

2019 B2B DIGITAL BUYERS' JOURNEY: TRENDS, CHALLENGES AND PREDICTIONS

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INTRODUCTION

The insights presented in this report were provided in the spring of 2019 by 1,000 decision-makers, business unit leaders, IT leaders, and enterprise software buyers working for companies ranging from fewer than 500 employees in size to 50,000+ employees in size, across 11 major industries in North America, Brazil, the United Kingdom, Germany, France, and China. This study was conducted in partnership with SAP.

The purpose of this study was to identify current perceptions, practices, and behaviors relating to the digital buying of enterprise software solutions, as well as identify relevant shifts and trends in the digital buying of enterprise software. An additional objective of this study was to map the steps, processes, and tools used in the discovery, validation, selection, and purchasing of enterprise software, to gain a more practical understanding of the digital buyers' journey as we head into 2020.



EXECUTIVE SUMMARY

- The three strategic initiatives and imperatives most responsible for driving organizations towards the digital buying of enterprise software solutions are digital transformation, the cloud, and IT cost-cutting.
- 80% of businesses no longer rely on traditional annual buying cycles when purchasing enterprise software.
- Over half of businesses are already equipped to purchase enterprise software solutions whenever a solution is needed.
- Time and resource efficiency, convenience, and operational velocity are the three top reasons why organizations have chosen to start buying enterprise software solutions digitally.
- 89% of organizations find it important to see a software vendor's full range of offerings when making their initial enterprise software solution selection, rather than later.
- Fewer than 1 in 5 organizations consider legacy relationships a factor when purchasing an enterprise software solution digitally.
- Once digital buying programs have been established by organizations, those organizations report that time and resource efficiency, price transparency, speed of deployment, and operational agility are the primary advantages of those programs.
- Inflexibility, incomplete information, and poor purchasing UX during the product validation and buying process are the pain points most often reported by organizations currently frustrated by their digital buying experiences.
- 1 in 4 organizations still report vendor disorganization, slow vendor response, and implementation friction as lingering pain points in their digital buying programs.
- Analytics, Business Intelligence (BI), Customer Relationship Management (CRM), and Enterprise Resource Planning (ERP) are the enterprise software solution categories most likely to be purchased digitally today.
 - * Note that "ERP" (Enterprise Resource Planning) encompasses a broad range of solutions. ERP solutions with a limited scope—like a purely financial focus—is far more likely to be purchased digitally than large and complex umbrella ERP solutions.*
- Enterprise software solutions most likely to see an increase in digital buying starting in 2020 focus on education and training, Enterprise Performance Management (EPM), governance, risk, and compliance software.
- Keep an eye on procurement: As organizations continue to focus on upgrading their supply chains and purchasing processes, they will naturally incorporate more digital buying into their operational models.
- Confusion and complexity are the two principal hurdles holding organizations back from buying their enterprise software digitally.
- Over 75% of organizations report being interested in purchasing add-ons at the time of the original purchase of an enterprise software solution.
- Nearly 90% of organizations consider product trials to be important to their digital buying process.

- 85% of businesses rate one-on-one online product demos and video product demos as very important to their enterprise software solution digital buying process.
- 4 in 5 organizations find that paid proofs of concept are important to their purchasing journey.
- Nearly 50% of organizations still consider email to be their most important digital collaboration tool with regard to the selection and purchasing of enterprise software solutions.
- While nearly 90% of organizations use email some or most of the time to communicate with stakeholders about the selection and purchase of enterprise software solutions, nearly 4 in 5 organizations also use collaboration apps (agile team collaboration software) to complement their email use for that purpose.
- Nearly 60% of organizations already feel that physical visits by a vendor's sales representative is no longer essential to their purchasing process, and that their relationship with enterprise software vendors can be managed digitally.



KEY FINDINGS

1. Strategic initiatives driving organizations towards digital buying: The cloud, Digital Transformation, cost-cutting, and improving operational velocity.

Unsurprisingly, the Cloud and Digital Transformation initiatives find themselves at the forefront of the shift towards digital buying. Specifically, 50% of organizations pointed to moving to the cloud as a key strategic initiative driving them towards a digital buying model. 48% of organizations indicated that digital transformation was another initiative driving the change. In third and fourth places, we find cost-cutting (43% of organizations), and the need to improve operational efficiency (36% of organizations).

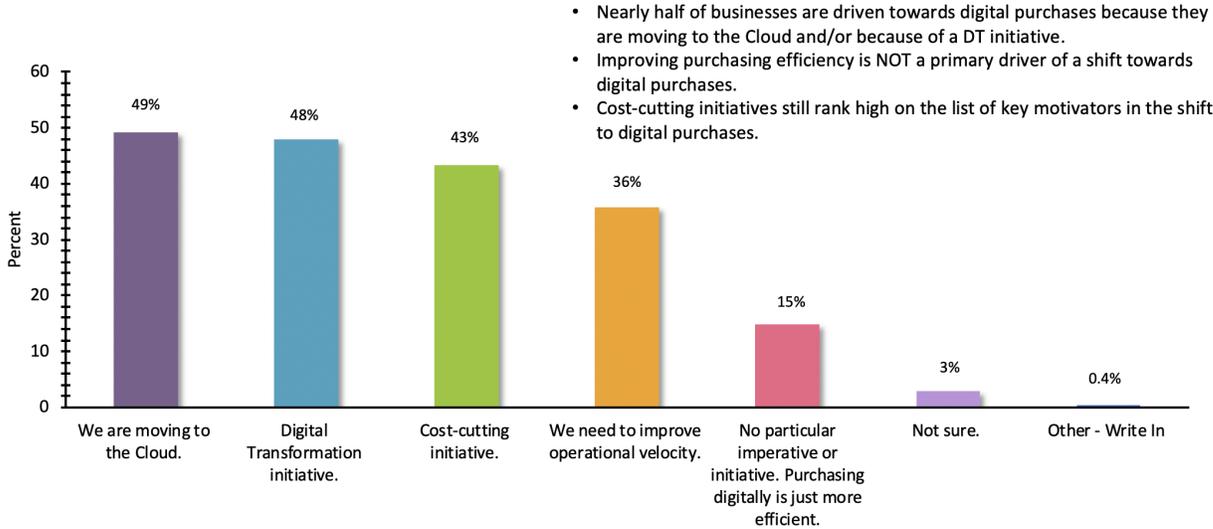
We believe that these four initiatives are connected, with Digital Transformation acting as the connective tissue. For starters, moving to the cloud is one of the most common of all Digital Transformation-driven IT initiatives, and is therefore difficult to divorce from the overarching purpose behind it. (This isn't to say that Digital Transformation is limited to moving to the cloud, but moving to the cloud is, by

definition, a Digital Transformation activity.) Second, cost-cutting initiatives, particularly when they focus on IT departments, tend to also be fueled by digital transformation objectives. (Reducing IT infrastructure costs by moving to the cloud is one of the most common strategic objectives of all digital transformation roadmaps.) Lastly, improving operational velocity by introducing agile, powerful, user-friendly technology solutions across the organization—many of them cloud-based—is also the result of IT-centric actions taken within the scope of a digital transformation initiative. These four strategic imperatives are therefore indivisible, and Digital Transformation is catalyst for the remaining three.

The shift to digital buying of enterprise software fits well inside that matrix as finding faster and more efficient ways of identifying, validating, and purchasing software supports operational velocity objectives, meets IT-related cost-cutting

Q. What strategic imperatives and/or initiatives—if any—are driving you towards purchasing enterprise software digitally—as opposed to more traditional/analog means of purchase? Select all that apply.

Topline Insights Digital Transformation, the cloud, and cost-cutting in IT are top drivers of digital buying.

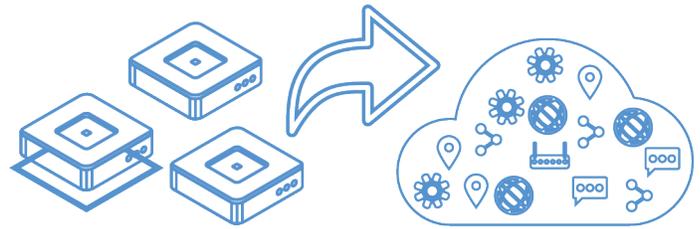


objectives, plays to the strengths of moving to cloud-based solutions, and fits perfectly within the scope of a sweeping Digital Transformation initiative.

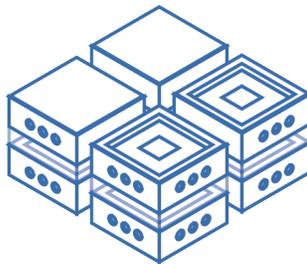
Even outside the scope of a Digital Transformation effort, nearly 15% of organizations simply find the practice of

buying their software digitally more efficient. That number would likely be higher if Digital Transformation programs were not currently so widespread across every industry. As the business world transitions to a more digitalized economy, however, it is only natural that the shift to digital buying should find itself absorbed mostly by transformation endeavors.

Strategic Initiatives Pushing Organizations Towards Digital Buying



49% Moving to the Cloud



48%
Digital Transformation Initiative



43%
Cost-Cutting Initiative



36%
Improving Operational Velocity



15%
Operational Efficiency

SOURCE: 2019 B2B Digital Buyers' Journey: Trends, Challenges and Predictions
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2. Primary motivators driving organizations towards digital buying include cost efficiency, convenience, and simplicity, but that is only part of the story.

Nearly two thirds of organizations (62%) cite time and resource efficiency as a primary reason for purchasing enterprise software solutions digitally. (Note that internal cost efficiencies have nothing to do with the pricing of a solution, and do not encompass discounting. They are strictly limited to internal operational costs associated with discovery, validation, testing, buying, and managing enterprise software solutions.)

Unsurprisingly, nearly half of organizations (45%) cite *convenience* as a primary reason why they originally decided to move towards buying enterprise software solutions digitally. Note that the *expectation* of convenience before making that transition and the way that these same organizations rate the convenience of actually buying enterprise software digitally may not always be aligned.

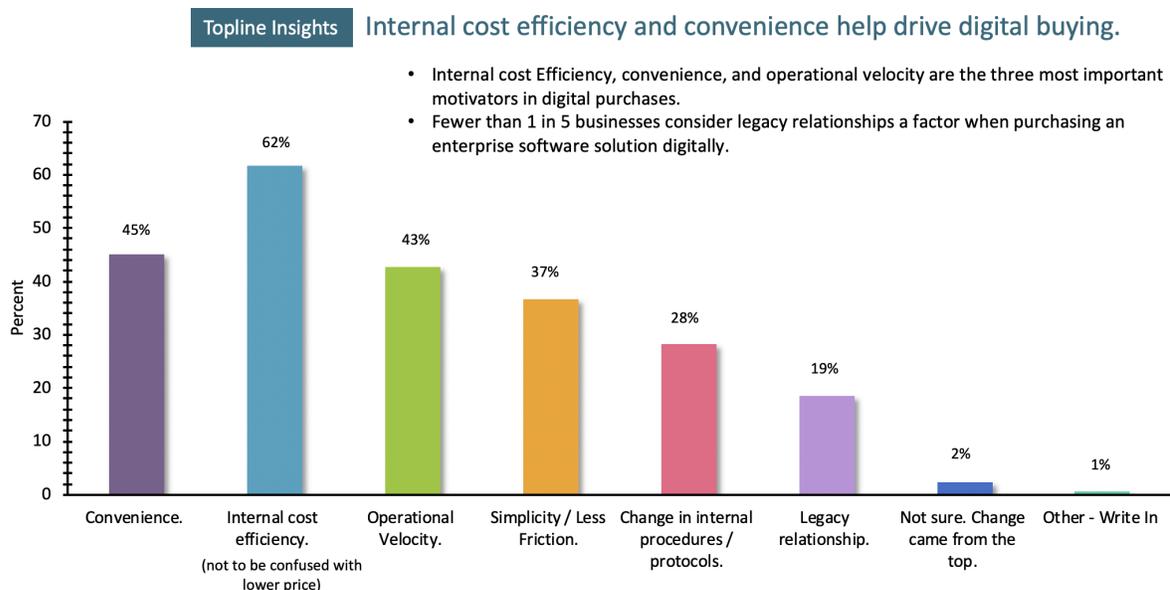
Operational velocity is the third highest-ranked reason why organizations decided to start buying enterprise software digitally, with 42% of organizations citing it as one of their principal motivators. *Simplicity* (translated as less purchasing friction) generated 37% of responses, and *changes in internal procedures and protocols* accounting for 28% of answers, rounding out the top 5 responses.

The most important insight to note at this juncture is that **time and resource efficiency, convenience, simplicity, and operational velocity are the top reasons why organizations choose to shift from traditional models of buying enterprise software to the digital buying of enterprise software.**

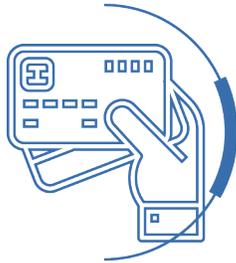
As a footnote, our research showed that legacy relationships only accounted for 19% of organizations as a motivator to begin buying enterprise software digitally. This suggests that 4 in 5 organizations do *not* consider legacy relationships with their vendors relevant to their decision to buy enterprise software solutions digitally.

Lastly, only 2% of responses suggested that no clear reason had driven the organization towards digital buying. The fact that this number is so dramatically low is encouraging as it indicates that the shift towards digital buying, while encompassing a breadth of reasons, is both deliberate and clearly understood by all stakeholders. In other words, **both the value and purpose of digital buying are not abstractions, and are almost universally driven by clear, pragmatic business objectives.**

Q. In instances where your organization did choose to start purchasing enterprise software solutions digitally, what factors contributed to that decision? Select three.



Consumer Habits Paving the Way for B2B Digital Buying



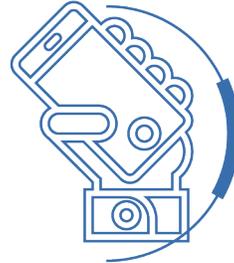
Price and
Feature
Transparency



Convenience
of being able to
purchase digitally,
from any device



Price Elasticity
(A Pricepoint for
Everyone)



Solutions
are Portable



Speed of Purchase
(No Need for
Long or
Complicated
Process)



Solutions are Easy
to Implement,
Deploy, and Scale

SOURCE: 2019 B2B Digital Buyers' Journey: Trends, Challenges and Predictions
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3. Primary advantages of digital buying programs identified as time and resource efficiency, price transparency, speed, and simplicity.

When organizations already engaged in the digital buying of enterprise software solutions were asked what advantages they *already* attribute to the practice, nearly 9 in 10 (89%) cited *time and resource efficiency* as one of the most important on their list, making it the most popular answer across all business types and regions. This is good news for organizations and their enterprise software vendors, as **the primary motivator moving organizations towards the digital buying of enterprise software solutions turns out to be the most widely acknowledged realized advantage of established digital buying programs.** This means that market expectations are almost entirely met by vendors on this one point already.

In second place, with 88% of organizations rating it as either most important or important, was *price transparency*. As price transparency did not figure on our list of motivators for a transition from traditional buying to digital buying, we attribute this advantage as an unforeseen benefit of digital buying programs: While organizations may not have set out to transition to digital buying because they were hoping to enjoy more price transparency, the fact that increased price transparency turned out to be part of the

digital buying experience is something that resonated well with almost all of them. The fact that price transparency came in ahead of speed and simplicity, and with nearly as much enthusiasm as time and resource efficiency, should serve as a strong indicator to enterprise software vendors that they should make price transparency an integral part of their enterprise software solutions' digital sales strategy. From a UX standpoint, this would be articulated as price/plan tables and/or price calculators posted at the digital point of sale.

Speed of deployment (84%) and *operational velocity gained from purchasing solutions digitally* (83%) came in third and fourth place respectively. You will recall that operational velocity was listed among the top *motivators* driving organizations towards digital buying. Discovering that speed of deployment and operational velocity are also listed among primary *benefits* of digital buying programs is also good news: Here, a primary *expectation* of value is matched by the *real-world* value produced by enterprise software vendors. We also note that speed of deployment and operational velocity are rated as "most important" on the list of *established benefits* by



slightly more than 42% of organizations. That number almost perfectly matches the 42% of organizations that listed operational velocity as a *motivator* for transitioning to digital buying.

Simplicity of buying solutions digitally (84%) and *simplified solutions management* (83%) came in fifth and sixth place respectively. On the one hand, this data suggests that organizations already involved in the digital buying of enterprise software solutions value simplicity and convenience marginally less than time and resource efficiency, price transparency, and operational velocity. On the other, our data shows that the 45% of organizations citing simplicity of digital buying as an important realized value of their current digital buying program, and the 45% of organizations citing simplified solutions management as an important realized value as well, almost perfectly match the 45% of organizations that originally

pointed to convenience as a motivator for transitioning to digital buying.

While rankings between motivators behind digital buying and the benefits of digital buying programs may not quite line up at first glance, **the numerical symmetry between the expectation of value expressed by organizations before adopting a digital buying model and the realized value reported by organizations after adopting a digital buying program is remarkable.**

Our conclusion is that, with the exception of price transparency, which appears to be an added, if not unexpected benefit of digital buying programs, **nearly 9 in 10 organizations worldwide appear to find their most important expectations of business-relatable value from a shift to the digital buying of enterprise software solutions mostly realized by their software vendors.**



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4. Agile ad hoc buying has replaced traditional annual buying cycles.

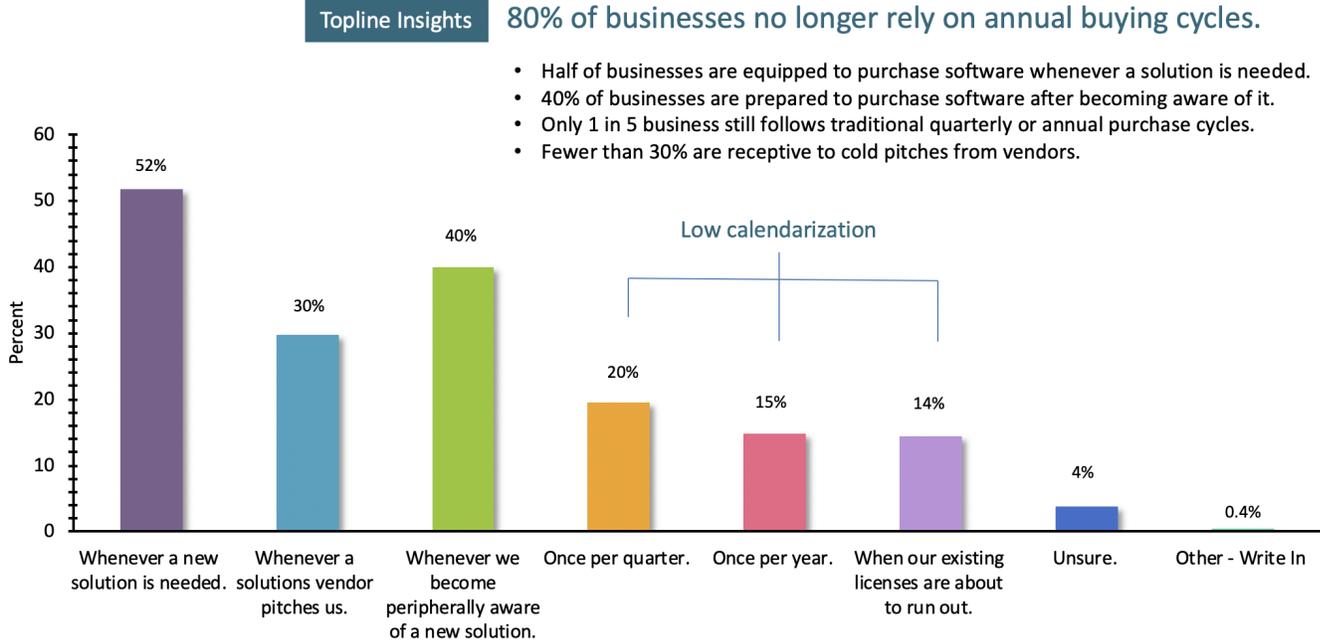
Our research indicates that most organizations have abandoned traditional annual buying cycles in favor of more operationally agile ad hoc buying.

Based on our research, roughly 1 in 6 organizations (15%) surveyed still purchase enterprise software solutions *annually*. Only 1 in 5 organizations (20%) still do so on a *quarterly* basis. Additionally, only 14% of organizations report purchasing enterprise software solutions whenever their existing licenses run out. These numbers are remarkably low, considering that

calendarized buying of enterprise software was still the norm for IT departments just over a decade ago. **This effectively means that more than 80% of organizations no longer rely on annual, quarterly, or otherwise calendarized buying of enterprise software solutions.**

In contrast, over half of organizations surveyed (52%) report already buying enterprise software solutions whenever the need arises and/or whenever a new solution is needed, as opposed to when budgets and schedules open the door to a purchase.

Q. How often does the purchase of business software solutions, including add-ons, come up in your organization's operations? Select all that apply.



This move away from calendarized purchasing cycles is indicative of both a culture change and a shift in operational thinking across IT departments and the organizations they serve. As technology becomes increasingly more critical to everyday business operations, improvements in speed, agility, and efficiency begin to take hold. These operational improvements can then be applied to the identification, testing, purchasing, and deployment of enterprise software solutions, particularly when the

tools being used are cloud-based and readily accessible. Thus, **business software that can be discovered, accessed, purchased, and downloaded digitally, and additionally does not require massive on-premise hardware investments, becomes infinitely more attractive to businesses than their more complex and laborious alternatives.** This is especially true among organizations racing to digitally transform ahead of their competitors, and who therefore cannot afford to waste

time and bandwidth on lengthy, convoluted, and ineffective software buying journeys. This helps explain why competitive organizations have already begun to move towards a faster, more frictionless model of enterprise software discovery, evaluation, and acquisition.

Friction points and hurdles do, however, remain, and may be keeping some organizations from fully adopting digital buying as their principal mode of acquiring enterprise software solutions. These will be addressed later in this report.

Additionally, we found that 40% of organizations report buying enterprise software solutions when they become aware that they exist, and 30% when a vendor pitches a new solution to them. These two insights together strongly suggest that enterprise software vendors can seize on the opportunity to improve product discovery, sales, and deployments by being proactive about keeping businesses informed about enterprise software solutions they should be interested in.



5. Most enterprise software solutions are already being purchased digitally, but CRM, Analytics, BI, and ERP lead the way.

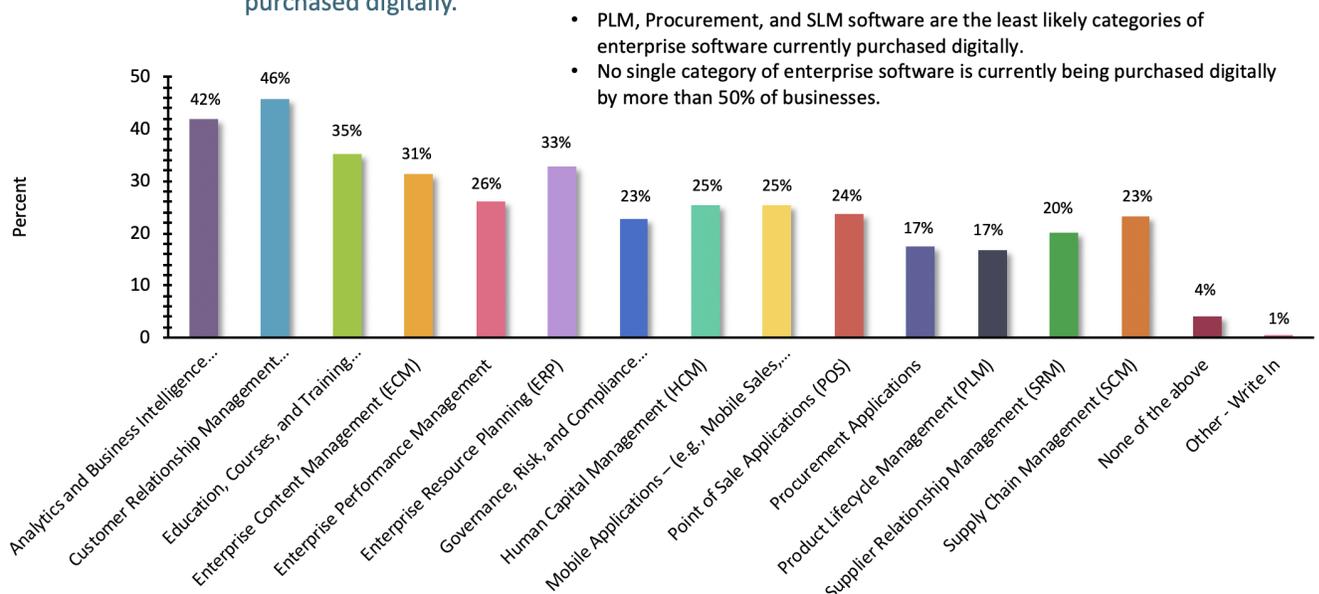
Analytics and Business Intelligence software, Customer Relationship Management software (CRM), Employee education and training software, and Enterprise Resource Planning software (ERP) top the list of enterprise software solutions already being purchased digitally by organizations of all sizes. In the aggregate, 46%

of organizations already purchase their CRM solutions digitally, 42% purchase their Analytics and Business Intelligence solutions digitally, 35% choose a similar digital purchasing route to acquire their education and training tools, and 33% do the same with their ERP purchases.

Q. Which of the following types of enterprise software solutions does your organization already purchase digitally (online or in-app) as opposed to more traditional/analog (contact with sales rep) means of purchase? Select all that apply.

Topline Insights

Analytics, BI, and CRM are the most common categories of enterprise software currently being purchased digitally.



- PLM, Procurement, and SLM software are the least likely categories of enterprise software currently purchased digitally.
- No single category of enterprise software is currently being purchased digitally by more than 50% of businesses.

Note that, at least currently, ERP solutions with a narrow, specialized scope—like a purely financial focus, for instance—are far more likely to be purchased digitally than large and complex cross-functional ERP solutions. We find that the more complex and “heavy” the ERP solution, the less likely it is to be purchased digitally. This is likely to change in the future, as digital buying finds its way into every category of software, but for now, be aware of the distinction between organizations buying narrow-focus, specialized ERP software digitally, and organizations buying extremely complex cross-functional ERP solutions: While the former is growing increasingly common, the latter still has some

way to go. (Companies purchasing very complex ERP solutions digitally are still extremely rare.)

We also want to address the fact that while Analytics solutions continue to be one of the strongest categories of enterprise software being purchased digitally or otherwise, we also see the category forking off: On the one hand, pure Analytics software, and on the other, analytics built into other categories of software that doesn’t fall primarily into the Analytics category. In other words, it is important not to misinterpret annual deltas in the digital buying of Analytics software year over year as lackluster demand for Analytics solutions. What

is actually happening is that, as intelligence and analytics capabilities work their way into every type of software, the “analytics” function that was once mostly limited to Analytics software proliferates across the software ecosystem, giving customers more options, more functionality, and more freedom. In this new layered world of analytics everywhere, pure Analytics software is complemented by software adjacent intelligence, and can act as a unifying, overarching analytics solution to bind them all.

Our first point of note is that no single category of enterprise software is currently being purchased digitally by more than 50% of businesses. What this data reflects is the ongoing transition from the traditional analog model of enterprise software buying to newer, more efficient models of digital buying brought on by the global shift towards the digital transformation of industries, businesses, and transactional models.

From an internal perspective, part of the reason why this transition is not happening faster is that large organizations that were accustomed to buying their enterprise software through traditional means, must overcome structural and procedural hurdles before they can effectively steer themselves towards more effective digital buying models. Because old protocols, procedures and systems must be replaced by new ones, and change, at scale, is a slow and obstacle-strewn endeavor, the larger and older the organization, the more likely it is to move slower than newer, younger, more nimble companies. This is especially the case when those younger companies have been built to optimize digital buying over traditional buying from their inception. This does not mean that more established organizations find themselves at a disadvantage against smaller, younger companies, however. Advantages like vast resources to draw from, long-established market leadership, decades of customer relationships, and a considerable install base give them ample room to adapt to digital buying somewhat more slowly than their younger competitors. The

fact remains, however, that change is difficult, change is risky, and change often takes more time than one would prefer.

In addition, we note that procurement applications and Supplier Relationship Management software (SRM) solutions—which are both likely to have a direct impact on digital buying—are among the least digitally purchased solutions, with, respectively, only 17% and 20% of companies currently purchasing them digitally. As organizations everywhere continue to work to transform their supplier chains between now and 2025, this category presents a uniquely significant opportunity for growth.

It is our opinion that the opportunity for software vendors to create a faster path to digital buying adoption among their customers remains substantial. Improvements in UX, in communications and customer support during the buying journey, and in making continuity between the phases of that journey feel more seamless to customers, are likely to help software vendors accelerate and broaden adoption of digital buying programs. Case in point: 35% of organizations currently not buying enterprise software digitally report that the cause for their delay is a vendor’s overly complicated or ineffective digital sales process. This and other hurdles are discussed in Section 7, and enduring pain points for companies buying software digitally are explored in detail in section 6, but the point to make a note of here is that **the opportunity for enterprise software vendors to build more effective product adoption and digital buying practices runways will continue well into 2020.**

The shift from the traditional buying to the digital buying of enterprise software solutions is ongoing, however, and is driven, as we have already discussed earlier in the report, by strategic initiatives, quantifiable advantages, and implicit benefits understood by a growing number of businesses. This transition will continue its progression as internal hurdles and external pain points erode, and digital buying

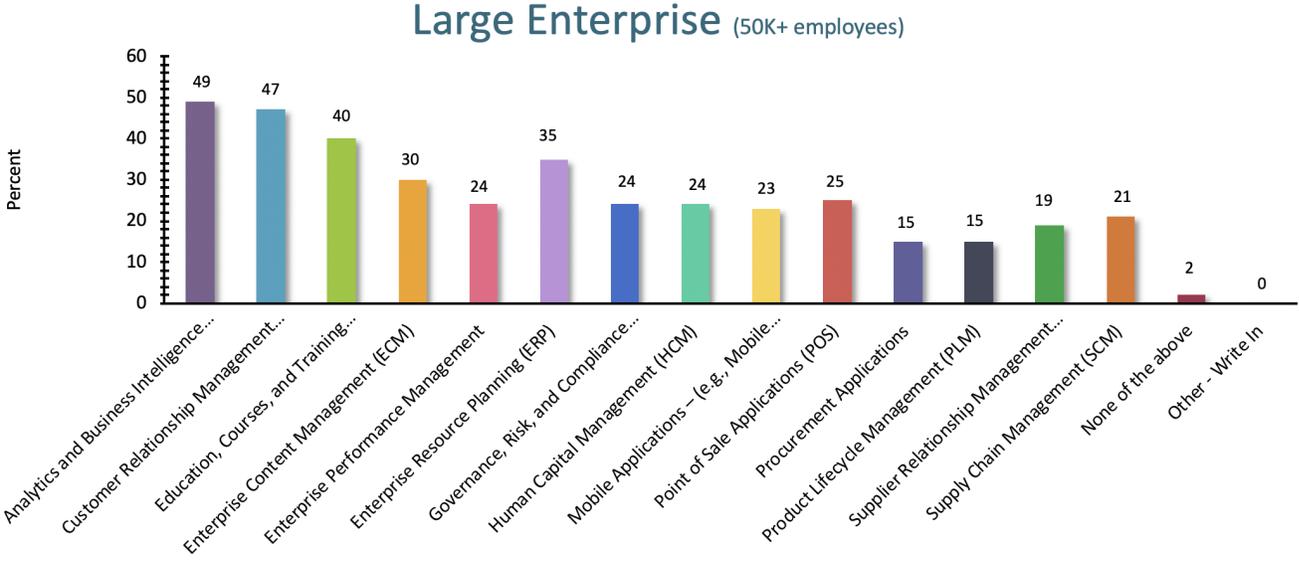
becomes easier, simpler, and increasingly pain-free for businesses large and small. This means that, as internal and external hurdles begin to erode for organizations, all categories of enterprise software should continue to experience a steady uptick in digital buying over the course of the next few years. Not only do we expect the most popular digitally-purchased solutions like Analytics, BI, CRM, and ERP to break the digital buying 50% mark, but that the currently least digitally-purchased solutions—like Product Lifecycle Management software (PLM), Governance/Risk/Compliance software, and Supply Chain Management software (SCM)—to be more readily purchased digitally as well.

Aside from the generally positive direction towards digital buying we observe here, there is a practical reason for organizations to move towards more consistent digital buying behaviors when it comes to enterprise software: As buyers and their stakeholders become accustomed to going through a streamlined, resource-efficient, and less laborious digital buying process they will look for ways to uniformly apply that model to all of their software purchases. The fact that many still have not done so suggests that their digital buying programs have not yet fully matured, and that their software vendors’

digital selling programs may also not have fully matured either.

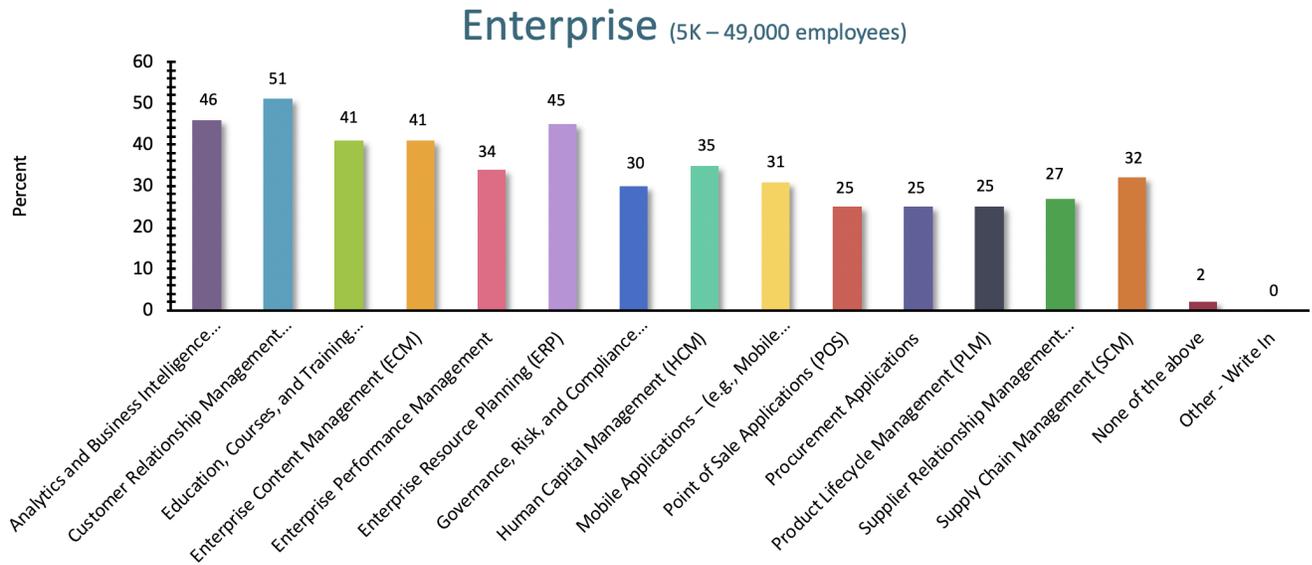
With regards to how the digital buying habits of organizations vary according to size: For the most part, **Analytics, BI, CRM, Education and Training, and ERP are the most categories of enterprise software likely to be purchased digitally, regardless of an organization’s number of employees.** We do note a few slight variances, however: Very large enterprises (over 50,000 employees) are marginally more comfortable purchasing Analytics software digitally than their smaller 5,000 to 49,999 employee enterprise counterparts. Conversely, companies with 5,000 to 49,999 employees are more likely to buy virtually every single enterprise software solution digitally except Analytics than their 50,000+ employee counterparts. In fact, the 5,000 to 49,999 employee enterprise is the only business category to achieve slightly more than 50% adoption of digital buying for any single enterprise software category, with 51% reporting that they currently buy their CRM solutions digitally. Also notable of that group is its higher comfort level with also buying Enterprise Content Management systems (ECM), Human Capital Management software (HCM), and Mobile applications digitally.

Q. Which of the following types of enterprise software solutions does your organization already purchase digitally (online or in-app) as opposed to more traditional/analog (contact with sales rep) means of purchase? Select all that apply.



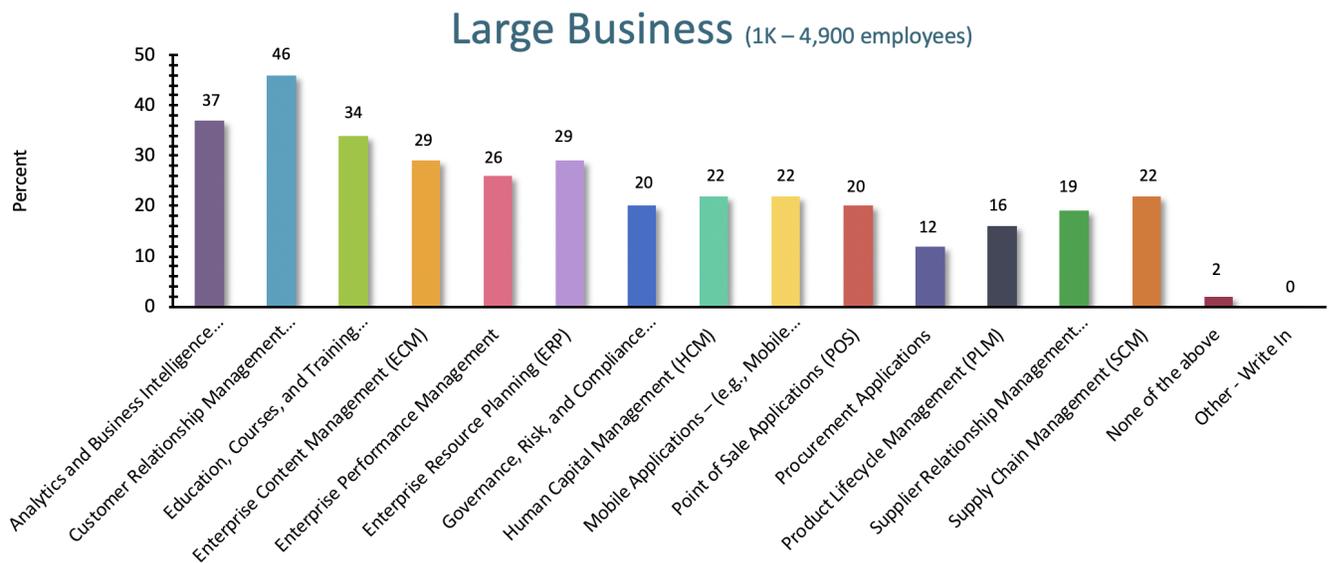
The 5,000 to 49,999 employee group also shows the strongest propensity to digitally purchase some of the otherwise lowest performing software categories in our study: Procurement applications, Product Lifecycle Management software (PLM), Supplier Relationship Management (SRM), and Supply Chain Management (SCM). While these four software categories hovered between only 17% and 23% in the aggregate, and between 15% and 21% for

the large enterprise, 25% to 31% of companies in the 5,000 to 49,000 employee enterprise group already buy them digitally. Again, we note that as organizations increasingly focus on optimizing their procurement and purchasing processes, we anticipate an acceleration in the shift from traditional buying to digital buying of procurement applications in the next 24 to 36 months.



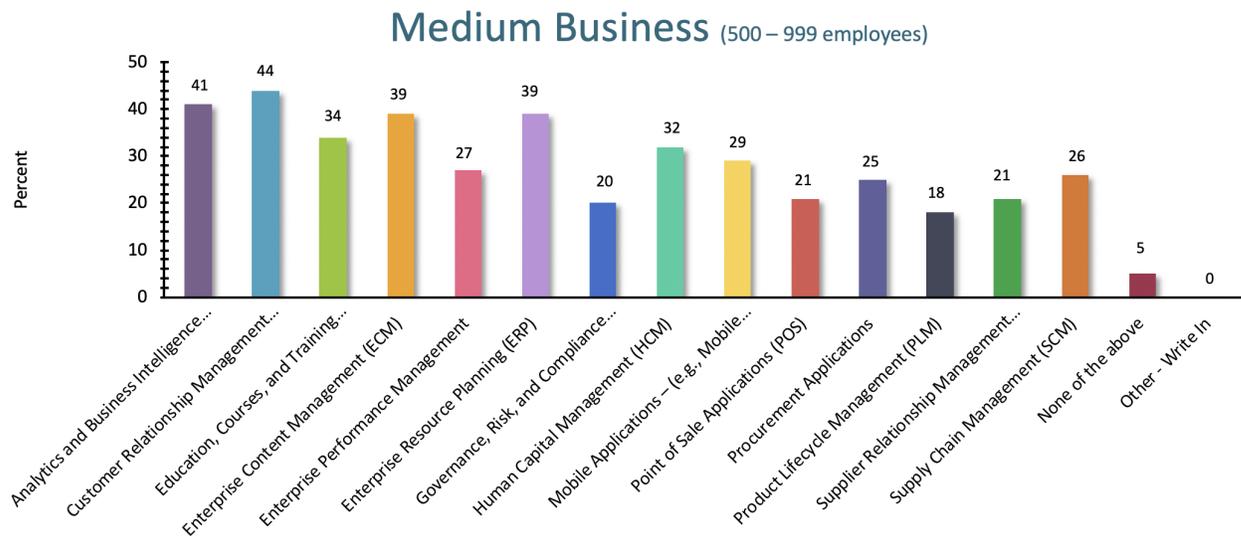
Large businesses (of 1,000 to 4,999 employees), however, appear less comfortable with digital buying than their enterprise counterparts,

and are 5% to 15% less likely to buy enterprise software digitally than companies with 5,000 to 49,999 employees.



Medium-sized businesses of 500 to 999 employees, however, appear far more likely to buy enterprise software digitally than their 1,000 to 4,999 employee competitors. **The emphasis, again, tends to lean towards CRM, Analytics, BI, Education and Training, and ERP**, but we also note a high degree of comfort with the digital buying of Enterprise Content Management

systems (ECM), Human Capital Management software (HCM), Mobile applications, Procurement applications, Supplier Relationship Management (SRM), and Supply Chain Management (SCM), which closely resembles the purchasing behaviors of the 5,000 to 40,999 employee segment of the enterprise space.



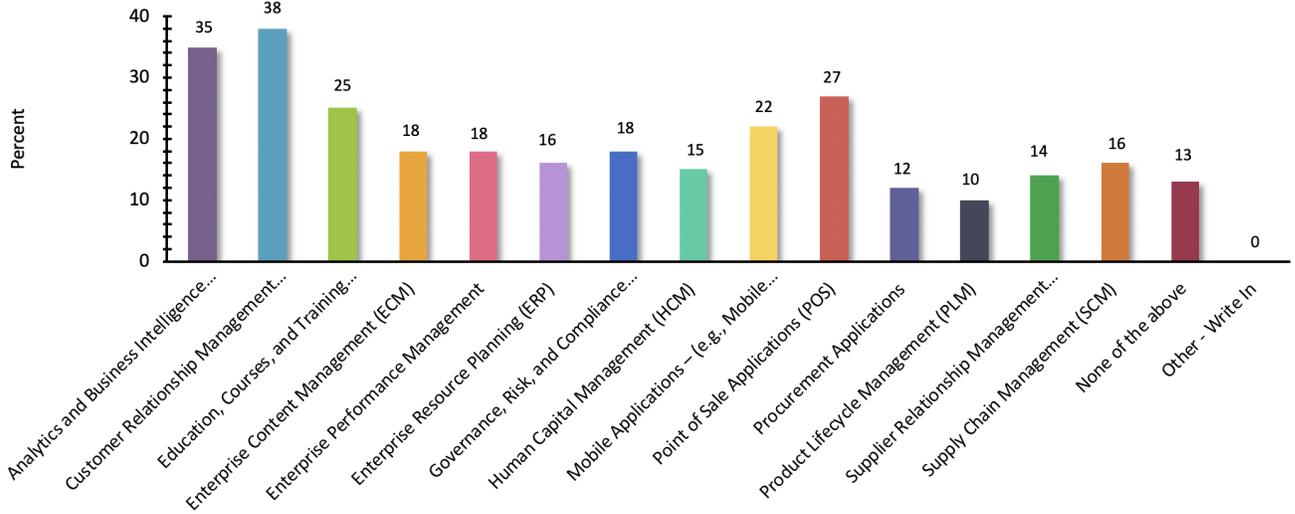
Lastly, we come to small businesses of fewer than 500 employees, and there, the percentage of companies that buy their enterprise software digitally drops significantly. The principal reason for this is that **small businesses have historically tended to select business software solutions that best cater to their size**. Out of habit if nothing else, small businesses are therefore less likely than their larger competitors to purchase the types of very complex cross-functional enterprise software that very large organizations depend on to manage their systems. This is beginning to change, however, as software as a service (SaaS) makes it increasingly cost-effective for small companies to both access and implement enterprise-class tools with minimal internal friction from IT.

Generally, we observe that the digital buying of enterprise software seems currently strongest and most mature towards the middle of the market (relative to company size,) rather than along its edges: The very largest enterprise and the very smallest businesses are not yet quite as comfortable with the digital buying of enterprise software than medium-to-large organizations.

With regard to very large enterprises, their sheer size, operational complexity, and need for product customization, implementation assistance, and vendor support can interfere with a purely digitalized, automated, or otherwise “standard” purchasing model. This is not a problem of adoption or friction, but rather a reflection of the operational reality of the very large enterprise: The current state of purchasing automation in the digital buying process may not yet be advanced enough to convince large enterprise buyers to alter their high-touch buying model.

Nevertheless, 38% of them purchase their CRM solution digitally, 35% do the same with their BI and Analytics solutions, and nearly 25% also buy their education and training software digitally. One category of enterprise business software for which digital buying shows remarkable penetration for this group is Point of Sale applications (POS). With 27% of small businesses buying their POS solutions digitally, small businesses outperform every other group in this one area.

Small Business (500 – 999 employees)

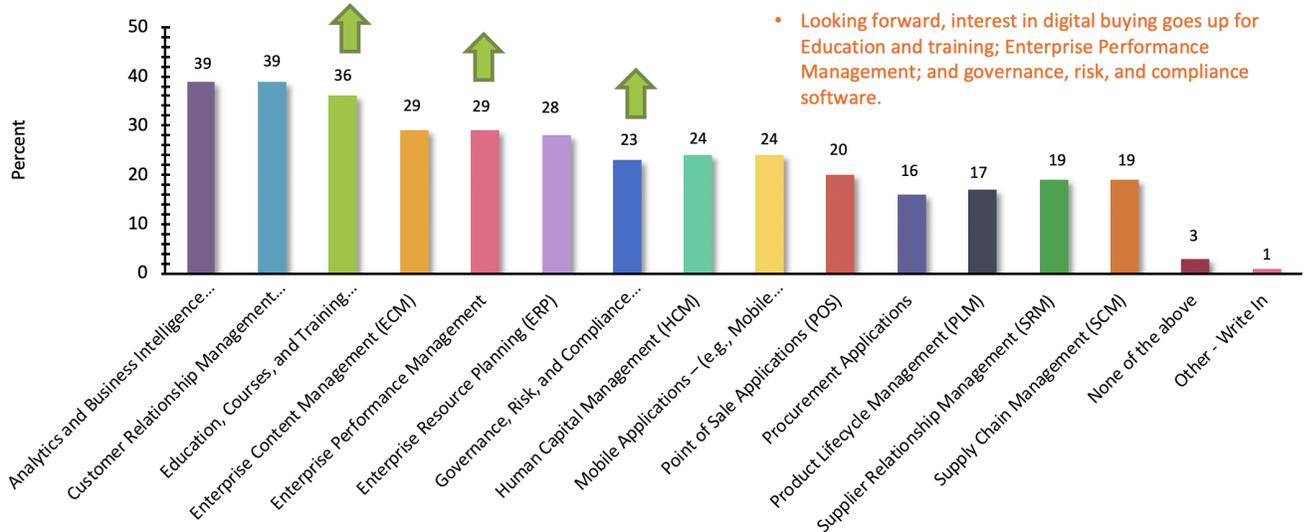


We also took the opportunity to gauge to what extent these digital purchasing behaviors might change in the near future. What we found was a keen interest from more businesses next year than this year in buying Education and Training software, Enterprise Performance Management (EPM), and Governance/Risk/Compliance software digitally. We interpret digital buying

trends shifting towards less mission-critical categories of enterprise software as a sign that, as organizations begin to feel more comfortable with the digital buying of enterprise software, digital buying programs are beginning to naturally expand to all business software categories.

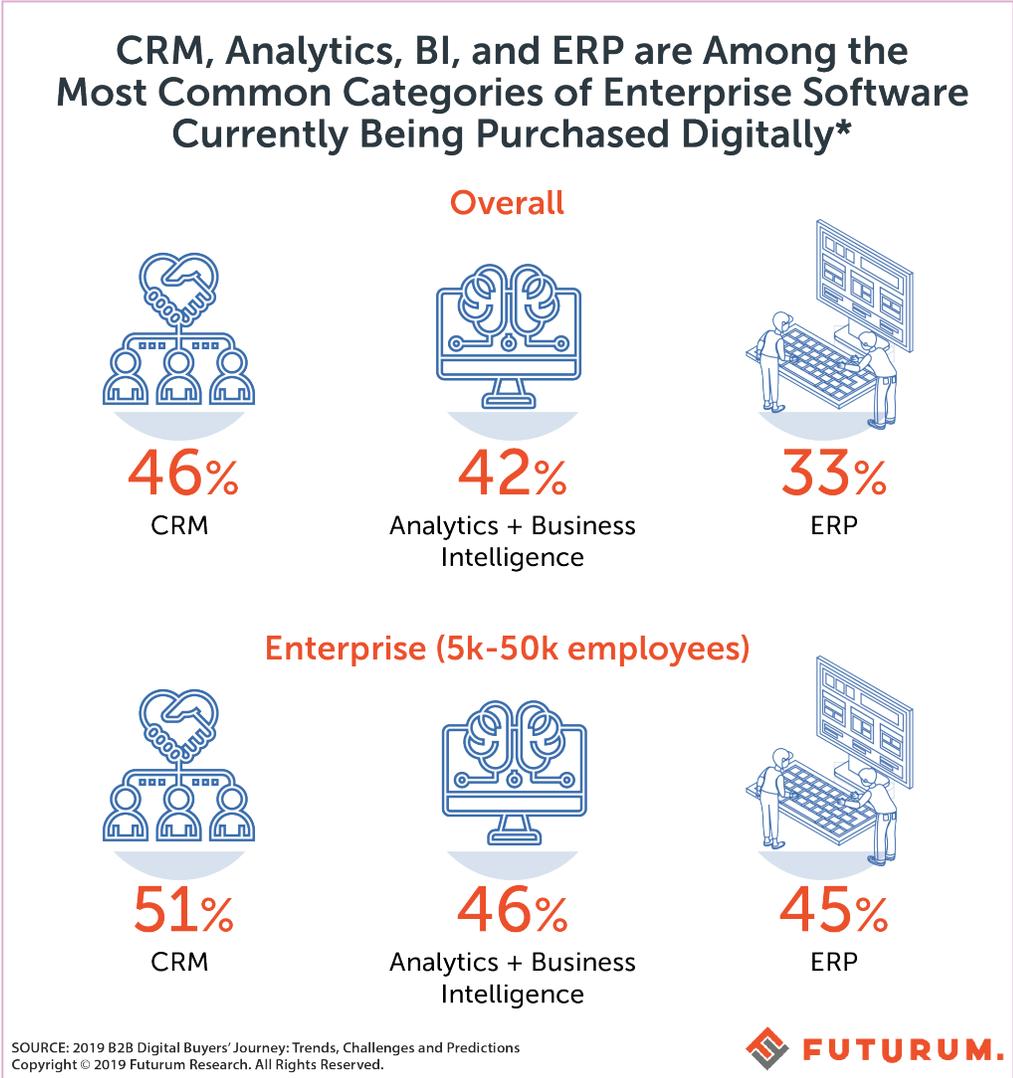
Topline Insights

Digital buying trends are shifting towards less mission-critical categories of enterprise software.



Broken down by company size, we note that Enterprise Performance Management (EPM), Governance/Risk/Management software, and Procurement are the enterprise software categories most likely to see an increase in digital buying among large enterprise companies (50,000+ employees) in the near future. For the 5,000 to 49,999 employee enterprise group, the list is a little longer, with Enterprise Performance Management (EPM), Governance/Risk/Management software being joined by Mobile solutions, Point of Sale solutions (POS), and Supplier Relationship Management (SRM). For large businesses (1,000 to 4,999 employees), Education and Training, as well as Enterprise Performance Management (EPM) are the enterprise software categories most likely to see an increase in digital buying. Medium-sized

companies of 500 to 999 employees intend to increase their digital buying of Education and Training software, Point of Sale solutions (POS), and Product Lifecycle Management (PLM), the latter being arguably the only category in which medium-sized businesses currently fall below 20%. Lastly, small businesses of fewer than 500 employees signal that they intend to increase their digital buying of Education and Training software, Enterprise Content Management solutions (ECM), Enterprise Performance Management (EPM), Enterprise Resource Planning (ERP), Human Capital Management (HCM), and Product Lifecycle Management (PLM). In other words, organizations of all sizes intend to expand and broaden the scope of their digital buying initiatives in the near future.



* ERP solutions with a narrow, specialized focus as far more likely to be purchased digitally than large and complex umbrella ERP solutions.

6. Inflexibility, uncertainty, and poor UX are the biggest pain points being reported by organizations engaged in digital buying, but vendor lag, implementation friction, and renewal persist.

Although organizations of all sizes continue to increasingly transition from traditional buying habits to the faster, more efficient digital buying of enterprise software, 7 specific pain points continue to spoil the experience and frustrate speed of adoption at scale.

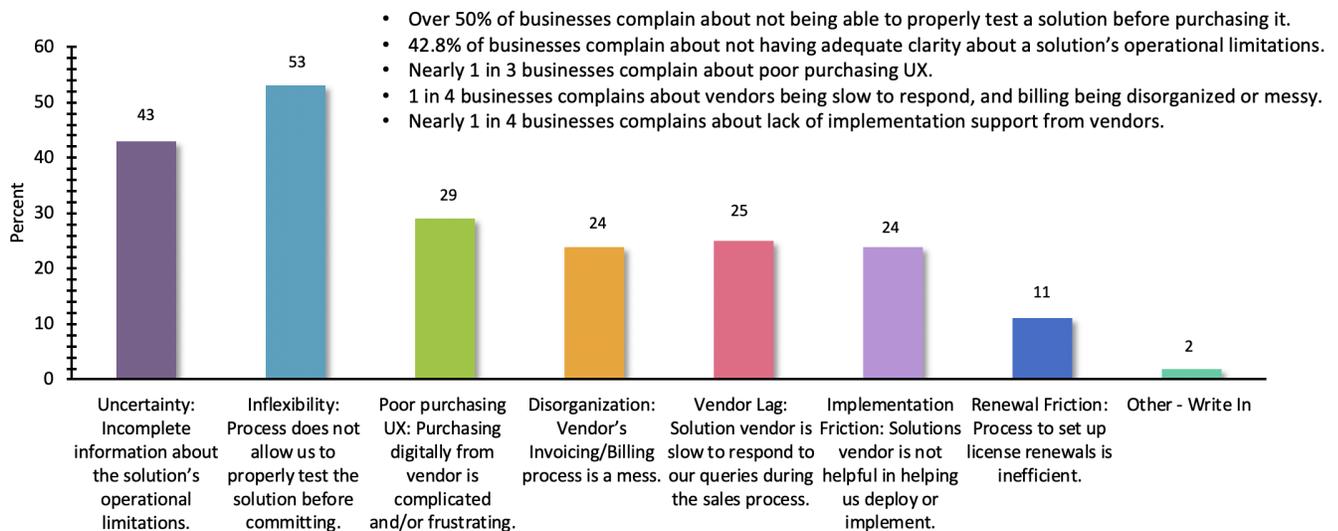
Top of the list is inflexibility, with 53% of organizations reporting that their vendor's process currently does not allow them to properly test a solution before having to commit to a purchase. Second is uncertainty, with 43% of organizations complaining that the information about the solution they are interested in is incomplete, particularly with regard to its operational limitations – like incompatibility, performance, and scale. Third is poor UX: 29% of organizations are unhappy with their enterprise

software vendors' digital tools, and find the experience of buying software digitally overly complicated and/or frustrating. The fourth most common complaint is vendor lag, with 25% of companies expressing frustration with how slow their vendors are about responding to their queries during the sales process. Rounding out the top five pain points shared by companies when asked about the digital buying of enterprise software is disorganized invoicing and billing from their software vendors. In sixth place on the list is implementation friction: 24% of organizations complain that their vendor is not helpful enough during deployments and implementation once a solution has been purchased. Lastly, 11% of companies reported struggling with renewal friction: their vendors' process to set up license renewals is inefficient.

Q. What are some of the pain points you currently experience with the digital purchasing of enterprise solutions? Select all that apply.

Topline Insights

Risk and uncertainty are biggest pain points in digital buying.



These seven major pain points should be easy enough for enterprise software vendors to address.

Inflexibility: As observed in section 8 of this report and beyond, product trials are among the most important means by which software vendors can help their potential customers validate their selection of their solutions, and the longer the trial, the better. Here, we observe that over half of companies engaged in digital buying complain about not being able to test a solution properly before having to commit to a purchase. Vendors focused on eliminating this critical pain point for their customers can do so simply by extending the amount of time allowed for companies to test the solution. Based on our research, a testing period of 3 months may be the ideal timeframe.

Uncertainty: Enterprise software vendors need to be more diligent and forthcoming when it comes to communicating their products' features – including their limitations – with potential customers. One simple way of doing this digitally is to create feature checklists and competitor feature charts that address the most common questions that customers might have about a solution's pros and cons. Additionally, product specialists should be on hand to answer potential customer inquiries and help guide them through their due diligence process. If nothing else, live interactions with knowledgeable specialists can help vendors not only iron out this particular wrinkle but also steer on-the-fence prospects towards a product trial.

Poor purchasing UX: For better or for worse, in the digital age, an enterprise software solution vendor's digital commerce platforms and processes are its storefront. Poor UX at the point of sale will be perceived as a red flag by potential customers – the logic being that if the buying process UX is complicated or frustrating, it is likely that the vendor's other software solutions will be plagued by the same types of problems. No enterprise software vendor should allow poor UX to define their brand, their products, or the experiences they design for their customers. Long gone are the days of frustrating software

UX. A competent software company must prioritize smooth, fluid, painless user experiences from the first customer touchpoint to the last.

Vendor lag: This is mostly a customer service issue, but it is also a process issue. Customer service-focused organizations go the extra step of ensuring that all customer queries are captured quickly and responded to in short order. This is especially important in the enterprise space, where headcount and other resources, even outsourced, can be scaled on demand. Unlike smaller software companies and startups that run on skeleton crews, enterprise software vendors that is slow to respond do so because they choose not to prioritize fast customer service. According to 1 in 4 of their potential customers, this is a major pain point that may be costing them business. This pain point is especially unforgivable in the enterprise space today, as web-enabled customer service bots and other forms of robotic process automation and AI-based communication tools can quickly be deployed to address customer queries in real time, and without necessitating human interactions during the first few minutes of the query.

Disorganization: Again, an enterprise software vendor whose invoicing and billing processes are inefficient in this day and age, with so many RPA- and AI-enhanced billing and invoice management solutions on the market, is inexcusable. Finding a solution that works should not be a problem anymore for any vendor, let alone a big enough pain point that nearly 1 in 4 of their customers report still having to endure it.

Implementation Friction: Enterprise software vendors that fail to assist their customers once they have made the sale are not just guilty of poor customer service, and jeopardizing their renewal business. They are also leaving money on the table by not leveraging deployment support, implementation support, and customer employee training to generate additional revenue, and/or most importantly to cross-sell. Section 11 of this report highlights that 72% of companies feel that support and assistance from a vendor's salesperson can be useful

in helping them maximize their investment, identify new use cases, and suggest useful solution-adjacent products and services during deployments and implementations. This means that 7 in 10 companies are open to letting their enterprise software vendors cross-sell add-ons and upsell adjacent software solutions long after the purchase of the original software has been made.) These opportunities only exist for software vendors if they continue to be valuably

engaged with their customers after the sale. **Renewal friction:** This process problem is no different from disorganized billing processes. There is no reason why, in 2019, let alone 2020, an enterprise software vendor still struggles to automate license renewals for digitally-purchased software. While we are encouraged that only 11% of companies report still having to endure this problem, that percentage is still 11% too high.



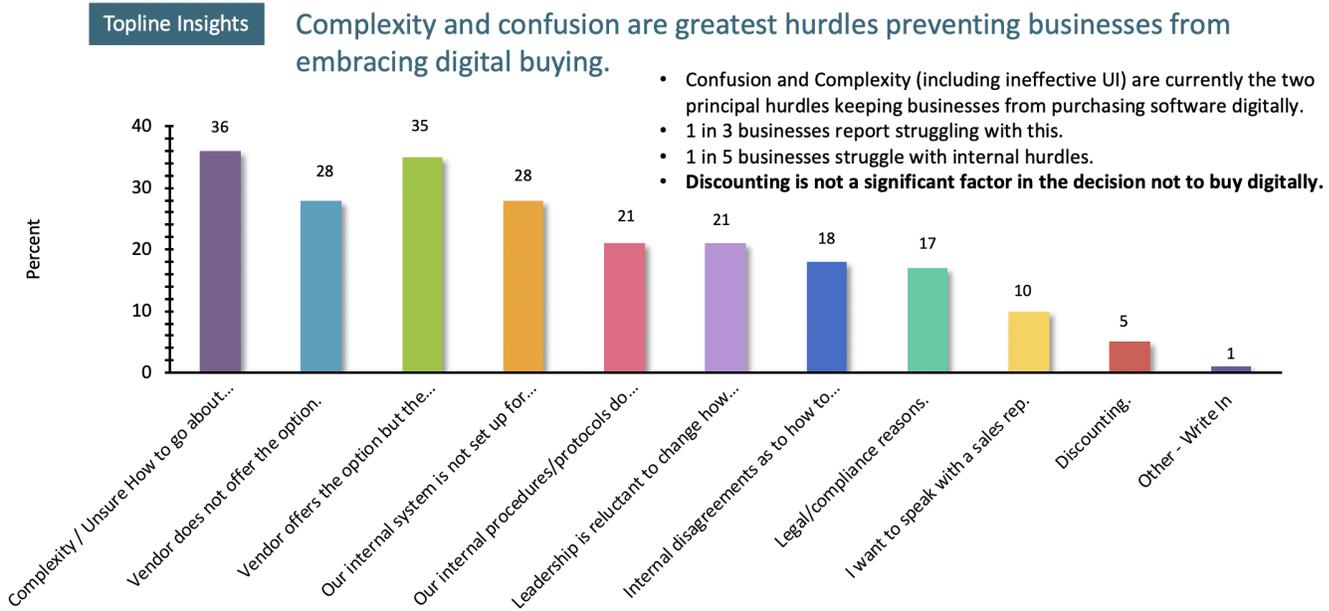
7. Complexity and confusion top the list of reasons why many companies still aren't yet buying digitally.

In addition to cataloguing the reasons why so many organizations had begun to buy enterprise software solutions digitally, our study also sought to understand why many organizations had not yet done so. What we found was that complexity and confusion were generally the greatest hurdles preventing businesses from embracing digital buying. 36% of companies report that digital buying still seems too complex, and that they are not entirely sure how to go about it, and 28% of organizations report that their internal purchasing system is still not set up for digital buying. Additionally, 21% report that their internal procedures still do not allow for the digital buying of enterprise software, and 18% of companies also complain that internal disagreements about how to become a more

digital company stand in the way of building a digital buying practice. None of this is all that surprising, given that 21% of companies admit that their leadership is reluctant to make changes to the way they do things. And while 18% of organizations cite legal and compliance reasons for the delay, 10% still cling to the need to speak to a sales representative to secure an enterprise software purchase.

Vendors are also partly to blame, as 35% of organizations report that while their vendor of choice offers the option to let them purchase enterprise software digitally, the process is either too complicated or outright ineffective. Another 28% of companies report that their vendor still doesn't offer the option at all.

Q. In instances where your organization has not yet begun to purchase enterprise software solutions digitally, what factors currently contribute to that decision? Select all that apply.



Several things come to mind as we look at those numbers: The first is that these companies and their ineffective vendors are in the minority when it comes to digital buying. More organizations already engage in the digital buying of enterprise software solutions than not. The second is that many of the hurdles these organizations cite correspond to an inability to adapt to business disruption cycles that is generally observed among slow adopters of digital transformation technologies and operational adaptations: Change-averse leadership, disagreements about how to become a more digital company,

inflexible internal purchasing systems, outdated procedures, and general confusion about how to simply go about using new technological tools are all symptoms found in slow adopters of technology – companies that struggle to digitally transform at the same pace as their competitors or at all. This is not to say that companies exhibiting these traits will fail to make the transition to digital buying, but based on this data, the more of these traits an organization is struggling with on its way to digitizing its digital buying practice, the slower and more arduous that transition is likely to be.



8. From executives to IT buyers: How collaboration, inclusion, and methods shape the digital buying journey within organizations.

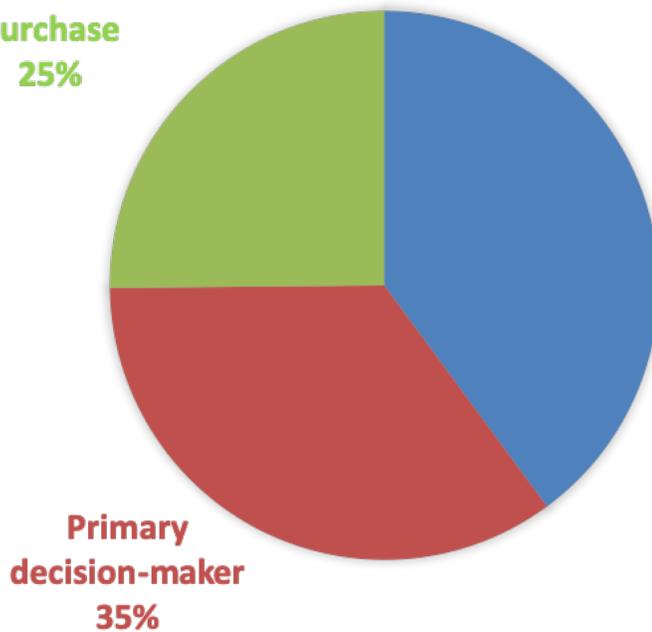
To better understand how purchasing decisions are made, we asked decision makers—that is, individuals reporting that they have a say in the selection, validation, and purchase of enterprise software solutions—which of the three following roles they felt best matched their role in that process. 40% self-selected as “selectors”:

decision-makers most involved with identifying, choosing, and validating that software. 35% self-identified as the primary decision-makers in the process. The remaining 25% are the buyers: those individuals involved with the physical purchase of software solutions.

Q. Which of the following best describes your role in your organization’s enterprise software purchasing journey? If you play several of these roles, select all that apply.

Persona Breakdown: 40% Selector, 35% Decision-Maker, 25% Purchaser

Involved in actual purchase
25%



Nearly 2/3 of Buyers in general report having little to no say in digital purchasing decisions.

Among those who have a say in the selection of tools, only 1 in 5 plays a role in discovery, 1 in 4 plays a role in evaluating and selecting software, and only 1 in 4 actually does the purchasing.

Purchasing enterprise software digitally is a highly collaborative process that involves the entire org.

Help identify, choose, and validate solutions
40%

17% of individual users of enterprise software report purchasing enterprise software digitally without an intermediary like a buyer.

15% of software purchases are handled directly by LOB leaders or their staff.

17% are handled by IT leaders or their staff.

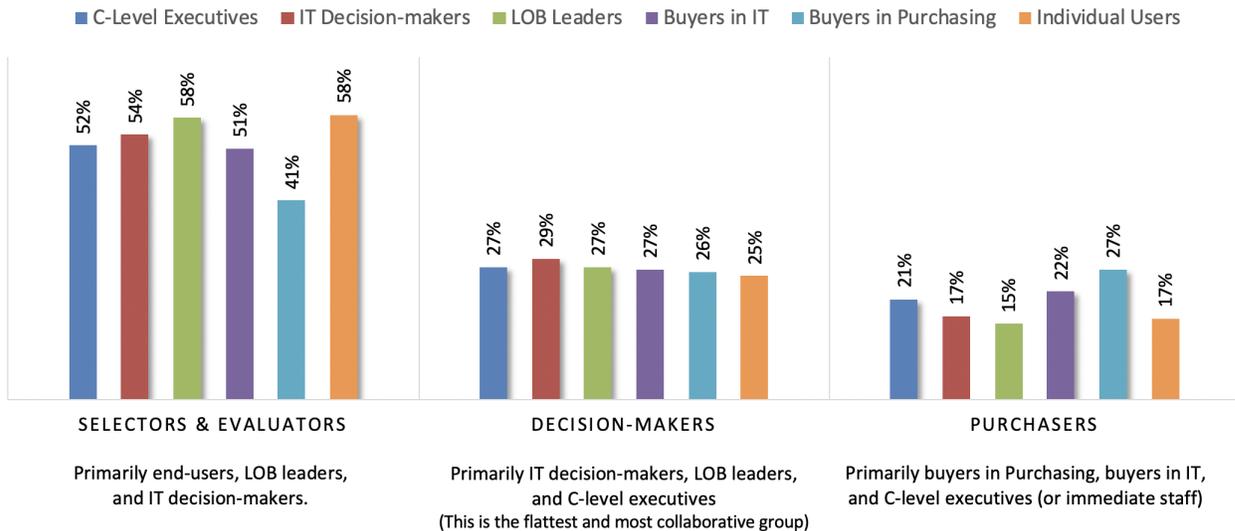
21% are handled by senior executives or their staff.

A more detailed breakdown of those three distinct roles reveals that as many as 58% of primary end-users of enterprise software are involved in the selection and consideration of the very software they will be using. 58% of line of business leaders also tend to be involved in selecting and validating the enterprise software that their business units will be purchasing. 54% of IT leaders also participate in this initial selection and validation phase, as do 52% of executives. Lastly, 51% of buyers in IT and 41% of buyers in purchasing also participate

in identifying and validating new enterprise software. This data indicates that the selection and consideration of enterprise software is a highly collaborative and inclusive process that prioritizes users and business units that stand to benefit the most from the software. It also leverages the technical expertise of IT leaders and calls upon buy-in from executives. We are also pleased to see that more than half of IT buyers are present during the initial stages of the selection and validation process, and not just brought in at the end.

Identifying Selectors, Decision-Makers, and Purchasers among 6 critical types of business roles.

SELECTORS, DECISION-MAKERS, AND PURCHASERS



When it comes to the final decision-making, our data shows a more even level of involvement from all six groups, with slightly more IT leaders, line-of-business leaders, and executives handling the final decision, and buyers in IT, buyers in purchasing, and end-users of the software trailing less than five points behind. What this indicates is that while the selection and validation of enterprise software is collaborative and inclusive, the act of making the financial purchasing decision is even more collaborative

and inclusive than the consideration process up to that point. While one might assume that executives, line-of-business leaders, and IT leaders would likely dismiss the other groups once their feedback and insights have been collected, and that the final decision-making would find itself concentrated near the top of the hierarchical food chain, what we find is that the final decision-process is almost entirely flat: All six groups appear to have equal sway in the final purchasing decision.

Q. Gauge the degree to which the roles listed below are involved in various key stages in the purchasing journey of enterprise software solutions and related technologies or services for your organization. If unsure, give us your best guess.

	Discovery	Consideration	Selection	Purchase
C-Level executives or higher	23%	29%	27%	21%
IT Decision Makers	23%	31%	29%	17%
Line of Business (LOB) leaders below C-level.	23%	34%	27%	15%
Buyers embedded in the IT Department.	23%	29%	27%	22%
Buyers in Purchasing.	21%	27%	26%	27%
Individual users.	26%	33%	25%	117%

Topline Insights Selecting, evaluating, and purchasing an enterprise software solution is highly collaborative.

- Individual users of enterprise software are the most likely group to discover or identify new software solutions for their organization.
- Nearly 25% of LOB leaders and C-Level executives are actively involved in the enterprise software discovery process.
- Almost every group shows a high level of involvement in the consideration phase of the purchasing journey.
- C-level executives, IT decisionmakers, and buyers are strongly involved in the selection process.
- C-level executives are far more engaged in the entire buyer’s journey for enterprise software than we anticipated.

Lastly, we come to the physical purchasing of enterprise software once a decision has been made to buy it. And while one might expect to see buyers in IT and buyers in Purchasing enjoying a disproportionate share of the purchasing function, we again find that things are no longer so simple: Aside from the 27% of buyers in Purchasing and the 22% of IT buyers reporting that they are handling digital enterprise software purchases, we also find that 21% of executives (and, as we suspect, their staff) also

handle the digital purchase of some enterprise software solutions. Additionally, 17% of IT leaders, 17% of end-users, and 15% of line-of-business leaders also handle the digital buying of enterprise software themselves, without calling upon buyers to handle the transaction. This reveals that, while buyers are still responsible for 49% of digital purchases of enterprise software, as much as 52% of digital purchases of enterprise software are being handled by executives, line-of-business managers, IT leaders, and end-users.



9. Focusing on the right methods, channels, and tools: Why enterprise software vendors should prioritize online product demos and 3-month product trials.

Our research identified the 8 most popular methods employed by enterprise software vendors to introduce their customers to their solutions and help familiarize potential users with their features and benefits. In no particular order, these were online product demos (video), online product demos (webinars), online product demos (one-on-one), in-person product demos, 2-week trials, 1-month trials, 3-month trials, and paid proofs of concept. In order to gauge their effectiveness, we asked companies already engaged in digital buying to

rate the importance of each one to their digital buying journey. What we found was that while 41% of organizations still find in-person demos most important to their process, 38% feel the same about online 1-on-1 demos. This suggests that digital tools are beginning to replace old models of sales interactions between enterprise software vendors and their market. Additionally, 38% of companies report that online video demos are now most important to their digital buying process, eliminating the need for a salesperson interaction altogether.

Q. Rate the importance of the following in your purchasing journey.

	Most important	Somewhat important	Not very important	Not at all important
Online product demos (videos)	38%	47%	12%	3%
Online product demos (webinars)	34%	49%	14%	3%
Online product demos (one-on-one)	38%	47%	12%	3%
In-person product demos	41%	45%	10%	4%
2-week trials	32%	48%	16%	4%
1-month trials	35%	47%	15%	4%
3-month trials	37%	44%	15%	4%
Paid Proof-Of-Concepts	32%	49%	15%	4%

Topline Insights

Online product demos are catching up to in-person product demos as the most important customer-facing activity in digital buying programs.

- 86% of businesses rate in-person product demos as important to the process.
- 85% of businesses rate 1-on-1 online product demos and online product demos / videos as important to the process.
- 41% of businesses list in-person product demos as the most important element in their digital purchasing journey.
- 38.4% of businesses list 1-on-1 online product demos as the most important element in their digital purchasing journey.
- Online demos (videos) come in 3rd place as the most important element in their digital purchasing journey.
- 4 in 5 businesses find that paid proof-of-concepts are important to the purchasing journey.

Product trials are the next most important means of introducing and familiarizing companies with enterprise software tools, with 37% of organizations preferring a three-month trial, 35% favoring the 1 month option, and 32% being just fine with a 2 week product trial. Webinars and

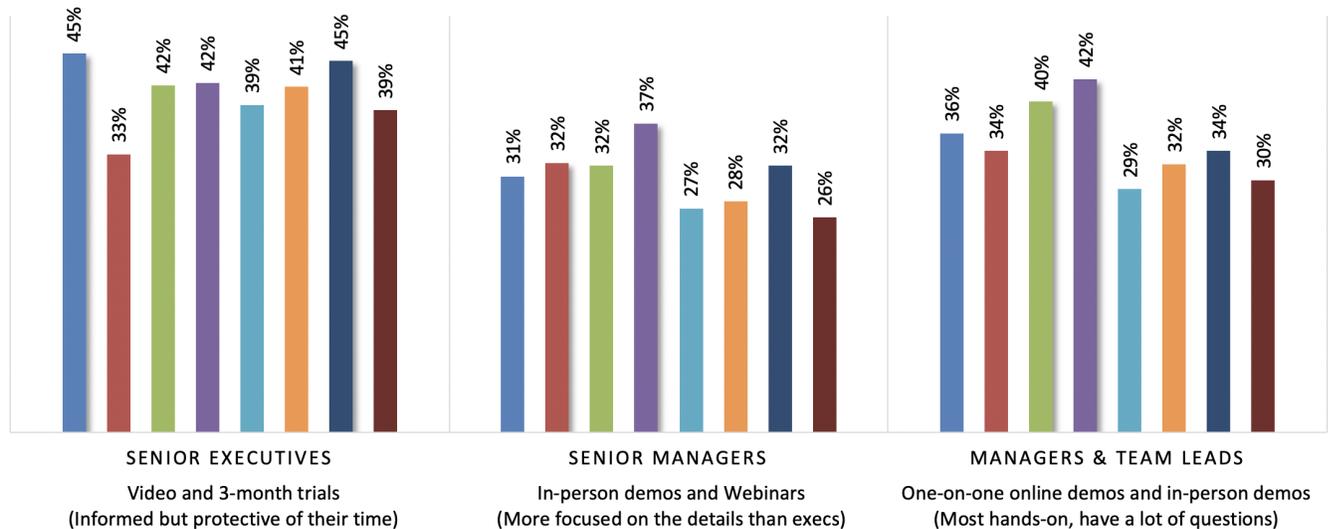
proofs of concept also seemed quite effective, with 34% of organizations finding the former most important and 32% of organizations feeling the same way about the latter.

While we noted no significant differences in preferences between company sizes, we did notice that different seniority tiers among decision-makers felt differently about each of these methods. Senior executives, for example, preferred online video demos and 3 month trials to all other forms of introduction and familiarization, while webinars and proofs

of concept were lowest on their list. Senior managers expressed a preference for in-person demos, webinars and 3 month trials, but showed far less enthusiasm about proofs of concept, 2-week trials, and 1 month trials. Lastly, managers and team leads clearly favored in-person demos, one-on-one online demos, and online videos to webinars and proofs of concept.

Preferred sales mechanisms **BREAKDOWN BY LEVEL OF RESPONSIBILITY**

■ Video demo ■ Webinar demo ■ one-on-one demo ■ In-Person demo ■ 2-week trial ■ 1 month trial ■ 3 month trial ■ Paid POC



Based on this data, it appears that vendors should fine-tune their approach depending on what level of seniority the decision-maker they are interacting with happens to enjoy. For instance, while senior executives prefer a less hands-on and personal approach, allowing them the freedom and flexibility to engage in their fact-finding mission about a new piece of enterprise software on their own time, more operational, hands-on managers prefer that the vendor provide a human who can answer questions and make a live product demo more organic.

Aside from these differences in preference, we note that all three groups of decision-makers prefer 3 month trials to their shorter counterparts – in fact, the longer the better, and that proofs of concept, while effective for at least 1 in 4 decision-maker, nonetheless appears to be the least effective of all 8 methods scrutinized here. Generally, however, all 8 methods seem to be highly effective for at least 1 in 4 business, as well as every group of decision-makers.

When responses are observed more broadly—that is, if “most important” and “somewhat important” answers are combined—roughly 85% of businesses find one-on-one product demos

important to their process (whether online or in person), as well as online videos. Even the least effective of the 8 methods on the list is considered important to 82% of organizations.

B2B Enterprise Software Customers Value Transparency During the Software Validation and Buying Process

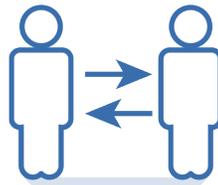
How organizations rate the value of each transparent option

Online Product Demos



85%

Video



85%

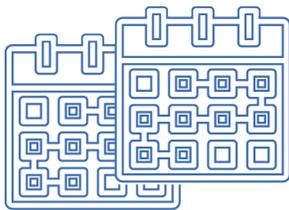
1-on-1



83%

Webinars

Product Trials



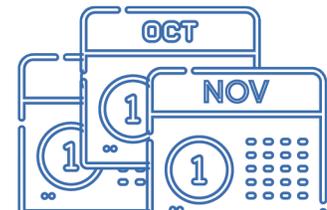
80%

2 weeks



82%

1 month



81%

3 months

SOURCE: 2019 B2B Digital Buyers' Journey: Trends, Challenges and Predictions
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10. Email, physical meetings, collaboration apps, and product trials: How stakeholders really collaborate internally on digital buying decisions.

Following the buyers' journey process from vendor-customer communications to internal communications by decision-makers on the customer side, we focused on determining which of the 9 most popular categories of internal collaboration tools and methods were most important (and least important) to that

process: email, collaboration apps (agile team collaboration software), physical meeting rooms and spaces, virtual meeting rooms and spaces, conference calls, webinars, joint virtual demos, joint physical demos, and product trials.

Q. Which of the following collaboration tools and methods are most and least important in your selection and purchasing process?

	Most important	Very important	Not very important	Not at all important
Email	46%	43%	10%	2%
Collaboration apps	38%	43%	14%	5%
Physical meeting rooms/spaces	44%	41%	12%	3%
Virtual meeting rooms/spaces	33%	46%	16%	5%
Conference calls	37%	46%	14%	4%
Webinars	29%	49%	16%	6%
Joint virtual demos	26%	50%	19%	5%
Joint physical demos	33%	47%	16%	4%
Product trials	44%	43%	11%	3%

Topline Insights Email and product trials are among the most important collaboration tools and methods for digital buyers. (Physical meetings are also still important.)

- 46.1% of businesses consider **email** their principal collaboration tool.
- Nearly 90% consider email important to their purchasing process.
- 86.9% consider **product trials** important to their purchasing process.
- In addition to email and product trials, 85.7% also consider discussions in physical meeting rooms important to their purchasing process.

What we found is that email, physical meetings, and product trials are the three most important elements of the internal discussion and decision-making process for organizations considering an enterprise software purchase, with 42% of organizations pointing to email as their most important internal collaboration tool, 44% pointing to physical meetings, and 44% also favoring product trials. When combining "most important" and "very important" replies, nearly 90% of businesses point to email as the single most important tool they use to collaborate within the context of an enterprise software purchase. Likewise, 87% of organizations point to product trials as being a key component of that process, and 86% also favor physical meetings.

While the least important on the list of 9 are nonetheless considered important by at least 75% of organizations, it is worth noting that 24% of them consider joint virtual demos to be of little to no importance to their internal process, nearly 22% signal the same about webinars, and 21% point to virtual meetings as the third least important collaboration process on the list.

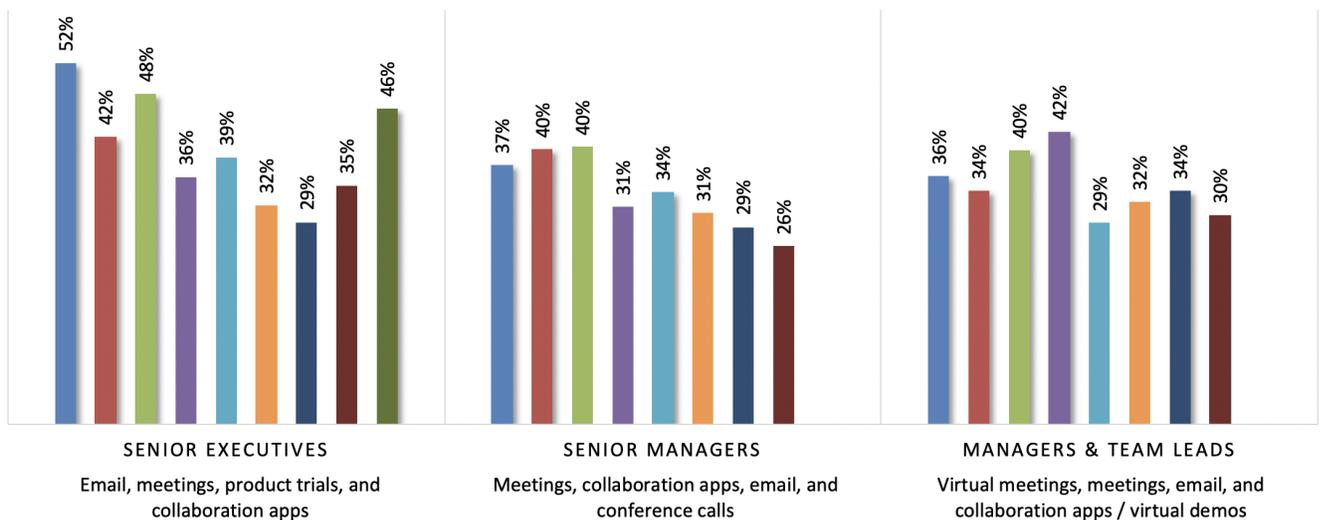
Looking at how different levels of seniority among decision-makers may affect their attitudes towards those tools and methods, we find that senior executives favor email, physical meetings, product trials, and collaboration apps. Virtual demos, webinars, and physical demos are the least important to them when

discussing new enterprise software internally. Senior managers, for their part, prioritize physical meetings, collaboration apps, email and product trials, and tend to deprioritize physical demos, webinars, and virtual meetings. Lastly, managers

and team leads signal a clear preference for email, product trials, physical meetings, and conference calls. The least important for them during internal discussions are virtual demos, webinars, and virtual meetings.

Collaboration tools: Importance **BREAKDOWN BY LEVEL OF RESPONSIBILITY**

■ email ■ collaboration apps ■ meetings ■ Virtual meetings ■ conference calls ■ webinar ■ virtual demos ■ physical demos ■ Product trials



We note that email, meetings, and product demos are consistently the highest three methods and tools of internal collaboration for all three decision-making groups, while joint virtual demos, webinars, and virtual meetings tend to round out the bottom of the list for all three.

We also observe a high degree of importance being assigned to collaboration apps by 42% of senior executives, only trailing the 52% who favor email by roughly 10 points. The fact that over 4 in 10 senior executives already consider collaboration apps to be of significant importance to their internal software purchasing discussions signals an increasingly high degree

of technological sophistication and collaborative engagement by senior executives as a whole. Along a similar vein, senior managers reveal a preference for collaboration apps over email, with 40% reporting that apps are most important to their internal discussions while only 37% report the same about email. While this focus on the importance of collaboration app constitutes a slightly lower percentage than seen among senior executives, the fact that email has been overtaken by collaboration apps as the preferred mode of communication by senior managers represents a significant milestone within the context of a digital transformation journey.

We also asked companies to be more specific about the way stakeholders communicate with each other about software purchases internally before making a final decision. The five most popular modes of internal communication devoted to this purpose were email, collaboration apps, physical meetings, virtual meetings, and conference calls. Unsurprisingly,

here too, email was the most popular choice, with 46% of organizations using email most of the time and 89% using it regularly for that purpose. The second most popular was physical meetings, with 43% of organizations reporting it as one of their most used modes of product purchasing discussion and 87% using meetings regularly for that purpose.

Q. Help us understand how you mostly communicate with other stakeholders regarding a purchase that you are involved in.

	Most of the time	Some of the time	Very little	Not at all
We share information about purchases mostly via email	46%	44%	8%	3%
We share information about purchases mostly via collaboration apps	35%	47%	13%	6%
We share information about purchases mostly via physical meetings	43%	44%	10%	3%
We share information about purchases mostly via virtual meetings	33%	50%	11%	6%
We share information about purchases mostly via conference call	33%	47%	15%	6%

Topline Insights

Email is still the collaboration channel of choice in the digital buyer’s journey.

- 45.5% of businesses prefer to use email to discuss software purchases most of the time versus 42.7% in-person meetings.
- Only 1/3 of businesses use collaboration apps, virtual meetings, or conference calls to discuss software purchases as their primary mode of collaboration.
- 89% of businesses generally prefer email to communicate with other stakeholders versus 86.6% physical meetings.

Caveat:

- 1 in 3 businesses already uses collaboration apps most of the time to discuss software purchases.
- Nearly 4 in 5 businesses use collaboration apps some or most of the time to discuss software purchases. *

* Note that collaboration app usage usually complements email use. It rarely replaces it for the majority of businesses.

Collaboration apps came in third place for the most frequently used method of communication for product discussions, with 35% of organizations reporting apps as one of their most frequent discussion spaces, but fell to fourth place for overall use as only 81% of organizations report using collaboration apps regularly to discuss product purchases. Conversely, while virtual meetings came in fifth place in “most often used” responses with only 32% of organizations reporting that they use them most often to have these discussions, the 50% of companies reporting that they use virtual meetings at least some of the time for that purpose push virtual meetings to third place overall, with 83% of organizations using

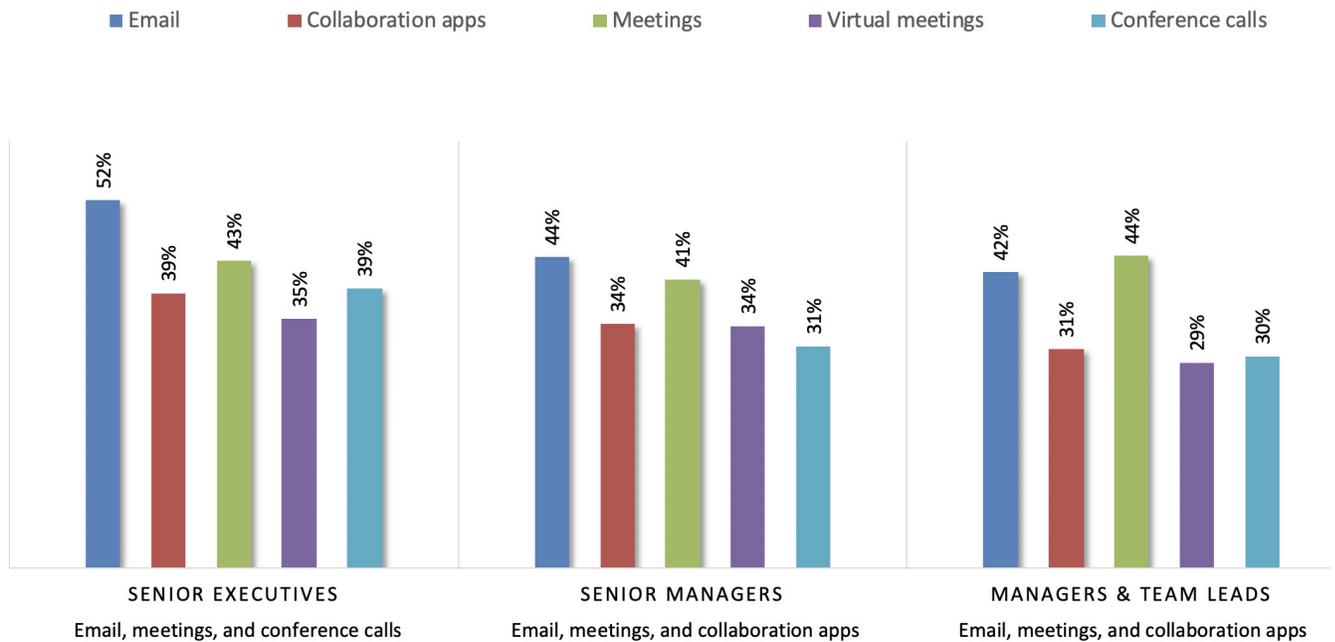
virtual meetings regularly to discuss product purchases. Finally, 33% of organizations report using conference calls most of the time for this purpose, and 80% of organizations do so regularly.

Here again, we identified different preferences based on decision-makers’ roles: Senior executives overwhelmingly have most of their internal discussions about enterprise software purchases with other stakeholders via email (52%), but 43% also have these discussions during physical meetings, and 39% report having them most often on conference calls, and 39% also have them on collaboration apps. 44% of senior managers have most of these discussions

via email, 41% also tend to have them during physical meetings with other stakeholders, and 34% report having them most often via collaboration apps. Only 31% of senior managers typically have these discussions mostly via conference calls. Finally, 44% of managers and team leads have these internal discussions most often in meetings with other stakeholders,

42% via email, 31% via collaboration apps, and 30% via conference calls. With regard to virtual meetings, 35% of senior executives and 34% of senior managers reported having frequent internal product purchase discussions that way, and only 29% of managers and team leads listed that channel as being frequently used for that purpose.

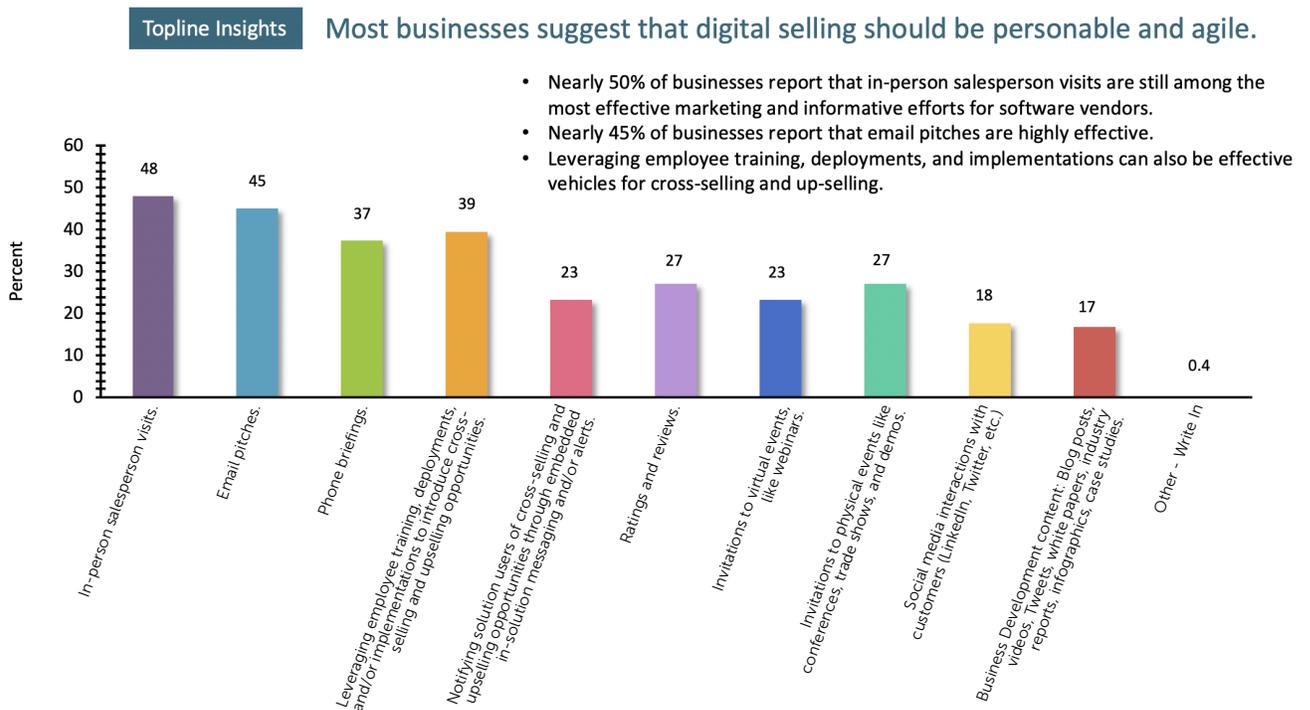
Communicating w. stakeholders **BREAKDOWN BY LEVEL OF RESPONSIBILITY**



Lastly, we asked companies which of the following marketing and/or informative efforts by software vendors they considered effective in driving them towards the digital purchase of enterprise software. 48% of organizations replied that in-person salesperson visits are still highly effective. 45% pointed to email pitches. 39% report that vendors leveraging employee training is also extremely effective, and 37% of organization brought up phone briefings as another effective marketing and informative

tool. Dipping below the 30% mark, 27% of organization pointed to invitations to physical events were also worth adding to the list and 27% pointed to the importance of ratings and reviews, while 23% singled out invitations to virtual events, as well as notifying customers of cross-selling opportunities. Lastly, 18% and 17% of organizations respectively emphasized the importance of social media interactions and business development content like blog posts and online videos.

Q. Which of the following marketing/informative efforts from enterprise solutions vendors are most effective with your organization? Select all that apply.



This data indicates that most businesses feel that digital selling should be both personable and agile. The personable piece of the equation is reflected by the nearly 50% of organization still prizing physical visits from sales representatives, but the preponderance of other marketing

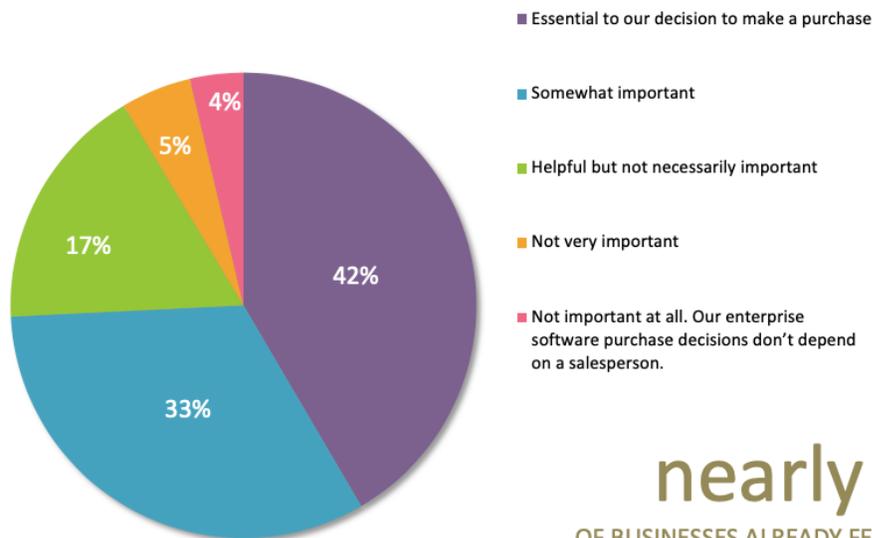
techniques, from tying enterprise software sales to employee training to leveraging deployments and implementations to cross-sell, suggests that companies are also keen on being marketed to tactically and with value-added purpose by their vendors.

11. Information, support, guidance, and cross-selling: How enterprise software salespeople may yet play a valuable role in a world of digital buying.

Because the subject of salesperson visits came up several times during our study, and scored well in terms of importance to the process for nearly 50% of organizations, we wanted to ascertain just how important salespeople still are in a buying process that is growing increasingly digital. To that end, we asked companies two questions. The first of these was “how important to your purchasing decision is it for an enterprise software vendor to send a salesperson to

your office to pitch a product?” While 42% of organizations replied that such a visit is essential to their process, nearly 60% already feel that such a visit is no longer essential. 33% feel that it is somewhat important, 17% feel that it is helpful but not necessarily important, 5% feel that it is not important, and 4% feel that salesperson visits have no impact whatsoever on enterprise software purchases.

Q. How important to your purchasing decision is it for an enterprise software vendor to send a salesperson to your office to pitch a product? Select one.



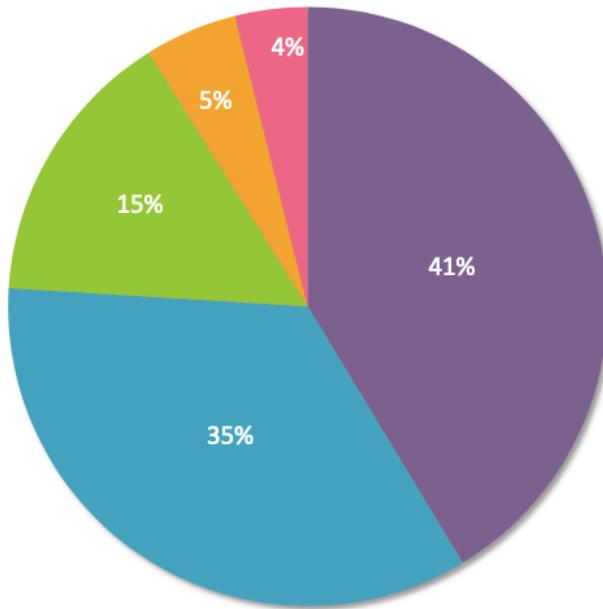
nearly **60%**

OF BUSINESSES ALREADY FEEL THAT VISITS BY A SALESPERSON FROM A SOFTWARE VENDOR ARE NO LONGER ESSENTIAL TO THEIR PURCHASING PROCESS.

The follow-up question moved away from salespeople specifically, and asked companies about the need for software vendors to build personal relationships with their customers and their buyers. Again, while 41% of organizations feel that building relationships with face-to-face interactions, nearly 60% felt that their relationship with software vendors can already be managed digitally. Specifically, 35% feel that every face-to-face interaction can be handled

online, 15% feel that with employees coming and going, relationships with individuals aren't as important as having a good working relationship with a vendor in general, 5% would rather focus on building fluid operational synergy with their vendors, and 4% feel that unless they run into a problem that they need help with, all transactions, renewals and upgrades with vendors can be automated and digitized.

Q. Based on your organization's culture and direction, how do you feel about the need for software vendors to build personal relationships with your enterprise solutions buyers? Select one.



- Building interpersonal relationships with our vendors' representatives, especially face to face, is still very important.
- Building interpersonal relationships is still very important, but that can easily be done online or virtually now.
- Building relationships with enterprise software vendors is still important, but people come and go. It doesn't matter who our contact is as long as we work well together.
- We are more focused on building operational synergy with our key software vendors than on getting to know their employees.
- As long as the software solution does what we need it to for the price; renewals, upgrades, and deployments are easy; and we experience no major problems, there is no need for us to interact with our vendors' employees.

NEARLY 60%

OF BUSINESSES ALREADY FEEL THAT THEIR RELATIONSHIP WITH SOFTWARE VENDORS CAN BE MANAGED DIGITALLY.

In both instances, the responses were remarkably similar: nearly 60% of businesses have already transitioned from a traditional model of salesperson-assisted sales and purchasing to an omnichannel model of selection, validation, and purchase.

We also asked companies during what phase of their purchasing journey being in contact with a vendor's salesperson seemed more valuable. 77% of organizations report that they are probably most useful at the very start of their buying journey, when they initially begin their search for a solution. That influence begins to drop

when companies enter the early evaluation phase of their process, and continues to do so for the remainder of their buying journey. By the time companies reach the deployment phase, only 68% of organizations still feel that support from a salesperson is useful, and only 28% feel that it is very important. This downward trend changes post-deployment, however, as 72% of companies feel that support and assistance from a vendor's salesperson can be useful in helping them maximize their investment, identify new use cases, and suggest useful solution-adjacent products and services (cross-selling, upselling.)

Q. At which point in your purchasing journey are interactions with an enterprise software vendor's salesperson most important?

	Most important	Very important	Somewhat important	Unsure	Not very important	Not at all important
At the very start of our journey, when we initially begin our search for a solution.	36%	41%	17%	3%	3%	1%
In the early chapters of our journey, as we begin to evaluate and compare a plethora of solutions.	29%	45%	21%	4%	2%	0.3%
In the middle of our journey, as we narrow-down our choices and present pros and cons of our most promising options to internal stakeholders.	30%	42%	21%	5%	2%	1%
Deep into our journey, during the final selection / purchase phase, to assist us with testing and the purchase.	30%	42%	19%	7%	2%	1%
Post-purchase, during the initial deployment phase.	28%	41%	22%	5%	3%	1%
Post-deployment, to help us maximize our investment, identify new use cases, and suggest useful solution-adjacent products and services. (Cross-selling, upselling.)	30%	41%	20%	5%	2%	2%

Topline Insights

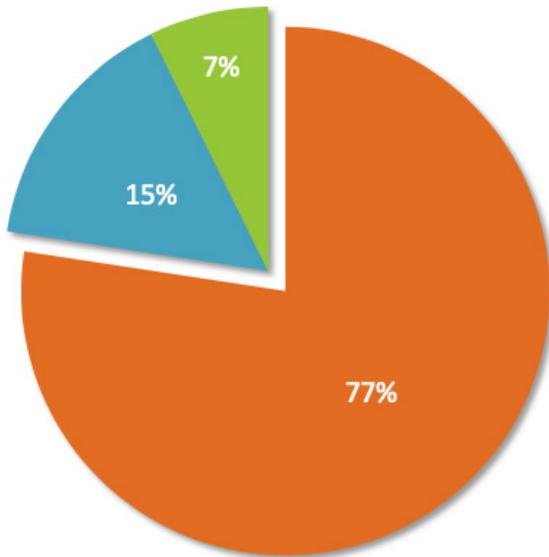
When complementing a digital buying program with salespeople, 1 on 1 interactions are most valuable at the beginning of the journey.

- Interactions with an enterprise software vendor's salesperson are most important during selection and evaluation.
- These interactions become important again post-deployment (cross-selling).

This suggests that, while the traditional sales model is being overtaken by digital buying, product specialists and knowledgeable salespeople still have a role to play in the process, albeit less explicitly sales-focused and more consultative in nature. Thus, in the age of digital buying, the role of the software salesperson may no longer be to "sell" at all, but rather to act as a technology solution Sherpa: a solution specialist who can arrange briefings and demos, help IT teams deploy a solution, train employees to use it, and suggest additions and extensions to maximize the solution's capabilities and the customer's ROI.

Speaking of add-ons, 77% of organizations agree that they would be willing to purchase add-ons—like software extensions—at the same time as they make their initial enterprise software solution purchase. This is one area where, although making the customer aware of these add-ons by listing them on a sales web page, contact with a knowledgeable salesperson via an automated messaging support pop-up window, or via email, or by way of other digital interactions like one-on-one online product demos, could help make customers aware of add-ons before they make their initial purchase. In addition, 89% of organizations feel it important to have visibility to the full range of an enterprise software vendor's relevant partner ecosystem offerings at the time of the original purchase.

Q. Would you be willing to purchase add-ons—like software extensions—at the same time as you make your 'original' selection of an enterprise software solution? Select one.

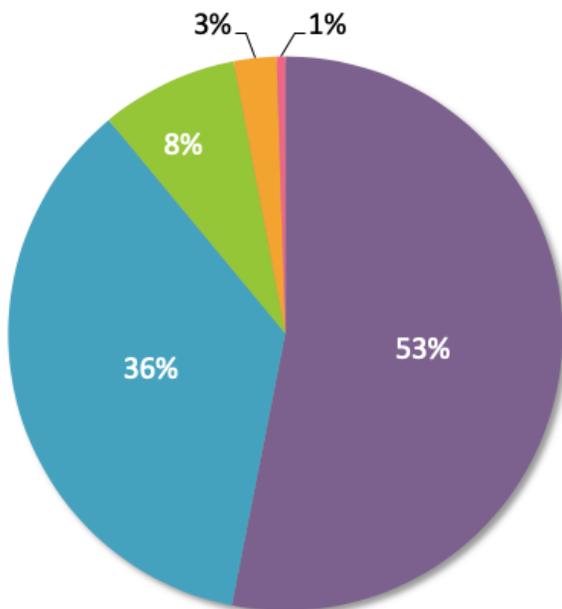


- Yes, we would.
- No, we prefer to purchase add-ons separately.
- Unsure.

OVER **75%**

OF BUSINESSES ARE INTERESTED IN PURCHASING ADD-ONS AT THE TIME OF THEIR ORIGINAL PURCHASE.

Q. How important is it for you to see a vendor's range of relevant partner-ecosystem offerings at the same time as you make your original selection? Select one.



- Very important
- Somewhat important
- Unsure
- Not important
- Not at all important.

89%

OF BUSINESSES FIND IT IMPORTANT TO SEE A SOFTWARE VENDOR'S FULL RANGE OF OFFERINGS WHEN MAKING THEIR INITIAL SELECTION, NOT LATER.

CONCLUSIONS

The three principal major strategic initiatives driving organizations towards the digital buying of enterprise software solutions are digital transformation, moving to the cloud, and cost-cutting—particularly in IT. This suggests that the shift from traditional to digital buying of enterprise software is almost entirely aligned with the digitization of business and the promise of a streamlined, cost-effective, and increasingly frictionless operational efficiency. We also believe that as organizations continue to focus on upgrading their supply chains and purchasing processes, Procurement will naturally incorporate more digital buying into its operational model.

From a more tactical perspective, time efficiency, resource efficiency, convenience, and operational velocity are the principal reasons why organizations that have already started buying enterprise software solutions digitally ultimately chose to do so. In fact, 4 in 5 businesses no longer rely on traditional annual buying cycles when purchasing enterprise software, and over half of businesses are already equipped to purchase enterprise software solutions whenever a solution is needed.

Once digital buying programs are well established, organizations indeed report that time and resource efficiency, price transparency, speed of deployment, and operational agility are the primary observable advantages of those programs.

When it comes to selection, 9 in 10 organizations find it important to see a software vendor's full range of offerings when making their initial enterprise software solution evaluation, rather than later. In addition, 3 in 4 organizations report being interested in purchasing add-ons at the time of the original purchase of an enterprise software solution. We note that fewer than 1 in 5 organizations still consider legacy relationships a factor when

purchasing an enterprise software solution digitally.

Enterprise software solutions currently most likely to be purchased digitally by organizations focus on Analytics, Business Intelligence (BI), Customer Relationship Management (CRM), and Enterprise Resource Planning (ERP). Enterprise software solutions most likely to see an increase in digital buying starting in 2020, however, focus on education and training, Enterprise Performance Management (EPM); and governance, risk, and compliance software.

Friction points with vendors remain challenges, however. Inflexibility, incomplete information, and poor purchasing UX during the product validation and buying process are the pain points most often reported by organizations whose digital buying experiences remain challenging. Specifically, 1 in 4 organizations still report vendor disorganization, slow vendor response, and implementation friction as lingering pain points in their digital buying programs.

Internally, confusion and complexity are the two principal hurdles holding organizations back from buying their enterprise software digitally. Typically, what we see is that internal resistance to digital buying tends to be cultural and/or process-based: Either an organization's leadership is not yet sold on the advantages of digital buying, or the organization is not yet operationally agile enough to adapt to digital buying tools and processes.

While enterprise software vendors should create as many paths to digital buying as they can for their potential customers, our data does indicate that some digital selling tactics and options are generally more effective than others. Nearly 9 in 10 organizations consider product trials to be important to their digital buying process, and rate one-on-one online product demos and video product demos as very important.

Additionally, 4 in 5 organizations find that paid proofs-of-concept are important to their purchasing journey.

Internally, nearly half of organizations still consider email to be their most important digital collaboration tool with regard to the selection and purchasing of enterprise software solutions. While nearly 9 in 10 organizations use email some or most of the time to communicate with stakeholders about the selection and purchase of enterprise software solutions, nearly 4 in 5 organizations also use collaboration apps (agile team collaboration software) to complement their email use for that purpose.

Finally, over half of all organizations surveyed already feel that physical visits by a vendor's sales representative is no longer essential to their purchasing process, and that their relationship with enterprise software vendors can be managed digitally. This final insight further suggests that the traditional model of buying enterprise software is very much in the process of being replaced by a more agile, convenient, cost-effective, scalable, and operationally expedient digital buying model.



APPENDIX A: DEFINITIONS

Enterprise Software: Any enterprise class computer software used by organizations to perform, enable, and/or support specific business functions, from inventory control and collaboration to analytics, business intelligence, and enterprise resource planning.

Enterprise Vendor: An enterprise vendor, for the purposes of this report, is a company that develops or otherwise provides enterprise software solutions to other organizations.

The Cloud: A vast, secure, global ecosystem of networked servers that allow organizations to remotely access computing power, computing storage, and software as a service on demand.

Hybrid IT: For the purposes of this report, Hybrid IT refers to agile IT departments that incorporate elements of on-premise and off-premise (Cloud) hardware and software solutions to achieve their technology solutions objectives.

Analytics: For the purposes of this report Analytics refers to any solution, method, and process (or any combination of the above) leveraged by an organization to perform a data analysis function that results in an actionable insight. More often than not, Analytics refers to software solutions, but note that those solutions rarely exist outside of a chain of data collection, machine learning, and analytics best practices used to turn insights into action.

BI / Business Intelligence: The technology solutions, applications, and methods used in the collection, integration, analysis, and presentation of business information. Business Intelligence is generally leveraged in support of sound decision making, but other common functions include reporting, data mining, benchmarking, business performance management, analytics helping identify new business opportunities.

CRM / Customer Relationship Management: CRM Software and methods allow organizations to manage and optimize customer interactions,

customer preferences, and customer behaviors. While CRM software also works as a customer lifecycle management tool, it can be leveraged to interpret, predict, and shape customer habits, increase loyalty, and improve ROI.

ECM / Enterprise Content Management: Software and methods used by organizations to create, edit, publish, distribute, and store content and documents.

EPM / Enterprise Performance Management: Software and methods used by organizations to map, track, organize, measure, benchmark, and optimize business processes, often in support of planning and forecasting.

ERP / Enterprise Resource Planning: Software and methods used by organizations to manage, integrate and streamline complex business processes including purchasing, inventory management, sales, human asset management, marketing, planning, logistics, and more.

HCM / Human Capital Management: Software and methods used to manage the recruiting, hiring, training, development, management, and allocation of human workers.

POS / Point of Sale: Software and methods focused on creating, managing, tracking, and optimizing customer experience and transactions at the actual point of sale. This often includes the use of sensor technologies and analytics to measure the effectiveness of a particular point of sale display.

PLM / Product Lifecycle Management: Software and methods used, generally by product managers, to plan, develop, manage, and optimize the lifecycle of a product from its initial ideation to its eventual retirement. PLM can incorporate a breadth of product management related functions, from design engineering and manufacturing to marketing and customer service.

SRM / Supplier Relationship Management:

Software and methods used by organizations, often by procurement and purchasing departments, to manage their relationship and transactions with vendors and suppliers.

SCM / Supply Chain Management: Software and methods used by organizations to plan, manage, and optimize supply-side activities. SCM is often used in support of transforming raw materials (physical and virtual) into finished products and services.

Senior Executive / Executive: A very high level, senior decision-maker inside of an organization.

Senior Manager / Line of Business Leader: A high level operational decision-maker with direct oversight over a business group, line of business, or department.

Manager / Team Lead: A mid-level decision-maker with operational management responsibilities.

Digital Transformation: The process by which traditional organizations transform into digitally agile and technology-centric businesses. Digital Transformation is generally characterized by a transition to the Cloud, and the incorporation of a variety of digital technologies like machine learning, artificial intelligence, robotic process automation, IOT and IIOT solutions, Augmented Reality, Virtual Reality, and data analytics into key business processes ranging from manufacturing and enterprise planning to logistics, marketing, and sales.

Time and Resource Efficiency: Methods and best practices used by organizations to optimize their efficiency with regards to a breadth of resources, both material and not.



APPENDIX B: DEMOGRAPHICS AND METHODOLOGY

2019 Digital Buyers' Journey – Scope of study, quotas, & additional conditions

Geography:

North America	200
United Kingdom	200
Germany	150
France	150
China	150
Brazil	150
Total:	1,000

Company Size:

50,000 employees or more	200
5,000 to 49,000 employees	200
1,000 to 4,999 employees	200
500 to 999 employees	200
Less than 500 employees	200
Total:	1,000

Operational Focus:

- Operations
- Sales
- Marketing & Communications
- Engineering (not IT)
- Manufacturing
- HR
- IT
- Procurement
- Customer Service

Role / Responsibility:

- Executive Level, Partner, Owner, President
- VP, Director, Senior Management or equivalent
- Manager, Team Lead

Sample Size: 1,000 Responses

Additional Condition: Must be involved in the selection of enterprise business applications

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APPENDIX C: ADDITIONAL DATA

During the actual transaction stage of a purchase, which of the following tasks are you involved in?

BREAKDOWN BY RESPONSIBILITY

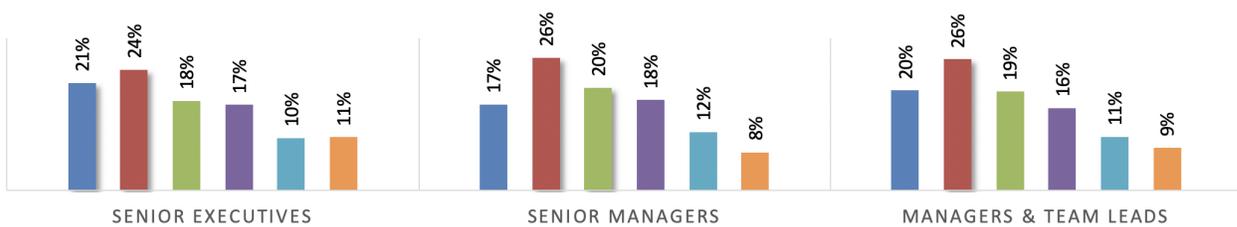
- Using your company’s internal workflow systems (manual or automated)
- Setting or meeting specific project or budgetary timelines
- Following your company’s procurement processes (especially, in for example, ‘expedited’ or time-sensitive’ situations)
- Following regulatory (e.g. governmental) processes
- Actually using purchase orders, RFPs, NDAs or statements of work which your vendors need to provide
- Following payment processes, like obtaining invoices, or using credit cards, or letters-of-credit, etc. which you need to complete transactions with vendors



Which of these tasks do you consider challenging/time consuming?

BREAKDOWN BY RESPONSIBILITY

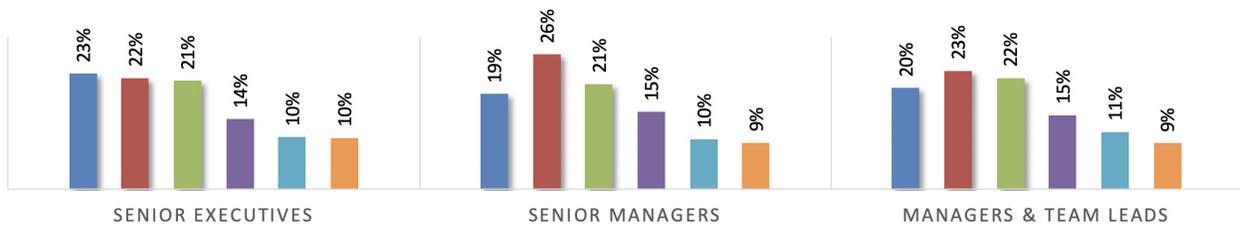
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Which of these tasks involve coordinating with others in your organization?

BREAKDOWN BY RESPONSIBILITY

- Using your company's internal workflow systems (manual or automated)
- Setting or meeting specific project or budgetary timelines
- Following your company's procurement processes (especially, in for example, 'expedited' or time-sensitive' situations)
- Following regulatory (e.g. governmental) processes
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