



SELLING SaaS **in the COVID Economy**



JUNE 2020

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The pandemic of 2020 and its corollary, the shutdown of the vast majority of the US economy, have had a major impact on how we live, how we work, and even how we sell.

One of the hottest parts of the US economy for some time has been the technology sector, with SaaS (software-as-a-service) being a major contributor. Studying the health of SaaS sales during and after the “COVID shutdown” gives us some insight as to how the US will come out of this unprecedented downturn.

To study this, we surveyed 755 B2B SaaS professionals who are part of the sales process at their companies in the second half of May and early June 2020. We also conducted 25 interviews with B2B SaaS sales leaders to go into greater detail and get a better understanding of what they are experiencing within their own organizations. Read on for our findings.

THE STATE OF REMOTE

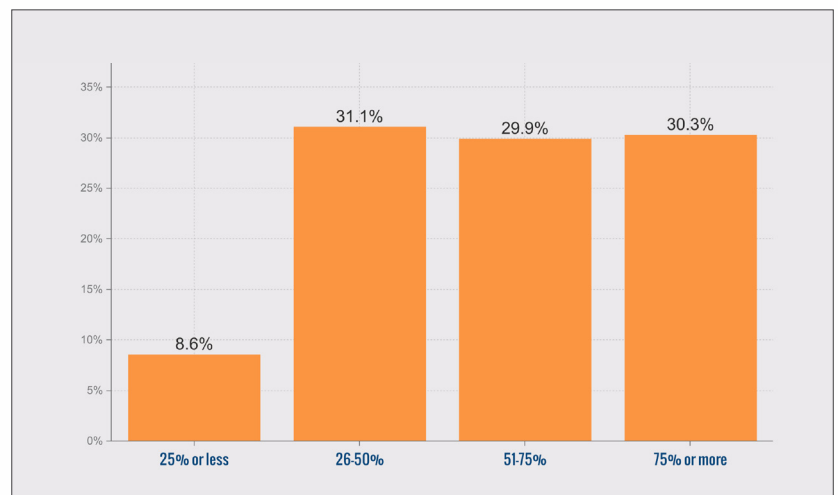


Sales is often thought of as a hands-on, highly mobile sort of work that requires its practitioners to spend a great deal of time outside of the office.

In this view, sales teams are less tethered to a specific location, and therefore are better equipped to work from places other than the office - and, consequently, better able to work remotely from home.

To test this hypothesis out, we asked our respondents what percentage of their sales team had started to work remotely for the first time. Over 30% reported that 26-50% of their sales workforce had begun to work remotely, the most popular response, while nearly another 30% said that this was the case for 51-75% of their team. For another 30.3%, 75% or more of their team was working remotely for the first time.

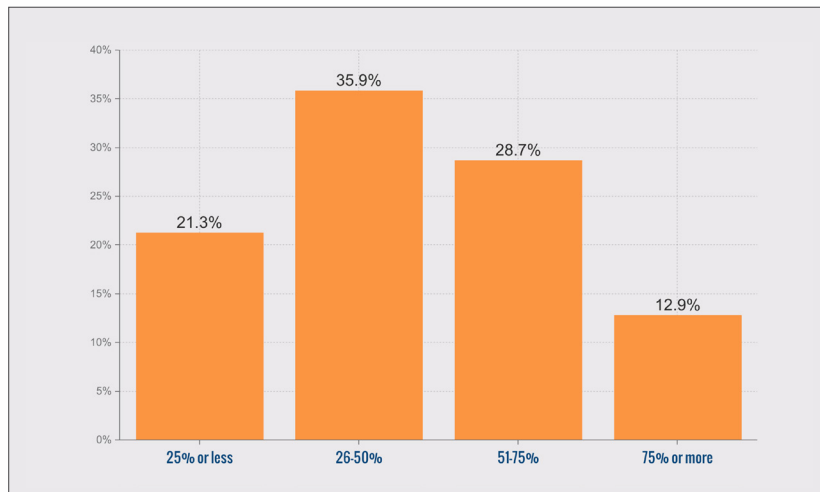
WHAT PERCENTAGE OF YOUR SALES TEAM HAS STARTED WORKING REMOTELY FOR THE FIRST TIME?



To put it in other terms: over 60% of respondents said that over half their entire sales team was working from home for the first time. This might seem surprising, given the increase in popularity over the past few years of remote work, but there are several possible reasons why remote work was new to many respondents. For instance, many businesses in pre-COVID times did not allow their employees to work from home, either because of the security risks involved or out of fear that it would reduce productivity - or simply because they preferred to manage employees in person.

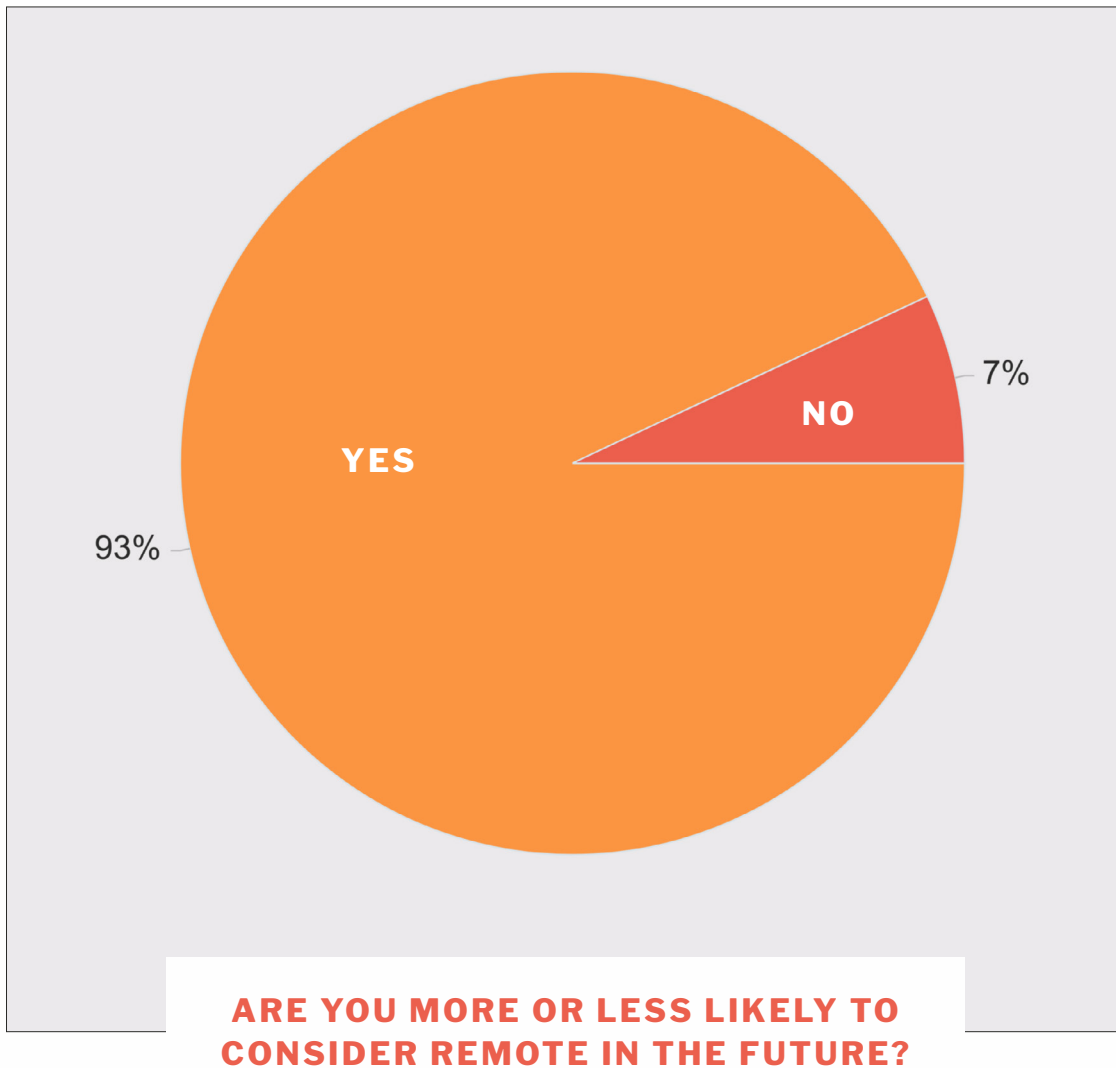
According to a Gallup poll, prior to COVID, 39% of employees said their employers offered them flex time or the ability to work remotely, a proportion that tracks with the experiences of our respondents. Over the past few months, that number has risen, with 57% of employees now saying that their employers have offered them those options. The question now arises: will these policies be made permanent, or will companies choose to dial them back once the immediate danger has passed?

The same poll reports that nearly 60% of workers in the US who have been working remotely during the pandemic “would prefer to continue to work remotely as much as possible, once public health restrictions are limited.” Our study found that over 77% of those involved in the sales process in the SaaS industry expected at least one quarter of their sales team to stay remote permanently, with over 41% expecting at least half to continue to work remotely for the foreseeable future.



WHAT PERCENTAGE OF YOUR SALES TEAM DO YOU EXPECT TO STAY REMOTE PERMANENTLY?

Of course, in addition to the current restrictions around the country on businesses deemed non-essential, companies also have to think about how the physical configurations of their office space will change in order to assuage concerns over employee safety. Any offices with cubicles or open space will have to be retrofitted to make sure that workers can stay six feet away from one another at all times, whether by inserting plastic shields between workspaces or by rerouting foot traffic to ensure two people don't cross paths accidentally. Not all businesses have enough room to implement these measures and ensure that all employees have a desk to call their own - which, in turn, might lead to an increased number of people working from home.



We also asked our respondents whether the mandated work from home COVID shutdown made them more or less likely to work remotely in the future, provided they were given the option to do so. The vast majority - nearly 93% - said that they were more likely to consider remote work in the future, suggesting that the current experience has been largely successful among SaaS sales teams. Clearly, whatever inconveniences came out of the initial shift have not been enough to mitigate the benefits of working from home, and companies should take note of this enthusiastic response to possibly alter their attitudes towards remote work altogether.

INTERVIEW WITH BRIAN HANDLY



Brian is the Founder and CEO of Reveal Mobile, a Data-as-a-Service and mobile intelligence firm that builds location-based audiences from billions of data signals from opted-in mobile devices.

How has the shutdown impacted how you think about working and selling from home?

One of the things that we have discovered is that we do a fairly good job of working from home. So we will likely loosen our work from home policies. As long as you're getting the job done, we're good with that.

How have sales been throughout this shutdown, and how has it made you think about your expectations for the second half of the year?

We're expecting a good, strong second half. Our sales have been fine throughout this. And so I think that'll just strengthen as we go into the second half. It's revenue retention that's taking a bit of a hit. We've had a number of customers that have paused.

How much had losing face-to-face interactions at trade shows impacted you?

We have a couple really big trade shows this spring that both got canceled; that been a big impact. And I've now attended a couple of virtual conferences; while they're interesting, it's just not the same. VR and AR will get a big push coming out of COVID since that tech will enable us to do conferences in a way that people will spend the time.

It sounds like 15 years from now, a shutdown like this might look very different?

Well, think about if this shutdown had happened 15 years ago, and there wasn't this good video capability! We complain about Slack and we complain about Zoom. Well, think about 15 years ago. I mean, this would have been nearly impossible.

Has anything else changed for you with respect to your sales?

I think we've got less inbound leads in the top of the funnel. But the ones that we do get in the funnel are closing more rapidly than before, so our close ratio has improved. But the top of the funnel has slowed down a bit.

For many, childcare considerations have slowed down selling. What have you found at Reveal Mobile?

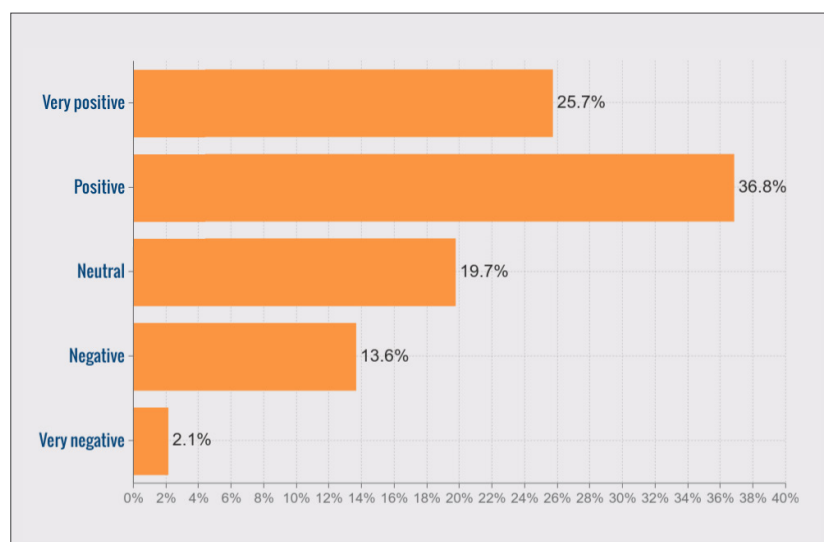
Certainly we've got several people that have kids and, you know, trying to do you know, childcare at home is a not insignificant challenge. My kids are old and pretty self sufficient; I'm one of the fortunate ones!

SALES OUTLOOK

When asked about their outlook for sales for the second half of 2020, the SaaS professionals in our study were largely positive.

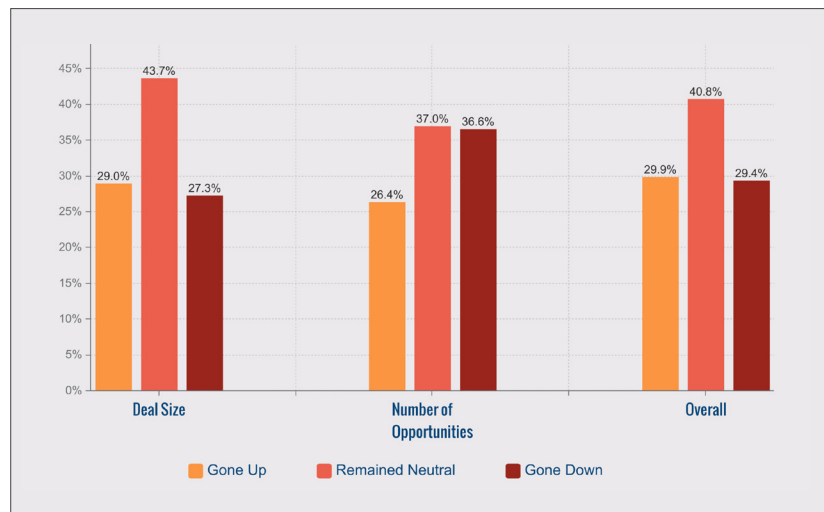
In fact, over one in four respondents (25.7%) reported a very positive outlook, with another 36.8% having a positive outlook. In fact, the ratio of those reporting a very positive or positive outlook to those with a very negative or negative outlook is nearly 4:1. There are a number of potential factors that could explain these figures. One is simply the positive and confident nature of many within the sales profession. Another is the relative health of SaaS companies in relation to other industries: they were not going into the pandemic, so anticipation of a rebound, for many professionals, is relatively logical. Finally, many SaaS products support digital transformation and facilitate remote work, which buyers seem to agree is a necessary expense in the post-COVID world.

When asked how the crisis has affected their pipeline, the results were interesting. For the average respondent, deal size did go up more than it went down, but the margin was small (three percentage points). The most common answer was that deal size remained neutral despite the COVID crisis. As to how the crisis impacted the pipeline overall, the difference between “gone up” and “went down” is less than one percent. That said, we observed a major difference in the number of opportunities that the typical SaaS professional is experiencing. 26.4% have seen their number of opportunities go up, but 36.6% have seen their number of opportunities go down.



WHAT IS YOUR OUTLOOK FOR SALES FOR THE SECOND HALF OF 2020?

HOW HAS THE CRISIS AFFECTED YOUR PIPELINE?

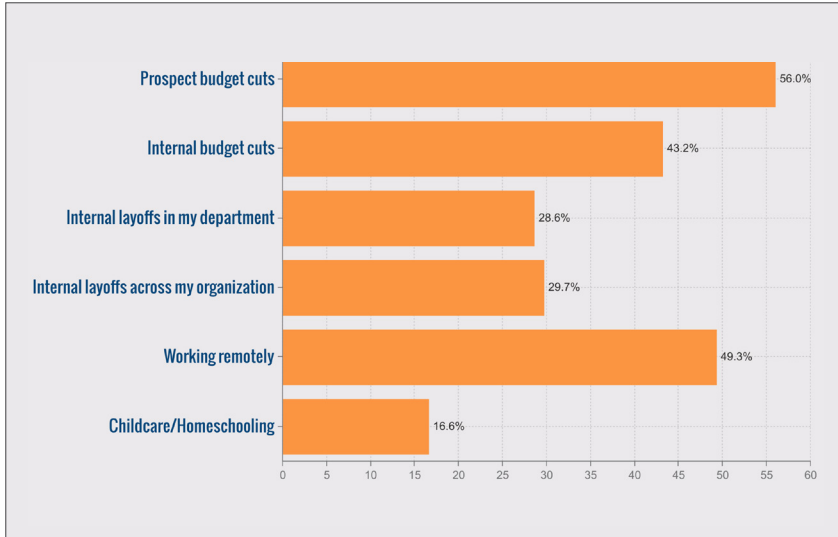


“It all depends on who you’re targeting,” explains Darryl Prail, Chief Marketing Officer of VanillaSoft, a leading sales engagement platform. For many SaaS vendors, explains Prail, if they have a solution that targets travel or hospitality, they’re devastated. Many SaaS vendors target the high tech industry, which continues to buy and invest to wait out the bad economy. “High tech is only about 15% of our own install base, but where we are big in other industries like insurance, or healthcare, you know, it’s a banner year for us,” explains Prail, given COVID and concerns about property damage relating to civil unrest. “So for us, we can’t keep up with demand. So it’s not exclusively a SaaS thing; it’s a ‘who do you target?’ thing.”

When asked which of the following affected their ability to sell, respondents had some answers which may be surprising. Despite many respondents implying that working remotely was a net positive, 49.3% indicated that working remotely has impacted their ability to sell. Prospect budget cuts were cited most frequently as a factor in affecting respondents’ ability to sell, at 56%. Next came working remotely, followed by internal budget cuts (43.2%), internal layoffs across respondents’ organization (29.7%), and internal layoffs in respondents’ department (28.6%). Perhaps surprisingly, only 16.6% of respondents cited childcare/ homeschooling as a factor affecting their ability to sell.

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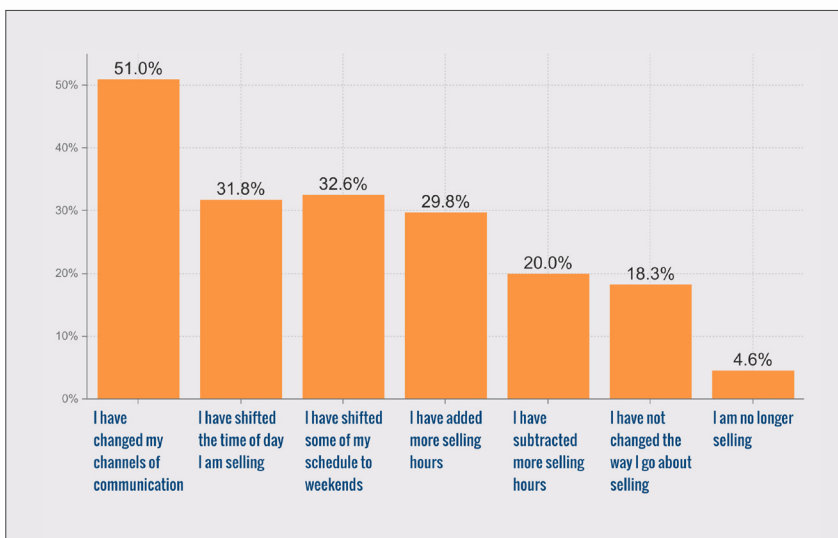
WHICH OF THE FOLLOWING HAVE AFFECTED YOUR ABILITY TO SELL?



With that said, only a certain percentage of all sales professionals have younger children for whom homeschooling might be an issue, making the disruption noteworthy nonetheless. In addition, while our study is genderblind, there is a significant gender gap within the SaaS sales workforce, with a 2019 UK study finding that only 27% of SaaS salespeople are women. It has also been shown that the current childcare and homeschooling burden has fallen more heavily upon women. Taken together, these facts suggest that the relative lack of impact that both tasks have had on the ability of SaaS salespeople to sell has more to do with the gender imbalance in the workforce than the difficulty of childcare. It also reinforces the fact that measures need to be taken to ensure greater gender equality within the workforce.

When asked in what ways the shutdown had impacted how they go about selling, 51% of respondents indicated they had changed their channels of communication (more social, more email, less phone, etc.). 32.6% had shifted some of their schedule to the weekend hours to accommodate for childcare, and similar considerations, with 31.8% shifting their schedules towards early mornings and/or evenings. 29.8% have added more selling hours, perhaps spurred on by the uncertainty of the times. While 18.3% reported not changing the way in which they sell, 20% reported that they had actually subtracted selling hours, with 4.6% no longer selling in any capacity.

IN WHAT WAYS HAS THE SHUTDOWN IMPACTED HOW YOU GO ABOUT SELLING?



INTERVIEW WITH RUTH SUN



Ruth is the Chief Operating Officer of Force Therapeutics, a leader in episode-based digital care delivery.

How did the COVID shutdown impact how you went about selling?

The majority of our sales team was remote already, but our demand generation team, which is really part of the sales process, we did have them colocated all together physically. When COVID hit, they went remote, so that was a big change.

Will that make you rethink your remote work policies?

It does fundamentally change our thinking towards remote work especially because we have seen that productivity has not taken a dip at all. But you know, there have been a couple of corollary actions that we've taken to help ensure a lot of that togetherness that you get in an office setting: we do weekly wine time, trivia time, exercise time, things like that. The stuff that you would have done together, we've just recreated those virtual opportunities.

What has it been like selling in this kind of environment?

We've been blessed that in this economy, we've scored several clients in the past 60 days. It fundamentally boils down to the space that we operate in - virtual care patient engagement platforms. We are very much becoming considered a need-to-have, not a nice-to-have. During this crisis, despite losing hundreds of millions of dollars a day, hospitals were still buying from us. That only validated that our solution is a need-to-have.

Did sales productivity change at all as a result of that change?

There was an incredible amount of fear, worrying about whether productivity would go down. We actually saw zero impact on productivity, which is great.

Have you shifted the way you sell your solution at all?

Actually, we've seen an uptick in prospect and client engagement on the weekends. Some of the hospital administrators we might want to speak to are really, really busy during the day during the week. And so we've been able to get initial connections on the weekends. Our sales team actually did a nice job of shuffling their day, maybe take a little bit more time off during the week, but using some of their time on the weekend as appropriate, to help drive those connections, and that's worked well for us.

SALES CHANNEL EFFECTIVENESS

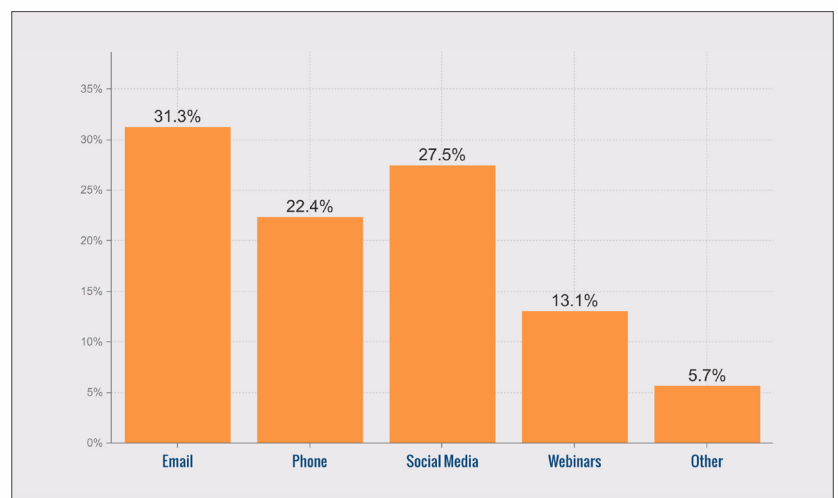


In addition to thinking about the ways in which the market for SaaS products may have changed, we also wanted to know about how the sales process itself has been transformed by this experience, particularly with regard to sales channels.

Considering that most sales activity has, for the time being, moved to digital, it is also informative to see a) which channels people are finding to be worth their time and effort and b) how this answer may have changed as a result of working remotely.

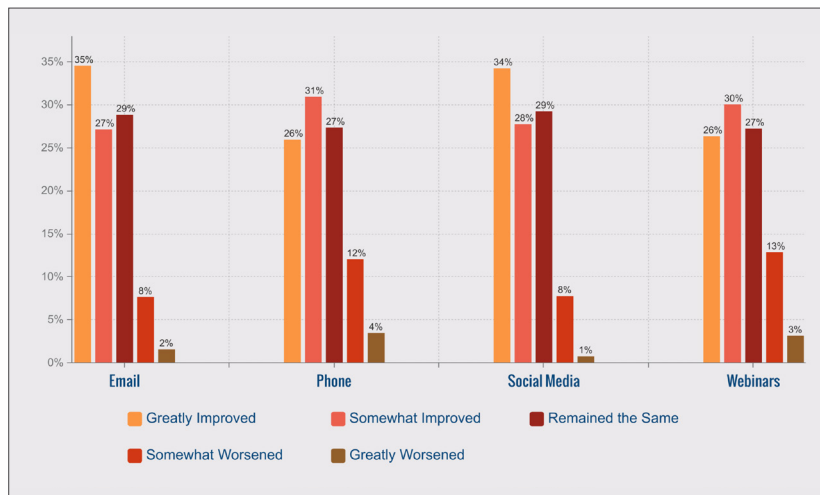
We asked our respondents which sales channel, prior to the crisis, had been their most effective. Nearly two-thirds of our respondents said that digital methods, such as email (31.3%), social media (27.5%), and webinars (13.1%), had been most effective for them. At the same time, a significant proportion - 22.4% - said they considered reaching out to people by phone to be the most useful. In fact, SalesRoads' own internal metrics indicate that phone consistently performs better with respect to generating appointments.

**PRIOR TO THE CRISIS,
WHAT HAD BEEN YOUR
MOST EFFECTIVE
SALES CHANNEL?**



These findings demonstrate the value that human-to-human contact plays in the overall sales process. After all, calling someone up or sending them an email (or communicating with them via LinkedIn messages) allows salespeople to personalize their pitch while also demonstrating knowledge about the business problem that needs to be solved within their organization. And, because all you really need is a phone and a computer - and a fast internet connection - to carry these things out, the disruption caused by the coronavirus would be, in theory, minimal.

As it happens, our data largely bears that theory out. On the whole, a relatively small percentage of our surveyees said that the coronavirus had negatively affected their ability to use email, the phone, social media, and webinars to contact prospects. Another one third said their ability to reach prospects on those channels was about the same as it was before. The rest reported improvement.



HOW HAS THE CRISIS AFFECTED YOUR ABILITY TO CONTACT PROSPECTS VIA:

What is also clear is that the disruption caused to the sales process by the coronavirus is not so much an issue of being able to find or reach new leads; rather, it is the economic disruption that has made it more difficult for deals to be finalized.

THE CHILDCARE EFFECT



During quarantine, parents haven't just been parents. They've also served as teachers, cooks, babysitters, housekeepers, and so much more.

Even those who have the means to employ help cannot do so at the moment, which means that parents end up having to find ways to manage their jobs with the added stress of taking care of children 24/7. With this context in mind, we asked our survey respondents about the impact, if any, that having to accommodate for childcare has had on either their ability to sell or how they go about selling.

When asked, less than one fifth (16.6%) of our survey respondents said that childcare or homeschooling had affected their ability to sell. By contrast, 49.3% percent said that working remotely had affected their sales ability. Perhaps unsurprisingly, the vast majority of people cited economic factors (budget cuts and internal layoffs) as having the greatest effect on their sales.

However, when we asked them how the shutdown has impacted the ways in which they go about selling, over one third said they had shifted their sales schedule to accommodate for childcare and other tasks. That being said, there are many people who don't have the luxury of working flexible hours or adjusting their schedule as needed, and who are therefore likely to be most impacted.

It is also important to remember that, although sales operatives have reported having more conversations with potential leads, their ability to close such deals has also been affected, thanks to budget cuts and overall economic uncertainty. 29% of those surveyed said they had added more selling hours to their schedule, a possible reflection of the increased effort required to hit existing sales targets. Consequently, the time and effort spent taking care of children and other household duties could have a profound effect on a person's ability to sell.

Even before the coronavirus hit, many people struggled to balance childcare and work. A 2018 survey commissioned by ReadyNation, an organization that promotes childcare policies, found that, on average, parents with children under the age of three lost 5% of their work week because of problems with childcare, whether from having to leave early to take care of children or missing a day in order to care of a sick child. The report also found that childcare problems could impact a person's job status, with one in seven having their pay or hours reduced, and nearly one in ten reporting either a demotion, transfer, or firing as a result. Not only does inadequate childcare impact a parent's financial prospects, it can also drive down overall productivity and thus affect the business itself. It's estimated that this reduced productivity costs businesses \$12.7 billion every year.

Margaret Arakawa, the chief marketing officer for sales engagement company Outreach, notes that the current situation "is unprecedented" in that many people are now forced to worry about work, childcare, caring for elderly or vulnerable parents, as well as the general threat of infection. The mental - and physical - toll that this takes is difficult to quantify, and of course has a profound effect on a person's ability to carry out what would be, in a normal period, their standard day-to-day duties.

What can companies do to help? By giving those with children or other caretaking duties the option to have flexible hours, when possible, for one thing. Other policies, like offering daycare or childcare stipends, might currently be financially impossible for companies feeling the effects of an economy in crisis - but could also be helpful, in the long run, for easing the burden on employees and ensuring increased loyalty and productivity.

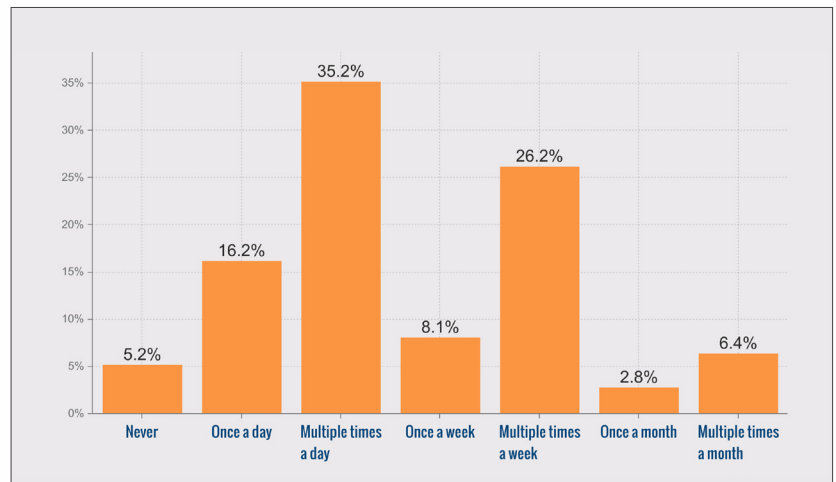
LIVE VIDEO AS A SALES TOOL

Ever since the beginning of the shift to at-home work, one of the common threads in many people's experiences is the now-ubiquitous presence of video conferences and live video tools in general.

We were particularly interested in seeing how live video has evolved as a sales tool in the past several months, the impact it has had, and the lessons that sales teams can take away from its use.

First and foremost, it is clear that live video has become a go-to tool in a salesperson's arsenal. Of the 755 people we spoke to, just 5.2% claimed to never use live video in their sales process. 35.2% said they used it multiple times a day, and another 26.2% said they utilized live video multiple times per week. In the absence of conferences, meetings, and other in-person events, live video has become an important way for sales teams to maintain or initiate contact with potential leads in a more personal manner. To give one example, in the SaaS industry, many companies already offer webinars and online product demonstrations as a way of explaining how their software works to prospective buyers or existing users.

POST-CRISIS, HOW OFTEN ARE YOU USING LIVE VIDEO IN YOUR SALES PROCESS?



But, in addition to helping sales teams communicate with clients, live video is an important tool for ensuring that teams who work remotely stay on the same page with each other and the organization as a whole.

INTERVIEW WITH STEVE RICHARD



Steve is the Chief Evangelist and Co-Founder of conversation intelligence platform ExecVision.

How has the shutdown changed the way you work and sell?

We were all in the office before, acting as an inside sales team. From time to time we'd visit customers but not much, and now we are 100% work from home. It hasn't been that hard of a shift, since all of our technologies are cloud-based. Previously we'd be sitting on Zoom in a room with each other, and now we're sitting on Zoom in rooms not with each other.

How quickly do you plan on getting everyone back in the office?

As of now we're staying 100% remote. We got the guidance saying it would be OK if people could come back in. We surveyed our people, and 95% of them said they'd prefer to stay remote for the time being. Work from home has been a net positive for us.

Have there been any bright spots for sales during the COVID shutdown?

Actually, yes. Sales have been up for up-sell/cross selling. On the whole, existing customers are buying more.

How much are you using live video as part of your sales process?

Every single sales call we have is on video. It's been a game changer. Everybody should do it, too. Our close rate is 2% higher when we use live video. It's not just for sales: we used live video to hire a couple more SDRs for ExecVision, and some hires for Vorsight as well. I've never met them in person, but I feel like we have a good handle on the people.

Have the ways in which you've gone about selling changed at all during the shutdown?

I would say email has been greatly worsened in terms of outreach. We've had an uptick in success with social media. Also, we're getting appointments calling cell phones. It's working.

WHAT'S NEXT?

It's an extreme understatement to say that we live in uncertain times.

The pandemic and general economic turmoil mean that the SaaS sales arena is a topic worthy of following closely for some time to come. While economic growth in a time like this is anything but certain, at least for the SaaS industry, the future does look a little brighter here than for some. It should not be surprising that SaaS companies continue to invest in the sales function to capitalize on the relative health of their industry, especially compared to that of other sectors.

METHODOLOGY



SalesRoads engaged Jeremy Goldman of Goldman Intel, a market research and marketing strategy firm, to lead the research for this project.

Goldman conducted a five-minute online survey in May and June 2020 to better understand the state of sales in the SaaS industry. 755 professionals within the SaaS industry and directly involved in their company's sales process completed the survey. Margin of error is +/- 3%. In addition, 25 in-depth interviews were conducted with senior executives within the SaaS industry to provide additional insight and perspective.

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SalesRoads has become an integral part of our go-to-market strategy.

Dave Lemont - CEO, Kuebix

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Over the past 14 years, SalesRoads has built more than 400 high-performing SDR teams and booked over 50,000 B2B appointments for companies accross the globe. As our clients' SDR Outsourcing partner, SalesRoads has generated significant pipeline revenue leading to large scale success including statigic aquisitions and billion-dolar IPOs.

