How To Realize The Revenue Potential Of Add-On Acquisitions




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What we're seeing in the market

Difficulty in securing financing for large transactions → *Tech valuations are staying low* → *Assets are being held for longer* → *Higher cost of capital* → *Fewer & smaller transactions*

ONLY **ONE**

PE-backed enterprise software provider went public this year

(as of May 11)

414	**93**	**29**
IPOs in 2021	IPOs in 2022	IPOs in 2023

(U.S. startups, per Crunchbase)

This means that it's a ripe environment for M&A…

77%

of all US PE deals in 2022 were made up of

ADD-ONS

Common use cases for add-on acquisitions

1

Up/Down Market

Same product sold
up- or down-market

2

Geographical Expansion

Same product
different geography

3

Expansion

New product
existing customer base

AGENDA

01 Why this is so hard

02 How to get this right

03 Case study:
$20M PE-backed single-product company with multiple acquisitions

04 Final thoughts & Q&A

What typically goes wrong with add-ons

Mismatched GTMs. *The acquiring company swallows the new team and forces their current GTM on the new product*

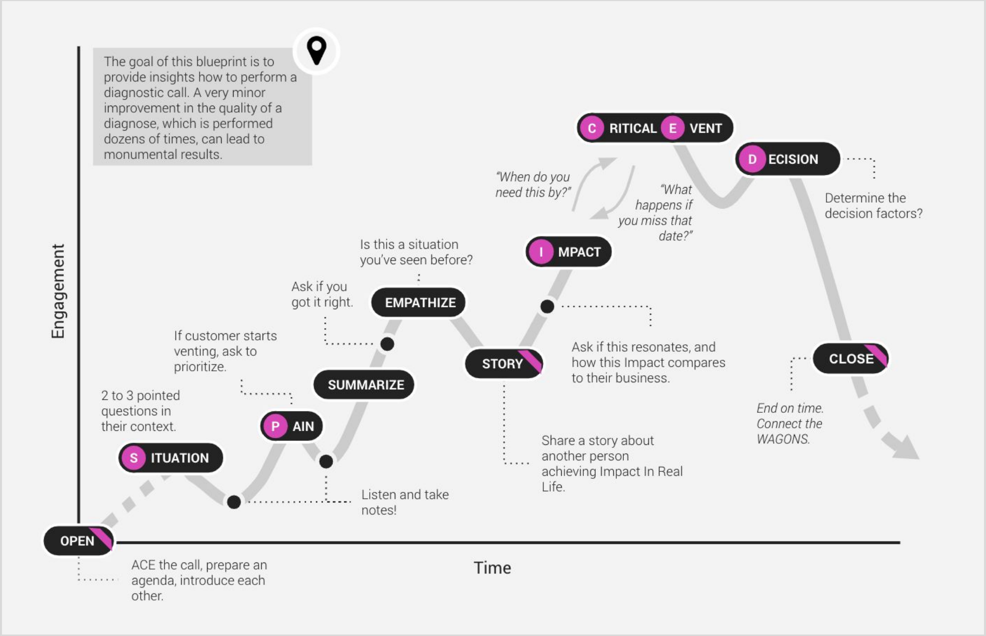
Brute-force without structure. *Frameworks are not applied to govern the acquisition*

Org design is only PART of the solution. *Companies jump into org design too quickly, before determining the necessary jobs to be done and processes*

Unique customer journeys. *The acquirer assumes that the acquired customer journey is the same as their own*

What typically goes wrong with expansion add-ons

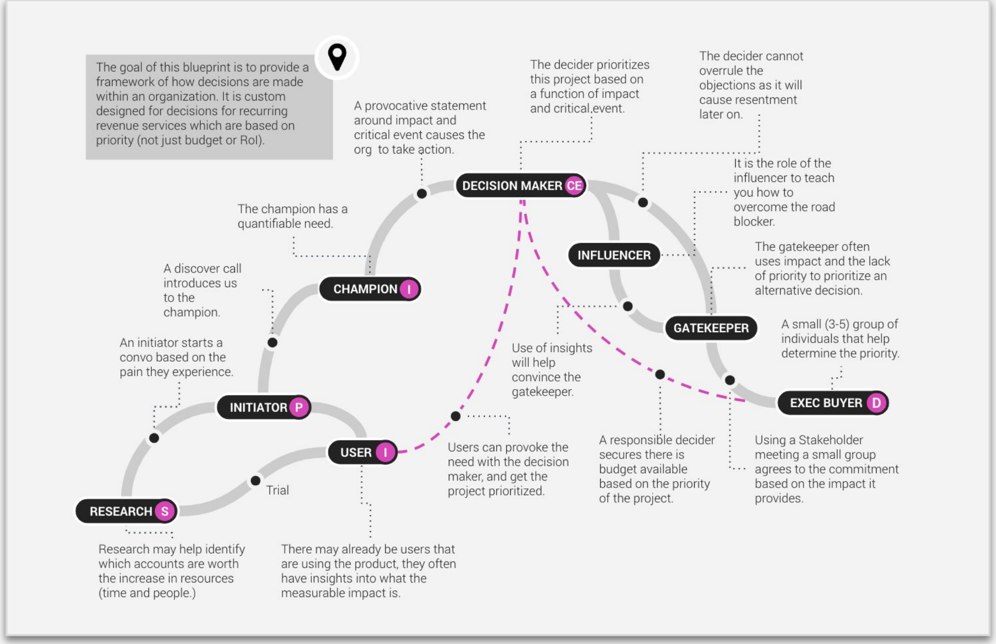
New value prop. *The existing team and existing customer base are not familiar with the new pains, impacts, and critical events of the new product.*



What typically goes wrong with expansion add-ons

New value prop. *The existing team and existing customer base are not familiar with the new pains, impacts, and critical events of the new product.*

New decision process. *If the new product is a platform, it then becomes a more complex sale (enterprise) with multiple new buyers vs a smaller decision making team.*



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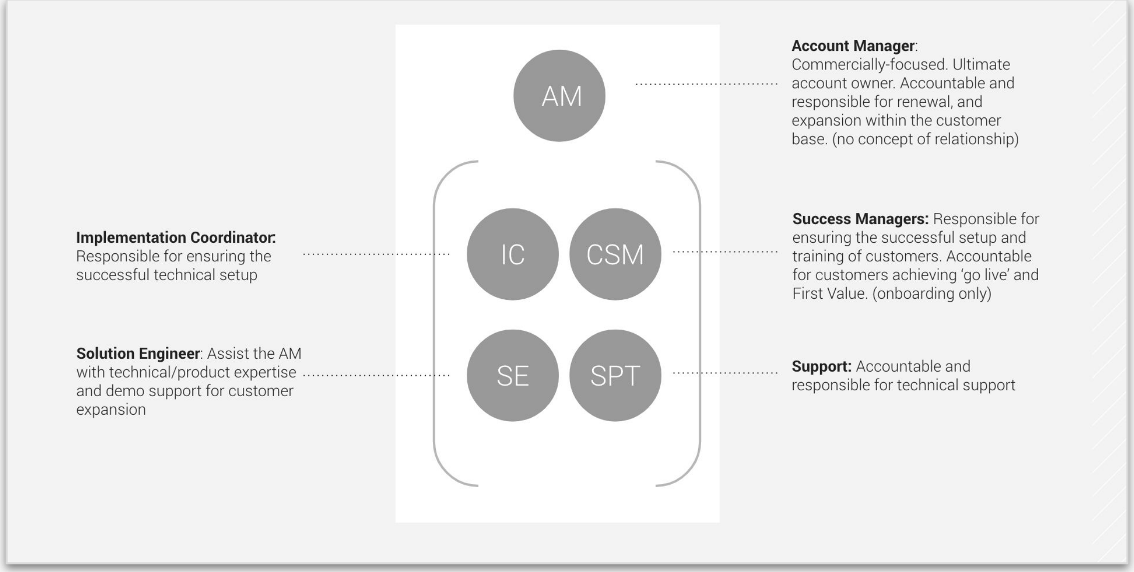
No clear handoffs. *The new add-ons require a new set of hand-offs and skill sets of the team.*



Where it typically goes wrong with Expansion Add-Ons

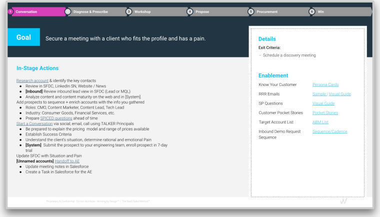
New value prop. *The existing team and existing customer base are not familiar with the new pains, impacts, and critical events of the new product.*

New decision process. *If the new product is a platform, it then becomes a more complex sale (enterprise) with multiple new buyers vs a smaller decision making team.*

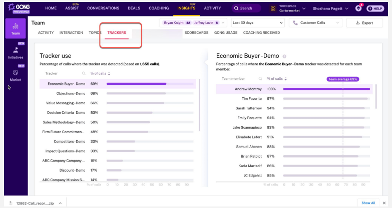
No clear handoffs. *The new add-ons require a new set of hand-offs and skill sets of the team.*

Poor implementation. *The strategy is 10% of the work; the implementation is a long-term transformation that requires an owner, process, change management, tracking, testing and enforcement.*

Turn-by-turn directions



Enablement Materials



Tech Activation

Making it stick

Manager & IC Training

- *Live sessions*
- *Call reviews*
- *Role-plays*

Manager & IC Coaching

How to get this right

Mismatched GTMs. *The acquiring company swallows the new team and forces their current GTM on the new product*

Brute-force without structure. *Frameworks are not applied to govern the acquisition*

Org design is only PART of the solution. *Companies jump into org design too quickly, before determining the necessary jobs to be done and processes*

Unique customer journeys. *The acquirer assumes that the acquired customer journey is the same as their own*

*This is a **true business transformation**, not just a transaction*

*The **GTM work has only just begun** once you make the transaction.*

Using a best practice process

Discovery

Uncover gaps and opportunities to optimize recurring revenue growth

- ICP/Segmentation
- Growth Quadrants
- Growth Modeling

Prioritize focus based on highest potential impact

Design

Define the customer journey and develop organization, role, and KPI designs

Develop playbooks to show managers and revenue teams exactly how to communicate & deliver impact

Activate

Deploy processes and playbooks into workflow

Define and deploy measurement and reporting to give teams insight into progress against the stated impact

Train

Train on skills and knowledge required for new processes and playbooks. Use active role play & peer feedback

Help employees onboard and reboard for faster success

Coach

Develop coaching skills and processes

Provide teams with ongoing development to make change stick and reach impact goals

Dissecting a Case Study

SITUATION

- Highly successful PE-backed single-product company
- Acquired multiple companies all with unique, but complimentary, products
- Highly commercially-centric
- Primary product is well-known to 80% of TAM
- AE eats what they kill (customer ownership retained by AE)
- No process for expansion process
- Majority of executive leadership comes from Sales

PAINS

- No defined customer journey, standardized processes, or concept of customer relationship management
- No understanding of impact from products
- Lack of process for customer expansion (it wasn't needed in the past)
- Little concept of Customer Success
- Lack of executive alignment on a path forward

IMPACT TO BE ACHIEVED

- Integrate 5 products into a single platform
- Identify the right GTM for a multi-product company
- Design Sales and Customer Success org structures and comp plans that can successfully manage and expand customers in a multi-product environment
- Cross-sell the additional products to the existing customer base

Discovery

Executive Interviews

Abbreviated Diagnostic

KEY TO SUCCESS IN DISCOVERY

Determine the current commonalities and differences between the multiple GTMs

CURRENT STATE

Do the companies have the same…

- ***Product:*** Cost structure? Solving for the same pain points? XXX? YYY?
- ***ICP:*** Target ICP companies? Target personas? Decision makers?
- ***Customer Journey:*** Sales cycle? Stages of the customer journey? Buying process?

FUTURE STATE

Start to identify possibilities for future state (e.g., one lead product with others as cross-sell; bundles; etc.)

These all point to the answers to the processes and org structure that need to be defined

Design

5 Executive Alignment workshops

that blend Knowledge from Discovery, with Education to drive alignment on an Action Plan and Timeline

Design

- ***Validate, Align, Prioritize***
- ***Customer Success***
- ***Sales***
- ***Lead Generation***
- ***Validation, Alignment, Action Plan***

Design

5 Executive Alignment workshops

that blend Knowledge from Discovery, with Education to drive alignment on an Action Plan and Timeline

Validate, Align, Prioritize

Customer Success

Sales

Lead Generation

Validation, Alignment, Action Plan

KEY TO SUCCESS

***FIRST** define the customer journey & Key Moments that Matter*

***SECOND** define the tasks that must be accomplished*

***THIRD** create the org design to match that*

DEFINED OUTPUTS:

- *Executive Alignment*
- *Customer Journey & tasks*
- *Org and comp design*
- *Process definition*
- *Personas and Messaging for your ICP*
- *Playbooks for the new GTM*

Design

Validate, Align, Prioritize

In this case, we learned…

There is a lack of strategic alignment among the executive team	***This needs work before design can begin***
ARPU varied greatly between products	***Impacts GTM strategy***
Single product would be ‘beachhead’ for growth and expansion to other products	***Need to focus on building deep and wide customer relationships using an updated CS org structure***
Majority of execs come from Sales	***Need to gain a deeper understanding of CS and map out the updated roles that are needed to drive deeper stakeholder relationships for expansion***

Design

Customer Success

Customer Journey, Tasks, and RACI

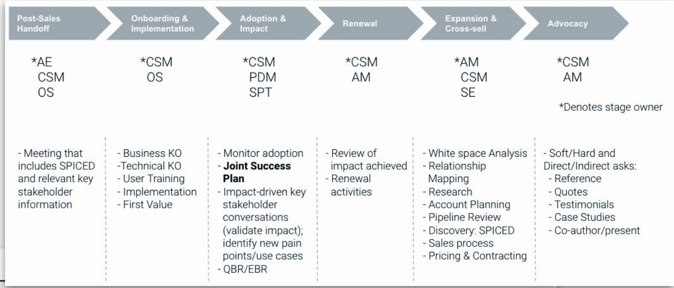
What was covered

- Introduce Customer Success as a methodology & the concept of Impact to drive recurring revenue
- Identify the key stages of the Customer Journey & associated tasks (the key "Moments that Matter" and playbooks to drive action)
- Buildout of the org structure based on the tasks and Moments that Matter
- Define the process required to successfully migrate from a core sales team to a relationship-building team

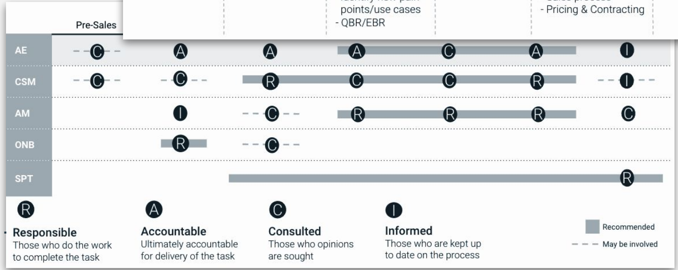
KEY TO SUCCESS

Tasks drive org structure, not the other way around

New customer journey



RACI Model

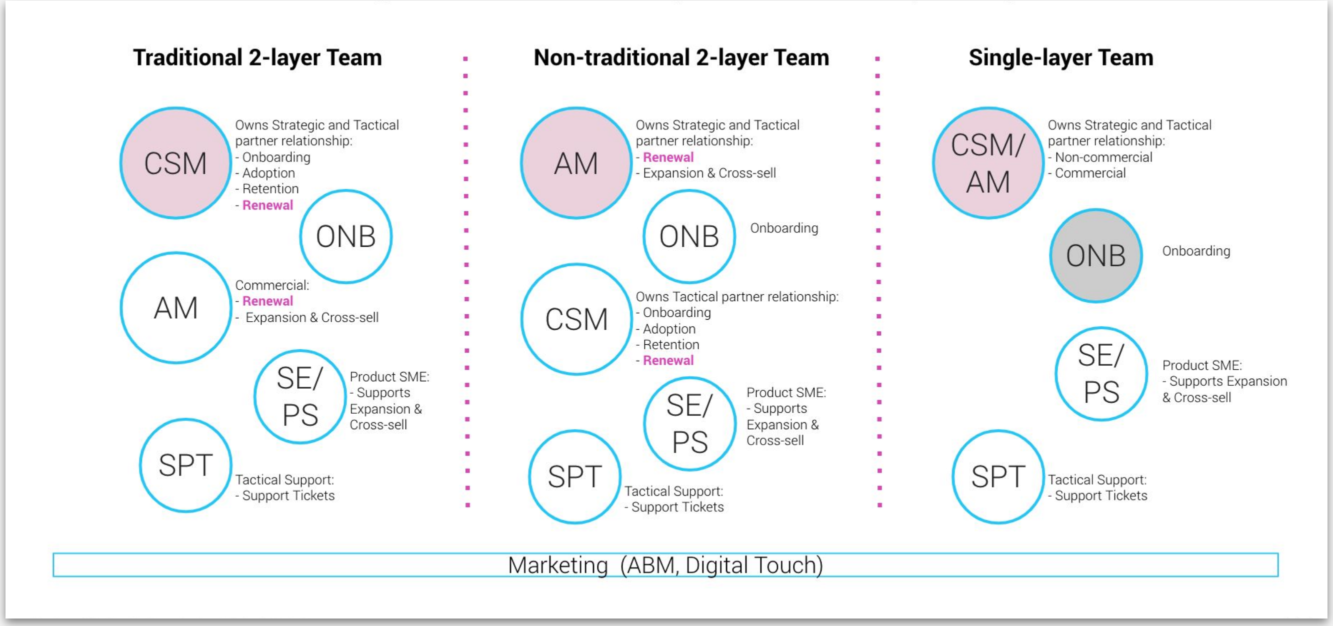


Design

Customer Success

Customer Journey, Tasks, and RACI

Customer Success Organization Models *(non-inclusive options)*



Design

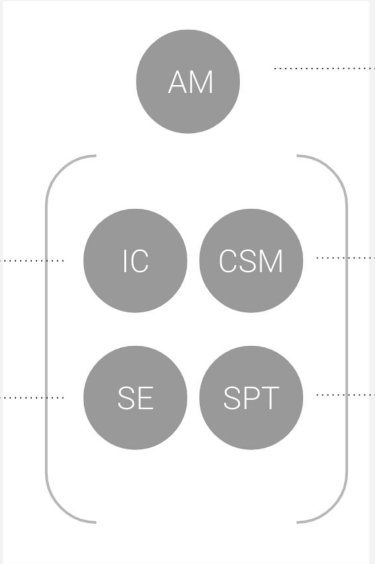
Customer Success

Customer Journey, Tasks, and RACI

Success Team GTM Transformation *Example*

Pre-Acquisition (single-product focus)

Account Manager: Commercially-focused. Ultimate account owner. Accountable and responsible for renewal, and expansion within the customer base. (no concept of relationship)



Implementation Coordinator: Responsible for ensuring the successful technical setup

Success Managers: Responsible for ensuring the successful setup and training of customers. Accountable for customers achieving 'go live' and First Value. (onboarding only)

Solution Engineer: Assist the AM with technical/product expertise and demo support for customer expansion

Support: Accountable and responsible for technical support

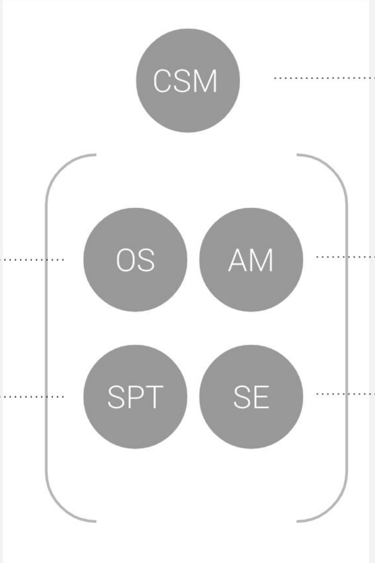
Design

Customer Success

Customer Journey, Tasks, and RACI

Success Team GTM Transformation *Example*

Post-Acquisition (multi-product focus)



Customer Success Manager: Customer-focused. Ultimate account owner. Product agnostic. Accountable and responsible for onboarding, engagement, Impact achievement; generates CSQLs

Onboarding Specialist: Responsible for ensuring the successful Onboarding of new customers, achieving 'go live" and First Value

Account Managers: Responsible for driving successful expansion of existing customers in deep collaboration with the CSM

Support: Accountable and responsible for technical support

Solution Engineer: Assists the AM with technical/product expertise and demo support for customer expansion

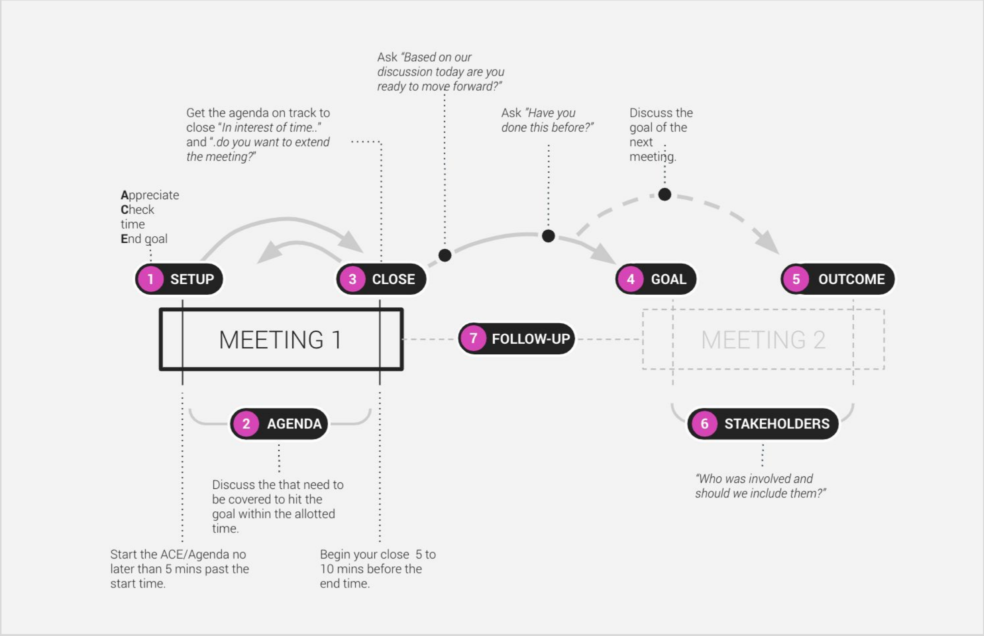
Design

Customer Success

Customer Journey, Tasks, and RACI

Core Skill - Managing Customer Meetings

The ability to achieve results via meetings is vital to your success.



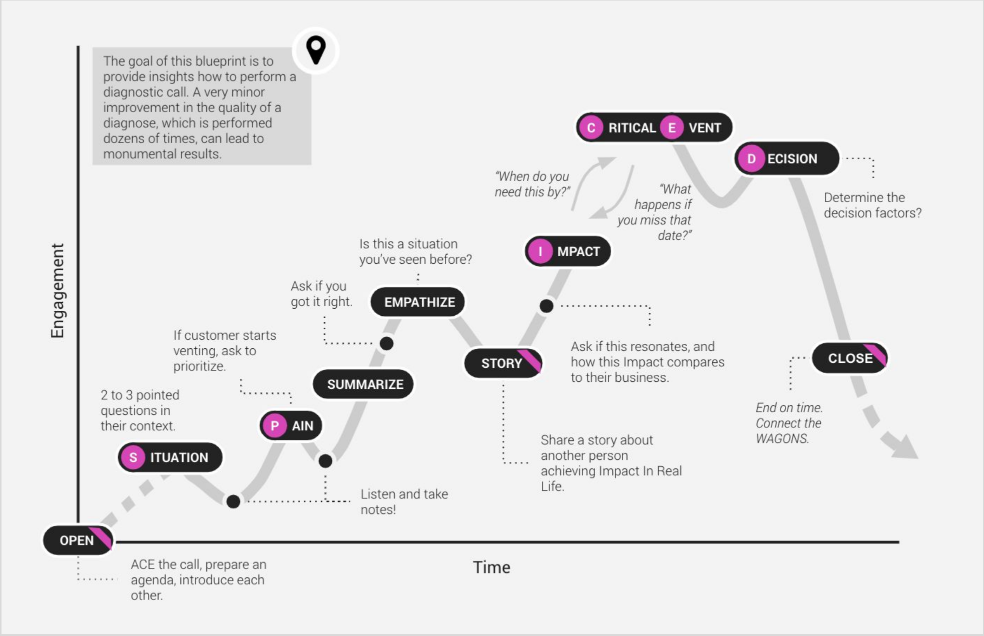
Design

Customer Success

Customer Journey, Tasks, and RACI

Core Skill - Diagnose Sequence

A step-by-step guide on how to consistently diagnose a customer.



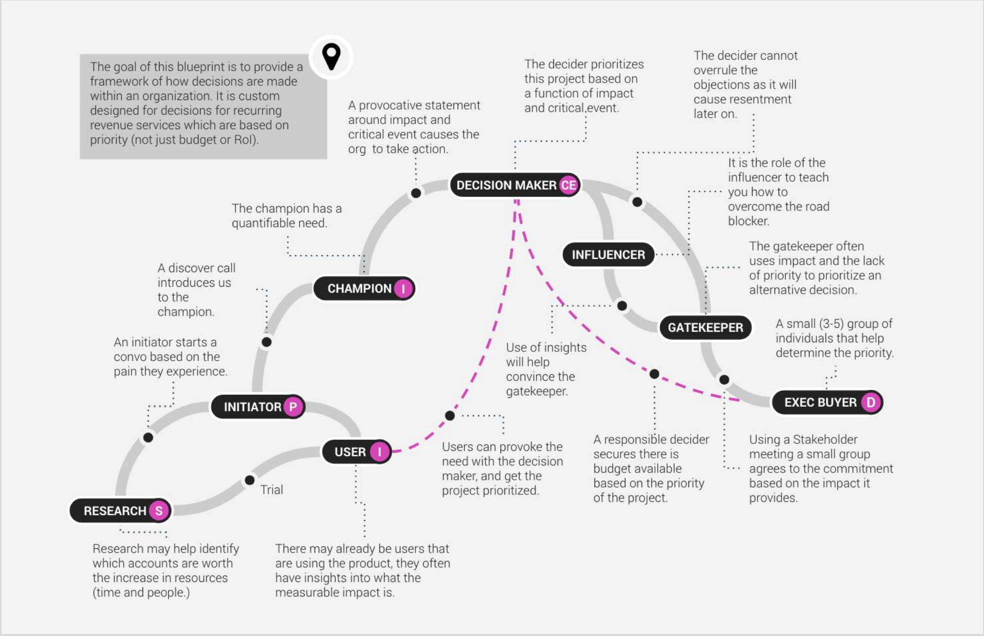
Design

Customer Success

Customer Journey, Tasks, and RACI

Core Skill - Navigating an Organization

Help your customers to sell internally based on facts and figures.



Design

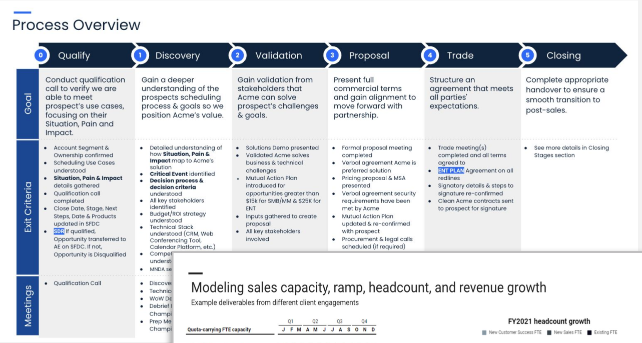
Sales

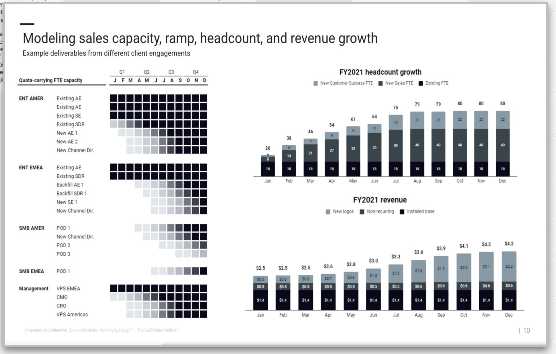
What was covered

- Reviewed the acquisition process
- Defined that we're leading with one product and then expanding with additional products
- Defined ICP and personas that we're selling to
- Created a growth formula to determine the resources needed to reach the goals
- Create org structure and RACI to sell multiple products (SE's and Generalists)
- Redefined KPIs and comp plans to represent the new strategy

KEY TO SUCCESS

Evaluate your current customer journey and adapt to multi-product strategy





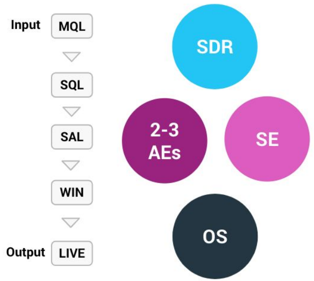
Design

Sales

Structuring a new logo sales POD

Moving to a cross-functional Pod structure will allow for scale based on predictability across target customer lists (both new and existing)

A **POD** is a group of self-sustaining resources that works together towards a common objective.



POD role	Typical responsibilities	Performance metrics
Sales Development Representative (SDR)	Prospects MQLs, arranges sales (SQL) meetings to generate pipeline opportunities	SQL meetings held SALs generated
Account Executive (AE)	Converts pipeline opportunities into closed/won deals	Net new ACV bookings Net new logos acquired (WINs)
Sales Engineer (SE)	Pre-sales technical support, customization, and integration	Net new ACV bookings Net new logos acquired (WINs)
Onboarding Specialist (OS)	Drives initial deployment and enables key moments at the start of the customer journey	New account go-live rate

Design

Lead Generation

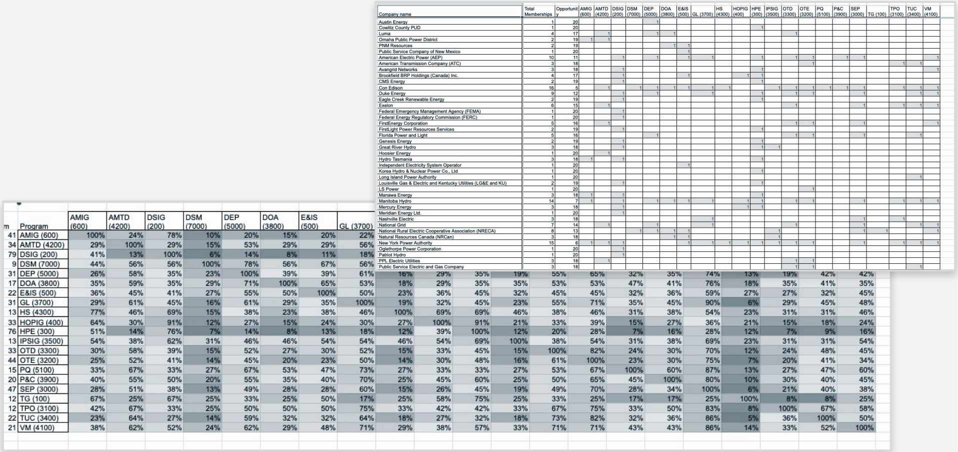
What was covered

- Revise process of generating leads from existing customers through Marketing and Account Management
- Create processes around white space analysis, account planning, and relationship mapping

KEY TO SUCCESS

Leveraging the existing customer base to achieve growth

White spacing examples



Design

Validation, Alignment, Action Plan

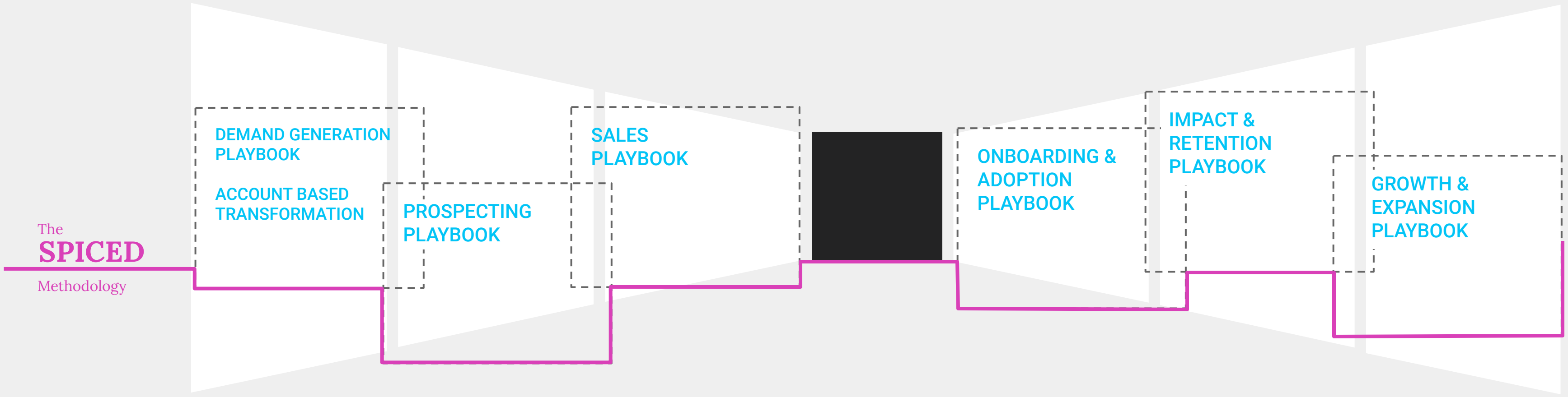
Validation & Alignment	Action Plan
• **Achieved executive alignment** on mindset change from commercial- to customer-centricity • **Prioritization** of key areas for improvement • Sales and Customer Success **Org Structure** • **Starting points** for Sales and Customer Success comp plan structures • **Revisions** to lead generation process	• **Communicate** the action plan to the organization • **Identify impact achieved** from each product • Define the **ideal customer journey** • Create **standardized processes** • **Identify key team players** for newly defined roles and begin to implement the new org structure • Implement a **skills training** program targeted to each functional role • Implement KPIs to **measure results** • Measure and **continuously improve**

Benefits: Enables CSMs to properly engage with key stakeholders to drive adoption, impact and retention while enabling AMs time for proper expansion preparation and execution across multiple products (white space analysis, Account Planning, Relationship Mapping, Expansion opportunity pipeline management

Activate

Playbooks for each customer-facing role, including:

- Definition of your relevant sales stages
- The Key Moments that Matter
- ‘Turn-by-turn’ directions at each stage of the process
- Identification of clear entry and exit criteria at each stage
- Alignment of content and skills to each stage
- Best practice recommendations on how to implement the playbook

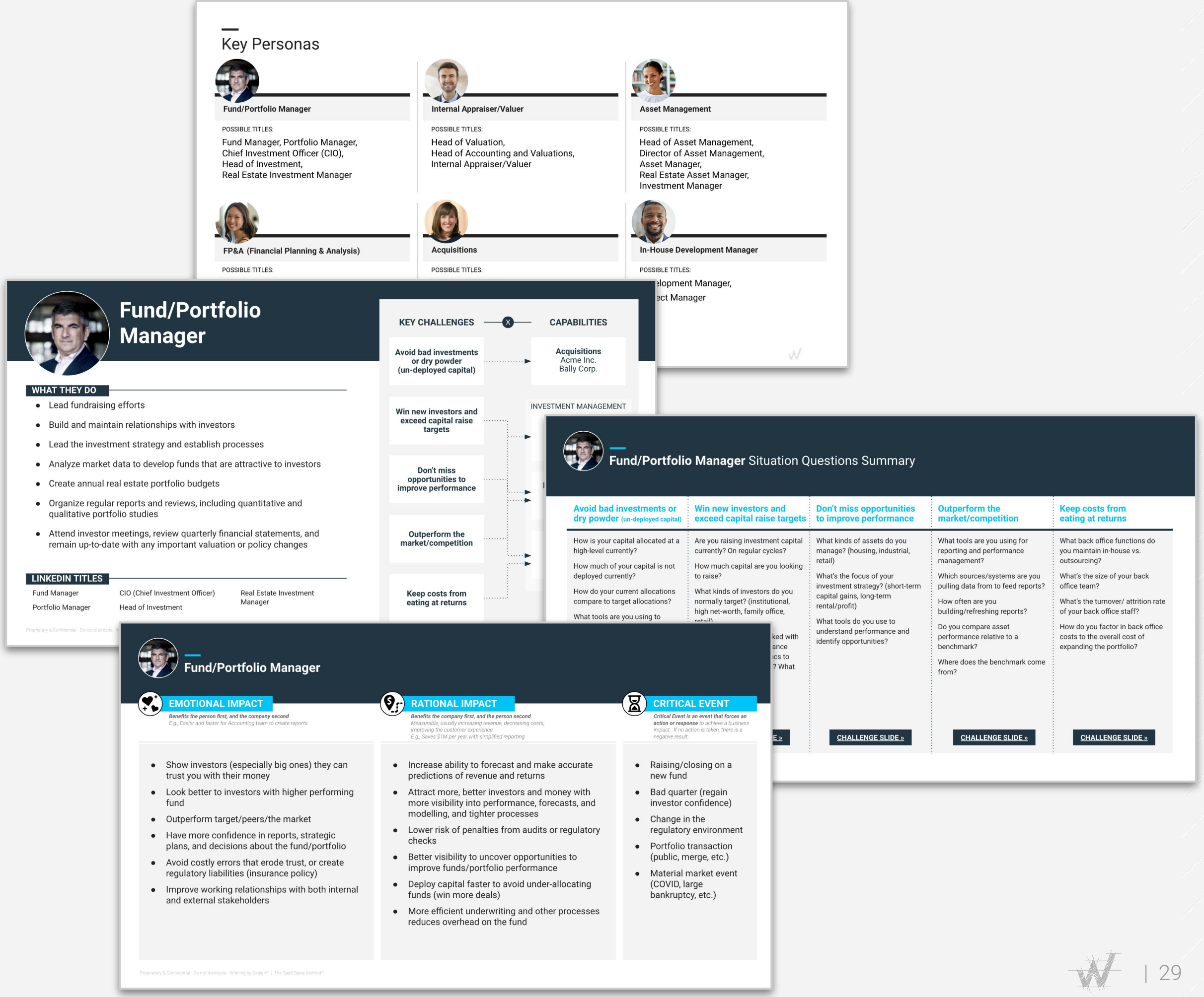


Activate

Conversation Guides for more effective customer discovery calls and conversations,

with actionable messaging for each of your key personas.

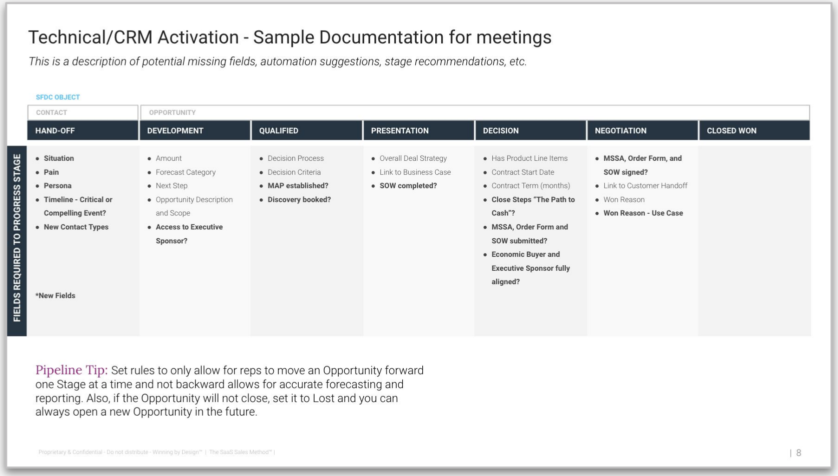
- Persona overview, typical titles found on LinkedIn, and key challenges
- Identification of key pain points
- Specific discovery questions to help reps uncover paint points, determine the desired impact, and effectively guide the conversation



Activate

Activate your designs throughout your tech stack to ensure adoption

- Integrate into your call analytics software (Gong, Chorus, etc.)
- Implement frameworks and playbooks into your Salesforce / CRM



Technical/CRM Activation - Sample Documentation for meetings

This is a description of potential missing fields, automation suggestions, stage recommendations, etc.

SFDC OBJECT

FIELDS REQUIRED TO PROGRESS STAGE

CONTACT	OPPORTUNITY					
HAND-OFF	DEVELOPMENT	QUALIFIED	PRESENTATION	DECISION	NEGOTIATION	CLOSED WON
• **Situation** • **Pain** • **Persona** • **Timeline - Critical or Compelling Event?** • **New Contact Types** ***New Fields**	• Amount • Forecast Category • Next Step • Opportunity Description and Scope • **Access to Executive Sponsor?**	• Decision Process • Decision Criteria • **MAP established?** • **Discovery booked?**	• Overall Deal Strategy • Link to Business Case • **SOW completed?**	• Has Product Line Items • Contract Start Date • Contract Term (months) • **Close Steps "The Path to Cash"?** • **MSSA, Order Form and SOW submitted?** • **Economic Buyer and Executive Sponsor fully aligned?**	• **MSSA, Order Form, and SOW signed?** • Link to Customer Handoff • Won Reason • **Won Reason - Use Case**	

Pipeline Tip: Set rules to only allow for reps to move an Opportunity forward one Stage at a time and not backward allows for accurate forecasting and reporting. Also, if the Opportunity will not close, set it to Lost and you can always open a new Opportunity in the future.

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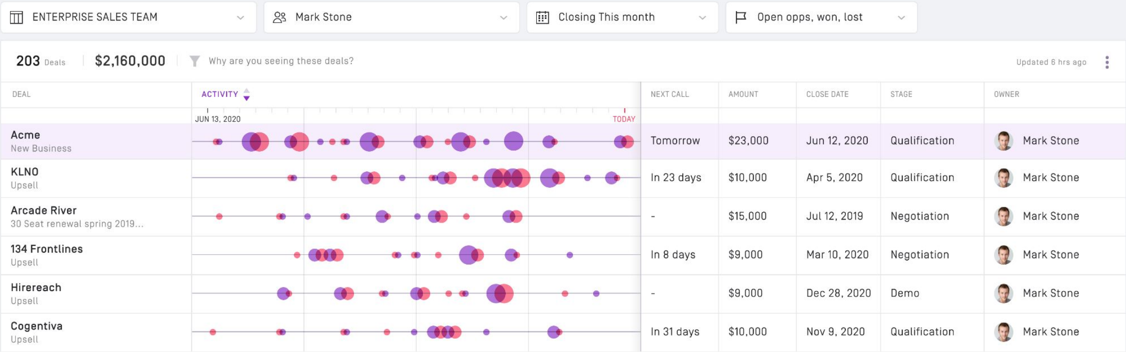


Train

Train your leaders and ICs on the new skills needed, in order to execute on the new strategy and process that has been defined

Individual Contributor Courses, By Role

1 **For SDRs.**
- Prospecting for Impact
- Prospecting into Enterprise Accounts

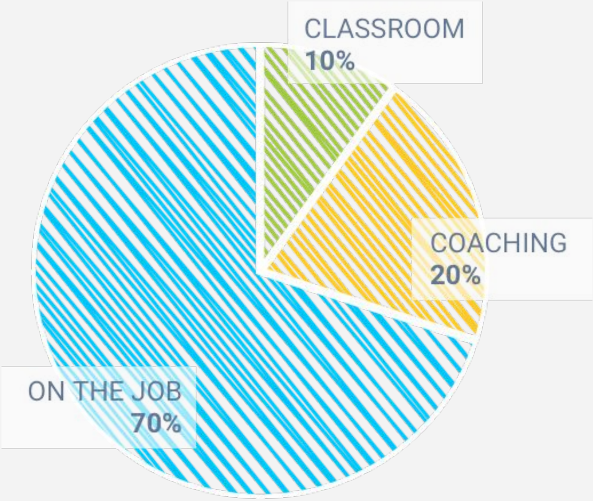
2 **For Sales.**
- Selling for Impact
- Selling into Enterprise Accounts

3 **For Customer Success.**
- Customer Success for Impact
- Account Management for Expansion

Leadership Courses, By Role

4 **For Managers.**
- Managing for Impact
- Managing for Leadership

5 **For Revenue Leaders.**
- Revenue Architecture



Coach

Create behavior change that sticks by coaching your reps on an ongoing basis.

- Hands-on practice
- Use real customer scenarios and deals
- Ongoing, on a weekly basis
- Instill a “coaching culture” across the team where team members learn from their peers
- Use a coaching framework such as **REKS**

Coaching Structure

Format: 6 live coaching sessions (60 minutes each) over 3 months

01 *Live sessions*

Each Skills Coaching session takes place over the course of one hour and focuses on one to two key skills covered in the associated training.

The framework consists of call reviews, real-life examples, role-plays, recaps, and best practices.

02 *Call reviews*

Prior to each session, we will review two to three call recordings or emails.

During the session, the trainer and managers will walk through the recording and allow the team to listen and coach against it.

03 *Role-plays*

Role-plays divide the group into small teams for practice.

Using our frameworks, teams will conduct role-plays using key skills, ensuring learners rotate between the roles of customer, seller, and coach.

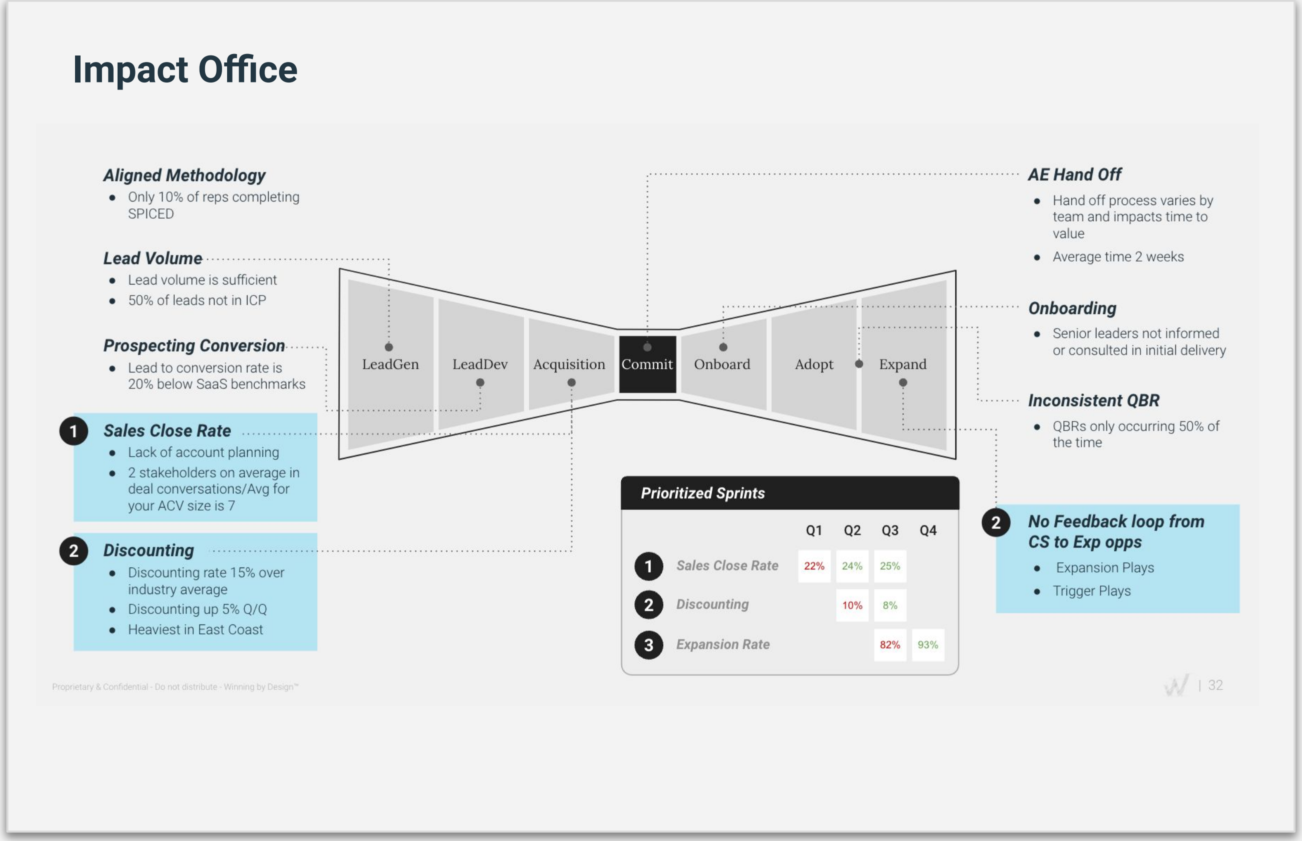
REKS

***R**esults*
***E**fforts*
***K**nowledge*
***S**kills*

Coach

An **Impact Office** ensures that you **prioritize, measure, and achieve** the impact that you are looking to get out of the add-on transaction.

- Quarterly Reporting with key insights on performance
- Executive workshop covering results and impact recommendations
- Alignment on 30-60-90 day continuous improvement recommendations to impact that will have the greatest ROI for your GTM team



Some final thoughts to keep in mind

- **Most mergers and acquisitions fail.** Why? They're very easy on paper, but difficult in real life
- Do not underestimate **the amount of change management that is required** to get your new GTM team aligned, even for "small" add-ons
- **Use proven frameworks and implementation plans** to improve your chances of success, and significantly accelerate your time to value

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