




Classification of Sales Opportunities for Software Company

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Introduction

- ❑ Sales Operations Portal introduced in 2004 to replace  system.
- ❑ Design as a single source for remote access to all sales related activities: Account management, calendar, tasks, opportunities
- ❑ Used by all field employees : Account Executives, Sales Consultants, Sales Managers & Directors
- ❑ Data related to Sales Opportunities will be the subject of our analysis



Introduction- Sales Opportunities

- Life cycle of a Sales Opportunity

Customers



- Partners
- Customer Referral
- Industry Seminars
- Homepage
- Events
- Cold Calls



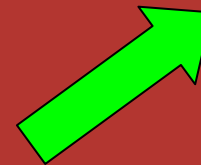
Lead



Opportunity



Sales Process



Order



Lost Deal



Objectives

1. Taking advantage of data gathered by the system to predict the likelihood of open opportunities becoming won or lost deals
2. Improve the process to assign resources to opportunities based on the sales potential and skill of the sales force
3. Better understand the most influential factors that lead to a win



Sales Opportunity- Parameters

- Opportunity Type
 - New Customer
 - Customer - New Business
 - Partners
 - Customer - Expansion
- Lead Source
 - Referrals
 - License
 - Events
 - Consulting
- Revenue Stream
 - Support
 - Maintenance
- Region
 - 22 Regions
- Opportunity Creation Date
- Opportunity Close Date
- Age (days since creation)
- Amount
 - Lost
 - Order
- Milestone
- Competitors



Dataset

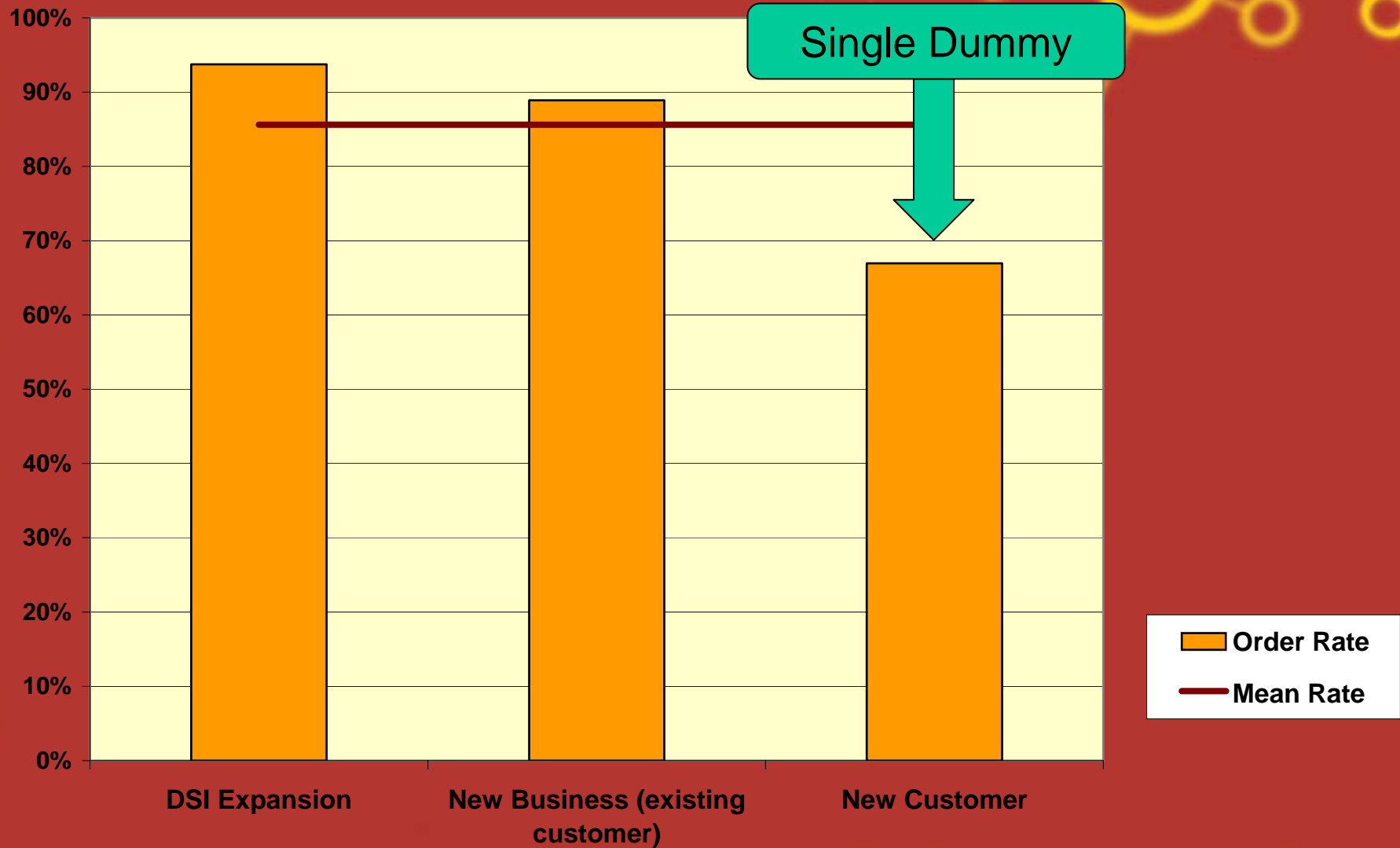
- ❑ Raw data from ROLAP database exported to Excel
- ❑ 2080 records
- ❑ Opportunity Milestone is response variable
- ❑ Naive rule: 86% of opportunities result in orders

Cleanup & Transformations

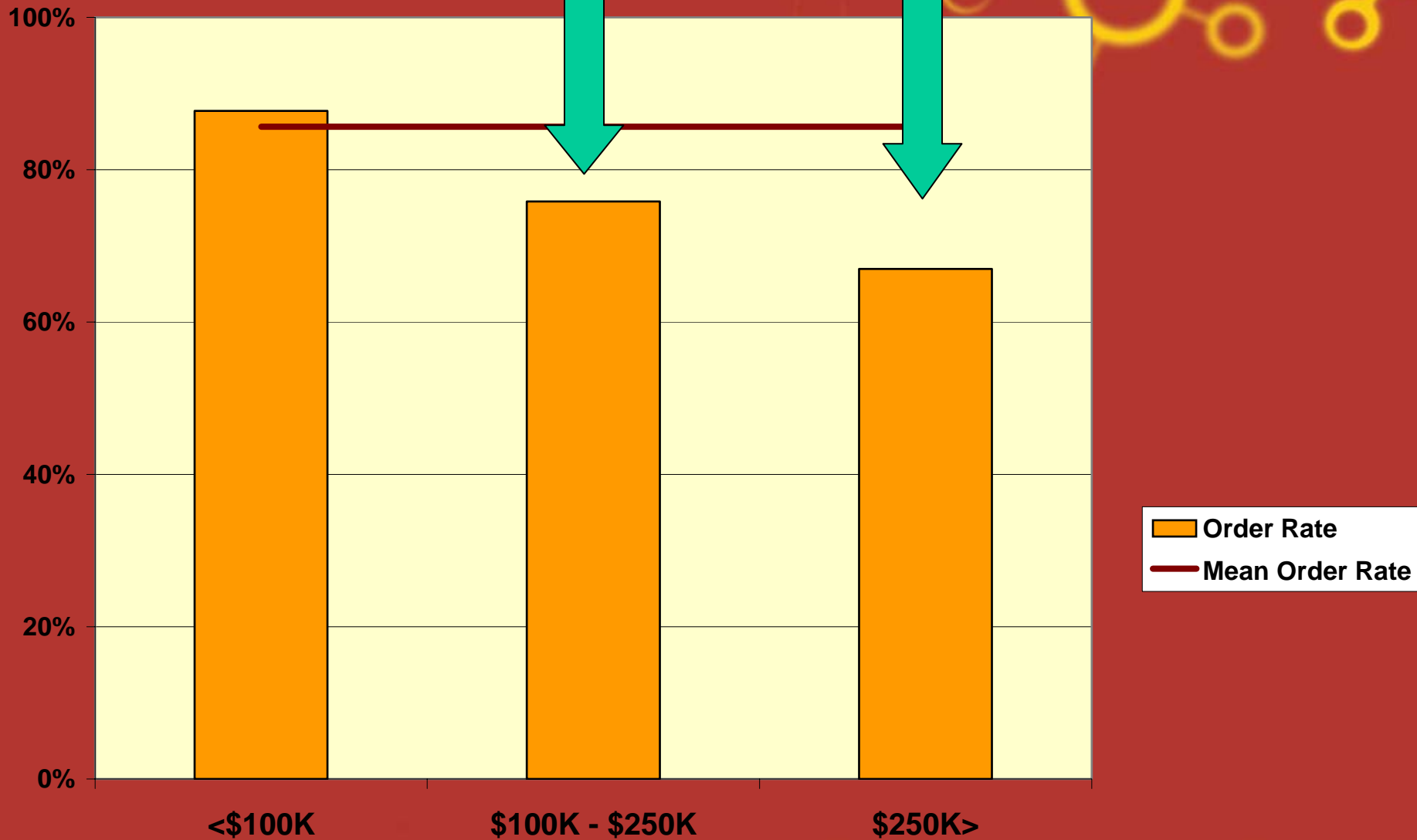
- ✓ Consolidate Regions (from 22 to 8)
- ✓ Consolidate Opportunity streams and create dummy



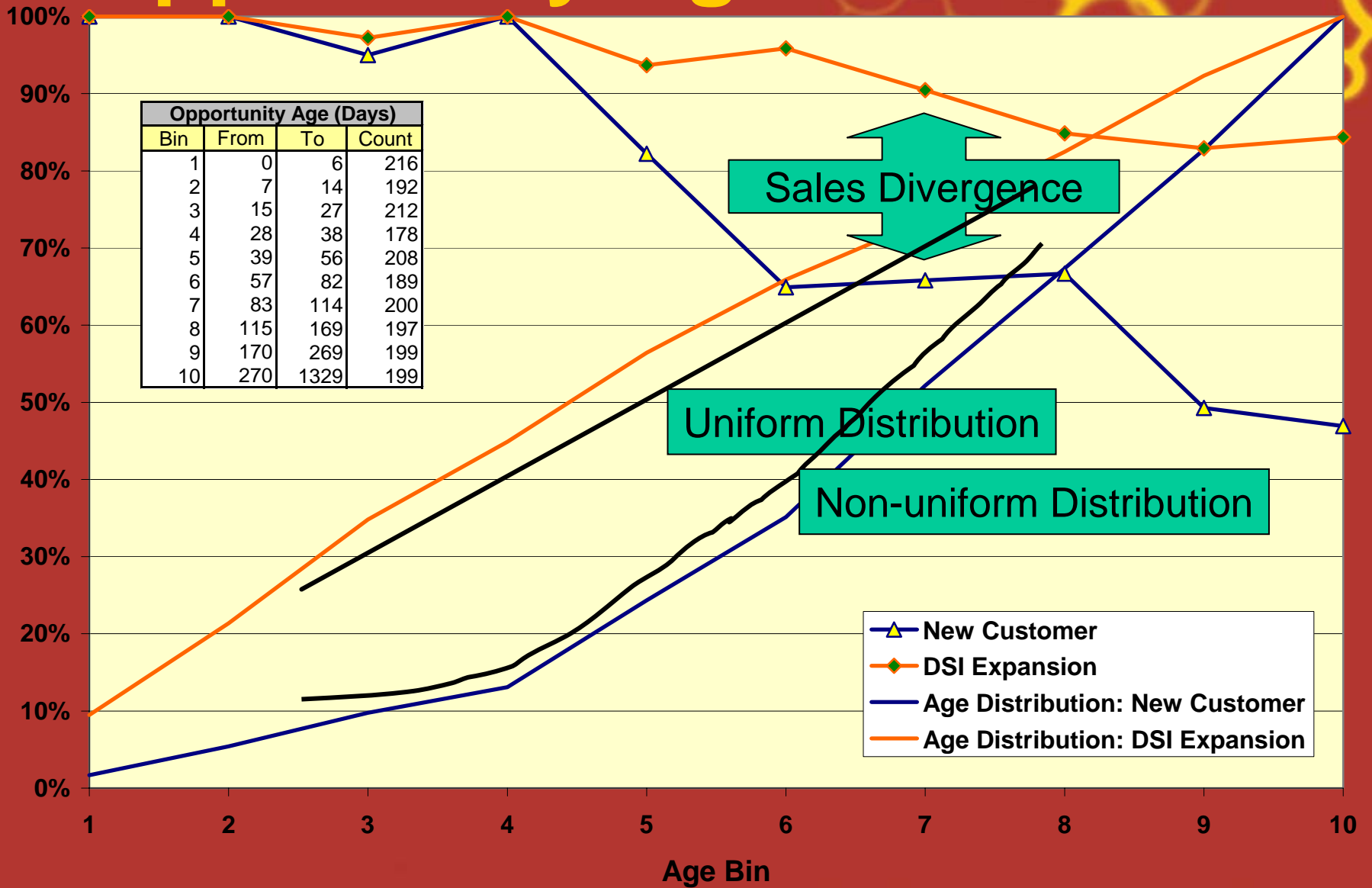
Opportunity Type



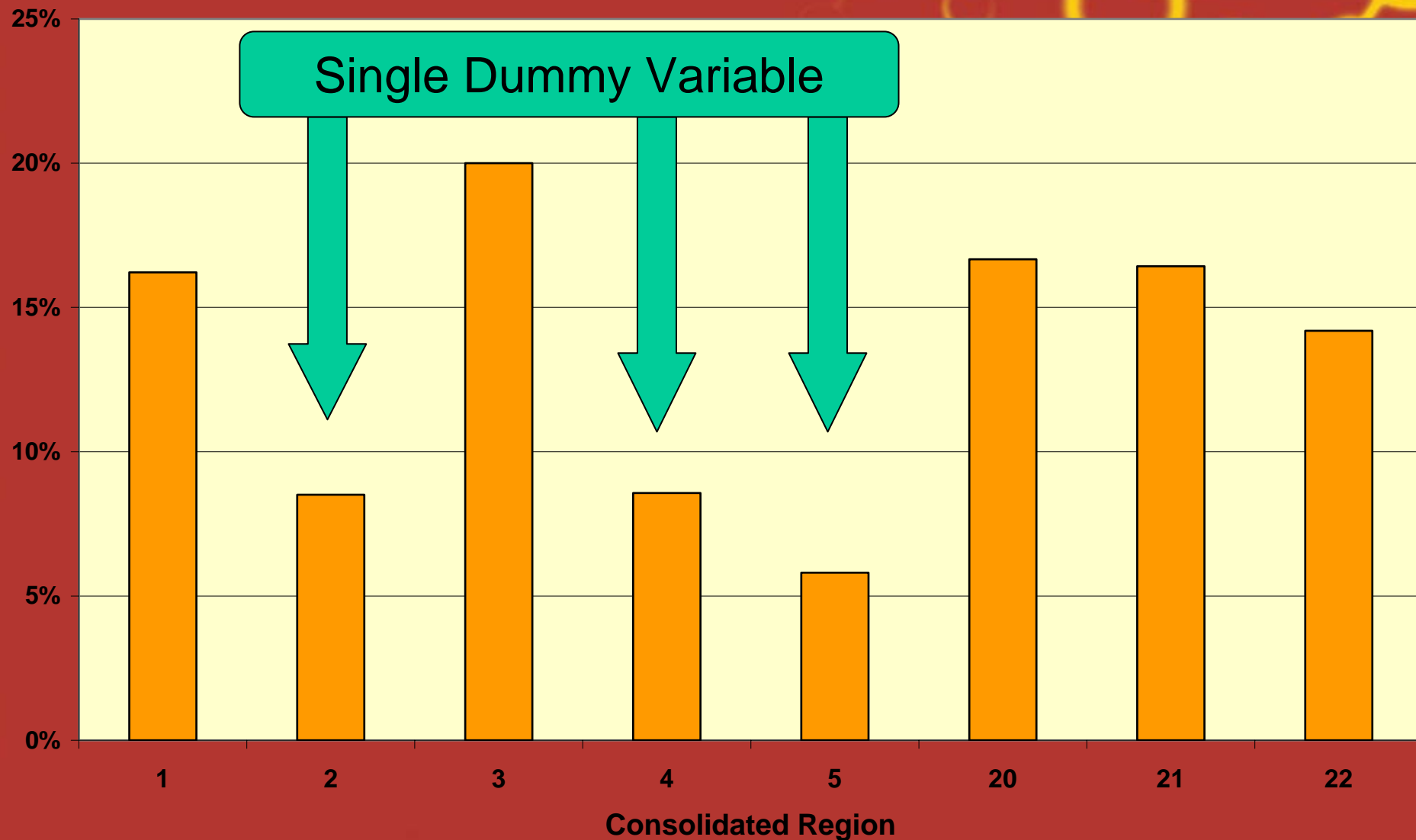
Opportunity Amount



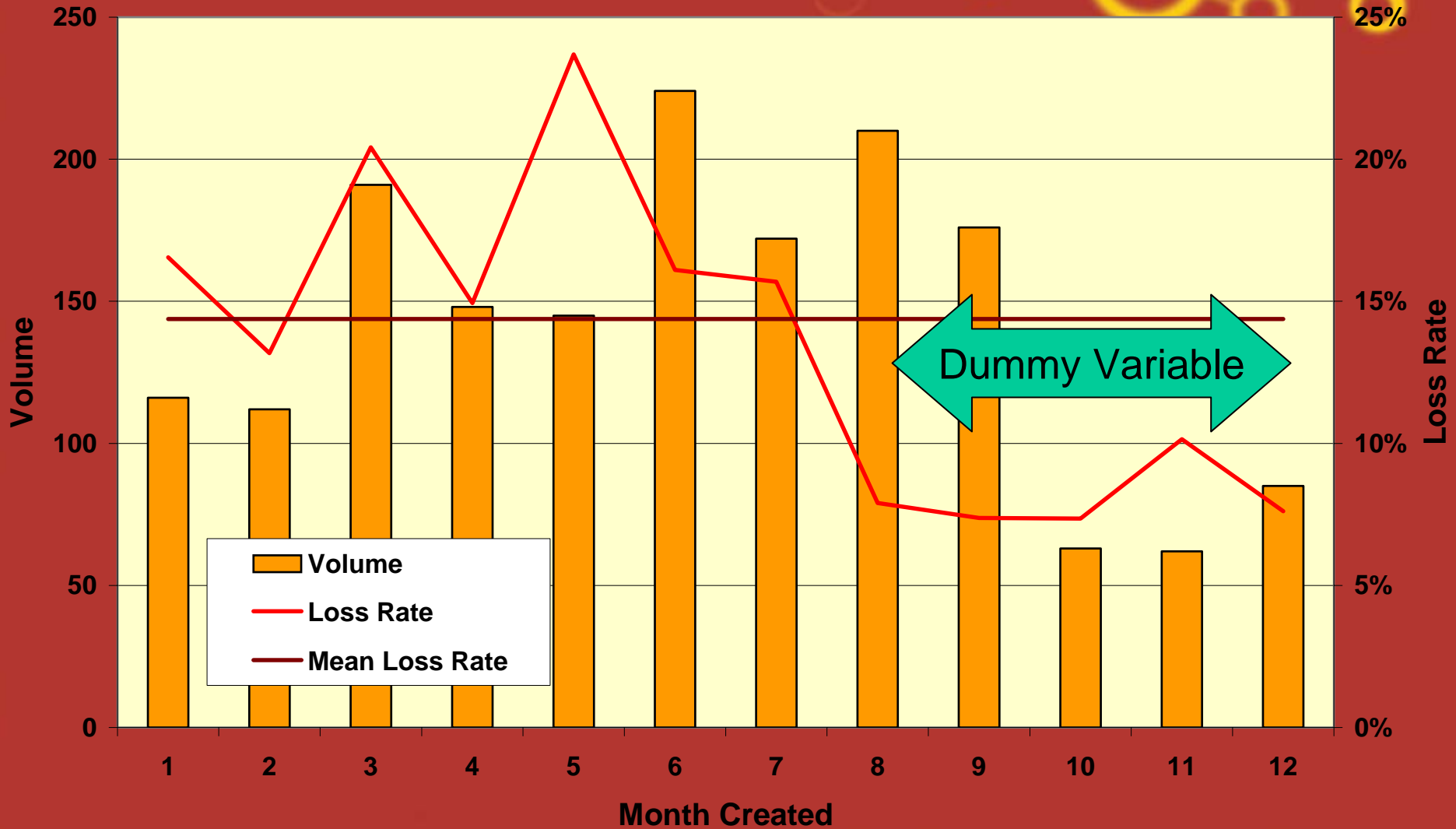
Opportunity Age



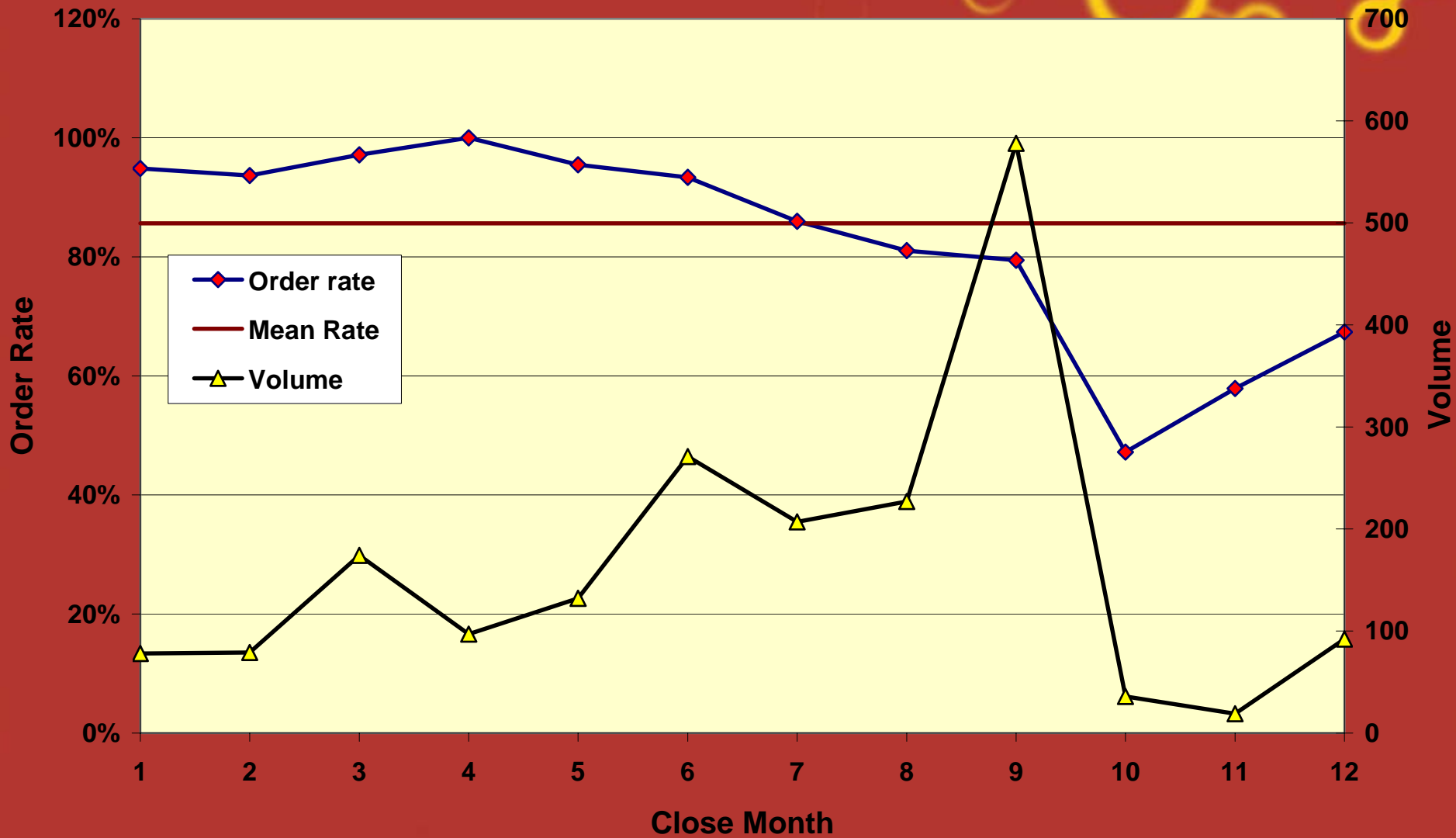
Loss Rate by Region



Creation Period



Closing Period



Regression Models

Logistic Regression

Input variables	Coefficient	Std. Error	Wald	Odds Ratio
Constant term	-4.35881519	0.4125849	11.00000000	*
Multi-stream	-2.01922822	0.23632427	72.849	0.13275789
Region =2,4,5	-0.92634988	0.23632427	15.3849	0.39599651
Opp. Type=1	1.21897721	0.23632427	26.849	3.38372517
Opp.open QTR	-1.32415974	0.26670134	24.49	0.26602641
Opp.Close QTR	1.89662218	0.23717672	64.49	6.66334867
Binned Age	0.31712383	0.04898724	41.49	1.37317264
Lead Source= Customer &	-0.50814259	0.2355621	4.69	0.60161197
Comp Level (1,0)	0.9843812	0.26883438	13.49	2.67615533
Amount > 250,000 <500K	0.98244053	0.41938698	5.69	2.67096686
Amount > 500000	1.58625257	0.51277488	9.49	4.88540697

Hit Ratio
New Customer

Complexity

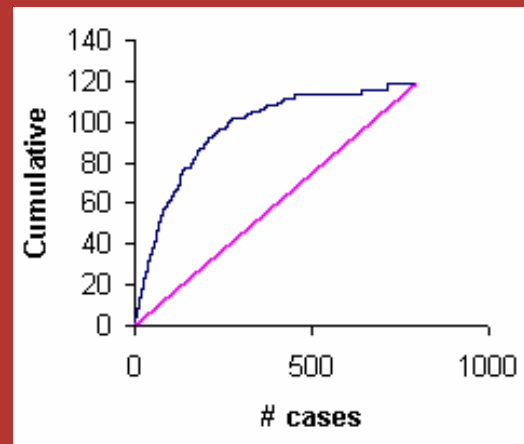
Business Cycle

More Involvement

Product Placement

Validation Set

Error Report			
Class	# Cases	# Errors	% Error
Lost	119	65	54.62
Order	676	20	2.96
Overall	795	85	10.69



Applications

Shared Reports My Reports Create Report Create Document My Subscriptions History List Preferences Search Help Logout

Enterprise Applications > Shared Reports > *Field Reports > C. Opportunity Review > A. Open Opportunities

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Row Axis Values Font Size B I U \$ % , .00 .00

PAGE-BY: Region: Germany

Owner	Account Name	Opportunity Name	Next Step	Last Update	Age (Days)	Amount
	S&T Hermes Plus, d.d.	Dist - S&T Hermes Plus - Premium Bronze	Obtain Feedback on Quote/Proposal	12/06/05	47	\$33,190.00
	KID - Knowledge Integration Dynamics (Pty) Ltd.	Dist - KID - Avroy Shlain	Acquire the Order	12/08/05	9	\$40,600.00
	Esprit Europe GmbH	Germany - Esprit - 1 Desktop	Unknown	12/09/05	18	\$6,501.00
	Rabita Electronics & Trading Est.	Dist - Rabita - RKH - first project	Acquire the Order	12/07/05	245	\$49,941.00
	Servit GmbH	Germany - Stockmeyer - 40 web user	Obtain Feedback on Quote/Proposal	12/09/05	318	\$101,637.00
	Parfümerie Douglas GmbH	Germany - Douglas Parfümerie	Obtain Feedback on Quote/Proposal	12/08/05	1045	\$1,507,492.00
Bernd Wiehl	Insight Strategy	Dist - InsightStrategy - Sanofi Synthelabo upgrade	Acquire the Order	12/07/05	30	\$3,945.00
	Hyperlink	Dist - Hyperlink - Tanmia	Submit Quote/Proposal	12/07/05	38	\$9,994.00
	NCR Kuwait	Dist - NCR Kuwait - Wataniya Telecom	Acquire the Order	12/06/05	126	\$42,926.00
	S&T International	Dist - S&T International	Finalize Customer	12/06/05	33	\$190,000.00

Opportunity probability can be used in conjunction with other data to determine a master plan for sales efforts



Recommendations

- ❑ Incorporate the predictive model as part of the Sales Force reports already available.
- ❑ Automate the process so that the model improves as more data is gathered.
- ❑ Quantify costs associated with false positives and negatives to be incorporated into the model.
- ❑ Add granularity to competitors data (currently missing values)
- ❑ Investigate why particular regions have lower hit ratio and losing high amount deals
- ❑ Include opportunity probability as part of the quota and commissions system.





Questions??
Thank you



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