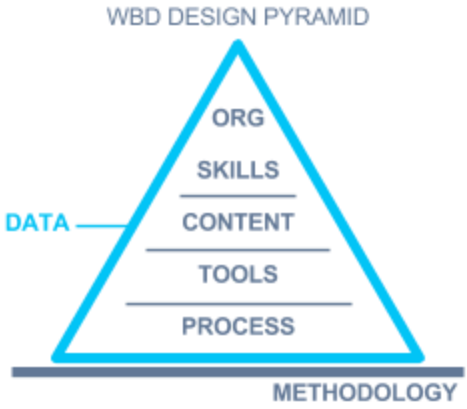
DESIGN BLUEPRINT

DATA MODEL

Many organizations are excited about the amount of data that is flowing into their platform. However with the explosion of data, they soon are lost on how to interpret it. This results in no action, or actions with adverse impact.



CASE IN POINT: By giving a car driver *only* a fuel efficiency indicator (MPG) vs. a speedometer, this radically changes the driving behavior. This indicates that the way you manage a business can be heavily influenced by a dashboard.

In this Blueprint we offer the basic design principles to make sure you measure data correctly and display the right data to manage your business.

STEP 1 Standardize on Where We Are Going to Measure

It is key to standardize where we are going to measure progress. Below an overview of SaaS metrics.

STEP 2 Standardize on Terminology

SUSPECT: A person who may be interested

PROSPECT: A person who expresses interest by visiting a web-site for example

MQL (Marketing Qualified Lead) A person who expresses interest and fits the profile

MQA (Marketing Qualified Account) A company whom you have identified as benefiting from your service

SQL (Sales Qualified Lead) A person who wants to take action and positively impact the situation

SAL (Sales Accepted Lead) Verified by a sales pro that an impact can be achieved

COMMIT: Mutual commitment to deploy a solution that will impact the problem

LIVE: Client has been onboarded, on-time, within budget and solution is ready to deliver impact (plug-in installed, platform integrated). Sometimes first impact is delivered.

USE: Solution delivers impact again and again.

+/x/=: Customer is happy buys more of your service through renewal, upsell and cross sell.

	Same Product/Services	**New Product/Services**
Same "logo" same decision maker	Renewal	Upsell
Same "logo" new decision maker	Cross-sell	Cross-sell

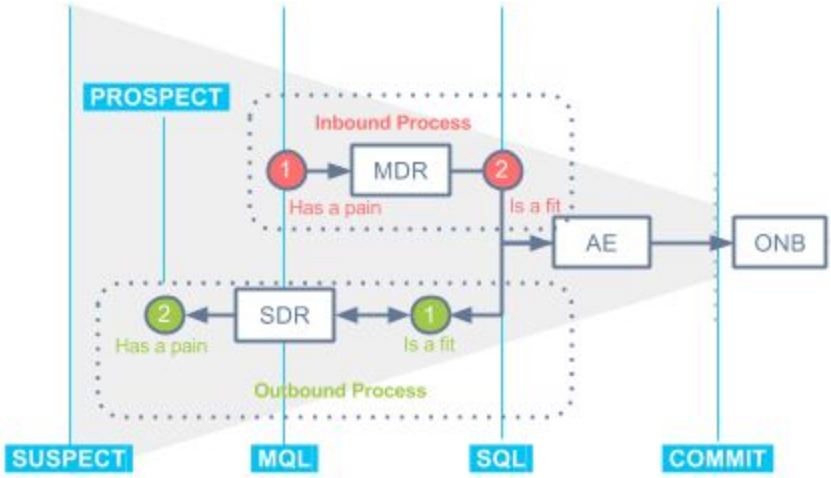
STEP 3 Standardize on Definitions

Next step is to standardize on what you are measuring at this point. Below an overview

Criteria	Prospect	MQL	SQL	SAL	Commit	Live	Use
Is a fit (size, location, infrAstructure)	✔	✔	✔	✔	✔	✔	✔
Has a pain (lacks x/y/z)		✔	✔	✔	✔	✔	✔
We can impact their business			✔	✔	✔	✔	✔
Impact/Event identified (cost, revenue, experience)				✔	✔	✔	✔
Mutually executed agreement to achieve impact					✔	✔	✔
First value achieved (define!)						✔	✔
Recurring value achieved (define!)							✔

STEP 4 Standardize on approach; Inbound, Outbound, or Target

What are we going to do with this data. Below an example of how you now can standardize on an approach.



Inbound: Reactionary to an inbound request (**MQL**) from a customer who experiences a pain, such as a demo request, trial sign-up, pricing request. Client is often interested to resolve it asap making this very time sensitive requiring a response in <5 minutes.

General response is *Thank you for reaching out. How can I help you?*

Outbound: Pro-actively identify a **prospect** who may experience a pain, establish a conversation to diagnose the problem.

General response is *I noticed that you are … may I ask are you experiencing this pain?*

Common mistake: Mis-categorization of nurtured leads as MQLs thus causing the wrong action.

CASE IN POINT: A client downloads a white paper and is asked for the email to receive it. The organizations categorizes this as an inbound lead and follows it up by an MDR who calls up <5 mins and asks "how can I help you?". Client is caught off-guard and did not even read the paper. They are not want to talk to anyone yet and feels intimidated by the aggressive follow-up.

Instead organizations should direct such a non-time sensitive development towards the outbound sales process. In this case an SDR uses the download/nurture history as they reach out a few days later following research identifying relevance, present a use-case and an offer to help

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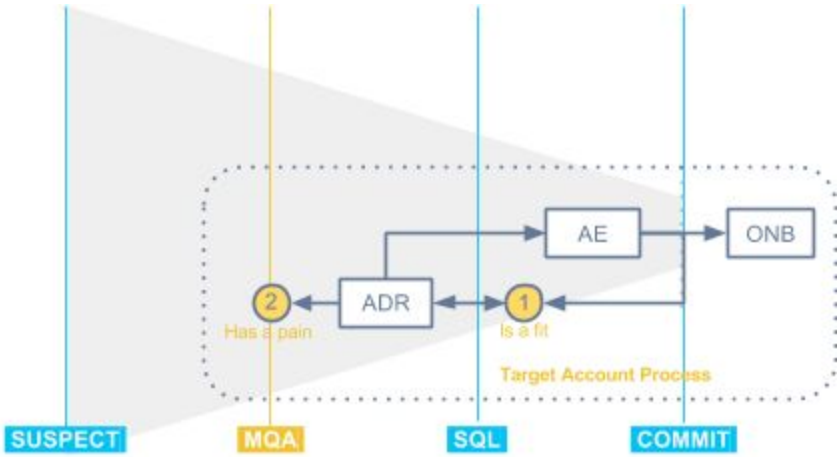


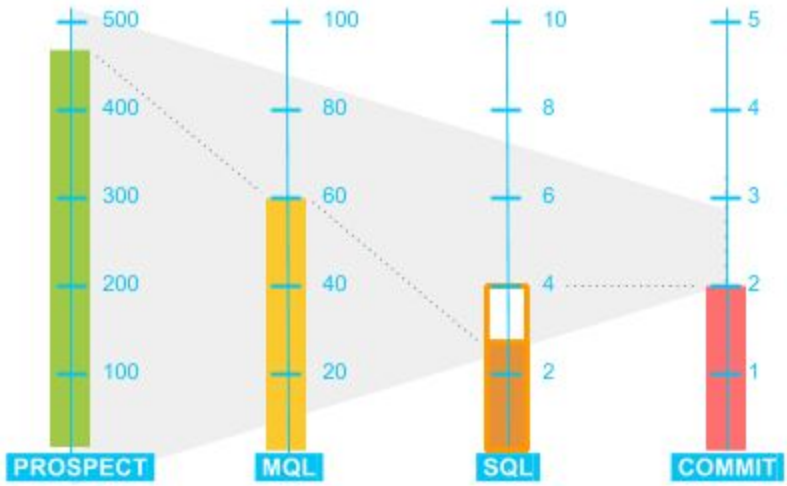
Target/ABM: Pro-active based on a pattern of wins and/or strategic nature of deals a list of accounts can be pursued (Marketing Qualified Accounts). Difference vs. Outbound is that you target multiple people in an account with an orchestrated approach involving multiple people from your own organization. This focused approach provides a better chance to stand-out.

Keys to success are:

- Pick the right account
- Research
- Orchestrate
- Executive involvement

Common mistake: Pick a 1,000 accounts and target 3 people in each account (this is an outbound process)

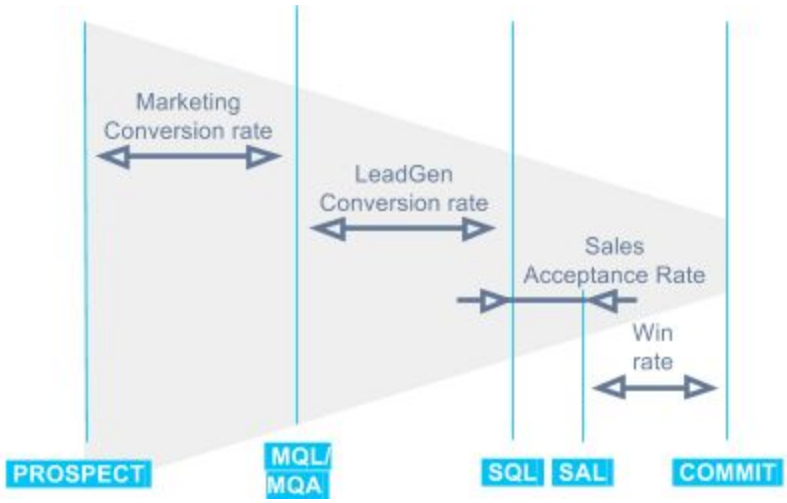
STEP 5 Identify Volume Metrics



Common volume metrics:

- Prospect metrics
  - Web visitors
  - Webinar attendees
  - White paper D/L
- # MQL
  - Demo requests
  - Quote requests
- # SQL
  - Meetings set
  - Demo's in progress
- Commits
  - Deals/Seats (#)
  - Consumption (%)
  - MRR ($)

STEP 6 Identify Conversion Metrics (direct relationship)



Common conversion metrics:

- **Marketing Conversion rate:** indicates health of a database. If low marketing is likely spamming them.
- **LeadGen Conversion rate:** indicates the priority of the pain a client is experiencing. If low the pain is not a priority at this time.
- **Sales Acceptance rate:** indicates how well your team is qualifying the deals. If too low means either bad quality or sales team is too selective in accepting
- **Win rate:** Indicates the quality of the sales team and/or the quality of the deals. If too low (1:10) bad deals/bad sales performance, if too nigh (1:2) not enough

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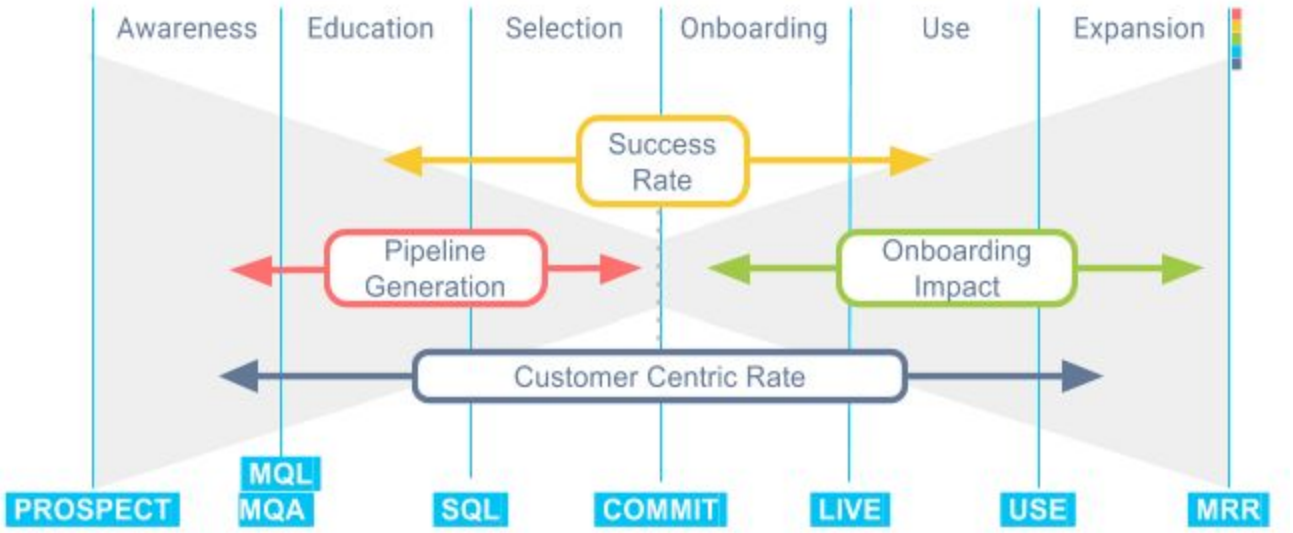
deals accepted.

STEP 7 Identify Performance Metrics (indirect relationship)

When measuring impact across multiple disciplines and indirect metrics we obtain performance metrics.



Performance metrics are more complicated to obtain as they require strict obedience to metric definitions and an understanding of relationship. However they are more indicative of the right behavior. A few practical examples are:

- **Pipeline generation:** What campaigns generates the most pipeline? If we know which campaign generate the most pipeline we can invest more into these campaigns. For example it is a common experience that smaller regional events generate less awareness nationwide but more qualified leads in the forecast.

- **Success Rate:** Looking beyond the close

    - Using *volume metrics* we would measure the number of deals/or revenue generated per sales person - this is indicative of the effectiveness in winning deals.
    - Using *conversion metrics* we'd measure how many deals it would take to win a deal (win rate) - this is indicative of the efficiency of a sales person.

  However these two metrics may still not be an indication of success; certain sales people motivated by a growth minded comp plan will go for the "quick close". This is particularly present in high growth company who have a "win at all cost" attitude. What is not accounted for is the cost of winning a bad deal which is proving to be higher than expected.

    - Using *performance metrics* such as success rate provides an indication if the sales person sold the right customer the right solution. This is indicative of the sales person performing a proper diagnose, and recommending the right solution. It is known that these deals spend more time in the education stage vs. being rushed through the pipeline.

- **Onboarding Impact:** Most SaaS businesses only make a profit on a client many months into the deal. As many as 1-2 years even. If a great onboarding experience is lacking a client will churn resulting in the highest losses. Companies that pursue profitability have to look at two key moments that create an incredible impact on the opportunity:

    - **Time to first value:** The time it takes from Commit to LIVE

  And how was that time spend

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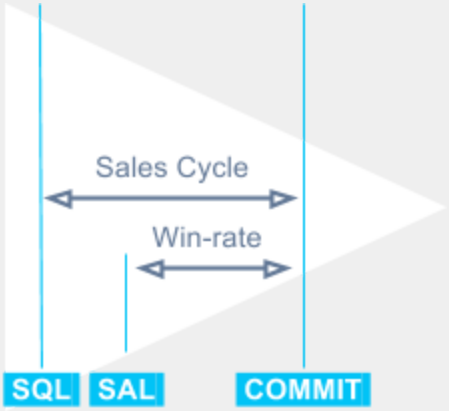
- **Orchestration**: A quality experience is where we re-educate the customer and set expectations of how the next 6-12 months will look like.

CASE IN POINT: How to use data (Problem vs. Solution)



P: Measuring of related sales metrics against different points (SAL and SQL)
S: Visualize what you are measuring - must measure against the same (SQL)

P: See an increase in logo churn <90 days after close
S: Check your sales cycle - if it's short you are not educating the customer

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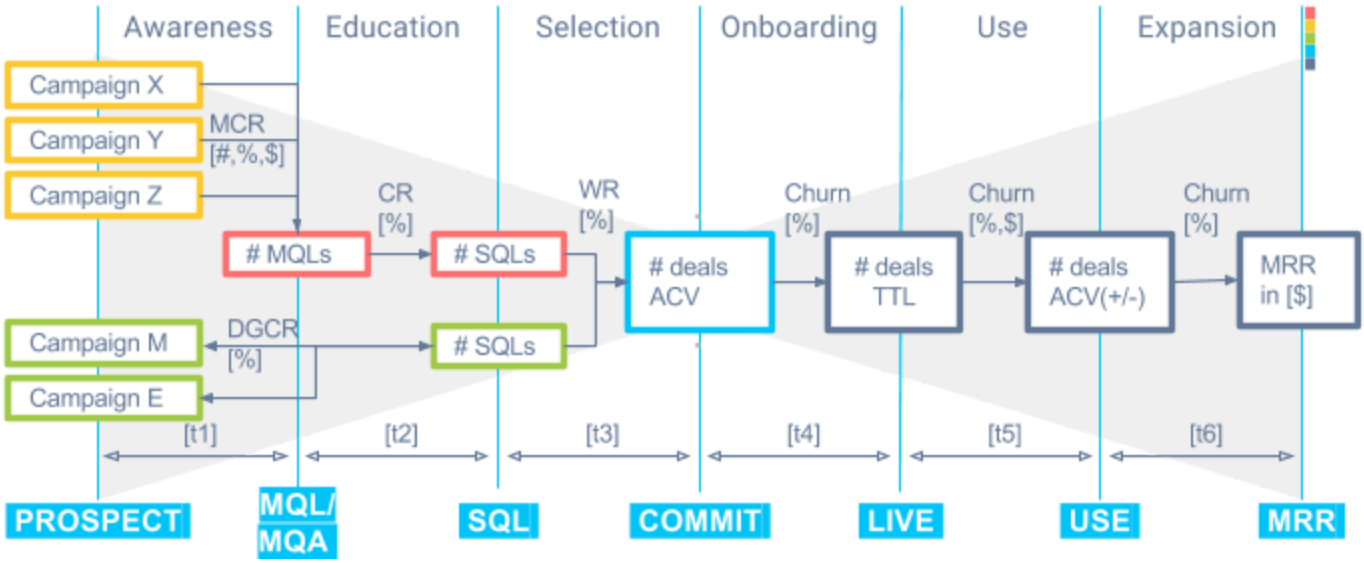
P: Experience a low win rate with long sales cycle
S: You educate too much, and are talking clients "out of the deal"

P: High win rate but with low deal flow
S: Sales is too selective accepting leads. Educate salespeople on what to accept and how to overcome key obstacles.

STEP 8 Data Driven Sales (must have enough data to be statistically significant)



t6	**MRR**			**$20,000**
	Cross/Upsell			+$4,000
	USE (MRR)			**$16,000**
t5	Churn (CSM)			- $2,000
	LIVE (MRR)			**$18,000**
	Market segmentation	**Market SMB**	**Market MidMarket**	**Market Enterprise**
t4	Time to Live	2 days	5 days	30 days
	MRR share/market	10%	60%	30%
	MRR/market	$ 1,800	$10,800	$ 5,400
	ACV/market	$ 600	$ 1,200	$ 1,800
	COMMIT	**3 customers**	**9 customers**	**3 customers**
t3	Sales cycle (t3)	28 days	36 days	61 days

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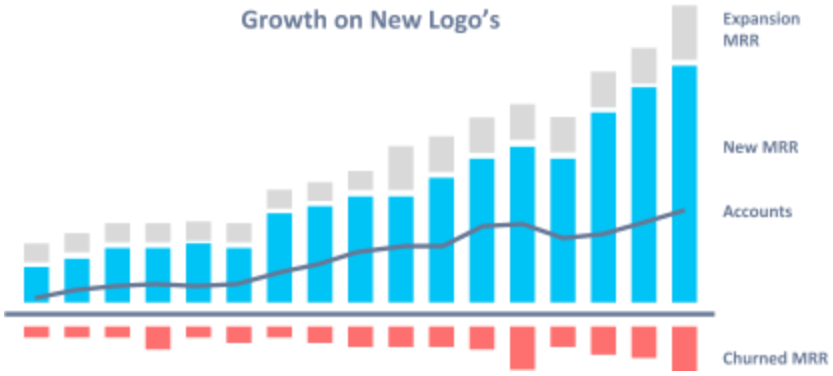
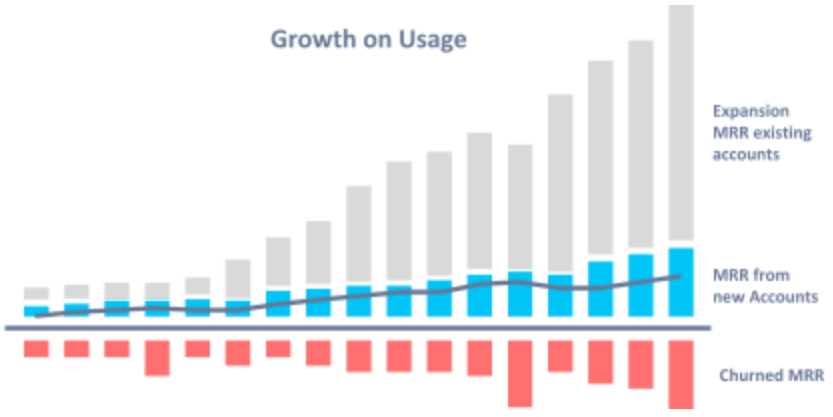
	Win Ratio (WR)	1:4	1:5	1:3
	SQLs	**12 (100% inbound)**	**45 (mixed)**	**9 (100% outbound)**
	- **Outbound**	**0**	**25**	**9**
	- **Inbound**	**12**	**20**	**0**
t2	**Inbound (MDR)**			
	Lead development (t2)	<1day	<1day	
	Conversion Rate (CR)	50%	66%	N/A
	MQLs (inbound)	**24**	**39**	
t2	**Outbound (SDR)**			
	Lead generation (t2)		30 days	90 days
	DGCR		10%	5%
	PROSPECTS	N/A	**250**	**180**
	- **Email (8:1)**		**2,000/mo (100/day)**	**1,440/mo (72/day)**
	- **Phone (4:1)**		**1,000/mo (50/day)**	**720/mo (36/day)**
t1	MQLs / campaign			
	- (X) Website	200/mo @ 8% = 16	250/mo @ 8% = 20	
	- (Y) Webinar	50/mo @ 10% = 5	120/mo @ 10% = 12	
	- (Z) Social	60/mo @ 7% = 4	100/mo @ 7% = 7	
	PROSPECTS	**300-400/mo**	**400-500/mo**	

STEP 9 Create your **MRR Dashboards**

LOGO MRR: Growth is primarily based on securing new revenue from newly acquired accounts, and renewing those accounts. This kind of growth chart is very common when you sell a platform of which the price is based on the number of seats. Although the seats may grow they often grow at a lineair pace for most companies. The revenue churn is measured in 3-7%, but often related to Logo chur (2-3%).



USAGE MRR: Growth is primarily based on growing new revenue from existing customers - based on usage; Think of storage, templates, content, leads etc. In this case business can grow a lot faster based on the same amount of customers, but in turn it is more prone to churn as customers can turn-off/down usage overnight.



Both of the above dashboard should provide a quick idea on how the business is performing and both require a different "dashboard" approach.

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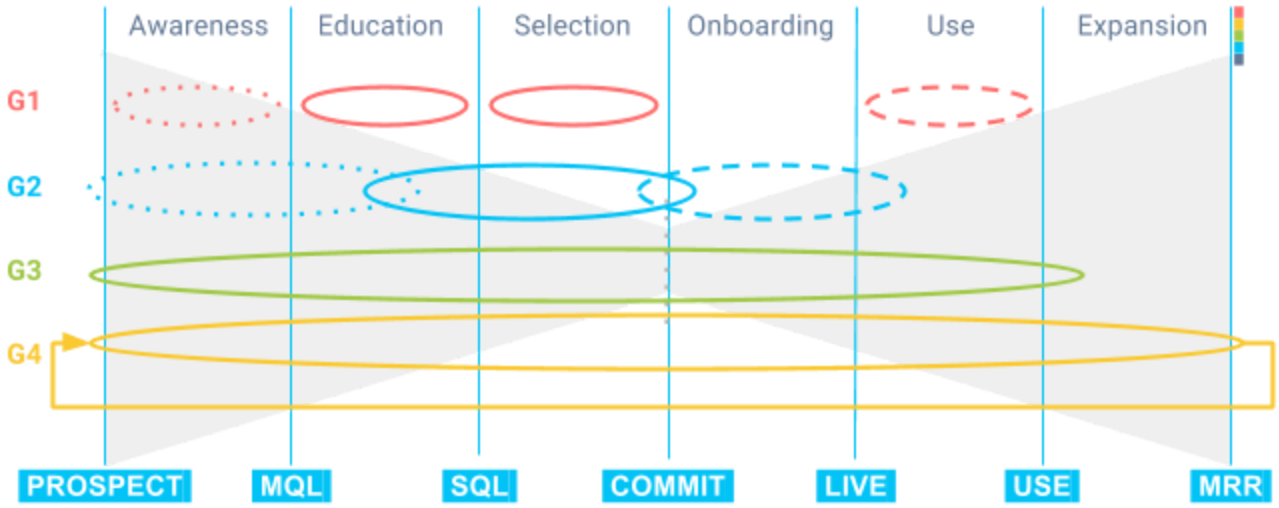
	Executives	Managers	Users
Monthly	MRR/Market Deals/Market Sales Cycle/Market Churn/Market	MQLs/Campaign SQLs/SDR MRR/AE Deals/AE and SDR Sales Cycle/AE WR/AE	
Weekly	#MQLs (leading indicator) #SQLs (leading indicator) MRR Deals	MQLs/Campaign SQLs/Rep SQLs MRR/Rep	
Daily	N/A	Deals	Email metrics Phone call metrics

STEP 10 What's next? A closed loop system with a stronger focus on use/expansion revenue

In the picture below you see the development of generations of data/dashboards as we obtain more data..



Generation 1 - Silo's: The first generation of how data was used was in silo's. Sales started first with just measuring deals and MRR. Marketing deepened it out in MQLs per campaign, and sales looked at deals won, average price etc.

Generation 2 - Connecting the silo's: Today we are obtaining data across silo's - such as how much pipeline did a marketing campaign generate and which sales person "closed" deals that churned, what was the sales cycle.

Generation 3 - Across silo's: We are getting a first glimpse of data that shows causality and which helps us identify the impact across the business. Think of which marketing campaign generates fastest business in June vs. August, or which sales rep has the shortest sales cycle but it results in high churn and low revenue expansion in the first years. We also see a trend shifting towards more detailed reporting on expansion revenue measurements and how it sourced vs. deal wins.

Generation 4 - Closing the loop: In an open loop system you are manually creating corrective action. As such the data primarily feeds a dashboard which in turn is ready by a person who has to make a decision. However by closing the

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loop we can automate the process. Think of linking the results to Adwords, Facebook campaigns etc. As the results falter the system can suggest and/or take corrective action to impact short/long term results.

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