THE STATE OF REVENUE OPERATIONS IN HIGH-TECH & SOFTWARE

MOST ARE DOING IT—BUT AREN'T READY FOR THE
ORGANIZATIONAL SHIFT REQUIRED TO GET IT RIGHT

westMONROE

INTRODUCTION

Software and tech executives have become familiar with uncertainty over the last few years. From the pandemic and slower spend, to monumental growth and a heightened demand for technology companies, ups and downs have become the norm. The latest variable revolves around questions of a recession, but there are still key tactics that will continue to position enterprise software companies for profitable growth.

Operations like marketing, sales, service, finance, and IT historically have worked in silos. That reality also meant siloed systems and data—and loosely connected processes leading to a lack of visibility into key metrics that drive growth and profitability.

But a fast-paced, constantly evolving, anything-as-a-service world has rendered those siloed revenue-driving functions inadequate and ineffective. Systems and business models driven by data are no longer just a nice-to-have to continue profitable growth.

> **But a more complicated picture emerges when respondents were asked how they actually define, approach, execute, and measure these initiatives.**

Enter revenue operations (RevOps)—an integrated set of data and insights, processes, and systems intended to align functions of an organization, facilitate emerging business models, and ultimately earn revenue faster. Successful RevOps programs have clear benefits: higher revenue, improved net retention rates (NRR), and lower go-to-market expenses. *Note the benefits across the RevOps journey in the graphic on the following page*.

The vast majority of high-tech and software leaders are familiar with RevOps, and many believe they're implementing it correctly. But our recent survey of 200 C-suite executives reveals a more complicated—and ineffective—picture about defining, executing, and measuring initiatives around successful RevOps.

> **How we define RevOps: An integrated set of data and insights, processes, systems, and functions spanning the end to end revenue lifecycle and customer journey—enabling faster growth and greater efficiency at scale.**

Case in point: 97% are familiar with RevOps. But there was no consensus or shared understanding about its true definition; many respondents described RevOps by listing individual tasks (e.g., "data management") instead of a comprehensive set of functions.

BUY	ONBOARD	ADOPT & EXPAND	SUPPORT	RENEW
38%	**27%**	**30%**	**15% - 20%**	**18%**
More revenue generated across the customer journey	Less time spent by GTM teams on revenue generation	Lower GTM cost across acquisition, retention, and expansion	Improvement in CSAT scores	Improvement in employee satisfaction scores

What's more, our survey uncovered significant pain points—organizational misalignment and the inability to acquire quality data—that inhibit the data-driven approach needed to drive and measure financial impact.

Successful transformation requires a focus and understanding in four areas: awareness, maturity, obstacles, and impact. We will analyze our survey results in each area to see where leaders are missing the mark, and what their next steps should be to get back on track with their RevOps journey.

5-MINUTE READ

Awareness of RevOps is high—and most respondents are taking steps to incorporate at least some aspects of it into their businesses. 97% say they are at least moderately familiar with RevOps, and most say they have implemented or are in the process of implementing associated initiatives (i.e., around data and insights, systems, processes, and organization).

But executives struggle to define what RevOps actually is, with many defining it in terms of separate functions rather than a holistic initiative. When asked how they define RevOps, most respondents called out individual functions such as "data management," "organizational alignment," and "automated decision-making" rather than a more comprehensive definition.

Securing high-quality, accessible data is the chief obstacle with RevOps. That information is critical for establishing where organizations should focus their RevOps efforts—and for driving and measuring financial impact. The second most significant obstacle was the organizational shift needed to undertake RevOps.

The average implementation time for RevOps is just under six months, which generally aligns with executives' expectations. The relative brevity of this timeline, however, suggests that respondents might only be implementing certain elements of RevOps, rather than doing so holistically across multiple functions.

Companies are using a range of factors to measure RevOps success, with NRR and customer acquisition cost (CAC) improvement being the most commonly identified. Success is measured frequently, and organizations are confident in their ability to do so. Crucially, however, organizations must be able to align these measurements with the most important outcomes they identify for RevOps, such as higher profitability (selected by 62% of respondents) and increased recurring revenue growth rate (62%). They also need to understand how to continuously optimize their business to drive those outcomes.
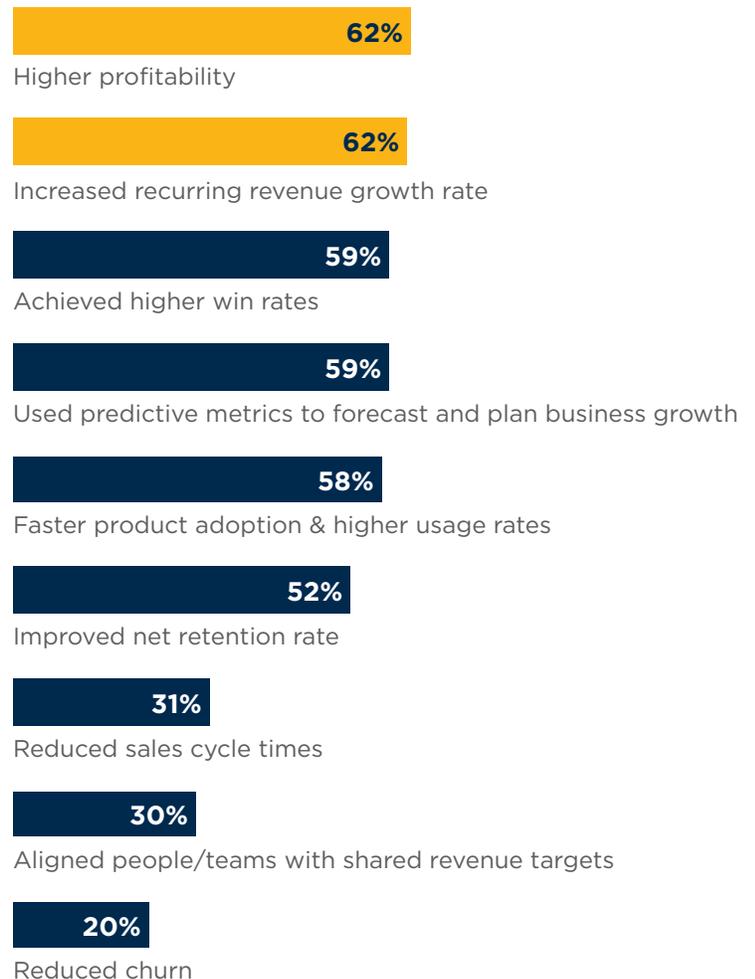
1. Awareness

C-Suites in high-tech and software believe they grasp RevOps, but they primarily understand the functions that make it and the potential outcomes—all of which can vary depending on the organization.

Ninety-seven percent of C-suite executives told us they were either very (60%) or moderately (37%) familiar with RevOps, and they broadly agree on the most important outcomes such an initiative could bring to their organizations. More than half selected higher profitability (62%) as a key result, along with increased revenue growth rate (62%), higher win rates (59%), the use of predictive metrics to forecast and plan business growth (59%), faster product adoption and higher usage rates (58%), and improved NRR (52%).

While this agreement is in some ways a positive indicator that executives know what outcomes they might measure, the fairly even spread—and the fact that none were chosen by more than 62% of respondents—could also suggest a lack of clear focus or shared understanding of what RevOps might provide.

The ambiguity around RevOps and its potential also came across when we asked respondents who said they were very or moderately familiar with RevOps to define it in just a few words. While some nodded to a more holistic, integrated approach—responses included "strategic integration of sales, marketing, and services" and "unified platform approach"—most focused on RevOps outcomes or the functions that comprise it, including "data management," "organizational alignment," and "improv[ing] static retention."

The most important outcomes of RevOps to your organization

62%
Higher profitability

62%
Increased recurring revenue growth rate

59%
Achieved higher win rates

59%
Used predictive metrics to forecast and plan business growth

58%
Faster product adoption & higher usage rates

52%
Improved net retention rate

31%
Reduced sales cycle times

30%
Aligned people/teams with shared revenue targets

20%
Reduced churn

WHAT THEY SHOULD DO NEXT

We've found that inconsistent definitions of RevOps and revenue-related metrics not only exist across industries but within an organization itself. This presents significant roadblocks to success, from a lack of operational alignment and coordination to an inability to effectively measure impact.

Organizations need to clarify their definition of RevOps and the measurable outcomes they want it to deliver. It should be a holistic, data-driven approach that can help focus and prioritize tangible actions across an organization's functions (sales, finance, product, IT, CS, and CX teams). Identifying a champion to articulate this definition, ideally someone in the C-level (Chief Revenue Officer, Chief Customer Officer, or CFO), and lead the RevOps transformation will be critical as organizations get started.

Organization functions that should be included for RevOps initiatives:

Sales   Finance   Product   IT

Customer Success   Customer Experience

2. Maturity

n keeping with respondents' overall awareness of RevOps, 95% said they have implemented RevOps-related initiatives or are in the process of or considering doing so. But when we peel back the layers and assess what organizations have actually done in four key RevOps areas—data and insights, systems, processes, and organization—it's clear that many have only advanced isolated functions rather than the comprehensive set of changes that it requires.

DATA & INSIGHTS

Broadly speaking, respondents report the most progress (62% implemented, 31% in progress) when it comes to data and insights, reinforcing the importance of a data-centric approach to RevOps. Yet when this subset was asked about the specific functions they have implemented or are in the process of implementing, the numbers are less impressive.

For instance, 71% of this more mature cohort said they have implemented or are in the process of implementing common, cross functionally-aligned key performance indicator (KPI) language—an important task, seeing as organizations often have inconsistent definitions of revenue metrics.

But consider that only 46% of this subset said they'd actually taken the step of measuring those KPIs. Of those respondents, 92% said they are measuring gross revenue retention (GRR) rate, followed by NRR rate (82%), sales cycle times (63%), and churn (39%).

SYSTEMS

Nearly nine in 10 respondents said they have implemented or are in the process of implementing RevOps systems. Of this group, a significant majority have done so in the following areas: customer relationship management (CRM) (77%), enterprise resource planning (ERP) (75%), and Configure, Price, Quote (CPQ) software (67%). Yet only 31% said they've done so for customer success systems.

What systems are executives investing in for RevOps?

Customer Relationship Management (CRM) (e.g., Salesforce)

77%

Enterprise Resource Planning (ERP) (e.g., SAP, Workday, NetSuite)

75%

Configure, Price, Quote (CPQ) (e.g., Salesforce, Oracle)

67%

Customer Success (e.g., Gainsight)

31%

PROCESSES

When it comes to RevOps processes, 85% of respondents said they have implemented (52%) or are in the process of implementing (32%) some, including aligned processes for cross-functional prioritization and allocation of budgets (72%); cross-functional handovers across the customer journey (72%); streamlined processes for preparing quotations, deal reviews and order processing (68%); and automated forecasting processes for high accuracy (37%).

Which process improvements are the most common today for RevOps?

Aligned process for cross-functional prioritization and allocation of budgets

73%

Aligned process for cross-functional handovers across customer journey

72%

Streamlined process for preparing quotations, deal reviews, and order processing

68%

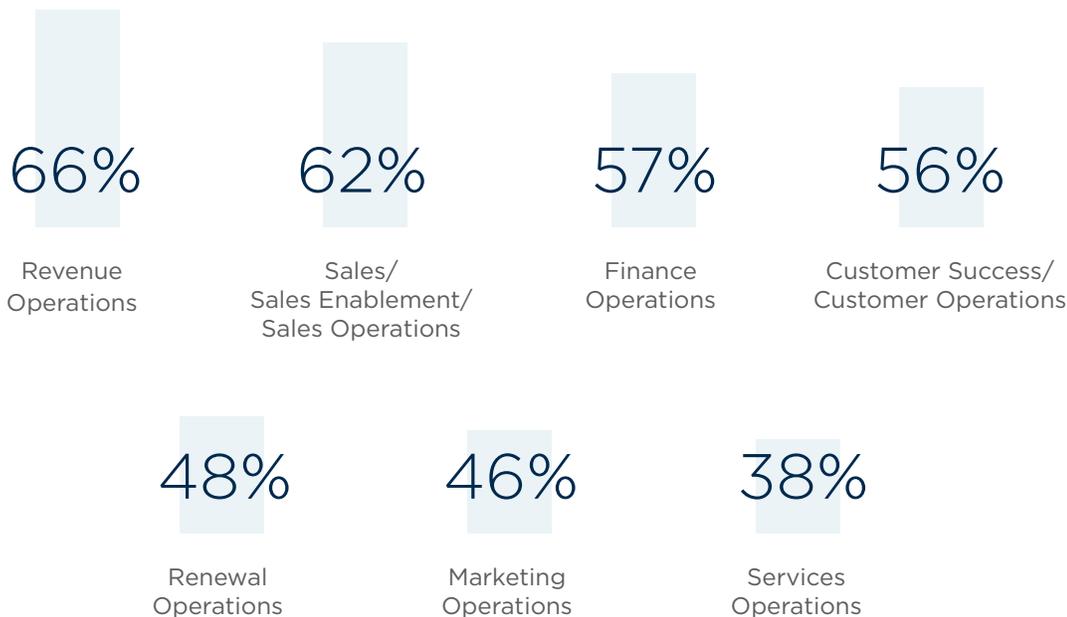**Automated forecasting process for high accuracy (within 5%)**

37%
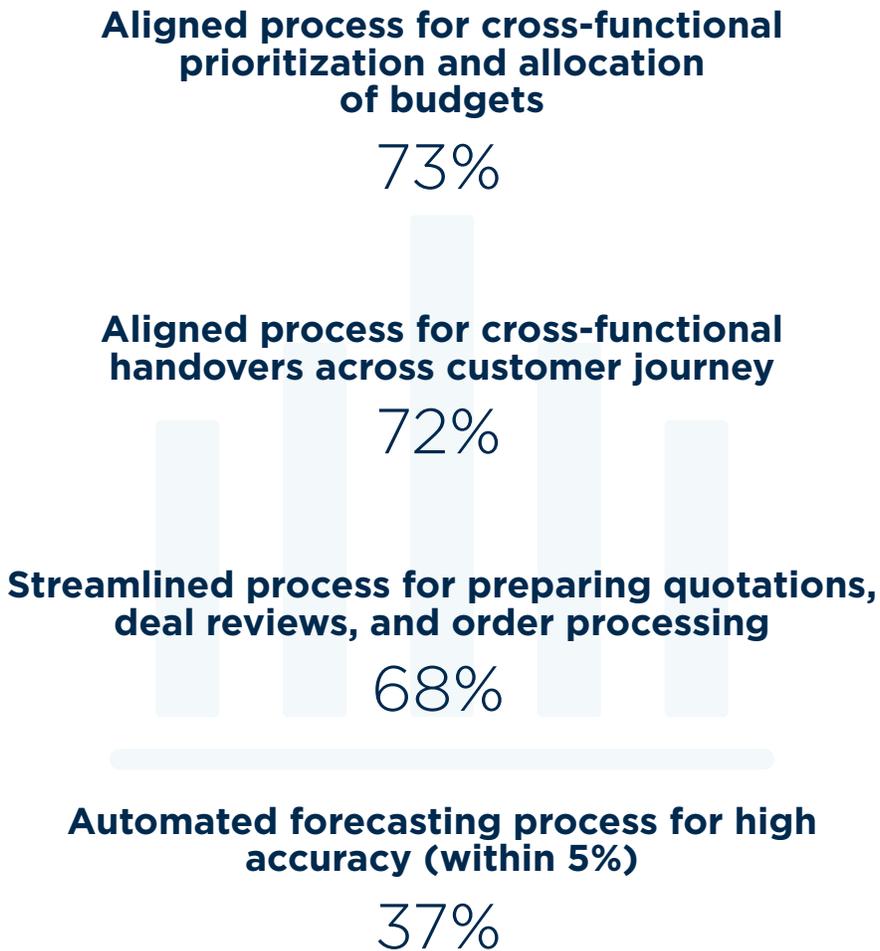
ORGANIZATION

Finally, 88% of respondents have implemented (44%) or are in the process of implementing (44%) organization-related RevOps initiatives—though when it comes to specific actions, it's clear that executives may not share a definition of what a RevOps organization entails. Only 66% of this group, for instance, have implemented or are in the process of implementing actual revenue operations organizational functions, with a significant proportion of others spreading their efforts across various independent functions: sales (62%), finance (57%), customer success (56%), renewals (48%), marketing (46%), and services (38%).

The fact that executives are thinking of RevOps largely as isolated functions is also evident in their responses when asked about the length of their RevOps implementation process. Of those who have implemented or are in the process of implementing any RevOps initiative, most (40%) said it took just four to six months, while another 20% said it only took one to three months. Though this timeline met most respondents' expectations, its brevity suggests they are likely thinking about implementing RevOps initiatives one at a time instead of a more comprehensive program.

Functions you have implemented or are in the process of implementing

66%
Revenue Operations

62%
Sales/ Sales Enablement/ Sales Operations

57%
Finance Operations

56%
Customer Success/ Customer Operations

48%
Renewal Operations

46%
Marketing Operations

38%
Services Operations

WHAT'S NEXT

While our findings suggest most respondents view RevOps as a series of separate functions or actions—rather than an initiative requiring a holistic approach—those implementations are still a step in the right direction. And of course, even when organizations do take a holistic approach to RevOps, it still necessitates a rigorous prioritization of which projects to embark on first.

What those priorities should be depends on an organization's maturity level. If you aren't sure where your maturity falls, take our quiz.

Determine how mature you are in RevOps

See where your business lands when it comes to revenue operations and calculating NRR

Without a clear picture of how your organization is performing today, it's impossible to properly address the challenges to your revenue and know how to best move forward.

Based on your maturity ranking, we'll provide some recommendations on where you should prioritize.

START QUIZ

Here's a brief breakdown of what next steps organizations with low, medium, and high RevOps maturity should take:

Rating: Low Maturity

What to do: Prioritize a RevOps transformation

1. Establish common definitions of key metrics and invest in tools (e.g., business intelligence, analytics) to systematically and repeatably measure those metrics

2. Identify a few opportunities for quick wins through improved process coordination by RevOps teams (e.g., deal desk, sales-customer success handoff, etc.) and institute process improvements to execute

3. Evaluate your end-to-end RevOps tech stack (e.g., CRM, CPQ, ERP, etc.) for system and data gaps, and develop a roadmap for basic integrations

4. Develop cross-functional governance councils across RevOps teams (e.g., marketing ops, sales ops, customer success ops, finance ops, etc.) to share info and pursue opportunities to integrate workflows

Rating: Medium Maturity

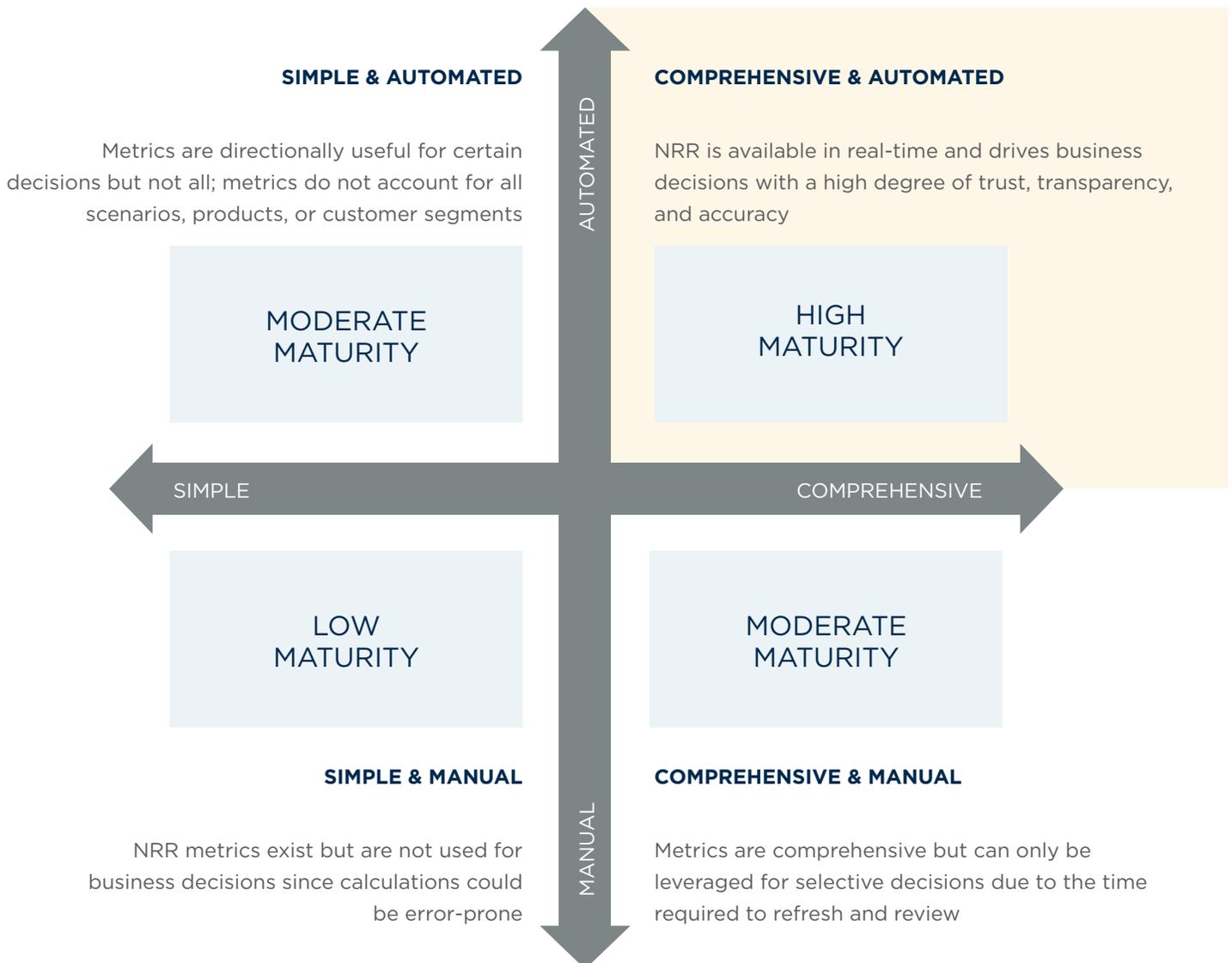### What to do: Continue on your RevOps transformation

1. Validate consistent interpretation of metrics across the enterprise and invest in tools (e.g., business intelligence, analytics) to systematically and repeatably measure performance

2. Identify end-to-end opportunities for improved process coordination among RevOps teams and institute process improvements to execute

3. Build integrations between RevOps systems that enable automated, end-to-end data flows and automate processes to reduce manual workarounds by RevOps teams

4. Remediate remaining systems and data gaps in your end-to-end RevOps tech stack (e.g., CRM, CPQ, ERP)

5. If you haven't already done so, develop cross-functional governance councils across RevOps teams (e.g., Marketing Ops, Sales Ops, Customer Success Ops, Finance Ops, etc.) to share information and pursue opportunities to integrate workflows
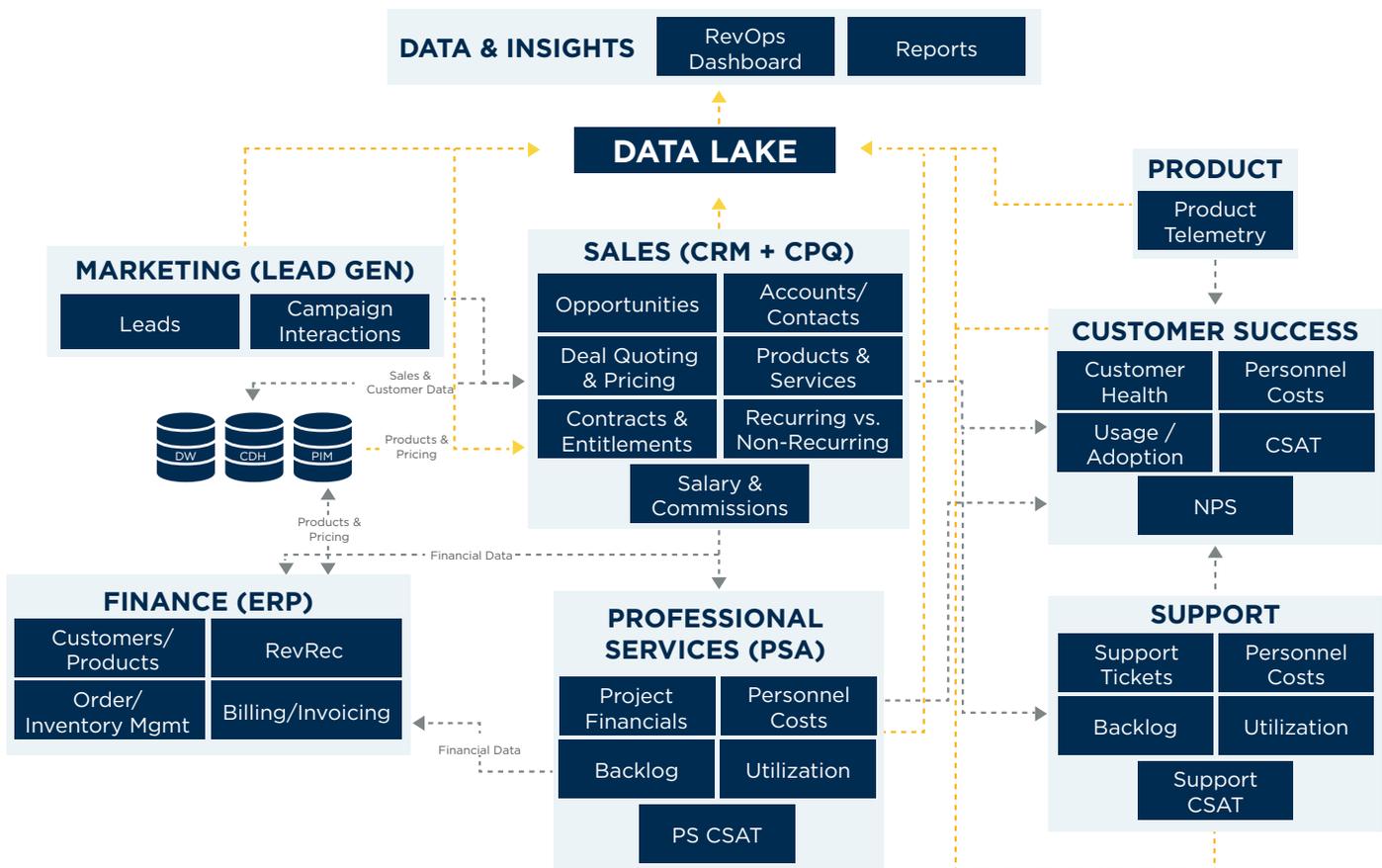
Rating: High Maturity

What to do: Congratulations on your successful RevOps transformation; now it's time to maintain your success

1. Regularly revalidate metrics and add new KPIs based on the evolution of your business

2. Monitor processes through metrics and continue adjusting them to meet front office and customer needs

3. Review new technologies and systems that can augment your existing RevOps tech stack and offer additional opportunities for efficiency

SIMPLE & AUTOMATED

Metrics are directionally useful for certain decisions but not all; metrics do not account for all scenarios, products, or customer segments

COMPREHENSIVE & AUTOMATED

NRR is available in real-time and drives business decisions with a high degree of trust, transparency, and accuracy

AUTOMATED

MODERATE MATURITY

HIGH MATURITY

SIMPLE

COMPREHENSIVE

LOW MATURITY

MODERATE MATURITY

SIMPLE & MANUAL

NRR metrics exist but are not used for business decisions since calculations could be error-prone

COMPREHENSIVE & MANUAL

Metrics are comprehensive but can only be leveraged for selective decisions due to the time required to refresh and review

MANUAL

3. Obstacles

The two main hurdles that organizations encounter when implementing RevOps are the need for high-quality data and the challenge of organizational alignment.
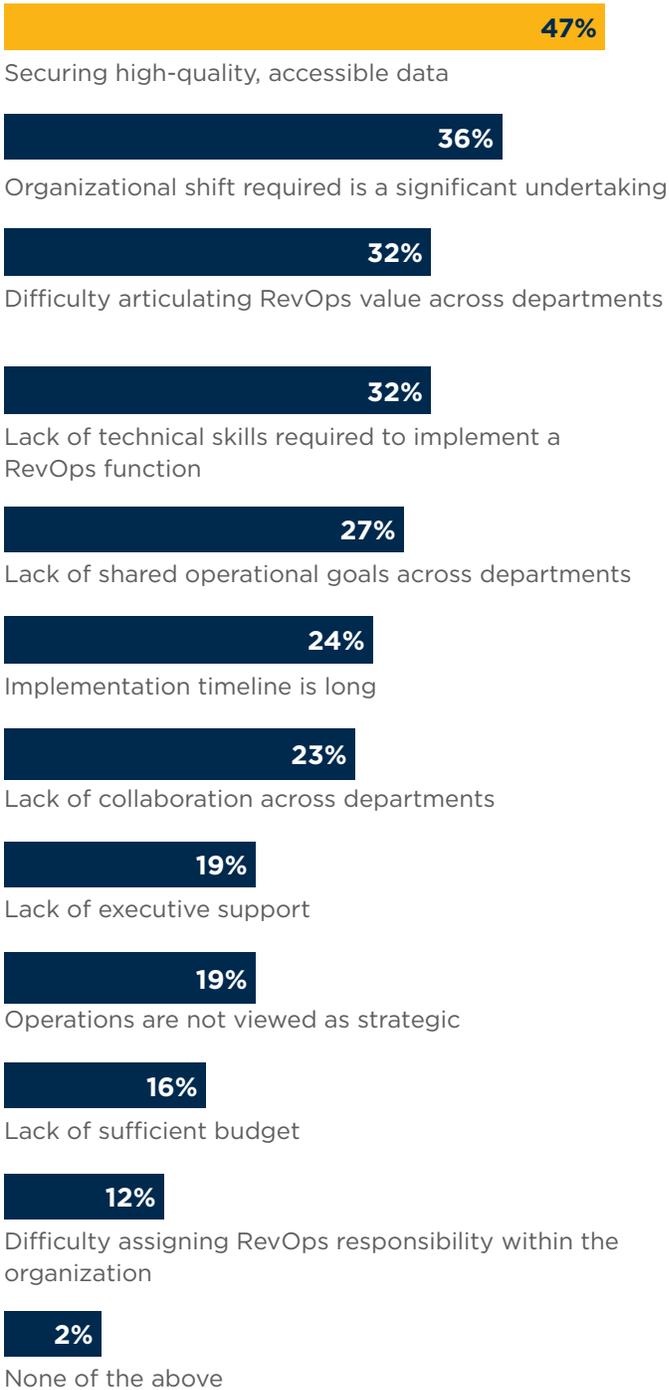
Nearly half of executives (47%) who are either in the process of or considering implementing RevOps said securing high-quality, accessible data was a key roadblock. This was more than 10 percentage points higher than the next most commonly selected obstacle, the organizational shift required to undertake RevOps initiatives (36%).

The finding makes sense given the role data plays in successful RevOps and the challenges we've seen companies face in deriving insights from disparate data sets across systems with limited integration. In short, data unlocks the entire RevOps process, allowing organizations to identify the issues inhibiting revenue growth and develop solutions to reach desired outcomes.

Without a data-first approach, organizations struggle to align their operations because they don't know what to align around. Teams, systems, and processes, therefore, operate with disparate objectives and metrics, overlapping responsibilities, gaps in ownership at different points in the customer journey, and a lack of clarity around data governance.

Our survey found that executives struggle to articulate the value of RevOps across departments (32%), and lack shared operational goals (27%) and collaboration across departments (23%).

What are the most common roadblocks with RevOps initiatives?

47%	Securing high-quality, accessible data
36%	Organizational shift required is a significant undertaking
32%	Difficulty articulating RevOps value across departments
32%	Lack of technical skills required to implement a RevOps function
27%	Lack of shared operational goals across departments
24%	Implementation timeline is long
23%	Lack of collaboration across departments
19%	Lack of executive support
19%	Operations are not viewed as strategic
16%	Lack of sufficient budget
12%	Difficulty assigning RevOps responsibility within the organization
2%	None of the above

Of course, a company's org chart also factors in. For those respondents who have implemented organization-related RevOps initiatives, most said those efforts were led by the Chief Revenue Officer (36%) or the VP/Director of Revenue Operations (31%). Yet a significant number of respondents also cited the Chief Customer Officer (14%) and "Other" (11%), including the CEO and CIO), suggesting again that C-suites aren't fully aligned on RevOps fundamentals.

Additionally, most who have implemented or are in the process of implementing RevOps have assigned responsibilities for doing so internally (59%) rather than to a third party (26%) or a new, full-time team member (14%). To undergo a successful RevOps transformation, organizations might consider the benefits of a third-party partner that can help accelerate various timelines and bring fresh thinking to company leadership teams.

Where does RevOps reside in your organization?

36%	31%	14%	11%	7%
Chief Revenue Officer	VP/Director of Revenue Operations	Chief Customer Officer	Other	VP/Director of Sales Operations

18

WHAT'S NEXT

The good news? These obstacles aren't insurmountable: Of those who have implemented RevOps, more than half (54%) said they overcame the challenge of securing high-quality, accessible data, while 46% said as much about the organizational shift required to undertake RevOps. Here's how to do just that.

Implement a data-first approach

Successful, data-driven RevOps utilizes a set of integrated, complementary analytics to diagnose inhibitors to revenue growth and develop transformation opportunities that tangibly improve:

- **Processes:** Data analytics can help identify suboptimal processes and optimize new ones through automation and coordination

- **Systems:** Data analytics can create a single, consistent customer view by identifying data elements that influence growth, defining RevOps systems architectures, and implementing and integrating key systems used across the customer journey

- **Organization:** Data analytics can suggest the optimal organizational model for aligning operations teams to execute the RevOps vision through improved collaboration and clearly defined roles and responsibilities

For instance, with the right inputs, net retention analytics can help organizations assess the underlying drivers of their revenue performance; revenue efficiency metrics can provide insights into costs and profitability; and operational analytics can provide deeper insights into key processes and opportunities to drive efficient business growth.

Understand how centralized your organization's RevOps should be

While data is key to improving organization-wide alignment, establishing a successful RevOps function also requires understanding the degree to which it will be centralized within a given company.

RevOps org models are not one-size-fits-all, so a range of factors will inform the degree of centralizaion, along with two suggested frameworks on the next page:

- **Product portfolio:** How many products are in the portfolio? Are they related or discrete offerings?

- **Customer segments:** How many segments do you serve? Are they large enterprises, SMBs, or a mix?

- **Revenue/payment models:** Do offerings have a single revenue model or multiple?

- **GTM model:** Is your GTM model sales-led or product-led? Do you use field and inside sales or leverage more digital channels?

- **Customer engagement & account coverage model:** Do customers have a dedicated CSM or AM? Do you have multiple account coverage tiers?

Distributed RevOps

RevOps delivered "collectively" through Ops teams via common data, coordinated processes, and integrated systems

			RevOps			
Product Ops	Marketing Ops	Sales Ops	Professional Services Ops	Customer Success Ops	Support Ops	Finance Ops

Centralized RevOps

RevOps delivered through a "dedicated" function centralizing information throughout the business, while Ops teams still leverage common data, coordinated processes, and integrated systems to support front office/customer facing teams

RevOps						
Product Ops	Marketing Ops	Sales Ops	Professional Services Ops	Customer Success Ops	Support Ops	Finance Ops

4. Impact

Broadly speaking, organizations are confident in their ability to measure the success of RevOps functions. Asked to rate that on a scale of 1 to 10 (with one being "not at all effective" and 10 being "very effective"), respondents on average hovered near eight.

Though most measure RevOps performance daily (34%) or weekly (27%), there's room for improvement: Only 13% do so in real-time, and more than a quarter (27%) do so less than monthly. While organizations are striving for real-time data, keep in mind it's more important to understand at a deeper level how the metrics translate to the day-to-day activities of employees.

As for the factors used to measure RevOps success, NRR and CAC improvements led the way (both were selected by 47% of respondents), followed by operating margin improvement (41%), forecast accuracy (39%), sales cycle time (36%), and lead acceptance/win rates (31%). Metrics related to employees—employee engagement and lower employee turnover—were chosen by only 27% and 22% of respondents, respectively. Pipeline velocity was selected by just 22% of respondents.

Which of the following factors do you use to measure the success of RevOps functions?

47%
Net Retention Rate (NRR) Improvement

47%
Customer acquisition costs (CAC) reduction

41%
Operating margin improvement

39%
Forecast accuracy

36%
Sales cycle time

31%
Lead acceptance / win rates

27%
Higher employee engagement

22%
Lower employee turnover

22%
Pipeline velocity

WHAT'S NEXT

Knowing that organizations are effectively measuring RevOps with some frequency is promising. But moving forward, they'll need to be diligent about their measurement fundamentals, especially given the challenges around organizational alignment and data collection. For instance:

- Is there organization-wide agreement around what measurements should be prioritized for each RevOps initiative?

- Do various stakeholders have a shared definition of what key metrics are and how to calculate them?

- Is there proper data governance and processes to ensure access to high-quality data that can help measure KPIs?

CONCLUSION

Companies around the world are facing challenges around SaaS transformation and meeting growing demand from customers. It's why C-suite executives overwhelmingly told us they were aware of and implementing RevOps. But it's still in the early innings for these operations, and many appear to be thinking of it more in terms of individual functions rather than a holistic, organization-wide initiative.

As uncertain economic times are looming, revenue and profitability become a key lever that high-tech and software executives should prioritize for growth. RevOps can help accomplish those goals if done correctly. Consider starting with actions like pricing strategy, quoting optimization, and cash acceleration as you approach broader RevOps transformation.

To get there, organizations will first need to improve their data collection and analytics so they can effectively identify areas of improvement and drive and measure financial impact. They'll need to establish better processes and organizational models to ensure alignment across several departments. And they'll need to share a definition for what RevOps actually is and a vision of what successful RevOps will look like.

RevOps isn't a one-and-done project, but an ongoing journey. Organizations are already plunging in, especially to stay profitable.

Now is the time to take stock and identify where and how to take your RevOps initiatives to the next level.

GLOSSARY OF DEFINITIONS:

NRR (Net Revenue Retention) – a metric to calculate the percentage of revenue retained from existing customers over a specific period of time

ARR (Annual Recurring Revenue) – metric to show the amount of money that comes in every year for a term contract or subscription

GRR (Gross Revenue Retention) – percentage of recurring revenue retained from existing customers and churn over a period of time

CSM – Customer Success Manager

Net retention analytics – examples include annual recurring revenue (ARR), GRR, and NRR and can help organizations assess the underlying drivers of their revenue performance
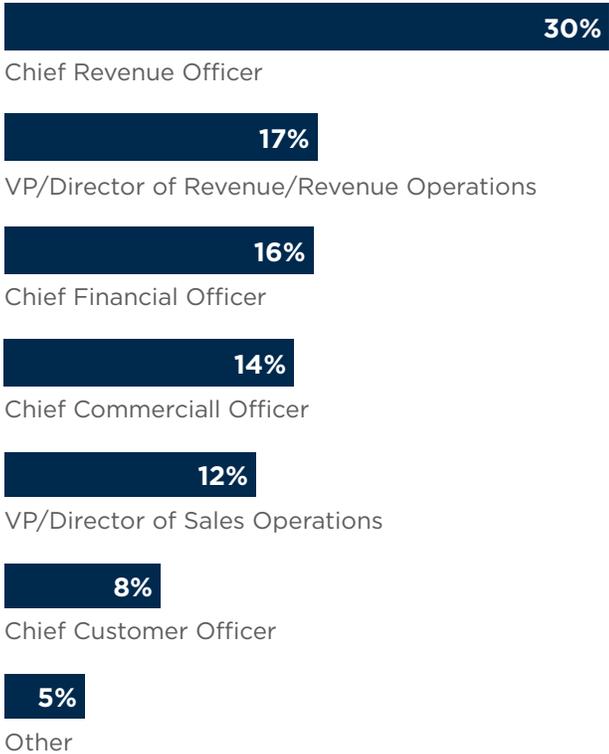
Revenue efficiency metrics – includes customer lifetime value, CAC ratios, and can provide insights into costs and profitability

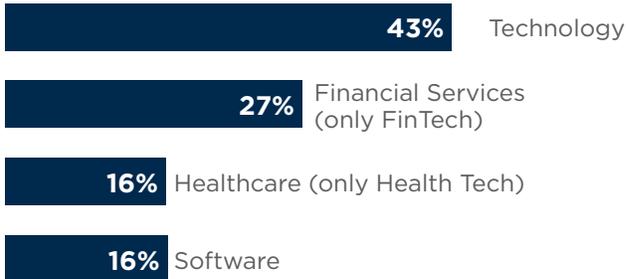**Operational analytics** – includes things like sales cycle time, time-to-value, etc.

METHODOLOGY AND RESEARCH DETAILS

The survey was conducted from end of May to early June 2022 and included 200 C-suite members. Respondents represented an array of organizations and industries from 40 different states. Participation in the online survey was anonymous, and data has been analyzed in the aggregate.
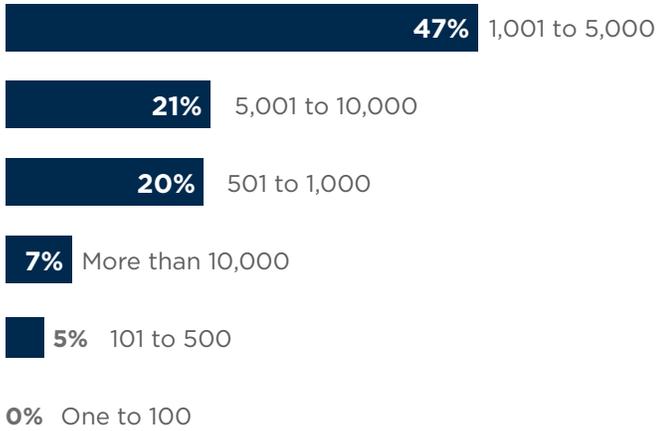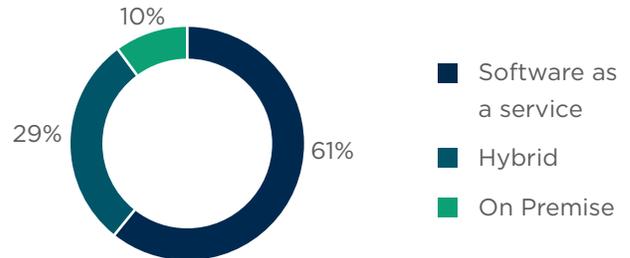
TITLE/ROLE

30%
Chief Revenue Officer

17%
VP/Director of Revenue/Revenue Operations

16%
Chief Financial Officer

14%
Chief Commerciall Officer

12%
VP/Director of Sales Operations

8%
Chief Customer Officer

5%
Other

WHICH BEST INDICATES THE INDUSTRY IN WHICH YOUR COMPANY OPERATES?

43% Technology

27% Financial Services (only FinTech)

16% Healthcare (only Health Tech)

16% Software

COMPANY SIZE

47% 1,001 to 5,000

21% 5,001 to 10,000

20% 501 to 1,000

7% More than 10,000

5% 101 to 500

0% One to 100

SOFTWARE DEVELOPMENT TYPE

10%

29%

61%

- Software as a service
- Hybrid
- On Premise

REVENUES

16%

43%

42%

- $250 million to $499 million
- $500 million to $999 million
- More than $1 billion

WHERE ARE YOU LOCATED?

TOP FIVE STATES

California - **33**   Florida - **19**   Texas - **18**   Georgia - **13**   New York - **12**
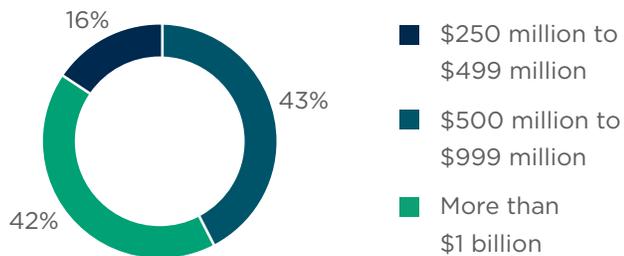
ABOUT WEST MONROE

West Monroe is a digital services firm that was born in technology but built for business—partnering with companies in transformative industries to deliver quantifiable financial value. We believe that digital is a mindset—not a project, a team, or a destination—and it's something companies become, not something they do. That's why we work in diverse, multidisciplinary teams that blend management consulting, digital design, and product engineering to move companies from traditional ways of working to digital operating models—and create experiences that transcend the digital and physical worlds. Connected by the 13 founding values that drive our culture, our 2,000 employees work collaboratively across the firm with the belief that your success is our success.

Visit WestMonroe.com to learn more.

WANT TO STAY IN TOUCH?

f FACEBOOK.COM/**WESTMONROE**

YOUTUBE.COM/USER/WMPGOWEST

TWITTER.COM/WESTMONROE

INSTAGRAM.COM/WEAREWESTMONROE

in LINKEDIN.COM/COMPANY/**WESTMONROE**

westMONROE