WHITEPAPER

Why Navigate by the Stars When You Have GPS?

Incorporating Data-Driven Segmentation Models To Inform Go-to-Market Decisions

REVENUE VISION PARTNERS

This is exactly the data-driven insights we need to position ourselves for success. We've never had this level of detail or direction to allow us to focus our marketing and sales efforts.

- Chief Revenue Officer of $200M SaaS Company

Why Navigate by the Stars When You Have GPS

Over the last 30 years, as a senior sales leader, having tried every growth acceleration approach, I consistently achieved the most dramatic results using sophisticated account & prospect segmentation models. My partner Chris had similar experiences as a revenue growth consultant, which is why we combined our passion and started Revenue Vision Partners (RVP). We were convinced we could use modern techniques to crack the code and deliver the most actionable outputs to accelerate growth. After two years of successful engagements, we are more excited than ever about what's possible using data science to score and rank prospects. We build these models based on individual account potential & propensity to buy. As a result, our clients finally know which accounts & prospects to pursue with the highest effort and conviction, and so much more.

We recently completed a project with Big Language Solution, a PE-backed, leading provider of translation solution services. Here's what our client, the Chief Revenue Office, *Joe Mischler* had to say about our work together:

RVP's Prospect Scoring Model was game-changing. I have spent so many cycles combing through data we've purchased from B2B data vendors to figure out how to get the most out of our prospecting efforts. Filtering the data didn't help and it took a lot of time. RVP guided us through a process of using firmographics and other criteria to build a multi-factor model that works. Our leaders and salespeople felt included in the process from day one, so buy-in was instant. The president of one of our newly acquired business units said he had been trying for years to get to the point RVP got us in two months. The process is sophisticated yet straightforward, and most importantly, it was effective!"

Why is THIS moment in time perfect to stop what you're doing and focus on Data Science Driven Account Segmentation?

1. We are in a perfect storm of technology, data availability, warehousing, and talent.

- **a.** It is widely accepted that the best thing you can do for your salesforce is tell them which account segments have the highest potential deal value and close rates.
- **b.** The recent improvement in quality and volume of B2B sales data creates both opportunity and noise! You wanted more prospects....now you have to figure out how to effectively call on 10,000 of them.
- **c.** Data hygiene in the CRM systems of B2B sales organizations is still shameful. The quality data you've purchased from data vendors aren't synchronized with your CRM!
- **d.** Despite how important it is, Sales teams are universally left flat footed in their ability to identify their highest potential prospects.

THE **IDEAL CUSTOMER** PROFILE IS THE

2. The best B2B growth strategies are based on a detailed understanding of your ideal customers.

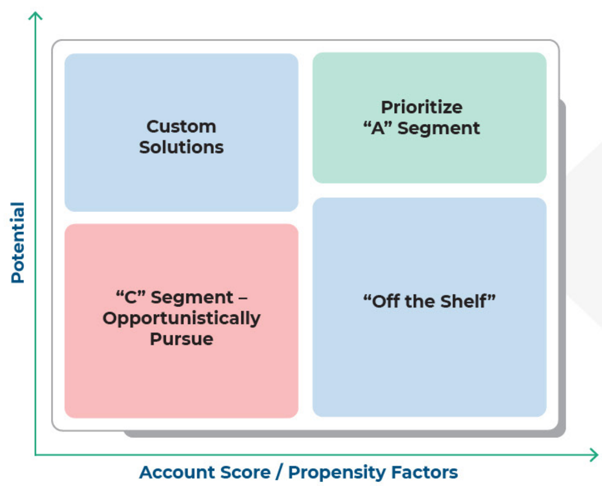
It is currently possible to have a granular view of your ICP with detailed firmographics, descriptive heuristics, and good old fashion intuition and human learning. There is no reason to speculate in the current environment. Build your growth strategy based on the reality of who your ideal customer is, how many of them there are, where they are located, and the specificity of their traits and characteristics. Include your internal experts to guide and tweak this process and everyone wins.

Segmentation Approach Summary

Potential:

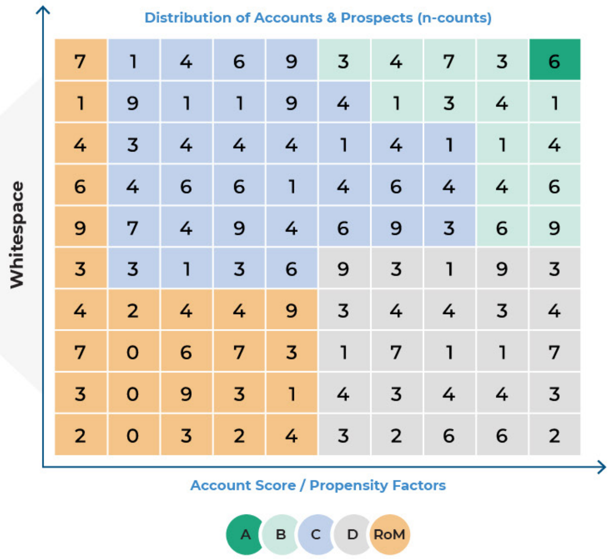
Determine how much an account and/or prospect can spend.

Typically related to size and/or profitablity of an account.



Account Score: Score accounts based on identifying attributes more present in "great accounts".

Framework Results in Granular View of Segmented Accounts & Prospects, allowing for data-driven Coverage Decisions:



3. The world of SalesTech is exploding. None of it helps to prioritize prospects and account based whitespace based on the combination of quantitative and qualitative techniques.

Revenue growth investment dollars are chasing too many demand gen and forecast accuracy solutions without taking the time to scientifically identify the best accounts. This should be the first step. All of this tech is being utilized pursuing too many accounts that have unexciting deal sizes and/or abysmal close rates. Measure twice before you deploy demand generation dollars to a set of poorly qualified prospects.

4. All of the sales enablement in the world isn't going to help sales teams focus on the right accounts without systematically developing scored and ranked prospect quality cohorts.

5. Understanding the right sales headcount requirements and talent profile is very difficult without a true understanding of your bottoms-up Total Available Market (TAM) - driven by your ideal customer profile.

6. In addition to the rapid improvement in the availability and quality of B2B sales data, there is a corresponding improvement in data warehousing, data science, and visualization which make Data Science Driven Account Segmentation more effective and scalable than ever before. The time is now to execute.

7. Your client churn problem is likely caused by a mismatch between product-market fit and your poorly qualified accounts. Having sold the wrong deals is one of the biggest contributors to client churn. Great news! - Your issues with the leaky bucket of client churn are likely not because you have faulty client support staff! Take the time now to understand which of your accounts have the highest whitespace for up-sell and cross-sell while your new business team does a better job of focusing on the new accounts that have the right potential and fit scores.

8. Models that over-rotate to machine learning ignore the human factor, often miss the mark and make sales people feel like big brother makes all the decisions and they are being under-emphasized. Overly complicated models are difficult to communicate to the commercial teams and challenging to maintain; these often become expensive shelfware.

9. Using data driven account segmentation which combines modern data science with commercial expert panels results in:

- **a.** Higher close rates (between 20-50%)
- **b.** Improved deal sizes (10-30%)
- **c.** Improved up-sell and cross-sell potential (15-80%)
- **d.** Improved customer lifetime value (roughly 20%)
- **e.** Improved salesperson engagement because of inclusion in the process

One of our more tenured clients, *Ken Powell*, Chief Commercial Officer at OSG, another PE-owned growth company, had this to say about our contemporary process:

> **To me there's never been any question about the efficiency of account segmentation. However, the status quo was overwhelming to the average company. RVP's process is so much more straightforward, agile, and fast. We had actionable deliverables in 3-4 weeks. Chris and Bob also rolled their sleeves up and worked with my sales leaders to operationalize the scored and ranked account lists. People understood the output very quickly and passionately pursued the right accounts.**

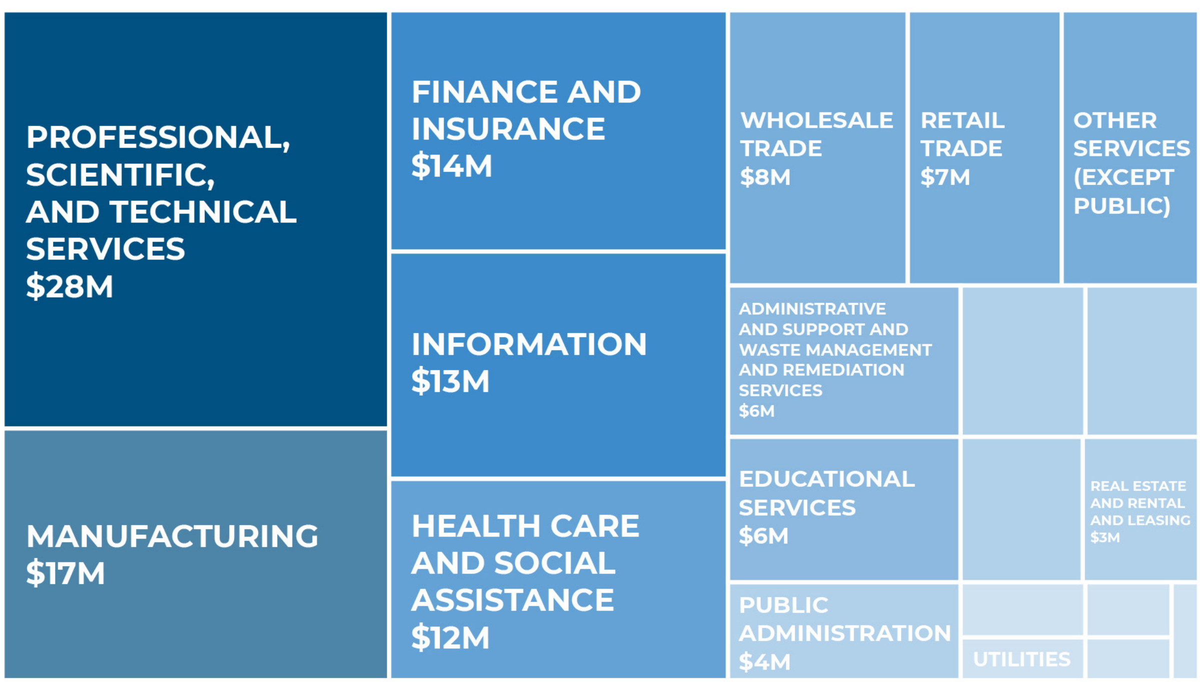
Incorporating foundational segmentation models into Go-to-Market decisions will be a force multiplier. How does one get started?

There are several key steps in building and successfully implementing a data-driven segmentation model. The following is a high-level step-by-step summary:

1. Data Cleansing and Enrichment -

- **a.** Cleanse Data (e.g. Remove Nulls, Duplicates, Outliers)
- **b.** Enrich the current CRM data with:
  - Firmographics (industry, size, growth rates, funding information, etc.)
  - Geographical details (headquarter locations, additional buying centers, number of employees at each location, etc.)
  - Descriptive heuristics (qualitative descriptors obtained via web-scraping)

2. Conduct Exploratory Data Analysis - Identify patterns & variables of high potential, high propensity current customers, visualizing data for easy understanding.



(Treemaps are great visuals for showing revenue concentration by Industry)

3. Build Model - Whitespace Computation & Propensity Scores Build algorithms in order to understand which variables to use and how heavily to weight each of these relevant variables based on statistical analysis.

a. **Whitespace Computation- Based on Client Revenue/Client Employee Size**
   Correlation Analysis/Regression Analysis are used to identify the better aligned variables (Client Employee Size/Client Revenue) to the dependent variable (Revenue/ARR).

(Linear Regression Line Fit Plot Chart shows a Linear relationship exists between Current ARR vs. Client Revenue with the Predicted Current ARR with R-Squared value of 0.90)

b. **Whitespace Computation - Based on the Industry & Size Cohorts**
   The whitespace computation is done based on the Industry & Size (SMB/Emerging, Mid-Market, Enterprise) cohorts, since buying patterns typically vary within. We review functions such as Average, Median, and various Percentiles within the given cohort. This analysis provides us with a proxy for potential to determine the client/prospect expected spend that can be used based on the dataset to provide more accurate whitespace values.

Building Whitespace Model – Determining the spending capacity of a client based on Industry and Size Cohorts

Industry (NAICS2)	Emerging	Mid-Market	Enterprise
OVERALL	**$138**	**$180**	**$206**
ACCOMMODATION AND FOOD SERVICES	$137	$212	$263
ADMINISTRATIVE AND SUPPORT AND WASTE MANAGEMENT AND REMEDIATION SERVICES	$209	$191	$134
AGRICULTURE, FORESTRY, FISHING AND HUNTING	$179	$63	$206
ARTS, ENTERTAINMENT, AND RECREATION	$107	$294	$124
CONSTRUCTION	$195	$164	$837
EDUCATIONAL SERVICES	$78	$196	$313
FINANCE AND INSURANCE	$122	$118	$114
HEALTH CARE AND SOCIAL ASSISTANCE	$141	$204	$184
INFORMATION	$136	$124	$148
MANAGEMENT OF COMPANIES AND ENTERPRISES	$162	$94	$39
MANUFACTURING	$117	$220	$179
MINING, QUARRYING, AND OIL AND GAS EXTRACTION	$93	$143	$206
OTHER SERVICES (EXCEPT PUBLIC ADMINISTRATION)	$126	$183	$133
PROFESSIONAL, SCIENTIFIC, AND TECHNICAL SERVICES	$122	$160	$254
PUBLIC ADMINISTRATION	$113	$151	$12
REAL ESTATE AND RENTAL AND LEASING	$210	$135	$346
RETAIL TRADE	$144	$306	$120
TRANSPORTATION AND WAREHOUSING	$138	$223	$30
UTILITIES	$109	$202	$206
WHOLESALE TRADE	$124	$217	$270

Notes:

Dollars per employee at the segment level:

- Emerging: $138 / Employee
- Mid-Market: $180 / Employee
- Enterprise: $206 / Employee

Spending patterns by industry were incorporated by adjusting industries up/down relative to their historical spend in relative to average. E.g. Construction customers, within the Emerging Segment spent 141%, resulting in $195 / Employee ($138 x 141% = $195)

c. **Propensity Scores -** In addition to understanding the spend potential of your customers and prospects, identifying those which are the best-fit for your solutions is critical to setting up your Marketing, Sales, and Customer Success teams for long-term success. This is done by isolating variables identified during the exploratory analysis, ranking their impact, and applying a scoring mechanism to be used both on existing customers and prospects. These factors are often updated / added / deleted based on Expert Panels.

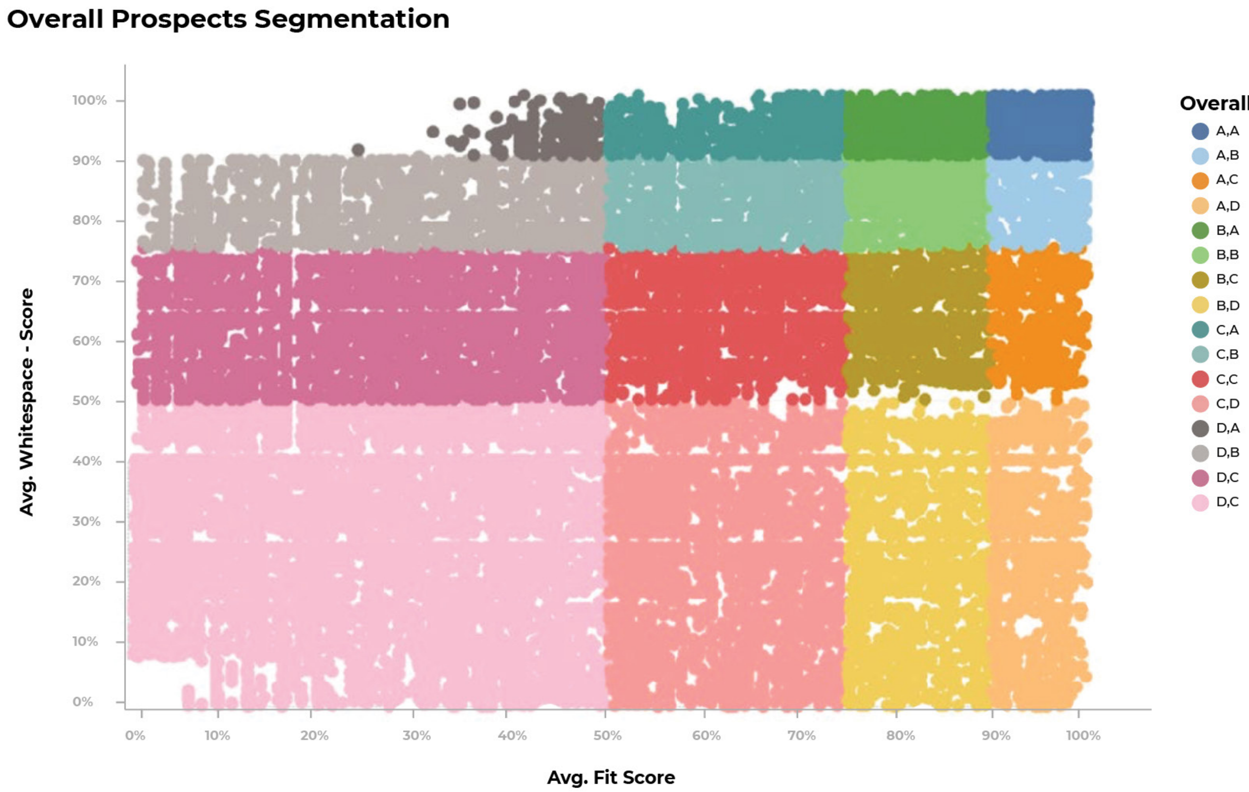
Sector	Average of Estimated ARR Equivalent(02.04)	Points
WIRED AND WIRELESS TELECOMMUNICATIONS CARRIERS	$4.317.821	**5.0**
CABLE AND OTHER SUBSCRIPTION PROGRAMMING	$3.770.216	**5.0**
FURNITURE STORES	$2.053.800	**5.0**
OTHER AMBULATORY HEALTH CARE SERVICES	$1.600.000	4.3
BEVERAGE MANUFACTURING	$1.385.060	3.7
AEROSPACE PRODUCT AND PARTS MANUFACTURING	$1.368.751	3.6
HARDWARE, AND PLUMBING AND HEATING EQUIPMENT AND SUPPLIES MERCHANT WHOLESALERS	$1.099.893	2.9
DEPOSITORY CREDIT INTERMEDIATION	$1.069.681	2.8
PHARMACEUTICAL AND MEDICINE MANUFACTURING	$1.064.664	2.8
MOTOR VEHICLE MANUFACTURING	$1.039.325	2.8
CONVERTED PAPER PRODUCT MANUFACTURING	$753.656	2.0
OTHER INFORMATION SERVICES	$750.000	2.0
ELECTRONIC SHOPPING AND MAIL-ORDER HOUSES	$721.029	1.9
GROCERY STORES	$695.688	1.8
GENERAL MEDICAL AND SURGICAL HOSPITALS	$677.538	1.8
OTHER FABRICATED METAL PRODUCT MANUFACTURING	$627.364	1.7
PAINT, COATING, AND ADHESIVE MANUFACTURING	$560.784	1.5
NONDEPOSITORY CREDIT INTERMEDIATION	$544.680	1.4
FRUIT AND VEGETABLE PRESERVING AND SPECIALTY FOOD MANUFACTURING	$521.341	1.4
NAVIGATIONAL, MEASURING, ELECTROMEDICAL, AND CONTROL INSTRUMENTS MANUFACTURING	$514.669	1.4
OIL AND GAS EXTRACTION	$444.507	1.2
CLOTHING STORES	$424.667	1.1
AUTOMOTIVE PARTS, ACCESSORIES, AND TIRE STORES	$413.700	1.1
NATURAL GAS DISTRIBUTION	$401.224	1.1
MANAGEMENT OF COMPANIES AND ENTERPRISES	$379.226	1.0
INSURANCE CARRIERS	$366.542	1.0
ENGINE, TURBINE, AND POWER TRANSMISSION EQUIPMENT MANUFACTURING	$339.706	0.9
GROCERY AND RELATED PRODUCT MERCHANT WHOLESALERS	$331.979	0.9
PETROLEUM AND COAL PRODUCTS MANUFACTURING	$331.904	0.9
NURSING CARE FACILITIES (SKILLED NURSING FACILITIES)	$326.836	0.9
IRON AND STEEL MILLS AND FERROALLOY MANUFACTURING	$326.393	0.9
SEMICONDUCTOR AND OTHER ELECTRONIC COMPONENT MANUFACTURING	$325.951	0.9
ADMINISTRATION OF HUMAN RESOURCE PROGRAMS	$308.495	0.8
COLLEGES, UNIVERSITIES, AND PROFESSIONAL SCHOOLS	$267.238	0.7
FREIGHT TRANSPORTATION ARRANGEMENT	$248.675	0.7
SCHEDULED AIR TRANSPORTATION	$212.004	0.6
COMPUTER AND PERIPHERAL EQUIPMENT MANUFACTURING	$201.693	0.5
ELECTRIC POWER GENERATION, TRANSMISSION AND DISTRIBUTION	$195.859	0.5
SOFTWARE PUBLISHERS	$195.000	0.5

Industry	Avg Est ARR	Points
INFORMATION	$1.914.165	**1.4**
HEALTH CARE AND SOCIAL ASSISTANCE	$628.891	**2.0**
RETAIL TRADE	$591.461	1.5
FINANCE AND INSURANCE	$496.629	**2.0**
MINING, QUARRYING, AND OIL AND GAS EXTRACTION	$444.507	1.2
MANUFACTURING	$401.818	**1.4**
MANAGEMENT OF COMPANIES AND ENTERPRISES	$379.226	1.0
WHOLESALE TRADE	$305.928	0.8
UTILITIES	$298.541	0.8
EDUCATIONAL SERVICES	$235.838	0.6
TRANSPORTATION AND WAREHOUSING	$212.550	0.6
PUBLIC ADMINISTRATION	$186.288	0.5
OTHER SERVICES (EXCEPT PUBLIC ADMINISTRATION)	$117.756	0.3
PROFESSIONAL, SCIENTIFIC, AND TECHNICAL SERVICES	$91.411	0.2
CONSTRUCTION	$91.093	0.2
ADMINISTRATIVE AND SUPPORT AND WASTE MANAGEMENT AND REMEDIATION SERVICES	$80.136	0.2
ACCOMMODATION AND FOOD SERVICES	$54.390	0.1

Points are assigned based on multiple of ARR within a cohort, adjusted through stakeholder reviews; e.g. 1.4 points are assigned to prospects in the "information" industry.

(Patterns observed in high value clients should be incorporated into Propensity Scores)

4. Deploy Model - Apply algorithms to prospect universe in order to score & rank your sales prospects to provide for a more targeted market. The Scores and Rankings are provided based on the Whitespace Computation and features of the Ideal Customer Profile.



(Scatter plot, showing whitespace & fit score tiers; quadrant A,A means the high propensity/high-value prospects)

5. Validate and Update Model - The importance of achieving buy-in from the commercial teams is often misunderstood or outright sacrificed for the sake of speed; this is a critical error. Conducting expert panels (early and often), in which results & assumptions are shared with key stakeholders and adjusted based on their feedback, is the best way to gain buy-in, and goes a long way to support adoption. An added benefit of these expert panels is guidance on the Ideal Customer Profile of future-state products where little to no historical data may be available.

6. Model Implementation - Upload highly scored prospects into the CRM and incorporate a “rating” field to ensure sellers understand why these accounts are high potential & high propensity.

7. Monitor & Refresh Model - Build a process for a feedback loop to ensure scores are adjusted as new information is received - models are typically updated every 3-6 months.

This sounds like a game-changer, but why NOW?

In addition to the near term benefits we've helped our clients achieve:

1. Higher close rates (between 20-50%)
2. Improved deal sizes (10-30%)
3. Improved up-sell and cross-sell potential (15-80%)
4. Improved customer lifetime value (roughly 20%)

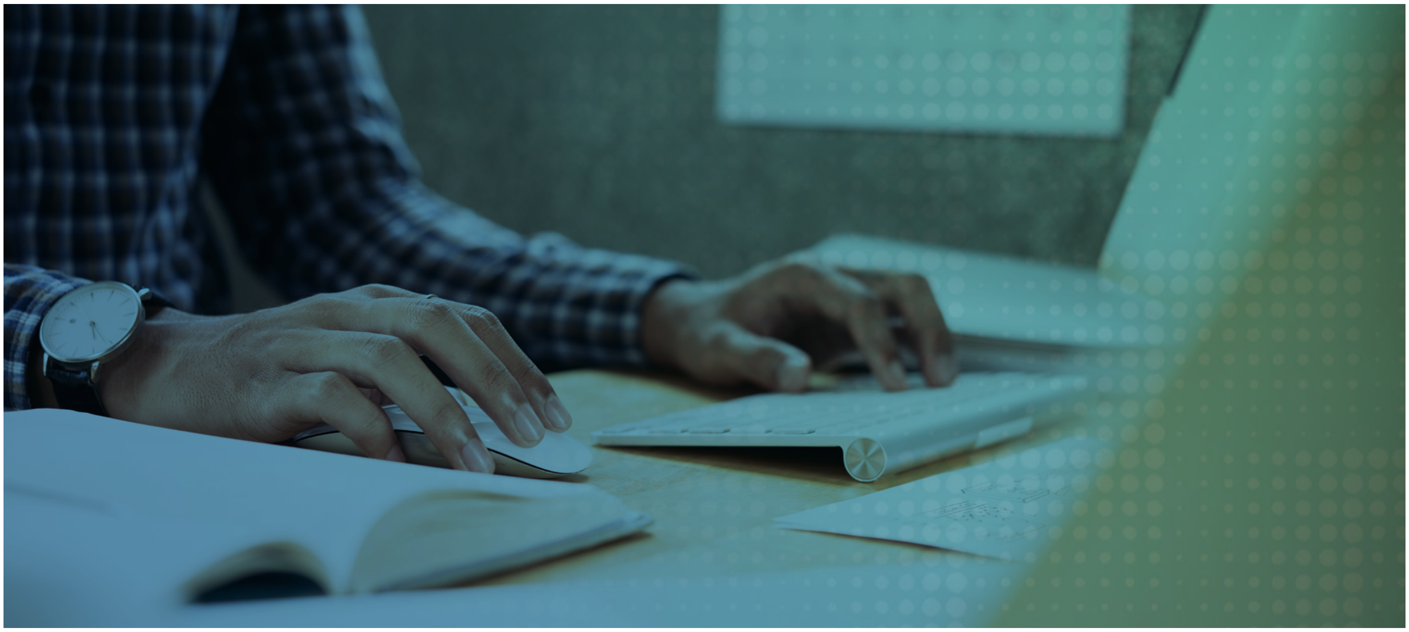
Properly deployed segmentation sets the foundation for multiple growth levers:

Identified Growth Levers	How is Segmentation Foundational:
1) Increase Market Coverage a) Increase Quota-Carrying Headcount, specifically in Tier 2 b) Expand Channel Partner Programs (Resellers, VAR, Brokers)	A "bottoms-up" view of the marketplace identify high potential, uncovered prospect opportunities – allowing for territory/channel expansion, proper sizing, and optimization of investment.
2) Expand into New Markets a) Size & Segment Tier 2 Opportunity b) Refocus Inside Sales/SMB Team to Tier 2 Accounts c) Identify new verticals	Deep understanding of account propensity & potential creates visibility into the Tier 2 accounts most valuable to ACME. With this information we can build workload models to determine how many SMB sellers are needed. Pattern recognition within emerging verticals helps ACME prioritize resources into high-growth / high-acceptance verticals.
3) Increase Current Team's Productivity a) Develop optimized and fair territories b) Develop Quotas consistent with territory opportunity c) Improve rigor around forecasting and pipeline management d) Develop Competitive Intel	Territories can be balanced based on an acceptable number of highly scored accounts - ensuring each seller has ample opportunity to achieve quota. Quotas reflect estimated territory potential, improving alignment between pay & performance. Competitive Mystery shopping efforts completed as ongoing activation phase.
4) Improve Marketing Generated Leads a) Develop targeted Demand Generation systems	Targeted account lists can be clustered into "like cohorts" enabling more effective marketing. Accounts are augmented with contact information of buying personas allowing messages to be more pointed.
5) Pricing Optimization a) Identify price point levers by markets b) Anticipate/forecast market trends and competitive position (eg., Accolade dropped price for a land grab)	Data on price elasticity are collected and analyzed among account cohorts. Dynamic pricing models can be developed from the propensity and intent data.
6) New Product Development a) Develop functional requirements based on market data b) Collect structured product feedback	Product roadmap features and functions become fact-based vs opinion led by using win/loss data. Product development efforts are prioritized based on greatest whitespace, competitive intel, and current product gaps.

With all the immediate benefits and longer term results segmentation provides, can you afford not to build a data-driven foundation into your Go-to-Market decisioning? Our highly tuned approach will deliver insights in as little as a couple days, so you can see for yourself the benefits partnering with Revenue Vision Partners will provide.

About Us:

Revenue Vision Partners is a specialist revenue consulting firm that utilizes modern data science techniques in order to leverage their combination of top tier consulting, private equity and operational experience to help companies accelerate growth. We have worked with over 50 companies in SaaS, FinTech, AdTech/MarTech, Healthcare and HCM in order to help them operationalize new and better GTM models.



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