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SECOND ANNUAL ATLANTA HIGH-TECH CMO ROUNDTABLE

# The Outlook for Business-to-Business Technology Marketing in 2009

At the end of 2008, Arketi Group hosted the second annual Atlanta High-Tech CMO Roundtable. Nearly 20 marketing executives from leading technology companies in the Southeast gathered to discuss the current and future state of marketing within the business-to-business (BtoB) and technology sectors.

Set amid the growing financial crisis in the fall of 2008, the roundtable addressed two main issues:

- How companies' marketing plans for 2009 are taking shape, given the dramatic market conditions and uncertain business environment; and
- What steps the participants are taking to measure marketing's contribution to their businesses.

The roundtable discussions were divided into four sessions – two on each topic – and some consistent themes emerged. For simplicity, these have been organized under the traditional “Four Ps” of marketing: product, pricing, promotion and placement.

## P1: Product

It is self-evident that sellers should seek to understand the minds of buyers. In today's business environment, this is truer than ever, as there are forces at work that did not exist just a few years ago. BtoB technology buyers within enterprises large and small are concerned about their job security, and wary of making a poor buying decision.

For these reasons, it is essential that technology companies effectively communicate the benefits their solutions offer. Today's buyers must be spoken to in terms of specific, tangible performance and return-on-investment that can be delivered by the product or service being offered.

With most businesses in a "hunkered down" mode, nice-to-have technology offerings are not being funded. Savvy technology companies are seeking to package their offerings in ways that present compelling, significant and rapid ROI. Many of the marketers at the roundtable were working within their organization to create new offerings designed to quickly address specific business pain points within the industries they serve.

**“Cutting your expenses slows your growth, slowing your growth cuts your expenses. Pretty soon you're engineering your way into a very, very slow growth rate or a negative growth rate.”**

In some cases, this meant selling a point solution or a specific piece of an offering that was hitherto sold only as part of an enterprise solution. In other cases,

it meant special financing terms. This flexibility within the product mix gives the buyer an easier “first purchase” option that minimizes risk, delivers a fast ROI and does not require an extended sales cycle.

## P2: Price

While looking to creatively package technology offerings, the roundtable participants overwhelmingly said they were not slashing prices to stimulate sales. Rather, the trend among those present was to closely evaluate the offerings, and in many cases, to add to or bundle solutions that increase the value provided to buyers. This approach permits the seller to present an even richer value proposition to the buyer without having to adjust pricing.

There was general agreement that, in a BtoB sales environment, once a company lowers prices, it can be very hard to go back to the original list pricing. Playing the low-price game was seen as trading a short-term gain in revenue for a long-term loss in profitability – not an option most felt they would recommend, even with the looming negative business outlook.

As a silver lining in the current business environment, some marketers pointed out that consolidation may be expected to take place across virtually all industry segments. This could present more sales opportunities for BtoB technology companies, since acquisitions often create the need for more technology products and technology-related services.

### P3: Promotion

The marketers at the roundtable view online marketing as an increasingly significant component of their activities. Fueling this are the advances in search marketing techniques, both organic and paid. Enhanced geo-targeting capabilities of search in promotional programs were something most agreed they would be testing during 2009.

Considering the role of tradeshows and conferences in the marketing mix, marketers reported a substantial drop in prospect attendance during the third and fourth quarters of 2008, and none foresee tradeshow attendance bouncing back this year. In response to this development, two courses of action were discussed.

*“You’ve got to be smarter when you go to a tradeshow these days.”*

One approach is to continue attending tradeshows but ensure the organization does everything possible to “own the show.” Most agreed that while tradeshow attendance was lower in late 2008, the quality of prospects was higher than before. For that reason, some technology marketers said they would continue to invest in tradeshows during 2009. However, they were working to ensure that strategic product and industry-specific announcements were made prior to the show in an orchestrated public relations effort to increase the “buzz” about the organization. This approach would be combined with targeted direct, online and guerilla marketing activities, all designed to drive maximum booth traffic.

A second approach was to cut back on tradeshow participation and instead devote resources to a significant increase in online webinars and virtual

4 tradeshows. Those in favor of this course of action

reported that it significantly reduces both the costs (exhibitor fees, travel, entertainment, etc.) and time associated with exhibiting at a tradeshow.

*“A lot of people are worried about keeping their jobs and they’re not worried about buying technology.”*

Sounding a note of caution, however, most marketers were cautious of over-saturation among buyers. For that reason, those employing this tactical approach are spending time and effort to create compelling topics that resonate with highly targeted buyer groups. In addition, many are partnering with media and analysts to leverage third-party credibility to attract serious prospects to attend the webinars.

The use of webinars and virtual tradeshows as a substitute for “real world” events also extended to user conferences. Of those roundtable participants who produce user conferences, a majority stated they were seriously considering “going virtual” during 2009, both as an attempt to cut marketing costs, and as an opportunity to test or develop online user communities.

Thought leadership remains a key strategy for BtoB marketers. The feeling was that 2009 offers a prime opportunity for technology organizations, especially those of small and medium size, to capture more “share of discussion” by using thought leadership-driven programs to spark and steer industry conversations key to their business.

Sponsoring or conducting industry surveys, building highly targeted blogs or online communities, and commenting on others’ blogs and sites on relevant

topics, were all given as examples of how marketers planned to establish or grow their thought leadership positions. The consensus was that now is the time to take an aggressive stance in leading public discussions – even on controversial issues.

#### **P4: Placement**

Customers are likely to get a larger slice of the marketing budget this year than in years past. With a tumultuous global economic outlook, marketers see the clear wisdom in keeping customers happy and engaged. Loyalty programs and cross-sell/up-sell marketing will be cornerstones of most BtoB technology companies' plans.

*“One of our biggest traffic producers is our blog. We link to technology stories, even competitors. All this helps bring people to our site.”*

The desire to do everything possible to engage customers and help them succeed was at the forefront of everyone's marketing agendas. A first concern is to ensure that customers are taking full advantage of technology investments already made. With that in mind, many companies are dedicating resources to customer education and training. During this process, new solutions with rapid ROI offerings can be showcased as an easy way to extend the value of existing technology investments.

Some technology marketers were reviewing their current market positioning across the verticals they serve. In doing so, they hope to leverage their positioning as proven “experts” within narrowly defined verticals, and to remove sales objections that “generalists” commonly encounter. While not

retreating in mass from less developed sectors, BtoB technology companies appear to be carefully combing their strongest verticals for low-hanging fruit.

#### **You can't measure what you don't know**

Although many technology marketers conceded that their techniques for measuring marketing remain less than optimal – labor intensive and reliant on spreadsheets – all agreed the time has come for this to change. For many, the prevailing economic conditions have made measurement an imperative, with zero tolerance for wasted spending and fewer resources to manage programs. Advancements in marketing automation systems and the increased importance of online marketing have also piqued the interest and investment commitment of technology marketers. It appears 2009 may be the year we see widespread deployment of analytics-based measurement within BtoB technology marketing.

*“I think the real thing is focus. The world that we live in terms of marketing is allowing us to be so much more focused in who we're talking to and what we say.”*

Some at the roundtable were already well down the path, with comprehensive marketing automation and data mining systems in place. However, the majority had not moved so far, but agreed that – despite being somewhat overwhelmed with the options – implementing some form of marketing automation was an important goal for 2009.

Point measurements such as website traffic and activity, open rates, click-through rates, lead tracking, and cost-per-contact have shown enough value to marketers that they seem convinced a more complete measurement of marketing programs is needed.

*“Analytics is now very important. We’re spreadsheet-oriented and not sophisticated or data-oriented so we struggle. That’s going to change this year.”*

Now is the time for BtoB marketers to invest in systems to prioritize, track, score and nurture leads based on behavior. Technology marketers believe the marketing automation tools and systems help them increase marketing ROI and maximize sales resources are now within reach for most companies.

### **What’s right in good times is twice as right in bad times**

While marketing budgets are tighter than years past, BtoB technology companies appear to still believe in the marketing function. Seasoned tech marketers who have been through the recessions of the early 80s and 90s, as well as the dot-com bubble, know that downward business cycles do not last forever – and if played correctly can help position an organization for future success.

Working to ensure that products are optimized to deliver ROI, pricing is protected, promotional efforts deliver maximum return on both spending

6 and time, and that placement in key markets is

fully exploited, BtoB technology marketers are entering 2009 with a focused marketing mix they believe will generate business success for their organizations.

## Acknowledgments

Our thanks go to these marketing executives from leading technology companies in the Southeast who gave of their time, ideas and thoughts to make this Atlanta High-Tech CMO Roundtable possible:

- **Matt Anthony** of SecureWorks
- **Justin Barnes** of Greenway Medical Technologies
- **Rory Carlton** of Arketi Group
- **Paul Citarella** of FleetCor
- **Phil Dolan** of Navicure
- **Jodi Florence** of IDology
- **Kara Glencross** of Visiprise/SAP
- **Lars Holmquist** of Vesdia
- **Micky Long** of Arketi Group
- **Beverly McDonald** of Infor Global Solutions
- **Joe McGonnell** of OpenSpan
- **Ian Oxman** of Sage Software
- **Tony Palermo** of Knology
- **Jackie Parker** of Arketi Group
- **Judson Phillips** of Xerox Mortgage Services
- **Brooks Robinson** of Cbeyond
- **Nicole Theis** of Brand Velocity
- **Pamela Webb** of Jobpartners

### The moderators of the four sessions held during the roundtable were:

- Regents' Professor **Ken Bernhardt** of the J. Mack Robinson College of Business at Georgia State University
- **Sami Jajeh** of Arketi Group
- **Michael Neumeier** of Arketi Group

Special thanks to Prof. Bernhardt for his insights on the organization of this event and the resulting executive summary. Academic leadership is critical to help our industry base its efforts on sound theoretical thinking.



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## About the Roundtable

An annual event, the Atlanta High-Tech CMO Roundtable brings together leading business-to-business marketers in the high-technology industry to discuss relevant trends and events.

The roundtable was founded by Arketi Group as an invitation-only forum for senior marketing leaders in BtoB technology. Members are the most senior marketing executives in their organization.

## About Arketi Group

Arketi Group is a public relations and marketing firm that helps business-to-business technology organizations accelerate growth through intelligent strategy, public relations, messaging, branding and demand generation. Recognized by BtoB magazine as one of the nation's "Top BtoB Agencies," Arketi's core belief is that marketing generates revenue.

For more information, call 404-929-0091 ext. 202 or visit [www.arketi.com](http://www.arketi.com).