

A Matter of Metrics

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Agenda

- | How to select metrics
- | Case study
- | Deep dive into specific metrics
- | Parting thoughts
- | Questions & answers

We have so much data at our fingertips

Our NPS is 66

We have 100,000+ sign ups

We have high LTV/CAC ratio

Our YOY growth is 21%

Our attach increased 10%

Our CTA CT is 88%

Our ARPC grew 17%

We have 20M page views in 1 month

We have 5 million downloads across all app stores

Our CRR is 80%

Our retention rate is 87%

Our churn is less than 3%

Our daily active use is 20% of our user base

How do we make sense of all this data?



- 1 Remember that it's all about the user
- 2 Focus on vanity versus actionable metrics



Actionable and vanity metrics

| **Vanity** metrics - trial users, downloads, page views, social media likes, email subscribers

| Do not necessarily correlate to the numbers that matter



| **Actionable** metrics - active users, conversion, referrals, CAC, revenue, profit

| Tied to specific and repeatable tasks that can be improved and to business goals



Output and input metrics

- | **Output** metrics (Results) - goals are set around these
- | Lagging indicators of success

NPS

LTV/CAC

Conversion

ARPC

- | **Input** metrics (Behaviors) - influence output metrics
- | Leading indicators of success

Usage

Attach

Return visits

Time on Task

Before you decide on any metrics...

- | Understand your business goals
- | Measure and track metrics that are aligned with your business goals
- | Pay special attention to those metrics that help you make decisions

The only metrics that entrepreneurs should invest energy in collecting are those that help them make decisions. - Eric Ries

Case Study: Redesigned First Time Use (FTU)

You are a Product Manager responsible for the FTU flow to onboard a new customer.

Your customers are product based businesses who sell products in stores and online. Your product allows them to manage inventory, publish products across multiple marketplaces and ecommerce platforms, manage order fulfillment and ship products to their customers.

The enhanced FTU experience includes (each a multi step process)

- Creating a sales receipt template with logo and colors that reflect your customer's brand
- Adding a marketplace or ecommerce platform
- Adding a bank account

Your product offers a 30 day free trial period followed by a month to month subscription.

How would you measure success of the FTU flow?

Case Study: Which metrics would you choose?

Input

Usage

Task
Completion

2nd & 3rd
Logins

Output

NPS

LTV

Conversion

Key Metric #1: Product usage

- | **Who** are your core users and/or power users
- | **Why** do they use your product
- | **What** are their key behaviors and interactions
- | **How** often do they perform these actions



How do you know if users are ^{really} using your product

- 1 Identify a cohort and friendlies within that cohort
- 2 Determine a period and analyze data over that period
- 3 Dig deep into the why – determine correlations and causality from your data and refine it further by talking to your friendlies

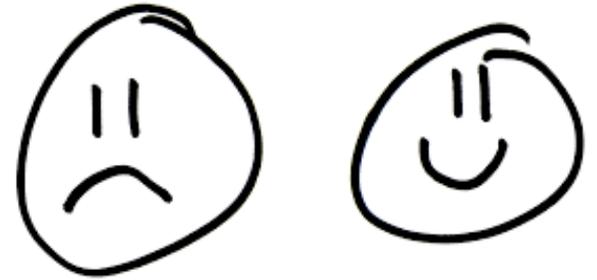
Key Metric #2: Net Promoter Score (NPS)

- | NPS is a benchmark of user sentiment
- | One simple question - “How likely are you to recommend us to a friend?”
- | % Promoters - % Detractors = NPS (Net Promoter Score)



Transforming NPS from vanity to actionable

- 1 Ask the NPS question in context
- 2 Combine quantitative data with qualitative
- 3 Break down the score by customer segment



NPS: Ask the question in context

- | Limitations of NPS surveys are sample size and distribution
- | Increase likelihood of survey response by asking directly inside product
- | Make data more relevant by asking NPS question in real time

NPS: Combine quantitative data with qualitative

- | NPS data is quantitative and tells us how customers feel
- | Qualitative analysis tells us why customers feel that way
- | Get out of the office and observe your customers using your product

NPS: Break down the score by customer segment

- | Segment based on your user's attributes
- | Combining data with user attributes can lead to better insights
- | Helps determine actions that you can take to stem potential churn

NPS: Last but not the least, close the loop

- | Define metrics, test, measure, iterate, adjust metrics, test, measure
- | If changes truly solve customer problems, there will be a positive impact on metrics
- | Engage with your user base on an ongoing basis

Go dos

- | Learn how to dig through data and peel back the layers of customer feedback
- | Run experiments rapidly
- | Determine your metrics prior to the test
- | Make big bets
- | Be scrappy!

Parting thought

So while metrics are incredibly important, don't forget that you have humans using your product.

“If we pay attention to things that we can measure, we will only pay attention to the things that are easily measurable. And in the process we will miss a lot.” - *Professor Youngme Moon, Harvard.*