

June, 2010

## Marketing Automation 101: Ensuring Early Success with the Basics; Maturing Your Deployment for Long-Term ROI

Automated lead management technologies are rapidly becoming critical enablers of Best-in-Class performance. While these tools help optimize the delivery of sales-ready leads from marketing to sales, ensuring effective interdepartmental alignment during the early stages of a marketing automation deployment are crucial to validating the investment and creating long-term value for the overall team. This Analyst Insight explores a series of Aberdeen research studies that address the processes, organizational structures and technology trends among top-performing companies, and their use – both tactical and strategic – of marketing automation.

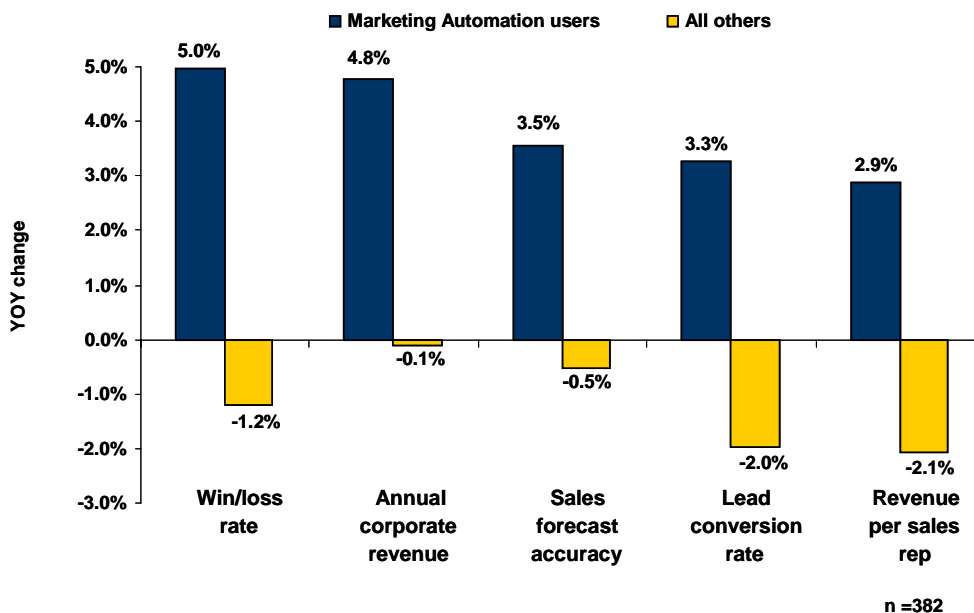
### Analyst Insight

Aberdeen's Insights provide the analyst perspective of the research as drawn from an aggregated view of the research surveys, interviews, and data analysis.

### Identifying the Best-in-Class Sales/Marketing Performers

The most recent Aberdeen research, conducted for the upcoming benchmark study *Sales Forecasting: Analytics to the Rescue!* (June, 2010) includes significant findings regarding the relative performance of companies using marketing automation, versus those that don't.

**Figure 1: Marketing Automation Users Grow Their Business**

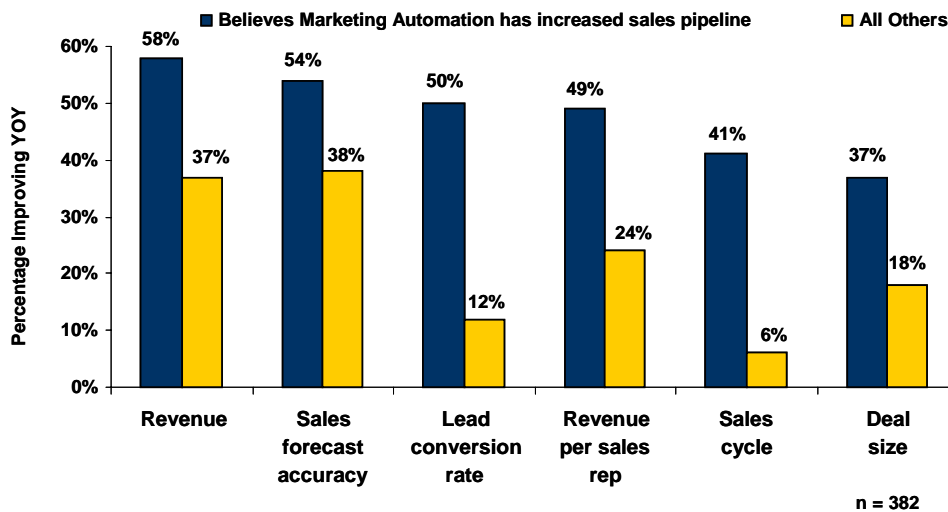


Source: Aberdeen Group, May 2010

As Figure 1 details, the former set of organizations have achieved measurable year-over-year growth around a number of key performance indicators (KPI's), even considering the recent severe economic recession's impact on corporate growth in general. While metrics such as corporate revenue and revenue per sales rep fall into a "sales effectiveness" type of KPI's, the marketing organization should certainly take a degree of credit for overall efficiencies tracked by win/loss and lead conversion rates – these are the direct result of smarter lead development, nurturing and transition practices – as well as by sales forecast accuracy, which uses better upfront marketing data regarding opportunities to more effectively predict deal closure results. It should be noted that only a third of marketing automation users have enabled their tools for more than three years; another third are yet to see the first anniversary of their deployment but yet still see these results.

Indeed, while sales professionals outnumbered marketers six-to-one among survey respondents, the overall impact of marketing automation on developing this pipeline more effectively is evident in Figure 2, in which individuals indicating this trend show better performance than other companies. Of particular interest are metrics such as sales cycle and deal size, for which significantly larger marketing automation "believers" achieved annual growth. These two measurements might traditionally be considered the domain of only the sales team, which usually tracks the cycle only from the time of receiving an accepted lead from marketing and certainly wants to maximize the average selling price; yet a marketing influence on these tangible business results is undeniable.

**Figure 2: Sales Pipeline Enhancement Translates into Measurable Gains**



Source: Aberdeen Group, May 2010

**Aberdeen's PACE Methodology**

Aberdeen applies a methodology to benchmark research that evaluates the business pressures, actions, capabilities, and enablers (PACE) that indicate corporate behavior in specific business processes:

- ✓ Pressures — external forces that impact an organization's market position, competitiveness, or business operations.
- ✓ Actions — the strategic approaches that an organization takes in response to industry pressures.
- ✓ Capabilities — the business process competencies (process, organization, performance and knowledge management) required to execute corporate strategy.
- ✓ Enablers — the key functionality of technology solutions required to support the organization's enabling business practices.

## The \$64,000 Question: What is a Sales Lead?

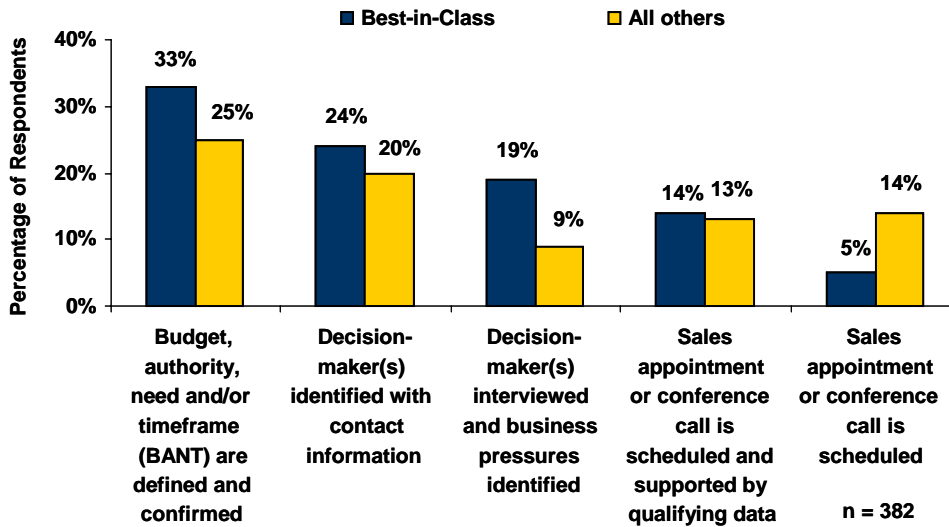
An age-old debate that can yield a different answer for every industry, product and company, focuses on how to define a marketing-generated lead that is considered “sales-ready,” “sales-qualified” or some other form of acceptance by a field sales rep or channel partner tasked with closing any given sales opportunity.

### Best-in-Class: Inside Sales Enablement

Aberdeen's Inside Sales Enablement research determined Best-in-Class companies by selecting the 20% of all respondents that reported the most successful business results, including:

- ✓ 87% of inside sales reps currently achieve annual quota
- ✓ 17% average growth in overall corporate revenue; 80% have shown improvement
- ✓ 7% average increase in lead conversion rate (pass-through to closers); 47% have shown improvement
- ✓ 6% average improvement in win-loss ratio; 50% have shown improvement

**Figure 3: Lead Definition by Best-in-Class**

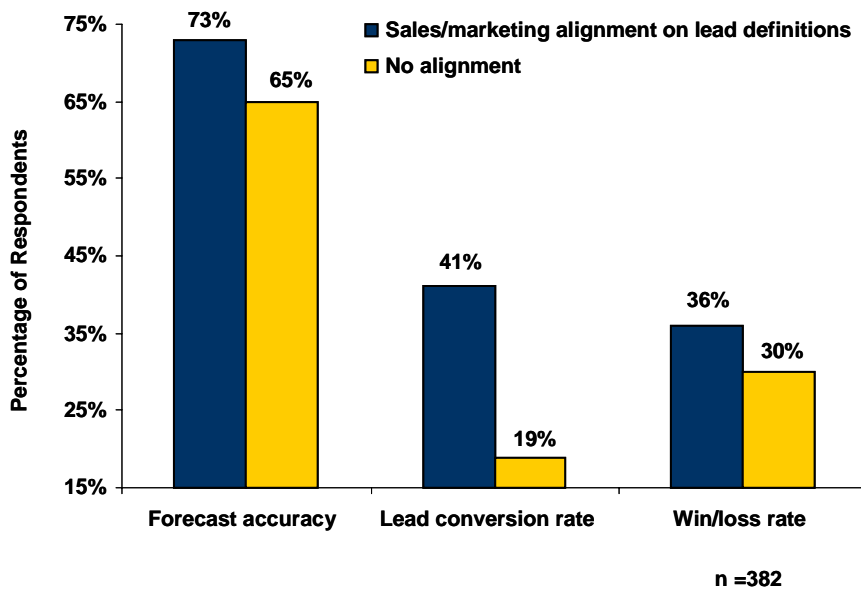


Source: Aberdeen Group, May 2010

When separating out the Best-in-Class (see sidebar) from other companies among the Sales Forecasting survey respondents, Figure 3 lends credence to the value of investing in any methodology that adds context and depth to marketing-generated leads. The lead definitions of aggressive top performers focus on substantive aspects of sales leads such as specific qualifying information (BANT criteria), identification of business pressures, and ensuring that any tee'd-up appointment or call is supported by qualifying data. Lower-level performers, however, are nearly three times more willing than the Best-in-Class to accept simply a scheduled appointment as a sales lead, without any accompanying business intelligence about their prospect. In the world of marketing automation, the ability to identify, reach and nurture prospects on behalf of sales “closers” includes tools and processes to ensure the delivery of robust prospect or buyer information along with any sales-accepted lead.

In any case, what truly matters about lead definitions is that marketing and sales teams come to a formal agreement about their meaning, and collaboratively determine the nature of stages of deepening prospect engagement, as seen by the business results (Figure 4) of organizations that support or de-emphasize this kind of initiative. These are process-oriented outcomes, rather than accomplishments that are yielded simply by deploying technology alone.

**Figure 4: Lead Definition Collaboration Yields Benefits**



Source: Aberdeen Group, May 2010

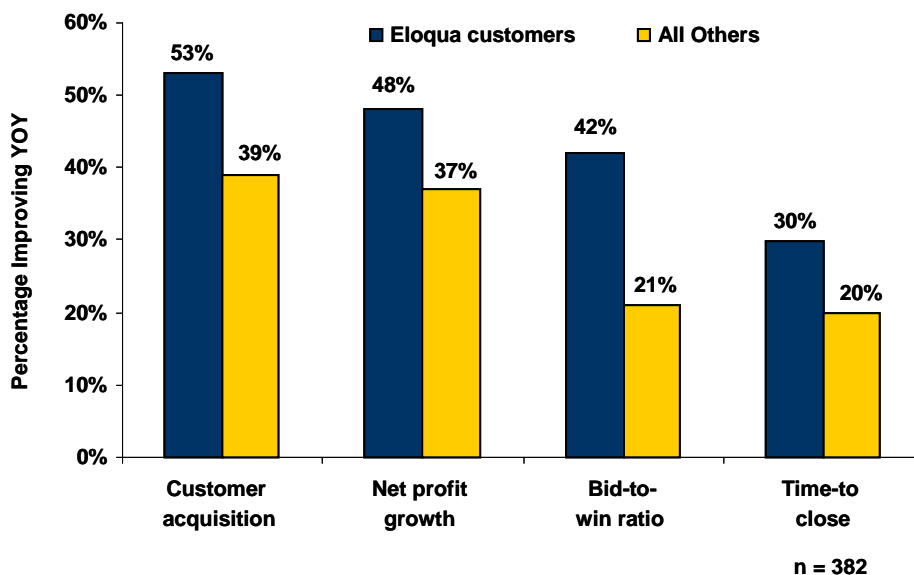
**Fast Facts: Marketing Automation**

- ✓ Among users of marketing automation, the Best-in-Class see an average of \$360,000 per year in additional revenue or marketing-oriented cost savings, compared to \$272,000 for Laggards.
- ✓ Companies in which Sales believes the quality of leads has improved as a result of their marketing automation deployment report:
  - 107% better lead conversion rate
  - 40% greater average deal size
  - 20% higher team attainment of quota
  - 17% better forecast accuracy

**Marketing Automation in Action**

Within the research for the Aberdeen benchmark study *Inside Sales Enablement: "Let Them Drink Coffee!"* (December, 2009), 44 users of Eloqua's marketing automation technology participated in the survey process and provided insight into their performance and behavior.

**Figure 5: Eloqua Customers Out-Perform Others**



Source: Aberdeen Group, May 2010

As Figure 5 reveals, more Eloqua customers grew their year-over-year performance around revenue, sales cycle and sales effectiveness metrics than other companies, by an average delta of 54%.

According to an analysis of Eloqua customers in [\*Lead Lifecycle Management: Building a Pipeline that Never Leaks\*](#) (July 2009) 45% of them deploy automated lead scoring to manage lead nurturing programs, compared to 26% of non-Eloqua customers, and are 43% more likely (60% vs. 42%) to have formal processes for when and how leads will be transferred to sales.

## Case in Point: Infoblox

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Consider the case of Infoblox, a provider of platforms for core network services such as domain name resolution and IP address assignments. According to Nicolas Draca, Director of Marketing Operations, the company has long understood that in order for its Marketing and Sales teams to work together, a common language regarding lead generation, nurturing and revenue attainment is essential. “Marketers get legitimately excited about a lot of terms – implicit scoring, click-throughs, sales-qualified leads – that are thrown around quite liberally,” he says, “but are we doing an adequate job providing Sales with what they need to close business as efficiently as possible?”

With a unified deployment of Eloqua for marketing automation and Salesforce.com for CRM, Infoblox has endeavored to create a seamless and measurable record of every Marketing-generated opportunity that moves to the Sales team. Draca explains that “we measure everything on our side – sales cycle, conversion rate, cost per lead, cost per opportunity – so we can understand the business cycles, and ultimately demonstrate the exact contribution by Marketing to both the Infoblox pipeline, as well as to actual revenue.” By adhering to sales-friendly language in the definition of lead stages, Draca uses revenue-centric terms such “prospect,” “lead,” “meeting,” “opportunity created” and “opportunity won” to build trust among all parties that their common goals are being addressed with mutually acceptable tactics.

One interesting aspect of Infoblox’s lead lifecycle management process is that sales reps cannot create new records in the CRM, Draca reports, because this ensures that the relevant prospect record is always connected between the marketing automation platform and the resulting revenue. “You want to be sure that the source is correct,” he continues, “so there is never a question about the source of a closed deal.” Another highly simplified process is in the company’s lead definition protocol: following the “KISS rule,” Draca says, “our marketing-generated leads are simply considered ‘hot’ or ‘not.’ If a lead is ‘hot’ then Inside Sales owns it until a meeting is set; otherwise Marketing holds on to it indefinitely. It’s a simple matter of defining an acceptable lead and accepting culpability for those you currently own.”

Finally, concludes Draca, “most companies don’t measure what they do around lead scoring; you need metrics to look at before-and-after, such

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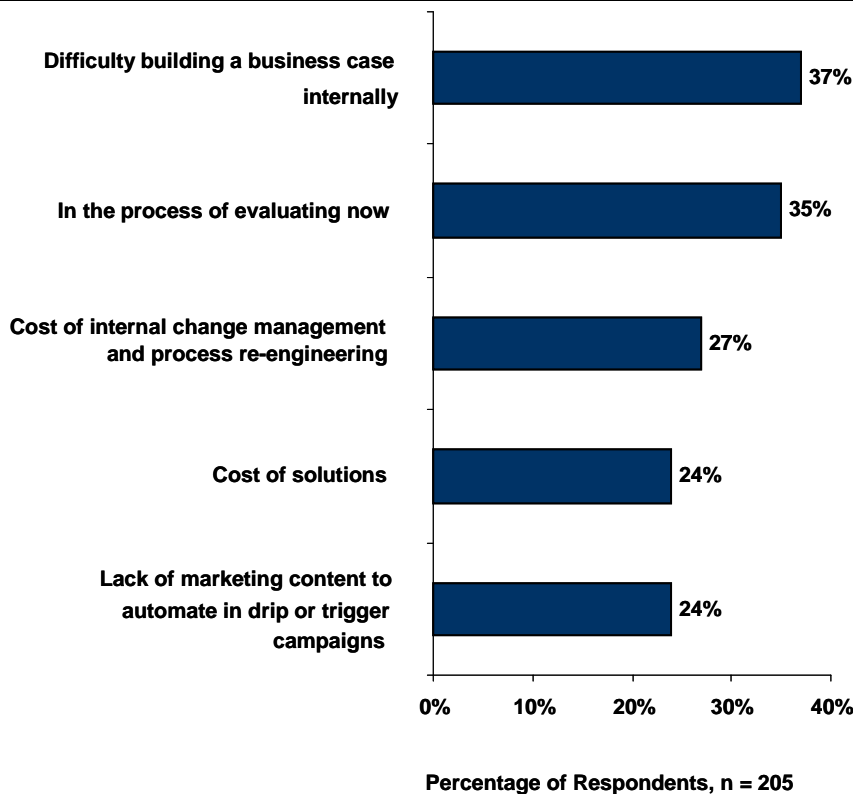
~ Nicolas Draca, Director of Marketing Operations, Infoblox,

number of meetings set by inside sales” and their impact on revenue over time. “If you do a good job on generating, scoring and nurturing your leads, your inside sales team will be more efficient, and marketing effectiveness will clearly grow as a result.” Infoblox uses their Eloqua/Salesforce system to generate board-level reports proving out the impact of Marketing’s contribution to both pipeline and revenue.

## Summary

Despite compelling data supporting the revenue performance value of marketing automation systems, the Lead Lifecycle Management research shows that many companies still perceive the barriers detailed in Figure 6 as too cumbersome to overcome in deploying even a basic solution. These companies are well-advised, however, to consider the experience of peers such as InfoBlox, as well as the performance data, above, that associates marketing automation use with stronger bottom-line performance and measurable marketing effectiveness. Combined with best practice processes, such a technology deployment has the optimal opportunity to create identifiable business value.

**Figure 6: Perceived Challenges to Implementing Lead Management**



Source: Aberdeen Group, July 2009

For more information on this or other research topics, please visit [www.aberdeen.com](http://www.aberdeen.com).

#### Related Research

[Lead Lifecycle Management: Building a Pipeline that Never Leaks](#) (July 2009)

[Marketing Automation: A Strategic Guide for Optimizing End-To-End Marketing Activities](#); April 2009

[Providing a 360° View of the Customer: Better Service - Higher Sales](#) March, 2010

[Sales Intelligence: Preparing for Smarter Selling](#); February, 2010

[Inside Sales Enablement: "Let Them Drink Coffee!"](#); December 2009

[Sales Training: Translating Tribal Selling Knowledge Into Bottom-Line Productivity](#); September 2009

[Sales Effectiveness: Pathways to Productivity](#); September, 2008

[Sales Analytics: Hitting the Forecast Bulls-Eye](#); July, 2008

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