The ROI of Marketing Automation

Introduction

Today's fastest growing companies are using repeatable marketing and sales 2.0 techniques to grow revenue predictably and reliably. They are embracing the shift from the selling process to the buying process, moving marketing from a cost center to a revenue generator. By replacing the old linear sales model with a new holistic approach, companies are redefining the way marketing and sales teams work together.

The new buying landscape has changed marketing's approach to lead generation and management. This tectonic shift has created a need to improve upon outdated systems that can no longer keep up with the demand to increase lead flow, ensure lead quality, and prove program effectiveness and ROI.

Companies that implement a marketing automation system to support their marketing and sales efforts are better equipped to manage lead flow and process leads more efficiently. This paper outlines how marketing automation optimizes marketing programs and can help companies:

• Create a faster and more predictable revenue cycle
• Increase profitability with tactics that result in higher conversion rates
• Align the efforts of marketing and sales teams to substantially increase top-line revenue growth

This paper is a resource for anyone considering investing in a marketing automation system. Through real-world statistics and case studies, this paper outlines how the tools unique to marketing automation systems can be implemented to reap significant increases in the bottom line.

> "Today's marketing teams are taking more responsibility for revenue, delivering more strategic support to sales teams and striving to close more business more efficiently. Marketing automation systems achieve this goal quickly and easily."

Optimized Marketing Programs

When companies implement a lead management process using a marketing automation system, they improve their interactions with prospects from the initial point of inquiry through closed deal. Through systematic digital profiling, and behavioral and demographic scoring capabilities, marketing automation systems can create highly-targeted campaigns that reach the right people, with the right message at the right time in the buying cycle.

Marketing automation systems also allow companies to produce complete marketing programs—from email creation and landing page design to launching complex drip and nurture campaigns—in a fraction of the time that it takes companies who are not using such systems.

Several companies stand out as examples of how to effectively use marketing automation systems to optimize marketing programs.

Acteva, an online event registration service, has achieved 350% ROI and 100% annual growth in areas where they have leveraged marketing automation. These initiatives have saved $400,000 and delivered $2 million in incremental gross revenue.

On-demand billing solution company, Vindicia, has launched a successful webinar series, which helped to improve lead quality and reduce cost-per-lead. By focusing on the right prospect with the right content at the right time, they can have more meaningful conversations with prospects which result in higher conversion rates. Seamless integration with salesforce.com, combined with insightful demographic and behavioral data, has shortened deal cycles and improved customer engagement.

The following case study outlines how IDology used marketing automation services to target their messaging, focus database segmentation and create agile campaigns—all while reducing resources.
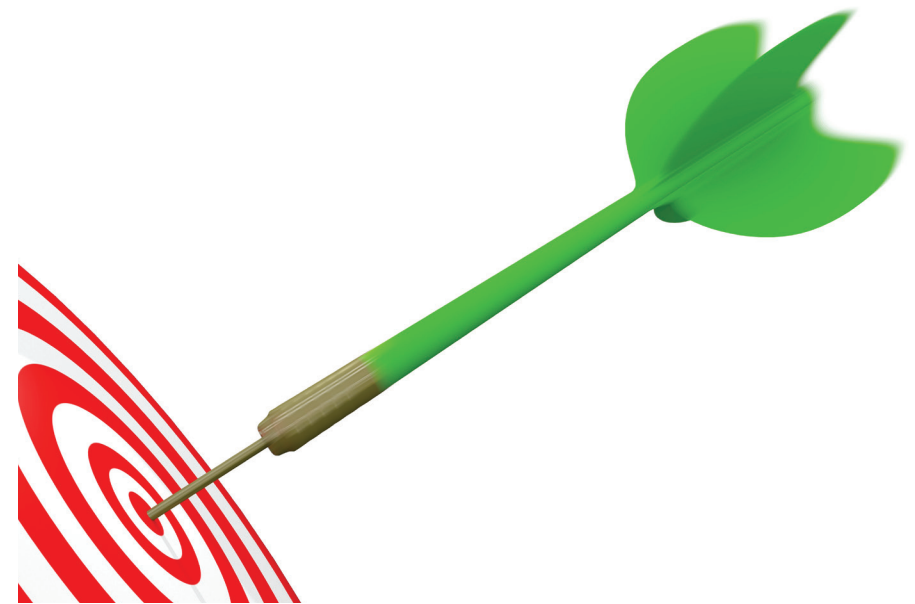
> "After a one-day implementation of Marketo, we doubled the effectiveness of our marketing programs, and improved lead quality and marketing and sales alignment.
>
> **- Jodi Florence, Marketing Director**

CASE STUDY: IDology

IDology provides on-demand, real-time technology solutions that verify an individual's identity and age in consumer-not-present situations. Before implementing a marketing automation system, the company had no automated way to nurture leads, and prospects received emails on an ad hoc basis. In addition, they couldn't track marketing's actions in Salesforce CRM, so sales reps received leads without knowing the history of previous interactions. IDology needed a solution that would eliminate manual processes and automatically track each lead source.

Solution: IDology considered several marketing automation solutions and ultimately chose one that offered an easy-to-use platform and tight integration with Salesforce. Within a few days the company had created personalized landing pages and was able to automatically segment leads. By automating these tasks, IDology's marketing team was able to focus more time on strategic activities.

Benefits: IDology now delivers twice the number of marketing programs with the same budget. Automated email campaigns, web activity tracking and list segmentation capabilities have doubled marketing efficiency and yielded a 25% improvement in monthly ad conversion rates. IDology has improved their marketing and sales alignment and increased marketing visibility and reputation as a source of revenue.

Marketing automation is a valuable tool for marketers. It makes fast work of programs that have historically required vast amounts of manual effort and provides a quick and easy way to develop new programs that would have been logistically impossible in the past. With the savings in time and resources, marketers can strategically push deals through the pipeline with greater speed and accuracy, providing a direct impact on top-line revenue growth.

Increasing Conversion Rates

The Demand Waterfall, developed by **SiriusDecisions**, illustrates the stages that leads go through from inquiry to qualify to close. Between each of the five stages lay conversion points. With the insight and methods available through a marketing automation system, marketing professionals are able to tighten the screws at the conversion point that will garner the most return. Systematically improving upon every stage in which a lead moves forward, or drops out, can result in a rapid increase in revenue.

First of all, marketing automation will provide a huge productivity boost for marketing. Where marketing previously had to run campaigns manually, they can now run fully and automatically. **The result:** marketing can run more campaigns with fewer people, and still deliver more qualified leads to sales.

Additionally, marketing's response times are much shorter. If there is a short-term need for a particular campaign, it's now much faster to design and roll out that campaign. That doesn't mean you shouldn't carefully plan your campaigns, but if there is a need to respond quickly, you now can.

Marketing automation also gives marketing teams better metrics on how their campaigns are performing, and more options to improve those campaigns. You'll see that response to campaigns can easily double when marketing automation technology is used properly.

But it's not just marketing that benefits from automation. Sales will receive more qualified leads, with more information about each lead. Rather than sending an segmented list of leads to sales, they can now get a prioritized leads of leads, sorted by lead score. They can even add their favorite leads to a "watch list", to be proactively notified all new activities by these leads.
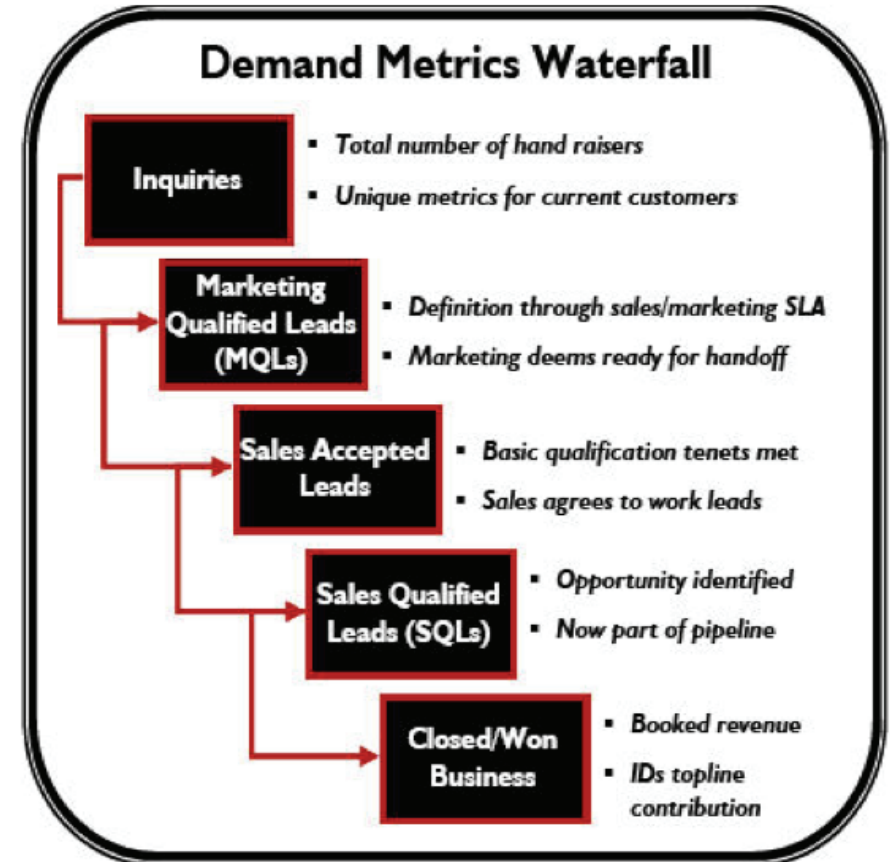
SiriusDecisions Inc, 2010

Conversion Stage	Average process in place	Strong process in place	Best-in-class process in place
Inquiries to Marketing Qualified Leads	3.9	5.8	9.7
Marketing Qualified Leads to Sales Accepted Leads	58.3	65.6	74.5
Sales Accepted Leads to Sales Qualified Leads	49.1	56.4	60.5
Sales Qualified Leads to Closed/ Won Business	23.1	26.9	30.7

By analyzing each conversion stage, the marketing team is able to determine where it can improve upon its tactics or processes to have a direct, and often immediate, impact on program success.

Let's look at each conversion stage in more detail, and demonstrate how different companies have used marketing automation at various stages in the cycle. See how implementing small changes (e.g.: automating manual processes, decreasing campaign and asset development time, better segmenting a database or prioritizing and qualifying leads prior to sales hand-off) can result in increases in sales productivity, decreases in the time needed to close a deal, increase contract values and lower overall cost per opportunity.

Conversion Stage One: Inquiries to Marketing Qualified Leads

Before implementing a marketing automation system, GroundWork Open Source (GWOS), a developer of commercial open source systems and network management software, had an efficiency challenge in setting up and executing marketing campaigns. Their target database was incomplete and difficult to segment, making lead nurturing campaigns nearly impossible.

Using marketing automation, GWOS is now able to analyze weekly trends and buying behaviors to drive revenue in a more targeted, strategic manner. Marketing automation enables the GWOS team to quickly setup and execute email drip and nurture campaigns. By using progressive profiling functionality on their web forms, GWOS can adhere to open source privacy standards while preserving the ability to monitor web activity. By leveraging lead scoring results, status updates and behavior monitors, the GWOS marketing team is able to distinguish between leads that are sales-ready from those that require more time in the decision making process. They are also able to tailor their messaging and campaigns to leads in different stages.

GWOS has launched email campaigns that communicate a meaningful message to a segmented audience in minutes, re-engaged thousands of touch-and-go leads, dramatically improved visibility into its customer database and improved lead quality.

"At GWOS, we've accelerated our revenue cycle, closing more business faster using greater sales efficiency," says Jesse Eschenroeder, Marketing Manager. "Leveraging solutions including Marketo Sales Insight, we've quadrupled our customer base in eight months." The marketing team can now measure campaign effectiveness and fine-tune their efforts in real time, driving more inquiries from just names in a database to highly-engaged, marketing-qualified leads.

Increasing Conversion Rates

Conversion Stage Two: Marketing Qualified Leads to Sales Accepted Leads

Before introducing marketing automation, ShipServ, the leading e-marketplace for maritime shipping, faced challenges of flexibility and scale. ShipServ is relatively small –120 employees – but its sphere of opportunity covers the globe. Since the marketing staff was small and had a limited budget, they needed a solution that could help them create more qualified opportunities without creating a burden on their already taxed staff.

Using marketing automation, ShipServ is able to eliminate manual processes, automate demand generation and lead management, and prioritize and qualify sales-ready leads. ShipServ's marketing and sales teams collaborated to implement a sophisticated lead scoring framework for two distinct sales teams – high volume telesales and longer-term, high-value direct sales – which helped move more leads through the demand waterfall. This resulted in more high-quality leads that were readily accepted by the sales team.

Since leveraging marketing automation, ShipServ's marketing team is driving 275% more opportunities and 1,600 net-new qualified opportunities per year. ShipServ has reduced its campaign management burden by 80% while boosting the number of sales-ready leads.

"In our second year of using Marketo, we now drive significantly more sales opportunities with the same budget and have increased sales-ready leads by 400%," says John Watton, VP Marketing. A significant reduction in manual processes has allowed the marketing team to focus on more strategic and creative initiatives, including a social media engagement campaign. Using these strategies, ShipServ achieved 100% marketing ROI in three months.

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Conversion Stage Three: Sales Accepted Leads to Sales Qualified Leads

Before deploying their marketing automation system, Cloud9 Analytics—a global leader of on-demand operational performance management solutions—had no viable way to sufficiently fuel its revenue cycle. Drip email campaigns aimed at generating new leads were run manually, a process that was time consuming, inefficient and not scalable.

Today, Cloud9 Analytics uses a marketing automation system for email marketing and lead nurturing campaigns that helps establish and maintain a trusted relationship with both existing and prospective customers. "Our campaigns have yielded a 20% boost in lead-to-opportunity conversion rates and a higher probability to close," reports Julie Perino, Director of Marketing. Triggered by lead scoring, qualified leads are automatically routed to the Cloud9 Analytics inside sales team for priority attention. Cloud9 Analytics can now support international partners with targeted marketing campaigns that have been cloned and customized for different regions.

With marketing automation, the Cloud9 Analytics marketing team has significantly reduced its reliance on outside resources and is doing more with less. A single power user is required to execute email marketing and lead nurturing campaigns that would previously have required three to four resources to complete.
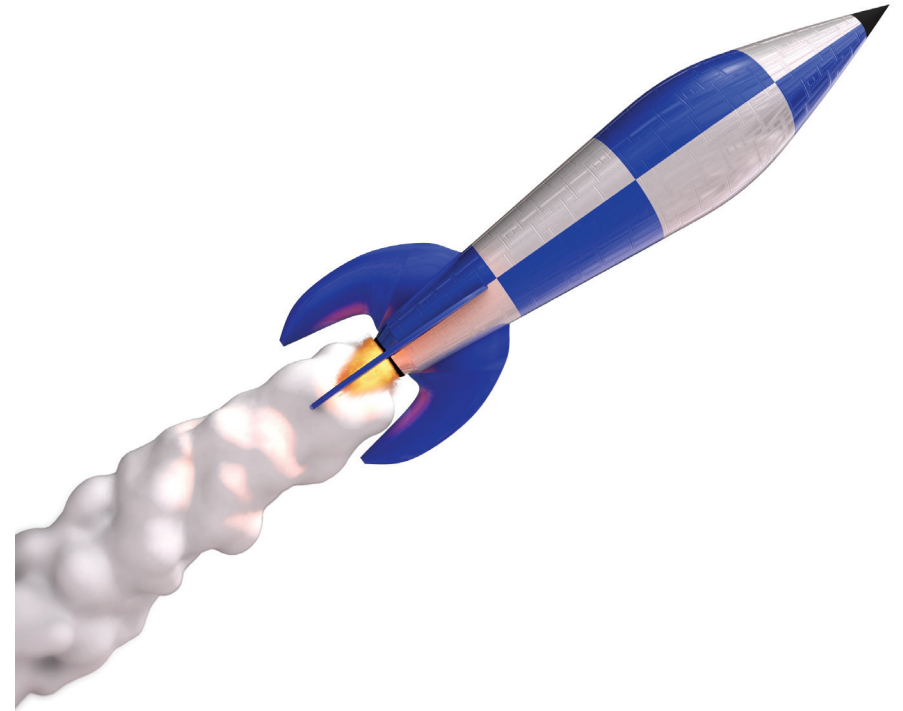
Increasing Conversion Rates

Conversion Stage Four: Sales Qualified Leads to Closed/ Won Business

Without an automated system in place, Codesion, leading provider in subversion hosting and the cloud service unit of Collabnet Inc., lacked the capacity to process hundreds of free trial accounts per month. Once engaged, its small marketing team found it impossible to provide ongoing support to leads during the 30-day trial period. In addition, it was difficult and time consuming to create professional landing pages and build sophisticated email marketing campaigns without relying on outside resources. The team needed to easily identify sales-ready leads and track conversion rates from initial web visit to trial conversion and up-sell.

Codesion implemented a marketing automation solution that enables its small marketing team to build professional-quality landing pages and automated email marketing campaigns. Codesion now manages a sophisticated email drip campaign that provides on-boarding support, expert advice and relevant content over 30 days for hundreds of prospective buyers every month.

With marketing automation, Codesion is able to fully automate its Free Trials Program. Its marketing team can now manage their high-volume trial requests and has improved its email open and click-through rates by 10%. In addition, Codesion is using insights provided through reporting and analytics tools to measure a 10–15% increase in trial conversions. Knowing that 68% of all trial participants eventually become customers has resulted in a substantial increase to the bottom line.

As a prospect moves through the different stages of the Demand Waterfall, marketing automation allows companies to systematically target prospects. By making strategic improvements at each stage, marketing professionals have an unparalleled ability to quickly and effectively tailor their approach to each prospect, delivering personalized messaging to potential clients which ultimately impacts the bottom line with increased revenues.

Marketing and Sales Alignment

When marketing and sales teams share the same vision of what their revenue cycle looks like and how to best manage it, they can create dramatic improvements in marketing ROI, sales productivity and, most importantly, top-line growth.

In many companies, interactions between sales and marketing teams are disconnected at best, resulting in a breakdown in communications with prospects. Marketing automation aligns sales and marketing teams and streamlines the data collection process. With a single repository for lead records, prospects are tracked in real time, and members of both teams can easily track and nurture leads with up-to-date information.

With marketing automation systems, sales and marketing teams:

- Unite to optimize the revenue cycle
- Gain visibility and share accountability for leads and revenue
- Create dramatic improvements in marketing ROI, sales productivity and top-line revenue growth

Marketing automation systems are heralded by members of both sales and marketing because of the team collaboration that naturally evolves through the implementation of the tool. Some of the immediate benefits noted by users include:

- Streamlined data collection processes
- Improved data quality
- Real-time insight into lead behavior
- Strong lead nurturing throughout the lead management process
- Lead generation tracking and reporting

The following case study demonstrates how eChalk uses marketing automation to better communicate with clients throughout their extensive sales cycle.
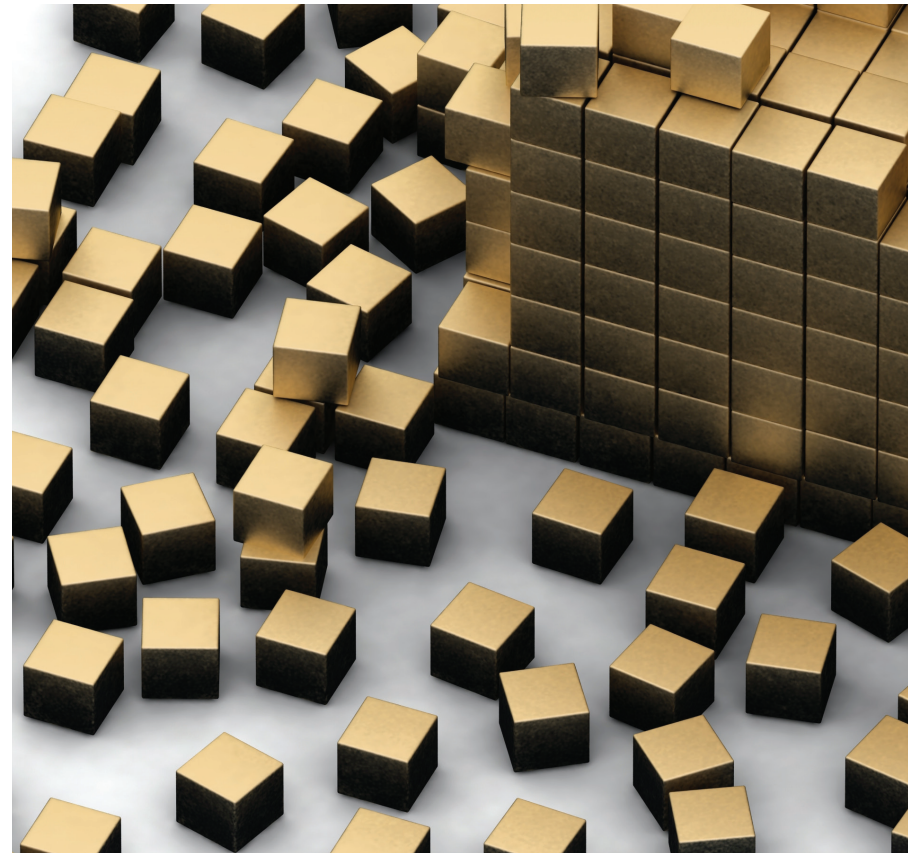
CASE STUDY: eChalk

eChalk, a SaaS-based organization that helps school leaders, teachers, students and parents safely use the web to connect to learning, information and each other, needed a way to make its lead nurturing processes more effective throughout the entire revenue cycle. eChalk's marketing, sales and client services teams wanted to automate their email marketing campaigns and integrate them with their existing CRM system (Salesforce.com). They were searching for an intuitive and collaborative solution that would help their sales and client services teams automate and accelerate customer and prospect outreach.

Solution: eChalk reevaluated their marketing processes. By implementing a marketing automation system they redefined key metrics used for goals and reporting and updated their lead scoring processes and procedures. Utilizing marketing automation, they are better able to monitor, manage and tie revenue results to their marketing and sales efforts.

Benefits: Marketing automation supports and accelerates eChalk's complex and lengthy sales cycle with automated email and nurturing campaigns as well as advanced lead management programs. Readily available insight into a prospect's digital behavior helps eChalk's sales and client services teams better understand, prioritize and interact with the hottest leads.

Marketing automation aligns sales and marketing teams so that they can track and nurture leads accurately and efficiently. Streamlining processes allows companies to expedite prospect outreach and link marketing and sales efforts to profits.
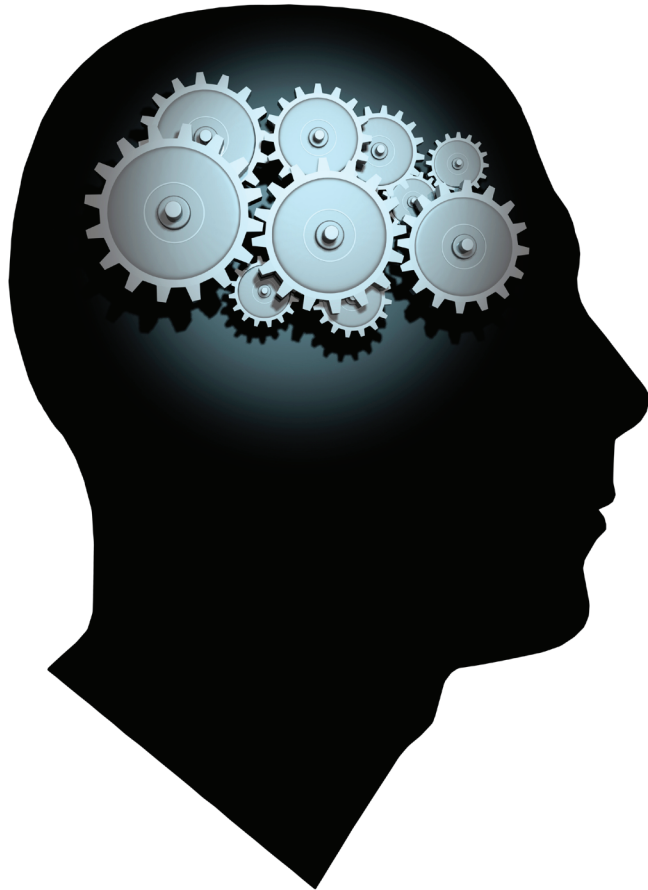
Conclusion

Today's marketing teams are taking more responsibility for revenue, delivering more strategic support to sales teams and striving to close more business more efficiently.

Simply increasing database size through purchasing lists, creating inbound buzz or launching outbound campaigns will have little impact if a company is unable to manage the influx of names properly. Companies must be able to keep up with increase lead flow, ensure lead quality and prove program effectiveness.

To maximize the profitability of every inquiry, be it from prospect or existing customer, companies need a solution that supports both the marketing and sales teams, such as funnel filling programs and laser focused campaigns that propel inquiries into prospects and prospects into customers.

Marketing automation systems achieve this goal quickly and easily. Companies that have implemented such systems have enjoyed highly aligned and optimized marketing and sales teams, faster and more predictable revenue cycles and increased profitability.

About Marketo

Marketo is the revenue performance management company, transforming how marketing and sales teams of all sizes work — and work together — to accelerate predictable revenue. Marketo's solutions are both powerful and easy to use, providing explosive revenue growth throughout the revenue cycle from the earliest stages of demand generation and lead management to deal close and continued customer loyalty.

Marketo, Inc.

901 Mariners Island Blvd, Suite 200

San Mateo, CA 94402

Tel: 650.376.2300

Fax: 650.376.2331

www.marketo.com