

The Sapphire Ventures' COVID-19 Prospect Assessment Model

Strengthen relationships, preserve ARR, and identify new revenue opportunities

April 2020

Prospect Engagement Has Never Been More Complex

These are unprecedented times for everyone, including CROs and sales leaders. Therefore, how you engage with prospects has never been more complicated. As a result of COVID-19, prospects are being impacted across a multivariate of factors. Without having a holistic perspective of how this exogenous shock impacts your prospects, how can you expect to effectively engage with them?

As we noted in our recent <u>blog</u> post, companies will benefit from reanalyzing prospects to assess the potential impact from this crisis and how that might affect business relationships and commercial opportunities. Those that respond quickly to coach their teams, adjust their messaging, and modify their playbooks in response to these changes will be able to continue to strengthen their relationships with prospects, preserve ARR, and identify new revenue opportunities.

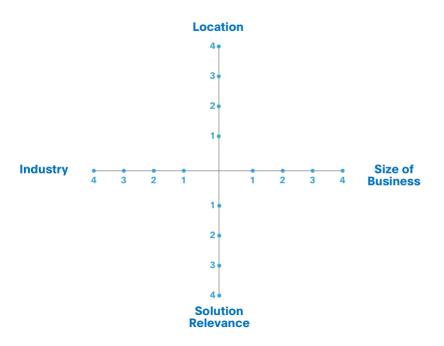
To help CROs and sales leaders re-strategize, we've developed a framework for companies to use to assess how to approach a prospect or existing customer relationship during these unusual times. The Sapphire Ventures' COVID-19 Prospect Assessment Model provides an easy way to build a complete understanding of your prospects' health and outlook across four key factors, so that you can effectively understand how best to engage and adjust your GTM motion.

COVID-19 Prospect Assessment Model

The Prospect Assessment Model score indicates a prospect's health by evaluating four different criteria: Location, size of the business, solution relevance, and industry impact. Scale and scoring is illustrative and is meant to provide an example of how you could use this assessment.

The exact score is of less relevance, but rather is meant to understand directionally how your prospect is being impacted, and the magnitude of adjustments you should be making in your GTM motion.

At the end of the deck, we provide examples of how this framework can be used.



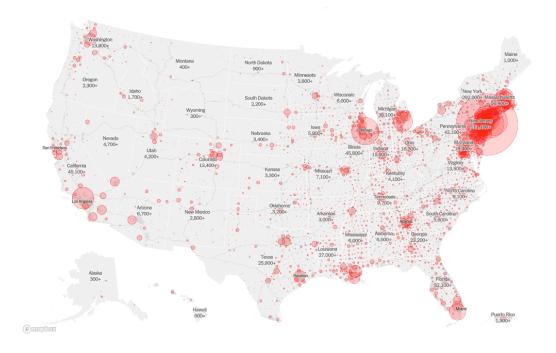
COVID-19 Prospect Assessment Model

While the scoring system is provided as an example, it is a helpful rubric to evaluate the magnitude of adjustments you should make in your GTM motion with a prospect.

Rank	Score	GTM Adjustment
• A	13 - 16	Prospect is not significantly impacted by COVID-19 and its economic disruption. Sales teams can move forward with existing playbooks and a slight modification in messaging.
C	9 - 12	Prospect is impacted by COVID-19 and its economic disruption. Sales team should make adjustments to sales messaging, territory planning, and consider pricing discounts, if applicable.
• F	0 - 8	Prospect is severely impacted by COVID-19 and its economic disruption. In certain cases, consider pausing engagement with prospect. It also may be prudent to explore product adjustments to serve a different set of prospect needs or to pursue new customer segments.

Location

Location analyzes how a prospect has been impacted by COVID-19 based on their geographic location. For example, if your prospect is headquartered in NYC, you will want to make GTM adjustments, such as messaging with greater empathy and reducing contact frequency. Make sure to track the impact of COVID-19 based on location over time as the virus may be subsiding in some areas, while rapidly increasing in others.



 $\textbf{Source:}\ \underline{\text{https://www.nytimes.com/interactive/2020/us/coronavirus-us-cases.html\#map}$

How to operationalize? Consider pulling mailing codes from your CRM and group them by city. Then, match that information against active cases per 100,000 residents in each city and create thresholds for scoring the severity impact (i.e. >150 assign it a score of 0).

Location: GTM Considerations



Sales Territory Allocation

- Assess and review who your SDRs are contacting and where those prospects are located.
- Think about reassigning reps to focus on prospects outside of hardest hit areas.

Messaging Adjustments

- Make sure to coach your teams on how to engage and stress empathy.
- Let teams know that it's okay to acknowledge the crisis in outreach and reduce frequency or eliminate contact with prospects who might be particularly affected by COVID-19.



Tools



With <u>LeanData</u>, you can quickly shift sales territories in response to COVID-19 by making routing changes without requiring developers and subsequent delays.



With <u>Outreach</u>, you can collaborate with your sales and marketing teams to create new sale sequences targeting your "updated" value proposition. Using Outreach, consider changing communication channels (SMS, Social, Email, etc.) and frequency to optimize engagement for this new environment.

Size of Business

A prospect's size (via employee count and/or revenue) is a good indicator of its financial strength and how its IT budget may be impacted by COVID-19. Large enterprises have still been able to move forward with strategic technology projects, while mid-market companies and SMBs have had to abandon a number of IT projects due to budget freezes.

SMB



Many SMBs, especially brick and mortar, have had to shut down operations due to shelter in place orders. Many service-based and online SMBs have been able to continue operations.

Mid-Market



Many mid-market companies are also being negatively impacted. They have seen revenues sharply decline, global supply chains seize up, and their financial runway shorten.

Enterprise



Large enterprises, while also negatively impacted, have had more financial flexibility than other businesses to maintain commitments to existing IT contracts or move forward with strategic projects.

How to operationalize? Consider segmenting your prospects in your CRM by employee count or revenue, and assign 0-1 to those who are below your Ideal Customer Profile (ICP) threshold (SMB), 2-3 to those who are in the lower half of your ICP (Mid-Market) and 4 to those in the upper half of your ICP (Enterprise).

Size of Business: GTM Considerations



Sales Territory Allocation

 For SMB segments, focus reps on prospects that run the majority of their business online or who have service-based businesses that are able to continue to operate in this new business environment.

Messaging Adjustments

- Understand how your solution may support your customer segments' most
 pressing initiatives. For example, with SMB it may be migrating their business
 online. For mid-market, it may be cost efficiencies to provide them with greater
 financial flexibility. And for large enterprises, it may be about speed of impact to
 quickly deliver value on their pressing needs.
- Develop objection documents so your sales teams can be prepared to respond intelligently and confidently to COVID-19 related customer objection.



Tools



Using <u>Highspot</u>, you can gain visibility into content usage data, and the ability to measure which content pieces are more-or-less effective right now. By utilizing Highspot's machine learning technology, you can be confident that sellers are leveraging the best content for that specific buyer profile and sales stage.

Industry

COVID-19 has created significant headwinds for some industries while providing tailwinds for many others. The health crisis has not only had a wide impact across industries, but within industries as well. For example, within manufacturing, auto manufacturers have been hard hit, while paper manufacturers are seeing a surge in demand. The following chart shows the results of a customer survey conducted by Trace3. It illustrates the wide array of expected IT budget impacts across and within industries.

Effects on IT Budget by Industry



Source: Silicon Angle, Trace3

How to operationalize? Consider ranking industries and sub-industries (where applicable) in your CRM with a score from 0-4. Zero for those most significantly impacted and 4 for those that may be seeing an increase in business.

Industry: GTM Considerations



Sales Territory Allocation

- Consider reassigning sales and customer success teams based on industry impact.
- Assign sales reps to focus on engaging with prospects seeing a surge in business and focus customer success on customers who may be at the greatest risk of churning.

Contract Changes

- Adjust pricing to match an industry's near-term financial needs, while maintaining them as a long-term customer. For example, for an airline company you may want to reach out preemptively to ensure they can continue to utilize your solution. A potential strategy may be to scale down users at an increased seat price so when the user scales back up, you benefit from the higher seat cost.
- Another option is to provide a one-time discount for new customers so that future
 years of billing will not be impacted. When the economy bounces back, you will be
 in a good position to expand these accounts.



Tools



By utilizing Clari, you can build confidence around your opportunities and revenue targets. With Clari's ability to automatically capture sales engagement levels with each prospect, you can better focus your sales team's attention on the right deals taking into account their risk profile.



Solution Relevance

While the scoring model is primarily based on location, size, and industry, you should also reassess your solution's relevance with your ICP and particularly on those opportunities in the next quarter. COVID-19 is causing businesses and IT organizations to look for technologies to solve time sensitive pain points. In many cases, your buyer persona may have a new set of goals, business issues to solve, and stakeholders to appease because of COVID-19 impacts.

Pre COVID-19	Technology CRO	Post COVID-19
Accelerate revenue and meet top-line growth targets	Business Objectives	Ensure customer facing teams know how to respond to COVID-19 customer objections
Hiring and ramping sales teams to meet business goals	Pain Points	Declining confidence with teams due to business uncertainty
Typically the champion and key decision-maker for a sales solution	Key Buying Stakeholders	Needs to rationalize business value of solution and ROI. Decision is made with input from CFO and CIO.
Driving fast and efficient top line growth for the company	Definition of Success	Helping the company continue to engage prospects, recast opportunities, and preserve ARR

How to operationalize? Consider utilizing the above diagram to map the change in your ICP objectives and goals by industry. In this example, we used a technology CRO. Based on your buyer's changes, implement a score for your opportunities from 0-4. 0 for an industry buyer where your solution may temporarily be of less relevance right now and 4 for where your value proposition is very strong.

Solution Relevance GTM Considerations



Pricing Modifications

• Potentially offer a portion of your solution for free or discount to help mitigate a prospect's acute COVID-19 pain point.

POCs/Trials

- Think about extending POCs/Trials to prospects to prove your solution's value and to keep them engaged.
- Remove approval processes so that your sales team can quickly move forward with trial offers in response to buyer objections.

Messaging Adjustments

- Make sure to reflect your prospects' new priorities and business focus in your sales messaging and content.
- Coach your sales team on how to engage as an advisor rather than a technology seller.





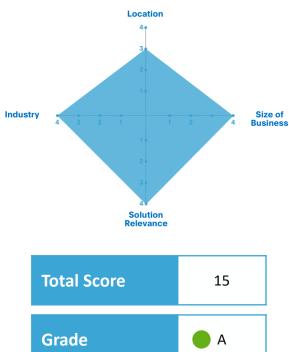
With <u>Pendo</u>, you can leverage in-app messaging to notify users of free offerings or features. Pendo also helps easily onboard clients so they can accrue value faster. On the post-sales side, Pendo can help customer success managers gain insight into how accounts are doing based on how they're using the product.



Example 1: COVID-19 Prospect Assessment Model

Solution	Supply Chain Solution
Prospect	Fortune 50 CPG Company in Cincinnati, Ohio

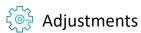
Factor	Score	Rationale
Location	3	Cincinnati has ~89 active cases per 100,000 residents. That number is below many other cities throughout the country.
Size of Business	4	The firm is well capitalized and has a healthy balance sheet with low debt and a high level of cash.
Solution Relevance	4	CPG firms are relying heavily on their supply chain to meet an increase in demand and ensure their products are delivered to big box retailers.
Industry	4	CPG firms are seeing a surge in demand for many of their products, especially cleaning lines.





Example 1: COVID-19 Prospect Assessment Model

Solution	Supply Chain Solution
Prospect	Fortune 50 CPG Company in Cincinnati, Ohio



Messaging Adjustment

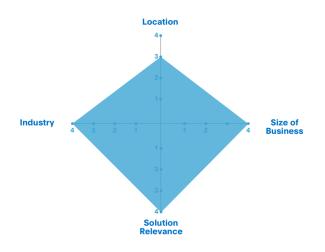
 Message around your ICP's acute supply chain objectives of gaining better reliability and visibility with product in transit to meet customer demand.

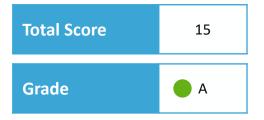
Sales Territory Allocation

 Focus BDR and AE outreach on CPG accounts that are experiencing a surge in demand and could benefit immediately from leveraging a supply chain solutions.

Product Pricing

 Offer a self-serve or trial period on your solution to entice CPG companies to leverage your solution in response to this exogenous impact.

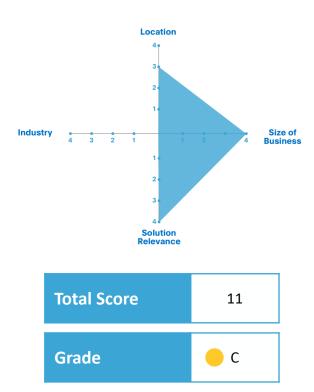




Example 2: COVID-19 Prospect Assessment Model

Solution	Customer Service Technology
Prospect	Fortune 500 Airline in Dallas, Texas

Factor	Score	Rationale
Location	3	Dallas has $^{\sim}104$ active cases per 100,000 residents, which is well under many other cities throughout the country.
Size of Business	4	This is a large Fortune 500 enterprise with access to federal funding.
Solution Relevance	4	Airlines are getting inundated with calls from customers to change and cancel flights due to COVID-19, putting a strain on how to respond efficiently to the rush of customer inquiries.
Industry	0	Airlines have a large portion of their fleet grounded due to a collapse in travel demand.



Example 2: COVID-19 Prospect Assessment Model

Solution	Customer Service Technology
Prospect	Fortune 500 Airline in Dallas, Texas



Sales Territory Allocation

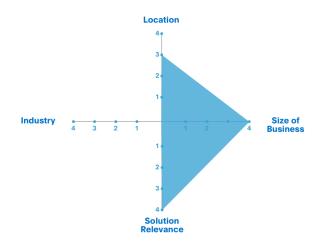
 Despite being a severely impacted industry, advise SDRs/AEs to continue to engage due to high solution relevance, but to do so with a high degree of empathy.

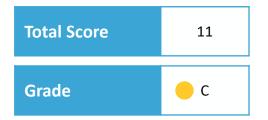
Messaging Adjustment

• You coach your sales team to engage with the prospect around how your technology can supports their immediate business need, including helping to resolve a high volume of customer inquiries quickly and empowering a distributed customer service team.

Contract Pricing

• Offer to structure contract payments quarterly, monthly, or annually to help alleviate temporary financial and budget constraints.



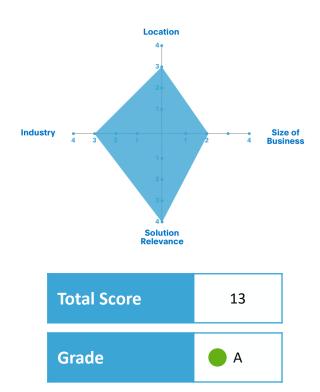




Example 3: COVID-19 Prospect Assessment Model

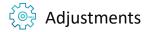
Solution	Sales Enablement Solution
Prospect	Private B2B Cybersecurity SaaS Company in Palo Alto, CA

Factor	Score	Rationale
Location	3	Palo Alto has ~104 active cases per 100,000 residents, which is well under many other cities throughout the country.
Size of Business	2	While it's a Mid-Market company, it has raised a recent VC round that should provide it with good financial runway.
Solution Relevance	4	It's the CMO's top priority to make sure sales teams are delivering a unified buying experience.
Industry	3	While some B2B SaaS technologies have been hit particularly hard, cybersecurity tpically does not see a huge decrease in demand, even in downturns.



Example 3: COVID-19 Prospect Assessment Model

Solution	Sales Enablement Solution
Prospect	Private B2B Cybersecurity SaaS Company in Palo Alto, CA

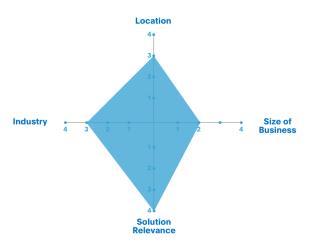


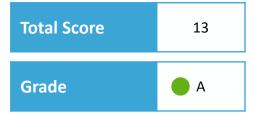
Messaging Adjustment

- Your sales team can use existing playbooks and sale sequences, but modify messaging to account for COVID-19.
- Accentuate the ability of your solution to empower reps with the intelligence they need to engage customers in a remote environment.

Product Adjustment

• Empower reps to respond to certain objections with trial offers or POCs to prove your solution's quick time to value and ability to increase their time on customer engagements by reducing customized content work.





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