

# Case Study

## Driving Margin Improvement and Revenue Integrity in Twilio Segment Professional Services

Segment Professional Services faced poor margins, inconsistent delivery practices, and a lack of customer-focused engagement. The organization had lost sight of financial fundamentals and was not structured to scale sustainably. A transformation was needed to restore profitability and realign the team to deliver measurable value to the business and its customers.

### Business Risk

- Revenue carving practices **significantly distorted actual profitability**, masking true margin performance.
- True revenue averaged just **\$48/hour against a \$115/hour** cost basis, resulting in a **-140% margin** on an hourly basis
- Overall revenue versus cost showed a margin of **-331%**, resulting in spend more than 4x greater than revenue
- Compensation and sales policies discouraged selling services, leading to poor deal structure and under-monetization.
- Backlog-based delivery strategy created volatility, underutilized talent, and delayed revenue recognition.

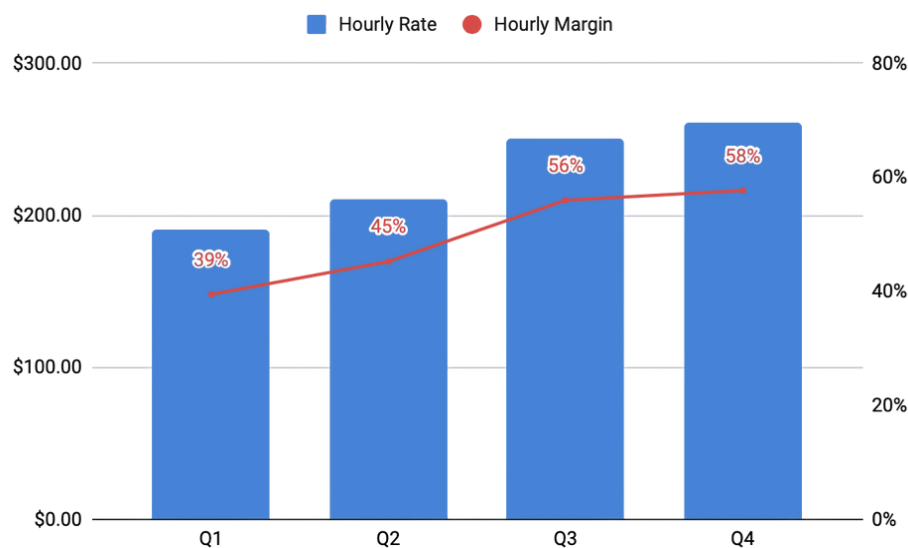
To create a new trajectory for profitability in 2025, I led a comprehensive set of commercial, operational, and strategic changes, outlined below.

### Commercial Realignment: Compensation and Governance

To fix broken incentive structures and restore pricing discipline, I partnered with sales leadership, our pricing team, finance, operations, and legal.

- **Introduced sales compensation:** I negotiated a **2% payout** for sales on one-time professional services fees sold, immediately raising our hourly bookings rate **295%** and achieving positive hourly margins
- **Deal approval workflow:** I partnered with our sales operations and finance teams to review financial health and introduce new discounting guardrails, protecting services margins

**Impact:** These levers allowed us to realize **23% positive hourly margins** on sold revenue in their first quarter, enabling us to transform our hourly margin profile to **+58% by end of 2025**.



Hourly Margin Improvements (Q3 & Q4 forecasted)

## Operational Transformation: Scaled Delivery, Backlog Reform, & Improved Reporting Practices

To create sustainable delivery models and drive efficiency, I:

- **Launched a professional services subscription model** that:
  - Shifted customer expectations from blocks of hours to outcomes-based delivery
  - Improved visibility into actual work performed
  - Enabled scalable service delivery with clearer engagement terms
- **Addressed the legacy backlog model** by reducing our 30,000-hour overhang and migrating to more predictable, time-bound workstreams
- **Retired legacy SKUs** that were auto-attached at 100% discount

- **Partnered with finance to build new reporting excluding carved revenue**, aligning recognized revenue internally to real customer value

## Strategic Innovation: Launch of New Offerings

Developed tiered subscription-based offerings that allowed customers to choose from light, medium, and high-touch engagements. This model enabled a shift from hourly billed revenue to ratable revenue—improving forecasting accuracy, financial health, and customer value delivery.

### Impact:

- Closed **\$3.84M** in bookings and **\$1.44M** in ACV in Q4 2024 from two subscription deals
- Pacing to achieve nearly **\$7M** in bookings through H1 beta phase, representing **50%** of the overall revenue growth of the business
- These sales represent over **\$2.5M** in recognized revenue in 2025, already matching 2024's total revenue and setting the business on a path to more than double revenue year-over-year

Together, these strategic offerings signal a critical inflection point—demonstrating how productized services and commercially-aligned innovation can unlock meaningful revenue growth, improve predictability, and strengthen long-term customer value.

## Conclusion

This case demonstrates my ability to drive turnaround and growth by applying strategic, financial, and operational leadership. I realigned commercial levers, rebuilt delivery infrastructure, and launched scalable offerings that doubled revenue and improved margins—all while improving the customer experience.

- **Reversed a -331% margin trend** and put the business on a path to sustained profitability
- Delivered **>\$2.5M** in recognized revenue YTD—on track to **double year-over-year revenue**
- Retired legacy practices and introduced tiered subscription services, shifting the business to **58% margins** in three quarters
- Aligned incentives across sales, finance, and delivery through new compensation and governance

- Built scalable infrastructure that **improved forecast accuracy** and customer engagement

Through operational rigor, commercial innovation, and a people-first approach, I drove measurable results while laying the foundation for sustainable growth and profitability.