

B2B Marketing Automation Vendor Selection Workbook

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How to Use This Workbook

This workbook will help you to select and deploy a marketing automation system. How you use it will depend on your situation.

- **If you are unfamiliar with marketing automation**, start by reading the first two sections: *What is Marketing Automation and Why Do I Need It?* and *Industry Overview*. These provide background information on the benefits you can expect from marketing automation and on the types of systems available. This will help you to focus your search and to better define the objectives of your own project.
- **If you are already familiar with marketing automation**, you can jump immediately to the final section, *Step-by-Step Guide to Selecting the Right System*. This defines a structured process for system selection and deployment, including sample worksheets for each step. These worksheets are examples you can customize and expand to match your company's needs.

What Is Marketing Automation and Why Do I Need It?

Marketing automation systems make marketers more effective. For B2B marketers, the systems support the primary marketing department activities of generating leads, nurturing them, and transferring qualified leads to sales. Specific benefits include:

- Integrated replacement for point solutions. Marketing departments typically have multiple systems to perform specialized tasks such as search engine marketing, email execution, landing page creation, Web analytics, lead scoring, database management, lead distribution, content creation, project management and reporting, or they have no systems at all. Having these in a single system allows increased data and process integration, reduces training and support costs, and frequently costs less than running separate products.
- Increased capabilities. Marketing automation systems often provide more advanced features than point solutions for core functions including complex nurture campaigns, behavior tracking, and lead scoring. This applies especially to small and mid-size businesses, which cannot afford the most advanced specialized products. As a result, marketing automation allows marketers to create larger numbers of more advanced programs with the same resources.
- Greater control over technical activities. Marketing automation systems include authoring tools that let marketers create and deploy Web forms and landing pages with little or no assistance from the company Web master. System-generated links to these pages can be embedded in marketing emails, the captured data can be posted directly to the marketing database, and future visits to system-generated pages can be tracked, again without external assistance. These capabilities allow marketers to deploy programs more quickly than otherwise possible.
- Close integration with sales. Marketing automation systems automatically synchronize lead data with sales automation systems. This allows marketing and sales to work from consistent information without forcing them to use the same system. It makes it easy to pass along marketing generated leads when they are ready for sales involvement and for the marketing system to extract sales results, usually in the form of closed opportunity records. Many marketing automation systems also let the sales automation system display lead scores, activity summaries, and detailed activity histories stored in the marketing automation database, so sales people can view this data without leaving their usual desktop environment.

The larger context of these benefits is that the role of B2B marketing has expanded as buyers increasingly gather product information from sources other than the company's own sales people. These sources include the company Web site, sites of independent experts, and industry peers via social media. The result has been a greater reliance on marketing programs to build relationships with potential buyers. This requires marketing to run larger numbers of programs, each tailored to buyers at a different stage in the purchase process. Marketing automation makes possible this higher level of more effective marketing activity.

Functions: The major functions of marketing automation systems are to generate mass emails; host landing pages and forms to capture replies; score leads to determine when they are ready for sales contact; nurture leads through multi-step, event-triggered email campaigns; exchange data with sales automation systems; and, provide reports on Web traffic, visitor behavior, and campaign results. The systems also provide supporting capabilities to create and store libraries of emails, landing pages, and forms.

Some systems add project management and workflow to help track the steps of creating marketing programs, and budgeting features to track the costs. These are more common among products targeted at large marketing departments.

Support for other types of programs is spotty but sometimes includes Webinars, paid search, search engine optimization, partner relationship management, telemarketing, direct mail, and conventional advertising (print, broadcast, outdoor, etc.) Vendors are beginning to add social media functions, typically starting with tracking and “share to social” options. Some are providing additional features to monitor social forums, send messages in response to social activity, and post social behavior to lead profiles.

Distinguishing Features: Most of the capabilities in marketing automation systems can be found separately in specialized products for email, Web analytics, or Web site management. One advantage of marketing automation systems is that they combine these features in a single product. In addition, the following features are rarely available elsewhere:

- **Behavior tracking.** This is maintaining a profile of the Web and other activities of individuals. Traditional Web analytics products capture page and session statistics but do not usually link these to persistent individual identities.
- **Lead Scoring.** This is calculating a score to measure the quality of a lead, primarily to determine when it should be handed to the sales department. Scores are based on the combination of individual attributes (title, company, location, etc.) and behaviors (email responses, Web forms completed, pages viewed, etc.). Scoring formulas can be complex, so special interfaces are needed to make them easy to build, understand, and maintain.
- **Sales automation data exchange.** The marketing automation system usually maintains its own copy of lead information from the sales automation system. Updates made in either system are shared immediately or at frequent intervals (often every few minutes). This ensures that both marketing and sales are working from the same information without the risk that marketing processes may interfere with performance of the sales automation system.

Industry Overview

Consumer marketers have had systems with the core marketing automation functions of list selection and response analysis since the 1980s. Current B2B marketing automation products started to appear in the late 1990s, often from vendors with roots in other areas of Web marketing. Competition has grown sharply in recent years: of the eighteen products listed in this report, eleven were launched in 2007 or later. The market itself has also expanded sharply, with ten of the eighteen vendors reporting that their customer count has more than doubled in the past year. This growth reflects expansion beyond the original base in computer hardware and software, to marketers in financial services, manufacturing, and business services. It also reflects increased sales to very large companies and to small businesses such as accountants, consultants and marketing agencies.

Market Size and Sectors: Revenues for B2B marketing automation systems (excluding related services) were \$200 million in 2010, according to Raab Associates estimates. The industry can be divided into three sectors with different types of clients:

- **Micro business** (under \$5 million revenue). These are very small companies, typically run personally by an owner. They rarely have a full-time professional marketer on staff. Primary marketing interests are outbound email, landing pages, and simple lead nurturing through email auto-responders. Before marketing automation, they typically use an email system (which also provide landing pages and simple nurture campaigns) or sales automation product for their marketing. They often do not integrate marketing automation with a separate sales automation system, either not using one at all or relying on a CRM option offered by the marketing automation vendor itself. The fastest growing industry segment, this group more than doubled to 10,000 clients and \$50 million revenue in 2010.
- **Small to Mid-size business** (\$5 million to \$500 million revenue). This segment covers a broad range of marketing users with widely varied needs. Most require the full range of marketing automation functions but apply these in simple ways. They have one to fifteen marketing automation users. This segment is the heart of the marketing automation industry, supporting the largest number of competitors and accounting for approximately \$110 million in 2010 revenue across 5,000+ clients.
- **Big business** (\$500 million revenue and higher). These are large marketing departments that may manage hundreds of campaigns for different products in different locations. They need special features for automated content selection, project management, complex lead scores, and tight control over the rights granted to individual users. This group had about 500 clients generating \$40 million revenue in 2010. Although it has been growing less quickly than other segments, adoption will accelerate as the value of B2B marketing automation is more widely recognized, existing B2B systems add more large-company features, and big software vendors enter the field.

Related Markets: B2B marketing automation overlaps with several other software and services markets. These include:

- **Consumer marketing automation systems.** These have similar functions to B2B marketing automation. However, B2B marketing systems have standard features that are not typically part of a core consumer marketing system. These include lead scoring, Web behavior tracking, landing page and form creation, and synchronization with CRM data. Consumer systems are generally stronger at complex segmentations, marketing planning, project management, and financial reporting. The most fundamental difference is that B2B systems rely on the CRM system as the primary database, while consumer systems assume they will connect directly to the primary marketing database. Several consumer marketing automation vendors have built special packages that add core B2B features.

These compete with B2B marketing automation vendors at the upper end of the market where the scale of operations is most similar to large consumer programs.

- Email service providers. Because email is the primary medium for B2B marketing automation, existing email service providers are the marketing automation vendors' most direct competition. Like B2B marketing automation itself, this industry contains several firms that specialize in different size clients and others that attempt to appeal to everyone. The largest email firms are already bigger than the largest B2B marketing automation vendors, so the email firms have the resources to compete aggressively. Most already offer landing pages and Web forms, auto-responders, and simple multi-step campaigns. They can be expected to add other marketing automation features through internal development or acquisition. A few marketing automation systems integrate with third-party email systems but most offer their own email services instead.
- Specialized marketing systems. These provide specific marketing functions such as anonymous visitor identification via IP address look-up, search engine optimization, paid search advertising, Webinar management, online surveys, non-Web media buying, partner relationship management, and trade show management. Marketing automation systems can already replace many of these products and will likely grow to encompass them all. In the meantime, marketing automation vendors will integrate with complementary products to offer their clients a complete solution.
- Generic operational systems. These provide document management, project management, financial planning and budgets, collaboration, reporting and analysis, Web analytics, and other capabilities used by all departments in an organization. Marketing automation systems offer similar functions for use within marketing only. Although marketers may find this appealing, corporate IT managers may see marketing automation as redundant and isolating. Marketing automation vendors will need to share data and sometimes exchange messages with these systems. This integration will impose substantial costs that smaller marketing automation vendors cannot afford. This overlap may also lead other vendors to enter the marketing automation industry if they feel their core system is a reasonable foundation for a complete marketing automation solution.
- CRM and Web site management systems. These closely interact with core marketing automation functions. This makes them potential competitors or acquirers as CRM and Web site vendors seek to expand their own scope. Such extensions are the greatest strategic threat facing marketing automation as an independent industry. Some marketing automation vendors may themselves expand into the other categories. This has already happened to some extent in small business systems. In most cases, however, the marketing automation vendors will lack the resources for such an expansion and will instead integrate with CRM and Web site products.
- Marketing agencies and consultants. These are potential users, sellers and support providers for marketing automation systems. They often provide critical professional services to help with deployment. Marketing automation vendors increasingly compete for relationships with strong partners. The ability to maintain a strong partner network will be a major requirement for long-term success.

Trends: B2B marketing automation is evolving rapidly as marketers adjust to new technologies and new buying processes. Important trends include:

- Product features. Vendors are expanding their products to add value beyond core marketing automation capabilities, which are now widely available. Key extensions include advanced revenue analysis, direct salesperson access, improved reporting, and, perhaps, automated lead scoring. Mid-tier vendors are adding features to serve by large marketing departments, such as fine-grained user

rights, project management, marketing planning and budgets, and automated content selection. All vendors continue to work to simplify their user interfaces and to expand social media support.

- **Deployment support.** Vendors recognize that the greatest barrier to wider adoption of marketing automation is that many marketers cannot take advantage of system capabilities. To address this, vendors continue to add professional services, both in-house and through partners, for clients who can pay for direct assistance. They are also expanding lower-cost options including automated set-up, prebuilt programs and templates, self-service training, user forums, and educational programs.
- **Process focus.** Vendors continue to stress that long-term success requires major changes in how marketing works internally and with its counterparts in sales. By educating marketers on the need for process change and sales alignment, they hope to prevent, or at least deflect, buyer disillusionment when a new marketing automation system does not dramatically improve results by itself. Such disillusionment, a common stage in the life cycle of fast-growing technologies, may be the greatest threat to the industry's near-term success.
- **More senior buyers.** As marketing automation vendors expand the scope of their systems, they are selling to higher level managers. This applies especially in large organizations where an email marketing group might have previously purchased marketing automation for its own use. Expanded project management, content and offer libraries, cross-channel capabilities, response attribution, and social media features involve more groups within marketing, so the purchase decision may be made by a chief marketing officer. Sales integration, revenue and cost projections, and executive dashboards extend the buyers beyond marketing to include senior sales, finance and general managers. This type of purchase is very different from the traditional marketing automation sales process and will require substantial adjustments for many vendors.
- **New competition.** B2B marketing automation has been an industry of small vendors: the largest, Eloqua, reports about \$50 million revenue for 2010. But the two largest general marketing automation vendors, Unica and Aprimo, were both purchased by still larger firms in 2010. Each earned the majority of its revenue from consumer marketers but both also had substantial B2B business. Their new owners and other major software vendors such as Oracle and SAS are likely to place increased emphasis on selling marketing automation systems to senior executives at all of their clients. This competition will initially focus on sales to large enterprises but may trickle down to the middle market as well. If marketing automation is bundled into larger suites of enterprise, CRM and analytical software, the smaller and more specialized B2B marketing automation vendors could be hard-pressed to compete.

Step-by-Step Guide to Selecting the Right System

Choosing a marketing automation system is a major decision. A disciplined selection process is essential to make a sound selection. Raab Associates' own methodology uses the following steps:

1. Define Requirements

Create a list of your goals in buying the system. Relate these to financial values when possible. Then define how you'll use the system to meet these goals, being as specific as you can about the actual processes involved. Be sure to include processes beyond what you do already: one of the reasons you're looking at marketing automation is to expand what your department can accomplish. Your requirements are based on the tasks you must perform to meet your goals.

Goals	Related Requirements
Generate more leads	Manage online and offline advertising campaigns
	Import email address lists and send personalized emails
	Monitor and publish to social media
	Build and deploy landing pages to capture responses
	Use IP address to identify the company of Web site visitors
More effective nurturing	Capture the source and Web site activities of each visitor
	Create Web forms to gather information about visitors
	Score visitors based on form responses and Web behaviors
	Execute multi-step campaigns tailored to different groups
	Use visitor behavior to trigger campaigns and other actions
Better sales integration	Synchronize data between sales and marketing systems
	Send leads to sales based on lead score and actions
	Send alerts to sales based on Web site behaviors
	Report on revenue generated by leads from marketing
More efficient marketing operations	Store marketing materials and share across programs
	Track planned and actual costs of marketing programs
	Manage tasks and approvals during program development

2. Research Your Options

Raab Associates' B2B Marketing Automation Vendor Selection Tool (VEST) provides a good starting point for matching possible vendors to your requirements. In particular, match the scale and sophistication of your marketing operations to the different buyer segments used in the report. Bear in mind that company size alone doesn't necessary predict the depth of your requirements: small businesses can run complex marketing programs, and large business programs may be simple.

Company Type	Key System Features
Micro-business	Outbound email and multi-step nurture campaigns
	Landing pages and forms
	Built-in sales and service features
	Built-in or integrate with ecommerce and shopping cart
Small to mid-size business	Outbound email and multi-step nurture campaigns
	Landing pages and forms
	Web site visitor tracking
	Lead scoring (one score per lead)
	Integrate with external sales automation system
Large business	Outbound email and multi-step nurture campaigns
	Landing pages and forms
	Web site visitor tracking
	Lead scoring (multiple scores per lead)
	Integrate with external sales automation system
	Manage marketing budgets, program tasks and approvals
	Add custom data tables with data from many sources
	Limit different users to different tasks and programs

3. Test Vendors Against Scenarios

Develop scenarios that describe actual marketing projects you expect to run through the system, and have the most promising vendors demonstrate how they would execute them. Scenarios based on your own needs are critical for understanding how well each system would function in your own environment. Be sure that some scenarios describe your more complicated processes, since these are most likely to highlight differences among systems. If vendor staff executes the scenarios for you, be sure to understand how much the vendor built in advance. This ensures that you get an accurate sense of the total work effort involved.

Scenario	Steps
Outbound email campaign	Import list from CSV file, from Excel
	Compose personalized emails with embedded graphics
	Create landing page with data entry form
	Set automated email response to form submissions
	Set rules to score leads and send qualified leads to sales
	Report on results: sent, opened, clicked, completed form
Nurture campaign	Set start and end date for campaign
	Set rules to select leads, based on attributes and behaviors
	Set priority of campaign vs. other campaigns
	Define multi-step flow with wait periods between steps
	Set rules for different treatments for segments within steps
	Set rules to score leads and send qualified leads to sales
	Create emails, landing pages, and forms
Revenue reporting	Report on results including leads to sales and revenue
	Define stages in lead lifecycle
	Define rules to assign leads to lifecycle stages
	Report on movement of leads through lifecycle stages
	Set up process to import revenue from sales system
	Define rules to link revenue to campaigns
	Define rules to estimate incremental revenue per campaign
	Report on revenue generated per campaign
	Capture campaign costs
	Report on campaign revenue vs. campaign cost

4. Talk To References

This is an often-overlooked source of insight. The question isn't whether the references are happy, but whether your situations are similar enough that you're likely to be happy as well. Find out whether the reference is using the system functions you care about, how long they took to get started, the amount of training and process change required, what problems they had, and how the vendor responded.

Issue	Questions to ask
System fit vs. my needs	What kinds of programs do you run with the system?
	How many programs do you run each month?
	How many people at your company use the system?
System reliability	How often has the system been unavailable?
	What kinds of bugs have you run into?
Ease of use	How much training did you need to use the system?
	What kinds of tasks need outside help to accomplish?
	How long does it take to set up different kinds of programs?
Vendor support	How well does the vendor respond when you ask for help?
	How quickly do problems get solved?
	Does the vendor ever offer assistance before you ask?
Cost	What help does the vendor provide with email deliverability?
	Did you negotiate any special pricing?
	Did you pay extra for implementation and on-going support?
	Were there any unexpected costs after you started?

5. Consider A Trial

Nearly all marketing automation vendors will let you try their system for a limited period. Trials are a great way to learn what it's really like to use a system, but only if they are managed effectively. This means you need to invest in training and then set up and execute actual projects. As with scenario demonstrations, you may still rely on the vendor to handle some of the more demanding aspects of the project, but, again, make sure you see how hard it will eventually be to do them for yourself.

What you can learn from a trial	How hard it is to install the system
	How hard it is to set up a campaign
	How hard it is to make changes and reuse materials
	What features are available or missing (if you test them)
What you can't learn from a trial	Quality of training classes and materials (if you try them)
	How the system handles large volumes of data, users, etc.
	Results from complex or long-running campaigns
	Accuracy of scoring and reports
	Quality of customer service and support
	Quality of vendor partners (agencies, integrators, etc.)

6. Make A Decision

Don't let the selection process drag on. Selection is a means to an end, not a goal in itself. Unless you have very specialized needs, there are probably several marketing automation systems that will meet your requirements. Look at your key criteria and assess how well each vendor matches them – bearing in mind that a system can be too powerful as well as too simple. Once you've found one that you are confident will be sufficient, go ahead and buy it. Then you can start on what's really important: better marketing results.

Selection criteria	Key factors	Vendor Fit		
		Too Little	Appropriate	Too Much
Functions	Outbound email			
	Landing page and forms			
	Web behavior tracking			
	Lead scoring			
	Multi-step campaigns			
	Sales integration			
	Reporting and analysis			
Usability	Easy to learn			
	Efficient to use			
Technology	Easy installation			
	Flexibility			
Cost	Direct (software and support)			
	Indirect (staff, training, services)			
	Predictable			
	Expansion costs			
Vendor	Staff resources			
	Product plans			
	Financial stability			

7. Invest In Deployment

Marketing automation systems allow major improvements in marketing results. But those improvements require more than just a new system. If you don't already have a formal description of the stages that prospects move through to become buyers, build one and instrument your systems to measure it. Use the stages as a framework to plan, design and develop a balanced set of marketing programs. Invest in the staff training and content to execute those programs successfully. Document and improve internal marketing processes. Work closely with sales to define lead scoring rules, hand-off mechanisms and service levels, and ways to capture results. Build measurement systems and use them to hold marketers at every level of the department responsible for results they control. Bring in outside resources, such as agencies and consultants, when you lack the internal expertise or time to do the work in-house.

Goal	Tasks
Balanced set of marketing programs	Define lead lifecycle (buying process and buyer roles)
	Map existing programs to process stages and identify gaps
	Prioritize new programs to close gaps
	Execute programs and measure results
	Refine programs with versions for different segments
Measurement	Track leads through stages in the buying process
	Import revenue from sales systems
	Link revenue to lead source (acquisition programs)
	Measure incremental impact (nurture programs)
	Project future revenue from current lead inventory
Process management	Define processes to execute marketing programs
	Identify tasks and responsibilities within each process
	Define measures to capture task performance
	Assess existing processes and possible improvements
	Monitor execution, test improvements, check results, repeat
Sales alignment	Identify key contacts between sales and marketing
	Agree on process for lead qualification, transfer to sales
	Agree on measures for lead quality, revenue attribution
	Deploy agreed processes, monitor results, review regularly
Staff training	Define skills needed to deploy new system
	Assess existing staff skills and identify gaps
	Plan initial training to close gaps
	Plan on-going training to maintain and expand skills

About Raab Associates Inc.

Raab Associates Inc. is an independent consulting firm dedicated to helping each client make the most of marketing technology and analytics. Every engagement starts with a thorough assessment of the client's business situation. We then work to identify the solutions best suited to the client's unique combination of needs and resources. The company stays involved through deployment to ensure that each project meets its objectives and lays the foundation for future growth.

Raab Associates' consulting is backed by continuous research into industry vendors and techniques. Much of the information we gather is available for free in the Resource Library at www.raabguide.com and the Customer Experience Matrix blog at <http://customerexperiencematrix.blogspot.com/>.

In addition, Raab Associates publishes the B2B Marketing Automation Vendor Selection Toolkit (VEST), a detailed report covering nearly 200 data points on 18 leading marketing automation products. See www.raabguide.com for details.

Raab Associates draws on more than 30 years of experience using and assessing marketing technologies. Clients include major firms in financial services, health care, telecommunications, publishing, consumer goods, technology and other industries. David M. Raab has written hundreds of articles on marketing issues and addressed audiences in North America, Europe, Asia and Australia. He is author of *The Marketing Performance Measurement Toolkit*, available at www.racombooks.com.

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