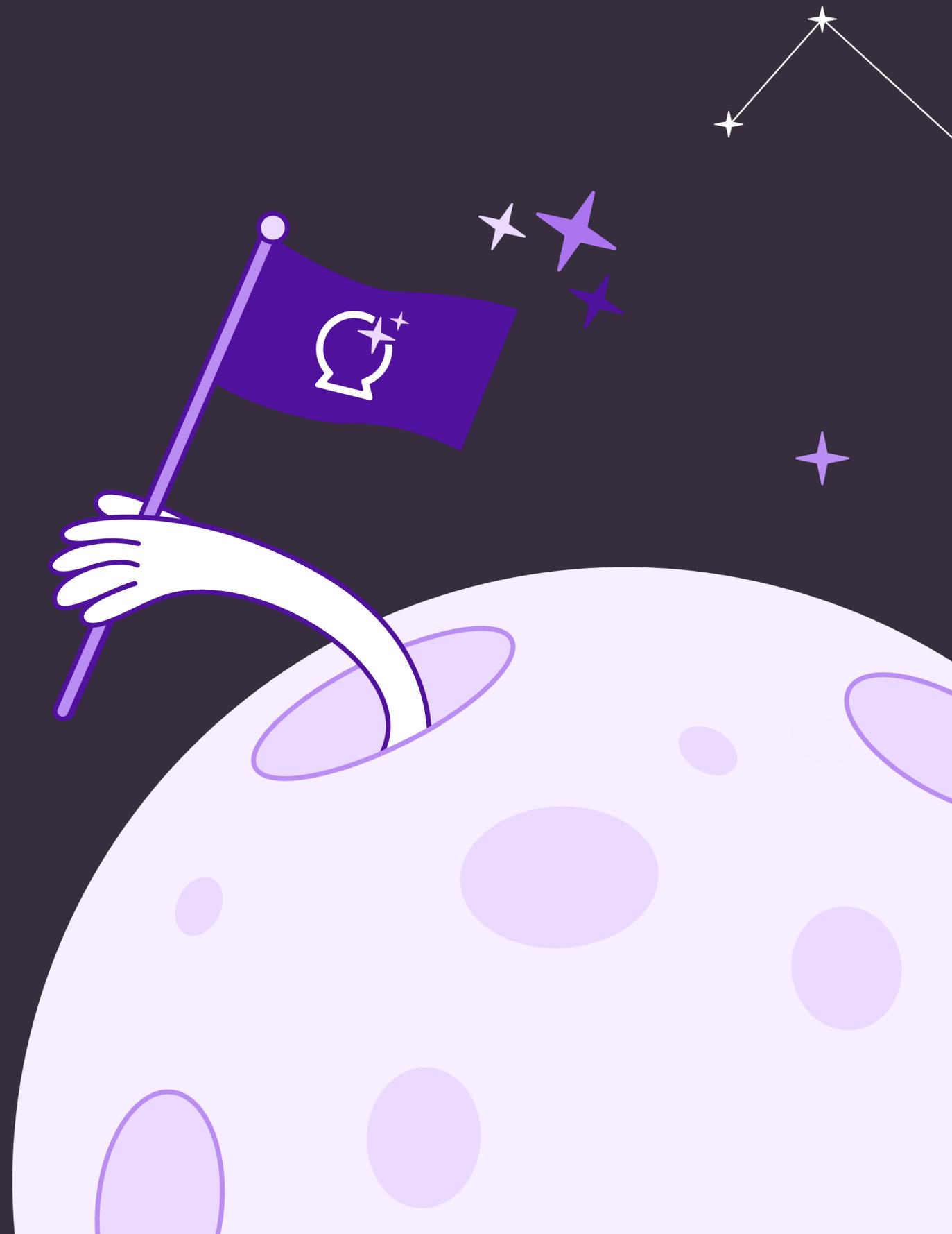


2021

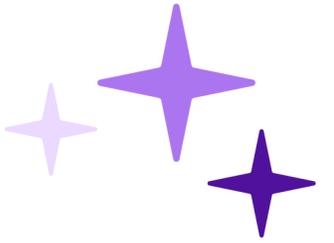
# Product-Led Sales Benchmark Report





# Table of contents

- 1** Introduction
- 2** Participant overview
- 3** Go-to-market
- 4** Sales team structure
- 5** Sales compensation
- 6** Data tracking & metrics
- 7** Popular PLS tools



More companies today are choosing to go Product-Led than ever before, but there's a dirty little secret most PLG newbies are learning...

The best PLG companies we know and love ALL have sales teams.

High-performing teams at the best PLG companies have been practitioners of PLS for a few years now, but education on the topic remains scarce. That's why **Pocus** and **First Round** partnered for the first-ever Product-Led Sales Pulse Benchmark Survey to learn how PLG companies structure, plan and execute their sales strategy.

This report is designed specifically for go-to-market (GTM) teams at PLG companies who have added a sales team or are thinking about layering in sales to accelerate revenue growth.

We conducted the survey from September to November 2021.

The benchmark report includes data from 200+ respondents.

If you've ever wondered what other companies are doing for PLS, or what "good" looks like for laying sales on top of your PLG motion, our report lets you see how you stack up.



In this report, we break down the state of GTM strategy at PLG companies both large and small to uncover benchmarks and best practices for Product-Led Sales success:

- ◆ When are companies adding a sales team?
- ◆ What sales roles are PLG companies prioritizing?
- ◆ What does the sales organization structure look like?
- ◆ How are different sales roles structured?
- ◆ What does sales compensation look like?
- ◆ What metrics and data are tracked?
- ◆ What are the top tools used by PLG companies to enable PLS?

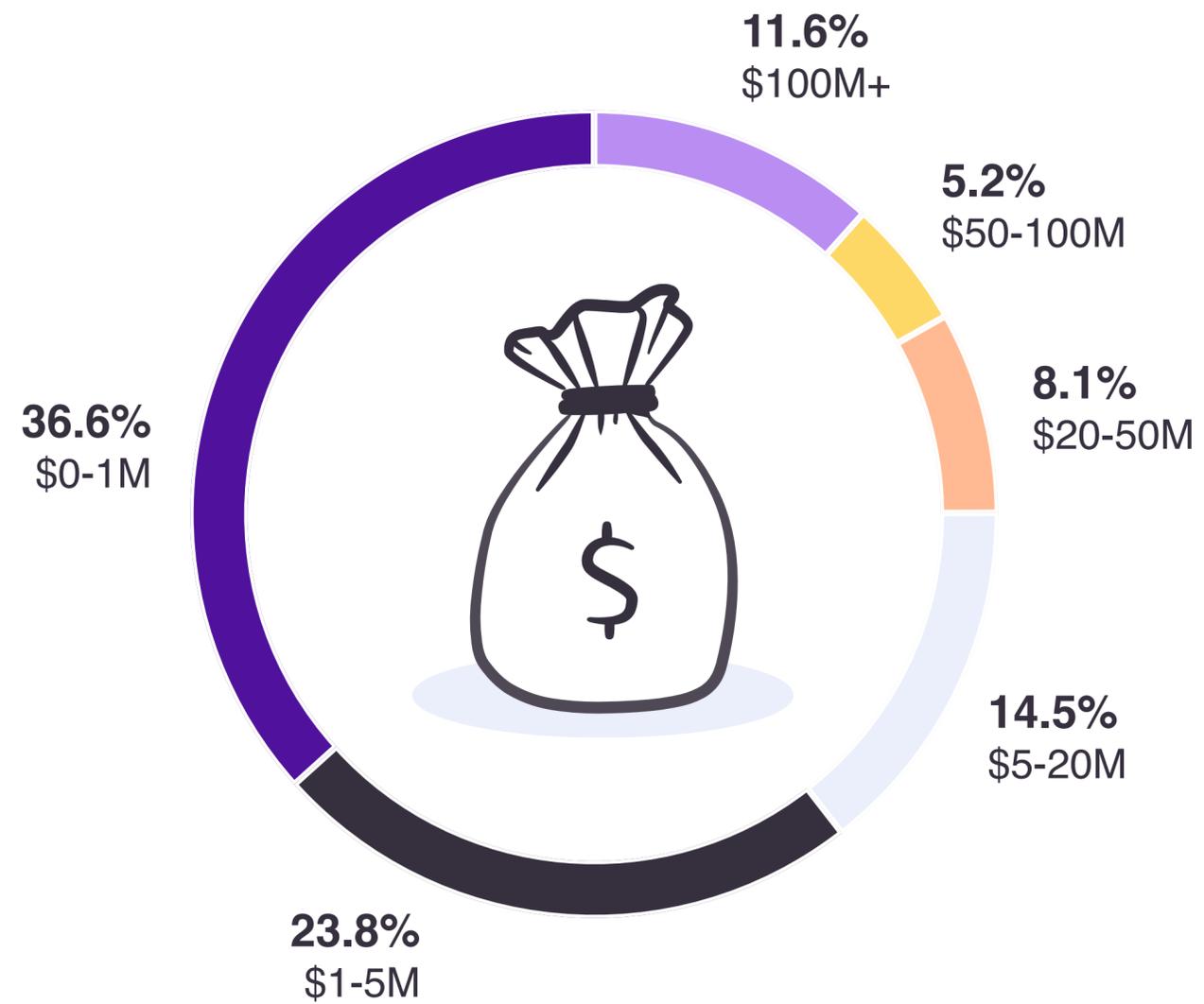


# Participant overview

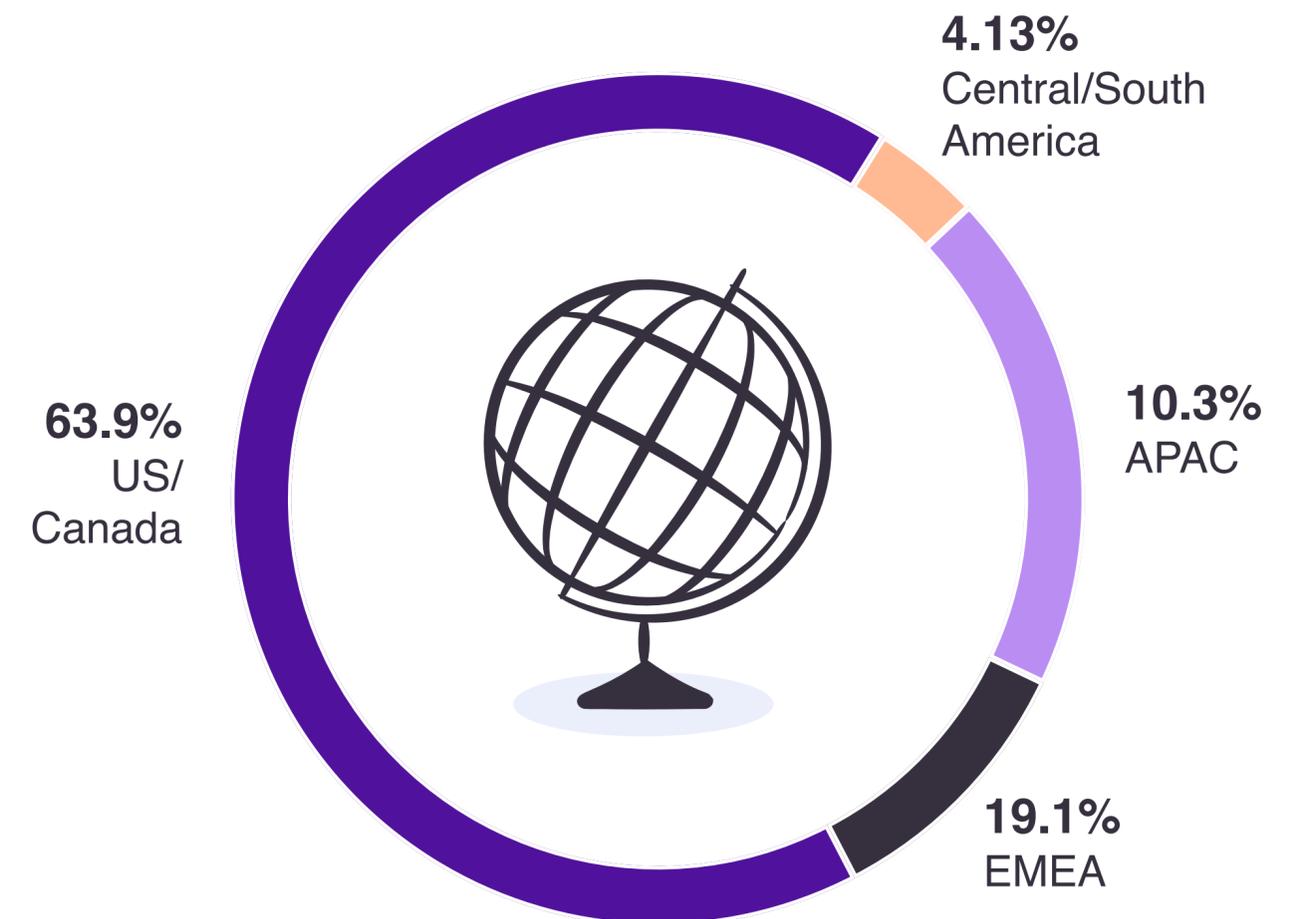


## PARTICIPANT OVERVIEW

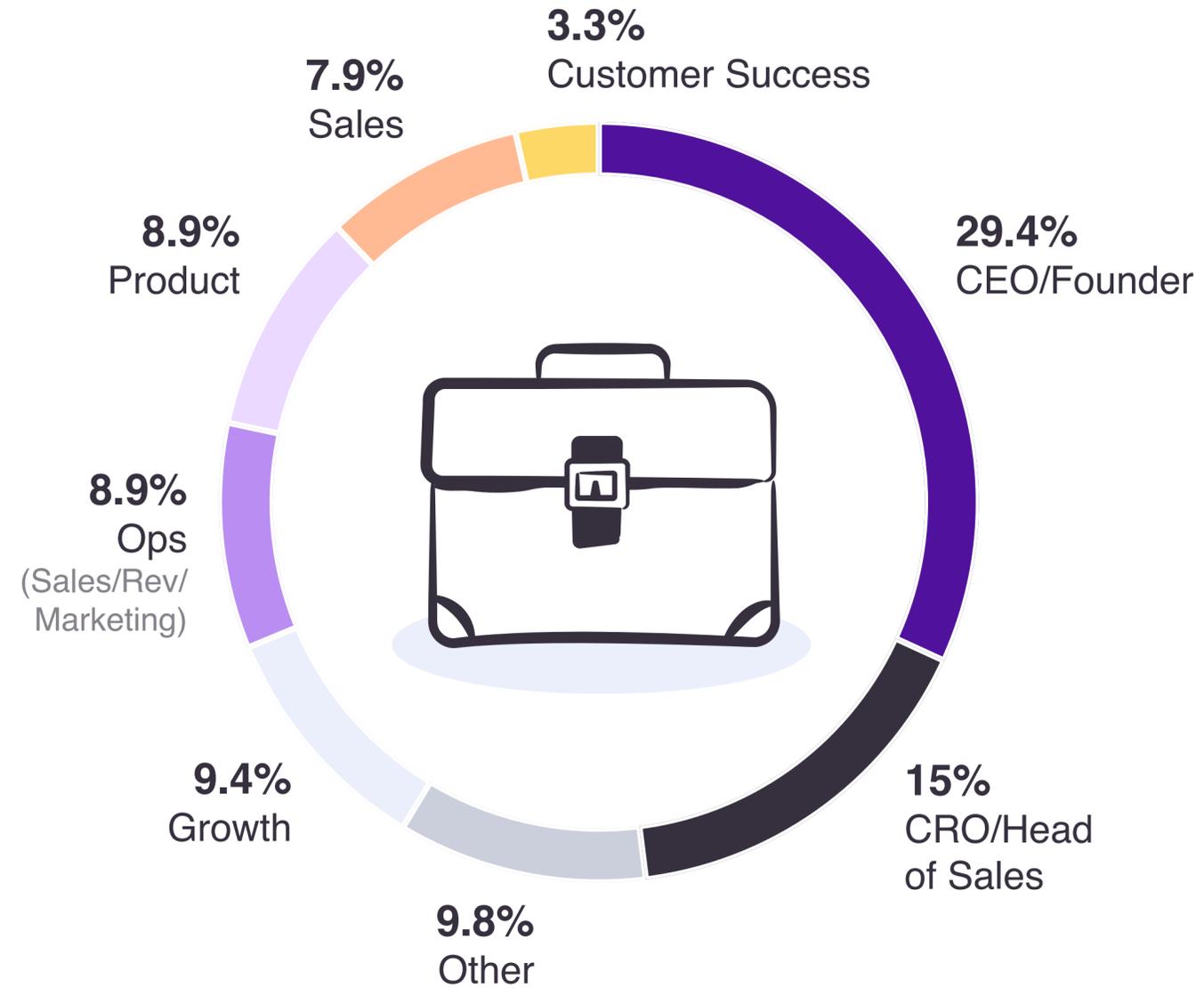
### Distribution by ARR



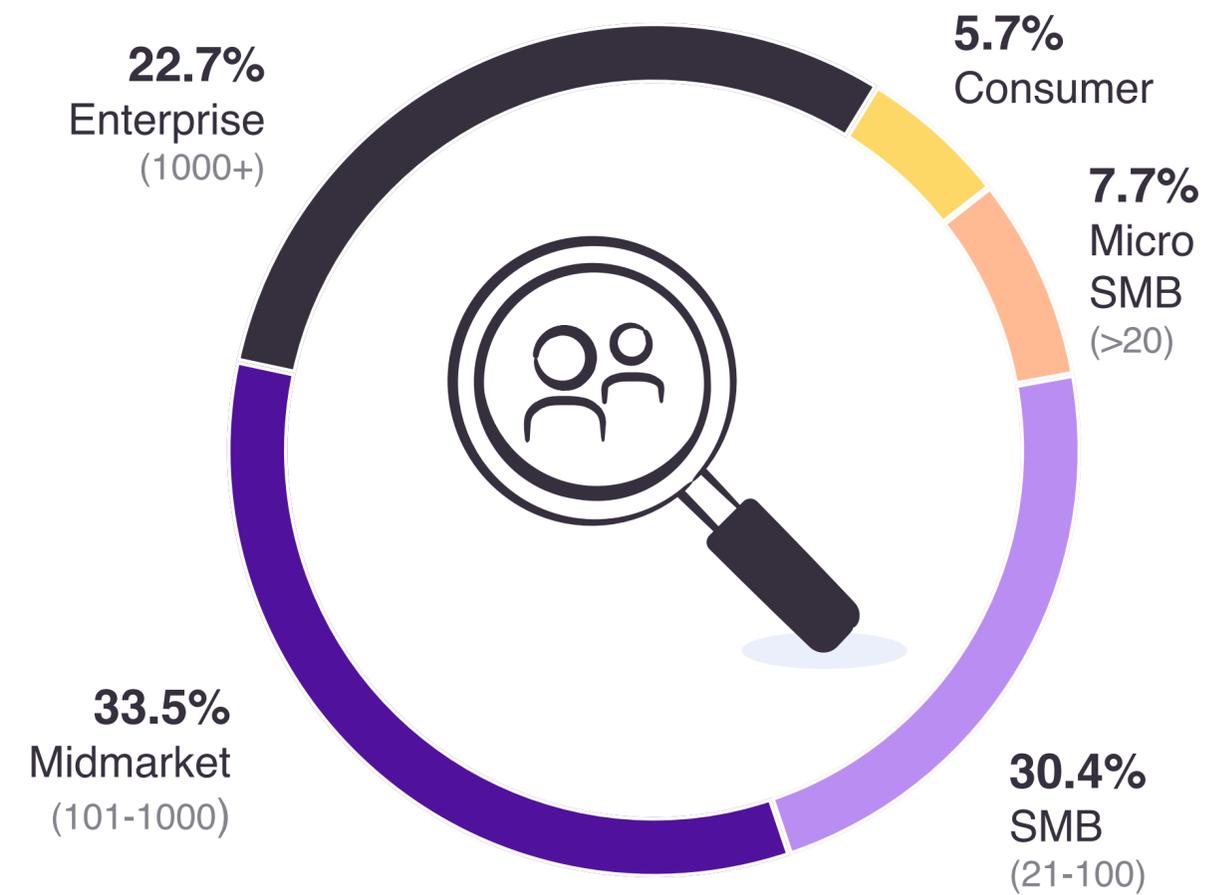
### Distribution by Geography



Distribution by Role



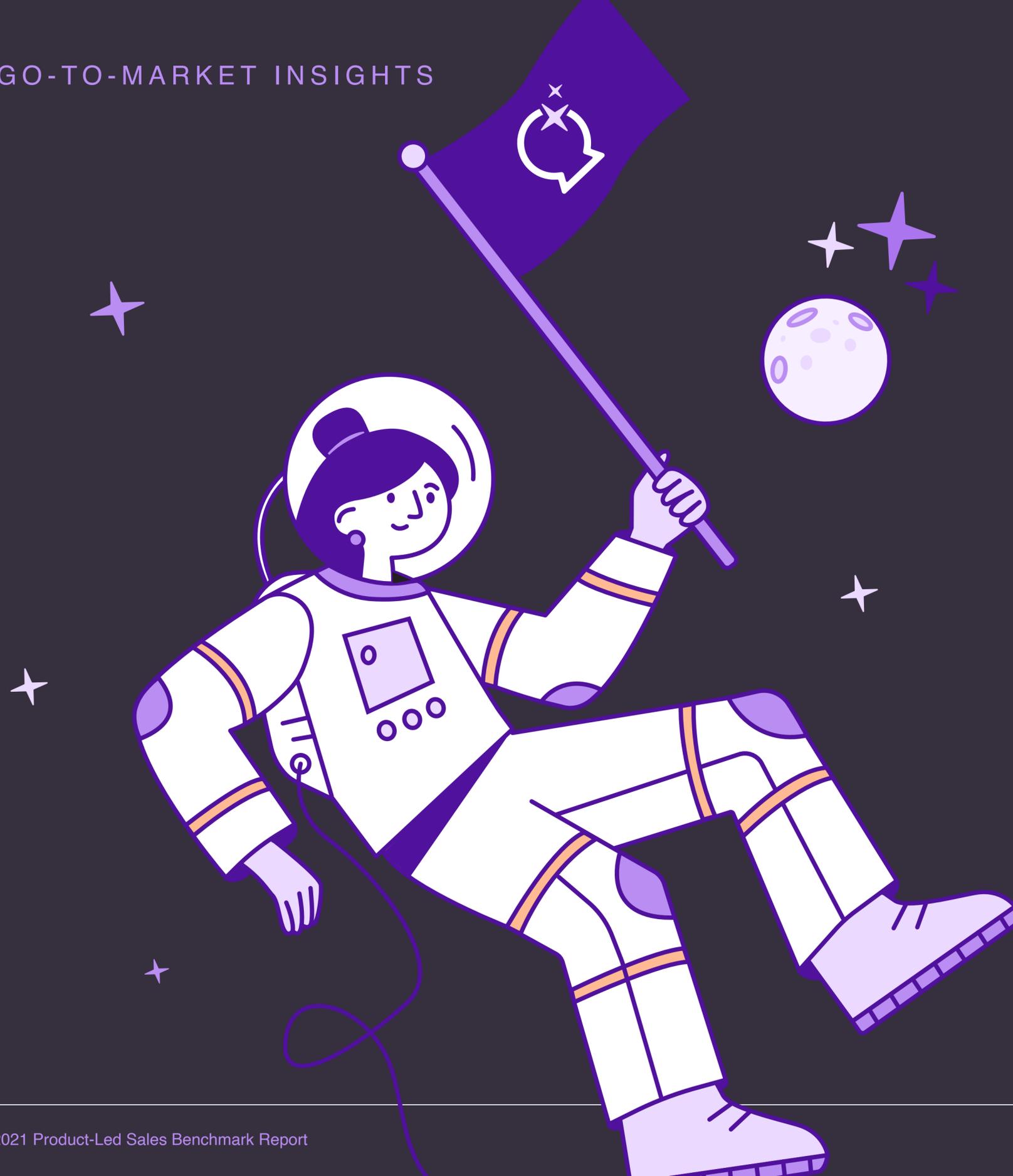
Distribution by Customer Target Size





Leveraging sales in your  
PLG go-to-market motion

---



# Product-Led Sales is still in its infancy

# Product-Led Sales (PLS) is still in its infancy, attracting primarily innovators and early adopters of PLG

Top PLG companies like Slack, Datadog, Zoom, Atlassian, MongoDB and others have been layering in sales on top of their PLG motion for a few years now. Instead of bolting on a typical enterprise sales motion, the best-in-class PLG companies realized that it was much more efficient to direct sales efforts towards an existing base of users — thus PLS was born.



## Product-Led Sales

[prod·uhkt-led seylz] *noun*

PLS is a bottom-up go-to-market model that leverages existing product users as the main funnel for the sales team.

## Why PLS?

By layering on sales, companies can find needle in the haystack opportunities within their existing user base to accelerate revenue. Instead of equipping sales with cold leads, give them insights into product-qualified opportunities that will convert 5x the rate of marketing qualified leads.

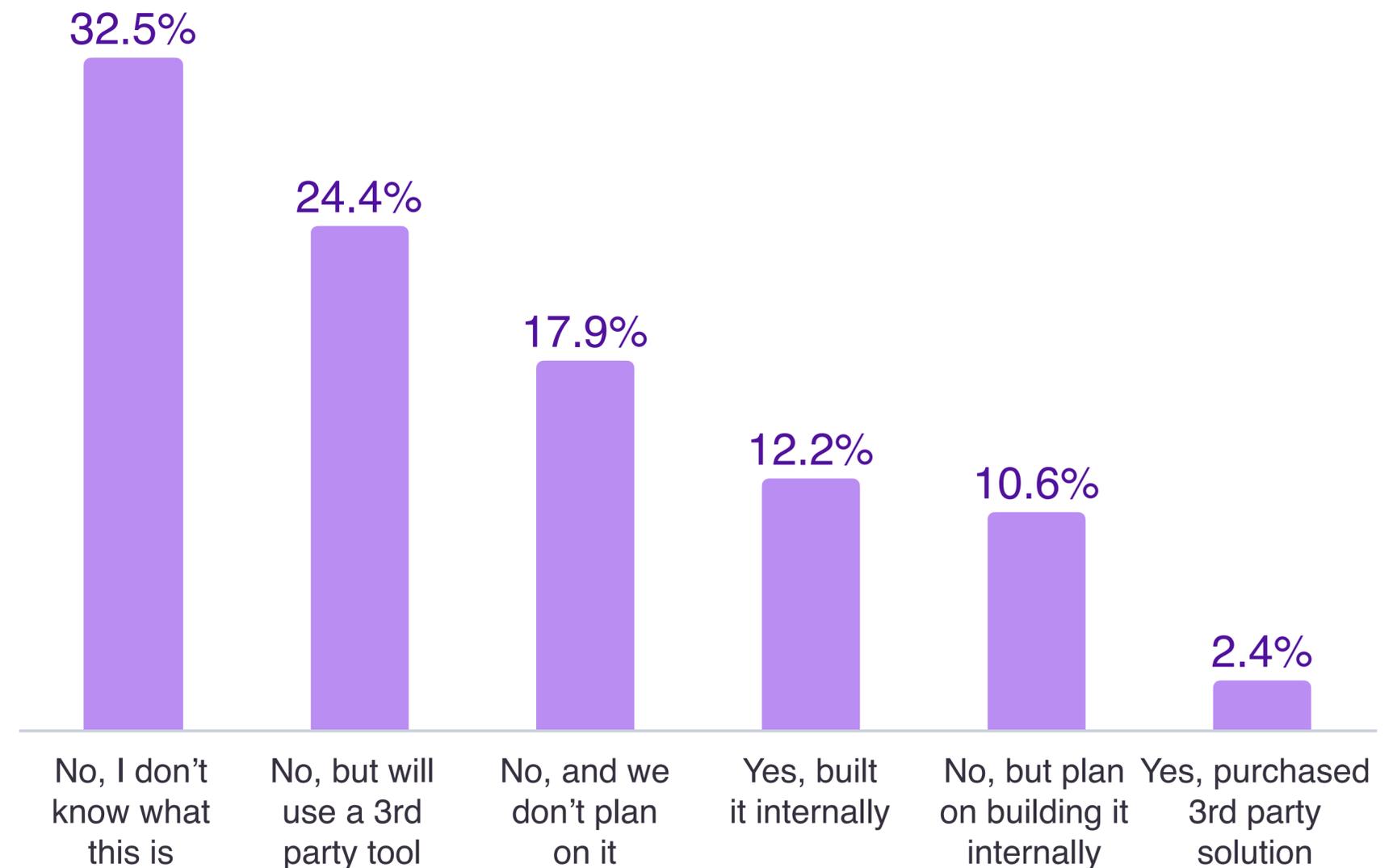


# Product-Led Sales is gaining traction with early adopters

- ◆ The early adopters are leading way - **12.2%** of respondents said they built a PLS platform internally
- ◆ **10.6%** are planning to build internally
- ◆ **24.4%** are planning to purchase a 3rd party solution

## Have you invested in a PLS platform?

**PLS platform:** Technology that enables a PLS motion by providing sales teams with data, insights, and automations.



## But many are still not aware Product-Led Sales is an option

In the data we clearly see the myth of “no sales” at PLG companies has been dispelled with over **97% of survey respondents** either having both PLG and a sales team or have plans to add sales soon. Yet **33% don't know what a PLS platform** is or what it does.

### So why is Product-Led Sales (PLS) not more widely understood or adopted?

PLS is not only about adding a sales team. If you have a PLG motion and are simply layering on a top-down enterprise sales approach then you are not capturing the full potential of Product-Led Sales.

Product-Led Sales reorients your sales team (and GTM function) towards your existing base of self-serve users. The playbook for PLS is different from your typical enterprise sales approach, where there is a lot of up front demoing and relationship development. Instead, with PLS, sales is focused on nurturing existing users who may not yet be paying, are ready for an upgrade, or are ready for enterprise expansion.

# PLG + Sales does not always equal Product-Led Sales

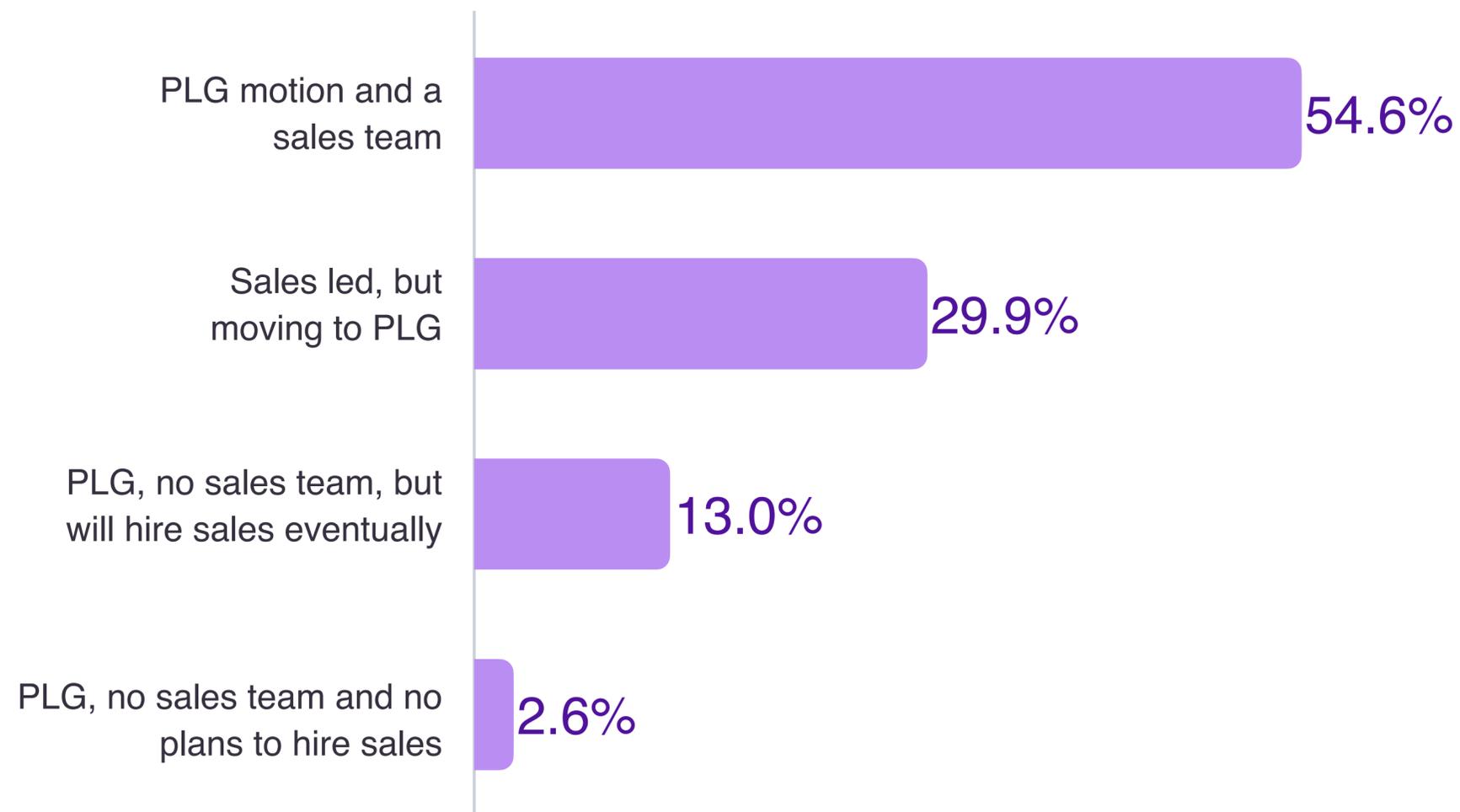
On the surface it may seem like all PLG companies operate similarly, so the go-to-market playbooks easily translate from one PLG company to the next. We found that this is not the case. Variety exists with how PLG companies are executing, particularly with how they deploy sales resources.

The big question is **how many companies are transitioning from pure PLG go-to-market motions to Product-Led Sales?** The answer is fewer than you would think, because we learn that simply adding a sales team  $\neq$  PLS.

In this section we uncover how many PLG companies have sales teams, how those sales teams operate (traditional outbound vs. Product-Led Sales), and how this impacts onboarding of enterprise customers.

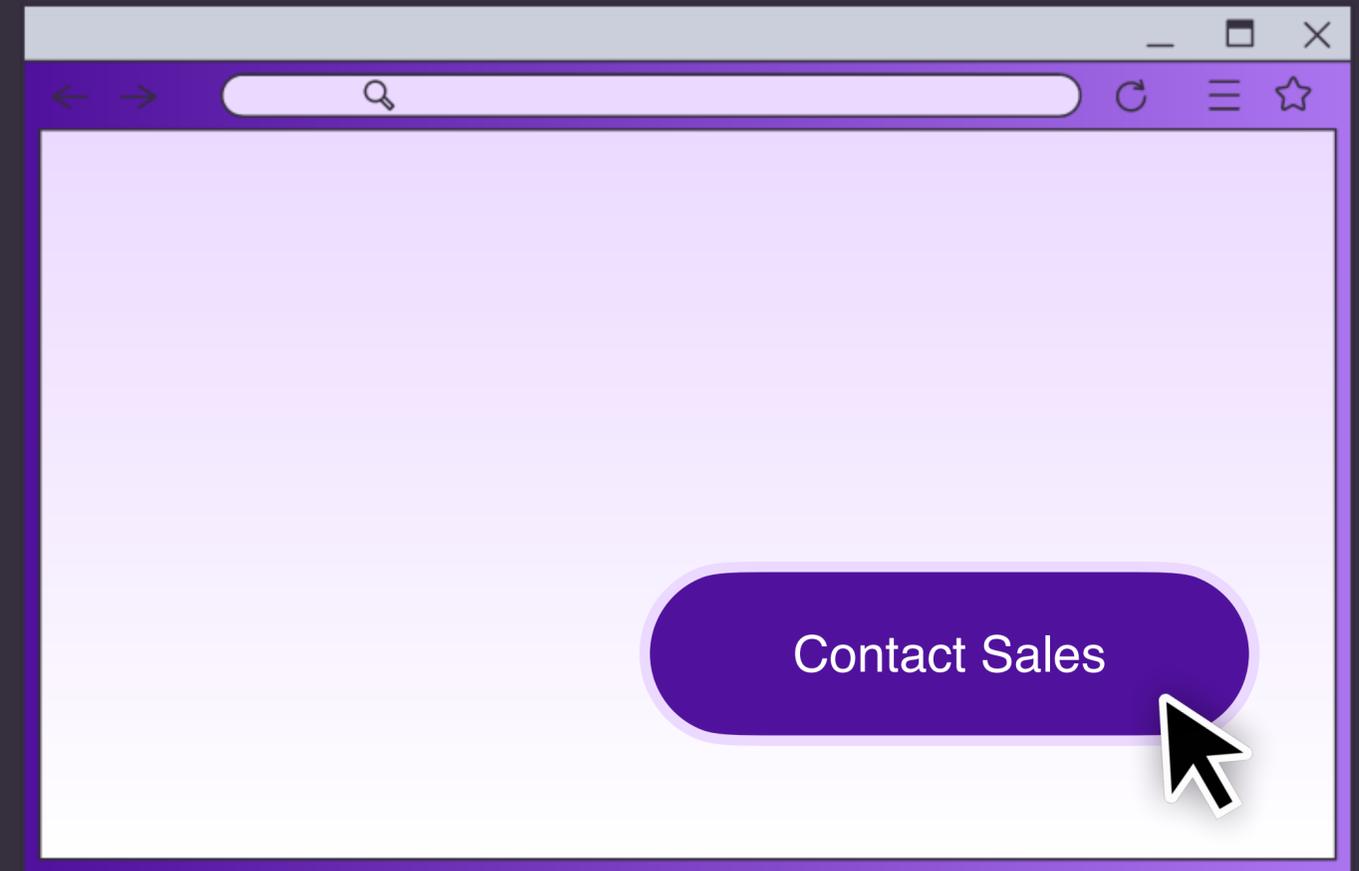
# The myth of no sales in PLG = busted

What best describes your GTM motion?



- ◆ At an aggregate, **97%** of respondents have a sales team or have plans to add a sales team
- ◆ **54.6%** said they have both PLG and a sales team
- ◆ **Nearly 30%** are in the process of moving from sales-led to PLG
- ◆ **13%** have a PLG motion and are planning to hire a sales team
- ◆ And unsurprisingly only a small minority (**2.6%**) have no plans to adopt sales on top of PLG

# Product-led sales buying patterns



# A majority have a self-serve path for users to onboard onto products

When you break this down by GTM motion...

- ◆ Companies with PLG + sales had both freemium and free trial
- ◆ While companies who have no plans to add sales were all in on freemium (**100%**)
- ◆ Companies who were primarily sales-led had the highest response for neither (**52%**)

## Overall Responses

**41%**

freemium or a low cost entry point for their product

**24%**

free trial experience for their product

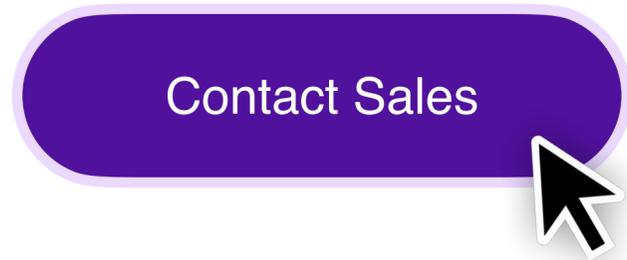
**21%**

neither freemium nor free trial

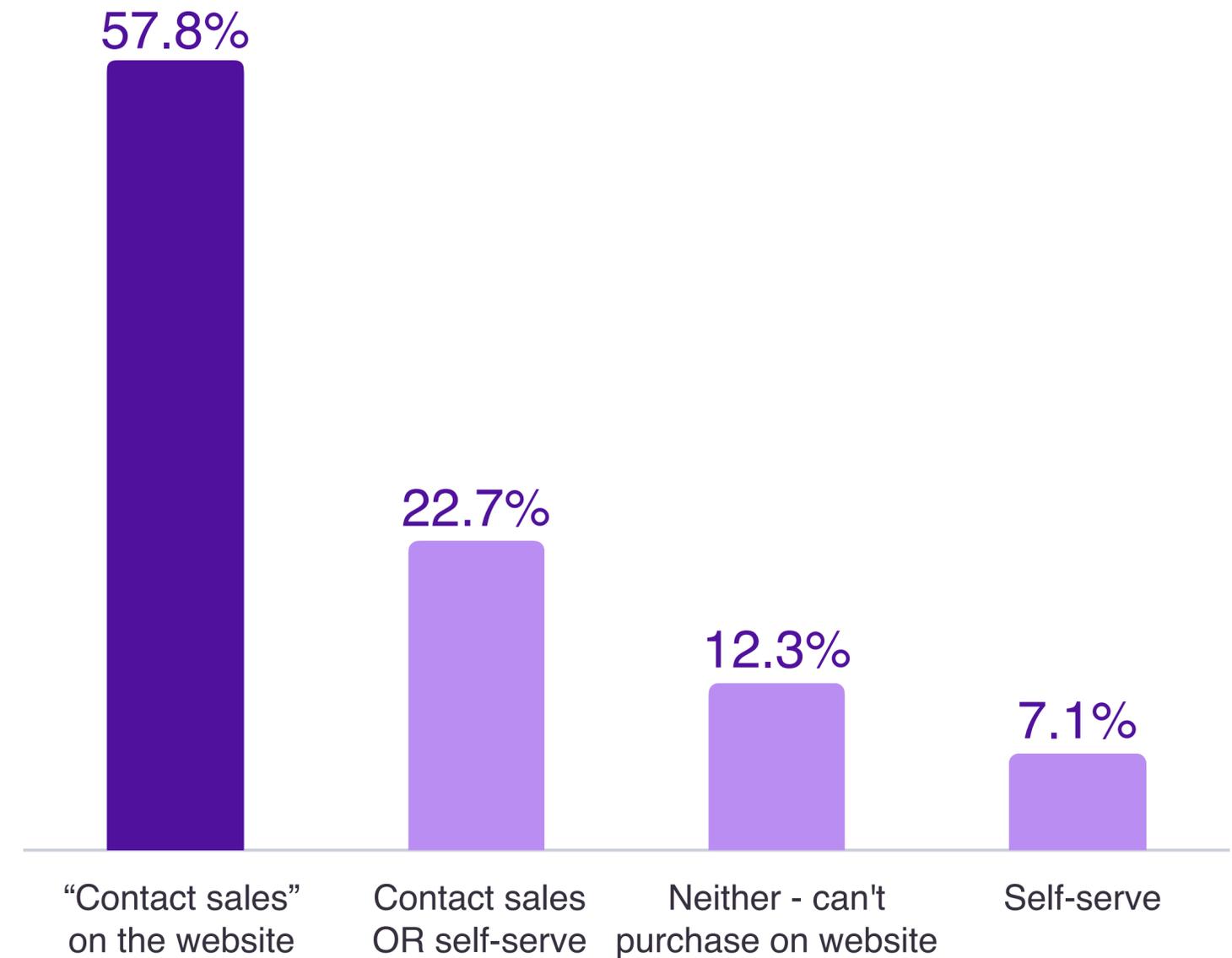
**14%**

both freemium and free trial

For enterprise licenses,  
“contact sales” is the most  
popular path  
(even at PLG companies)

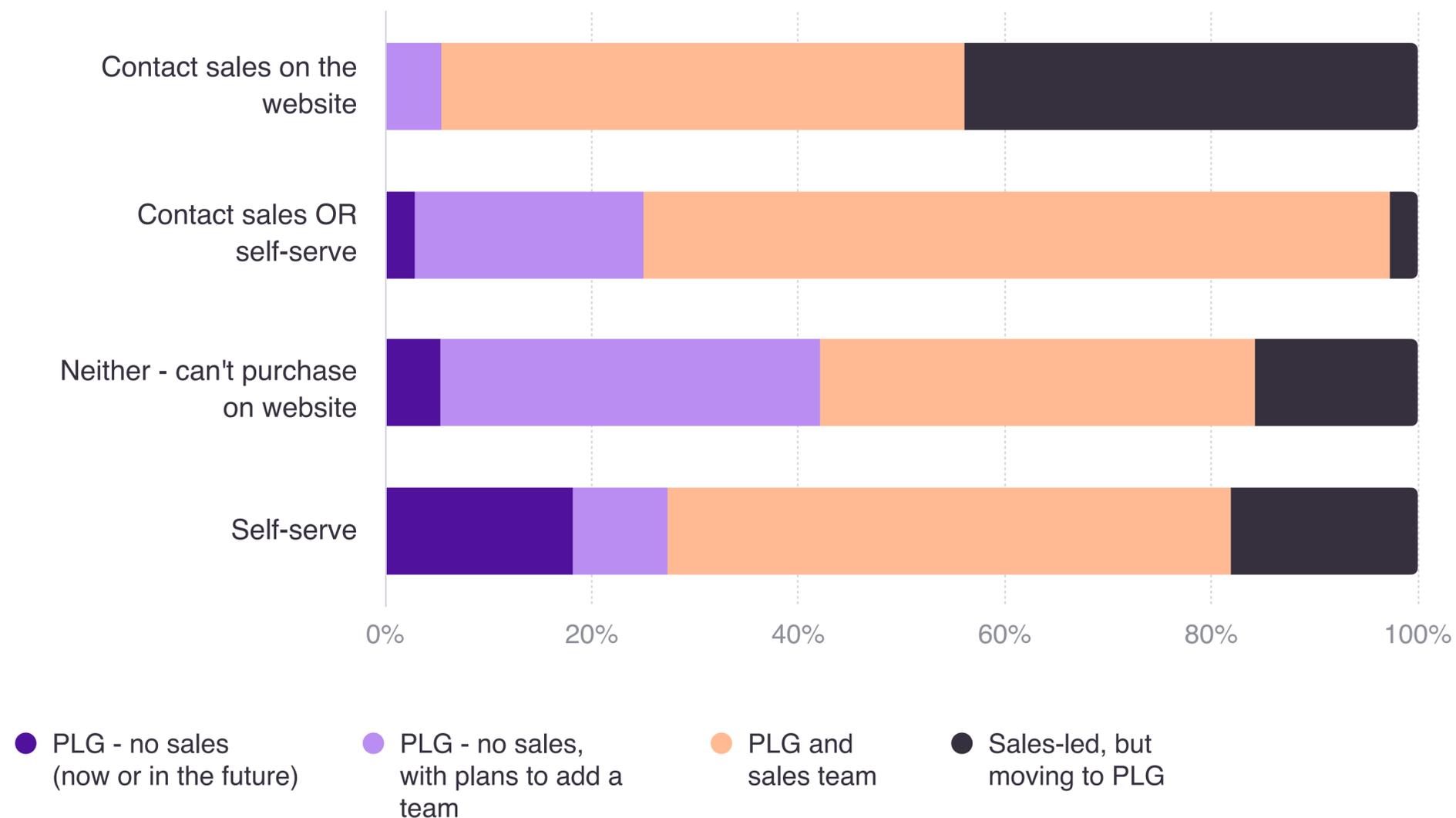


If a user wants to purchase an enterprise-wide license, they:



# Few are ready to let enterprise customers self-serve (completely)

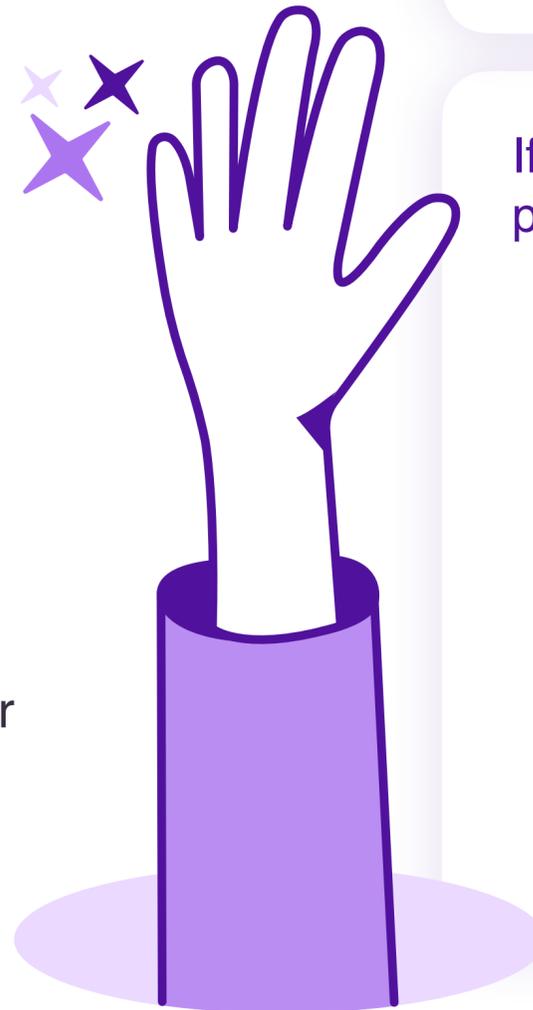
What best describes your current go-to-market strategy?



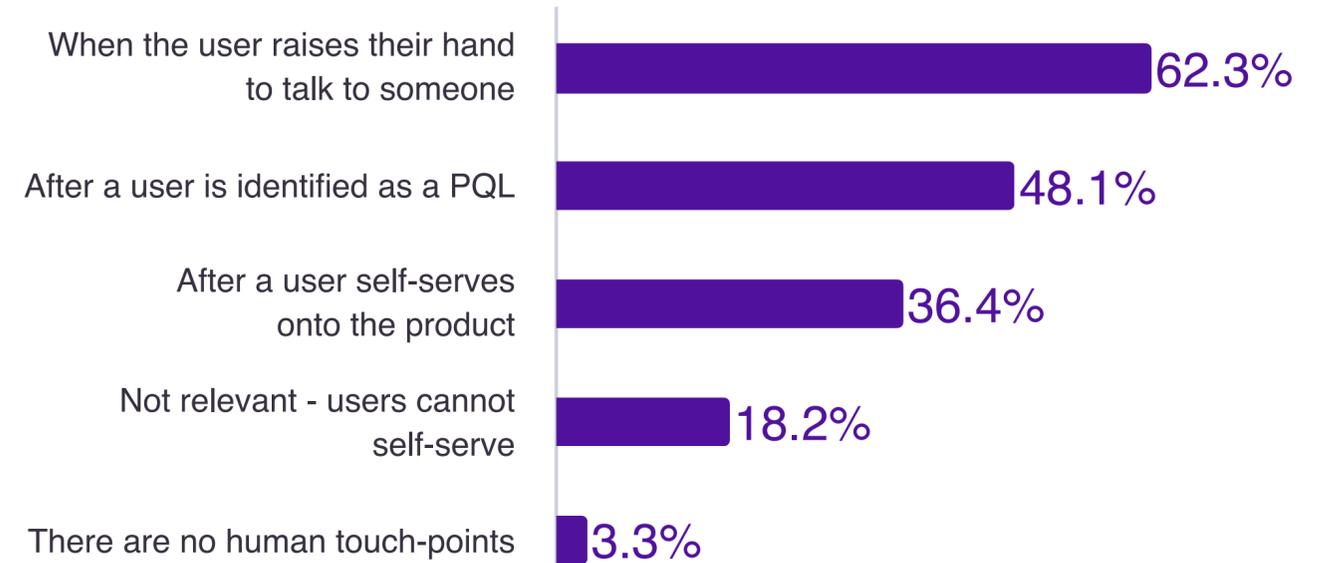
- ◆ Only 7% of respondents allow customers to self-serve onto an enterprise plan
- ◆ PLG companies with no future plans to add sales are leading the way for self-serve enterprise license onboarding
- ◆ Other than that group, the vast majority guide users to 'contact sales' on the website
- ◆ Many companies are experimenting with both paths

# “Hand raisers” remain a key signal for human interaction in the onboarding process

- ◆ **62.3%** responded that a sales touch point happens after a “hand raise” from the user
- ◆ But **36.4%** said there is a human reach out immediately after they sign up and another **48.1%** reach out only once that user becomes a PQL
- ◆ Interestingly, we see customer success pop up here being used as a key human touch point after the self-serve enterprise sale

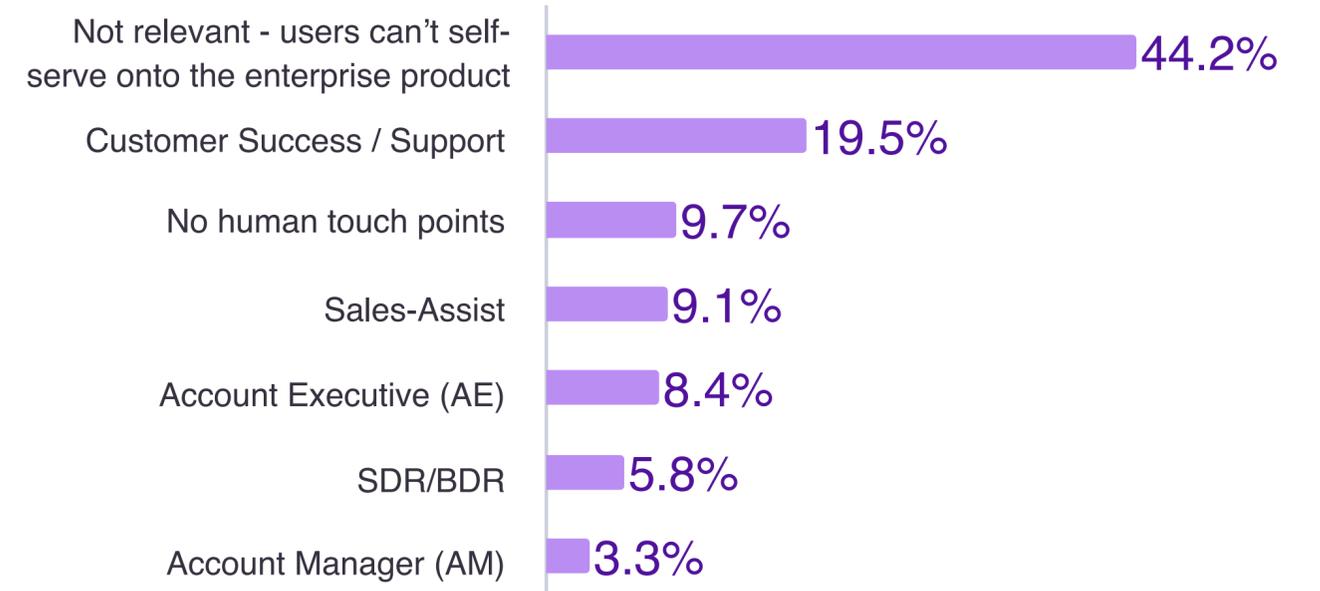


## When does a human interaction occur?



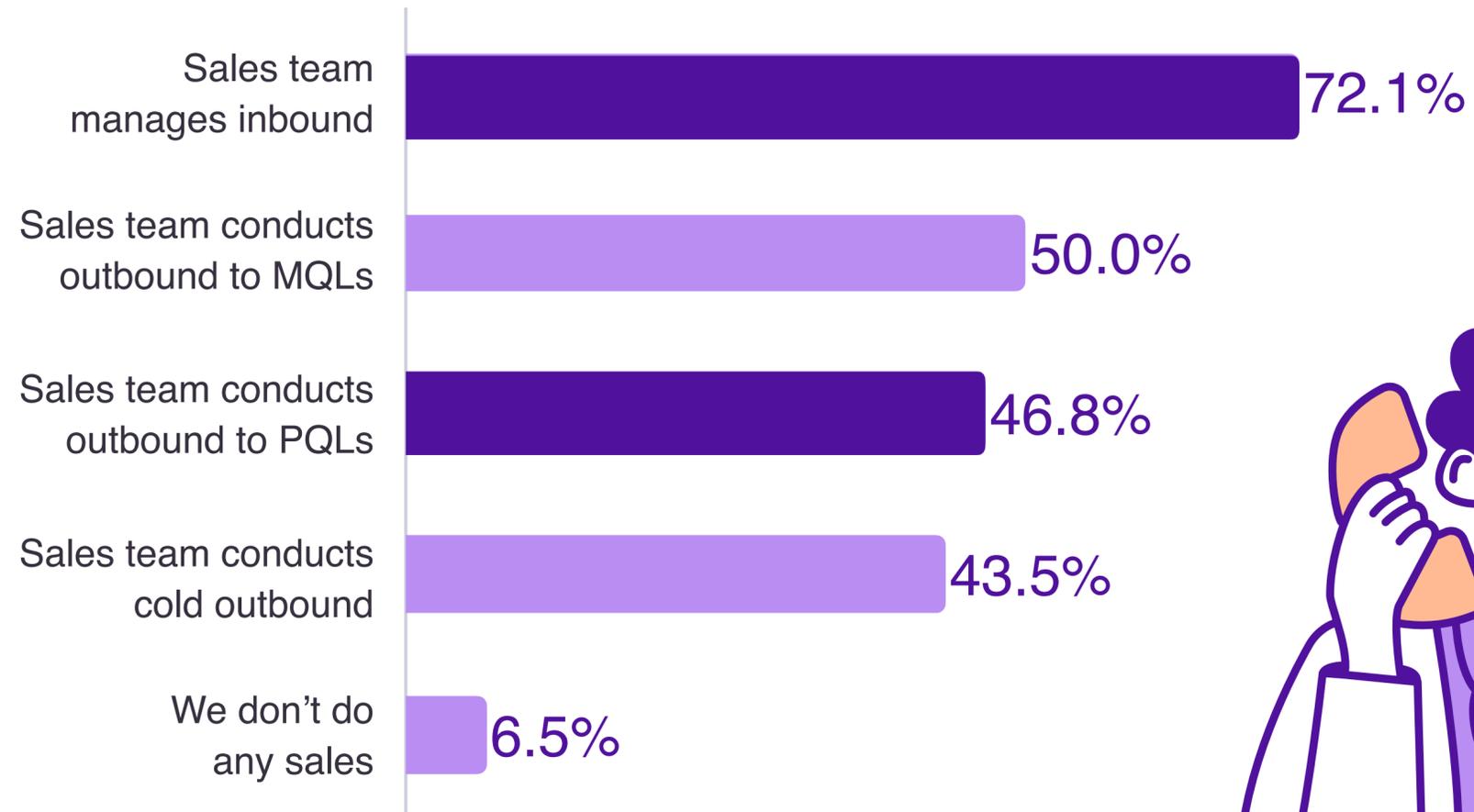
\*Respondents could select more than one answer

## If the enterprise user can self-serve onto your product, are there any human touch-points?



# Sales teams keep with tradition but are warming up to the power of PQLs

Which of these options most accurately describes your sales motion?\*



- ◆ **72.1%** of respondents have sales conducting outreach to inbound leads
- ◆ **About 50%** are also passing along MQLs to sales teams for outbound
- ◆ **46.8%** are asking sales to reach out to PQLs
- ◆ Outbound to **PQLs** are becoming as popular as outbound to MQLs
- ◆ However, **43.5%** of respondents still have sales teams doing cold outbound (aka enterprise sales)



\*Respondents could select more than one answer

# Structuring the PLS team



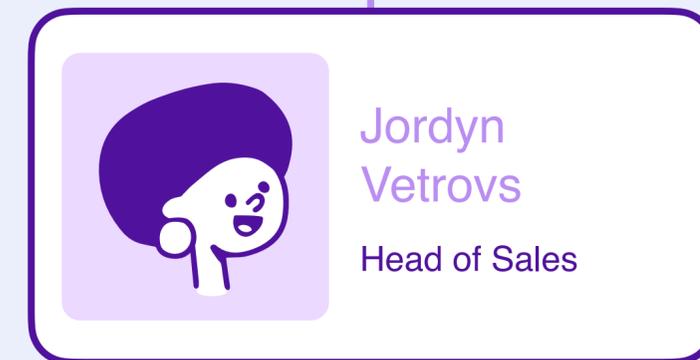
# Choosing the right time to build & scale sales

As a founder or small PLG team, it can be difficult to figure out when to start adding a sales team.

We asked survey respondents:

- When they made their first sales hires
- How big their teams are now
- How they deploy sales resources

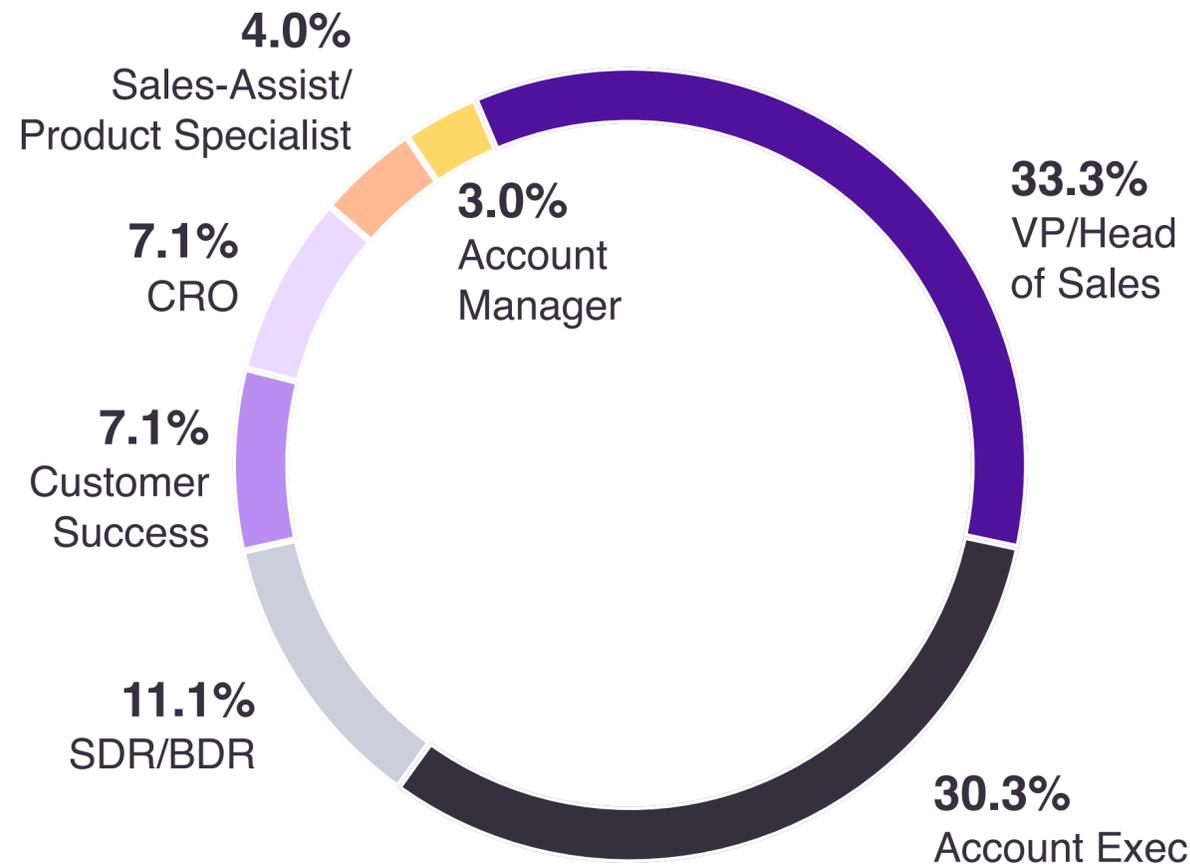
The sales team structure at PLG companies is not too different from any other SaaS company, with the first hire normally being a Head of Sales, VP of Sales, or a CRO.



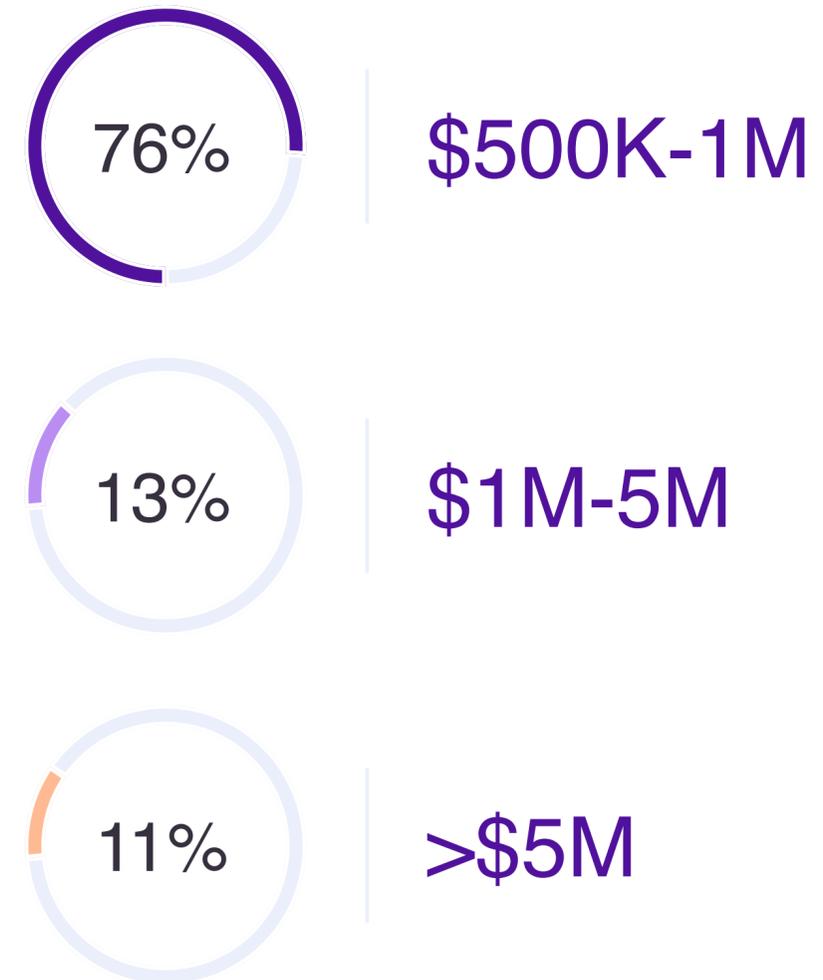
**48%** of respondents made their first sales hire between \$500K and \$1M in ARR and that hire typically reported directly to the CEO/Founder.

# When to hire a sales team and WHO to hire first

Who was your first sales hire?

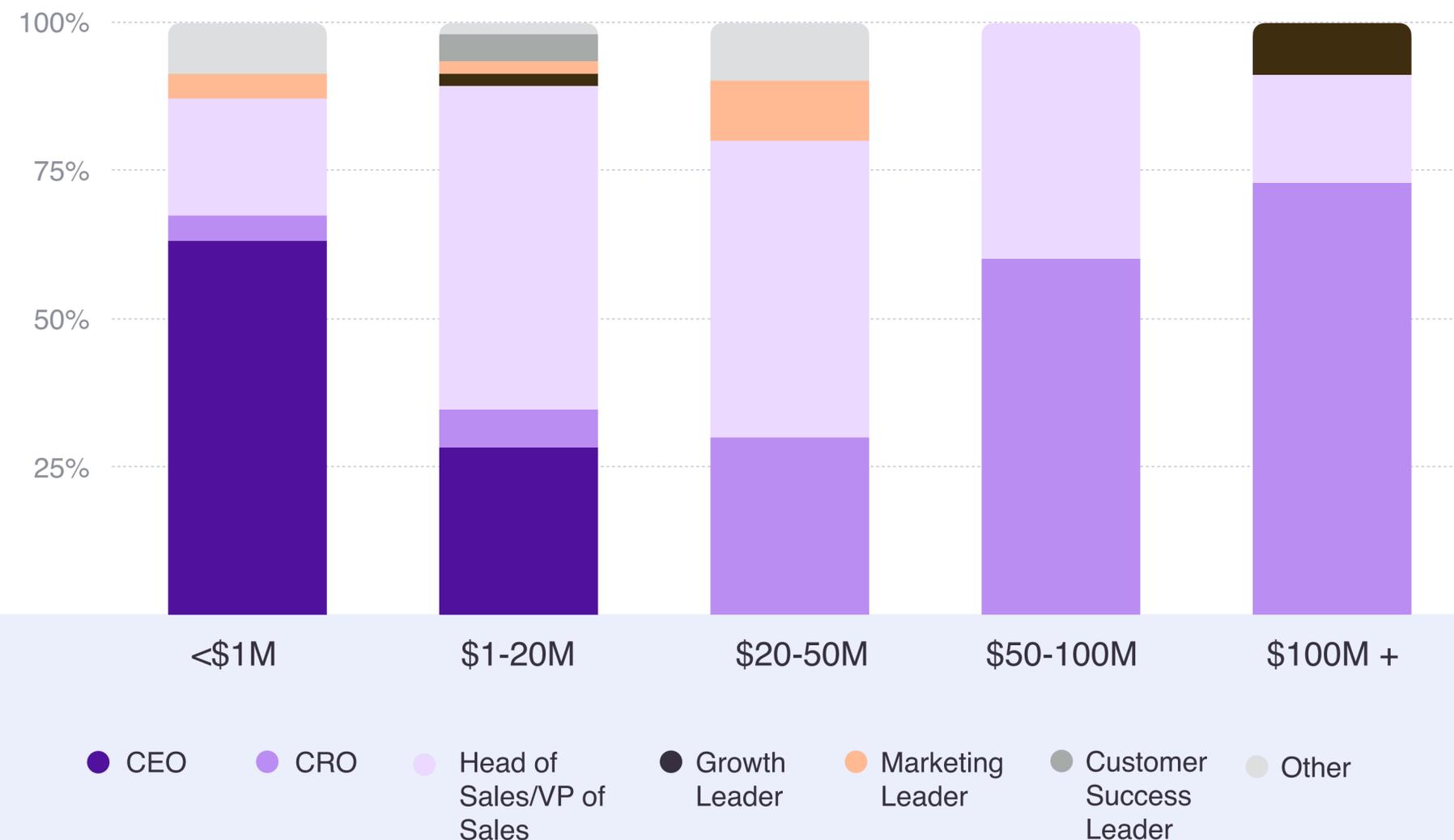


When was your first sales hire?



# Hiring a CRO becomes more commonplace when you reach \$20M + in ARR

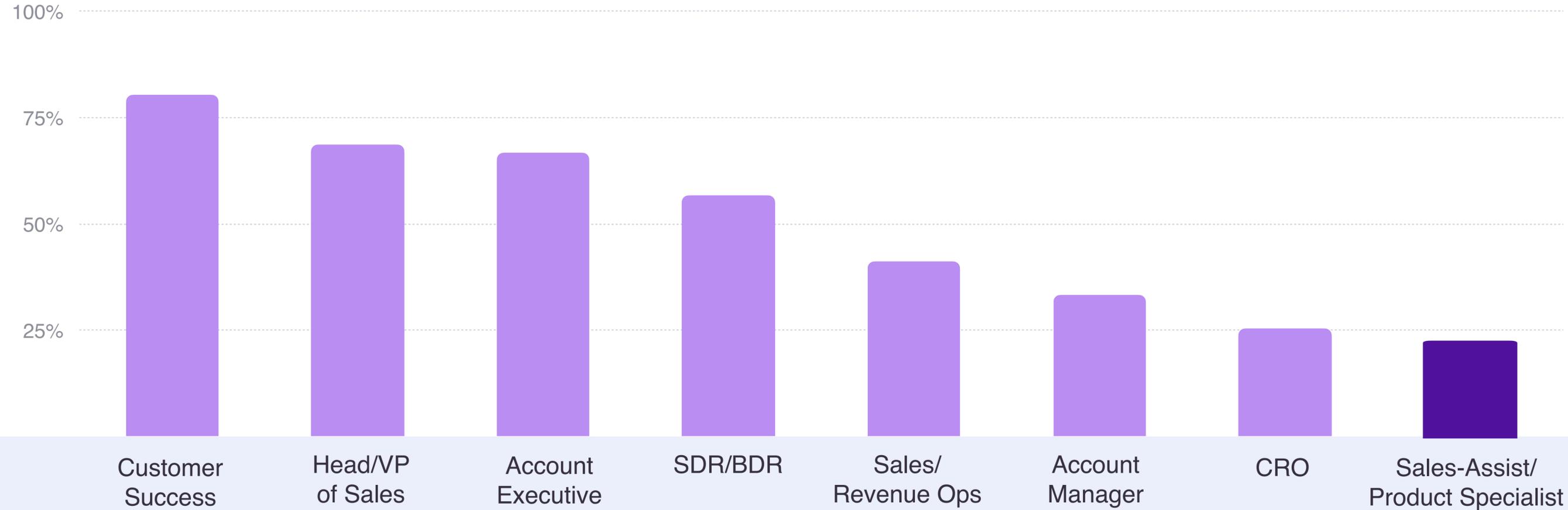
Who does sales report to? (Broken down by ARR)



- ◆ In companies with **<\$1M** in revenue, the first hire is usually a Head of Sales or VP of Sales, and most report to the CEO (**62%**)
- ◆ In the **\$1-20M** ARR you see **48%** report to the Head of Sales/VP of Sales, **26%** report to CEO, and **14%** to the CRO
- ◆ Interestingly, at **\$1-20M** ARR respondents who chose 'other' said that sales reported to a **Co-Founder** or the **COO**
- ◆ **\$100M+** majority of companies have a CRO (**72%**) and sales reports into that person

# PLS teams look similar to traditional sales teams, with an additional emerging role of sales-assist.

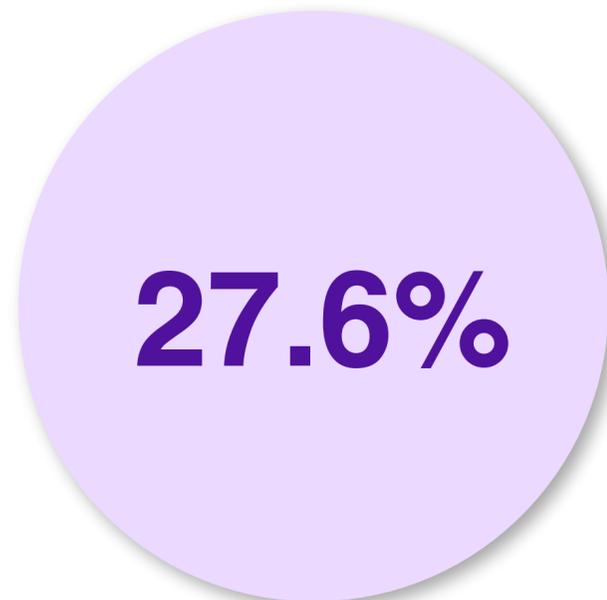
Which of the following sales roles do you have?



\*Respondents could select more than one answer

# The traditional SDR role continues (even in PLG)

What is the primary role of a Sales Development Rep (SDR)?



Filter/qualify leads  
(no product interaction)

## Secondary Roles



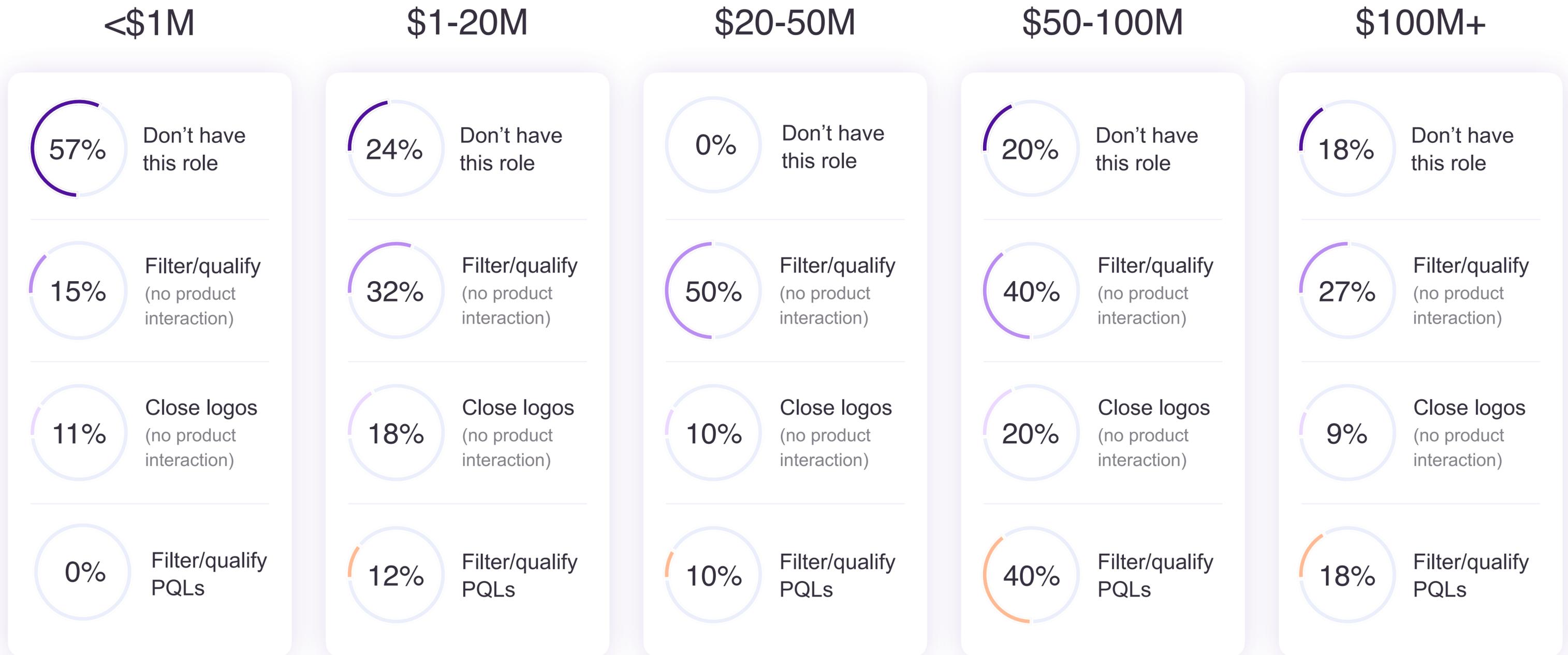
Close logos  
(no product interaction)



Filter/qualify leads  
(with product interaction)

For those who have SDRs, the primary role is to **filter or qualify leads that never interacted with the product before (27.6%)**

# As companies mature, the SDR focuses more on PQLs.



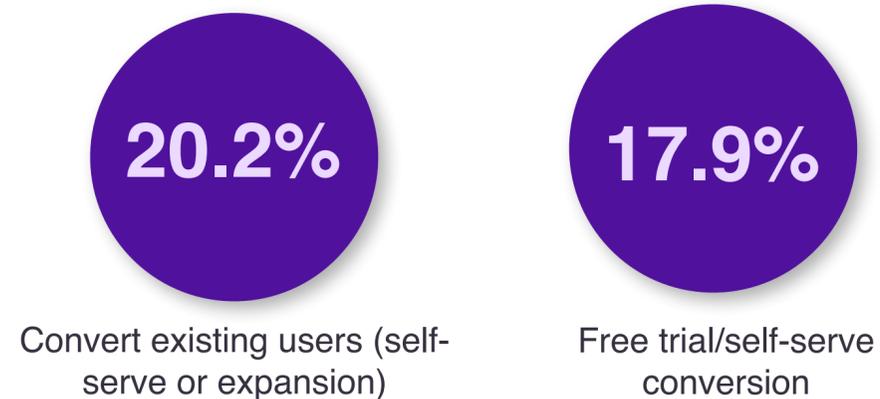
\*Not showing full data set - only most common responses

# For AEs, conversion & expansion is becoming a priority.

What is the primary role of an Account Executive (AE)?



## Secondary Roles



The primary role of an AE is to close new deals that have not interacted with the product yet (23.1%). A close secondary role is to **spend time on expansion and conversion of self-serve users (20.2%)**.

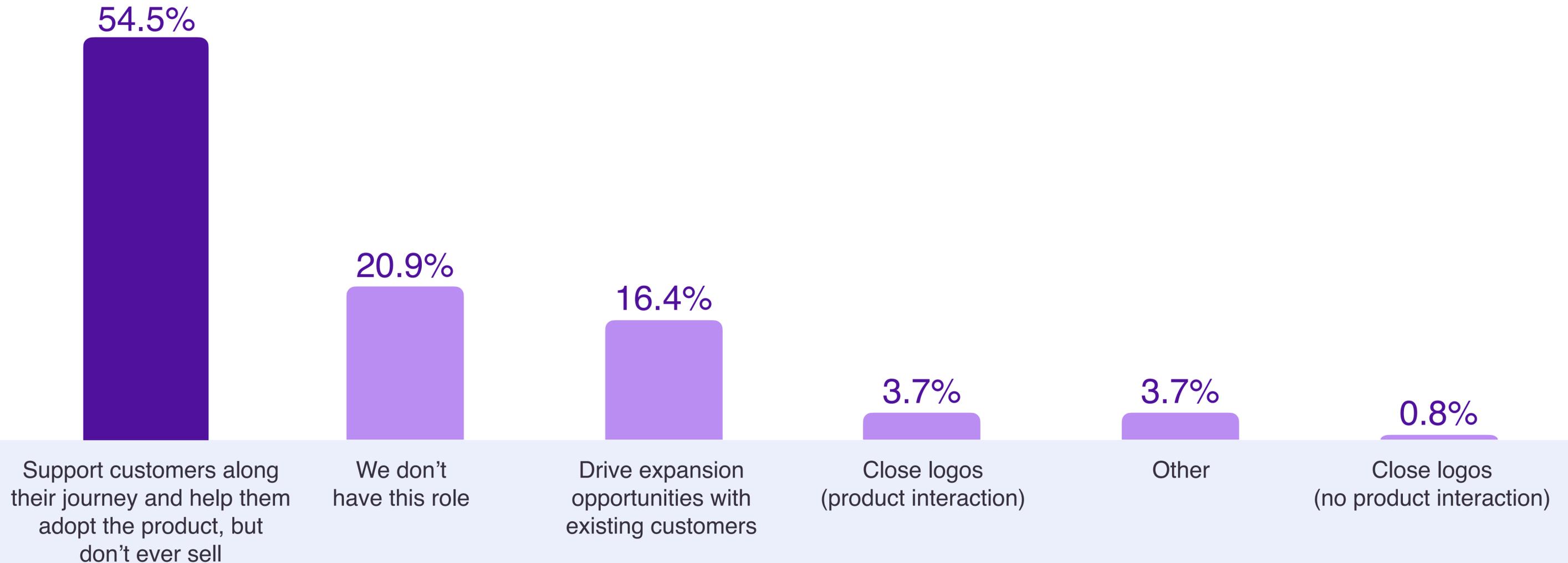
# As companies mature, the AE focuses more on conversion.



\*Not showing full data set - only most common responses

# Customer success still keeps customers on the right path but spends less time on expansion.

What is the primary role of Customer Success (CS) at PLG companies?



# As companies mature, CS focuses more on adoption.

<\$1M

\$1-20M

\$20-50M

\$50-100M



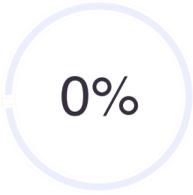
Don't have this role



Traditional CS role support/renewals/adoption (not selling)



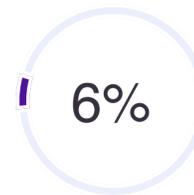
Close logos (free trial conversion)



Close logos (no product interaction)



Drive expansion



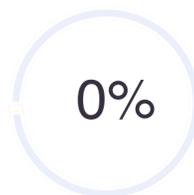
Don't have this role



Traditional CS role support/renewals/adoption (not selling)



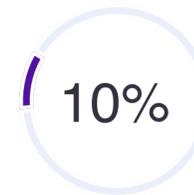
Close logos (free trial conversion)



Close logos (no product interaction)



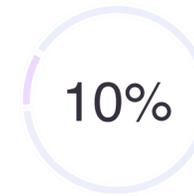
Drive expansion



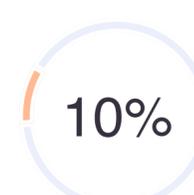
Don't have this role



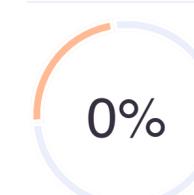
Traditional CS role support/renewals/adoption (not selling)



Close logos (free trial conversion)



Close logos (no product interaction)



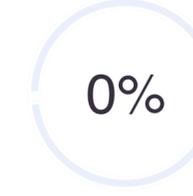
Drive expansion



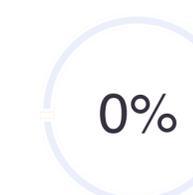
Don't have this role



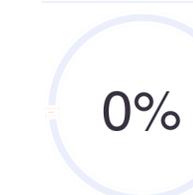
Traditional CS role support/renewals/adoption (not selling)



Close logos (free trial conversion)



Close logos (no product interaction)

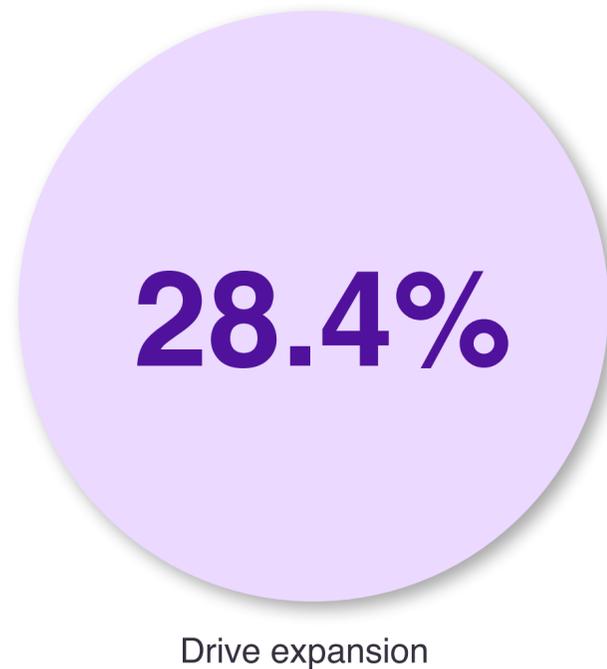


Drive expansion

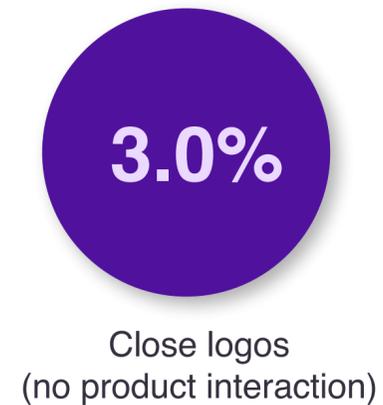
\*Not showing full data set - only most common responses

# Account Managers drive expansion for existing customers

What is the primary role of an Account Manager (AM)?



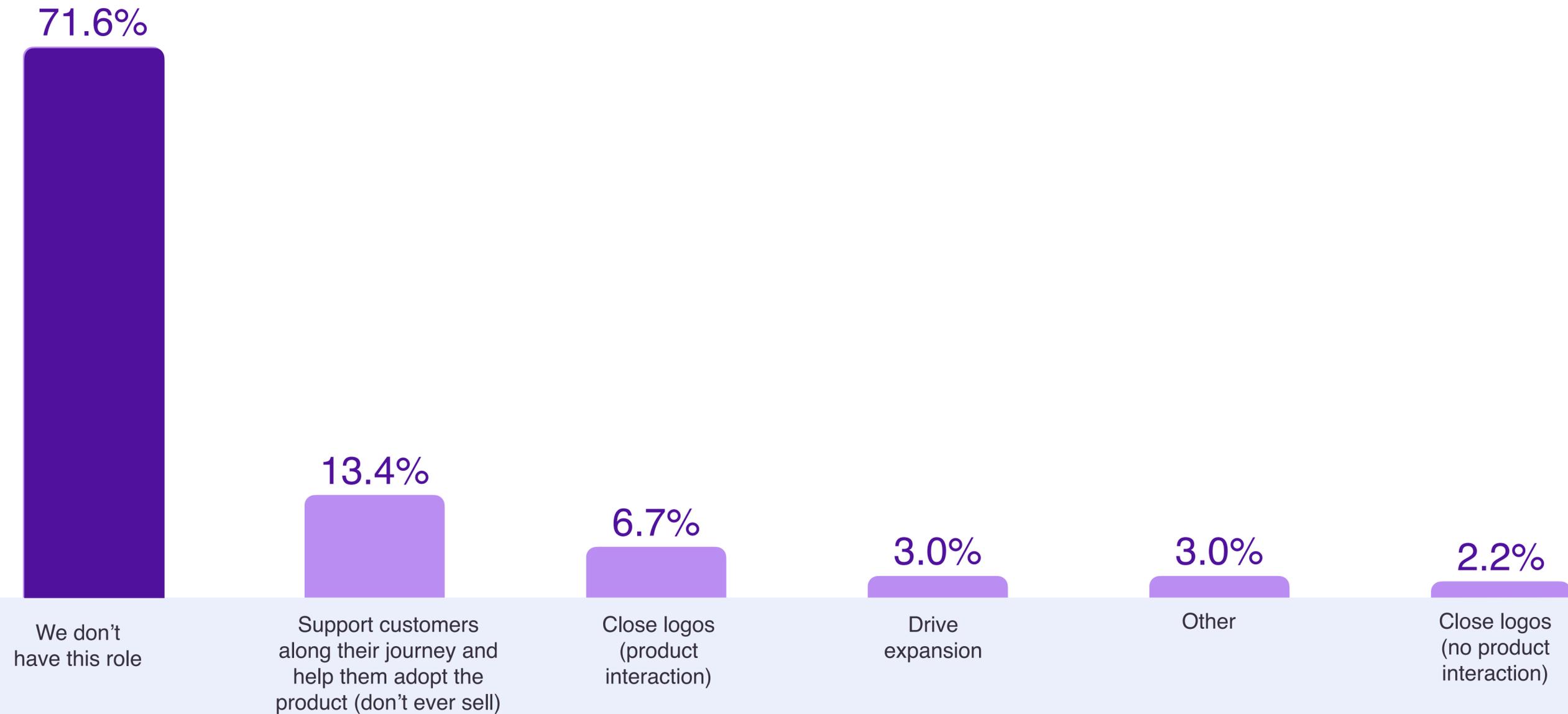
## Secondary Roles



More than half of PLG companies do not have the AM role. When they do have this role, the primary goal is to drive expansion.

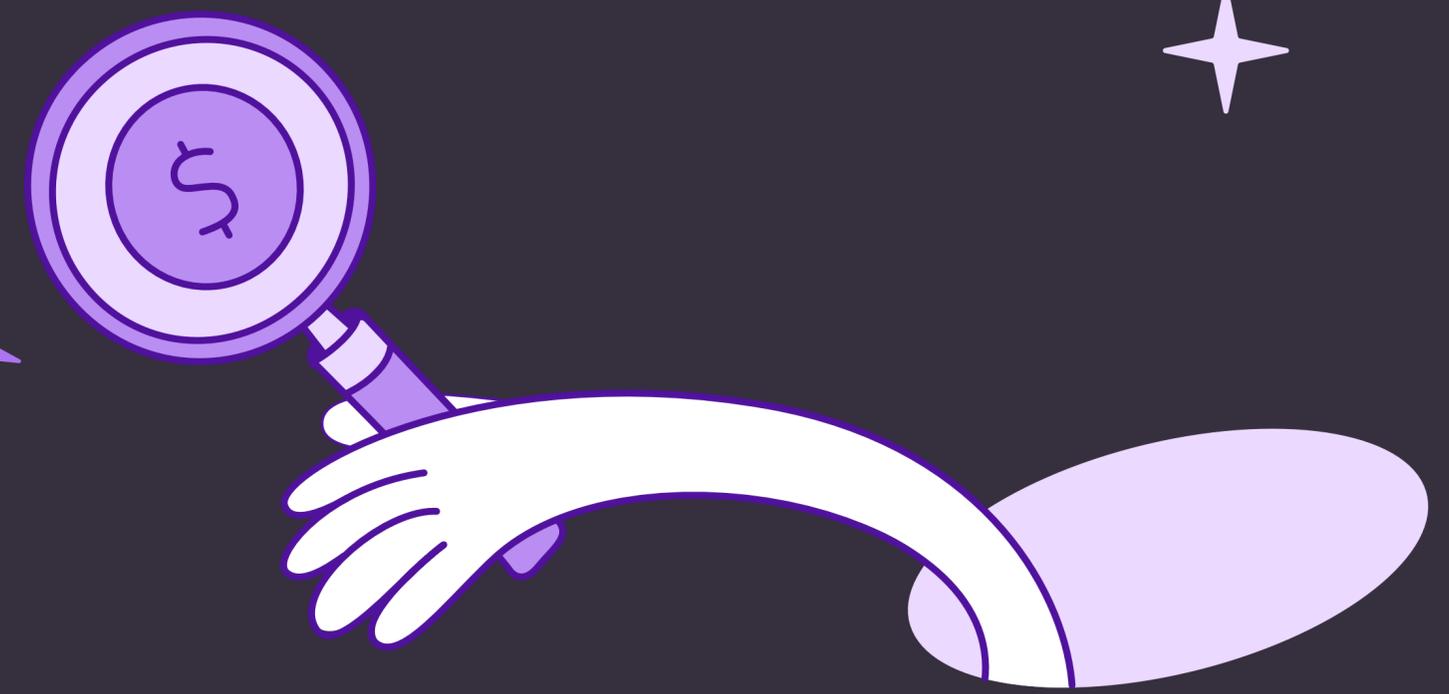
# Sales-assist is not yet commonplace in PLG companies.

What is the primary role of a Sales-Assist/Product Specialist at PLG companies?





# Sales team compensation insights

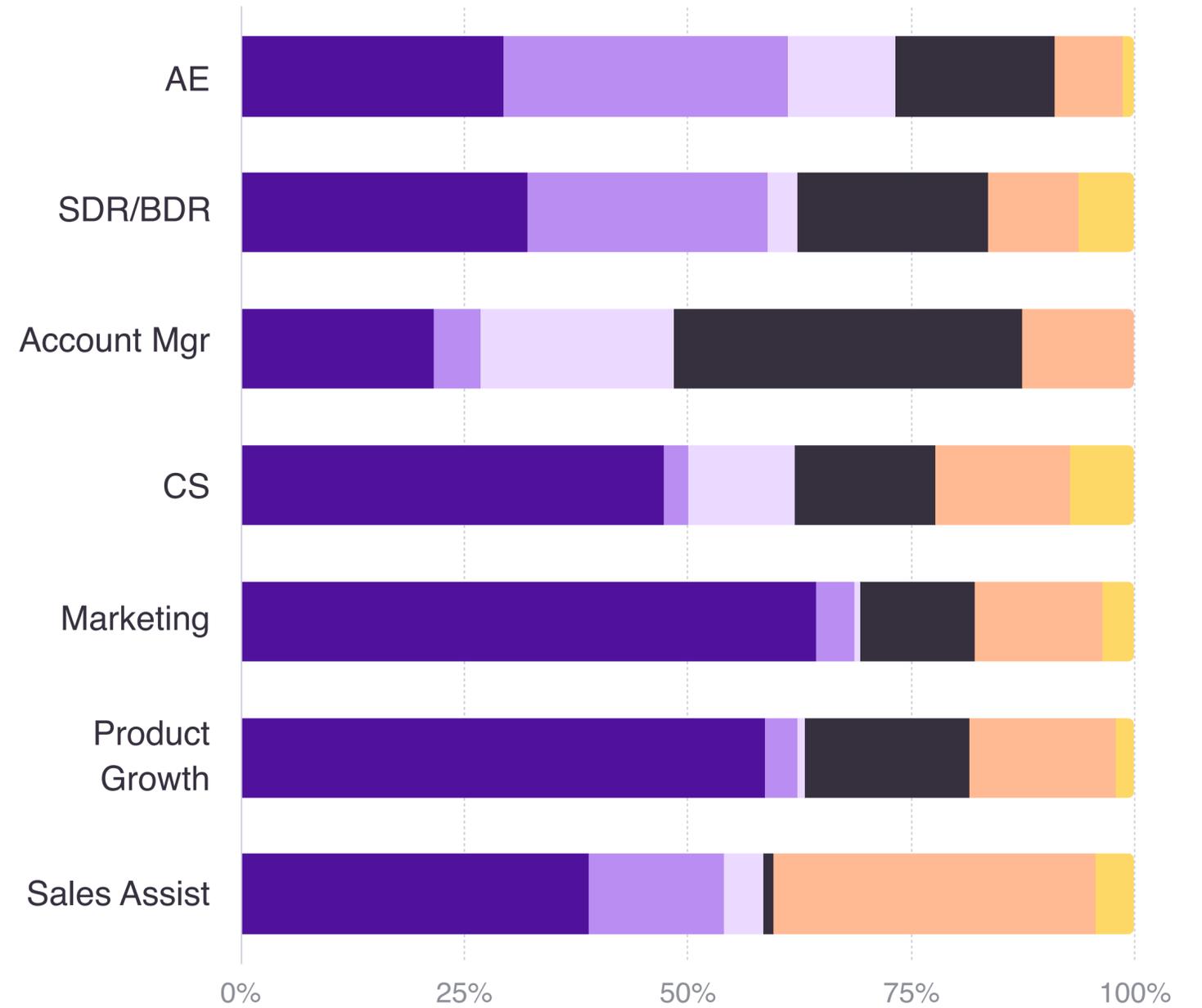


Despite changing buying behavior & pricing, sales compensation hasn't changed dramatically

(but it might...)

- Base salary
- Variable compensation based on new business ARR
- Variable compensation based on expansion ARR
- Don't have this role
- I don't know
- Other

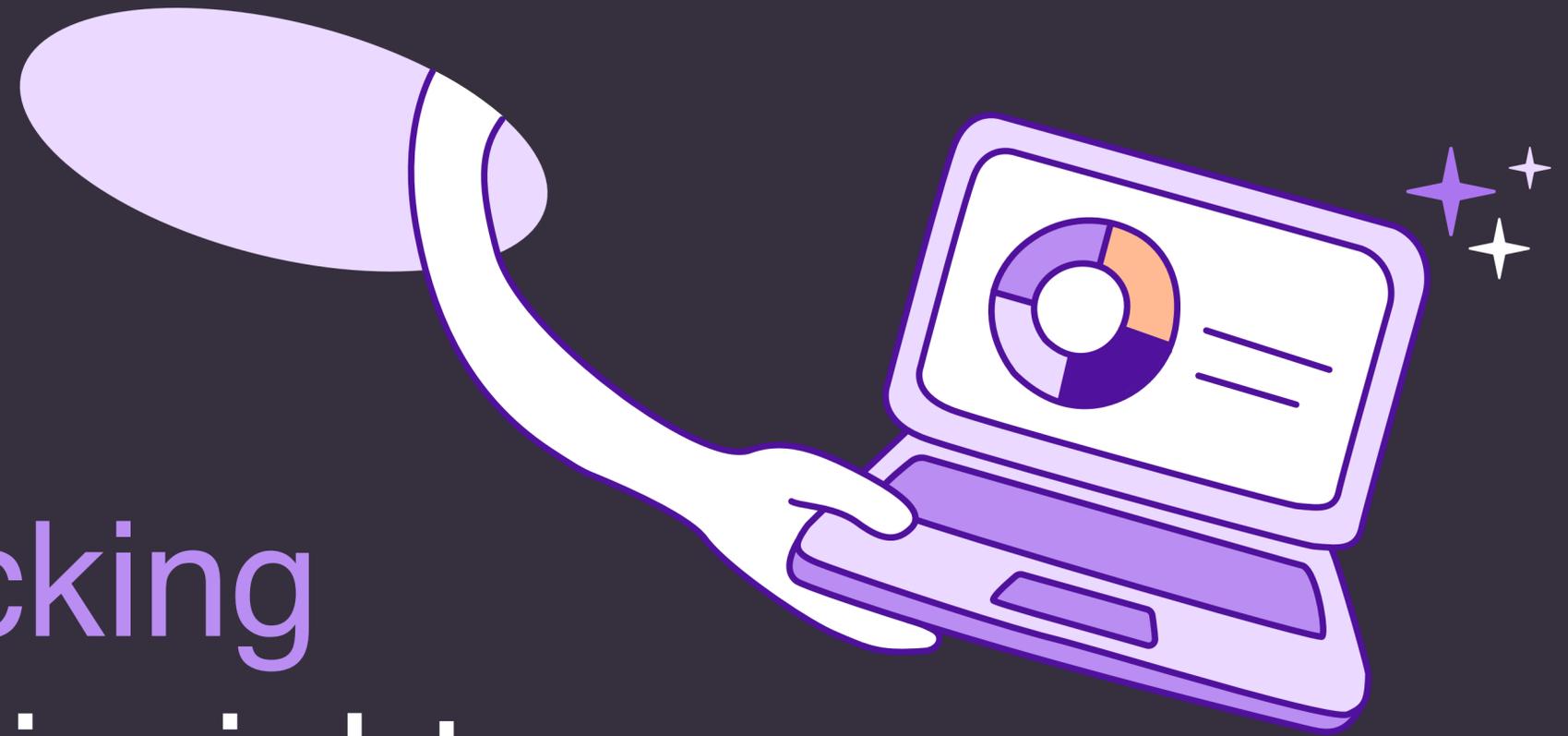
### How are teams compensated?\*



\*Respondents could select more than one answer

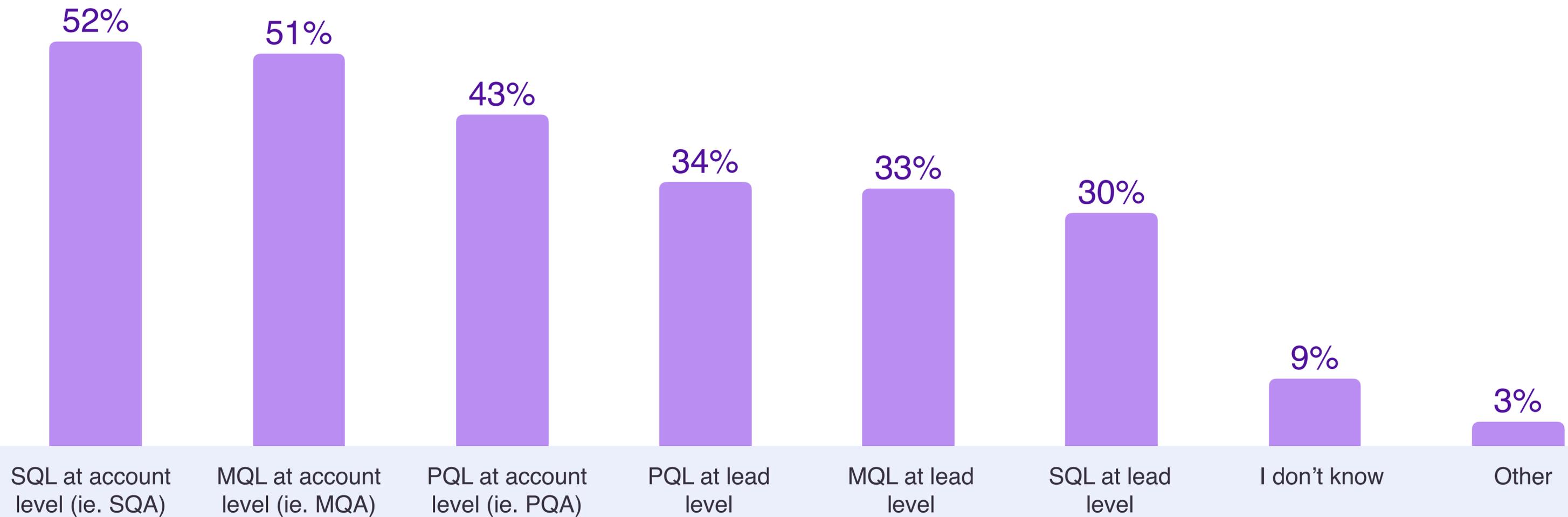


# Data tracking & metric insights



# Companies with a PLG motion are tracking PQLs and MQLs at the account level

What metrics do you measure?\*

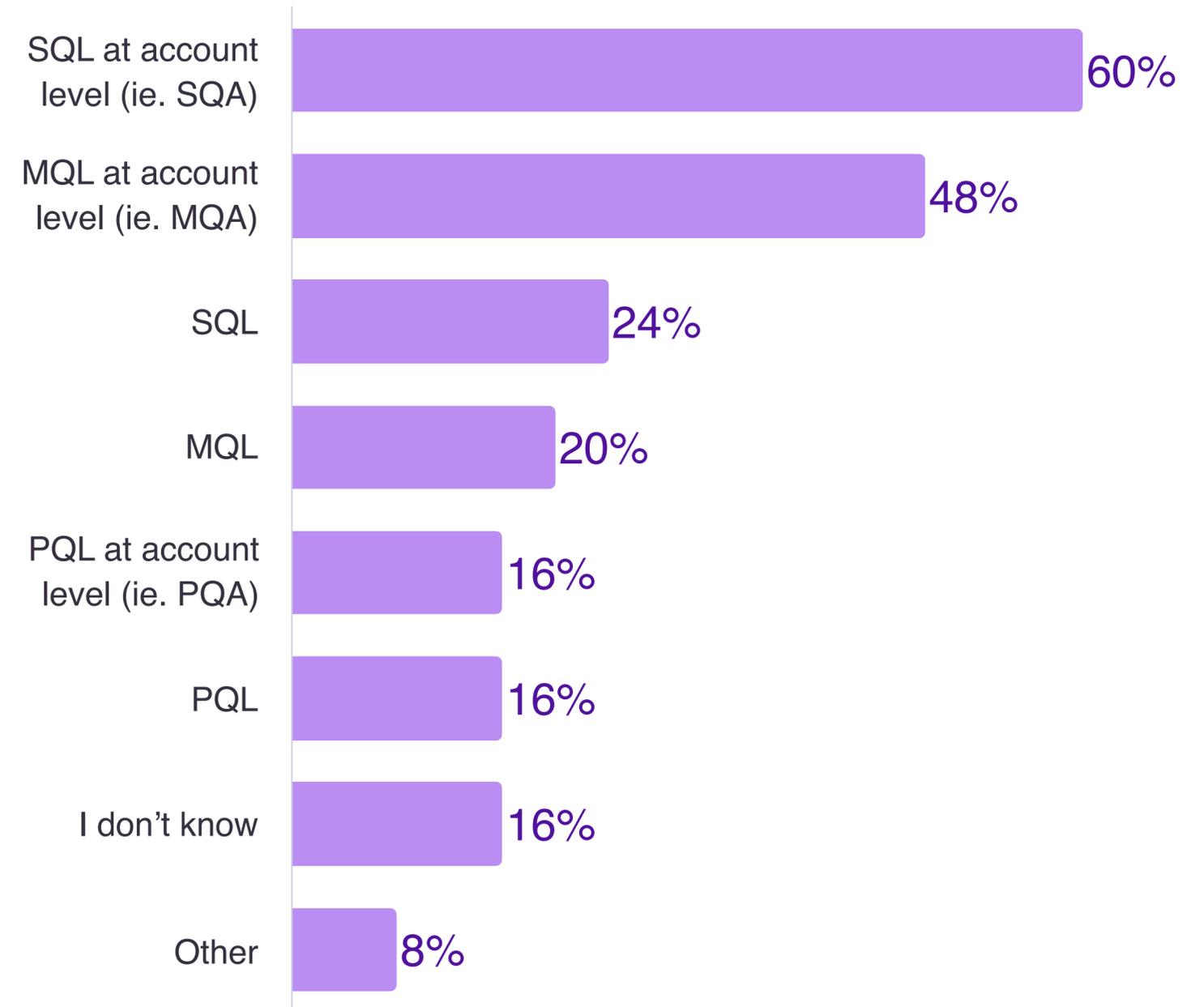


\*Respondents could select more than one answer

# Companies that do not currently have a PLG motion tend to lean toward **MQLs** and **SQLs**

**16%** are tracking PQLs at the account and user levels

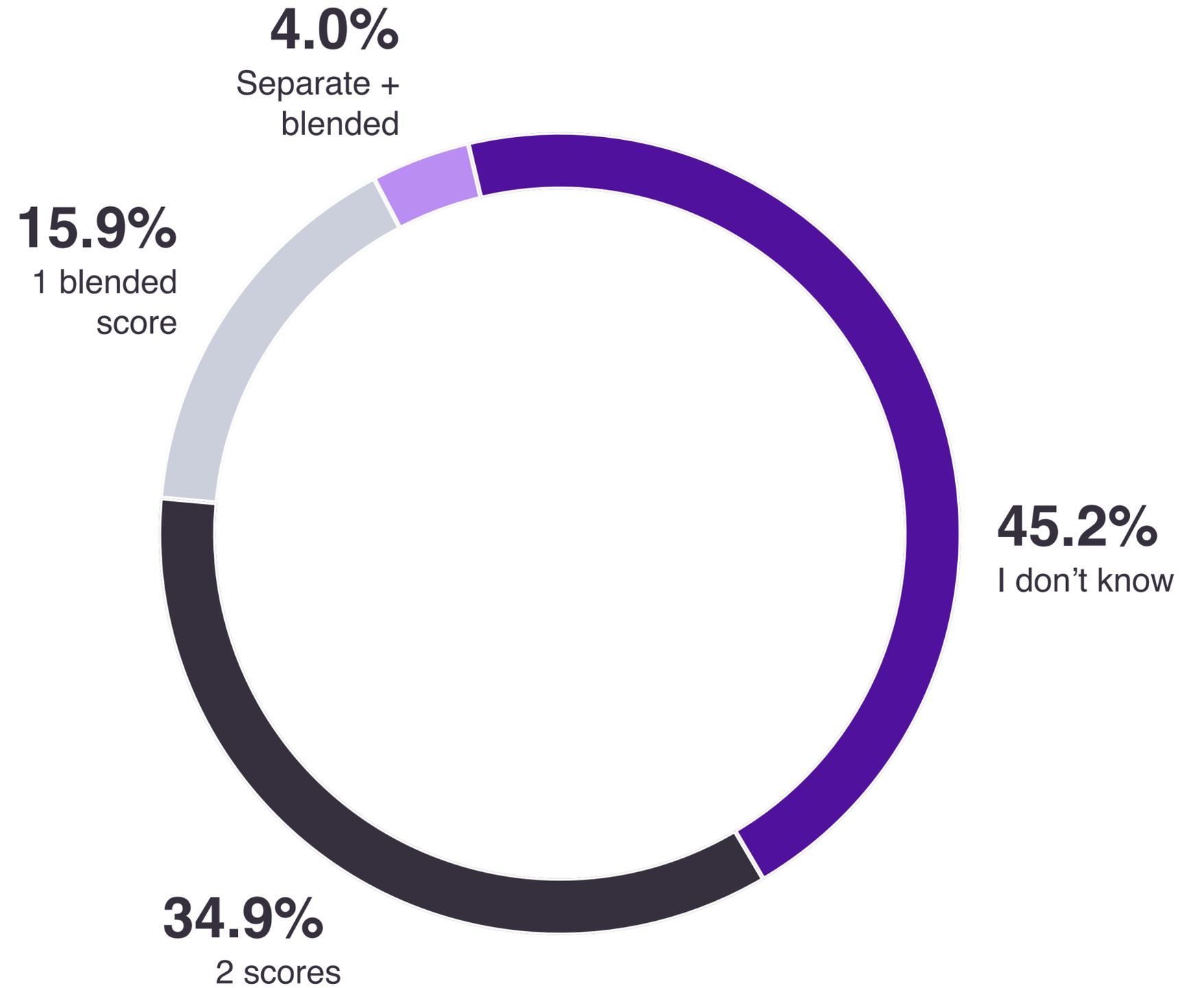
## Metrics Measured (not PLG)\*



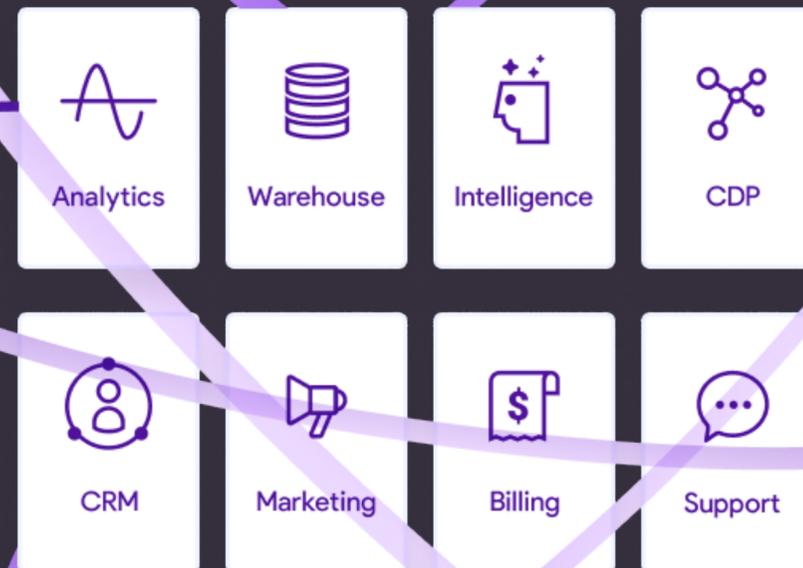
\*Respondents could select more than one answer

# For now, PQLs and MQLs stay separate

Are PQLs and MQLs measured together?



# Popular PLS Tools



# CRMs

CRMs are required  
- even in PLG



47%



29%

Other

9.8%



Google Sheets



Airtable



Notion

6.5%

We don't have a CRM

4.9%



1.6%



0.8%



zendesk sell

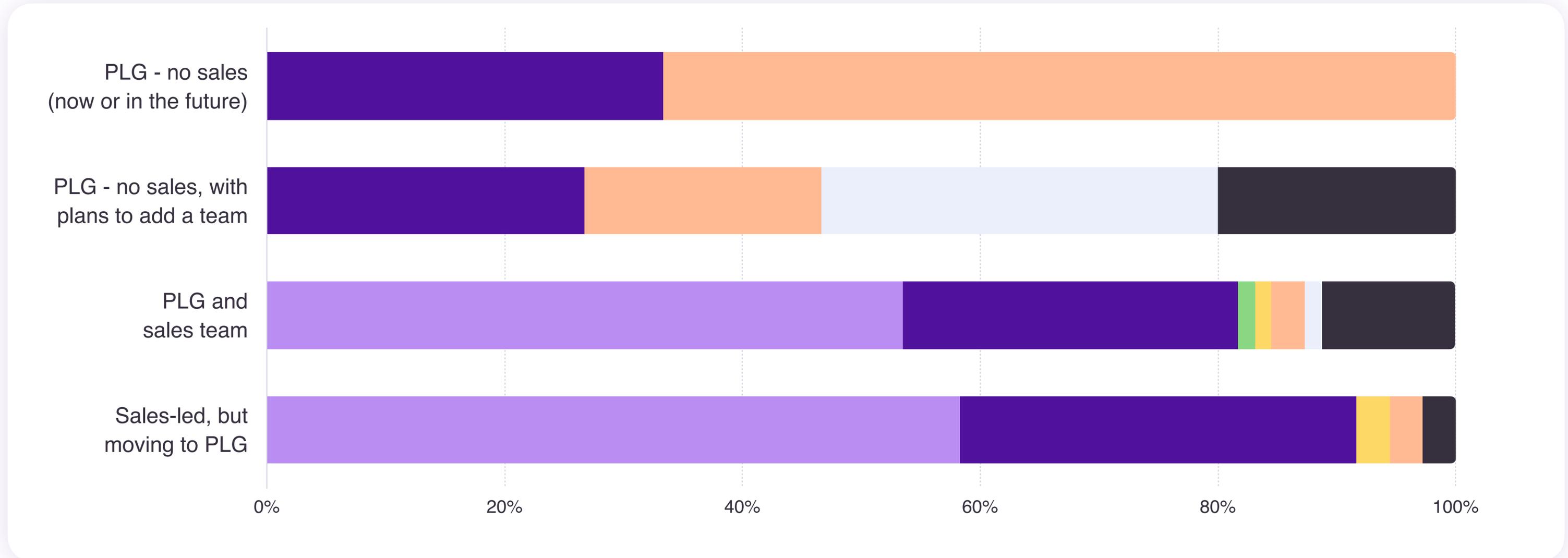
0%

I don't know

0%

# GTM motion informs what CRM companies use

What CRM do you use?



# Data Warehouse

PLG companies have not yet widely adopted data warehouses

I don't know 27%

We don't have a Data Warehouse **24%**

 snowflake 15%

 **amazon**  
REDSHIFT 15%

 Google  
Big Query 5%

Other 2%

# Customer Data Platform

PLG companies have not yet widely adopted CDP

We don't have a CDP **44.7%**

 **segment**

30.1%

I don't know

22%

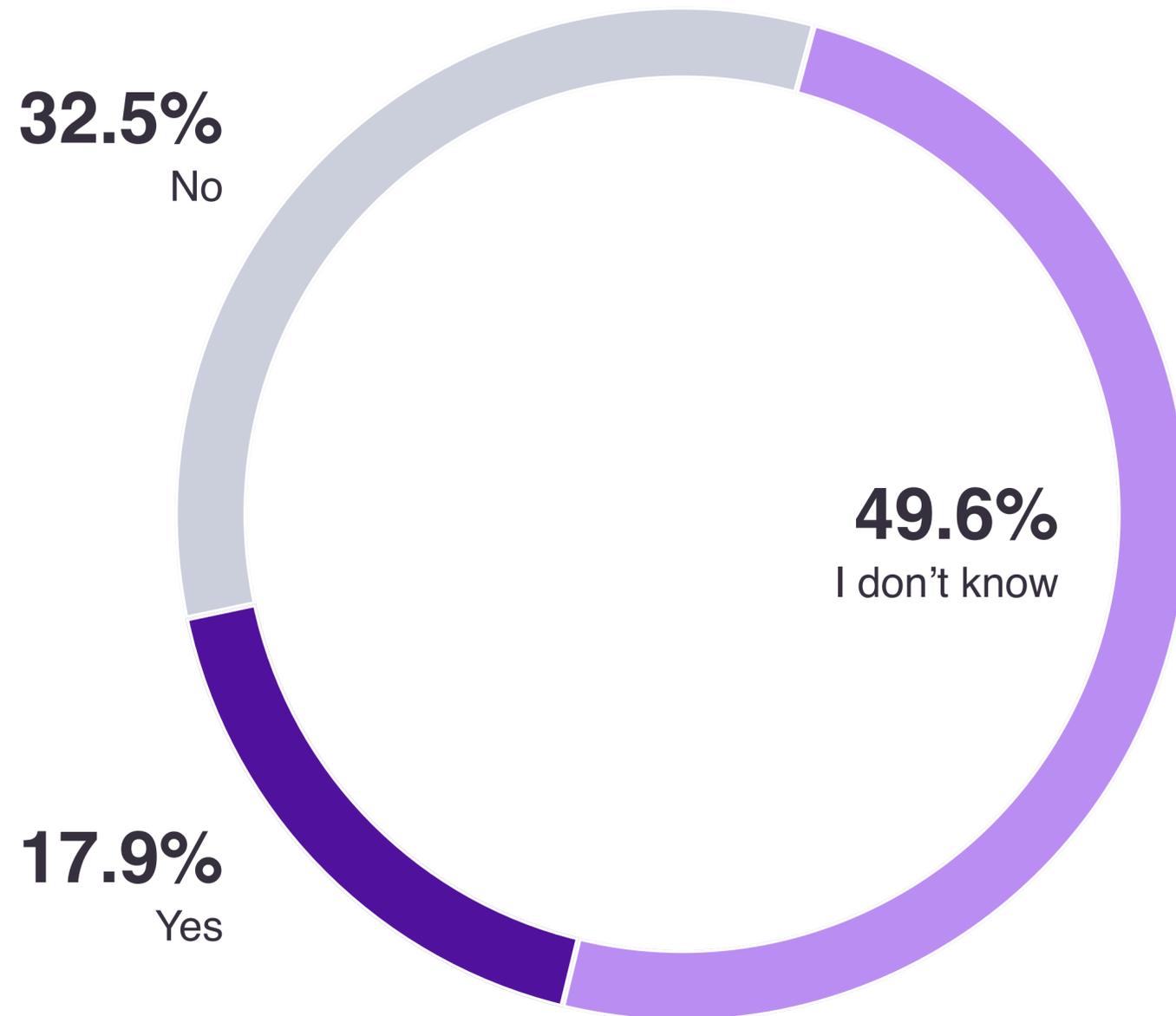
 **rudderstack**

1.6%

Other

1.6%

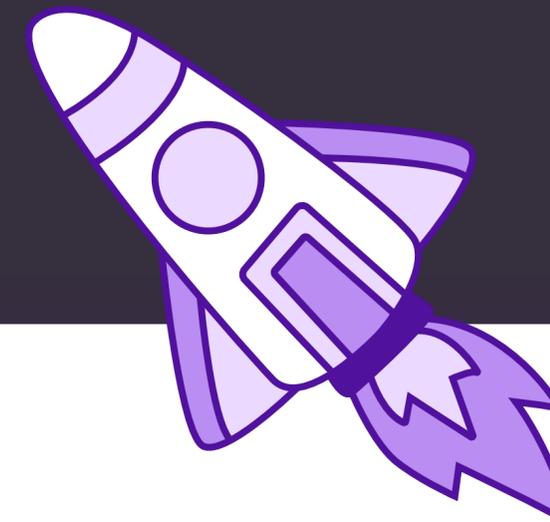
# Still on the fence



## Planning to replace any tools?

- ◆ Still on the fence – nearly **50%** don't know whether they will replace tools due to PLG
- ◆ Small minority want to replace tools because they don't work well for PLG

# Key takeaways



1

The myth of no sales at PLG companies has been completely debunked. Most companies see the need for sales AND PLG, but many are still figuring out how to harmonize both motions.

---

More than **97%** of respondents either have sales AND PLG or plan to add a sales team.

2

Product-Led sales is still in its infancy. Most companies are in the exploration phases, trying to figure things out as they go along.

---

**The future of PLS is definitely bright.** **24%** of respondents are looking to add a third-party PLS tool while another **12%** are pursuing internal tools to enable PLS. This bodes well for an interesting follow-up to this report.

3

We still see PLG companies leveraging conventional frameworks for sales from compensation to sales team structures, further emphasizing just how new the Product-Led Sales approach is for these teams. GTM playbooks have not yet been adapted.

---

**43.5%** of respondents still have sales teams doing cold outbound



# What's next for Product-Led Sales (PLS)?

---



PLS is in its infancy and 2022 will be the year that early adopters figure things out. Stay up to date on emerging PLS frameworks and best practices, as well as updated benchmark reports, by subscribing to the PLS newsletter.



Subscribe now