B2B Sales Benchmark Report 2021: Insights from $100bn

Contents

Foreword

Predictable revenue growth cannot be achieved overnight. It stems from a single belief: making one small, impactful change can make a big difference over time. The compounding effect of multiple small improvements creates a sustainable system, leading to greater overall performance, which is designed to grow exponentially.

Understanding your revenue stream lies at the heart of this process. Making decisions without visibility of your pipeline is the equivalent of taking a shot in the dark. With visibility, we can make decisions with confidence, by using real-life evidence as the basis. It exposes what is not working, thereby highlighting where improvement is needed, and what is not contributing to your overall success. Then it informs you in real-time whether the decisions you have made are delivering results, or whether further iteration is required.

Even when improvements are small, they compound repeatedly. In three, six or twelve months, those small wins contribute to large overall growth. Even at times when the market is unpredictable, this method consistently progresses your business to squeeze the most from every situation.

The beauty of this model is that it is predictable. Why? Because data feeds the insights which make it so. No longer do decisions need to be made based on gut, or on a whim. Instead, data-informed decisions can be made every day, every week, and every quarter, to continually improve processes, and consistently improve results.

Guy Rubin
CEO, Ebsta

Introduction

2020 will be etched in the record books.. It triggered a series of unprecedented global shifts that will reach far beyond our analysis in this report. The previous 18 months have been a period of 'business darwinism' - the strongest are those who have been able to adapt and survive, whilst those unable to become relics of the past, a footnote of a brutal year.

This has been a watershed moment for sales. How we work and how we have communicated for decades was for many of us, no longer possible. The classic 10-year plan for digital transformation was fast tracked to 10 months. Once only a minor concern for strategists, evolving to be 'digital-first' became business critical for everyone.

Over 12 months on, we stand on the cusp of some semblance of normality beginning to return. But what we are left with is vastly different from what we had. The pandemic forced sales teams to turn to new strategies, channels, and technologies in order to survive. Now, these unique insights can be wielded to shape a new, data-driven future.

The comfort blanket of "gut-feeling" forecasts were quickly exposed. When it mattered most, sales leaders had little visibility into what was really happening in their pipeline. Those that had invested in data-driven insights moved fast and adapted to a new buyer-led trend, focusing more than ever on relationships and engagement as the measure of success, whereas those that did not suffered greatly. As Warren Buffet famously said, "It's only when the tide goes out that you learn who has been swimming naked."

Now, we stand on the precipice of this new world - a bold, data-driven world moving at breakneck speed. Only those who move fast and adapt to these changes will succeed and build enduring businesses. This report is designed to help equip sales leaders with the insights and tools they need to succeed in our brave new world.

So how do you compare?

We have analysed $100bn of pipeline so you can benchmark yourself against the very best. Grasp this chance to discover what the measure of success looks like, and see the factors underpinning predictable revenue growth for yourself. Having worked with over 750 companies globally in the last year, we can now unveil the opportunities lurking beneath the surface which have not been visible - until now.

As well as the industry-standard key performance indicators (KPIs) of win rate, sales cycle and average deal value, our analysis also considers the influence of relationships and engagement - the secret to success. By the end, we will demonstrate the data which proves why.

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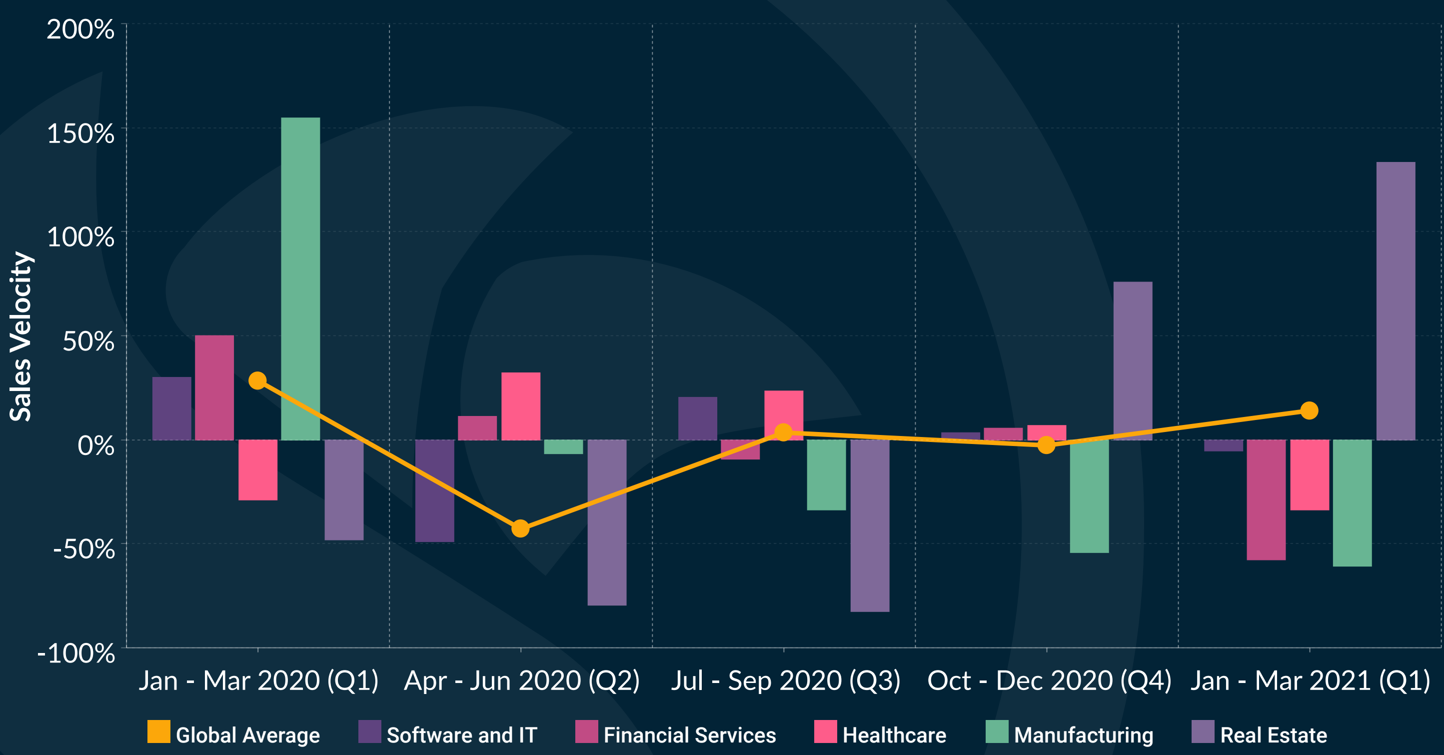
Trends

Sales Velocity

Trends | Sales Velocity



We start with what many regard as the ultimate measure of performance: sales velocity. The sales KPI that calculates how quickly and efficiently leads move through your pipeline.

What is Sales Velocity?

Sales velocity considers the number of opportunities, the average deal size and win rate, and divides this by the length of the sales cycle. The result reflects how much revenue you are generating per day. Our analysis considers sales velocity in relation to the average from the beginning of Q1 2020 to the end of Q1 2021.

Looking at the chart, we can see the breakdown of performance by industry over the previous five quarters. Each bar represents the performance of the industry in comparison to the overall industry average. This provides insight into how the industry trended in that quarter compared to the rest of the year. As a result, we can visualise in which periods each industry was progressing the most revenue through their pipeline.

Q1 2020 provides a peek into pre-pandemic levels of sales velocity. Performance was strong for software & IT, financial services and manufacturing. However, for healthcare and real estate, they actually demonstrated a stronger return in later quarters.

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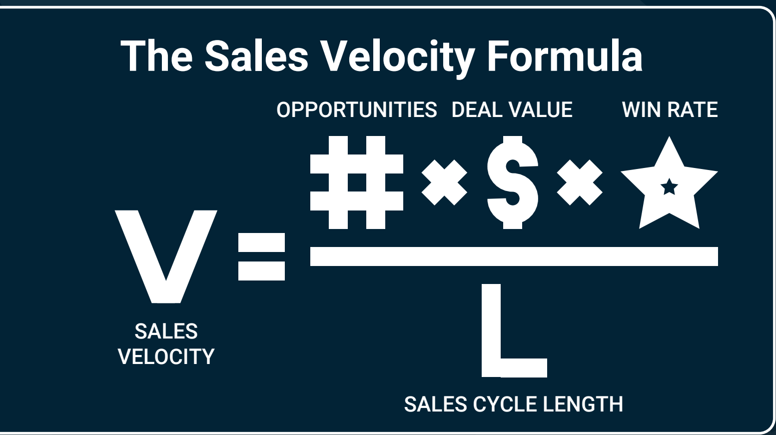
In Q2, as the pandemic set in, the situation changed drastically. Healthcare in particular flourished this quarter, with a 32% stronger sales velocity than the average, whilst other industries took a backseat. This included software & IT (-49%) and real estate (-79%) who clearly felt the impact the most.

When we arrive in Q3, healthcare was able to maintain its momentum (+23%), meanwhile this was when software and IT businesses had been able to reorientate - with an improvement in sales velocity of 20%. In manufacturing, Q3 marked the beginning of a downturn which continued throughout the year as it struggled to adapt, as velocity decreased by 34%.

By Q4, we can see the new normal was beginning to set in. In healthcare, financial services, and software & IT, the sales velocity was very close to their averages across the year. However, this is also when real estate had its strongest quarter as global economies began to kick back into gear - increasing by 76% compared to the average.



Finally, in the first quarter of 2021, we can see the roots of recovery begin to emerge. Globally sales velocity was increasing (+14%), and the Fall boom in real estate led to its strongest quarter in the period analysed (+134%).

Ultimately the devil is in the detail. Did changes to new pipeline creation hinder the sales cycle? Did new business models reduce the sales cycle? We'll dig into those further in the next sections of the report by looking closer into win rate, sales cycle and average deal value.

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As our benchmark report evolves, we would love to hear more from you about your experiences. Has it aligned with what the data showed? Were you able to buck the trend? This report is all about discovering how we've each performed and sharing insights on how to improve and generate more revenue, so get in touch!

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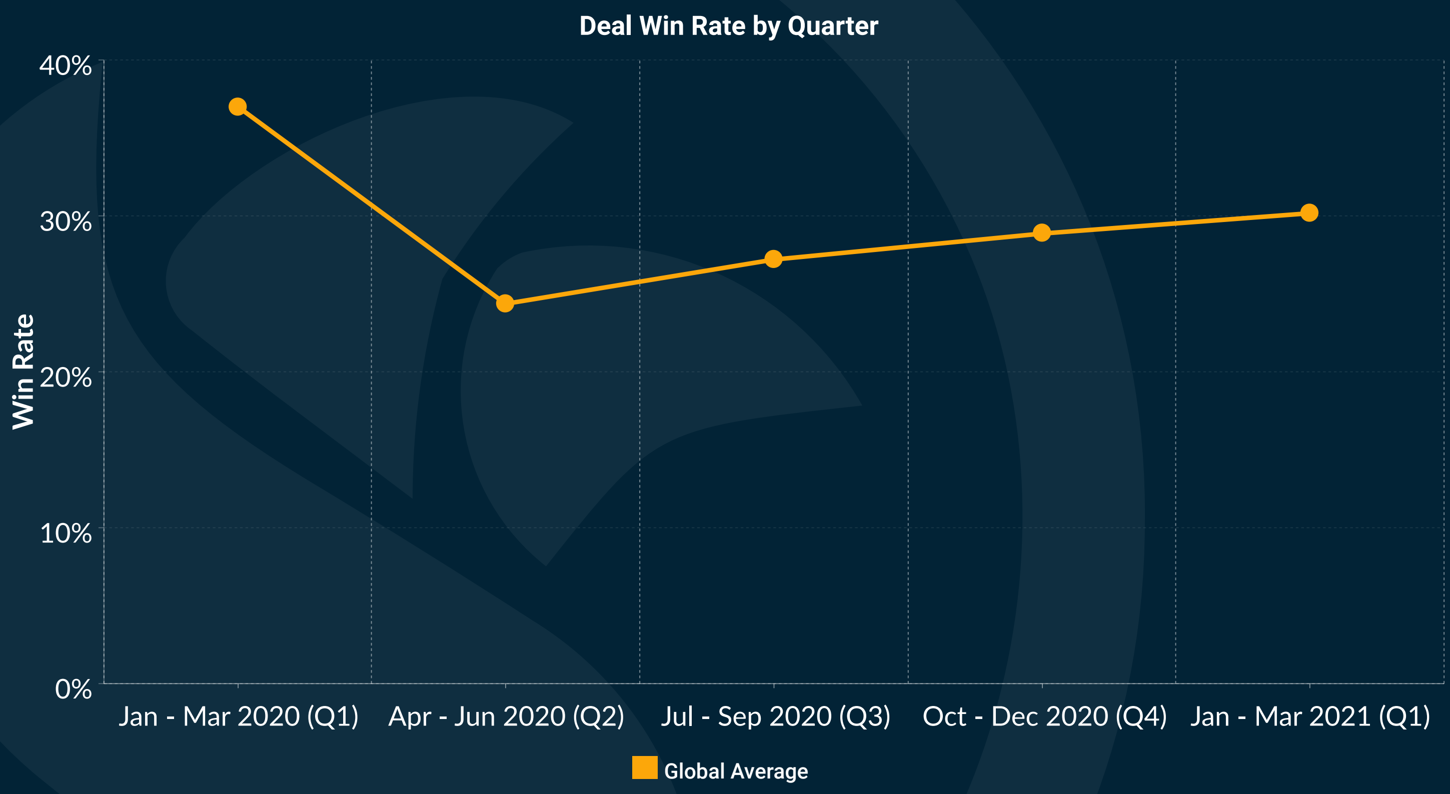
Win Rate



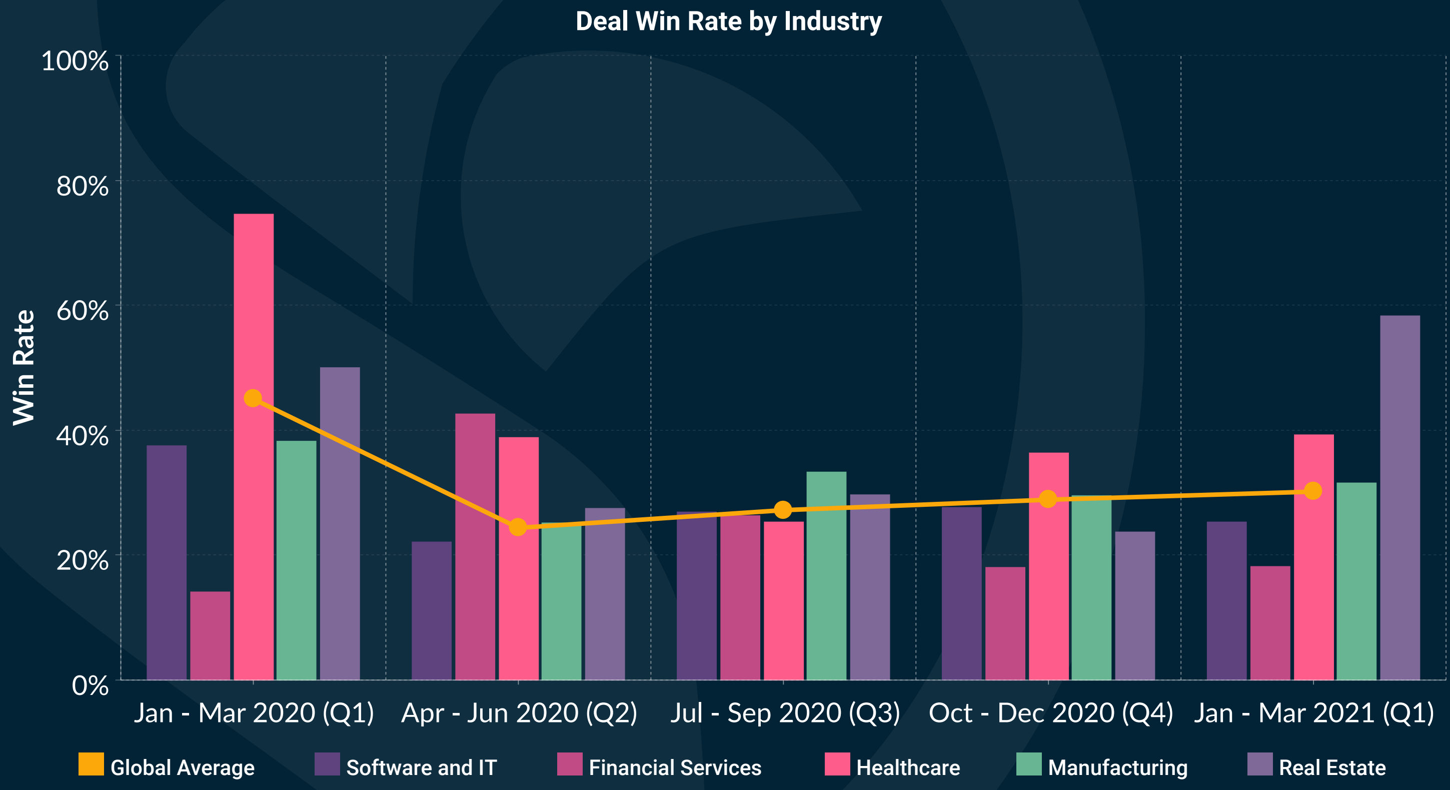
Benchmarks:

JAN - MAR 2020	APR - JUN 2020	JUL - SEP 2020	OCT - DEC 2020	JAN - MAR 2021
37%	24%	27%	29%	30%

The next part of the equation is win rate. At first glance, everything is positive as win rates gradually increased through 2020. However, digging into this a little further, we also saw great fluctuations in pipeline creation (see appendix graph 1). As business pipeline came under increasing scrutiny, this became increasingly important as the number of created opportunities increased.

At the end of Q1 2021, the benchmark sat at 30%, which was a 23% decrease on where it began at 37%. There is a lot to unpick here, as it initially fell to its lowest point in Q2 at 24% (-34%). If we refer back to the opportunities created in the appendix, we can see the rise in opportunities which impact this. Evidently, despite having more opportunities, this was accompanied by the quality of the deals declining.

As the year then progresses, we can see the win rate begin to grow, and this is all despite the overall number of opportunities continuing to increase. Later on we will come to understand how deal value fell on average during this period, so now we can start to understand how business strategies began to evolve. Instead of focusing on big ticket deals, instead they adapted with more flexible value propositions, geared towards maximising the amount of revenue they could reasonably achieve from the pipeline being created.



Win Rate Benchmarks:

SOFTWARE AND IT	FINANCIAL SERVICES	HEALTHCARE	MANUFACTURING	REAL ESTATE
25%	**18%**	**39%**	**32%**	**58%**
WIN RATE	WIN RATE	WIN RATE	WIN RATE	WIN RATE

Within each industry, we can see whose win rate was impacted the most. As of Q1 2021, win rates generally trended much higher in the real estate (58%), healthcare (39%) and manufacturing (32%), whilst in IT (25%) and financial services (18%), often only a quarter of deals lead to success. Across each of the five key industries, there is plenty of fluctuation across the year to reach this point. Healthcare for example begins with a win rate of 75%, and then ends with 39%. The surge in demand in Q2 evidently created a lot more deals in the pipeline, but this suggests that not all opportunities had high intent, and thereby negatively impacted the win rate.

In Q2, win rates declined for almost every industry, excluding financial services (+207%). For this sector, we'll see later on how the sales cycle more than doubled, suggesting there was a concerted effort to close existing deals in the pipeline. For software and IT (+22%), manufacturing (+32%) and real estate (+8%), win rates bounced back starting in Q3, demonstrating how well they were able to adapt to increasing demand. Healthcare actually fell to a 25% (-35%) win rate, so while the number of opportunities continued to rise in this sector, the quality of the opportunity was clearly still much lower.

By the time we reach Q1 2021, we can see win rates beginning to return to similar levels. In financial services, the win rate sits at 18%, a far more familiar level compared to the highs of Q2 (-57%). Returning to healthcare, and after the initial surge in pipeline creation left an average win rate of 25% in Q2, by the time opportunity levels returned to a more normal level in the first quarter of 2021, the win rate had increased back to 39% (+55%).

Globally there were 131% more deals being won at the beginning of 2021 compared to 2020, and 70% more deals were being lost (appendix graphs 1 and 2), representing a seismic shift in the amount of pipeline being created, and this only grew as the year went on. Evidently, despite the large increase in opportunities being created, we can see the majority of businesses were increasingly able to identify opportunities which showed the most intent, therefore making it more likely they would convert.

Win Rates - Q1 2021 vs Q1 2020:

SOFTWARE AND IT	FINANCIAL SERVICES	HEALTHCARE	MANUFACTURING	REAL ESTATE
33% ▼	28% ▲	47% ▼	18% ▼	17% ▲
WIN RATE	WIN RATE	WIN RATE	WIN RATE	WIN RATE

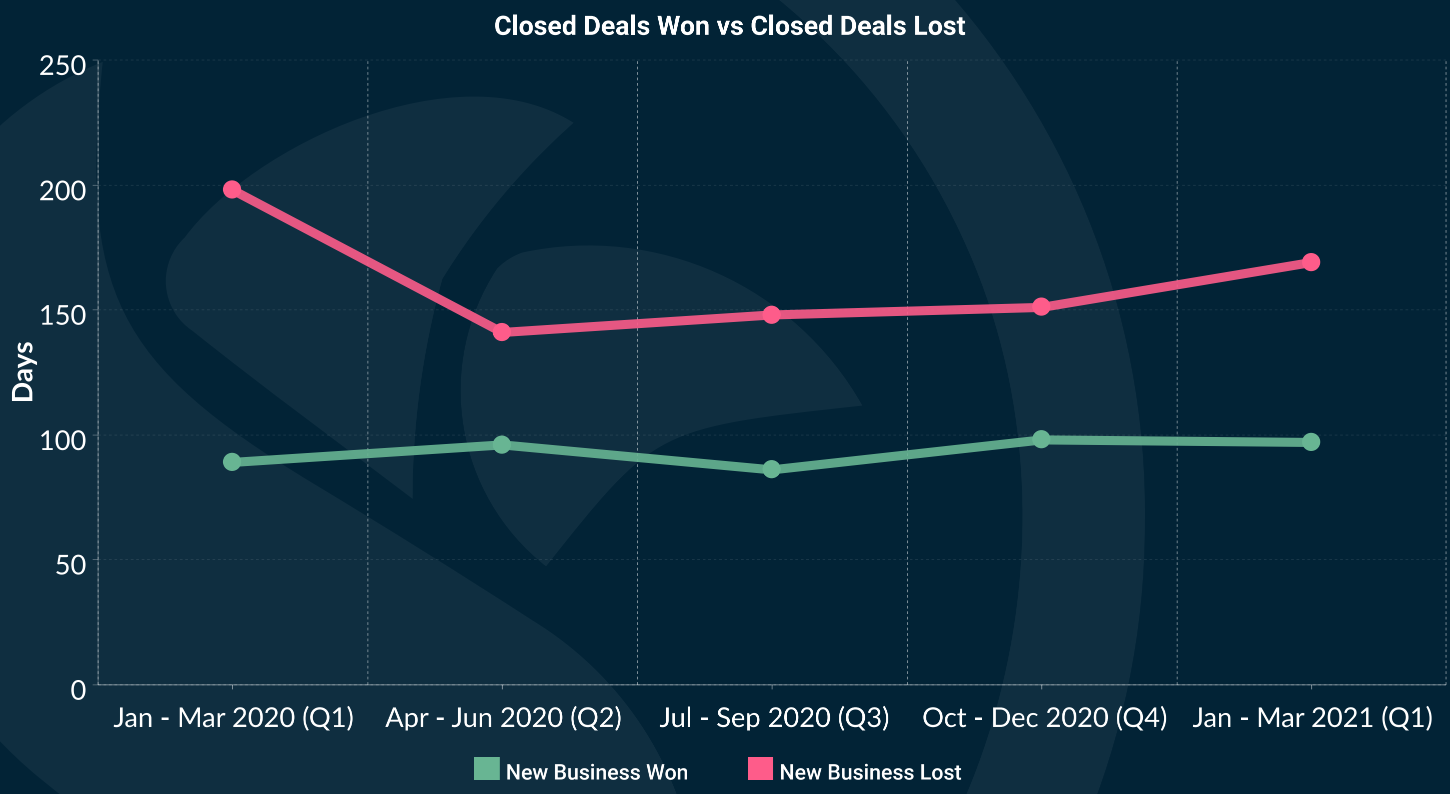
▼ Decrease ▲ Increase

Through our analysis we can see every industry generally experienced larger pipelines compared to the previous year (except financial services), and the increasing win rates across the board after Q2 are testament to how well many of these businesses were able to re-position to meet the demands of their customers.

So now we have more perspective on why sales velocity slumped in Q2. With the burgeoning amount of pipeline, we can see through win rate how many of those deals were low intent. It's unfortunate that not every deal is created equal, and many lacked the required level of intent to close. As the year progressed, it's clear that many were able to adapt, squeezing as much as possible from their pipelines as win rates rose, even as the influx of opportunities continued to rise.

Trends

Sales Cycle



Sales Cycle Benchmarks Through the Year:

	JAN - MAR 2020	APR - JUN 2020	JUL - SEP 2020	OCT - DEC 2020	JAN - MAR 2021
WON	89	96	86	98	97
LOST	198	141	148	151	169

Now we have a clearer perspective on the success of the deals entering the pipeline, it's important we now consider how swiftly they progressed through the cycle. On the surface, the benchmark for closed deals won globally is 97 days, whilst for closed deals lost, the figure stands at 169 days. Compared to Q1 2020, that's stretching 9% longer for deals won, but a 15% reduction for deals lost. On the surface, this suggests more investment is currently being required to close deals, but less time is being invested in opportunities likely to conclude as closed lost. One thing is clear here, businesses hold onto deals in hope, rather than expectation beyond a certain point.

When we begin to unpack this more, we can already see that despite the increase in the number of opportunities, these were often not of the highest quality. The data suggests a common trend of more opportunities being created, but they needed more time to make a purchase.

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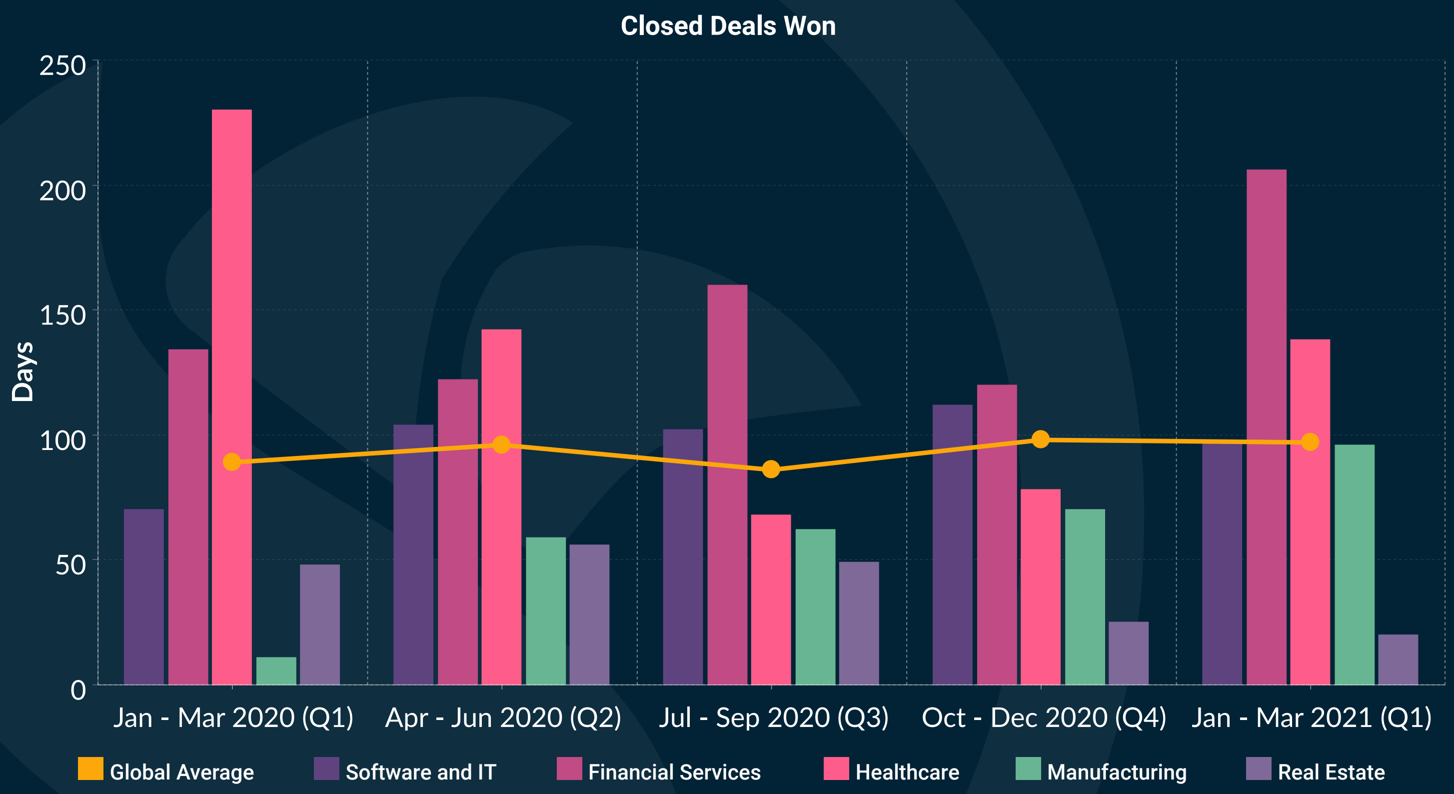
It was here that we can see the sales cycle for closed lost was slashed by 29%, while for closed won, it lengthened by 8%. Clearly, closed lost reduced drastically under increased scrutinisation of pipeline and more prospects dropping out a lot sooner as they reset their own internal priorities.

The time spent on lost opportunities did grown again as the year progressed (+20% in Q1 2021 vs Q2). When we consider the growth in the number of opportunities (appendix, figure 2.), it's clear that while increasing time was being sunk into these deals, it was not always the most efficient use of time. Meanwhile for closed deals won, the sales cycle was far more consistent, with the cycle lengthening on average by only 1%. Clearly, while there were many opportunities which vanished into thin air, there were also many more which came in hot, fast, and ready to proceed.

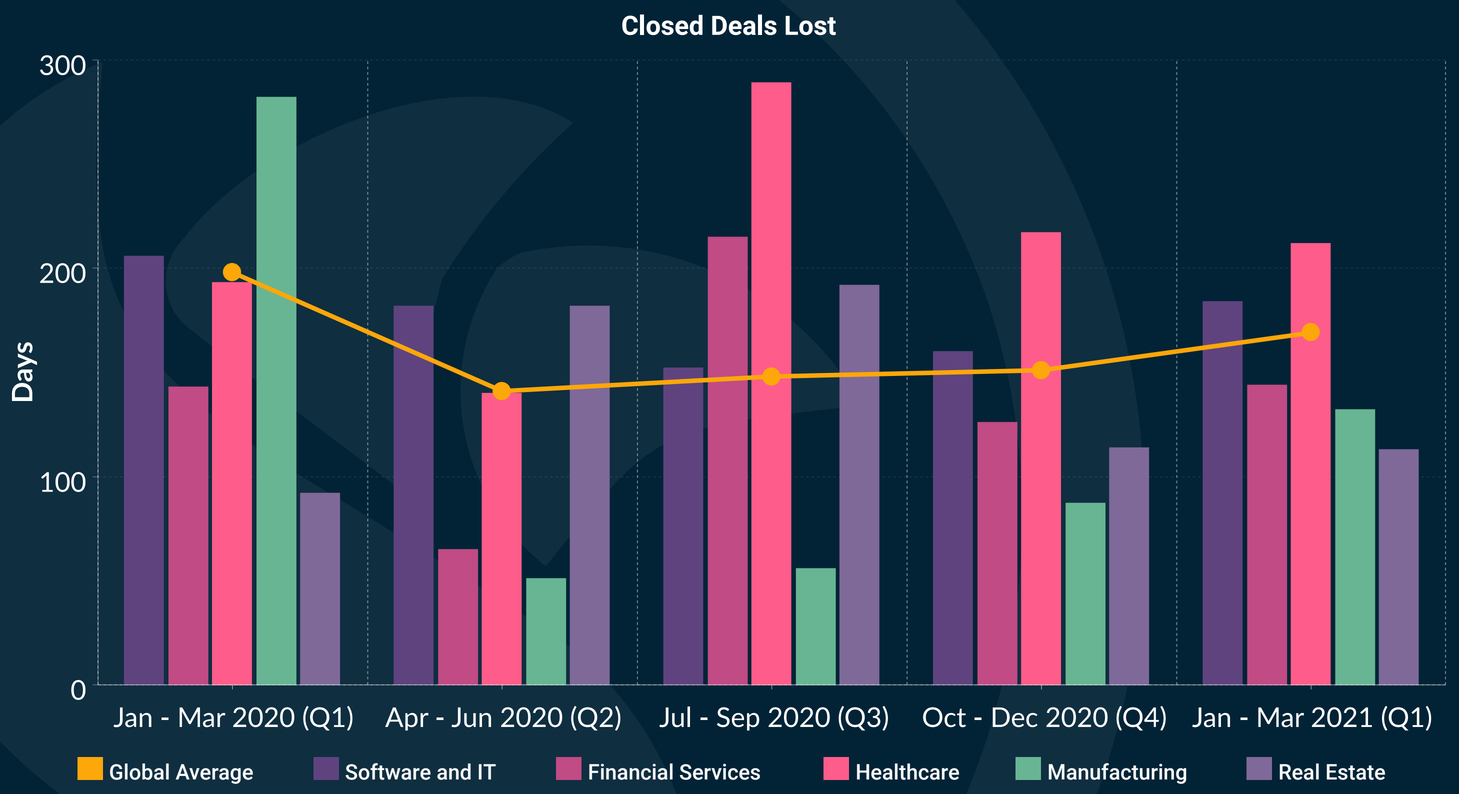


Benchmarks - Q1 2021 - Closed Deals Won:

SOFTWARE AND IT	FINANCIAL SERVICES	HEALTHCARE	MANUFACTURING	REAL ESTATE
97 DAYS	206 DAYS	138 DAYS	96 DAYS	20 DAYS

When we break sales cycles open by industry, there is a great deal of variance for deals won. For the software and IT (+39%), financial services (+54%) and manufacturing (+772%) industries, the length of the sales cycle when winning grew year-on-year. This suggests that buyers in these markets were often being more conscientious in their decisions. In particular, this is clearly evident in manufacturing, where the sales cycle of successful deals grew on average from 11 days to 59 as many factories closed down amidst the pandemic.

However, in healthcare (-40%) and real estate (-58%) sections, those sales cycles were reduced in 2021 compared to Q1 2020. In healthcare this reflects the surge in demand and urgency, especially when you consider that the closed deal won sales cycle was cut by as much as 70% in Q3 compared to Q1 of 2020. Whereas in real estate, this demonstrates not only the rise in demand, but also how effective government schemes to encourage spending were.



Benchmarks - Q1 2021 - Closed Deals Lost:

SOFTWARE AND IT	FINANCIAL SERVICES	HEALTHCARE	MANUFACTURING	REAL ESTATE
184 DAYS	144 DAYS	212 DAYS	132 DAYS	113 DAYS

Compared to deals won, the lines are more blurred when it comes to deals lost. For example in software and IT (-11%) and manufacturing (-53%), the length of the closed lost cycle was cut significantly. As the number of opportunities also grew (appendix, graph 1), this implies that deals were moving quicker through the pipeline as high intent deals were being prioritised, and low quality deals were closed.

Contrast this with financial services (+1%), healthcare (+10%) and real estate (+23%), where closed lost sales cycles grew considerably. Despite the growth in opportunities these industries also had, businesses evidently were holding onto deals in their pipeline for longer periods than necessary. The data suggests that opportunities were not a scarcity, therefore there is an argument to be made that businesses in these sectors were wasting time pursuing low quality opportunities in hope rather than expectation.

Reducing the length of the sales cycle in a year of such uncertainty was always going to be treading a fine line. Such a period always breeds two extremes; buyers who know what they want and want it fixed as soon as possible, and buyers who are frantically searching for what they need with very little direction as to what the answer is. The data suggests that while we can move fast to convert the former, we are guilty of clinging onto the latter for too long.

While it's positive news that there was a large surge in the number of opportunities created, it's clear we all should be taking a similar level of scrutinisation to our pipelines as seen in Q2. What is important now as the dust settles, is establish how to accelerate those deals with high intent, and learn to cut loose the low quality deals. We should embrace failing faster to make room for new deals coming in to accelerate the sales cycle further.

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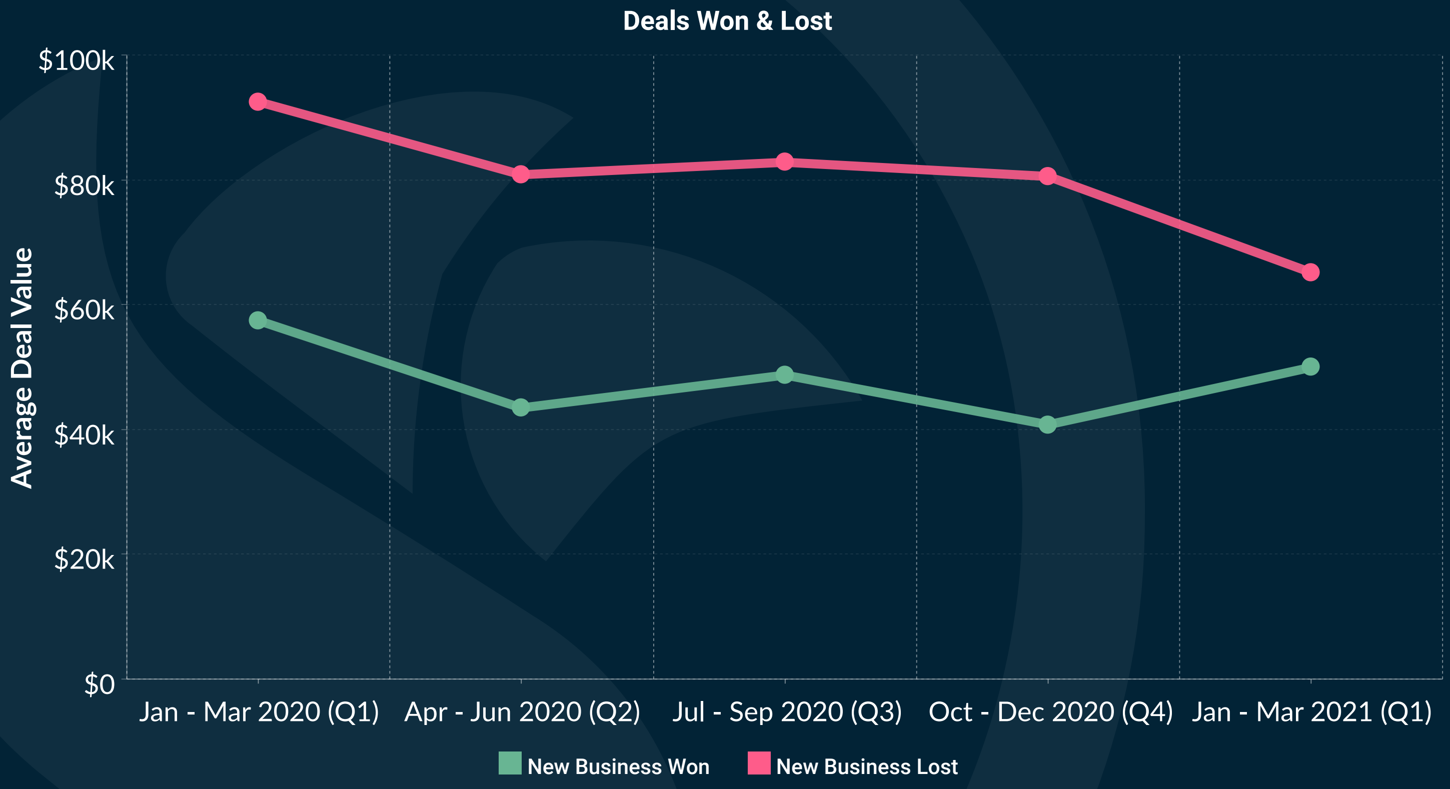
Average Deal Value



Difference Between Deal Values Won and Lost:

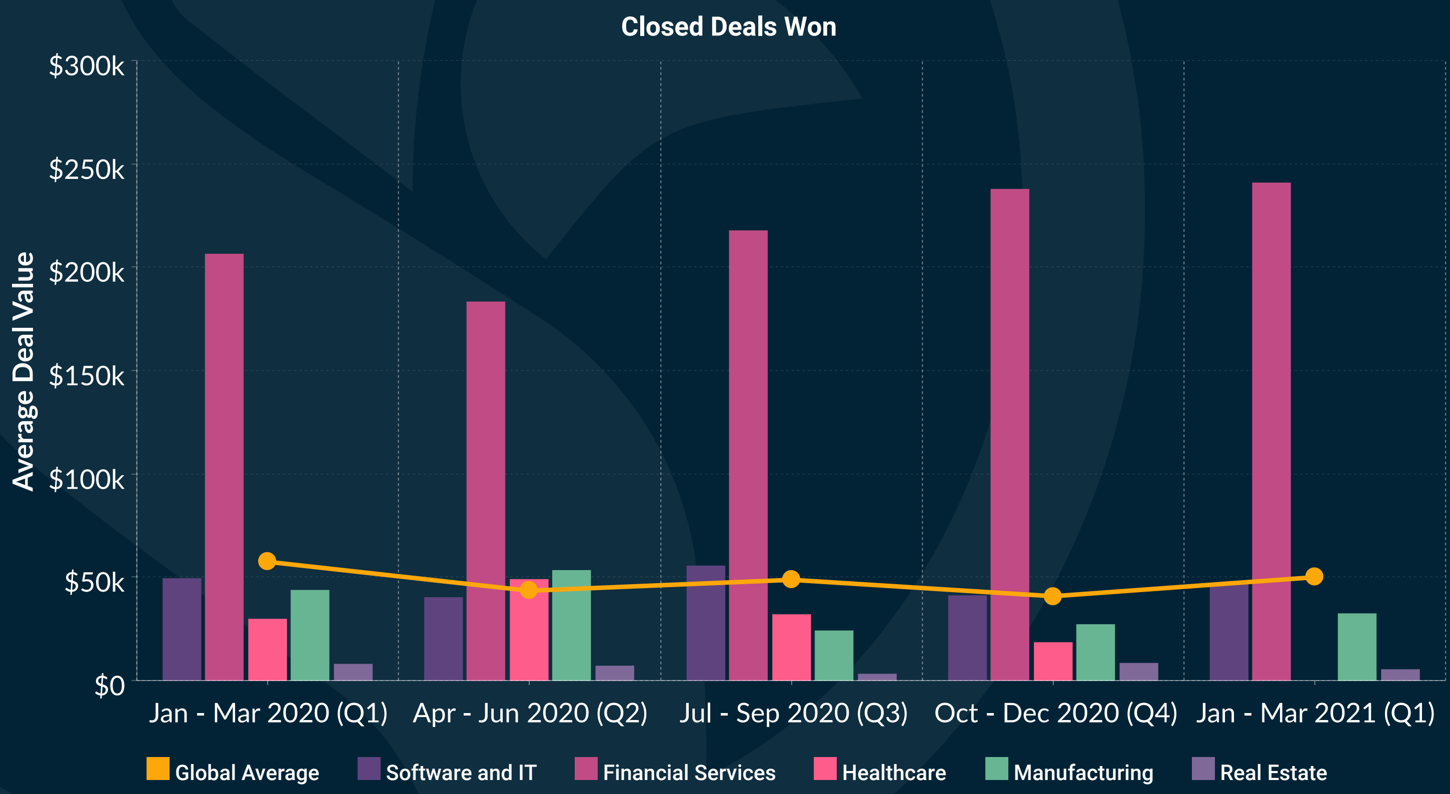
JAN - MAR 2020	APR - JUN 2020	JUL - SEP 2020	OCT - DEC 2020	JAN - MAR 2021
47% DIFFERENCE	60% DIFFERENCE	52% DIFFERENCE	66% DIFFERENCE	26% DIFFERENCE

The final factor of our sales velocity equation to consider is average deal value. Diving into the timeline, Q2 and Q3 marked the biggest change, right in the midst of the pandemic. This likely aligns to the shift in business models, where freemium, 'lite' and discounted plans were introduced to help lower the barrier to entry.

By Q1 2021, the difference between average closed won and closed lost deals was just 26%, a drop of 45% from Q1 2020. The narrowing could suggest pipelines were more heavily scrutinised (goodbye moonshots) or that the 'lowering barrier to entry' business models were here to stay. We will certainly keep an eye on this one.

For deals won, the largest decrease in value occurs in Q2 (-24%) which coincides with the beginning of the pandemic, before bouncing back in Q3 (+12%) as businesses adjusted, before decreasing again in Q4 (-16%), and finally a large resurgence in Q1 2021 (+23%). Many organisations changed their business models to lower the barrier to entry in Q2 and Q3, and we can see this beginning to come to fruition in Q4.

The value of deals being lost similarly trended downwards across the year. The largest decreases arose in Q2 (-13%) and Q1 2021 (-19%). While in Q2 deals generally shrunk in size (as shown by deals won), in Q1 2021, the impact from those changed business models is clear, as the value of deals won rebounded, while the value of deals lost continued to decrease. So not only was the lower barrier to entry beginning to take effect, but there was a clear prioritisation towards high-quality deals.



Benchmarks - Q1 2021 - Closed Deals Won:

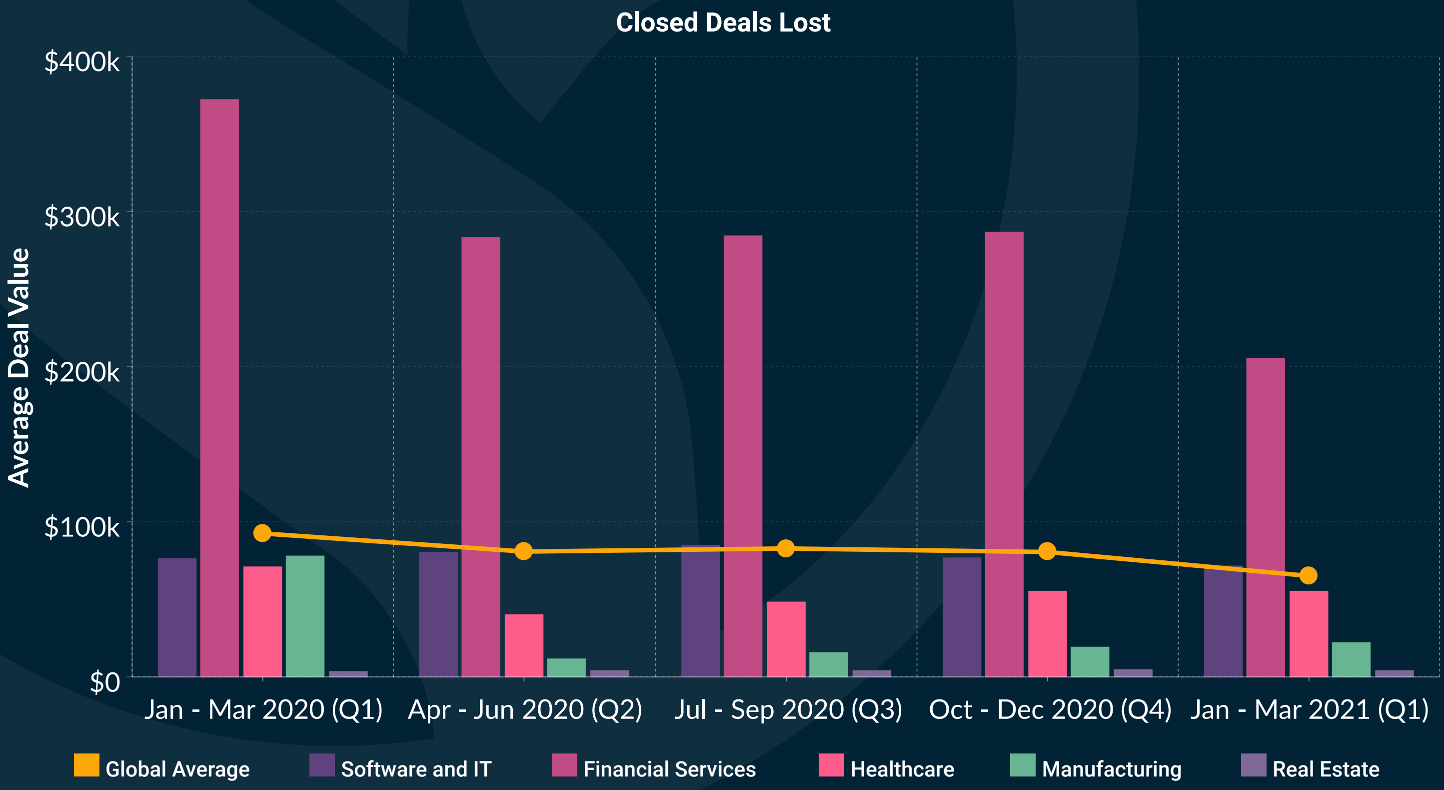
SOFTWARE AND IT	FINANCIAL SERVICES	HEALTHCARE	MANUFACTURING	REAL ESTATE
$46,561	$240,596	$26,280	$32,485	$5,294
CLOSED DEALS WON	CLOSED DEALS WON	CLOSED DEALS WON	CLOSED DEALS WON	CLOSED DEALS WON

Breaking the closed deal value down into individual industries is also striking as it reveals which were able to adapt, and which continue to be affected. IT and software fared the best of the bunch across the year despite decreasing (-5%), whilst financial services experienced major declines in deal value (-41%). In healthcare, despite a very strong second quarter (+64%) owing to the surge in demand, it later slumped in the next two quarters before concluding at the end of Q1 2021 down 12% compared to 12 months previous. Manufacturing followed a similar curve, before likewise ending up with a worse average deal value compared to the previous year (-25%).

Deals Won - Q1 2021 vs Q1 2020:

SOFTWARE AND IT	FINANCIAL SERVICES	HEALTHCARE	MANUFACTURING	REAL ESTATE
5% ▼	41% ▼	12% ▼	25% ▼	25% ▼
DECREASE	DECREASE	DECREASE	DECREASE	DECREASE

This suggests that software and IT businesses were best positioned to manoeuvre and adapt to the changing market. As businesses went remote, they turned to new technologies to preserve operational efficiency.



Benchmarks - Q1 2021 - Closed Deals Lost:

SOFTWARE AND IT	FINANCIAL SERVICES	HEALTHCARE	MANUFACTURING	REAL ESTATE
$71,268	$205,505	$55,175	$22,312	$3,786
CLOSED DEALS LOST	CLOSED DEALS LOST	CLOSED DEALS LOST	CLOSED DEALS LOST	CLOSED DEALS LOST

Comparatively, the average value of deals being lost also fell and it was manufacturing (-71%) and financial services (-45%) who, in particular, experienced large quantities ebbing away. This reinforces what we've uncovered previously, that as businesses changed tact, they often proposed smaller, more adaptive deals to suit the harsh climate, which would have brought the average down - this is evident across both the new business won and lost data.

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Deals Lost - Q1 2020 vs Q1 2021:

SOFTWARE AND IT	FINANCIAL SERVICES	HEALTHCARE	MANUFACTURING	REAL ESTATE
6% ▼ DECREASE	45% ▼ DECREASE	22% ▼ DECREASE	71% ▼ DECREASE	1% ▼ DECREASE

When considering that the sales velocity increased (particularly in Q1 2021) as average deal values continued to decrease, it's clear that business model strategies that reduced the barrier to entry had a positive impact. It was therefore a necessary lever to sustain performance, keeping volumes, win rates and sales cycles at optimal efficiency.

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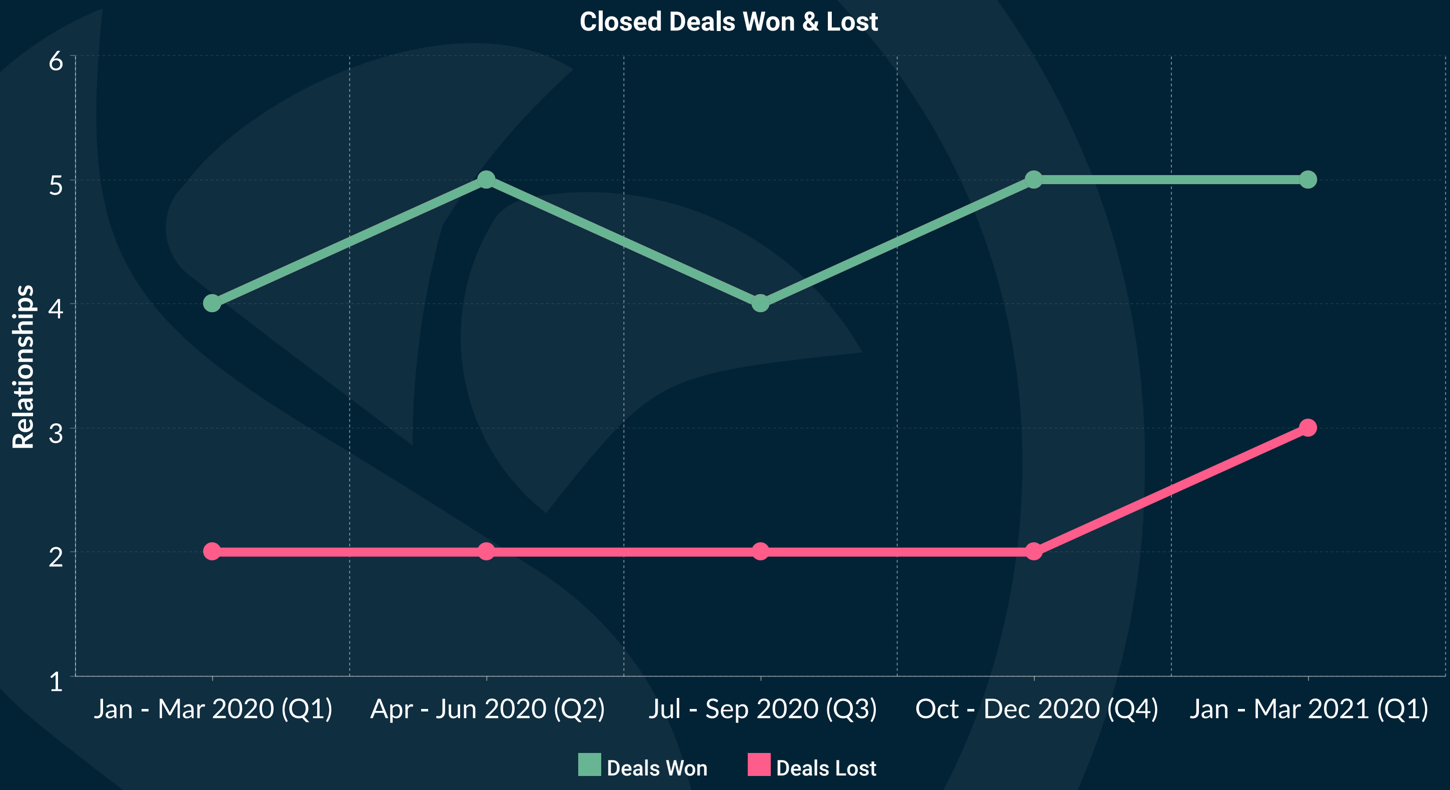
Relationships



Benchmarks - Q1 2021 - Relationships:

CLOSED DEALS WON	CLOSED DEALS LOST
5	3

People buy from people. This well-known adage is so frequently repeated, it's a wonder why relationships are oftentimes a forgotten KPI. According to Brent Adamson, principal executive advisor at CEB and co-author of The Challenger Sale and The Challenger Customer, the average number of customer stakeholders involved in a B2B purchasing decision is 6.8 -- up from 5.4 in late 2014. Sales now focuses on multi-threading into accounts - and the days of having a sole decision maker in a sales process are very much coming to an end due to the unnecessary level of risk.

Opportunities which lack buy-in from the buying committee risk being lost. But having too many cooks will often 'spoil the broth'. Therefore, measuring relationships is a vital part of understanding what is the right number of relationships required. We've already touched upon how businesses were doing more in 2020 than perhaps any year previous to extract every dollar from each deal. So, it's vital we now understand how many relationships are bare minimum required.

When it comes to new business being won - our analysis reveals the benchmark for required relationships now sits between 4 and 5, and this has remained consistent through 2020 and 2021. Lost deals typically suffered from having too few relationships. As such, this suggests that the number of relationships is an early indicator for the likelihood of success or failure, as closed lost deals on average had only two.

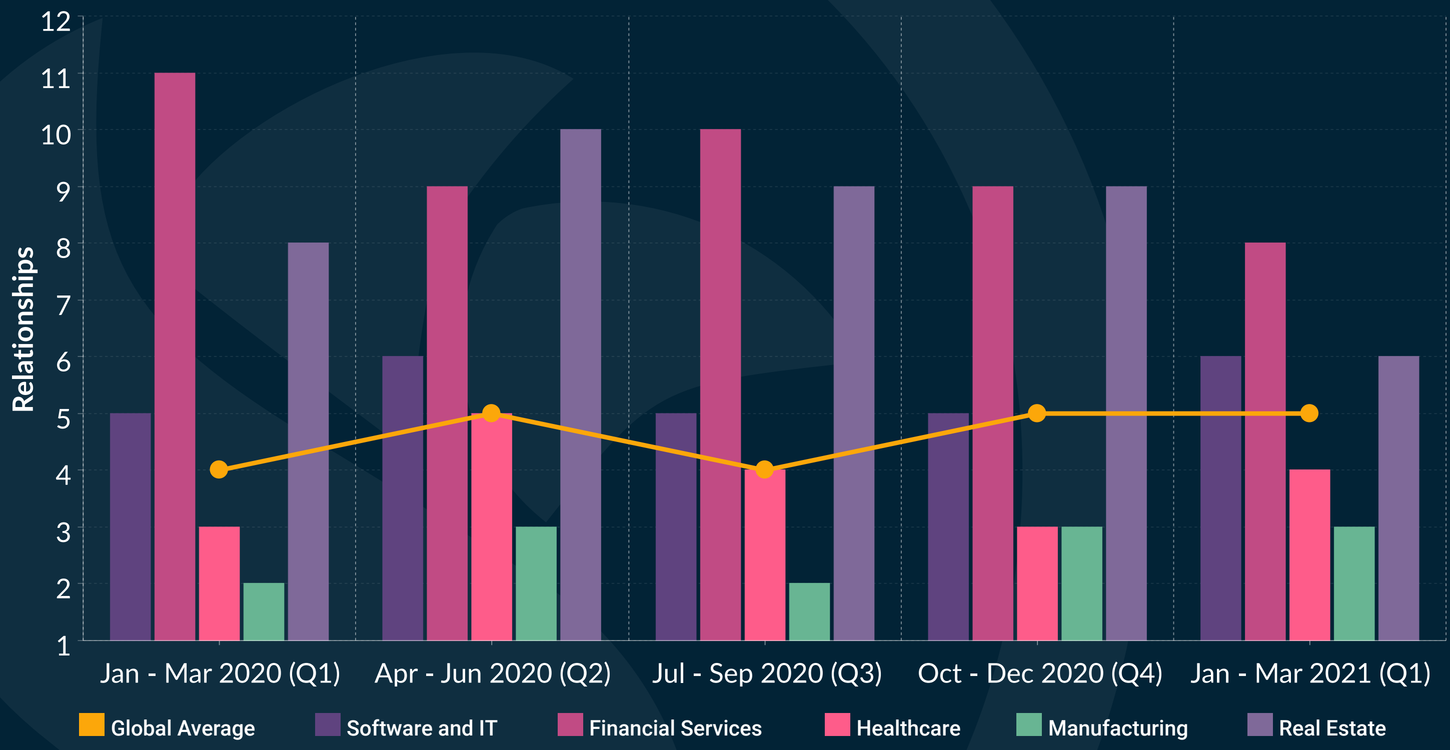
Later in the report, we will explore how relationships underpin our benchmarks, and hold the key to unlocking improving win rates, deal values and reducing sales cycles.

Take me there

Interestingly, this increased in Q2 to 5 relationships, before dipping back to 4 in Q3, but then steadied once again in the remaining quarters. We've explored in previous sections how greater emphasis was placed on existing deals in the pipeline, and how we can see this across the year. When pipelines were effectively cleared in Q2, the average number of relationships rose. As the panic then subsided in Q3, this number trended back towards 4 once again. Finally, once the ship had steadied, it's clear greater levels of success derived from deals with more relationships.

If we contrast this with deals lost, the average was only 2 relationships. Now, the intriguing trend here is the jump in Q1 2021. Even when businesses were adapting to building more relationships, that still was not enough with 3. Similar to what we saw within the sales cycle section, a high level of time was evidently being invested into low intent deals. This demonstrates that a minimum of 4 relationships were required to secure a deal at the beginning of 2021.

Closed Deals Won



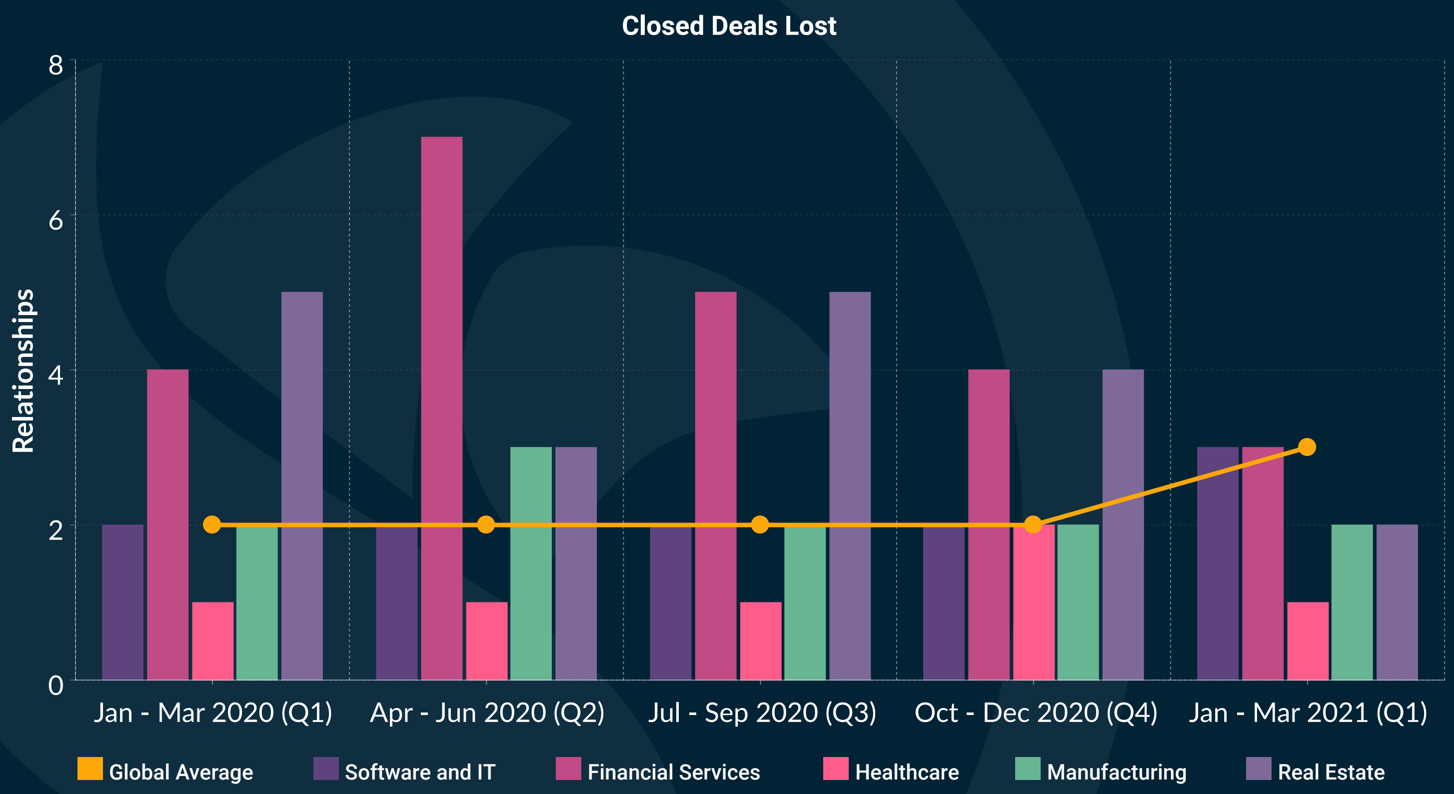
Benchmarks - Q1 2021 - Closed Deals Won:

SOFTWARE & IT	FINANCIAL SERVICES	HEALTHCARE	MANUFACTURING	REAL ESTATE
6	8	4	3	6
CLOSED DEALS WON	CLOSED DEALS WON	CLOSED DEALS WON	CLOSED DEALS WON	CLOSED DEALS WON

When diving deeper into the analysis within each industry, the sweet spot clearly varies depending on the industry. In the financial services industry (where deals generally are much higher), as many as 11 relationships were needed at the beginning of 2020 - yet this decreased to 8 (-27%) by the beginning of 2021.

Across the board, the number of relationships necessary leapt up in Q2 (aside from financial services), as greater investment was required to ensure existing deals in the pipeline were completed. In healthcare, this rose from 3 to 5 relationships, which aligns with the 50% increase we had witnessed in deal value too. When the deal value began to rise, so did the number of relationships required to successfully close a deal.

There is a great deal of contrast when deals are being lost. Financial services in particular is remarkable. In Q1, an average of 13 relationships were required to win the deal, and yet when deals were being lost, there were only 4 on average. Fast forward to Q2, and the required number to win fell to 9, and yet for those lost, it sat



Benchmarks - Q1 2021 - Closed Deals Lost:

SOFTWARE & IT	FINANCIAL SERVICES	HEALTHCARE	MANUFACTURING	REAL ESTATE
3	3	1	2	2
CLOSED DEALS LOST	CLOSED DEALS LOST	CLOSED DEALS LOST	CLOSED DEALS LOST	CLOSED DEALS LOST

at 7. This demonstrates that they were working much harder with what they had, and had switched strategy to double-down on the deals they did have in their pipeline.

We've always known relationships are a key ingredient in the recipe for success. Now we can begin to understand why through a clear correlation in deals won and lost. Typically there are 60% fewer relationships in closed lost deals, and even when pipelines were being worked much harder in Q3, this figure still stood at 50%.

This reveals that relationships are an early indicator of success. If a deal has a low number of relationships attributed to it, it should be an immediate red flag. With a better understanding of relationships, sales leads can improve their forecasting and pipeline management based on these telltale signs. The same goes for deals which are being overworked. Through relationships we get an initial glimpse of how things are progressing and whether optimisation is required.

Trends

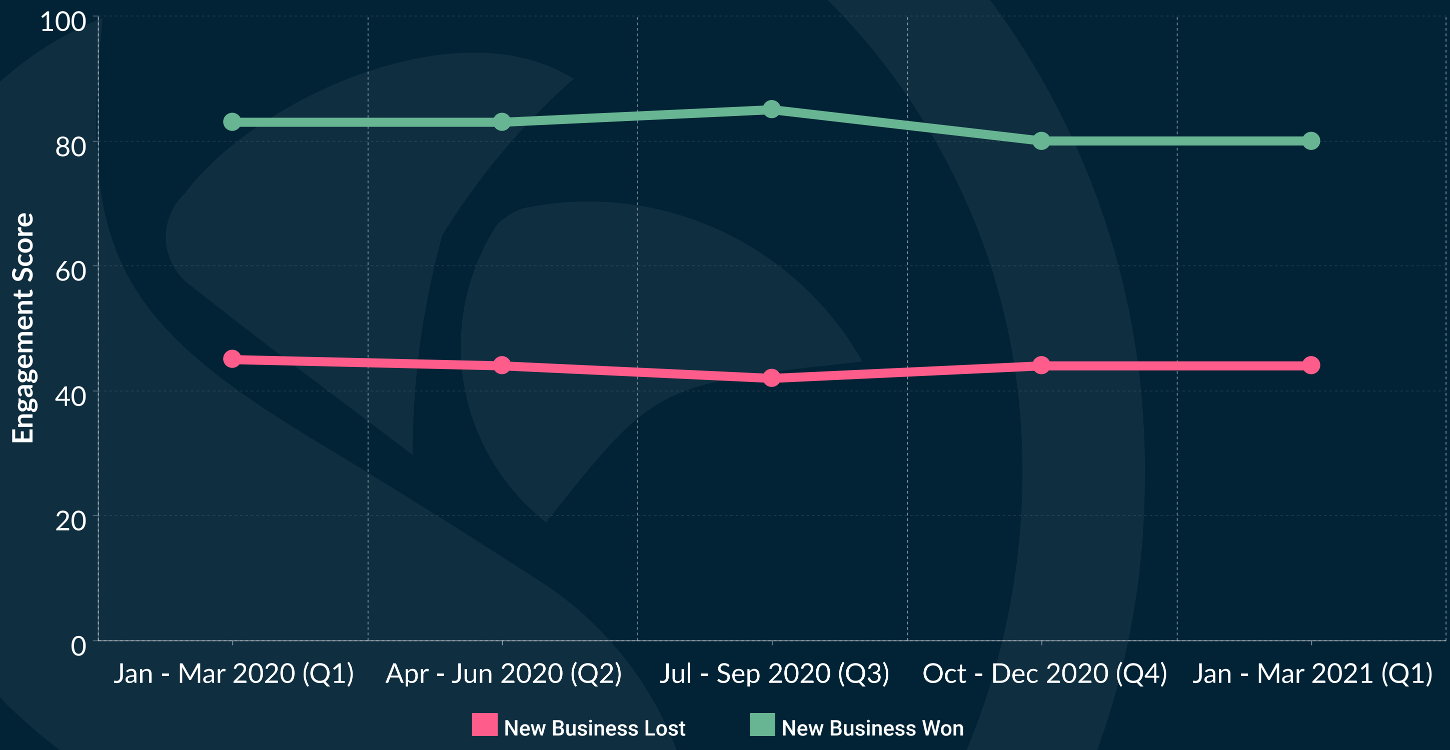
Engagement

Relationships alone of course are not enough. Relationships build upon high-quality and consistent engagement. Simply knowing members of a buying committee is not enough - they have to be engaged. Measuring engagement should enable us to understand not just the last activity or total activity, but also needs to consider recency, frequency as well as type.

At Ebsta, we have pioneered this measurement through the Ebsta Score. This takes all these factors into consideration, and provides a score out of 100. If a prospect is going cold because you've not dropped them a line in the past few months, then the score will be lower. If you are in touch regularly and have calls scheduled for in the next few weeks, then naturally you will score higher. In short, the Ebsta Score allows us to evaluate the impact of engagement through the customer lifecycle to understand it as a benchmark for success.

We can now, finally, come to realise: what level of engagement is required to successfully close a deal?

Closed Deals Won & Lost



Engagement Score Benchmarks Through the Year:

	JAN - MAR 2020	APR - JUN 2020	JUL - SEP 2020	OCT - DEC 2020	JAN - MAR 2021
WON	83	83	83	80	80
LOST	45	44	42	44	44

When reviewing the previous five quarters, there is a clear distinction between engagement with closed won and closed lost opportunities. We can see that closed won opportunities had a higher level of engagement (80) when compared to closed lost opportunities (44). But this isn't a surprise. As previously discussed, relationships drive revenue. However, what's clear is that engagement should be taken as an early warning system. It is an important indicator that highlights the possible health of an opportunity and its chances of successfully progressing through to closed won. If you have low engagement early on, or the relationship is trending backwards, can you really hope to close it won without immediate attention? Perhaps you can turn it around, but if you do not see progress, it is likely a sign to move on.

Across the previous five quarters, there is a clear correlation. When deals were being won, there was a high level of engagement, whilst for deals that were being lost, prospects were more than 50% less engaged. Just from this, we can begin to understand the role engagement plays in whether deals are closed as won or lost.

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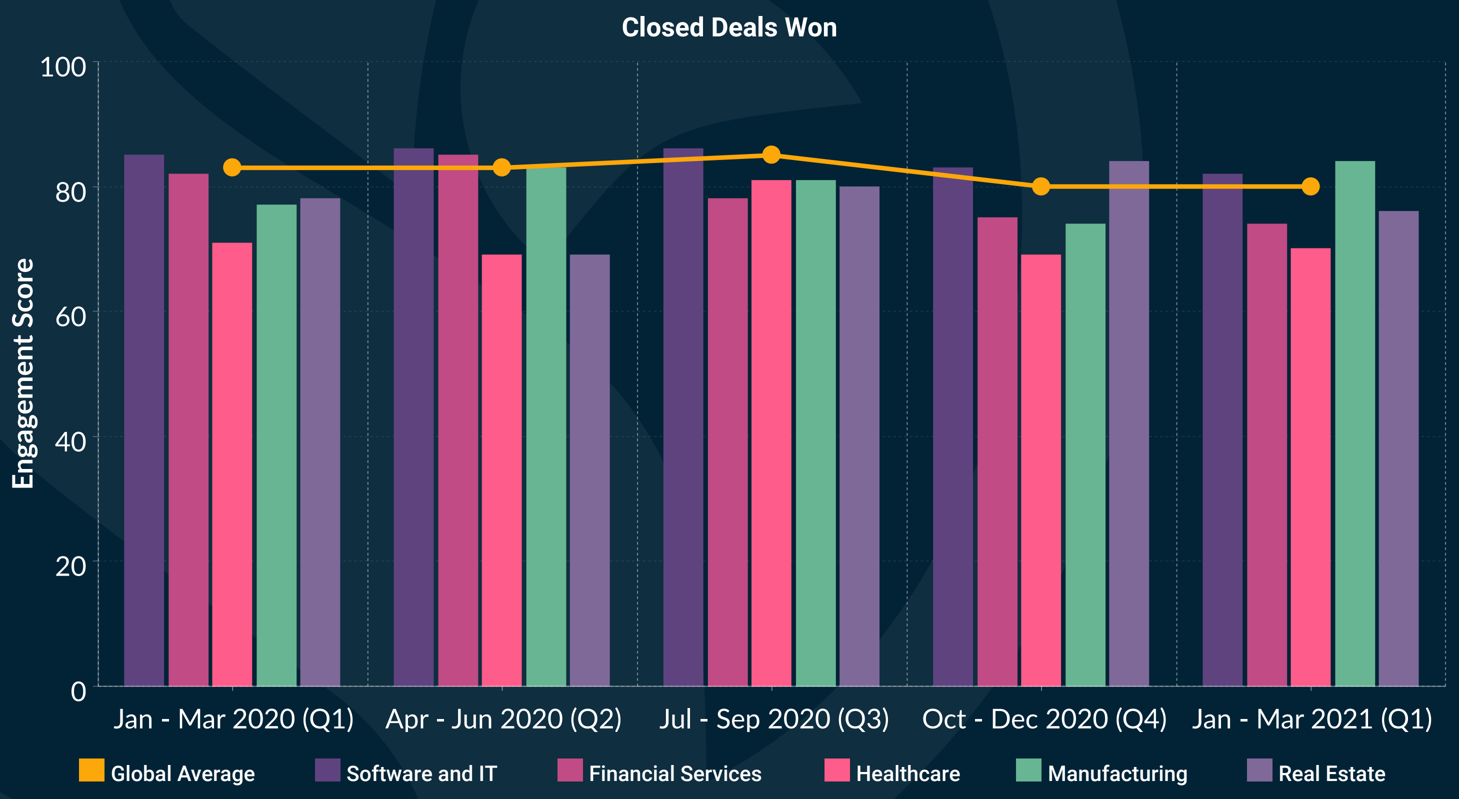
Much like with relationships, engagement should be employed as an early warning system for deals in the pipeline. This is because we know that when an account hits the benchmark engagement score of 80, then these are the deals to accelerate through the sales process. But when they are floating around the benchmark of 44 for closed lost, these deals should immediately be flagged as struggling and need to be closed sooner.



Benchmarks - Q1 2021 - Closed Deals Won:

SOFTWARE AND IT	FINANCIAL SERVICES	HEALTHCARE	MANUFACTURING	REAL ESTATE
82	74	70	84	76
CLOSED DEALS WON	CLOSED DEALS WON	CLOSED DEALS WON	CLOSED DEALS WON	CLOSED DEALS WON

Through the lens of our industries, it's a consistently high trend across each. For both real estate (76) and healthcare (70) industries, generally a lower level of engagement was required to ensure success. Whereas in software and IT (82), a very high level of engagement was necessary. Through the healthcare industry, we gain a fascinating insight post-outbreak, when the level of engagement increased from 71 in Q1 to 81 in Q3 (+14%).

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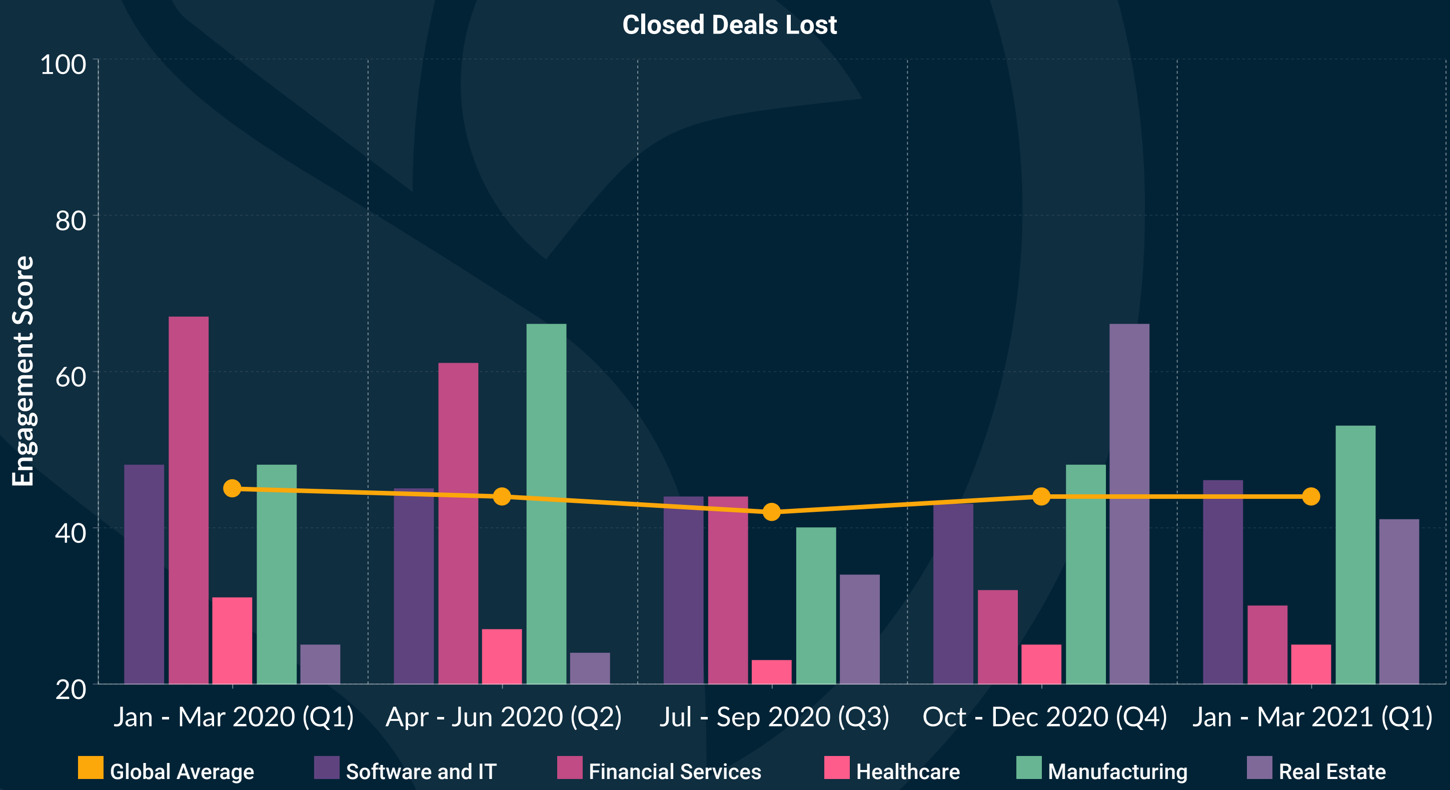
While win rate, sales cycle and deal value provide a primary measure of success, relationships and engagement offer an important insight into the factors underpinning those KPIs. In healthcare, when the panic buying in Q2 set in, the average engagement score fell from 71 to 69 (-3%). Yet when the dust had settled in Q3, this rose to 81 (+17%), reflecting the competitiveness of the market, as well as the greater level of engagement required to secure success.



Benchmarks - Q1 2021 - Closed Deals Lost:

SOFTWARE AND IT	FINANCIAL SERVICES	HEALTHCARE	MANUFACTURING	REAL ESTATE
46	30	25	53	41
CLOSED DEALS LOST	CLOSED DEALS LOST	CLOSED DEALS LOST	CLOSED DEALS LOST	CLOSED DEALS LOST

Q2 was also a time for businesses to make the most of existing pipeline. We can see this in financial services where the average engagement score of closed won deals rose to 85 from 82 (+4%). Opportunities decreased in real estate in Q2, but when they came roaring back towards the end of the year, greater emphasis was placed on existing deals as the engagement score rose from 69 in Q2 to 84 in Q4 (+22%).

We can shed further light on this underlying influence through deals lost too. Manufacturing, software and IT, and real estate generally had higher levels of engagement, even for deals ending closed lost with scores on average of 53, 46 and 41 respectively. Meanwhile, financial services and healthcare trended much lower (30 and 25). This implies that more time is invested into lost opportunities in the former three industries compared to the latter two.

In fact, there was even a drop-off in financial services, with the benchmark score sitting at 67 in Q1, but ending the year at 30 (-55%). Considering the sales velocity and deal value around this period which were up compared to Q1, there was evidently a shift to prioritising high intent deals, and reducing engagement with those less likely to convert.

On the other hand in real estate, the benchmark score was 25 in Q1, however, it finishes the beginning of 2021 at 41 (+64%). It's in these latter two quarters that sales velocity peaked in this sector, suggesting there were higher intent deals entering into the pipeline requiring a greater level of engagement.

As the data suggests, engagement score is one of the factors which can be measured as a barometer of success - alongside relationships. Achieve a higher level of engagement, and you are more likely to win the deal. Let it flounder, and statistically it's more likely to close as lost. So this begs the question; if you consistently build relationships and engage with accounts, what impact does this have on the other KPIs? Not only would this provide sales leaders with a way to spot deals at risk early on in the pipeline, but it would also pave the way to making forecasting and pipeline management more predictable and scalable.

Share Your Thoughts...

As our benchmark report evolves, we would love to hear more from you about your experiences. Has it aligned with what the data showed? Were you able to buck the trend? This report is all about discovering how we've each performed and sharing insights on how to improve and generate more revenue, so get in touch!

leebierton@ebsta.com

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Insights

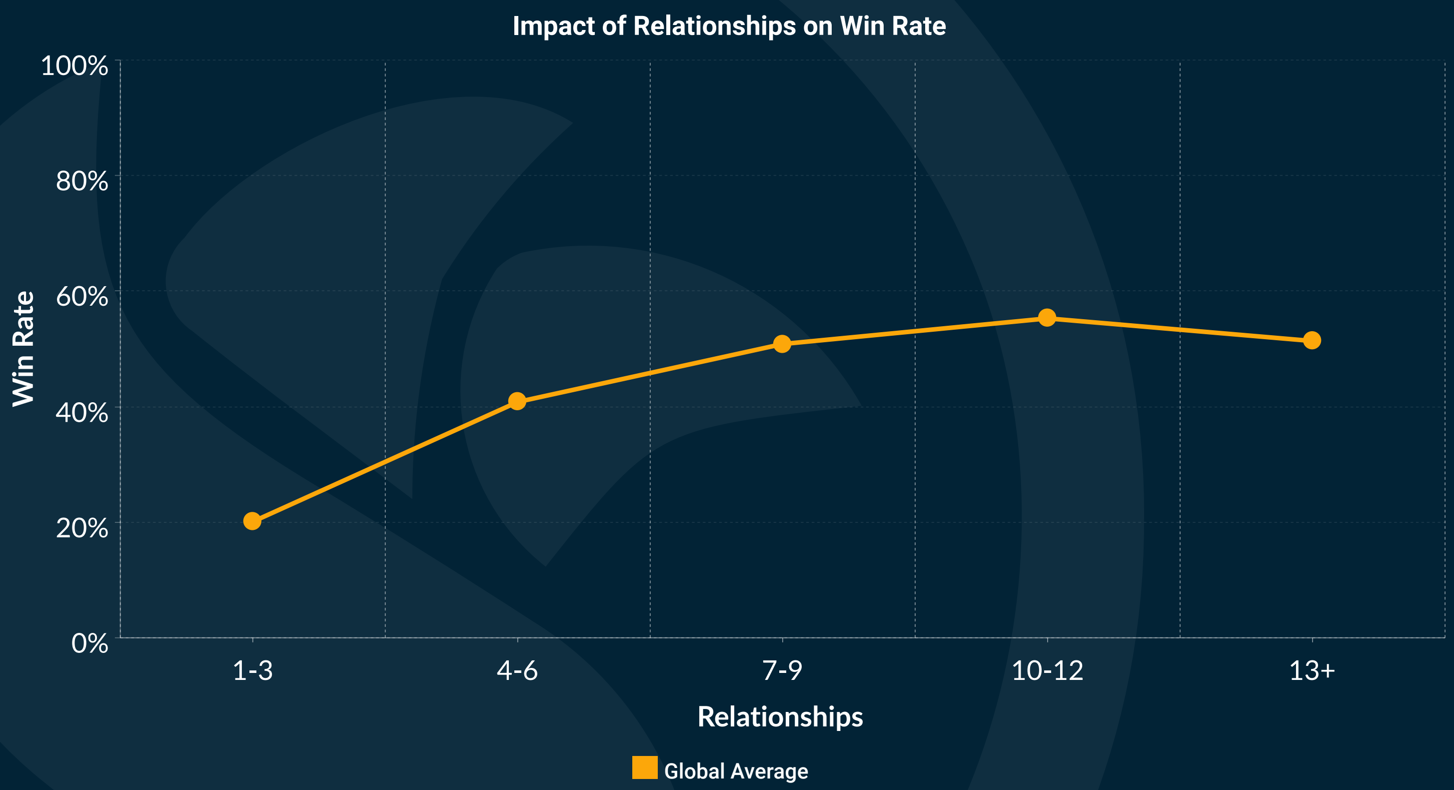
Three sales KPIs have stood the test of time; win rate, sales cycle and average deal value. However, as sales becomes more data-driven, we should consider two additional indicators that we can control and which have a significant impact on our measurement of success - relationships and engagement.

As we have discovered, deals are requiring more stakeholders than ever before, and the foundation of each relationship is built on engagement. So much so, that the difference between won and lost deals is more than 50%.

So, what is the impact of having the optimum number of relationships (4 to 5) and engagement (81+) on the speed and efficiency of closing deals?

Insights

Impact of Relationships



Win Rate Average by Number of Relationships::

1-3 RELATIONSHIPS	4-6 RELATIONSHIPS	7-9 RELATIONSHIPS	10-12 RELATIONSHIPS	13+ RELATIONSHIPS
20%	41%	51%	55%	51%
WIN RATE	WIN RATE	WIN RATE	WIN RATE	WIN RATE

We know that the current benchmark for relationships in closed won business is between 4 and 5. However, is that optimal? We can see from our analysis that this is not the case. In fact, if you increase relationships from 4-6 to 7-9 then it increases from 41% to 51% (+24%).

When breaking this down by industry, a familiar story begins to emerge. Evidently, the largest leaps we see occur when turning 1-3 relationships into 4-6 - our benchmark. In software & IT for example, a lingering deal with three and below relationships sits at a paltry 17% win rate. Yet equip that deal with a couple more key decision makers, and the figure leaps to 43%. Or how about healthcare - where there is a respectable 42% win rate for deals with three relationships or below. But add a couple more contacts to the mix, and that win rate jumps to a staggering 75%.

However, we have to consider that win rates continue to go higher when you engage 7-9 contacts, making you realise that many are still not engaging with enough

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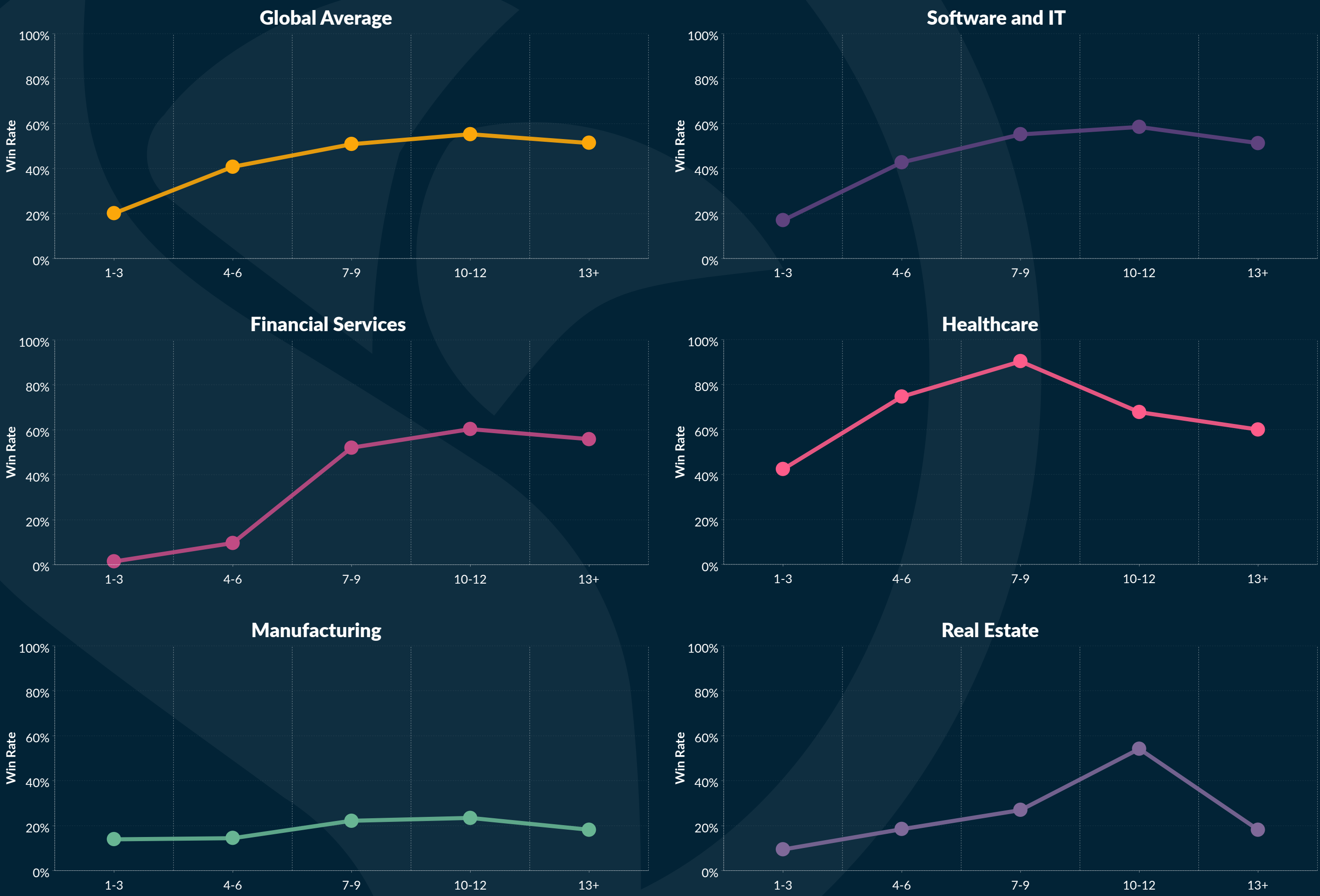
stakeholders. Increasing relationships from the benchmark to the optimal number would in fact see every industry increase win rates.



From this we can begin to appreciate that the optimal number of relationships differs by industry. In financial services, with four to six relationships, the win rate is 10%, by far the lowest of all the industries we've considered. But when these businesses secured 10-12 contacts, the win surges to 60%, an incredible difference.

Just in win rate alone, the number of relationships can have a staggering impact. Once you have been able to score the intent of your leads, identifying which relationships to build is the obvious next step towards accelerating the deal through your pipeline.

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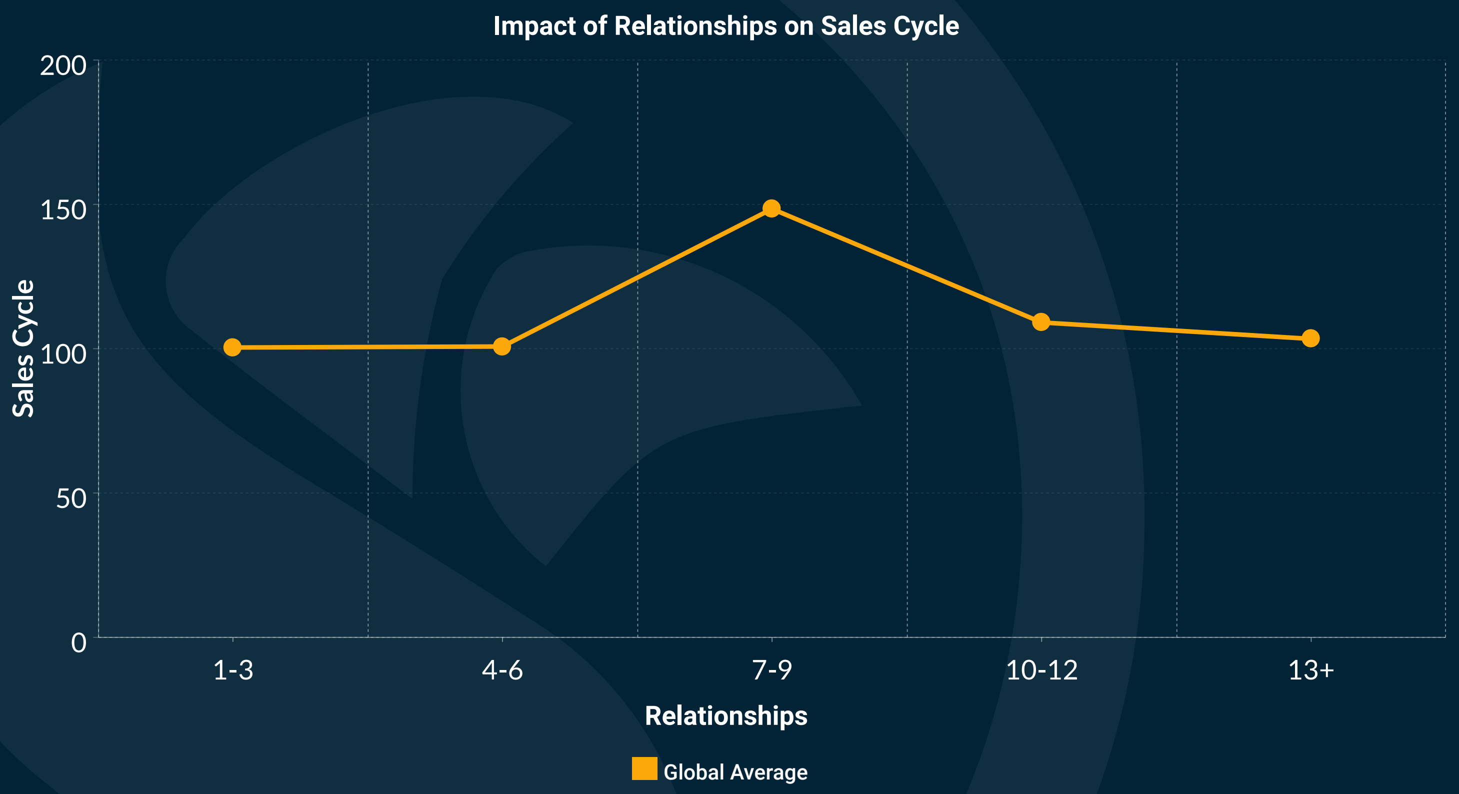
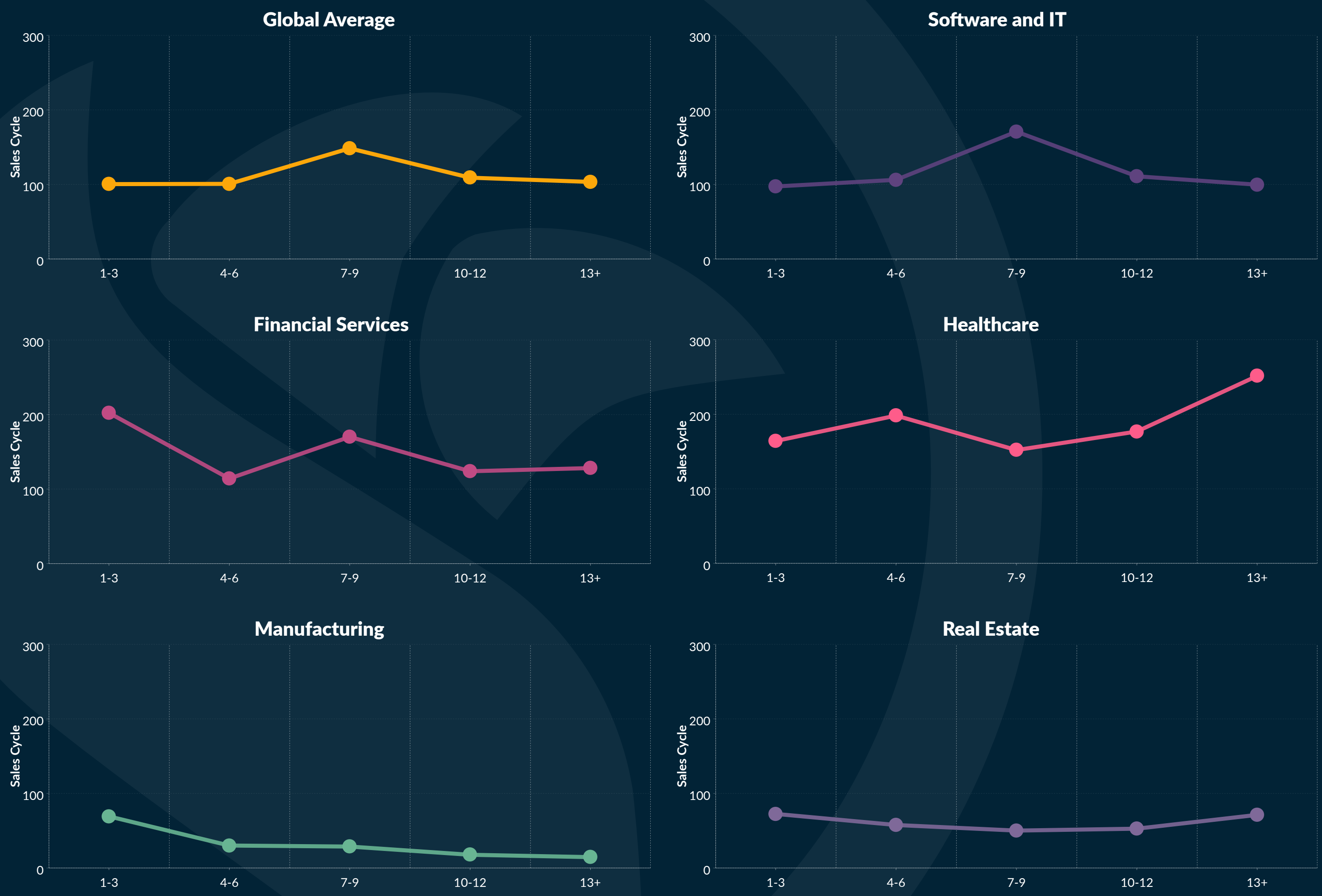


Sales Cycle Average by Number of Relationships:

1-3 RELATIONSHIPS	4-6 RELATIONSHIPS	7-9 RELATIONSHIPS	10-12 RELATIONSHIPS	13+ RELATIONSHIPS
100	100	148	109	103
SALES CYCLE	SALES CYCLE	SALES CYCLE	SALES CYCLE	SALES CYCLE

When beginning to understand the influence of relationships on sales cycle we need to look very closely into each industry. First, we must consider that deals in the 1-3 bracket include deals with short sales cycle, including those with no real relationships, but an immediate or urgent need. Furthermore, deals in the 13+ bracket include those deals which were clung on to in hope more than expectation.

With this in mind, the key insight we can glean from the data is the impact the number of relationships had on deals which generally trended longer. We can see this in manufacturing for example, which as we've seen, generally has the lowest number of relationships involved on average. With one to three relationships, the lengths of the sales cycle generally sits at 69 days. Yet when this is increased to four and six, the length of the sales cycle is considerably shortened (-57%).

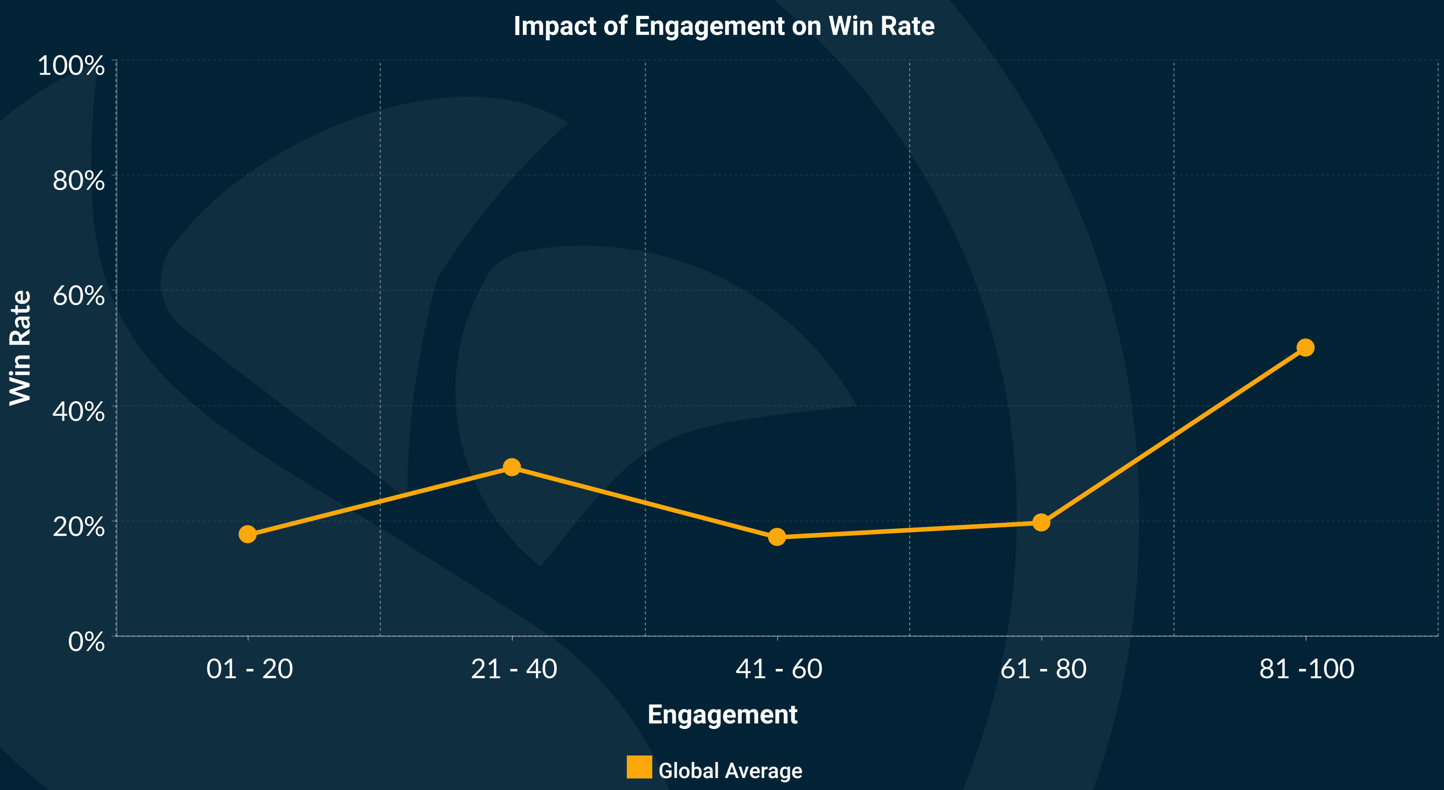


Or how about financial services, where deals with 1 to 3 generally took 202 days to close. Increase that number, and the sales cycle tumbles (-44%), as deals took on average 114 days to close. There's an interesting shift then at the 7-9 relationships threshold, where the sales cycle lengthens again (we can see a similar increase in software & IT).

This highlights the fine line that exists when measuring relationships. Have too few, and it slows the deal down (excluding urgent deals). Find the right amount, and it will accelerate deals through your pipeline. But have too many, and it can have an adverse effect, and slow down how quickly you can close the deal.

Insights

Impact of Engagement



Win Rate Average by Level of Engagement:

01-20 ENGAGEMENT	21-40 ENGAGEMENT	41-60 ENGAGEMENT	61-80 ENGAGEMENT	81-100 ENGAGEMENT
18%	**29%**	**17%**	**20%**	**50%**
WIN RATE	WIN RATE	WIN RATE	WIN RATE	WIN RATE

Measuring relationships is a two-pronged approach. Once you are tracking how many relationships are being nurtured within each account, the next step is to consider how well they are being engaged with. Through the Ebsta score, this can be measured via multiple touchpoints; e-mails sent, calls made, and meetings. We've already seen that the higher the engagement score, the more likely a deal is to succeed. Through analysis of our $100bn of pipeline, we can go even further to examine just how much of an influence engagement has on our KPIs.

Beginning with win rate, the impact of engagement is remarkable. Of all the deals analysed, when the engagement score was between 61-80, the win rate was only 20%. Yet for deals with an engagement score of 81 and above - this lept to 50%. This proves that when key stakeholders were effectively engaged through the sales cycle, it more than doubled the chance of success.

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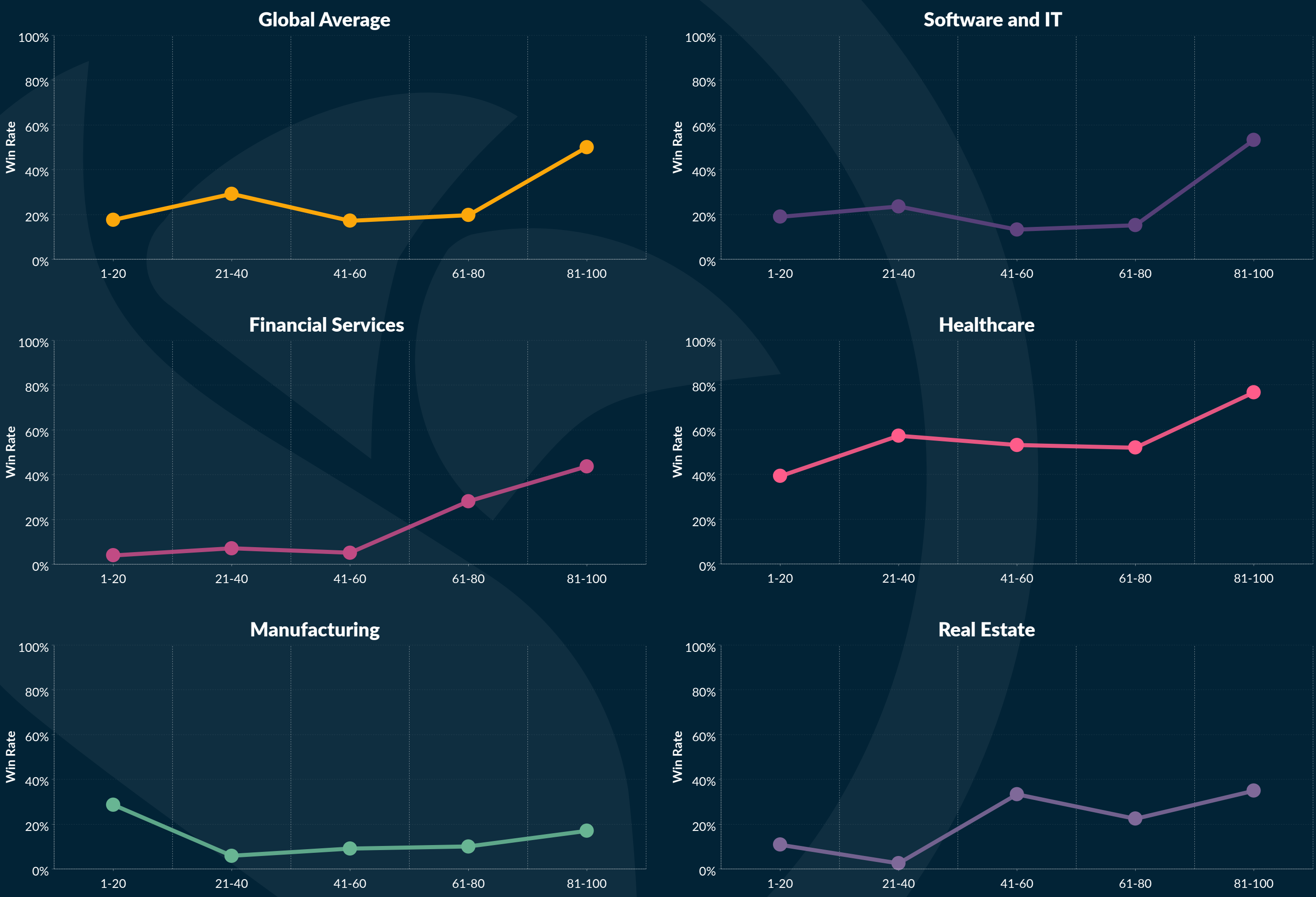
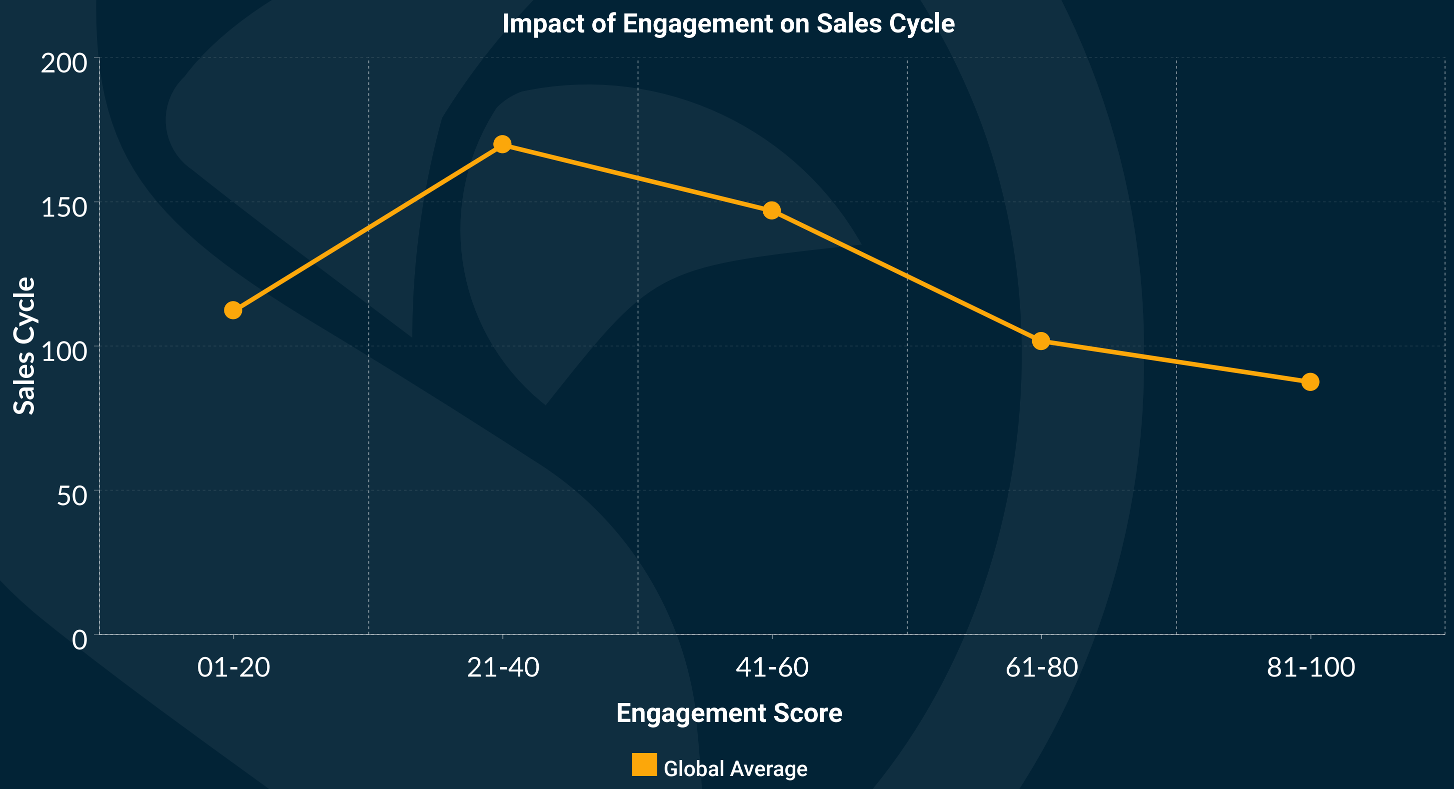


This trend continues when we start to break it down by industry. There's an initial spike in deals with a score between 21 and 40, this we can attribute down to deals where the account was prepared to buy from the outset and therefore required very little nurturing from sales - essentially transactional. We can then see in the next two bands (41-60 and 61-80) how win rate grows as the score increases. When relationships began to be scored between 81-100, this is when things really start to get interesting.

Consider software and IT, when engagement was scored between 61 and 80, the win rate was only 15%. Yet when engagement was optimised, this chance of success leapt to 53%. Or how about financial services, which we've already learned generally requires more relationships than most. When their relationships were scored between 61 and 80, the win rate was 28%. Yet when deals were prioritised and had higher engagement, the win rate jumped once more to 43%.

The result is exactly the same in healthcare, manufacturing and real estate too. As such, the message is clear: engage an opportunity with all you've got, and the chances of success increase by at least 50%. Even in a year as we've just had, the businesses we've analysed were continuing to find success by focusing their resources on nurturing existing deals in their pipeline.

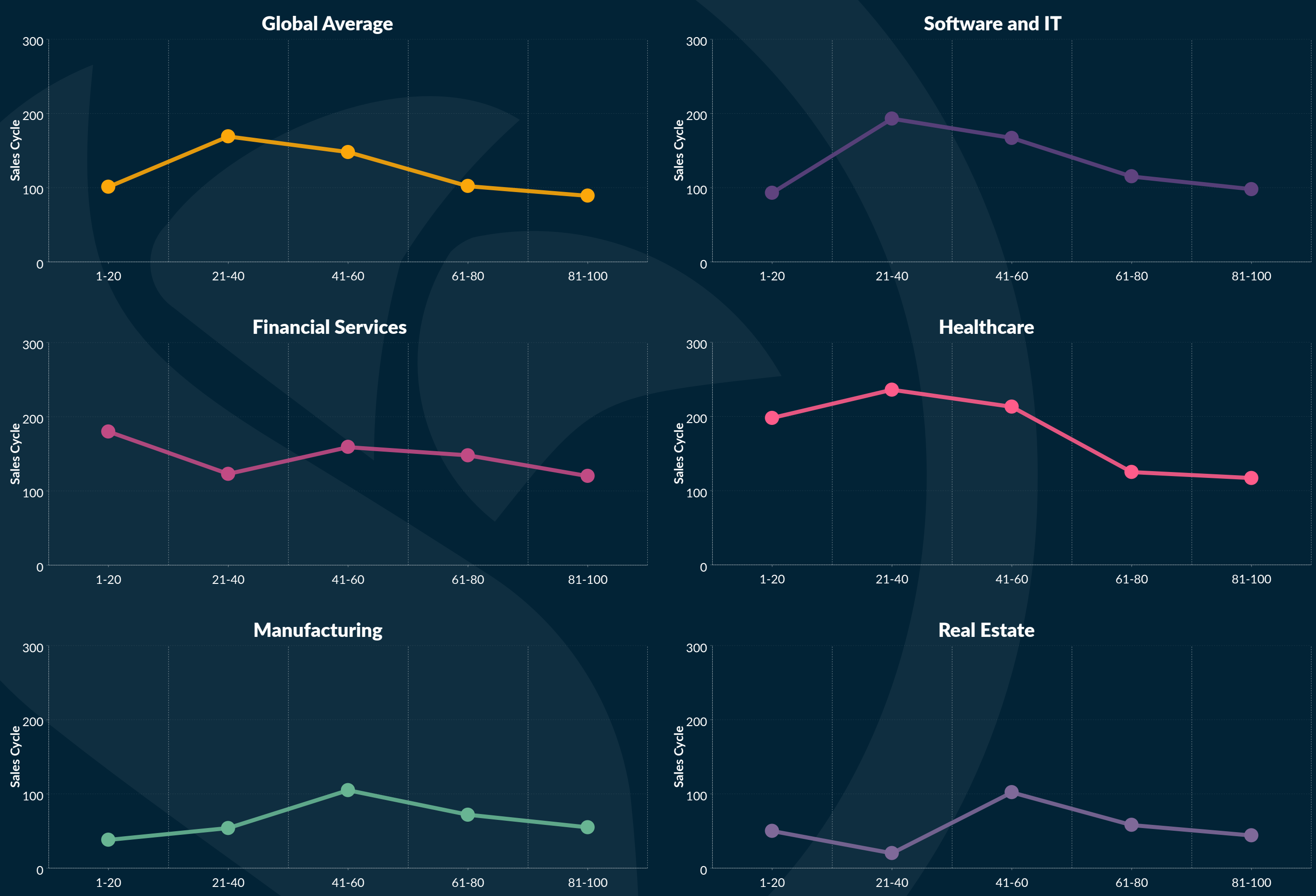


Sales Cycle Average by Level of Engagement:

01-20 ENGAGEMENT	21-40 ENGAGEMENT	41-60 ENGAGEMENT	61-80 ENGAGEMENT	81-100 ENGAGEMENT
112	170	147	102	88
SALES CYCLE	SALES CYCLE	SALES CYCLE	SALES CYCLE	SALES CYCLE

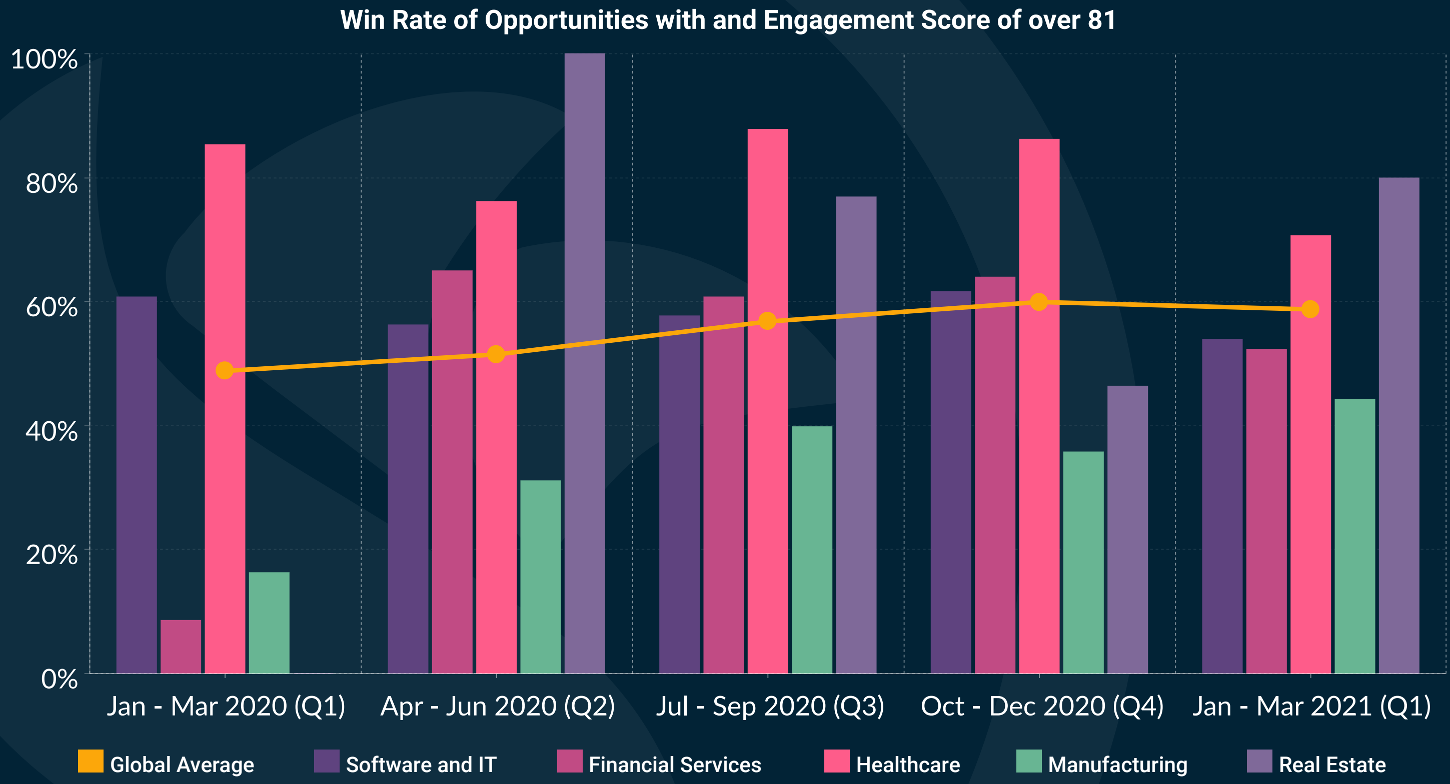
It's not only win rate which benefits either. When analysing the length of the sales cycle, it's a similar result. The average sales cycle length for all deals with a score 80 or below is 133. But if you can improve that to 81 or over, it plummets down to only 88 days, a staggering 33% reduction. We've always known that having a stronger relationship increases the likelihood of success, but now we can tangibly see how excellent levels of engagement are a key to demonstrating the value of your product to stakeholders.

Insights | Impact of Engagement



When we dissect by industry, we can see how the sales cycle cascades downwards, the higher the engagement score grows. Let's consider software and IT to start, when a deal scored between 21 and 40, deals were taking on average 193 days to close. But for deals scoring between 81-100, the length was cut to just 98 days, that is a remarkable 49% reduction.

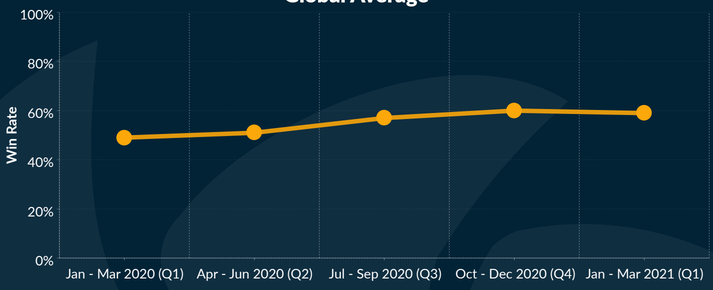
Or how about healthcare, which typically has one of the longest sales cycles. Deals scoring between 21 and 40 took an average of 236 days to close. Nurture those relationships and hit an engagement score of 81-100 and this is slashed to 117 days - that's a 50% shorter sales cycle. Regardless of industry and how long it typically takes to close a deal, it's clear that deals which scored higher in terms of engagement were those far more likely to close successfully.



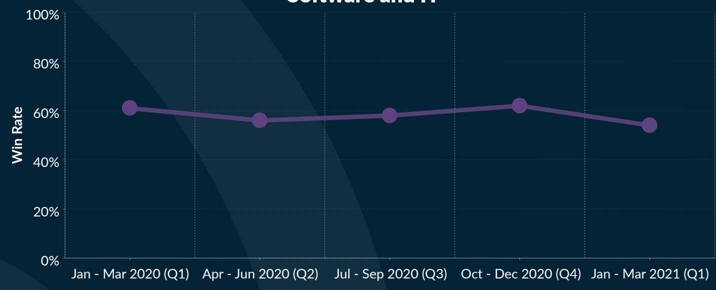
It's important to caveat that while improving engagement increases the odds of success and accelerates deals through your pipeline, there are still other factors contributing to whether a deal will succeed. The past twelve months have been an excellent study in how this can unfold. For example, we've seen many buyers forced into the market by circumstance. Some knew what they needed, and quickly advanced through the pipeline. Others were less sure, creating a wealth of opportunities, but many did not translate into success.

We are able to analyse this by looking at the win rates of deals with an engagement score of over 80. Beginning with the benchmarks, we can see that overall, the win rate for deals meeting this score threshold was 59%. In each industry, the influence of engagement clearly varies on the win rate. In real estate the benchmark was an astounding 80% in Q1 2021, and it was similarly high in healthcare, with a win rate of 71%. Then in software and IT, this was still very strong at 54%, and similar in financial services too, coming in at 52%. Finally, in manufacturing this benchmark sat at 44%, which despite being the lowest of all the industries analysed, still represents an extremely strong result.

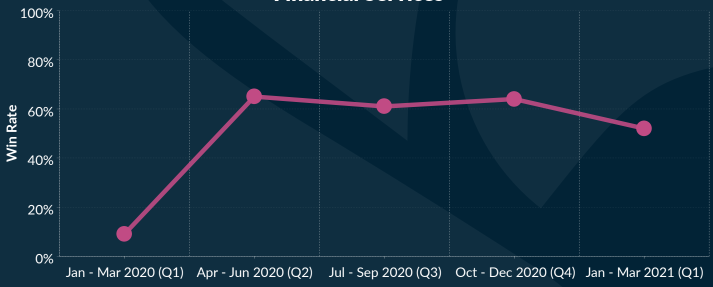
Global Average



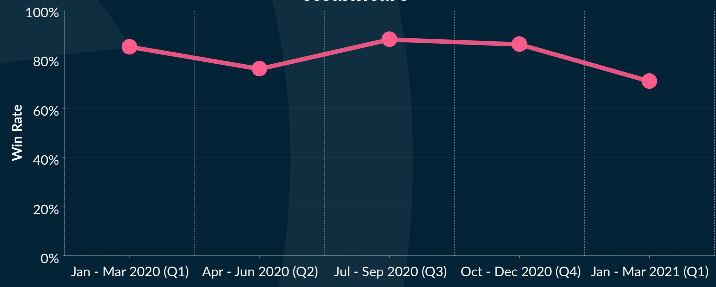
Software and IT



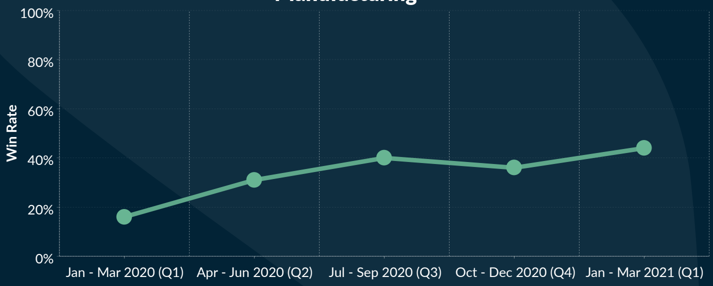
Financial Services



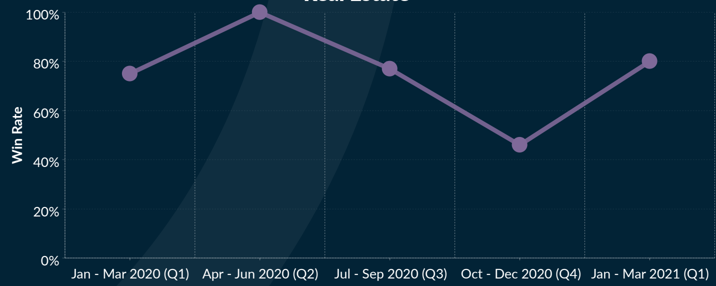
Healthcare



Manufacturing



Real Estate



When we consider this trend over the year, we can begin to understand when the level of engagement had the biggest impact on deal win rates. For software and IT businesses, who we've already seen benefitted from a surge in opportunities, we can see how their win rate decreased from 60% in Q1 to 56% in Q2, when it became essential to maximise existing deals in the pipeline. This rose as the year went on, hitting a win rate of 62% by Q4, demonstrating how prospects with higher demand coming into their pipeline was improving, and with the necessary levels of engagement, this was equalling greater success.

There's a similar impact when looking into the healthcare industry too. The win rate of highly engaged deals sat at 85% in Q1 2020, but decreased to 76%, so even when demand was surging in this industry, there were clearly still many businesses, who were highly engaged with, who still did not have the budget to convert.

If there is one takeaway from this section, it's that engagement is a critical factor in increasing your chances of success, therefore helping to close more business faster. Like relationships, marginal increases to opportunities produced remarkable results.

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We now have a clearer idea of not just what the benchmark for relationships and engagement is - but what the optimal amounts are.

In addition, we can now see how these two factors underpin, and have a huge impact on the three traditional KPIs analysed in this report: win rate, sales cycle and deal value. It's this knock-on effect which is so powerful. If you can define a process which ensures your opportunities are consistently highly engaged with, then statistically this will more than double your win rate. Roll out that process to all priority deals in your pipeline, and the potential for compound gains is tremendous.

Conclusion

Conclusion

2020 is the dawn of a new era for sales. Those who have survived, were those who were able to adapt to the toughest of circumstances. Those who have thrived, were those who embraced the situation and grew from it. We've now entered the data-driven era of sales, where performance is measured not just on the end result, but also how we got there.

Our obsession with extracting as much as possible from every deal in the pipeline has led us to this point. It was only scarcity which kick-started the digital transformation for many businesses, but now it's value has been proven, it will exponentially build momentum from here.

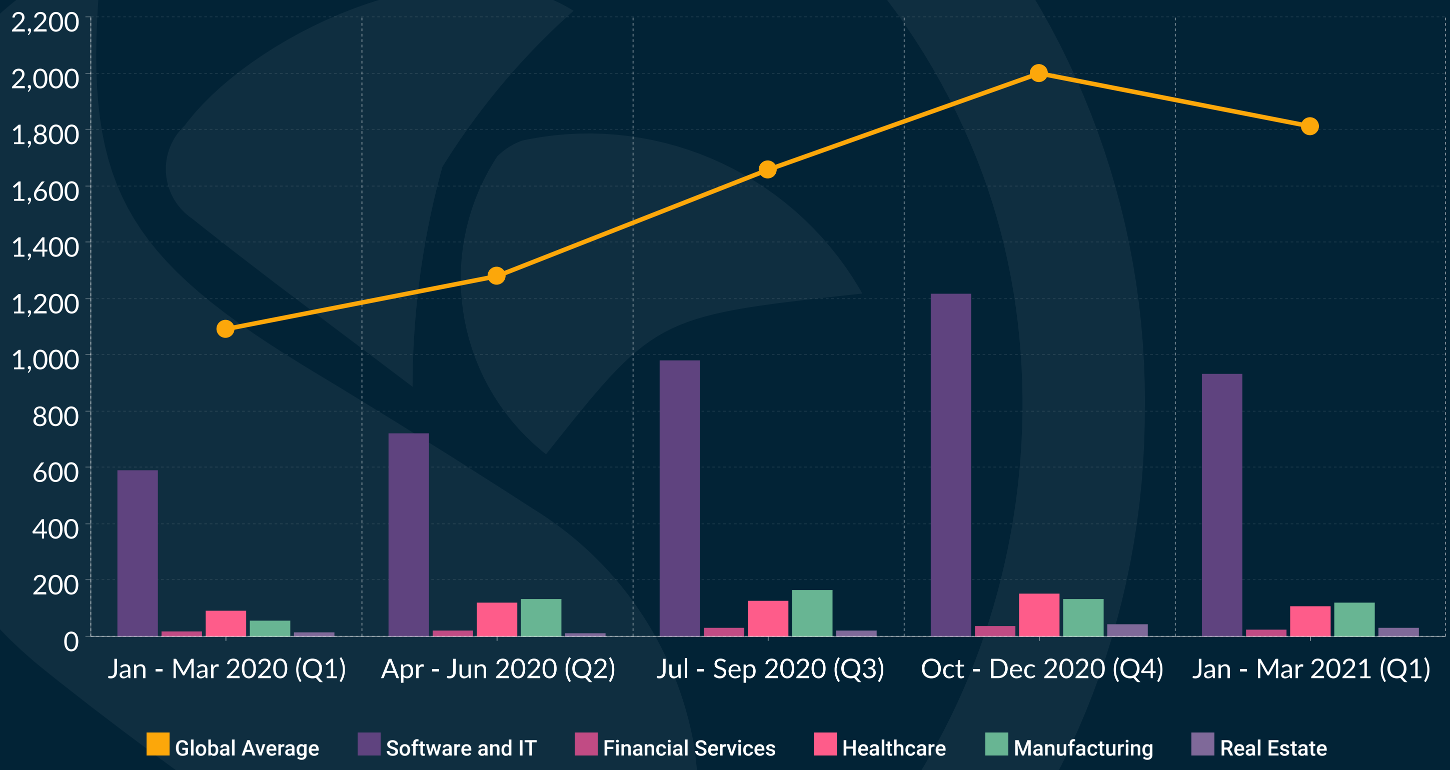
Long gone are the days when we are only measuring win rate, sales cycle and deal value. These only tell us what the result was, but leaves us blind to how we got there. From this report, we can now understand the influence that relationships and engagement have on these metrics. Now we can begin to understand why the deal was won or lost, why the sales cycle was shorter or longer, and why the deal value rose or shrunk.

Through this new knowledge, we can then begin to apply the learnings to the sales process. Once you understand why results happen, you can then start to optimise future deals based on this new knowledge. This leads to incremental, compounding gains. These small tweaks and changes are small in isolation, but incredibly powerful when continuously applied over time.

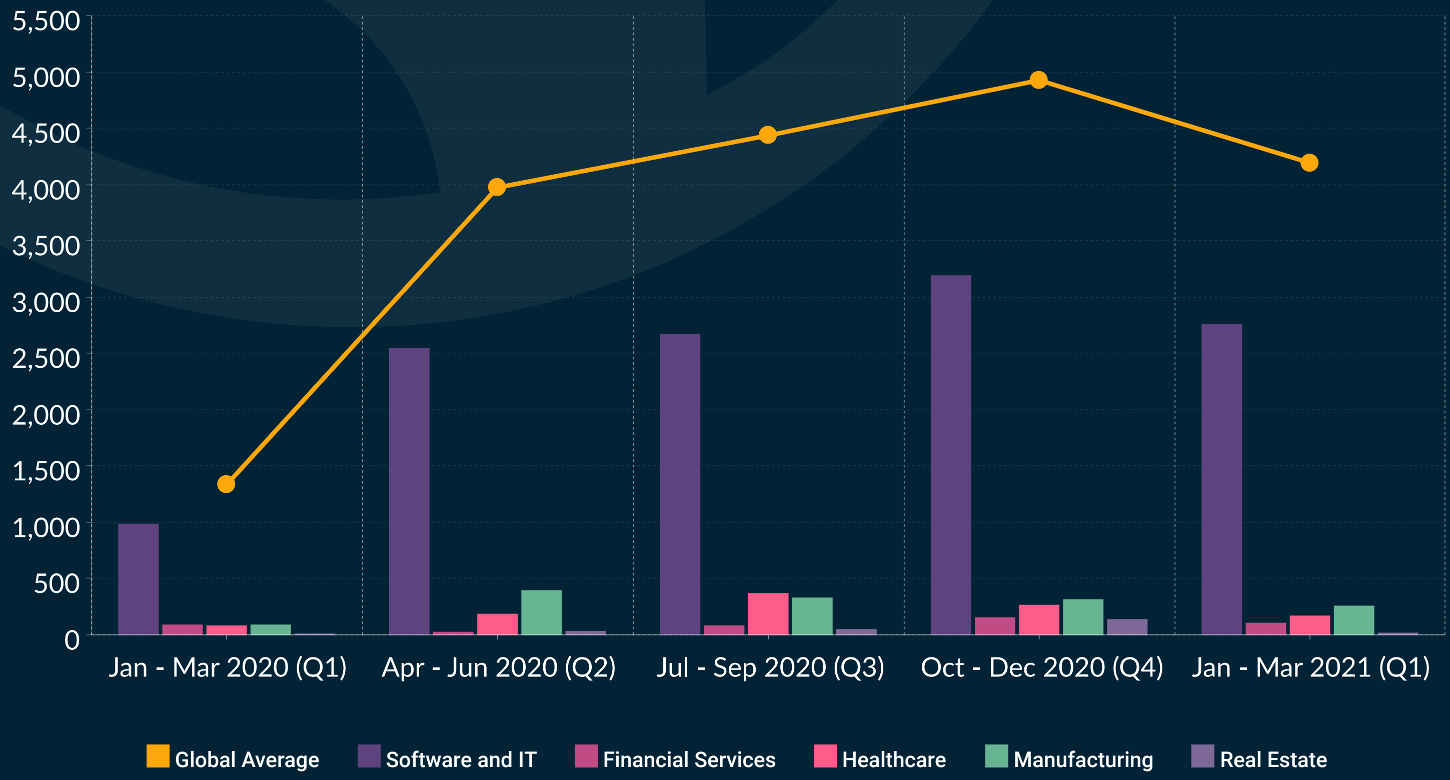
Consider applying what we've learned about engagement to the existing deals in your pipeline. We've learned that improving deals with an engagement score of 61-80 to 81-100 statistically improves win rate by 50%. So if you begin measuring engagement score, and also start to improve your processes to optimise for this, then you too can begin to see similar results. And this truly is the beginning of using data to analyse performance and discover incremental improvements which lead to compounding gains.

So the key question now is - how do you compare? We are all now on this journey together to extract every last drop from each deal which enters our pipelines. We are only just now beginning to understand our pipelines and how they operate. So we want to hear from you. Let us know whether the trends reflected what you have seen over the past year. Through data we can now not only share how to more effectively progress deals through the pipeline, but also deliver a better experience to our customers. It tells us what they want, and what they need to confirm you are the right fit for them. We're only getting started.

1. Opportunities Created - Closed Deals Won



2. Opportunities Created - Closed Deals Lost



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