



## Marketing ROI For Lead Generation

October 1, 2007



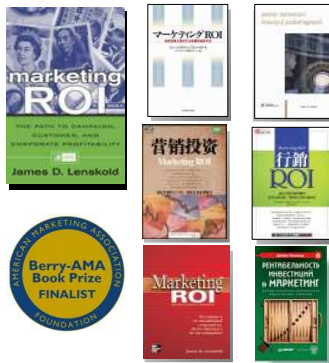
**Lenskold Group**  
Innovating the path to marketing profitability.



*"One of the top 5 most influential marketing books of 2004"*

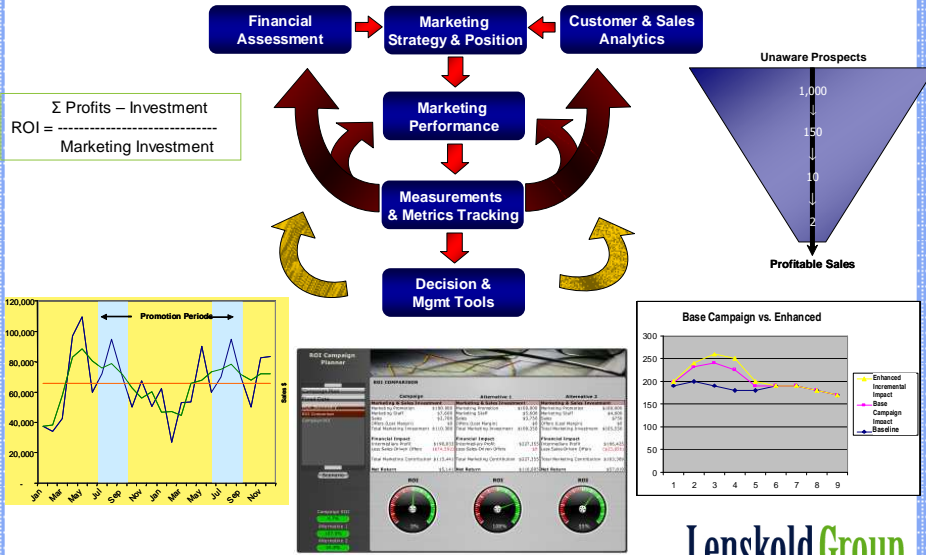
## Global Leadership in Marketing ROI

- "Marketing ROI" book published in 2003
  - Published in 8 languages
  - Named 1 of the best 5 marketing books for 2004
- Lenskold Group, Inc.
  - Founded in 1997
- Comprehensive process for marketing profitability management
  - ROI Framework
  - Measurement & Analysis
  - Management Tools
  - Workshops & Training
- Global 1000 and emerging corporate client base
- Workshops conducted in 6 countries with 600+ marketers
- Constant innovations in marketing ROI



**Lenskold Group**  
Innovating the path to marketing profitability.

# Marketing Profitability Management



3 © 2007 Lenskold Group. All rights reserved.

**Lenskold Group**  
Innovating the path to marketing profitability.

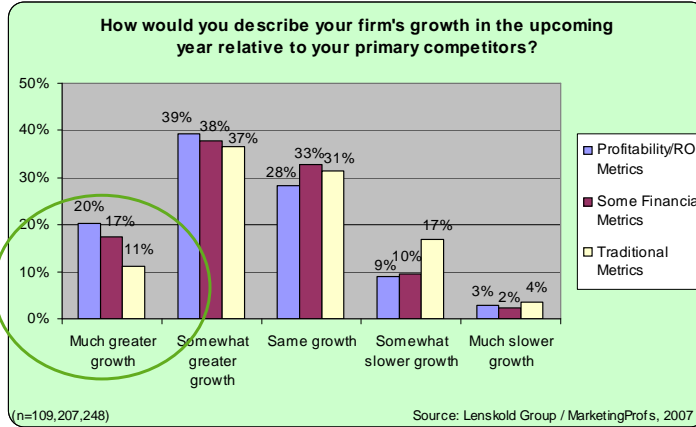
# Marketing ROI Overview



4 © 2007 Lenskold Group. All rights reserved.

**Lenskold Group**  
Innovating the path to marketing profitability.

## Profitability/ROI Metrics ↔ Higher Growth



- Use of profitability/ROI metrics correlates with “much greater” growth

Source: Lenskold Group & MarketingProfs 2007 Marketing ROI and Measurements Trend Study

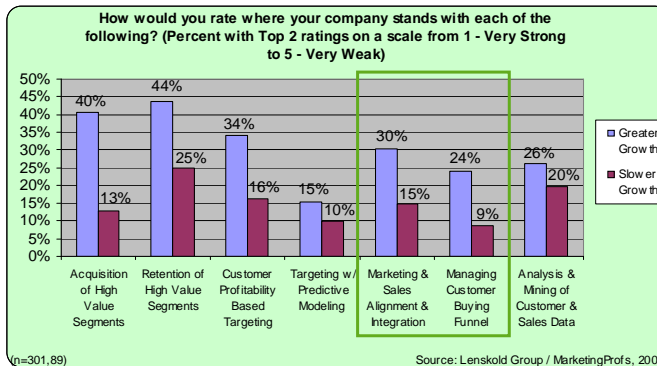
Full report available at [www.lenskold.com](http://www.lenskold.com)

5

© 2007 Lenskold Group. All rights reserved.

**Lenskold Group**  
Innovating the path to marketing profitability.

## Strengths Higher for Higher-Growth Companies



- Correlations exist between companies expecting higher growth and key processes related to marketing ROI
  - Large difference in strength ratings for managing the customer buying funnel and sales and marketing alignment

Source: Lenskold Group & MarketingProfs 2007 Marketing ROI and Measurements Trend Study

6

© 2007 Lenskold Group. All rights reserved.

**Lenskold Group**  
Innovating the path to marketing profitability.

## Executive Perspectives of Marketing

Innovative Organic-Growth Engine

They have insight to create strategic breakthroughs to drive business growth.

Managed Portfolio of Investments

They know how to maximize profitability.

Managed Investment

They know how to spend smart.

Justified Expense

It seems to be working.

Discretionary Expense

It must be worthwhile.

7

© 2007 Lenskold Group. All rights reserved.

**Lenskold Group**  
Innovating the path to marketing profitability.

## Marketing Flow & ROI

Marketing Strategy & Execution

- Message
- Media
- Offers
- Target

Customer Behavior / Response

- Funnel Progression
  - Perceptions/Attitudes
  - Actions/Response

Sales Activity

- Customer Base/Activity
- Transaction Volume
- Transaction Size/Mix

Financial Contribution

- Revenue
- Less CGS/Expenses
- Less Incremental Expenses

Budget

ROI

Profit

8

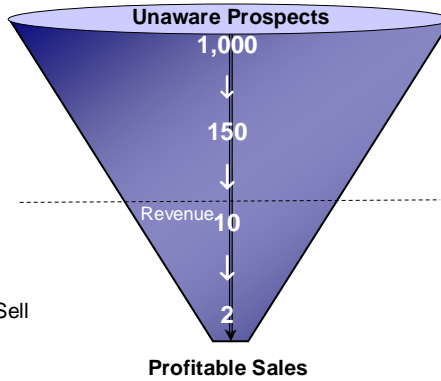
© 2007 Lenskold Group. All rights reserved.

**Lenskold Group**  
Innovating the path to marketing profitability.

## Managing Customer Funnel Progression

### Company

Brand Investments  
Demand Generation Marketing  
Acquisition Marketing & Sales Generation  
Brand Experience Investments  
Retention & Cross-Sell Marketing



### Customer

Acknowledge a Problem  
Seek Options  
Clarify Need  
Seek Solutions  
Select Preferred  
Purchase  
Repeat Purchase  
Loyalty  
Referral

9

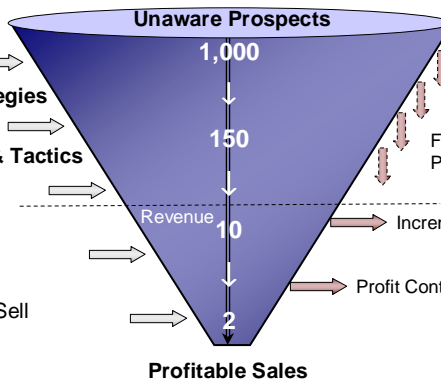
© 2007 Lenskold Group. All rights reserved.

**Lenskold Group**  
Innovating the path to marketing profitability.  
© 2007 Lenskold Group. All rights reserved.

## Align Marketing & Measurement

Brand Investments  
Demand Generation Marketing  
Acquisition Marketing & Sales Generation  
Brand Experience Investments  
Retention & Cross-Sell Marketing

**Strategies  
& Tactics**

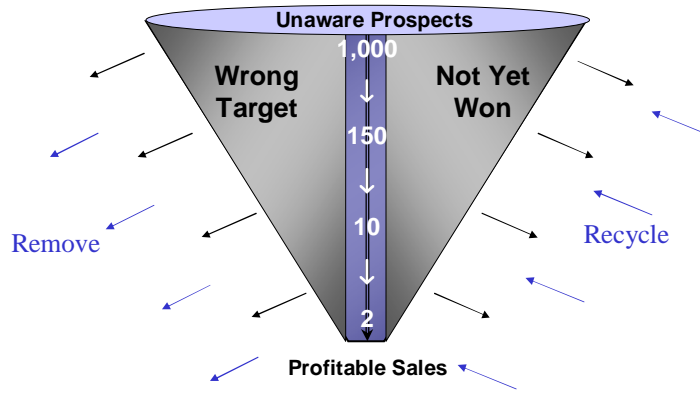


10

© 2007 Lenskold Group. All rights reserved.

**Lenskold Group**  
Innovating the path to marketing profitability.  
© 2007 Lenskold Group. All rights reserved.

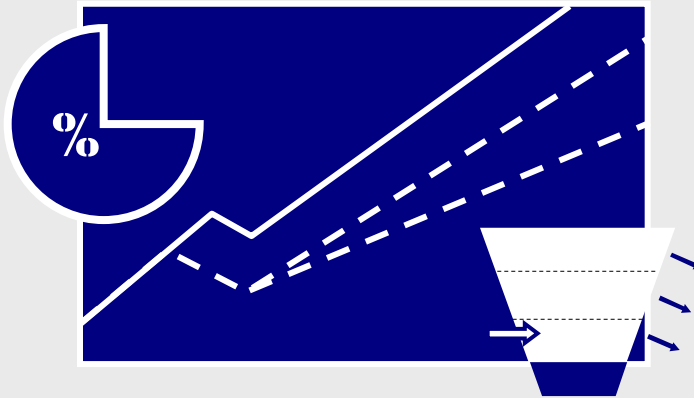
## The Funnel Leaks



Adapted from "The Leaky Funnel" by Hugh Macfarlane ([www.leakyfunnel.com](http://www.leakyfunnel.com))  
11 © 2007 Lenskold Group. All rights reserved.

**Lenskold Group**  
Innovating the path to marketing profitability.

## Effective Approach to mROI



12 © 2007 Lenskold Group. All rights reserved.

**Lenskold Group**  
Innovating the path to marketing profitability.

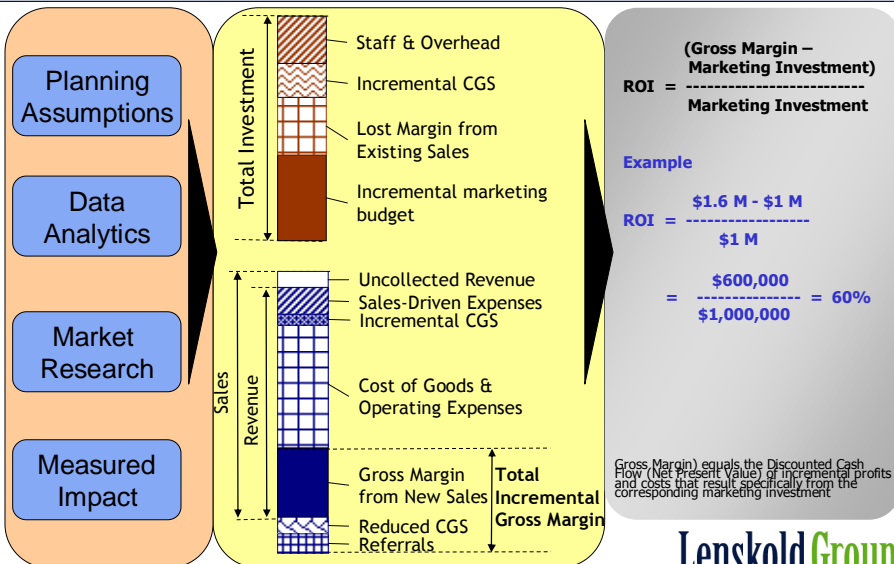
## Building an mROI Solution

1. Marketing ROI Framework
  - Process, standardization, definitions, tools
2. Measurement Plan
  - Analytic, research, & measurement methodologies
3. Strategic Application of Insight
  - Process for putting insight into action
4. CMO Management Capabilities
  - Management tools and reporting
5. Implementation Roadmap
  - Cultural transition, capability-building

13 © 2007 Lenskold Group. All rights reserved.

**Lenskold Group**  
Innovating the path to marketing profitability.

## 1. Accurate Financial Analysis



14 © 2007 Lenskold Group. All rights reserved.

**Lenskold Group**  
Innovating the path to marketing profitability.

## 2. Use Measurements to Isolate Impact

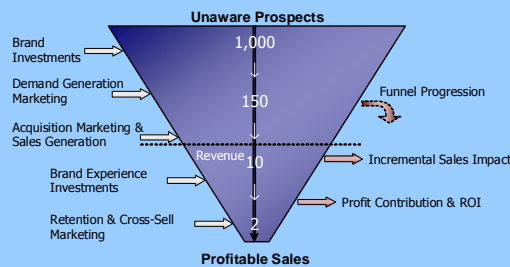
### 1. Methodologies

- Market Test
- Modeling
- Pre vs. Post Trending
- Quantitative Research

### 3. ROI Analysis

- Independent ROI
- Incremental ROI
- Aggregate ROI

### 2. Funnel & Sales Impact Across Touchpoints



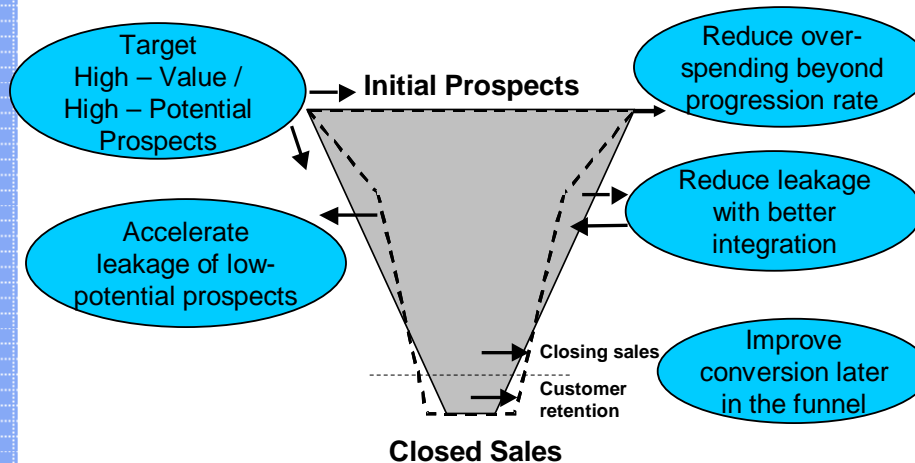
### 4. Data Mining & Research

- Performance Diagnostics
- Tracking
- Segment Level Analysis
- Dashboards & Balanced Scorecards

15 © 2007 Lenskold Group. All rights reserved.

**Lenskold Group**  
Innovating the path to marketing profitability.

## 3. Apply Insight for Profit Improvement



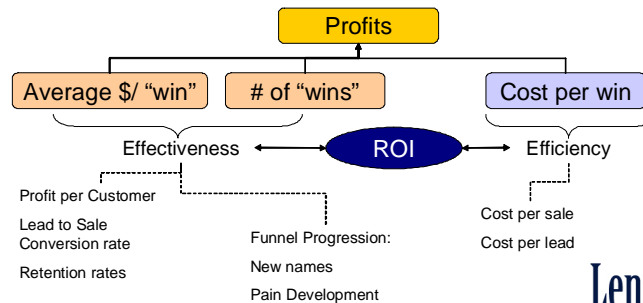
16 © 2007 Lenskold Group. All rights reserved.

**Lenskold Group**  
Innovating the path to marketing profitability.



## 4. Enable CMO Management

- Determine total spending levels
- Guide budget allocation as well as portfolio management
- Drive Go-to-Market strategy
- Establish dashboards & tracking to guide course correction
  - Performance Metrics → align closely with business objectives
  - Leading Indicator Metrics → predictive of future outcomes
  - Diagnostic Metrics → what's working & why



17 © 2007 Lenskold Group. All rights reserved.

**Lenskold Group**  
Innovating the path to marketing profitability.

## 5. Plan the Implementation Roadmap

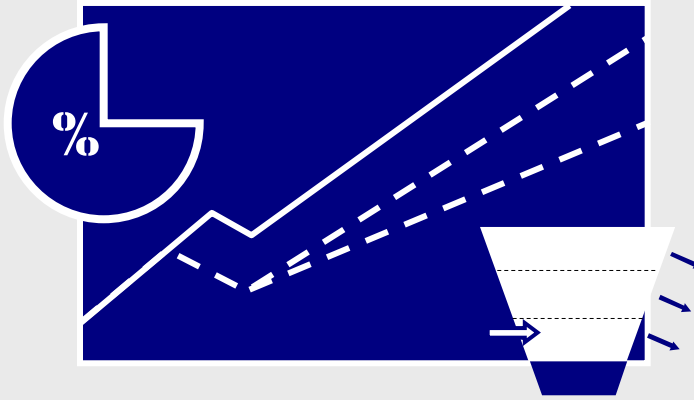
- Opportunity prioritization
- Data Management
- Timing of measurement and analysis
- Identification of champions and sponsors
- Organizational transition

*Establish early stages of success to build momentum*

18 © 2007 Lenskold Group. All rights reserved.

**Lenskold Group**  
Innovating the path to marketing profitability.

## Marketing ROI Insight



19 © 2007 Lenskold Group. All rights reserved.

**Lenskold Group**  
Innovating the path to marketing profitability.

## Closing the Alignment Gap

- The alignment between Sales and Marketing is the number one issue for B2B companies worldwide, and their reasons are clear.
- Businesses with strong alignment are:
  - Outgrowing their competitors by 5.4%
  - 38% better at closing proposals
  - Churning 36% fewer customers each year

Source: MathMarketing alignment benchmark study  
2004/2005 | 1400 professionals | 84 countries

20 © 2007 Lenskold Group. All rights reserved.

**Lenskold Group**  
Innovating the path to marketing profitability.

## ROI Formula Overview

### Budget

Total Marketing Expense	\$100,000
Co-Op Credits	<u>-\$50,000</u>
Net Marketing Cost	\$50,000

### Marketing Impact

Target Audience Reached	10,000
Marketing lead rate	<u>5%</u>
Incremental Leads	500
Marketing Cost per Lead	\$100

### Sales Impact

Leads from Marketing into Sales	500
Net Close Rate of Leads	<u>10.0%</u>
Incremental Sales	50

Average Revenue per Sale	<u>\$10,000</u>
Total Incremental Revenue	\$500,000

Average Gross Margin Rate	<u>35%</u>
Average Gross Margin / Sale	\$3,500
Total Incremental Gross Margin	\$175,000

### Financial Results

Avg Sales Mgmt Cost per Lead	<u>\$150</u>
Cost to Sales Organization	\$75,000
Marketing Expense	<u>\$50,000</u>
Total Investment	\$125,000

Total Incremental Gross Margin	\$175,000
Total Investment	<u>\$125,000</u>
Return	\$50,000

Investment	\$125,000
Return (GM - Invnt)	\$50,000

<b>ROI</b>	<b>40%</b>
------------	------------

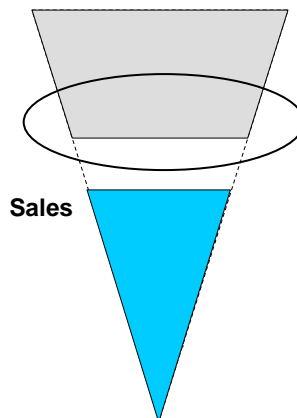
21 © 2007 Lenskold Group. All rights reserved.

**Lenskold Group**  
Innovating the path to marketing profitability.

## Lead Generation Campaign

- Integrated marketing
  - Webinar
  - Direct mail & e-mail invitations
  - Website & inbound call response channels
  - Outbound lead qualification calls
  - Handoff to Sales

Marketing



Sales

22 © 2007 Lenskold Group. All rights reserved.

**Lenskold Group**  
Innovating the path to marketing profitability.

## Lead Generation Campaign

### Budget

Total Marketing Expense	\$100,000
Co-Op Credits	<u>-\$50,000</u>
Net Marketing Cost	\$50,000

### Marketing Impact

Incremental Leads	500
Marketing Cost per Lead	\$100

### Sales Impact

Net Close Rate of Leads	10.0%	5.0%
Incremental Sales	50	25
Average Revenue per Sale	\$10,000	\$10,000
Total Incremental Revenue	\$500,000	\$250,000
Average Gross Margin / Sale	\$3,500	\$3,500
Total Incremental Gross Margin	\$175,000	\$87,500
Cost to Sales Organization	\$75,000	\$75,000

### Financial Results

Investment	\$125,000	\$125,000
Return (GM - Inv't)	\$50,000	-\$37,500
ROI	40%	-30%

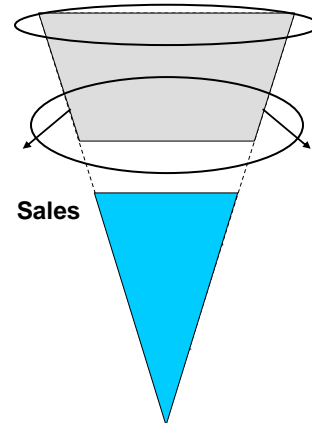
23 © 2007 Lenskold Group. All rights reserved.

**Lenskold Group**  
Innovating the path to marketing profitability.

## Targeting Tactics - Screening

- Modify objectives
  - Align with Sales
  - Reduce non-converting leads
- Enhance integrated campaign
  - Capture intelligence on web response form & inbound call
  - Enhanced lead generation screening in qualification call

Marketing



24 © 2007 Lenskold Group. All rights reserved.

**Lenskold Group**  
Innovating the path to marketing profitability.

## Target Tactics – Screening

### Budget

Total Marketing Expense	\$100,000	\$110,000	\$10,000
Co-Op Credits	-\$50,000	-\$50,000	\$0
Net Marketing Cost	\$50,000	\$60,000	\$10,000

### Marketing Impact

Incremental Leads	500	400	-100
Marketing Cost per Lead	\$100	\$150	\$50

### Sales Impact

Net Close Rate of Leads	10.0%	12.5%	2.5%
Incremental Sales	50	50	0
Average Revenue per Sale	\$10,000	\$10,000	
Total Incremental Revenue	\$500,000	\$500,000	\$0
Average Gross Margin / Sale	\$3,500	\$3,500	
Total Incremental Gross Margin	\$175,000	\$175,000	\$0
Cost to Sales Organization	\$75,000	\$60,000	-\$15,000

### Financial Results

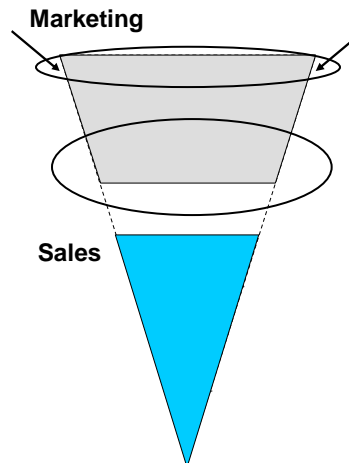
Investment	\$125,000	\$120,000	
Return (GM - Inv)	\$50,000	\$55,000	
ROI	40%	46%	

25 © 2007 Lenskold Group. All rights reserved.

**Lenskold Group**  
Innovating the path to marketing profitability.

## Targeting Tactics - Selection

- Modify objectives
  - Improve profit per sale
  - Improve conversion rate
- Use analysis to improve targeting
  - Data mining & customer analysis
  - Sales leakage diagnosis



26 © 2007 Lenskold Group. All rights reserved.

**Lenskold Group**  
Innovating the path to marketing profitability.

## Targeting Tactics - Selection

### Budget

Total Marketing Expense	\$100,000	\$110,000	\$10,000
Co-Op Credits	-\$50,000	-\$50,000	\$0
Net Marketing Cost	\$50,000	\$60,000	\$10,000

### Marketing Impact

Incremental Leads	500	500	
Marketing Cost per Lead	\$100	\$120	\$20

### Sales Impact

Net Close Rate of Leads	10.0%	10.0%	
Incremental Sales	50	50	0
Average Revenue per Sale	\$10,000	\$10,000	
Total Incremental Revenue	\$500,000	\$500,000	\$0
Average Gross Margin / Sale	\$3,500	\$4,375	\$875
Total Incremental Gross Margin	\$175,000	\$218,750	\$43,750
Cost to Sales Organization	\$75,000	\$75,000	\$0

### Financial Results

Investment	\$125,000	\$135,000	\$10,000
Return (GM - Inv)	\$50,000	\$83,750	\$33,750
ROI	40%	62%	338%

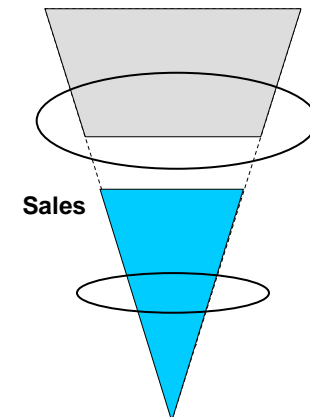
27 © 2007 Lenskold Group. All rights reserved.

**Lenskold Group**  
Innovating the path to marketing profitability.

## Lead Gen & Sales Support

- Same integrated campaign
  - Conversion problem identified at Management Approval stage
- Add tactic to reduce leakage
  - PR Campaign
  - Case study w/business case delivered following the Webinar
  - Sales support materials

### Marketing



28 © 2007 Lenskold Group. All rights reserved.

**Lenskold Group**  
Innovating the path to marketing profitability.

## Lead Gen & Sales Support

### Budget

Total Marketing Expense	\$100,000	120,000	\$20,000
Co-Op Credits	<u>-\$50,000</u>	<u>\$50,000</u>	<u>\$0</u>
Net Marketing Cost	\$50,000	\$70,000	\$20,000

### Marketing Impact

Incremental Leads	500	500	
Marketing Cost per Lead	\$100	\$140	\$40

### Sales Impact

Net Close Rate of Leads	10.0%	12.5%	2.5%
Incremental Sales	50	62.5	12.5
Average Revenue per Sale	\$10,000	\$10,000	
Total Incremental Revenue	\$500,000	\$625,000	\$125,000
Average Gross Margin / Sale	\$3,500	\$3,500	
Total Incremental Gross Margin	\$175,000	\$218,750	\$43,750
Cost to Sales Organization	\$75,000	\$75,000	\$0

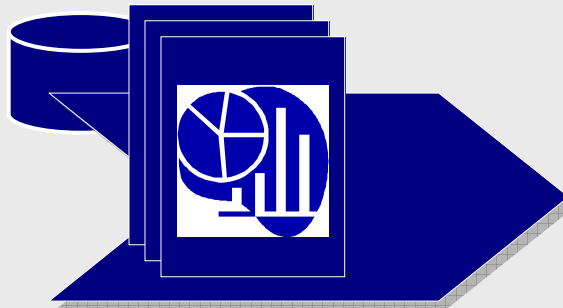
### Financial Results

Investment	\$125,000	145,000	\$20,000
Return (GM - Invt)	\$50,000	\$73,750	\$23,750
ROI	40%	51%	119%

29 © 2007 Lenskold Group. All rights reserved.

**Lenskold Group**  
Innovating the path to marketing profitability.

## Putting Ideas Into Action



30 © 2007 Lenskold Group. All rights reserved.

**Lenskold Group**  
Innovating the path to marketing profitability.

## Effective Lead Generation

Requires:

- Funnel mapping
  - Customer buying cycle aligns multiple marketing and sales contacts
- Funnel metrics
  - Progression and leakage points help manage to objectives
- Alignment with sales
  - Increase ROI with improved conversion rates
- Financial performance insight
  - Increase ROI with higher customer value
- Measurements
  - Capture the incremental impact of lead generation campaigns
  - Understand multi-touch marketing impact

31 © 2007 Lenskold Group. All rights reserved.

**Lenskold Group**  
Innovating the path to marketing profitability.

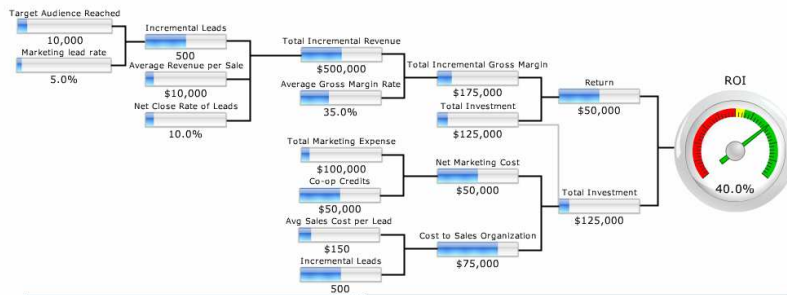
## Insight from ROI Planning Tools - Basic

**Lenskold Group**

Graph

Table

Scenario



### Input Data

Average Gross Margin Rate	35.0%
Net Close Rate of Leads	10.0%
Co-op Credits	\$50,000
Avg Sales Cost per Lead	\$150
ROI Threshold	10.0%

### Adjustable Entries

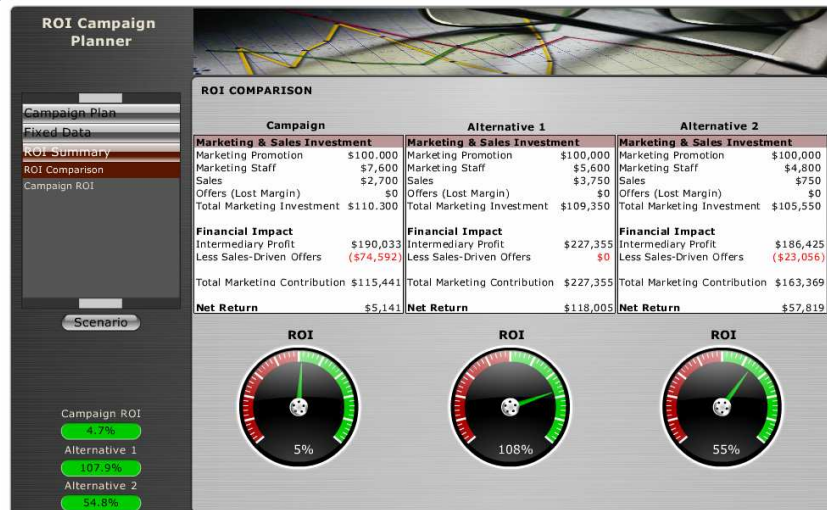
Target Audience Reached	10,000
Marketing lead rate	5.0%
Total Marketing Expense	\$100,000
Average Revenue per Sale	\$10,000

32 © 2007 Lenskold Group. All rights reserved.

**Lenskold Group**  
Innovating the path to marketing profitability.



## Insight from ROI Planning Tools - Advanced



33 © 2007 Lenskold Group. All rights reserved.

**Lenskold Group**  
Innovating the path to marketing profitability.

## Common Starting Points

- Campaign Effectiveness
  - Structured market test or measurement
  - Tactical Testing
- ROI Insights for Planning Decisions
  - Basic financial framework
  - ROI planning tools
- Funnel Mapping & Management
  - Quantify leakage and progression
  - Identify gaps and opportunities
- Targeting for Lead and Sales Increase
  - Predictive modeling
- Customer Profitability
  - Customer Value Analysis
- Metrics & Dashboard Development

34 © 2007 Lenskold Group. All rights reserved.

**Lenskold Group**  
Innovating the path to marketing profitability.

## CONTACT INFORMATION

Jim Lenskold  
Lenskold Group  
2517 Highway 35  
Building N, Suite 202  
Manasquan, NJ 08736

Phone: 732-223-8886  
E-mail: [jlenskold@lenskold.com](mailto:jlenskold@lenskold.com)

**Lenskold Group**  
Innovating the path to marketing profitability.



## Lenskold Group Advantages

Lenskold Group offers an unsurpassed depth of capabilities in marketing ROI processes and measurements. We deliver practical, actionable solutions that truly generate profit improvements.

We are a best fit for companies that:

- Require financial integrity to earn credibility outside of marketing
- Want decision tools that leverage insight from multiple measurement sources instead of single-methodology solutions
- Have a marketing organization committed to profit improvements
- Prefer a customized solution over a one-size-fits-all approach
- Need a marketer-friendly approach
- Value a transition plan designed specifically to their culture and skills
- Want analysis and intelligence that can create a clear competitive advantage

## MARKETING PERFORMANCE MEASUREMENT

Aligning Sales & Marketing Through Better Pipeline Management

Presented by Ceri Jones  
October 1<sup>st</sup>, 2007



Proprietary & Confidential — Copyright ©2006 Serena Software, Inc.

## What I will cover

- Who is Serena?
- Why focus on MPM now?
- Serena MPM Objectives
- Phase 1 Overview
- Where we are
- What we have learned

37

Proprietary & Confidential — Copyright ©2006 Serena Software, Inc.



## Who is Serena?

- 27 Years in Software Development Tools
- Used by 98 of the Fortune 100
- Just launched a bold move into providing business users with on-demand software to build applications



## Background

Why bother? Why now?

- Defensive:
  - Budgets were tight and could often get cut further after a 'bad quarter'
  - Greater focus on accountability from new management: Marketing had to be a part of that
  - In a sales-oriented environment Marketing's contribution is judged by how well we 'help sales'
  - This requires meaningful measurements tied to what Sales cares about

39

Proprietary & Confidential — Copyright ©2006 Serena Software, Inc.



## Marketing Accountability

“If I can not convey to my executive team how to maximize the marketing investment and our opportunities, they'll all claim to be marketing experts and want to do our job for us.”

**Herman Stehlik**, Vice President Marketing, National Semiconductor

Source: 'Measures & Metrics: The CMO Council Report, 2004

40

Proprietary & Confidential — Copyright ©2006 Serena Software, Inc.



## Background

Why bother? Why now?

- Strategic:
  - To enable justification of Marketing's spending and resource plan
  - To ensure management of expectations between Marketing and Sales on what Marketing will deliver
  - To clarify roles and responsibilities in Marketing
  - To drive process definition
  - To drive consistent use of automation/ analytics tools
  - To turn business objectives into definable, measurable, executable marketing outcomes

**You can't influence what you don't measure!**

41

Proprietary & Confidential — Copyright ©2006 Serena Software, Inc.



**SERENA MPM PROJECT**  
Objectives and Scope



## December, 2006

- No metrics to define overall Marketing ROI or to assess marketing performance
- Simplistic marketing measures (click rate, cost per lead etc) used internally by Marketing
- Marketing processes, data gathering, measurement and programme execution are regionally controlled
- Marketing systems are not used consistently

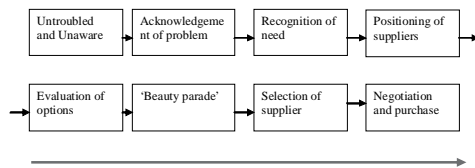
43

Proprietary & Confidential — Copyright ©2006 Serena Software, Inc.



## Project Objectives

- More opportunities
- Faster closing cycles
- Higher average order values



Increase Velocity

Reduce leakage



Source: 'The Leaky Funnel', Hugh Macfarlane

44

Proprietary & Confidential — Copyright ©2006 Serena Software, Inc.



## Timeline

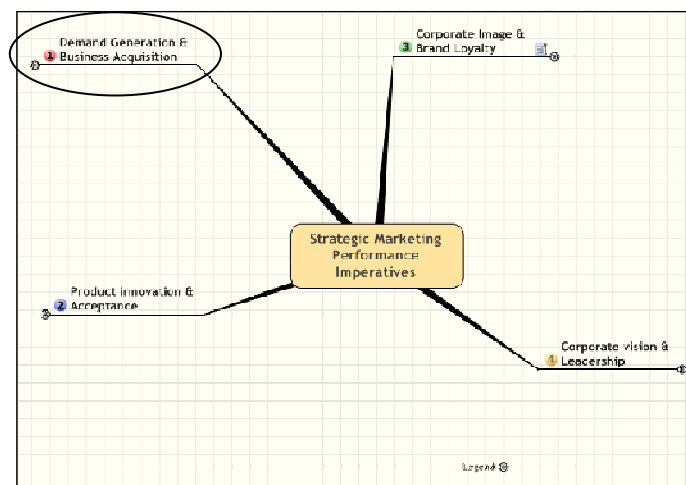
- September 2006
  - Go live on Salesforce.com – replacement for Pivotal
- November 2007
  - Early testing with Eloqua
  - Definition of marketing requirements
- December 2007
  - Agreement to MPM proposal
- February 2007
  - Project go live
- May 2007
  - Completion of process definitions & metrics
- July 2007
  - New SVP Marketing

45

Proprietary & Confidential — Copyright ©2006 Serena Software, Inc.



## Phase 1 of a journey



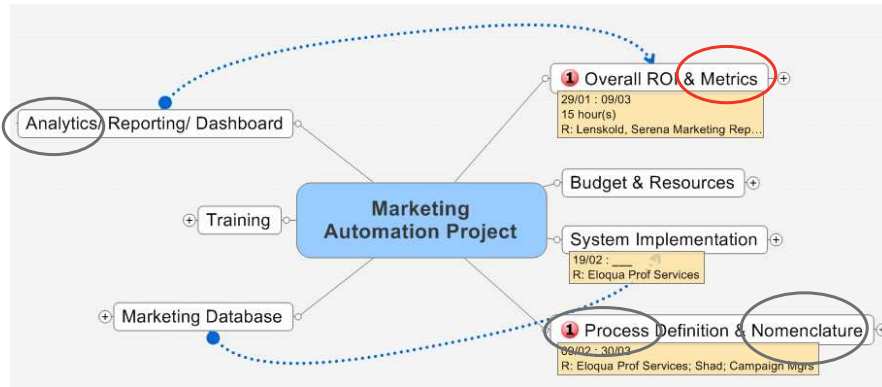
Source: CMO Council

46

Proprietary & Confidential — Copyright ©2006 Serena Software, Inc.



## Project Scope

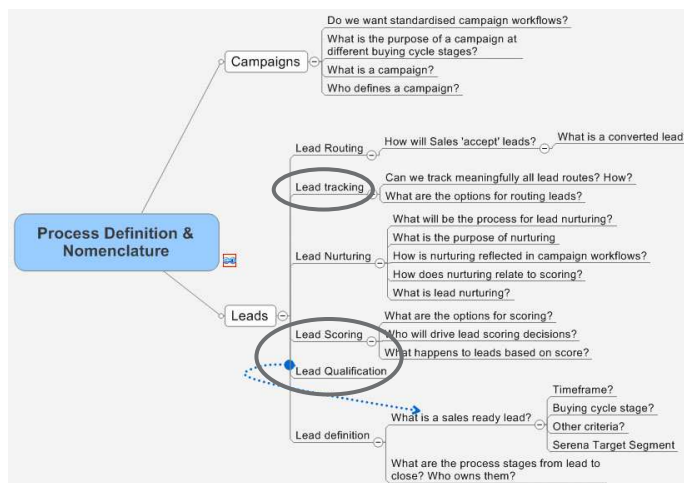


47

Proprietary & Confidential — Copyright ©2006 Serena Software, Inc.



## Process Definition/ Nomenclature



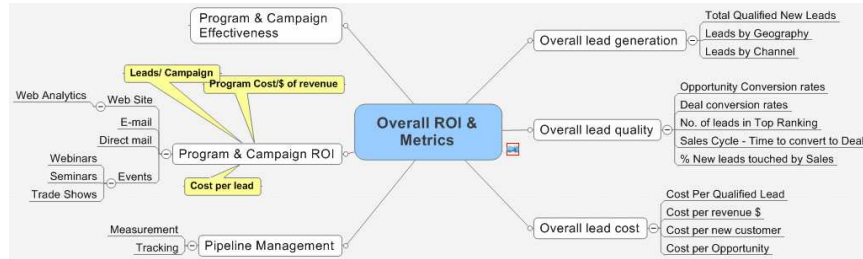
48

Proprietary & Confidential — Copyright ©2006 Serena Software, Inc.





## Measuring Campaigns



- Lead Volume
- Lead quality
- Lead cost

49

Proprietary & Confidential — Copyright ©2006 Serena Software, Inc.



## Overall Approach

- Work closely with Business Operations team (Sales)
- Treat Salesforce.com and SAP as the de facto standards for pipeline and revenue reporting
- Break project into components and work with specialist third parties
  - Lenskold Group retained for process and metric definition
- Pragmatic: focus on what can be implemented immediately..
  - ..but set the strategic direction

50

Proprietary & Confidential — Copyright ©2006 Serena Software, Inc.



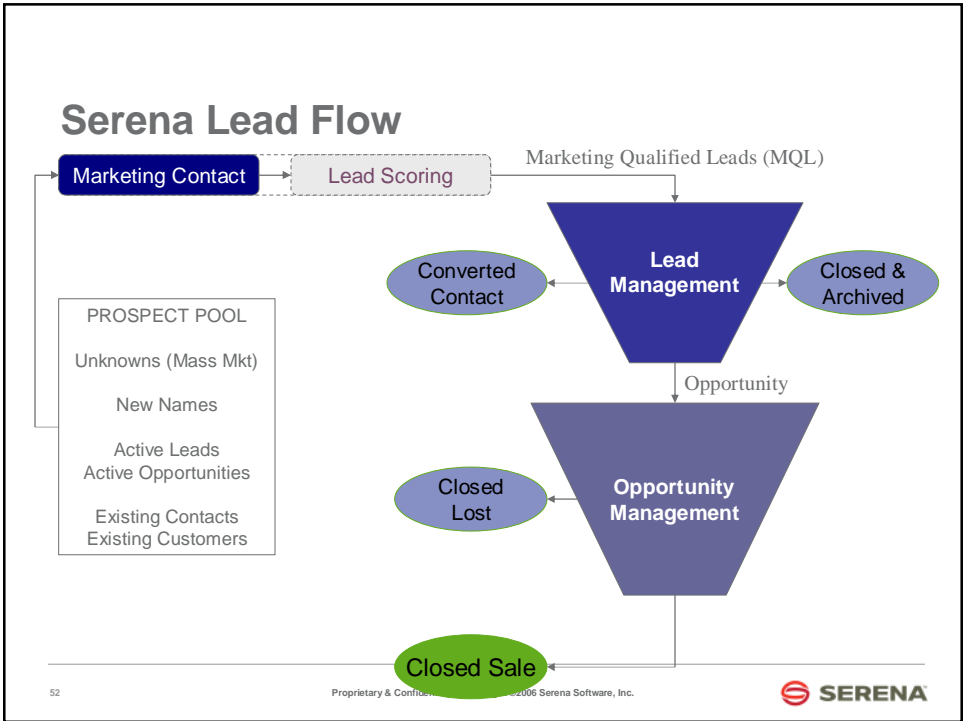


## SERENA MPM PROJECT

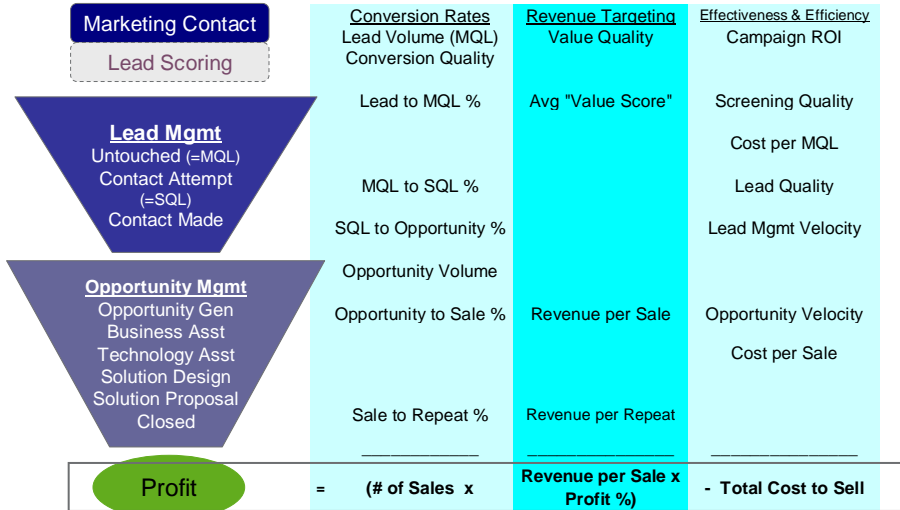
### Status

---

51 Proprietary & Confidential — Copyright ©2006 Serena Software, Inc. 



## Business/Financial Performance Drivers

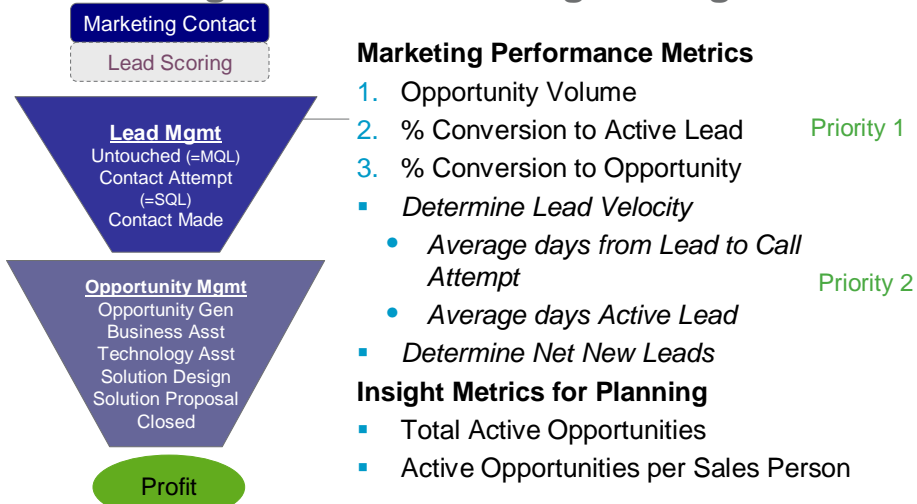


53

Proprietary & Confidential — Copyright ©2006 Serena Software, Inc.



## Marketing Metrics – Lead Mgmt Stage



54

Proprietary & Confidential — Copyright ©2006 Serena Software, Inc.



## Impact of Measurement

- Assess marketing leads in terms of impact on new customers, new projects, and extension business
- Track and test strategic approaches
  - Marketing influence on conversion rates
  - Integrated multiple-touchpoint impact
  - High growth opportunities
  - New nurturing programs
- Commence a dialogue with Sales on strategy – not just leads

57

Proprietary & Confidential — Copyright ©2006 Serena Software, Inc.



## Lessons Learned

- Getting the timing right: *the importance of buy-in*
- Avoid 'boiling the ocean': *focus on quick wins*
- Ensure you get *commitment and resource* to execute
- Keep key *stakeholders involved* throughout the project
- Be clear what constitutes successful project delivery

58

Proprietary & Confidential — Copyright ©2006 Serena Software, Inc.



## Summary

- At Serena organisational changes drove increased focus on performance
- Executive sponsorship was crucial
- Important to have realistic goals
- Focus on quick wins but have a strategic direction
- Be patient
- Involve stakeholders throughout

59

Proprietary & Confidential — Copyright ©2006 Serena Software, Inc.



Thank You

Ceri Jones



Proprietary & Confidential — Copyright ©2006 Serena Software, Inc.

---

## Getting to closed loop lead management ... “the Holy Grail” (“everyone talks about it but it’s hard to do”)

---

Dennis Head  
Avaya North American Marketing.

61

---

### A little background...

- 30 years Executive Sales Management experience with Xerox, Rolm, IBM, Octel
- 5 years Channel Marketing / Management experience with Octel and Lucent
- 7 yrs experience Lead Generation/ Management with Avaya
- Current Role: Avaya
  - Improving ROMI through alternative web based lead sources
  - Sourcing and managing internal technician lead program
  - Manager of the organization marketing and campaign metrics
  - Siebel funnel management metrics and management
  - Closed loop lead management

---

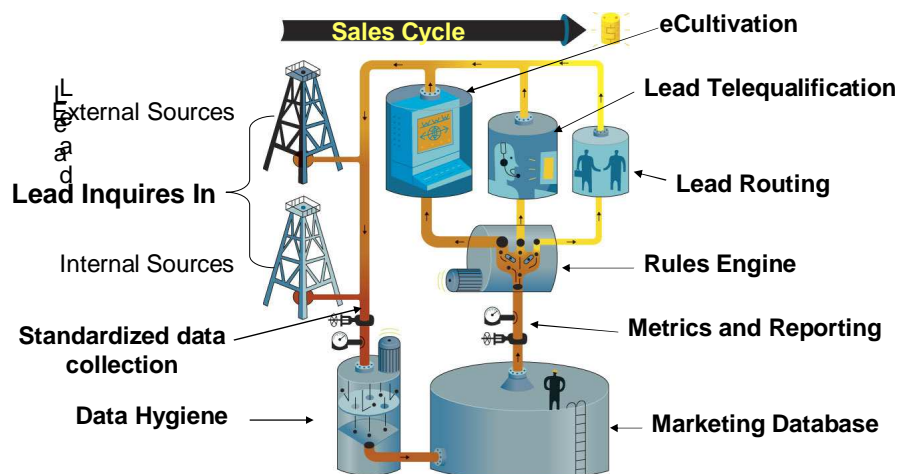
62

## B2B Integrated Process for Closed Loop Management... “eDemand”

- Its an integrated system where inquiries come in and leads go out.
- The Heart” of the system is a marketing database
- Everything is tracked... we know what happened to it.
- It uses a rules engine to determine the “next best thing to do “
- It provides us with the ability to measure key performance metrics
- Our “Spend” on qualification is based on the value of the deal
- FACT: Most “lead Inquiries” are not “Leads” how do we process them economically and turn them in to qualified leads
- Great leads need to get to the “right sales person at the right time”.
- You have spend Millions to generate these leads “ what happened to them?”
- The sales force is our “Customer” we only win when they do.
- A “Metaphor”...Think of an Oil Refinery. Crude Oil comes in.....



## The Lead “Refinery”



64

## Four Key Elements



1. Quality leads that your sales channel values
2. Automated SFA lead routing system
3. A lead management process to consistently monitor results
4. Channel accountability for closed loop management with consequences

65

## Lead Quality Levels 1-5

A Start: SiriusDecisions, Inc. Lead Definitions

### SiriusDecisions Lead Spectrum

Level 1	A response from an individual to a marketing campaign, or someone who has taken proactive steps to demonstrate interest in your message, product or service.
Level 2	A meaningful interaction (via phone or email) with an individual meeting the requirements of a fully qualified company and audience.
Level 3	Level 2, plus the individual demonstrates a specific need for and interest in your product or service.
Level 4	Level 3, plus the individual is in the process of defining a requirement for your product or service.
Level 5	Level 4, plus the individual has the responsibility, budget and a defined timeline for purchase.

Target Qualification

© SiriusDecisions. All rights reserved.



## Lead Quality, the Key to Sales Productivity and Closed Loop Tracking

- Enterprise leads are 100% telequalified
  - Rated consistently by the sales force in Siebel at 70% to 80% qualified
  - Detailed Lead Notes outline business problem, decision process

OTN: PL1+IFFD+78 Create Date 5/25/04 Revenue: \$400k Phase 2 Qualified

**COMPANY:** Catalina Marketing Corp.; NEC phone system; Cisco data Infrastructure; 14 remote US offices; 2,000 total employees; 1,000 employees this location.

**BUSINESS OBJECTIVE:** To improve communications through improved efficiency; cost reduction. **PROBLEM:** Currently lacks a "design and implementation VoIP strategy"; currently has traditional PBXs in remote locations; uses TDM to router for 4-digit dialing; uses Cisco for VoIP at corporate.

**SOLUTION:** Vision is to get rid of the PBXs and have a gateway/VoIP; leverage current infrastructure. **VALUE:** Solution will improve the efficiency of their process; will provide a pathway to VoIP; leverage their investment and give them the best technology for their dollars.

**POWER BASE:** Arvind Arwana, Network Engineer, (DM), (727) 579-5301; arvind.arwana@catalinamarketing.com

**PLAN:** Spoke with Arvind Arwana; decision by 6/30/04; information/proposals will be presented to upper management for approval; implementation to follow; budget will depend on cost/ROI; willing to be contacted within 2 weeks.

**NOTES:** Arvind Arwana has not spoken to any Avaya representation for this initiative. Please feel free to contact me to discuss the background and details of this opportunity. Alice Hager 866 697 5565 x7069, [REDACTED]

67

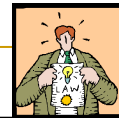
## Marketing Coding and Tracking for ROMI

- All Inquiries to Leads have tracking ID (Promo Code)
  - What was the source of the inquiry?
    - Direct mail ( what list, what publication ect.)
    - Email Source code
    - Purchased registration inquiries from media or web.
    - Internal Sources: Tech and, Customer Support leads , the organization Web, 866GOAVAYA
    - Trade shows, seminars, road shows
  - What was the cost of the lead source?
    - Final cost / lead = Cost to create inquiry + cultivation + qualification
  - What are the lead inquiry conversion rates to qualified leads
    - Conversion rates vary from 3% to 70% per inquiry
    - Focus marketing investments on high conversion rates
    - Measure if marketing investments are hitting your target market. SMB vs. Enterprise
  - Measure what is important .... Lead Pipeline and Revenue not the number of leads generated.
    - 10,000 Junk leads are still Junk...

68

## Setting Business Rules for Lead Routing

- Business Partners must meet specific criteria to have access to leads
  - Product / support certification to be qualified to sell solution
  - Geographic authorization to sell with in the specific market
    - Have physical sales and support coverage with in the market
  - Reward BP Certification investment / commitment
    - BP with Gold and Platinum certification get greater access to leads
  - New capabilities will allow automated specialized routing rules for products requiring higher channel competency to implement more complex solutions.
  - Build sales results from leads into future lead allocations
    - Increased focus on sales feedback of specific BP effectiveness and competency to determine lead allocations and preferences
- On going lead management performance will determine future leads
  - Reward and penalize based on performance



## How Do You Get Sales Compliance for Lead Follow Up?

- **Sales must perceive real value in the leads**
  - **No** system will give you feedback if sales does not value the leads
- **Must establish the cost of quality leads is timely and accurate feedback “no feedback, no leads”**
  - With Business Partners must establish “consequences”
    - Good follow up, feedback and results = increased leads
    - Poor follow up, feedback and results = less or no leads
  - Requires active lead management participation by Sales to reinforce closed loop compliance
    - Sales owns the channels and has responsibility to work with BPs to maximize ROI from leads (quality lead metrics helps elevate management discussions)
  - SFA / PRM systems are growing increasingly sophisticated, w/ routing and management tools to enable targeted routing strategies.
  - Automation allows fine tuning where you want your leads to go.
- **Closed loop compliance takes time, education and quality metrics**
  - It was more than a year of consistent management before we started to get good feedback
  - Required improved Siebel and Blue Roads discipline from sales and channel management

## New automated routing capabilities in defining channel partner eligibility

- Increased sophistication in being able to target those BP that have the highest probability of success
- Leads can be assigned to Partners that match a combination of the following criteria
  - By Partner Certification level ( Gold, Silver Bronze)
  - By Industry specialization skills ( Government, Healthcare ect.)
  - By Product and solution skills and competency
  - By Geographic / territory coverage
  - By Channel Type Systems Integrator, VAR or Distributor
  - By existing BP business relationships
  - By Sales rating of ability to win the business
- Building automated routing rules based on those factors that reward your BP that have demonstrated solutions competency , ability to win business with high customer satisfaction

71

## Push vs. Pull Lead Routing

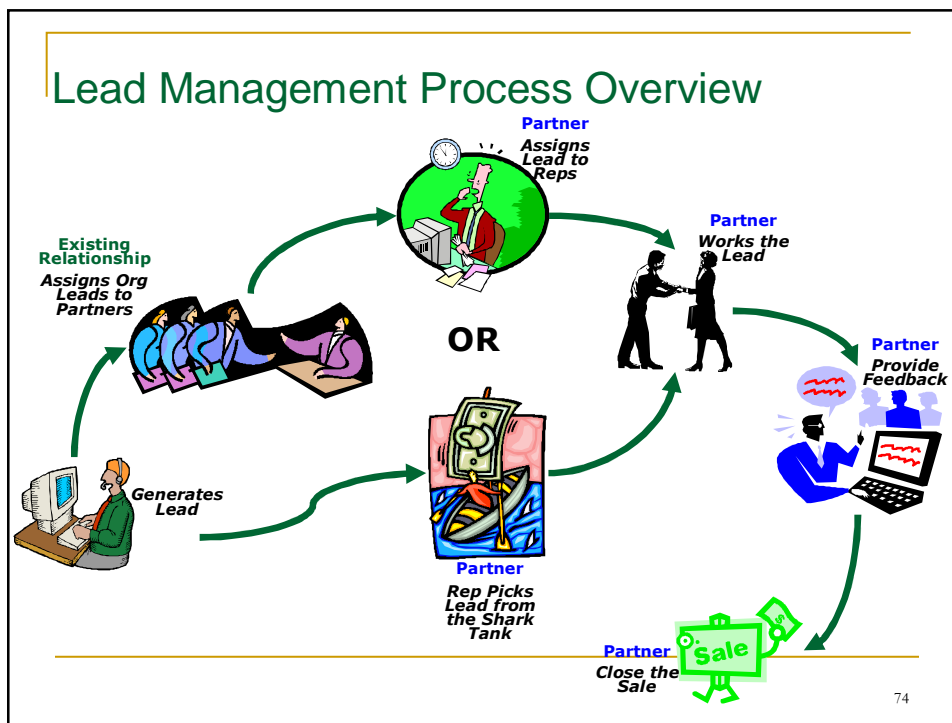


- Blue Roads innovated the use of “Push vs. Pull” routing systems
- “Pull” is allowing selected Business Partners to compete for leads
- We have found that the “Pull” lead process results in a much higher closed loop management results
  - Movement from “entitlement “ to “competition” for leads
  - We have more control the Business Partner behavior through
    - Leveraging multiple criteria to optimize eligible BP by market
    - Reward with access to leads based on authorization, certification, market coverage and lead management performance
    - Lead limits at the Business Partner or Sales rep level
- “Push” leads exception: Honoring established business relationships
  - Leads from accounts with existing relationships are protected
    - Closed loop performance is significantly poorer from these leads

72

## “PULL” via the “Shark Tank”

- Shark Tank offers multiple selected BP the opportunity to compete for leads
- BP Sales reps are notified by email and have opportunity to select leads from lead web site
  - Partners select the leads they are interested in
  - Defined lead limits prevent a single BP from sweeping all leads
  - Must work leads successfully to be eligible for new leads.
- Lead matching with the right Partner is established in the lead routing rules based on multiple criteria
  - Area of expertise (Product)
  - Location of prospect (Territory)
- Optimal matching between Lead & Partner is key to success
  - Hungry, available, and confident sales people follow up



## Looks Perfect! Let's Just Turn It On.....



It doesn't work that way!

- ❑ It only works if you actively manage it!

What were the results year 1?

New Business Partner Routing System

- ❑ First Quarter: 10% of leads in active reporting status
- ❑ Second Quarter: 19% of leads in active reporting status
  - No active management at Field Channel Level
- ❑ Third Quarter: 45% of leads in active reporting status
  - Mid-third quarter implemented consolidated lead reporting at the Channel Management and Channel Partner level
- ❑ Fourth Quarter: 78% of leads in active reporting status
- 2008 we will be involving our sales channels in helping to evaluate and prioritize based on criteria which partners leads should go to.
  - ❑ More focus on BPs who demonstrate success.

75

## 1. Closing the Loop

- Establishing credibility = quality product
- Automated lead routing systems
  - ❑ No manual delays or roadblocks
  - ❑ Routing rules to right sales rep
  - ❑ Lead management tools for sales
  - ❑ Involve sales / channel management in lead routing rules
- Educate and evangelize
  - ❑ Publicizing the results for management
  - ❑ Buy in / funding & political support
- Pick your shots direct vs. indirect channels
  - ❑ More control in direct channel vs. indirect

76

## 2. Education: “These leads are different!”

- Starting point is quality = Value to sales
- Building credibility: Sales perception is most leads in the past have been junk
  - Proof sources for lead quality. Sales feedback, Siebel Tracking, objective 70-80% qualified
  - Follow up and research unqualified leads to improve quality
    - Is it the lead or the sales follow up?
- Build the relationships between sales and telequalification agents results in continually improved agent skills and lead quality
- Sales is our “Customer” they have to be happy with the leads.

77

## 3. Consistent Lead Management Process

- Simplify lead management system
  - Consolidate and simplify the reporting
  - Roll up performance from sales rep to regional VP
  - Manage the exceptions. 80/20
- Provide visibility on leads weekly
  - Executive, Sales and Marketing Management
  - Target responsibility to the first line sales managers
- Build the lead management process through 1/1 sales management training
  - Consistent reinforcement weekly

78

## Visibility and Accountability

### ■ Weekly Field Reporting Stack Ranks

□ (sample data)

FY 2006 Standing as of 6-12-2006							
Region Ranking by % of Leads in Progress / Active Status							
Rank	Region	Field Channel Manager	Pending	Won	Lost / Unqualified	Active	% of Leads in Progress
1	North	Joe Smith	1	13	44	88	134 65.7%
2	In-State	Joe Smith	0	12	19	26	45 57.8%
3	West	Pete Wilson	0	17	36	50	88 56.8%
4	Central Atlantic	Art Pansing	1	11	57	79	140 56.4%
5	Southwest	Judy McBride	2	10	33	43	78 56.1%
6	Great Northern	Pete Wilson	4	5	61	79	144 54.9%
7	Southeast	Art Pansing	3	7	71	62	137 46.3%
8	Great Lakes	Judy McBride	0	6	54	42	97 43.3%
<b>Grand Total</b>			<b>11</b>	<b>81</b>	<b>375</b>	<b>469</b>	<b>863 54.3%</b>

BP Lead Ranking by % of leads in Progress/ Active Status							
Rank	Sales User Organization Name	Pending	Won	Lost / Unqualified	Active	Grand Total	% of Leads in Progress
1	High tech supply	0	2	1	10	11	90.9%
2	English NETWORKS INC.	0	4	5	14	19	73.7%
3	Hot Source Inc.	0	4	5	14	19	73.7%
4	Tech Industries of North America Inc.	0	3	5	12	17	70.6%
5	Data Industries of North America Inc.	0	8	15	35	51	68.6%
6	Strategic Vision Products & Services	0	7	15	30	45	66.7%
18	Technology Telecom Group Inc.	0	1	13	11	25	44.0%
19	Advanced Tech, Inc.	0	2	9	8	19	42.1%
20	ECB	0	0	8	3	11	27.3%
21	Might also Telephone Group, Inc.	0	0	13	4	17	23.5%
<b>Grand Total</b>		<b>0</b>	<b>81</b>	<b>235</b>	<b>326</b>	<b>569</b>	<b>57.3%</b>

79

## Key Components for Success

- Executive charter and management buy-in for a centralized methodology/ Infrastructure investment
- Cultivating inquiries into leads before sending to sales force
- Establishment of credibility of lead program based on lead quality
- Consistent reporting on lead management down to sales level
- Automated systems to route leads and provide performance metrics
- Evangelize and educate value of program

80

## Closed Loop Lead Management is Possible

- But it is not easy, cheap nor fast.
  - We have spent 7 years at this process, with consistent management and evolving process
  - We are constantly evolving from where we find opportunities to how we route the leads
  - We have become “THE” credible source of data and metrics.
  - We have become much more “Metrics” driven in how we spend our marketing \$\$ based on results from this system.
  - We still do not have the level of integration from the SFA system to the financial systems.
  - The company is committed to providing quality leads to our sales channels

81

## For Questions and Comments

- Dennis Head
- [dehead@avaya.com](mailto:dehead@avaya.com)
- 303 538 3400

82