The Ultimate Guide to **B2B Predictive Sales & Marketing**

brighttarget™

Contents

Page 1. Introduction to Predictive Sales & Marketing for B2B

Page 2. 4 Steps to Predictive Sales & Marketing

Page 4. How Predictive Analytics works?

Page 8. The Data-Sphere

Page 10. The Evolution of Marketing & Predictive Technology

Page 12. Common Predictive Use Cases

Page 16. Prescriptive insights using Customer Lifetime Value (CLV)

Page 20. Who can Benefit from this Technology?

Page 21. Should we do this in-house?

Page 22. What Value is hidden in your Marketing Automation and CRM data?

Page 23. Why Predictive Sales & Marketing is now a must-have?

Introduction to Predictive Sales & Marketing for B2B

The art (and science) of selling to businesses has changed significantly; buyers have already researched the market and competitive products before engaging with you and the whole process is now more complex.

Given this new landscape many top modern marketers are looking for more intelligent and data-driven ways of engaging with customers (and potential buyers) and ways to make sense of the huge amounts of data now at their fingertips.

Predictive Sales & Marketing works by taking all of the available data about an organisation that you sell to (at an account-level) and the lead-level information about the people you actually engage with - and use advanced data science & machine learning to advise…

Who to target?
What proposition to offer?
When to target them?



© BrightTarget Ltd 2016

4 Steps to Predictive Sales & Marketing

Step 1. Mass Data Collection
True Predictive Marketing requires ALL (or as much as possible) of the available data about UK (or global) businesses, at both account and contact level. This data needs collecting from hundreds of internal and external sources and indexed on an ongoing basis, before combining for modelling.

Step 2. Predictive Modelling
The next step requires data to be pre-processed, normalised and modelled using a variety of statistical techniques, depending on the outcome being modelled. These models then need to be evaluated and continuously monitored over, typically 100's of them.

Step 3. Prescriptive / Actionable Insights
Now thousands of scores and propensities need to be translated into insights that the business can take action upon. This usually involves the calculation of further metrics like Customer Lifetime Value and additional modelling steps to produce actionable recommendations.

Step 4. Access / Delivery of Actionable Insights
All this insight is useless, without a mechanism to deliver to the business and to take action at the relevant points in the customer lifecycle. This usually involves a front end tool for exploring the results as well as integration with other systems like CRM for sales guidance or Marketing Automation for automated campaign actions.

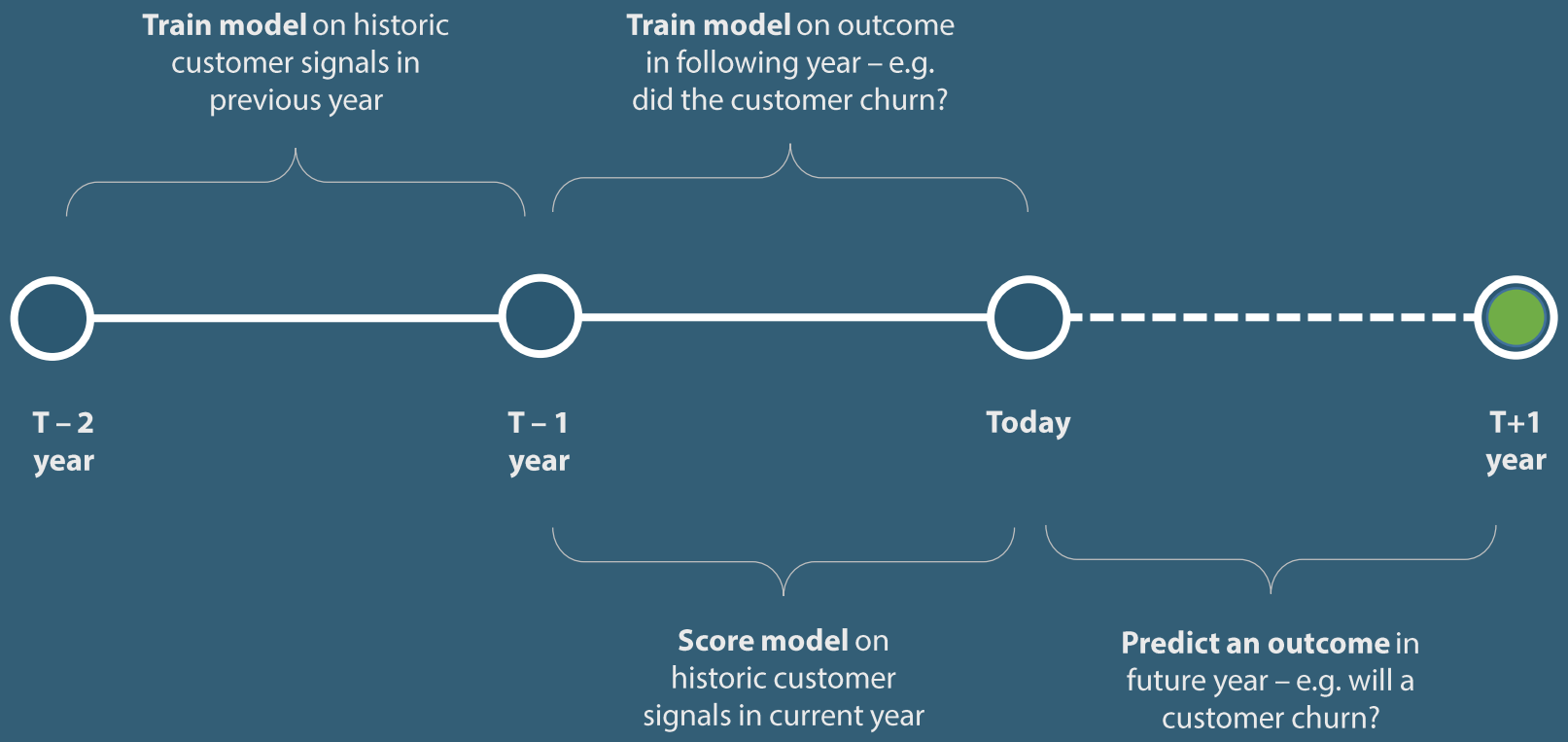
Organisations no longer need to build these solutions in-house or using expensive consultancies

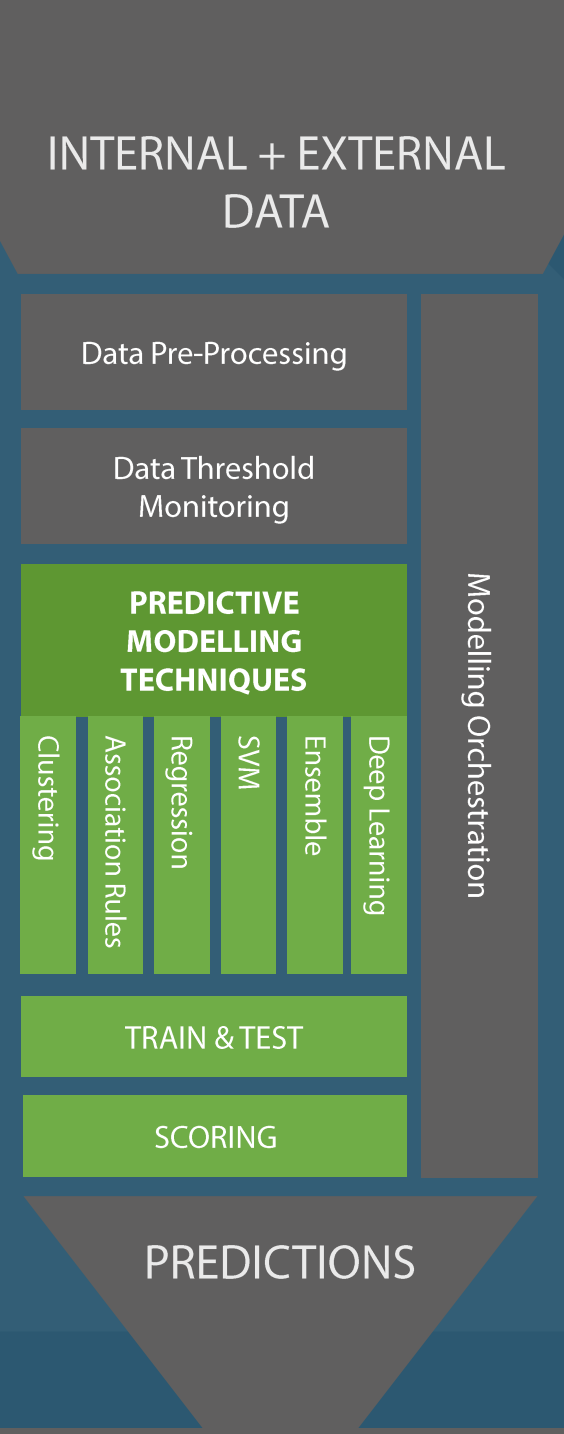
There is a new market of **B2B Predictive SaaS Platform** vendors emerging

© BrightTarget Ltd 2016

How does Predictive Analytics works?

Predictive Analytics (and Machine Learning) combine a collection of statistical techniques to **analyse the past, to predict what is going to happen in the future.**

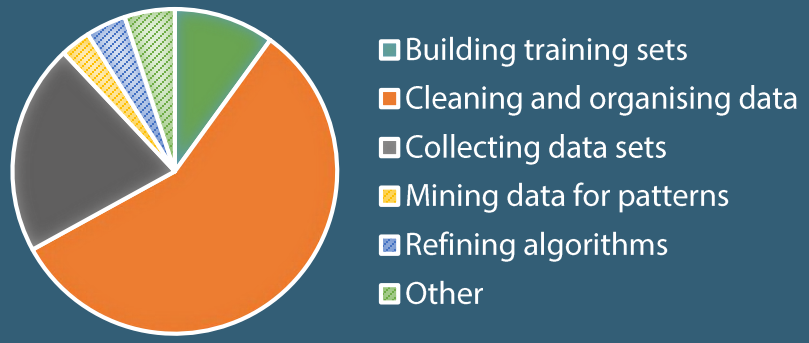




© BrightTarget Ltd 2016

Data Preparation

Although Data Scientists are happy to have the **"Sexiest Job of the 21st Century"** (according to forbes.com), they unfortunately spend far too much time preparing and pre-processing data and actually very little time working with algorithms.



Data Scientists actually spend 80% of their time preparing data

This represents a key challenge to organisations in the successful & profitable deployment of internal Data Science teams.

Key Preparation Steps (once data is collected)…

DATA CLEANING
Model input variables (or features) need to be cleaned, have blanks filled, may need to have data smoothed (by regression, clustering or binning) to remove "outliers" and also have any inconsistencies corrected

DATA TRANSFORMATION
Numerical variables can then be scaled to a common range – normalised. Categorical variables can be grouping (generalised) and often new (more powerful) variables will be constructed – e.g. 'distance from store' from postcode

DATA REDUCTION
It is typical to have thousands of candidate variables ready to be passed into a model. These can then be analysed to understand which should be excluded (e.g. irrelevant or low distribution). Variables themselves may be further reduced by binning and clustering

© BrightTarget Ltd 2016

Why Data Quality is not a show-stopper for Predictive?

You may be concerned about your internal data quality, but the right approach to Predictive overcomes many of the common data quality issues:

- Using the right predictive algorithms, model cleaning and pre-processing can deal with very sparse or poor quality data.
- Data can be analysed and results of models evaluated in advanced - if your data is too poor to be predictive it will be apparent early in the process. This is the ultimate data quality test for predictive.
- Your customer master data may be messy, but can easily be cleansed and enriched matching on company name, address, domain etc. from an **External Data** source and corrected before processing.
- As modelling is probabilistic the data does not need to be 100% accurate, unlike financial reporting. You don't need to wait for such accurate data to be able to add significant value back to the business.
- One of the main sources of learning is from your sales data, which is typically very accurate; as this drives your invoicing and how your customers pay you.
- You may have duplicate records and multiple accounts set up within one customer – these can be rolled-up into one parent customer record, enabling us to treat the duplicates as one customer.
- Typically the data on your more valuable customers will be in better shape. We focus on value, hence low value, poor data quality accounts are less relevant.

TOP TIP FOR VENDOR SELECTION

- SaaS Vendors will automate much of this Data Quality work – using External Data to enrich and standard business rules to cleanse data.
- At BrightTarget we offer a **Predictive Opportunity Assessment** where we load your data into our platform and present back the results (including Data Quality & Model Performance) within 5 days…

© BrightTarget Ltd 2016

4 Reasons why B2B is great for Predictive

There are four key reasons why machine learning works so well for B2B sales and marketing

1. **Accuracy** - With B2B sales, machine learning is incredibly accurate. Similar businesses have similar needs and therefore the machine draws on it's existing knowledge – making more accurate predictions. Businesses are more logical and less emotional (not as much affiliation with a brand) compared to B2C.

2. **Breadth of data** - Mature B2B organisations are sat on stacks of data. This broad data set is great for the machine to learn from and includes amazing knowledge on what customers actually need and what works. This is ideal for data mining and machine learning to discover where the best opportunities are.

3. **Size of opportunity** - B2B organisations with lots of customers and products will have many gaps in their customer to product mix. With the average account value being high – retaining the right customers is even more important. Optimising these steps (and others in the funnel) create a huge opportunity.

4. **Capability already exists** - For most B2B organisations with this hidden opportunity in their data, they already have the capability to use this information to influence to their customers or prospects. Once the opportunities are uncovered, your B2B Sales & Marketing teams can provide the execution.

© BrightTarget Ltd 2016

The Data-Sphere

A key component of Predictive Sales & Marketing Technology is the combination of both your internal and external data, on both accounts and contacts.

This **external data** is usually collected via a network (and often hundreds) of partners or via proprietary vendor methods. It can be categorised into these 7 key data categories:

- **Private Datasets**
- **Company Websites**
- **Social Buyer Intent Data**
- **Public Websites**
- **Media Data**
- **Sector Specific Datasets**

Billions of data signals
covering 150+ million worldwide businesses and associated contacts



These signals need to be mapped together into what we call a **'Business Graph'**

> **Everyone talks about Big Data.**
> **I personally don't like the phrase, but this is a true Big Data problem; with huge potential business benefits if it can be tamed.**
> - Mark Sheldon, CTO of BrightTarget

Internal Data is Great

SOURCE	EXAMPLE DATA SIGNALS
CRM Data	Customer & prospect data, opportunities, win/loss value
Sales Data	Historic product / contract purchases, discounts and price
Marketing Automation	Prospect & customer data, marketing interactions, web visits, downloads
Support Logs	Historic support tickets and complaints
Product Usage	Logins, session, features used
Web Analytics	Sessions, goals, visits

But External Data is King

SOURCE	EXAMPLE DATA SIGNALS
Private Datasets	Companies House, SIC codes, credit scores
Company Websites	Classification, location, language, management team
Social	Profiles, likes, followers, friends, comments, updates, usage
Buyer Intent Data	Indicators of surges of interest across thousands of different topics, from within an organisation
Public Websites	Job postings, litigation, IP, grants, growth
Media	News, launches, PR, announcements
Sector Specific	Data targeted at a particular sector or industry



A model is only as good as the data made available to it.

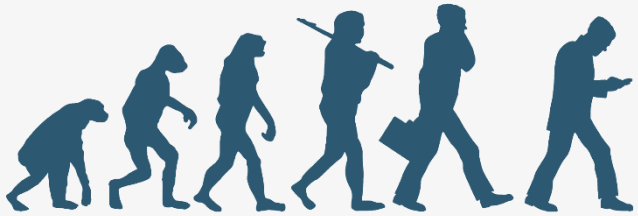
Common data included in SaaS B2B Predictive Marketing Platforms

© BrightTarget Ltd 2016

The Evolution of Marketing & Predictive Technology

Business Buyers have changed. As such, you may have implemented Marketing Automation to streamline & improve your marketing process. However, the actions marketers can take on marketing automation data are purely **reactive** (you learn something about a customer or prospect, which you can then take action upon).

By contrast predictive marketing is **proactive**. It takes huge amounts of data into account; these are far too complex for the brain to process or visualise by a human.



Internet giants like Google and Amazon have proven the value of Predictive Analytics over the past 15+ years. Now this technology is available without the need for a team of Data Scientists and at a fraction of the cost.

Marketing Technology	**1990-2010** **CRM Systems** became mainstream	**2005-2015** **Marketing Automation** became critical for digitally savvy businesses	**2015-2025** **Predictive Sales & Marketing** market leaders are turning to predictive to improve performance
Predictive Technology	**2000-2015** **Predictive Desktop/Server Tools** used by most advanced organisations and teams of Data Scientists	**2015-2025** **SaaS Platforms providing Business-focussed Solutions** directly to business users	

© BrightTarget Ltd 2016

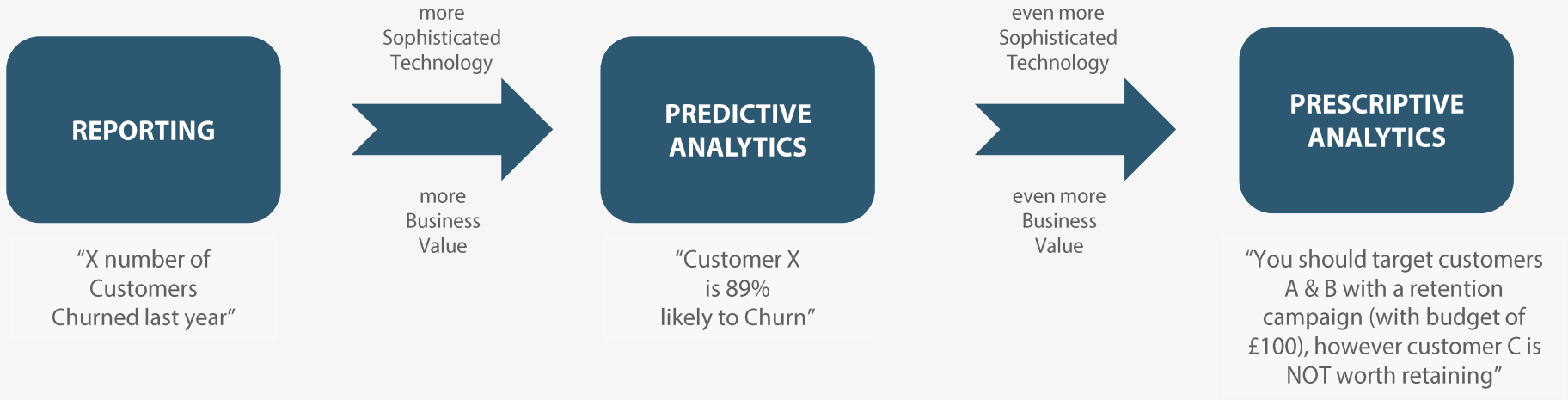
“

This is the first time in many years that an advanced technology solution provides the insights necessary for us to really focus our marketing initiatives

- SUNNY BATH
(HEAD OF TECHNOLOGY)

EUROMONEY
INSTITUTIONAL INVESTOR PLC

”

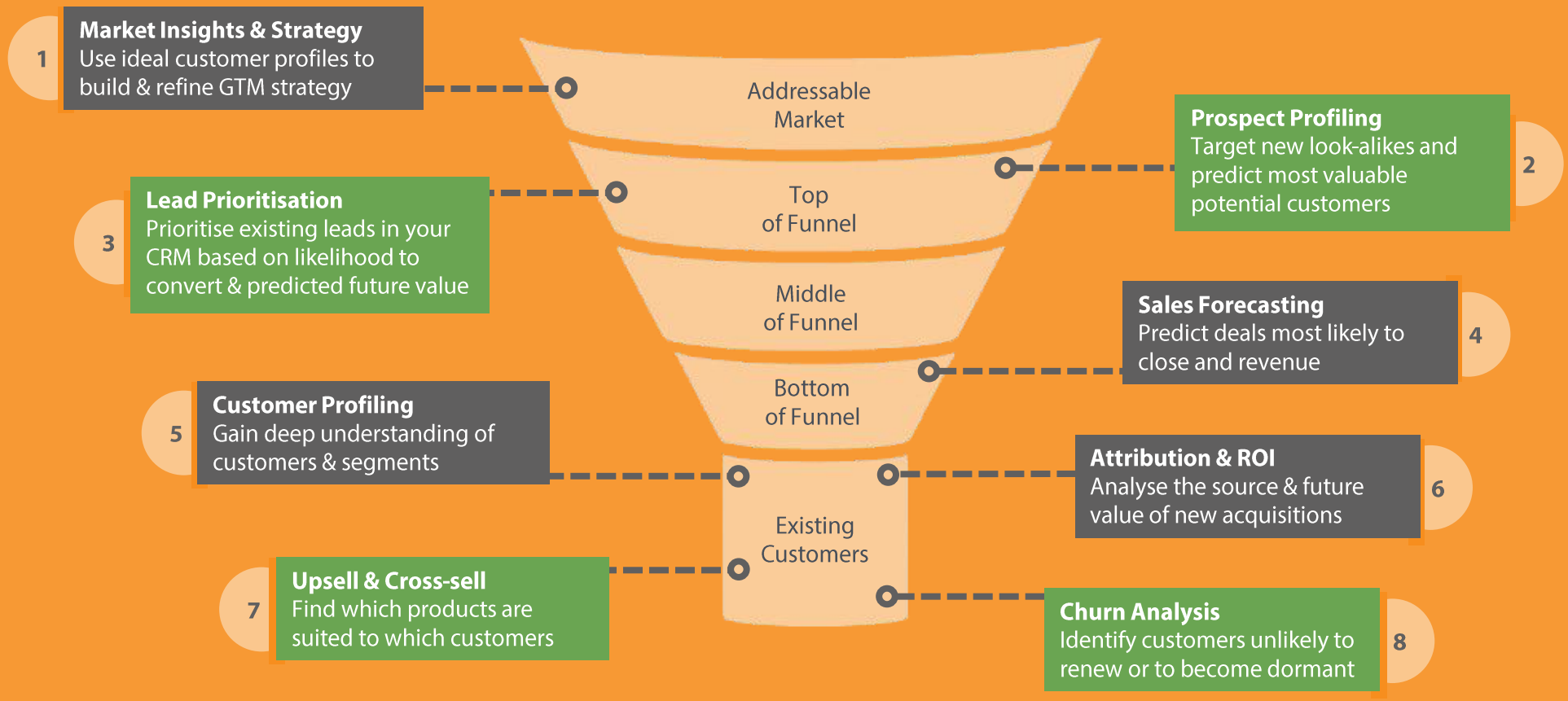


Key Points…

- Predictive Sales & Marketing works by taking all the available company & contact data (from both internal and external sources) — and applying modern data science to optimize conversions of all stages of the funnel
- B2B Predictive Sales & Marketing vendors now provide this new solution as a cloud service
- External data is a key differentiator in Predictive Sales & Marketing platforms
- Machine Learning techniques are complex to implement, but proven to work by market leaders
- Predictive Sales & Marketing is the obvious next-step for those organisation looking to become more data-driven or to make further marketing & sales performance improvements

Common Predictive Use Cases

Predictive applications within a B2B organisation are now much wider than just lead scoring.
This guide will explore the four most popular, spanning across the entire sales funnel (highlighted in green).



© BrightTarget Ltd 2016

Where do we start with Predictive?

With more then 8 common use-cases it is not always obvious where to start with Predictive.

Key Buying Decisions with SaaS vendors:

1. **Choose a vendor who can offer a full-suite of predictive services**
   From our experience, most medium-large/enterprise customers start with a single use-case and then expand over time, to take advantage of the wealth of opportunity that predictive can uncover.

2. **Build a business case to demonstrate the opportunity**
   To gain senior buy-in and the implement the change necessary for a successful predictive project it is important to build a solid case. With cloud vendors this is easy – they should load your data and present back the opportunity, within a matter of days.

3. **Choose a vendor on flexibility, trust & partnership for success**
   With the complexity of B2B business, no two are the same. It becomes critical for your vendor of choice to have a flexible and configurable solution (e.g. you may need to add in new data sources) or change how you deliver insight to the business. Most importantly, you need a vendor who you can trust and has a track record of success.

Want some advice?
Get in touch with one of our experts.

Thinking of building in-house?
Make sure you read page 21 of the guide.

Let's take a look at these use-cases and business benefits in more detail…

© BrightTarget Ltd 2016

Prospect Profiling

Using powerful predictive techniques to analyse your historical data, you can now identify **Ideal Customer Profiles** and what signals define them; we call this their data DNA.

Armed with this data DNA, you can uncover more companies 'like them' in the external Data Graph. Take that a step further and find the best contacts at these accounts to target with intelligent campaigns or include in Ad audiences.

With external data signals like buyer intent, you can even find prospects that are ready to buy now.

BENEFITS

- Drastically improve the **quality of leads** & data delivered to Sales and reduce time spent on conversion
- Execute effective **account-based marketing** campaigns, knowing exactly which accounts to target



68%

OF SALES REPS' TIME IS SPENT RESEARCHING, NOT CALLING LEADS

94%

OF YOUR MQL's WILL NEVER CLOSE

52%

OF SALES REPS DIDN'T MAKE QUOTA LAST YEAR

- CSO Insights, IDC

© BrightTarget Ltd 2016

Lead Scoring – Rules vs. Knowledge

Many companies are now using lead scoring to help understand the stage of a lead and optimise the next action to take. There are 2 main types of lead scoring; **Rules based** or **Knowledge based** (Predictive).

Most built in lead scoring within marketing tools offer a basic rules based lead scoring mechanism e.g. if a prospect interacts with more than 2 emails and requests a download within a month, then score them as a 'Hot Lead'. Such rules also need to be defined in advance.

Knowledge based lead scoring, takes a much broader set of data and then uses a machine to learn what activity influenced the leads that actually closed. It then uses this knowledge to predict the best score for any new lead.

Predictive lead scoring is far more accurate and far more detailed in how it can score leads – using the power of external data.

BENEFITS

- Combine contact and account-level attributes to get a complete 360-degree view of all buying signals — not just those captured in marketing automation.
- Uncover the true definition of a good lead through the use of data science rather than intuition and having to pre-define this into rules.
- Determine the actual probability of each prospect becoming a customer with unmatched precision

Embedding Scores into the Sales Process

Once you have produced accurate scores, the next steps is to influence how your Sales teams work leads. This can be a complex process – however essentially you need to push this data into your CRM, to influence certain workflows.

And you can take this a step further by incorporating predicted Customer Lifetime Value…

© BrightTarget Ltd 2016

Prescriptive insights using Customer Lifetime Value (CLV)

Turning scores into actionable *Prescriptive Insights* is a challenge. However, there are several approaches to use advanced predictive metrics to do just this – **Customer Lifetime Value** being one example.

For most organisations CLV is a metric calculated historically, normally by Finance. Often this is used to work out CPA or for investment decisions.

Predictive CLV is very different, as it is usually:

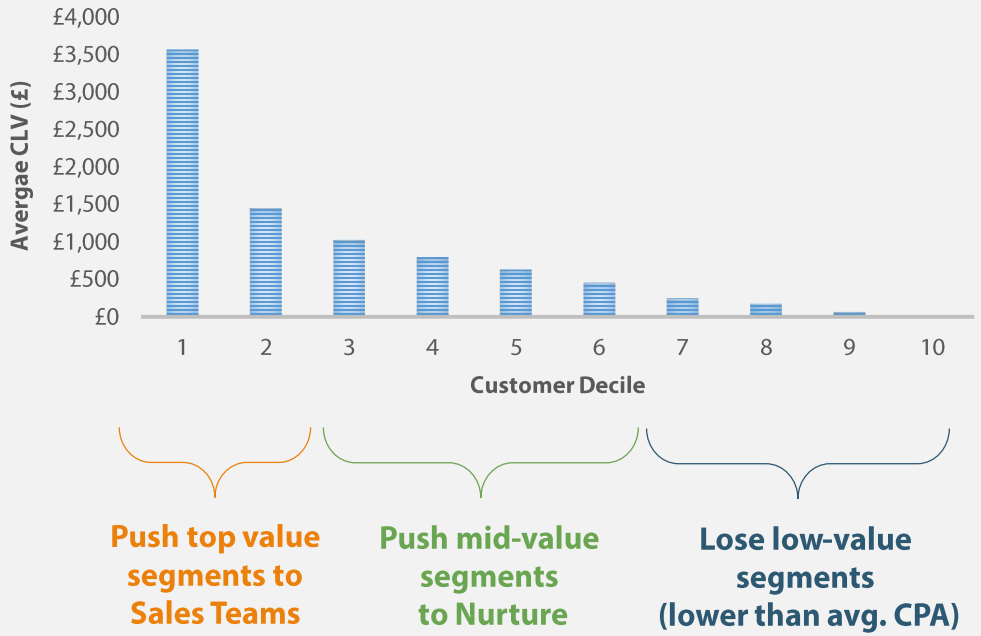
1. **Forward looking**
   Predicting the future value of a customer in £ over the next X years

2. **Calculated at an individual level**
   For each and every single customer

3. **An all-encompassing metric**
   Taking into account loyalty, product margins, upsell/downspin potential in the future etc.

Actionable Insight

The chart below shows how CLV can be used to prioritise **when** and **how** leads should be worked by Sales & Marketing:



Show the Opportunity available to the business: £1.4M CLV

© BrightTarget Ltd 2016

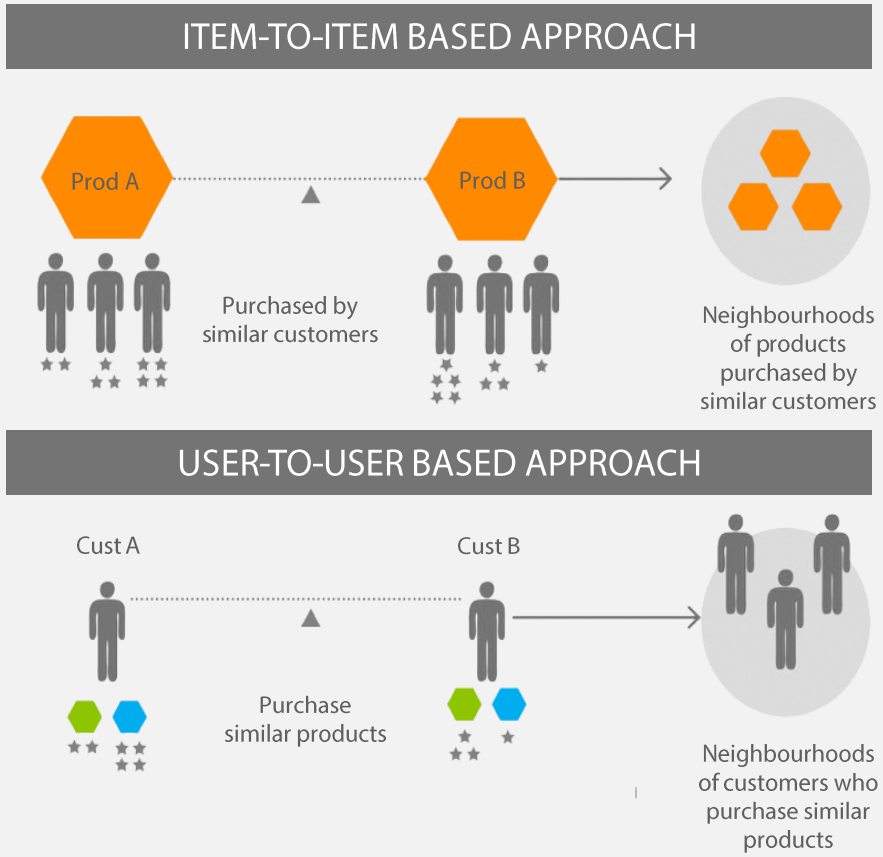
Upsell & Cross-sell

Customers who purchase multiple products drive 20x more revenue, so upsell & cross-selling should almost certainly be prioritised by Sales & Marketing teams.

There are a variety of different algorithms for recommender systems, (such as Collaborative Filtering and Associate Rules modelling) and three main approaches:

- **User-to-user based** - customers who bought Products similarly form "neighbourhoods" of customers
- **Item-to-item based** - products that are bought by many customers form "neighbourhoods" of products
- **Global factorisation**– rather than looking at individual items in isolation a global approach would look at all the items purchased, and try to detect properties that characterise what is liked

Pushing the limits - Amazon applies Deep Learning Neural Networks (using it's own algorithm called DSSTNE) to produce it's item-to-item based recommendations.



© BrightTarget Ltd 2016

Upsell & Cross-sell – where the rubber meets the road

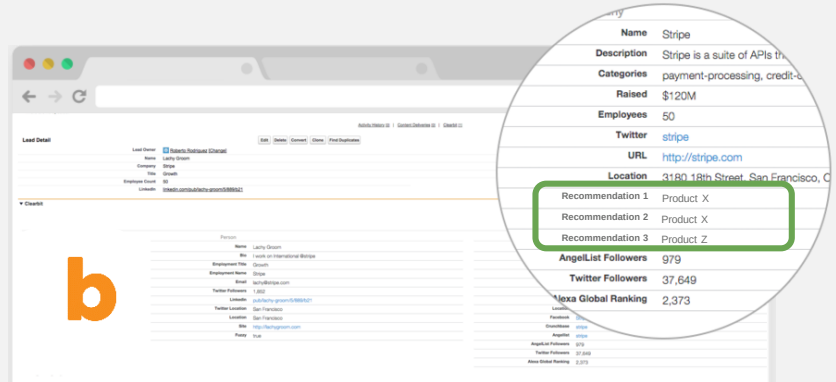
Whichever method is used, the main challenge is to translate a list of customer-product propensities into business value.

At this stage several things need to be considered:

- Has the customer already purchased the product (or something similar)?
- Should we be prioritising by stock level, product margin or just likelihood to purchase? Or all three?
- Do we need to apply any other business rules or exclusion?
- How are we going to influence the customer to buy more?

This requires business specific customisation to ensure the rating or weighting of recommendations aligns with business strategy.

Once completed these insights can be pushed to Sales (via CRM integration). Often this is the additional of new custom fields to the account screen. Or push to Marketing (via Marketing Automation integration). Usually these opportunities will be synced to a list or audience, upon which action can be automated.



TOP TIP FOR VENDOR SELECTION

- Choose a vendor with pre-built connectors to your existing cloud tools – this will make integration and deployment a breeze

© BrightTarget Ltd 2016

Churn Analysis

By analysing the behaviour of previously churned customers, it is possible to predict which of your current customers are exhibiting similar behaviours – and predict which ones are looking to leave, **before** they do.

Keep more, better customers.

Once you know which customers are most at risk you can use metrics like CLV to prioritise which to target with retention activity and also to set retention budgets, based on likely future value – optimise your retention spend.

Internal & External Data are Key

Using internal CRM, complaint and usage data is great for retention modelling. But when combined with external company financials, credit scores and social data, predictions can become even more powerful.

Understand Why?

Looking deeper at the outputs of a model can help organisations understand why customers leave. Perhaps certain product combinations or support staff are underperforming? Having access to these insights can make organisations aware of any root-cause(s) and make appropriate improvements.

> **“2% increase in customer retention has the same effect as decreasing costs by 10%”**
>
> - LEADING ON THE EDGE OF CHAOS, EMMET MURPHY & MARK MURPHY

© BrightTarget Ltd 2016

Who can Benefit from this Technology?

This kind of advanced capability isn't for everyone. For a Predictive Sales & Marketing implementation to be successful, the organisation must have the following characteristics:

1 Sufficient Data

You need enough data to be able to built robust predictive models.

This isn't always the case, with generic industry models, however generally you will **need more than 2000 customers and 3 years worth of history.**

Having more than 1000 products also often lends itself to predictive capability, with the added complexity.

2 Sales & Marketing Maturity

Secondly, you will need to ability to successfully act upon the predictive insights provided.

Do you have **the capability to execute** intelligent campaigns across your Sales & Marketing channels?

Do you have systems & processes in place – CRM & Marketing Automation?

3 Culture

New insights produced across the customer lifecycle will require processes to change to incorporate new data & optimisations.

For most companies this will require a **willingness to change**, as well as robust project and change management and strategic buy-in for best results.

© BrightTarget Ltd 2016

Should we do this in-house?

"We already do some predictive modelling in-house, why can't we do Predictive Sales & Marketing?".

Yes you can, but you should be aware of what leading cloud vendors are offering - **a complete & configurable solution, as a service.**

Marketers now have access to predictive modelling without having to turn to a team of data scientists.

Key points to consider…

B2B Predictive SaaS vendors vs. In-house?

1. Predictive model accuracy is generally only as good as the data made available to a model. **External data** (including signals from hundreds of different external & public sources) make predictions far superior.
2. Cloud vendors offer a **full-suite** of predictive capability that is configurable to your business.
3. **Speed of deployment** is often days vs. months (or years).
4. Significantly **lower Total Cost of Ownership** (TCO). Cloud vendors include data crunching, hosting, hardware, software, support and ongoing predictive model performance monitoring all as part of the monthly fee.
5. Often in-house Data Science teams can be re-purposed onto new value generating tasks, rather than customer-focussed predictive (which can now be achieved out-of-the-box).
6. Strategically, would you build an in-house CRM or look for a cloud solution? What is the Buy vs. Build culture within your organisation?
7. Cloud vendors are not always suited to very niche business models or processes.

© BrightTarget Ltd 2016

What Value is hidden in your Marketing Automation and CRM data?



As the adoption of CRM and marketing automation matures, it's no surprise that companies with these technologies are sitting on a wealth of data.

Leading organisations often hook in internal usage and external social data; to empower sales & marketing staff in their decision making. Unfortunately there is only so much data a human can process and interpret – and often most activity is led from a combination of gut-feel, following a standard process and/or from some basic data or insights.

This is where machine learning comes into it's own. Here at BrightTarget we are lucky enough to work with some of the biggest B2B brands. In almost every engagement to-date, we have been able to find **multi-million pound opportunities** hidden in their existing data. Often this will be one or a combination of the following:

- New product upsell & cross-sell opportunities
- Early identification of at-risk accounts for pro-active retention activity (at the right price)
- Improved Sales conversions & cost reduction (by preventing time wasted on poor leads)
- Improved Marketing conversions by intelligently targeting accounts and personalising content
- Optimisations at every stage of the funnel with full ROI reporting

© BrightTarget Ltd 2016

Why Predictive Sales & Marketing is now a must-have?

- There are probably millions of £'s worth of value hidden in your data
- You can get started tomorrow, with only a small financial commitment
- Previously only the most sophisticated companies could make use of predictive analytics – now everyone can
- Your competitors will be (if not already) considering this new technology

55% of B2B organisations have now implemented Marketing Automation and are now looking for further ways to optimise their performance



CURRENT VALUE FROM YOUR DATA

UNCOVERED WITH PREDICTIVE ANALYTICS

© BrightTarget Ltd 2016

Summary

It is no surprise that **89%** of B2B Marketers now have Predictive on their roadmap (according to FORRESTER®). We are seeing first-hand why Predictive is such a hot topic, with the financial gains being made by those who are leading the pack. Exciting times lie ahead.

Interested to learn more about Predictive Sales & Marketing? **Get in touch…**

About BrightTarget

BrightTarget is the **UK's leading provider** of full-suite Predictive solutions for B2B Sales & Marketing Professionals.

Some of our data-driven customers

Don't just take our word for it, BrightTarget is used by some of the leading B2B brands.
From FTSE trading companies to rapid growth start-ups.

Euromoney Institutional Investor PLC

BSS

COMPANYCHECK

Speedy

brighttarget™

By combining thousands of relevant buying signals with advanced predictive analytics in our secure cloud platform, BrightTarget helps companies of all sizes to use predictive insights to increase their bottom line.

Find out more at brighttarget.com

© BrightTarget Ltd 2016

Get in touch…

t. 0121 663 1990

e. marketing@brighttarget.com

w. brighttarget.com

BrightTarget Ltd – Four Oaks House – Sutton Coldfield – West Midlands – B74 2TZ