




CLOUD TECHNOLOGY BUYING COMMITTEES:

How They Function Post-Pandemic

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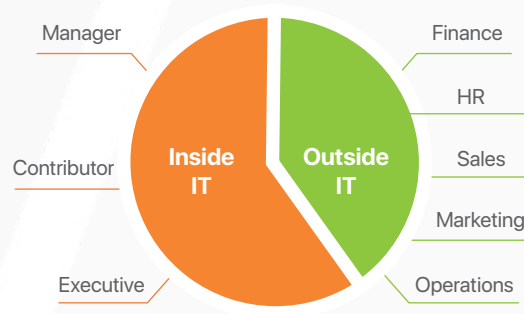


Overview & Objective

InsideUp has sponsored a research program, conducted by B2B Buyer Insights, involving surveys, follow-up interviews and third-party research to study and understand the following issues:

- Why a buying committee is formed,
- How it is structured,
- How the committee short lists and evaluates vendors,
- How likely executives will act upon (and follow) the recommendations made by a committee, and
- How IT executives consume content.

We used follow-up interviews to understand why the C suite might overrule and/or influence the outcome and recommendations of the buying committee. One of the primary guidelines was to conduct research on questions not normally addressed in vendor-sponsored research. For example, InsideUp wanted to help cloud technology marketing executives better understand the process for how buying committees form vendor shortlists, and how long this process usually takes. The objective being that knowing the actual buyer journey processes and timelines will help B2B marketers better map their demand generation activities to those processes and timelines.



Executive Summary – Application Selection for Lines of Business Has Become Faster But More Influenced by IT

A number of process and content-related insights emerged from the IT survey and interviews with IT professionals and marketing executives. These include:



Intent Signals are Perishable

Once a cloud technology solution evaluation has been initiated and a buying committee formed, vendors (not already positioned for consideration in the decision phase) typically have a brief 30-day window to secure their place on the vendor evaluation list. The research phase (prior to the set-up of a buying committee) allows for an additional 30-90 days for potential engagement with “in-market” buyers.

This short window of “opportunity” for inclusion helps provide clarity to the challenge for business development. Intent signals from your own website, for example, might be late in the research cycle and by the time sales gets to the lead, the short list process may have closed.



The Growing Influence of IT

There is a recognized and growing influence of IT participation in the technology acquisition process pursued by non-IT functions (a.k.a. Line of Business applications). Our survey respondents showed that 80% of IT executives are being asked to participate in line of business technology evaluations with increasing frequency in the past two years. The interviews pointed to a growing awareness by enterprises of the importance of security.



Email & Social Media Remain Preferred Channels

Email & social media channels are preferred means of receiving high quality content by senior IT buyers. 98% of respondents identified email and social media as preferred channels if the vendor is offering high quality content. Our follow-up interviews with IT professionals pointed to an openness for telephone outreach if that was associated with valued content.



Implications of Survey Findings for Cloud Technology Vendors

- Getting on an evaluation short list takes respectful multi-channel probing, not just wholesale behavioral listening. Although aggregated information regarding solution research indicators can continually populate Big Data engines, the ability to assess “in-market” buyers requires constant individualized attention (there is no “magic bullet”).
- Be prepared to address customer needs for enterprise security, data management and application integration (even if your line of business contacts do not express those needs because IT will - and sometimes will do so out of your line of sight).
- Asynchronous direct marketing tactics (e.g., email and posts on social media leading to “how to” content tuned to various buying committee roles) should precede any form of synchronous direct marketing (telemarketing, in-person events, interactive chats, sales calls) but the sequence of activities must stay dynamic based on prospect input. Accounts change quickly and the last thing you want is to be married to a lockstep series of interactions that don’t fit the current state of the prospect. Since Business Development Representative (BDR) teams are a scarce commodity, they must be applied in situations where there is a decent likelihood that the result will be the scheduling of a sales meeting where Product Fit and Deal Size can be confirmed (which are necessary to construct a predictable sales pipeline).
- Utilize a value-added partner network (either oriented to price, convenience and availability for commodity offerings or product fit assessment and tailored integration for enterprise offerings) to allow undirected buyers to be guided to a solution based on several factors including their aptitude for DIY vs DIFM, relative maturity level, and “show” (meaning seen as driving towards a solution) vs “dough” (meaning spending what is necessary to get the ball in the hole). Creating programs that allow a channel partner to nurture suspects will avoid having to enter a sales discussion prematurely (which may force a Product Fit when it’s not there).
- Delayed deployments and staged rollouts mean SaaS vendors must cultivate customer adoption after the initial sale with a robust customer success function.

Findings

- Shorter windows of opportunity
- Greater influence of IT
- Emails and social media posts work

Implications

- Probe interest, don’t just listen for signals
- Proactively discuss issues of security, data management and application integration
- Asynchronous “how to” content precedes synchronous communications with buyers
- Undirected buyers frequently benefit from the guidance of a channel partner
- Customer success function helps speed adoption

Methodology

Senior IT executives at mid-sized to enterprise companies (all US based) were surveyed about how and why buying committees are formed and function. The survey was multiple choice with a combination of Rating and Likert scale questions.

A total of 226 completed surveys were completed and we conducted 14 follow-up interviews. The purpose of the interviews was to secure additional details and perspectives on the questions asked in the survey.

To complement this buyer-side research, we also conducted surveys and interviews with senior marketing executives in cloud-based technology companies. A series of articles have been published based on those interviews.

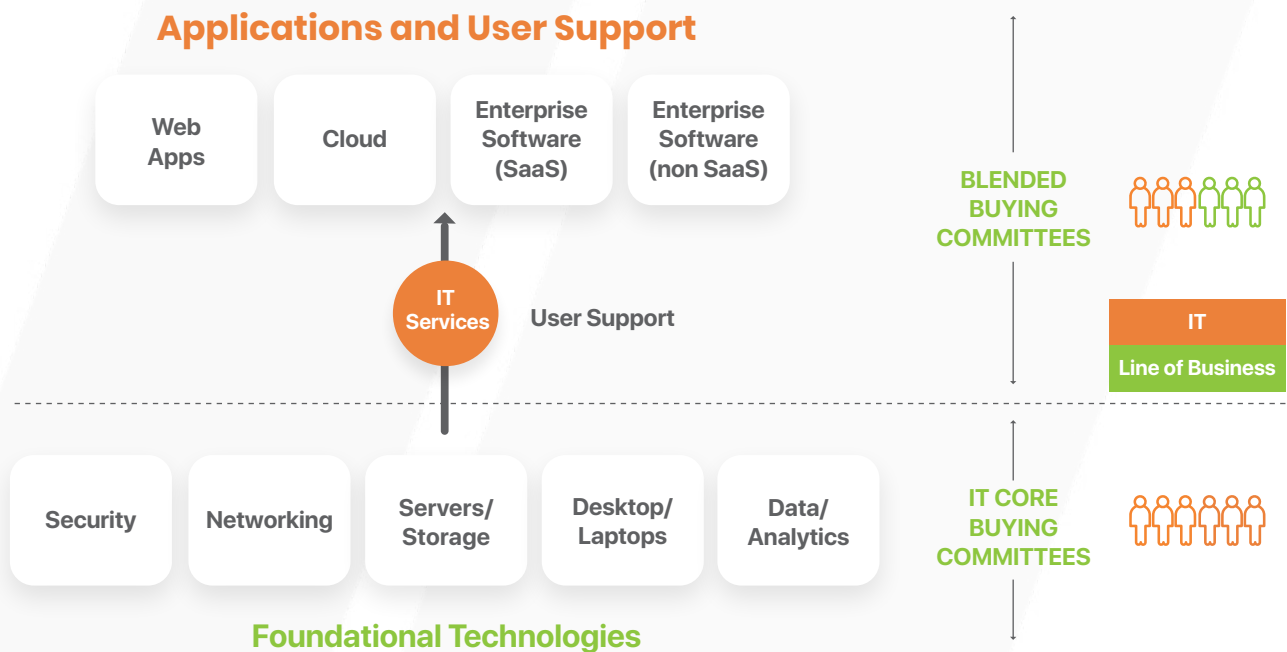


Terminology

Our survey attempts to measure the role of “buying committees” - which are defined as a group of individual stakeholders within an organization who have been assigned the collective task of reviewing and selecting vendors and/or vendor products / services. Buying committees are formed when senior management recognizes a challenge or opportunity and assigns responsibility to a set of individuals within the enterprise to investigate it. Once a solution to that challenge / opportunity is identified (and the solution partially or wholly involves the acquisition of technology), then a buying committee is formed to evaluate vendor options.

This survey assumes there are different types of buying committees based on the type of cloud technology solutions being evaluated. For example, there are IT-centric buying committees, staffed primarily by, and for, the IT function, that review technology such as data backup & recovery and cyber security protection. These are tagged as “IT CORE” (centric) buying committees. In contrast, when line-of-business applications are reviewed, a representative from IT will occupy a seat on the buying committee as do a variety of stakeholders from other business functions. These are tagged as “BLENDED” buying committees.

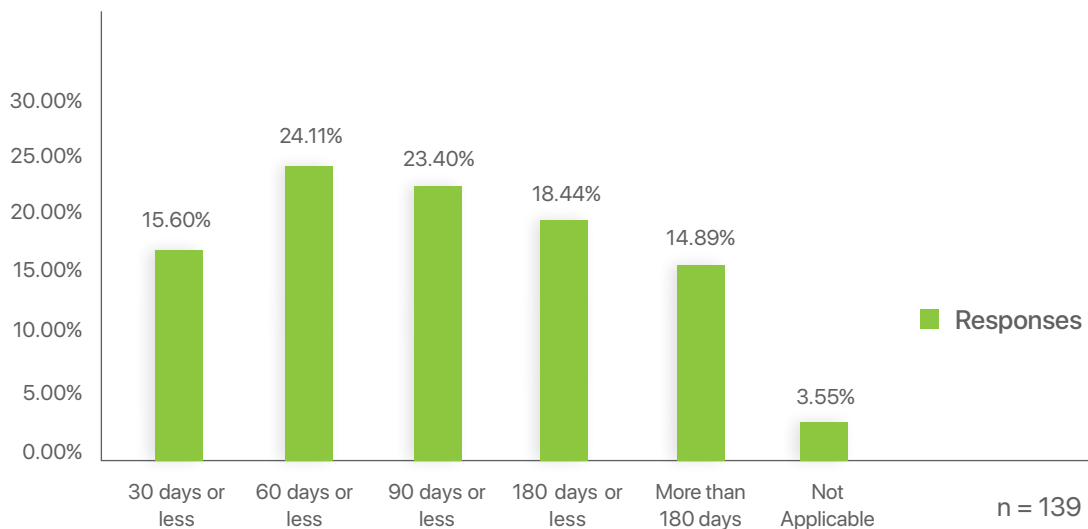
Throughout the survey process, we utilize the related concepts of “IT CORE” and “BLENDED” buying committees. We explore the role of IT in both types of committees, how those committees operate and how the results of each kind of committee are treated within the organization.



INTENT SIGNALS ARE PERISHABLE

In our research, we found two key metrics that shape this section of our report. First, a large majority of respondents stated that, once a decision was made to acquire technology for a specific purpose, their company took no more than 30 days to develop a shortlist of vendors. Over 60% of respondents answered the actual evaluation process and purchase took 90 days or less. Another 18% of respondents indicated that evaluations and purchases occur in 180 days or less.

On average, how long does it take (from the time a CORE TECHNOLOGY buying committee begins their process) until an actual order is placed?

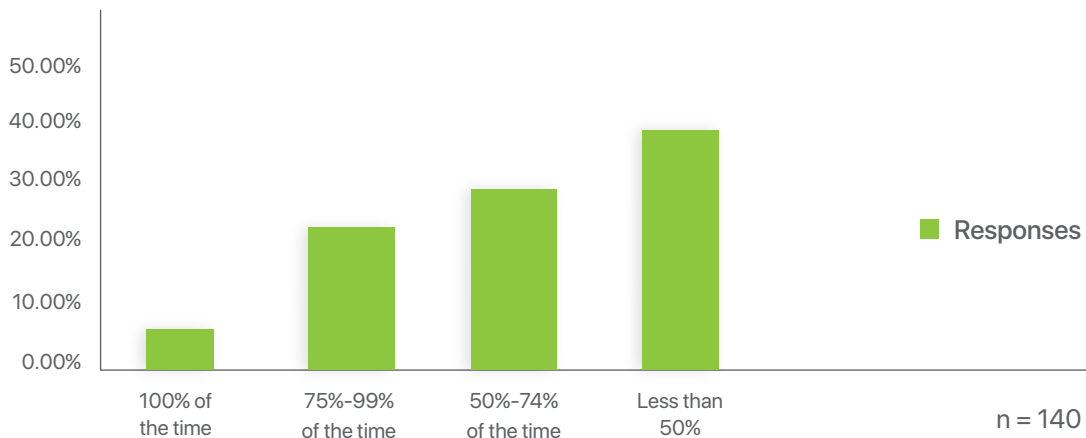


As we explored these issues in more detail during our interviews, we found the majority of vendors for consideration are often already established prior to the formation of the buying committee. It appears there are a number of variations on how this occurs but the most compelling answers we received pointed to content production and vendor standing in the industry. It is probably no surprise that established and well-funded vendors are more often the initial choices to appear on short lists. The research phase of the buyer journey is often used to better understand the offerings of those existing vendors, while one or two open "slots" are made available for newly discovered contenders to be added.

The challenge for contenders is the window of opportunity to be considered in an evaluation is quite short. Not unlike produce delivered to your local grocery store, even intent signals coming into your own website appear to be a highly perishable item.

Also, the challenge for established players on these short lists is that, in 35% of the cases, buying committees' recommendations are overruled or accelerated.

How often is the formal process “fast tracked” or “accelerated” to facilitate a more rapid decision/purchase in a CORE TECHNOLOGY Buying Committee?



Our interviews with senior IT buyers suggested that, in specific evaluations, buyers already have strong opinions as to which vendor(s) are to be “prioritized”. In such cases, the name of a preferred vendor is often placed “in column A” and then all other vendors are compared and measured against that particular vendor to validate an eventual decision in favor of Vendor “A”.

TAKEAWAYS

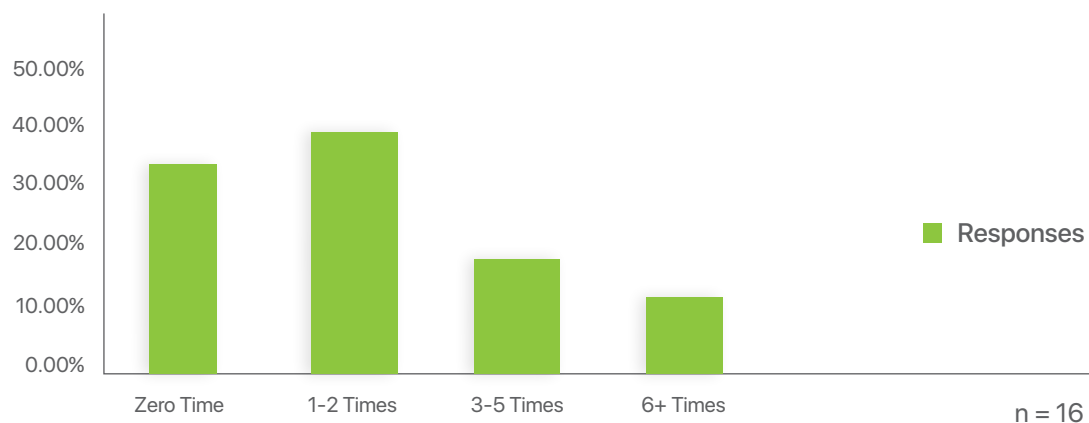
1. Vendors face a short (30 day) window of opportunity to be included in evaluations if they are not already “recognized” by buyers,
2. Intent data – especially from 3rd party sources – pose a challenge because it’s difficult for vendors to secure and have their sales team act upon it in time,
3. Once enterprises initiate a buying process, the majority of these cycles occur within 90 days (with nearly another 20% of purchases occurring in 180 days or less).



GROWING INFLUENCE OF IT

An overwhelming majority (over 60%) of IT respondents in our study have acknowledged their presence (and subsequent influence) in at least one line of business technology evaluation over the past two (2) years and, for a third of these professionals, we found that their likelihood of participating on a so called “blended” buying committee has increased recently.

How often, in the past 2 years, did you play a role on a BLENDED buying committee? (Define as a review board for the purchase of a line of business application, where technology professionals may have a seat on the...



Our interviews sought to understand the reasons for this growth. The pressure causing this increased participation is a combination of several factors acting simultaneously. These variables include:

1. Broad economic and market pressures for business operations and customer interactions to digitally transform are being accelerated due to the pandemic,
2. Ongoing and new investments in technology that may, or (in the case of “stealth IT”) may not, have included the chartered IT department, now require oversight to account for security issues and application / data integration,
3. New business operating models (e.g., virtual events replacing and/or supplementing in-person events) are rapidly emerging that are forcing line of business managers to bring in IT expertise in order to properly execute them,
4. Broader awareness and understanding of the need to prioritize security and enterprise level integration by the C suite and line of business managers.

TAKEAWAYS

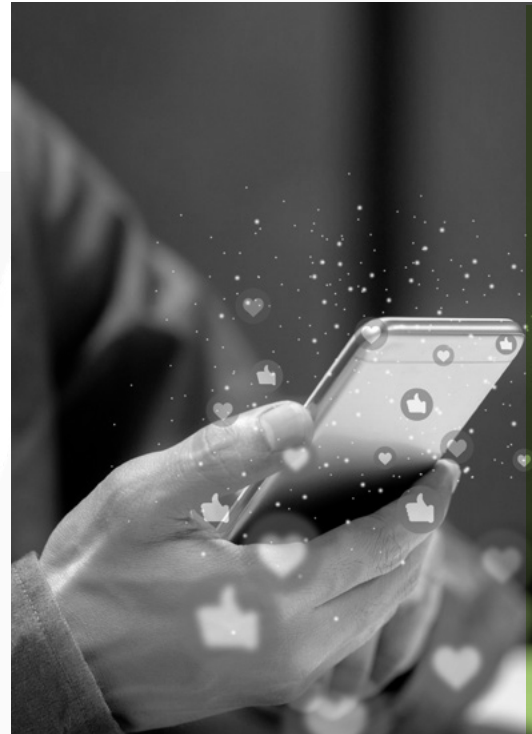
1. Digital transformation was already challenging industry laggards,
2. COVID-19 has laid bare the failures of some management teams to adapt,
3. Enterprises are responding by placing additional and significant pressure on their IT departments to secure and integrate the whole of the digital enterprise.



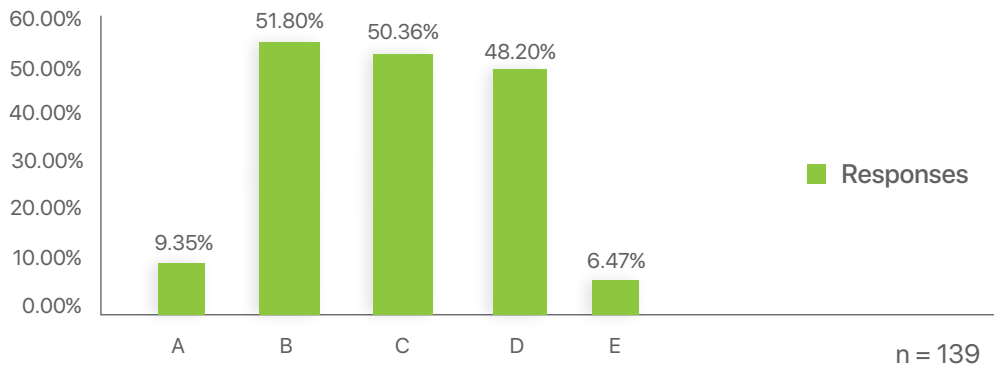
EMAIL & SOCIAL MEDIA REMAIN PREFERRED CHANNELS

Our survey found that nearly 100% of all IT buyers recognized email and social media as two of their preferred channels for initial vendor outreach, discovery & engagement. This assumes that the vendor is providing highly valued content such as analyst reports, peer-based content and case studies that match the industry classification (or at least the use case) of the buyer's own company.

While unilateral telephone outreach scored relatively low in the preferred channels list, our interviews revealed that telephone outreach was welcomed when valued content was associated with a call supported by email & social media. The significance of this subtlety cannot be over-stated lest this particular aspect of our survey results is misinterpreted. While unsolicited sales calls are frowned upon, IT professionals were clear that phone outreach (especially with the recent lack of in-person events) can create positive brand impression if it is associated with relevant and educational content.



What is the best way for vendors to engage a CORE TECHNOLOGY buying committee? (check all that apply)



(see below for answer descriptions)

- A. Frequently call and send “promotional” emails to IT professionals who are “likely” to participate on buying committees in the future –NOTE: definition of likelihood left open to interpretation by respondent.
- B. Wait for an invitation to engage - NOTE: as in when a named contact requests a callback either through a vendor’s website or through a marketing partner,
- C. Send emails, with links to informative and educational content, to IT professionals known to have participated on buying committees in the past - NOTE: based either on the vendor’s own first-party data or on information supplied by a marketing affiliate,
- D. Send emails, with links to peer-based content, to IT professionals known to have participated on buying committees in the past - NOTE: based either on the vendor’s own first-party data or on information supplied by a marketing affiliate,
- E. Telephone calls with an offer to have a sales discussion – NOTE: Outbound telemarketing that is entirely devoid of any previous exhibition of intent.



Our interviewees, across the board, appreciated well-coordinated, omni-channel outreach and engagement efforts where vendors (or their authorized surrogates) offer valuable content. Interestingly enough, we found a small handful of vendors that received “honorably mentions” from our interviewees for their professional and informative outreach efforts.

Our interviews also revealed that, while some vendors create positive brand impressions with their outreach, they may not necessarily wind up winning the business. In a couple of cases, we found the vendor approach was received well enough, but the product offering fell short during the evaluation.

TAKEAWAYS

1. When researching solutions, IT buyers prefer email & social media channels that offer access to content that pertains to the customer use case or industry classification,
2. Telephone outreach is welcomed in the context of a coordinated omni-channel campaign IF valued content is offered as part of that outreach,
3. Coordinated omni-channel outreach is viewed as effective by buyers IF “value” was offered consistently throughout the outreach efforts,
4. IT buyers remember vendors that have engaged them in a professional manner (and the reverse is true as well).

Conclusion and Implications for Cloud Technology Vendors

The results of this study demonstrate the increasing pressure on the C Suite to accelerate the pace of digital transformation. The business must balance the transformation process and invest in new technologies & processes while holding IT accountable for reducing the risk of a security breach and facilitating the integration of strategic applications & critical data. In this compressed timeline market (where some business sectors are still struggling to recover from major impacts to their revenue projections), members of buying committees are looking for best practices content and peer-reviewed recommendations before engaging with vendor sales organizations.

Let's discuss some implications of these study results for cloud-native and cloud-based technology vendors who want to succeed in 2021.

1. Unless your company already has a large presence in a well-defined market, being placed on an evaluation short list requires dealing with an admittedly short window of opportunity (typically in the span of 30 - 120 days). Knowing when that window opens up will require more than participating in wholesale behavioral listening. Although the aggregation of public indicators of solution research can continually populate Big Data engines, the ability to identify "in-market" buyers requires constant individualized attention (there is no substitute for respectful multi-channel probing of likely buyers).
2. Be prepared to address customer needs for enterprise security, data management and application integration (even if your line of business contacts do not express those needs because IT will - and sometimes will do so out of your line of sight). Unless you take proactive action on addressing these IT-related concerns, your sales team may get caught back-pedaling from an IT-driven inquiry presented at the last moment. These factors may even have been planted in the prospect's mind by a competitor that got ahead of IT's concerns when your sales team was focused too much on meeting the requirements of the line of business user base.

3. Asynchronous direct marketing tactics (e.g., email and posts on social media leading to “how to” content tuned to various buying committee roles) should precede any form of synchronous direct marketing (telemarketing, in-person events, interactive chats, sales calls) but the sequence of activities must stay dynamic based on prospect input. Accounts change quickly and the last thing you want is to be married to an automated series of outbound activities that don’t fit the current state of the prospect.
4. Since Business Development Representative (BDR) teams are a scarce commodity, they should only be applied in situations with a decent (>10%) chance of conversion (meaning the scheduling of a sales meeting). Since Product Fit and Deal Size (which are both necessary to construct a predictable sales pipeline with an acceptable investment multiplier of 5X or greater) can be confirmed in a discovery sales meeting, it is vital for the sales pursuit process to inform marketing metrics in real time.
5. When applicable, establish, and support, a healthy value-added partner network (one oriented to either price, convenience and availability for commodity offerings or product fit assessment and tailored integration for enterprise offerings) for “undirected” buyers to be guided to a solution.

A prospect will invariably view the value of a vendor solution through a variety of lenses including:

- a. appetite for Do It Yourself (DIY) vs. Do It for Me (DIFM) solutions,
- b. “best of breed” integration vs. suite mentality,
- c. relative level of maturity in digital transformation, and
- d. “drive for show” (meaning they are satisfied with the image of them driving towards a solution) vs. “putt for dough” (meaning they are committed to spending what is necessary to finally reach their goal and hole the ball).

Creating programs that prepare channel partners to properly nurture suspects, based on the above characteristics, will avoid the vendor having to enter a sales discussion prematurely (which may force a Product Fit where it’s not really present).

6. Because the success of many cloud technology offerings is based on a “first land, then expand” strategy, the establishment of a customer success function (which is more focused on proper implementation, training and adoption strategies rather than straightforward technical support) is quite popular. This post-sales portion of the customer journey is a great opportunity to continue displaying the thought leadership that usually ends when the initial sale is made. Leadership in standards-based foundations and professional certification programs are examples of worthwhile investments in thought leadership across the customer lifecycle.





Want to Learn More?

InsideUp is a leading demand generation agency specializing in empowering technology companies to expedite their pipeline growth. With an unwavering commitment to driving success, InsideUp leverages its cutting-edge and proprietary InCapture platform, coupled with an expert team of demand generation specialists. This dynamic combination enables the company to deliver unparalleled results by providing clients with highly accurate data, engaged prospects, and qualified buyers to augment their in-house marketing campaigns including supporting ABM efforts

InsideUp has extensive demand generation experience in unified communications, data management, cybersecurity, IoT, AI, ERP, HR, contact center, and online collaboration. By continuously delivering tangible outcomes, InsideUp has fostered a growing client base that relies on their expertise and innovative solutions.

By harnessing the power of InCapture, InsideUp equips clients with the competitive edge they need in today's fast-paced technology landscape. The platform's robust capabilities enable precise targeting, efficient lead nurturing, intent monitoring, and effective conversion strategies, empowering businesses to maximize their marketing efforts and achieve remarkable growth.

At InsideUp, we understand that each client has unique requirements, which is why our team of seasoned demand generation specialists work closely with them to develop tailored strategies and campaigns. We pride ourselves on our ability to increase contact and conversion rates and optimize return on investment.

Experience the InsideUp advantage and unlock the true potential of your technology company's growth trajectory.

Send email to sales@insideup.com to learn more.

B2B Buyer Insights is an agency that assists clients in building a sustainable demand strategy. There are no silver bullets when it comes to demand generation, content or even campaigns and there are no simple ways to understand the changing expectations and needs of enterprise customers. There are, however, specific processes and methodologies that exist to drive "commercial insight". We use our experience to create custom thought leadership solutions that ultimately drive revenue for our clients.

For more information, [contact \[jeff@b2bbuyerinsights.com\]\(mailto:contact_jeff@b2bbuyerinsights.com\)](mailto:contact_jeff@b2bbuyerinsights.com).



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