ASSIGNMENT GUIDELINES

- Make the changes in the PPT as you solve the parts

- This file contains the template for all the parts of the project.

- Check the instructions added in the note section of every slide for clarity.

- Don't move around any image or text box

- If you require more/lesser elements, be careful when you copy/delete the existing ones.

ASSIGNMENT

Name: Ashwin Venugopal

Problem Statement

The sales pipeline conversion percentage at TechnoServe (a tech SaaS startup) has dropped from 35% at the end of last fiscal (FY 2017-18) to 25% at present.

Assignment Objective

Understand the problem, come up with a hypothesis for low conversions faced by TechnoServe, and analyse the dataset provided to arrive at possible solutions to increase it.

PART I : 1. Understanding the Problem

Sales Pipeline Conversion at a SaaS Startup

Who?	**What?**	**When?**	**Where?**	**How?**
Technoserve(SAAS), company was affected.	Their lead conversion rate went down to 25% from 35%.	At the end of last fiscal year of 2017-2018.	In the sales pipeline conversion(leads and existing customers).	- Sales & customer related issues. - Marketing issues. - Delivery issues. - Etc.

Sales Pipeline Conversion at a SaaS Startup

Situation

- What product do you offer to your customer?

- Who is your target audience?

- How many people are there in the sales team?

- How much time in average does it take to bring a customer on board?

Problem

- What do you think may have caused the reduction in lead conversion to 25% in your experience?

- Does the products offered align with the latest technological advancements?

- Do external factors affect in sales conversions?

- Did the sales team come up with any possible solution?

Implication

- What all implications are possible because of this issue?

- Does this affect your company goals?

- If this problem cant be solved, how much will that affect the business?

- How many existing customers did the company lose?

Need-Payoff

- How will the solution help the company achieve its goals in the long term run?

- How much money can the company spend for the solution?

- Would hiring us to solve the issue makes it easier for the company and its goals?

- How would solving this problem help the management in various levels?

PART II : Formulating Hypotheses
Sales Pipeline Conversion at a SaaS Startup

Framework Used

> The 7P framework is used in my case.

Reason for using the selected framework

> Because since SAAS is an service oriented company and 7P framework is an service oriented framework as it
>
> includes people, process and physical evidence. These 3 factors are not considered in 4P framework.

How you have used the framework here

> I have made 7 branches and made hypothesis for each branch which might be a possible problem under that
>
> particular branch.

PART II : Formulating Hypotheses
Sales Pipeline Conversion at a SaaS Startup
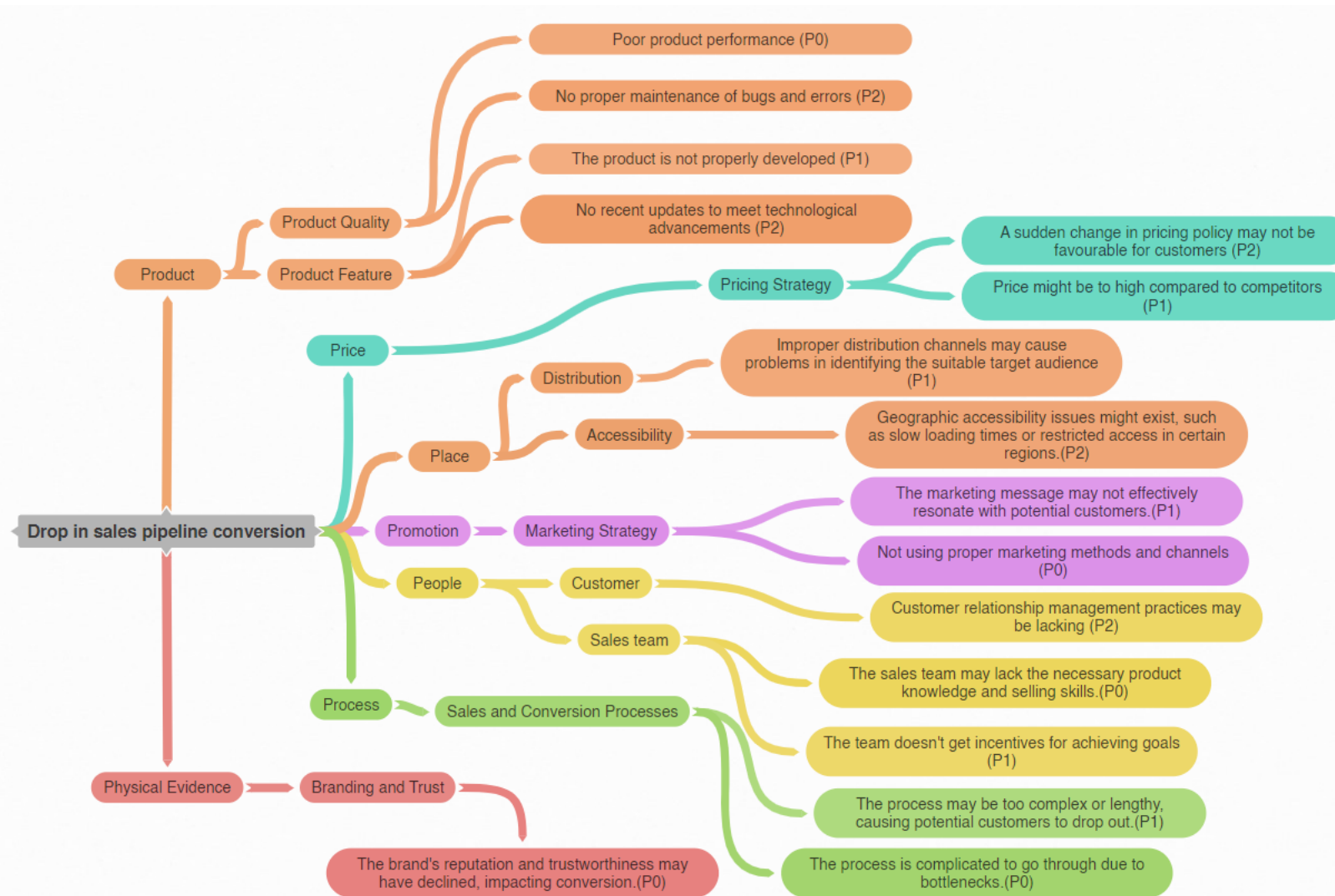
PART II : Formulating Hypotheses
Sales Pipeline Conversion at a SaaS Startup

Branch 1 - People

Sub Branch 1 - Product Quality – Hypothesis 1. Poor product performance.
Customers may not like if the product lags or the response rate is too much that they have to wait for each response to occur.

– Hypothesis 2. No proper maintenance of bugs and errors
Bug or errors may cause the program or app to not work efficiently indication poor quality.

Branch 1 - People

Sub Branch 2 - Product Features – Hypothesis 3. The product is not properly developed.
Missing or underdeveloped features in the product might not meet customer requirement.

– Hypothesis 4. No recent updates to meet technological advancements.
Not evolving a product and keeping it traditional might be a problem as customers are moving towards advanced technologies.

PART II : Formulating Hypotheses
Sales Pipeline Conversion at a SaaS Startup

Branch 2 - Price

Sub Branch 1 – Pricing Strategy – <u>Hypothesis 5.</u> Change in pricing of products.
Sudden change in pricing policy will make the customer lose trust in the company.

– <u>Hypothesis 6</u>. Pricier than Competition.
If price of product is launched bigger than the competitor then customers go for products which are cheaper and better.

Branch 3 - Place

Sub Branch 1 – Distribution – <u>Hypothesis 7.</u> No proper distribution channel.
Improper distribution channel may cause problems in identifying the target audience.

Sub Branch 2 - Accessibility – <u>Hypothesis 8</u>. Geographic or server issues.
If proper servers are not maintained to use the product worldwide people around the world might not be able to use it. The usage will be restricted to within the reach of servers.

PART II : Formulating Hypotheses
Sales Pipeline Conversion at a SaaS Startup

Branch 4 - Promotion

Sub Branch 1 – Marketing Strategy – Hypothesis 9. No clear context.
Sometimes marketing messages may not be understood properly by the customer in a way the marketing team expect them to.

– Hypothesis 10. Not utilising proper marketing channel.
The marketing team must use the appropriate channels social media or advertisements through newspapers or TV to target required audience.

Branch 5 - People

Sub Branch 1 – Customer – Hypothesis 11. Customer Relationship management
A good customer relationship is needed to satisfy customer whenever they are having any issues. And also receive feedbacks from them to better evolve the products and engage with them to create products tailored for their needs.

PART II : Formulating Hypotheses
Sales Pipeline Conversion at a SaaS Startup

Branch 5 - People

Sub Branch 2 – Sales Team – <u>Hypothesis 12.</u> Lack of Knowledge and training
Without proper knowledge of product, sales team cannot target customers and sell it to customers effectively by communicating with them regarding products.

– <u>Hypothesis 13</u>. Lack of incentives for sales team
Sales team might not be given proper incentives for achieving target causing their morale to reduce and be lethargic.

Branch 6 - Process

Sub Branch 1 – Sales and conversions – <u>Hypothesis 14.</u> Process to complicated due to bottlenecks
The sales process may be too complex or lengthy due unnecessary bottlenecks causing potential customers to drop out.

– <u>Hypothesis 15</u>. Bottlenecks in the process.
Due to various reasons like improper collaboration between marketing and sales team, not taking proper measure and adjust steps etc. can cause the conversion rate to decrease.

PART II : Formulating Hypotheses

Sales Pipeline Conversion at a SaaS Startup

BRANCH 7 – PHYSICAL EVIDENCE

<u>**Sub Branch 1 – Branding and Trust** – Hypothesis 16.</u> Reviews and Testimonials
Clients and customers might have given negative reviews which has caused people to lose their trust and brand value. Making new customers not wanting but products from this company.

PART III A : Generating Insights

Sales Pipeline Conversion at a SaaS Startup

Variable	Insights if any	Pattern of Insight
1. Technology Primary	- Legacy Modernization faces the highest sales decline with around 88% customers turning down offers in that segment. - It takes 44 days (average) to complete a sales life cycle.	• Significant Outliers • Surprising extreme
2. B2B Sales Medium	- Online leads are only able to convert 0.1% of leads into customers. - Enterprise Sellers and Marketing medium are the ones that drive the business, with enterprise sellers being able to convert more number of leads into customers.	• Significant Outliers • Unknown result
3. Client Revenue Sizing	- Clients generating <= 100K revenue are the major clients of the company than clients revenue ranging from 100K - More than 1M is the least.	• Surprising comparison
4. Opportunity Sizing	- ERP implementation has the most potential opportunity size compared to others. - Enterprise Seller and Marketing medium has a lot of potential to generate more revenue compared to others.	• Significant Outliers

Sales Pipeline Conversion at a SaaS Startup

Variable	Insights if any	Pattern of Insight
5. Business from Client Last Year	- Majority of clients are using Technoserve for the first time. - Majority of previous customers from the range 0 – 100,000 have continued to work with Technoserve.	• Significant outlier • Unknown result

Sales Pipeline Conversion at a SaaS Startup

Variable under consideration: <u>Technology Primary</u>

1. Legacy Modernization faces the highest sales decline with around 88% customers turning down offers in that segment.
2. It takes 44 days (average) to complete a sales life cycle.
3. ERP implementation is mostly opted by clients from the total.

Row Labels	Average of Sales Velocity
Analytics	45
ERP Implementation	44
Legacy Modernization	38
Technical Business Solutions	43
Grand Total	**44**

Technology primary VS Sales velocity

Table 3 Technology primary VS Average Sales Velocity

Count of Opportunity ID	Column Labels		
Row Labels	Loss	Won	Grand Total
Analytics	74%	26%	100%
ERP Implementation	77%	23%	100%
Legacy Modernization	88%	12%	100%
Technical Business Solutions	79%	21%	100%
Grand Total	**77%**	**23%**	**100%**

Technology primary VS Count of oppurtunity ID

Table 1Technology Primary VS Count of Opportunity status in % of Row calculation

Count of Opportunity ID	Column Labels		
Row Labels	Loss	Won	Grand Total
Analytics	0.27%	0.09%	0.36%
ERP Implementation	48.93%	14.90%	63.84%
Legacy Modernization	0.69%	0.09%	0.78%
Technical Business Solutions	27.52%	7.50%	35.02%
Grand Total	**77.41%**	**22.59%**	**100.00%**

Table 2 Technology Primary VS Count of Opportunity status in % of Grand total

- From table 1, it can be understood that major decline in sale pipeline is due to legacy modernization , looking at each segment majority of sales pipeline success is due to Analytics followed by ERP implementation and then Technical Business Solution.
- In table 2, It is certain that majority of sales pipeline conversion is due to ERP implementation with **14.90%** of total leads.
- From table 3, it can interpreted that it takes average of **44 days** to finish one sales cycle.

PART III A : Generating Insights

Sales Pipeline Conversion at a SaaS Startup

Variable under consideration: <u>B2B Sales Medium</u>

1. Out of all B2B mediums, Online leads, Partners and Tele sale only account for 1.4% of lead conversion rate.
2. Online leads are only able to convert 0.1% of leads into customers.
3. Enterprise Sellers and Marketing medium are the ones that drive the business, with enterprise sellers being able to convert more number of leads into customers.

Count of Opportunity ID	Column Labels		
Row Labels	Loss	Won	Grand Total
Enterprise Sellers	32.3%	12.3%	44.5%
Marketing	38.9%	8.9%	47.8%
Online Leads	0.7%	0.1%	0.8%
Partners	3.0%	0.7%	3.7%
Tele Sales	2.5%	0.7%	3.2%
Grand Total	**77.4%**	**22.6%**	**100.0%**

B2B medium vs Count of opportunity in % of grand total

- It can understood that enterprise and Marketing mediums sum up to above **90%**, and of which nearly **22%** leads have turned to customers.
- Rest of the medium doesn't add upto **10%** and their lead conversion rate is very poor.

PART III A : Generating Insights
Sales Pipeline Conversion at a SaaS Startup

Variable under consideration: <u>Client Revenue Sizing</u>

1. Clients generating <= 100K revenue are the major clients of the company.
2. Clients ranging from 100K – 250K revenue are the less in numbers

Count of Opportunity ID	Column Labels		
Row Labels	Loss	Won	Grand Total
100K or less	58.82%	17.44%	76.26%
100K to 250K	3.80%	1.12%	4.92%
250K to 500K	4.71%	1.39%	6.10%
500K to 1M	4.61%	1.33%	5.94%
More than 1M	5.47%	1.31%	6.78%
Grand Total	77.41%	22.59%	100.00%

Table 1 B2B VS Count Of opportunity in Grand total

Count of Opportunity ID	Column Labels		
Row Labels	Loss	Won	Grand Total
100K or less	77.13%	22.87%	100.00%
100K to 250K	77.25%	22.75%	100.00%
250K to 500K	77.23%	22.77%	100.00%
500K to 1M	77.61%	22.39%	100.00%
More than 1M	80.69%	19.31%	100.00%
Grand Total	77.41%	22.59%	100.00%

Table 2 B2B VS Count of Opportunity in percent of rows

- In table 1, under 100K or less it is given that **17.44%** of leads were converted to customers who are the majority of clients in the company
- And from table 2, it can be inferred that segments ranging from 100k to 1M around **22%** of leads were converted in each segment.
- But in More than 1M segment the conversion rate is slightly less compared to others.

PART III A : Generating Insights
Sales Pipeline Conversion at a SaaS Startup

Variable under consideration: <u>Opportunity Sizing</u>

1. ERP implementation and Technical Business Solution has more potential opportunity size in terms of revenue as well as counts.
2. Enterprise Seller and Marketing medium has lot of potential to generate more potential opportunity size compared to others.

Row Labels	Sum of Opportunity Size (USD)
Analytics	7780570
ERP Implementation	1449707021
Legacy Modernization	22014361
Technical Business Solutions	867932059
Grand Total	2347434011

Table 1 Technology primary VS Opportunity size

Row Labels	Sum of Opportunity Size (USD)
Enterprise Sellers	832772192
Marketing	1341881437
Online Leads	17911987
Partners	100146132
Tele Sales	54722263
Grand Total	2347434011

Table 2 B2B medium VS Opportunity Size

- In Table 1 ERP implementation and Technical Business Solution has the potential to generate a combined revenue of **$ 2.3 billion**.

- Whereas in table 2, Potential revenue generated by Enterprise Sellers is the highest which account for **$1.3 billion**.

- Also following enterprise sellers Marketing medium can generate 2nd highest potential revenue of **$ 832 million**.

Sales Pipeline Conversion at a SaaS Startup

Variable under consideration: <u>Business from Client Last Year</u>

1. From the Grand total, 15.37% were new customers, which constitutes majority of clients.
2. High sales decline happened in the 0(No business) segment.
3. Majority of previous customers from the range 0 – 100,000 have continued to work with Technoserve.

Count of Opportunity Status	Column Labels		
Row Labels	Loss	Won	Grand Total
0 - 25,000	0.40%	1.89%	2.28%
0 (No business)	73.33%	15.37%	88.70%
25,000 - 50,000	0.70%	1.97%	2.67%
50,000 - 100,000	1.03%	1.65%	2.68%
More than 100,000	1.95%	1.72%	3.67%
Grand Total	77.41%	22.59%	100.00%

Table Business from last year VS Count of Opportunity status

- From the above table it is clear that majority of clients (**15.37%**) are using Technoserve product for the first time.
- And From segments 0 – 25000, 1.89% leads were successfully converted.
- Similarly form segments 25000-50000 & 50000 – 100000, **1.97%** & **1.65%** which constitutes more than half of the respective segment.
- More than half of Clients from 0-25000, 25000-50000, 50000- 100000 segments have decided to continue working with Technoserve.

PART III A : Generating Insights
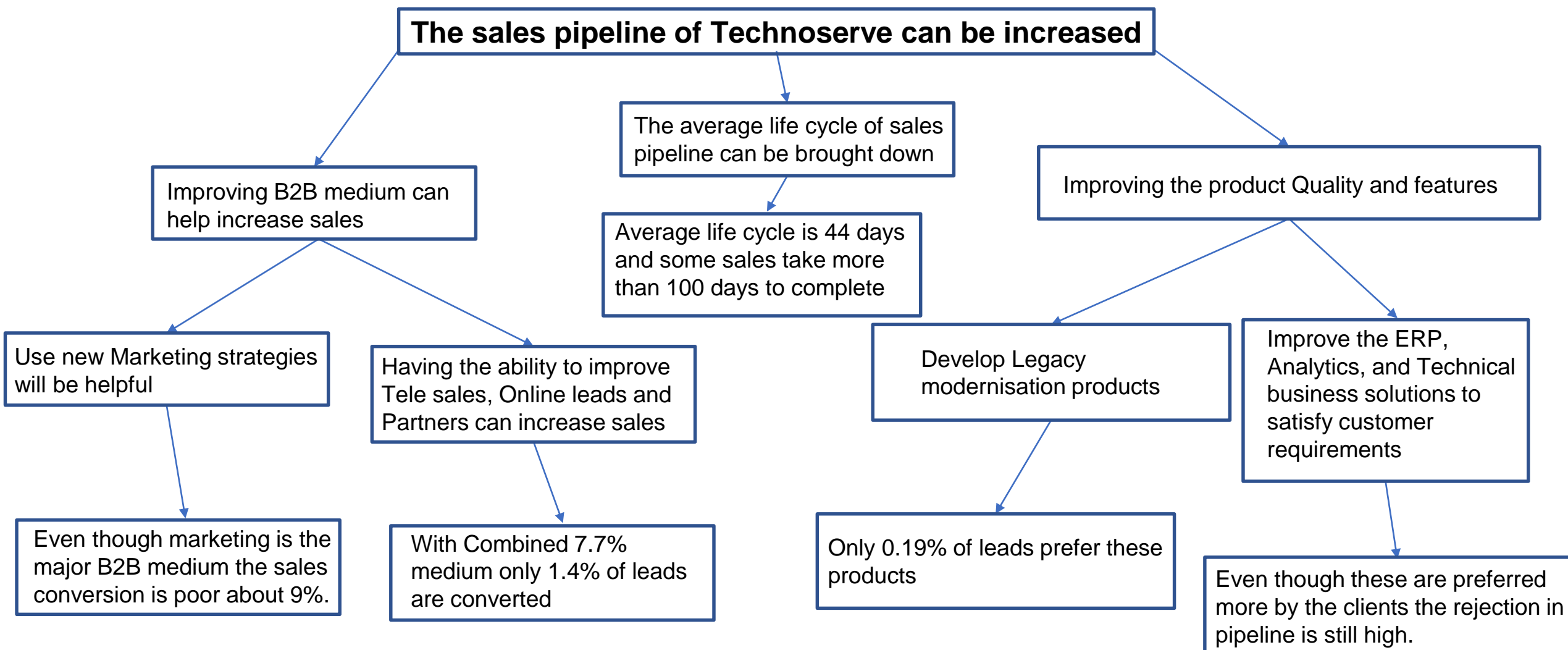## Sales Pipeline Conversion at a SaaS Startup

Recommendations

1. Get customer feedback form customers opting for ERP implementation and Technical Business Solutions and redevelop the programs according to their needs.

2. Legacy Modernization program should be redeveloped.

3. Marketing strategy can be improved to increase pipeline conversion rate.

4. Too much lose can be seen in Client revenue size of more than 1M, reduce the number of leads in this segment.

5. Reduce the number of sales life cycle

Corresponding Insights

- More than 80 % of clients opt for ERP and Technical Business Solution, so improving them can help generate clients.

- Out of 609 leads, only 74 sales happened.

- 8.9% of clients have used technoserve through marketing medium. Right marketing medium can be identified by looking at place where leads are looking for solutions.

- 80% of leads in the More than 1M revenue generating clients doesn't prefer technoserve it might be either because of customer relationship management, poor product quality and features etc. So till the program is developed to the market standard it is better to reduce the number of leads and try to retain the existing clients in that segment.

- For some cases ERP, Technical business solution, and analytics takes more than 100 days to close a sale, which can be irritating for clients and they might look for better options.
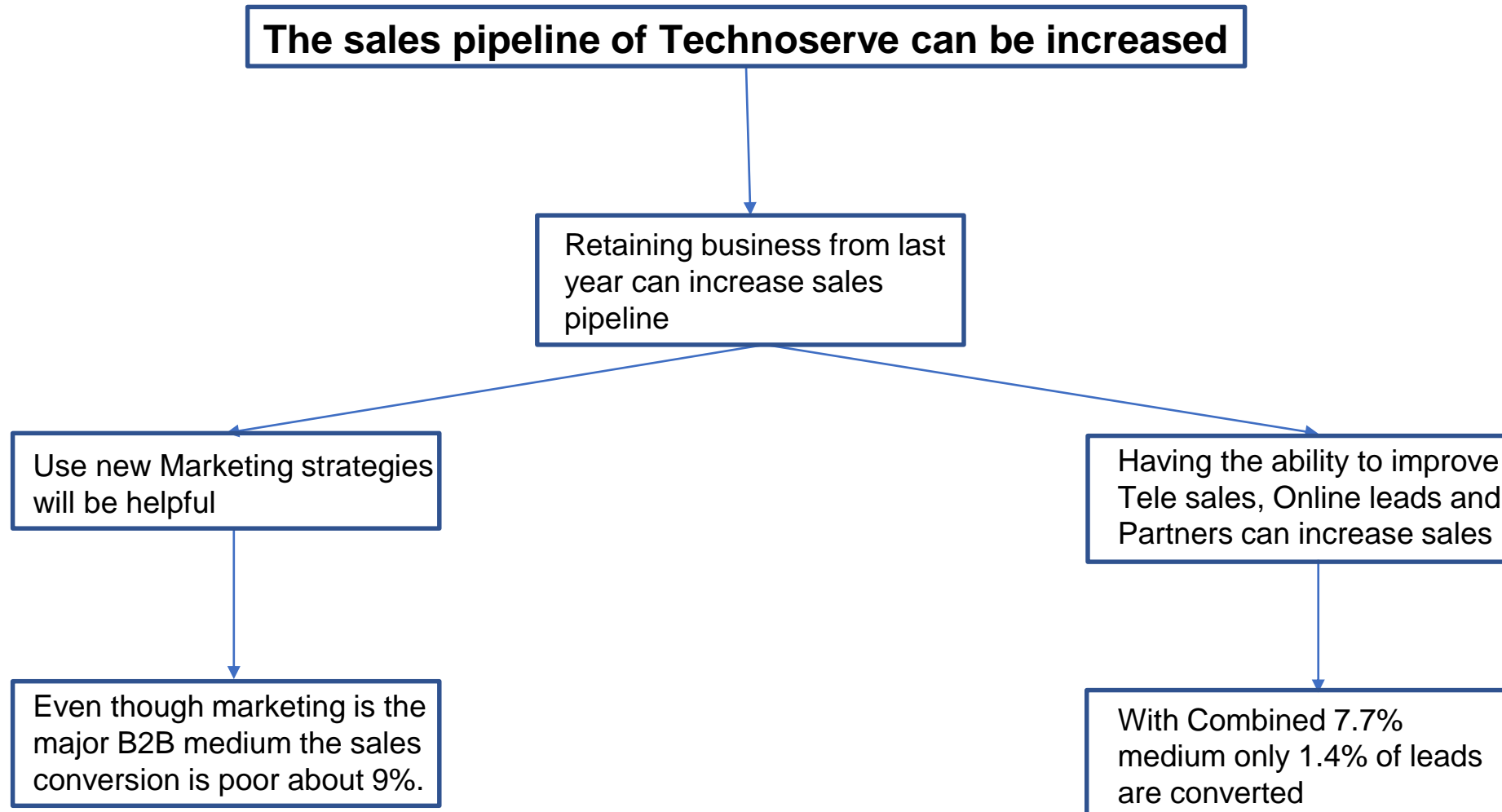
PART III B : Presenting Findings

Sales Pipeline Conversion at a SaaS Startup

upGrad Campus

**The sales pipeline of Technoserve can be increased**

Improving B2B medium can help increase sales

The average life cycle of sales pipeline can be brought down

Average life cycle is 44 days and some sales take more than 100 days to complete

Improving the product Quality and features

Use new Marketing strategies will be helpful

Having the ability to improve Tele sales, Online leads and Partners can increase sales

Develop Legacy modernisation products

Improve the ERP, Analytics, and Technical business solutions to satisfy customer requirements

Even though marketing is the major B2B medium the sales conversion is poor about 9%.

With Combined 7.7% medium only 1.4% of leads are converted

Only 0.19% of leads prefer these products

Even though these are preferred more by the clients the rejection in pipeline is still high.

PART III B : Presenting Findings

Sales Pipeline Conversion at a SaaS Startup

Improving B2B medium:


B2B medium VS Opportunity status
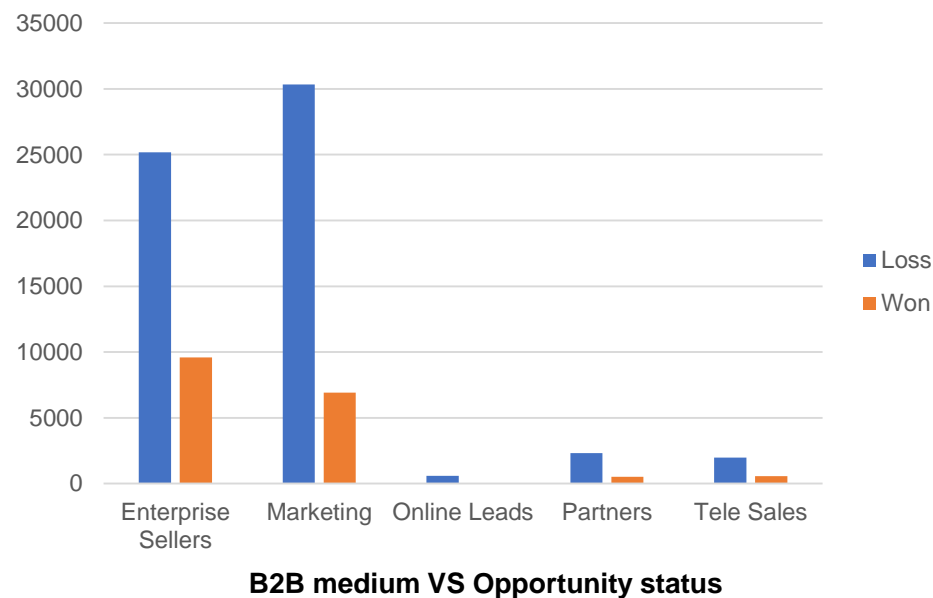
1. From the above chart it is visible that marketing is widely used but "Won" percentage is less. So it is better to change marketing strategy it maybe by changing target audience, or platform, etc.
2. Online leads, Partners, and Tele sales are reeling in less leads out of which even lower percent of leads are only converted to customers. So it is good to improve these methods.
3. Enterprise Sellers are able to bring in more clients but still their skill can be improved so that leads can build up trust with Technoserve.

Sales Pipeline Conversion at a SaaS Startup

Improving Technology Primary:

**Technology Primary VS Opportunity status**
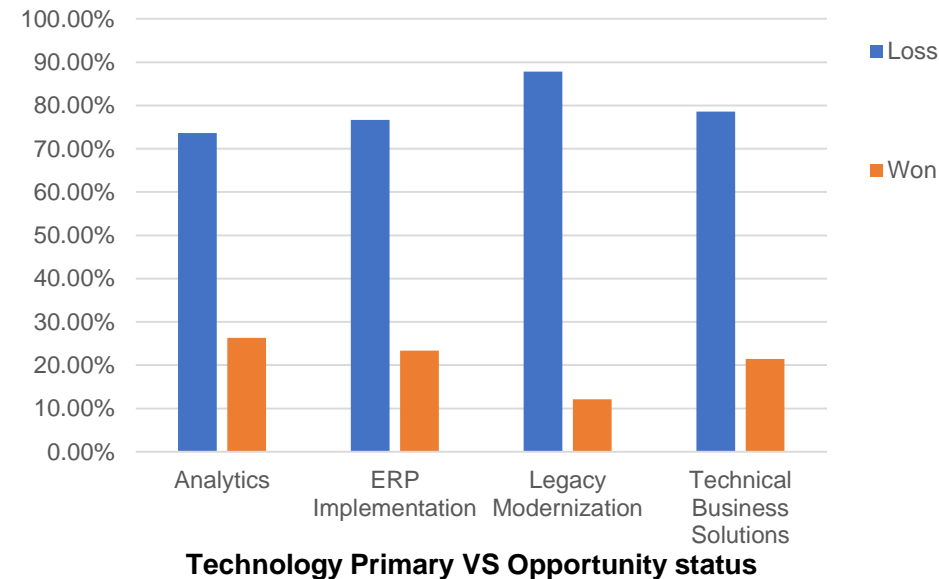
1. The chart depicts that legacy modernization is the least preferred product by the leads. It may be due to poor quality, feature or it may not be par with latest technology. So by doing software update or redevelopment. It can satisfy customers requirement and next time they will purchase these products.
2. Analytics, ERP and technical business solutions are driving the business but still leads are declining maybe due to above reasons. And as well as it maybe due to sales people they are not able to sell the products positive points effectively.

PART III B : Presenting Findings

Sales Pipeline Conversion at a SaaS Startup

Retaining Business from last year:
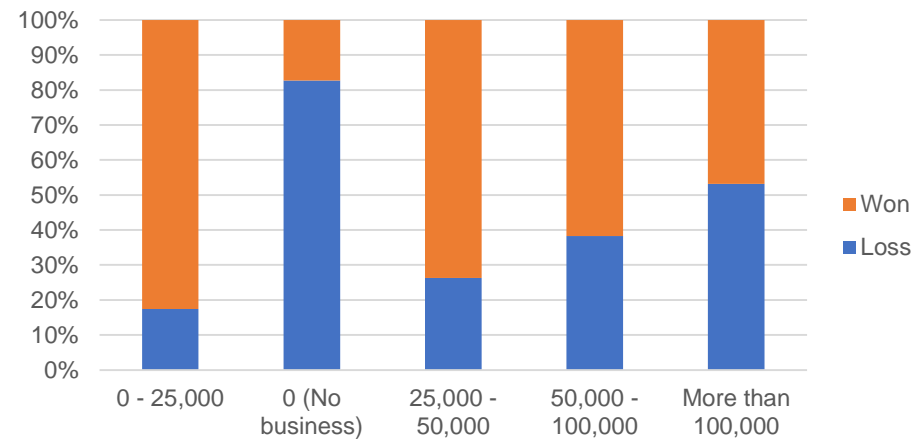
Business from last year VS Opportunity status

1. In the above chart we can see that, Majority of clients are new customers trying Technoserve for the first time.
2. And from segments 0-100000 more than half of the clients are retained, but still loses are there. So taking feedbacks from clients who have left and improving the products and customer relationship management helps retain more clients in the future.
3. Thereby, increasing sales pipeline conversion.