



# MAXIMIZING THE VALUE OF FORECASTING:

A closer look at  
how - and why -  
businesses are using  
AI to make decisions





## SALES FORECASTING, UPGRADED

When it comes to sales forecasting, traditional CRM solutions have not been able to address the industry's needs. For years, companies have cursed rampant inaccuracies and blamed bad data while identifying the forecast as an all-important output.

Reps and partners who are asked to update their data to create marginal gains in revenue predictions often see the task as a waste of time with no returned value. On the spectrum of "carrots and sticks," it is almost all stick.

That dynamic is starting to improve. The latest CRM applications, particularly those from Salesforce.com, offer new forecasting capabilities that leverage machine learning and advanced analytics to create more accurate forecasts, while also providing insights and action frameworks valuable to reps, partners and managers.

## NOW SERVING AN INTELLIGENT EXPERIENCE

Up until recently, CRM solutions were predominantly used as data capture repositories and basic workflow engines that generated static reports. With the introduction of augmented intelligence and machine learning, platforms like Salesforce are now able to provide workers with outcome-driven experiences by embedding predictive and prescriptive insights as part of their workflow. This is called an "intelligent experience."

Not only does serving smart and useful recommendations make a worker's job easier, it also drives adoption and improves ongoing data capture. Companies that commit to the intelligent experience in this way, will invariably develop a data-driven culture and a virtuous cycle of performance improvement.

These concepts are a natural fit for sales forecasting and pipeline management.

**Most analytics are one-dimensional. Advanced analytics takes a three-pronged approach:**

**Descriptive analytics:**

Insight into what's happened in the past

**Predictive analytics:**

An understanding of what's likely to happen in the future

**Prescriptive analytics:**

Advice on what actions to take and possible outcomes



## “WHAT IF YOUR FORECASTING PROCESS COULD IMPROVE YOUR WIN RATE?”

With the intelligent experience, it can.

We all know that data is incredibly powerful – yet in many organizations, much of its potential goes untapped. To utilize data in a meaningful way, a company needs to have the right skills and tools to not just convert data into learnings – but also to translate those learnings into actions and outcomes at scale. The intelligent experience is enabling that workflow, and it’s giving the companies who employ it a serious advantage over their peers.

### Here’s an example:

A company with a standard CRM platform is able to view its pipeline and opportunity data and see forecasted sales figures at the rep, period, and summary levels.

A company equipped with intelligent forecasting can see all of that data, – but their CRM platform takes it two steps further. Machine learning will automatically analyze their team’s past opportunities, successes, misses, win rates, and other criteria to create a recommended forecast, coupled with insights that help sales teams take actions to improve conversion rates.

### Adapting the playbook

Intelligent forecasting does a lot more than predict revenue, it informs smarter workflows, improves sales strategies, and increases wins.

### Explaining the “Why”

Knowing what action to take next is useful, but it’s important to understand why. In the intelligent experience, recommendations are backed by data and explained.





## YOUR DATA IS BETTER THAN YOU THINK. SO USE IT.

Over 50% of all CRM projects fail to deliver the intended outcomes. However, that pales in comparison to the fact that 80% of all data science projects never get deployed in the first place.

Two primary factors drive this statistic. 1. Companies overestimate the breadth and quality of data required to generate useful outcomes and become stuck in analysis and data aggregation projects. 2. Over-engineering of custom-coded models in data silos creates barriers to operationalization and value realization.

1. How many times have you heard or said, “we can’t deliver an outcome because we can’t trust our data”? It’s natural to think that if you can’t trust your data, you won’t trust a score or a prediction based on it, but that is a catch-22. We must start somewhere, and if you don’t start harnessing your data, you’ll never improve it. All data can tell a valuable story, and often with less effort than you think. Start with smaller data sets and use an agile-based approach to deliver results quickly. Then build on your findings as part of a continuous improvement program.
2. Consider how you will operationalize your outcomes prior to starting. Companies often develop custom-coded models in silos that draw from data warehouses or data lakes, but that can’t be operationalized in the flow of a business process without elaborate, custom, and expensive data integrations. Whenever possible, your models should live in close proximity to the users who are responsible for the intended business outcomes. For forecasting and sales pipeline management use cases in Salesforce.com, this means using Einstein.

You don’t have to have best-in-class data quality to deliver meaningful outcomes, nor do you have to boil an ocean of data. Start small, keep it simple, and operationalize quickly with continuous iterations.

# 80%

of analytics insights will not deliver business outcomes





## A MACHINE LEARNING APPROACH TO FORECASTING

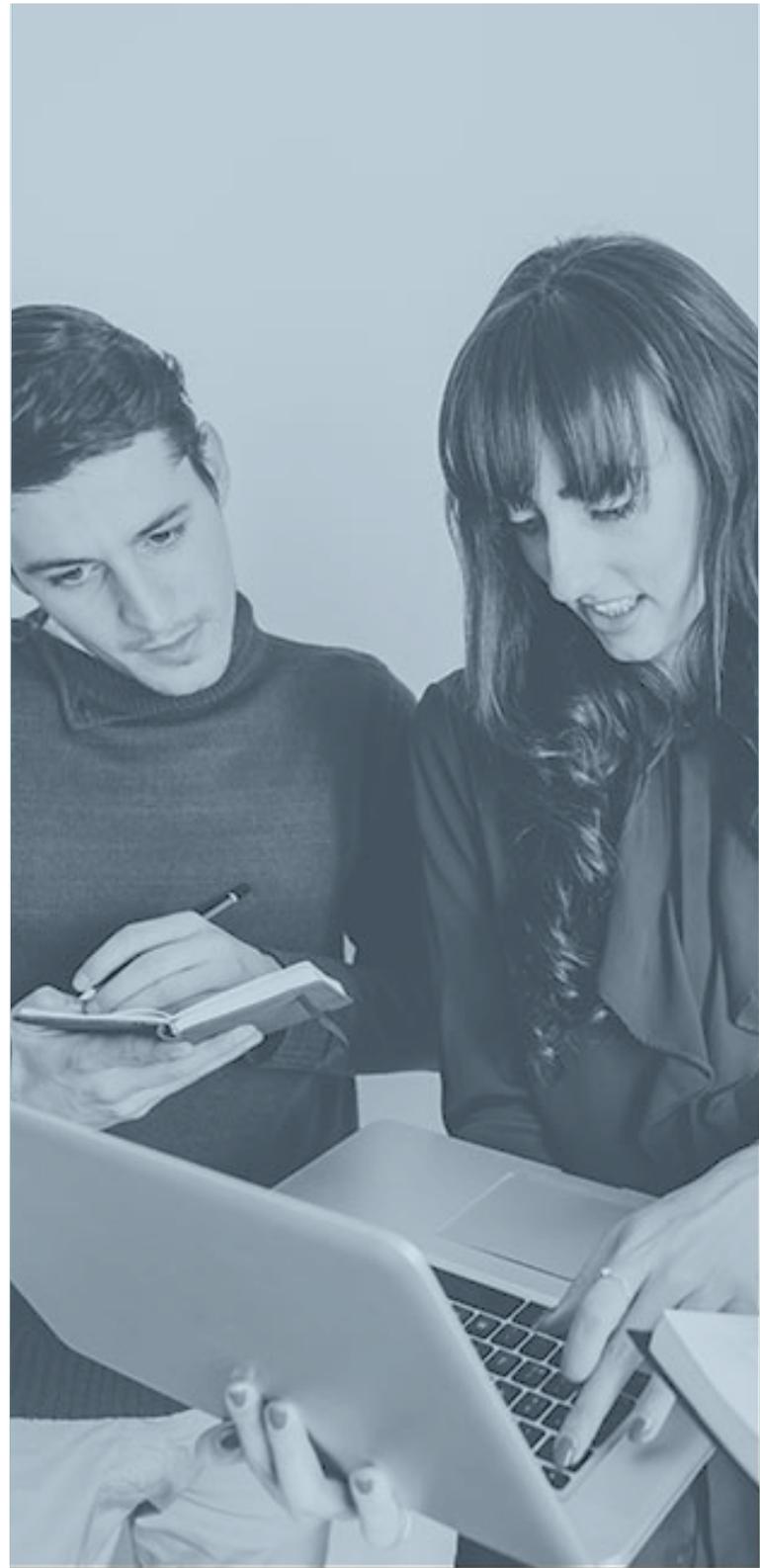
Forecasting is complex, and many companies struggle to maximize the value of this process. Often times, companies use manual calculations in spreadsheets that aggregate historical direct and channel sales results, with cyclical growth assumptions applied. These are then compared with current period sales inputs. Unfortunately, these approaches are subjective, inaccurate, time-consuming and are not actionable in real-time.

A blend of traditional and ML approaches are necessary to develop a trusted, actionable sales forecast. These include propensity-based predictions based on current pipeline data, as well as overall sales forecast predictions using linear regression methods.

### PIPELINE PROPENSITY

Predictions that score open pipeline provide a “bottoms up” view of the business. This method allows companies to drill down into opportunity-level data to better understand demand signals. It’s also where propensity-based forecasting comes into play. Customers that track opportunities in Salesforce can analyze each opportunity individually and use logistic regression models to score that specific opportunity’s probability of conversion. By combining those predictions with the expected size of each deal, the system can predict bookings across product groups, managers, regions, and the overall sales organization.

Often, multiple propensity models are used for product and customer segments that behave uniquely. The explanatory process of building these models will inform a better business understanding of the factors that influence both win rate and pipeline velocity.





And the resulting insights are surfaced to users based on the attributes of their opportunities. This, in turn, enables an action framework for improving the probability of pipeline conversion at scale. In cases where the ML-based opportunity scores and field forecasts are at odds, a more productive, data-oriented conversation can take place between reps and managers.

## **AGGREGATE SALES FORECASTING**

Aggregate forecast predictions look at the data through a different lens. Rather than scoring individual opportunities, these predictions look at aggregate sales volumes across segments of the business, including channel, geography, product and account segments. This approach allows for predictions on pipeline not yet created, and enables a more comprehensive look-ahead.

Multiple methods may be used to generate these types of predictions including linear regression and time series analyses. These methods often involve aggregating data across multiple sources, such as order management systems. Linear forecast predictions are highly useful for all business models, including direct sales, channel sales, and run-rate businesses, and can be applied to predict customer and partner consumption against contractual volume commits.

To truly maximize value, companies should combine both forecasting approaches, which are supported by Einstein, and embed them within the workflow of Salesforce.com to create an intelligent and actionable forecasting experience.

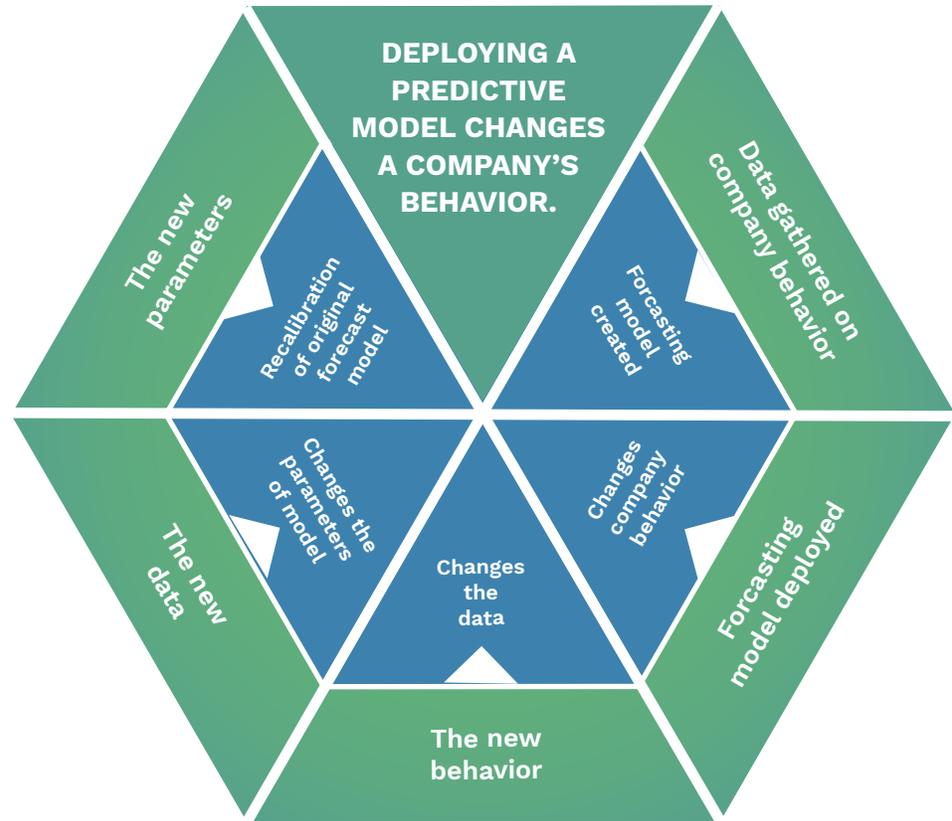


## A CONTINUOUS PROCESS OF ANALYSIS AND RECALIBRATION

Creating an intelligent experience isn't a one-and-done kind of thing. As your business behaviors and customer responses change, your data changes too. In order for your predictive models to be successful over time, they need to change and adjust. It's an ongoing cycle.

The benefit to this is that your CRM gets smarter as time goes on.

In forecasting, better data leads to an improved ability to predict what will happen next along with more actionable, meaningful, prescriptive actions.



Only 28% of U.S. businesses report using predictive analytics. However, the majority of the companies using the technology consider it to be “critical” or “very critical.” In fact, an overwhelming majority of executives who use predictive analytics (86%) indicate the technology has already delivered a positive return on investment.

This is largely because predictive models are not only great for highlighting areas of strength, they're equally as useful for identifying risk and areas in need of improvement. Effective models can identify gaps in the underlying data - and dashboards can be utilized to track predictive model performance over time.



## ENABLING THE INTELLIGENT EXPERIENCE FOR SALES FORECASTING IS EASIER THAN YOU THINK

Organizations that combine the impact of data, analytics, and AI are able to make decisions faster, make employees more productive, and make customers happier.

While many companies understand the benefits, they think it's something that's out of reach for them. The truth is, the intelligent experience is more accessible than ever. However, it's not a 'one-and-done' project. It's a program of continuous improvement to measure and improve outcomes.

Here at Atrium, we partner with Salesforce to enable intelligent solutions leveraging the Einstein analytics platform - delivering transformative artificial intelligence and machine learning within a user-friendly platform that people already know and love.

### How it works:

- We partner with your organization to define the intelligent experience you want to create for your users and customers.
- Custom Machine Learning models and AI systems are built to generate the insights you need.
- Insights are integrated into user workflows within Salesforce and presented as recommended actions.
- Your data models are tuned and refined to make sure your experience remains intelligent.





## ABOUT ATRIUM

We're a new type of consulting firm that's helping enterprise companies navigate the world of Machine Learning and AI. Our world-class team is made up of some of the brightest minds in math, programming, and tech – and we're obsessed with how AI is defining the customer experience.

Our goal is to enable companies to take advantage of this next disruption in tech by blending strategy, data science, and our Salesforce expertise.

We focus on the business user and help companies enable their own intelligent experience.

The models we build provide insights and results that are:

- Actionable
- Meaningful
- Data-driven
- Automated
- Repeatable





## KEY TAKEAWAYS

- New machine learning-based technology has changed sales forecasting capabilities for the better
- The “intelligent experience” leverages advanced analytics, machine learning, and AI systems to make data and insights actionable - and it’s changing the way we approach sales forecasting
- The best approach to sales forecasting is to use both qualitative and quantitative models, together
- Predictive analytics should not be approached in a linear way
- The intelligent experience can be baked right into your Salesforce CRM

**Ready to create an intelligent forecasting experience?**

Visit [www.atrium.ai](http://www.atrium.ai) to get started.