Winning In The Connected World: How Aligning Finance And Marketing Will Drive Business Success

February 2017
Orlando
TODAY’S SPEAKERS

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Our Mission

As the leader in Connection Science, Neustar helps clients grow and guard their businesses with the most complete understanding of how to connect people, places and things using our authoritative identity.
CURRENT STATE: DEFENDING THE BUDGET

Cost Center

Profit Center

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Neustar commissioned Forrester Consulting to examine the relationship between marketing and finance to uncover the intersection between marketing effectiveness and business impact.
What is the current state of the relationship between marketing and finance?

What challenges prevent a more collaborative relationship?

To test this hypothesis, Forrester conducted an online survey of 86 marketing and 104 finance professionals from various companies in North America, along with four in-depth interviews with senior finance and marketing leaders.
Key Findings

› Marketing performance metrics and business KPIs are not very well connected

› Marketers believe that finance views them as a cost center

› Current business processes do not foster collaboration between marketing and finance

› Improved collaboration between marketing and finance will drive greater marketing efficiency, which in turn improves overall business results
Marketing And Finance Have Similar Goals for Collaboration

“What are your top objectives when it comes to working with the marketing team regarding their goals and objectives?”
(Select up to three)

- Measuring the effectiveness of marketing in achieving financially driven goals: 51%
- Better connecting marketing with the sales forecasting process to help build pipeline: 50%
- Making marketing more accountable for building valid business cases to support its budgets: 48%
- Measuring the effectiveness of marketing in achieving nonfinancial goals (i.e., brand awareness): 42%
- Improving ROI of marketing spend: 30%
- Reducing overall marketing spend: 28%

“What are your top objectives when it comes to working with the finance team regarding their goals and objectives?”*
(Select up to three)

- Show the value that marketing plays in achieving company objectives: 53%
- Better connect marketing with the sales forecasting process to help build pipeline: 48%
- Prove the effectiveness of marketing in achieving financially driven goals: 45%
- Prove the effectiveness of marketing in achieving nonfinancial goals (i.e., brand awareness): 43%
- Reduce overall marketing spend: 38%
- Improve ROI of marketing spend: 35%

Base: 104 decision-makers at the director level and above in finance roles in North America
*Base: 86 decision-makers at the director level and above in marketing roles in North America
Source: A commissioned study conducted by Forrester Consulting on behalf of Neustar, September 2016
Collaboration Between Marketing And Finance Is Considered Important But Isn’t Commonly Happening

“How important do you think it is to your company that marketing and finance teams are aligned on business objectives?”
- Critically important: 31%
- Very important: 14%
- Moderately important: 8%
- Slightly important: 14%

“Which best describes how your marketing and finance teams currently collaborate with setting goals and delivering on those goals?”
- Marketing and finance plan and work collaboratively toward shared goals: 15%
- Marketing and finance set goals collaboratively but approach/deliver on those goals independently: 21%
- Marketing and finance set goals separately but have regular communication about priorities and share some overlapping goals: 21%
- Marketing and finance are generally aware of each other’s goals but focus on different priorities: 35%
- Marketing and finance have no working relationship: 7%

Base: 190 decision-makers at the director level and above in marketing and finance roles in North America (percentages may not total 100 because of rounding)
Source: A commissioned study conducted by Forrester Consulting on behalf of Neustar, September 2016
Collaboration Is Hindered By Top-Down Processes And A Lack of Mutual Understanding
“What do you see as the biggest factor that is preventing marketing and finance from making more collaborative decisions within your company?”
(Rank top three)

<table>
<thead>
<tr>
<th>Factor</th>
<th>Ranked 1st</th>
<th>Ranked 2nd</th>
<th>Ranked 3rd</th>
</tr>
</thead>
<tbody>
<tr>
<td>Processes (chain of command, rules/regs, etc.)</td>
<td>24%</td>
<td>26%</td>
<td>22%</td>
</tr>
<tr>
<td>Technology used</td>
<td>23%</td>
<td>19%</td>
<td>24%</td>
</tr>
<tr>
<td>People (skills, motivations, etc.)</td>
<td>24%</td>
<td>22%</td>
<td>16%</td>
</tr>
<tr>
<td>Metrics used to measure success</td>
<td>15%</td>
<td>22%</td>
<td>19%</td>
</tr>
<tr>
<td>Goals (objectives, business drivers, etc.)</td>
<td>14%</td>
<td>12%</td>
<td>19%</td>
</tr>
</tbody>
</table>

Base: 190 decision-makers at the director level and above in marketing and finance roles in North America
Source: A commissioned study conducted by Forrester Consulting on behalf of Neustar, September 2016
We’ve had to “rethink the profile of the people hired”, as the company moves toward more big data dashboards to inform decisions — CFO at a global fashion company

Lack Of Data Integration Stymies Collaboration

“What are the challenges your company faces with measuring marketing’s contribution to achieving overall business objectives?”

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>We have difficulties integrating systems that track marketing campaigns with those that track business results</td>
<td>58%</td>
</tr>
<tr>
<td>We don’t have the right methodologies to attribute marketing spend directly to revenue generation</td>
<td>29%</td>
</tr>
<tr>
<td>We don’t have the right data to attribute marketing spend directly to revenue generation</td>
<td>26%</td>
</tr>
</tbody>
</table>

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Source: A commissioned study conducted by Forrester Consulting on behalf of Neustar, September 2016
“Sometimes finance is too black and white. Numbers can be governors, but there are also risks that you can take.”
Senior VP of marketing, US retail bank
Marketing And Finance Lack Knowledge Of Each Other’s Function

“How significant are the following challenges in regards to your company’s finance and marketing teams’ ability to make collaborative decisions?”

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Very significant challenge</th>
<th>Moderate challenge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current processes don't foster collaboration</td>
<td>29%</td>
<td>36%</td>
</tr>
<tr>
<td>Marketing lacks a fundamental understanding of finance's processes, tasks, and objectives</td>
<td>32%</td>
<td>32%</td>
</tr>
<tr>
<td>Marketing objectives are not clearly defined</td>
<td>31%</td>
<td>33%</td>
</tr>
<tr>
<td>Finance lacks a fundamental understanding of marketing's processes, tasks, and objectives</td>
<td>30%</td>
<td>31%</td>
</tr>
<tr>
<td>Marketing is unable to provide a well-supported business case for its budget requests</td>
<td>25%</td>
<td>36%</td>
</tr>
<tr>
<td>Our company doesn't have the right tools and technology to measure marketing's contribution to the business</td>
<td>28%</td>
<td>32%</td>
</tr>
<tr>
<td>Our company doesn't have the right data to measure marketing's contribution to the business</td>
<td>32%</td>
<td>27%</td>
</tr>
<tr>
<td>Finance objectives are not clearly defined</td>
<td>29%</td>
<td>30%</td>
</tr>
<tr>
<td>Finance doesn't value the measurements/KPIs marketing uses (such as nonfinancial metrics)</td>
<td>30%</td>
<td>28%</td>
</tr>
<tr>
<td>Marketing and finance have different objectives that are difficult to reconcile</td>
<td>31%</td>
<td>25%</td>
</tr>
</tbody>
</table>

Base: 190 decision-makers at the director level and above in marketing and finance roles in North America
Source: A commissioned study conducted by Forrester Consulting on behalf of Neustar, September 2016
Finance and Marketing Need Mutual Understanding and Joint Planning

“What activities would be most effective in getting finance and marketing to work together to drive business results?”

<table>
<thead>
<tr>
<th>Activity</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Making more joint decisions on marketing spend and budgets</td>
<td>55%</td>
</tr>
<tr>
<td>Gaining a better understanding of one another’s organizations goals and objectives</td>
<td>53%</td>
</tr>
<tr>
<td>Viewing marketing as a growth center, not a cost center</td>
<td>51%</td>
</tr>
</tbody>
</table>

“Boosting the relationship between marketing and finance is as much about education and collaboration as it is anything else.”

Senior director of eCommerce marketing, US-based retailer

Base: 190 decision-makers at the director level and above in marketing and finance roles in North America
Source: A commissioned study conducted by Forrester Consulting on behalf of Neustar, September 2016
Recommendations

› Get marketing and finance on the same page
› Set up a frequent cadence of collaboration
› Focus on improving data and analytics capabilities with the help of new technology
› Kick off a data audit and clean-up initiative
Thank you

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