

**TOPO**

EXECUTIVE SUMMARY

# **SALES TECHNOLOGY REPORT 2019**

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A summary of the sales technology market, trends, and benchmarks

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## INTRODUCTION AND TAKEAWAYS

The sales technology stack follows the strategy for how an organization goes to market. It is the collection of software tools that help sales teams develop, enable, implement, and manage sales programs that resonate with prospects and customers. A tech stack is built like a house, according to a plan, with every component designed to serve a specific purpose. The tools should interact with each other in ways that create maximum efficiency.

Sales technology and sales professionals should work together harmoniously to drive sales success. Many of the technologies discussed here also serve marketing and sales development, and, in fact, can help drive alignment across the functions.

### Key takeaways

**The sales technology market has matured from an undefined mass of vendors into very specific sub-categories.** The early sales tech market featured many vendors with limited categorization, making it confusing. Today, the market is settling into an interlocking set of well-defined categories, yet vendors still need to do a lot of education on these categories to clear up lingering and sometimes overwhelming confusion among buyers.

**Sales tech will see a large boost as digital transformation comes to enterprise sales organizations.** Digital transformation has been a driving force within enterprise IT for years, but its impact on sales has been limited. Now many sales organizations are putting real muscle behind tech initiatives. At the same time, many sales tech vendors are moving into the enterprise space as buying activity picks up, introducing a new set of sales challenges.

**Marketing, sales development, and sales technology are merging into an aligned stack.** As go-to-market leaders emphasize better alignment across functional areas, the lines are blurring between different areas of technology as well. TOPO believes that a new view of the tech stack will emerge—one that addresses needs across marketing, sales development, sales, and customer success. This will have important impacts on buying behavior and the messaging required to reach buyers.

## SURVEY OVERVIEW

### Objective

TOPO studied marketing, sales, and sales development teams to understand how they build and manage their technology stacks. In this report, which is focused on the sales tech stack, we sought to answer the question of how the best sales teams use technology today.

### Methodology

TOPO fielded a series of online surveys to marketing, sales, and sales development leaders to learn about their technology usage (see Figure 1). The survey was completed by 297 people at 273 high-growth companies, composed of a mix of TOPO clients and other companies. Questions about some of the sales-specific categories were answered by the most relevant subset of the survey sample.

#### Survey Summary (Figure 1)

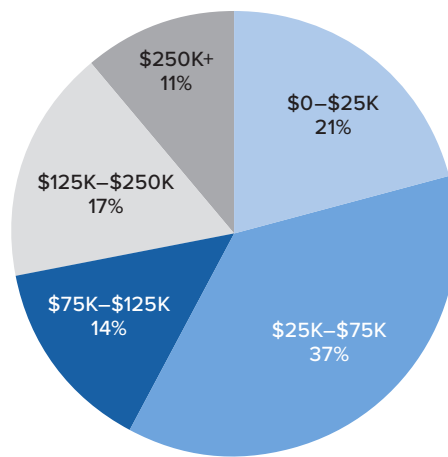
| SUMMARY                 |         |
|-------------------------|---------|
| # of Survey Respondents | 297     |
| # of Companies Surveyed | 273     |
| Data Collected          | Q3 2019 |

## DEMOGRAPHICS

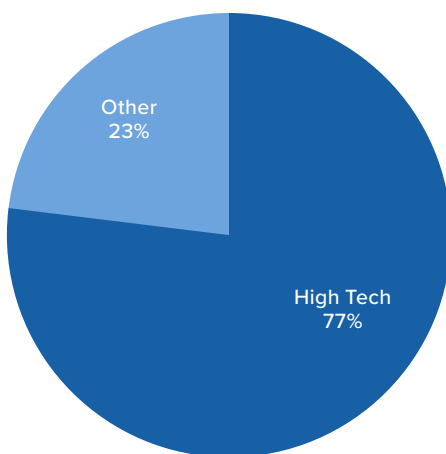
The survey participants represent high-growth companies, mostly from the software and IT industries. The median annual contract value (ACV) of their deals ranges from \$25,000 to \$75,000. The largest group answering the survey has the title of director (see Figure 2).

Survey Demographics (Figure 2)

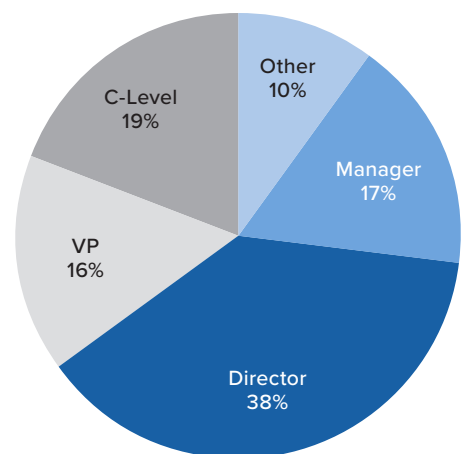
### Annual Contract Value (ACV)



### Industry



### Titles



## MARKET TRENDS AND ANALYSIS

- **The sales tech market has matured from an undefined mass of vendors into very specific sub-categories.** The sales tech market came out of the gate with an onslaught of vendors with limited categorization, making for a very confusing market. The market has settled into a set of well-defined categories, and early adopters in sales tech—who today fuel the majority of sales tech spend—are focusing their purchasing efforts into these categories, driving significant growth for category leaders and the categories as a whole. Outside of the early adopters, the market still needs a lot of education on these categories. In qualitative buyer interviews, TOPO analysts often identify confusion and overwhelmed reactions from newer sales tech buyers.
- **Sales tech will see a large boost over the next two years as digital transformation comes to enterprise sales organizations.** The concept of digital transformation has been a driving force within enterprise IT for years, but its impact on sales has been limited at best. Whereas most sales organizations previously embraced these technical initiatives in fits and starts, many of them are now putting real muscle behind them. In some cases that means the creation of sales-specific IT and DevOps teams dedicated to building sophisticated tech stacks, wrangling complex data, and automating as many processes as possible. Many sales tech vendors are moving from SMB and mid-market into the enterprise space as buying activity picks up. As they do, vendors will have to respond to enterprise-specific buying criteria in areas such as compliance, security, and integration.
- **Marketing, sales development, and sales technology are merging into an aligned stack.** Many go-to-market leaders are putting a high priority on creating better alignment across marketing, sales, and other functional areas, especially as more of them adopt a unified revenue-operations approach. This means that in many cases the lines are blurring between different areas of technology as well, and we believe that a new view of the stack will emerge—one that addresses needs across marketing, sales development, sales, and customer success. This is already seen in critical pieces of the tech stack used by all functions, including the CRM and data platforms that feed it. As this trend grows, we expect it to have important impacts on buying behavior and the messaging required to address different groups within target organizations.
- **Sales productivity is an operational priority in 2020 and beyond.** Data from TOPO's [Sales Sentiment Index 2019](#) shows that a primary impediment in sales reps' meeting quotas is having too many non-sales activities crowding their days. It's even worse for sales development representatives (SDRs), who list it as their #1 barrier to success. High-growth sales leaders realize this and are doing everything in their power to remove these stumbling blocks—especially by deploying better technology. This is reflected in the ongoing investment flowing into sales enablement, conversation intelligence, and other areas that are using automation and new features to streamline reps' workflows so they can spend more of their time on activities that directly impact revenue.
- **As teams seek to leverage the promise of Artificial Intelligence (AI), they need better data.** Most sales tech vendors report that they have AI embedded in their technology, but before AI can make a real difference, these tools and applications must have access to lots of high-quality data. While there would seem to be a sufficient quantity of data, sales organizations rarely produce data

that is clean enough to be usable for AI. Sales tech won't be ready for AI until sales organizations solve their data problems; this is a messy proposition for any part of a business, but even more so in sales given the dirtiness of its data. That said, many of the activity automation features hitting the market today serve the dual purpose of making sales reps' lives easier and standardizing data by entering data on behalf of the reps (e.g., via activity capture). Conversation intelligence vendors will have a significant impact on data as they help organizations hoping to evolve from standard data capture for conversations to machine-driven updates. AI will come to automate mundane tasks, learn rapidly from sales conversations, and suggest next actions for reps to take. In the long run, as data improves, AI will enable new waves of intelligent applications to make life easier for sales. The challenge is getting there.

- **Reduced Seed and Series A funding has dramatically reduced the number of vendors entering the sales tech space.** The sales and marketing tech stacks were fueled by significant VC investments in the space. Over the last two years, however, the flow of VC money into sales tech has decreased—with a corresponding decline in new ideas and innovation. Previously, a glut of investment in sales technology led to harsh consequences: the market became overcrowded, small players were gobbled up or closed down, investors lost money, and VCs grew gun-shy about making further investments. Today, there is VC investment, but that has been primarily in category leaders, especially in hot areas like sales engagement. In this landscape, less-funded startups have not produced as much innovation; conversely, mature tech categories have seen limited challenges coming from upstarts with bold new ideas.

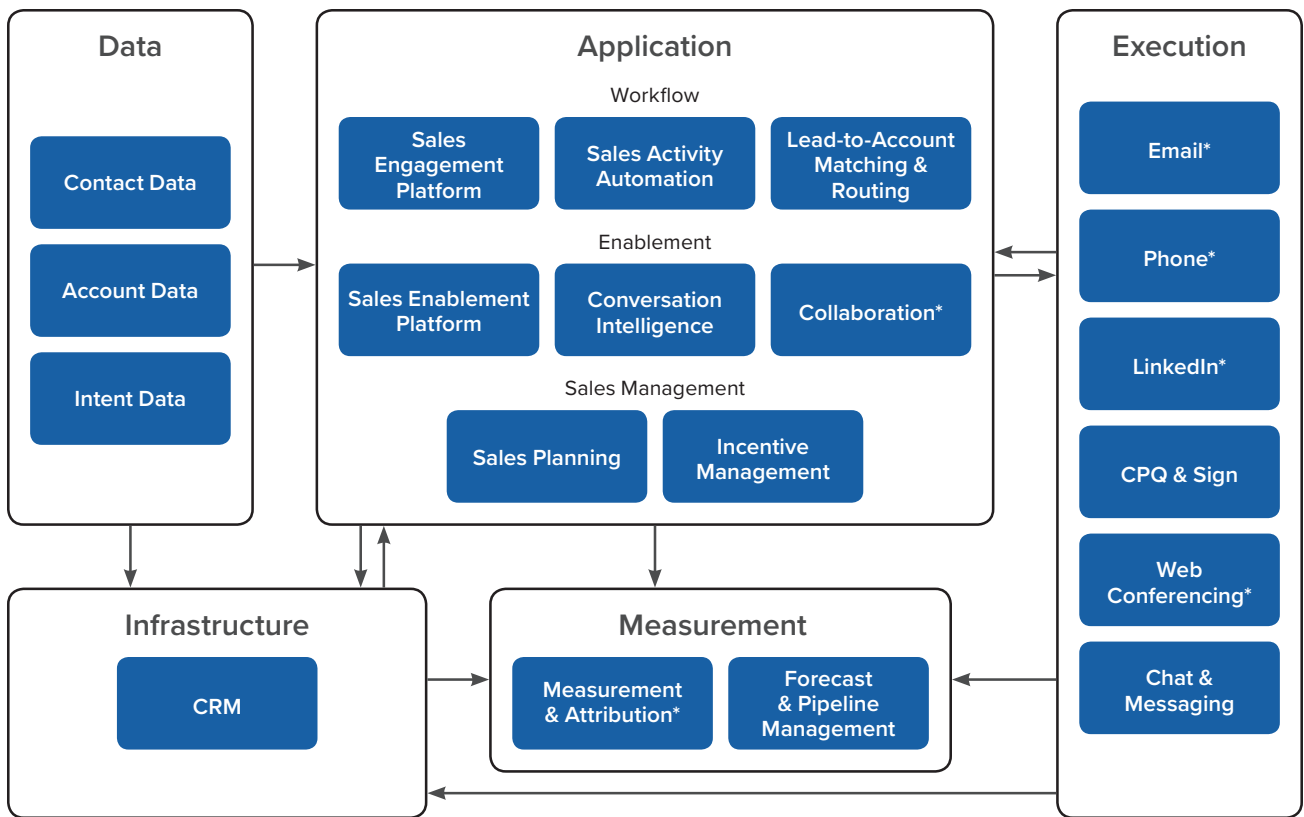
## TECHNOLOGY STACK

### The tools that enable and implement sales program success

The vendor categories of the sales tech stack are organized into five master categories that interact with each other (see Figure 3).

- **Infrastructure:** The foundation of the tech stack, which contains the contact database and serves as the central repository of information for the organization
- **Data:** External sources of information about accounts, contacts, and prospect intent that update and enrich existing records in other systems
- **Application:** Core and shared systems that enable the processing of information in support of sales programs; there are dedicated sales applications as well as applications shared with other functions
- **Execution:** The digital and offline systems for implementing sales programs
- **Measurement:** Tools that track the success of sales programs in meeting organizational goals

Sales Technology Stack (Figure 3)



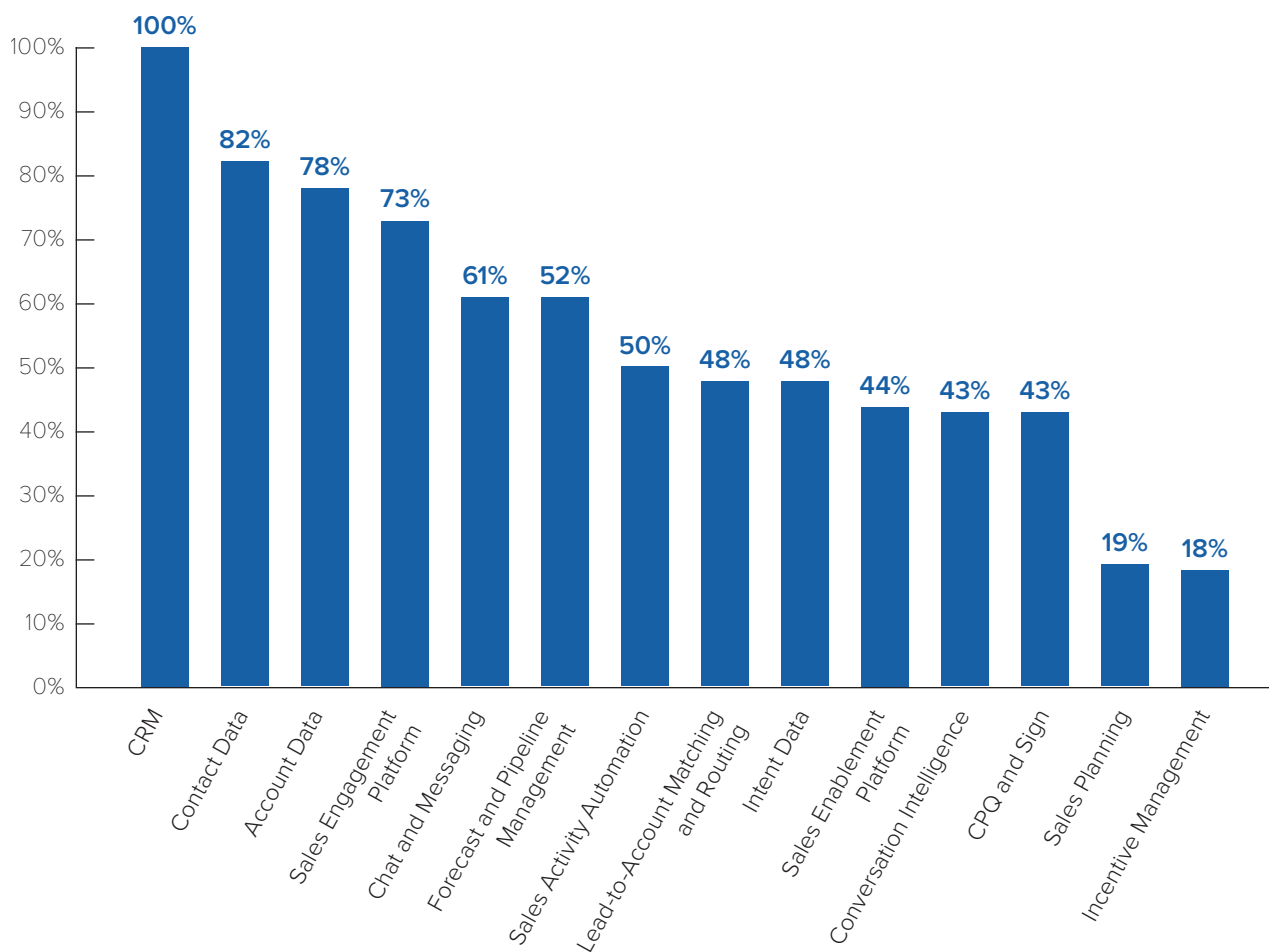
\*Category not included in this report

## TECHNOLOGY USAGE, IMPACT, AND SATISFACTION

### Usage divides vendor categories into three groupings

We surveyed high-growth companies on the usage of 14 technology categories (see Figure 4) in the sales tech stack. The usage pattern revealed aligns these technologies in three groups: most common technologies, leading technologies, and trailing technologies.

**Technology Category Usage** (Figure 4)





The most common technologies are the categories above 70% usage; many reps use these solutions as ubiquitously as they use the phone, email, or web conferencing. These include obvious tools used by nearly every modern organization, but especially by high-growth companies. Above all is CRM, which is the single source of information for contacts and accounts. Similarly, solutions for contact data (82%) and account data (78%) are key pillars of most companies' sales tech environments, because every GTM organization needs up-to-date information for connecting with prospects, especially when these solutions integrate directly into the CRM. Meanwhile, many organizations rely on sales engagement technology (73%) to improve interactions between sales reps and prospects.

The middle of the technology pack runs from 70% down to 40%. These categories have wide adoption across the tech stacks of high-growth companies. Chat and messaging helps reps communicate better with prospects, while forecast and pipeline management enables sales leaders, strategists, and ops specialists to accurately manage current opportunities and predict revenue impacts. Two of the fastest growing categories, intent data and sales enablement, have not reached 50% usage, yet both have great momentum in the marketplace.

The two categories below 40% are limited in their reach so far. Sales planning is an intriguing category, yet still nascent in its growth. Incentive management is a must for large, complex sales organizations, but outside of that customer profile it is not an urgent priority.

## TECHNOLOGY SPEND

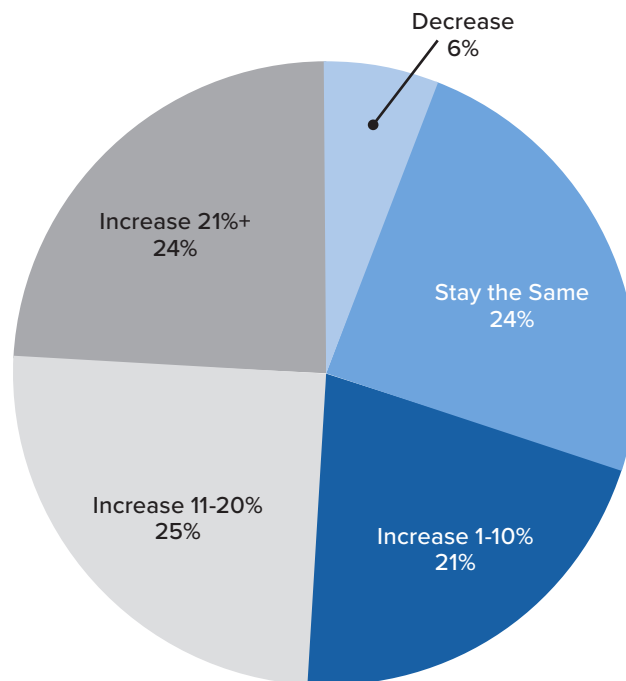
### Half of sales organizations will spend significantly more on sales tech

While 30% of those surveyed expect their sales tech spending to stay flat or even decrease in the next 12 months, about half (49%) of respondents expect that spending to rise by more than 10% (see Figure 5). These mixed signals suggest a market that has come down from the high period in sales tech spending of previous years, but in which most companies will continue to invest in technologies such as conversation intelligence or intent data that they believe will have a significant impact on the effectiveness of their sales organizations.

The median spend growth is an 11–20% increase, and there is no significant difference in the pattern of planned spending for small (under \$100 million in revenue) or large (over \$100 million) organizations. The median annual technology spend per sales rep reported by sales leaders was \$10,000. That level of spending is right in the middle of TOPO's recommendation range of \$8,000-\$12,000 per sales rep per year. However, organizations with fewer than 15 reps spent an average of \$4,000-\$5,000 per rep per year—well below the recommended range.

In this environment, sales tech vendors that sell using a compelling value message will continue to gain traction, even in organizations that are not anticipating significant spend.

**Sales Technology Change in Spend in Next 12 Months** (Figure 5)



## ABOUT TOPO

TOPO works with high-growth companies to transform their sales, sales development, and marketing organizations into world-class functions. B2B organizations rely on TOPO research and consulting to make informed strategic decisions that drive pipeline and revenue growth.

We do this by offering:

1. **Data and benchmarks** collected from the world's fastest-growing companies across hundreds of key metrics.
2. **Research, best practices, and tools** that make faster revenue growth a reality by focusing on specific, actionable strategies, tactics and plays.
3. **Personalized advice and support** from sales and marketing's best and brightest—TOPO analysts and your peers from the world's fastest-growing companies.
4. **Consulting** helps clients address big sales and marketing issues in a manner that's deeply specific to you. Our consulting work focuses on areas such as go-to-market strategy, organizational design, and marketing/sales process
5. **Events and peer networking** with industry-leading practitioners to learn and share best practices associated with top-performing sales and marketing teams

### About the analysts

#### **Craig Rosenberg**, *Chief Analyst*

Craig Rosenberg combines 20+ years of sales and marketing experience with TOPO's high-growth dataset to provide specific, actionable recommendations that drive predictable, scalable growth. He and his team support over 200 companies, ranging from the largest technology companies in the world to early-stage startups.

#### **Tim Walker**, *Analyst*

Tim Walker focuses on TOPO's sales practice and cross-practice content. Trained as a journalist and researcher, he has 20 years of experience with B2B technology companies as a content marketer, business analyst, writer, editor, and speaker.

### For more information

To find out how TOPO can help you grow revenue faster, contact us at:

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