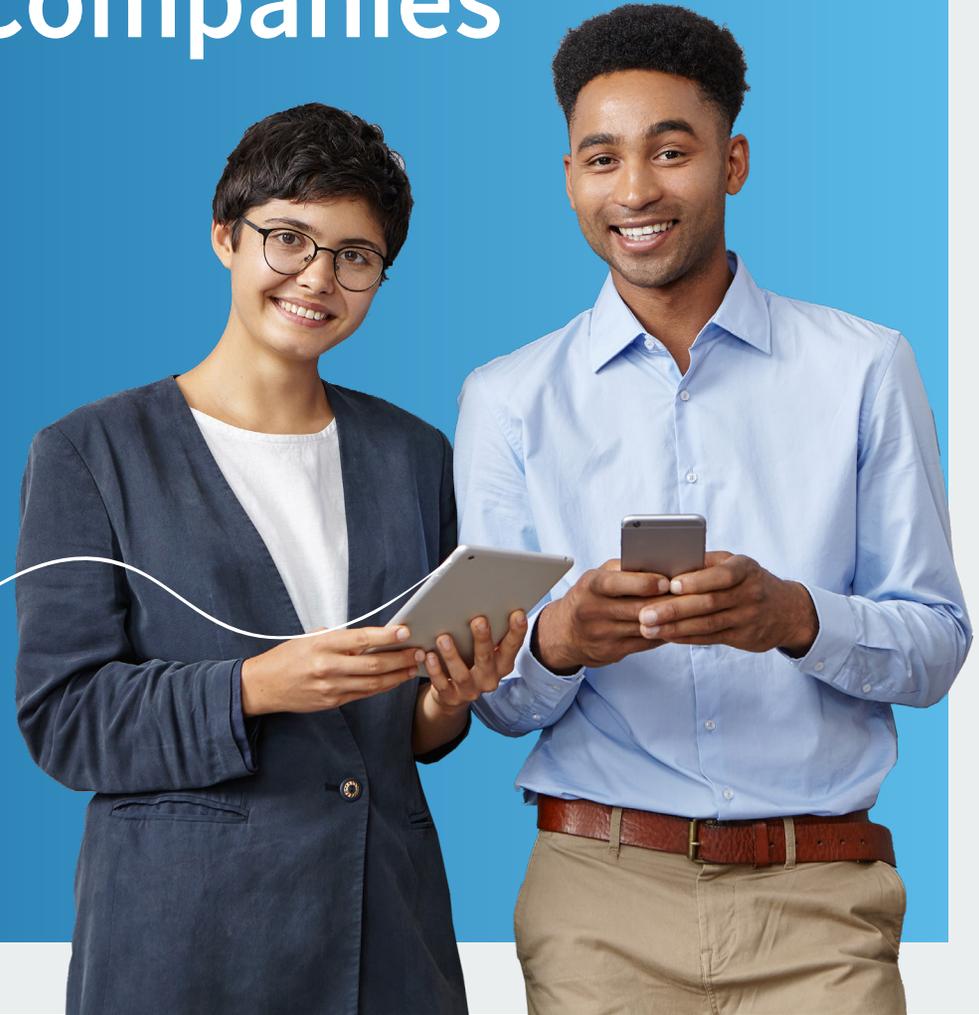


Benchmark Report

2021 ABM Benchmark Study: Measurement of Account-Based Programs by B2B Companies

Insights into the ABM adoption practices and key performance metrics used by go-to-market and customer expansion revenue teams



DEMANDBASE | RevOps²

Get ready!

Research overview

We often talk about best practices, but how are companies actually measuring their ABM programs and their business impact?

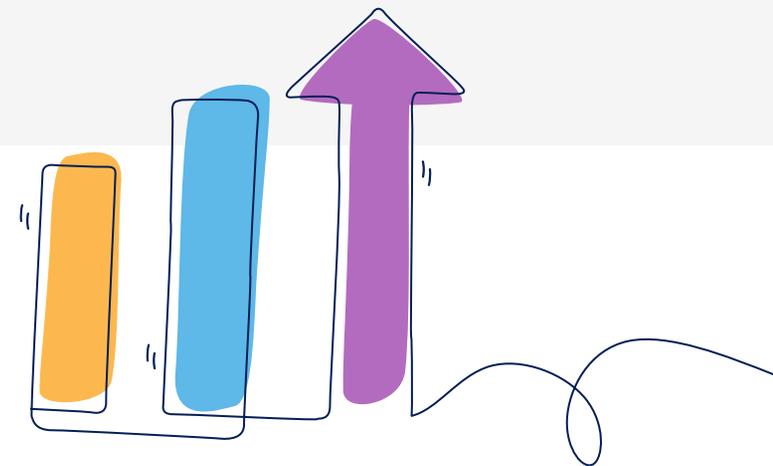
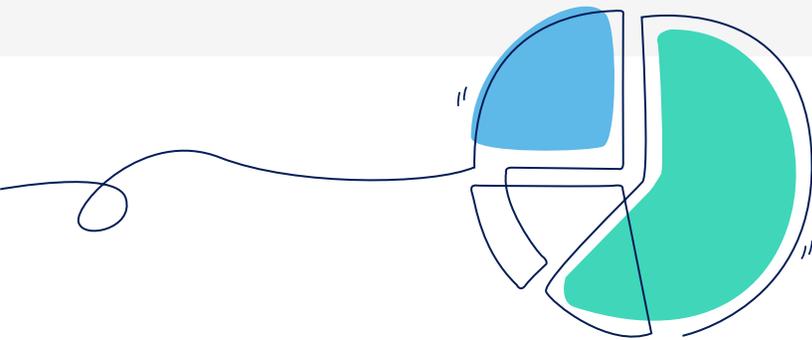
During the period of December 9, 2020 through January 8, 2021, RevOps Squared and Demandbase joined forces for a new kind of research study. One that would uncover insights into how business-to-business companies are implementing, budgeting, measuring, and managing their account-based programs.

While other ABM-centric studies focus on the challenges of creating account-based programs and address levels of ABM maturity and ROI, the present study identifies how businesses are measuring, and thus managing, their programs success.

We delve into key performance indicators and associated benchmarks, illuminating how companies are using ABM to power their go-to-market and customer expansion strategies.

We are grateful to the over 550 marketing professionals who responded to our survey—some of the brightest minds in B2B. They come from various roles, including marketing, sales, sales development, customer success, and the C-suite. The participants represent a little over 500 companies, spanning the manufacturing, financial services, SaaS, and technology industries.

Thank you to everyone who contributed to making this survey report a success.



It's time

Why now?

Previously, these types of granular insights into ABM measurement were not readily available and shared. Now, they are finally revealed. But why now?

For the answer, we can turn to the digital transformation that took place in 2020. With a pandemic that upended traditional selling models, the B2B world shifted to relying on the innovation of a digital landscape for pretty much everything related to conducting business—from internal operations and how services and products are marketed to how buying committees make their purchases.

With that, Account-Based Marketing evolved at warp speed. And this isn't hyperbole (entirely). At least at Demandbase, we've leveraged recent advancements in AI and machine learning to launch a definitively more comprehensive ABM platform, one that we could only dream of just a year prior.

We also saw more B2B businesses shift their revenue models to account-based strategies supported by ABM platforms. ABM is no longer a pilot concept for many; it's an accepted and

completely adopted approach. With the heightened awareness and receptiveness of the validity of ABM as a central performer of revenue growth strategy, we were able to statistically analyze real practices and provide our insights in this report.

For the first time, we have tapped into the performance benchmarks that can serve as a foundation for planning, budgeting, and measuring the impact of account-based programs in 2021 and beyond.

33% The average annual contract value for account-based deals was 33% higher on average than for non-ABM deals.

16% Only 16% of companies say they track conversion rate by journey stage. This may be attributable to the lack of sophistication of ABM platforms, lack of product awareness, or highlights a need for education

It's time

The Results

Account-based programs are a popular topic of conversation across go-to-market teams in multiple B2B industries, especially in SaaS and Cloud.

Why? Because traditional customer acquisition tactics built for a linear marketing-to-sales-to-customer-success are not producing great results in today's customer buying journey.

However, not all ABM is equal, as ABM needs to be defined, implemented, managed and measured differently based on unique company attributes. Our research highlights this reality in greater detail. Below are some of the major takeaways for anyone considering investing in account-based programs and for those deciding if increased investment in ABM is warranted.

Major Findings and Recommendations

Companies are not collecting enough insights in the account-based buying journey to make metrics-informed decisions on how to improve the return on ABM investment.

Every ABM program should include the measurement and ultimate analysis of the customer buying journey on a stage-by-stage basis, thereby illuminating opportunities to increase conversion rate at each stage.

Companies are not consistently measuring the efficiency of ABM programs, and, therefore, ABM's ultimate contribution to revenue growth and operating profit.



Customer Acquisition Cost (CAC) and CAC Payback period are critical metrics that need to be measured to justify incremental investments in account-based programs.



Measuring only the pipeline driven by account-based programs can be a misleading metric, creating a false positive signal of ROI. Instead, measure the correlation of ABM pipeline generated to closed-revenue contribution to determine the effectiveness of your ABM program.

A large company size and annual contract value (ACV) are not absolute indicators of an ABM program's appropriateness or business impact potential.

Companies with lower ACV products can also benefit from ABM programs when they are defined, instrumented, and executed differently from strategic enterprise-level target accounts.

Account-based closed-won opportunities have, on average, a 33% higher ACV.

To understand marginal efficacy, measure, not only ACV for ABM opportunities, but also the customer acquisition cost and the CAC Payback period. Additionally, analyze ABM returns by target market and by sales model (Inside Sales vs. Field Sales) to understand which channel has the highest ROI and CAC Payback.



Additional Findings

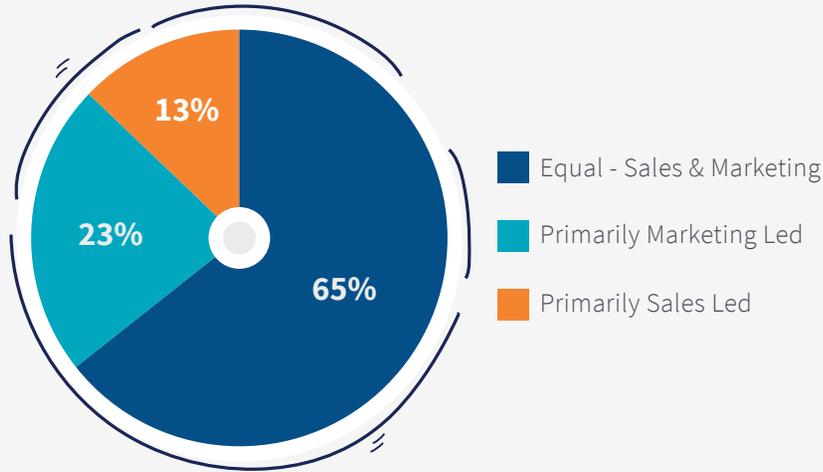
Team collaboration

ABM practitioners recognize the value in revenue team collaboration.

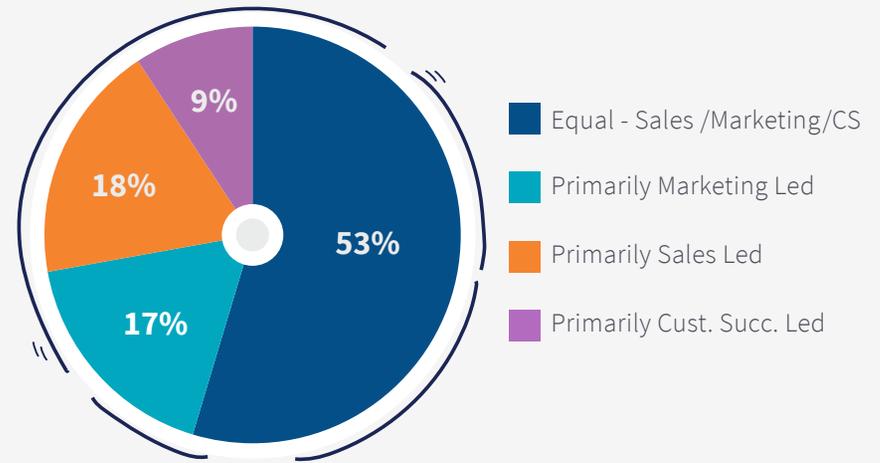
While most of the B2B companies rely on Inside Sales and Field Sales as their go-to-market distribution channels, most respondents (65%) admitted that both Marketing and Sales are equally responsible for the new customer acquisition ABM strategy. 53% say that Marketing, Sales, and Customer Success are equally responsible for their account based customer expansion strategy.

This illustrates that even though Sales teams may be ultimately closing the deals, it takes the entire revenue team to nurture the account to the close stage. Marketing and Sales teams work collaboratively to identify and nurture leads. What's more, Customer Success is included as an equal partner when the goal is to expand existing customer revenue.

Account Based Responsibility: New Customers



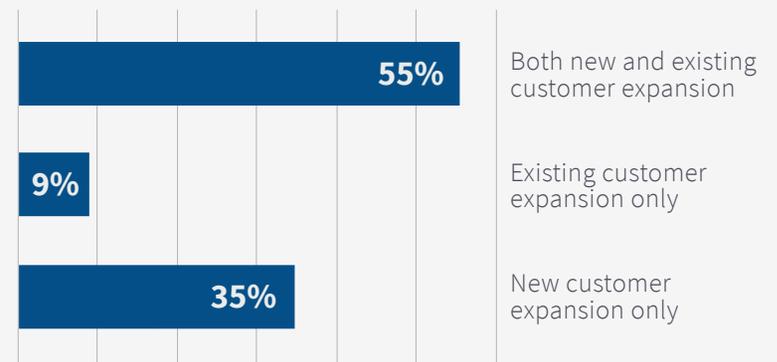
Account Based Responsibility: Existing Customers



B2B companies are increasingly using account-based principles for customer expansion, not just acquisition.

Traditionally, ABM has been used as a go-to-market strategy, where Marketing and Sales align account-based plays against their prospect accounts, not existing customers. However, 55% of respondents noted that they are using ABM for both new revenue and existing customer expansion revenue. While 35% say they are using ABM for just new customer acquisition and only 9% say they are using ABM for existing customer expansion only.

Focus of Account Based Programs



Budgeting

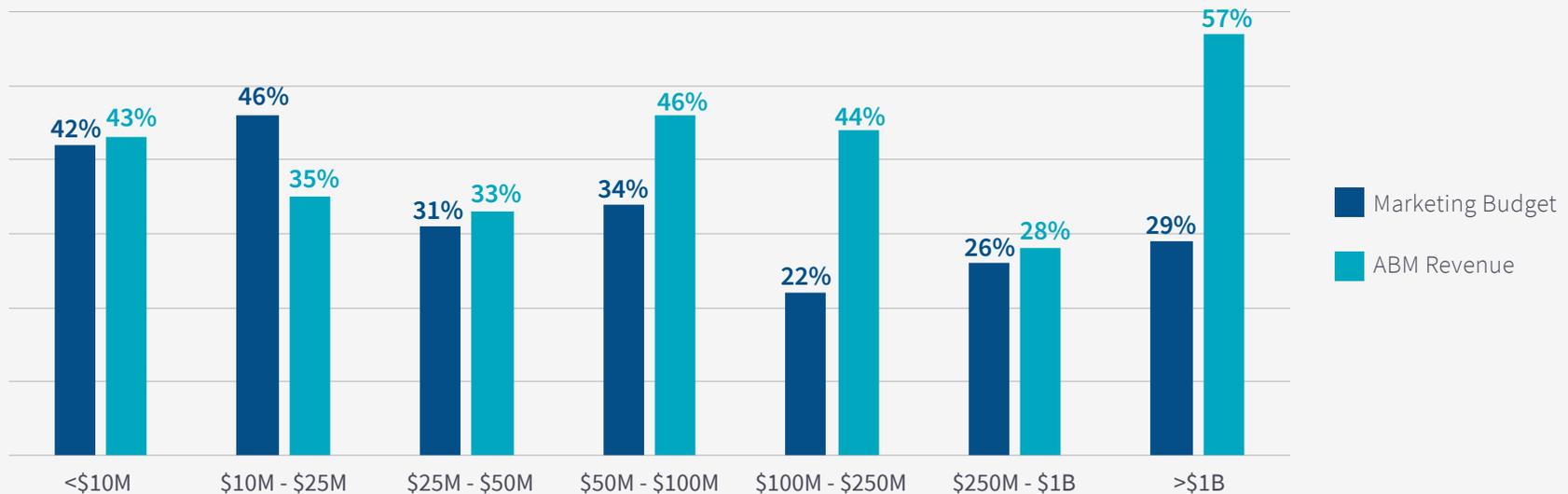
On average, companies allocate 37% of their budget to their ABM programs.

These findings are very similar to findings from an April, 2020 study. The highest percentage of marketing budget (46%) is allocated by companies with \$10M-\$25M in revenue. The second-highest budget allocation (42%) lies with companies with under \$10M in revenue.

The following two charts depict an interesting comparison between the percent of new revenue that is generated from ABM programs by company size versus ACV.

The revenue delivered by ABM programs relative to budget allocated is much higher in companies starting at \$50M in revenue and higher. This higher correlation is most likely based upon the amount of focus, resources, alignment and clearly defined roles and responsibilities across Marketing and Sales.

Budget Allocated vs Revenue Delivered by Company Size



The revenue delivered by ABM programs relative to budget allocated is also much higher in companies with an annual contract value greater than \$100K. This higher correlation is most likely based upon the amount of focus, alignment between marketing and sales, and higher Customer Lifetime Value to CAC Ratio afforded by larger ACV deals.

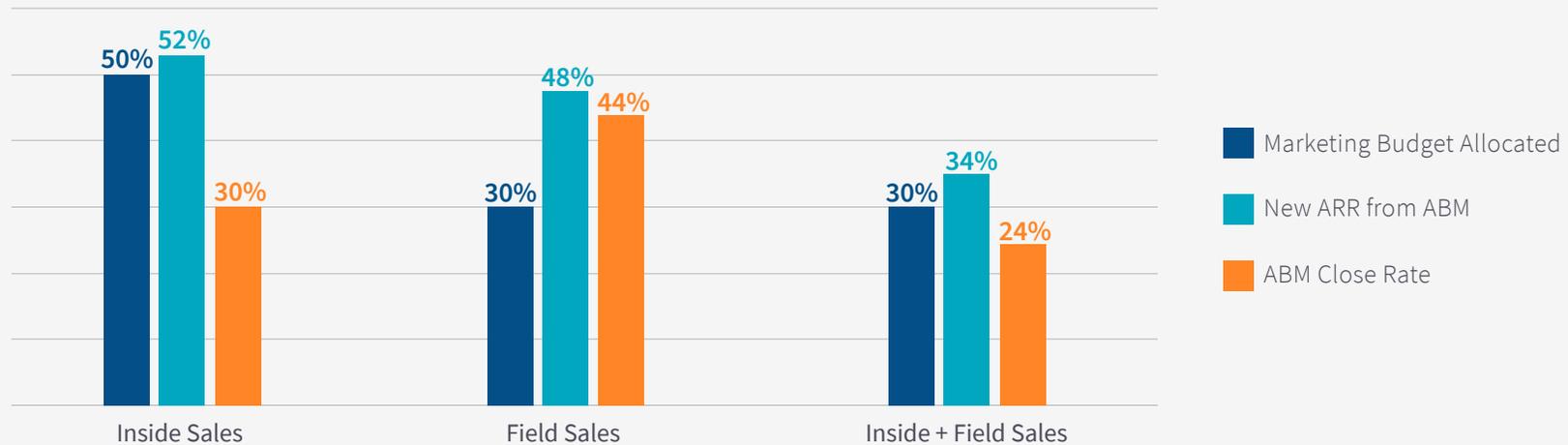
Companies that are dominated by Inside Sales teams have 20% more, on average, of their marketing budgets allocated to ABM programs.

At the same time, the percent of new ARR contributions by Field Sales ABM programs is 48% versus 52% for Inside Sales. This is

only a 4% difference even though the Marketing budget allocation for inside Sales is 20% higher. Additionally, close rates for Inside Sales models are 14% lower than for Field Sales models, adding to potential lower return on investment on ABM programs for Inside Sales versus Field Sales.

If you are investing more than 50% of your budget in ABM with an Inside Sales motion, more analysis of cohort-by-cohort KPIs and ROI of ABM programs versus traditional marketing and sales investments may be warranted. Calculating CAC Ratio and CAC Payback Period by cohort is an effective way to understand ABM ROI across Inside Sales versus Field Sales motion environments.

Budget and Outcomes Sales Model



Annual contract value

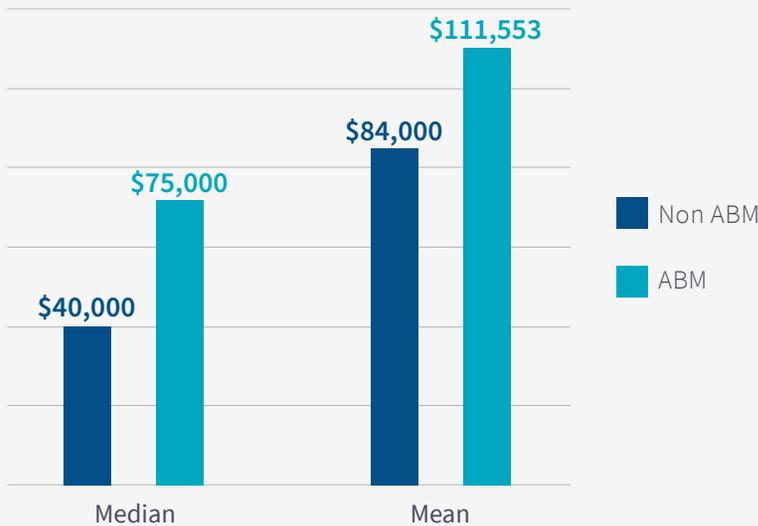
Account-based programs have a material impact on average annual contract value (ACV).

Participants report an average increase in ACV of 33% for ABM closed-won opportunities. The impact on the median ACV is an increase of 87.5%. This metric combined with Customer Lifetime Value could be used by ABM practitioners to reinforce the value of ABM and secure more support and budget for ABM programming.

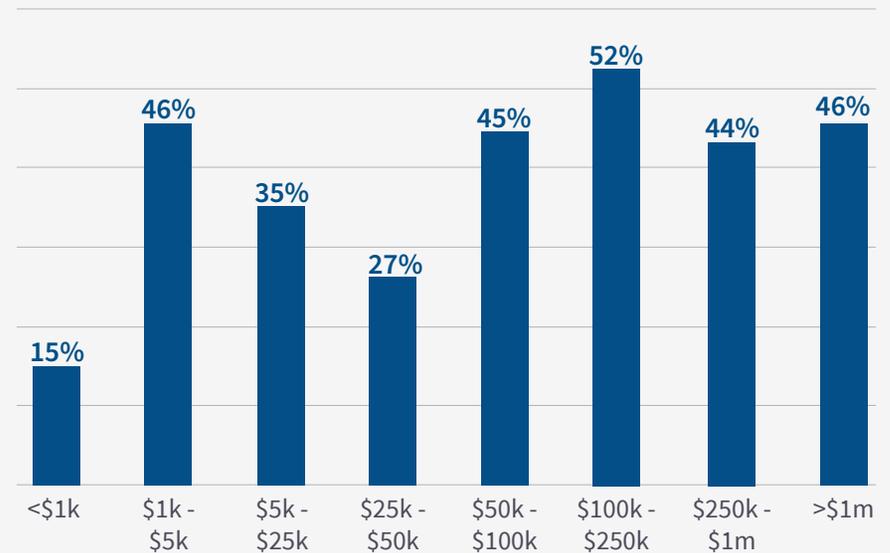
ABM begins to have its highest impact on new closed-won business with annual contract value (ACV) over \$100K.

That said, respondents with ACV between \$1K-\$5K saw a 46% increase. Using a strategic ABM program for a solution that's less than \$1K may not be prudent, but don't ignore it if your solution is greater than \$5K ACV. Be fastidious when measuring the ultimate return on investment.

Annual Contract Value - ABM Impact



ABM Impact on ACV



Customer acquisition costs

CAC Ratio, CAC Payback Period, and Annual Contract Value are all critical metrics to highlight the ROI of ABM investment, especially to your CEO and CFO.

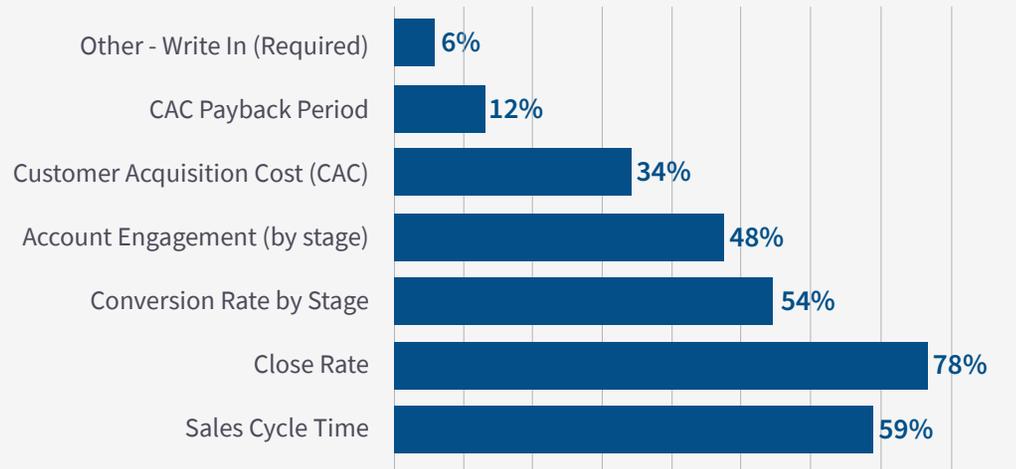
Less than 2% of all respondents and less than 10% of respondents who provided a write-in option said Average Contract Value was a top KPI to measure. Conversion-by-stage drop-off rates are critical to understanding when opportunities drop off, and what proactive actions can be taken to increase conversion rates across the entire buying journey. Closed-lost assessments are a critical element of a holistic ABM strategy.

ABM practitioners measure their customer acquisition costs.

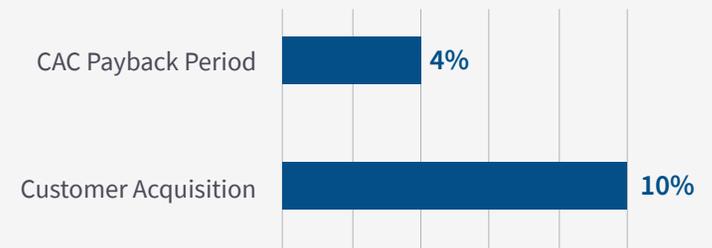
The research highlighted that most companies are not measuring the ultimate impact of ABM programs, including calculating the average customer acquisition costs and the associated CAC Payback Period, which are crucial company valuation metrics.

To optimize ABM program measurements, align them with the metrics that directly impact company value. In so doing, these measurements can act as goals shared across all revenue teams.

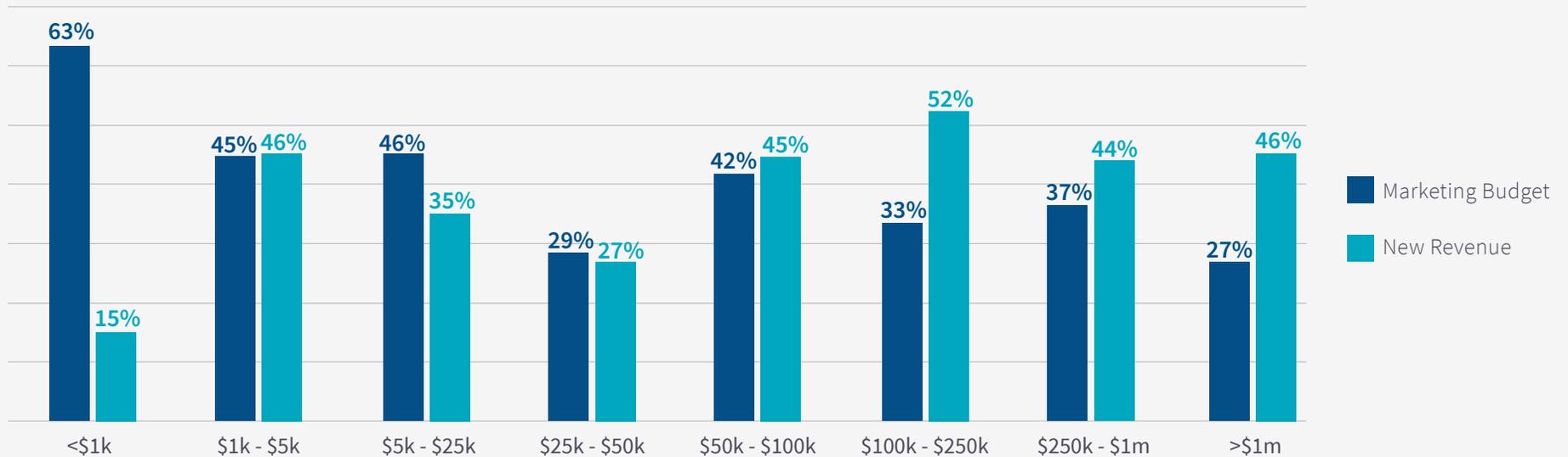
Key Performance Indicators Tracked



ABM ROI Metrics Tracked



Budget Allocated vs Revenue Delivered by Annual Contract Value



Target accounts

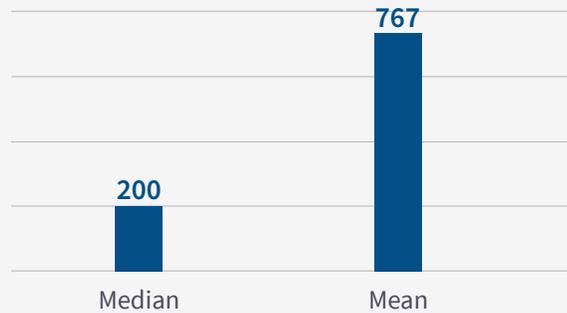
Company demographics influence ideal target account list size.

There is a large delta between the mean (767) and median (200) number of target account size. This highlights the broad distribution of how businesses are defining the ideal size of their target account list for ABM. Additionally, a few outliers with a

large number of target accounts (most likely using programmatic ABM versus strategic ABM) skew the average number of accounts.

Interestingly, the median number of target ABM accounts is in the 200-300 range for every cohort with less than \$250K ACV. At above \$250K is when the target accounts become even more selective, with less than 100 target accounts.

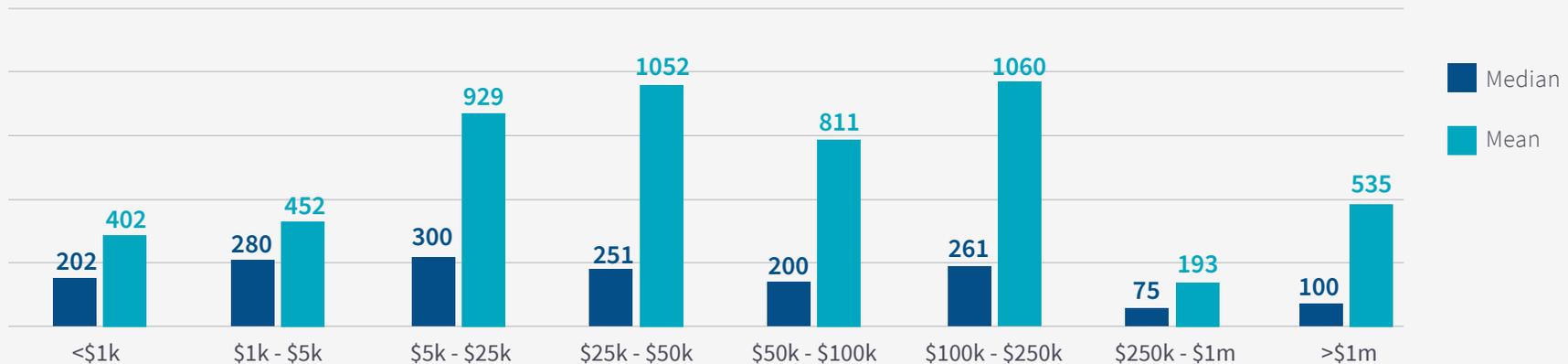
Number of ABM Target Accounts



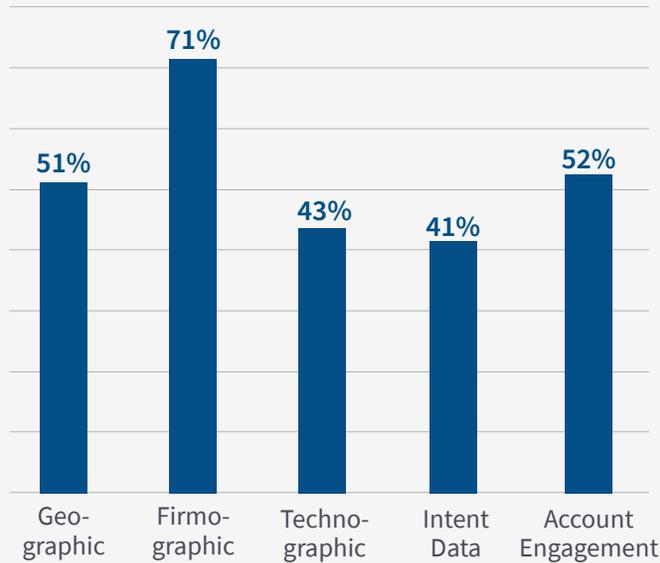
The most popular method of identifying the ideal customer is through firmographic data, at 71%.

The additional methods of data collection are all in second place. Technographic qualification increases close rates for companies with strong software partner ecosystems. Intent data is a key variable in decreasing closed-lost opportunities. Additionally, ABM practitioners should consider combining account engagement with intent data to optimize close rates.

Number of ABM Accounts - By ACV



Account Qualification Criteria

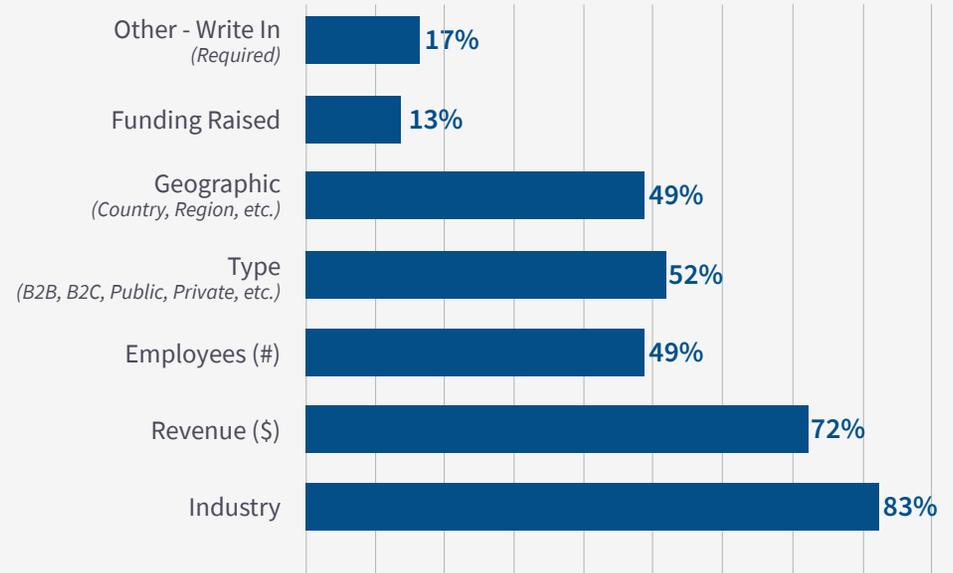


Journey stages

Few respondents are measuring account engagement and conversion by journey stage.

There is an opportunity for ABM practitioners to mature their ABM programming with personalization, orchestration, and customized journey programming. Only 16% say they track conversion rate by journey stage. And only 14% say they are measuring account management by journey stage.

Firmographic Attributes Used



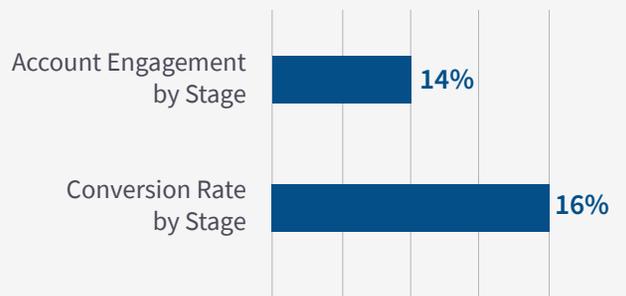
Deeper research should be conducted in this area. But a reason for this shortcoming may be that most of the SaaS platforms being utilized do not offer an easy way to ascertain and leverage deeper AI and machine learning insights. Only Demandbase One provides ABM practitioners with the ability to leverage journey-stage insights for sophisticated account-based programming.

In the buyer's journey, ABM-influenced accounts were most likely to drop out at Stage 1 to Stage 2 and again at Stage 4 to Stage 5.

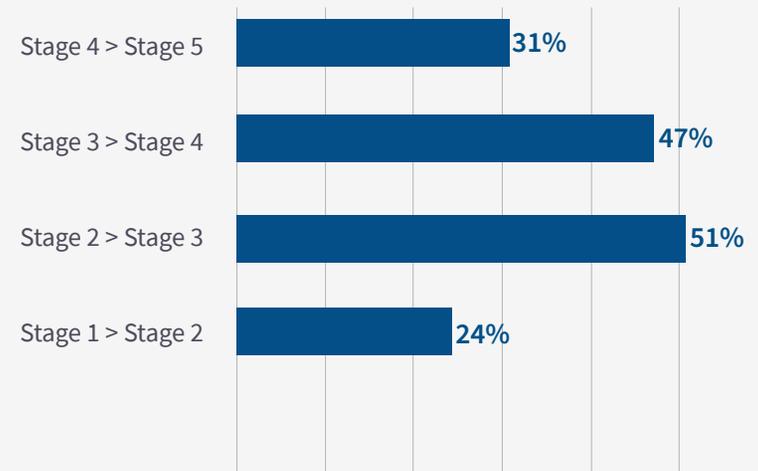
The reported low conversion rate from Stage 1 to Stage 2 indicates there is an opportunity for enhanced qualified account scoring. Additionally, the Stage 4 to Stage 5 conversion rate is lower than the average overall ABM close rate of 33%, indicating an opportunity to improve forecast performance and increase ROI on ABM-influenced opportunities.

While companies reported tracking from 3 to over 9 stages in their ABM process, a 5-stage process was the most commonly reported. What's highlighted above are the average conversion rates, by stage for companies that reported a 5-stage, ABM customer acquisition process.

ABM KPIs Tracked



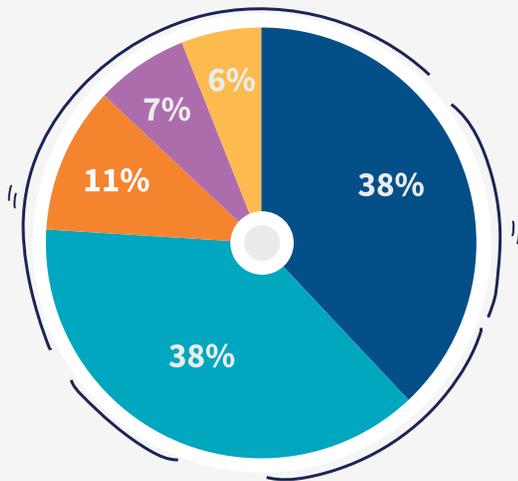
Conversion Rate by Stage (5 Stage Process)



Who was involved?

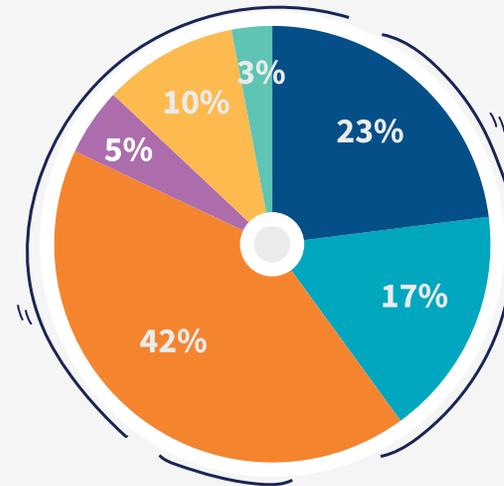
About the participants

Company - By Solution Type



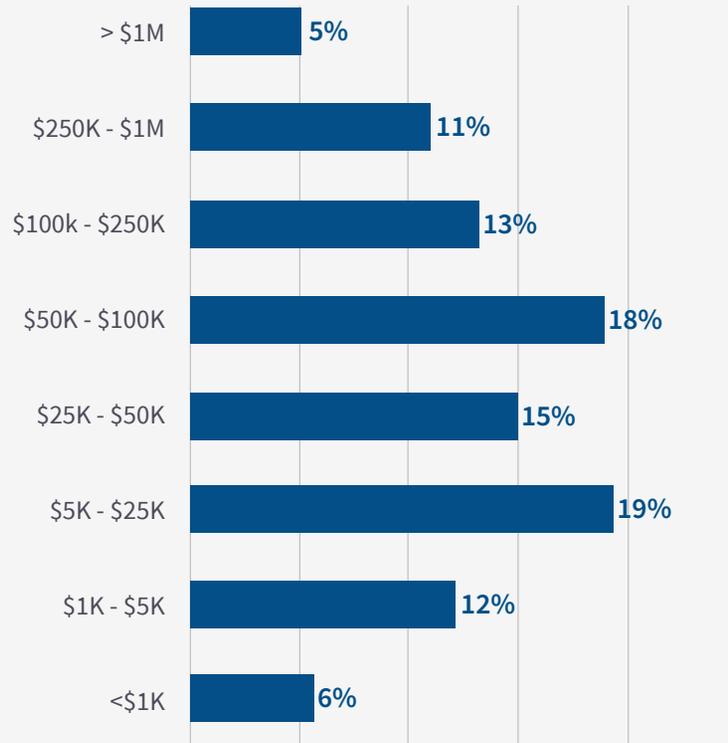
- Vertical Industry Application
- Horizontal Application
- Infrastructure
- Security
- Other - Write In (Required)

Company - By Distribution Model

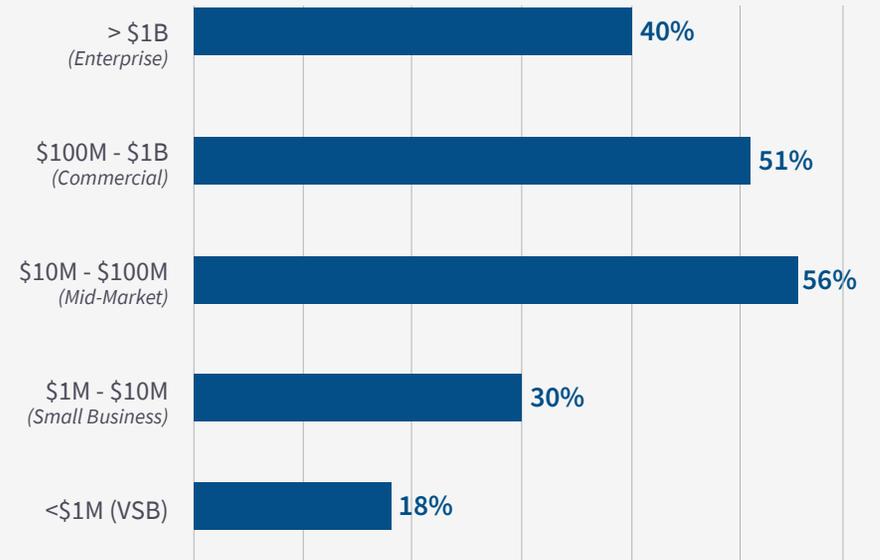


- Inside Sales
- Field Sales
- Inside Sales + Field Sales
- eCommerce/Online
- Channel/Partner Sales
- Other - Write In (Required)

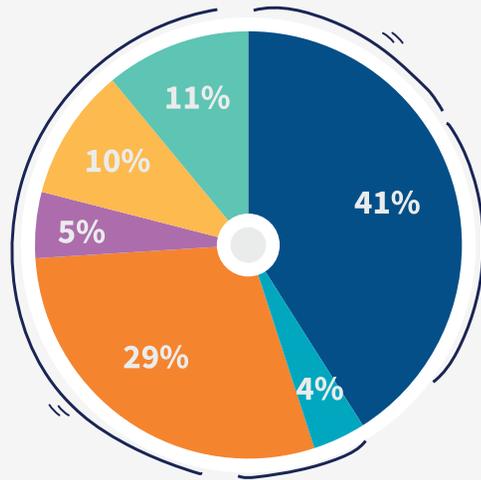
Company - By ACV



Company - By Target Market

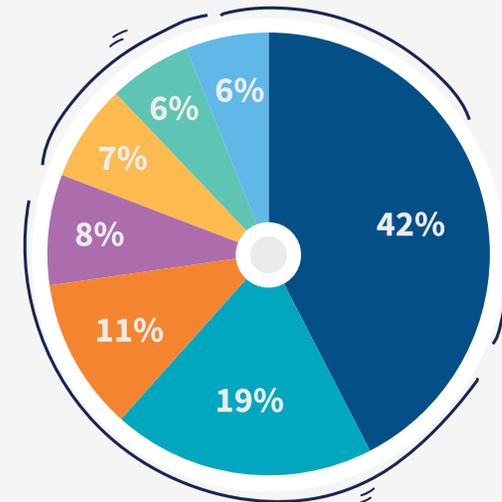


Company Profile - Industry



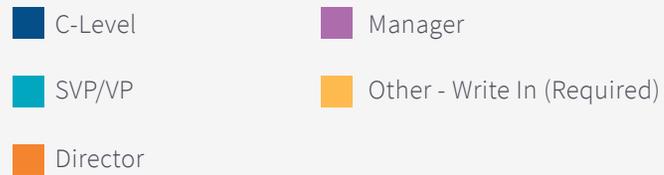
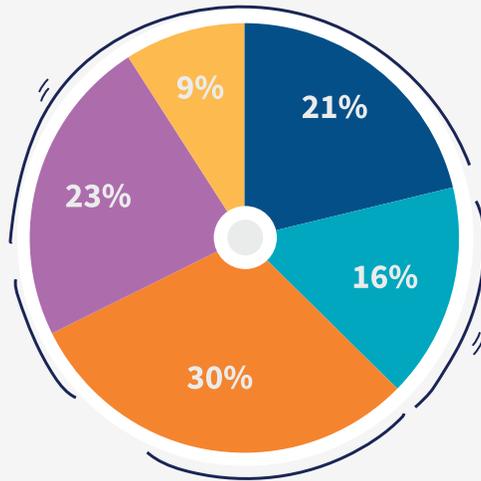
- B2B SaaS
- B2B Software (on-premise)
- B2B Services
- Financial Services
- Manufacturing/Industrial
- Other - Write In (Required)

Company Profile - Revenue

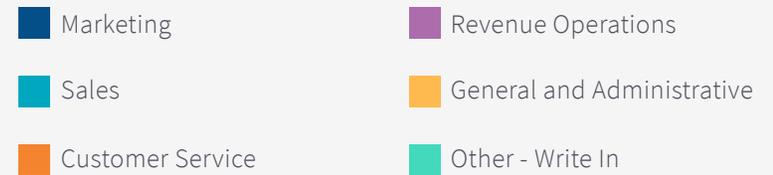
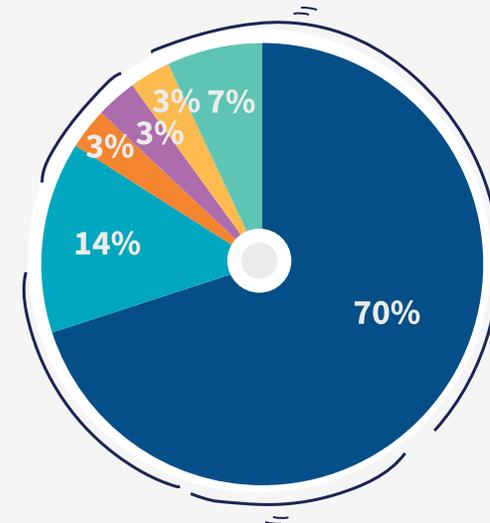


- <\$10M
- \$10M - \$25M
- \$25M - \$50M
- \$50M - \$100M
- \$100M - \$250M
- \$250M - \$1B
- >\$1B

Title Level



Department



The details

Disclosures

Demandbase partnered with RevOps Squared to conduct a survey released to over 500 participants. RevOps Squared conducts benchmarking research across a wide variety of KPI categories in the B2B SaaS industry. Our research was conducted with the explicit permission and approval of all survey and research participants. The material contained herein is based on sources considered to be reliable; however, we do not guarantee or warrant the accuracy or completeness of information. This document is for informational purposes only. If you would like to request additional information regarding this research and available additional data and/or advisory services as to how this information can be captured, utilized and/or evaluated in any other manner please send all inquires to information@demandbase.com

Demandbase is the leader in Account-Based Marketing (ABM) and an indispensable part of the B2B tech stack. The company offers the only end-to-end ABM platform that helps B2B marketers identify, engage, close, and measure progress against best-fit accounts. www.demandbase.com © 2021 Demandbase.

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