BOOSTUP ROUNDTABLE

The North Star Metric: NRR & Renewal Forecasting
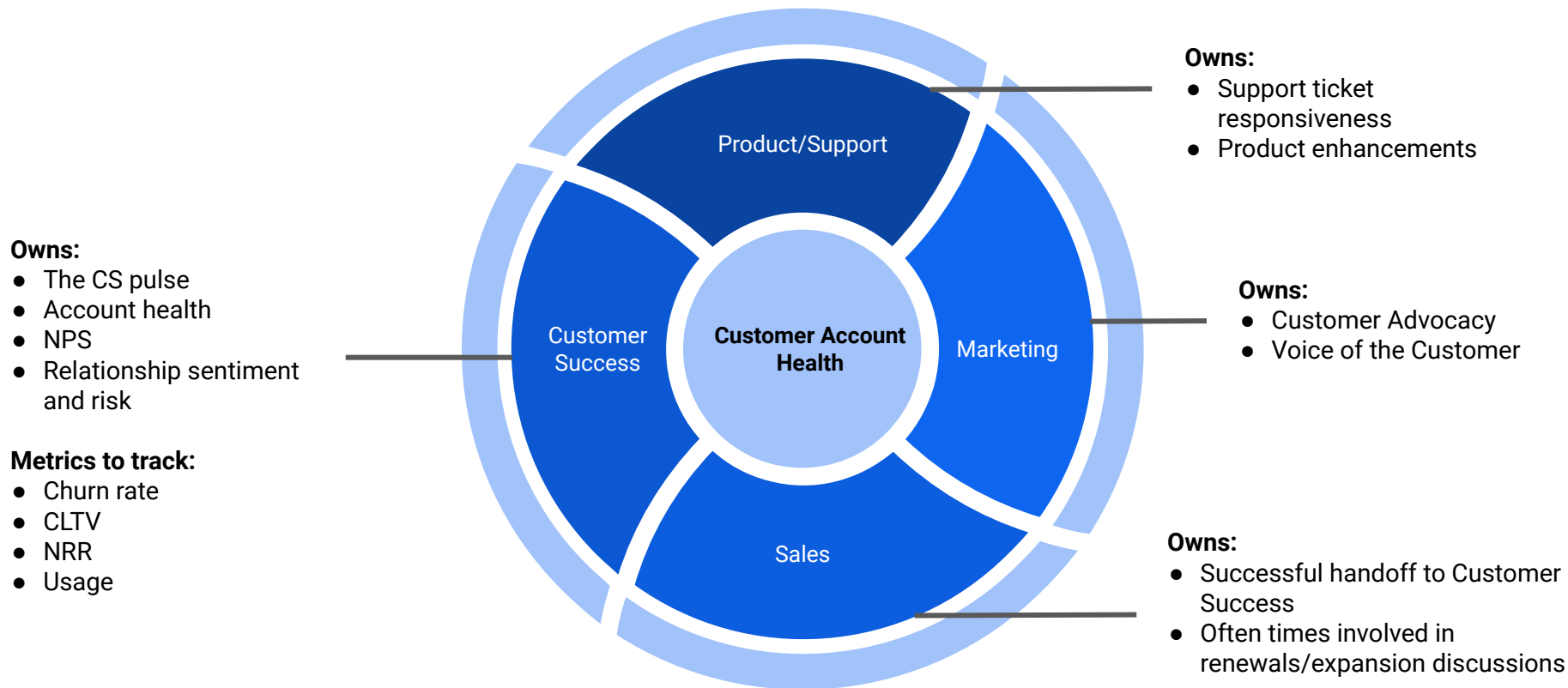
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Product & Solutions Director
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Renewal Forecasting - Build a renewal program

TEAM	PROCESS	TIMING	TOOLS
Who is involved in managing renewals and expansions?

Note: This may vary based on the size of the team/complexity of the product | What processes are in place to track customer renewals, identify expansion opportunities, track account health?

What standard meetings occur? | How soon do you start the renewal process?

How far in advance of the renewal?

Who is involved on both sides? | What tools do you use to track renewal, expansion opportunities and risk?

Where do you get visibility into account health and forecast risk?

Where do you get insights into red flags? |

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Renewal Forecasting - Surround sound the account

Owns:
- The CS pulse
- Account health
- NPS
- Relationship sentiment and risk

Metrics to track:
- Churn rate
- CLTV
- NRR
- Usage

Product/Support

Customer Success

Customer Account Health

Marketing

Sales

Owns:
- Support ticket responsiveness
- Product enhancements

Owns:
- Customer Advocacy
- Voice of the Customer

Owns:
- Successful handoff to Customer Success
- Often times involved in renewals/expansion discussions

Renewal Forecasting - Build a renewal process

**Build a renewal cadence/process:**
1. CSMs Update Customer Health Scores
2. RMs Update Renewal Forecast Status
3. RMs + Managers Assemble Forecast
4. Align with Sales on co-owned deals
5. Assemble an unified Company Forecast

Customer Health Metrics to consider:
- Overall usage of the product
- Depth of usage (% of product used)
- Breadth of usage (# of licenses)
- Growth of the account
- Length of time as a customers
- NPS type account health
- Executive relationships
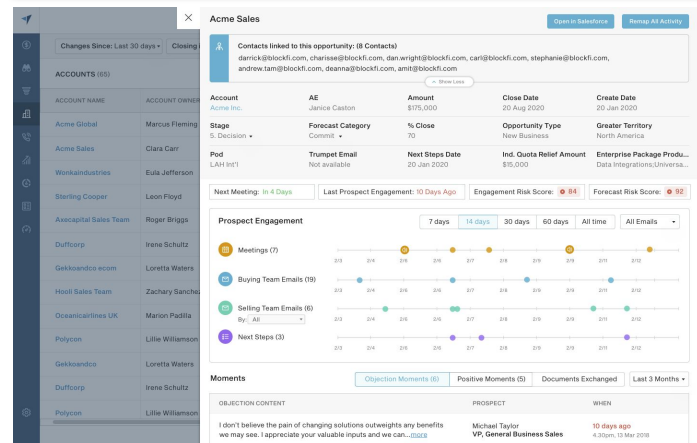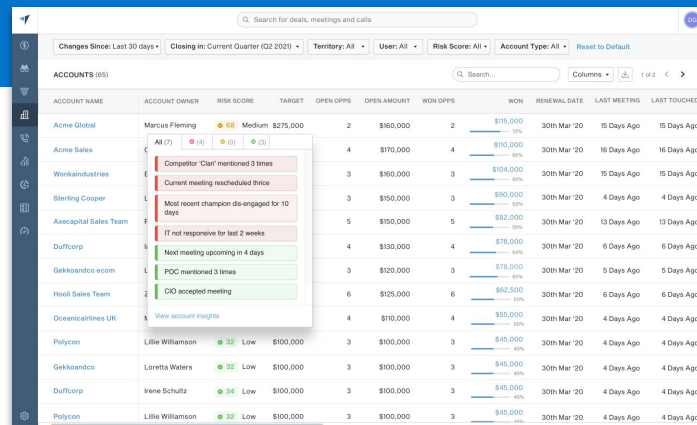- Time managing account
- Engagement activity
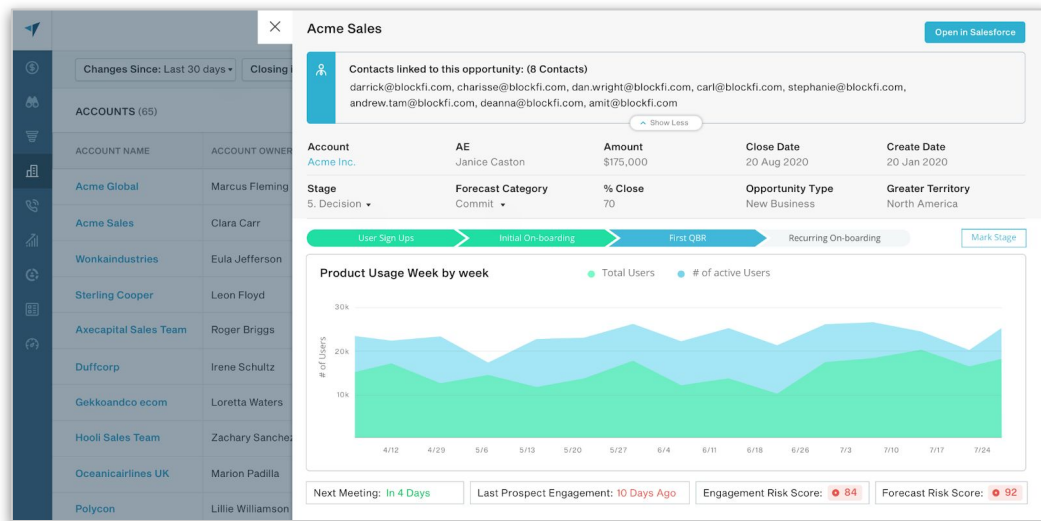
Renewal Forecasting - Tools
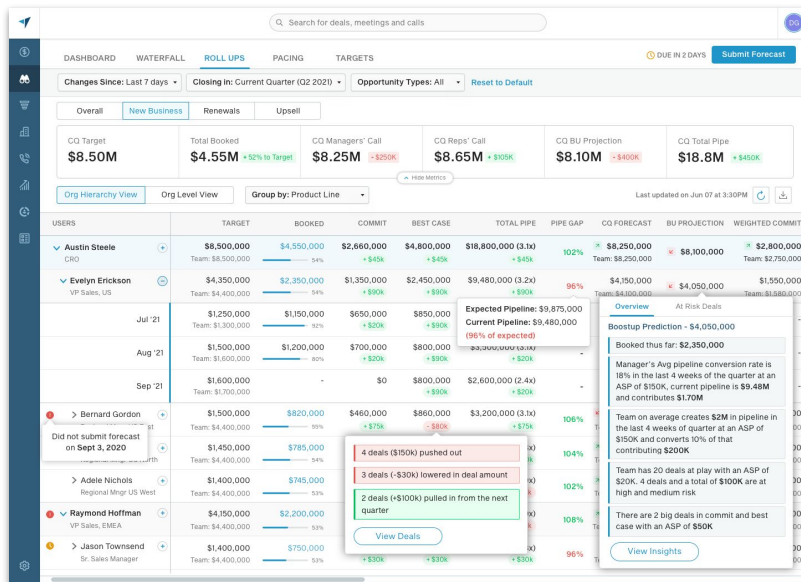
Centralize your forecasting into a single tool.

Get visibility into engagement and associated risk.

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BoostUp Customer Renewal Forecasting Trends

RENEWAL MANAGERS ALIGNS TO SALES PROCESS WORKFLOWS

- MEDDIC for Renewal Deals & Customer Accounts
- Align on Forecast Category with Sales Reps AND/OR Renewal Forecast Category for RMs
- Stage progression for Renewal Deals similar (but usually different) than Sales Stages

TEAM COLLABORATION RM + CSM + Sales

- CSMs provide forecast input based on Client Health metrics
- RMs provide forecast input based on Deal Progression & Confidence of Close
- Sales provide forecast input for their collaborative deals (Upsell, Expansion, Growth)

ALIGN ON FORECASTING METRICS

- What is supposed to renew this quarter?
- What is expected to close this quarter?
- What has Booked?
- What has Churned/Downsold?
- What is our gross and net renewal rate for this quarter?

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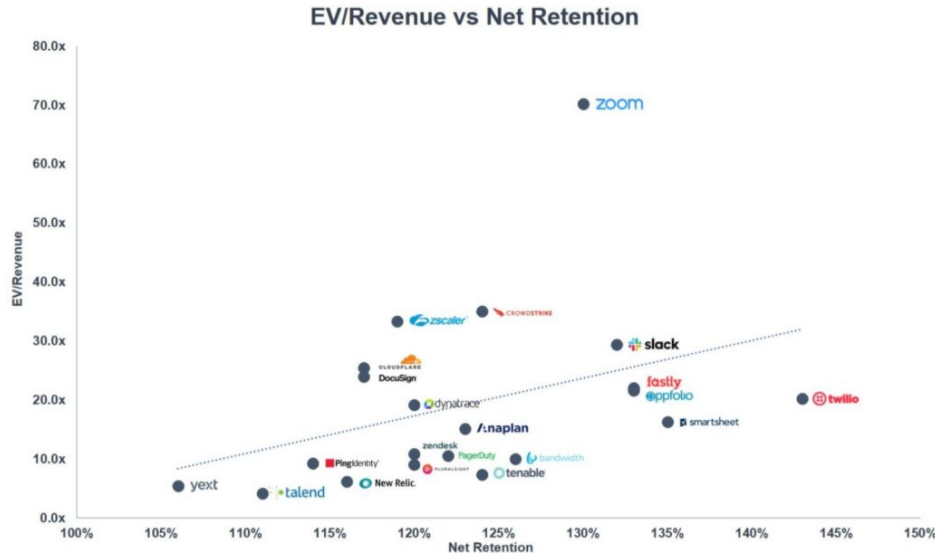
What it is and why it matters

- What is NRR (Net Revenue Retention)?
  - The Defining metric for long term growth and company health
  - The metric that tells you how much recurring revenue from current customers you retained over a given period of time
  - NRR takes into account customer upgrades, downgrades, and churn to show how much your business could continue to grow from your current customer base alone
- Why does it matter?
  - Ultimately gives you a clear picture of the financial security of a business
  - In times of uncertainty like today, investors are looking for companies that not just grow at all costs but that show signs of sustainable growth in uncertain times

# Retention is the most important metric

- In March 2020, a survey of private equity firms and strategic investors showed that net retention is the most important metric when evaluating a company
- Below is a chart of SaaS companies and how their value aligns with their NRR

EV/Revenue vs Net Retention

Source: https://softwareequity.com/the-impact-of-net-retention-on-valuation-for-public-saas-companies/

Retention is the most important metric

- The data in this survey shows that companies that are able to retain and grow within their customer base, particularly in the face of a recession, are rewarded with EV/Revenue higher multiples
- Another example that came a few months after the survey was conducted is Snowflake

Before Snowflake made history as the biggest tech IPO, their NRR was at 158% (compared to the 130% average of the 21 notable public SaaS companies on the chart on the previous slide)

158%

snowflake
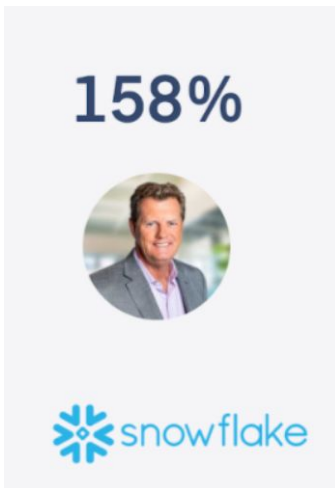
So how do we increase NRR?

People
- How do customers want to interact with your company?
- What does a team/pod for a strategic account look like?
- How are your customer facing teams structured?
- Could the GTM team (AEs, AMs, CSMs, RMs) be more efficient under one leader vs having Acquisition separate from Retention?

Process
- Communicate the strategy for how your company wants to retain customers to everyone at the organization
- Define the single point of contact for a customer and the process to maintain a relationship and add value to a customer throughout their lifetime
- Create and document a clear process on how at risk and churned customers are handled

Product
- Expansion within an existing customer is much easier with more than one product to sell
- Align your product roadmap with what customers want that you can tie to ROI and revenue
- Use your time with your customers to listen to their pain points and what they want from your product and what they are seeing from competitors

How Hopin Looks at NRR

- At Hopin, retention is our number one priority for this fiscal year
  - Focus on customer acquisition of organizations not just doing a pandemic one time event
  - Segmentation allows for more focus with key accounts
  - Product roadmap aligned to revenue potential
  - Offering a platform for all internal and external meetings/events
- We define NRR = Renewable ARR + Upsell - Downsell
- Some of the tools we use:
  - Forecasting Solution
  - SFDC CRM
  - Conversation AI
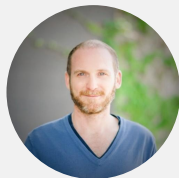
Chargebee Overview

Chargebee Mission: *To maximize the growth potential of every business by delivering the world's best subscription management platform*

Chargebee supports 120+ currencies and 25 payment gateways across 50+ countries.

27,000+	**Customers**
1000+	**Employees**
$7Bn+	**Revenue Processed**

Salt lake city

Amsterdam

San Francisco

Chennai

Sydney

The Four Pillars of Revenue Operations

Operation Management

- Operational alignment
- Sales process optimization, automation, & scaling
- Pipeline management
- Compensation & incentives plans
- Deal Desk

Revenue Insights

- Quality data and analytics
- Creating the source of truth for the organization
- End to end client journey data ownership
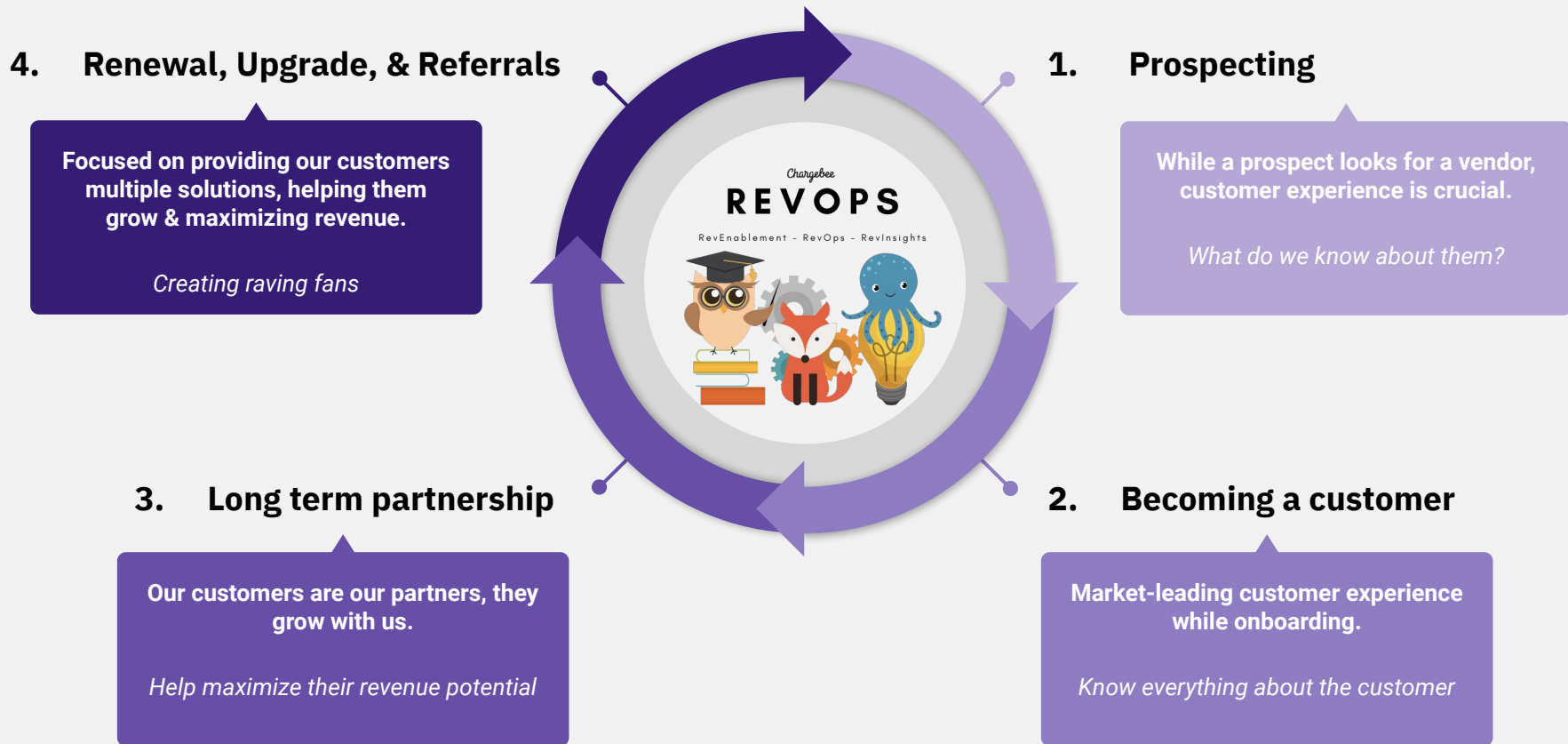- CRM hygiene
- Forecasting

Revenue Enablement

- Supports the organization in acquiring and maintaining customers
- Supports all customer facing roles in maximizing revenue gained
- Communication

System Operations

- Optimizing the revenue stack
- Run efficiently, leverage the best software possible, and de-silo the data
- CRM customization & adoption

Customer Journey

4. Renewal, Upgrade, & Referrals

Focused on providing our customers multiple solutions, helping them grow & maximizing revenue.

Creating raving fans

1. Prospecting

While a prospect looks for a vendor, customer experience is crucial.

What do we know about them?

3. Long term partnership

Our customers are our partners, they grow with us.

Help maximize their revenue potential

2. Becoming a customer

Market-leading customer experience while onboarding.

Know everything about the customer

Chargebee
REVOPS
RevEnablement - RevOps - RevInsights

Revenue Operations

Best Practices

System Operations:
- ○ *Customer journey tracked via a centralized system*
- ○ *Predictive Revenue Forecasting*

Revenue Enablement:
- ○ *Enable the GTM teams to reach their goals, focusing on the customer experience*
- ○ *Start engaging the customers for renewal early, giving time to understand what the outcome will be*

Revenue Insights:
- ○ *End to end client journey visibility*
- ○ *Customers' health monitoring*

Operations Management:
- ○ *Automate and align sales process to the customer journey experience*
- ○ *Multi-year renewals with yearly growth*

Renewal Forecasting

1. Process at ZoomInfo

2. Power of Pacing

3. Metrics we Track

4. Renewal Forecasting among Acquisitions

Zoominfo NRR Forcasting Heartbeat

SPM Cadence	NRR	Bookings Review	Mix and Quality	Product Mix

• Sales Performance Management
 	
• Roll up and discussion of calls
 	
• Key review of inputs driving outcomes for:
 	
  ○ MQL / Demo
  ○ New Business
  ○ Renewal
  ○ Logo
  ○ Emerging
	• Looking at Expirations in-month
	
	• Review of Auto-Renewal
	
	• Review of early renewals
	
	• LTC anniversaries
	
	• Superseding and denominator movement
		• Current Bookings and remaining to target
		
		• Pacing against current bookings target
		
		• Review of in-month create and close
		
		• Pipeline creation and health
			• View of customer Segment mix
			
			• Pipeline by segment
			
			• Quality of pipeline
			
			• Win Rate expectations
			
			• Big Bets
				• Emerging Product attached rate
				
				• Emerging Product ACV expectations and pipeline
				
				• Balance of Emerging and Core Closed and Pipeline

Zoominfo Power of Pacing

$ Won - Pace vs. Actual, Cumulative MTD

Cumulative Pace — Cumulative Actual

We review daily pace of Pipeline Created, Closed Won Bookings and Contracts Sent for Signature

ROAD Framework (AOR Expanded)

Results	Results are ultimate outcomes, such as pipeline, closed business and Revenue.	• Revenue • Closed Won ACV • Pipeline Created • Net Income
Objectives	Objectives are actions your team can partially impact. While individual sales reps are involved in the process, they can only impact part of its outcome.	• Total Conversations • Email Responses • Converted Leads • Demo Completes
Activities	Activities are what individual sales reps can control, such as emails sent, dials made, and time spent on account planning	• Outbound Calls • Outbound Emails • Accounts in Compliance • Account Plan Creation
Diagnostics	Diagnostics are measures that alert leaders to potential issues or changes to the process of system. (Generally Rates)	• Aggregate Conversion Rates • Demo Good Fit • Connect Rate • Response Rate

Zoominfo Forecasting through Acquisition