TechTarget

A New Measure of Sales Success

Companies today seek to learn all they can about their customers—their preferences, their buying patterns. New technology can help, but such sought-after insight won't come easy.

Knowing Thy Customer

DERIVING INSIGHT ABOUT new prospects and existing customers is key to building a business. Analytics software can benefit sales, marketing and customer service departments by shedding light on customer accounts as well as ways to acquire new prospects.

In the first story in this three-part guide, Lauren Horwitz highlights the new sales tools refining customer prospect generation. "Outbound sales is a tough business," Horwitz writes, and these tools are better assisting companies in lead generation.

Organizations deal with an overabundance of prospective customer data, but they often lack a clear sense of which of those prospects is likely to buy their products. Software that combines data from external databases, public records and an internal CRM database can help predict when potential customers are likely to buy. With better data integration and analytics, companies can also focus on up- and cross-selling opportunities with existing customers, growing the business further.

Geolocation technology collects data about where customers are at any given time. Forward-thinking companies are combining the technology with purchase history to pipe targeted offers to consumers. But there are privacy and security issues, reports Ashley Smith in the second story. Customers are rightfully concerned about how companies are protecting their data—especially given various high-profile security breaches.

Denis Pombriant finishes with an argument for data modeling to bolster sales forecasting and analytics. The key, Pombriant writes, is to model the processes that should be analyzed and define the metrics that give your business the most value. ■

TIM EHRENS
Site Editor, SearchCRM

Companies Turn To New Tools for More Leads

In 2013, Russ Hearl was trying to build a market for his company, Double Dutch, which provides social networking software for events. With a bare-bones team of just three salespeople, cracking into the market required a grueling schedule of cold calls without enough insight into who was being targeted.

"Our sales team was basically lone wolves taking down deals," Hearl, vice president of global sales development at the company, said. "There was no systematic engine of growth."

Because this kind of software is still a young market without a lot of Web presence, building the business through strategies such as search engine optimization—which researches the keywords people use to increase traffic to a company website—was premature. So his wolves needed to build business the old-fashioned way: by getting on the phone and selling the business case for virtual conference software.

A HARD NUT TO CRACK

But outbound sales is a tough business. Making cold calls without knowing more about who is on the other end of the line is inefficient. Double Dutch needed better information to sift through the mountain of prospects—some of whom would never buy anything—and find the conference technology decision makers. A month or so after implementing Salesforce.com, Hearl brought in InsideSales.com lead generation software, which allows his team to identify companies that are ready to buy and, in them, the people with the purse strings.

"I want to minimize wasted effort [in] calling people who have nothing to do with the success of an event," Hearl said. InsideSales allows Double Dutch to identify the number of event planners in those companies and zero in on those prospects. Year to date, Hearl said, with the same budget, marketing has generated just 350 real opportunities. Compare that with the

HOME

EDITOR'S NOTE

COMPANIES TURN TO NEW TOOLS FOR MORE LEADS

LOCATION-BASED APPS PRESENT OPPORTUNITIES—AND DATA CHALLENGES

SALES ANALYTICS, FORECASTING GET A BOOST FROM DATA MODELING

3,000 generated by the sales team.

There is clearly a need to hone the data companies have about customer prospects. According to a 2013 study by Decision Tree Labs, 59% of business-to-business marketers lack confidence in their lead scoring models because of incomplete information, and 44% said they didn't have enough insight into which attributes indicate buying behavior.

"The basic challenge is the curse of abundance," said Brian Kardon, chief marketing officer at Lattice Engines, another lead generation software company. "Sales can call any number of thousands of prospects. The question is, 'Who to call first and who is most likely to buy?' "

AN EMERGING MARKET

InsideSales is one of several technologies designed to aggregate company data—internal and external—and provide better insight into prospects and existing customers. Some call it marketing automation, others refer to it as multidimensional lead generation, and still others call it sales acceleration software.

Whatever you call it, the technology uses data to help companies identify better sales prospects based on complex criteria, deepen relationships with existing customers, and identify problems before they result in customer defections. These technologies combine data from external databases, such as Experian, Dun & Bradstreet, public records and so forth, with a company's internal CRM system, marketing and other customer data.

> **InsideSales.com allows Double Dutch's sales team to identify companies ready to buy and, in them, the people with the purse strings.**

"When Marketo and Eloqua [marketing software services] came on the scene, you would only pass leads over to sales that demonstrated who they were and what they were doing on a company website," said Todd Berkowitz, an analyst at Gartner. "That worked for a while. Then we saw a shift in the buying cycle, where the vendor had less power and buyers had more. And the traditional lead scoring model was called into question."

A handful of startup companies now lay claim to this burgeoning market, including InsideSales, Lattice Engines and Salesfusion. These vendors say they can help companies qualify real leads based on predictive criteria that identify which customers are ready to buy or those that can be sold additional products and services. Juniper Networks, a customer of Lattice Engines, found that new customers ready to buy switches and routers had recently purchased new office space, for example. Other predictors might be filing new patents or receiving government grants. "You're looking for an uptick in activity that indicates a buying cycle," said Lattice Engines' Kardon.

BUILDING BETTER RELATIONSHIPS

SunTrust Bank in Atlanta is a regional bank that relies on deepening customer relationships to generate business. Andrew Yearwood, vice president and business consultant at the company, said that until it started using Lattice Engines the bank was relying on various internal systems to aggregate customer information to prepare for a sales call. The process was time-consuming, inefficient and could evoke enough frustration to stand in the way of getting the right customer information in time.

> **"We saw a shift ... The traditional lead scoring model was called into question."**
> **—TODD BERKOWITZ,** analyst at Gartner

"You've got multiple systems that you had to log into, all with separate logins," Yearwood said. "Some were mainframe and some were Web-based and [had] lots of folder hierarchies—not intuitive to click into the report you wanted." As a result, "most sales people would admit they weren't doing a great job at it," but the "mind-set was, 'The company owes me something to do a better job.' "

Yearwood said with Lattice Engines, salespeople can now use just one system to access information about existing customers and identify which additional products and services they might need.

"If you're a business and you have a checking account, we have a lot of other products that manage your cash flow," he said. "We have reporting to help you run your business, security controls for payments and disbursements, and other services. We can use the data to understand how clients use those tools to run their business or that there is a solution they haven't purchased yet."

"Customer lifecycle management presents a big opportunity for cross-selling and upselling," Berkowitz said. "Not only do you have external data, but richer data within your own database. That can be a powerful predictor."

WEIGH THE PROS, BEWARE THE CONS

Even though these tools have plenty of pluses for those trying to get better productivity and results out of sales teams, the software is still emerging, and it has limitations. At SunTrust, for example, Yearwood said he wants more flexible data views.

While Lattice Engines does "a really good job of showing snapshots," it lacks the ability to visualize trends and time-series data. The ability to see data over time and compare data year over year could lead to a "really rich conversation between a banker and a client when talking about trends in their cash flow or trends in their credit utilization. When you get into those conversations, you get into that adviser, that strategic-type role."

Berkowitz cautioned companies to consider the inherent assumptions that these technology models take in determining criteria. "The biggest issue is that the software is a black box," he said. "Some companies are hesitant to trust someone else's black box model, because these algorithms are the secret sauce." Berkowitz said he's also trying to parse the differences between the vendors in the space.

"At this point, they all sound the same," he said. "But some vendor may come along and say, 'We'll make the algorithms open source and build consulting around it.' That will be a differentiator." —*Lauren Horwitz*

Location-Based Apps Present Opportunities—and Data Challenges

When Bill Schmarzo walks into a Starbucks, as he does at least once every day, the coffeehouse chain's mobile app knows he's there. It pulls up his loyalty card, applies any discounts he has earned and lets him pay for his order.

The app also knows that Schmarzo, CTO of the global services group at technology vendor EMC, doesn't like coffee—he drinks chai lattes.

Starbucks is one of a handful of companies today embracing geolocation apps to better serve customers—and generate more revenue. The apps rely on geolocation technology—which wirelessly detects the location of remote devices, such as a customer's mobile phone—to collect unprecedented amounts of data about customers; early adopters such as Starbucks then uses that data to sell products with tailored perks, rewards and discounts.

Geolocation apps are the long-anticipated next frontier in mobile technology. They stand to shake up industries from retail to healthcare by transforming how companies interact with customers, industry analysts and insiders say. The ability to identify a customer's location at any given time opens up seemingly endless sales, marketing and business opportunities.

"The biggest benefit [of geolocation technology] is the ability to deliver relevant offers to the customer—the right product at the right place at the right time," said Schmarzo, who consults businesses on how to use big data. "If a person is walking in front of a store or within a certain radius, the company can ping them with an offer that's relevant."

But there are roadblocks to widespread use of the technology. For customers, there are privacy and security concerns. And companies face technology issues, from integrating data systems to operating in a real-time environment—crucial for making geolocation work.

WHERE GEOLOCATION PUTS US

Consumers have widely embraced what some call the first generation of geolocation-based apps: We use Google Maps for directions, Yelp for restaurant reviews and even Foursquare and Swarm to earn coupons.

Now location-based taxi apps such as Uber and Hailo have taken off in major cities worldwide. Rather than stand outside trying to flag down a cab, users tap a button on a smartphone and wait until one comes to them.

The next generation of apps stands to broaden the scope of geolocation. Museums and college campuses can use apps to offer virtual tours, while hospitals and casinos can use them to help patrons find their way around.

The latest development is Apple's location-sensing iBeacon technology, which can recognize retail customers as they walk in a store and keep them up to date on sales, offer product reviews or guide them to a specific item.

Melissa Tait, vice president of technology at the digital marketing agency Primacy, said knowing a customer's location enables retailers to target a specific group of people with a specific message. Companies can create personalized offers based on a customer's location and previous buying patterns, she said.

"This is where the future is going, and there's going to be tremendous value [for companies] in connecting where you are with your purchasing patterns," she said. "Some retailers are doing this, but we're not completely there yet."

THE BIG-BROTHER BOTHER

Not all people are comfortable with companies knowing where they are. To some, it's an invasion of privacy. Location-based apps require that users opt in before sharing location information, but some just don't like being tracked.

According to a September 2013 Pew Research Center report, 35% of adults who have downloaded apps to their cell phones have turned off the location-tracking feature out of concern that companies could access that information.

Some customers also have concerns about what companies are doing with the data they collect. Are they selling location-based information to third parties?

Sunday Yokubaitis, president of a company called Golden Frog, which sells Internet privacy and security software, said responsible geolocation services are transparent about how they use the data they gather from apps. They allow users to choose the data they want to be shared, he said.

"Service providers should keep the minimal amount of the data needed to do their service," said Yokubaitis, whose company has lobbied on Capitol Hill for increased user privacy.

Companies are slowly becoming more transparent, but there's still a long way to go. Many people would be surprised if they knew just how much data is collected from geolocation apps and how it's used, Yokubaitis said. For example, many iPhone users don't understand that when they allow push notifications, location data and other information goes not only to the company that owns the app but also to Apple.

Consumers have a responsibility to educate themselves, said Marios Damianides, former president of ISACA, a professional association focused on IT governance. "Like any other kind of information sharing, location-based apps can be tremendously convenient but [are] also risky," Damianides wrote in a 2012 report. "Knowledge is power. People should educate themselves so they can understand how their data is being used or know how to disable this feature."

Schmarzo doesn't see it that way.

"My impression is that 99.9% of people don't care," he said. "They have already resolved that these companies are gathering information about them. They care more about how the company is using the data to provide them value."

But experts agree that giving up privacy is a tradeoff. Consumers don't want to share location information unless they're getting some kind of valuable offer or deal.

FINDING THE WAY

Privacy is far from the only hurdle for geolocation-based apps. There are security issues as well. People don't want a location-based app to know that their 15-year-old is at the mall or that their house is unoccupied because they're vacationing in Florida, Schmarzo said.

And for companies, there are data, technology and workflow barriers that can undermine sales and marketing campaigns based on the technology.

For geolocation-based marketing to work, companies must have detailed and specific information on each customer's buying habits and preferences, Schmarzo said. Sending a coffee coupon to a Starbucks regular is pointless if the person, like Schmarzo, is a tea drinker.

Often, he said, companies don't have the kind of detailed and segmented data they need to deliver offers that are relevant to a particular set of consumers. Instead, the application might ping all 200 people within a certain radius and send a generic offer.

"It's the lazy person's way," he said.

Data integration presents another challenge, Primacy's Tait said. How do companies organize all the data from geolocation-based apps and integrate it with their existing CRM data? All customer data needs to be in the same place to make the most of geolocation.

Some companies are better at data integration than others. The ones that struggle are often those that opt for the lowest-cost system—or those with teams that don't talk to one another. The mobile apps team needs to share information with the marketing and website teams, she said.

"It's all about communicating and figuring out how to connect all of that," Tait said. "That's the biggest hurdle on their end. How

When customers lose faith, there's little that insightful technologies like geolocation can do to guide them back.

do you organize? ... How do you get all the data together? Some companies are a bit apprehensive," she said.

And then there's learning to operate in a real-time environment. It doesn't do any good to know that a potential customer walked past your dealership two days ago, Schmarzo said, but most organizations still don't have real-time environments.

"You can't do location if you can't do real time," he said.

The final ingredient to successful geolocation-based marketing is trust. Customers are far more likely to give out their location if they trust a company's brand.

Experts agree that companies have to earn consumers' trust by responsibly handling their personal information—and that even reputable companies with established brands can easily lose that trust, as the Target data breach in late 2013 shows. Failing to be transparent about how data is being used can quickly erode customer faith. And when that happens, there's little that insightful technologies like geolocation can do to guide them back.

—Ashley Smith

Sales Analytics, Forecasting Get a Boost From Data Modeling

As analytics companies have brought a series of offerings to market, sales forecasting has come into sharper definition. You can use analytics in a couple of ways, and in forecasting the differences are important.

The first approach uses analytics to identify correlations in a data set. It's a good first approximation because some correlations provide insights into buying behaviors. We see this approach whenever we look for things like average time in a sales phase or collateral activities or purchases: Customers often buy milk when they buy cereal, for example.

Note the use of "often": The correlations don't always work, and they don't always inform us about actual buying activity. They tell us only, on average, what's going on. So, for instance, they are silent when it comes to informing us about why something that correlates goes down the drain. For better insight, you need a model.

WINNING ANALYTICS

Models are the first step in analytics automation. Models make weather forecasting reliable today. Forecasters have sophisticated models of the interactions of oceans, land and atmosphere that analytics churn through to arrive at a forecast. Sales predictions? Not so much.

The model of a successful sales deal should be a company's sales process, and you can derive a great deal of insight from your past successes and failures using your process. Applying analytics to well-formed sales data is the essence of forecasting. But, recent CSO Insights data indicates that only half of sales organizations have a well-defined sales process backed up by sales force automation. This means half the organizations don't have a reliable sales model to run analytics against. You might say, so what? But with only about 60% of reps making quota on average (again according to CSO Insights data), there's plenty of room for improvement—and organizations that have well-defined processes also have fewer losses as well as more wins.

My point is if you can combine the idea of modeling with analytics, your numbers should improve. At least that's the idea behind new analytics software companies like Aviso. Founded by Aerial rocket scientist K.V. Rao and Andrew Abrahams, who led quantitative research and model oversight at JP Morgan Chase, the company doesn't stop at collecting sales data. It also includes a portfolio of other stuff like economic conditions and installed base business opportunities to render what it calls "total revenue intelligence." Aviso is in its early days, though it has a handful of customers who say the approach—that a good model trumps everything—works.

MODEL REQUIREMENTS

Aviso isn't the only vendor taking a more or less portfolio approach—though others might not use the term. Totango focuses on a portfolio of indicators from the customer base to provide a health score that can predict things like churn and attrition to help vendors hold on to subscribers.

Scout Analytics has the same kind of modeling process, which it features as metrics. Putting multiple metrics together gives a model of a business process oriented to customer retention and high predictive value for what the customer will do next.

If you can combine the idea of modeling with analytics, your numbers should improve. At least that's the idea behind new analytics software companies.

Which is right for you? The essential points are that you'll need to model the processes you expect to analyze, and at the same time that you build your model you should define metrics and their parameters. If you can't do the latter, the former doesn't make sense. If you can, analytics makes more sense because the correlations you identify will truly indicate causation, and that's your sweet spot.

—Denis Pombriant

LAUREN HORWITZ *is an executive editor for SearchCRM. Email her at lhorwitz@techtarget.com and follow her on Twitter: [@lhorwitz](https://twitter.com/lhorwitz).*

ASHLEY SMITH *is a Boston-based freelance writer, scribing for consumer- and business-focused websites, news organizations and public relations firms. Prior to freelancing, Ashley spent seven years as a reporter and editor for* The Telegraph, *a daily newspaper covering Nashua, N.H.*

DENIS POMBRIANT *conducts research in emerging areas of front office technology and business and he consults regularly with many of the leading companies in CRM. Follow him on Twitter: [@denispombriant](https://twitter.com/denispombriant).*

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Linda Koury | *Director of Online Design*

Neva Maniscalco | *Graphic Designer*

Doug Olender | *Publisher* | dolender@techtarget.com

Annie Matthews | *Director of Sales*
amatthews@techtarget.com

TechTarget
275 Grove Street, Newton, MA 02466
www.techtarget.com

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