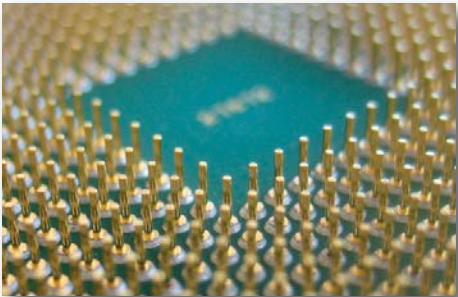


The Technology Industry: Sales Trends and Strategic Initiatives



Executive Summary

While steady investments in technology by both companies and consumers have underwritten much of the productivity increases in the last 20 years, technology companies are finding a much more difficult economic environment. New emerging sales trends within the technology sector, ranging from growth challenges to new competitive pressures, are changing the fundamentals of the game and companies are being affected by powerful shifts. Industry-leading companies are taking proactive steps to adapt to these powerful shifts and come out stronger in the long-term. Sales leadership will need to focus on key initiatives – from increased investment on skill development to greater operational excellence – to equip their sales forces with best practices so that their salespeople are well-positioned to drive customer loyalty, expand customer relationships, and bring in more revenue.

Sales Trends in Technology

Technology is a diverse industry, encompassing established firms and newly emerging start-ups, niche players as well as comprehensive solution providers, and both software developers and hardware manufacturers. Regardless of their specific position in the industry, all of these companies are affected by powerful economic and social trends.

- ▶▶ **Global Growth Challenges.** While the technology sector has traditionally been a fairly stable industry primarily due to its global reach, the recent far-reaching effect of the economic downturn has resulted in projected growth challenges for 2009.
- ▶▶ **Core Business Strategies Under Pressure.** While the sector has relied on its core business strategies, which include innovation, commercial infrastructure, and manufacturing components for consumer products, it is those same strategies that may pose a challenge:
 - Innovation resulting in wireless technology advancement and the introduction of Web 2.0 concepts such as cloud computing are continuing; however, technology companies cannot be certain about adoption of these concepts, as many potential adopters are slowing or freezing spending, at least for the early part of 2009.
 - Approximately 60% of the technology sector's base is consumers. Due to layoffs, cutbacks, and the rising cost of living, those consumers have less

Overview

From its position as a global sales training and consulting firm, Richardson has partnered with some of the world's leading technology organizations to provide comprehensive total solutions for their team members to improve performance and reach revenue goals.

As part of its detailed customization process, Richardson interviews several top stakeholders within its client organization to understand needs, challenges, and areas for development. Richardson's proprietary methodology for acquiring and analyzing this information leads to valuable insight and trends from within the technology industry as a whole and, as a result, Richardson is able to provide this value-added information to its client partners.

discretionary income to spend on perceived “technical luxuries” than they did a year ago.

- While businesses will continue to spend as needed for infrastructure, there may be a trend toward the servicing of existing components rather than investing in new infrastructure.

- ▶▶ **Increased Commoditization and Price Sensitivity.** Rapid innovation within the technology sector has always been the hallmark of this industry. Yet, rapid innovation is quickly followed by “mainstreaming” of technical features as competitors seek to mimic successful products and services, eventually leading to commoditization of key innovations. This transforms industry-leading products and services into price-sensitive commodities over time, resulting in companies having to respond by selling volume to achieve profitability. In this economic and budgetary environment, where consumers and businesses feel the “cost crunch” more acutely, that strategy could mean declining-to-flat revenue.
- ▶▶ **Emerging Competitor Products.** The projected increase in market penetration of new “netbooks” is expected to affect the revenues in the computer technology sector of the industry. The average sales price for a netbook is below \$250 offering the consumer cheaper alternatives to portable PCs and laptops.

Strategic Initiatives for Adapting to Sales Trends

Technology companies will likely be looking to make adjustments in 2009 rather than succumb to the myriad of growth challenges they face.

- ▶▶ **Increased Investment in Sales Skill Development.** Several industry-leading technology firms are increasing their investment in initiatives that develop and support the selling skills of their sales force in order to accelerate the sales cycle, increase close ratios, and improve both client acquisition and retention. Specific initiatives include:
 - **Strengthening** consultative selling processes and models that support industry shifts and the demand for a new, relationship-oriented approach to selling
 - **Holding** salespeople, teams, and managers accountable for results through coaching to change and maximizing resources to achieve revenue goals
 - **Integrating** skill-building activities to develop customized value

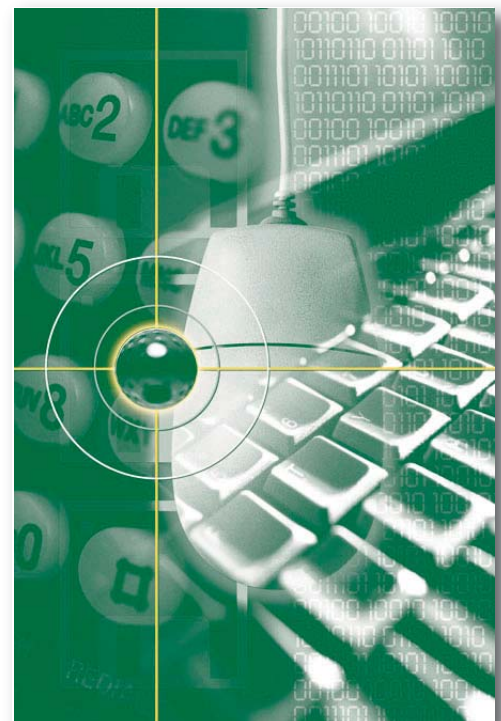
propositions with the breath and depth of product-specific training that technology salespeople need to succeed – know the product and know how to sell it

- **Focus** marketing and promotional resources on a value-add message (instead of a product push or capabilities message) in order to drive purchasing decisions today
- **Transform** training by leveraging the best technologies to blend salespeople's work with learning and bring support tools directly into their daily workflow – learning and working become two sides of the same “coin”

This **SHIFT** approach to skill development is being driven by sales leadership's adjustment to the external sales trends affecting the industry and requires best practice “know-how” in order to maximize the return on this investment.

- Investment in skill-building programs meet cost-efficiency needs while equipping salespeople with new skills to lead needs-focused dialogues, develop focused solutions for specialized industries, and gain commitment in a challenging economic environment where incremental expenditures have become the norm.

- ▶▶ **Operational Excellence.** It is widely reported that these firms are looking to maximize enterprise efficiencies to provide greater output using fewer resources. Technology companies are squeezing their value chains and negotiating aggressively with suppliers to lower costs and “ring out” any inefficiencies.
- ▶▶ **New Specialized Markets.** However, the technology sector will likely augment downsizing and efficiency decisions with a renewed focus on identifying new sources of revenue for 2009 and beyond. Some firms may decide to abandon their traditional market, such as financial services or manufacturing, to pursue smaller, specialized markets such as telecommunications or healthcare-related organizations, where innovative and efficient



technology is becoming increasingly critical to these organizations' own growth and value proposition.

- ▶▶ **Incremental Sales Instead of “Blockbusters.”** To position their sales force to be successful in this new way of doing business, technology companies will need to transform their sales models and processes to focus on smaller, more consultative sales as an alternative to the power-sales approach, particularly when navigating the enterprise marketplace.
- ▶▶ **Adjusting Rewards in Sales and Service.** Technology companies will also need to rethink how their sales teams are incentivized as they pursue smaller, more relationship-oriented deals with clients who are now only able to purchase in smaller increments and will demand value for their business.

2009 Best Practices for Skill Development

As a result of analyzing data from many leading technology organizations, Richardson has been able to identify the following best practices, which represent the most pressing areas for skill development. Technology organizations that have invested in these areas of skill development to date have reported that their salespeople are better-equipped to meet strategic objectives amidst a changing economic environment.

Transition to Relationship-focused Selling

As technology companies prepare to shift the focus from larger deals birthed during years when technology investment was on the uptick and redirect efforts toward smaller, specialized markets, the need to adapt sales processes and models to support that shift is critical.

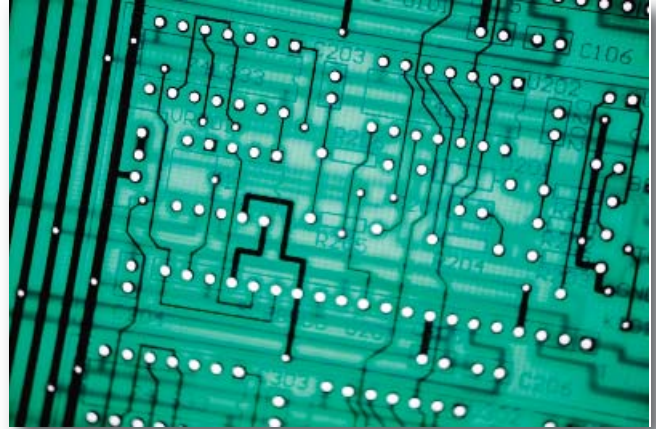
To achieve success in smaller, specialized markets, technology salespeople will need to learn how to practice relationship-focused selling, which is driven by efforts to understand purchaser needs and position solutions to those needs. True relationship-focused selling involves becoming a trusted advisor to purchasers as an alternative to a technical product provider whose value is limited to the features and benefits of products. Becoming a trusted advisor involves a broad and deep understanding of a customer's business model, core competencies, vulnerabilities, consistent and evolving needs, as well as the time and effort to provide value-adding advice on a continuous basis.

Salespeople learn best by doing. By embedding learning and reinforcement tools right into the salesperson's workflow, companies effectively combine work with learning in a way that makes the transition to relationship-focused selling easier. These tools should be accessible 24/7 so that salespeople can get the “what to do” and “how to do it” knowledge when and where they need it. Investing in Sales 2.0 tools that drive collaboration between salespeople, their sales managers, and internal colleagues with special expertise truly proves the old adage “two heads (or more) are better than one.” The shift to relationship-focused selling takes time, energy, and effort. Tools that

support this behavior change increase the ROI of investments in skill development.

Leading a Need Dialogue

Delivering a robust, technology-driven presentation to a purchaser has been a long-standing practice in technology sales; it leverages the company brand and reputation for innovation and capabilities when making a sales pitch. However, recent spending reductions and freezes have resulted in purchasers either not soliciting a capabilities presentation or postponing it while opting to spend on a purely “as-needed” basis.



This shift results in fewer dialogue opportunities, as most salespeople view the capabilities presentation as their primary opportunity to sell the client. However, by building skills around leading a Need Dialogue, the salesperson will be able to generate more dialogue opportunities during which they learn about purchaser needs and provide technical insights as a value-add. It is this kind of dialogue that creates relationship momentum and positions the salesperson to be a trusted advisor so that when sale opportunities arise, the salesperson has a distinct advantage over the competition.

Service to Sales

For some technology firms, additional top-line growth will come as companies make the decision to expand their service organizations in response to business clients that choose to keep and maintain older components and infrastructure instead of upgrading.

For technology firms that move in this direction, greater profitability can be realized through an investment in developing “service to sales” skills so that service technicians can understand how to first satisfy the immediate service need, proactively initiate dialogues to identify additional needs, and drive the cross-sell opportunity to bring more value.

Compelling Presentations

To successfully demonstrate the value to client purchasers of participating in relationship meetings, salespeople will need to build skill around modernizing their presentation content and moving beyond the generic “tech-y approach” to ensure a continuous level of engagement, especially when non-technical people are part of the decision-making chain.

As salespeople continue to leverage technology, such as their tablet PCs, as part of the presentation process, developing the right content and communicating data in a simplistic yet value-added way is critical to making compelling presentations (which are interactive) build upon

the identified client's needs and sustain decision-maker engagement.

By learning skills for compelling presentations, salespeople will be able to differentiate themselves from the competition and set the tone for a meeting that progressively makes the case for making the purchasing decision now rather than later.

Closing the Sale

When surveyed, technology salespeople have a wide range of skills and comfort surrounding the process of closing. Generally, during large enterprise deals, salespeople make their case for the technology and then manage the decision process through to its almost-natural close – when the “yes” or “no” decision is made by the client team.

However, within a dynamically changing environment full of growth challenges and the need to refocus efforts and deploy a relationship-focused approach, setting measurable closing objectives and actively closing on all incremental and cross-selling opportunities will be paramount to reaching revenue goals.

Therefore, in consideration of the direct effect closing efforts have on revenue, several technology sales leaders are trending toward placing a renewed focus on sharpening the ability of their salespeople to confidently close, follow up, and maintain momentum between interactions with the client as a way to spot additional opportunities, work through obstacles, and strengthen the relationship overall.

Coaching to Change

As technology firms aim to re-engineer their approach and sales processes to effectively confront new challenges while entering new markets to focus on smaller deals, equipping and motivating salespeople will be critical elements of success.

Sales management will need to sharpen their sales coaching skills to ensure that behavior change is adopted to improve team and individual effectiveness. By doing so, managers will be better able to improve performance and achieve revenue growth, strengthen relationships with their salespeople, accelerate learning, and help salespeople become responsible for their own development. A specific emphasis may also be placed on the varying elements surrounding the process of remote coaching for virtual or geographically dispersed teams.

Richardson Total Solution for Technology Firms

Richardson has worked with several leading technology firms to provide a comprehensive, total sales training solution for salespeople and sales leaders to support these sales trends and those strategic initiatives that will most effectively position them to reach their next level of success amidst a rapidly changing selling environment.



Some critical elements of an integrated training strategy include:

- ✓ Flexible, On-Demand eLearning Courses
- ✓ Benchmarking Diagnostic Tools
- ✓ Cost-effective Webinars
- ✓ Practical Performance Support Tools
- ✓ Convenient, Affordable Sales Resources
- ✓ Video On-Demand Training (VoDs)
- ✓ Dynamic, Highly Customized Classroom Training
- ✓ Coaching Practices to Effect Behavior and Culture Changes

Richardson's Global Performance Solutions team of highly skilled Relationship Managers, Senior Training Designers, and Senior Global Trainers can work with your technology organization to assess and evaluate your current and future needs and design a customized training strategy to suit your learning and development initiatives.

About Richardson

Richardson develops customized and comprehensive sales training and performance improvement solutions for sales, sales management, and customer service professionals, which integrate with an organization's business strategy, sales challenges, and overall vision to improve sales skills, increase performance, and drive results. The company's 30-year dedication to changing the behaviors of sales professionals and innovation has made Richardson one of the largest global sales training and performance improvement providers today. Clients around the world choose Richardson for their "go beyond" approach and broad platform of customizable sales training and technology solutions, which is why they deliver a comprehensive, end-to-end training platform that includes online diagnostics, fully customized live and online training programs, continuous coaching processes, reinforcement tools and techniques, and performance support applications. Richardson continues to be on the front line of sales training innovation in the development of leading edge solutions that help clients generate revenue faster and more cost-effective than ever before.

Visit Richardson's website at www.richardson.com for more information on how Richardson can help your technology sales representatives reach their sales objectives.