



# The Ultimate Guide to Revenue Operations for a High-growth SaaS

44 Montgomery St, San Francisco,  
CA, 94104, USA

Chargebee

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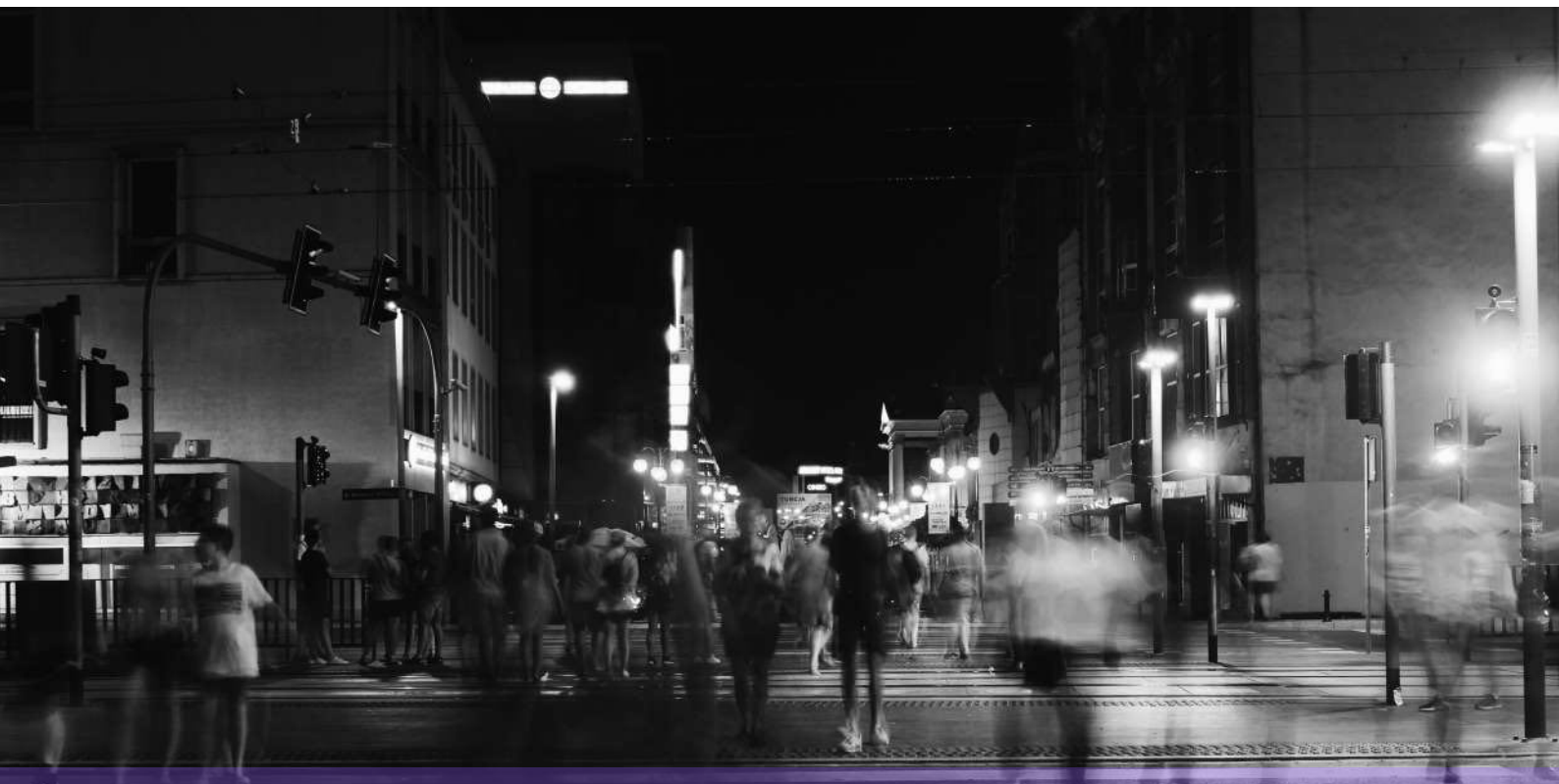
# Introduction

**With the SaaS market set to top \$150B in 2020**, there is a larger playfield for SaaS businesses to scale rapidly. According to a report by IDC, businesses lose 30 percent to inefficiencies in their revenue operations workflow. To ride on the SaaS wave, businesses need efficient revenue operations workflow to grow predictably.

There is an undeniable shift in how organisations perceive Revenue Operations. According to a LinkedIn data analyzed by SiriusDecisions, between 2018 and 2019, **the number of postings for Director roles in RevOps has grown by 90%**.

InsightSquared, a specialist in marketing and sales analytics, **published some of the popular interpretations of Revenue Operations across RevOps practitioners**. A trend that stands out is how RevOps is seen as the coming together of Sales, Customer Success, and Marketing Operations. But is that all to the picture?

- 1. Is it just Marketing and Sales teams that worry about revenue operations?*
- 2. When does a SaaS business start thinking about revenue operations?*



A black and white photograph of a man with a beard, seen from the side, sitting at a desk. He is gesturing with his right hand towards a laptop screen. The laptop screen displays a web application with various icons and text. A purple rectangular box is overlaid on the lower half of the image, containing the title text in white.

# The Shift from Streams to Cycles

# The Shift from Streams to Cycles

Before the birth of SaaS, Revenue flow was unidirectional - from Marketing, Sales, to Finance. While Marketing and Sales were seen as the revenue generating teams, Finance was just a back-office function.



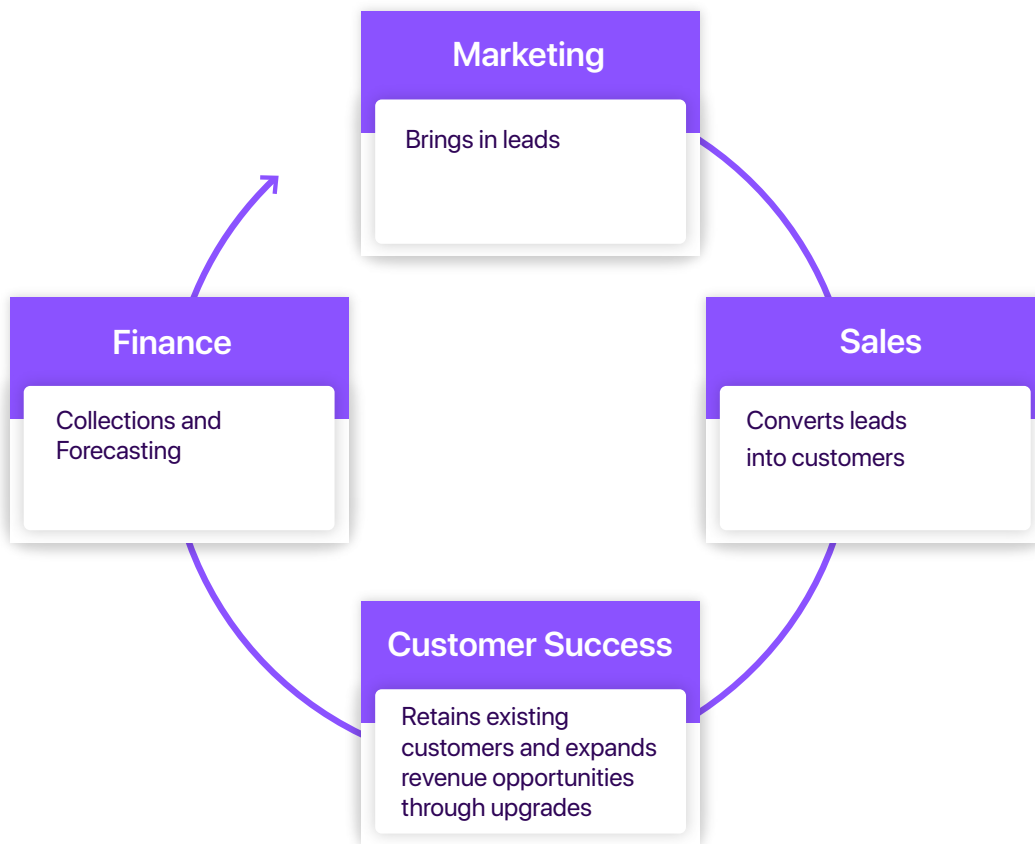
**Ending the war between Sales and Marketing**, an article in HBR talks about how only Sales and Marketing are responsible for the funnel that leads customers toward purchases and ongoing relationships. It states that a Chief Revenue Officer is brought in to bring alignment between Sales and Marketing.

"The main rationale for integrating Sales and Marketing is that the two functions have a common goal: the generation of profitable and increasing revenue."

While this is true for transactional businesses, recurring revenue does not flow as a funnel or a stream. **With front loaded costs**, revenue flow in a SaaS business shifts to a cycle.

**A SaaS business needs to focus on acquiring new customers and also retaining them.**

All revenue-driving functions, from Marketing to Finance, become part of the revenue flywheel.



The shift in how revenue flows in a SaaS business changes a lot of things fundamentally.

1. The **front-loaded costs** make it necessary for businesses to focus on keeping the revenue engine running long after a customer is acquired.
2. **The revenue cycle** requires customers to be continuously engaged throughout their lifecycle to drive retention, encourage expansion, and minimize churn.
3. Delivering **customer experience** with efficient processes that carry insights between all revenue-driving teams becomes a competitive advantage.

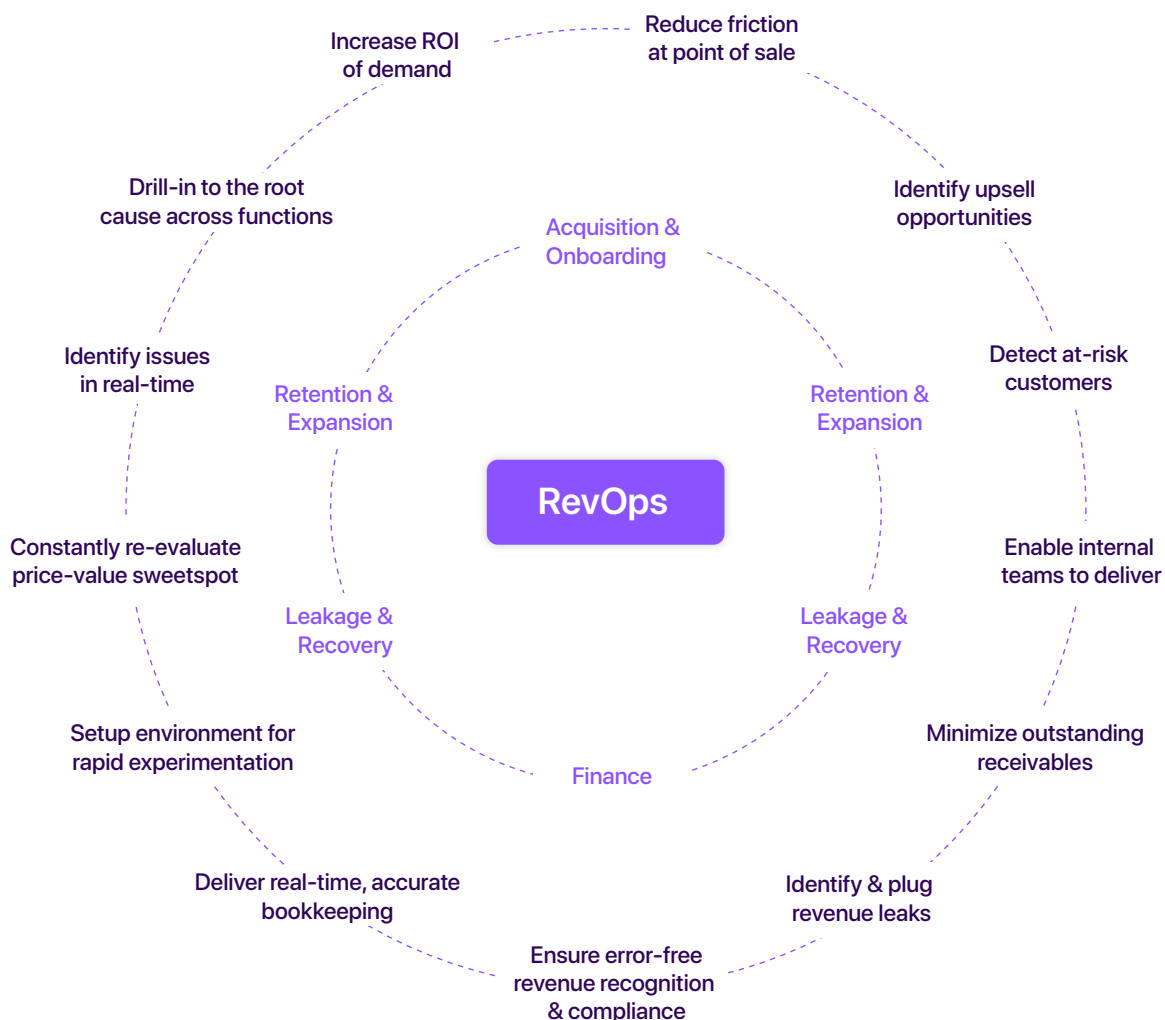
According to a report by Forrester on 'State of Revenue Operations in 2020', the top goals of a business to create sustainable long-term growth, was in alignment with the three major shifts that the recurring revenue model brings - improving internal and external efficiencies, and delivering smooth customer experience.



# Scope of Revenue Operations in SaaS

# Scope of Revenue Operations in SaaS

The goal of **Revenue Operations** is to achieve strategic alignment throughout all revenue-driving functions — marketing, sales, operations, finance, and customer success — across the entire customer lifecycle, to drive uninhibited growth and exceptional customer experience.





# Significance of Revenue Operations

# Significance of RevOps

Apart from acquisition, the paradigm-shift in how revenue flows adds three more revenue drivers:

- 1.Sustenance: *Retaining the revenue brought in*
- 2.Growth strategies: *Finding new revenue channels to bring in more revenue*
- 3.Customer experience: *Putting the customer at the heart of your business*

The formula to maximize the revenue potential would be to achieve sustenance, and prepare for scale with consistent and delightful customer experience.

## Sustenance

SaaS businesses need to continuously streamline their base for retention and expansion from existing customers even as they continue to add new revenue at the top of the funnel. Without this base, businesses run the risk of having a “leaky bucket” problem, where they have to continuously plug holes by adding new customers just to offset the loss from churn.

*“Over the course of the year where you start with 100 customers or \$100/MRR but have 5% monthly churn, you’d need to acquire 46 customers (or \$46/MRR) just to break even with the beginning of the year. To grow by just 1 customer you’d have to acquire 47 customers!”*

*- Excerpt from sixteen ventures on acceptable churn rate*

### Companies need help plugging leakage, identifying new opportunities and bridging data gaps across the revenue cycle

Q9-Given current tools/technology, how challenging are each of the following tasks for your company?



Base: 159 Revenue decision makers at subscription-based businesses  
Source: A commissioned study conducted by Forrester Consulting on behalf of Chargebee, January 2020

Businesses leak revenue and are unable to maximize their revenue potential due to three major reasons:

**1. Information silos between teams:**

At startups, individual departments are loosely defined, at best. With nascent processes, information flow across members and teams is free-flowing. As the business matures and functions get bigger, they also grow farther apart.

**2. Systemic dependencies between tools:**

The tools at a startup are markedly different from those at a business clocking a million dollars. Without the infrastructure that allows for rapid flexibility, businesses get stuck in band-aids that eventually nibble away at growth.

**3. Workflow gaps in how processes are set up:**

Multiple departments within the organization do not scale at the same rate and time. Having multiple teams bound together by systems and processes gets in the way of each function scaling independent of the other.

## Growth Strategies

While plugging inefficiencies, it is also important to be able to switch terrains and tap into multiple revenue streams to grow consistently. Here are the constraints that stand in the way of scaling your SaaS:

**1. Process constraints:**

Inability to adapt to new workflows, regulations and compliance requirements as the team matures from spreadsheets to point solutions and enterprise-grade ERPs.

**2. Model expansion:**

Inability to service customers across multiple business models like product-led strategies for the SMB and complex sales motions for the enterprise.

**3. Market expansion:**

Inability to replicate success from one geographic market to the next, due to local compliance, taxes, language and currency barriers.

# Customer Experience

*"When you think in terms of the customer life cycle, your customer is your first priority. And their experience needs to be totally smooth in that sense. A customer or potential prospect can't be approached by 5 different people from the organization. In order to facilitate that, they started thinking about how this operational excellence needs to be aligned with the customer experience. And that's where I think revenue operations came in."*

Sylvia, Ex-VP Global Revenue Operations at Eventbrite

A SaaS revenue cycle intersects with prospect's journey at multiple points. Every experience you get to deliver along these intersections is ultimately another revenue opportunity waiting to be cashed in. **Customer Experience is the other side of RevOps.** An article on Forbes talks about how **a SaaS business can reduce churn 10-12 percent by delivering better experience.**



A black and white photograph of two women in an office. The woman on the right is smiling and looking at a laptop screen. The woman on the left is looking at the same screen. In the background, there is a window with a view of a building and a desk with a phone and other office equipment.

## How to Think About RevOps

# How to Think About RevOps

Revenue operations and its definition seems a sound solution to the challenges businesses face - sustenance, growth, customer experience. But that's only an abstract solution.

How do you un-abstract this and hit the ground running?

**Revenue Operations is a strategy that seeks to align different functions. Hence it's necessary to take into account how functions work with each other today and solve for alignment - either by completely overhauling it or by adapting it.**

Sales Benchmark Index defines it as, "**Revenue Operations is a parallel group to Sales, Marketing, and Customer Success. The VP Revenue Operations is a peer to your VP Sales, VP Marketing, and VP Customer Success.**"

Getfunnelcake recommends **building out a centralised RevOps** or delegating people in different teams to focus on operations management, processes, tools and insights.

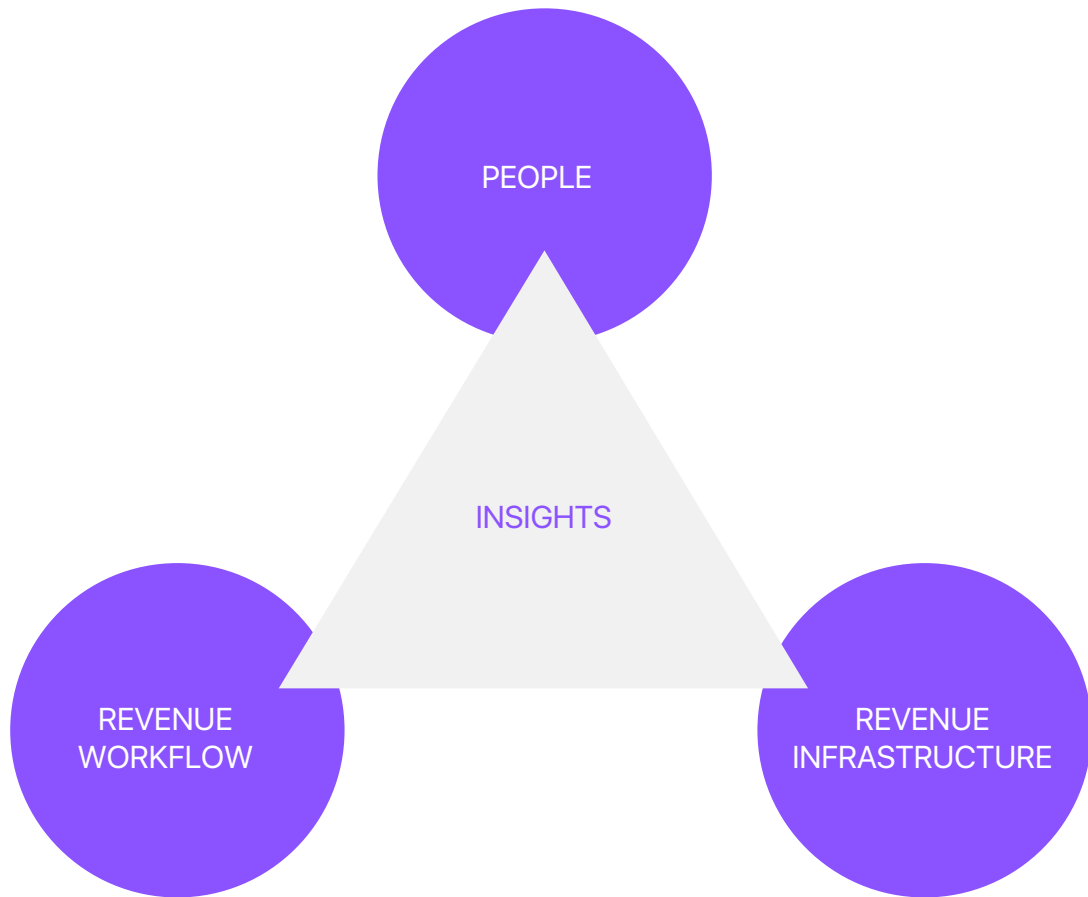
So, how do you, a high-growing SaaS, think about RevOps?

Rather than defining how you should implement RevOps, we've built a '**Revenue Operations Triangle**' blueprint that'll guide you thinking along the right direction for you to build on it further.

*"Models do not define what or how we should think; they are the result of an active thought process"*

– The Decision Book by Tschäppeler and Krogerus

# The Revenue Operations Triangle





**The Revenue Operations Triangle  
– People**

# The Revenue Operations Triangle

## People

As a result of broken-down goals and fragmented metrics, every team in a SaaS organization has its own vision. The broken-down goals should come together for a bigger picture that aligns with the north star metric of the company - revenue.

So how should you obsess about revenue and manage inefficiencies in the system better?

We have seen RevOps practitioners do it in multiple ways.

**We've had conversations with some fast-growing SaaS businesses** that practice revenue operations, and each conversation opened up a distinctly new way to think about Revenue Operations.

Some businesses such as Eventbrite resort to building their own centralized RevOps team. On a podcast, **Sylvia Kaiz**, then VP of Global RevOps, talks about how she built a **centralised revops team**.

And businesses such as Zoom **prioritize alignment between function even without an overarching RevOps structure**.

**What is consistent across all the approaches is how Revenue Operations acts as the underlying philosophy in the minds of all the revenue-driving teams that work on setting up processes, building a perfect tech stack, and driving back insights.**

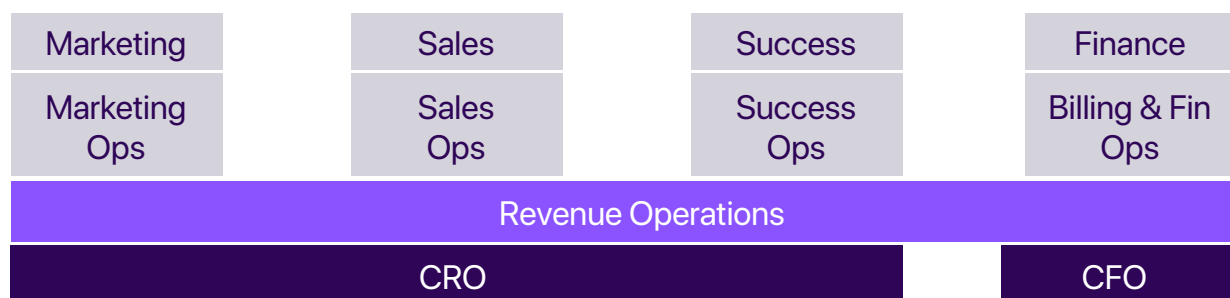
To break it down even further, RevOps practitioners are spread across the operations team working with Marketing, Sales, Success and Finance team.

## **When to invest in revenue operations?**

Just like how SaaS businesses first invest in building a customer facing team, it is essential to start thinking about an operations team that invests in streamlining your revenue operations workflow throughout the growth stage.



And as an organization matures, the operations team would fold up to different revenue-driving functions and become specialists. But despite the drift, it becomes easier for each team to still be cognizant of the basics of revenue operations as it becomes the driving principle behind every decision they take.



## Jobs to be done

We learned from our research on the role of revenue operations practitioners in 50 fast-growing SaaS businesses, that each organization would need different sets of job titles to take the organization closer to the revenue goal. Hence consolidating a list of job titles that apply to every SaaS would be off from reality. And redundant to some extent. But the patterns we were able to draw out of this study helped us define the jobs-to-be-done by every Revenue Operations Practitioner to maximize revenue:

→ **Invests in data to always be predictable**

Builds Dashboards, reports, forecasts

→ **Commoditizes neat processes**

Works on setting up workflows that do not need constant tinkering and stitching. Works towards process efficiencies and effectiveness.

→ **Invests in an infrastructure to scale**

Invests in tools to solve today's problem; and infra to scale. Stack maintenance

## Archetypes

Every role has its asks - skill sets that the individual has to bring to the table. What are the traits that you'll have to look for while hiring an Operations person? You'll have to balance out all the different RevOps Archetypes while building your Operations team.



A black and white photograph of a modern interior space. The room features large windows with dark frames, through which bright light is streaming. Several spherical pendant lights hang from the ceiling. In the foreground, the silhouettes of people are visible, suggesting a social or public space. A large purple rectangle is overlaid on the lower half of the image, containing white text.

## The Revenue Operations Triangle – Revenue Infrastructure

## Revenue Infrastructure

Along with the evolution of your SaaS tech stack, you grow out of a few tools, replace a few, and add more to the mix.

In fact, according to [Blissfully's 2019 report on how SaaS businesses use apps](#), a business under 50 employees starts off with 40 tools, and high-growth businesses with 500 + employees use around 151 tools. And it goes up to 200+ for an enterprise.

**At every point of the evolution, all your tools in your tech stack should work together as one infrastructure and be agile enough to grow.**

But with so many stakeholders evaluating the tool, the problem statements that they want to solve for and consideration factors that come into play while zeroing in on a tool, it is easy to miss out on building one unified revenue engine.

Here are a few consideration factors every RevOps practitioner should keep in mind while choosing a tool that will help build a well-oiled revenue machinery:

- 1. Adaptability:** Will the tool increase the power of the existing systems and let you manage operations better? Will the tool scale as your needs grow?
- 2. Reliability:** Is the tool antifragile? Are the builders of the tool cognizant of market trends and able to build the tool making room for unforeseen changes? How does the product market strategy look?

*PS: Learn why a tool in your revenue engine should be antifragile.*

- 3. Ecosystem:** Does the tool have integrations with the ones in the existing revenue stack and will it be flexible to accommodate another system when you grow out of the existing one?
- 4. Ease of use:** How difficult would it be to unearth data that will help the team drive insights?

## How does an ideal Revenue tech stack look?

No matter how many tools make up your revenue tech stack, they should act as one to keep the entire organization on the same page. An ideal tech stack can be dissected into four layers:

**Payment Processing:** The payment gateway that processes all the revenue that hits your account.

**Billing Automation:** The invoicing system that lets you schedule, prorate, and collect payments.

**Subscription Management:** A system to let you plan, control pricing configurations, handle billing edge-cases. This should give you enough lever to set up a quote-to-cash or order-to-revenue system in place.

**Revenue Operations:** The RevOps layer should tie all other tools used by revenue-driving teams to help them derive 360° subscription analytics.



To scale faster without losing out on revenue opportunities, you'll need to build your existing infrastructure **with the revenue operations framework** in the back of your mind.



## What does a Revenue Engine Solve for?

Marketing Intelligence	Attribution to campaigns - understand and double down on the ones that create a delta. Surface timely intel to sales about lead's behavior.
Simplified Sales Workflows	Create sales documents (and gather sign-offs) including service contracts or SLAs, master service agreements, non-disclosure agreements. Capture lead info from marketing tools. Simplify the quote-to-cash and lead-to-ledger process.
Pricing Management	Create price books by accommodating different pricing plans, charge types and discounts.
Quote and Contract Management	Create and manage quotes, send documents to prospects, and gather sign-offs via digital signatures
Billing and Subscription Management	<p>Connect every customer information, their behaviours, transaction to a single profile information.</p> <p>Create product catalogs by adding and managing company products for deal creation</p> <p>Automate and streamline recurring billing, renewal management with relevant information.</p>
Revenue Recognition and Reconciliation	<p>Map plans, addons, discounts, payments, refunds, and ad-hoc charges into accounting solution.</p> <p>Define, implement, and manage how revenue is recognized and reported.</p>



## The Revenue Operations Triangle – Revenue Workflow

## Revenue Workflow

A revenue operations function in SaaS isn't just firefighting to keep the engine running. You need to be able to switch terrains and tap into multiple revenue streams to grow consistently. This includes catering to multiple market segments, on a global scale.

From running pricing experiments to fixing bugs in the system, the projects that teams work on are finite and time bound. But the processes set in place for the projects do not have a lifetime. They continue and require adaptation every time a new project/activity comes along - requiring numerous iterations and band-aids.

You'll have to sow seeds and not coffin boxes.

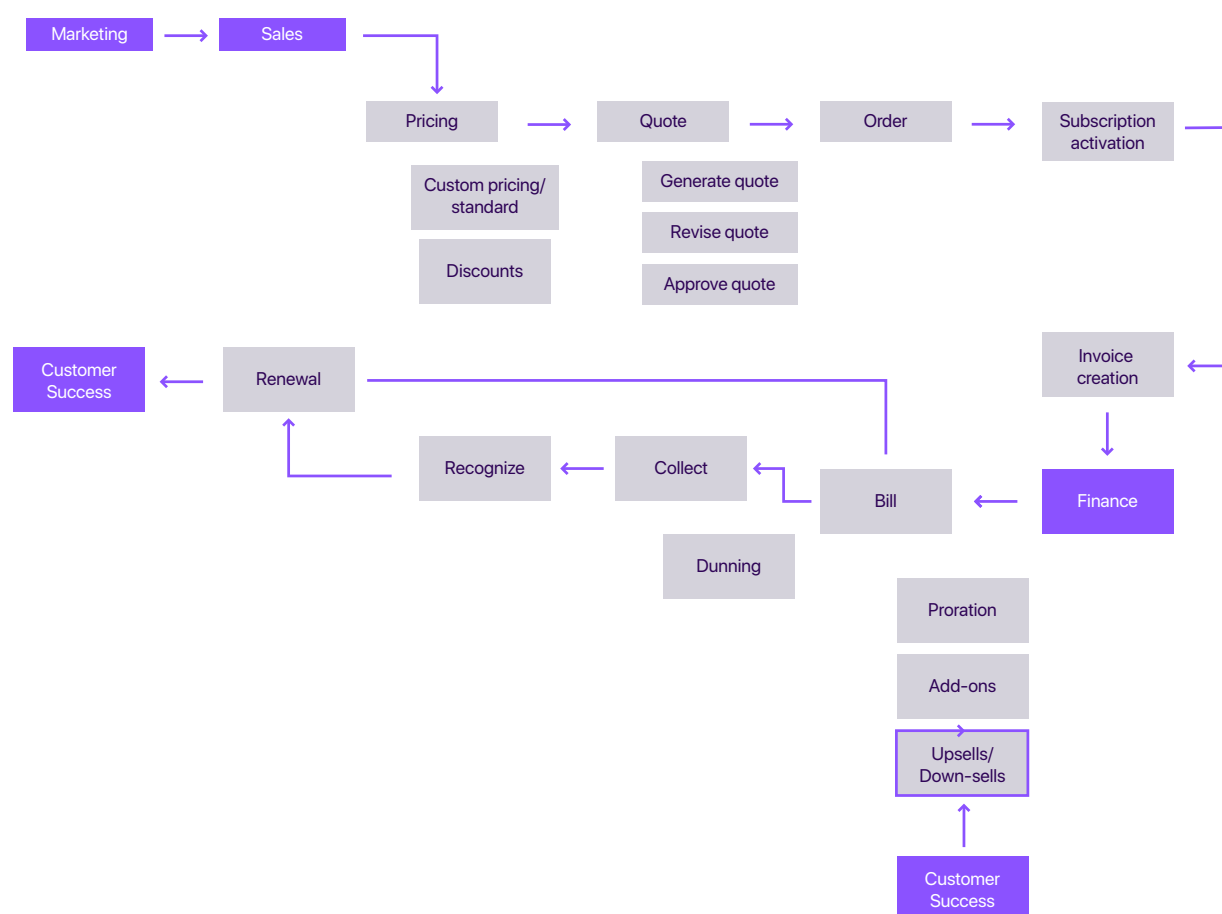
Having a sense of direction and preparing for uncertainty will help you build processes that are agile.



## An agile process -

- Removes friction from the workflow
- Helps you build a high-velocity sales process
- Increases contextual touch points with the customers
- Helps you handle edge-cases without breaking any system.

Here is what a well-defined revenue operations workflow would look like:



## Insights

Metrics help you get visibility into how your business is functioning and help you draw the assumptions underpinning future cash flows. As a result, you'll be able to draw insights that'll help you scale your SaaS predictably. The core areas that a fully functional revenue operations strategy can shed light on are:

- 1.Sales Efficiency
- 2.Metrics Dashboard
- 3.Forecasting

## Sales Efficiency

As SaaS businesses scale their operations, it becomes crucial to identify weak points in the sales funnel, measure sales effectiveness and monitor performance. Here are a few focus areas that a Sales team should immediately dive into to inspect any inefficiencies in the system:

- **Average Deal Value:** Knowing the average deal size could help spot opportunities that fall outside the line, flag it to the team and get assistance in closing it out promptly. Average deal size will also help you track where you're positioned in the market — Increased deal sizes over a period of time signify that you're moving upmarket.
- **Deal Win Rate:** Identifying which part of the funnel Sales reps lose out on opportunities will help equip the team better. Losing opportunities in the early stage might point to issues such as poor qualification or product knowledge. Whereas the latter might require training reps in negotiating or managing objections.
- **Sales cycle:** Identifying the ideal sales cycle for different market segments you cater to would be a key driver in zeroing in on likely buyers and at-risk opportunities. Also, minimizing sales cycle by removing bottlenecks across the funnel will lead to better win rates.

## Metrics Dashboard

Aligning all your revenue driving teams play a vital role is in building a metrics dashboard. They help you decide what metrics to look at, how to calculate these metrics, and have a check on the data sanity.

A metric such as payback period can have various interpretations to it – some businesses discount gross margin, they use different life cycles, and so on. It is important for GTM teams and Finance teams to have a healthy conversation around the metrics dashboards. This alignment also helps the CRO office and CFO office benchmark them against similar companies and measure the health of these metrics.

## Forecasting

A SaaS business should be able to look at the previous quarter's spend and relate it with the new revenue they are generating. To set up processes that help you **forecast effectively**, you'll have to focus on three areas:

- 1. Bookings** - This brings new bookings, renewals, and services into one picture. Every cost that is incurred as a new customer starts a subscription — the cost to push the prospect to sign a contract, the professional or ancillary services as the contract unfolds, and the likelihood of that customer renewing — should be accounted for.
- 2. Revenue Growth Rate** - To get to a revenue growth rate, you need to balance between historical data and growth objectives. What are the C-suite's goals for the year? Is the headcount on the sales staff expected to expand, and what's the ramp rate for those new hires? What are the company's customer acquisition costs?
- 3. Revenue Recognition** - Having an efficient revenue recognition process can help the team stay away from false positives and make better, informed strategic decisions regarding the future prospects of the company.



# Conclusion

Sustainable competitive advantage in SaaS is beginning to rely more on 'How we sell' rather 'what we sell' - which begs for alignment of all the GTM teams who are impacting revenue in their own ways. What started out as a mini-squad to battle the uncommon growth detractors in a select few SaaS companies is now an unmissable mainstay. RevOps is becoming more of a strategic advantage for companies to thrive. It is crucial for SaaS businesses to wield the Revenue Operations strategy to their advantage even when they start out and scale faster.



# See how Chargebee can streamline your Revenue Operations

[Schedule a demo](#)

Top SaaS companies trust Chargebee to manage their subscription billing and revenue operations

okta



Envoy

Teamleader



freshworks



calendly



With Chargebee's subscription billing platform you deliver enterprise-class security and compliance to your customers through every interaction.

EU-GDPR Compliant



SOC-1 & SOC-2 Compliant