1 Siddhant Pratap: Yeah, okay. Boom.

2 Interviewee 1: But alright.

3 Siddhant Pratap: Right? Thanks, , for giving you time for the interview. And we can get started on the interview, so the questions around would be like general role in company questions. Then I'll we'll be diving deeper into the sales forecasting process, and within that, what methods do you use? How do you measure the accuracy? What impact does it have on the performance? And then the other aspect of would be more into the data and tools. What different kind of tools or data do you source like data? From what tools do you use to analyze it? And how do you show it to people and like throughout the process? How do you like adjust and learn the learn from the data and adjust the ongoing analytic so that it gives you better results. And how would it be in the future? So, starting from the first question, like, could you please provide an overview of your role within the organization and your responsibilities related to the revenue operations process and sales forecasting as well.

4 Interviewee 1: Yeah, so my role is officially called GTM, so go-to-market strategy and operations analyst. So that's the title I have. I have joined the company in 2019. So we were 150 people at the time. So I have accompanied the entire growth and building out of the operations team and the strategy team in general. Specifically focused on sales more than marketing on my side. The very first, when I started full time, which was in 2020 or 2021, I'm not sure, the first task I did was statistical forecasting so, and throughout my entire role, I have been touching upon that subject. Because it is a very important part in giving, you know, security towards the investors, the company management, and having, you know a certain line of sight on your incoming revenue of the future. Right? This is a very important part. But and my role has developed quite a bit. So in the beginning, I had a more general role because we were not as many people, right? So I covered more and process and sales topics. also more technical on some things like working with closely with the systems team. Yeah. And then I've always accompanied like process changes and also compensation of the sales team. So meaning quota setting and building that out. And I've always been involved in heavily involved in planning for the next years or the next 3 years. So setting up targets and goals for our new revenue operations, or new revenue coming in throughout the next year. So I think that kind of yeah covers my role pretty much. Oh, yeah, analytics. Sorry, I forgot that. So to run all of these things, one of my main things is also to provide analytics on the processes, on performance, on all kinds of sales-based metrics mainly, sometimes also marketing and and throughout the funnel and working with a little bit collaborative with cross-functional teams. To really give sight on like how we're generating new revenue where it's coming from and using these insights to kind of improve processes, but also how we strategize on going to market. Yeah.

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5 Siddhant Pratap: Great, great, amazing. I think that also answers part of my next question, which is around like the key steps that are involved, and in which step of the sales process you work so you like, you answered. You generally look on the more of the sales side now given. There are like 4-5 teams within GTM. But so the next question would be around like, what is the typical process your organization has followed for sales forecasting, and what is being followed now? Because I think you've been in the company like you said from 2019, right? So like, what changes have you felt, and what is the current sales forecasting process as of now.

6 Interviewee 1: So to me, there's basically 2 sides of the process. So there's a quantitative side which is tied to statistic or assumptions historical data. it's it's a lot more data based. And then there's a qualitative process, and which is led by the leaders in in sales specifically or in marketing. It depends right? in sales. Specifically, it's very deal based. Then, right? It's very based on what they what their like team leads or direct reports is like a little. You know, waterfall where from the very bottom, the people kind of report up. Okay, I'm gonna close this amount of deals this month, and then this rolls up into this most senior leader. And this is really based on more qualitative. How are specific deals going? What they? What do they think? Who's gonna close, and so on, right? And it's also more short lived in a way, as it cannot give you line like depending on your process. And and what kind of segment you sell to, and the sales cycle which is tied to that. This can give you line of sight for one month, or maybe 3 months right. But beyond that, depending on your comp internal company processes, this is a little bit more short sighted, but it can be quite accurate within. And yeah, the shorter period. So and then on collaboration. I think we, we have quite a unique setup of the organization in that growth is quite separate and has been quite separate. So upselling, I think, is what the usual term would be for other companies or after sales, basically whatever you sell and expansion. Of the original first sale is quite yeah, removed from from sales in a way. And so I think that is quite unique. And therefore there. There is no very close collaboration. They also forecast on on risk of down, of turn, and they forecast, I think, on growth. But I don't know how they do it, and it's not tied in any way to how we forecast in new business and business forecasting in sales itself is run really by the leaders from the team lead to the most senior leader in the central department, and this is then reported into Geraldine. In that case, so the CRO of the organization and with marketing there is a connection which is stronger in our case. So on statistical forecasting. So going back to the data, it's very closely related. We would rely on a forecast for marketing, on how many MQLs they would provide. MQL in our world being a marketing qualified lead. So whatever amount of you know, new companies or new person new people we can talk to, they would push over, and an assumption on how much that would converge in terms of a more qualitative forecast. So they also kind of do a little bit of both. I think more. It's a mix. They. They look at certain analytics, and they look at, you know, in a growth assumption, I think, and and how much they invest. That's

how they calculate a little bit on what the outcomes gonna be. and that is more easier for some parts of marketing like performance marketing. And it is harder for things like what's going to come in organically, essentially, that's harder to to kind of estimate with numbers. Or it's more difficult in a way. So I think we have quite the way to go there in terms of statistic and what is possible? in terms of what they do in the qualitative side. I don't think they, you know. I think they look at these things, and they adjust these things a little bit to get qualitative forecasts. But I don't think it is the same as in sales, because it's just not the same mechanism right where you have people actively selling so. But we are. In that case, we are very closely connected from a data perspective, because the influence of how much we get from marketing obviously highly drives what the sales outcome is. Yeah. So that's a very deep connection. We have there. Yes.

7 Siddhant Pratap: great, amazing., but like around data and tools. So like, what are different kind of like tools or platform software platforms that your team uses for sales forecasting. And what kind of like data inputs do you take? And are there any specific kind of models that you use. And if they're different, then like, how do you like just source it and then apply it and choose which one is the best.

8 Interviewee 1: Okay? So yeah, I think this is very varied. So for marketing I cannot give you a very deep answer on how they do it. I can tell you that they base it like they're basically how they how they calculate, how many Mqls they get depends on the channel they're looking at. So channel meaning, you know, it could be a set performance marketing, which is very much related to. For example, Linkedin marketing right? That would be one of the channels we market through, and from that you kind of get a relation to how much you spend on the campaign and what the return is right, and there you can calculate them a little bit on. So that's kind of the data. That's one of the databases, I think, on things like brand and organic, and so on, like for organic traffic. For example, on the website, we can track that with Google analytics. And I think they make assumptions in terms of okay, if we've had this much traffic right? And it's gonna convert, you know, to these many people. Actually, you know, filling out a form and then coming to us in form of an Mql. And we will then hand them through to sales. Right? So that kind of thing where you kind of say, okay, we're gonna use Google analytics to monitor our website. And then you can make an assumption. So that's also a little bit more data driven and more upper funnel. And then you get to a number of Mqls. And then you can also make estimations on, you know, like percentages of segments. So we kind of know our segments split or our regions right? So you can kind of then distribute it a little bit, and then also go further with this data. But then I think on events, it's very hard to do on yeah, organic asset or brand things we spend money on. That's quite hard. So there, I think it's more of a general growth assumption that underlies these things, and that is quite manual. For example, for events, it's how many people do we expect to sign up, and how many of them will

..KPI Tracking with New

we tackle after right? And that that is quite, quite a manual process, and also quite a manual, you know, for and at the end of the day, that's a Google sheet, right where you know how many people you have and and have signed up for something, and and then kind of you can estimate. Okay? From our experience. You know, this amount of people will later be a valid contact we can actually speak to in terms of selling the tool. Yeah. So that's kind of the marketing side. So using using mainly like Google analytics. And then, I don't know what the tools are, for you know how we monitor spend on like marketing campaigns. I've no clue what the tool is. I think that's always liked the tool. Directly you market. For you know, Facebook or Google Sheet to bring it together as well as quite basic. Yeah. So on the tool stack that I think there's dream data. Okay? Which is a tool that allows you to generate quite a lot of insights in terms of how much of your you know leads have have interacted with marketing and sales throughout their entire process of getting to a close. It's quite interesting. We have just now, I think, extracted the first data model from it in a way that connects, you know, over the departments. So this is basically I have not deeply invested investigated this. And Chris is the expert on what you could get out of the tool. So I think, as we approach one and look again into statistical forecasting, this will certainly be an approach to kind of look at, what can dream data do for us? Is there any valuable information which we can put into forecasting? Yeah.

9 Siddhant Pratap: yes. So that would be the marketing side.

..CRM Enhancements

10 Interviewee 1: Then when you get to sales, we run different tools. So essentially, salesforce is our main CRM, and this is where we would. Typically, you know, if we want historical data, it goes to the warehouse and we pull from there. But it originates in Salesforce. Where the reps, you know, put in the amount the the thing goes for. So you're looking at, you know, historical data in terms of sales, cycle, average size segments, and how they conversion is a very important topic on that. So you need a clear understanding of conversion over time, which is not very easy, because when you, the thing is with forecasting, you have this time delay in every step throughout the funnel, so you need to understand in every step how this relates. Right? So if I get an Mql. How long is it gonna take and when is it like? Not only how long it's gonna take? I can say the average is probably like, I don't know one month or one week or 3 months, right? But that's not enough to get more granular. And you need to understand what percentage of the cohort you're putting in. So let's say, we get 500 mqls. Right? What percentage of that is gonna convert with which speed so kind of understanding very deeply on, you know, 10% of this is gonna convert, probably within a week. And another 20 of the 500 are probably gonna convert within 3 weeks. So you can make like these waterfall assumptions, basically, which give you on every step. So this makes it quite complex. But it gives you very clear ability on a timeline. Basically. Yeah, throughout your cycle. So that's like one thing that we take from salesforce as a you know database. Looking at all these historic averages and conversions,

and trying to build them in a way. So they move forward and capture the current as much as they do the past, to get to a what we tried different methods on, you know. looking at conversion in a way that it would be enough influence from the current progress we're making as an organization. but and has enough stability to give you, you know, an accurate forecast. So that's not very easy. We've developed like a methodology to calculate these spread out conversion rates, or I did in the past. Every time I look at it, after we calculate it, because I'm not sure I did the right thing. It's quite complex. But we have used this for, like many things, and the original data comes from salesforce for this. But the kind of stacking this, and, you know, building out the methodology on these waterfalls on a specific side is first, more of a thought process, and then it can either run in the warehouse or on a sheet, or whatever you want to do. Yeah, and then come out of that essentially. And then we have gone. Do you want to put in the question in between now and ref reference to Gong after

..Predictive Analytics

11 Siddhant Pratap: I think I can also ask like the Mql. Thing. So that was pretty best thing. So like you said, there is no, not a direct method or metrics that you currently use. It has quite been changing all the time. but my question around that would be, what metrics say that Mql. Comes into salesforce right? And you extract the data to the warehouse. So are there any given names of metrics that all that have been mostly the same in the calculations that you do for sales for casting, or it's just keeps on changing.

12 Interviewee 1: No, so it's a fun thing, like the name "sales" stays the same, right? Marketing qualified lead question. That is more interesting as a very changing organization. Is that what is an MQL, right? If you now, over 5 years, change your entire approach to marketing, how you, right? If you think about... I don't know how deep you're into marketing from a, you know, topics standpoint. But if you think about marketing, you have these very early touch points where you don't even know who the person is, right? But they might have done something, and then they build up like a score, and at some point, we run them through the system, and they become an MQL with more touch points and more interaction. At some point, they become a valid lead, right? That's kind of the idea of marketing that you approach people, and you don't even know yet, or they approach us. That's like the easiest way. But the other way around is more difficult. So this process of what is an MQL and at what point is somebody an MQL, so a valid, we can, you know, send sales on and be like, hey, we saw you click the 1 million times, persona and signed up. What can we kind of support you with, right? So that if that definition changes right for an MQL.

13 Siddhant Pratap: Yep.

14 Interviewee 1: So the name is still the same, and it's a very important metric. But every organization has different mechanics behind establishing what that is. And we've been changing those mechanics, and also the definition a little bit over time. So, yeah,

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MQL is very important, conversion super important like from a metric standpoint. Whatever that means in your organization, you can kind of work with your definition. You just need to be very aware if you change a definition. And, for example, we changed that. And that's why you can see in June of this year we have a massive drop in the number of MQLs. But that's because we decided we wanted to push over only more qualified, so later stage, right? And didn't want to push some of the stuff. So you haven't dropped. But it's not because, you know, actually, our MQLs went down, but because we changed what we consider an MQL. And if you have to apply a different, theoretically a different conversion, which you can't because you don't have historical data.

15 So then make an assumption or work with the old, and be aware that this will probably change over time a little bit. Yep, yep. interesting. Yes, amazing. So I think so. As well, we do more of the qualitative side.

..Conversational Intellig

16 Interviewee 1: So Gong has a mechanism itself for calculating your total pipeline. And it takes over, I think, from Salesforce on these, what do you call it? We have in Salesforce these forecasting categories. Oh, Jesus, sorry, forecast category is the name of the field, and it is, you know, like pipeline best case commit. So in these categories stack, and as a rep, if I work on a deal I can change that value, but we will also automatically change that value if you move the deal through our stages. So something in negotiation will probably not be in best case, but be in commit. So from a certain time, from a certain stage change, we changed the, I think we changed the forecast category and Gong kind of picks up on the Salesforce data and shows you that. But it what? What it allows you as a leader to do. I don't know if you ever seen the forecasting module. It's kind of work with that right, and have more insight into what? Ha! What's happening on the deals which which gives you, I think, the way they show it. It's just very interesting. And it gives you very, you know, direct action, ability. If you see something stalled in a stage, they have like these warning signs which you, which we've already also defined, you can define them yourself right a little bit, have some automatic ones, and if some you can define. So we've did that. So as a leader, you get a very qualitative overview. And what deals are, you know, leading into these, which are most likely to come in what is best case? What is still really, you know, far away from being a close this month, but it's, as I said, very reliant on our process where we've got to improve. I think. Yeah. So Gong gives, like the leaders, a great overview, and I think they also use it for forecasting, and we have that methodology that they override their forecast there, so they would see their number, and they would, you know, make an estimation themselves, and have that additional number you can manually put in kind of shows. You know what the leader thinks, what the teams rolling up? Yeah, that. And then Gong also has some statistical forecasting. Okay?

17 Siddhant Pratap: And like, have you, were you able to like, see what like exact model. I've seen the calculation that used to

categorize the pipeline in. But is there a model that they follow? Or yeah,

18 Interviewee 1: it's it's I've like, I've looked at it. And I have to like, Tell you, I don't remember exactly, but it was quite simplistic percentage, you know, off if the deals in this stage, basically, they take a percentage and calculate it that way. But I don't think it's like highly sophisticated. But we would need like, honestly, you would have to look it up again.

19 Siddhant Pratap: Yeah, yeah, yeah. I wasn't like, they've always been so good with surprising officers. These new AI stuff. And I was like, I want this to be more sophisticated. Yeah, I think that's what even you know, like this is, keep on improving, and also like with the whole language intelligence that provides good for the aes to see that. But great, I think the next part would be around like you said gong uses a pretty simplistic approach to like, predict the pipeline. But to ask more on the quantitative side like like is there, I know, like the model keeps on improving over time, because the data keeps on changing some things, some things being constant, but like, what forecasting method the techniques your team uses for predicting like sales? Is there? Is there a model that you like currently use? Or you just build it from your own based.

20 Interviewee 1: Yeah, we have another one. So you mean, statistically or more from a qualitative standpoint, what the sales leaders do statistically would be good. Wait. I didn't get you, statistically would be on the quantitative side. Okay, so we have a model called Open Pipeline Forecast. I can share that with you. It's a Tableau dashboard. So maybe just give some visibility in the past. So in the past, we had this, we called it Sybil it. It was a joke of mine because of Sybil Trelawney, the Hogwarts professor with, you know, the... that was like an internal joke, and that's why we called her that, and I had another model which would forecast more on the SDR pipeline side. Both of them applied, you know, a lot of the metrics we've talked about going from MQL all sales, self-source pipeline. So what sales does outside of marketing, not meaning that marketing has no effect, because marketing does our website, right? Just meaning it's more like a cold call approach, right? So you have a part that comes from sales. Then you have a part that comes from partnerships. And you need to estimate like that top of funnel input, and then you can funnel it through the conversion like a waterfall model and then get basically to a result. Usually. So what we used to do is the MQLs would come from marketing, the sales sourced approach. So partnerships was not relevant at the time. The sales sourced part was an FTE times productivity calculation, so is like. Typically, so you have a visibility on how much headcount you're gonna have, and from that, you have a full-time equivalent, which is like if somebody's ramping, they're not one FTE. They're one headcount, but they're 0.3 FTE because they're not fully ramped yet, right? So the FTE is called full-time equivalent, and it's a better metric to calculate a bit more accurately what kind of

capacity you have on the team. And then what you do is basically say, I have this amount of SDRs, and they are usually an SDR. And the size and segment produces around this amount of pipe, right? And you're a little bit reliant on getting the average right there, and then you can estimate a total sum of accepted pipeline per month, and then you can kind of combine, you know, from the MQL. It's a number, and then you can also derive segment split, and you can derive with our part. You can derive also a pipeline number, and if you have that combined pipeline number, then from marketing and from sales, you can then funnel that through, right? So our most important point in the beginning of our sales process is that accepted point where it switches from the SDR to the AE, and then you that's like one major point. So you take basically MQLs and put them, how much of that's gonna be. How? What value is that gonna be? And how much is that, how much of that value is gonna be accepted? And you'd do the same for sales. So how? What is the total, you know, created pipeline? And then you say, okay from that. How does that convert into accepted pipeline? An accepted pipeline is like your most important transition point in our organization. And then for in the sales, because we also have that switch between people there, and then you convert it to close one from there. Basically, so conversion and accepted value of pipeline and created value of pipeline are kind of your most important inputs along with like before that MQL headcount and productivity. So that's how we went it in the past. That model was called Sybil. And yeah, and it was quite, you know, detailed. You could get down to and marketing source and size segment, you know, 50. So SML one excel. So it's quite detailed and how we would run it. Yeah. At some point, the data was too much for a spreadsheet. So this was done in a spreadsheet data coming from different sources, but kind of in a spreadsheet. But it would update automatically right through like a connector to Salesforce. So it would run every day or 4 times a day. And that was kind of the first model we've built. It took us about. I think I don't know. It took me 6 weeks to build it, or something in the beginning the first time, because I had to think out. You know all of how we could do this. And now we've kind of dropped that because the data is too large. And at the time we didn't have a data team which we've just been building out the last couple of months. Yeah. So we've kind of just Nick, put that away, and then, instead of that which was a requirement, and towards us was like, Can we have something that because this is that was a very statistical approach right? And then the question was always, Can we have something which includes more current values on pipeline? So more actuals? Right? And the thing is. We did that. And it's called Open Pipe Forecast, and that is alive. Ossian has built this in Tableau. I have to say Tableau is not the right tool for this, because the calculation we should have probably done in the warehouse more because what is so difficult about this forecasting is you're reliant on like these historical averages, which you then need to, you know. Go with like some current data and then bring it to better calculate it right? So a sheet is actually very efficient, you know, in in these lookup metrics and all these kinds of things right? Tableau is more of a visualization software and doing like more complex

calculations in it, is bending the tool quite hard. And we've learned our lesson, I think, and we need to now move these all these approaches to the data warehouse. So, and what is very nice to see on the Open Pipe Forecast are nice. I wouldn't say it's nice. It's bad, but it's nice in a way. So when you take our open pipeline, you can just see very clearly if you derive from that certain conversion rate. Right? So. Post, you know they have a date as soon as the pipeline is accepted, or the opportunity, they have a close date on it. Right? And the reps are in like in somewhere. They should set the close date to a realistic. You know what they figure, how long this deal is gonna take. They don't do this very accurately. And this leads to a very inaccurate forecast. Okay, yeah. Yeah, because especially at quarter-end digits or year-end, they just stack stuff, basically. And then you kind of apply a conversion rate to it. But the conversion makes no sense or the result makes no sense, because in that case, you're just over forecasting, because some of these deals will either never close or they will, you know. Yeah, it's a more simplified way it. It accounts for more current data. But it has its downsides. If you're not clean on process. And I think that is one of the most important pieces I've taken away over the last years is that the processes you have and how good they are. That is basically what defines how good your metrics are so averages historical data assumptions on, you know, when things close, the more you want to incorporate current metrics, so or current, you know, like daily development of something in your systems. What the reps are doing. The cleaner your process has to be. The more accurate. So basically shed in shit out goes forecasting more than for anything else. The only thing to tighten this is on process.

21 Siddhant Pratap: Correct. Yeah. Yeah. Yeah. So that's one thing. Yeah. I think a question on this, so like from your experience, they'll know what. So I see, like some processes already changing like the handover thing, so that people given the correct data at the point where they have to, but like up. So like you said one example, like the close date, right? They don't give the correct close date that leads to incorrect forecasting, not incorrect, but like not actual that can be realized later. But, like what other metrics do you feel as of now like are not so correctly being captured?

22 Interviewee 1: Hmm. So I think there are two sides to this. One is what we discussed before a little bit, which is change, right? So that leads to inaccuracy, but it's like one side effect of inaccuracy. And also, you are accepting that in a way, and you need to, as an organization like ours, right? But these changes, like for example, changing the handover process, will probably change our dynamics on handover rates. And we don't know what to expect. Yeah. And the funny thing is, like, they could go up, or they could go down. But you need to, in an individual case, look at, for a region, is it good or bad? Or why is it that way? There is no correct answer to this. There's no right. It is just very much relying on. Is this process working for us? And you know every upside and downside has its assumptions. And if you do these changes, you kind of need to accept a little bit that for a while you won't have

historic data to guide you in the same way that tells you. Oh, I'm off on a metric right? Assuming that hand over being like, okay, let's just assume we're handing over less because the process is more accurate or takes more time or and there. But the acceptance rate is way higher because their ease get really highly qualified. Ops. So you probably be looking at 90% acceptance right before we had 70. Right? So now you need to start building a new average which takes time like 3 months at least. Right? And then also, you need to understand, is this what we want? Those changes are made, you know, in full, and that is hard for forecasting models to kind of adjust to these things. That takes time. So you also need to have this insight. And then there's what you said like, where is like potential metrics where we are not doing very well. Yeah. Like, for example. One of the issues we face in forecasting, and we will again, is that management has an interest, you know, to have a very long outlook. And then it depends on sales cycle. Then it depends on, you know, different other things, what you're selling and so on as a company. How long you can give that outside right, that that line of sight into the future, and it becomes more inaccurate the further you look, because in our organization reps like our sales cycle still feels very monthly, even though we're moving on this right? and it is so, it's very short-term driven in a way still. And if you progress to sell to a, for example, larger companies, you will have longer sales, cycles. But you will also need to look at not only as a sales. What am I doing this month? No, you already in this month need to look at. What am I doing next month? And what am I doing the month after that? Right? Yeah. so. And we are not very good at the moment at kind of staging this. I think there's just not enough interest, and and I get it. Because if you're so driven as a leader and as an organization by really your monthly targets, this is why some organizations that are larger have quarterly targets. Right? It's quite varied. so I think that's like an interesting point where we're gonna develop. Certainly as an organization at some point, and that's at the moment very hard to grasp stage pipeline right now, for, like the next few months, you'd be aware that this is chaos. Very. It's quite accurate in months, at to a certain degree. but the more you look out, the more inaccurate we become. And then there is a trade-off between having an accurate forecasting right, which which obviously your senior management's quite interested in. but also the day-to-day mechanics of a sales department. So close dates, staging deals correctly. And then one thing we struggle with is having the same process generally, like, for example, handover criteria on all segments, all regions. Right? We're we're very. It's very like, especially, specifically, our regions tend to deviate quite a bit. Yeah, that's hard in terms of the metrics. And you need to calculate conversion differently for all of them. Obviously, but we do that which is sometimes hard, just because we don't have enough data. Yeah. Yeah. yeah. Then. Mq, Ls, I think we've there is also potential to, you know, look more upper funnel. So even what I've mentioned with like Google analytics and stuff and become more sophisticated. I think we're just missing a piece there still. From a data perspective, there is room. I think things are happening. But it's gonna take a little bit.

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That we are. You know. It's not only the data points itself, it's the connectiveness of it in a way, right. Being able to relate things to each other is very important when you're trying to look at an entire organization essentially moving through an entire sales process right from marketing to sales. So it's it's not very easy. Let's say it like that. I'm just thinking what else? What kind of metrics are missing. Yeah, then we had like stuff going on with like inflated pipe values. So meaning if you then rely on, we're gonna change our, how we're gonna the Sdrs are gonna input the value. It's gonna change. Because we've had a saw. See? Saw? Hmm! We've seen quite some sorry. Seen quite some inflation over the last year specifically for some regions. And this will obviously change our like, you know, it changes a lot. It's like. okay, we're gonna we see, we have a problem. So we tackle it in a different way. So that you will hand over a different value now and calculate that value differently, meaning our entire pipe is probably from a value perspective, not from a count perspective, somewhat going down right? Because they're going to be lower. But we're gonna convert more of the value essentially, and the numbers are hopefully gonna stay the same. So on a number count perspective, right? And that's also something you can always consider. Am I using conversion, an account perspective. So how many ops am I converting and then applying, you know, a average value assumption? Or am I looking at a value conversion. And then later, saying, this is gonna be about this amount of deals interesting. There's quite some, you know, advantages and disadvantages to using one or the other. Basically, yeah.

23 Siddhant Pratap: Great, that really helps me a lot in the end to put all this down. Your detailed answer provided a lot of context and answered many questions. I appreciate it. As you mentioned, the team sees you primarily focused on quarterly inputs in Company B. Quarterly forecasting isn't really a common practice, as it's mostly based on monthly data. Now, shifting to the accuracy of the models you build, how do you measure it, and at what frequency? Do you assess accuracy weekly, monthly, or quarterly? I assume not quarterly, right?

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24 Interviewee 1: Yeah, yeah. So accuracy is very delicate. I think there's another goal on this which I think is ridiculous. People think you can just achieve 3% accuracy and things are going to work from a statistical perspective. So in the past, we used to, well, I had a model I told you about which we called "simple", right? Essentially, it wasn't a waterfall approach, assuming certain things. We used a screenshot, basically a model similar to taking a screenshot, just a snapshot of the data, really. This would run as a Google function. Essentially, you can write an app script with JavaScript, you can write some functions, and it would essentially do what it was supposed to. Let me just check if I can share this with you. Alright. So it would screenshot the data daily. And then retrospectively, we would look at whether we were over-forecasting by how much in the month, and by which timeframes, because essentially, I think, for the majority of segments, you get the first forecast like 3 or 4 months before the month arrives.

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Right? So it was a timeline for forecasting, 3 to 4 months into the future. Everything beyond that, I looked at basically and tried different things. And you know, evaluated how accurate it could be. The issue is if you use averages, basically, right? And what Sipple had was also an influence from current development. So it would always consider the current development in the system and the estimated development from a statistical standpoint. Then it would kind of trade off on which one to take, and it would also consider, within the same month, the time past within the month, and a curve on our usual closing speed, and therefore estimate what is left. So it was quite complex from these standpoints. What we did then in the aftermath was kind of look at this snapshot of data and evaluate how accurate we were for the month. That was really interesting. The issue with this is, you kind of know it's not 100% accurate, right? And you can assess how much is off in hindsight and probably say why it's off. The issue with forecasting, or what I've seen in these things, is that you need to make assumptions. And things we did then were, you know, trying to shorten conversion rate timeframes a little bit to get a more current view and fewer historical averages. You can shorten timeframes on averages, but there is a limitation to what kind of data you produce within an organization. We need historical data points to forecast the future. And I think we're probably, and this is where I'm at, what my point is at the moment, is that I think we should look into more statistical methods.

25 Siddhant Pratap: Exactly. Yep.

26 Interviewee 1: deeper statistics, you know, saying like I did. Also I did. There sit different things as well. We also tried time series forecasting. So I don't know method mathematically. What like the Time series calculations. You know what that is. I did have a few subjects, but I've never like practically. But it's it's like an algorithm, that kind of so it for me, it's also hard to explain, because, like, I didn't study it. But I read myself into it a little bit on things, and I've tried something out. So also we did time series forecasting. I can send you an article about it working. Read up a little bit on it. So there are different statistical methods, and we've tried some stuff, but it has always been a little bit more off than what we've done in the past and have. We haven't had the same flexibility. And yeah, and it's all statistics are very reliant on that past data, you know. And the problem is you, the less the more change you have within the organization. the harder is, you know, if you have a process that's always running the same way. Right? You can take an average applied to the future, be like, Hey, cool. But we are a company that's doing exponential growth, very hard to forecast, because, like you're changing constantly so much that what was true yesterday might not be true tomorrow, and that makes it way harder, and therefore I think the accuracy goals that some people set in these things are valuable for organizations that are more established in a way in certain parts of their organization. and I think it's important to measure accuracy. That's really important. But I think there's a limitation to what you can do with it afterwards in our account at the moment. But I think

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that's something I want to kind of speak maybe, to somebody else about. But I have realized also through like taking up. You know, context without outside of the organization, that there's actually not a very big amount of people who have, you know, very, very deeply considered this, for because there's not that many.

27 Siddhant Pratap: You would agree that it would be nice to have think that you give more emphasis on accuracy. Because if you have more accuracy, then yeah, you're doing something right? And then Yup, okay.

28 Interviewee 1: yeah, I would love to have more accuracy. But I have come to the realization that more accuracy is related to having more, like constant processes, more consistent data. In a way we don't have that at all, and therefore I think we need to accept it I want to look into it what we can do essentially and I think the question is done, are there some more? And this is where I want to talk to data as like, what options are there on algorithms on, you know, like looking into more, more advanced mathematics essentially, or statistics. This is where my knowledge is kind of stops, basically at the moment. And I want to talk to someone to like data to see what their ideas are. And if we can do something, and if that would get us closer, and that's, I think, the open question that we need to address. We need to run. Then, you know, a more basic model, which is maybe more, you know, and then maybe run something more advanced from a statistic side and see what we can do with that. I think there are options right? There's predictive like predictive algorithms and stuff like that. There are options. But this is very, very, very, very technical. So right as of now is there machine learning a part of it, or is mostly technical analytics. It's descriptive analytics. For now I think that's the question we're tackling in what can be done right? Because machine learning. As you say, I don't think it's a fix for all. I don't think for everything, but in this case, I think it would be worth looking at what the options are. And this is really where I need to talk to somebody who has more experience with this. Yeah.

29 Siddhant Pratap: Great then I think the next question is more a general one not so technical like from experience like, How does accurate sales forecasting contribute to the overall performance of your organization? Of course, given it improves in a lot of decisions in the company like, how like a process changes. The headcount changes and stuff. But can you give me like just one or 2 examples of how your team forecasting has made a difference in like, just like not going too much into it, but like a brief change that has led to a process could be something else?

30 Interviewee 1: Good question. I don't think that process are too much reliant on it. I think it makes a very big difference in senior management. I think this is the most influential for your, you know, CRO, to have a counterpoint. So basically, your sales managers are also forecasting right. But if you have a model, what you know, is like to 5 or 10% accurate. Right? You have a counterpoint kind

of validating a let's say, 8 roof right from a different standpoint. So it gives you another standpoint to kind of look at your sales manager's forecast and be like. Is this, is this what's gonna happen? Yes or no? So I'm like it drives a lot of, you know. From that point onward. It can drive a lot of you know. We're on a great path. We don't need to change as much right now, or we're running really well in this segment, or you know, whatever or this region, because the forecast obviously considers difference. And for this my sales manager is forecasting way above, like what the model does. So because salesman is tend to be optimistic. So is there something one that's in that, you know, like them starting to ask questions. Right? Why is your forecast so much higher? Is there a specific?. And then there's like following up questions which are very relevant to the operational business. Is there something we can support on this Opportunity to make this happen? Right? That's another question that could follow from it. So you just get more support into the sales org at the right, at the right. you know, points, I would say at the right angle, you know you have to. It gives you it gives you the opportunity to look out into the future. Be like if this model's been 10% accurate in the future. Where do I need to make changes? Or where do we need improvements where we're not growing fast enough? And then you can ask the why questions right? And that gives you an ability to actually tackle things before you're looking back at them and thinking, Why is this not going well? So I think that is like the most interesting part of it. And I think one of your. the additional thing would be your business as a whole, you know, like it just gives you this line of sight for investors for top management. Are we going where we want to go. That's really important to give you that set, because it's really about not looking back on things and being like we should have done this differently. But having. You know, the foresight to be like. Probably we need to do something now because otherwise we're not gonna hit whatever right?

31 Siddhant Pratap: So, the real difference that sales forecasting leads to other decisions that are taken by the senior management. Like you said, our company usually follows the monthly targets. So, if I ask you, how do you think the realization of the forecasting is affecting the quota every month? Or do you think it's a matter of finances, like, if I've told you, you need to hit a number like a hundred K a month. So, it needs to be 100K next month as well, and the month after. But if it doesn't go too well in the first month, is the expectation changed because of the forecasting, or does it stay the same?

32 Interviewee 1: I think it depends a bit on your cycle and what you've mentioned about targets. We set targets yearly, sometimes bi-yearly, and we might make a change. There's a difference between a forecast and a target. A target also includes ambition, and in our case, it's usually quite high ambitions. It's something you're reaching for, and then the target is covered by the quota you have deployed. Those are things you cannot change in the short term, and you don't want to change your ambition in the short term. If you see forecasting going down repeatedly and

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you've asked all the questions, leading to the realization that we're not going to hit this target for various reasons, you might consider adjusting it by the half-year or quarterly, depending on how targets are set. It's also about morale and motivation. There are reasons to lower quotas, but I don't think they're directly connected to forecasting. At least for us, at the moment, it depends on how your organization uses it and the level of trust and application of forecasting within the organization. Forecasting gives you the ability, since it's more short term, to see where things are heading and try to steer them towards your target. The target is more influenced if things have been going poorly for 6 months, and our forecast also indicates no further improvement, prompting the question: can we do something about it? At Company B, I don't see a strong connection, mainly because we don't have very accurate statistical forecasting. If there was a model that was trusted across the company, it might be a different consideration. The short cycle we look at might be a factor, but it's important that targeting and ambition are not directly related to forecasting. Forecasting is more about taking specific actions or investigating initially.

33 Siddhant Pratap: It's already 10:46. Do you have a little more time, or should we wrap up? I know we're overtime, but there are a few more high-level, non-technical questions left.

34 Interviewee 1: If you have 10-15 more minutes, that would be great. Otherwise, we can find another time to continue.

35 Siddhant Pratap: Okay, the next question is about adjustments and learning. As you mentioned, you make adjustments to your sales forecast because the process and tracking methods keep changing. How do you handle situations where forecasts don't align with actual results?

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36 Interviewee 1: That's a good question. It happens most of the time since predicting the future is quite hard. The accuracy of forecasts, especially in the last few days of the month for that same month, tends to improve because it becomes clear what will close. Similarly, the sales forecast from the sales manager becomes more accurate due to the increased line of sight in a very short period. A forecast for three months out will never be as accurate.

37 Siddhant Pratap: So, it's all about how you treat forecasting.

38 Interviewee 1: It's a lot about making people who use the forecast understand it correctly. You don't have to make them understand how it's mathematically correct, but you do need to make them understand the usual margin of error. You should partly calculate a plus or minus margin, right? Then, it's really about the question of what it's used for. So, I think this really depends on your organization, what you exactly want to do with it, and what the purpose is. I think that's one thing we may not have been entirely clear on as an organization: What is the purpose of this? And what

do we use it for, considering the different ways of forecasting? Right. So, we once had a presentation or consideration about how we could improve forecasting, in a way, and we kind of said it has to go more hand in hand, in a way, right? It always has to be that dual view of what the sales managers are saying and what the forecast is saying from a statistical perspective, and then maybe also include some assumptions, and maybe someone to give context in a way to these things. And then, you need a meeting, or you need, I don't know, a weekly or by-weekly, whatever, to kind of discuss it or send it, you know, asynchronously. And then, you have more of a purpose, right? In a way. Yes, I think then accuracy also becomes more interesting to people because they then ask, okay, if this model is saying this now, and it was, you know, 50% off last year, well, then it's not worth anything. So, I think accuracy is very important. But I also think the acceptance of looking as far as possible into the future at things that you don't know yet has a level of, you know, preparing people for this inaccuracy, which I think matters a lot.

39 Siddhant Pratap: The post. Yep, yep, yep. Great then, yeah, I think the next question around the same, like the learning is just like pointing out a few. Major, I would say, learnings from the past of your like sales for customer experience that has influenced your current approach to look at it, or like. Maybe technically, maybe, how you see the whole approach towards it like, how has it changed?

40 Interviewee 1: I think a lot. I think a lot of change over 5 years or 3, 4 years whatever I think 3 and a half, or that's, I think, how long I've looked at. You know the topic on and off, obviously for certain periods of time.

41 Siddhant Pratap: Except from business perspective. What key learnings have you learned that? Ha! That made you follow what you're doing right now, approach to this?

42 Interviewee 1: Yeah, I'm just thinking, well how I can. I can put this I think we need a new approach as a business. That's why we're tackling this again in right? I think so. Any 2 things we've kind of taken like in the last couple of months. We've taken away the forecasting from a statistical side because it wasn't working in terms of, you know, data limitations. So you took it away. We did something more closer to our data in the systems and a little bit less statistical from a certain standpoint. But that didn't work. We can really clearly see it's not working because it's not giving you accurate things at all right. Or you really need a lot of knowledge to kind of understand the results, why, it is a certain way. So I think I'm understanding more and more like the. There's a huge desire To have these accurate outlooks Against that stands a very much changing organization. Where you have a hard time keeping up speed of change to be reflected in the data, to then work into a forecast. So that's one learning and another. Learning is I think you need to be close if you're providing a forecast. So our team, in a way. I think it's essential to tie it to the sales. Managers.

Forecasts are the more qualitative side and speak about this regularly. Yeah, yeah, yeah. Getting on the qualitative side process is everything and everybody needs to do the same process. And that's something we're struggling with. Or we have struggled with for a long time. And the roll-up and all these things (...) something we've talked about a lot is to have, like, you know, a cohesive learning coach sales, managers in how to do this. How to take assumptions on their forecast, right to become also more accurate on the qualitative side in the short term, because it's really important. And then these things can run together right? And then they should be a point of friction which enables our top management, like Geraldine and stuff, to kind of. Also question our sales managers and have, you know, valuable discussions around, okay, where are things going? Well, and where aren't they? And what can we do? And to enable this, you just really need to have this aligned force. And then on the data side of things or on more on the methodological side of forecasting. I think it's going to become very important for us to involve more data, people meaning they have more experience in data science. I think it's going to be very important. As for us now to transfer from a quite basic, you know, as you said, descriptive statistics model to a more advanced modeling from the statistical side, which is maybe machine learning, maybe something else depending on what the options are. And really, really starting to utilize these advanced, you know things we can do now to get this more accurate and get a constant forecast. Yeah. A certain amount of accuracy and the alignment and an understanding of how we use this in the organization. Quite important. Yeah.

43 Siddhant Pratap: Great, great. Then I think the next, give me a second to point. Yeah. So the next is mostly around collaboration communication so from what you answered. So the next question would be like, how do you communicate sales focus to different stakeholders within the organizations, which is different teams. But, like you said, there are different teams who do their own thing, and the sales kind of utilize also the marketing data. But is there a general, you know, event, or the general channel that you follow? That's once a sales forecasting or a dashboard is made so like people. Just see it regularly, or do you communicate? How do you communicate to them so that they get the benefit out of it? So there, Geraldine runs a weekly forecast meeting.

44 Interviewee 1: It has had different names over time and different constellations of people, and we've also had, you know, 2 separate ones, one for you know, looking at the pipeline specifically, and one looking at the really close one, which is the more typical one which you would find in most organizations. So. And we've run these meetings. And they're usually the sales managers, as said, come with their qualitative forecast and opt. The off side would also provide insight on, you know, a counterpoint, basically on the statistical forecast, and their things are also discussed and on actionability. And the managers are also asked in yep. In advance of the meeting to provide already insights, you know, and actionable things we could do to either

improve or change things. Whatever is needed. Right?

45 Siddhant Pratap: Yep, we have. Okay? Then, I think like you said again. Repeating the same thing like the process keeps on changing, for you. Follow how you do the sales forecasting. But is there any initiative or strategy in general that Company B uses or follows to continuously improve the accuracy, not the accuracy, or just say, like the method of the sales forecasting that results in a better process?

..Process Optimization

46 Interviewee 1: I wouldn't say so. No, I think we've tried certain things. We've made a lot of suggestions. But I think, you know, at Company B, and it's one of our challenges within the team. You've probably also realized. So the statistical forecasting so far lay with us. The question is, gonna be in the data team or in our team. And then always the question is, how important is this for an organization? Is it like a strategic goal? Is it something? You know, it's just department internal, just really depends, I think, for us, it's important. I think we've tried different things. We've learned from different things. We've always moved forward. I think that's something. But I don't think there's a general strategy to this, because you have like it is a tool which, or like method and can give you a lot of insight. Looking at Company B in the past, you know, I think a lot of focus was also on getting things done, meaning like more operational, actionable business, right? That you can. Just. We have so many things to do, and therefore I don't think it has been, you know, a priority. In the same way. All of the time I would say.

47 Siddhant Pratap: Okay, yep, yep, yep.

48 Interviewee 1: It's always a priority for top management to be like, what's gonna be next month. What's gonna happen the month beyond right? But I think how you get there can be different. And your preference on, you know, going with qualitative, quantitative, both, and in which way can vary quite a bit, and I think we're now looking into it again. Because it's important.

49 Siddhant Pratap: But I don't think we have a general strategy for, you know, looking at.

50 Interviewee 1: I don't think you can have that. And then, you know, 5 years ago we couldn't have a strategy that Company B would be this way today. I think it's really about, you know, adjusting to what you've learned forward consistently and also questioning consistently. I think we're doing that. I don't believe necessarily a 5-year strategy on how we're gonna do forecasting in the future is beneficial.

51 Siddhant Pratap: Okay? Yup, yup, that's like a personal opinion. Right? Then, okay. So now, let, you only talked about the challenges and uncertainties that you face while forecasting. So I think asking a more specific would be like so just summing it up so that I can put them in my document. So like you said, the main

challenges would be, of course, the ever-changing trying the data like data in data out method. So you'll get bad data. And so that's of course, one problem as well. Then, on the statistical side as well, you wish there could be better, more say, if like a good to explore thing would be to go to like at least explore machine learning, or be, or like better statistical models, or just having more knowledge, right? And then, okay, yeah. I think one question would be like, so knowing the challenges, how does your team like, you know, address these challenges. Is this, is it still in the pipeline? Okay? You know there are some problems. You are tackling it in real time, or would it be something in the future, so that when it becomes like even a bigger problem, then you'll probably address it?

52 Interviewee 1: I think this kind of has already happened to be fair, like we were at the point where, like Sybil didn't work anymore. Then we kind of ditched that. We built the open pipe forecast. We knew. It's probably gonna be less, you know, of accurate, in a sense, because it considers more things. Yeah. And then but then things just you know it was. I think it was clear at that point that it's going to become a priority again. But your ability to be, you know, as persistent with a topic. If you are very overwhelmed from a capacity standpoint and other priority projects like payroll stuff and planning right now. I think it's very. You know, we don't have just one person resource who can do this all of the time? Right? So I think the priority, as you realize how well something is working or not working specifically for your organization. Then it needs a little bit of time to go through a cycle of okay realization. And then understanding a bit on what's not given at the moment with the current approach. And also it has to then wash up kind of to management to make it a prioritization in our project plan. Because you need to allocate very dedicated capacity to these topics because they're big topics, and they need a lot of time. So it needs to be a big enough of a priority for the organization meaning, you need to kind of almost in the logic of an organization which sometimes is a bit flawed right? First kind of fail a little bit and not have access to something great to get the capacity on the project plan to then rebuild it. Right?

53 Siddhant Pratap: Right? Right? Right? Yeah. Yeah. And I think that's the point where we are at how it's gonna be tackled in data at least getting better. So I think the next question would be like mathematically or in the process, how do you account for external factors could be like market trends or some you know event that happened in a country that's making a downfall of something. So do you do during calculations. Do you have an error margin that accounts for external factors, or

54 Interviewee 1: How does it work? So we were looking so that so this is an interesting question. The model that we ran in the past picking up on early-stage pipeline developments which were driven by, you know, we would always look at current events as much as possible include current data. We would then. You know, see this. If your pipeline like, if the economic environment is going

..External Factors Influe

..Predictive Forecasting

..Predictive Forecasting

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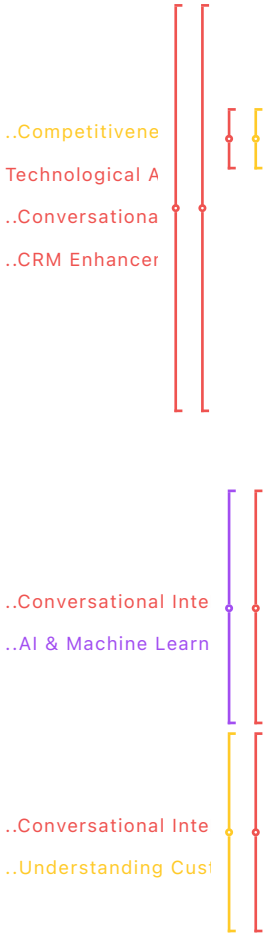
down right. For example, you will have less pipeline and you will have less. MQ very early. And this would be reflective. Right? The difference. So if you, we would put another factor into it. We would have duplicated the impact almost wrong, and the same thing would be with seasonality. It kind of picked up on the actuals, and therefore kind of seasonality was was in a way implicated. We did think about. You know, the difficult thing with such a model that picks up on very current trends, and these things are explaining them. So running through all these. And this is the difficult thing with time delay no. Having several time delays over like more than a year within these models makes it very difficult to at the very end explain. You know why the L one number for closed one was influenced like which part was influenced from what? What? So this? This was a question we got a lot is, why is the forecast this way for this specific, you know, segment or region, or whatever. And it's almost impossible. Like detailing it back would mean you have to calculate it once with, you know, a clean number or an assumed number, which is always the same. Like doing things like that would have then been the next step right? Doing something like that, and running the model with very like €4,000 every month, right in terms of you know, 5 MQ. Every month, like the exact same number, and then see how big the influences, because, like through these conversions which are time delayed. This is very, very difficult. It's such a and therefore it's not the same as taking. You know what you can do alternatively. And what these are, more things we do for planning where these were, these questions become more interesting is like where we do planning for a year or baseline assumptions for planning, which runs way more further than you know, forecasting which is based on actuals. In the systems you kind of go and say, Hey, if we take the current productivity, you know, which is then an actual. And then we layer in these ideas right? Kind of question ourselves. What could drive this value? A new product? Economic development? All these things right? And we do those models as well. And we also do those productivity forecasts. This is also forecasting in a way. Obviously. As you look at an average applied forward, take certain assumptions, but those models include more assumptions on seasonality. Product rollout increases through efficiency gains and projects. We have planned like the handover or whatever right and that increases or decreases through economic environment. So we do look at these things, but in a different motion than from these original forecasting models which are very much automated and based on, you know, really, that daily data that comes from our systems? Yeah.

55 Siddhant Pratap: Interesting, interesting. Nice. Excuse me. So, okay, now, I think, heading towards the end of the. I think the last question would be, of course, you said with the AI thing with probably ML, but any like given like discussions you've already had, or something. Your team is in ongoing discussion as well. Are there any emerging trends or technologies in your field which is sales forecasting that you already are interested in to explore, which you think will have a significant impact on the way, like Company B operates?



56 Interviewee 1: Yeah, I think honestly, Gong and Clari, Larry, do you know, Clari? Right? They have some pretty advanced forecasting stuff in there as well. I think at some point, you know. I've you've seen it. Clari has just bought Groove. So we can see a development of these Rev. Ops platforms. Almost some come from conversational intelligence like Gong, and some come more from like the forecasting side, like Larry. But they've bought themselves, you know that conversation that they've acquired Grooves, so they've bought their self, you know that activity slash, you know, insight into what's going on in like the sales and AE's live basically in terms of meetings in terms of recordings they've bought. Gong is also developing. So I think we'll see a centralization of first of all these functionalities which then creates a database. And you can see that in Gong where they start to do these AI things right. That gives you abstracts of your like calls and stuff where I'm pretty sure that they're gonna develop, you know, with AI or machine learning depends on system and what exactly they could do way more on forecasting. And I think it's gonna be a topic at some point. And I really hope so, because this really is something. If you can solve it, you know, for an organization, it is quite the substantial, like improvement for them. Honestly, also think it will be very interesting, because if you have all these conversational intelligence right from that point onwards to forecast from that is quite interesting, you know, like buying intent from conversations. How would that run into, you know? Like, I think this is very interesting. I think there will be developments in that direction. Yes.

57 Siddhant Pratap: Yeah, I feel even for management perspective, these like intent thing. And also like, as someone say, if I were an SDR. Even just going through the call and seeing the synopsis of it, the major intent. And this gives me, you know, a lot more reason to. Okay, how should I deal with the next step? That itself is like how you deal with the future? Right? So great, great! I think I'll stop the recording now. (, Pos. 9-63)