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Revenue Operations And Intelligence Delivers Predictable Growth

How Companies Are Driving Revenue Process Optimization And Forecast Accuracy To Achieve Strategic Business Objectives

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Executive Summary

A confluence of market trends, accelerating rate of business change, and empowered customers is breaking the status quo and making it more important — and difficult — than ever to drive optimized, predictable revenue. Meeting growth goals requires a combination of accurate revenue forecasting and optimized revenue processes. Unfortunately, most firms are lacking in both, as many current customer relationship management (CRM) solutions, business intelligence (BI) tools, and manual spreadsheets lack the visibility, automation, real-time data, and insights needed to optimize the revenue engine.

To fill such gaps, revenue operations teams are turning to a new category of solutions that help optimize the performance of the revenue engine. These new technologies achieve this by leveraging data, signals, and interactions between buyers and sellers (revenue intelligence) to analyze and then optimize revenue workflows such as forecasting, pipeline management, and sales performance (revenue operations). These revenue operations and intelligence (RO&I) solutions allow companies to maximize the potential of their revenue engine, with proven impact on key drivers of top- and bottom-line performance such as forecast accuracy, performance management, and improved productivity.

In April 2021, Clari commissioned Forrester Consulting to evaluate the current state of revenue operations at high-growth companies. Forrester conducted an online survey with 327 revenue operations decision-makers at US software and technology companies to explore this topic.

Key Findings →

Key Findings

Meeting growth goals requires an optimized revenue engine. In high-growth markets, companies require new levels of insight, orchestration, and alignment across the key processes of the revenue engine to achieve their companywide strategic initiatives. To achieve this, companies must look for technology solutions to help drive predictable revenue at scale. Companies using RO&I solutions are seeing significant optimization benefits, with 59% seeing improved win rates and 53% reporting increased net-dollar retention.

RO&I solutions enable business predictability. In volatile business environments where revenue leaders must proactively manage internal and external stakeholder expectations, consistent revenue predictability separates best-in-class from the rest. Companies using RO&I solutions are almost three times more likely to forecast with 95%+ accuracy on a monthly time frame. That type of predictability has a significant impact on executive perceptions of operations reliability, allowing leadership to make strategic decisions and investments with confidence.

RO&I solutions drive improved revenue growth. RO&I solutions allow companies to achieve their growth objectives by delivering a common view of the drivers of revenue performance that enables alignment, accountability, and cross-functional collaboration. Companies adopting RO&I solutions are reaping the benefits, with 41% reporting major quantifiable revenue benefits and 69% seeing revenue benefits overall.

Revenue Process Optimization And Predictable Revenue Are Critical To Business Growth

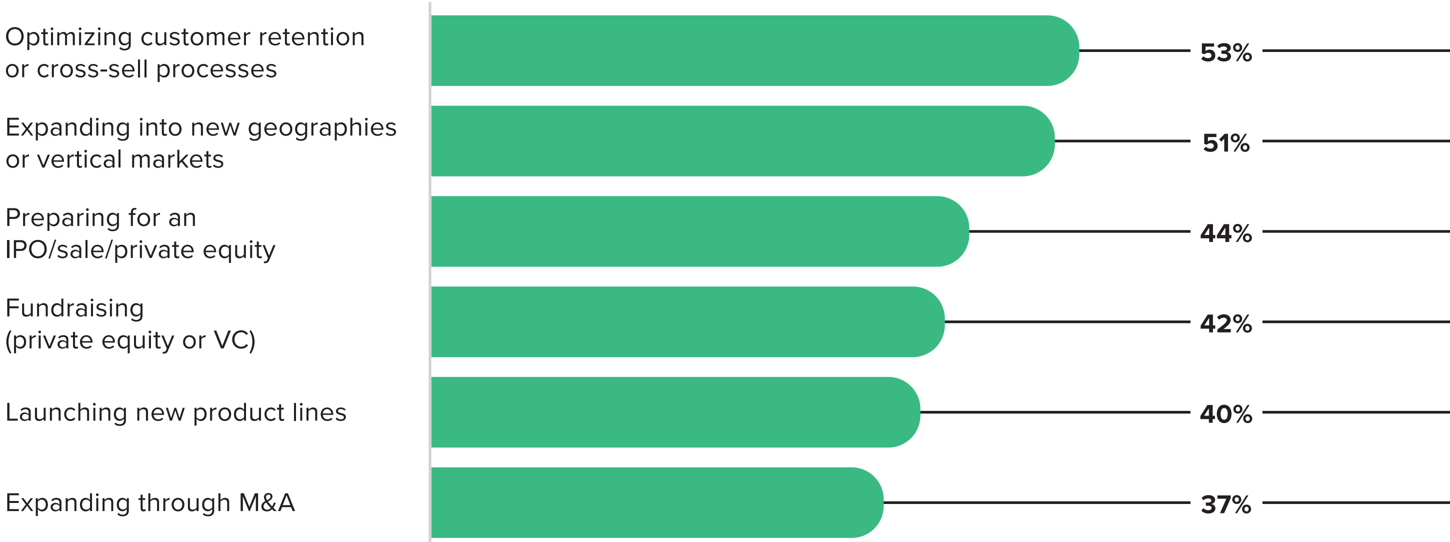
Every company has a set of strategic growth initiatives that leadership uses to rally the entire go-to-market organization. These initiatives can include improving customer retention, organic expansion into new markets (both horizontal and vertical), inorganic growth through mergers and acquisitions, or raising new rounds of funding by filing for IPOs or with private equity.

Recent global volatility has made new customer acquisition more challenging and forced shifts in target segments as some struggled while others blossomed. These challenges highlighted the significance in particular of two key organizational capabilities:

- **Optimizing customer retention.** The most common growth initiative in the next one to three years cited by our respondents is the optimization of customer retention or cross-sell processes (see Figure 1).
- **Adapting to market shifts.** More than half of survey respondents indicated that they are planning to expand into new markets as part of their growth and strategic initiatives in the next three years.

Figure 1

"Which of the following are key growth/strategic initiatives for your organization in the next one to three years?"



Base: 327 software industry revenue operations decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Clari, April 2021

Achieving these growth initiatives requires a level of orchestration, alignment, and agility at all levels and across all go-to-market functions in the organization. Two capabilities are key to making this a reality:

- **Revenue process and execution optimization.** Two-thirds of survey respondents said revenue process optimization is important to achieving their customer retention goals, and 63% said it is important to adapting to new market expansion.
- **Revenue forecast accuracy.** Seventy-two percent of respondents say accurate revenue forecasts are important for optimizing customer retention, and two-thirds say the same of new market expansion.

Technology has a key role to play in enabling these capabilities across the go-to-market organization by allowing companies to understand how they interact with buyers and then use those insights to adapt and optimize all of the related processes in the revenue engine.

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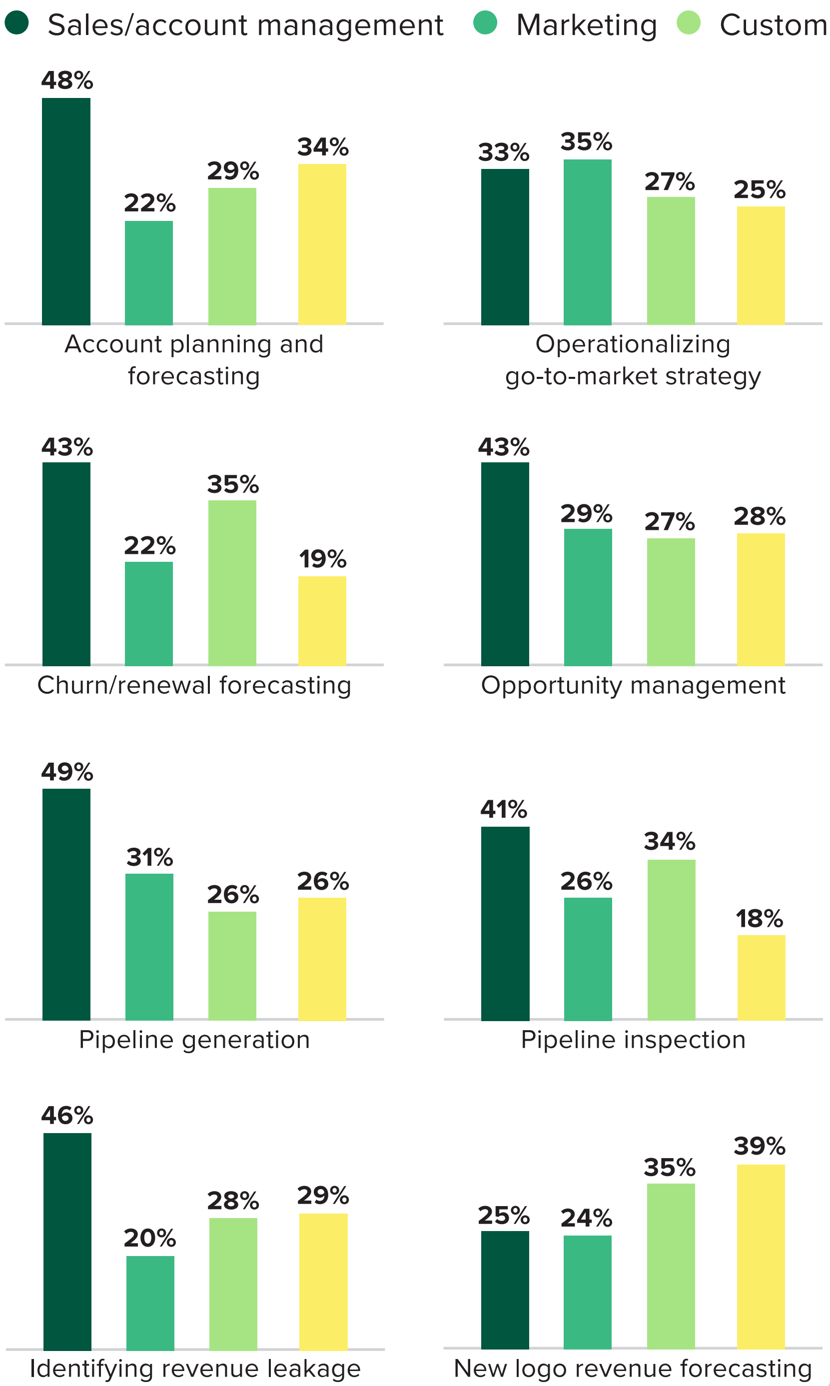
THE REVENUE ORGANIZATION IS EXPANDING

The data from the survey highlights the reality of modern revenue operations: It takes a village. Delivering on key strategic initiatives requires tight alignment and clear accountability across multiple functions involved along the revenue process (see Figure 2). The days of siloed operations are over. These functions have common needs for insights around revenue predictions, buyer interaction, and risk at both the account and opportunity level. Supporting technology must be architected for this extended revenue team and the functions within it, not just for one.

Figure 2

“Who are the primary stakeholders involved in each of the following revenue tasks or processes?”

(Select all that apply)



Base: 327 software industry revenue operations decision-makers
Source: A commissioned study conducted by Forrester Consulting on behalf of Clari, April 2021

The Trouble With Forecasting

While sales forecasting is a critical capability to deliver the growth required to meet strategic goals, the fact is that most B2B companies' forecasts are not very accurate — and worse, they may not realize it. Fifty-five percent of respondents said they miss their quarterly forecast on average by more than 10% (51% say the same for monthly forecasts). Compounding this challenge, a changing business environment will only make accurate forecasting more difficult in the future. Our survey shows:

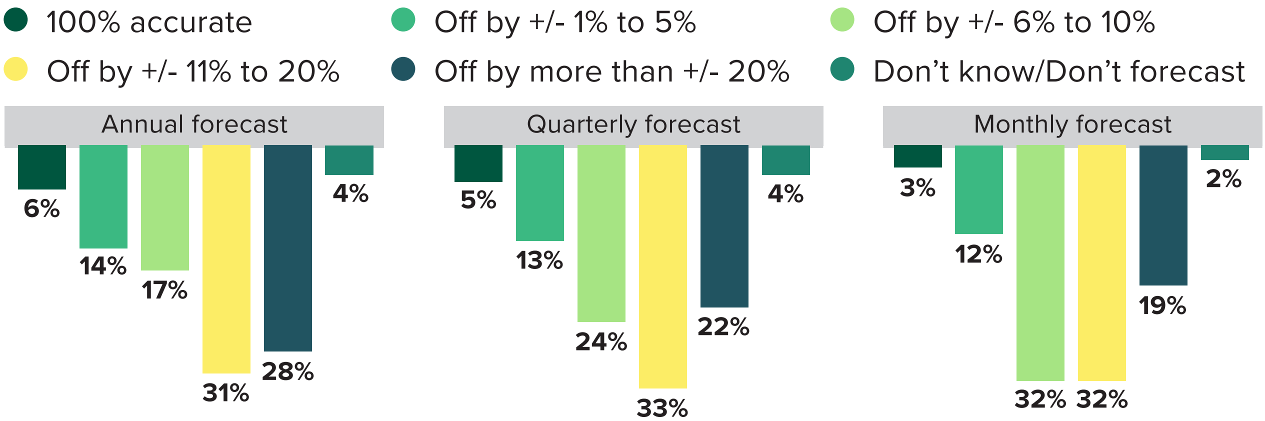
55%

of respondents said they miss their quarterly forecast on average by more than 10%.

- **While most firms think they are accurate, the majority miss the mark.** Almost all the respondents in our survey say they are measuring the accuracy of their forecasts. Further, the majority of these respondents believe their forecasting capabilities are mature. However, only 18% of respondents say their quarterly forecasts are within 5% of their actual revenue, dropping to 15% for monthly forecasts (see Figure 3). In fact, more firms are off on their forecasts by 20% or more than are within that ideal 5% range.

Figure 3

"How accurate are your revenue forecasts from the first milestone measurement early in the time period to actual revenue reported on the following timeframes?"



Base: 303 software industry revenue operations decision-makers who measure the accuracy of their revenue forecasts
Source: A commissioned study conducted by Forrester Consulting on behalf of Clari, April 2021

- **Increasing complexity and volatility make forecasting tougher.** Most survey respondents indicated that there are several current trends that will make accurate forecasting more difficult in the future. Trends like accelerating rates of business change (58% say this will make forecasting more difficult), increasing buyer journey complexity (56%) and new revenue models (51%) all increase forecasting complexity and volatility, making capabilities like real-time data, visibility across lines of business, and workflow automation essential to driving accurate forecasting.

Roughly

1 in 3

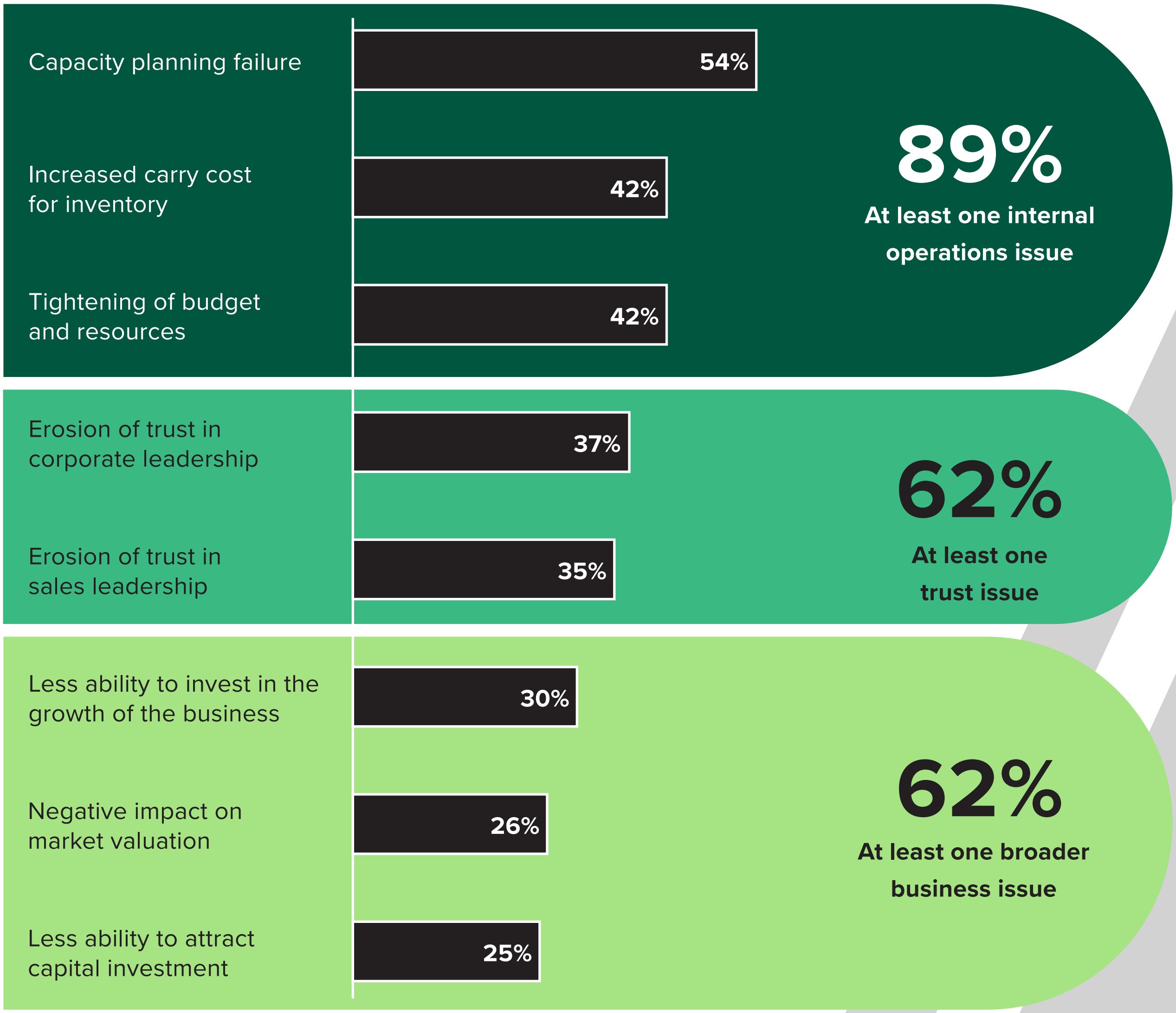
respondents indicate that ineffective technology is a cause of forecast variability at their organizations.

- **Gaps in technology exacerbate the problem.** Roughly one in three respondents indicate that ineffective technology is a cause of forecast variability at their organizations. These technology challenges can also cause or be compounded by additional data-related challenges, like reliance on manual processes or bad data being used for forecasting. Future revenue solutions must solve these challenges through a combination of revenue intelligence, workflow automation, and the use of real-time data.

- **The impact of poor forecasting cascades through the organization.** Missing the forecast has a range of negative implications for organizations (see Figure 4). Internally, a forecast miss can cause capacity-planning issues leading to either increased costs or future budget and resource restrictions — 89% of respondents selected at least one of these outcomes as a result of poor forecasting. Externally, a forecast miss may damage the reputation and perception of the organization, its leaders, and its overall value, which can hamper a company's ability to invest in growth and potentially even drive down valuations. Both internally and externally, this erodes trust in corporate and functional leadership leading to manager, and eventually, rep turnover.

Figure 4

"What are the business implications of missing your number?"



Base: 327 software industry revenue operations decision-makers
Source: A commissioned study conducted by Forrester Consulting on behalf of Clari, April 2021

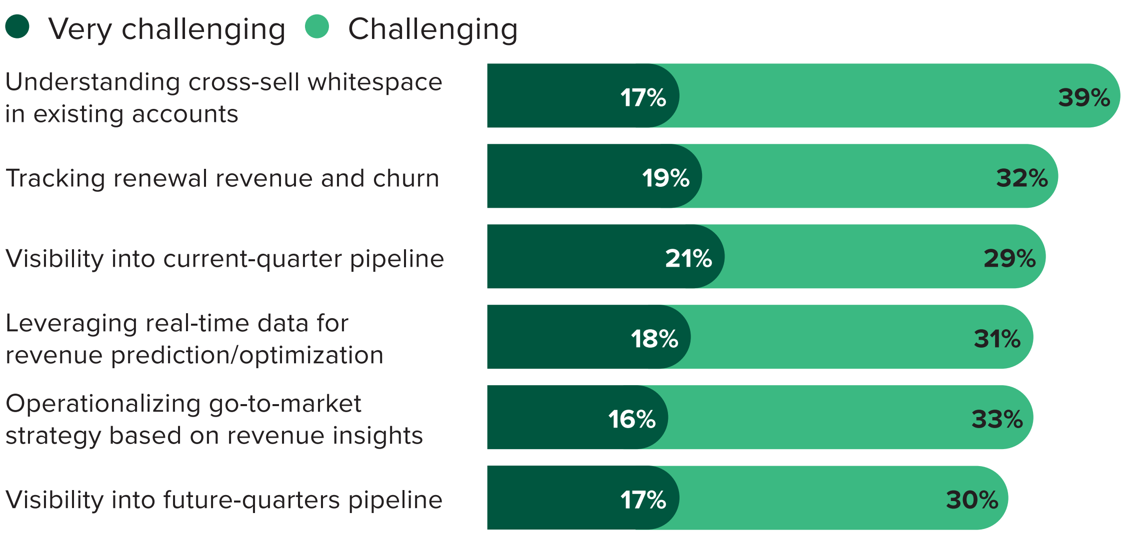
Technology Roadblocks On The Road To Optimizing The Revenue Engine

In addition to accurate forecasting, the ability to measure, manage, and optimize performance of the end-to-end revenue engine is the other key capability in driving growth. Respondents ranked identifying revenue leakage (churn), a critical part of revenue process optimization, as the revenue task with the highest value to the business. As with forecasting, most respondents we surveyed rate their revenue process and execution optimization capabilities highly — in fact seven in 10 say they are mature, but a closer examination reveals:

- **Current solutions are not solving optimization challenges.** A balanced revenue engine is predicated on the ability to effectively get visibility into and manage all relevant revenue motions, not just the acquisition of new logos. The ability to monitor the health of existing client relationships and proactively identify churn risk is key for driving up retention rates. At the same time, organizations need to be able to identify white-space opportunities for cross-sell and upsell. However, most of our survey respondents say they struggle with these key motions given their current technology stack (see Figure 5).

Figure 5

"Given your current revenue technologies, how challenging are the following?"



Base: 327 software industry revenue operations decision-makers
Source: A commissioned study conducted by Forrester Consulting on behalf of Clari, April 2021

- **Many respondents lack crucial optimization capabilities.** To be fully effective, revenue process optimization requires both revenue intelligence insights and the ability to robustly and automatically capture the interactions and activities that are the raw material of such insights. Unfortunately, many organizations we surveyed are missing these key capabilities. Just 26% of respondents say they are using business intelligence to support revenue processes, and only one in four have CRM automation or sales force automation (SFA) capabilities. Reliance on manual data entry causes problems in enabling real-time views of performance both at the individual seller and revenue team level. For example, the lack of automation in capturing the interactions and activity between buyers and sellers during the sales cycle has broad implications for multiple processes in the revenue engine, from forecasting through coaching, onboarding, and the sales process. Further, only one in five respondents are using pipeline management and buyer interaction analytics capabilities for revenue process management — which respondents noted were important capabilities for identifying revenue leakage and churn/renewal forecasting.

RO&I Solutions Can Improve Forecast Accuracy And Process Optimization

To optimize revenue execution and meet strategic goals, firms need to solve these persistent technology challenges. To do this, firms need an RO&I solution that allows them to leverage data and insights on buyer interactions (revenue intelligence) to drive consistent and accountable revenue workflows across organizations (revenue execution) for tasks such as forecasting, pipeline management, and sales performance. When compared to those without such a solution, respondents who have adopted RO&I solutions experience:

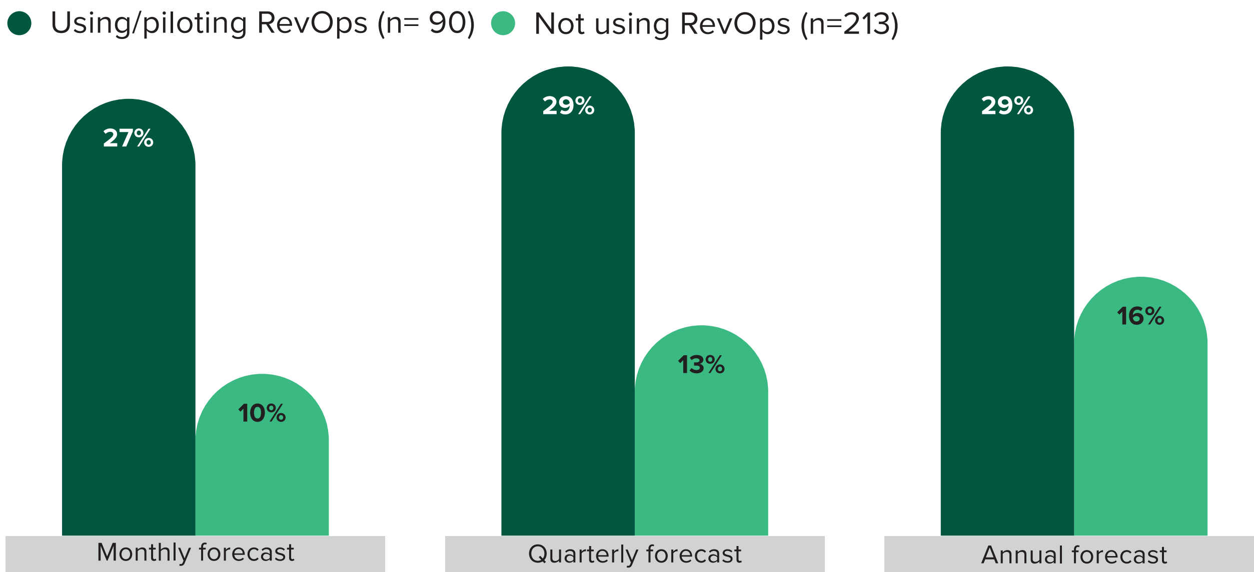
- **More predictable revenue.** RO&I solutions deliver a major upgrade in forecasting capabilities from forecasting rooted in manual processes and spreadsheets. Users are almost three times more likely to forecast with 95%+ accuracy on a monthly timeframe, and more than twice as likely on a quarterly timeframe (see Figure 6). RO&I solution users are also more than twice as likely to use sales forecasting capabilities to help them with accuracy and consistency (41% using versus 20%).
- **Fewer challenges in revenue optimization.** RO&I solution users find revenue optimization much easier. Tracking renewals and churn is less challenging (45% vs 54%), while processes are more efficient (29% are less likely to say they have inefficient processes and workflows). RO&I users also benefit from automation (41% more likely) that drives more accurate and timely data while boosting rep productivity.

RO&I users are almost **three times** more likely to forecast with 95%+ accuracy on a monthly timeframe, and more than twice as likely on a quarterly timeframe.

Figure 6

"How accurate are your revenue forecasts from the first milestone measurement early in the time period to actual revenue reported on the following timeframes?"

95%+ accuracy



Base: 303 software industry revenue operations decision-makers who measure the accuracy of their revenue forecasts
Source: A commissioned study conducted by Forrester Consulting on behalf of Clari, April 2021

HIGH-GROWTH FIRMS RECOGNIZE THE IMPORTANCE OF REVENUE OPERATIONS AND INTELLIGENCE SOLUTIONS

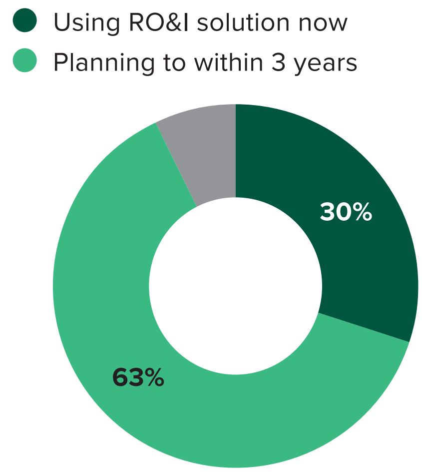
The power of the combination of revenue intelligence plus execution optimization is not going unnoticed by survey respondents, and many in our survey plan to invest in a RO&I solution in the near future, with 63% planning to invest in such a solution within the next three years (see Figure 7). Not all RO&I solutions are created equal, however. The most important capabilities respondents selected for such solutions include:

- **Full visibility across lines of business.** A key reason for the interest in RO&I solutions has been the ability to leverage a standardized and shared view of performance across lines of business, regions, and functions at each stage of the sales process. Such solutions enable easy analysis of a broad range of revenue performance indicators including deal health, forecast probability, and buyer interaction that drive decision-making, accountability, and more proactive and targeted coaching of sales resources.

- **Workflow automation.** In a world of primarily digital interaction between sellers and buyers, buyer orchestration and sales forecasting require robust insights about what interactions are taking place, with whom, and whether they were successful in driving forward deals and business relationships. A lack of transparency into these interactions leaves organizations blindfolded and reliant on reps to manually track activity — a long-standing sales challenge. RO&I solutions capture these interactions automatically and intelligently match them to accounts, opportunities, and contacts in the CRM platform, giving both sellers and team managers visibility into how a deal is tracking. For example, machine learning algorithms in RO&I solutions often compile and present engagement or deal scores based on interaction activity, allowing comparison of deals of a similar profile either within the current pipeline or historically, and they let both sellers and managers take proactive steps to optimize the result.

Figure 7

"What are your plans to adopt a revenue operations and intelligence (RO&I) solution?"



Base: 327 software industry revenue operations decision-makers
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- **Real-time data to track revenue processes.** The ability to robustly and automatically capture buyer interactions as they happen enables users of RO&I solutions to leverage insights about what works and what doesn't and therefore dynamically adjust deal strategy, forecast predictions, and actions for reps. It also brings significant productivity benefits for sellers and other customer-facing roles, who are freed from the burden of having to manually track interactions and can instead apply that time to valued-added customer engagement.

- **Insights into revenue pipeline and performance.** Bookings and revenue are outcomes or impacts of what revenue teams do or don't do in the sales cycle. While vital, such performance metrics come with a low level of control for leadership because they're lagging indicators. Having full transparency into the actions and interactions that take place between the organization and its prospects and customers provides insights in decision-time, allowing leadership across sales, marketing, finance, and customer success to consider which activities should be prioritized by resources and how and when they are executed.

RO&I Solutions Maximize The Potential Of The Revenue Engine

With greater revenue predictability and revenue execution optimization, RO&I users are seeing a wide range of process efficiency gains and business benefits as a result of their investment (see Figure 8). These benefits include:

- **Less manual work required, leading to more predictable revenue.** The combination of revenue intelligence to help create consistency and automation of workflows means that RO&I users report less manual work in their revenue processes. Two-thirds of RO&I users say they have seen this benefit, with nearly four in 10 reporting major quantifiable benefits in manual work reduction. This leads to forecasting that is less prone to human error or inaccurate assumptions: 58% of RO&I users have seen more predictable revenues as a result of their solution.

- **Significant internal sales benefits.** RO&I users report a wide range of sales team-related benefits as a result of their solution. These include increased trust in data for forecasting (67%), greater accountability across the revenue organization (64%), higher quota attainment (56%), and improved sales team morale (46%).

- **Top- and bottom-line business benefits.** RO&I users see their solutions paying dividends when it comes to their top and bottom lines. Fifty-nine percent see improved win/loss rates, and 53% report increased net-dollar retention. All of these benefits add up to increased revenue growth: 41% report major quantifiable revenue benefits, with 69% seeing revenue benefits overall.

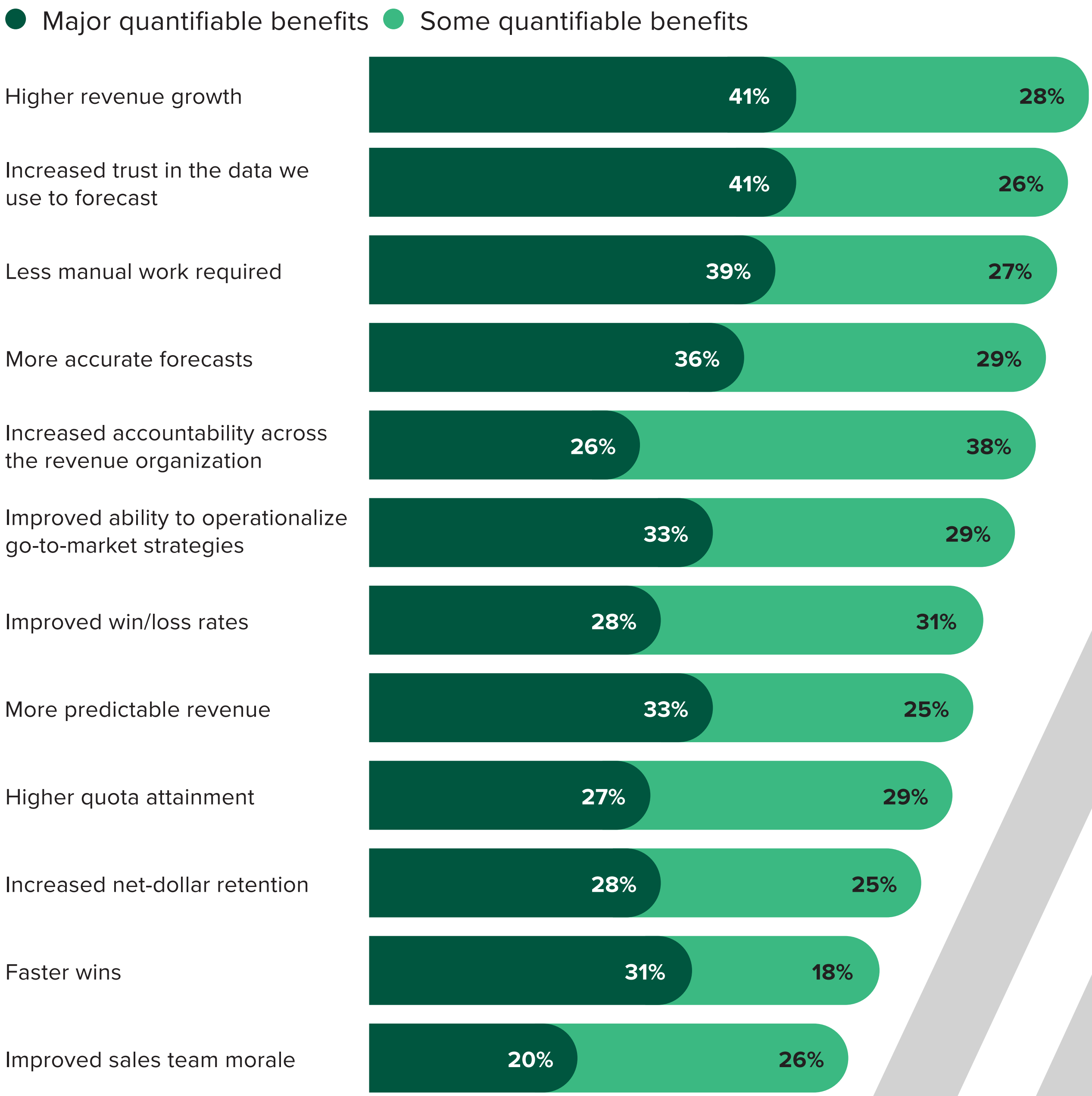
59%

of respondents see improved win/loss rates, and **53%** report increased net-dollar retention.

41% of RO&I users report major quantifiable revenue benefits, with **69%** seeing revenue benefits overall.

Figure 8

"How much of a benefit, if any, has your RO&I solution had on the following goals that you can say with confidence you are able to measure?"



Base: 327 software industry revenue operations decision-makers
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Key Recommendations ⟶

Key Recommendations

Forrester's in-depth survey of software and technology revenue operations decision-makers about their companies' revenue performance yielded several important recommendations:

Connect technology and strategic growth initiatives.

There needs to be a clear connection between your technology investments that enable greater revenue engine optimization and forecast accuracy with commercial priorities of the business. RO&I solutions provide visibility across every line of business to the whole revenue team, allowing the entire organization to align against companywide goals. Without this, it will be challenging to show the business impact of these investments and garner continued or expanded funding.

Upgrade from spreadsheets and manual processes.

If you are still using spreadsheets and relying on seller opinion alone to forecast, it is time to up-level. Revenue operations and intelligence platforms augment seller and manager forecasting and represent a major upgrade in terms of accuracy, visibility, and robust management. Ensure that you are capturing and leveraging buying signals, and in particular, buyer interactions as part of your forecast process. Do not expect your sales reps to do this manually: It's a recipe for failure. These interactions provide an alternative view of buyer behavior that reduces reliance on rep opinion alone. Interaction and activity capture is core to RO&I platforms.

Ensure that your sales forecasting fundamentals are sound.

Investing in developing your forecast process and capability requires a focus on four fundamentals: building a robust data and technology foundation; ensuring that the people-based processes surrounding the governance and execution of forecasting are managed effectively; applying insights to drive accuracy and predictability; and finally, ensuring that forecasting meets the needs of key stakeholders who depend on reliable forecast information to make a range of strategic and tactical decisions.

Connect your strategic growth initiatives to your performance review cadence and operational metrics.

The lack of clear connection between the strategic initiatives the organization is driving, current technologies, and the review cadences and operational metrics used in go-to-market functions prevents a clear causal link in measurement between what is done in sales, marketing, and customer success and the impact to the bottom line. Best-in-class organizations solve for this by cascading strategic growth initiatives and the related KPIs (some organizations may use OKRs — objectives and key results) to keep the entire go-to-market organization aligned and leverage new technologies for visibility into progress and opportunities for optimization.

Appendix A: Methodology

In this study, Forrester conducted an online survey of 327 software industry decision-makers at organizations in the United States to evaluate current revenue operations practices and technologies. Survey participants included decision-makers in revenue operations strategy and technology. Respondents were offered a small incentive as a thank-you for time spent on the survey. The study was completed in April 2021.

Appendix B: Demographics

COMPANY SIZE	
100 to 999 employees	**22%**
1,000 to 4,999 employees	**42%**
5,000 to 19,999 employees	**25%**
20,000 or more employees	**11%**

POSITION/DEPARTMENT	
Finance/accounting	**36%**
Operations	**32%**
Sales	**17%**
General company management	**14%**

ROLE	
Director	**48%**
Vice president	**36%**
C-level executive	**17%**

Note: Percentages may not total 100 because of rounding.

Appendix C: Supplemental Material

RELATED FORRESTER RESEARCH

"The Future Of Sales," Forrester Research, Inc., May 3, 2021.
"The Forrester Tech Tide: Sales Technologies, Q1 2021," Forrester Research, Inc., February 16, 2021.
"Building The Business Case For A Modern Sales Enablement Toolset," Forrester Research, Inc., November 6, 2019.


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