Solution Guide:
Pipeline Optimization

Anaplan

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FOREWORD

Every sales strategy aims to answer three questions:

- **Where should we sell?** *Sales planning that defines our universe—territories, quotas, account segments, and sales capacities; the building blocks of the sales strategy.*
- **How should we sell?** *Sales incentive programs inspiring the right behaviors that drive sellers to the results we need.*
- **What should we sell?** *Sales insights that determine the things we need to do to increase sales performance.*

Key sales insights include the sales pipeline and sales forecast that shape the picture of revenue for coming weeks and months, and help the sales organization understand, "*what should we sell?"*

The **sales pipeline** is the collection of all opportunities, across all stages of the sales cycle from new prospect to deals that are ready to close.

The **sales forecast** is a subset of the pipeline, used to project expected revenue for a specific period of time. In addition to sales teams, the entire business relies on an accurate forecast to operate effectively. Revenue projections drive financial and operational decisions including headcount needs, budgeting, demand and supply planning, inventory management, and set expectations with investors.

Sales insights are critical to helping keep the sales organization on track throughout the year. ***Predictive Pipeline Optimization*** is Anaplan's intelligence-driven solution that analyzes and cleanses pipeline data to predict and extract the most winnable deals. This translates into a more accurate sales forecast, which benefits the entire organization.

This paper addresses the specific pipeline optimization efforts that, along with sales forecasting help answer the third question of the sales strategy, "*What should we sell?"* The following represents Anaplan's point of view on pipeline optimization best practices based on industry-leading research and customer experience.

PREDICTIVE PIPELINE OPTIMIZATION

Today, most enterprise organizations use customer relationship management (CRM) software to execute day-to-day selling activities, including tracking and monitoring the pipeline. In the CRM, the *sales pipeline* traditionally includes ALL recorded opportunities. A *sales forecast* is the subset of the pipeline deemed most likely to close within a specific period.

The process of selecting which deals belong in the forecast is where things can get complicated. Who has the most accurate view of how likely a deal is to close? The sales rep? The manager? Can they remove all bias from their opinions? Are there certain characteristics of the deal that make it more/less likely to close (repeat customer, popular product offering, cycle timeline, etc.)? How much is known or unknown about the buyer's circumstances? All of these factors, and more, contribute to the accuracy of the sales forecast. The more you know, the more accurate you can be.

The CRM will often provide standard filters like close date and stage flags (commit, upside, etc.). This summarization of opportunity data can be helpful, but most sales leaders are often tasked with having to evaluate each deal one-by-one to assess the true likelihood of closure. This can be a time-intensive administrative process that takes away from active selling time. It also introduces the potential for bias and subjective opinions to cloud the accuracy of the forecast. Due to these limitations, finance leaders and other stakeholders often maintain a cynical view of the sales forecast.

[Gartner's State of Sales Operations Survey](#) reveals that *"only 45% of sales leaders and sellers have high confidence in their organization's forecasting accuracy."* This level of skepticism can result in actions that are based on intuition instead of evidence, which often results in reduced commercial outcomes.

[CSO Insights](#) reported in a recent survey that *"about 54% of the deals forecast by reps never close."* There has to be a better way to predict future revenues than essentially flipping a coin for each deal.

How can Anaplan help improve this process? By increasing forecast accuracy by helping create a pipeline full of realistic opportunities identified by Predictive Insights, relevant measures, and advanced analytics.

Anaplan's Predictive Pipeline Optimization solution can complement any CRM system. It analyzes the pipeline (opportunity data) across three dimensions: pipeline shape, pipeline size, and pipeline contents. This methodology follows a research-driven approach, "The Perfect Pipeline", created in 2017 by VantagePoint Performance, a global sales performance consultancy. By leveraging Anaplan to strengthen the underlying pipeline, leaders can then use those improved insights to better forecast future sales. Moreover, scored deals can be analyzed by Anaplan's Predictive Insights – artificial intelligence (AI) capabilities to significantly increase forecast accuracy.

Powered by advanced algorithms and best-in-class machine learning technologies, Anaplan's Predictive Insights reveals insights that help sales leaders evaluate the health of the pipeline and optimize sales efforts. Predictive Insights evaluates third party market data including company growth trends, business partnerships, hiring trends, technographics, buyer intent signals, and buyer propensity insights to gain a deeper understanding of customers.

- Leverage underlying customer insights against target customer profile to score whether pipeline is focusing on the right customers.
- Model Ideal Customer Profile (ICP) by product offering and understand buyer intent to match against products being sold.
- Quantify desirability of one deal over another, promote offerings that align with business objectives
- Analyze buying signal elements that can highlight deals that would be classified as "winnable". Buying Intents also align to timing of when a prospect may want to buy.

Pipeline Shape

Though visual representations of sales pipelines are often funnel-shaped, leading research suggests the funnel should be more linear in shape. Best-in-class sales organizations retire bad deals – deals that are either unrealistic or too expensive to pursue – as early as possible, leaving only desirable opportunities. The faster you can remove bad deals from the pipeline, the less time and resources are spent pursuing fruitless opportunities. Unwinnable deals are often a culprit of inaccurate forecasting, as sellers and managers keep impossible opportunities on the radar in hopes of a last-minute victory. The benefits of leveraging "shape" to measure pipeline health include closing more business, forecasting more accurately, and spending more time prospecting/selling.

Research Tip: To measure pipeline shape, do not measure it by tracking the volume of deals in each stage of the sales cycle. Instead, track the *percentage* of deals advancing from stage to stage.

Conventional Pipeline Shape:

Ideal Pipeline Shape:

Predictive Insights measures engagement and provides insights into a prospect's intent, the buying stage, and when and how to engage. Two ways Predictive Insights can improve pipeline shape are, 1) ensuring that the products and services being positioned are the ones prospects are most likely to buy, and 2) helping sales leadership quantify when to close out bad deals based on the buyer's lack of intent to buy.

One of the quickest ways to increase top-line revenue is to sell into your existing customer base. When applying Predictive Insights to past customer wins, Anaplan can help identify who is more likely to buy again and the new products/services they are likely to buy. Having this information at the ready enables cross selling and up selling while reducing the total cost of sale.

Pipeline Size

"Size" represents the total count of opportunities in the pipeline. The size is compared to close rates to identify how many deals should be in the pipeline in order to hit goals and targets. "Bigger is always better" is the traditional mantra when it comes to pipeline size. However, based on the research by VantagePoint Performance, that is not always true. There is no magical number of deals or universal multiplier (3x, 5x, 7x) that can be multiplied by quota to yield an ideally sized pipeline for each sales rep, or for the larger sales organization.

Instead, there are two interrelated variables that are unique to each sales rep – and if you know those two numbers, you can calculate the ideal pipeline size for each seller.
- **Annual Close Rate** (ACR)
  - Determined by dividing their sales over the past 12 months by the average size of their pipeline over that period (Actual Sales / Average Pipeline Size)
- Rep's Annual Quota

Selling styles are unique by seller. Some reps are naturally sandbaggers, stretchers, realists, 'happy ears', etc. Pipeline size needs to be unique to each seller's selling style. Selling Style can be identified using quantitative data demonstrated by Ideal Pipeline Size. This takes the guess work out of the equation and provides information to sales managers so they can help their team sell more effectively.

The formula to calculate **Ideal Pipeline Size is = Annual Quota ÷ Annual Close Rate**. This yields the appropriate multiplier by sales rep. One you have identified the ideal pipeline size for each sales rep, you can roll that up to an aggregate number for the organization.

Pipeline Contents

"Contents" of the pipeline refers to the *quality* of each of the deals in the pipeline. Just because we want every deal, that does not mean every deal is winnable or desirable for the organization. To many salespeople, every lead is a good lead, but this is not always true.

Questions answered in the Pipeline Contents dimension are:
- Are we focusing on selling the right products?
- Are we targeting the right customers?
- If we win these deals, are they desirable?

Every month, or even week, sales leaders need to review their team's pipeline and evaluate deals that may need nurturing and identify those that are in danger of stalling or falling through. Anaplan's Predictive Insights and dashboards can provide this information at any level – organization-wide, team, regional, individual account, product, etc. Leaders can also view which of their reps are likely to hit their quotas and which outstanding opportunities are likely to close. This allows sales managers focus their attention and coaching efforts on those who most need help in achieving their goals.

The contents of the pipeline must mirror the organization's go-to-market strategy. For example, if a company's strategy is focused on winning business within the Fortune 1,000 and the majority of the deals being pursued are mid-market and small businesses, those opportunities are not going to help the company achieve its objectives.

Benefits of Predictive Pipeline Optimization

Design an optimal pipeline for each sales rep, stop wasting precious time on bad deals, and focus on desirable customers that align with corporate goals. With Predictive Pipeline Optimization from Anaplan, sales leaders can build a solid foundation for a more accurate sales forecast and more informed revenue plans.

Benefits of Anaplan Predictive Pipeline Optimization are:

- Healthier pipeline based on objective, predictive scoring and modeling analysis
- Easily identify customers and products to focus on; eliminate costly pursuits of unwinnable deals
- Align opportunities with corporate objectives
- Quantitative, data-driven, insights that assess sales stages and deal categories
- Identify seller behaviors and focus coaching efforts that can improve selling effectiveness
- Quickly identify high risk deals to take-action on or close out
- Remove unwinnable deals from the pipeline for more accurate sales forecasts
- Up-to-date opportunity data with ability to capture and track changes
- Automation of data collection with updates leading to a viable pipeline and faster forecasting
- Spend more time prospecting and selling

Research source:
    Jason Jordan. *The Perfect Pipeline: How to Measure and Manage a Productive Sales Pipeline*, VantagePoint Performance, 2017.

PIPELINE OPTIMIZATION – DASHBOARDS AND DEMO FLOW

Following sections contain dashboards with talking points and differentiators. Talking points and differentiators are highlighted in blue.

Pipeline Optimization Overview

This is the landing page (first dashboard) in the demo.
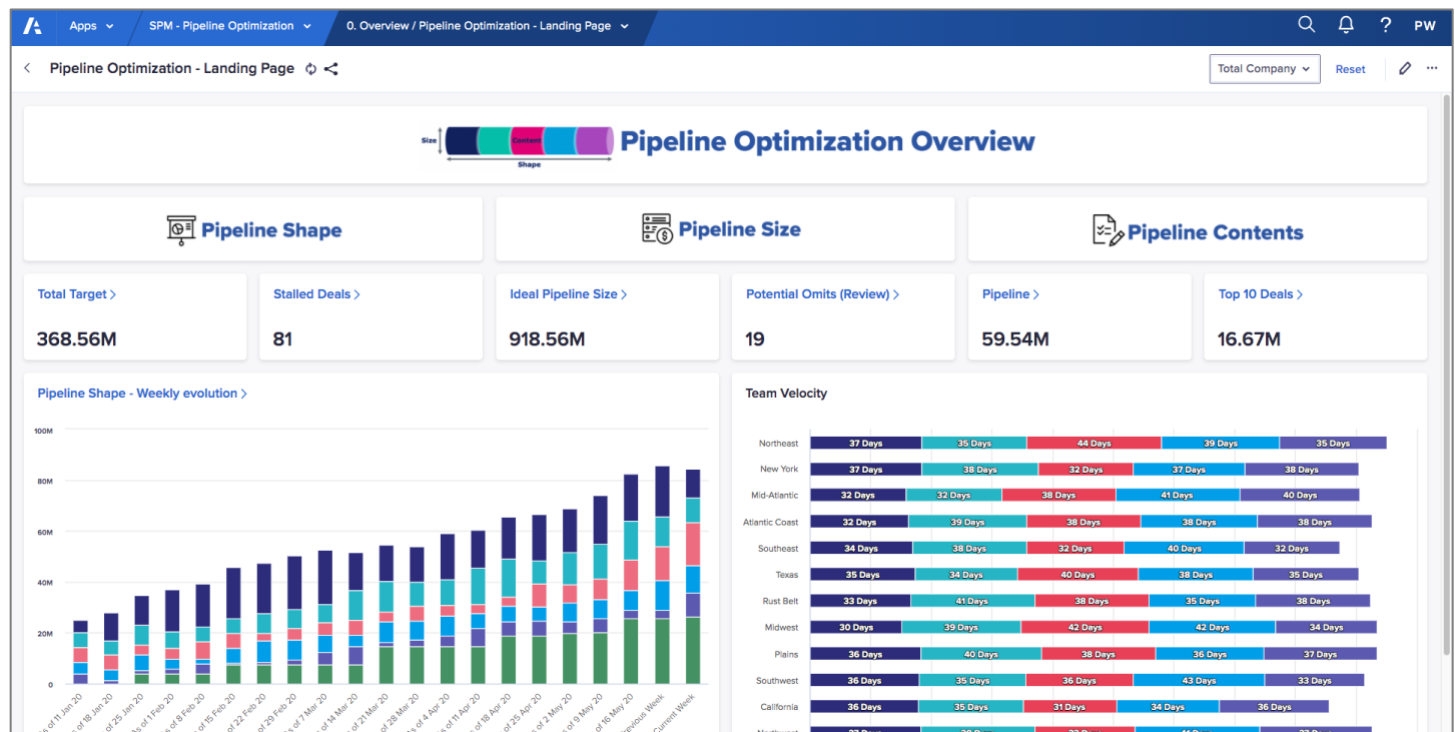
Each persona has a landing dashboard where he or she can view the overall state of planning, alerts, and new tasks necessary to more easily complete his or her job. The Overview dashboard presents high-level information about the three pipeline dimensions; pipeline shape, pipeline size, and pipeline contents. Drilldowns (links) to detailed dashboards for each alert, task, and KPI are provided so Sales Leaders can easily review and take action.

View the summary state of the current pipeline, navigate to take-action on alerts, jettison (omit) junk deals, and address risks.

NOTE: Use this dashboard, KPI, and Charts to introduce pipeline optimization in general (shape, size, and contents concepts), and to discuss how Predictive Insights help to enhance the process.

Point out updates to the KPI to start the Shape, Size, and Contents discussion.

From here, you can drill to the Ideal Pipeline Size dashboard to help shape the pipe by rep based on selling style. You can also drill to Stalled Deals, Risks and Potential Omits to jettison un-winnable deals, override sales stage, or help move specific deals along to the next stage by collaborating with team members.

In order to understand where we need to focus our efforts, as a sales leader, I want to start with taking a look at our current pipeline and review what we've won/lost so far.

- **Click on Current Qtr Deals Won KPI card** from home page to get to Win/Loss page

Win – Loss Analysis

Pipeline Size à Win/Loss Analysis
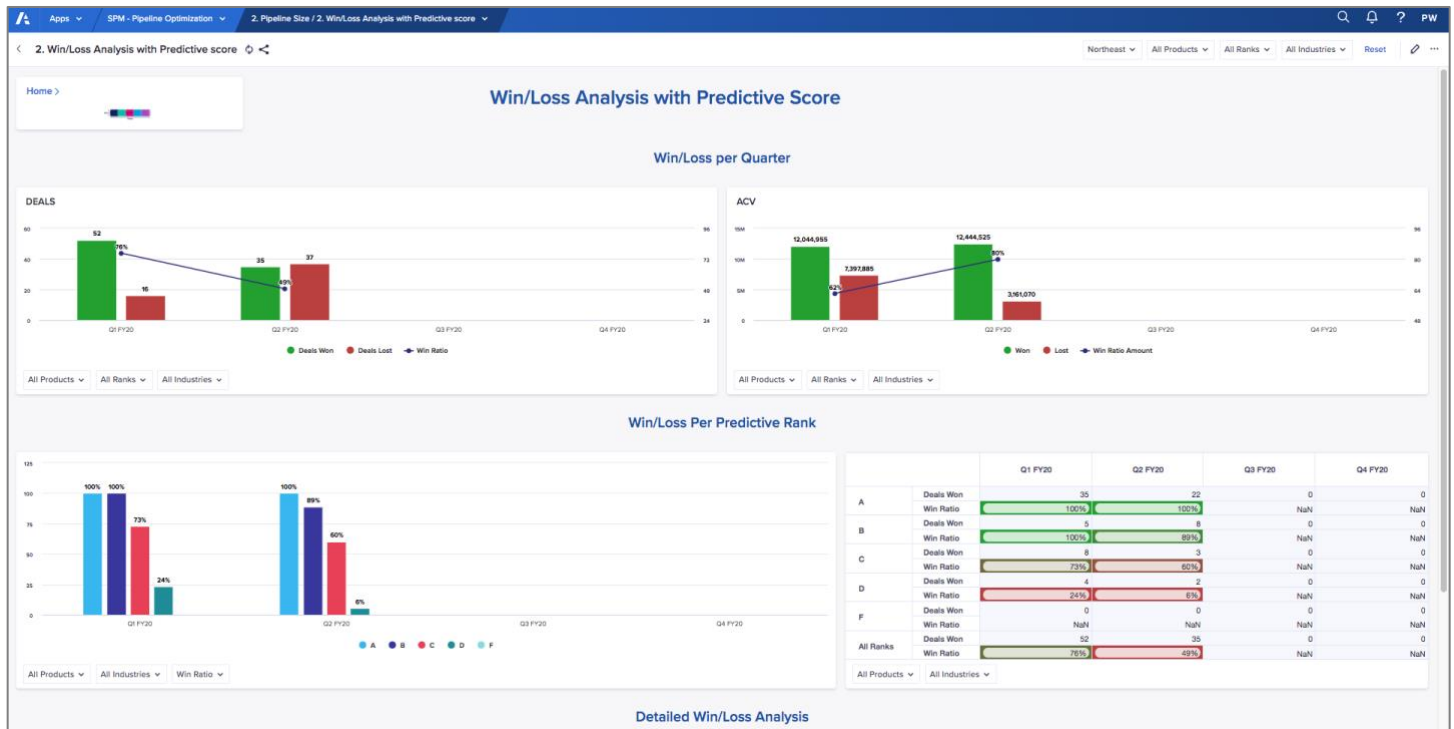
We're in the 2nd Quarter and we can see some high-level metrics at to the number of deals and ACV we're winning and losing. Due to the disruption with COVID, I can see that our win ratios are decreasing and need to focus on getting these ratios back up. I also have visibility into our won ratio by predictive rank, which proves that we should be focusing on our A and B opportunities.

Click on Home link to get back to homepage.

Knowing this information, I want to further analyze our pipeline on a more granular basis.

Click the Pipeline Shape – Weekly evolution link to navigate to the Shape dashboard.

Pipeline Shape

Navigation: Pipeline Overview à Pipeline Shape by Week
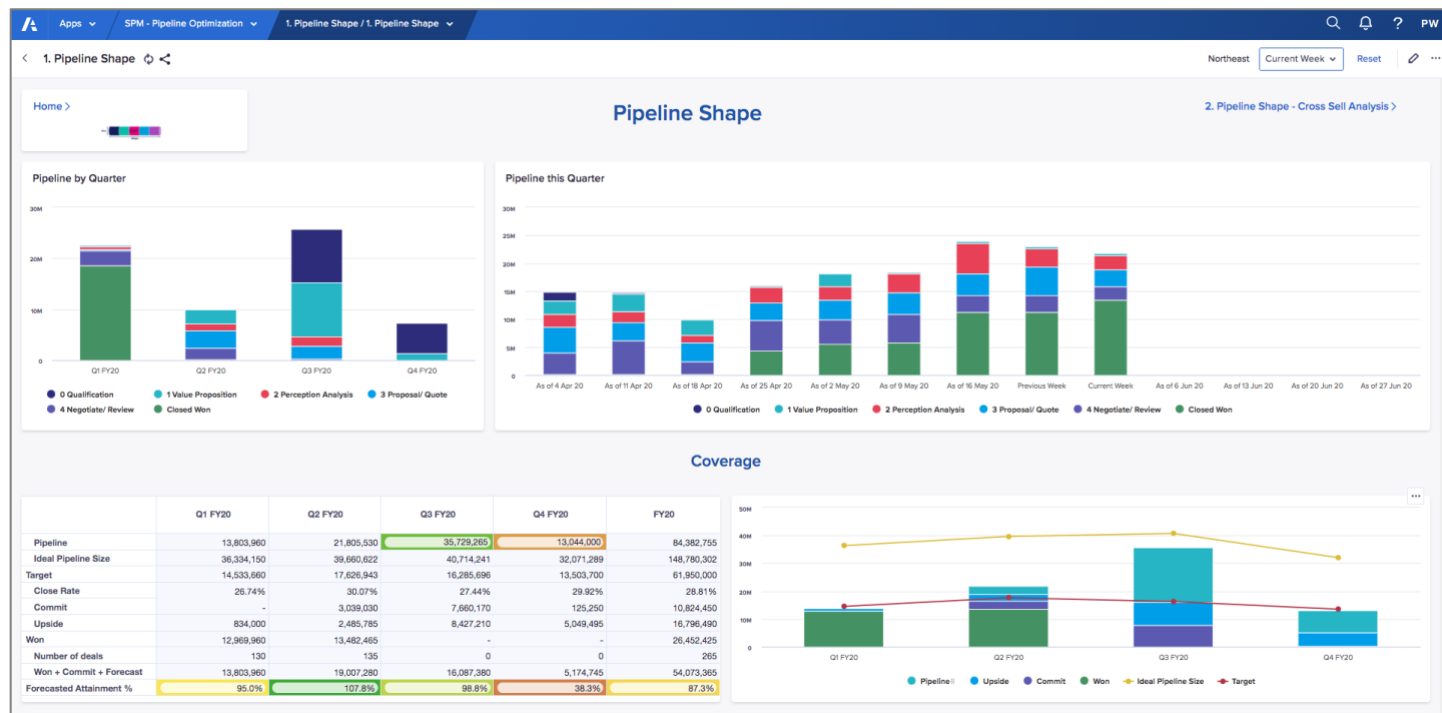
This dashboard provides pipeline trends by quarter and week by stage, and by region to understand shape.

View quarterly trending each week within different regions to help focus selling efforts when viewing Pipeline Over Quarter chart.

Analyze **close rates** by region and **quarter** using the Pipeline Coverage information to understand where deals may stall and are at risk, and if there is enough in the pipeline for upcoming quarters.

(Scroll down)
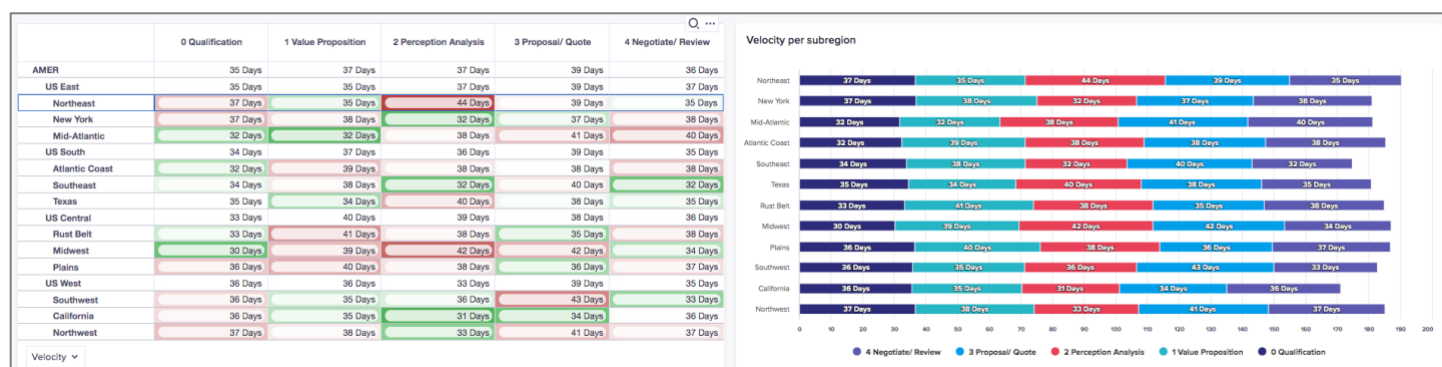
Compare Target to Ideal Pipeline Size to ensure there is enough coverage in the pipeline for your forecast.

We're in the 2nd Quarter for the current week. You can see that the forecast and Ideal Pipeline Size are under target. We can also see, based on stage velocity, that moving from the Perception Analysis to Proposal / Quote, and from Proposal / Quote to Negotiation stages seems to be taking longer than usual this quarter. To increase potential revenue, I want to help my team move some of the "Stuck" deals to closed.

Click on 1. Pipeline Content link

Pipeline Contents

Pipeline Overview à Pipeline Contents

Use pre-defined filters, calculated metrics, predictive scores and rank to focus in on deals that reflect your company's strategy. **Override deal categories, omit/remove junk deals from the pipeline, and drill to more details.** Override forecast category to remove un-winnable deals, and update "good" deals as Desirable or Winnable to help your team focus.

Quick Links to: Opportunity Detail, Pipeline Size, Pipeline Shape

Filter by Northeast, by Stage 2 – Perception Analysis, and PI score min 50. Refresh the Pipeline Content dashboard.

For example, view all deals with a predictive score of at least 50 to identify which deals that are stuck in a certain stage. Using this filter, along with other appropriate filters, reduces the deals you would likely want to review. I can see that Tim Gilmore has a number of deals stuck in stage 2, so let's focus on him.

Add to filter: Tim Gilmore. Refresh.

Since we want to move deals further, in order to increase our potential revenue, I want to make sure we're focused on the right opportunities, the ones that are more likely to close. With this type of visibility, I can immediately identify which deals we need to be focusing on. In this case, those would be the A ranked opportunities. Tim Gilmore has a couple of A ranked opportunities stuck in the perception analysis stage, that I now know we must focus on moving to the next stage, so I want to take a closer look and get more details, in order to figure out how we can move this opportunity forward.

Select an A opportunity for Tim Gilmore: United Liquor – Club Membership. Click on Opportunity Details.

Opportunity Details

Pipeline Contents → Opportunity Details

This dashboard displays account information, including rank and score, along with all of the top indicators and buying intents used for scoring and ranking the individual account.

This information assists in determining **if** a particular account should be adjusted, moved to a different stage, or omitted while viewing opportunity detail and Intents.

For example, with this type of granular visibility I can see that Tim needs to focus his efforts here. It's an A ranked opportunity, with a high predictive score, and a high ACV amount. This will definitely get us closer to driving more revenue.

I can also see why this opportunity is a great fit for us by the intents and indicators listed below. Knowing this information, I'm going to mark this as desirable and winnable and collaborate with Tim and the rest of the team, in order to make sure we do everything we can to close this deal.

Check Booleans for Desirable Account? and Winnable? Add comment under Team Collaboration: "*We need to focus on closing this deal. Let's work on moving this to the next stage.*"

Now that I know where we should be focusing our efforts, I want to get more insight on Tim Gilmore and the rest of my team to get a better understanding of my team overall.

Pipeline Size
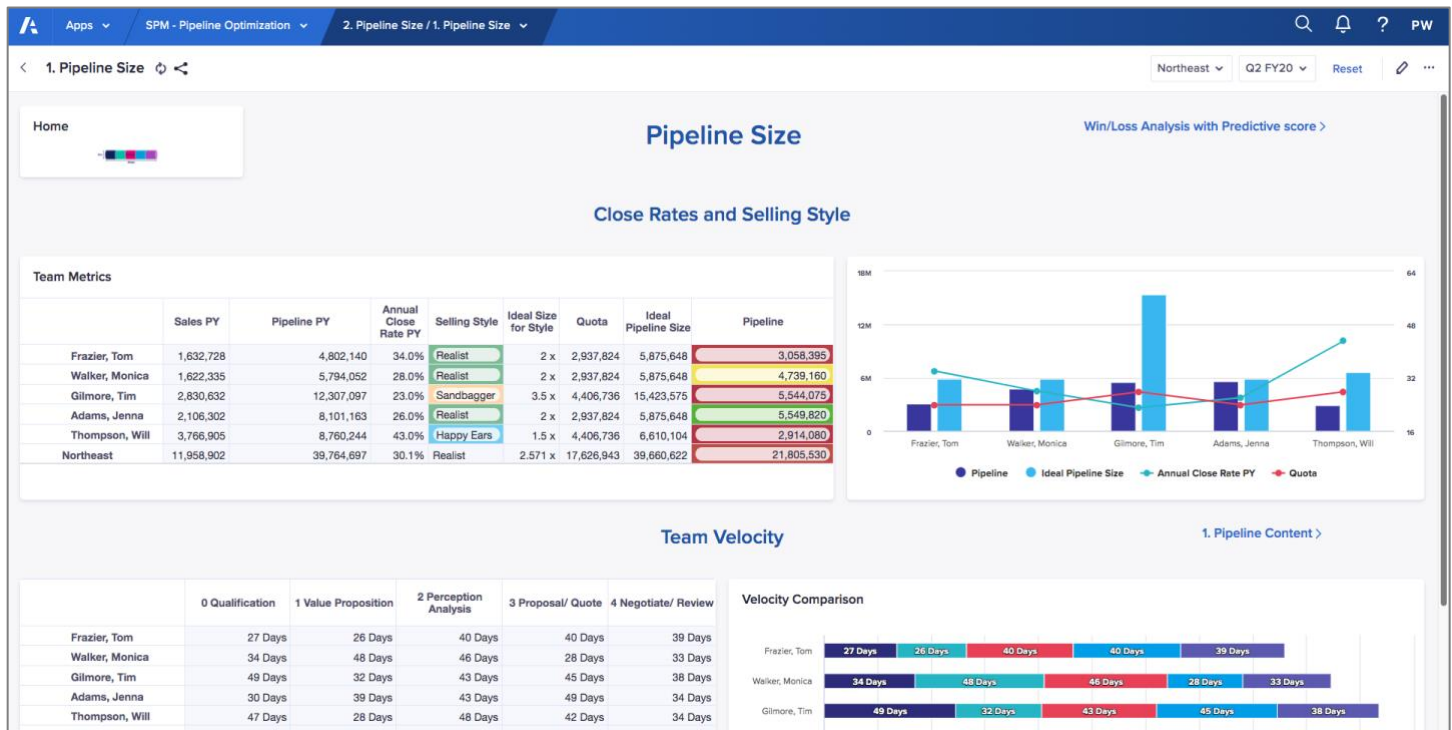
This dashboard displays Sales Rep's Ideal Pipeline Size and the Rep's Selling Style. Using this information, other Sales Leaders and myself are able to override opportunities with more realistic forecast categories, and to understand who to provide coaching to in order help reps sell more effectively.

For example, it looks like Tim Gilmore's selling style is identified as being a "Sandbagger" based on his average ideal pipeline size and close rate. As his manager, I know I have two actions:

- Move some of Tim's deals into later stages and into this quarter's forecast
  - Check Tim's Velocity. Both Tim and Jenna have some deals that are in the Proposal / Quote stage longer than average.
- Set aside some time to coach Tim
  - Discuss possible courses he should take, and perhaps have him ride along with a "Realist", Tom Frazier, another rep on my team.

Will Thompson's selling style is *"Happy Ears";* he's overly optimistic and only seems to hear positive feedback.
- Select Will and navigate to the Risk Analysis page.

Risk Analysis

Navigation: Pipeline Size → Risk Analysis
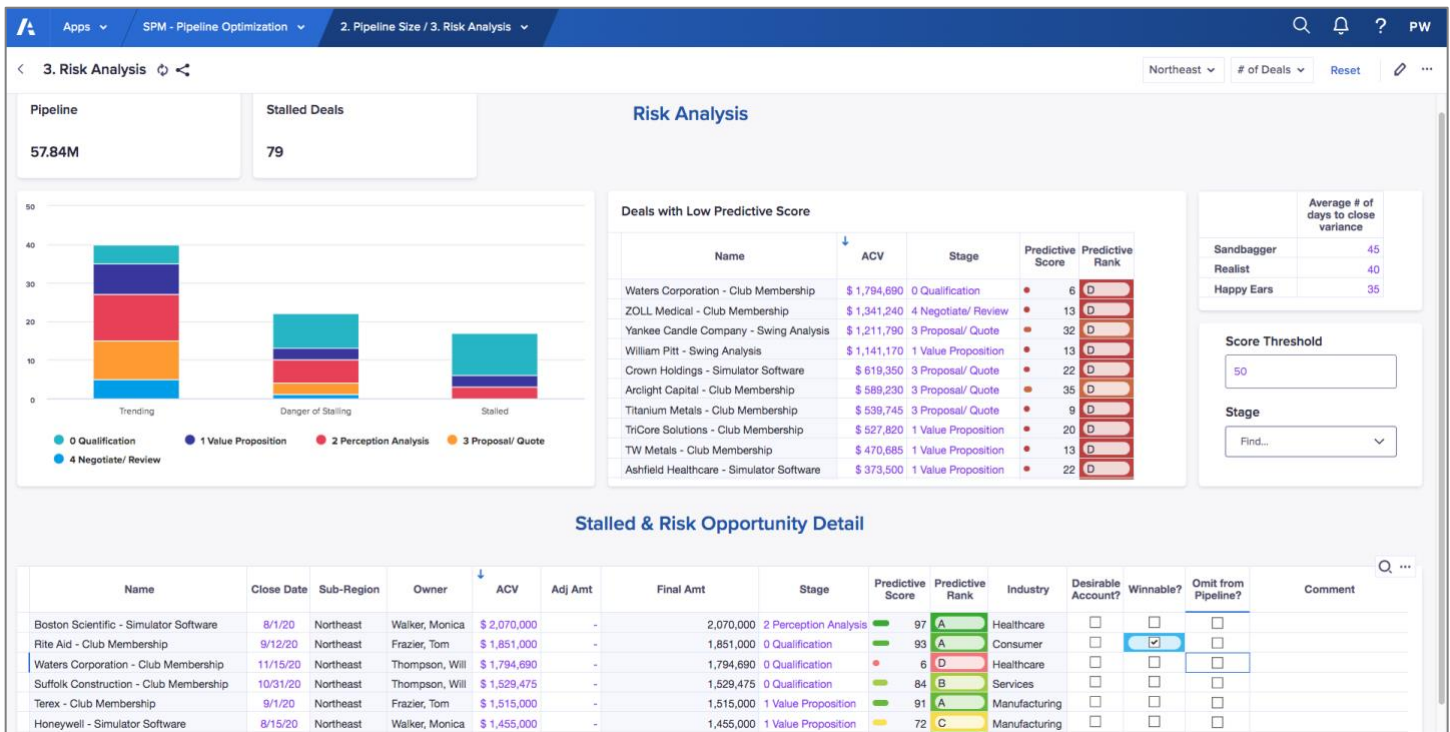
I and other Sales Leaders use this dashboard to hone the pipeline.

The Risk Analysis chart displays deals that are stalled in each stage. Stages and "Risk" threshold can be configured (by stage and even product) as needed, based on a typical sales cycle and average time in stage.

Will Thompson is already selected; Will's, Happy Ears selling style, deals will be displayed in the grid below. **Select one or two stalled deals (e.g. Crown Holdings) and check the "Omit from Pipeline" flag.** Notice that the Pipeline KPI value is updated for Will.

- Add a comment as to why, e.g. *"Low score and stalled in pipeline. Contact this account and find out if there is even budget."*

I can also select a specific opportunity and view additional details such as buying intents by clicking the Opportunity Details link (like I did previously).

Shape – Product Analysis

Navigation: Pipeline Size → Product Shape – Cross Sell Analysis
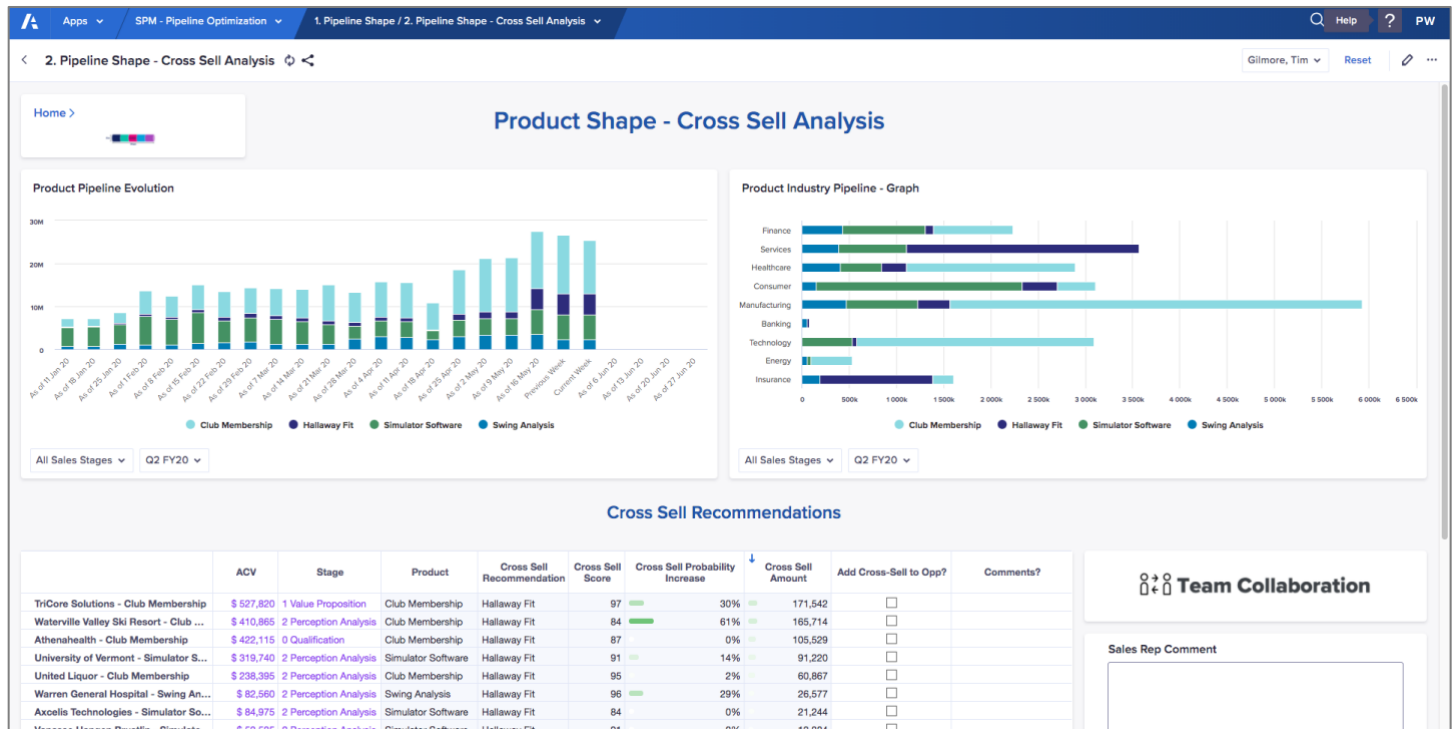
We can further analyze the pipeline by region, by product, and by industry over time. See what products are trending within different industries within your region in order to focus your efforts and selling resources more effectively.

- For example, in late March, Club Membership sales really started taking off, and overall, Club Membership have the highest sales within the Insurance, Manufacturing, and Consumer industries.

Knowing I already reviewed some of Will's opportunities, let's shift our focus back to Tim Gilmore.
Change filter to Tim Gilmore

Review Cross Sell recommendations for products not purchased by existing customers. Adjust amount, update winnable and desirable flags, and collaborate with key team members re: specific strategic approaches based on predictive score and rank.

- For example, as a sales manager, I might want to talk with Tim Gilmore about where he can drive more revenue by pointing out where he should look into cross sell opportunities. I can see that he has a handful of opportunities with high cross sell scores, so I'm going to mark those to be added in. I can also make any additional comments needed to increase collaboration.
    - Select a few of the opportunities that are A ranked with high cross sell scores and check the Boolean for Add Cross Sell to Opp?

Having Predictive Insights not only allows me and my team know where to focus our efforts, but also what opportunities would be good candidates for cross selling into to drive more revenue. This insight allows me to have better visibility into my pipeline, from a shape, size, and content perspective to ultimately secure the revenue line.

Parameters Assumptions, and Targets

Basic weekly and monthly updates and imports are performed in this dashboard along with sales rep quarterly target imports.

Model Administration is not generally demoed.

Following is the process flow depicted in the new Model.
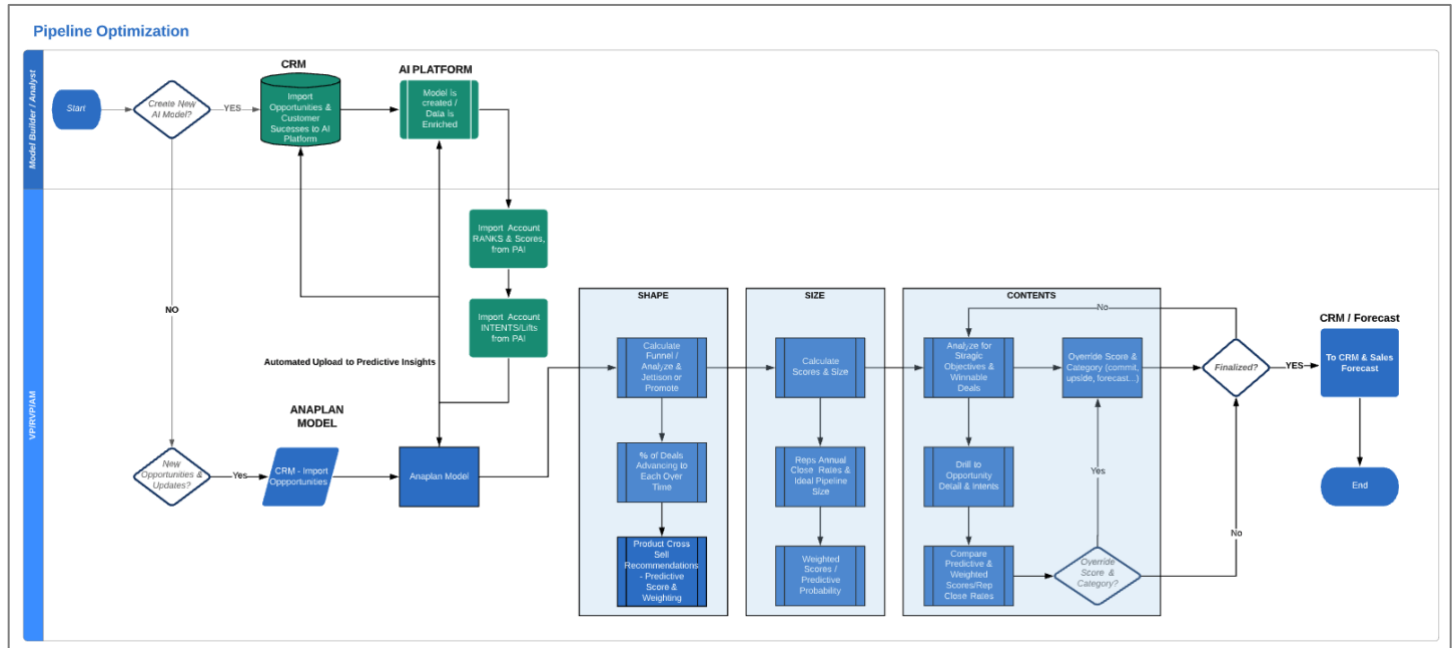
The planning model encompasses all of the process steps necessary for applying best practices to optimize a pipeline. It also incorporates Predictive Insights which enhances the overall planning process. Updates to opportunity data such as modified stage, omit, winnable flags and status should be exported and made in the customer's CRM Application and to the Sales Forecast.

It may be beneficial to combine the Pipeline Optimization and Sales Forecasting processes into a single model.

Anaplan Model

The Anaplan Model used as the basis for the Pipeline Optimization Model can be downloaded from the Anaplan Demo Library. The Core 18 SPM Model was used as a basis. Account data was modeled in the Predictive Insights Platform using a multi-product approach. Callaway Golf Services and Software products where used for the Predictive Model.

Predictive Score and Rank, Account Segmentation Score, and Weighted Score can all be used to evaluate the likelihood of closing a deal.

Opportunity Stage velocity is used for the Pipeline Shape metrics; percent of deals advancing from stage to stage.

Ideal Pipeline Size is calculated per the following:
- Ideal Pipeline Size
  - Pipeline Size: Sales Quota / Annual Close Rate for each rep
- Annual Close Rate
  - Close Rate: Rep Sales over past 12 months / Average Size of Pipeline past 12 Months
- Selling Style is based on the Ideal Pipeline Size and Annual Close Rate.

Product ranks and scores were input manually for demo purposes. Actual ranks and scores should be uploaded to the model at some point.

Anaplan recommends using existing Demo data because it is enriched with predictive scores and ranks (overall and by opportunity) and associated to account indicators and buying intents. Original account data was exported and imported and used to create a predictive model. Customer Successes and Opportunities were used to create the predictive model and then enriched, scored and ranked. Scores and ranks and indicators were then imported into the Anaplan Model.

Import Account Data

Account Opportunity data is imported into Anaplan and pushed into the Predictive Insights platform via direct integration. (Integration is not yet available, but we expect something by the Mid-year 2020. We also expect to have automated integration for updating account scores, intents, and buying stages in May 2020.)

If pushed directly into the Predictive AI Engine from Anaplan (recommended approach), the unique Anaplan code can be retained and matched during re-import. Data will still need to be modeled, enriched, and scored within Predictive Insights before re-importing back to the Anaplan Model. See basic Predictive Insights Set-Up Steps below.
The advantage to using the push from Anaplan is that the data doesn't need massaging before re-importing. Firmographic metrics are easily retained and mapping to create a geo hierarchy won't be needed.
Anaplan is working on integrations between Anaplan models and the Predictive Insights platform. Initial integration actions to be included in the demo model and available for customers are:

- Account Push from Anaplan to Predictive Insights: Positive List (Customers) and House List (Prospects).
- Account Indicators: Populates Predictive Insights Indicators Lists and Modules.
- Account Attributes: Updates Account list and Modules with appended data from Predictive Insights. Includes additional firmographics, including Account Annual Revenue, Employee Count, Industry, and Geo information; and Indicators and Intents with lifts and lift coverages.

See the [Training Videos](#) and Modeling Guide for more detailed information. What follows is a simple setup description.

As mentioned above, it's suggested that data be pushed into Predictive Insights from the Anaplan model. Accounts roll up the Geo hierarchy configured within the Territory and Quota Planning model. Customer Accounts (wins), along with prospects, are imported into Anaplan along with any firmographic attributes. Be sure to populate the Account (L4) Code with a unique identifier.
In order to score accounts, you need to create a model in Predictive Insights using the newly imported account data. Manual steps to accomplish this follow.
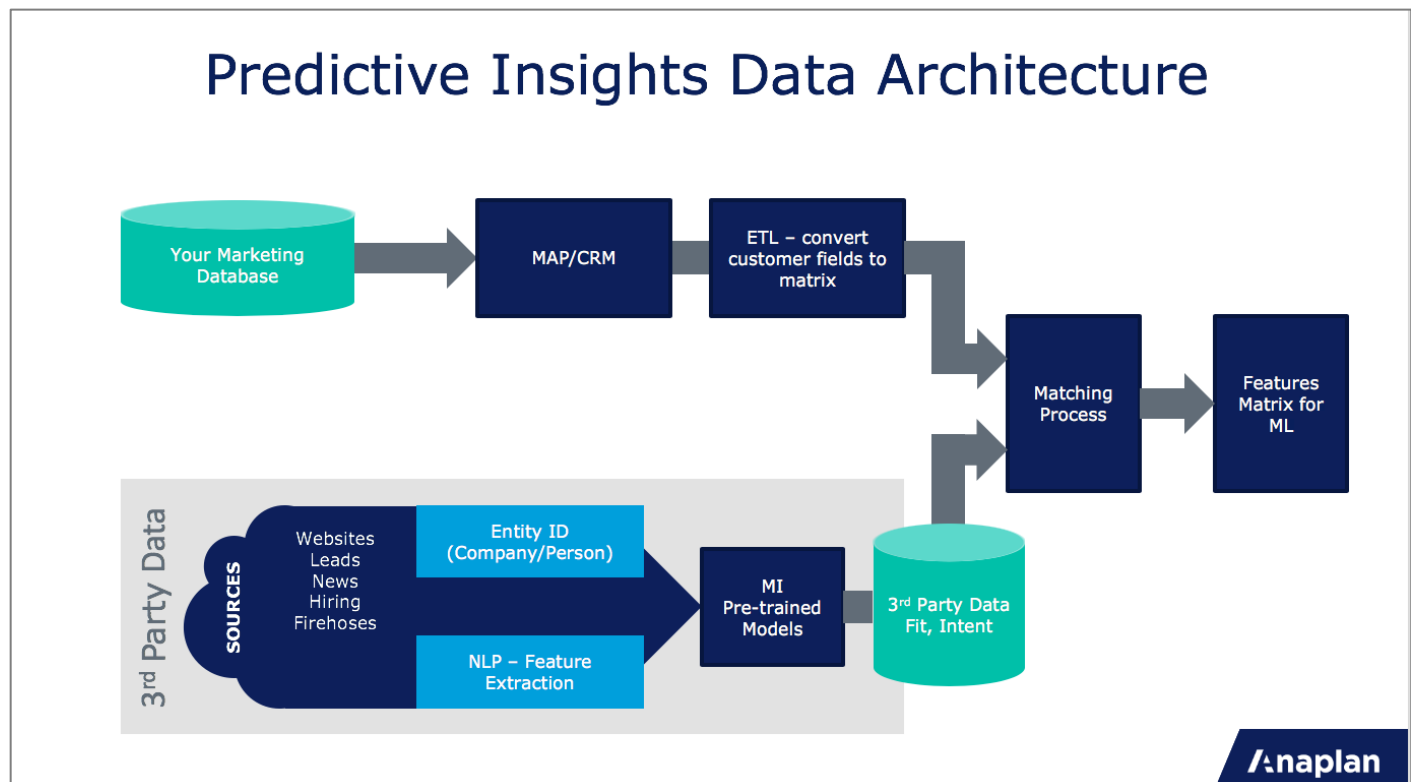
Set up your Customer Account: Create a new password, if needed, and log into your account.

Create a New Market: If this is a new Predictive Insights account, you'll be asked to create a Market (name), which you create the model for.

Data: Account data should include fields to identify the account as Existing (closed/won) which is the Positive List, and Opportunities (new prospects), known as the House List. It's best to have separate files for each source type. Account Name should be provided and if possible, provide the account domain URL. This is known as Conversion data.

Also include any other Interaction data if possible. For example, product(s) purchase history, or other behavioral data. During manual import, you'll need to set up mapping from the source (export) to the target fields. When data is imported into Predictive Insights, it is validated, matched to Predictive Insights existing account data, and appended with all data that Predictive Insights has for that account record.

Create Model: Select the model type—either single product or multiple products. A simple wizard walks you through this process. Machine Learning Algorithms are applied to accounts to identify top Intents based on third-party online digital footprints and are appended to account and opportunity data. Once indicators and intents are identified, additional optimization is performed via propensity modeling that applies additional machine learning Logistic Regression and Gradient Boosted Decision Trees. Final results are used to score and rank accounts. Once accounts are scored, account information is pulled back into the Anaplan model and used for analysis.

Coming Soon: Model to Model Integration Connector and Integration Guide for automated weekly updates.

Predictive Insights Modeling Methodology
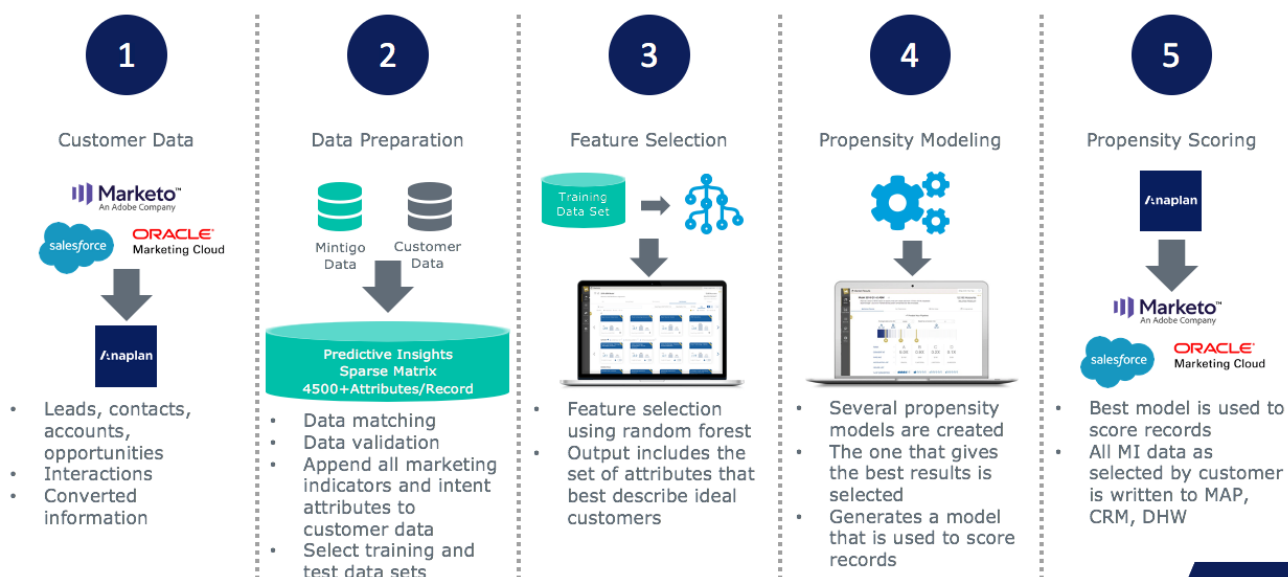
Predictive Insights [Modeling Guide](#) and [Integration information](#) can be found on Anaplan Community.

Model Download Link: [LINK](#)
App: Reach out to your assigned SC Support User to complete "Duplicate App" process for corresponding UX App.