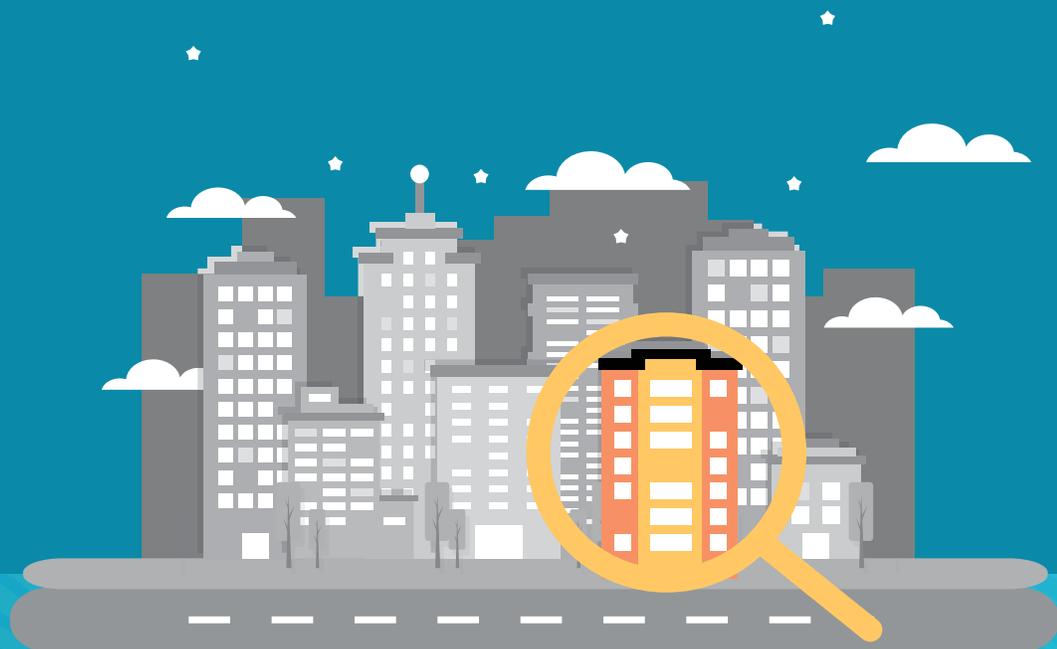


EBOOK

Discover Your True Ideal Customer Profile (ICP)

Align your sales and marketing teams on the companies and markets that have the highest revenue potential and propensity to buy



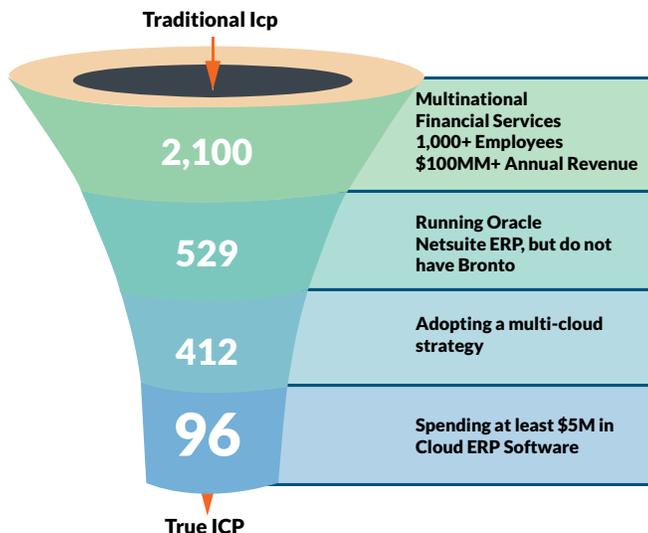
IDEAL CUSTOMER PROFILE (ICP) OVERVIEW

An ideal customer profile (ICP) is a hypothetical description of an organization that has all the qualities that make them the best fit for the solutions you provide. This fictitious organization would benefit the most from your solutions. This means they have the most need for your solution, have the necessary budget to acquire it, and represent your greatest revenue potential.

ICPs are often confused with buyer personas. They are both very important to develop, but are not the same thing. An ICP describes a type of organization and a buyer persona describes a specific person within that organization. Your buyer personas are the individual people that you want to sell to based on their positions and pain points.

Traditional vs. Advanced ICP Definitions

The ICP of many organizations is defined solely on traditional firmographic data such as annual revenue, number of employees, industry, and region. The problem is that this is very often not specific enough to accurately describe a true 'ideal' customer. More advanced organizations are including additional insights into their ICP definitions that are not only more specific, but also provide much needed context for sales and marketing outreach.



IDEAL CUSTOMER PROFILE (ICP)

Finance Industry
5,000 employees or more
Located in North America
Budget of \$15,000 per month

BUYER PERSONAS

Marketing Mary
Pain Point:
Generating high quality leads

Sales Scott
Pain Point:
Losing time to data entry

For example, a **traditional** ICP might look something like:

“Multinational companies in the financial services industry with 1000+ employees and over \$100MM in annual revenue”

An **advanced** ICP will factor in much more detail and look something like:

“Multinational companies in the financial services industry with 1000+ employees and over \$100MM in annual revenue that are using **Oracle Netsuite ERP**, but not **NetSuite Bronto**, have a multicloud strategy, and are spending at least \$5M per year on Cloud ERP”

As you can imagine, the extra granularity provides a great deal of additional focus to the organization, increases alignment, and provides much needed context to the sales and marketing teams.

Keeping your ICP Up-to-Date

Changes in products, customer behavior, and market dynamics mean that your Ideal Customer Profile needs to be updated from time to time. Major economic changes, such as our own current ERP environment, make having an updated ICP even more critical to ensure business success. Companies should ask themselves:

- How has my ideal customer changed?
- How could my ICP be more specific?
- Does my entire organization share the same ICP definition?

BENEFITS OF AN UPDATED AND ACCURATE ICP

An updated ICP is critical for any organization that wants to grow its revenue. In fact, high growth companies claim that developing an accurate ICP resulted in a [68%](#) higher average account win rate.

As there are significant changes happening in most markets right now, re-defining your ICP may be more important than ever. Below are 4 more specific reasons why an ICP aids in the success of your organization:

1. Aligns your Organization

Defining your ICP aligns your marketing, sales, customer success, and product teams to focus on the same high-value accounts. With this foundational, organization-wide ICP in mind, your teams have a shared plan of action and can focus their limited resources where they will count the most.

This is important because B2B organizations that are tightly aligned, compared to those that are not, achieve [24%](#) faster three-year revenue growth and [27%](#) faster three-year profit growth. More specifically, sales and marketing alignment can help businesses become [67%](#) better at closing deals.

How an ICP focuses the efforts of each department:

Marketing: optimizes content used in marketing initiatives to target the ideal customer

Sales: prioritizes outreach and personalizes sales pitches

Customer Success: develops repeatable strategies for onboarding customers

Product: ensures the features and functionality of products attract and accommodate the ideal customer

Developing an accurate ICP resulted in a

68%

HIGHER average account win rate

2. Streamlines Account Prioritization & Hyper-Targets Marketing Campaigns

With an ICP, your marketing team knows exactly which prospects they should be dedicating their resources to. As leads enter the pipeline, they are able to score and prioritize them based on how closely they match the ICP. From here, they can launch targeted and personalized campaigns. These campaigns can target just one account or groups of accounts with the same pain points.

For example, Alfresco, a B2B SaaS company, used technology intelligence from HG Insights to discover what tech products their prospects used. With this information, they identified which prospects best fit their ICP and created messaging that would best target users of these certain tech products. As a result, Alfresco experienced an incredible 75% increase in engagement rates with their online advertising. Read the rest of their case study [here](#).

3. Accelerates Sales Cycles & Increases Conversion Rates

Shockingly, SDRs spend [50%](#) of their time reaching out to poor or unfit prospects. With an accurate ICP, you can immediately identify which leads entering your pipeline are a good fit for your solution. This way, your SDRs can prioritize their outreach with target account lists. While this makes your pipeline smaller, it increases your conversion rate as your SDRs can dedicate more of their time to the right accounts.

Once in contact with these high-value accounts, an ICP also increases the

effectiveness of your selling. As your sales team has a good understanding of the profiles of these accounts, they can personalize and optimize their outreach. For example, if you know what technologies an account is using, you can identify their pain points and leverage this information to better articulate why your products solve their challenges.

4. Reduces Customer Churn and Increases Customer Lifetime Value (CLV)

It's always more expensive to acquire new customers than it is to retain customers. What you may not know is that **80%** of your company's future revenue will come from just 20% of your existing customers. And, according to Marketing Metrics, while you only have a 5-20% chance of selling to a new prospective customer, you have a 60-70% chance of selling to an existing customer. Evidently, it's important to focus on retaining your customers and keeping them happy.

With a well defined ICP, your customer success team has a better sense of your customers' pain-points and how to integrate your solution with the customer's technologies. From here, they can develop repeatable and scalable strategies for onboarding customers. These customers will naturally have a more seamless experience with your brand from awareness to onboarding.

Also, because these customers get real value from your solution, they are unlikely to stop using it and are instead likely to recommend you to other potential customers. This is great news for you because 84% of B2B businesses initiate the buying process with a referral. And, referred customers are 4x more likely to buy and have 16% higher lifetime values than non-referred customers.

Bottom Line: An Updated and Accurate ICP is Crucial for Success

Essentially, an ICP creates strategic focus within your organization, driving the productivity and alignment of your teams. As described above, ICP development is a process that is absolutely crucial for the success of your organization — especially during these turbulent times.



REDEFINING YOUR ICP

ICPs are often poorly understood, inconsistent between teams, not focused enough or inadequately used and limited to powerpoint slides. In some cases, even when an ICP is developed, it can be difficult to find the “whitespace” of unknown accounts that meet that criteria. Additionally, there are significant changes in the market brought about by COVID-19 so it’s highly likely that even if your ICP is central to your strategy, it’s now out of date. Here is one way that you can redefine your ICP:

1. Make a List of your Top Customers

The first step in defining your ICP is to identify your top customers. To do this, you must decide what characteristics you should use to rate your top customers. The term “top” is subjective; therefore, every department, including the executive team, should be involved in the development of your ICP.

Here are some common criteria to help you identify what your organization values most in a customer:

- ACR (Annual Contract Revenue)
- TCR (Total Contract Revenue)
- Retention Rate (or Customer Lifetime Value)
- Number of Referrals
- ROI on your product
- Potential for Growth
- NPS (Net Promoter Score)
- Prominency of Brand

2. Identify the Common Characteristics

Once you have chosen your top customers, it’s time to identify the shared characteristics between them. These shared quantitative and qualitative characteristics form a fictional ideal customer, your ICP. The more commonalities you can use in your ICP, the more specific and effective it will be. Only use characteristics that are relevant to your solution and why the customer bought it. For example, if you are in the B2B

SaaS industry and you sell a CRM platform, the type of technology products a prospect uses is far more relevant than where they are geographically located.

The following is a list of characteristics that you can use to build your profile:

1. Industry/Vertical
2. Geography
3. Company Size
4. ARR (Annual Recurring Revenue)
5. Pain Points
6. Decision Making Factors
7. Technologies Used
8. Spend on Products like yours
9. Initiatives or Projects in Place
10. Intent

Dig Deeper with Technology Intelligence:

While traditional firmographic criteria can give you a general understanding of your customers, it does not provide the level of detail your ICP needs to help you target the right accounts, identify strategic intent, or craft a relevant and timely message that resonates with your audience.

Technology intelligence goes beyond surface level firmographics to give you valuable information regarding the technology footprint of your best customers. This intelligence is made up of three parts: Technology Installation information, IT Spend Intelligence, and Contract details. Here’s how you can use all three to strategically define your ICP:

- **Technology Installation information** shows you what products your accounts have installed, including whether or not they are using competitor products or complementary solutions. It also enables you to see what strategic initiatives they have in place or whether they’re an early or late adopter of technology products.
- **IT Spend Intelligence** shows you what your accounts typically spend in your product category. This way you can avoid wasting valuable marketing and sales resources on accounts without adequate budgets.

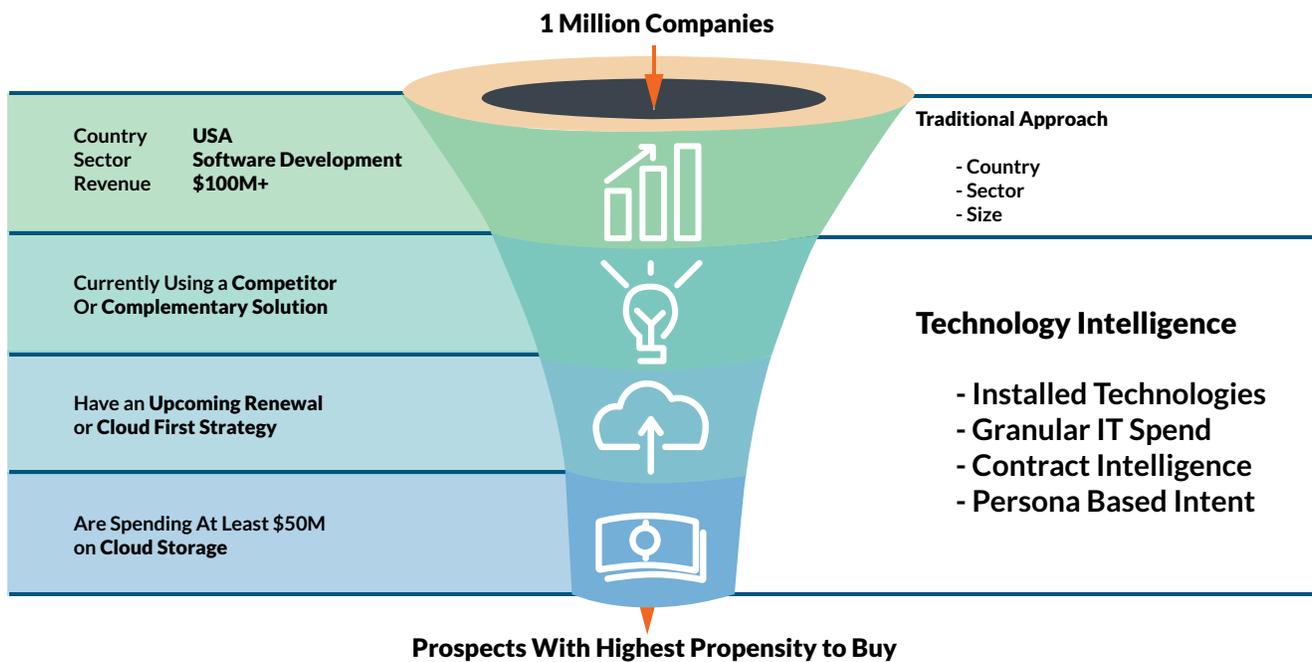
- **Contract details** show you when the products your accounts are using are up for renewal, IT Spend Intelligence shows you what your accounts typically spend in your product category. This way you can avoid wasting valuable marketing and sales resources on accounts without adequate budgets.

In the diagram below is an example of how a company defined their ICP. By using technology intelligence, in addition to traditional firmographics, they were able to dig deeper and identify exactly which accounts have the highest propensity to buy.

4. Score and Prioritize

The final step is to score your accounts based on how closely they match your ICP. This step will reduce the total number of leads entering your pipeline, but it guarantees that the leads will have a much higher likelihood of converting. In order to score your accounts, you need to develop a best-fit rating rubric based on the relevant criteria you have selected. You may find that there are some characteristics that are so important that if an account does not have them, they can be eliminated immediately.

Once you have scored your accounts based on their fit, you will be able to prioritize



3. Compile Data

Now that you have identified your top customers and the commonalities between them, you can compile the information onto one document or into a template. This template should be circulated throughout your organization and actively used to guide the focus and decision making of all of your teams, especially sales and marketing.

your outreach. Prioritizing your outreach allows you to dedicate all of your sales and marketing resources to the accounts that best match our ICP.

Here's How Tegile, a Western Digital Company Found Their True ICP

Customer Case Study – Tegile

Tegile Uses Technology Intelligence to Identify its Best-Fit Accounts



Background

Tegile, a Western Digital brand, makes all-flash and hybrid storage arrays that help organizations accelerate their infrastructure, simplify storage management, and reduce costs by consolidating all of their workloads onto a single flash platform

Challenge

As a startup, Tegile needed technology installation data on its prospects because its incumbent competitors had decades-long, dedicated customers, who would only consider a startup if it met a technological need that the incumbent could not. Technology intelligence from HG Insights helped Tegile identify the companies whose pain points were best served by their solutions.

Tegile is now part of Western Digital but technology intelligence is still a key part of their outreach strategy. Today, Tegile's challenges are to close opportunities faster and to sell into higher-yield accounts. Seamlessly integrating technology intelligence into Salesforce so that it's available for target market assessments, competitor and alliance reports, SDR pitches, and more, is a key part of that strategy.

Why HG Insights Was Chosen?

By using HG Insights for Salesforce, Tegile:

- Achieved a 64% lift in closed/won revenue prediction by identifying accounts with right tech stack
- Increased sales win percentage by selecting the right alliance partners with complementary tech stacks
- Reduced time it took to act on new information from weeks to minutes by eliminating data scrubbing and mapping

“Tech installation data from HG Insights helped us identify accounts with the right technology profile for our solutions. As a result, we can now identify the accounts that are 64% more likely to turn into closed/won revenue for us. HG Insights’ seamless integration with Salesforce also enabled us to access and act on the data in real time so that we can take advantage of opportunities the moment they arise.”

James Schoensiegel
Global Marketing
Ops Manager



Discover Your True Ideal Customer Profile (ICP) Using Technology Intelligence from HG Insights

HG Insights utilizes unique technology intelligence to identify and prioritize the companies and markets that have the highest propensity to buy your solution. Our transparent data-driven approach removes subjectivity from ICP development - aligning organizations on the companies and markets with the greatest opportunity.

By utilizing our technology intelligence, we are able to help companies define their ICP much more accurately and with more granularity. To see how our Technology Intelligence can help you identify your best-fit accounts and define your true ICP, visit hginsights.com

