Marketing Budgeting & Planning Playbook

Marketing Center of Excellence

Budgeting & Planning for 2024

PLAYBOOK OVERVIEW

We are in changing times. From COVID19, to economic uncertainty, to the increasing role of generative AI in GTM – thoughtful planning is more critical than ever for ScaleUps.

This playbook provides a framework for approaching the planning process and guidance on how to use a Top-Down and Bottom-Up process to triangulate on your marketing budget. It also includes marketing spend and performance benchmarks to provide broader context on market trends.

While benchmark driven Top-Down budgeting is an input, we caution over-indexing on benchmarks to define budgets. Benchmarks look backwards, not forward, and represent averages, not what's best for your company. The accompanying Bottom-Up Excel model can help to better align program spend to targets and provide a flexible model to track performance and adjust spend.

QUESTIONS THIS HELPS ANSWER:

- How has spend and performance changed over the last few years?
- How does our GTM strategy impact how we spend?
- How do I build out and scale my marketing team?
- How do top performers spend vs. others?
- How do we think about our investment in sales vs. marketing?
- How do we build a Bottom-Up model?

Usage Guide

High Performer Benchmarks

Why look at High Performers?

Companies must make strategic tradeoffs between growth and efficiency. Seeing where top performing companies place across all benchmarks shows what those tradeoffs often look like.

Who are these High Performers?

We look at the company level for those that are above average across the following metrics:

- ARR Growth
- Net Revenue Retention
- CAC Payback

How do I measure myself against High Performers?

High Performers are broken up into 2 cohorts, based on Average Sales Price (ASP), which has a major impact on company dynamics. Measure yourself against your main cohorts and explore what it means to be a High Performer.

Marketing Spend & Performance Trends

What happened?

Usage Guide

Benchmarks are data points and a starting point for discussion. Not targets. Benchmarks are backwards looking and will vary by specific company and market attributes.

Key attributes are **go-to-market motion** and **stage of growth**.

Last year ....

INSIGHT PARTNERS

OUR CAUTION

Continued uncertainty; spend cautiously and prioritize efficient growth given economic downturn and changing funding environment.

OUR ADVICE

1. Revisit spend and eliminate waste; but keep testing and be agile.
2. Invest in strategy and execution; target the right people, with the right message, at the right time.
3. Focus on efficient growth and look to existing customers; retain and expand – not just land!

… what happened in 2023 *(i.e., the T4Q ending 2Q23)*

INSIGHT PARTNERS

Slowdown in new business and overall growth.

Deals were harder to close and growth slowed overall

- Elongated sales cycles, with days from SQL to Closed Won increasing +7%
- Median % SQL to Closed Won conversion rate dropped 2 percentage points across all companies
- Hardest hit were larger companies selling $25K+ ASP deals and smaller companies selling <$25K ASP deals

More measured spend and rethinking of demand gen given budget constrained buyers and increased market noise.

Marketing spend while up, was more modest and shifted away from new logo demand gen

- YoY change in total marketing spend of +14% vs. +79% for year prior
- Program spend up YoY only +8%; as a % of total marketing spend dropped 4 percentage points from 51% to 47%
- Demand gen headcount as a % of total marketing dropped 3 percentage points from 22% to 19%

Headcount grew but shifted to support driving targeted, relevant engagement throughout funnel

- People spend is up YoY and as a % of total marketing spend (+5 percentage points from 37% to 42%)
- Headcount for product marketing, brand, and content up 4 percentage points from 26% to 30%
- Ratio of sales to marketing headcount normalized back to 3.4 after jumping to 3.8 post-COVID

Goal of driving higher conversions and more efficiencies … to mixed results.

% MQL to Closed Won conversion rate down overall, but high performing companies bucked the trend

- % MQL to Closed Won is at 1%, down from 1.2% across the full sample
- High performers with <$25K ASP saw % MQL to Closed Won improve from 3.3% to 6.1%
  - Already invested in product marketing, brand, and content (33% of headcount both years)
  - Program spend per marketing sourced pipeline $ stayed roughly flat
  - Big improvement in % SQL to Closed Won with conversion rates almost doubling
- High performers with $25K+ ASP saw % MQL to Closed Won improve from 1.3% to 1.9%
  - Increased headcount in product marketing, brand, and content –this grew from 22% to 29% of total
  - Improved targeting and messaging showing results; program $ per marketing sourced pipeline $ dropped -37%
  - But fighting against buyer budgetary constraints; % SQL to Closed Won more than halved

… what happened in 2023 *(i.e., the T4Q ending 2Q23)*

INSIGHT PARTNERS

Companies continued to shift strategies to pursue more efficient growth.

Continued focus on customers and not just land, but expand for PLG and earlier stage companies

- Expansion as a % of new & expansion ARR hits 48%, up from 44% and 35% the two years prior
- Especially true for companies with low ASP; for <$5K ASP companies' expansion % hits 53%, up from 47%
- Continued gains more evident in earlier stage companies; later stage companies jumped sooner on this strategy
  - For companies with <$25K ASP, % expansion goes to:
    - 44% from 38% for earlier stage companies (+16%)
    - 63% from 61% for companies with later stage companies (+3%)
  - For companies with $25K+ ASP, % expansion goes to:
    - 40% from 36% for earlier stage companies (+10%)
    - 50% from 51% for later stage companies (-1%)

High performing companies remained agile; testing new strategies and leaning into efficiencies

- High performers with <$25K ASP leaned into expansion and new GTM strategies
  - % Expansion hit 67%, up from 50% (+33%); % marketing headcount for customer marketing hit 3% from 1%
  - Exploration of partnerships and sales-led tactics; partner and event headcount hits 11% from 7%
- High performers with $25K+ ASP are leaning into targeted and content driven demand gen to drive new logo
  - Still generating new ARR with % expansion staying flat at 34%
  - Significantly increased % headcount for demand gen – hitting 25% from 19%
  - Increased product marketing, brand, and content headcount by 7 percentage points vs. 4 for the full sample

What now?

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Focus on root-causes for funnel leakage	The cause for below average conversion rates may lie beyond the obvious. Dive deep into all potential causes, including: • Poor targeting at the top of funnel • Lack of Lead Management, Qualification, and Scoring • Missing SLAs between Marketing, XDRs, and Sales • Lack of relevant content and messaging for all funnel stages • Misalignment on GTM Strategy
Balance Expansion initiative alongside your continued push for New Logos	Work cross-functionally with your Sales, CS, and Product orgs to build a cohesive strategy: • Build campaigns and marketing support for Expansion efforts • However, there needs to be a balance depending on your resources – Marketing's #1 job is to drive New Logos, the lifeblood of SaaS businesses • Crisply define your ICP to make every dollar count – Analyze your Campaign Targeting and Settings to ensure alignment
Experiment with Generative AI and plan for acquisition channel impacts (e.g., Search)	Generative AI can help you do more with less. Build out your strategy to get started: • Use GenAI to enhance your research on your customers and market • Identify core use cases to build process around (e.g., Content Creation, Competitor Analysis, etc.) • Build your tech stack with GenAI capabilities • Stay agile and continually test new products and use cases Get ahead of upcoming changes that may hinder your current strategies: • Understand the impact Google's Search Generative Experience (SGE) will have on paid and organic search • Build modern word of mouth across communities, leveraging GenAI technology

INSIGHT PARTNERS

Marketing Planning

Functional Planning done right

Marketing Planning must align to Finance and full GTM

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Company Wide

Function-Specific

1 Financial Planning	*The financial planning process involves the executive team, in partnership with the board, determining growth and other financial goals for the company.*	↓ *Top-down*	*Finance Owns*
2 GTM Planning	*The GTM planning process requires defining growth levers and strategic priorities in order to achieve the above financial goals.*	↑ *Bottoms-up*	*RevOps Owns*
3 Functional Planning	*The functional planning process outlines each function's role in achieving company objectives, including a detailed budget.*	↓↑ *Top-down & Bottoms-up*	*Function Owns*

★ *This playbook will focus on this level of planning, specifically for Marketing teams.*

Approaches to Marketing Budgeting

Incremental

Based on prior year budget with incremental changes. Most suitable for predictable, well-defined businesses and/or processes. Not suitable when there is rapid growth or change.

NOT RECOMMENDED

Top-Down

Based on company targets, notably a percent of new business targets. Use benchmarks from similar types of companies with a focus on factors like industry, sales model, average deal size, and company size.

DATAPOINT – NOT A TARGET

Bottom-Up

Based on specific marketing activities and campaigns that are anticipated for marketing to reach its goals. For demand gen targets, use historic performance data to back into required spend and channel mix.

For fast-growing ScaleUps we recommend using a combination of top-down and bottom-up to triangulate on you marketing budget.

INSIGHT PARTNERS

Top-Down Budgeting

Marketing Spend Benchmarks

Best Practices for Top-Down Budgeting

1

Benchmark using marketing spend as a % of new & expansion bookings, not as a % of revenue.

Marketing spend is more highly and significantly correlated to bookings than total revenue. Use this KPI for budgeting and benchmarking unless there's something specific about your company.

2

KPI & metric values vary with company attributes; choose like companies.

KPI & metric values vary depending on company attributes. Benchmark against like companies with shared attributes – minimally with similar average deal size, sales model, and total revenue. These are the most significant drivers of spend.

3

Consider how unique aspects of your business, market, or strategy impact benchmarks.

No two companies are the same and benchmarks lose meaning with small samples. Use benchmarks as a starting point and adjust for factors like marketing focus, market dynamics and competition, strategic initiatives, and business mix (e.g., product lines, segments, geos).

Usage Guide

The following information should be treated as a data point and a starting point for discussion. Not a target. KPI values will differ by company type, resources, and goals.

You can find last year's playbook and commentary on GO.

Usage Guide
Slide Layouts

For each benchmark we provide the value for each company type, segmented by New Business Average Sales Price (ASP) and Revenue. We also show these splits over 4 time periods: pre-, during-, and 2 years post-COVID. The below is an overview for how to navigate these slides.

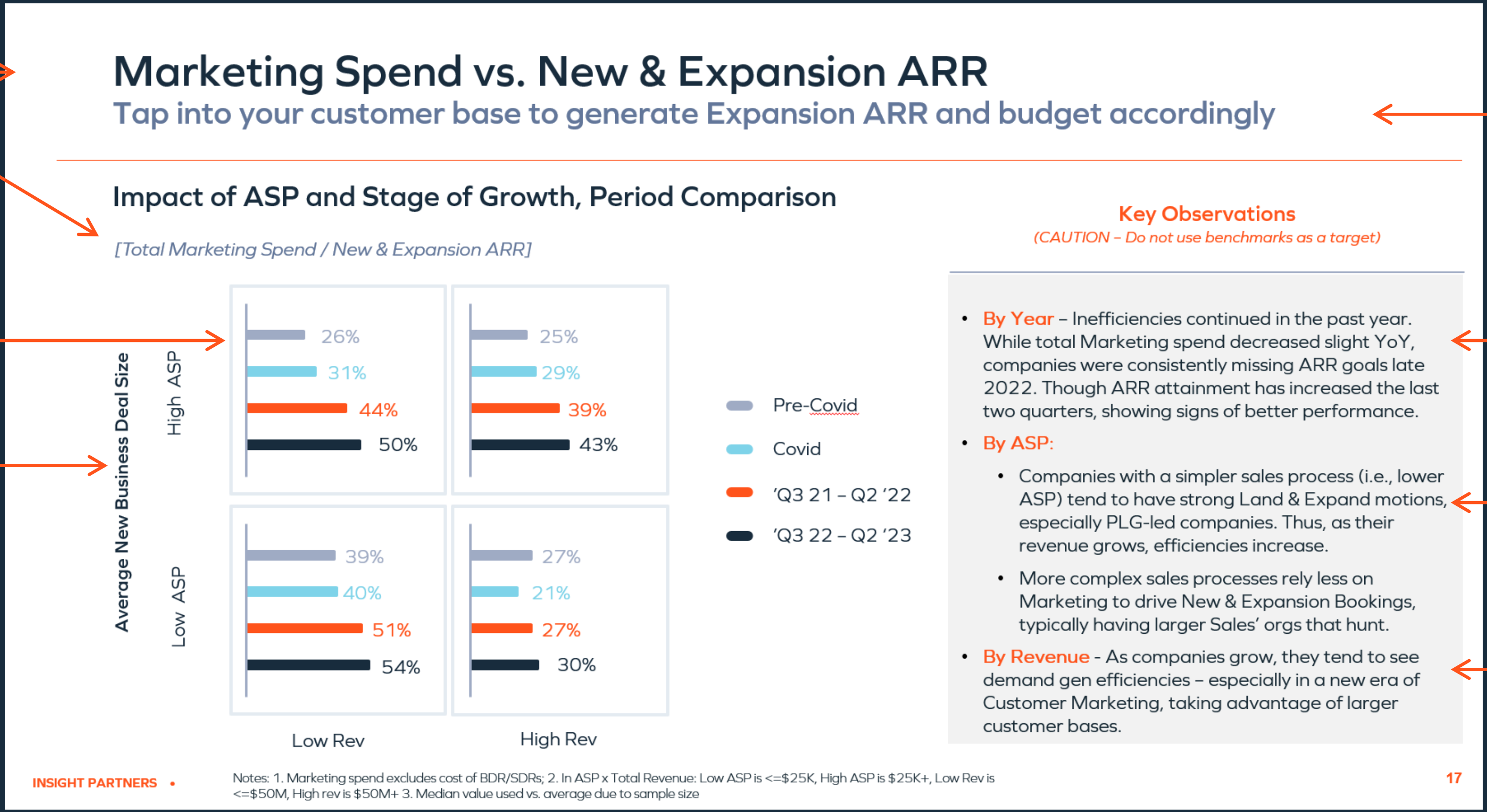
What the benchmark is

How to calculate the benchmark

Four datapoints in each section indicate the benchmark across 4 time periods:
- Pre-Covid: FY 2019
- During Covid: Q3 '20 – Q2 '21
- Q3 '21 – Q2 '22
- Last 4 Quarters Q3'22 – Q2'23

Four sections on the chart are cut by ASP:
- Low ASP, < $25K
- High ASP, $25K+

And Revenue:
- Low Rev, < $50M
- High Rev, $50M+



Guidance for budgeting

Trend over the 4 time periods

Trends we see by Average Sales Price (ASP)

Trends we see by Revenue

Usage Guide
Slide Layouts

On the next slide you will find a comparison for Insight's ***High Performing*** companies. See the following slide for the definition and reasoning behind this approach. This is a comparison over the trailing 4 quarters time period only.

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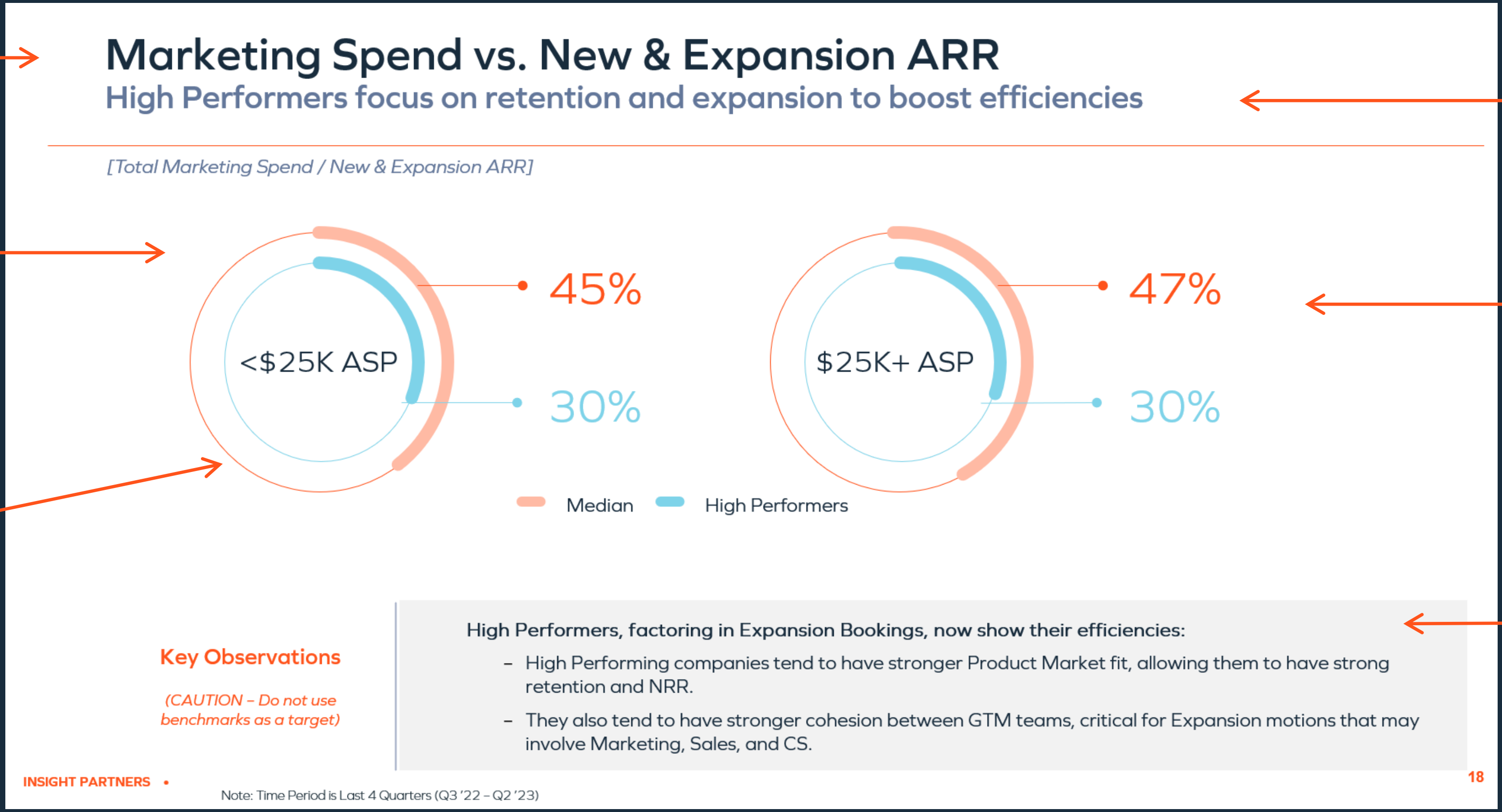
What the benchmark is

2 charts for each ASP Grouping:
- Low ASP, < $25K
- High ASP, $25K+

High Performing companies defined as Best in Class in:
- ARR Growth
- Net Revenue Retention
- CAC Payback



Guidance for budgeting

2 Datapoints in each chart for all companies in the ASP grouping and High Performers

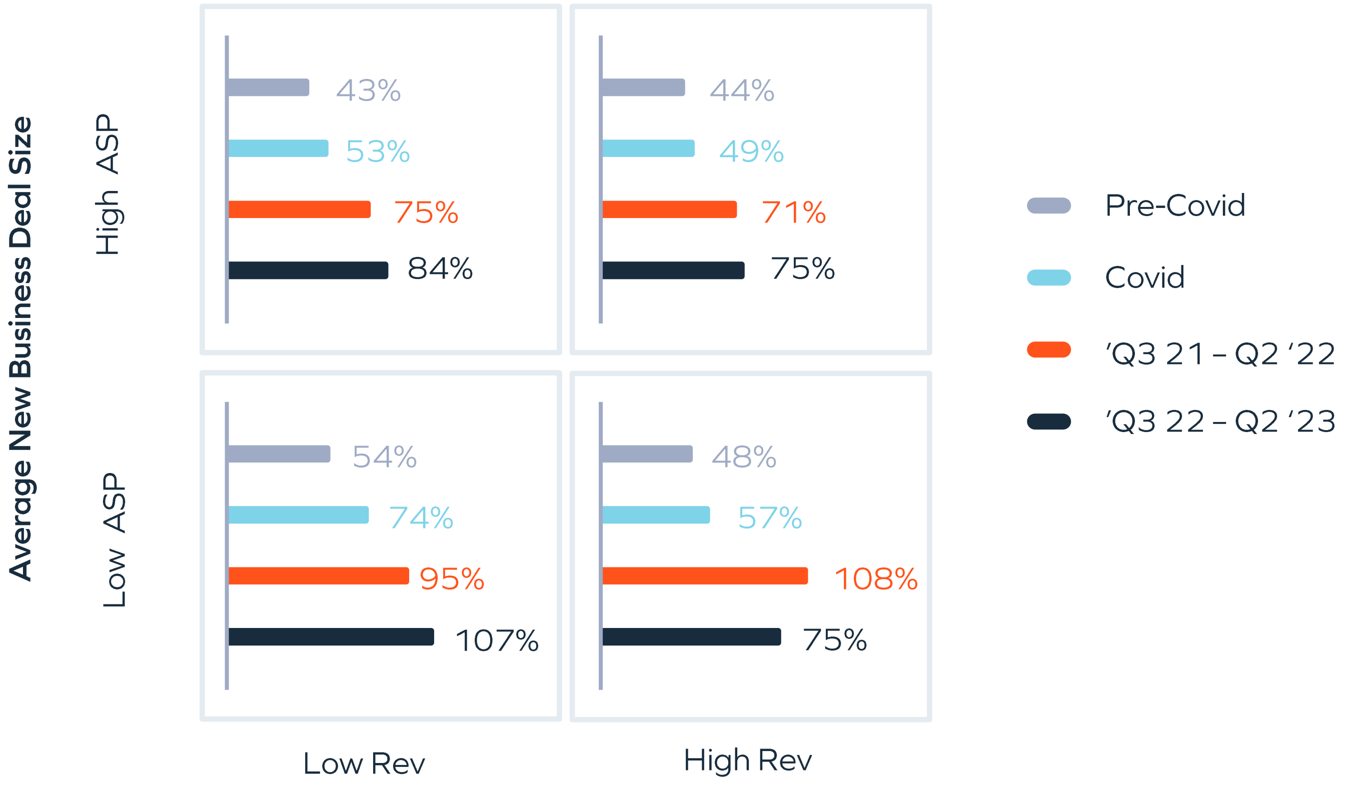
Trends we see for High Performers

Marketing Spend vs. New Business ARR

Companies must optimize for efficient growth as inefficiency took hold in past few years

Impact of ASP and Stage of Growth, Period Comparison

[Total Marketing Spend / New Logo ARR]



Key Observations

(CAUTION – Do not use benchmarks as a target)

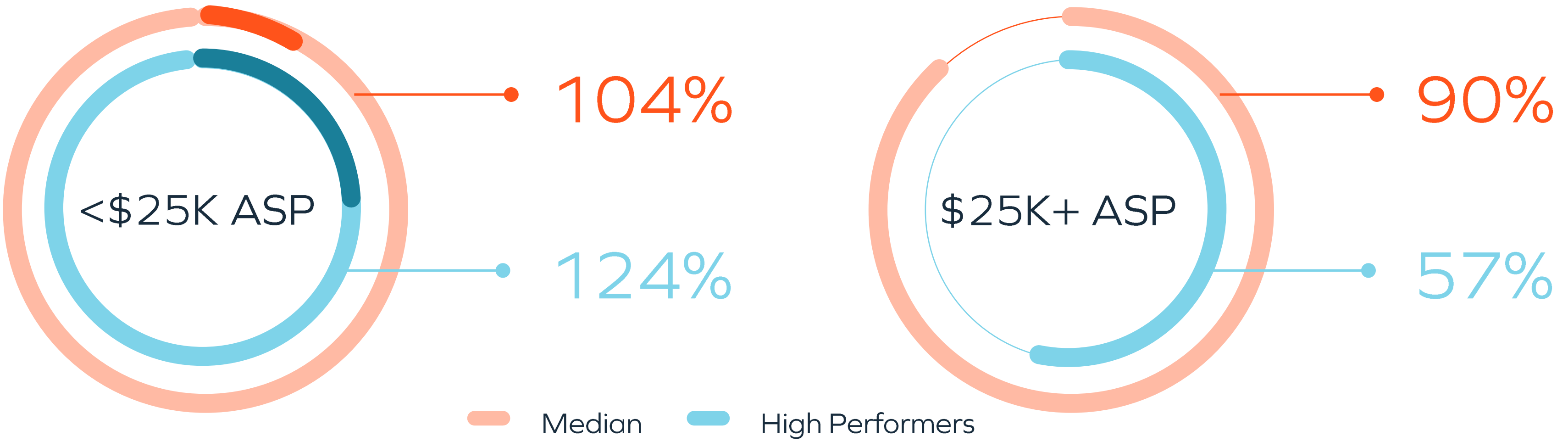
- **By Year** – Marketing spend as a % of New Business Bookings has decreased for the second consecutive year across all segments. For many companies the spend inefficiencies of last year continued.
- **By ASP:**
  - Companies with a simpler sales process (i.e., lower ASP) spend more on Marketing vs. New Business ARR. They rely on Marketing to drive awareness and bookings at scale.
  - More complex sales processes rely heavily on field sales, reducing marketing's role and lowering % Marketing spend.
- **By Revenue** - As companies grow, they tend to see demand gen efficiencies – they've "cracked" key digital channels and get more leverage from people and other assets (e.g., brand, content/SEO).

Notes: 1. Marketing spend excludes cost of BDR/SDRs; 2. In ASP x Total Revenue: Low ASP is <=$25K, High ASP is $25K+, Low Rev is <=$50M, High rev is $50M+ 3. Median value used vs. average due to sample size

Marketing Spend vs. New Logo Business ARR

High Performers see more efficient spend, but not always visible at New Logo only

[Total Marketing Spend / New Logo ARR]



Key Observations

(CAUTION – Do not use benchmarks as a target)

High Performers have different dynamics across different sales motions:

- For Low ASPs, Higher Performers have mastered a Land & Expand motion (see following slides) and thus are willing to "pay more" for a New Logo.
- High ASP companies tend to have a lower contribution from Marketing, though High Performers contribute more in pipeline (48% vs 43%) as well as spend efficiently.

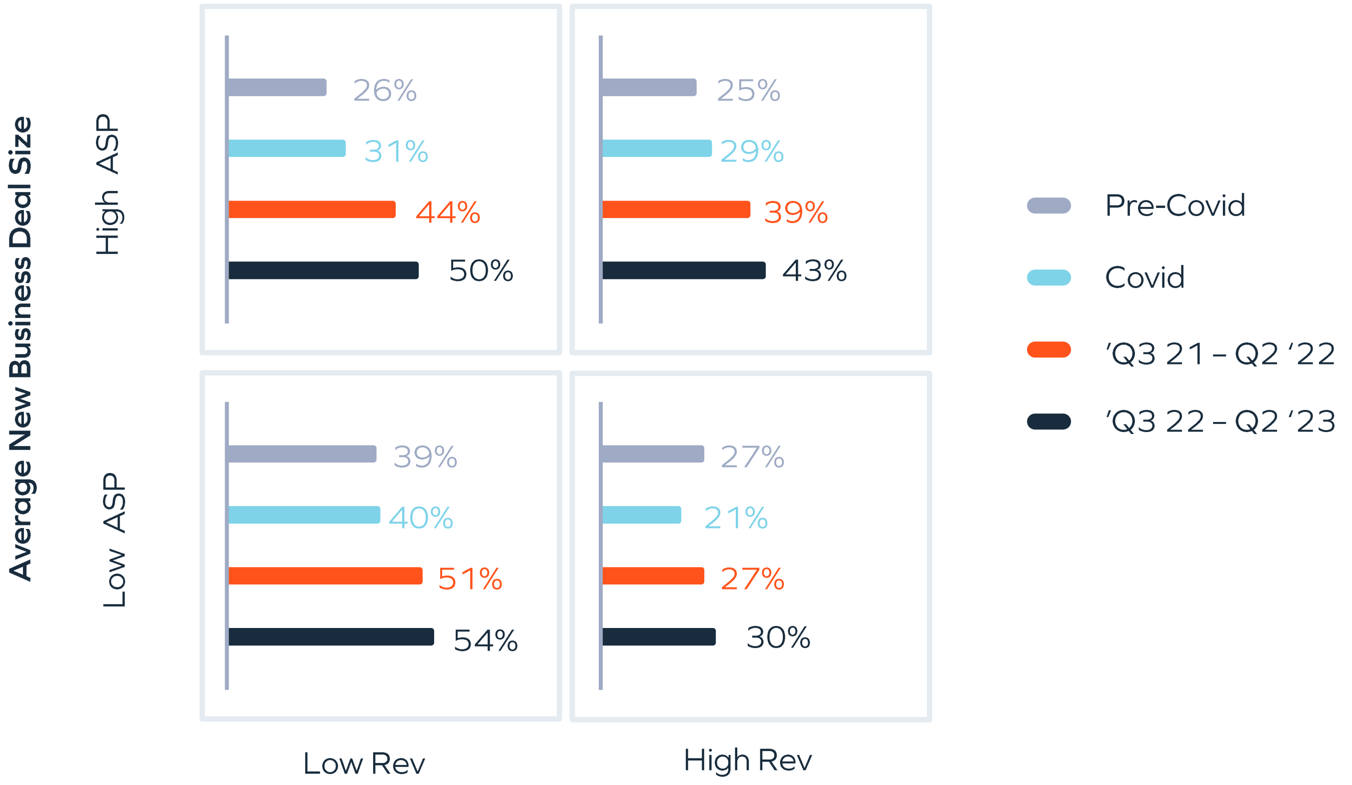
Note: Time Period is Last 4 Quarters (Q3 '22 – Q2 '23)

Marketing Spend vs. New & Expansion ARR

Tap into your customer base to generate Expansion ARR and budget accordingly

Impact of ASP and Stage of Growth, Period Comparison

[Total Marketing Spend / New & Expansion ARR]



Key Observations

(CAUTION – Do not use benchmarks as a target)

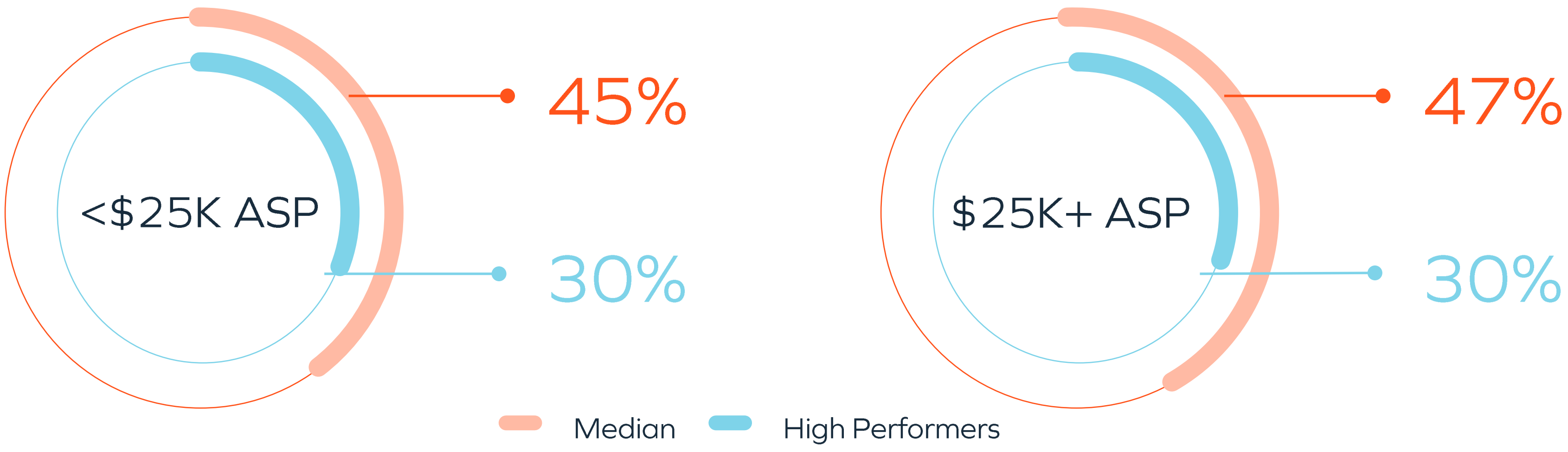
- **By Year** – Inefficiencies continued in the past year. While total Marketing spend decreased slightly YoY, companies were consistently missing ARR goals late 2022. Though ARR attainment has increased the last two quarters, showing signs of better performance.
- **By ASP:**
  - Companies with a simpler sales process (i.e., Low ASP) tend to have strong Land & Expand motions, especially PLG-led companies. As they grow and get more sophisticated, they maximize efficiency.
  - More complex sales processes rely less on Marketing to drive New & Expansion Bookings, typically having larger Sales' orgs that hunt.
- **By Revenue** - As companies grow, they tend to see demand gen efficiencies – especially in a new era of Customer Marketing, taking advantage of larger customer bases.

Notes: 1. Marketing spend excludes cost of BDR/SDRs; 2. In ASP x Total Revenue: Low ASP is <=$25K, High ASP is $25K+, Low Rev is <=$50M, High rev is $50M+ 3. Median value used vs. average due to sample size

Marketing Spend vs. New & Expansion ARR

High Performers focus on retention and expansion to boost efficiencies

[Total Marketing Spend / New & Expansion ARR]



Key Observations

(CAUTION – Do not use benchmarks as a target)

High Performers, factoring in Expansion Bookings, now show their efficiencies:

- High Performing companies tend to have stronger Product Market fit, allowing them to have strong retention and NRR.
- They also tend to have stronger cohesion between GTM teams, critical for Expansion motions that may involve Marketing, Sales, and CS.

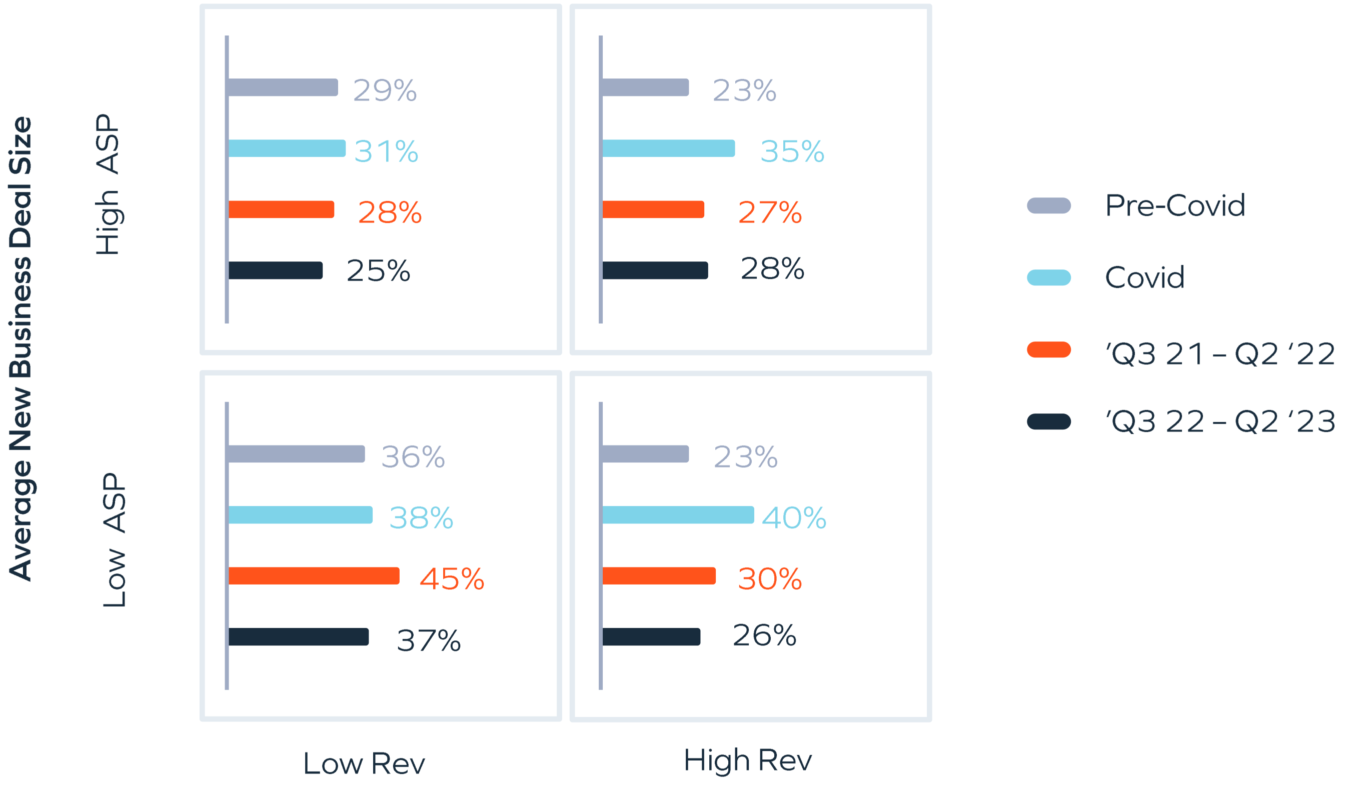
Note: Time Period is Last 4 Quarters (Q3 '22 – Q2 '23)

Marketing Spend vs. Sales & Marketing Spend

Balance investments in sales and marketing for efficient and effective scaling

Impact of ASP and Stage of Growth, Period Comparison

[Total Marketing Spend / Total Sales + Marketing Spend]



Key Observations

(CAUTION – Do not use benchmarks as a target)

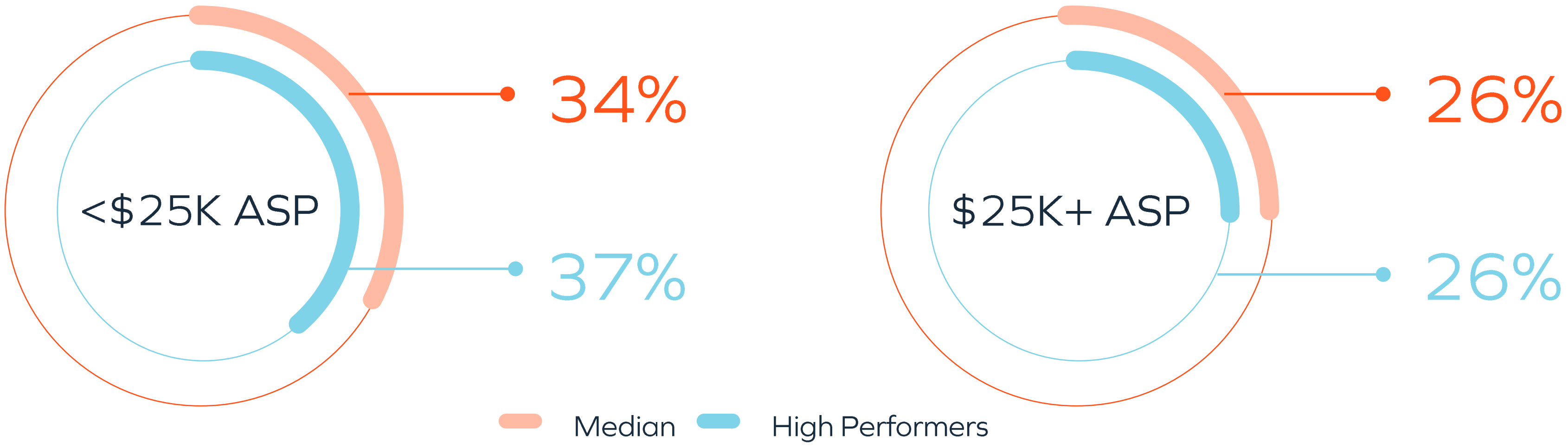
- By Year – For most segments, Marketing spend decreased as a percentage of S&M spend. As marketing hiring is back up and ratio of Sales to Marketing FTEs are normalizing, the drop in spend ratio is due to cutbacks in Marketing Programs.
- By ASP:
  - Low ASP companies tend to have high pipeline and booking contributions from Marketing, necessitating Marketing spend early on to grow ARR.
  - High ASP companies may have Field Salespeople who frequently travel, build their own pipeline, and have a strong Outbound BDR team.
- By Revenue – Low ASP companies invest less in marketing as they grow and add sales headcount. High ASP companies have similar investment, though they do increase their contribution from Partners.

Notes: 1. Marketing spend excludes cost of BDR/SDRs; 2. In ASP x Total Revenue: Low ASP is <=$25K, High ASP is $25K+, Low Rev is <=$50M, High rev is $50M+ 3. Median value used vs. average due to sample size

Marketing Spend vs. Sales & Marketing Spend

High Performers tend to spend similar ratio, but with increased efficiencies

[Total Marketing Spend / Total Sales + Marketing Spend]



Key Observations

(CAUTION – Do not use benchmarks as a target)

High Performers do not stray much from their respective cohorts:

- While this shows that High Performers may spend similarly, their execution on that spend produces stronger results.
- This is due to higher conversion rates for marketing leads and general efficiencies we see with their GTM strategies, since their marketing spend results in additional bookings

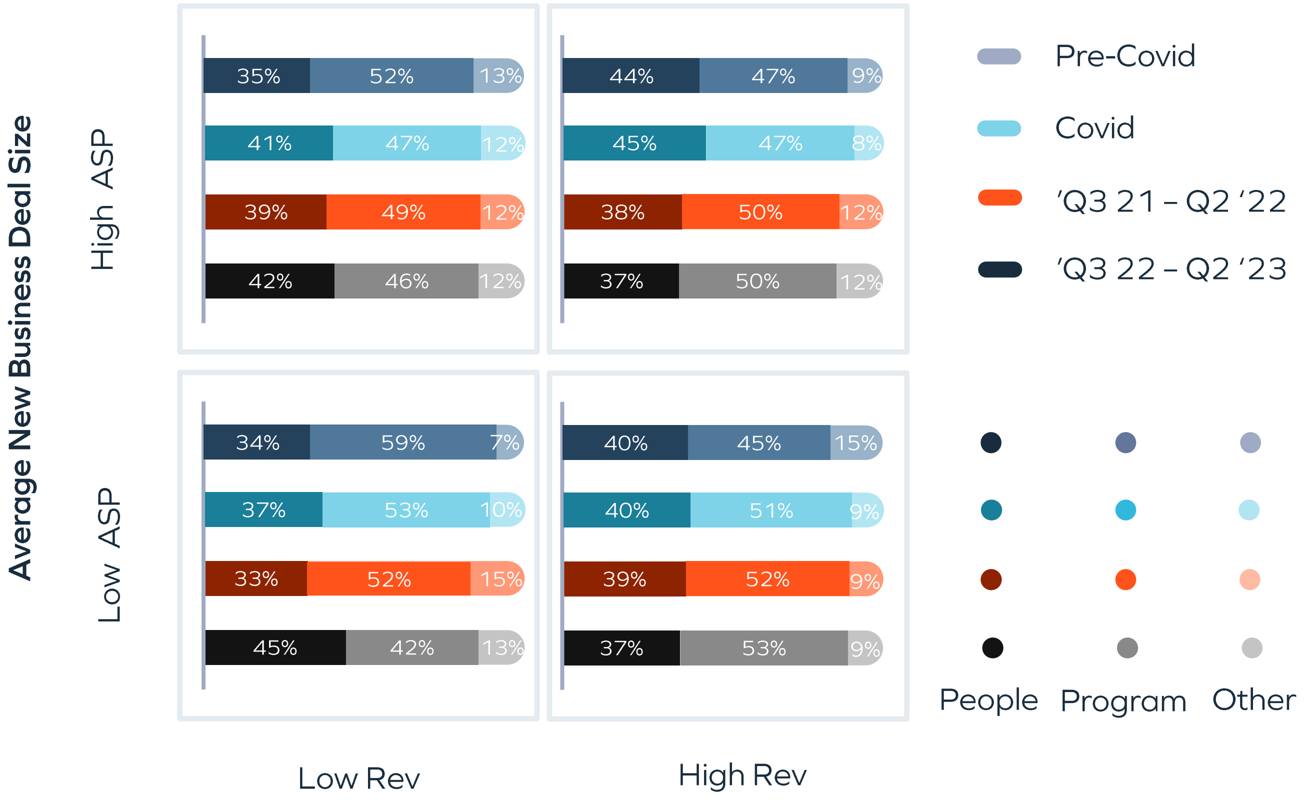
Note: Time Period is Last 4 Quarters (Q3 '22 – Q2 '23)

Marketing Spend Breakdown – People, Program, Other

Ensure sufficient program spend to hit demand gen targets

Impact of ASP and Stage of Growth, Period Comparison

[See Marketing Spend Definitions in the Appendix]



Key Observations

(CAUTION – Do not use benchmarks as a target)

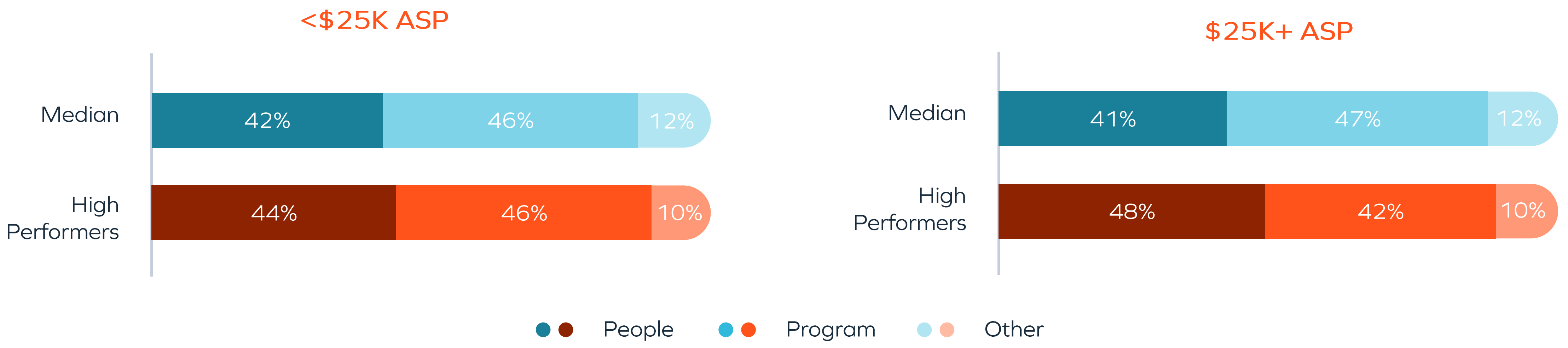
- **By Year** – For many companies, Program Spend has decreased during the first half of 2023. As we predicted last year, much of the Program cuts were delayed, due to commitments to events, conferences, and other contracted spend. We are now seeing those spoken cuts come through in actuals.
- **By ASP:**
  - Low ASP companies spend more on Programs as they are directly responsible for more pipeline and bookings. They also appear to invest in tech earlier, likely due to focus on digital.
  - High ASP companies often spend more on People as they have more specialized roles.
- **By Revenue** – While in the past we had seen earlier stage companies with higher Program spend, that trend flipped in this past year. May be due to stronger measurement and more confidence in spend in later stages of growth.

Notes: 1. Marketing spend excludes cost of BDR/SDRs; 2. In ASP x Total Revenue: Low ASP is <=$25K, High ASP is $25K+, Low Rev is <=$50M, High rev is $50M+ 3. Median value used vs. average due to sample size

Marketing Spend Breakdown – People, Program, Other

High Performers are prioritizing people spend vs comparable companies

[See Marketing Spend Definitions in the Appendix]



Key Observations

(CAUTION – Do not use benchmarks as a target)

High Performers across both segments tend to spend more on People and less on Tech:

- High performing companies have lower Sales to Marketing FTE ratios, growing headcount alongside sales teams (0.5 less for Low ASP companies and 0.7 less for High ASP).
- High performing companies tend to be more agile. Some of the shifts we've mentioned are happening more quickly for High Performers. They've shifted their FTE composition and meet the changing market dynamics more quickly.

Note: Time Period is Last 4 Quarters (Q3 '22 – Q2 '23)

Program Spend per Marketing Sourced New Logo Booking $

Monitor LTV:CAC efficiency and ensure reporting can connect spend to bookings

Impact of ASP and Stage of Growth, Period Comparison

[Total Program Spend / Marketing Sourced Booking $]

Key Observations

(CAUTION – Do not use benchmarks as a target)

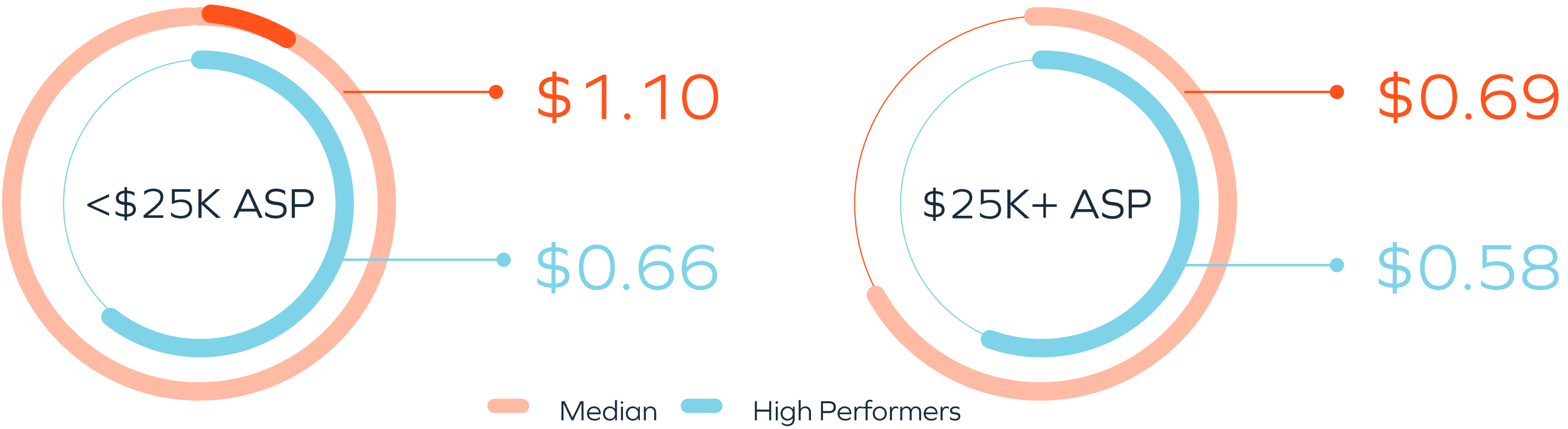
- By Year – The persistent downturn in New Logo ARR is having a significant impact on the efficiency of Marketing Programs. There has also been inflationary pressures on program spend, increasing the cost at the top of the funnel alongside down-funnel impacts mentioned previously.
- By ASP:
  - Low ASP companies have a higher cost ratio to produce New Logo Bookings. These companies have stronger Expansion and lower Sales spend, keeping fully loaded CAC low.
  - High ASP, High Revenue companies are the only type to get more efficient in the past year, potentially due to better targeting.
- By Revenue – Larger companies are more efficient as they find economies of scale, have stronger brands, and cut out underperforming programs.

Notes: 1. Marketing spend excludes cost of BDR/SDRs; 2. In ASP x Total Revenue: Low ASP is <=$25K, High ASP is $25K+, Low Rev is <=$50M, High rev is $50M+ 3. Median value used vs. average due to sample size

Program Spend per Marketing Sourced New Logo Booking $

High Performers have lower CAC Payback Periods and aligned spend to bookings

[Total Program Spend / Marketing Sourced Booking $]



Key Observations

(CAUTION – Do not use benchmarks as a target)

High Performers have more efficient program spend, aligned to bookings

- Low ASP High Performers are nearly 2x more efficient. While they also show a strong Land & Expand motion, they are still efficient on generating New Logo Bookings. This motion also allows them to push up-market sooner.
- High ASP, High Performers are more efficient due to higher Win Rates compared to the median, emphasizing the importance of collaboration with Sales and crisp targeting.

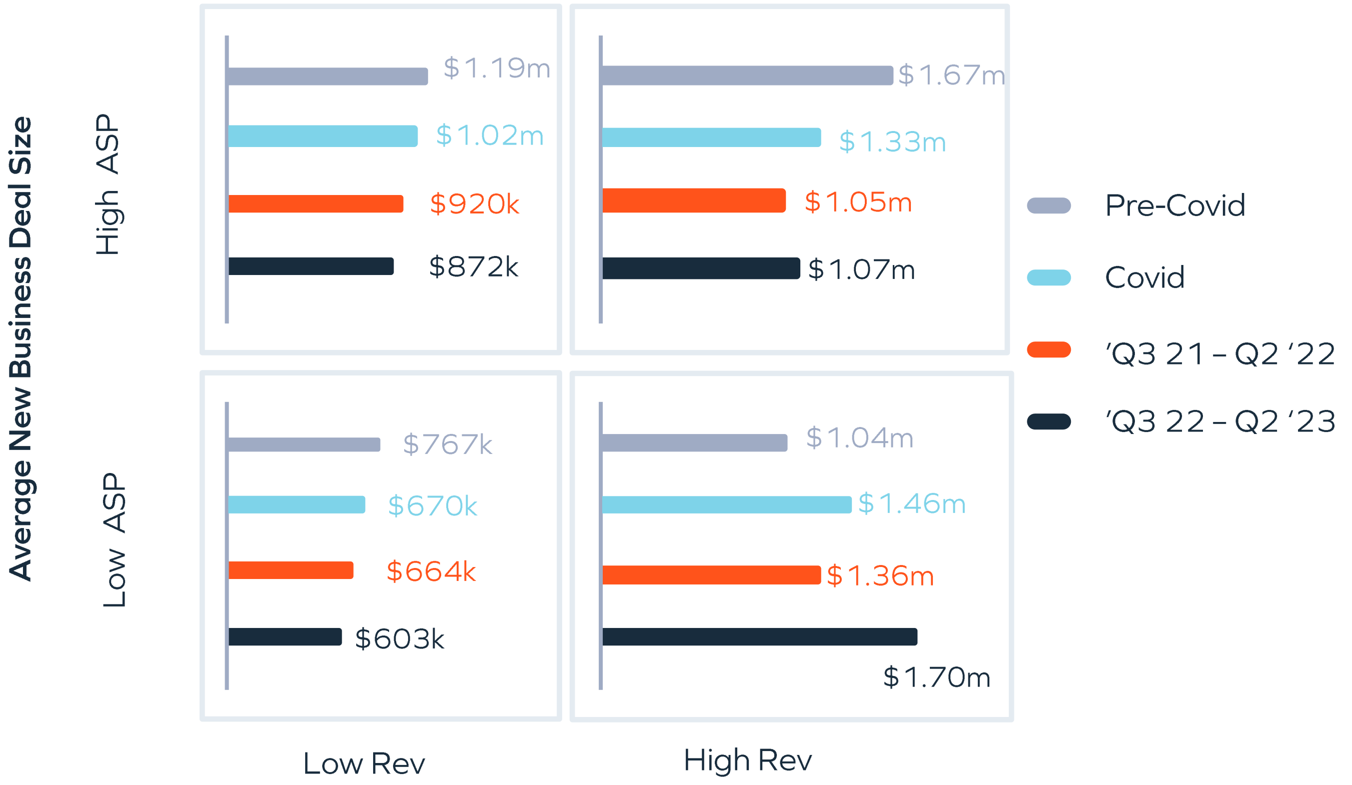
Note: Time Period is Last 4 Quarters (Q3 '22 – Q2 '23)

New & Expansion ARR per Marketing FTE

Ensure team is productive for the current economic outlook and strategy

Impact of ASP and Stage of Growth, Period Comparison

[(New Business ARR + Expansion ARR) / Marketing FTE]



Key Observations

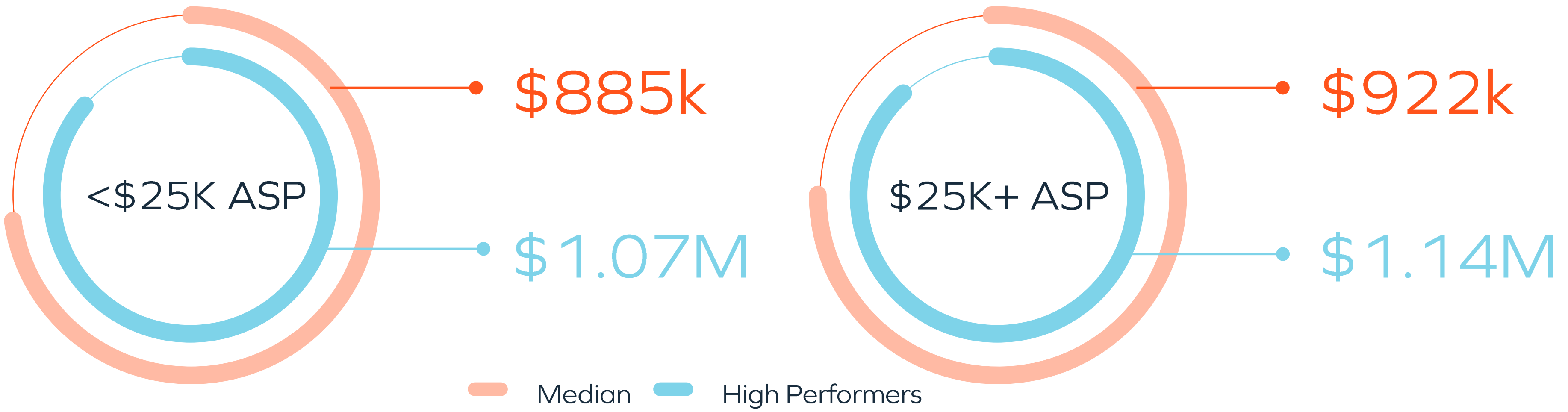
(CAUTION – Do not use benchmarks as a target)

- **By Year** – For lower Rev companies, there has been continued decreases in New & Expansion ARR per Marketing FTE. Despite the RIFs the past 2 years, we have seen marketing headcount back up. Higher Rev companies started to see upticks.
- **By ASP:**
  - Low ASP companies see a big shift as they grow. While lower ratio early in their journey, the increase in Expansion ARR as they grow allows each FTE to be more efficient.
  - High ASP companies tend to grow Expansion ARR more slowly leading to a smaller increase as they grow.
- **By Revenue** - As all companies grow, their Expansion ARR grows alongside their customer base. This typically outpaces headcount growth for Marketing and contributes to this ratio increasing.

Notes: 1. Marketing spend excludes cost of BDR/SDRs; 2. In ASP x Total Revenue: Low ASP is <=$25K, High ASP is $25K+, Low Rev is <=$50M, High rev is $50M+ 3. Median value used vs. average due to sample size

New & Expansion ARR per Marketing FTE

High Performers have more productive people with higher booking output



Key Observations

(CAUTION – Do not use benchmarks as a target)

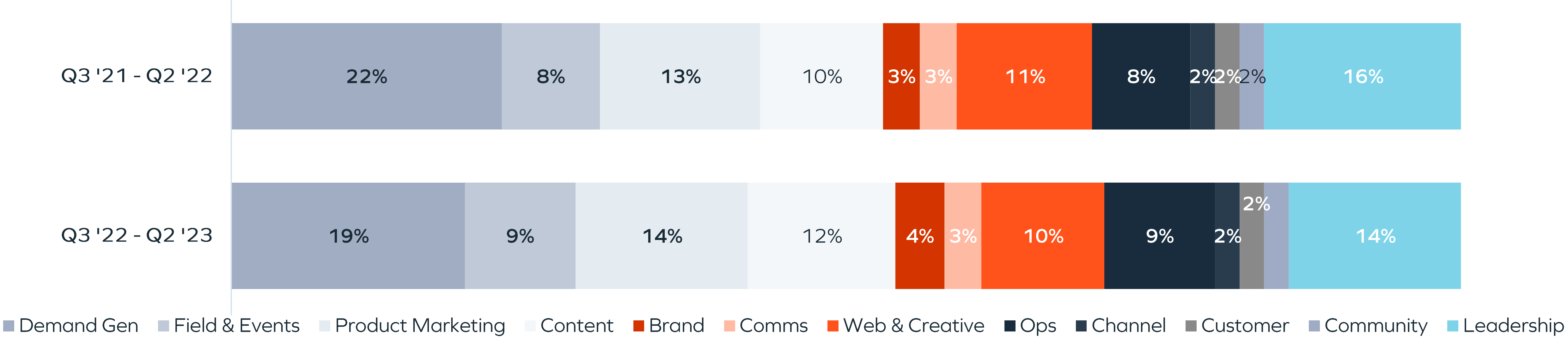
High Performers generate more New & Expansion ARR per Marketing FTE across both segments:

- As we saw earlier, High Performing companies have strong NRR and expansion motions, contributing to a higher NNARR number and higher ratio.
- This is in spite of High Performing companies having lower Sales to Marketing FTE ratios, indicating this is much more about higher ARR than it is about lower FTE counts.

Note: Time Period is Last 4 Quarters (Q3 '22 – Q2 '23)

Marketing FTE Breakdown

Invest early and often in Demand Gen & Product Marketing



Key Observations

(CAUTION – Do not use benchmarks as a target)

- Demand Gen, including Field & Events, fell from 30% to 28%, coinciding with the recent decrease in programs.
- Despite the rise of Generative AI, we saw Content Marketing grow in the past year.
- Product Marketing, Content, and Brand grew from 26% to 30%, showing increased emphasis on targeting and working cross-functionally with Sales teams.

Note: Time Period is Last 4 Quarters (Q3 '22 – Q2 '23)

Bottoms-Up Budgeting

Demand Gen Model

Best Practices for Bottoms-Up Budgeting

1

Calculate marketing's pipeline goal based on company targets

Start with company-wide new bookings targets. Using marketing's expected contribution and your prior conversion rates, you can calculate how much pipeline marketing is responsible for.

2

Build your monthly plan for each acquisition channel

Model your expected pipeline and bookings contribution for each of your acquisition channel (e.g. Paid Digital, In-Person Events). Use historical cost per lead and conversion rates to increase accuracy.

3

Consider strategic growth levers from company-wide planning

Allocate resources and estimate impact of marketing activities that tie to strategic growth levers. Whether you are launching a new product, entering a new geo, or modifying your GTM strategy, plan accordingly.

Bottoms-up: Demand Gen Calculator

	All	Organic / Direct	Paid Digital	In-Person Events	...
Program Spend					
Cost Per Lead					
Leads					
% Leads to MQL					
MQLs					
% MQLs to Opps					
Opportunities					
% Opp to Won Deal					
Deals Won					
Average Deal Size					
Opportunity $					
Booking $					

Build Growth Levers across GTM team to identify priorities

Align these levers to your operating model to ensure coverage by geo, segment, etc.

INSIGHT PARTNERS

Lever	DESCRIPTION	PROS	CONS	Functional Dependency	COST $	GROWTH $	Owner
					2024	2024	
Lever 1	*Description of the growth lever, with actions, and key assumptions that sit behind the cost and growth projections.*			*What functional department is this dependent on?*	*Cost in Y1*	*Projected Growth in Y1*	
Lever 2							
Lever 3							
Lever 4							

Make sure to list the Jobs To Be Done AND the key assumptions of your business case

Build your campaign calendar to align to your growth levers

Campaign themes can be aligned to new products, geos, or other strategic priorities

Best Practices

Strategy – A strong campaign calendar is structured around your content strategy, and is aligned to:

- Campaign Themes
- Product Launches
- Market Trends/Hot Topics
- Funnel Stages/Buyer Journey

Tactics – Your campaign calendar provides a sequenced view of your key marketing tactics, channels and campaigns. Make sure to include key data points for successful execution:

- Description: Type / Title / Audience
- Logistics: Date / Status / Owner
- Distribution: Channel / KPIs / Campaign

Illustrative

	Q1	Q2	Q3	Q4
TOFU Campaign Theme	*Case Study: 6Sense Portfolio Audience Feb '24 Newsletter Email Open Rate*			
BOFU Campaign Theme		*Blog Post: Valuation Founders/Prospects May '24 Website Blog Traffic*		
Product Launch			*Press Release LPs & Investors Aug '24 PR Newswire Share of Voice*	
Market Trend				*Social: AI Takes VC Community Oct '24 LinkedIn, Twitter Engagement*

Key questions addressed with Insight’s State of B2B SaaS Demand Gen preview

1 What is Marketing’s contribution to pipeline?

2 What demand gen tactics should we use?

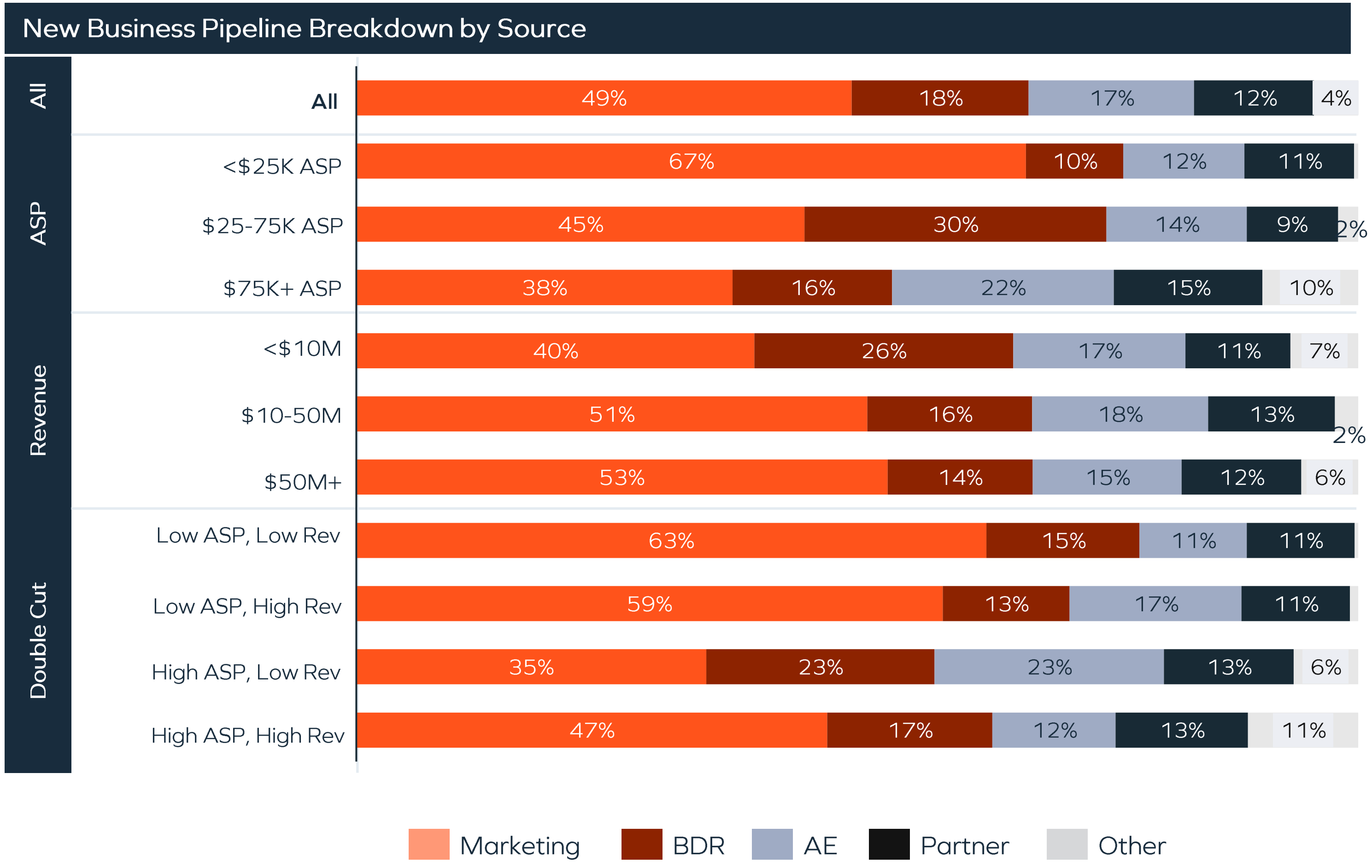
3 Where should we spend in paid digital?

4 How should we think about account based?

To receive additional datapoints from our State of Demand Gen Report please email MarketingOnCall@Insightpartners.com

Preview: Align on Marketing's contribution to pipeline

Marketing's contribution is heavily dependent on the sales motion and ASP.



Contribution Shifts with Sales Complexity

- Marketing drives the majority of pipeline for Volume/Velocity companies with low ASP. These companies have a simpler sales process with low/no-touch sales and rely on scalable demand gen.
- Marketing's contribution decreases with increased sales complexity (e.g., higher ASP, larger buying committee). Here, AEs, BDRs and Partners, play an increased role in pipeline creation.

Contribution Shifts as the Company Scales

- For Volume/Velocity companies, Marketing's contribution decreases as the company scales. This is driven in part by a push to go up-market and the addition of AEs.
- For Enterprise focused companies, Marketing's contribution increases as the company scales. At the early stages ,these companies rely on BDRs and AEs. As they scale, Marketing matures and becomes a larger contributor to pipeline.

Partners Spike in Mature, Enterprise Focused Companies

- A Partner motion takes time to build and mature. While Partner adoption was 64% across all companies, adoption was 81% for those $50M+ in revenue.
- Partners have a larger impact on companies selling to Enterprises; Enterprise buyers often rely on Partners for recommendations, purchase, and implementation. Companies with Enterprise motions ($75K+ ASP) see higher pipeline contribution (15%) vs. those with lower ASP (9-11%).

Survey Question: "Roughly estimate what % of your total new business pipeline comes from the below teams?
Notes: Low ASP is <$50K, High ASP >$50K. Low Rev is <$50M, High Rev >$50M; Other mostly includes referrals

Insight Onsite’s Marketing Center of Excellence has seasoned operators experienced in marketing strategy and tactics

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Senior Manager

Irene Garcia
Senior Manager

Pax Kaplan Sherman
Senior Manager

Contact MarketingOnCall@Insightpartners.com with questions.

Appendix

Usage Guide

Marketing Spend Definitions

Throughout this document we will reference marketing spend and the components of marketing spend. The below is how we are defining these

Marketing Spend Breakdown

- **Marketing People Spend:** This is the fully loaded payroll costs, including CMO cost but excluding training cost. We exclude SDR/BDR/inside sales teams that reside in marketing.
- **Marketing Program Spend:** Spend for brand & demand gen. This includes events, digital marketing, advertising, demand gen content, external PR and SEO, analyst fees, and other program costs. It does not include technology and systems.
- **Other Marketing Spend:** This includes spend for travel, corporate allocations, infrastructure / system spend (e.g., website, MAP), subscriptions (e.g., Sirius Decisions), etc.
- **NOTE:** We excluded BDR/SDR costs since most of our marketing orgs do not have BDR/SDR teams residing within them. This allows for a more apples-to-apples comparison.

Marketing Program Spend Breakdown

- **Content Spend:** any content purchased from analysts like Gartner. Spend for content. This includes the cost of content created and
- **Digital Marketing Spend:** Spend for paid and unpaid digital. Paid includes PPC/display ads, banner ads, retargeting, paid social media advertising, content syndication, etc. Unpaid includes spend for email list purchase and external SEO or social media services.
- **Tradeshows & Events Spend:** Spend for tradeshows and field marketing events. Includes event fees and services, but excludes travel. Also excludes the user conference.
- **User Conference Spend:** Spend related to the user conference, excluding employee salaries.
- **Other Program Spend:** All other program spend, including PR agency, analyst fees, merchandise, direct mail, partner marketing, etc.

Marketing Planning must align to Finance and full GTM

Annual planning answers two critical questions

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1 How much can we grow ARR next year?

Best practice process: FY BUDGET

Traditionally run by Finance

Top's down: growth (ARR) and expense budgets.

From: Excel plug

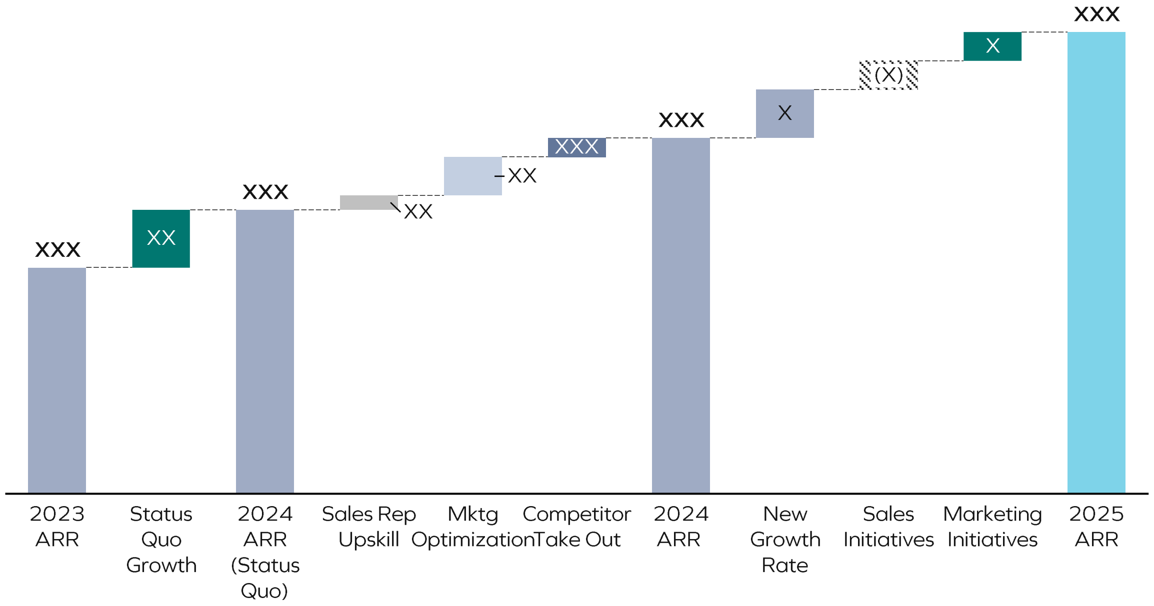
To: Business case

2 What initiatives will drive that growth?

Best practice process: GROWTH WATERFALL

Traditionally run by ______

Bottom's up: growth (ARR) and expense budgets.



Develop waterfalls that identify growth and cost levers

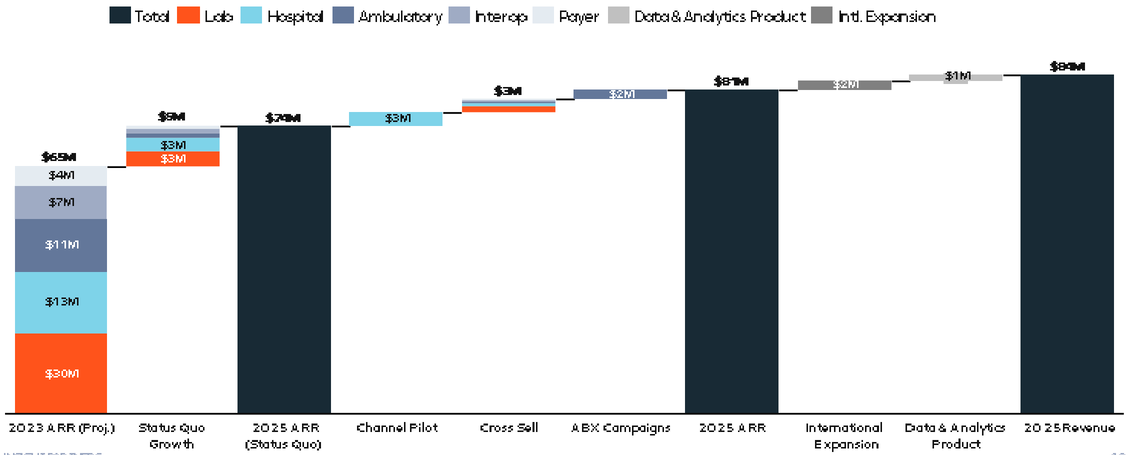
This end state allows functional planning to be a company-wide endeavor

Growth Waterfall (ARR)

Example

Business Growth Waterfall Summary

How do we deliver ~$18M by 2025, increasing ARR by 28% in two years?



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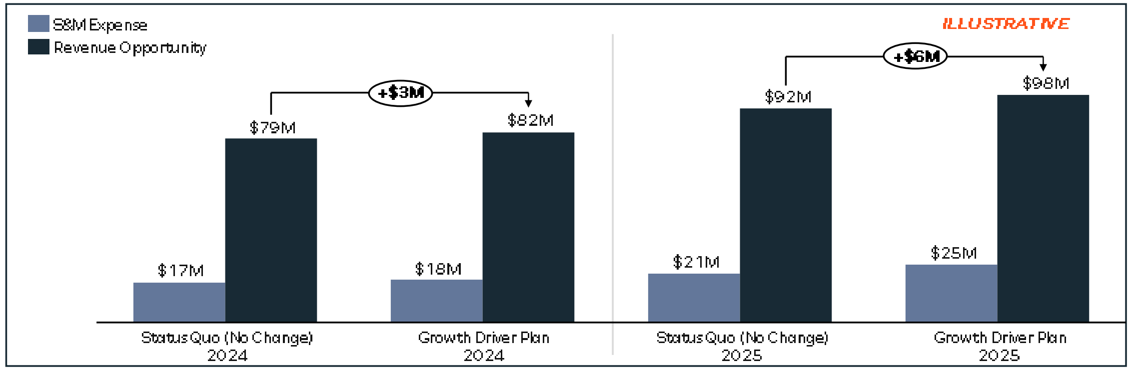
Growth and Cost (cost, ARR)

Example

Business Case Waterfall Summary

Executive summary should have both cost implications and revenue opportunities



S&M Expense	$17M	$18M	$21M	$25M
Revenue Opportunity	$79M	$82M	$92M	$98M
Delta	**$62M**	**$64M**	**$71M**	**$73M**

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A detailed and segmented view of your growth levers and their top-line contribution over time.

A complementary business case waterfall that incorporates the cost implications of implementing your growth levers over time.

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