CASE STUDY

HOW DO ENTERPRISE SOFTWARE SALES TEAMS WIN DEALS?

Why do enterprise software sales teams win and lose deals? Traditional thinking would hypothesize that for high-dollar value, complex software platforms, the strength of their solution drives wins while losses are driven by a perception of higher price points and more difficult implementations, especially compared to less robust, cheaper, point solutions. Does the difference between winning and losing truly come down to price and a perception of being easy to work with? If that thinking holds true, how can enterprise software companies win despite being perceived as more expensive and more difficult to implement than their competitors?

This report explores how in enterprise software deals, winning in these competitive situations is predicated more on demonstrating value rather than absolute cost or perception of effort involved. In order to fully examine this, Anova analyzed findings from thirteen win / loss programs conducted between 2022 and 2023 focused on complex, high value enterprise software deals. Our goal was to understand what winning sales teams do differently to set their solutions apart and ultimately win more. Company names in this case have been scrubbed and will be referred to as the Client.

BETTER UNDERSTANDING THE PRICE / VALUE DYNAMIC

In those thirteen programs one of the most interesting findings was that **when our Client won, in just over half of those winning situations their newly acquired customer was actually more satisfied with a competitor's price point**. Despite being at a pricing disadvantage, the Client was still able to win because they proved their solution would drive superior value for the customer. Conversely, when we looked at the inverse loss data, 100% of the time when our Client lost customers rated themselves as more satisfied with both price point and expected value.

FIGURE 1

Figure 1 illustrates one specific situation representative of this finding. When this Client won, satisfaction with its value exceeded that of its top competitor (75% versus 50%), even though it fell behind its competitor in terms of satisfaction with price levels (50% versus 100%). In contrast, when the Client lost, the winning vendor outperformed it in both value satisfaction and pricing satisfaction.

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Additionally, in our Clients' winning situations, an average of just 48% of prospects were satisfied with their expected ease of implementation. Said another way, more than half of newly won customers expected to be dissatisfied with their selected vendor's implementation process yet still felt the value of the implemented solution would outweigh the pain of installation.

DRIVING TO VALUE

It becomes clear that the expectation of high value can outweigh pricing and implementation concerns. So, the question then becomes: how can software sales teams become successful at proving their value to their customers?

THE IMPORTANCE OF A CONSULTATIVE APPROACH

In order to convince prospects of the value of their solution, sales teams need to effectively assess customer needs and deliberately articulate how their solution can meet those needs. In other words, successful sales teams take a **consultative approach**.

Two pieces of data illustrate how influential a consultative approach can be in whether a sales team wins or loses:

- In 88% of studies included in this analysis, winning Clients outperformed their competition in being consultative in their approach to the sales process.
- In contrast, 76% of Clients, when they lost, were rated lower than the winning vendor on taking a consultative approach.

Consultative approach is also directly linked with value articulation. In situations in which satisfaction with expected value / ROI was rated higher than that of the competition, 89% also rated the sales team's consultative approach as better than the competition.

HOW CAN SALES TEAMS BE MORE CONSULTATIVE?

Taking a consultative approach entails three vital principles: clearly understand the buyer's unique needs, carefully demonstrate how their solution's capabilities meet those needs, and effectively differentiate it from competing solutions.

1. CLEARLY UNDERSTANDING BUYER NEEDS

Consultative sales teams first thoroughly understand the buyers' specific, unique needs. When Clients won, their perceived ability to understand customer needs was nearly unanimously rated as superior to the top competitor. Understanding buyer needs is the foundation for being consultative as it is the first step to tailoring messaging about how a software solution can solve for those specific needs, thereby creating value and driving wins.

93%

of winning sales teams' needs analyses were rated superior to competing sales teams

Winning teams approached sales engagements with a customer-centric approach, in which helping to solve the goals of their prospect took precedence over showing off their own solution's capabilities, some of which may not be important to the prospect's needs.

Qualitative feedback further supports this idea. For instance, one customer noted in an Anova Client win:

> The sales process was much more personalized with [client] than with the others. [Client] took the time to understand our objectives and come up with what we needed to achieve and what we wanted to achieve. We felt that the other two vendors were trying to change our minds on what we needed in order to fit their product."

Similarly, another prospect cited the ground-up approach a successful sales team took:

> We found that [client] has a very different approach to prospective customers. They started from a blank sheet and said, how do we help businesses solve problems in this area? They felt that if they could solve your business problems, the software would sell itself. I feel like others start with a number of seats and then try to figure out how they can get businesses to buy that number of seats."

Customer verbatims illustrate that when prospects' needs are understood, it not only helps fuel the ability of the sales team to be consultative, but it also enhances the connection the customer feels to the sales team, helping the customer feel comfortable awarding that sales team their business.

In contrast, unsuccessful sales teams often do not take the time to ask the right questions about a prospect's needs. If they do not ask these important questions, sales teams lose the opportunity to build rapport and connections with the prospect. They also sacrifice valuable information to be used throughout the rest of the sales process. For example, a lost software prospect commented:

> [Client]'s approach was to show us everything they offered before finding out what we really needed. I think a better approach would have been to give us a short overview of their offering and then give a more focused presentation and demonstration of the important functions. I was left with the impression that [client]'s solution was all or nothing, and it did not feel like they understood our needs."

2. CUSTOMIZE PRODUCT DEMONSTRATIONS AND PRESENTATIONS

It is said that communication is not the words one says but rather what the audience understands.

Once sales teams have done their homework and possess a clear understanding of prospect needs, they must communicate that understanding to their customers. In this data set, successful sales teams communicated understanding of customer needs by tailoring the content of presentations and product demos to specifically address how their solution can solve customer problems and achieve prospects' goals.

Customization enforces a commitment to the Client and alignment with buyer search criteria. For example, one customer from a winning situation expressed their appreciation for the customized sales process:

> The [client] sales team listened to our needs and tailored its presentations to show how [client] would solve our particular needs. Instead of wasting time on lengthy company introductions or on features and functionality that are unimportant to us, the [client] sales team heard what we wanted. It focused on our needs and how [client] would address and solve them."

In another successful presentation, feedback emerged that:

> The sales team showed us exactly what we requested with the various scenarios that we had asked them to show us. This demonstrated to us that they understood and could address our functional needs."

These two teams approached their presentations from a customer-centered stance, and feedback from the prospects illustrates they understood the effort the sales teams took to both research their needs and personalize their presentations to fit those needs.

3. DIFFERENTIATE SOLUTIONS

In 80% of winning situations included in this dataset, Clients were more successful than their competitors at differentiating their product.

80%

of winning clients better differentiated their products than their competitors

Highlighting how specific software solutions are set apart helps prospects understand specifics and nuances around a product's superior functionality and thus demonstrate value. Often, product demonstrations addressing specific use cases help differentiate vendors from their competitors. For instance, in this competitive comparison, the interviewee took note of how the Client clearly demonstrated how its product could solve their problems:

> The key was that the solution solved the foundational requirement of providing attribute-based planning. That same need exists in pharma and retail, and [client] understood attribute-based planning very well. [Client] demonstrated that they understood the problem and they could repeat the problem back to us. The [client] was a lot better in the POC. [Client] was able to demonstrate that their solution could solve the problem and explain the tool and how it worked. The other finalist, Company X, could not share how they solved the problem. Company X got there with a solution, but it took them a long time, and it was difficult. They could not say, 'This is how we solved it,' so it was like they used a magic box. [Client] gave us the key to the box so we could look inside to see how it worked. Company X said 'Trust us" versus showing us the logic they used. We lost patience with Company X as they struggled to clarify things we wanted to be comfortable with."

Another prospect took note of their sales team's efforts to differentiate its solution:

> I wanted someone with experience developing apps in a mobile environment with modern design…[Client] distinguished themselves in terms of where they were with mobile and modern development, and I give them high marks for drawing this distinction."

Positive quantitative and qualitative feedback from prospects clearly indicates the importance that explicit solution differentiation has in the ultimate buying decision. In the software space, buyers may struggle to discern meaningful differences between competing products, with many vendor solutions performing similar or identical functions. In this landscape, standing out from the competition will pay valuable dividends in increasing win rates.

CONCLUSION

A vendor's ability to win rests largely on its ability to convince prospects of its value. Abundant evidence from win / loss interviews in 2022 and 2023 suggest that taking a consultative approach is a vital step in demonstrating value. By possessing a comprehensive understanding of Client needs, customizing demos and presentations to address those needs, and tactically differentiating solutions, sales teams put themselves in the best possible position to sell more effectively and ultimately win more.