AlixPartners

Tech sales:
DRIVING REVENUES THROUGH AND BEYOND THE COVID-19 CRISIS

AT A GLANCE

In order to prepare for the future, tech companies should embrace many of the changes brought by or accelerated because of the COVID-19 crisis, developing a new playbook for operational excellence. The foundations of this approach include:

1 **URGENCY AND RIGOR**

Maintain the increased level of urgency and operational rigor implemented during the crisis.

2 **RELATIONSHIP CHAMPION**

Change the role of the sales rep from being field focused to becoming a champion of digital relationships, coordinating internal resources, and putting content and ability to address customer needs at the center of the sales process.

3 **SOLUTION SELLING**

Focus on specific customer solutions, like remote delivery, virtualized content, and security, rather than products.

THE IMPACT OF COVID-19 AND OUR VISION FOR THE FUTURE 'NORMAL'

The impact of COVID-19 on tech companies around the world has often required to course-adjust and rely on unchartered solutions to ensure business continuity, pushing companies to innovate and test disruptive scenarios more than ever before. Many of these changes are not new, and come as the result of ongoing trends, but the crisis has accelerated their adoption (by years in many cases).

With business travel coming to a virtual standstill and a majority of employees working remotely, the landscape for B2B sales has completely – and, we believe, permanently – changed. For some, this has resulted in a rapid digitization of the sales channels and a realignment of go-to-market strategies, in an accelerated and broader fashion than initially planned.

Not every company has been impacted the same way. In fact, the effects have been highly uneven across the industry. Tech companies whose underlying sectors have been disrupted have suffered the most. Those platforms that serve the travel industry, mobility, and live events are among the hardest hit. Companies with manufacturing sites or supply chains impacted by COVID-19 have also suffered. However, companies and platforms that enable remote work and provide products or services that help customers during the crisis have seen a positive impact. These include videoconference platforms, vendors of PC and end-user devices, and cloud and security solutions that simplify processes in a distributed environment.

FIGURE 1: REVENUE GROWTH COMPARISON FOR MAJOR TECHNOLOGY COMPANIES (Q2 2019 COMPARED TO Q2 2020)
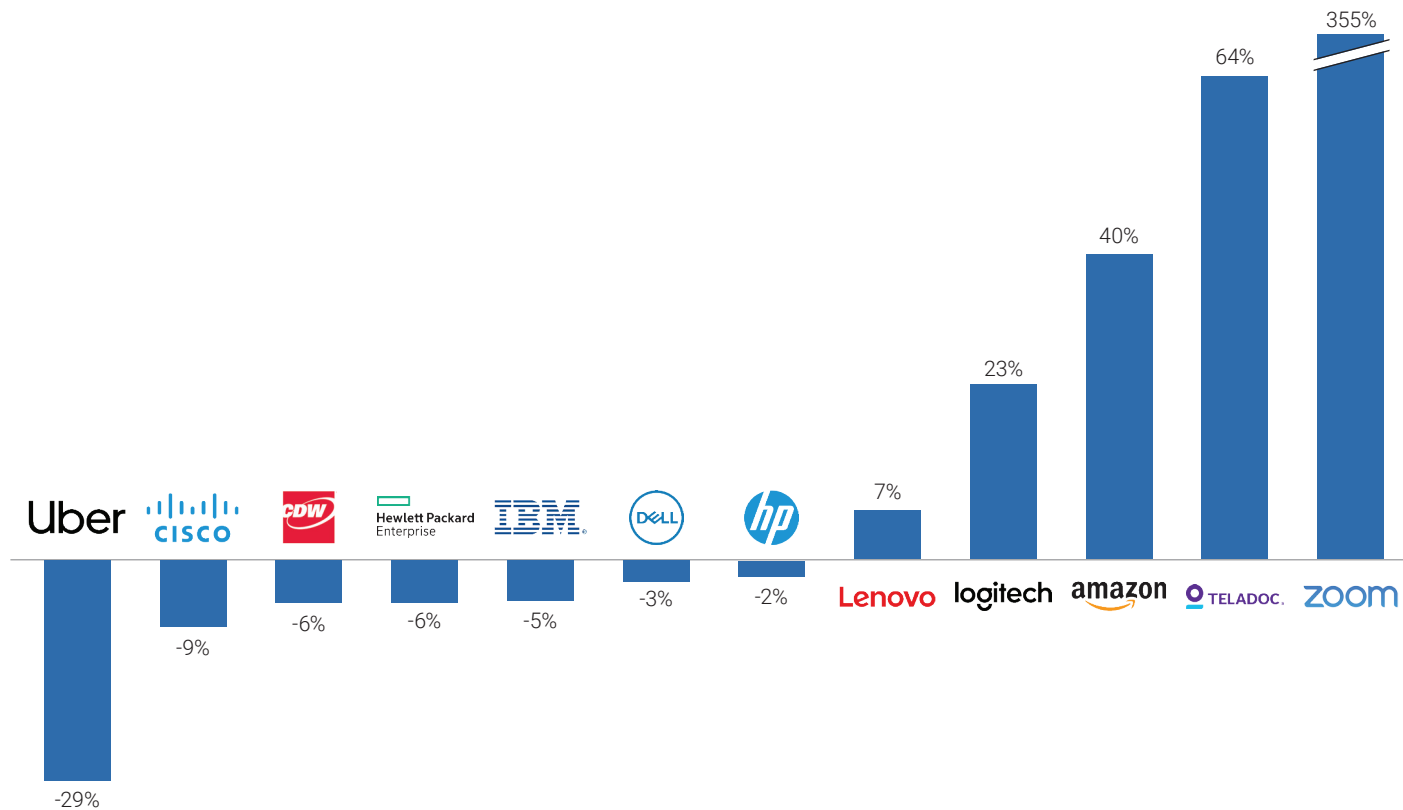
Source: Capital IQ

As we manage through and prepare for the end of the COVID-19 crisis, many of its effects are here to stay, as companies learn from this experience and new solutions become best practices.

COVID-19 DRIVEN ISSUES	POTENTIAL LONG-TERM SOLUTIONS
Customers become unresponsive, and risk of churn and cancellations grow.	Proactive contract lifecycle management and increased focus on contract renewals.
Limited to no travel and limited face-to-face interaction.	Sales become more inside driven and sales relationships become virtual.
Customers struggle to find the right technology to securely and efficiently enable remote work.	Promote customer specific solutions that seamlessly enable office/remote hybrid operating models.
Technology becomes increasingly critical to enable the future work environment.	Sales focus on content and the ability to demonstrate technical superiority.
Customers increase use of digital channels.	Stronger integration of demand generation, sales, and analytics.

ADOPT AN INCREASED LEVEL OF CONTROL AND OPERATIONAL RIGOR

KEY QUESTIONS	Do you have more accurate information and better visibility over the most important deals as a result of the COVID-19 crisis?
	Are you in control of the sales funnel and do you feel you have increased focus on revenue forecast accuracy?
	Has funnel velocity increased or slowed down during the crisis?

With the arrival of the COVID-19 crisis and the related uncertainty many organizations saw increasing risks to their top line, often leading to the creation of crisis war rooms and driving increased focus on pipeline velocity, visibility, and revenue-forecasting accuracy.

In order to manage potential revenue shortfalls and a distributed workforce, companies have adopted more rigorous sales operations practices and processes.

Many of those changes have the potential to become new best practices in a post-COVID-19 world:

1 **Virtual war rooms** can provide increased discipline on pipeline reviews and forecasting. Sales opportunities and resources can be more rapidly prioritized and allocated.

2 **Adjustments to sales enablement and training.** New realities could require different standards on hiring and training. Improved incentive structures can effectively adjust behaviors to new priorities and ways of operating.

3 **Proactive contract management and increased focus on renewals.** Leverage any increased analytics that were needed more permanently.

4 **Increased customer reach and outbound campaigns.** Focus on industries with increased demand, like education. Deprioritize, for the time being, industries experiencing weaknesses, like travel and hospitality.

EVOLVE THE ROLE OF THE SALES REP AND THE MIX OF FIELD AND INSIDE SALES AGENTS

KEY QUESTIONS	Is your organization equipped to provide the best virtual sales experience possible?
	Are your outside and inside sales teams aligned on responsibility during COVID-19?
	Do you have a clear vision of the future setup of your sales organization (for example, industry focus and geographic re-alignment)?

With decreased physical interaction and ability to drive product and services sales in-person, organizations are re-examining how the role of the sales rep not only remains relevant but continues to drive revenue growth. At the same time, organizations are rushing to create the most seamless digital customer journey possible.

As traditional field sales reps refine the art of building customer relationships using digital tools, remote contacts and video conference capabilities, the divide between field and inside reps is becoming thinner. As a result, organizations are starting to alter the mix of resources and how sales roles collaborate or overlap.

EXAMPLE: Microsoft
Transforming sales approach reducing physical presence and doubling-down on digital capabilities.

In June, Microsoft announced that it was permanently closing all of its Microsoft Store physical locations. Going forward, its sales team will remotely provide sales, training, and support to consumers, small-business, education, and enterprise customers. In a statement, Microsoft Vice President David Porter said, "Our sales have grown online as our product portfolio has evolved to largely digital offerings, and our talented team has proven success serving customers beyond any physical location."[1]

A few key dynamics are becoming more and more evident and will likely endure:

1 **Increased shift to inside-based sales activity,** with a framework in which field reps take on supporting roles and only get involved when there is a sizeable deal with a specific need for in-person interactions.

2 **Increased industry focus over geographic focus,** partially due to the remote sales team, partially to the importance of aligning sales to specific customer needs, along with a clear understanding of the underlying industry dynamics.
- Focus on providing domain and subject matter expertise that is industry specific.
- Leverage expertise globally and deploy more rapidly using digital channels to your advantage.

3 **Augmented integration between marketing demand generation and sales activity, and increased adoption of digital channels and sales analytics to improve targeting and customer reach.**

With less reliance on in-person relationships, the sales organizations finds itself much closer to the marketing team, building new bridges as the combined team focuses on how to better target customers with digital campaigns, tailored solutions and virtual channels. From this point of view, the COVID-19 crisis is effectively helping to eliminate one of the critical friction points in the sales funnel, improving coordination between demand gen and sales motion.

4 **Higher importance of sales enablement, training and digital tools,** to ensure the remote process flows smoothly and sales reps have more and not less opportunities to reach customers and build new virtual relationships.

1. Microsoft Store announces new approach to retail, June 26, 2020
https://news.microsoft.com/2020/06/26/microsoft-store-announces-new-approach-to-retail/

FOCUS ON NEW CUSTOMER SOLUTIONS THAT HELP CRUISE THROUGH THE CRISIS AND ENABLE RECOVERY

KEY QUESTIONS	Do you know your customers' pain points during the COVID-19 crisis and are you providing targeted solutions to ease the pain?
	Do customers perceive your solutions as a key enabler to their future recovery and success? Do they see you has a partner or a vendor?

Solution selling has been a key driver of B2B growth for several years and an area of focus for most tech companies. Customers had multiple options, and many solutions to choose from.

The COVID-19 crisis, however, has changed the context and suddenly customers have been confronted with critical and contingent problems, and not many solutions available to pick from.

Presenting the market with specific solutions that directly address the needs brought into focus by the COVID-19 crisis. Enabling remote work, increasing collaboration, improving security, reducing fixed commitments, and making resources dynamically available and costs variable are a few of those specific solutions. In addressing these problems, tech companies have a unique opportunity to demonstrate how they can proactively identify customer's issues, act as partners, and deploy products that have a direct and immediate impact in a moment of uncertainty.

Customer relationship management is center to taking advantage of this opportunity, given the need to coordinate and optimally apply company resources, solution portfolio, and advisory capabilities.

In this new context, technical superiority and relevance of the solution become more important as customers are looking for the short-term effectiveness more than the long-term trust that comes with established relationships. That means companies that excel at delivering customer specific solutions have an unique opportunity to increase market share and upend established relationships if they propose real alternatives with immediate positive impact.

EXAMPLE: Salesforce.com

Salesforce.com estimates that the total addressable market from taking an industry-led approach to sales is $160 billion. Sales teams with specific industry knowledge can create features to attract new customers and get 30% higher average sales prices and lower attrition.[2]

SOLUTION PORTFOLIO & GEOGRAPHIC FOOTPRINT

- Ability to serve globally
- Completeness and Integration of solution portfolio
- Established channel partnerships for full global coverage

CUSTOMER RELATIONSHIP MANAGEMENT

- Account management coverage (type of account management, customer success)
- Ease of doing business
- Efficient digital tools and sales support to enable transactions

ADVISORY & CONSULTING CAPABILITIES

- Specialist sales resources and ability to deploy globally
- Architectural advisory
- Outcome-based solution selling

2. Salesforce.com – Dreamforce presentation (Dreamforce'19-Investor-Day-Finance-Review-Presentation)
https://s23.q4cdn.com/574569502/files/doc_presentations/2019/Dreamforce'19-Investor-Day-Finance-Review-Presentation.pdf

NOW WHAT? OUR VIEW ON WHERE TECH COMPANIES NEED TO FOCUS IN THE SHORT TERM

Given how swiftly the COVID-19 crisis has brought disruption to established sales processes, speed to action is one of the critical elements for success. We recommend companies revisit the entire go-to-market optimization playbook, with a focus on how they can turn newly experimented processes into a long-term strategic advantage.

1 **Update customer segmentation and re-design coverage model**

Coverage models should be updated to reflect new realities. Geographic coverage models should be analyzed versus industry-oriented models. What is the optimal mix for your organization? Examining existing revenue distributions by industry can pinpoint areas for optimization. Are there holes—or 'white spots'—in the existing coverage model? Are there additional industry focus areas?

A holistic review of the coverage model can help identify areas of weakness and opportunity and allow you to map your finite sales resources to the industries you cover.

2 **Connect marketing demand generation and sales execution to seamlessly address customer needs**

The first step in this process is to restructure the sales organization, separating quota-carrying individuals from those without. This will facilitate the optimization of non-quota-carrying teams and demand generation roles. Then, embedding digital capabilities throughout the organization will allow you to gain better, and faster, insights and leverage existing capabilities.

Second, create a cross-functional marketing and sales business intelligence team. Review roles and responsibilities within this team and optimize interfaces between teams to reduce friction and increase collaboration.

3 **Optimize mix of account managers, inside sales reps, and technical specialists**

Perform a pipeline analysis. Look at the pipeline by stage, age, and revenue type to ensure funnel accuracy. This is an ongoing and iterative process. A war-room approach can increase visibility and drive progress. At each stage of the funnel, cross-functional collaboration will be key to ensuring accuracy and follow through.

After completing this pipeline review, rebalance your mix of sales and pre-sales resources. Focus specialists to support specific areas of the sales process, with increased use of pooled resources and remote support. Train resources to deliver remote sales execution and build relationships in a virtual context. Advanced demo and virtual experience capabilities can accelerate your team's ability to do this.

LAY THE FOUNDATION
FOR FUTURE SUCCESS

The COVID-19 crisis has disrupted established sales channels, forcing many companies to find workarounds and re-patch the organization to cope with the new environment.

Some of those changes can be leveraged to test better sales solutions, improve collaborations and connectivity within the sales and marketing organizations, and reach more customers in a more efficient way.

Using the experience from this crisis, tech companies can develop a new playbook for operational excellence and act immediately to lay the foundation for future operational excellence. The key components of this foundation are 1) maintaining an increased level of urgency, 2) challenging the sales team to adopt digital channels and virtual sales motion to connect with customers, and 3) refocusing sales and marketing to be industry focused, content driven, and built around advanced data analytics capabilities. With these elements in place, you should be well positioned to achieve sustainable revenue growth and to outperform competitors into the future.

AlixPartners

HOW WE CAN HELP

Leveraging hands-on experience on go-to-market transformation, AlixPartners has developed methodologies and tools to help tech companies translate these guiding principles into specific actions to prepare the sales organization for the post-COVID-19 world.

Update customer segmentation, refocus on industries, redesign coverage model.

Connect marketing and sales activity to seamlessly address customer needs.

Restructure the sales organization and change the mix of account managers, inside sales reps, and technical specialists.

CONTACT THE AUTHORS:

Louis De Olden
Director
deolden@alixpartners.com

Giuseppe Gasparro
Managing Director
ggasparro@alixpartners.com

Christian Luetkhoff
Senior Vice President
cluetkhoff@alixpartners.com

FOR MORE INFORMATION CONTACT:

Francesco Barosi
Managing Director
fbarosi@alixpartners.com

Giacomo Cantu
Managing Director
gcantu@alixpartners.com

Greg Sward
Managing Director
gsward@alixpartners.com

ABOUT US

For nearly forty years, AlixPartners has helped businesses around the world respond quickly and decisively to their most critical challenges – circumstances as diverse as urgent performance improvement, accelerated transformation, complex restructuring and risk mitigation.

These are the moments when everything is on the line – a sudden shift in the market, an unexpected performance decline, a time-sensitive deal, a fork-in-the-road decision. But it's not what we do that makes a difference, it's how we do it.

Tackling situations when time is of the essence is part of our DNA – so we adopt an action-oriented approach at all times. We work in small, highly qualified teams with specific industry and functional expertise, and we operate at pace, moving quickly from analysis to implementation. We stand shoulder to shoulder with our clients until the job is done, and only measure our success in terms of the results we deliver.

Our approach enables us to help our clients confront and overcome truly future-defining challenges. We partner with you to make the right decisions and take the right actions. And we are right by your side. When it really matters.