

INSIDER'S GUIDE TO SaaS MARKETING

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Connecting the Dots & Increasing CAC
Ratio with Marketing Automation



“One of the metrics we track most maniacally at HubSpot is the LTV:CAC ratio (life-time-value:customer-acquisition-cost). This captures a bunch of key metrics. As a rule of thumb, I think that the LTV:CAC needs to be 3 or higher to build a successful SaaS business in the long-term.”

—Dharmesh Shah, Co-founder and CTO, HubSpot¹

BESSEMER VENTURE PARTNERS OFFERS THIS **CORE ADVICE:**

If your CAC Ratio < .33 = **cut spending or increase efficiency**

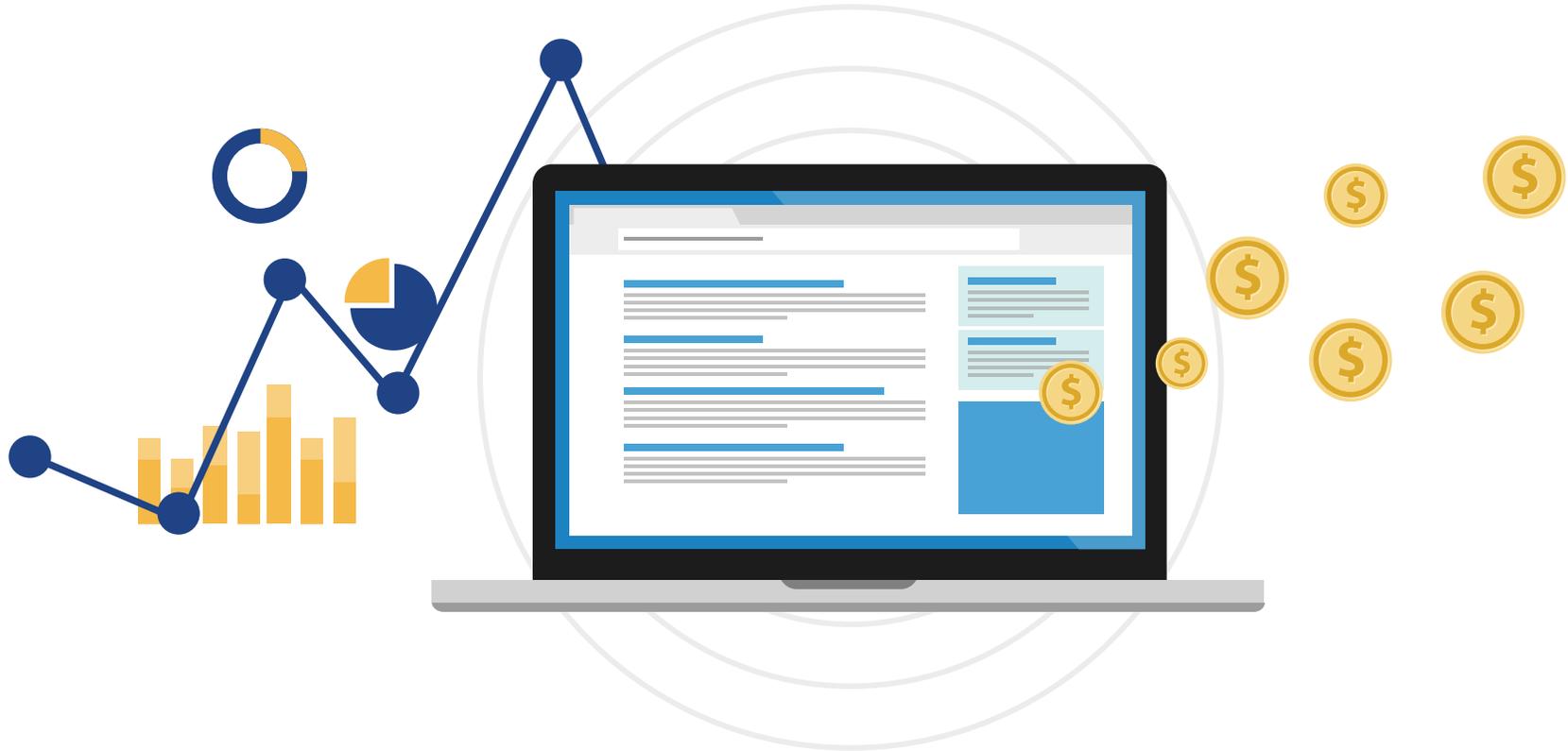
If your CAC Ratio > 1 = **invest more and step on the gas²**

HOW DO YOU CALCULATE **CAC RATIO?**

$$\text{CAC Ratio (Q3)} = \frac{[\text{Gross Margin(Q3)} - \text{Gross Margin(Q2)}] \times 4}{\text{Sales \& Marketing Costs (Q2)}}$$

To calculate CAC, start with the gross margin of annualized new revenue from a given quarter (Example Q3) and divide it by the sales and marketing costs from the previous quarter (Example Q2).

Traditional sales and marketing **won't work**. Marketing Automation can reduce your CAC and increase net new revenue to your business...



BUT YOU NEED TO DO IT WELL.

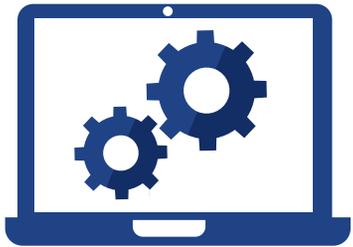
Keep your foot on the gas
pedal by following these

10 BEST PRACTICES

for marketing automation.



SET THE SYSTEMS UP WELL.



1

Marry your Marketing Automation and CRM Platforms

If marketing automation alone is powerful, marketing automation tied to your CRM is a game changer.

2

Integrate With an Information-Rich SEO Friendly Website

The third ingredient needed for a successful marketing automation play is a website built to give you a pulse on the market. With the right content, the right calls to action, and the right tracking codes, you'll start to think of your website as a silent but powerful member of your business development team.

TAKE TIME TO PLAN.



3

Define a Unified Playbook

Work hard to define terms and workflows in your systems. Make terms like **Marketing Qualified Lead (MQL)** easy to understand.

4

Train Well

For a marketing automation program to work, you must have the right people on the bus. Those people must all be operating on the same definitions, principles, and cadence. Work hard at this training.

5

Establish Lead Scoring Metrics

Not all interactions are created equally. To enable more effective calling efforts, establish lead scoring metrics based upon your profile of the perfect customer.

**EXECUTE
RELENTLESSLY.**



6

Feed and Nurture the Data Monster

Email marketing can be a numbers game. Ensure your mailing lists are well-stocked with clean, targeted data.

7

Craft Compelling Content

What good is an engine without fuel? Content is the fuel that will keep your marketing automation engine humming.

8

Get Targeted

Gone are the days of spray and pray marketing. Use the focused insight from the system coupled with market feedback from your reps to get strategic with your lists, messaging and distribution.

9

Enforce Discipline

Capture and record all call activity in the CRM so that it may help feed the next campaign.

10

Connect the Dots

One of the biggest benefits of the marketing automation, CRM, website trifecta is the ability to monitor and track data—but machine analytics can only go so far. Take the time to review your campaigns and apply your learnings to make the next ones even better.

PARTNER EFFECTIVELY

If you would like to better manage your leads to increase your pipeline velocity and sales numbers, NuGrowth Solutions can help. To find out how, contact the NuGrowth team at **800-966-3051** or fill out a [contact form](#) and we will be in touch.



About NuGrowth: NuGrowth Solutions helps organizations grow their sales with pace and purpose. We hire and lead results-oriented “sales as a service” business development teams and support them with exceptional lead generation marketing—using our proprietary territory management methodology to generate leads, build pipelines and increase sales for our clients.

Sources:

¹ <http://www.quora.com/What-is-the-single-most-effective-metric-for-a-SaaS-business>

² <http://www.bvp.com/cloud/law2>