



AI ABOVE THE FUNNEL

# Solving the First-Mile Problem for Strategic Market Development

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# Understanding the Upstream

Picture yourself sitting on a picnic blanket on a beautiful sunny day while a rippling river passes in front of you. You look up from your book to see a child flailing in the water. Immediately, you jump in and bring the little boy to shore. As he rests on your blanket, you check out the scrapes on his arms and legs. You pull out a water bottle for him but then look up to see another child going under. Quickly, you save her and bring her to rest on the blanket alongside the other child. Before you finish checking on her, a third child appears in the water. By the time you've rescued a fourth child, you run upstream. It's time to find out why the kids keep falling into the river.

Dan Heath opens his latest book, *Upstream*, with this scenario to illustrate that in almost every enterprise, each team solves the local problem they are given, often without knowledge of the activities happening upstream.

For instance, the customer service team of the travel company Expedia experienced the fallout of an upstream problem. The team successfully closed case after case of customer complaints and enjoyed accolades from their manager. But they learned that 60% of orders required outreach to customer service. For instance, changing the name on a ticket required a call to customer service. The team realized that, although they could work hard to close cases, better planning upstream could have prevented most of those complaints from occurring in the first place.

## Rescuing the First Mile of Sales and Marketing

If you work in sales and marketing, you likely have an upstream problem that's affecting your pipeline. That pipeline includes some great leads, but also many names that should have never made it into the sales funnel. It's frustrating—and expensive—to put so much effort into outreach, events, and content and then realize that you were pursuing the wrong prospects from the start.

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<sup>1</sup>Irving Zola developed a version of this parable to illustrate the drawbacks of the U.S. healthcare system. Zola, a medical sociologist, described our current system as sickcare (rescuing people from the current) rather than preventive medicine that addressed the social determinants of health (preventing people from falling in the river to begin with).

In the enterprise, the sales development reps (SDRs) own the “first mile” of the sales funnel; they’re responsible for recruiting prospects. But they tend to be less experienced than their peers—most are hired with an average of only 1.2 years of work history. They need guidance to know where to hunt. Young in their careers and motivated to advance in a sales organization, SDRs create lists of prospects and attempt to open doors. They spend most of their time hunting, but often unsuccessfully. In fact, 60% of the time, SDRs don't make quota. They send into the funnel prospects whom they think are great, but often their similarity to the best customers is superficial. Instead of these prospects converting to leads and customers, they simply clog the sales funnel.

Companies need leads like they need air to breathe, but most SDRs, DemandGen and Marketing teams struggle. The reason? Companies don't equip them with the right tools—mainly because, until now, those tools haven't existed.

These teams sit in an impossible position: they have to prospect without a map. What they need is an ideal customer profile (ICP) that they can adapt and improve over time. They need suggestions for new prospects that match this “living ICP,” a way to prioritize these prospects, and a process to organize their work.

The need is obvious, but almost all sales and marketing automation companies focus further downstream, in the sales funnel. B2B software firms typically ignore the most important stage—the first mile of sales.

## **Solution: Revolutionize Above the Funnel**

If you remember life before Salesforce.com, you might recall not knowing which deals were in the funnel. Today it takes only seconds to pull up a graph of every deal at every stage. Mid-funnel, account-based marketing tools such as HubSpot and Marketo have simplified communication with prospects. And, higher up the funnel, search engine marketing tools including SalesLoft and Outreach help engage new leads.

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<sup>2</sup>The Bridge Group, 2021.



A bevy of tools help sales and marketing teams manage leads throughout the funnel. But, 20+ years after Salesforce came on the scene, the technologies available above the funnel—exactly the area where SDRs are hunting—remain unchanged. We ask, “Who will be our next best customer?” but we don’t give SDRs the tools they need to answer, tools that will help them solve the problem above the funnel.

Fortunately, a new wave is coming.

## The Fourth Wave in Enterprise Software: The Emergence of AI

Before we dig into that wave, context is important. Think about the 50 years of business software innovation between the 1960s and 2010s. First, companies like IBM and Unisys offered, via mainframes, the ability to digitize data. Then, in the 1980s and 1990s, the client/server and PC revolution arrived. It made using a computer easy and brought the technology into offices for the first time. Most recently, horizontal SaaS has enabled companies to run a better, more efficient business process on every device—no coding skills required.

In the crudest sense, we’ve taken a giant pile of paper and turned it into digital information. And we’ve unlocked huge efficiency gains, visibility, and control and made many processes faster, better, and cheaper.

But what’s coming is just as big, if not bigger, than what we’ve seen so far. Today we’re on the edge of the fourth big wave of business software innovation. That wave is AI—artificial intelligence. One of the many beauties of AI is that it finds patterns in all of that digital information and arms us with new data and insights from those patterns.

Even though we’re just at the beginning of this wave, we already benefit from AI. If you’ve gotten a COVID-19 vaccine, AI made that possible: Scientists used AI to understand the DNA of the virus and predict which of its components would provoke an immune response. When you access news or social apps on your phone, the AI determines the article or post you see, suggests the person you should follow, and even provides the search term you should use. Tesla leverages AI so that drivers

can know the right route, find out which roads to take to avoid traffic, and even pass actual driving tasks along to the car. Although we are accustomed to these AI features as consumers, we are only just beginning to experience the power of AI in our professional lives as B2B sellers and marketers.

## AI Resolves the “Dinner Problem” for B2B Sales and Marketing

We live in a world of connected information. Just as a driver’s route must take into account traffic, weather, routes, and more, an SDR builds a prospect list based on a large data set. The SDR will often start with firmographics (revenue, number of employees, industry, geography) and technographics (technology purchase history). This information is helpful, but limited.

Using this kind of data, sales and marketing teams assume that when companies look alike—meaning they have similar firmographics and technographics—they’ll also buy alike. Take John Deere and Caterpillar. They both are large Fortune 100 machinery and equipment companies that employ nearly 100K individuals. Yet Deere and Caterpillar operate very differently. Deere is a mid-late technology adopter and low cloud adopter with a B2C focus. Caterpillar sells mainly B2B, is an early adopter of new technology, and has high cloud adoption.

The best SDRs do an inordinate amount of research, dig into each company, and attempt to find patterns common to best customers. They might succeed in determining that Caterpillar is an early cloud adopter while Deere is not. Nonetheless, they will continue to struggle with what we call the “dinner problem.” If they could meet with the company rep for dinner, they’d learn enough to determine whether the customer would be a good prospect. But, as any SDR knows, it isn’t easy to get someone to go to dinner. So what to do?

What SDRs need is knowledge, specifically exographic data. This is data that describes a company’s sales tactics, strategy, hiring patterns, and recent developments. It is available in breadcrumbs across the internet. The problem is that it’s hard to review and quickly understand how well a prospect matches your best customers.

This is where AI comes in. When you turn AI loose on all of those breadcrumbs, it identifies interesting patterns. In fact, AI can comb through terabytes of data to reveal patterns—without ever having to go to dinner.

# Rev + AI: Solving the First-Mile Problem

Just as Tesla uses AI to solve the upstream problem for drivers, Rev uses AI to help sales development teams identify great prospects.

Rev revolutionizes what happens above the funnel and solves the first-mile problem that sales development battles every day. Instead of providing an ICP that sits in a PowerPoint deck, we ingest exagraphics and use AI to uncover patterns among a company's best customers. We then create an aiCP—a mathematical model that represents your best customers—and use it to find other prospects that look just like these best customers. We include firmographic and technographic information but also private data sources. For instance, we purchase data from LinkedIn and incorporate intent data as well. As a living model, the aiCP “learns” over time. Rev automatically delivers fresh prospects and prioritizes them so SDRs know whom to target next.

The funnel is in good shape. Now it's time to focus on the first mile of sales. With the power to predict the next ideal customer, revenue teams can better prioritize their efforts and spend more time engaging with the right customers. When you supercharge the sales development process, it becomes more efficient, rewarding, and profitable—and revs up the whole enterprise.

**Rev: Reinvent strategic market development to fuel your funnel.**