

# Realizing Effective Revenue Operations

Considerations for Maximizing Revenue Potential

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## The Need for Revenue Operations

Over the past 10 years, there has been an increasing shift to a more expansive view of revenue. Organizations are adopting mixed business models that include subscriptions, self-service e-commerce, usage- and milestone-based pricing as well as one-time purchases. With the differing economics of subscription models and self-service channels, operations teams

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are now more concerned with margin, not just revenue. This broadens the revenue focus to include customer retention and relationship expansion as well as new sales.

Workers who historically have not been engaged in direct sales are now supporting this wider view of revenue. Customer service and success teams are linked directly to customer retention. Account teams are tied to upsell and cross-sell opportunities in existing accounts. Marketing is now increasingly measured on revenue targets as well as playing an active role in communication that promotes cross-sell opportunities to existing customers. While many

traditional sales operations teams are taking on wider responsibility with new roles in revenue operations. Many organizations have created a Chief Revenue Officer role to focus on all sources of revenue. Critical to the success of this role is the finance team's ability to aid in these profitability and margin analyses by being able to access the relevant data, analytics and forecasts.

Alignment increases in priority as more teams become involved in supporting revenue growth. Metrics that map to the overall objective of a positive customer experience must be tailored for each team to identify retention and relationship expansion opportunities. The successful hand over between each stage of the customer life cycle ensures greater likelihood of a positive customer experience. For each stage, organizations must capture and share customer information and status, product information and recommended actions.

Quality data plays a foundational role in achieving revenue targets. Data from a variety of sources is required, including pre-sale, customer satisfaction data, customer relationship management information and data from marketing. Incorporating third-party data, for example, enhances prospecting, with an understanding of whether the prospect is a good fit and if the sales process is on track to result in a win. Matching and aligning data from disparate sources is key, emphasizing effective data governance and validation to provide confidence in the resulting metrics and analytics. Automatic collection of data reduces latency and quality issues that come with manually entered information.

Understanding and measuring the customer journey is of paramount importance in this new revenue era. The customer experience is linked directly to the life cycle, from lead to sale to



onboarding through adoption and usage. Data from each stage must be measured and captured, identifying break points and missteps in the customer journey to protect customer loyalty. This visibility into the total customer experience ensures team metrics and objectives can be linked to overall corporate objectives and team targets.

## The Path to Effective Revenue Operations

Technology that delivers actionable insights enables effective revenue operations. Rather than focus on what has happened, analysis should link to actions dependent on the analytic insight provided. Insights can relate to individual customers with links to actions such as churn preemption, or they can highlight team or individual efforts that need correction or that should be shared as successful practices. Analyzing processes with their outcomes can identify steps that delay or hinder success.

Traditionally, data warehouses have been viewed as the way to pull together disparate data, but this approach does not support the flexibility needed for revenue operations. A data warehouse does not typically deliver insights about processes or ways to improve them based on outcomes. Nor do data warehouses have the ability to access transactional data in real time; data that is needed to ensure decisions and actions are taken based on the latest information. Projections and forecasts of revenue outcomes are necessary to ensure timely course corrections, including adjusting prices or offering discounts and incentives. Many applications embed analytics, but this leads to siloed activity among teams. An application that supports one business area, for example, delivers a narrow focus of analytics and metrics, rather than the more integrated view necessary for revenue operations. Separate, disconnected applications can be an impediment to effective handovers from one team to another.

Overall objectives need to translate into metrics and targets for separate teams and individuals, which is difficult to achieve from siloed applications and data. Through 2025, we assert that more than three-fifths of organizations will limit the effectiveness of revenue management with an incomplete view of a customer's journey from lead, engagement, purchasing, onboarding, renewal and expansion.

Predictive insights lead to recommended actions, not just observations. More advanced analytics using artificial intelligence can assess the likelihood of a successful sales opportunity, predict customer churn, recommend up- and cross-sell opportunities, more accurately forecast revenue and recommend next best actions based on observed activities

### Office of Revenue

#### Market Assertion

Through 2025, more than three-fifths of organizations will limit the effectiveness of revenue management with an incomplete view of a customer's journey from lead, engagement, purchasing, onboarding, renewal and expansion.



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and results. These can be key as part of cross-team collaboration at the point of hand over, ensuring continuity for the customer. Forecasted outcomes can inform management of potential gaps between actual and planned performance, enabling timely course correction. Building confidence in predictive results requires good data governance that ensures data is consistent and trustworthy.

In the absence of a total, integrated revenue view, it will be harder for organizations to effect change. While insights and dashboards are useful, they focus on what has happened in the past. Typical dashboards require interpretation and are often lagging indicators for which there is no corrective action. Continuing success of revenue operations transformation depends on metrics and performance measurement to reinforce desired actions. Without data and process integration, teams can revert to pre-transformation behavior, leading to misalignment across teams and a reduced customer experience.

## Taking Action for Revenue Intelligence

The shift from sales to revenue is leading to new requirements for revenue operations. With a broader set of roles contributing to revenue growth, aligning different teams against overall organizational goals is critical to achieving revenue objectives. Data is foundational to enabling execution and continuous process innovation in response to customer expectations and market needs. But relying on the analytics and data embedded in point solutions may not provide the broad view necessary to achieve overall revenue targets. Organizations that embrace the shift to revenue operations and develop a supporting data and analytics strategy will be better placed to ensure a positive customer experience in furtherance of revenue objectives and targets.



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