SaaS Pipeline Conversion Project

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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 analyze 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?

A IT SaaS company called TechnoServe

What?

Sales have an extremely low pipeline conversion rate. Now, it is only 25% instead of 35%.

from the fiscal year 2018–19 first quarter.

When?

From the fiscal year 2018-1G first quarter.

Where?

Among the possible customers or the leads of the company.

How?

There is an inefficiency in the process followed by the sales team

The product offered is not solving the customer problems.

PART I : 2. Understanding the Problem

Situation

1. What are the products offered by the company?

2. How many clients does TechnoServe has?

3. What is the strength of the employees within the company?

4. What is the strength of the Sales team at TechnoServe?

Problem

1. How TechnoServe identify the leads in the market?

2. On an average, how many days does it take to convert a lead into a client?

3. Is the team skilled to sell the products in the market?

4. Does the sales team have knowledge about the products that are offered to the customers?

Implication

1. What is the impact of low sales pipeline conversion on the profits of the company?

2. Does low pipeline conversion impact your targets of the future?

3. What is the impact of the problem on the sales force? Are they able to perform as per the expectations?

Need-Payoff

1. What is the increase in revenue expected if the problem is solved?

1. How the employees will benefit if the problem is solved?

2. How will you use the extra revenue generated from the increased sales?

3. Will there be an increase in the market share of the company?

PART II : Formulating Hypotheses

Framework Used :

The issue tree framework, combined with the 5C framework, is a strategic approach used to break down complex problems, analyze business environments . The 5Cs include Company, Competitors, Customers, Collaborators, and Context.

Reason for using the selected framework :

It is easy to cover all the domains using the above mentioned frameworks. The **issue tree framework** allows for a structured breakdown of problems, while the **5C framework** ensures all relevant business domains are considered. Together, they provide a detailed, organized approach to tackle complex issues, enabling businesses to solve problems efficiently while covering all important areas.

How you have used the framework here:

The problem has been divided into the five C's in the framework and then, each C is again branched using the issue tree framework. By dividing the problem into the five C's (Company, Competitors, Customers, Collaborators, and Context) using the 5C framework and then branching each C with the issue tree framework, we achieve a more granular and detailed analysis

PART Ⅱ : Formulating Hypotheses
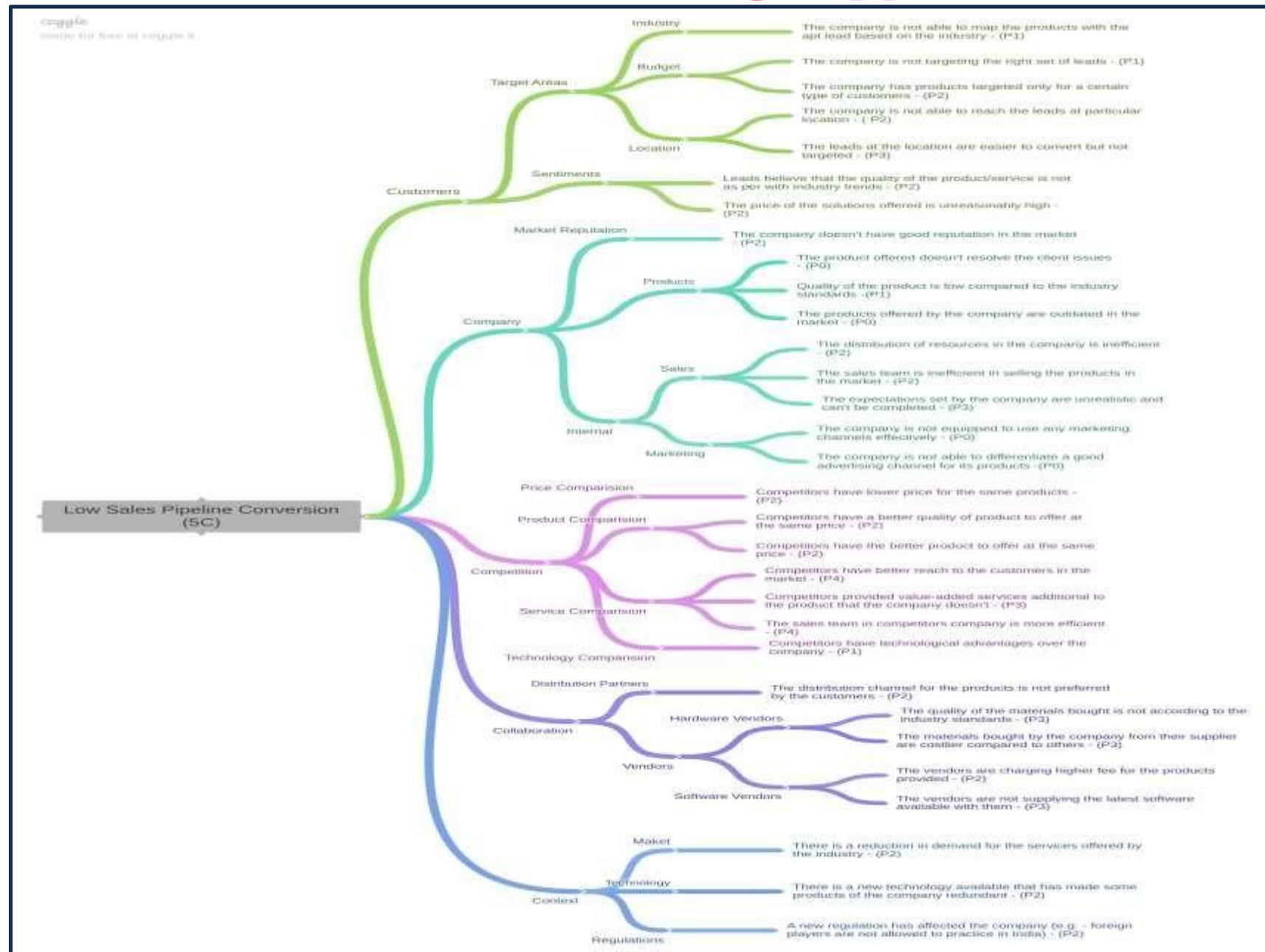
PART II : Formulating Hypotheses

1: Low Sales Pipeline Conversion – Customer – Targeting – **Industry :** The company is not able to map the products with the apt lead based on the industry - (P1).

2: Low Sales Pipeline Conversion – Customer – Targeting – **Budget :** The company is not targeting right set of leads. - (P1) ,The company has products targeted only for a certain type of customers - (P2).

3: Low Sales Pipeline Conversion – Customer – Targeting – **Location :** The company is not able to reach the leads at particular locations - (P2), The leads at a location are easier to convert but not targeted - (P3).

4: Low Sales Pipeline Conversion – Customer – Sentiment : Leads believe that the quality of the product/service is not at par with industry trends. (P2) ,The price of the solutions offered is unreasonably high. - (P2).

5: Low Sales Pipeline Conversion – Company – Products : The product offered doesn't resolve the client issues – (P0) , Quality of the product is low compared to the industry standards - (P1) ,The products offered by the company are outdated in the market - (P0).

6: Low Sales Pipeline Conversion – Company – MarketReputation: The company doesn't have a good reputation in the market - (P2)

PART II : Formulating Hypotheses

7: Low Sales Pipeline Conversion – Company – Internal – Sales: The distribution of resources in the company is inefficient - (P2) , The sales team is inefficient in selling the products in the market - (P2) , The expectations set by the company are unrealistic and can't be completed - (P3).

8: Low Sales Pipeline Conversion – Company – Internal – Marketing : The company is not equipped to use any marketing channels effectively - (P0) , The company is not able to differentiate a good advertising channel for its products - (P0)

9: Low Sales Pipeline Conversion – Company – Competition – Price Comparison : Competitors have a lower price for the same products - (P2).

10: Low Sales Pipeline Conversion – Company – Competition – Product Comparison : Competitors have a better quality of the product to offer at the same price - (P2), Competitors have a better product to offer to the customers - (P2).

11: Low Sales Pipeline Conversion – Company – Competition – Services Comparison : Competitors have a better reach to the customers in the market - (P4), Competitors provided value-added services additional to the product that the company doesn't - (P3) , The sales team in the competitor company is more efficient - (P4)

12: Low Sales Pipeline Conversion – Company – Competition – Technology Comparison : Competitors have a technological advantage over the company - (P1)

PART II : Formulating Hypotheses

13: Low Sales Pipeline Conversion – Collaboration – Distribution Partners : The distribution channel for the products is not preferred by the customers - (P2).

14: Low Sales Pipeline Conversion – Collaboration – Vendors–Hardware Vendors : The quality of the materials bought is not according to the industry standards - (P3) ,The materials bought by the company from their supplier are costlier compared to others - (P3).

15: Low Sales Pipeline Conversion – Collaboration – Vendors–Software Vendors : The vendors are charging a higher fee for the products provided - (P2) , The vendors are not supplying the latest softwares available with them - (P3).

16: Low Sales Pipeline Conversion – Context – Market : There is a reduction in demand for the services offered by the industry. - (P2).

17: Low Sales Pipeline Conversion – Context– Technology : There is a new technology available that has made some products of the company redundant - (P2).

18: Low Sales Pipeline Conversion – Context – Regulations : A new regulation has affected the company (e.g.,foreign players are now allowed to practice in India) - (P2).

PART Ⅲ A : Generating Insights

Variable	Insights if any	Pattern of Insight
Technology Primary	An unusually large number of opportunities come from ERP Implementation category and they have a better than average opportunity conversion rate	Significant Outliers
B2B Sales Medium	Most Opportunities are from Marketing and Enterprise Sellers with the Enterprise Sellers having a better than average opportunity conversion rate.	Significant Outliers
Client Revenue Sizing	An unusually large number of opportunities come from clients who are less in revenue size(100K or less)	Significant Outliers
Opportunity Sizing	The opportunity conversion rate is significantly higher for clients with potential revenue in 0-30K range.	Surprising Comparison
Business from Client Last year	The conversion rate is higher for existing customers despite the number of opportunities unusually large from newer customers	Surprising Comparison/Significant Outliers

Variable under consideration: Technology Primary

An unusually large number of opportunities come from ERP Implementation category and they have a better than average opportunity conversion rate.

PART III A : Generating Insights

Variable under consideration: B2B Sales Medium

Most Opportunities are from Marketing and Enterprise Sellers with the Enterprise Sellers having a better than average opportunity conversion rate.

Row Labels	Count of Opportunity ID
⊟ Enterprise Sellers	34758
Loss	25174
Won	9584
⊟ Marketing	37262
Loss	30342
Won	6920
⊟ Online Leads	619
Loss	579
Won	40
⊟ Partners	2856
Loss	2327
Won	529
⊟ Tele Sales	2530
Loss	1976
Won	554

CHART 3

COUNT OF OPPORTUNITY ID BY B2B SALES MEDIUM AND OPPORTUNITY STATUS

PART III A : Generating Insights

Variable under consideration: Client Revenue Sizing

An unusually large number of opportunities come from clients who are less in revenue size(100K or less)

Row Labels	Sum of Opportunity Size (USD)
CHART 4	
100K or less	**75.13%**
Loss	61.37%
Won	13.75%
100K to 250K	**4.41%**
Loss	3.57%
Won	0.84%
250K to 500K	**5.45%**
Loss	4.49%
Won	0.97%
500K to 1M	**6.58%**
Loss	5.40%
Won	1.18%
More than 1M	**8.42%**
Loss	7.02%
Won	1.40%

PERCENTAGE OF OPPORTUNITY ID BY CLIENT REVENUE SIZING AND OPORTUNITY STATUS

CLIENT REVENUE SIZING	PERCENTAGE OF OPPORTUITY ID
More than 1M Won	0.014047388
More than 1M Loss	0.070194663
500K to 1M Won	0.011830991
500K to 1M Loss	0.054016713
250K to 500K Won	0.009666336
250K to 500K Loss	0.044857966
100K to 250K Won	0.008394826
100K to 250K Loss	0.035738054
100K or less Won	0.137539488
100K or less Loss	0.613713574

PART ⅢA : Generating Insights

Variable under consideration: Opportunity Sizing

The opportunity conversion rate is significantly higher in 0-30K range.

Row Labels	Count of Opportunity ID	CHART 5
⊟10K or less	12095	
Loss	7264	
Won	4831	
⊟10K to 20K	15123	
Loss	11079	
Won	4044	
⊟20K to 30K	11968	
Loss	9016	
Won	2952	
⊟30K to 40K	13628	
Loss	11262	
Won	2366	
⊟40K to 50K	18074	
Loss	15954	
Won	2120	
⊟50K to 60K	4934	
Loss	4082	
Won	852	
⊟More than 60K	2203	
Loss	1741	
Won	462	

COUNT OF OPPORTUNITY ID BY OPPORTUNITY SIZING AND OPPORTUNITY STATUS

PART III A : Generating Insights

Variable under consideration: Business from Client last year

The conversion rate is higher for existing customers despite the number of opportunities unusually large from newer customers

Row Labels	Count of Opportunity ID	CHART 6
⊟ 0 - 25,000	1782	
Loss	310	
Won	1472	
⊟ 0 (No business)	69208	
Loss	57219	
Won	11989	
⊟ 25,000 - 50,000	2083	
Loss	548	
Won	1535	
⊟ 50,000 - 100,00	2092	
Loss	801	
Won	1291	
⊟ More than 100,0	2860	
Loss	1520	
Won	1340	
Grand Total	78025	

COUNT OF OPPORTUNITY ID BY BUSINESS FROM CLIENT LAST YEAR AND OPPORTUNITY STATUS

BUSINESS FROM CLIENT LAST YEAR	COUNT OF OPPORTUNITY ID
More than 100,000 Won	1340
More than 100,000 Loss	1520
50,000 - 100,000 Won	1291
50,000 - 100,000 Loss	801
25,000 - 50,000 Won	1535
25,000 - 50,000 Loss	548
0 (No business) Won	11989
0 (No business) Loss	57219
0 - 25,000 Won	1472
0 - 25,000 Loss	310

PART III A : Generating Insights

Recommendations:

Focus on the following categories for newer leads for ensuring high conversion rate

-ERP Implementation as the type of solution offered to the customers

-Enterprise Sellers as the B2B Sales Medium

-Client Revenue Sizing(100K or less)

-Opportunity Sizing (0-30K)

-Existing Customers

Corresponding Insights:

-An unusually large number of opportunities come from ERP Implementation category and they have a better than average opportunity conversion rate

-Most Opportunities are from Marketing and Enterprise Sellers with the Enterprise Sellers having a better than average opportunity conversion rate.

-An unusually large number of opportunities come from clients who are less in revenue size(100K or less)

-The opportunity conversion rate is significantly higher for clients with potential revenue in 0-30K range.

-The conversion rate is higher for existing customers despite the number of opportunities unusually large from newer customers

PART III B : Presenting Findings

- **Focus on ERP Implementation category of solutions** : An unusually large number of opportunities come from ERP Implementation category and they have a better than average opportunity conversion rate

CHART 1

Row Labels	Count of Opportunity ID
⊟ Analytics	281
Loss	207
Won	74
⊟ ERP Implem⋯	49810
Loss	38181
Won	11629
⊟ Legacy Mod⋯	609
Loss	535
Won	74
⊟ Technical Bu⋯	27325
Loss	21475
Won	5850
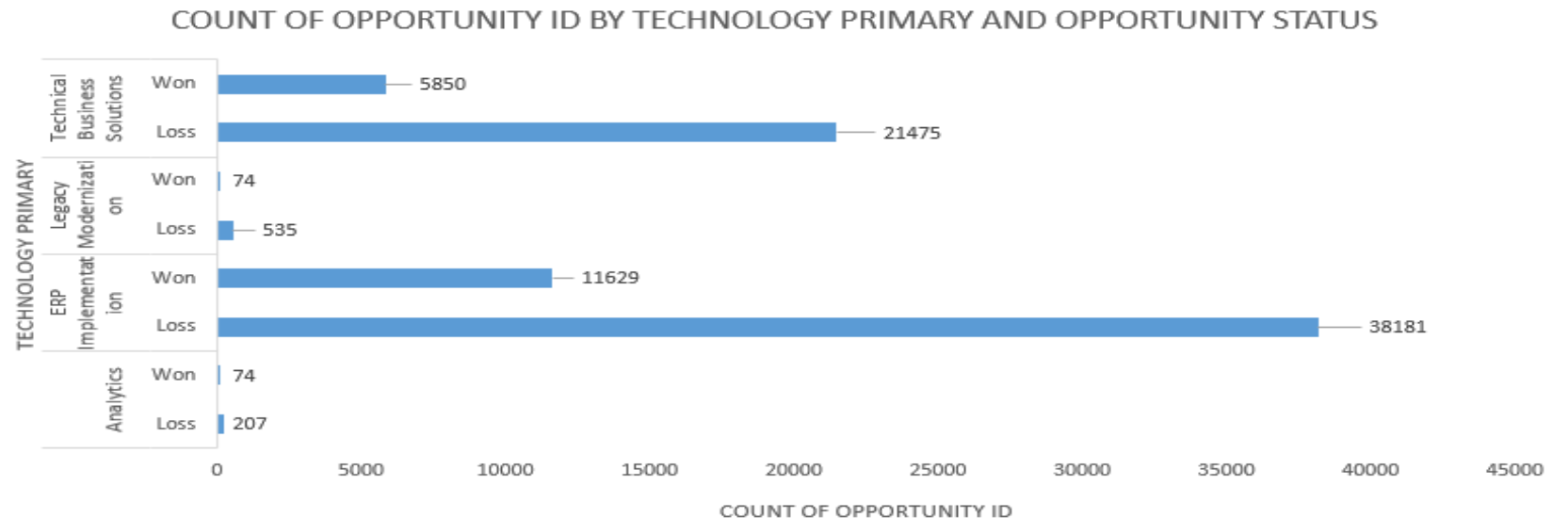
CHART 2

Row Labels	Count of Opportunity ID
Loss	21475
Won	5850
Grand Total	27325
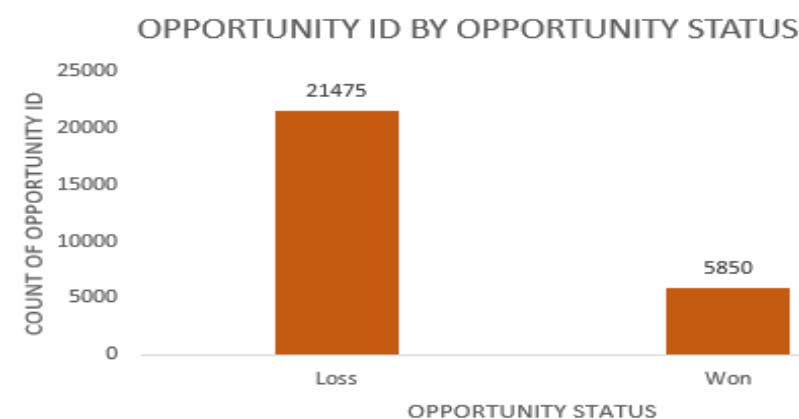
PART III B : Presenting Findings

Focus on Enterprise Sellers channel as the B2B sales medium :Most Opportunities are from Marketing and Enterprise Sellers with the Enterprise Sellers having a better than average opportunity conversion rate.

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PART III B : Presenting Findings

- **Focus on clients who have a revenue size(100K or less)** :An unusually large number of opportunities come from clientswho are less in revenue size(100K or less)

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100K or less	75.13%
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CLIENT REVENUE SIZING

PERCENTAGE OF OPPORTUITY ID

PART III B : Presenting Findings

- **Focus on clients where the revenue generated is between 0-30K range** : The opportunity conversion rate is significantly higher in 0-30K range.

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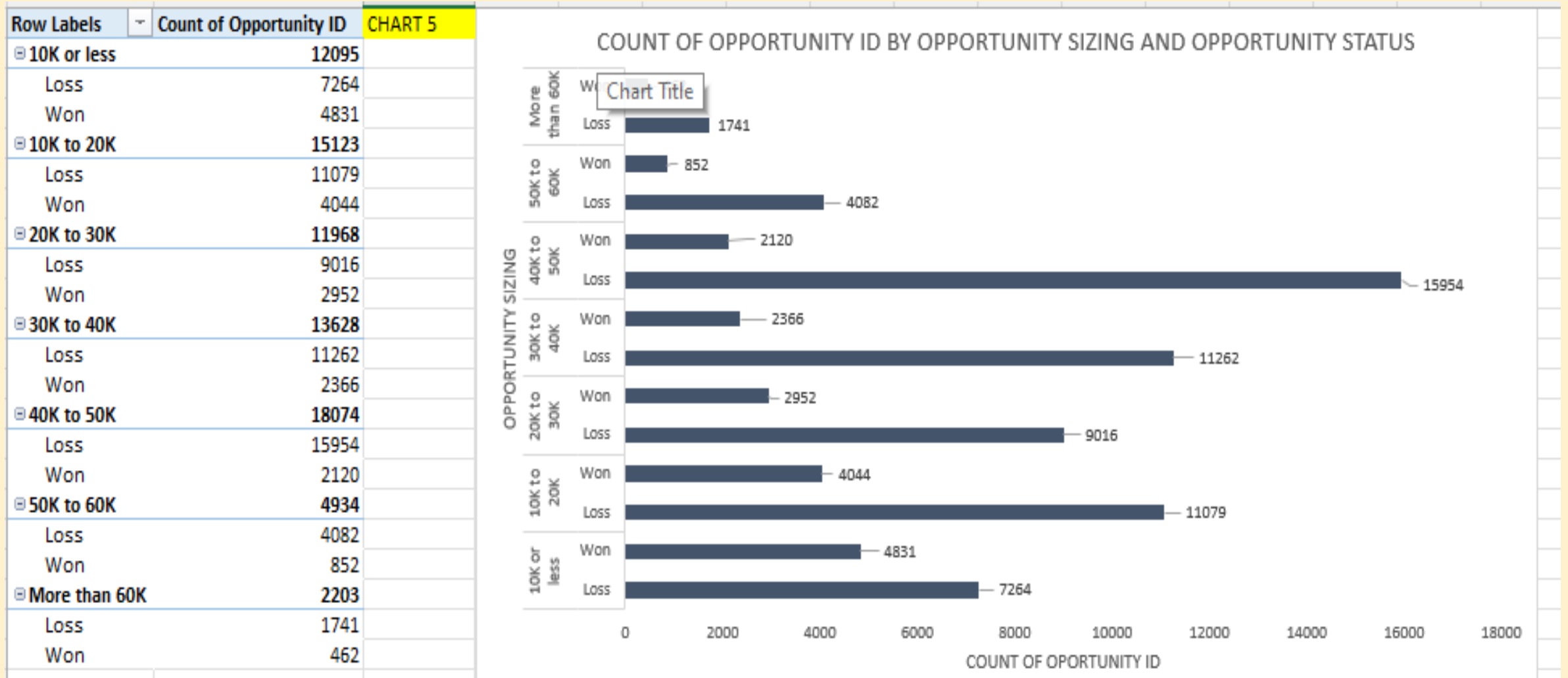
PART III B : Presenting Findings

Focus on Clients who are already existing customers : The conversion rate is higher for existing customers despite the number of opportunities unusually large from newer customers.

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