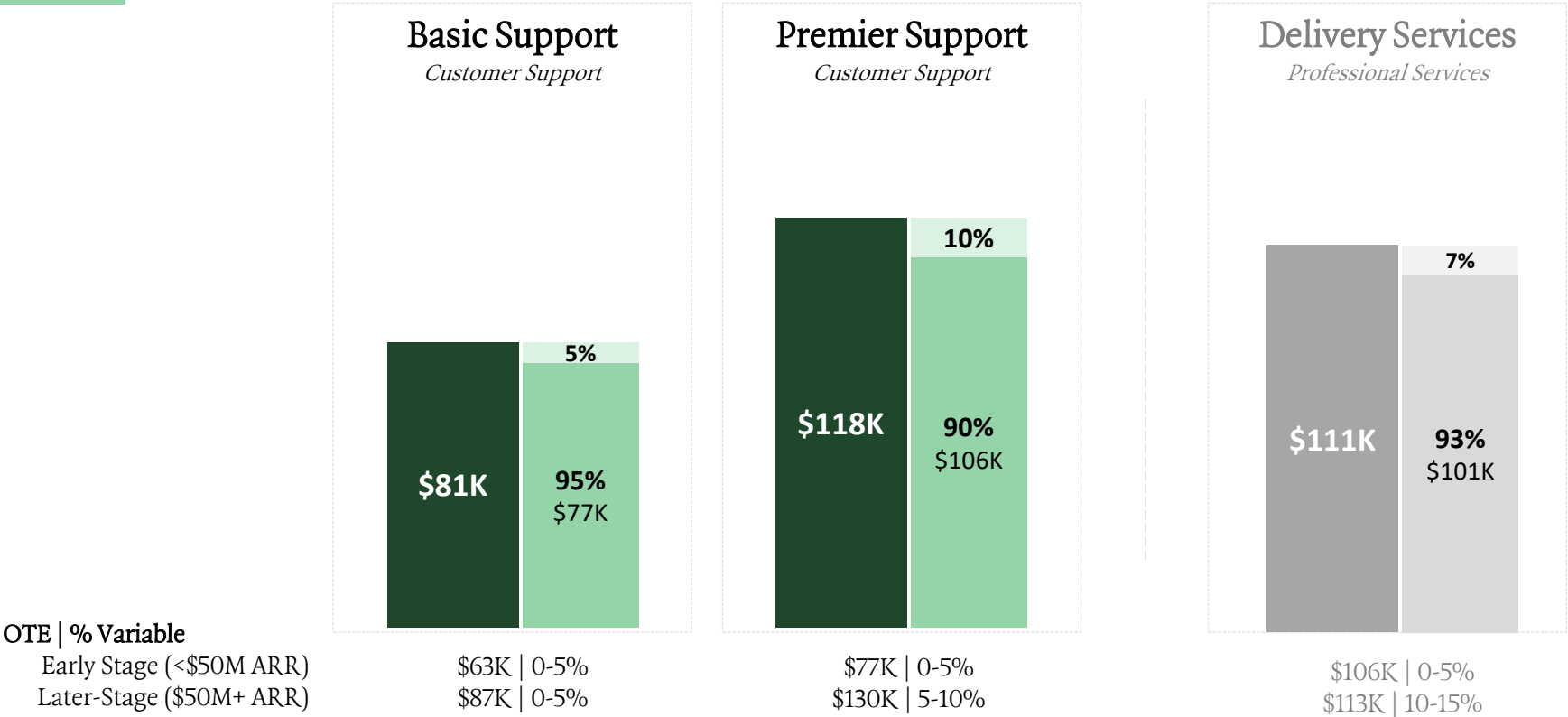
Customer Support | Cash compensation by support archetype

Customer support employees that fit within the premier support archetype are compensated similarly to delivery services employees, with higher OTEs than basic support roles and 5-10% variable compensation

CSM	VARIABLE
PS	
SUP	FIXED
MGR+	

ON-TARGET EARNINGS (OTE)	VARIABLE
	FIXED

Average OTE, variable, and fixed compensation<sup>1</sup>  
By primary customer support archetype





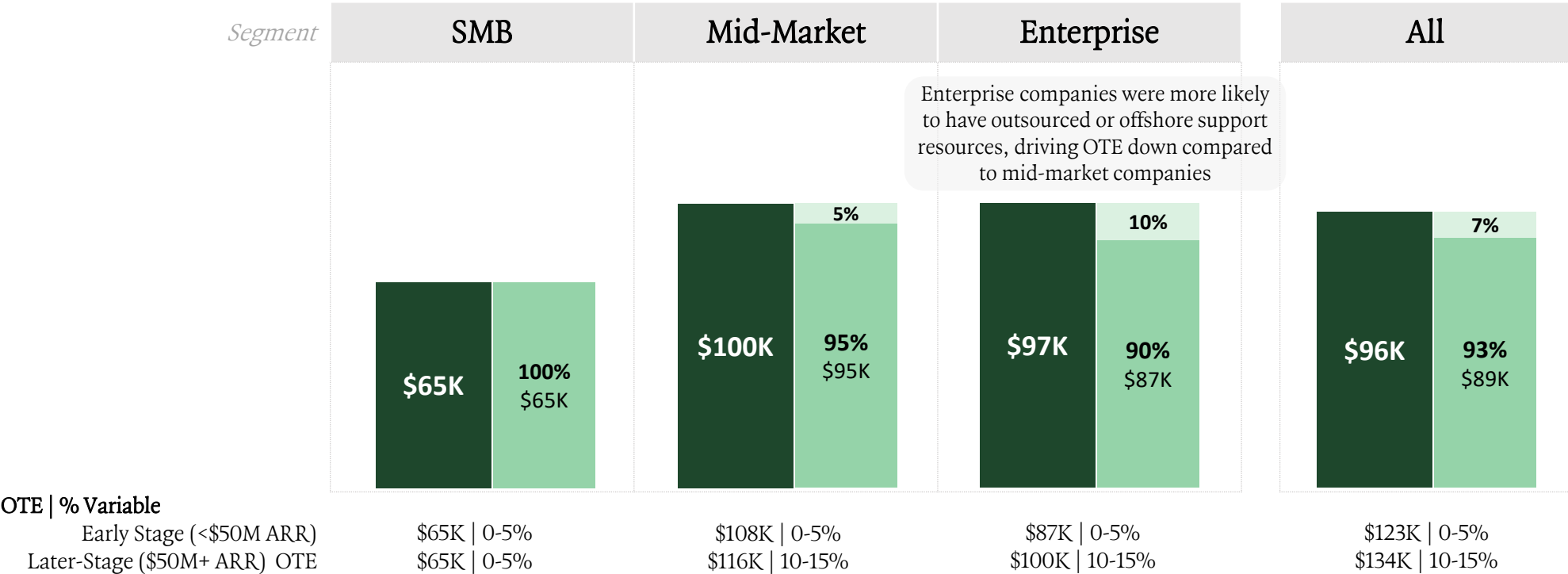
Customer Support | Cash compensation by segment

Early-stage companies and those primarily targeting SMB customers don't typically utilize variable compensation to incentivize customer support employees

CSM	VARIABLE
PS	
SUP	FIXED
MGR+	

ON-TARGET EARNINGS (OTE)	VARIABLE
	FIXED

Average OTE, variable, and fixed compensation<sup>1</sup>  
By customer support segment



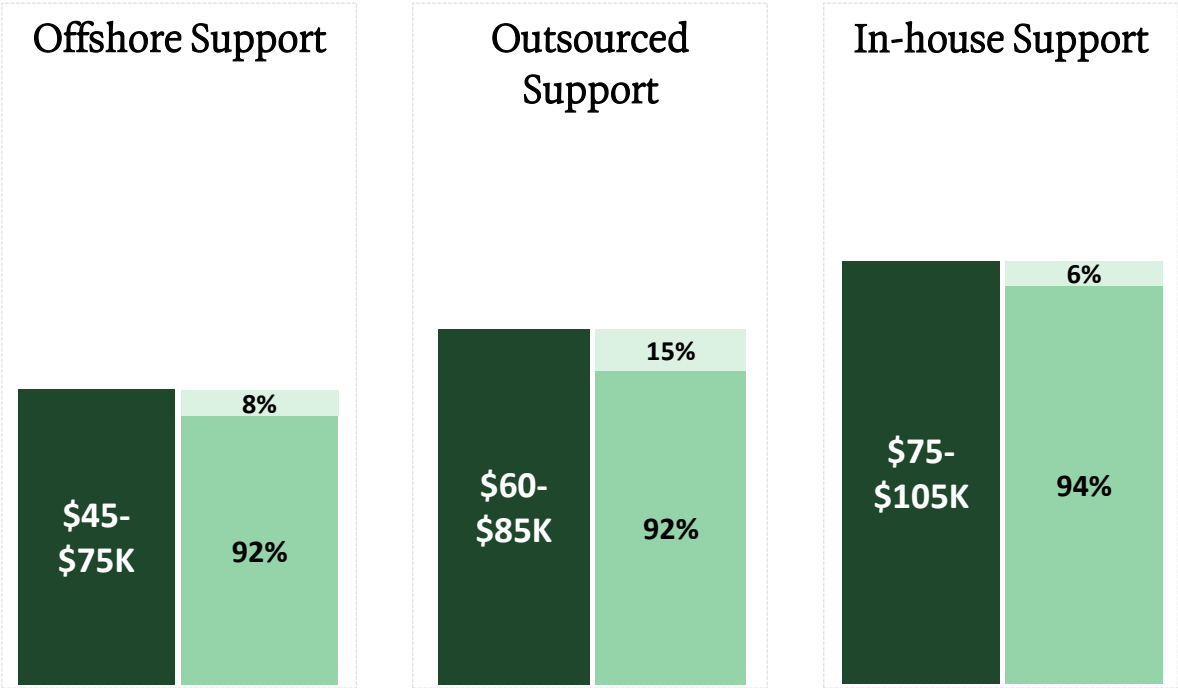
Customer Support | Cash compensation by offshore model

Like services, support is often moved offshore or outsourced. Median OTEs for companies with primarily in-house support roles range from \$75-\$105K, vs. \$45-\$85K for companies with primarily offshore or outsourced support resources

CSM	VARIABLE
PS	
SUP	FIXED
MGR+	

ON-TARGET EARNINGS (OTE)	VARIABLE
	FIXED

OTE range, variable, and fixed compensation for customer support<sup>1</sup>  
*Median OTE range and median variable by primary support model*



In the current macroenvironment, companies are increasingly focused on low-cost geographies. ICONIQ Growth Analytics and Leadership Advisory will be publishing new, in-depth research on **Offshoring Models & Cost Arbitrage** in July 2023.

1 ICONIQ Growth Proprietary Survey of GTM Leaders (Mar 2023)  
2 Perspectives from the ICONIQ Growth network

# 5 CS Leadership Incentive Structures

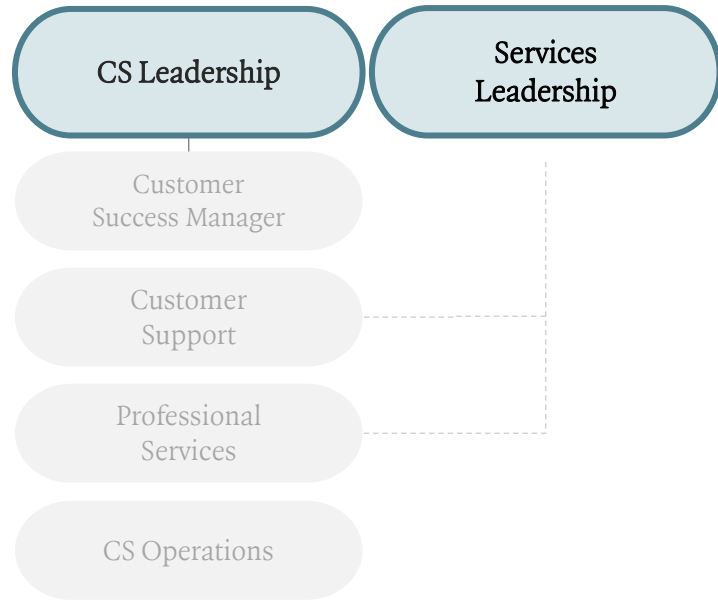
Overall incentives & metrics

IC vs. leadership cash compensation

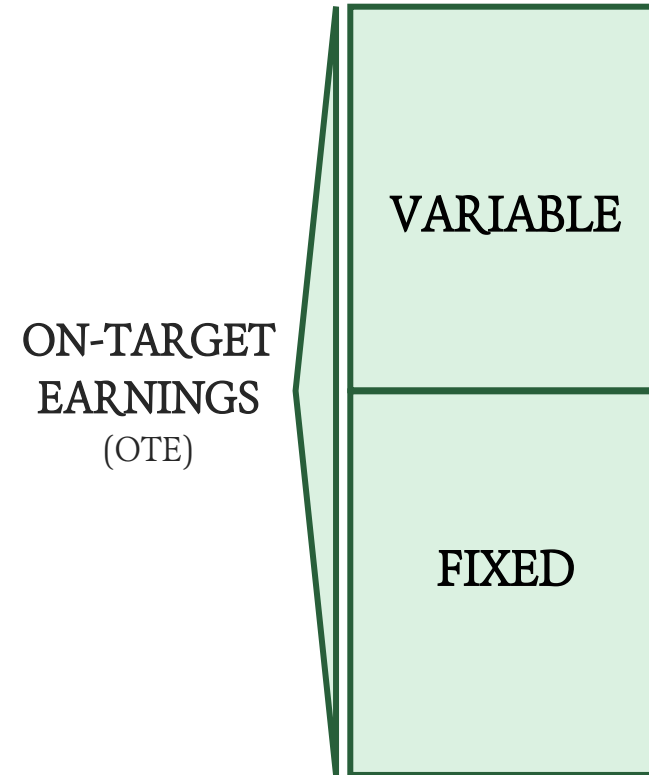
How company stage impacts leadership incentives



## Typical CS Org Structure



## Key Components of Compensation

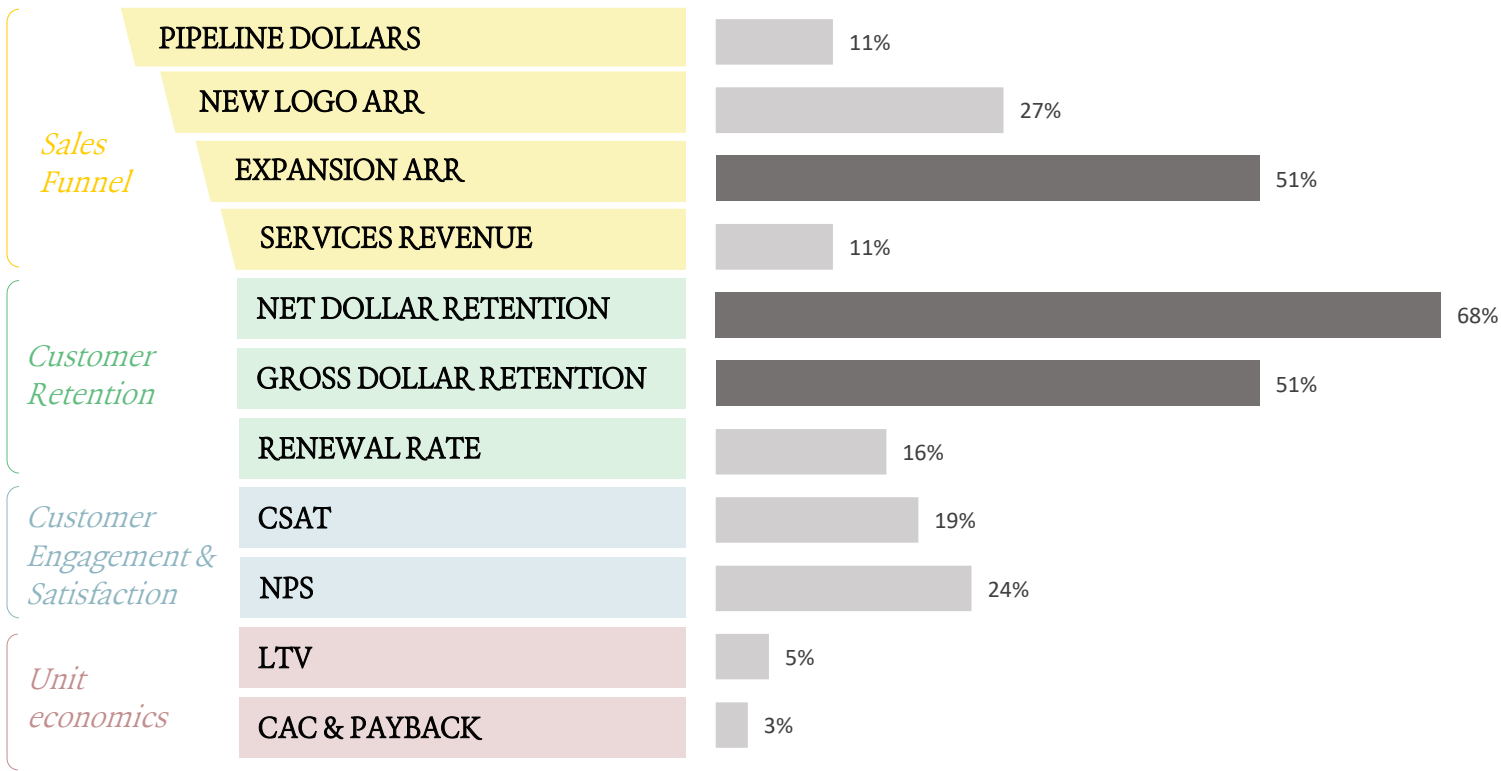


Customer Success leadership (VP and above) are primarily incentivized based on net dollar retention, expansion ARR, and gross dollar retention

CSM	VARIABLE
PS	
SUP	FIXED
MGR+	

Top Metrics  
Other Metrics

Metrics tied to CS leadership (VP+) compensation<sup>1</sup>  
*% of respondents by quota-based vs. other; select all that apply*



CS Leadership | IC vs. leadership cash compensation

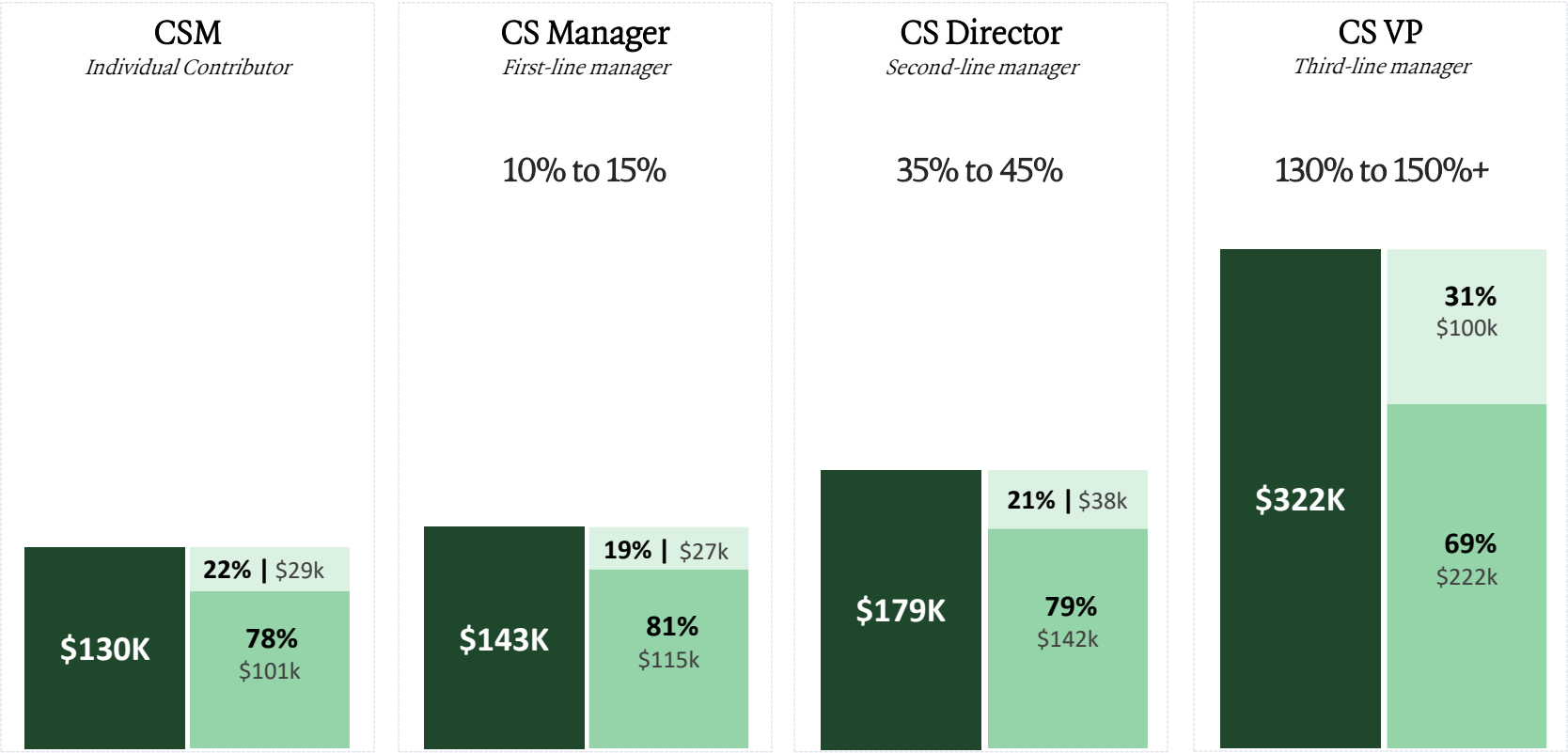
CS leadership, like sales leadership, will often have OTEs in proportion with the ICs they manage. CS manager OTE is typically 10-15% higher, CS director compensation is 35-45% higher, and CS VP compensation is 130%+ higher than that of CSMs.

CSM	VARIABLE
PS	
SUP	FIXED
MGR+	

ON-TARGET EARNINGS (OTE)	VARIABLE
	FIXED

Average OTE, variable, and fixed compensation by role: IC vs. leadership?<sup>1</sup>  
And % difference from IC

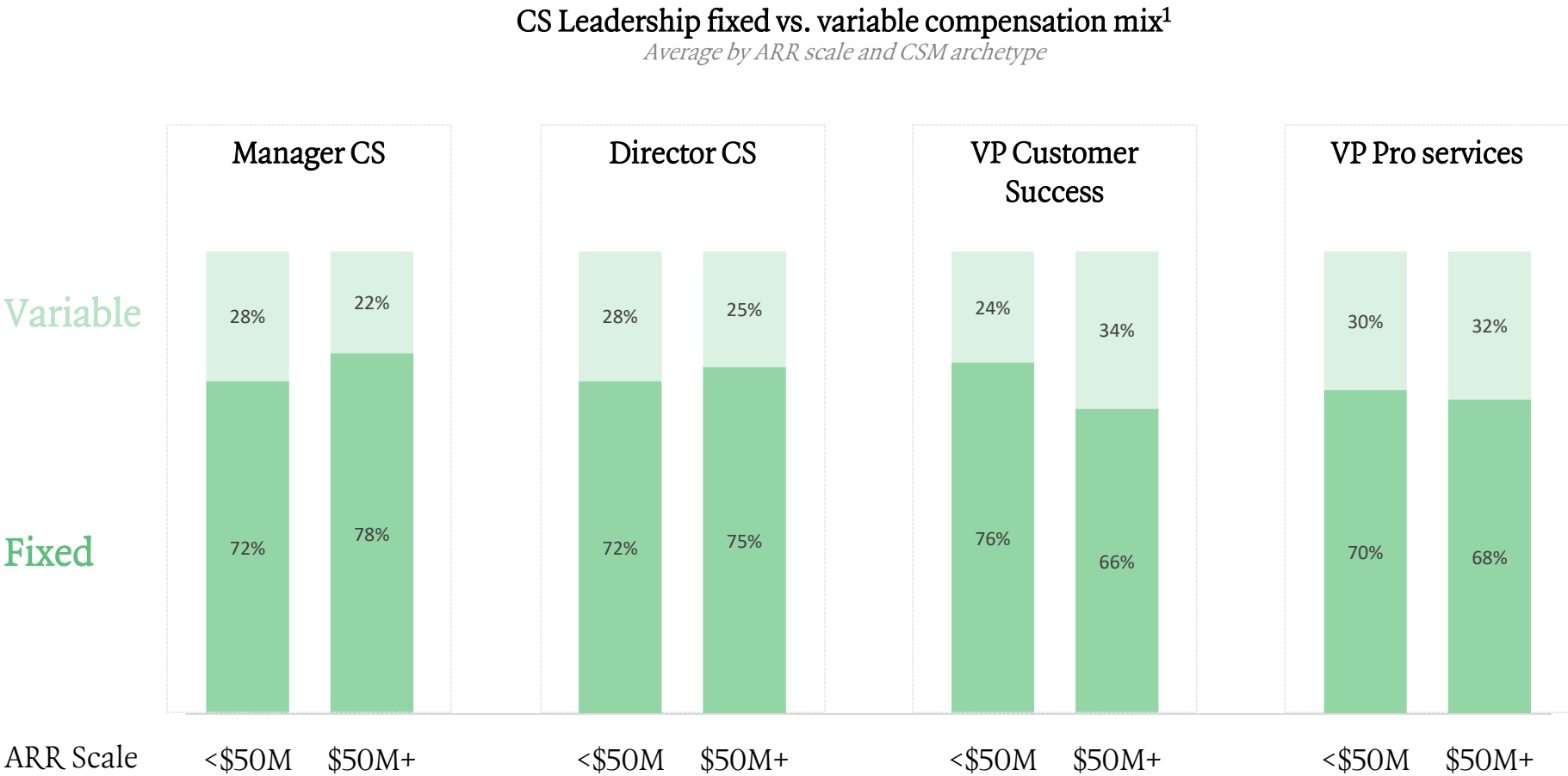
% difference from CSM



CS and sales leadership will often have OTEs in proportion to the individual contributors they manage, so like IC OTEs, leadership OTEs vary heavily by segment.

While proportion of variable compensation decreases as companies scale for CS managers and directors, it increases to 30-35% of total compensation for customer success and professional services VPs

CSM	VARIABLE
PS	
SUP	FIXED
MGR+	

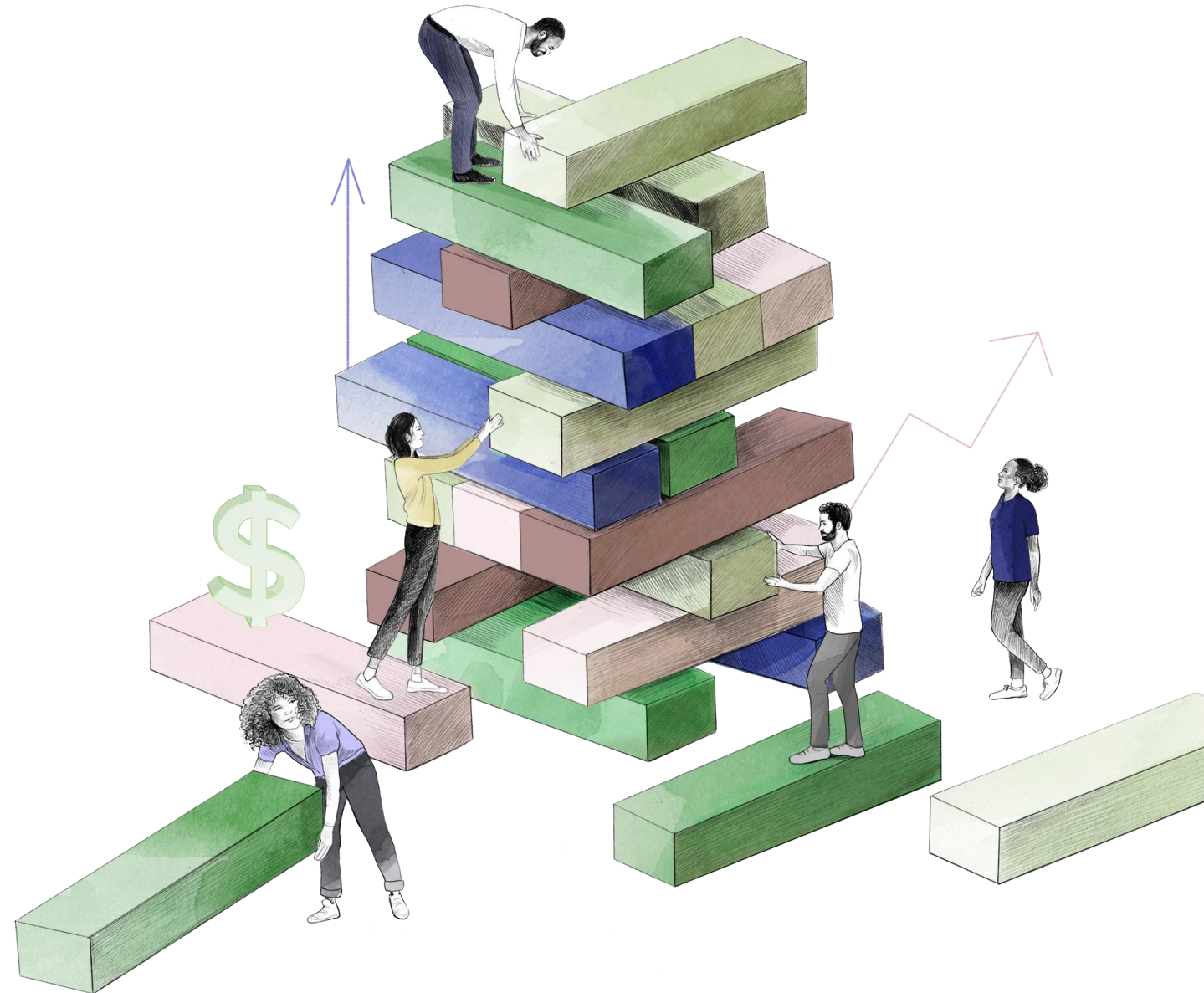




# Appendix

Geography tiers

About ICONIQ Growth



Geography Tiers

The following tiers were utilized for geographical compensation analysis in this study. These categorizations are based primarily on cost of living

Pay tiers used in geographical compensation analysis<sup>1</sup>  
*Only locations of survey respondents are included (list is not exhaustive)*

All	Tier 1	Tier 2	Tier 3
All locations in tier 1-3	California	Colorado	Arizona
Evenly distributed	New York	Illinois	Florida
Canada	New Jersey	Maryland	Georgia
UK		Massachusetts	Indiana
Netherlands		Texas	Kansas
		Utah	Michigan
		Washington	Minnesota
			Montana
			Ohio
			Pennsylvania
			Tennessee

# ICONIQ | Growth

## Entrepreneurs Backing Entrepreneurs

# A global portfolio of category-defining businesses



These companies represent the full list of companies that ICONIQ Growth has invested in since inception through ICONIQ Strategic Partners funds as of the date these materials were published (except those subject to confidentiality obligations). Trademarks are the property of their respective owners. None of the companies illustrated have endorsed or recommended the services of ICONIQ.



# Technology matters. Strategy matters. People matter most.

Meet the ICONIQ Growth team

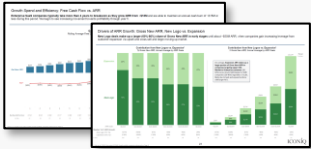


# Other research from ICONIQ Growth

The ICONIQ Growth analytics mission is to empower our portfolio and network with **proprietary insights that inform business operations and strategy.**

## SaaS Topline Growth & Operational Efficiency

- Our annual report on the data behind scaling a B2B SaaS business: we answer key questions on how these companies scale quickly and efficiently and explore what we believe to be early indicators of long-term success
- *Data source: quarterly financial and operating data from the ICONIQ Growth B2B SaaS portfolio*



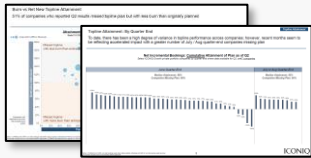
## IPO Preparedness & Performance

- Our annual software, consumer, and healthcare IT IPO reports answer key questions across several major topics related to successfully planning for an executing an IPO
- *Data source: Public filings for IPOs from 2013 to now*



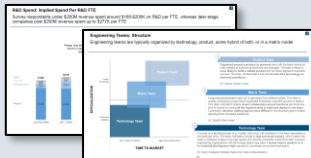
## Quarterly Recaps

- Real-time insights into performance and attainment across top- and bottom-line forecasts, how key performance metrics have been impacted by the current market environment, and how companies are adjusting plan and strategy in response
- *Data source: quarterly attainment and budget data from and proprietary surveys of the ICONIQ Growth portfolio*



## Engineering Efficiency

- Our annual report in collaboration with the ICONIQ Growth Technical Advisory Board on the data behind high-functioning engineering organizations
- *Data source: proprietary survey of ICONIQ Growth portfolio and broader network*



## The Essential Tech Stack

- This report details the top tools powering modern-day software organizations across product development, data and security, go-to-market, and internal operations (in collaboration with G2)
- *Data source: proprietary survey of ICONIQ Growth portfolio engineering leaders and proprietary G2 review data*



Select research shown. We invite you to explore additional resources on our [ICONIQ Growth Insights page](#).








These studies include proprietary information. Please reach out to [iconiqgrowthanalytics@iconiqcapital.com](mailto:iconiqgrowthanalytics@iconiqcapital.com) to request access.

Other research from  
ICONIQ Growth

# Leadership Analytics

Executive hiring is the final frontier within the modern organization that is yet to see a proliferation of data. Despite having data to guide nearly every other business decision, CEOs and Founders have heretofore been forced to rely on anecdotal evidence. **ICONIQ Growth Leadership Analytics helps de-risk hiring decisions by empowering CEOs and Founders with executive hiring data:** we study every leadership hire between founding and IPO at high-caliber SaaS companies to create a series of first-of-their-kind playbooks that help guide decision-making across the entire company lifecycle.

	<p><b>Chief Marketing Officer Study</b> (Two-Part Series)</p>	<ul style="list-style-type: none"><li>Quantitative analysis of the most prevalent – and most successful – operational backgrounds and qualifications for Heads of Marketing at private SaaS companies, segmented by Growth Stage</li><li><i>Data source: Proprietary dataset of &gt;200 marketing leaders at 63 SaaS companies</i></li></ul>	
★	<p><b>Chief People Officer Study</b></p>	<ul style="list-style-type: none"><li>Quantitative analysis of the most prevalent – and most successful – operational backgrounds and qualifications for Heads of People at private SaaS companies, segmented by Growth Stage</li><li><i>Data source: Proprietary datasets of &gt;100 people leaders at 59 companies; 2021 Cloud 100 People leaders</i></li></ul>	
★	<p><b>President &amp; Chief Operating Officer Study</b></p>	<ul style="list-style-type: none"><li>Examination of the advantages and challenges of having a COO and/or President role</li><li><i>Data source: Proprietary dataset of every past and current COO/President at 61 SaaS companies</i></li></ul>	
★	<p><b>Chief Financial Officer Study</b></p>	<ul style="list-style-type: none"><li>Quantitative analysis of the most prevalent – and most successful – operational backgrounds and qualifications for Heads of Finance at private SaaS companies, segmented by Growth Stage</li><li><i>Data source: Proprietary dataset of &gt;170 finance leaders at 72 companies</i></li></ul>	
★	<p><b>Chief Revenue Officer Study</b> (Two-Part Series)</p>	<ul style="list-style-type: none"><li>Quantitative analysis of the most prevalent – and most successful – operational backgrounds and qualifications for Heads of Sales/CROs at private SaaS companies, segmented by Growth Stage</li><li><i>Data source: Proprietary dataset of &gt;180 sales leaders at 72 companies</i></li></ul>	

★ These studies include proprietary information. Please reach out to [leadershipadvisory@iconiqcapital.com](mailto:leadershipadvisory@iconiqcapital.com) to request access.

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