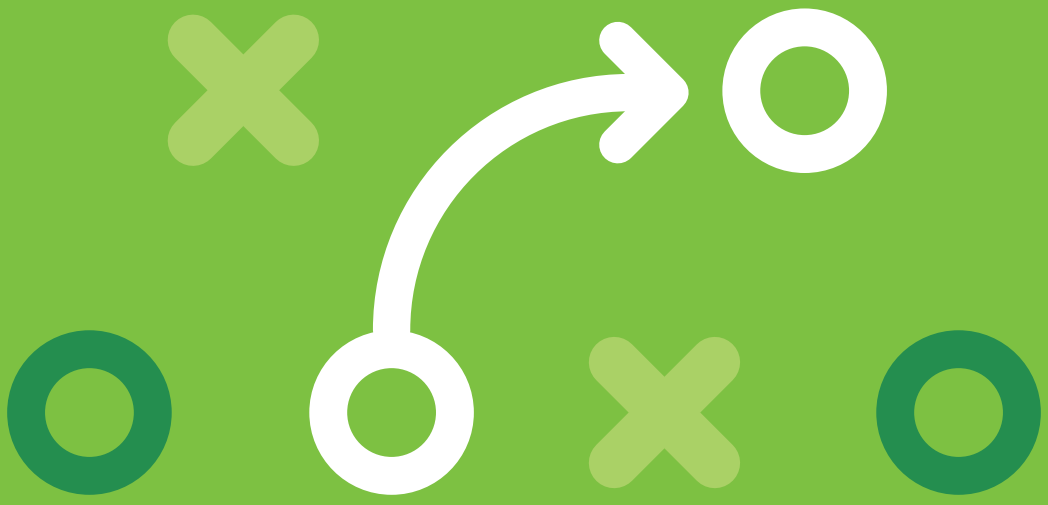
Predictive Playbook

Sales Prioritization Aligning Effort with Impact



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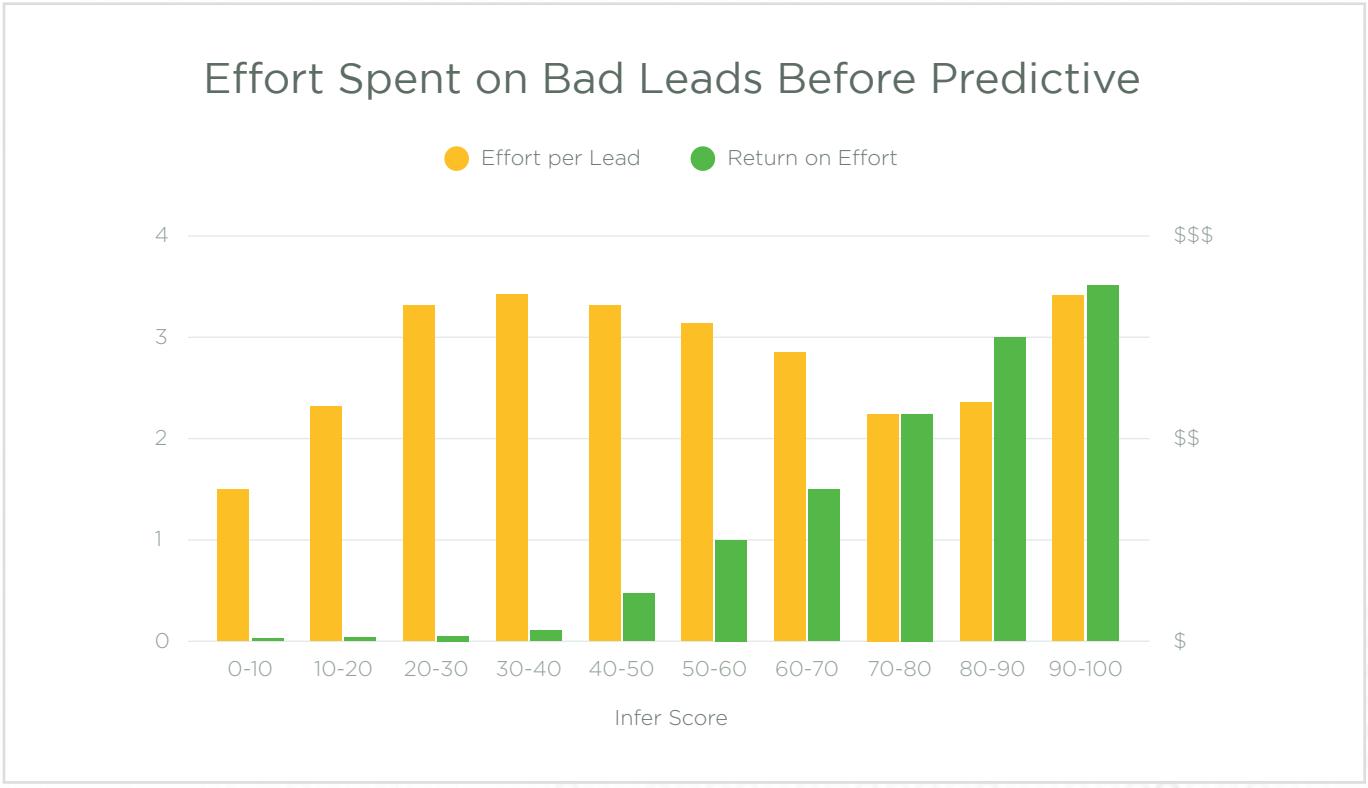
Overview

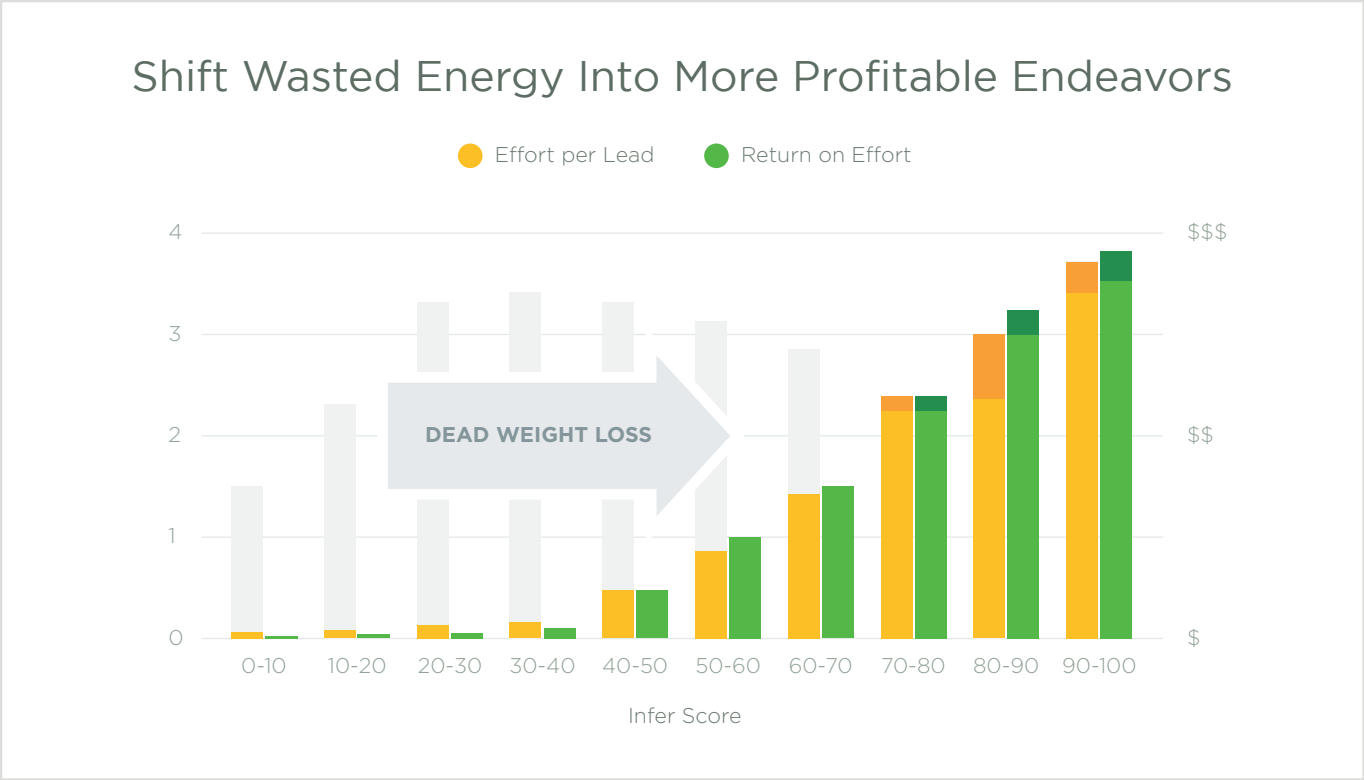
With content marketing, freemium products, and list-buys, marketers are generating more leads than ever before. Predictive scoring solutions like Infer can help by programmatically researching every lead and identifying the good ones. By filtering out the noise and focusing reps where they've got the best shot at winning, you can unlock enormous value for your company. This play of our "Predictive Playbook" explains how it works and provides a framework for measuring the ROI of your predictive scoring initiative.

Setting Up the Business Challenge

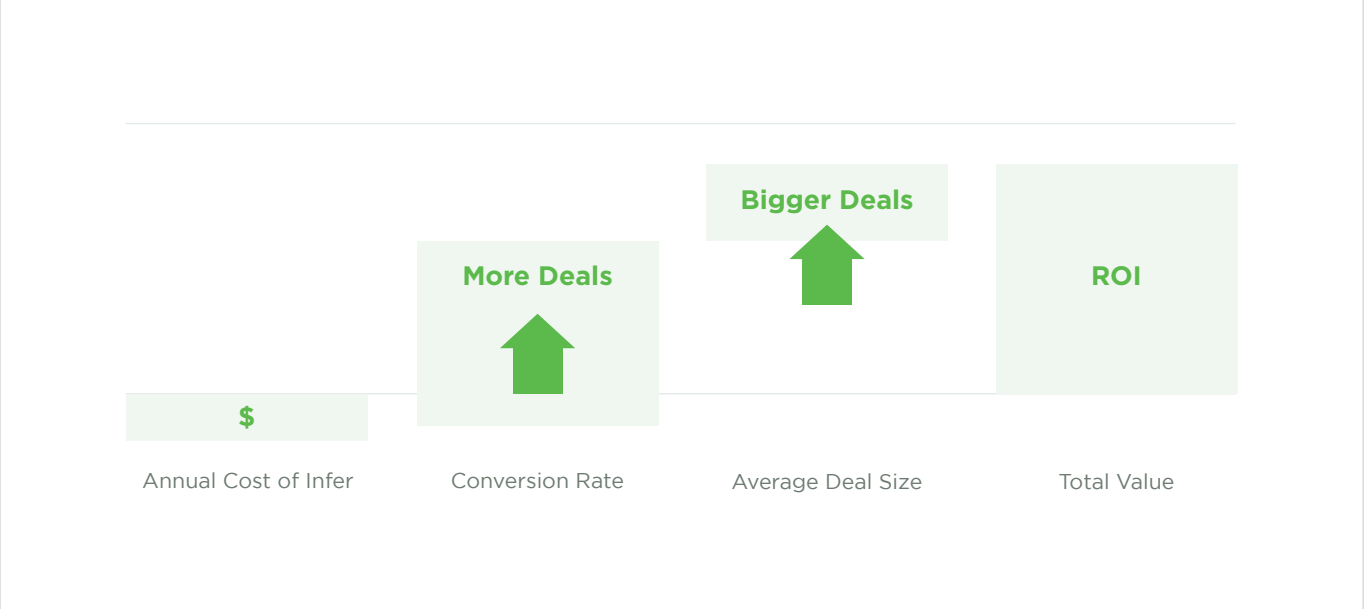
When we first build a model and present customers with the results, it's very common that the top 30-40% of leads account for the vast majority of the pipeline. However, sales teams typically spread their efforts evenly across all types of leads because they doesn't have instant insight, and want to ensure that no stone left unturned.



With predictive scoring, you can automatically research every MQL and prioritize your best leads, so all sales effort can be aligned where there's the most revenue opportunity.



Predictive lead scoring instantly drives behavior change across sales reps delivering ROI by re-allocating sales efforts to drive top-line results. By doubling down on just the leads that are the best fit for a company's product, reps can increase both conversions and deal sizes.



Calculate the ROI

To ensure your predictive scoring initiative is a success, we recommend thinking through the ROI framework upfront and measuring the impact during the first 60 days.

Cost of your Sales Team

Number of Sales Reps		Average Monthly Cost per Rep		$$$$
20 Sales Reps	×	$60,000	=	$1.2M

It's important to begin by clearly understanding the costs of your sales organization. Start by multiplying the number of sales reps you have by the average cost per rep to calculate the Cost of your Sales Team.

For this example, say your organization has 20 sales reps at an average cost of $60,000 per month.

The national average according to Glassdoor and other leading recruitment sites.

Cost of Working Bad Leads

Cost of Sales Team		Bad Leads		$$$$
$1.2M	×	30%	=	$360,000

Looking across our customers, we have found that on average 30% of low-converting leads account for less than 1% of your revenue. This segments consist of mostly C and D-Leads that are significantly less likely to convert than A and B-Leads. To calculate the Average Cost of Bad Leads, simply multiply the Cost of your Sales Team by your company's Percentage of Bad Leads.

Using the 30% average in our example above reveals that about $360,000 of your overall sales effort each month could be redirected to better leads and more fruitful opportunities.

Monthly Cost Savings

Cost of Sales Team		Sales Effort Saved not Working Bad Leads		Monthly Cost Savings from Reduced Effort on Bad Leads
$1.2M	×	30%	=	$360,000

If you multiple the cost of the sales team by the time saved not working bad leads, you can come up with a monthly cost savings from reduced effort on bad leads.

Sales Activity Logged Against	Before Predictive Lead Scoring		After Predictive Lead Scoring
A & B-Leads	60%	**+30%**	90%
C-Leads	25%	**-16%**	9%
D-Leads	15%	**-14%**	1%

With a clearer understanding of how much time and resources are being wasted on bad leads, it's easy to calculate the potential savings of using predictive scoring to redirect sales efforts by (a) not hiring as fast or reducing headcount (b) move people into different roles or (c) shifting efforts to focus onto higher potential opportunities, which in turn can increase conversion rates and average deal sizes.

Increased Revenue

Of course, it's not just about cost savings. Predictive scoring can help drive more top-line revenue by focusing your reps on prospects that are more likely to close with a higher upside:

- Reps have fewer bad leads to work so they're going to get to the good leads faster
- Reps who have confidence in their scoring are less likely to give up one call too soon
- Models can be weighted towards projected deal size to bias reps towards bigger opportunities
- Prospects who are a good fit for your product are more likely to pay a premium and less likely to be an attrition risk down the road

Increase Conversion Rate

For example, let's say you've got a 1,000 leads. Before predictive lead scoring they converted at 3% but because of the changes in behavior listed above, predictive scoring helps lift your conversion rate by 10% to 3.3%. That's is pretty typical across customers. A simple change in how you prioritize leads for your reps delivers a measurable step function in growth.

	Before Predictive Lead Scoring		After Predictive Lead Scoring
Conversion Rate	3%		3.3%
Opportunities per Month	30	**+10%**	33
Revenue per Month	$150,000		$165,000

Increase Average Deal Size

This is another way to measure the impact, though admittedly it's a little more tricky because there are lots of factors that impact average deal size. For example sales training, competitive pressure, and product mix all play a role. If you want to give it a try though, you can look at the growth rate in the 6 months prior to predictive scoring and compare it to the 6 months after your rollout. Across all our customers we found that companies using Infer tend to see a 2.3x lift in average deal size. In some cases you could see that the number of transactions change. It could be that you've weighted the model towards bigger deals which naturally take more time to close. On the flip side, your model might increase the velocity of transaction because your reps are focused on prospects who are a good fit and see the value.

With the example below we're calculating the net impact, which is the difference between the run rate growth and the growth after predictive scoring. To keep things simple we are assuming the number of transactions is constant but this is something you could adjust.

	6 Months Before Predictive Scoring		6 Months After Predictive Scoring
Increase in Average Deal Size	2.5%	**3.2%**	5.7%
Number of Transactions	1,000		1,000
Average Deal Size	$10,000		$10,570
Revenue Impact	$10,000,000	**$347,000***	$10,570,000

**Net impact: the difference between the run rate growth in average deal size (2.5%) and the growth after predictive scoring (5.7%). In this example 61% of the incremental revenue can be attributed to the predictive scoring initiative.*

Fit + Behavior Score

fit score

good fit to buy your product

A	3.1x
B	1.4x
C	0.7x
D	0.2x

+

behavior score

likelihood of conversion within the next 3 weeks

	1	2	3	4
	3.2x	0.7x	0.3x	0.1x

Up until this point, we have discussed how to use predictive scoring to prioritize leads based on who is a good fit for your product. Once you've answered that question, the next step is to look for behavior that would indicate that a prospect is in market and likely to buy. Many customers start by using the existing behavior scoring from their marketing automation solution along with Infer's fit score. The more advanced customers have gone all in on predictive, replacing their manual points-based system with a more robust and accurate behavioral model from Infer. By boosting the accuracy of your predictions you can prioritize within your A and B-Leads and flag C and D-leads that are worth investigating.

Interested in learning more about how predictive scoring can lead to significant cost savings and generate pipeline? Try the calculations we discussed using our Predictive ROI Calculator to see the impact for yourself, and schedule a Live Demo to learn more.

About Infer

Infer delivers predictive business applications that help companies win more customers. It leverages proven data science to rapidly model the untapped data sitting in enterprises, along with thousands of external signals from the web. Customers include high growth companies like AdRoll, Cloudera, Concur, New Relic, Nitro, Tableau, Xactly and Zendesk. Headquartered in Palo Alto, California, Infer is funded by leading investors, including Redpoint Ventures, Andreessen Horowitz, Social+Capital Partnership, Sutter Hill Ventures and Nexus Venture Partners.

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