

# Sales Analytics

## Benchmarking the Analysis of Data To Gain Business Insight



### Benchmark Research White Paper



**V E N T A N A**  
R E S E A R C H

*Aligning Business and IT To Improve Performance*

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San Ramon, California

February 2011

Ventana Research performed this research for a fee to determine attitudes toward and utilization of sales analytics and metrics. This document is based on our research and analysis of information provided by organizations that we deemed qualified to participate in this benchmark research.

This research was designed to investigate the analytics and metrics practices and needs of individuals and organizations involved in sales and the potential benefits from improving their existing processes, information and systems. This research is not intended for use outside of this context and does not imply that organizations are guaranteed success by relying on these results to improve planning. Moreover, gaining the most benefit from improving the use of sales analytics and metrics requires an assessment of your organization's unique needs to identify gaps and priorities for improvement.

We certify that Ventana Research wrote and edited this report independently, that the analysis contained herein is a faithful representation of our evaluation based on our experience with and knowledge of analytics and sales, and that the analysis and conclusions are entirely our own.

A stylized, handwritten signature of 'Ventana Research' in a dark brown or black ink.

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## Executive Summary

Sales organizations are multifaceted, and as products and services proliferate it becomes more challenging to keep on top of all the activities associated with selling a company's products or services – in the pipeline, in the forecast, in interactions with customers, and concerning compensation and incentive commitments and payouts. It's easy to overlook details, and doing so can waste valuable time; in the worst case it can cause sales to be lost to the competition. To manage all these aspects of sales, an organization must be able to measure them, and to do that requires having the right information and the ability to analyze it.

To gain control of the sales process, innovative organizations adopt sales performance management. This is an undertaking that includes the creation and use of metrics to measure the effectiveness of processes and performance in relation to goals. Analytics are a key component in this effort. Applied to sales-related data, analytics can produce needed measures and metrics, which in turn can be used to develop key performance indicators (KPIs) showing the status of sales processes so the organization can reduce risk and drive toward its objectives. Making all of this happen requires an understanding of the sales metrics needed to be successful, from bloating and leakage in the pipeline to the time duration of sales deals to the completion to quotas and incentives. Metrics also help Sales and Finance balance compensation and profitability.

Once the organization determines what it needs to measure, analytics can help develop and track metrics that tell managers and employees how their people and departments are doing in relation to expectations and where they need to improve. The kinds of sales metrics required dictate the analytics needed, which in turn establish the priority and sourcing of data from which to generate them. For this all to work well, the tasks that convert data to information should be automated and the analytics provided in forms appropriate to the users, including sales managers and executives. Organizations should investigate what it will take to put in place such a system; once they do, they will be able to take control of their myriad sales-related functions and begin to manage them to meet their goals and enhance profitability.

**Applied to sales-related data, analytics can produce needed measures and metrics, which in turn can be used to develop key performance indicators (KPIs).**

Ventana Research undertook this benchmark research to acquire real-world information about levels of maturity, trends and best practices in how organizations use sales analytics. It explores how they do this now, how their personnel feel about the current processes and tools, plans they have to change or improve them, and benefits they hope to gain by doing so.

The research found that the most important categories of metrics (after sales itself, which 87% of organizations track), are those for profitability (39%), business processes (38%) and financials (38%). These priorities are echoed in the tabulation of the most important factors organizations consider when investing in analytics: increasing revenue (cited by 63%), increasing profitability (51%), improving the

efficiency of sales processes (56%) and aligning the sales force to business strategy and goals (51%); the last combines financial and process improvement and is a key tenet of performance management.

Sales analytics have the attention of key people in most organizations, the research reveals: 79 percent said all the right people are involved in establishing the key performance indicators on which their business segment depends. In particular, senior management (88%) and heads of sales (85%) are involved or very involved in determining requirements for analytics. As well, in three-fourths of organizations those at higher levels have access to the analytics they need more often than those below them. The performance of sales representatives is the type of analytics most readily available (said 62%); this also is the most important metric for 67 percent of executives and managers.

In contrast, fewer than half of organizations make analytics for customer demand metrics, sales manager performance and sales by geography and territory and by channel broadly available. Ventana Research believes that for an organization to benefit fully from applying analytics to sales, it must make them available to

**While sales analytics are very important to a majority (60%) of organizations, few are able to use them effectively enough to derive full business benefits.**

everyone who needs them. Likewise, it must get the results of those analytics – metrics and KPIs – promptly into the hands of people who are evaluated or evaluate others according to them. This, the research found, often does not occur. To deliver them about one-third (31%) of organizations need two weeks or longer after the end of the month or quarter; less than one-fourth (23%) can do it in one day. We conclude that the delay is a process issue, since current technology can compute metrics from analytics in seconds.

In general we found that while sales analytics are very important to a majority (60%) of organizations (and 86% of very large ones), few are able to use them effectively enough to

derive full business benefits. Our Maturity Index analysis places only 17 percent of organizations at the highest Innovative level of maturity. Most face substantial barriers in process, information and technology. Although 42 percent of organizations said they are satisfied with their current process for creating analytics, nearly as many (36%) are dissatisfied with it, and even more senior managers (60%) and directors (42%) feel that way. Participants expressed a range of complaints about the process, the foremost being that analytics are hard to build and maintain (cited by 63%). More than 40 percent each said that the process is too slow, too unreliable, or not flexible to change.

Regarding information, almost half (46%) said they are not confident or only somewhat confident in the quality of the information generated by their analytics. Nearly two-thirds (62%) have difficulty in collecting the data they need to create metrics and KPIs and cannot collect all of it. And as many (61%) said that this data is only somewhat accurate or is somewhat inaccurate. Overlapping the process and information categories are unproductive activities such as preparing data for analysis (which 26% spend most of their time doing), reviewing it for quality and consistency (23%) and just waiting for data and information (7%).

And while organizations are most mature in technology, nearly half (46%) are not satisfied or only somewhat satisfied with the analytics products and tools on which they rely, and only 19 percent are very satisfied. We associate this with the extensive use of spreadsheets that the research confirmed. Spreadsheets are the most commonly used technology to generate sales analytics in 39 percent of organizations, are an important data source for sales analytics, and are used universally (by 33%) or regularly (38%) for business intelligence. Our benchmark research regularly finds that organizations find spreadsheets ineffective for complex, collaborative processes and repetitive analyses in which more than a few people share data. To gain full value from enterprise analytics, we recommend the use of tools dedicated to that purpose. In this case, those tools should be easy to use by nontechnical sales professionals but also provide advanced capabilities for analysts.

An important underlying issue that touches all aspects of the use of sales analytics is data integration. The research shows that organizations must gather data from multiple applications and systems, the most common being customer relationship management (CRM, 64%) and spreadsheets (50%). The data also comes in multiples formats ranging from transactional systems (in 57% organizations), data warehouses (43%), reports (36%) and legacy mainframes (29%) to Microsoft Office or Adobe Acrobat documents (28%). Integration has a direct impact on the availability (or lack) of sales analytics and the timeliness of preparing and distributing metrics and KPIs.

Organizations undertaking to improve their use of sales analytics should evaluate their capabilities in data integration and what is required to remove it as a barrier.

**Applying analytics to process-specific metrics, sales executives and managers can assess progress, find and fix weaknesses and improve results.**

The outlook for such initiatives is less bright than many of the research findings would suggest. On one hand, 60 percent of participants said it is very important to make it simpler to provide sales analytics and metrics, and 40 percent said they can improve significantly their use of analytics and performance indicators. On the other, only 24 percent plan to change the way they generate and apply sales analytics in the next 12 to 18 months. The barriers to enacting change are basic: From the process perspective, the largest are a lack of resources (cited by 39%) and a sense that the business case is not strong enough (37%); in terms of technology considerations, the main barrier is no budget (53%).

Yet sales organizations stand complacent at their own peril. Applying analytics to process-specific metrics, sales executives and managers can assess progress, find and fix weaknesses and improve results for all concerned. In today's fiercely competitive environment, companies cannot afford sloppy processes that waste money and, worse, squander sales opportunities. They should evaluate analytics and metrics that can help them use their valuable sales information to generate the best results.

## About This Benchmark Research

### **Methodology**

Ventana Research conducted this benchmark research over the Web from May through December 2010. We solicited survey participation via e-mail blasts, our Web site and social media invitations. E-mail invitations were also sent by our media partners and by vendor sponsors.

We presented this explanation of the topic prior to entry into the survey:

There isn't an aspect of business today in which people don't claim they use analytics to generate information, typically in the form of metrics and key indicators. But there is much confusion about their usefulness and value to the business and about how best to select and implement historical, root-cause, real-time and predictive analytics. The uncertainty this causes poses a challenge for organizations.

Management and managers need advice on how to select the measures most useful for them and guidance about best practices and common mistakes in choosing business and operational measures, metrics and key indicators. They also need more reliable information than is currently available about integrating historical and predictive analytics into systems and processes so they can make better use of existing investments and plan new ones that provide deeper insight from multiple systems using more sophisticated analytical methods. This benchmark research is designed to generate that advice and guidance by examining the use of metrics across the entire business. It also will determine the maturity distribution of organizations in their use of analytics.

We included the following definitions:

Analytics – Programs or algorithms that derive meaning from data

Metric – A measure of business performance

Performance indicator – A specific metric chosen to measure the performance of an organization or some component of it.

The following promotion incited participants to complete the survey:

All qualified participants will receive a report on our research findings that you can apply to your organization's efforts and a quarterly membership to the Ventana Research Community valued at US\$125 or €92. In addition, all qualified participants will be entered into a drawing to win a benchmark research report of your choice valued at US\$995 or €732. Thank you for your participation!

### **Qualification**

We designed the research to assess the use of and plans for deployment of sales analytics across organizations and industries. We described qualification to participate as follows:

The survey for this benchmark research is designed for business and IT managers who develop, deploy or use analytics or are involved with

the purchasing of analytics technology. Others such as consultants and systems integrators may participate in the survey but are not eligible for incentives and will be used in the analysis only if they meet the qualifications. Incentives are provided to qualified participants in the research and also are conditional on provision of accurate contact information including company name and company e-mail address that can be used for fulfillment of incentives.

Further qualification evaluation of participants was conducted as part of the research methodology and quality assurance processes. It entailed screening out responses from companies that are too small, questionnaires that were not materially complete, or those where the submission is from an inappropriate submitter or appears to be spurious.

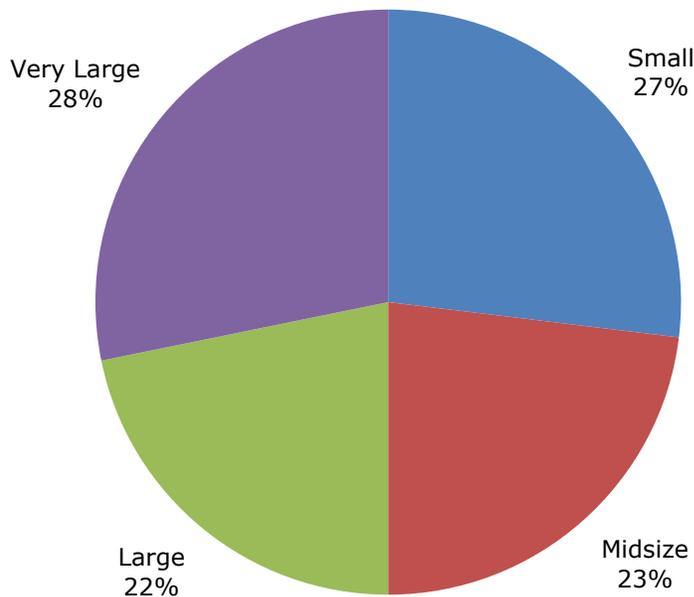
### ***Demographics***

We designed the survey used for this research to be answered by executives and managers across a broad range of roles and titles working in organizations. We evaluated the qualifications of those who clicked through to the survey and included the answers of all qualified respondents. In this report, the term “participants” refers to that group, and the charts in this section characterize various aspects of their demographics and qualifications.

## Company Size by Number of Employees

We require participants to indicate the size of their entire company. Our research repeatedly shows that size of organization is a useful means of segmenting companies because it correlates with the complexity of processes, communications and organizational structure as well as the complexity of the IT infrastructure. In this research, when measured by number of employees more than three-fourths of participants are larger organizations: A little more than one-fourth are very large companies (having 10,000 or more employees), almost the same number are large companies (with 1,000 to 9,999 employees), a bit less than one-fourth are midsize companies (with 100 to 999 employees), and nearly as many are small companies (with fewer than 100 employees). This equal distribution is consistent with our research objectives and provides a suitably large sample from each size category.

**Figure 1**  
**Participants by Company Size (Number of Employees)**

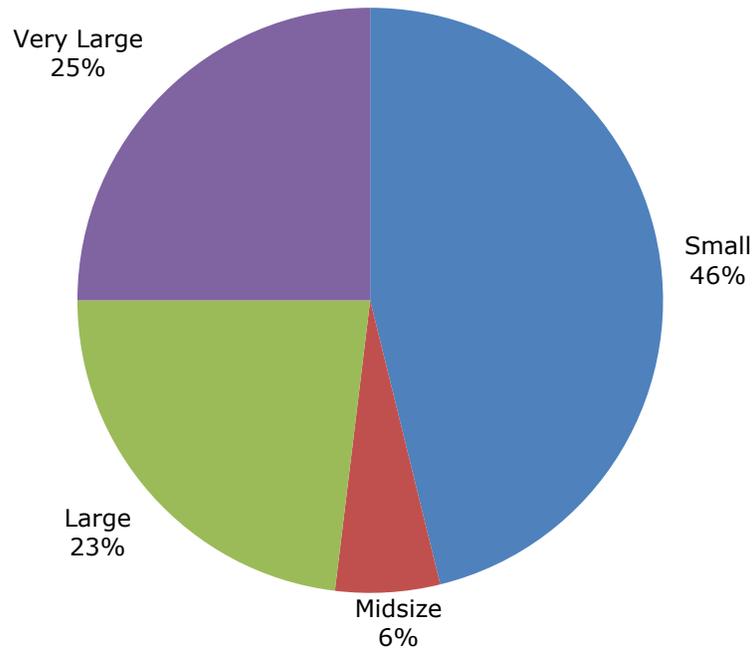


Source: Ventana Research

### Company Size by Annual Revenue

When we measured size by annual revenue, the distribution of categories shifted downward, mostly from midsize companies to small. By this measure, 3 percent fewer are very large companies (having revenue of more than US\$10 billion), 1 percent more are large companies (having revenue from US\$500 million to US\$10 billion), 17 percent fewer are midsize companies (having revenue from US\$100 to US\$500 million), and nearly half of all are small companies (with revenue of less than US\$100 million).

**Figure 2**  
**Participants by Company Size (Annual Revenue)**

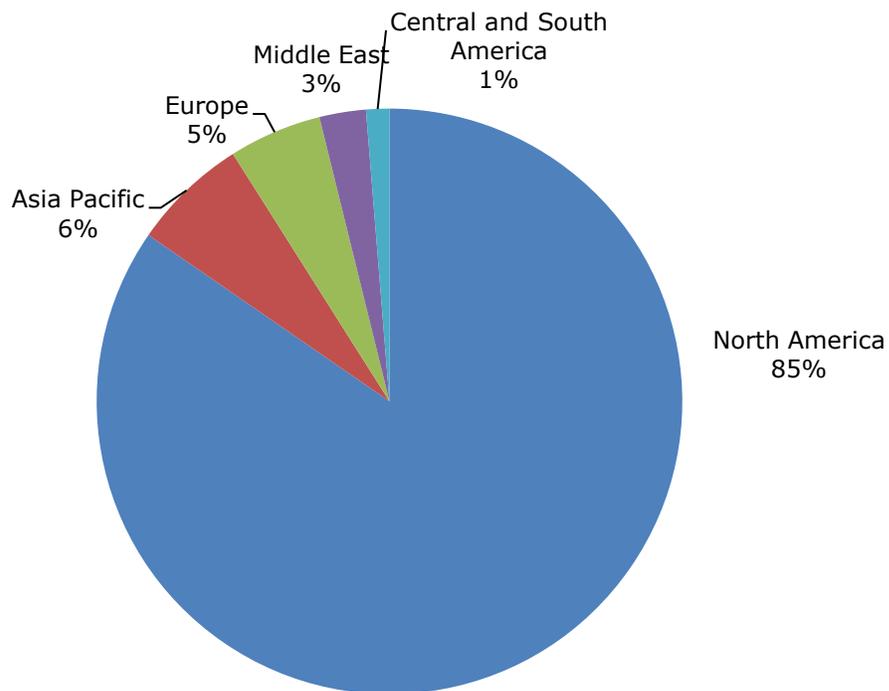


Source: Ventana Research

### Geographic Distribution

All but 15 percent of participating companies are located or headquartered in North America. Those based in Asia Pacific accounted for the second largest area at 6 percent, in Europe for 5 percent in the Middle East for 3 percent and in Central and South America for 1 percent. This result was in keeping with our expectations at the start of this investigation, since organizations participating in our research most often are headquartered in North America. However, many of these are global organizations operating worldwide.

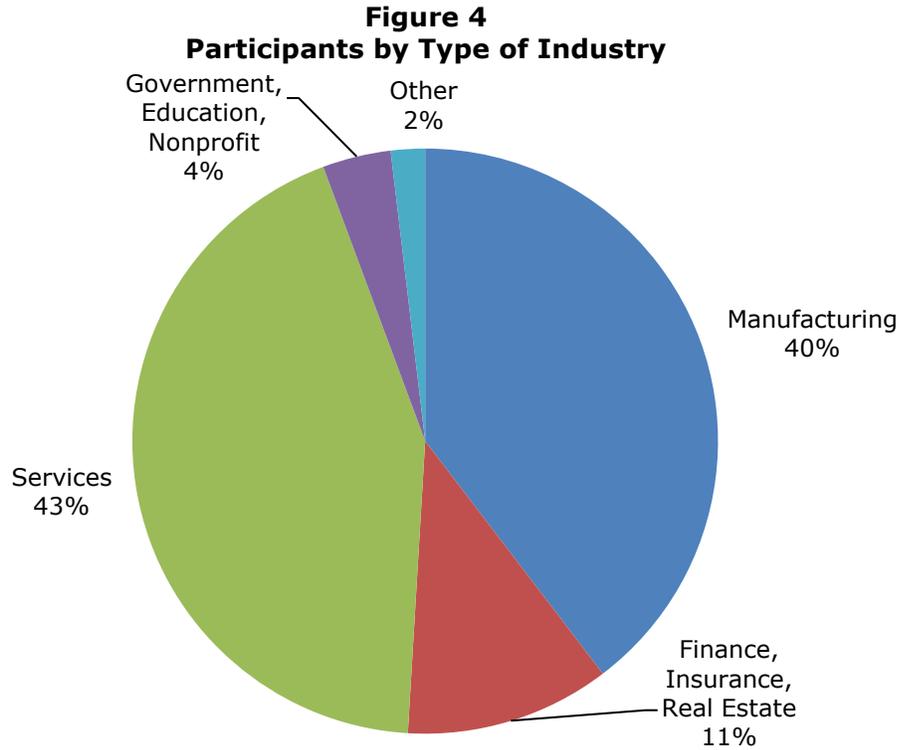
**Figure 3**  
**Participants by Region**



Source: Ventana Research

## Industry

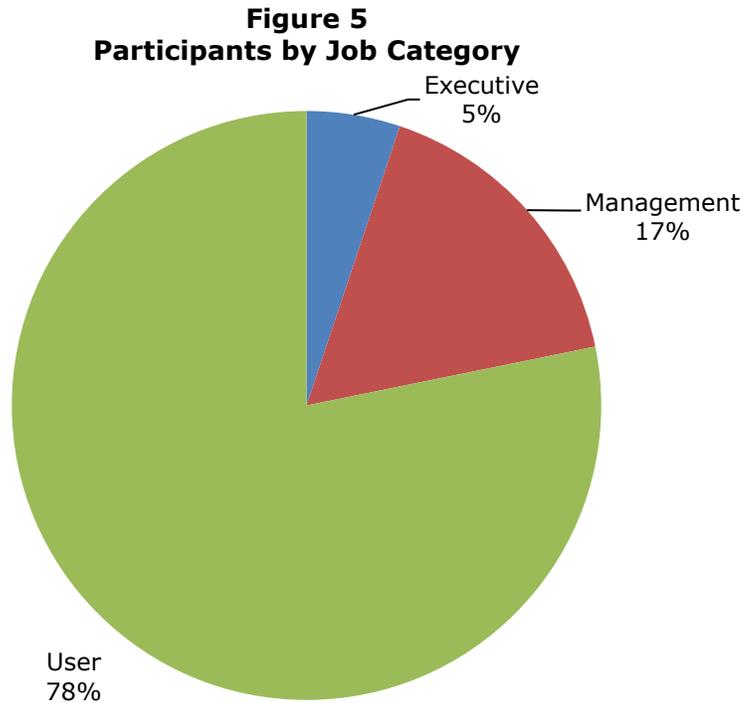
We grouped the companies in this benchmark research into four general categories plus other, as shown below. The overwhelming majority are service providers or manufacturers. Slightly more than one-tenth of companies are in finance, insurance and real estate (FIRE). Government, education and nonprofit and a miscellaneous other category accounted for the remaining 6 percent.



Source: Ventana Research

## Job Title

We asked participants to choose from among 14 titles the one that best describes theirs. We sorted these responses into three categories: executives, management and users. Nearly four out of five identified themselves as having titles that we categorize as users, a grouping that includes senior manager or manager (30%), director (15%), analyst (17%) and staff (4%). Those with vice president titles constitute the management category, which amounts to 17 percent of the total, and 5 percent are executives.



Source: Ventana Research

This is how we aggregated the 14 title response options:

### **Executive**

CEO, President  
Other CxO

### **Management**

EVP or SVP  
VP

### **User**

Senior Manager or Manager  
Senior Director or Director  
Analyst (Business, Financial, etc.)  
Sales  
Staff

### **Other**

Consultant  
Professor or Teacher  
Student

We concluded after analysis that this response set provided a meaningfully broad distribution of job titles.

## Key Insights

Our benchmark research yielded the following important general findings and key insights regarding the use of sales analytics. (We discuss maturity levels in the Maturity Index portion of the full research report; the actual questions asked in our survey are in the Appendix to the research report.)

### **Organizations are maturing slowly in their use of sales analytics.**

This benchmark research found that organizations are advancing slowly in their ability to apply analytics to their sales organizations and processes. Our Maturity Index analysis places only 17 percent of organizations at the highest Innovative level of maturity. Two factors that hinder maturity are reliance on traditional cost-related metrics, which do not drive improvements in sales performance, and the use of spreadsheets, which are inappropriate for complex analytics at an enterprise level. In addition, two-thirds of organizations (67%) must cope with significant process barriers, and almost as many (60%) face technology barriers, both of which impede efficient and effective use of sales analytics. Our maturity analysis also found that manufacturing organizations are slightly more mature than other industries and also have the strongest desire for improvement.

### **Forecasts and the performance of sales representatives are important metrics.**

Organizations participating in this research indicated that a variety of metrics are important for them. From a financial perspective, they cited revenue growth most often (by 58%); cost per sales call, average deal size and customer or deal profitability are the top metrics in more than 40 percent of organizations. More than two-thirds said forecast accuracy is the most important process metric; analytics can be particularly helpful in providing information for sales forecasts. For executives and managers, however, forecast accuracy (58%) comes second to sales rep performance (67%) as the most important metric. Coverage and velocity of the sales pipeline (56%) and average time to close (51%) also are important to more than half of organizations. All these aspects of sales can benefit from analytics that measure performance.

### **Sales organizations use analytics to assess financial and process improvements.**

Aside from the obviously relevant category of sales (cited by 87% of organizations), participants told us profitability (39%), business process (38%) and financial (38%) are the most important categories of metrics. The research also confirms that organizations act on the areas of metrics that matter most. By a wide margin they most often apply analytics to create sales forecasts (66%) and measure sales rep productivity (64%); determining commissions and incentives (39%) ranked a distant third. In general, three-fifths (60%) of organizations said that sales analytics are very important, and the number jumps to 86 percent in the case of very large organizations. A related finding indicates that two categories, financial improvement – increasing revenue (cited by 63%) and increasing profitability (51%) – and process advances – improving the efficiency of sales processes (56%) and aligning the sales force to business strategy and goals (51%) – are the most important factors when organizations consider investing in analytics.

## **Substantial numbers of organizations are not satisfied with their current sales analytics.**

Alongside the endorsements of the importance of sales analytics, this research found discontent. Nearly as many organizations are dissatisfied with their current process for creating analytics (36%) as are satisfied with it (42%). Dissatisfaction is even more prevalent among senior managers (60%) and directors (42%) and in half of very large organizations and the Manufacturing industry sector (52%). The most common complaint (by 63% of those unsatisfied) is that analytics are hard to build and maintain. More than 40 percent each said that the process is too slow, too unreliable, or not flexible to change. Regarding current technology for sales analytics, nearly half (46%) are not satisfied or only somewhat satisfied with it, while only 19 percent are very satisfied. Cross-reference analysis shows that satisfaction declines as the size of the organization increases and that Manufacturing is the industry most dissatisfied with current technology.

Most organizations involve key people in decisions on analytics and performance indicators. Sales of course depends on people, and most organizations (79%) said all the right people are involved in establishing the key performance indicators (KPIs) on which their business segment depends. Among those who said not all are involved, 40 percent each said senior management (at the vice-president level) and middle management should be. Overall, however, senior management (88%) and heads of sales (85%) are involved or very involved in determining requirements for analytics.

## **Sales analytics aren't always available to everyone who needs them.**

For sales analytics to benefit an organization, they must be available to people in a variety of roles and responsibilities who can apply them to performance analysis and improvement. Here the research shows that in three-quarters of organizations, the higher a person's level in the organization, the more available analytics are. Many roles lower in the hierarchy could benefit from analytics, but those reporting on customer demand metrics, sales manager performance, sales by geography and territory and by channel are available to everyone who needs them in fewer than half of organizations. Few organizations (less than 15%) have analytics on competitors' performance or economic data and leading indicators.

## **Metrics and performance indicators often aren't shared in timely fashion.**

Timely delivery is another facet of availability, but many organizations require significant amounts of time after the end of the month or quarter to deliver metrics or KPIs derived from analytics to those who need them; about one-third (31%) of organizations need two weeks or longer, and only 23 percent can generate metrics within a day. The length of time is even longer in manufacturing companies and larger organizations. This delay is surprising when we consider that today's technology can compute metrics from analytics in seconds.

Another aspect of technology relevant to timeliness and availability is the use of mobile devices such as smartphones; being able to access analytics and metrics via such devices is important or very important to 40 percent of organizations. Such access can be useful in making metrics available to the sales force. More important than mobile access is collaboration in reviewing analytics, which is a capability

important or very important to 65 percent. This, too, depends on prompt availability to all members of a team.

### **Analytic tools must be usable by all roles.**

For sales analytics to become widely available, not only must the organization provide them but the tools must be usable by those in every role and all levels of technical competence. The largest number (44%) of organizations rated usability a very important technology and vendor consideration; functional capabilities was fourth (36%). Sales people need to be able to create a range of business and sales-related metrics; 86 percent said it is important or very important to have analytics to determine the performance of individual sales reps, and 84 percent said this about sales pipeline or forecast analysis.

Those in analyst roles require more sophisticated capabilities. For example, all of them said it is important or very important to be able to search for specific existing answers, and 62 percent said this about having source data available. The innovative capability of predictive analytics to project future outcomes is important or very important to 71 percent of organizations. To ensure comprehensive adoption, tools will have to have these sophisticated capabilities as well.

### **Spreadsheets impede sales analytics.**

The use of spreadsheets as a tool for analysis is a well-established business practice. Unfortunately it is an inefficient one and a poor choice for repetitive analyses shared by more than a few people. To generate sales analytics, spreadsheets are the most commonly used technology, in use in by more than one-third of organizations (39%) and more than half of very large organizations as measured by number of employees and annual revenue. Spreadsheets are used universally for analytics in one-third of organizations, and used regularly in 38 percent. We conclude that their use is a major cause of dissatisfaction in various areas, such as with current analytic technology (46% of all organizations) and in building and maintaining systems (63% of spreadsheet users say it is difficult). As well, almost half of organizations (41%) expressed a lack of confidence in the quality of information generated by their analytics.

It is clear that spreadsheets contain important data for sales analytics; they are identified as the second-most important data source for sales analytics in more than third of organizations. But while spreadsheets can perform many data-involved tasks, they do not provide some of the dedicated functionality that can improve sales analytics, including easy searching for answers and examining goals, quotas and performance metrics. Replacing spreadsheets is a both a process and a technology challenge, but lack of budget, resources and an effective business case are the most common barriers for making changes.

### **Integrating data is essential to develop sales analytics.**

Organizations seeking to use sales analytics typically discover that they must draw the necessary data from multiple applications and systems. The research found that customer relationship management (CRM) systems (64%) and spreadsheets (50%) are the information sources for the most organizations, and sales booking systems, sales compensation applications and data warehouses also are important sources for sales analytics in more than one-quarter of organizations. The kinds of data used

range from that stored in transactional systems (in more than half of organizations) to data warehouses (43%), reports (36%), mainframe legacy data (29%) and unstructured data from Microsoft Office or Adobe Acrobat documents (28%). Manufacturing organizations depend most on transaction systems (74%) and data from data warehouses (53%). Sales data is not the only type of data needed to integrate, as customer (71%), employee or workforce (56%) and financial (51%) often must be included.

The research also shows that challenges in integrating data impact the use of sales analytics; again, being hard to build and maintain (63%) was the top reason for dissatisfaction with organizations' current analytics processes, and the presence of siloed, isolated data presentations (48%) was second. Another challenge in the process is preparing data for analysis (which 26% spend most of their time doing) and then reviewing it for quality and consistency (23% spend most of their time), which we consider part of the data integration process. Integration also has a direct impact on the availability (or lack) of sales analytics. These facts contribute to the second-most very important technology and vendor consideration: adaptability, cited by 43 percent of organizations. As well as availability, automation of the integration process could contribute to improving accuracy of the data, which less than one-third (31%) said is accurate.

### **Sales analytics are in demand in the cloud as well as on-premises.**

The research found that almost one-third of organizations (33%) still prefer to deploy sales analytics through the traditional means of installing it on their own premises. However, the alternatives of renting software on demand (cited by 31%) or hosted by a third-party supplier (6%) are gaining popularity. More than one-fourth of organizations (29%) have no preference for how they access sales analytics. Larger organizations (very large, 56%; large, 40%) more strongly prefer to have it installed on premises in the organization, as do manufacturing organizations (61%). Nevertheless, we note that cloud deployment can be a viable option for organizations looking to avoid the effort and expense of having in-house technology resources manage their sales analytics. As well, automating the process of integrating data and applying analytics in this fashion could make sales analytics available in a short timeframe appropriate to the organization's needs.

### **Improvement of sales analytics is needed, but not all will act on it.**

A majority of sales organizations (60%) want to simplify sales analytics and metrics, and the largest plurality (40%) said they can improve significantly their use of analytics and performance indicators; only 13 percent said they could improve not much or not at all. A slightly larger portion of very large organization (53%) said their organization could improve significantly, as did almost two-thirds (62%) of manufacturing organizations. Despite these recognitions, though, relatively few organizations are ready to go ahead with efforts to improve. Only 24 percent plan to change the way they generate and apply sales analytics in the next 12 to 18 months; 19 percent said that changes are needed but are not a priority now. Large organizations (40%) by number of employees and those in manufacturing (33%) are more eager to make changes. The research also found that when the majority of organizations fund improvement for sales analytics, almost half (46%) will do so from business budgets. To take the steps to improve of course will require resources and budget, but the research shows these are the top two barriers to improvement.

### **Very large organizations need the most help with sales analytics.**

Very large organizations rated most highly (86% compared to the average of 60%) the importance of simplifying sales analytics and metrics, and they also rated most highly the need for sales analytics capabilities for the pipeline, forecasting, sales rep performance and the effectiveness of commissions. The research provides insights into the largest sales organizations; fully half of very large organizations measured by the number of all employees have more than 2,500 sales reps, and 14 percent more have at least 1,000. The very large organizations use spreadsheets most often as an information source for analytics and have the highest use of business intelligence technologies (52%) to generate analytics, followed by spreadsheets (48%), which many use exclusively for sales analytics. Collecting the data is not easy in these sizes of organizations, which 54 percent said is difficult compared to the average of 33 percent. At the same time these organizations indicated the highest level of confidence in the information they use for analytics, indicating some conflicting perceptions.

These large organizations also betray conflict over whether business effectiveness or cost efficiency is more important. More of them than any other size see increasing revenue as the most important factors for investment in sales analytics (82% compared to the average of 63%). But these organizations also see the cost per sales call as the most important financial metric (62% vs. 43%). They said more often that improving decision-making is the most important factor driving change in sales organizations (80% vs. 58%).

### **Manufacturing companies need help with sales analytics.**

We analyzed the research data across industry sectors. Manufacturing, which comprised 40 percent of our research sample, assigns the highest importance to forecasting accuracy process metrics (80%) and also the highest response for the importance of sales analytics regarding the pipeline, forecasts, rep performance and commission effectiveness. More manufacturers plan to change the way they generate analytics (one-third vs. one-fourth overall). This intent syncs with the industry's sense that it can improve its use of analytics significantly (62% vs. 40%). These companies were the most dissatisfied (52%) with their process to create sales analytics and with their technologies (29%). This industry has the largest challenge in collecting the data for analytics (43% vs. 33% for all sectors). Manufacturing has the highest need to integrate data from transactional systems (74% vs. 57%) and spends the most time reviewing data for quality and consistency issues (30%).

These organizations more than any other industry see increasing revenue as the most important factor for investment in sales analytics (81% vs. 63%). But driving improvement requires a budget and resources, for which manufacturing depends most on the general business budget. To gain a budget requires a strong business case, but 54 percent of manufacturing companies indicated that is not strong enough; they have ROI and TCO as the third-highest very important choice for technology and vendor consideration, more than any other sector.

## What To Do Next

This benchmark research found that a variety of metrics are important to sales organizations. From a financial perspective, most (58%) cited revenue growth. In addition, cost per sales call, average deal size and customer or deal profitability are the top metrics in more than 40 percent of organizations. More than two-thirds said forecast accuracy is the most important process metric; analytics can be particularly helpful in providing information for sales forecasts. For executives and managers, however, forecast accuracy (58%) comes second to sales rep performance (67%) as the most important metric. Coverage and velocity of the sales pipeline (56%) and average time to close (51%) also are important to more than half of organizations. All these aspects of sales can benefit from analytics that measure performance.

It is a positive sign that most organizations involve key people in decisions on analytics and performance indicators. A large majority (79%) said all the right people are involved in establishing the key performance indicators (KPIs) on which their business segment depends. Among those who said not all are involved, 40 percent each said senior management (at the vice-president level) and middle management should be. Overall, however, senior management (88%) and heads of sales (85%) are involved or very involved in determining requirements for analytics. For companies wishing to improve the performance of their sales organizations through analytics, we offer the following recommendations.

### **Assess the maturity of your sales analytics.**

This research found that organizations are advancing slowly in their ability to apply analytics to their sales organizations and processes. Our Maturity Index analysis places only 17 percent of organizations at the highest Innovative level of maturity. We recommend that you compare your own organization to these results, determine areas of immaturity and use the Innovative level as a guide to improvement. Two key factors that hinder maturity are reliance on traditional cost-related metrics, which do not drive improvements in sales performance, and the use of spreadsheets, which are inappropriate for complex analytics at an enterprise level. If the first of these is true of your organization, look for metrics that track business-related performance rather than costs. For the second, consider adopting a technology tool that has dedicated capabilities for sales analytics.

### **Consider using sales analytics to direct financial and process improvements.**

In general, three-fifths (60%) of organizations said that sales analytics are very important, and the number jumps to 86 percent of very large organizations. Aside from the obviously relevant category of sales (cited by 87% of organizations), profitability (39%), business process (38%) and financial (38%) are the most important categories of metrics. Organizations most often apply analytics to create sales forecasts (66%) and measure sales rep productivity (64%). A related finding indicates that financial improvement – increasing revenue (cited by 63%) and increasing profitability (51%) – and process advances – improving the efficiency of sales processes (56%) and aligning the sales force to business strategy and goals (51%) – are the most important factors when organizations consider investing in analytics. Explore the relation of process improvements to financial benefits in your own organization and look for analytics that address these areas.

### **Find out how satisfied your organization is with your current analytics.**

This research found that nearly as many organizations are dissatisfied with their current process for creating analytics (36%) as are satisfied with it (42%). Dissatisfaction is even more prevalent among senior managers (60%) and directors (42%). The most common complaint (by 63% of those unsatisfied) is that analytics are hard to build and maintain. More than 40 percent each said that the process is too slow, too unreliable, or not adaptable or flexible to change. Similar levels of discontent exist with current technology for sales analytics: Nearly half (46%) of organizations are not satisfied or only somewhat satisfied with it, while only 19 percent are very satisfied. Cross-reference analysis shows that satisfaction declines as the size of the organization increases. Seek honest opinions from your people involved with sales analytics and look for solutions to at least the major problems that curtail effectiveness in using them.

### **Make sales analytics widely available to people who need them.**

To benefit an organization, sales analytics must be available to people in a variety of roles and responsibilities who can apply them to performance analysis and improvement. Are there roles or departments in your organization that could profit from analytics that they don't now have access to? The research shows that in three-quarters of organizations, higher ups are more likely to have analytics available than those below them. For example, analytics for customer demand metrics, sales manager performance, sales by geography and territory and by channel are available to everyone who needs them in fewer than half of organizations. And only a few organizations make available analytics applied to innovative metrics such as competitors' performance (15%) or economic data and leading indicators (14%). Take stock of the analytics you have or intend to acquire and determine the value of expanding their availability to sales and other organizations that need access to them.

### **Share metrics and performance indicators in timely fashion.**

Timely delivery is another facet of availability, but it takes many organizations quite a while after the end of the month or quarter to deliver metrics or KPIs derived from analytics to those who need them; about one-third (31%) of organizations need two weeks or longer, and only 23 percent can generate metrics within a day. The length of time typically grows longer in larger organizations. Yet today's technology can compute metrics from analytics in seconds, so the delay is likely to be in processes or prioritization. Measure the time it takes to deliver metrics and KPIs, and if it is too long uncover the blockages and take steps to remove them.

Another aspect of technology relevant to timeliness and availability is mobile devices such as smartphones; being able to access analytics and metrics via such devices is important or very important to 40 percent of organizations. Such access could be useful in making metrics available to the sales force. More important than mobile access is collaboration in reviewing analytics, which is important or very important to 65 percent of organizations. This, too, depends on prompt availability to all members of a team. Consider whether some of your people need mobile access to analytics and metrics, and if so add this to the list of capabilities you seek from a technology supplier.

### **Choose analytic tools that people in all roles can use.**

As well as making sales analytics widely available, an organization must provide tools usable by those in every role and all levels of technical competence. The largest number (44%) of organizations in this research rated usability a very important technology and vendor consideration; functional capabilities was fourth (36%). Sales people need to be able to create a range of business and sales-related metrics; they need tools that don't require advanced skills to get them. Those in analyst roles require more sophisticated capabilities, however – all of them said it is important or very important to be able to search for specific existing answers, and 62 percent said this about having source data. The innovative capability of predictive analytics to project future outcomes is important or very important to 71 percent of organizations. If comprehensive adoption of a sales analytic tool is your goal, select one that provides both flexibility for users and sophisticated capabilities.

### **Replace spreadsheets for sales analytics.**

Spreadsheets are well-established as a tool for analysis, but they are ineffective for repetitive analyses shared by more than a few people. Spreadsheets are the most common technology used to generating sales analytics, in use in by more than one-third of organizations (39%); this increases to more than half in the case of very large organizations. Spreadsheets are used universally for analytics in one-third of organizations and regularly in 38 percent. We conclude that their prevalence is a major cause of dissatisfaction in various areas, such as with current analytic technology (46% of all organizations) and difficulty in building and maintaining systems (63%). As well, almost half of organizations (41%) expressed a lack of confidence in the quality of information generated by their analytics. It is important to realize that while spreadsheets can perform many data-oriented tasks, they do not provide some of the dedicated functionality that can improve sales analytics, including easy searching for answers and examining goals, quotas and performance metrics for sales teams. We advocate replacing them with more appropriate tools dedicated to analytics.

### **Don't overlook the necessity of data integration to develop sales analytics.**

Organizations seeking to use sales analytics typically discover that they must draw the necessary data from multiple applications and systems. These include customer relationship management (CRM) systems (in 64%), spreadsheets (50%), and sales booking systems, sales compensation applications and data warehouses each for more than one-quarter of organizations. The data is stored in transactional systems (in more than half of organizations), data warehouses (43%), reports (36%), legacy mainframes (29%) and Microsoft Office or Adobe Acrobat documents (28%). Integrating data is a challenge again, and the presence of siloed, isolated data presentations (48%) was the second-most common reason for dissatisfaction with the current analytics process. Another part of the data integration process is preparing data for analysis (which 26% spend most of their time doing) and then reviewing it for quality and consistency (23% spend most of their time). Initiatives that don't take these factors into account will run into roadblocks, so we advise including these issues in any planning and making adaptability an important technology and vendor consideration; 43 percent of organizations said it is.

### **Investigate deploying sales analytics in the cloud as well as on-premises.**

The research found that one-third of organizations still prefer to deploy sales analytics through the traditional means of installing it on their own premises. Very large (56%) and large (40%) ones support this approach more strongly. However, the alternatives of renting software on demand (cited by 31%) and hosted by a third-party supplier (6%) are gaining popularity. More than one-fourth of organizations (29%) have no preference for how they access sales analytics. Cloud deployment can be a viable option if your organization is looking to avoid the effort and expense of having in-house technology resources manage your sales analytics. Its rapid deployment also makes sales analytics available in a short timeframe.

### **Don't put off needed improvement of sales analytics.**

The research found numerous reasons for sales organizations to upgrade their sales analytics. A majority (60%) want to simplify sales analytics and metrics, and the largest plurality (40%) said they can improve significantly their use of analytics and performance indicators; only 13 percent said they could improve not much or not at all. A slightly larger portion of very large organizations (53%) said they could improve significantly. Despite these recognitions, though, only 24 percent of all organizations plan to change the way they generate and apply analytics in the next 12 to 18 months; 19 percent said that changes are needed but are not a priority now. Large organizations (40%) are more eager to make changes. We caution against procrastination and advise you to be diligent in securing resources and budget, which the research shows are the top two barriers to approval of an initiative.

### **Very large organizations are most in need of help.**

These large organizations rated most highly (86% compared to the average of 60%) the importance of simplifying sales analytics and metrics, and they also rated most highly the need for sales analytics capabilities for the pipeline, forecasting, sales rep performance and the effectiveness of commissions. The research provides insights into the largest sales organizations; fully half of very large organizations measured by the number of all employees have more than 2,500 sales reps, and 14 percent more have at least 1,000. We found in these very large organizations a variety of issues that impede their effectiveness. They use spreadsheets more often as an information source for analytics and have the highest use of business intelligence technologies (52%) to generate analytics, followed by spreadsheets (48%), which many use exclusively for sales analytics. Collecting the data is not easy in these sizes of organizations; 54 percent said is difficult compared to the average of 33 percent. If your sales force is in this range, consider that its size may well be a powerful reason for taking steps to improve. Doing so can address, among other issues, revenue (the most important factor for investment in sales analytics for 82%, compared to the average of 63% of all organizations), the cost per sales call (the most important financial metric for 62% vs. 43%) and improving decision-making (the most important factor driving change in sales organizations for 80% vs. 58%).

## How Ventana Research Can Help

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Everything at Ventana Research begins with our focused [research](#), of which this report is a part. We work with thousands of organizations worldwide, conducting research and analyzing market trends, best practices and technologies to help our clients improve the efficiency and effectiveness of their organizations.

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