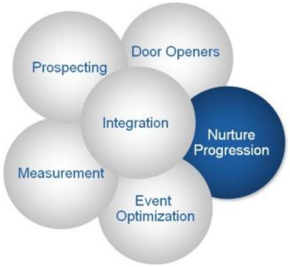
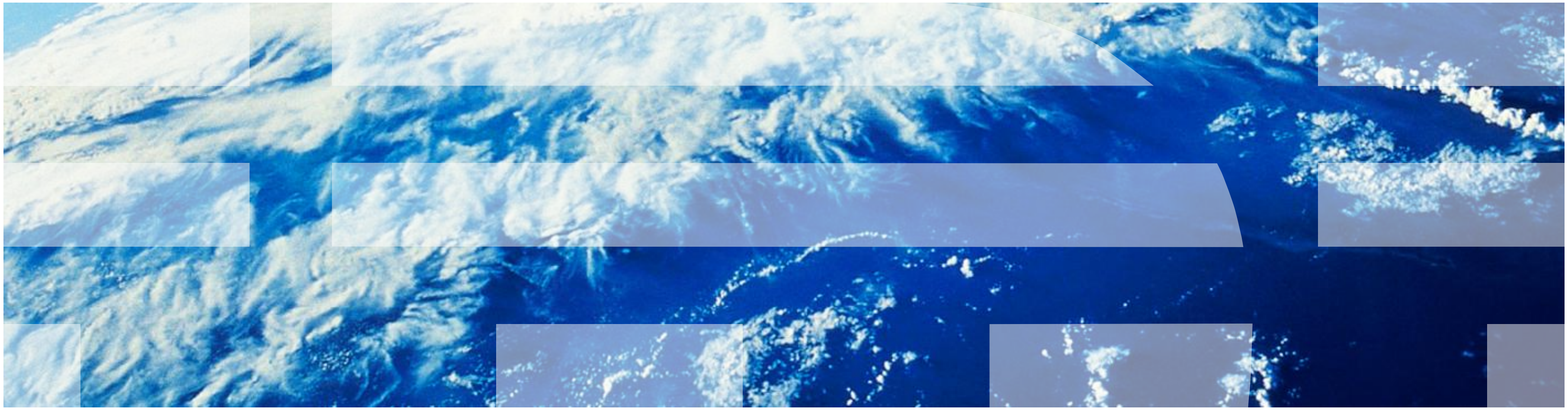


Exclusively for midsize businesses

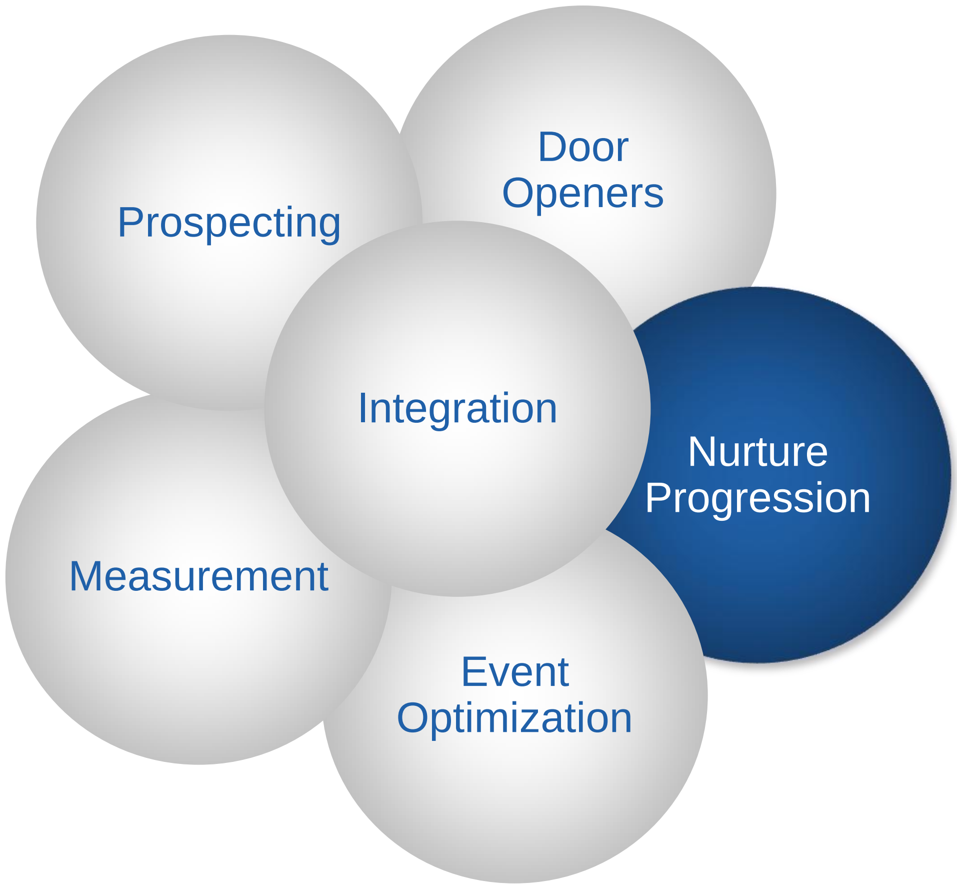
IBM Midmarket How-To Guides:

Progressing and Nurturing Prospects and Leads

October 2010



IBM Midmarket How-to Guides: Evolving Our Approach to Effective DG



Midmarket How-to Guidance:

- At any given time, a mix of IBM-led and BP-led efforts will be in market. Regardless of who initiates the communication (IBM, MSV, BPs) or the media used – Advertising, Search, Direct Mail, Email, Telemarketing, Co-marketing, etc. – IBM's marketing investment at all stages needs to effectively deliver revenue objectives

- To help drive optimal execution, the global team has developed a series of actionable, "how-to" guidance modules around specific demand generation topics. The intent is for these modules to be used as training where appropriate and/or as ongoing reference documents

Contents of this Guide:

- What is Progression and Nurturing?
- Why Progress and Nurture?
- When to Use Progression and Nurture
- Best Practices for Progression and Nurture
- Measuring Impact of Progression and Nurture
- Contacts and Resources for Progression and Nurture

Defining Progression and Nurture

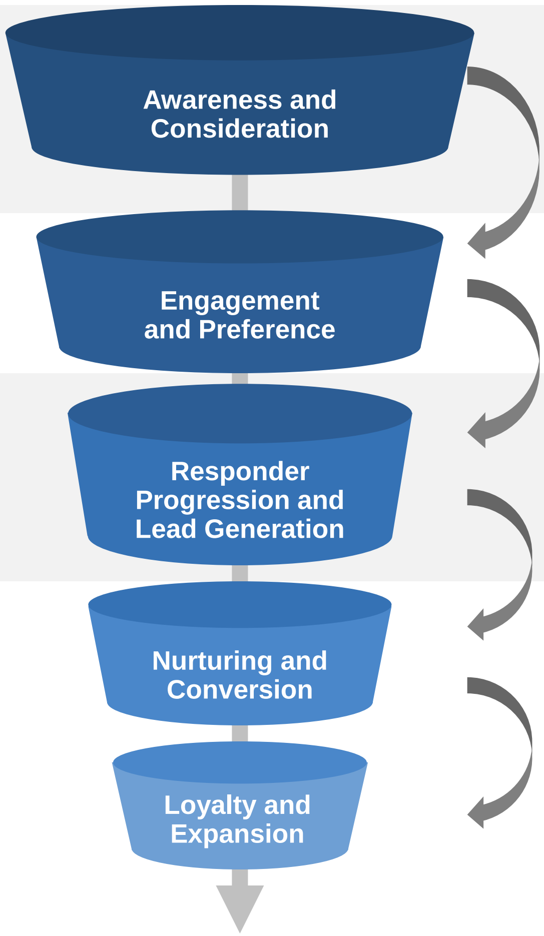
- The term *Progression* is often used synonymously with *Nurture*. In this guidance document, however, the two terms are separate and distinct
  - *Progression*: Progression is good tactical hygiene which ensures each communication has a clear “ask” and “next step” for the user, increasing the likelihood of his advancement from one stage of the communication funnel to the next
  - *Nurture*: Nurture is an actual phase of the communication funnel. Once a prospect has shared personal information, (and particularly in the case of a validated lead) IBM uses the information to continue relevant communication with the prospect until he is ready to purchase

Recognizing the interdependence of the two activities, this document provides **Best Practices** for both tactical **Progression** and building successful **Nurture** streams.

How To: Progress Prospects

The Process: The IBM Midmarket Communications Funnel

- Worldwide creative assets map to the communication funnel as identified below. The arrows indicate the user progression path from one funnel stage to the next. Successful progression begins with mapping all relevant local execution (IBM Advertising, IBM-DG, MSV/BP-DG) along this path



Awareness & Consideration:
- Engines premise-setting advertising
- Customer reference advertising

Engagement & Preference:
- Offering advertising

Responder Progression and Lead Generation:
- Demand Generation (Flex Assets, Door Openers)
- Co-marketing (Blueprints)

Nurturing and Converting:
- Demand Generation (Flex Assets, Nurturing Pipeline)
- Co-marketing (Blueprints)

Best Practices for Progression

- There are a number of tools to progress your target from one stage of the communication funnel to the next. However, for greatest impact, focus on getting the following elements right:
  - User paths
  - Calls-to-action
  - Offers

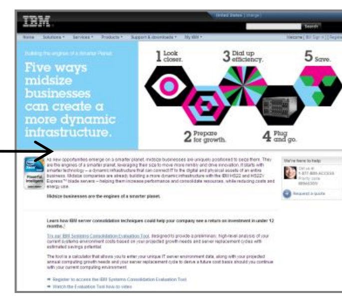
Best Practices: User Paths

- Defined as the steps a responder must take to complete the communication’s requested action, a good user path works with the user’s natural inclination, minimizing opportunity for inertia by being:
  - **Short** – minimal number of actions or options for the user
  - **Clear** – navigation is obvious and simple
  - **Connected** – next step/destination is relevant to funnel stage and conversational topic – and most of all it must be there – no broken urls, IVRs, voicemail boxes, etc.

Short
Clear
Connected

Banner

IBM.com offer page



Fulfillment

Best Practices: Calls-to-Action

- The ask from the Marketer to the Prospect, CTA's vary by funnel stage. Top-of-the-funnel communications have softer requests – "visit us," "Learn more"; lower-in-the-funnel are harder hitting – "sign-up now." Successful CTA's at every funnel stage need to be:
  - **Singular** – In general, options cause hesitation, and potentially non-action. CTA's need to pre-empt this by providing one, easy-to-follow option
  - **Simple** – Simple means clear action words: tell the target what to do. Concise: use as few words as possible. Easy: action is fast and painless. E.g., "click here" or "call this number"
  - **Urgent** – Successful Demand Generation "disrupts" a user's routine to consider an advertiser's proposition. Immediacy in a CTA encourages prospects to stop NOW vs. a leisurely option

Singular
Simple
Urgent

Click here to try Tivoli Fastback at no charge for 60 days

Best Practices: Offers

- An offer is an incentive for a prospect to act. It is not an “offering” which is the product/solution being sold. Offers drive success. Therefore, consider the below to ensure prospect progression:
  - **Value** – What relevant and obvious value does an offer give the prospect. Remember, value isn’t only monetary; it can mean rarity, exclusivity, expertise, etc., so understand and communicate the unique Offer value to motivate action
  - **Availability** – While “limited time” motivates, failure to deliver (due to expired offer, broken url, poor operator scripting, etc.) frustrates. Ensure offers are valid/available during the full communication flight or risk losing prospects for life
  - **Appropriateness** – Offers must be right for the brand (enhancing brand image), the target audience (something they are interested in) and funnel stage (don’t ask for too much, too soon)

Valuable
Available
Appropriate

Gartner Whitepaper: Reporting for Midsize Business

Getting Started: Best Practice Checklists

- Because Progression is dependent on good tactical hygiene, we recommend running marketing campaigns through the following series of checks prior to deployment
  - User Paths

☑ Count the number of steps from inbound communication to action completion. Ask yourself, is this reasonable, would I do it?

☑ Click through the requested actions. Are they intuitive or require instruction? If they require instruction, simplify or the user will abandon.

☑ Does the landing page fulfill the inbound communication promise? Are the urls, phone number, scripting aligned and activated?

☑ After the user completes the requested action, what happens next? Is it a logical connection point from where the user has been? If not, redirect so it is.

Getting Started: Best Practices Checklists

– Calls-To-Actions

- ☑ Look at your CTA. Is it concise and easy to understand? Is the benefit of taking action obvious and clearly articulated?
- ☑ Is the action singular and easy to take? Try it yourself, if it is difficult or complicated, simplify.
- ☑ Can you use an expiration date, or other device to create urgency? If yes, incorporate into the CTA.
- ☑ Is the CTA in a prominent location on the communication? Does it visually stand out from other text? If not correct so it is the most prominent message.

Getting Started: Best Practices Checklists

– Offers

- ☑ What is the value of the offer? Monetary, rarity, exclusivity, or expertise?
- ☑ Is the value clearly and concisely articulated in the call-to-action? If not, make sure it is.
- ☑ Is the offer relevant to my brand, my audience, and the funnel stage of the communication?
- ☑ What is the expiration date of the offer? Is it valid for the full duration of your communications.

Measuring the Impact of Progression

- To understand whether or not progression techniques are working, track the following performance against current benchmarks:
  - **Higher Response Rates** – Strong, clear, and urgent calls-to-action will raise response rates at every stage of the funnel. Remember though, only true Direct Response Advertising (DRA) is to be judged on response rate alone. Upper funnel communications are about driving awareness/consideration, and click-through is only one dimension of success
  - **Lower Abandonment or Breakage Rates** – If doing progression correctly, user drop-off will decrease. Shorter, clearer and more relevant paths means fewer obstacles and less user persistence; resulting in increased conversion from stage to stage of the communications funnel
  - **Increased Offer Redemption Rates** – Providing brand, user and communication-stage relevant offers, with clear, quantifiable user value elevates redemption rates and speeds user progression through the communication funnel
  - **Shortened Sales Cycles** – This may prove more difficult to measure, but for like products and customers, monitor the time it takes from a prospect to raise their hand until the deal closes. Ideally, cycle length will diminish over time
  - **Test and Learn** – Be disciplined in your measurement. Include testing in all Demand Generation efforts and learn what works best for your market

Monitoring Benchmarks

- Benchmarks are expected performance based on historical results. It is important to note that benchmarks **vary by market, media, communication funnel stage and industry**. The sample worksheets below can help set benchmark dashboards

Sample Response Rate Tracking

MEDIA	Email	Tele	Banners	Direct Mail	Search
RR	3.9%*	5.53%*	0.10%**	5.28%*	<1 – 16%***

Sample Abandonment/breakage Tracking

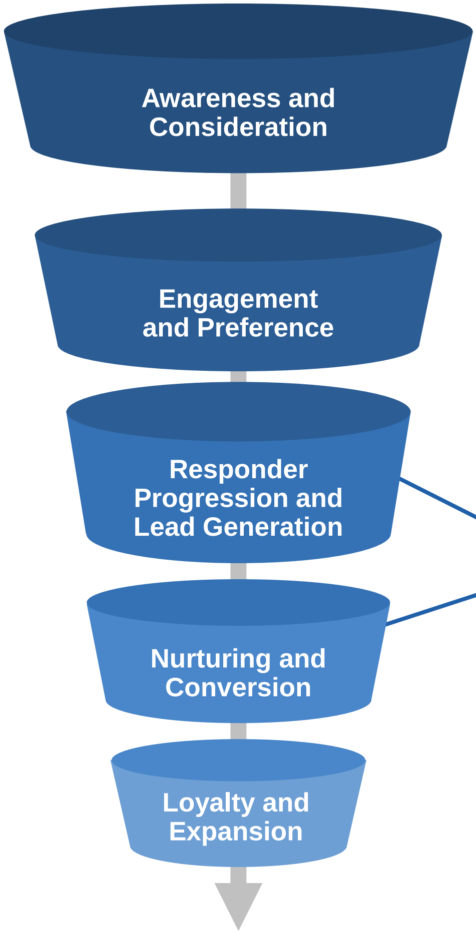
Email	Click-through	Open Rate	Landing Page	EBRC Complete	Offer Redeemed
	3.9%*	15%§	0.10%**	10%+	80%+
Direct Mail	Delivery Rate	Response Rate	EBRC Complete	Offer Redeemed	N/A
	98%	5.28%*	10%+	80%+	

*Direct Marketing Association; **Double Click; ***Google depending on search position
§Silverpop; +Sample conversion rates

How To: Nurture Prospects

The Process: The IBM Midmarket Communications Funnel

- A good nurture plan is developed as part of an overall communication plan. With a clear path from awareness through to Response, Lead generation and conversion



Nurture occurs once a responder has shared personal information about him/herself and his/her area of interest.

Why Nurture?

- Nurturing activities which drive even modest uplifts in response to lead rates or lead to win rates, will result in significantly greater Win Revenue
- According to a global study conducted by Aberdeen, only 16% of all sales-ready leads actually convert. This means 84% of sales-ready leads fail to close
- And that 16% is even smaller, considering the responders marketing ignores because they are not yet ready to buy
- But by focusing on all responders and segmenting them according to where they are in the **learning** process vs. the sales process, companies can achieve:
  - Overall Revenue growth
  - Higher Lead to Sales conversion rates (win rate)
  - Increased Win revenue

Changing How IBM and its Partners Nurture

- Historically, IBM-led and Co-marketing campaigns have been designed to generate responses through eBRC's and followed-up with events or tele sales calls. This process can be sub-optimal because:
  - It 'rushes' a customer, assuming the response is ready to be qualified as a lead
  - Telesales may not necessarily know enough about the prospects needs to engage in a meaningful dialogue
  - Conversely, the prospect does not necessarily have enough information to engage in a dialogue
  - The majority of conversations are fact-finding in nature and therefore not the most efficient use of tele-resources

Establish a set of nurture activities based on learning stage vs. a one-size-fits all approach.

Best Practices: Nurture Streams

- Successful nurturing begins during campaign planning, not when campaigns are in-market. During planning, map out responder follow-up streams. The streams should correspond to a responder's state of 'readiness', which in nurture is expressed by temperature:

HOT — Ready to have a conversation with sales

WARM 1 — New prospects who are aware of a need, but not the company (BP) or solution (combined IBM/BP offering) that can address it

WARM 2 — Educate prospects who are aware of the company or solution, but are not yet ready to speak with sales

COLD — Re-contact leads that may have already engaged with sales but for whatever reason were not ready to convert

Doing Nurture Right

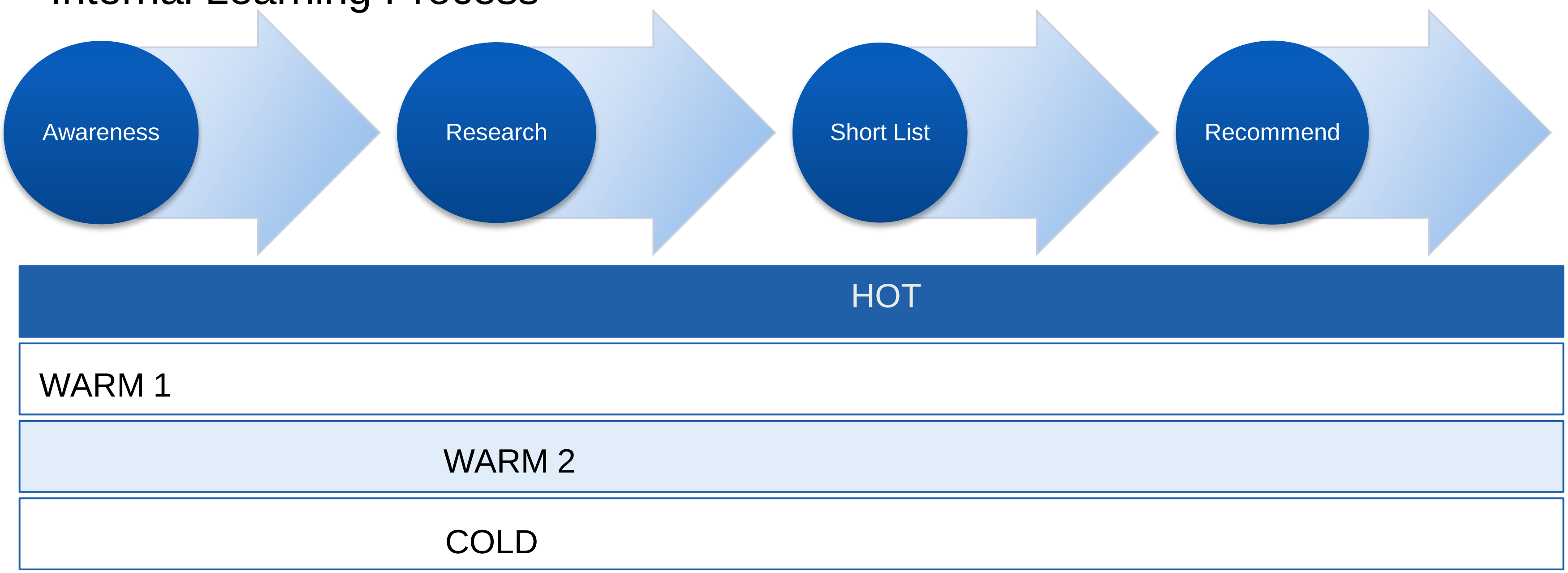
- After segmenting responders by readiness, channel them into the appropriate stream and increase likelihood of success, by building streams per the table below:

FROM	TO
Multiple touches built around what offers, materials, etc are available	Creating meaningful communications which progress towards readiness to buy
Pushing what IBM/BP wants to talk about	Providing information the responder is looking for
Following up every few months to find out if the responder "is ready to buy yet?"	Build meaningful and trust-filled relationships with the right people
Communicate on IBM's or BP's time table	Progress when the 'time is right' and customers' behavior indicates they are ready for the next stage of engagement

Step 1: Establishing the Nurture Streams

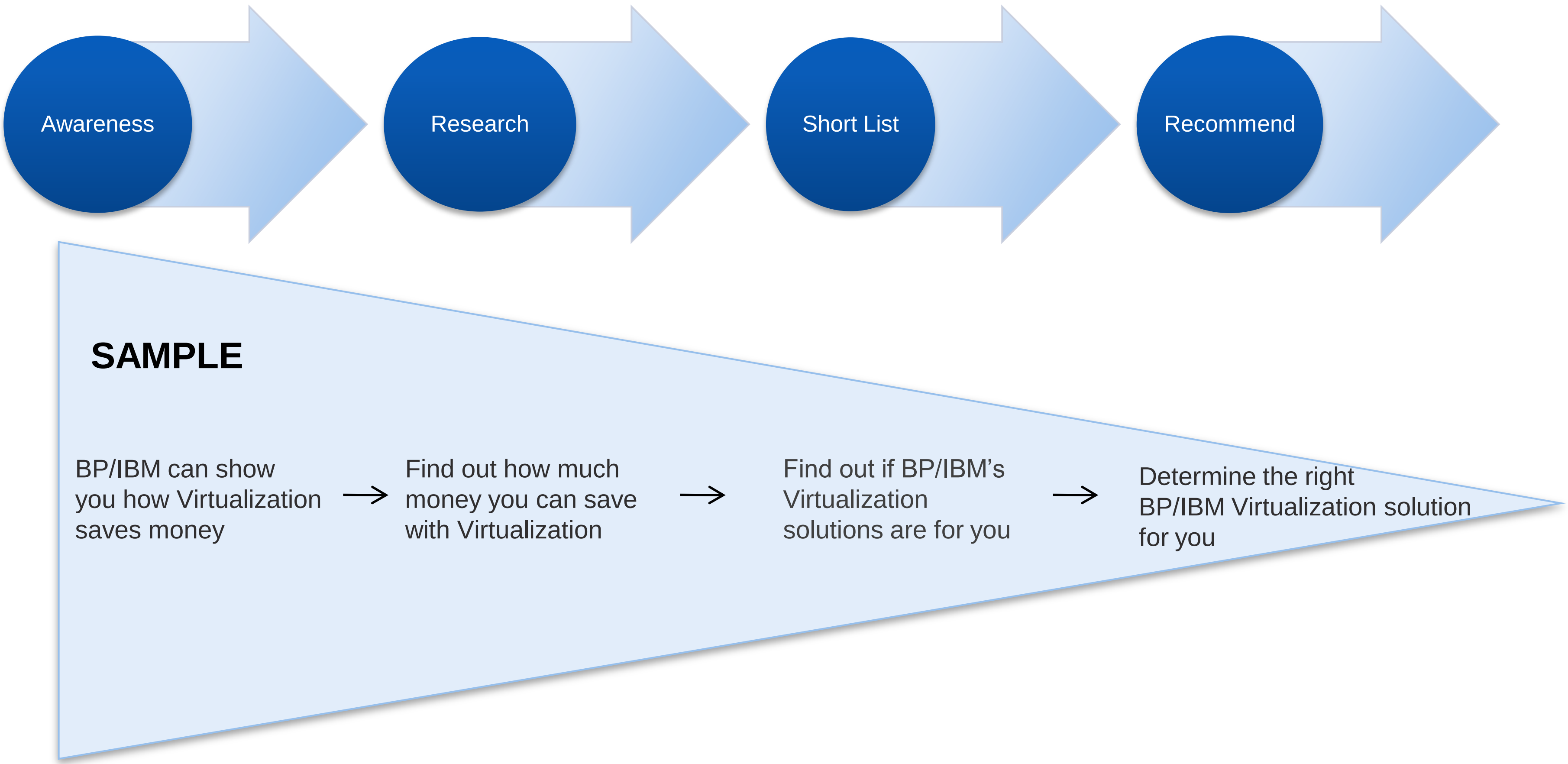
- Align the “temperature” segments to the learning phases – i.e., becoming aware, researching information, creating a short list, pulling together the recommendation

Internal Learning Process



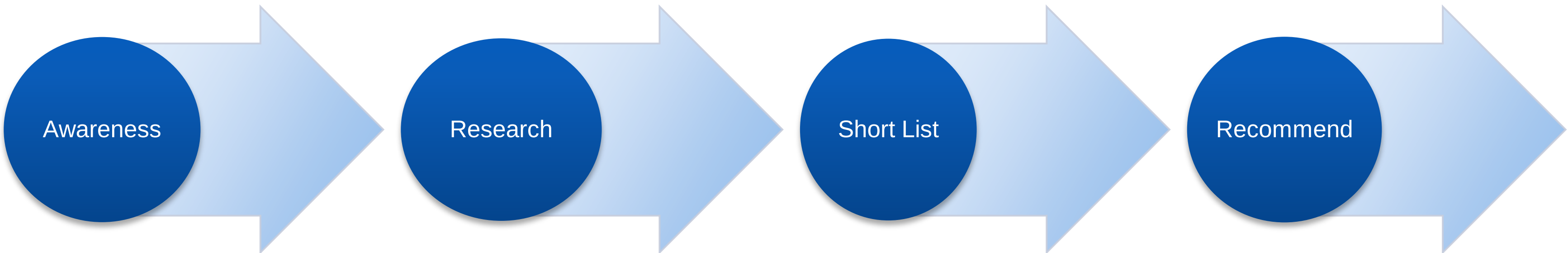
Step 2: Defining Stage-appropriate Communication Content

- Communicate starting with broad topics and progress to more specific, ending on a particular solution. See the example below



Step 3: Determine Offer Strategy

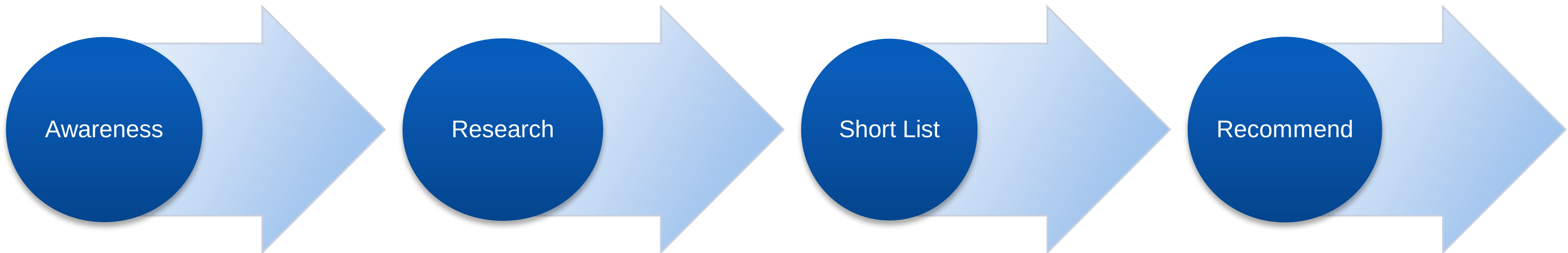
- Develop OFFERS that assist the prospect at the appropriate stage in the learning process. Below is an illustration of the types of offers that have been successful at each stage, but please note this is not a complete inventory



Introductory videos	White papers (3rd party, and high level; NOT product specific)	ROI calculators	On-site Assessment
Case studies	Educational videos	How-to videos	F2F meeting
E-Books	Self-assessment tools	Solution comparison tools	Product-specific white papers
	Webinars	Expert Q&A session	“Speak to the team behind a case study””
	Product demos	Solution-specific Event	Executive-pitch
	Topic-centric events	3rd party product reviews/assessments	ROI/Case building Service

Step 4: Determine Stage-appropriate Media

- Media selection is dependent on contact information available, the appropriateness/intrusiveness of the touch for that stage, and investment level (advisable spend/contact). See below for recommendation

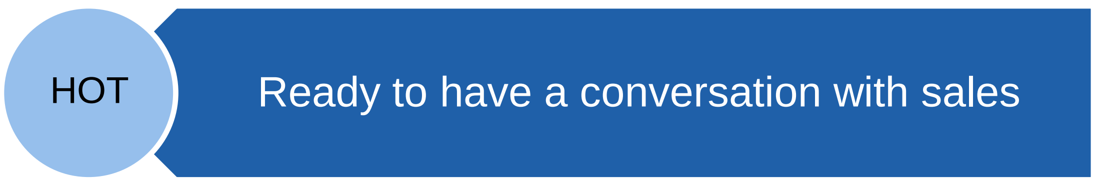


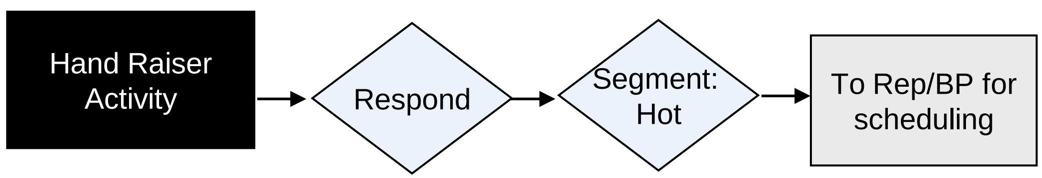
Direct mail (post card, 3-D, Self-mailer)	Brochure mailer or e-brochure	Personalized letter package	Tele
E-newsletters (House or 3rd party)	Email	Corporate Email	Personal Email
Industry/Trade Shows	Webinar sponsorship	BP-sponsored event	One-on-One meeting
	Linked-In or Xing Group mailing	Linked-In or Xing personalized message	

Step 5: Building Nurture Streams

- The simplest stream, will be responders who are far along the customer journey and therefore, ready to speak with Sales. Before you go to market ensure:
  - Sales team (whether IBM or BP) is aware of the communication that generated the responder
  - Function is in place to transfer the responder to Sales as quickly as possible
  - Sales is enabled to have a meaningful conversation with that responder

SAMPLE





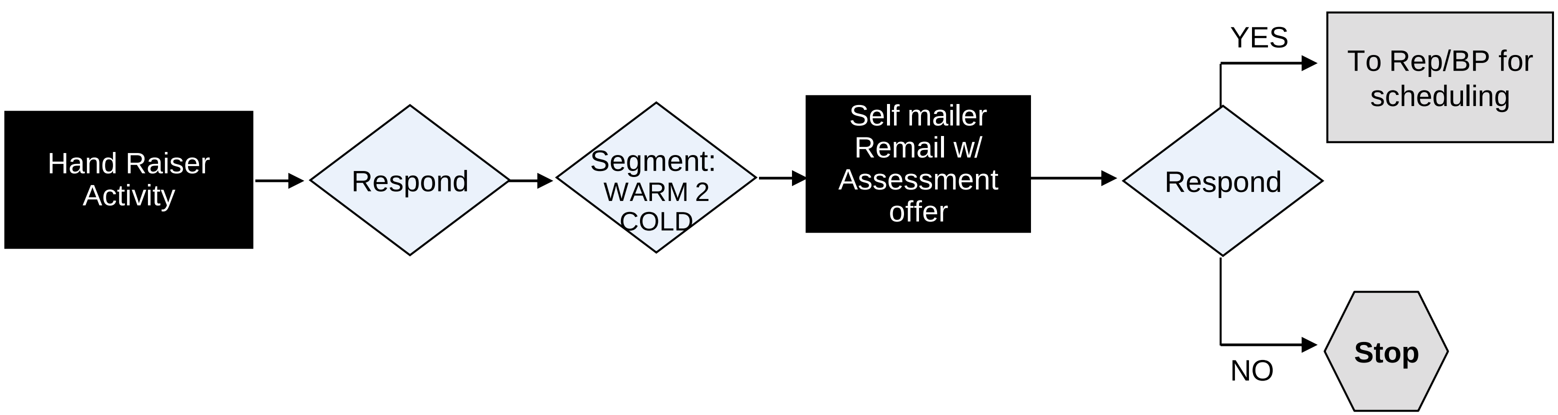
Step 5: Building Nurture Streams

- If similar enough, simplify and save costs, by combining WARM 2 and COLD into one stream. However, consider versioning or personalization to acknowledge existing relationship with COLD leads:

SAMPLE

WARM 2 — Educate prospects who are aware of the company or solution, but are not yet ready to speak with sales

COLD — Re-contact leads that may have already engaged with sales but for whatever reason were not ready to convert



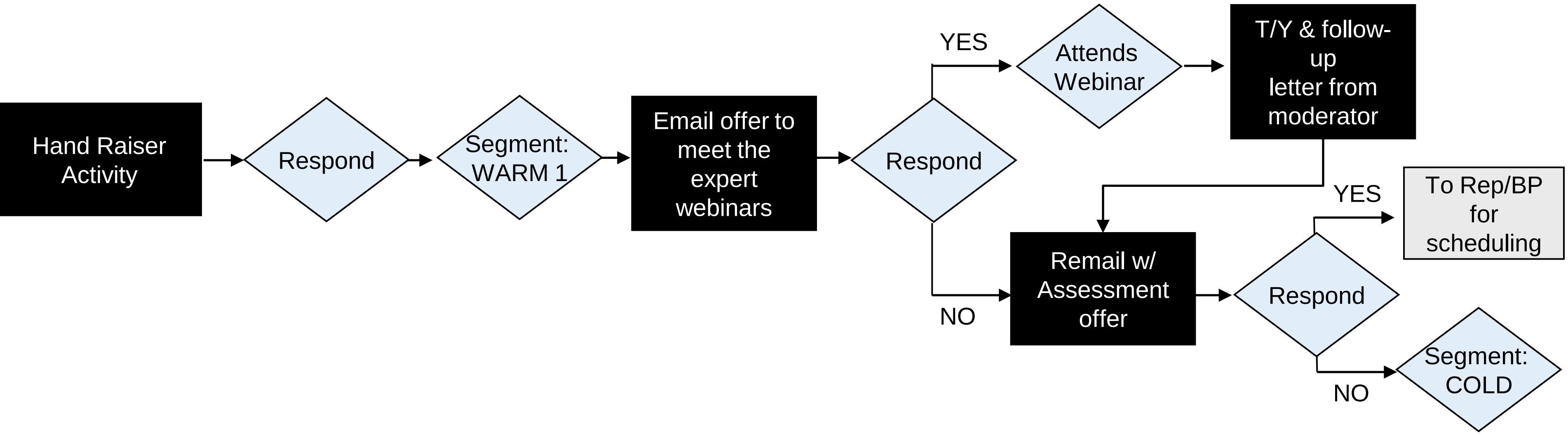
Step 5: Building Nurture Streams

- The WARM1 stream will be the longest journey, and require the most content. Note: this doesn't mean the greatest investment. Consider using lower cost vehicles earlier in the stream to contain costs

SAMPLE

WARM 1

New prospects who are aware of a need, but not the company (BP) or solution (combined IBM/BP offering) that can address it



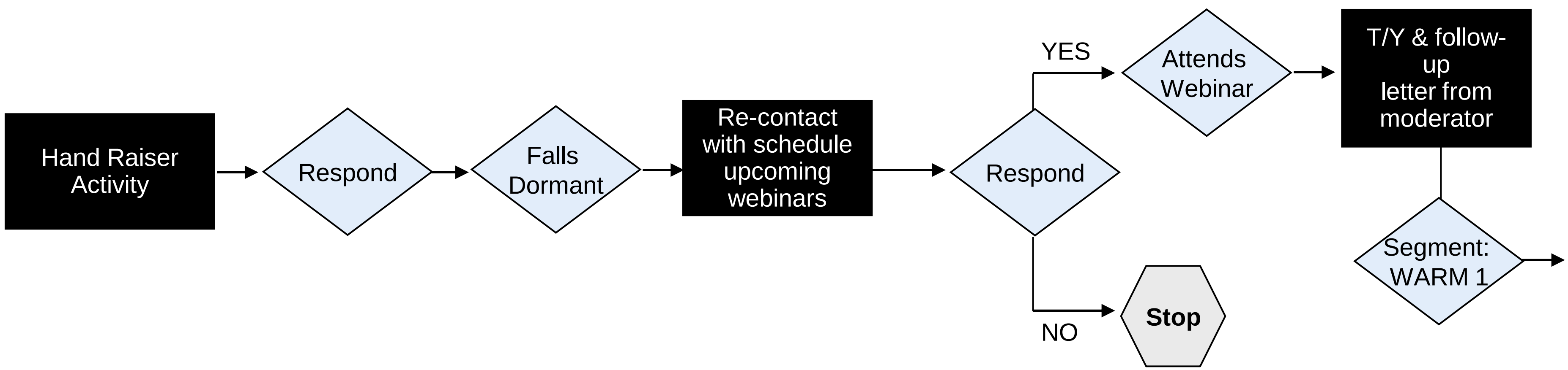
Step 5: Building Nurture Streams

- Should your nurture budget be constrained, an alternative way to handle COLD leads is a quarterly re-contact campaign. While not optimal, it is a way to keep the IBM/BP brand in front of the customer and check-in on their progress. But because it may not be campaign specific, the offer should be more informational in nature

SAMPLE

COLD

Re-contact leads that may have already engaged with sales but for whatever reason were not ready to convert



Nurturing Stream Checklists:

Before heading into market, ensure you have done the following:

- ☑ Identified potential responder segments and corresponding Nurture streams.
- ☑ Developed stage-appropriate communications, media and offers and aligned them to the segments.
- ☑ Alerted Sales and other relevant participants to the campaign and enabled their acceptance of the responders.
- ☑ Ensured all materials are ready and in place (translated and localized) before going into market to avoid any user disappointment with delayed follow-up.

Measuring the Impact of Nurture

- To understand whether or not your Nurture streams are working, track the following performance against current benchmarks:
  - **Higher responder to lead conversion** – While it might require more communications to get there, you should see the gap narrow between the number of initial responders and the eventual leads handed to sales
  - **Higher lead to sales conversion** – Again, it may take more time than previously, but the gap between leads and sales should also narrow
  - **Campaign E:R** – Monitor to ensure investment level remains commensurate to maintain profitability
  - **Test and Learn** – Be disciplined in your measurement. Include a testing plan in all Demand Generation efforts and learn what works best for your market

Additional Thoughts on Nurture

- Nurture is by far one of the most important elements of any successful Demand Generation campaign. To make it part of regular operating procedure, consider the following:
  - **Trigger-based, automated systems** – Many markets are enabled with Unica or other trigger based systems that automate follow-up based on Prospect behavior. Find out what is available in your market and how you can leverage this to ease administration and improve results
  - **Pre-set budget allocation** – Nurture should never be an afterthought. Dedicate at least 20% of your program dollars for Nurture activity. Given the expense of getting a prospect to respond, it is common sense to continue to nurture and progress that investment
  - **Flexibility and choice** – To be successful, a good nurture program works with the Prospect enabling his/her learning process. Keep this top of mind and build-in choice where it makes sense. Trigger-based systems can really help with this aspect of nurture, as communications are triggered based on business rules grounded in user behavior

Additional Resources

- Global assets have been developed to enable Progression and Nurture activity. These assets can be found in the campaign BluePrints housed in one of the locations listed below. Note: a complete list of available BluePrints follows on the next pages
  – IBM Global Demand Programs Delivery Team room > Section J) Co-marketing
  – PartnerWorld Express Advantage: http://www-304.ibm.com/partnerworld/wps/servlet/ContentHandler/smb_feature_blueprint.html

Midmarket Execution Blueprints: Brand/Sub-Brand Emphasis

	STG				SWG					GTS					
	PWR	Sys X	Strg	POS	AIM	Info Mgt	Rational	Tivoli	WPLC	MTS	Security	BCRS	S & Data	Svr Svcs	Site & Fac. Svcs
Virtualization	X	X	X		X					X			X	X	
Green/Energy Efficiency		X	X							X				X	X
Business Continuity: CDPS		X	X					X		X			X		
HP Competitive	X	X	X							X				X	
SUN Competitive	X	X	X							X				X	
Storage Virtualization			X							X			X		
Collaboration: Lotus Upgrade									X	X					
Collaboration: Websphere Portal									X	X					
Lotus Foundations									X	X					
Server Virtualization BC			X							X				X	
Power Announcement	X									X				X	
Security: Reducing Cost (Web Application Security, etc.)		X	X				X	X		X	X				
Business Intelligence/Business Analytics						X				X				X	
Winning with IBM Systems and Storage (Sales Play)		x	x							X			X	X	

Midmarket Execution Blueprints: Brand/Sub-Brand Emphasis

	STG				SWG					GTS					
	PWR	Sys X	Strg	POS	AIM	Info Mgt	Rational	Tivoli	WPLC	MTS	Security	BCRS	S & Data	Svr Svcs	Site & Fac. Svcs
Reduce Your Cost of Quality (Rational Quality Manager Express)							X			X					
Close the Door on Open Source (WebSphere)					X					X					
System x Announcement		X								X				X	
GTS Information Protection Services										X	X	X			
GTS Server Managed Services										X				X	
Retail Store Solutions				X						X					
emPower Your Business/Power 7 & Sys i Install Modernization (Rational)	X						X			X					
Cloud Advantage, LotusLive									X	X					
Connectivity/Business Integration (WebSphere)					X					X					
Security Optimization							X	X	X	X	X				
Info Management blueprint Focus TBD **NEW – (EST. 5/30/10)**						X				X					
Operational Efficiency **NEW – (DUE 6/15/10)**		X						X		X				X	

Contacts and Resources for Targeting & List Buying

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Thank You.