ESSENTIAL GUIDE

enable us | by mindtickle

Measure and Assess the ROI of Digital Sales Rooms

7 Key Metrics to Monitor and Track Success

Table of contents

Introduction: How Does a Digital Sales Room Boost Sales Performance?

Understanding the buyer is one of the biggest keys to sales success, and a digital sales room (DSR) provides unprecedented insights into the buyer's activity for reps to leverage.

Through buyer behavioral data, sales reps are able to view exactly which content the buyer interacts with, gain insight into how long buyers interact with each piece, and determine with whom the prospects shared content. Sales reps use this information to better inform their decisions, enabling them to share the most relevant content. These insights guide sellers in sharing content tailored to not only address the buyer's pain points, but also other stakeholders' needs earlier in the process.

This moves the buyer through the purchase process faster, enabling the rep to speed up deal velocity.

> **Digital Sales Rooms provide salespeople with a customer-facing digital portal that can be used to share relevant marketing content, chat with clients, and craft custom proposals with prospective buyers. These solutions remove any buyer friction and allow salespeople to streamline proposals by keeping all relevant proposal information in one convenient location. Within the digital portal, customers can ask questions about certain pieces of content, and also sign proposals. Additionally, sellers can track content that clients view and interact with, which can indicate which content is driving the most impact.**
>
> **Source: G2 Crowd**

7 KEY METRICS

Measuring the Impact of Digital Sales Room Software on Sales Performance, Effectiveness, and Efficiency

Digital sales rooms benefit sales organizations in several ways:

- Build and deliver personalized, digital-first experiences for buyers
- Communicate more easily between sellers and buyers
- Align and collaborate on key milestones and next steps
- Respond faster to buyers with in-depth engagement insights

While we understand the benefits, how do we measure the impact that this sales technology has on sales performance, effectiveness, and efficiency to executives and sales leadership?

We've identified seven metrics that you can use to demonstrate the value of virtual rooms to your executives and sales leadership.

1 Closing Ratio

The closing ratio refers to the percentage of sales deals that reps close against the total number of sales proposals. This represents the sales team's effectiveness and is a strong indication of performance.

How to Measure It

$$\text{Closing Ratio} = \frac{\text{Closed Deals}}{\text{Total Sales Proposals}}$$

When using this formula to determine your closing ratio, there's no need to be alarmed if the number initially appears low. In fact, some of the leading sales firms have an average close ratio of around 30%, which is a good number to aim for.

Any sales rep can tell you that closing every proposal is nearly impossible — closing 1 out of every 3 proposals is a solid ratio to aim for. Measuring how this ratio improves before and after implementing a DSR is a great indicator of the ROI the new technology brings to the table.

2 Average Deal Cycle Time

Average deal cycle time is the amount of time, on average, it takes for a sales team to close a deal after making initial contact with a prospect.

How to Measure It

$$\text{Average Deal Cycle Time} = \frac{\text{Total Combined \# of Days for all Sales}}{\text{Total Deals}}$$

When calculating the average deal cycle time, first add up the total number of days for each deal over a given time period into one lump sum. Then divide this number by the total number of deals to get an average.

Since a digital sales room streamlines the communications and number of interactions required to make a decision, our customers have reported up to 20-40% faster sales cycles.

Assuming that using a virtual room accelerates the sales cycle by 30%, this shaves off 25.2 days off each deal. Your existing sales team becomes more productive, closing more deals and boosting overall revenue per year.

3 Customer Acquisition Cost (CAC)

The customer acquisition cost represents how much money, on average, must be spent to acquire a new customer.

How to Measure It

$$\text{Customer Acquisition Cost} = \frac{\text{Total Cost of Sales and Marketing}}{\text{Number of New Customers Acquired}}$$

The customer acquisition cost can be calculated by first finding the total amount spent on sales and marketing. That number is then divided by the total number of new customers, creating an average amount spent per client addition.

Ideally, companies should aim for the customer acquisition cost to be [1/3 of the value] the customer brings in. If the cost of bringing in a new customer is close to the value made from that customer, it is not an efficient number and suggests that minimal profit is being made off of each new customer.

Measuring this number can prove that digital sales room software helps lower the cost of customer acquisition by ensuring the buyer's experience is streamlined, educational, and cohesive.

4 Lead-to-Close Ratio

TThe lead to close ratio compares the number of leads a sales team starts with to the total number of sales made. This metric can be applied to individual representatives, or to the sales team as a whole.

How to Measure It

$$\text{Lead to Close Ratio} = \frac{\text{Total \# of Sales}}{\text{Total \# of Leads}}$$

This number helps inform reps of how many leads they need to contact to close a certain number of deals. For example, if a rep has a lead to close ratio of 10%, and wants to close 5 deals, they then know they will likely need to contact 50 leads to meet that number.

Since digital sales rooms provide sales insights into which leads are more engaged, sales reps can focus their time and energy on those leads. Like the average deal cycle, tracking the lead-to-close ratio provides insight into sales efficiency.

One tip is understanding how lead-to-close ratios vary by industry. For example, according to HubSpot, the average in finance is 19%, while the average for tech companies is 22%.

The length of a SaaS sales cycle varies depending on the annual contract value (ACV) of a deal. The average length of a sales cycle is 84 days regardless of the ACV. For an ACV of less than $5K, the cycle will last around 40 days. If the ACV is upwards of $100K, the cycle will last 170 days — around five and a half months.

Source: HubSpot

5

Customer Lifetime Value

Customer lifetime value measures the total amount of revenue a customer generates for a company throughout the duration of their relationship.

The customer lifetime value varies greatly by business, as it depends on a wide variety of factors, like product price point, reusability, and more. This number, however, can help identify high-value customers, so that marketing can target more of the same demographic.

For example, if the customer lifetime value indicates that younger women aged 18-24 are spending more on a product, while men aged 25-30 are not, marketing can use this information to funnel more resources into targeting 18-24-year-old women to pull in more high-value customers.

Not only can a virtual room help gather the data needed for this metric, but tracking it can also indicate how well the room helps sales identify, acquire, and delight high-value customers through the entire purchase lifecycle as well as post-sale.

How to Measure It

To find customer lifetime value, first the average purchase value must be found by dividing total revenue by number of purchases.

$$\text{Average Purchase Value} = \frac{\text{Total Revenue}}{\text{Number of Purchases}}$$

This number represents how much, on average, a customer spends per purchase. It can then be used to find the customer value by multiplying the average purchase value by the average number of purchases.

$$\text{Customer Value} = \text{Average Purchase Value} \times \text{Average Number of Purchases}$$

The customer value shows the value of a customer at a given point in time. Along with the customer value, you'll need to know the average customer lifespan by dividing the sum of customer lifespans with the total number of customers.

$$\text{Average Customer Lifespan} = \frac{\text{Sum of Customer Lifespans}}{\text{Total \# of Customers}}$$

This number demonstrates, on average, how long a customer relationship with the company lasts. By dividing customer value by average customer lifespan, you can find the customer lifetime value:

$$\text{Customer Lifetime Value} = \frac{\text{Customer Value}}{\text{Average Customer Lifespan}}$$

6

Overall Revenue

The overall revenue of a company is not a new metric — often, it's the first thing a business tracks, as it represents the total amount of money made before cost deductions.

How to Measure It

Overall Revenue = **Price of Product** X **Units Sold**

Tracking revenue is important to inform whether profits are increasing, decreasing, or holding steady over periods of time. While there may not be one set number to aim for, ideally revenue should be steadily increasing.

Since virtual sales rooms provide buyers a "self-reflective learning path," prospects may be [147% more inclined] to purchase more than originally planned. According to Gartner, "when B2B buyers report that sales reps effectively use technology to facilitate buying group discussions, a 17% lift occurs in customer confidence, which leads to high-quality deals."

Evaluating the average deal size before and after implementing DSR software provides insight into how the sales tech drives revenue growth.

7 Up- and Cross-Selling Rates

Upselling refers to getting customers to purchase a similar, but higher-end product, while cross-selling refers to selling customers related products. Both of these are important for getting maximum value out of each customer.

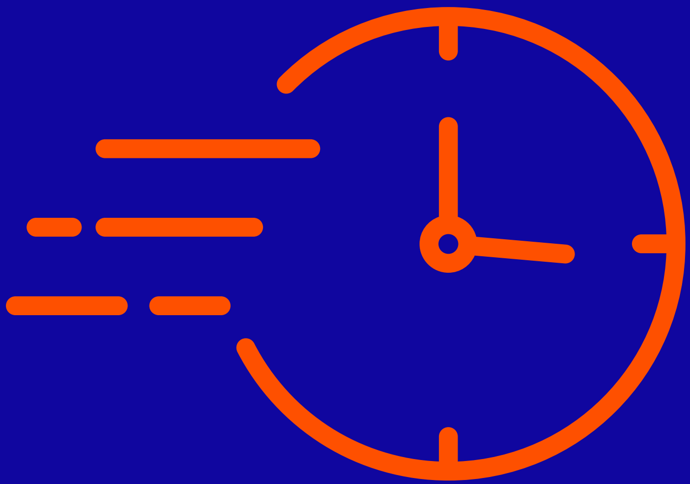
How to Measure It

$$\text{Cross-Sell Rate} = \frac{\text{Customers Who Purchased Additional Products}}{\text{Total \# of Customers}}$$

$$\text{Upsell Rate} = \frac{\text{Customers Who Purchased Higher Value Products}}{\text{Total \# of Customers}}$$

Finding the rates of upselling and cross-selling can be done by dividing the number of customers who either purchased a higher value product (upselling) or the number of customers who bought additional products (cross-selling) by the total number of customers within a given time frame.

Up- and cross-selling rates vary by company, and often depend on the variety of products offered. Measuring how frequently reps are able to do both gives insights into whether those numbers are improving or stagnating. The changes in these rates demonstrate the ROI by showing how a DSR improves sales reps' ability to effectively communicate a product's worth.



20–40%

faster sales cycles due to digital sales rooms

Source: Enable Us by Mindtickle Customers

Digital Sales Rooms Deliver Results

Digital sales room software is designed to provide sales reps with all the tools they need for streamlined communication with buyers, from providing educational content to negotiating and closing deals. Measuring the ROI of virtual sales rooms helps indicate how effective these tools are at helping reps to close deals and bring in high-value customers, leading to increased fulfillment all around.

About Enable Us by Mindtickle

DDesigned with buyers in mind, Enable Us by Mindtickle redefines digital B2B buying experiences for sellers, buyers, and customers. We offer a Digital Sales Room solution empowering sellers to build digital buying experiences that engage buyers and get deals done faster. Sellers curate relevant content, mutual action plans, and signable documents tailored to the prospect's needs.

With Enable Us by Mindtickle, you can improve sales efficiency, accelerate revenue growth, and deepen customer relationships with a secure, configurable Digital Sales Room that integrates with your other sales and marketing tools. As your trusted partner, we get your teams up and running within hours through our great customer support, ease of use, and user adoption.