



VansonBourne

# The path-to-purchase in B2B tech

How senior IT leaders are approaching the journey



**Let's be under no illusion, the journey down the path-to-purchase (P2P) is often an arduous one for vendors, with obstacles to overcome, hoops to jump through and relationships to nurture. It is though a necessary part of business life and the ability to navigate the P2P successfully is fundamental to sales growth and commercial success.**

For more than 20 years, Vanson Bourne has been providing clients with deep insights into the B2B technology space. Recognising that the information technology needs and procurement processes of many enterprise and governmental organisations have been impacted in a significant way by a series of big events – COVID lockdown, hybrid working, disrupted markets, high inflation and an uncertain economic outlook – we determined to interview a number of senior IT decision makers across the UK to better understand how the P2P currently works at their organisations.

Specifically, we set out to:

- *Develop a detailed understanding of the end-to-end IT procurement process in different types of organisation*
- *Understand what might be driving any differences in the P2P across organisations*
- *Gain a perspective on the extent to which attributes and values associated with vendor brands influences decision making in the procurement process*
- *Ascertain where there might be opportunities for vendors to gain a competitive advantage*

IT vendors strive to position both their brands and their products and services as relevant and compelling to their clients. These interviews set out to gain some insight into how those aspirations can be maintained throughout the P2P and provide considerations as to how vendors can position themselves to best effect with prospective clients.



# Key takeaways

## Partnerships are in demand

Organisations aspire to longer-term partnerships with trusted vendors, to feel supported through periods of disruption; there's a considerable business cost to onboarding new supply partners



*Look to develop trust from the outset of the procurement process for the greatest competitive advantage*

## Think beyond the immediate customer need

Showcasing the ability to support wider business innovation and strategic delivery, as well as consideration to external factors, will be favourably received



*Gain an understanding of the wider business objectives and external impact to enable a consultative approach throughout the procurement process*

## Off-the-shelf presentations won't fly

While the product solution is often 'standardised', there's scope to provide a more creative approach to presenting the proposition



*Tailor your approach to the customer needs in the procurement process, and deliver in an authentic, human fashion, including the people who will continue to support their needs*

## Strive for high certainty and low risk

These are major procurement drivers - they're implicitly and explicitly conveyed through your people, your portfolio, and your wider brand reputation



*Provide tangible evidence of high certainty and low risk, as well as on-going reassurance, to benefit your chances*

## Sustainability: the box ticking days are over

Sustainability and Corporate Social Responsibility (CSR) credentials are under increasing scrutiny - and are expected to increase in the future



*Refine your own sustainability and CSR policies, and ensure they match up to potential customer ambitions; the procurement decision could ultimately come down to this*

# The foundation of our findings: the research methodology



## Conversations with enterprise IT procurement leaders

Vanson Bourne conducted 8 in-depth interviews (60 minutes) with decision makers across organisations with 1,000+ employees, during February 2022. All respondents had full or partial responsibility for IT procurement and had been involved in a procurement exercise culminating in a purchase within the last 2 years.



## A cross-sector perspective

Respondents were recruited across a mixture of private and public sectors, with interviews being conducted across a number of sector verticals, including: financial services and insurance; banking; retail, media; government and education. 7 respondents worked in IT, 1 in a procurement function. 2 interviews explored procurement triggered by the COVID pandemic in 2020, while 6 examined procurement exercises which occurred more recently (post pandemic).



## An array of procurement focus areas

The procurement activity discussed included: hardware and software to support large-scale remote working/post-pandemic hybrid working; EPOS solutions; cloud services; storage services; SaaS solutions; multi-year agreements for Office 365 and MS Teams; identity and access management; Docusign - electronic signature workflow.

# Understanding the overall procurement process

Each participant was asked to walk through their procurement process, helping map the end-to-end purchase journey. This enabled us to understand needs, identify the critical milestones, possible purchase triggers, and the central decision-makers/influencers involved; it's this information that will play a vital part in enhancing your approach to your customers' P2P.

## What does the process look like, and who is involved?

Despite a recognisable flow in the procedures followed, it would be oversimplified to say that the procurement process is similar across organisations. Our qualitative discussions consistently highlighted variation in approach - framed by the specific need(s), business size (and maturity), as well as the individual personalities involved in the process. Different business environments and maturity stages create a variety of requirements which shape specific purchase processes, as well as procedural and behavioural norms.

This difference in the breadth and complexity of procurement processes was clearly evident during the interviews, as shown by the examples below. Perhaps as expected, the procurement process in larger organisations tends to be more formalised, with a greater number of stakeholders involved; likely due to their complexity (spanning a wider breadth of teams, geographies, etc.) and typically higher investment levels involved. In some instances, more agile procurement team structures are in place.

## Stakeholder involvement in the procurement process:

### **Head of Infrastructure, Civil Service (1000-2,999 employees)**

- ✓ The departmental team (inclusive of decision maker interviewed)
- ✓ The senior team
- ✓ Contract & commercial specialists
- ✓ Finance team
- ✓ Technical architects
- ✓ Business analysts
- ✓ Specialist Third Parties - to provide technical advice

### **Head of Property and Programme Management, Retail (1000-2,999 employees)**

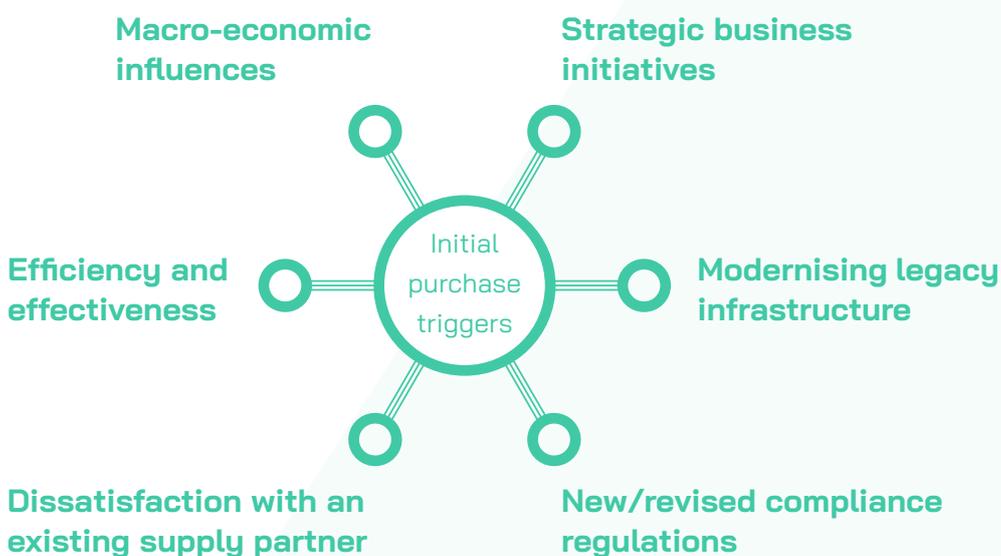
- ✓ Decision maker interviewed
- ✓ Board director
- ✓ Project manager

There is one area of consistency though; the acknowledgment that wherever a business is on their journey, technology purchases and supplier choice are critical to their growth and success. The right purchase and vendor partnership can go far beyond meeting immediate needs, to supporting wider business innovation and strategy requirements.

Time and effort invested in understanding the granularity of the procurement process and the organisation more broadly can only be of benefit to vendors like yourself. Yes, there is an undoubted cost in doing so, but this approach will boost chances of success.

### Initial purchase triggers and brand influence

A number of initial purchase triggers or needs were identified during our research interviews. These were diverse but consistent themes emerged:



Even though a specific brand or vendor isn't identified at this point, without consideration of these needs and outwardly keeping on top of anything that might cause disruption for organisations, vendors will put themselves at a disadvantage. It's vital for you to show willing and desire to learn about the needs of an organisation at the earliest point of the procurement process – showcase that you understand their challenges, and what you can do to help in overcoming them.



*“Some [vendors] are so busy trying to tell you how good they are, what they do for others, but they don't tailor their solution to you. They'll pitch that their service has got XYZ but it's standard for everyone... They should help me along the journey, show me what benefits they will bring to me and my organisation”*

**Head of Property and Programme Management, Retail**

## Procurement requirements

Once a need has been identified, the procurement process will usually commence with a desk research phase, to establish a list of potential partners and solutions. Pre-existing vendor relationships and brand awareness/perceptions of suppliers bear heavy influence here.

This phase regularly involves analysing vendor reviews and case studies, as well as looking to the approaches/practices being employed by competitors. In addition, this knowledge gathering may include speaking with end-users, specialists and colleagues who have worked across other organisations to gain a broader understanding of real-world needs and experiences. Several of our decision makers also talked about drawing heavily upon industry benchmarks and reports as reliable sources to help identify potential vendors.

Yet, the process is often restricted to a pre-existing list of trusted vendors, who have already gone through the procurement vetting process and gained approval.

A scoring framework is often employed by procurement leads at the long and/or short-list stages. The content and criteria of these frameworks vary considerably - some include only the required features and investment, while others elaborate on the additional criteria around the required need. These frameworks are an invaluable tool in the decision-making process, helping demonstrate transparency and clear rationale across all options.

Short-listed vendors will then typically be invited to pitch for the opportunity. This might include things like: tender documentation, written proposals/frameworks, pitch sessions, product demos or trials.

Vendors can lose sight of the added-value opportunity that each of these procurement interactions represent. You should see these as a platform to communicate trust and confidence in the ability to deliver; not just a hoop to jump through.



*“Decisions tend to be driven by the research organisations... the Gartner Magic Quadrant is always a go to place, because what you want to do is make sure that you’re picking a vendor who is on the racing card, that is seen as a very, very good bet”*

**Head of Infrastructure Operations, Civil Service**



*“No reason why we would want to go with a brand-new supplier when we had a trusted supplier offering us a similar or same product at the same price”*

**Head of ICT Services, Retail**

# People, products and perception: what customers want from vendors

It was clear from our interviews that businesses are seeking long-term partnerships with their B2B tech providers; one that will go above and beyond. Stable supplier relationships are widely seen as being critical drivers of commercial growth and success.

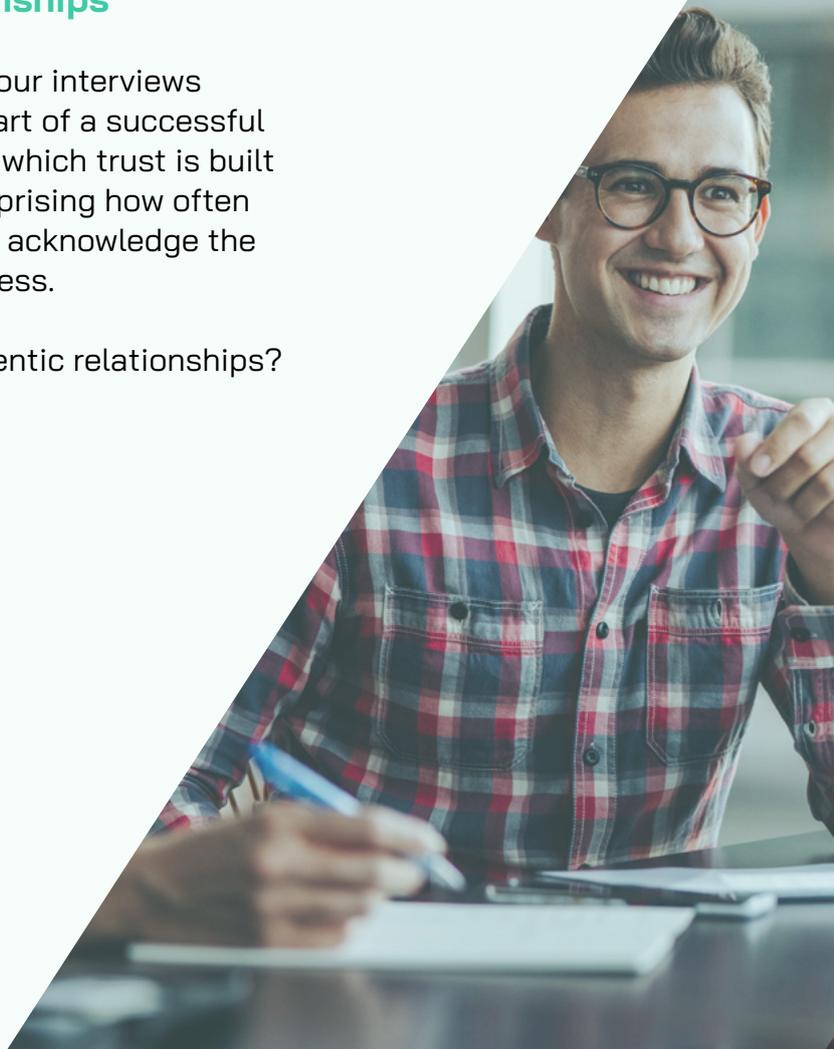
Those interviewed highlighted three key areas driving vendor choice and decision making: People, Products, Perceptions (of the business). Price does come into the mix, but it was very much a secondary influencer.

Exploring each of these in turn within the context of brand highlights the impact that perceptions and attributes can have with these elements in helping you to convey high certainty of delivery and low risk.

## People: human and authentic relationships

'People buy people', so the saying goes, and our interviews reflect that. Human connection lies at the heart of a successful procurement process; it's the means through which trust is built and vendor confidence is established. It's surprising how often vendors fail to nail these dynamics though or acknowledge the importance of it during the procurement process.

So how can vendors nurture human and authentic relationships?



## Listening, understanding and engaging

It benefits to ask relevant, explorative questions and listening to the responses to understand the why, how and who of customer procurement processes. This gains a deeper understanding of the immediate needs and desires, the wider business context, as well as the future roadmap. Leverage these insights, and shape your approach accordingly.

## A bespoke approach

Customers seek an approach tailored to them. Despite the product/service solution often being 'standardised', there's scope to be creative in how it's proposed to prospective customers. Demonstrate how you and your offering will meet the required needs and benefit the business; not vice-versa.



*"[On an unsuccessful vendor] They were there to sell a product, static, not tailored...They could have talked to us more about our business, our requirements, or tried to flex the product to meet our requirements"*

**Head of ICT Services, Retail**

## An expert voice and consultative ethos

Customers expect vendors to make proactive recommendations based on their own experience, expertise and market knowledge. Vendors taking this "non-typical" approach, where they're more collaborative and flexible, have a greater likelihood of success.



*"I can't overestimate the importance of that whole relationship side of things. Not just with this tender, any tender. If when you're talking to the actual people that are going to be involved, if they come across as being more collaborative, flexible in approach, open to ideas, that's actually worth a lot...it has come down multiple times in these types of tenders for me to who we think we can work with the best"*

**Head of Property and Programme Management, Retail**

## Mutual respect

Customers need to feel valued - not simply 'sold to' in a transactional fashion. Mutual respect can be demonstrated through the level of effort, engagement and expertise invested across the key procurement touch points. Show you're trying hard to win business through a partnership commitment.



*"We've disqualified vendors where we could see the team wasn't properly skilled or who weren't committed on the senior level to give it enough attention"*

**Global Head of Infrastructure and Information Security, Insurance and Asset Management**

## Trusted partnership

Longer-term partnerships with trusted vendors increase certainty and reduce risk in supply. Why not realise a customer's desired product/service features in future development plans or get involved in wider marketing activities - such as speaking at industry events. This type of collaboration takes a partnership one step further.



*"I don't see them as just an external supplier that does some work for us...they're identifying strategic opportunities, identifying what other clients are doing and where they're moving in the space, bringing that insight to us to allow us to intelligently make the right decisions"*

**IT Manager in Procurement, Banking**

## Product: a service offering that delivers certainty

Procurement leaders emphasised that they must be absolutely certain the vendor's product/service proposition will meet their organisational needs over the long-term; be this in relation to specific timings, supply requirements and/or product features. It's important customers perceive value in your offering as part of this too.



*"I've always had as a maxim that a commercial organisation exists to make a profit. So therefore you shouldn't be scared of the fact that your supplier is making a profit out of you. You should expect that. You don't want it to be excessive, but it's a very short-sighted approach to drive such a hard deal with somebody that they don't make a profit because those typically are the kind of things that will go very poorly for you"*

**Head of Infrastructure Operations, Civil Service**

Certainty is driven by the quality, consistency and reliability of the proposition. This can mean different things to customers depending upon the product/service in question, but essentially equates to a proven track record of delivery.

Demonstrate this during the procurement process through relevant case studies and references to prove certainty, alongside the provision of aftercare and support commitments to show willing with that ongoing partnership.

## Perceptions: vendor brand attributes and associations

The wider perceptions of a vendor business also plays a central role in the procurement process; this is where brand attributes and associations come in. Whilst specific brand associations and business experiences can differ from individual to individual, it was telling that most decision makers stated that including big-name brands in their procurement process was important to them – it gives them reassurance. After all, ‘Nobody ever got fired for buying IBM’.

Although brand perceptions might vary across customers, it’s a clear influencing factor. Legacy brands benefit from a reputation halo, while newer category entrants have to work harder in providing the necessary reassurances around trust, delivery and risk.

As a vendor, it’s paramount you understand your brand’s perceptions and associations within a competitive context. Without this, efforts made elsewhere to enhance your understanding of the P2P may not be worthwhile.



*“What we didn’t want was a no name brand and we would justify that by saying, we’re not sure that there would be continuity of production. We’re worried about the overall continuity, because you’re obviously [delivering] something over a number of years, so what you don’t want is a supplier going bust on you or anything like that”*

**Head of Infrastructure Operations, Civil Service**



*“The SaaS provider that we brought into the final two, we would have been 70% of their revenue, so we would be a huge customer, well their biggest customer by an awful long way, and to my boss that was a big red flag...if they went down the swanny or something happened to them, where do we stand?”*

**Head of Technology, Media**

# The impact of sustainability and Corporate Social Responsibility

As part of the depth interviews conducted, we explored the impact and role of vendors' sustainability and CSR stance across the end-to-end procurement process.

## Larger companies more focused on CSR

There was considerable variance in the importance placed on this. Larger organisations tended to be more advanced in their thinking and approaches, expecting more from their supply partners on this front. They were also more likely to be conscious of the associated impact upon their own brand reputation of poor CSR practices across their supplier base.

*"We would like to decrease our carbon footprint... use renewable energy... that's why we also look at how the providers are matching those aspirations... Not just would they do it but also how... If the company receives bad brand rep, that's not good because it will impact our brand and our customers as well"*

**Global Head of I&IS, Insurance and Asset Management (Enterprise: 150,000 employees)**

## Sustainability should be more strategic

The desire for sustainability and CSR to be a strategic consideration is there, but currently organisation's actions don't align. Among our decision makers, there was a real sense that sustainability and CSR should hold greater sway in decision making process, but right now other factors are considered far more important.

*"It could definitely have an impact when picking vendors... it probably wouldn't be a leading point but if you are faced with organisations that are pretty much exactly the same then this stuff comes into play"*

**Lead Service Manager, Media (mid-size: 1,000-2,999 employees)**

## How sustainability shapes decisions

Sustainability and ethical considerations are more likely to influence a decision negatively rather than positively. Even if they don't pay a huge part at the moment, a poor track record can result in being excluded from the procurement process.

*"Yes they [sustainability and CSR] would play a part but they're not overriding... I think it would probably sway the opposite way. I think I could see us not selecting a vendor on the basis that that particular vendor has a very poor track record"*

**Head of Infrastructure Operations, Civil Service (mid-size organisation 1,000-2,999 employees)**

## Sustainable goal-setting on the agenda

In the near future organisations expect to set strategic goals in relation to sustainability and CSR practices.

*"I think as a company we also see ourselves as what they call the fifth Industrial Revolution. That's about how corporates can influence and contribute further to society and that's why those values are important for us and we're pushing with our providers for not just sustainability but also diversity and inclusion"*

**Global Head of I&IS, Insurance and Asset Management (Enterprise: 150,000 employees)**

# How does your organisation stack up when it comes to its sustainability and CSR considerations?

Do you need to improve or overhaul your current actions and policies? It's clear that before too long, it will play a major role in the B2B tech P2P journey. Now is the time to act on it and explore how you can support customers in these areas to stay one step ahead. It'll help support ethical credentials and be your point of competitive advantage.

It's clear the P2P journey across organisations is varied and influenced by a multitude of factors – in short, there isn't one single solution or right approach.

Core principles of best practice do apply though. Vendors can benefit hugely from truly understanding customer/prospect businesses, the wider business strategies and long-term roadmaps. The most savvy will leverage these insights, taking that understanding to tailor products, solutions and procurement activities to meet and ideally exceed customers' expectations. This will undoubtedly deliver the best chance of commercial success.

Clearly, brand awareness, perceptions and reputation are a major influencer in the procurement process - playing a key role in conveying certainty and low risk to potential customers. Sustainability and CSR are expected to follow suit. Keeping your brand at the heart of your sales strategy is the real key to successfully navigating the B2B tech P2P.

*Want to know more about this research and how we can guide and support in your brand research endeavours?*



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Let's talk about research



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