Forecasting @ Greenhouse

Summer 2021

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Agenda

Goals & scope

Cadence

Source of Truth

Inputs & Methodologies

Challenges

Targeted Approach

Goals & Scope

Forecasting Goals

- Forecast within 10 pts of Net New ARR actuals from start of quarter

- Forecast within 5 pts of Net New ARR actuals from Day 1 Month 2 of quarter

Scope of forecast is across **4 key areas**:

- Top of funnel (Opps)

- New Business ARR (New logo)

- Churn & Contraction ARR (Gross Retention)

- Expansion ARR (Net Retention)

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Quarterly and monthly "call"

- Crisp call on current month & quarter
- Rough call on next quarter

Weekly forecast meeting between Managers, Ops and Finance

- Recently added Recruiting to the mix

Quarterly "re-forecast" for the year to call Total Ending ARR

- Based on EoQ actuals and any emerging trends
- Helps to proactively inform next year's targets based on growth rate
- Has become much more relevant during COVID

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Source of Truth

Salesforce as the source of truth

Forecasts are rolled up and trended in Google Sheets

Sample data

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Inputs & Methodologies

Opportunity forecast

- **Outbound**: SDR Hiring plan * AVG monthly productivity
- **Inbound**: Marketing spend * Opportunity conversion

New Business & Upsell ARR

- Stage, Forecast and Close Date with Manager haircut

Customer Retention

- Stage and "Likelihood to renew" dropdown on renewals with Manager haircut

* CPQ to ensure that price quotes and forecast are not misaligned

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Challenges

We serve 3 pretty distinct GTM motions that range from transactional to complex

Expansion can be hard to predict as many of our clients are fast-growing tech companies and traditional data sources on headcount can't keep up

Recent market trends within hiring have been difficult to predict

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Targeted approach

	New Logo	Existing Customer
Small business	30 day sales cycle — volume & trend-based: Opps x Win Rate x ACV	Mostly trend-based, roughly informed by "churn risk" checkbox
Middle market	Deal-based forecast with a gut-check based on quota capacity and last 90 day trends	Rolling 90 day bottoms-up churn & expansion forecasting
Enterprise	Deal-by-deal forecast Manager and Director validated based on MEDDPICC inspection	Annual bottoms-up churn risk & expansion deep dive for every client Weekly churn mitigation workshops that inform forecast

KPI's

KPIs to track forecast accuracy

- "Likely" call from D1/M1 of Quarter vs. Actual
  - Goal = +/- 10%
- "Likely" call from D1/M2 of Quarter vs. Actual
  - Goal = +/- 5%
- % of Last Quarter churn NOT marked "At Risk"
  - Goal = <10%
- % of churn marked "At Risk" that was mitigated
  - Goal = ~50%
- % of revenue created "intra-quarter" (created and closed in same quarter)
  - Informs pipeline coverage needed

Pipeline KPIs

- Pipeline coverage vs. Commit & Likely calls
  - Target varies by segment: 3x - 5x
- % of Renewal book marked as "Churn Risk"
  - Goal = <10%
- Pipeline in Stages 1-3 forecasted for current Quarter (at risk, except for SMB)
- Pipeline forecasted in Quarter without activity in 7 days (at risk)

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General Themes

- Be Data-Informed & Decision-Driven
- 3 Parts of Funnel but 1 GTM Motion
- Revenue Intelligence is Critical

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Areas of Focus

- **Pipeline Coverage:** Ratios set by region (NA, EMEA, APAC) based upon historical regional win %
- **Bookings Forecast:** <= 10% forecast variance WoW average of call against quarter end bookings
- **Churn Forecast:** <=5% retention rate forecast variance WoW

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Pipeline Coverage

1. Create Pipeline Coverage Targets

- Leverage historical data to develop pipeline target for entire GTM
- Use this data to inform not to drive blindly
- Separate by region especially if team is global
- Coverage is set upon next quarter target
- Focus in on how to fill the gap
- Standardize reporting & views

2. Prioritize Understanding of Attribution

- 1 GTM Motion = Shared Attribution
- Leverage 3rd party vendors (i.e. Demandbase, Bizible)
- Custom time decay model from Pipeline Credit Date
- Contact roles, contact roles, contact roles!
- Monthly Stakeholder meeting to review pipeline attainment & provide insights

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Bookings Forecast

1. Set Operational Rigor & Strict Cadence

- ***Wednesday PM***: AE rollup submissions due
- ***Thursday AM:*** Director rollup due
- ***Thursday PM***: RevOps & VP/CRO aligns Thurs evening
- ***Friday AM:*** Forecast Meeting Friday morning with *entire* GTM leadership
- Utilize forecasting tool like a Boostup.ai to timestamp date of submission and capture input in your revenue intelligence software
- Separate Whales

2. Triangulate on Multiple Data Points

- Forecast Category (In Play, Best Case, Commit) and stage historical conversions
- Directors' Roll-up & Call
- Self reported Deal Health (playbooks/scorecards)
- Engagement Forecast Risk via AI (i.e. Boostup)
- Deal Desk Check (Red/Yellow/Green)

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Churn Forecast

1. 3 Distinct Scenario Forecasts

- 3 buckets (Best Case, Most Likely, Worst Case)
- Weekly update by CS Leadership
- Inputs are -$ based and not % based
- Codify risk factors and churn reason
- Less variability than bookings forecast

2. Leverage Multiple Risk Signals

- Sentiment Health (Boostup/Gainsight)
- Product Usage/Adoption Health (Gainsight/DB)
- NPS

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Forecasting at Smartbear

Things we believe in when it comes to forecasting

- Forecast starts from the bottom
- Forecast is both art and science
- Visibility and accountability
- Never skip a week

SMARTBEAR

KPIs

- Pipeline
- Opp aging
- Stage aging
- Stalled Opps
- Pipe coverage
- Billings velocity

SMARTBEAR

Sales Forecast KPIs

What Makes An Accurate Forecast?

- **Data and Triangulation**
  - You must have the right data to analyze
  - Use metrics to triangulate and track your forecast

- Pacing
- Pipeline Coverage
- Risk Assessment
- Commit/Best Case RollUps
- Submission/Override History

BoostUp

Speed to Risk Insight

- The faster you ID a problem, the faster you can fix it.
  - Pre-assembled metrics and analytics
  - Deal-by-deal risk Insight

All (11)   ● (2)   ● (9)

Negative Sentiment recently mentioned by Sr. Manager, Sales Systems

Director, Technical not engaged since 2 weeks ago

Next meeting upcoming in 4 days

Meeting recently happened 2 days ago

5 meetings in the past 2 months

Rep followed up (2 emails) after last

View Deal Insights

Current Quarter Pacing

- Amount of revenue your team has created in your current quarter, versus the revenue goal.

Pipeline Coverage

- Examine your pipeline gap. Is there enough to hit your target?

REPS	AVG. PIPELINE CREATED WITHIN QUARTER	AVG. CONTRIBUTION TO TARGET	EXPECTED PIPELINE CREATION	PIPELINE CREATED SO FAR	PIPELINE CREATION PACE GAP
Addie Copeland	$1,620,000	77%	$2,100,000	$1,220,000	Ahead by 11%
Kevin Flowers	$1,750,000	80%	$2,200,000	$1,050,000	Behind by 13%
Elva Neal	$1,810,000	88%	$2,050,000	$1,100,000	Behind by 14%
Martin Jones	$1,700,000	77%	$2,210,000	$920,000	Behind by 34%
Daisy McGee	$1,550,000	79%	$1,950,000	$1,020,000	Behind by 9%
Matthew Christensen	$1,605,000	76%	$2,150,000	$1,350,000	Ahead by 13%
Eunice Luna	$1,720,000	87%	$1,980,000	$980,000	Behind by 4%
Matthew Tate	$1,500,000	73%	$2,050,000	$1,010,000	Behind by 8%
Roxie Sherman	$1,680,000	80%	$2,100,000	$1,200,000	Ahead by 8%

AI Pipeline Risk Assessment

- AI analysis of communication, sentiment, and engagement risk within each deal.
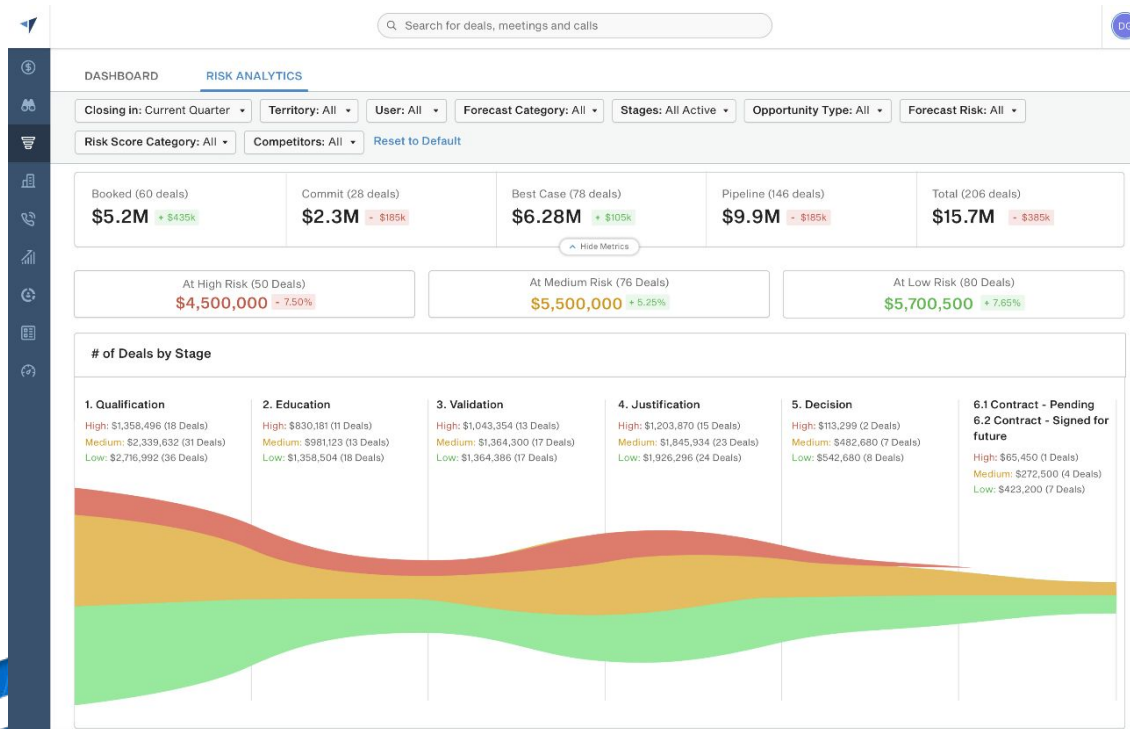
10 Metrics to Drive Sales Forecast Accuracy

Get the 10 metrics you can use to triangulate, measure, and improve your sales forecast accuracy to land within 5% of your forecast, quarter after quarter

BoostUp

10 Metrics to Drive Sales Forecast Accuracy

BUYER'S GUIDE TO ACCURATE FORECASTING

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