

Revenue *Predictor* Intelligence™

(Example ABC Ltd)

Boost Deal-Readiness, Valuations and Earnings in changing markets



Purpose

To link the Future Revenue and Growth Rate of ABC Limited to its ability to adapt to the changing needs and future expectations of its customers.

This new customer-validated insight provides early visibility into revenue opportunities and risks that can't be seen yet, but will impact future results.

Its purpose is boost ABC Limited's deal-readiness and valuation predictably in the context of further investment, exit planning or sale.

Limitations of Financial Forecasts (in changing markets)

Rapid change is accelerating the obsolescence of products and services, rendering B2B companies at significant risk without a measure of their innovative ability to keep pace with the changing expectations of their customers...and the **Impact of this on their future revenue**. Without this crucial new intelligence, client company growth plans and **Financial Projections** are at risk of not being achieved.

New Intelligence

The momentum behind a company's **Current Revenue** is measured by customers rating their expectations of the company as an innovative problem solver. This measures the value each customer places on the company's product or service solution in the context of the pace of change **they** are experiencing in their business, and the likelihood of them retaining the company as a supplier into the future. It measures whether a company's ability to Adapt, Innovate and Execute value is keeping pace with new and emerging customer needs and expectations. Algorithms apply weightings to customers' scores from their current spend to calculate the business's **Future Revenue** and **Growth Rate**.

New Opportunities

A crucial aspect to this report is the response shown by ABC Limited to this new business intelligence. This influences future revenue and business valuation.

The company's response is revealed in 2 areas:

1. Their Revenue Predictor **Target score** (see page 7)
2. Their **endeavours** to **identify new revenue opportunities** (see page 8)

Methodology

How Scores Impact Future Revenue

Range Band 4 (Collapse)	Range Band 3 (Decline)	Range Band 2 (Growth)	Range Band 1 (Acceleration)
<p>Scores < 4 indicate no expectation of future value by customers, nor interest to continue the relationship.</p>	<p>Scores $\geq 4 < 6.5$ indicate low customer expectations and therefore low prospects for retaining them. Revenue from these customer is vulnerable to innovative competitors. However, a concerted effort to get close to these customers to identify unique opportunities to exploit, will transform your results.</p>	<p>Scores $\geq 6.5 < 8$ indicate modest to high customer expectations of future value, with a solid foundation to explore changing needs to give direction to company innovation. Delivering new innovative value will retain these customers into the future and drive revenue growth.</p>	<p>Scores ≥ 8 indicate strong customer expectations of future value not easily replicated or replaced by a competitor. You can expect an 'open door' to explore new opportunities with these customers. Scores suggest confidence to base pricing on value.</p>

Revenue Impact Summary

	Percentage of Customers
Range Band 1	9.09%
Range Band 2	33.33%
Range Band 3	48.48%
Range Band 4	9.09%

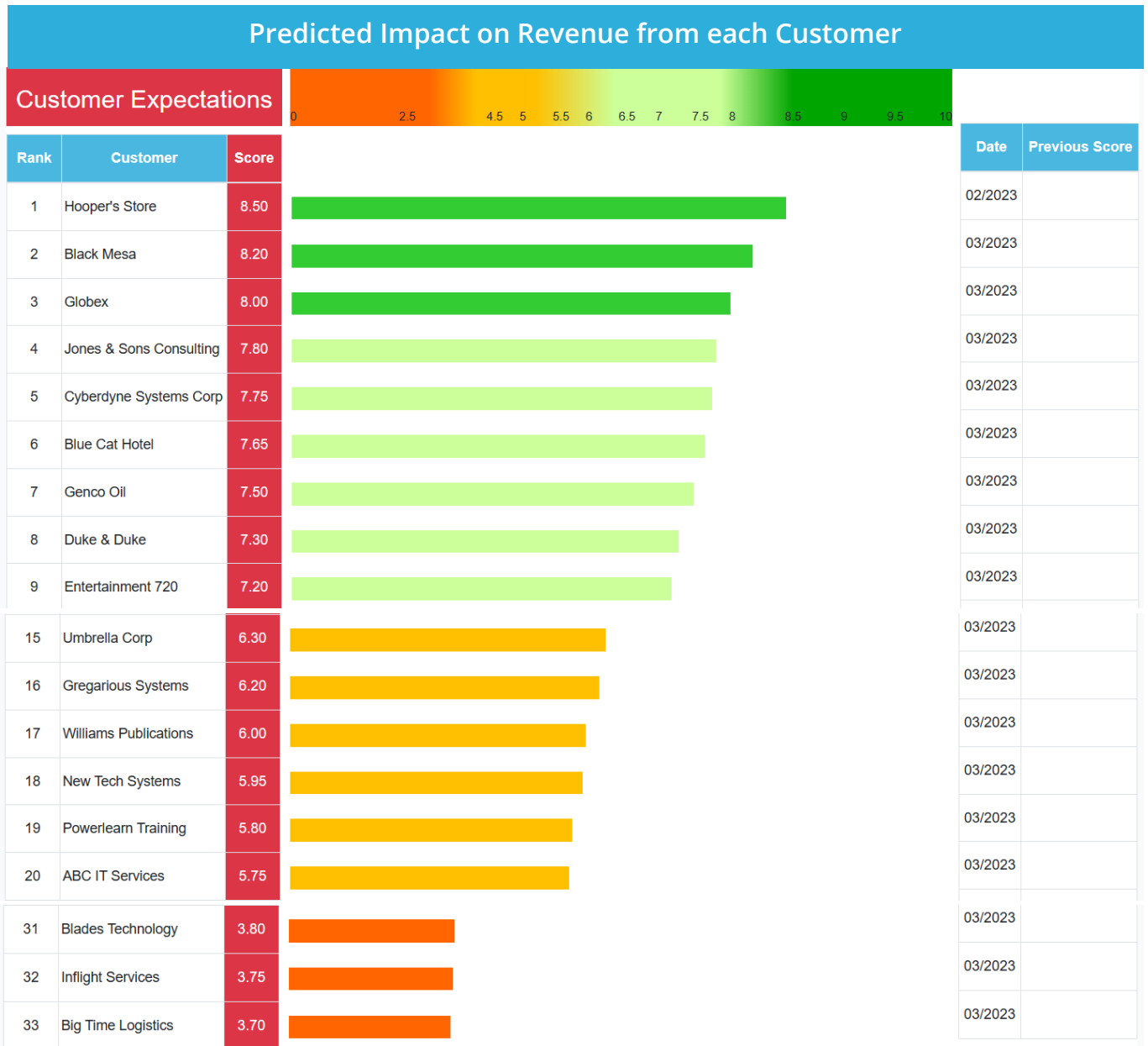
Assessment Participation

Total Invitations	33	
Total Responses	33	100% of Total

- Each customer rates their expectations of the company as an innovative problem solver on a scale of 1 to 10 (1 being low and 10 high). This measures the expected sustainability of revenue to the company from each customer for the next 6-18 months.
- **Analysis**
Algorithms are used to:
 - ❖ Calculate the percentage of customers in each range band to highlight where revenue risks and opportunities lie.
 - ❖ Apply a weighting to customer expectation scores to reflect the actual revenue generated in each score Range Band to calculate the overall **Revenue Sustainability Score**. *(The company inputs the revenue percentage for each range band)* (see page 5).
 - ❖ Calculate the total number of customer responses to the invitation to participate in the measure, which is an indicator of how well the company features in the growth plans of its customers.
- **Targets**
To boost performance and valuation, the company sets **Target Scores** for each range band and the percentage of revenue for each range band (see page 5).



Predictive Data



Customer expectations of ABC Limited as an innovative problem solver and the impact of this on the sustainability of its revenue is shown in the table above.

The Score and Range Band colours assess:

- The **continued relevance** of ABC Limited's product or service to each customer.
- Each customer's expectation of ABC Limited to **keep pace with their changing needs**.
- The likelihood of ABC Limited **retaining each customer into the future**.



Report Insights

Score Analysis

Revenue Impact Summary

Percentage of Customers	
Range Band 1	9.09%
Range Band 2	33.33%
Range Band 3	48.48%
Range Band 4	9.09%

Measured within each Range Band:

- Consistency of value perceived by customers
- Predicted demand
- Revenue opportunities
- Revenue risks
- Innovative advantage

Customer Participation

Total Invitations	33	
Total Responses	33	100% of Total

Willingness to participate indicates of how well the company features in the growth plans of customers.

The percentage of ABC Limited's customers in each range band highlight the level of **consistency** of its value to its customers.

- Customers in range bands 1 and 2 are expected to continue applying ABC Limited's solutions, and revenue growth from these customers is likely to be achieved over the next 12 months.
- Revenue from customers in range band 3 is at risk, and these customers are vulnerable to competitors unless steps are taken to start new conversations focused on new solutions. ABC Limited's response to this is assessed on page 6.
- Revenue from customers in range band 4 can be considered lost unless strong efforts are made to resuscitate customer interest.

Customer Participation

The percentage of total responses indicates customer willingness to participate which is an indicator of how well ABC Limited features in the growth plans of its customers.



Linking Customer Scores to Customer Revenue

Customer Expectation Scores

Customer Expectations of Future Value	Average Score for Range Band
Range Band 1 : Scores: ≥ 8	8.23
Range Band 2 : Scores: $\geq 6.5 < 8$	7.19
Range Band 3 : Scores: $\geq 4 < 6.5$	5.11
Range Band 4 : Scores: < 4	3.75
Customer Expectation Score	6.07

Weighted Scores

Customer Expectation scores are weighted to reflect the actual revenue generated in each Range Band to calculate your Revenue Predictor Score.

Step 1: Calculate the percentage of total company revenue generated by the respondents in each Range Band.

Step 2: Adjust the percentages in column 1 below..

Step 3: Save and see adjusted score below

Adjust percentage of total company revenue	Weighting	Weighted Score for Range Band
20%		
<input type="text" value="3"/> %	0.60	4.94
<input type="text" value="6"/> %	1.20	8.63
<input type="text" value="11"/> %	2.20	11.24
<input type="text" value="0"/> %	0.00	0.00
Revenue Predictor Score		6.20

Based on the company providing the actual revenue generated in each range band, algorithms apply weightings to customers' scores from their current spend to calculate the business's **Revenue Predictor Score**. Note the change in scores from 6.07 to 6.22 based on actual revenue in each range band.

This analysis provides deep insight into:

- Predicted revenue sustainability
- Predicted risks
- Unrealised opportunities

Achieving Revenue gains by Lifting Customer Expectations

Step 1: Set Target Average Scores

Adjust the scores below to set target averages for each Range Band

Customer Expectations of Future Value	Set target average scores for each Range Band below
Range Band 1	<input type="text" value="8.5"/>
Range Band 2	<input type="text" value="7.5"/>
Range Band 3	<input type="text" value="6.4"/>
Range Band 4	<input type="text" value="0"/>

Step 2: Set Target Weighted Scores

Adjust the percentages you want to achieve in each Range Band
(Save and view your Revenue Predictor Target Score in the main graphic)

Set target percentage of total company revenue for each Range Band	Weighting	Set new target Weighted Score for each Range Band
20%		
<input type="text" value="6"/> %	1.20	10.20
<input type="text" value="8"/> %	1.60	12.00
<input type="text" value="6"/> %	1.20	7.68
<input type="text" value="0"/> %	0.00	0.00
Revenue Predictor Target Score		7.47

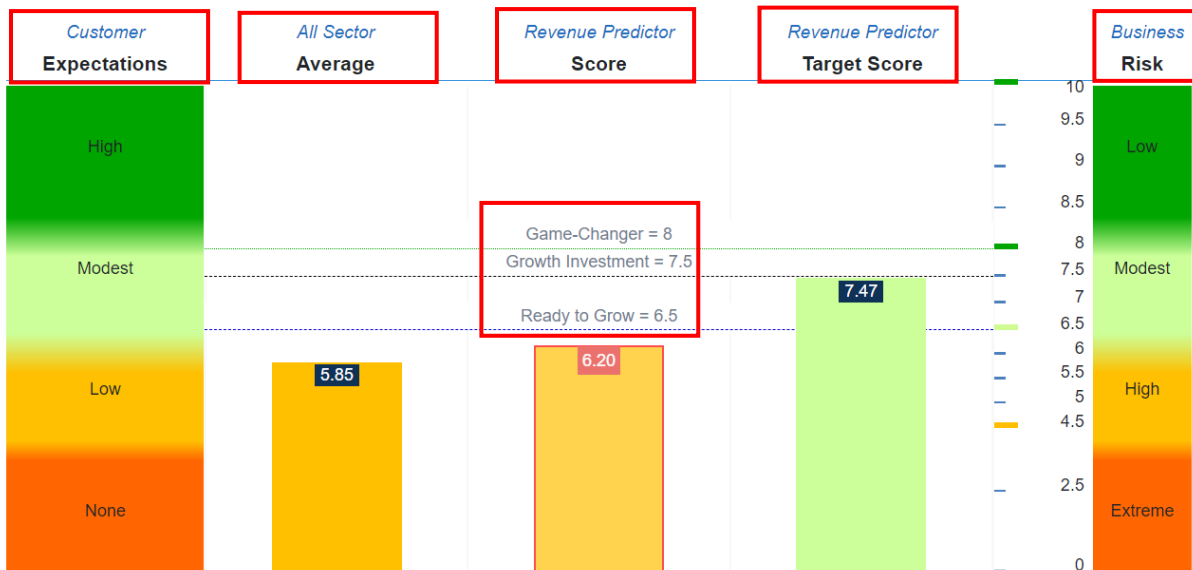
Revenue Predictor Target Score

The **Target Score** of 7.47 has been set by the company for the next 12 months and reflects their response to the risks and opportunities revealed in their Revenue *Predictor* Intelligence™.

The target score is derived by:

1. Setting a target average score for each range band (see table on left below).
2. Then setting revenue targets for each range band to create the company's **Revenue Predictor Target Score**. This brings strategic focus on identifying new opportunities with customers.

Predicted Impact on Company Revenue



Comments refer to highlighted graph columns from left to right

Customer Expectations of the company to meet their changing needs, although in the 'low' category (from score in column 3), are near the threshold of range band 2 which represents modest growth. This is a typical score for a first measure.

All Sector Average is a running average of Customer Expectations for all companies that undergo this measure and shows the company's competitive position as slightly above this average.

Revenue Predictor Score is derived after applying weighed customer expectation scores to measure actual revenue generated in each score Range Band. This translates customer expectation scores into predicted revenue.

Deal-Readiness is indicated by thresholds reached in column 3

- . **Ready to Grow** or with a solid growth foundation (6.5 out of 10)
- . **Growth Investment** (7.5 out of 10)
- . **Game-Changer** (8 out of 10)

Revenue Predictor Target Score of 7.90 shows an ambitious target to lift predicted revenue and company valuation. Actions to lift revenue are recorded in the client's platform and examples of this is shown on the next page. The company's target score and accompanying actions are strong indicators that revenue will improve.

Business Risk is on the threshold of 'modest', and should reach this new categorisation as a result of the company's response to the opportunities and risks highlighted in this report.

Achieving Revenue Gains by Creating an Innovative Advantage

New Opportunities from Brilliant Foods

Customer reasons for Score (This feedback from the customer is the key to your innovative advantage)

BF's low score is because they are disappointed with our customer service team who have not been proactive. This account is at risk.

Opportunities to Pursue

BF have merged with a company to support its growth plans and need to assess their CRM system. There is an opportunity for an extension or our new upgrade.

Problems needing a New Solution

Urgent need to understand the parent company's growth plans and the CRM system suitability.

Actions to Take

Assessment by month end

Person Responsible (and date)

Jane Hargreaves

25/5/2023

Priority (1-5)

1

Save

New Opportunities from Spyke Technology

Customer reasons for Score (This feedback from the customer is the key to your innovative advantage)

We have not demonstrated to Spyke our commitment to understand their business. Our product offering is not keeping pace with their needs.

Opportunities to Pursue

Spyke are seeking for a supplier for a major upgrade to their CRM system.

Problems needing a New Solution

Spyke need predictive analytics which our system currently does not yet offer, but is in the works.

Actions to Take

We need to accelerate our product development to meet this need within 3 months.

Person Responsible (and date)

Tom Stanley

17/5/2023

Priority (1-5)

1

Save

The company has engaged with customers to get feedback on their score, and to document missed, new, and emerging opportunities stimulated by this strategic exercise. 12 new opportunities have been identified, of which 2 are shown in this example report.

This demonstrates their efforts to:

- Identify missed opportunities
- Improve current revenue
- Avert risk
- Maximise company valuation.

Predicted Revenue and Growth Rate

Company Data			
		Current	Target
Revenue Predictor Score		6.20	7.47
Current Revenue	(added by client)	£36,000,000	
Market Growth or Decline	(added by client)	1.0%	
Predicted Performance			
	Impact of Score on Revenue	Future Revenue	Growth Rate
Current Score	-5.5%	£34,4M	-4.46%
Target Score	17.9%	£42.8M	18.9%