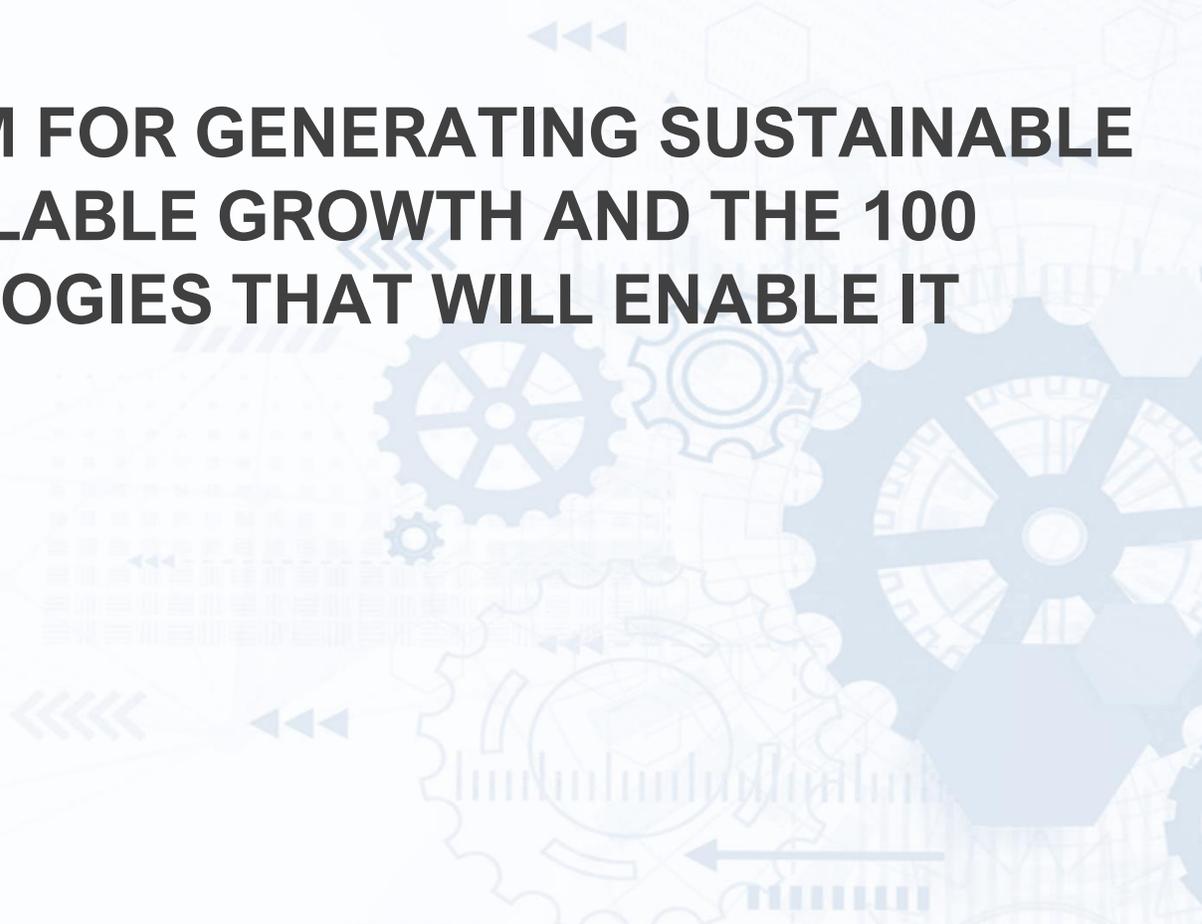




# THE REVENUE OPERATING SYSTEM

**A SYSTEM FOR GENERATING SUSTAINABLE  
AND SCALABLE GROWTH AND THE 100  
TECHNOLOGIES THAT WILL ENABLE IT**





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# I. EXECUTIVE SUMMARY: THE EMERGENCE OF A REVENUE OPERATING SYSTEM

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Organic revenue growth - and the commercial systems, processes and assets that create it - have become essential to value creation in every business. This is true for a hyper-growth SaaS business, a large enterprise, or a business moving to a recurring revenue model. The more consistent, profitable, and scalable that growth is, the more valuable the business becomes.

Over the last forty years, growing a business has evolved to become a capital intensive, digital, and data-driven team sport. In that time the weight of sales and marketing investment has shifted from media and field sales to owned digital channels and the systems, data, and processes that support them. Today, we have reached a tipping point where growing a business is so capital intensive and interdisciplinary it has broken the back of traditional models for managing the customer cycle and the teams, operations, systems and commercial assets that support it.

- The average organization uses over 20 digitally enabled marketing, sales and service channels to engage prospects and customers over the revenue cycle.
- The broad adoption of “4D” digital, data-driven, distributed and dynamic selling networks has transformed the go-to-market approach of almost every (97%) organization and offers the potential to double the speed, visibility, productivity and engagement of front line sellers.
- The maturation of advanced analytics, AI, and Machine Learning (ML) – and the massive new sales engagement data sets to support them – represents the most significant opportunity to accelerate sales growth since the scale adoption of call centers (40 years ago), CRM (30 years ago), and digital channels (20 years ago) in sales.
- Customers increasingly desire a more compelling, self-directed, and friction free digital experiences in the three decades since the emergence of digital channels. Today the customer journey happens almost entirely online.

The confluence of these trends - and the financial, performance and behavioral constraints they impose on sellers - has forced owners, CEOs and growth leaders to transform their commercial models and reconfigure their sales, technology, and growth assets. Selling in 2022 now requires greater coordination of the people, process, and technology of growth.

These dynamics have fundamentally reshaped the allocation of growth resources, operating budgets and capital investment. Owned digital sales and marketing channels and the systems, data, content and operations that support them now command two thirds of operating budgets, displacing paid media and the overhead that supports field sales. And capital investment in the digital selling infrastructure, customer databases, and enabling technologies that support these digital channels and “4D” selling teams has created some of the biggest financial assets on the balance sheet. In some cases, the customer data within a business can be more valuable than the business itself.

It has also created unprecedented cost and complexity for the executives leading the commercial model. The cost of arming a front line customer facing employee has risen to over \$2,500 per rep when you count all the information, automation and



digital channel capabilities they need to compete in the new market reality. As CFOs reallocate funds from travel and real estate to more scalable investments in technology and training, this number is on a trajectory to exceed \$10,000 of technology and related services per selling resource. This will bring sales and service reps closer to other highly automated job functions like warehouse, production, and finance workers— who have more technology investment behind them to make them productive.

The complexity of coordinating these channels and harnessing the data they generate is breaking the back of traditional marketing, sales and service silos. It has also forced the consolidation and coordination of many operating teams (marketing operations, sales operations, sales enablement, training and development, customer analytics) that support them. As a direct consequence, the return on selling assets – people, data, technology, and content – still falls below managers’ expectations, and even further below their potential to create firm value by any financially valid measure.

The core problem is there is no established system for getting the many different channels, teams, technologies in the growth equation working together. Business leaders lack a management system for coordinating their growth teams, functions and disciplines. They lack an operating system for managing their growth assets, systems, and processes.

Something has to change. Until these fundamental issues are addressed, the potential of technology and AI to unlock consistent, profitable, and scalable growth will not be realized.

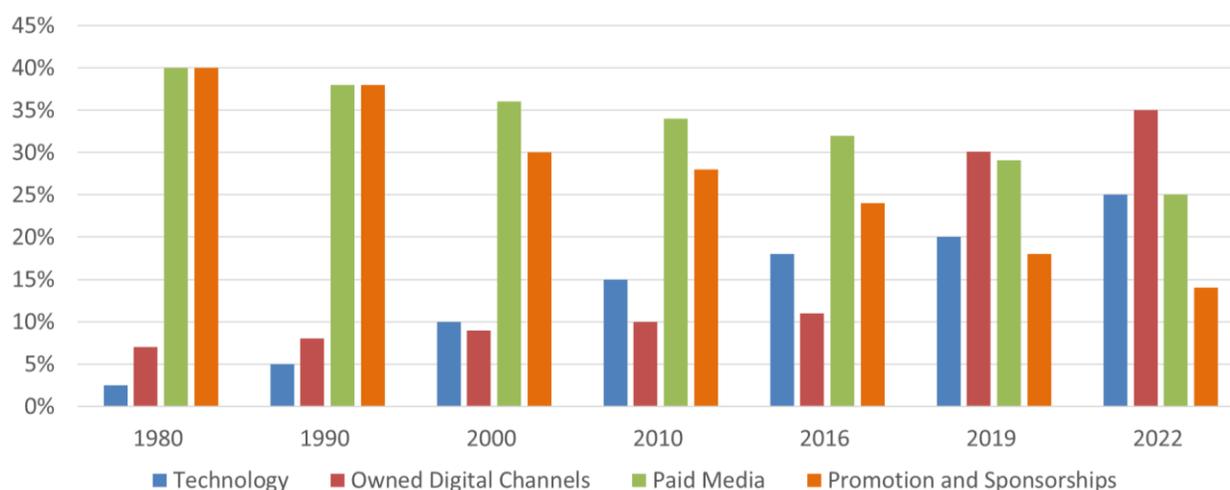
The solution to this problem is clear. A new system for growth is urgently needed. One that aligns revenue teams and the systems, operations, and processes that support them across the entire revenue cycle. And generates more growth from the expensive data, technology and channel assets that are the foundation of modern selling. We call that system for growth a Revenue Operating System. In this report we explain what that system is, why it came to be, the capital and investment that goes into creating it, and the top 100 technologies that will enable it.

We propose a framework - the Revenue Operating System – as a better model for aligning the people, process and technology to create more scalable and consistent growth. The Revenue Operating System is designed to unlock the potential of technology to make selling more consistent, scalable, and most importantly profitable. This system can help business leaders to reimagine their technology stacks and go-to-market models around platforms that aggregate, orchestrate and deploy customer engagement data rather than a disconnected portfolio of “point solutions” purchased to solve functional problems.

This report will detail the management practices, market forces, and technology innovations that will transform sales, marketing, and service to dramatically improve the visibility, speed, engagement, and productivity of your commercial model by getting the greater return from your investment in technology, analytics, and data. Specifically, we will:

**We map the evolution of the modern sales and marketing investment mix from 1980 to 2022** where the role of paid media is shrinking, and commercial technology and owned channels now represent 25% and 35% of operating spend respectively.

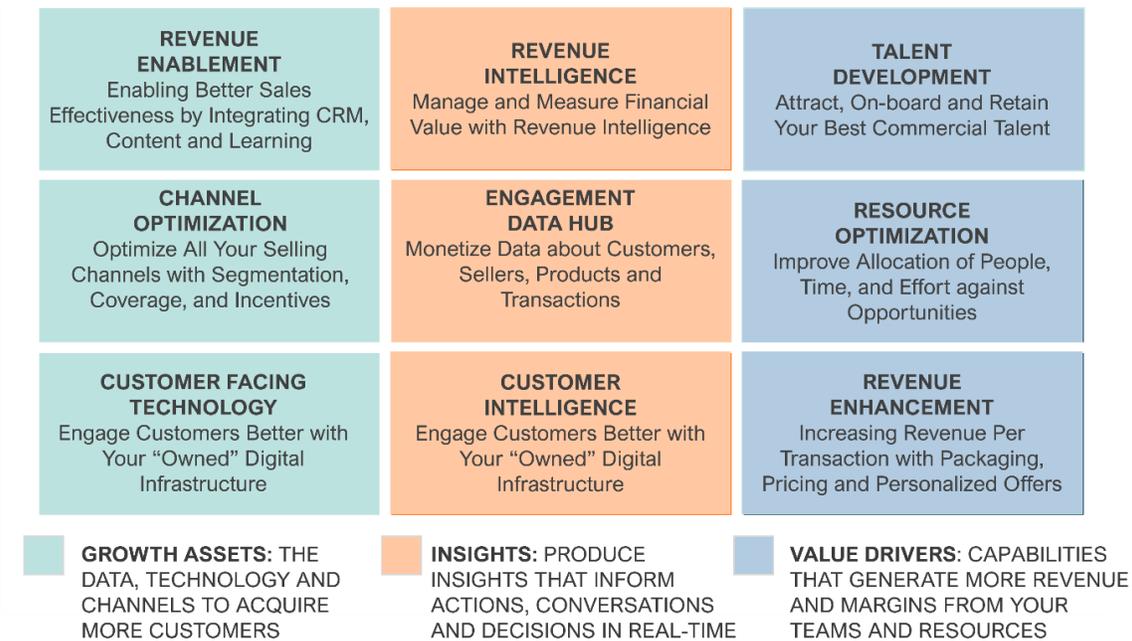
## THE EVOLUTION OF MARKETING BUDGET ALLOCATION (1980 TO 2022)





**Explain nine core building blocks of the Revenue Operating System.** Our analysis will detail how the system can improve the performance and return on legacy investments in CRM, digital marketing infrastructure, and the customer data they create.

## THE REVENUE OPERATING SYSTEM<sup>SM</sup>



**Profile the dynamic and valuable ecosystem of 100 technology platforms that are enabling the Revenue Operating System.** The report explains how these innovators are connecting the dots across an increasingly complex commercial ecosystem and leveraging analytics as a force multiplier. The analysis explains how these 100 firms are creating value for sellers, attracting billions of dollars in capital and have generated nearly \$1 Trillion in firm value for their investors. Specifically we found:

- The aggregate value of the firms that have built the 100 technologies that will enable this system has grown to \$973 Billion. This reflects the value that can be created by a system for scalable and consistent growth.
- These 100 firms have attracted \$4.6 Billion in capital for organic and inorganic investment in the last twelve months to evolve their capabilities to better connect the dots across the Revenue Operating System outlined in this report.
- Thirteen of the 100 organizations executed mergers and acquisitions in the last year as the capabilities of all the players in the technology ecosystem converge to support a system of selling instead of propagating more point solutions.
- Twenty three "unicorns" - businesses worth over \$1Billion in firm value - have emerged within the Revenue Operating System. These rising stars are connecting the dots across the commercial technology stack to simplify the day-to-day selling workflow, increase the productivity of sellers, reduce the cost of sales, and differentiate the client experience.

**Provide a blueprint to help executives reimagine and knit together their commercial technology portfolio to gain advantage.** This includes seven smart actions the best organizations are taking to rationalize, connect, monetize, and better leverage the people, process and technology in ways that create revenue, profits and firm value.



## II ABOUT THE RESEARCH

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This ongoing research initiative is led by the expert faculty of the Revenue Enablement Institute in collaboration with over 100 industry practitioners and experts in the field of sales, marketing and the emerging role of Revenue Operations.

To define and execute this best-practice analysis, our team of leading academics, experts and practitioners in the field of Revenue Enablement and sales management conducted primary and secondary research to create

1. Conducted interviews with over 75 senior growth leaders and revenue operations executives between September of 2021 through February 25, 2022.
2. Evaluated thousands of sales and marketing technology platforms to identify the 100 technologies that are converging to define and enable the Revenue Operating System and a forecast of how they will converge to transform the commercial model.
3. Developed a composite picture of the entire channel mix and the allocation of operating and capital investment to paid, owned and earned channels and the systems, technologies, data and programs that enable them.
4. Surveyed thousands of sales and marketing executives, managers and performance professionals to get a read on the challenges, performance, programs and investment priorities.

These experts lent their research and decades of practical experience and external validation to the recommendations about how organizations are going to have to transform their commercial models to become more digital, data-driven and measurable in the face of changing buying behavior and underperforming growth assets.

This authors of this composite analysis include:



**Stephen Diorio** is the Managing Director of the Revenue Enablement Institute, and a Senior Fellow at the Wharton Customer Analytics Initiative. A leading authority in go-to-market transformation, sales and marketing performance management, and revenue operations, Stephen has helped over 100 organizations to reengineer their revenue operations to accelerate growth and become more data-driven, digital, and accountable. He has authored several books on commercial transformation including *Revenue Operations: A New Way to Align Sales & Marketing, Monetize Data* (Wiley, 2022) and *Beyond e: 12 Ways Technology is Transforming Sales and Marketing Strategy* (McGraw Hill, 2002).



**Chris Hummel** is a Managing Director at the Revenue Enablement Institute leading CXO programs. Chris is a global CXO with a track record of accelerating revenue and adapting to changes in the buying and selling environment. He has successfully led sales, marketing and product teams at world-class companies like Oracle, SAP, Schneider Electric, Siemens and United Rentals. Learn more about his successes aligning sales and marketing; collaboratively creating digital products and services; and using brand repositioning to amplify business strategy to drive measurable and scalable growth. Chris is the co-author of the book *Revenue Operations: A New Way to Align Sales & Marketing, Monetize Data* (Wiley, 2022)



## ABOUT THE REVENUE ENABLEMENT INSTITUTE

The Revenue Enablement Institute™ is an advisory and research firm whose mission is to educate and arm the next generation of senior growth leaders with solutions, skills, capabilities, and best practices they will need to accelerate revenue growth and adapt to the new market environment. Our world-class faculty of academics, practitioners, and experts in the science of growth are actively working with owners, CEOs, and their growth leaders to help them transform sales, marketing, and service system into a 21st Century Commercial Model that is more digital, data-driven, and scalable. We invite transformation minded CXO's, CMOS, CSOs and CEOs to participate in our research and education program so they can apply what we learn to build higher performing revenue teams.

You can learn more at [www.revenueenablement.com](http://www.revenueenablement.com)