WHITE PAPER

Data.com: The Fuel for High-Performance B2B Marketing and Sales Engines

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IDC OPINION

Today's high-performance marketing and sales engines run on data, and the better your data, the better your performance. Regardless of what technology you use to drive campaigns and nurture leads, data is increasingly essential to marketing performance. Without accurate, fresh, complete, and consistent data, marketers cannot make optimal strategic decisions or tactical investments. This presents a tremendous opportunity for competitive advantage: If your marketing team has superior data relative to your competitors, it will help you outperform your peers tactically and, if used effectively, strategically.

Achieving sustainable data superiority has significant challenges. The data has to be continually refreshed, cleaned, and validated. One marketing professional we interviewed for this study reported annual data churn rates as high as 30% — a rate that will quickly degrade your ability to generate leads and close business. As a result, traditional approaches to data sourcing are no longer good enough. Marketers require sources that are self-maintaining, provide equally high-quality information on contacts and accounts, and are flexible and scalable enough to keep up with changing business needs.

In fact, the following issues are emerging as key requirements for making data acquisition decisions and ensuring that the quality of your customer data set remains as high as possible:

1. **Crowd curation.** The fastest and most efficient way to maintain contact data at scale is through the collective action of people continually updating their personal information and that of people they know.

2. **Account hierarchies.** Marketers need just as much data about accounts as they do about contacts. But the real marketing power in this data is in understanding the relationships between contacts within accounts and the relationships between accounts — known as account hierarchies.

3. **Cloud sourcing.** Consistent contact and account data must be available to all customer-facing functions to align marketing and sales and support meaningful analysis of funnel and pipeline performance.

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METHODOLOGY

IDC completed this white paper to assess the role of customer data in strategic and tactical marketing decisions. It provides recommendations and models for marketing leaders to acquire, manage, and act on customer data more effectively. To support the findings in this document, IDC conducted executive interviews with marketing professionals in four Data.com customer organizations ranging in size from start-up to large enterprise ($1 billion+). IDC applied existing research and data models, as well as the authors' expertise in marketing, marketing operations, and marketing automation, to this primary market research to produce the conclusions and recommendations found in this white paper.

SITUATION OVERVIEW

Marketing is undergoing fundamental and painful transformations on several fronts:

- Dynamics in customer acquisition
- Channels and forms of communication
- Tools and infrastructure requirements
- Expanding data sets
- Skills required for success
- Pressure to prove business impact

This multidimensional set of challenges has many marketing leaders struggling to keep up. IDC has strong evidence that all customer-facing activities and systems should be built around the fundamental design principle of the contact record so that organizations can thrive on all this change. The contact record is increasingly the source for strategic insight, tactical planning, and performance metrics. It is the foundation on which the success or failure of your marketing efforts will be determined. As such, it must be defined, implemented, and governed as a standardized enterprise asset.

Establishing a standard and reliable contact record presents a number of challenges: volatility in contact and account information, managing multiple sources of customer information, tracking touch points across multiple channels, maintaining consistency across multiple departments (i.e., aligning marketing and sales), and proving the business impact of it all. Unfortunately, most companies lack standards for customer data — a situation that stems from several causes: inconsistent definitions for customer attributes such as industry, segment, and organizational hierarchy; fragmentation of the data across multiple databases and applications; and departmental perspectives on the customer relationship.

> *The impact of all this is a severe slowdown in decision making and an inability to optimize critical processes in customer-facing functions, most poignantly in marketing and sales.*

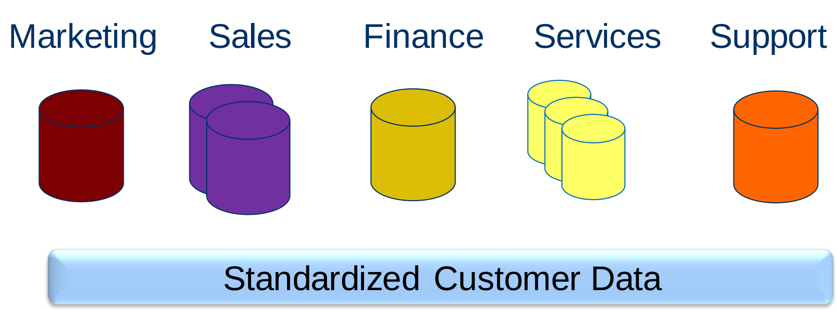
As a result, it is vitally important that marketers have a lead acquisition resource that:

1. Conforms to company data schema
2. Is equally accessible to both marketing and sales
3. Supports both strategic and tactical decision making
4. Provides large-scale contact accuracy in real time
5. Does all of the above in a cost-effective way

As shown in Figure 1, ideally, prospect and customer data acts as an enterprise service that supports all customer-facing applications and repositories. This can be managed in a number of different ways depending on the scale of your business — from a single system of record such as your customer relationship management (CRM) system, a customer data warehouse, or a more complex master data management (MDM) implementation for large enterprises.

FIGURE 1

Standardized Customer Data as an Enterprise Service



Source: IDC, 2011

MARKETING TODAY

Data-Driven Marketing

Marketing today has become a pervasive "always on" proposition in which your brand's presence and influence can fade quickly in the face of more compelling relationships developed by competitors. Those relationships are starting earlier — before customers even begin their purchasing behavior — and happening across an ever-expanding number of channels and devices that never sleep. As a result, it is essential that marketers have accurate contact data that is continually refreshed in real time.

Key operational factors driving the need for highly accurate real-time leads include:

1. **Integrated marketing.** Data must be consistent across digital and traditional campaigns.

2. **Multichannel marketing (local, social, mobile).** Response data from any channel (email, Web, social, mobile) must be available to activities in all other channels to fully personalize the contact relationship.

3. **Contact data volatility.** In the real world, dynamic people change roles, jobs, and companies, causing decay in the database. Marketers need their data to accurately reflect the current state of targets on a moment-to-moment basis, especially in applications of local/mobile/social marketing.

4. **Aggregation of multiple sources.** Data is constantly streaming into companies from a myriad of sources. Business rules need to be in place to identify which sources for what parts of the customer data record are to be most trusted (and to what extent). The unstructured data coming from social sources needs special attention so that it does not swamp the database with irrelevant or nonconforming information. Typically, some form of tagging is abstracted from the social feeds and transformed into a format compatible with traditional databases. (Database.com from salesforce.com provides native support for social data such as profiles, groups, comments, "likes," colleagues, and connections.)

5. **Sales enablement.** Marketing is increasingly being measured against its ability to deliver the right information to the right sales resource at the right time to move an opportunity along. This requires the customer data necessary to assess customer needs, interests, and urgency as well as connect that information with the most effective content needed to advance the customer's intent to purchase.

6. **Alignment with marketing and sales.** There are many layers to the relationship between marketing and sales, but having a bidirectional data layer is crucial for the success of both organizations. Sales needs detailed lead information with respect to touches and scoring, and marketing needs visibility into the sales pipeline to continually improve lead quality.

7. **Consistent view of customer to support return on investment (ROI) analysis.** Expectations of ROI on marketing are rising dramatically in correlation with the availability of new marketing automation systems. However, the feasibility of ROI analysis is highly dependent on two factors:

   - **Your business model.** If your business model involves long sales cycles with many points of influence, a hard ROI may not be the best measure for optimizing the performance of your marketing department.

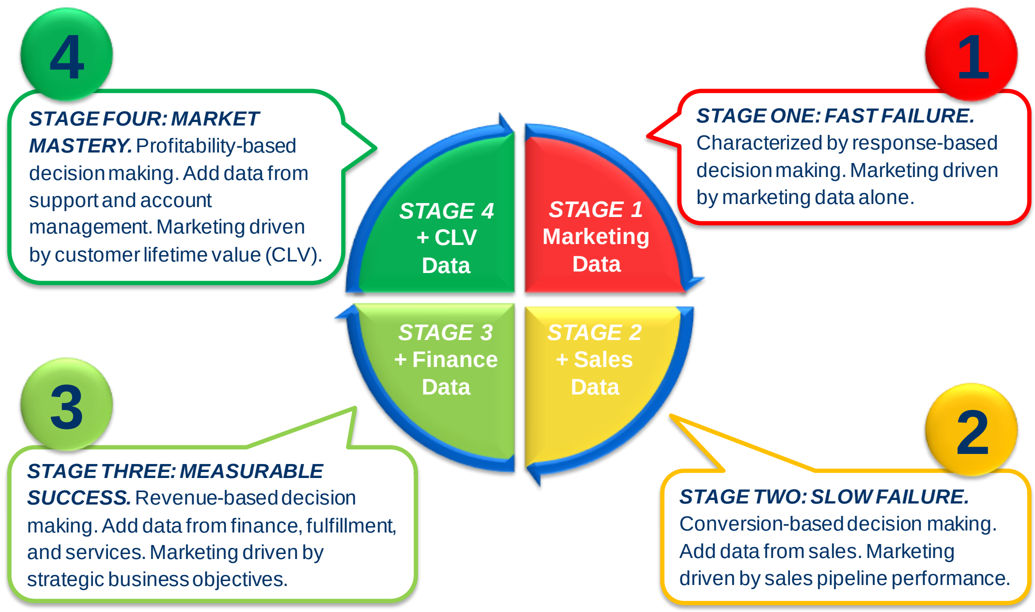
   - **Your data.** Whether ROI is the key metric or not, having a consistent definition for the core customer record is vital to optimizing any and all of your marketing metrics. In fact, as we discuss in more detail below, marketing is highly dependent on having consistent customer data across all customer-facing functions in your business.

Four Stages of Data-Driven Marketing

Strategic and tactical decisions in marketing are greatly influenced by the data on which those decisions are based. IDC has identified four key stages for data-driven marketing, and not all of them lead to success (see Figure 2). At each stage in IDC's data-driven marketing model, new data can completely change all facets of marketing activity from strategic targeting and messaging to tactical campaign investment and rollout plans. As a result, it is crucial for companies to get to stage three as quickly as possible and remain ahead of competitors on the journey to stage four.

FIGURE 2

Four Stages of Data-Driven Marketing



Source: IDC, 2011

- **Stage One: Fast Failure.** This stage is characterized by response-based decision making. Marketing decisions are based on response data from marketing systems — Web hits, landing page registrations, and myriads of other campaign performance data. All of this is important but leaves marketing unable to tie any of its activities to key business metrics such as revenue performance.

- **Stage Two: Slow Failure.** This stage introduces conversion-based decision making. Marketing and sales systems are integrated along with customer data definitions and structures. This provides a quantum leap forward for both sales and marketing. However, marketing is still one degree of separation from linking its activities to business performance. The sales pipeline is a good proxy, but it is no substitute for the critical business data that comes from the next two stages.

- **Stage Three: Measurable Success.** At this stage, marketing finally is able to measure contribution to revenue. However, it is not enough to rely on initial contract data alone. Account A that closed for $1 million and account B that also closed for $1 million may be very different in terms of margin and lifetime value. Account A may have cost $250,000 to sell, install, and support, whereas account B may have cost $500,000. If that's the end of the data set, then of course marketing should bring on more account A profiles.

- **Stage Four: Market Mastery.** At this stage, marketing understands the long-term profitability of customer relationships. To continue our example above, if account A buys nothing more and account B upgrades and expands its investment by millions of dollars at improving margins, marketing can begin to have a major impact on overall business performance.

Implementing Data-Driven Marketing

The most important concept for successfully implementing data-driven marketing is to understand it as an enterprise process. It is not a project with a discrete end — it is a way of doing business. Also, it is not something that affects or takes place in the marketing department alone. Every customer-facing department, including finance, fulfillment, services, and support, must be involved to be most successful. Gaining the level of consensus and commitment to make this happen is a challenge, but there are several key steps that you can take to make it happen:

1. **Map data usage to your customer creation process.** Survey your departmental leaders and their teams to answer these questions:

   - Which departments touch the customer at what stages?
   - What customer data do they use?
   - What information do they add to the customer record?

2. **Define a standard for customer records.** Create a hierarchical model that identifies core attributes that need to be implemented the same way in every system (account name, segment, industry, size, title, etc.). This should be extensible so that each department can add the information it needs. Marketing needs to track downloads and Web visits. Sales needs to add forecasting and account development notes. Finance needs billing terms, renewal deadlines, and payment status. These departmental fields hold great potential for strategic insight in marketing and need to be implemented so that they can be easily incorporated into strategic and tactical decisions.

3. **Create a customer data governance team.** This should include heads of each customer-facing department. The composition will depend on your business model. The group should meet at least quarterly — monthly when getting started. Its mission is to make the decisions described above. Each member must also have data stewardship resources within its department to implement and maintain data standards. Data stewards should also regularly communicate with one another to discuss the continuous demand for changes to the customer record.

4. **Bonus: Consolidate your purchasing process.** Once the customer data governance team is established, it is the perfect organization for overseeing the purchase of any departmental system or data source related to customer data.

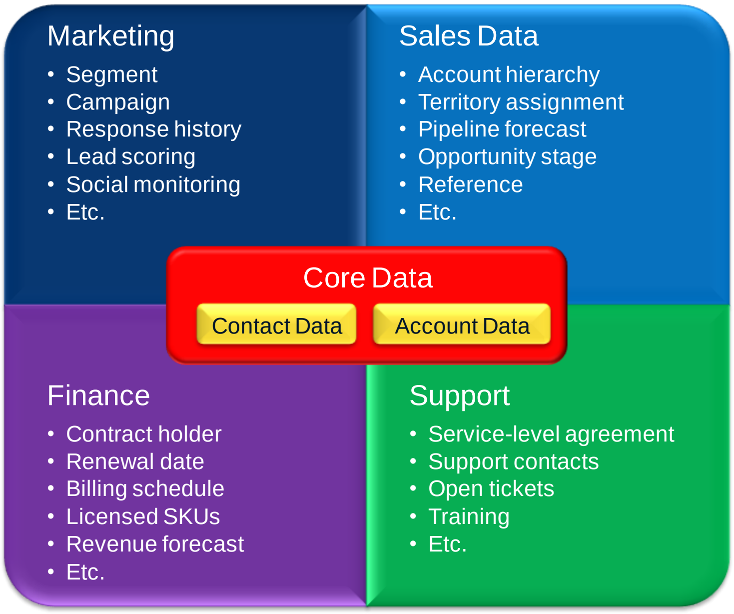
Customer Data Acquisition, Validation, and Enrichment

Data acquisition occurs at multiple stages in the customer creation process. List purchases, Web forms, and social monitoring prime the process, but customer data is also acquired by sales at events and account development activities, by support through resolution activities, and by anyone else who interacts with the customer. It is critical to continually enrich the customer record but also to provide a point of validation — or "trusted source" — for each part of the record. This is especially important when it comes to managing updates. Once a prospect is in the sales process, a lot of custom proprietary information will be added by sales reps who depend on that insight for competitive advantage in the sales process.

Therefore, business rules need to be established to manage how and when updates are distributed and which fields in the record will be affected. If you have integrated marketing and sales applications or databases, this process can be largely automated. One Data.com customer we interviewed with more than 10 million records reported that it can process 90% of its updates automatically. Sales operations, marketing operations, and list managers can work together to identify which sources have priority over which fields and what the routing and resolution rules are for resolving conflicts. Figure 3 is an example of how you can build a visual model for your customer records. The number and nature of the functional areas represented will depend on your business. You might include departments such as fulfillment, pricing, and product development, as well as partners if you outsource key customer touch points such as a call center.

FIGURE 3

Anatomy of a Customer Record



Source: IDC, 2011

END-USER PROOF POINTS

While rhetoric and theory provide a framework and a conceptualization of problems, issues, challenges, and opportunities, real-world examples are the most eloquent in communicating potential and success. In preparing this document, IDC interviewed multiple customers utilizing salesforce.com's Data.com (which was launched in September 2011 and brings together leading business data including Jigsaw and Dun & Bradstreet). The following customer snapshots offer proof points on the effective use of data in marketing and sales outreach programs at companies from start-ups to large enterprises.

Customer Snapshot: Start-Up

Getting Started: Rapid Implementation

"In my last four roles in marketing, Data.com has been the tool that produces the most opportunities and a higher level of revenue." Director of Marketing

This legal software start-up founded in February 2011 initially had no infrastructure for marketing and sales. It selected Data.com and salesforce.com and was able to fully implement the infrastructure in 10 days, including a data hygiene project to clean its existing customer data. After the company installed Data.com, it saw a 290% increase in Web site visits as a result of higher deliverability and response rates to its outbound marketing.

Customer Snapshot: Medium Growth Business

Data Quality: A Key Differentiator

"We were surprised by the quality differential we found; data is not a commodity." Director of Marketing Operations

This provider of mobile banking solutions needed to grow its business. Its target market was known, but it did not have the data necessary to execute effective marketing and sales campaigns. It conducted a "bake-off" between a number of data providers for the banking industry and scored the results against a standard set of criteria such as number of records, completeness, percent with email and phone, etc. Then it ran email tests using sample lists from the top performers to assess deliverability, open rates, etc. The provider was surprised to find that Data.com significantly outperformed the other offerings. Previously, it thought that list provisioning was a highly commoditized business. Using Data.com to target its top 500 banking prospects, it now has 25,000 contacts and too many leads for its sales force to keep up with.

Customer Snapshot: Large Enterprise

Data Governance: A Single Source of the Truth

"Now that we have thousands of users interacting with our customer and prospect data, organizational standards are critical to our success." Senior Manager, Customer Insights

This high-tech manufacturer has tens of millions of customer and prospect records; 80% are consumer and 20% are business contacts. Its key challenges include ensuring that it has the most accurate customer and prospect data for supporting marketing and sales, maintaining the integrity of prospect and customer databases, and facilitating the flow of data back and forth between marketing and sales systems.

It has salesforce.com integrated with its marketing database, which means thousands of sales reps have access to the data and enrich records with their own activity. This presents a major challenge in terms of managing updates so that core fields are refreshed without overwriting the custom data added by sales. To ensure proper governance of the update process, it created business rules based on record status (new or existing) and source prioritization on a field-by-field basis. Using Data.com and salesforce.com, it is able to handle 90% of updates automatically. It also has a data steward team for overall data governance and leverages an MDM model for conflict detection, routing, and resolution.

Customer Snapshot: Large Enterprise

Real-Time Updates: The Power of Crowdsourcing

"Data.com opened up the way we could market and made it a lot less expensive." Senior Marketing Manager, Integrated Marketing

For years, this telecommunications company sourced its prospect list from a traditional vendor that offered very little in terms of email addresses and updated its data twice a year. The company's outbound marketing performance was not acceptable; for example, campaigns that went out to over half a million contacts would generate only a couple hundred responses.

Now that the company has Data.com, its marketing is much more targeted and effective, as well as less costly. Contact data is updated in real time. It has built an integrated marketing database and outsourced its data analysis to an agency that provides meaningful segmentation and targeting. Now marketing is based on storylines specific to contact roles, business, and behavior. Campaigns that go out to more than half a million contacts are personalized and address key line-of-business or technical issues accordingly. Responses are measured in the thousands.

SOLUTION OVERVIEW

Key Capabilities of Data.com

Data.com brings together account data from Dun & Bradstreet with the broad coverage of more than 30 million complete business contacts from the Jigsaw contact database. Dun & Bradstreet is an industry leader and supplies a comprehensive source of accurate data on over 200 companies. More than 2 million community members add contacts and update contact data in Jigsaw per month. The result is a vast resource whose members have a collective self-interest in maintaining the quality of the data within it. The tools needed to search and extract the contacts relevant to your business are easy to use. When used in Salesforce, Data.com improves data quality by appending missing data and providing ongoing maintenance and updates in real time from the Data.com cloud database.

Benefits of Data.com

1. **Ability to leverage the complete Salesforce platform.** Salesforce CRM, Radian6, Siteforce, Force.com, and the rest of the salesforce.com family of solutions. Data.com is integrated with Salesforce CRM, making the data instantly available to salesforce.com customers with the ability to build workflows and reporting as if it were a standard object in Salesforce CRM. In addition, availability in Salesforce CRM enables marketing and sales to build coordinated campaigns and measure performance from capture all the way through to closed business.

   - **Performance reporting.** The goal of your contact database is to support the lead generation and sales processes. But measuring this is impossible unless the data is standardized in each system a contact record goes through on its journey to becoming a customer. The analytical tools in Salesforce CRM support reporting on the entire lead-to-revenue process by multiple criteria such as campaign, segment, and territory.

2. **Simplified contact sourcing and data management.** Data.com provides a holistic understanding of your prospects and customers. By delivering an aggregated data set of contact and account information, Data.com can reduce or eliminate a number of labor-intensive and time-consuming activities:

   - **Data cleansing.** De-duping is the bane of most contact and account databases. It is typically vastly underestimated in terms of its productivity cost because it is done offline on spreadsheets by multiple people performing redundant tasks and analysis. Using Data.com as a standard source of record greatly reduces the need for this activity.

   - **Data updates and distribution management.** Knowing which fields to replace with updated data from which source is crucial to optimizing data accuracy. Your marketing systems and sales reps are constantly adding new touch points, data, and insights to your contact database. Data.com allows you to use business rules to handle the 90% or more of your data updating procedures automatically, reducing the time and effort needed to keep the data fresh and also reducing the risk of overwriting important proprietary contact information.

   - **Usage reporting.** Having a source of record is one thing, but if it is not adopted and used by all the customer-facing personnel and systems in your business, it doesn't fulfill its potential. Data.com can deliver the insight you need to understand adoption and usage rates across your marketing and sales organizations.

   - **Consistent sourcing.** The reality of most organizations is that multiple enterprise application systems are in use, from homegrown legacy to purchased applications. Often, the bridge between these systems is found in people power. As a result, fragmented lists end up in spreadsheets that make customer data management almost impossible. Data.com's open API enables it to be a central source of record that provides consistent data to all of your customer-facing departments and systems. Reducing the errors that can occur by operating in isolation by accessing the same source of data helps reduce errors that are often customer facing.

3. **Integrated account data from Dun & Bradstreet:**

   - 200 million+ company records

   - 90+ unique fields of information

   - 30,000+ global data sources

   - 200+ countries and territories

4. **Complete contact records from Jigsaw:**
   - More than 30 million crowd-curated contacts
   - 1 million new contacts a month
   - 12,000 updates a day
   - More than 2 million community members
   - 1.2 million updates per month by proprietary technology services
5. **Social data.** Salesforce.com customers get social data feeds from an expanding number of leading sources, including LinkedIn, Twitter, and Facebook.
6. **Full cloud-based infrastructure** can expedite implementation, eliminate hardware costs, and lower administration and maintenance costs.
7. **Automatic data enhancements** can be distributed instantly in compliance with your business rules.

THE STRATEGIC APPLICATION OF DATA SOLUTIONS

Moving from a reactive to a proactive or a tactical to a strategic course of action requires a fundamental shift in thinking, business processes, and supporting tools. In the socially oriented world, the rate of change has accelerated as information exchange and dissemination have moved to a format of more frequent, shorter, and more timely exchanges. The combination of social with mobile extends this capability beyond the walls of the traditional workday and work environment. The blending of personal and professional tasks on a 24 x 7 schedule means that individuals are connecting and communicating continuously. The ability for organizations to keep pace and, what's more, to get ahead of the changing nature of their customers' needs and requirements dictates equally responsive supporting tools and processes.

Consumer social networking paved the way in demonstrating the power of the "crowd" and the willingness of individuals to participate in, contribute to, and maintain information about themselves and their world. Given the success from a consumer perspective, it is no wonder that businesses have also begun to make the shift and incorporate social networking tools into their strategies. Consequently, there are offerings in the market that represent a collision of technologies that are infusing consumer social principles into business culture and processes to create what IDC terms the social business.

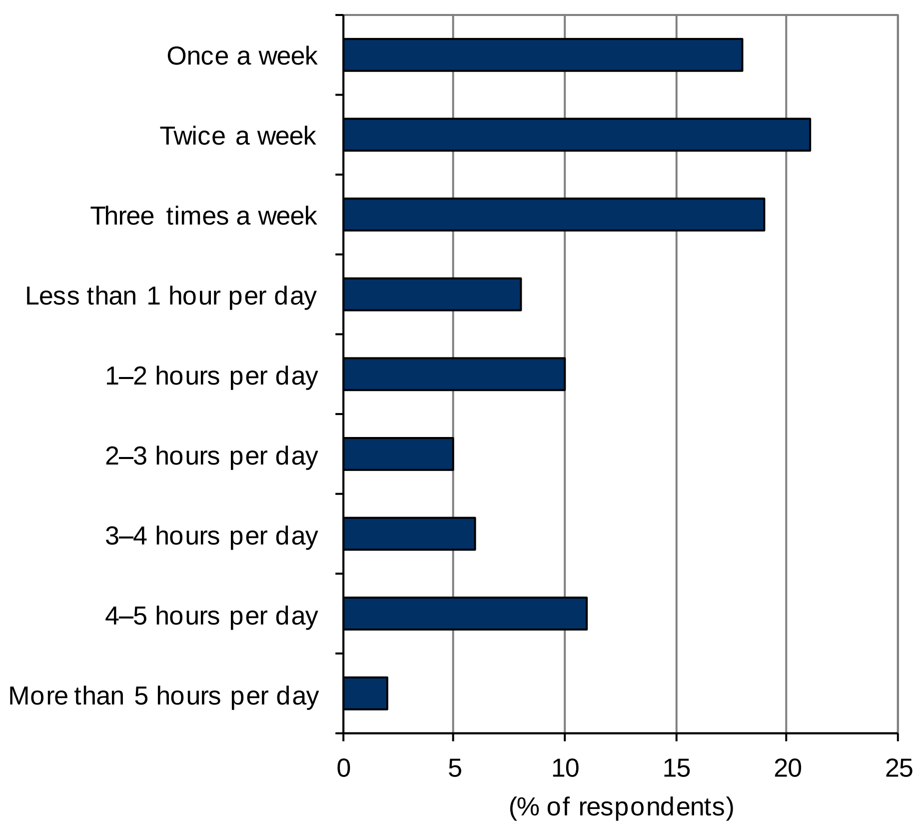
> *Social business is a term IDC coined to refer to those organizations that apply emerging technologies like Web 2.0, accompanied by organizational, cultural, and process changes, to improve business performance in an increasingly connected global economic environment.*

IDC believes that making the shift to a social business is critical to long-term viability. Organizations in a wide range of industries are using social networking and social media solutions as methodologies to gain competitive edge in creating customer intimacy, knowledge, and communication. One of the keys to making the transition to social business is the ability of your organization to crowdsource its collective knowledge on customers. Figure 4 shows usage trends for early adopters of enterprise crowdsourcing tools.

FIGURE 4

Time Spent Using Enterprise Social Software: Crowdsourcing

Q. How much time are you spending contributing to, monitoring, or participating in crowdsourcing initiatives using enterprise social software?



n = 62

Source: IDC's *Social Business Survey*, May 2011

Crowdsourcing is taking its place in enterprises and providing the rapid infusion of timely, accurate content that is essential to up-to-date customer information. IDC's *Social Business Survey*, conducted in May 2011, found that respondents within organizations contribute to, monitor, and participate in crowdsourcing initiatives using enterprise social software with frequency ranging from daily to weekly. IDC expects to see an increase in usage when this study is conducted a year from now.

As a supplier and user of technology, salesforce.com has been an aggressive supporter of fundamental shifts in computing that have ultimately coalesced into its version of the social business, a vision that it calls the Social Enterprise. Crowdsourced data such as Data.com is just one important building block in a set of capabilities that the modern organization will leverage in becoming a social business. On the platform side, salesforce.com has grouped its Force.com, Heroku, and Database.com offerings under the umbrella of the Social Enterprise Platform.

CHALLENGES/OPPORTUNITIES

With all its data assets and market prowess, Data.com has some key challenges that must be addressed so that it can continue to provide value to its customers and differentiate itself against the competition. The social aspect of the maintenance model that Data.com uses needs constant encouragement to be sustainable and vigilant governance to be reliable. The promise of the crowdsourced model at scale is that individual contributors are limited in their ability to pollute the database, which is good. Data.com must carefully balance its licensing model between gaining market share and incenting the high levels of member contribution necessary to maintain quality. IDC believes the following issues need to be carefully managed on an ongoing basis for Data.com to continue to be a compelling offering:

- **Sustain the contribution of members.** The Data.com model offers points to companies that contribute their contact and lead information. But the companies we spoke with that have enterprise licenses do not participate in the contribution model. Data.com must continually nurture participation levels to ensure that data quality remains high.

- **Extend social media reach.** Contact data sources such as Twitter, LinkedIn, Facebook, and more will become increasingly important to enriching customer records and providing key insights for marketing and sales.

- **Accommodate custom taxonomies.** Companies are increasingly demanding that all customer data conform to internal definitions and taxonomies. Being able to easily map Data.com attributes to these will be a clear differentiator, especially for large enterprises with mature data governance policies.

- **Fulfill niche market requirements.** Specialized industry- and role-based marketing can require very narrowly defined lists that may be proprietary to certain publishers and event organizers. Providing access to these through a data exchange similar to salesforce.com's AppExchange would have tremendous value.

CONCLUSION AND RECOMMENDATIONS

It is clear that marketing professionals at companies of all sizes are under increasing pressure to lower costs, increase leads and lead quality, and provide evidence of business impact. The customer record is emerging as the basis for much of the analysis necessary to improve marketing performance at both strategic and tactical levels. Furthermore, marketers need to move fast and stay flexible in their go-to-market activities, which makes a cloud-based subscription a very attractive approach. The following section highlights the recommendations Data.com customers shared from their experiences evaluating data providers.

Key Recommendations

- **Dig deep when evaluating data providers** because there are a lot of aggregators using Data.com data, and that information is not always disclosed.

- **Customer care is very important.** The Data.com customers we spoke with who had used other services in the past indicated that customer care is a key differentiator. The customer account team has been very stable.

- **Do the due diligence in advance** to make sure your segment is supported by your data provider.

- **Be aware of the syncing functionality** between your list provider and your in-house data. Sales reps do a great deal of enrichment in terms of social handles, mobile numbers, etc., which you do not want to overwrite. Before you set up the sync, you need to understand the implications and establish business rules for mapping the sync function.

With strong core data for contact and account information, marketers can improve their ability to reach their audience, segment and nurture interest, and measure impact throughout the customer creation process. Without a good foundation for the customer data record, none of this is possible. Therefore, IDC recommends that organizations give strong consideration to solutions that can keep up with the volatility in the market, provide a trusted source for both contact and account information, and lower the cost of acquiring and maintaining the data set. Further consideration should be given to solutions that integrate well with both your customer data structure and your marketing and sales automation systems.