TCP / ICP

Methodology

And

Execution Playbook

ERIC PALMER

• Table of Contents

SBI

Key Personas

Key business personas this playbook is intended for…

Responsible / Accountable

Sales Ops Leader

- **Model Development**–Manages the development of segmentation constructs, coordinating resources both internally and externally
- **Execution** – Responsible for deploying the outputs of segmentation across a variety of dependent workstreams
- **Sustainability**– Responsible for model stewardship and ensuring its sustainability and reliability

Sales Leader (CRO)

- **Revenue Growth** – Focuses on meeting growing revenue targets by optimizing finite resources across market opportunity
- **Productivity** – Proper customer segmentation aligns sales resources to market opportunity likely driving increased per rep productivity
- **Outperformance** – Targets outperforming competitors and growing faster than the industry standard

Consulted / Informed

CFO

- **Planning and Measurement**– Establishes defendable and attainable goals supported by bottoms-up segmentation outputs

Marketing Leader

- **Market Capture** – Seeks to maximize market share and outpace competitors' growth via superior market awareness and customer experience
- **Collaboration** – Aims to collaborate effectively with Sales team and leaders with particular investment in Ideal Customer Profile development

Introduction & Focus

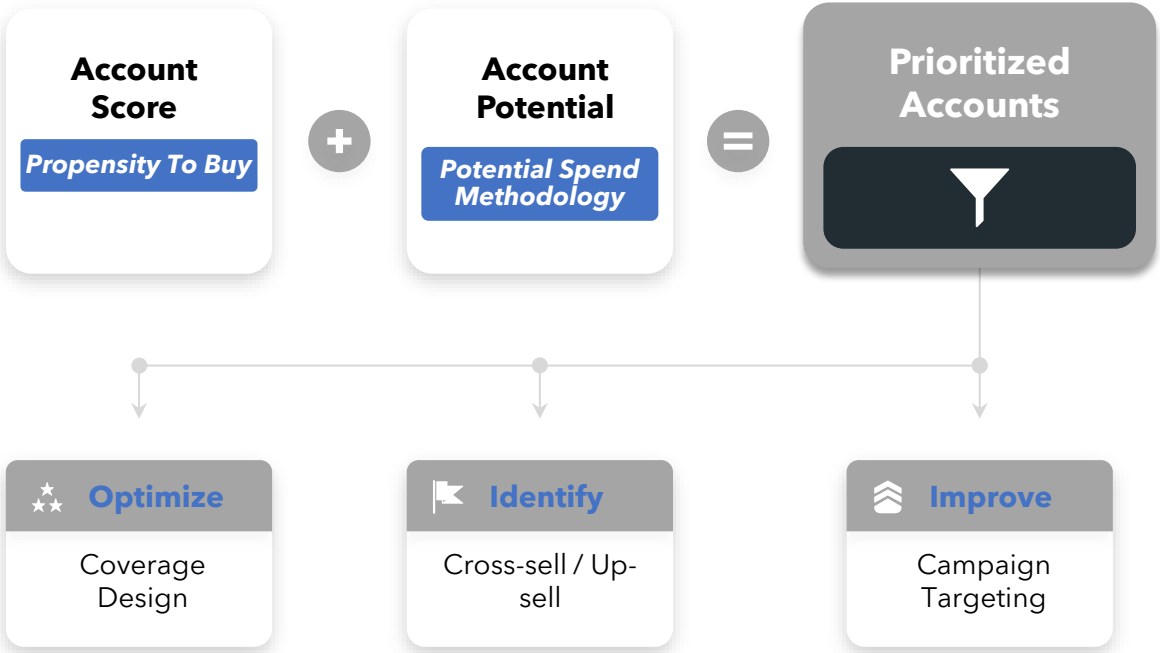
Account Segmentation is the prioritization of accounts across geographies and segments

Account Segmentation

Prioritize accounts across geographies and segments based on propensity to buy and size of available opportunity within the account.

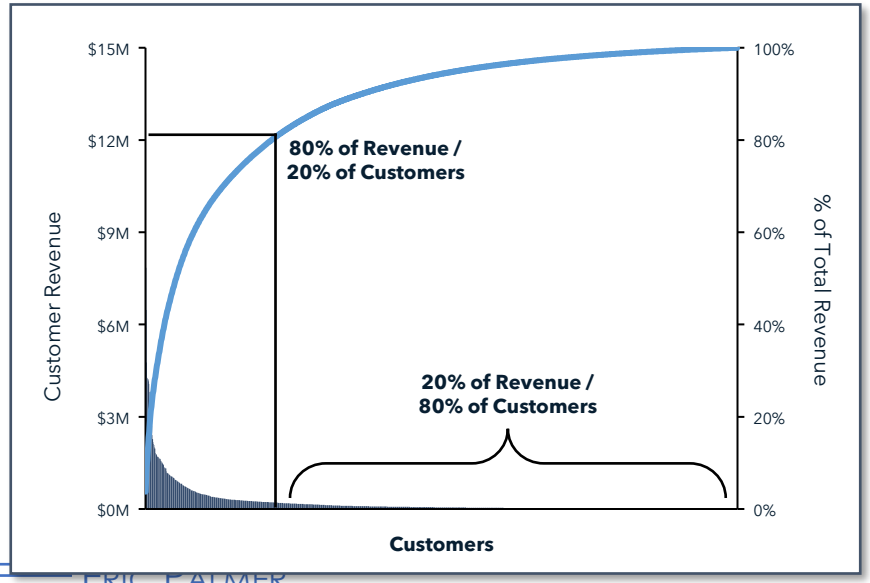
Benefit

Analyze, rank and select the customers that are **likely to spend the most money** in the **shortest period of time**. The output of Account Segmentation creates more clarity for strategic decisions in Coverage, Resourcing, Territory Design, Compensation/Quota Setting, and Hiring.

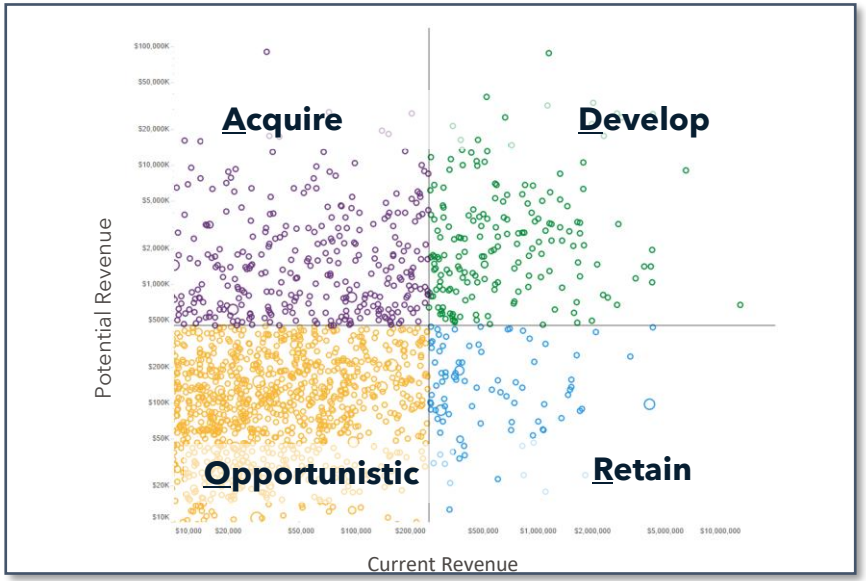


Account Segmentation informs how to divide the market and extract the highest ROI from each segment

***Organizations tend to follow the Pareto Principle**, where most of a firm's revenue comes from a small subset of their customers*



***Account Segmentation yields higher returns than a one-size-fits-all approach** by dividing the market based on current spend, potential value, and ease of acquisition*



Best in class Account Segmentation positively impacts selling time, sales productivity, and LTV:CAC Ratio

Why is Account Segmentation Important?

Account Segmentation is important so a company can allocate its resources most effectively to capture market opportunity.

There are three primary reasons to conduct an Account Segmentation exercise:

1. **Strategy:** Understand who is buying your solution(s), so you can hone your GTM strategy to target the right market, accounts and buyers.
2. **Prioritization:** Companies prioritize the customers and prospects with greatest potential spend
3. **Allocation:** Companies allocate their sales, marketing, and customer success resources

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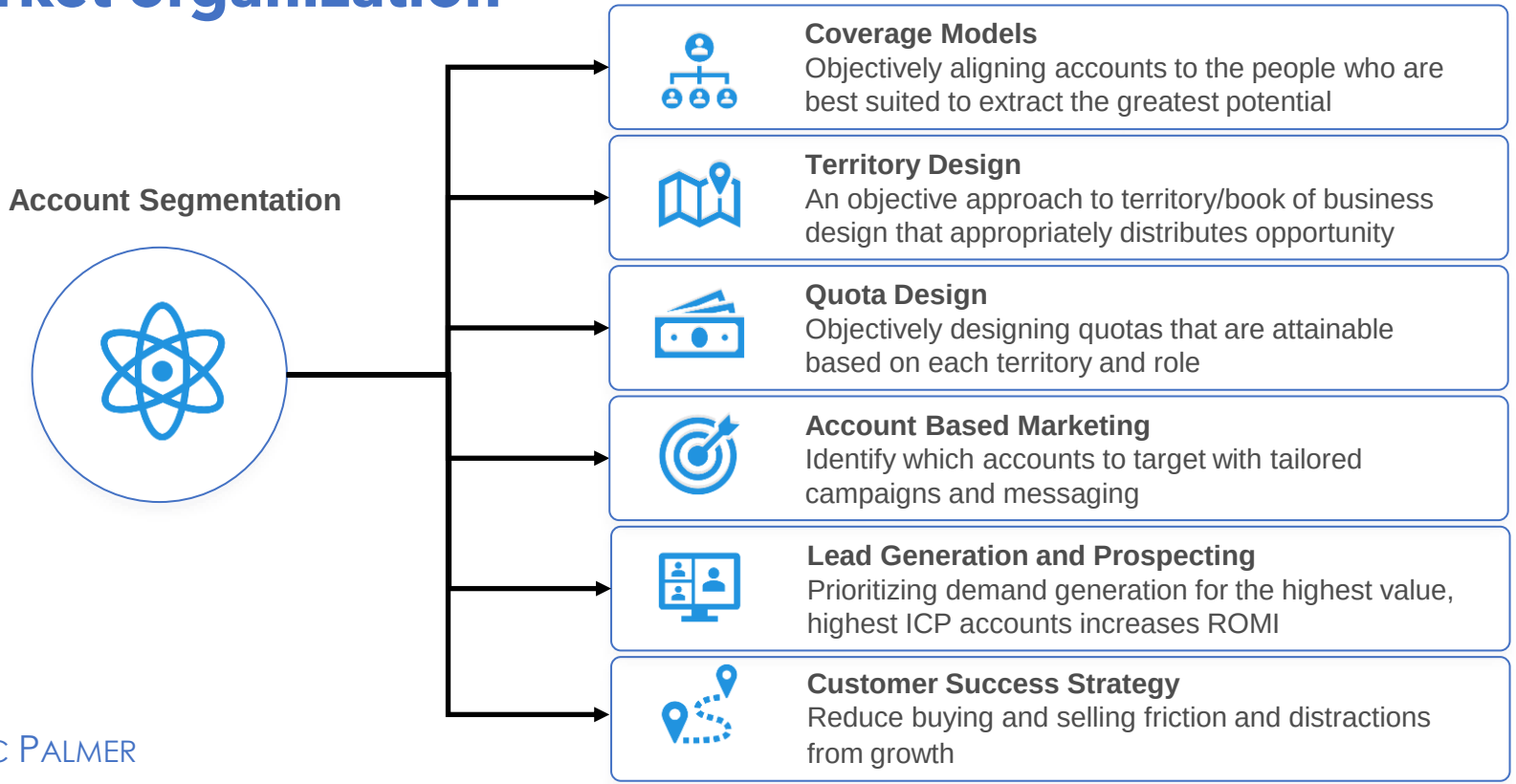
Key Metrics Impacted

Account Segmentation positively impacts three (3) core metrics. They are:

1. **Selling Time:** Account Segmentation increase selling time by removing the burden of figuring out "which accounts to call on first"
2. **Sales Productivity:** Account Segmentation improves the productivity of a sales reps and supports them in generating greater returns (faster sales cycle, larger deals)
3. **LTV:CAC Ratio:** Segmentation ensures that the sales team is spending time on the accounts that have the greatest potential and propensity to buy

Account Segmentation is the most foundational exercise a company can do, informing multiple workstreams in the Go-to-Market organization



Six common events/circumstances may signal a need to develop and/or revisit an organization's

Circumstance / Event	Context	Rationale
Product Lifecyle Milestones (End of Life/ NPI)	New product(s) launched or planned for obsolescence	Shifts in product portfolio influence changes in account potential and subsequent prioritization
M&A / Divestiture	Acquisition and integration of a company with a different customer base and/or product set, or divestiture of products or business unit	Acquired accounts and potential associated with new/divested products alter the composition and profile of the account base
Unexpected Commercial Outcomes	"Top" growth accounts not providing revenue lift anticipated	Accounts categorized and prioritized incorrectly could lead to misallocation of resources and gap between expectations and outcomes
Varied prioritization frameworks deployed	Sellers deploy a variety of different approaches to prioritizing accounts	Standardized approach to segmentation and prioritization ensures consistency and alignment to GTM strategy and plan
Assumed Equality of Accounts	Lack of account prioritization framework or an approach where all accounts are equals	Optimization most often requires a differentiated sales motion and level of enterprise investment based on account characteristics
Singular Retrospective Lens	Prioritization is solely based on customers' historical revenue contribution	An account's upside potential is a critical dimension in segmentation

Best in Class segmentation is characterized by a data-driven, scalable, repeatable process

Best in Class Account Segmentation

01 Developed cross functionally with stakeholder involvement in design, validation, and activation

02 Rooted in fact by leveraging account-level actuals in modeling and analysis

03 Purpose Built & Scalable: the models are activated across core GTM workstreams driving decisions and alignment

04 Continually improves and adapts to the business and use cases

05 Provides clarity in distinctions between accounts

06 Treated as a strategic asset with governance and master data management considerations

07 Granularity and accuracy thresholds dictated by use cases and cost/benefit tradeoffs

Signs of Suboptimal Account Segmentation

01 Resources are not focused on the best accounts, impacting their yield and productivity

02 Sales and Marketing functions are misaligned on where to focus resources

03 Sales coverage plans are misaligned with where the market opportunity is

04 Sales team calling on customers and prospects with low-to-no propensity to buy

05 Marketing campaigns targeting the wrong segments, industries and account types

06 There is no single "source of truth" dataset to go for strategic GTM decisions

Leading Practices

Account Segmentation methodology looks to prioritize accounts by utilizing an Account Score and Account Potential

"Who should we pursue?"

Account Score

Account Scoring Methodology

1. Enrich company data with additional 3rd party data (e.g., firmographic, technographic)
2. Understand which factors are correlated to commercial outcomes
3. Utilize working sessions to validate Ideal Customer Profile(s) and add gain additional perspective
4. Score each account against the final Ideal Customer Profile(s)

&

"How much can they spend?"

Account Potential

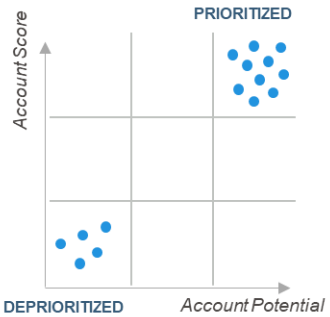
Potential Spend Methodology

1. Determine approach to calculate account potential
2. Calculate account potential and whitespace for each account

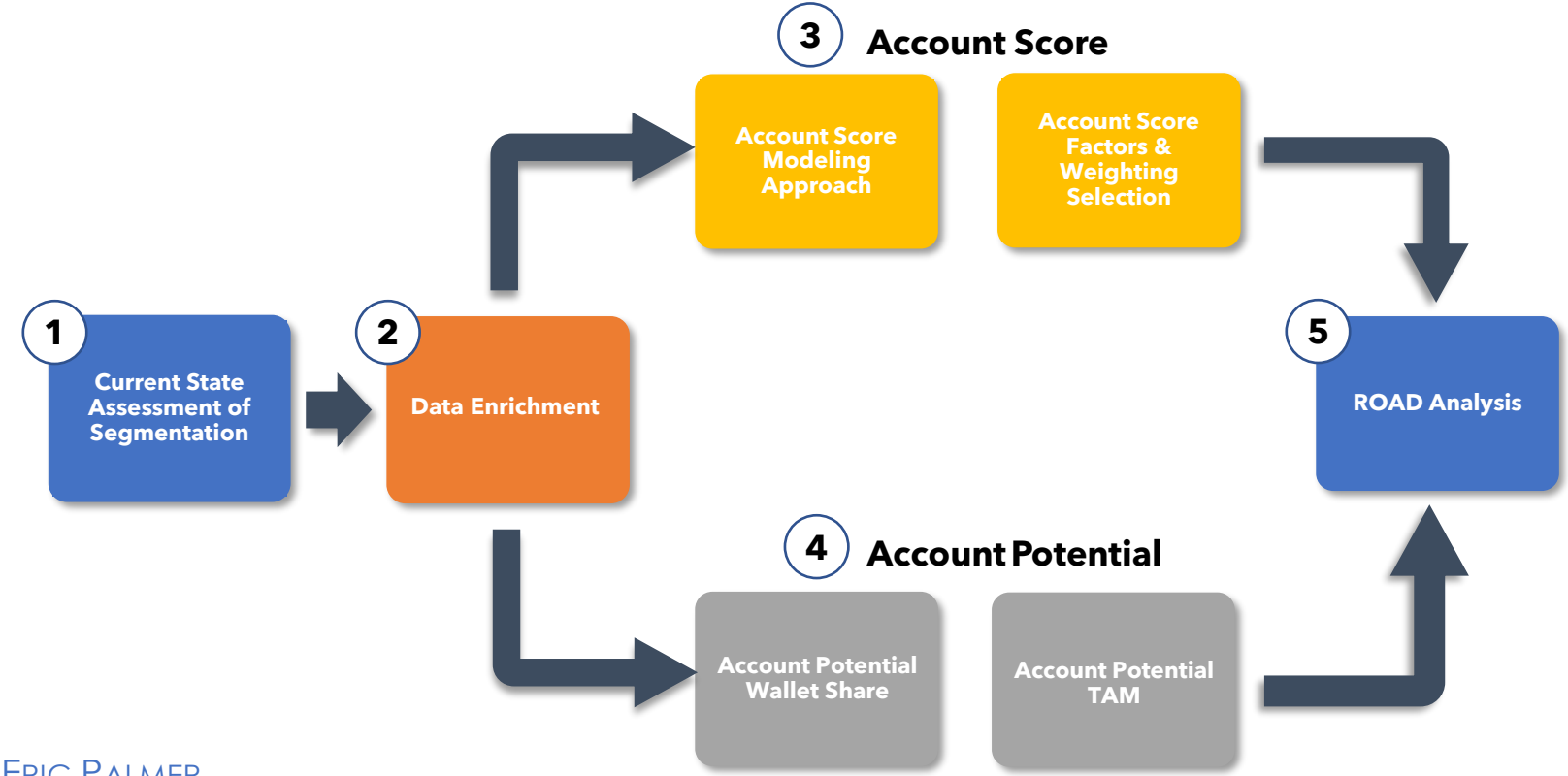
=

"Who is most attractive?"

Prioritized Accounts



To accomplish this prioritization of accounts, Account Segmentation follows a 5-step process



Establishing a perspective on the current state of Account Segmentation will drive solution design and surface barriers to activation

8 questions form the foundational fact base necessary for an effective Account Segmentation process:

1. How do you currently segment accounts?
2. How do you prioritize accounts?
3. How are Buying Centers defined (i.e., what's the definition of an 'Account')?
4. What are the top 2-3 things you're looking to use segmentation for?
5. Does the customer lifecycle change based on the customer and/or product/service?
6. What are the key dimensions you use to differentiate customers?
7. Are there any major differences in types of customers in terms of business models, product usage, etc that would necessitate a different type of coverage or influence prioritization?
8. What are the firmographic factors that you believe highlight the Ideal Customer Profile (IC

Current State Assessment	Data Enrichment	Account Score	Account Potential	ROAD Analysis

Best in class Account Segmentation is data-driven and begins with five core inputs

Data-driven Account Segmentation relies on multiple inputs to set targets that drive maximum efficiency on the way to an annual sales objective

Ideal Customer Profile (ICP)

Identifies the characteristics of the best-fit customer for a product

Total Addressable Market (TAM)

A top-down view of the market opportunity by industry, product and/or geography

Historical Customer Base

3-year view of customer spend information with as much firmographic detail as possible

Prospect Base

View of who the prospects (non-current customers) are and who is targeting them

Opportunity Data & Win/Loss

Current pipeline, and win/loss history for A/B testing

Creating an ICP is the first crucial step of building an Account Score, as this simply applies a numeric value based on the ICP

What is an Ideal Customer Profile "ICP"?

1. A firmographic profile of an account using where the company typically wins or performs well
2. Companies may have multiple ICPs if they compete in different markets with different buyer profiles
3. ICPs should evolve over time to ensure they accurately represent the target buyer(s) of the company

What is an Account Score?

1. Numerical 1 – 100 score for each account which represents how closely the account looks to the ICP
2. Higher scoring accounts indicate that the account closely resembles accounts that the company typically wins with
3. Account scores are calculated by weighting all the firmographic elements that are part of the ICP

ICP/ Account Score Misconceptions

1. **Low Score = Will not Win -** A company may still win in accounts that are low scoring, however the model predicts these as less likely wins
2. **High Scoring Accounts will spend the most** – Account score is not a depiction of spend of ability to spend
3. **Do not cover low scoring accounts** – Low scores should not mean no coverage but rather varying the coverage type based on the score (i.e., strategic vs. inside)

An effective scoring model follows balances complexity with reality to make a scalable & repeatable process

#	Guiding Principles	Principle in Practice
1	**Consistent Approach**	Creation of a shared approach at the Plan-wide (lexicon, data, logic, etc.) while still enabling business segment customization where necessary
2	**Simplicity Over Complexity**	Creating a simple, segment-specific model prioritizing the top accounts will have more of an immediate impact on the company rather than over-indexing on long tail accounts
3	**Balance Forward-Thinking & Historic Trends**	Although many of the assumptions built into the segmentation model will incorporate historic trends, we can build a forward-thinking model that prioritizes where the company will want to be in 5 years from now
4	**Think 'Downstream'**	Conviction to use segmentation outputs as basis for investments such as coverage, territory, compensation, quota decisioning in the future

Account Scores have 4 - 6 components that are used to prioritize Accounts on a point scale of 0 to 100

1. **Factors**
   Scores should have 4 to 6 factors
2. **Factor Weights**
   No weight should be less than 10% of the score
3. **Variable Values**
   No value should represent <5% of the population
4. **Variable Weights**
   Band weights should represent band performance within factor

Illustrative Scoring Model:

1 **Annual Revenue** + **IT Spend** + **IT Employee** + **Number of Locations** = **Account Score**

2 30 | 25 | 15 | 30 | 100

Annual Revenue	% of Factor Weight
>$1B	20%
$1B - $500M	80%
$100M - $500M	100%
$0-$100M	60%

IT Spend	% of Factor Weight
$25M+	100%
$5M - $25M	80%
$1M - $5M	60%
$0-$1M	20%

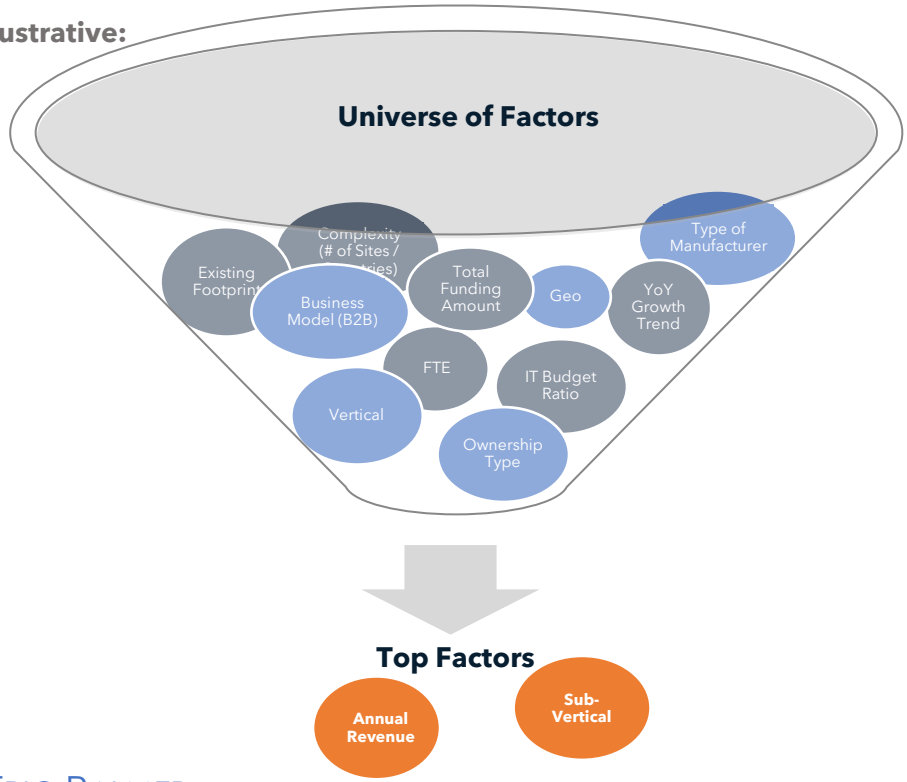
IT Employees	% of Factor Weight
100+	40%
50 – 100	80%
10 – 50	100%
0 – 10	80%

3 4

Number of Locations	% of Factor Weight
1000+	80%
500 – 1000	100%
100 – 500	80%
0 – 100	10%

Correlation analysis on the universe of factors can produce a list of top factors

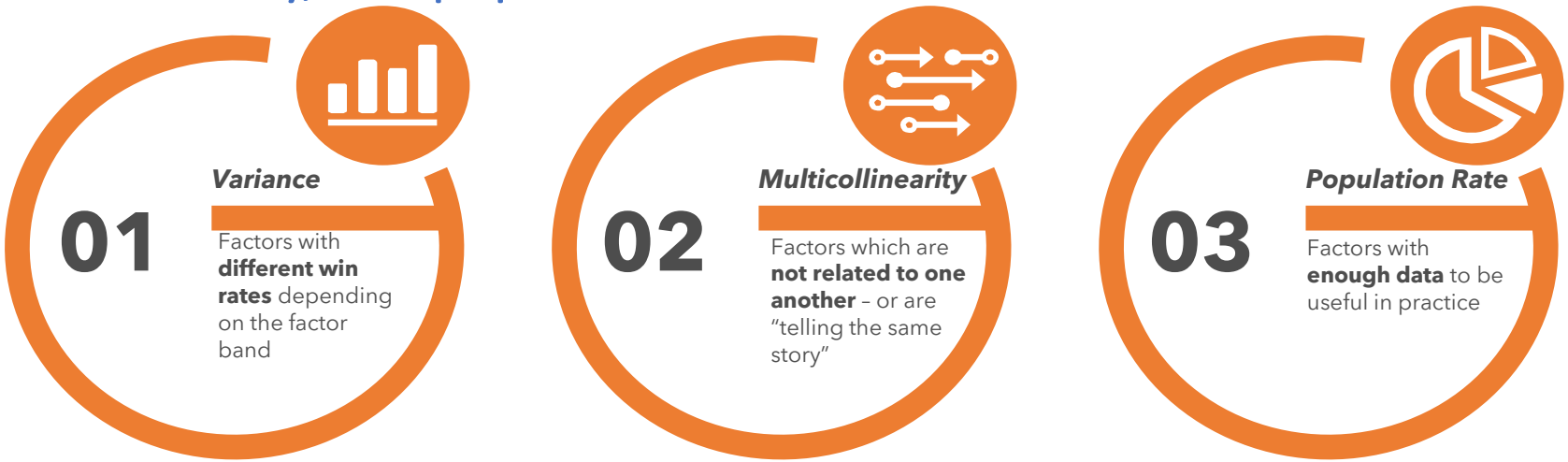
Illustrative:



Non-Selected Factors

- **Existing Footprint:** "Leading the witness", and we would be unable to score prospects against this score
- **Total Funding Amount**: Unreliable data from 3rd parties
- **YoY Growth Trend**: Unreliable data from 3rd parties
- **IT Budget Ratio:** Inadequate ZoomInfo data
- **# of FTE:** Eliminated during expert panel discussion
- **Geo**: Accounted for within potential calculations (frontier analysis)
- **Vertical**: Does not reach the level of granularity required for the model
- **Ownership Type**: There is a slight correlation between public companies spending more, however it was excluded from the 5 factors.
- **Technographic Data:** Part of the account pursuit (not firmographic)
- **Business Model (B2B):** Eliminated during expert panel discussion

Three checks should be run when selecting key factors: variance, multicollinearity, and population rate



Illustrative:

# of Claims	Win Rate
1M+	16%
500K – 1M	30%
100K – 500K	25%
<100K	11%

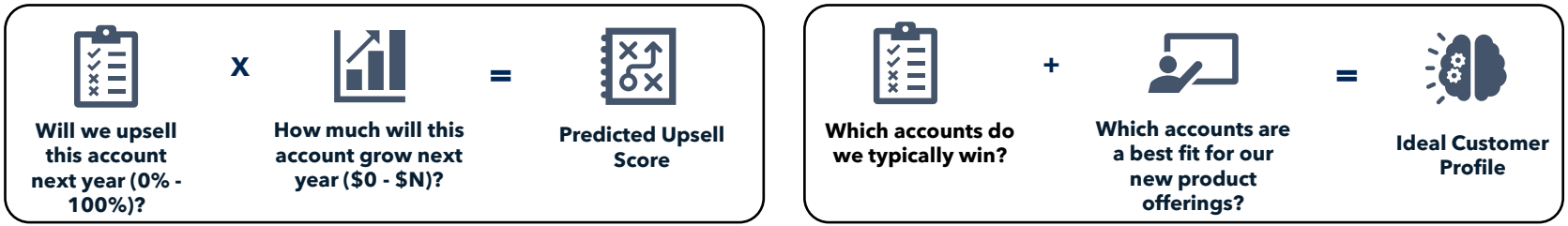
Account	# of Claims	# of Providers	Correlation
A	100K	10K	.98
B	1M	40K	
C	250K	20K	

Factor	% of Accounts Populated
# of Claims	86%
# of Providers	67%
# of Medicare Part D	40%

After factor selection, one of three distinct approaches should be used to produce the scoring model

Example Client Objective	Approach	Description
• Prioritize customers based on what our business will look like next year, not last year	**Heuristic**	Point allocation using qualitative / rule-of-thumb information
• Identify prospects we're most likely to win	**Classification**	Point allocation based on likelihood to achieve a 'Yes / No' outcome
• Prioritize accounts that are likely to have the highest spend	**Regression**	Point allocation based on linear outcome

Approaches can be mixed and matched; good models have a mix of 'art' and 'science'.



The Heuristic Scoring Model develops point allocation using qualitative / rule-of-thumb information

Notes

- Dynamic inputs enable experimentation to triangulate on what 'feels right' to the client in terms of….
  - **A** Factors included in the model
  - **B** Factor Weights
  - **C** Variable Values
  - **D** Variable Weights
- Including relevant data helps contextualize point values to the client, in this case….
  - **E** How scoring adjustments impact a picklist of relevant customers & prospects
  - **F** Conversion rates for the 37 sales cycles that have included the new product

Illustrative: Heuristic Scoring Model for a New Product (SD-WAN)

SD-WAN Scoring Model

Calculation
Manual Input
Not in Use

Customer	Annual Revenue	IT Spend	IT Employees	Employees	Age of the Business	Number of Locations
E Circle K	$21,000,000,000	$420,000,000	1700	100000	69	15000
Total Score: 70	10	30	6	0	0	24

Factor	**A** In Use	**B** Weight	Weight %
Annual Revenue	Yes	25	25%
IT Spend	Yes	30	30%
IT Employees	Yes	15	15%
Employees	No	0	0%
Age of the Business	No	0	0%
Number of Locations	Yes	30	30%

Notes

Initial model will not have historically sigifanct data to account for future SD-WAN performance

New CIOs to be considered for targeting list

C Annual Revenue

Annual Revenue	Opportunities	Wins	**F** Win %	**D** Variable Weight	% of Potential	Notes
$ 1,000,000,000	35	15	43%	2	40%	
$ 500,000,000	1	0	0%	4	80%	
$ 100,000,000	1	0	0%	5	100%	
$ -	1	1	100%	3	60%	

IT Spend	Opportunities	Wins	Win %	Variable Weight	% of Potential	Notes
$ 25,000,000	34	15	44%	5	100%	
$ 5,000,000	1	0	0%	4	80%	
$ 1,000,000	1	0	0%	3	60%	
$ -	2	1	50%	1	20%	

IT Employees	Opportunities	Wins	Win %	Variable Weight	% of Potential	Notes
100	22	10	45%	2	40%	
50	5	1	20%	4	80%	
10	8	4	50%	5	100%	
-	1	0	0%	4	80%	

Employees	Opportunities	Wins	Win %	Variable Weight	% of Potential	Notes
40,000	12	4	33%	6	100%	
10,000	12	6	50%	5	83%	*Not relevant to grade the value of an account*
1,000	13	5	38%	4	67%	
-	1	1	100%	1	17%	

For Classification and Regression Models, factors with the strongest relationship to an organization's objective will be selected…

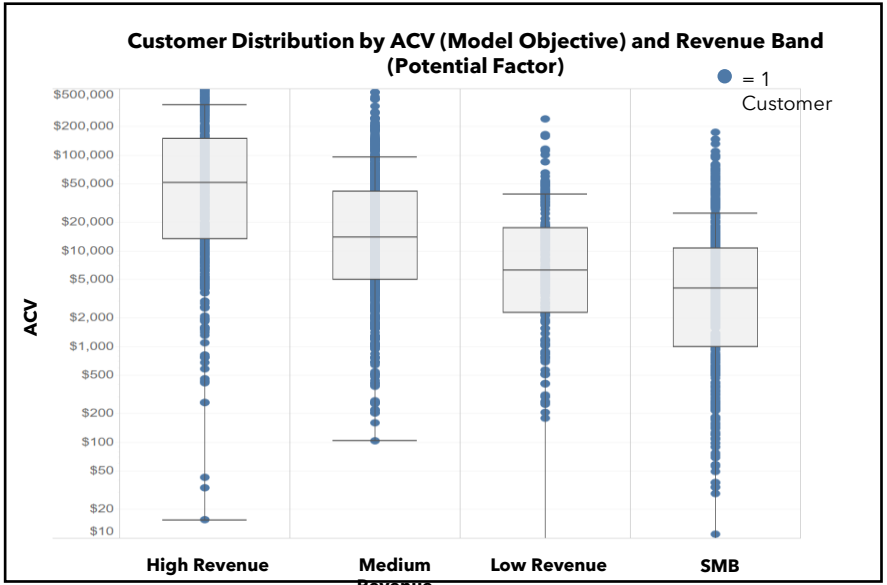
*Identify breakpoints within each of the factors where customers start to perform with the highest level of dissimilarity. Segmentation is about separating accounts into cohorts that **perform differently**.*

Example 1: Classification
Evaluating Win Rates by Industry we can see the client has a higher ease of acquisition in specific Verticals

Win Rate (Model Objective) by Industry (Potential Factor)

Industry	Win Rate
Finance	44%
Professional Services	42%
Insurance	37%
Chemicals and Petroleum	31%
Retail	24%
CPG	22%
Healthcare	21%
Manufacturing	17%
Media and Entertainment	15%
Government	12%

Example 2: Regression
Using Whisker Charts to show buying distribution by Revenue Band, we can see that Annual Revenue is correlated with Customer ACV and Customers in each Revenue Band buy differently than one another



… before variable weights for relevant factors are determined using either Descriptive Analysis (Option 1)…

Example 1: Classification
Determine variable weights for each factor's cohorts by dividing the success rate (data points that have hit the client's objective) per cohort by the cohort with the max success rate

Factor Cohort	Successes	Successes + Failures	Success %	% of Factor Weight
A	50	120	42%	100%
B	189	610	31%	74%
C	65	271	24%	57%
D	85	386	22%	52%
E	120	801	15%	36%

15% ÷ **42%** = **36%**

Success % ÷ Max Success % = % of Factor Weight

Example 2: Regression
Determine variable weights for each factor's cohorts based on the ratio of customers in the top 20th percentile (e.g. customer ACV) vs the bottom 20th percentile compared to the cohort with the highest ratio

Factor Cohort	# in top 20th Percentile	# in bottom 20th Percentile	Ratio	% of Factor Weight
A	137	29	4.7	100%
B	42	20	2.1	44%
C	83	63	1.3	28%
D	19	34	0.6	12%
E	83	219	0.4	8%

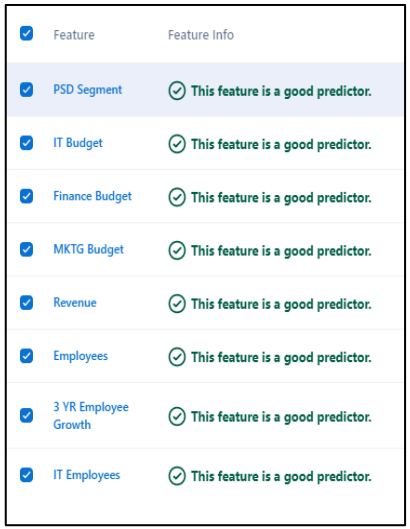
0.4 ÷ **4.7** = **8%**

Ratio ÷ Max Ratio = % of Factor Weight

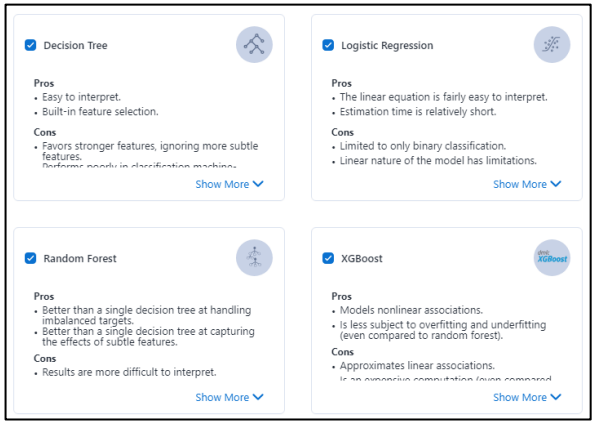
… or Predictive Analytics (Option 2)

Alteryx makes predictive analytics accessible to the everyday business user. Using point-and-click tools in a guided interface, building a predictive classification or regression model is simple and easy

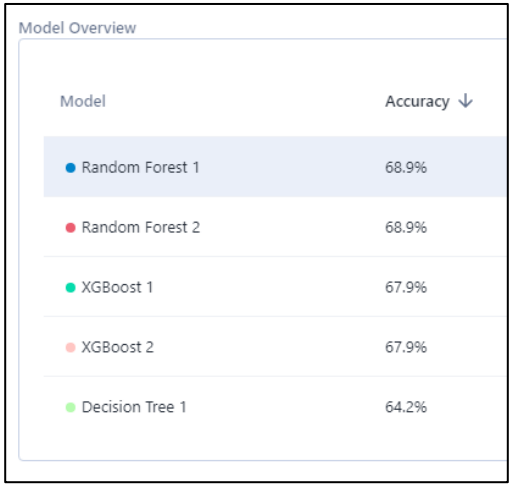
Just select which factors to use…



…which types of model to test…



…and add the most performant model to the workflow



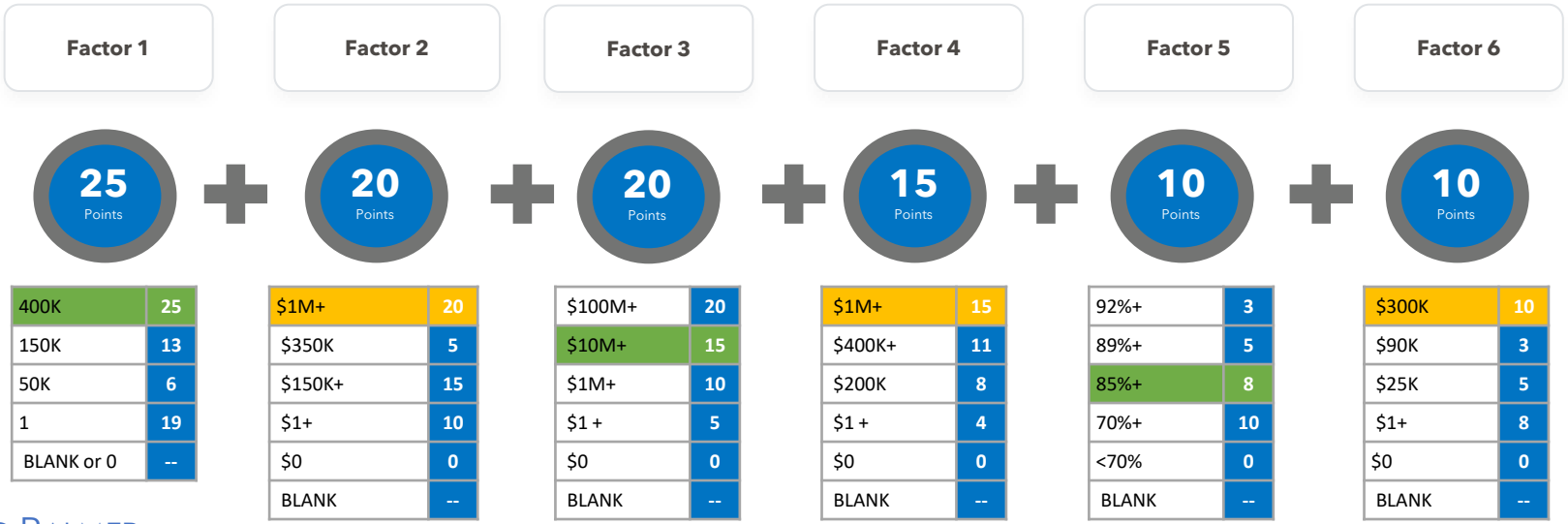
The key output of Account Scoring runs all accounts through the model and assigns numeric scores

Illustrative:

Account A

- Factor 1: 1.7M
- Factor 2: $3M
- Factor 3: $39M
- Factor 4: $4M
- Factor 5: 85%
- Factor 6: $700K

= 25 + 20 + 15 + 15 + 8 + 10 = 93



Before scores are finalized, select accounts should be reviewed to ensure scores are optimized for Accuracy, Precision, and Recall

Using metrics to describe the model's performance along with a comparison to the client's current business process (e.g. is the score better at prioritizing an account than sellers are) adds confidence in the efficacy of the model

Apply Scores against historical data and use a confusion matrix to determine how predictive your scoring model is against actual results

- A Score greater than ≥50 can be used to identify a 'Positive' in the Score
- For regression models, identify a cutoff (e.g. $50K in ACV) for 'Positives' in the historical data

True Negative: Low Score / Bad Outcome 	**False Positive:** High Score / Bad Outcome 
False Negative: Low Score / Good Outcome 	**True Positive**: High Score / Good Outcome 

Balancing Scores based on Accuracy, Precision, and Recall ensures the scoring model prioritizes Accounts with the right quality and quantity

Metric	Calculation	What it tells us
Accuracy	True Positives + True Negatives / All Results	How often does the score get the right outcome *How often do we correctly identify "Dogs" and "Not Dogs"?*
Precision	True Positives / True Positives + False Positives	Are prioritized accounts the right quality *Are we excluding as many cats as possible?*
Recall	True Positives / True Positives + False Negatives	Are we prioritizing enough of the high value accounts *Are we getting as many dogs as possible?*

Account scores should be reviewed and updated on an annual or biannual basis to account for business or account changes

	Reason	Actions to Take
Refresh Factor Data	Factor values for accounts may change based on the frequency of source updates. Accounts that may have been null for a factor may receive a value during refresh. New data may be purchased by the company to fill certain factors.	• Refresh source files of factors to pull in latest information • Rerun scoring and compare
Review Factor Correlation	Factor correlation to win rate or spend may change over time. New factors may also be come available. Factors used in scoring should be the most correlated factors that pass the Variance, Fill Rate and Multicollinearity test	• Review that the factors used in scoring remain highly correlated to spend • Assess if any factors not used in scoring become highly correlated to spend
Assess New Business Strategy	Since scores are built on both the art and the science, there may be strategic changes to the business that affect the ideal customer being targeted.	• Review any changes in business strategy and assess if a new ICP should be created or modified to remain aligned
Review Score Weightings	Since factors may change in correlation, and performance within factor bands may change, score weightings should be reviewed.	• Review changes in correlation and band performance • Adjust factor weightings to align

There are two effective approaches to calculating Account Potential: Wallet Share Approach & Total Addressable Market (TAM) Approach

Wallet Share Approach

(i.e. Performance Frontier)

Account Potential is calculated based on historical top customer spend as a percentage of their financials (i.e. Wallet Share). This is the most common methodology for calculating potential and is revenue model agnostic.

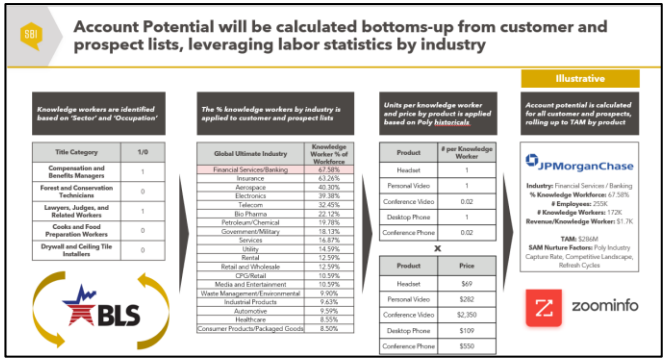
- ✓ Easy to Calculate
- ✓ Based on Historical Performance
- ✓ Accounts for platform solutions / multi-product
- ✗ Doesn't account for underperformance in top customers

To calculate Account Potential, TIBCO simply multiplies the annual revenue of their other customers by 0.005% to estimate the total amount they could spend on TIBCO products.

TAM Approach

Account potential is calculated based on the organization's pricing model and total potential product consumption at an account level. This approach is more common with user-based revenue models.

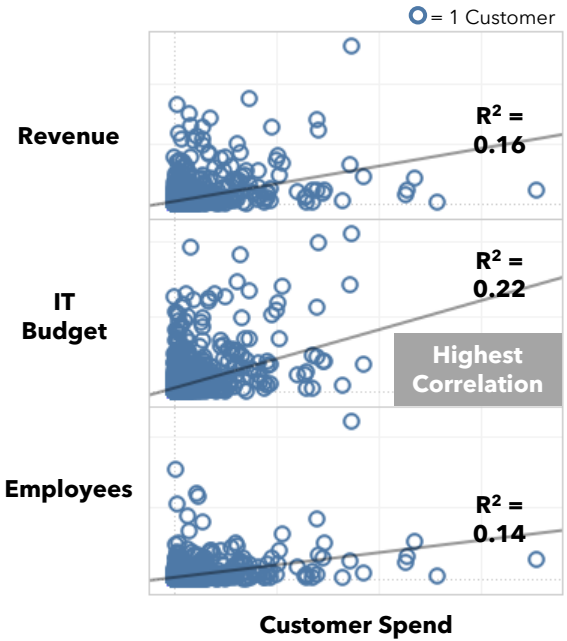
- ✓ Simple and Defendable
- ✓ Good for user-based pricing models
- ✗ Assumes current product adoption is nascent
- ✗ Difficult to create / time intensive



To calculate Account Potential, Poly estimated the number of Office Workers at each account and multiplied the Office Worker count by the price per desk phone

The Wallet Share Approach identifies the customer measure most directly correlated to spend to calculate the Performance Frontier…

Identify the metrics with the greatest correlation to Customer Spend



Identify Customer Peer Groups

Identify 'like' peer groups of customers with similar attributes that would exhibit different buying behaviors

Potential Dimensions
Theatre
Customer Type
Industry
Revenue Band
Product Category

If peer groups have an N count below 50, consider limiting the number of dimensions in consideration or consolidate dimension values (e.g. by grouping industries)

Calculate Performance Frontier

For each Peer Group, calculate the top 80th percentile of Customer Spend as a % of the selected measure

Peer Group	80th Percentile of Customer Spend / IT Budget
AMER: CPG	2.5%
EMEA: CPG	10.1%
APAC: CPG	4.8%
AMER: Oil & Gas	3.5%
EMEA: Oil & Gas	1.2%
APAC: Oil & Gas	7.2%
AMER: Pharma	5.4%
EMEA: Pharma	3.4%
APAC: Pharma	2.7%

… and applies the Performance Frontier Benchmark per cohort to the account base to calculate potential Spend

Customer	Performance Frontier	IT Budget	Potential Spend
Customer #1	3.25%	$180,000,000	$5,850,000
Customer #2	3.25%	$51,500,000	$1,673,750
Customer #3	3.25%	$54,500,000	$1,771,250
Customer #4	3.25%	$126,000,000	$4,095,000
Customer #5	3.25%	$20,000,000	$650,000
Customer #6	3.25%	$67,300,000	$2,187,250
Customer #7	3.25%	$1,067,000,000	$34,677,500
Customer #8	3.25%	$50,000,000	$1,625,000
Customer #9	3.25%	$50,000,000	$1,625,000
Customer #10	3.25%	$305,000,000	$9,912,500

Cohort
Geo = AMER Industry = Consumer Goods Revenue Band = $1B+

Performance Frontier **X** IT Budget **=** Potential Spend

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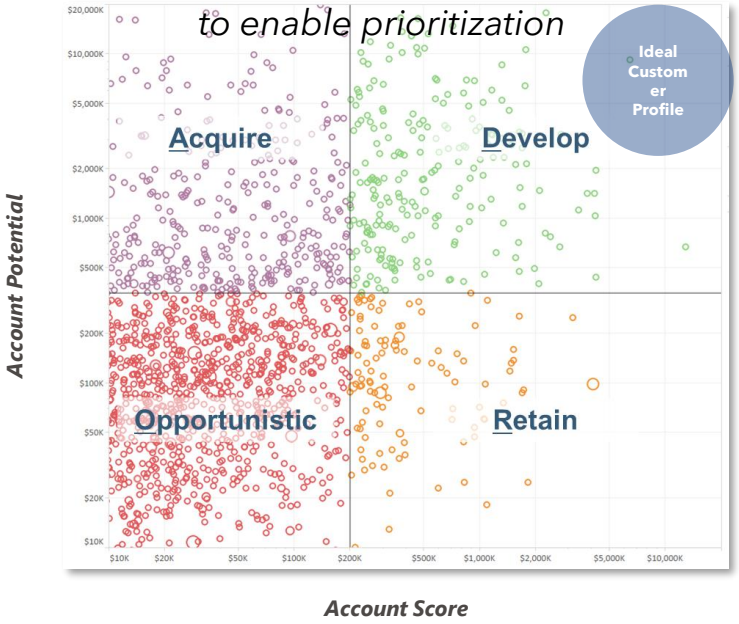
The TAM Approach begins by identifying a metric correlated to potential Users, then selecting a source of truth before calculating spend

Product Example	User Metric	Data Source	TAM Calculation
Office Phones	# of Office Workers	BLS	Industry Office Worker % of Workforce X Employee # X Price per Phone X Phone Refresh Cycle
Desktop BI Product	# of Analysts	zoominfo	# of Analysts at the account X Price per User X Discount Curve
eLearning for Colleges	# of Students	IPEDS	# of Students X Units per Student X Price per Unit

The output of Account Segmentation informs the coverage motion and identifies which accounts sellers should target via the ROAD Model

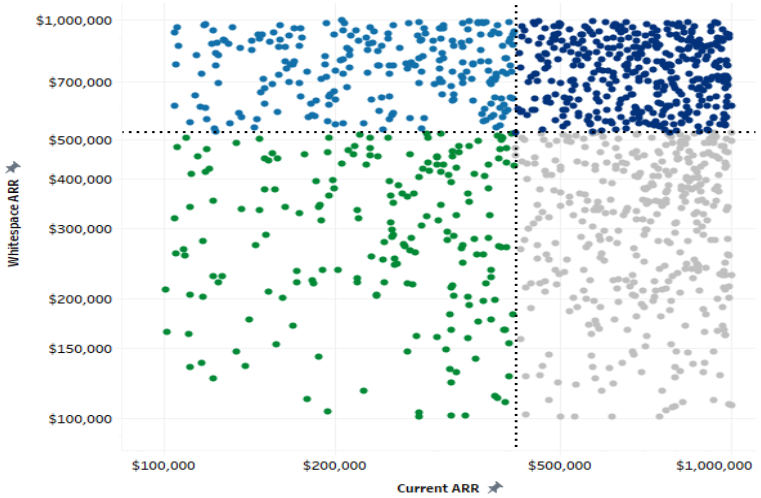
Account Score can be paired with potential spend outputs from Account Segmentation to enable prioritization



ROAD Quadrant	General Definitions
Retain	Highly penetrated customers with limited opportunity to expand / grow / develop (goal is for nurture & renew)
Opportunistic	Low-touch, opportunistic conversion of low penetration, low value customers
Acquire	High value, no / low pentrated prospects that drives hunt / expand motions
Develop	High value, less-than-optimal penetration customers with expansion opportunities

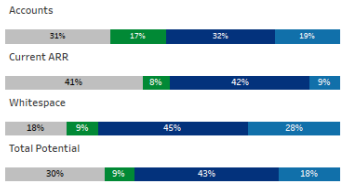
Detailed, account-level data allows segments to be defined & aligned to strategic objectives and resource levels

Illustrative:



Distributions

	Distinct Accounts	Current ARR	Whitespace ARR	Total Potential
Develop	389	$275M	$292M	$567M
Retain	378	$271M	$121M	$391M
Acquire	234	$60M	$181M	$241M
Opportunistic	200	$52M	$62M	$114M
Total	1,201	$657M	$656M	$1,312M



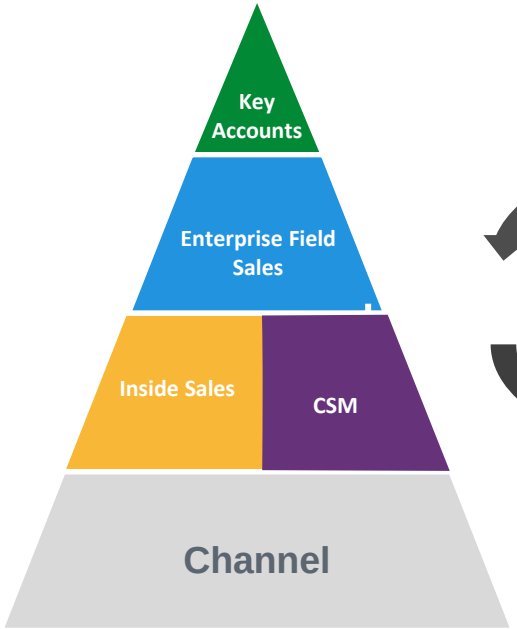
How do you use it?

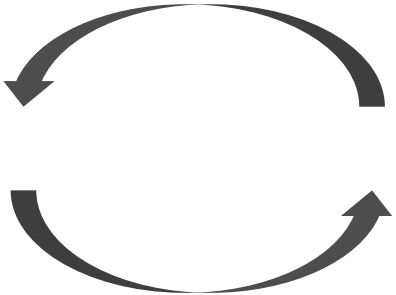
- **Resource Planning & Forecasting**: Budgeting and targeting based on revenue potential and headcount coverage needs
- **Sales Strategy**: Determining where to play and how to win, both Direct and via the Channel
- **Territory Design & Management**: Assigning well-balanced territories based on quantified potential
- **Compensation & Quota Setting**: Assigning individual goals and incentives based on achievable targets
- **Marketing Strategy**: Determining, designing and activating the right set of activities based on where they are likely to generate the best results

The ROAD frame allows for iterations of expansion and/or simplification based on future coverage models and resource allocations each fiscal year

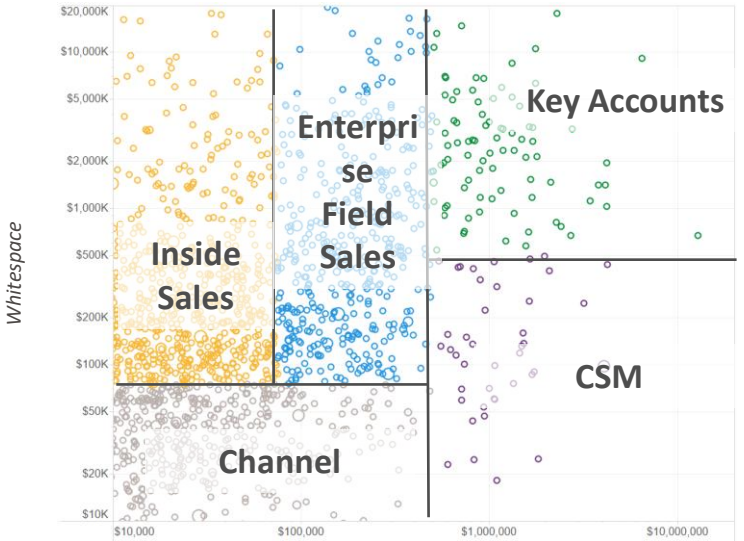
Illustrative:

Coverage Model





Segmentation Approach



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Current State Assessment	Data Enrichment	Account Score	Account Potential	ROAD Analysis

Risk Mitigation

Mitigation tactics can prevent risks from impeding incentive structure planning

	Risk	Severity	Mitigation
Execution	Resources are unable or unwilling to prioritize development of segmentation model resulting in risk of delay	High	• Develop a project charter and recruit executive sponsorship to facilitate the focus and alignment of the development team
	Outputs are not carried through to downstream GTM activities resulting in inefficiencies and misalignment	Medium	• Socializing the vision and expectations of how and why activation of the model will occur coupled with tracking and monitoring deployment
Financial	Unsuccessful segmentation impairs ability to achieve growth expectations	High	• Stakeholder involvement in model development serves to ensure exercise is built with quality in mind
	Segmentation is costly to develop and implement	Low	• Embedding sustainability and repeatability in the design and production of modeling activities serves to reduce operational cost of model maintenance.
Talent	Sales talent is misaligned to market opportunity driving low attainment, morale, and attrition	Medium	• Aligning talent to best opportunities surfaced during segmentation optimizes seller activity
	Lack of framework to prioritize accounts and efforts leads to wasted time, opportunity, and frustration	Medium	• Enablement materials and proactive change management prepare and equip sellers to benefit as much as possible from segmentation
Operational	Downstream GTM planning activities rely on the completion of segmentation to fully execute	Medium	• Careful planning prior to the annual revenue planning exercise should consider the sequencing and dependencies of related areas
	Front line managers do not understand how segmentation outputs can and should drive behavior and outcomes, resulting in lost opportunities	Medium	• Training materials and expectation clarity support consistency in adoption and alignment across the sales org

Execution Plan & KPIs

We follows a four-step process in segmentation model development

	01. Planning, Discovery & Data Acquisition	02. Model Development	03. Review & Validation	04. Analysis & Integration
Activities	› Develop project plan, charter, and timeline › Identify and acquire sources of truth for customer data, firmographics, and supporting data sets › Identify risks and dependencies › Current State discovery	› Integrate internal and 3rd party data › Determine and embed business rules and logic for Account Potential ($) and Account Score (ICP) › Review preliminary output › Establish validation plan	› Execute stakeholder validation plan › Integrate feedback and enhancements	› Scenario & ROAD model development › Develop insights and analytics leveraging model output › Development of enablement materials
Estimated Completion Time	***1 - 2 Weeks***	***3 - 5 Weeks***	***2 - 3 Weeks***	***1 - 3 Weeks***
Outcomes	› Charter › Guiding Principles › Supplemental Data Request › Data Model architecture › Core mapping tables and business rules	› Preliminary output › Account Potential › Account Score	› Model extracts › Stakeholder approvals	› ROAD Segmentation › Custom Model Extracts › Dashboarding › Documentation

The following represent metrics & KPIs to track performance and progress

		Metric or KPI	Detail	Additional views
Lagging Metrics	1	**Gross Revenue Retention Rate**	Percentage of dollars recaptured (ARR less churn) based on prior years customer base and ARR	Region & Segment
	2	**Net Revenue Retention Rate**	Percentage of dollars recaptured and upsold (ARR less churn plus upsell) based on prior years customer base and ARR	Region & Segment
	3	**Seller Attrition**	Percentage of sellers departing voluntarily	Region & Segment
	4	**Quota Attainment**	% Quota achieved during time period	Region & Segment
	5	**Bookings**	Average annual bookings per account and seller	Region & Segment
Behavioral Indicators	6	**Account Engagement**	# times key accounts are engaged during the year	Region & Segment
	7	**CSAT Score**	Customer ranking of how satisfied they are (1-5 scale)	Region & Segment
	8	**Focused Accounts**	% selling time aligned to top accounts in territory	Region & Segment
	9	**Adoption**	% sellers leveraging segmentation data in territory planning	Region & Segment
Leading Insights	11	**Territory Equity**	Percentage of territories with total whitespace or potential within 20% of segment median	Region & Segment
	12	**Territory Balance**	% of top Accounts within territory that account for 50% of territory potential	Region & Segment
	13	**Enablement/Training**	% sellers that know how to leverage segmentation data in territory and account planning	Region & Segment