

December 9, 2011

Automating Lead-To-Revenue Management

by Lori Wizdo
for Technology Marketing Professionals

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with Peter O'Neill, Peter Burris, Zachary Reiss-Davis, and Sophia I. Vargas

EXECUTIVE SUMMARY

The challenge of accelerating revenue in the face of rapidly changing buying behaviors and an exploding number of marketing vehicles is driving technology product and service companies to refine (and sometimes define) their lead-to-revenue management (L2RM) process. L2RM calibrates marketing and sales activities around a common success factor — revenue. The optimized process is yielding bigger pipelines, shorter sales cycles, higher transaction values, and improved customer retention rates. A myriad of marketing automation vendors are vying to claim leadership in providing the software platforms to automate this critical marketing process. These marketing automation vendors are rapidly integrating broad-reaching capabilities across a wide swath of marketing and sales automation categories to meet this need while streamlining and integrating the work of sales and marketing. But there is still work to be done. Tech marketers need to understand both the roots (current strength) and the vision (future strengths) of marketing automation vendors before investing in software technology to automate their L2RM processes.

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NOTES & RESOURCES

In preparation for this report, Forrester interviewed several vendors, users, and marketing services/implementation agencies.

Related Research Documents

["B2B Marketers Must Better Prepare For Marketing Automation"](#)
April 26, 2011

["Lead-To-Revenue Management Transforms Tech Marketing"](#)
December 22, 2010

["B2B Lead Management Automation Market Overview"](#)
September 22, 2009

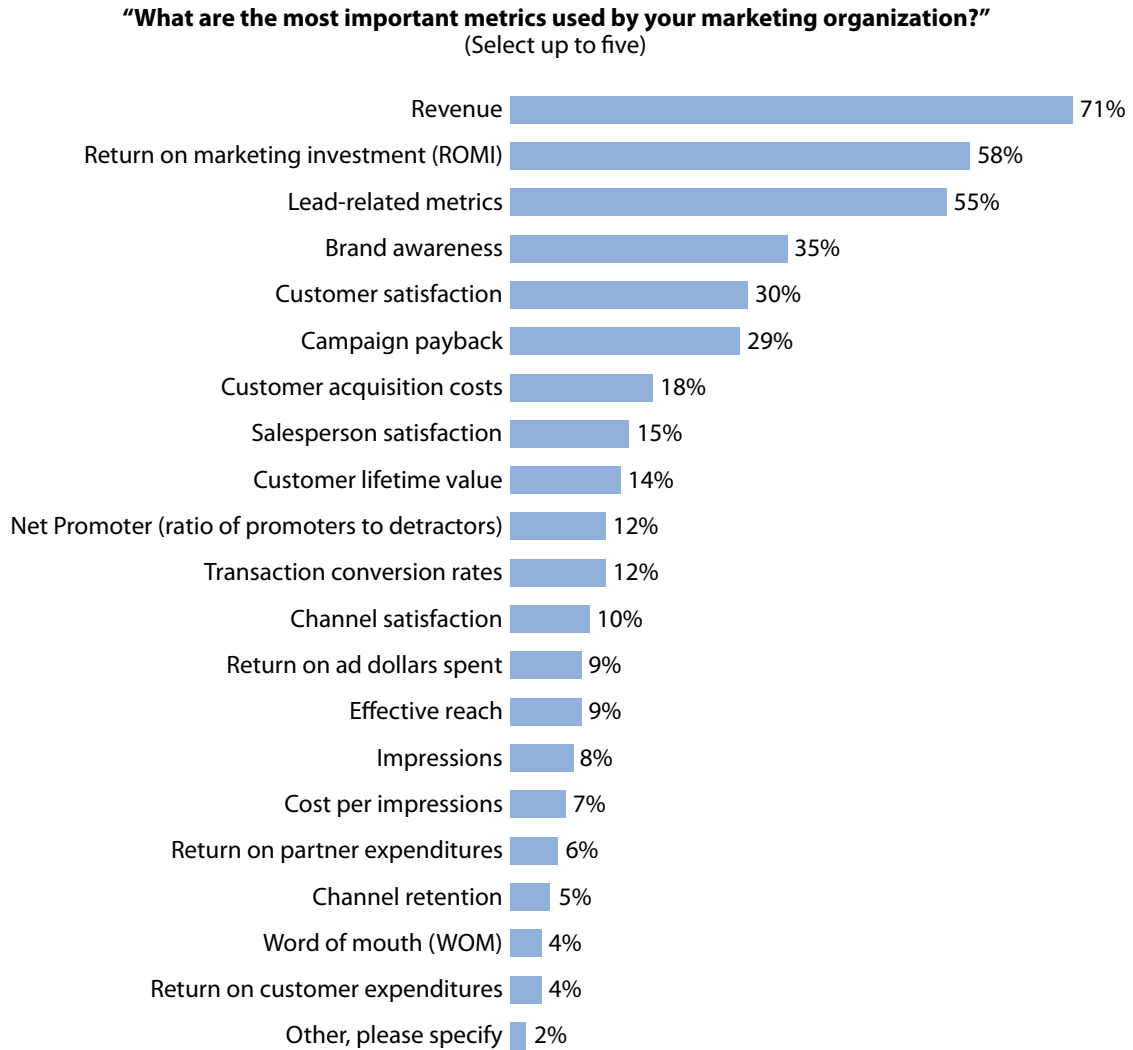


L2RM DRIVES REVENUE ACROSS THE CUSTOMER LIFE CYCLE

Tech marketers have realized that a direct, visible connection between marketing programs and revenue impact is the key to relevance at the executive and board levels.¹ To become and remain relevant, tech marketers are becoming more focused on marketing-attributed revenue — the proportion of total revenue catalyzed by marketing investments — as a key measure of marketing success (see Figure 1).

Driving revenue performance means more than just increasing revenue; it also means ensuring that revenue goals are met on time and that revenue is maximized throughout all stages of the customer life cycle. These complex, interrelated goals require an integrated, holistic revenue management approach that spans the marketing, sales, and service organizations of a tech vendor. It means controlling the process from first customer awareness through consideration to purchase to ongoing revenue generation from loyal customers (see Figure 2).² Although marketing, sales, and service have different areas of focus in the process, they are jointly responsible for the revenue success of their organization.

Figure 1 Tech Marketers Set Revenue As The Key Metric For Success



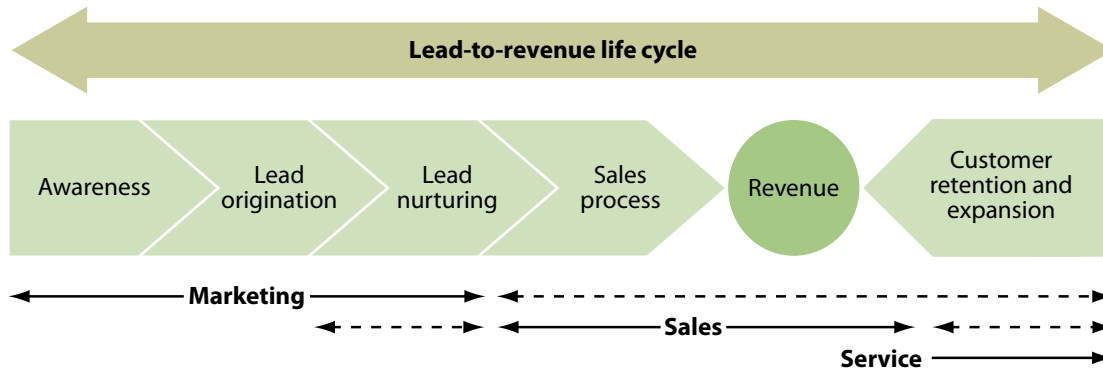
Base: 373 marketing executives at North American and European high-tech B2B companies with 100 or more employees

Source: Q4 2010 North American And European B2B Marketing Organizations And Investments Online Survey

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Source: Forrester Research, Inc.

Figure 2 L2RM Is A Complex, Cross-Organizational Business Process



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Source: Forrester Research, Inc.

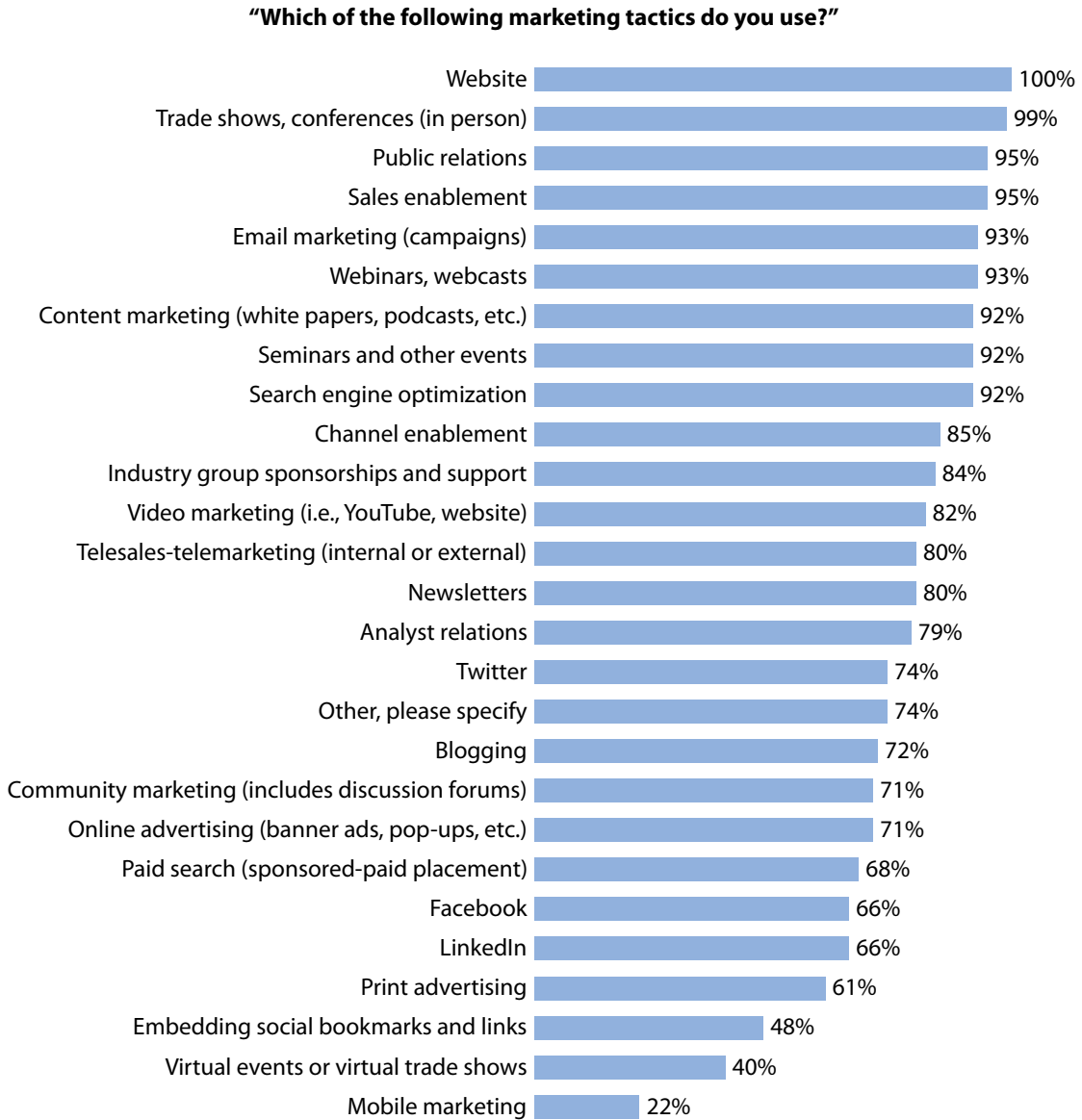
TECH MARKETERS STRUGGLE TO IMPLEMENT END-TO-END L2RM PROCESSES

Despite the focus on marketing attributed revenue, tech marketers are having trouble implementing effective L2RM processes to improve marketing outcomes. This is a critical inhibitor to a tech marketer's and his or her company's success. On average, tech marketing is generating only 27% of the sales pipeline.³ When Forrester asked marketing leaders at 373 technology firms about the marketing-sales relationship, only 12% of tech marketers reported a "very strong" relationship with sales on administering leads and lead pipelines, while 46% reported having a weak or mixed relationship. Half reported that they cannot get strong or very strong agreement with their sales counterparts on something as fundamental as business targets.⁴ There are some fundamental reasons for these problems:

- **The tech marketing mix is a mess.** Not too long ago, customers had a limited range of information options. The emergence of social media has dramatically altered and increased information flow in the tech industry. Anticipating where customers will go for information, and what they'll want when they get there, is straining tech marketing's ability to devise and execute an effective marketing mix across these new, and expanding, channels. Figure 3 demonstrates the wide range of marketing tactics that tech marketing pros deploy to attract, engage, and persuade their market, while Figure 4 gives some insight as to how these tools are deployed across the L2RM cycle (see Figure 3 and see Figure 4).
- **Opportunity pipelines lack integration and integrity.** Marketing's visibility into leads after they are handed off to sales has been limited at best; in many organizations, it's a complete blind spot. The lack of visibility prevents marketers from thoroughly testing and assessing campaign and program business results. Consequently, marketers stay focused on suboptimal measures (like page views) and never fix the gaping leaks that drain opportunities out of pipelines.

- **Customer engagement is haphazard.** When marketers cannot measure prospect and customer engagement across email, websites, and social channels, they cannot devise executable approaches to sustain profitable engagement across the entire customer life cycle. Consequently, marketers lose (or never gain) the capacity to effectively nurture customers as part of their strategic efforts to guide portfolio investments, accelerate sales velocities, prioritize market opportunities, and shape customer outcomes.
- **There are too many overlapping and loosely integrated tools.** Today, marketers have access to an overabundance of marketing tools, each of which automate a portion of the end-to-end L2RM process. This forces tech marketers to build skills around each tool, integrate the data from each, and compile them into a cogent perspective about status and results to drive continuous process improvement.

Figure 3 Tech Marketers Use A Wide Variety Of Tools And Tactics To Engage Prospects



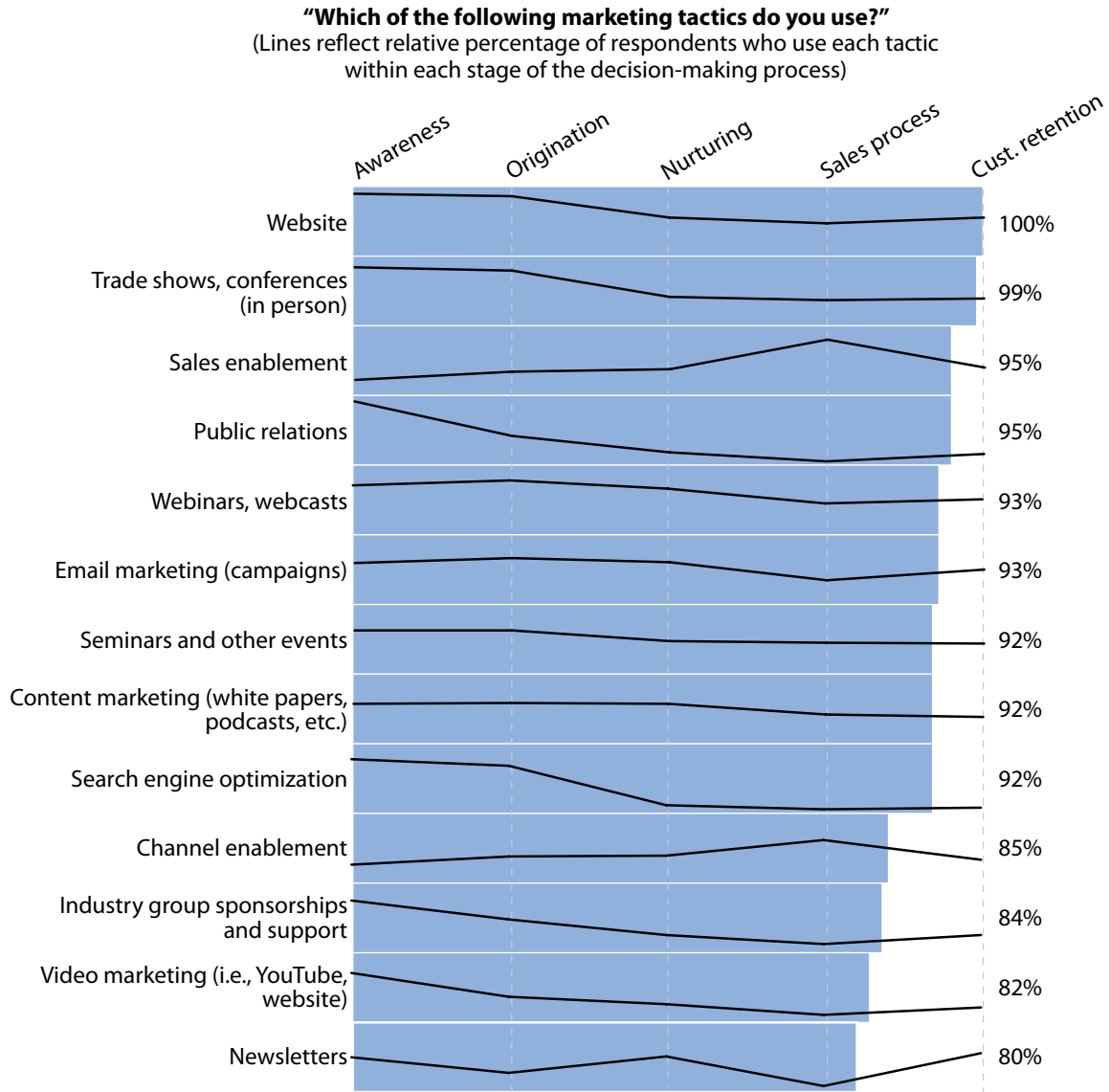
Base: 136 marketing decision-makers at North American high-tech B2B companies with 100 or more employees

Source: Q1 2011 North American B2B Technology Marketing Tactics And Benchmarks Online Survey

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Source: Forrester Research, Inc.

Figure 4 Use Of Tactics Varies Significantly Across The L2RM Cycle



Base: 136 marketing decision-makers at North American high-tech B2B companies with 100 or more employees

Source: Q1 2011 North American B2B Technology Marketing Tactics And Benchmarks Online Survey

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Source: Forrester Research, Inc.

MARKETING AUTOMATION VENDORS AIM TO SIMPLIFY

In 2009, Forrester published its “B2B Lead Management Automation Market Overview” report. Since then, marketing automation vendors have evolved their capabilities and integrated a wide array of technologies and point solutions into more unified platforms to meet the challenges of managing end-to-end L2RM processes. But no one vendor has reached the goal of a fully integrated platform. Therefore, technology marketers who are automating their end-to-end L2RM process will still have to take ownership for architecting their own L2RM business system, which Forrester defines as:

Integrated tooling and process automation that helps B2B marketers improve revenue performance with a holistic or tightly integrated set of tools that attract and qualify potential customers, generate new business opportunities, and improve a buyers’ propensity to purchase, while coordinating marketing, sales, and service activities throughout the customer life cycle.

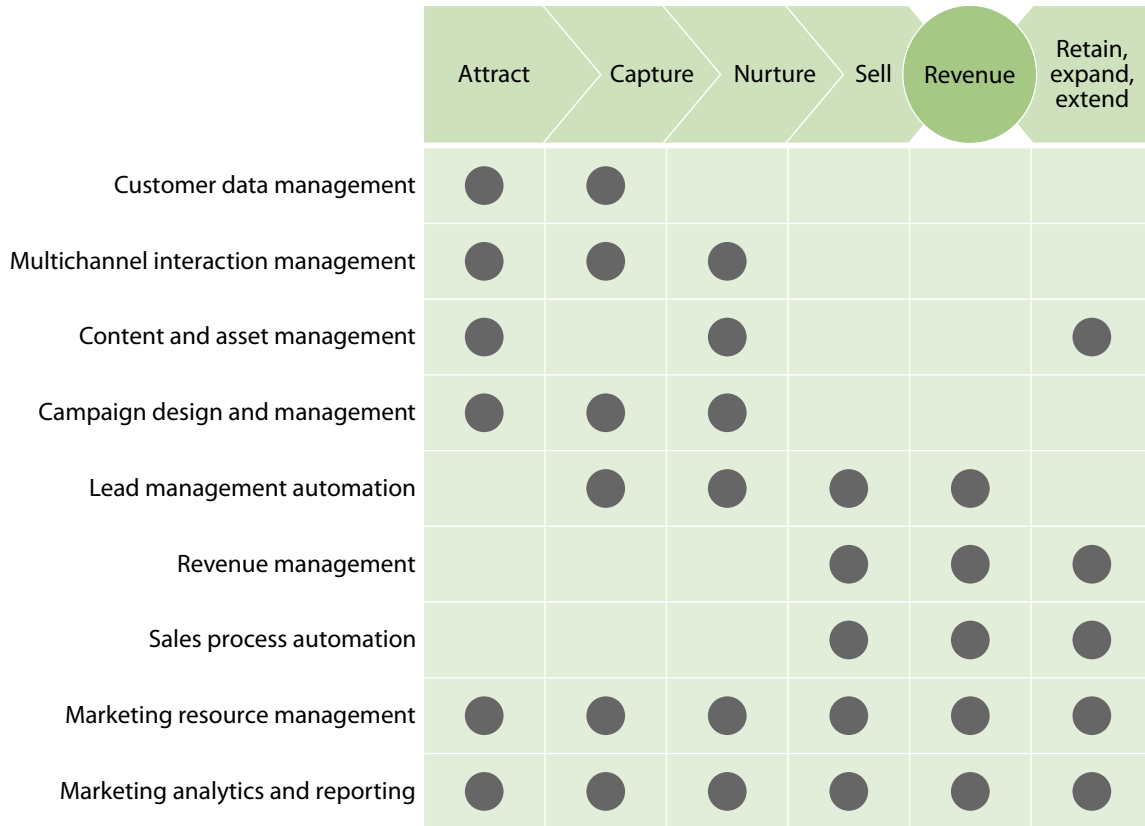
To enable tech marketers to better understand how marketing automation capabilities work together to meet the key requirements for managing the lead-to-revenue process, Forrester has created the L2RM business system framework (see Figure 5).

The key capabilities included in the L2RM business system framework are:

- **Customer data management.** This includes tools to access vetted (accurate and complete) company and contact data that can be integrated with existing customer data sources to build highly targeted lists and gain actionable insights on people and companies.
- **Multichannel interaction management.** This type of management facilitates the ability to analyze customer interactions through multiple marketing channels such as a vendor’s website, email, video, pay-per-click, blogs, and social media sites (e.g., Twitter, Facebook, and LinkedIn). This capability abstracts the channel from the campaign, allowing marketers to create multichannel campaigns while providing an integrated view of buyer behavior.
- **Content and asset management.** This encompasses the capabilities to manage marketing and sales assets — such as marketing content, collateral, copy, templates, video, images, and logos. These tools help manage the collaborative development, version control, localization, approvals, and providing controlled access.
- **Campaign design and management.** These tools enable sophisticated segmentation by making it easier to create and refine lists from the customer database, design campaign elements, and tests offer. These tools leverage a workflow-based approach to campaign execution across various stages of the lead-to-revenue life cycle utilizing multiple marketing channels and tracking milestones.

- **Lead management automation.** This functionality helps marketers capture and advance early-stage prospects to maturity as a sales-ready lead with features like lead scoring, lead routing, and lead nurturing with time or event-triggered touches, and closed-loop lead tracking.
- **Revenue management.** These tools add a revenue-tracking dimension with the ability to establish revenue goals, plan interim lead-stage goals to meet revenue targets, segment and track leads throughout the entire lead pipeline and sales process, and measure campaign effectiveness and impact on revenue.
- **Sales process automation.** These capabilities are necessary for good sales/marketing alignment, adding the ability to interact with the direct and indirect sales channel process; route leads to the appropriate sales channel; alert sales to leads that require action; monitor sales acceptance; track leads through the sales process; provide sales with visibility to prospect data, interaction history, and buying intent; and reroute or escalate based on preset or custom rules.
- **Marketing resource management.** This functionality adds a management capability that enables marketing planning, financial management, and vendor/agency management.
- **Marketing analytics and reporting.** This capability offers reports, charts, and dashboards that allow marketers and sales to develop insight and intelligence about prospects/customers, activities and investments across the entire lead-to-revenue life cycle.

Figure 5 The Lead-To-Revenue Management Business System Framework



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Source: Forrester Research, Inc.

CONFUSING VENDOR LANDSCAPE AND IMMATURE BUYER APPROACHES IMPEDE ADOPTION

The market adoption of automation for the L2RM process has been slow — many products have been around since the late 1980s — even though significant business benefits are realizable. Both sellers and buyers of these technologies have contributed to the slow adoption. On the seller side, vendors are approaching the L2RM challenge from multiple, often inconsistent, directions, each carefully constructed to pay homage to their legacy. On the buyer side, tech marketers too often suboptimally implement marketing automation solutions, limiting their utilization to serve status quo approaches to achieve marketing activity goals (e.g., name collection at an industry event) and not overall L2RM optimization objectives.

Marketing Automation Vendors And Their Portfolios Create Confusion For Tech Marketers

The marketing automation vendor landscape is confusing for several reasons:

- **New lead management solutions overlap with solutions that tech marketers currently use.** To create the broad-reaching capabilities needed to automate L2RM, the vendors have integrated features from many other well-established marketing automation categories. Although in most cases they do not deliver the depth of functionality of a pure-play vendor, they deliver enough functionality for the marketer to manage the demand flow. For example, all potential L2RM automation vendors provide web monitoring/analytics to determine who is visiting your website, what pages they are viewing, and how long they spend on each page. These same features are delivered by the web analytic pure-play vendors in addition to many other web analytics capabilities. For many firms, what the lead management automation vendors provide is sufficient. This overlap also confuses buyers as they believe that they have already purchased that capability.
- **Marketers are bombarded by an ever increasing number of new solutions.** The market potential for L2RM automation solutions is attracting significant new investments from venture capital firms, which is both increasing the promotional noise and creating a spate of new entrants. For this report, we interviewed 19 vendors, and since we started writing it, there have been additional vendors that have been launched. This large number of vendors makes creating a shortlist of vendors a difficult task for firms to wade through.
- **Functionality options vary based on delivery platform.** Marketing automation solutions have been around in various forms for years, largely built atop complex database implementations that presume significant investments in on-premises hardware and software products. However, L2RM automation lends itself nicely to cloud-like implementation, which a number of fast growth vendors have exploited. As a result, more mature players are rapidly moving to deliver their products for cloud deployments and SaaS delivery models. However, not all features are always available in all delivery options, which creates some confusion. Tech marketers need to ask for clarity: 1) What features do you have now? 2) What features are you going to have? and 3) What parts of your current product and future road map are available in your cloud/SaaS versions?
- **Vendors make it sound easy.** In a rush to drive sales in a competitive environment, vendors make the adoption of their platforms sound “quick and easy.” For smaller firms with basic requirements, getting an email campaign up and running in a matter of hours may be all the value they desire. However, for larger firms with more complex organizations and sophisticated needs, it will require time and more extensive efforts to achieve success. The reality is that there is a big difference between implementation of technology to speed up tactical execution of marketing tasks and adopting a platform that will enable you to transform the way you manage the lead-to-revenue process.

Tech Marketers Need To Expand Their Focus Beyond Tactical Campaign Execution

Most early adopters of marketing automation technology have implemented basic capabilities around campaign execution and lead scoring. Most of the 13 users of lead management automation technology that we interviewed said that they were either happy to have achieved that minimum level of success or were struggling with how to move to the next level of sophistication. The inability to deliver on the full vision of L2RM automation has significant implications on the ability of users to justify the cost of L2RM automation technology.

Marketers are not taking full advantage of the marketing automation investments they have made because they expect the technology to do the hard work for them. Like most technologies, marketing automation solutions do not deliver business benefits out of the box; the solutions are simply an enabler of business improvement. One VP of marketing interviewed for this report summed it up: “The vendor told us that they could make marketing easy, but marketing is still hard to do.”

Proper implementation of a L2RM business system shifts the way marketing and sales think about demand generation from one-time events and campaigns to developing business relationships over the course of weeks, months, and years. Preparing for an L2RM business system that will accommodate that long-term vision requires marketing and sales teams to give careful consideration to the following:

- **It’s all about the process.** If you don’t have an L2RM process, or if you have a bad process, the L2RM business system will simply help achieve suboptimal performance faster.
- **The customer buying process drives your process.** The marketing-sales process must map to the customer buying process. Understanding the steps in the buyer’s journey will prove invaluable as you define the process steps in your L2RM business system.
- **Marketing needs to think like sales.** As marketing and sales work together to build an integrated L2RM process, marketers need to think more like salespeople so that very early stages of the sales process can be automated into the lead-nurturing process.

RECOMMENDATIONS

MATCH VENDOR CAPABILITIES WITH YOUR REQUIREMENTS AND READINESS

Lead-to-revenue management is a set of disciplines that can be strongly supported by technology, but — despite the claims of many marketing automation vendors — technology per se is not sufficient to make L2RM automation initiatives a success. However, if you are a tech marketer with a commitment to L2RM processes, you will need to implement an L2RM business system to achieve your desired outcomes. The process execution consistency, the metrics, and the analysis that such a solution delivers are pivotal to drive continuous improvement. But to make the most of your investment, keep a few things in mind:

- **Be honest about your marketing process maturity.** With the pressure to deliver more high-quality leads, it's easy to fall into the trap of implementing first and defining the process second. L2RM automation can be a "crawl, walk, run" endeavor. Take a realistic assessment of your current marketing maturity. Aim to automate your current processes first. For instance, if you are currently delivering leads to sales without any significant qualification, it might be challenging to develop a complex, multistep nurturing campaign. Don't try it until you have learned from sales which factors define truly qualified leads.
- **Identify what capabilities you really need.** The vendors playing in the L2RM automation space probably have capabilities that are far more advanced than you can leverage today. And they are likely just as far ahead of what your customers really need for a quality experience that guides them through the buying cycle. For example, social media integration generates a lot of interest and hype; it's cool. But be realistic about what your audience really needs. If your buyer's journey doesn't include participation in social media, then some of those exciting features really don't add value to you or your customer.
- **Develop a marketing automation road map.** Lead-to-revenue management automation is a strategic initiative that affects all customer-facing employees: marketing, sales, and service. Take a strategic perspective. Create an L2RM automation road map and communicate the vision to all stakeholders. Use the L2RM business system framework as a guide to determine your critical strategy development. Align your strategy to the L2RM business process and be sensitive to the organizational and technology changes. Don't try to do this alone. Partner with internal partners (IT, sales, and product management groups) as well as external technology and service providers to refine the strategy.

SUPPLEMENTAL MATERIAL

Vendors Interviewed For This Document

Act-On Software	Neolane
Aprimo	Oracle
Eloqua	Pardot Marketing Automation
eTrigue	SalesFusion
Genius	SAP
HubSpot	SilverPop
LeadFormix	Sitecore
LeadLife Solutions	TreeHouse Interactive
LoopFuse	Unica, an IBM company
Marketo	

Users Interviewed For This Document

Astute Solutions	IBM
Avanade	Kana
Aware Web Solutions	Polycom
BreakingPoint Systems	QlikTech
Capgemini	Radian6
EMC	TechSmith
HA Advantage	

Marketing Services/Implementation Agencies Interviewed For This Document

Launch International	The Annuitas Group
Renaissance Opti	The Pedowitz Group

ENDNOTES

- ¹ In the evolving economy, the Telus Communications B2B marketing organization found that it was more important than ever to crystallize the value of marketing's contribution to the bottom line. The management team evaluated key processes and practices, realigned the department, and implemented new processes, practices, and technologies to meet business goals and demonstrate the contribution of marketing. See the April 14, 2011, "[Case Study: Telus B2B Marketing Demonstrates The Value Of Lead-To-Revenue Management](#)" report.
- ² To get marketing to work more efficiently and effectively with their sales counterparts, Forrester recommends a lead-to-revenue management (L2RM) model and approach that defines processes, goals, and service-level commitments spanning the entire marketing-through-sales process. See the December 22, 2010, "[Lead-To-Revenue Management Transforms Tech Marketing](#)" report.
- ³ Even as the tech industry rebounds and tech marketers report that their budgets generally are growing, tech marketers continue to struggle to reliably transform their marketing expenditures into concrete revenue opportunity for their companies. Poor pipeline measurement and monitoring no doubt contribute to the poor showing, but the simple fact is this: Industrywide, technology marketers know (tech marketers were the respondents here) that generally they're not demonstrably creating customers for their businesses at rates that should encourage CEOs to invest greater resources in marketing. See the August 2, 2011, "[The Pipeline Is Less Than Half Empty](#)" report.
- ⁴ Forrester's Q4 2010 North American And European B2B Marketing Organizations And Investments Online Survey was fielded to 563 B2B marketing executives located in Canada, France, Germany, the UK, and the US from SMB and enterprise companies with 100 or more employees, including 373 respondents in high-tech industries and 190 respondents in other industries. See the February 1, 2011, "[Investing In Tech Marketing, 2011](#)" report.

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