Insights

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A series of articles covering trends in the technology sector.

Today's business technologies offer the promise of increased effectiveness, efficiency and profitability. So why does the adoption rate of many new enterprise technologies fall short of expectations?

More often than not the answer is simple: Many companies are not ready. They have an interest in new technologies and understand their potential benefits but the realities of three basic dimensions prevent them from buying:

- Infrastructure limitations hide the true cost of adoption

- Existing business processes limit how new technology can be used

- The solution being replaced limits the market's willingness to spend

This paper discusses these three barriers, and raises questions that can serve as a self-assessment exercise for evaluating your organization's situation. By understanding the extent to which your company faces these barriers, you can develop strategies to overcome these challenges in your marketplace.

1. Infrastructure Limitations

Technology vendors often overestimate the technical sophistication of their target market. Most companies have less storage and connectivity than vendors expect. They use older machines. The business data that applications are built to leverage doesn't exist or is silo'ed in disparate systems. In short, a surprising number of organizations simply do not have the infrastructure in place to implement many of today's solutions. To adopt a new technology these companies must make investments to upgrade their infrastructure, which significantly increases the total cost of adoption. Vendors that understand the true cost of adopting their solutions can develop strategies to help prospects overcome their infrastructure limitations.

Key questions for your business: 1) Does a critical mass of your market have the required infrastructure to support your product? 2) Will an investment in your solution require additional infrastructure investments? 3) Do you have programs, services or products in place to help prospects overcome infrastructure limitations?

2. Conflicts with Existing Business Processes

The adoption of some new technologies is limited by misalignment between the new technology and the realities of how people run their businesses. In some cases, the business processes are inefficient and it makes more sense to change the business process to fit the technology. In other cases, the business process works well and the technology or the marketing message should be adapted to fit how people work and run their businesses. The original marketing of business intelligence applications provides an example of adapting technology marketing to fit the market. Vendors offering business intelligence applications or analytics modules initially marketed the benefits of executive dashboards, drill downs and real time alerts to the C-suite. These hypothetical benefits do not match the realities of how most companies are managed. In healthy organizations the C-suite makes long-term, strategic-level decisions; they need summary information and trend data, not information on day-to-day events and processes. The C-suite hires VPs and directors to run day-to-day operations. It is these individuals that require analytical tools, dashboards and real-time alerts. As a result, empowering VPs and directors to make better decisions resonates more with the C-suite than the idea of an executive dashboard. Vendors that understood this nuance developed more effective sales and marketing platforms than their competitors.

Key questions for your business: 1) Does your technology match the way people work? 2) Are you stressing the right message to the right individuals with your marketing efforts? 3) Are you selling just a technology or do you need to sell a change in business processes as well?

3. The Solution Being Replaced

Technology vendors often approach prospects expecting to compete with the other vendors in Gartner's Magic Quadrant and then find themselves competing with Excel or unsophisticated legacy programs. Many companies, even Fortune 1000 companies, use relatively simple applications for important aspects of their operations.

Companies replacing simple solutions present different sales and marketing challenges than those replacing more direct competitors. They tend to see all vendors as having more bells and whistles than they need, making it difficult to justify the cost of the application. They often perceive themselves as having unique business needs and question an external vendor's ability to meet them. The relationship with the sales team becomes a critical factor—sometimes the most important—in their decision. Companies replacing a more advanced system have already bought into the concept of the technology. They possess a higher level of awareness of vendors, have more specific requirements, ask "harder" questions and make more analytical decisions compared to companies replacing a simple solution.

Many technology vendors address the range of competitors they encounter by creating playbooks that provide direction for their sales reps based on profiling questions. Others develop "lite" versions of their product that make it easier for prospects to invest in the solution and grow into a more robust version over time.

Key questions for your business: 1) Your biggest competitor is what the majority of the market is using today. Do you know what that is? 2) Are your marketing and sales efforts aligned with the current mind-set of the market? 3) Can your sales reps recognize and adapt to the differences between replacing a simple solution vs. a direct competitor? 4) Does an opportunity exist for a scaled down version of your product?

Understanding your market's infrastructure limitations, existing business process and existing solutions can help you more accurately forecast market adoption cycles, create compelling communication that speaks to real issues and make a realistic assessment of the opportunity that exists within individual accounts. In addition, communicating an understanding of the realities your prospects face demonstrates a trait that consistently ranks at the top of the list as a differentiator in win/loss analysis: the vendor understands me and my business.

If you can answer most of the questions raised in this document about your market's realities, your customers likely feel that you truly understand them. If you find it difficult to answer most of these questions, develop a strategy for filling these information gaps about your market.

Isurus Market Research & Consulting helps technology vendors better understand the context in which the market is evaluating and purchasing their solutions..

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