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A New ROI Framework

Redefining ROI

To Close Bigger Deals, Faster

Why ROI Matters More Than Ever

When the economy is tight, there is naturally increased pressure on shrinking budgets. Your customers may be experiencing layoffs, budget cuts, and increased scrutiny on what is and isn't considered essential tech.

As a result, technology vendors are experiencing slowed or stalled pipelines. Traditional decision makers have lost buying authority as CFOs and CEOs get more involved and prioritize spending that can clearly show returns in revenue or savings. Win rates are lower. Retention is down. Expansion is a struggle.

60%
of companies struggle to articulate and prove ROI

*Source: Go to Market Partners poll

Failure to credibly demonstrate Return on Investment (ROI) is the number one reason your pipeline isn't closing, your customers aren't renewing, and you're having trouble upselling your best accounts. If you can pull just one growth lever today to impact revenue over the next 12 months, it would be ROI.

It's tough out there. The good news is, you're not alone. According to our research, **60% of companies struggle to show ROI.** Business leaders are stuck with outdated, limited, and confining definitions of ROI that may not fit their business model. And without ROI, your decks, demos, and dinners are no longer enough to convince CFOs and CEOs to pull the trigger in a slow economy.

The good news: there's still time to expand our understanding and execution of ROI before the end of the year. Companies that can demonstrate ROI will have a higher chance of closing deals and retaining customers.

Do You Have an ROI Problem?

VENDOR ROI - ASSESSMENT	
User loves your product but can't quantify ROI to their boss	Yes / No
User is skeptical of vendors claims of ROI	Yes / No
Vendors GTM teams are not aligned on how users should quantify ROI	Yes / No
ROI is hard to quantify consistently across customers	Yes / No
Proving ROI requires too much heavy lifting to be realistic	Yes / No
Quantified ROI is not compelling enough to retain customers	Yes / No
ROI quantification is not part of the sales process	Yes / No
GTM teams are not enabled on how to quantify ROI	Yes / No
Buyers and users are not taught how to quantify the ROI	Yes / No

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The Old ROI Framework

When most people talk about ROI, the most common definition is net income divided by the total cost of the investment times 100. If you spend $10,000 on something and it generates $123,000 in net new revenue, the ROI is 1230%.

This narrow definition is limiting for companies that are either one part of a complex solution or who struggle to show directly attributable ROI. Or what about a company that is completely transforming the way their customers do business, but they can't prove it unless the entire company goes through an effective change management cycle? What about a company that increases employee satisfaction or ease of use, famously hard metrics to quantify to dollars?

Does it mean that your solution doesn't have value if you can't unequivocally prove you're making or saving more than you cost? We think not.
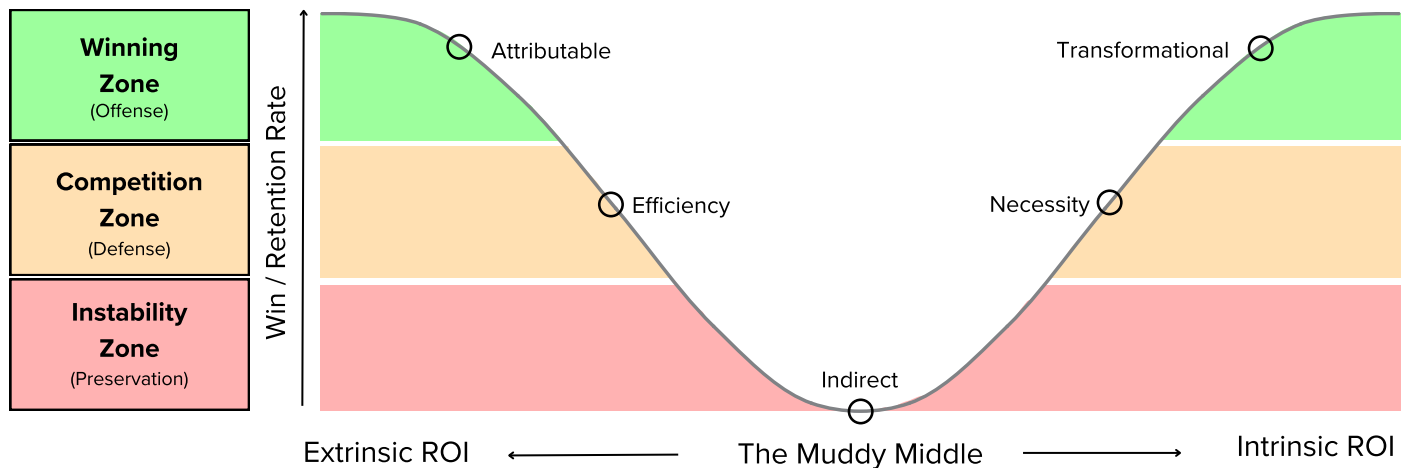
The 5 Types of ROI

TYPE	DESCRIPTION	MEASUREMENT
Attributable	You can clearly show the link between variable investment and the revenue that results. More invested will result in more revenue.	• Direct revenue (Pipeline, NRR, ARR), • Tangible outcomes / deliverables
Transformational	Your solution will help companies transform, but it is wholly dependent on the organization doing the work to change to observe the value.	• Access to a new market, or an ability to operate / sell in a new way • Improved employee satisfaction or reduction in headcount.
Efficiency	You can clearly show the link between the implementation and a reduction in costs or increased productivity.	• Lower costs, fewer people, work faster • The more pain you remove the stronger your case.
Necessity	Your solution is a table stakes type of technology that companies need to run their business.	• Ease of use, price to value, service, support, & functionality.
Indirect	You can prove that your solution provides improvement to one aspect of the business, but you cannot explicitly tie improvement to your solution.	• A mixture of influenced pipeline, revenue, and conversion funnel metrics.

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The ROI Framework: Proving Your Value

Winning Zone (Offense)	
Competition Zone (Defense)	
Instability Zone (Preservation)	

Win / Retention Rate

Attributable

Transformational

Efficiency

Necessity

Indirect

Extrinsic ROI ⟵　　　　　The Muddy Middle　　　　⟶ Intrinsic ROI

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The Winning Zone: Companies that can show Attributable and Transformative ROI are at an almost insurmountable advantage. Since they are either transforming how customers do business or they can prove directly attributable ROI, they're not getting cut. Companies in the winning zone can out-maneuver competitors through big strategic moves and investments.

The Competition Zone: Vendors in the Efficiency and Necessity zones can be very successful and may even be category leaders. However, they're constantly defending against other players who can easily force competition on features, ease of use, price, and efficiency gains.

The Instability Zone: Vendors who can only show Indirect ROI are in what we call the muddy middle, where retention gets hammered. In a down economy, CFOs will not approve new or renewed tech that can't show ROI. Companies showing Indirect ROI get lumped with dozens of other providers as one of many contributors to some final outcome.

Your goal is to move up the slope, from the muddy middle through the Competition Zone, and hopefully eventually to the Winning Zone.

Intrinsic ROI: You provide inherent value without need for quantitative measurement. You're valuable because you are taking action or moving in the right direction.

Extrinsic ROI: Valuable to the degree it creates measurable outcomes where the results speak for themselves.

How Slack Succeeded by Evolving Their ROI Story
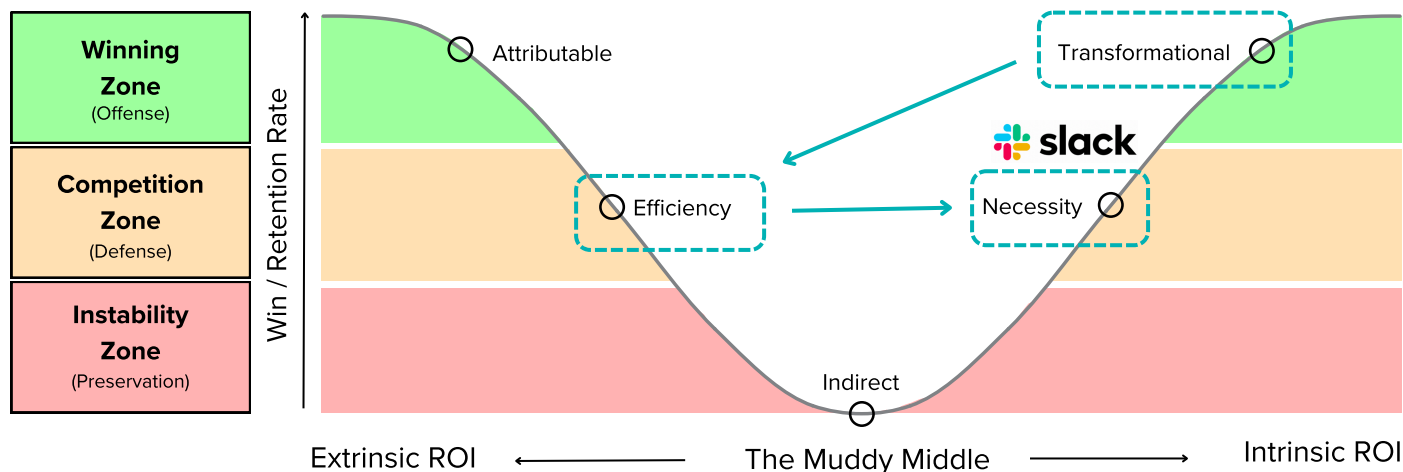
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ROI is not necessarily static or stable.

When Slack first entered the market, it was a transformational tool and completely changed the way people communicated at work and in groups.

Over time, as the market proliferated with other tools, Slack started to emphasize an Efficiency ROI story and leaned into the fact that using Slack saved employees time that would otherwise be spent on email or in meetings.

Slack currently has a very strong Necessity ROI story (their customers would struggle to live without them at this point, and they have a wide ecosystem of integrations), but the risk is that other solution providers can force them to compete on pricing, features, and functions.

Matching ROI to Persona
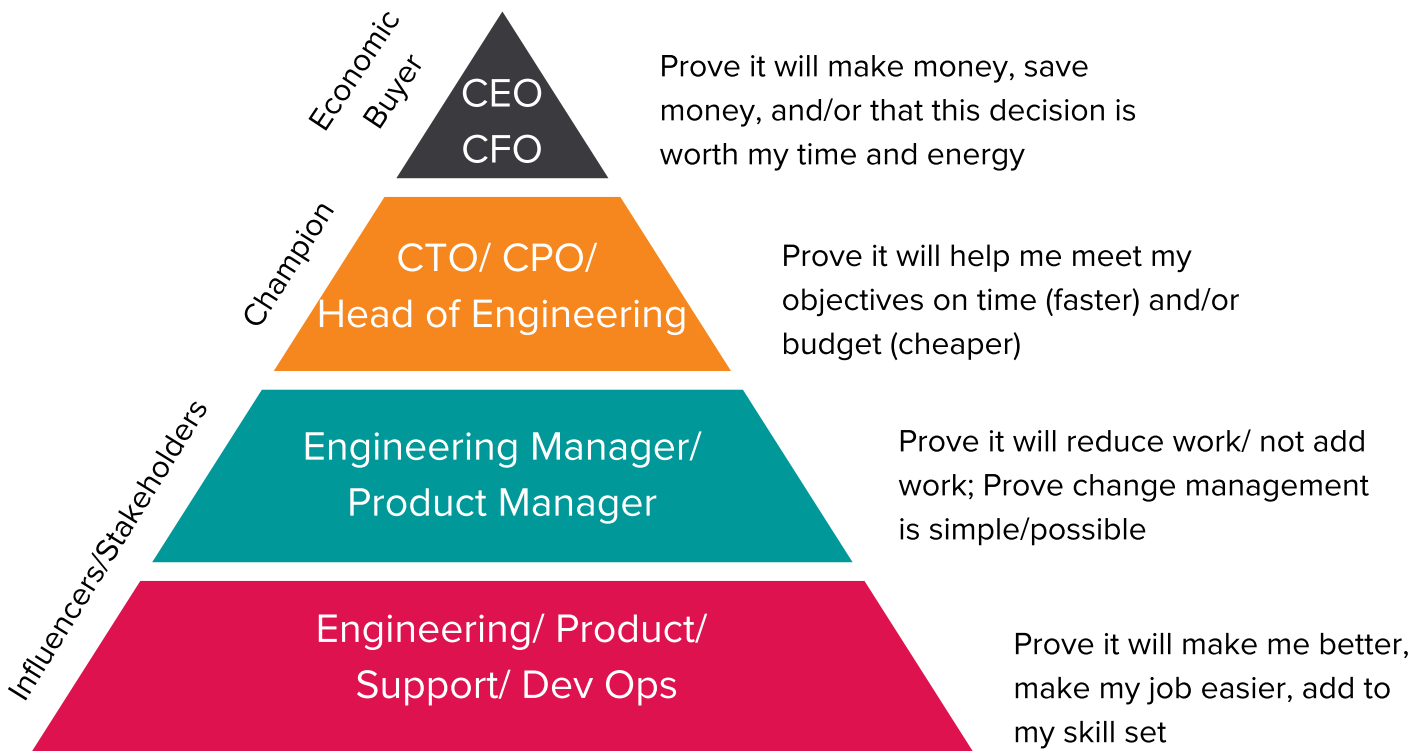
Economic Buyer — **CEO CFO**: Prove it will make money, save money, and/or that this decision is worth my time and energy

Champion — **CTO/ CPO/ Head of Engineering**: Prove it will help me meet my objectives on time (faster) and/or budget (cheaper)

Influencers/Stakeholders — **Engineering Manager/ Product Manager**: Prove it will reduce work/ not add work; Prove change management is simple/possible

Engineering/ Product/ Support/ Dev Ops: Prove it will make me better, make my job easier, add to my skill set

Advanced companies are thinking about ROI on multiple levels.

The example above was taken from a middleware solution company that leverages SDKs, CLI, and code templates to reduce time spent building email and calendar functionality into software. This company has four distinct personas, and each cares about different ROI.

Assuming that investment can only exist within the context of dollars- and-cents fails to recognize that while CFOs are primarily concerned with spending, end users and managers may have different opinions on what "investment" means. Financial ROI shouldn't be ignored, but one-size-fits-all-ROI definitions geared only to the financially-minded members of the buyer committee may hurt sales cycles just as much as not having that information at all.

Take the time to map out your own personas and what kind of ROI might speak to each one. Sellers need to know how to win over the champion and influencers. Sellers also have to arm their champion with the ROI that resonates with the economic buyer so they can get approval from the budget holder.
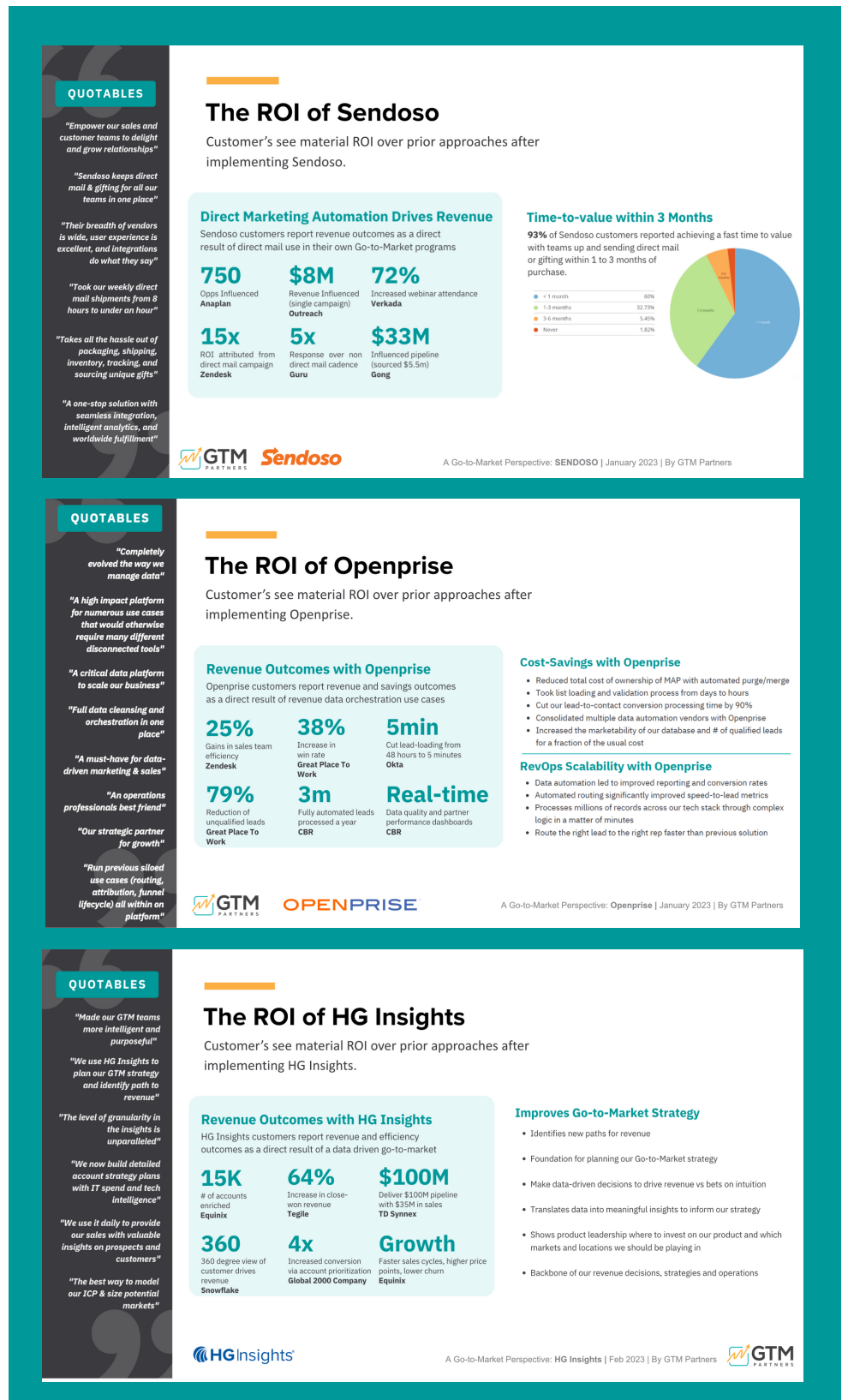
A New Way to Showcase ROI

Our research shows that credible, validated, third-party ROI studies can address many common sales problems.

These are examples of three ROI studies we created using proprietary research and validated G2 data.

The Process

1. Tell us your top use cases and value propositions.
2. We read select case studies or customer videos provided by you.
3. We mine G2 review data to validate your use cases and value props.
4. We produce a credible, validated, third-party document that you leverage throughout the customer journey.

QUOTABLES

"Empower our sales and customer teams to delight and grow relationships"

"Sendoso keeps direct mail & gifting for all our teams in one place"

"Their breadth of vendors is wide, user experience is excellent, and integrations do what they say"

"Took our weekly direct mail shipments from 8 hours to under an hour"

"Takes all the hassle out of packaging, shipping, inventory, tracking, and sourcing unique gifts"

"A one-stop solution with seamless integration, intelligent analytics, and worldwide fulfillment"

The ROI of Sendoso

Customer's see material ROI over prior approaches after implementing Sendoso.

Direct Marketing Automation Drives Revenue
Sendoso customers report revenue outcomes as a direct result of direct mail use in their own Go-to-Market programs

750
Opps Influenced
Anaplan

$8M
Revenue Influenced (single campaign)
Outreach

72%
Increased webinar attendance
Verkada

15x
ROI attributed from direct mail campaign
Zendesk

5x
Response over non direct mail cadence
Guru

$33M
Influenced pipeline (sourced $5.5m)
Gong

Time-to-value within 3 Months
93% of Sendoso customers reported achieving a fast time to value with teams up and sending direct mail or gifting within 1 to 3 months of purchase.

< 1 month	60%
1-3 months	32.73%
3-6 months	5.45%
Never	1.82%

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A Go-to-Market Perspective: **SENDOSO** | January 2023 | By GTM Partners

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QUOTABLES

"Completely evolved the way we manage data"

"A high impact platform for numerous use cases that would otherwise require many different disconnected tools"

"A critical data platform to scale our business"

"Full data cleansing and orchestration in one place"

"A must-have for data-driven marketing & sales"

"An operations professionals best friend"

"Our strategic partner for growth"

"Run previous siloed use cases (routing, attribution, funnel lifecycle) all within one platform"

The ROI of Openprise

Customer's see material ROI over prior approaches after implementing Openprise.

Revenue Outcomes with Openprise
Openprise customers report revenue and savings outcomes as a direct result of revenue data orchestration use cases

25%
Gains in sales team efficiency
Zendesk

38%
Increase in win rate
Great Place To Work

5min
Cut lead-loading from 48 hours to 5 minutes
Okta

79%
Reduction of unqualified leads
Great Place To Work

3m
Fully automated leads processed a year
CBR

Real-time
Data quality and partner performance dashboards
CBR

Cost-Savings with Openprise
- Reduced total cost of ownership of MAP with automated purge/merge
- Took list loading and validation process from days to hours
- Cut our lead-to-contact conversion processing time by 90%
- Consolidated multiple data automation vendors with Openprise
- Increased the marketability of our database and # of qualified leads for a fraction of the usual cost

RevOps Scalability with Openprise
- Data automation led to improved reporting and conversion rates
- Automated routing significantly improved speed-to-lead metrics
- Processes millions of records across our tech stack through complex logic in a matter of minutes
- Route the right lead to the right rep faster than previous solution

GTM PARTNERS OPENPRISE

A Go-to-Market Perspective: **Openprise** | January 2023 | By GTM Partners

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QUOTABLES

"Made our GTM teams more intelligent and purposeful"

"We use HG Insights to plan our GTM strategy and identify path to revenue"

"The level of granularity in the insights is unparalleled"

"We now build detailed account strategy plans with IT spend and tech intelligence"

"We use it daily to provide our sales with valuable insights on prospects and customers"

"The best way to model our ICP & size potential markets"

The ROI of HG Insights

Customer's see material ROI over prior approaches after implementing HG Insights.

Revenue Outcomes with HG Insights
HG Insights customers report revenue and efficiency outcomes as a direct result of a data driven go-to-market

15K
# of accounts enriched
Equinix

64%
Increase in close-won revenue
Tegile

$100M
Deliver $100M pipeline with $35M in sales
TD Synnex

360
360 degree view of customer drives revenue
Snowflake

4x
Increased conversion via account prioritization
Global 2000 Company

Growth
Faster sales cycles, higher price points, lower churn
Equinix

Improves Go-to-Market Strategy
- Identifies new paths for revenue
- Foundation for planning our Go-to-Market strategy
- Make data-driven decisions to drive revenue vs bets on intuition
- Translates data into meaningful insights to inform our strategy
- Shows product leadership where to invest on our product and which markets and locations we should be playing in
- Backbone of our revenue decisions, strategies and operations

HG Insights

A Go-to-Market Perspective: **HG Insights** | Feb 2023 | By GTM Partners GTM PARTNERS

The Go-to-Market Operating System

We often hear business leaders speak to the desired outcomes as though they are the plan: "We need 3X pipeline," "Increase NRR by 3 points," "30% increase in revenue," etc. However, without a systematic way of confirming you have the correct processes and investment to achieve the goal, you might struggle to see risks that could prevent you from reaching it. How do you bridge the gap between your strategic planning process and your execution?

The GTM Operating System is an 8-pillar framework that we have developed to provide organizations with a blueprint to provide clarity and alignment in their strategic planning and execution process.
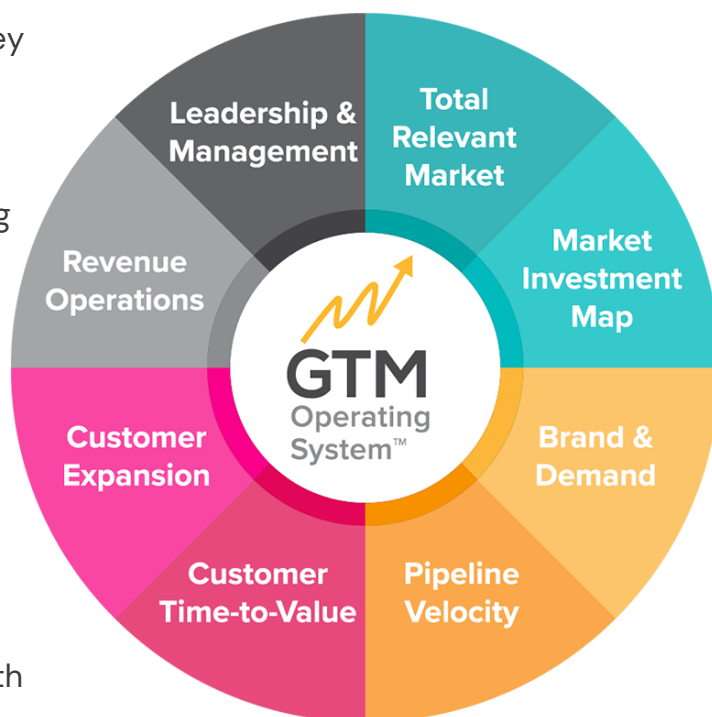
How The GTM Operating System Works

The GTM Operating System is made up of many interconnected parts that will allow your Go-to-Market team to stay aligned on a common goal, both as a GTM team and within specific disciplines such as Sales, Marketing, and Customer Success. It also allows the owner of GTM within your organization to validate your strategy and understand the capacity of the GTM team.

The GTM Operating System provides blueprints for how to run a successful plan to manage the execution of a successful GTM Motion(s) across the entire company. Each pillar builds on the next, allowing you to connect the dots between teams with significantly different roles. These 8 pillars are critical to ensuring that GTM is a company-wide holistic initiative and not just a marketing and sales initiative.

For example, without having the correct positioning and branding support, Sales will struggle to make their numbers, or if your customers can't see value in your solution, having your revenue depend on expansion will become a challenge for your Account teams.

The ROI Framework discussed here is part of Pillar 5: Customer Time to Value.

About GTM Partners

About GTM Partners

GTM Partners, a data-driven Go-To-Market Analyst firm helps organizations and GTM vendors to achieve efficient growth by transforming their GTM strategy. We work with high-growth companies to help them unify their GTM teams and to provide them with lasting strategies and frameworks. GTM Partners with a mission to make Go-To-Market simple aims to be the voice of the industry for all things GTM.

We do this by offering:
1. Data and benchmarks collected from data providers, including G2 and Bombora, as well as our community of the world's fastest-growing companies.
2. Research, best practices, and design frameworks to provide guidance on the best-in-class approaches to strategizing, executing, and tooling your Go-to-Market approach.
3. Personalized advice and support from experienced leaders and practitioners that help you address business challenges in a manner that is authentic and specific to you. Our consulting work focuses on areas such as Go-to-Market strategy, creating a Point of View, and Go-to-Market project execution strategy across the 8 pillars of GTM.
4. Events and networking with industry leaders looking to define the category of Go-to-Market and revolutionize the way we create value for our organizations.

About the Analysts

Bryan Brown, Chief Analyst

Bryan is a SaaS pioneer and thought leader in the marketing and sales tech industry. He has both created and brought to market innovative software products and ideas while helping thousands of companies in their effort to grow revenue more efficiently. Bryan is a co-founder with multiple exits (Vtrenz) has led strategy teams in Fortune 100 Companies (IBM) and has helped multiple organizations scale their products & Go-to-Market approaches from point solutions to platforms via organic product development and through mergers & acquisitions (Silverpop, Terminus). His work over the years has been instrumental in forming new categories and securing top placements for his companies in both the Forrester WAVE and Gartner Magic Quadrant reports.

Lindsay Cordell, Senior Go-To-Market Analyst

Lindsay is a practitioner turned analyst who studies best practices and trends in Go-to-Market and develops actionable models and blueprints for our clients. She has held both practitioner and leadership roles in almost every aspect of Go-to-Market, including Product, Marketing, Sales, Revenue Operations, and Enablement for several Fortune 500 companies, including AT&T, Hearst, and Cox. She most recently ran the GTM Center of Excellence for the Account-Based Marketing Platform Solution Terminus.

Sangram Vajre, Co-Founder and CEO

Sangram is a three-time best-selling author and co-founder of several organizations, including Terminus, The Peak Community, and most recently, GTM Partners. Sangram has been at the forefront of B2B marketing trends, the Flip-my-Funnel movement, and defining the Account-Based Marketing category, ushering in a new generation of marketers. He has previously held CMO roles at Pardot, a Salesforce company, and Terminus.

To find out how GTM Partners can help you with efficient growth and revenue, contact us at:
Web: www.gtmpartners.com; Email: analyst@gtmpartners.com