Marketo Customer Impact Survey Results

Marketo conducted an online Customer Impact Survey in May 2011. The survey assessed various aspects between Marketo and its customers, including marketing and sales processes customers were employing with the help of the Marketo Revenue Performance Management solution, and return on investment achieved. Over 250 customers or 25% of Marketo's customer base participated in the survey.

Markeo Customers See Real Results Across All Stages of the Revenue Cycle

The survey found that customers are seeing tangible business impact across all aspects of the revenue cycle. On average, Marketo customers have realized:

- 22 percent increase in qualified leads generated by marketing
- 21 percent increase in qualified leads converting to sales- accepted opportunities
- 17 percent increase in sales win rate
- 11 percent increase in average contract value
- 7 percent improvement in length of sales cycle

The New B2B Selling Environment–Success Drivers and the Customer Maturity Model

Overall Marketing Productivity – On average, Marketo customers ran over 46% more programs and campaigns after a year of using Marketo. The top 20% of customers had doubled their programs, and 49% of customers had increased programs by 75%.

Revenue Performance Management (RPM) Maturity Curve – The survey assessed customers' processes around revenue performance management across 3 main categories:

1) Increasing flow of opportunities through marketing automation, opitmized campaigns and lead nurturing
2) Improving sales effectiveness through better lead prioritization, insights into buyers and alignment with marketing
3) Optimizing investments in programs, processes and people across marketing and sales through better insights and planning

Customers varied in the maturity across these critical processes around revenue performance management and, as a result, fell into three distinct categories – marketing automation, marketing and sales effectiveness and Revenue Performance Management.

We found a strong correlation to the customer's stage in the RPM Maturity Curve and the business results they were seeing. Customers that had deployed and embraced Revenue Performance Management saw the largest impact, whereas customers that were only focused on marketing automation saw a lower impact.

	Increased Qualified Leads	Increased Conversion to Opportunities	Increased Win Rate	Increased Deal Size	Improved Sales Cycle Length
Marketing Automation	7%	7%	7%	6%	5%
Marketing & Sales Effectiveness	21%	20%	18%	13%	6%
Revenue Performance Management	29%	29%	20%	14%	12%
Average	**22%**	**21%**	**17%**	**11%**	**7%**

This strong correlation highlights how optimizing processes like lead nurturing, content marketing, revenue analytics, forecasting and sales effectiveness have a direct impact on revenues and profitability.

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The Result: 40% Increase in Revenues

Marketo customers report a 40 percent increase in revenues after deploying Revenue Performance Management. The exact impact on revenues and profits depends on a variety of factors such as marketing's contribution to total opportunities or revenues, gross margin and ability to hire sales reps and other key resources to ensure additional demand results into customers and revenue.

Let's take a specific customer example with $25 million in sales in 2010 and gross margins of 50%, where marketing-sourced opportunities generated 30% of all revenues. After deploying Revenue Performance Management, the customer is seeing incremental revenues of $12 million and incremetal cash flow (or profit) of $3.6 million.

Revenue Impact for a Mid-size Software Company

Increased Bookings by $12.1M. Increased Cash Flow by $3.7M.

$3.1M Increased Revenue

$800K Increased Profits

22% Increased Qualified Leads

21% More Leads Convert to Opportunities

Grow Number of Opportunities

$9.0M Increased Revenue

$2.9M Increased Profits

16% Increased Win Rate

12% Increased Deal Size

8% Shorter Deal Cycle

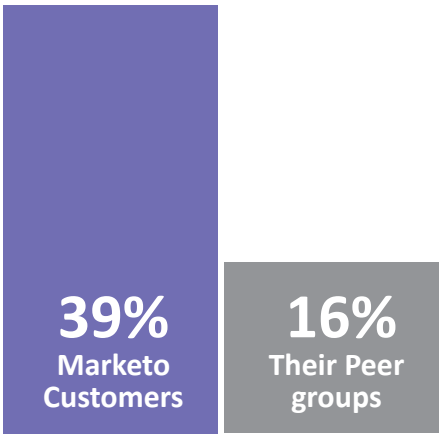
Improve Sales Effectiveness

Baseline Assumptions:

Expected 2011 Total Revenues	$37,045,000
Gross Margin	50%
Industry	Software
Average Deal Size	$20,000
% of Revenue Marketing Generates	30%
Number of Sales Representatives	36

It's probably no surprise that Marketo customers on average are growing over twice as fast as their competitors. Based on LinkedIn's publicly available data, employee growth within Marketo's customers is 39%, whereas employee growth within similar companies by industry and geography is only 16%.

Employee growth in last 12 months



Publicly available LinkedIn data on employee growth

> *With Marketo, we now have 100% visibility into what is happening across marketing and our website. We've also seen over a 10% decrease in our cost of sale, and a 30% decrease in our sales cycle.*
> - Paul Dunay, CMO, Networked Insights

> *In 6 months we've seen our sales cycle decrease from 12-24 months to less than 6 months. We are also on track to increase our revenue by 3 digits in 2011!*
> - Jeff Yoder, VP of Marketing , ComSci

> *This year is a monster year for Equilar. We're talking 40% year-over-year revenue growth ($10M to $14M) during the worst recession of our lives. The biggest change? Marketo.*
> - David Liu, Salesforce Administrator, Equilar

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