

A large, stylized wireframe graphic of a curved surface, possibly a funnel or a wave, dominates the right side of the page. It is composed of a dense grid of thin grey lines that form a three-dimensional mesh. The surface curves from the top right towards the bottom left, creating a sense of depth and movement.

NEW PRODUCT LAUNCH INSIGHTS

MAKE YOUR NUMBER RESEARCH REPORT

Q2 | 2018



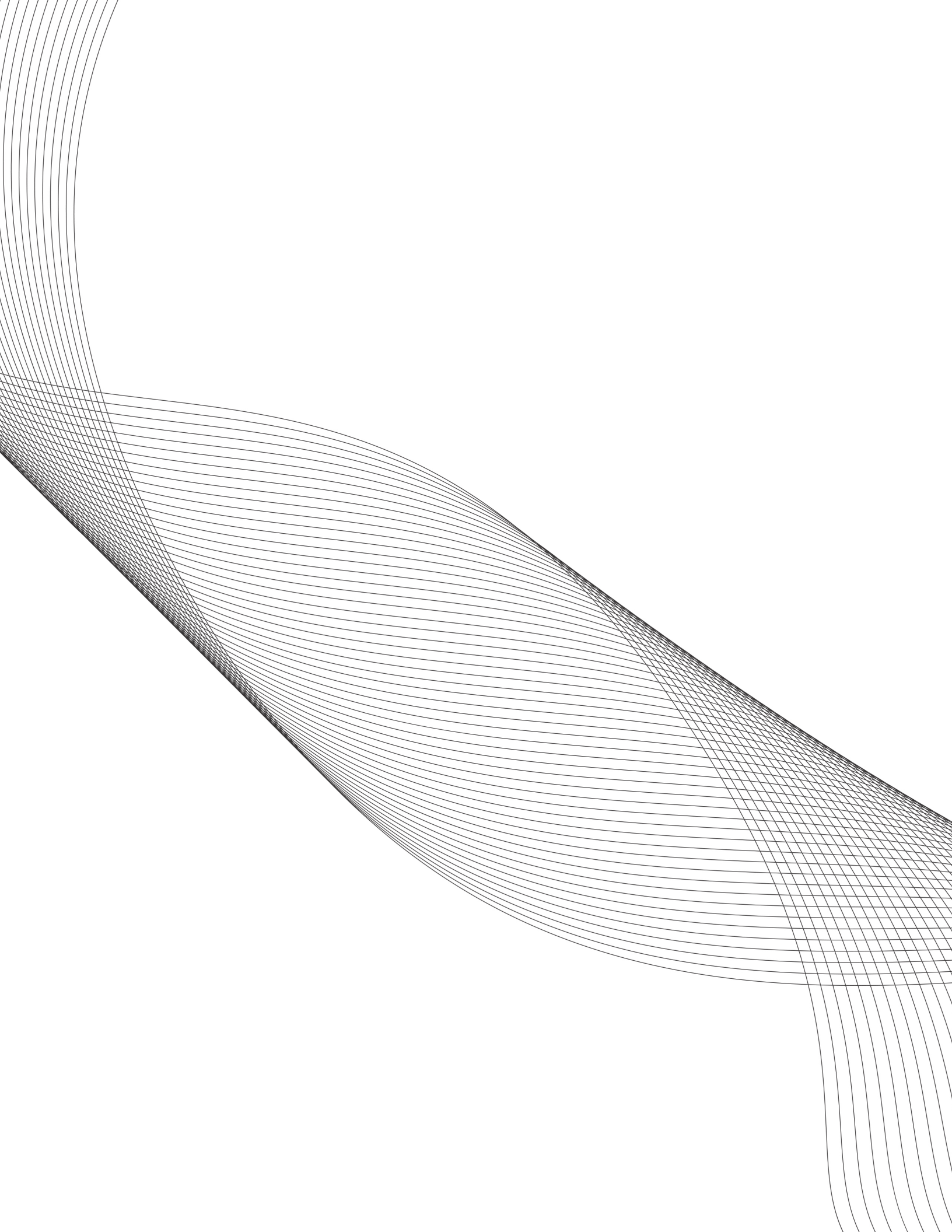
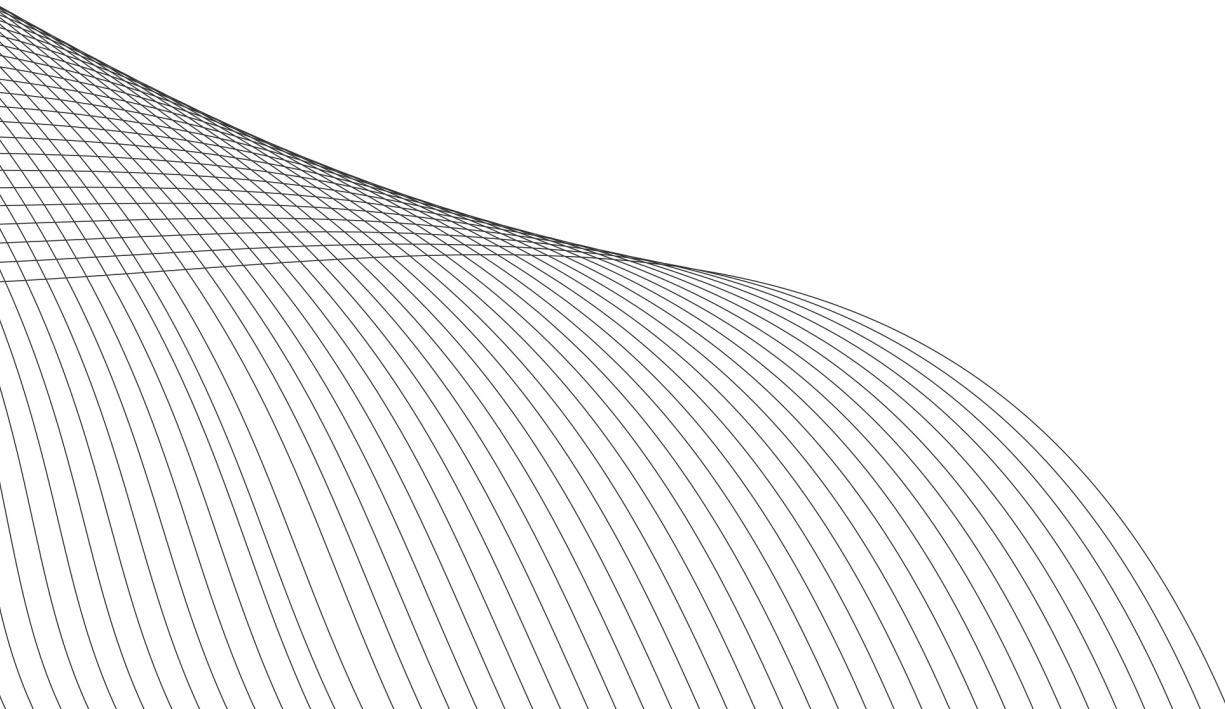


TABLE OF CONTENTS

HOW TO MAKE THE 2018 NUMBER WITH PRODUCT LAUNCH	4
PRODUCT LAUNCH IS THE KEY TO YOUR SUCCESS	6
KNOW YOUR BUYERS	10
REVENUE ENABLEMENT IS THE SILVER BULLET	14
STAY RELEVANT WITH ACTIVE MARKET LISTENING	16
CONCLUSION	18



HOW TO MAKE THE 2018 NUMBER WITH PRODUCT LAUNCH

There are two notable scenarios where product launch can impact the revenue number.

The first scenario involves a failed launch and the need to correct it. A failed launch inevitably translates to a revenue shortfall. To take corrective action to improve the launch will positively impact the in-year number. SBI insights from our clients (11,000 companies, 315 metrics, 14 key sales drivers) has shown that 89% of companies behind in revenue at the end of Q2 are most likely to miss their number for the year. Failed launches contribute to this shortfall.

The second scenario involves the need for a new product launch. A lagging in-year number can be positively impacted by a successful launch. Provided the product quality is great, demand will fill the revenue pipeline. The probability for cross-sell/upsell revenue also rises. As a result, the 11% of companies behind in revenue at the end of Q2 are mostly likely to make their number for the year. Successful product launches enable companies to make their number.

When a new concept or product improvement is properly released into the market the right buyers are waiting with great anticipation. This creates momentum for sales and results in increased revenue for the company. If a company has a product launch coming in the next six months but the plan is not fully developed, they are behind schedule. Immediate corrective action is required.

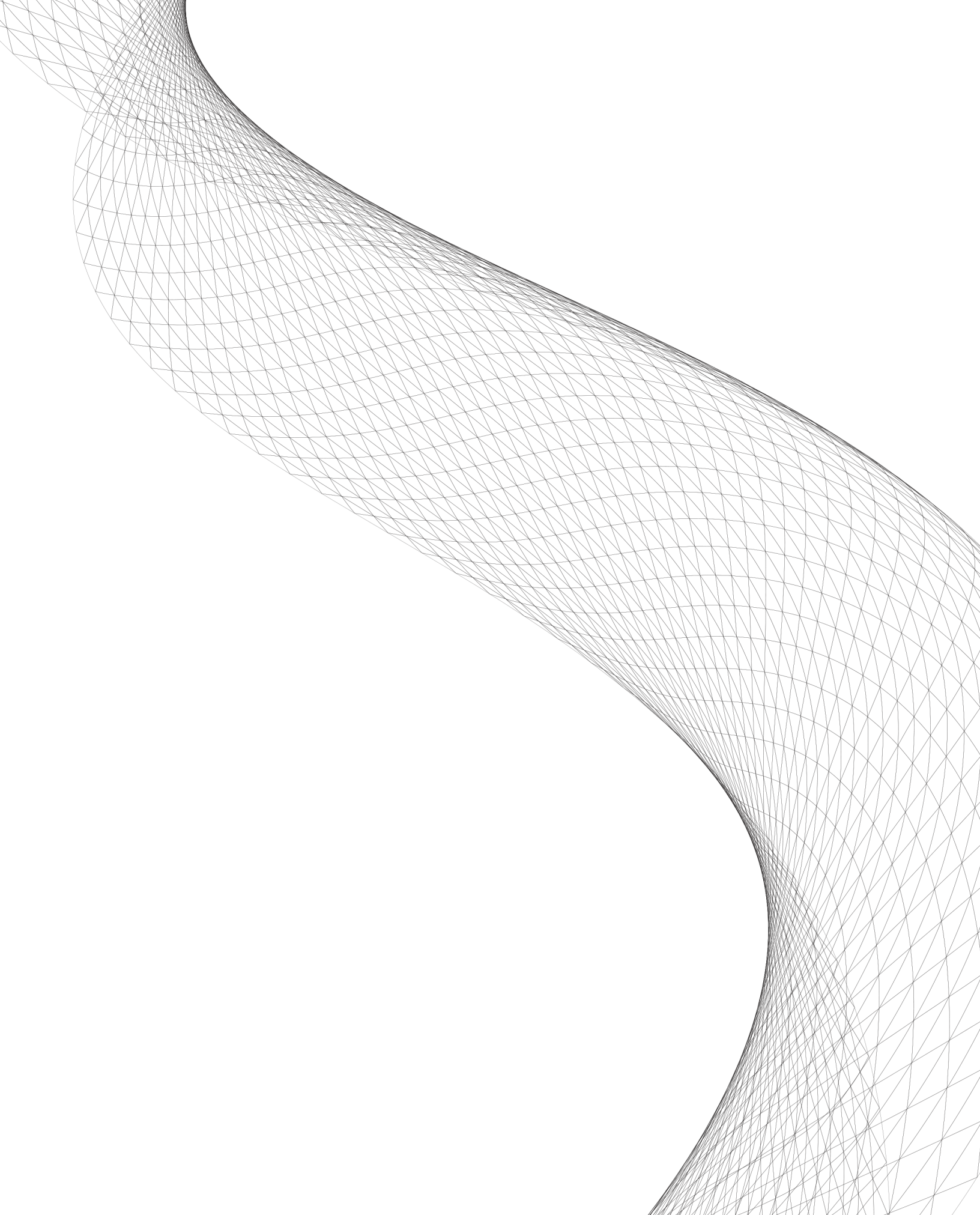
Report Summary

This report is relevant because we heard directly from CEO's, Heads of Sales, and Marketing Leaders that they have urgent needs to improve how products are launched.

To learn more about the topics covered in this report we surveyed CEO's, Sales, Marketing, and Product leaders. We asked how well their companies do at performing key functions. These leaders self-reported their performance on a scale of 1 – 5 (1 = not very well, and 5 = very well). Any score under 3 is a failing grade. Below is a summary of average scores:

- Product Launch = 2.66 (53% out of 100%)
- Segmentation = 2.87 (57% out of 100%)
- Sales Enablement = 2.33 (47% out of 100%)

The problem is real. Product launch and its critical components are not being done well. As a result, the average company will not make their 2018 revenue number without corrective action.



PRODUCT LAUNCH IS THE KEY TO YOUR SUCCESS

The Fallacy of the So-Called Launch Event

Most companies approach a product launch as a one-time event. In these cases, the bulk of the accountability is placed on Product Management. Typically, there is preparation leading up to the event: web and marketing updates, product collateral, and internal announcements. Then post-launch, accountability shifts to Sales and Marketing. New compensation incentives are created for the new product and Marketing is on the hook to create demand.

But the effort tends to be product-centric. The functional go-to-market teams work in silos. As a result, most product launches do not go as planned. This is a real problem.

To understand the topic in more detail, we surveyed CEO's, Sales, Marketing, and Product leaders. We asked how well their company does at launching products. On a scale of 1 – 5, the average score was **2.66**. That's like scoring a **53%** on your final exam.

Meanwhile, product launch is extremely important. These same leaders gave themselves a score of 4.31 on the same scale.

CEO's, Sales, Marketing, and Product leaders realize the value of product launch, but they fail at the execution. (See Exhibit A)

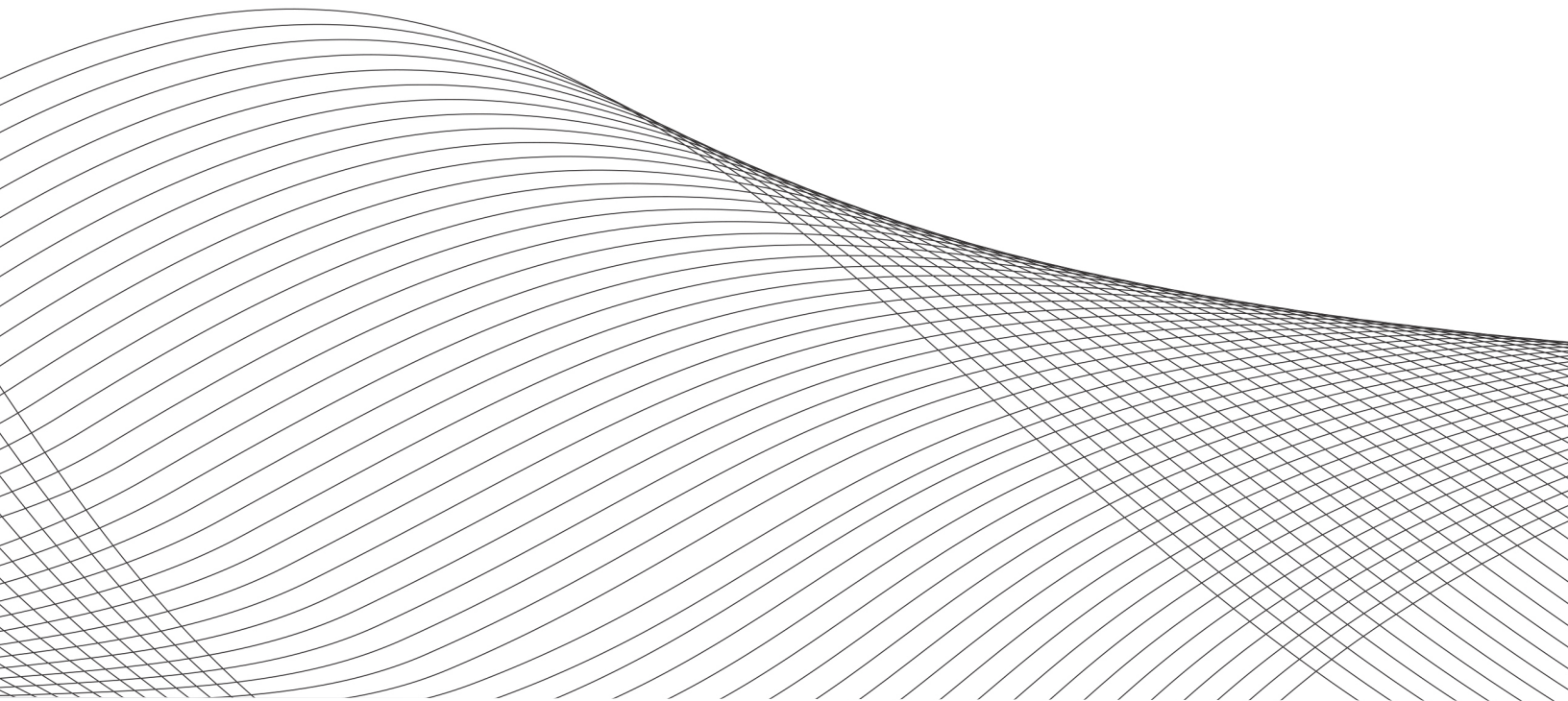
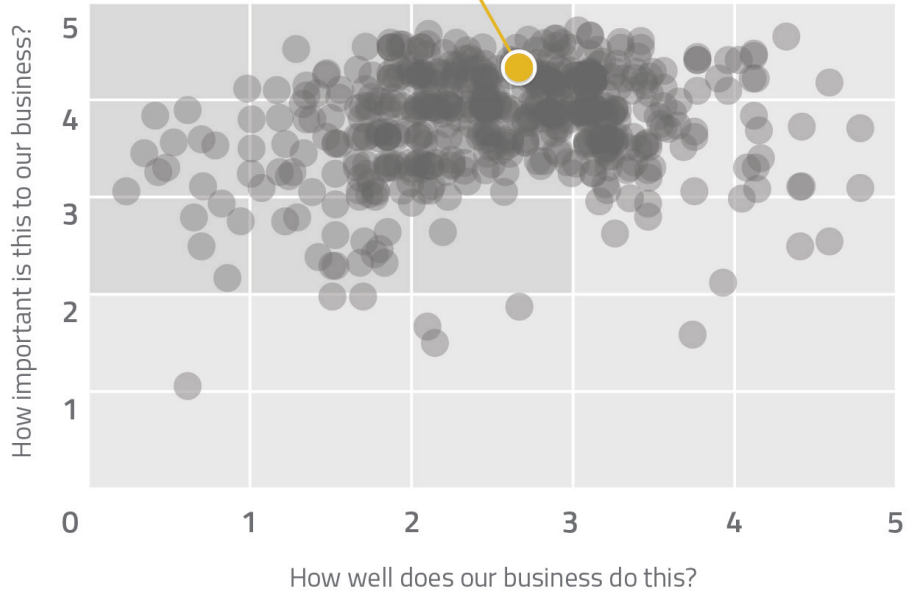


Exhibit A
Product Launch & Messaging: How Well Does Your Business Do This?

When asked about product launch & messaging on a scale of 1-5, "how well does your business do this?" the average response was **2.66**.

On the same scale, companies gave themselves a score of **4.31** in terms of importance to their business.

Companies realize the value of product launch, but they fail at the execution.



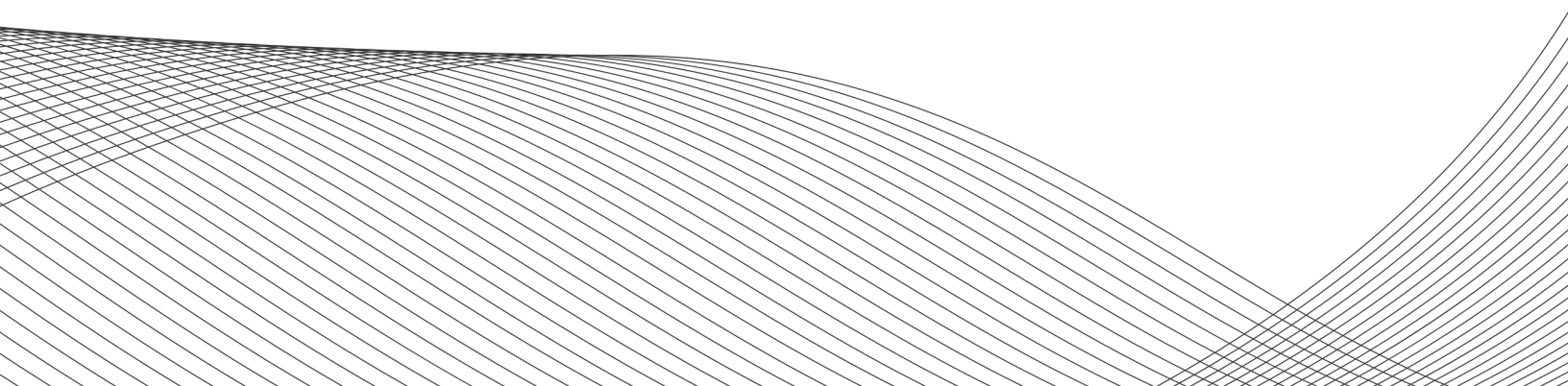
How important is this to our business?
 1 = not very important
 5 = very important

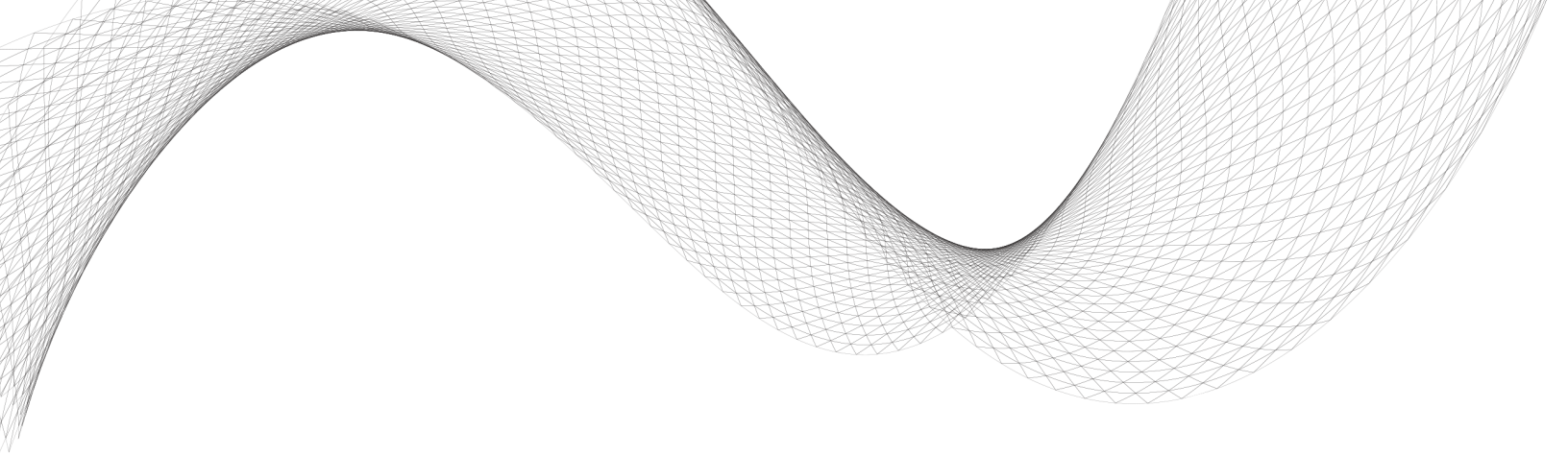
How well does our business do this?
 1 = not very well
 5 = very well

■ Urgent opportunities for improvement
 ● Average rating across all industries and functional leaders

Source: n = 4,785. Includes responses from CEO, CSO, CMO, and Product Leaders across 58 industries. (SBI Revenue Growth Diagnostic, 2017-18)

Twice a year, SBI convenes its CMO Client Advisory Board. Chief Marketing Officers from Fortune 1000 companies spend two days together discussing top-of-mind challenges. The need for better product launch was a recurring theme. One CMO Board members said it best, "Product launch should be a major driving force of the Marketing and Sales strategies. But this isn't always the case. Unfortunately, most [Marketing leaders] don't value product launch until one actually fails. It's a bit of a wakeup call when they go wrong."





Role Clarity Leads to an Excellent Launch

Product launch cannot be reduced to a single day event. It is a process that begins months prior and continues long after the product debut. To be excellent in this process, cross-functional integration is required.

This is overwhelming. That is why so many companies look to cut corners. So, the key to success is to break down the process into manageable components. Spread those components across the core go-to-market functions. Then execute the plan.

As illustrated below in Exhibit B, the process is divided into three parts: pre-launch, launch, and post-launch. Then each functional group is tasked with developing the tools required to play their part.

Exhibit B Product Launch Roles & Responsibilities

Translate the Product Launch Process into chunks of work that will enable the ideal launch. Doing this results in products launched on-time or ahead of plan.

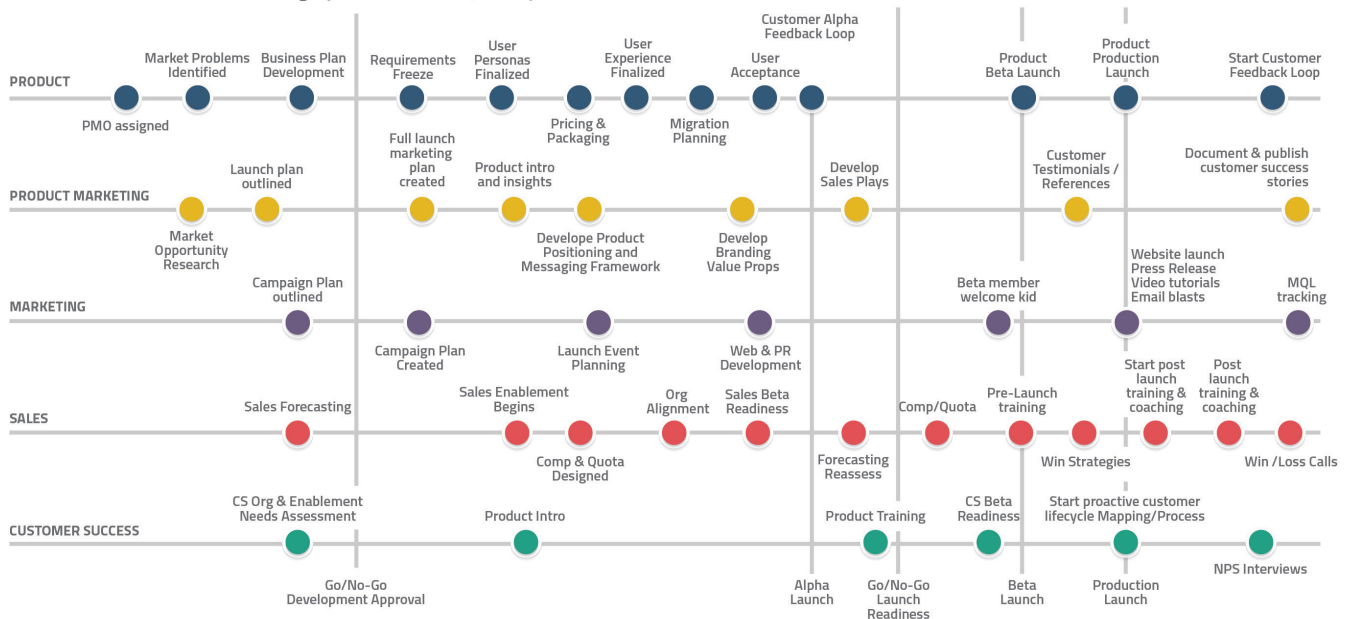
	FUNCTIONAL GROUP	PRE-LAUNCH	LAUNCH	POST-LAUNCH
Pre-launch, when planned and executed correctly, results in a timely product launch	Development	<ul style="list-style-type: none"> Alpha Release Beta Release 	<ul style="list-style-type: none"> Production release 	<ul style="list-style-type: none"> Measure Learn
	Product Management	<ul style="list-style-type: none"> User Data Analysis Redesign (as needed) 	<ul style="list-style-type: none"> Go/No Go for Launch 	<ul style="list-style-type: none"> Learn Update Requirements Backlog Planning of Next Version Release
During launch, mission critical features and requirements must be error free	Marketing	<ul style="list-style-type: none"> Competitive Positioning Redesign (as needed) Value Propositions Buyer Persona Updates 	<ul style="list-style-type: none"> Internal Communications External Communications <ul style="list-style-type: none"> Web & Media Updates PR & IR Releases Third Party Media Updates 	<ul style="list-style-type: none"> Post-Launch Adjustments <ul style="list-style-type: none"> Positioning Statements Messaging Value Propositions
Quickly after launch, product messaging must be accurate and available. Likewise, immediate feedback on product quality should be tracked	Sales	<ul style="list-style-type: none"> Sales Forecasting Comp & Quota Design Sales Training Update Win Strategies 	<ul style="list-style-type: none"> Run Sales Process Run Win Strategies Continued Training Coaching 	<ul style="list-style-type: none"> Provide Product-Level Feedback to Product Management Updates Forecasts & Pipelines

Timing and Sequence Matter

The go-to-market engine spreads across five functional groups. Launch preparations on average take two quarters pre-launch. Post-launch timeline vary, but we've seen another two quarters to ramp up sales. Exhibit C shows the complexity of activity that surrounds the launch event.

Exhibit C Functional-Level Product Launch Plan

The launch of a product is not an event, it is a process. Therefore, Product Management, Product Marketing, Sales, Marketing and Customer Success need to be choreographed for an ideal, timely launch.



CASE STUDY PART 1 – STREAMLINE PRODUCT LAUNCH

Situation

Over the past 12 years, a \$1B B2B software company has launched features on a monthly release cycle. As a result, there are over one thousand feature SKUs, each with unique pricing packages. Meanwhile, the sales compensation plans are only focused on the top fifty features. This discourages Sales from selling the other nine-hundred features. This causes the customer to ask for things that Sales doesn't even know exists. Sales loses credibility with the buyer.

Opportunity

Monthly releases were causing confusion in the field and the marketplace. Product launches needed to be batched into quarterly releases. The Sales and Marketing teams needed to be trained and enabled prior to each launch and supported post-launch. To support this, quarterly launches because a six-month process. Three months of pre-launch followed by three months of post-launch

Resolution

The quarterly release process resulted in a 14% increase in revenue bookings due to the following:

- Marketing more effectively kept up with product, which allowed a more effective communication to the buyers. This translated to a customer base that clearly understood the solution set.
- Sales had a much more streamlined messaging process. There was clarity around bundles and benefit statements. The field gained credibility.

KNOW YOUR BUYERS

Segmentation enables companies to determine which markets, accounts, and buyers to address and how to address them. Products can be tailored to meet specific needs of these segments. Marketing can aim its campaigns accurately. Sales can focus its limited resources on the most promising accounts.

The strategic imperative, therefore, is to identify market growth opportunities and steal a share of the wallet. Target accounts are prioritized based on potential value.

Segmentation is Your Weak Link

This is a data-driven endeavor. Most companies re-process their data once a year. And when they do, they extract very little insights.

Unsurprisingly, this quickly leads to unusable segmentation data. Most companies do this but do little to resolve the issue.

Shown in Exhibit D on the next page, our survey of CEO's, Sales, Marketing, and Product leaders revealed that Segmentation is a weak link. On a scale of 1 – 5, the average score was **2.87**. Yet, Segmentation is extremely important. These same leaders gave themselves a score of **4.45** when asked to rank how important this is to their business.

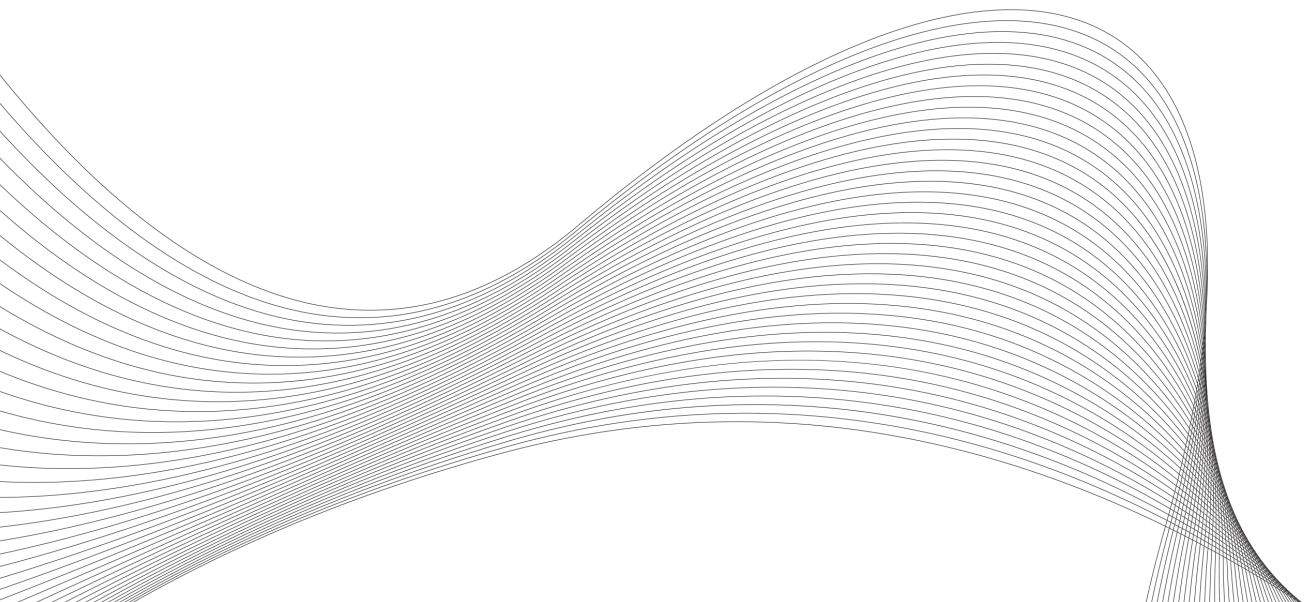


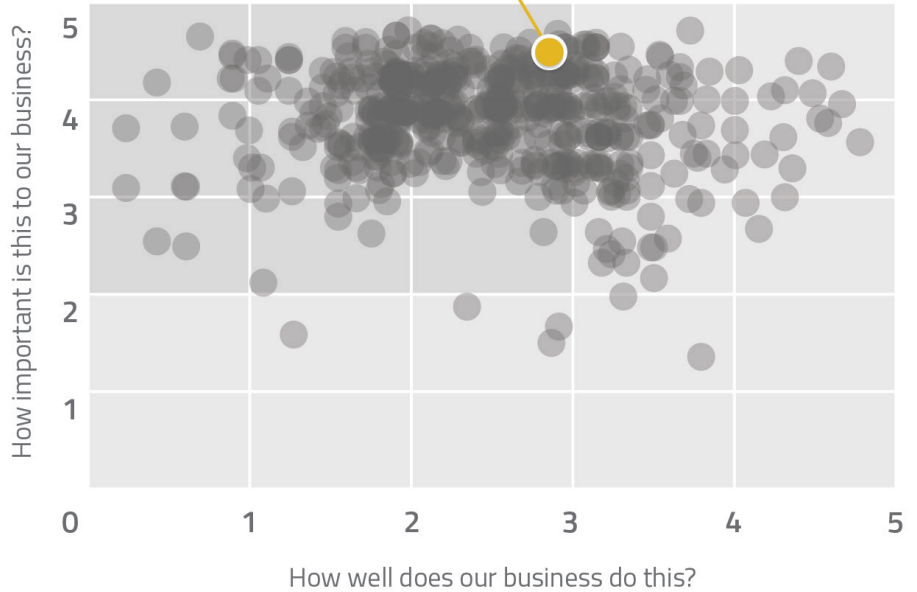
Exhibit D

Market, Account, and Buyer Segmentation: How Well Does Your Business Do This?

When asked about account segmentation on a scale of 1-5, "how well does your business do this?" the average response was **2.87**.

Yet on the same scale, companies gave themselves a score of **4.45** in terms of importance to their business. Market segmentation didn't fare much better.

This signals a massive lack of alignment between strategic importance and actual execution.



How important is this to our business?
 1 = not very important
 5 = very important

How well does our business do this?
 1 = not very well
 5 = very well

■ Urgent opportunities for improvement
 ● Average rating across all industries and functional leaders

Source: n = 4,785. Includes responses from CEO, CSO, CMO, and Product Leaders across 58 industries. (SBI Revenue Growth Diagnostic, 2017-18)

A lack of confidence in segmentation data can have far reaching negative effects on the enterprise. All strategy and activity spring from the segmentation baseline. Marketing campaigns, demand generation, prospecting, territory design, and every other GTM function start here. And yet many are not doing it well.

Segmentation for Product Launch

“There’s only one essential part of running a business, and that’s customers,” explained Chris Cole, Co-Founder & CEO of Intelligrated on the SBI Podcast. “You can make pretty much everything else up, but you have to have somebody who’s willing to pay for what you’re providing them.”

Segmentation uncovers those who are willing to pay for a company’s products. Segmentation of markets, accounts, and buyers is designed to enable leadership to make data-driven strategic choices. The leadership team defines which markets they will (and will not) play in and which account to prioritize to win more, larger deals. This baseline points the entire enterprise in the same, right direction. Not as a one-time event, but as a part of a fluid intelligence gathering mechanism. Doing this early and often provides some advantages:

- Adhere to a buyer-first business mindset (i.e. be outward-in)
- Understand competitive landscape from first-hand perspective
- Execute the needs of the buyers quickly (i.e. be Agile)
- Improve and refine long term strategic direction (i.e. be the leader)

In terms of product launch, **Account Segmentation** will identify the potential early adopters of a new product. These early adopters are targeted as alpha and beta candidates. This is a critical first step for several reasons.

First, these alpha and beta customers typically yield a higher win rate for Sales. This is true because the field can be enabled with a focused “revenue desk” to target these customers.

Second, as these customers are onboarded, lessons are learned early. Product improvements, messaging, and sales approach can be tweaked based upon real-time feedback.

“There’s only one essential part of running a business, and that’s customers, explained Chris Cole, Co-Founder & CEO, Intelligrated on the SBI Podcast. “You can make pretty much everything else up, but you have to have somebody who’s willing to pay for what you’re providing them.”

Next, early success can be captured by way of case studies and testimonials. This not only helps with future enablement but helps refine targeting of new customers.

Once the go-to-market team collects the learnings from these alpha and beta accounts it is time to expand to the larger Service Addressable Market (SAM). Success in this larger group is made possible by the learnings from the early adopters of the product.

CASE STUDY PART 2 – LEAD WITH SMARTER TARGETING

Situation

The \$1B B2B software company adopted a quarterly release cycle, which increased revenue bookings by 14%. But this was a temporary revenue “bounce.” After three quarters, the bookings fell back to a 5% growth rate and held steady. Customer Acquisition Costs (CAC) were higher than normal, which was holding margins down.

Opportunity

The leadership team suspected that Sales and Marketing weren’t focused on enough of the right accounts. They funded a segmentation analysis of their customer and prospect data. They analyzed their markets, accounts, and buyers to determine where they should invest and focus their resources. The objective was to better align resources based on account potential value.

Resolution

Instead of a “spay n pray” approach to the market, the company prioritized their accounts and focused resources on those that met their definition of the Ideal Customer Profile (ICP). The ICP was determined as follows:

- Account Potential: analysis of their account by the total potential to spend budget on their product.
- Propensity to Buy (PtB): used in predictive analytics, this is the definition of the likelihood that a certain type of customer will purchase a product like theirs.
- Willingness to Pay: the maximum amount of money an individual is willing to exchange for their product.

These accounts were prioritized using the above criteria. The best Sales resources were assigned to the best accounts. Average Selling Price (ASP) rose by 22%, which in turn increased margins. Revenue bookings growth jumped back up to 13%.

REVENUE ENABLEMENT IS THE SILVER BULLET

Sales Enablement is the Status Quo

Sales enablement has been the status quo concept for the past twenty years. In theory, Product supplies non-technical jargon to the Learning & Development team. Training is created, and product positioning statements and collateral are distributed to Sales. Marketing and Customer Success are left to their own devices.

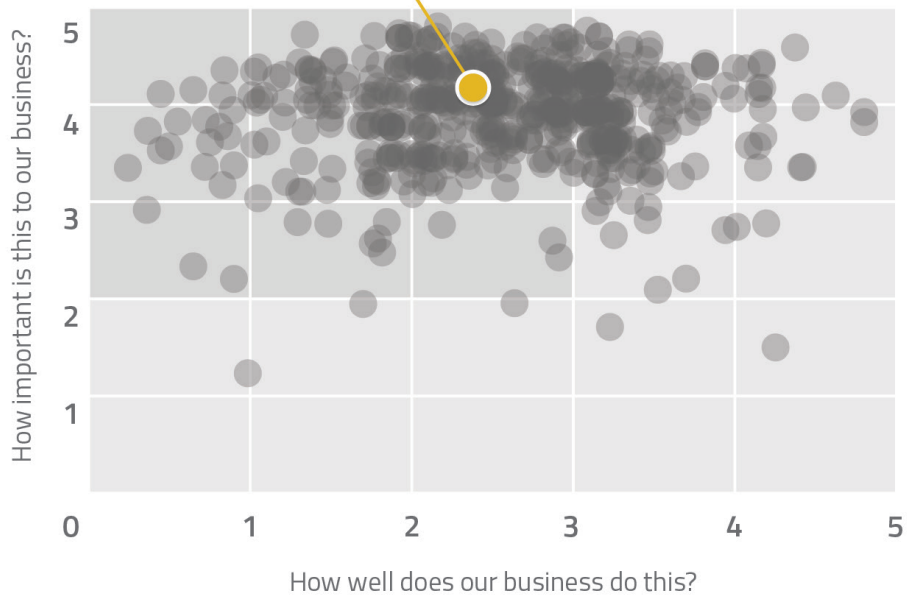
Companies are failing in the area of Sales Enablement. SBI's Revenue Growth Diagnostic reveals that on a scale of 1-5, CEO's, Sales, Marketing, and Product leaders gave themselves a low mark (**2.33** out of 5). Sales Enablement is failing.

Exhibit E

Sales Enablement: How Well Does Your Business Do This?

When asked about account Sales Enablement on a scale of 1-5, "how well does your business do this?" the average response was **2.33**. Yet on the same scale, companies gave themselves a score of **4.13** in terms of importance to their business.

This signals a massive lack of alignment between strategic importance and actual execution.



How important is this to our business?
 1 = not very important
 5 = very important

How well does our business do this?
 1 = not very well
 5 = very well

■ Urgent opportunities for improvement
 ● Average rating across all industries and functional leaders

Source: n = 4,785. Includes responses from CEO, CSO, CMO, and Product Leaders across 58 industries. (SBI Revenue Growth Diagnostic, 2017-18)

Revenue Enablement is the Emerging Best Practice

Enablement of Sales alone is not enough. The entire go-to-market team (Marketing, Sales, and Customer Success) must be empowered with Revenue Enablement. This creates a unified, omni-channel revenue growth strategy. The benefits of this approach lead to success.

- Revenue enablement improves overall product knowledge with the right content at the right time to the field.
- It improves productivity-per-head (and reduces the time-to-productivity for new hires) with the timely development of product-specific tools. Field marketing content, onboarding programs, playbooks, training curriculums, and coaching methodologies play critical roles in assuring the Marketing, Sales, and Customer Success teams are prepared to sell the new offering.
- During the product launch, a “Revenue Desk” is established as part of the Revenue Enablement effort. Here, Sales develops win strategies for active deals in the pipeline. This high-touch, cross-functional session enables the team to work together to win the business.

CASE STUDY PART 3 – ENABLE REVENUE GROWTH MOMENTUM

Situation

Along with market and account segmentation, the \$1B B2B software company also researched and defined their Buyers. Over the course of several months, they documented the challenges, goals, priorities, means, and success metrics for the main categories of Buyers. The problem was this research sat on a hard drive and was not being used. Marketing and Sales were missing opportunities to provide relevant messaging to the market.

Opportunity

Because the insights and terminology collected in the Buyer personas were based on direct-to-customer research, the team knew they were accurate. The Personas needed to be converted to tools and messaging that could be used by Sales, Marketing, and Customer Success (CS).

Resolution

Sales Enablement was not enough. Instead, a Revenue Enablement approach was taken so that the entire go-to-market engine could be empowered to do their jobs better. Marketing campaign messaging, Sales collateral, and call scripts for CS were all developed using a single voice based on the Buyer personas. Sales Cycle Length decreased by 7% over the six months that followed.

STAY RELEVANT WITH ACTIVE MARKET LISTENING

Research Shelf Life is Short and Not Done Often Enough

Most companies don't have a dedicated competitive research capability. Research is conducted as a one-time annual event. Often the information is collected through the Sales team and provides a biased and "inward-out" perspective. Win/Loss, a rich method for intelligence gathering, is done poorly if done at all.

Market Listening Requires Continuous Updates

A healthy market research methodology is ongoing. It provides a 360-degree view of the market by utilizing multiple lenses of discovery. When research is executed on a regular basis, these lenses identify and validate insights from multiple perspectives. The management team maintains an objective, accurate view into current (and future) market conditions.

Exhibit F Market Listening Methods

MARKET	CUSTOMER	COMPETITION	FIELD	CORPORATE
<ul style="list-style-type: none"> 3rd Party Research Industry Events Industry Benchmarks 	<ul style="list-style-type: none"> NPS Reviews Customer Surveys Customer Interviews Current Customers <ul style="list-style-type: none"> Customer Doc Review Customer Events/Calls 	<ul style="list-style-type: none"> Analyst Reports (i.e. Gartner) Competitive Doc Competitive Product Competitive Product Demos 	<ul style="list-style-type: none"> Win/Loss DILOs (with competitive intel questions added) Internal Sales & Marketing interviews Expert Panels 	<ul style="list-style-type: none"> Executive Interviews Strategic Review Sessions

It is critical to employ a feedback loop before, during, and after the product launch process. It will reveal the strengths and weaknesses of the product and go-to-market strategy. It provides actionable data to modify product feature sets and launch processes. Finally, market feedback will typically lead to increased top-line revenue and/or market share (or any other objective as outlined by executive leadership).

A Market Listening program will provide the following:

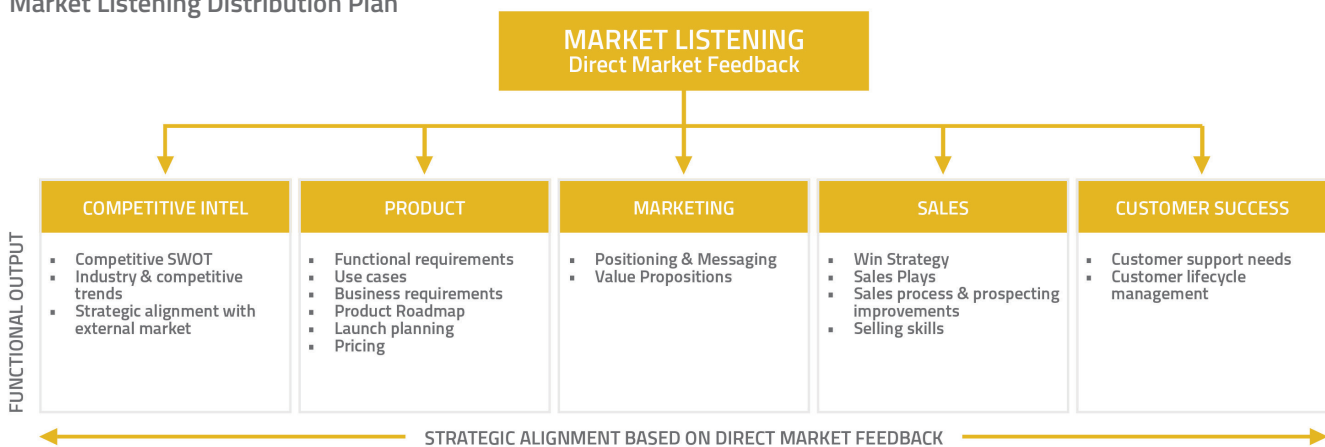
- Current market trends that are influencing buyer decisions
- Competitive positions and messaging that work against your company
- Actual product & feature usage as it compares to design intent
- Personal preferences that dictate how buyers educate themselves

Market Listening Flows into the Go-To-Market Team

With a comprehensive approach, insights are utilized by all key functional areas within the organization. This “outward-in” approach forces the company to align around direct market feedback.

Once collected, the feedback is analyzed and distributed to the key functional organizations. The output ultimately results in a better customer experience, solution offering, competitive positioning, sales motion, and customer lifecycle management. This translates to improved NPS scores and Customer Lifetime Value (CLTV).

Exhibit G Market Listening Distribution Plan



CASE STUDY PART 4 – CREATE LONG-TERM RELEVANCE

Situation

Late into year two of a transformation, the \$1B B2B software company began its migration from on-prem solutions to the cloud. The expectation was that over the next twelve to twenty-four months, the new cloud product portfolio would grow from zero to 30% of revenue. This shift also meant a new set of Buyers and competitors. Leadership needed to overhaul its go-to-market plan (commercial excellence) to make the transformation pay off.

Opportunity

Because of the rapidly changing nature of this new market, continuous research was needed. A comprehensive program was launched with listening posts in the field, with the customers, and the competitors.

Resolution

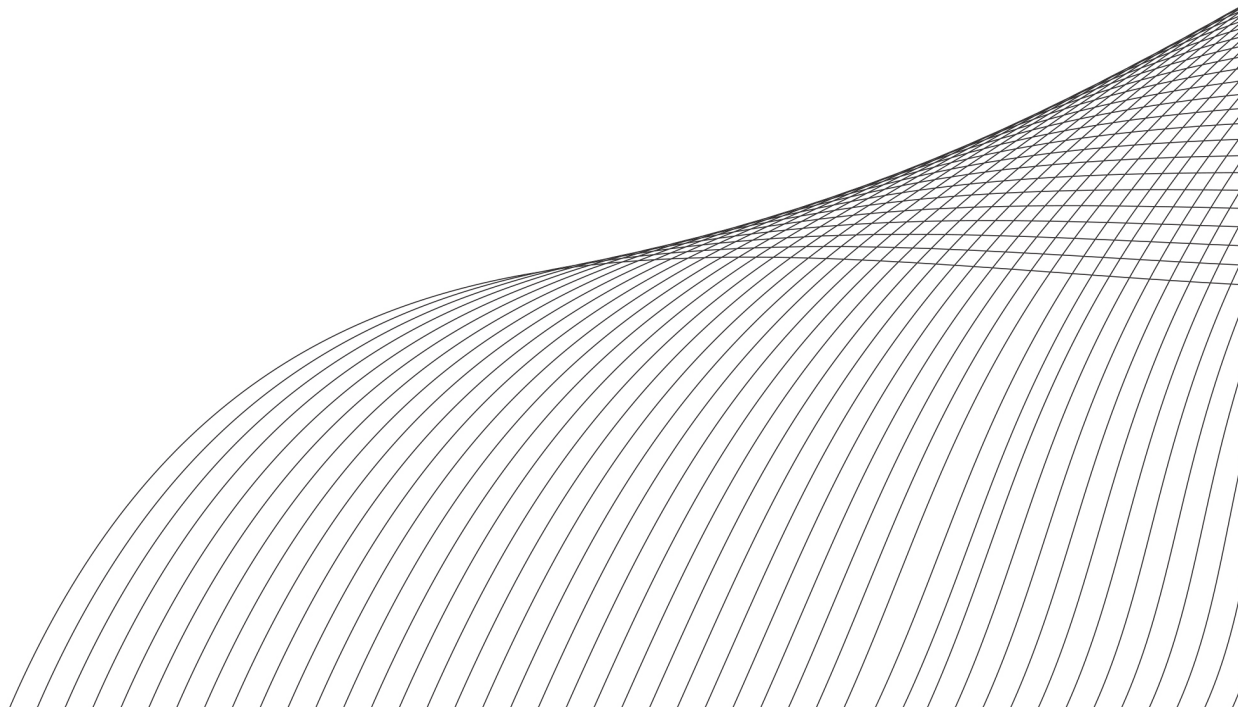
Win/Loss Calls and a Customer Advisory Board were implemented immediately. Both initiatives were met with great success. The insights collected were tracked in an “ideation funnel.” Much the same way leads are qualified, all the ideas collected were qualified too. The insights that were accepted were utilized the next quarter. Updated personas, new product features, and competitive pricing schemes were bubbled up in the process.

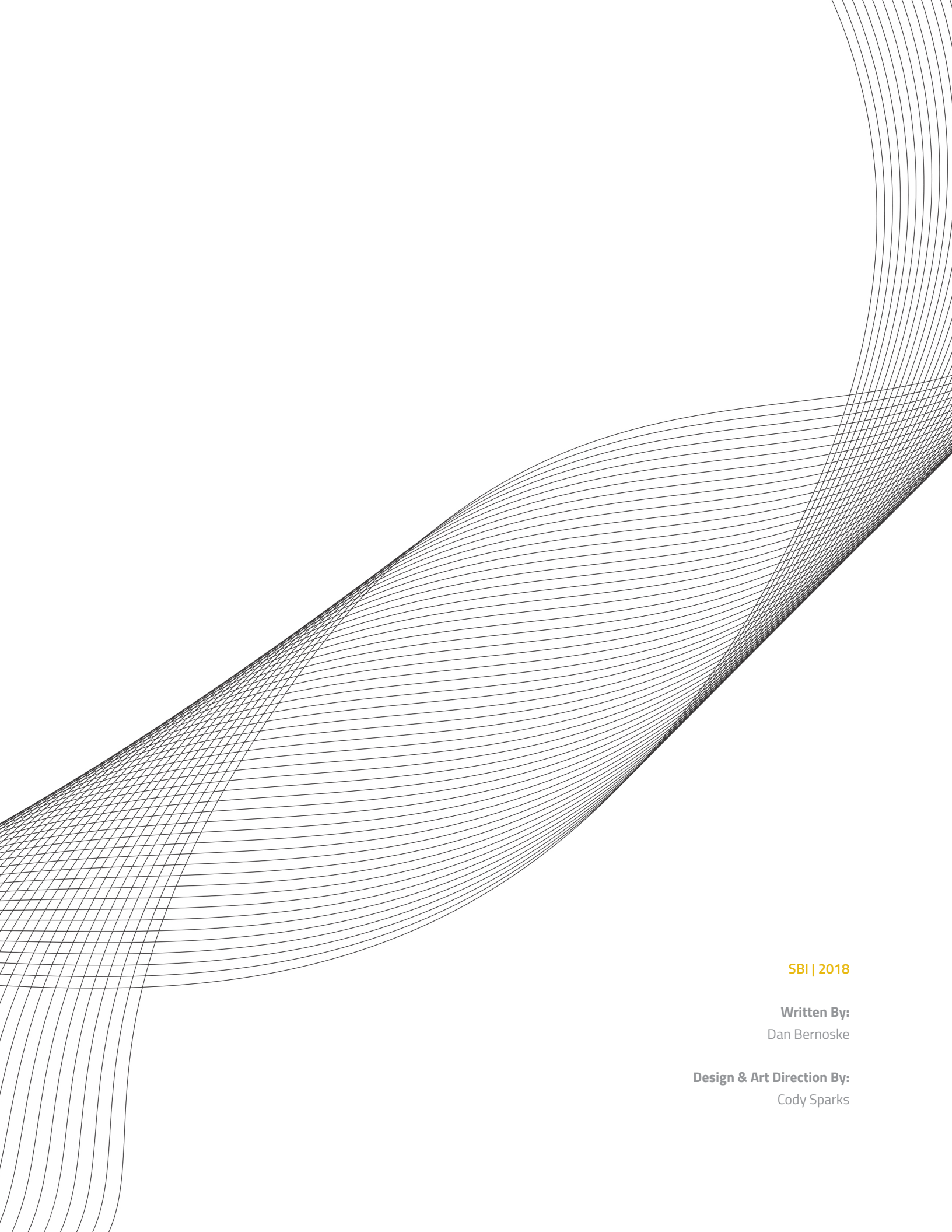
CONCLUSION

89% of companies behind in revenue at the end of Q2 are most likely to miss their number for the year.

On the other hand, a lagging in-year number can be positively impacted by a successful product launch. As a result, the 11% of companies behind in revenue at the end of Q2 are mostly likely to make their number for the year. Successful product launches enable companies to make their number.

When a new concept or product improvement is properly released into the market, the right buyers are waiting with great anticipation. This creates momentum for Sales and results in improved revenue for the company.





SBI | 2018

Written By:

Dan Bernoske

Design & Art Direction By:

Cody Sparks

