Xactly | RevOps²

The State of Revenue Intelligence

How revenue leaders can gain clarity in uncertain times

Introduction

Dear reader,

Market change has accelerated in recent months, inevitably making life harder for revenue teams as deals push and reps are struggling to make their numbers. This period of uncertainty actually creates an opportunity for leaders to address some fundamental challenges within their organizations. Now, more than ever, it's time to embrace new ways of thinking and adapt to change.

A recent report found that just 27% of Sales professionals think their revenue forecasting process delivers accurate results—and only 24% of Sales leaders are confident in their team's forecasts.[1] This is not acceptable any longer—boards are demanding forecast certainty from the C-suite and sales teams need precision as they operate, and those who are stuck in the mire of "status quo" thinking and unable to adapt will not survive these times.

The right combination of technology, data, people and process is imperative in order for businesses to gain greater clarity and take control of their future revenue. This combination of technology and refined GTM tactics will drive more accuracy, delivering consistent, balanced revenue growth with increased profitability.

Our research shows that few organizations have successfully instituted a revenue intelligence program, and that virtually all organizations would benefit from doing so.

I encourage you to read this report because it will help Sales, Finance, Revenue Operations and Customer Success leaders understand what revenue intelligence means, why they need it now, and how they can implement it quickly and easily.

We think that you will find great value in this information and want to support you as you endeavor to improve the quality of your revenue. We are here to help.

Chris Cabrera
Founder and CEO
Xactly Corporation

Executive Summary

Revenue intelligence is a game-changer for modern sales organizations: it enables them to plan more effectively, create more efficient cross-functional processes and drive more revenue.

But knowing how to change is perhaps more important than what to change — and that is where most organizations today struggle.

The concept of revenue intelligence is still relatively new; there is no accepted benchmark for adoption, and most leaders are unclear which initiatives will have the greatest impact on their company's bottom line.

That's why we surveyed individuals from 261 companies to understand the current state of revenue intelligence and the various activities associated with it. The results shed valuable light on how leaders in Sales, Finance, Revenue Operations and Customer Success can apply revenue intelligence to build predictable, profitable and resilient revenue for their companies.

Key Findings

Pipeline development is the biggest challenge for revenue generation.

Fragmented data is a consistent obstacle to revenue growth...
As is the **lack of automation** in revenue processes.

Revenue forecasting is a critical cross-functional process...
But **forecast accuracy** is still a major challenge.

Existing customer revenue is key to revenue growth.

**Revenue intelligence** is still in the early stages of adoption.

Recommendations

01 Organizations should increase their focus on pipeline development and create better alignment across planning, forecasting and execution.

02 Organizations should automate manual processes and other revenue intelligence solutions to improve data quality, consolidate fragment data sources, reduce errors and create more efficient ways of working cross-functionally.

03 Existing revenue growth should be prioritized, as it can be 1.5-3x more cost-effective. Finance and Customer Success should work together on revenue planning to drive additional opportunities with existing customers.

04 Sales organizations should rely more heavily on AI for AI-guided selling to improve Sales execution through prescriptive and predictive insights to help sellers close more deals and address pipeline management challenges.

Methodology

Partnering with RevOps Squared and surveying community members from The SaaS CFO, Modern Sales Pro, and Sales Hacker, Xactly conducted a revenue intelligence benchmarking research project from July to August 2022.

As part of the data collection and publishing methodology, all benchmarks were segmented by company attributes, including company size, average contract value, industry segment, distribution model, target customer market(s) and primary funding source.

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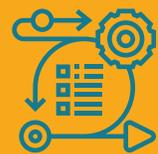
The State of Revenue Growth

Where is revenue growth coming from?

Despite uncertainty, the companies we surveyed have posted impressive growth. The median growth rate was 38%, reflecting the particularly strong growth profile of technology companies – which made up 78% of our research population.

These results provide a benchmark organizations can use to assess their own revenue growth – and understand how they can generate more sustainable growth as they scale.
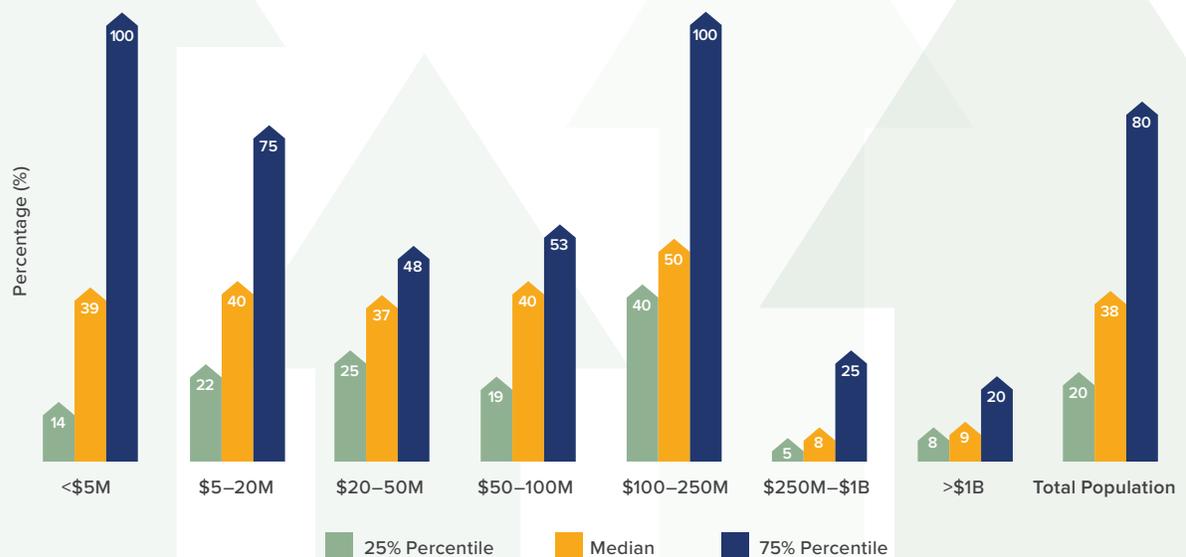
Survival of the fittest

Reliable revenue intelligence is inevitably harder for smaller and younger companies to achieve,

as they have less historic data. This may be one reason these companies show the greatest variability in revenue growth.

Companies posting <$5 million in revenue show the largest difference between median and 75th percentile revenue growth. Companies in this category also show the largest discrepancy between the top growers – which reported a staggering 100% revenue growth – and the lowest.

This suggests there is a clear threshold for growth where companies become relatively stable – and revenue intelligence therefore becomes more valuable.

Company Growth Rate Relative To Size

Percentage (%)

	<$5M	$5–20M	$20–50M	$50–100M	$100–250M	$250M–$1B	>$1B	Total Population
25% Percentile	14	22	25	19	40	5	8	20
Median	39	40	37	40	50	8	9	38
75% Percentile	100	75	48	53	100	25	20	80

■ 25% Percentile   ■ Median   ■ 75% Percentile

The sweet spot for scaling

Knowing when and how to scale is vital for companies. Those that scale too slowly may miss opportunities, while moving too fast risks creating liabilities and compromising operations.

Our data shows that there is a reliable point at which scaling is most efficient. Median growth is generally quite stable across all sizes, with companies in the $100-$250 million bracket seeing the highest average revenue growth (50%). However, there is a huge drop off when the $250 million threshold is hit; revenue for those in the $250 million-$1 billion bracket grew an average of just 8%.

This suggests that scaling has the most positive impact for companies as they eclipse the $100 million mark – a useful piece of insight for companies hoping to ensure they scale sustainably.

New customer revenue is vital…

Companies cannot afford to let Customer Acquisition (CA) efforts dry up – even as customers become more cautious and it gets harder to push sales over the line. New customers account for 70% of the total revenue growth rate across all companies we surveyed.

This is particularly true for smaller and early-stage companies. On average, companies with revenue under $5 million rely on new customers for 80% of their revenue. Companies earning between $5 million and $50 million gain 70% of their revenue from fresh sales, too.

### …But existing customers grow in value as you scale

As companies scale, existing customers become more important. While existing customers make up 30% of the total revenue growth across companies, those in the largest range – $250 million to $1 billion – attribute 65% of their revenue growth to existing customers.

This may be because such companies have fewer new customers to win, having cornered their specific market. Equally, it may be that they pivot their strategies to focus on upselling and introducing new services.

New Customer Contribution To Revenue Growth
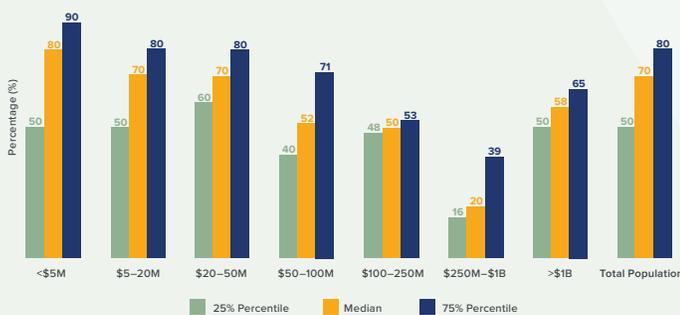
Existing Customer Contribution To Revenue Growth
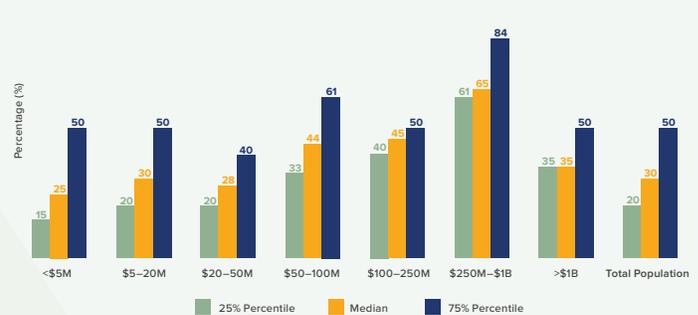
But the lesson is simple: companies should look to increase their focus on existing customer expansion revenue, forecast accuracy and retention planning as they scale. This will help them leverage and consolidate their growth – and achieve more consistent revenue generation.

The State of Revenue Planning

What stands in the way of organizations' growth?

Pipeline development is the number one obstacle to revenue growth

A healthy sales pipeline is essential to revenue growth. But developing this pipeline is not so straightforward when it comes to ensuring that:

- Technologies are compatible.
- Data is both high-quality and accessible.
- Processes and teams are in alignment.
- The pipeline is optimized to deliver consistent growth.

It's unsurprising then that 51% of survey respondents cited "pipeline development" as their top revenue challenge

Other issues were common, of course: 44% said "product functionality" presented a challenge to revenue growth, while 37% cited "competition."
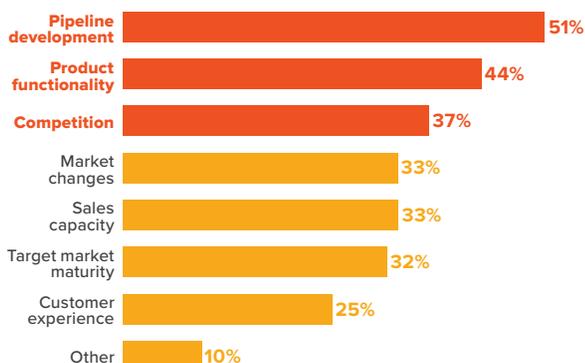
But pipeline development stands out as both the most prevalent and the most pressing challenge—one that will define companies' ability to achieve truly effective revenue intelligence.
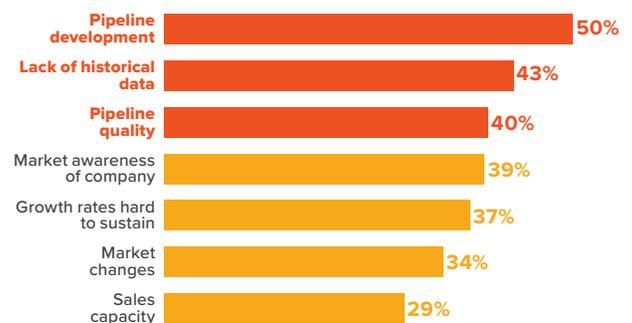
Revenue planning is a cross-functional processes

Pipeline development is not just a challenge for growing revenue—it is also seen as the top challenge for Annual Revenue Plan Development.

This points to a need for increased focus not just on pipeline development, but on a tighter linkage across planning, forecasting and executions. This must be a cross-functional effort encompassing Sales, Customer Success, Finance and Operations —with the goal of increasing visibility across plans, processes, technology and data to streamline all activities and increase efficiency.

Top 3 Revenue Challenges

Challenge	%
Pipeline development	51%
Product functionality	44%
Competition	37%
Market changes	33%
Sales capacity	33%
Target market maturity	32%
Customer experience	25%
Other	10%

Top 3 Annual Revenue Plan Development Challenges

| Challenge	%
Pipeline development	50%
Lack of historical data	43%
Pipeline quality	40%
Market awareness of company	39%
Growth rates hard to sustain	37%
Market changes	34%
Sales capacity	29%

Revenue Planning by Department

While Sales is in charge of New Customer Revenue Plan Development in 80% of organizations, it is clearly a highly collaborative process.

New Customer Revenue Development Plan

Finance	Sales	Marketing	Customer Success	Revenue Operations	Other
53%	80%	41%	10%	30%	6%
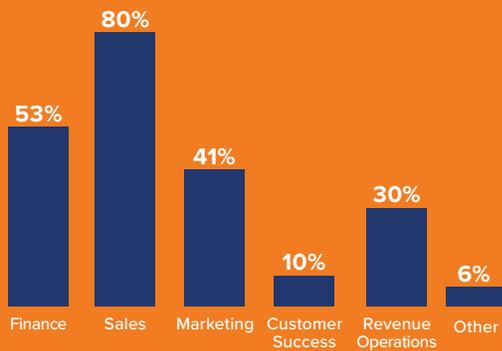
Territory Planning

The same is true of Territory Planning, where Sales takes charge with the support of Sales and Revenue Operations.

### Territory Planning Responsibility

Sales	Sales Operations	Revenue Operations	Channels/ Partner Organization	Other
65%	39%	26%	18%	7%

Customer Retention Plan Development

Similar patterns are seen in other related domains. In Customer Retention Plan Development, Customer Success takes the lion's share of responsibility but clearly relies on other departments for support.

Customer Retention Plan Development

Finance	Sales	Marketing	Customer Success	Revenue Operations	Other
31%	36%	21%	75%	22%	7%
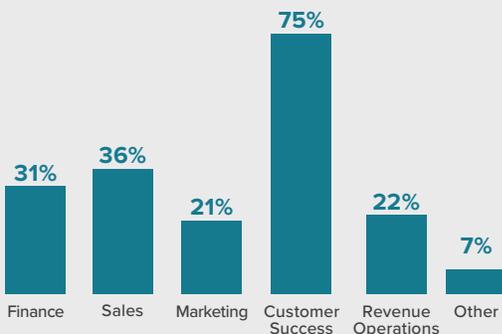
Existing Customer Revenue Plan Development

And for Existing Customer Revenue Plan Development, responsibility is fairly evenly distributed across departments.

Existing Customer Revenue Plan Development

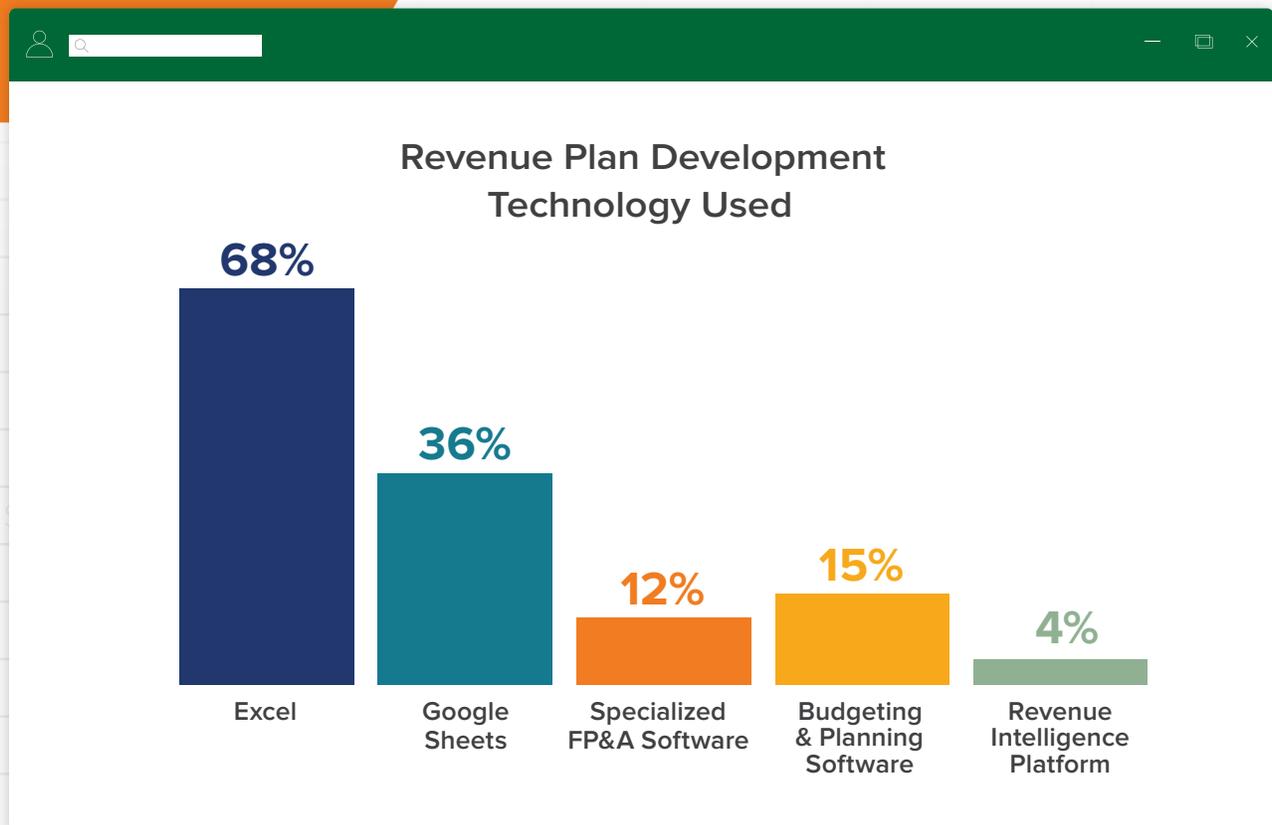| Finance	Sales	Marketing	Customer Success	Revenue Operations	Other
44%	59%	24%	53%	27%	7%
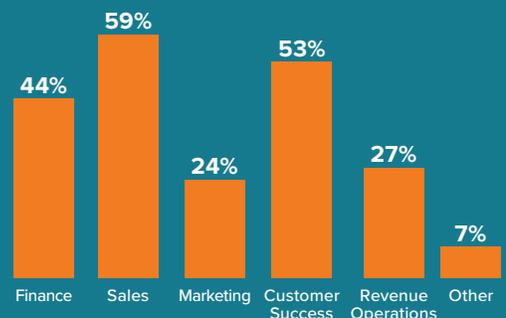
Such widespread collaboration helps explain why pipeline development is so challenging—and points to the vital importance of data and process aggregation. Across all of these domains, the capacity to share accurate, high-quality data with ease between teams is not a "nice to have"—it's an essential component of success.

> Our survey found that **68% of organizations rely on Excel** for Revenue Planning, while 36% use Google Sheets.

Manual processes hold businesses back

This brings us to a pattern that will recur throughout this report: despite the fact that 78% of the participating companies are B2B technology companies, the majority still rely on manual processes to store and share data. The result is to create constant bottlenecks, unnecessary work, and an overall lack of clarity and transparency.

The majority of these challenges can be addressed through a combination of enhanced data management, applied intelligent revenue processes and technology across the revenue tech stack.

Revenue Plan Development Technology Used

Technology	Percentage
Excel	68%
Google Sheets	36%
Specialized FP&A Software	12%
Budgeting & Planning Software	15%
Revenue Intelligence Platform	4%

The State of Revenue Forecasting

How effective are companies' revenue forecasts?

Revenue forecasting is (almost) universal…

Regular revenue forecasts are vital for organizations, enabling them to make informed decisions about everything from how much to spend on marketing to how to manage their sales teams and inventory. Our survey suggests that the vast majority of organizations understand this, with just 2% stating that they don't practice revenue forecasting.

However, New Customer Revenue is the most common factor companies forecast, suggesting that many organizations are missing out on opportunities for easier growth. Just 76% of our respondents forecast Existing Customer Expansion Revenue, even though such revenue is often 1.5-3x more efficient to acquire. Simply increasing their forecast efforts in this area could therefore be an easy win for companies looking to increase revenue during these cautious economic times.
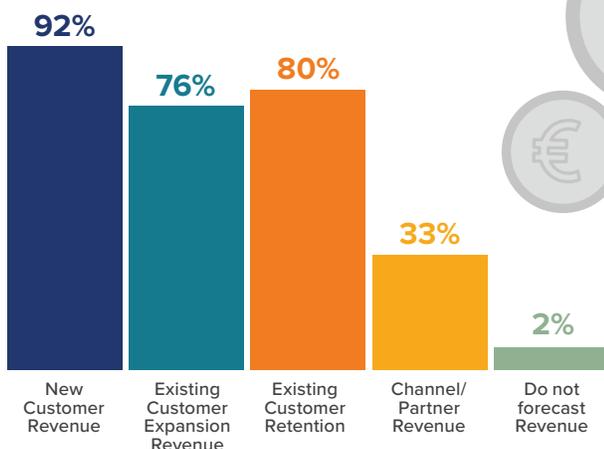
…But few companies forecast accurately

Forecasting is only valuable when it's accurate. Otherwise, it can lead to false confidence, missed sales opportunities and wasted resources.

This is particularly problematic as companies scale and increase the number of stakeholders who rely on forecasts to make decisions. A company might make use of forecasts when preparing for a financing event, and will take a reputational hit if investors discover that they have based their decisions on inaccurate data.

And yet, despite their efforts, our survey finds that the majority of companies are currently producing highly inaccurate forecasts. Just 9% of companies provide a revenue forecast within 5% of their actual revenue results, meaning 91% of companies are missing the mark.
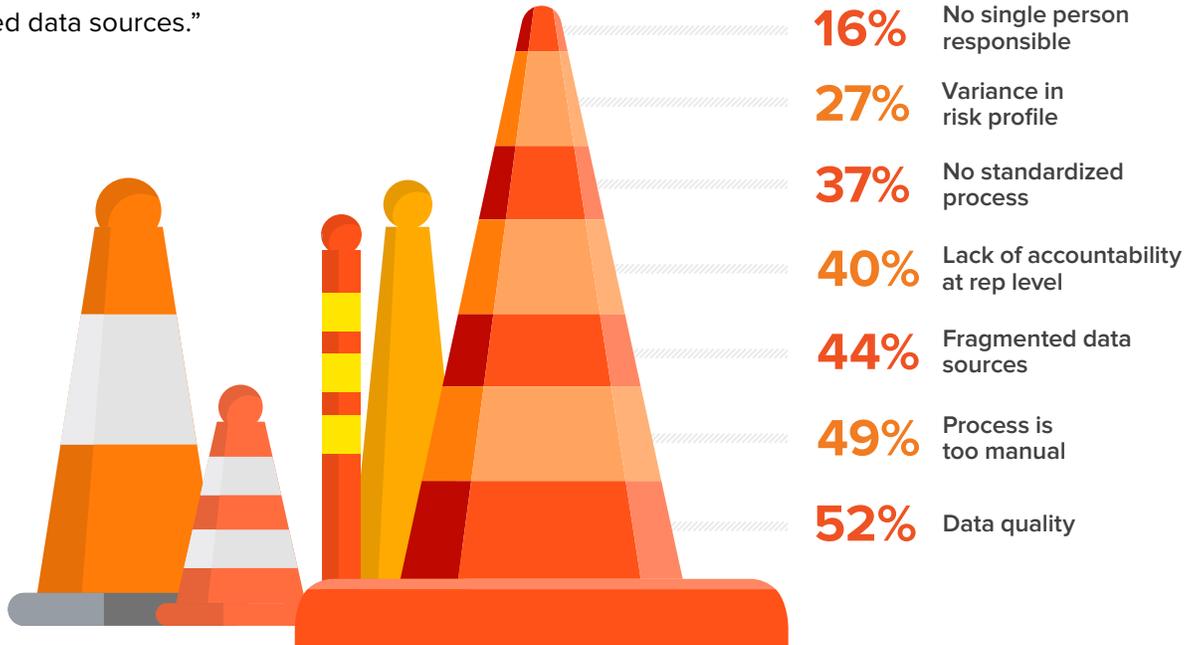
Revenue Types Forecasted

- New Customer Revenue: **92%**
- Existing Customer Expansion Revenue: **76%**
- Existing Customer Retention: **80%**
- Channel/Partner Revenue: **33%**
- Do not forecast Revenue: **2%**

Revenue Forecast Accuracy

- 6–10 (+/-) **30%**
- 11–15 (+/-) **23%**
- >20 (+/-) **22%**
- 16–20 (+/-) **15%**
- 1–5 (+/-) **9%**
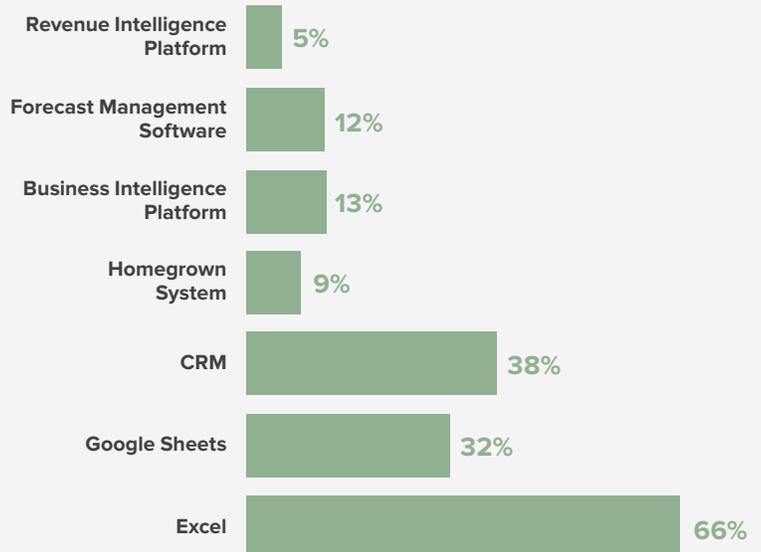
Poor quality and inaccessibility of data

Once again, this problem finds its root in the poor quality and inaccessibility of data. The top three challenges our respondents cited when creating forecasts were "data quality," "manual processes," and "fragmented data sources."

Revenue Forecast Challenges

16% No single person responsible

27% Variance in risk profile

37% No standardized process

40% Lack of accountability at rep level

44% Fragmented data sources

49% Process is too manual

52% Data quality

> As with Revenue Planning, **many of these issues are at root problems of technology adoption**.

Forecasting Technology Used

Revenue Intelligence Platform — 5%

Forecast Management Software — 12%

Business Intelligence Platform — 13%

Homegrown System — 9%

CRM — 38%

Google Sheets — 32%

Excel — 66%

> Companies primarily rely on Excel (66%) and/or Google Sheets (32%) to generate forecasts, which helps explain why accuracy is so poor.

Specialized Forecast Management Software and Business Intelligence platforms are used by a small number of businesses. But these solutions tend to provide visibility into the forecasts themselves, rather than enabling companies to accept input signals across processes or platforms. As a result, these companies still cannot automate the modeling or planning process.

These issues not only make accurate forecasts far more difficult, they also inhibit the frequency of forecasts. Because they are undertaken using manual processes, the majority of companies have to settle for either monthly or quarterly forecasts, with just 10% of organizations able to achieve a weekly forecast cadence:

Revenue Forecast Cadence

|			
10%	52%	33%	5%
Weekly	Monthly	Quarterly	Other
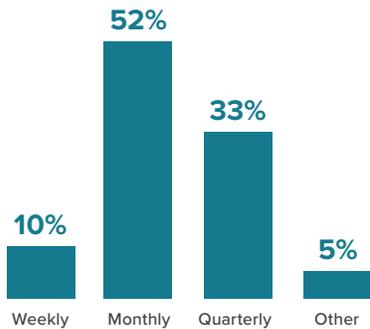
In times of uncertainty, this may not be frequent enough to provide real value. Monthly or quarterly forecasts fail to account for rapid market changes or short-term trends, meaning revenue teams are unable to gain up-to-date insights that could help them make better strategic maneuvers.

Cross-functional collaboration is crucial

Just as with Revenue Planning, Forecasting is clearly a cross-functional process. Without input from aligned teams, it is nearly impossible to gain a clear picture of the current landscape upon which to base your predictions.

Our research found that across New Customer Acquisition, Existing Customer Expansion, and Existing Customer Retention, at least two departments were responsible for Forecasting. Sales, Finance, and Customer Success all play key roles in Revenue Forecasting:

New Customer Revenue Forecast Responsibility

51%	74%	25%	7%	28%	1%	4%
Finance	Sales	Marketing	Customer Success	Revenue Operations	Do not forecast	Other
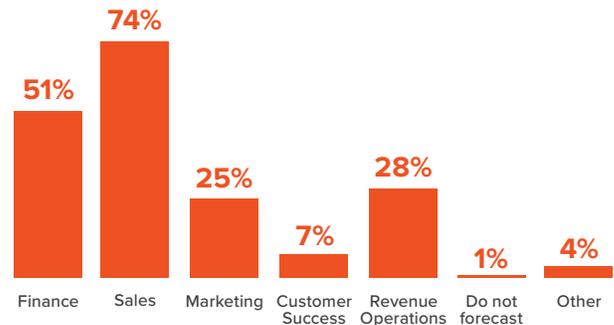
Comparing these graphs with the data we saw earlier on Revenue Planning, while the patterns are broadly similar, we see that Finance plays a larger role in Forecasting than in Revenue Planning.

Equally, we see that Customer Success plays a larger role in Existing Customer Expansion Revenue Planning than it does Forecasting in the same domain. These discrepancies show the subtle ways many organizations' revenue intelligence processes are disconnected, with data silos and lack of oversight likely contributing to inaccuracy and collaborative difficulties.

Existing Customer Expansion Revenue Forecast

|							
49%	50%	20%	11%	41%	24%	5%	4%
Finance	Sales	Account Management	Marketing	Customer Success	Revenue Operations	Do not forecast	Other

The State of Revenue Intelligence Technology

How many companies have an active revenue intelligence program?

Revenue intelligence adoption is low…

Revenue intelligence is still a new concept to most companies. Not only do just 14% of companies have an active revenue intelligence program in place—65% say they're not even familiar with the concept.
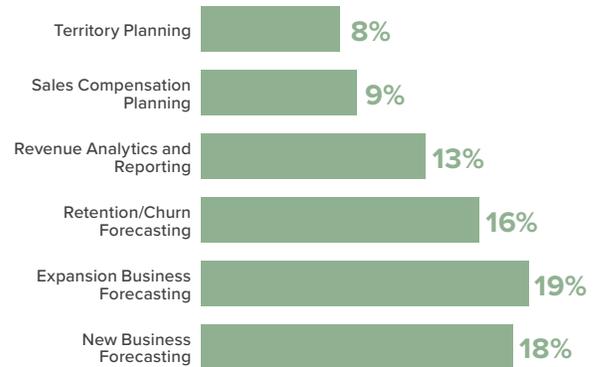
Revenue Intelligence Program Presence

14%

YES

86%

NO

Familiar with Revenue Intelligence

35%

YES

65%

NO
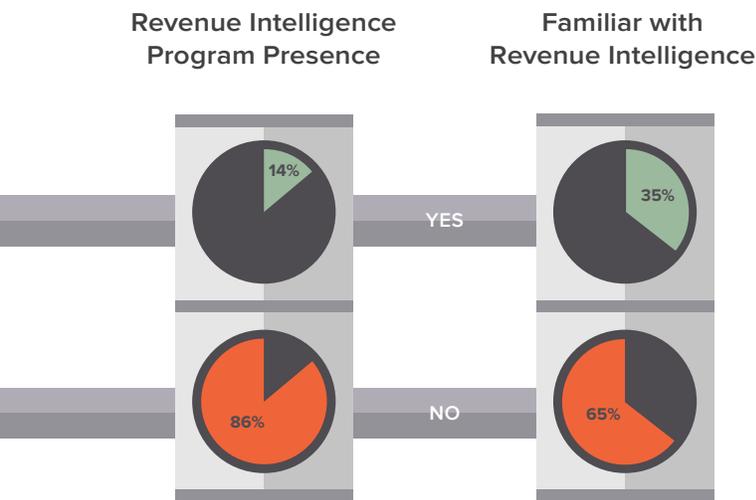
We see this finding mirrored in a lack of awareness and adoption of Revenue Operations and Intelligence Platforms.

Revenue Operations and Intelligence Platform Presence

16%
Yes

29%
Did not know what a RevOps & Intelligence Platform was

55%
No
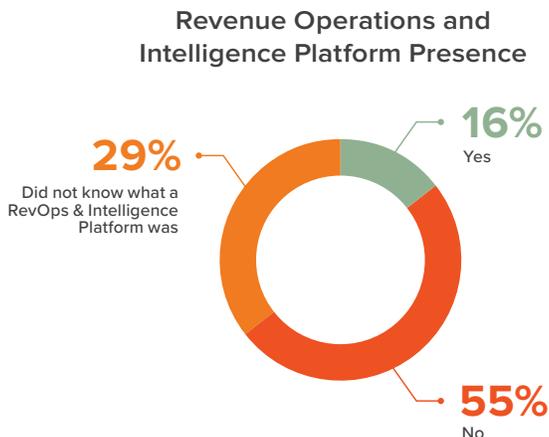
While leaders show all the signs of needing a unified revenue intelligence program, there is clearly a lack of understanding as to how they should go about achieving that. This creates structural challenges, as there is no commonly accepted framework dictating who is responsible for revenue intelligence:

Revenue Intelligence Program Responsibilities

Territory Planning	8%
Sales Compensation Planning	9%
Revenue Analytics and Reporting	13%
Retention/Churn Forecasting	16%
Expansion Business Forecasting	19%
New Business Forecasting	18%

…But clear definition and advocacy could drive better adoption

Revenue intelligence is a data-driven way to sell, forecast and manage revenue growth. It uses AI and automation to create visibility across the revenue lifecycle—from customer acquisition to retention and expansion. This visibility enables insights and signals to be sent and received earlier and more easily, unlocking more fluid and effective collaboration that produces more accurate forecasts and drives improvements across all revenue activities.

Leaders across all relevant departments should therefore take it upon themselves to evangelize the understanding of revenue intelligence and advocate for faster adoption of such technology—especially in times of increased uncertainty, when even small process improvements can make all the difference.

Conclusions

Moving Forward with Revenue Intelligence

From forecasting inaccuracy to information silos, it is clear organizations are yet to realize the true potential of data-driven decision making. But the results point us towards clear, actionable solutions, all of which are well within leaders' power to implement.

> ❯ *Across almost every organization we surveyed, it is a lack of consistent, connected data and strategic alignment that holds teams back.*

There is an urgent need for automated manual processes, improved data quality, and greater visibility and accessibility across teams.

A recent article in *Harvard Business Review* found that most executives think of revenue intelligence as comprising several distinct functions.[2] But simply connecting these functions—and implementing a holistic RevOps solution—could be all it takes to realize huge efficiency and revenue gains.

Organizations should implement enhanced data management, applied intelligent revenue processes, and integrated technology across the entire revenue stack. The right revenue intelligence platform has the ability to provide insight and visibility into agile go-to-market (GTM) planning, revenue team performance, sales pipeline health, improved forecast accuracy, and increased revenue predictability.

Equally, revenue intelligence platforms that leverage historical pay and performance data can provide dynamic performance indicators to inform more effective decisions. They can also help recognize sales performance drivers and improve compensation ROI.

Given that these solutions are cross-functional in nature, organizations can breakdown the responsibility between revenue teams.

Sales Leaders and Managers need to challenge their pipeline

As customers become increasingly cautious, Sales must be empowered with more accurate, relevant data. Leaders need to enable collaboration, create better alignment between planning and execution, provide the flexibility to visualize and optimize Sales territories, and ensure their teams focus on the right deals.

Sales Leaders should therefore challenge the pipeline, looking for gaps in alignment across planning, forecasting, and execution that will lead to slipped deals and future churn. To achieve this, they should:

● Gain access to intelligence and apply it against quality historical data to enhance both annual planning and forecasting accuracy.

● Introduce modern forecasting solutions that use advanced AI and machine learning capabilities to automate and systematize the sales forecasting process.

● Implement a well-structured sales process that documents each stage of the sales funnel.

Finance Leaders need to prioritize forecasting process automation

Finance teams need sightlines into future cash flow projections to enable better planning. Leaders are under pressure to simplify their forecasting processes, deal with data silos across Revenue teams, put the right teams in place to forecast different areas of revenue generation, and ensure the C-Suite is satisfied with their forecasts.

To tackle these problems, Finance should focus on fixing fragmented data sources and removing error-prone manual processes. To help achieve this, they should:

● Centralize processes, technology, and data across Finance, Sales, Customer Success, and Revenue teams to create a clearer path for Finance to collaborate with the right groups.

● Apply automation and data integration across all finance and revenue systems to ensure data is accurate and available in real-time.

● Leverage support from the Revenue Operations function to enable platform consolidation and integration across functions.

SalesOps and RevOps Leaders need to bridge the gap between teams

SalesOps and RevOps Leaders are under pressure to improve efficiency in their teams; ensure that resources, information and best practices are shared across departments; provide effective support for territory planning; and maintain a consistent, healthy Sales pipeline.

Pipeline development is the number one challenge across both revenue regeneration and annual revenue plan development, which highlights the need to not only increase focus on the pipeline but also the need to bridge the gap across planning, forecasting and execution. To help achieve this, Sales Ops and RevOps should:

- Ensure Revenue teams understand the value of customer retention and expansion, and involve Customer Success to create a holistic customer journey.
- Equip Sales teams involved in territory planning with quality historical data to ensure equitable allocation and coverage of priority accounts and geographic locations.

Customer Success needs a seat at the RevOps table

Customer experience is directly correlated to revenue. The better the experience, the higher the potential for additional revenue through retention, renewals and expansion.

Customer Success therefore needs to be involved and gain access to the same data as other teams. And as the front line recipient for product feedback, they must be much more heavily involved in expansion forecasts.

Leaders must put the right structures in place to effectively manage revenue operations for the entire customer lifecycle, gain visibility of information that will support their efforts, and engage with customers to create a consistent experience.

To achieve this, Customer Success teams should:

- Operate within a single pane of glass to effectively manage customer acquisition, expansion and retention.
- Remove data silos and improve cross-functional collaboration.
- Align their process with Sales and Finance.

How Xactly Solutions Drive Revenue Intelligence

At Xactly, we love salespeople

That's why we built the Xactly Intelligent Revenue Platform. It brings Revenue Operations teams together to support salespeople with precise plans, better incentives, and data-informed insights to give them more confidence in their pipeline.

Xactly's solutions empower the type of capabilities companies need to create collaborative, efficient and happy sales teams.

Xactly supports sales organizations in key areas like:

- Capacity and quota planning.
- Territory planning and optimization.
- Incentives and employee performance.
- Pipeline management and forecasting.
- Pay and performance insights and benchmarking.

Our solutions power a data-driven approach that provides insights across the entire sales performance value chain from planning to execution, including compensation to optimization.

With access to predictive analytics and benchmark data, enterprises can create optimal sales resource and capacity plans, maintain balanced territories, design the right compensation and incentive plans, and accelerate attainment and optimization of sales performance.

> Now is the time to build a sales and revenue engine that is **resilient, profitable and predictable**.

Who We Surveyed

The survey respondents included 261 companies representing a broad cross-section of company sizes, annual contract values and GTM models.

Job functions

Finance **57%**

Operations **16%**

Sales **6%**

Revenue Operations **5%**

Customer Success **2%**

Other **8%**

Marketing **6%**

Job titles

C-level **39%**

Director **23%**

Vice president **15%**

Individual contributor **10%**

Senior VP **7%**

Board member/investor **3%**

Customer segments

$1–10M (SMB)
46%

$10–100M
(mid-market)
56%

$100M–$1B (commercial)
43%

$1B+ (enterprise)
34%

Participant profile

Partners **10%**

Channels **5%**

E-commerce/online **8%**

Inside + field sales **30%**

Field sales
21%

Inside sales
26%

Company size

<$5M
40%

$5–20M
28%

$20–50M
12%

$50–100M
10%

$100–250M
2%

$250M–1B
5%

>$1B
3%

Industries

B2B technology **78%**

Manufacturing **3%**

Medical equipment **2%**

Financial services **7%**

ABOUT XACTLY

Xactly® has helped thousands of companies and millions of sellers around the world beat their revenue targets. Using Xactly's solutions, leaders look past the current quarter to create revenue streams for long-term growth. The Xactly Intelligent Revenue Platform® marries artificial intelligence and 17 years of proprietary data in easy-to-use applications. Sentiment, process and trend analysis come together to form accurate machine forecasts. Quick identification and implementation of revenue plans, quotas and territory improvements are easy. And, rapid calculation of even the most complex compensation plans keeps sales reps motivated and on track.

This makes the Xactly® Intelligent Revenue Platform the only solution that aligns seller behavior with boardroom strategy to create a resilient, predictable, and profitable business. To learn more about Xactly® and the latest issues and trends in intelligent revenue, follow us on Twitter, Facebook, and visit **www.xactlycorp.com**.

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