



ABM
Leadership Alliance

ABM: STATE OF THE MARKET

Research By: **TOPO**

ABM Leadership Alliance

The ABM Leadership Alliance brings together industry-leading technology partners who enable an ever-growing list of B2B marketers to deploy successful ABM strategies every day.



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Table of Contents

Research Overview	3
Key Findings	5
Key ABM Takeaways	6
Analysis of Key ABM Takeaways	
ABM Is Outperforming Traditional Marketing	7
ABM Is For Prospects And Customers	10
ABM Drives Positive Organizational Change	13
ABM Results Improve With Time	18
Strategic Guidance	23

SUMMARY

This report is based on an analysis of 50 interviews with marketing executives from organizations at various stages of ABM maturity. The report describes how most new practitioners are finding their footing, while an emerging group of veterans are deriving real, measurable value. It highlights ABM challenges and successes and gives strategic guidance to ABM practitioners, vendors and other market participants.

ABOUT THIS REPORT

The ABM Leadership Alliance commissioned TOPO, a research and advisory firm focused on B2B sales and marketing, to conduct the interviews, analyze the findings, and prepare this report.



Research Overview

OBJECTIVES

The ABM Leadership Alliance retained TOPO to perform this study to:

- Establish a thought leadership platform founded in objective and credible data,
- Create a framework to help marketers understand how to move the needle on ABM best practices, and;
- Develop insightful provocative content to amplify awareness efforts.

SURVEY METHODOLOGY

In-depth, telephone interviews conducted by senior TOPO analysts and researchers.

QUESTIONS TO ANSWER

1. How are companies practicing ABM today? How are they measuring performance/outcomes?
2. What are specific benefits experienced with ABM vs. traditional marketing approaches?
3. Which aspects of ABM are B2B marketers prioritizing today? Is this the most effective approach long term?
4. To what extent are marketers confused about ABM and what it entails. What is the potential impact of this confusion on the market?
5. What do companies think of their technology stacks with regard to ABM. Which marketing technologies suit ABM well?
6. Do companies further along with ABM excel compared to those that are in the early stages? According to what metrics?
7. How does ABM support and impact alignment between sales and marketing?
8. Where could marketers use more guidance on ABM?



Research Overview

SURVEY DEMOGRAPHICS:

Attribute	Detail
# of Respondents	50
Titles	CMO, VP of Marketing, VP Demand Gen, VP Growth Marketing, Dir. Mktg.
Survey Period	Q3 2016

REVENUE CLASSIFICATION:

Size (Count)	Revenue Range	Average (\$M)
Large (10)	> \$501M	\$11.4B
Growth (21)	\$51M - \$500M	\$171M
Early (19)	\$0 - \$50M	\$22M

INDUSTRIES REPRESENTED:

Industry	# of Organizations
High-Tech	40
Financial Services	2
Healthcare	2
Manufacturing	2
Telecommunications	2
Energy	1
Publishing	1



Key Findings

Account-based strategies have been a fixture of the B2B landscape for decades. In recent years, however, a convergence of factors (e.g., economics, market dynamics, and technology innovation) has given rise to the practice of Account-Based Marketing (ABM). In any emerging business category, a dearth of proven strategies and methods creates ambiguity in which new practitioners may struggle to find their footing. While the ABM category is no different, our research has identified a class of marketers who have measurably separated from the herd. And many of them have done so in a remarkably short time.

In this report, we present data, insights and recommendations sourced from interviews with marketers at varying stages of the ABM journey. We highlight the challenges they face, as well as the habits that successful organizations embrace. The marketers we interviewed:

1. **Focus on maximizing revenue from high-value accounts.** Leading ABM marketers invest the time needed to define Ideal Customer Profiles (ICPs), key stakeholder personas, and target account lists.
2. **Align marketing and sales.** Leading ABM organizations know that high-value accounts require higher levels of service. So they create integrated account teams, and thoughtfully plan marketing and sales activities. By working together these teams work more efficiently to drive pipeline and revenue.
3. **Break through the inertia that mires other organizations in the status quo.** New practitioners struggle to drive executive buy-in, organizational focus, and cross-functional execution. Successful ABM organizations ultimately overcome these challenges and turn them into strengths.
4. **Value strategy and process, and use both to guide technology decisions.** Drawing on lessons learned in the volume-and-velocity era, ABM leaders have an appreciation for how to manage “all the moving parts.” They research case studies and best practices. And they define foundational program details like ACV-based account tiers, tier-specific resource allocations, cross-functional account teams, and data quality management processes. This spadework helps ABM organizations make informed technology choices, which, in turn, accelerates time-to-benefit.

Finally, our research highlights the compelling results reported by successful ABM organizations, including:

- increased pipeline velocity,
- higher close rates, and;
- significantly higher annual contract values (ACV).



Key ABM Takeaways

Our study of leading marketers also gives valuable insights into the ABM category. These takeaways will be helpful to those organizations that are now defining their ABM strategy or are in the early stages of implementation.

1. **ABM is outperforming traditional marketing.** When asked to compare the benefits delivered by ABM to those delivered by traditional marketing methods, respondents favored ABM in every category surveyed. And companies that have implemented ABM have seen a substantial lift in average annual contract value of 171%.
2. **ABM is for targeting prospects and customers.** In the relatively short history of “modern” ABM, the trend has been for marketers to target prospects in order to drive net-new logos and revenue. In this study, large ABM organizations report using it to deepen and expand relationships with existing high-value customers. Interestingly, new ABM marketers are following this example by focusing on existing accounts first.
3. **ABM is driving positive organizational change.** The integrated, cross-disciplinary nature of ABM programs means that marketers face significant challenges in aligning the organization to execute against strategy. Successful ABM marketers take a methodical, strategy-first approach to overcoming these obstacles, focusing on key work streams such as target account strategy, account planning and defining account-centric metrics.
4. **ABM results improve with time.** Success in ABM is not a switch, it’s a dial. Of the 46% of respondents who are not yet meeting their ABM objectives, nearly all are within the first year of deployment. By the one-year mark, ABM organizations have worked through enough of their initial challenges to be meeting or exceeding their objectives. A key factor in this outcome is marketers’ preference for leveraging high-value, mature technologies in the initial stages of their ABM journey.



1. ABM is Outperforming Traditional Marketing



Marketers See ABM Outperforming Traditional Methods

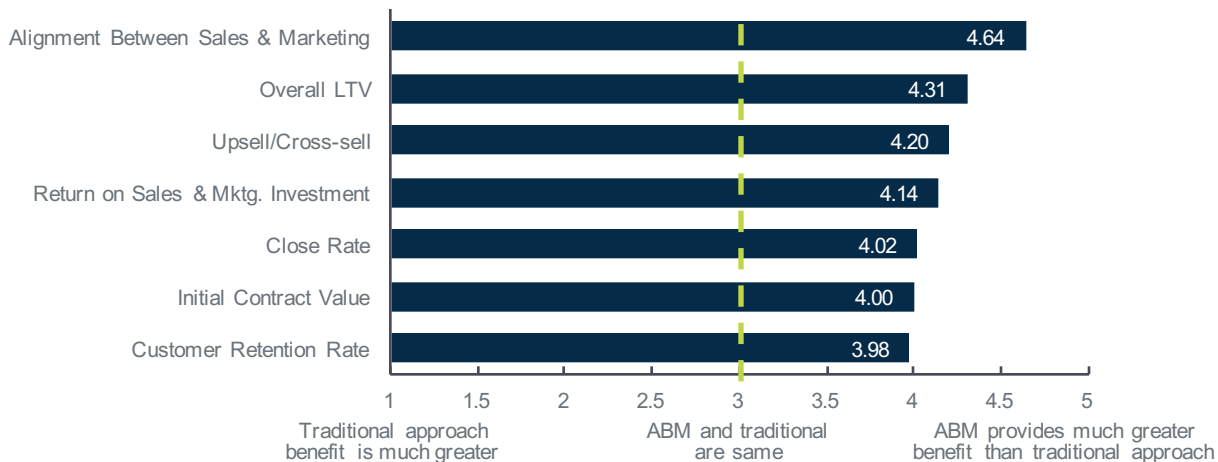
- Respondents at all stages of program maturity believe ABM delivers greater benefit than traditional marketing. The preference for ABM was consistent across all categories studied.
- Consistent with other findings, sales and marketing alignment is seen as benefiting most from the move toward ABM.
- Anecdotally, respondents cite shared accountability to key metrics, close collaboration on account planning, and integrated program execution as factors driving greater alignment.

"The focus on key accounts functions as the meeting point between marketing and sales. Huge value with ABM."

"I can't imagine how marketing could do ABM successfully without great alignment with sales and other functions."

"There are no silos when you're truly doing ABM."

BENEFITS OF ABM VS. TRADITIONAL MARKETING APPROACH





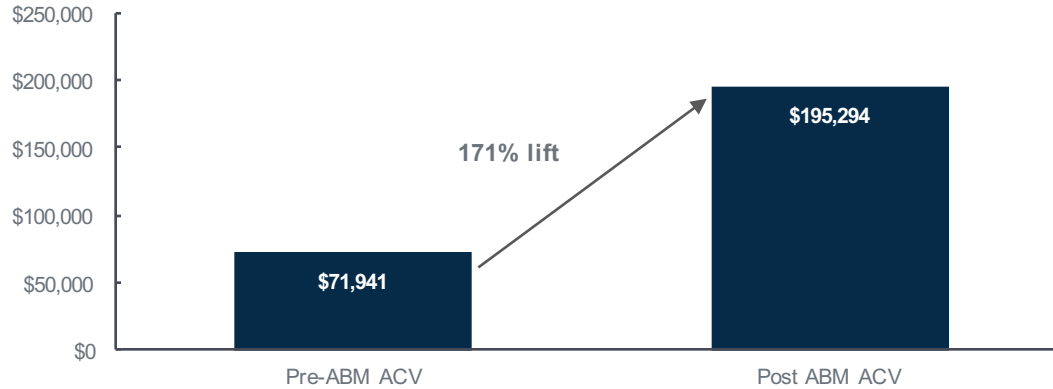
Companies Implementing ABM Increased ACV by 171%

- Respondents reported an average 171% lift in ACV when comparing pre- and post-ABM periods. Reported ACV lift ranged from 20% to 567%.
- Factors influencing ACV lift include horizontal focus of ABM program (e.g., SMB vs. Enterprise), selling model (e.g., telesales vs. field sales), competitive landscape, etc.
- Recommendation: It's critical to align ABM resource/budget investments with the expected ACV of the target accounts. When modeling ABM Go-To-Market strategy (e.g., marketing budget, sales comp plans, ratios of SDRs to Account Executives, etc.) test the sensitivity of the GTM model to various ACV lift scenarios (e.g., 20%, 100%, or 200% lift).

"A main driver for adopting ABM is increasing our ACV."

"Our average deal size is 3X bigger with ABM programs."

AVERAGE ANNUAL CONTRACT VALUE





2. ABM is for Prospects and Customers

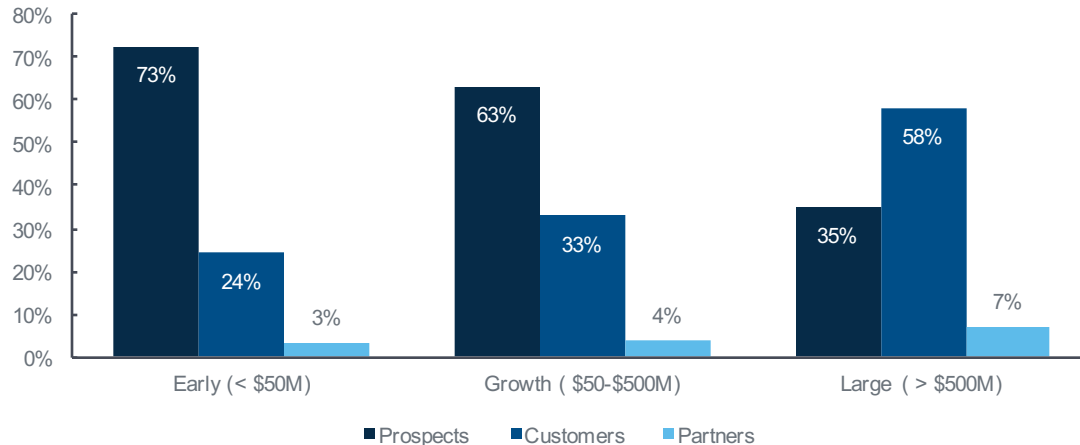


Large Organizations Focus ABM on Expanding Current Customer Relationships

- Early and Growth firms focus ABM efforts on attracting and converting prospects, while Large firms (\$500M+ in sales) focus on deepening existing account relationships.
- Recommendations for larger firms:
 - Invest in accurate, actionable data on current accounts (e.g., accounts, stakeholders, business unit hierarchy).
 - Collaborate with the customer success organization for account intelligence, strategy and planning.

“Right now, we are focusing ABM on the big whales [prospects]. We expect to move some of our ABM focus to customers.”

RELATIONSHIP FOCUS BY RESPONDENT COMPANY SIZE



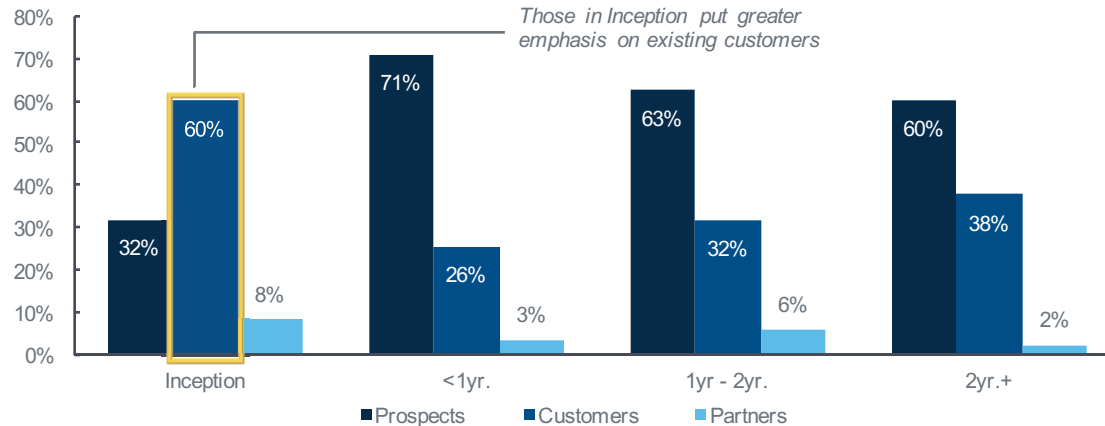


Newer ABM Practitioners are Focusing on Current Customers

- Respondents currently in the Inception stage, as a group, focus more on current customers than prospects.
- 63% of respondents in the Inception group are Growth (\$50-\$500M) or Large (>\$500M).
- Excluding the Inception group, the mix of prospects and customers trends toward equilibrium as ABM programs mature.
- Insight: ABM appears to be attracting more mature organizations that are taking a “full lifecycle” approach to ABM.

“The 90/10 mix (prospects/ customers) is where we’re starting ABM. We see it going to 60/30/10 (prospects/customers/partners) over time.”

RELATIONSHIP FOCUS BY ABM MATURITY





3. ABM Drives Positive Organizational Change



Successful ABM Marketers Navigate Alignment, Execution and Buy-in Challenges

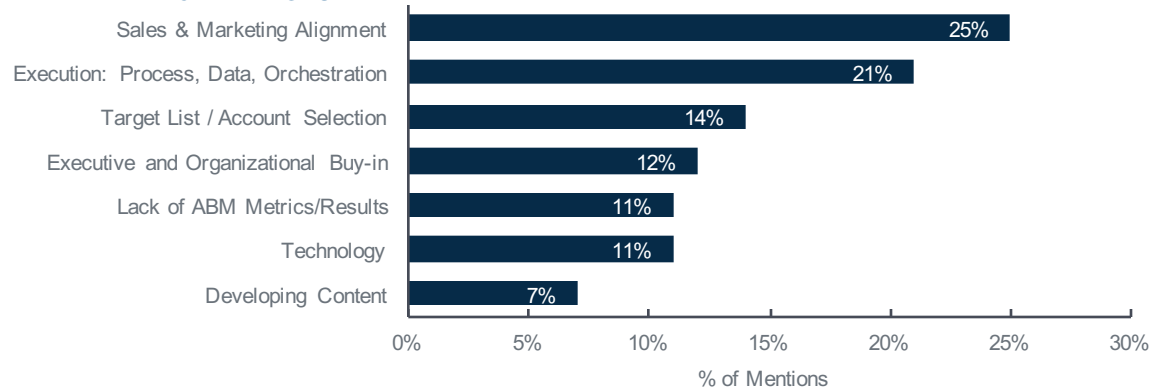
Respondents indicated that key challenges to implementing ABM include:

- **Sales and marketing alignment.** Although this is cited as a great benefit of ABM, it requires changes to organizational culture. For some, account-based thinking is 180 degrees from business as usual.
- **Execution.** ABM success requires focused time and resources. For some companies, simply getting agreement on the ICP and building an accurate, actionable target list is challenging. So is orchestrating efforts across teams to deliver high-value offers and plays. Several early stage respondents are struggling to scale.
- **Buy-in from executives and across the organization.** ABM takes time to prove and those who are less familiar with it can create inertia and slow ABM efforts. Executive sponsorship of, and participation in ABM activities are both critical.

“The clarity that came with deciding who we are and who we sell to gave us insane traction.”

“The trick is how to measure success for our ABM plays vs. the rest of marketing.”

KEY ABM CHALLENGES





ABM Organizations are Methodical About Strategy, Alignment and Execution

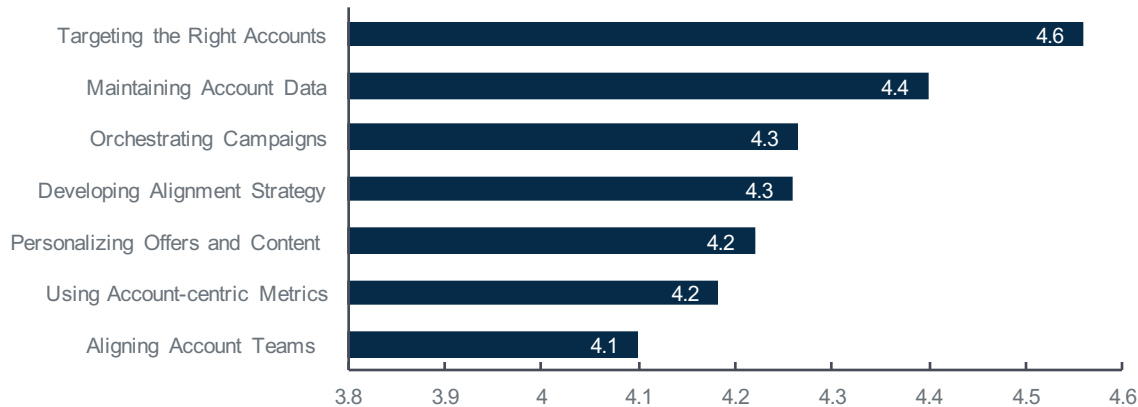
- Respondents with less than one year of ABM experience describe a thoughtful, cross-functional approach to ABM planning, often in contrast to earlier efforts that were less organized and/or more siloed.
- Peer-sourced case studies, custom ABM playbooks built by consultants, and (occasionally) predictive analytics vendors are influential in the Inception stage.
- Insight: Previously, marketers invested in new technology, then developed strategies to leverage those investments. In ABM, leading organizations commit to new strategies, then invest in technology that helps them get results.

“We started defining our strategy in October 2015, built our playbook in Q1, and operationalized it in Q2. We’ve been up and running since 4/1/16.”

“We are in the trial and testing phase. A lot of integration has to happen. Last quarter we had 228 targeted accounts. This quarter we need more efficiencies and then plan to scale to 500 accounts.”

“We did targeted outbound for 2 years. It was primitive, not super intelligently selected and marketing wasn’t involved. We did do targeted campaigns, but not really personalized. In 2016, we’re doing more legitimate ABM focused on 250 named accounts.”

OBSERVED / EXPECTED VALUE OF ABM STRATEGIES



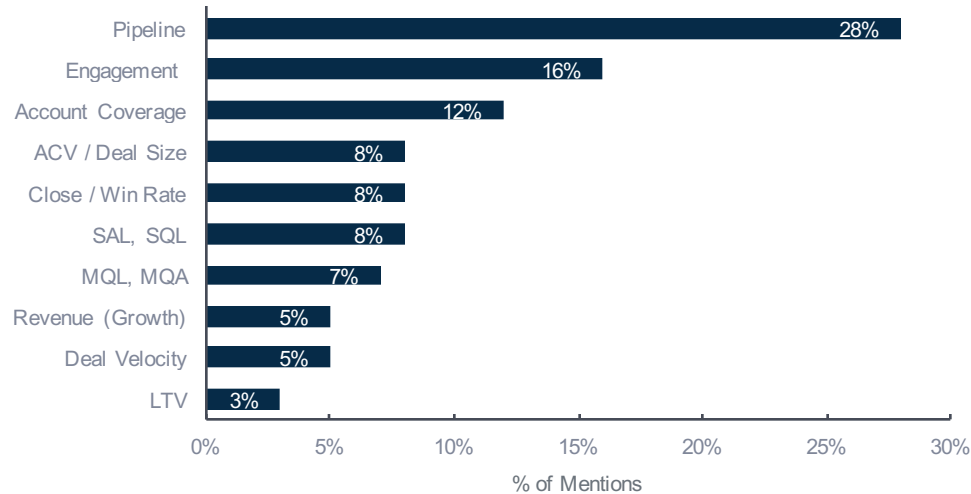


Mature ABM Organizations Focus on Downstream Metrics Like Pipeline and ACV

- The most frequently-mentioned ABM metrics involve driving Pipeline.
- Respondents running more mature programs listed Account Coverage, ACV, Deal Velocity, and LTV as key measures of ABM success.
- Newer ABM respondents are researching industry best practices to determine which ABM-specific metrics they should focus on.

“The early returns on the engagement and penetration of accounts were key to justifying additional investment in ABM strategies and programs.”

ABM METRICS FOCUS



“MQL is no longer our metric – the right core metric is MQA (Marketing Qualified Account) – we have adopted this as a core measure of marketing production.”



ABM Marketers Report Significant and Positive Organizational Change

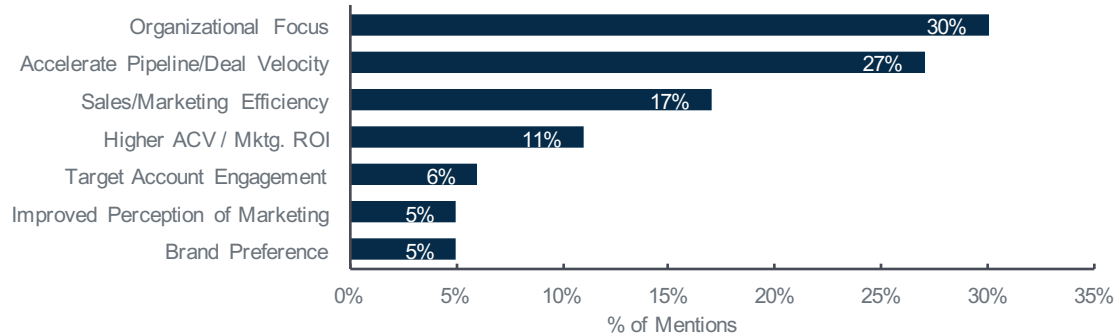
At all stages of program maturity, respondents see ABM delivering significant benefits to the organization. The most frequently-mentioned benefits (unprompted) include:

- **Sharper focus.** Respondents see the cross-functional activities of account targeting, planning and tactical execution in ABM as helping to drive greater organizational focus.
- **Increased pipeline velocity.** Respondents believe that better targeting and well-coordinated, personalized offers and plays are shortening sales cycles.
- **Greater sales and marketing efficiency.** Marketers credit tighter collaboration on key accounts with increasing engagement and conversion rates.
- **Increased Deal Sizes.** Respondents see ABM helping reach the right people, with more relevant messages, and ultimately delivering higher ACV and better ROI.

“We are seeing bigger better deals, better brands, higher conversion rates and pipeline acceleration with our ABM target accounts.”

“We are winning now due to ABM effectiveness.”

BENEFITS OF ABM





4. ABM Results Improve with Time

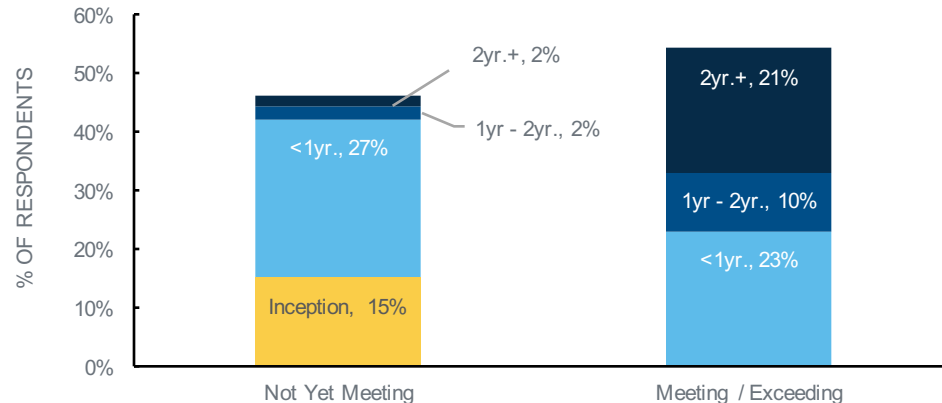
Respondents Achieve Their ABM Objectives in a Remarkably Short Time

- 54% of all respondents are meeting or exceeding objectives. This group includes mature ABM organizations as well as those within the first year of deployment. The 46% of respondents that are not yet meeting objectives are almost exclusively in their first year of ABM.
- Considering all the moving parts of a successful ABM program (e.g., strategy, data, technology, process, people), respondents are extracting value quickly, especially in comparison to prior paradigm shifts (e.g., marketing automation).
- Recommendation: Invest the early stages of the ABM program in defining Ideal Customer Profiles, segmenting target accounts based on expected ACV/LTV, and creating tier-specific Go-To-Market strategies.

“Two accounts in Q2 went from \$0 to \$1M+ in 90 days. Previously it took 18 months to do that. That’s a huge step up in results.”

“We’re on target with objectives currently. In another 1-2 quarters we’ll make a run at 5 (exceeding). Lots of channels to build on to what we started with.”

PERFORMANCE VS. ABM OBJECTIVES BY MATURITY





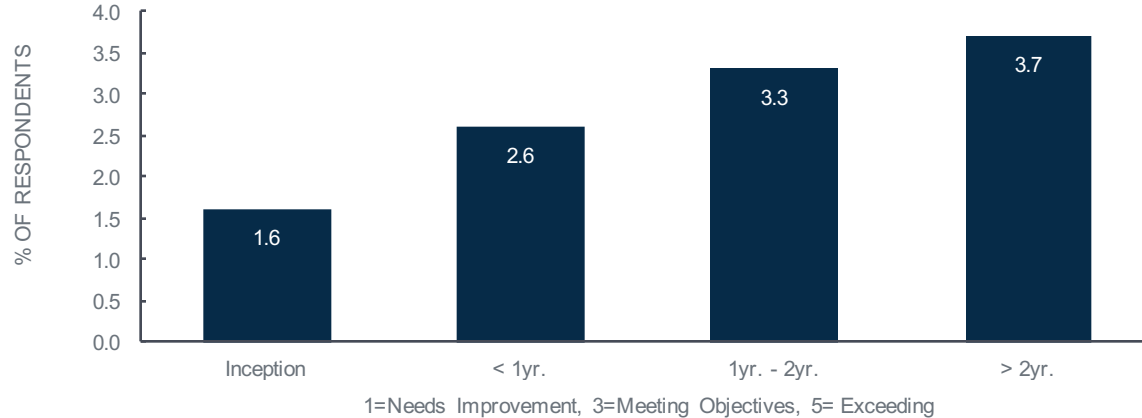
ABM Proficiency Grows Over Time

- Respondents with more than 1 year of experience (46% of sample) say they are meeting or exceeding their ABM objectives. Respondents' self-assessment of ABM program performance improves as their programs mature.
- Anecdotally, respondents within first year express optimism that they will see results from their ABM investments.
- Insight: Success in ABM is a dial, not a switch. It results from an organization-wide commitment to continuous program and process improvements.

"I give us a 3. There are a few ABM maturity statistics that we need to work on, like alignment with sales and marketing."

"I feel good that we will be a 3 or 4 by end of year."

AVERAGE PERFORMANCE BY ABM MATURITY

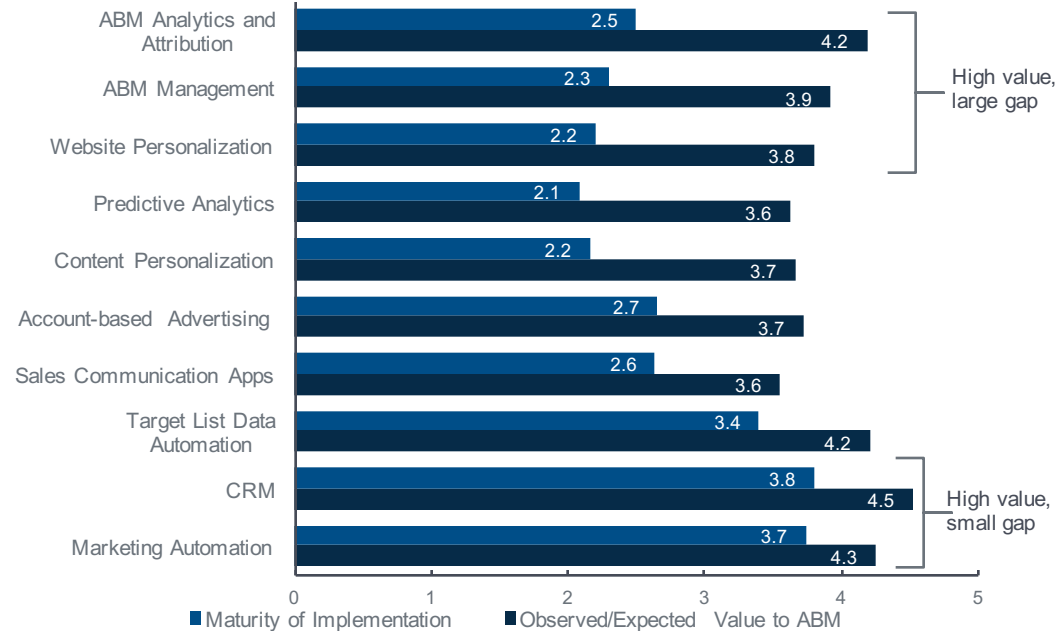




Marketers Prioritize Technology Based on Alignment to Program Strategy

- Gap analysis shows how respondents rated each ABM tech stack element according to its maturity of implementation and its observed or expected value to ABM.
- High-value, small gap elements are the table stakes ABM technologies. Marketers view these well-established tech elements (e.g., CRM, Marketing Automation) as foundational to the success of their ABM programs.
- High-value, large gap technology elements (e.g., Analytics/Attribution, ABM Management, and Website Personalization) are where marketers are focusing ABM program optimization efforts.
- Recommendation: Base initial deployment plans on proven technology elements. Define clear, achievable success criteria for less mature elements to evaluate how well each helps manifest ABM program strategy. For example: compare the lead conversion and pipeline velocity of the target accounts served a personalized website experience to a randomly selected group of “non-target” accounts.

MATURITY OF IMPLEMENTATION VS. VALUE TO ABM





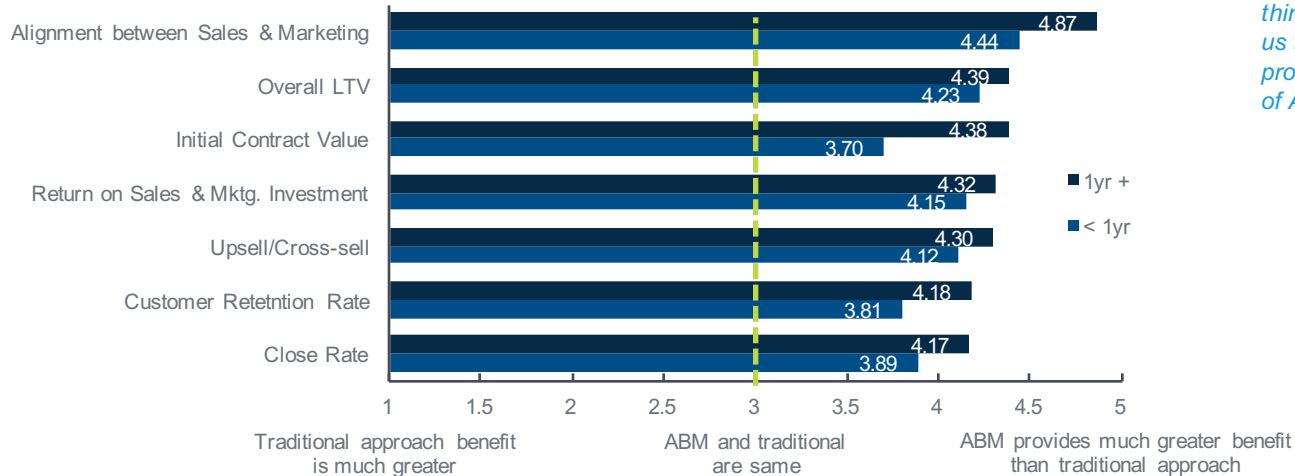
In Every Category, ABM Benefits Increase as Programs Mature

- In addition to the overall performance gains over time, the lift in benefit of ABM vs. traditional marketing is more pronounced in mature implementations.
- The increase in ABM benefit reported by mature organizations is consistent across every category studied.
- The greatest increase in average benefit (3.7 to 4.38) is reported in Initial Contract Value. This is consistent with the 171% lift, noted earlier, in actual ACV, pre- vs. post-ABM.

"This is a painful 5 but it is a 5. Getting alignment is not easy but it's worth it and really, it's vital."

"ABM is one of the best things we've done to get more aligned. ABM forced us to get measured on the same things. Our CEO had been challenging us to do this. Much more integrated process as a result of ABM."

BENEFITS OF ABM VS. TRADITIONAL MARKETING APPROACH





Strategic Guidance



Strategic Guidance

Our analysis of leading ABM marketers provides recommendations to organizations that are either considering an ABM strategy, or are in the early stages of their ABM journey.

1. **Plan for growth.** More so than traditional inbound methods, ABM is a highly-controlled environment. Each strategic and tactical choice (e.g., ICPs, target accounts, account team structures, account plans, offers, metrics, etc.) is designed to maximize revenue from high-value accounts. Because these accounts are carefully chosen for their propensity to buy and generate significantly higher ACV, organizations can estimate a range of possible revenue outcomes. It's imperative that these organizations define and invest the resources (e.g., time, energy, staff, budget, technology, etc.) necessary to drive growth.
2. **Take a strategic, full lifecycle view of ABM.** Improve and expand data on current customers, at both the stakeholder- and account-level. Better customer data informs key net-new acquisition processes like ICP development. It also reveals white space within current accounts such as new business units, buyers and influencers. Quantify or estimate the maximum potential ACV for each current customer account and calculate the opportunity gap between this figure and the current ACV for the account. In parallel, work to enlist the Customer Success organization to help define target account strategy, and to design plays that build the cross-sell/up-sell pipeline.
3. **Build the organizational habits that drive alignment.** As an integral component of ABM program strategy, establish the process, metrics and shared accountability that drives significantly greater organizational alignment. Create cross-functional teams assigned to a specific account (or group of accounts). Equip account teams with actionable, account-level data and intelligence. Define reusable templates to be customized for account-based offers and plays. Define key shared metrics such as lead generation and pipeline growth within each target account or group of accounts. And hold regular account team metrics reviews with an assigned executive sponsor.
4. **Align short-term activity to long-term performance goals.** ABM success is ultimately a function of how organizations align around and tactically execute against high-value accounts. With so many moving parts -- people, process, technology, etc. -- it's important to avoid distractions such as an excessive focus on quick wins. Our study shows that most ABM organizations begin meeting or exceeding objectives at approximately the one-year anniversary of launch. Therefore, it's important to focus initial work streams on defining achievable and compelling ABM objectives, and the strategies and tactics that will help to achieve them. Define ICPs and target account tiers based on qualitative and quantitative analysis. Design tier-specific Go-To-Market plans. Organize cross-functional account teams to execute those plans. And establish a basic set of metrics to monitor program health.



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